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Grand Ocean Retail Group Limited

英屬蓋曼群島商大洋百貨集團控股股份有限公司

2014.10



## Company Overview

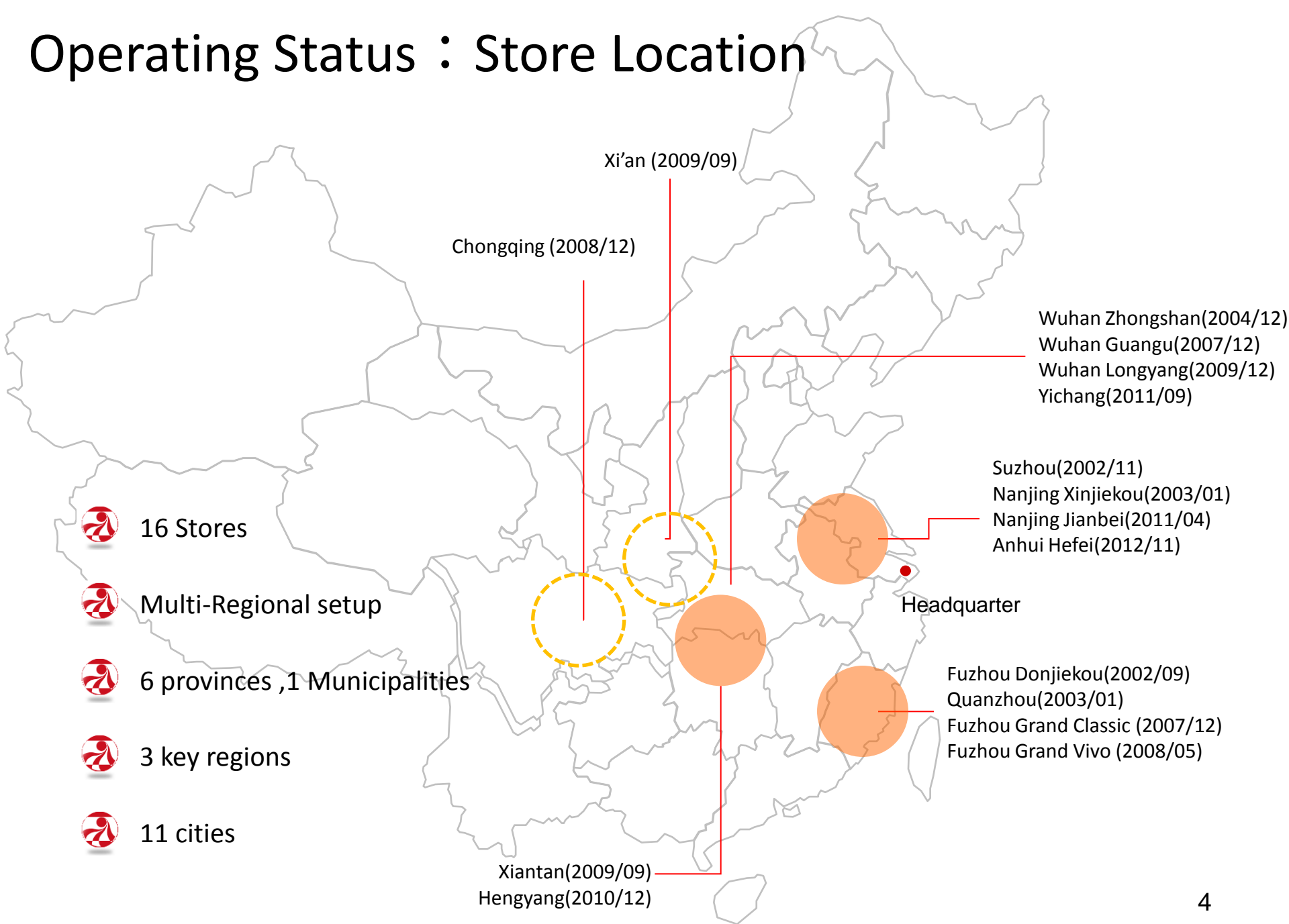
China Retail Market Status

Operating Outlook

# Company Overview

- ✓ **Company** : Grand Ocean Retail Group Limited  
英屬蓋曼群島商大洋百貨集團控股股份有限公司
- ✓ **Ticker** : 5907
- ✓ **Paid-In Capital** : NTD 2,020 m
- ✓ **Market Size**: NTD 12,968 m (2014/10/14)
- ✓ **2013 Gross Sales** : RMB 6,188 m
- ✓ **2013 Revenue** : RMB 1,498 m
- ✓ **Major Shareholder** : **First Steamship** (2601 TT) holds 52.69% (2014 6/30)
- ✓ **No. of employees** : ~ 3,200

# Operating Status : Store Location



# Major Operating Locations

<b>Province</b>	<b>Operating City</b>	<b>No. of Stores</b>	<b>2014 1H Gross Sales (RMB millions )</b>	<b>% Contr.</b>
<b>Fujian</b>	Fuzhou, Quanzhou	4	683	23%
<b>Jiangsu</b>	Nanjing, Suzhou	3	730	25%
<b>Hubei</b>	Wuhan, Yichang	4	1005	34%
<b>Others</b>	Chongqing, Hefei, Xian, Xiantan, Hengyang	5	512	18%
<b>Total</b>	11	16	2,931	100%

# Our Stores Operate Under Three Brands



Grand Vivo

- Lifestyle Store
- Family Oriented
- One Store; Fuzhou Grand Vivo



Grand Ocean

- Fashion Store
- Urban mid-high end customer
- 14 Stores



Grand Classic

- International luxury
- Urban High-end customer
- One Store; Fuzhou Grand Classic

# 2014 Q1-Q3 Gross Sales Analysis

2014 by Quarter	Gross Sales	SSG	YoY
Q1	1,624	-1%	-5%
Q2	1,311	-8%	-9%
Q3	1,221	-1%	-1%
Q1 - 3	4,156	-3%	-5%

2014 Q1-3	Gross Sales	% Contr.	SSG	YoY
Fujian	951	23%	-14%	-14%
Jiangsu	1,033	25%	0%	-7%
Hubei	1,438	35%	-2%	-2%
Others	734	18%	6%	4%
Total	4156	100%	-3%	-5%

# Financials as of June 30, 2014 (in RMB)

RMB	2014 1H	%	2013 1H	%	Diff.
Net Sales	768,465	100.0	756,184	100	12,281
Operating Cost	122,174	15.9	116,013	15.3	6,161
Gross Margin	646,291	84.1	640,171	84.7	6,120
Operating Expense	483,911	63.0	508,443	67.2	(24,532)
Operating Profit	162,380	21.1	131,728	17.4	30,652
Non-Operating Profit	18,929	2.5	24,134	3.2	(5,205)
Profit Before Tax	181,309	23.6	155,862	20.6	25,447
Tax	51,805	6.7	65,470	8.7	(13,665)
Net Profit	129,504	16.9	90,392	12.0	39,112
EPS (NTD*)	3.19		2.14		
Revenue YoY					1.6%
Operating Profit YoY					23.3%
Net Profit YoY					43.3%

