



Benchmarking the evolution of the China luxury retail

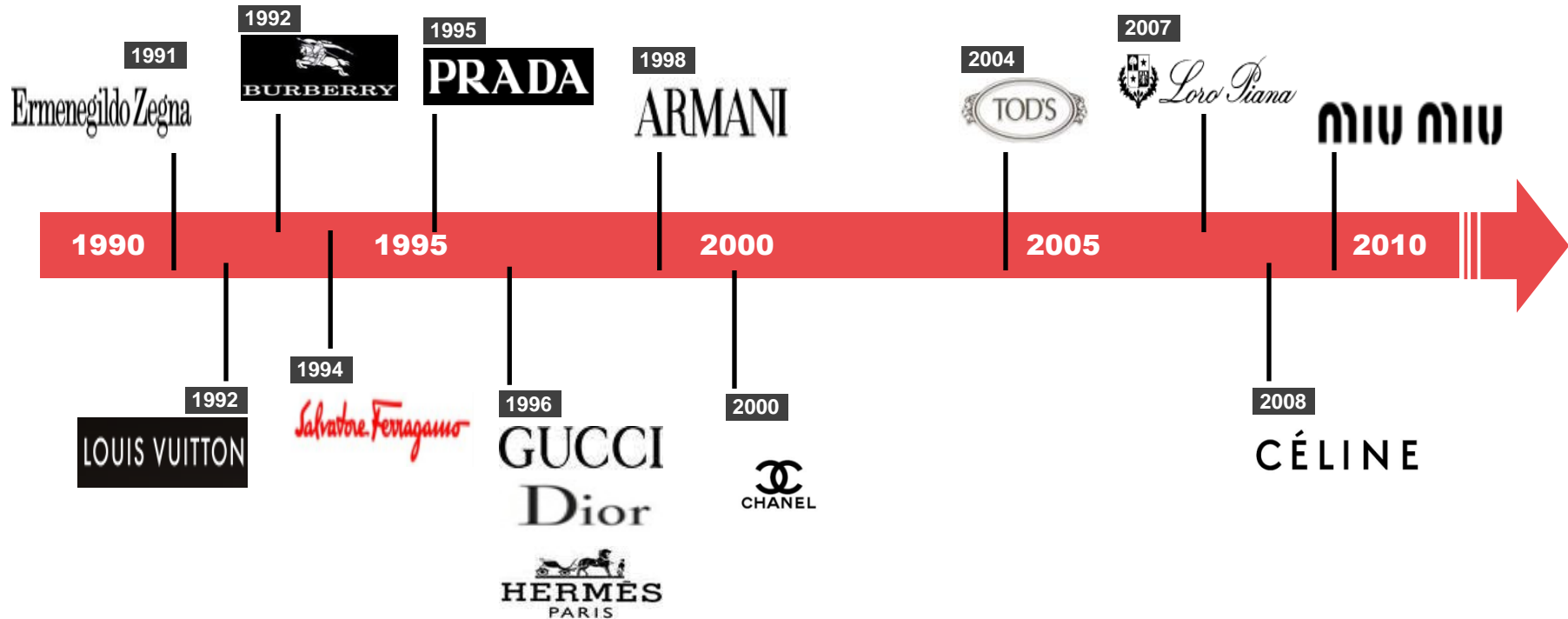


Illustrative Report

Shanghai, December 14th 2018

Entry of reference brands in Mainland China

Presence of some early comers luxury brands in the Chinese market dates back to the 90's

