

Annual Results

全年业绩

2018

**LILANZ**

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code:1234

## Agenda 议程



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  
问答时间



## Results Highlights 业绩亮点



## Both Revenue and Profit Hit Record Highs, and Saw Their Fastest Growth in 7 Years 收入和利润创新高，实现7年最快增长

Group revenue up by 29.8% to RMB3,167.9 mn with LILANZ revenue grew 30.7%  
集团收入上升29.8%至人民币3,167.9百万元， LILANZ品牌收入增加30.7%

Net profit up by 22.9% to RMB751.2 mn; EPS up by 23.7% to RMB62.74 cents  
净利润上升22.9%至人民币751.2百万元； 每股盈利为人民币62.74分， 增加23.7%

A net addition of 260 retail stores, exceeding the full year target  
零售门店总数增加260家， 超额完成全年目标

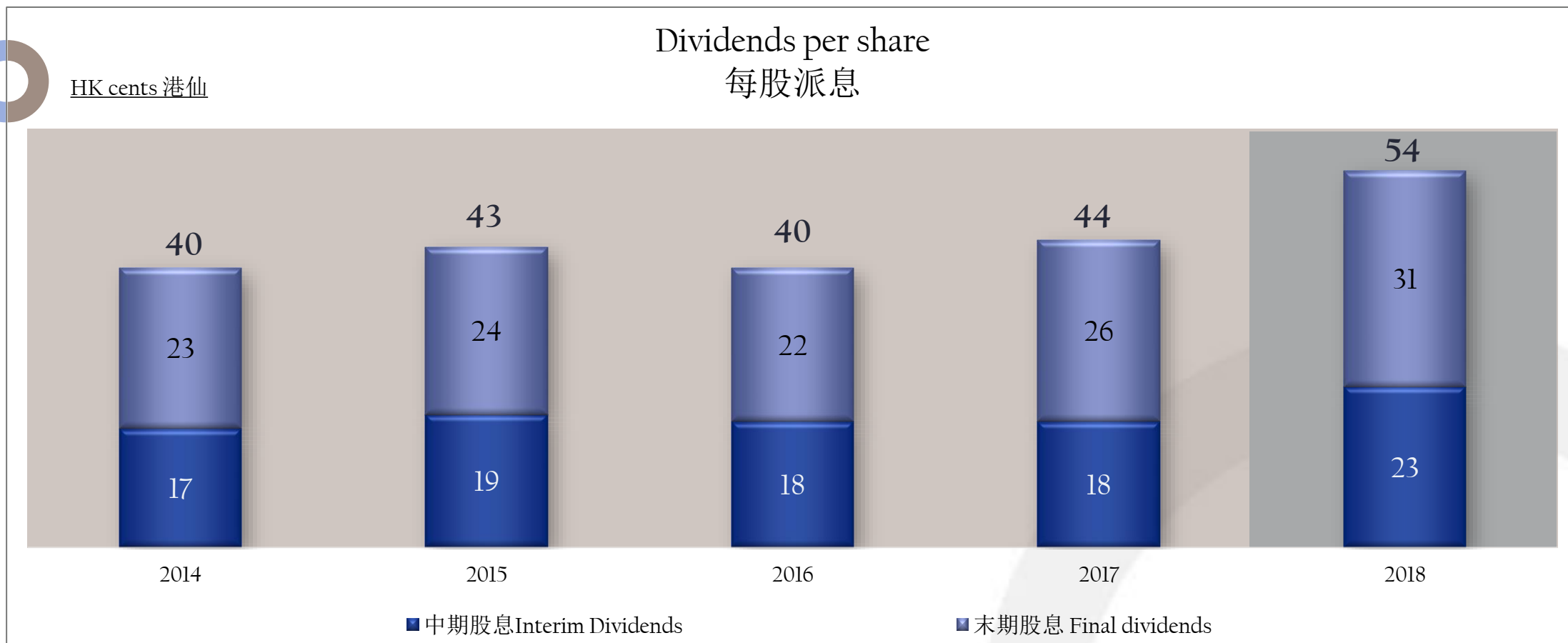
High single-digit or better average SSS growth for four consecutive quarters with channel inventory of the core collection remains healthy  
平均同店销售连续4个季度录得高单位数或以上的增长， 主系列的渠道存货保持健康

Continued to develop new retail business, with online stores for the smart casual collection officially commencing business and the design and operation centre in Shanghai for the smart casual collection commencing operation in 4Q 2018  
新零售业务继续推进， 轻商务网上店铺于第四季度开始正式营业， 位于上海的轻商务系列设计及营运中心亦已投入运作



## Maintaining High Dividend Payout Ratio 保持高派息比率

- Final dividend HK21 cents per share and special final dividend HK10 cents per share
- 末期股息每股21港仙及特别末期股息每股10港仙



