

**BAO ZUN**

baozun.com



## Roadshow Presentation

December 2016

*“To make brands successful in e-commerce”*

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# We Are the Market Leader in Brand E-Commerce Service in China

✓ **Largest** brand e-commerce service

partner, with c. **22%** market share<sup>(1)</sup>

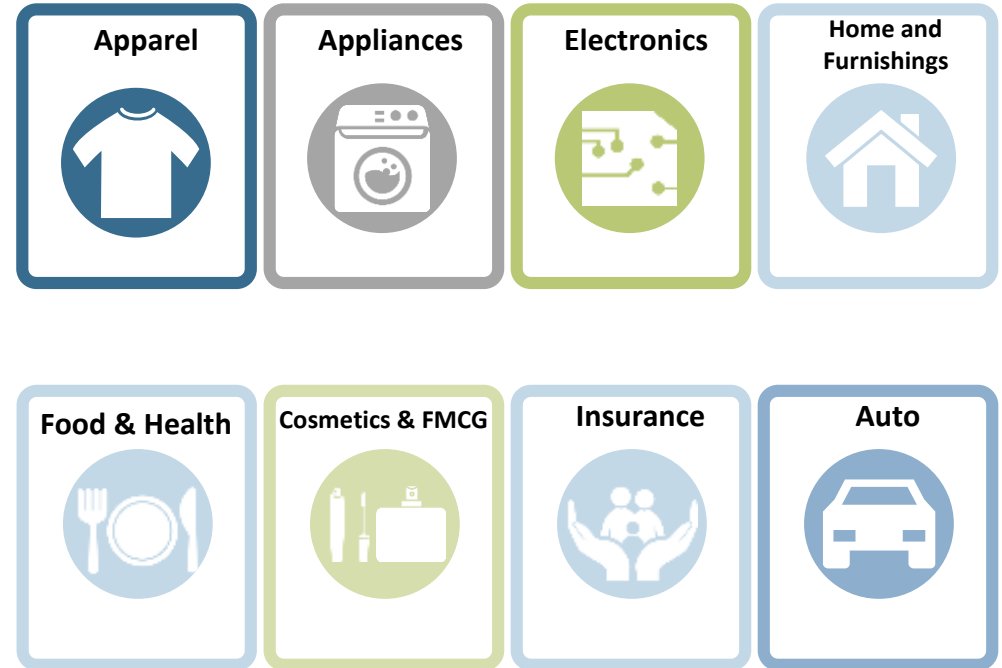
✓ **End-to-end** solutions with  
**omni-channel** capabilities

✓ **127** brand partners<sup>(2)</sup>, **8** categories

✓ **RMB6.5BN** GMV<sup>(3)</sup>, up 71% yoy

✓ Over **RMB2.5BN** total order value  
during Singles Day 2016, more than  
**doubled** from 2015

## Leading Global Brand Partners Across 8 Categories



**Our Mission is to Make Brands Successful in E-Commerce**

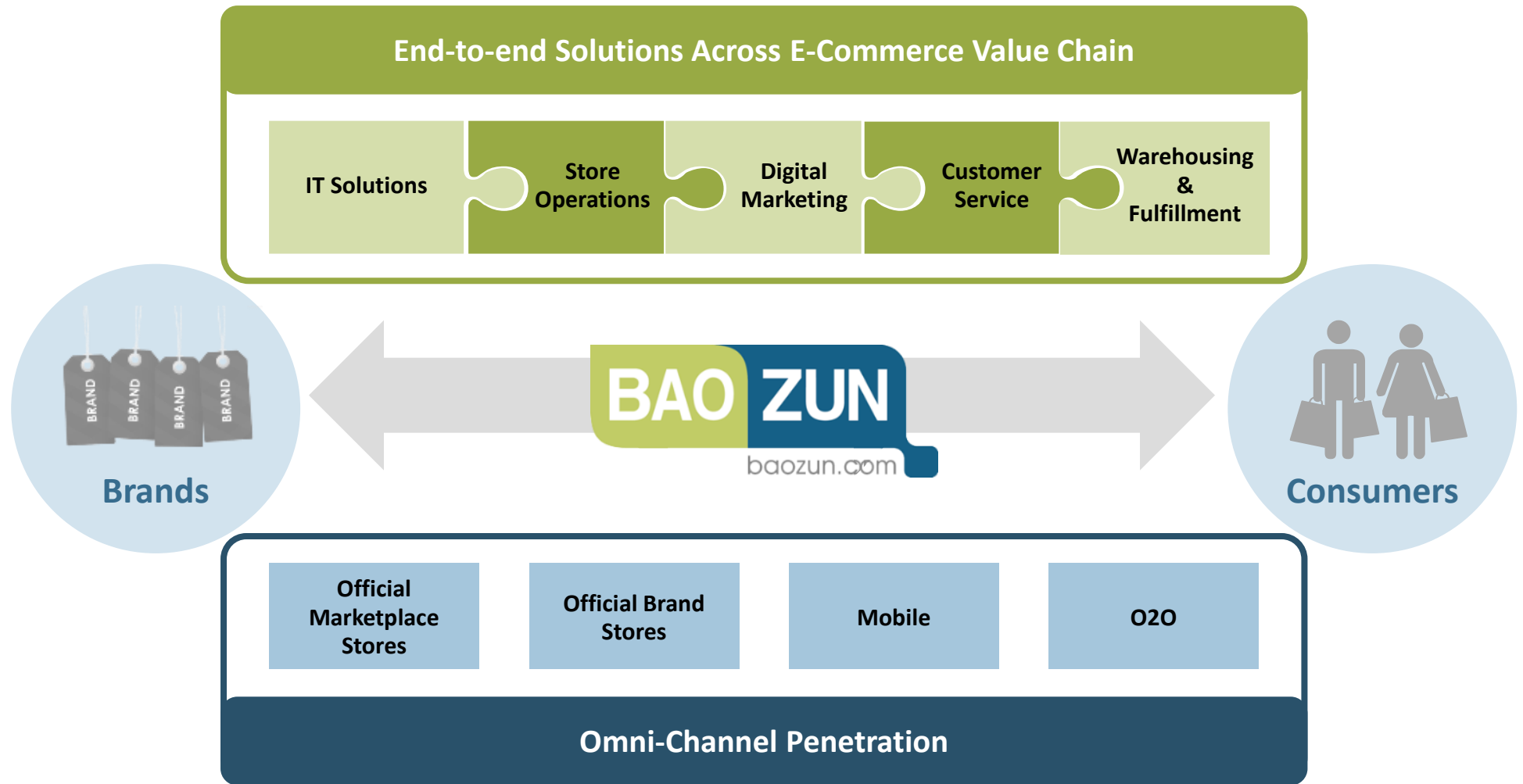
**Notes:** Exchange rate used: Notes: US\$1 = RMB6.6685

1. Source: iResearch. Based on China's total brand e-commerce service market size of RMB43 billion (US\$6.5 billion) in terms of transaction value in 2015.

