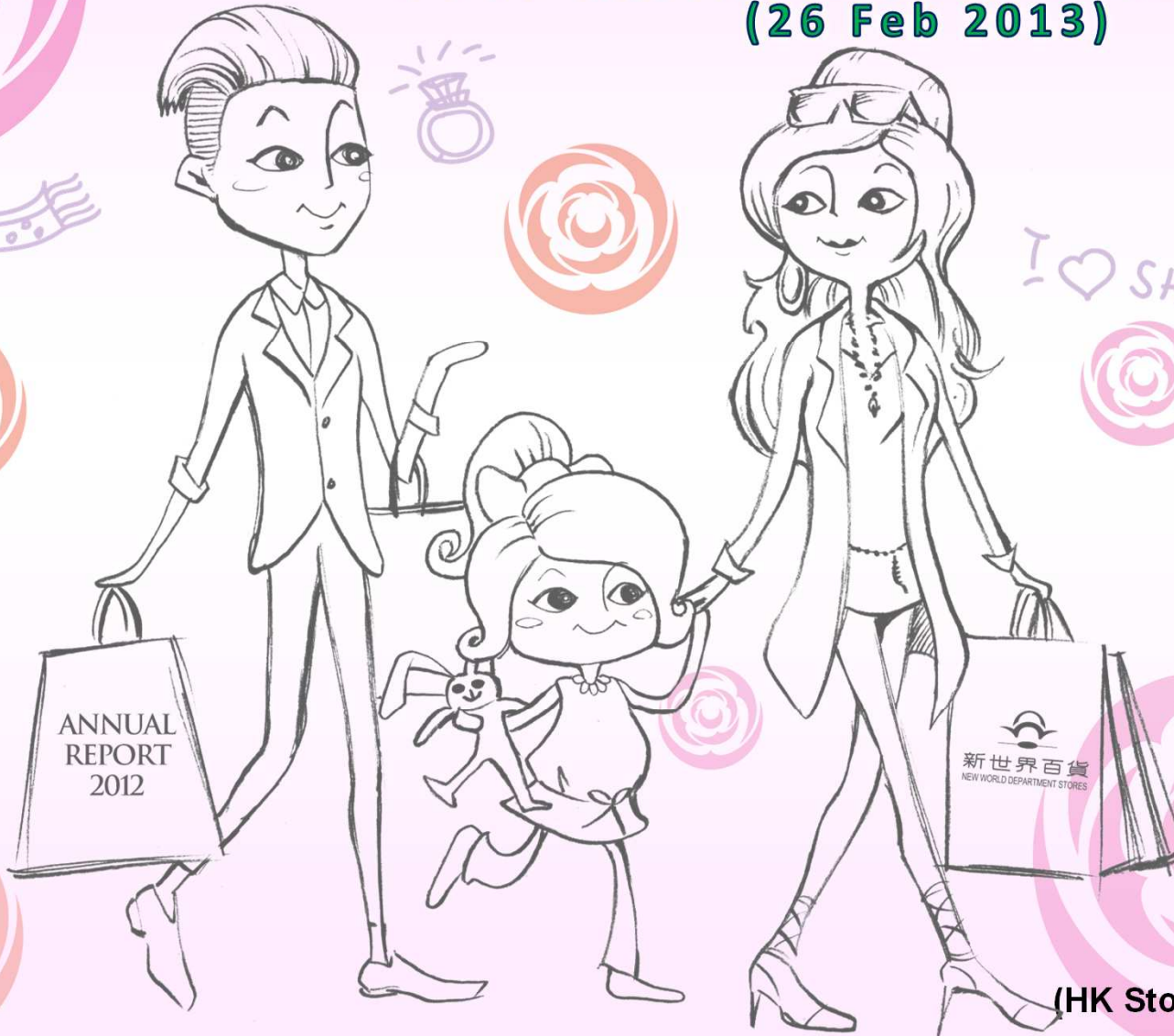




新世界百貨中國有限公司

New World Department Store China Limited

FY13 Interim Results Presentation
(26 Feb 2013)



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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 in 1HFY13
- 🌀 Latest Update and Store Pipelines
- 🌀 Results Highlights
- 🌀 Operational & Marketing Strategies
- 🌀 Expansion Strategies
- 🌀 Open Forum

