

GIORDANO

*World without strangers*



真正禦寒5A鵝絨

兩年  
免費保修



防走絨



拉鏈

Design is Art, Quality is Science

GIORDANO

2023 Annual Results Announcement | March 12, 2024

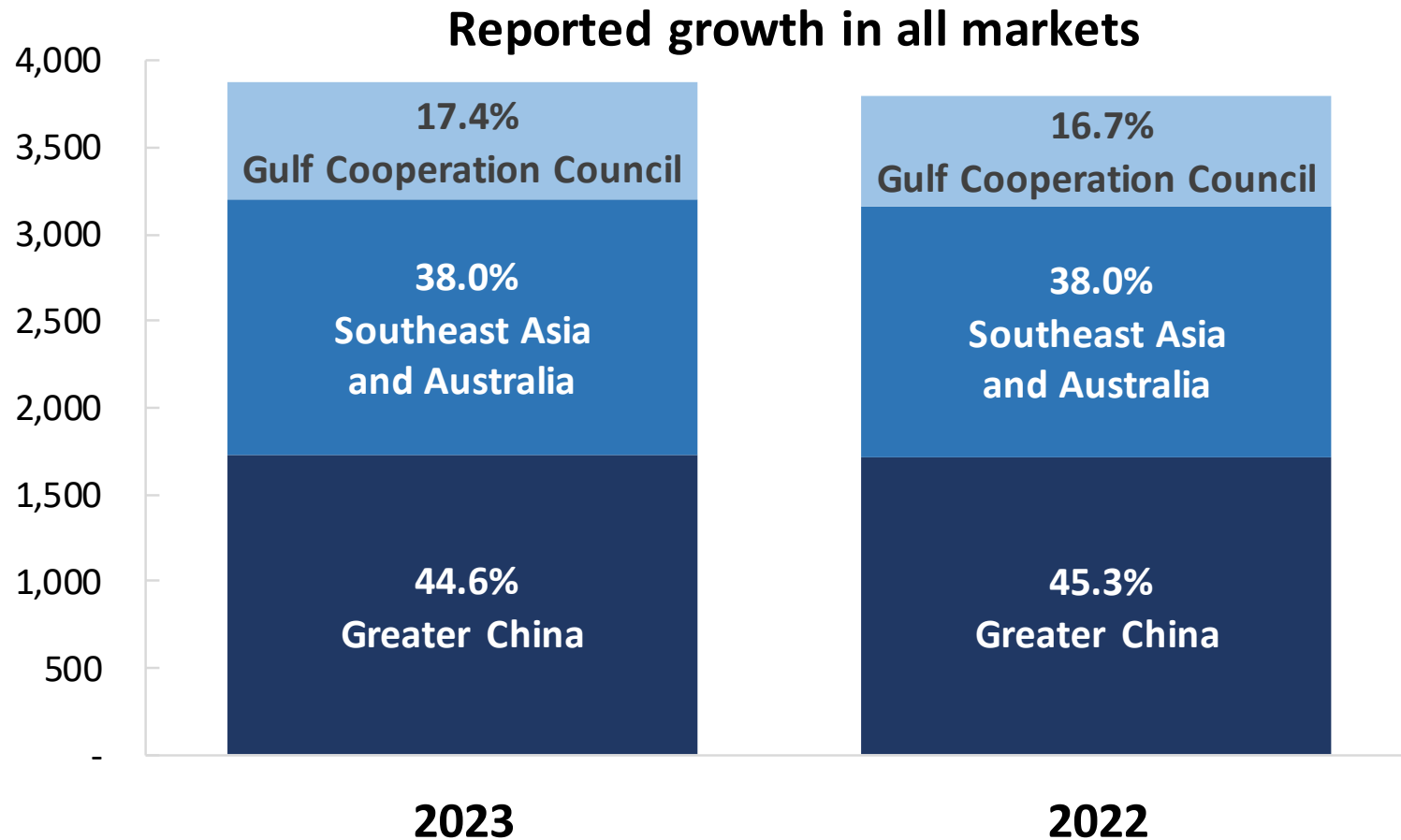
## Overview

- Group revenue +1.9% to HK\$3,873 million (2022: HK\$3,799 million) (+3.8% at constant exchange rates) → Global store count -52 to 1,822 (2022: 1,874) → Group same-store sales +6.9%
- Gross margin +1.9pp to 58.4% (2022: 56.5%) → Retail gross margin +1.1pp to 60.6% (2022: 59.5%)
- OPEX to revenue maintained at 47.2% → Continued cost control during post-COVID-19
- PATS +28.7% to HK\$345 million (2022: HK\$268 million). Net margin +1.8pp to 8.9% (2022: 7.1%)
