LILANZ 利郎

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code:1234

Annual Results

2015

全年业绩

Hong Kong 香港, 2015-08

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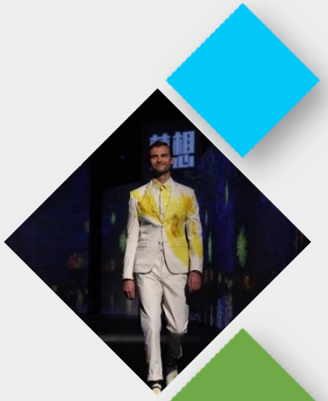
AGENDA 议程



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

RESULTS HIGHLIGHTS

业绩亮点

OUTPERFORMED INDUSTRY PEERS 表现较同业优胜

2015 Operating environment full of challenges
二零一五年经营环境充满挑战

- 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 remained difficult and consumer confidence weak
  中国男装行业经营情况仍然困难，消费信心疲弱
- Sluggish retail sales performance and serious retail discounts in Q4
  第四季度零售商销售缓慢、打折情况严重

China Lilang outperformed rivals and improved competitiveness
中国利郎的各项表现优于同业、核心竞争力提升

- Higher sales proportion of original design products
  原创产品之销售比例提升
- Better value-for-money of products
  产品之性价比提高
- Product designs are more individuated to give distinctive brand image
  产品设计更具个性化和品牌形象更鲜明
- Channel inventory monitoring capability enhanced as retail channel management improved
  渠道库存监控能力随零售渠道的管理提升而改善
- Same-store sales growth remained positive
  零售门店同店销售保持增长
- Trade fair results on an uptrend for 2015
  2015年订货会订单金额持续上升

FINANCIAL HIGHLIGHTS 业绩亮点

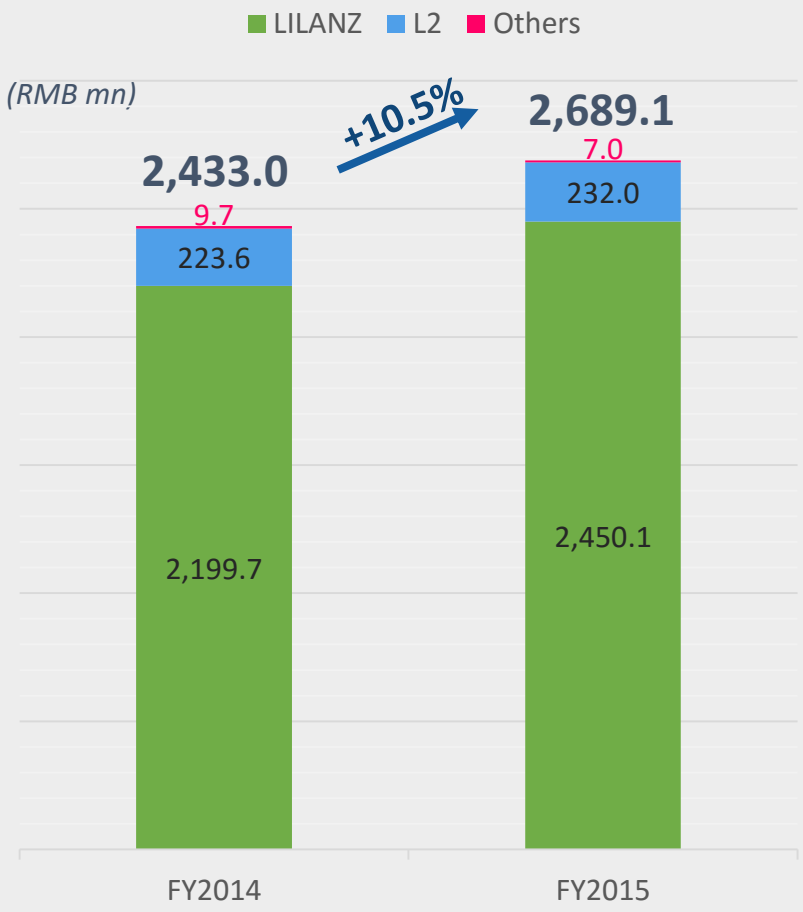
		FY2015 RMB'000	FY2014 RMB'000	Change / 变动
Revenue	收入	**2,689.1**	2,433.0	+ 10.5%
Gross profit	毛利	**1,142.8**	1,035.7	+10.3%
Operating profit	经营利润	**794.1**	680.8	+16.6%
Net profit	净利润	**625.2**	554.9	+12.7%
Earnings per share	每股盈利			
- Basic (RMB cents)	- 基本 (人民币分)	**51.83**	46.17	+12.3%
- Diluted (RMB cents)	- 摊薄 (人民币分)	**51.77**	46.06	+12.4%
Final dividend per share (HK cents)	每股末期股息 (港仙)	**17.0**	17.0	
Special final dividend per share (HK cents)	每股特别末期股息 (港仙)	**7.0**	6.0	
Gross profit margin	毛利率	**42.5%**	42.6%	-0.1p.p.
Operating profit margin	经营利润率	**29.5%**	28.0%	+1.5p.p.
Net profit margin	净利润	**23.2%**	22.8%	+0.4p.p.
Return on average shareholders' equity	平均股东权益回报	**22.3%**	21.3%	+1.0p.p.
Effective tax rate	有效税率	**27.6%**	27.6%	-
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)	**8.3%**	9.7%	-1.4p.p.

