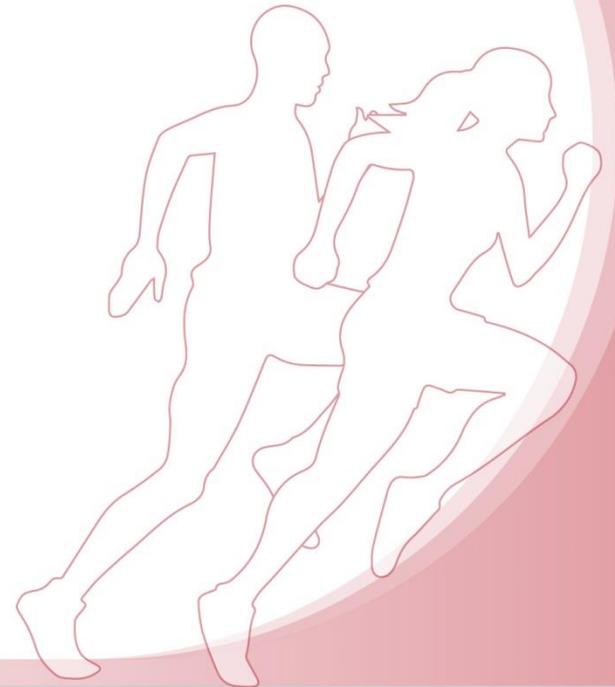




Pou Sheng International 2021 1H Results

12 Aug 2021



Pou Sheng International

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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



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Pou Sheng Financial Highlights (in RMB)



	1H 2021		1H 2020		Y-o-Y	
	RMB'mn	%	RMB'mn	%	%	ppt
Revenue	13,074	100.0	11,740	100.0	+11.4	--
Cost of Sales	(8,352)	-63.9	(8,220)	-70.0	+1.6	+6.1
Gross Profit	4,722	36.1	3,520	30.0	+34.1	+6.1
SG&A	(4,012)	-30.7	(3,459)	-29.5	+16.0	-1.2
Other Income & Expenses, net	223	1.7	141	1.2	+58.2	+0.5
Operating Profit	933	7.1	202	1.7	+361.9	+5.4
Finance Cost*, net	(95)	-0.7	(125)	-1.1	-24.0	+0.4
Share of Results of JV	25	0.2	(10)	-0.1	N/A	+0.3
Other Losses	(10)	-0.0	0	0.0	N/A	--
Income Tax	(203)	-1.6	(50)	-0.4	+306.0	-1.2
Profit for the Period	650	5.0	17	0.1	+3,723.5	+4.9
Profit attrib. to Owners of PS	636	4.9	12	0.1	+5,200.0	+4.8

Source: Based on Pou Sheng's announcement on the HKEX website for the unaudited consolidated income statements of 1H2021 & 1H2020

