

LILANZ 利郎

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

2015

Interim Results 中期业绩

Hong Kong 香港, 2015-08



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业绩亮点 Results Highlights

财务表现回顾 Financial Review

业务及营运回顾 Business and Operational Review

未来前景及策略 Outlook and Strategy

问答时间 Open Forum

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**Results
Highlights**

业绩亮点



OUTPERFORMED INDUSTRY PEERS

表现较同业优胜

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Operating environment for retail sector full of challenges in 1H2015 二零一五年上半年零售经营环境充满挑战

- Operating environment of China's retail sector remained challenging
中国零售经营环境仍存在很大的挑战
- Operating environment of China's menswear industry is better than last year
中国男装行业经营情况好转
- Channel inventory has improved
渠道存货情况有改善
- Recovery is slow
复苏速度缓慢

China Lilang continued to outperform rivals 中国利郎的各项表现继续优于同业

- Sales proportion of original products increased
原创产品之销售比例提升
- Products are better value for money
产品之性价比提升
- Product designs are more individuated to give distinctive brand image
产品更具个性化和品牌形象更鲜明
- Completed nation-wide store network restructuring, store closing cycle ended
全年完成全国性的零售网络整顿，关店潮结束
- Consistent acceleration of same-store sales growth
零售门店同店销售增长保持扩张
- Continuous growth in trade fair order value
订货会金额持续增长
- Consistently healthy level of channel inventory
分销渠道存货维持健康

FINANCIAL HIGHLIGHTS

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业绩亮点

For the six months ended 30 June – unaudited

		1H 2015 RMB'000	1H 2014 RMB'000	Change / 变动
Revenue	收入	1,188.4	1,090.5	+9.0%
Gross profit	毛利	488.1	445.8	+9.5%
Operating profit	经营利润	343.4	295.0	+16.4%
Net profit	净利润	277.0	248.1	+11.6%
Earnings per share	每股盈利			
- Basic (RMB cents)	- 基本 (人民币分)	23.0	20.7	+11.1%
- Diluted (RMB cents)	- 摊薄 (人民币分)	22.9	20.6	+11.2%
Interim dividend per share (HK cents)	每股中期股息 (港仙)	13.0	12.0	+8.3%
Special interim dividend per share (HK cents)	每股特别中期股息 (港仙)	6.0	5.0	+20.0%
Gross profit margin	毛利率	41.1%	40.9%	+0.2p.p.
Operating profit margin	经营利润率	28.9%	27.1%	+1.8p.p.
Net profit margin	净利润	23.3%	22.7%	+0.6p.p.
Return on average shareholders' equity	平均股东权益回报	10.2%	9.8%	+0.4p.p.
Effective tax rate	有效税率	28.6%	26.6%	+2.0p.p.
Advertising and promotional expenses and renovation subsidies (as % of revenue)	广告及宣传开支及装修补贴 (占收入百分比)	7.6%	9.0%	-1.4p.p.

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FINANCIAL REVIEW

财务表现回顾



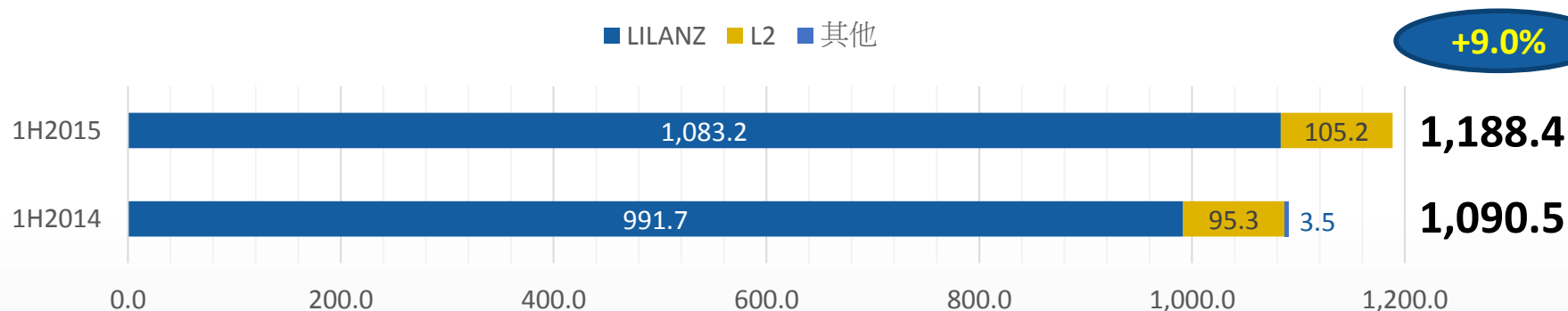
REVENUE ANALYSIS

收入分析

Total Revenue & Revenue By Brand

总收入及按品牌分类收入

(RMB mn)