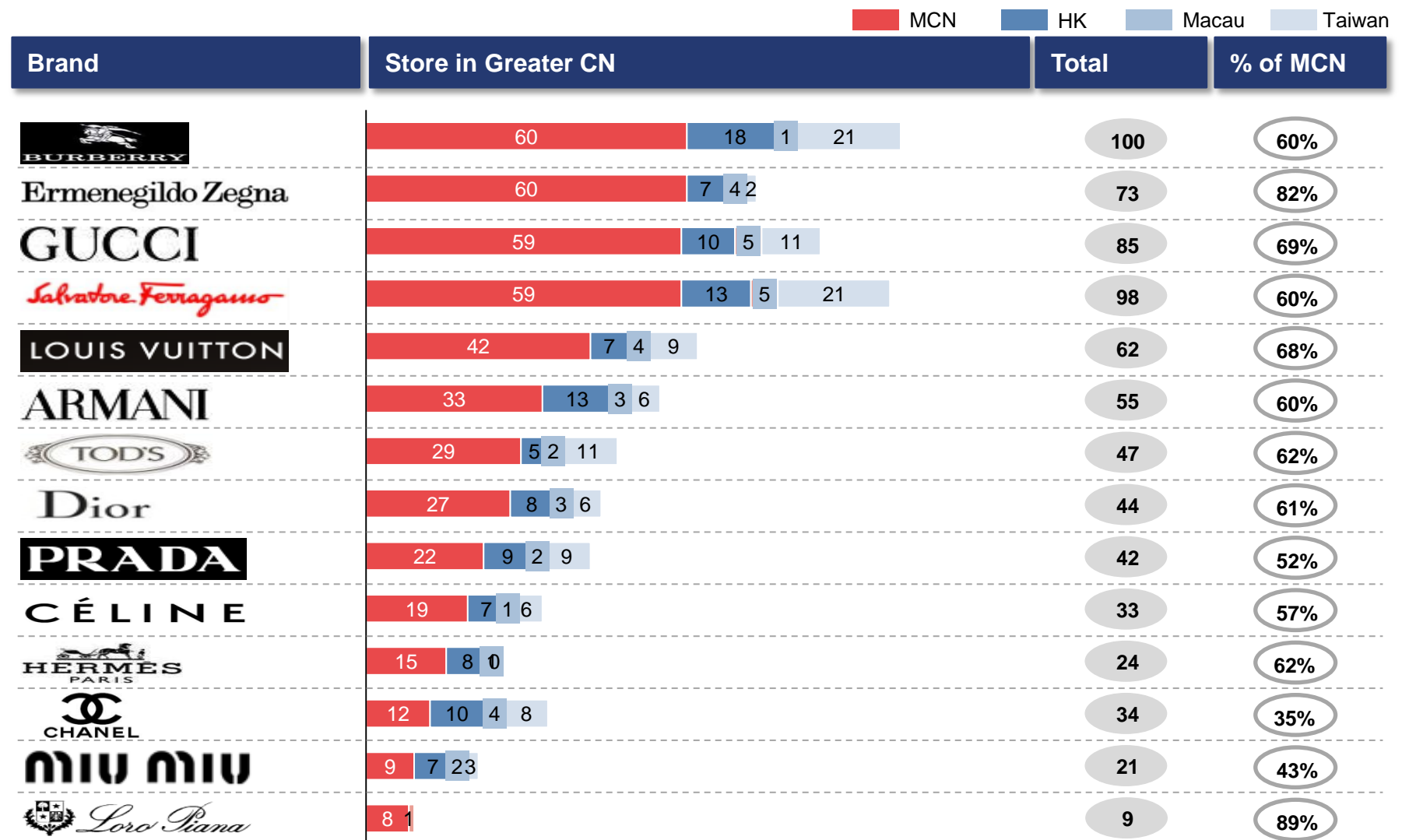


The early comers entered China in the 90's (Zegna, Louis Vuitton , Burberry , Ferragamo and Prada) and they are now harvesting on the awareness they have created

