

# Vipshop Holdings Limited Investor Presentation

November 2024

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# China's Leading Online Discount Retailer for Brands

*Branded Products at Exceptional Value*

# Business Overview

# Our Competitive Strengths



1

**High Market Demand and Great Growth Potential for China's Online Discount Retail Market**

2

**Strong Merchandising Expertise Making us Partner-of-Choice Discount Retail Platform for Brands**

3

**Superior Customer Experience Fostering Highly Engaged and Loyal Customers with Strong Purchasing Power**

4

**Operational Excellence Powered by Data and Technology**

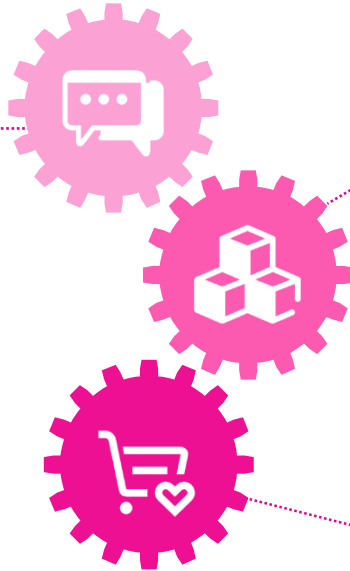
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**Visionary Management with a Proven Track Record and Long-term ESG Commitments**

# High Market Demand and Great Growth Potential for China's Online Discount Retail Market

## Driver 1: Strong Demand for Discounted Merchandise among Chinese Consumers

- More mature, rational and focusing on **value-for-money** Chinese consumers are increasingly fond of discounted merchandise
- Discounted merchandise has been viewed to be **counter-cyclical**, implying prosperous growth potential in the long-run



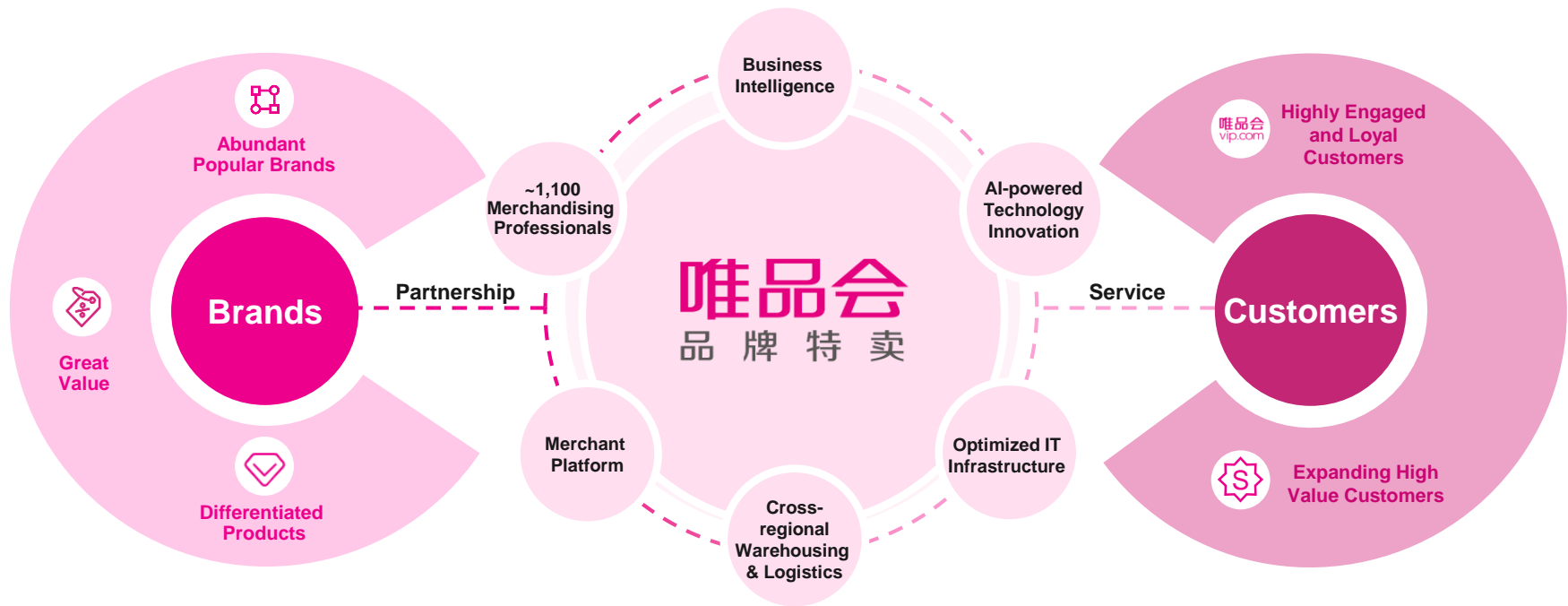
## Driver 2: A Massive Whitespace for Brands to Monetize Inventory Effectively

