

CHINA LILANG LIMITED
中國利郎有限公司

Interim Results
Announcement
2018



LILANZ

Agenda 议程



Picture taken during 2018 Winter Trade Fair
图片摄于2018冬季订货会

- Results Highlights
业绩亮点
- Financial Review
财务表现回顾
- Business and Operational Review
业务及营运回顾
- Outlook and Strategy
前景及策略
- Open Forum
答问时间



业绩亮点



**RESULTS
HIGHLIGHTS**

All-round Improvements in Performances with Satisfactory Progress In Business Expansion 业绩全面提升，业务扩张进展良好



Strong growth in financial results amid recovery of consumer market
随着消费市场回暖，业绩强劲增长

Revenue up by 26.5% to RMB1,293.1 mn and net profit up by 25.9% to RMB340.7 mn
收入上升26.5%至人民币1,293.1百万元，净利润上升25.9%至人民币340.7百万元

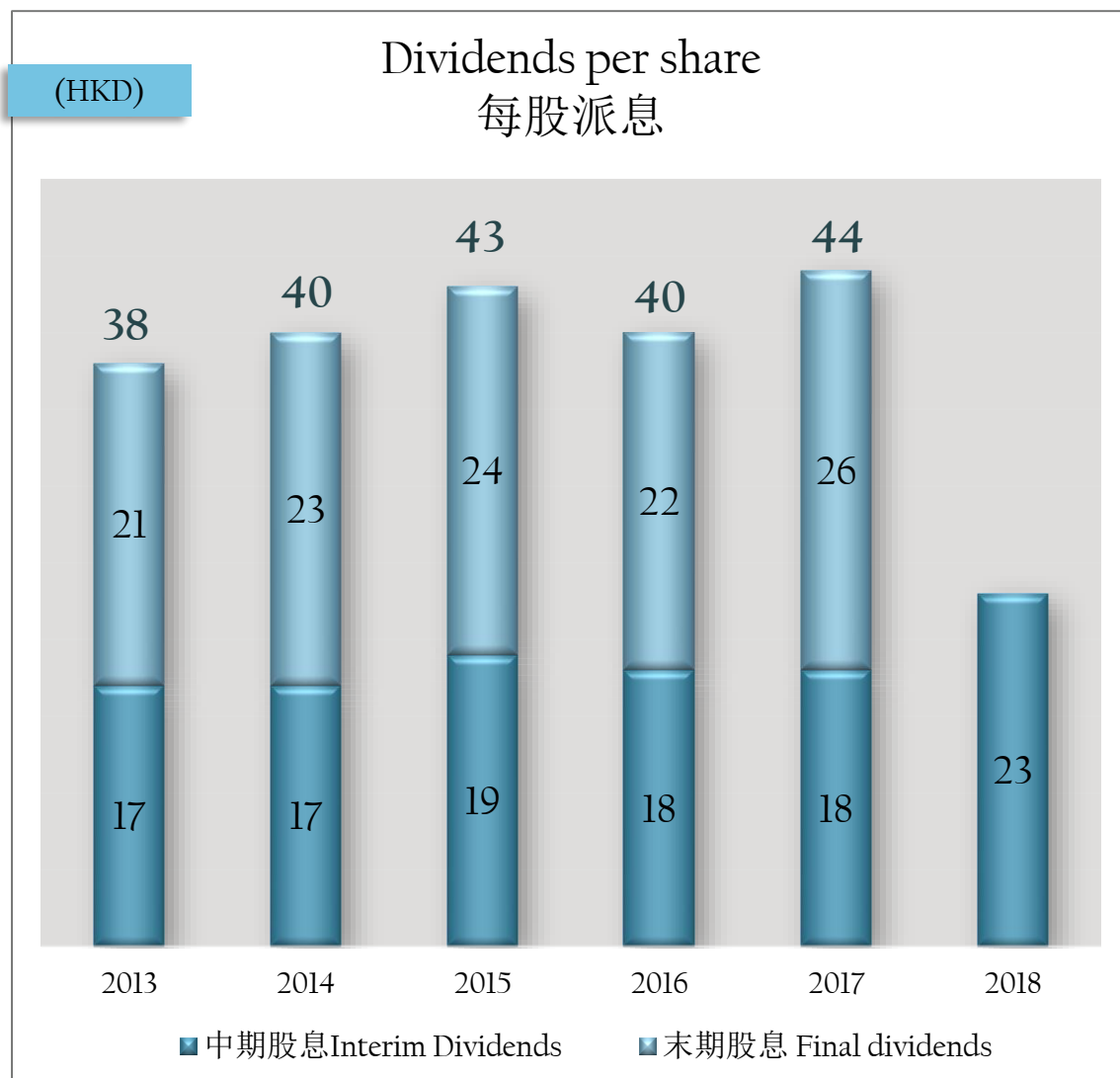
Earnings per share up by 27.2% to RMB28.5 cents
每股盈利为人民币28.5分，增加27.2%