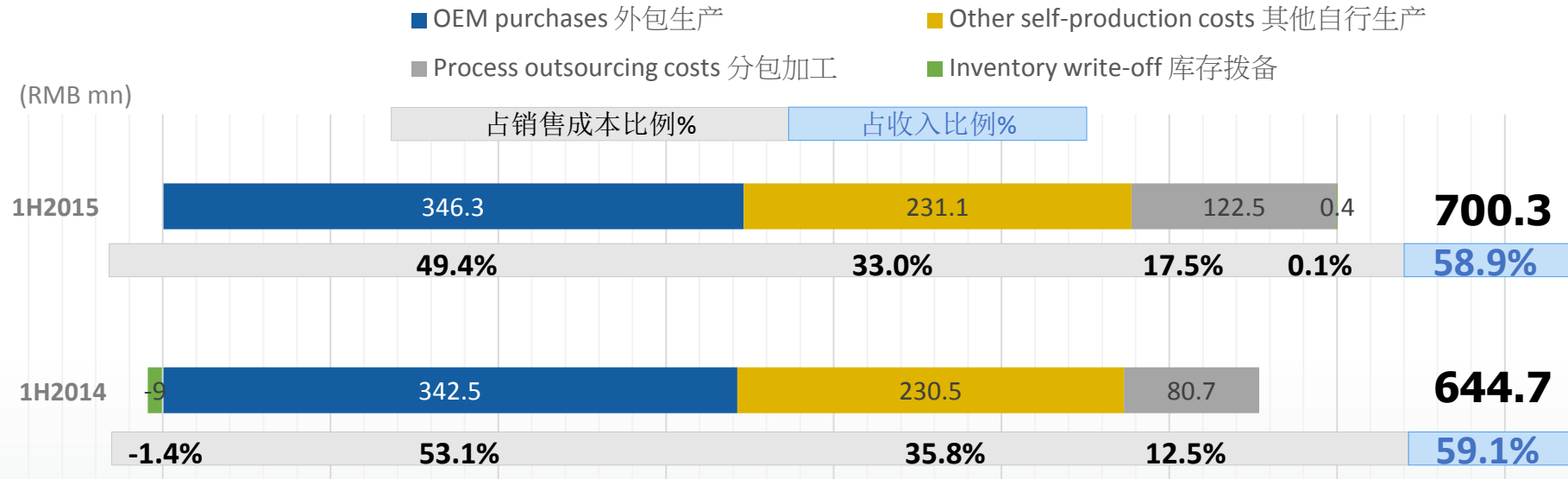


- Sales of core brand “LILANZ” up by 9.2% to RMB1,083.2 million, accounting for about 91.1% of total revenue
- Sales of sub-brand “L2” up by 10.4% to RMB105.2 million, accounting for about 8.9% of total revenue
- “Improving product quality without raising the price” strategy made the “LILANZ” products more attractive and enabled the Group to win the market and improve sales performance at retail stores
- Sales of “L2” products grew more slowly than expected
- Trade fair results on an uptrend during 2015, and delivery on schedule

- 主品牌「LILANZ」的销售额上升9.2%至人民币1,083.2百万元，占总营业额约91.1%
- 副品牌「L2」的销售额上升10.4%至人民币105.2百万元，占总营业额约8.9%
- 集团实施「提质不提价」的策略后，使LILANZ产品的整体吸引力大大提升，做到以产品赢取市场，从终端拉动产品销售
- L2的销售增长则比预期缓慢
- 2015年的订货会订单金额持续上升，并按期付运

COST OF SALES

销售成本



- The Group continued to implement the policy of “improving product quality without raising the price”
集团继续执行「提质不提价」的策略
- Relatively stable raw material prices and the higher proportion of original design products helped to control production cost
原材料价格相对稳定、原创产品比例上升，有助控制成本
- Cost of in-house production, including subcontracting charges, accounted for 50.5% of total cost of sales, up by 2.2p.p.
自产成本（包括分包费用）占总销售成本上升2.2个百分点至50.5%
- Total R&D costs increased by 13.1% to RMB40.0 million
研发成本增加13.1%至人民币40.0百万元
- Gross profit margin was up 0.2 p.p. to 41.1%
毛利率上升0.2个百分点至41.1%