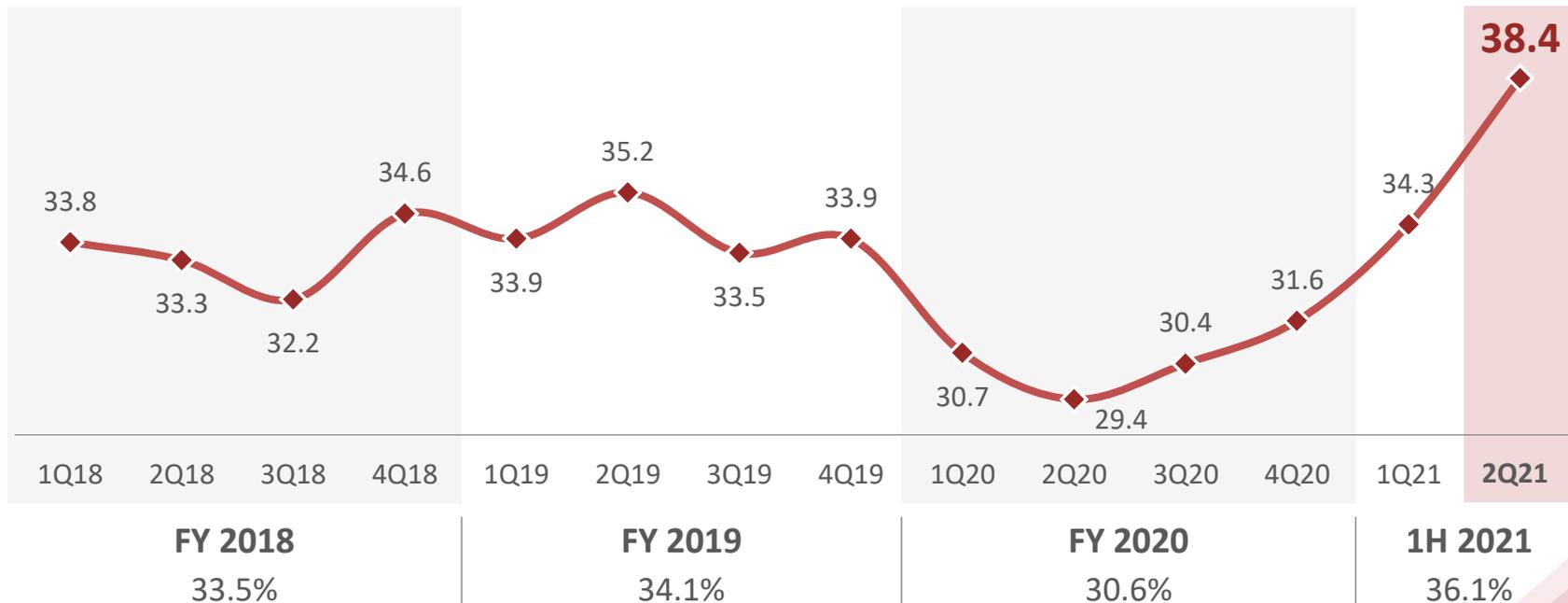
* Finance cost in 1H21 decreased by 45.7% if excludes interest expenses on lease liabilities which amounted to RMB 71.5mn (1H20: RMB 61.1mn)

Pou Sheng GP Margin Trend



(%)

