A photograph of the Aurora Borealis (Northern Lights) over a snowy mountain range at night. The aurora is a vibrant green and blue light display in the dark, starry sky. The mountains are covered in snow and are silhouetted against the light of the aurora.

Baozun 4Q 2019 Results

March 18, 2020

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The Company uses certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”) in evaluating its business. These non-GAAP financial measures have limitations as analytical tools. One of the key limitations of using non-GAAP financial measures is that they do not reflect all items of income and expense that affect the Company’s operations. Share-based compensation expenses and amortization of intangible assets resulting from business acquisition have been and may continue to be incurred in the Company’s business and is not reflected in the use of non-GAAP financial measures. Further, the non-GAAP measures may differ from the non-GAAP measures used by other companies, including peer companies, and therefore their comparability may be limited. The use of such non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. See the Appendix for reconciliation between our non-GAAP income from operations, non-GAAP net income attributable to ordinary shareholders of Baozun Inc. to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP, which is income from operations or net income attributable to ordinary shareholders of Baozun Inc.

4Q & FY 2019 Highlights



GMV⁽¹⁾
4Q
RMB17.8 bn
+ 48% YoY

FY
44.4 bn
+ 51% YoY



Revenue
4Q
RMB2.8 bn
+ 26% YoY

FY
7.3 bn
+ 35% YoY



Brand Partners⁽²⁾
231
Net add of 8 QoQ

+ 46 YoY



Income from Operations
4Q
RMB196 mn
- 15% YoY

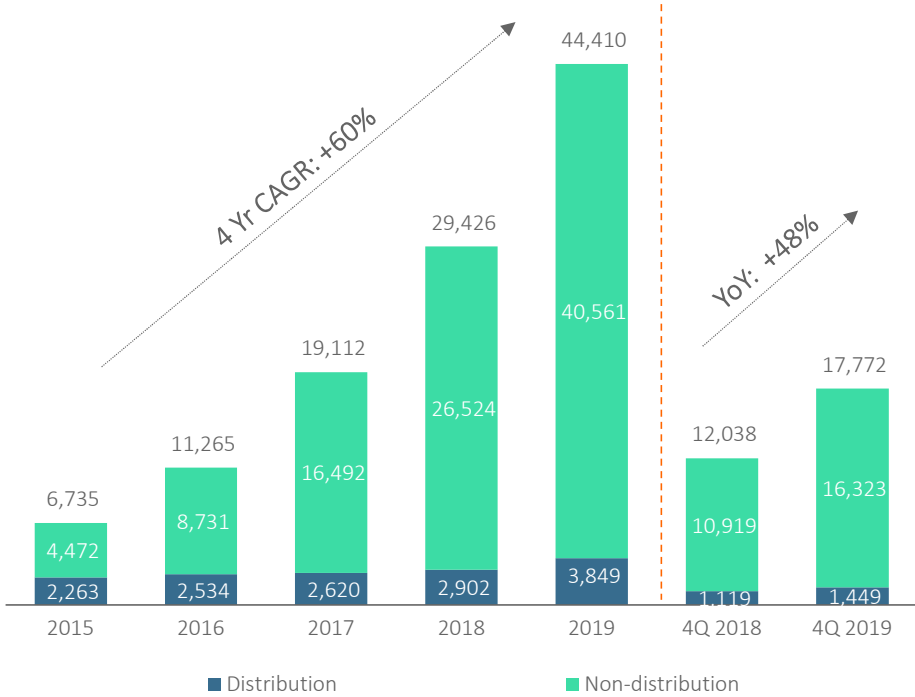
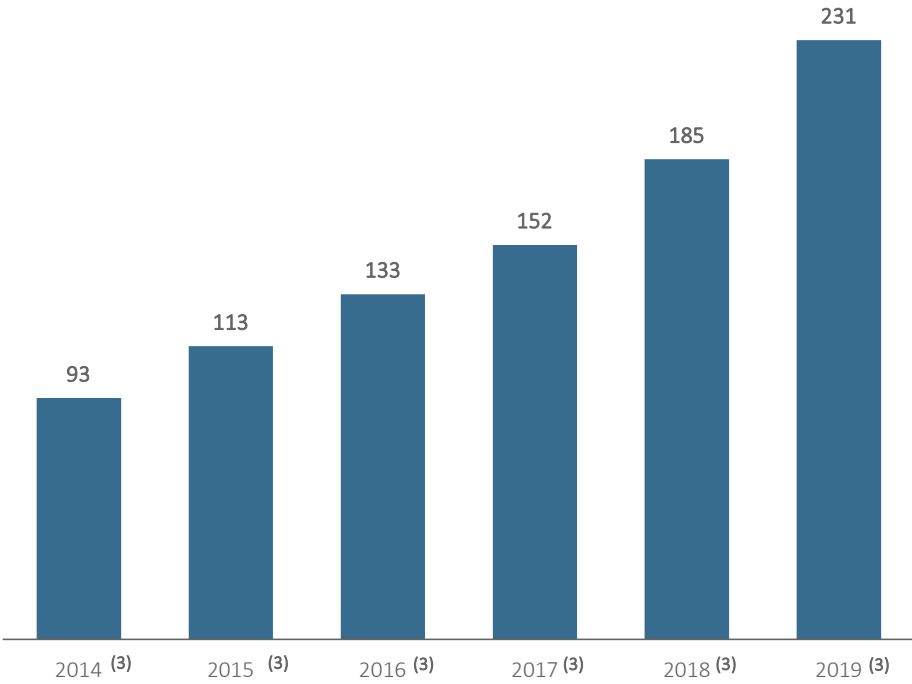
FY
384 mn
+ 8% YoY

