

SIMPLY 十年  
FANTASTIC



# FILA's Positioning



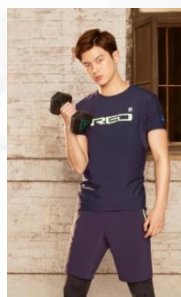
## Mission

Bring out the elegance in life through sports

High Price



Blue



Originale

Red



White



Mid-to-high  
Price

The 20-year-old

The 45-year-old



Fulfill an unmet demand for sports fashion from the middle class



Expand target age group to 20-45 through a mix of multi-product lines



Offer customers in-store multi-scene for mix-and-match outfits for different occasions



## FILA KIDS' Positioning



FILA KIDS focuses on the target market of **7-12 year old children from high-income families** offering leisure lifestyle clothes and accessories for different occasions, similar to FILA's brand positioning and target market. The target market is expected to further expand to **between 3 and 12 years old**.





# FILA's Strategic Roadmap



## Goal

Become one of the top three international brands in the high-end sports market

### Business Target

Retail sales CAGR: over **30%**

### Brand Positioning

Italian style that combines elegance and vitality

### Target Customer

Middle class and above: elegant sports lover who enjoys fashion and life

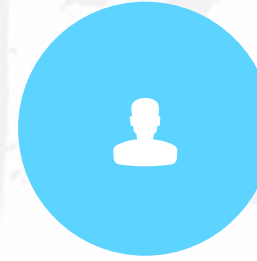
Strategic Initiatives:  
Full value chain brand and retail model



High on  
Brand **Focus**



**Exclusive** in  
Retail  
Channels



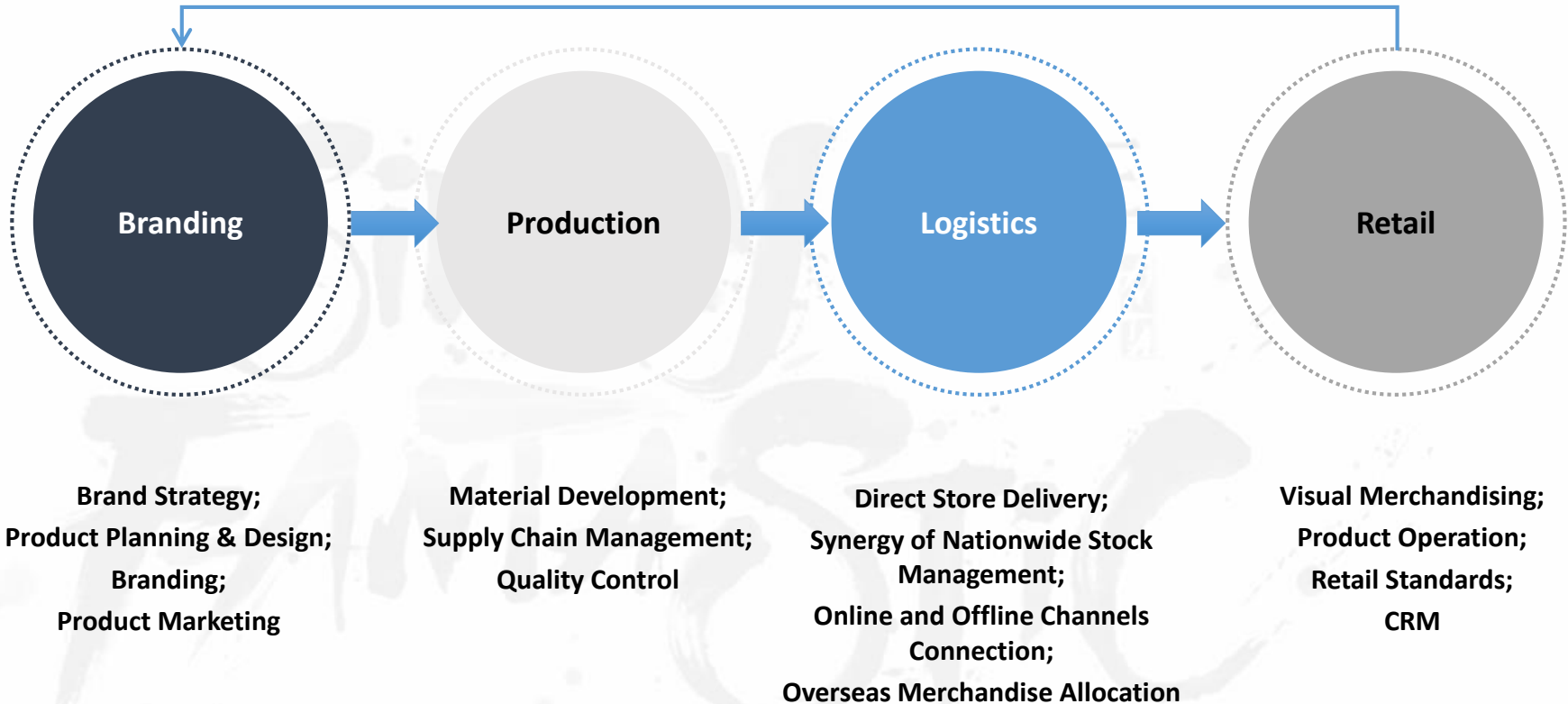
Specialization in  
Product  
**Development**