- Brands have been continuously launching new products and looking for an approach to **monetize the inventory** quickly, creating **sustainable supply** for discount retail market

## Driver 3: Discount Retailers Have Gradually Become the Preferred Channel of Chinese Consumers

- China's discount retail market accounted for **an increasing proportion** of total consumption of discounted merchandise

# Our Unique Business Model



# Enhanced Merchandising Capabilities



Deep Industry  
Expertise



~1,100 Merchandising  
Professionals



Business Intelligence  
& Merchant Platform

## Merchandise

- Carefully select a rich and diverse selection of popular brands
- Secure unique, price-competitive products
- Plan for opportunities in category and product life cycle
- Differentiate via Made-for-Vipshop customized products

## Customer Insight

- Predict consumer preferences and consumption trends
- Provide data analytics in customer engagement for brand partners<sup>(1)</sup>
- Empower brand partners to strengthen product innovation and customization

## Operation

- Adjust product mix timely and precisely
- Optimize targeted marketing and sales events
- Integrate resources for brand partners to increase return-on-investment (ROI) and customer assets

Note:

(1) Brand partners include primarily brand owners, and to a lesser extent, brand distributors and resellers.



# Partner-of-Choice Discount Retail Platform for Brands



**One-stop inventory solution with proven sales efficiency and ROI**



**Specialized platform for monetizing inventory without brand dilution and pricing dilemma**

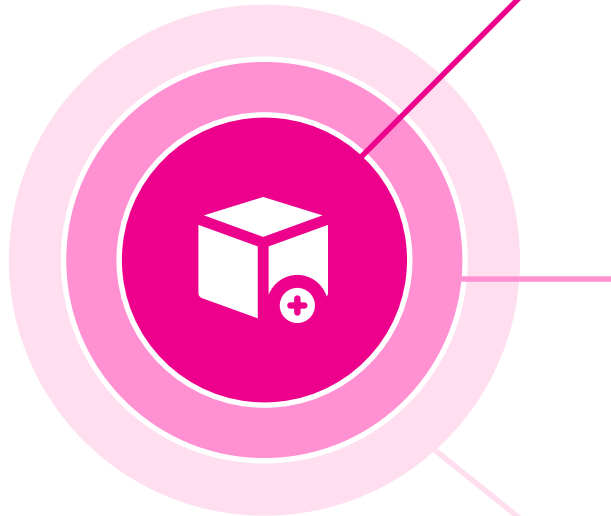


**Reaching a unique group of high-value customers who care for brand, quality and authenticity**



**Diversified online and offline channels for cross-sale opportunities**

# Optimized Product Mix



## Core Business

### Core Brands

900+ mass-market brands contribute to the majority of sales

### Differentiated Products

Made-for-Vipshop customized products

## New Opportunities

### Fresh and Trendy Brands

Emerging and most sought-after brands in a range of styles to attract younger customers

### Higher-end Brands

Affordable-luxury and luxury brands to cater for unfulfilled customer needs

## Other Brands

Non-core brands of both apparel and standardized categories that complement desired price range, product diversity and personalization