2. As of September 30, 2016.

3. For the 9 months ended September 30, 2016. Gross merchandise volume, includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled.

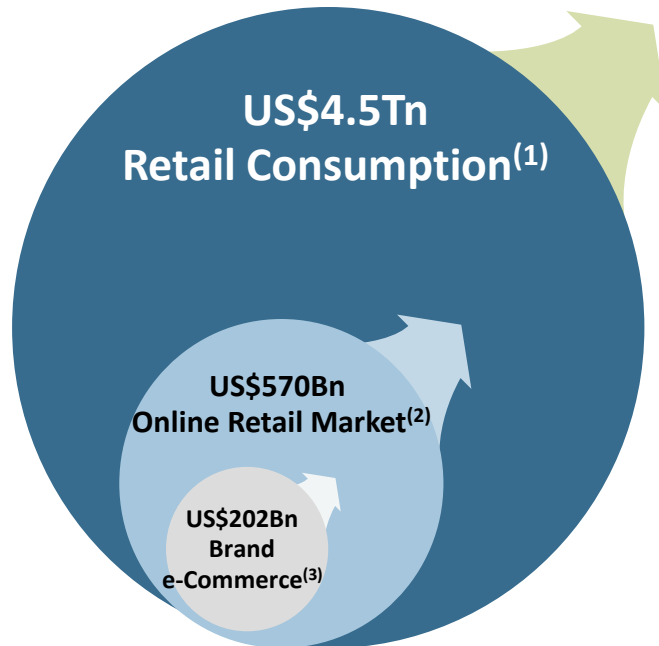
# We Bridge Brands to Consumers



End-to-end brand e-commerce capabilities and omni-channel solutions maximize our value propositions to brands, increase switching costs, and deepen brand entrenchment and loyalty

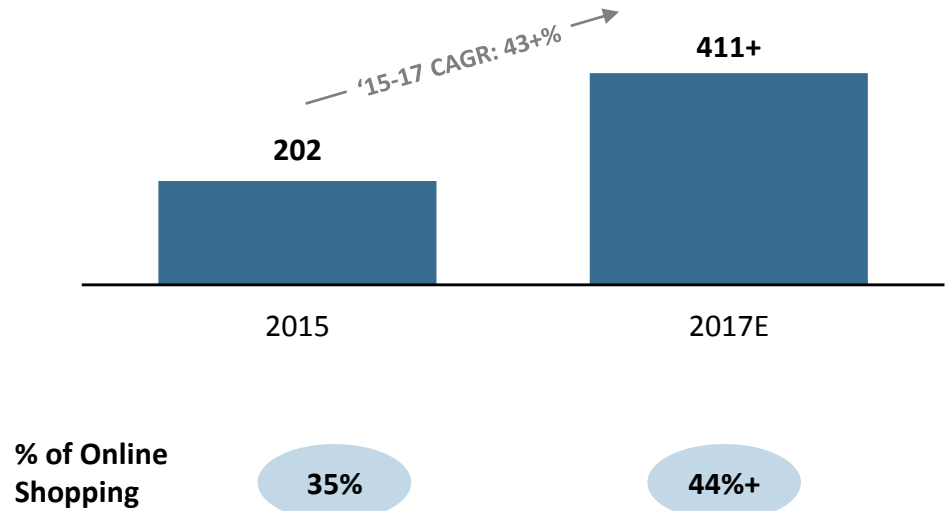
# Huge Market Opportunity in Brand E-Commerce

China Brand E-Commerce<sup>(1)</sup> estimated to reach only 4.5% of total retail consumption in 2015...



## ... Showing High Growth Potential

(China Brand E-Commerce Market Size, US\$BN)



### Consumers

- Rising consumer spending power and brand awareness
- Large internet- and mobile-ready population
- Limited product offerings and brand options for consumers in smaller cities

### Brands

- View e-commerce as a key part of their expansion strategy in China
- Need for unique brand image, look, and feel and greater control over merchandising
- Require end-to-end, omni-channel capabilities

Source: iResearch

Note:

1. GMV market size for sales of consumer goods

2. GMV market size

3. Brand e-commerce defined as B2C e-commerce conducted through official brand stores or official marketplace stores



# Why Brands Value Us



Self-Operated by  
Brands

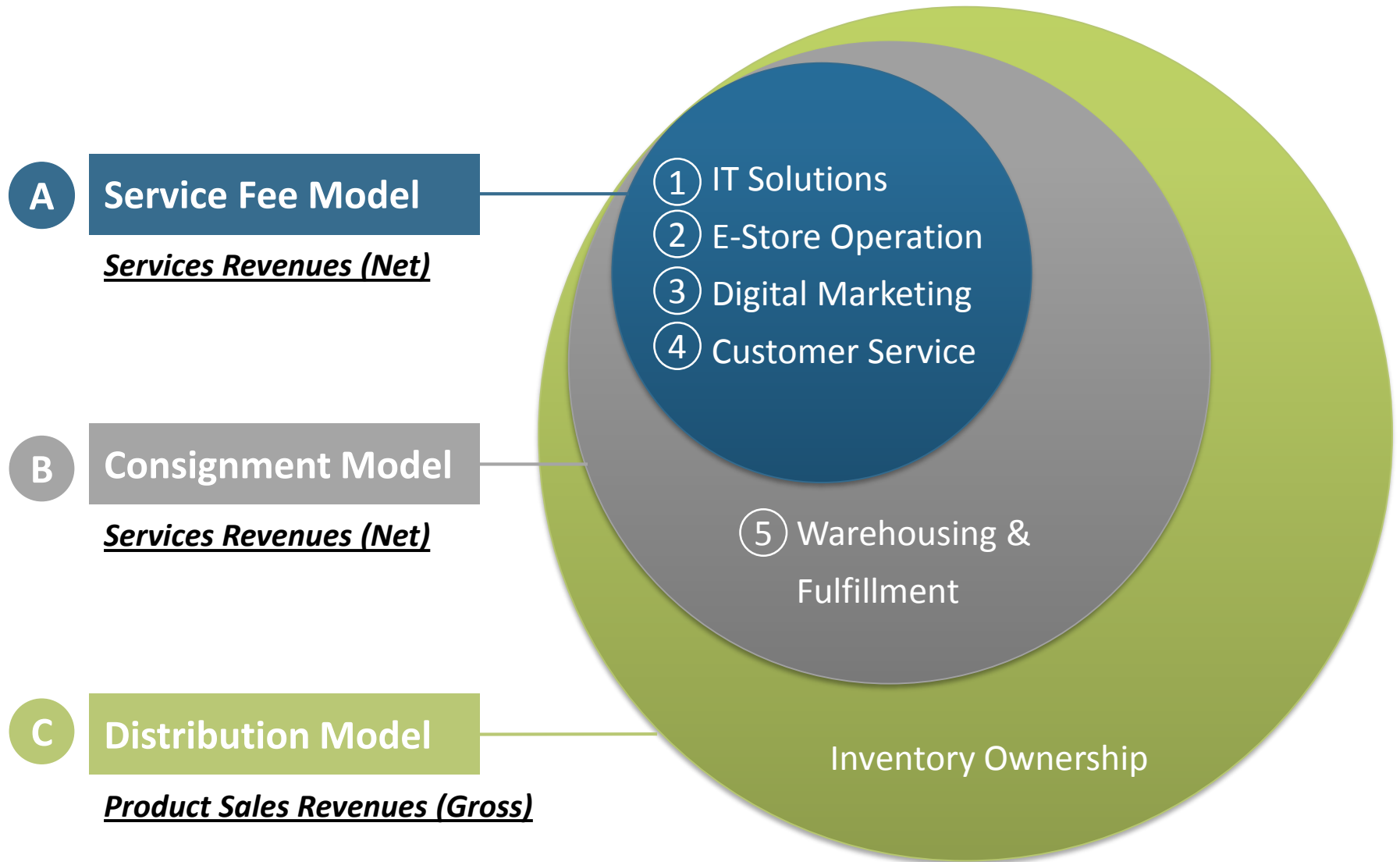
Other Service  
Providers

Solid Sales Result			
Better Consumer Engagement			
Cost Efficiency and Scalability			
Robust Technology Infrastructure			
Omni-channel Capabilities			
Regional Expansion Capabilities			

Benefit to Brand Partners:



# Our Business Model



# Key Company Highlights

1

**Leader** in Brand  
E-Commerce Service

2

Seamless **Omni-  
Channel** Solutions

3

Proprietary  
**Technology**

4

Proven **Store  
Operation**  
Capabilities and  
**Fulfillment**  
Infrastructure

5

Insightful **Data  
Analytics** and  
**Digital Marketing**  
Capabilities

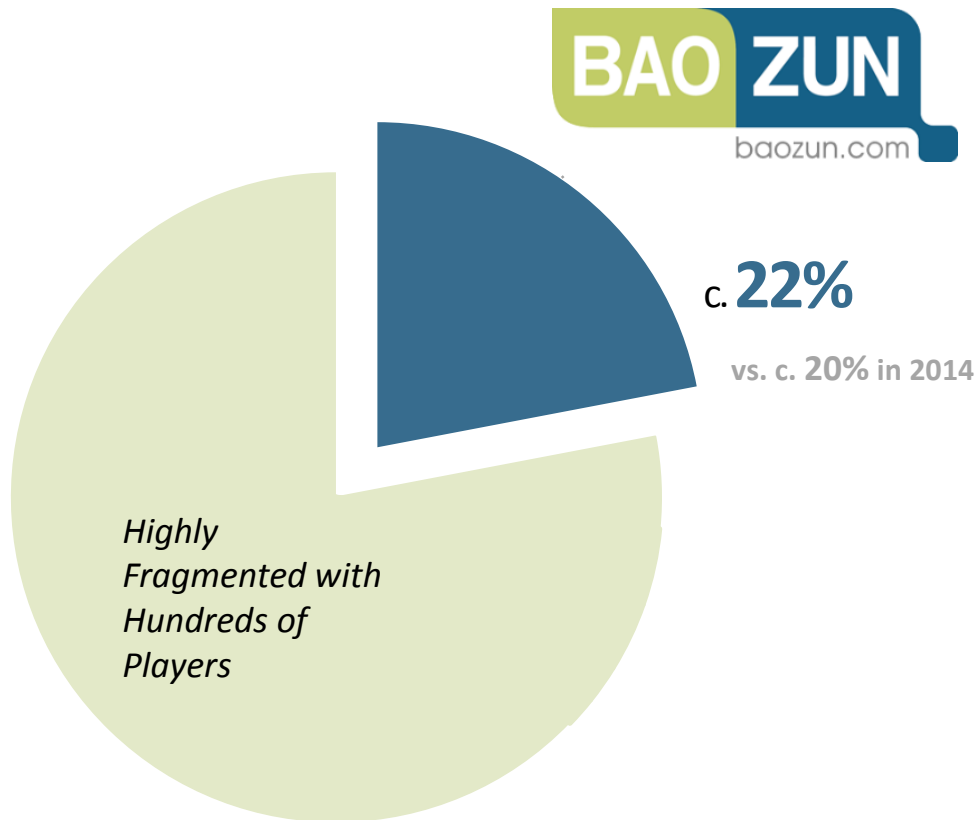
6

Experienced **Team**



## Largest Player in Brand E-Commerce Service Market<sup>(1)</sup>

## Why Are We Better Than Others?



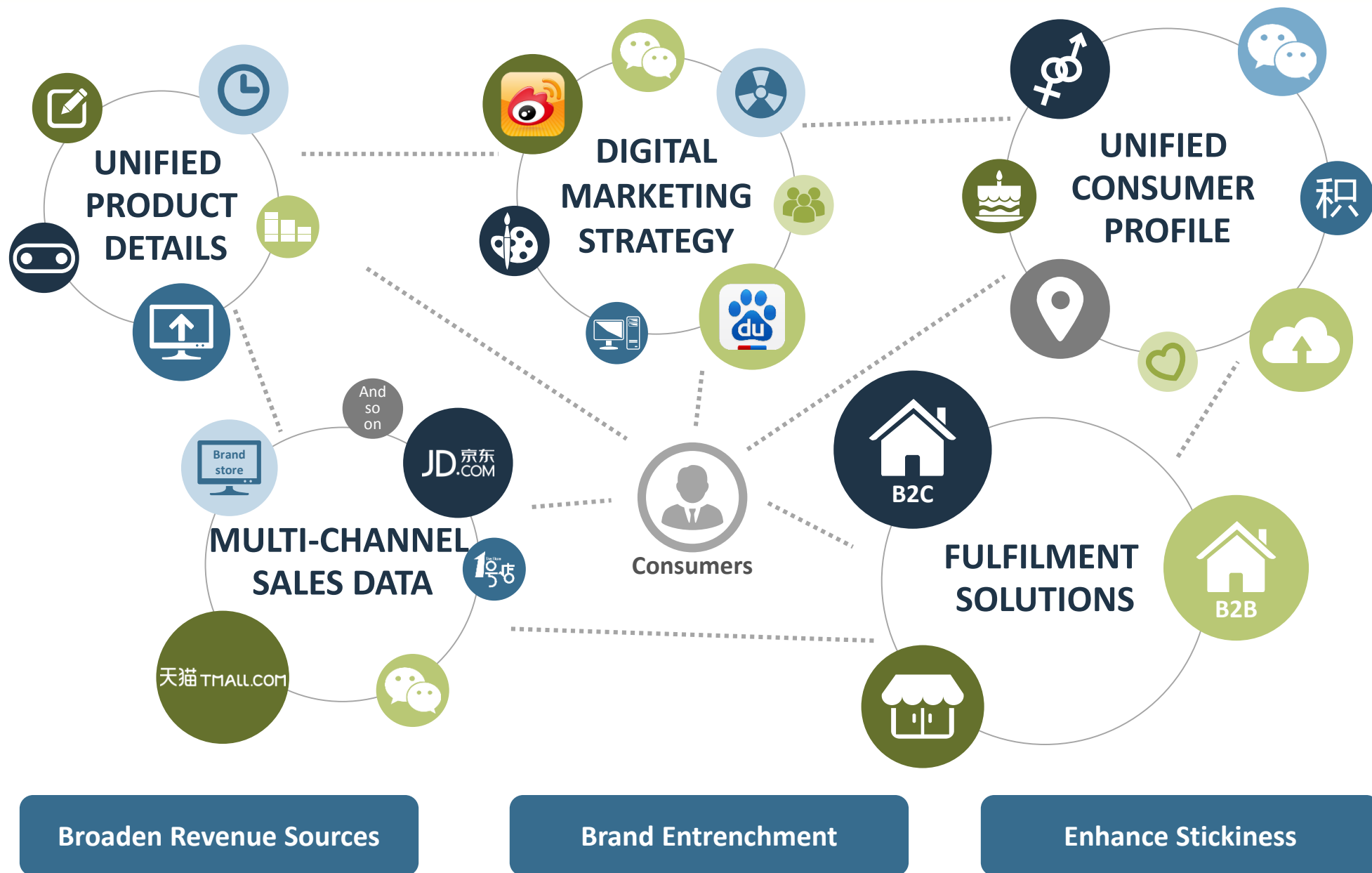
## The Leading Brand E-Commerce Service Partner in China

