



# LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

## 2019 Interim Results

中期业绩

# Agenda 议程



Picture taken during 2019 Fall Trade Fair  
图片摄于2019秋季订货会

- 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  
前景及策略
- Open Forum  
答问时间





## 业绩亮点

## RESULTS HIGHLIGHTS



# 2019 Interim Results Recorded Continuous Growth

二零一九年中期业绩持续增长



Revenue up by 19.1% to RMB1,540.0 mn with LILANZ revenue grew 20.3%  
收入上升19.1%至人民币 1,540.0百万元，LILANZ品牌收入增加20.3%

Net profit up by 14.0% to RMB388.5 mn; EPS up by 14.0% to RMB32.5 cents  
净利润上升14.0%至人民币388.5百万元；每股盈利為人民幣32.5分，增加14.0%

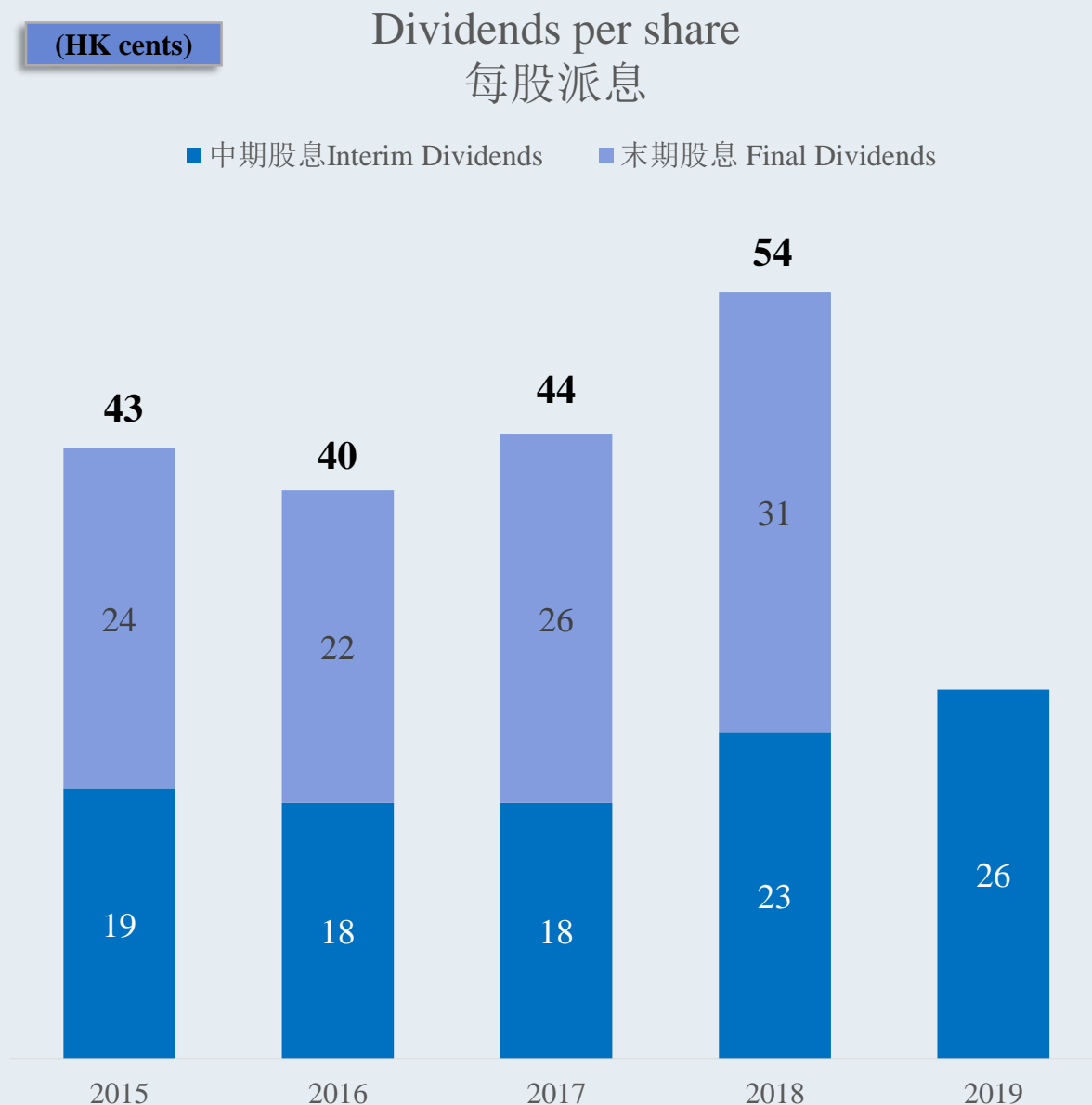
Average high single-digit SSS growth with channel inventory maintained at healthy level  
同店销售平均录得高单位数增长，渠道存货保持健康水平

Market expansion on track and 83 stores added in 1H2019  
按计划扩展市场，上半年净开店83家

Sales of online stores accelerated in 1H2019  
上半年网店销售增长加快

# Maintaining High Dividend Payout

## 保持高派息比率



- Interim dividend: HK18 cents per share and Special interim dividend: HK8 cents per share
- 中期股息每股：18港仙及特别中期股息每股：8港仙

