

# BOSIDENG

2019/20  
Interim Results

November 28, 2019

**波司登**  
**BOSIDENG**

**Bosideng International Holdings Limited**  
Incorporated in the Cayman Islands with limited liability  
Stock Code: 3998



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- Financial Review
- Business Review
- Future Development Plan

# Financial Review



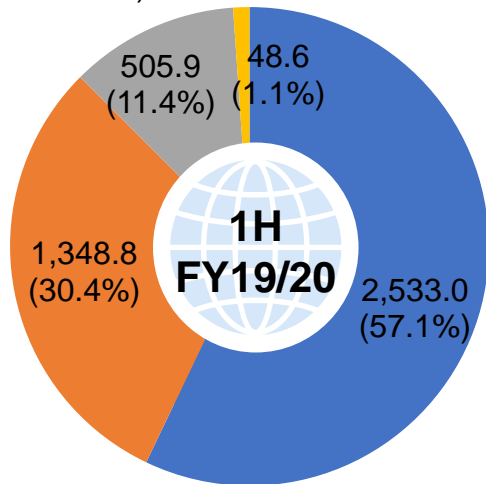
# Financial Highlights

(RMB million)	For the six months ended Sep 30		Change
	2019	2018	
Revenue	4,436.3	3,444.2	+28.8%
Gross profit	1,929.6	1,455.4	+32.6%
Profit from operations	477.7	354.9	+34.6%
Profit attributable to equity holders of the Company	342.7	251.2	+36.4%
Earnings per share (RMB cents)			
– Basic	3.23	2.38	+35.7%
– Diluted	3.19	2.36	+35.2%
Dividend per share (HKD cents)			
– Interim	3.0	2.0	+50.0%

# Revenue Breakdown

**RMB4,436.3 million**

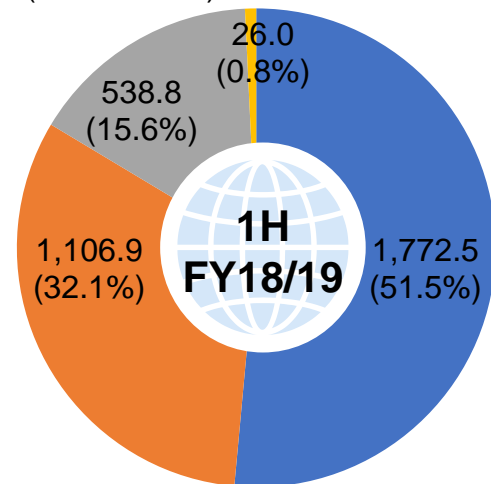
(RMB million)



■ Branded down apparel ■ OEM management ■ Ladieswear business ■ Diversified apparels  
(% of revenue)

**RMB3,444.2 million**

(RMB million)



## The Group's revenue increased mainly due to:

- The core business segment of branded down apparel, especially Bosideng brand down apparel business, has developed in depth in many aspects, including branding, channels, products and terminals, etc., actively driving revenue growth
- OEM business segment, through the coordination of resources and the cultivation of high-quality core customers, driving the revenue growth of the business unit

# Revenue Breakdown by Business

(RMB million)	For the six months ended Sep 30		Change
	2019	2018	
Branded down apparel	2,533.0	1,772.5	+42.9%
OEM management	1,348.8	1,106.9	+21.9%
Ladieswear	505.9	538.8	-6.1%
Diversified apparels	48.6	26.0	+86.9%
<b>Total</b>	<b>4,436.3</b>	<b>3,444.2</b>	<b>+28.8%</b>

## Revenue Breakdown by Brand - Branded Down Apparel Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2019	2018		
Bosideng	2,276.7	1,557.1	+719.6	+46.2%
Snow Flying	97.6	81.7	+15.9	+19.5%
Bengen	106.4	90.5	+15.9	+17.6%
Other	52.3	43.2	+9.1	+21.0%
<b>Total</b>	<b>2,533.0</b>	<b>1,772.5</b>	<b>+760.5</b>	<b>+42.9%</b>



# Revenue Breakdown by Brand - Ladieswear Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2019	2018		
JESSIE	184.3	192.1	-7.8	-4.1%
BUOU BUOU	151.9	160.7	-8.8	-5.5%
KOREANO	76.3	82.0	-5.7	-6.9%
KLOVA	93.4	101.4	-8.0	-7.9%
Other brands	0.0	2.6	-2.6	-98.8%
<b>Total</b>	<b>505.9</b>	<b>538.8</b>	<b>-32.9</b>	<b>-6.1%</b>

## Revenue Breakdown by Brand - Diversified Apparels Business

(RMB million)	For the six months ended Sep 30		Change	% Change
	2019	2018		
Menswear	23.8	12.7	+11.1	+87.7%
School uniform	7.2	6.3	+0.9	+14.4%
Children's wear	8.9	1.7	+7.2	+428.8%
Others	8.7	5.3	+3.4	+62.5%
<b>Total</b>	<b>48.6</b>	<b>26.0</b>	<b>+22.6</b>	<b>+86.9%</b>