FINANCIAL REVIEW

财务表现回顾

REVENUE ANALYSIS 收入分析

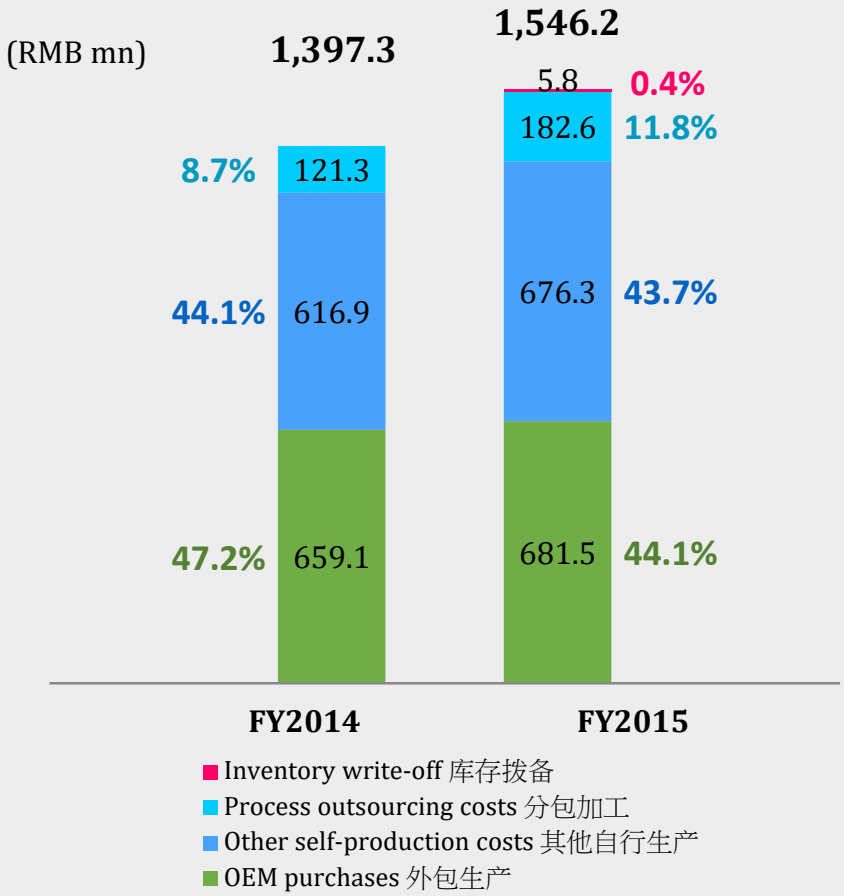
Total Revenue & Revenue By Brand
总收入及按品牌分类收入



- Sales of **LILANZ** up by 11.4% to RMB2,450.1 million, accounting for about 91.1% of total revenue
  LILANZ 的销售额上升11.4%至人民币24.50亿元，占总营业额约91.1%
- Sales of **L2** up by 3.7% to RMB232.0 million, accounting for about 8.6% of total revenue
  L2 的销售额上升3.7%至人民币2.32亿元，占总营业额约8.6%
- Sales performance of **LILANZ** outperformed rivals due to the Group's implementation of the strategy of "improving product quality without raising the price" which improved overall competitiveness of products
  「提质不提价」的策略使 **LILANZ** 产品的整体竞争力持续提升，销售表现优于同业
- Sales of **L2** products grew more slowly than expected and there were fewer replenishment orders this year than in prior years
  L2 的销售增长比预期缓慢，2015年的补单金额较往年少
- Trade fair results on an uptrend for 2015, and delivery on schedule
  2015年的订货会订单金额持续上升，并按期付运

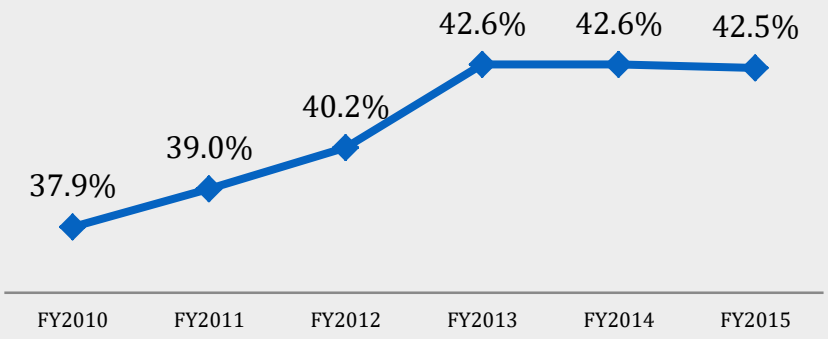
COST OF SALES 销售成本

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



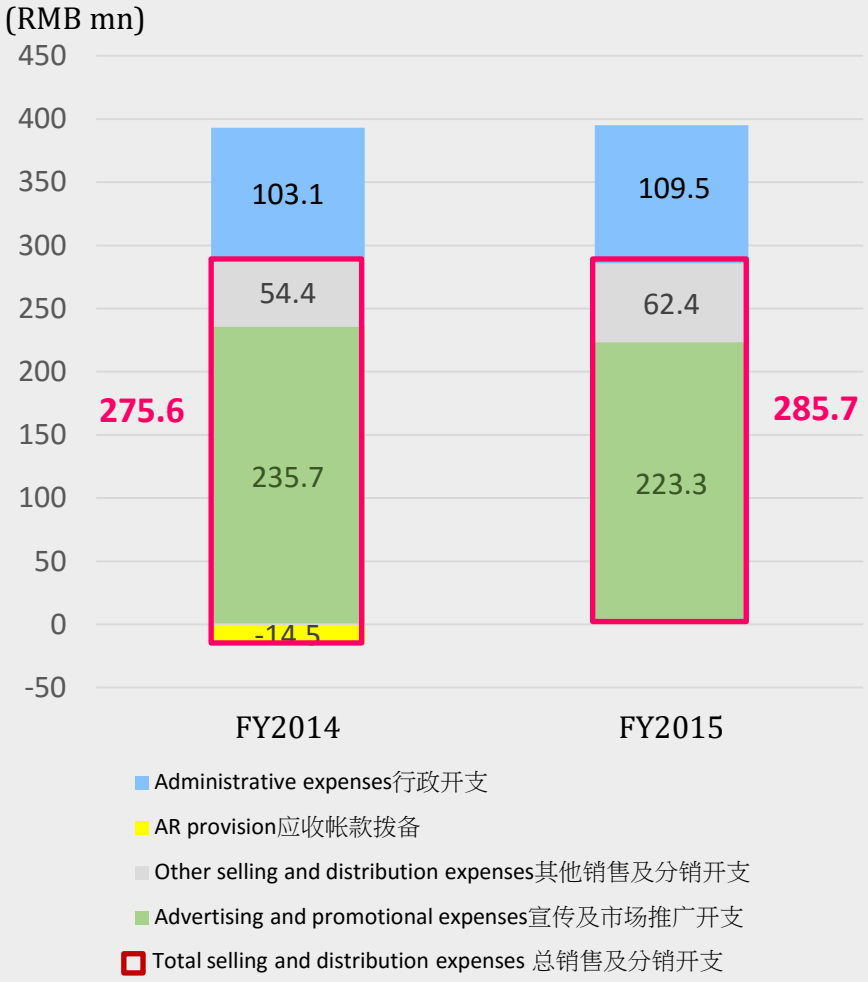
- The Group continued to implement the policy of "improving product quality without raising the price"
  集团继续执行「提质不提价」的策略
- Relatively stable raw material prices and the higher proportion of original design products helped to control production cost
  原材料价格相对稳定、原创产品比例上升，有助控制成本
- Cost of in-house production, including subcontracting charges, accounted for 55.5% of total cost of sales, up by 2.7p.p.
  自产成本（包括分包费用）占总销售成本上升2.7个百份点至55.5%
- Total R&D costs increased by 12.6% to RMB91.4 million
  研发成本增加12.6%至人民币9,140万元
- Gross profit margin was slightly down by 0.1 p.p. to 42.5%
  毛利率微跌0.1个百分点至42.5%

