



*A leader in brand building and management in Southeast Asia*

# FY2016 AGM PRESENTATION

27 OCTOBER 2016



FJ BENJAMIN

# Agenda

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**STRATEGIC SNAPSHOT**

**EXPANSION PHASE: 2006 - 2013**

**GROUP SALES & NET PROFIT: 2008-2012**

**RESTRUCTURING PHASE: 2014 - 2016**

**FY2016 HIGHLIGHTS**

**GROWTH STRATEGY**





# Strategic Snapshot

## Expansion Phase - 2006-2013

- China's robust economic growth and newly-minted millionaires boosted tourism in SE Asia and consumer spending in North Asia
- Many global brands were attracted to the region, and we rode the Asian consumer boom with iconic lifestyle and luxury brands
- Scaled up retail footprint in Southeast Asia - turnover increased from \$257.6 million in 2007 to \$373.4 million in 2013
- Internationalised Raoul in 2009 with showrooms in New York and Milan
- Returned \$74 million to shareholders in January 2008 following warrants conversion, or \$0.13 a share.

## Restructuring phase - 2014-2016

- China's economic slowdown, Eurozone crisis affected consumer sentiment and tourist arrivals
- Commenced Groupwide restructuring in 2014.



# Expansion Phase: 2006-2013

## Riding the Asia Consumer Boom

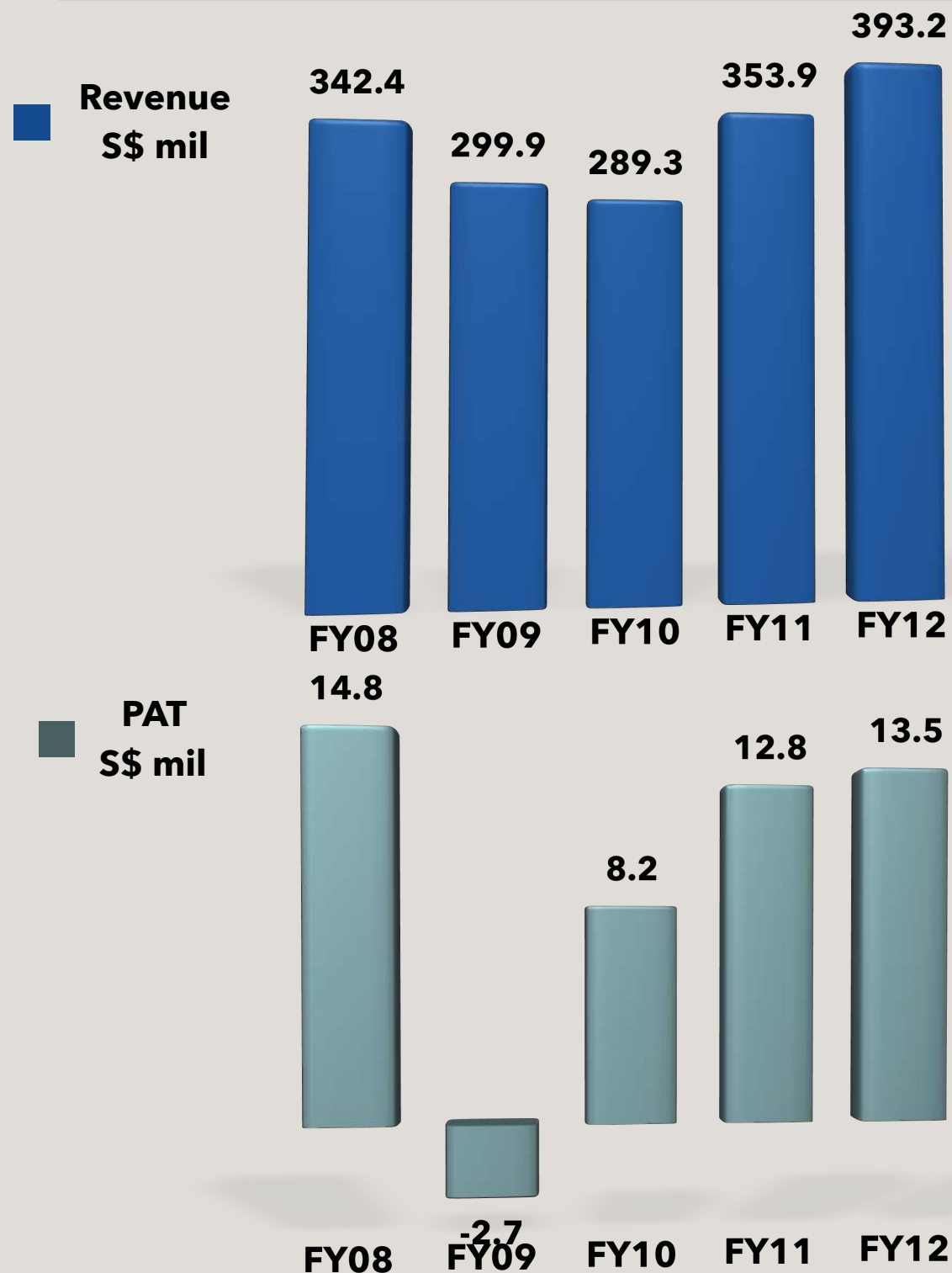
- Lifestyle brands - Gap, Banana Republic, and Superdry
- Luxury brands - Celine, Givenchy, Goyard, Loewe, and Tom Ford
- Scaled up retail network across the region, 226 stores across SE Asia

