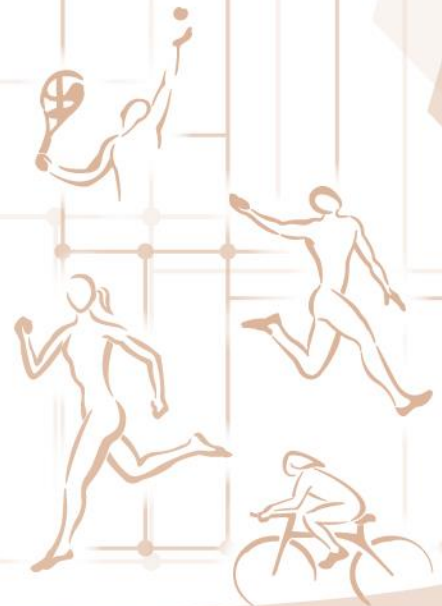
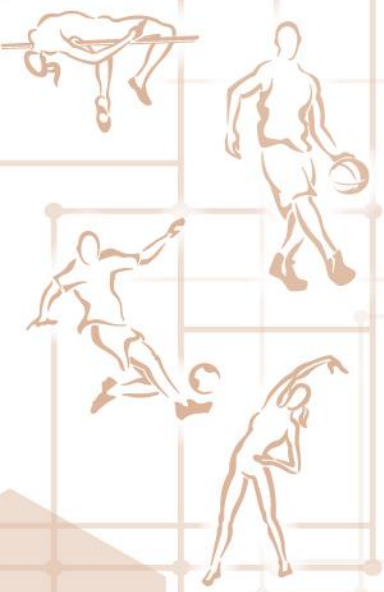




Pou Sheng International 2019 Annual Results

30 March 2020



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Distinguished Partners and Sports Services



VISION MAKE SPORTS YOUR LIFE!

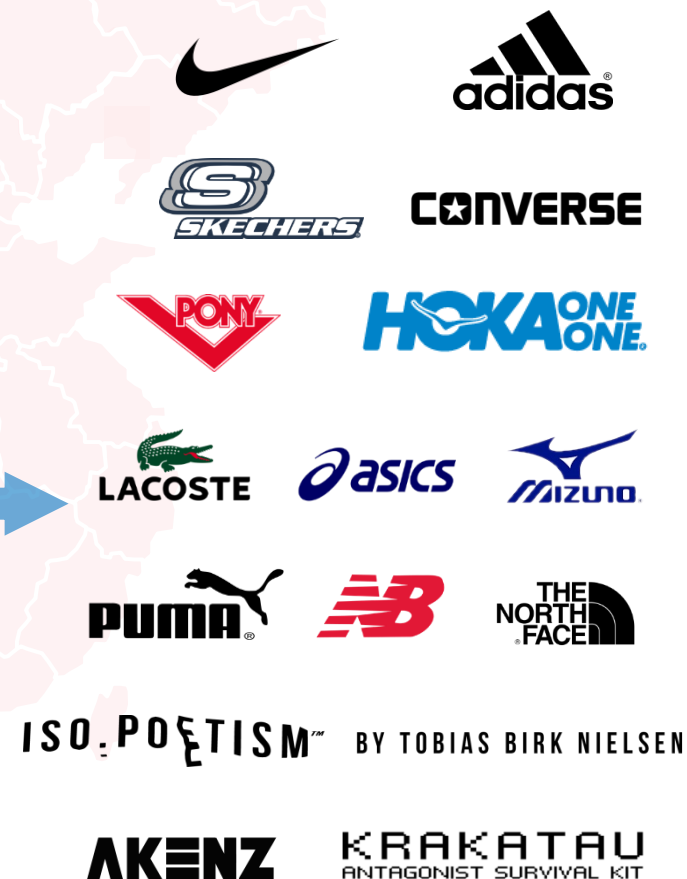
Sports Events



Sports Services



Products



Pou Sheng Financial Highlights



	RMB'mn			US\$'000		
	FY 2019	FY 2018	Y-o-Y	FY 2019	FY 2018	Y-o-Y
Revenue	27,190	22,677	+19.90%	3,932,965	3,421,657	+14.94%
Gross Profit	9,275	7,599	+22.06%	1,341,685	1,146,501	+17.02%
<i>Gross Profit Margin</i>	34.11%	33.51%	+0.60pp	34.11%	33.51%	+0.60pp
Operating Profit	1,472	967	+52.22%	212,936	145,887	+45.96%
<i>Operating Profit Margin</i>	5.41%	4.26%	+1.15pp	5.41%	4.26%	+1.15pp
Profit attrib. to Owners of PS	833	543	+53.41%	120,533	81,913	+47.15%
<i>Profit attrib. to Owners Margin</i>	3.06%	2.39%	+0.67pp	3.06%	2.39%	+0.67pp

Source: Based on Pou Sheng's announcement on the HKEX website for the audited consolidated income statements of FY2019 & FY2018
For more details, please refer to Appendix