Maximization  
in Retail  
**Profitability**



# FILA's Full Value Chain Brand and Retail Model



1. Enhance end to end process to maximize value for consumers
2. Integrate brand legacy into brand value and identity
3. Effective execution of flat management structure from headquarters to stores

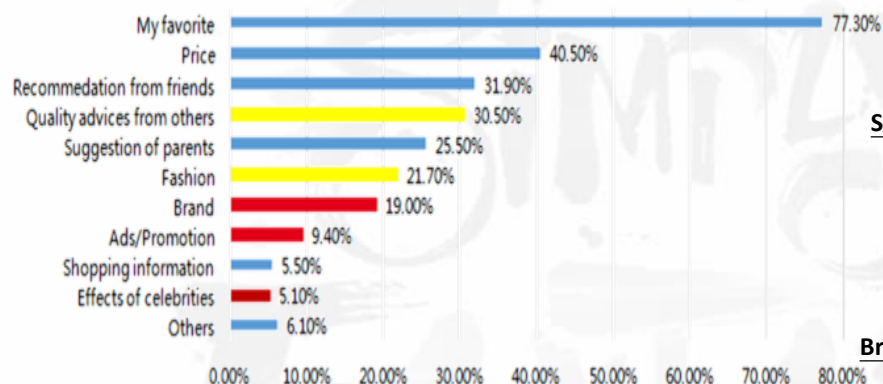




# FILA's External Opportunities



Factors influencing purchasing behavior



Source: Peking University (2015)

Reasons for Purchasing Yoga Outfits

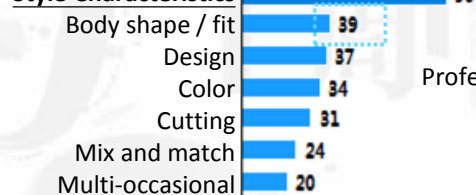
%

Female

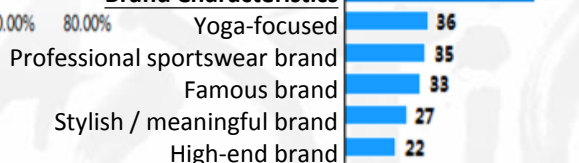
**Product Characteristics**



**Style Characteristics**



**Brand Characteristics**



Reasons for Purchasing Running Shoes

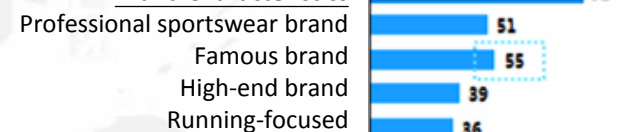
%

Male

**Product Characteristics**



**Brand Characteristics**



**Style Characteristics**



source: A .C .Nelson(2016)

1

## Change in consumption trends

Favorite brands are no longer determined by a particular brand in its own right, but rather the image they portray. Consumers feel they can associate with the image of the brand and believe it reflects their personality, values and attitude of living.

2

## Deeper focus on products

The primary motivations behind consumer purchases has shifted from brand to product quality; and within apparel category, style consideration is ahead of brand name.

3

## Entertainmentization trends

In addition to the increasing popularity of sports, the appeal of entertainment trends has also grown in recent years. FILA's fashion style and its celebrity endorsements generate more noise and brand exposure.



