

FY18 Annual Results Presentation

For the year ended 30 June 2018

19 September 2018



Safe Harbour Statement

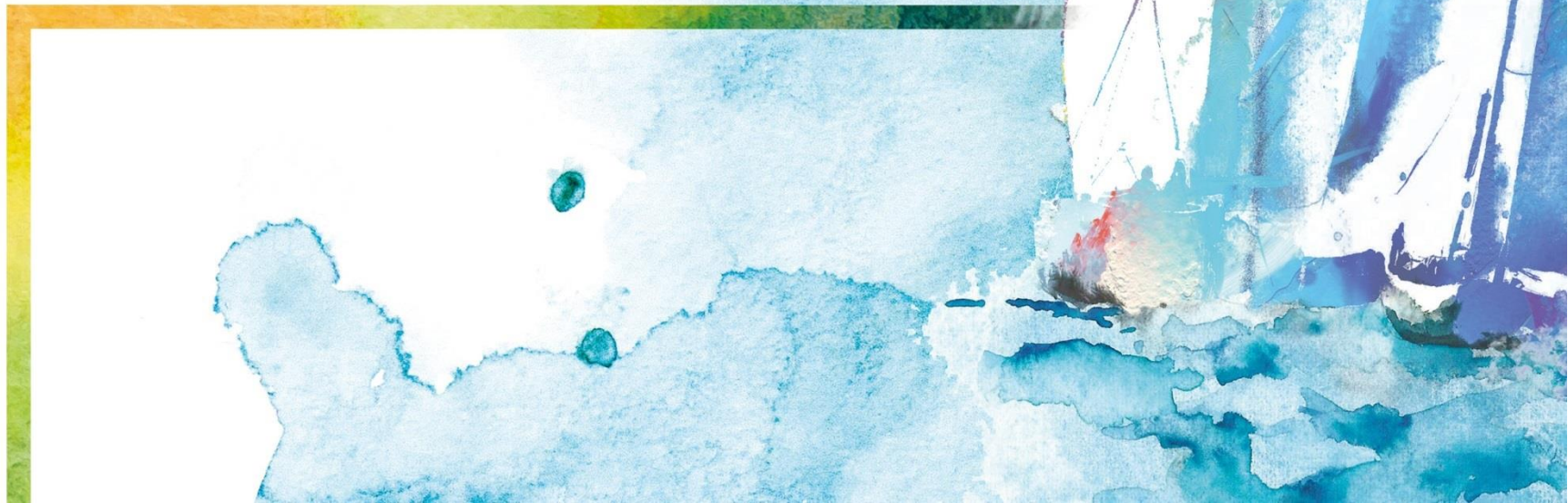
The information contained in our presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions 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.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Agenda

- Financial Highlights
- Operational Highlights
- Retail Network
- Future Strategies

Financial Highlights



Summary for FY18

Same-store Sales Growth

- SSSG for FY18 was 0.8%, SSSG for FY17 was 0.7%

Revenue

- Revenue was HK\$3,821.1 million compared with HK\$3,484.3 million in FY17, with year-on-year growth of approx. 9.7%

Operating Profit

- Operating profit decreased to HK\$185.4 million from HK\$277.8 million in FY17

Profit for the Year

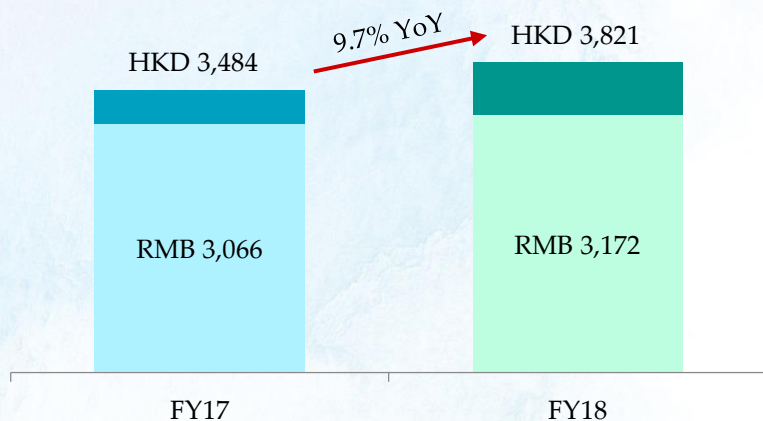
- Profit for the year decreased to HK\$11.1 million from HK\$128.3 million in FY17

