



INVESTOR DAYS – 21-23 Nov, 2018

GENERAL PRESENTATION
Raymond SU

SUPOR 苏泊尔

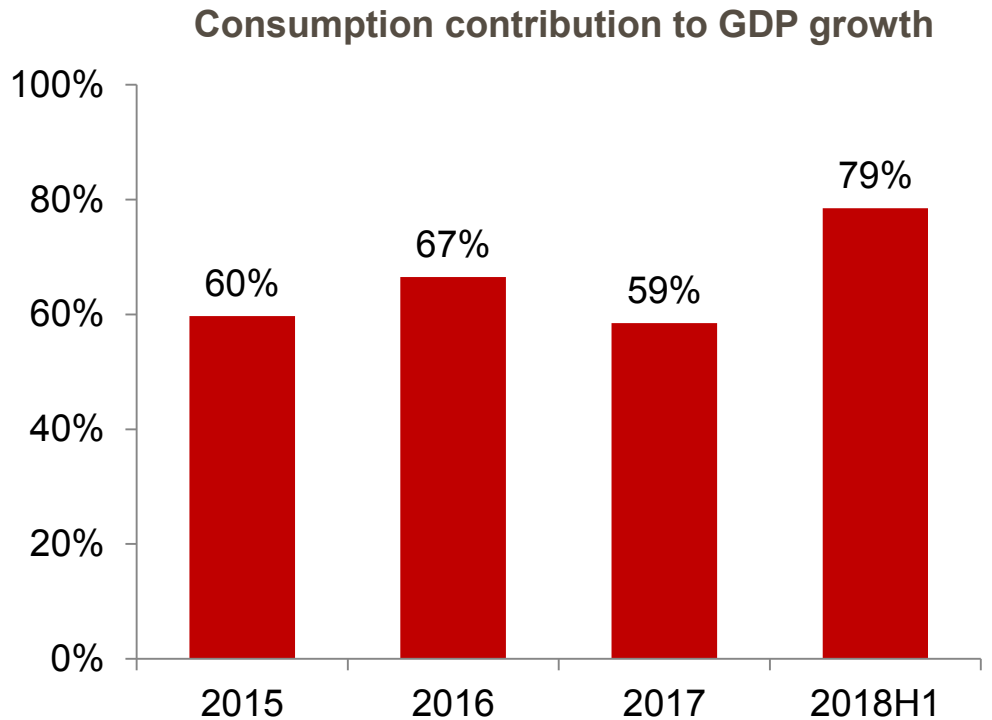
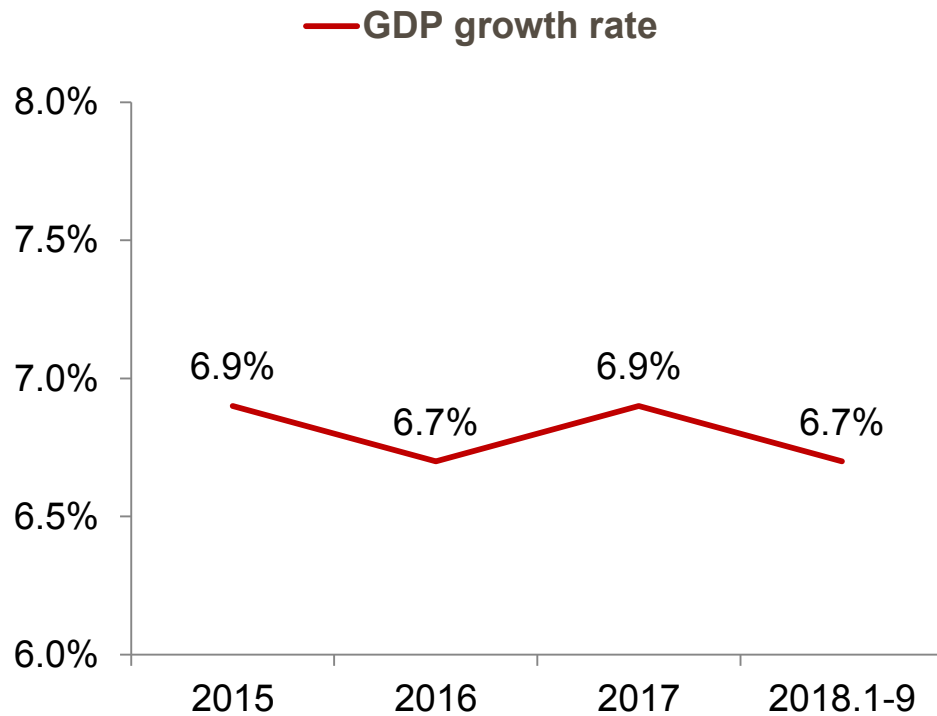
1. **China macro-economics**
2. SUPOR business overview
3. Product and market competition
4. Main levers



Sound macro-economic backdrop

■ Average growth rate over 4 years at 6.8%

■ GDP growth driven by domestic consumption

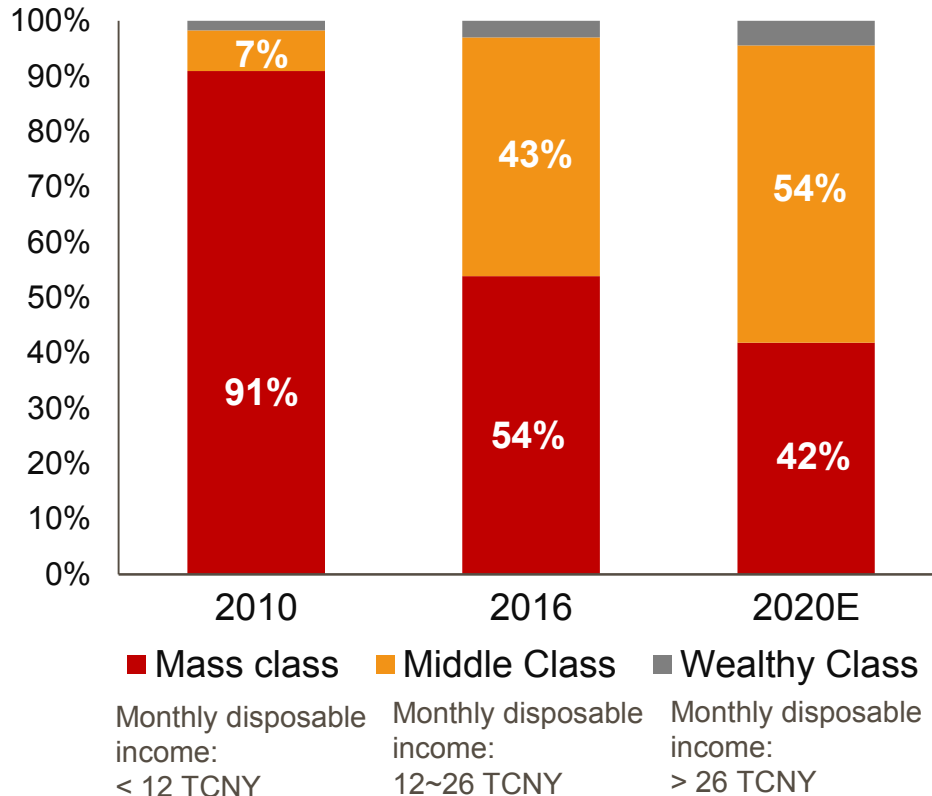


Source: State Statistical Bureau

Consumption upgrade driven by strong structural fundamentals

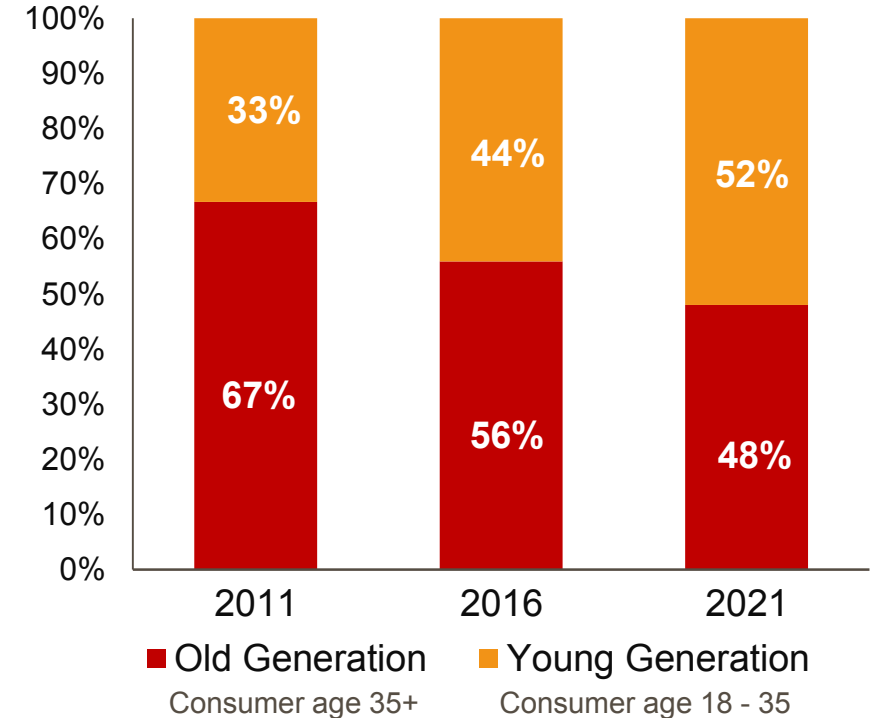
■ Fast-growing middle-class

Household number :
(million)



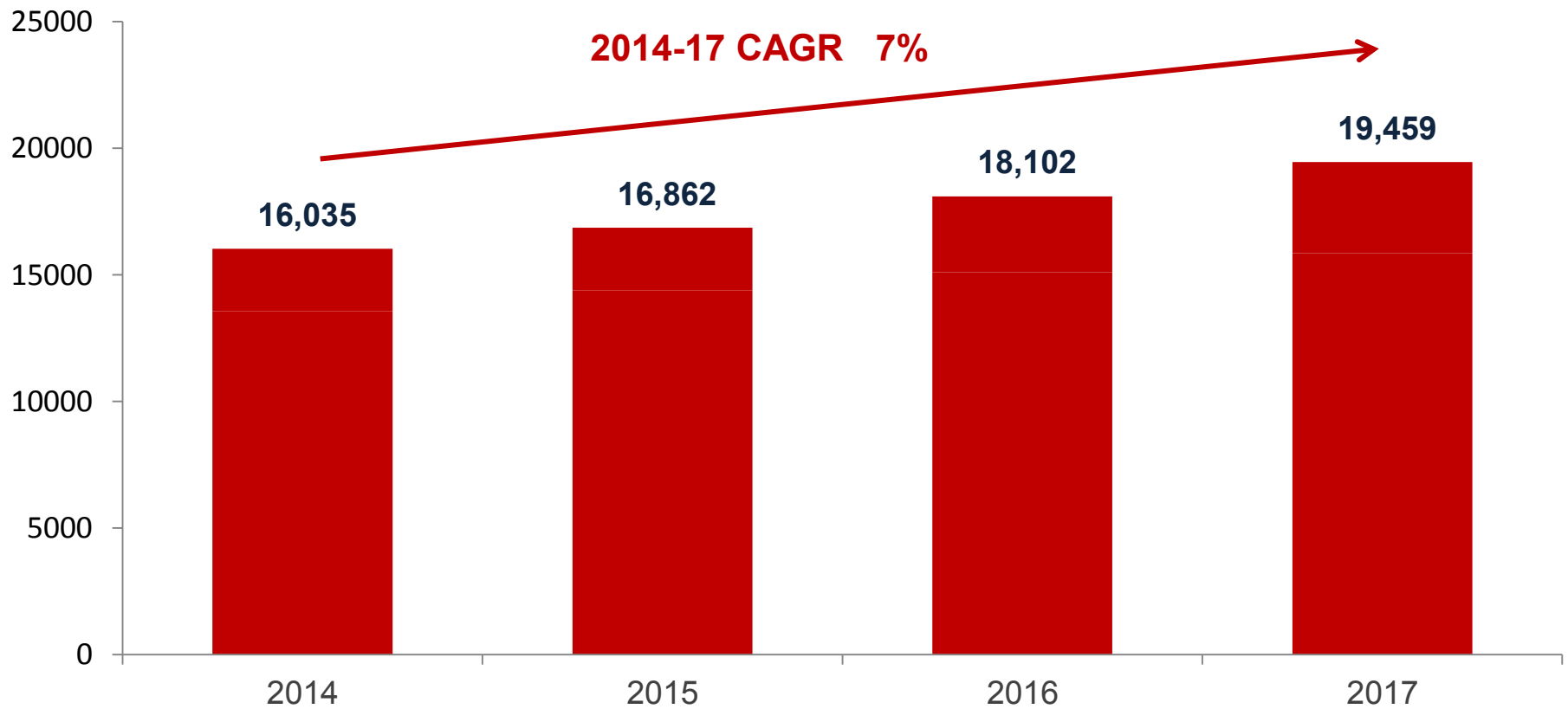
■ Stronger consumption-ability by young generation

Consumption in city
(tril.USD)

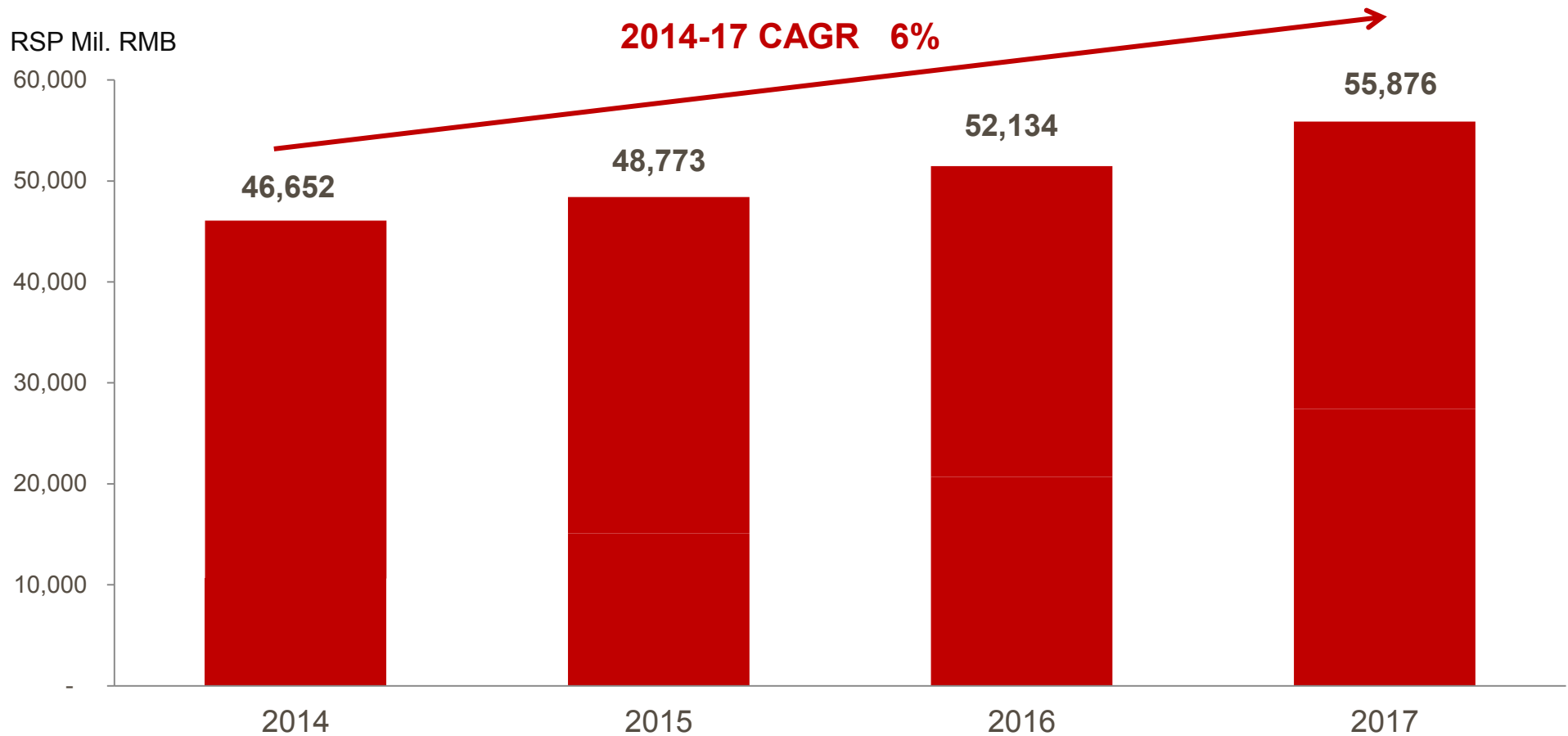


Robust momentum in the cookware market

RSP Mil. RMB



Robust momentum in the small kitchen electric market



1. China macro-economics
- 2. SUPOR business overview**
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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