Source: BAS analysis

Presence in China of reference brands

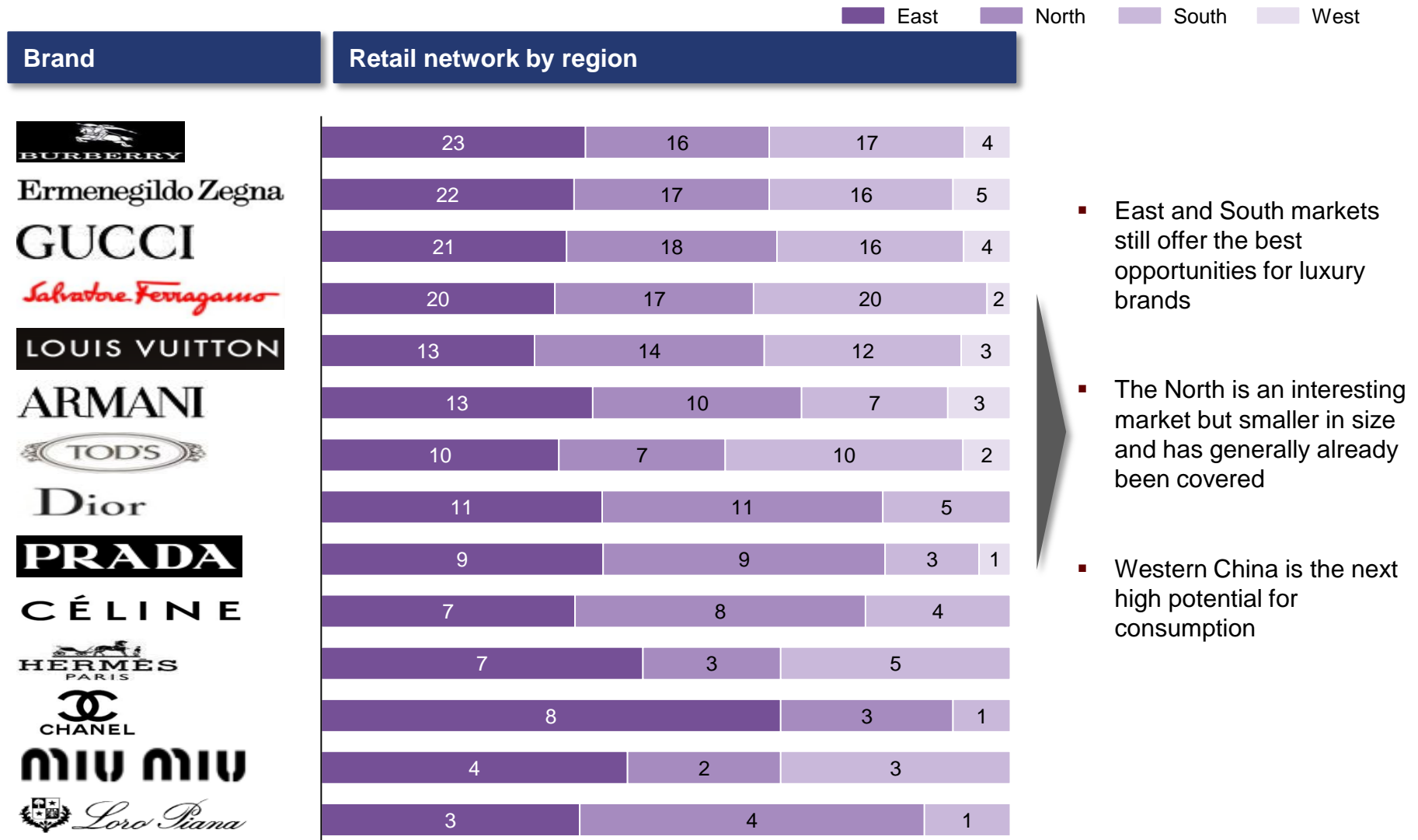
In terms of retail network, early comers brands enjoy today a substantially larger network