# Superior Customer Experience



## Trust

- Guaranteed product authenticity
- Buyer-selected branded products
- Superior quality control and after-sales service

## Value

- Value-for-money
- Great prices every day
- Affordable within desired price ranges

## Ease

- Treasure-hunting and gimmick-free shopping experience
- Best-in-class delivery service via industry leader SF Express
- Customer-friendly door-to-door collection and exchange

# Highly Engaged and Loyal Customers with Strong Purchasing Power

## Customer Profile



~75% Women



70%+ Post-80s and -90s



60%+ Tier 1-3 Cities

## Customer Loyalty

### Repeat Customers<sup>(1)</sup>

FY 2023

75 MM

% of total active customers

86%

### Orders from Repeat Customers<sup>(1)</sup>

FY 2023

800 MM

% of total orders

98%

### Active Super VIP Customers

FY 2023

7.6 MM

YoY growth

13%

% of online net GMV<sup>(2)</sup>

45%

Avg. shopping freq.

~45

ARPU

v.s. Non-SVIP customers

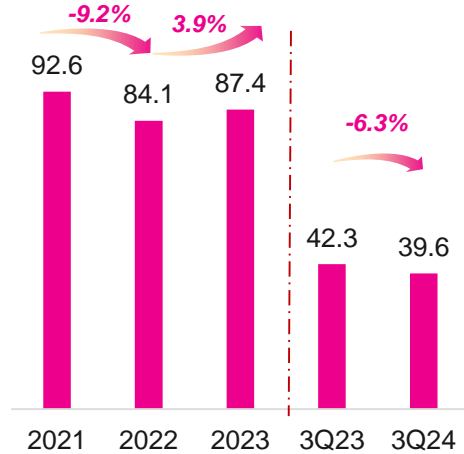
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#### Notes:

- (1) A "repeat customer" for a given period refers to any customer who (i) is an active customer during such period, and (ii) had purchased products from us at least twice during the period from our inception on August 22, 2008 to the end of such period. Orders placed by a repeat customer during a given period include all orders placed by the customer during such period even if the customer made the first purchase from us in the same period.
- (2) Net GMV is the total GMV net of orders returned.

# Quality Customer Base with Growth Potential

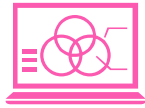
Total Active Customers (in million)<sup>(1)</sup>



Notes:

- (1) "Active customers" is defined as registered members who have purchased from the Company's self-operated online sales business or the Company's online marketplace platforms, excluding those who made their purchases from the Company's online stores operated at third-party platforms, at least once during the relevant period. Beginning in the fourth quarter of 2023, the Company updated its definition of "active customers" to exclude registered members who make their purchases from the Company's online stores operated at third-party platforms. The active customer figures for the historical periods presented in this press release have been retrospectively adjusted accordingly.
- (2) Source: China Internet Network Information Center (CNNIC), August 2024.
- (3) "Cumulative customers" refers to all customers who had purchased products from our Vipshop Online Platform at least once during the period from our inception on August 22, 2008 to December 31, 2023.

# Operational Excellence Powered by Data and Technology



## Merchant Platform for Efficiency Gain

- A full set of processes and tools to help brand partners manage inventory, customer assets and promotions
- Enabling merchandising professionals to work effectively with brand partners



## Best-in-Class Fulfillment Capabilities

- Digitalized systems that enhance orders, logistics and warehouse management
- Innovative solutions such as JITX and JIT



## Technology-enabled Business Synergy

- Best match products to customer needs, including personalized initiatives
- Innovative AI applications
- Optimized IT infrastructure for business upgrade

# Visionary and Experienced Management Team with Proven Track Record



**Eric Ya Shen**  
*Co-Founder,  
Chairman, CEO*

- **Innovative entrepreneur in China's consumer goods and e-commerce industry**
- Previously Chairman of Guangzhou NEM Import and Export Co., Ltd.
- EMBA from Cheung Kong Graduate School of Business