Gross margin毛利率

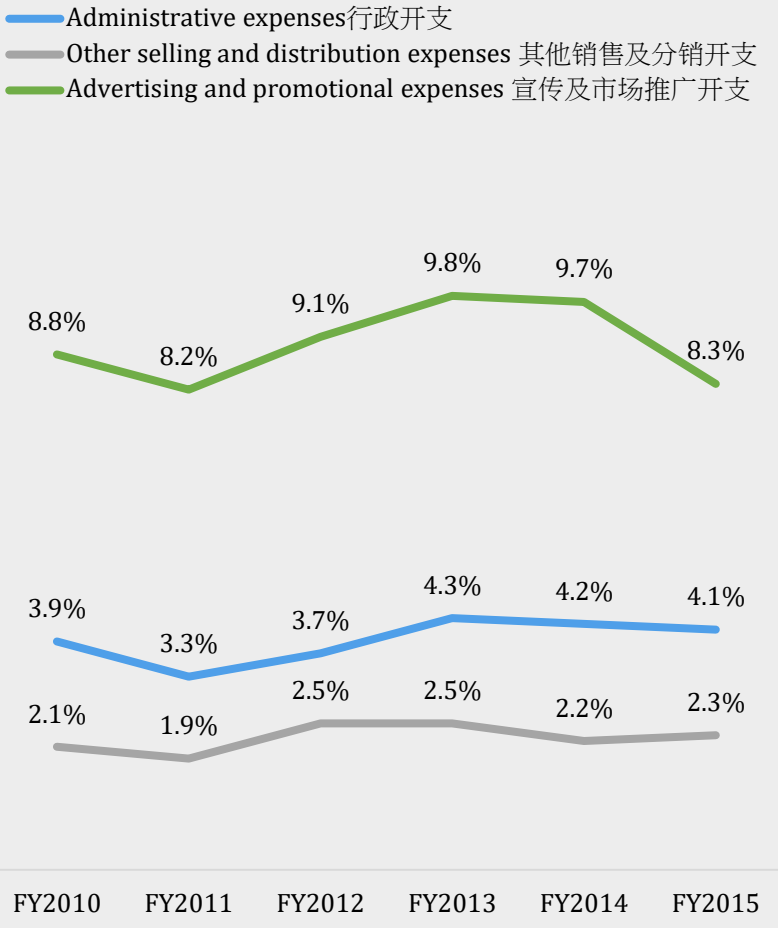


SD&A EXPENSES 销售、分销及行政开支

Total SD&A Expenses
销售、分销及行政开支总额



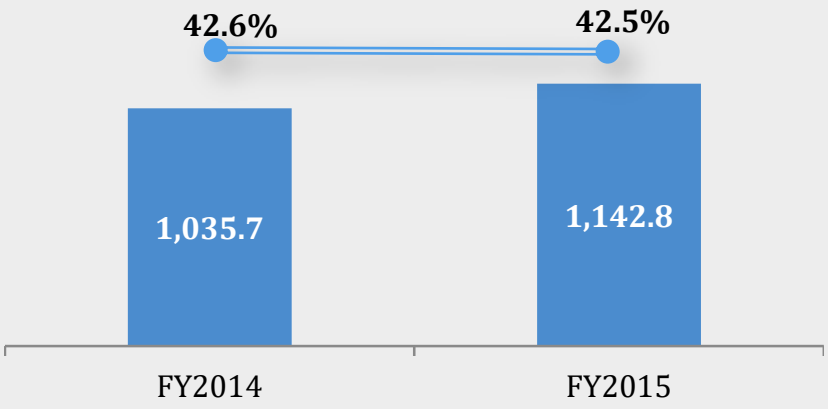
SD&A as % of Revenue
销售、分销及行政开支占收入比例%



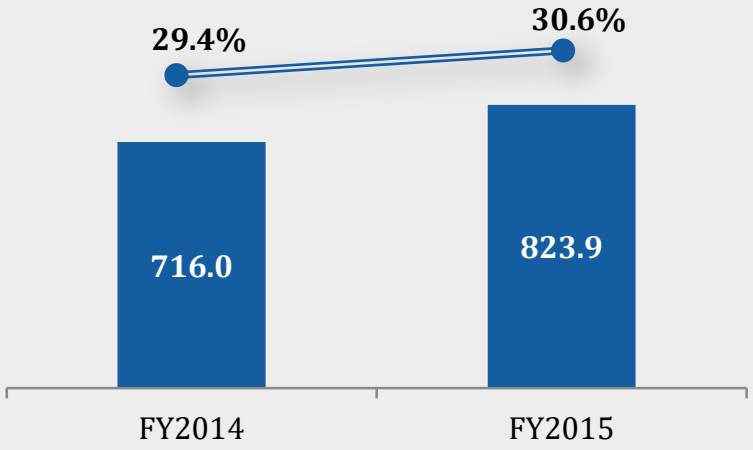
INCREASED PROFIT & MARGIN 利润及利润率增加

(RMB mn)

