



# Pou Sheng International 2024 9M Results

11 Nov 2024



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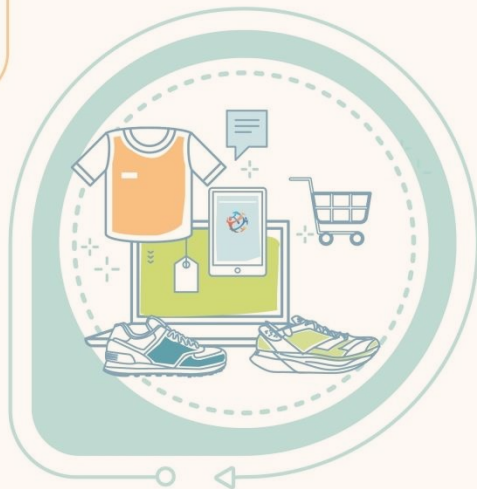
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你的生活 ——



# Pou Sheng Strategy & Operating Highlights



## Prioritize Profitability

- 9M24 OPM  $\uparrow$  0.4pp YoY
- 9M24 Sales  $\downarrow$  RMB 14.6bn YoY, yet NP  $\uparrow$  RMB 20.4mn YoY

## Disciplined Discount

- 9M24 Discount\* YoY improved LSD%, 3Q24 Discount\* YoY stable
- 9M24 GPM  $\uparrow$  0.9pp YoY, reached 34.0%  
3Q24 GPM  $\uparrow$  1.5pp YoY



Prioritizing Profit First  $\rightarrow$

Strategic Partnership with Brands  $\rightarrow$

Digital Transformation  
& Efficiency Enhancement  $\rightarrow$

### ① Strategic Alliance with Business Partners

- Connected Inventory Programme**  $\rightarrow$  share products with brand partners, together with PSP – to enhance sales efficiency
  - aging inventory  $<8\%$  out of total
- Connected Membership Programme**  $\rightarrow$  to allow consumers to access exclusive products and services in both PS & brands' direct stores
  - Both UPT & ATV  $\downarrow$  LSD% YoY

### ② Retail Refinement Strategy

- Streamline & upgrade** retail network, partially offset volatile foot traffic
  - Average sales per m<sup>2</sup> monthly & sales per door  $\downarrow$  HSD-LDD% YoY
  - Average GFA  $\uparrow$  LSD% YoY, while overall GFA  $\downarrow$  LSD% YoY
  - 9M24 Same Store Sales Growth  $\downarrow$  17.1% YoY

### ③ Resilient Omni-channel

- WeChat stores, Douyin live-streaming via KOS**  $\rightarrow$  digitally-enabled experience with a human touch
  - Online contributed 27% of total sales,  $\uparrow$  13% YoY
  - Douyin  $\uparrow$  100% YoY

### ④ Solid Financial Management

- Solid cash position at RMB 2.79bn

## Our Strategies

# Agenda

Pou Sheng

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**Financial  
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**03**