Key Achievements in 1HFY13



Key Achievements

Sound same-store-sales growth
SSSG for self-owned stores: 9.2%

Steady Growth

Revenue grew 19.7% from HK\$1,695.1 million in 1HFY12 to HK\$2,028.6 million in 1HFY13

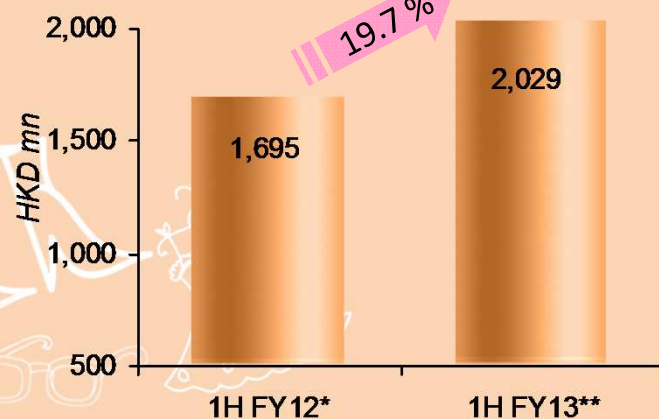
Profit for the Period

– Profit for the Period was HK\$332 million

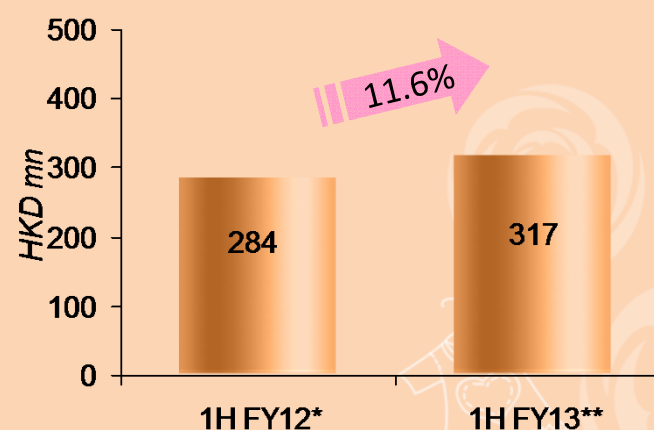
Core Net Profit

– If excluding other (losses) / gains and changes in fair value of investment properties, core net profit increased to HK\$317.0 million in 1HFY13 from HK\$284.0 million in 1HFY12

Revenue



Core Net Profit



Key Achievements (cont'd)

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Extensive retail network

No. of stores increased to 41 as of 31 December 2012, with a total GFA of 1,489,980 sq.m. covering 19 cities in the PRC

Strong customer base

Well-established VIP membership program with over 3.5 million members

Stable financial foundation

As of 31 December 2012, the Company was in a net cash position with cash on hand of about HK\$3,985.2 million

Received strong accreditation in the region

- Accredited as 'Asia's 200 Best Under a Billion' for the fifth consecutive year
- The Group's "Super Star's Memorable Collections Exhibition" marketing campaign won the "Citation for Excellence in Mainland Marketing" Award in the HKMA/TVB Award for Marketing Excellence 2012
- The Group's Rebranding Marketing Campaign won Merit Award in "The 8th China Best Brand Building Case Award"

Key Achievements – New Store

New
Self-owned
Store

Yancheng Store

生活馆



Location:

1 Jianjun West Road, Yancheng, Jiangsu Province

Self-owned Store:

GFA: approx. 54,000 sq. m.

Commenced operation in December 2012

Establish a new store in Jiangsu Province strengthening our foothold in the province

Key Achievements – New Store

New
Self-owned
Store

Xi'an Store

生活馆




Location:

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

Self-owned Store:

GFA: approx. 58,500 sq.m.

Commenced operation in December 2012

 Situated in the prime location of Xi'an, Xi'an Store is exposed to great opportunity in the city

Key Achievements – New Store

New
Managed
Store

Ningbo Beilun Store

生活馆



Location:

Wang Shan Street, Beilun District, Ningbo, Zhejiang Province

Managed Store:

GFA: approx. 60,000 sq.m.