Earnings per Share

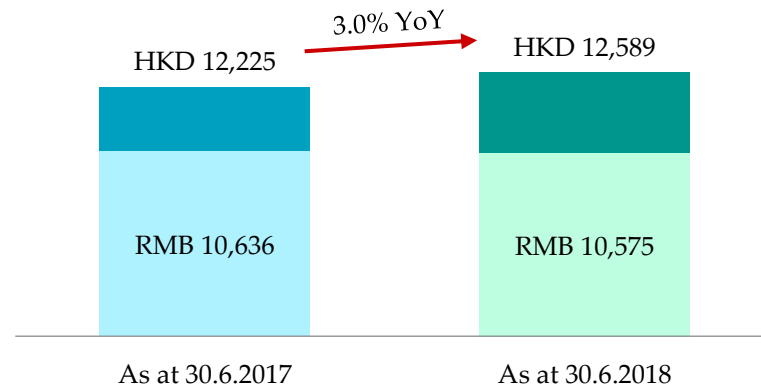
- Earnings per share was HK\$0.01

Financial Highlights (HKD/RMB mn)

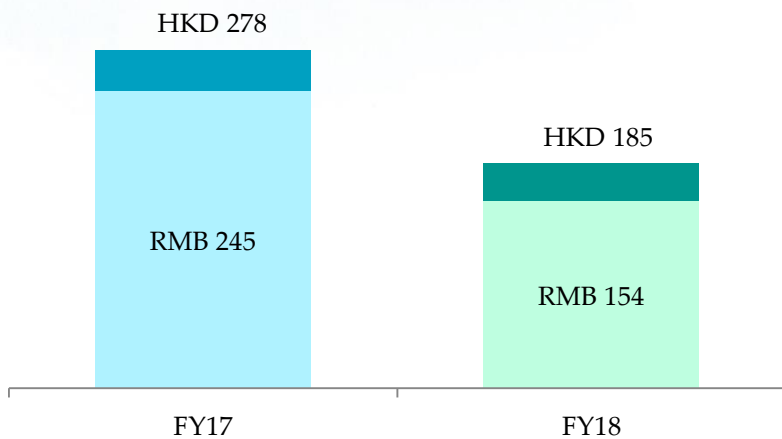
Revenue



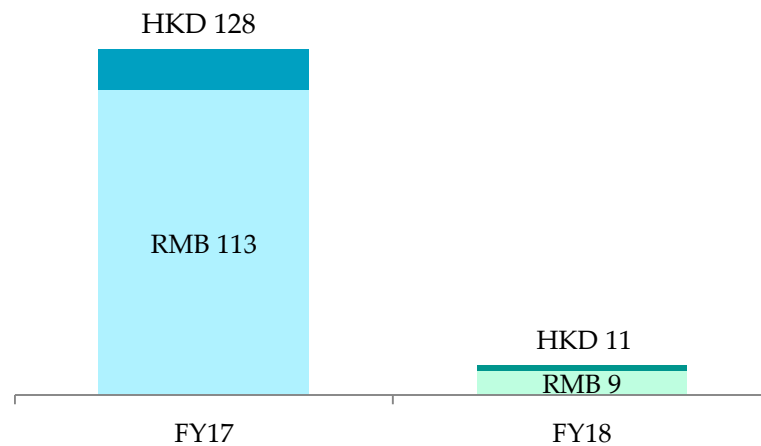
Total Assets



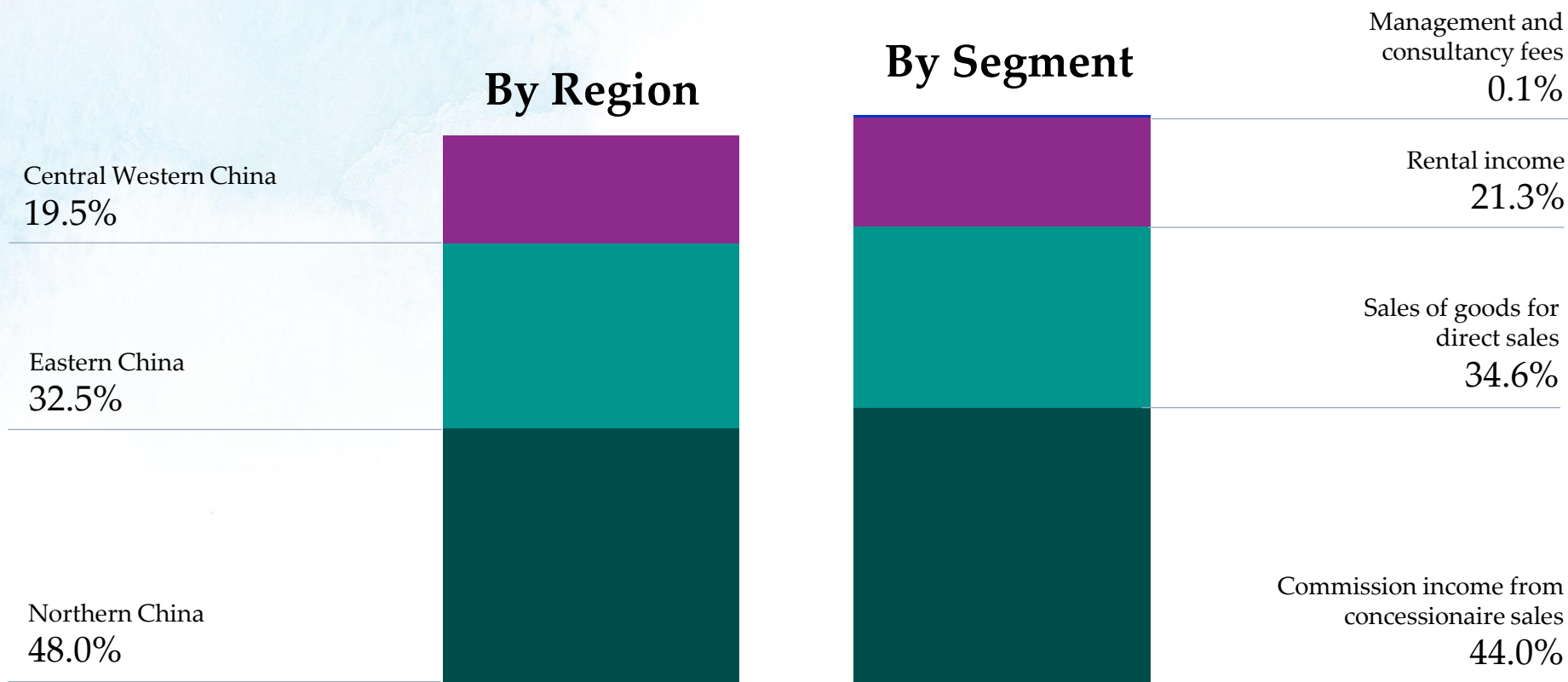