# Gross Margin

Business	For the six months ended Sep 30		Change
	2019	2018	
Branded down apparel	52.9%	50.6%	+2.3 ppt.
OEM management	14.3%	17.7%	-3.4 ppt.
Ladieswear	76.8%	76.1%	+0.7 ppt.
Diversified apparels	14.7%	-185.0%	+199.7 ppt.
<b>The Group</b>	<b>43.5%</b>	<b>42.3%</b>	<b>+1.2 ppt.</b>

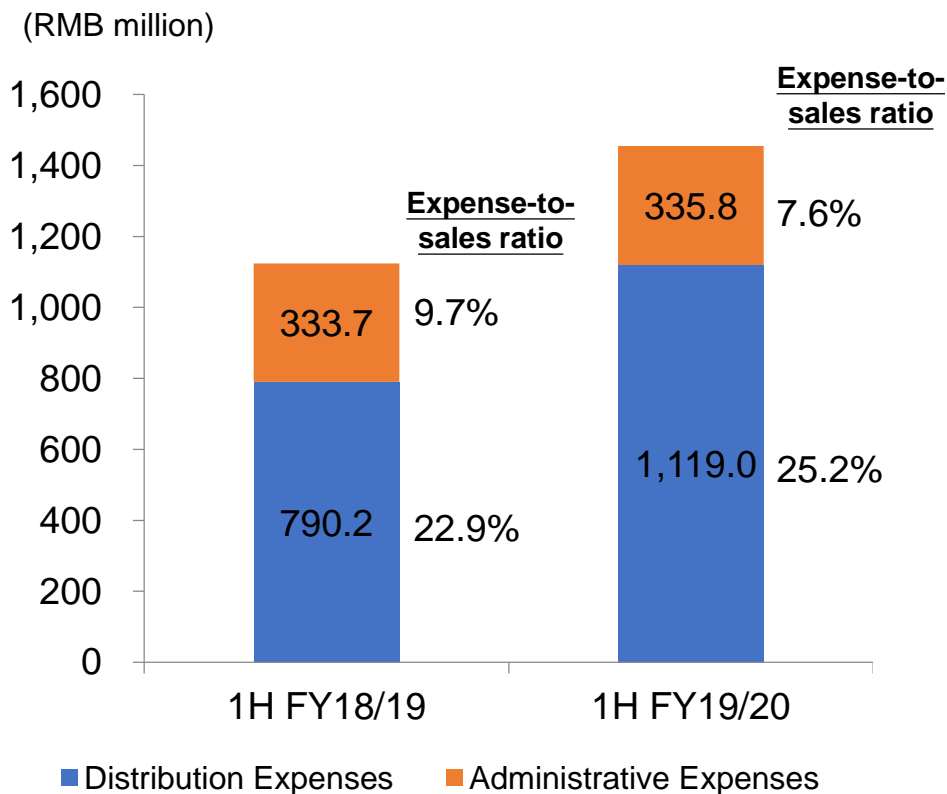
# Gross Margin - Branded Down Apparel

	For the six months ended Sep 30		Change
	2019	2018	
Bosideng	54.2%	52.8%	+1.4 ppt.
Snow Flying	44.1%	38.7%	+5.4 ppt.
Bengen	46.6%	34.9%	+11.7 ppt.
<b>Branded Down Apparel</b>	<b>52.9%</b>	<b>50.6%</b>	<b>+2.3 ppt.</b>

# Gross Margin - Ladieswear

	For the six months ended Sep 30		Change
	2019	2018	
JESSIE	72.3%	69.8%	+2.5 ppt.
BUOU BUOU	73.1%	75.6%	-2.5 ppt.
KOREANO	85.2%	82.9%	+2.3 ppt.
KLOVA	84.6%	83.3%	+1.3 ppt.
Other brands	73.3%	74.7%	-1.4 ppt.
<b>Ladieswear</b>	<b>76.8%</b>	<b>76.1%</b>	<b>+0.7 ppt.</b>

# Operation Expenditure



- **Distribution Expenses:**  
The increase in distribution expenses was mainly due to the Group's efforts in brand and channel construction for the branded down apparel business during this financial year, especially for the Bosideng brand
- **Administrative Expenses:**  
The proportion of administrative expenses to the Group's total revenue remained basically flat as compared with the corresponding period of last year
- The ratio of operation expenditure to total revenue has been slightly increased by 0.2 ppt. compared to that of the corresponding period of last year

# Inventories

<b>(RMB'000)</b>	<b>As at Sep 30, 2019</b>	<b>As at March 31, 2019</b>	<b>Change</b>
Raw materials	1,131,054	510,380	+121.6%
Work in progress	19,274	17,838	+8.1%
Finished goods	1,623,047	1,402,912	+15.7%
<b>Total</b>	<b>2,773,375</b>	<b>1,931,130</b>	<b>+43.6%</b>

# Working Capital Management

	For the six months ended Sep 30		Change
	2019	2018	
Average inventory turnover days <sup>(1)</sup>	172	152	+20 days
Average trade and bills receivables turnover days <sup>(2)</sup>	86	89	-3 days
Average trade and bills payables turnover days <sup>(3)</sup>	110	68	+42 days

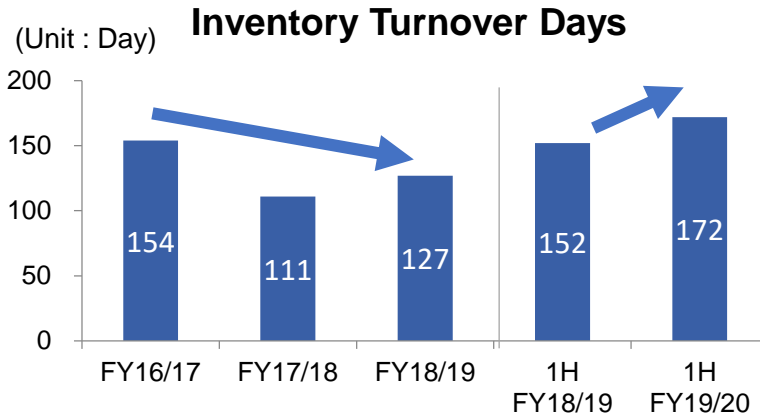
(1) Calculated as average inventory divided by cost of sales, multiplied by 365 days and divided by 2

(2) Calculated as average trade and bills receivables divided by revenue, multiplied by 365 days and divided by 2

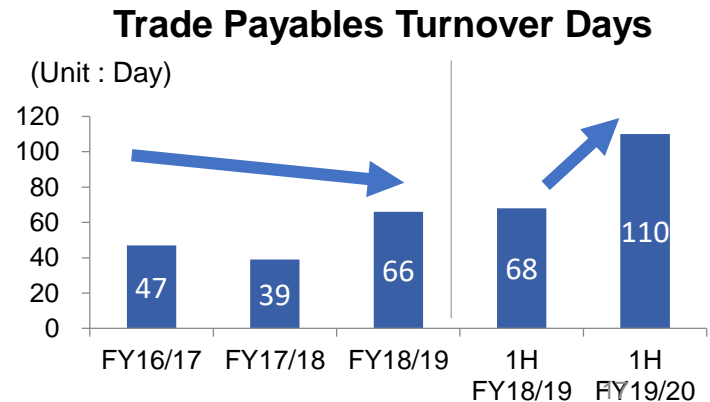
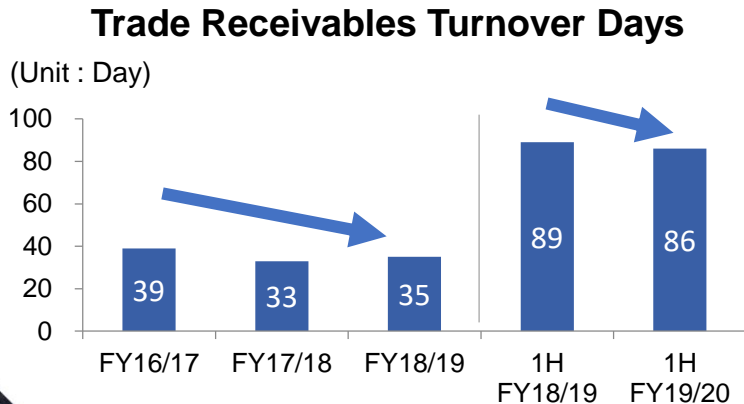
(3) Calculated as average trade and bills payables divided by cost of sales, multiplied by 365 days and divided by 2



# Working Capital Management (cont.)



- Inventory turnover increased by 20 days compared with the same period last year, mainly due to the advancement of production cycles and the increase of raw materials, work-in-progress inventory and new products reserved for peak season sales
- Trade receivables turnover days are stable
- With stable financial position and widely recognized brand transformation by market, the trade payables turnover days have increased by 42 days



# Total Cash and Net Cash

<b>(RMB million)</b>	<b>As at Sep 30, 2019</b>	<b>As at Mar 31, 2019</b>	<b>As at Sep 30, 2018</b>
Cash and cash equivalents	1,391.2	1,754.3	1,284.9
Time deposits with maturity over 3 months	34.5	222.9	239.0
Pledged bank deposits	470.4	679.3	849.1
Other financial assets	2,141.0	4,416.8	2,592.8
<b>Total cash</b>	<b>4,037.1</b>	<b>7,073.3</b>	<b>4,965.9</b>
Minus: Bank borrowings	(2,318.3)	(1,627.7)	(2,388.8)
<b>Net cash</b>	<b>1,718.8</b>	<b>5,445.6</b>	<b>2,577.1</b>