# The Advantage of FILA's A-Century-Old Brand Heritage



1911

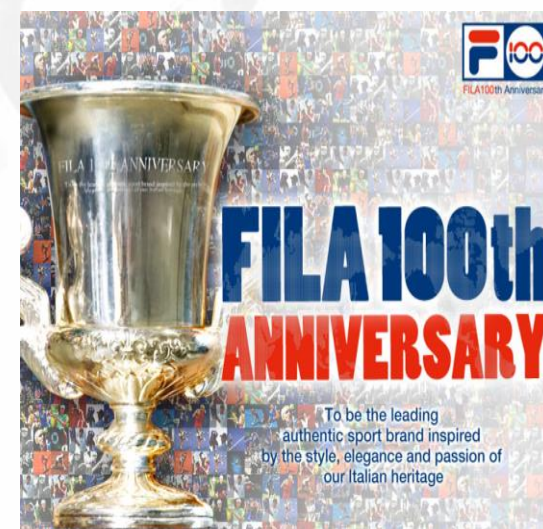
1930-1940

1950-1980

1990-2000

2015

2011







# FILA's Unique and Classic DNA is Highly Differentiated



## Traditional top-quality products



FILA has developed a number of traditional renowned products in the past, particularly for high-end individual sports such as tennis and golf, etc.



## Classic vintage design

The large classic FILA logo has been the sources of inspiration for unique design. Numerous classic designs enabled FILA to always set fashion trends over endless fashion cycles in the past century.





# FILA's Global Merchandizing Resources





# FILA's Advantage from Global Resources of Fashion Crossover



1. Access to global fashion resources has continued to enhance perceptions of FILA's brand in China
2. FILA's global cross-border resources also afford FILA China to attain more selection and creative space for design





# FILA's Cross-border Collaboration







# FILA's Internationalized Merchandise Senior Management Team



VP



VP



CDO



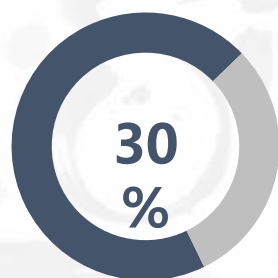
Designer



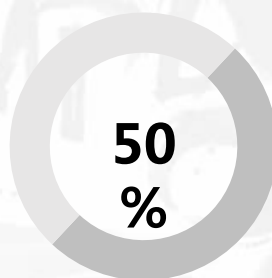
1. International brand developed by the international merchandise team
2. Leverage on localized consumer database to offer the best cutting that fits the shape and size of Chinese consumers



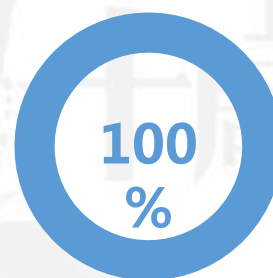
## FILA Invests in Product Development and Innovation



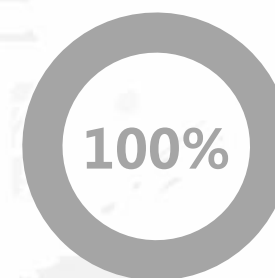
**Proportion of  
Material  
Imports**



**Proportion of  
Innovative  
Material**



**Proportion of  
World-class  
Material  
Suppliers**



**Proportion of  
World-class  
Garments and  
Shoes  
Manufacturers**

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Along the entire production chain, only top-tier suppliers are chosen



# Direct Brand Retailing, Efficient and Flat Management



## Human capital:

1. 15 branch offices across the country with flat and vertical management in across all markets except Tibet
2. Implementing a two-way reporting and communications structure



## Merchandises:

1. Centralizing the inventory management across the country, the YTD overall inventory-to-sales ratio is less than 6. With Jinjiang as the warehouse headquarters, 8 RDCs have been set up across the country for direct store delivery
2. Connecting online and offline retail channels for nationwide merchandise allocation and transfer



