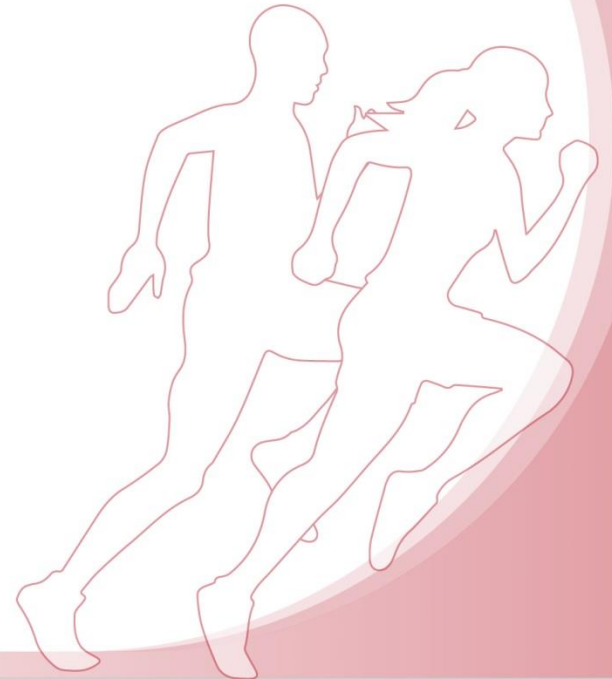




# Pou Sheng International 2021 1Q Results

13 May 2021



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# MAKE SPORTS YOUR LIFE

——让运动融入你的生活——



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主办单位：  
昆山市人民政府

承办单位：  
经济技术开发区管委会  
昆山市文体广电旅游局  
昆山市台办

KUNSHAN  
2020 MARATHON  
海峡两岸（昆山）马拉松



# Agenda

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**01 Financial Summary p 5-9**

**02 Business Highlights p 11-15**

**03 Future Target & Strategy p 17**

# Pou Sheng Financial Highlights (in RMB)



	1Q 2021		1Q 2020		Y-o-Y	
	RMB'mn	%	RMB'mn	%	%	ppt
<b>Revenue</b>	<b>7,307</b>	<b>100.0</b>	4,947	100.0	+47.7	--
Cost of Sales	(4,799)	-65.7	(3,426)	-69.3	+40.1	+3.6
<b>Gross Profit</b>	<b>2,508</b>	<b>34.3</b>	1,521	30.7	+64.9	+3.6
SG&A	(2,094)	-28.7	(1,635)	-33.1	+28.1	+4.4
Other Income & Expenses, net	104	1.5	70	1.5	+48.6	--
<b>Operating Profit (Loss)</b>	<b>518</b>	<b>7.1</b>	(44)	-0.9	N/A	+8.0
Finance Cost*, net	(49)	-0.7	(67)	-1.4	-26.9	+0.7
Share of Results of JV	27	0.4	(17)	-0.3	N/A	+0.7
Other Losses	(10)	-0.2	--	--	N/A	N/A
Income Tax	(119)	-1.6	(39)	-0.8	+205.1%	-0.8
<b>Profit (Loss) for the Period</b>	<b>367</b>	<b>5.0</b>	(167)	-3.4	N/A	+8.4
<b>Profit (Loss) attrib. to Owners of PS</b>	<b>357</b>	<b>4.9</b>	(165)	-3.3	N/A	+8.2

Source: Based on Pou Sheng's announcement on the HKEX website for the unaudited consolidated income statements of 1Q2021 & 1Q2020

