GENERAL PRESENTATION
Raymond SU

INVESTOR DAYS – 21-23 Nov, 2018
1. China macro-economics
2. SUPOR business overview
3. Product and market competition
4. Main levers
Sound macro-economic backdrop

- Average growth rate over 4 years at 6.8%
- GDP growth driven by domestic consumption

Source: State Statistical Bureau
Consumption upgrade driven by strong structural fundamentals

- Fast-growing middle-class

  Household number: (million)

  - 2010: 7% (Mass class), 43% (Middle Class), 54% (Wealthy Class)
  - 2016: 91% (Mass class), 54% (Middle Class), 42% (Wealthy Class)
  - 2020E: 54% (Mass class), 43% (Middle Class), 54% (Wealthy Class)

- Stronger consumption-ability by young generation

  Consumption in city (tril. USD)

  - 2011: 33% (Old Generation), 44% (Young Generation)
  - 2016: 44% (Old Generation), 56% (Young Generation)
  - 2021: 48% (Old Generation), 52% (Young Generation)

Source: McKinsey research 2017
Source: BCG research 2017
Robust momentum in the cookware market

Source: GFK 2014-2017
Robust momentum in the small kitchen electric market

Source: CMM 2014-2017
1. China macro-economics
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Where a Fascinating Journey begun...

Yuhuan Pressure Cooker Factory, 1987
Major milestones

Zhejiang Supor, 1994

Acquired three state owned enterprises in Wuhan, 1996

Listed in SZ Stock Exchange, 2004

Alliance with Groupe SEB, 2006

Entered SDA, 2002

Entered South East Asia, 2008
A decade of outstanding performances

Supor total sales

2007-17 CAGR 17%

YoY Sales +28%

Note: Chinese GAAP  全称
A decade of outstanding performances

Supor net profit

2007-17 CAGR 20%

YoY +23%

Note: Chinese GAAP
A decade of outstanding performances

Supor domestic sales

2007-17 CAGR 18%

YoY +27%

Note: Chinese GAAP
A decade of outstanding performances

Supor export group sales

2007-17 CAGR 36%

YoY +11%
A decade of outstanding performances

Cookware sales

2007-17 CAGR  11%

2007-17 CAGR  11%

Note: Chinese GAAP
A decade of outstanding performances

Electric appliance sales

MRMB

2007-17 CAGR 23%

YoY Sales +28%

Note: Chinese GAAP
2017 sales breakdown

Sales by Business Unit

- Electric appliances: 64%
- Cookware: 36%

Sales by Business Type

- Group Sales: 28%
- Export non-SEB: 2%
- Domestic: 70%

Note: Electric appliances include small kitchen appliances business unit, and large kitchen appliance business unit.
2007-2017 market capitalization & share price

- **Market Capitalization**
- **Share Price**

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Share Price /year-end</strong></td>
<td>11.05</td>
<td>5.53</td>
<td>9.50</td>
<td>14.30</td>
<td>10.11</td>
<td>8.41</td>
<td>10.14</td>
<td>12.19</td>
<td>20.23</td>
<td>25.81</td>
<td>39.43</td>
<td>48.62</td>
</tr>
<tr>
<td><strong>Market Cap(BRMB)/ year-end</strong></td>
<td>10.6</td>
<td>5.5</td>
<td>9.2</td>
<td>13.8</td>
<td>9.6</td>
<td>7.9</td>
<td>9.2</td>
<td>10.8</td>
<td>17.6</td>
<td>22.1</td>
<td>33.2</td>
<td>39.9</td>
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</tbody>
</table>
1. China macro-economics
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A decade of category expansion in cookware

**2007**

- 5 categories in Cookware
- 1 category in Kitchenware

**2017**

- 4 new categories in Cookware
- 5 new categories in Kitchenware
Leadership market positions in cookware

N° 1
Strong momentum in kitchenware

Drinkware

Knife

Lunch Box

Spatula

Easy Storage Box

Kitchen Tools
Undisputed cookware market leader

Widening the gap vs ASD

Source: ASD Annual Report
A decade of category expansion in SDA

2007
5 categories in small Kitchen Electrics

2017
9 new categories in small Kitchen Electrics
6 new categories in home & linen care (since 2014)
Outstanding market positions in kitchen electrics

Nº 1
- Slow Cooker
- Rice Cooker

Nº 2
- Baking Pan
- Electrical Pressure Cooker
- Induction Hob

Nº 3
- Blender
- Hot Pot
- Soymilk Maker
Sharply strengthened market shares over the 10-year period in Kitchen Electrics