◆ Gross Profit Margin

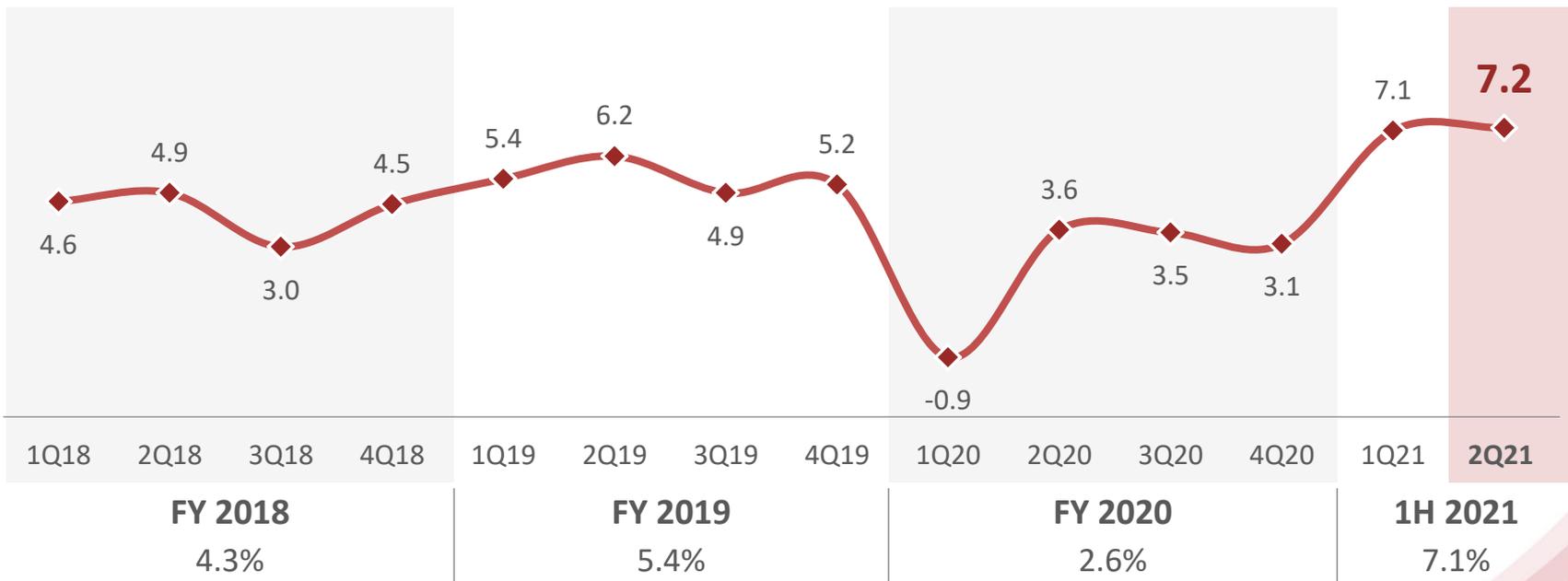


Pou Sheng OP Margin Trend



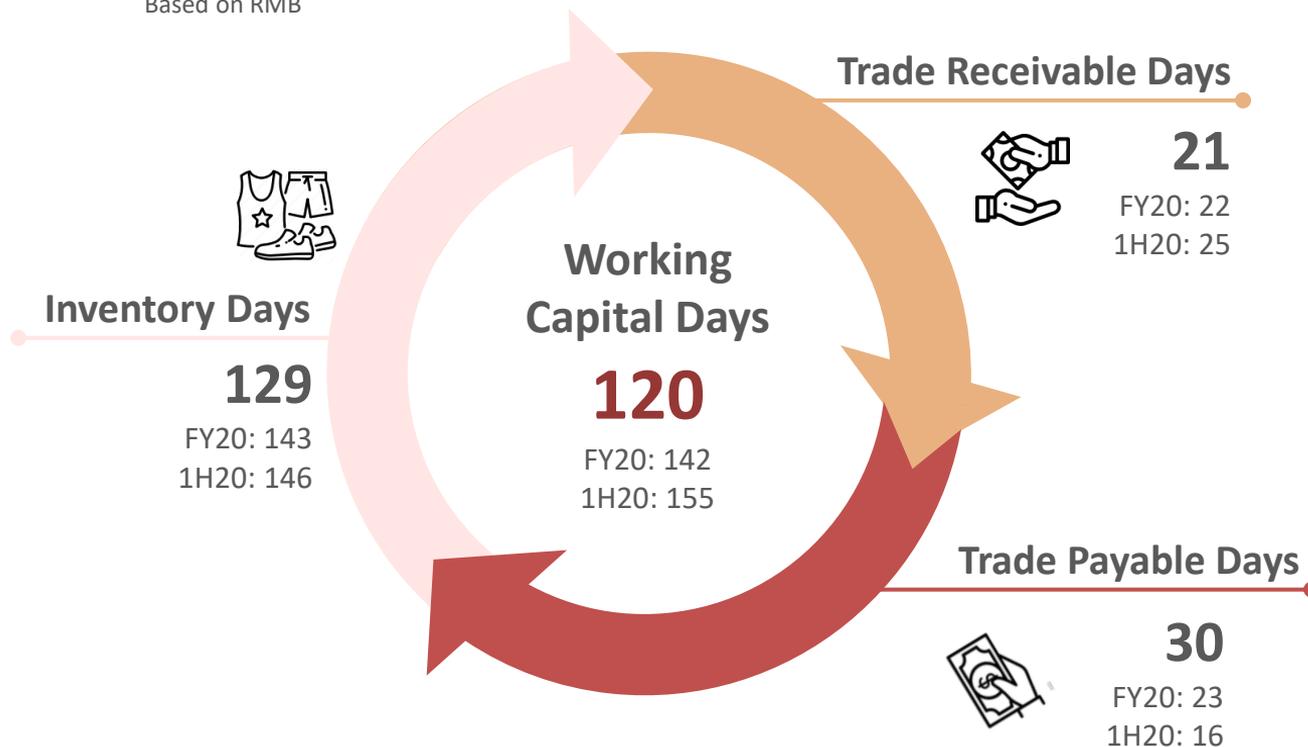
(%)