# Cash Flow (cont.)

(RMB million)	As at Sep 30, 2019	As at Mar 31, 2019	As at Sep 30, 2018
Net cash inflow/(outflow) from operating activities	(2,857.1)	1,509.4	(1,890.3)
Net cash inflow/(outflow) from investment activities	2,328.5	(252.8)	1,946.4
Net cash inflow/(outflow) from financing activities	129.1	(1,356.1)	(485.0)
Net increase/(decrease) in total cash	(399.6)	(99.5)	(428.9)
Liquidity (times) <sup>(1)</sup>	2.0x	2.3x	2.2x
Gearing ratio (%) <sup>(2)</sup>	23.4%	16.1%	25.3%

Operating activities: including changes of inventory, trades and other receivables and prepayment, etc.

Investment activities: including acquisition/sale of financial assets, changes of other financial assets and fixed assets, etc.

Financing activities: including financing, dividends, changes of pledged bank deposits, etc.

(1) Liquidity (times) is calculated as dividing current assets by current liabilities

(2) Gearing ratio (%) is calculated as dividing interesting-bearing borrowings by total equity

# Business Review

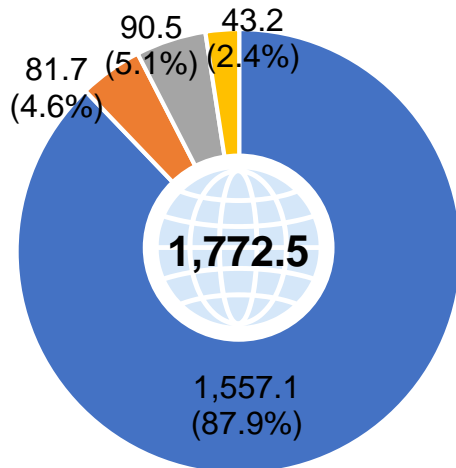


# Branded Down Apparel Business

## Revenue by brand

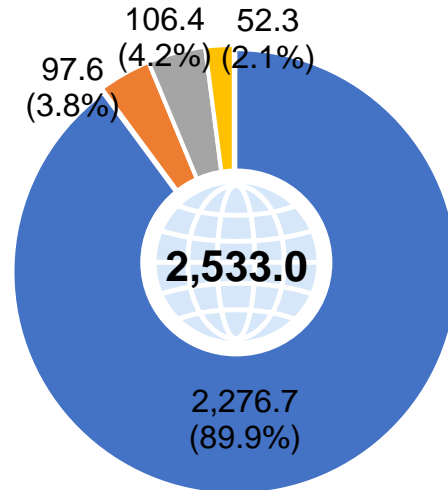
1H FY18/19

(RMB million)



1H FY19/20

(RMB million)

