

**北京京客隆**

商业集团股份有限公司

BEIJING JINGKELONG COMPANY LIMITED

**Interim Results 2014**

**Corporate  
Presentation**

**August 2014**



# Agenda

➔ **Financial Review**

➔ **Business Review**

➔ **Future Plans**

➔ **Open Forum**



# Financial Review



# Financial Summary

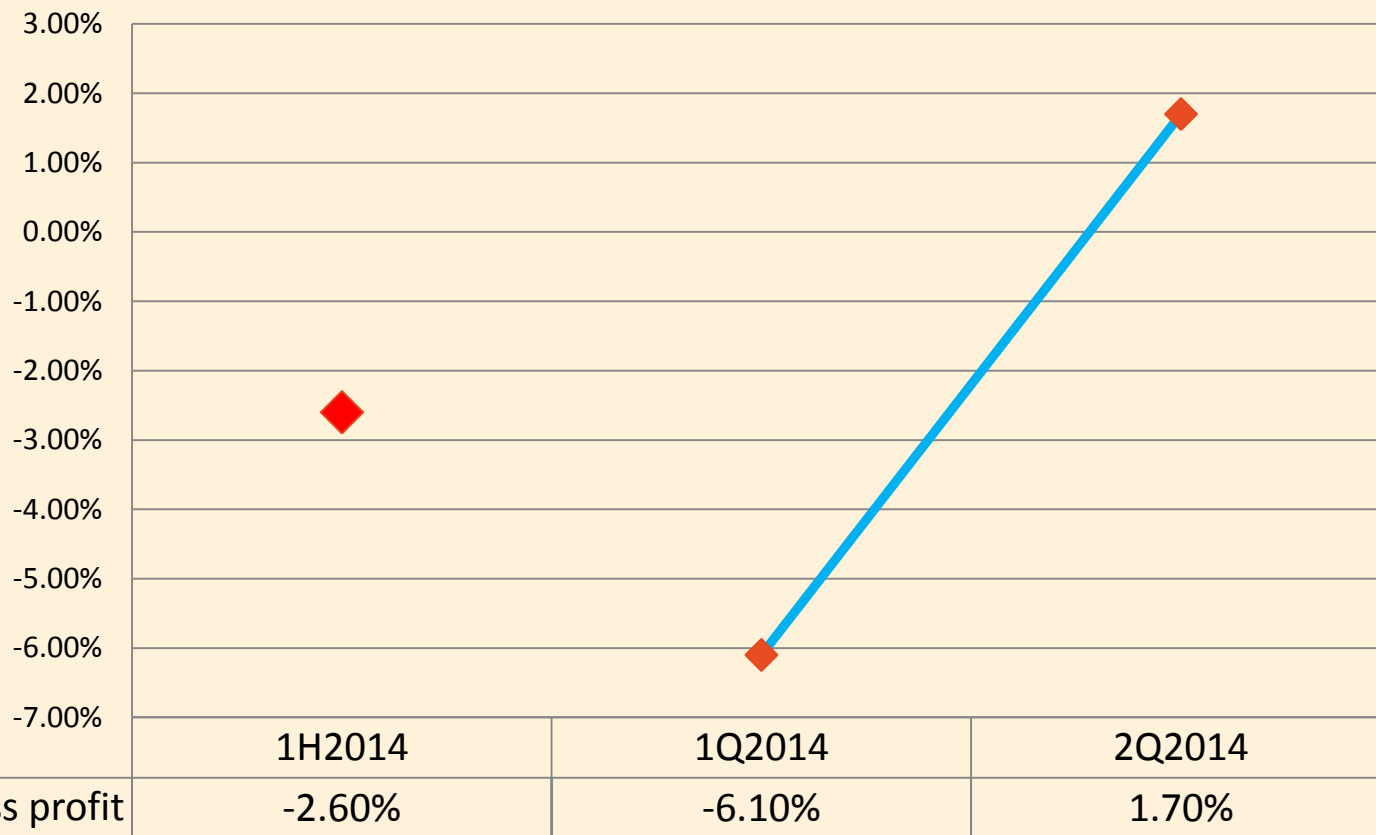
(RMB '000)	1H2013	1H2014	+/-	Change
Revenue from principal business	4,709,150	<b>5,004,423</b>	295,273	6.3%
EBIT (EBIT Margin)	175,877 (3.7%)	<b>166,070</b> <b>(3.3%)</b>	-9,807	-5.6%
Profit before tax	100,689	<b>79,871</b>	-20,818	-20.7%
Profit attributable to shareholders (Net profit margin)	48,365 (1.0%)	<b>29,361</b> <b>(0.6%)</b>	-19,004	-39.3%
Basic EPS (RMB cents)	11.7	<b>7.1</b>	-4.6	-39.3%