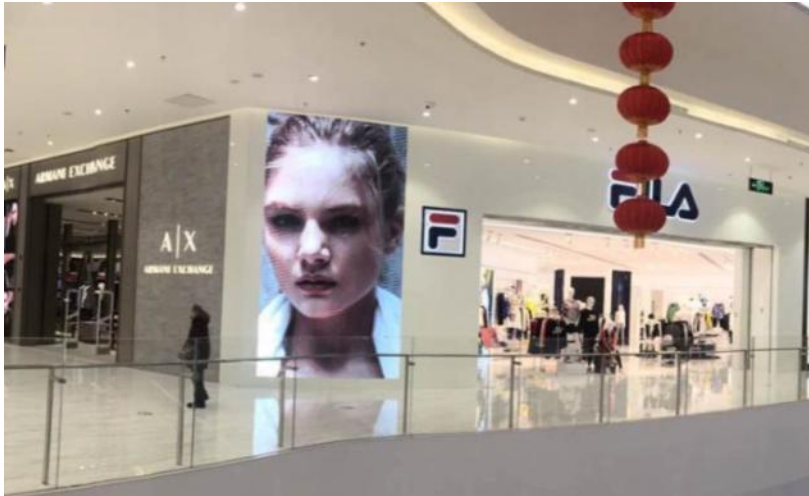
## Stores:

1. All retail shops have a strict standardized store design with a uniform and centralized layout and construction SOP
2. Retail executives from the headquarters regularly work on-site to standardized store layout and display with an aim to enhance visual merchandising quality
3. Retail staff training is standardized to ensure sales campaign messages and SOP are understood and strictly followed





# Rising Star of the Industry



## The Making of a New Star in the Industry

1. The refreshing sports fashion image enables FILA to have a stronger competitive position and better locations in malls.
2. Products become popular and generating strong sales performance.
3. Celebrity endorsements, product placements in TV shows and event sponsorships have developed recognition of our brand and enhanced its equity.





