INTERIM RESULTS 2016 中期业绩

China Lilang Limited_1234 HK

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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
  未来前景及策略
- Open Forum
  问答时间

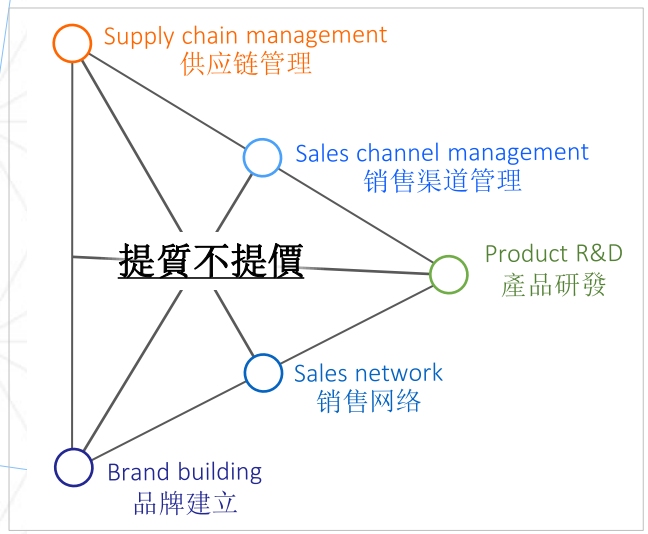
LILANZ 利郎

RESULTS HIGHLIGHTS

业绩亮点

INNOVATE AND TRANSFORM AMID UNCERTAIN OUTLOOK 逆市实现转型创新

- Economic outlook uncertain and weak consumer demand continued
- Widespread heavy rain and flooding in various parts of China affected retail sector amid intensive competition
- Adhere to "Improving product quality without raising price" strategy
- Achieved high-single digit growth in SSS at retail level



- 不明朗的经济前景，消费意欲持续疲弱
- 行業競爭激烈，六、七月份中國各地暴雨及水災影響零售業
- 貫徹「提質不提價」策略
- 零售门店同店销售保持高單位數增长

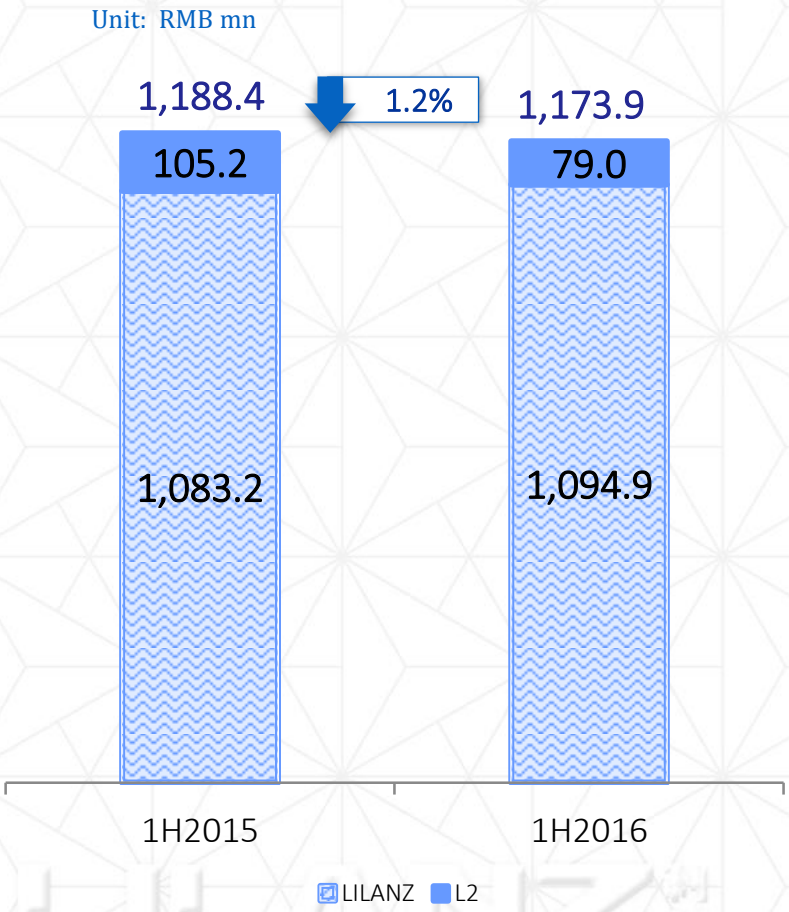
	1H2016 RMB mn	1H2015 RMB mn	Change 变动
Revenue 收入	1,173.9	1,188.4	-1.2%
Gross profit 毛利	480.6	488.1	-1.5%
Operating profit 经营利润	311.1	343.4	-9.4%
Net profit 净利润	266.3	277.0	-3.9%
Earnings per share 每股盈利			
- Basic <RMB cents> 基本	22.0	23.0	-4.3%
- Diluted <RMB cents> 攤薄	22.0	22.9	-3.9%
Interim dividend per share <HK cents> 每股中期股息	13.0	13.0	
Special interim dividend per share <HK cents> 每股特別中期股息	5.0	6.0	
Gross profit margin 毛利率	40.9%	41.1%	-0.2p.p.
Operating profit margin 經營利潤率	26.5%	28.9%	-2.4p.p.
Net profit margin 淨利率	22.7%	23.3%	-0.6p.p.
Return on av. shareholders' equity 平均股東權益回報	9.1%	10.2%	-1.1p.p.
Effective tax rate 有效稅率	26.8%	28.6%	-1.8p.p.
Advertising, promotional expenses and renovation subsidies <as % of revenue> 广告及宣传开支及装修补贴	7.8%	7.6%	+0.2p.p.