Source: Company website

Retail network by region

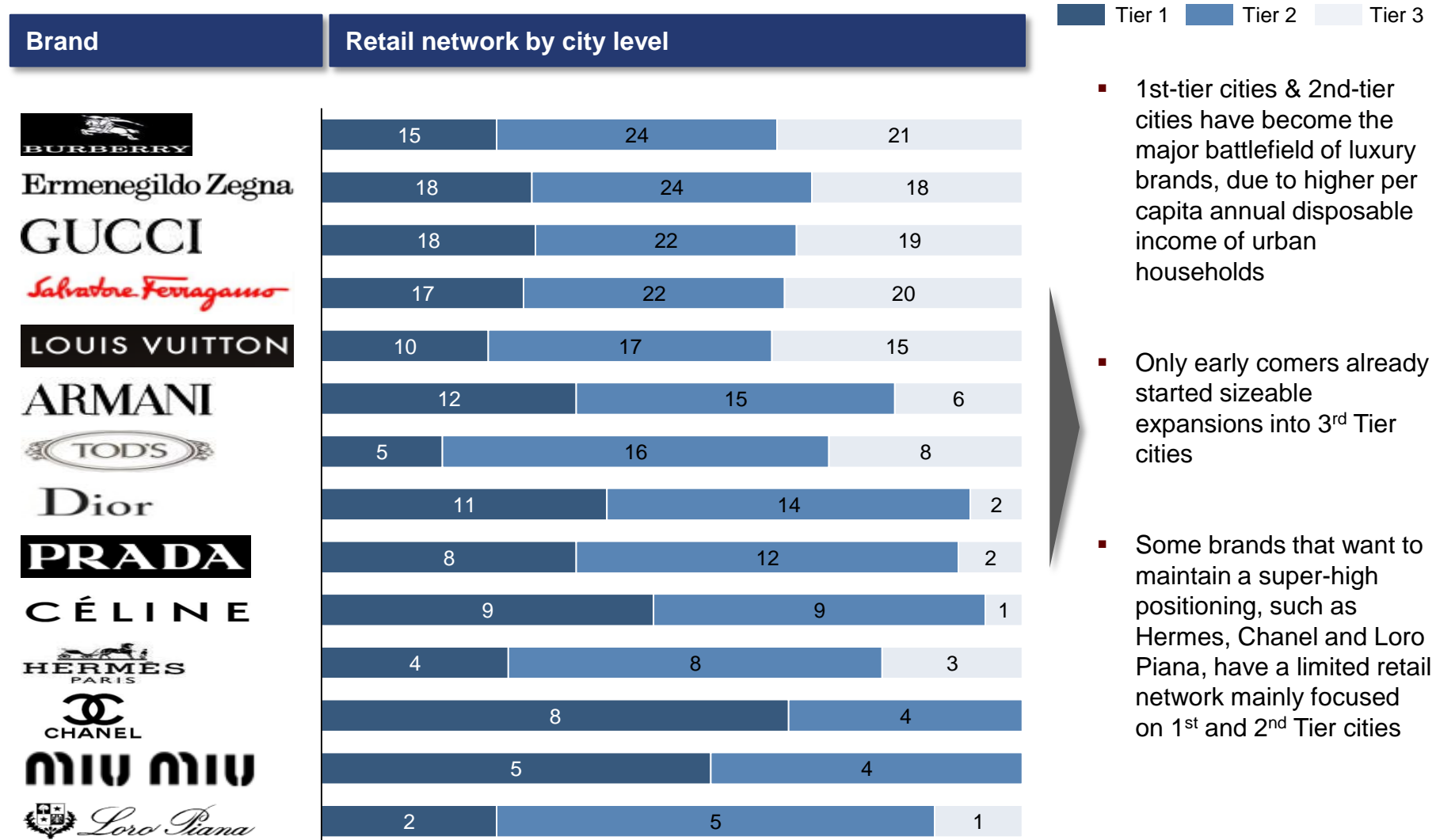
East and South areas still represent the main sales base for most luxury brand makers



Source: Company website

Retail network by city level

China's 2nd-tier and 3rd-tier cities are expected to be the driver for the next wave of luxury consumption

