



新世界百貨中國有限公司
New World Department Store China Limited

FY12 Annual Results Presentation
(25 Sep 2012)



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(HK Stock Code: 825)

Safe Harbour Statement

The information contained in our presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risks. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

Agenda

- 🌀 Key Achievements for FY2012
- 🌀 Latest Update and Store Pipelines
- 🌀 Results Highlights
- 🌀 Operational & Marketing Strategies
- 🌀 Expansion Strategies
- 🌀 Open Forum

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Key Achievements for FY2012



Key Achievements

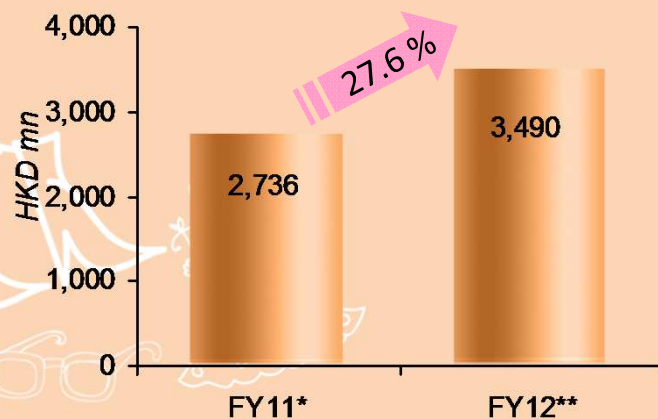
Sound same-store-sales growth
SSSG for self-owned stores: 14.1%

Steady Growth
Revenue grew 27.6% from HK\$2,736.2 million to HK\$3,490.1 million

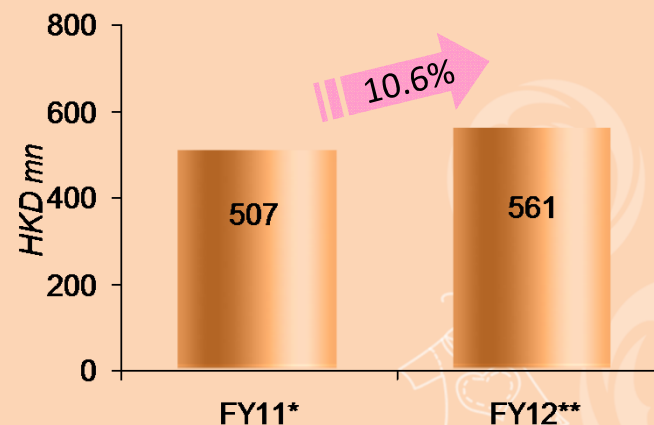
Profit for the year
– Profit for the year was HK\$607.7 million

Core Net Profit
– If excluding other gains, changes in fair value of investment properties, the related direct expenses and income tax expenses on disposal of a certain portion of property and land use rights at which Wuxi store was situated, core net profit increased to HK\$561.3 million in FY12 from HK\$507.4 million in FY11

Revenue



Core Net Profit



Key Achievements (cont'd)

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Extensive retail network

No. of stores increased to 39 as of 30 June 2012, with a total GFA of 1,387,670 sq.m. covering 18 cities

Strong customer base

Well-established VIP membership program with about 2.88 million members

Stable financial foundation

As of 30 June 2012, the Company was in a net cash position with cash on hand of about HK\$2,613 million

Received strong accreditation in the region

- Accredited as 'Asia's 200 Best Under a Billion' for the fourth consecutive year
- The Group's Rebranding Marketing Campaign won the "Citation for Excellence in Mainland Marketing" Award in the HKMA/TVB Award for Marketing Excellence 2011



Key Achievements – New Store

New
Self-owned
Store

Mianyang Store

生活馆



Location:

Level 1-5, 72 Linyuan Road East
Section, Mianyang, Sichuan Province

Self-owned Store:

GFA: approx. 35,000 sq. m.

Commenced operation in December 2011

 The opening of Mianyang Store further brings our store portfolio in South Western District to 4 stores

Key Achievements – Existing Store Expansion

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Expansion

Shenyang Jianqiao Road Branch Store

生活館



Location:

7 Jianqiao Road, Dadong District, Shenyang, Liaoning Province

Self-owned Store:

GFA: approx. 34,000 sq.m.

After expansion, total GFA has been increased to approx. 68,000 sq.m

Expanded area has commenced operation in April 2012



The expansion of Shenyang Jianqiao Road Branch Store commenced operation in April 2012

Key Achievements – Operating Right Acquisition

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Acquisition

Lanzhou Store



Acquisition

Beijing Liying Store



**Operating Right
Consideration:**

Approx. RMB3,500,000

Location: 89 Zhangye Road, Chengguan District, Lanzhou, Gansu Province

Self-owned Store:
GFA: approx. 27,200 sq. m.