## Internationalising Raoul

- Raoul's men's shirt label launched in 2002
- Strong reception to brand led to expansion into women's wear and accessories
- Internationalisation began in 2009 with Raoul showrooms in New York and Milan.



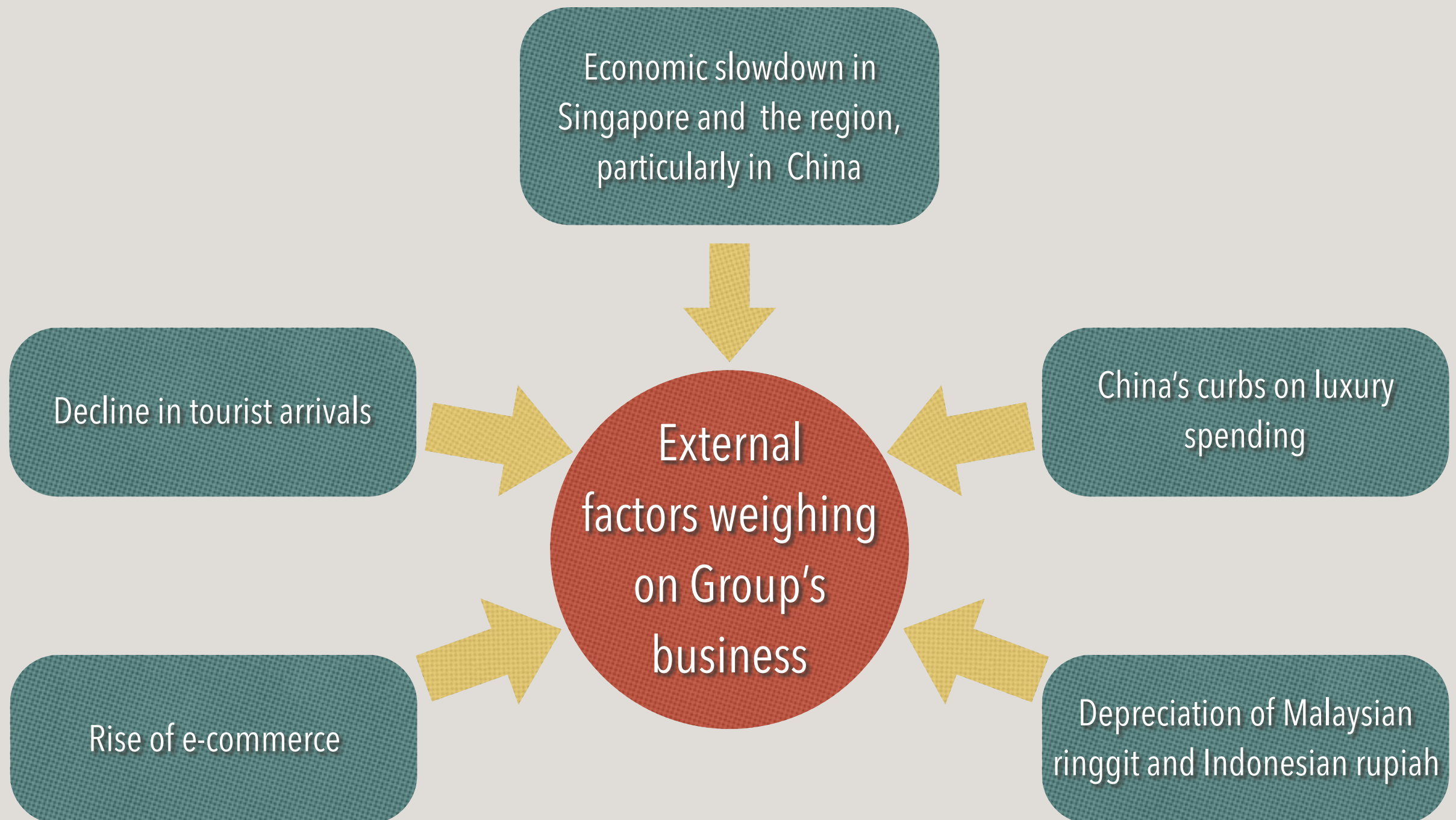
# Group Sales & Profit After Tax : 2008–2012