**Future Target  
& Strategy**



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**Appendix**

# Pou Sheng Financial Highlights (in RMB)

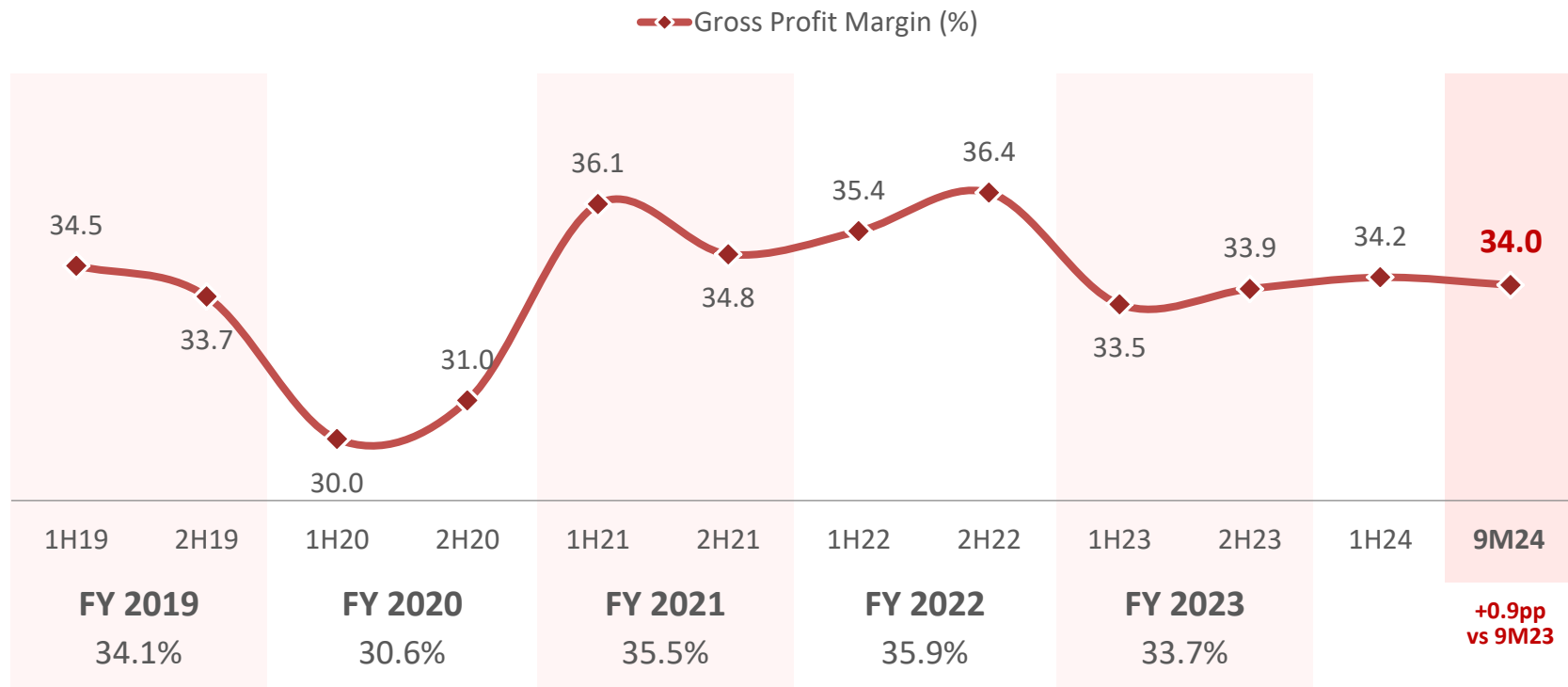


	9M 2024		9M 2023		YoY	
	RMB'mn	%	RMB'mn	%	%	pp
<b>Revenue</b>	<b>13,984</b>	<b>100.0</b>	15,444	100.0	-9.5	--
Cost of Sales	(9,226)	-66.0	(10,336)	-66.9	-10.7	+0.9
<b>Gross Profit</b>	<b>4,758</b>	<b>34.0</b>	5,108	33.1	-6.9	+0.9
SG&A	(4,420)	-31.6	(4,795)	-31.1	-7.8	-0.5
Other Income & Expenses, net	176	1.3	203	1.3	-13.3	--
<b>Operating Profit</b>	<b>514</b>	<b>3.7</b>	516	3.3	-0.4	+0.4
Finance Cost*, net	(11)	-0.1	(46)	-0.3	-76.1	+0.2
Other Gains (Losses)	--	--	0	0.0	-100.0	N/A
Income Tax	(155)	-1.1	(142)	-0.9	+9.2	-0.2
<b>Profit for the Period</b>	<b>348</b>	<b>2.5</b>	328	2.1	+6.1	+0.4
<b>Profit Attrib. to Owners of PS</b>	<b>343</b>	<b>2.5</b>	311	2.0	+10.3	+0.5

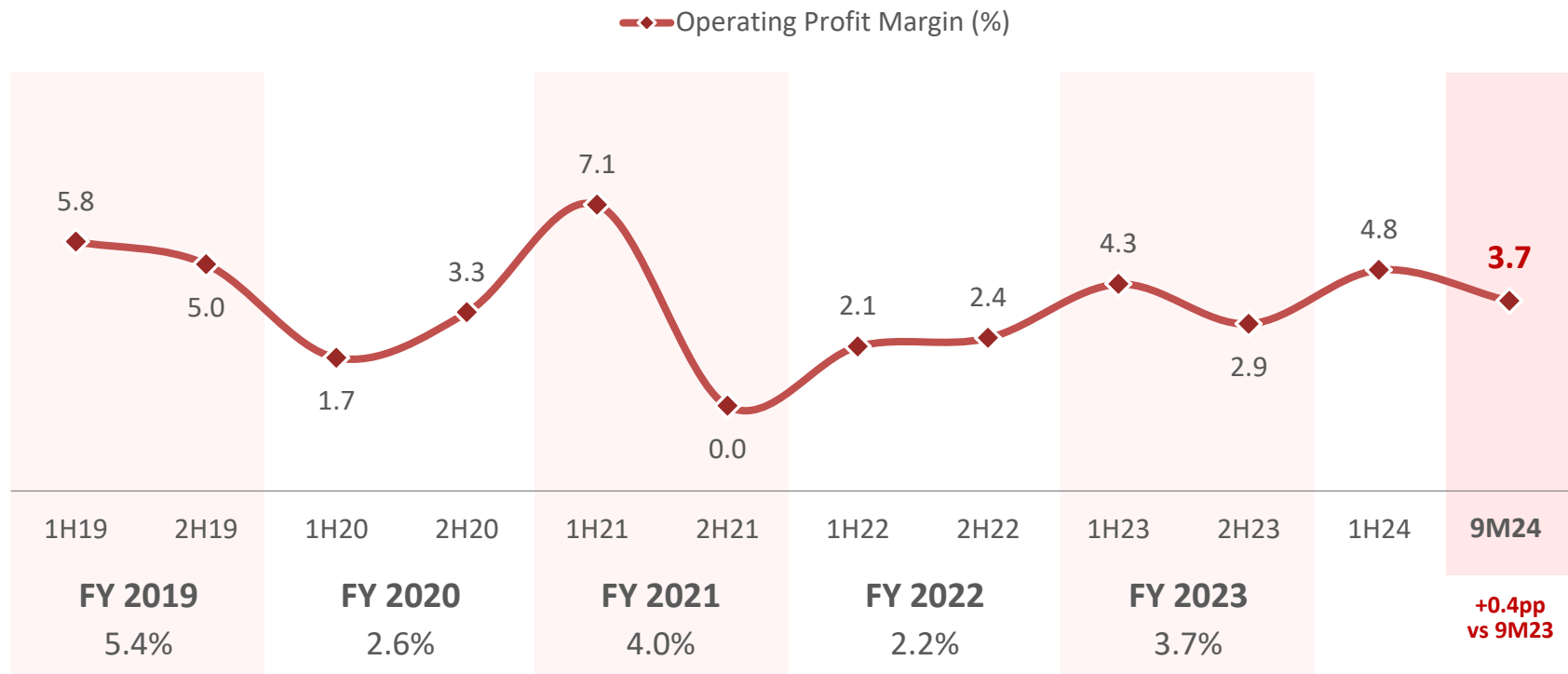
Source: Based on Pou Sheng's announcement on the HKEX website

\* Including interest expenses on lease liabilities which amounted to RMB 50.5mn (9M23: RMB 65.8mn). Loan interest in 9M24 decreased by 72.3% YoY to RMB 1.6mn while net finance income (finance income - loan interest) was RMB 39.9mn in 9M24 (9M23: RMB 19.3mn)

# Pou Sheng GP Margin Trend



# Pou Sheng OP Margin Trend



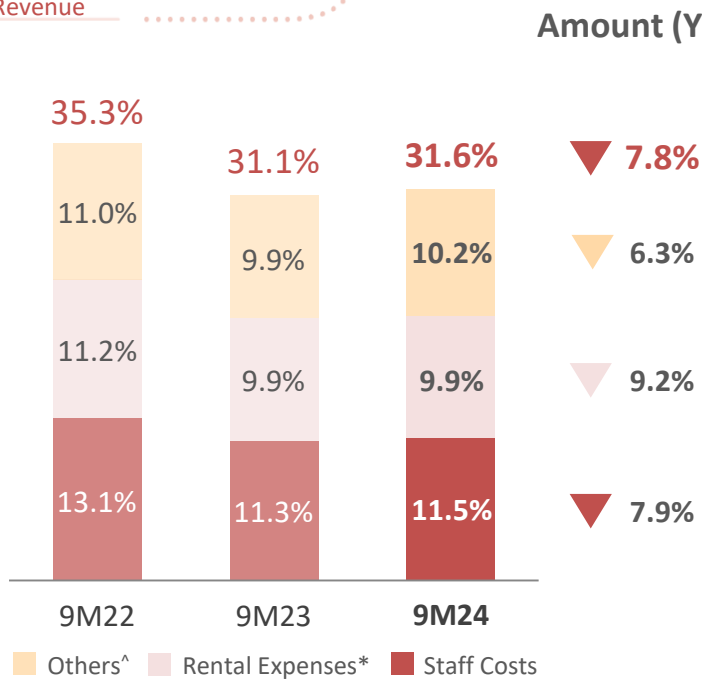


# Pou Sheng SG&A Expenses Breakdown



## SG&A Ratio

% of Revenue



### Strategically Right-size Retail Network, Optimize Rental Expenses

- Holistic approach in channel planning to avoid low-efficiency store opening & closing
- Number of direct operated stores ↓ 3% YoY
- Facilitate rental saving & reduction programme



