



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

(Hong Kong Stock Code: 825)

時 新 尚 個 生 性 活
Enriching Lives Enhancing Character

FY17 Annual Results Presentation

20th Sep 2017



FY17

Annual Results

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

- Operational Highlights
- Financial Highlights
- Our Strategies
- Our Retail Network



Operational Highlights

Operational
Highlights

Innovation in Management

- Refined organizational structure by reducing hierarchical layers and establishing 4 functional committees for prompt and professional decision-making
- Launched various staff incentive programs to motivate staff to excel
- Set up Innovation Business Unit to oversee all new business projects

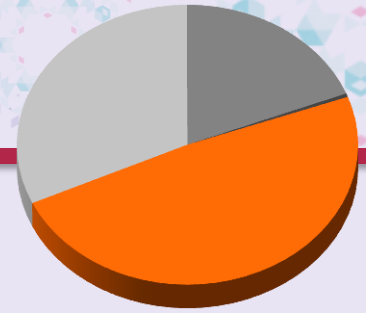


Innovation in Operations

- Rolled out “One Store, One Strategy” and constructed in-store themed street zones such as “New Territories 88”, “Cat Street” and “7 Temple Street”, “MAX Commune” to create unique store characteristics, driving revenue and foot traffic significantly



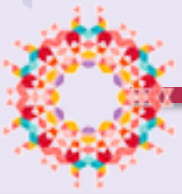
Innovation in Operations



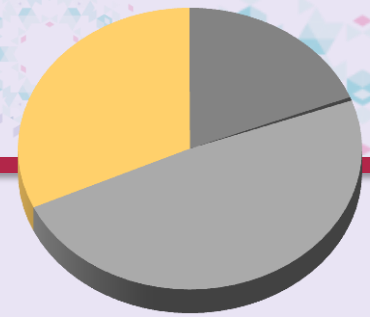
Concessionaire Sales:

- Enhanced up-and-growing product categories e.g. cosmetics, sports, sophisticated ladieswear, and children's products
- Co organized “brand day” campaigns with strategic partners to boost concessionaire sales
- Expedited brand renewal rate to 25% per annual to catch up with what are in demand





Innovation in Operations



Direct Sales:

➤ “Xin Shuo Multi-Brands Store”

- Introduced a new private label which features fashion, accessories, lifestyle gadgets, interactive DIY and flash retailing at Shanghai Wujiaochang Branch Store



➤ LOL

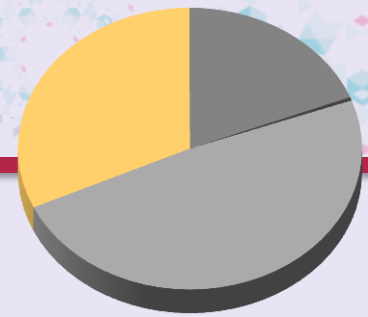
- Categorized stores and positioned them as black, gold and silver labels, to cater to customers with different consumption power
- Opened first store out of New World Group establishment, totaling 12 stores
- Recorded double-digit SSSG



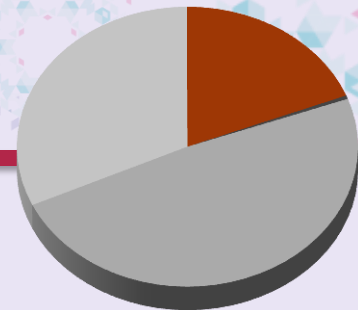
Innovation in Operations

Direct Sales:

- **n+ Natural Taste Plus**
 - Introduced peripheral products including coffee and cookies on top of its signature artisan bread
 - 2 stores in Shanghai
- **High-end fashion brand distribution business**
 - New inclusion of a young Italian fashion brand called DSQUARED2
 - Expanded into high-end retail premises in tier-one cities, increasing its store number to 54 in total



