

# Pou Sheng International 2022 1H Results

11 Aug 2022



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# MAKE SPORTS YOUR LIFE

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海峡两岸（昆山）马拉松

胜道体育  
SPORTS

# Agenda

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| <b>02</b> | <b>Business Highlights</b>          | <b>p 12-16</b> |
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# Pou Sheng Financial Highlights (in RMB)



	1H 2022		1H 2021		Y-o-Y	
	RMB'mn	%	RMB'mn	%	%	ppt
<b>Revenue</b>	<b>9,865</b>	<b>100.0</b>	13,074	100.0	-24.5	--
Cost of Sales	(6,369)	-64.6	(8,352)	-63.9	-23.7	-0.7
<b>Gross Profit</b>	<b>3,496</b>	<b>35.4</b>	4,722	36.1	-26.0	-0.7
SG&A	(3,452)	-35.0	(4,012)	-30.7	-14.0	-4.3
Other Income & Expenses, net	164	1.7	223	1.7	-26.5	0.0
<b>Operating Profit</b>	<b>208</b>	<b>2.1</b>	933	7.1	-77.7	-5.0
Finance Cost*, net	(81)	-0.8	(95)	-0.7	-14.7	-0.1
Share of Results of JV	--	--	25	0.2	N/A	-0.2
Other Losses	(6)	-0.1	(10)	-0.0	-40.0	-0.1
Income Tax	(97)	-1.0	(203)	-1.6	-52.2	+0.6
<b>Profit for the Period</b>	<b>24</b>	<b>0.2</b>	650	5.0	-96.3	-4.8
<b>Profit attrib. to Owners of PS</b>	<b>17</b>	<b>0.2</b>	636	4.9	-97.3	-4.7

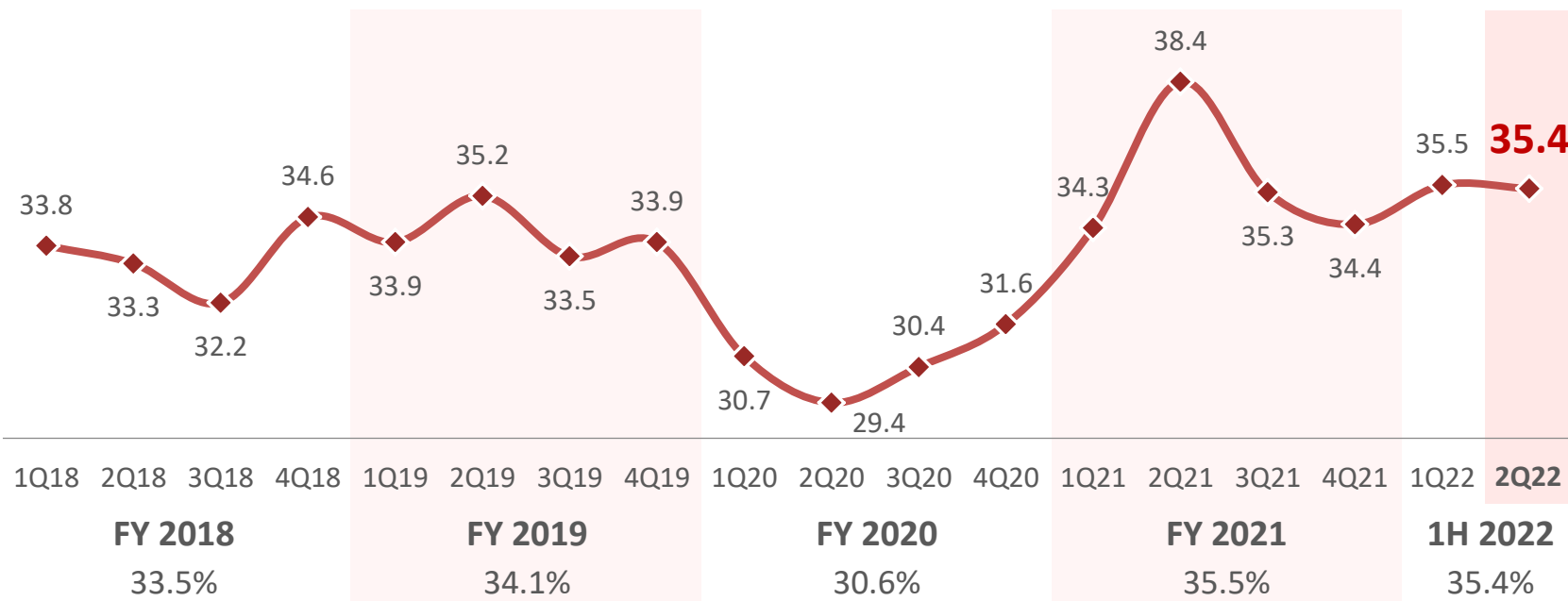
Source: Based on Pou Sheng's announcement on the HKEX website for the unaudited consolidated income statements of 1H2022 & 1H2021