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

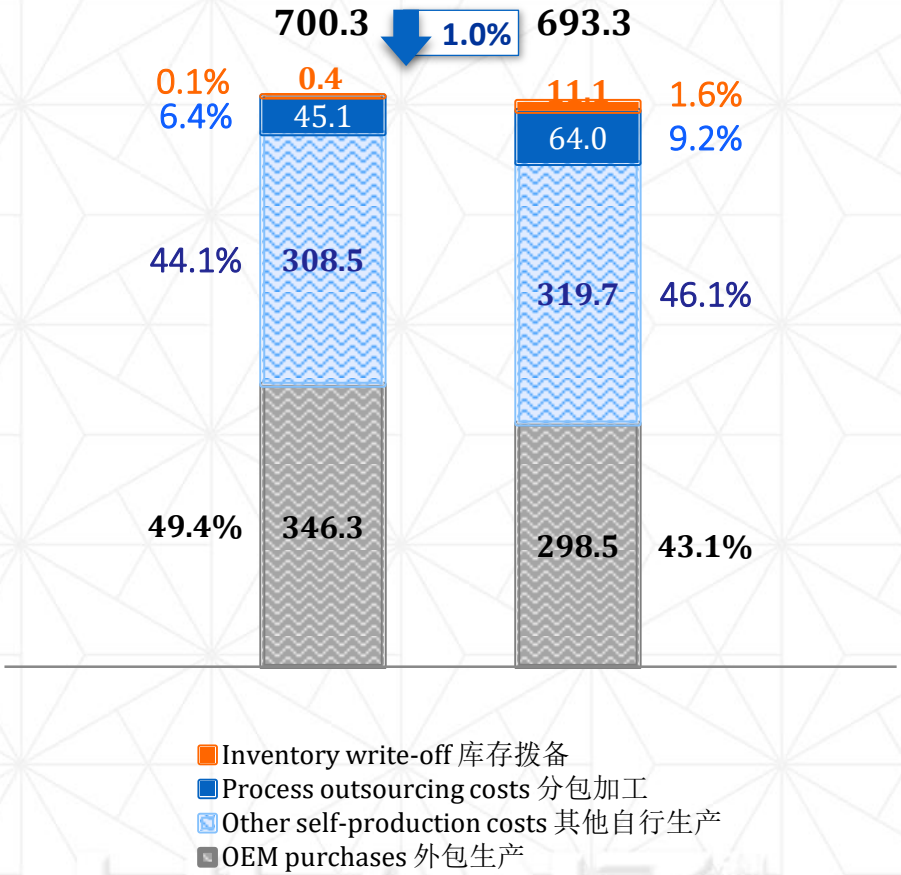


- Sales of **LILANZ** up by 1.1% to RMB1,094.9 million, accounting for about 93.3% of total revenue
  LILANZ 的销售额上升1.1%至人民币10.95亿元，占总营业额约93.3%
- Sales of **L2** down by 25.0% to RMB79.0 million, accounting for about 6.7% of total revenue
  L2 的销售额下跌25.0%至人民币7,900萬元，占总营业额约6.7%
- Repurchased off-season inventories of **L2** of about RMB9.5 million from distributors to relieve their pressure
  為減輕分銷商的壓力，向分銷商回購約人民币950萬元**L2**的老舊庫存

COST OF SALES 销售成本

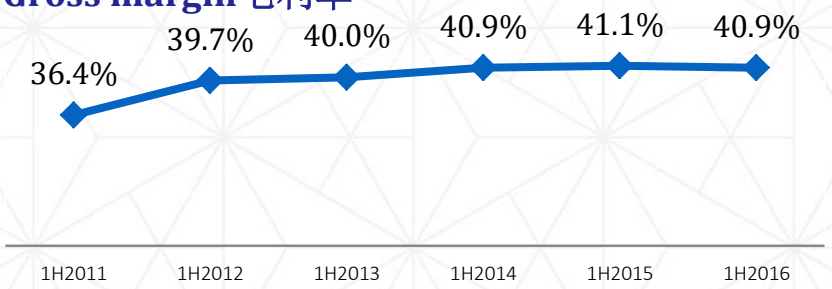
Cost of Sales & Percentage Breakdown
销售成本及比例

Unit: RMB Million



- 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 55.3% of total cost of sales, up by 4.8p.p.
  自产成本（包括分包费用）占总销售成本上升4.8个百分点至55.3%
- Inventory provision of RMB11.1 million for the period was mainly in respect of off-season inventories of **L2**
  期内库存拨备人民币1,110万元主要为**L2**的过季库存拨备
- Total R&D costs increased by 8.8% to RMB43.5 million
  研发成本增加8.8%至人民币4,350万元
- Gross profit margin was slightly down by 0.2 p.p. to 40.9%
  毛利率微跌0.2个百分点至40.9%