Average high single-digit growth in SSS with channel inventory maintained at healthy level
同店销售平均录得高单位数的增长，渠道存貨保持健康水平

Market expansion on track and 102 stores added
按计划扩展市场，增加102家店

Preparing to launch new retail business in 2H 2018 and online stores now on trial operation
筹备下半年开展新零售业务，网上店铺已开始试营业

Maintaining High Dividend Payout 保持高派息比率



- Interim dividend: HK16 cents per share and special interim dividend: HK7 cents per share
- 中期股息每股：16港仙及特别中期股息每股：7港仙

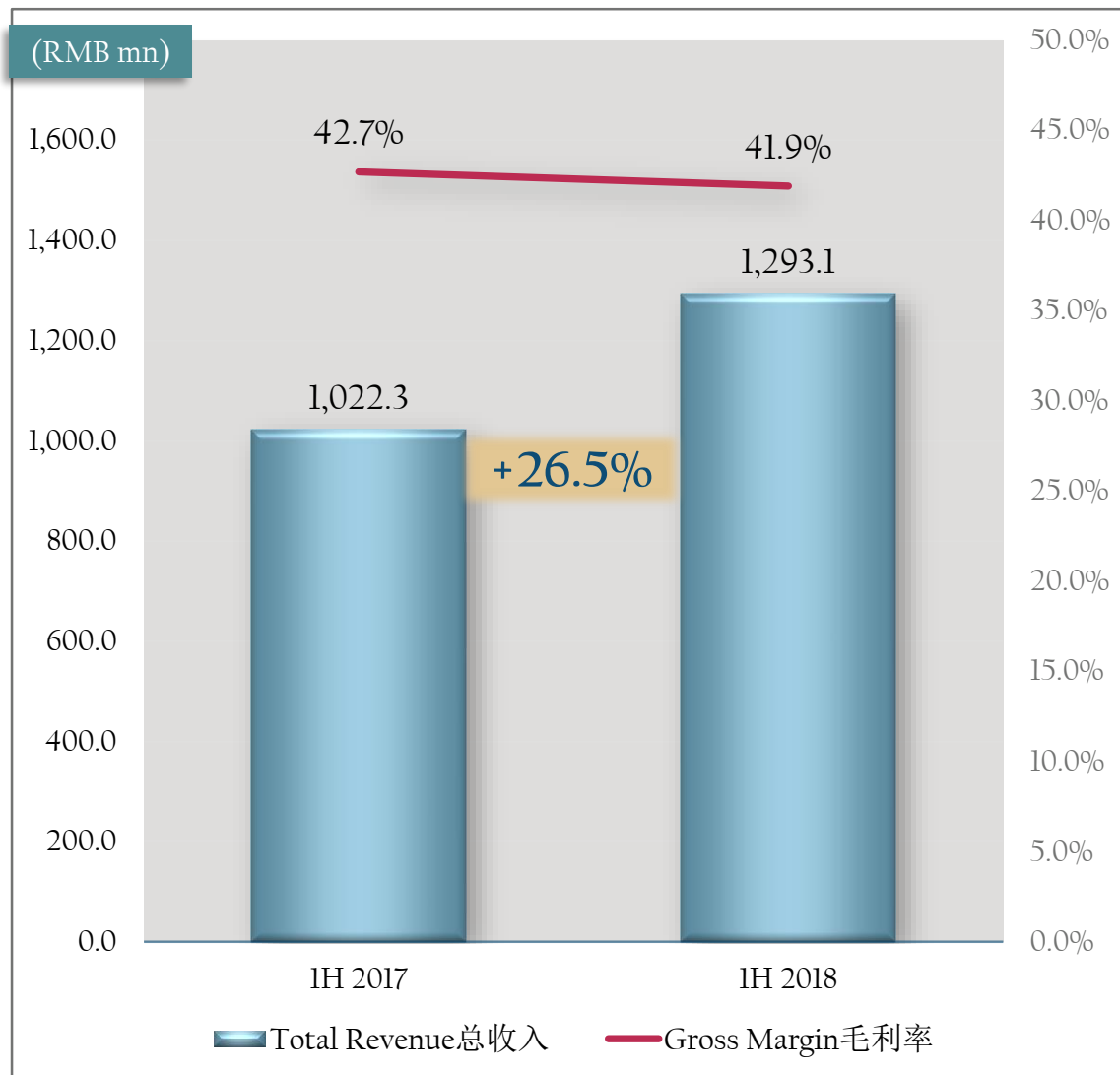


财务表现回顾



FINANCIAL REVIEW

Revenue and Gross Margin 收入及毛利率



Robust Revenue Growth 收入强劲增长

- “LILANZ” revenue increased by 27.0% to RMB1,279.9 million
- By product category, sales of accessories jumped to over 15% of revenue
- 「LILANZ」品牌的收入增长 27.0%至人民币1,279.9百万元
- 按产品类，配件销售攀升，占收入超过15%