## Financial Summary – gross profit & other income

(RMB '000)	1H2013	1H2014	+/-	Change
Revenue from principal business	4,709,150	<b>5,004,423</b>	295,273	6.3%
Gross profit	686,969	<b>669,171</b>	-17,798	-2.6%
Other income	388,253	<b>441,498</b>	53,245	13.7%
Gross profit & other income	1,075,222	<b>1,110,669</b>	35,447	3.3%
(Gross profit & other income)/ revenue from principal business	22.8%	<b>22.2%</b>	-	-0.6p.p

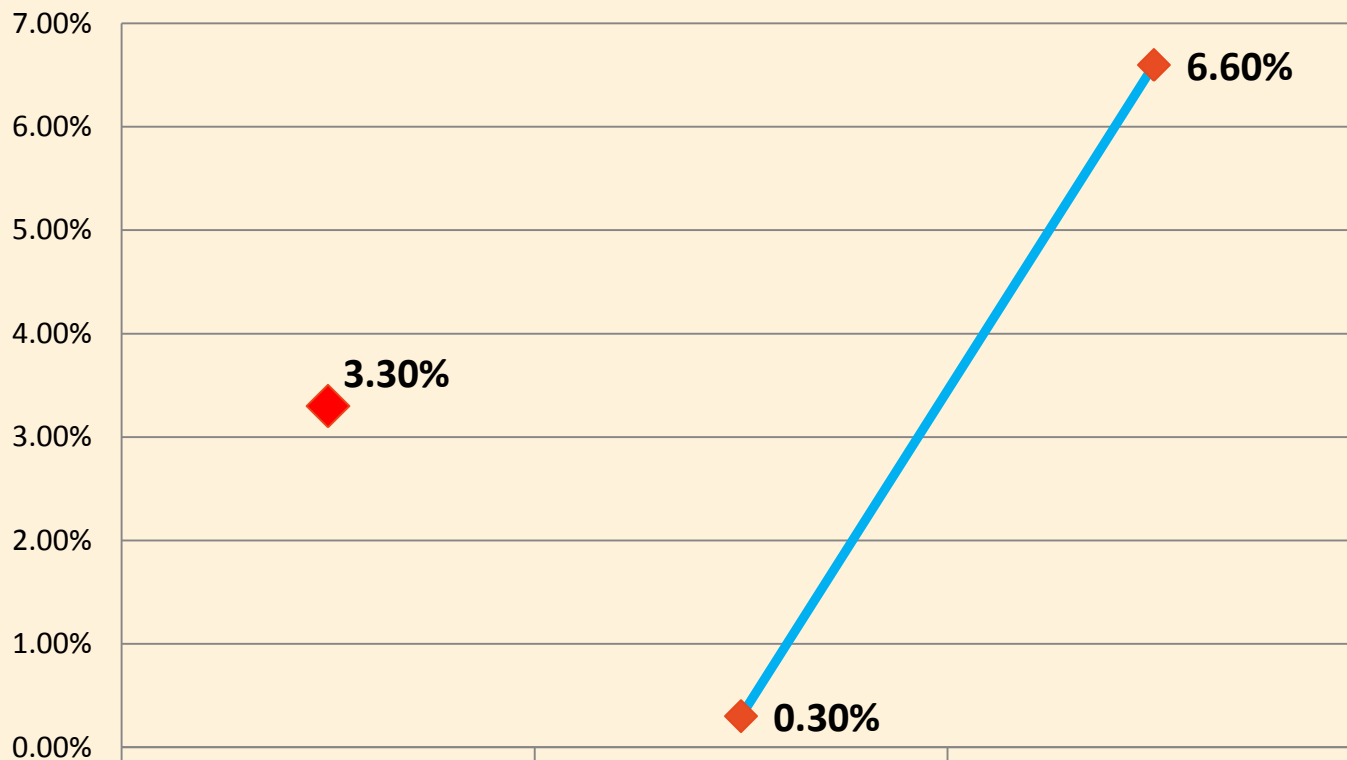
# Financial Summary – quarterly trend

## Gross Profit Growth Rate



# Financial Summary – quarterly trend

## Gross Profit & Other Income Growth Rate



◆ Gross profit+other income