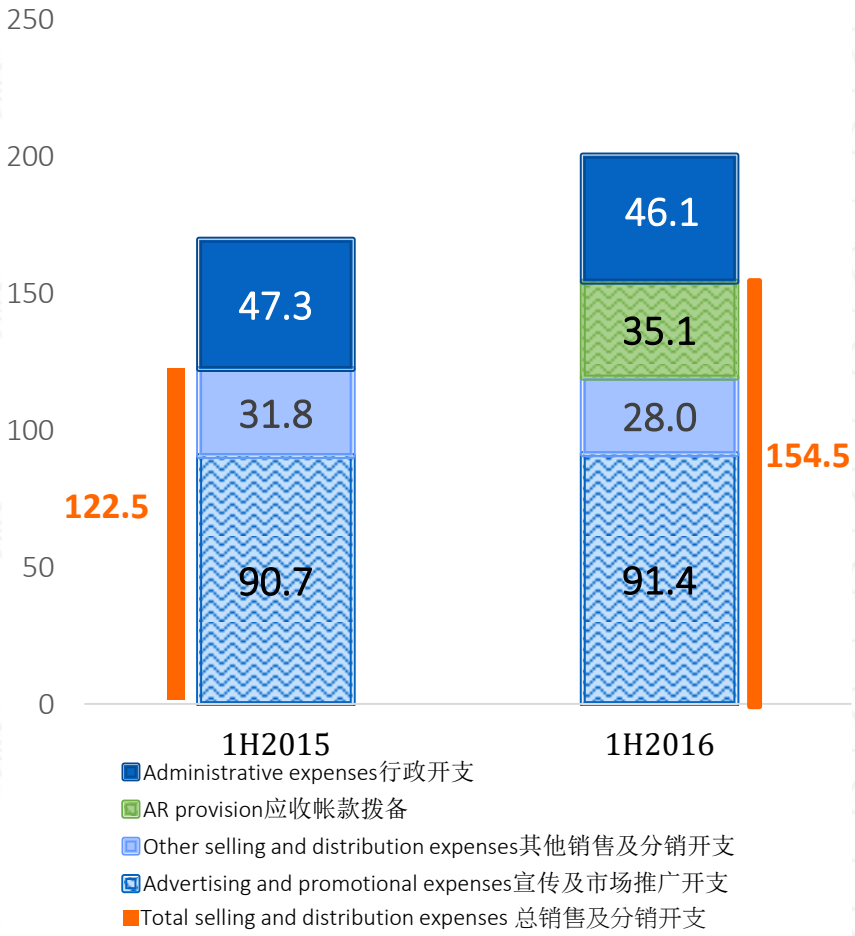
Gross margin毛利率



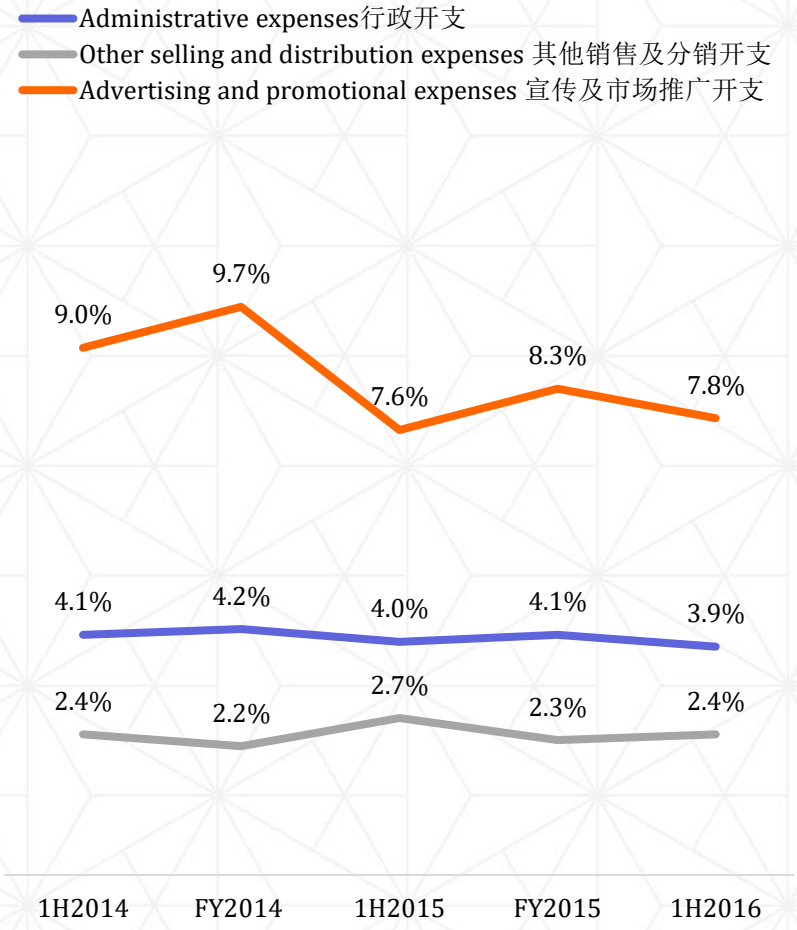
SD&A EXPENSES 销售、分销及行政开支

Total SD&A Expenses
销售、分销及行政开支总额

Unit: RMB Million



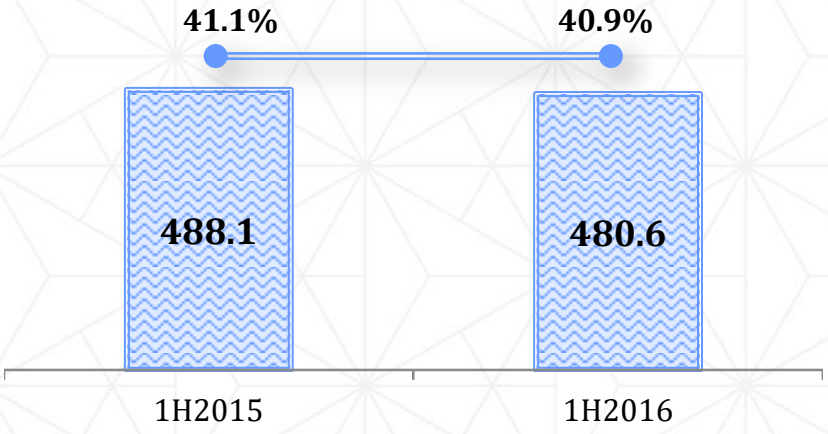
SD&A as % of Revenue
销售、分销及行政开支占收入比例%



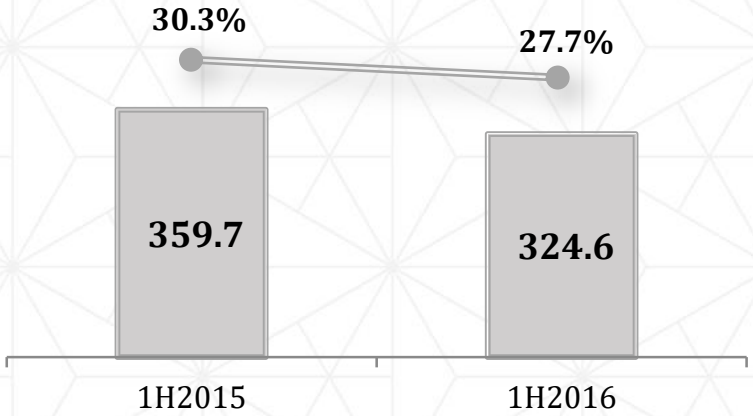
PROFIT & MARGIN 利润及利润率

Unit: RMB mn

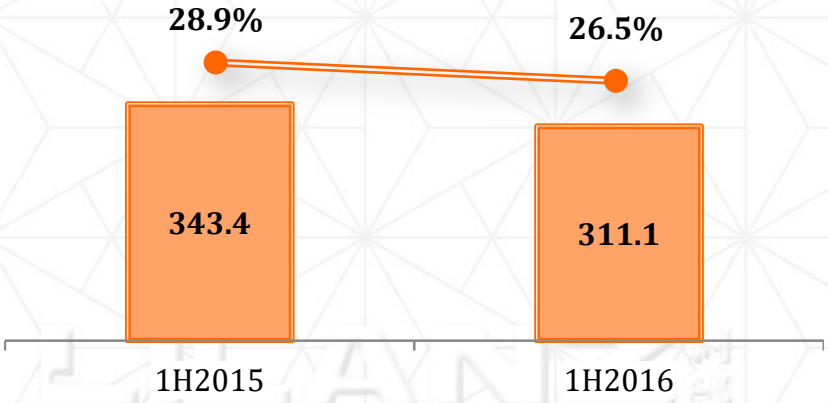
Gross profit & margin 毛利及毛利率



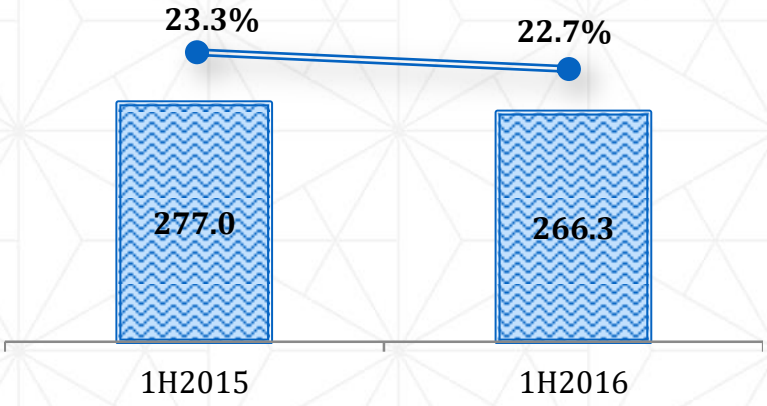
EBITDA & EBITDA margin



Operating profit & margin 经营利润及经营利润率

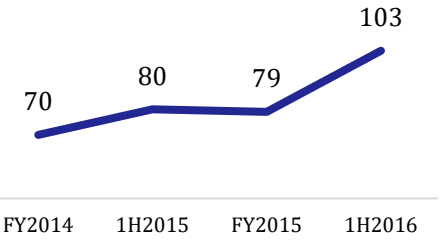


Net profit & margin 净利润及净利润率



WORKING CAPITAL CYCLE 营运资金周转天数

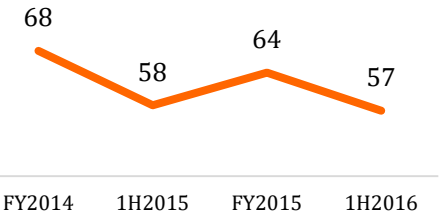
TRADE RECEIVABLES 应收贸易帐款



- Average turnover days increased due to:
  - Extended credit terms to distributors during the peak delivery period for fall and winter products from Jun to Sep
  - Extended credit terms to distributors as incentive for opening large stores in shopping malls
  - Increasing channel inventory and slow-down of retail sales growth in 2Q, affecting the repayment ability of distributors, especially the **L2** distributors