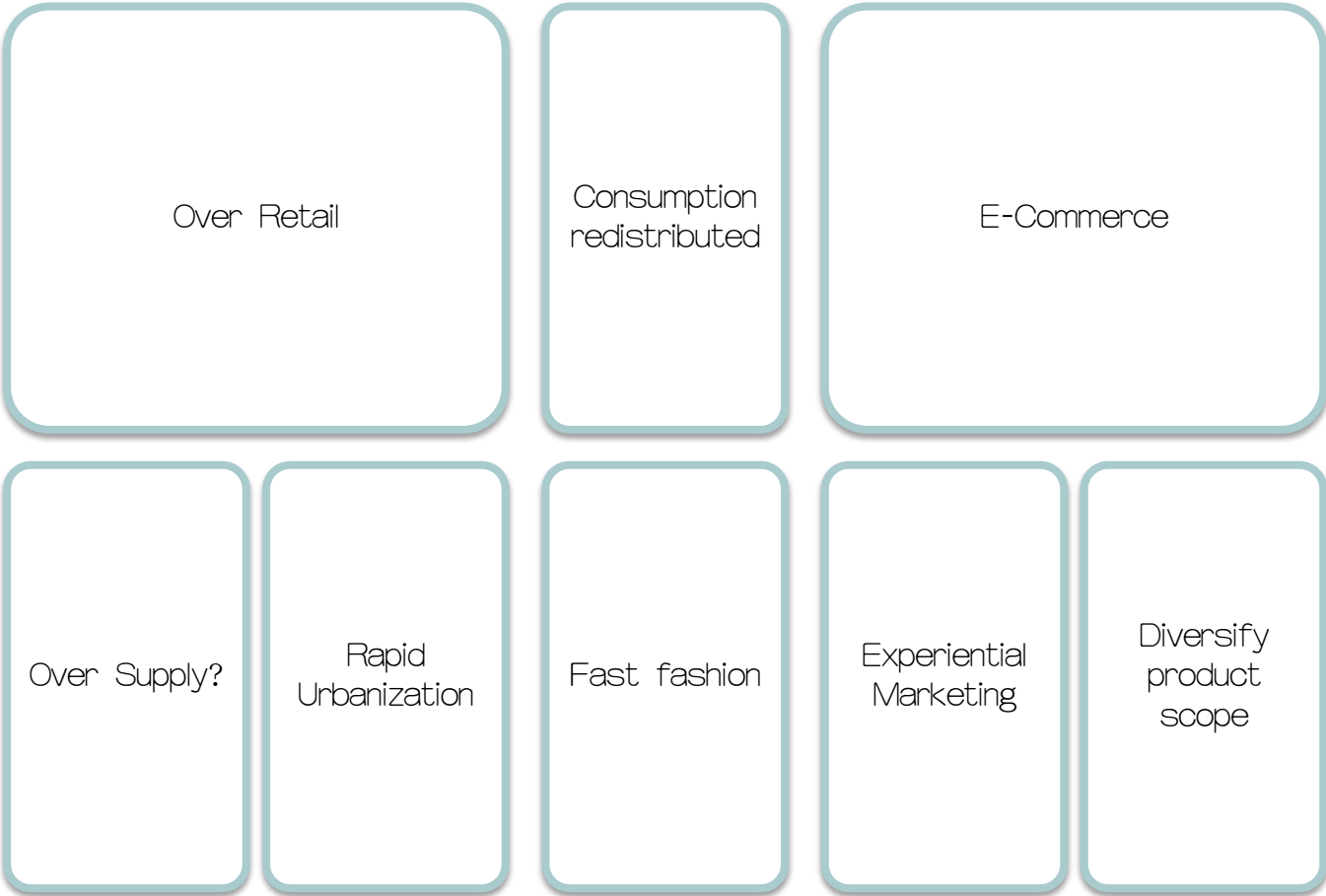




Company Overview

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Operating Outlook



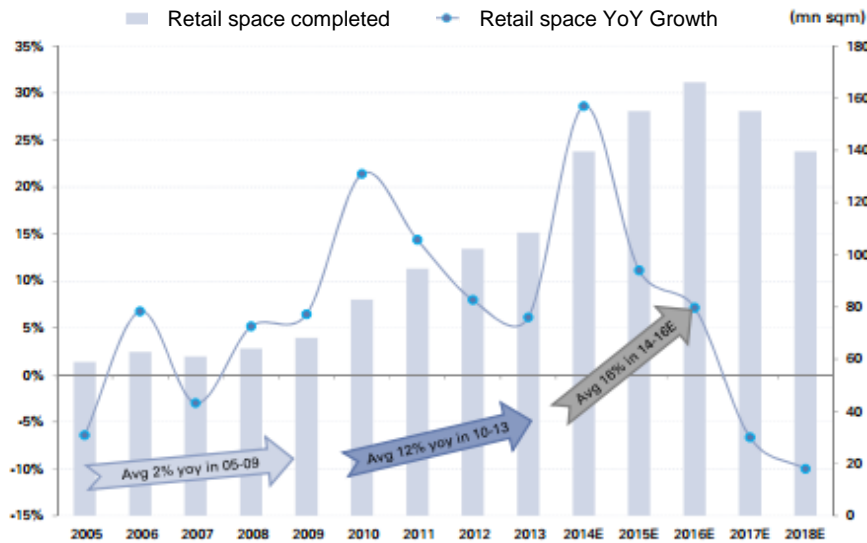


Image adapted from Gao Hua Securities

### China City Rail Construction

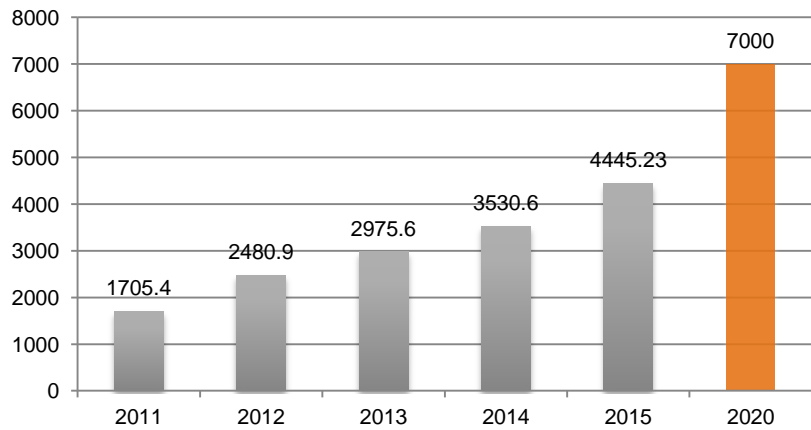


Image adapted from 2013-2017 China city rail transportation construction and equipment market report



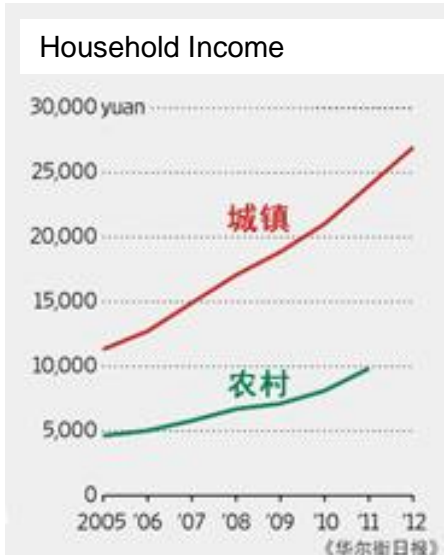
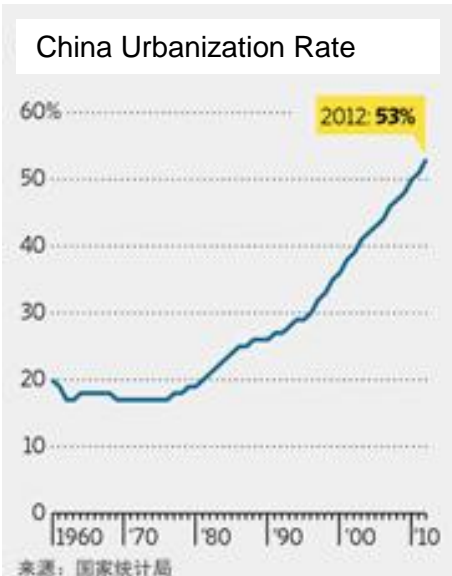
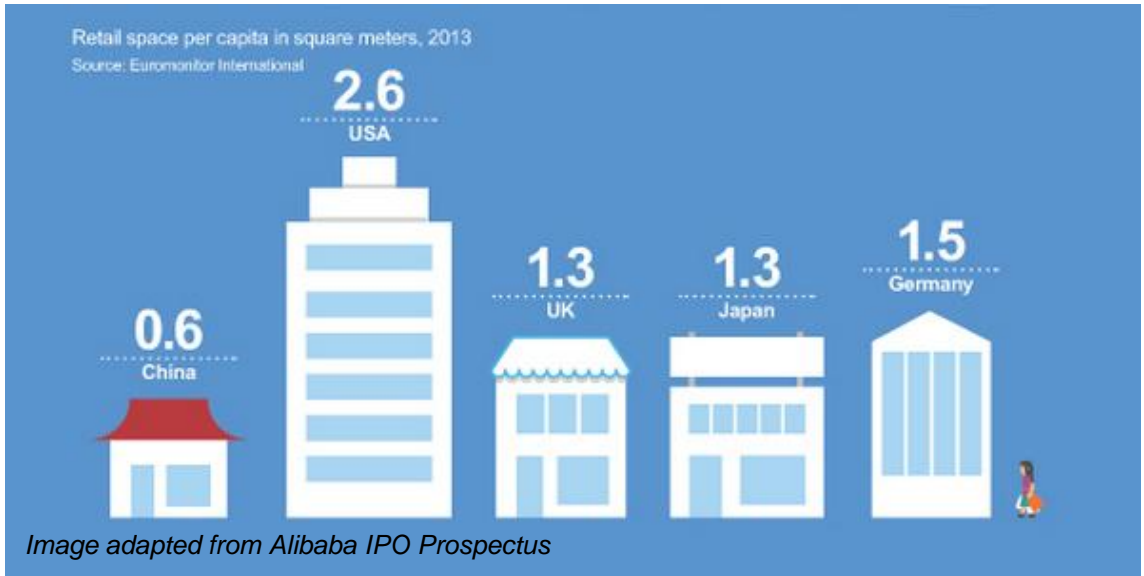