- ☒ The only six-star e-commerce service partner recognized by Tmall
- ☒ Seamless omni-channel experience
- ☒ End-to-end brand e-commerce capabilities across the e-commerce value chain
- ☒ Cross-category insights & expertise
- ☒ Robust fulfillment infrastructure and capabilities
- ☒ Integrated proprietary e-commerce technology infrastructure

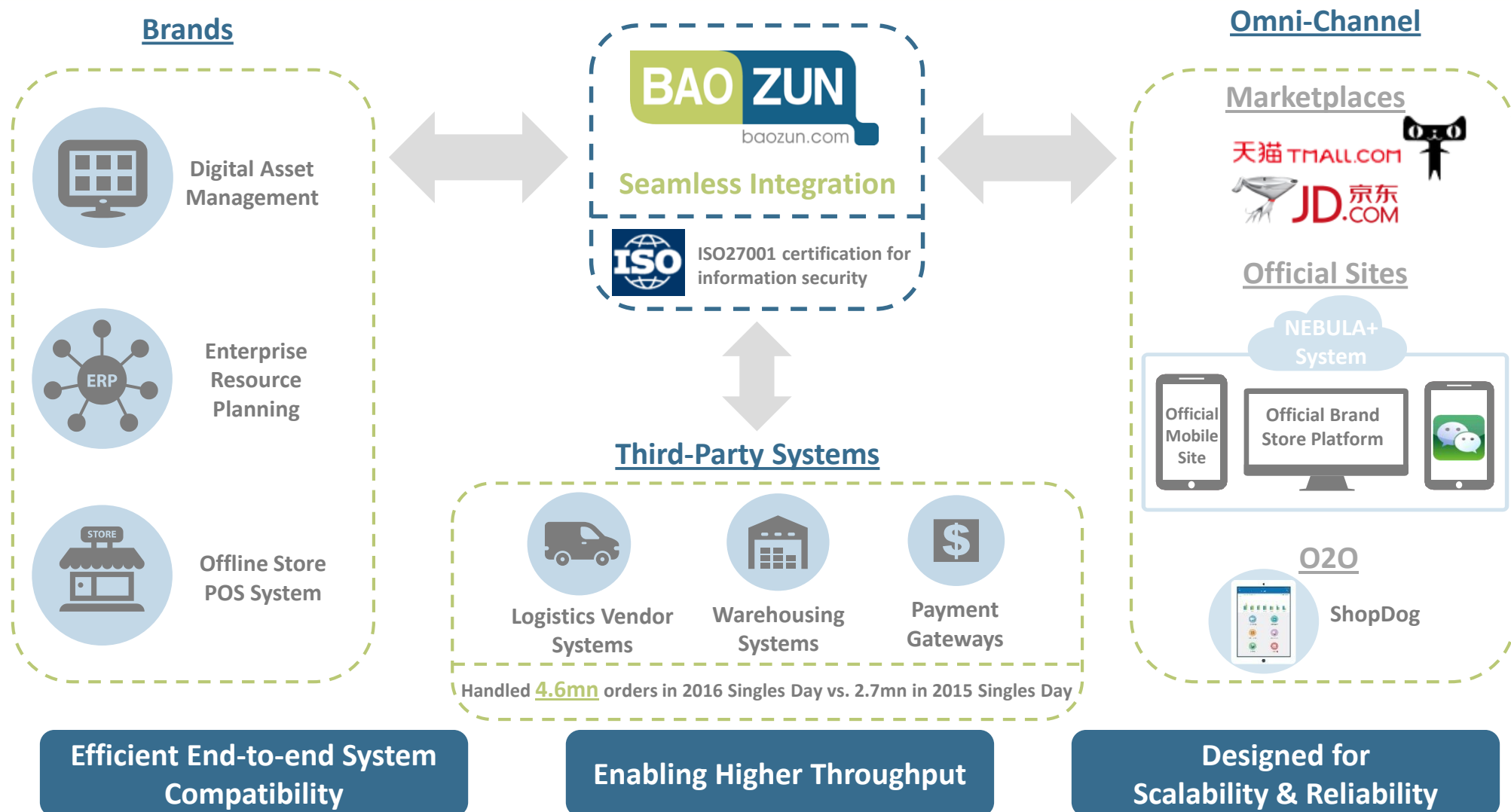
Note:

1. Source: iResearch. Based on China's total brand e-commerce service market size of RMB43 billion (US\$6.5 billion) in terms of transaction value in 2015

## 2 Seamless Omni-Channel Solutions

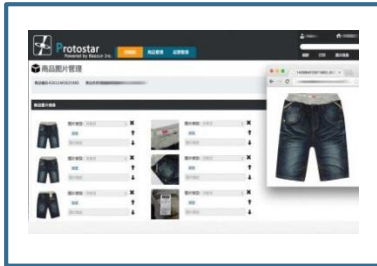


# Scalable and Robust Proprietary Technology



Brand partners' e-commerce operations depend on back-end systems **seamlessly integrated** with Baozun, making Baozun an **indispensable** partner for brands' success

