

Vipshop Holdings Limited Investor Presentation

May 2020

Disclaimer

This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the business outlook and quotations from management in this announcement, as well as Vipshop’s strategic and operational plans, contain forward-looking statements. Vipshop may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (“SEC”), in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Vipshop’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Vipshop’s goals and strategies; Vipshop’s future business development, results of operations and financial condition; the expected growth of the online discount retail market in China; Vipshop’s ability to attract customers and brand partners and further enhance its brand recognition; Vipshop’s expectations regarding demand for and market acceptance of flash sales products and services; competition in the discount retail industry; fluctuations in general economic and business conditions in China and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Vipshop’s registration statement on Form F-1, as amended, filed with the SEC. All information provided in this presentation is as of the date of this presentation, and Vipshop does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

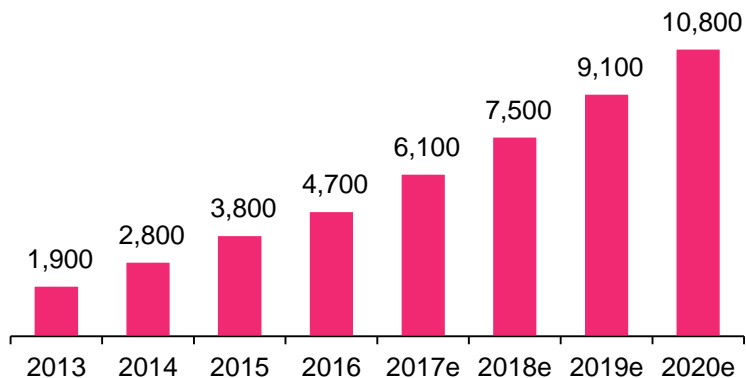
Vipshop



China's huge market potential in online discount retail and B2C market

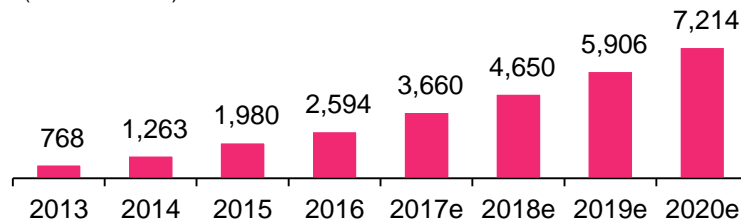
China's Online Shopping Market⁽¹⁾

(RMB in billions)



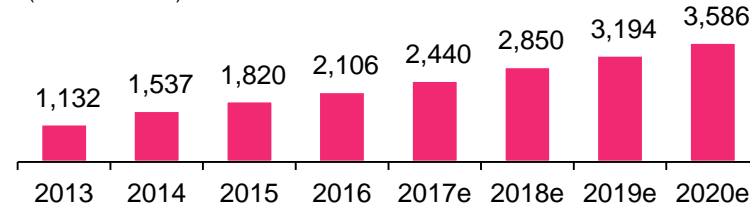
China's Online B2C Market ⁽¹⁾

(RMB in billions)



China's Online C2C Market ⁽¹⁾

(RMB in billions)



Note:
(1)

Data from iResearch

Massive potential in China's discount retail market

China's offline discount retail is extremely underdeveloped



U.S.



China

24 square feet per capita⁽¹⁾

2 square feet per capita⁽¹⁾

✎ Poor offline retail infrastructure in China

Top 20 retailers account for 24% market share⁽¹⁾

Top 20 retailers account for 7% market share⁽¹⁾

✎ Fragmented retail market in China

T.J. Maxx

ROSS
DRESS FOR LESS

4,412 stores⁽²⁾ 1,772 stores⁽³⁾

None

✎ Lack of large off-price retailer in China

SIMON

Tanger
Outlets

69 outlets⁽⁴⁾ 39 outlets⁽⁵⁾

Extremely Fragmented

✎ Underdeveloped offline outlet stores in China

Consumers in China have to go online for branded discount products

Note:

- (1) According to Frost and Sullivan report
- (2) As of August 2019, including 2,367 Marmaxx stores and 783 HomeGoods stores in the US, from T.J.Maxx's second quarter ended August 3, 2019 earnings release
- (3) As of August 2019, including 1,523 Ross stores and 249 dd's DISCOUNTS stores in the US, from Ross' second quarter ended August 3, 2019 earnings release
- (4) As of November 2019, from Simon's company website, only includes Premium Outlets in the U.S.
- (5) As of November 2019, from Tanger Outlets' company website

China: A more attractive market opportunity



U.S.