◆ Operating Profit Margin



Operation Efficiency – 1H21

Based on RMB



Inventory level

In RMB'mn



Cash Position

In RMB'mn



■ FY20 ■ Jun 21

Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	1H 2021	1H 2020	Y-o-Y
Depreciation of PPE & Amortization	321.4	324.9	-1.1%
Depreciation of ROUA	624.5	567.8	+10.0%
EBITDA	1,908.4	1,091.4	+74.9%
EBITDA minus Depreciation of ROUA	1,283.9	523.6	+145.2%
Capital Expenditure	223.5	163.3	+36.9%
Total Borrowings*	1,916	2,742	-30.1%
Net Borrowings*	126	1,126	-88.8%
Total Borrowings to Equity #	22.5%	35.5%	--
Net Borrowings to Equity #	1.5%	14.6%	--
Total Borrowings to EBITDA (X) <i>annualized</i>	0.5 X	0.5 X	--
Return on Owner's Equity <i>LTM</i>	11.0%	5.5%	--
Return on Asset <i>LTM</i>	5.6%	2.7%	--

As of
30 Jun

Source: Internal analysis report (figures rounded)

* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 3,099.3mn and 2,493.0mn as at 30 Jun 2021 and 2020 respectively

Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 59.0% (1H20: 67.8%) and 37.9% (1H20: 46.9%) as at 30 Jun 2021 respectively

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Pou Sheng Retail Strategy

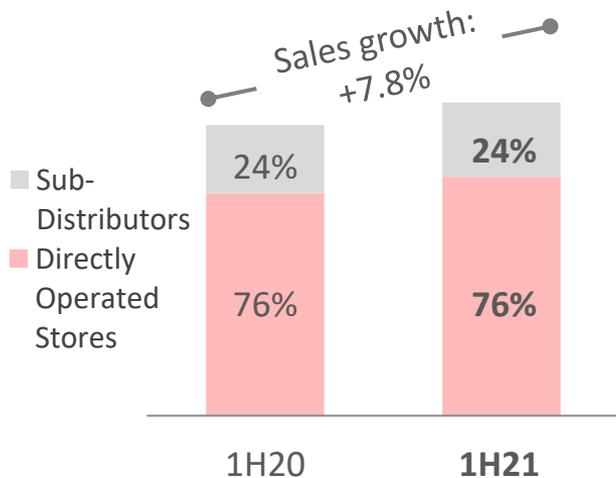


Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

Brick & Mortar Retail

Directly Operated Stores:

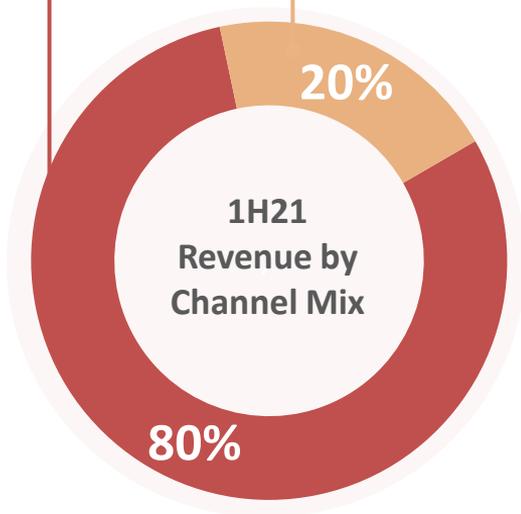
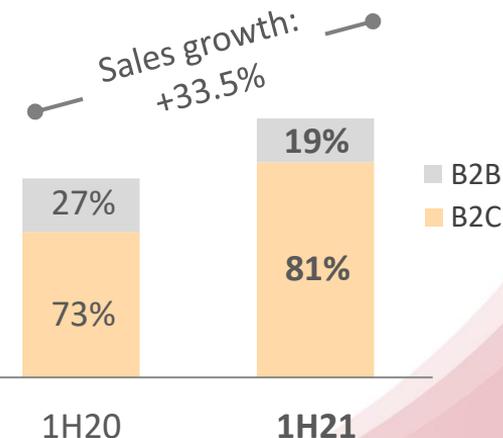
- Mono-Brands Stores: 4,914 stores
- Multi-Brands Stores: 54 stores