Completed in November 2011



**Operating Right
Consideration:**

Approx.
RMB5,000,000

Location: 16 Wangjingguangshun South Road, Chaoyang District, Beijing, China

Self-owned Store:
GFA: approx. 52,000 sq. m.

Completed in January 2012

- ① We have completed the operating right acquisition of Lanzhou Store in November 2011, converting the store from managed to self-owned
- ② The operating right acquisition of the managed Beijing Liying store was completed in January 2012

Key Achievements – Property and Operating Right Acquisition

Acquisition

Shanghai Shaanxi Road Store (previous named as Shanghai Channel 1)

生活馆



Location:

155 Changshou Road, Putuo District, Shanghai


Aggregate Gross Consideration:

Approx: RMB1,460,000,000

GFA: approx. 42,000 sq. m.

- Shanghai Shaanxi Road Store forms part of the composite development. The composite development comprises two adjacent residential blocks, namely the North Block and the South Block, erected over Shanghai Shaanxi Road Store.

Completed in November 2011 and renamed as Shanghai Shaanxi Road Store in June 2012

 We have acquired the property and operating right of Shanghai Channel 1 in November 2011 and it was renamed as Shanghai Shaanxi Road Store in June 2012

Store Portfolio

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Gross Floor Area (GFA) of Store Portfolio

As of 30 June					
(approx. sq.m.)	2008	2009	2010	2011	2012
Self-owned stores	506,270 (19 stores)	601,370 (22 stores)	756,930 (25 stores)	1,088,420 (32 stores)	1,279,970 (36 stores)
Managed stores	456,300 (13 stores)	462,100 (11 stores)	417,600 (10 stores)	186,900 (5 stores)	107,700 (3 stores)
Total	962,570 (32 stores)	1,063,470 (33 stores)	1,174,530 (35 stores)	1,257,320 (37 stores)	1,387,670 (39 stores)

Wuhan Store became self-owned store since Feb 2008

Hong Kong Store ceased to be a managed store since July 2008

Kunming & Ningbo Trendy stores became self-owned store since Mar and Apr 2009 respectively

Xiamen Store ceased to be a self-owned store since June 2009

Shanghai Pujian Branch Store became self-owned store since Jan 2010

Shenyang Taiyuan Street Branch Store ceased to be a self-owned store since Apr 2010

Beijing Store and Chengdu Store became self-owned store since Aug and Oct 2010 respectively

Changsha Trendy Plaza, Beijing Trendy Store and Chongqing Store became self-owned store in Jan, Mar and Apr 2011 respectively

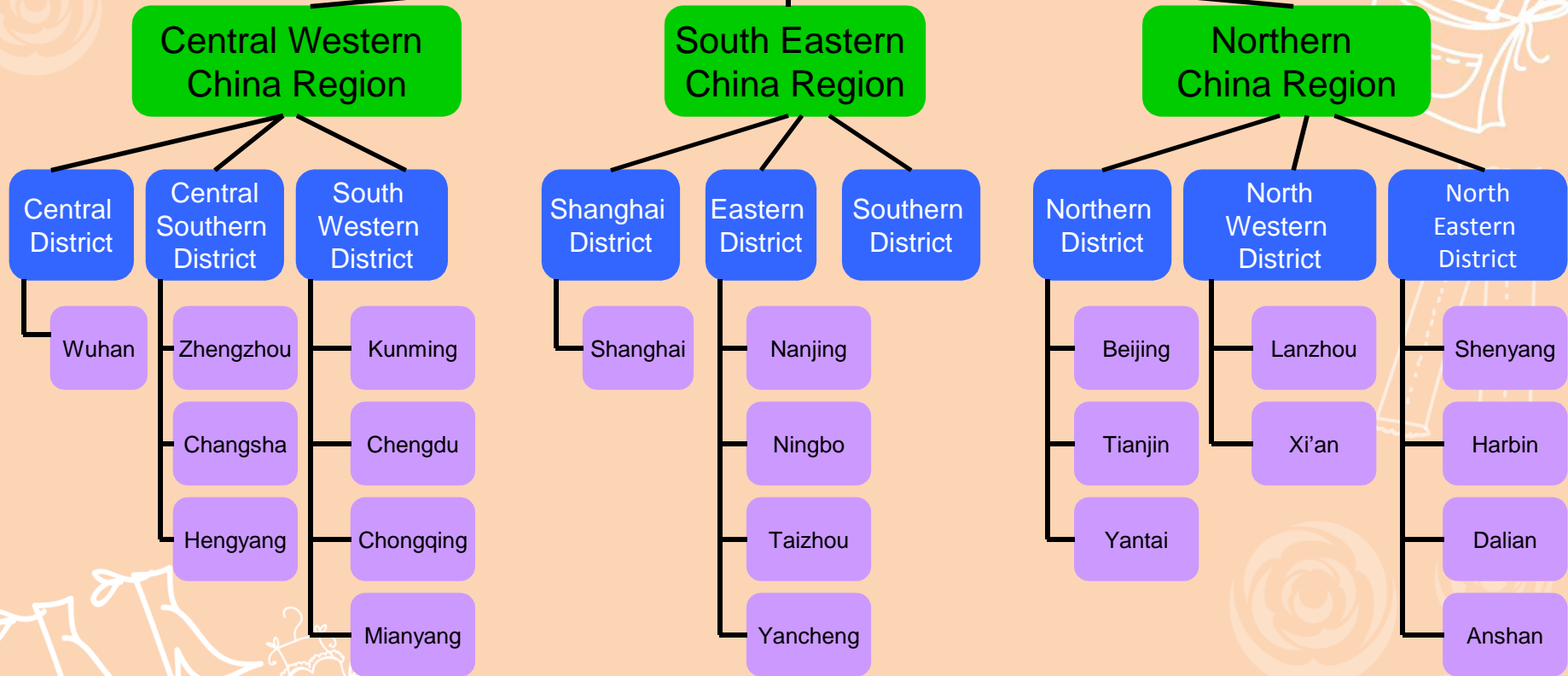
Wuxi Store ceased to be a self-owned store since May 2011