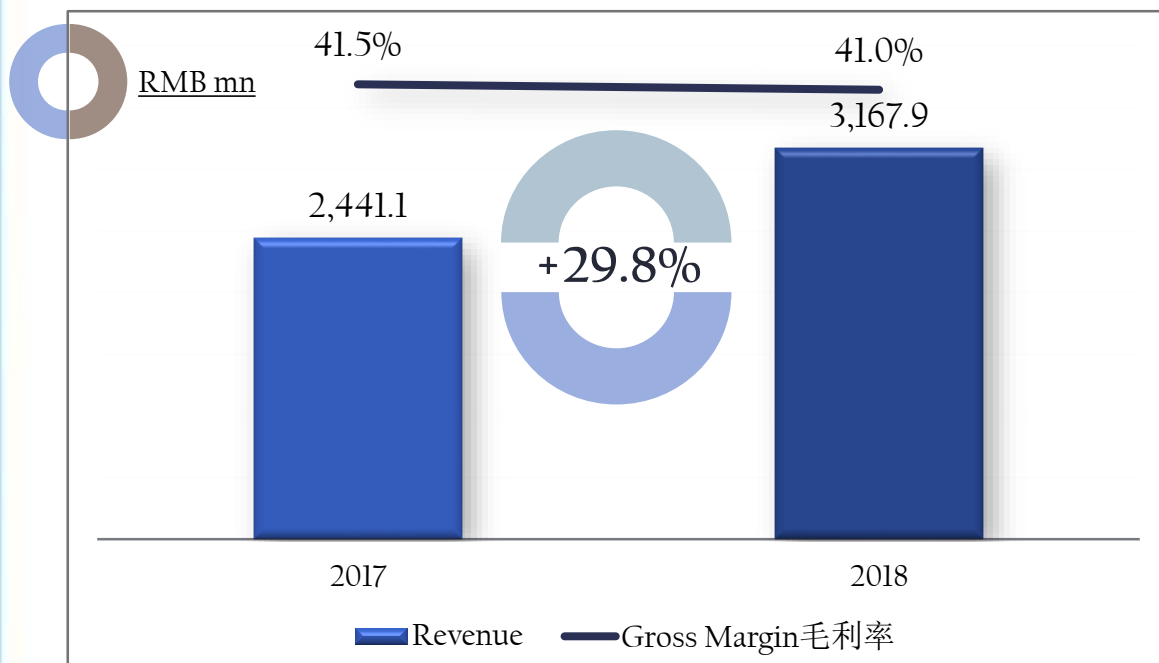




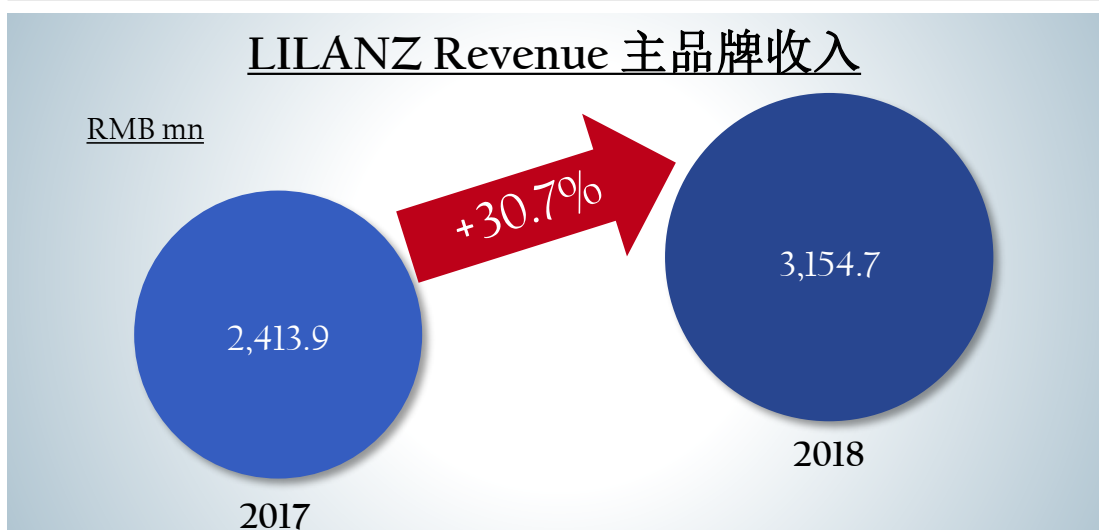
## Financial Review

## 财务表现回顾

## Revenue and Gross Margin 收入及毛利率



## LILANZ Revenue 主品牌收入



## Robust Revenue Growth 收入强劲增长

- LILANZ revenue growth reached 30%
- Strong order growth at all trade fairs for 2018, with some product categories saw additional orders
- Store expansion and encouraging SSSG driving sales growth
- Sales of accessories recorded significant growth of almost 90% and comprised 13.1% of LILANZ revenue, in particular, sales of footwear products increased by more than 1.4 times
- LILANZ收入增长达30%
- 2018各季度订货会订单强劲增长，个别产品类录得补单
- 店铺扩张及较强的同店销售增长，带动销售上升
- 配件销售大幅增长接近90%，占LILANZ收入13.1%，尤其是鞋类产品销售增加超过1.4倍

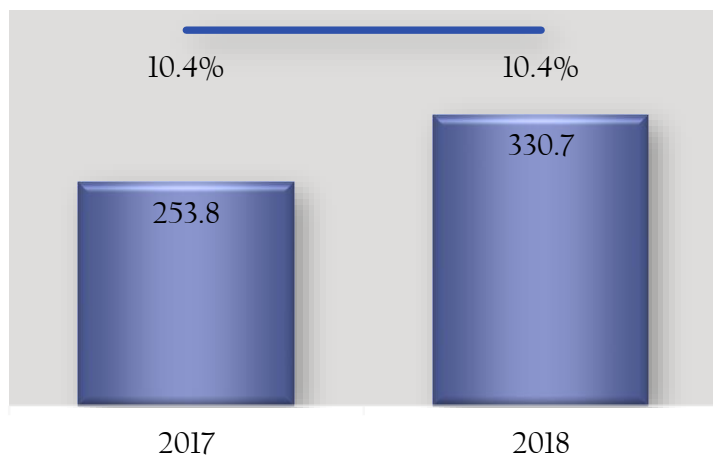
## Lower Gross Margin 毛利率下降

- Gross margin down by 0.5 % point
- In line with the Group's strategy of offering consumers products of excellent value-for-money so as to gain market
- 毛利率下降0.5个百分点
- 符合集团提供物超所值产品以争取市场的策略