(1) Gross merchandise volume for the fourth quarter and fiscal year of 2019, 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
(2) As of December 31, 2019
(3) Income from operations in the fourth quarter and full year 2019, included an other operating loss related to a warehouse fire in amount of RMB45.5 million

Accelerating Customer Acquisition to Generate Solid GMV Growth

231 brand partners⁽¹⁾

Total GMV⁽²⁾
RMB mn

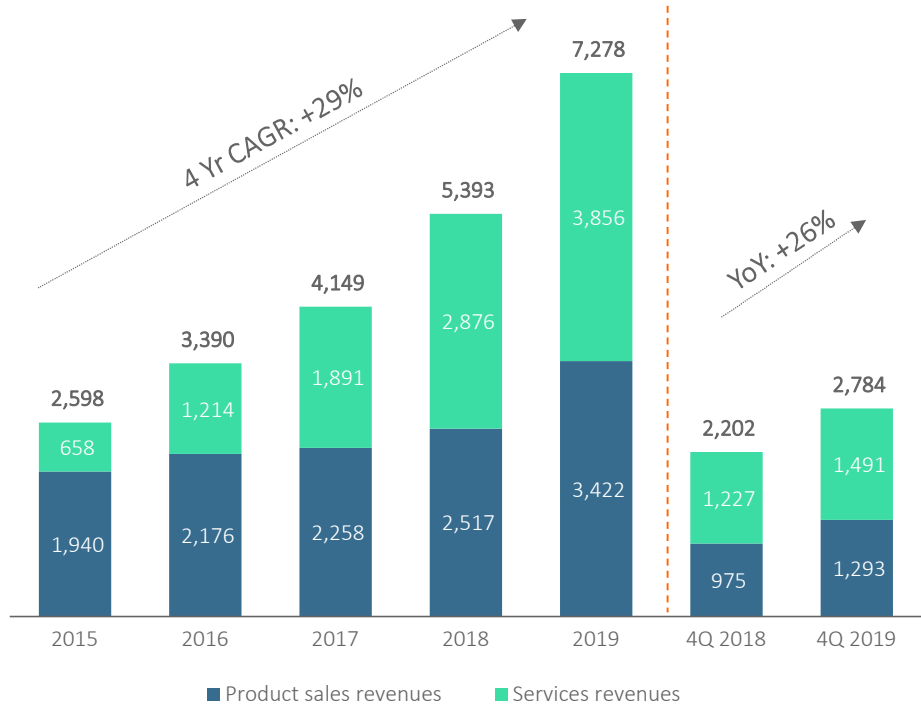


(1) As of December 31, 2019
 (2) Gross merchandise volume, includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled
 (3) As of year end