- Balance increased by RMB42.1 million to RMB798.9 million (net of provision)
- As at 30 Jun 2016: total overdue of RMB45.2 million
- Balance of provision for doubtful debts of RMB10.1 million as at 31 Dec 2015, provision of RMB35.1 million made for the period

- 平均周转天数增加因为：
  - 于6-9月秋冬季产品发货高峰期延长分销商账期
  - 延长部分分销商账期以鼓励其于购物商场开设大店
  - 渠道库存增加以及第二季度零售销售放缓，影响分销商的回款能力，特别是**L2**的分销商
- 结余增加人民币42.1百万元至人民币7.99亿元（扣除拨备后）
- 于2016年6月底逾期账款共人民币45.2百万元
- 年初的拨备结余人民币10.1百万元，期内计提的拨备金额为人民币35.1百万元

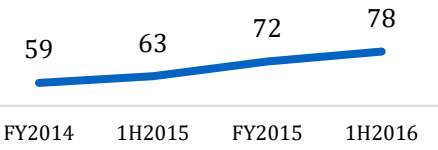
INVENTORY 存货



- Inventory balance decreased by 27% compared to Jun last year, mainly reflecting:
  - order decrease of fall and winter collections
  - improved outsourcing arrangement and better inventory management of finished goods
- As at 30 Jun 2016, full provision made for off-seasons inventories

- 存货结余对比去年6月减少27%，反映：
  - 秋冬季订单减少
  - 分包工厂的生产安排持续改善，制成品库存管理能力提升
- 于2016年6月30日，过季库存已全额拨备

TRADE PAYABLES 应付贸易帐款



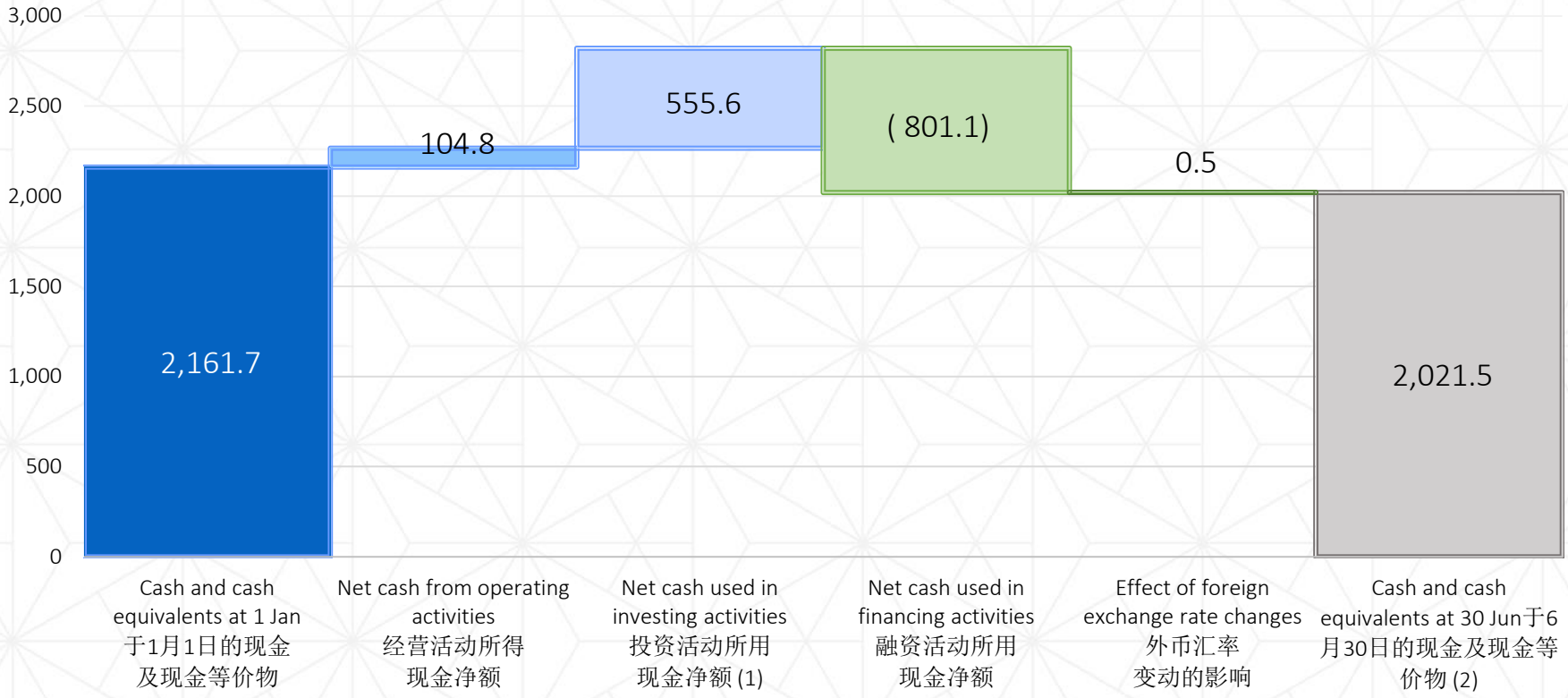
- Turnover days based on June closing balance was 65 days which was in line with the average number for 1H2015.