### Continuous Expenses Control to counter Operating Deleverage

### Active Management on People Efficiency

- Lean Management:  
Pou Sheng's no. of employees ↓ 9% YoY from 22,400 to 20,300



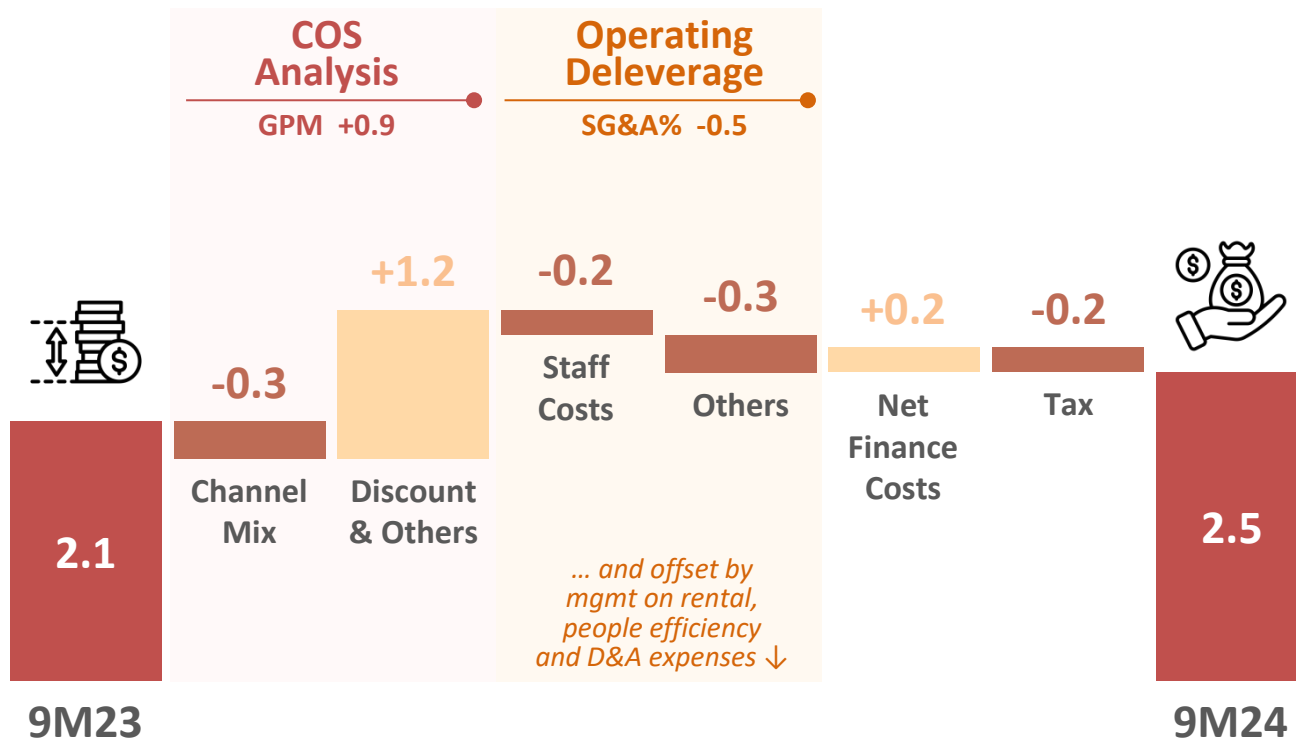
^ Others include shopping mall expenses, logistic expenses, depreciation of PPE and amortization, etc.

\* Rental Expenses include expense of operating leases, concession expenses and depreciation of right-of-use assets

