

The background features a repeating pattern of white sports icons on a light orange background. The icons include various sports such as hockey, tennis, archery, cycling, badminton, table tennis, basketball, soccer, and others. Each icon is enclosed in a rounded, irregular shape.

Pou Sheng International

2017 Annual Results

(3813.HK)

Note: The figures in the following slides are based on Pou Sheng's management accounts and announcements, and Pou Sheng adopts RMB as its reporting currency

Disclaimer

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Pou Sheng Key Business Activities

Y Retail Business

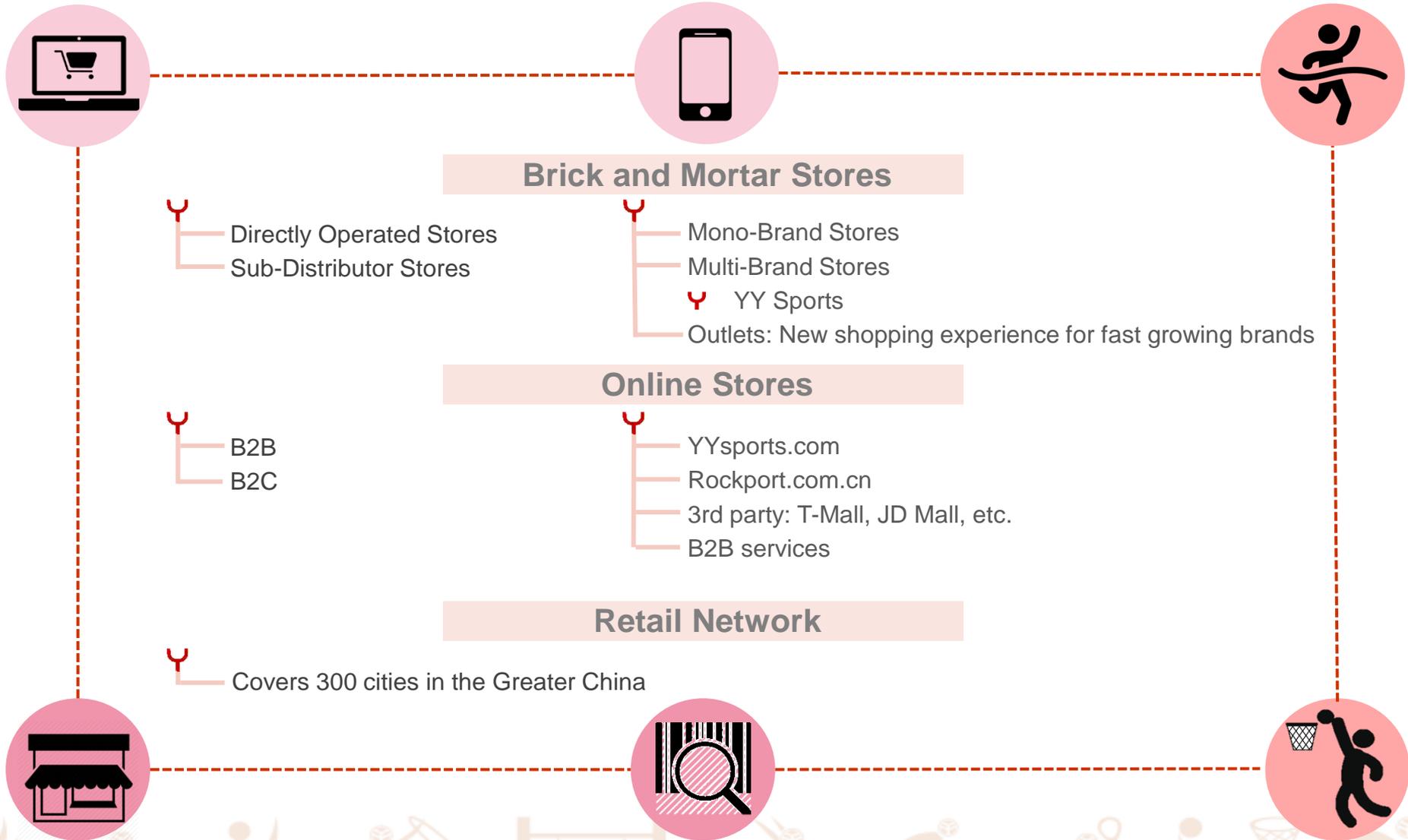
- Y Leading distributor of footwear, apparel & accessories for international brands in China
 - Y A key partner to Nike and adidas
 - Y Sells through directly operated stores, or on a wholesale basis to sub-distributors, online & offline
 - Y Store locations include department stores, shopping malls, sports cities, street level & outlets
- Y Brand licensee Business

Y Sport Services Platform

- Y Provides full range of sports services
 - Y Products + Services
 - Y 364 + 1
 - Y Online & Offline
 - Y Mainland China & Taiwan