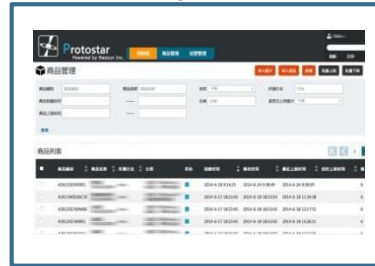
## Digital Asset Management



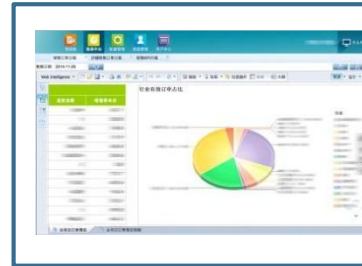
## Content Management



## Merchandising Tools and Real-time Inventory Allocation



## Digital Analytics



## Marketing Execution



## Services

Product image management

Product description management

Product page design optimization

Site authoring

Copy writing

Site structure management

Assortment planning

Cross-channel inventory allocation

Inventory replenishment

Regular reporting

Ad hoc analytics

Data tracking

Event design

Event execution

Results analysis

**T**raffic

**C**onversion

**A**verage order size

**R**epeat purchase

# Proven Warehousing and Fulfillment Infrastructure

## Category-tailored and Automated Warehouses



## Proven Fulfillment Capabilities

**8** warehouses  
with aggregate  
**GFA 180K**  
sqm<sup>(1)</sup>

**500K**  
inbound  
pieces  
per day<sup>(1)</sup>

**1,000K**  
outbound  
orders  
per day<sup>(1)</sup>

## Cooperation with Leading Logistics Service Providers

**CAINIAO 菜鸟**

Partner of Cainiao<sup>(2)</sup>



+ Integrated Delivery  
Tracking System

Premium Service



Geographic Coverage



Cost Efficiency

## Recognized Client Status



One of SF Express' **Top 5** Customers in China<sup>(3)</sup>



Next Day Delivery in over **100** Cities across China



**Volume Discounts & Quality Assurance**

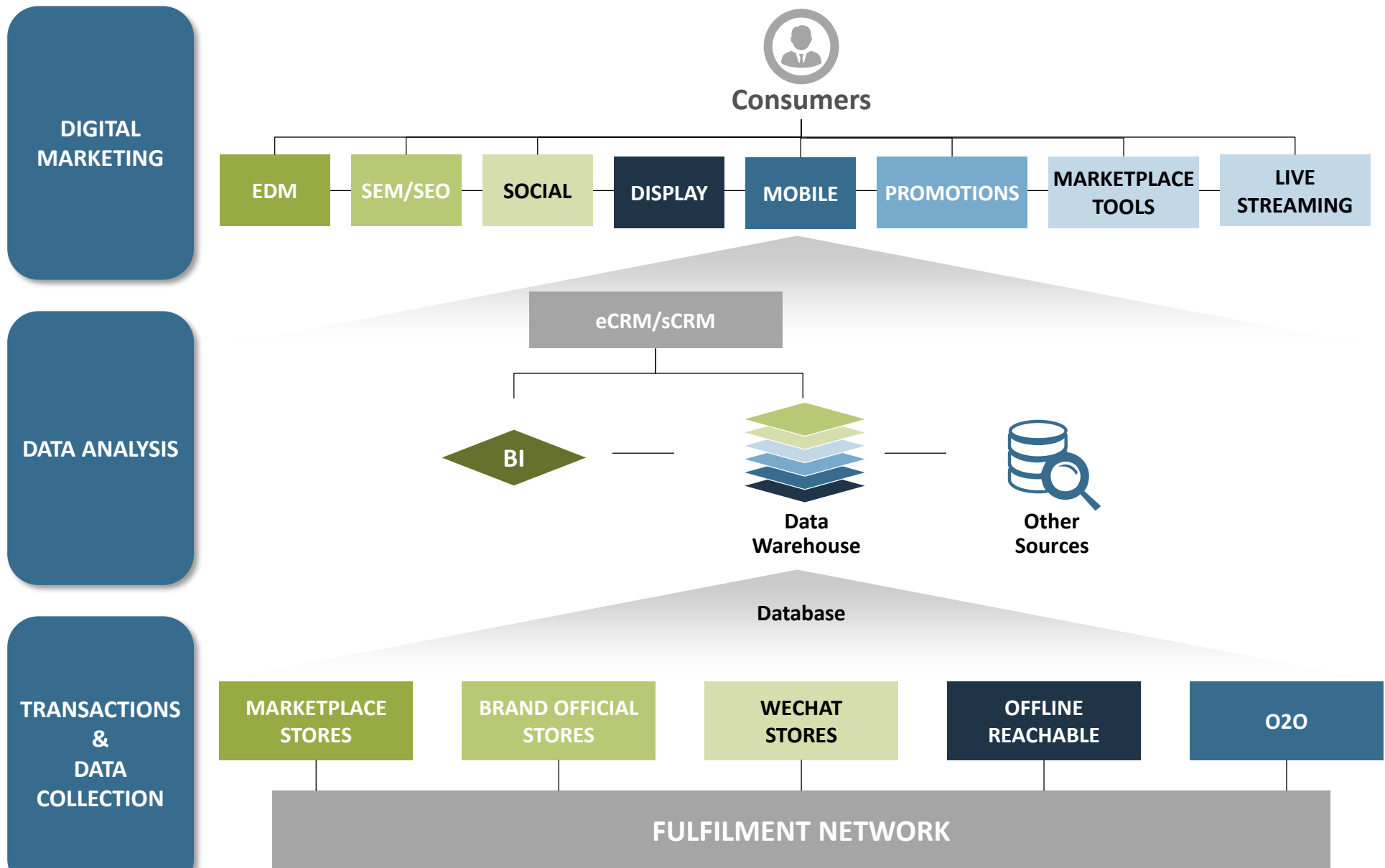
**Baotong E-Logistics, our wholly-owned warehousing and logistics solutions subsidiary, provides best-in-class services to a wider variety of merchants**