1H2014

1Q2014

2Q2014

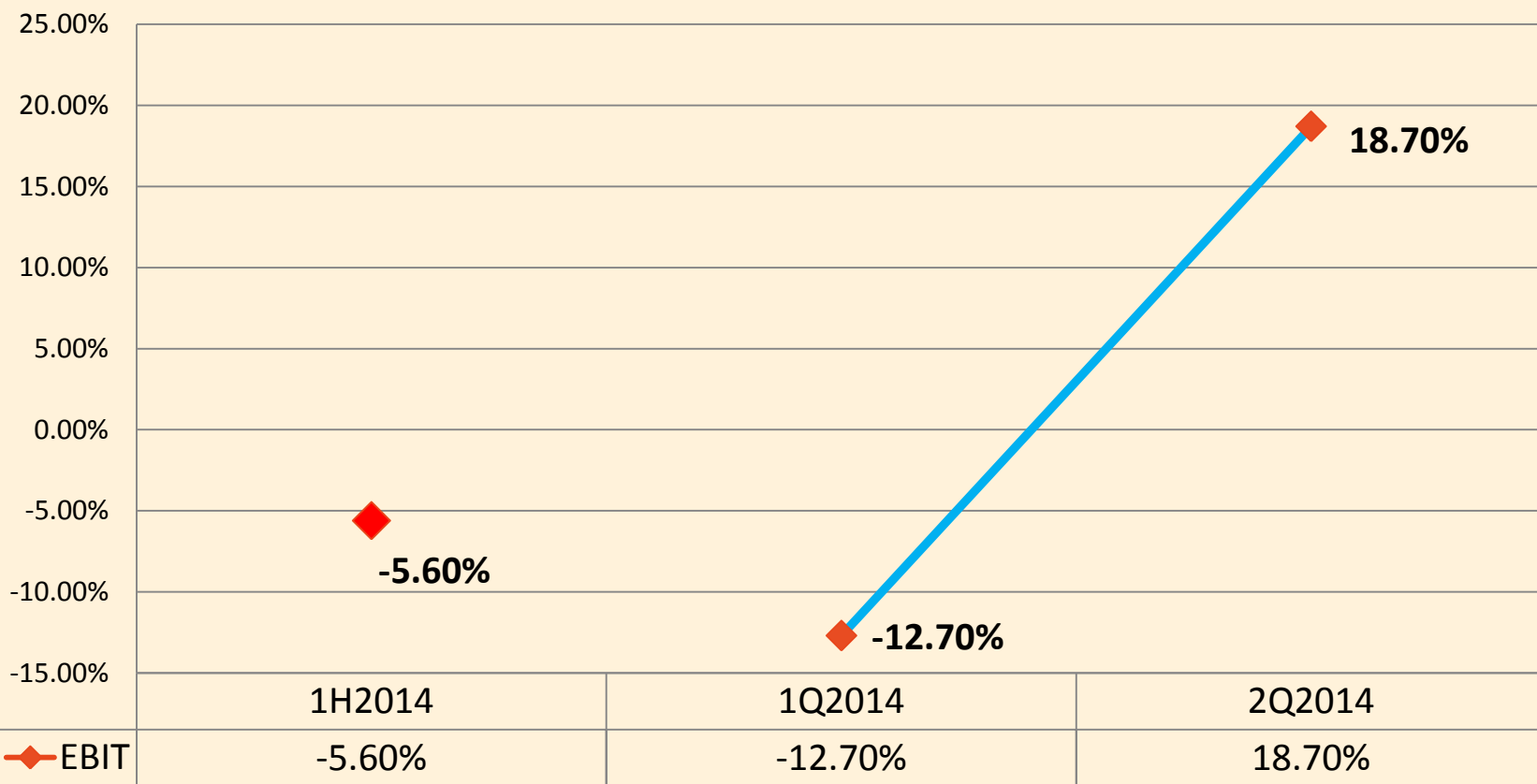
3.30%

0.30%

6.60%

# Financial Summary – quarterly trend

## EBIT Growth Rate





## Financial Summary – cost breakdown

(RMB '000)	1H2013	1H2014	+/-	Change
Selling and distribution cost	741,422	<b>771,715</b>	30,293	4.1%
Administration expenses	135,440	<b>141,549</b>	6,109	4.5%
<i>(Selling and distribution costs &amp; administration expenses)/ revenue from principal business</i>	18.6%	<b>18.2%</b>	-	-0.4p.p
Financial cost	75,188	<b>86,198</b>	11,010	14.6%
<i>Financial cost/ revenue from principal business</i>	1.6%	<b>1.7%</b>	-	0.1p.p