\* Finance cost in 1H22 decreased by 11.1% if excludes interest expenses on lease liabilities which amounted to RMB 57.7mn (1H21: RMB 71.5mn)

# Pou Sheng GP Margin Trend

(%)

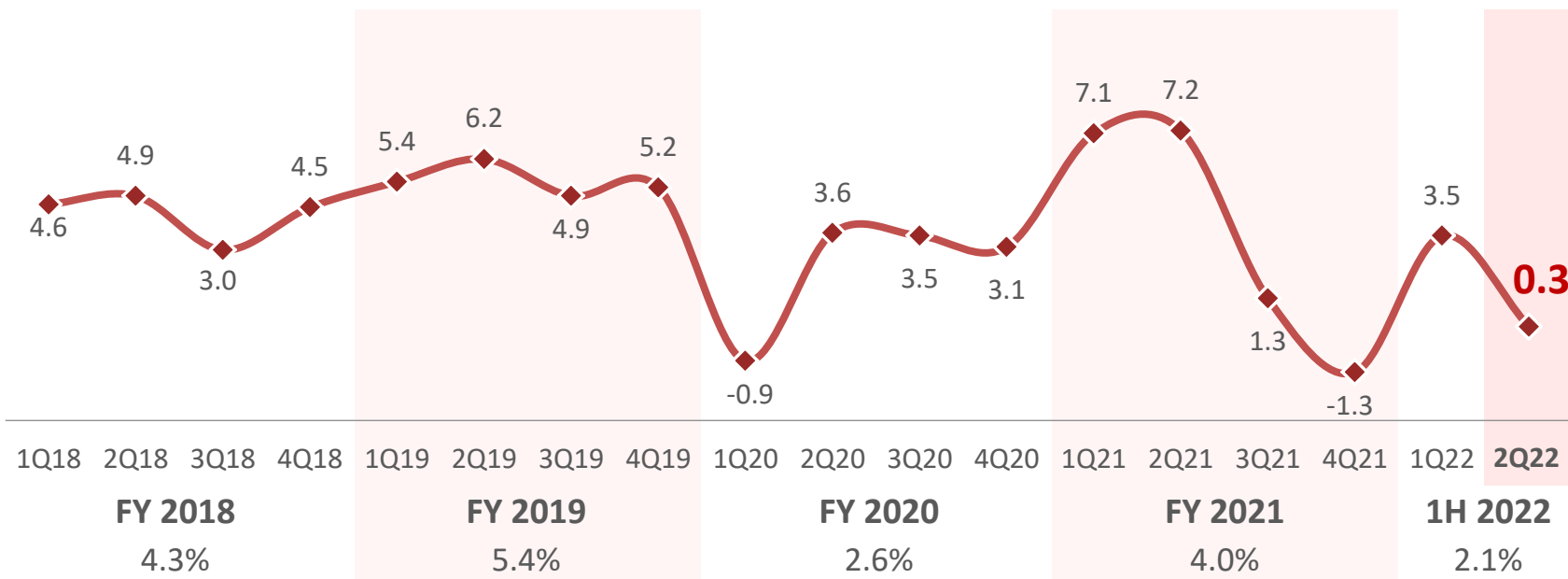
◆ Gross Profit Margin



# Pou Sheng OP Margin Trend

(%)

