



Trinity
Limited

Stock Code: 891

ANNUAL RESULTS 2017

26 March 2018





**ANNUAL
RESULTS
2017**

**Significant
Opportunity**

Significant opportunity: Shandong Ruyi

- HK\$2.2 billion subscription (HK\$1.2 per share), 51% stake
- Top 100 Chinese multi-national enterprise
- Vertically-integrated textile & apparel
- Interests in cotton & wool producers
- Leading textile producer in China
- In APAC, over 3,000 points of sale
- Own heritage brands including D'URBAN



s a n d r o
PARIS

D'URBAN



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Market &
Company

Market

- Menswear – changing trends
- Casualwear predominant
- Pricing far more competitive
- Retail sales in Chinese Mainland trending upward
- Conditions remain challenging in Hong Kong & Macau
- Tourist demographics and changing spending patterns
- Highly promotional market remains

Company

Significant restructuring in 2017

- Brand-focussed management structure
- Significant cost reductions
 - Factory closure
 - Streamlined underperforming stores
- Transformed supply chain, now Li & Fung
- e-Commerce substantial growth
- Opened stores in key retail destinations:
 - Flagship K&C in Covent Garden
 - G&H store in Plaza 66 in Shanghai
- Full Kent & Curwen/David Beckham collection in store



**ANNUAL
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2017**

Results

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Financials

HK\$ million	2017	2016	17 vs 16 Variance
Revenue	1,701	1,777	(4.3%)
Gross Profit	1,160	1,213	(4.4%)
<i>Gross margin</i>	<i>68.2%</i>	<i>68.3%</i>	<i>(0.1pp)</i>
Core Operating Profit/(Loss)	(441.0)	(406.5)	(8.5%)

- Revenue impacted by market dynamics
- Excluding exchange rate differences, Group total revenue decreased by 3.1%
- Group retail revenue in 2nd half grew 1.4%
- Gross margins remain stable
- Cost savings offset by costs relating to David Beckham and e-Commerce investment

Financial Reconciliation

HK\$ million	2017	2016	17 vs 16 Variance
Core Operating Profit/(Loss)	(441.0)	(406.5)	(8.5%)
Restructuring Costs	(72.7)	(23.1)	(214.9%)
Net Finance Costs	(28.4)	(19.0)	(49.6%)
Others	(66.2)	7.1	-
Loss Attributable to Shareholders	(608.3)	(441.5)	(37.8%)

- Restructuring costs include closure of the business wear production line in Hong Kong, supply chain network restructuring and closing the Singapore operation
- Other losses include:
 - HK\$185m provision for impairment of BHB loan receivables & derivative
 - HK\$120m gain on re-measurement of contingent purchase consideration payable for acquisition

Sales Analysis

HK\$ million	Total Sales		Change in Total Sales		Change in Same Store Sales	
	2017	2016	In HK\$	Local Currency	In HK\$	Local Currency
Retail						
Chinese Mainland	737.7	739.9	(0.3%)	2.3%	1.1%	3.8%
Hong Kong & Macau	506.0	525.0	(3.6%)	(3.6%)	(3.4%)	(3.4%)
Taiwan	127.8	129.4	(1.3%)	(6.5%)	(0.8%)	(6.1%)
Rest of the World	143.6	145.2	(1.0%)	3.9%	(6.2%)	(1.0%)
RETAIL SUBTOTAL	1,515.1	1,539.5	(1.6%)	(0.3%)	(1.6%)	(0.5%)
Wholesale and Licensing	186.2	237.5	(21.6%)	(20.9%)*		
GROUP TOTAL	1,701.3	1,777.0	(4.3%)	(3.1%)		

- Chinese Mainland sales grew 2.3% and Same Store Sales increased 3.8% in local currency
- Wholesale and licensing change due to lower stock clearance through a wholesale channel in the Chinese Mainland
- e-Commerce grew 115.6%