# Pou Sheng – Net Profit Margin

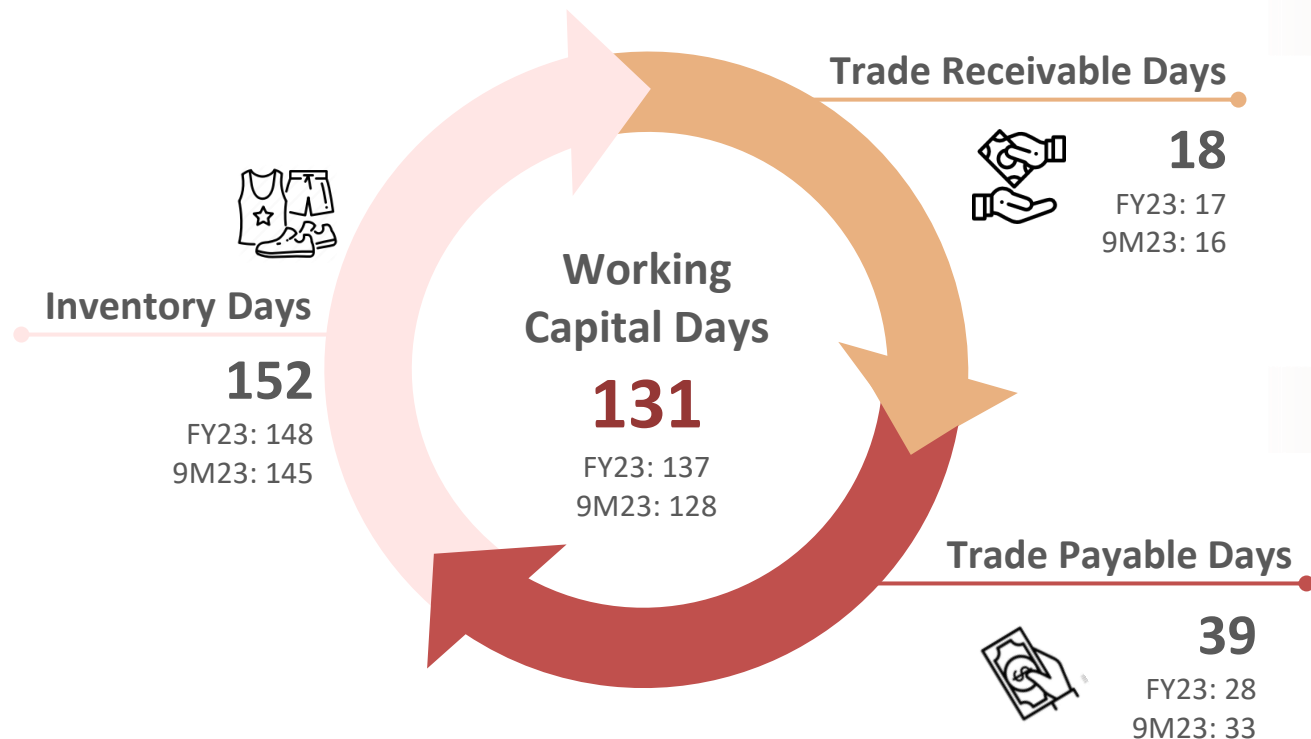


(%)



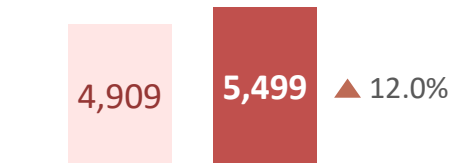
# Operation Efficiency – 9M24

(Based on RMB)



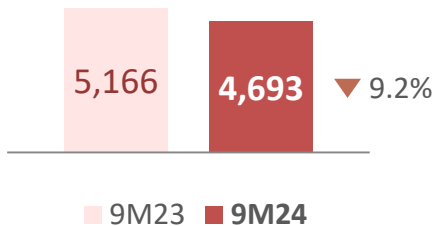
## Inventory Level

In RMB'mn



## Working Capital

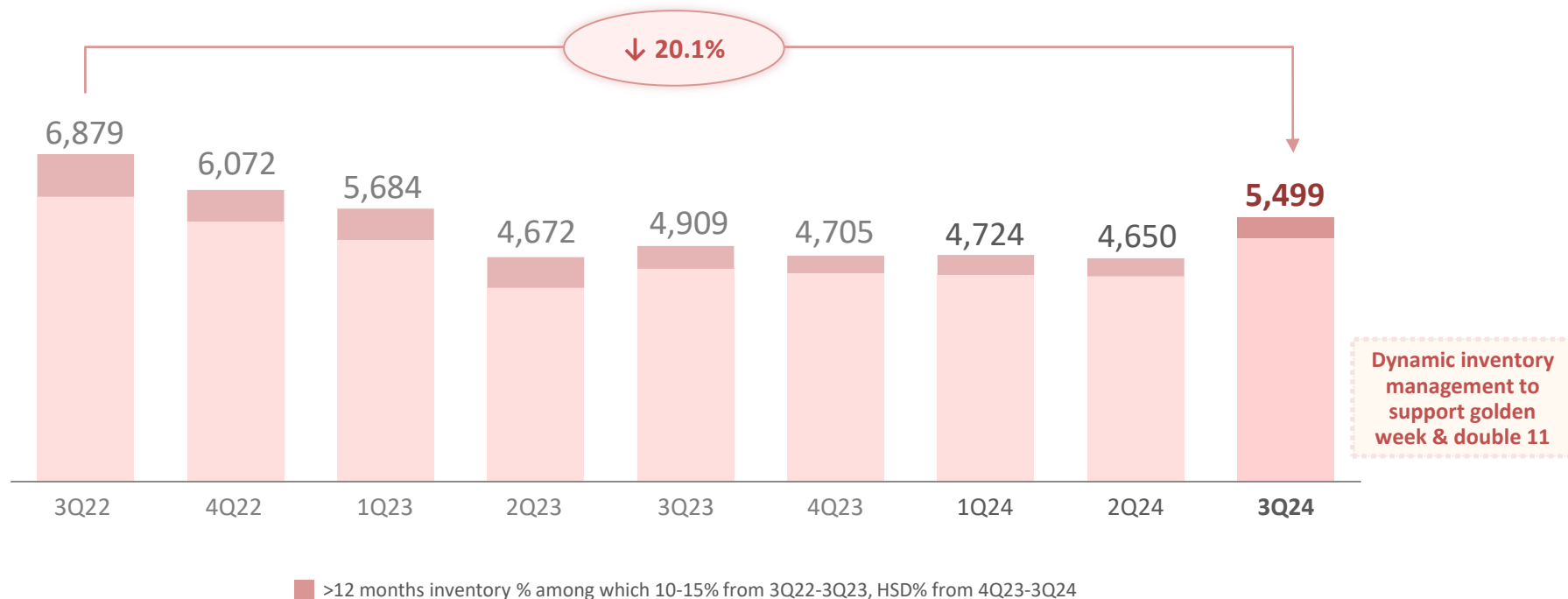
In RMB'mn



# Healthy Aging & Well-managed Inventory



(RMB'mn)



# Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	9M 2024	9M 2023	YoY
Depreciation of PPE & Amortization	252.2	285.9	-11.8%
Depreciation of ROUA	579.8	673.5	-13.9%
EBITDA	1,387.1	1,500.8	-7.5%
EBITDA minus Depreciation of ROUA	807.3	827.3	-2.4%
Capital Expenditure <sup>Δ</sup>	275.1	236.2	+16.5%
Total Borrowings*	60.8	79.2	-23.2%
Net Cash*	2,729.3	2,864.7	-4.7%
Total Borrowings to Equity <sup>#</sup>	0.7%	0.9%	-0.2pp
Net Borrowings to Equity <sup>#</sup>	Net Cash	Net Cash	--
Total Borrowings* to EBITDA (X) annualized	0.0 X	0.0 X	--
Return on Owner's Equity LTM	6.1%	3.6%	--
Return on Asset LTM	3.9%	2.3%	--

Source: Internal analysis report (figures rounded)