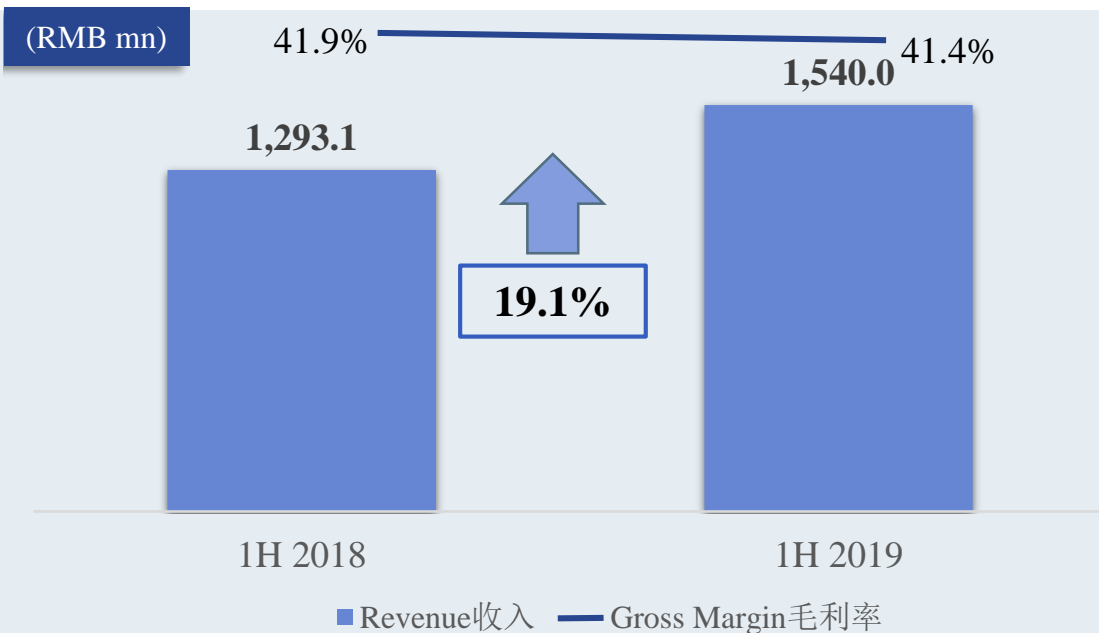


财务表现回顾  
FINANCIAL REVIEW

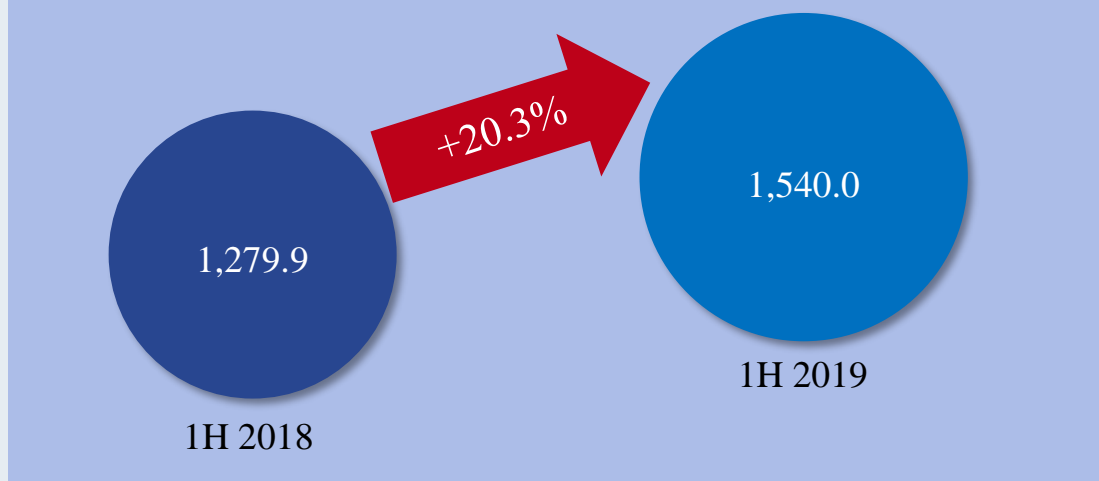


# Revenue and Gross Margin

## 收入及毛利率



### LILANZ Revenue 主品牌收入



### Revenue Continued Growing 收入保持增长

- Revenue increased by 19.1% to RMB1,540.0 mn; LILANZ revenue up by 20.3%
- Store expansion since 2018 and encouraging SSSG for the period driving sales growth
- Footwear orders surged by more than 50% for FY2019 and sales up by more than 30% in 1H2019
- 收入增长 19.1%至人民币1,540.0百万元：LILANZ收入上升20.3%
- 2018年开始店铺扩张及期内较强的同店销售增长，带动销售上升
- 二零一九年全年鞋类产品订单增加超过50%，上半年销售额增长超过3成

### Slightly Lower Gross Margin 毛利率轻微下降

- The Group's strategy is to offer consumers products of excellent value-for-the-money so as to gain market
- 集团策略为提供物超所值产品予消费者以争取市场