Image adapted from Wall Street Journal

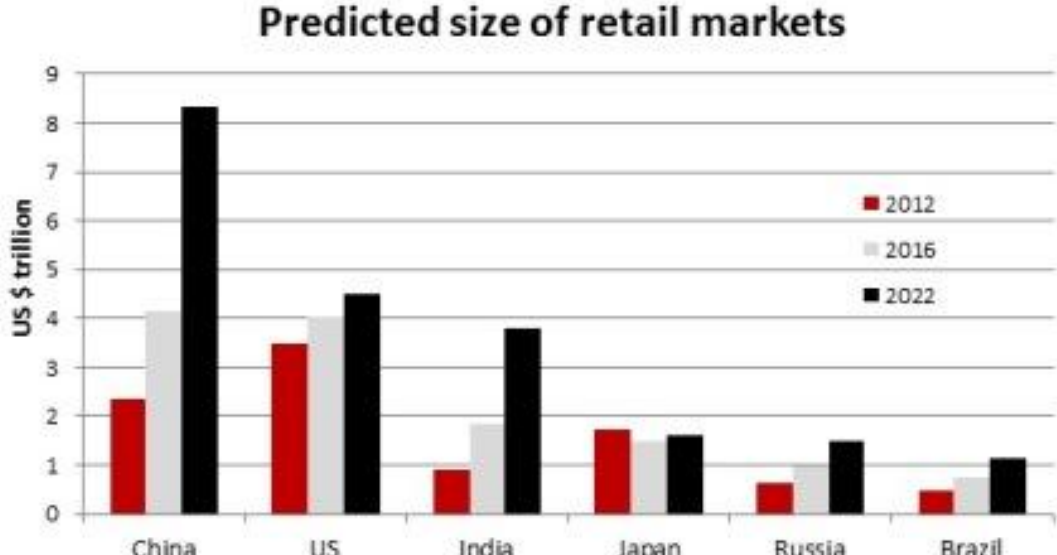


Image adapted from The Economist Intelligence Unit, 2013

## Problems with Rapid Development

waste of resources

traffic dark age

supply demand mismatch

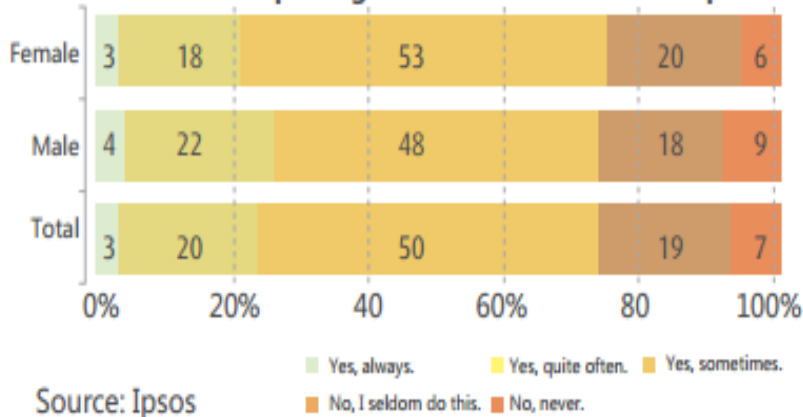


**Management  
Services**

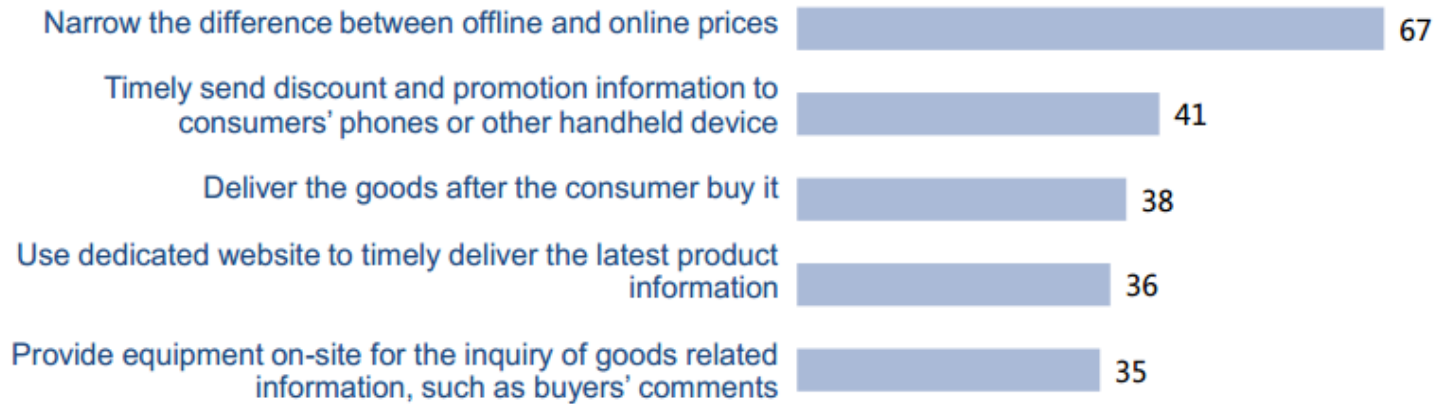
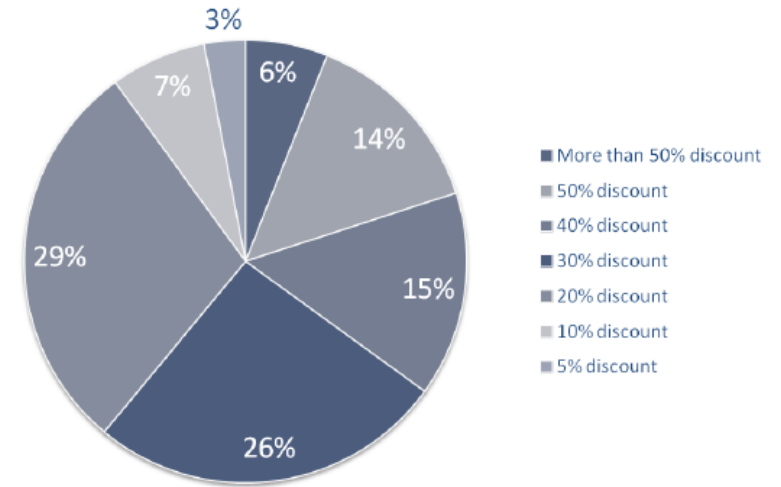
**Real Estate  
Development**

