



GRAND OCEAN RETAIL GROUP LIMITED
大洋百貨集團控股股份有限公司

2019.05.21 INVESTOR CONFERENCE



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公司概況

1. Established in May 2002, GORG is one of the leading retail service providers in China. Following the philosophy of “customer first”, GORG has been continuously evolving and has provided steadily excellent services to tens of millions of customers for the past 18 years, elevating their living quality and facilitating economic development of the cities where stores are located. GORG has been listed on TWSE since June 2012. (Stock Symbol : 5907.TT)
2. Now GORG has penetrated in 9 cities in China and operates 15 stores (including one store operates in the underground street at Fuzhou Jiaruixing), and one franchise store , the HuiZhou Tian-An Grand Ocean Live. The total ground area under operation is nearly 620 thousand square meters, and stores are located in Wuhan in the central China , in Nangqin in the east China, and in Fuzhou in the south China. GORG has deep influences and is changing and promoting residents’ lifestyle and habits.
3. With over 18 years of experiences on average in department stores and shopping malls, the company’s management team is composed of professionals from China, Hong Kong, and Taiwan and specialized in retail operation and management.



Vision and Mission

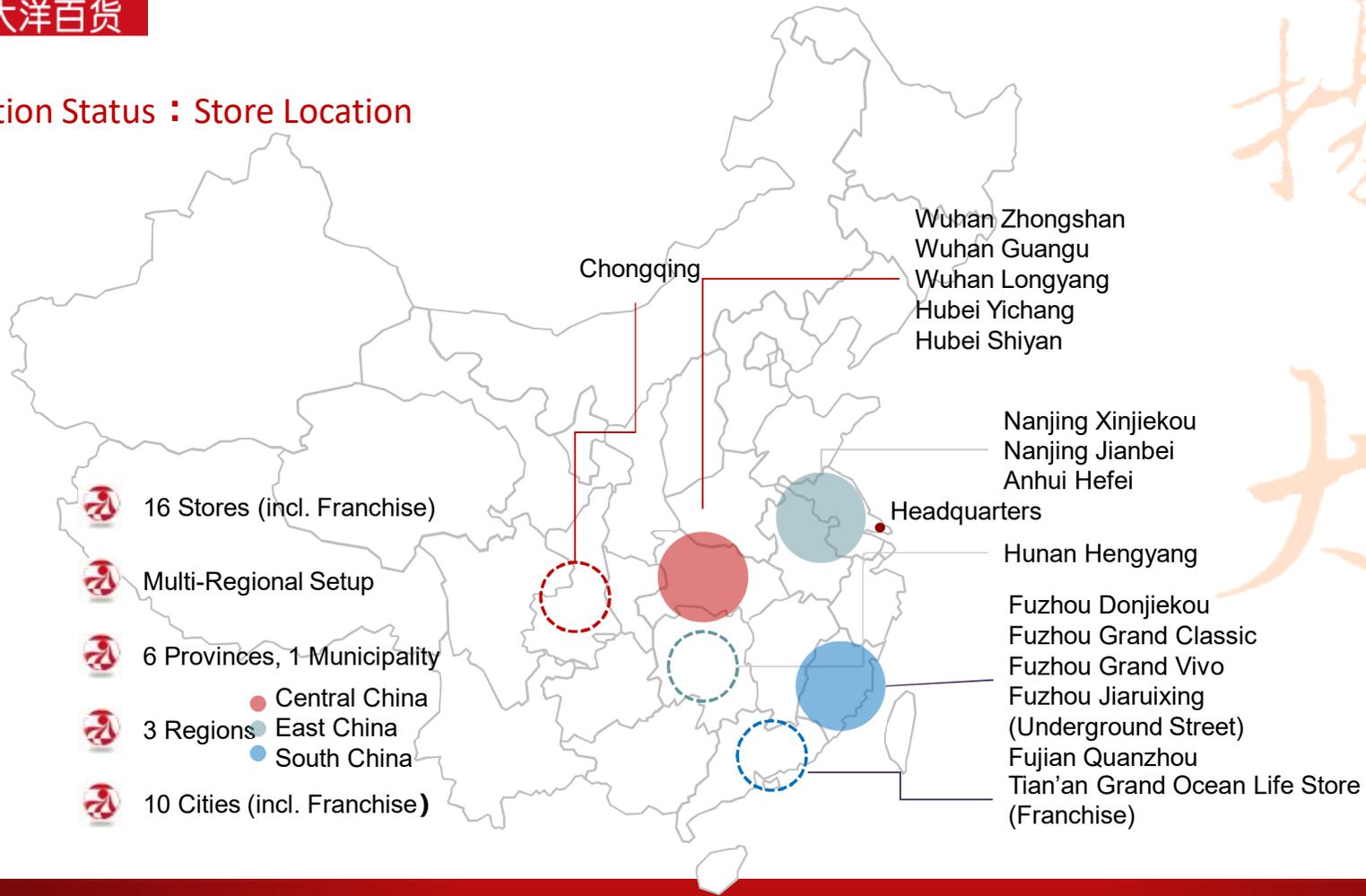
1. Vision

The market is changing quickly in 2019, both endogenously and exogenously. Centered on “Expanding the retail market without limits by not forgetting its initial core; Build a 3rd living space by catching its mission,” GORG forms a creative transformation model by performing deep internal reform, expanding all channels, developing new business, and optimizing its supply chain in 2018. Moreover, GORG returns to the essence of retail, based on customers’ needs as well as its merchandises and services, and builds the group’s new development scheme by actively adapting needs of consumption upgrade, applying concepts of internet, and accelerating business innovation, model innovation, and organization innovation.

2. Mission