Commenced operation in September 2012



The opening of new managed store in Ningbo enhances our foothold into Zhejiang province

Store Portfolio

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Gross Floor Area (GFA) of Store Portfolio

	As of 31 Dec					As at 26 Feb
(approx. sq.m.)	2008	2009	2010	2011	2012	2013
Self-owned stores	549,270 (20 stores)	604,730 (22 stores)	929,320 (28 stores)	1,193,970 (35 stores)	1,348,280 (37 stores)	1,334,390 (36 stores)
Managed stores	493,300 (13 stores)	463,600 (11 stores)	295,100 (8 stores)	159,700 (4 stores)	141,700 (4 stores)	141,700 (4 stores)
Total	1,042,570 (33 stores)	1,068,330 (33 stores)	1,224,420 (36 stores)	1,353,670 (39 stores)	1,489,980 (41 stores)	1,476,090 (40 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

Taizhou Store ceased to be a self-owned store since Nov 2012

Shenyang Nanjing Street Branch Store was closed in Feb 2013 on proposed redevelopment subject to shareholders' approval and is expected to reopen in FY17

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Latest Update and Store Pipelines



New Stores in 2HFY13

New Managed Store

Sanhe Project

生活馆



Location:

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

Managed Store:

GFA: approx. 32,000 sq.m.

Expected to commence operation in 2HFY13



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

New Stores in FY14

New
Self-owned
Store &
Managed
Shopping
Mall

Yantai Project



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

生活馆



Expansion

Phase II of Shenyang Nanjing Street Store Project

时尚馆



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 Project will enhance the Company's competitive edge in Taiyuan Street commercial circle

New Stores in FY14

New Managed Store

Shaoxing Project

生活馆



Location:

Keqiao District, Shaoxing, Zhejiang Province

Managed Store:

GFA: approx. 42,300 sq.m.

Expected to commence operation in FY14



The managed store helps explore the market in Shaoxing and expand our presence in Zhejiang Province

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 expands 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. (Opened 43,160 sq.m. in 1H Will open 10,840 sq.m. in 2H)	Phase II of Shenyang Nanjing Street Store Project: 25,400 sq.m. (Greenfield)	Hengyang Project: 42,200 sq.m. (Greenfield)	
	Shenyang Jianqiao Road Branch Store (expansion): 34,000 sq.m. (Opened)	Xi'an Store: 58,500 sq.m. (Opened 52,650 sq.m. in 1H Will open 5,850 sq.m. in 2H)	Yantai Project: 55,000 sq.m. (Greenfield)	Shanghai 118 Project: 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.
Managed Store		Ningbo Store: 60,000 sq.m. (Opened 34,000 sq.m. in 1H Will open 26,000 sq.m. in 2H)	Shaoxing Project: 42,300 sq.m.		
		Sanhe Project: 32,000 sq.m.			
Managed Shopping Mall			Yantai Project: 46,000 sq.m.		
Total	190,200 sq.m.	204,500 sq.m.	168,700 sq.m.	104,800 sq.m.	668,200 sq.m.