China

Market positioning

Mostly focused on high-end and luxury markets

Broad universe of popular brands for mass market

Offline channels

Discount / outlet retail channels saturated for mass market merchandise; full price retailers are establishing own outlets

Lack of well-developed discount / outlet retail channel

Online channels

Brands have well established online presence and capabilities

Brands have largely rely on third party platforms to build online presence

Working capital requirement

Need to pay for inventory upfront; products can not be returned to suppliers

Limited upfront deposit; most products can be returned to suppliers

Conclusion

🌿 Broader and underpenetrated addressable market
🌿 Better business model

A unique player in China's e-Commerce landscape

Large scalable platforms

Marketplace

General B2C

Online discount retailer

淘宝网
Taobao.com



天猫 Tmall.com



拼多多



唯品会

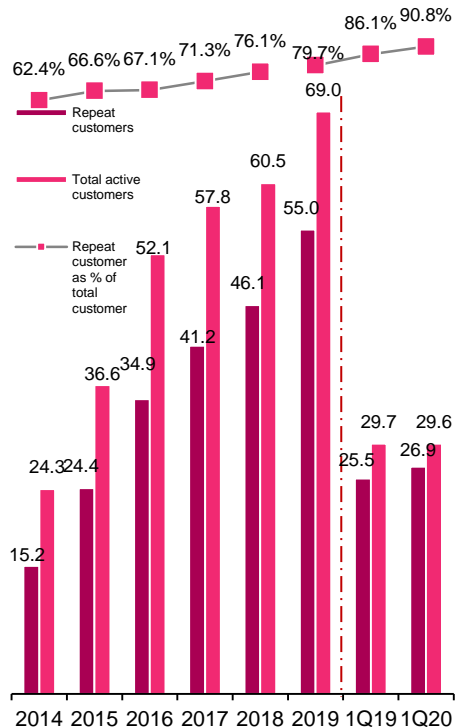
全球精选 正品特卖

- Partner with popular and well-known brands by selling their excess inventory at discounted prices
- Core competency in merchandising, logistics, and customer service

Highly engaged and loyal customer base

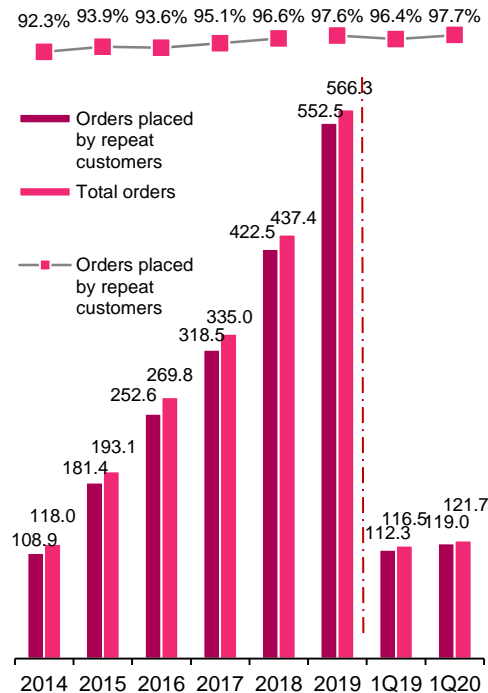
Rapid increase of repeat customers⁽²⁾

(in millions)



High and stable rate of orders from repeat customers

(in millions)