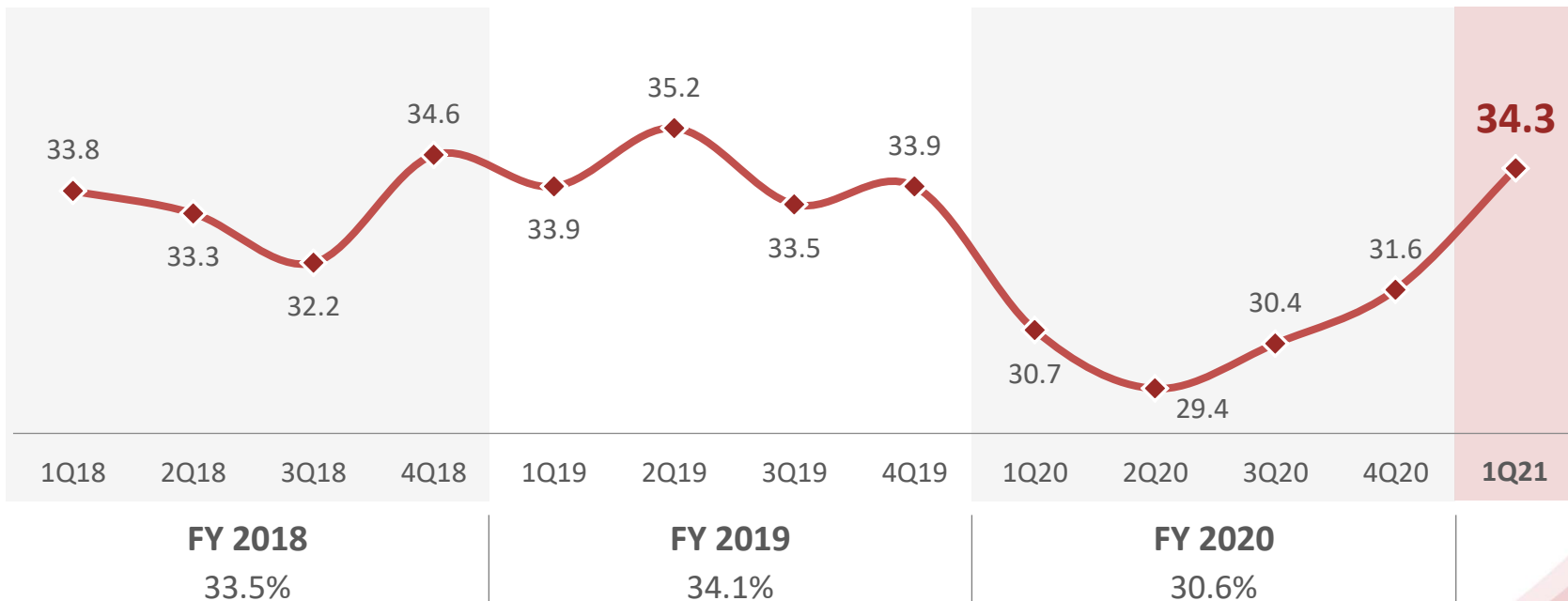
\* Finance cost in 1Q21 decreased by 47.2% if excludes interest expenses on lease liabilities (1Q21: RMB 35.9mn; 1Q20: RMB 30.9mn)

# Pou Sheng GP Margin Trend



(%)