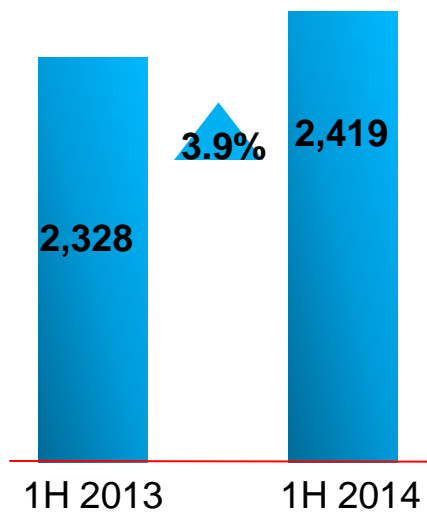
## Financial Summary – cost breakdown

(RMB '000)	1H2013	1H2014	+/-	Change
Labor cost	325,175	<b>337,308</b>	12,133	3.7%
<i>Labor cost / revenue from principal business</i>	6.9%	<b>6.7%</b>	-	-0.2p.p
Rental cost	119,723	<b>117,800</b>	-1,923	-1.6%
<i>Rental cost / revenue from principal business</i>	2.5%	<b>2.4%</b>	-	-0.1p.p
Energy expenses	54,070	<b>56,051</b>	1,981	3.7%
Transportation expenses	41,357	<b>56,041</b>	14,684	35.5%

# Retail Business (directly-operated)

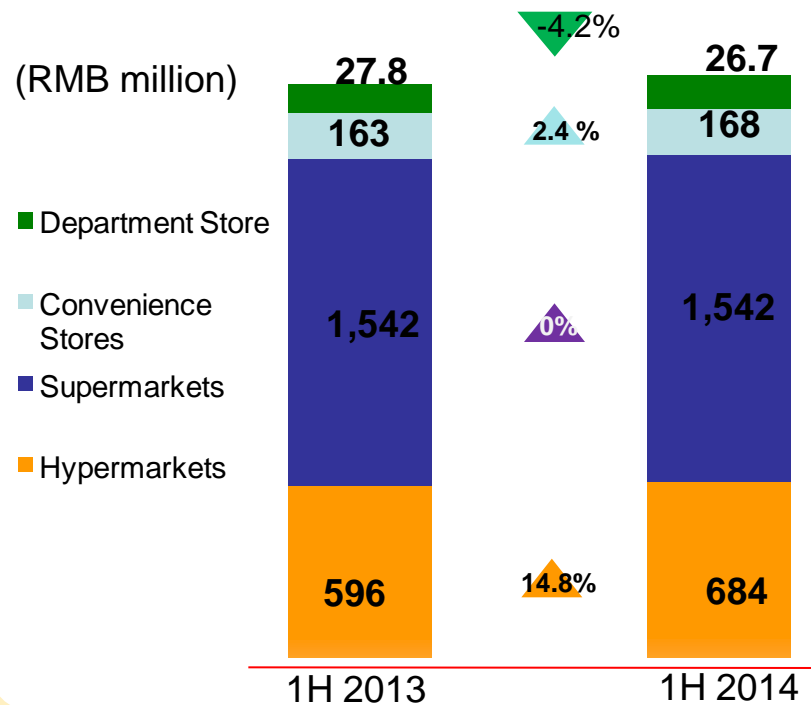
## Revenue

(RMB million)