- Successfully rode the Asian consumer boom as sales and earnings scaled new heights during expansion phase
- FY2009 felt the impact of the global financial crisis but business quickly rebounded amid China's continued economic expansion
- Warrant conversion benefited from strong share price enabling company to return \$75 million of \$0.13 a share to shareholders in FY2009.



# Restructuring Phase: 2014-2016



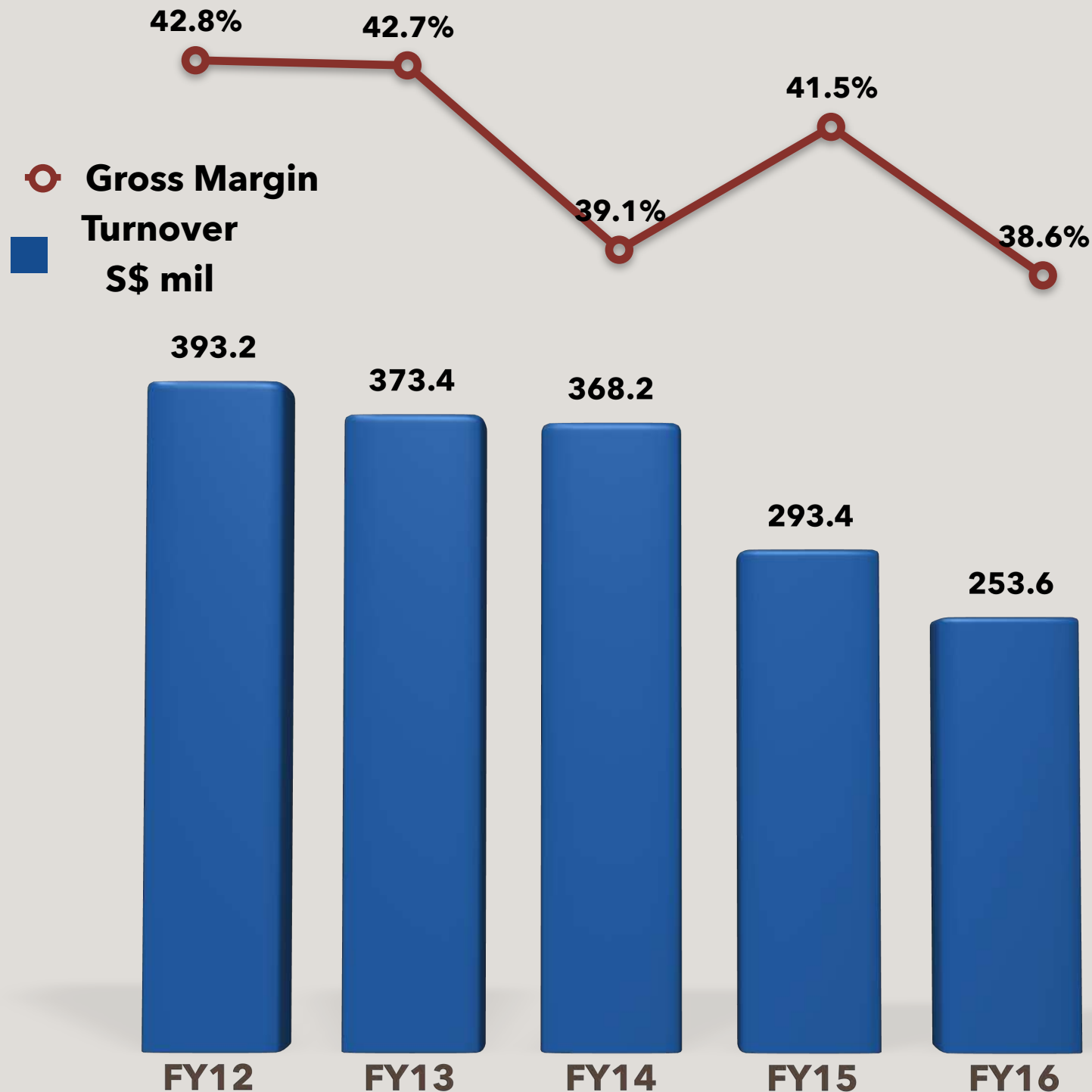
# Restructuring Phase: 2014-2016

## Rightsizing the group

- Closure of non-performing stores in Singapore, Malaysia, and Indonesia
- Cessation of North Asia timepiece wholesale business
- Renegotiated leases for better terms
- Tight management of inventory
- Streamlined backend operations
- Reduced debt
- Scaled back Raoul's operations.