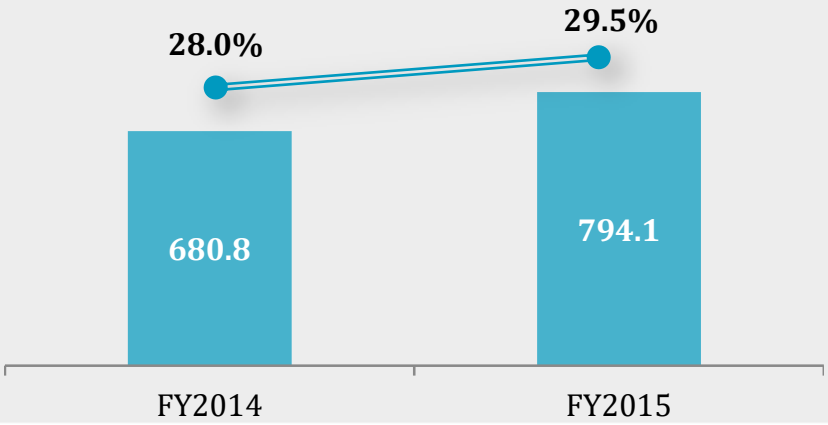
Gross profit & margin
毛利及毛利率



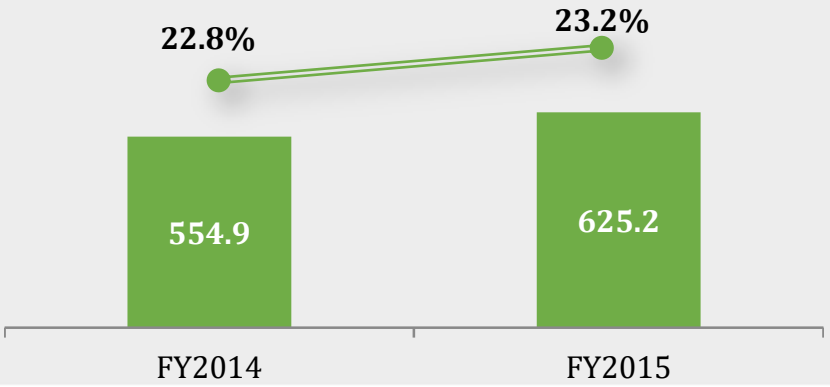
EBITDA & EBITDA margin
EBITDA和EBITDA比率



Operating profit & margin
经营利润及经营利润率

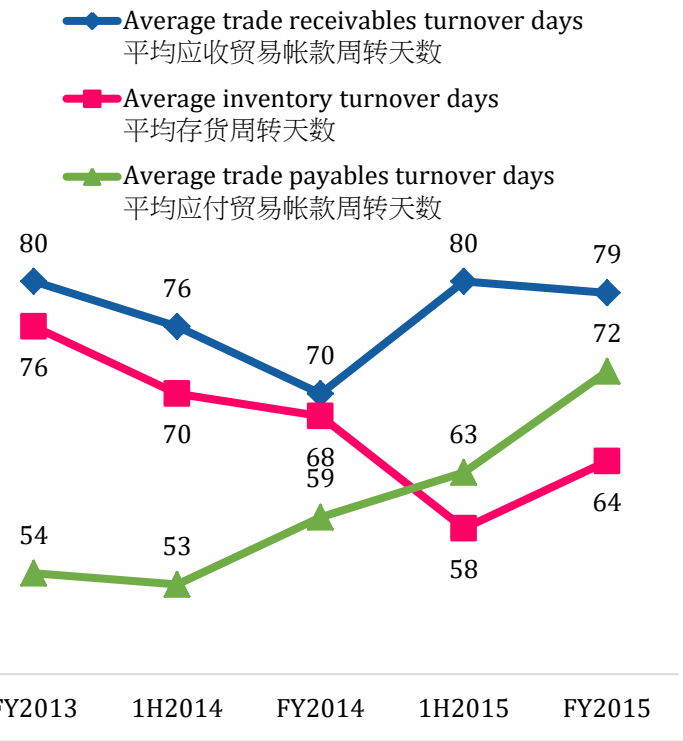


Net profit & margin
净利润及净利润率



WORKING CAPITAL CYCLE 营运资金周转天数

Turnover days 周转天数



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

♦Trade receivables 应收贸易帐款

Trade receivables balance increased by RMB153.0 million to RMB756.7 million due to:
-Mid-teen percentage growth in winter trade fair orders year-on-year
-Extended credit terms to distributors due to the sluggish retail performance in the final quarter.

应收贸易账款增加人民币153.0百万元至人民币756.7百万元，原因：

-冬季订货会同比增长约一成半
-因应第四季度零售表现放缓，延长分销商账期

Provision for doubtful debts of RMB10.1 million as at 31.12.2015, no movement during the year.

于2015年12月31日，应收账款拨备余额为人民币10.1百万元，年内余额没有变动

■ Inventory 存货

Finished goods inventory balance slightly increased by RMB3.6 million.

制成品库存轻微增加人民币3.6百万元。

Raw material inventory balance increased by RMB37.2 million as the Group increased the proportion of original design products and used more process outsourcing to reduce OEM purchases.