**Arthur Xiaobo Hong**  
*Co-Founder,  
Vice Chairman, COO*

- **Innovative entrepreneur in China's consumer goods and e-commerce industry**
- Previously Chairman of Societe Europe Pacifique Distribution



**Mark Wang**  
*Chief Financial Officer*

- **Seasoned expert in finance and accounting**
- Previously CFO of Benlai Group, an online fresh grocery player in China, and VP in the finance department of Xiaomi Corporation (HKEX: 1810)
- Bachelor's degree in finance from Beijing International Studies University

# Our ESG Commitment



## Environmental

- Pledge to achieve carbon neutrality in its own operations and a 50% reduction in Scope 3 carbon emission intensity, no later than 2030
- Foster sustainable consumption and innovate new choices for responsible supply chain



## Social

- Continuous efforts in female empowerment, rural vitalization, community integration and volunteer service
- Build a platform for inclusive development at workplace

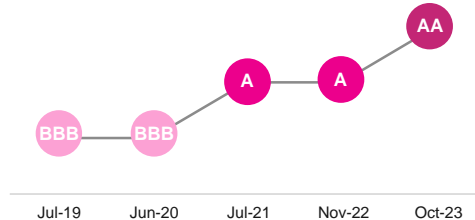


## Governance

- Ensure good governance as compliant, disciplined corporate citizen
- Full compliance in information security and privacy protection, intellectual property rights, anti-corruption and fair competition

Vipshop's MSCI ESG Rating was elevated to **AA**, a leader among over 300 companies in the consumer discretionary industry.<sup>(1)</sup>

MSCI ESG Ratings for Vipshop



**Forbes China's Best Employer** and **Most Sustainable Employer**.<sup>(2)</sup>



Notes:

- (1) MSCI ESG Ratings, October 2023.
- (2) Forbes China and Russell Consulting Company, "2022 China's Best Employers of the Year" selection.
- (3) More information is available in Vipshop ESG Report 2022 at <https://ir.vip.com/sustainability>.



# Our Future

唯品会  
品牌特卖



## Solidify Market Leadership by Enhancing Merchandising Capabilities

- *Strengthen, expand and differentiate merchandise portfolio by fully leveraging our merchandising expertise to reinforce value proposition to brand partners*



## Grow Customer Base and Increase Customer Engagement

- *Integrate customer growth initiatives from acquisition, retention to personalization*
- *Drive continuous growth in high-value customers to increase user stickiness and ARPU*



## Progressively Expand Physical Footprint & Integrate Offline with Online Platform

- *Continue to build an offline presence with outlets and other stores to supplement our online platform, and act as an effective vehicle to increase overall Vipshop exposure*



## Drive Solid, Quality and Sustainable Growth

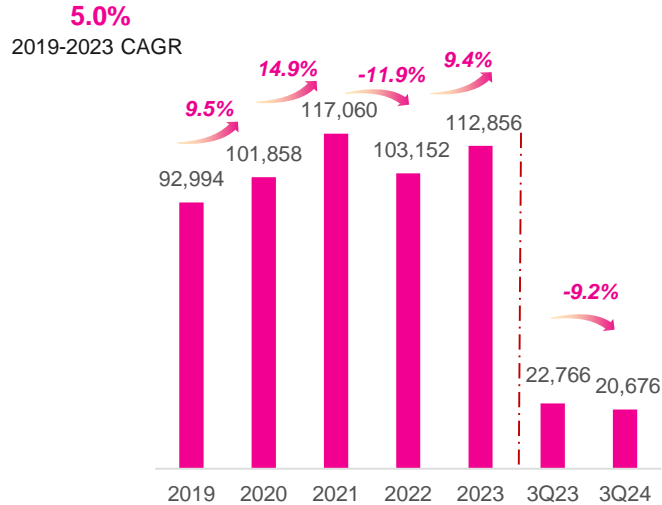
- *Continue to drive quality growth in customer and revenue, while maintaining healthy profitability through disciplined operations*