<sup>Δ</sup> Including SAP ERP-related capital expenditure

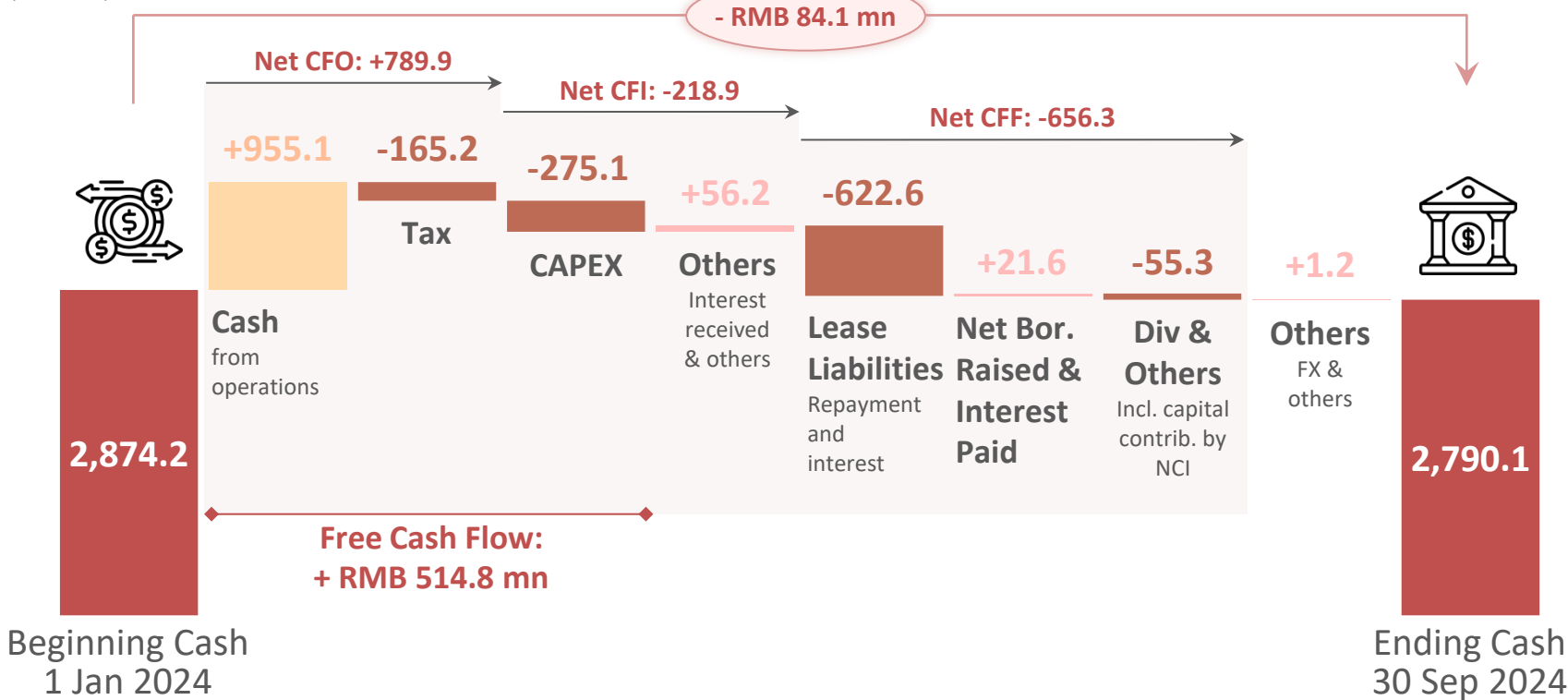
\* Total Borrowings and Net Cash exclude lease liabilities. Lease liabilities was RMB 1,569.4mn and 1,898.9mn as at 30 Sep 2024 and 2023 respectively

<sup>#</sup> Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 18.7% (9M23: 23.5%) and Net Cash (9M23: Net Cash) as at 30 Sep 2024 respectively

# Pou Sheng's turnover efficiency continues to improve, contributing strong cash flow



(RMB'mn)



Net CFO: Net cash from/(used in) Operating Activities

Net CFI: Net cash from/(used in) Investing Activities Net CFF: Net cash from/(used in) Financing Activities

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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

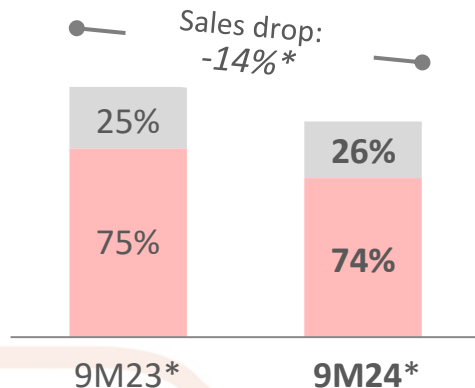
## Brick & Mortar Retail

Directly Operated Stores:

- Mono-Brands Stores: 3,439 stores
- Multi-Brands Stores: 20 stores

■ Sub-Distributors

■ Directly Operated Stores & Pan-WeChat

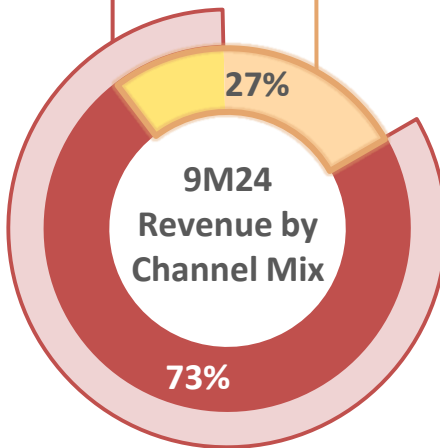
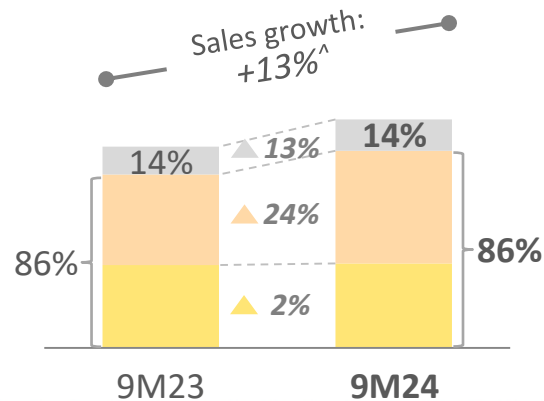


## Omni-channel

■ B2B: Wholesale arrangement with online 3<sup>rd</sup> Parties

■ B2C (Public): Authorized mono or multi brand stores on Tmall, JD and other platforms

■ B2C (Private): Pan-WeChat<sup>^</sup>



Top 5 brands account for ~96% of our revenue

\* Contribution analysis dimensions: including Pan-WeChat Ecosphere, without Other Sales. 9M24 Sales decreased by 16% YoY if excludes Pan-WeChat