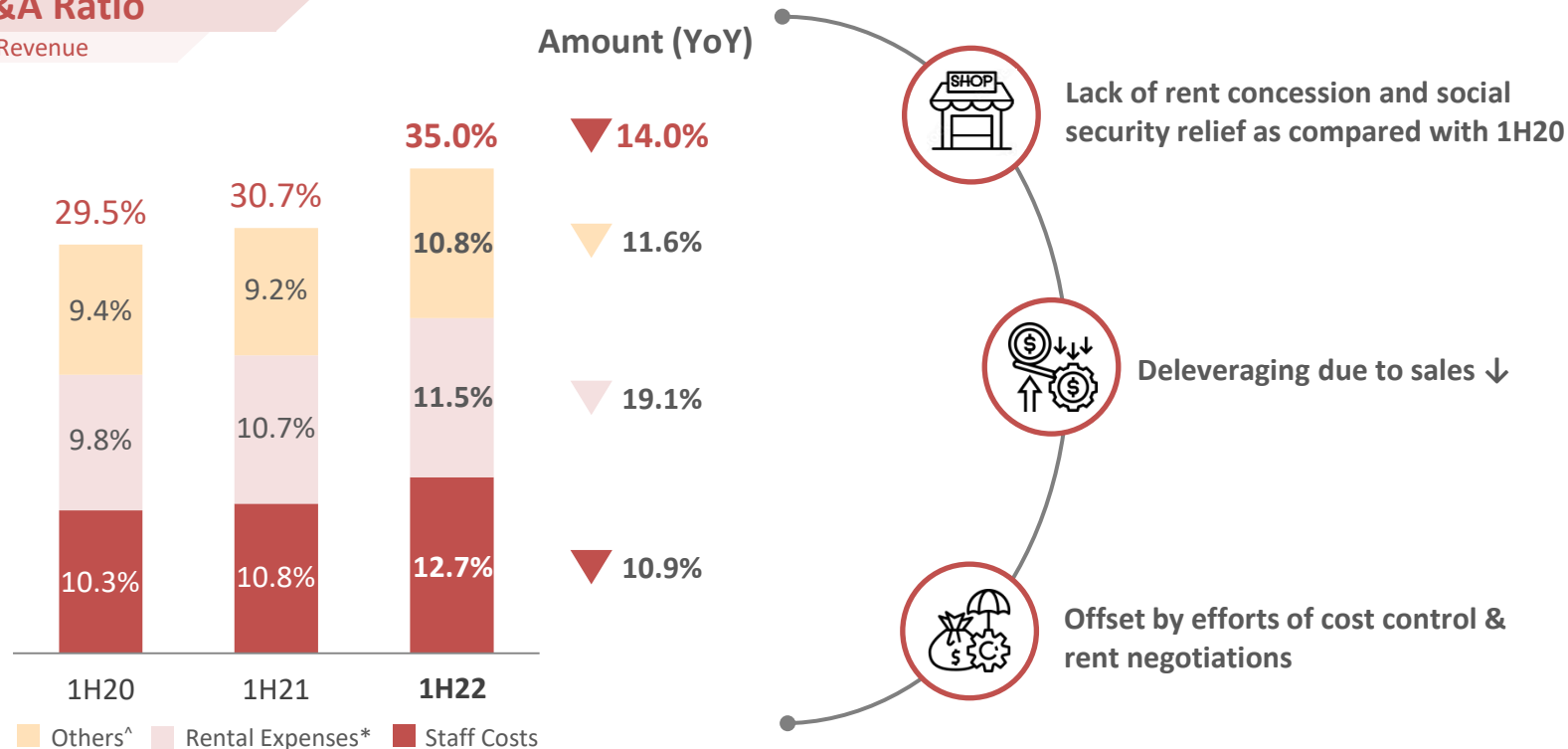
◆ Operating Profit Margin



# Pou Sheng SG&A Expenses Breakdown

## SG&A Ratio

% of Revenue



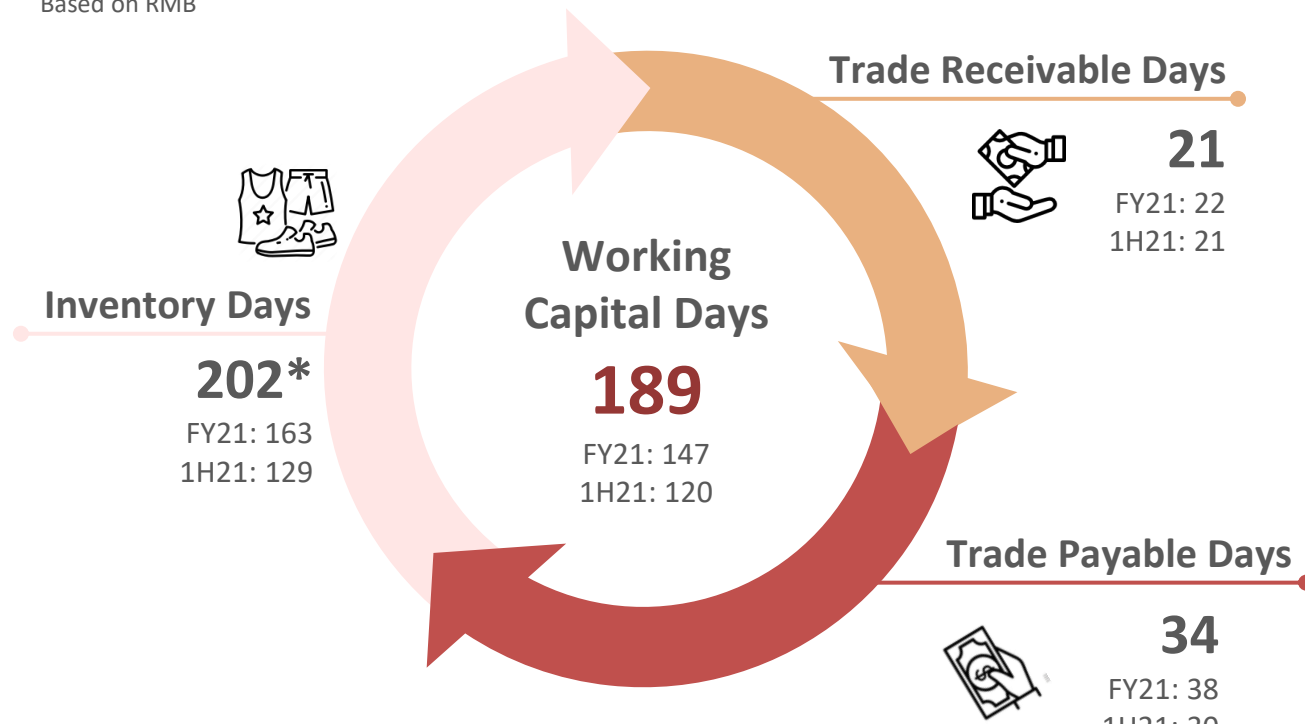
^ Others include shopping mall expenses, logistic expenses, depreciation of PPE and amortization, etc.