- Basic EPS 21.6 HK cents (2022: 17.0 HK cents) → +27.1%
- Group inventories -22.5% to HK\$474 million (2022: HK\$612 million) → ITOC -27 days to 108 days (2022: 135 days) → Possible further reduction with focus on pricing power instead of volume sales
- Net cash HK\$905 million (2022: HK\$948 million)
- Proposed final dividend 13.5 HK cents per share (2022: 15.0 HK cents per share), full-year dividend 30.5 HK cents per share (2022: 23.5 HK cents per share) → +29.8% at a payout ratio of 141.2%

## Revenue by market

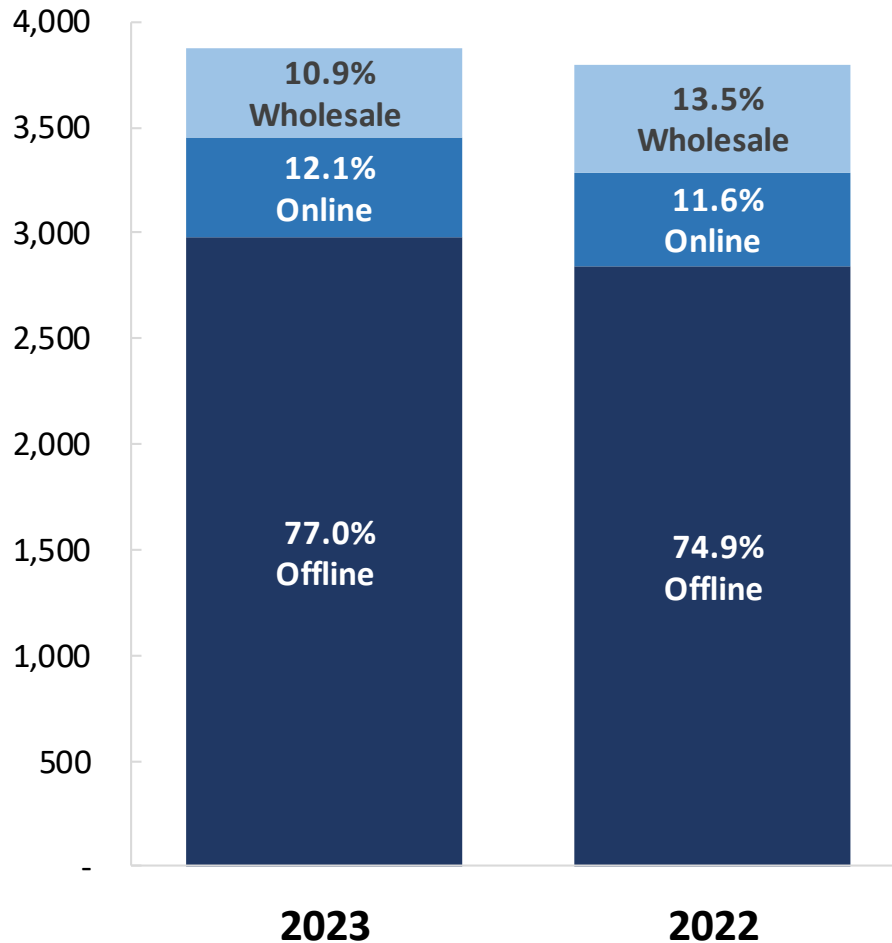
- +1.9% to HK\$3,873 million (2022: HK\$3,799 million)
- +3.8% at constant exchange rates