Innovation in Operations



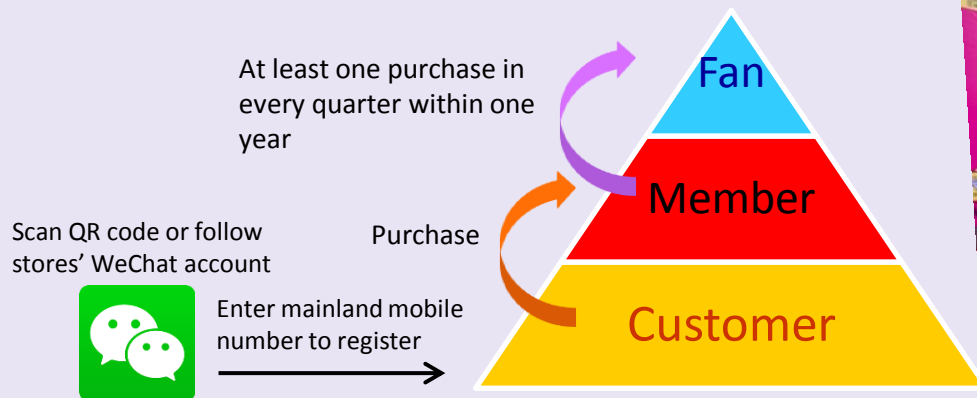
Rental Income:

- Continued to increase the proportion of in-store experiential facilities to approx. 24% of total GFA to boost rental income
- Introduced cross-industry tenants that feature social spotlight elements such as coffee, music, internet and books to cover wider type of customers' spending
- Joint Venture Food and Beverage Label
 - ❖ Peter's Meadow (彼得家牧場), Aza Aza !



Innovation in Marketing

- Increased the number of headquarter-led marketing activities, in which “630 Your Happiest Day in the Year”, “New Year’s Eve” and “24th Anniversary Joyous Celebration” recorded double-digit growth in sales
- Fostered cross-industry collaboration with e-commerce platforms and banks to generate IP values, leverage customer base and lower marketing costs
- Launched “Customers – Members – Fans” (CMF) digitized customer relationship management system for faster member acquisition