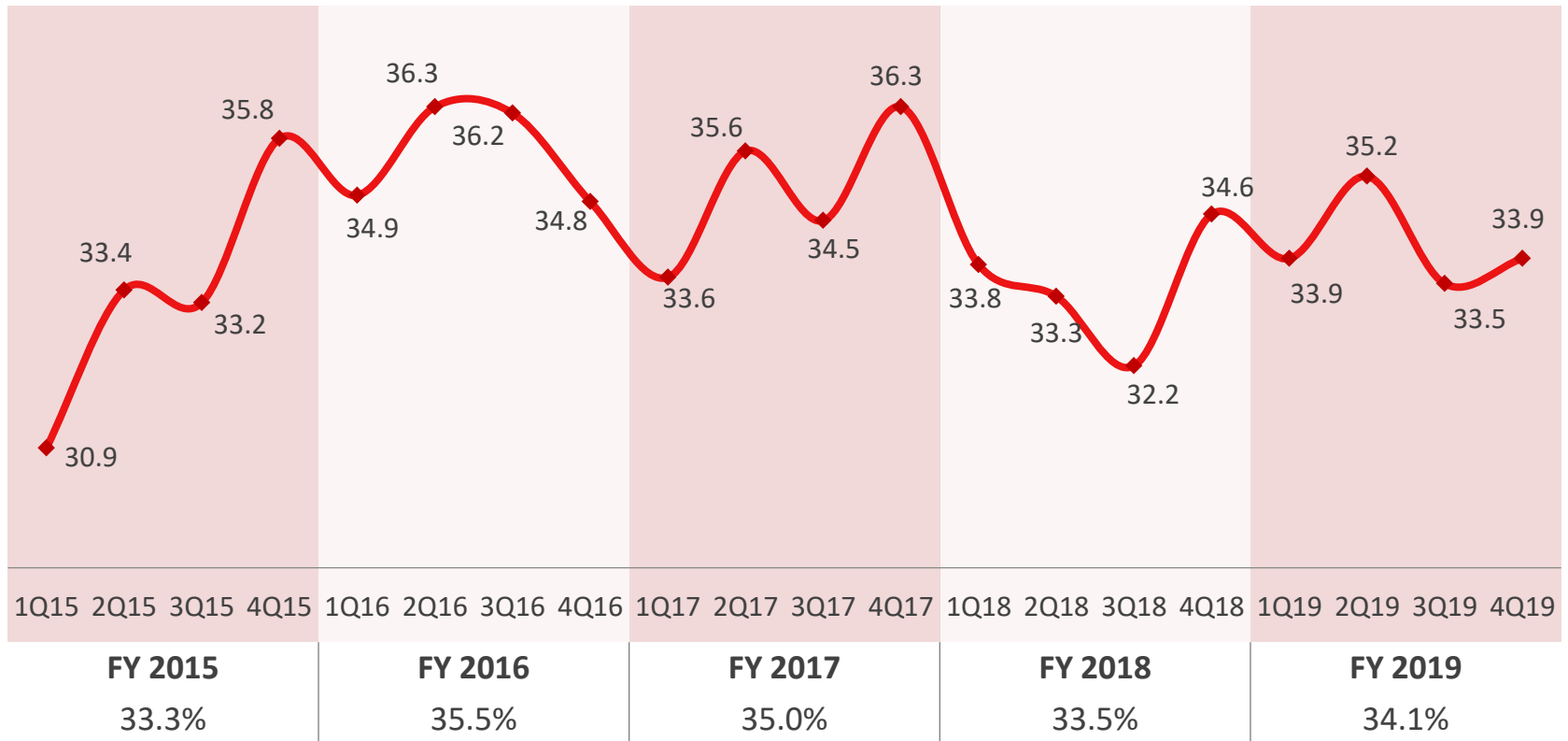
For FY 2019, the profit for the period decreased by RMB27.9 million due to the application of HKFRS16.

Pou Sheng GP Margin Trend



(%)