- 按6月底结余计算，周转天数为65天，与2015年中期平均数字相若

CASH FLOW 现金流量

Cash and cash equivalents 现金及现金等价物

Unit: RMB Million



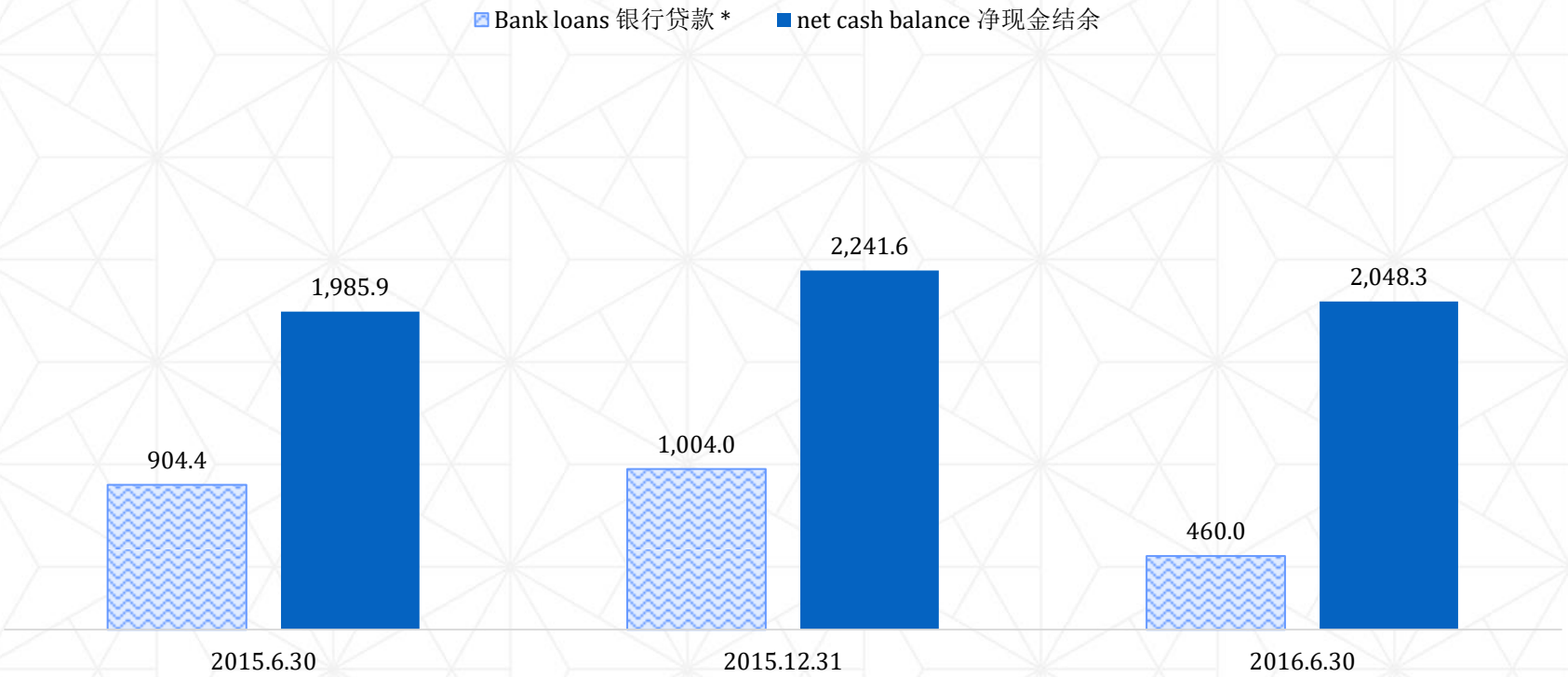
(1) Include placements of time deposits and pledged bank deposits with maturity over 3 months 包括定期存款及到期日超过3个月的抵押银行存款

(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

Unit: RMB Million



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

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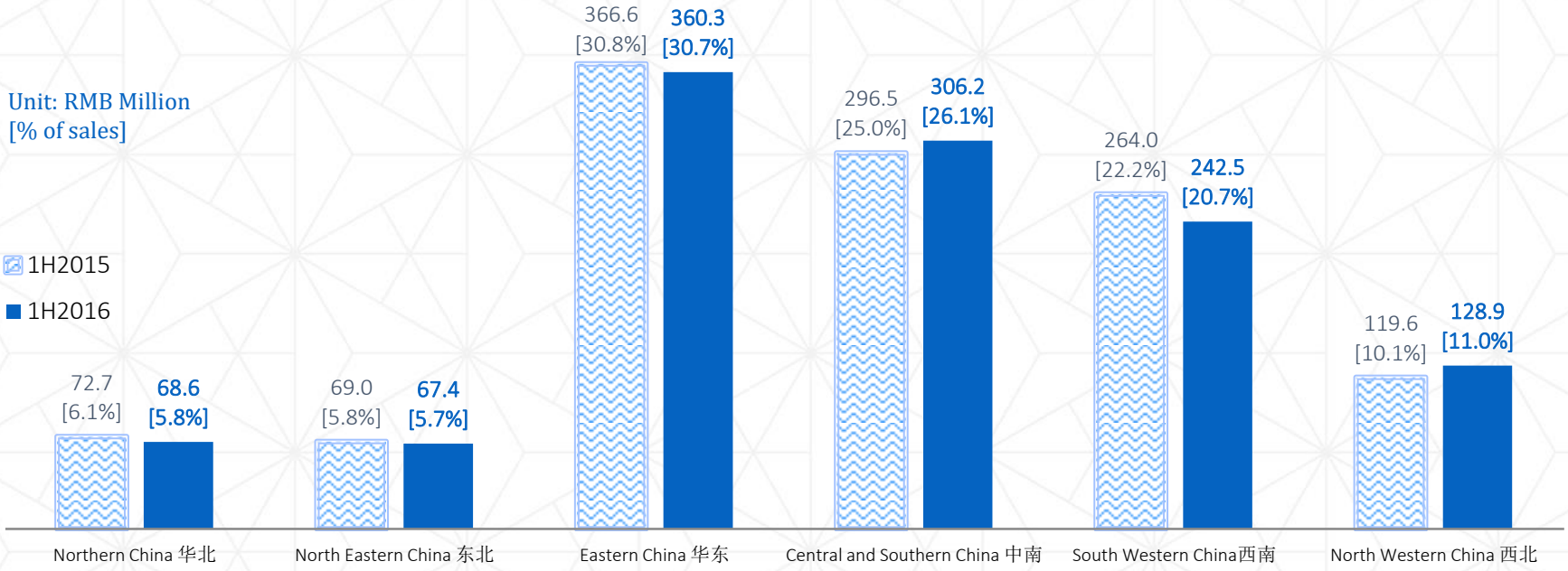
BUSINESS & OPERATIONAL REVIEW