◆ Gross Profit Margin

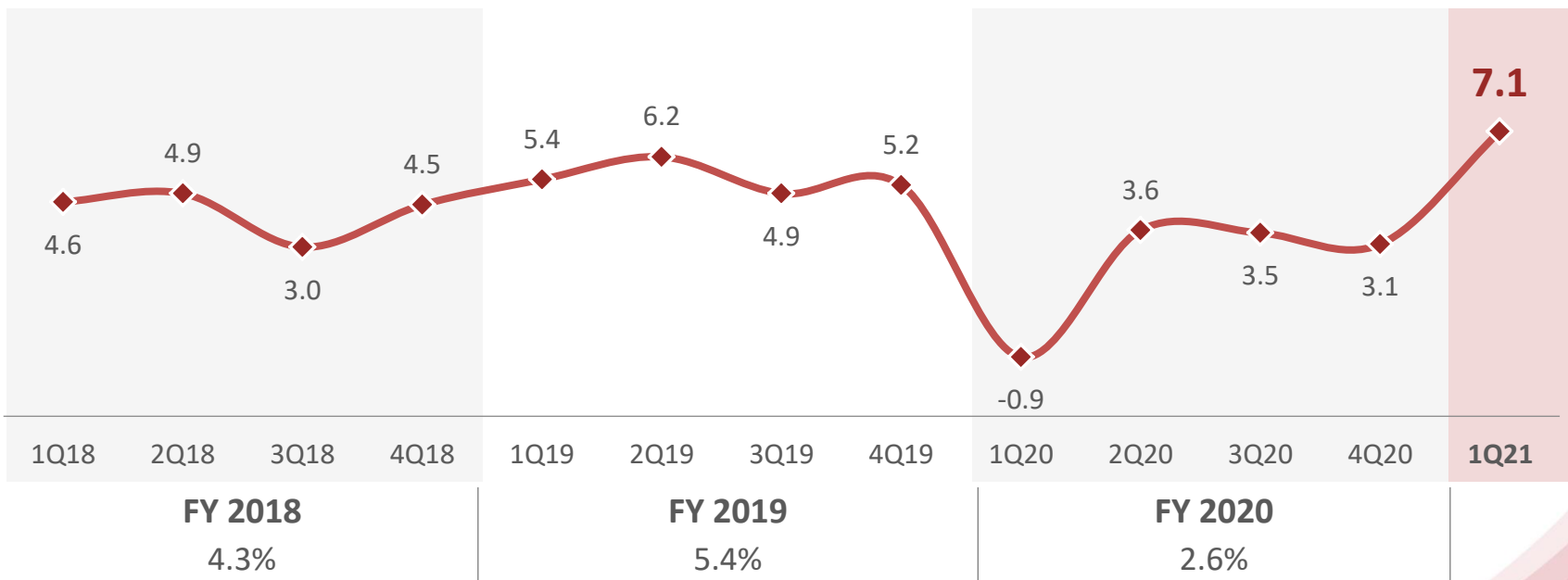


# Pou Sheng OP Margin Trend



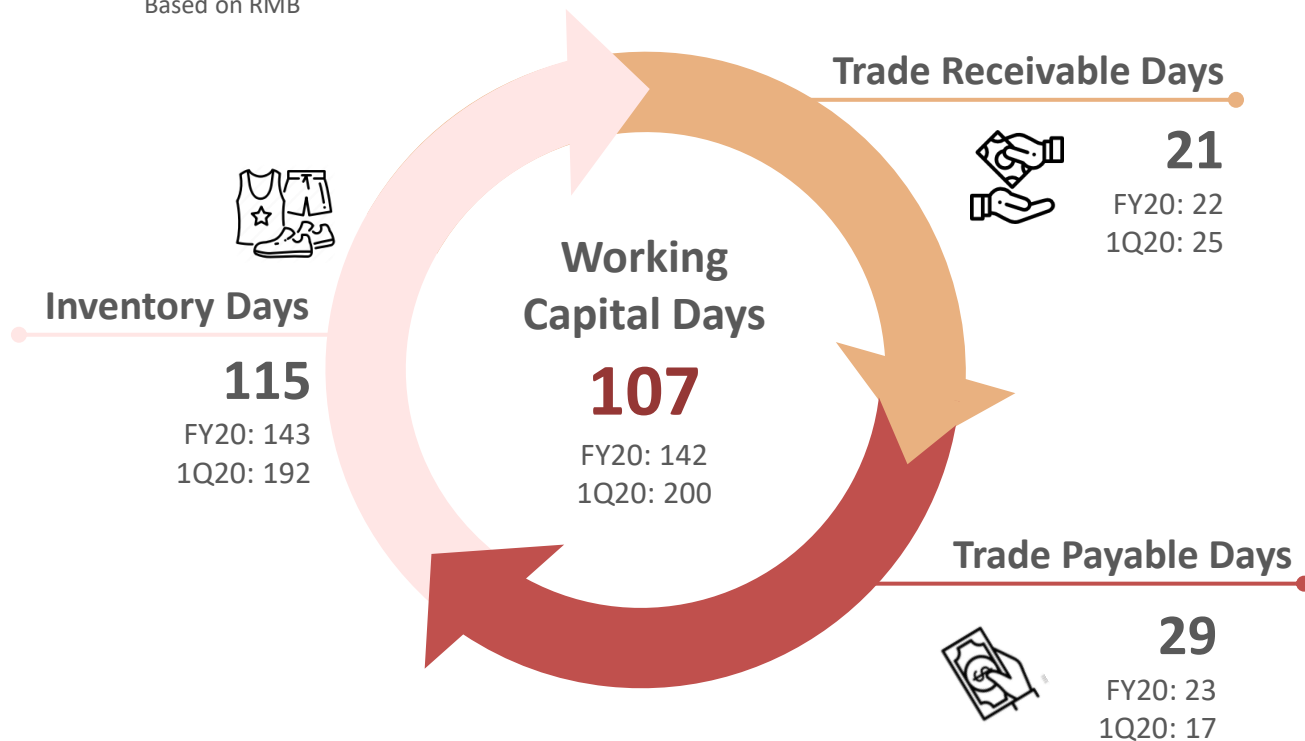
(%)