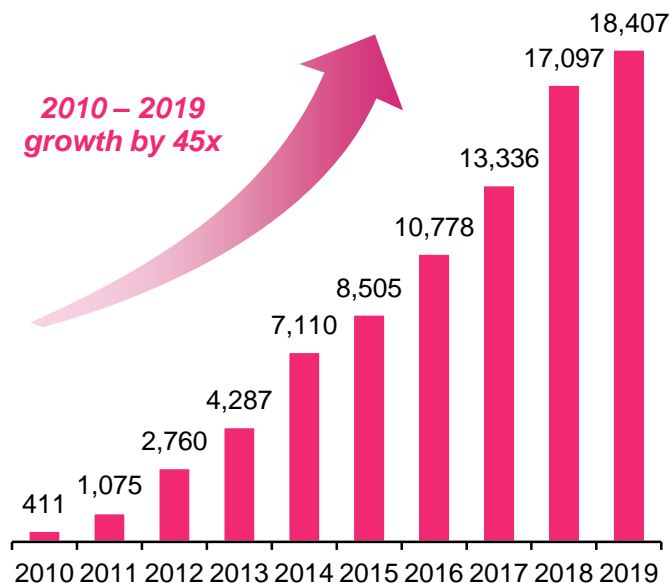


Note:

- (1) "Active customers" refer to registered members who have purchased from the Company or the Company's online marketplace platforms at least once during the relevant period.
 (2) A "repeat customer" for a given period refers to any customer who (i) is an active customer during such period, and (ii) had purchased products from us at least twice during the period from our inception on August 22, 2008 to the end of such period.

Preferred discount channel for popular brands

Brand partners growth over time⁽¹⁾



- ✓ Clear industry leader⁽²⁾
- ✓ Fast inventory monetization
- ✓ Minimal brand dilution
- ✓ One-stop solution for brands
- ✓ Professional team with deep brand knowledge

Product categories

Apparel

Cosmetics

Footwear

Handbags

Sportswear

Accessories

Home goods

Baby & Maternity

🌿 Shoppers are loyal and so are our brand partners

🌿 Substantially all of our brand partners have returned to pursue additional sales opportunities with us

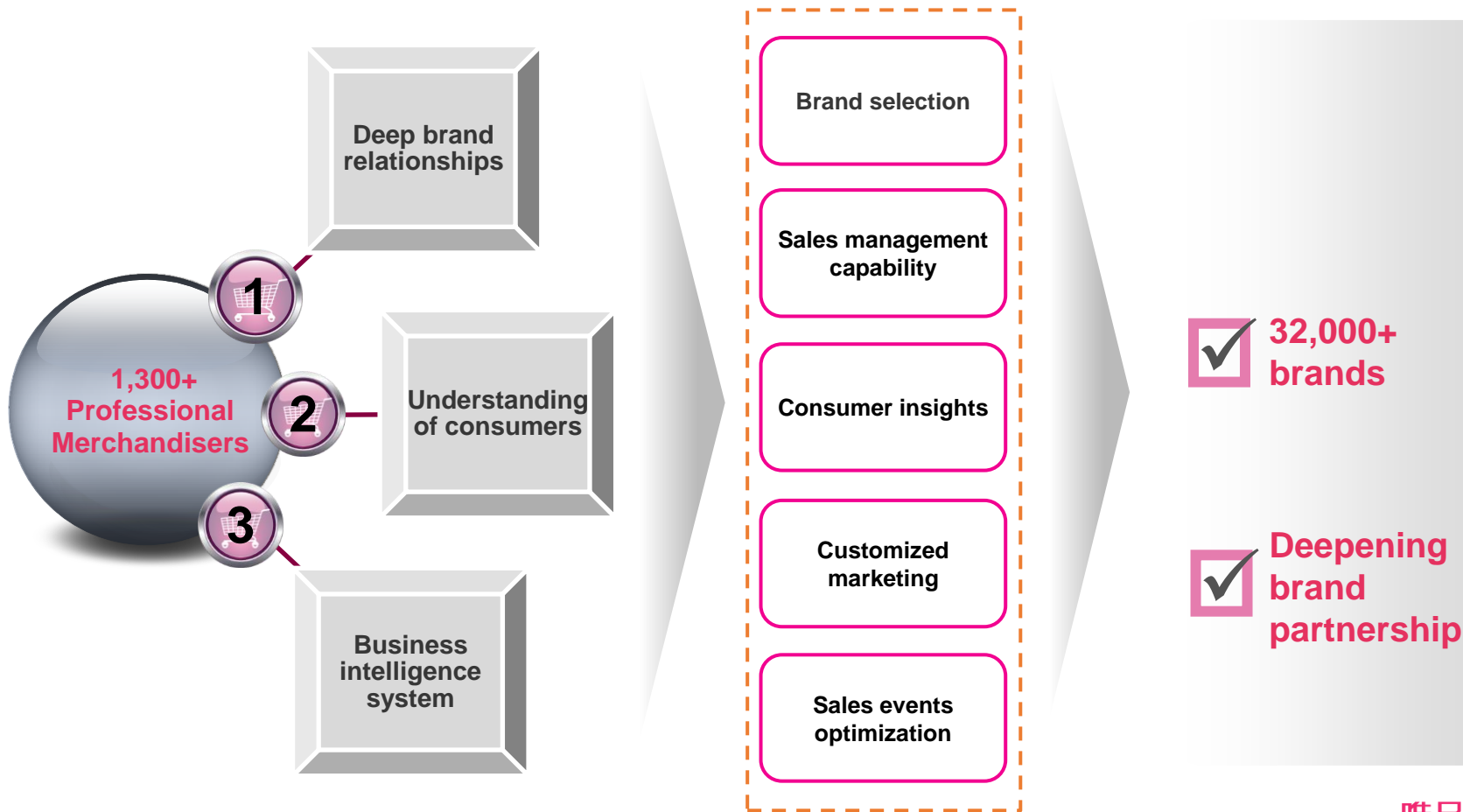
Note:

(1) Number of our brand partners is a cumulative number since 2010, which includes primarily brand owners, and to a lesser extent, brand distributors and resellers.

(2) According to the iResearch Report.

Operational Expertise

Core competency in merchandising



Flash sale requires differentiated logistics system

Additional capabilities on top of traditional B2C e-Commerce⁽¹⁾

	Flash sale	Traditional B2C e-Commerce
Market positioning	Short	Long
Sales process	Fast	Slow
No. of SKUs handled	Large	Moderate
Volume of throughput	Large	Small
Reverse logistics	Large	Small

Snapshot of our warehouses

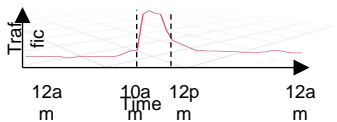


Vipshop has successfully established customized and sophisticated logistics systems to cater to the needs of non-standardized categories and flash sales

Note:

(1) Comparison on per same-size warehouse basis.

Highly customized and seamlessly integrated IT system for flash sales



Support huge traffic spikes during peak hours



Expanding and cross-regional warehouse management system



CRM system



Big data and business intelligence



Merchant platform

High entry barriers



Economies of Scale



First Mover Advantage



Business Model



Operational Expertise

**Vipshop has established
a dominant leadership
position
in China's online
discount retail market**

Visionary management team with strong execution



Eric Ya Shen

Co-Founder, Chairman, CEO

- 20+ years of experience in consumer electronic products distribution
- Previously Chairman of Guangzhou NEM Import and Export Co., Ltd.
- EMBA from Cheung Kong Graduate School of Business



Arthur Xiaobo Hong

Co-Founder, Vice Chairman, COO

- 15+ years of experience in consumer electronic products distribution
- Previously Chairman of Societe Europe Pacifique Distribution



Donghao Yang

Chief Financial Officer

- 14+ years of experience in finance
- Previously CFO of Synutra International Inc. (NASDAQ: SYUT) and Tyson Foods (NYSE: TSN) Greater China
- MBA from the Harvard Business School



Daniel Kao

Chief Technology Officer

- 20+ years of experience with leading e-commerce and Internet companies in the U.S. and China
- Previously Chief Technology Officer of Noah Holdings Limited (NYSE: NOAH) and director of eBay Inc. (Nasdaq: EBAY)
- Bachelor's degree in computer science from Iowa State University