Omni-channel

B2C Channel:

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



Top 5 brands account for ~95% of our revenue

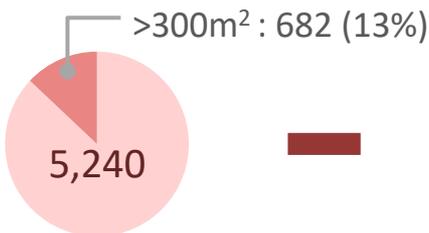
Solid B&M Network



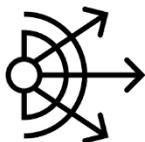
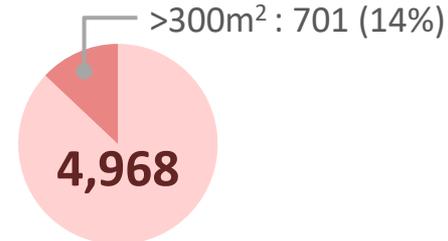
Number of Stores



Directly Operated
(Own-Store)



272



Sub-Distributor
(Franchisee)



25



Total Store



-247



As at
31 December 2020

Net New Store +/-

As at
30 June 2021

Pou Sheng Same Store Sales Growth (SSSg)



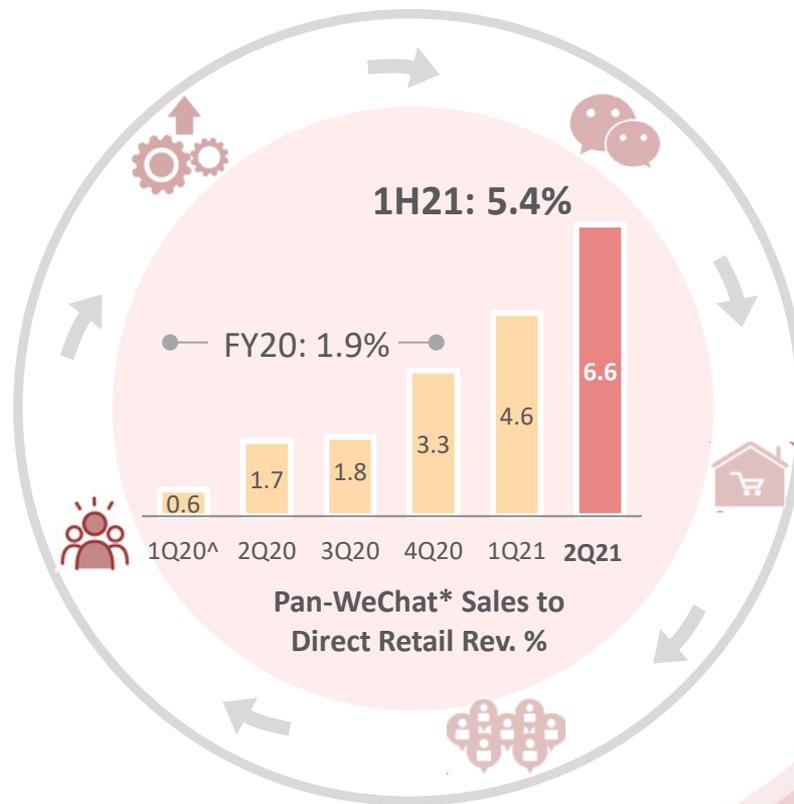
(%)



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 3rd party platform e.g. T-Mall, JD, Vipshop, etc.
- Y Account for 5.4% (1H21) and 1.9% (FY20) of direct retail revenue 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