**Note:**

1. As of September 30, 2016

2. In September 2016

3. According to SF Express







Brand-oriented

Passionate and  
visionary

Service and  
technology-driven  
culture

Diverse and  
complementary  
backgrounds



**Vincent Qiu**  
CEO and Co-founder



**Junhua Wu**  
COO and Co-founder



**Beck Chen**  
CFO



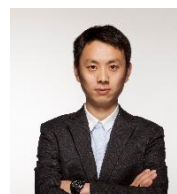
**Tony Wu**  
CTO



**Aaron Kwok**  
VP, Appliances and Electronics



**James Yu**  
Head of Business Group for Home and Auto



**Peter Liang**  
Head of Logistics, General Manager for Baotong

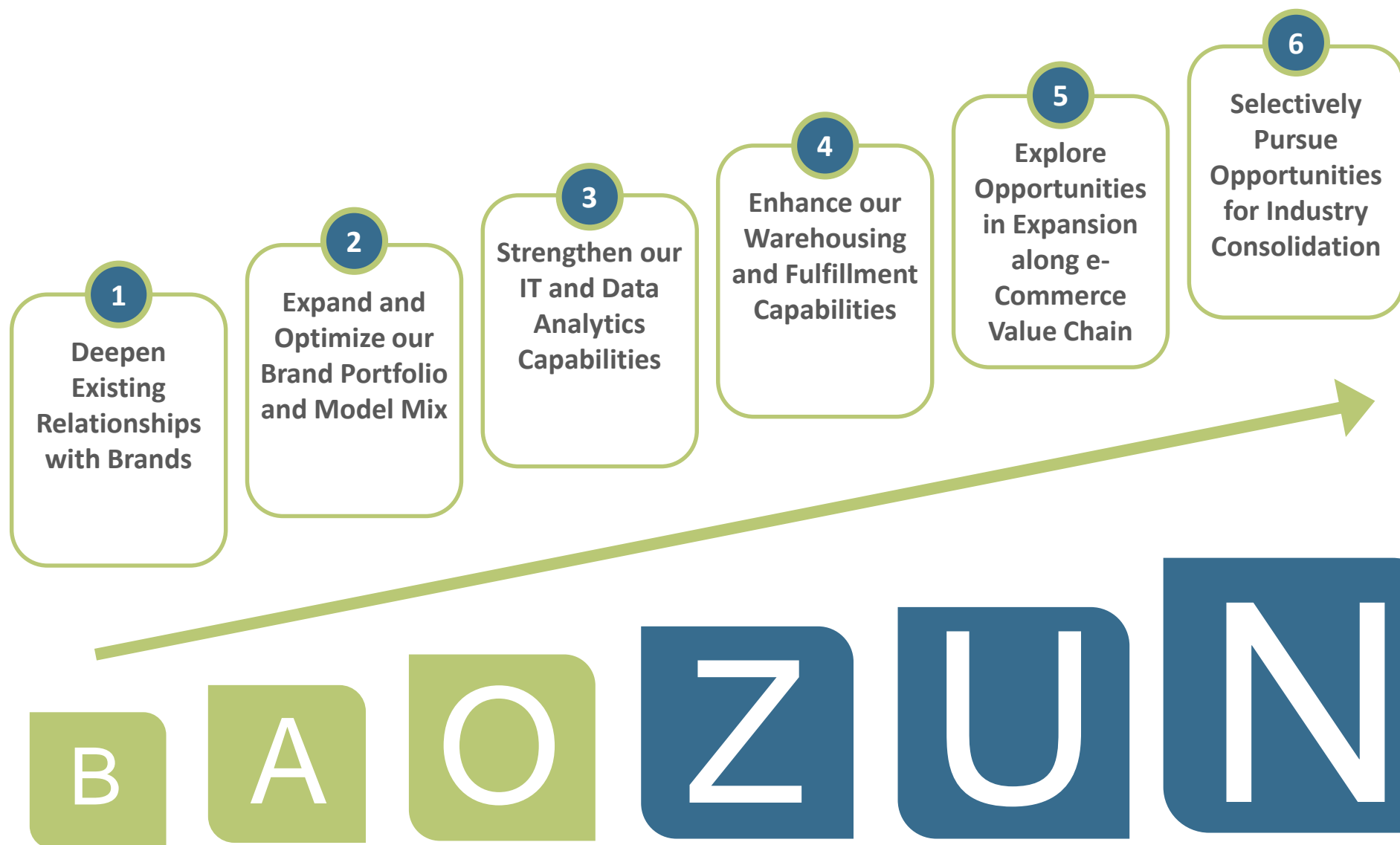


**Stella Xu**  
Senior Director of Sales Operations

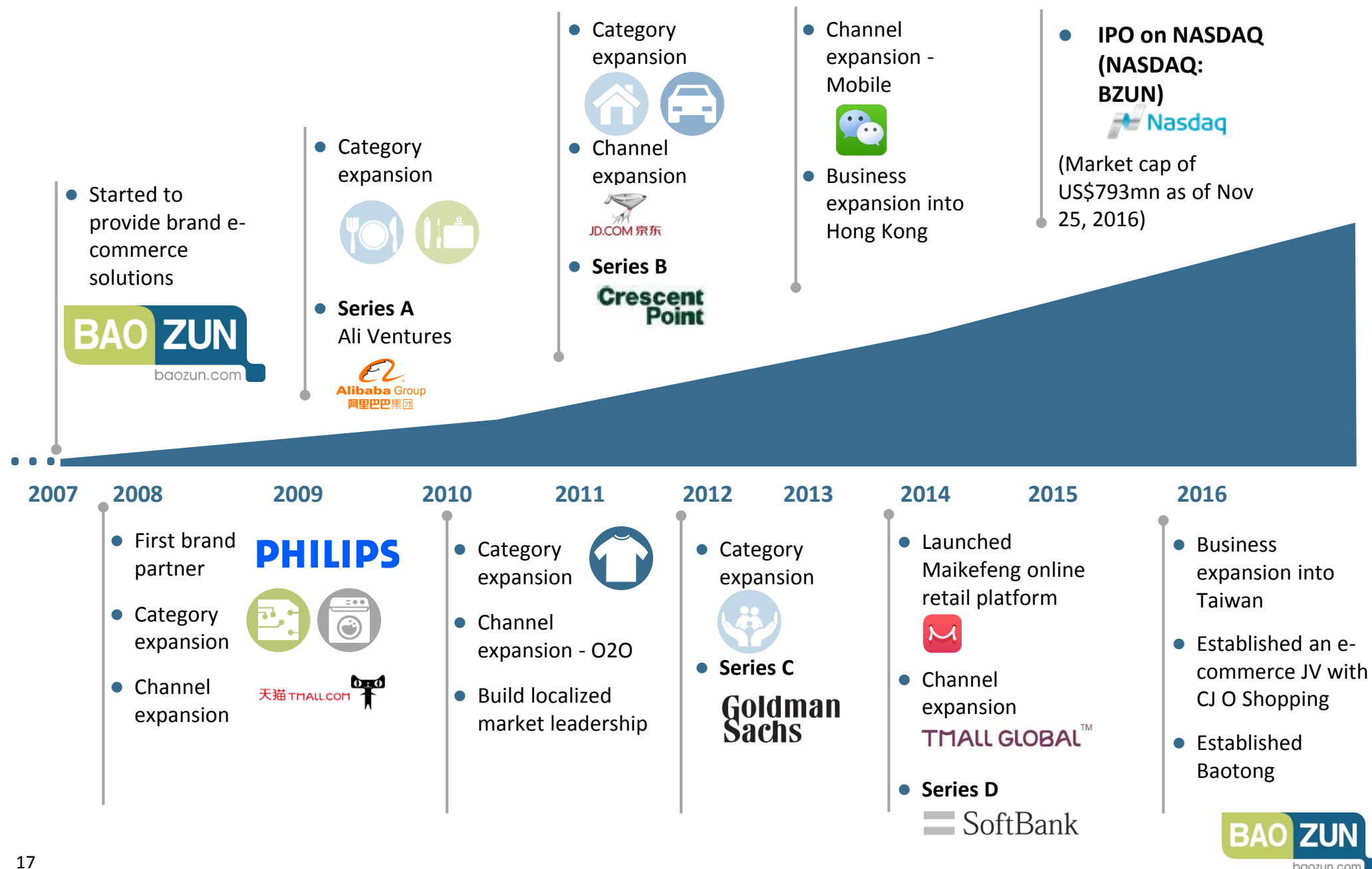


**B**rand, **E**commerce

# Our Growth Strategies



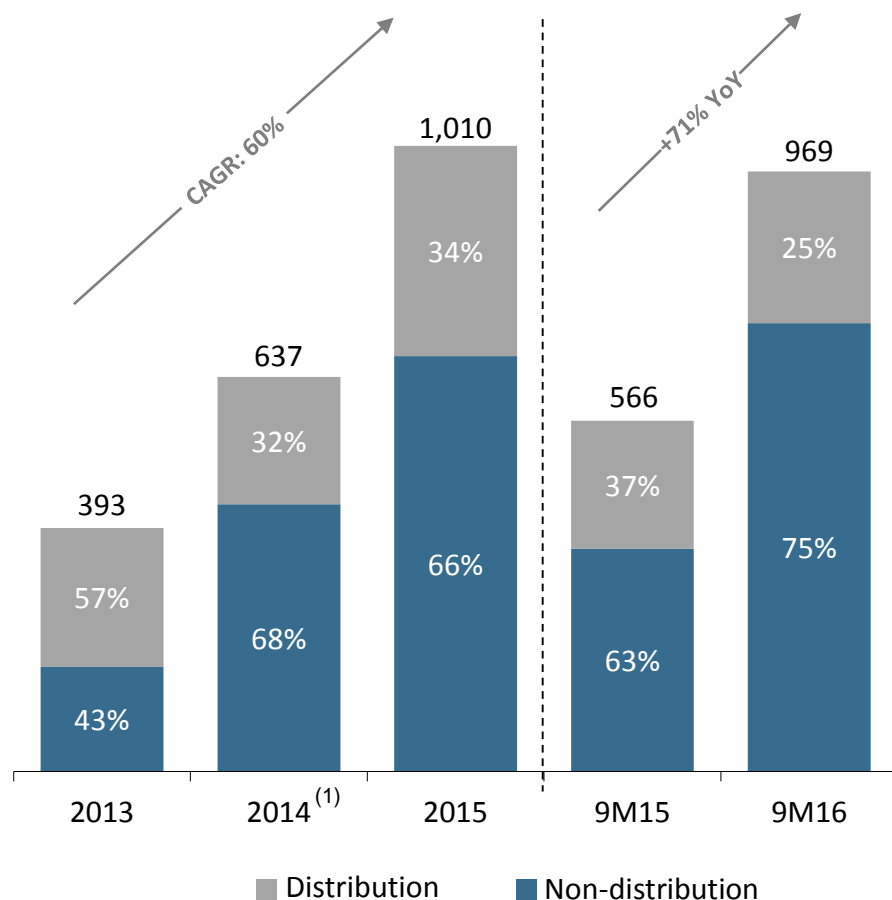