集团增加原创产品的占比，采用更多分包加工以减少OEM采购，因此原材料库存余额增加人民币37.2百万元

▲Trade payables 应付贸易帐款

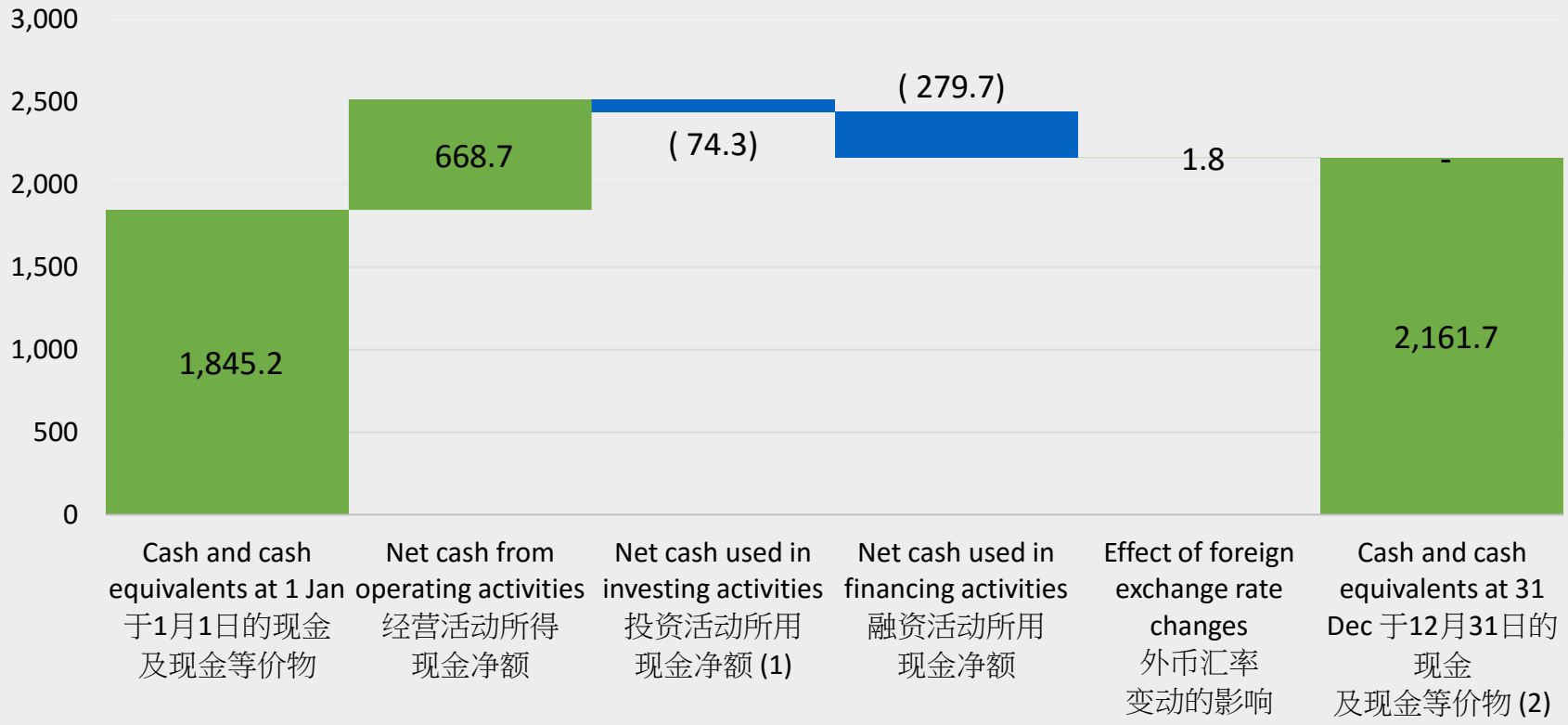
Trade payables balance increased by RMB73.3 million to RMB342.7 million due to:
-Growth in trade fair orders for the past two seasons
-Change in suppliers' mix

应付贸易账款增加人民币73.3百万元至人民币342.7百万元，原因：

-过去两季订货会订单的增长
-供应商组合变动

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

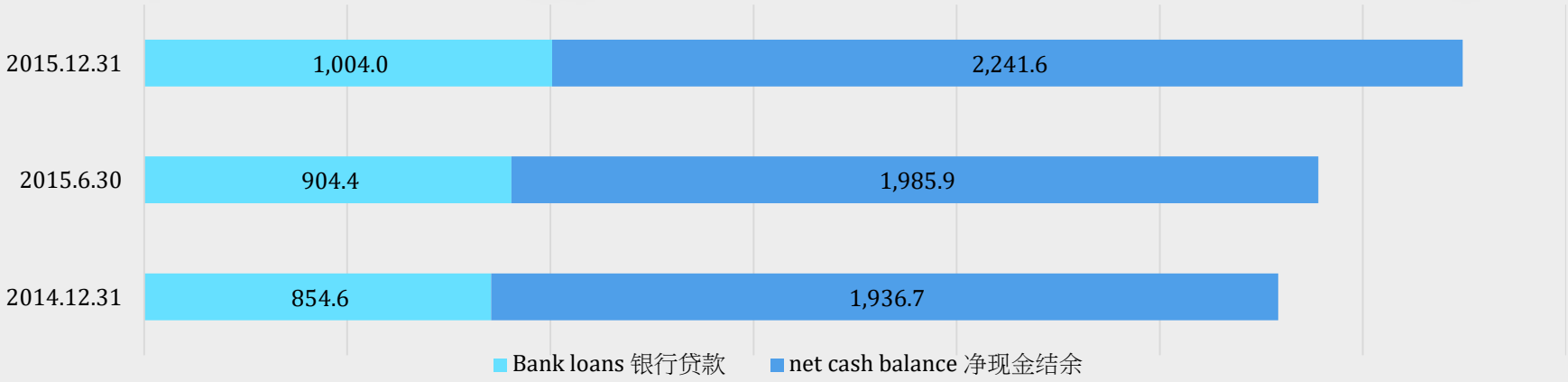
(2) Excluded fixed deposits held at banks with maturity over 3 months and bank deposits pledged as security for bank loans
不包括在银行到期日超过3个月的定期存款，和作为银行贷款担保的抵押银行贷款

Total cash and bank balance 银行及现金结余

(单位：人民币百万元)