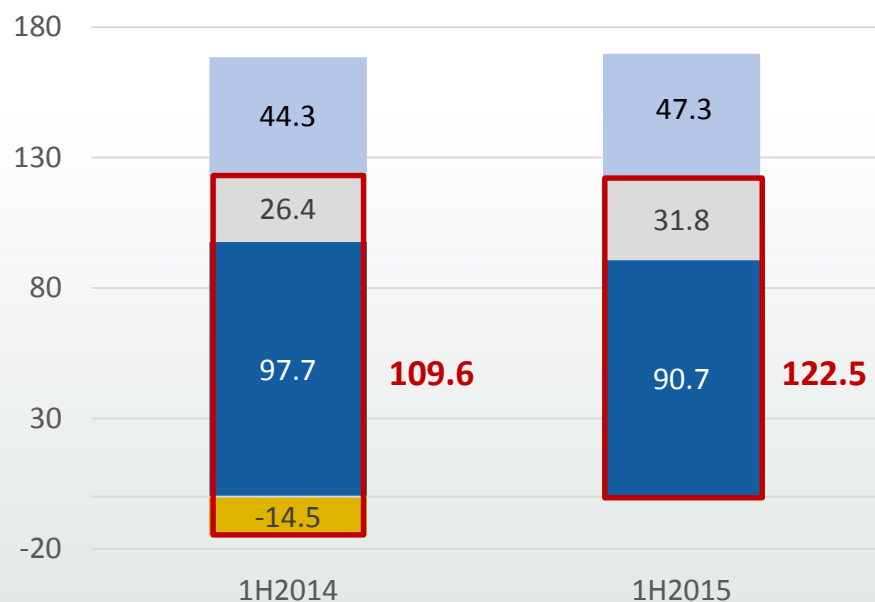
SD&A EXPENSES

销售、分销及行政开支

Total SD&A Expenses

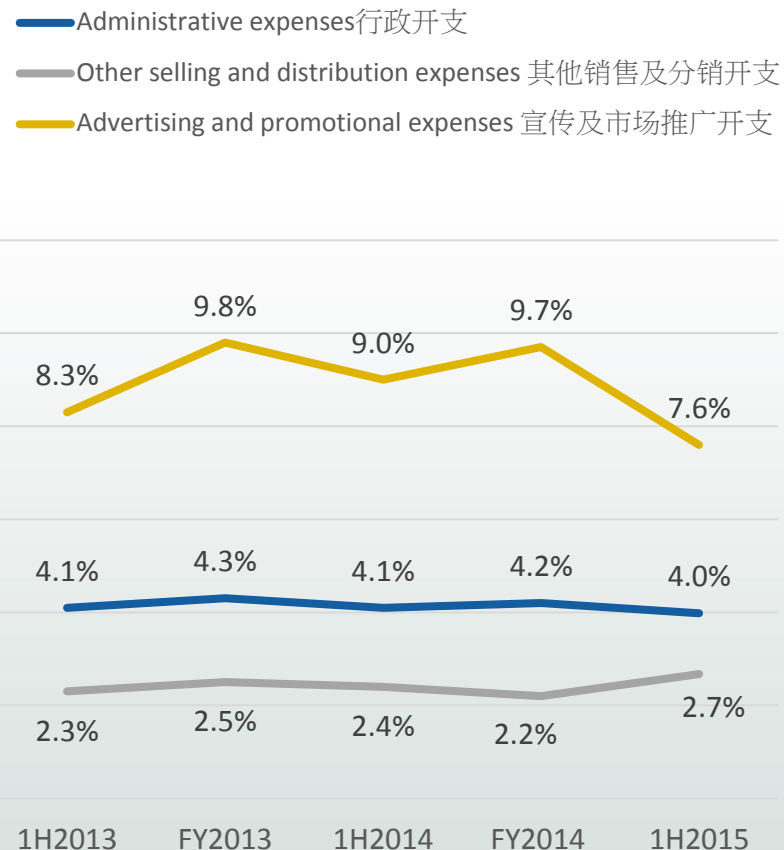
销售、分销及行政开支总额

(RMB mn)



SD&A as % of Revenue

销售、分销及行政开支占收入比例%



- Administrative expenses 行政开支
- AR provision 应收帐款拨备
- Other selling and distribution expenses 其他销售及分销开支
- Advertising and promotional expenses 宣传及市场推广开支
- Total selling and distribution expenses 总销售及分销开支