EBIT



Net Profit

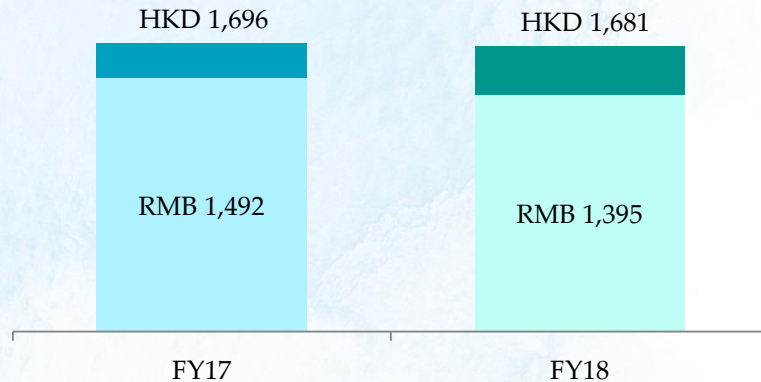


Revenue Breakdown

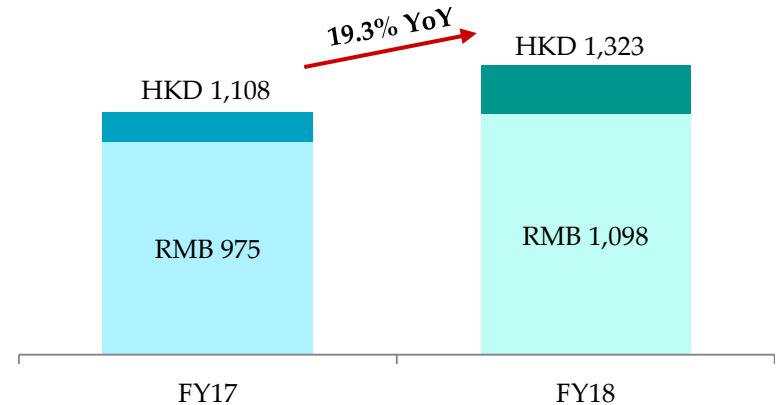


Revenue Analysis *(HKD/RMB mn)*

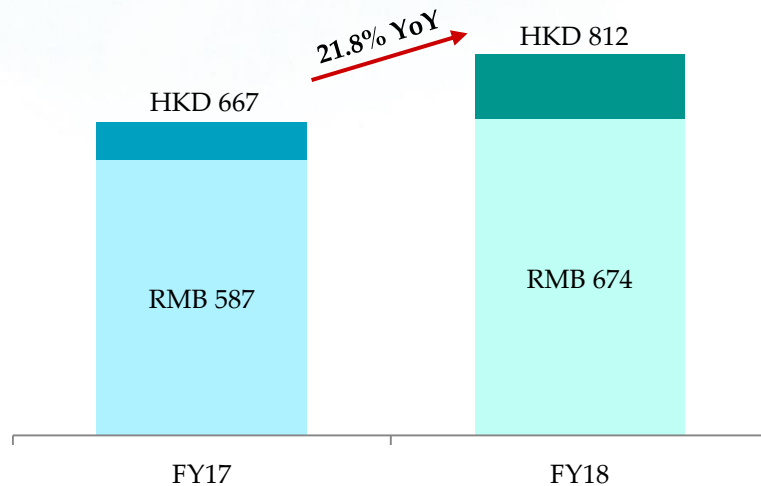
Commission Income from Concessionaire Sales