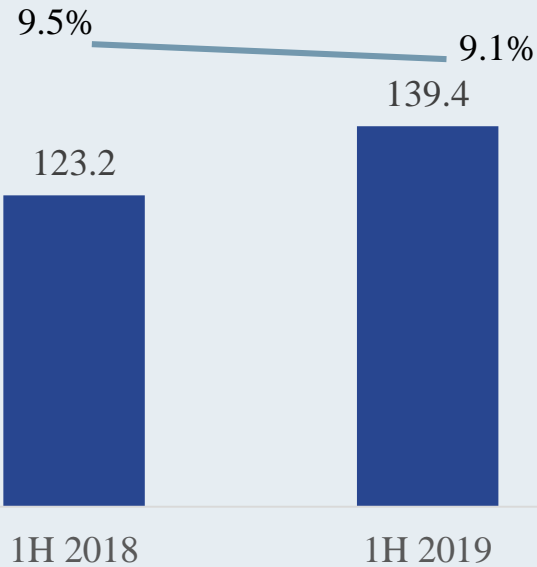
# SD & A Expenses

## 销售、分销及行政开支

### Advertising and Promotional Expenses

广告及推广开支

(RMB mn)

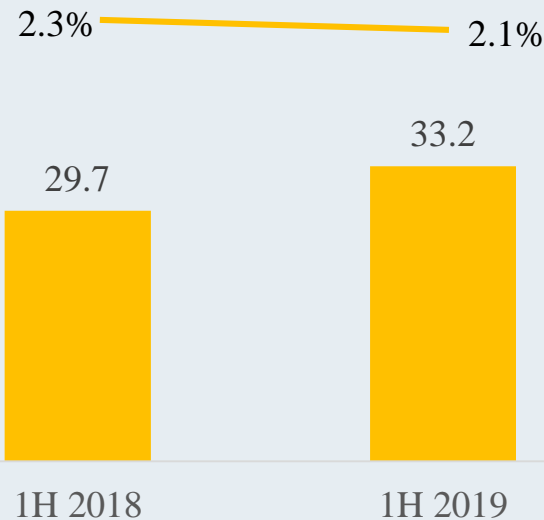


- Higher advertising expenses
- More renovation subsidies as 191 stores were opened and shelves for footwear products were added in more stores
- 品牌宣传费用增加
- 新开191家店，更多店铺增配鞋类产品的货架，增加装修补贴

### Other Selling and Distribution Expenses

其他销售及分销开支

(RMB mn)

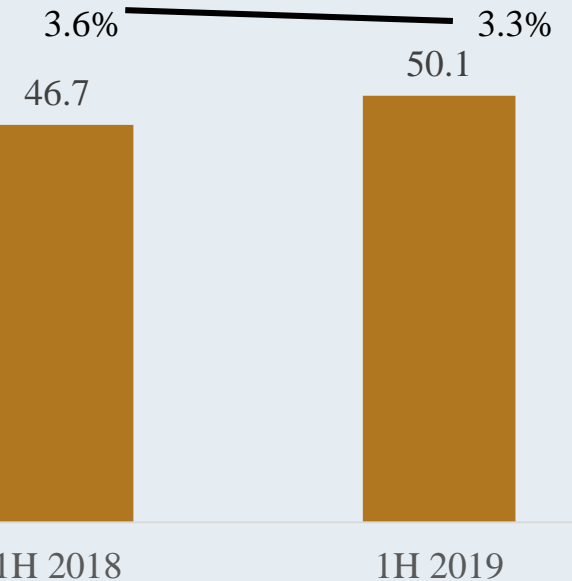


- S&D expenses other than A&P expenses increased as business expanded
- Expense ratio dropped as revenue increased
- 广告及推广开支以外其他销售及分销开支随业务扩张增加
- 费用率因销售增长而下降

### Administrative Expenses

行政开支

(RMB mn)



- Administrative expenses increased as the operation center for the smart casual collection in Shanghai commenced operation in Q4 2018
- Expense ratio dropped as revenue increased
- 上海的轻商务营运中心去年第四季度开始营运，管理费用因而有所增加
- 费用率因销售增长而下降