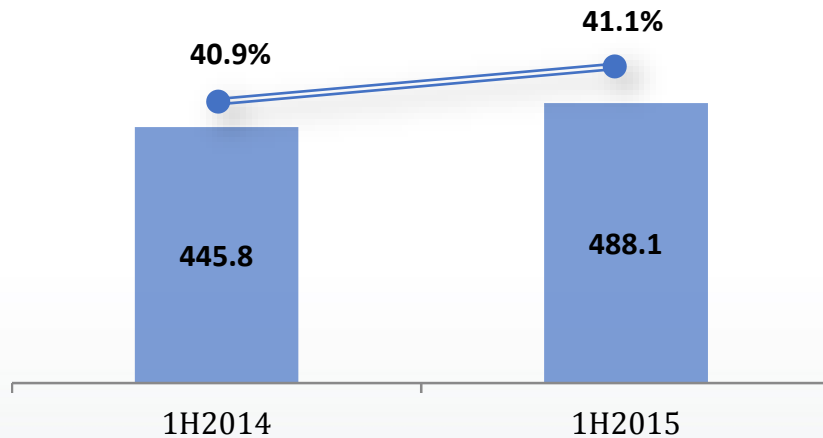
INCREASED PROFIT & MARGIN

利润及利润率增加

Unit: RMB million

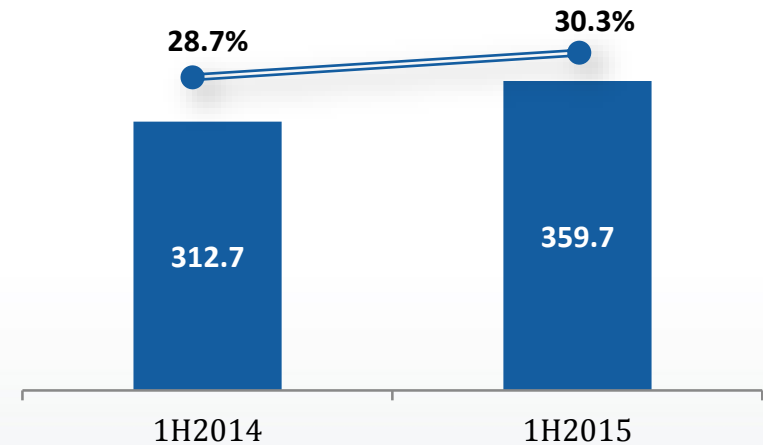
Gross profit & margin

毛利及毛利率



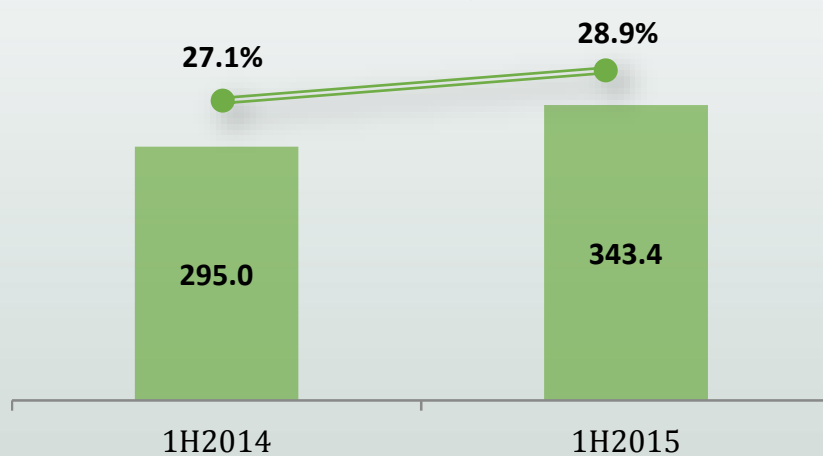
EBITDA & EBITDA margin

EBITDA和EBITDA比率



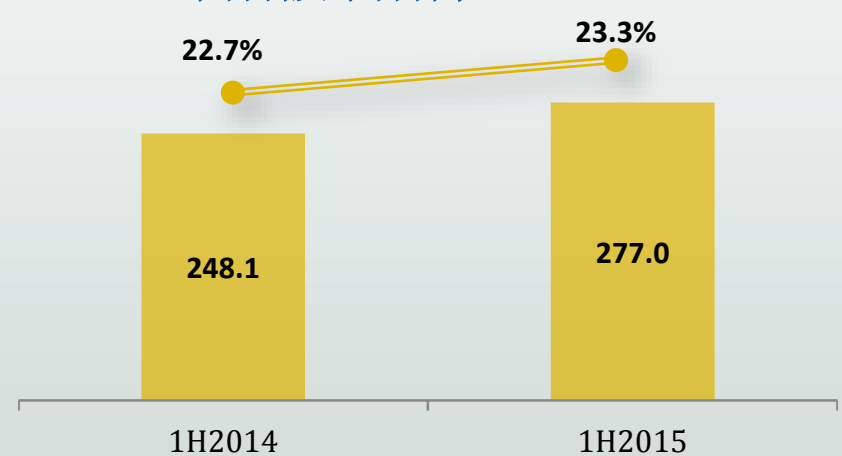
Operating profit & margin

经营利润及经营利润率



Net profit & margin

净利润及净利润率

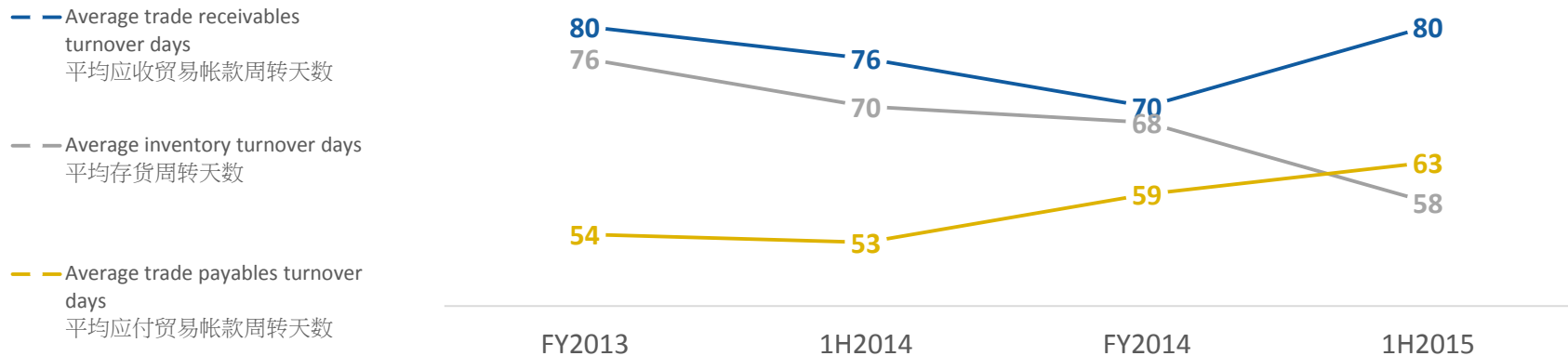


WORKING CAPITAL CYCLE

营运资金周转天数

Turnover days 周转天数

(Days 天)



Trade receivables 应收贸易帐款

Extended credit terms granted to distributors
- during peak period of fall and winter products delivery
- also to encourage them to open large-scale stores in shopping malls

延长分销商账期：
-秋冬季产品发货高峰期
-以及鼓励在购物商场开大店

Provision for doubtful debts of RMB10.1 million as at 30 June 2015, no movement during the period.

于2015年6月30日，集团的应收账款拨备余额为人民币10.1百万元，期内余额没有变动

Inventory 存货

Finished goods inventory balance reduced by RMB83.6 m as production scheduling of outsourcing plants improved.

分包工厂的生产安排改善，使制成品库存减少人民币83.6百万元。

Raw material inventory balance increased by RMB28.9 m as the Group reduces OEM purchases and uses more process outsourcing to increase proportion of original designs

集团减少OEM采购，并采用更多分包加工以增加原创产品的占比，因此原材料库存余额增加人民币28.9百万元

Trade payables 应付贸易帐款

Trade payables turnover days based on period end balance was 57 days, similar level as in 2014.