◆ Operating Profit Margin



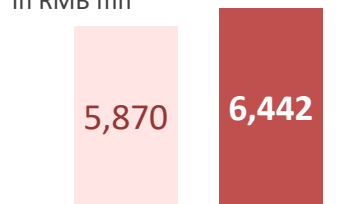
# Operation Efficiency – 1Q21

Based on RMB



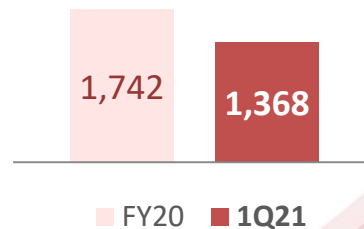
## Inventory level

In RMB'mn



## Cash Position

In RMB'mn





# Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	1Q 2021	1Q 2020	Y-o-Y
Depreciation of PPE & Amortization	160.6	163.0	-1.5%
Depreciation of ROUA	309.6	287.8	+7.6%
EBITDA	1,012.3	392.0	+158.2%
EBITDA minus Depreciation of ROUA	702.7	104.2	+574.4%
Capital Expenditure	123.0	66.4	+85.2%
Total Borrowings*	2,084	3,704	-43.7%
Net Borrowings*	716	2,020	-64.6%
Total Borrowings to Equity #	25.3%	49.1%	--
Net Borrowings to Equity #	8.7%	26.8%	--
Total Borrowings to EBITDA (X) <i>annualized</i>	0.5 X	2.4 X	--
Return on Owner's Equity <i>LTM</i>	10.2%	6.4%	--
Return on Asset <i>LTM</i>	4.8%	3.1%	--

As of  
31 Mar

Source: Internal analysis report (figures rounded)

\* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 3,185.3mn and 2,557.5mn as at Mar 31, 2021 and 2020 respectively

# Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 63.9% (1Q20: 83.0%) and 47.3% (1Q20: 60.7%) as at Mar 31, 2021 respectively

# Agenda

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**01 Financial Summary** p 5-9

**02 Business Highlights** p 11-15

**03 Future Target & Strategy** p 17

# Pou Sheng Retail Strategy

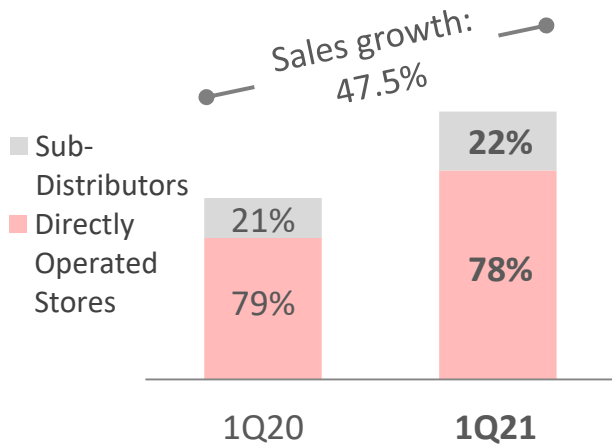


Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

## Brick & Mortar Retail

Directly Operated Stores:

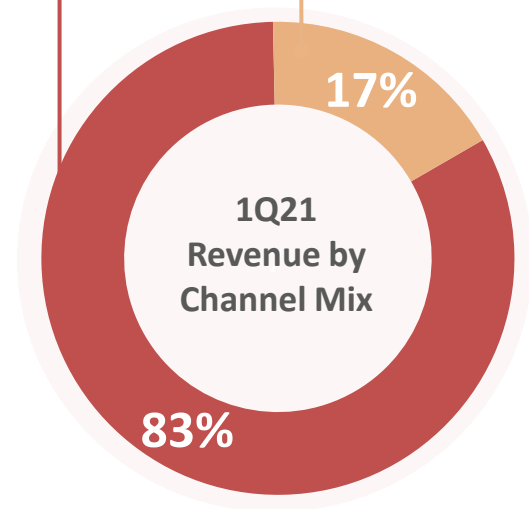
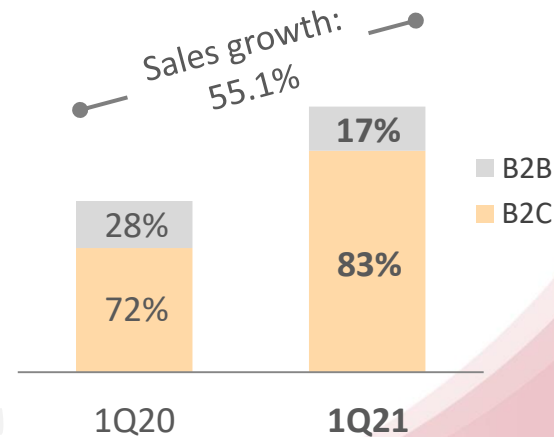
- Mono-Brands Stores: 5,114 stores
- Multi-Brands Stores: 56 stores



## Omni-channel

B2C Channel:

- 3rd party platforms: T-Mall, JD, Vipshop, etc.
- WeChat stores (+ExP services)
- Shopping mall platforms



Top 5 brands account for over 90% of our business

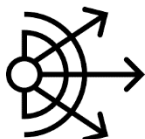
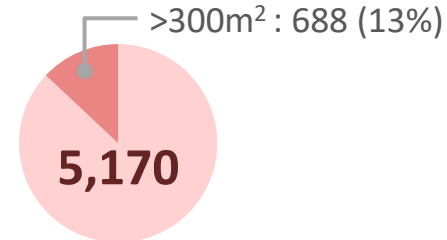
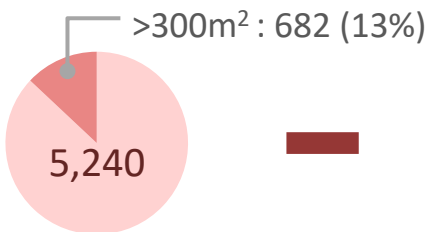
# Overview: Solid B&M Network



## Number of Stores



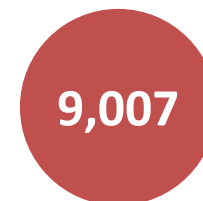
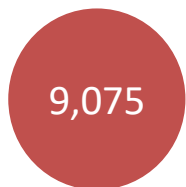
Directly Operated  
(Own-Store)



Sub-Distributor  
(Franchisee)