[^] 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
>12.2m ExP members out of ~43m YYsports members (as of 13 Jul 2021)

Agenda



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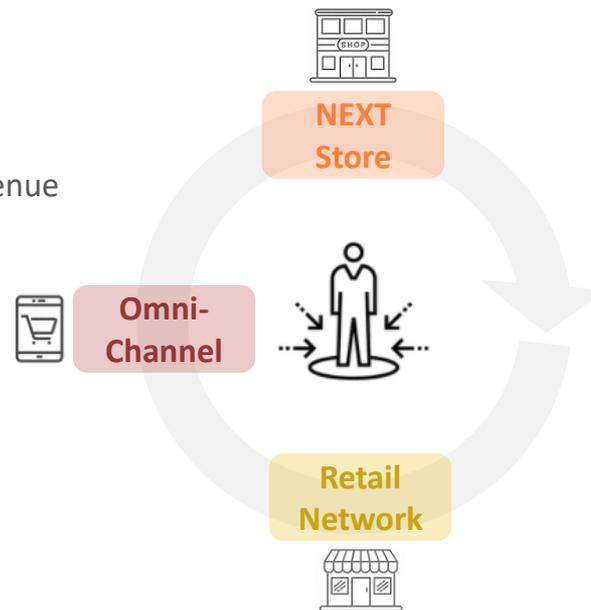
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Future Target: Profitable Growth

2021 Target

- Committed to drive **profitable revenue growth vs. 2019** **omni-channel** contributing to high teens to 20% of total revenue
- **More in-season sales** and **more effective off-season** products sales through owned and 3rd 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%**

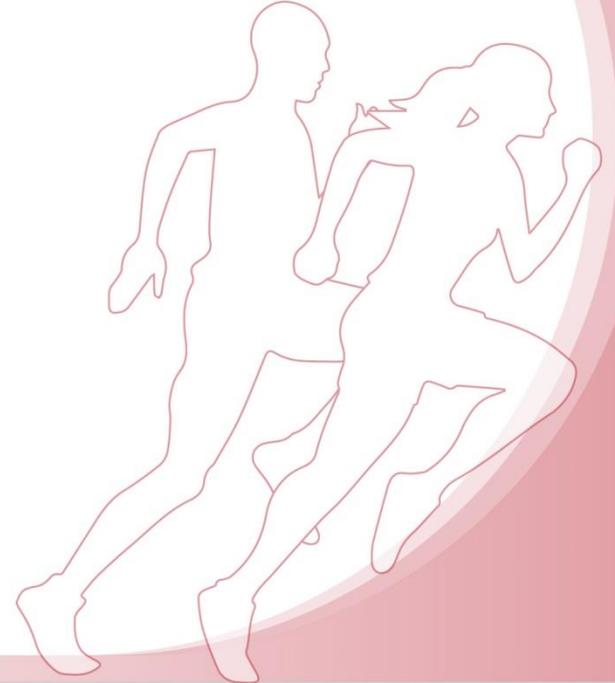


“Creating Value-added Services and Quality Experiences to Customers”

Distinguished Partners and Sports Services



Appendix



Company Milestones



- 
- 2021 ● Next Store launched in Shenyang, China
 - 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)



	1H 2021		1H 2020		Y-o-Y
	US\$'000	%	US\$'000	%	%
Revenue	2,020,503	100.00	1,667,168	100.00	+21.19
Cost of Sales	(1,290,729)	-63.88	(1,167,291)	-70.02	+10.57
Gross Profit	729,774	36.12	499,877	29.98	+45.99
SG&A	(616,133)	-30.50	(489,699)	-29.46	+25.82
Other Income & Expenses, net	30,606	1.52	18,473	1.20	+65.68
Operating Profit	144,247	7.14	28,651	1.72	+403.46
Finance Cost, net	(14,674)	-0.73	(17,632)	-1.06	-16.78
Share of Results of JV	3,809	0.19	(1,415)	-0.09	N/A
Other Losses	(1,570)	-0.08	0	0.00	N/A
Income Tax	(31,317)	-1.55	(7,136)	-0.43	+338.86
Profit for the Period	100,495	4.97	2,468	0.14	+3,971.92
Profit attrib. to Owners of PS	98,267	4.86	1,749	0.10	+5,518.47