Entered SDA, 2002



**Listed in
SZ Stock Exchange, 2004**



**Alliance with
Groupe SEB, 2006**

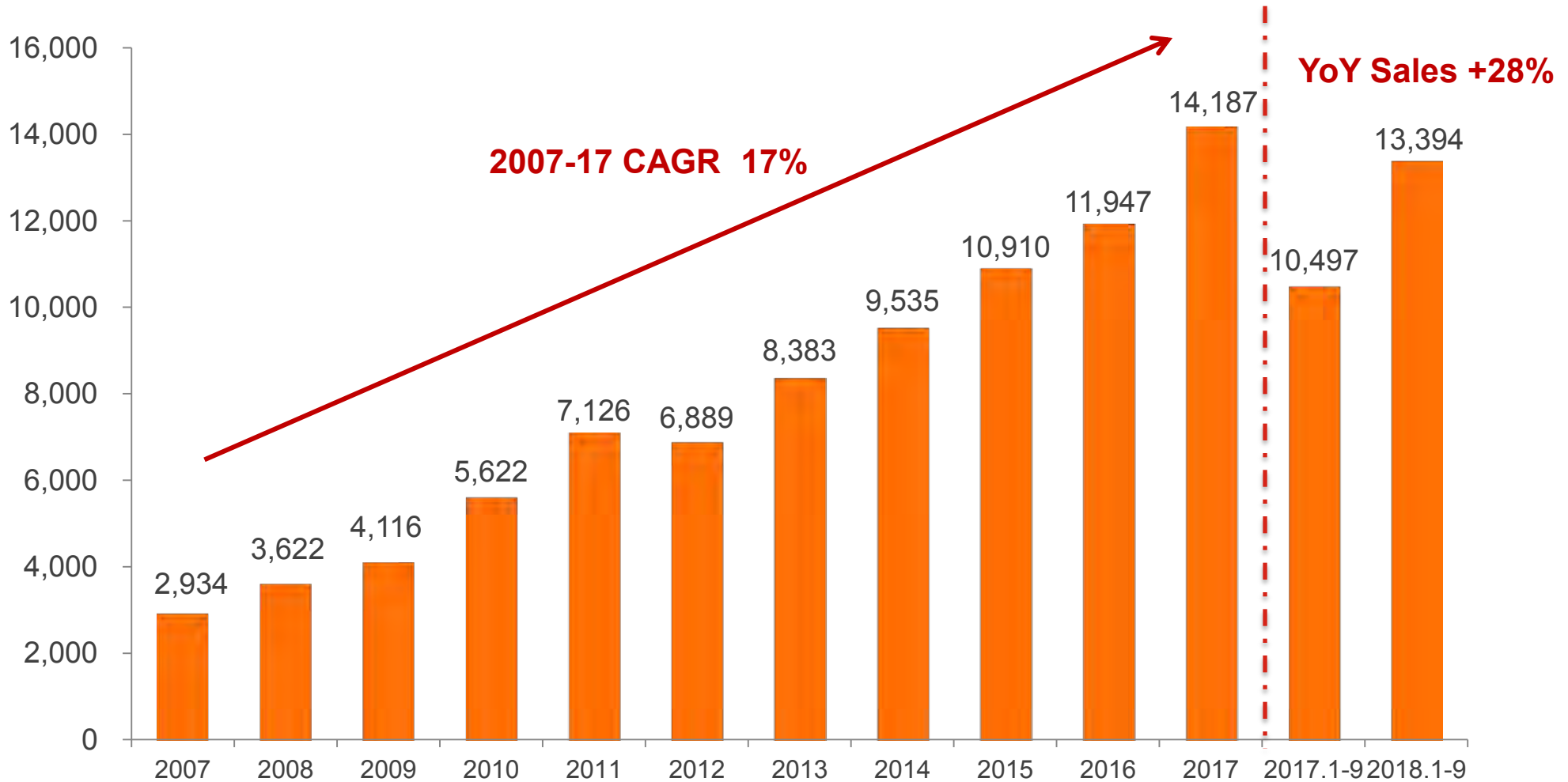


Entered South East Asia, 2008

A decade of outstanding performances

Supor total sales

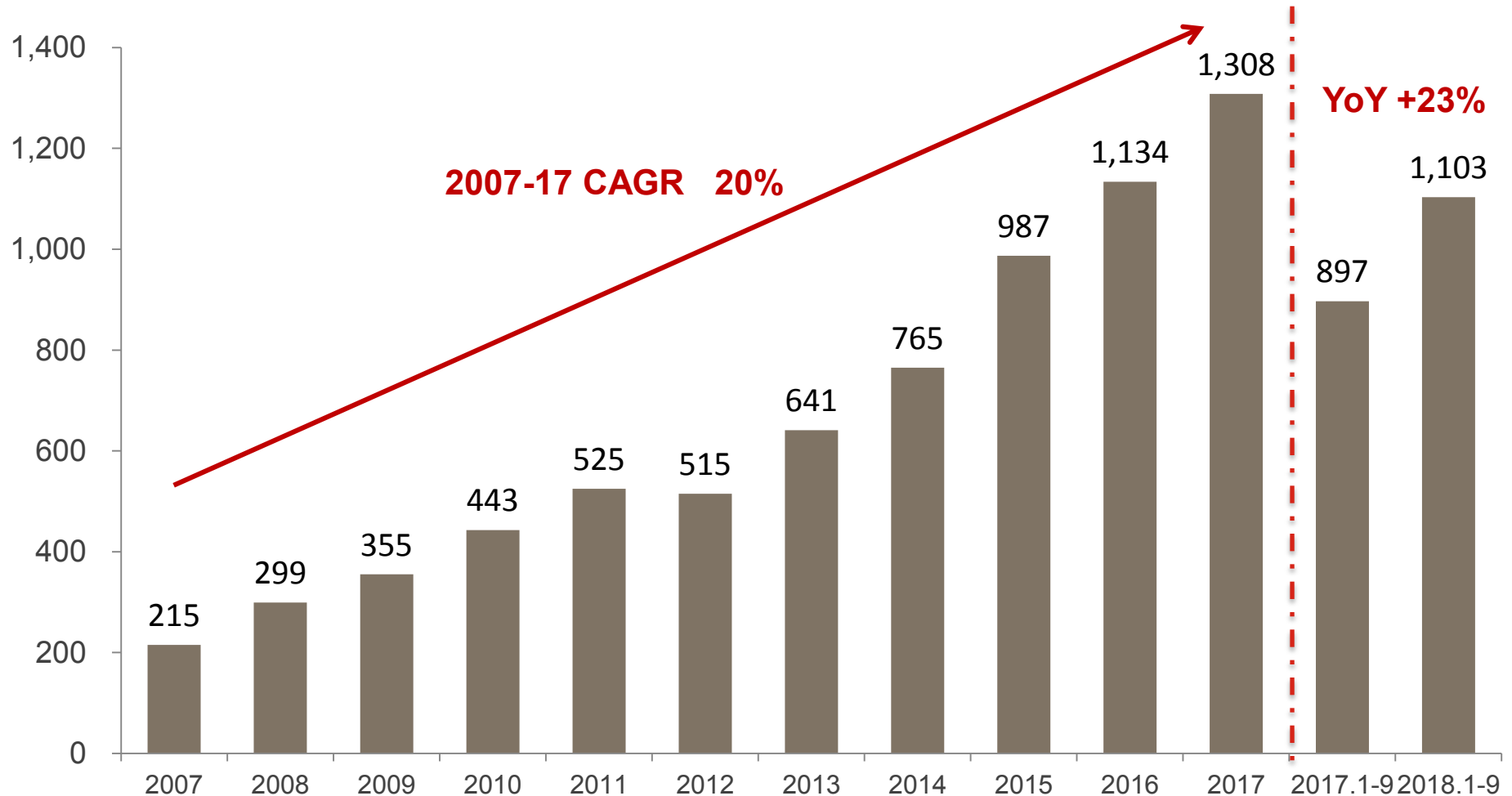
MRMB



A decade of outstanding performances

Supor net profit

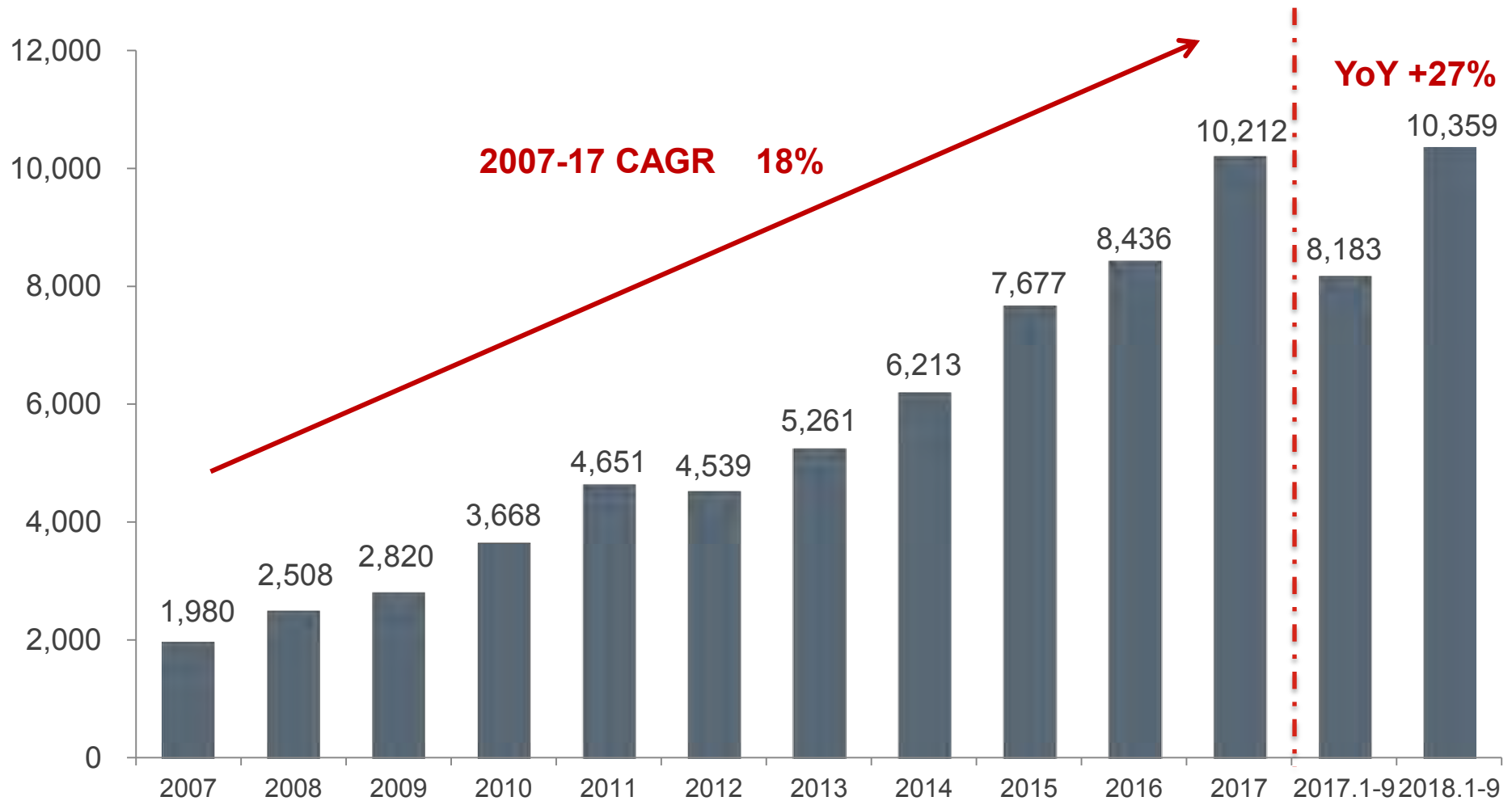
MRMB



A decade of outstanding performances

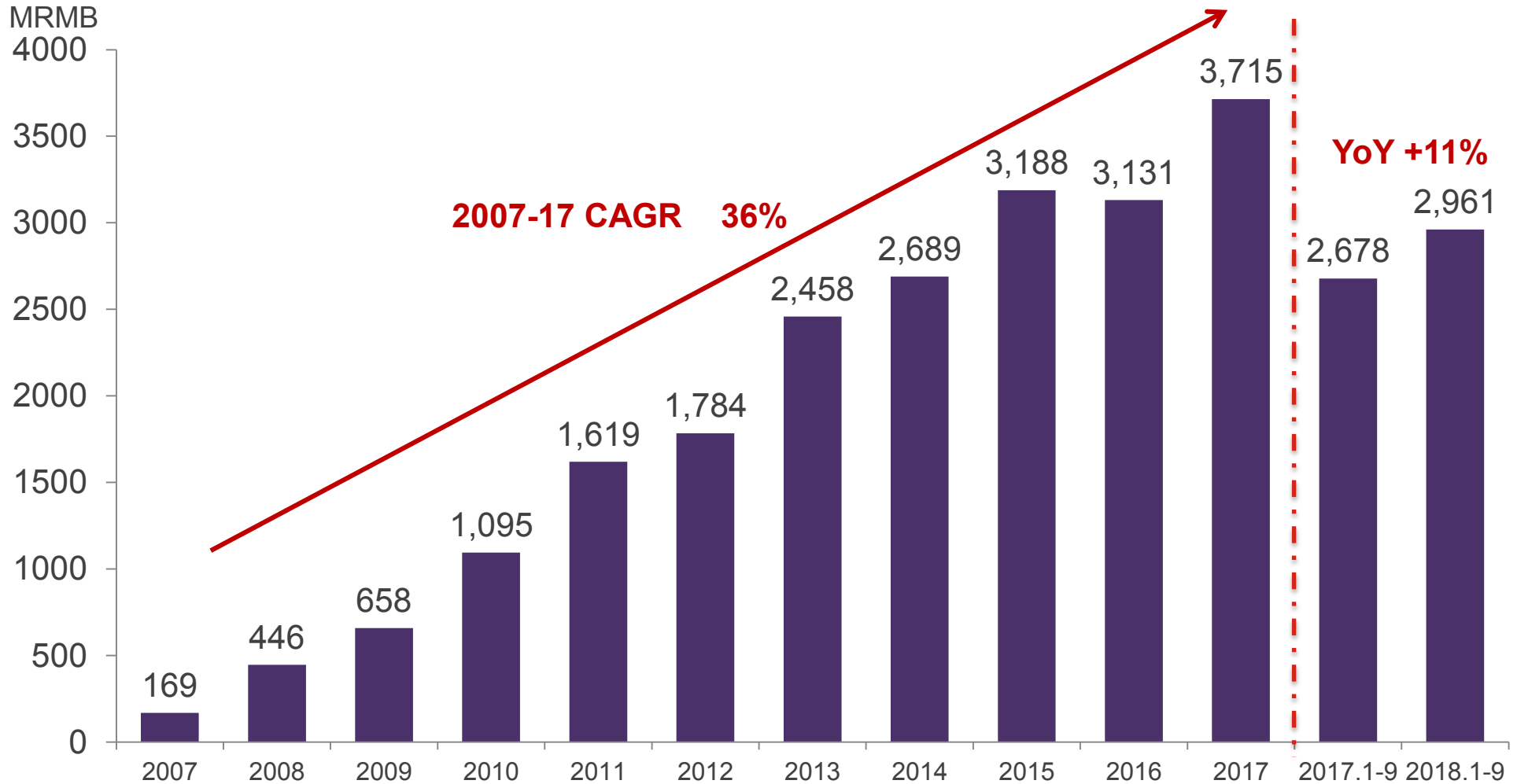
Supor domestic sales

MRMB



A decade of outstanding performances

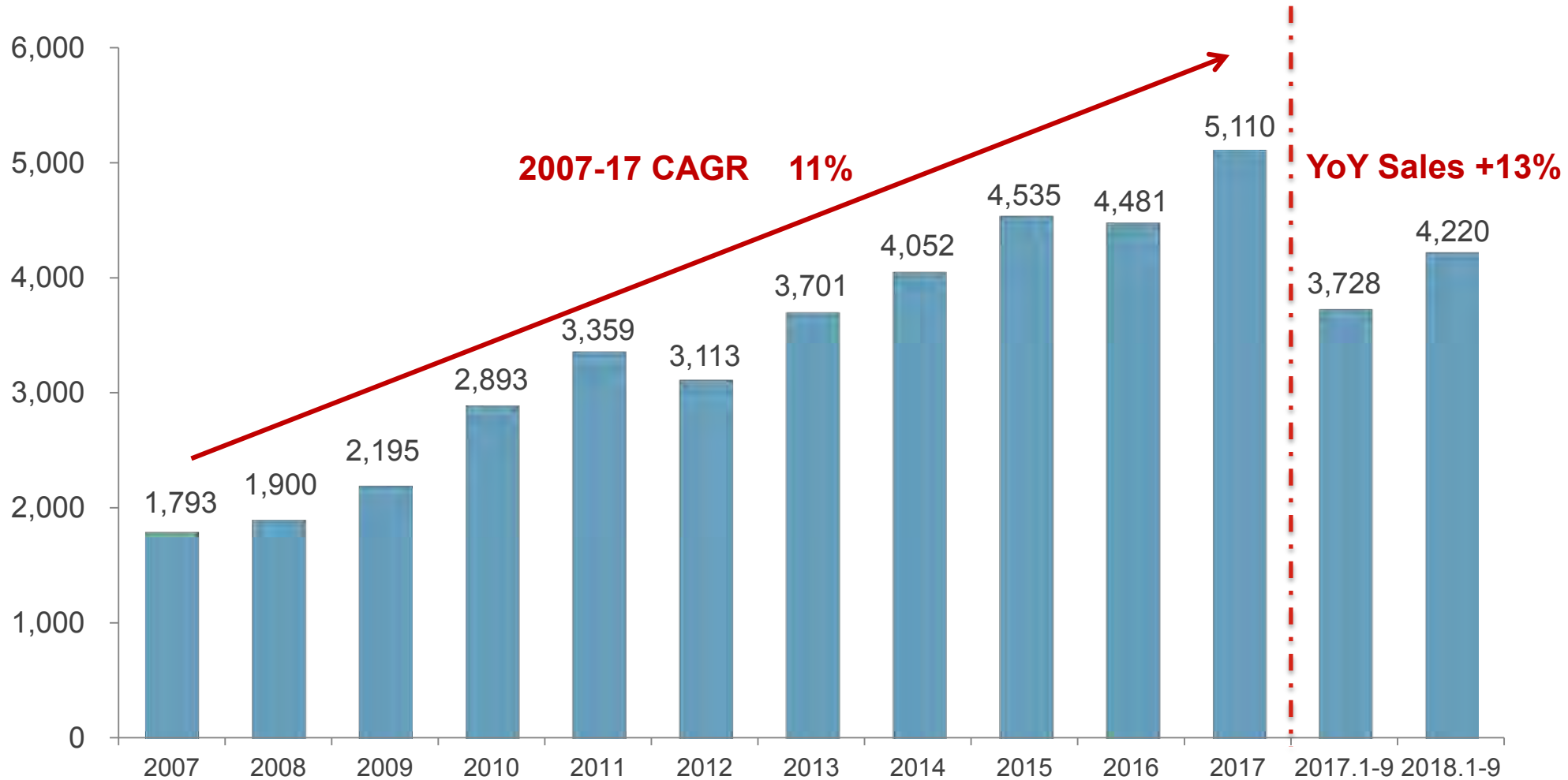
Supor export group sales



A decade of outstanding performances

Cookware sales

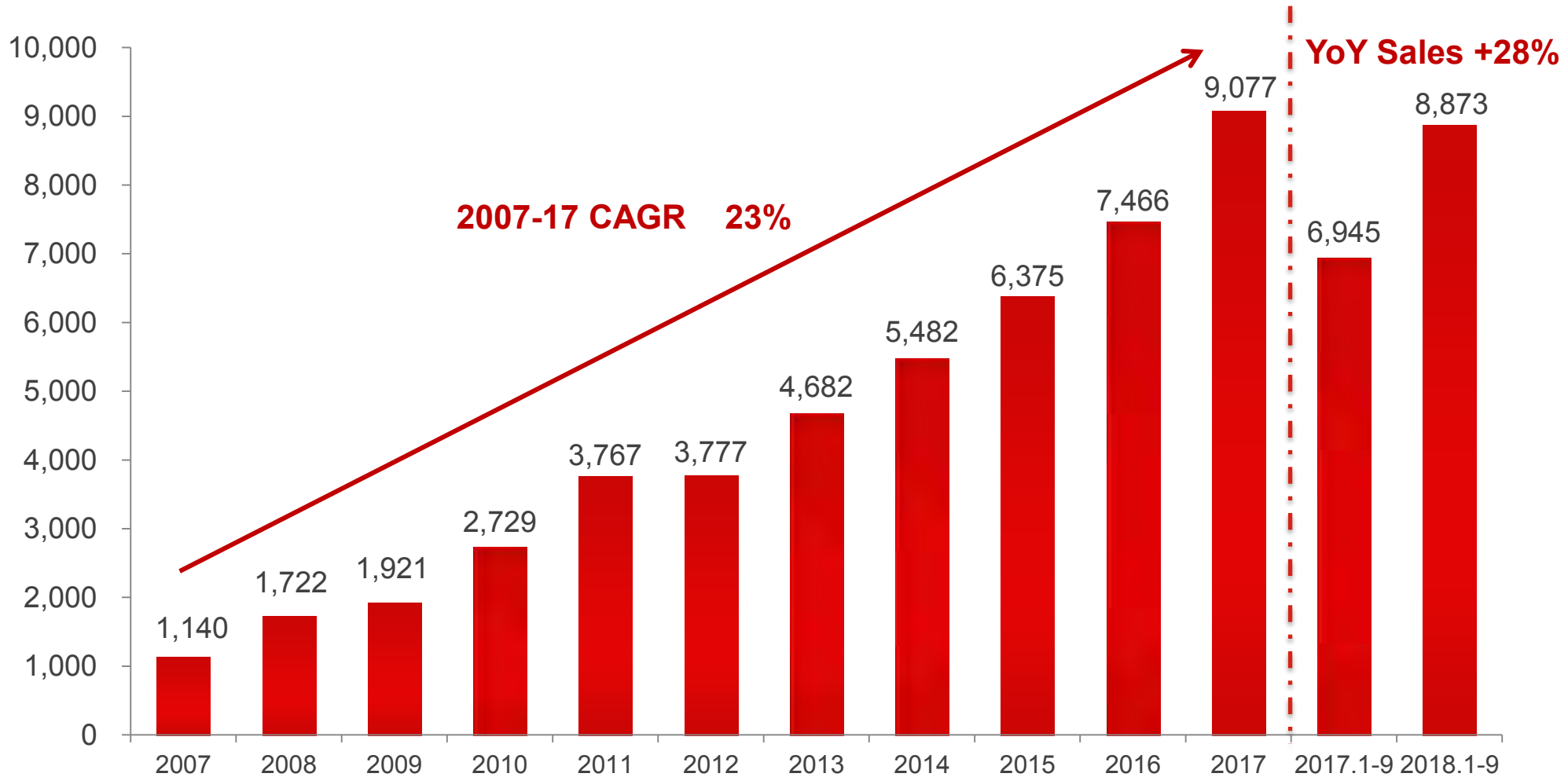
MRMB



A decade of outstanding performances

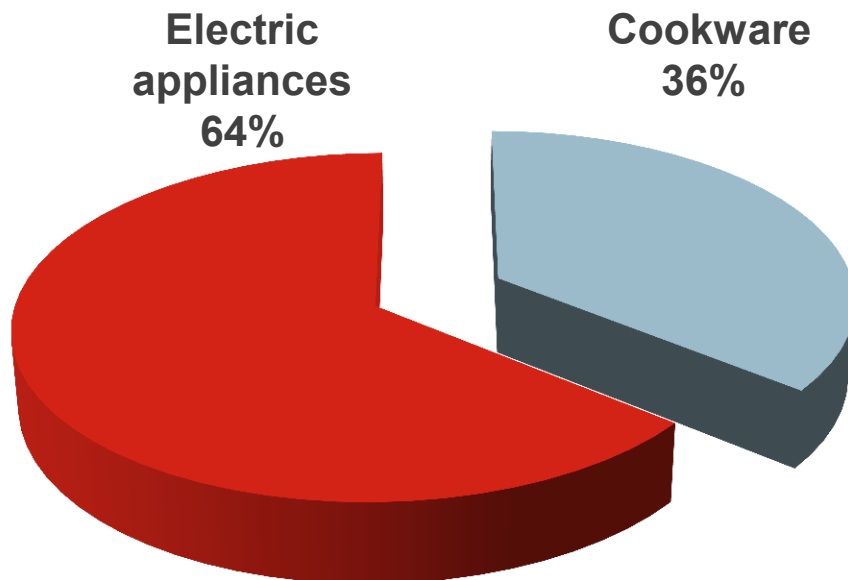
Electric appliance sales

MRMB

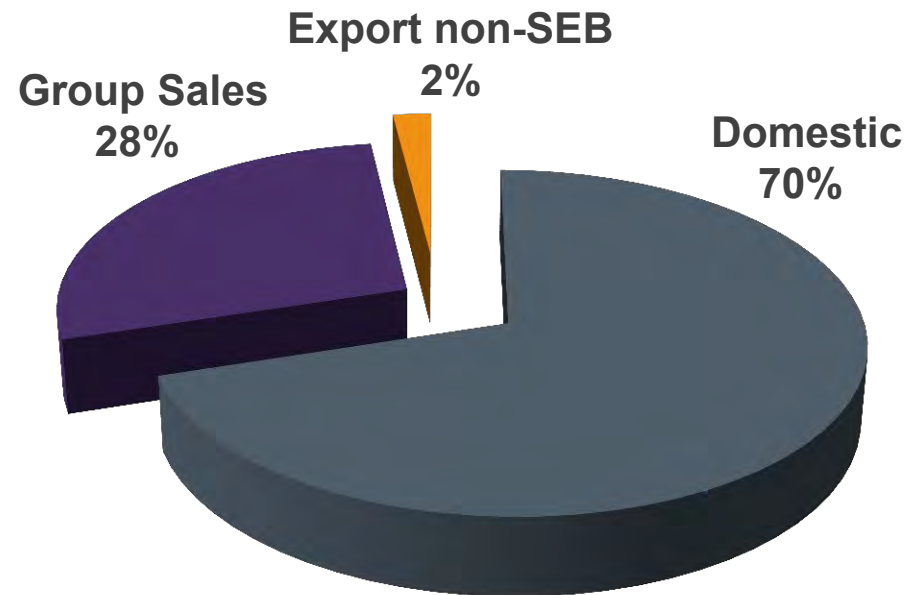


2017 sales breakdown

Sales by Business Unit

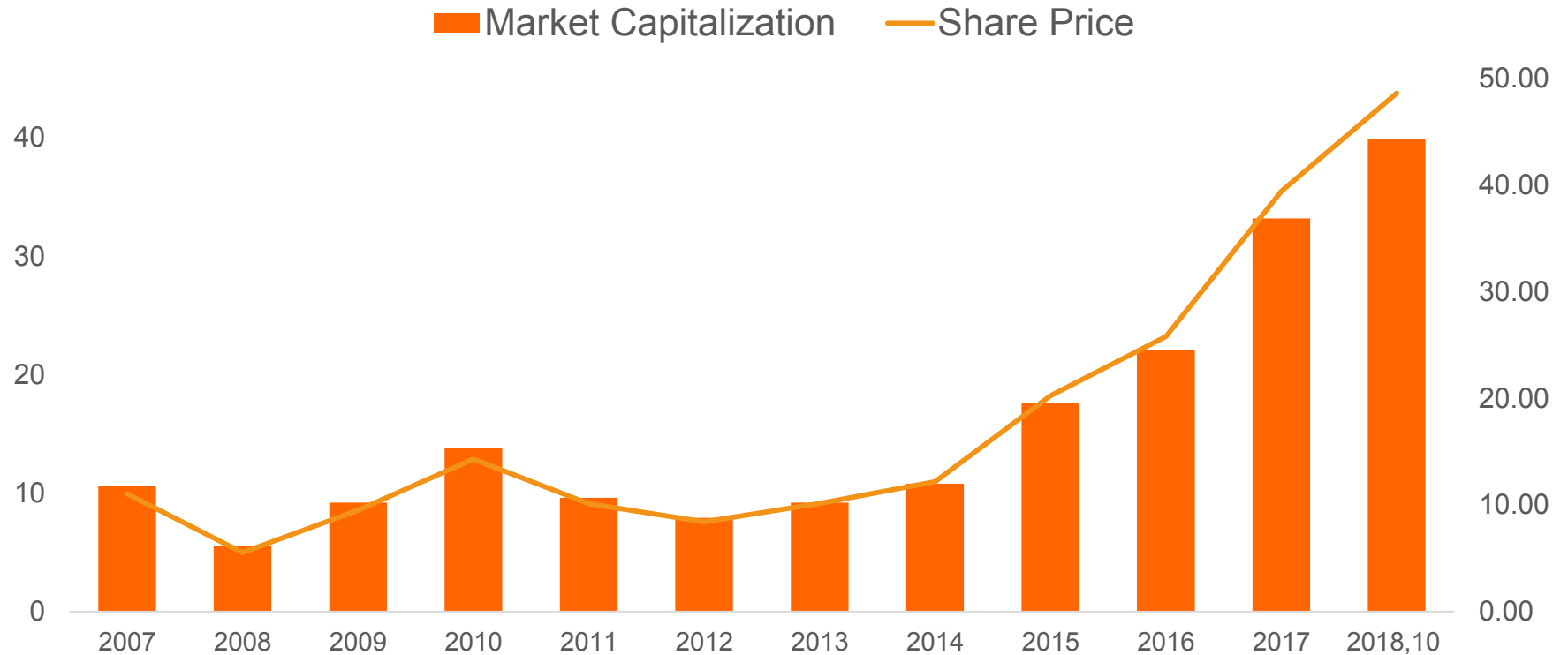


Sales by Business Type



Note: Electric appliances include small kitchen appliances business unit, and large kitchen appliance business unit

