

A large, vibrant red geometric pattern on the left side of the slide, consisting of interconnected lines forming a series of triangles and polygons, with small white dots at the vertices.

Strategy

Spencer Fung | Chief Executive Officer

Three-Year Plan Goal

Our goal is to create the **supply chain of the future** to help our customers navigate the digital economy and to improve the lives of **one billion people** in the supply chain.

Context to New 3YP (2017 – 2019)

- Unpredictable macro & geo-political environment
- Permanently promotional retail environment
- Unprecedented number of bankruptcies & store closures
- e-Commerce vs Brick & Mortar morphing into omni-channel
- Exponential technology enabling brand new disruptive business models
- 2015 reorganization and various experiments formed the foundation for this plan

Simplifying Our Business

2014



GLOBAL BRANDS
GROUP

Spin-off

2016

Asia Consumer &
Healthcare
Distribution Business

**Strategic
Divestment**

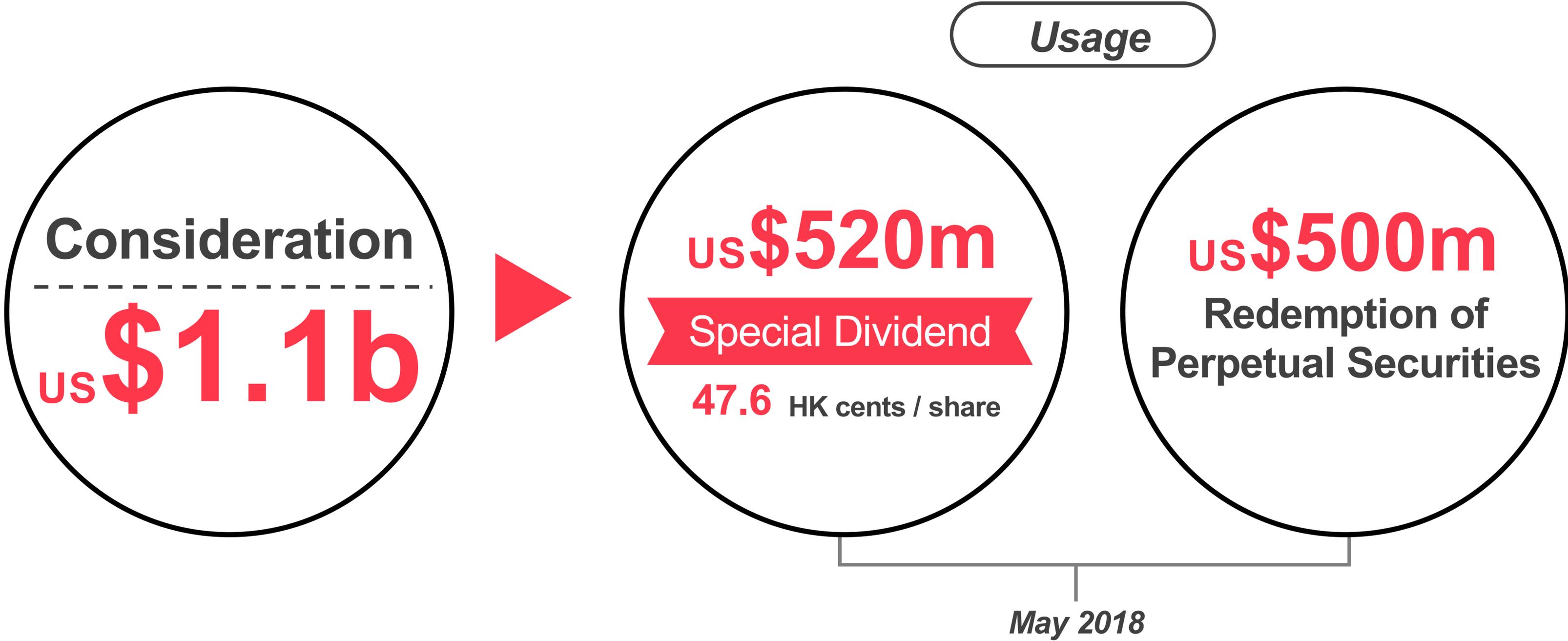
2017



Product Verticals

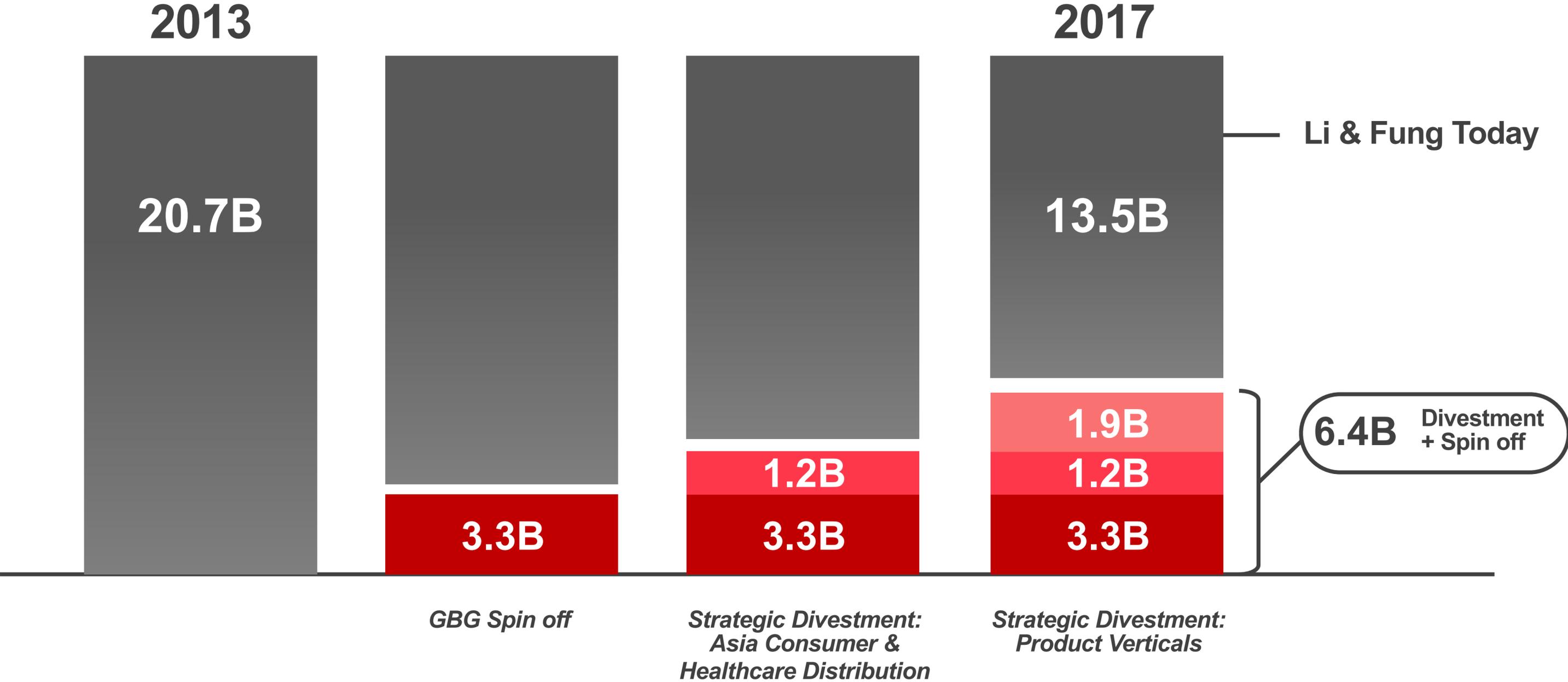
**Strategic
Divestment**

Strategic Divestment of Product Verticals



Business Simplification & Turnover Evolution

US\$B



Our 3YP Core Themes



Speed



Innovation



Digitalization



Data Analytics



Productivity



Supply Chain
Solutions



Global Business
Development



LF Ecosystem

Speed

Externally to increase the velocity of our customers' supply chains, to meet growing consumer expectations driven by e-commerce

Internally using **rapid prototyping** to operate as fast as a startup

Innovation

We are building a culture of innovation in the company to provide **new, differentiated products** for our customers and flexibility in our business models to expand our service offering

Digitalization

Our digital platform will provide **end-to-end visibility** for our customers and allow us to be at the forefront of digital disruption and capture **data** to drive insights