## SD & A Expenses 销售、分销及行政开支

### Advertising and Promotional Expenses 广告及推广开支

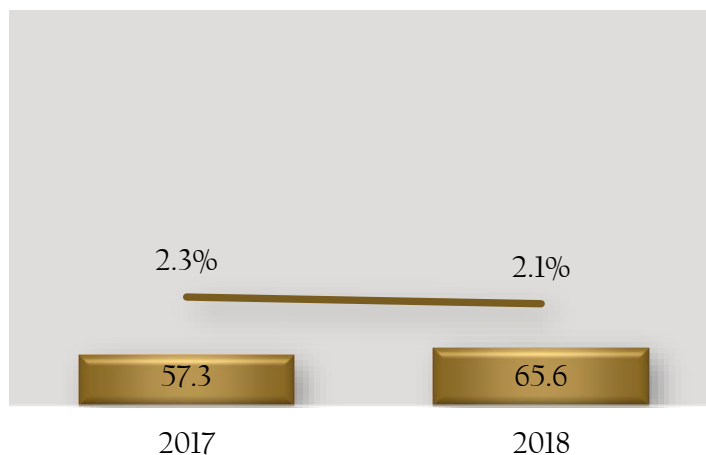
RMB mn



- Higher advertising expenses
- Increased renovation subsidies as 590 stores with larger average area were opened
- 广告费用增加
- 新开590家店，平均面积亦较大，增加装修补贴费用

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

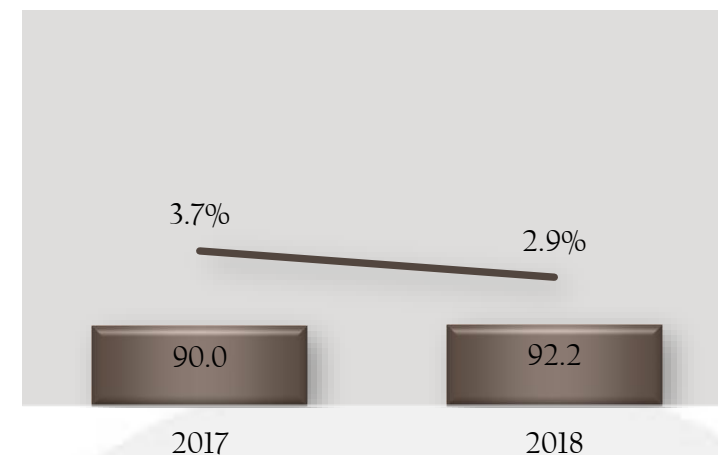
RMB mn



- Expenses increased as business expanded
- 费用因应业务扩张而有所增加

### Administrative Expenses 行政开支

RMB mn



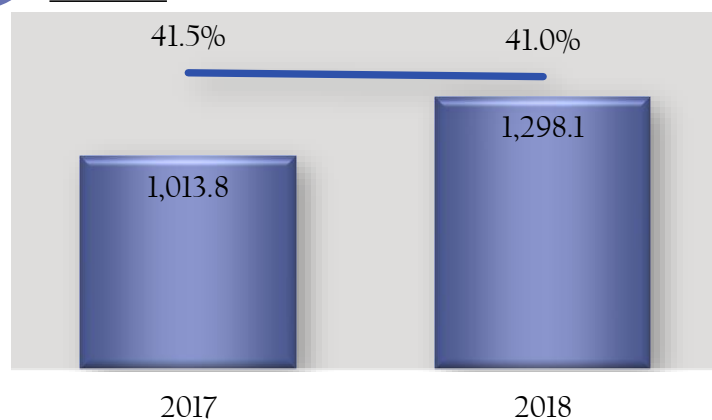
- Administrative expenses controlled at stable level
- 行政开支控制在稳定水平



## Profit & Margin 盈利及利润率

### Gross Profit & Margin 毛利及毛利率

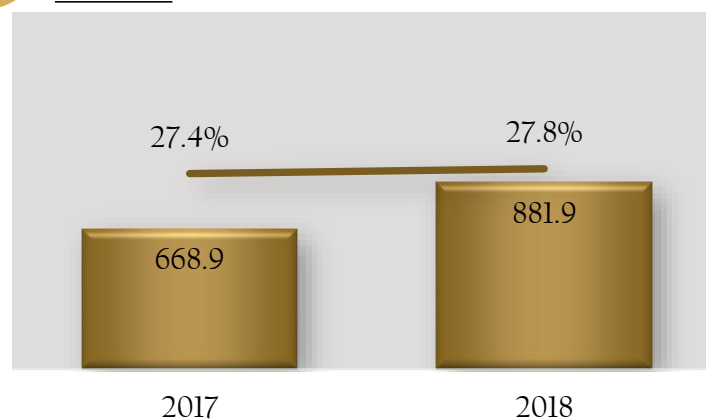
RMB mn



- Gross margin dropped by 0.5 % pt
- In line with the Group's strategy of offering consumers products of excellent value-for-money so as to gain market
- 毛利率下降0.5个百分点
- 符合集团提供物超所值产品以争取市场的策略