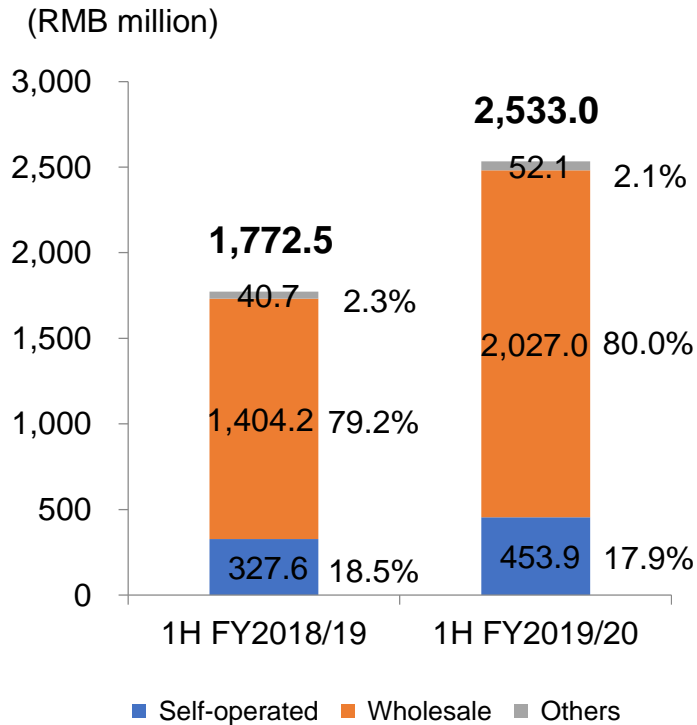


+42.9%

■ Bosideng ■ Snow Flying ■ Bengen ■ Others

# Branded Down Apparel Business

## Revenue by sale category

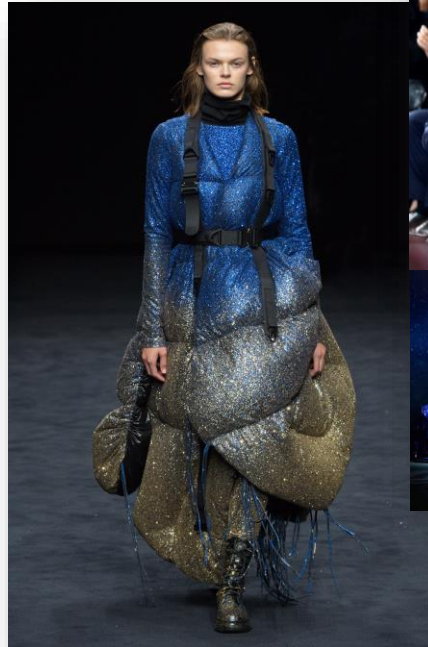


For the six months ended Sep 30			
(RMB million)	2019	2018	Change
Self-operated	453.9	327.6	+38.6%
Wholesale	2,027.0	1,404.2	+44.4%
Others	52.1	40.7	+28.0%
<b>Total</b>	<b>2,533.0</b>	<b>1,772.5</b>	<b>+42.9%</b>

# Branded Down Apparel - Brand Building

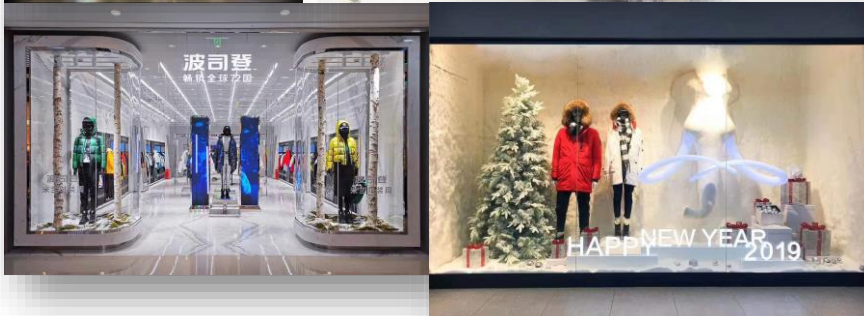
## Landing on the Milan Fashion Week

- Following New York Fashion Week, Bosideng was invited to participate in Milan Fashion Week and to join hands with Italian national star artists to make a stunning appearance at Milan Fashion Week
- The show was led by internationally renowned supermodel Kendall Jenner. Oscar-winning actress Nicole Kidman and Chiara Ferragni, known as a “superblogger,” were invited as guests. Authoritative figures in the industry also gathered at the big show to show their support for Bosideng
- Carried out the promotion activities of Milan Fashion Week in 6 core cities, through VIP shows and pop-up offerings to attract more attention of customers



# Branded Down Apparel - Terminal Upgrading

## Visual Image Upgrading



- Integrated the resources of quality companies and designers, and carried out a series of upgrades to brand visual identity by means of systematic design, store image and shelf display
- Integrated global quality resources for shooting innovative brand advertising videos and brand image blockbusters, which effectively promoted the upgrading of the visual image of the brand



# Branded Down Apparel - Channel Expansion

Bosideng brand's offline stores have been fully upgraded. Stores have been set up in mainstream business districts and shopping malls. The flagship stores have also been opened in prime locations of major cities, attracting mainstream consumers continuously.



# Branded Down Apparel - Retail network

As at Sep 30, 2019	波司登 BOSIDENG		雪中飞 SNOW FLYING		冰洁 BENGEN		Total	
	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change
<b>Specialty stores</b>								
Operated by the Group	1,014	+258	13	-11	34	+8	1,061	+255
Operated by third party distributors	1,947	+143	228	+45	396	+58	2,571	+246
<b>Sub-total</b>	<b>2,961</b>	<b>+401</b>	<b>241</b>	<b>+34</b>	<b>430</b>	<b>+66</b>	<b>3,632</b>	<b>+501</b>
<b>Concessionary retail outlets</b>								
Operated by the Group	614	+41	165	-46	82	+44	861	+39
Operated by third party distributors	297	-13	81	+20	290	-14	668	-7
<b>Sub-total</b>	<b>911</b>	<b>+28</b>	<b>246</b>	<b>-26</b>	<b>372</b>	<b>+30</b>	<b>1,529</b>	<b>+32</b>
<b>Total</b>	<b>3,872</b>	<b>+429</b>	<b>487</b>	<b>+8</b>	<b>802</b>	<b>+96</b>	<b>5,161</b>	<b>+533</b>

Change: compared with that as at March 31, 2019

# Branded Down Apparel - Retail Operation

- During the period, the Group has conducted nearly 600 training sessions with 22,000 attendances, mainly targeting managers of self-operated stores and distributors as well as shopping guides across China
- Two trainings were held at the Group's Changshu headquarters for the core store managers from all around China, under the theme of "developing brand for a win-win future"
- Align the mindset of core store managers with corporate culture, so as to create synergy for brand development