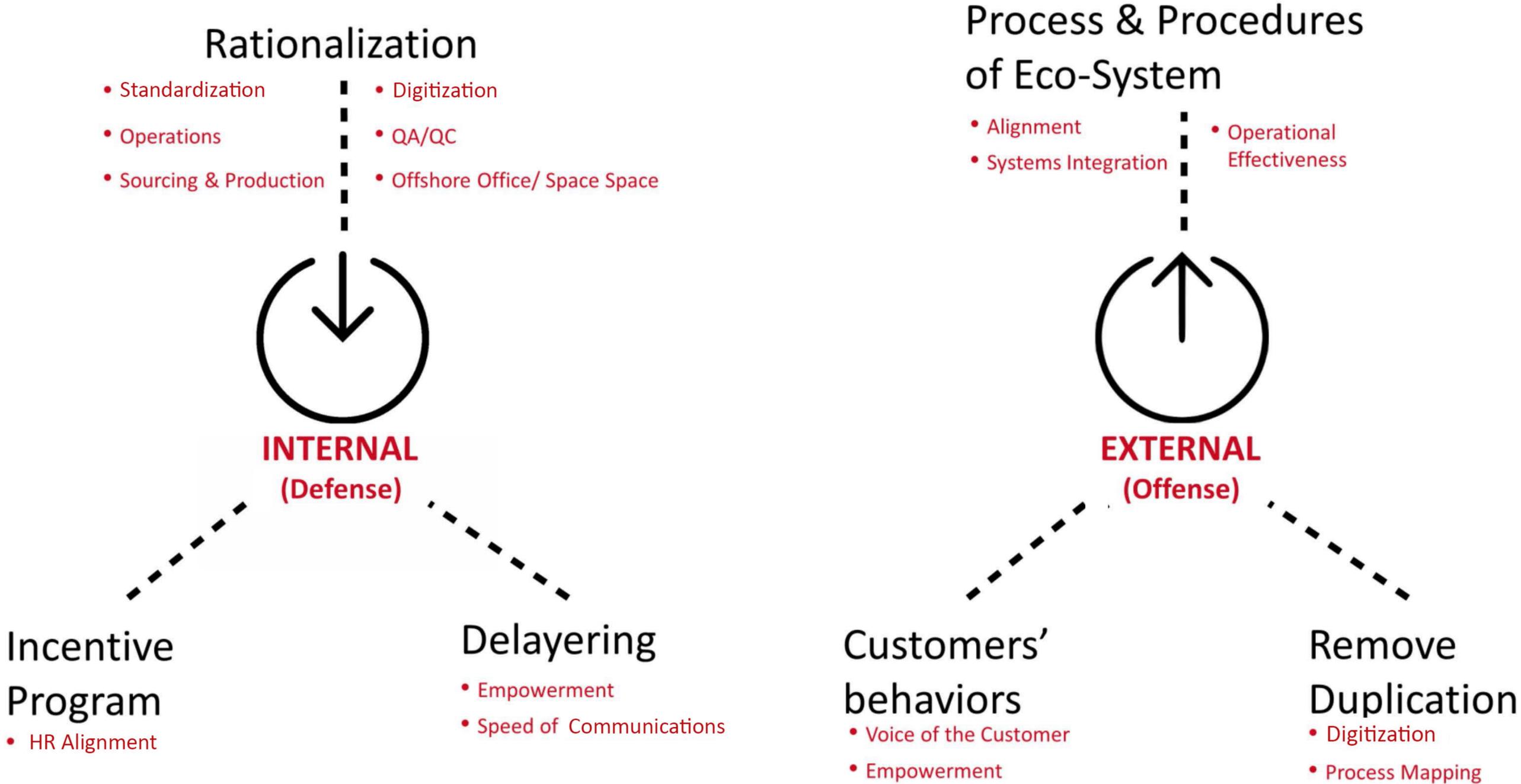
Data Analytics

Our ability to deliver end-to-end data analytics to drive value along the supply chain with equivalent to US\$100b of retail supply chain data.



Productivity

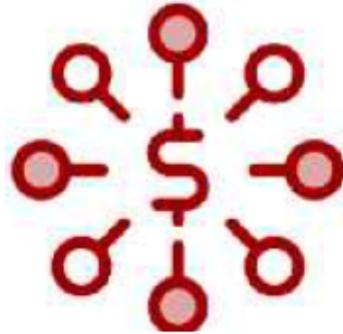
We will drive our productivity to the most efficient levels to ensure cost competitiveness



Supply Chain Solutions

Helping our customers improve speed and efficiency across their global supply chains and helping vendors navigate supply chain complexity and compliance as production migrates.