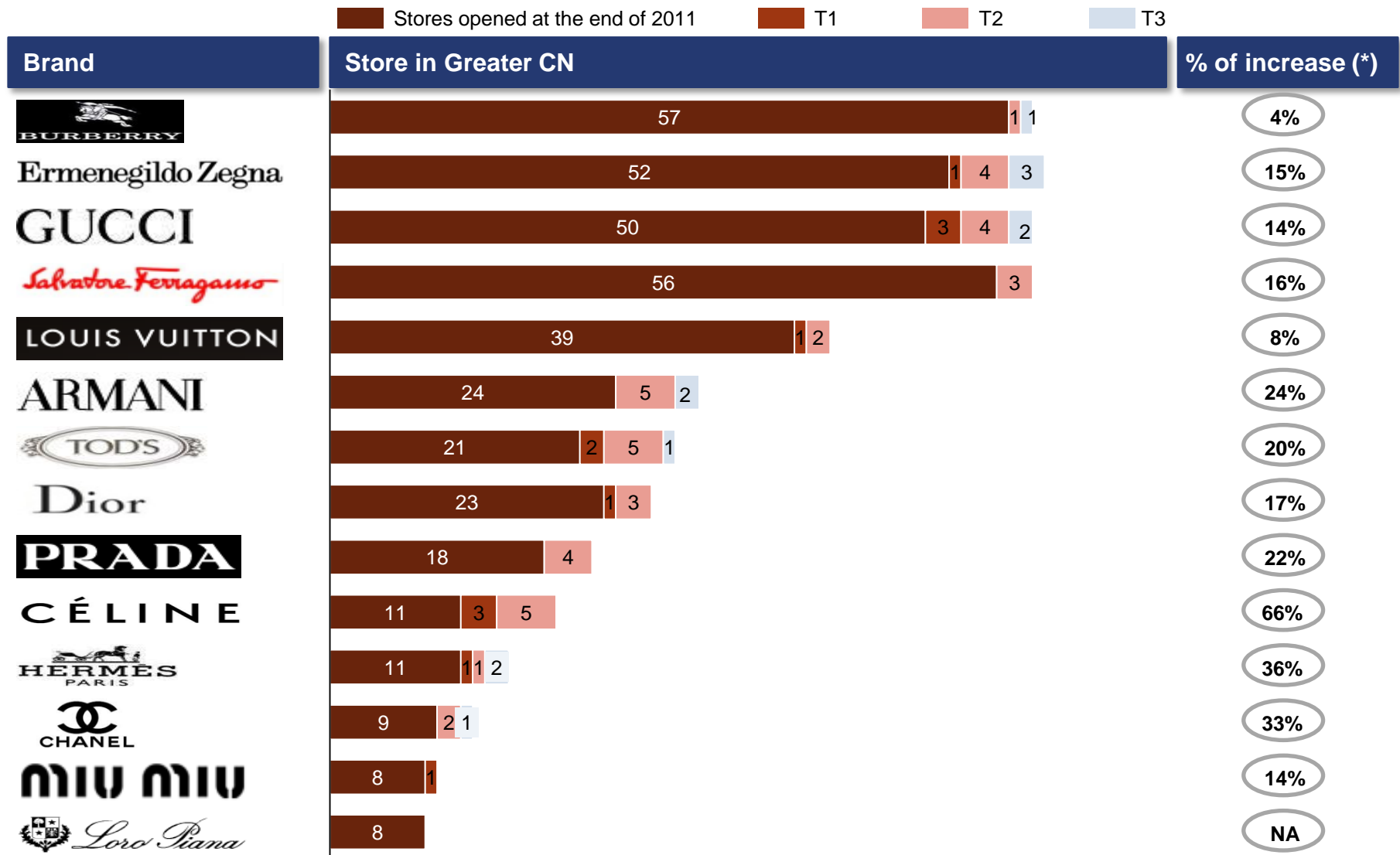


- 1st-tier cities & 2nd-tier cities have become the major battlefield of luxury brands, due to higher per capita annual disposable income of urban households
- Only early comers already started sizeable expansions into 3rd Tier cities
- Some brands that want to maintain a super-high positioning, such as Hermes, Chanel and Loro Piana, have a limited retail network mainly focused on 1st and 2nd Tier cities