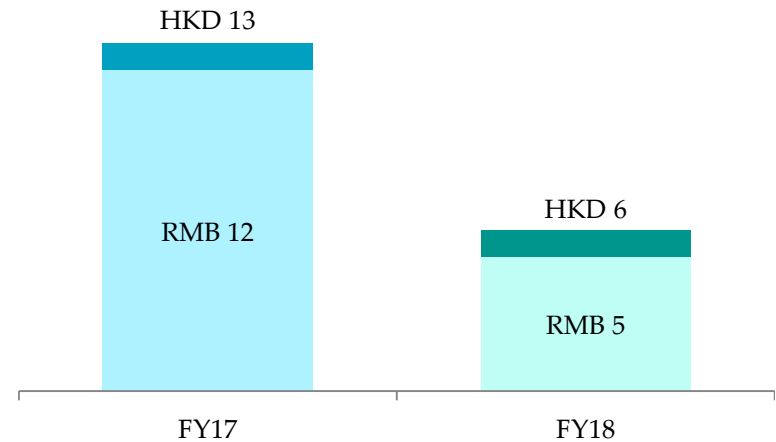
Sales of Goods for Direct Sales



Rental Income

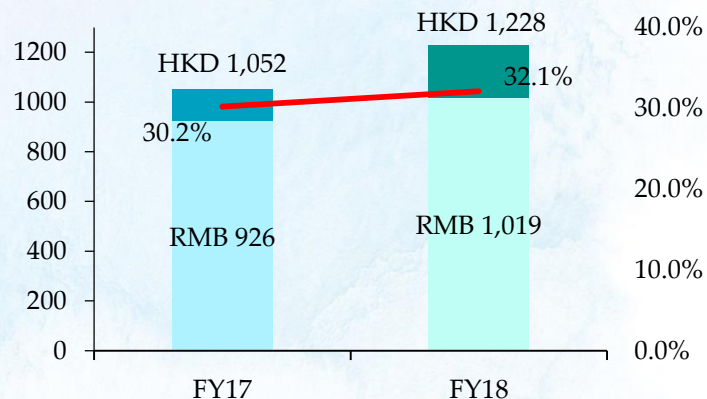


Management and Consultancy Fees

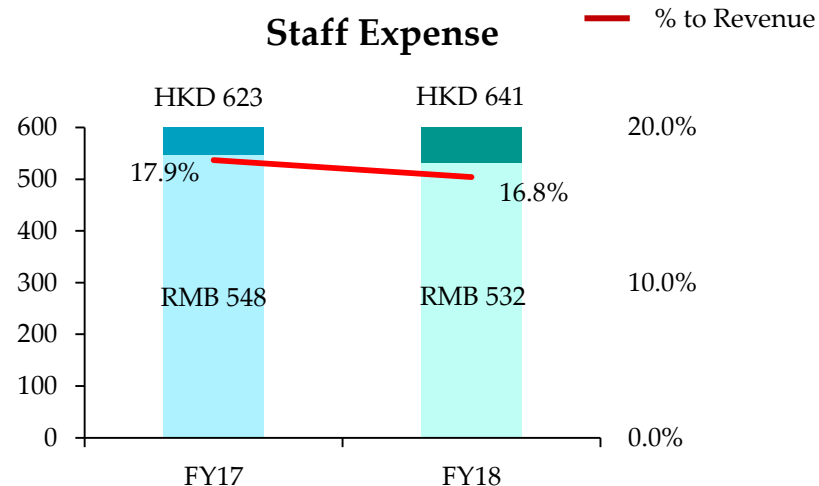


Expense Ratios (HKD/RMB mn)