\* Rental Expenses include operating leases and depreciation of right-of-use assets



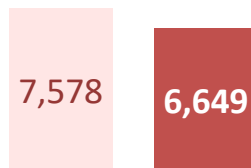
# Operation Efficiency – 1H22

Based on RMB



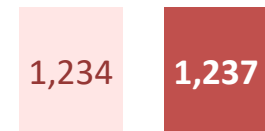
## Inventory Level

In RMB'mn



## Cash Position

In RMB'mn



■ FY21 ■ Jun 22

\* Inventory days increased by 39 days against 2021 year-end due to:

- 1) Weak sales amid Covid-19,
- 2) Acquisition of JV Baowei on 31 Dec 2021,
- 3) Partially offset by efforts to digest excess inventory and inventory return

# Pou Sheng Financial Ratios (in RMB)



(RMB' mn)	1H 2022	1H 2021	Y-o-Y
Depreciation of PPE & Amortization	258.7	321.4	-19.5%
Depreciation of ROUA	568.6	624.5	-9.0%
EBITDA	1,039.9	1,908.4	-45.5%
EBITDA minus Depreciation of ROUA	471.3	1,283.9	-63.3%
Capital Expenditure	143.8	223.5	-35.7%
Total Borrowings*	2,099.9	1,915.6	+9.6%
Net Borrowings*	863.2	125.7	+586.7%
Total Borrowings to Equity #	25.7%	22.5%	--
Net Borrowings to Equity #	10.6%	1.5%	--
Total Borrowings* to EBITDA (X) annualized	1.0 X	0.5 X	--
Return on Owner's Equity LTM ^	-3.3%	11.0%	--
Return on Asset LTM ^	-1.6%	5.6%	--

As of  
30 Jun

Source: Internal analysis report (figures rounded)

\* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 2,477.3mn and 3,099.3mn as at 30 Jun 2022 and 2021 respectively

# Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 56.1% (1H21: 59.0%) and 41.0% (1H21: 37.9%) as at 30 Jun 2022 respectively

^ ROE and ROA would be 0.4% and 0.3% if on annualized basis

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# Pou Sheng Retail Strategy

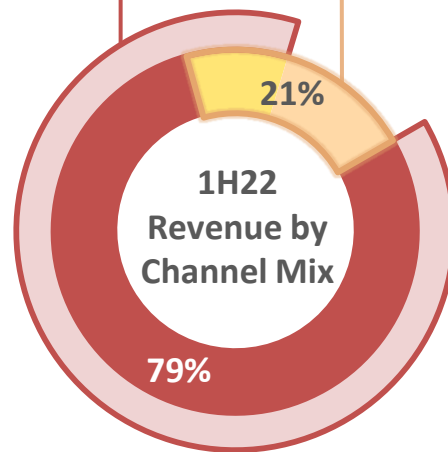
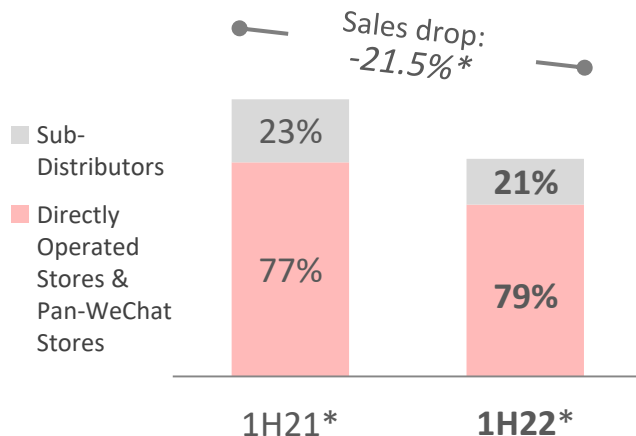