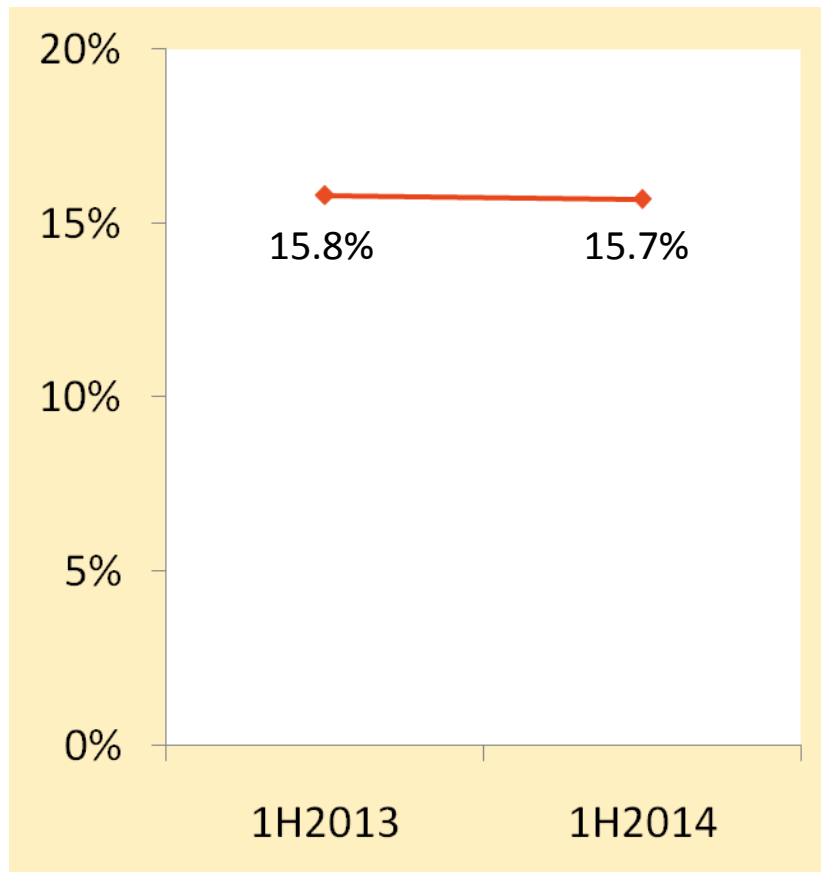
## Revenue by Segments

(RMB million)



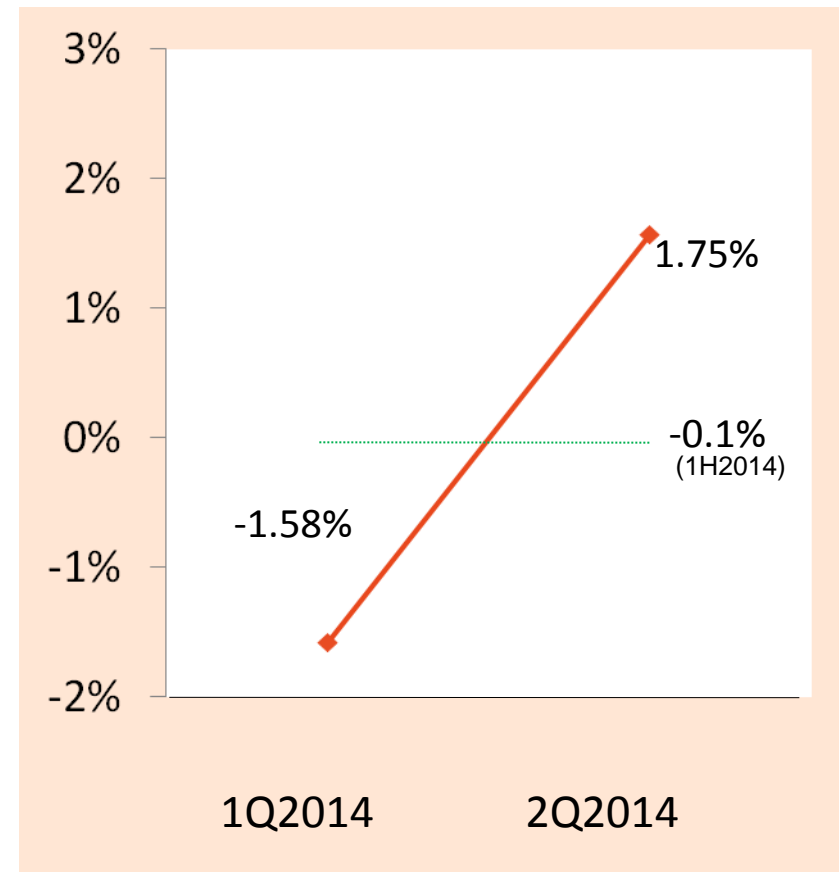
# Retail Business (directly-operated)

## Gross Profit Margin



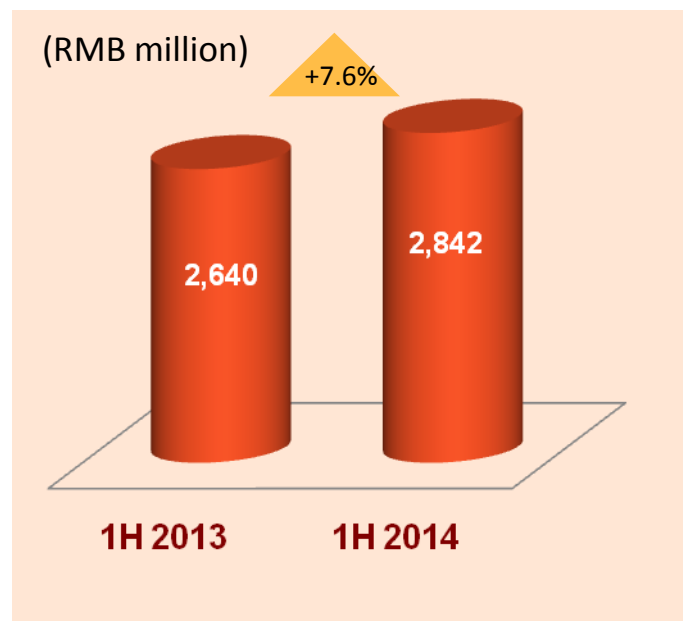
## Same Store Sales Growth (Quarterly)