业务回顾

NATIONWIDE DISTRIBUTION NETWORK 全国性销售网络



store count 店铺数目 (As at)	2015.12.31	016.06.30	Net change
Northern China 华北	285	284	-1
North Eastern China 东北	302	291	-11
Eastern China 华东	805	790	-15
Central and Southern China 中南	726	718	-8
South Western China 西南	588	576	-12
North Western China 西北	279	276	-3
	2,985	2,935	-50

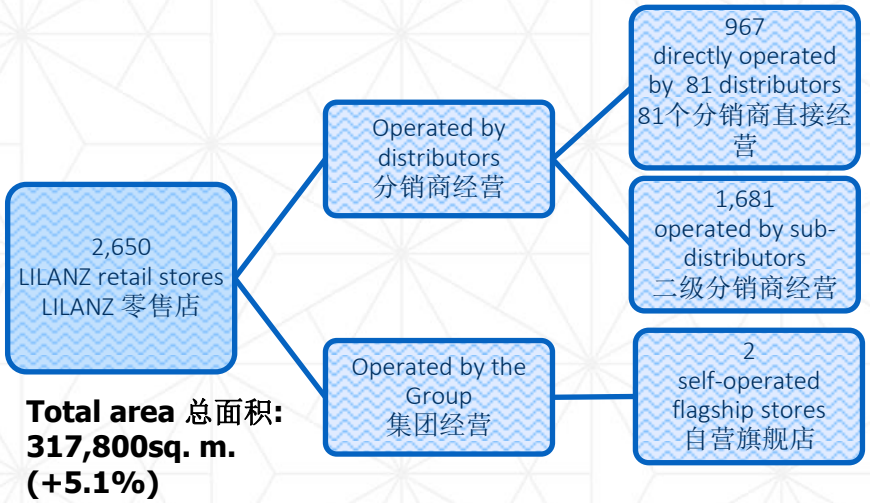
SALES CHANNEL MANAGEMENT 销售渠道管理

Traditional Channel 传统渠道

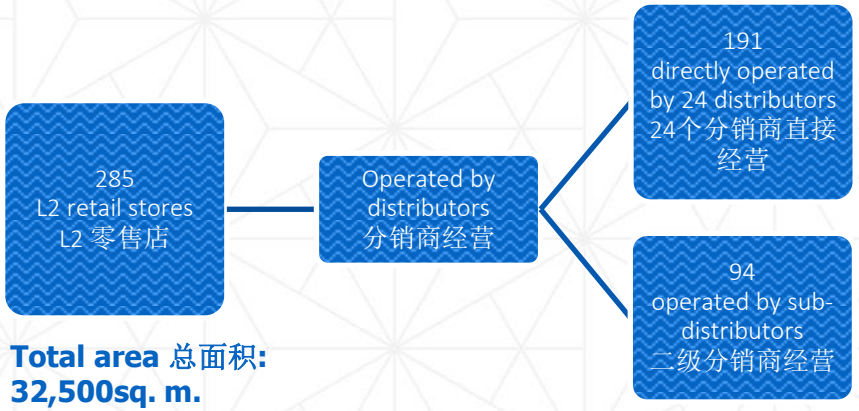
- Continued to expand retail area, total retail area of stores increased by 3.4% to 350,300 sq. m.
  零售面积持续扩张，总店铺面积增加3.4%至350,300平方米

- Provided training for sub-distributors in July, covering team building, concepts and methods of placing orders in trade fairs, store renovation and opening promotion as well as automating and refining the management of stores
  于七月份为二级分销商提供培训，内容涵盖團隊的組建、訂貨的思路與方法、整改及開業活動的推廣、店舖精細化管理等

- Continued to monitor channel inventories through ERP systems connecting to all stand-alone stores.
  继续透过连接所有独立店铺的ERP系统监控渠道库存



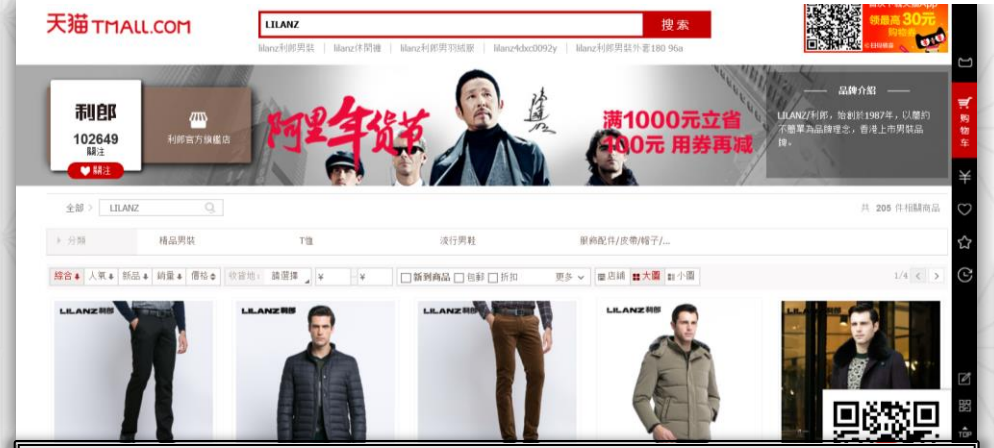
Total area 总面积: 317,800sq. m. (+5.1%)