Trade Credit Services



Dedicated Team



Separate team that operates across the LF group, resources drawn from global management consulting firms

Robust Methodology



Agile, repeatable, leveraging rapid prototyping solution design

Cross-LF Expertise



Seamless leverage of additional expertise drawn from our business practitioners and internal IT technical experts

Vendor Compliance Services



Vendor Supply Chain Services



Process Improvement



- Lean/Six Sigma
- Activity based costing
- Process redesign

Role Alignment



- On-shore/Off-shore responsibility optimization
- Design, PD, Production accountabilities
- Management layers and spans

Technology Evaluation and Implementation



- Requirements gathering
- Solution evaluation
- Implementation and integration

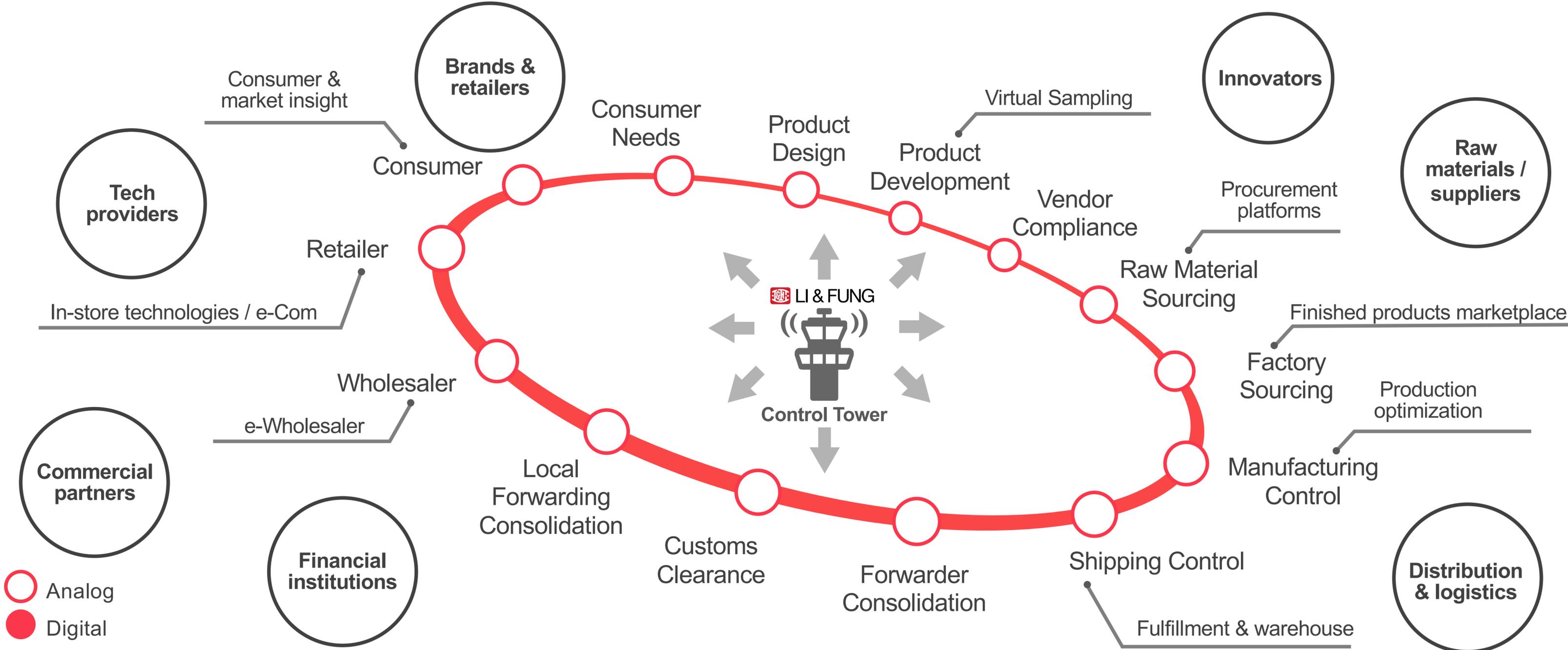
Global Business Development

We will create a new Global Business Development that spans across the whole company to win new businesses and expand “wallet share” in existing customers

- Dedicated Global BD resources / teams
- Market segmentation, analysis of customer’s business challenges
- Solution-based selling
- Implementation of CRM software to track business development activity and opportunities
- Unique end-to-end supply chain services including trading and logistics to differentiate from competitors

LF Ecosystem

We will expand the LF Ecosystem using our convening power with access to **US\$2T+** of retail sales to bring together diverse players in the global supply chain and beyond.