*(Notes: refers to the SSSG of directly-operated hypermarkets, supermarkets and convenience stores)*

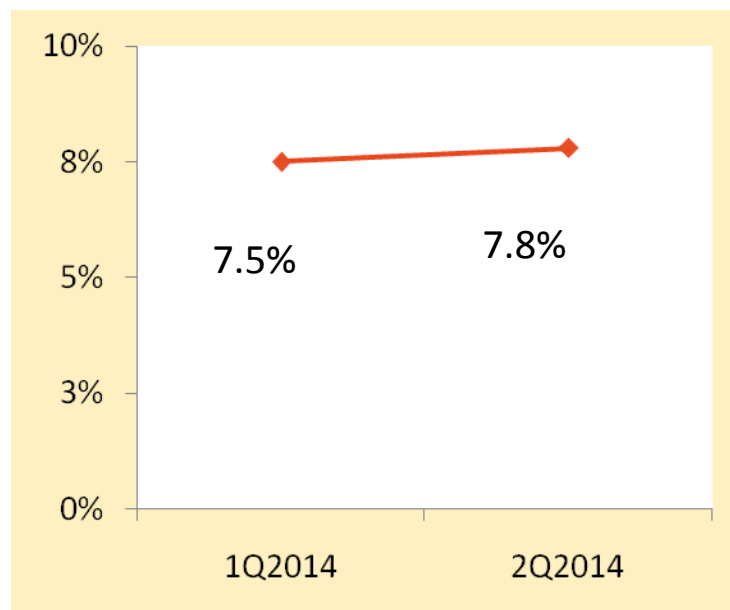


# Wholesale Business

## Revenue from principal business\*



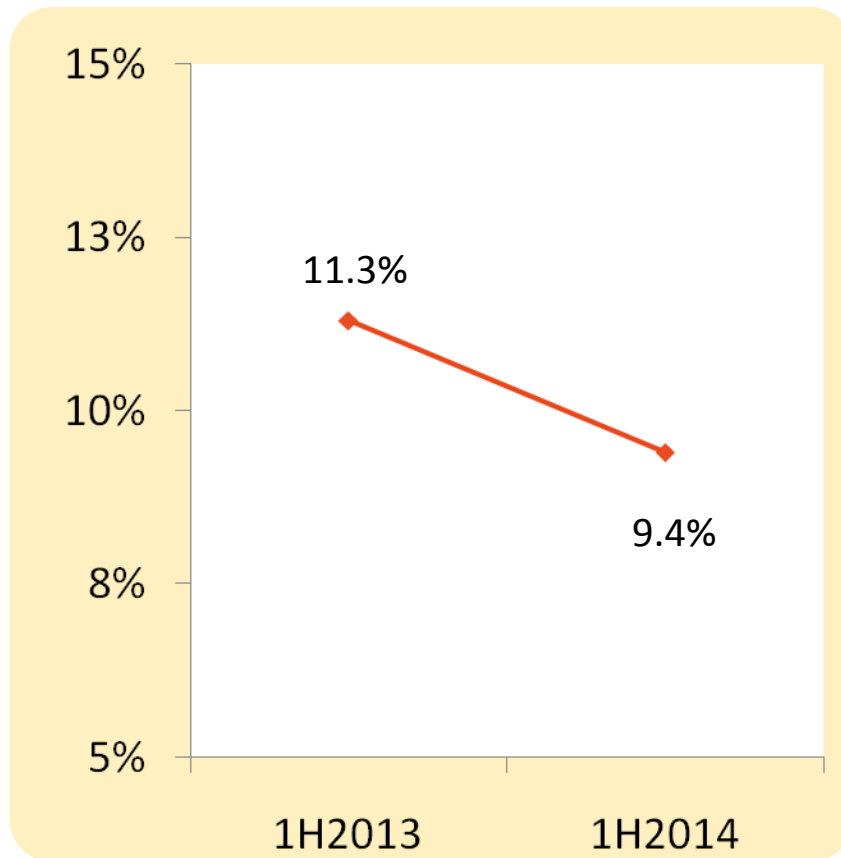
## Quarterly trend of growth rate\*



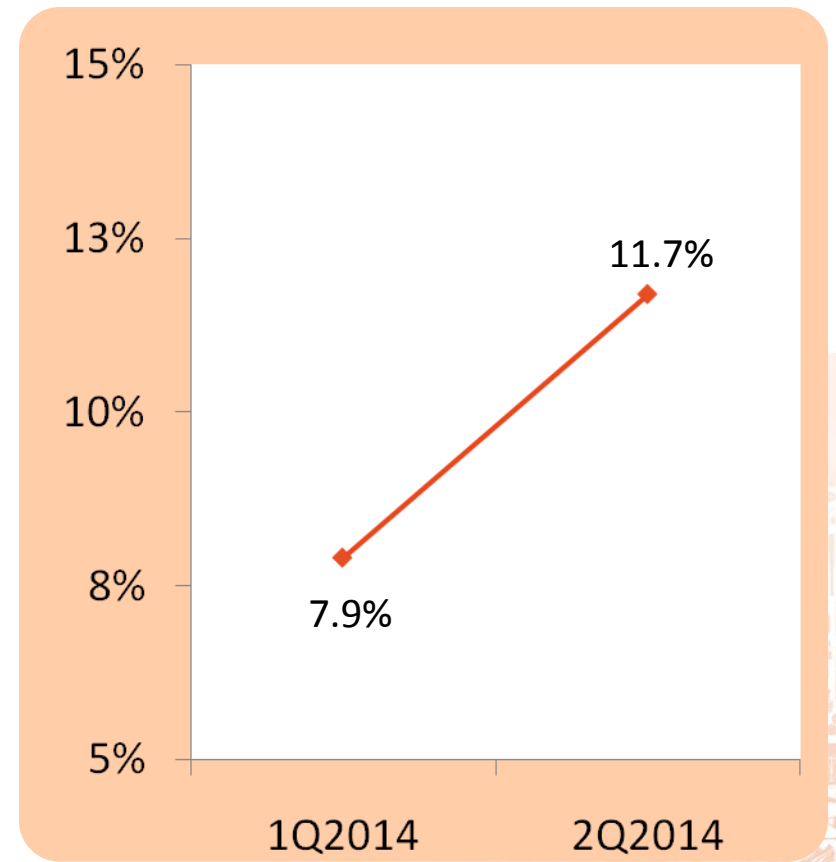
\* Revenue from principal business and gross profit margin recognised by Chaopi Trading and its subsidiaries including intersegment sales.

# Wholesale Business

## Gross Profit Margin



## Gross Profit Margin (Quarterly)



## Financial figures – turnover days

For the 6 months ended 30 June	Retail Business		Wholesale Business	
	2013	<b>2014</b>	2013	<b>2014</b>
Inventory turnover days	35	<b>31</b>	83	<b>74</b>
Debtor turnover days	2	<b>2</b>	89	<b>99</b>
Creditor turnover days	63	<b>65</b>	59	<b>40</b>

# Business Review





# Retail Business

Sticking to the nature as a retailer and making active adjustments and transformation from a customer-orientated perspective.



## Continual steady development of the retail network:

- 14 retail outlets were newly opened, including 8 directly-operated convenience stores and 6 franchise-operated convenience stores

Number and net operating area of retail outlets as at 30 June 2014					
	Department stores	Hypermarket	Supermarket	Convenience Stores	Total
<b>Number of retail outlets:</b>					
Directly -operated	2	12	76	107	<b>197</b>
Franchise-operated	-	-	1	89	<b>90</b>
<b>Total</b>	<b>2</b>	<b>12</b>	<b>77</b>	<b>196</b>	<b>287</b>
<b>Net operating area (square meters):</b>					
Directly-operated	39,742	86,088	160,115	20,592	<b>306,537</b>
Franchise-operated	-	-	880	17,022	<b>17,902</b>
<b>Total</b>	<b>39,742</b>	<b>86,088</b>	<b>160,995</b>	<b>37,614</b>	<b>324,439</b>

# Retail Business



## **Strengthening procurement management :**

- Focused on the analysis and control of procurement cost and logistics cost
- Closely monitored inventory structure and turnover changes
- Introduced more imported and customized merchandises
- Streamlined existing live and fresh produce's procurement bases and developed new procurement bases