Y Pou Sheng is one of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China region

## Brick & Mortar Retail

Directly Operated Stores:

- Mono-Brands Stores: 4,422 stores
- Multi-Brands Stores: 33 stores



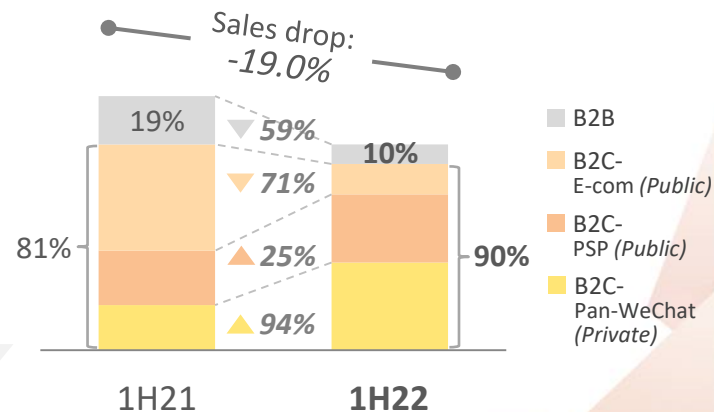
Top 5 brands account for ~96% of our revenue

## Omni-channel

Omni-channel consisted of B2B and B2C, and reached 21% of total sales

B2C contains:

- Public Domain: 3<sup>rd</sup> party platforms with growing PSP product support
- Private Domain: Pan-WeChat Ecosphere + ExP services

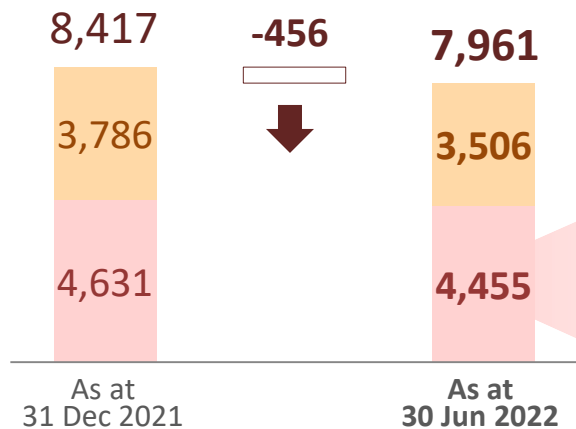


\* Contribution analysis dimensions: including Pan-WeChat Ecosphere, without Other Sales, 1H21 data were reclassified  
Sales dropped by 26.6% if excludes Pan-WeChat

# Solid B&M Network *(Number of Stores)*



## Total Stores



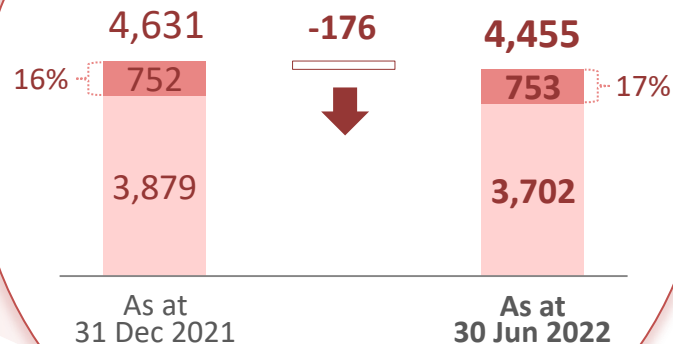
Directly Operated Stores  
(Own-Store)

Sub-Distributors  
(Franchisee)