Yizhi Tang

Senior VP, Logistics

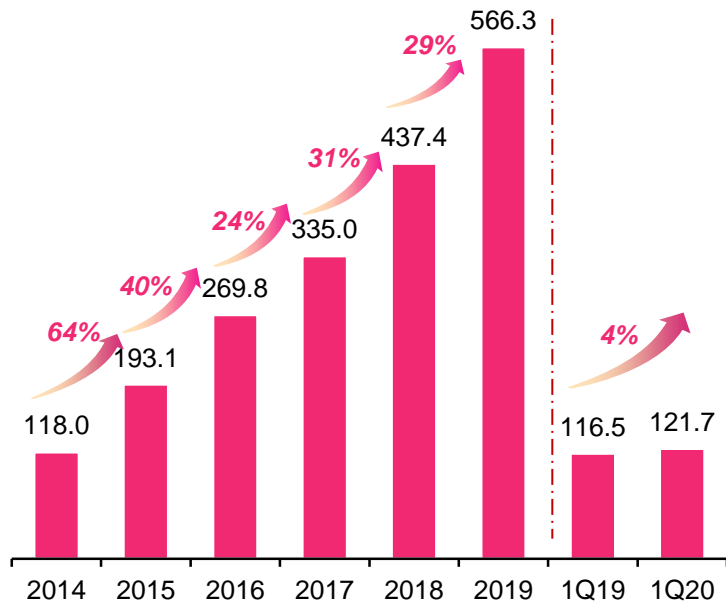
- 10+ years of experience in the logistics industry
- Previously logistics department head of Tesco in northern China, and Senior Director of logistics department of Dangdang.com (NYSE: DANG)
- Master's degree from Sun Yat-Sen University

Financial Highlights

Solid growth

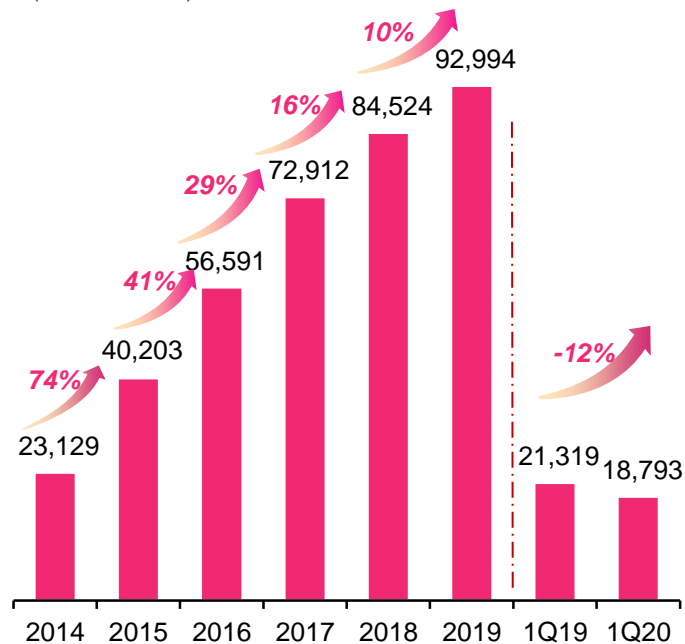
Total orders ⁽¹⁾

(in millions)



Total net revenue

(RMB in millions)