<table>
<thead>
<tr>
<th>Market Share (2017/2007)</th>
<th>No.1</th>
<th>No.2</th>
<th>No.3</th>
<th>No.4</th>
<th>No.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC</td>
<td>Midea</td>
<td>42.71%</td>
<td>Supor</td>
<td>33.12%</td>
<td>12.15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+3.76%</td>
<td></td>
<td>+18.11%</td>
<td></td>
</tr>
<tr>
<td>IH</td>
<td>Midea</td>
<td>50.21%</td>
<td>Supor</td>
<td>25.06%</td>
<td>18.24%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+14.45%</td>
<td></td>
<td>+14.26%</td>
<td></td>
</tr>
<tr>
<td>EPC</td>
<td>Midea</td>
<td>44.62%</td>
<td>Supor</td>
<td>36.41%</td>
<td>13.89%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+3.36%</td>
<td></td>
<td>+19.43%</td>
<td></td>
</tr>
<tr>
<td>Kettle</td>
<td>Midea</td>
<td>40.12%</td>
<td>Supor</td>
<td>23.25%</td>
<td>16.69%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+9.38%</td>
<td></td>
<td>+20.58%</td>
<td></td>
</tr>
<tr>
<td>SMM</td>
<td>Joyoung</td>
<td>63.59%</td>
<td>Midea</td>
<td>20.10%</td>
<td>14.82%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-29.06%</td>
<td></td>
<td>+20.01%</td>
<td></td>
</tr>
<tr>
<td>5 in Total</td>
<td>Midea</td>
<td>41.69%</td>
<td>Supor</td>
<td>29.28%</td>
<td>19.18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+8.67%</td>
<td></td>
<td>+18.69%</td>
<td></td>
</tr>
</tbody>
</table>

Source: CMM, Dec 2007&2017
Strong momentum for young categories

Garment Steamer

Air Purifier

N° 1

Vacuum Cleaner

Iron

Mite Predator

Lint Remover
Important inroads in the Large Kitchen Appliance business

- Gas Stove
- Range Hood
- Water Purification & related
- Steam Box
- Oven
- Steam Oven
- Sterilizer
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Supor’s key success factors

- Strong and continuous innovation
- Sustained branding investment
- Strong distribution partnership and retail execution
- Continuously improved competitiveness
- A group of highly motivated and committed people
Strong and continuous innovation

- Solid innovation model adapting to Chinese demand, based on strong local consumer insights
- Over 1,000 new products in 2017
- Average product development cycle – 6 months
- Holds 4,039 patents, out of which 244 are invention patents
- Total 308 R&D engineers
- 384 MRMB R&D spending in 2017
Driving the transformation of wok

- Alu Ceramic Fumeless Wok
- Anti-Rust Iron Wok
- ThermoSpot Ti Pro Wok
Driving the transformation of rice cookers’ inner pot

Spherical inner pot 2.0

Spherical inner pot 1.0
Cross-fertilization with Groupe SEB

Tefal Thermospot Pan

Supor Thermospot Wok

Red dot as a temperature indicator, letting you know when your pan is preheated to the right temperature

Control oil temperature to avoid smoke
Transforming a Chinese iconic product into a global success story

Electric Pressure Cooker

Cookeo Multi-Cooker

2,000,000 pcs
Supor’s key success factors

- Strong and continuous innovation
- **Sustained branding investment**
- Strong distribution partnership and retail execution
- Continuously improved competitiveness
- A group of highly motivated and committed people
Drive brand to be more relevant to younger generation

- **Product packaging upgrade**

- **Store image (SI) upgrade**

- **New celebrity – Ning Chang**
  - Famous Taiwan actress
  - Good education background and sporty
  - To support new category growth: Drinkware, LKA, HPC
Major campaigns in 2017
-Vacuum High-Speed Blender

Integrate 8 mainstream channels

- **TV** (8 TVs)
- **OTT** (5 Smart TVs)
- **OOH** (31 railway stations, 5 trains)
- **OTV** (3 major video platforms)
- **Mobile** (Wechat + Feed Ads)
- **Social** (KOL: Wechat + Weibo)
- **Store** (2500+ online/offline stores)
- **Tmall 11.11 party** (3 TV live broadcast)

True vacuum, True nutrition
Colors can never lie

Spread to **614M+** people

- First time to integrate 4 platforms (Tmall, JD, Suning, Gome) to exchange resources
- First time to advertise on Tmall 11.11 evening party

**Source: Agency & BU, Dec 2017**

+ **259%**

HSB sales value 2017FY YoY

**605K units**

HSB Sales Volume 2017FY
Major digital campaign in 2018
- Low noise High-Speed Blender

Data Marketing Practice of SUPOR Low Noise High-Speed Blender: Increase 90% CTR (in Market) by Focusing TA through Programmatic Buying

Data Resource

- **DMP GroupM**: Media Use of TA
- **APPS**: Based on Integration of app SDK
- **On& Off Line Purchase**: Purchase Record, Product Type, ATV
- **Location**: Where, Frequency

In-depth Analysis

- **Consumer profile**
  - **Basic Info**: Female, Age: 28-48
  - **App Use**: Social, Video, Entertainment, Lifestyle, Food, News
  - **Interests**: Food & Beverage, Health & Fitness, Family & Child Care, Video, Edu, House & Home, News, Social, Sports, Vogue
  - **Region**: Chongqing, Chengdu, Beijing, Jinan, Xi’an, Nanjing, Tianjin, Zhengzhou, Shenyang, Dalian
  - **Brand Preference**: Media, Joyoung, Aux, Philips, Vitamix

Advertising

- **CTR Avg**: 1.81%
  - +90% above market level (0.95%)

Notes: Programmatic Buying Data in Silent High-Speed Blender Project, Oct 15-21, 2018, (Only 7 days Data, FYI)
Supor’s media spending going digital to drive relevancy and efficiency

<table>
<thead>
<tr>
<th>Year</th>
<th>TV</th>
<th>Digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>2016</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>2017</td>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Supor, the Chinese consumers’ favorite kitchen brand