Net Stores +/-



## Directly Operated Large Store Mix



Stores >300m²

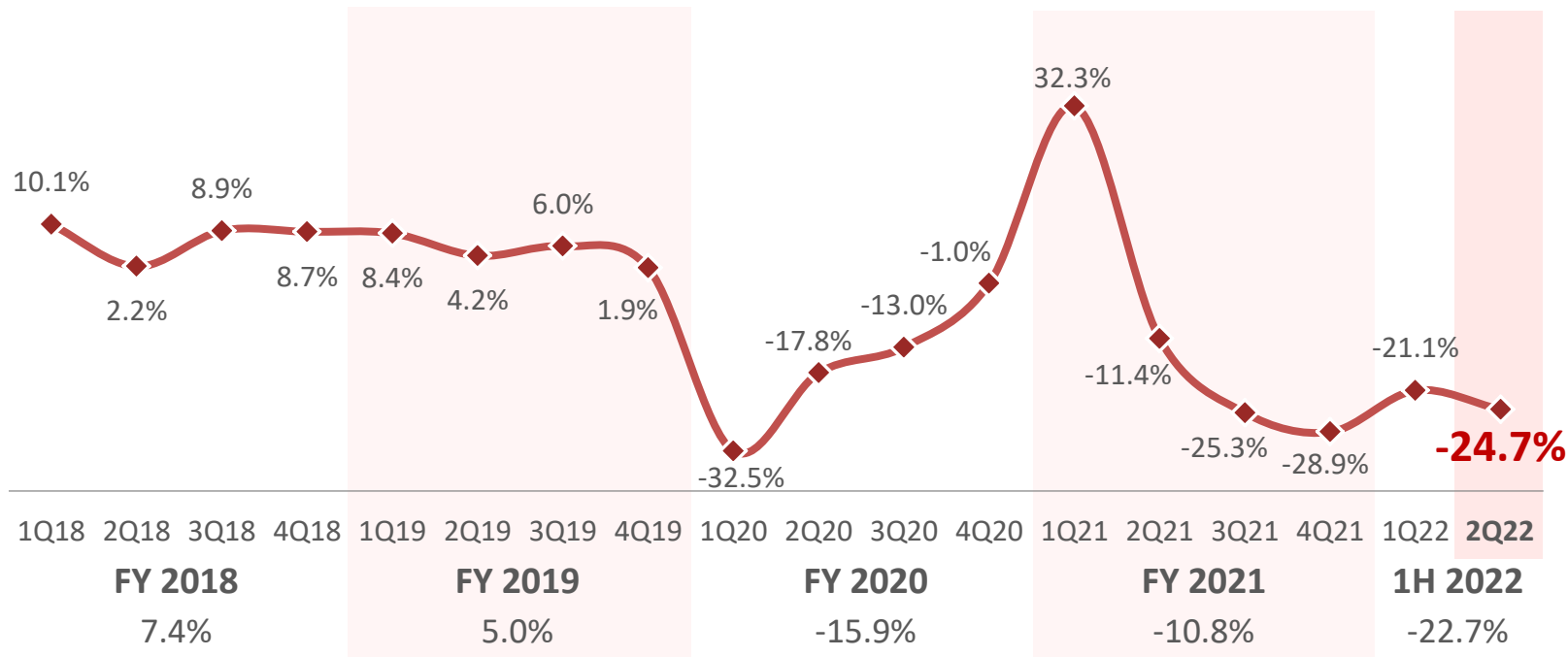
Stores ≤300m²

# Pou Sheng Same Store Sales Growth (SSSg)



(%)

—◆— Same Store Sales Growth

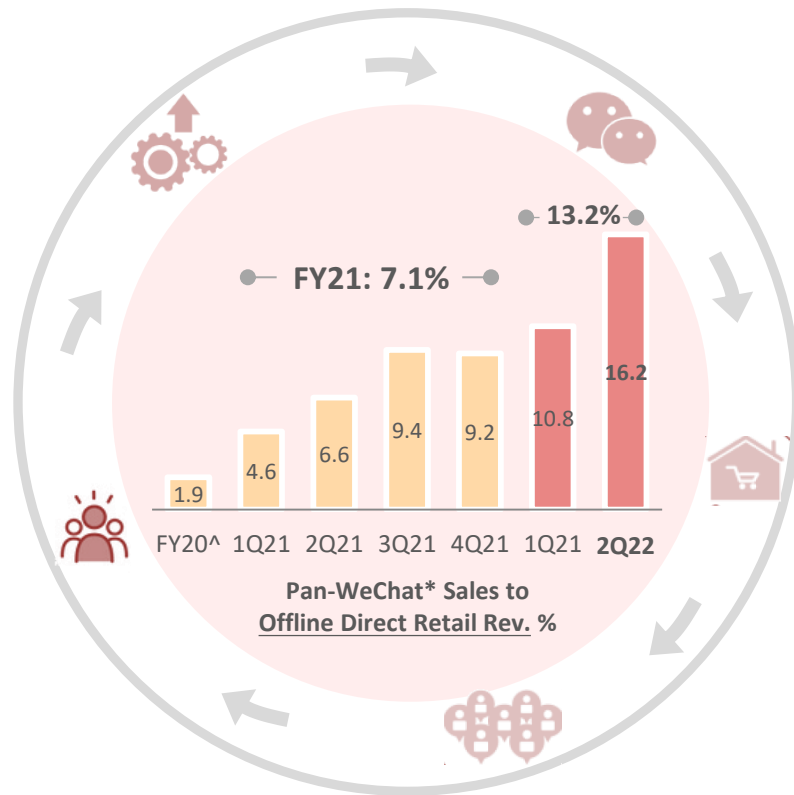


Note: Same-store sales measures revenue of full-price directly-operated stores (incl. WeChat stores' contribution) that have been operated over one year