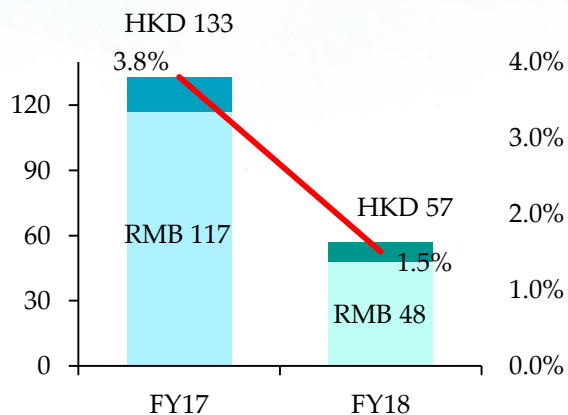
Rental Expense



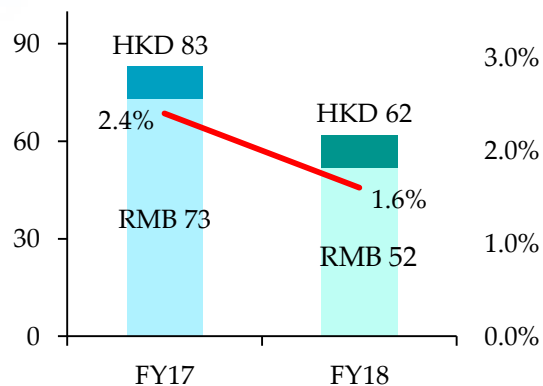
Staff Expense



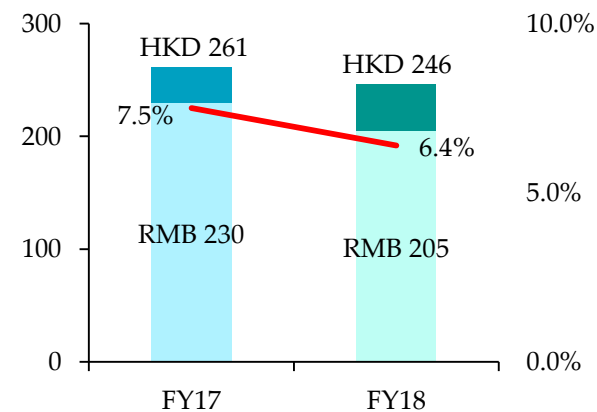
Promotion, Advertising & Related Expenses



Water & Electricity Expenses



Depreciation & Amortisation Expense



Operational Highlights

A decorative graphic in the bottom right corner consisting of a watercolor splash. The splash features a mix of colors including blue, purple, pink, red, and orange, with numerous small dark blue and black dots scattered around it. A thin yellow border is visible on the left side of the splash area.

Developing Long Term Core Competencies

Categorised Management

- Categorised stores into “novel department store”, “quasi-shopping mall”, “industry-benchmark store” and “urban outlet” for higher management efficiency and better allocation of resources

“One Store, One Strategy”

- Motivated stores to innovate and adopt unique positioning and strategies to cater to their specific markets

Tiered Store Management

- Identified and cultivated leading stores as key growth drivers in three operating regions



Beijing Store



Shanghai Wujiaochang
Branch Store



Chongqing Store

One Store, One Strategy

- Introduced Nanjing Store's "New Territories 88" in Nov 2016 and Changsha Trendy Plaza's "MAX Commune" in Jul 2017
- Completed strategic premise retrofitting and brand portfolio adjustments for selected floors in Chongqing Store and Shanghai Pujian Branch Store
- Upscaled the brands and adjusted the categories that Shanghai Qibao Branch Store carried to craft essential character of outlet
- Planned to introduce thematic street zone into Zhengzhou Store, Tianjin Store and Wuhan Wuchang Branch Store in future



Nanjing Store



Chongqing Store



Changsha Trendy Plaza

Strengthening Competitive Categories



Gold & Jewellery



Young Ladieswear



Ladies' Footwear



Sports



Cosmetics

Driving Concessionaire Sales

- Expedited brand renewal, optimised merchandise mix and strengthened competitive categories to lift product appeal and store competitiveness

Gold & Jewellery

- Strengthened collaboration with strategic partners such as Chow Tai Fook
- Rode on new product launches and “brand day” campaigns to boost sales

Cosmetics

- Entered into strategic cooperation with Procter & Gamble and Amore Pacific to speed up the landing of international cosmetics brands
- Beijing Store recorded double-digit YoY growth in cosmetics sales and took a solid 3rd place in Beijing’s cosmetics market in terms of scale and number of brands



Enhancing In-store Lifestyle Experiences

Rental Income:

- Continued to introduce in-demand F&B outlets, entertainment and complementary facilities, e.g. “Uji Matcha”, “Mi Home”, “Stellar International Cineplex”, etc.
- Strengthened cooperation with high traffic tenants, e.g. “Haidilao Hotpot”, “LEFIT”, “Sanfu Easy Fashion Easy Life”, etc. by increasing the number of collaborative stores
- Enriched customers’ in-store experience with enhanced rental business proportion of about 39% of total operating area



Expanding N+ Line-up



N+ Natural Taste Plus

- Rolled out new store concept at Shanghai Baoshan Branch Store
- Landed at Shanghai Chengshan Branch Store and Shanghai Qibao Branch Store
- Introduced peripheral products such as coffee and western pastries on top of its signature artisan bread
- 3 stores as at 30 Jun 2018

Expanding N+ Line-up



N+ Convenience Store

- Landed at Beijing Store in Nov 2017, targeting office workers
- Specialises in sales of snacks, bottled drinks and fresh food products



N+ Baby

- Mother-and-baby themed supermarket landed at Beijing Store in Dec 2017
- 41% merchandise imported from Japan, Korea, Europe and the U.S.
- 20% in-store space set aside for value-added services e.g. children's play area, day care, etc.