按期末余额计算，应付账款周转天数为57天，与2014年水平相若

附注：

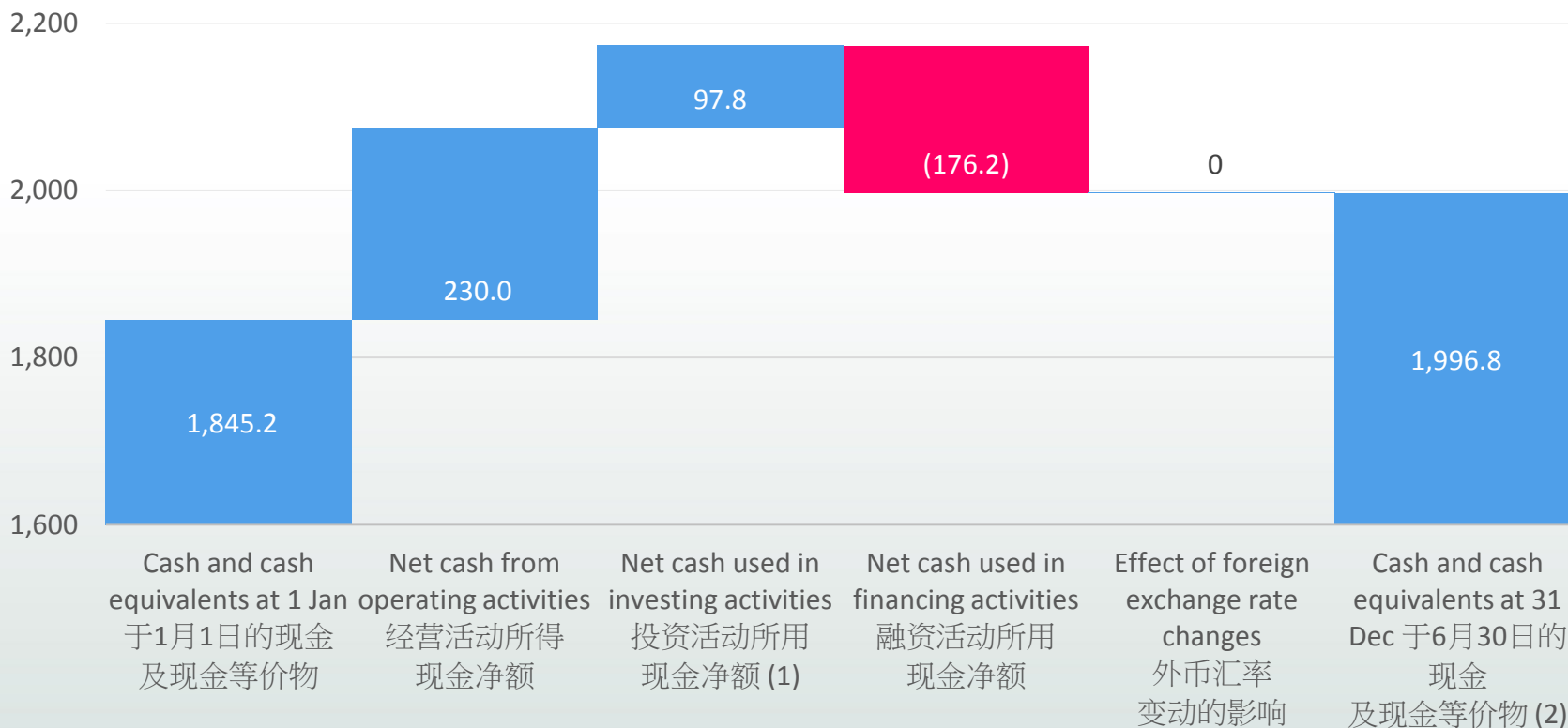
- Average trade receivables turnover days is equal to the average of the beginning and closing trade receivables balance divided by the revenue (including value-added tax) and multiplied by the number of days in the period/ 平均应收贸易帐款周转天数等于期初及期末应收贸易账款结余的平均数除以收入（包括增值税），再乘以有关期内天数
- Average inventory turnover days is equal to the average of the beginning and closing inventory balance divided by the cost of sales and multiplied by the number of days in the period/ 平均存货周转天数等于期初及期末平均存货余额的平均数除以销售成本，再乘以有关期内天数
- Average trade payables turnover days is equal to the average of the beginning and closing trade and trade bills payables balance divided by cost of sales and multiplied by the number of days in the period/ 平均应付帐款周转天数等于期初及期末平均贸易及贸易应付票据余额的平均数除以销售成本，再乘以有关期内天数

CASH FLOW

现金流量

Cash and cash equivalents 现金及现金等价物

(RMB mn)



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

包括定期存款及到期日超过3个月的抵押银行存款

(2) Excluded fixed deposits held at banks with maturity over 3 months and bank deposits pledged as security for bank loans

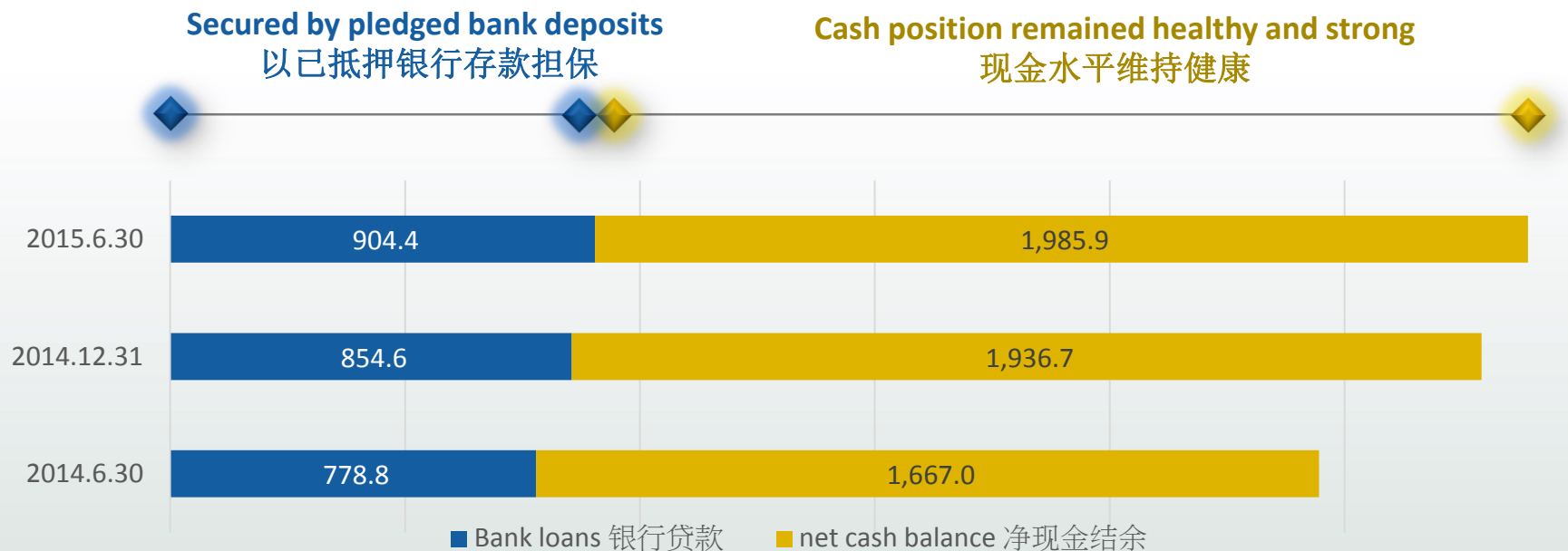
不包括在银行到期日超过3个月的定期存款，和作为银行贷款担保的抵押银行贷款

HEALTHY AND STRONG CASH POSITION

稳健的现金水平

Total cash and bank balance 银行及现金结余

(单位：人民币百万元)



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**BUSINESS &
OPERATIONAL
REVIEW**