Building stores as people’s 3rd living space is our mission. Targeted strategically as an intellectual shopping mall, GORG applies the mobile internet technology to closely link customers with stores and merchandises taking opportunities of the 4th retail revolution. GORG, through its acute market sense, works with Meituan, Tencent, JD, Weimob, and other top-tier internet enterprises to bring various landscapes and to enhance customers’ shopping experiences.

Operation Status : Store Location



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Operation Status : Ground Floor Area Under Operation (Central China)

Province	Branch	Ground Floor Area under Operation (Square Meters)	Self-Owned/Leasing
Hubei	Wuhan Zhongshan Store	55,185	Leasing
Hubei	Wuhan Guangu Store	34,311	Leasing
Hubei	Wuhan Longyang Store	48,094	Leasing
Hubei	Yichang Store	50,620	Leasing
Hubei	Shiyang Store	35,484	Self-Owned
Chungqing	Chungqing Store	48,720	Leasing

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Operation Status : Ground Floor Area Under Operation (East China)

Province	Branch	Ground Floor Area under Operation (Square Meters)	Self-Owned/Leasing
Jiangsu	Nanjing Xinjiekou Store	56,362	Leasing
Jiangsu	Nanjing Jianbei Store	40,888	Leasing
Anhui	Hefei Store	40,500	Leasing
Hunan	Hengyang Store	41,830	Self-Owned

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Operation Status : Ground Floor Area Under Operation (South China)

Province	Branch	Ground Floor Area under Operation (Square Meters)	Self-Owned/Leasing
Fujian	Fuzhou Dongjiekou Store	25,044	Self-Owned
		8,865	Leasing
Fujian	Fuzhou Grand Classic	38,590	Self-Owned
Fujian	Fuzhou Grand Vivo	20,607	Leasing
Fujian	Jiaruixing Store	13,389	Leasing
Fujian	Quanzhou Store	26,882	Self-Owned
Guangdong	Tian'an Grand Ocean Life Store	30,103	Franchise

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Brand Strategy



大洋天地
GRAND OCEAN

Grand Vivo

- Lifestyle Store
- Family Oriented
- 2 Stores; Fuzhou Grand Vivo, Tian'an Grand Ocean Life Store



大洋百货
GRAND OCEAN

Grand Ocean

- Fashion Store
- Urban Mid-high End Customer Oriented
- 13 Stores (Incl. the underground street store)



大洋晶典
Boutique Mall
GRAND CLASSIC

Grand Classic

- International Luxury
- Urban High-end Customer Oriented
- 1 Store; Fuzhou Grand Classic

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Financial Results of 2018 (In NTD)