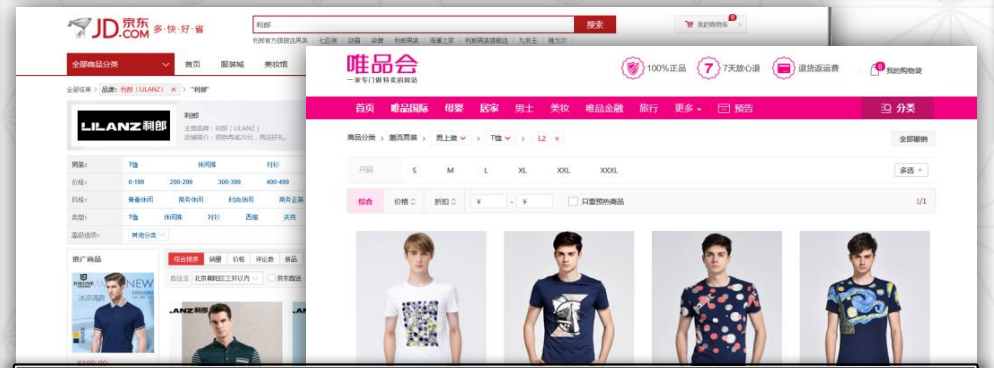
Total area 总面积: 32,500sq. m. (-10.2%)

SALES CHANNEL MANAGEMENT 销售渠道管理

E-Channel 网上渠道



Continue to use T-MALL as major online sales channel
繼續以「天貓」作為主要網上銷售渠道



Also sell “LILANZ” and “L2” products through other online sales platforms 同时亦通过其他网上销售平台出售旗下「LILANZ」及「L2」品牌的产品

Customer relationship management system on WeChat platform launched in 1H2016, and system where products to be available for online selection & delivery to stores for fitting expected to launch in 4Q2016, aiming to increase foot traffic to bricks-and-mortar stores and improve store efficiency
上半年推出通过微信平台的客户关系管理系统，而供客戶選購產品並直送門店供試身的服務預計在二零一六年第四季推出，目標增加實體店的客戶人流及提升店舖效益

PRODUCT DESIGN & DEVELOPMENT 产品设计及开发

- For 2016, products of original designs is expected to account for about 65%, and about 30% of those products adopting the Group's proprietary fabrics
- Intends to raise the proportion of original design products in the total product mix to 70% in the medium to long term, and 50% of such original design products adopting its proprietary fabrics
- Appointed a foreign designer specializing in womenswear on a single season contract basis to design the 2017 fall womenswear collection. A domestic design team for womenswear has been set up, there will also be a small line of womenswear for the spring and summer collections starting 2017.
- Recruited another foreign designer to take charge of the design of the high-end collection of LILANZ

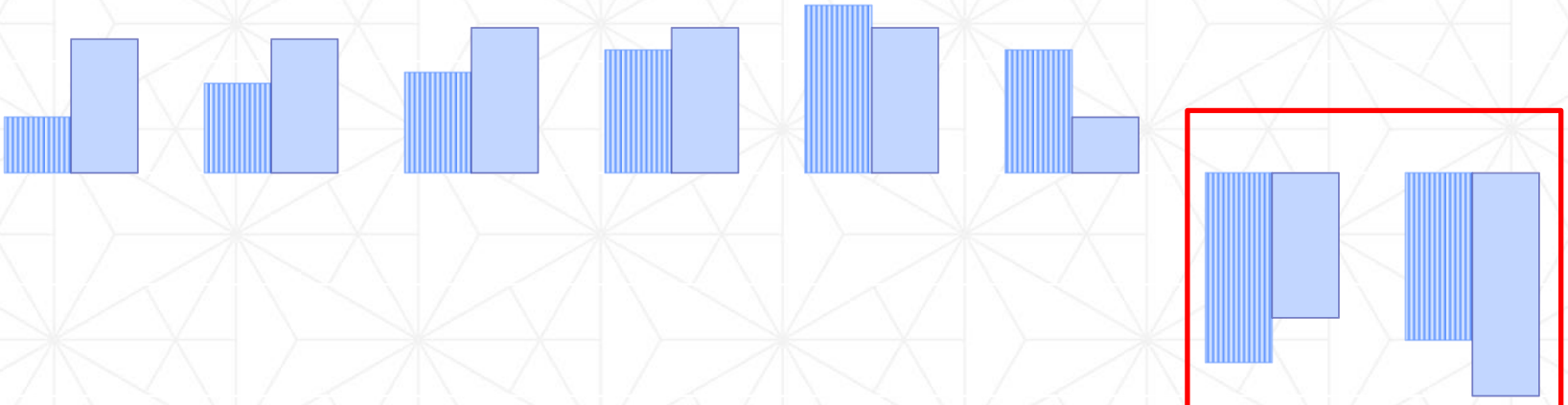
- 2016產品原創比例预计接近65%，其中应用独有研发面料的约占30%
- 中长线计划将原创产品的占比提升至70%，而其中应用独有面料的占比目标是50%
- 以單季合約形式聘任外籍女裝設計師加盟，負責設計2017年的秋季女裝系列，並已成立本地的女裝設計團隊，2017年开始，春夏季亦会推出单件的女装產品
- 增聘一位外籍設計師，负责LILANZ高端系列的设计

MARKETING & PROMOTION 营销与宣传

- Large-scaled stores in 1st- and 2nd-tier cities have been renovated to display the new six-generation image since 2015, using high-end materials to display an elegant style with more retail space
- Plans to renovate or partially upgrade about 800 stand-alone stores in prime locations with this sixth-generation store image in 2H 2016 and 2017, and clearance sales will be held in those stores before renovation
- Start to place advertisements on high speed train stations, and continue to advertise through billboards in the airport and by the road side and put soft-sell advertisements in magazines and newspapers
- Continue to engage Mr. Chen Dao Ming (陈道明) as the spokesperson for "LILANZ"
- 自2015年开始，在一、二线市场新开的大店都以第六代店面装修，装修的用料更高端，店铺的形象更雅致，零售面积比例更有所提高
- 2016年下半年及2017年，在约800家地段合适的现有专卖店推出第六代装修整改或局部提升，同时利用装修前清理库存
- 开始在动车站投放广告，亦继续投放机场广告牌及路牌广告，以及在杂志和报章上以软性广告作宣传
- 继续聘任中国著名男演员陈道明担任「LILANZ」品牌代言人