(In HK\$ million)



## Revenue by channel

(In HK\$ million)



### Offline

- **+4.7%**, despite number of stores **-2.6%**
- **Group same-store sales +6.9%**
- **Sales per sq. ft. +3.5%**

### Online

- **+7.1%**
- **Continued growth in Mainland China**

### Wholesale

- **-17.7%**
- **Reduction of wholesale to Mainland China's franchisees**
- **Large shipments pushed in late 2022 to support post-COVID-19 sales**

## Gross profit

- Gross margin +1.9pp to 58.4% (2022: 56.5%)
- Increased selling prices of new merchandise and fewer discounts on evergreen products

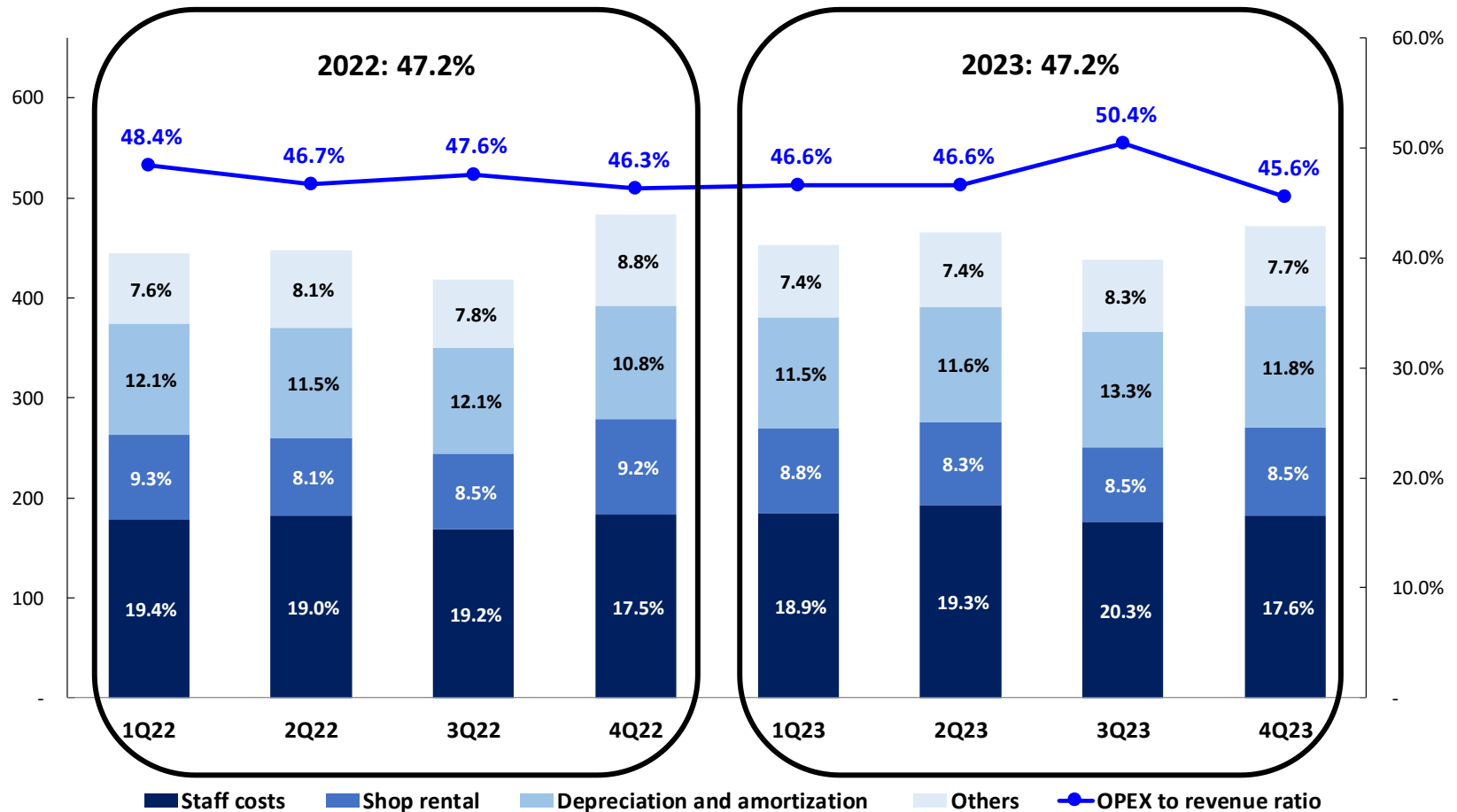
<i>(In HK\$ million)</i>	2022 gross profit	Product costs	Selling prices	Volume	Miscellaneous	Currency translation difference	2023 gross profit
Southeast Asia and Australia	863	(4)	39	2	(6)	(11)	883
Gulf Cooperation Council	398	27	(55)	59	-	-	429
Mainland China	314	7	4	12	(1)	(16)	320
Hong Kong and Macau	204	(5)	71	16	(1)	-	285
Taiwan	284	(4)	43	(30)	(3)	(13)	277
Market mix	-	9	(16)	7	-	-	-
<b>Retail and distribution</b>	<b>2,063</b>	<b>30</b>	<b>86</b>	<b>66</b>	<b>(11)</b>	<b>(40)</b>	<b>2,194</b>
Wholesale to overseas franchisees/subsidiaries	83						69
<b>Total</b>	<b>2,146</b>						<b>2,263</b>