Unit : NTD '000	2018	%	2017	%	2016年	%
Revenue	6,457,831	100.00%	6,041,927	100.00%	6,400,147	100.00%
COGS	1,442,685	22.34%	1,282,716	21.23%	1,141,888	17.84%
Gross Profit	5,015,146	77.66%	4,759,211	78.77%	5,258,259	82.16%
EBIT	977,640	15.14%	885,800	14.66%	874,829	13.67%
Non-Operating Inc./(Exp.)	(218,018)	-3.38%	(270,036)	-4.47%	(191,187)	2.99%
EBT	759,622	11.76%	615,764	10.19%	683,642	10.68%
Taxation	269,001	4.17%	276,976	4.58%	375,924	5.87%
Net Income	490,621	7.60%	338,788	5.61%	307,718	4.81%
EPS	2.71		1.87		1.65	

Financial Results of 2019Q1 (In NTD)

Unit : NTD '000	2019 Q1	%	2018 Q1	%
Revenue	1, 779, 679	100.00%	1, 691, 163	100.00%
COGS	510, 097	28.66%	391, 474	23.15%
Gross Profit	1, 269, 582	71.34%	1, 299, 689	76.85%
EBIT	363, 822	20.44%	308, 163	18.22%
Non-Operating Inc./ (Exp.)	(60, 127)	-3.38%	(43, 263)	-2.56%
EBT	303, 695	17.06%	264, 900	15.66%
Taxation	101, 524	5.70%	102, 022	6.03%
Net Income	202, 171	11.36%	162, 878	9.63%
EPS	1. 11		0. 89	

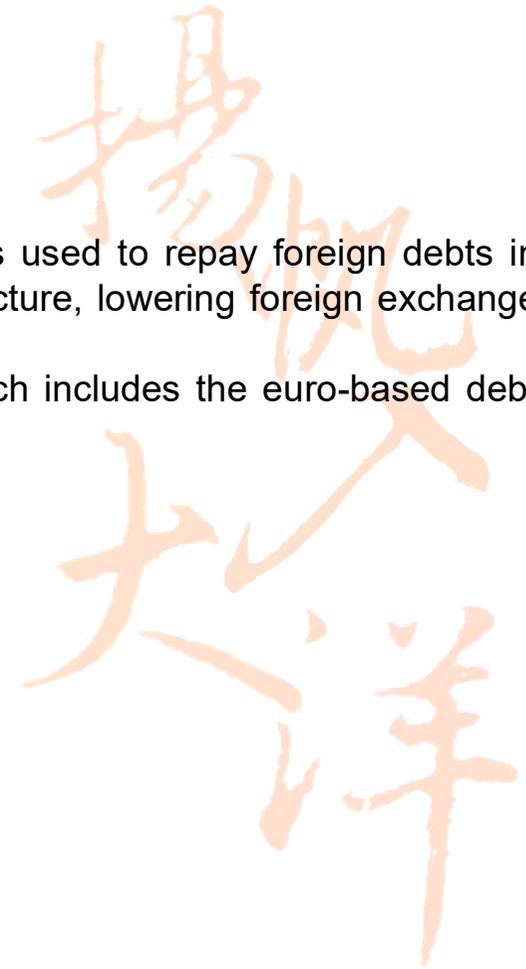
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GORG's Financial Plan

In the aspect of finance, the group's focus is to control the FX risk and Interest risk.

- The group has repatriated approximately RMB 840 million in recent years which is used to repay foreign debts in order to cut non-RMB liabilities, and thereby improved the company's financial structure, lowering foreign exchange rate risks, and reducing the interest expenses denominated in other currencies.
- The group cut the foreign currency based debt from USD 210M to USD 66M, which includes the euro-based debt amounting to €11M.