# Strategic Roadmap and Key Milestones



# Financial Highlights – Robust GMV Growth, Optimizing Model Mix and Solid Margin Expansion

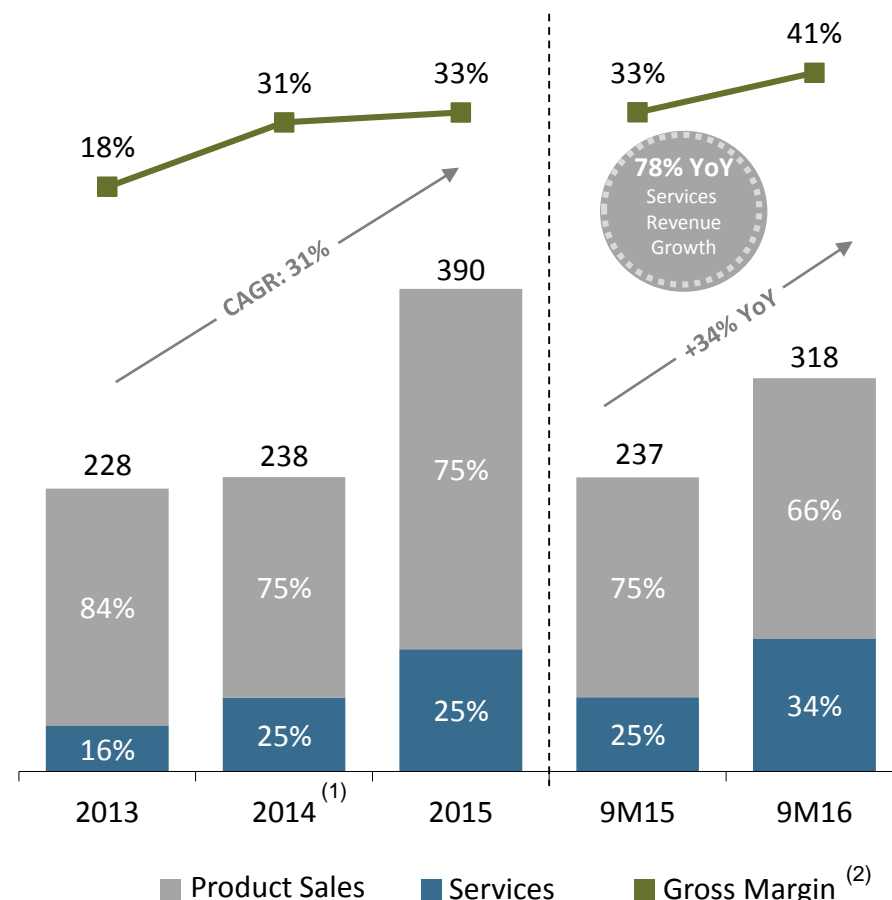
## Total GMV

US\$MM



## Total Net Revenues

US\$MM



Asset Light

Less Inventory Risk

Increased Margin

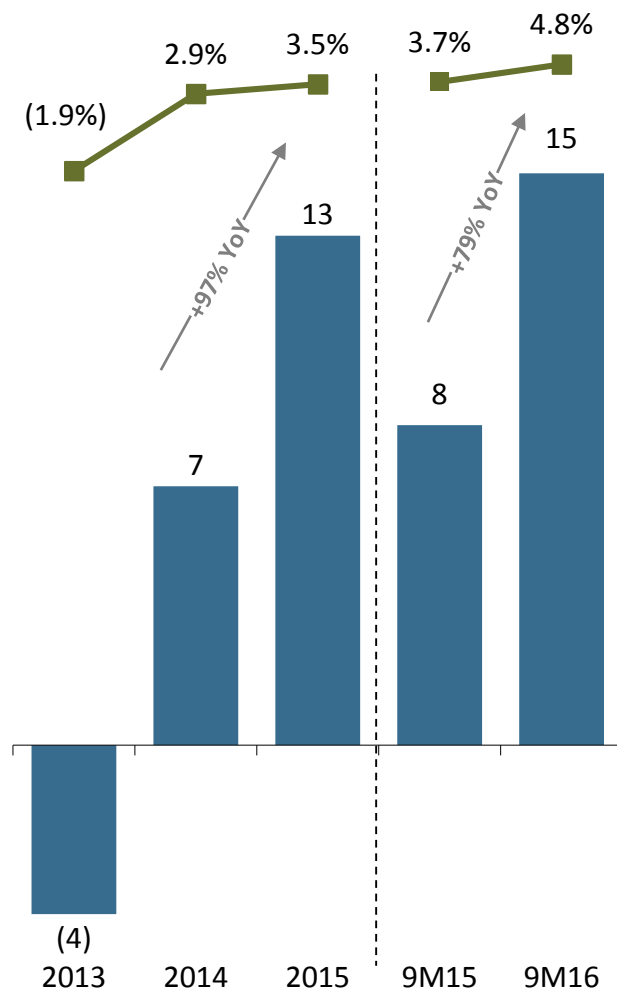
Notes: US\$1 = RMB6.6685

1. The decrease in our net revenues generated from product sales was primarily due to the decrease in the sales of personal computer products in the electronics products category resulting from our strategic adjustment of the mix of products for higher markups
2. Calculated as the sum of (1) product sales revenues less cost of products and (2) services revenues, divided by total net revenues