**Consolidation**

### Do you choose products online and try them on in stores before placing an order in the online shop?



### How much lower is the price online than in the store when you choose online shopping?







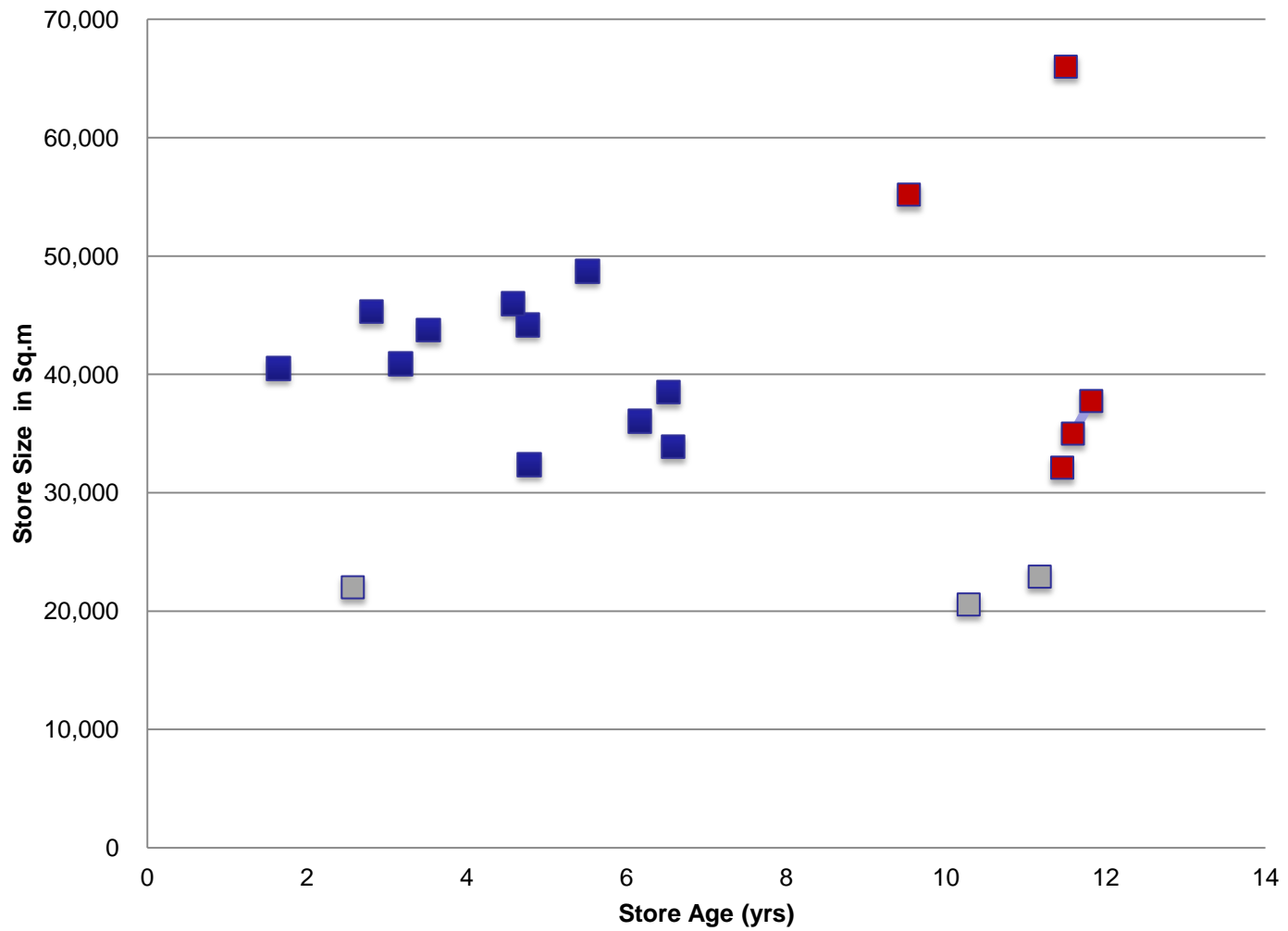
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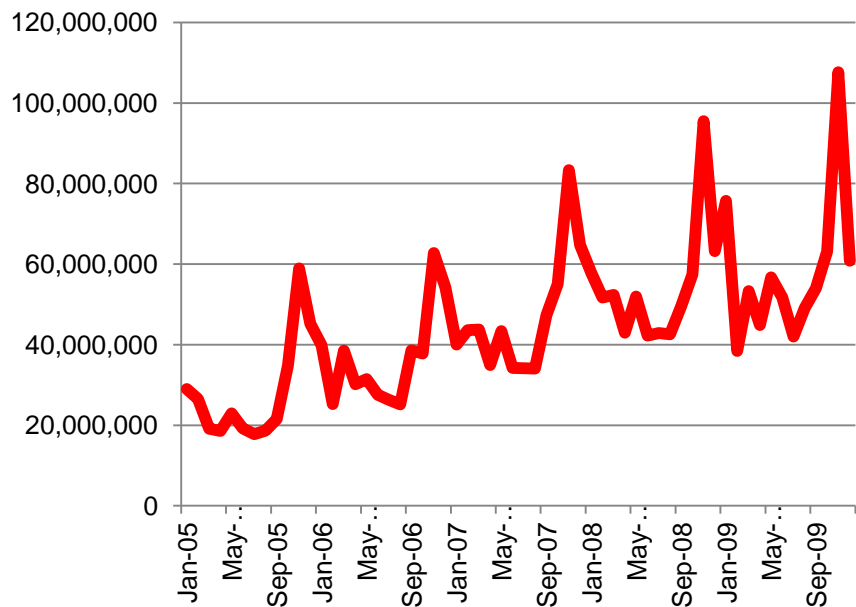
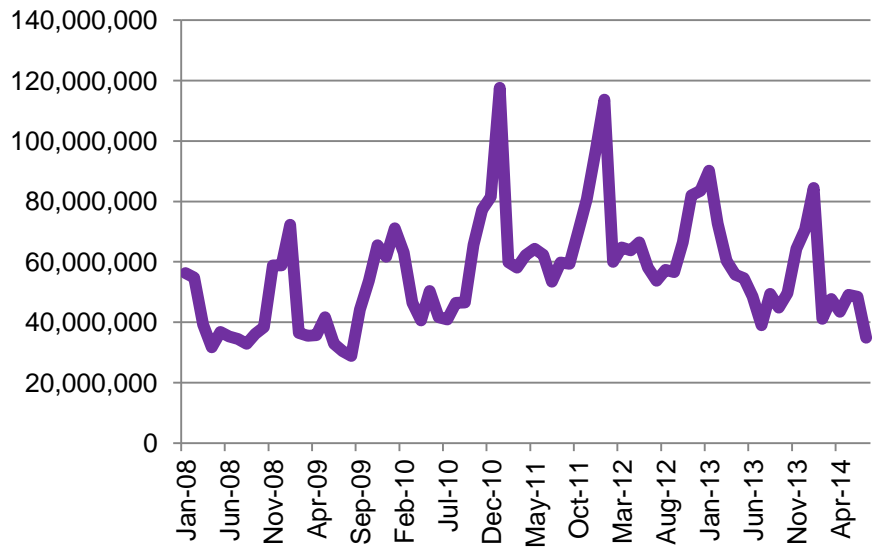
China Retail Market Status




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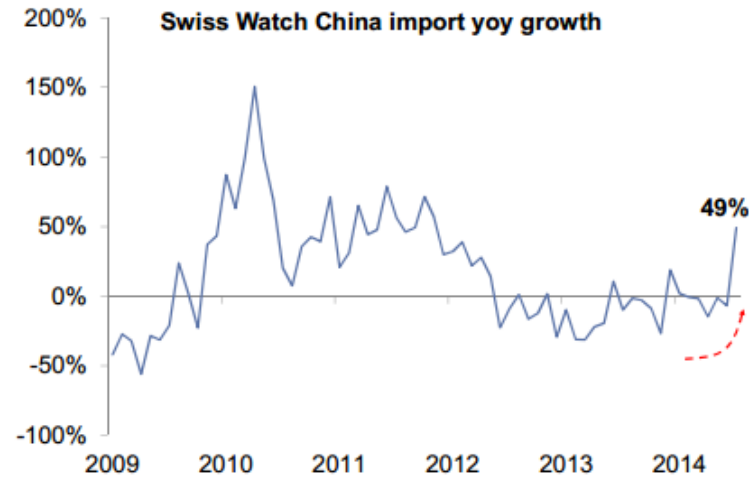




# Stores Affected by Public Construction

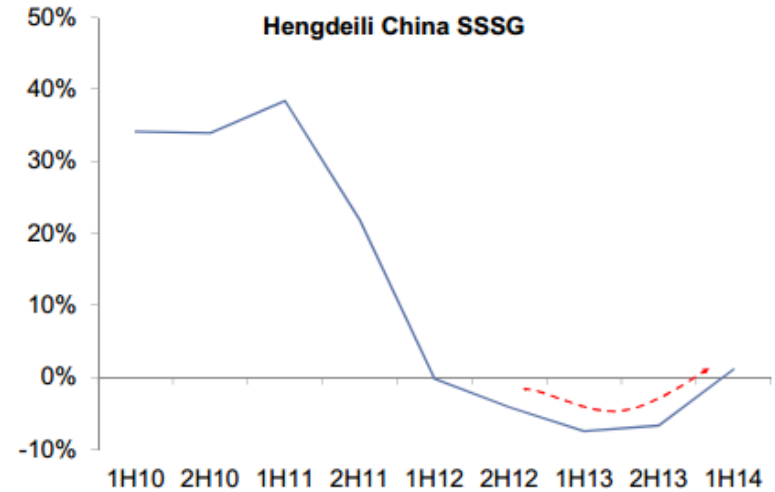
	2013	2014	Outlook
<b>Fuzhou Dongjiekou</b>	Road blocked in April 2013	Road block removed in late Jan, traffic recovering	Metro expected to be running by end of 2015, the store will be connected to metro station
<b>Fuzhou Grand Classic</b>	Traffic Control for subway construction	Controlled lessening	Metro expected to be running by end of 2015, the store will be connected to metro station. This station is the interchange between metro line 1 and 2.
 <b>Nanjing Jiangbei</b>	Road blocked in Oct 2013	metro in operation	Positive, expect traffic to increase
<b>Suzhou</b>	Road partially blocked	Road partially blocked	Metro line to be operating in early 2016
<b>Wuhan Zhongshan</b>	Metro line 2 in operation	Metro line 6 to commence construction in may, road block expected	Metro line 6 to be operating in 2016
<b>Wuhan Longyang</b>	Road blocked for construction of metro line 3 & 4	Metro line 4 to be operating	Metro line 3 expected to operate in late 2015 , this station is the transfer station for metro line 3 & 4
<b>Hefei</b>	Nov 2013 road blocked for metro line 2	Road block to be removed by end of year	Metro line to be operating by 2017

**Exhibit 4: Swiss watch imports to China have grown by c.50% yoy, fastest growth in the past 3 years**



Source: Federation of the Swiss watch industry.

**Exhibit 6: Hengdeli China SSSG has turned positive in 1H14**



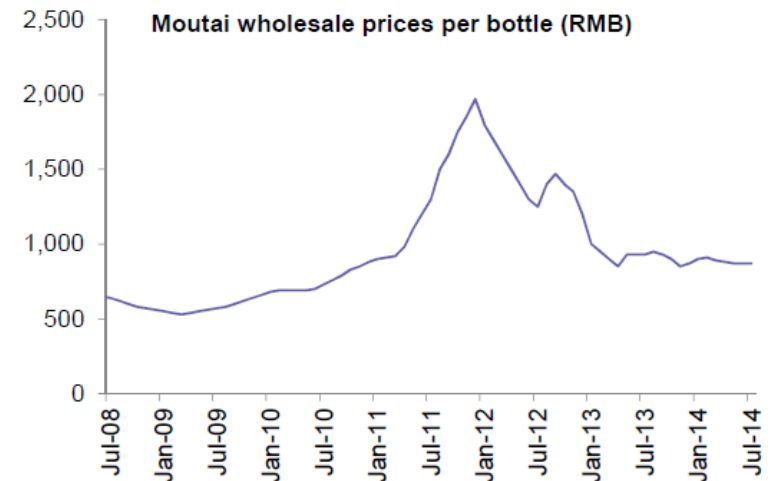
Source: Company data, Goldman Sachs Global Investment Research.