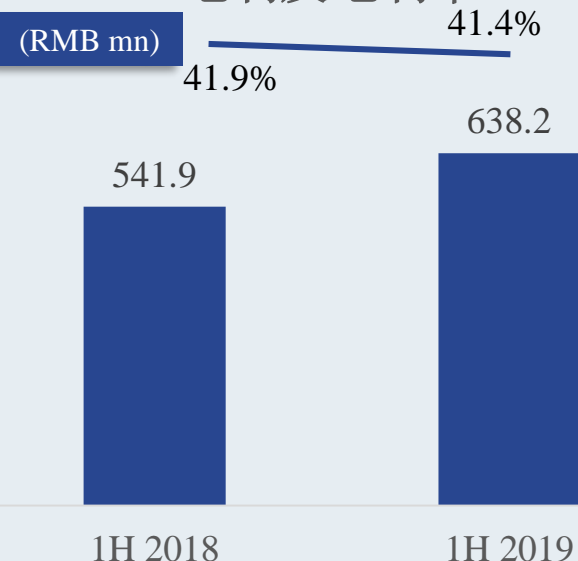


# Profit & Margin

## 盈利及利润率

### Gross Profit & Margin

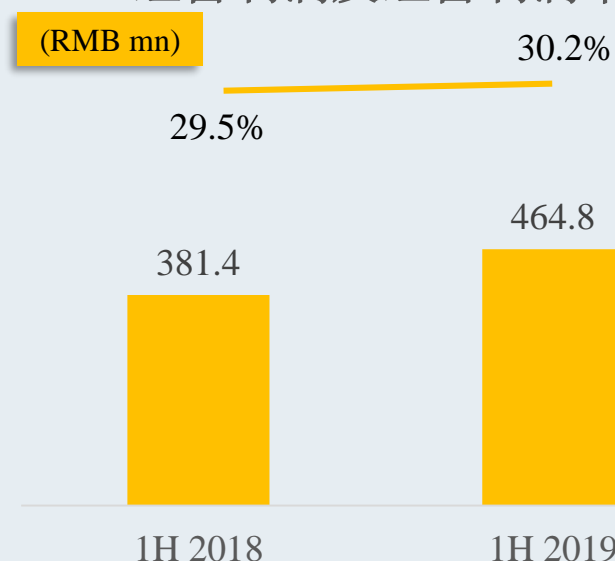
#### 毛利及毛利率



- The Group's strategy is to offer consumers products of excellent value-for-the-money so as to gain market
- 集团策略为提供物超所值产品予消费者以增取市场

### Operating Profit & Margin

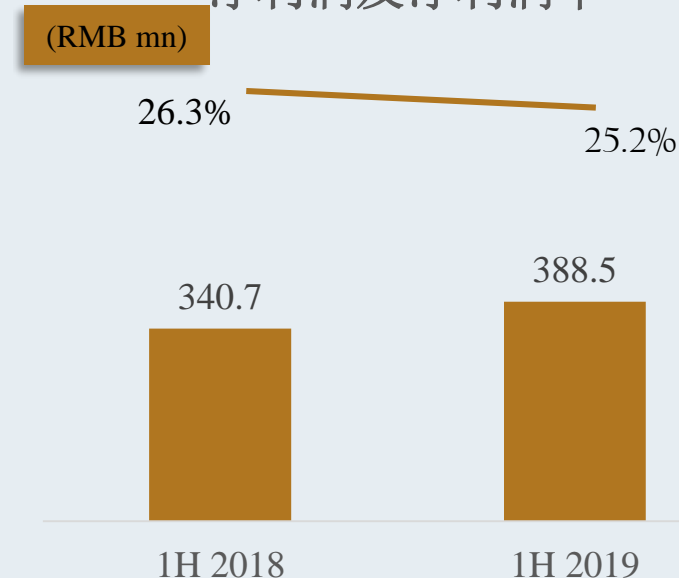
#### 经营利润及经营利润率



- Operating profit margin improved mainly due to the lower expenses ratios as sales increased
- 经营利润率上升，主要由于销售增加令费用率下降

### Net Profit & Margin

#### 净利润及净利润率



- Net profit margin declined by 1.1 percentage point due to an increase in effective income tax rate
- 由于所得税有效税率上升，净利润率下降1.1百分点

# Working Capital Cycle

## 营运资金周转天数

### Average Trade Receivables Turnover Days

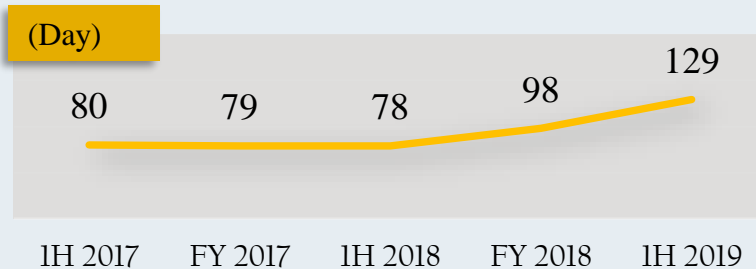
#### 平均应收贸易账款周转天数



- AR balance up by 11.7% to RMB874.6 mn as compared to 2018 interim period, reflecting increase in sales during the period
- Balance up by RMB52.1 mn compared to 2018 y.e.
- As in previous years, extended credit terms have been granted during the peak delivery period from June to September
- 对比2018中期，应收贸易账款增加11.7%至人民币874.6百万元，反映期内销售增加
- 对比2018年底，余额增加人民币52.1百万元
- 如过往年度，集团在6-9月发货高峰期间延长分销商账期

### Average Inventory Turnover Days

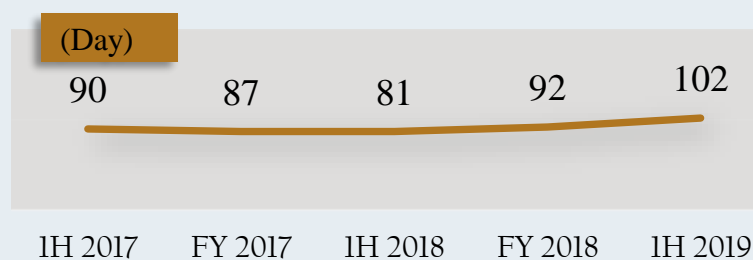
#### 平均存货周转天数



- Inventory balance dropped RMB66.5 mn during the period to RMB609.9 mn
- Balance up by RMB 284.4 mn as compared to 2018 interim period due to:
  - increase in consignment inventories as the smart casual collection was converted to consignment model in 2018
  - increase in 2019 F/W trade fair orders
  - more products produced as F/W trade fairs were held 10 days earlier
- 存货余额期内下降人民币66.5百万元至人民币609.9百万元
- 余额比2018中期增加人民币284.4百万元原因：
  - 轻商务于2018年转为代销模式，代销库存增加
  - 2019秋、冬订货会订单增加
  - 秋、冬订货会提早10天举行，产成品增加