# Financial Highlights

# Solid Profitability Despite Macro Uncertainties

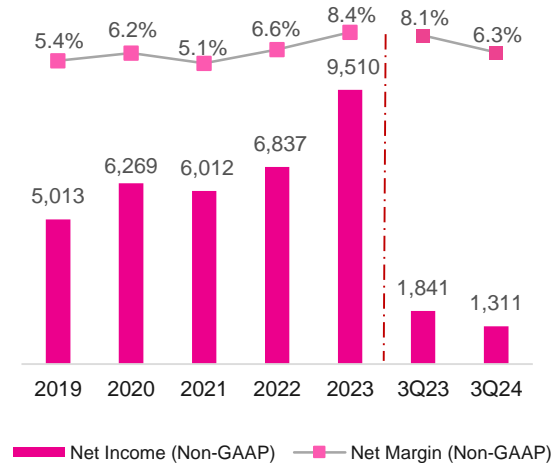
## Total Net Revenues

(RMB in millions)



## Net Income and Net Margin Attributable to Vipshop's Shareholders (Non-GAAP)<sup>(1)</sup>

(RMB in millions)



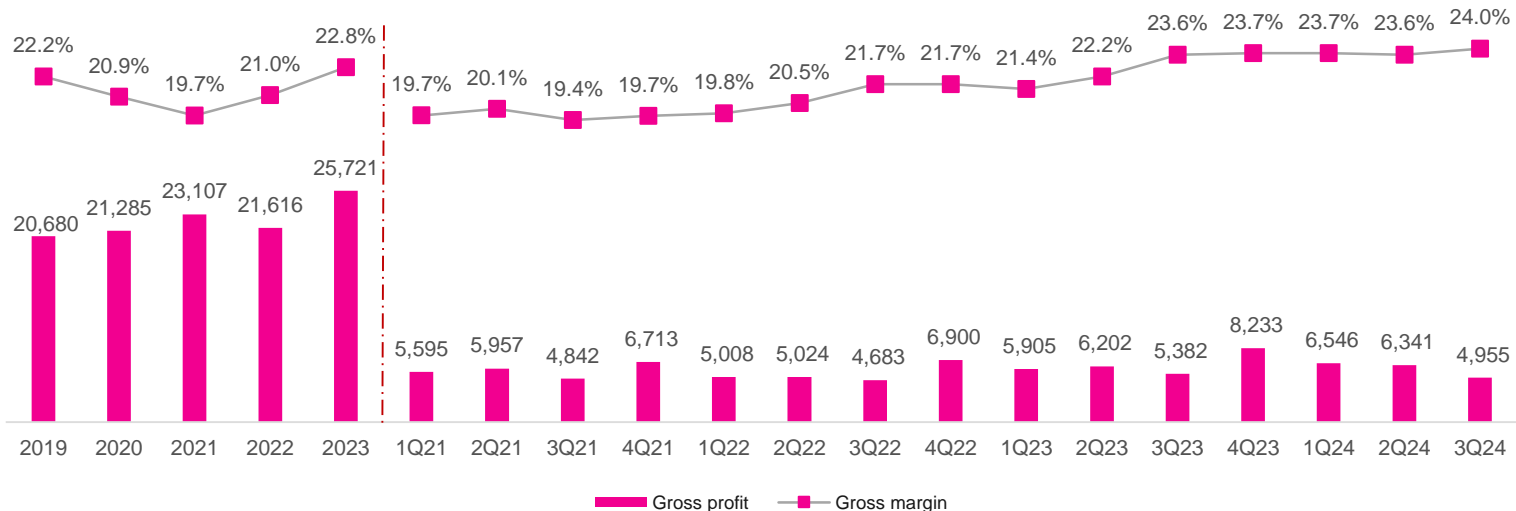
Note:

(1) For details of the non-GAAP measures, please refer to the Company's press release titled "Vipshop Reports Unaudited Third Quarter 2024 Financial Results" issued on November 19, 2024. Historical earnings releases are available at the Company's website.