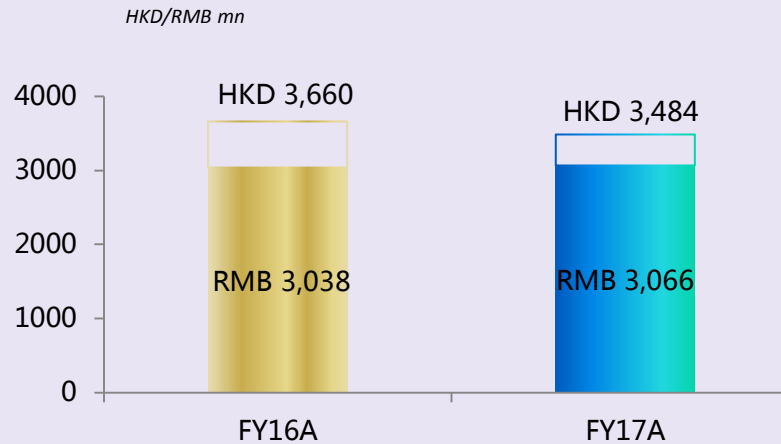
Financial Highlights

Financial Highlights

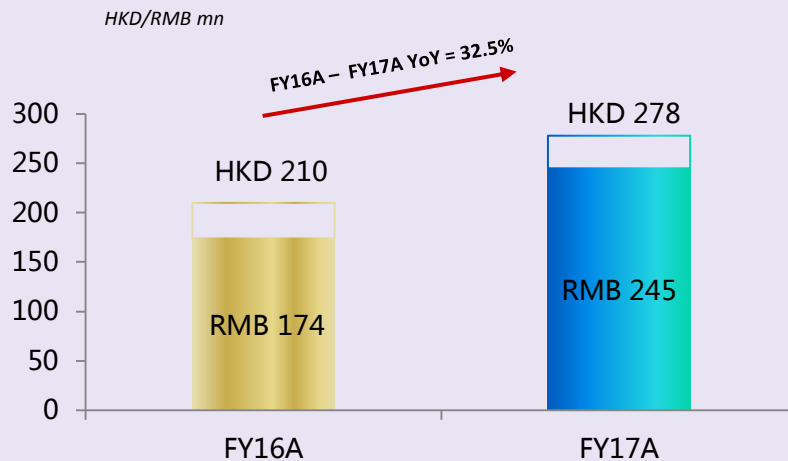


Financial Highlights

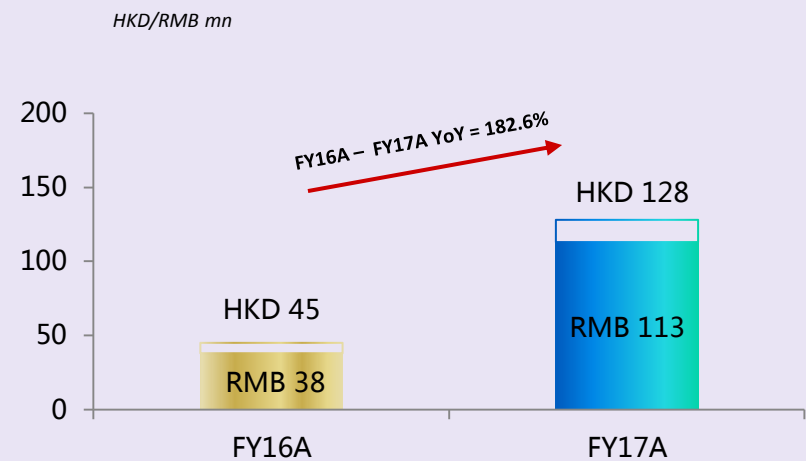
Revenue



EBIT

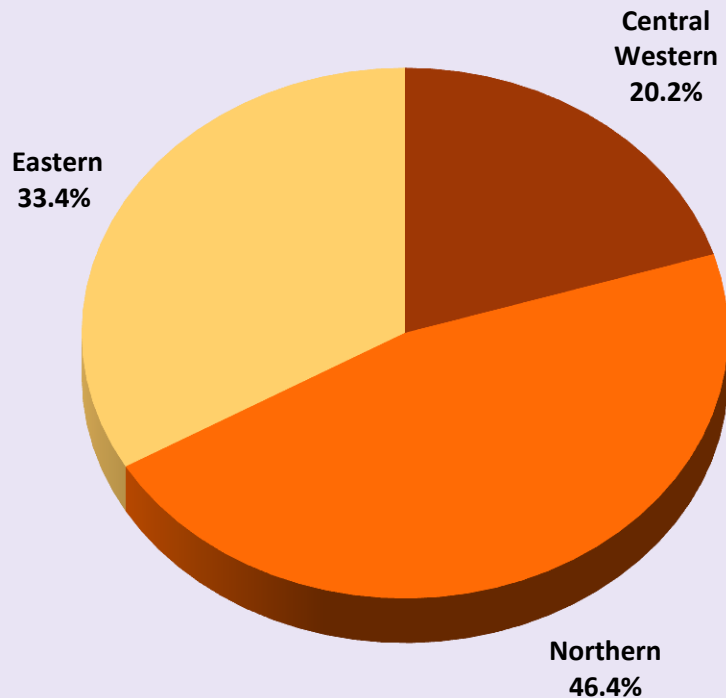


Net Profit