# Financial Highlights – Constantly Growing Core Business

## Non-GAAP Operating Income for Brand E-Commerce Segment <sup>(1)(2)(3)</sup>

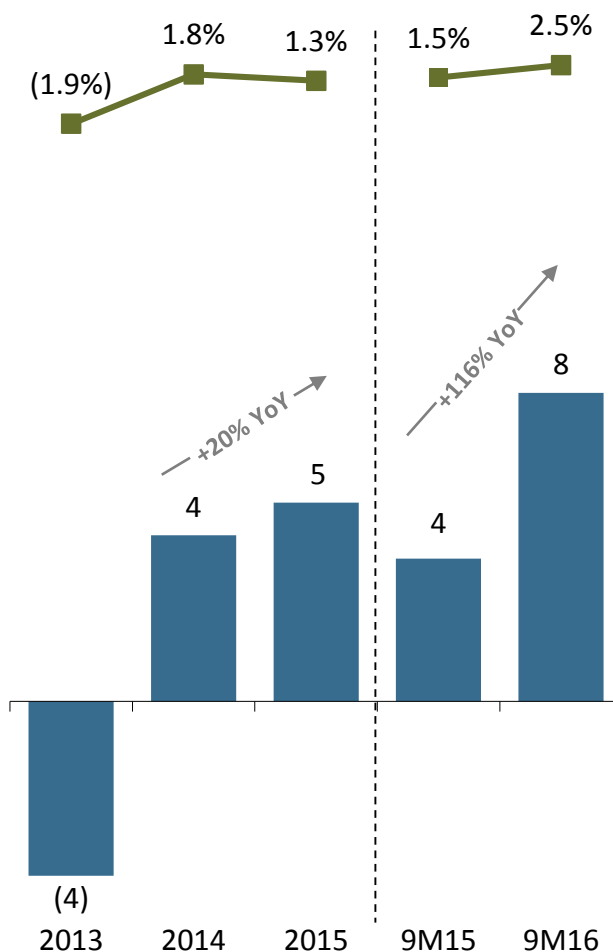
US\$MM



■ Non-GAAP Operating Margin for Brand E-Commerce Segment

## Non-GAAP Operating Income <sup>(2)(3)</sup>

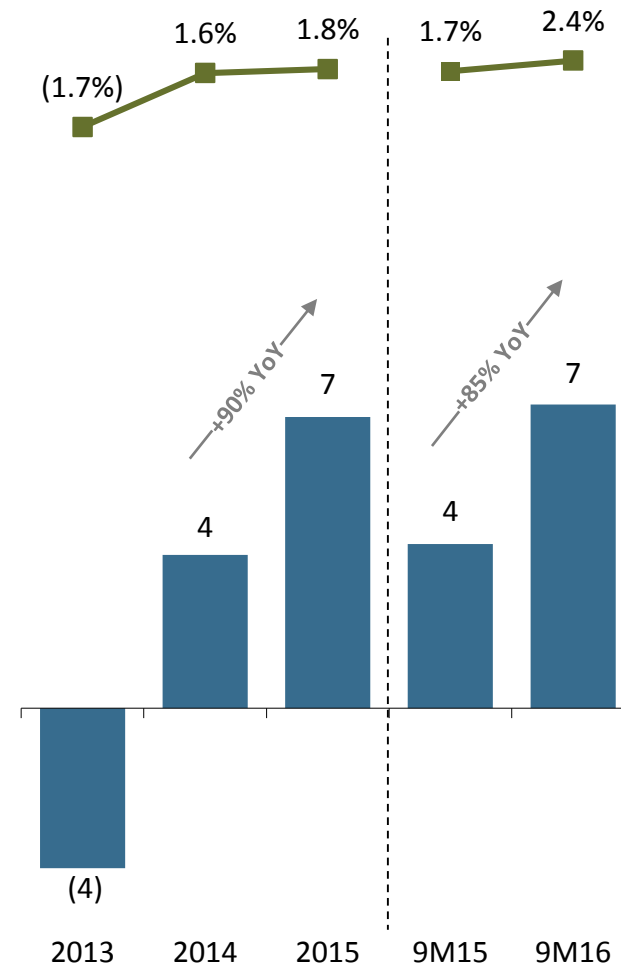
US\$MM



■ Non-GAAP Operating Margin

## Non-GAAP Net Income <sup>(2)(3)</sup>

US\$MM



■ Non-GAAP Net Margin

Notes: US\$1 = RMB6.6685

1. Excludes MKF's direct revenues and expenses

2. Non-GAAP operating income and net income exclude share-based compensation expenses

3. Share-based compensation expenses are US\$1.7mn, US\$12.7mn, US\$3.8mn, US\$2.7mn, US\$3.8mn for 2013, 2014, 2015, 9M2015 and 9M2016 respectively



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