◆ Gross Profit Margin

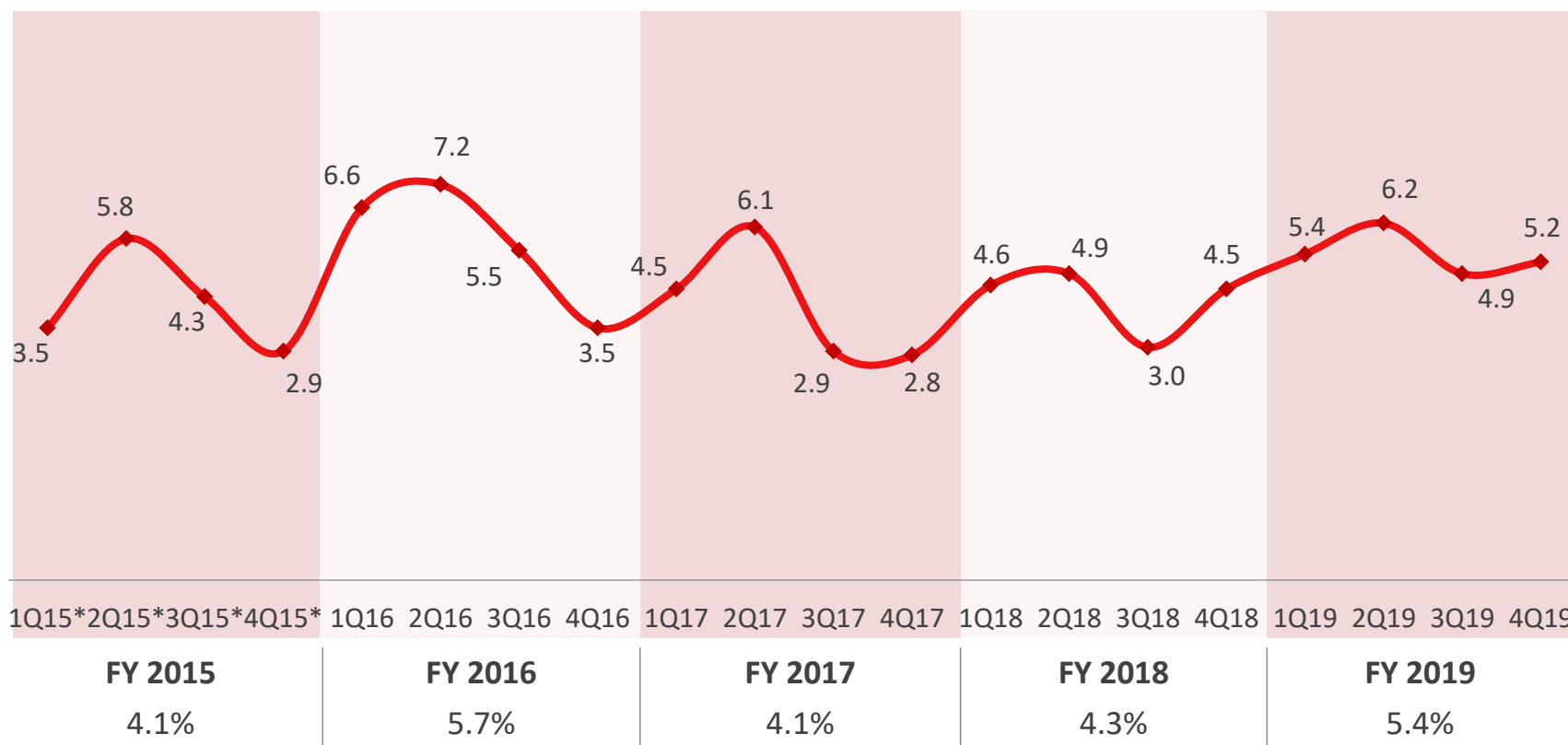


Pou Sheng OP Margin Trend



(%)

Operating Profit Margin



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

Pou Sheng Financial Ratios (in RMB)



(RMB'mn)	<u>FY 2019</u>	<u>FY 2018</u>
Depreciation & Amortization [^]	1,467.6	510.5
EBITDA	2,939.6	1,482.7
Capital Expenditure	807.1	531.7

	<u>31 December 2019</u>	<u>31 December 2018</u>
Total Borrowings*	3,546	3,531
Net Borrowings*	2,932	2,800
Total Borrowings to Equity #	46.0%	50.2%
Net Borrowings to Equity #	38.1%	39.8%

	<u>FY 2019</u>	<u>FY 2018</u>
Total Borrowings to EBITDA (X)	1.2 X	2.4 X
Net Borrowings to EBITDA (X)	1.0 X	1.9 X
Return on Owner's Equity	10.9%	7.9%
Return on Asset	5.1%	4.2%

Source: Internal analysis report (figures rounded)

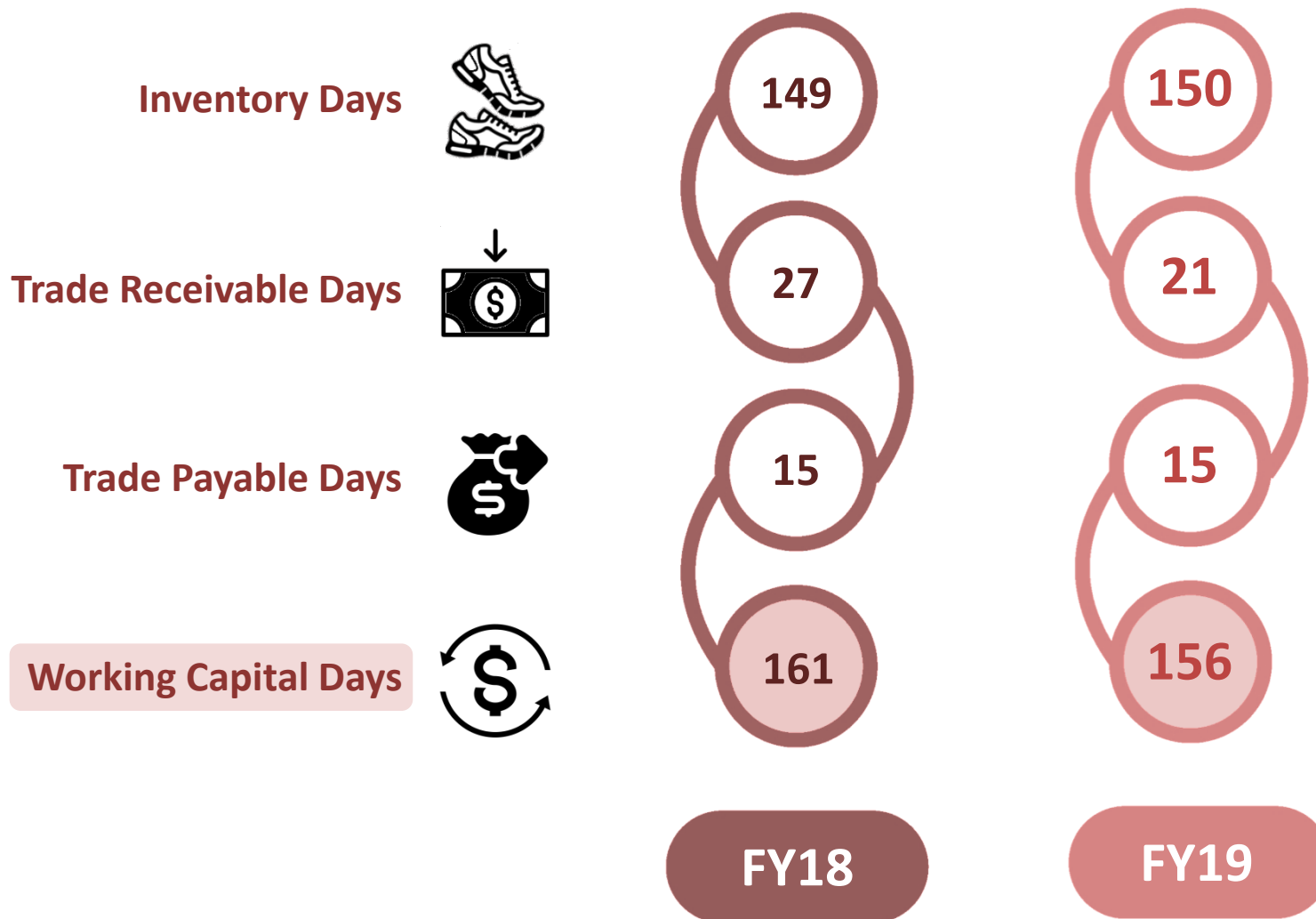
[^] Depreciation & Amortization would have been relatively stable if excluding HKFRS16 impact.