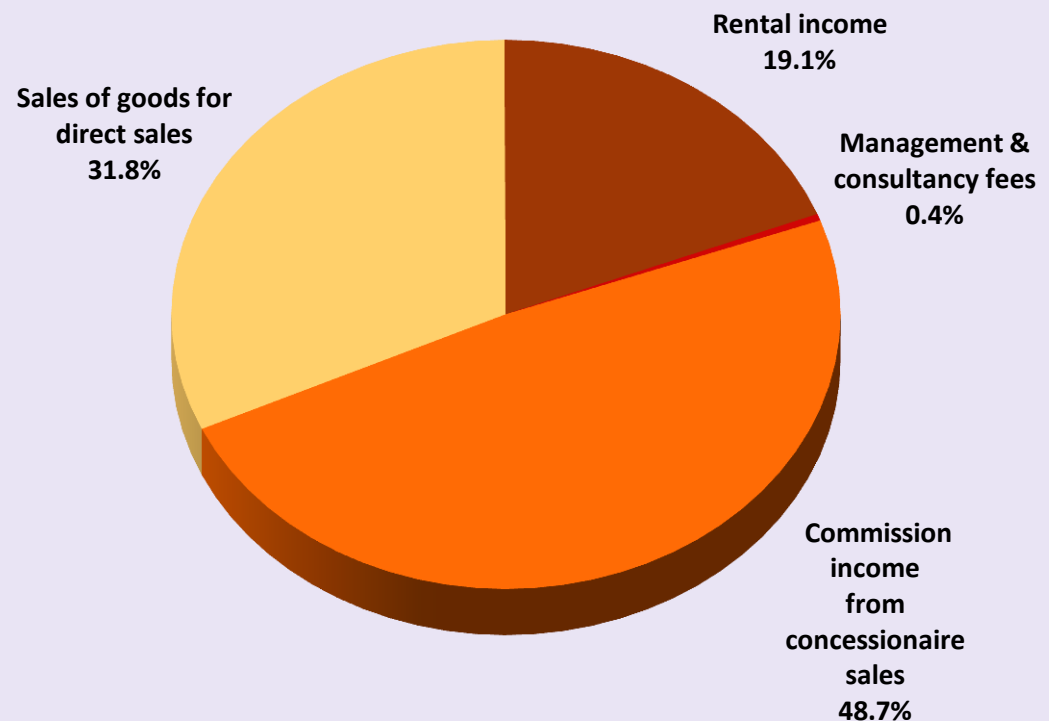


Revenue Breakdown

Revenue Breakdown by Region



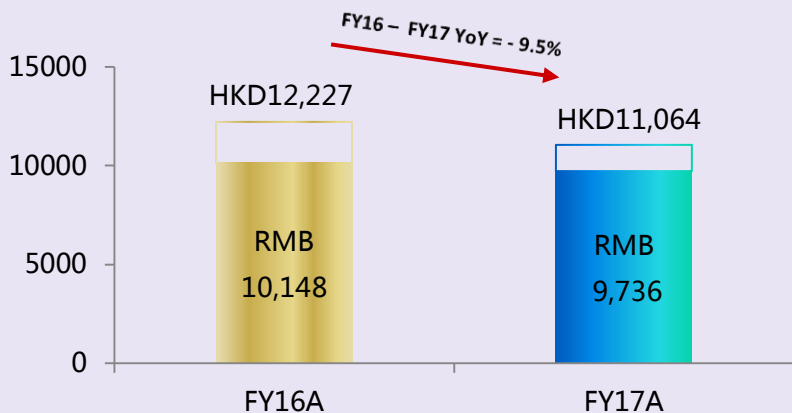
Revenue Breakdown by Segment



Revenue Analysis

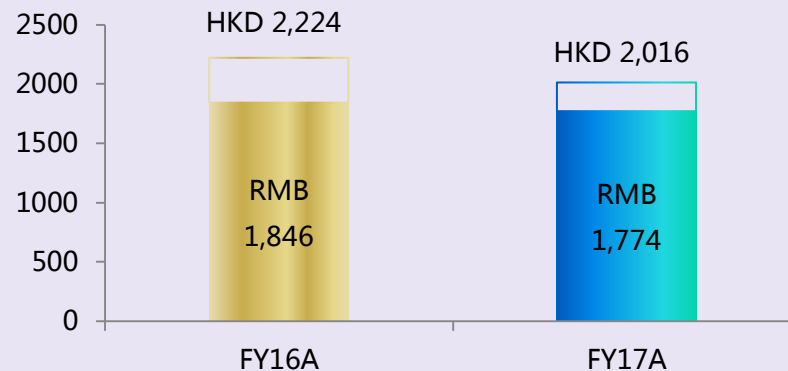
Gross Revenue from Concessionaire Sales & Direct Sales