业务回顾

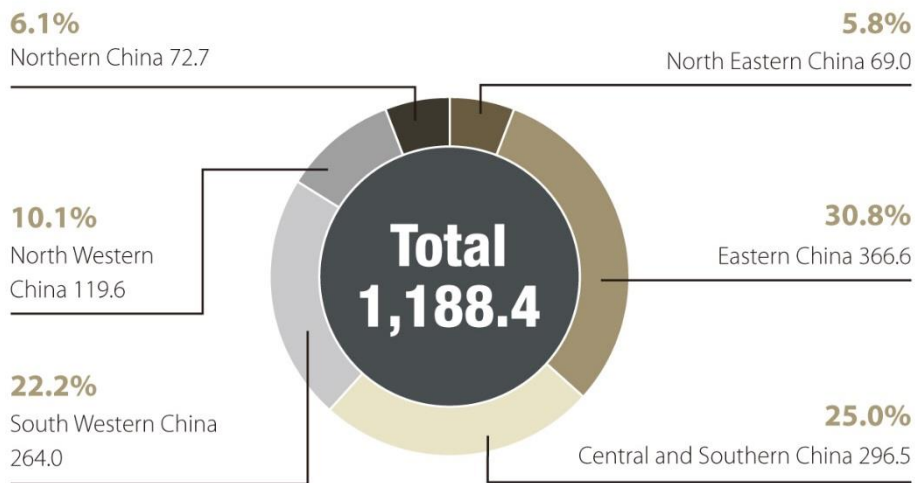


NATIONWIDE DISTRIBUTION NETWORK

全国性销售网络

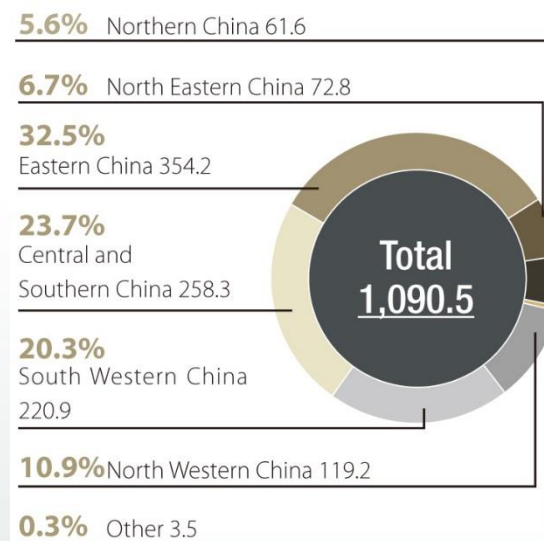
January to June 2015 Revenue by region

(RMB million)



January to June 2014 Revenue by region

(RMB million)



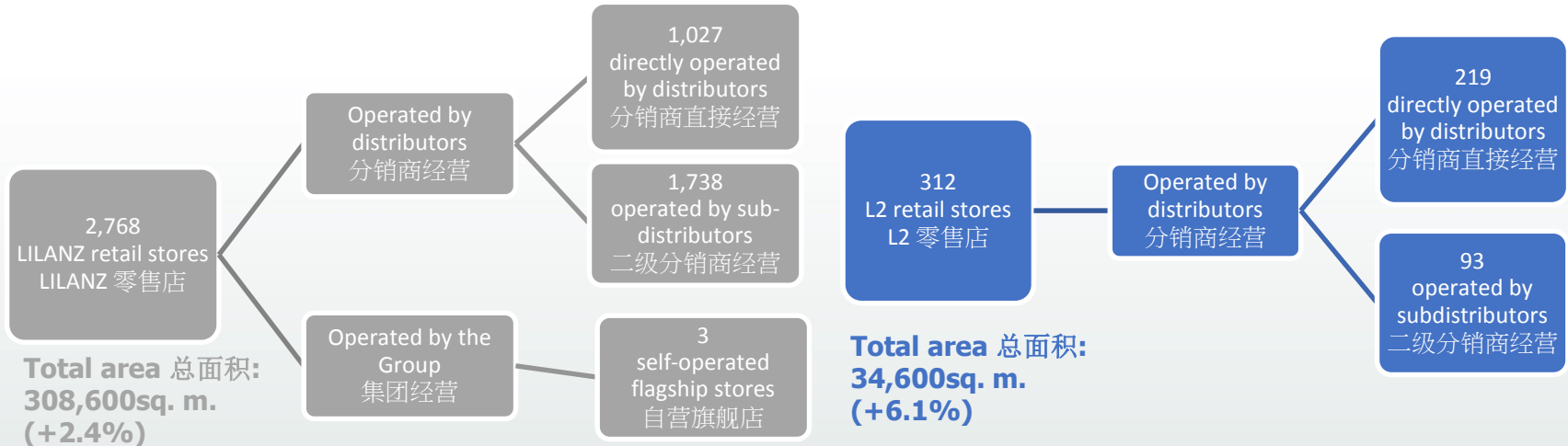
Group store count 集团店铺数量	30.06.2015	01.01.2015	Change 变动
Eastern China 华东	833	850	-17
Central and southern China 中南	725	740	-15
South Western China 西南	630	615	+15
North Eastern China 东北	301	305	-4
Northern China 华北	300	295	+5
North Western China 西北	291	274	+17
Total store count 店铺总数	3,080	3,079	+1

	No. of stores renovated 店铺整改数目
2012	280
2013	750
2014	680
1H2015	200
2H2015	80

销售渠道管理

Traditional Channel 传统渠道

- Provide training for distributors' management team, covering direct retailing and channel development, market expansion and experience sharing on direct retailing so as to strengthen retail channel management
继续为一级分销商之管理团队提供培训，内容将涵盖直营和渠道开发，新市场拓展，以及直营经验交流，务求进一步加强零售渠道的管理
- Continue to expand retail area, total retail area of stores increased by 2.8% to 343,200 sq. m.
零售面积持续扩张，总店铺面积增加2.8%至343,200平方米