Balanced Business Model

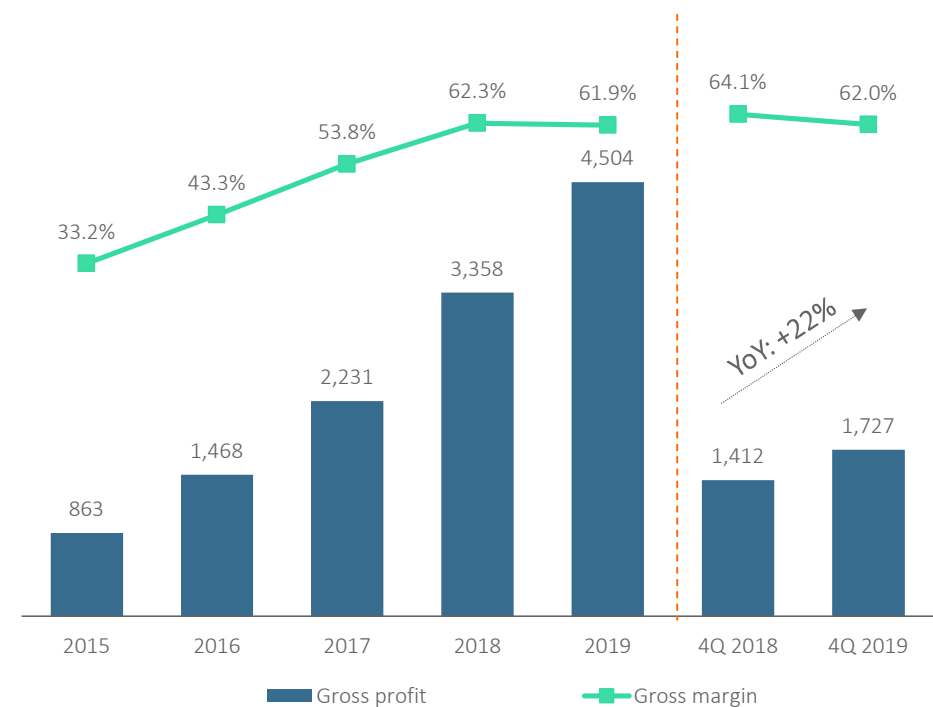
Total net revenue

RMB mn



Gross profit⁽¹⁾

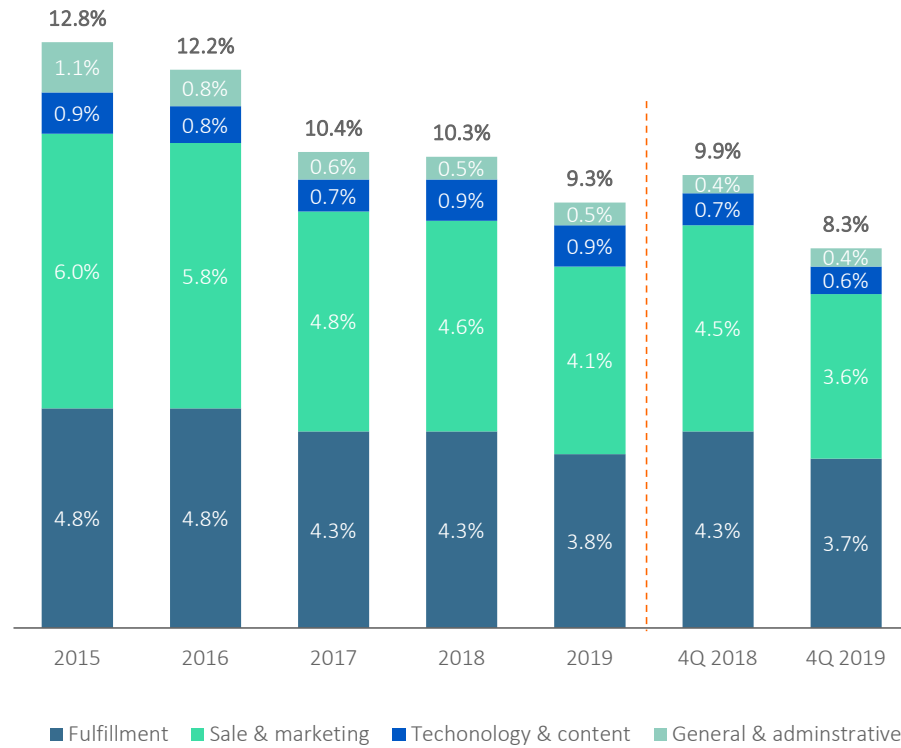
RMB mn



(1) Gross profit equals total net revenues minus cost of products. Gross margin equals gross profit divided by total net revenues