Lanzhou Store became self-owned store since Nov 2011

Beijing Liying Store became self-owned store since Jan 2012

New Structure of Operational Region

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Tying in with our development strategy to further spread through China, we have optimized the structure of our operational region into 3 regions and 9 districts

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Latest Update and Store Pipelines



New Stores in FY13

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New
Self-owned
Store

Xi'an Project

生活馆 

New
Self-owned
Store

Yancheng Project

生活馆 



Location:

North Street West, Lianhu District, Xi'an,
Shaanxi Province

Self-owned Store:

GFA: approx. 58,500 sq.m.

Expected to commence operation in FY13



Location:

Jianjun Middle Road, Yancheng, Jiangsu
Province

Self-owned Store:

GFA: approx. 54,000 sq. m.

Expected to commence operation in FY13



2 new self-owned stores are expected to commence operation in FY13

New Stores in FY13

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New
Managed
Store

Ningbo Project

生活馆 



Location:

Wang Shan Street, Beiyun district, Zhejiang Province

Managed Store:

GFA: approx. 60,000 sq.m.

Expected to commence operation in FY13

 **The opening of new managed store in Ningbo will enhance our foothold into Zhejiang province**

New Stores in FY14

New
Self-owned
Store &
Managed
Shopping
Mall

Yantai Project

生活馆

Expansion

Phase II of Shenyang Nanjing Street Store

时尚馆



Location:

Laishan District, Yantai,
Shandong Province

Self-owned Store:

GFA: approx. 55,000 sq.m.

Managed Shopping Mall:

GFA: approx. 46,000 sq.m.

Expected to commence operation in FY14



Location:

Level 1-5 of Nanjing South Road, Shenyang City,
Liaoning Province

Self-owned Store:

GFA: approx. 25,400 sq.m.

Expected to commence operation in FY14

- ① 1 self-owned store and 1 managed shopping mall are expected to commence operation in Shandong Province in FY14
- ② Phase II of Shenyang Nanjing Street Store will enhance the Company's competitive edge in Taiyuan Street commercial circle

New Stores in FY14

New Managed Store

Yanjiao Project

生活馆



Location:

18 North Road, Yanjiao Economic and Technology Development Zone, SanHeShi, Hebei Province

Managed Store:

GFA: approx. 32,000 sq.m.

Expected to commence operation in FY14



To expand our foothold in Hebei province, we will open a new managed store in Yanjiao Economic and Technology Development Zone

New Stores in FY15

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New
Self-owned
Store

Hengyang Project

生活馆 

New
Self-owned
Store

Shanghai 118 Project

生活馆 



Location:

Jiefang West Road, Hengyang,
Hunan Province

Self-owned Store:

GFA: approx. 42,200 sq.m.

Expected to commence operation in FY15



Location:

118 Plaza, 1685 Jinshajiang Road, Putuo
District, Shanghai

Self-owned Store:

GFA: approx. 62,600 sq. m.

Expected to commence operation in FY15

-  To enter the Hengyang market in FY15, further expand our foothold in Central Region
-  The new self-owned store in Shanghai Putuo District further enhances our “multiple presences within a single city” strategy