2007-2017 market capitalization & share price



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018.10
Share Price /year-end	11.05	5.53	9.50	14.30	10.11	8.41	10.14	12.19	20.23	25.81	39.43	48.62
Market Cap(BRMB)/ year-end	10.6	5.5	9.2	13.8	9.6	7.9	9.2	10.8	17.6	22.1	33.2	39.9

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A decade of category expansion in cookware

2007

5 categories in Cookware

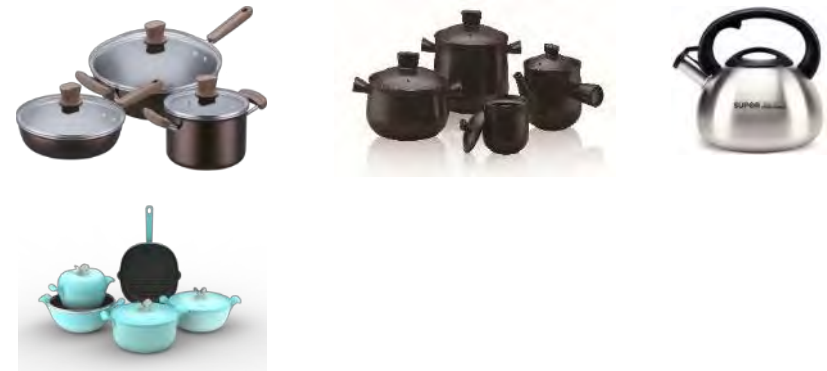


1 category in Kitchenware



2017

4 new categories in Cookware



5 new categories in Kitchenware



Leadership market positions in cookware

Wok



Pressure
Cooker



Frypan



Pot



N° 1

Set



Pottery
Pot



Steamer



Strong momentum in kitchenware

Drinkware



Knife



Spatula



Kitchen Tools



Lunch Box

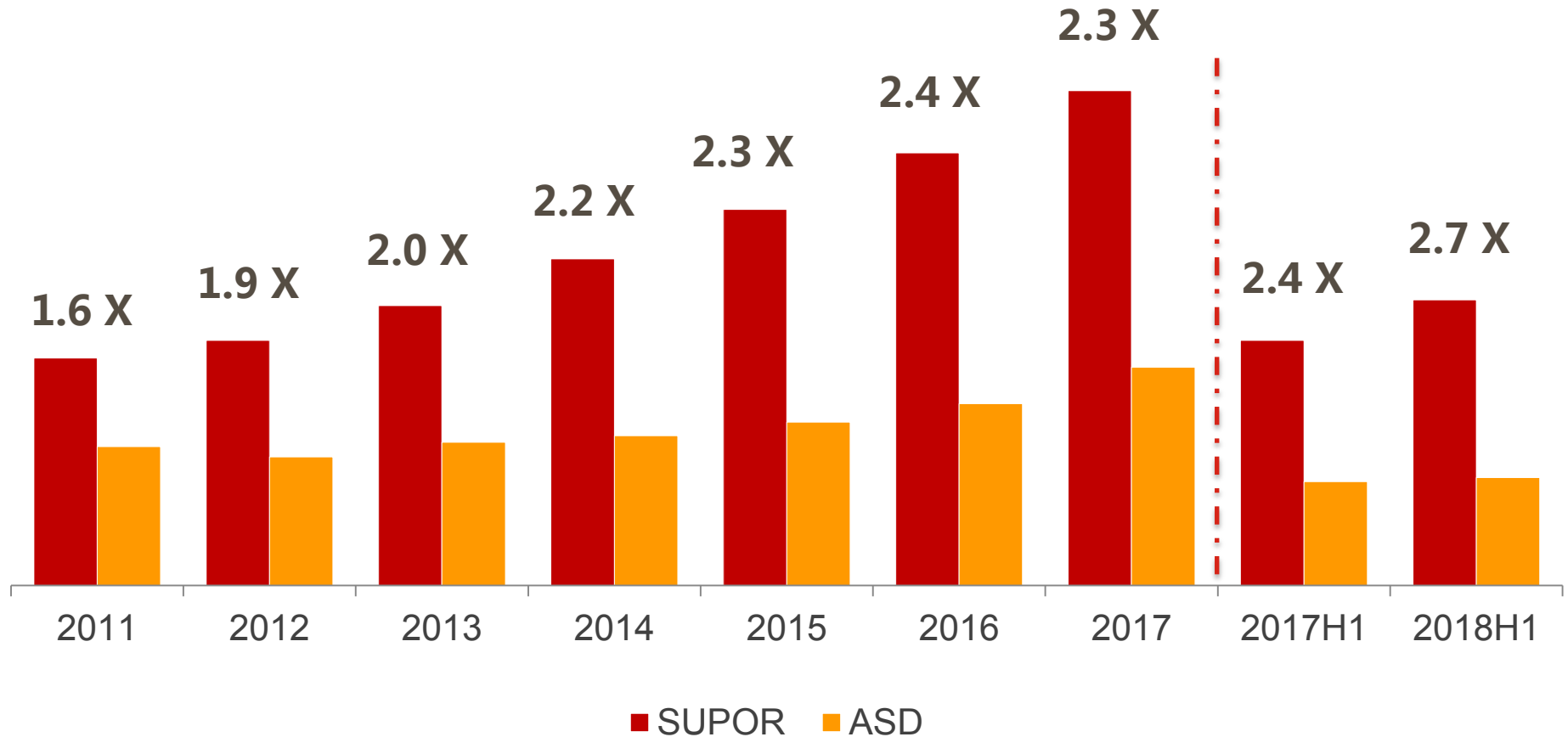


Easy
Storage
Box



Undisputed cookware market leader

Widening the gap vs ASD



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

N° 1

Slow
Cooker



Rice
Cooker



Baking
Pan



N° 2

Electrical
Pressure
Cooker



Induction
Hob



Kettle



Blender



Hot
Pot



Soy milk
Maker



N° 3

Sharply strengthened market shares over the 10-year period in Kitchen Electrics

Market Share (2017/2007)	No.1	No.2	No.3	No.4	No.5
	Midea	Supor	Joyoung	Panasonic	Philips
RC	42.71% +3.76%	33.12% +18.11%	12.15% NA	2.78% -4.01%	1.31% +0.09%
	Midea	Supor	Joyoung	MAZUBA	Galanz
IH	50.21% +14.45%	25.06% +14.26%	18.24% +8.22%	0.91% NA	0.60% -4.19%
	Midea	Supor	Joyoung	LUBY	Galanz
EPC	44.62% +3.36%	36.41% +19.43%	13.89% +12.52%	0.61% +0.48%	0.34% NA
	Midea	Supor	Joyoung	Gelaide	Philips
Kettle	40.12% +9.38%	23.25% +20.58%	16.69% +11.92%	3.00% -0.74%	1.74% NA
	Joyoung	Midea	Supor	Philips	ASD
SMM	63.59% -29.06%	20.10% +20.01%	14.82% NA	0.42% NA	0.22% NA
	Midea	Supor	Joyoung	Panasonic	Philips
5 in Total	41.69% +8.67%	29.28% +18.69%	19.18% +4.74%	1.14% -0.68%	0.89% +0.56%

Strong momentum for young categories

Garment
Steamer



N° 1

Vacuum
Cleaner



Air Purifier



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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4. **Main levers**



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



普通平面加热

第一代
铝合金内胆
2000年前

第二代
不粘内胆
2000年前

第三代
硬氧内胆
2001年

第四代
硬氧不粘内胆
2003

第五代
远红外陶瓷内胆
2005

第六代
聚能不锈钢内胆
2010年前



传统弧面加热

第七代
金刚陶瓷内胆
2011年

第八代
球釜内胆
2013年

第九代
钛球釜内胆
2016年

第十代
本釜内胆
2018年

苏泊尔第十代本釜 内胆全新面世



专注内胆技术20余年
致力于不断引领电饭煲内胆技术变革



球面加热



立体环流加热

Spherical inner pot 1.0

Spherical inner pot 2.0

Cross-fertilization with Groupe SEB



Tefal Thermospot Pan



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



Supor Thermospot Wok

6,700,000 pcs



Control oil temperature to avoid smoke

Transforming a Chinese iconic product into a global success story



Electric Pressure Cooker



Cookeo Multi-Cooker



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

(8 TVs) **TV**

(5 Smart TVs) **OTT**

(31 railway stations)
(5 trains) **OOH**

(3 major video platforms) **OTV**

(Wechat + Feed Ads) **Mobile**

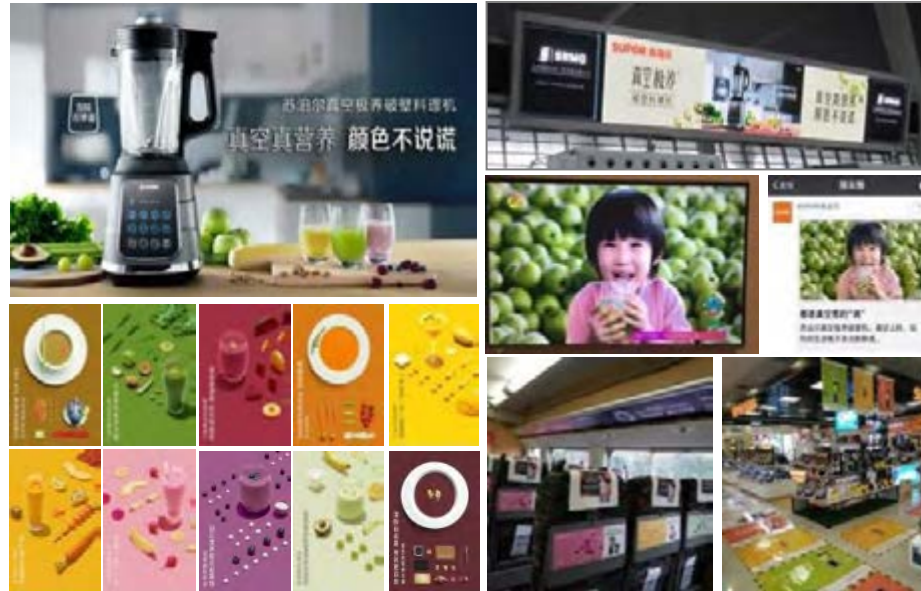
(KOL : Wechat + Weibo) **Social**

(2500+ online&offline stores) **Store**

(3 TV live broadcast) **Tmall 11.11party**

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

+ 259%

HSB sales value
2017FY YoY

605K units

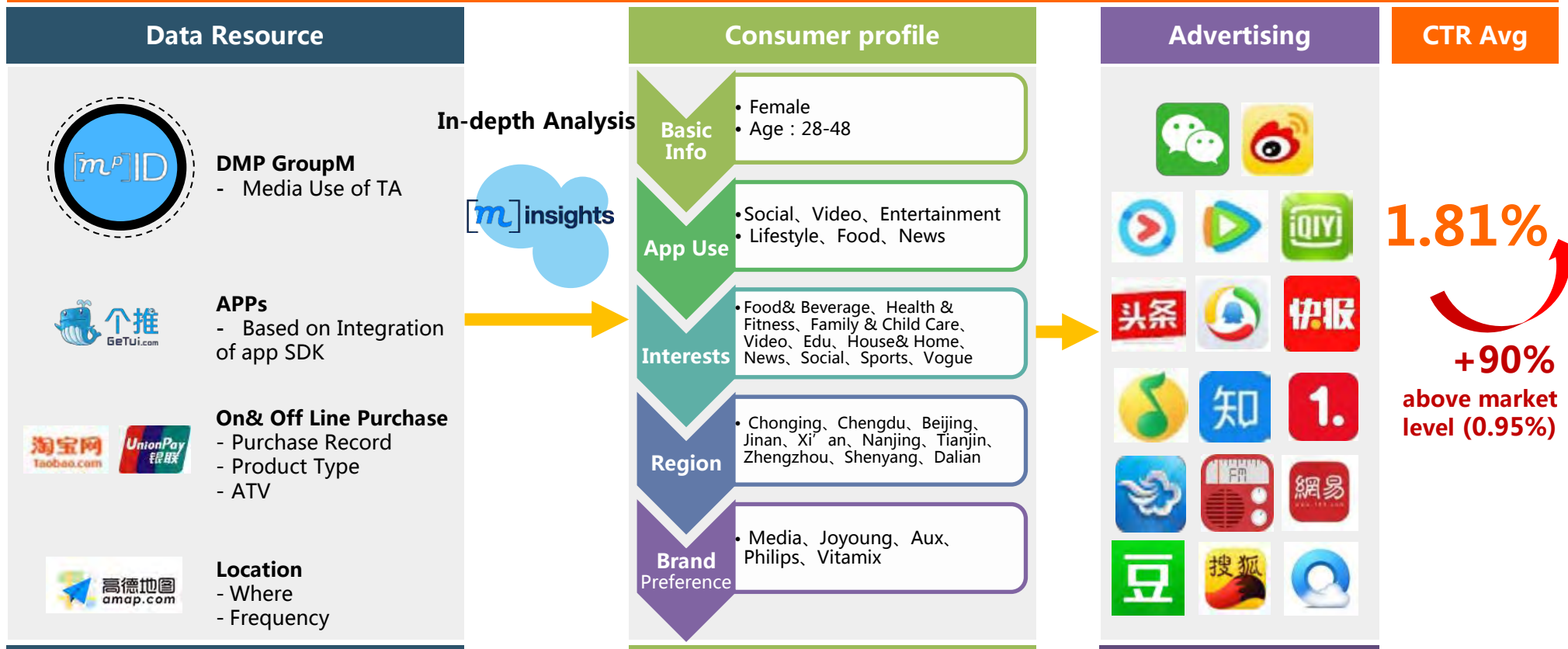
HSB Sales Volume
2017FY



Major digital campaign in 2018

- Low noise High-Speed Blender

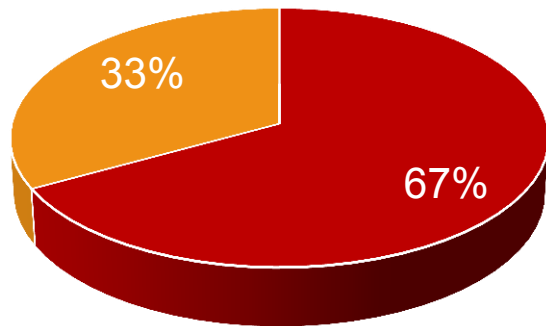
**Data Marketing Practice of SUPOR Low Noise High-Speed Blender:
Increase 90% CTR (in Market) by Focusing TA through Programmatic Buying**



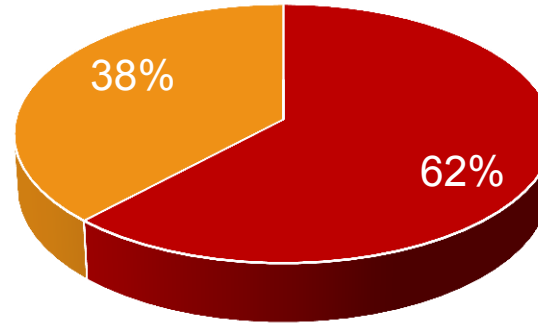
Notes : Programmatic Buying Data in Silent High-Speed Blender Project, Oct 15- 21, 2018 , (Only 7 days Data, FYI)

Supor's media spending going digital to drive relevancy and efficiency

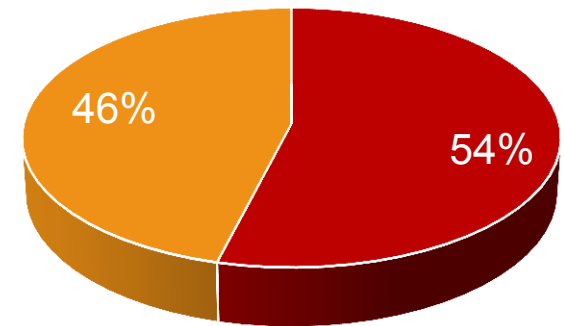
2015



2016



2017

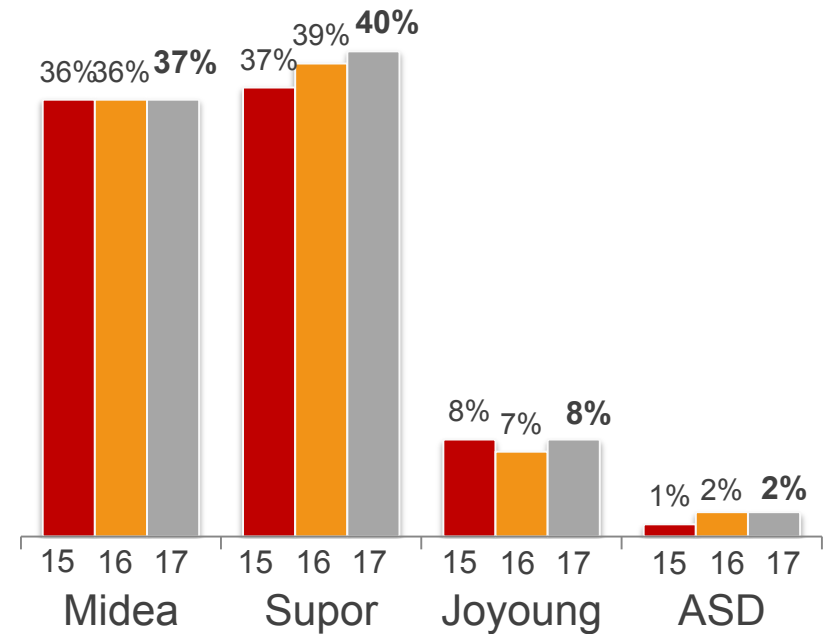
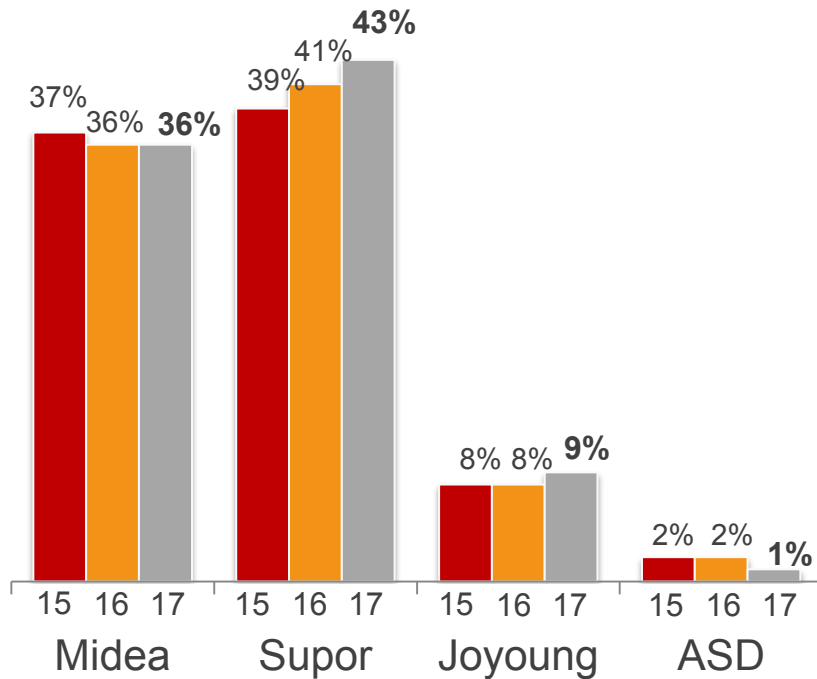


■ TV ■ Digital

Supor, the Chinese consumers' favorite kitchen brand

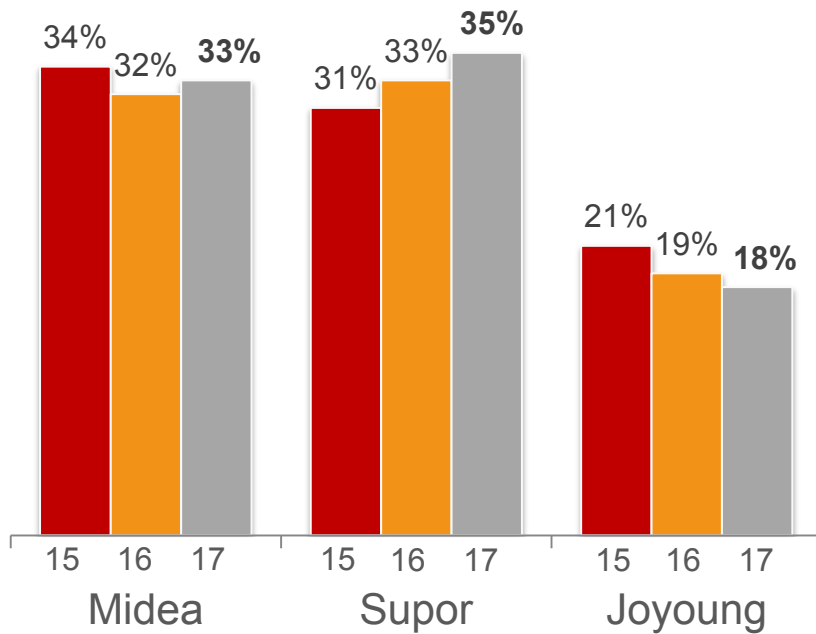
■ Unaided awareness: Supor ranking #1, ahead of Midea by 7 pts

