



**GIORDANO**  
**2009 Annual Results**

March 25, 2010

## Profits rebounded in 2<sup>nd</sup> half

<b>Continuing operations</b> (in HK\$M)	<b>2H09</b>	<b>YOY Change</b>	<b>1H09</b>	<b>YOY Change</b>
<b>Turnover</b>	<b>2,230</b>	<b>- 6%</b>	<b>2,003</b>	<b>- 14%</b>
<b>Same store sales <sup>1</sup></b>	<b>N/A</b>	<b>+ 2%</b>	<b>N/A</b>	<b>- 9%</b>
<b>Gross profit</b>	<b>1,210</b>	<b>- 5%</b>	<b>965</b>	<b>- 20%</b>
<b>Same store gross profit <sup>1</sup></b>	<b>N/A</b>	<b>+ 13%</b>	<b>N/A</b>	<b>- 14%</b>
<b>Gross margin</b>	<b>54.3%</b>	<b>+ 5.7 pts</b>	<b>48.2%</b>	<b>- 3.5 pts</b>
<b>Operating profit</b>	<b>254</b>	<b>+ 195%</b>	<b>66</b>	<b>- 73%</b>
<b>Operating margin</b>	<b>11.4%</b>	<b>+ 7.8 pts</b>	<b>3.3%</b>	<b>- 7.1 pts</b>
<b>Profit attributable to shareholders</b>	<b>240</b>	<b>+ 216%</b>	<b>48<sup>2</sup></b>	<b>- 78%</b>

<sup>1</sup> In local currency for directly managed outlets open for the full two periods under comparison.

<sup>2</sup> 1H08 profit attributable to shareholders inclusive of HK\$17M gain on disposal of a jointly controlled company. Excluding this non-recurring item, 1H09 profit attributable to shareholders decreased by 76% YOY.

## Full year bottom line steady

### Continuing operations

For year ended December 31, 2009 (in HK\$M)

	2009	YOY Change
<b>Turnover</b>	4,233	- 10.1%
<b>Same store sales <sup>1</sup></b>	N/A	- 3.7%
<b>Gross profit</b>	2,175	- 7.9%
<b>Same store gross profit <sup>1</sup></b>	N/A	- 1.2%
<b>Gross margin</b>	51.4%	+ 1.3 pts
<b>Operating profit</b>	320	- 3.0%
<b>Operating margin</b>	7.6%	+ 0.6 pt
<b>Profit attributable to shareholders</b>	288	- 0.7% <sup>2</sup>

<sup>1</sup> In local currency for directly managed outlets open for the full two periods under comparison.

<sup>2</sup>2008 profit attributable to shareholders inclusive of HK\$17M gain on disposal of a jointly controlled company. Excluding this non-recurring item, 2009 profit attributable to shareholders increased by 5.5% YOY.

## Solid fundamentals

For year ended December 31	2009	2008 <sup>1</sup>
<b>Net cash &amp; bank balances</b> (HK\$M)	<b>750</b>	<b>454</b>
<b>Cash inflow from operating activities</b> (HK\$M)	<b>382</b>	<b>347</b>
<b>Inventory turnover on sales</b> <sup>2</sup>	<b>25 days</b>	<b>23 days</b>
<b>Current ratio</b>	<b>3.0x</b>	<b>2.3x</b>
<b>Return on average total assets</b>	<b>11.1%</b>	<b>11.5%</b>
<b>Return on average shareholders' funds</b>	<b>14.5%</b>	<b>16.4%</b>

<sup>1</sup> Continuing and discontinuing operations combined.

<sup>2</sup> Inventory held at year end divided by full year turnover times number of days during the year.

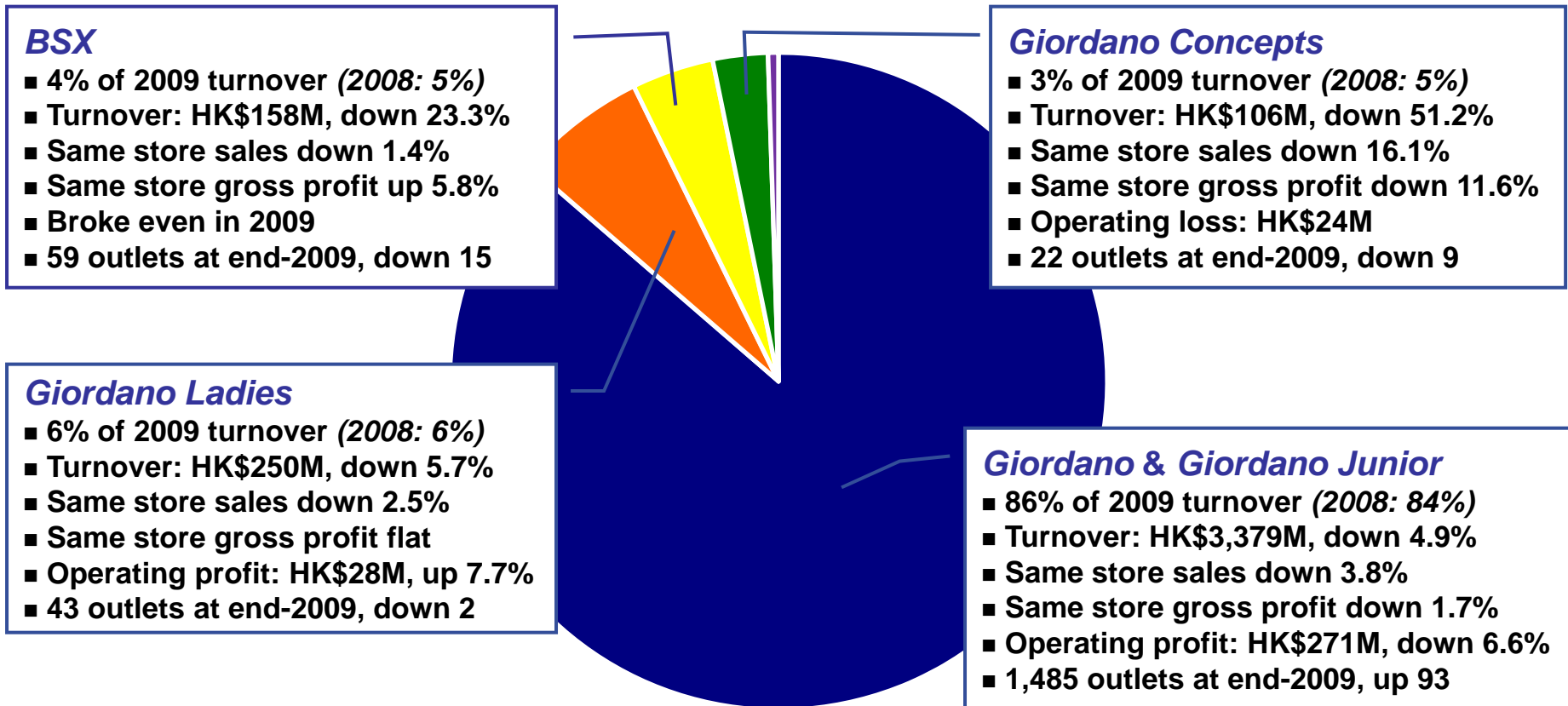
## Return to shareholders

For the year ended December 31 (in HK cents)	2009	2008
<b>Final dividend (proposed)</b>	<b>7.0</b>	<b>3.0</b>
<b>Special final dividend (proposed)</b>	<b>7.0</b>	<b>-</b>
<b>Interim dividend</b>	<b>2.0</b>	<b>4.5</b>
<b>Special interim dividend</b>	<b>-</b>	<b>2.0</b>
<b>Total full year dividend</b>	<b>16.0</b>	<b>9.5</b>
<b>Earnings per share</b>	<b>19.3</b>	<b>20.8<sup>1</sup></b>
<b>Payout ratio</b>	<b>83%</b>	<b>46%<sup>1</sup></b>

<sup>1</sup> Continuing and discontinuing operations combined.

# Retail & Distribution turnover by brand

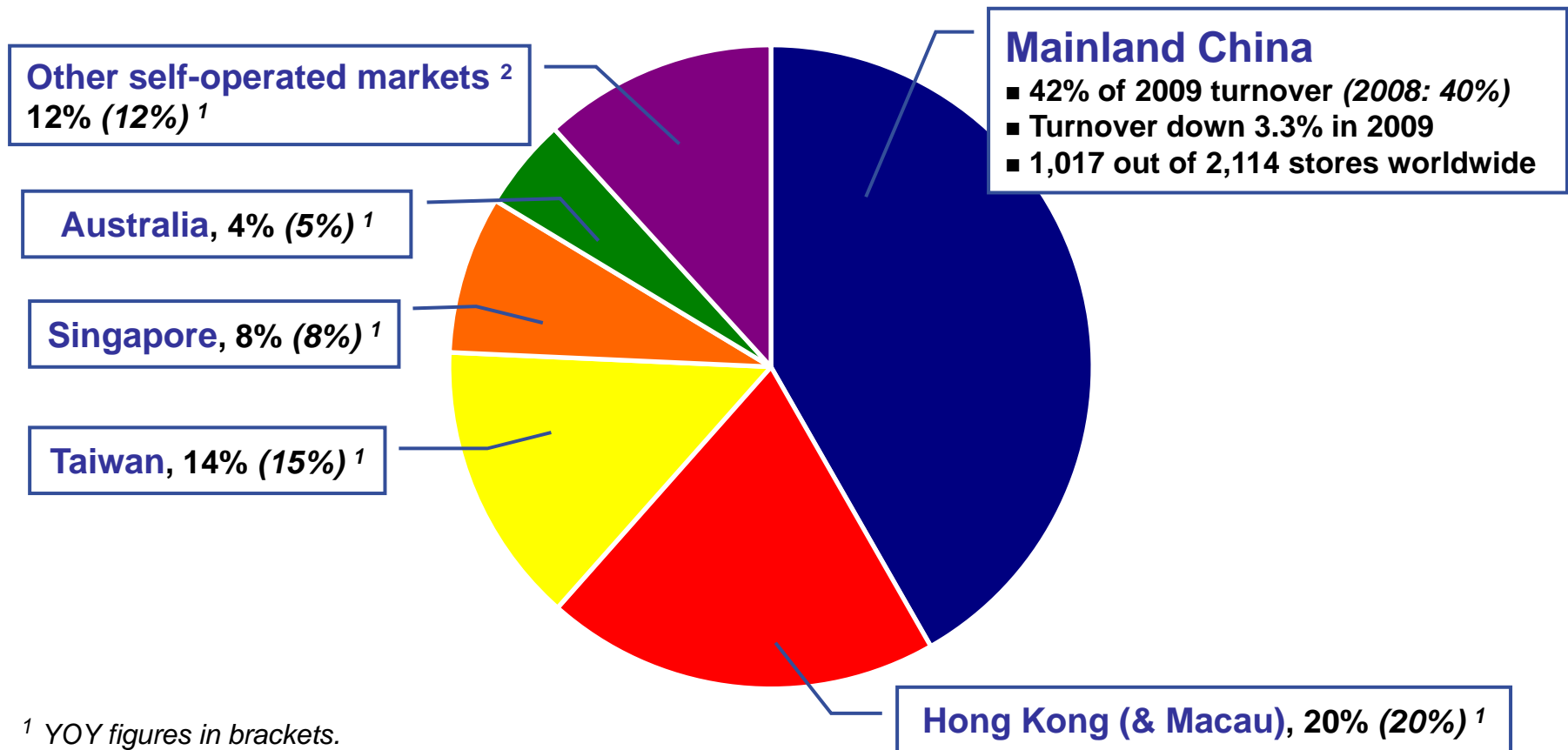
For the year ended December 31, 2009



<sup>1</sup> YOY figures in brackets.

# Retail & Distribution turnover by market

For the year ended December 31, 2009



<sup>1</sup> YOY figures in brackets.

<sup>2</sup> Includes Malaysia, Thailand, Indonesia and Japan.

## Performance review : Group markets

<b>Mainland China</b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>1,633</b>	<b>1,689</b>	<ul style="list-style-type: none"> <li>■ Performance began to recover in 2H09</li> <li>■ 2H09 gross margin up by 5.0 pts</li> <li>■ Same store gross profit up 5.3% in 2H09</li> <li>■ Added 105 outlets in 2H09</li> <li>■ Double digit YOY gross profit increase in Jan and Feb 2010</li> </ul>
<b>Same store sales <sup>1</sup></b>	<b>- 7.1%</b>	<b>+ 6.1%</b>	
<b>Same store gross profit <sup>1</sup></b>	<b>- 5.4%</b>	<b>+ 6.3%</b>	
<b>Operating profit (HK\$M)</b>	<b>152</b>	<b>265</b>	
<b>Number of outlets</b>	<b>1,017</b>	<b>909</b>	

<b>Hong Kong (&amp; Macau)</b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>775</b>	<b>850</b>	<ul style="list-style-type: none"> <li>■ Business recovered in 2H09</li> <li>■ 2H09 same store gross profit up 16.6%</li> <li>■ Closed seven stores in 2009</li> <li>■ Double digit YOY gross profit increase in the first two months of 2010</li> </ul>
<b>Same store sales <sup>1</sup></b>	<b>- 1.2%</b>	<b>- 1.7%</b>	
<b>Same store gross profit <sup>1</sup></b>	<b>+ 1.3%</b>	<b>- 3.8%</b>	
<b>Operating profit (HK\$M)</b>	<b>64</b>	<b>39</b>	
<b>Number of outlets</b>	<b>75</b>	<b>82</b>	

<sup>1</sup> Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

## Performance review : Group markets

<b>Taiwan</b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>555</b>	<b>634</b>	<ul style="list-style-type: none"> <li>■ Gross margin up by 4.9 pts in 2009</li> <li>■ Same store gross profit up 7.4% in 2009</li> <li>■ Closed 18 outlets in 2009</li> <li>■ Double digit YOY gross profit increase in the first two months of 2010</li> </ul>
<b>Same store sales <sup>1</sup></b>	<b>- 1.8%</b>	<b>- 3.2%</b>	
<b>Same store gross profit <sup>1</sup></b>	<b>+ 7.4%</b>	<b>- 12.5%</b>	
<b>Operating profit (loss) (HK\$M)</b>	<b>27</b>	<b>(27)</b>	
<b>Number of outlets</b>	<b>174</b>	<b>192</b>	

<b>Singapore</b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>310</b>	<b>368</b>	<ul style="list-style-type: none"> <li>■ Gross margin up by 1.5 pts in 2009</li> <li>■ Same store gross profit up 8.9% in 2H09</li> <li>■ Closed four outlets in 2009</li> <li>■ Double digit YOY gross profit increase in Jan and Feb 2010</li> </ul>
<b>Same store sales <sup>1</sup></b>	<b>- 4.7%</b>	<b>- 7.7%</b>	
<b>Same store gross profit <sup>1</sup></b>	<b>- 2.2%</b>	<b>- 12.8%</b>	
<b>Operating profit (loss) (HK\$M)</b>	<b>18</b>	<b>(14)</b>	
<b>Number of outlets</b>	<b>47</b>	<b>51</b>	

<sup>1</sup> Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

## Performance review : Group markets

<b>South Korea<sup>2</sup></b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>905</b>	<b>835</b>	<ul style="list-style-type: none"> <li>■ Same store sales up 16.0% in 2009</li> <li>■ Same store gross profit up 16.8% in 2009</li> <li>■ 2009 profit contribution: HK\$38 million (2008: HK\$22 million)</li> <li>■ 24 outlets added in 2009</li> <li>■ Double digit YOY gross profit increase in the first two months of 2010</li> </ul>
<b>Same store sales<sup>1</sup></b>	<b>+ 16.0%</b>	<b>- 4.1%</b>	
<b>Same store gross profit<sup>1</sup></b>	<b>+ 16.8%</b>	<b>- 3.7%</b>	
<b>Number of outlets</b>	<b>191</b>	<b>167</b>	
<b>Middle East<sup>3</sup></b>	<b>2009</b>	<b>2008</b>	<b>Remarks</b>
<b>Turnover (HK\$M)</b>	<b>477</b>	<b>539</b>	<ul style="list-style-type: none"> <li>■ 2009 profit contribution: HK\$6 million (2008: HK\$11 million)</li> <li>■ Six outlets added in 2009</li> <li>■ Gross profit declined by single digit in Jan and Feb 2010</li> </ul>
<b>Same store sales<sup>1</sup></b>	<b>- 13.9%</b>	<b>+ 10.1%</b>	
<b>Same store gross profit<sup>1</sup></b>	<b>- 17.7%</b>	<b>+ 11.6%</b>	
<b>Number of outlets</b>	<b>175</b>	<b>169</b>	

<sup>1</sup> Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

<sup>2</sup> On Dec 31, 2009, the Group held 48.5% in Giordano South Korea.

<sup>3</sup> On Dec 31, 2009, the Group held 20.0% in Giordano Middle East.

---

## Outlook

- Mainland China, Hong Kong, Taiwan, Singapore and South Korea all achieved double digit YOY same store gross profit increase in the first two months of 2010
- Three objectives for 2010
  1. Continue to improve gross and operating margins
    - Improve supply chain relationships
    - Business process simplification
  2. Reinforce points of differences to enhance competitiveness
    - *Giordano & Giordano Junior* will emphasize “quality essentials” and “value” with new product and marketing campaigns
    - *BSX* to prudently upgrade and expand its store network in 2010
    - *Giordano Concepts* rebranded to *Concepts One* to target high end menswear sector in Mainland China
  3. Concentrate on Mainland China expansion
    - Add about 150 stores in 2010
    - Emphasis on 2<sup>nd</sup> and 3<sup>rd</sup> tier cities through increased franchising

Number of outlets	As at Dec 31, 2009						Total	As at Dec 31, 2008	Change
	Giordano & Junior	Giordano Ladies	Giordano Concepts	BSX	Others				
Mainland China	964	17	17	19	-	1,017	909	+108	
Hong Kong (& Macau)	43	9	4	19	-	75	82	-7	
Taiwan	144	11	-	19	-	174	192	-18	
Singapore	45	2	-	-	-	47	51	-4	
Australia	45	-	-	-	-	45	56	-11	
Malaysia	64	2	-	-	-	66	67	-1	
Indonesia	86	2	1	2	8	99	97	+2	
Thailand	91	-	-	-	-	91	87	+4	
Japan	3	-	-	-	-	3	7	-4	
<b>Retail &amp; Distribution</b>	<b>1,485</b>	<b>43</b>	<b>22</b>	<b>59</b>	<b>8</b>	<b>1,617</b>	<b>1,548</b>	<b>+69</b>	
South Korea	152	-	-	39	-	191	167	+24	
Middle East & India	172	-	1	2	-	175	169	+6	
Philippines	45	1	1	4	-	51	50	+1	
Others	80	-	-	-	-	80	72	+8	
<b>Export &amp; Licensing</b>	<b>449</b>	<b>1</b>	<b>2</b>	<b>45</b>	<b>-</b>	<b>497</b>	<b>458</b>	<b>+39</b>	
<b>TOTAL</b>	<b>1,934</b>	<b>44</b>	<b>24</b>	<b>104</b>	<b>8</b>	<b>2,114</b>	<b>2,006</b>	<b>+108</b>	

# Q&A

GIORDANO

## 2009 Annual Results

Giordano International Limited (Stock code: 709)