# Branded Down Apparel - Members' Development

## Member's number

For the six months ended Sep 30, 2019:

- Recruited more than 600,000 members
- Cumulative membership is over 11 million

## Member's consuming ability

For the six months ended Sep 30, 2019:

- Member sales contributed to approximately 75 % of sales
- Member repurchase contributed to approximately 30% of repurchase

## Member's city distribution

For the six months ended Sep 30, 2019:

- First-tier city consumer members occupied 13% of all members, a year-on-year increase of 3 ppt.
- As the Brand upgrade, consumer member cities gradually move to the first, second and third tier cities

## Member's age distribution

For the six months ended Sep 30, 2019:

- 16 to 25 years old consumer members occupied 11% of all members, and the proportion continues to increase
- Consumer members are becoming younger

# Branded Down Apparel - R&D of Products

## Conqueror Collection

Using the classic military camouflage pattern, the fabric is enhanced in abrasion and tear resistance, perfectly reflecting unique wild and avant-garde characteristics and exploratory spirit of conquerors. The collection became another representative bestselling collection of Bosideng and is widely welcomed by young consumers.



## Autumn Down Collection

The single-piece down apparel is as light as 330g, it is the lightest down apparel ever in the history of Bosideng. It is made of ultra-soft skin fabric and ultra-fine fiber 20D fabric, in addition to 9,000 meters long yarn which weighs only 20g. Anti-lint technology is adopted and the fabric is first quilted before fibers are filled so as to prevent the fibers from sticking out of needle holes.

# Branded Down Apparel - R&D of Products (cont.)

## Milan Fashion Week Collection

Under the theme of “Starry Sky”, the new collection has won the unanimous praise from many celebrities at home and abroad. As soon as the collection with the same style of show was launched, it became very popular among fashionistas.



# Branded Down Apparel – Operation Management

## Inventory Management

- Committed to optimizing its inventory management and maintaining inventory at a healthy level
  - Production stage - Annual supply planning is carried out in advance
  - Distribution stage - Through the establishment of nine regional warehouses, demand-pull mechanism is adopted throughout all channels to avoid overstocking
  - Product allocation - Maximizing sales and minimizing inventory risks

## Order Management

- Continued to completely separate order placements of direct sales and wholesale
- Greatly optimize the control over the order placement structure of self-operated stores and distributors and maintain orders at a stable and rational level

## High Product Quality and Quick Response

- Each order placed for down apparel products through replenishing stocks while small quantities of new products are launched to achieve a quick turnaround time
- Replenished stocks on a rolling basis during the peak season based on the sales data from the end consumers

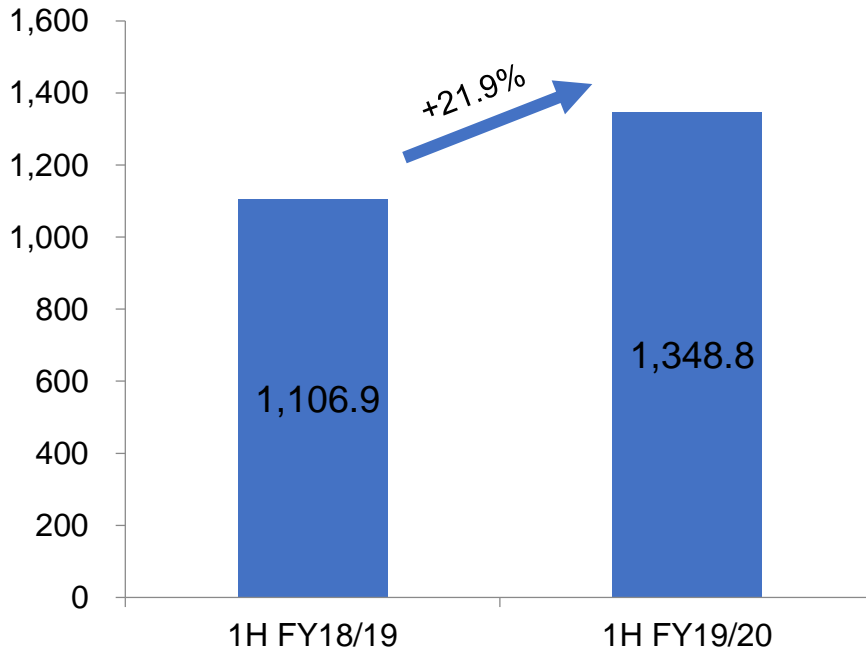
## Logistics and Delivery

- The intelligent delivery center serves all online, offline and O2O businesses across China to response to consumer demands more quickly and accurately
- Adopts a warehouse management system to manage all inventories, thus thoroughly implementing the "nationwide inventory management as well as integration and sharing of data across online and offline operations"

# OEM Management Business

## Revenue of OEM Management Business

(RMB million)