# Develop “Multiple Stores in One Location” or Integrate Brands in same Flagship Stores



Based on the situation of malls, FILA plans to expand its presence in key malls across China by implementing “Multiple Stores in One Location” strategy or opening flagship stores carrying all sub-brands and product lines. Through leveraging the market presence of malls, FILA will tailor make various customer experiences and proactively participate in the campaign of “super IP” creation.



Sports Fashion

Store in Guangzhou  
Grandview Plaza



Professional Sports

Demonstration of  
Professional Sports  
Experience Zone



Kids Sports Fashion

Demonstration of  
KIDS Store Experience Zone



Trendy Sports

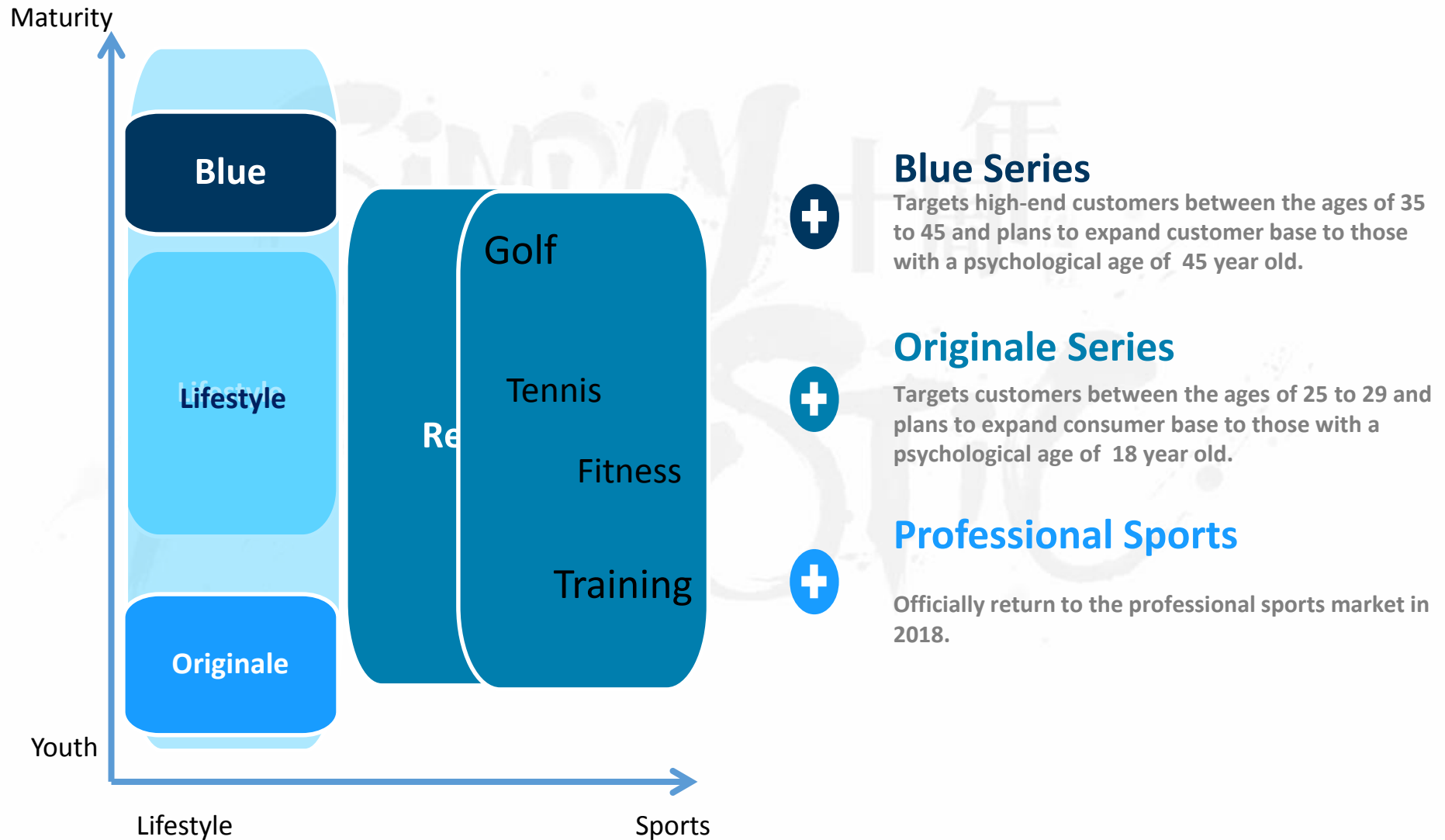
Demonstration of  
Trendy Store Experience Zone