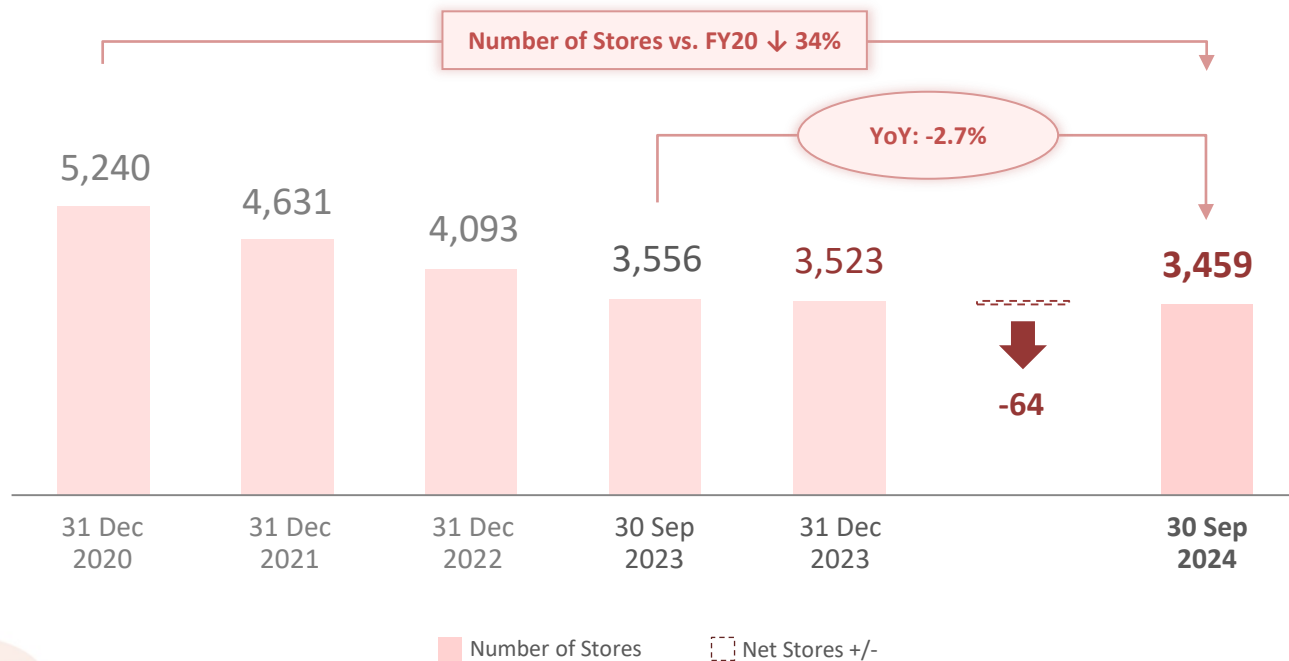
<sup>^</sup> Reclassification has been made



# Right-Sizing B&M Network



## Directly Operated Stores



# Customized Pan-WeChat Ecosphere



- Y Establishing solid relationship with consumer through comprehensive platforms, enhancing Sales conversion rate, Full-price in-season sales and Repeat purchases



YYsports & membership program\*



Shopping Mall  
Membership Platforms

03

02

Douyin  
Livestreaming

- Y Localized operations by integrating regional and store level accounts
- Y Exclusively-authorized YYsports Douyin accounts with selected brand partners



WeChat Stores

01

- Y Regional operation with multi-faceted approach and multi-brands by designated KOS

Pan-WeChat  
Ecosphere



Seamless digital  
interface by  
designated KOS

\* ~60.3m YYsports members (as of 30 Sep 2024)