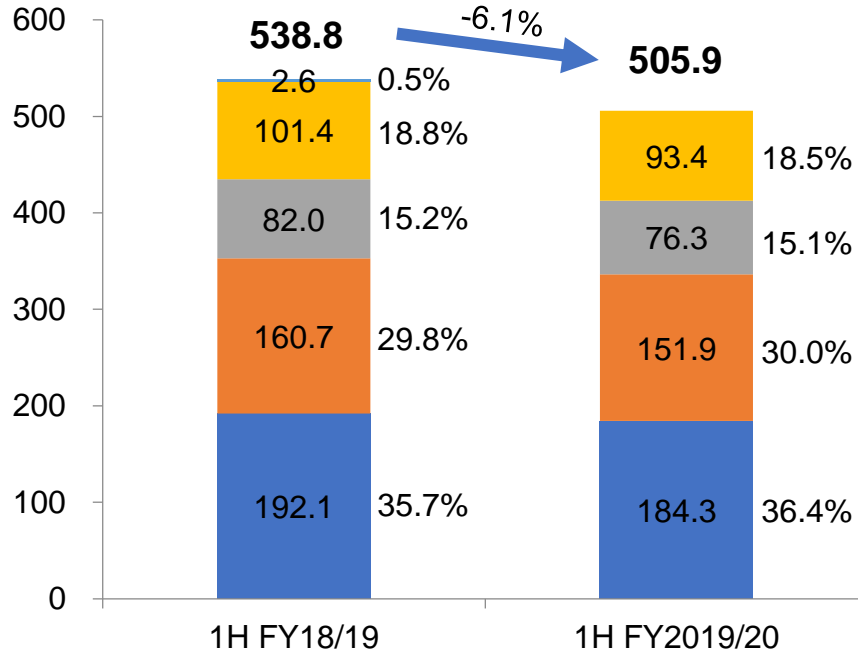
- Focused on serving core customers and focusing on their needs
- Worked together with customers to develop some new product categories by capitalizing on the Group's technology strengths, so as to optimize product performance, improve product technology, and improve product quality
- Gradually increased the proportion of original design manufacturing management business and significantly increase customer trust and stickiness
- Actively seeking to maximize areas for co-operation of factories in Southeast Asia, to strengthen quality control and management of orders and production process



# Ladieswear Business

## Revenue by brand

(RMB million)



- With the refinement of the consumer market and the extensive expansion of international brands in the China market, there has been an unprecedented level of fierce competition in China's branded ladieswear market, which is not highly concentrated
- Under the influence of fierce competition, ladieswear business recorded a slight decrease as compared to that for the corresponding period of last year