## Operating expense

- Operating expense-to-revenue ratio 47.2%
- Continued cost control after COVID-19

(In HK\$ million)

OPEX to revenue ratio



## Changes in PATS

Net margin +1.8pp to 8.9% (2022: 7.1%)

*(In HK\$ million)*

<b>2022 PATS</b>	<b>268</b>
Mainland China	62
Hong Kong and Macau	49
Gulf Cooperation Council	18
South Korea	10
Taiwan	9
Southeast Asia and Australia	(20)
Wholesale to overseas franchisees/subsidiaries	(38)
Headquarter, finance expense, income taxes and NCI	(7)
<b>Changes in PATS</b>	<b>83</b>
<b>2023 PATS, at constant exchange rates</b>	<b>351</b>
Currency translation difference	(6)
<b>2023 PATS</b>	<b>345</b>

# Market update: Greater China

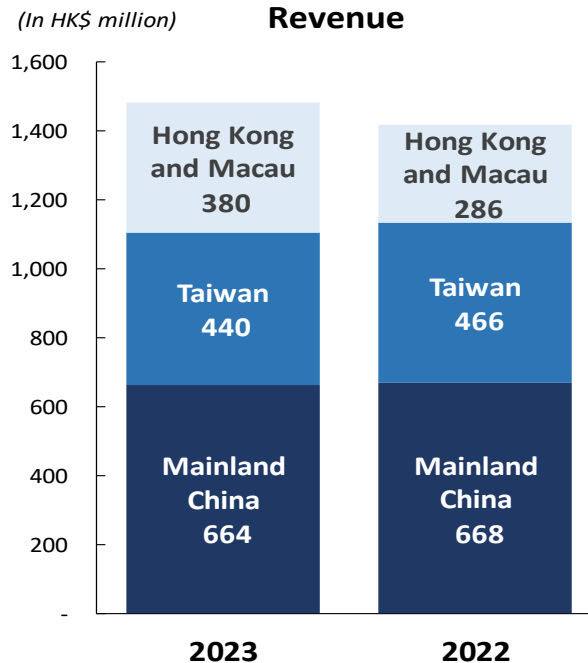
## Hong Kong Festival Walk



## Mainland China 华山环宇城



## Mainland China 平顶山



## Mainland China

- Volatile business environment
- Profitable in 2023
- Online → Continued focus
- Offline → Reduced OPEX
- Wholesale → More resources on marketing