N+ Quality Goods

- Landed at Beijing Store in Apr 2018, targeting female customers aged 18 to 35
- Offers a wide variety of quality household goods and decorative pieces

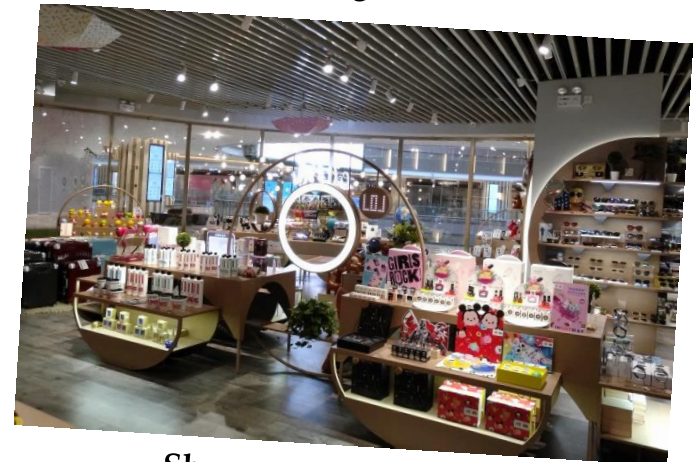
Gaining Footholds for LOL

LOL (Love · Original · Life) Concept Shop

- Developed solid vertical operating capabilities after 5 years of operations
- Categorized management of black, gold and silver label stores and targeted marketing yielded positive results
- Actively expanded out of NWDS' store network with 6 outlets opened in K11 Art Malls in Shanghai, Wuhan and Shenyang; Shanghai Joy City; Life Hub @ Jinqiao, Shanghai; and Chongqing IF Plaza
- 20 stores as at 30 Jun 2018



Shanghai Joy City

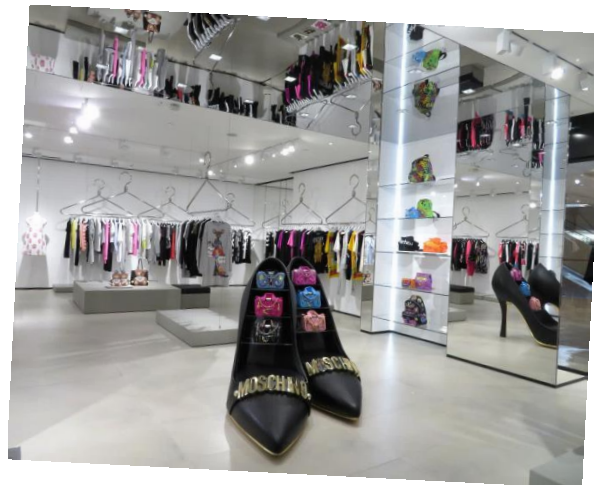


Shenyang K11 Art Mall

Growing Distribution Business

Distribution Business of High-end Fashion Brands

- Secured exclusive distributing rights of SERGIO ROSSI in Mainland China in early 2018
- Launched MOSCHINO's Tmall flagship store in Jun 2018
- Existing brand portfolio: MOSCHINO, LOVE MOSCHINO, RED VALENTINO, DSQUARED2 and YVES SALOMON
- 77 stores as at 30 Jun 2018