# Healthy Gross Margin

## Gross Profit and Gross Margin

(RMB in millions)

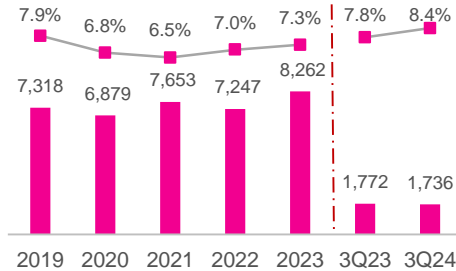


# Well-managed Operating Expenses

## Fulfillment Expenses

(RMB in millions)

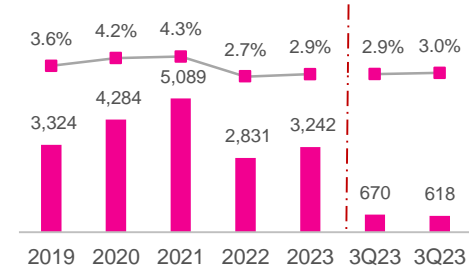
— as % of total net revenues



## Marketing Expenses

(RMB in millions)

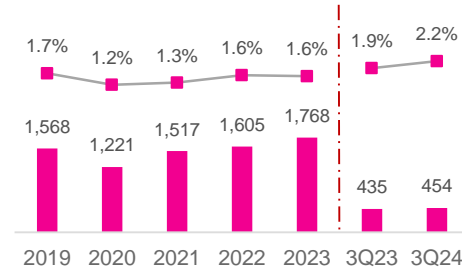
— as % of total net revenues



## Technology & Content Expenses

(RMB in millions)

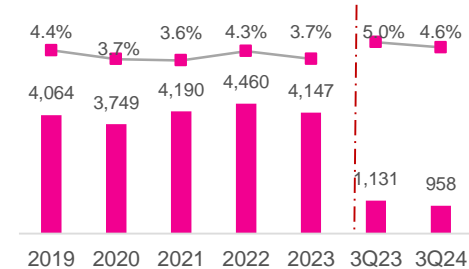
— as % of total net revenues



## General & Administrative Expenses

(RMB in millions)