Stores in the Pipeline

From FY12 to FY16, target to add 1 million sq.m. GFA of self-owned stores

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	FY12	FY13	FY14	FY15	Total
Self-owned stores	Mianyang Store: 35,000 sq.m. (Opened)	Yancheng Store: 54,000 sq.m. (Greenfield)	Phase II of Shenyang Nanjing Street Store: 25,400 sq.m. (Greenfield)	Hengyang Store: 42,200 sq.m. (Greenfield)	
	Shenyang Jianqiao Road Branch Store (expansion): 34,000 sq.m. (Opened)	Xi'an Store: 58,500 sq.m. (Greenfield)	Yantai Store: 55,000 sq.m. (Greenfield)	Shanghai 118 Store: 62,600 sq.m.	
	Shanghai Shaanxi Road Store (previously named as Channel 1): 42,000 sq.m. (Acquired)				
	Lanzhou Store: 27,200 sq.m. (Acquired)				
	Beijing Liying Store: 52,000 sq.m. (Acquired)				
Sub-total	190,200 sq.m.	112,500 sq.m.	80,400 sq.m.	104,800 sq.m.	487,900 sq.m.
Managed Store		Ningbo Store: 60,000 sq.m.	Yanjiao Store: 32,000 sq.m.		
Managed Shopping Mall			Yantai Shopping Mall: 46,000 sq.m.		
Total	190,200 sq.m.	172,500 sq.m.	158,400 sq.m.	104,800 sq.m.	625,900 sq.m.

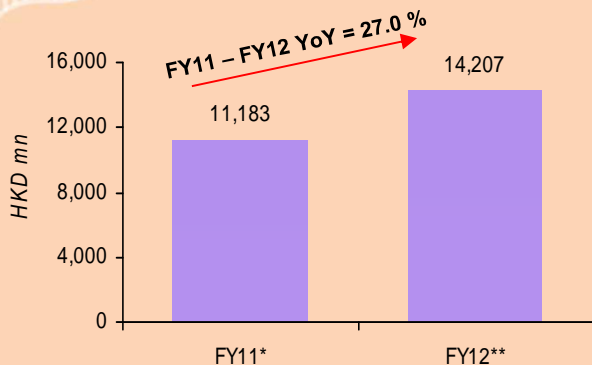
Results Highlights



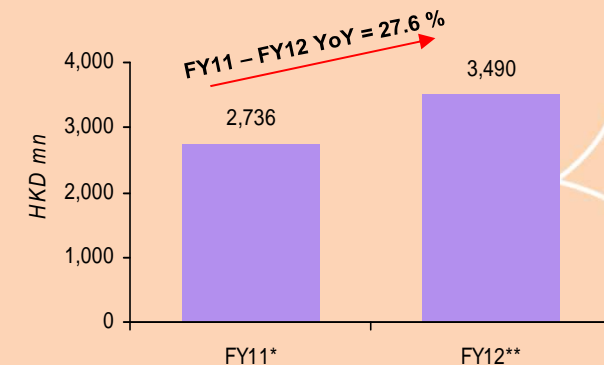
Financial Highlights

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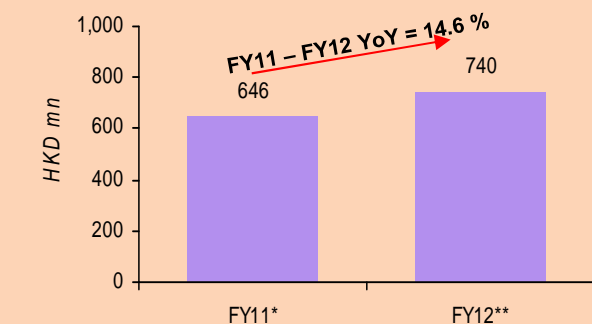
GSP



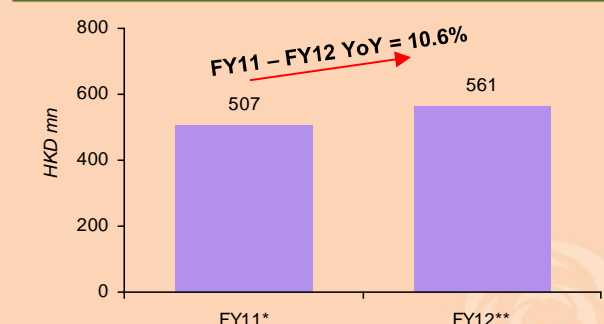
Revenue



EBIT (Core)



Net Profit (Core)



GSP includes concessionaire sales (net of VAT), direct sales (net of VAT), rental income, management fee income and other income.

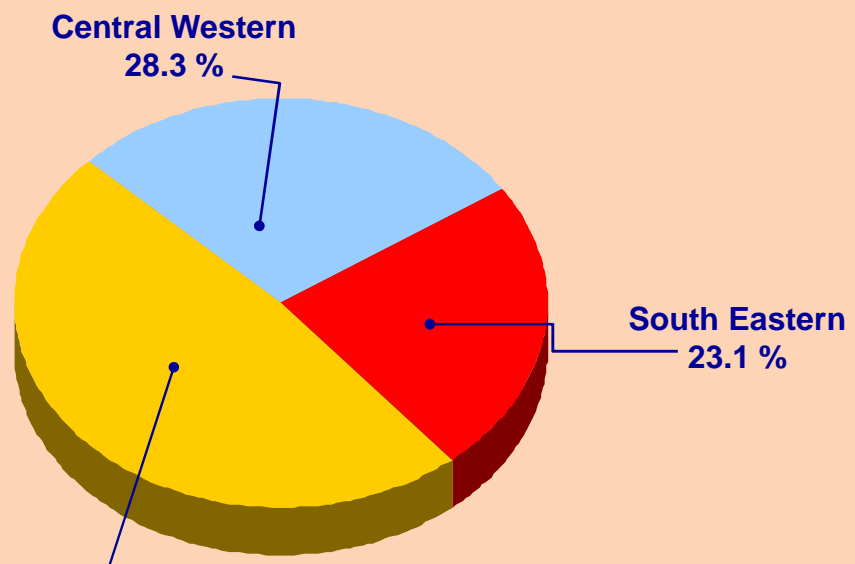
Core excludes:

- Other gains
- Changes in fair value of investment properties
- Related direct expenses and income tax expenses on disposal of a certain portion of property and land use rights at which Wuxi store was situated.

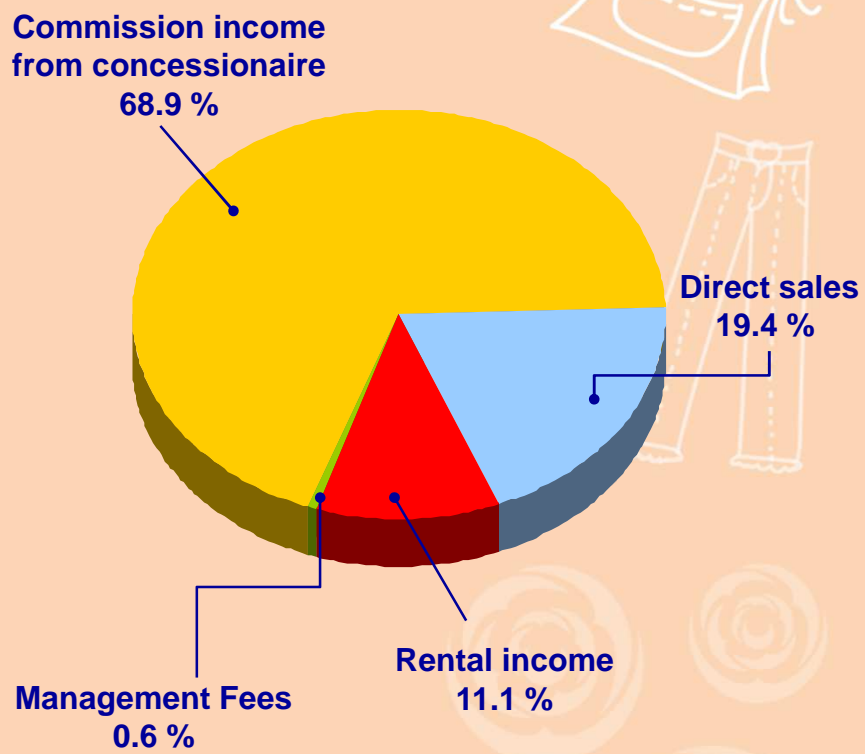
Revenue Analysis

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Revenue contribution by region