* Total Borrowings and Net Borrowings exclude lease liabilities. Lease liabilities was RMB 2,715.0 mn as at 31 Dec, 2019

Total Debt to Equity and Net Debt to Equity (including lease liabilities) would be 81.2% and 73.3% as at 31 Dec, 2019 respectively

Operation Efficiency

Based on RMB



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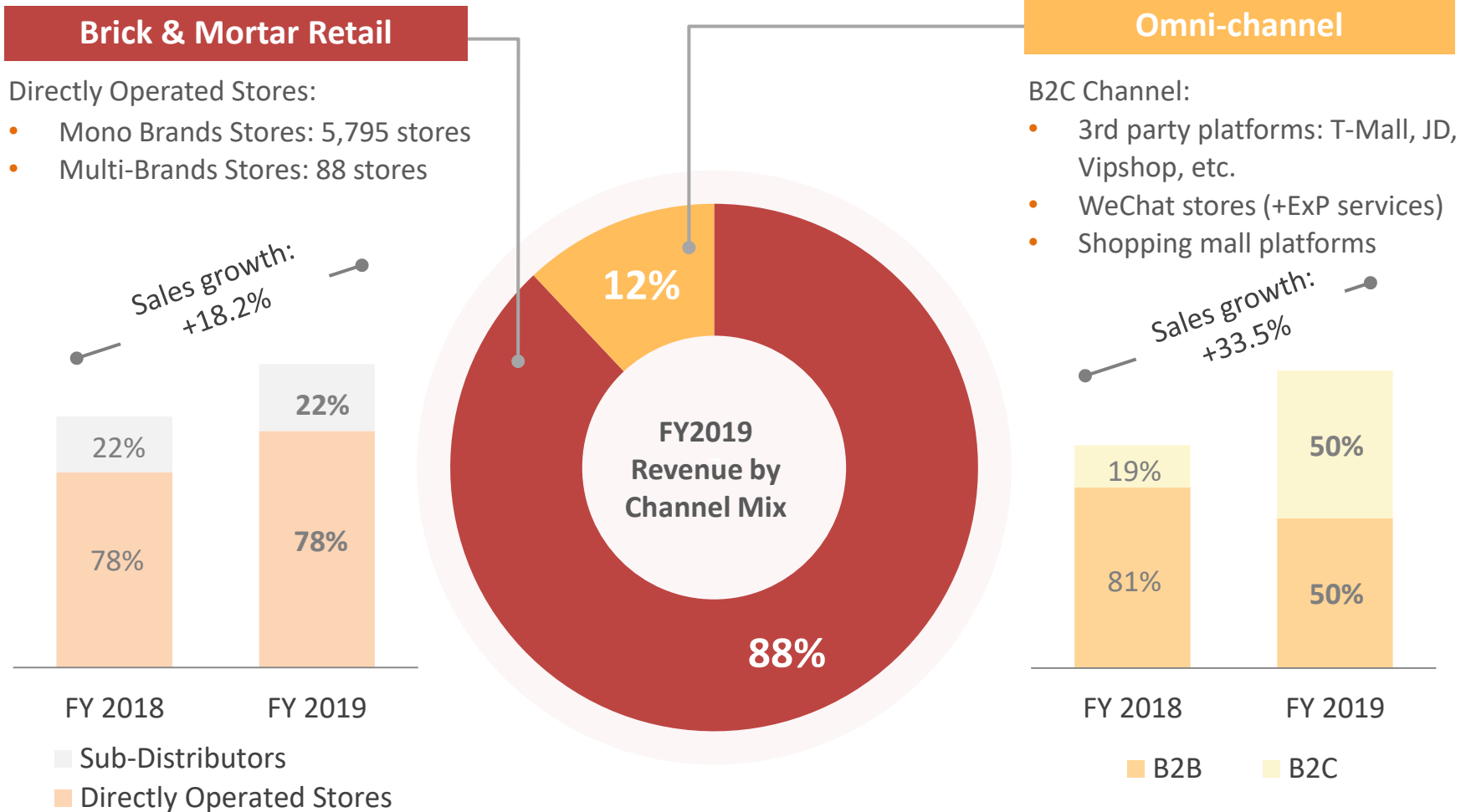
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Pou Sheng Retail Strategy



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



Pou Sheng Store Performance

Number of Stores



Directly Operated
(Own-Store)

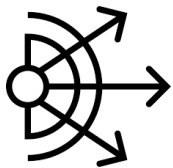
5,648



235



5,883



Sub-Distributor
(Franchisee)