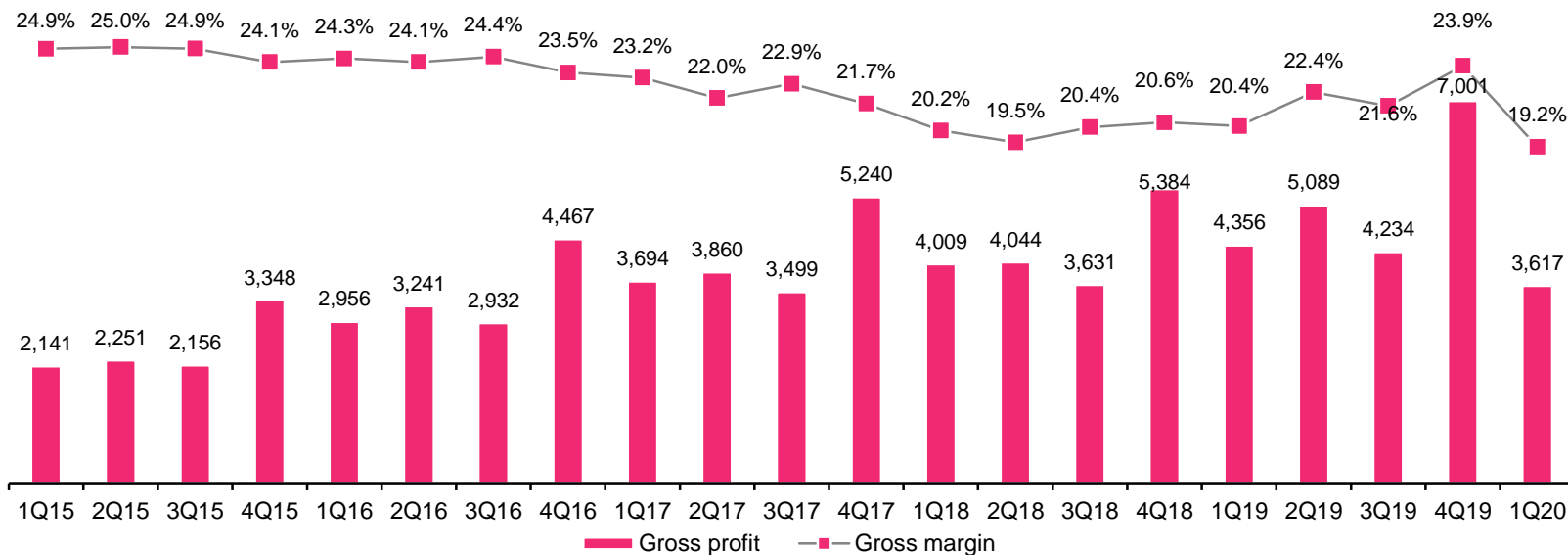
Note:

(1) "Total orders" refer to the total number of orders placed during the relevant period, including the orders for products and services sold in the Company's online sales business and on the Company's online marketplace platforms, net of orders returned.

Steady gross profit growth

Quarterly gross profit and gross margin

(RMB in millions)