## **Enhancing the quality of store operations :**

- Identified the problems of each store and monitored the improvement directly by the headquarters on the base of analysis of data from stores of comparable sizes
- Adjusted fresh produce promotion strategies
- Full-day supply of fresh produce to attract customers and in turn boosted the overall customer flow



## **Further strengthening the food safety management :**

- Continued to perform review and approval procedures in respect of introducing new suppliers and products
- Monthly special inspections in retail outlets and live-and-fresh produce logistics center
- Carried out “summer food safety month” activities

# Wholesale Business

## ➔ Continuing to introduce new product lines :

- Introduced more new brands of low-end liquor, food and daily necessities in view of the decline market demand for high-end liquor
- Balanced development of each line of merchandises, so as to reduce the operational risks

## ➔ Continuing to expand the wholesale distribution network :

- Shared the existing brand resources in different provinces and distribution network to enhance the sales capability
- Explored e-commerce sales channel and managed to invite an increasing number of manufacturers into such e-commerce sales channel to present new products online

## ➔ Improving efficiency of logistics and distribution :

- Carried out a trial operation of piecework wage in respect of transportation and warehousing outsourcing model
- Income from third-party logistics increased

# Future Plans

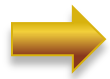


# Future Plans

The rapidly development of Internet technology and mobile network technology have gradually changed the transaction process. In view of these dramatic changes, a fusion of online and offline retails shall form the main development path. The Group will:



**Continue to improve our procurement and marketing capabilities to adapt to the change trend of the customer's demand**



**Optimize store operation capabilities in the merchandise**



**Relying on the offline store resources to achieve transformation**

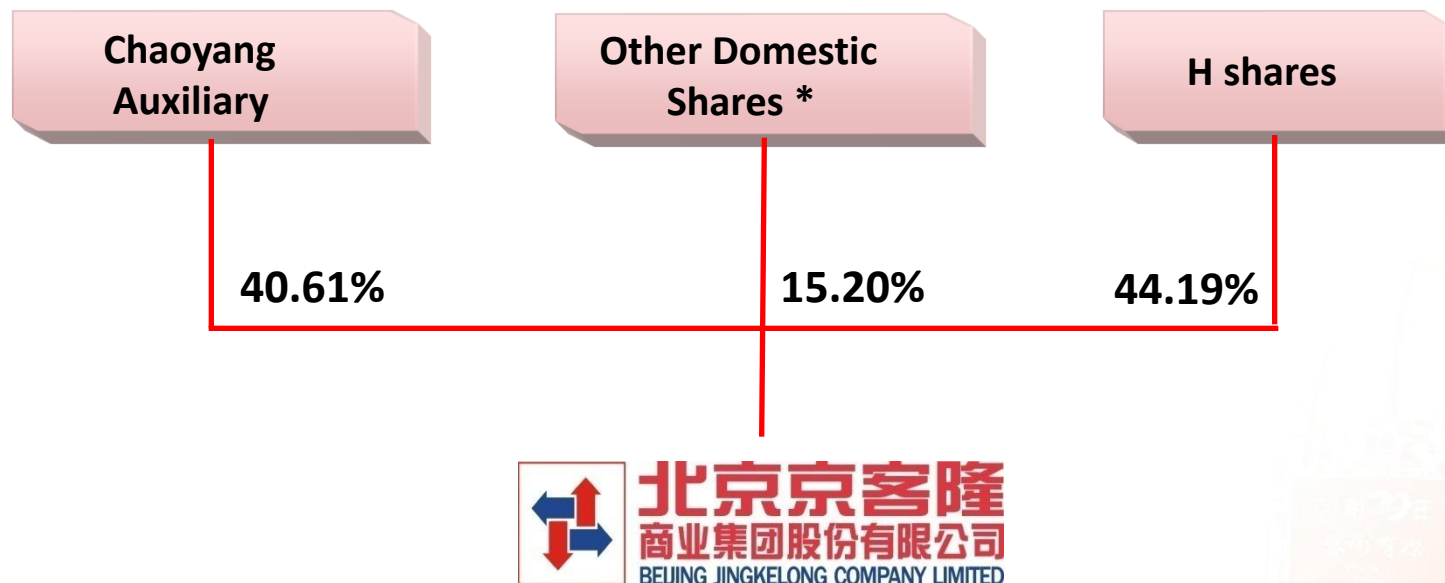


**Making use of the Internet technology and mobile network technology to re-attract consumers back from e-commerce**

# Open Forum



## Appendix I: Shareholding Structure



*\* 9.9% Domestic shares are held by the senior management and employees.*

## Appendix II: Business Structure