3,551



399



3,950



Total Store

9,199

634

9,833

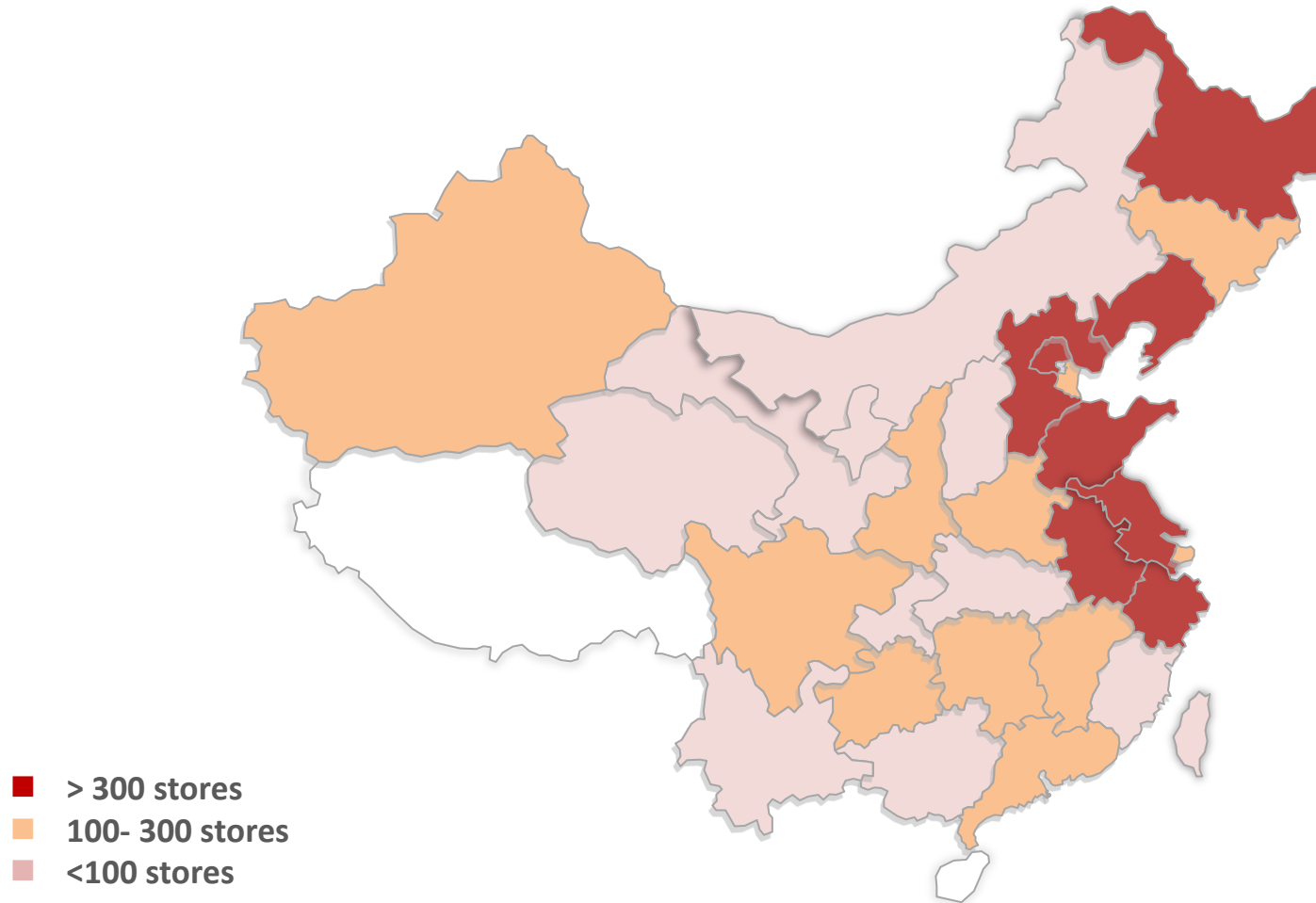
As at
December 31, 2018

Net
New Store +/-

As at
December 31, 2019

Pou Sheng Retail Coverage

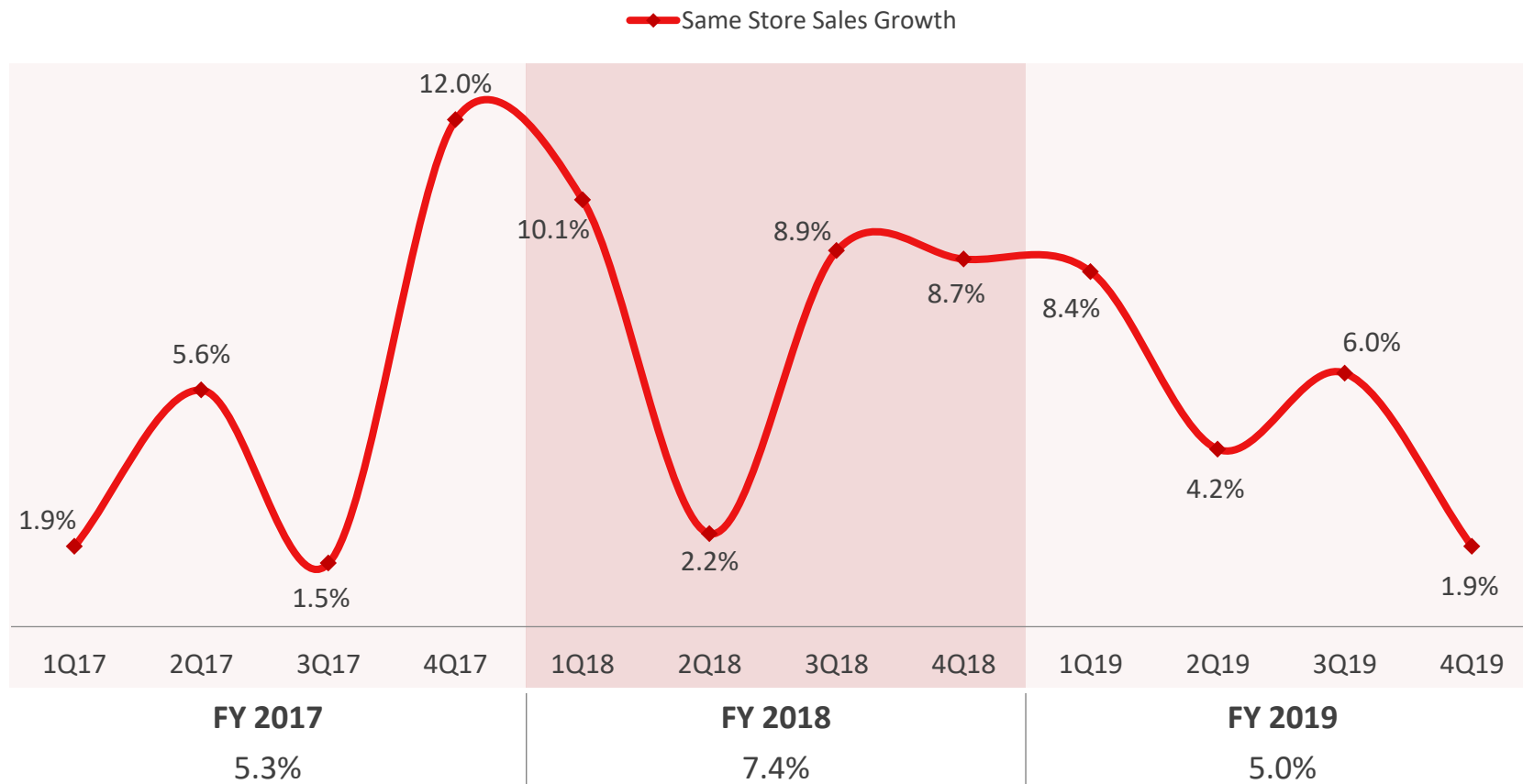
Y PS retail channel covers more than 300 cities in the Greater China