### Average Trade Payables Turnover Days

#### 平均应付贸易账款周转天数



- AP turnover days based on period end balance was 81 days, same as 2018 interim period
- AP balance decreased by RMB201.4 mn to RMB405.8 mn as the large AP balance at the end of 2018 due to the building up of consignment inventories of the smart casual collection in the last quarter, was settled during the period.
- 按应付贸易账款余额计算周转天数为81天，与2018中期一样
- 应付贸易账款减少人民币201.4百万元至人民币405.8百万元，去年第四季度轻商务代销库存增加而引致年底大额应付贸易账款余额，于期内已清付

# Cash Flow

## 现金流量

RMB mn 人民币百万元	1H 2019	Operating cash inflow 经营现金流入
Net cash generated from operating activities 经营活动现金流入	171	<ul style="list-style-type: none"> <li>Major reconciling item with net profit for the period <ul style="list-style-type: none"> <li>Decrease in AP balance by RMB201.4 million as the large AP balance at the end of 2018 due to the building up of consignment inventories of the smart casual collection in the last quarter, was settled during the period</li> </ul> </li> <li>与期内净利润主要调节项目 <ul style="list-style-type: none"> <li>应付贸易账款减少人民币201.4百万元。去年第四季度轻商务代销库存增加而引致年底大额应付贸易账款余额，于期内已清付。</li> </ul> </li> </ul>
Net cash used in investing activities 投资活动现金流出 <sup>(1)</sup>	(41)	Investing cash outflow 投资现金流出
Net cash used in financing activities 融资活动现金流出	(92)	<ul style="list-style-type: none"> <li>CAPEX of RMB69.5 mn less interest income of RMB28.5 mn</li> <li>资本开支人民币69.5百万元，扣减利息收入人民币28.5百万元</li> </ul>
Net increase in cash and cash equivalents 现金及现金等价物增加净额	38	Financing cash outflow 融资现金流出
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,843	<ul style="list-style-type: none"> <li>Payment of 2018 final dividends RMB328.2mn less proceeds from bank loans RMB237.4 mn</li> <li>支付2018末期股息人民币328.2百万元扣减银行贷款所得款项人民币237.4百万元</li> </ul>
Effect of foreign exchange rate changes 外币汇率变动的影响	-	
Cash and cash equivalents at 30 Jun 于6月30日现金及现金等价物 <sup>(2)</sup>	1,881	



# Healthy & Strong Cash Position

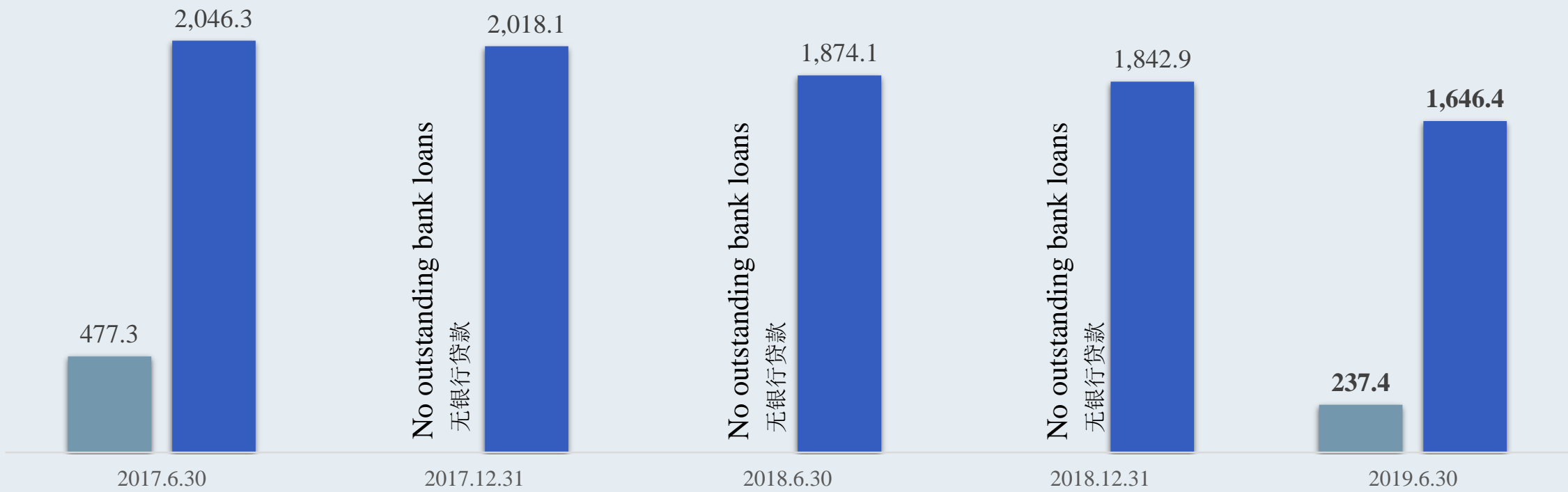
## 稳健的现金水平

(RMB mn)