**Exhibit 3: Trinity's China SSSG has improved in 1H4, and has positive trends in July/August according to mgmt**



Source: Company data, Goldman Sachs Global Investment Research.

**Exhibit 5: Moutai wholesale prices have stabilized**



Source: Company data, Goldman Sachs Global Investment Research.



## Thank You

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### Disclaimer

This presentation may contain statements that express management's expectations about future events or results rather than historical facts. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected forward-looking statements, the company cannot give assurance that such statements will prove correct. For additional information on factors that could cause company's actual results to differ from expectations reflected in forward-looking statements, please see audited reports filed with the Taiwan Stock Exchange corp.



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英屬蓋曼群島商大洋百貨集團控股股份有限公司

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 公司簡介

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中國市場概況

營運展望

# 公司基本資料

✓ **Company** : Grand Ocean Retail Group Limited

英屬蓋曼群島商大洋百貨集團控股股份有限公司

✓ 股票代號 : 5907

✓ 股本 : NTD 2,020 m

✓ 市值: NTD 12,968 m (2014/10/14)

✓ 2013 總銷售額 : RMB 6,188 m

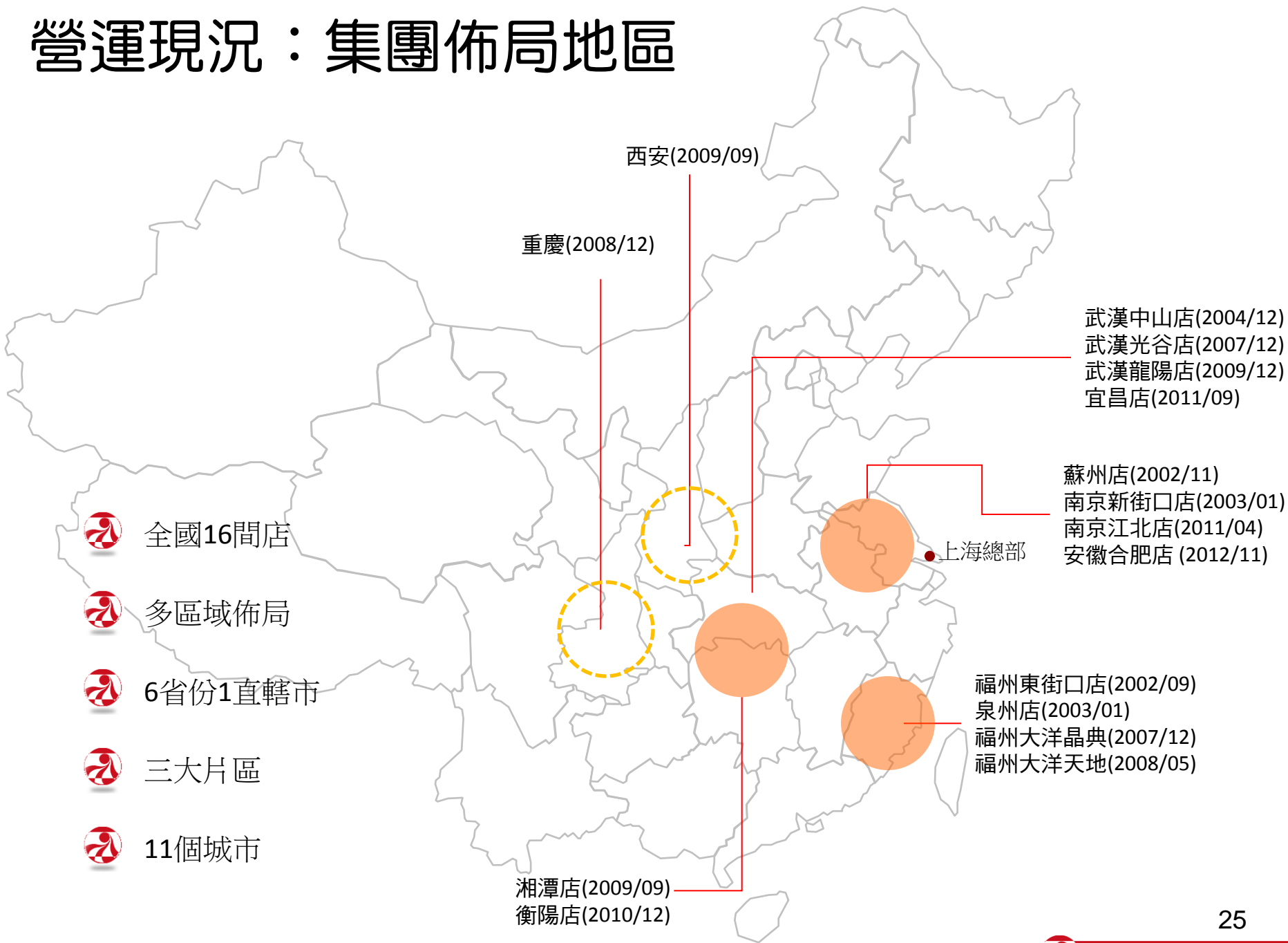
✓ 2013 營業額 : RMB 1,498 m

✓ 主要股東 : 益航 (2601 TT) 持有 52.69% (6/30 財報)

✓ 員工數 : 3,200



# 營運現況：集團佈局地區



# 各省份發展

省份	營運城市	店數	2014 1H 總銷售額	集團占比
福建省	福州、泉州	4	683	23%
江蘇省	南京、武漢	3	730	25%
湖北省	武漢、宜昌	4	1005	34%
其他省份	西安、重慶、合肥、湘潭、衡陽	5	512	18%
加總	11	16	2,931	100%

# 大洋百貨三大品牌主軸



大洋天地

- 社區型百貨
- 中高消費家庭族群
- 目前店數1家;福州大洋天地



大洋百貨

- 流行百貨
- 主流商圈中高消費族群
- 目前店數14家



大洋晶典

- 國際精品
- 市區高端消費族群
- 目前店數1家;福州大洋晶典

# 2014 前三季總銷售額分析

2014 各季度	總銷售額	同店成長	整體成長
Q1	1,624	-1%	-5%
Q2	1,311	-8%	-9%
Q3	1,221	-1%	-1%
Q1 - 3	4,156	-3%	-5%

2014 前三季度	總銷售額	% 佔比	同店成長	整體成長
福建省	951	23%	-14%	-14%
江蘇省	1,033	25%	0%	-7%
湖北省	1,438	35%	-2%	-2%
其他省份	734	18%	6%	4%
Total	4156	100%	-3%	-5%

# 2014 上半年 營收及獲利成長 (新台幣)

新台幣千元	2014 1H	%	2013 1H	%	差異數
營業收入	3,780,609	100.0	3,594,033	100.0	186,576
營業成本	601,057	15.9	551,391	15.3	49,666
營業毛利	3,179,552	84.1	3,042,642	84.7	136,910
營業費用	2,380,691	63.0	2,416,555	67.2	(35,864)
營業淨利	798,861	21.1	626,087	17.4	172,774
營業外收入/費用	93,117	2.5	114,702	3.2	(21,585)
稅前淨利	891,978	23.6	740,789	20.6	151,189
所得稅	254,862	6.7	311,170	8.7	(56,308)
稅後淨利	637,116	16.9	429,619	12.0	207,497
每股盈餘(元)	3.19		2.14		
營業收入 年成長					5.2%
營業淨利 年成長					27.6%
稅後淨利 年成長					48.3%



公司簡介



中國市場概況

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營運展望

Over Retail

消費  
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E-  
Commerce

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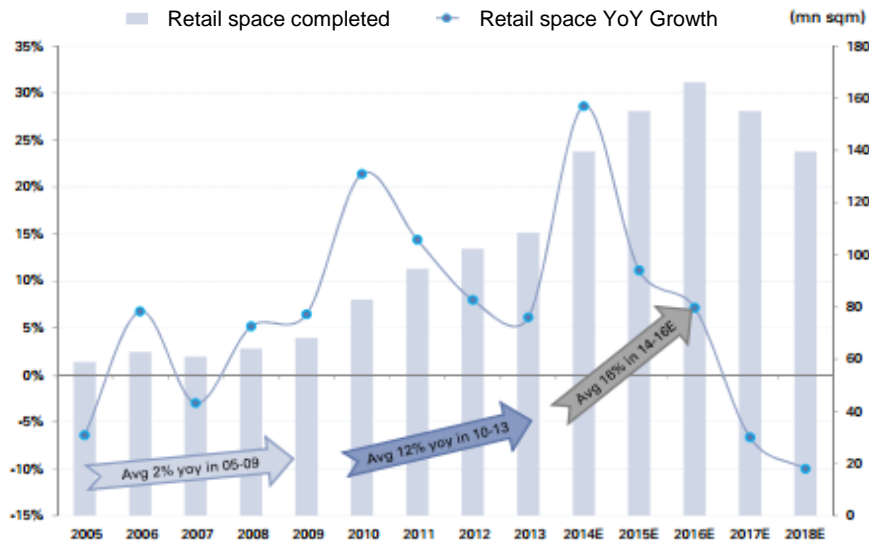