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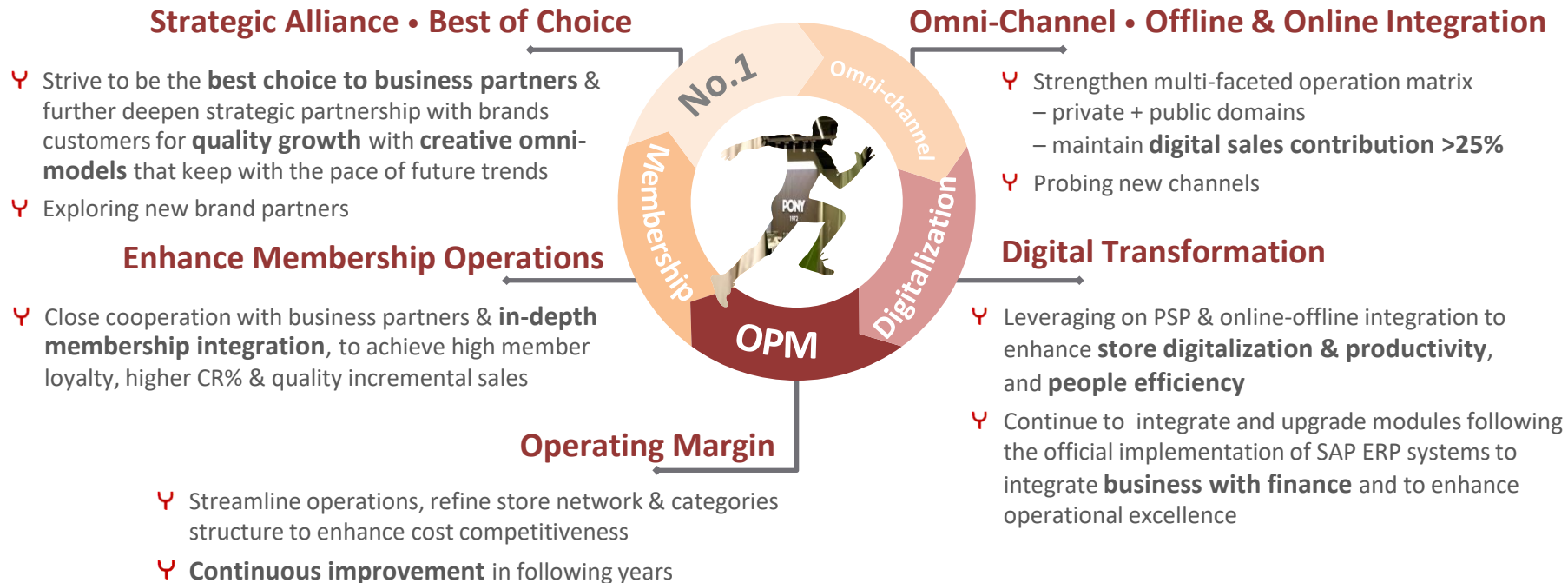
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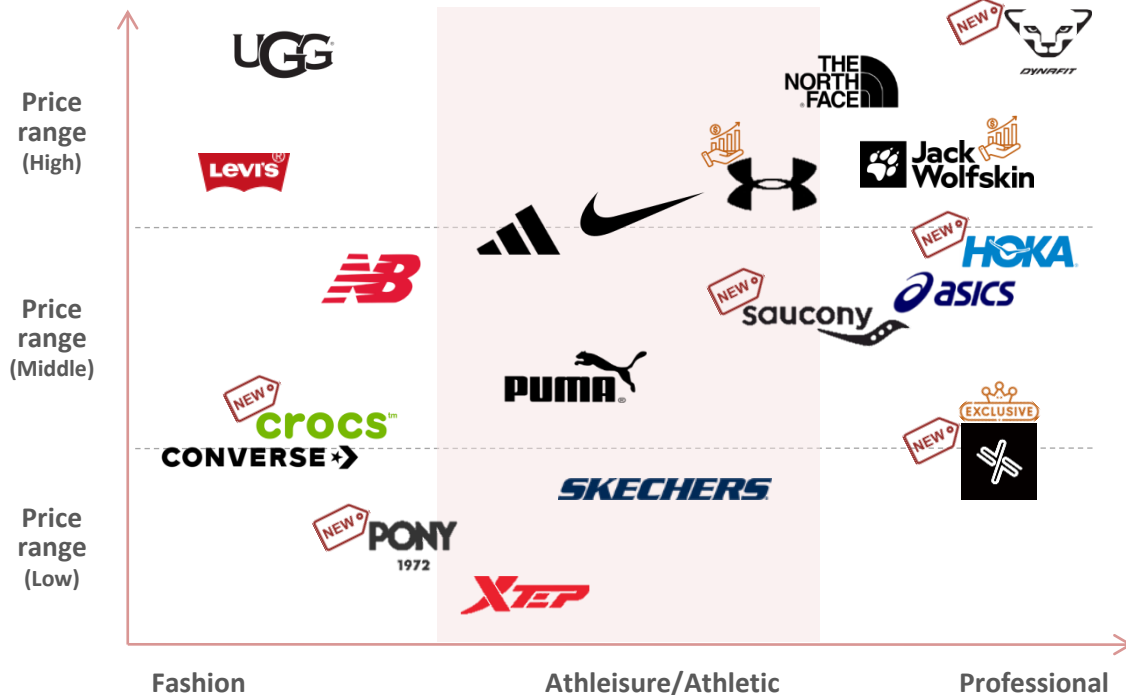
# Critical Missions in 3 Years



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



# Growth by Multi-faceted Operation Matrix



XEXYMIX



胜道仓  
YYQUALITY

仓储式购物体验



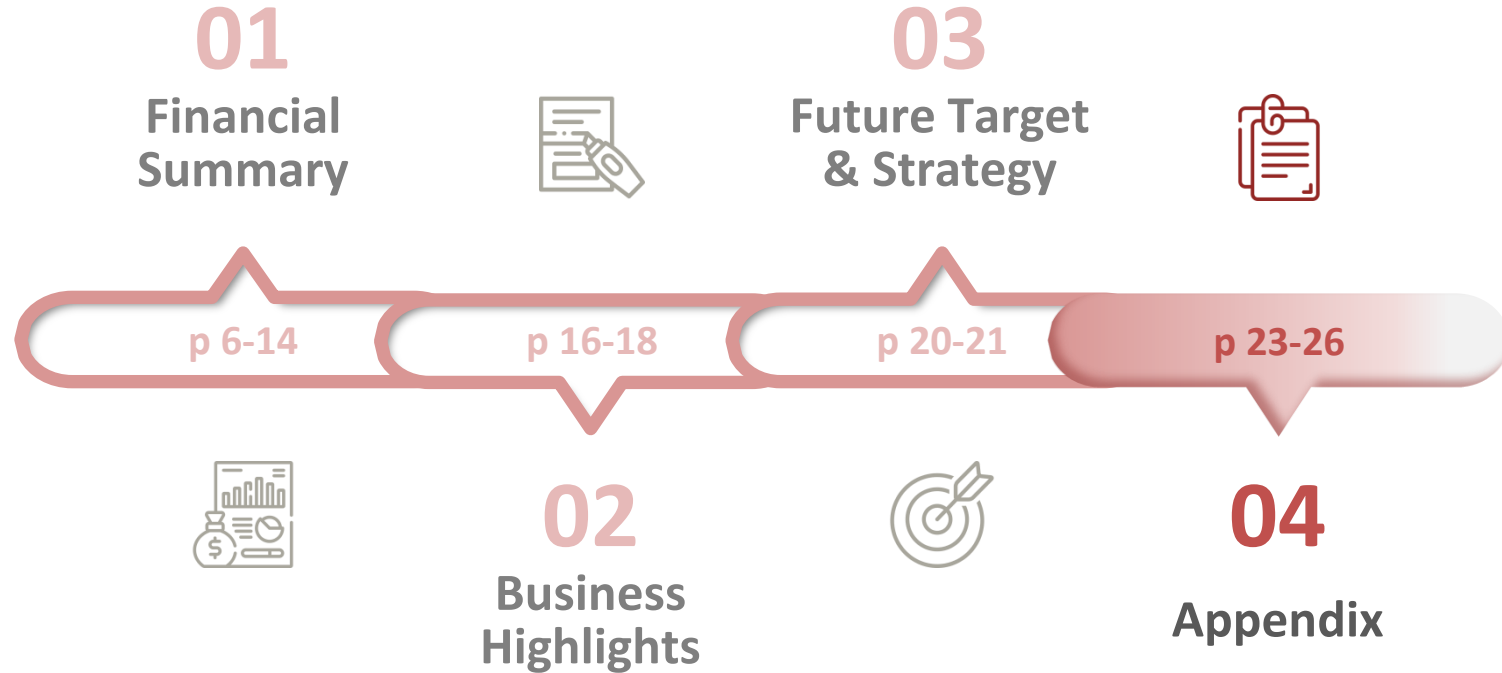
New Brands: Crocs, DYNAFIT, HOKA, Pony 1972, Saucony, XEXYMIX