# Our Customized Pan-WeChat Ecosphere



- Stable and solid foundation with much better conversion, return rate and full-price in-season sales
- Better ASP** than 3<sup>rd</sup> party platform e.g. T-Mall, JD, Vipshop, etc.
- Connect with digitally-enabled experience stores and EXP (Energy x Power) membership platform to enhance seamless consumer experience
- Account for 13.2% of direct retail revenue (or ~9% of overall) in 1H22, with more than 90% inventory pool connected across different regions



\* Pan-WeChat Ecosphere consists of private domain channels including WeChat stores, Douyin live-streaming shopping events and shopping mall members 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



YYsports My ExP mini-program  
>17.5m ExP members out of ~47.3m YYsports members (as of 30 Jun 2022)

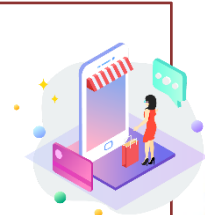
Sports services and  
membership program



WeChat  
stores



24-hr digital  
interface by  
designated KOS





# Agenda

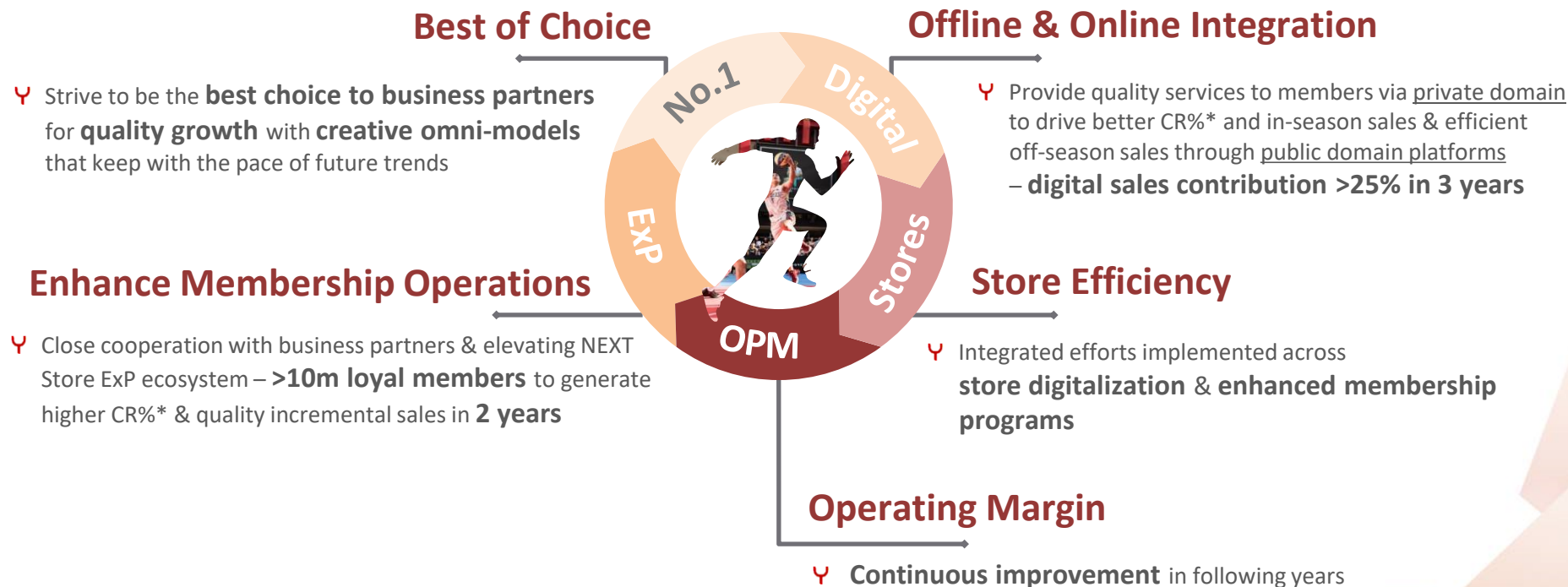
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# Critical Missions in 3 Years

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



# Growth by Digital, Membership & Store Efficiency



# Appendix

# Company Milestones

- 
- 2021 ● Omni-channel contributed over 20% of total sales  
Next Store launched in Shenyang, Mainland China
  - 2020 ● Next Store launched in Hsinchu, Taiwan
  - 2018 ● Recorded over RMB 22bn revenue
  - 2016 ● Recorded over RMB 15bn revenue
  - 2014 ● Became sole licensee for Pony in Taiwan & Mainland China
  - 2013 ● Recorded over RMB 10bn revenue
  - 2008 ● **Pou Sheng International listed on HKEX (3813.HK)**
  - 2001 ● Expanded into retail business in Mainland China