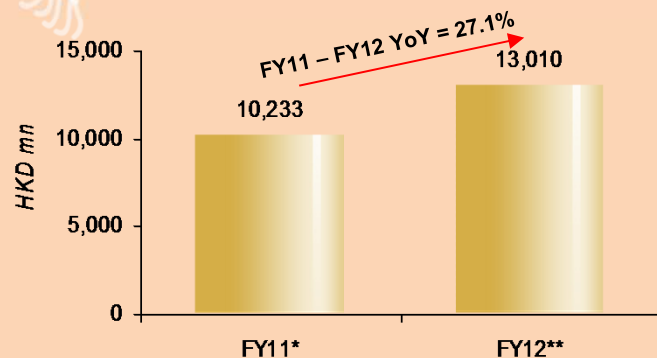
Revenue contribution by segment



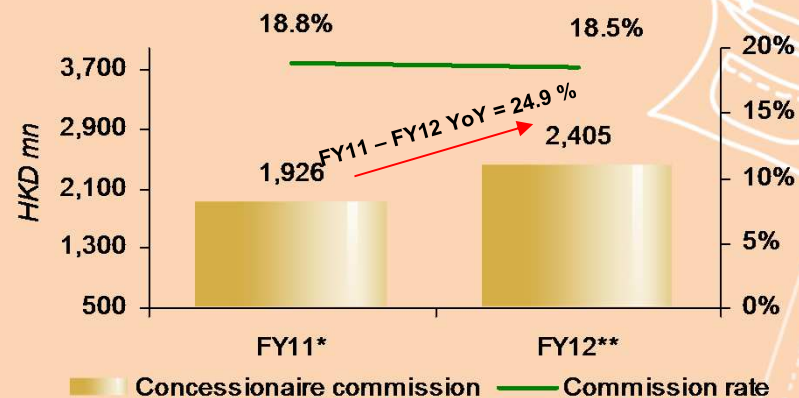
Revenue Analysis

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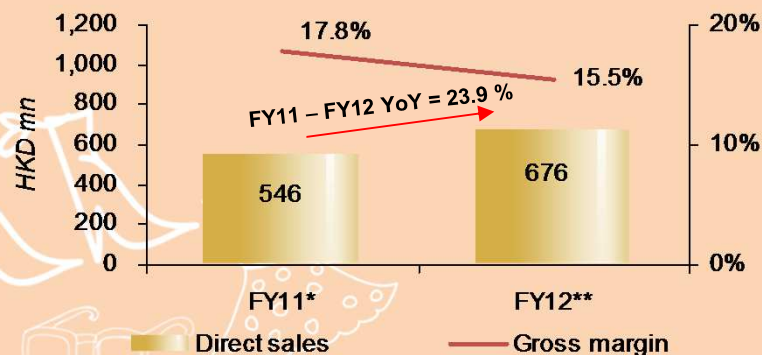
Concessionaire gross sales revenues



Concessionaire commission



Direct sales and its gross margin



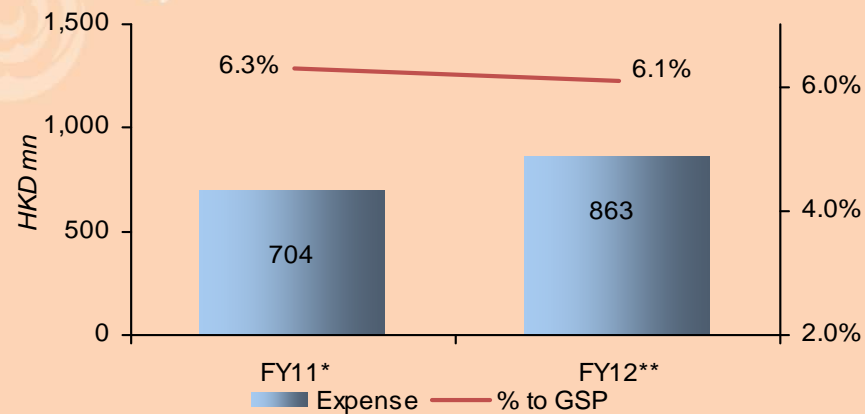
Rental Income



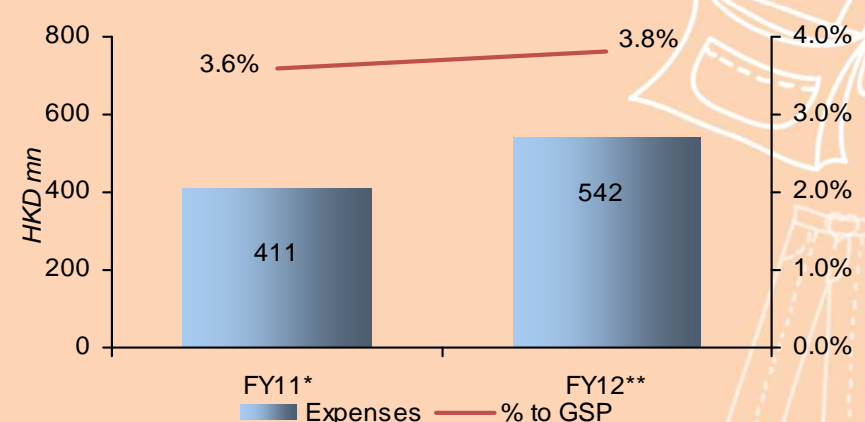
Expense Ratios

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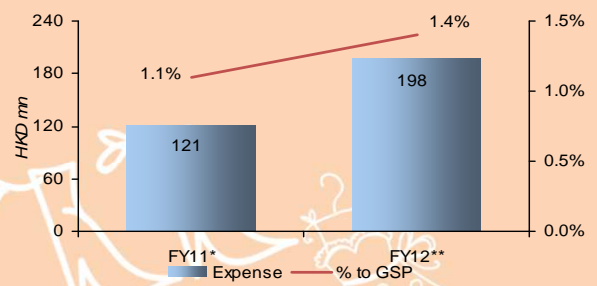
Rental expense



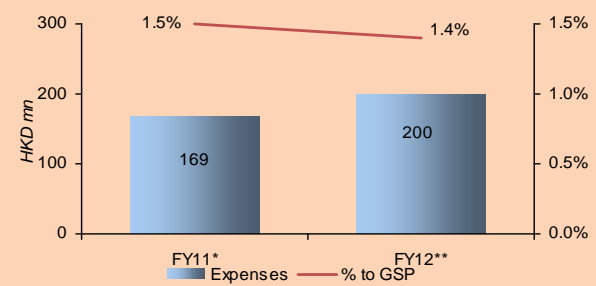
Staff expense



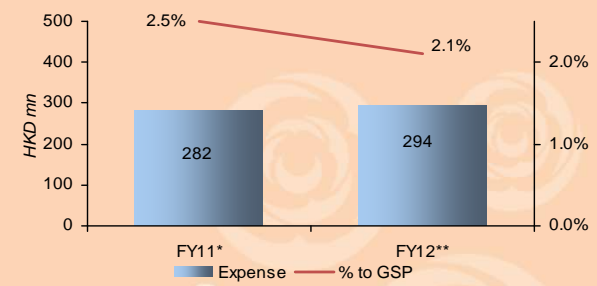
Promotion, advertising & related expense