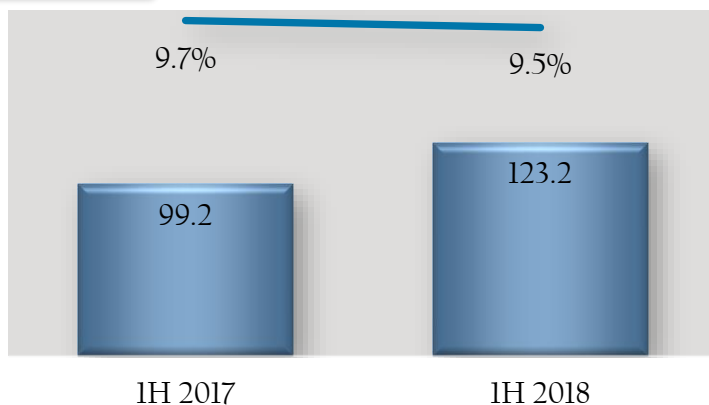
Lower Gross Margin 毛利率下降

- The Group’s strategy is to offer consumers products of excellent value-for-the-money so as to gain market
- Lower GP margin for the smart casual collection
- 集团策略为提供物超所值产品予消费者以增取市场
- 轻商务系列毛利率较低

SD & A Expenses 销售、分销及行政开支

Advertising and Promotional Expenses 广告及推广开支

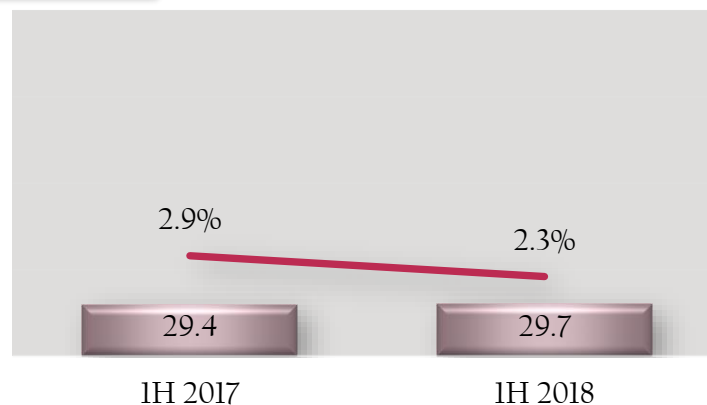
(RMB mn)



- higher advertising expenses
- more renovation subsidies as 253 stores with larger average area were opened
- 品牌宣传费用增加
- 新开253家店，平均面积较大，增加装修补贴费用

Other Selling and Distribution Expenses 其他销售及分销开支

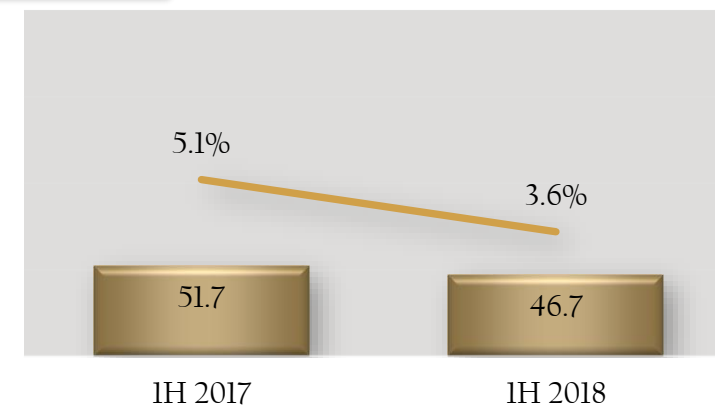
(RMB mn)



- S&D expenses other than advertising and renovation subsidies controlled at stable level
- 广告及装修补贴以外其他销售及分销开支控制在稳定的水平

Administrative Expenses 行政开支

(RMB mn)