# Brand Specialization



## 1. Targets Mid-to-high End Customers and Expands Customer Base **Vertically and Horizontally**







# Brand Specialization



## 2. Specialized Touchpoint and Precision Marketing



**Omni-  
touchpoint  
Marketing**



**Crossover  
Branding**



**Trendy Stores  
for Youth**

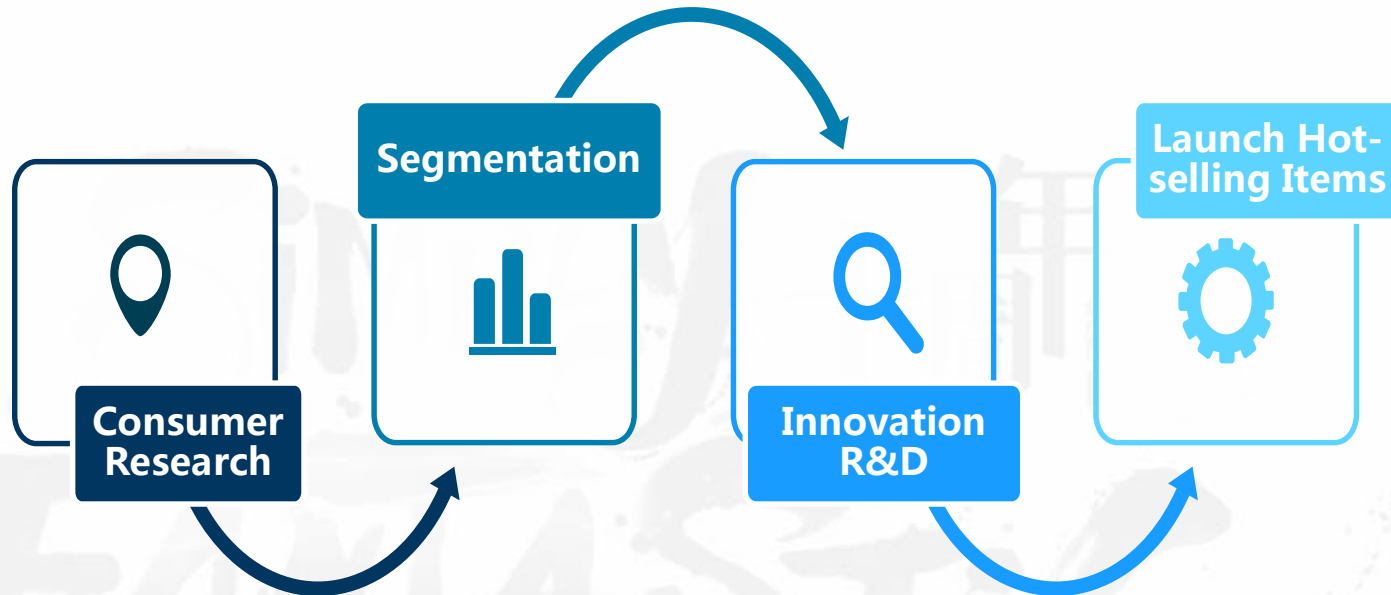


**“Fan Economy”**





# Specialization in Product Development



- 
- 1. To identify the unique selling point of footwear and the product mix of the 3 product series
  - 2. To determine the development direction of performance sportswear
  - 3. To determine the proportion of kidswear
- 1. To distinguish the lifestyle category and the athletic category
  - 2. To distinguish each product series under the lifestyle category
  - 3. To distinguish each sports sub-segments under the athletic category
- 1. To set up a footwear R&D center and to enhance the technological value of footwear
  - 2. To enhance material innovation, and to maintain a certain % of products using innovative materials
- 1. To launch responsive products by 30 days
  - 2. Continuously invest in the enhancement of footwear. Target to increase the footwear sales contribution to 30%.



# Supply Chain Strategy: Responsive and Flexible Supply Chain



30,30

Through optimizing and upgrading the supply chain, we aim to shorten the quick response time to 30 days or less. We are also devoted to achieving the target of 30% of sales come from responsive products.





# Exclusive in Retail Channels and Maximization in Retail Profitability



## Merchandising operation

## Retail operation



### Full-price Stores

Customers need fashionable products that are constantly updated. We offer them luxury boutique shopping experience.



### Outlets

Customers need a warehouse-style shopping experience with discounts, neat product displays, full range of sizes and responsive services (different to mega sale outlets)



### Kids

Better understanding of customers' children. Offering them a family-friendly shopping experience with full range of sizes available and guidelines that help customers find sizes in proportion with kids' height/age.



### Overseas

Providing fashionable and globalized products that are in season as well as internationalized services; establishing a new image for the brand.

**Improved inventory control can enhanced channel distribution precision**

**Establish merchandize management model for outlet channels**

**New “4 + 4” headquarters distribution and retail model**

**Global procurement + speedy delivery**



**Retail model upgrade: high value + multi-scene + retail training**

**Establish designated retail operation model for FILA outlet channels**

**Integrate marketing with a focus on increasing the proportion of VIP purchase**

**Retail model upgrade: high value + multi-scene + retail training**



## Store Interior Strategy: Continue to Adopt In-store “Multi-scene, Multi-series” Strategy



1. We carry out an entire upgrade of the décor in our stores every two years on average in order to provide more attractive visuals to consumers.



2. We cited luxury hotels as the benchmark for our stores' décor and introduced aromatherapy fresheners in our flagship stores to provide a more pleasant environment for customers.

3. We regularly update FILA's in-store music and play U.S. and European tunes to consumers while they shop. By improving our comprehensive and multi-dimensional branding sense across our stores, we aim to provide customers with a more enjoyable shopping experience.