Water & electricity expense



Depreciation & amortisation expense



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Operational & Marketing Strategies



Operational & Marketing Strategies

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1. Rebranding & Renovation Progress

Regions	Status
Northern China	Completed except Anshan and Dalian Stores
South Eastern China	Completed except Nanjing Store
Central Western China	1 store in Wuhan and Chengdu Store completed, others are expected to finish in 2012

2. Reinforced Merchandise Mix Strategy

- Develop and strengthen more category killer products
 - Introduce more N-only exclusive merchandise for differentiation
 - Optimize the merchandise portfolio to spotlight the uniqueness of products
 - Explore more exclusive brands and actively promote direct sales brand
- Enhance the sales display strategy to stimulate customers' repeat purchase and increase the number of consumption
 - Cross display of commodities
 - Customer-oriented
 - Re-group the product mix according to consumer habits.



3. Unique and Innovative Marketing Strategy

- ① Strengthen “Thematic and Diversified Department Store” image
 - ① Cooperate with renowned international companies to introduce popular activities into stores
 - ① Seek for more cross-industry co-operation to bring in more excitement to our customers
 - ① Leverage on strong brand portfolio to launch promotions on individual brands

① Expand young VIP membership profile by launching

- ① Speed dating events
- ① Celebrities activities
- ① Campus promotion: New Card promotion, inter-school competition, staff recruitment

Disneyland characters performance



Ocean Park Fun

Super Stars' Memorable Collections Exhibition

① Reinforce 3 signature events: “Stamp Redemption Program”, “Non-stop Mega Sales” and “VIP Day”



Campus promotion

Speed dating



Celebrity activity

Non-stop Mega Sales



Stamp Redemption Program



VIP Day

4. Enhanced e-Platform

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VIP website

- New VIP membership system and website launched in March 2012

- Provides new services such as online spending records and bonus points checking, VIP card online application and renewal

- Customers can manage their accounts online

Mini blog

- Communicates with bloggers on the latest promotions and news

Online shopping platform

- Captures fast growing online shopping trend

- Provides a comprehensive list of products to cater different preferences of customers

Mobile Apps

- An integrated free mobile APPS to interact with young VIP members to increase noise and loyalty



4. Huge Target Customer Database

Nationwide VIP members
More than 2,880,000
↑35% year-on-year



Co-branded Credit Card members with Bank of Communications
More than 593,000
↑13% year-on-year



Mini-blog & "Get interactive with NWDS" blog members
More than 430,000
↑394% year-on-year



Four VIP Club members
More than 1,180,000
↑43% year-on-year



VIP Contribution:

- VIP contributed approx. 53% of the total sales turnover in FY12, ↑7ppt year-on-year
- VIP sales increased approx. 29% year-on-year

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Expansion Strategies



Consistent Expansion Strategies

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Open new stores

- Target to have self-owned stores with total GFA of about 2 million sq.m. by FY16, i.e. to increase 10%-20% GFA each year
- Establish our footholds from first- and second-tier cities to second- and third-tier cities
- Enter new markets with radiation effect from cities where NWDS has a strong presence
- Multiple footholds within a single city

Acquisitions

- Increase the GFA of owned properties to around 20%-30% of total GFA
- Acquire existing managed stores