Total Store



As at  
31 December 2020

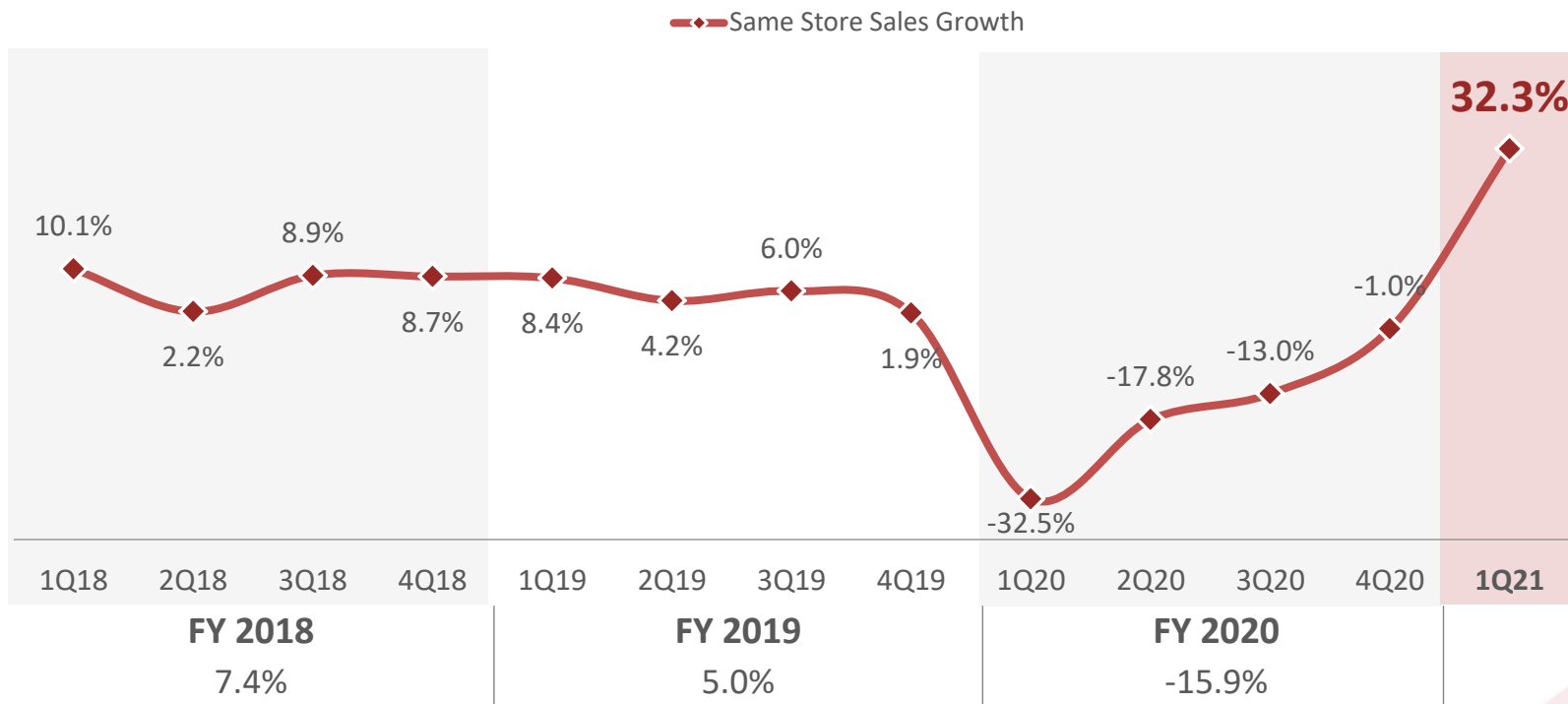
Net New Store +/-

As at  
31 March 2021

# Pou Sheng Same Store Sales Growth (SSSg)



(%)