### Total Cash and Bank Balance

#### 银行及现金结余

■ Bank Loans    ■ Net Cash Balance  
银行贷款\*    净现金结余



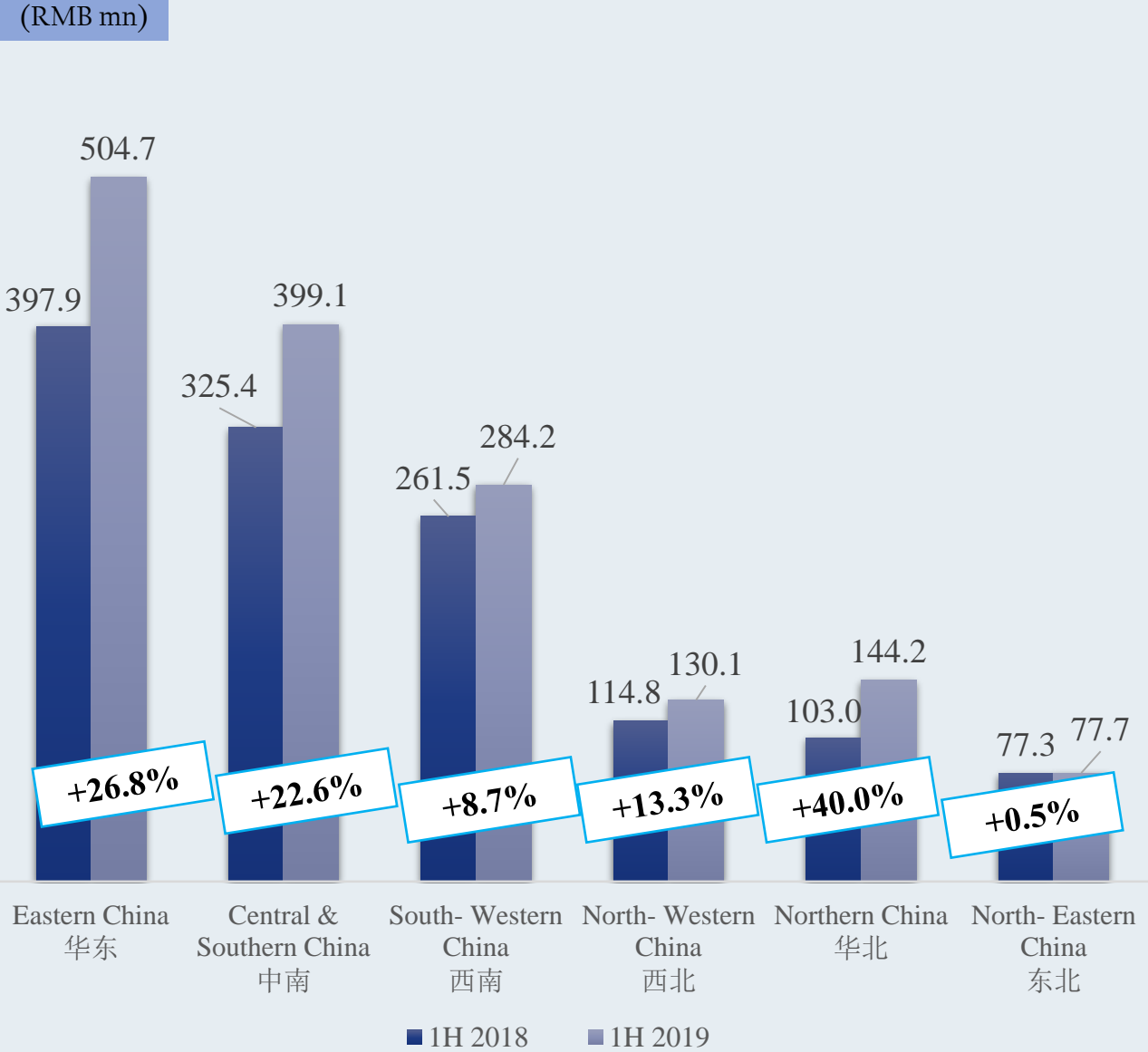


## 业务及营运回顾 BUSINESS & OPERATIONAL REVIEW

# Sales Channel Management

## 销售渠道管理

Sales by region 各区销售



	2019-1-1	Opened 开店	Closed 关店	2019-6-30
Eastern China 华东	764	66	48	782
Central and Southern China 中南	677	46	14	709
South Western China 西南	482	24	16	490
North Western China 西北	262	20	15	267
Northern China 华北	278	27	8	297
North Eastern China 东北	207	8	7	208
Total 总数	2,670	191	108	2,753
Total Retail Floor Space 总店铺面积 (sqm 平方米)	379,900			394,100 (+3.70 %)



# Sales Channel Management (Con't)

## 銷售渠道管理（续）

Except the flagship store in the headquarters, all retail stores are operated by distributors

除了位于集团总部的旗舰店外，其他门店都由分销商经营



**Channel upgrade: Over 680 stores in shopping malls**  
**渠道升级：在购物商场店铺已超过680家**

Increase in number of stores operated by 1<sup>st</sup> tier distributors due to:

一级分銷商直接经营門店数目增加，原因：

- Growing foothold in 1st and 2nd tier markets
- Result of continuous upgrade of retail management, phasing out sub-distributors with sub-optimal management standards

- 在一、二级市场店铺增加
- 零售管理继续提升，管理水平较差的二级分销商被淘汰

**Over 10 years** of business relationship with all LILANZ distributors

與所有LILANZ的一级分銷商有**超过10年**的业务关系



Ongoing measures enhancing sales channel management:  
持续提升销售渠道管理：

- ERP system monitoring all stand-alone stores; healthy channel inventory and satisfactory retail discount levels
- Continue to provide training to distributors
- ERP系统接连所有独立店铺：渠道库存健康，零售折扣维持理想水平
- 继续为分銷商提供培训