Retail Sales Analysis – 1st Half and 2nd Half

HK\$ million

	1st Half		2nd Half	
	In HK\$	Local Currency	In HK\$	Local Currency
Retail				
Chinese Mainland	(2.8%)	3.5%	2.3%	1.2%
Hong Kong & Macau	(4.9%)	(4.9%)	(2.4%)	(2.4%)
Taiwan	(7.0%)	(11.8%)	4.5%	(1.3%)
Rest of the World	(10.3%)	1.5%	8.0%	6.1%
Retail Total	(4.5%)	(0.8%)	1.4%	0.2%

- The Group reported retail revenue growth of 1.4% in the second half
- Momentum has continued into Q1

Store Network

	2017 31 Dec	2016 31 Dec
Chinese Mainland	206	230
Hong Kong & Macau	38	38
Taiwan	39	40
Rest of the World	14	13
Total	297	321

- Retain a strong network in Chinese Mainland
- Store profitability has improved
- Focus on store performance continues – loss-making stores closed
- New store openings in prime locations

Inventory

	2017 31 Dec	2016 31 Dec
Inventory Balance (HK\$ million)	622	505
Inventory Turnover Days (days)	380	356

- Early and on time arrival of Spring/Summer 2018 products led to inventory increase
- Inventory management remains a core focus for the Group

Headcount

	2017 31 Dec	2016 31 Dec
Total	2,283	2,633

- Significant headcount reduction: 350 personnel, 13% of 2016 headcount
- Closure of Hong Kong formal wear production line (182 personnel) in Q1 2017 plus management restructuring

Gearing Ratio

	2017 31 Dec	2017 30 Jun	2016 31 Dec
Net Debt (HK\$ million)	1,169	891	724
Gearing Ratio	35.0%	26.4%	21.1%

- Gearing ratio increased due to operating loss
- Ratio remains moderate
- Net proceeds from the Ruyi subscription will be HK\$2,206 million
- Positive cash position after completion

Results summary

- Menswear – changing trends
- Casualwear predominant
- Pricing far more competitive
- Significant restructuring within the Company in 2017
- Retail revenue grew in 2nd half
- Same store sales in Chinese Mainland grew
- Gross margins stable
- Ruyi will invest HK\$2.2 billion



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Driving
revenue





KENT & CURWEN
ENGLAND

Brand strategy

- Continue the transition towards a younger customer
- Drive digital sales as our top priority
- Lower priced, entry level styles for younger target audience
- Focus on same-store sales growth
- Be opportunistic in opening new locations in Mainland China



KENT & CURWEN
ENGLAND



CERRUTI 1881

Brand strategy

- Reaffirm Cerruti 1881 as an iconic fashion house with Italian roots
- Cultivate and appeal to a new generation of customers, local and international
- Expand global visibility, distribution and sales through flagship stores in key European cities to support license business and Asian traffic
- Develop license business
- Drive digital business

CERRUTI 1881



GIEVES & HAWKES
No.1 SAVILE ROW LONDON

Brand strategy

- Royal Wedding in May and June – special promotion
- Focus on AW18 John Harrison collection
- Develop “country squire” range
- Optimise “premium only” location strategy
- Invite MTM specialist from UK to Asia
- Online MTM business development





D'URBAN

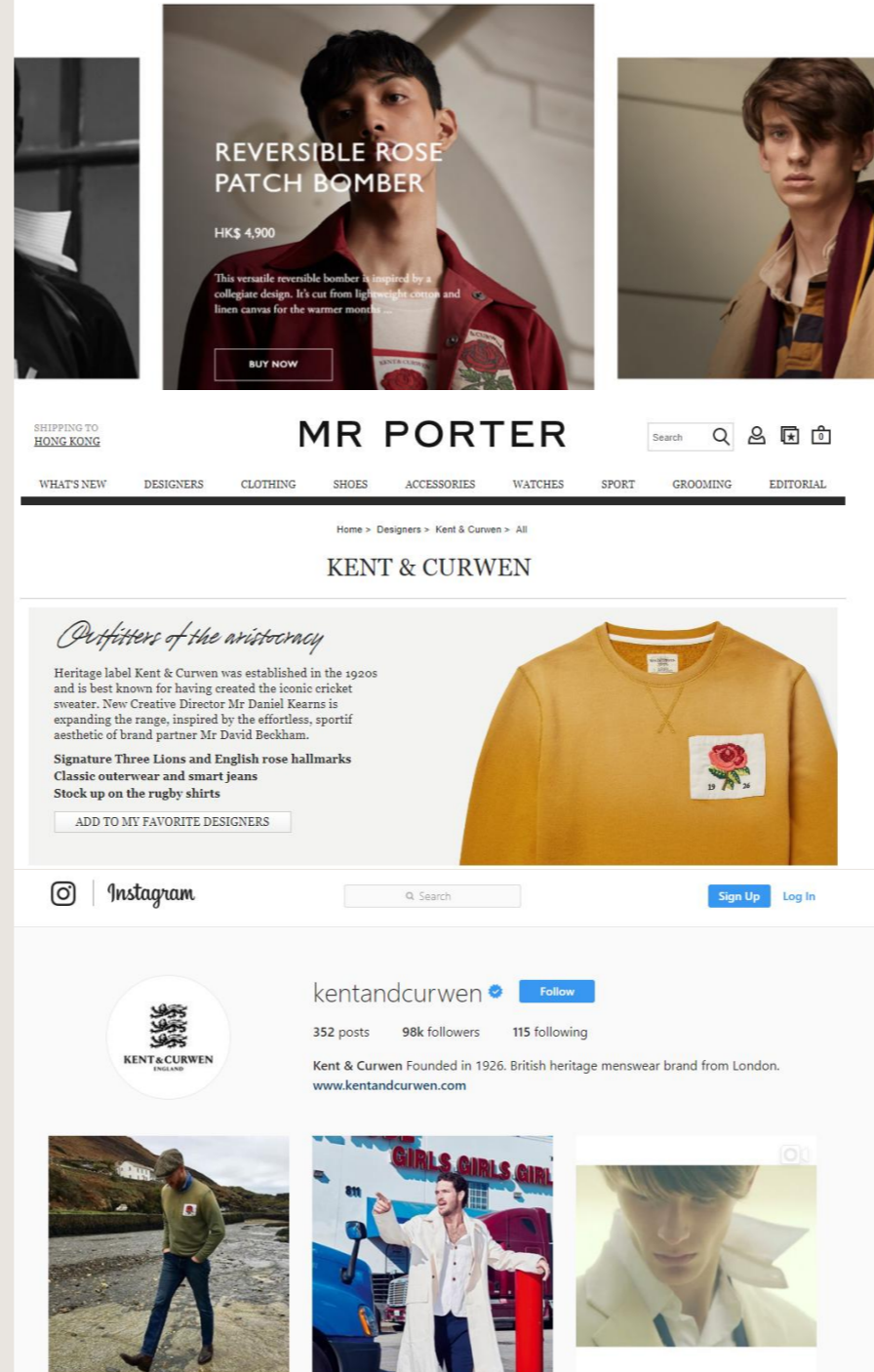
Brand strategy

- Move to younger audiences
- Introduce the “Mobile” travel Collection
- Emphasise brand’s DNA with a focus on “Made in Japan”
- Increase J-Quality merchandise
- Launch new retail concept targeting younger consumers
- Drive lifestyle products and accessories
- Deliver accessible pricing with guaranteed quality
- Revamp brand website with sales function added

D'URBAN

e-Commerce strategy

- Restructured e-Commerce team
- Drive platform relationships
- Content from brand teams
- Complete revamp brand websites with sales functions



Outlook

- Shandong Ruyi is a transformational investment
- Improved performance in our main market gives cause for optimism
- Clearly focussed management team
- Cost base – continued focus
- Supply chain efficiencies in place
- Heritage brands remain at a competitive advantage
- Greater China store network is a positive asset
- Realising the potential of e-Commerce
- Sound platform for expansion



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Thank you