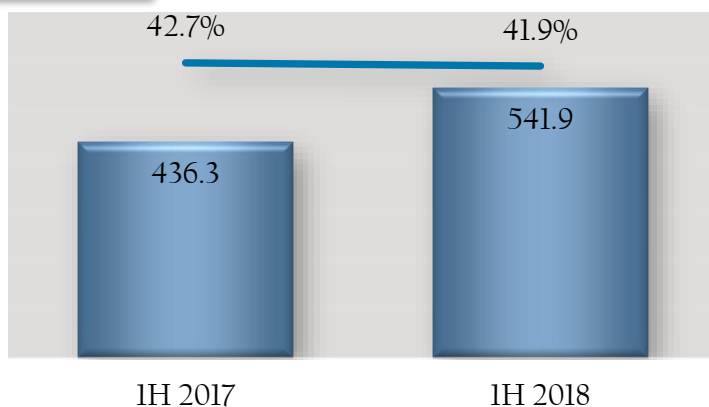


- The 2017 figure included AR provision of RMB9.2 million
- 2017数字含人民币920万元应收账拨备

Profit & Margin Trend 盈利及利润率趋势

Gross Profit & Margin 毛利及毛利率

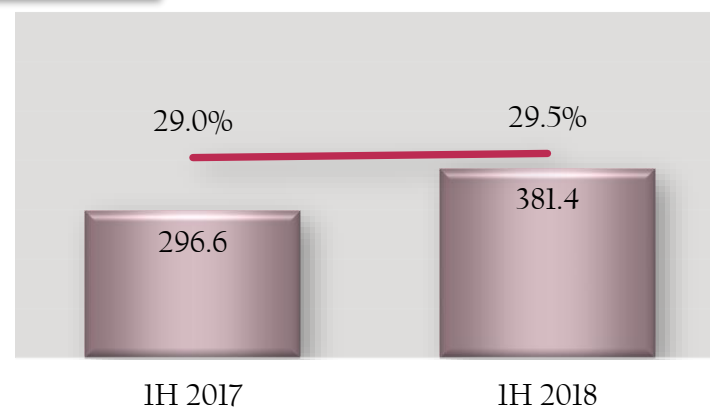
(RMB mn)



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Operating Profit & Margin 经营利润及经营利润率

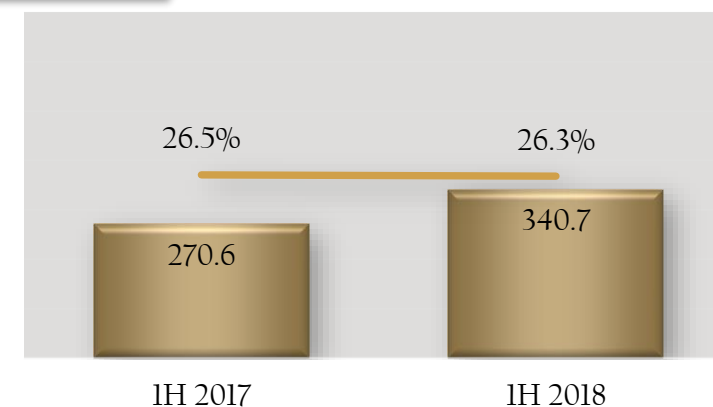
(RMB mn)



- Operating profit margin improved mainly due to the lower SD & A expenses ratios as revenue increased
- 经营利润率上升，主要由于收入增加令销售、分销及行政开支费用率下降

Net Profit & Margin 净利润及净利润率

(RMB mn)

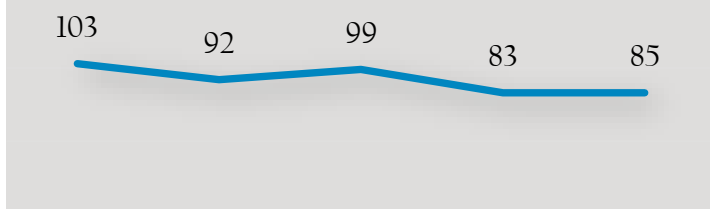


- Effective tax rate increased by 3.5 percentage points to 19.1%
- 所得税有效税率增加3.5个百分点至19.1%

Working Capital Cycle 营运资金周转天数

Average Trade
Receivables Turnover Days
平均应收贸易账款周转天数

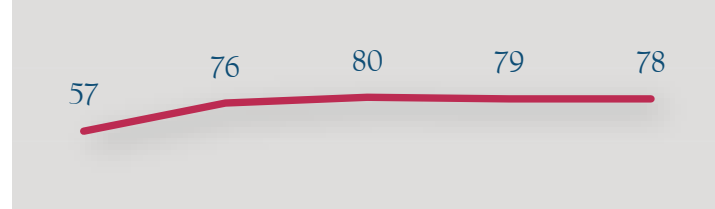
(Day)



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018

Average Inventory
Turnover Days
平均存货周转天数

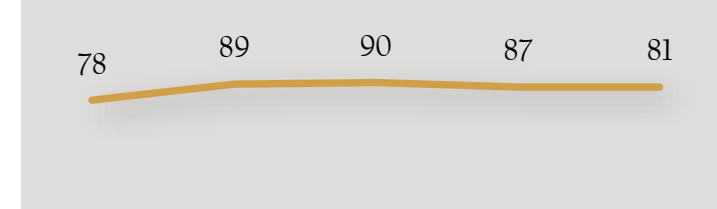
(Day)



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018

Average Trade
Payables Turnover Days
平均应付贸易账款周转天数

(Day)



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018

- AR balance up by 22.3% as compared to interim period last year, reflecting increase in sales during the period
- AR balance up by RMB146.3 mn to RMB 783.3 mn compared to 2017 y.e.
- As in previous years, extended credit terms have been granted during the peak delivery period from June to September
- 对比去年中期，应收贸易账款增加22.3%，反映期内销售增加
- 对比2017年底，应收贸易账款增加人民币146.3百万元至人民币783.3百万元
- 如过往年度，集团在6-9月发货高峰期延长分销商账期