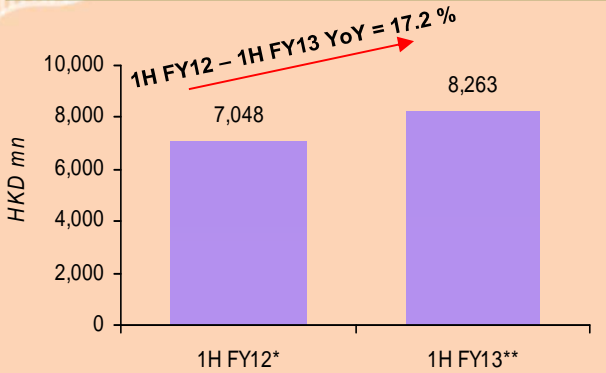
Results Highlights



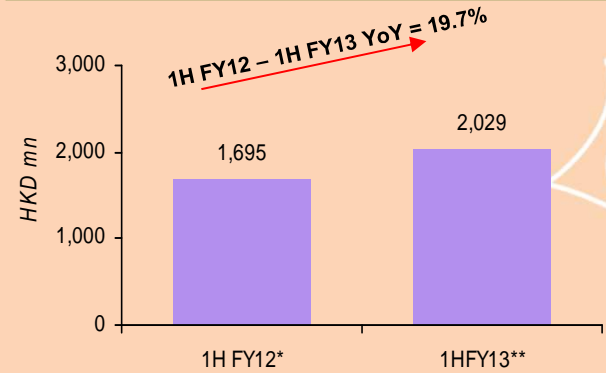
Financial Highlights

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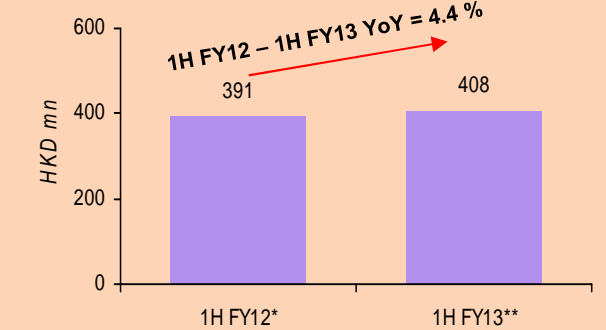
GSP



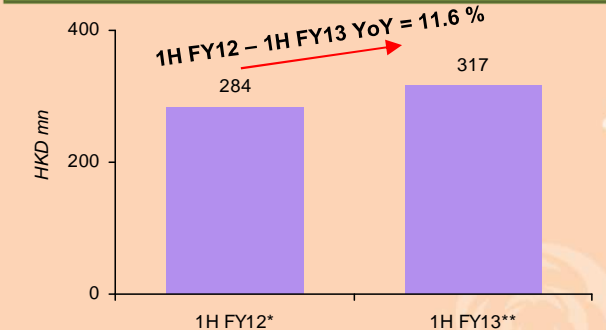
Revenue



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.

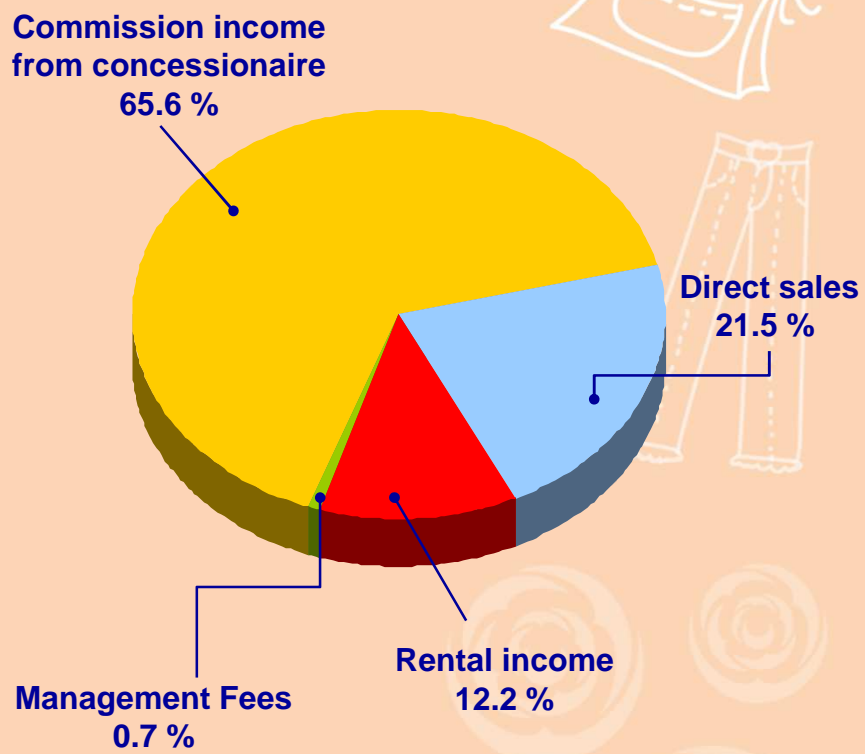
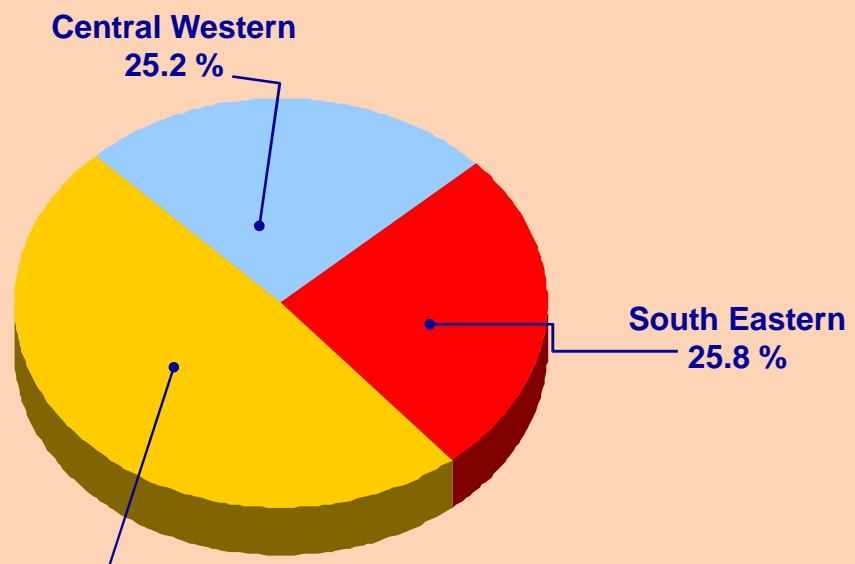
- Core excludes:
- Other (losses) / gains
 - Changes in fair value of investment properties