— as % of total net revenues

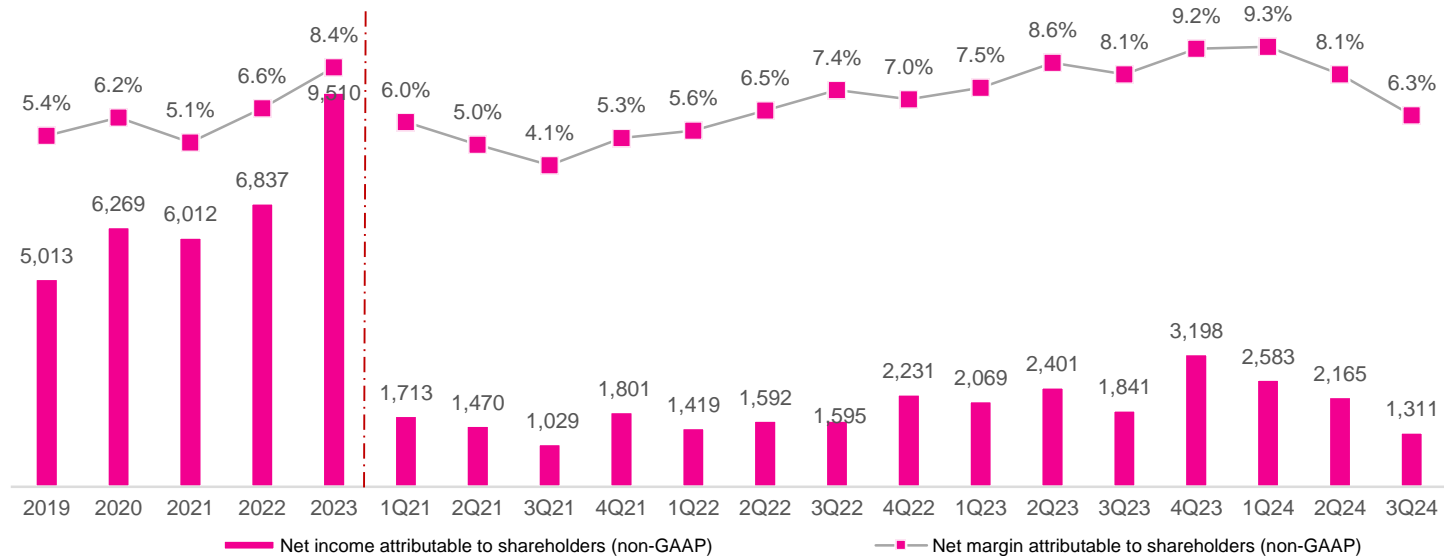


# Sustainable and Profitable Business Model

## Net Income and Net Margin Attributable to Vipshop's Shareholders (Non-GAAP)<sup>(1)</sup>

(RMB in millions)

**48 Quarters** of Consecutive Profitability since 4Q2012

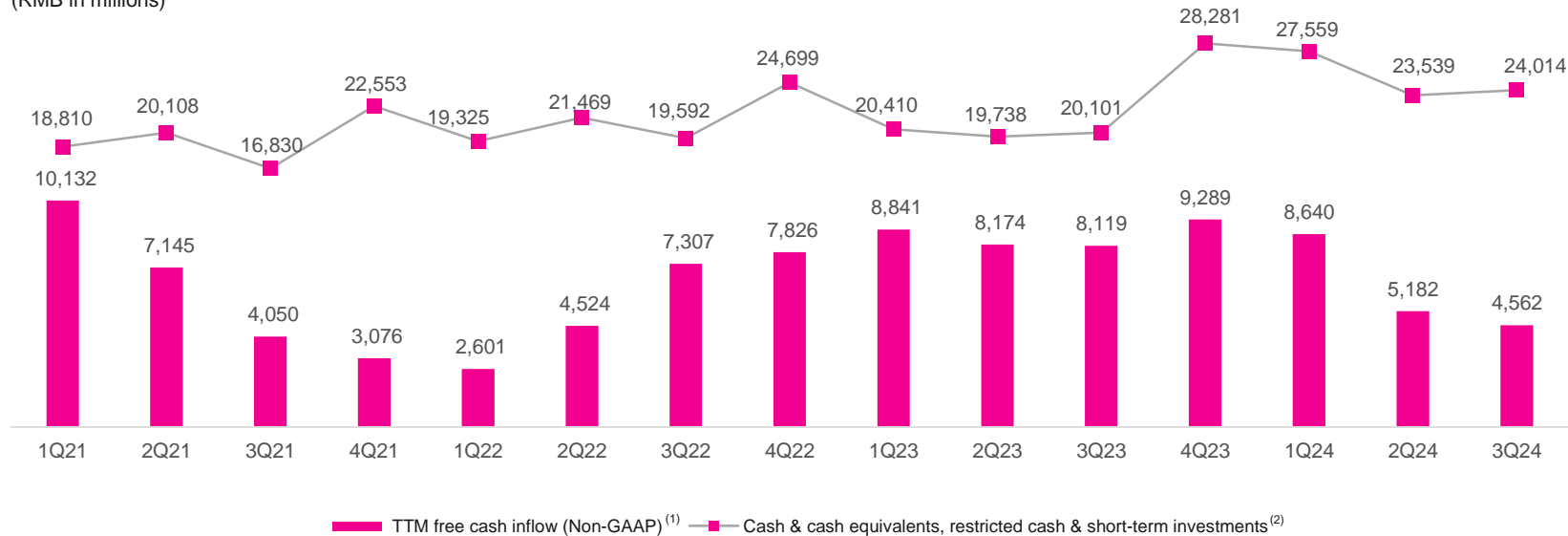


Note:

(1) For details of the non-GAAP measures, please refer to the Company's press release titled "Vipshop Reports Unaudited Third Quarter 2024 Financial Results" issued on November 19, 2024. Historical earnings releases are available at the Company's website.