Image adapted from Gao Hua Securities

### China City Rail Construction

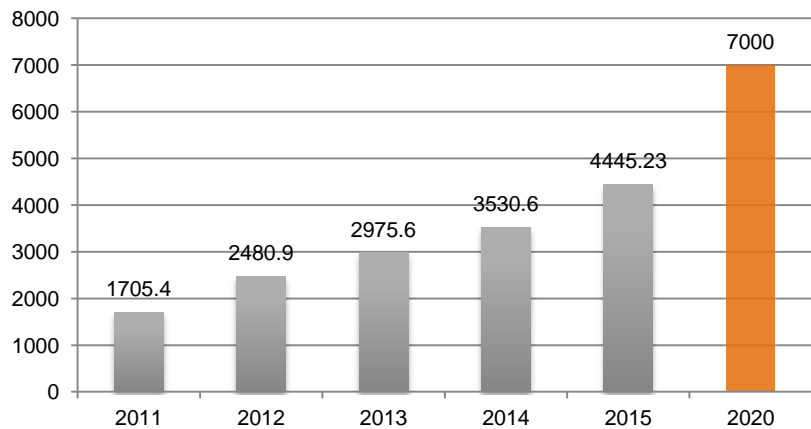
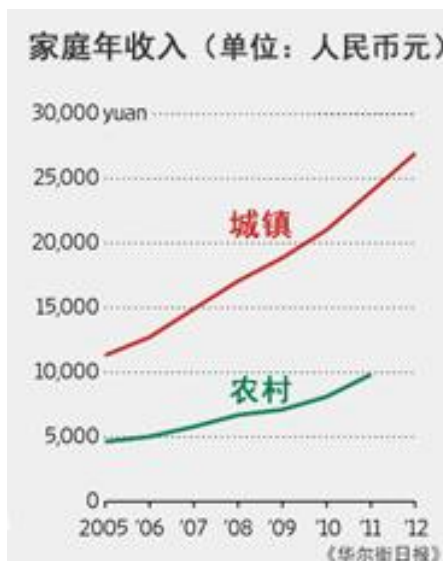
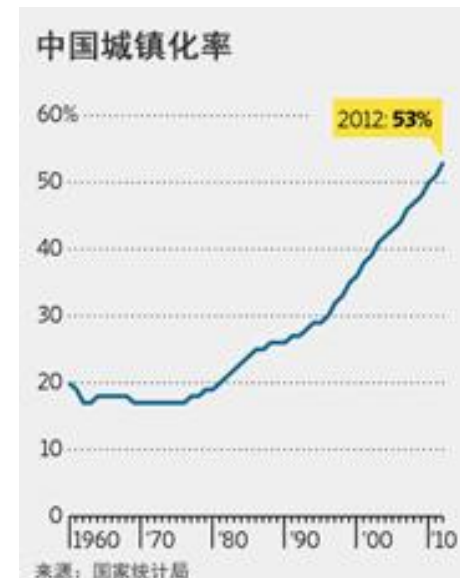
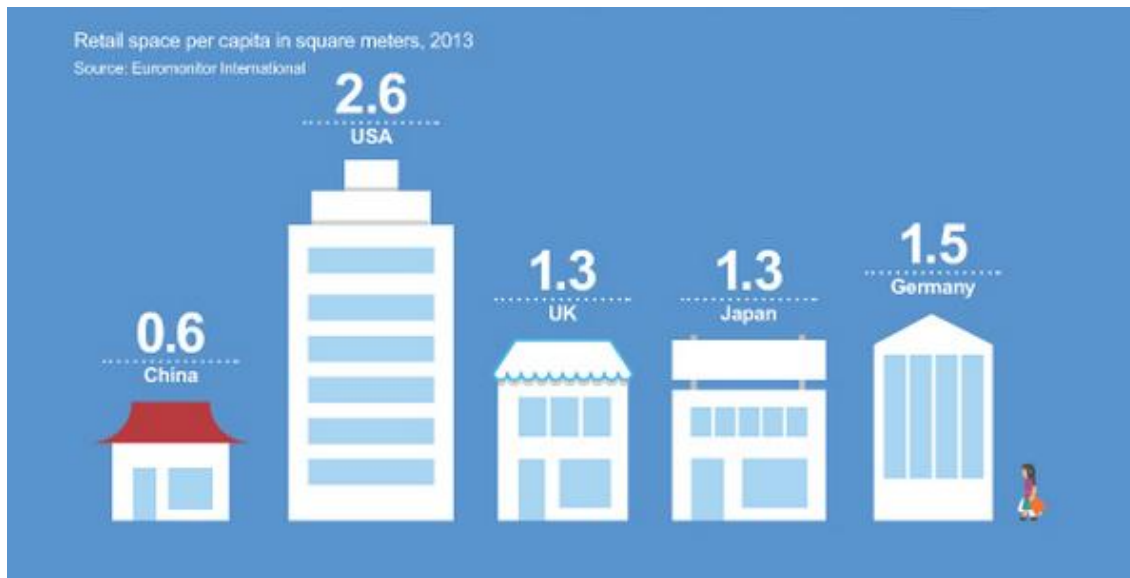


Image adapted from 2013-2017 China city rail transportation construction and equipment market report







## China 2030 中國消費占GDP比重，將從48.6%提升為66%

指標	1995-2010	2011-2015	2016-2020	2021-2025	2026-2030
GDP成長(年增率)	9.9	8.6	7.0	5.9	5.0
就業增長	0.9	0.3	-0.2	-0.2	-0.4
勞動生產力增長	8.9	8.3	7.1	6.2	5.5
經濟結構(%，期末)					
投資佔GDP比重	46.4	42	38	36	34
消費佔GDP比重	48.6	56	60	63	66
製造業佔GDP比重	46.9	43.8	41.0	38.0	34.6
服務業佔GDP比重	43.0	47.6	51.6	56.1	61.1
農業就業人數(%，總就業)	38.1	30.0	23.7	18.2	12.5
服務業就業人數(%，總就業)	34.1	42.0	47.6	52.9	59.0

資料來源：世界銀行，《China 2030》、中國發展研究中心 2012/2/27

## 城市快速建設後遺症

商業資源浪費

交通黑暗期

供給需求不同調

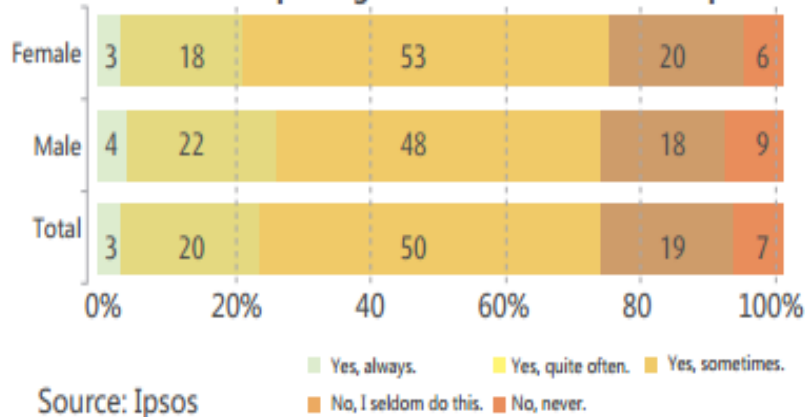


管理服務

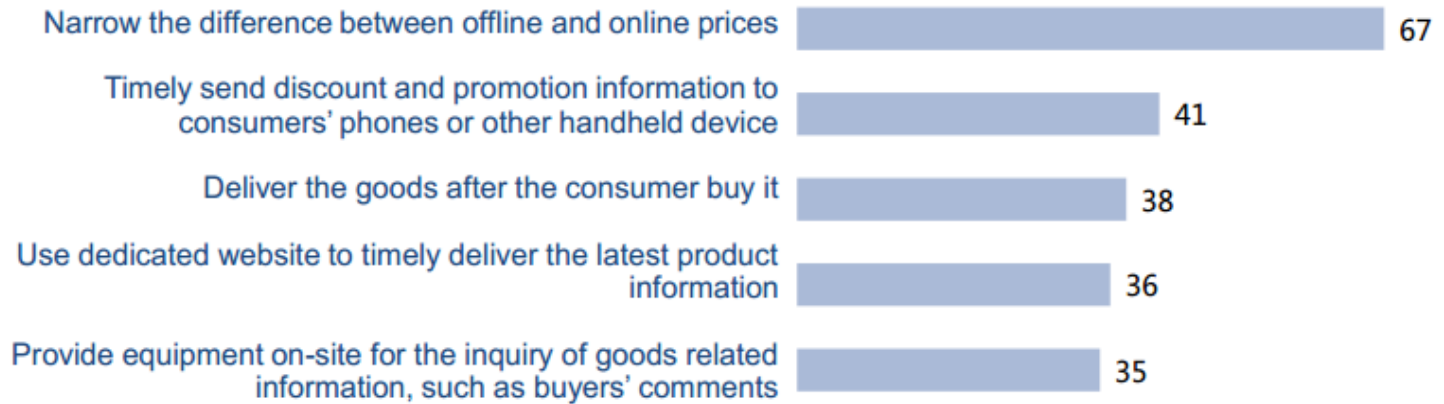
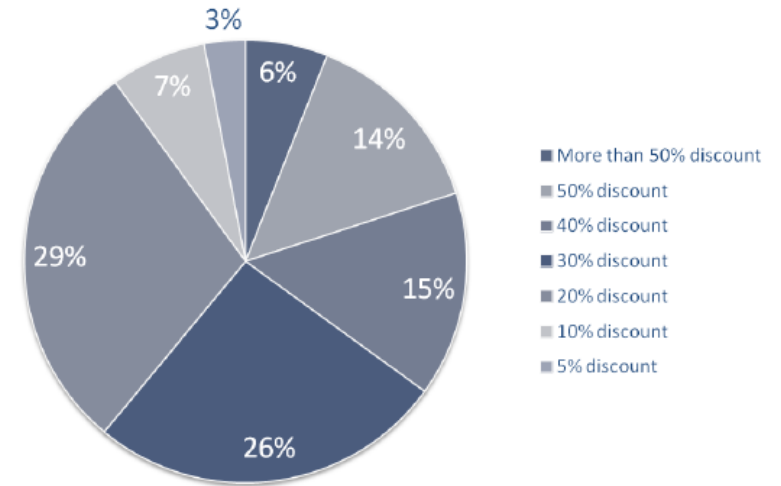
房地產投資