- Unaided awareness: Supor ranking #1, ahead of Midea by 7 pts
- Brand preference: Supor ranking #1, ahead of Midea by 3 pts

Source: AC Nielsen 2017
Supor, the Chinese consumers’ favorite brand in kitchen electrics

- **Unaided awareness:** Supor ranking #1 ahead of Midea by 2 pts

![Unaided awareness chart]

- **Brand preference:** Supor ranking #1 ahead of Midea by 3 pts

![Brand preference chart]

*Source: AC Nielsen 2017*
Supor’ key success factors

- Strong and continuous innovation
- Sustained branding investment
- **Strong distribution partnership and retail execution**
- Continuously improved competitiveness
- A group of highly motivated and committed people
Extensive distribution channels
- Easy to reach

More than 300 distributors all over China

More than 60,000 retail points, covering 100% county cities

SUPOR – the strategic partner with mainstream e-commerce platforms like Tmall, JD and Suning.
Extensive presence on the Chinese territory via Supor Life stores

- Life store
  - Community store in city and county town
  - Brand “showroom”, sales, service, and experience center
- First store opened in May, 2006
- Owned by individuals
- Total 670 exclusive Life stores in China in 2017

Map of Life stores nationwide
Supor key success factors

- Strong and continuous innovation
- Sustained branding investment
- Strong distribution partnership and retail execution
- Continuously improved competitiveness
- A group of highly motivated and committed people
Overview of Supor’s manufacturing sites

- SHAOXING
- YUHUAN
- HANGZHOU
- WUHAN
- Vietnam

**SUPOR 2017 Info.**
- Production Volumes: 106 MPCS
- Total number of Employees: 10,690
- Field: 880,149m²
Supor’s industrial sites – Facts and figures

**Cookware:**
Production volumes 2017: 59 MPCS

**YUHAN Site:**
Year: 1994
Fields: 118,180 m²
Employee: 1,947

**WUHAN Site:**
Year: 2005
Fields: 201,094 m²
Employee: 1,843

**VIETNAM Site:**
Year: 2008
Fields: 73,890 m²
Employee: 424

**SDA**
Production volumes 2017: 47 MPCS

**HANGZHOU Site:**
Year: 2004
Fields: 66,000 m²
Employee: 2,256

**SHAOXING Site:**
Year: 2009
Fields: 420,985 m²
Employee: 4,220

**SSEAC Site:**
Year: 2017
Fields: 28,000 m²
Employee: 504

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Year: 2009
Fields: 420,985 m²
Employee: 4,220

**SSEAC Site:**
Year: 2017
Fields: 28,000 m²
Employee: 504
August 2009
Focus on industry safety

Number of loss time incidents

- No analysis
- Lack of communication
- Design defect
- Lack of risk assessment
- Lack of skills
- Material/machine failure
- Unsafe practices repeated
- Individual human factors

Number of LTI

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018 (1-10)</th>
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<tr>
<td>LTI</td>
<td>75</td>
<td>50</td>
<td>32</td>
<td>22</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>No analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Supor key success factors

- Strong and continuous innovation
- Sustained branding investment
- Strong distribution partnership and retail execution
- Maintaining competitiveness through continuous improvement
- A group of highly motivated and committed people
Highly motivated and committed people
“Need pressure, not afraid of pressure, conquer pressure”

Total staff: 12,362

- 64% Male vs 36% Female
- Average age: 32
- 11% University Graduates
- 271 Gold Medal and 1034 Silver Medal employees
Supor, the story goes on: continued solid momentum

**Ambitions**

- Continue to capture Chinese market’s brisk dynamic
- Enhance Supor’s status of strong industrial base for the Group
- Become a Marketing and R&D competence center for Asia

**Priorities**

- Innovation
- Continued expansion in Tier 3-4 cities
- Ongoing development in new categories
- Capitalization on the online expertise
- More categories’ transfer to tape into competence production advantage
- Startup with specific categories
INNOVATION PRESENTATION
Walson WANG

INVESTOR DAYS – 21-23 Nov, 2018
1. SDA market
2. Rice-cooker
3. More innovative products
4. Conclusion
Robust Supor SDA business growth

Sales (M RMB)

2007-17 CAGR +22%

Organic Growth:

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Group Export</th>
<th>Non-Group Export</th>
</tr>
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<tbody>
<tr>
<td>2007</td>
<td>1,050</td>
<td>1,130</td>
<td>1,130</td>
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<tr>
<td>2008</td>
<td>1,507</td>
<td>1,699</td>
<td>1,699</td>
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<tr>
<td>2009</td>
<td>1,734</td>
<td>1,909</td>
<td>1,909</td>
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<tr>
<td>2010</td>
<td>2,358</td>
<td>2,684</td>
<td>2,684</td>
</tr>
<tr>
<td>2011</td>
<td>3,139</td>
<td>3,729</td>
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<td>2012</td>
<td>2,943</td>
<td>3,768</td>
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<td>2013</td>
<td>3,415</td>
<td>4,663</td>
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<tr>
<td>2014</td>
<td>4,062</td>
<td>5,483</td>
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<tr>
<td>2015</td>
<td>4,700</td>
<td>6,371</td>
<td>6,371</td>
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<tr>
<td>2016</td>
<td>5,401</td>
<td>7,355</td>
<td>7,355</td>
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<tr>
<td>2017</td>
<td>6,304</td>
<td>8,575</td>
<td>8,575</td>
</tr>
</tbody>
</table>