HKD/RMB mn



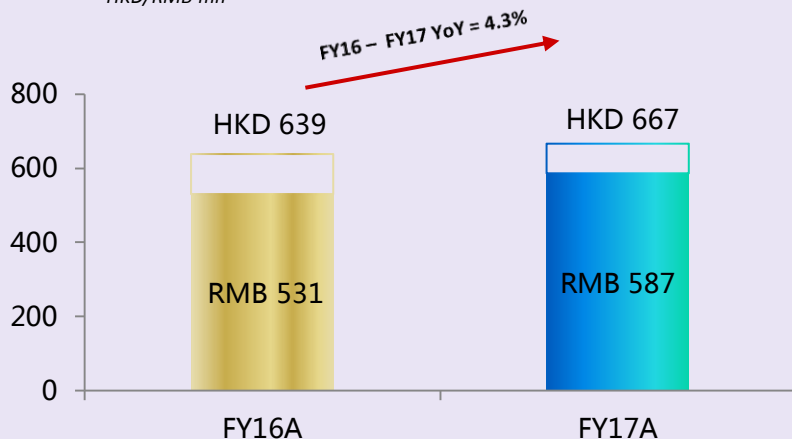
Merchandise Gross Margin

HKD/RMB mn



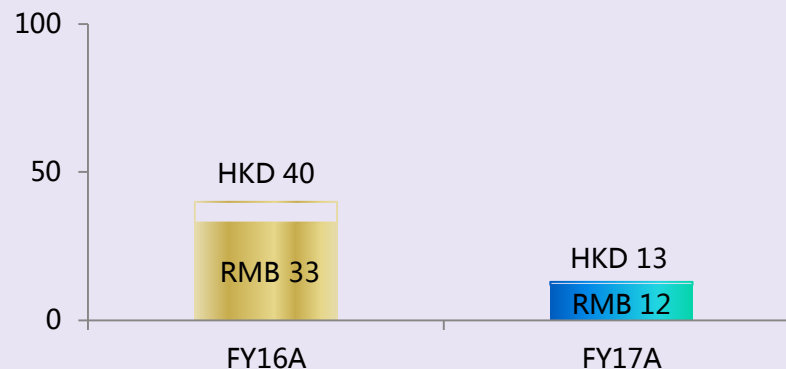
Rental Income

HKD/RMB mn



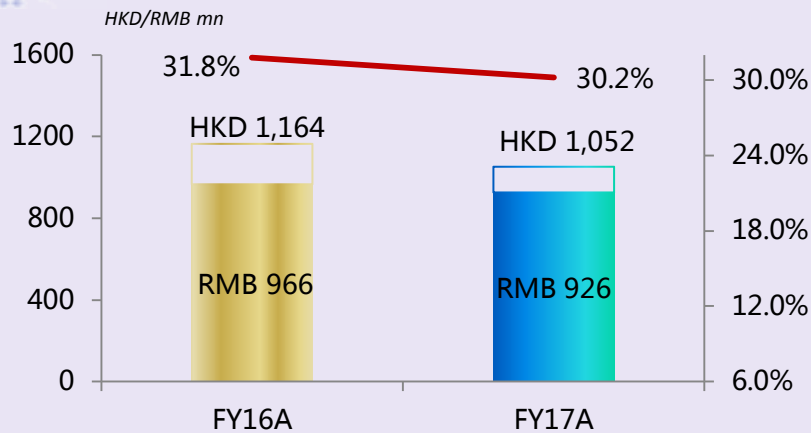
Management & Consultancy Fees

HKD/RMB mn