Pou Sheng Same Store Sales Growth (SSSg)



(%)



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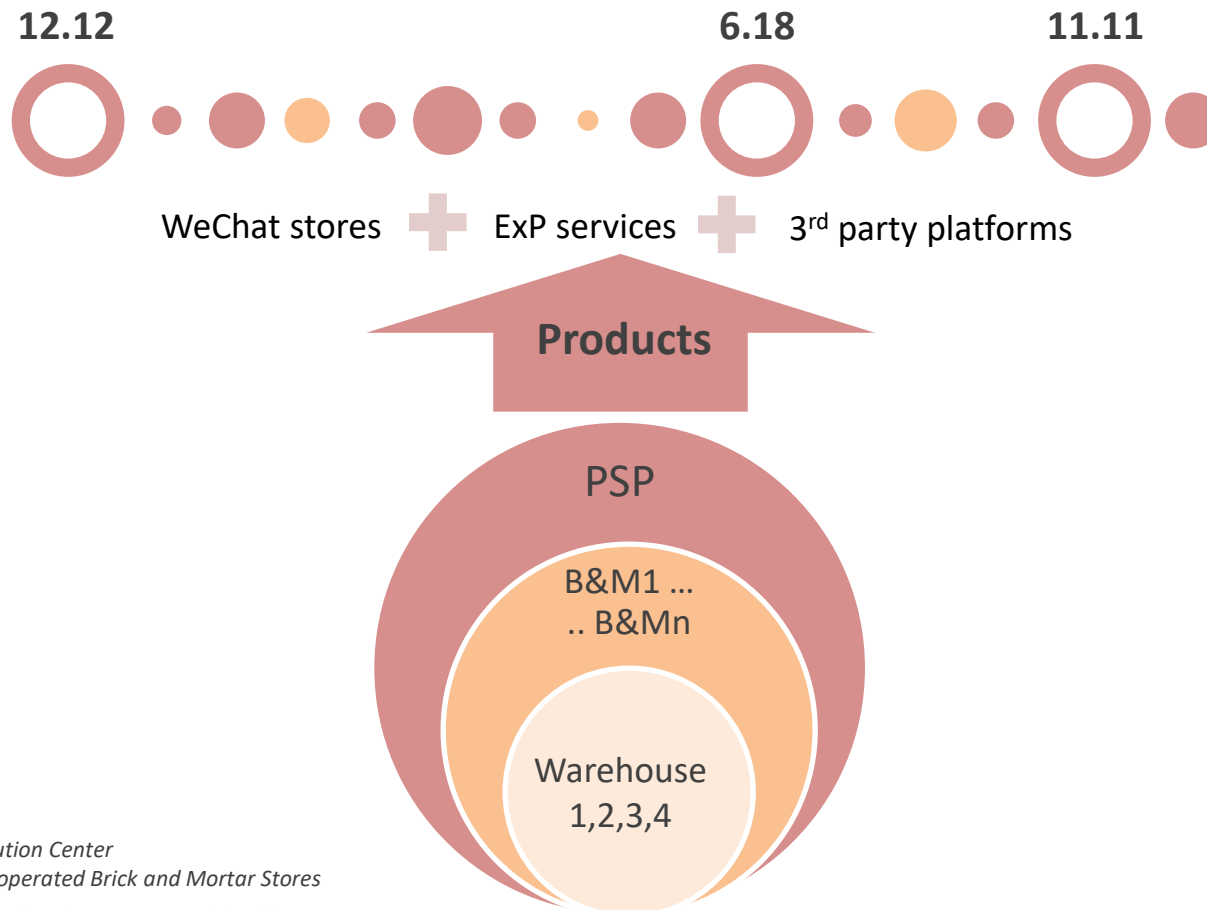
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Pou Sheng Product Sharing Platform (PSP)