Omni-Channel Strategy Across China



Distinguished Partners and Events



Pou Sheng Financial Highlights *(in RMB)*

	FY2017		FY2016		Y-o-Y
	RMB'mn	%	RMB'mn	%	+ / -
Revenue	18,833	100.00	16,236	100.00	16.0%
Cost of Sales	(12,239)	-64.99	(10,468)	-64.47	16.9%
Gross Profit	6,594	35.01	5,768	35.53	14.3%
SG&A	(6,052)	-32.14	(5,072)	-31.24	19.3%
Other Income & Expenses, net	228	1.21	228	1.40	-0.0%
Operating Profit	770	4.09	924	5.69	-16.7%
Share of Results of A&JV	(4)	-0.02	(12)	-0.07	-66.7%
Finance Cost & Other Gains/(Losses)	(109)	-0.58	(80)	-0.49	36.3%
Income Tax	(242)	-1.28	(262)	-1.61	-7.6%
Profit for the Year	415	2.20	570	3.51	-27.2%
Profit attrib. to Owners	394	2.09	561	3.46	-29.8%

Source: Based on Pou Sheng's Results Announcement

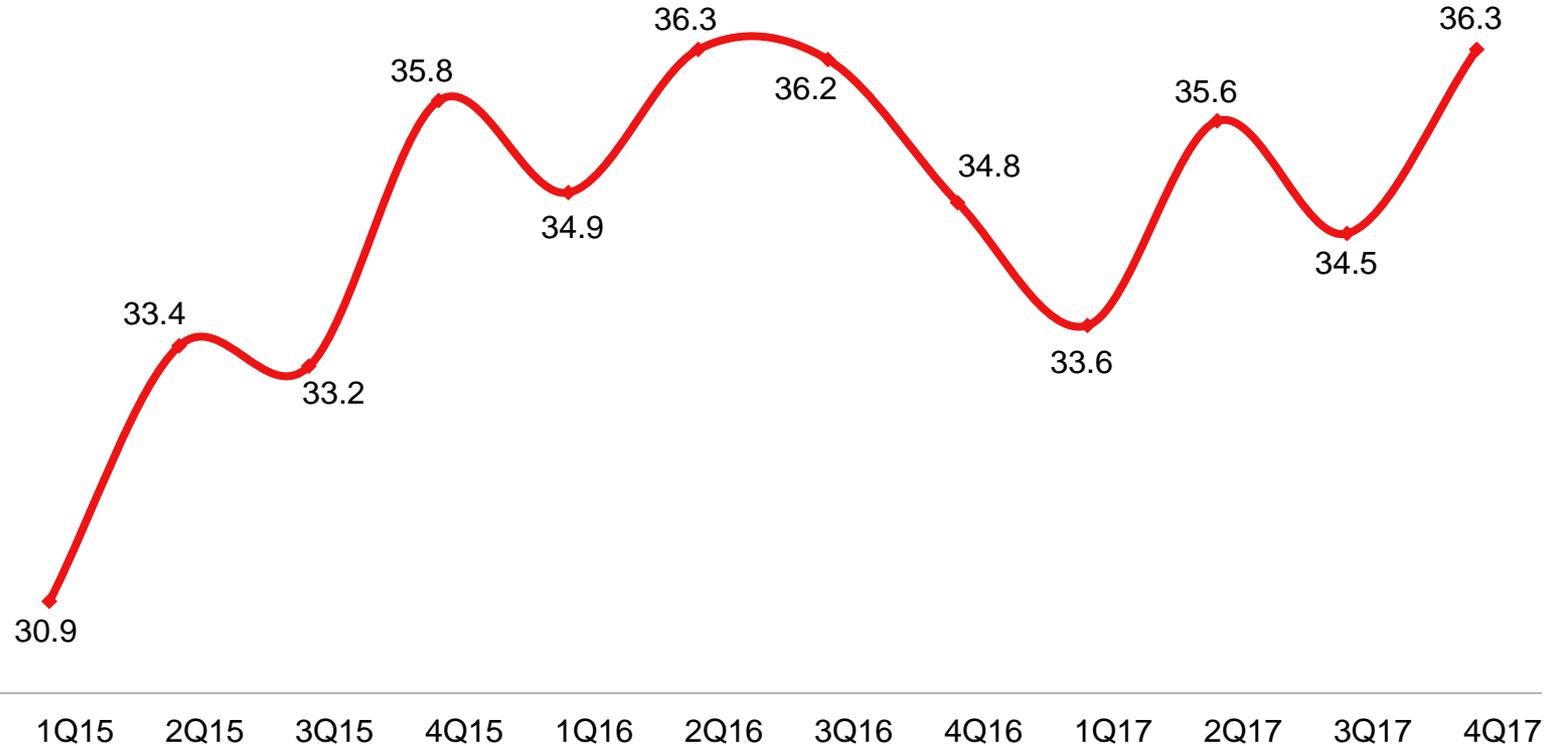
Pou Sheng Financial Highlights *(in USD)*