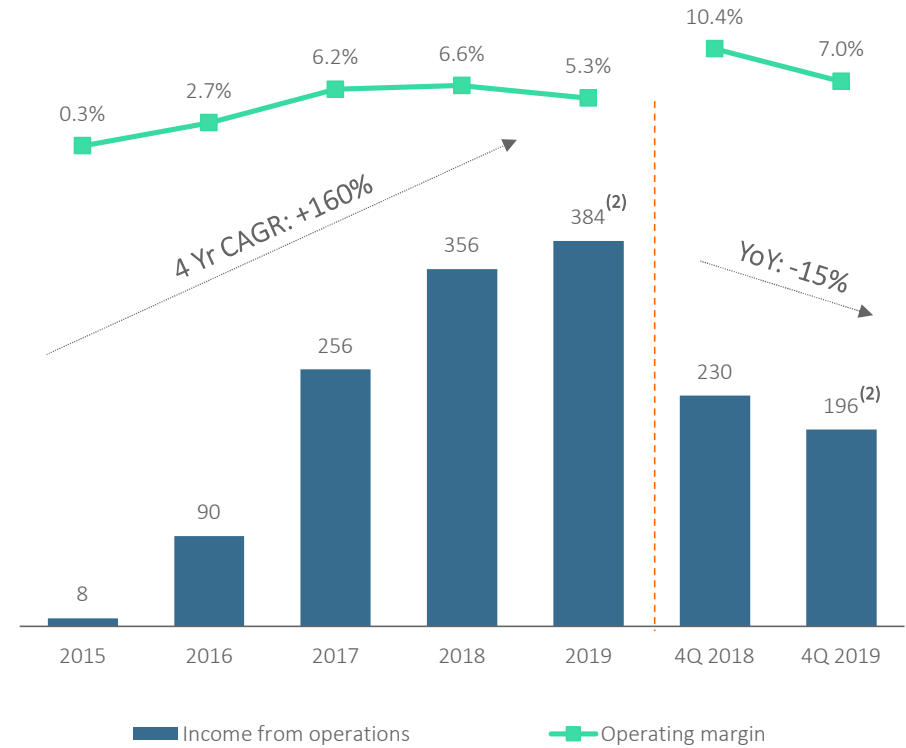
Optimizing Cost Structure to Accelerate Long-Term Growth

Operating expenses breakdown (as % of total GMV)