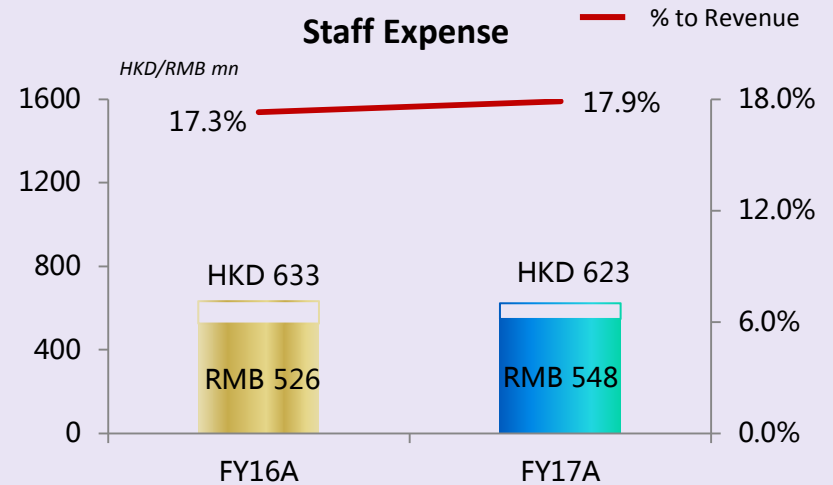


Expense Ratios

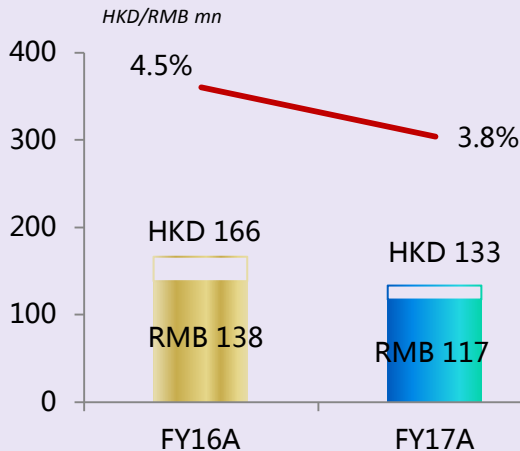
Rental Expense



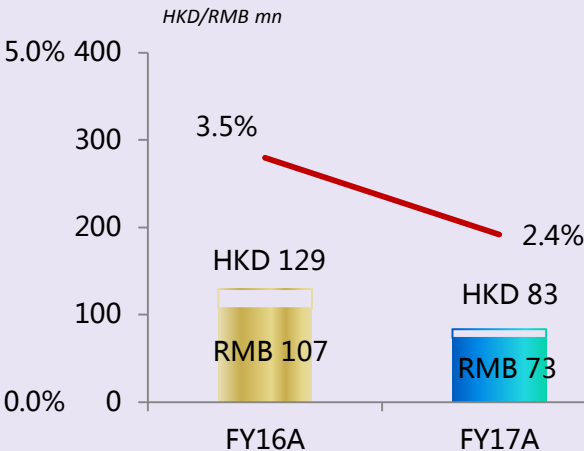
Staff Expense



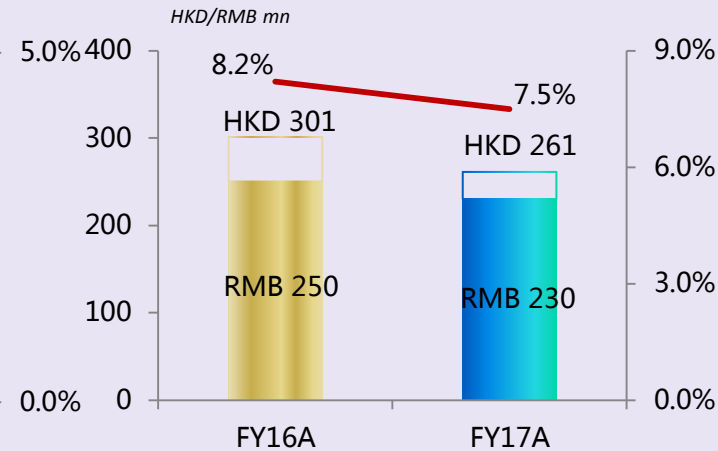
Promotion, Advertising & Related Expense