### Operating Profit & Margin 经营利润及经营利润率

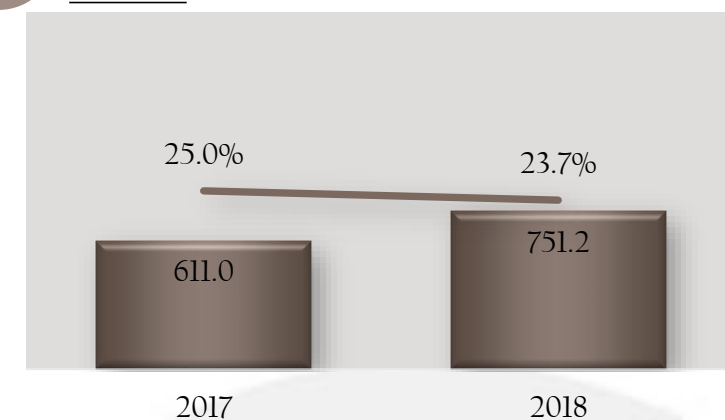
RMB mn



- 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

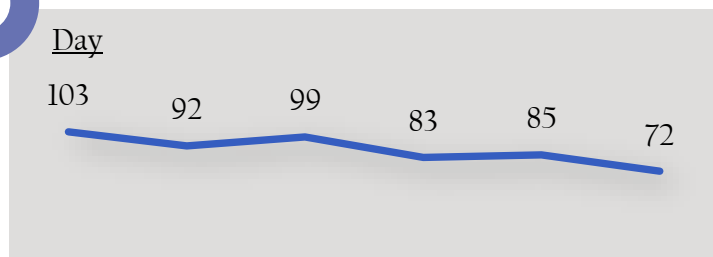
RMB mn



- Effective income tax rate increased by 5.2 % pts to 20.5%
- 所得税有效税率增加5.2个百分点至20.5%

## Working Capital Cycle 营运资金周转天数

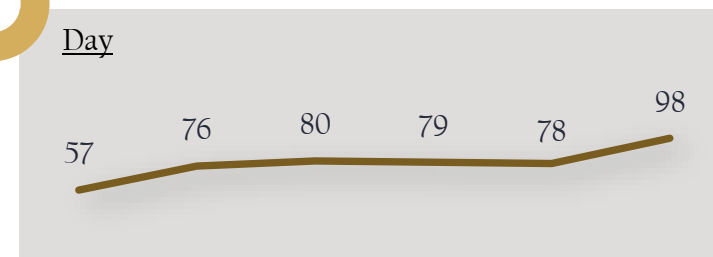
### Average Trade Receivables Turnover Days 平均应收贸易账款周转天数



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018 FY 2018

- AR balance up by 29.1% as sales increased
- AR balance up by RMB185.5 mn to RMB 822.5 mn
- Channel inventories and liquidity of distributors at healthy level
- 应收贸易账款增加29.1%，反映销售增加
- 应收贸易账款增加人民币185.5百万元至人民币822.5百万元
- 渠道库存以及分销商现金流在健康水平

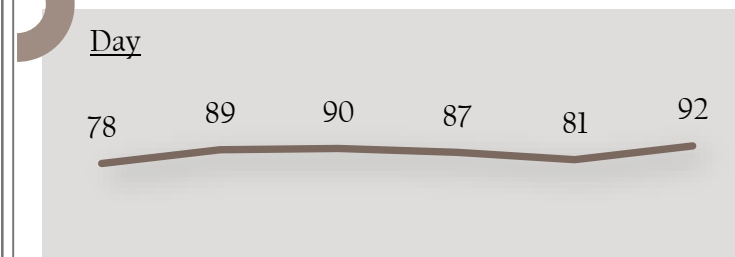
### Average Inventory Turnover Days 平均存货周转天数



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018 FY 2018

- Inventory balance up by RMB353.1 mn to RMB676.4 mn:
  - Increase in inventories for smart casual collection as it was converted to consignment model in 2018 and also due to delays in opening of stores and rollout of online stores.
  - Increases in trade fair orders for 2019 SS collections
  - Raw materials up by RMB77.9 mn as more raw materials were placed with sub-contractors ahead of production schedule when more process outsourcing was used
- Lowered pre-order ratio for smart casual collection starting from 2019 autumn trade fair to control inventory level

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



IH 2016 FY 2016 IH 2017 FY 2017 IH 2018 FY 2018

- AP balance up by RMB270.6 mn to RMB607.1 mn as inventories increased
- 随着库存增加，应付贸易账款余额增加人民币270.6百万元至人民币607.1百万元
- 存货余额增加人民币353.1百万元至人民币676.4百万元:
  - 轻商务在2018年改用代销模式，以及开店及网店的推出延迟，使库存有所增加
  - 2019春夏季订货会订单增长
  - 增加使用分包加工，更多原材料在生产前准备存在分包工厂，使原材料余额增加人民币77.9百万元
- 2019年秋季订货会开始已调低轻商务预订比例以控制库存

# Cash Flows 现金流量

RMB mn 人民币百万元	FY 2018
Net cash generated from operating activities 经营活动现金流入	445.6
Net cash inflows from investing activities 投资活动现金流入 <sup>(1)</sup>	68.5
Net cash used in financing activities 融资活动现金流出	(497.4)
<b>Net increase in cash and cash equivalents 现金及现金等价物增加净额</b>	<b>16.7</b>
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	2.9
<b>Cash and cash equivalents at 31 Dec 于12月31日现金及现金等价物<sup>(2)</sup></b>	<b>1,842.9</b>