Income from operations⁽¹⁾

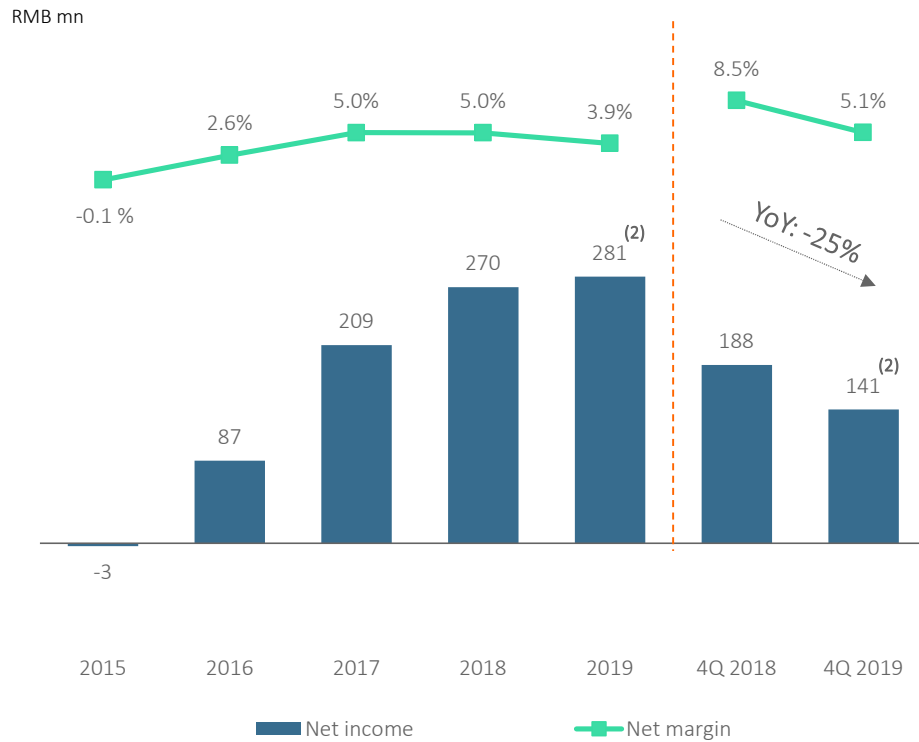
RMB mn



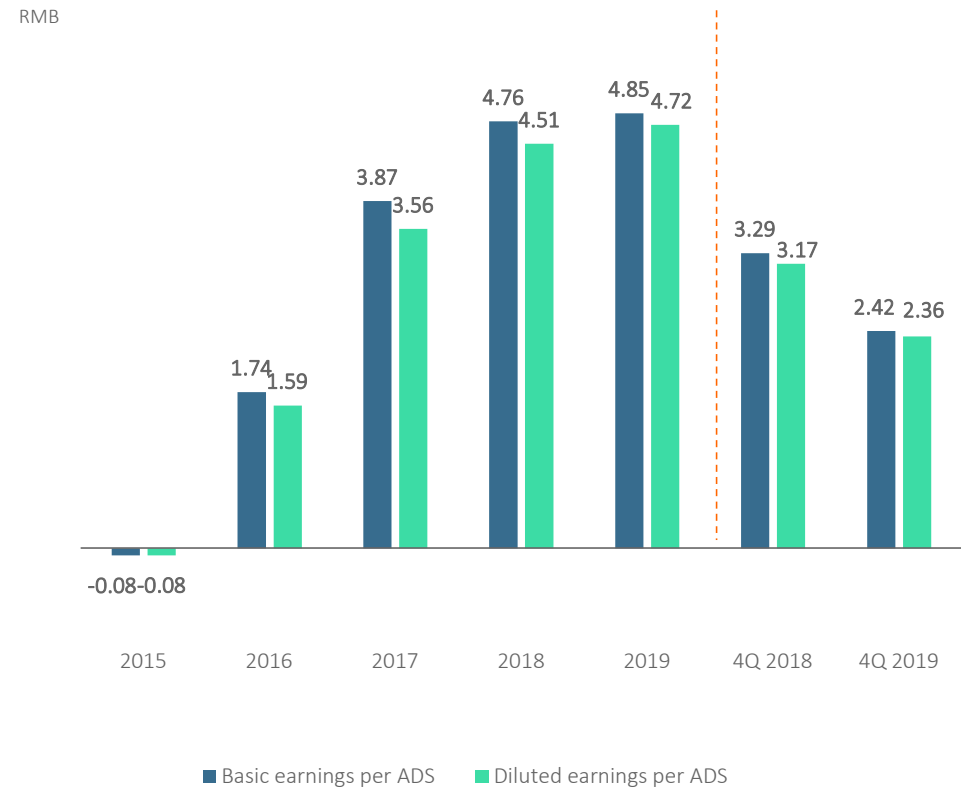
(1) Operating margin is defined as income from operations as a percentage of total net revenues.
 (2) Income from operations in the fourth quarter and full year 2019, included an other operating loss related to a warehouse fire in amount of RMB45.5 million

Healthy and Sustainable Profitability

Net Income attributable to Ordinary Shareholders of Baozun⁽¹⁾



Basic and Diluted Net Income attributable to Ordinary Shareholders of Baozun Inc. per ADS⁽³⁾



(1) Net margin is defined as net income as a percentage of total net revenues

(2) Net income attributable to ordinary shareholders of Baozun for the fourth quarter and full year 2019, included an other operating loss related to a warehouse fire in amount of RMB45.5 million

(3) Basic and diluted net income attributable to ordinary shareholders of Baozun Inc. per ADS are net income attributable to ordinary shareholders of Baozun Inc. divided by weighted average number of shares used in calculating basic and diluted net income per ordinary share multiplied by three, respectively

Appendix – Reconciliations of GAAP and non-GAAP Financial Measures

RMB in thousands	For the Year ended December 31,					For the Three Months ended December 31,	
	2015	2016	2017	2018	2019	2018	2019
Income from operations	8,451	90,066	256,332	355,773	383,653	229,772	195,935
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	16,903	20,286
Amortization of intangible assets resulting from business acquisition	—	—	782	1,564	1,564	391	391
Non-GAAP income from operations	33,646	124,251	315,345	433,199	460,400	247,066	216,612
Net income	22,621	85,424	209,130	269,771	281,891	188,448	142,299
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	16,903	20,286
Amortization of intangible assets resulting from business acquisition	—	—	782	1,564	1,564	391	391
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	—	(196)	(392)	(392)	(98)	(98)
Non-GAAP net income	47,816	119,609	267,947	346,805	358,246	205,644	162,878
Net income (loss) attributable to ordinary shareholders of Baozun Inc.	(2,711)	86,633	208,866	269,712	281,297	188,243	140,874
Add: Share-based compensation expenses	25,195	34,185	58,231	75,862	75,183	16,903	20,286
Amortization of intangible assets resulting from business acquisition	—	—	398	796	796	199	199
Less: Tax effect of amortization of intangible assets resulting from business acquisition	—	—	(100)	(200)	(200)	(50)	(50)
Non-GAAP net income attributable to ordinary shareholders of Baozun Inc.	22,484	120,818	267,395	346,170	357,076	205,295	161,309



Thank You!

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