■ Brand preference: Supor ranking #1, ahead of Midea by 3 pts

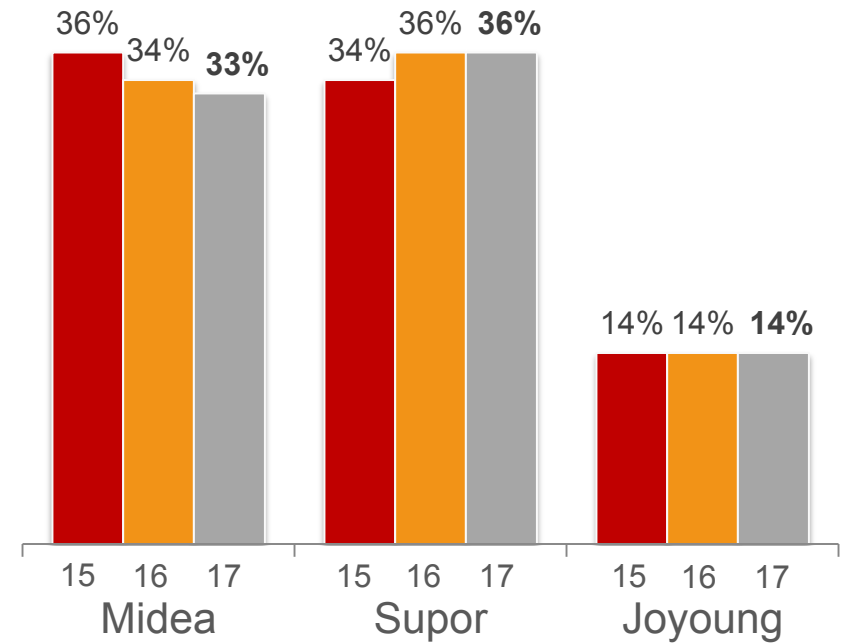


Supor, the Chinese consumers' favorite brand in kitchen electrics

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



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



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

Map of Life stores nationwide



■ 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



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



Supor's industrial sites – Facts and figures

Cookware:

Production volumes 2017: 59 MPCs



YUHUAN 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

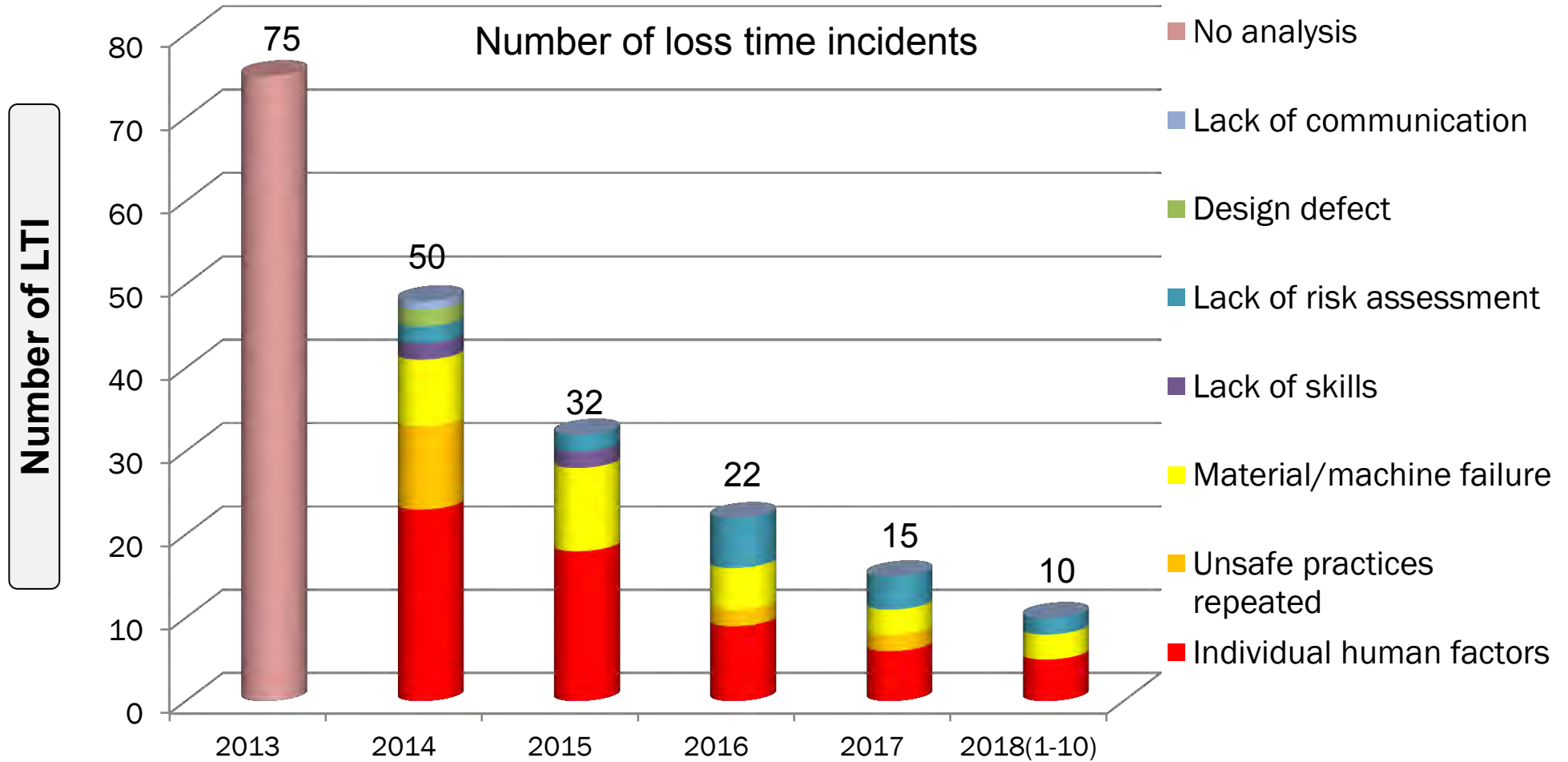
Fields: 28,000 m²

Employee: 504

August 2009



Focus on industry safety



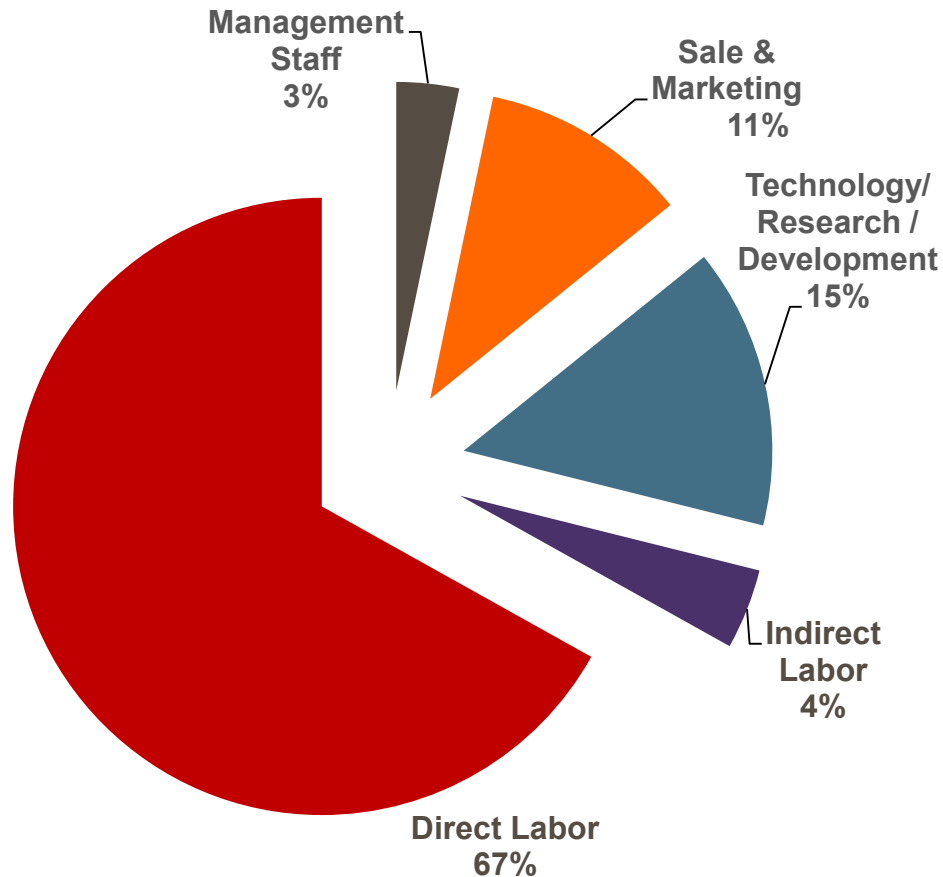
Supor key success factors

- 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 take into competence production advantage
- Startup with specific categories





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INNOVATION PRESENTATION
Walson WANG

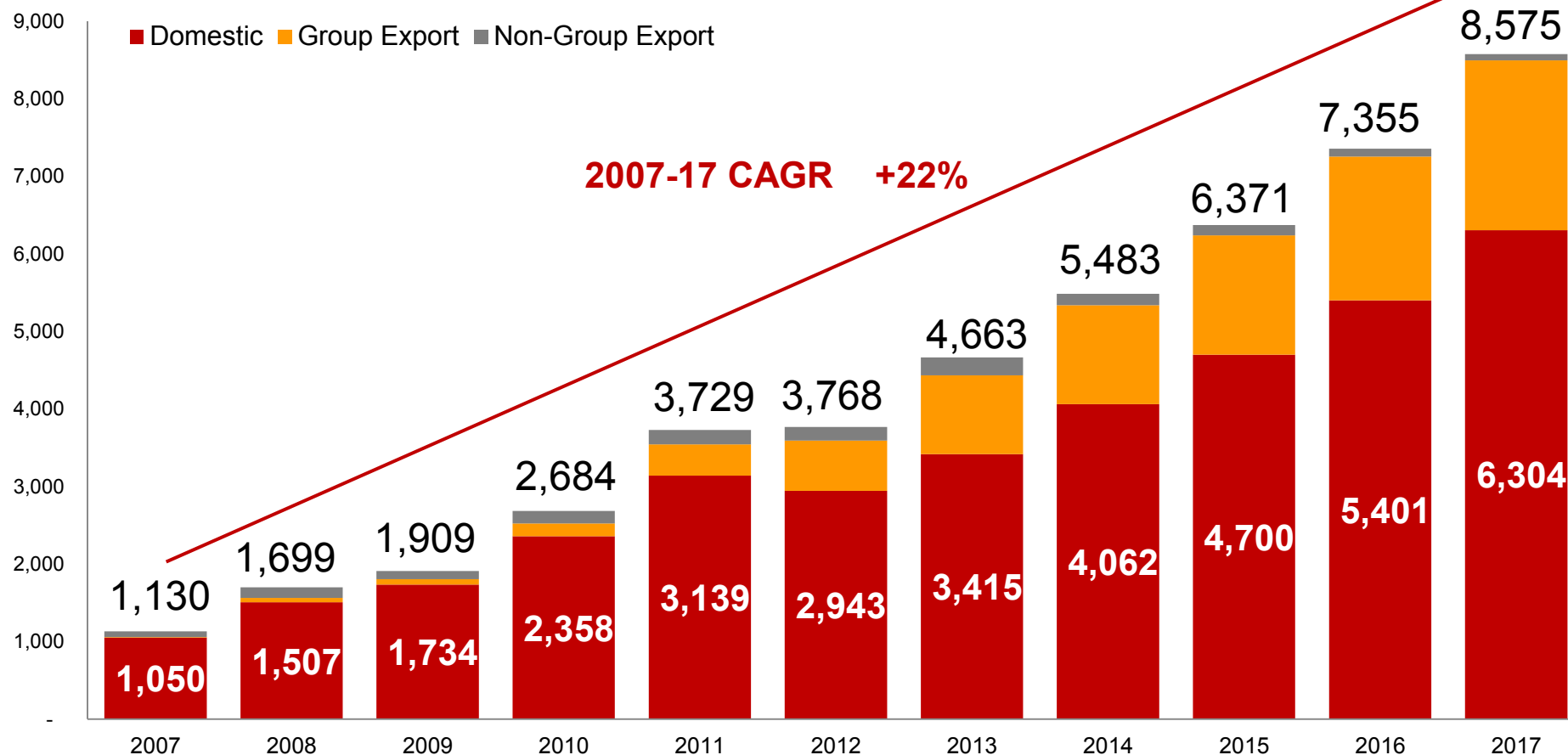
SUPOR 苏泊尔

1. **SDA market**
2. Rice-cooker
3. More innovative products
4. Conclusion



Robust Supor SDA business growth

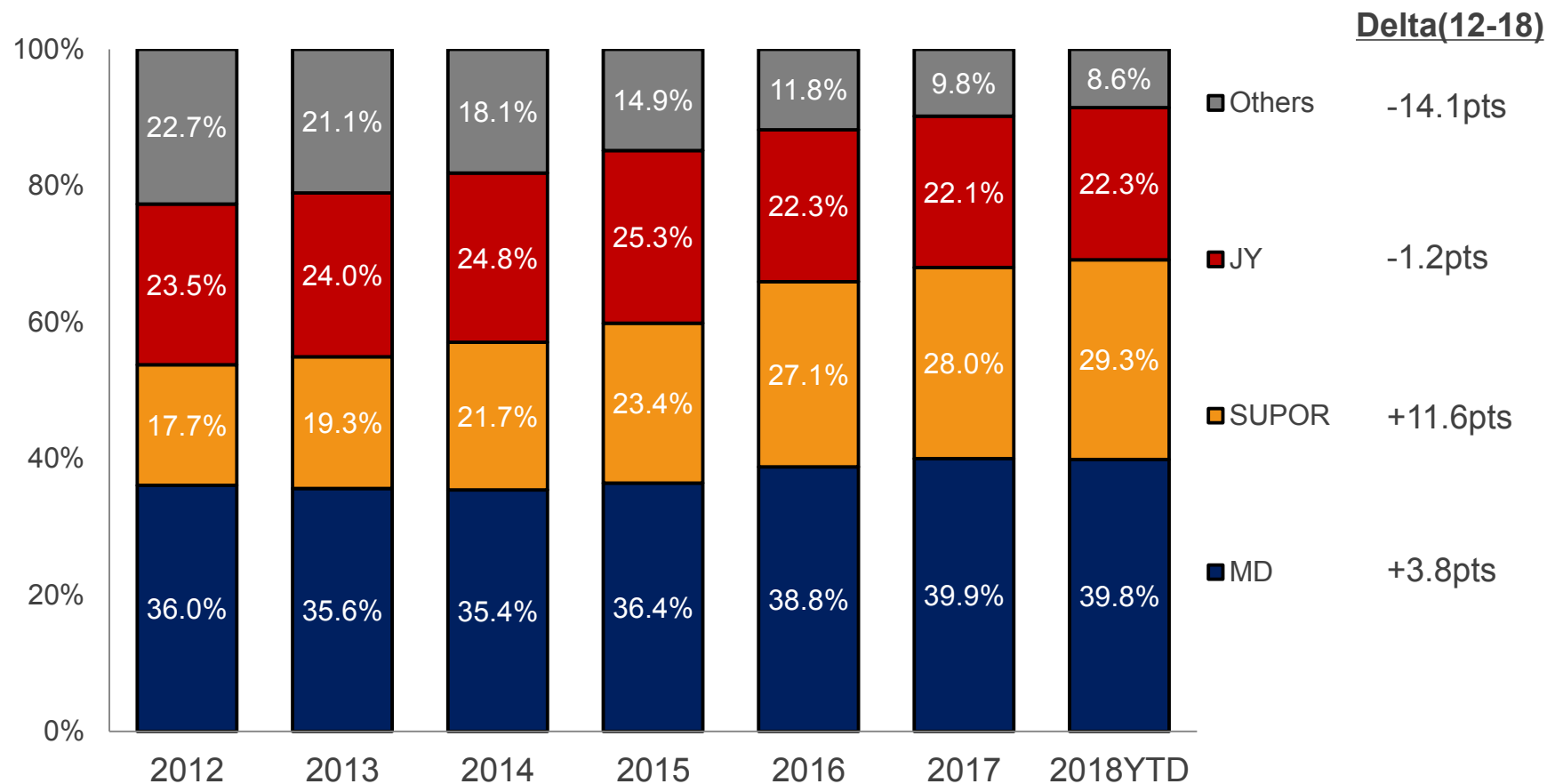
Sales (M RMB)