## Operating cash inflows 经营现金流入

- Major reconciling items with net profit for the year:
  - AR up by RMB185.5 mn as sales increased
  - Inventories up by RMB353.1 mn due to increases in inventories for smart casual collection, 2019 SS trade fair order growth and also raw materials held by sub-contractors
  - AP up by RMB270.6 mn as inventories increased
- 与年度净利润主要调节项目:
  - 销售增加致使应收贸易账款上升人民币185.5百万元
  - 轻商务库存增加、2019春夏季订货会订单增加、以及分包商所持原材料增加，使库存上升人民币353.1百万元
  - 应付贸易账款因库存增加而上升人民币270.6百万元

## Investing cash inflows 投资现金流入

- Decrease in fixed deposits with maturity over 3 months by RMB188.0 mn
- Interest income received RMB71.6 mn
- Less: CAPEX of RMB192.1 mn
- 到期日为三个月以上的定期存款减少人民币188.0百万元
- 收取利息人民币71.6百万元
- 扣除：资本开支人民币192.1百万元

## Financing cash outflows 融资现金流出

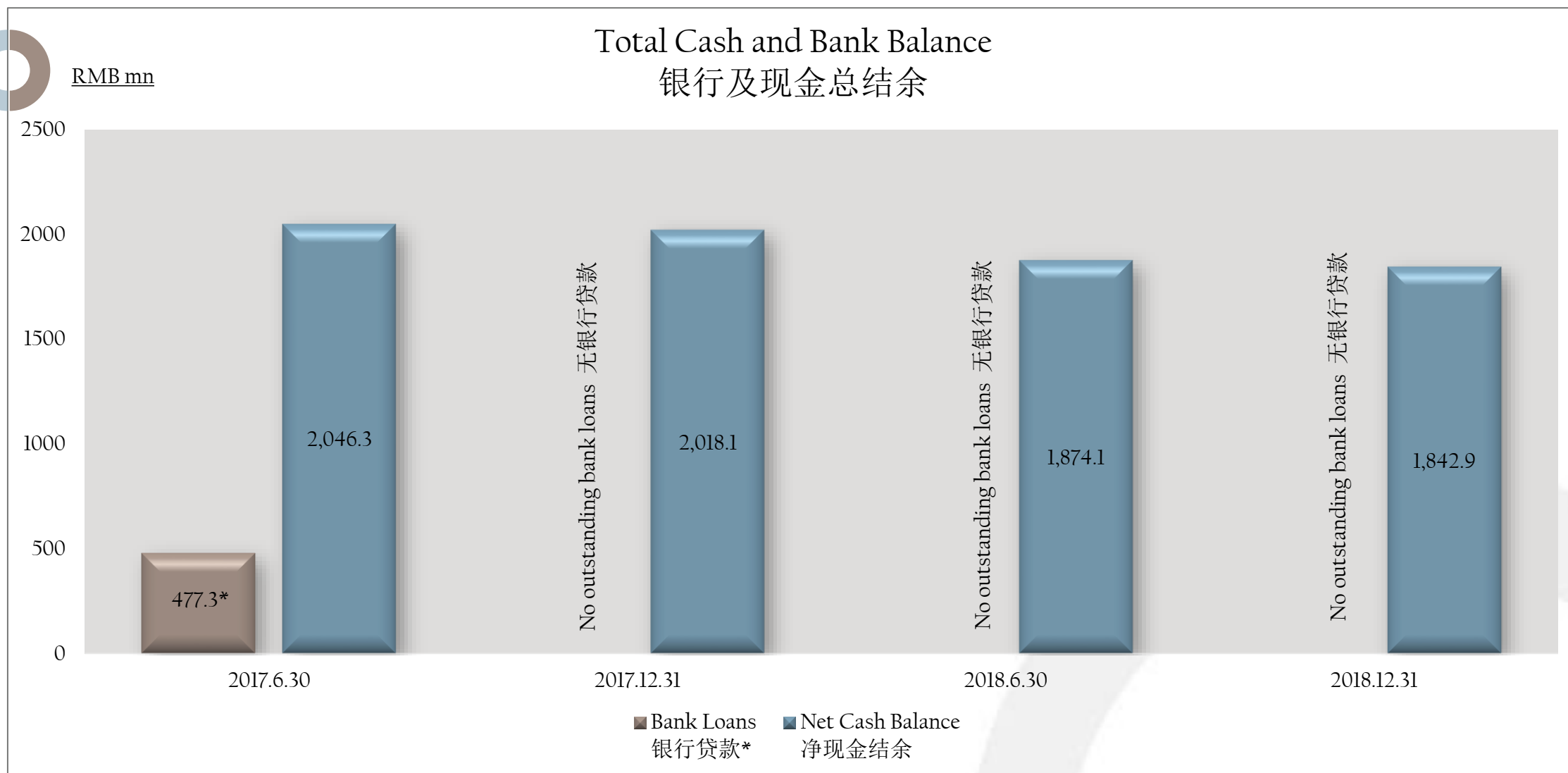
- Payments of 2017 final dividends and 2018 interim dividends totalled RMB494.6mn
- 支付2017末期股息及2018中期股息合共人民币494.6百万元