## Hong Kong and Macau

- Prudence in business expansion

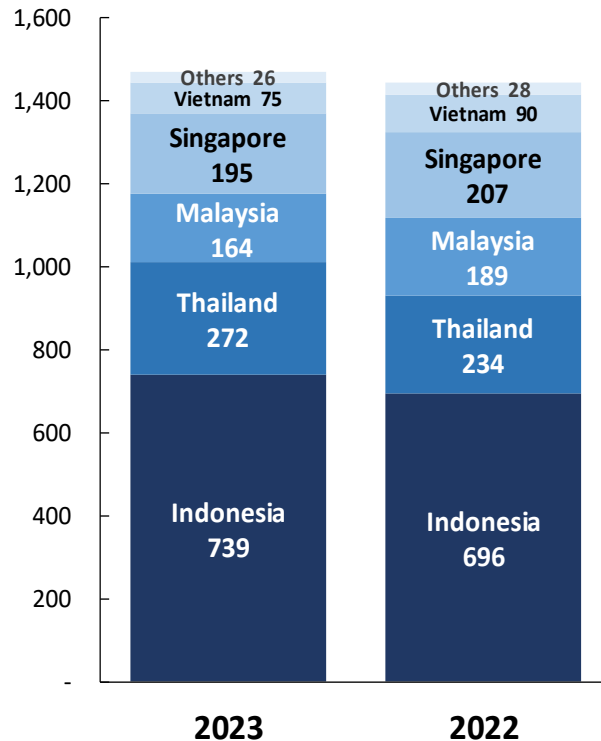
## Taiwan

- Continued increase in average selling prices

## Market update: Southeast Asia

(In HK\$ million)

### Revenue



### Indonesia and Thailand

- Growth momentum remains

### Singapore

- Turnaround after team restructuring and product mix change

### Malaysia and Vietnam

- Ongoing team restructuring and merchandise enhancement

Malaysia 32nd Anniversary Thank You Day event



Vietnam Lotte Mall West Lake Hanoi



Malaysia Pavilion Damansara Heights Mall



## Market update: Gulf Cooperation Council

(In HK\$ million)	2023	2022
Revenue	675	635
Franchised stores	40	38
Direct-operated stores	138	134
<b>Store at year-end</b>	<b>178</b>	<b>172</b>

- Brand image enhancement
- Continued business improvement after tourist arrivals



Qatar Tawar Mall



Dubai Al Ghurair Centre



Dubai Silicon Central



## Inventories

- Inventory turnover on cost -27 days to 108 days (2022: 135 days)  
→ Stringent purchase control
- System inventories -20.6%

<i>(In HK\$ million)</i>	At December 31	
	2023	2022
Inventories owned by the Group	474	612
Inventories held by 48.5% South Korea joint venture	182	202
Inventories held by franchisees in Mainland China	38	53
Finished goods at suppliers	15	26
Inventories not owned by the Group	235	281
<b>Total system inventories</b>	<b>709</b>	<b>893</b>

## Changes in net cash

Cash conversion rate 109% (2022: 99%)

*(In HK\$ million)*

	2023	2022
<b>Net cash at January 1</b>	<b>948</b>	<b>875</b>
Cash flow from operations	500	392
Dividends paid to NCI	(75)	(2)
Dividends paid	(514)	(292)
Proceeds from issue of shares	47	3
Share repurchases	-	(3)
Exchange difference	(1)	(25)
<b>Cash flow</b>	<b>(43)</b>	<b>73</b>
<b>Net cash at December 31</b>	<b>905</b>	<b>948</b>