Revenue Analysis

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Revenue contribution by region

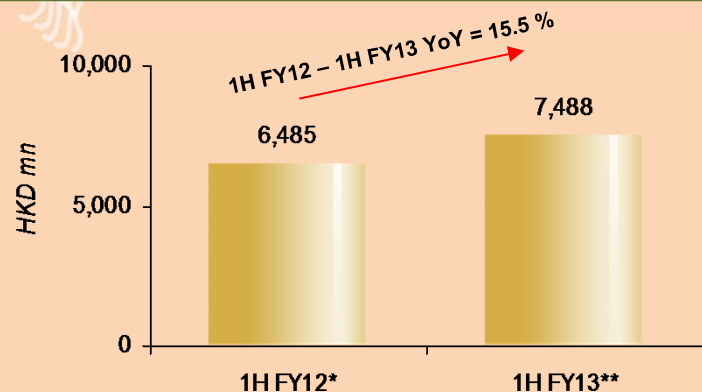
Revenue contribution by segment



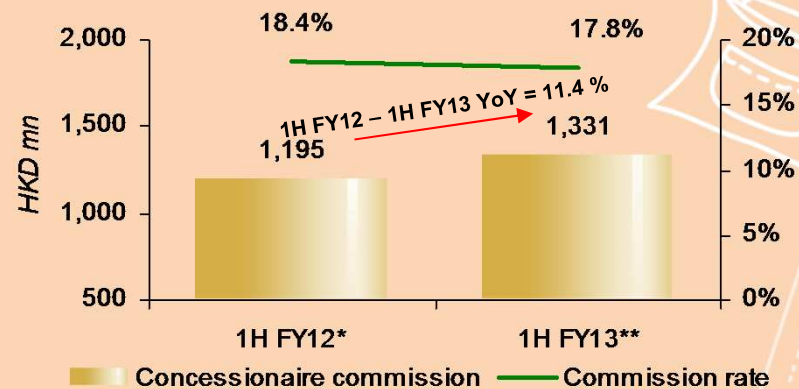
Revenue Analysis

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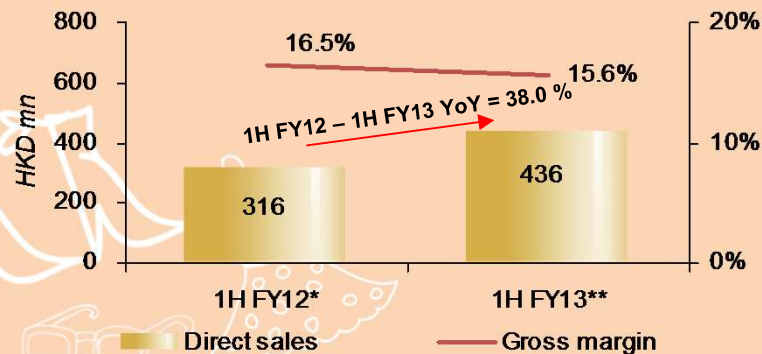
Concessionaire gross sales revenues