(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

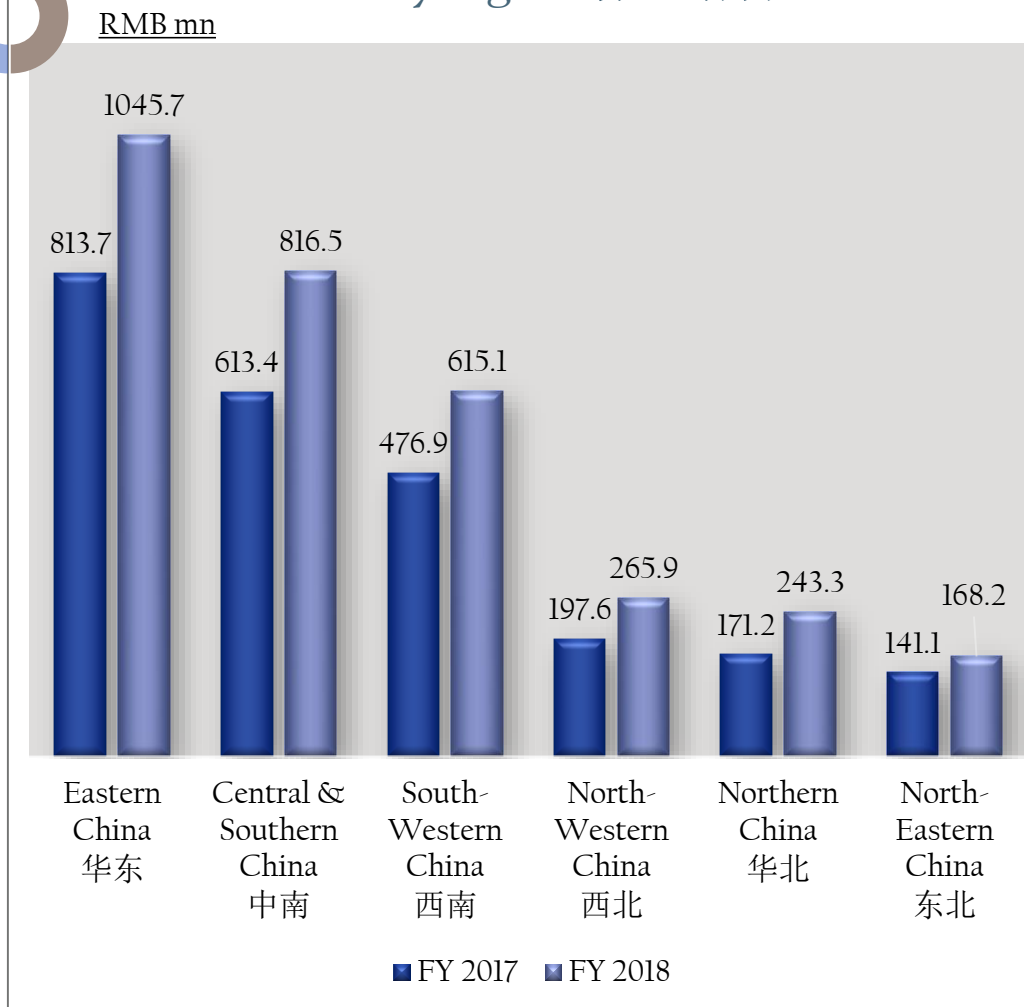


\* Secured by pledged bank deposits 以已抵押银行存款担保



# Sales Channel Management 销售渠道管理

## Sales by region 各区销售



## Store Count by Region 各区店铺数目

	2018-1-1	Open 开店	Close 关店	2018-12-31
Eastern China 华东	639	205	80	764
Central & Southern China 中南	600	140	63	677
South-Western China 西南	470	72	60	482
North-Western China 西北	235	63	36	262
Northern China 华北	245	81	48	278
North-Eastern China 东北	221	29	43	207
<b>Total 总数</b>	<b>2,410</b>	<b>590</b>	<b>330</b>	<b>2,670</b>
<b>Total Retail Floor Space 总店铺面积 (sqm 平方米)</b>	<b>309,600</b>			<b>379,900 (+22.7%)</b>



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

### Promote Sales Channel Management Upgrade:

- The percentage of stores operated by distributors increased to over 50%, while selected sub-distributors with sub-optimal management standards were phased out
- Over 600 stores in shopping malls
- Continue to provide training to distributors
- ERP system monitoring all stand-alone stores; healthy channel inventory and satisfactory retail discount levels

### 推动销售渠道管理升级:

- 由一级分销商经营的门店比重增加至超过50%，而部分管理水平较差的二级分销商则被淘汰
- 在购物商场店铺已超过600家
- 继续为分销商提供培训
- 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



Except the flagship store 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 600 stores in shopping malls  
在购物商场店铺已超过600家



轻商务上海门店



LILANZ 购物商场店

To launch a pilot of our 7<sup>th</sup>-generation store image in 2H 2019  
计划于2019年下半年试点推出第七代店铺形象

# Product Design & Development 产品设计与开发

### 漫游南半球， 利郎全国经销商登陆澳洲



# Australia

六月，利郎开启了全国经销商澳洲之旅。由董事长、副总裁、精英经销商、品牌经理、营销经理组成澳洲拜访团，在这个多元文化的移民国家，一同感受经济、社会、文化、环境等多样发展。

走近大自然，体验新人的天然风景，感受澳洲人的活力和热情。暂时抛开繁忙的“北上广”，享受澳洲的阳光、沙滩和清新的空气。

120+国家，140+品牌的旅程在意大利诞生，造就了“民海的家”的美誉。每一种风格，都经过严格、专业的意大利团队不同季节的社交与体验，带来文化、时尚、最新最实用的潮流，永远品牌为伴。让时尚，成为生活的一部分。

### 利郎设计师团队 赴日韩、意大利等地采风

每一个时尚品牌都梦想着成为消费者的中心，但在日本轻奢消费中心中，时尚品牌却面临着品牌竞争对手、产品更新换代、渠道变革的挑战。利郎设计师团队在日韩、意大利等地进行市场调研，深入了解当地消费者的需求、喜好和消费习惯，为品牌提供有价值的市场洞察。