Ecosystem Partners

3D JV

Brand Customer 

Tech Software Start-up 

Strategic Alliance



Data Analytics Start-up 

Joint Development Program

Tech Software Start-up 

Raw Materials Platform

Consulting Firm 

Tech Start-up 

Tech Licensing



3D Vendors

Go-to-Market Strategy

Consulting Firm 

Blockchain Proof-of-Concept

Consulting Firm 

Tech Start-up 

Design Collaboration

betabrand

Three-Year Plan - Group

3YP Financial Targets *Announced in Mar 2017*

The Group	2017	>	2018	>	2019
Top Line	Stabilize		Growth		2019 Target ↑ Low double-digit by 2019 ⁽¹⁾
COP	Stabilize		Growth		↑ Low double-digit CAGR
COP Margin	Stabilize		Expansion		↑ 50+ bps by 2019
Additional Capex	\$150M for Digitalization over 3 years				

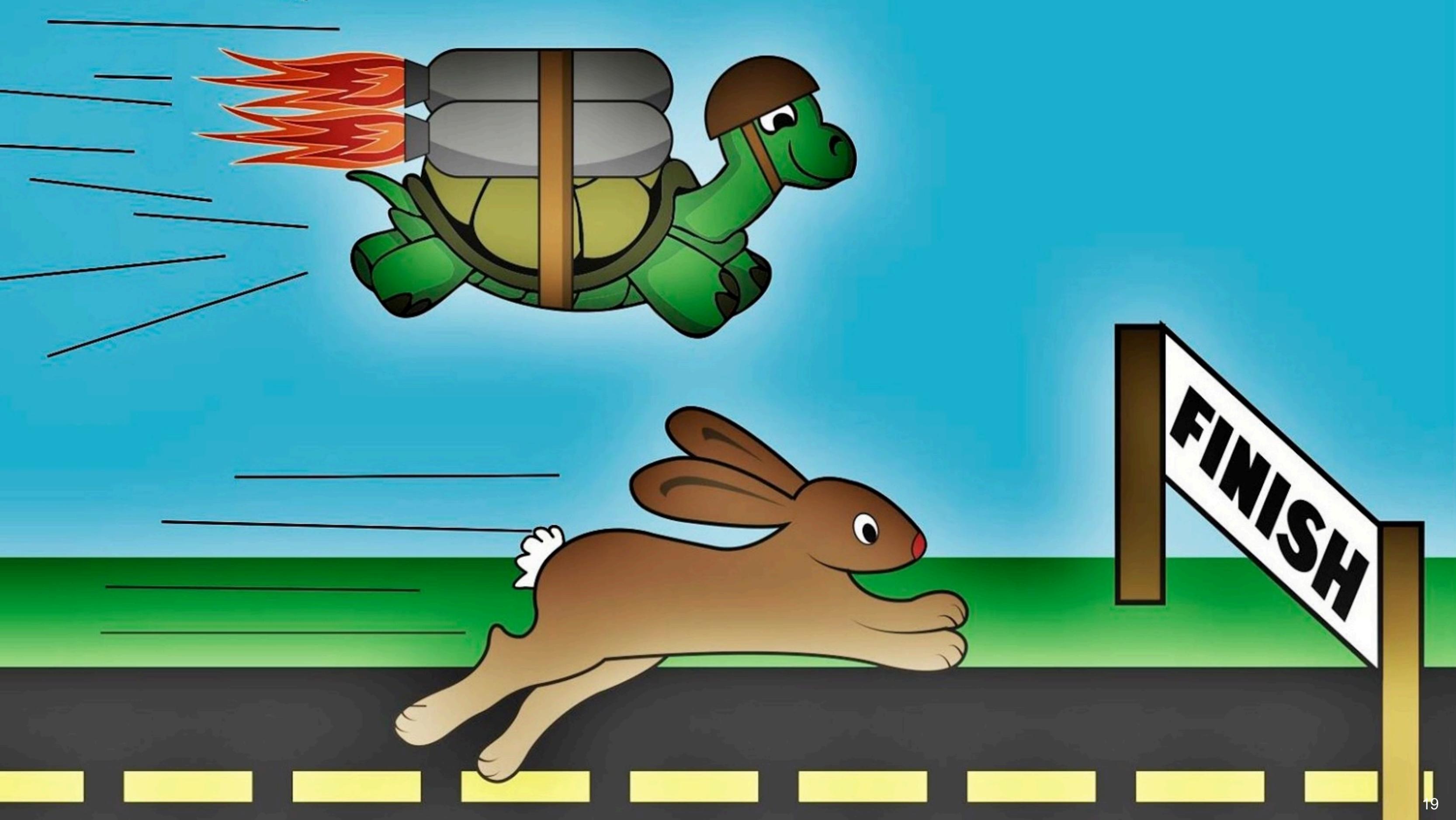
3YP Progress

- 2017 has a strong start
- Destocking & New Business Take-up Impact Turnover
- COP Impact by Turnover
- COP Margin on track
- Digitalization strategy progress on track

(1) Low double digit total growth from 2016 to 2019 period; single digit CAGR

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