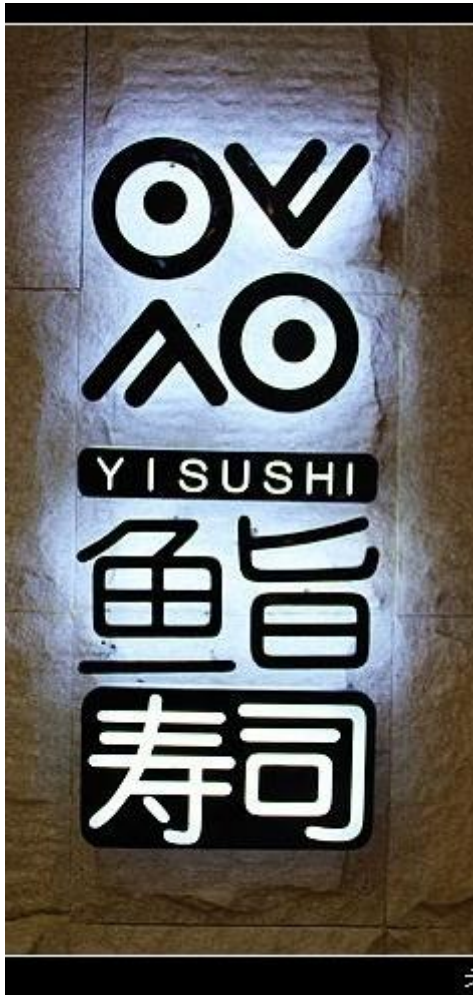
產業整合

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### How much lower is the price online than in the store when you choose online shopping?







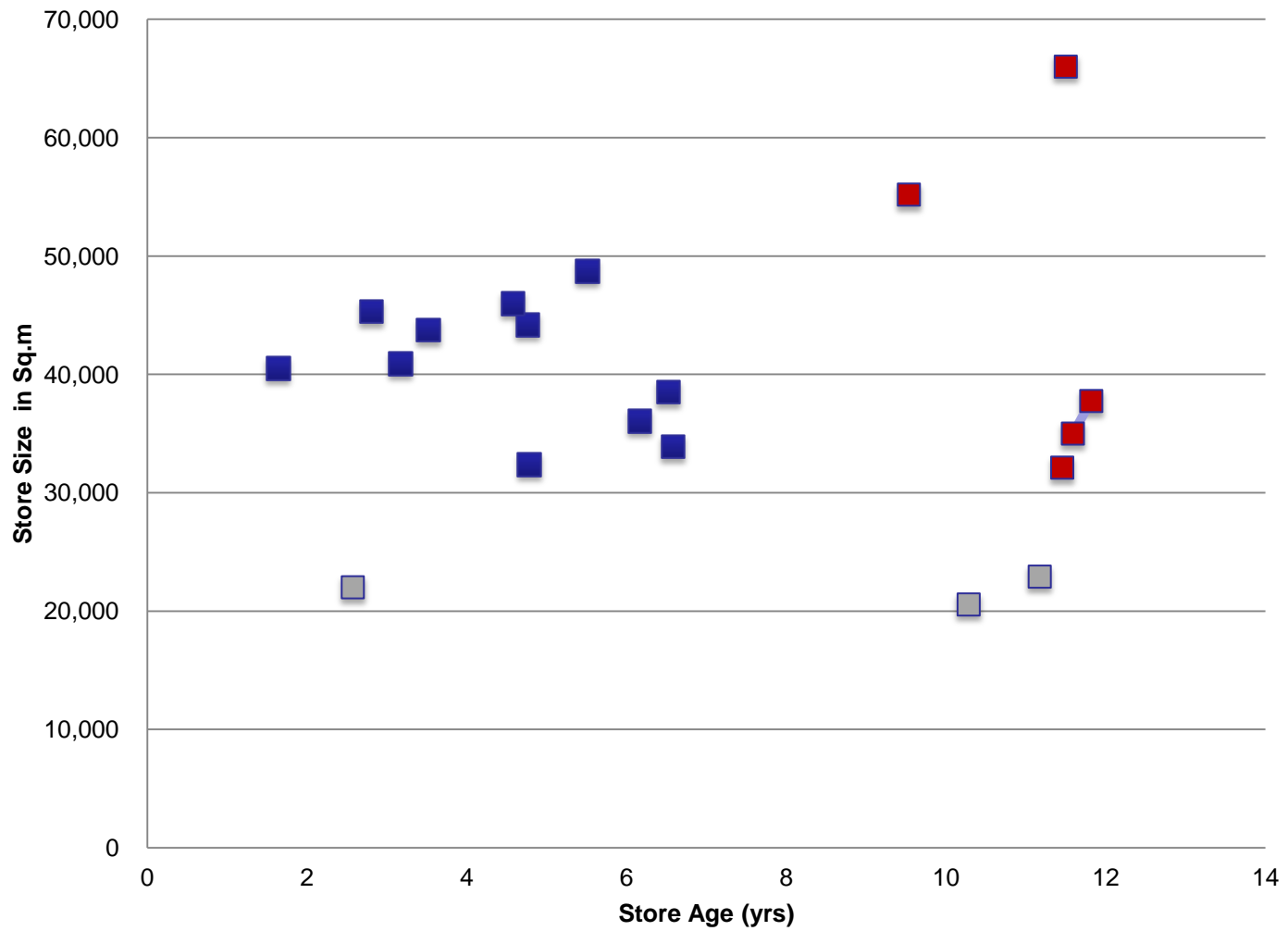
公司簡介

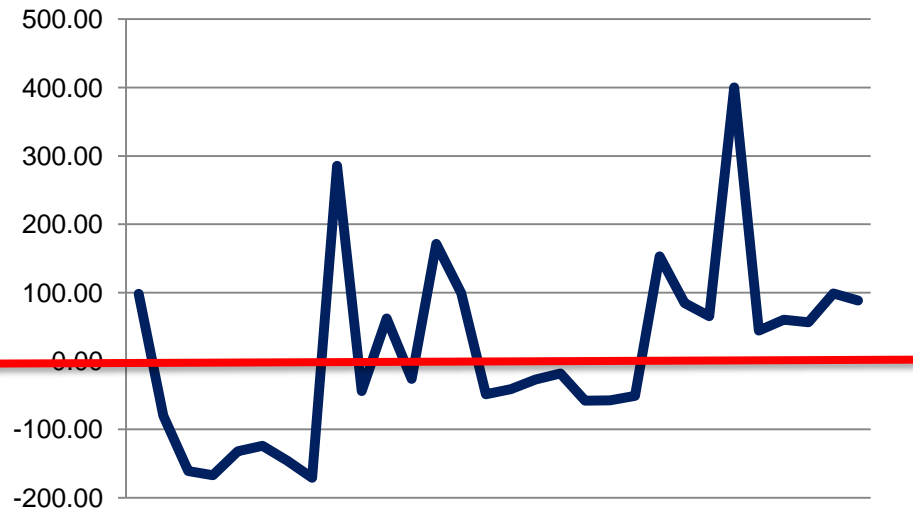
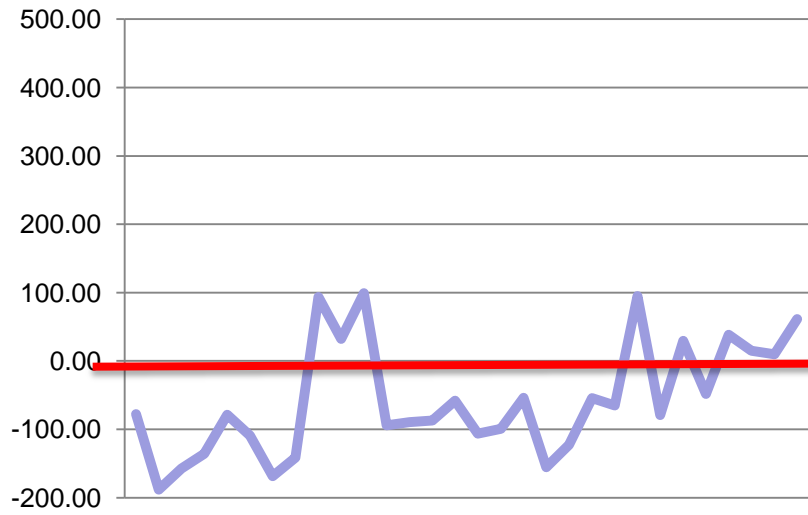
中國市場概況