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

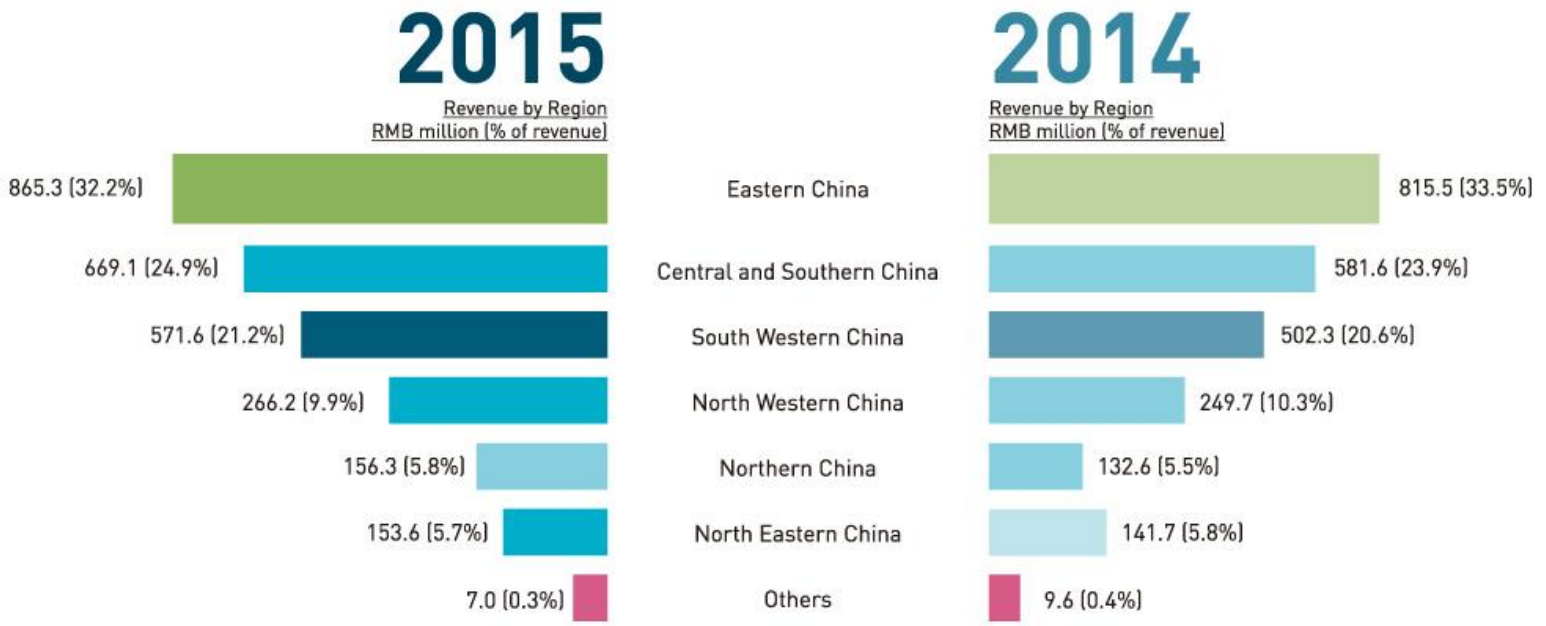
Cash position remained healthy and strong
现金水平维持健康



LILANZ 利郎

BUSINESS & OPERATIONAL REVIEW

业务回顾

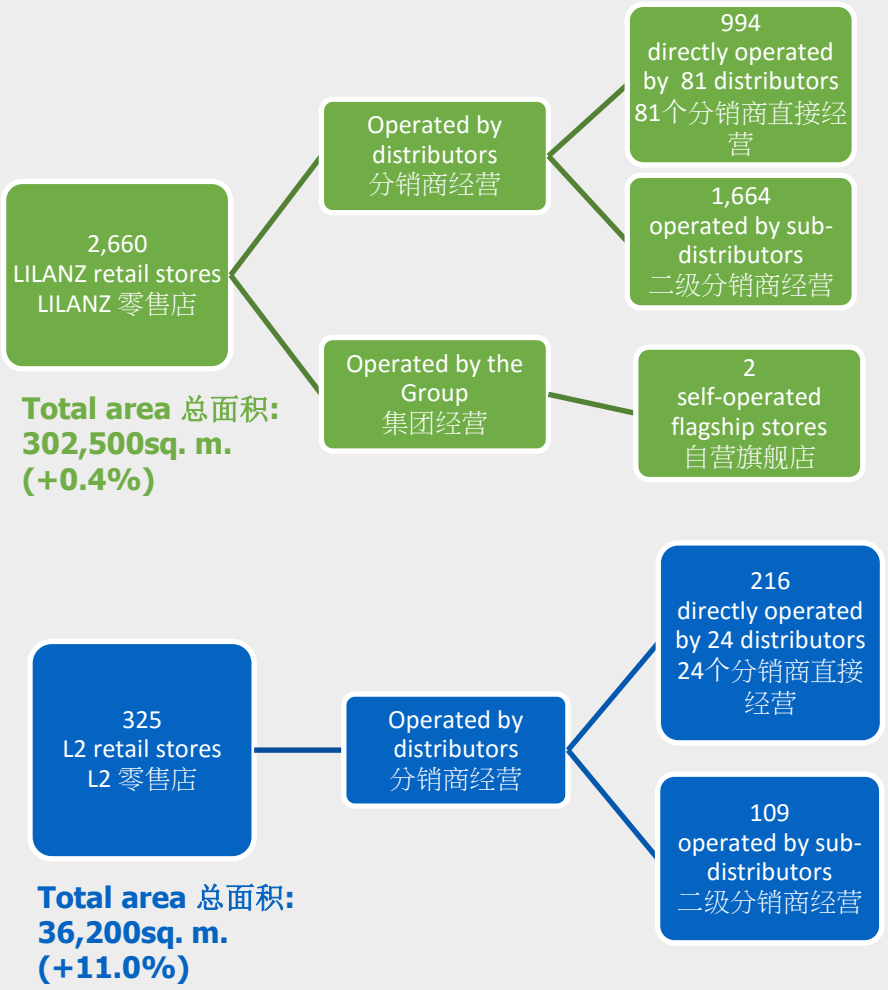


Group store count 集团店铺数目	As at 2015.01.01	**As at 2015.12.31**	Net change
Northern China 华北	295	**285**	-10
North Eastern China 东北	305	**302**	-3
Eastern China 华东	850	**805**	-45
Central and Southern China 中南	740	**726**	-14
South Western China西南	615	**588**	-27
North Western China 西北	274	**279**	+5
	3,079	**2,985**	-94