Source: Company website

2012 New Openings of reference brands - by city level

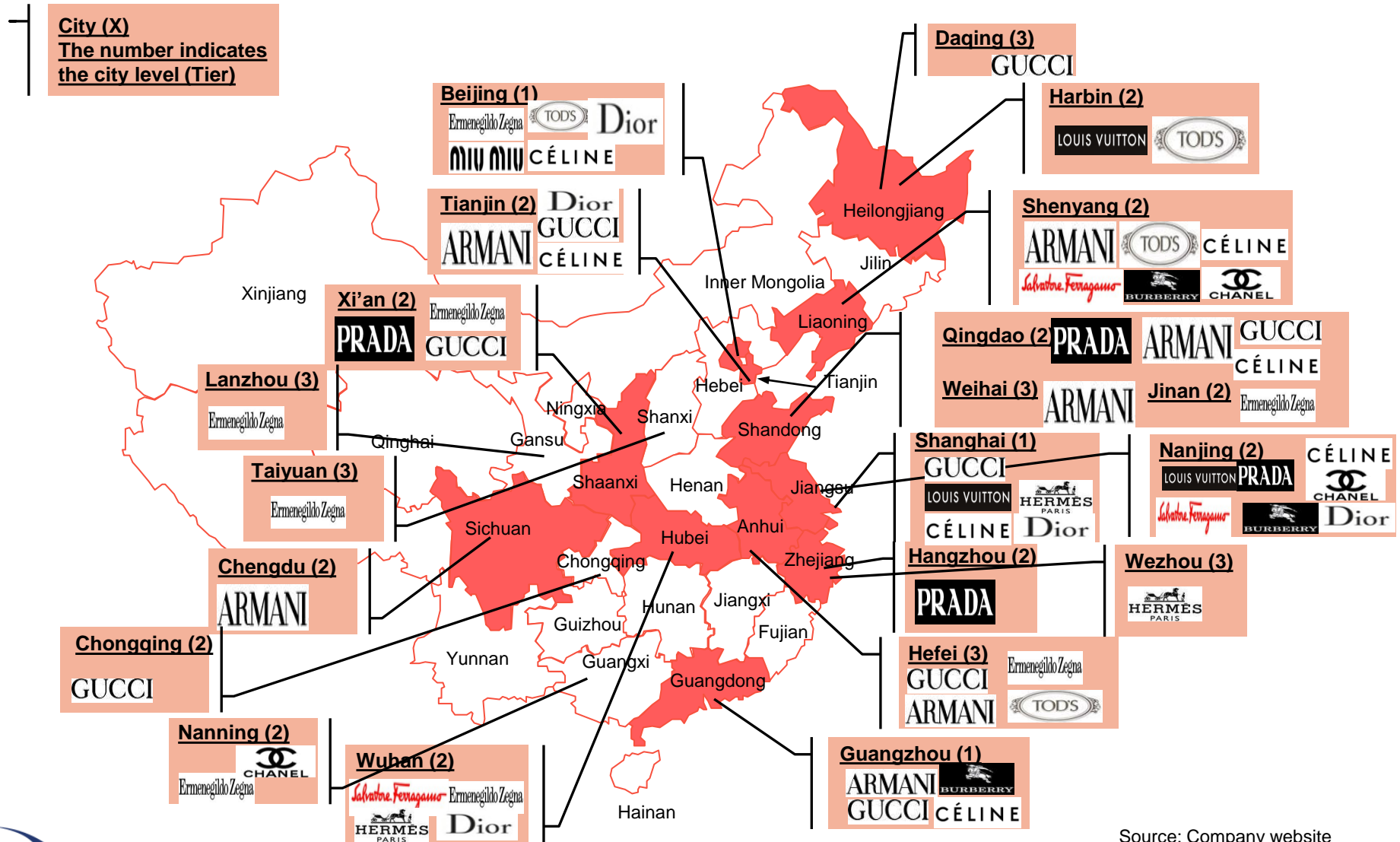
In 2012 most of the openings were made in T2 cities



(*) Not including Outlets
Source: Company website

Map of openings of reference brands in 2012

Newly opened stores spread out across China, particularly targeting Tier 2 and Tier 3 cities