# FY2016 - Financial Highlights

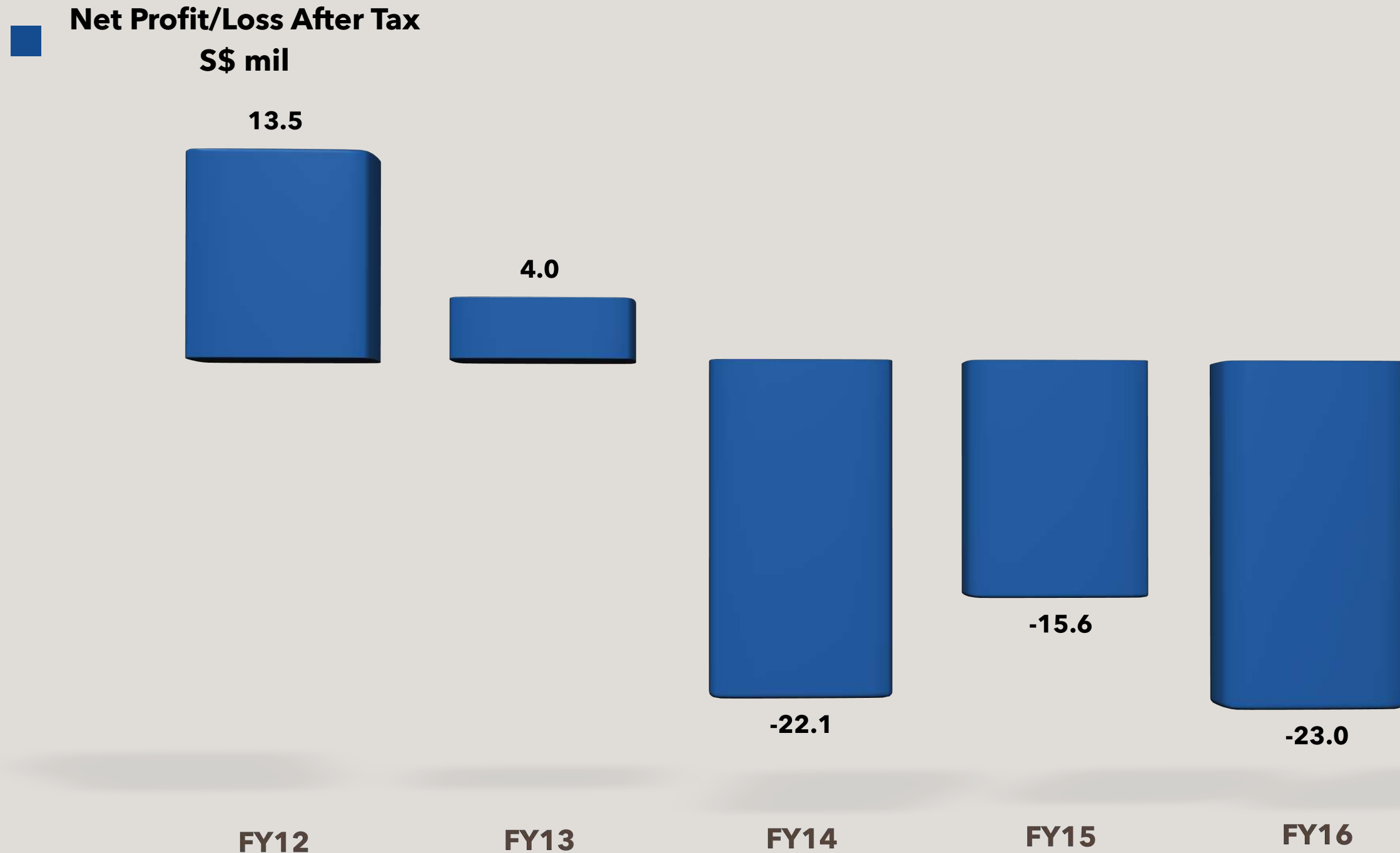


## Topline Pressures

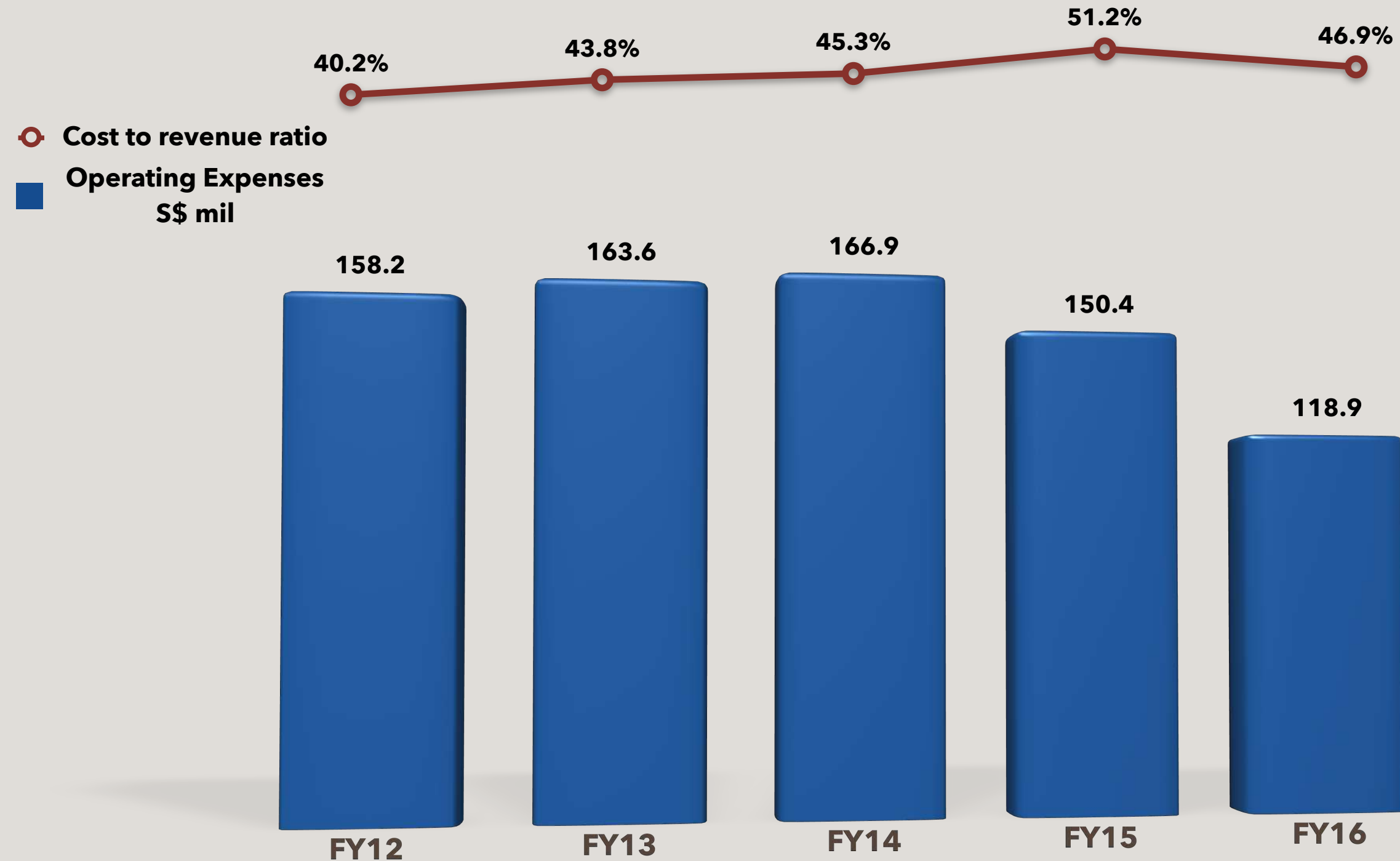
- Group turnover fell 14% from FY15; 10% down excluding translation losses
- Closure of non-performing stores, discontinued businesses and cessation of North Asian operations, all of which previously contributed a total of \$31.1 million
- Currency translation losses totalled \$10.4 million.



# FY2016 - Financial Highlights



# FY2016 - Financial Highlights





# Group Luxury Brands

CÉLINE

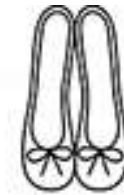
GIVENCHY



GOYARD

LOEWE

MARC JACOBS



*Pretty Ballerinas*

**TOM FORD**



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# Group Lifestyle Brands

BANANA REPUBLIC

BAByZEN™

REBECCAMINKOFF



SHERIDAN  
EST. 1967

laSENZA

極度乾燥(しなさい)  
Superdry.