# New Retail Development

## 新零售发展

- Promotes the business of LILANZ core collection and smart casual collection by actively integrating online services with offline in-store experiences
- 积极结合线上服务以及线下体验，推广「LILANZ」主系列以及轻商务系列业务
- Set up online stores on major online sales platforms for both the LILANZ core collection and smart casual collection.
- Provides customer relations management services via the WeChat platform
- 「LILANZ」主系列以及轻商务系列在各主要网上销售平台设立网店
- 通过微信平台提供顾客关系管理服务



### Organized various activities to promote the online business:

- Launch of online special edition products
- Commissioning KOLs to promote products
- Placing advertisements on renowned web portals
- Collaborating with the search engine of Baidu to increase traffic

### 筹划不同的活动推广电商业务:

- 推出网上特别版产品
- 委聘网红推销
- 在著名门户网站卖广告
- 跟百度合作加强引流



# Product Design & Development

## 产品设计及开发

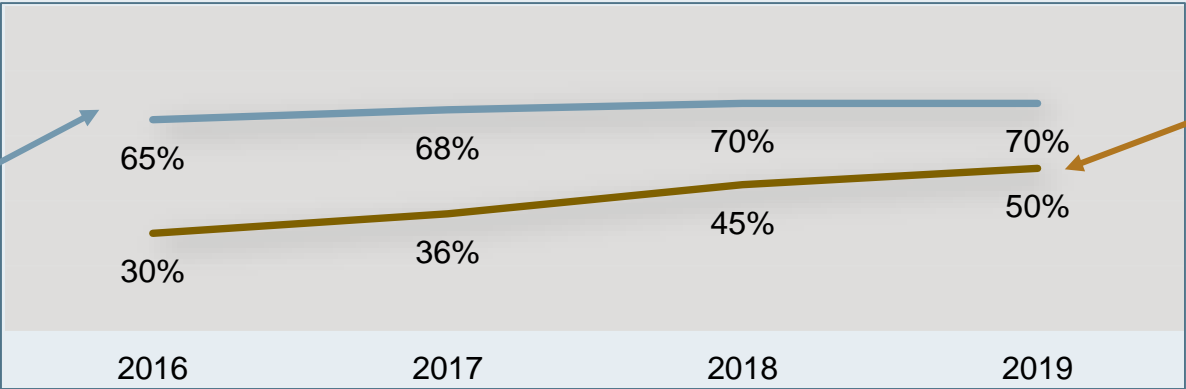
- International and local R&D teams totaling around **400** people, showing talents in the R&D of products with excellent value-for-the-money and meeting consumers' preferences
  - The operation center for the smart casual collection in Shanghai has started operation in the fourth quarter of last year; Staff recruitment is currently underway
  - 国际与本地研发团队共约**400**人员，各自发挥专才研发适合消费者的物超所值的产品
  - 位于上海的轻商务系列营运中心已于去年第四季度投入营运; 目前处于招聘阶段
- 
- Kept on enriching its product mix, especially adding more youthful and fashionable products to meet the demand of customers of first- and second-tier markets and of shopping malls
  - Increased the proportion of season-neutral products to further reduce the potentially adverse impact of extreme weather on sales and improve overall sales efficiency
  - Supports the Group's strategy to promote its products to a younger demographic.
  - 继续丰富产品的结构，尤其是增加更多年轻，时尚的产品，以满足一，二线城市及购物商场的客户群的需求
  - 增加非季节性产品的比例，以进一步减低极端天气可能对销售的影响、提升整体销售效益
  - 配合集团将产品年轻化的策略