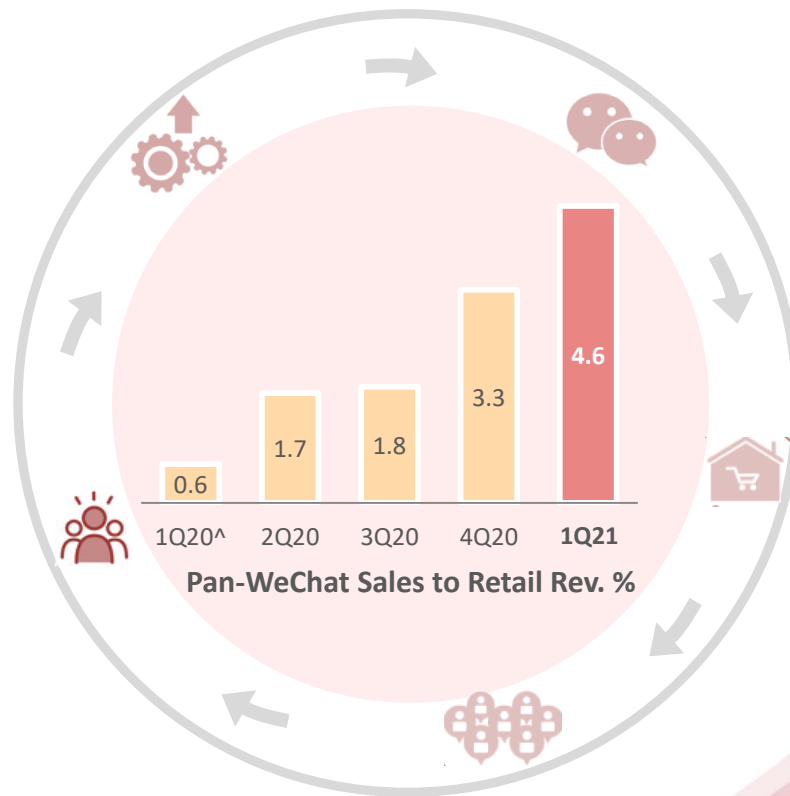


Note: Same-store sales measures revenue of full-price directly-operated stores (incl. WeChat stores' contribution) that have been operated over one year

# Our Customized Pan-WeChat Ecosphere



- Y Stable and solid foundation with much better **conversion** and **return rate**
- Y **Better ASP** than 3<sup>rd</sup> party platform e.g. T-Mall, JD, Vipshop, etc.
- Y Account for 1.9% of retail revenue in FY20 with “**Less stores** (<7% store counts), **more sales** (connecting >70% inventory pool)” infrastructure



\* Pan-WeChat Ecosphere consists of WeChat stores, Douyin live-streaming shopping events and shopping mall platforms

<sup>^</sup> WeChat store was launched in February 2020

# Our Customized Pan-WeChat Ecosphere (Cont.)

- Y Comprehensive relations with members by designated **Key Opinion Staff (KOS)** and **interesting contents (Exp)** as first step to elevate our services to consumers



Sports services and membership program



WeChat stores



24-hr digital interface by designated KOS



YYsports My Exp mini-program  
8.3m Exp members out of >39m YYsports members (as of Apr 25, 2021)

# Agenda

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**01 Financial Summary** p 5-9

**02 Business Highlights** p 11-15

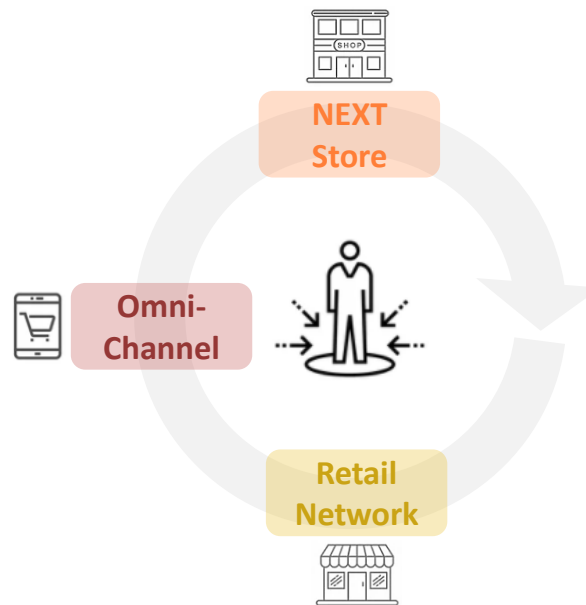
**03 Future Target & Strategy** p 17



# Future Target: Profitable Growth

## 2021 Target

- **Total revenue** growth in high-teens  
**omni-channel** contributing high-teens of total revenue
- **More in-season sales** and **more effective off-season** products sales through owned and 3<sup>rd</sup> party channels
- Integrating the **Service Hub model** into our strong brick and mortar stores foundation
- Turnaround of **emerging brands** and **licensee brands**
- **Operating margin target: 7%**