E-Channel 网上渠道

- Pay close attention to the potential of e-business channel and make good use of it as an important marketing channel
继续密切关注电子销售渠道的发展潜力，并善用其作为重要的推广渠道
- Sell “LILANZ” and “L2” products through online sales platforms, offering same products and at same prices as in brick-and-mortar stores, except for out-of-the-season products
继续通过网上销售平台出售旗下「LILANZ」及「L2」品牌的产品，除了非当季产品外，网上销售平台的产品和价格与实体零售店一致
- The Group does not expand online sales aggressively for the time being
集团暂时没有大力发展网上销售

产品设计及开发

- Promote individuation in its product designs and further differentiate its products from market peers
 - Provide more choices for its customers with newer fabrics
 - Increase proportion of original products
 - Among all 2015 products, products of original designs accounted for about 60%, and about 25% of those products adopted the Group's proprietary fabrics
 - An accessory designer joined the international design team last year, promoting the sales and gross profit margin of accessories
 - Designated one of "LILANZ" foreign designers as "L2" chief designer, and the 2015 winter collections would contain some of his work
- 提升产品之个性化设计，加强产品的差异性
 - 面料的应用亦更崭新，为顾客带来更多样化的选择
 - 增加原创产品比例
 - 2015年全年的产品中，原创产品约占60%，应用独有研发面料的约占25%
 - 配件设计师于去年加入国际研发团队，有助促进配件的销售和提升配件的毛利率
 - 于去年底调任「LILANZ」的其中一名外籍设计师为「L2」的总设计师，「L2」的2015年冬季系列将包括部分新总设计师的设计



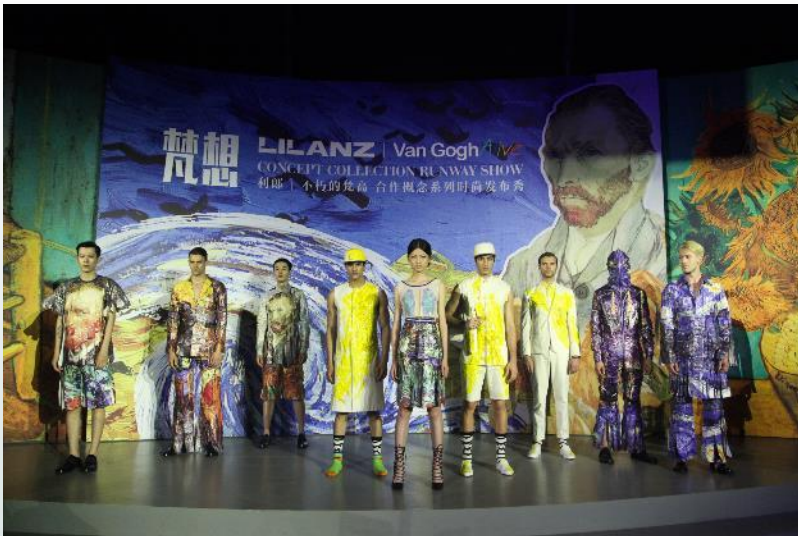
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L2

MARKETING & PROMOTION

营销与宣传

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- Continue to engage Mr. Chen Dao Ming (陳道明), as the spokesperson for “LILANZ”
- Place advertisements in the stadium of World Cup preliminaries and saw positive effect
- Put soft-sell advertisements in magazines and newspapers
- Set up billboards in more than a dozen of airports in China
- Sponsored “Van Gogh Alive — The Experience”, a multi-sensory art exhibition in Shanghai in 2Q2015, and became the sole apparel partner of this travelling exhibition in China
- Held a marvellous fashion & art show in the exhibition venue, and released its special collections “Salute to the Artist”, which featured the classic works of Van Gogh the artist

- 继续委聘陈道明担任「LILANZ」品牌代言人
- 在世界杯预赛球场投放广告，效果正面
- 在杂志和报章上以软性广告作宣传
- 在全国十多个机场摆放广告牌
- 赞助今年第二季度在上海举行的2015「不朽的梵高」感映艺术大展，并成为梵高中国巡展的唯一服装类合作伙伴
- 于今年6月份在巡展会场内举行了一场精彩绝伦的时尚艺术大秀，并展示了「向艺术家致敬」特别系列

IMPROVING TRADE FAIR RESULTS

订货会成绩持续改善

- The 2015 fall and winter trade fairs were respectively held in 1Q2015 and 2Q2015. The continuous improvements in trade fair orders indicated a relatively healthy level of channel inventory and also the distributors' confidence in the Group's products

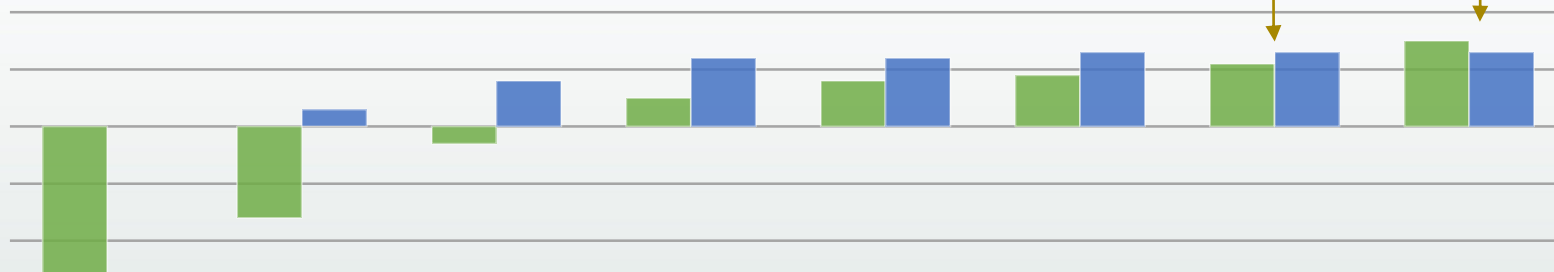
二零一五年的秋季和冬季订货会已分别于今年首季及次季举行，订货情况持续改善，反映集团的渠道库存回复较理想水平，以及分销商对集团产品的信心