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

CHINA SDA Offline Market Share



Outstanding market positions in large categories

N° 1



33%

N° 2



25%



26%



34%



37%



28%

N° 3



26%



26%



16%



SDA business development roadmap

Start SDA, and enter into more new categories

Product innovation & differentiation

SDA



New categories



HPC



2002

2008

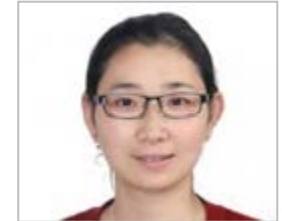
2014

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



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

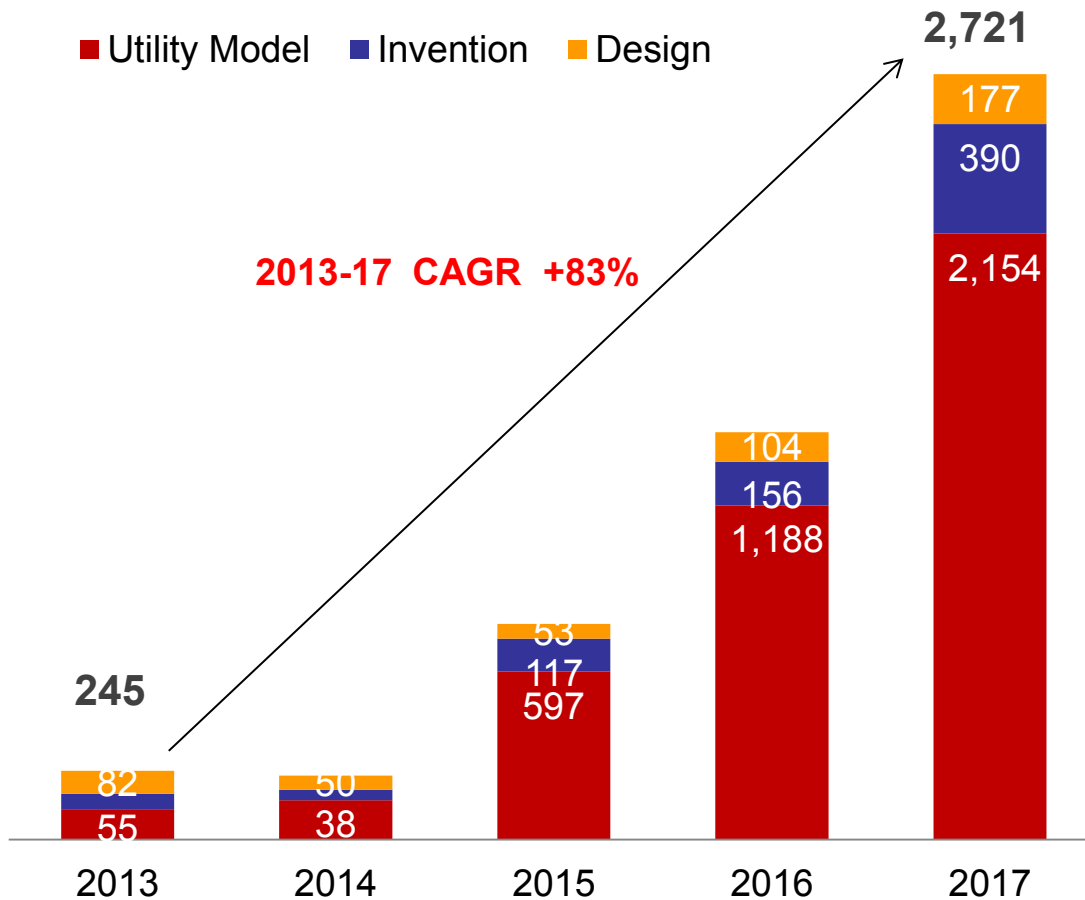


- The key factor of cooking best rice is inner pot



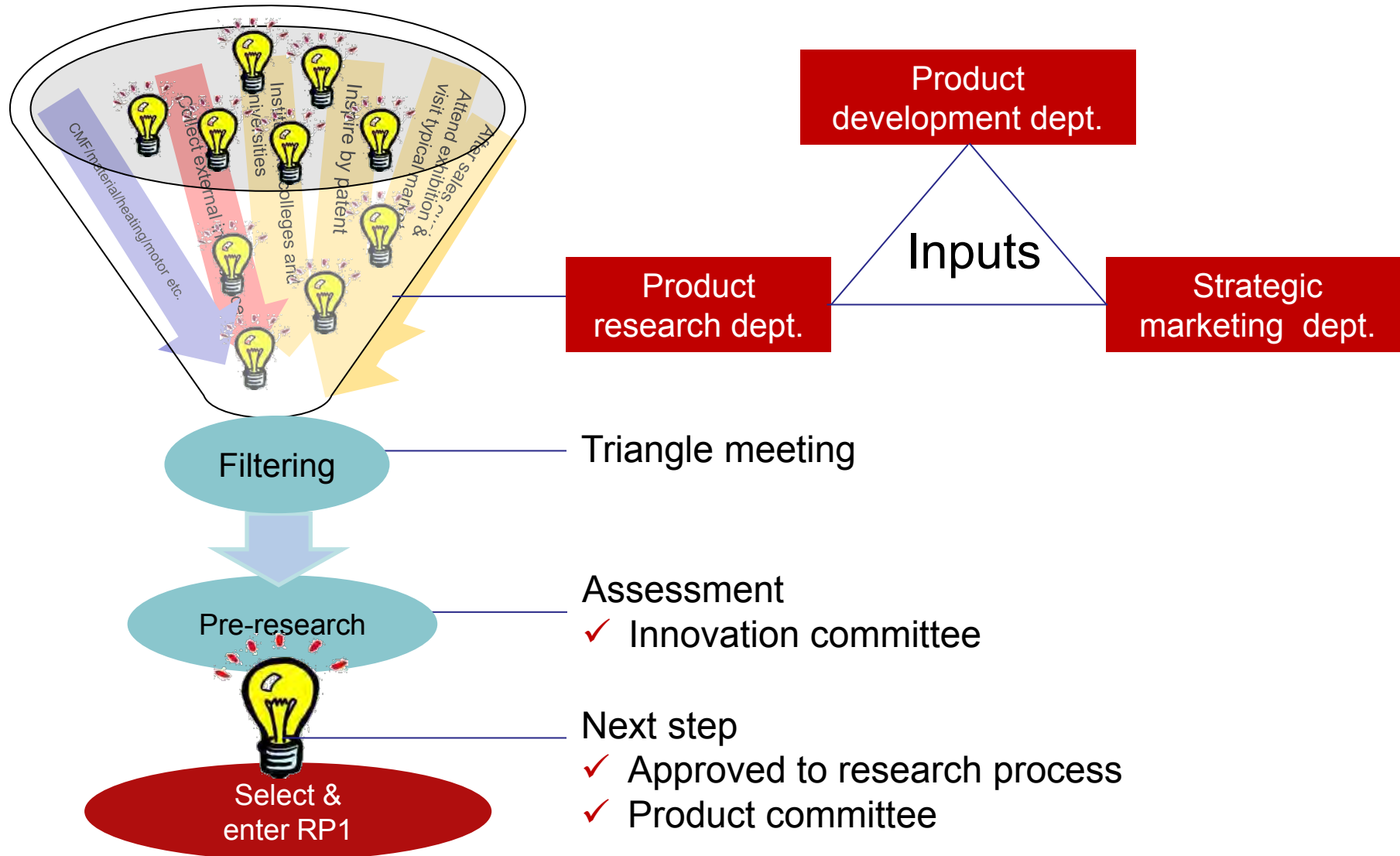
Robust patent application

Patent Application Quantity

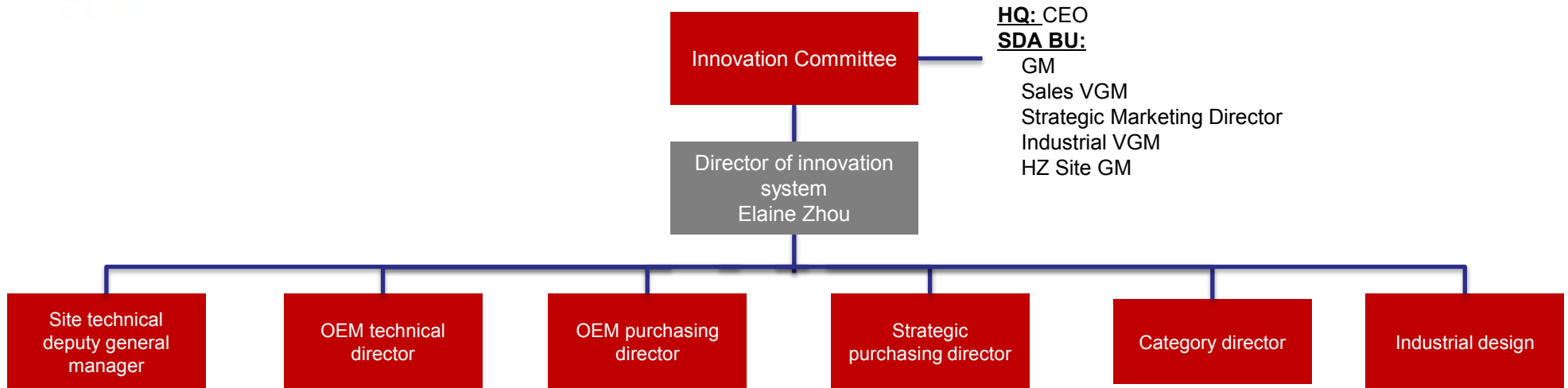


- Patent risk control and innovation protection through the whole product life cycle
- Patent mining and layout to create patent pool
- Combination of Trademark, copyright and different types of patents to protection products

Strong innovation pool



SDA innovation system organization



- 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

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



Rice cooker inner pot evolution



Flat Surface Heating



Traditional Dome Heating



Spherical Heating



3D Heating



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

Before 2000

2001

2003

2005

2010

2011

2013

2016

2018

Consumer insight - Why spherical inner pot

Inner pot in market



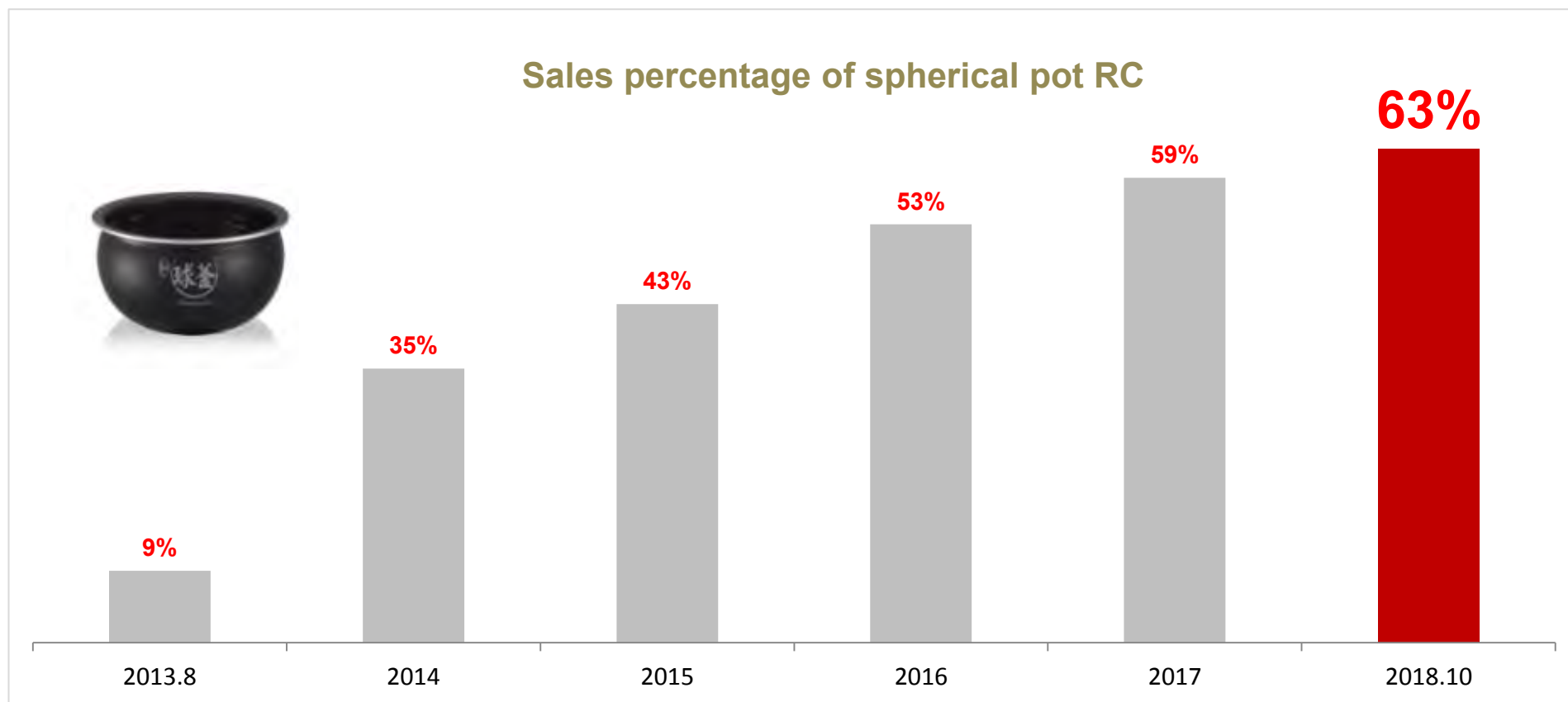
How to develop a new inner pot, based on traditional rice cooking



New inner pot

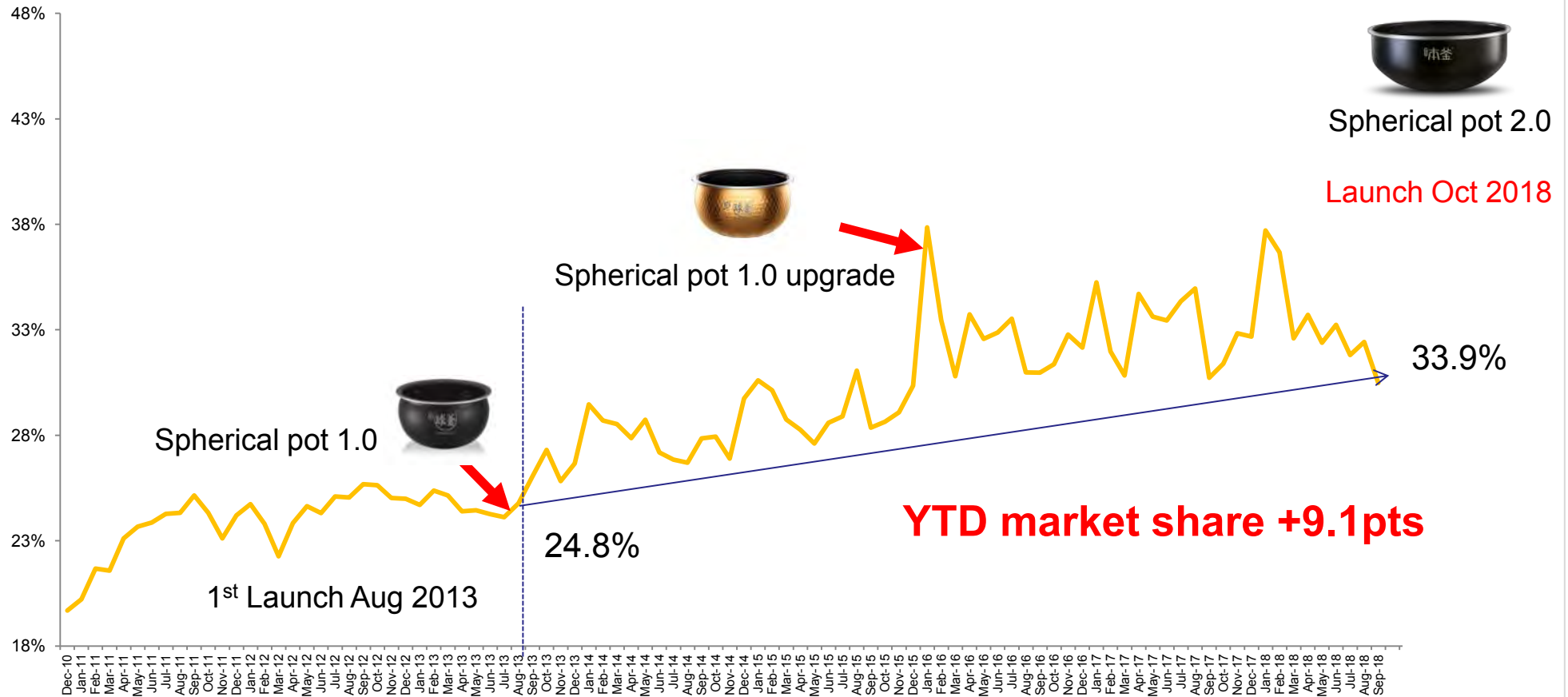


Spherical pot RC as a key growth driver...

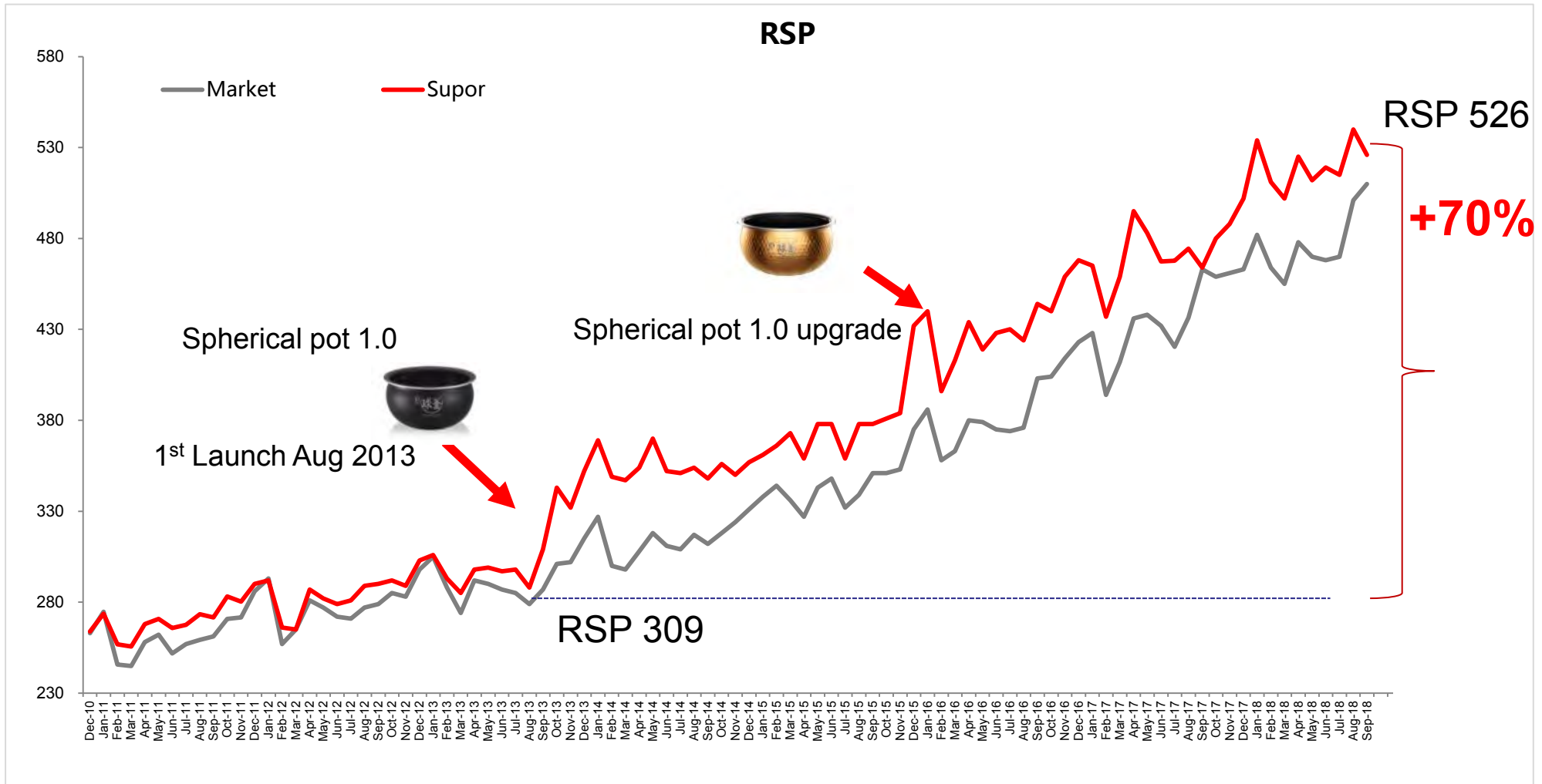


... leading to strong market share gains...

Market share



... 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



First Digital LED display kettle



Dual pressure valve Fresh Breath EPC



Anti-overflow IH



First anti-overflow health pot

More innovative products - HPC



Dust monitor
Mite Remover



Pressure
Garment Steamer



Art design
Garment Steamer

1. SDA market
2. Rice-cooker
3. More innovative products
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



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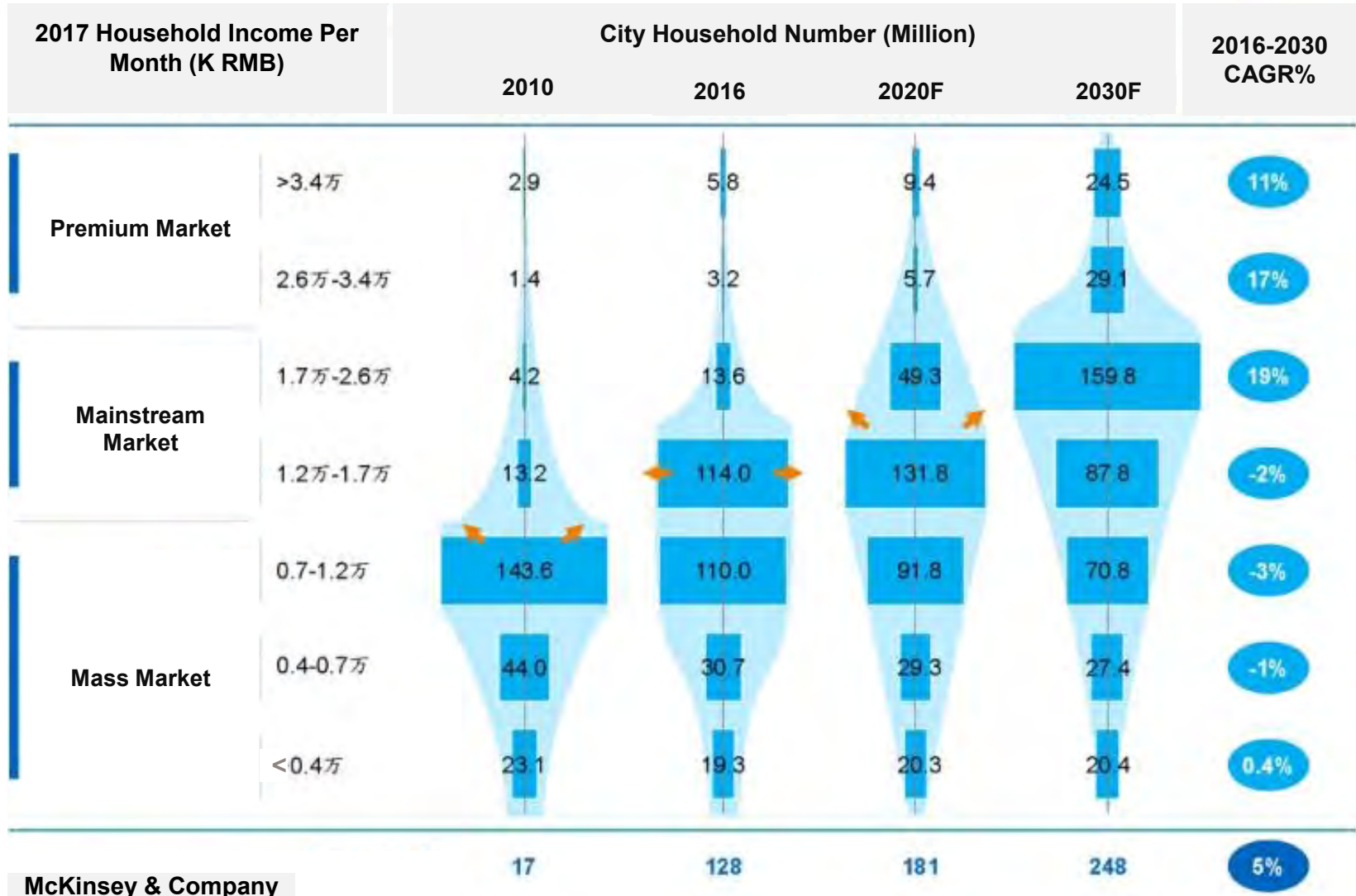
WMF CONSUMER IN CHINA
Jack Pan

SUPOR 苏泊尔

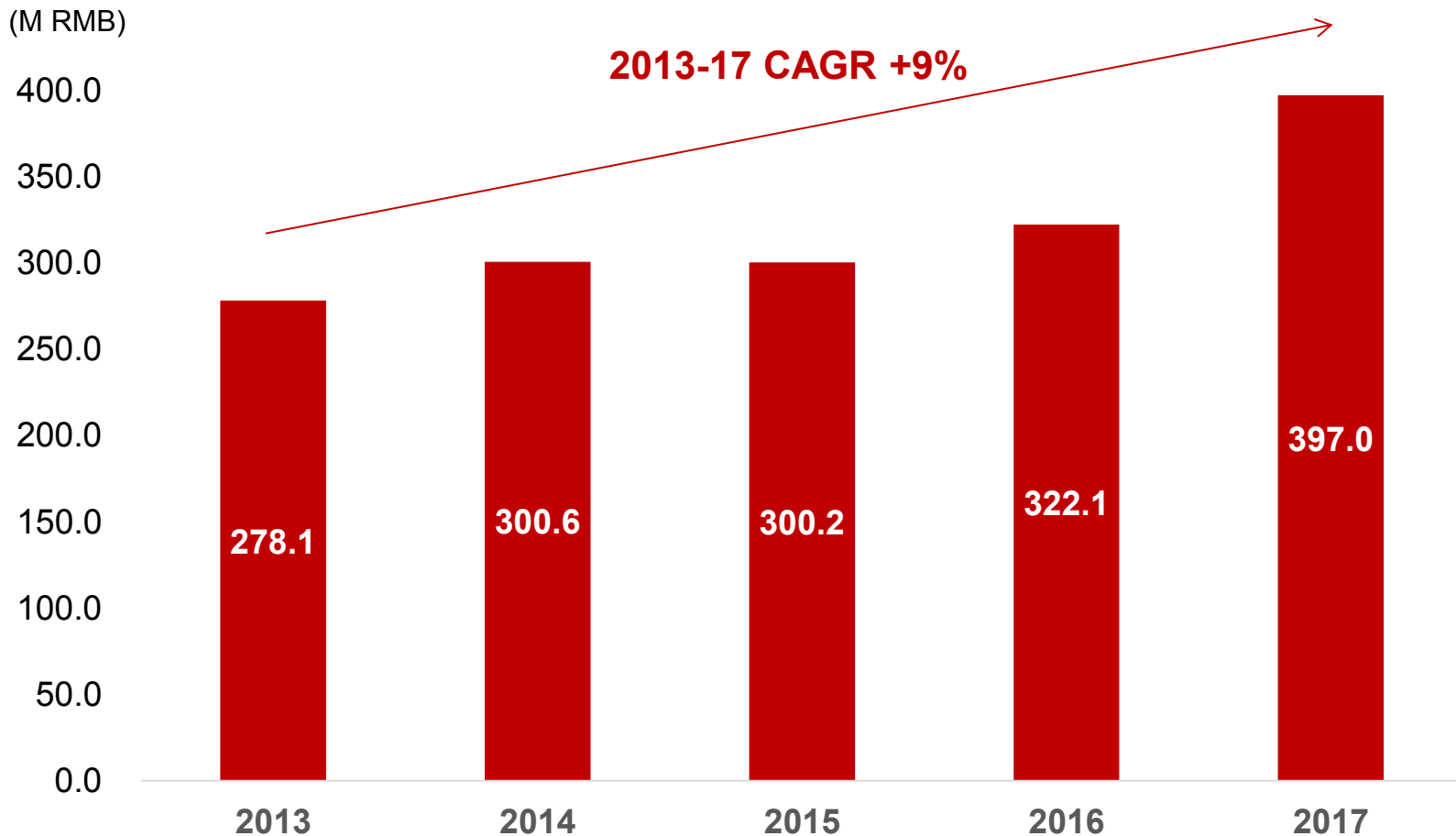
1. **China premium cookware market**
2. WMF Consumer in China
3. Key priorities