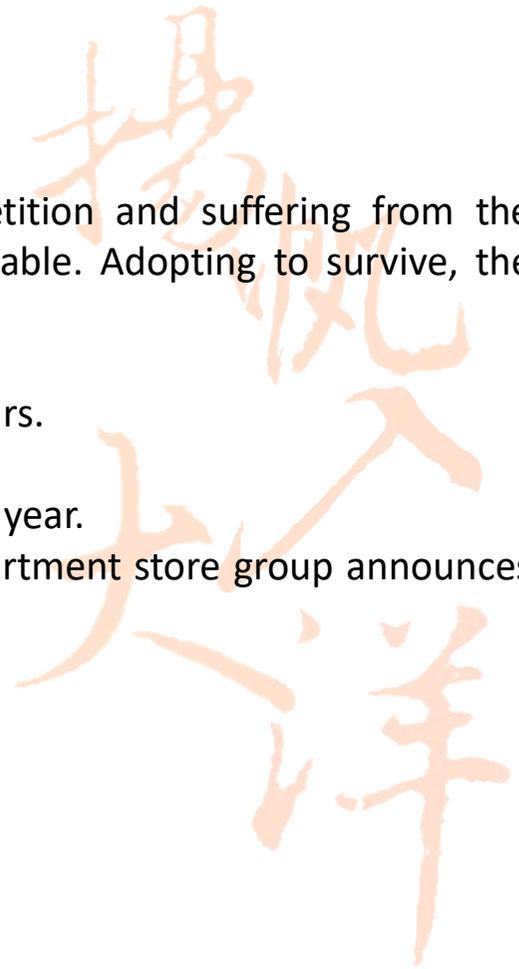


GORG's Future: The Trend in China's Department Stores (1)

The traditional department stores has been undergoing high Intensity competition and suffering from the restructuring , and thus the evolution in the department store segment is irrevocable. Adopting to survive, the segment demonstrates a symptom of bouncing back.

For examples :

- SKP's single same store sales, reached RMB 13.5 billion , a record high in recent years.
- INTIME's same store sales grew 37% in 2018.
- Wangfujing department store's net profit in 2018 reached a record high in recent 5 year.
- Far Eastern department store finally turned profit and it's the first time the department store group announces profit in the last 10 years
- PARKSON in China was out of the red since 2017 and continued to profit in 2018.





GORG's Future: In The Client's End

■ Specific positioning Targeting on Generation Z:

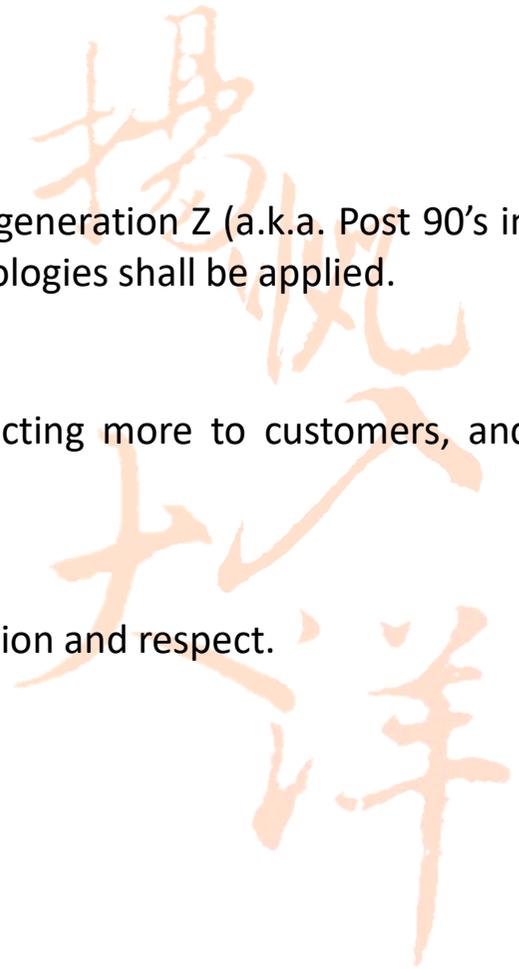
Classifying stores style by target audience. The major target audience will be the generation Z (a.k.a. Post 90's in China). To fit in consuming behavior of generation Z, the mobile and interactive technologies shall be applied.

■ Borderless retail

Eyeing on the customer's needs, Lifting the customer's social attributes, Interacting more to customers, and Increasing customer stickiness

■ Ultimate customer experiences

Offering spiritual content raised from material content due to the feelings of attention and respect.