Water & Electricity Expense



Depreciation & Amortization Expense





Our Strategies

Our Strategies

Developing Long Term Core Competencies

Store Categorization and Store Revamping

- Categorize stores into “novel department store”, “quasi-shopping mall”, “shopping mall” and “urban outlet” for better market positioning and higher management efficiency



Tiered Store Management

- To cultivate flagship, leading stores

“One Store, One Strategy”

- To give stores higher degree of autonomy to create its own characteristics in response to local market
- 10-12 stores will have taken part by FY2018

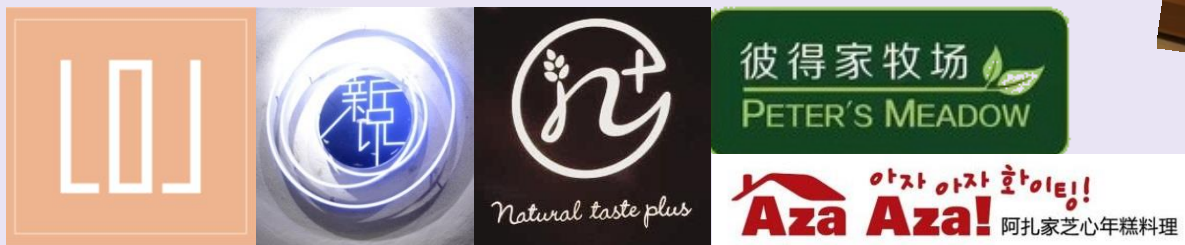
Revenue Boosters

Concessionaire Sales:

- Introduce anchor brands or brands with noise or talking points
- Consolidate product offerings in cosmetics, sports, sophisticated ladieswear, and children's products

Direct Sales:

- Further expand current private labels
- Plan to open boutique supermarket, n+ convenience store, n+ living gallery etc.



Enhancing Technology Applications

Staff Digitalization

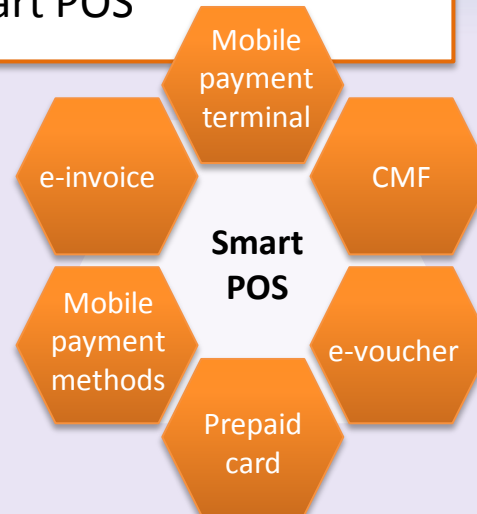
Customer Digitalization

Vendor Digitalization

- Online 24/7 training
- Mobile operations management system- real time operations monitoring

- Wechat-based “Customers – Members - Fans” (CMF) CRM 2.0
- Smart POS

- Vendor automated settlement system
- Vendor wechat-based communication platform