Market upmove driven by the rise of China's middle-class



Robust Chinese premium cookware market



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



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



Acquisition of WMF by Groupe SEB



Upgraded WMF retail store image

2010

2016

2018

2011

2017

Began online business, opened WMF TMALL flagship store

WMF China Integrated into Supor.
Honored Germany's No.1 brand in
homewares by Euromonitor

Aligned
business model on Supor



SUPOR 苏泊尔



Main product milestones



2010

Started with 4 moment product lines (preparing, cooking, drinking & dining)

2011

Launched NATURamic range

2016

Launched SDA

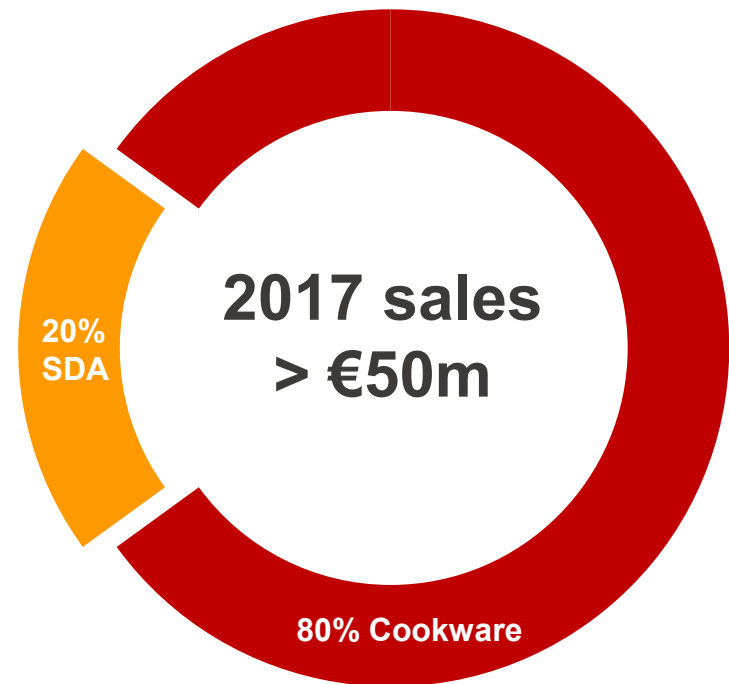
2017

Launched local for local new products (e.g. Chinese woks)

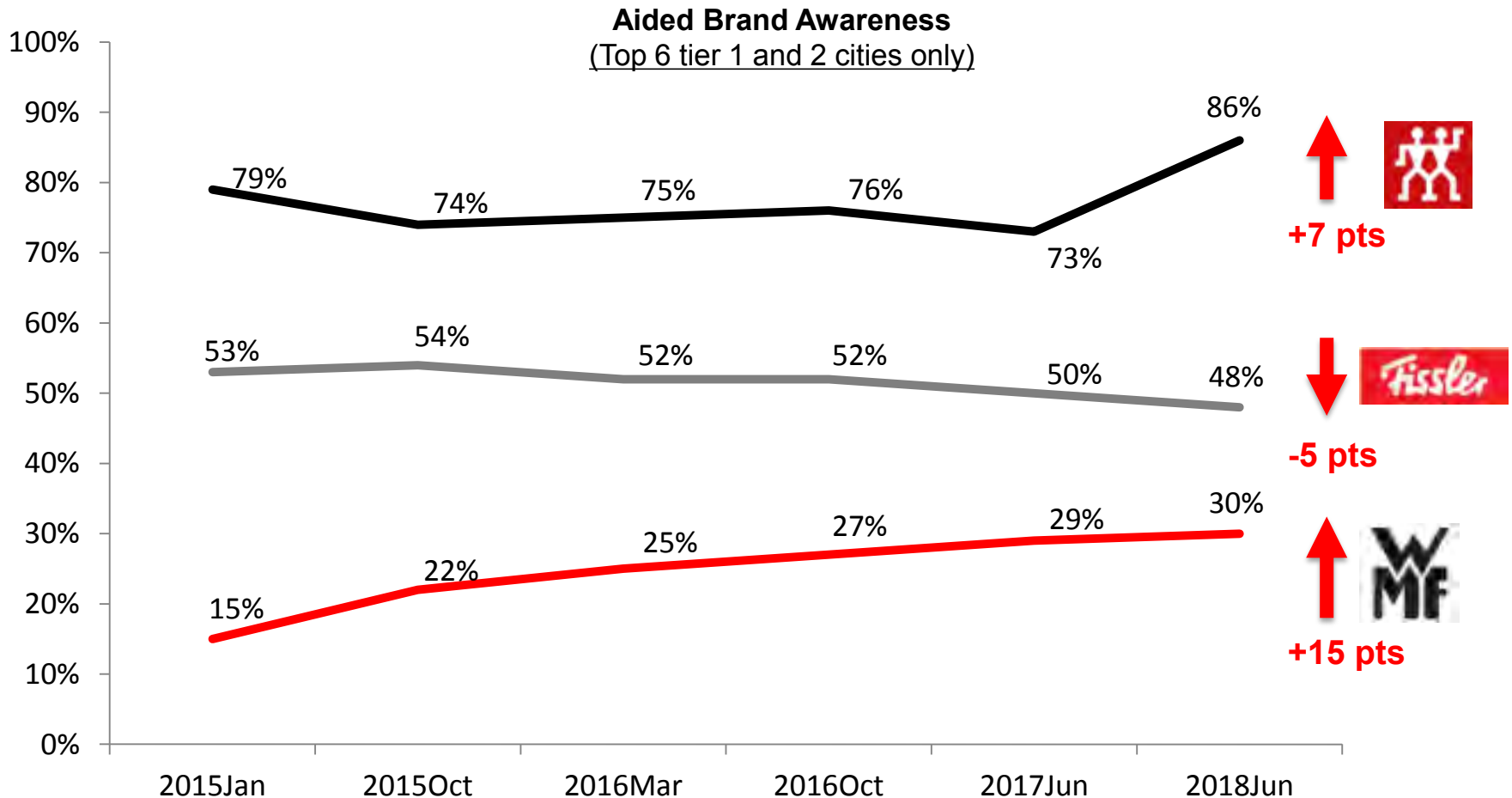
2018

Launch insulation jugs and mugs

Cookware-focused portfolio, gradually diversifying



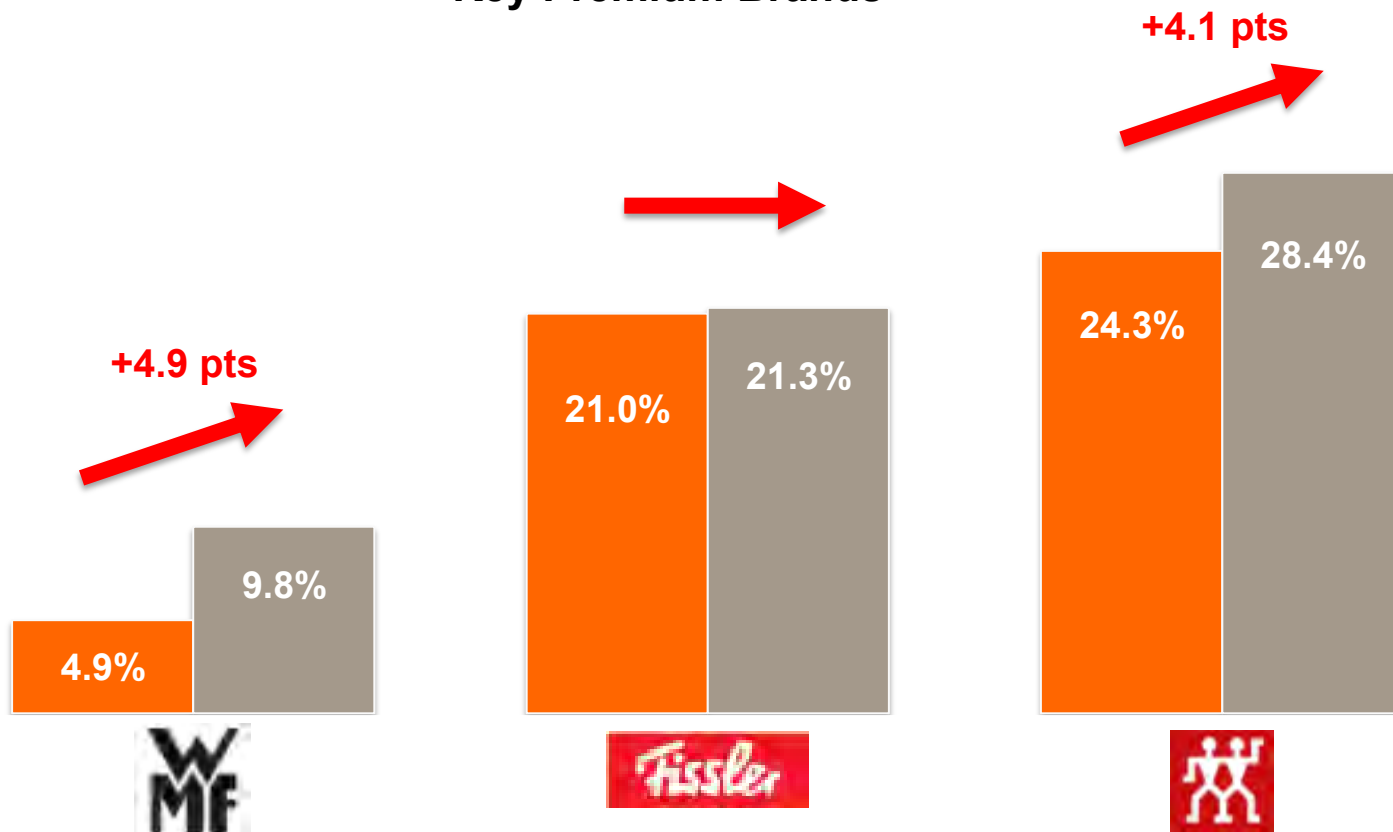
Sustained growth momentum in WMF brand awareness



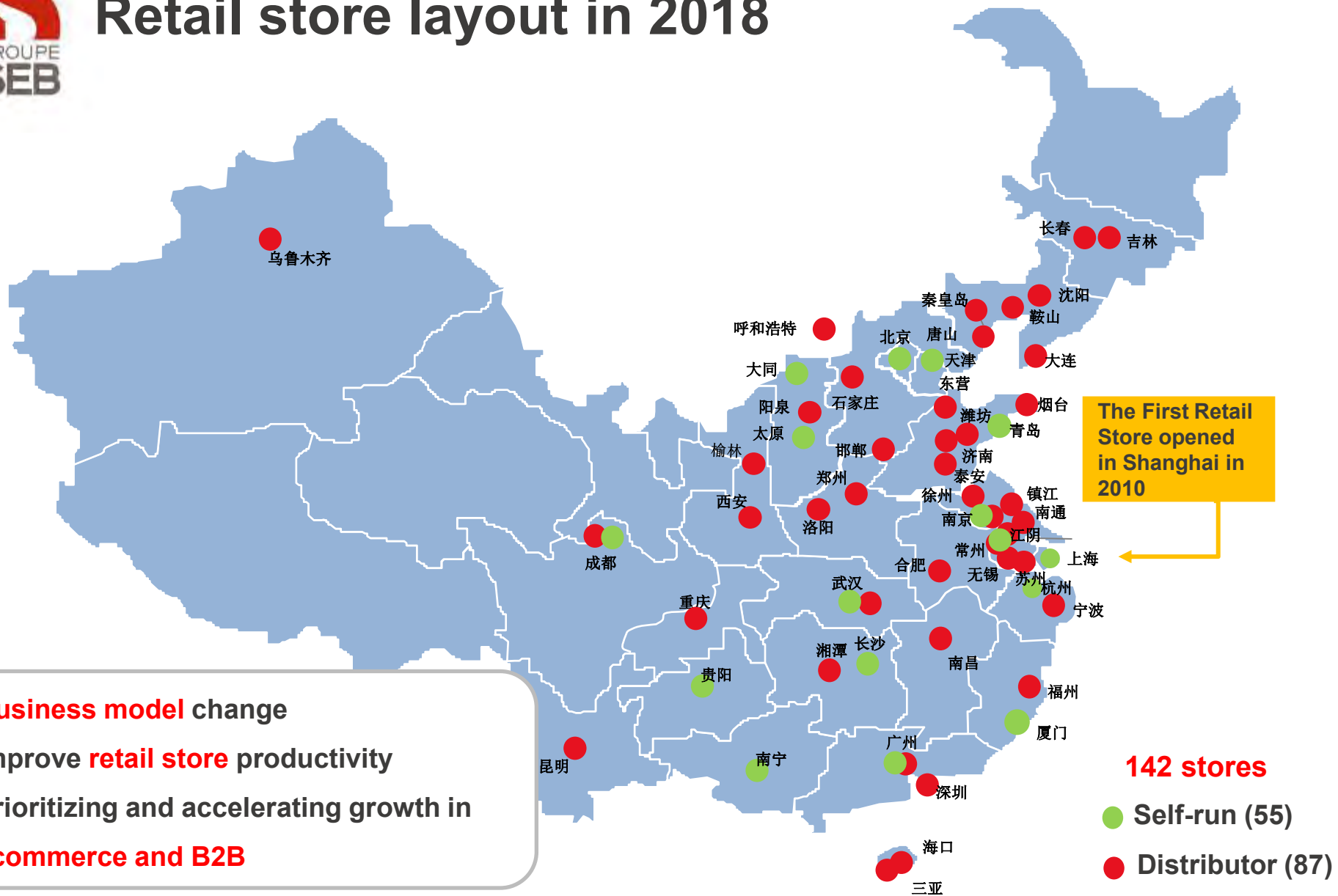
Source: Consumer Survey conducted by third party agent; n=1200 in 6 tier 1 and 2 cities (Beijing, Shanghai, Guangzhou, Chongqing, Wuhan, Nanjing); respondents with minimum household income of RMB 10,000 and RMB 15,000 for tier 1 and 2 cities respectively

Solid Offline market share growth

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



Retail store layout in 2018



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



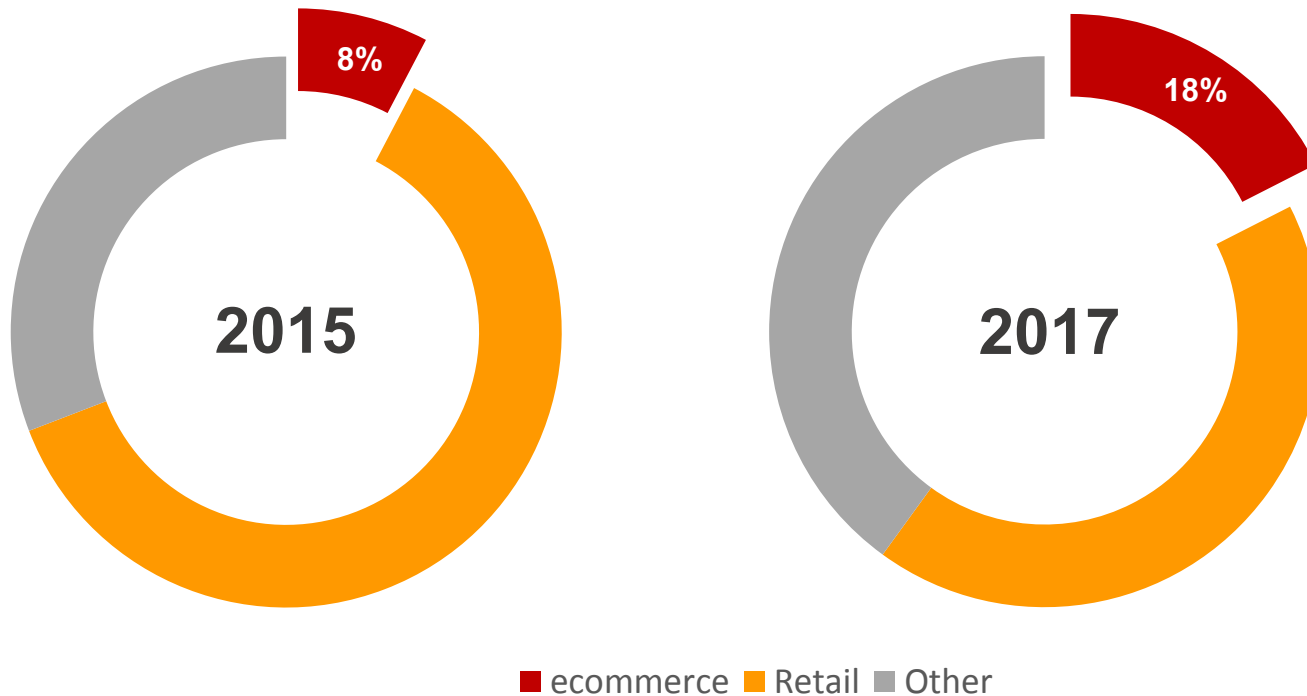
VIP.COM



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

		Cookware		Drinkware		Kitchen Electric	
		GSEB	Competitor	GSEB	Competitor	GSEB	Competitor
Premium	Top		  			 	
	Entry / Mid		   		 	 KRUPS	  SIEMENS
Mass		SUPOR		SUPOR		SUPOR	 PHILIPS

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

SUPOR 品牌 型号 规格 日期 2019年9月20日

IT设备购置申请表

申请人: 张明	部门: 市场部	日期: 2019年9月20日	审批人: 李华
设备名称: 笔记本电脑	数量: 1台	用途: 办公	备注: 用于市场调研

本人郑重承诺: 以上所列设备均为公司所需, 且符合公司相关规定, 特此声明。

审批意见:

审批人: 李华	审批日期: 2019年9月20日	审批结果: 批准
审批人: 王强	审批日期: 2019年9月20日	审批结果: 批准

申请人: 张明

AFTERSALES SYSTEM



New journey just begins...





WMF Group

Investors Day

Coffee Business in China

PCM WMF & Schaefer

November, 2018



schaefer

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

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



China – a coffee drinking country?

1. Coffee market in China

WMF Group

The inevitable rise of Chinese Coffee Market

Fast-growing middle class

Higher Demand

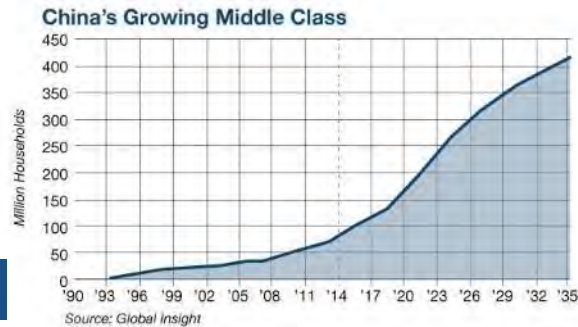
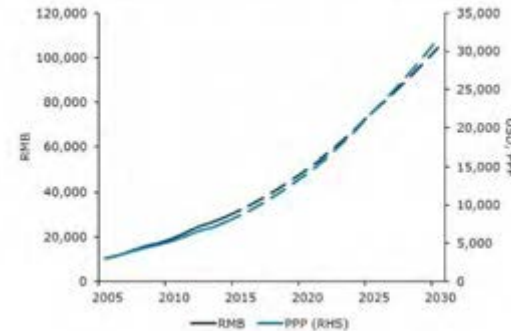


FIGURE 2. CHINA URBAN DISPOSABLE INCOME PER CAPITA



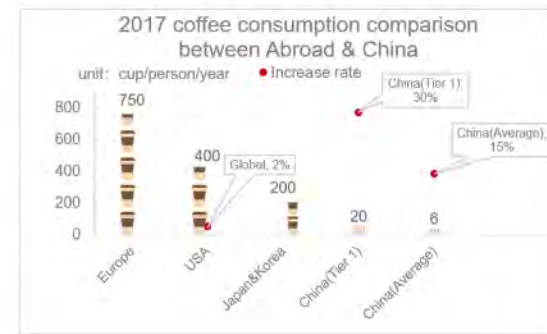
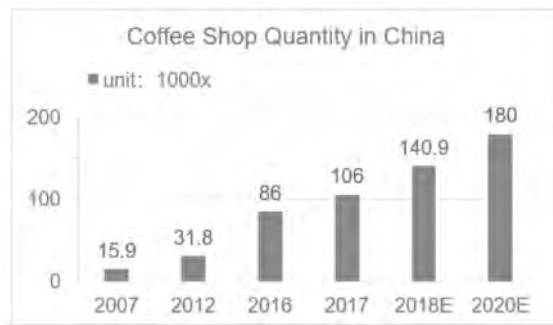
Average income

Affordability

The equation of China's increasing coffee consumption

Number of coffee outlets

Availability



Coffee consumption

Attractivity

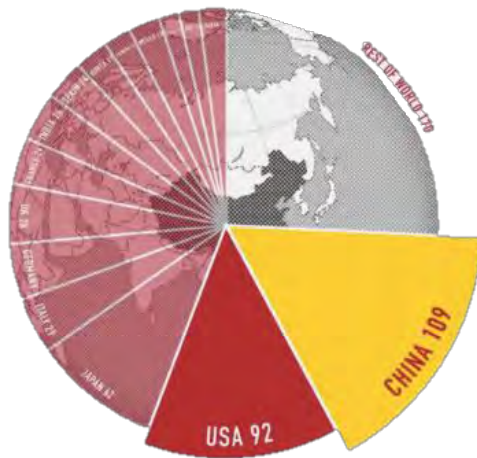
1. Market size & consumption – Higher demand