*Organic Growth: +49% +50% +12% +41% +39% +1% +24% +18% +16% +15% +17%
Strong momentum in offline market

CHINA SDA Offline Market Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Others</th>
<th>JY</th>
<th>SUPOR</th>
<th>MD</th>
<th>Delta(12-18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>22.7%</td>
<td>23.5%</td>
<td>17.7%</td>
<td>36.0%</td>
<td>-14.1pts</td>
</tr>
<tr>
<td>2013</td>
<td>21.1%</td>
<td>24.0%</td>
<td>19.3%</td>
<td>35.6%</td>
<td>-1.2pts</td>
</tr>
<tr>
<td>2014</td>
<td>18.1%</td>
<td>24.8%</td>
<td>21.7%</td>
<td>35.4%</td>
<td>+11.6pts</td>
</tr>
<tr>
<td>2015</td>
<td>14.9%</td>
<td>25.3%</td>
<td>23.4%</td>
<td>36.4%</td>
<td>+3.8pts</td>
</tr>
<tr>
<td>2016</td>
<td>11.8%</td>
<td>22.3%</td>
<td>27.1%</td>
<td>38.8%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>9.8%</td>
<td>22.1%</td>
<td>28.0%</td>
<td>39.9%</td>
<td></td>
</tr>
<tr>
<td>2018YTD</td>
<td>8.6%</td>
<td>22.3%</td>
<td>29.3%</td>
<td>39.8%</td>
<td></td>
</tr>
</tbody>
</table>

Delta(12-18) represents the percentage change from 2012 to 2018YTD.

Source: CMM 2012-2018.9YTD

Delta(12-18) indicates the change in market share over the period 2012 to 2018YTD.
# Outstanding market positions in large categories

<table>
<thead>
<tr>
<th>N° 1</th>
<th>33%</th>
</tr>
</thead>
<tbody>
<tr>
<td>N° 2</td>
<td>25%</td>
</tr>
<tr>
<td>N° 3</td>
<td>26%</td>
</tr>
</tbody>
</table>

Source: CMM 2012-2018.9YTD
SDA business development roadmap

Start SDA, and enter into more new categories

Product innovation & differentiation

SDA

New categories

HPC

2002

2008

2014
SDA key success factors on innovation

- Dedicated consumer insight
- Full patent protection on innovation
- Sustained investments in R&D
- Strong innovation pool and research process
- Efficient innovation system
- Cross-fertilization with Groupe SEB
Consumer insight - leverage on Chinese traditional cooking intelligence into innovative products

**Team**
- Team: Food sensory evaluation expert
  - Institut National Supérieur des Sciences Agronomiques

**Process**
- Period: 24-month follow-up
- Panel: 40 families nationwide
- Forum: 100 times with communities & experts
- Test: >1000 consumers tasting

- Define what is the best rice
- The key factor of cooking best rice is inner pot
Robust patent application

Patent Application Quantity

- Utility Model
- Invention
- Design

2013-17 CAGR +83%

- Patent risk control and innovation protection through the whole product life cycle
- Patent mining and layout to create patent pool
- Combination of Trademark, copyright and different types of patents to protection products
Strong innovation pool

Filtering

Triangle meeting

Pre-research

Assessment

Next step

Select & enter RP1

Product development dept.

Product research dept.

Strategic marketing dept.

- Innovation committee

- Approved to research process

- Product committee
- Improve and optimize the process of innovation system.
- Establish innovation evaluation system, rewards system.
- Allocate internal and external innovation resources.
- Coordinate innovation projects.
Cross-fertilization with Groupe SEB

Soup & Co + Soymilk Maker = Easy Soup

More compact, easier to clean and ...

€199 + €99 = €99
1. SDA market
2. Rice-cooker
3. More innovative products
4. Conclusion
SDA innovation example - rice cooker

- Current market evaluation – Why need a new rice cooker inner pot
- Consumer insight of Chinese cooker – How develop a new inner pot
- Benefits from the rice cooker innovation – What achieved
Constant technological product upgrade to meet consumers’ upmarket needs

China RC market development stages

① Conventional RC
② Computerized RC
③ IH RC new developed
④ IH RC fast grow
Rice cooker inner pot evolution

1st Gen
Aluminum Alloy

2nd Gen
AA Non-Stick

3rd Gen
Hard Anodized AA

4th Gen
Hard Anodized Non-Stick AA

5th Gen
Ceramic

6th Gen
Steel + Aluminum Composite Stainless Steel

7th Gen
Ceramic 2.0

8th Gen
Spherical Pot

9th Gen
Titanized Spherical Pot

10th Gen
Shallow Spherical Pot

Flat Surface Heating

Traditional Dome Heating

Spherical Heating

3D Heating

Consumer insight - Why spherical inner pot

Inner pot in market
How to develop a new inner pot, based on traditional rice cooking
New inner pot
Spherical pot RC as a key growth driver…

Sales percentage of spherical pot RC

- 2013.8: 9%
- 2014: 35%
- 2015: 43%
- 2016: 53%
- 2017: 59%
- 2018.10: 63%
... leading to strong market share gains...

- **Spherical pot 1.0** launched Aug 2013
- **Spherical pot 1.0 upgrade**
- **Launch Oct 2018**

Market share:
- **YTD market share +9.1pts**
- **24.8%**
- **33.9%**

Yearly breakdown:
- 2011: 18%
- 2012: 23%
- 2013: 28%
- 2014: 33%
- 2015: 38%
- 2016: 43%
- 2017: 48%
- 2018: 9% (9月累计)
... and improved average retail price
1. SDA market
2. Rice-cooker
3. More innovative products
4. Conclusion
More innovative products - KE

- First Silent High speed blender
- Dual pressure valve Fresh Breath EPC
- First Digital LED display kettle
- Anti-overflow IH
- First anti-overflow health pot
More innovative products - HPC

- Dust monitor
- Pressure Garment Steamer
- Art design Garment Steamer
1. SDA market
2. Rice-cooker
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4. Conclusion
Supor, leverage on Chinese traditional cooking intelligence into innovative products

Ambition

• Continue innovation in mature categories
• Develop more new categories
• Optimize Innovation system

Priorities

• Deep dive in consumer insight
• Penetrate into market-segmentation
• Leverage on consumption upgrade

• Enter into emerging categories
• Continue to create product differentiation

• Continue investment on R&D
• Optimize the innovation process to enrich the innovation pool
• Strengthen innovative product protection by patent barrier
WMF CONSUMER IN CHINA
Jack Pan

INVESTOR DAYS – 21-23 Nov, 2018
1. China premium cookware market
2. WMF Consumer in China
3. Key priorities
Market upmove driven by the rise of China’s middle-class

<table>
<thead>
<tr>
<th>Premium Market</th>
<th>Mainstream Market</th>
<th>Mass Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Household Income Per Month (K RMB)</td>
<td>City Household Number (Million)</td>
<td>2016-2030 CAGR%</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>2016</td>
</tr>
<tr>
<td>&gt;3.4万</td>
<td>2.9</td>
<td>5.8</td>
</tr>
<tr>
<td>2.6万-3.4万</td>
<td>1.4</td>
<td>3.2</td>
</tr>
<tr>
<td>1.7万-2.6万</td>
<td>4.2</td>
<td>13.6</td>
</tr>
<tr>
<td>1.2万-1.7万</td>
<td>13.2</td>
<td>114.0</td>
</tr>
<tr>
<td>0.7-1.2万</td>
<td>143.6</td>
<td>110.0</td>
</tr>
<tr>
<td>0.4-0.7万</td>
<td>44.0</td>
<td>30.7</td>
</tr>
<tr>
<td>&lt;0.4万</td>
<td>23.1</td>
<td>19.3</td>
</tr>
</tbody>
</table>
Robust Chinese premium cookware market

2013-17 CAGR +9%

Source: GFK, Premium Cookware Brands Market size, offline, 30 cities in China
Channel diversification of premium market: B2B and ecommerce as key drivers

Department Stores

New Retail Channel

Premium Outlet Villages
Premium Boutique Stores

ecommerce

B2B/BL/TV
1. China premium cookware market
2. WMF Consumer in China
3. Key priorities
WMF Consumer China integrated into Supor in 2017

2010
- WMF Consumer Goods Co., established, and opened the first self-run retail store

2011
- Began online business, opened WMF TMALL flagship store

2016
- Acquisition of WMF by Groupe SEB

2017
- WMF China Integrated into Supor. Honored Germany’s No.1 brand in homewares by Euromonitor
- Aligned business model on Supor

2018
- Upgraded WMF retail store image
Main product milestones

- **2010**: Started with 4 moment product lines (preparing, cooking, drinking & dining)
- **2011**: Launched NATURamic range
- **2016**: Launched SDA
- **2017**: Launched local for local new products (e.g. Chinese woks)
- **2018**: Launch insulation jugs and mugs
Cookware-focused portfolio, gradually diversifying

80% Cookware

20% SDA

2017 sales > €50m
Sustained growth momentum in WMF brand awareness

Aided Brand Awareness
(Top 6 tier 1 and 2 cities only)

Source: Consumer Survey conducted by third party agent; n=1200 in 6 tier 1 and 2 cities (Beijing, Shanghai, Guangzhou, Chongqing, Wuhan, Nanjing); respondents with minimum household income of RMB 10,000 and RMB 15,000 for tier 1 and 2 cities respectively
Solid Offline market share growth

GFK 2013-2018 YTD Premium Market Share (30 Cities)
– Key Premium Brands

Source: GFK, 30 cities in China
The First Retail Store opened in Shanghai in 2010

Business model change
Improve retail store productivity
Prioritizing and accelerating growth in ecommerce and B2B

- 142 stores
  - Self-run (55)
  - Distributor (87)
Fast platform expansion and store footprint adjustment

1 Online store in 2013

20 Online Stores in 10 Key Platforms in 2018

TAOBAO

AMAZON

TMALL

JD.COM

SUNING

Freshhema

MEI.COM

RED

VIP.COM

KAOLA
Doubling ecommerce stake in two years

Note: other incl. B2B, TV, brand loyalty program
Enhance consumer relationship and satisfaction

Store as Media, Updated with New SI

Social E-commerce & Content Marketing

Brand Experiential Activities:
1. China premium cookware market
2. WMF Consumer in China
3. Key priorities
A more extensive coverage of all market segments

<table>
<thead>
<tr>
<th>Premium</th>
<th>Cookware</th>
<th>Drinkware</th>
<th>Kitchen Electric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>WMF, Staub, Fissler</td>
<td>WMF</td>
<td>WMF, Gaggenau, Miele</td>
</tr>
<tr>
<td>Entry / Mid</td>
<td>WMF, Le Creuset, Woll</td>
<td>WMF, Zojirushi, Tiger, Krups, Bosch, Siemens</td>
<td></td>
</tr>
<tr>
<td>Mass</td>
<td>SUPOR, ASD</td>
<td>SUPOR</td>
<td>SUPOR, Midea, Philips</td>
</tr>
</tbody>
</table>
WMF + Supor: Global innovation mixed with local insights

WMF German Design DNA + Local product offering: Chinese Woks and Non-stick Range
WMF leveraging Supor’s R&D and industrial expertise…

R&D
Design of local for local products

Manufacturing
Lower cost
High quality standards

Supply chain
Improved lead-time – divided by 2
... and a strong local IT Support

HR SYSTEM

CRM SYSTEM

BPM & SAP SYSTEM

IT PURCHASING

AFTERSALES SYSTEM
New journey just begins…
Investors Day
Coffee Business in China

PCM WMF & Schaerer

November, 2018
1. Coffee market in China
   - Market Size & Consumption
   - Specifics & our answers
   - Competitive landscape

2. PCM Business China

3. luckin coffee – the first Chinese coffee unicorn
Agenda

1. Coffee market in China
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China – a coffee drinking country?
1. Coffee market in China

The inevitable rise of Chinese Coffee Market

- Fast-growing middle class
- Higher Demand
- Average income
- Affordability

The equation of China's increasing coffee consumption

- Number of coffee outlets
- Availability
- Coffee consumption
- Attractivity
The rise of the middle class has just begun

The Chinese middle class is already larger than in the USA...

... and it's still growing

Share of middle class adults (in mio.), 2015

The middle class (and therefore the main potential for coffee consumption) is already the largest in the world. In addition, the growth is expected to continue with a CAGR > 6%
1. Market size & consumption - Affordability

Higher income will lead to a democratization of coffee

Higher income will establish a much bigger target group that can afford coffee consumption

Source: Jing DATA (Jul, 2018)
1. Market Size & Consumption - Availability

Increase of potential coffee outlets in China

More than 40,000 coffee shops will open in the next 2 years.

Source: CBN DATA(Jul,2018), Forward Business & Intelligence (Sep.2018)
1. Market Size & Consumption - Attractivity

The importance of fresh coffee is still far behind many countries.

Coffee consumption in China is still low, not only compared to Europe and US, but also to Japan & Korea.

But according to the current growth rate (15%), China will catch up.

On top, coffee consumption still includes a lot instant & canned coffee, a switch to fresh coffee is expected.

Source: Forward Business & Intelligence (Sep. 2018)
1. Coffee market in China

Coffee is booming in China, the whole industry is growing fast

The total market size of the Chinese coffee industry is expected to grow with a CAGR of roughly 30 %

Source: Forward Business & Intelligence (May, 2018)
1. Coffee market in China

Coffee's evolution from the fringes to the mainstream of Chinese society

Why the China Market Matters
Hanging out at coffee shops with the newest drinks in hand represents a new lifestyle choice for urban Chinese consumers. As their living standards improve, Chinese consumers like to explore new products and experiences—especially from the West.

Who & how do they drink coffee? In China coffee is more likely to be drunk after work whilst socializing by young, upper class females (40% of occasions).

1. Coffee market in China
Outlook Chinese Coffee Machines Market

China will be the second biggest Coffee Machine Market in the world

120 M€*
The rise of coffee drinking

200 M€*
Coffee Drinking becomes integral part of society

750 M€*
China will be the second biggest Coffee Machine Market in the world

1999
Starbucks brings Coffee to China

2018
2022
2028

*Marketsize FAPCM (incl. Service)
Source: Estin Studies (2018 – 2022), Estimation (2028)
Agenda

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3. luckin coffee – the first Chinese coffee unicorn
Specifics of the Chinese market

Overview – Our solutions for the main trends

1. Technology Leadership & Connectivity
2. Innovation Leadership in FAPCM
3. Premium brand & quality products
4. Global footprint with 2 Bands and local presence

WMF Group
Specifics of the Chinese market

Four mega trends characteristic & reshaping China

New Retail & IoT

CHINA
Specifics of the Chinese market

New Retail & IoT

• >800 Mio. smart phone users
• Mobile Payment (WeChat, AliPay...) & Delivery Services dominating
• By 2021, 80% of smartphone users will use mobile payment at POS
• Mobile Payment transaction >15 trillion USD (2017)

China's food delivery market grows 23% in 2017

BEIJING - China's food delivery market registered fast growth last year as young Chinese are increasingly choosing to order food online, a report showed.

The online food delivery market hit 204.6 billion yuan ($31.9 billion) in 2017, 23 percent more than the previous year, according to a report by Meituan Waimai, a major food delivery firm.

Almost 300 million users have used online services to order food, the report showed.
Specifics of the Chinese market
New Retail & IoT - Changing the coffee market

“The New Retail model is the best combination of self-collection <> delivery and online <> offline to achieve optimal balance between product, price and convenience”
– luckin coffee –
Specifics of the Chinese market

New Retail & IoT - Our solutions

Product
Customize your WMF coffee machine thanks to connected tools.

Performance
Monitor and control the performance of your business.

Service
Make sure your machines are always fit for use and running smoothly.

Advanced Analytics

Data Insights
Learn more about your daily coffee business.

To better understand and improve your daily coffee business, we offer you Advanced Analytics based on a business intelligence platform. You can get standardized reports, tailor-made reports, or even access to data in order to create self-made reports.

Tailor-Made Analytics
With the help of our Business Analysts and Data Scientists we are able to create customized reports in order to help you answer your individual questions.
Specifics of the Chinese market
New Retail & IoT - Our solutions

Video available on youtube:
https://www.youtube.com/watch?v=gGFxNvSDSR0
Specifics of the Chinese market

Four mega trends characteristic & reshaping China

Automation & Self-Serve

CHINA
Specifics of the Chinese market
Automation & Self-Serve

- Rise of unmanned convenience stores and fully automated Food & Beverage concepts
Specifics of the Chinese market

Automation & Self-Serve – a big change for our customer segments

Premium Coffee self-serve solutions for unmanned shop concepts
Specifics of the Chinese market

Automation & Self-Serve – high technology WMF based solutions

Video available on youtube: https://www.youtube.com/watch?v=t4r6nAkav9o

Cafe X – a completely new user experience through the combination of WMF Coffee machines with a robot
Specifics of the Chinese market

Automation & Self-Serve – Our solutions

Schaerer Premium Coffee Corner

This is REAL coffee

Schaerer’s answer to a growing demand of premium Coffee-to-Go!

- 3 grinders = 3 bean types
- Best Foam™ – premium fresh milk foam
- 2 milk types, 2 powder types, 4 syrup types
- Chilled drinks (Hot&Cold)
- 32 inch HD landscape screen
- Self-explaining user interface
- Ambient lighting
- Connected to Schaerer Coffee Link
Specifics of the Chinese market

Four mega trends characteristic & reshaping China

- Premiumisation & Quality mindset
Specifics of the Chinese market

Premiumisation & Quality mindset

• Booming middle class with growing quality mindset & spending
• Consumption takes two paths, Western and Chinese
• Lifestyle products are leveraged by social media such as WeChat

China’s consumers are upgrading to pricier brands

Source: McKinsey © FT
Specifics of the Chinese market

Premiumisation & Quality mindset – premium coffee concepts
## Specifics of the Chinese market

### Premiumisation & Quality mindset - The 5 waves of coffee

<table>
<thead>
<tr>
<th>Development Wave</th>
<th>1st</th>
<th>2nd</th>
<th>3rd (EUROPE)</th>
<th>4th</th>
<th>5th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus</td>
<td>Traditional Coffee Culture</td>
<td>Branded Chains</td>
<td>Artisan Coffee</td>
<td>Science of Coffee</td>
<td>Business of Coffee</td>
</tr>
<tr>
<td>Period</td>
<td>Twentieth Century</td>
<td>Begins Mid-1990s</td>
<td>Begins Mid-2000s</td>
<td>Begins 2010s</td>
<td>Begins Mid-2010s</td>
</tr>
<tr>
<td>Dominant Brand</td>
<td>Retail/supermarket brands</td>
<td>Coffee shop chain brands</td>
<td>Artisan roaster brands</td>
<td>Custom in-house roasting</td>
<td>Smart boutique concepts</td>
</tr>
<tr>
<td>Defining characteristic</td>
<td>Functional</td>
<td>Lifestyle</td>
<td>Craft</td>
<td>Science</td>
<td>Focus</td>
</tr>
<tr>
<td>Defining emotion</td>
<td>Refuelling</td>
<td>Enjoyment</td>
<td>Love</td>
<td>Obsession</td>
<td>Excellence</td>
</tr>
</tbody>
</table>

"In China, all 5 waves of coffee happening at the same time"
Specifics of the Chinese market
Premiumisation & Quality mindset – Our solutions

Breakthrough Innovation

• 1st ever fully automatic with the “look & feel & taste” of a semi-automatic coffee machine
• Delivering benchmark espresso quality
• Cutting out the barista training
Specifics of the Chinese market

Premiumisation & Quality mindset – Our solutions

WMF Dynamic Milk
Schaerer Best Foam™
Milk foam of top barista quality, fully automated, with consistently high quality.

WMF MyCoffee
Schaerer CoffeeMYsation
Our app that enables you to customize YOUR office coffee - individualization is key!

WMF CoffeeConnect
Schaerer Coffee Link
Connectivity for service optimization and new business models

Flexible Touch
iPhone touch experience on WMF coffee machines – individualize your machine!

Plug & Clean
Customer convenience through easy of maintenance

Hot & Cold
Chilled coffee drinks freshly brewed – broader offerings for our customers
### Specifics of the Chinese market

**Premiumisation & Quality mindset – Our solutions**

<table>
<thead>
<tr>
<th>WMF Group</th>
<th>Espresso</th>
<th>9000 S+</th>
<th>5000 S</th>
<th>1500 S</th>
<th>1200 S</th>
<th>1100 S</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>300 cups/h</td>
<td>350 cups/h</td>
<td>250 cups/h</td>
<td>180 cups/h</td>
<td>100 cups/h</td>
<td>80 cups/h</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schaefer</th>
<th>Schaefer Barista</th>
<th>Coffee Art Plus</th>
<th>Coffee Soul</th>
<th>Coffee Vito</th>
<th>Coffee Prime</th>
<th>Coffee Club</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>300 cups/h</td>
<td>250 cups/h</td>
<td>250 cups/h</td>
<td>150 cups/h</td>
<td>100 cups/h</td>
<td>80 cups/h</td>
</tr>
</tbody>
</table>

#### Customer Segment

- **Coffee Shop**
- **QSR**
- **C-Store**
- **Hotel / Restaurant**
- **Office**
Specifics of the Chinese market

Four mega trends characteristic & reshaping China

Global & local players

CHINA
Specifics of the Chinese market
Global & local players

Global Brands investing in the market

- FamilyMart
- 7-ELEVEN
- LAWSON

Local brands adapting the concepts

- 自由蜂便利蜂
- 盒马
- 喜士多
- JD.COM

- Burger King
- McDonald's
- KFC

- Dicos
- 真功夫
- Coffee Box

- DOUTOR
- Starbucks
- Tim Hortons
Global & local players – Our solutions

Global Footprint

11 subsidiaries and ~ 200 importers globally
Approvals and contracts with many big global accounts

Local Organization

More than 20 People for PCM locally in China
Shared Services & Facilities with WMF Consumer Goods & WMF Hotel Supplies
Specifics of the Chinese market
Global & local players - Our solutions

PCM Business in China

Local PM
Local Service
Local Marketing
Local IT
Local KAM

Global Functions

Local Back office with strong link to the global functions in HQ

2 Brand Strategy with 2 Faces to the customer

Sales WMF
Key Accounts
regional distributors

Sales Schaerer
nationwide distributors
Key Account
Agenda

1. Coffee market in China
   - Market Size & Consumption
   - Specifics & our answer
   - Competitive landscape

2. PCM Business China

3. luckin coffee – the first chinese coffee unicorn
Competitive landscape

Besides the normal competitors, some new Chinese players are rising
Specifics of the Chinese market

Overview – Our solutions for the main trends

1. Technology Leadership & Connectivity
2. Innovation Leadership in FAPCM
3. Premium brand & quality products
4. Global footprint with 2 Bands and local presence

WMF Group
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PCM Business in China
Historical Timeline WMF PCM China

- **2005**
  - Market Entry WMF with own subsidiary in Shanghai

- **2014**
  - KKR acquires WMF
  - Start Exclusive Distribution with DKSH

- **Till 2014**
  - Continuous sales growth with a multiple distributor partnership network for PCM

- **2016**
  - Groupe SEB acquires WMF
  - End of partnership with DKSH

- **2018**
  - Appointment of new Management
  - WMF strengthens local organization
  - Coordinated approach Schaerer and WMF

**Outlook:**
Accelerate sales growth

**2019**
PCM Business in China
Go-to-Market Model – Sales Channels

Manufacturers

Sales Channels

Customers

Consumers

Example:

value is created here
PCM Business in China
Customer Success Stories in China

FamilyMart
C-Store

7-Eleven
C-Store

dicos
QSR

Burger King
QSR

luckin coffee
Coffee Shop

85°C Daily Cafe
Bakery

WMF
schaerer

WMF
schaerer

WMF
schaerer

schaerer
**PCM Business in China**

**Key Facts of WMF PCM Business in China**

---

**Market Share**

- **2014**: 12%
- **2018**: 34%

+: 22pt

**Sales**

- **2014**: 12%
- **2018**: 34%

+: 616%

---

**Installed Base**

- **2014**: 5,000 units
- **2018**: 15,000 units

+: 210%

---

**Growth Rate (CAGR)**

- **2014 → 2018**: 63%

---

**WMF Group**
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luckin coffee – the first Chinese coffee unicorn

The extraordinary success story of luckin started just 12 months ago.

Founded by
Qian Zhiya (钱治亚)

First store in Beijing

A startup challenging Starbucks in China is now worth $1 billion

By Josh Horwitz | July 11, 2018

Exclusive: Chinese upstart Luckin Coffee seeks funds to double valuation to $2 billion

BUSINESS NEWS | NOVEMBER 6, 2018 / 2:02 PM
luckin coffee – the first Chinese coffee unicorn

Expansion Rate in China – Starbucks vs. luckin coffee

<table>
<thead>
<tr>
<th>Year</th>
<th>Starbucks</th>
<th>luckin coffee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>2935</td>
<td></td>
</tr>
<tr>
<td>2018E</td>
<td>3300</td>
<td>2000</td>
</tr>
<tr>
<td>2022E</td>
<td></td>
<td>6000</td>
</tr>
</tbody>
</table>

STARBUCKS | LUCKIN COFFEE
luckin coffee – the first Chinese coffee unicorn

Differences Starbucks vs. luckin

Affordability / Price

Convenience
luckin coffee – the first Chinese coffee unicorn
Multi-type store strategy – “Any moment” “无限场景”

luckin coffee 的品牌战略

Any Moment

无限场景

ELITE 旗舰店
RELAX 悠享店
PICKUP 快取店
KITCHEN 外卖厨房店

ELITE flagship store
RELAX leisure store
PICKUP express-pickup store
KITCHEN delivery kitchen store