GORG's Future: In The Brand's End

■ Optimizing the booth arrangement

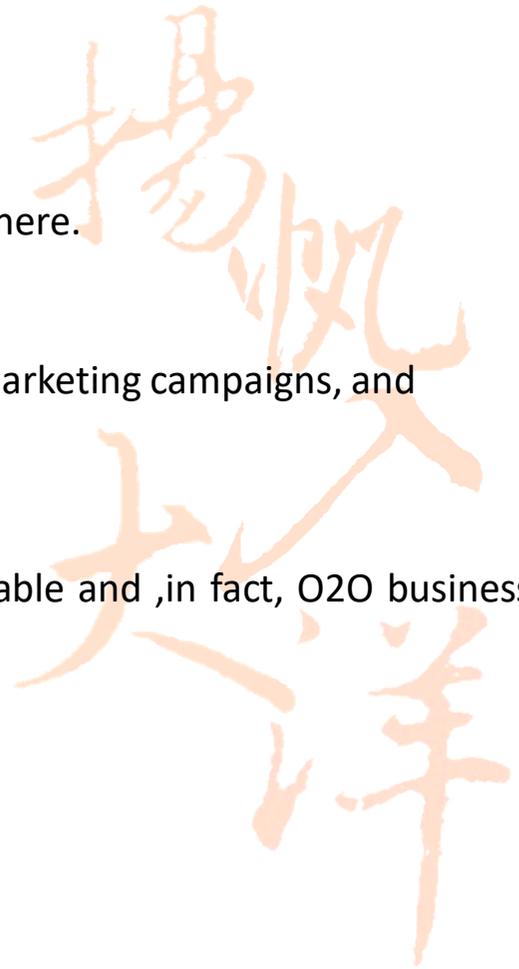
Rearrange the booths and improve the traffic flow, creating excellent sales atmosphere.

■ Mutual Leverage

Cooperating closely with the group's brand partners, including but not limited to marketing campaigns, and maximizing and integrating the group's resource and the brand partners' resource.

■ O2O(On Line to Off-Line)

Changing business model to O2O business in department store segment is inevitable and ,in fact, O2O business deployment is hurtling in the segment





GORG's Future: Improvement of Capability

■ Cultivating Talents

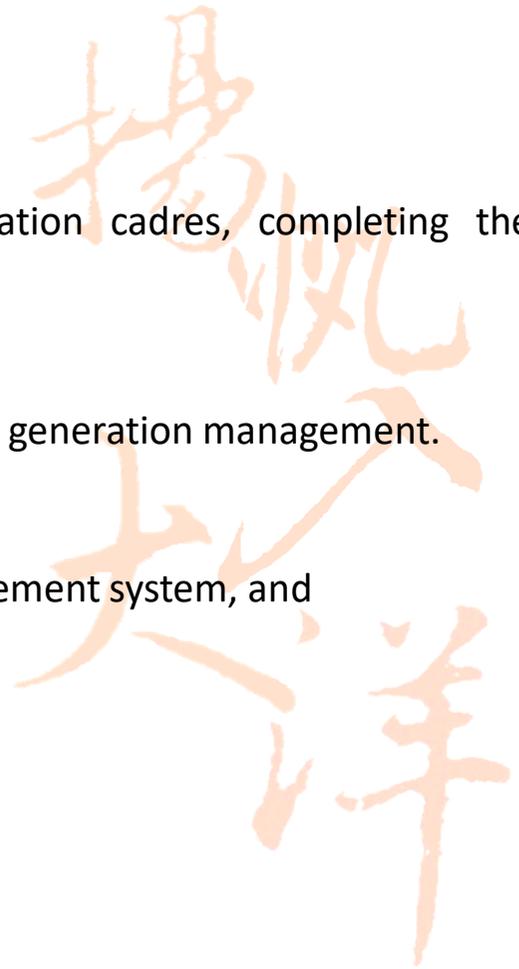
Selecting and cultivating young talent and promoting them as next generation cadres, completing the management team and bringing vitality to the management team.

■ Exploring Talents

Recruiting undergraduates with related major, and establishing talent pool for next generation management.

■ Innovative Management

Splitting original job functions and separating the processes, upgrading the management system, and implementing incentive-linked compensation plan and review mechanism.



Thank you

Grand Ocean Retail Group Limited

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