	FY2017		FY2016		Y-o-Y
	US\$'000	%	US\$'000	%	+ / -
Revenue	2,775,400	100.00	2,443,730	100.00	13.6%
Cost of Sales	(1,803,726)	-64.99	(1,575,525)	-64.47	14.5%
Gross Profit	971,674	35.01	868,205	35.53	11.9%
SG&A	(886,324)	-31.94	(756,975)	-30.98	17.1%
Other Income & Expenses, net	28,163	1.02	31,860	1.30	-11.6%
Operating Profit	113,513	4.09	143,090	5.86	-20.7%
Share of Results of A&JV	(526)	-0.02	(1,793)	-0.07	-70.7%
Finance Cost & Other Gains/(Losses)	(16,135)	-0.58	(12,066)	-0.50	33.7%
Income Tax	(35,690)	-1.29	(39,468)	-1.62	-9.6%
Profit for the Year	61,162	2.20	89,763	3.67	-31.9%
Profit attrib. to Owners	58,110	2.09	88,403	3.62	-34.3%

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

Pou Sheng GP Margin Trend

(%)



—◆— Gross Profit Margin



Pou Sheng OP Margin Trend

(%)



* the figures have been restated due to the application of merger accounting



Pou Sheng Financial Ratios *(in RMB)*

(RMB'mn)	<u>FY2017</u>	<u>FY2016</u>
Depreciation & Amortization	433	254
EBITDA	1,197	1,148
Capital Expenditure	576	518

	<u>31 Dec 2017</u>	<u>31 Dec 2016</u>
Total Borrowings	2,642	1,666
Net Total Borrowings	2,155	1,183
Total Debt to Equity (%)	41.0%	27.2%
Net Debt to Equity (%)	33.5%	19.3%

	<u>FY2017</u>	<u>FY2016</u>
Total Debt to EBITDA (X)	2.2 X	1.5 X
Net Debt to EBITDA (X)	1.8 X	1.0 X
Return on Owner's Equity (%)	6.2%	9.2%
Return on Asset (%)	3.6%	5.7%

Source: Internal analysis report (figures rounded)

Operation Efficiency

Based on RMB



Inventory Days

145

149



Receivable Days

28

28



Payable Days

22

16

2016

2017

Pou Sheng Store Performance

Number of Stores

	Directly Operated	Sub-Distributors	Total Stores
As at December 31, 2016	5,560	3,199	8,759
Net New Store + / (-) *	(95)	114	19
As at December 31, 2017	5,465	3,313	8,778

* Disposal of certain subsidiaries in the current period: reduced 153 directly operated stores & 323 sub-distributors stores

Same Store Sales Growth (SSSg)

2017	1Q	2Q	3Q	4Q	FY2017
Directly Operated Stores	1.9%	5.6%	1.5%	12.0%	5.3%



PS Highlights for FY2016 *(in RMB)*

	FY2016		FY2015		Y-o-Y
	RMB'mn	%	RMB'mn	%	+ / -
Revenue	16,236	100.00	14,466	100.00	12.2%
Cost of Sales	(10,468)	-64.47	(9,648)	-66.70	8.5%
Gross Profit	5,768	35.53	4,818	33.30	19.7%
SG&A	(5,072)	-31.24	(4,340)	-30.00	16.9%
Other Income & Expenses, net	228	1.41	121	0.84	88.4%
Operating Profit	924	5.69	599	4.14	54.3%
Share of Results of A&JV	(12)	-0.07	(8)	-0.06	50.0%
Finance Cost & Other Gains/(Losses)	(80)	-0.49	(59)	-0.40	35.6%
Income Tax	(262)	-1.62	(149)	-1.03	75.8%
Profit for the Year	570	3.51	383	2.65	48.8%
Profit attrib. to Owners	561	3.46	397	2.74	41.3%

Source: Based on Pou Sheng's Results Announcement

Y Pou Sheng has changed its presentation currency for the preparation of its consolidated financial statements from USD to RMB starting from the 2016 interim results. The comparative figures for the year 2016 and 2015 have been restated to RMB accordingly

PS Highlights for FY2016 *(in USD)*

	FY2016		FY2015		Y-o-Y
	US\$'000	%	US\$'000	%	+ / -
Revenue	2,443,730	100.00	2,300,174	100.00	6.2%
Cost of Sales	(1,575,525)	-64.47	(1,534,115)	-66.70	2.7%
Gross Profit	868,205	35.53	766,059	33.30	13.3%
SG&A*	(756,975)	-30.97	(683,402)	-29.71	10.8%
Other Income & Expenses, net*	31,860	1.30	14,014	0.61	127.3%
Operating Profit	143,090	5.86	96,671	4.20	48.0%
Share of Results of A&JV	(1,793)	-0.07	(1,332)	-0.06	34.6%
Finance Cost & Other Gains/(Losses)	(12,066)	-0.49	(9,237)	-0.40	30.6%
Income Tax	(39,468)	-1.62	(23,744)	-1.03	66.2%
Profit for the Year	89,763	3.67	62,358	2.71	44.0%
Profit attrib. to Owners	88,403	3.62	64,498	2.80	37.1%

Source: Internal analysis report (figures rounded)

* Various accounting **reclassification** and **adjustments** are made to these figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards