



2017

Investor Day

ANTA Brand's Strategy Road Map



Vision

To become the leading Chinese sportswear brand

Business
Target

Retail sales CAGR growth target: mid-double digit

Brand
Positioning

Maintain its position-as a sports brand for the mass market and performance sports; and strengthen its core competitive edge of offering high value for money

Target
Consumer

Maintain its share of the mid-low income market while increasing its share among middle-income and young consumer segments

Strategic
Initiative

A Brand Upgrade

- Rebranding
- Strategic product portfolio breakthroughs
- Integrated marketing

B Product Innovation

- Mechanisms formation
- Resource integration

C Refined Retail Management

- Experience enhancement
- Membership management
- Direct to stores
- Quick response

D Channels Transformation

- Structural adjustments
- Regional breakthroughs
- E-commerce breakthroughs



A

Brand Upgrade





1 Rebranding

Challenges: Lack of Brand Desirability

Goal: BUY FROM → BUY INTO

Rebranding and transforming ANTA from “A brand that consumers can afford” to “A brand that consumers desire for”

Target Customer:

Middle class consumers / Value-driven / Savvy consumers / High self-conscious of image

Brand Positioning:

ANTA is the best choice, offering value for money

Brand Identity:

Reliable / Authentic / Trustworthy / Fanatical

Product Positioning:

Original Design / Functional / World-class Quality

Brand Experience:

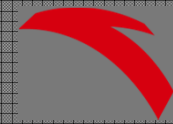
To create a good brand experience through product trials and brand message



2

Product Portfolio Breakthroughs





▼ Running

Goal

To be the preferred choice of running shoes among novice runners

Strategy: To make running easier for beginners

Enhance performance technology
Establish a platform for new product
materials

Improve product design and quality

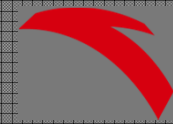
Provide the best running
experience and service



In 2017, combined with A-livefoam, an enjoyable city tournament was established with cultural characteristics to bring offline foot-traffic together, encouraging them to "to run for a life".

Run For A Life





▼ Cross Training

Goal

To become the leading training brand in the fitness market

Strategy: Establishing ANTA training products as 'go to' products for beginners and professional consumer

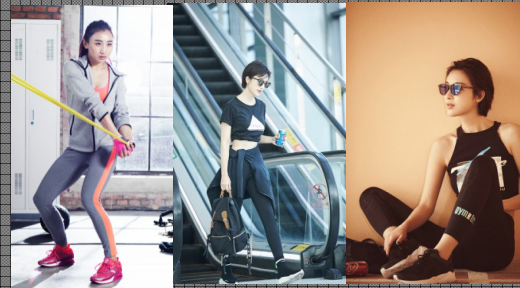
Scene Marketing

Partner with HOTBODY, a leading fitness app in China, and our brand ambassadors to create fitness content; increase awareness of ANTA products through interactive activities



Sportswear KOL

Improve the quality of products and create technology platforms, collaborating with brand ambassadors to increase brand exposure through their social media channels



Experiential Marketing

Establish a connection between ANTA and consumers across gym rooms to enhance target consumers' awareness and understanding of the brand



Boxing



Goal

To become the preferred boxing equipment brand for beginners and intermediate consumers

Strategy: To convey brand experience and identity through professional brand ambassadors

Sports Marketing

Whenever our ambassadors are in the rings, they exert a fighting spirit, which reflects our brand identity and connects our brand with the sports.



Endorsement Marketing

Improve the quality of products and technology platforms, and make use of brand ambassadors to get exposure through their social media platforms



Experiential Marketing

Establish partnerships with distributors to target customers through boxing centers and in-store activities to increase awareness and understanding of ANTA's professional image





Goal

To establish both the brand and sales of basketball products as No.1 in China

Strategy 1: Continue to use super stars Strategy 2: Tap into the amateur basketball market

Integrated Marketing

- Create a brand story for each product to guide the direction of promotional activities during the R&D phase and to execute a footwear/apparel integration plan
- Create an integrated marketing model with cross-departmental expertise and shared resources

Brand Story

- Improve brand loyalty and the way in which the brand story is communicated, so it is more appealing and inspiring for core consumers
- Transform key opinion leaders into brand ambassadors so we can build brand stories together and maximize the impact of communication activities

Events Marketing

- Take the first step towards entering the amateur basketball market through offline activities, creating an ANTA field basketball brand story
- Create a brand story that can enhance brand awareness during super stars' trips to China
- Enhance Klay Thompson' status as a basketball idol among consumers



Past

Offline channels played
bigger role

Business-oriented

One-day events

Conventional tours of
China

Limited marketing effect

Now

Fully integrate online and
offline channels

Dually focused on the brand
and business

Month-long events

Basketball culture tour

Event marketing activities

**Major marketing campaigns with fully integrated
strategies, the most innovative ideas, innovation
and razor-sharp focus**



#ShockTheGame-related posts were viewed over 77 million times on Sina Weibo

Over 30 million people worldwide watched the live video

Generated RMB 500 million in global PR and media value



B

Product Innovation

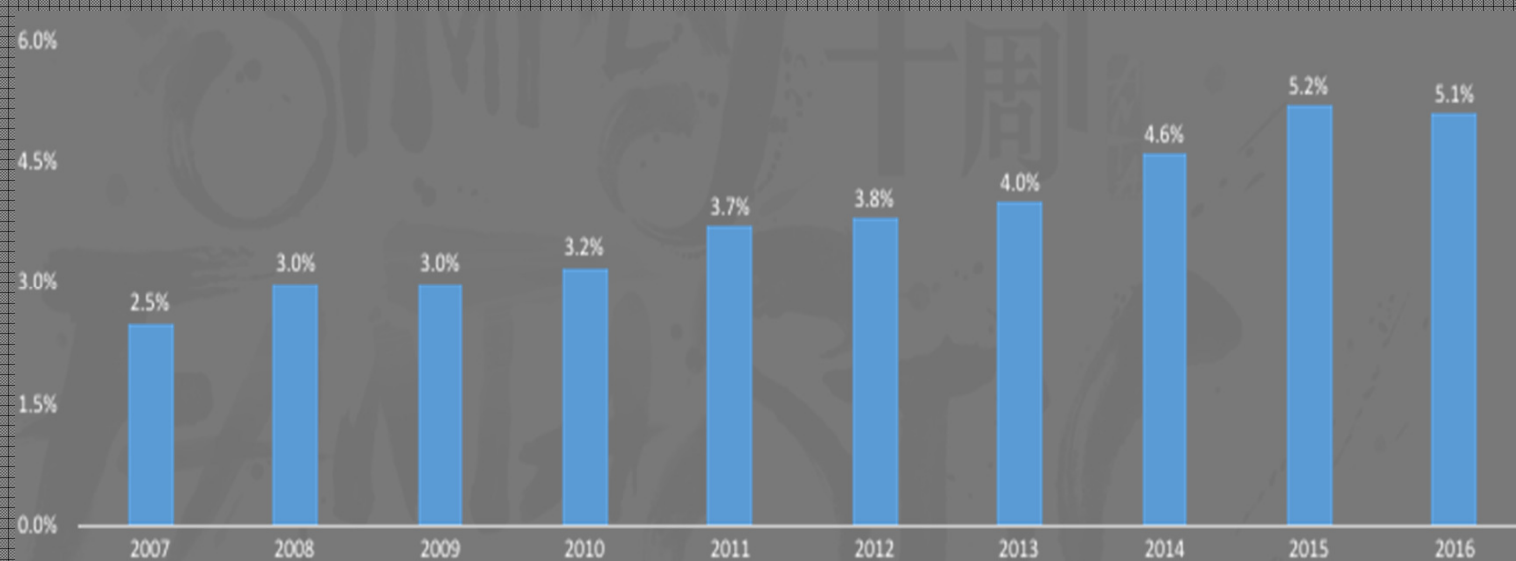




Investment in Innovation



The most valuable innovations are those that are highly regarded by consumers



R&D costs ratio as a % of sales costs

Our sustained investment in innovative products and marketing activities
has generated great returns

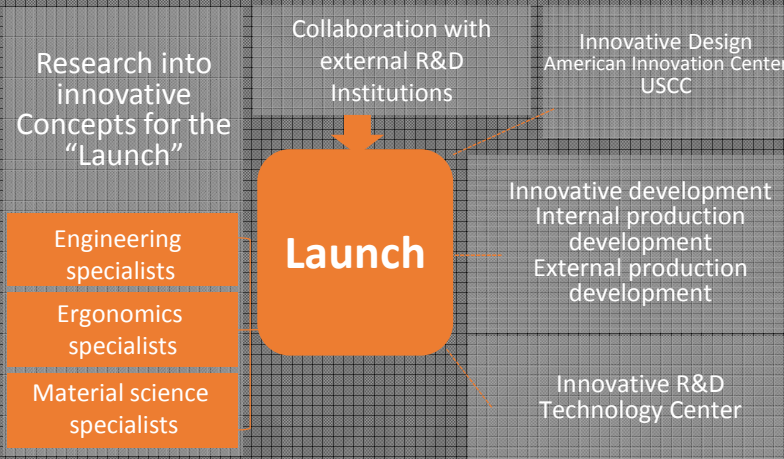


Footwear Innovation



Goal: To fulfil our brand promise and strategically incorporate innovation into our design DNA and create technology platforms.
To fulfill the need for basic, mid- and high-level sports gear in the most cost-effective way.

How



Who



Name



Where: Santa Barbara, California





Sportswear Innovation



Goal: To fulfil our brand promise and strategically incorporate innovation into our design DNA and create technology platforms.
To fulfill the need for basic, mid- and high-level sports gear in the most cost-effective way.

How

- Collaborate with Fan Daowei, a seasoned designer, and other talented designers in Japan
- Integrate market trends in China with R&D innovation in Japan
- Leverage the wealth of knowledge about fabrics, R&D experience and innovative design concepts
- Design basketball, football, kids products, and sponsored products with an international perspective

Who



Name

ANTA SPORTS JAPAN
Co.,Ltd.

Where





c

Refined Retail Management



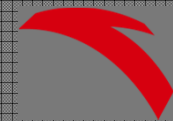
Experience Upgrade (The Eighth Generation Stores) - Customization & Experience



Goal: To enhance the sense of professionalism and enjoyment and ensure store layouts reflect the channel transformation that has taken place

1. Display products in a way that helps consumers find suitable outfits easily
2. Make the store layout look energetic, and ensure each store has a theme which is embodied in the central display
3. Build unique and differentiated store layouts

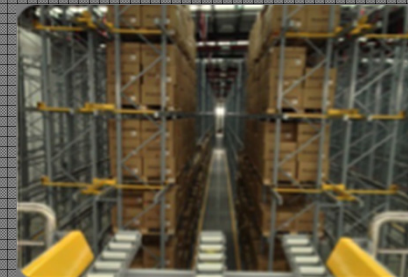




▼ Direct to the Store

Transformation of our retail model and supply-chain

- 2020 operational target for the E-supply Chain Management Project
- Complete coverage of all consumer segments and distribution channels



Introduce an optimized logistics model to reduce delivery times to retail stores from average 35 days to **48 hours**

ANTA Brand

Shoes:
100 million pairs
Apparel:
Over 130 million pieces

Volume Target

Incorporate the multi-brand and omni-channel distribution model in FILA, Descente and Sprandi retail stores and in 40% of ANTA's retail stores

Full Penetration of
Retail
Distribution
Network

Increase product deliveries by nearly 400% and by over 500% during "Singles' Day"

E-commerce
Logistics



Membership Management



- Goal:
1. To boost brand loyalty
 2. Ensure repeat purchases
 3. Personalized Interaction
 4. Use of data to enrich knowledge

	2016		2017 Target
Number of Members	4.5 million		10 million
Consumer Contribution	25%		30%
Member Repeat Purchases	23%		30%



▼ Timely Product Replenishment

Strategy: Quick Response Rate: 2017: Mid-single digit; 2020: >20%

Replenishment of best-selling products

Structural Stock Replenishment System

Regional breakthroughs

A **pre-marketing** strategy to improve product replenishment **efficiency**

A **Structural Stock Replenishment System** to increase the **marketability** of seasonal products

Apply a **self-operating product management model in selected regions** to gradually reduce **inventory risk** and improve **profitability**



D

Channel Transformation



Strategy for Channel



Goal: E-commerce platforms and shopping malls will be the major sales channels for sportswear and sneakers in the future, while the market share of retail stores and traditional department stores will gradually fall.



1

The market share of street stores and department stores will shrink and will be gradually replaced by shopping malls stores and outlets. Low-end department stores will gradually adopt the shopping mall business model.

2

As the consumption structure is transforming and consumers are changing, shopping malls are becoming more appealing to consumers as they offer a quality shopping experience, which will make it a major offline sales channel in the future.

3

E-commerce platforms will continue to grow rapidly over the next ten years and will become a major sales channel alongside shopping centers.

% of retail sales from shops in shops as of total retail sales

Actual percentage in 2016

20%

Target for 2020

35%+

▼ Strategy for Channels



1. Street stores: changing from small-sized shops with a mix of different products to larger stores with more specialized products

Nowadays, our consumers want an experience and a comfortable shopping environment when they visit stores. Launching large stores which provide consumers with first-hand experience of our products and present the brand image clearly is the best way to enrich their shopping experience and to come away with a favorable impression of the ANTA brand.

2. Channel transformation of other stores

To facilitate the launch of new stores (the four types of stores other than non-street stores) and expand, as well as speed up the channel transformation process by leveraging relevant resources. Aim to match latest consumer trends with different channels.



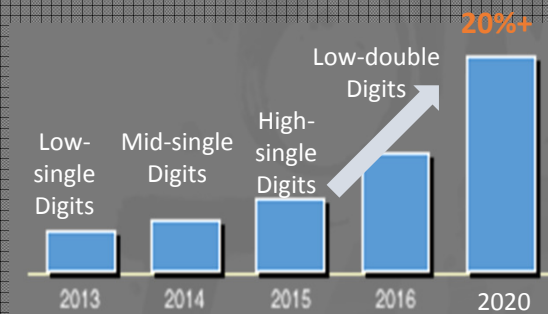
Support our Omni-channel and Multi-brand Development with a Clear Strategy for our E-commerce Business



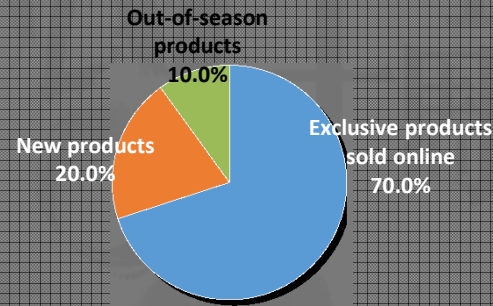
Focus on the development of our e-commerce business; respond to new market trends

Sales from E-commerce

Platforms as a Proportion of Total Sales



More Sophisticated Product Portfolio



Multi-platform E-commerce Strategy



1

Unique Platform for Product Marketing



3

Timely Support from Sales Team to Attract More Online Shoppers

- ✓ Optimize online stores' interfaces, product introductions and presentations; and improve product searches and rankings

Online products landscape (2016)



Goal: To expand our customer base and respond to new consumption trends in the Internet Era

2

Multiple Online Campaigns to Build Upon the Brand's Competitive Strengths



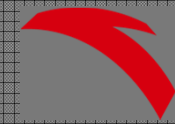
4

Comprehensive Customer Services to Develop a Strong Reputation

- Providing safe payment services and a stable supply chain
- VIP membership system
- Returns & exchanges guarantees

Integrate online and offline channels; optimize store structures and categories; rejuvenate online sales through all-round cooperation to create space for future growth

Breakthrough of E-Commerce Business: Integration of Online and Offline Channels



Case study of online and offline integration and marketing: ANTA+ Intime Department Store + launch of ANTAUNI on Tmall



ANTA has implemented an “omi-channel” strategy and created a more convenient way for customers to buy our high-quality products, delivering win-win results for consumers by integrating “brand, platform, and channel”



Sales of ANTA's Tmall store exceeded **10 million** on the day of product launch!



D

Strategy for Kids' Products





Forecast of Kids' Products Market in China



- Market size of infants and young children aged 0-3 years will increase 4% in next four years
- Market size of children aged 8-13 years is expected to be the largest sector (accounting for approximately 40%)
- Market is expected to grow substantially and reach 28 billion to 30 billion/year by 2020

Category	2016E		2020E	
	Population (10,000)	Percentage	Population (10,000)	Percentage
Age 0-3	7002	30.36%	8646	34.19%
Age 4-7	6436	21.79%	7002	27.68%
Age 8-13	9636	41.73%	9647	38.14%
All	23061	100%	25297	100%
Market Size (100 million)	Clothing:1450 Shoes:480 Total:1930		Forecast of RolandBerger Clothing CAGR=9.4% Shoe CAGR=9.5%	Clothing:2272 Shoes:756 Total:3028
			Forecast of Euromonitor Clothing CAGR=4.5% Shoe CAGR=6.5%	Clothing:1725 Shoes:614 Total:2339

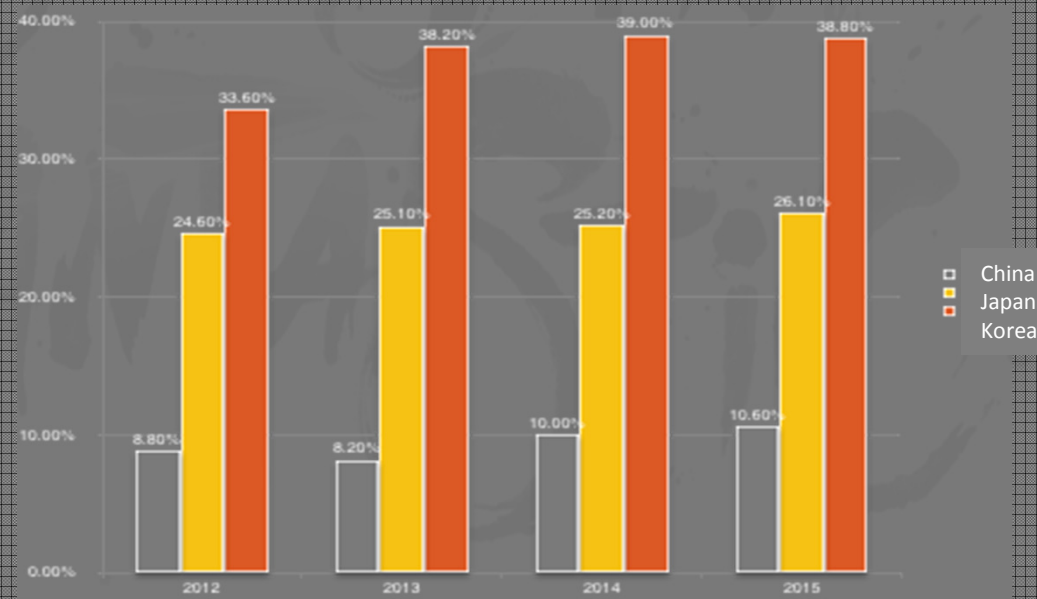
Remarks: The number of newborns increased by 13.1 million in 2015/2016 and reached 178.6 million in 2016 with birth rate increasing by 0.88%.



Market for Kids' Clothing in China



The kids' clothing market in China is still growing and does not have any dominant players despite the large number of brands. The market will focus on infant and children clothing which is proving popular among consumers.



Source: Euromonitor



ANTA Brand Strategy



Vision

Marketing target: Become China's No.1 children's sportswear brand

Business target

Sales revenue CAGR target: >30%

Branding positioning

The kid-centric sportswear brand

Consumer positioning

Children aged 1-13 from middle class families which have an annual family income of RMB 100,000-220,000. Focus mainly on families with those born in 1985 and after

Strategy implementation

A Branding positioning differentiation

B Clearly demonstrate function and characteristics of products

C Optimize sales channels

D Enrich retail experience



Branding Power – Branding Differentiation Positioning



Based on the theme “Grow Up” we continue to develop our unique brand image and build our diversified branding communication portfolio.

Rational (product function) + perceptual (branding theme) = building up a full branding experience for consumers





Product Power – Brand's Unique Product Advantages



Professional sportswear designed for children

Running outfit



Basketball outfit



Football outfit



Developing original patented products

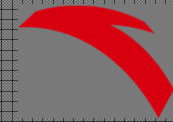


Partner with other brands' IP that is popular with kids





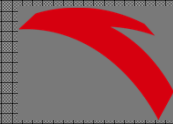
Retail Sales – Channel Optimization and Transformation



- In 2014, the Group started to develop its sales channels and expanded them rapidly. The number of retail stores is expected to increase over 3,000 by 2020
- Based on changes in the retail business and consumer behavior, the Group made a swift transformation of its channel allocation, increasing the percentage of its mall channels and outlet channels



Retail Sales – End Consumer Experience



Combined kids' sports gear and the product experience to help consumers try out ANTA's brands and understand the products through their own personal experience



ANTA Brand Strategy



Through brand upgrade, product innovation, refined retail management and channel transformation, the Group will strengthen ANTA's brand value and respond to market demand from consumption upgrading



THE END