# Retail Channel Strategy: Focus on the Opening of Landmark Flagship Stores

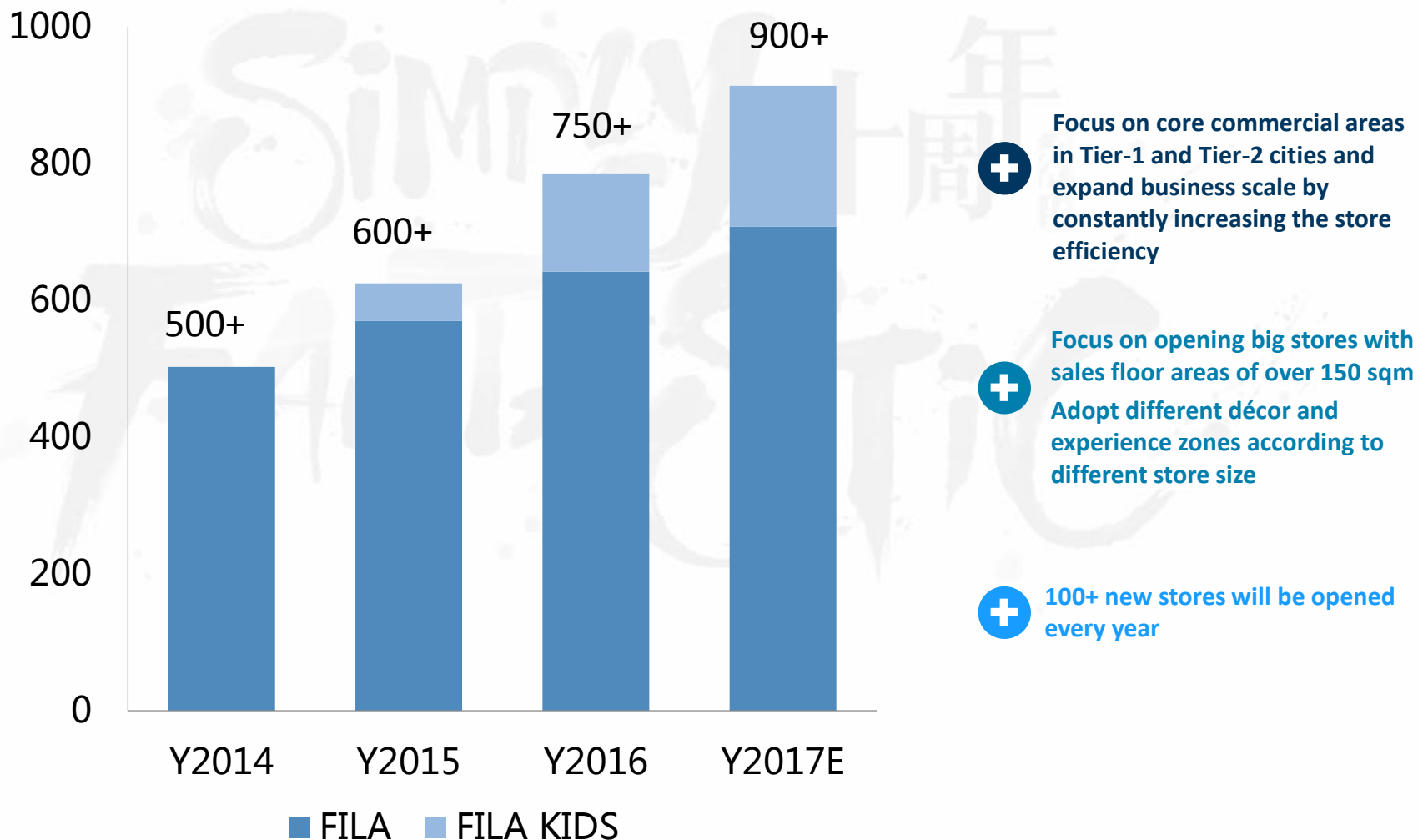




## Retail Channel Strategy: Focus on Tier-1 and Tier-2 Cities and Maintain Stable Growth in Store Number



The average store size was approximately 110 sqm in 2015 and increased to approximately 130 sqm in 2016. It is expected to reach over 150 sqm in 2017.