# Strong Cash Position

(RMB in millions)

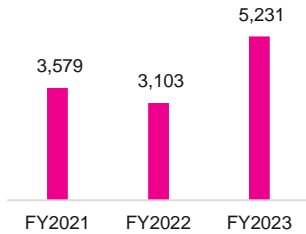


## Notes:

- (1) TTM free cash flow refers to free cash flow for the trailing twelve months ended on the applicable quarter end. Free cash flow is a non-GAAP financial measure, which is defined as net cash from (used in) operating activities adding back the impact from internet financing activities and less capital expenditures, which include purchase and deposits of property and equipment and land use rights, and purchase of other assets.
- (2) As of each quarter end.

# CapEx Summary

(RMB in millions)



### Primary Usage:

- Shan Shan Outlets and other infrastructure;
- Construction of warehouses;
- Land use rights.

## Key Assets Highlights<sup>(1)</sup>



### Headquarter and Other Office Spaces

201,883 m<sup>2</sup> (Owned)  
11,381 m<sup>2</sup> (Leased)



### Logistic Centers

3,635,545 m<sup>2</sup> (Owned)  
39,108 m<sup>2</sup> (Leased)

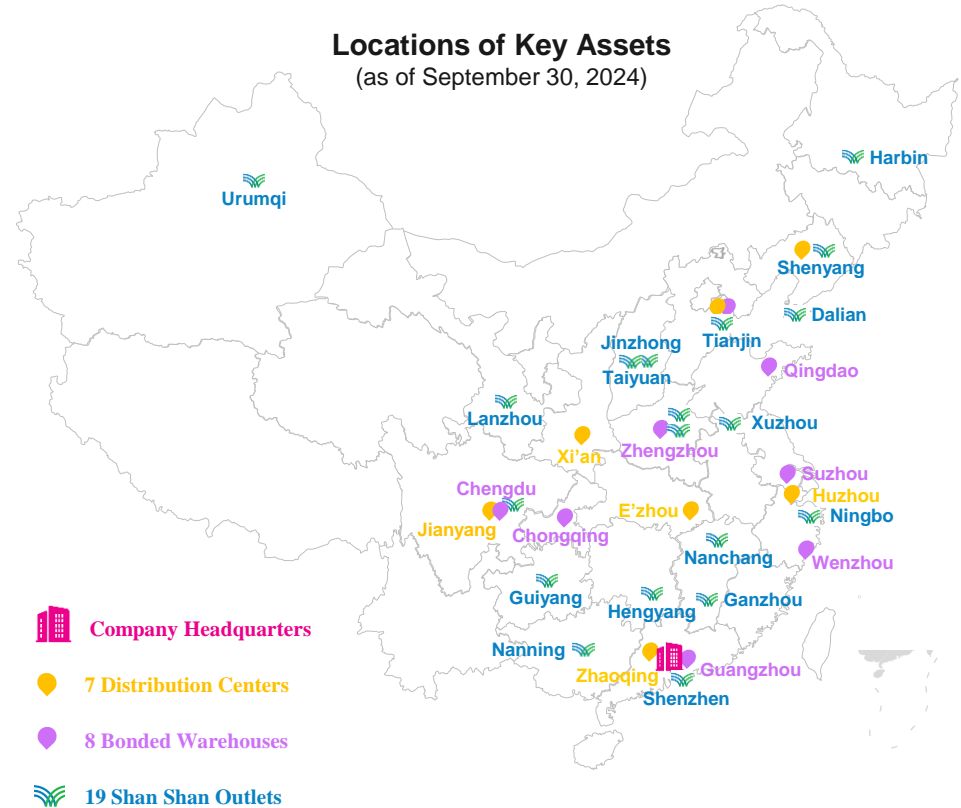


### Shan Shan Outlets and other Offline Stores

1,845,206 m<sup>2</sup> (Owned)  
276,706 m<sup>2</sup> (Leased)

Note:  
(1) Data as of December 31, 2023.

## Locations of Key Assets (as of September 30, 2024)







THANKS

唯品会 就是超值