- Logistics of omni-channel will be facilitated through all-rounded channels: RDC, YYsports.com, 3rd party online platform, 27-Zone inventory sharing and Direct B&M

365-day O2O, earlier sales, higher price, via PSP

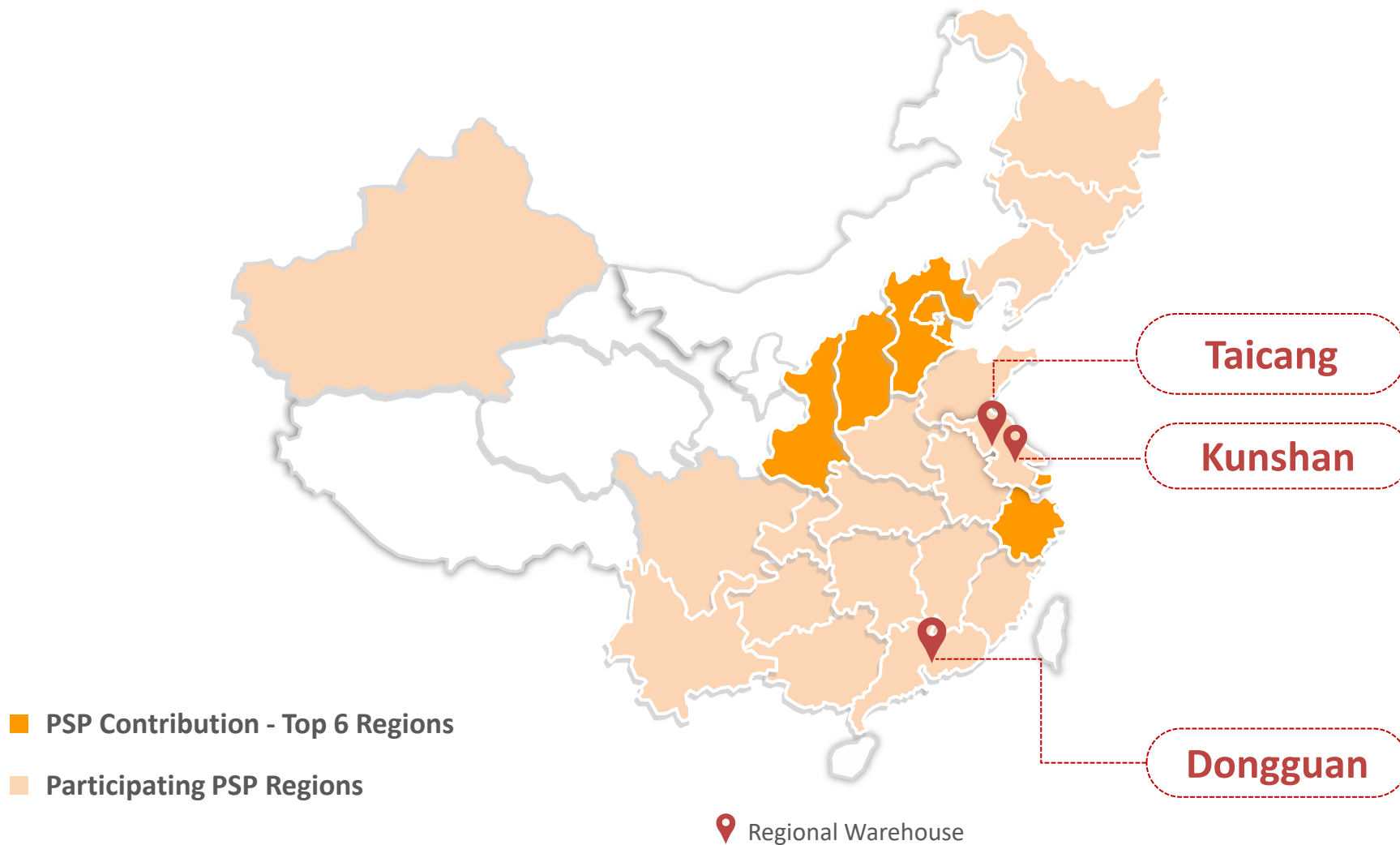


RDC: Regional Distribution Center
Direct B&M : Directly operated Brick and Mortar Stores

Pou Sheng Product Sharing Platform (PSP)



Participation rate: more than 60% Direct B&M stores participate PSP at the end of 2019