- Inventory balance up by RMB 101.8 mn to RMB325.5 mn as compared to interim period last year mainly reflecting increases in trade fair orders for the 2018 autumn and winter collections
- Inventory balance also included consignment inventories of the smart casual collection
- 存货余额比去年中期增加人民币101.8百万元至人民币325.5百万元，主要反映2018秋、冬季订货会订单增长
- 存货余额亦包含轻商务系列代销库存

- Average trade payables turnover days reduced as early payments were made to certain suppliers to secure better prices for raw materials for the winter collection.
- 集团提早支付部分供应商货款，以确保冬季产品原材料取得更优惠价格，因此平均应付贸易账款周转天数下降

Cash Flow 现金流量

RMB mn 人民币百万元

1H 2018

Net cash generated from operating activities 经营活动现金流入	196.3
Net cash used in investing activities 投资活动现金流出 ⁽¹⁾	(282.0)
Net cash used in financing activities 融资活动现金流出	(253.5)
Net decrease in cash and cash equivalents 现金及现金等价物减少净额	(339.2)
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,823.3
Effect of foreign exchange rate changes 外币汇率变动的影响	0.8
Cash and cash equivalents at 30 Jun 于6月30日现金及现金等价物 ⁽²⁾	1,484.9

Operating cash inflow 经营现金流入

- Major reconciling item with net profit for the period: Increase in AR balance by RMB146.3 mn to RMB783.3 million over the period
- AR balance up by 22.3% as compared to interim period last year as sales increased during the period
- As in previous years, extended credit terms granted to distributors during the peak delivery period from June to Sept
- 与期内净利润主要调节项目：期内应收贸易账款增加人民币146.3百万元至人民币783.3百万元
- 因期内销售增加，应收贸易账款余额较去年中期上升22.3%
- 如过往年度，集团在6-9月发货高峰期间延长分销商账期

Investing cash outflow 投资现金流出

- Increase in fixed deposits with maturity over 3 months by RMB200.0 mn
- CAPEX of RMB120.9 mn
- 到期日为三个月以上的定期存款增加人民币200.0百万元
- 资本开支人民币120.9百万元

Financing cash outflow 融资现金流出

- Payment of 2017 final dividends: RMB252.7mn
- 支付2017末期股息：人民币252.7百万元

(1) Include placements of time deposits and pledged bank deposits with maturity over 3 months