设计师团队在日韩、意大利等地进行市场调研，深入了解当地消费者的需求、喜好和消费习惯，为品牌提供有价值的市场洞察。

在日韩、意大利等地，设计师团队与当地设计师、买手、模特等进行交流，共同探讨时尚趋势和设计理念。通过实地考察和亲身体验，设计师团队能够更好地理解当地消费者的需求和喜好，为品牌提供更有针对性的产品设计和开发方案。

不同的文化背景影响着不同的生活方式和审美观念。在日韩、意大利等地，设计师团队通过实地考察和亲身体验，能够更好地理解当地消费者的需求和喜好，为品牌提供更有针对性的产品设计和开发方案。

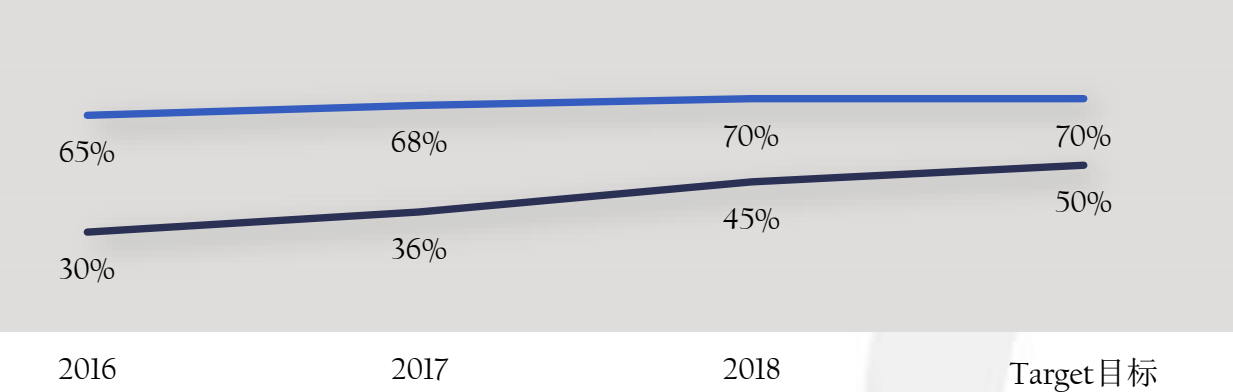
### # Japan # South Korea # Italy



## LESS IS MORE

- An international and domestic R&D team comprising 390 staff working on areas including product design and material development
  - Continue to enrich our product range, in particular by adding more young and fashionable products to cater to consumer demand in 1<sup>st</sup>- and 2<sup>nd</sup>- markets and shopping malls
  - Increase the proportion of season-neutral products
  - Added 2 production lines for leisure footwear at our Wuli Plant
  - The design and operation center for the smart casual collection, located in Shanghai, commenced operation in 4Q 2018
- 
- 390名员工的国际与本地研发团队，在产品研发及物料开发等方面工作
  - 继续丰富产品的结构，增加年轻时尚的产品以满足一、二线城市及购物中心客户群的需求
  - 增加非季节性产品的比例
  - 在五里厂房添置了2条休闲鞋的生产线
  - 位于上海的轻商务系列设计及营运中心亦已于2018年第四季投入使用

% of original design products (by style) out of total  
 原创产品(按款式)占产品比例  
**70%**



**45%**  
 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



## Marketing & Promotion 营销与宣传

- Enhance brand awareness by opening large-scale stores alongside targeted brand advertising and promotion campaigns
- Increased advertising and soft article promotion on online platforms such as Wechat and Microblog in 2H 2018, and began collaboration with www.baidu.com (百度) in late 2018, directing customer traffic to our online stores.
- Continued to place soft advertisements in traditional print media outlets and more advertisements were placed using various types of media on high-speed rail channels
- 继续以开大店提升品牌力，再配合针对性的品牌宣传和推广活动
- 针对新零售的推出在2018下半年加强在《微信》、《微博》等网络平台上的广告宣传以及软文推广，亦于年底展开与《百度》合作，加强引流到集团的网店
- 集团亦继续在传统纸媒以软文宣传，并于年内增加了于高铁各类媒体的广告投放