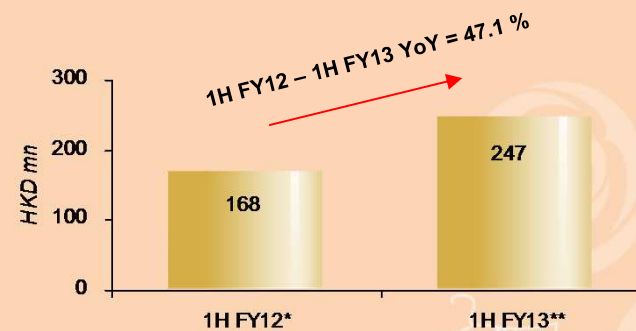
Concessionaire commission



Direct sales and its gross margin



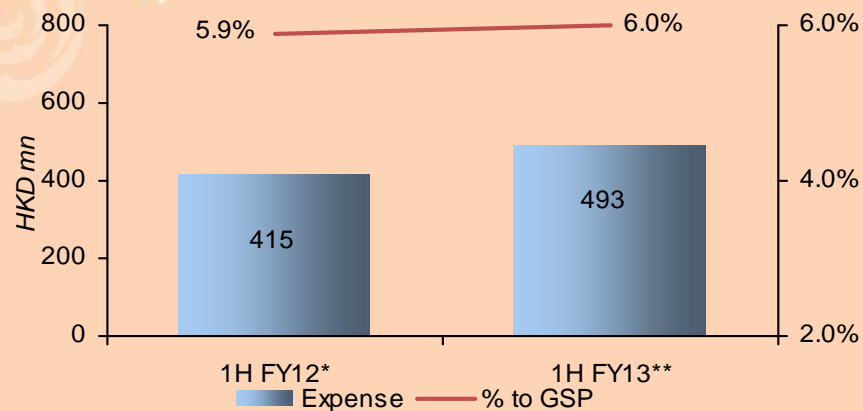
Rental Income



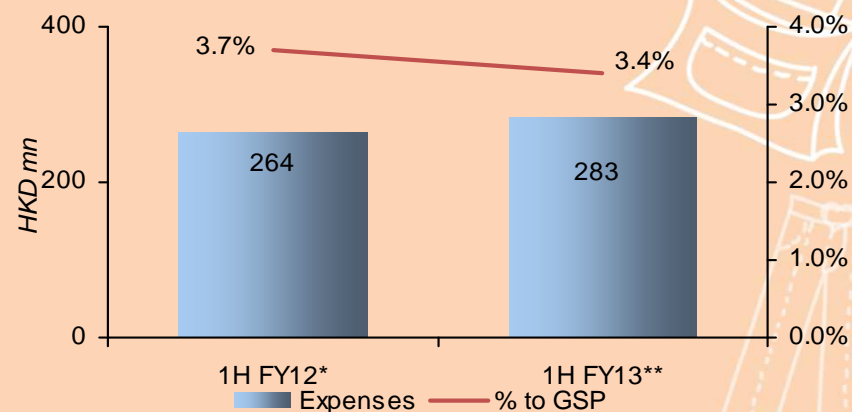
Expense Ratios

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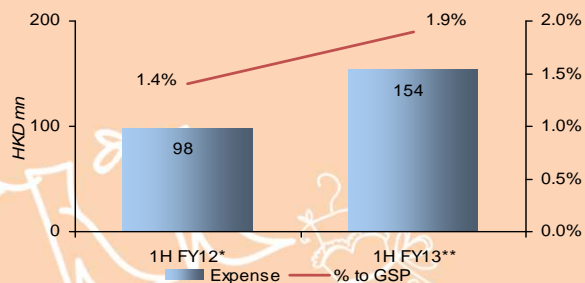
Rental expense