NooTrees  
It's cool to care

VINCCI

Alpina   
WATCHES

Bell  Ross

Calvin Klein  
watches  
swiss made

CASIO®



  
FREDERIQUE CONSTANT  
GENEVE

 G U E S S WATCHES

GC  
SWISS MADE

NAUTICA

極度乾燥(しなさい)  
Superdry.  
watches

RADO  
SWITZERLAND

  
TISSOT

  
VICTORINOX

WATCH engine

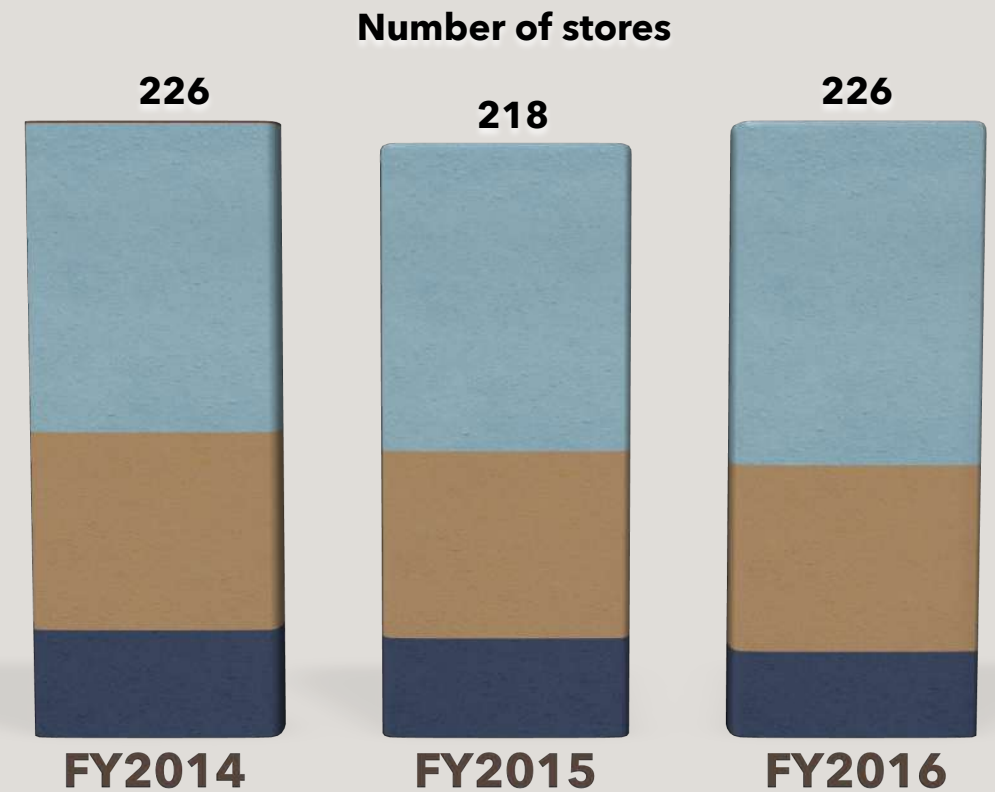
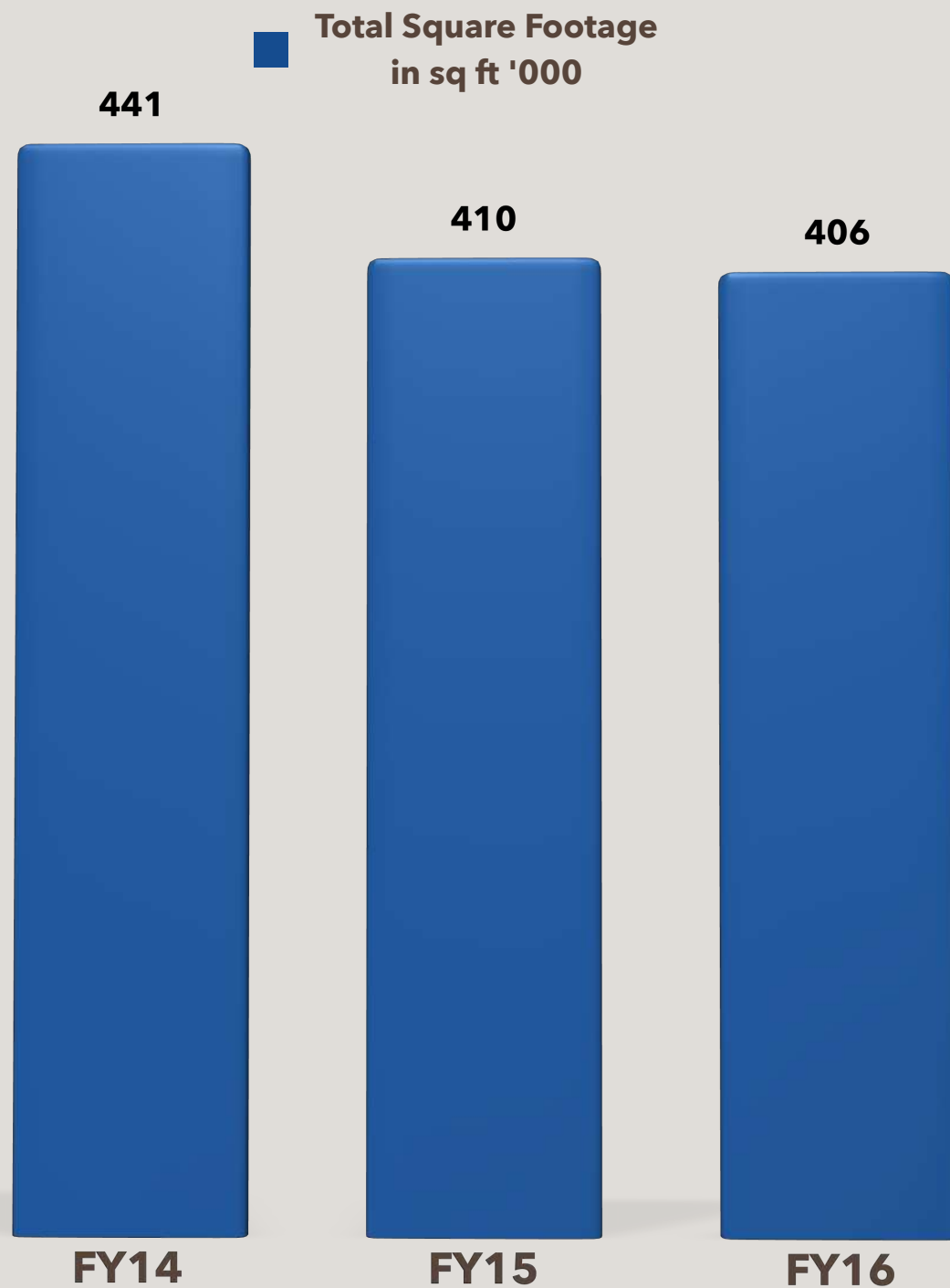
WATCH ZONE