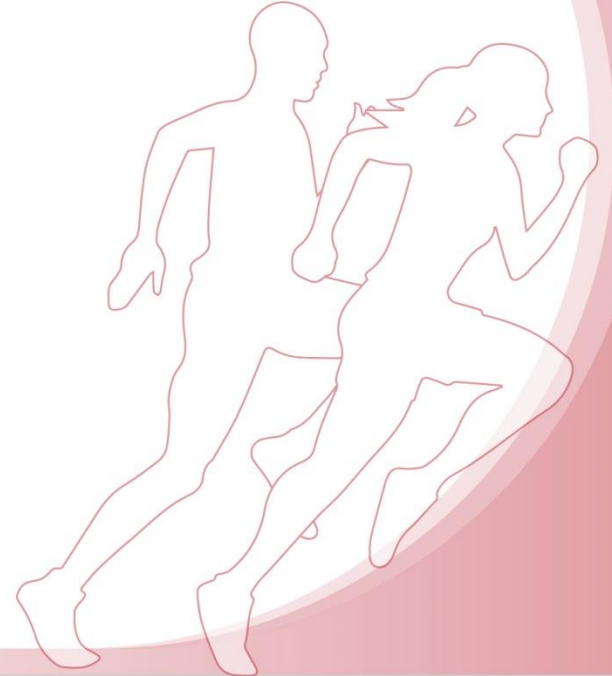


*“Creating Value-added Services and Quality Experiences to Customers”*

# Distinguished Partners and Sports Services



# Appendix



# Company Milestones



- 
- 2020 ● Next Store launched in Hsinchu, Taiwan
  - 2019 ● Omni-channel contributed ~12% of total sales in 2019
  - 2018 ● Recorded over RMB 22bn revenue  
Sales channels reached over 9,000
  - 2016 ● Recorded over RMB 15bn revenue
  - 2014 ● Became sole licensee for Pony in Taiwan & China
  - 2013 ● Recorded over RMB 10bn revenue
  - 2008 ● Pou Sheng International listed on HKEX (3813.HK)
  - 2002 ● Became sole licensee for Hush Puppies in Taiwan
  - 2001 ● Expanded into retail business in China

# Pou Sheng Financial Highlights *(in USD)*



	1Q 2021		1Q 2020		Y-o-Y
	US\$'000	%	US\$'000	%	%
<b>Revenue</b>	<b>1,127,665</b>	<b>100.00</b>	708,066	100.00	+59.26
Cost of Sales	(740,589)	-65.67	(490,348)	-69.25	+51.03
<b>Gross Profit</b>	<b>387,076</b>	<b>34.33</b>	217,718	30.75	+77.79
SG&A	(320,723)	-28.44	(233,742)	-33.01	+37.21
Other Income & Expenses, net	13,590	1.20	9,698	1.37	+40.13
<b>Operating Profit (Loss)</b>	<b>79,943</b>	<b>7.09</b>	(6,326)	-0.89	N/A
Finance Cost, net	(7,449)	-0.66	(9,507)	-1.35	-21.65
Share of Results of JV	4,145	0.37	(2,365)	-0.33	N/A
Other Losses	(1,570)	-0.14	--	--	N/A
Income Tax	(18,393)	-1.63	(5,639)	-0.80	+226.17
<b>Profit (Loss) for the Period</b>	<b>56,676</b>	<b>5.03</b>	(23,837)	-3.37	N/A
<b>Profit (Loss) attrib. to Owners of PS</b>	<b>55,081</b>	<b>4.88</b>	(23,685)	-3.34	N/A

Source: Internal analysis report (figures rounded); various accounting **reclassification** and **adjustments** are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

**Thank you  
Q&A**