The rise of the middle class has just begun

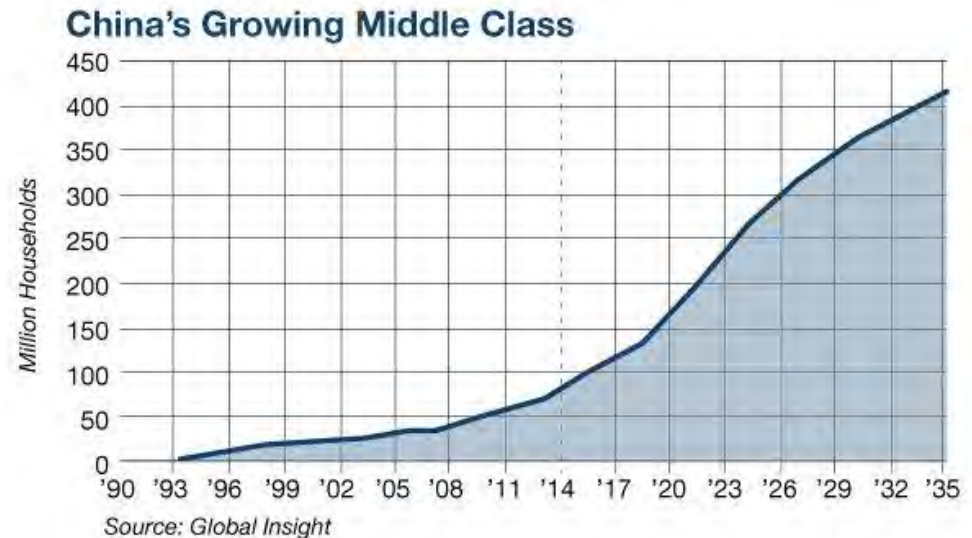
WMF Group

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

... and it's still growing



Share of middle class adults (in mio.), 2015¹



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 %

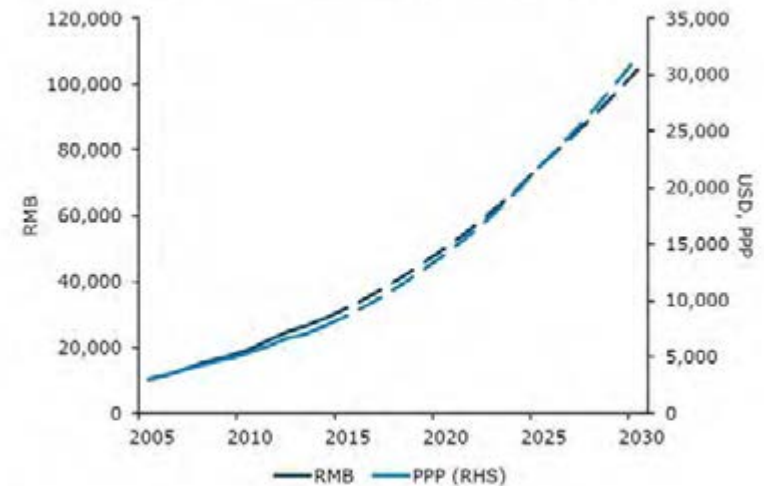
1. Market size & consumption – Affordability

WMF Group

Higher income will lead to a democratization of coffee



FIGURE 2. CHINA URBAN DISPOSABLE INCOME PER CAPITA



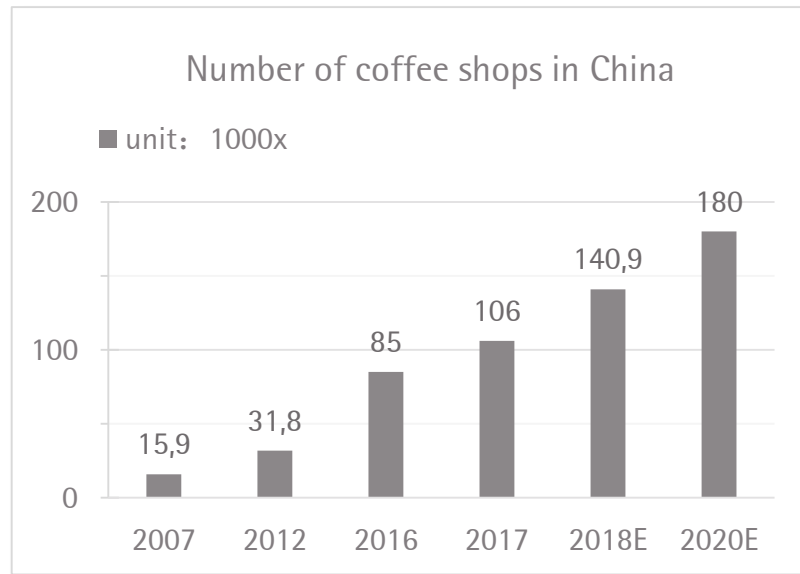
Source: CEIC, ANZ Research

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

1. Market Size & Consumption – Availability

Increase of potential coffee outlets in China

WMF Group



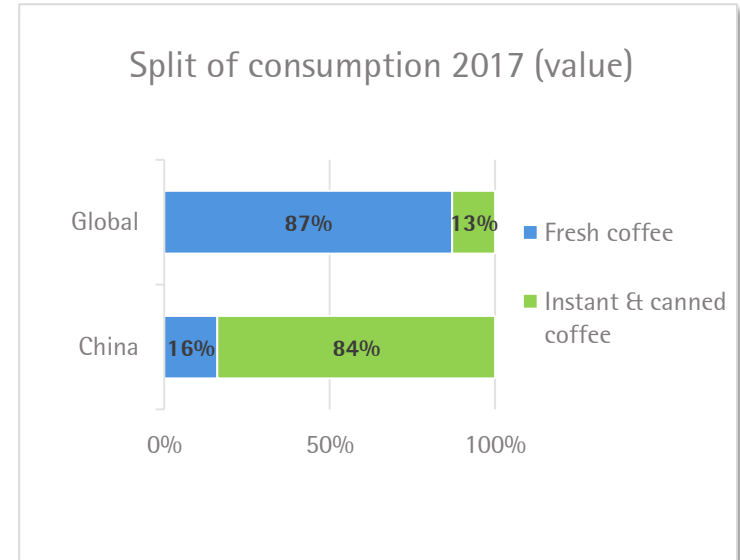
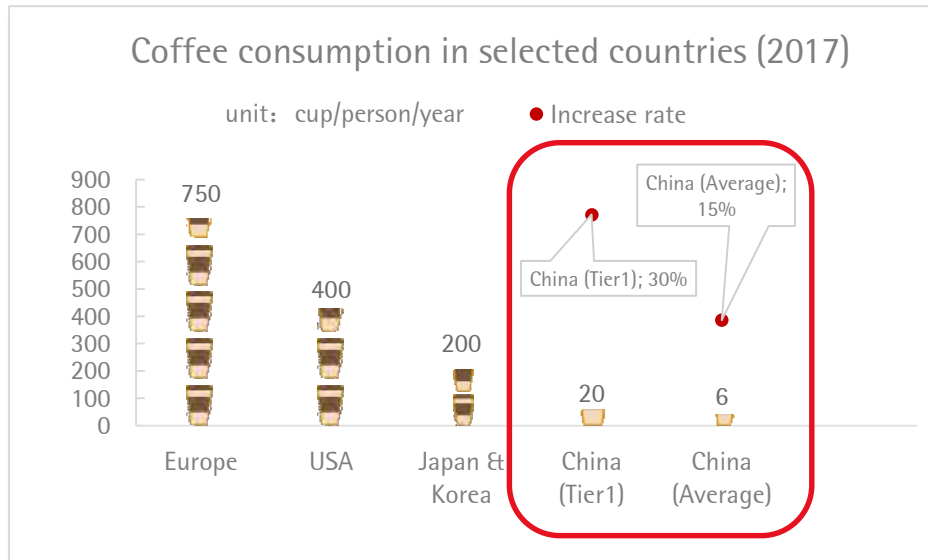
More than 40,000 coffee shops will open in the next 2 years.

Compare to Japan & Korea, Convenience Stores in China still have a big potential. Therefore a solid growth in this segment can be expected

1. Market Size & Consumption – Attractivity

WMF Group

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.

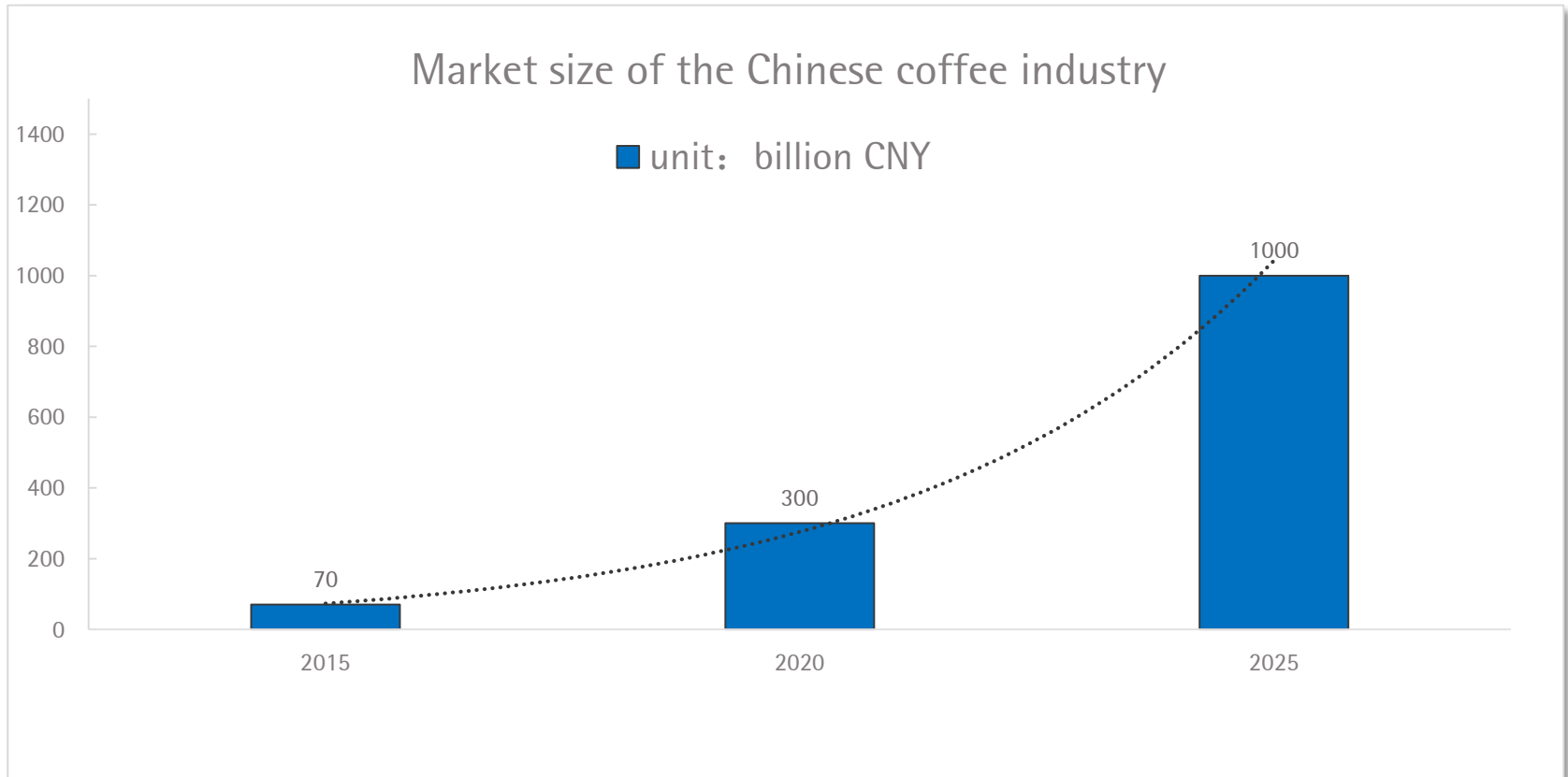
But according to the current growth rate (15 %), China will catch up.

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

1. Coffee market in China

WMF Group

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



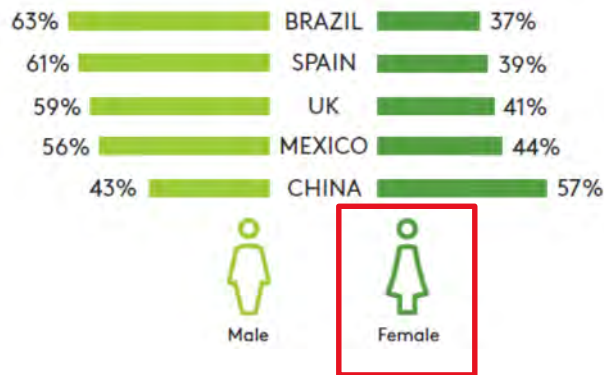
The total market size of the Chinese coffee industry is expected to grow with a CAGR of roughly 30 %

1. Coffee market in China

WMF Group

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

Women



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).

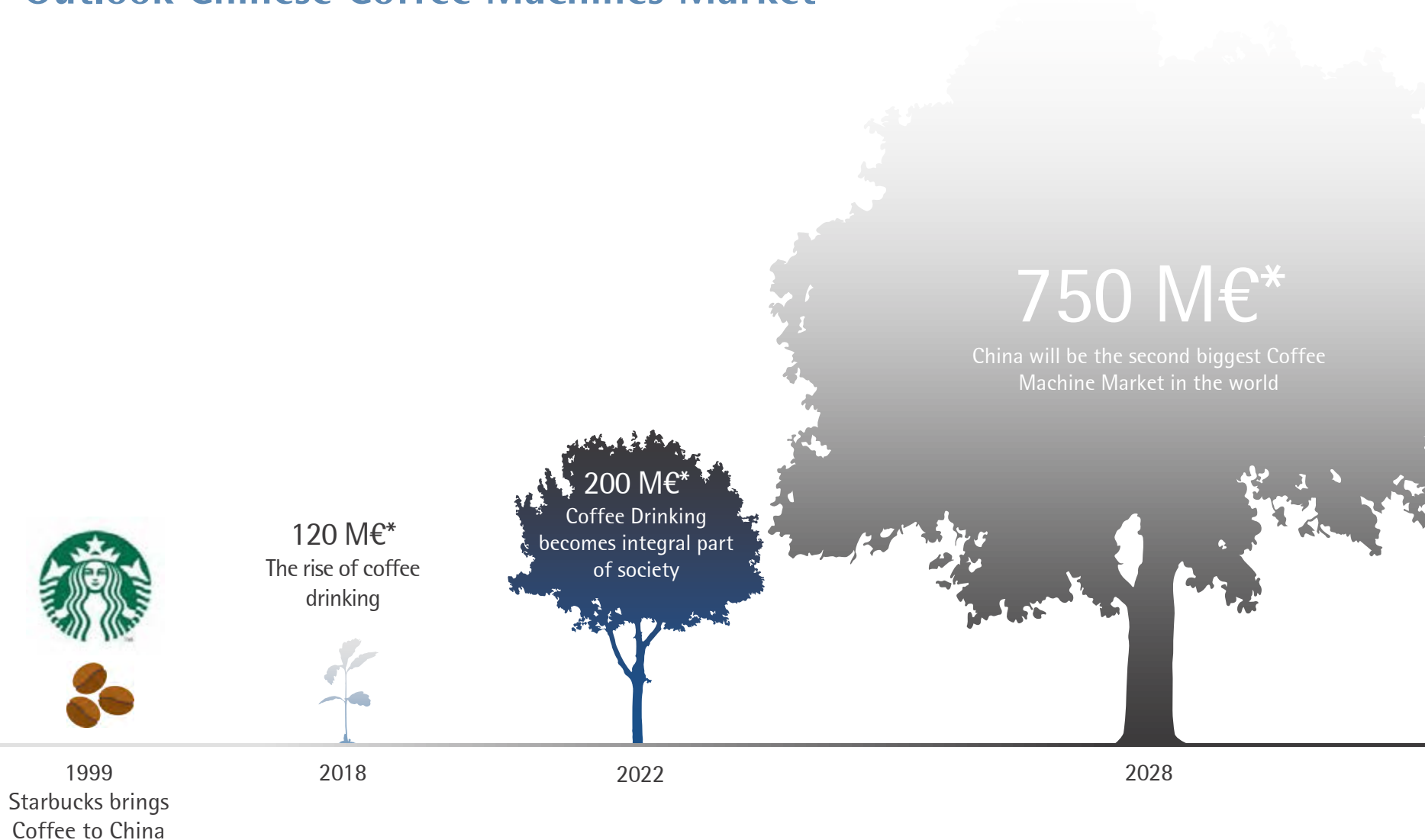
Millennials (post-'90s generation)



1. Coffee market in China

Outlook Chinese Coffee Machines Market

WMF Group



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

Specifics of the Chinese market

Overview – Our solutions for the main trends

WMF Group

New Retail & IoT



Automation & Self-Serve



Premiumisation & Quality Mindset



Global & local players



1

Technology Leadership & Connectivity



2

Innovation Leadership in FAPCM



3

Premium brand & quality products



4

Global footprint with 2 Bands and local presence



Specifics of the Chinese market

WMF Group

Four mega trends characteristic & reshaping China



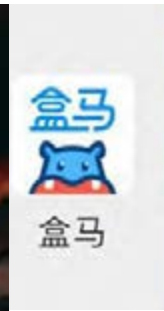
Specifics of the Chinese market

New Retail & IoT

WMF Group



- >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

Xinhua | Updated: 2018-01-22 12:13



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

WMF Group



“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

WMF Group



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

WMF Group



Video available on youtube:

<https://www.youtube.com/watch?v=gGFxNvSDSR0>

Specifics of the Chinese market

WMF Group

Four mega trends characteristic & reshaping China



Specifics of the Chinese market

Automation & Self-Serve

WMF Group



- Rise of unmanned convenience stores and fully automated Food & Beverage concepts

Automated stores with no human cashiers on the rise

BY YOUNG BAC - MARCH 20, 2018



A first-hand review of Haidilao's 'smart' hotpot restaurant in Beijing



Specifics of the Chinese market

WMF Group

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



?

Premium Coffee self-serve solutions
for unmanned shop concepts

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

WMF Group



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

WMF Group

Four mega trends characteristic & reshaping China



Specifics of the Chinese market

Premiumisation & Quality mindset

WMF Group

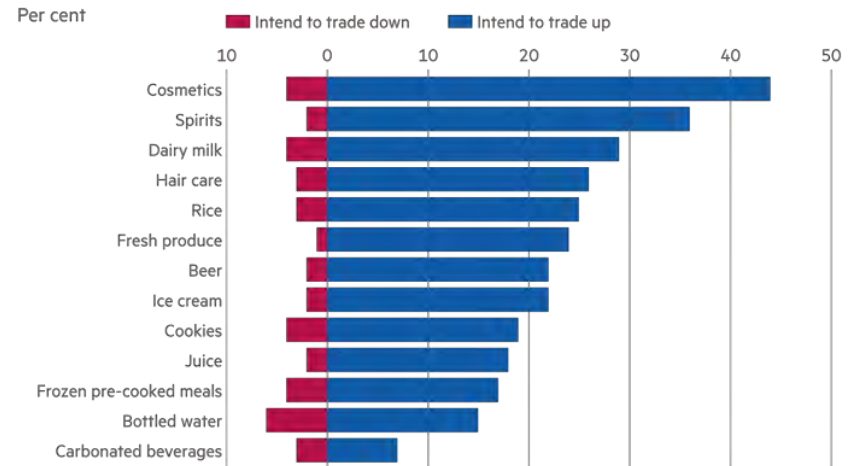


Premiumisation & Quality Mindset

- 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

WMF Group



Starbucks



KFC



dicos



星巴克臻选™咖啡
STARBUCKS RESERVE™



dicos 德克士

Fresh & Future



schaerer

Specifics of the Chinese market

WMF Group

Premiumisation & Quality mindset – The 5 waves of coffee

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

CHINA

“In China, all 5 waves of coffee happening at the same time”



Specifics of the Chinese market

WMF Group

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 Group



WMF Dynamic Milk Schaerer Best Foam™

Milk foam of top barista quality, fully automated, with consistently high quality.



Flexible Touch

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



WMF MyCoffee Schaerer CoffeeMysation

Our app that enables you to customize YOUR office coffee - individualization is key!