(2) Exclude time deposits and pledged bank deposits with maturity over 3 months

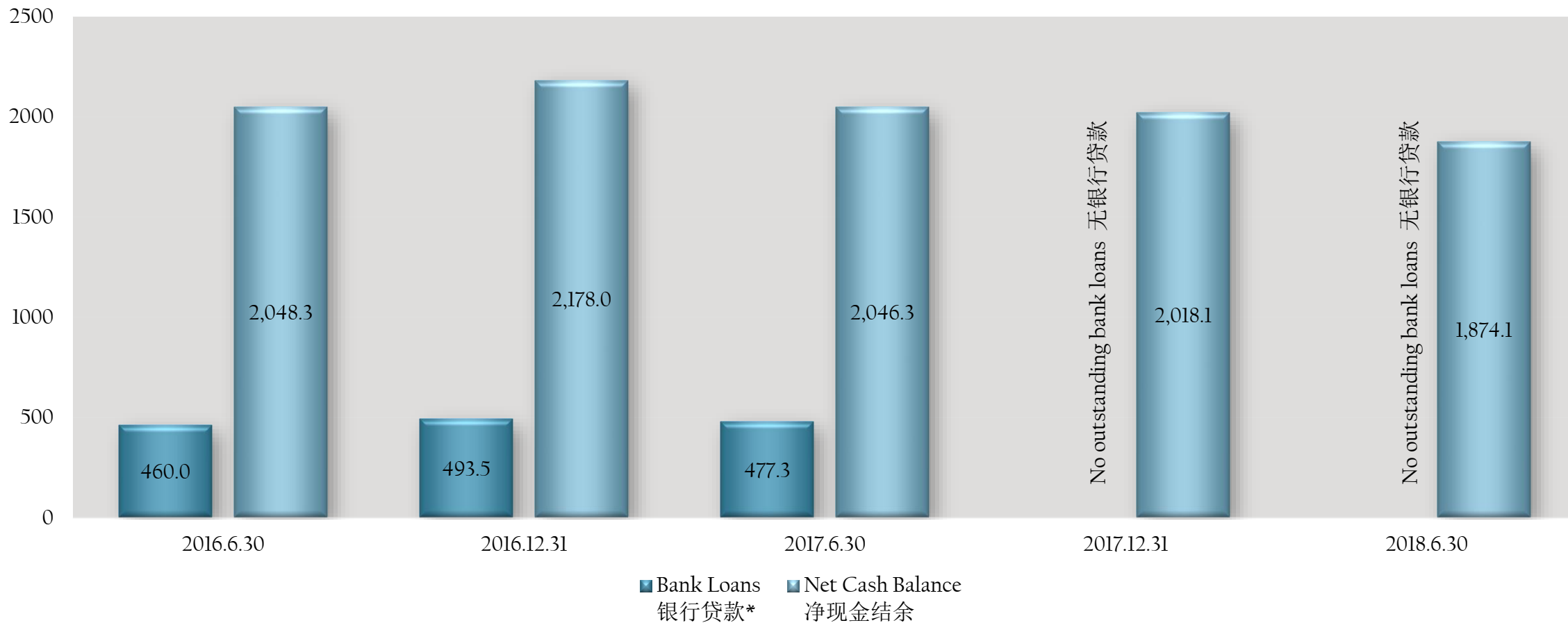
(1) 包括到期日超过3个月的定期存款及抵押银行存款

(2) 不包括在银行到期日超过3个月的定期存款及抵押银行存款

Healthy & Strong Cash Position 稳健的现金水平

Total Cash and Bank Balance 银行及现金结余

(RMB mn)



* Secured by pledged bank deposits 以已抵押银行存款担保

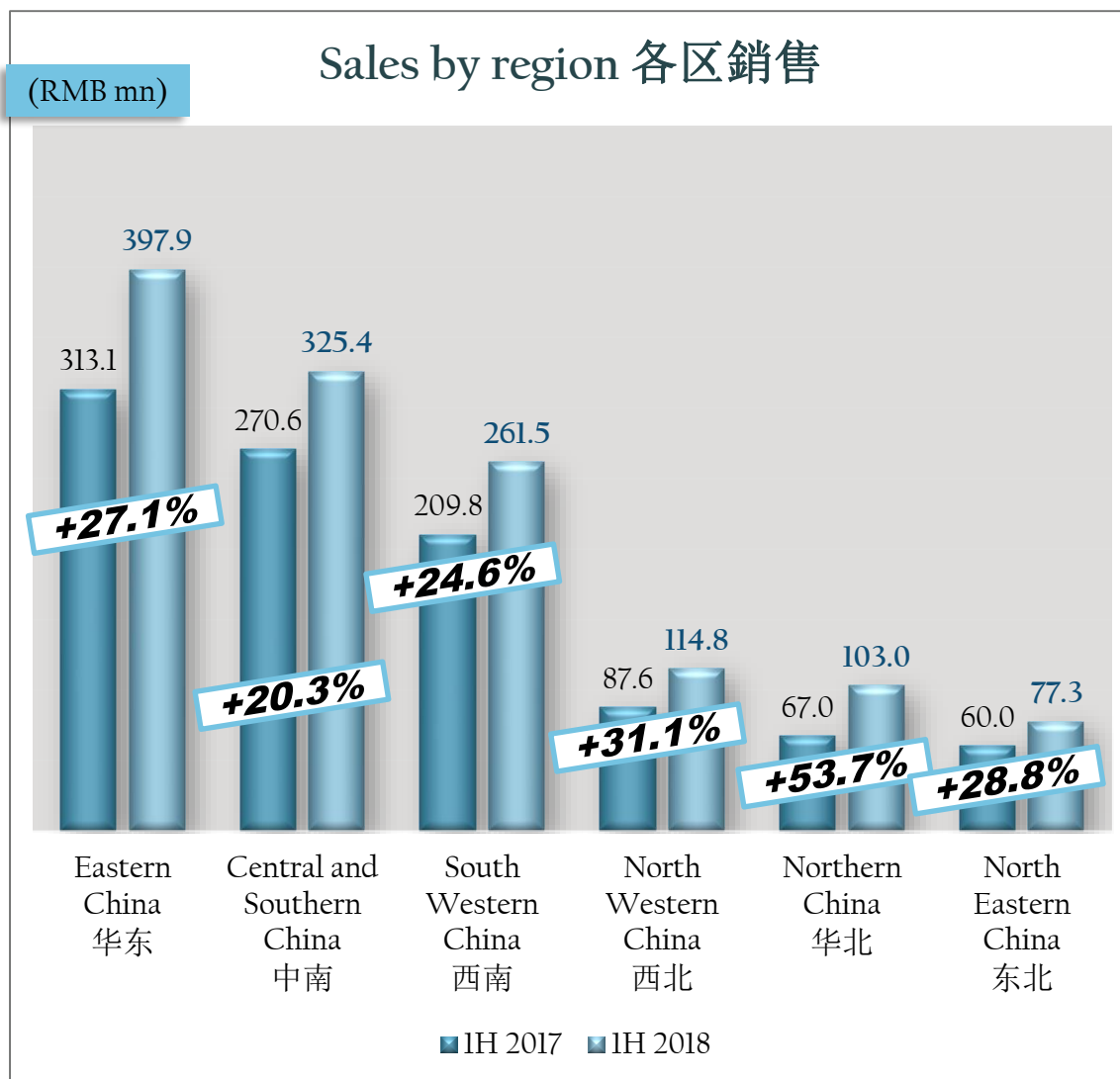


业务及营运回顾



**BUSINESS &
OPERATIONAL
REVIEW**

Sales Channel Management 销售渠道管理



	2018-1-1	Open 开店	Close 关店	2018-6-30
Eastern China 华东	639	88	40	687
Central and Southern China 中南	600	56	32	624
South Western China 西南	470	31	25	476
North Western China 西北	235	34	15	254
Northern China 华北	245	30	18	257
North Eastern China 东北	221	14	21	214
Total 总数	2,410	253	151	2,512
Total Retail Floor Space 总店铺面积 (sqm 平方米)	309,600			344,900 (+11.4%)