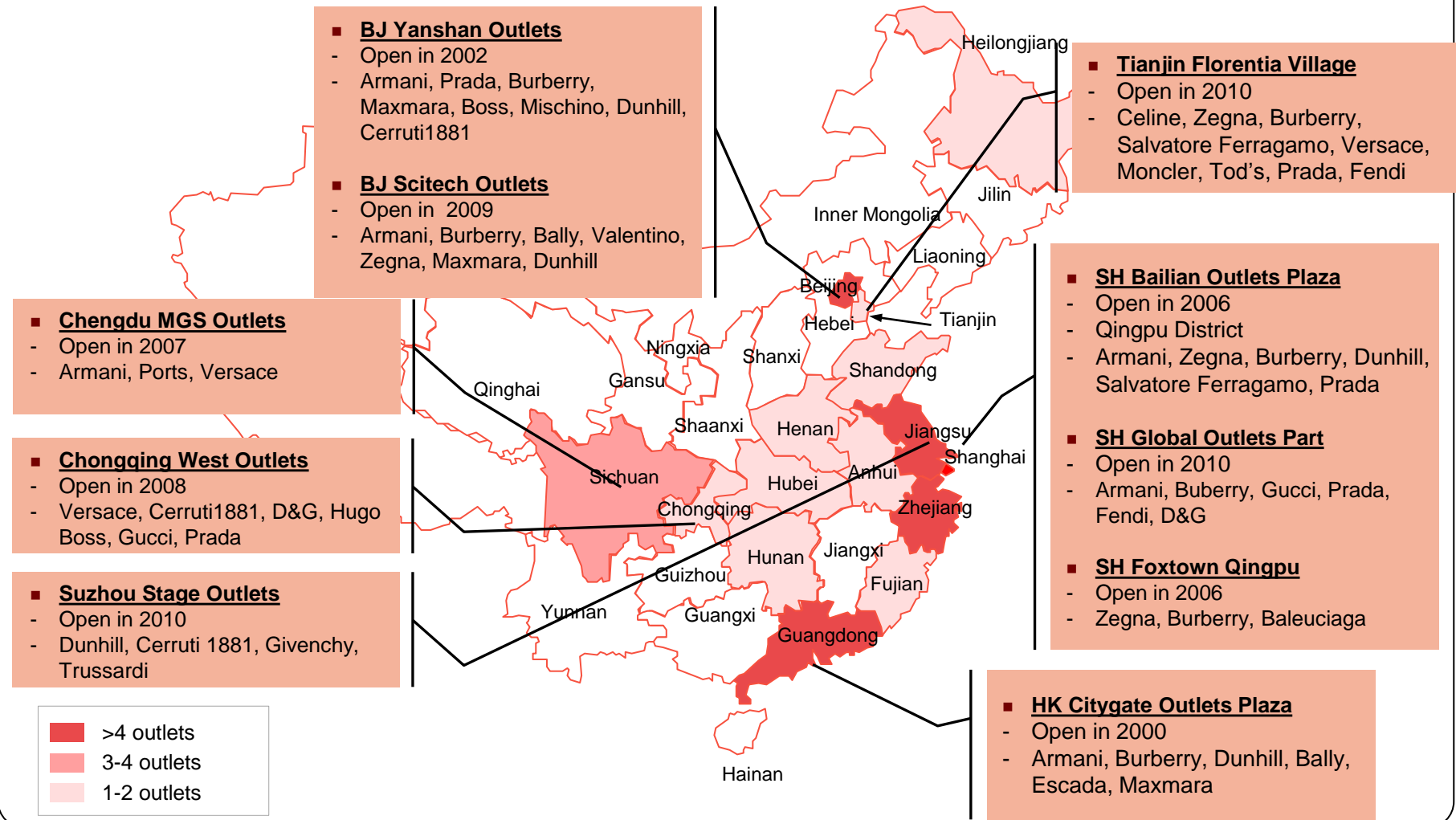


Source: Company website

Outlets in China

As of 2012 there were over 200 outlets in China but with quite different brands level. Top 10 Outlets (by brands' level) are all in Beijing, Yangzi Delta and Guangdong

Top 10 Outlet projects in China



Source: China Daily, Outlets.org., Outlets websites