**營運展望**

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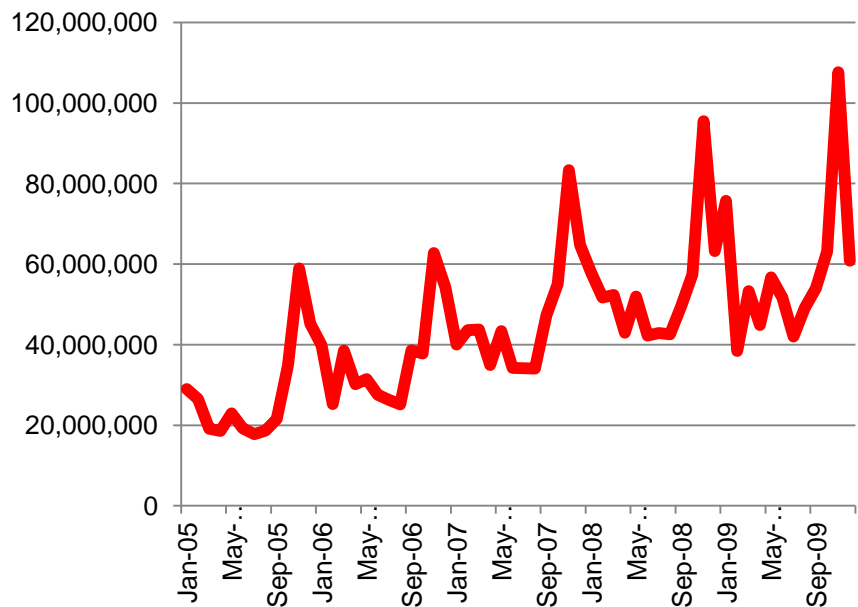
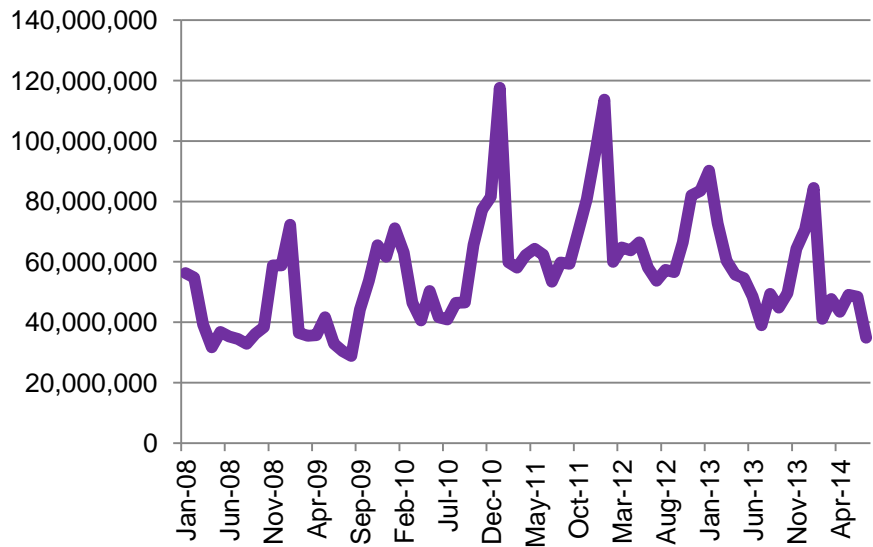




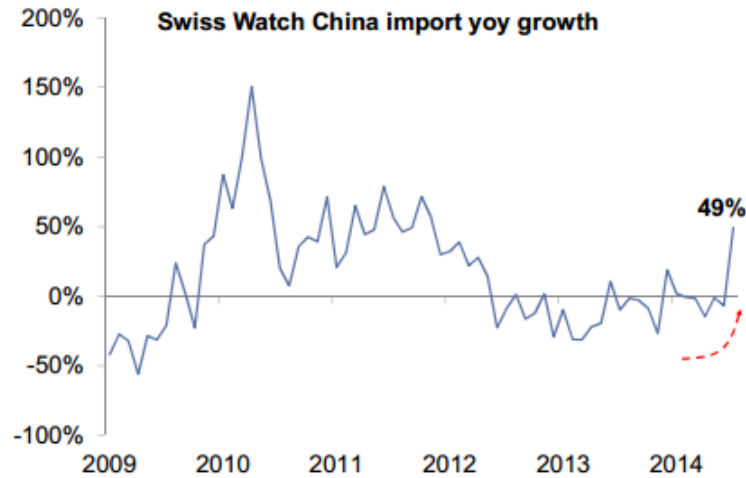
# 城市建設影響

分店	2013年影響	2014年影響	未來展望
福州東街口店	4月正門口封路	1月底馬路拆封，逐步恢復人車通行	預計 2015年年底地鐵1號線通車，店1樓及地下一樓與地鐵出入口連通
福州大洋晶典	部分路段限制小型車通行	逐步恢復	預計 2015年年底地鐵1號線通車，地下一樓預計與地鐵站連通，此站是1號二號線轉運站
★南京江北店	10月正門口封路	2014 3Q 已完工通車	地鐵11號通車可望帶動商圈人潮
蘇州店	部份封路	部份封路	預計2016年年初通車
武漢中山店	地鐵二號線通車	5月起門口中山大道建地鐵六號線	地鐵6號線預估於2016年通車
武漢龍陽店	地鐵3、4號線封路	地鐵四號線通車	2015年年底地鐵3號線開通 此站是地鐵3、4號線轉運站
合肥店	11月地鐵二號線圍板施工	2014年年底路面恢復。	2017年年底全線貫通



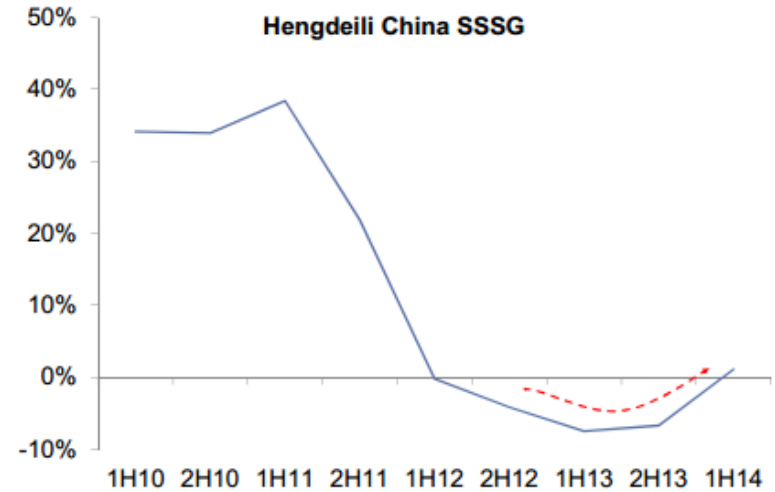


**Exhibit 4: Swiss watch imports to China have grown by c.50% yoy, fastest growth in the past 3 years**



Source: Federation of the Swiss watch industry.

**Exhibit 6: Hengdeli China SSSG has turned positive in 1H14**



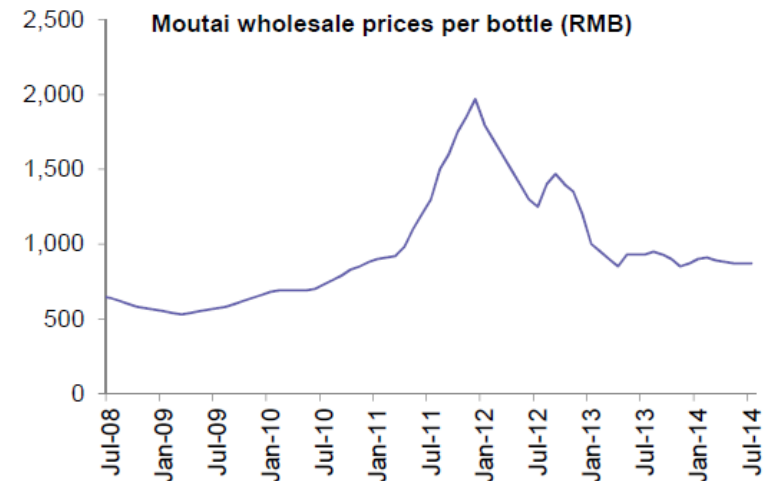
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**Exhibit 5: Moutai wholesale prices have stabilized**



Source: Company data, Goldman Sachs Global Investment Research.



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Diane Dai

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