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# Retail Footprint



	FY14	FY15	FY16	POS*
Singapore	40	37	32	395
Malaysia	73	69	69	140
Indonesia	112	112	125	900
Hong Kong	1	0	0	0
<b>Total</b>	<b>226</b>	<b>218</b>	<b>226</b>	<b>1,435</b>

\*Points of Sale – include department store corners, counters, SIS, multi-brand etc.



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# Growth Strategy

## Portfolio Management

*Adding exciting new brands*

- Exclusive rights for Marc Jacobs and Rebecca Minkoff in the region
- To open four Marc Jacobs stores in next two years retailing full range of ready-to-wear, leather goods, and accessories
- Launches Casio in Indonesia

## Portfolio Extension

*Diversify outside fashion and timepiece*

- Compatible with values and lifestyle of today's consumers
- Targets upwardly mobile, environmentally-conscious consumers
- Diversification began with Babyzen and Nootrees, and Model's Own.





# Growth Strategy

## Timepieces

- Continue to focus on both luxury and mass market timepieces in SE Asia despite closure in N Asia
- Growing multi-brand retail stores WatchZone and WatchEngine - 31 standalone stores in Indonesia; aiming to increase to 67 by 2018
- Casio plans to have 150 points of sale by 2019
- TimeLab outlet stores in Malaysia to be alternative growth channel.



# Growth Strategy

## Targeting Millennials

- Born between 1980-2000; 60% of millennials located in Asia by 2020
- Prefers to spend money on experiences, travel, wellness, technology, F&B, than on consumer goods
- Affinity to technology determines shopping patterns
- Active lifestyle influences retail trends
- Rely less on advertising & promotion but more on social media
- More likely to spend on brands that are socially responsible.