Sales Channel Management (Con't) 銷售渠道管理（续）

Except the flagship stores in the headquarters, all retail stores are operated by distributors
除了位于集团总部的旗舰店外，其他门店都由分销商经营



Over 10 years of business relationship with all LILANZ distributors
與所有LILANZ的一级分销商有超过10年的业务关系



Channel upgrade: over 430 stores in shopping malls
渠道升级: 在购物商场店铺已超过430家

Increase in number of stores operated by 1st tier distributors due to:
一级分銷商直接经营門店增加，原因:

- Growing foothold in 1st and 2nd tier markets
- Result of continuous upgrade of retail management, phasing out sub-distributors with sub-optimal management standards
- 在一、二级市场店铺增加
- 零售管理继续提升，管理水平较差的二级分销商被淘汰

Ongoing measures enhancing sales channel management:
持续提升銷售渠道管理:

- ERP system monitoring all stand-alone stores; healthy channel inventory and satisfactory retail discount levels
- Continue to provide training to distributors
- ERP系统接连所有独立店铺：渠道库存健康，零售折扣维持理想水平
- 继续为分销商提供培训

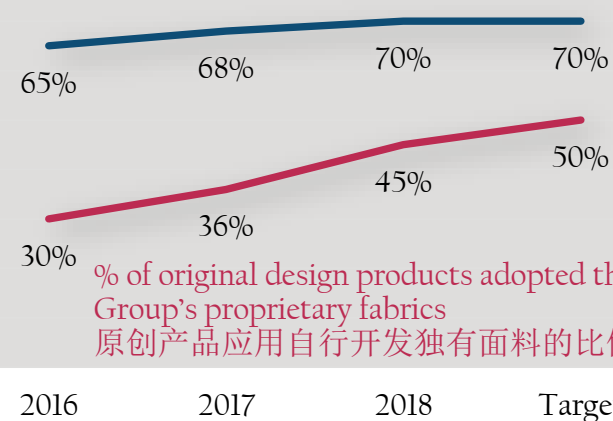
Product Design & Development 产品设计及开发



- International and local R&D team totalling about 300 people, showing talents in the R & D of products with excellent value-for-the-money and meet consumers' preferences
- Added a production line for leisure footwear in Wuli Plant
- Construction work of new headquarters in Fujian has been completed and it is expected to be ready for use in 2H 2019 after refurbishment
- The design and operation center for the smart casual collection in Shanghai will be put into use in 2H 2018 as scheduled

- 国际与本地研发团队共约300人员，各自发挥专才研发适合消费者的物超所值的产品
- 在五里厂房添置了一条休闲鞋的生产线
- 在福建省兴建的新总部已经封顶，预计将于2019年下半年装修完毕后正式启用
- 上海的轻商务系列设计及营运中心将如期于2018年下半年投入使用

% of original design products (by style) out of total 原创产品(按款式)佔产品比例



% of original design products adopted the Group's proprietary fabrics 原创产品应用自行开发独有面料的比例