设计团队拍摄于意大利

% of original design products (by style) out of total

原创产品(按款式)占产品比例



% of original design products adopted the Group's proprietary fabrics

原创产品应用自行开发独有面料的比例



# Marketing & Promotion

## 营销与宣传



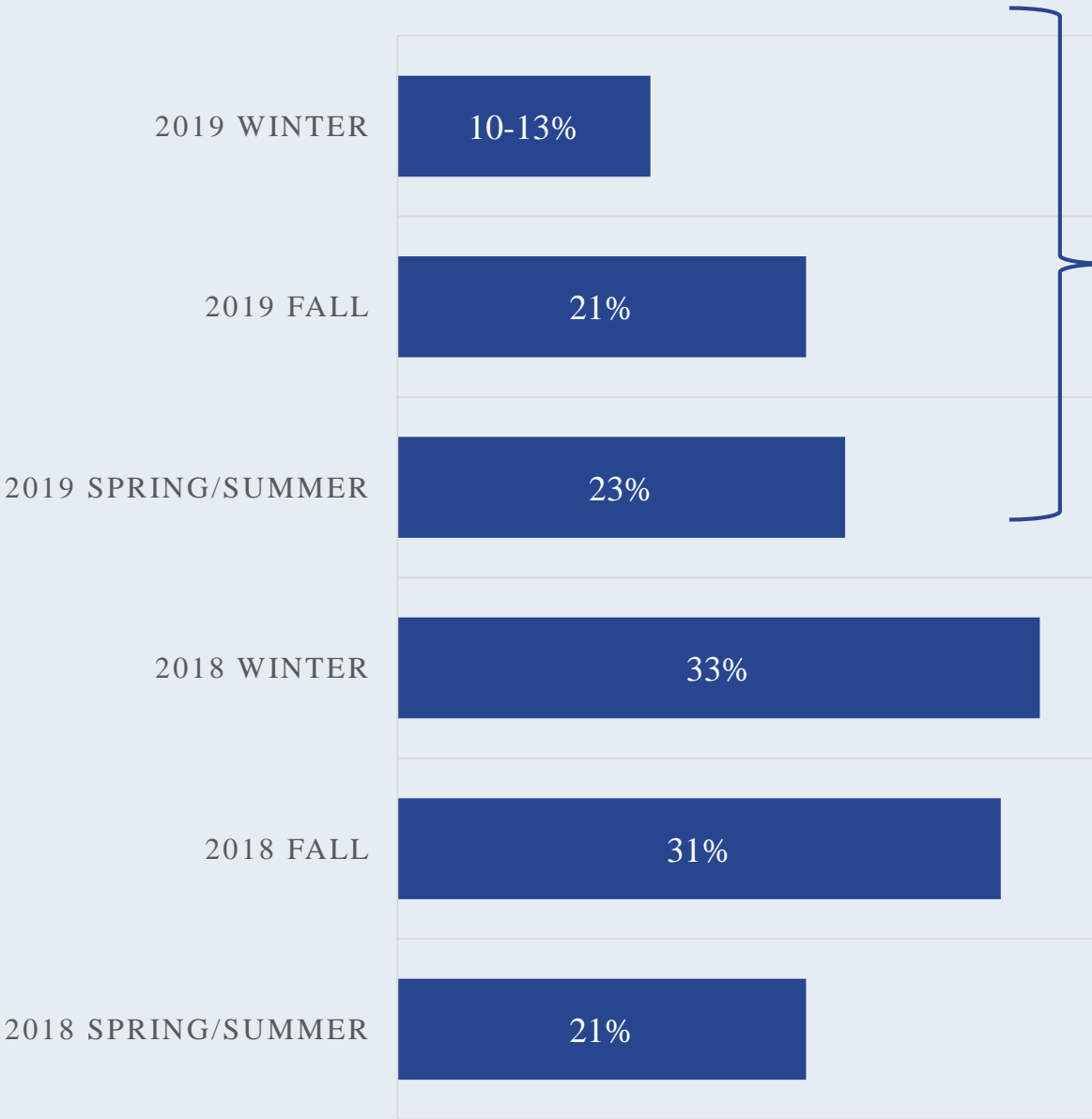
- Advertising and promotion through advertising signs in BJ – SH high speed railway
- Soft-sell advertising in newspapers and magazines as well as WeChat account
- 在京沪线高铁车上投放广告牌
- 在传统纸媒及利用微信平台以软文宣传

- Worked with the Academy Award of Advertising Festival of Chinese College Students, soliciting print ads from college students with registered brand slogan “Less is More” as the theme and touring around China higher educational institutions to introduce its branding philosophy
- 与中国大学生广告艺术节学院奖携手，以品牌的注册标语「Less is more」为题，征集大学生为品牌设计平面广告图，及到全国高校介绍品牌哲学

- Appointed celebrities to shoot photos and KOLs for advertisements used in traditional print media and web portals
- Hot items were launched online on the 18 June “Special Shopping Day”
- 聘用明星拍摄照片及网红拍广告在传统纸媒及门户网站投放
- 在6.18购物日推出电商的爆款

# Stable 2019 Trade Fair Orders Growth

## 2019订货会订单稳定增长



Stable order growth in  
2019 trade fairs  
2019年订货会订单稳定增长







## 前景与策略

# OUTLOOK & STRATEGY



# Cautiously Optimistic, Continue Expansion Plan in 2H 2019

## 审慎乐观，2019下半年继续推动扩展

### Retail Channel Expansion and Upgrade 零售渠道扩张及优化

- Continue the market expansion plan, target to add around 200 stores FY2019
- Core collection's new stores mainly focus in 3<sup>rd</sup>- and 4<sup>th</sup>-tier cities
- Smart casual collection continue to focus in provincial capitals and prefecture level cities, adopting different store expansion strategies for 3 classes of provinces/cities.
- Continue to add more stores in shopping malls
- 继续推动市场扩展，全年目标增加约200家店铺
- 主系列主要在3、4线市场开新店
- 轻商务继续集中在省会市及地级市开店，3类不同省会/城市采用不同店铺扩展策略
- 继续增加购物商场店铺

### New Retail Development 新零售的发展

- To launch more online special editions of specific product categories
- To add more products and styles on the online stores to boost customer flow.
- 将在特定的产品类推出更多电商特别版
- 网上商店将提供更多产品款式以增加客户流量

### Brand Promotion 品牌推广

- Continue to upgrade in-store shopping experience
- More fashionable 7<sup>th</sup> generation store image will be adopted in some of the new stores of the core collection on pilot basis
- Actively preparing IP crossover products for the 2020 SS collections
- 继续升级门店体验
- 主系列部分新店试点推出更时尚的第七代店铺形象
- 积极筹备二零二零春夏季推出官方授权(IP)联名产品

# Operating Targets for 2H 2019

## 下半年的经营指标

- High single-digit SSSG  
同店销售高单位数增长
- 2020 SS trade fair orders like-to-like growth of no less than high single-digit  
2020年春夏季订货会订单不低于高单位数的增幅



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