Greenfield projects

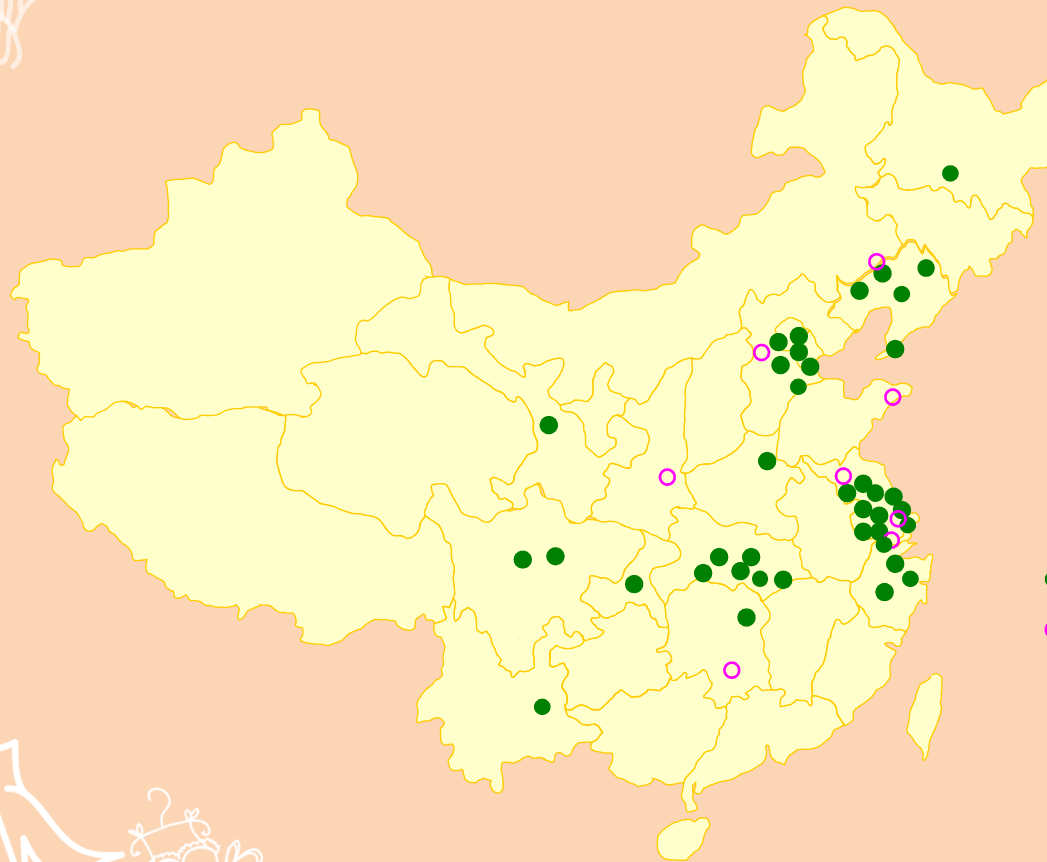
- Looking for opportunities on greenfield projects

Increase managed stores

- Provides stable revenue to the Company

Continue to Grow Our Retail Network

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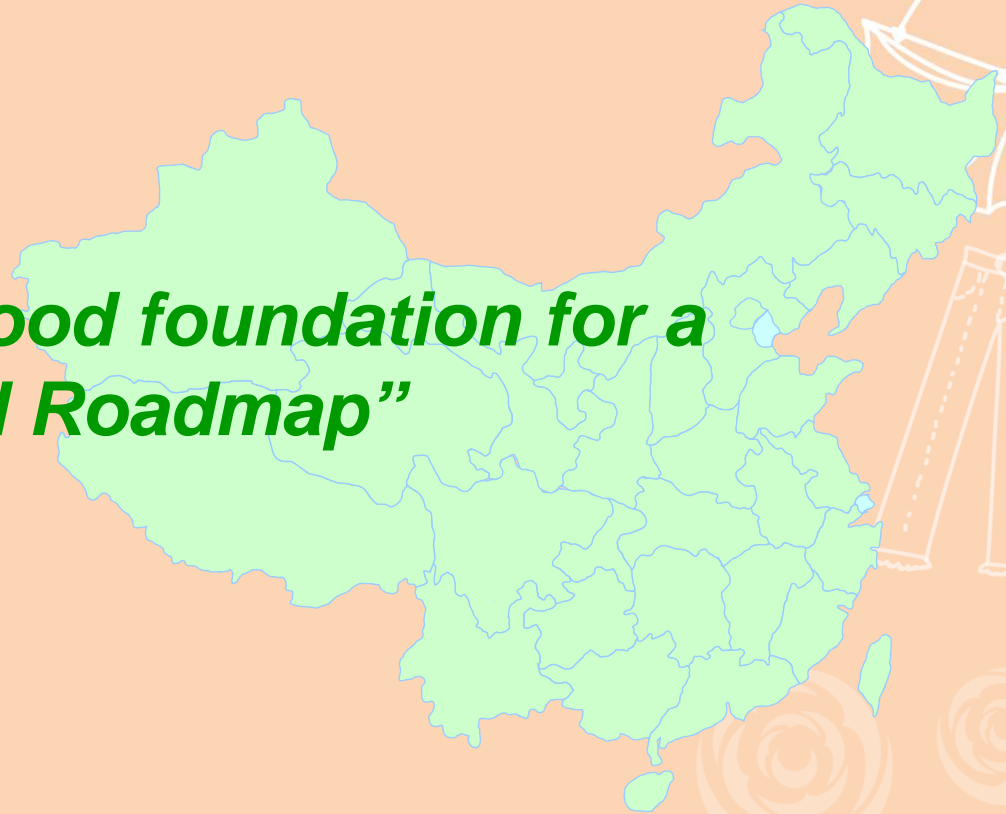
- Existing self-owned and managed stores
- New stores/expansion in the pipeline

As of 25 Sep 2012

Our Mission

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***“Striving to lay a good foundation for a
New Brand Roadmap”***



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Open Forum

JEWELLERY SHOP