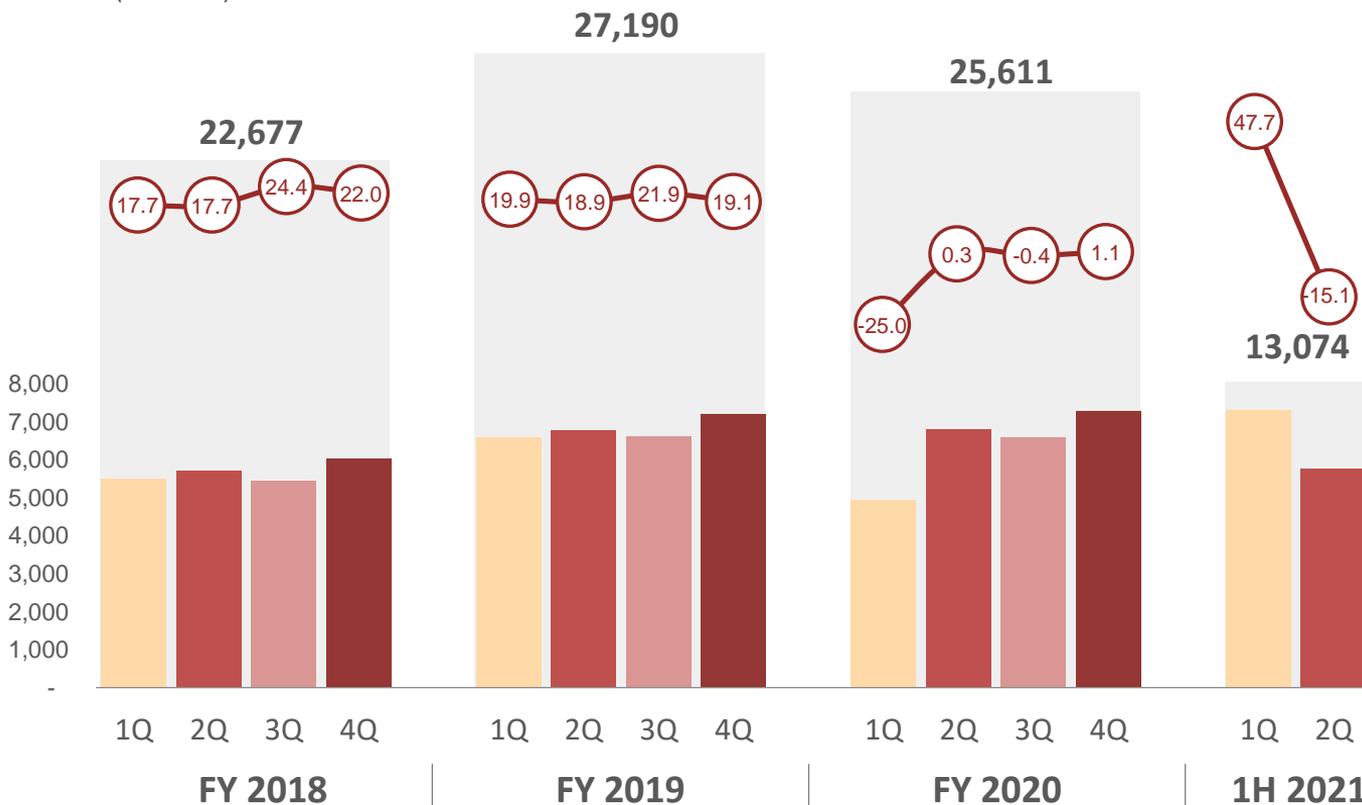
Source: Internal analysis report (figures rounded); various accounting **reclassification** and **adjustments** are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

Pou Sheng Revenue Trend



Revenue (RMB'mn)

—○— Y-o-Y (%)



**Thank you
Q&A**