## Outlook

### Strategy to mitigate business risks

- Geographical diversification
- Cost control
- Lean balance sheet discipline

### Brand equity

- Pricing, product innovation, store upgrades and marketing investment

### Franchising and licensing

- Overseas franchised store count +27 stores (mainly India +29 stores and Philippines +10 stores) to 424 stores (2022: 397 stores)
- Expansion momentum sustains particularly in emerging markets, especially in South Asia and Africa

### E-commerce

- Partnering with local and robust third-party platforms
- Continued investment in proprietary platforms

## Product



**佐丹奴液氫系列**

纖維膨脹  
處理前

密度提升

處理後

**更保型 更耐洗 更光滑**

Design is Art, Quality is Science

## Liquid Touch



**全棉液氫 POLO**  
Look good, feel good!

液氫處理

纖維膨脹  
↓  
密度提升

**更保型 更耐洗 更光滑**

## 5A Goose Down Jacket



**真正禦寒5A鵝絨**

800+ 90% 防風 防走絨 防靜電



**GIORDANO**  
World without strangers

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## Emerging Markets

### Stores at December 31

	2023	2022
Southeast Asia	190	175
South Korea	120	143
South Asia	69	40
Africa	24	19
Other markets	21	20
<b>Total</b>	<b>424</b>	<b>397</b>

### India

Press Conference  
50 stores milestone (+29 stores)



### Canada

New Franchise Partner



### Algeria

Grand Opening Event  
City Center Shopping Center



## Advertising and marketing



### South Korea



## Advertising and marketing



**Singapore**  
**“Made for Foodies”**  
**Old Chang Kee**  
**Collaboration Campaign**



**Malaysia**  
**ODK MONKET**  
**Collaboration Campaign**



# Advertising and marketing

## “Happiness Is...” Collection



## Revenue

<i>(In HK\$ million)</i>	2023	2022	Change
Mainland China	664	668	(0.6%)
Hong Kong and Macau	623	586	6.3%
Taiwan	440	466	(5.6%)
Greater China	1,727	1,720	0.4%
Indonesia	739	696	6.2%
Thailand	272	234	16.2%
Singapore	195	207	(5.8%)
Malaysia	164	189	(13.2%)
Vietnam	75	90	(16.7%)
Australia	20	20	Flat
Cambodia	6	8	(25.0%)
Southeast Asia and Australia	1,471	1,444	1.9%
Gulf Cooperation Council	675	635	6.3%
<b>Group revenue by market</b>	<b>3,873</b>	<b>3,799</b>	<b>1.9%</b>
Offline	2,980	2,846	4.7%
Online	470	439	7.1%
Retail	3,450	3,285	5.0%
Licensing and overseas franchisees	283	335	(15.5%)
Mainland China franchisees	140	179	(21.8%)
Licensing and wholesale to franchisees	423	514	(17.7%)
<b>Group revenue by channel</b>	<b>3,873</b>	<b>3,799</b>	<b>1.9%</b>

## Store portfolio

	Stores		Retail floor space (sq. ft. in thousands)	
	at December 31		at December 31	
	2023	2022	2023	2022
Taiwan	168	182	161	173
Mainland China	143	158	114	124
Hong Kong and Macau	41	42	53	55
Greater China	352	382	328	352
Indonesia	238	233	326	296
Thailand	156	156	112	110
Malaysia	88	86	85	84
Vietnam	44	54	65	69
Singapore	30	29	32	31
Australia	6	6	9	9
Cambodia	3	3	9	9
Southeast Asia and Australia	565	567	638	608
Gulf Cooperation Council	138	134	174	168
<b>Direct-operated stores</b>	<b>1,055</b>	<b>1,083</b>	<b>1,140</b>	<b>1,128</b>
Mainland China	343	394	257	289
Overseas franchisees	424	397	419	427
<b>Franchised stores</b>	<b>767</b>	<b>791</b>	<b>676</b>	<b>716</b>
<b>Total</b>	<b>1,822</b>	<b>1,874</b>	<b>1,816</b>	<b>1,844</b>