# Pou Sheng Financial Highlights (in USD)



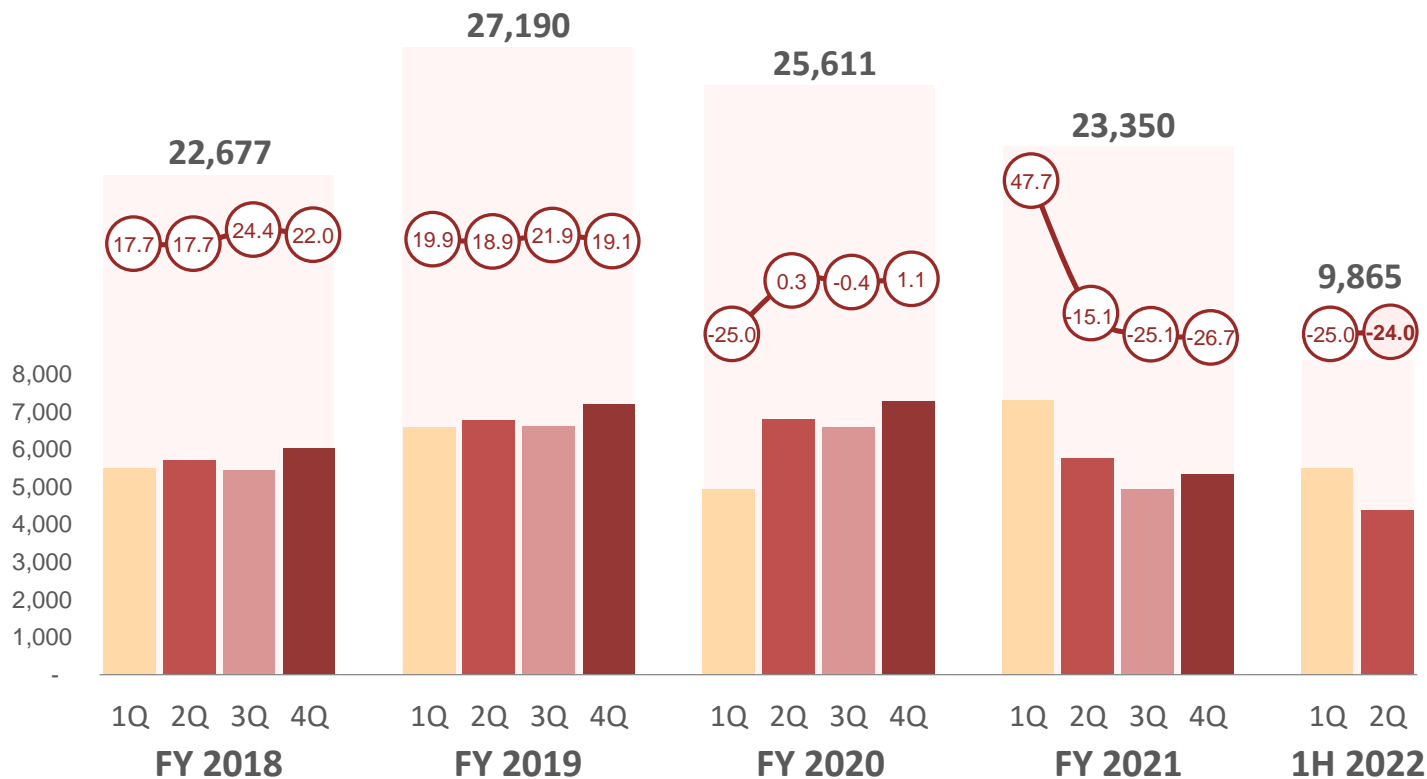
	1H 2022		1H 2021		Y-o-Y
	US\$'000	%	US\$'000	%	%
<b>Revenue</b>	<b>1,520,893</b>	<b>100.00</b>	2,020,503	100.00	-24.73
Cost of Sales	(981,911)	-64.56	(1,290,729)	-63.88	-23.93
<b>Gross Profit</b>	<b>538,982</b>	<b>35.44</b>	729,774	36.12	-26.14
SG&A	(529,620)	-34.82	(616,133)	-30.50	-14.04
Other Income & Expenses, net	22,756	1.49	30,606	1.52	-25.65
<b>Operating Profit</b>	<b>32,118</b>	<b>2.11</b>	144,247	7.14	-77.73
Finance Cost, net	(12,467)	-0.82	(14,674)	-0.73	-15.04
Share of Results of JV	--	--	3,809	0.19	N/A
Other Losses	(967)	-0.06	(1,570)	-0.08	-38.41
Income Tax	(14,955)	-0.98	(31,317)	-1.55	-52.25
<b>Profit for the Period</b>	<b>3,729</b>	<b>0.25</b>	100,495	4.97	-96.29
<b>Profit attrib. to Owners of PS</b>	<b>2,685</b>	<b>0.18</b>	98,267	4.86	-97.27

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**