# Strong Trade Fair Orders Growth 订货会订单增长强劲



2018



2018  
Spring/Summer  
collections

**+21%**

2018春夏季



2018  
Autumn  
collection

**+31%**

2018秋季



2018  
Winter  
collection

**+33%**

2018冬季



2019



2019  
Spring/Summer  
collections

**+23%**

2019春夏季



2019  
Autumn  
collection

**+21%**

2019秋季

# Outlook & Strategy

## 前景与策略





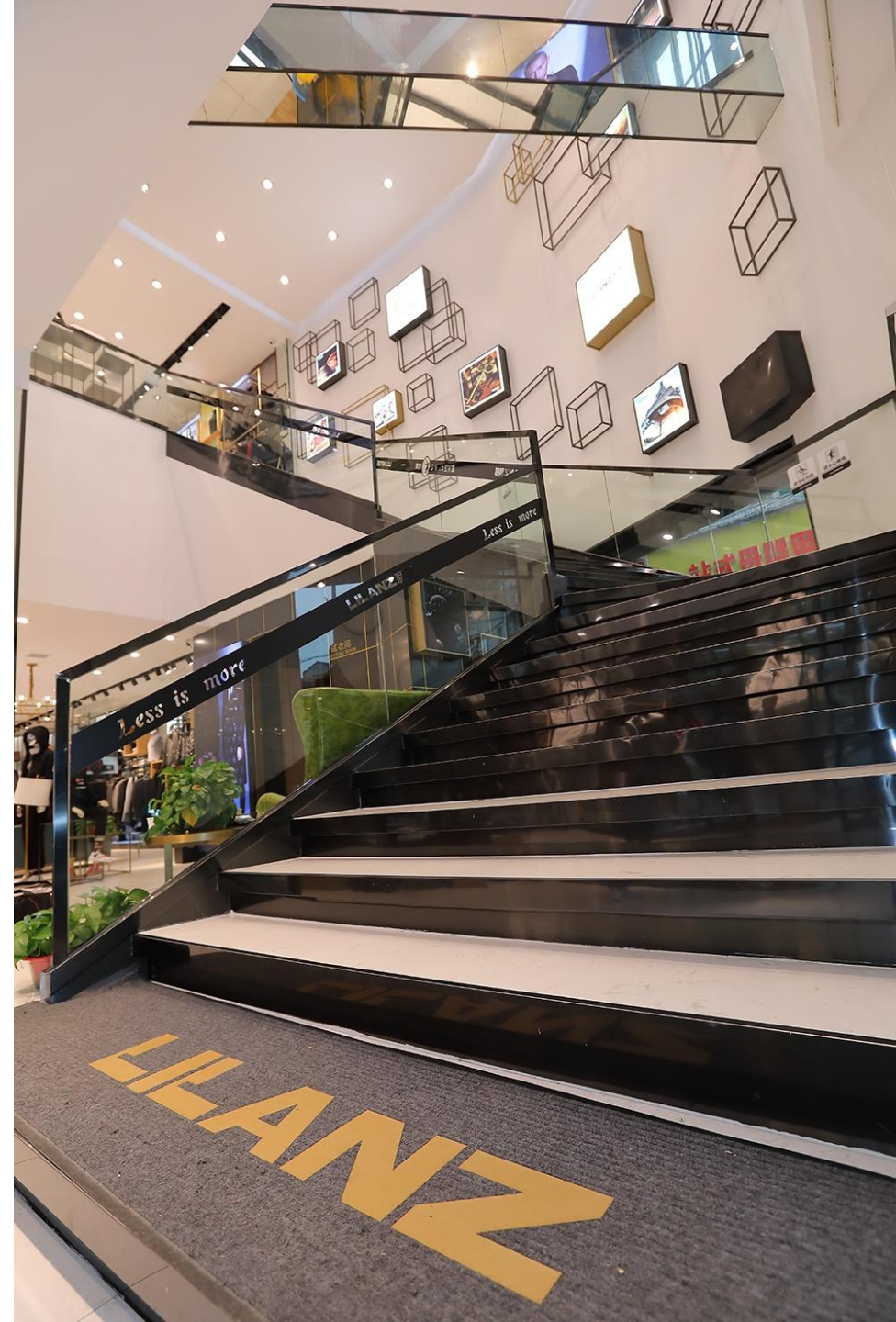
## Cautiously Optimistic, Continue to Expand in 2019 Prudently 审慎乐观，2019年继续稳健扩张

### Channel expansion and upgrade 渠道扩张及升级

- Continue with market expansion in steady pace, targeting to add about 200 stores in 2019
  - Core collection: primarily adding new stores in 3rd- and 4th-tier markets
  - Smart casual collection: Continue to adopt the consignment model, focusing on expanding in Beijing and Shanghai, while continuing to develop 1st- and 2nd-markets in Qingdao, Tianjin, Zhengzhou, Xi'an, Hefei and Zhejiang areas
- Continue to upgrade our sales channel and add more stores in shopping malls
- To launch a pilot of our 7<sup>th</sup>-generation store image in 2H 2019
- 继续稳步推进市场扩展，全年计划净开店约200家
  - 主系列：主力在三、四线市场开店
  - 轻商务系列：继续利用代销模式主攻北京和上海市场，并继续更深入发展青岛、天津、郑州、西安、合肥和浙江等地区的一、二线市场
- 继续推动渠道升级，增加在购物商场开店
- 计划于2019年下半年试点推出第七代店铺形象

### Advance new retail development 推进新零售发展

- Continue to increase brand promotion activities, particularly to improve the online brand awareness of LILANZ, and invest more in increasing traffic to online stores
- 继续增加品牌推广活动，尤其是增加「LILANZ」在网络上的品牌知名度，并加大投入提升网店引流





## Cautiously Optimistic, Continue to Expand in 2019 Prudently 审慎乐观，2019年继续稳健扩张

### R&D and product enhancement 研发及提升产品力

- Continue the mission of offering consumers products of excellent value-for-money
- Continue to enrich product range and increase the proportion of season-neutral products
- 继续以为消费者提供物超所值的产品为目标
- 继续执行产品结构的改革，增加非季节性产品的比例

### Positive operating targets 正面营运目标

- FY2019 target SSSG of no less than high single-digit
- 2019 autumn trade fair concluded in early March 2019, and recorded 21% growth in total orders
- 2019年同店销售目标为不低于高单位数的增长
- 2019年秋季订货会已于2019年3月初结束，总订单录得21%的增长

### Lilang Creative Park 利郎创意园

- The Group's new headquarters expected to officially launch in 2H 2019
- Usher new era for all Group operations - from product research and development, to design, production and sales
- 集团新总部预计于2019年下半年正式启用，集团从研发设计、生产到销售的全线业务，将会提升至一个新台阶



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