



Ports Design Limited

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2009: Positioning for Continued Growth

- ▣ Retail segment maintained stable turnover growth in 2H 2009, with a strong SSS growth of 15% recorded in the Q4/2009
- ▣ Improvement in Net Profit Margin due to continuing benefits of economies of scale and increased contribution from Retail segment. Retail GP Margin continues to improve from FY2008 levels
- ▣ Increased turnover, tighter inventory controls and the introduction of outlet mall channels resulted in a steady inventory position – increased from RMB425.6 million in 2008 to approx. RMB438.1 million in 2009
- ▣ Strong cash generation and working capital control: year end cash position of approx. RMB1.44 billion, (net cash approx. RMB711.9 million)
- ▣ OEM and Other segments remained weak due to the weakness in the export markets

Retail: Managing the Changes in China

- ▣ Strategy remains focused on strengthening the Ports brand equity via ASP increases, approx. 30% over the last three years, further solidify Ports as a leading international luxury apparel brand
- ▣ Constant upgrading of store network - closure of approx. 200 comparatively older stores (representing approx. 50% of the total store count) over the last three years, further strengthens the Ports brand image
- ▣ 356 retail stores at year end 2009, a net decline of store count of approx. 5% from year end 2008
- ▣ Strong SSS growth compensates for the store count decline, still bringing a net increase of approx. 10% in retail sales. Significant improvements in GP Margin and tighter control on operating costs should bring another record year for the Group
- ▣ Recovery of the economy and completion of the store closure program is expected to provide a solid base for future growth

Continuing Progress on Strategic Initiatives

- ▣ Leveraging the brand loyalty
 - ▣ Ports International and Ports 1961 segmentation. In line with strategy to position the brand further upmarket and reduces the fashion risk in apparel

- ▣ Accelerating non-apparel development
 - ▣ Non-apparel product mix such as watches (BMW Lifestyle) and fragrance (Ports) to be launched in 2010

- ▣ Revising licensed brand division
 - ▣ Management is expecting to accelerate the roll out plan for Armani and Ferrari, slow down the opening for Vivienne Tam, and add Versace to this division

- ▣ Pursuing operational excellence
 - ▣ Focus on improving retail execution, cost control and economies of scale will continue to help improve the Group's overall profit margins



Introducing BMW Lifestyle Watches



Introducing Ports Fragrance



Isabella

THE NEW FRAGRANCE FOR HER

BY PORTS

Looking Towards 2010

- ▣ Management remains optimistic and expects retail environment to improve
- ▣ The Group continues to strengthen the Ports brand equity. Store closure program to be concluded this year, expects net new store expansion rate to accelerate at double-digit levels next year
- ▣ Management expects the expansion of outlet mall channels will continue to help improve the Group's inventory position
- ▣ Management expects the outlook for the OEM and Other segments to remain similar as 2009 due to the continued weakness in the export markets. However, management expects margins to remain stable
- ▣ The Group expects to move into the new factory by Q1/2010 which will improve operational efficiency



Contact Us

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