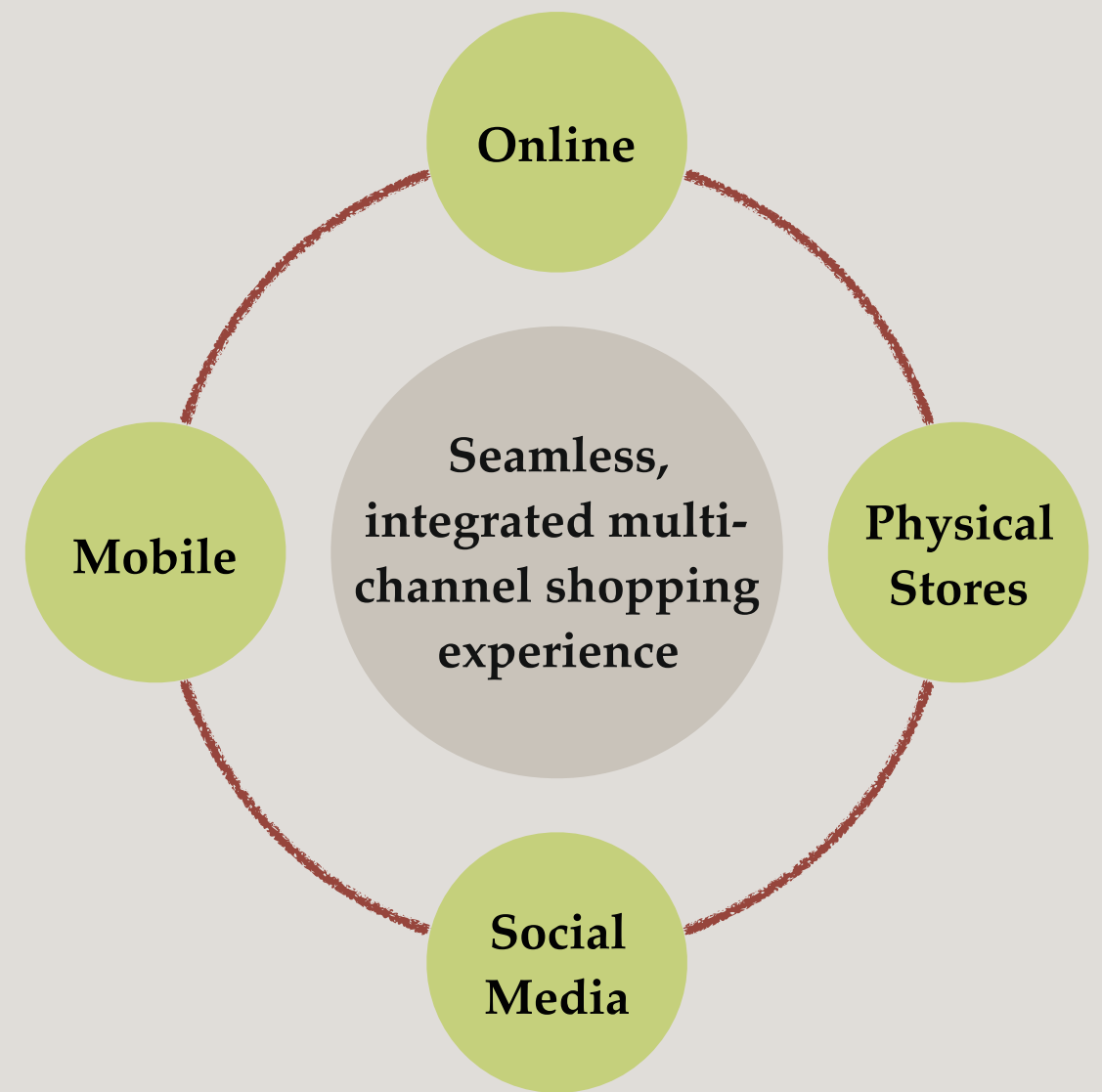
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# Growth Strategy

## Omnichannel Execution

- Southeast Asia is the fastest-growing internet region globally, with five-year CAGR of 14%
- Existing internet user base of 260 million expected to grow to 480 million by 2020
- 10-year CAGR of 32% for e-commerce in electronics, apparel, household goods, food and groceries, to US\$88 billion by 2025<sup>1</sup>
- Fully integrated marketing strategy using multi-channel sales approach
- Provide seamless shopping experience
- Investments in online platform and hardware
- Developing partnership with global e-commerce companies
- Upgrade and harness Group's Big Data to improve revenue and customer loyalty.



<sup>1</sup> Google & Temasek Research, e-economy SEA (<http://www.slideshare.net/economySEA/economy-sea-by-google-and-temasek>)

# Outlook

- **Restructuring mainly completed**
- **Trading conditions remain difficult with weak macro economics**
- **Operations leaner and more cost-effective**
- **Management focused on revenue growth, exploring new brands and businesses, leveraging on track record and extensive retail network in Southeast Asia.**





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Thank You

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