Our Retail Network



Our Retail Network

Store Portfolio

Gross Floor Area (GFA) of Store Portfolio

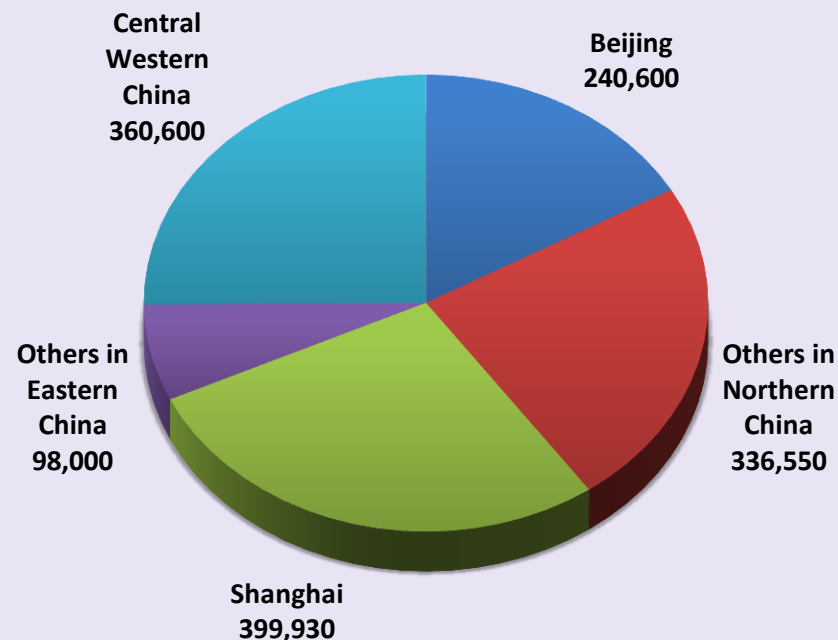
As of 30 June 2017	
(approx. sq.m.)	
Self-owned stores	1,435,680 (35 stores)
Managed stores	148,200 (4 stores)
Total	1,583,880 (39 stores)

Note:

Beijing Shishang Store ceased to be a self-owned store since Jan 2016

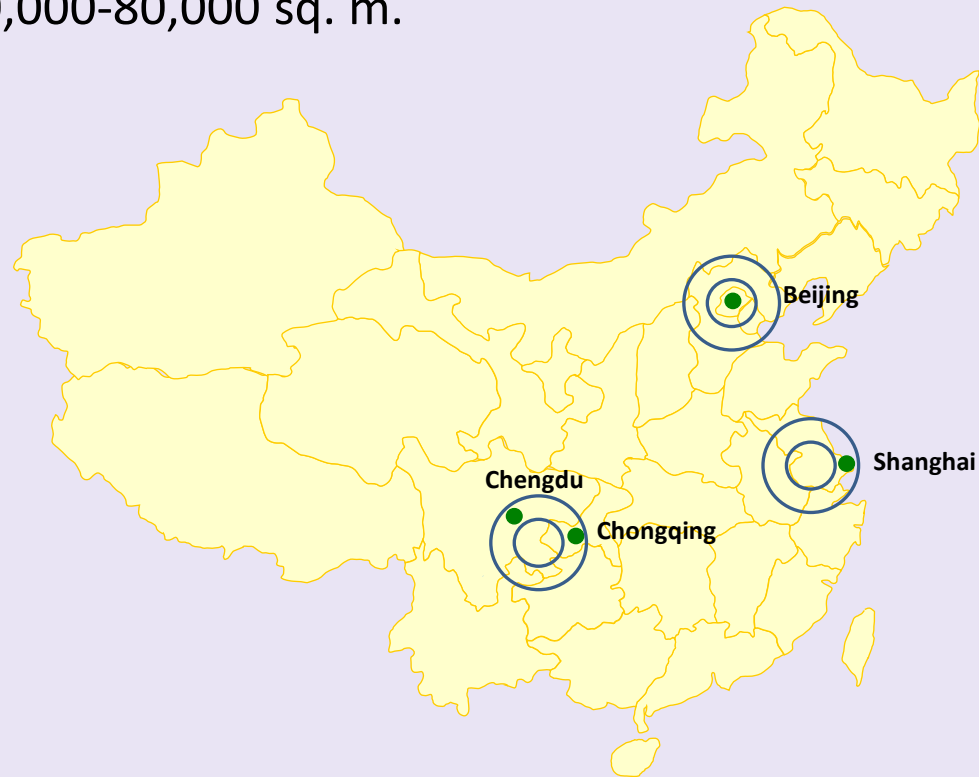
Ningbo Trendy Store ceased to be a self-owned store since Jun 2016

Self-owned Store Area Breakdown (approx. sq.m.)



Future Expansion Plan

- Geography: Setting 3 radiation circles up in the Greater Shanghai, Greater Beijing, Greater South Western Regions
- Investment approach: Asset-light
- Store scale: GFA 40,000-80,000 sq. m.





THE END



Thank You



Thank You