企业的微信利郎中国订阅用

TRENDS OF TRADE FAIR RESULTS 订货会成绩趋势



	Autumn 2014 秋	Winter 2014 冬	Spring/Summer 2015 春夏	Autumn 2015 秋	Winter 2015 冬	Spring/Summer 2016 春夏	Autumn 2016 秋	Winter 2016 冬
LILANZ	↑ 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%	↑ Low double digit 低双位数	↓ 13-18% (Revised 經修訂)	↓ 13-18% (Revised 經修訂)
L2	↑ 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%	↑ Mid single digit 中单位数	↓ 13-18%	↓ 20-25%

LILANZ 利郎

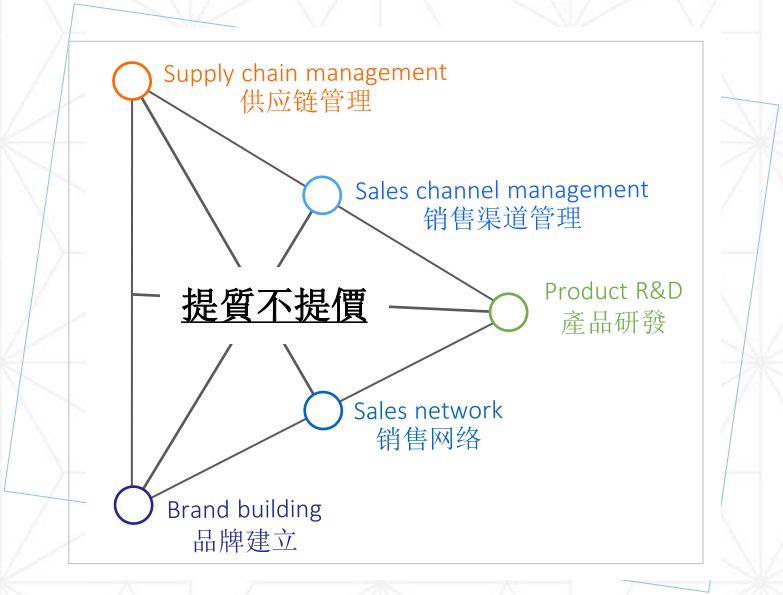
OUTLOOK & STRATEGY

前景与策略

PRUDENT AND FLEXIBLE OPERATION STRATEGY

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

- Uncertainty in global economic environment will continue to affect consumer confidence
  世界经济环境的不明朗将继续影响消费者信心
- Improvement of China's menswear industry unlikely and market consolidation continues
  中国男装行业的经营情况不会明显好转，行业整合将持续
- Competitiveness of a menswear brand hinges on its capability to transform and innovate and the value for money of its products
  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" and focus on store efficiency improvement
贯彻「提质不提价」、聚焦提升店铺效益

- Further raise original designs proportion and enhance value for money of its products 进一步提升原创产品的比例、产品的性价比
- Increase products' and brands' competitiveness
  提升产品和品牌的竞争力
- In 2H2016, prudent store opening plan - keep existing **LILANZ** store number and allow **L2** store number to adjust according to market situation
  2016下半年开店计划维持审慎: **LILANZ** 店铺数目保持，**L2**店铺数目按市场调整
- Target to achieve growth in SSS with better products and enhanced sales network 期望通过提升产品力及渠道管理，使零售门店能继续录得同店销售增长
- Expect total orders to drop in 2017 spring and summer trade fair (start on 13 Aug), but at smaller rate than the adjusted figures for the last two trade fairs 将于8月13日开始的2017年春夏季订货会，预期订单减少，但跌幅应较上两次订货会修订数字收窄

LILANZ 利郎

OPEN FORUM

答问时间

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

		1H2016 RMB'000	1H2015 RMB'000
收入	Revenue	1,173,861	1,188,364
销售成本	Cost of sales	(693,266)	(700,299)
毛利	Gross profit	480,595	488,065
其他净收益	Other net income	36,062	32,611
销售及分销开支	Selling and distribution expenses	(154,521)	(122,540)
行政开支	Administrative expenses	(46,130)	(47,308)
其他经营开支	Other operating expenses	(4,909)	(7,388)
经营溢利	Profit from operations	311,097	343,440
融资收入净额	Net finance income	52,937	44,342
除税前溢利	Profit before taxation	364,034	387,782
所得税	Income tax	(97,741)	(110,817)
期内溢利	Profit for the period	266,293	276,965
期内其他全面收益	Other comprehensive income for the period		
其后可能重新分类至损益之项目： 换算中国大陆境外附属公司财务报表的汇兑差额	Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of subsidiaries outside the mainland of the PRC	(4,170)	(784)
期内全面收益总额	Total comprehensive income for the period	262,123	276,181
每股盈利	Earnings per share		
基本（人民币分）	Basic (RMB cents)	22.0	23.0
摊薄（人民币分）	Diluted (RMB cents)	22.0	22.9

CONSOLIDATED BALANCE SHEET

		30.06.2016 RMB '000	31.12.2015 RMB '000	30.06.2015 RMB '000
非流动资产	**Non-current assets**			
物业、厂房及设备	Property, plant and equipment	**323,045**	276,774	275,352
投资物业	Investment property	**25,505**	-	-
租赁预付款	Lease prepayments	**101,436**	101,145	102,298
无形资产	Intangible assets	**5,454**	4,033	4,922
购买固定资产及土地使用权订金	Deposits for purchases of fixed assets and land use rights	**4,764**	4,490	3,647
递延税项资产	Deferred tax assets	**34,604**	25,013	23,088
		494,808	411,455	409,307
流动资产	**Current assets**			
存货	Inventories	**142,866**	291,465	196,545
应收贸易账款及其他应收款项	Trade and other receivables	**859,493**	807,149	698,013
已抵押银行存款	Pledged bank deposits	**486,748**	1,053,852	863,438
存放于银行而到期日为三个月以上的定期存款	Fixed deposits held at banks with maturity over three months	**-**	30,000	30,000
现金及现金等价物	Cash and cash equivalents	**2,021,505**	2,161,712	1,996,851
		3,510,612	4,344,178	3,784,847
流动负债	**Current liabilities**			
银行贷款	Bank loans	**459,999**	1,004,017	904,423
应付贸易账款及其他应付款项	Trade and other payables	**449,430**	603,062	376,173
应付即期税项	Current tax payable	**131,483**	198,638	100,469
		1,040,912	1,805,717	1,381,065
流动资产净值	**Net current assets**	**2,469,700**	2,538,461	2,403,782
总资产减流动负债	**Total assets less current liabilities**	**2,964,508**	2,949,916	2,813,089
非流动负债	**Non-current liabilities**			
递延税项负债	Deferred tax liabilities	**34,870**	38,718	56,529
资产净值	**Net assets**	**2,929,638**	2,911,198	2,756,560