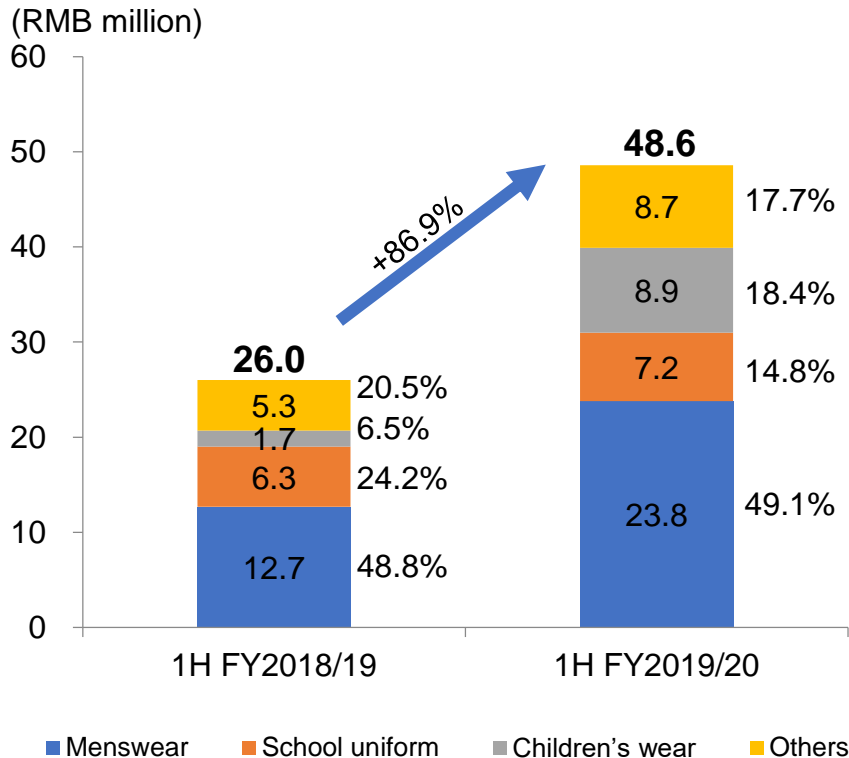
# Ladieswear Business - Retail network

As at Sep 30, 2019	JESSIE		BUOUBUOU		koreano		KLOVA		Others		Total	
	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change	No. of stores	Change
<b>Specialty stores</b>												
Operated by the Group	4	-	17	-1	-	-	-	-	-	-	21	-1
Operated by third party distributors	21	-2	9	-	-	-	-	-	-	-	30	-2
<b>Sub-total</b>	<b>25</b>	<b>-2</b>	<b>26</b>	<b>-1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-3</b>
<b>Concessionary retail outlets</b>												
Operated by the Group	113	-4	116	-1	80	+1	58	-4	-	-1	367	-9
Operated by third party distributors	75	+5	22	-6	-	-	-	-	-	-	97	-1
<b>Sub-total</b>	<b>188</b>	<b>+1</b>	<b>138</b>	<b>-7</b>	<b>80</b>	<b>+1</b>	<b>58</b>	<b>-4</b>	<b>-</b>	<b>-1</b>	<b>464</b>	<b>-10</b>
<b>Total</b>	<b>213</b>	<b>-1</b>	<b>164</b>	<b>-8</b>	<b>80</b>	<b>+1</b>	<b>58</b>	<b>-4</b>	<b>-</b>	<b>-1</b>	<b>515</b>	<b>-13</b>

Change: Compared with that as at March 31, 2019

# Diversified Apparels Business

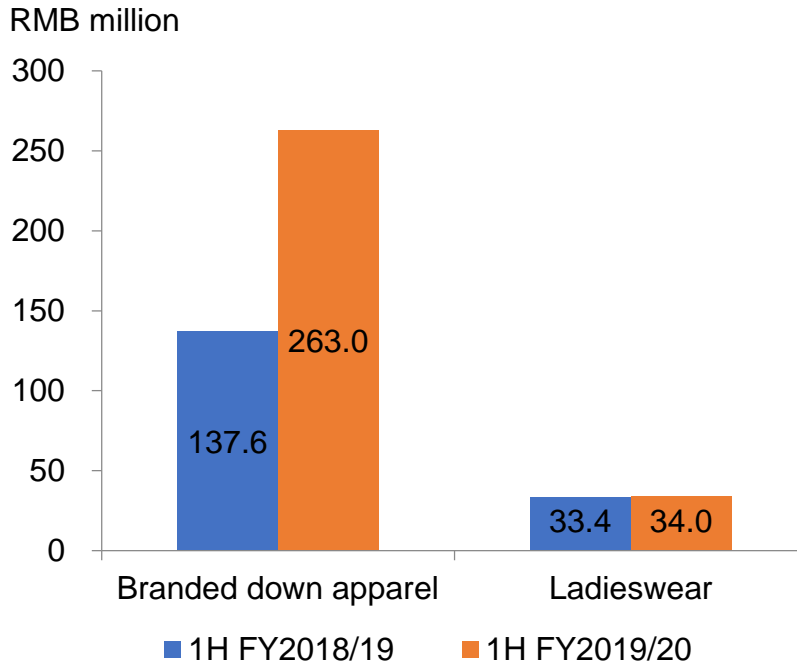
## Revenue by brand



- The school uniform business under the diversified apparels business segment remained in operation under the Sameite brand. The Company focused on cultivating key regional agents through multiple forms of agent partnerships and sought to enhance regional influence through offline store partnerships so as to expand market shares
- The Group has been cooperating with Petit main of Japan and HAPPYLAND of Korea, with a view of becoming China's leading operator of internationally renowned brands of children's wear in the global market

# Online Sales

## Revenue of online sales



- Reached in-depth strategic cooperation with online platforms such as Tmall and Vipshop so as to lock on to high-quality resources early in advance
- Ranked highly among Tmall's IN brands. Bosideng's brand impact and quality was also widely recognized by online customers
- Through visual images and detailed webpage description to highlight the quality of the product and improve customers' experience of online shopping
- Primarily targets groups seeking for fashion, quality, practicality, trendy and luxury goods



# Future Development Plan

# Future Development Plan

## Branded Down Apparel Business

- Center on “function” and endeavor to become a “mid- to high-end functional apparel group”.
- Brand building - strengthen brand public relations and marketing efforts, strengthen the combination of product and sales to consolidate its expert position
- Channel Development - gradually increase the percentage of mainstream and high-end channels to promote the building of the image of a down apparel expert
- Retail operation - promote the absorption of younger members, facilitate purchases through the enhancement of consumer experience

## OEM Management Business

- Deepen its strategic partnership with its core customers, enhance its service capabilities and maintain the continued growth of orders
- Through the overall arrangement of production capacity cooperation in Southeast Asia, the Group will break the bottleneck of cooperation with core customers to maintain long-term and stable strategic partnership

## Ladieswear Business

- Integrate the resources of the existing four brands
- Enhance the operational efficiency and management efficiency of the ladieswear business unit by enhancing the product strength, channel strength and brand power of the various brands of ladieswear
- Achieve the organic and healthy growth of the ladieswear business through further expanding the synergy within the Group



Thank you!