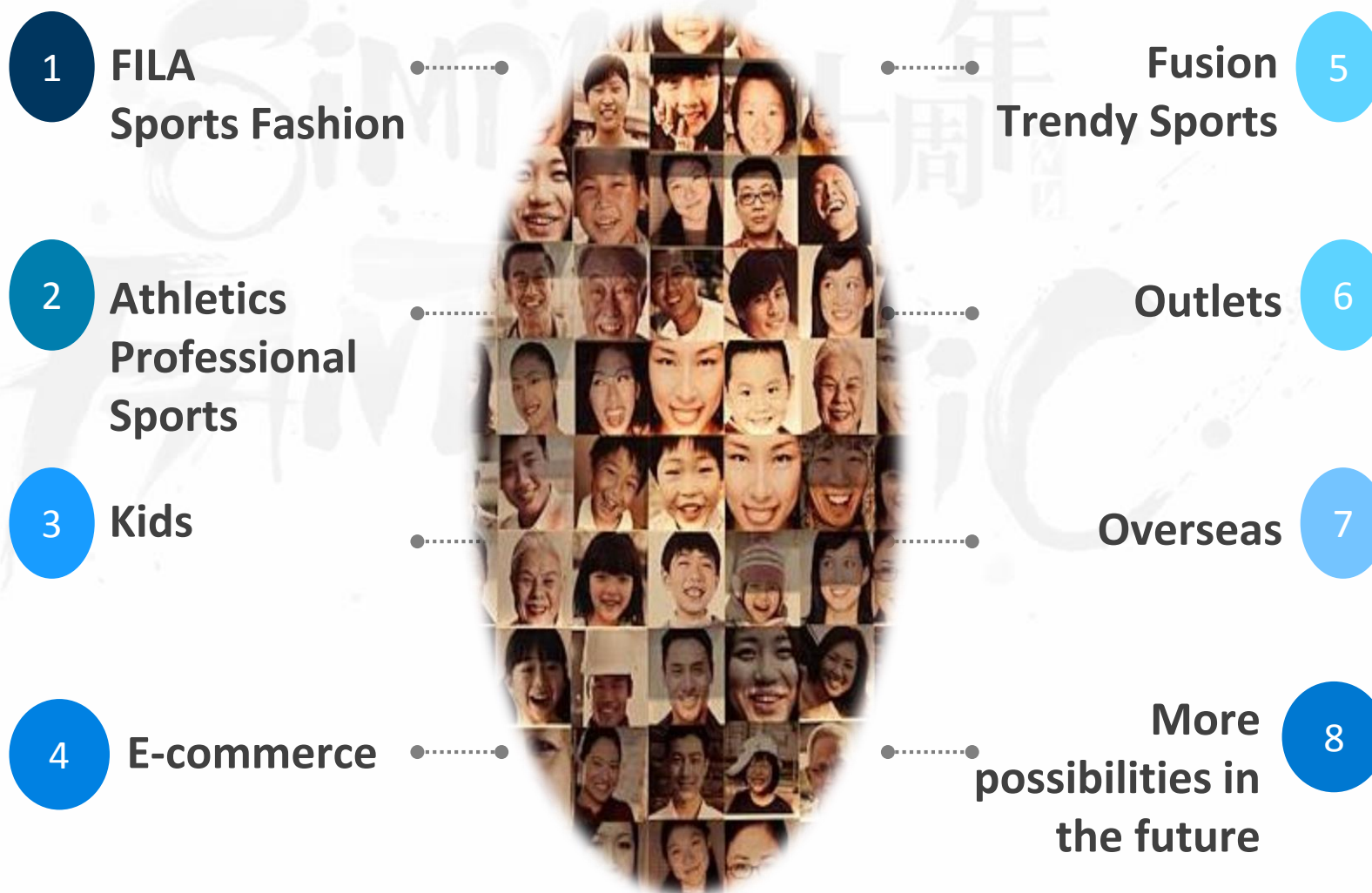


# FILA Multi-brand Sales Targets



**Retail sales CAGR target: >30%**

**Total number of stores target by 2020: 1,500-1,600**

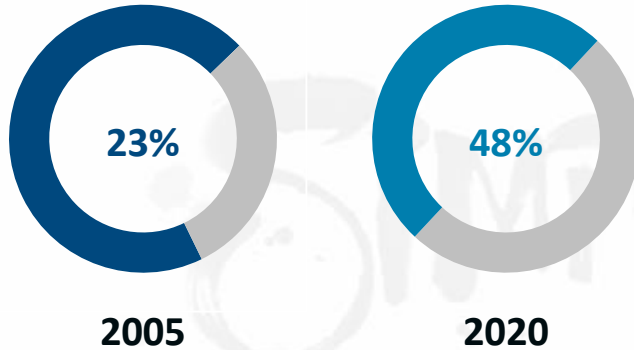




# FILA's Prospects – Sustainable and Fast Growth



FILA is benefiting from the rapid growth of middle-class and consumer trade-up



Source: GSS

Source: Euromonitor database



Sports trends are becoming popular all over the world



In-store multi-scene provides customers with more options



Continuous crossovers attract constant attention and create buzz about FILA



LIVE YOUR ELEGANCE