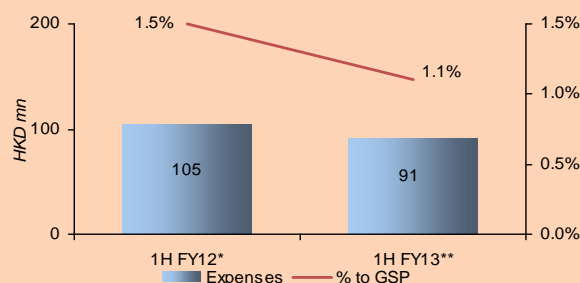
Staff expense



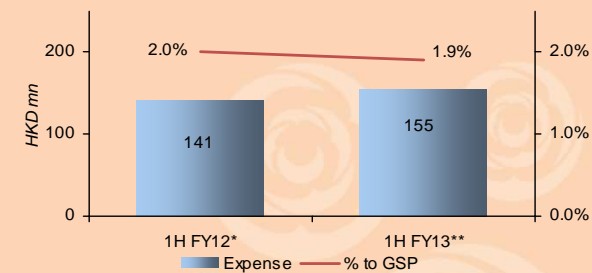
Promotion, advertising & related expense



Water & electricity expense



Depreciation & amortisation expense



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Operational & Marketing Strategies



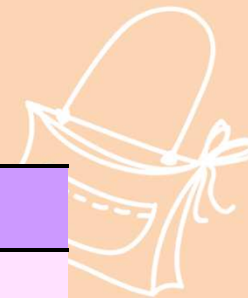
Operational & Marketing Strategies

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1. Rebranding & Renovation Progress

Regions	Status
Northern China	Completed
South Eastern China	Completed except Nanjing Store
Central Western China	Completed except 4 stores in Wuhan, which are expected to finish in 2013



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
- ② Cooperate with renowned international companies to introduce popular activities into stores
- ③ Seek for more cross-industry co-operation to bring in more excitement to our customers
- ④ Leverage on strong brand portfolio to launch promotions on individual brands

⑤ Expand VIP membership profile by launching

- ⑥ Speed Dating activities
- ⑦ Celebrities activities
- ⑧ Finnish Santa Claus activities



Michael Jackson's Wardrobe Exhibition Tour - Gorgeous 25 Years



Campus promotion



Ocean Park Fun

⑨ Reinforce signature events such as “Non-stop Mega Sales” and “VIP Day”

⑩ “Brand Week” - integrates brand building activities with promotions



Finnish Santa Claus



Speed Dating Activity



Celebrity Activity



Non-stop Mega Sales



Stamp Redemption Program



VIP Day

4. Enhanced e-Platform

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VIP website

Provides 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

Mobile Apps

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



5. Huge Target Customer Database

Shopping!

Nationwide VIP members
More than 3,500,000
 ↑47% year-on-year



Co-branded Credit Card members with Bank of Communications
More than 635,000
 ↑9% year-on-year



Mini-blog & "Get interactive with NWDS" blog members
More than 1,100,000
 ↑366% year-on-year



Four VIP Club members
More than 1,380,000
 ↑44% year-on-year



VIP Contribution:

- VIP contributed approx. 61% of the total sales turnover in 1HFY13, ↑10 pts year-on-year
- VIP sales increased approx. 28% 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%-15% 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 presences within a single city