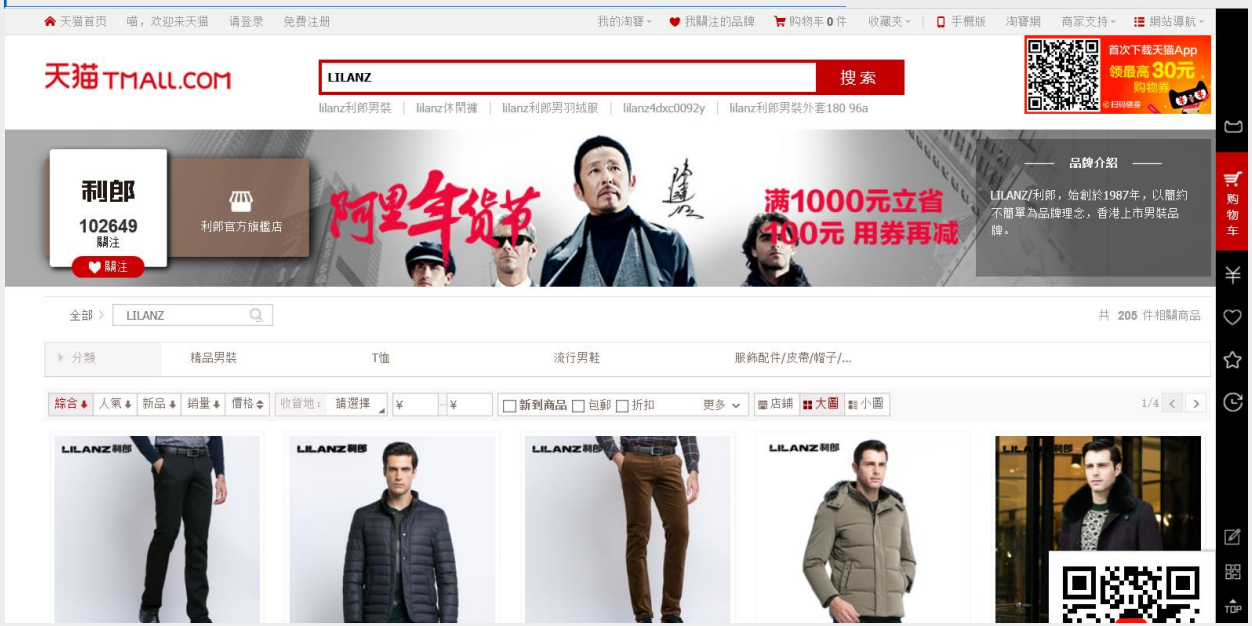
LILANZ	**No. of stores renovated 店铺整改数目**
2012	280
2013	750
2014	680
1H2015	200
2H2015	80

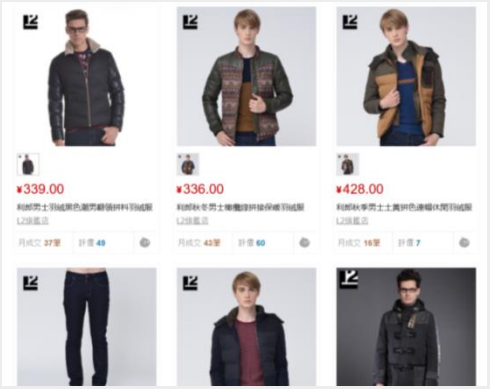
Traditional Channel 传统渠道

- Continued to expand retail area, total retail area of stores increased by 1.4% to 338,700 sq. m.
  零售面积持续扩张，总店铺面积增加1.4%至338,700平方米
- Provided 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
- 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



E-Channel 網上渠道





- Actively explored ways and directions to promote sales through e-channels and formulated development strategy for 2016
  积极探讨透过电子平台促进销售的方法，并为2016年的发展策略展开部署
- Exploring WeChat platform for customers' online product selection. Products selected will then be delivered to selected stores for fitting, thereby increasing the customer traffic of the brick-and-mortar stores and improving store efficiency; new service is expected to be launched in 2H2016
  研究利用微信平台，提供客户选购产品并直送门店供试身的服务，从而增加实体店的客户人流及提升店铺效益；预计新服务在2016年下半年推出
- Continue to 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「LILANZ」及「L2」产品，除非当季产品外，产品和价格与实体零售店一致

PRODUCT DESIGN & DEVELOPMENT 产品设计及开发

- Promote individuation in its product designs and further differentiate its products from market peers
- Increased proportion of original design 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
- 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 will adopt its proprietary fabrics
- An accessory designer joined the international design team in 2014, promoting the sales and gross profit margin of accessories
- Designated one of "LILANZ" foreign designers as "L2" chief designer, and the 2016 spring and summer collections would be his debut complete collection for "L2"

- 提升产品之个性化设计，加强产品的差异性
- 原创产品比例增加
- 2015年全年的产品中，原创产品约占60%，其中应用独有研发面料的约占25%
- 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%
- 配件设计师于2014年加入国际研发团队，促进配件的销售和提升配件的毛利率
- 调任「LILANZ」的其中一名外籍设计师为「L2」的总设计师，全权负责「L2」2016年春夏产品的设计