Scaling up Brands: Jack Wolfskin, UA

Sole Distribution Brand in Mainland China: XEXYMIX

# Agenda

Pou Sheng



# Company Milestones



- 
- A faint, light-colored map of China serves as a background for the milestones list.
- 2024** ● Sole distribution rights for XEXYMIX brand (Mainland China)  
SAP ERP system went live
  - 2021** ● Omni-channel contributed over 20% of total sales
  - 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) – 9M24



	9M 2024		9M 2023		YoY
	US\$'000	%	US\$'000	%	%
<b>Revenue</b>	<b>1,939,774</b>	<b>100.0</b>	2,193,763	100.0	-11.6
Cost of Sales	(1,279,760)	-66.0	(1,468,106)	-66.9	-12.8
<b>Gross Profit</b>	<b>660,014</b>	<b>34.0</b>	725,657	33.1	-9.0
SG&A	(608,362)	-31.3	(676,646)	-30.9	-10.1
Other Income & Expenses, net	19,584	1.0	24,238	1.1	-19.2
<b>Operating Profit</b>	<b>71,236</b>	<b>3.7</b>	73,249	3.3	-2.7
Finance Cost, net	(1,468)	-0.1	(6,600)	-0.3	-77.8
Other Gains (Losses)	--	--	52	0.0	N/A
Income Tax	(21,502)	-1.1	(20,178)	-0.9	+6.6
<b>Profit for the Period</b>	<b>48,266</b>	<b>2.5</b>	46,523	2.1	+3.7
<b>Profit Attrib. to Owners of PS</b>	<b>47,576</b>	<b>2.5</b>	44,114	2.0	+7.8

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 Financial Highlights (in USD) – FY23



	FY 2023		FY 2022		YoY
	US\$'000	%	US\$'000	%	%
<b>Revenue</b>	<b>2,830,730</b>	<b>100.0</b>	2,767,091	100.0	+2.3
Cost of Sales	(1,877,586)	-66.3	(1,774,152)	-64.1	+5.8
<b>Gross Profit</b>	<b>953,144</b>	<b>33.7</b>	992,939	35.9	-4.0
SG&A	(887,443)	-31.4	(974,357)	-35.2	-8.9
Other Income & Expenses, net	38,115	1.4	42,961	1.5	-11.3
<b>Operating Profit</b>	<b>103,816</b>	<b>3.7</b>	61,543	2.2	+68.7
Finance Cost, net	(7,720)	-0.3	(21,457)	-0.8	-64.0
Other Losses	(3,447)	-0.1	(1,077)	-0.0	+220.1
Income Tax	(21,656)	-0.8	(24,144)	-0.9	-10.3
<b>Profit for the Period</b>	<b>70,993</b>	<b>2.5</b>	14,865	0.5	+377.6
<b>Profit Attrib. to Owners of PS</b>	<b>69,190</b>	<b>2.4</b>	13,221	0.5	+423.3

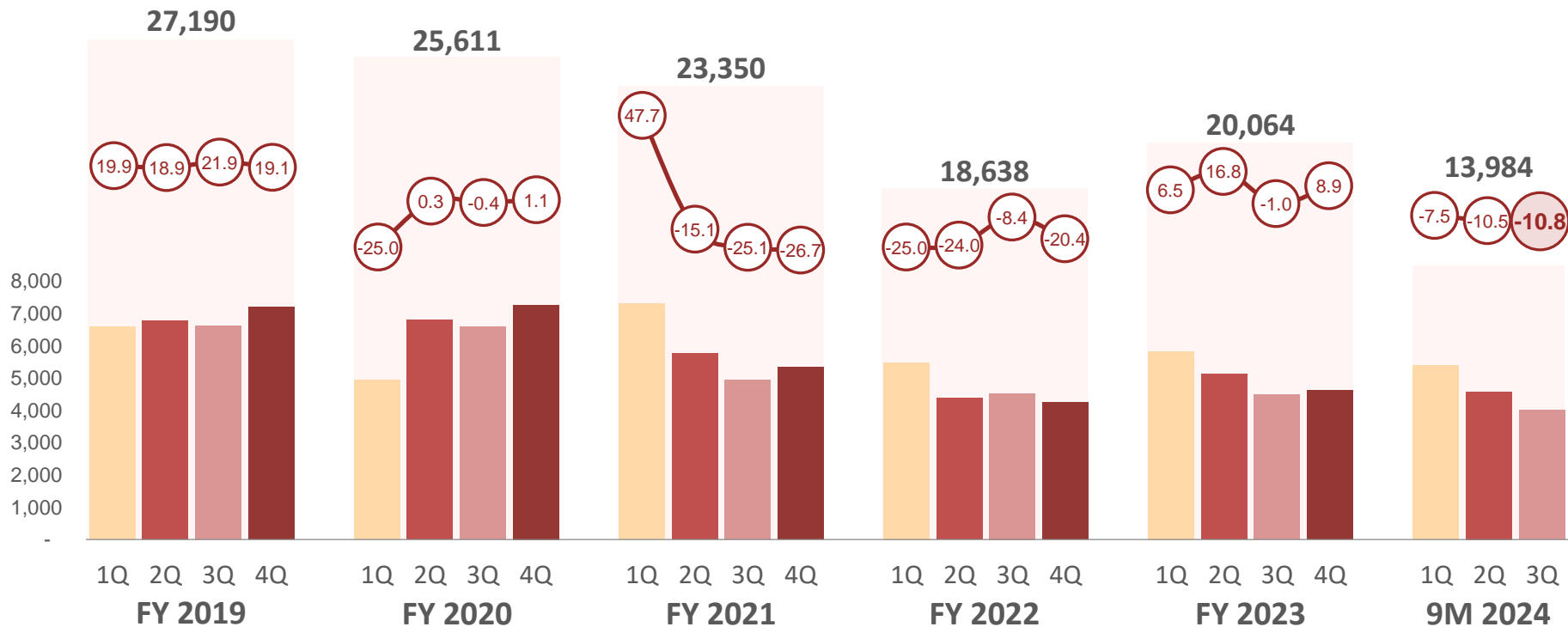
Source: Internal analysis report (figures rounded); various accounting reclassification and adjustments are made to some of the figures when consolidating Pou Sheng numbers into the Yue Yuen Group in order to comply with the requirements of accounting standards

# Pou Sheng Revenue Trend



YoY (%)

Revenue (RMB'mn)



**Thank you  
Q&A**