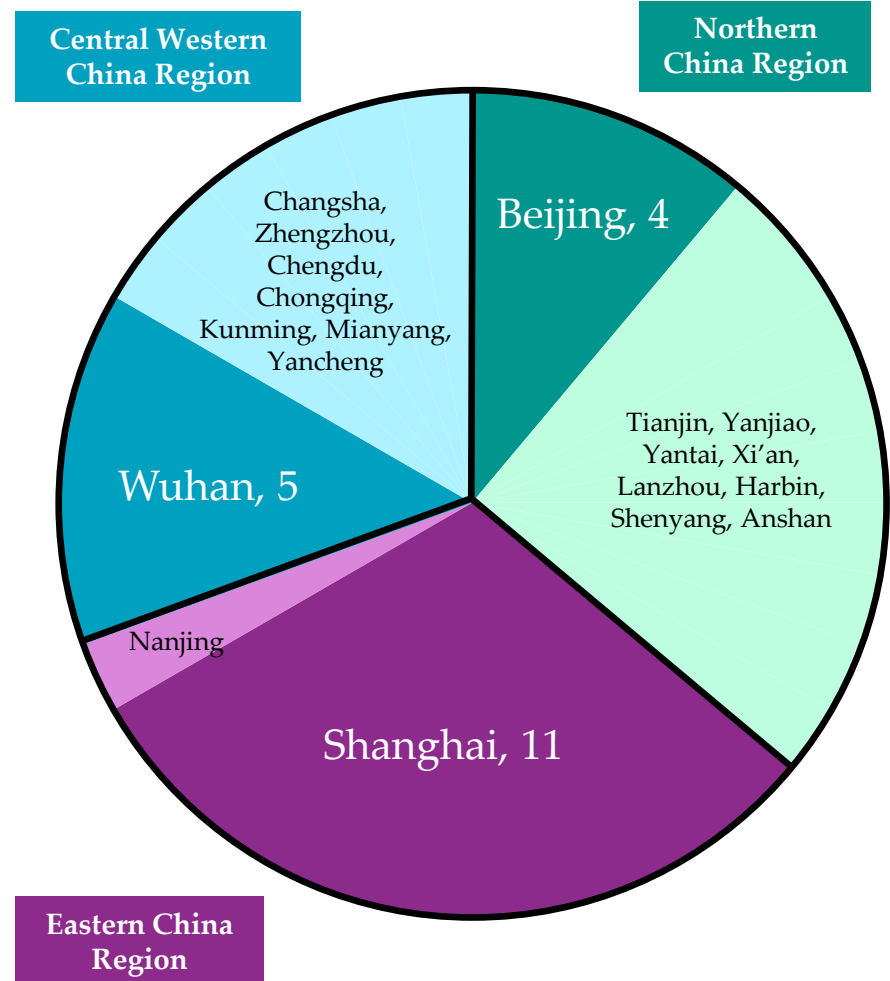
Retail Network



Store Portfolio (as at 30 Jun 2018)

No. of Stores in Three Regions

- **37** “New World” (「新世界」) and “Ba Li Chun Tian” (「巴黎春天」) branded department stores and shopping malls
- **19** major cities/locations in Mainland China
- 3 operating regions
- Total GFA: **1,455,780** sq.m.



Capturing Opportunities in New Tier 1 Cities



Northern China Region:

[Tier 1] Beijing
[New Tier 1] Tianjin, Xi'an, Shenyang
[Tier 2] Yantai, Harbin, Lanzhou
[Tier 3] Anshan
[Others] Yanjiao

Eastern China Region:

[Tier 1] Shanghai
[New Tier 1] Nanjing

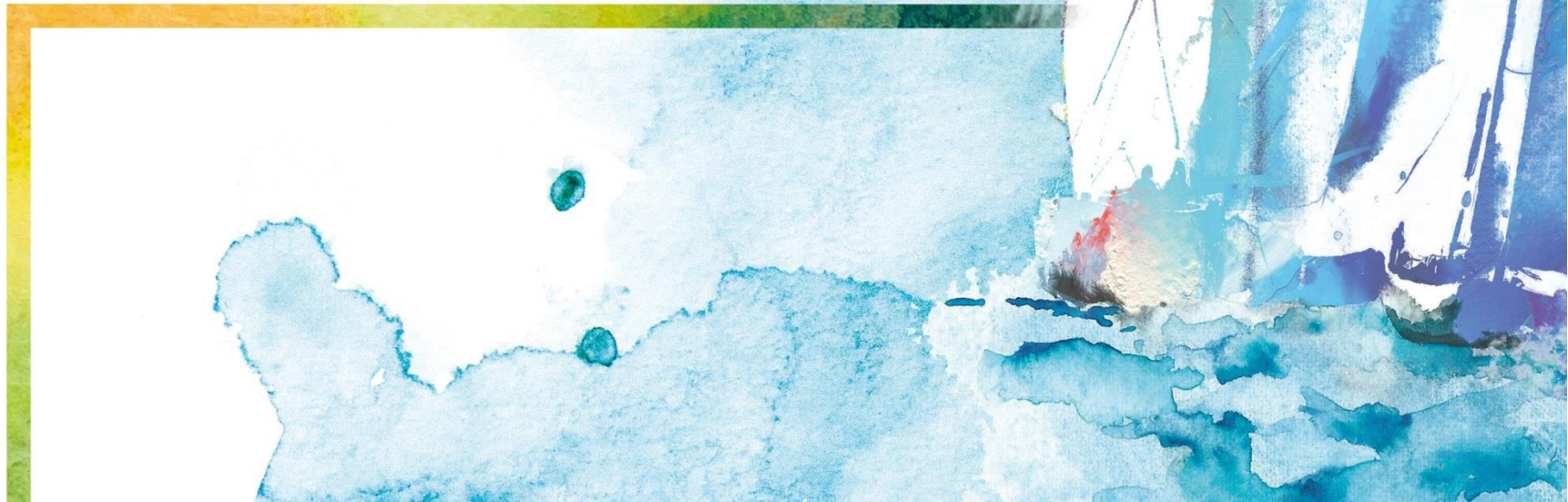
Central Western China Region:

[New Tier 1] Wuhan, Changsha, Zhengzhou, Chengdu, Chongqing
[Tier 2] Kunming
[Tier 3] Mianyang, Yancheng

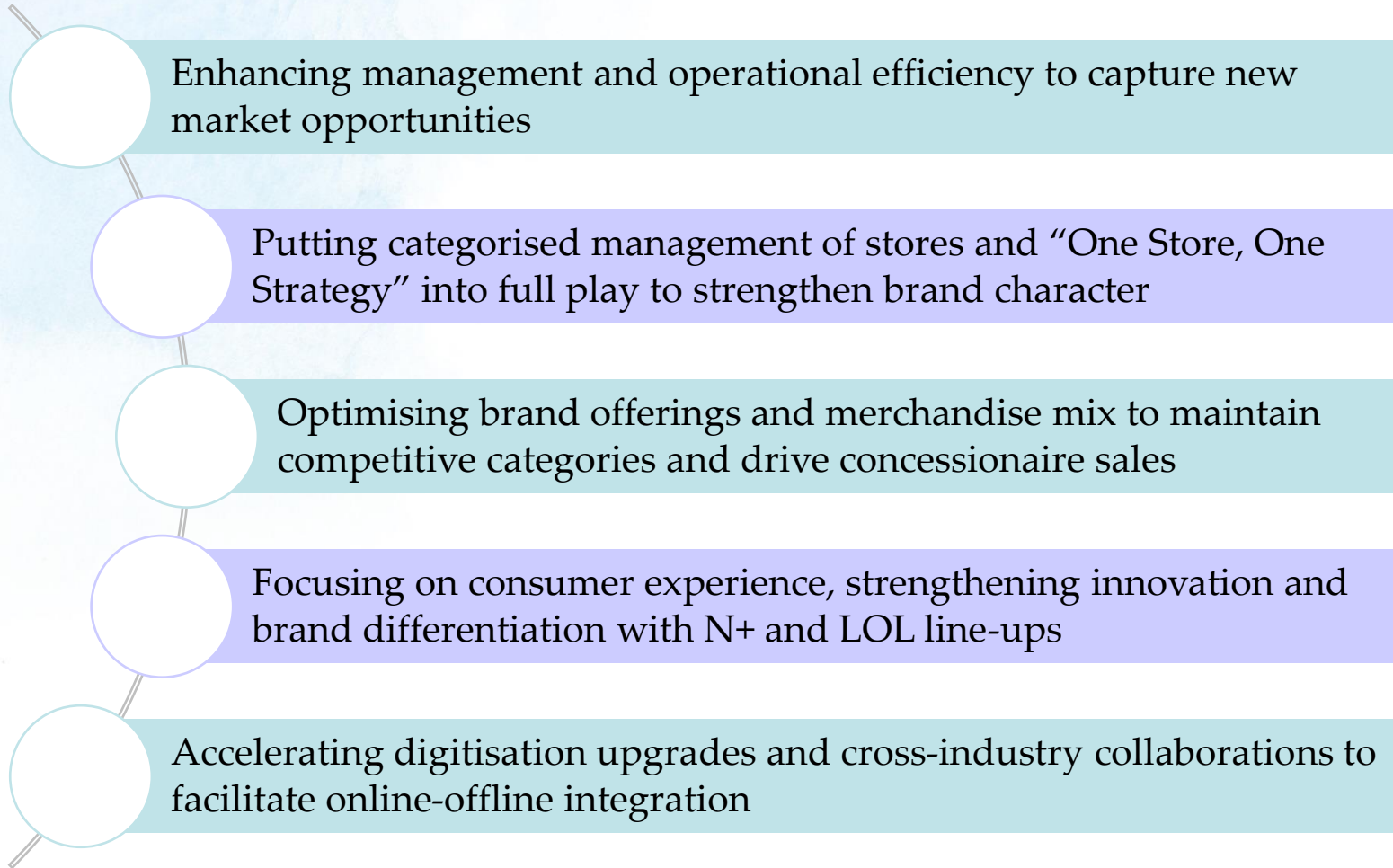
N.B. The above cities are categorised according to the China's Cities 2018: Cities of Business Attractiveness released by The Rising Lab (新一線城市研究所) under Yicai Media Group (第一財經), which grades all 338 prefecture-level cities in Mainland China based on data of 170 commercial brands and data from 19 Internet firms and institutions.

Source: <https://www.yicai.com/news/5418765.html>

Future Strategies



Future Strategies





End