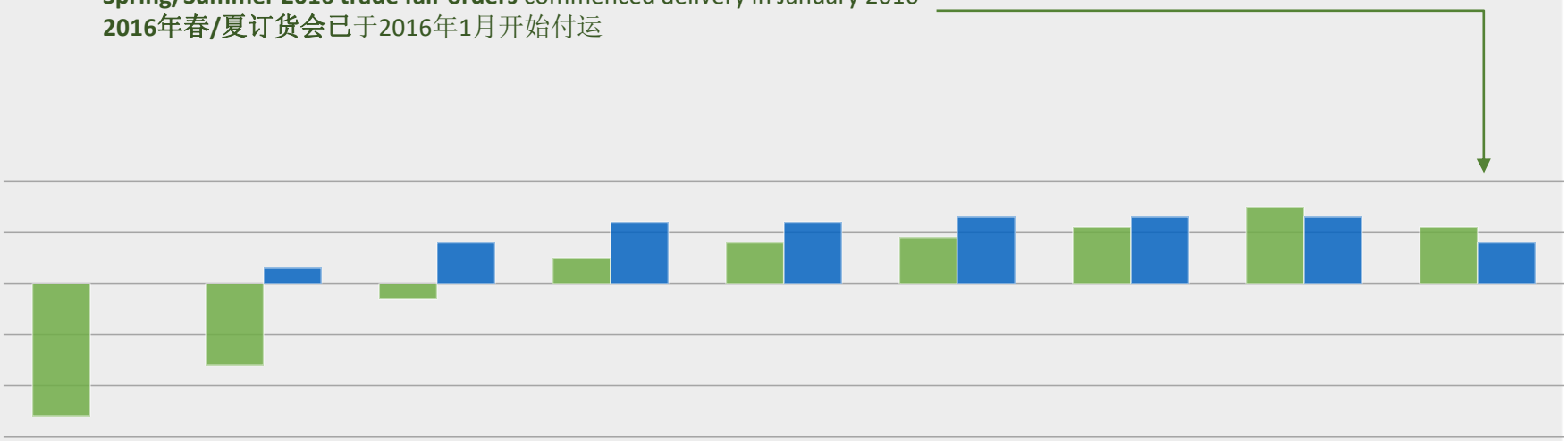
MARKETING & PROMOTION 营销与宣传

- Continue to engage Mr. Chen Dao Ming (陈道明), as the spokesperson for “LILANZ”
- Placed 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 was 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
- 在世界杯预赛球场摆放广告，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2015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

Spring/Summer 2016 trade fair orders commenced delivery in January 2016
2016年春/夏订货会已于2016年1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	Spring/ Summer 2016春夏
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%	+ Low double digit + 低双位数
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%	+ Mid single digit + 中单位数

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

- Global economic environment will continue to affect consumer confidence
  世界經濟環境將繼續影響消費者信心
- Recovery of China's menswear industry still lacks momentum and market consolidation continues
  中国男装行业的回暖力度仍然不足，行業整合將持續
- Competitiveness of a menswear brand hinges on its capability to transform and innovate as well as 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
- Launch small line of womenswear for each season starting from 2016 fall season to tap into new market while enhancing sales efficiency of large stores
  2016年秋季开始每季度推出一小系列女装产品，增加大店效益的同时，亦可以测试市场
- Plan to launch new services for customers to select products through WeChat platform in 2H 2016, aiming to increase store customer traffic and efficiency
  计划2016年下半年推出客户通过微信平台选购产品的服务，目标是增加店铺客户流以及效益
- Prudent in 2016 store opening: small number of additions of "LILANZ" stores and keep the existing number of "L2" stores
  2016开店计划维持审慎:「LILANZ」店铺略增、「L2」维持目前店铺数目
- 2016 autumn trade fair started on 26 February, trade fair orders affected by higher channel inventories of 2015 fall products
  2016年秋季订货会已于2月26日开始，订货会订单受到偏高的2015年秋季库存影响

OPEN FORUM

答问时间

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		FY2015 RMB'000	FY2014 RMB'000	Change /变动 (%)
Revenue	**收入**	**2,689,093**	2,432,956	+10.5%
Cost of sales	销售成本	**(1,546,244)**	(1,397,304)	
Gross profit	**毛利**	**1,142,849**	1,035,652	+10.3%
Other net income	其他净收益	**54,309**	27,562	
Selling and distribution expenses	销售及分销开支	**(285,671)**	(275,588)	
Administrative expenses	行政开支	**(109,506)**	(103,050)	
Other operating expenses	其他经营开支	**(7,838)**	(3,816)	
Profit from operations	**经营溢利**	**794,143**	680,760	+16.6%
Net finance income	融资收入净额	**69,441**	85,912	
Profit before taxation	**除税前溢利**	**863,584**	766,762	
Income tax	所得税	**(238,419)**	(211,764)	
Profit for the year	**年度溢利**	**625,165**	554,908	+12.7%
Other comprehensive income for the year	**年度其他全面收益**			
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	换算中国大陆境外附属公司财务报表的汇兑差额	**(10,012)**	(11,467)	
Total comprehensive income for the year	**年度全面收益总额**	**615,153**	543,441	
Earnings per share	**每股盈利**			
Basic (RMB cents)	基本（人民币分）	**51.83**	46.17	+12.3%
Diluted (RMB cents)	摊薄（人民币分）	**51.77**	46.06	+12.4%

LILANZ 利郎

CONSOLIDATED BALANCE SHEET

At 31 December 2015

(RMB '000)	(人民币千元)	31.12.2015	30.06.2015 (unaudited)	31.12.2014
Non-current assets	**非流动资产**			
Property, plant and equipment	物业、厂房及设备	276,774	275,352	284,154
Lease prepayments	租赁预付款	101,145	102,298	34,976
Intangible assets	无形资产	4,033	4,922	5,242
Deposits for purchases of fixed assets and land use rights	购买固定资产及土地使用权订金	4,490	3,647	66,216
Deferred tax assets	递延税项资产	25,013	23,088	23,426
		411,455	**409,307**	**414,014**
Current assets	**流动资产**			
Inventories	存货	291,465	196,545	248,845
Trade and other receivables	应收贸易账款及其他应收款项	807,149	698,013	669,501
Pledged bank deposits	已抵押银行存款	1,053,852	863,438	846,131
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	30,000	100,000
Cash and cash equivalents	现金及现金等价物	2,161,712	1,996,851	1,845,179
		4,344,178	**3,784,847**	**3,709,656**
Current liabilities	**流动负债**			
Bank loans	银行贷款	1,004,017	904,423	854,590
Trade and other payables	应付贸易账款及其他应付款项	603,062	376,173	416,961
Current tax payable	应付即期税项	198,638	100,469	87,981
		1,805,717	**1,381,065**	**1,359,532**
Net current assets	**流动资产净值**	**2,538,461**	**2,403,782**	**2,350,124**
Total assets less current liabilities	**总资产减流动负债**	**2,949,916**	**2,813,089**	**2,764,138**
Non-current liabilities	**非流动负债**			
Deferred tax liabilities	递延税项负债	**38,718**	**56,529**	**66,269**
Net assets	**资产净值**	**2,911,198**	**2,756,560**	**2,697,869**