2016 2017 2018 Target

LILANZ

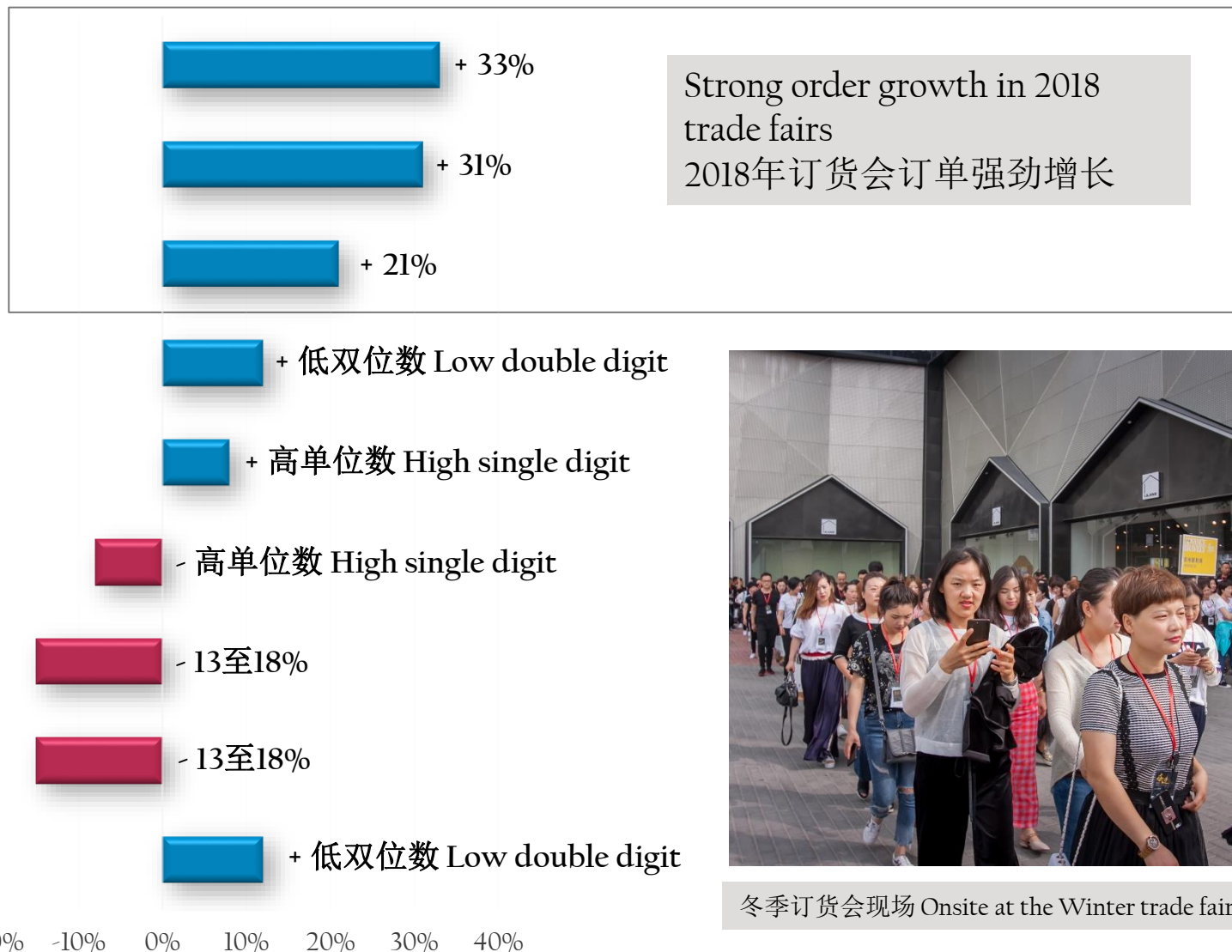
Marketing & Promotion 营销与宣传

- Advertising and promotion through advertising signs in EMU and EMU stations, Jingxin Square in BJ, Nasdaq Tower in New York, the US as well as soft-sell advertising in newspapers and magazines
- Held lucky draw for VIP shoppers to win free trips to Russia to watch the World Cup
- Promotion activities via WeChat account
- Advertising on CCTV in May when "LILANZ" was listed among the CCTV series "The Making of a Great Brand"
- 动车上、动车站的广告牌、北京京信广场和美国纽约纳斯达克大楼屏幕广告、报章杂志的软文广告宣传
- 舉辦購物大抽獎，帶VIP客戶游俄羅斯看世界盃
- 通过微信公众号作推广活动
- 「LILANZ」在5月份入选CCTV「大国品牌养成记」系列，期间在CCTV播放广告片



LILANZ

Encouraging Trends of Trade Fair Orders 订货会成绩趋势令人鼓舞



冬季订货会现场 Onsite at the Winter trade fair



前景与策略



**OUTLOOK &
STRATEGY**

Cautiously Optimistic, Continue Expansion Plan in 2H 2018 审慎乐观，2018下半年继续推动扩展

Retail channel expansion and upgrade 零售渠道扩张及优化

- Continue the market expansion plan, target to add not less than 200 stores in 2018; 102 added in 1H 2018
- To further increase the number of stores in shopping malls
- 继续推动市场扩展，全年目标增加不少于200家店铺；2018上半年已增加102家
- 进一步增加购物商场店铺

New Retail Development 新零售的发展

- To launch new retail business in 2H 2018 with the smart casual collection
- 2018下半年以轻商务系列推出新零售业务

R&D and production enhancement 研发生产提升

- Continue with the strategy of offering consumers with products of excellent value-for-the-money to gain a larger share in market
- Continue to improve product range and increase the proportion of season-neutral products to drive sales growth
- The design and operation centre for the smart casual collection in Shanghai will be put into use in 2H 2018
- 继续提供消费者物超所值产品的策略，以进一步增加市场份额
- 继续提升产品结构，增加非季节性产品以推动销售增长
- 上海的轻商务系列设计及营运中心在下半年投入运作

Operating Targets for 2H 2018 下半年的经营指标目标

- SSSG of no less than high single-digit
同店销售增长不低于高单位数
- 2019 SS trade fair order like-to-like growth no less than 2018 SS trade fair order growth
2019年春夏季订货会订单不少于2018年春夏季订货会订单的增幅



利郎创意园的鸟瞰效果图



创意广场鸟瞰效果图



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