Acquisitions

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

Greenfield projects

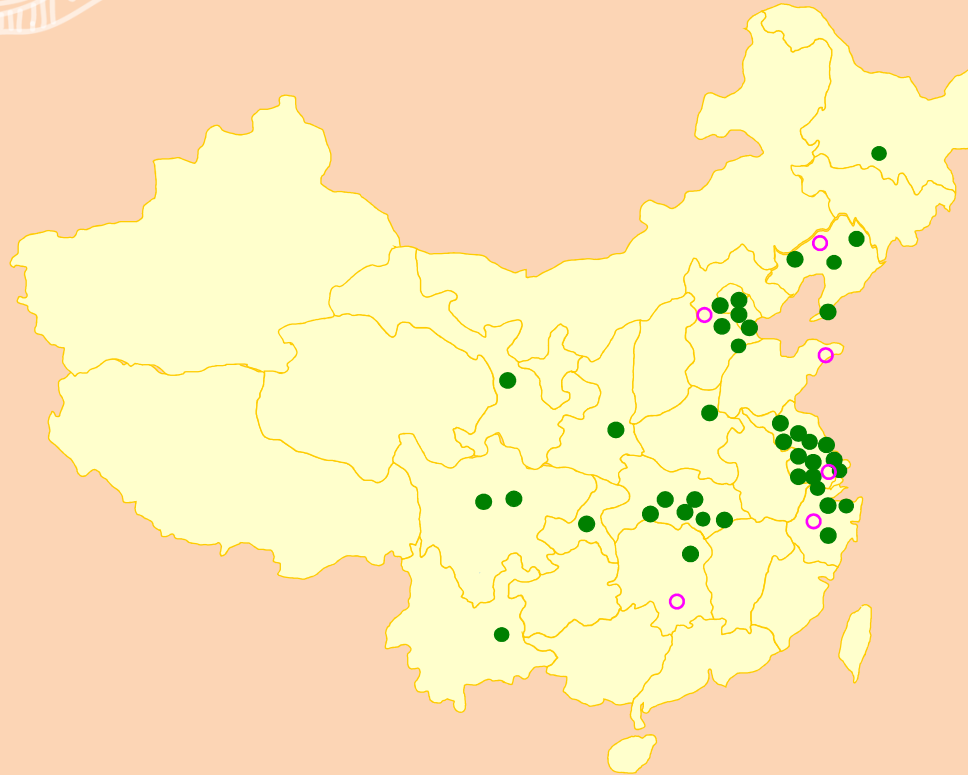
- Looking for opportunities on greenfield projects

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

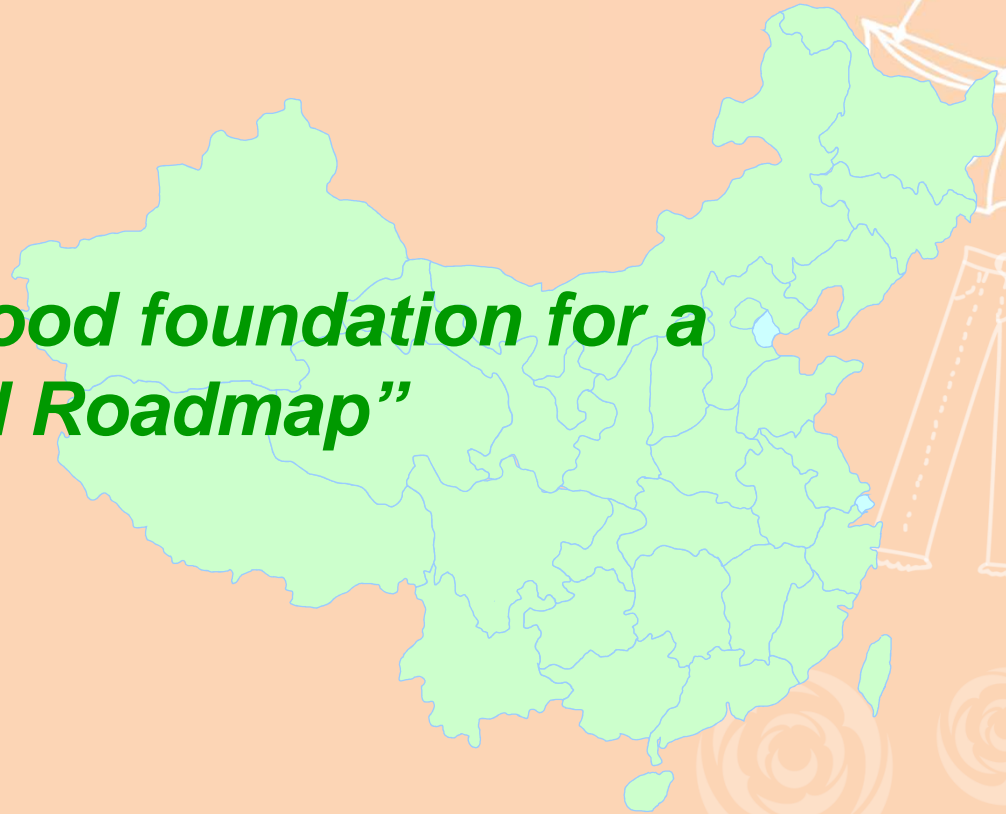
As of 26 Feb 2013



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