Winter 2015 trade fair orders will commence delivery in

August 2015年冬季订货会将于8月开始付运

Autumn 2015 trader fair orders commenced delivery in June

2015年秋季订货会已于6月开始付运



	Autumn 2013 秋	Winter 2013 冬	Spring/Summer 2014 春夏	Autumn 2014 秋	Winter 2014 冬	Spring/Summer 2015 春夏	Autumn 2015 秋	Winter 2015 冬
■ LILANZ	-26%	-16%	- Low single digit 低单位数	+ Mid single digit 中单位数	+ High single digit 高单位数	+ High single digit 高单位数	+ Low double digit 低双位数	+ 15-17%
■ L2	Flat 持平	+ Low single digit 低单位数	+ High single digit 高单位数	+ 10-15%	+ Low double digit 低双位数	+ Low double digit 低双位数	+ Low double digit 低双位数	+ 10-13%

LILANZ 利郎

Outlook & Strategy

前景与策略



PRUDENT AND FLEXIBLE OPERATION STRATEGY

审慎而灵活的经营策略



Operating environment is still uncertain 经营环境仍然不明朗

- Recovery of China's menswear industry still lacks momentum
- In the short run, consumer confidence and sentiment will still be affected by the economic uncertainty
- Competitiveness of a menswear brand hinges on its capability to transform and innovate as well as the value for money of its products
- 中国男装行业的回暖力度仍然不足
- 短期消费者信心及消费气氛仍受到经济不明朗因素所干扰
- 男装品牌的竞争力将系于其转型创新能力以及产品的性价比

Continue to adopt the strategy of "improving product quality without raising the price" 贯彻「提质不提价」

- Further raise original designs proportion and enhance value for money of its products
- Increase products and brands competitiveness
- 2016 spring & summer trade fair will be held in mid- and late August.; the management is confident to continue order value growth
- Continue to improve store efficiency and aim to achieve a high single-digit SSSG in 2H2015
- Store opening plan for the year
 - Maintain "LILANZ" current store number; add 20-30 "L2" stores
 - Open 20-30 large-scale stores in shopping malls in provincial capitals and prefecture-level cities
 - Complete renovating remaining "LILANZ" stores
- 进一步提升原创产品的比例、产品的性价比
- 提升产品和品牌的竞争力
- 集团2016年春夏订货会将于8月中下旬举行，管理层有信心延续订货金额增长扩充的势头
- 继续提升店效，下半年集团目标是零售门店能实现高单位数的同店销售增长
- 全年的开店计划
 - 「LILANZ」店铺数目持平；「L2」净增加20-30家店铺
 - 在省会和地级市的购物商场开大店20-30家
 - 完成余下「LILANZ」门店的装修整改工作

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Open Forum

答问时间



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June - unaudited

		1H 2015 RMB'000	1H 2014 RMB'000	Change /变动 (%)
Revenue	收入	1,188,364	1,090,520	+9.0%
Cost of sales	销售成本	(700,299)	(644,714)	
Gross profit	毛利	488,065	445,806	+9.5%
Other net income	其他净收益	32,611	3,241	
Selling and distribution expenses	销售及分销开支	(122,540)	(109,581)	
Administrative expenses	行政开支	(47,308)	(44,313)	
Other operating expenses	其他经营开支	(7,388)	(105)	
Profit from operations	经营溢利	343,440	295,048	+16.4%
Net finance income	融资收入净额	44,342	43,179	
Profit before taxation	除税前溢利	387,782	338,227	
Income tax	所得税	(110,817)	(90,136)	
Profit for the period	期内溢利	276,965	248,091	+11.6%
Other comprehensive income for the period	期内其他全面收益			
Item that may be reclassified subsequently to profit or loss:	其后可能重新分类至损益之项目：			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the PRC	换算中国国境外附属公司财务报表的汇兑差额	(784)	(13,763)	
Total comprehensive income for the period	期内全面收益总额	276,181	234,328	
Earnings per share	每股盈利			
Basic (RMB cents)	基本 (人民币分)	23.0	20.7	+11.1%
Diluted (RMB cents)	摊薄 (人民币分)	22.9	20.6	+11.2%

CONSOLIDATED BALANCE SHEET

At 30 June - unaudited

(RMB '000)	(人民币千元)	30.06.2015	31.12. 2014	31.06.2014
Non-current assets	非流动资产			
Property, plant and equipment	物业、厂房及设备	275,352	284,154	292,797
Lease payments	租赁预付款	102,298	34,976	35,383
Intangible assets	无形资产	4,922	5,242	5,504
Deposits for purchases of fixed assets and land use rights	购买固定资产及土地使用权订金	3,647	66,216	66,613
Deferred tax assets	递延税项资产	23,088	23,426	18,245
		409,307	414,014	418,542
Current assets	流动资产			
Inventories	存货	196,545	248,845	224,666
Trade and other receivable	应收贸易账款及其他应收款项	698,013	669,501	682,071
Pledged bank deposits	已抵押银行存款	863,438	846,131	819,501
Fixed deposits held at banks with maturity over three months	存放于银行而到期日为三个月以上的定期存款	30,000	100,000	170,000
Cash and cash equivalents	现金及现金等价物	1,996,851	1,845,179	1,456,249
		3,784,847	3,709,656	3,352,487
Current liabilities	流动负债			
Bank loans	银行贷款	904,423	854,590	778,837
Trade and other payables	应付贸易账款及其他应付款项	376,173	416,961	328,435
Current tax payable	应付即期税项	100,469	87,981	56,603
		1,381,065	1,359,532	1,163,875
Net current assets	流动资产净值	2,403,782	2,350,124	2,188,612
Total assets less current liabilities	总资产减流动负债	2,813,089	2,764,138	2,607,154
Non-current liabilities	非流动负债			
Deferred tax liabilities	递延税项负债	56,529	66,269	60,774
Retention payables	应付质保金	-	-	910
		56,529	66,269	61,684
Net assets	资产净值	2,756,560	2,697,869	2,545,470