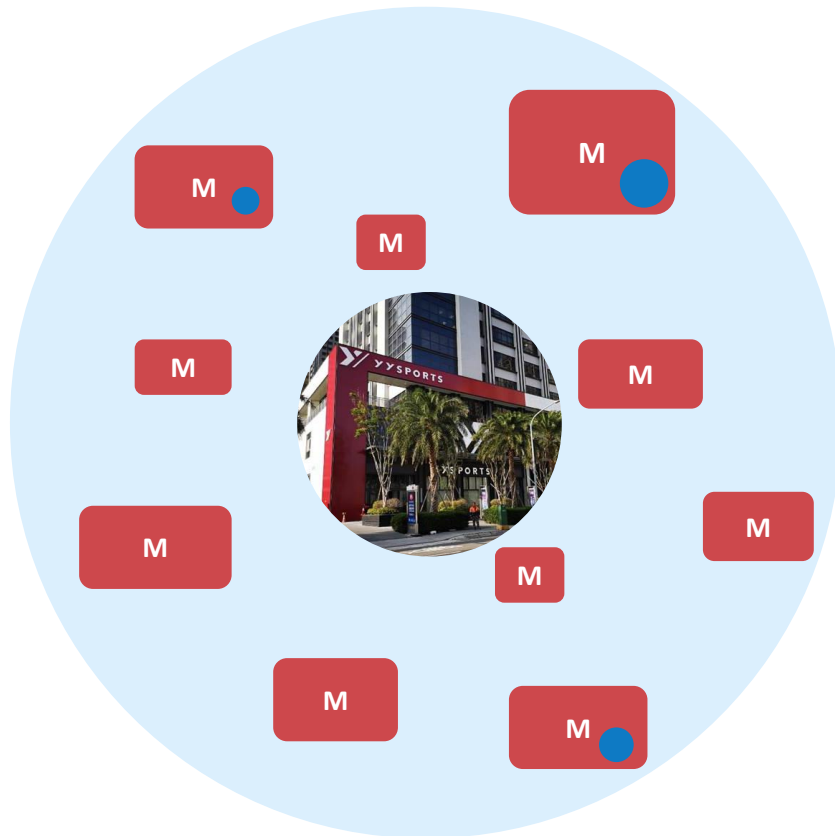


New Service Hub to Enhance Omni-channel Capability

“Low Conversion Offline Network”
+
“Discount Online Network”



“Normal price + premium services” by omni-platform connecting to efficient retail network



● Service Hub (Next Store)

- Y Series of **1-day** event & **364 days** fun services
- Y **Products** with stories & outfit consultations

Sports Services & ExP Program

- Y Expand and engage **active membership**



Online 24/7 Communication Platform

- Y **Magazine-like** contents to “Make sports your life”
- Y **APP, mini-program & other strategic resources** to enact inactive target audiences

M Mono Brand Stores

- Y Convert shoppers into loyal members
(Less stores more sales)
- Y Membership w/ privilege to Service Hub
(Higher sales conversion rate)
- Y Modularized services in mono brand stores
(Uniqueness)

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Pou Sheng COVID-19 Reaction Plan

Operation

1

- **Brand collaboration & inventory management**
e.g return inventory, reduce in-season purchase, support promotion discount
- **Rent reduction**
negotiation
- **Government support**
- Closely monitor and maintain **cash flow & gearing ratio** at a healthy level

Brick & Mortar Stores

2

- Real-time monitor **daily sales & store re-open** progress
- Monitor wholesaler & provide appropriate support

Omni-Channel

3

- Accelerate **B2C** sales & PSP contribution
- Roll out **WeChat mini stores** to drive sales growth

Future Target: Profitable Growth

Future Target

- **Total revenue** growth in mid-teens, with **omni-channel** contributing 20% of total revenue
- **More in-season sales** and **more effective off-season** products sales through various 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** improving by 2 percentage points



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

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Company Milestones



- 
- A vertical timeline of company milestones is overlaid on a light pink map of China. The timeline consists of a vertical red line with circular markers at each year. The milestones are listed as follows:
- 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
Became sole licensee for Rockport footwear and GEOX in China
 - 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 RMB)



	FY 2019		FY 2018		Y-o-Y
	RMB'mn	%	RMB'mn	%	+ / -
Revenue	27,190	100.00	22,677	100.00	+19.90%
Cost of Sales	(17,914)	-65.89	(15,078)	-66.49	+18.81%
Gross Profit	9,275	34.11	7,599	33.51	+22.06%
SG&A	(8,181)	-30.09	(6,913)	-30.49	+18.34%
Other Income & Expenses, net	377	1.39	281	1.24	+34.16%
Operating Profit	1,472	5.41	967	4.26	+52.22%
Finance Cost, net*	(239)	-0.88	(144)	-0.64	+65.97%
Share of Results of JV	1.1	0.01	(1)	-0.00	N/A
Other Losses	(9)	-0.03	-	N/A	N/A
Income Tax	(345)	-1.27	(261)	-1.15	+32.18%
Profit for the Period	880	3.24	561	2.47	+56.86%
Profit Attrib. to Owners of PS	833	3.06	543	2.39	+53.41%

Source: Based on Pou Sheng's announcement on the HKEX website for the audited consolidated income statements of FY2019 & FY2018

*Finance Cost in FY19 grew by 66.0% due largely to the RMB 101.1mn effects of the application of HKFRS16

Pou Sheng Financial Highlights *(in USD)*



	FY 2019		FY 2018		Y-o-Y
	US\$'000	%	US\$'000	%	+ / -
Revenue	3,932,965	100.00	3,421,657	100.00	+14.94%
Cost of Sales	(2,591,280)	-65.89	(2,275,156)	-66.49	+13.89%
Gross Profit	1,341,685	34.11	1,146,501	33.51	+17.02%
SG&A	(1,178,146)	-29.96	(1,038,884)	-30.37	+13.40%
Other Income & Expenses, net	49,397	1.26	38,270	1.12	+29.07%
Operating Profit	212,936	5.41	145,887	4.26	+45.96%
Finance Cost, net*	(34,598)	-0.88	(21,665)	-0.64	+59.70%
Share of Results of JV	158	0.01	(140)	-0.00	N/A
Other Losses	(1,378)	-0.03	-	N/A	N/A
Income Tax	(49,840)	-1.27	(39,452)	-1.15	+26.33%
Profit for the Year	127,278	3.24	84,630	2.47	+50.39%
Profit Attrib. to Owners of PS	120,533	3.06	81,913	2.39	+47.15%

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

*Finance Cost in FY19 grew by 59.7% due largely to the US\$14.6mn effects of the application of HKFRS16

Thank you
Q&A