Plug & Clean

Customer convenience through easy of maintenance



WMF CoffeeConnect Schaerer Coffee Link

Connectivity for service optimization and new business models



Hot & Cold

Chilled coffee drinks freshly brewed – broader offerings for our customers

Specifics of the Chinese market

Premiumisation & Quality mindset – Our solutions

WMF Group



Espresso

300 cups/h



9000 S+

350 cups/h



5000 S

250 cups/h



1500 S

180 cups/h



1200 S

100 cups/h



1100 S

80 cups/h



Schaerer Barista

300 cups/h



Coffee Art Plus

250 cups/h



Coffee Soul

250 cups/h



Coffee Vito

150 cups/h



Coffee Prime

100 cups/h



Coffee Club

80 cups/h

Customer
Segment

Hotel / Restaurant

Coffee Shop

QSR

C-Store

Office



schaerer

Specifics of the Chinese market

WMF Group

Four mega trends characteristic & reshaping China



Specifics of the Chinese market

Global & local players

WMF Group

Global Brands investing in the market

FamilyMart



LAWSON



Local brands adapting the concepts



鲜·美·生活



——品质源自坚持——

DOUTOR



Starbucks



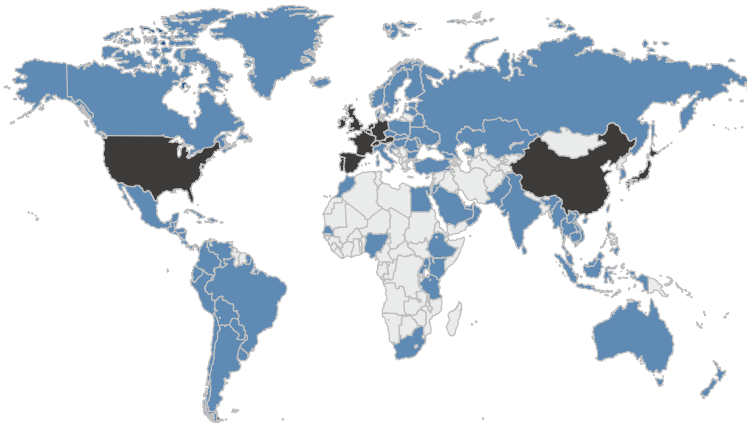
传情达意 无处不在

Specifics of the Chinese market

WMF Group

Global & local players – Our solutions

Global Footprint



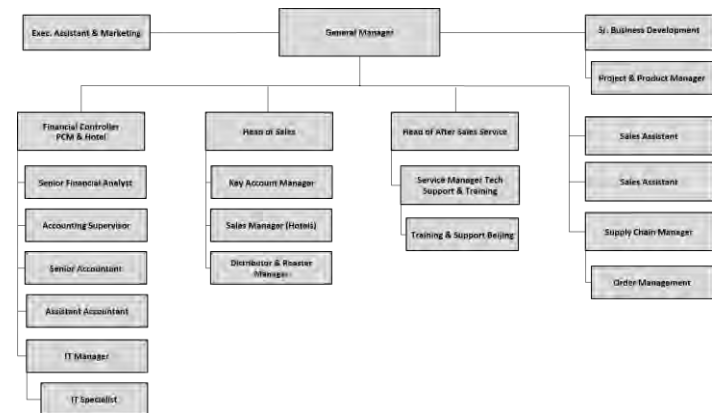
● Local subsidiaries ● Importers

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

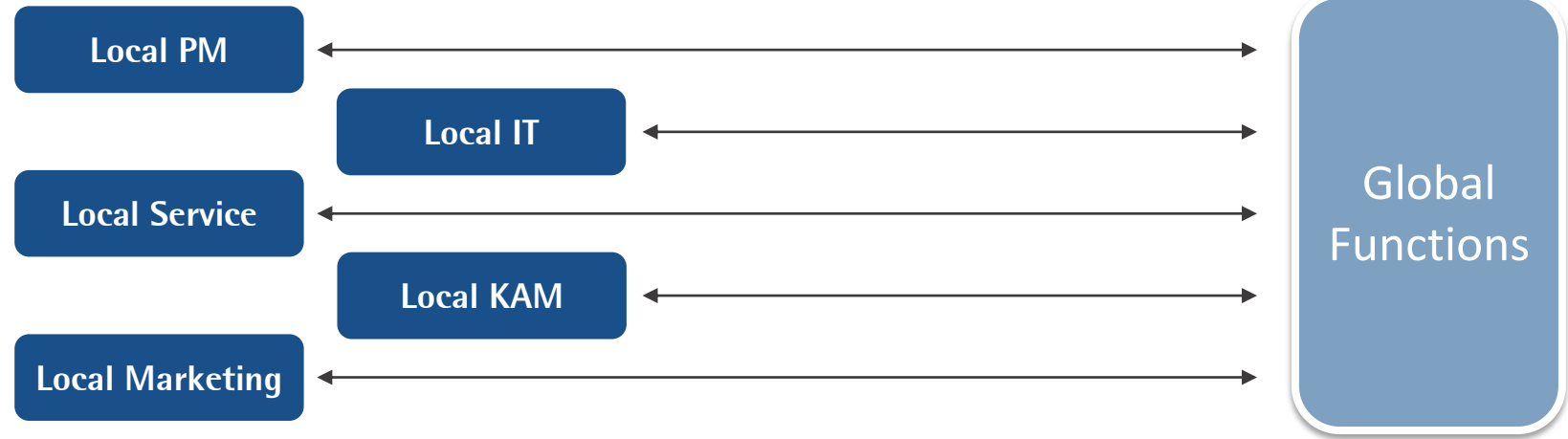
Specifics of the Chinese market

Global & local players – Our solutions

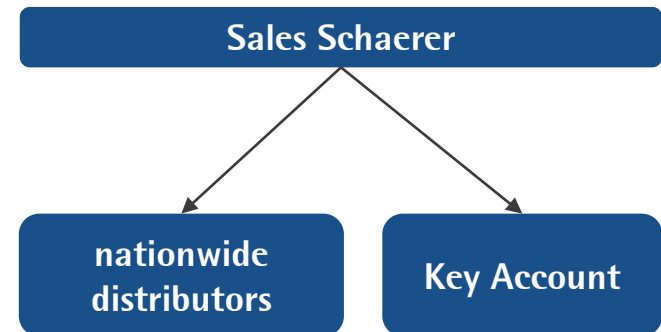
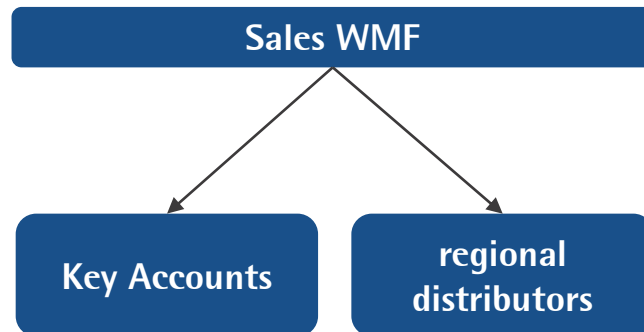
WMF Group

PCM Business in China

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



2 Brand Strategy with 2 Faces to the customer



1. Coffee market in China

- Market Size & Consumption
- Specifics & our answer
- **Competitive landscape**

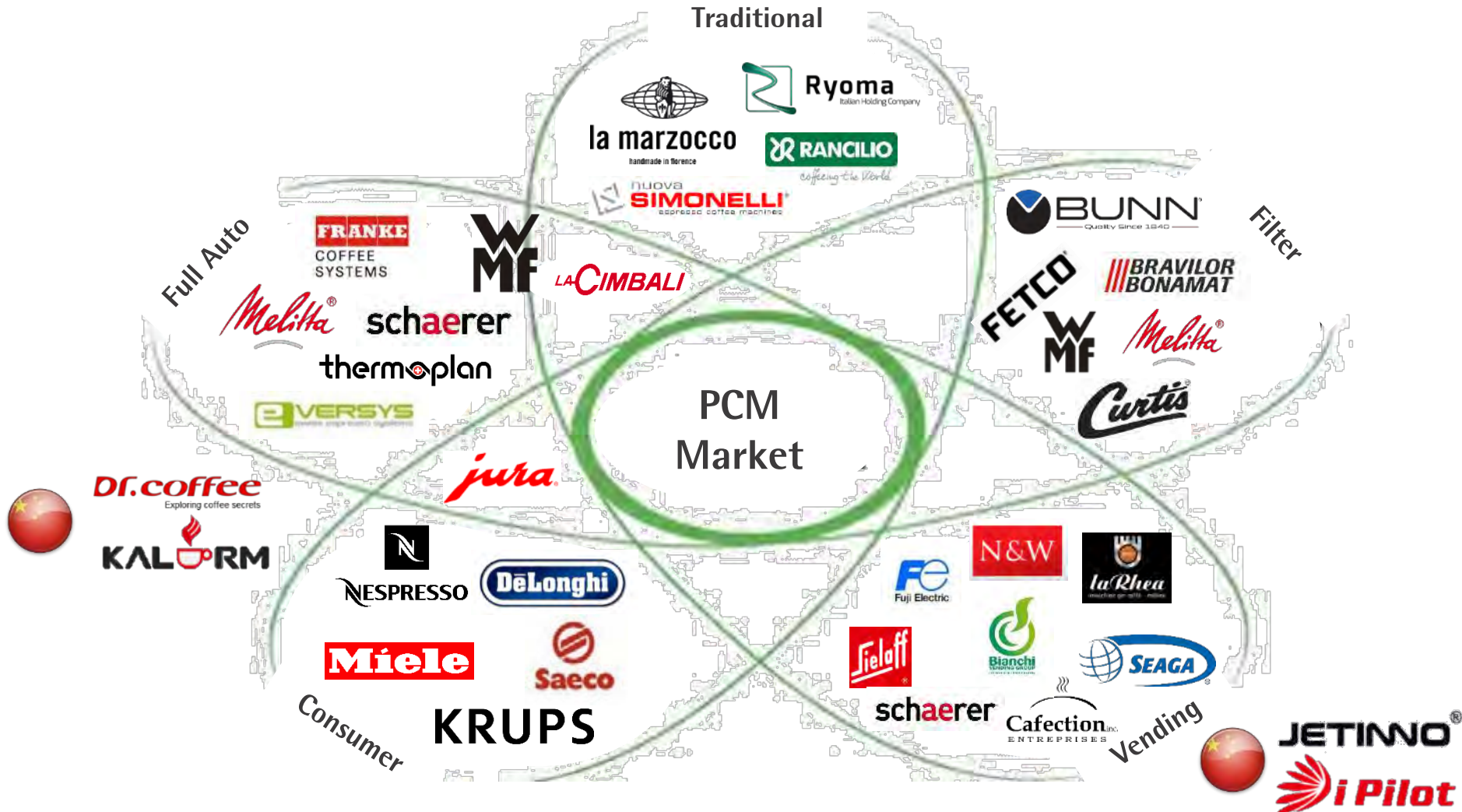
2. PCM Business China

3. luckin coffee – the first chinese coffee unicorn

Competitive landscape

WMF Group

Besides the normal competitors, some new Chinese players are rising



Specifics of the Chinese market

Overview – Our solutions for the main trends

WMF Group

New Retail & IoT



Automation & Self-Serve



Premiumisation & Quality Mindset



Global & local players



1

Technology Leadership & Connectivity



2

Innovation Leadership in FAPCM



3

Premium brand & quality products



4

Global footprint with 2 Bands and local presence



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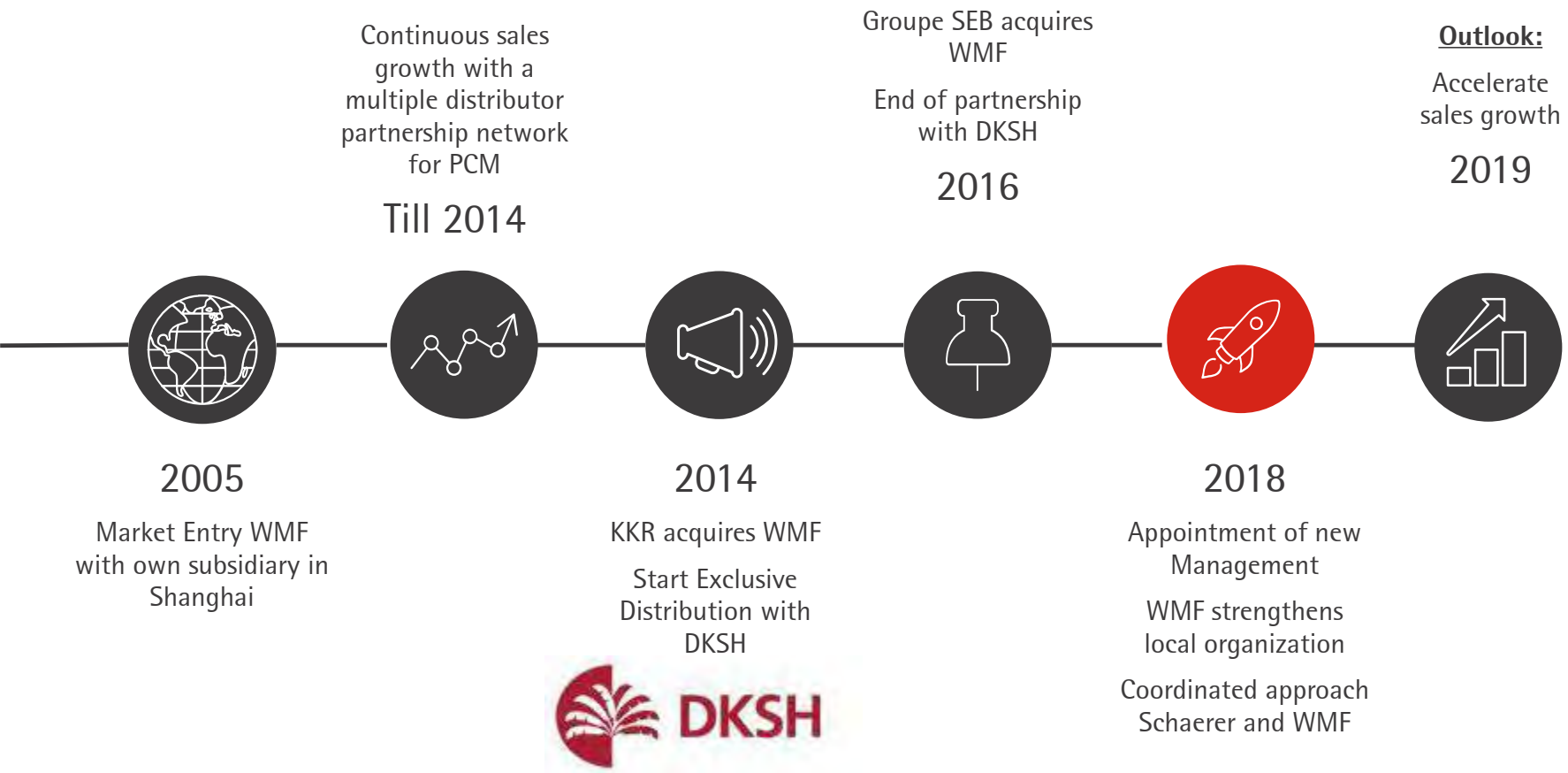
2. PCM Business China

3. luckin coffee – the first chinese coffee unicorn

PCM Business in China

WMF Group

Historical Timeline WMF PCM China



PCM Business in China

Go-to-Market Model – Sales Channels

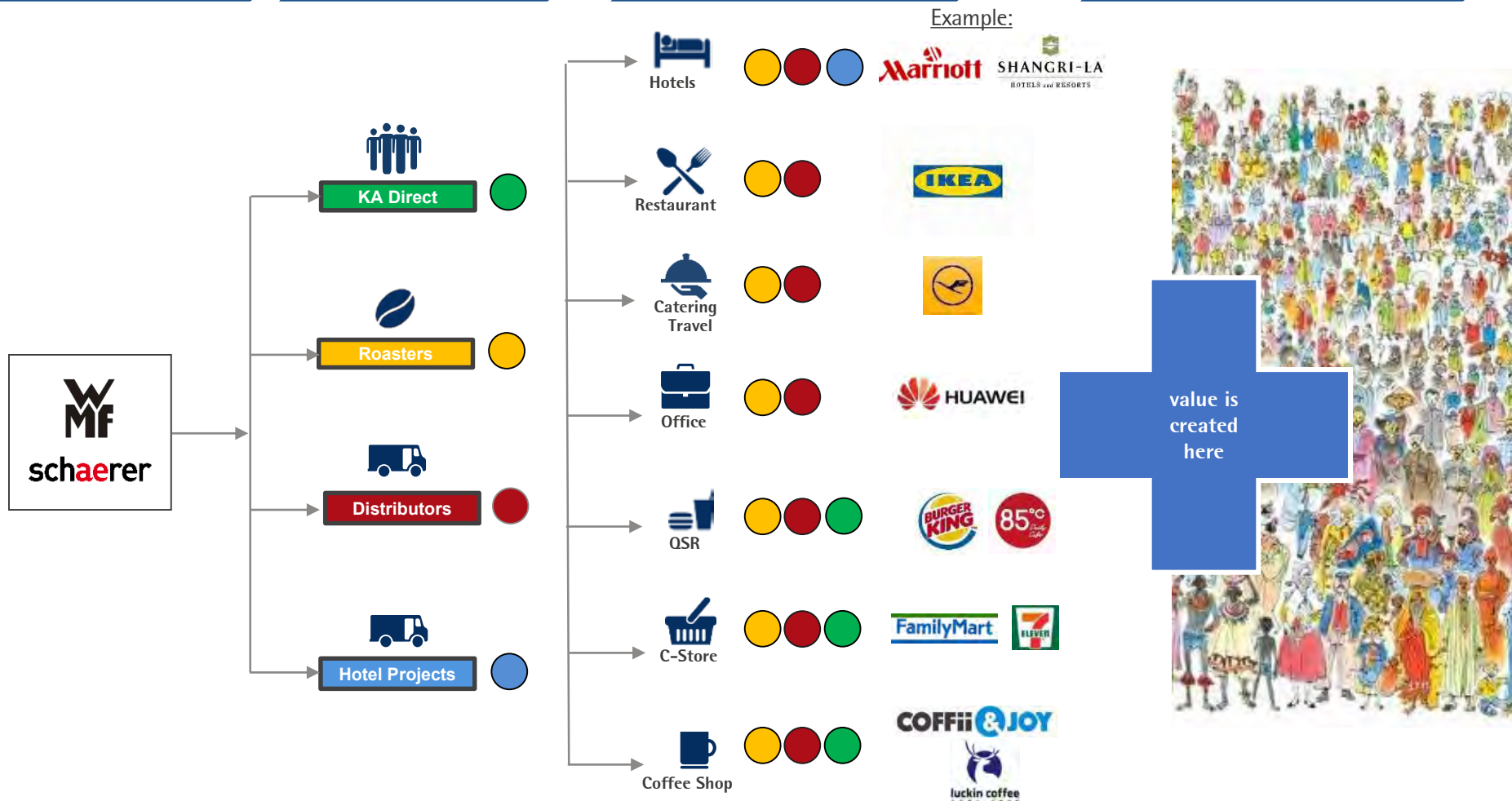
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Manufacturers

Sales Channels

Customers



















Consumers



PCM Business in China

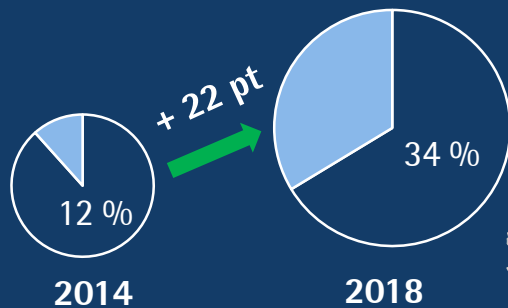
Customer Success Stories in China

WMF Group

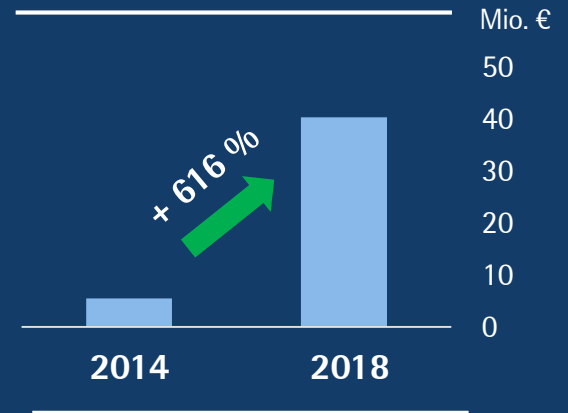
					
					
C-Store	C-Store	QSR	QSR	Coffee Shop	Bakery
					

Key Facts of WMF PCM Business in China

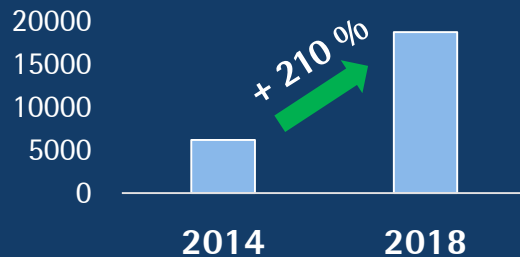
Market Share



Sales



Installed Base



Growth Rate (CAGR)

2014 -> 2018

63 %



1. Coffee market in China

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2. PCM Business China

3. luckin coffee – the first Chinese coffee unicorn

luckin coffee – the first Chinese coffee unicorn

WMF Group

The extraordinary success story of luckin started just 12 month ago



Nov.
2017

Jan.
2018

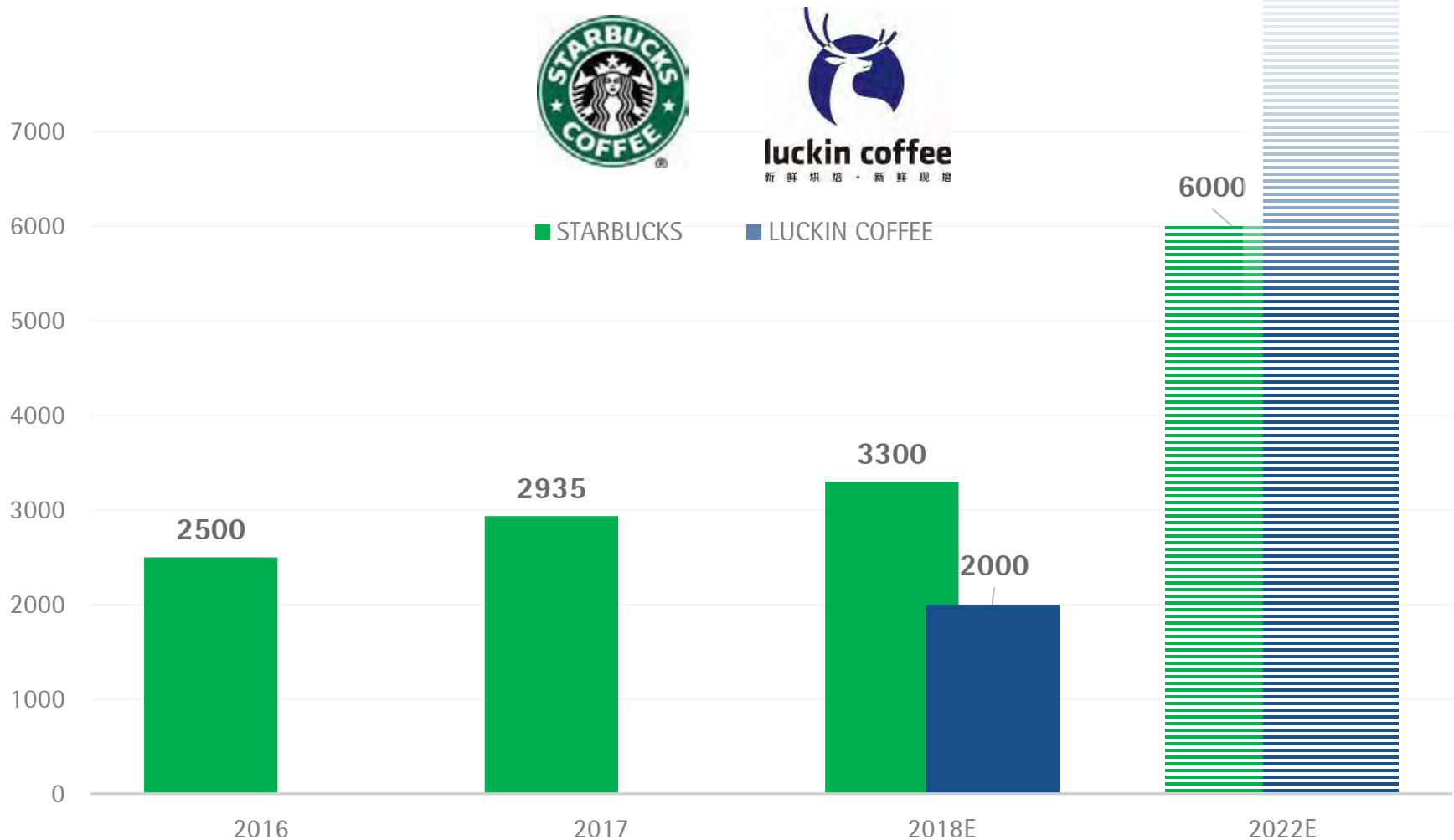
Jul.
2018

Nov.
2018



luckin coffee – the first Chinese coffee unicorn

Expansion Rate in China – Starbucks vs. luckin coffee



luckin coffee – the first Chinese coffee unicorn

Differences Starbucks vs. luckin

WMF Group



Affordability / Price



Convenience

luckin coffee – the first Chinese coffee unicorn

WMF Group

Multi-type store strategy – “Any moment” “无限场景”