Greater bargaining power

More differentiated products

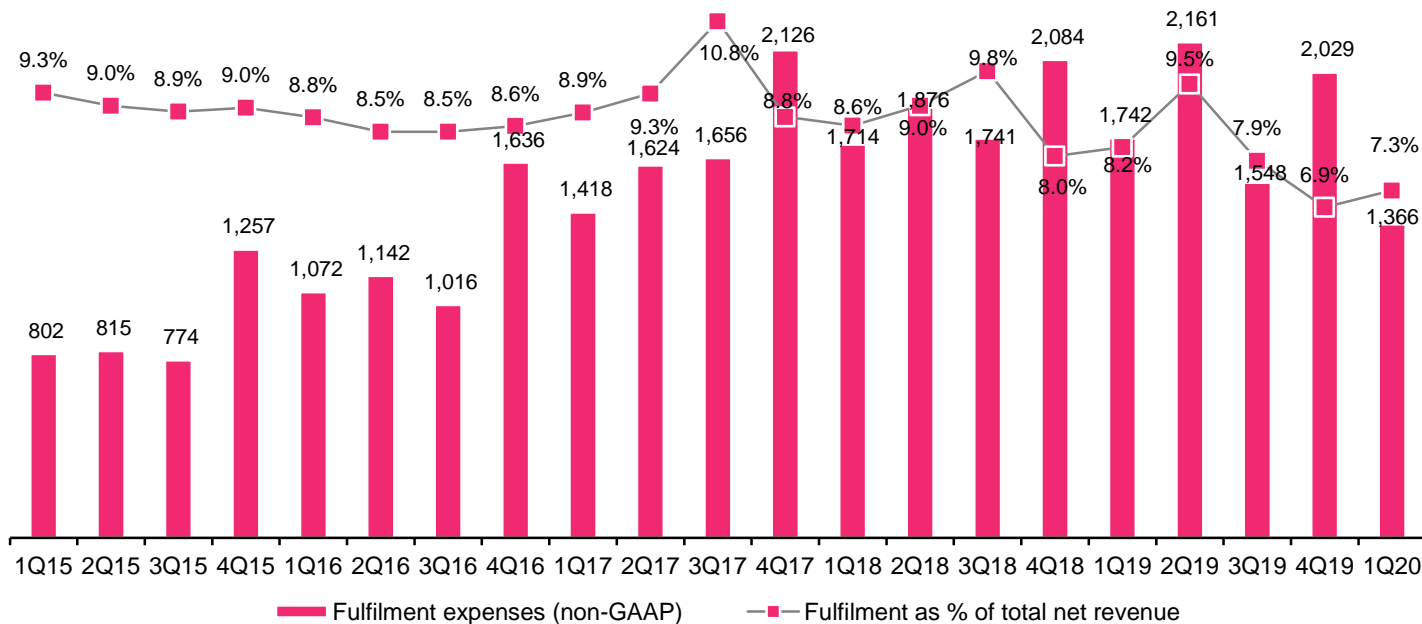
Difficult for customers to price shop

Little price sensitivity

Operating leverage in fulfillment expenses

Fulfillment expenses (Non-GAAP)⁽¹⁾

(RMB in millions)



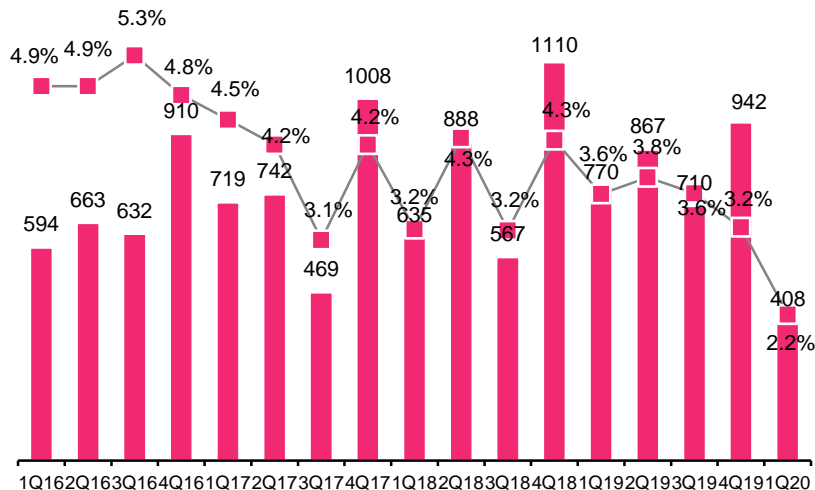
Note:

(1) All numbers are shown on a non-GAAP basis and excludes the impact from share-based compensation expenses, impairment loss in investments, and amortization of intangible assets resulting from a business acquisition.

Operating leverage due to the economy of scale

Marketing expenses (Non-GAAP)⁽¹⁾

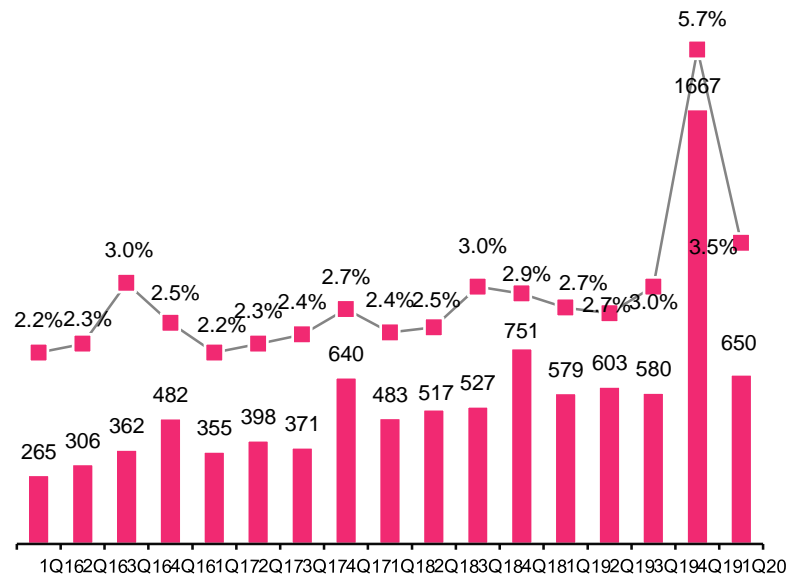
(RMB in millions)



Marketing expenses (non-GAAP) Marketing as % of total net revenue

General and administrative expenses (Non-GAAP)⁽¹⁾

(RMB in millions)



G&A expenses (non-GAAP) G&A as % total net revenue

Note:

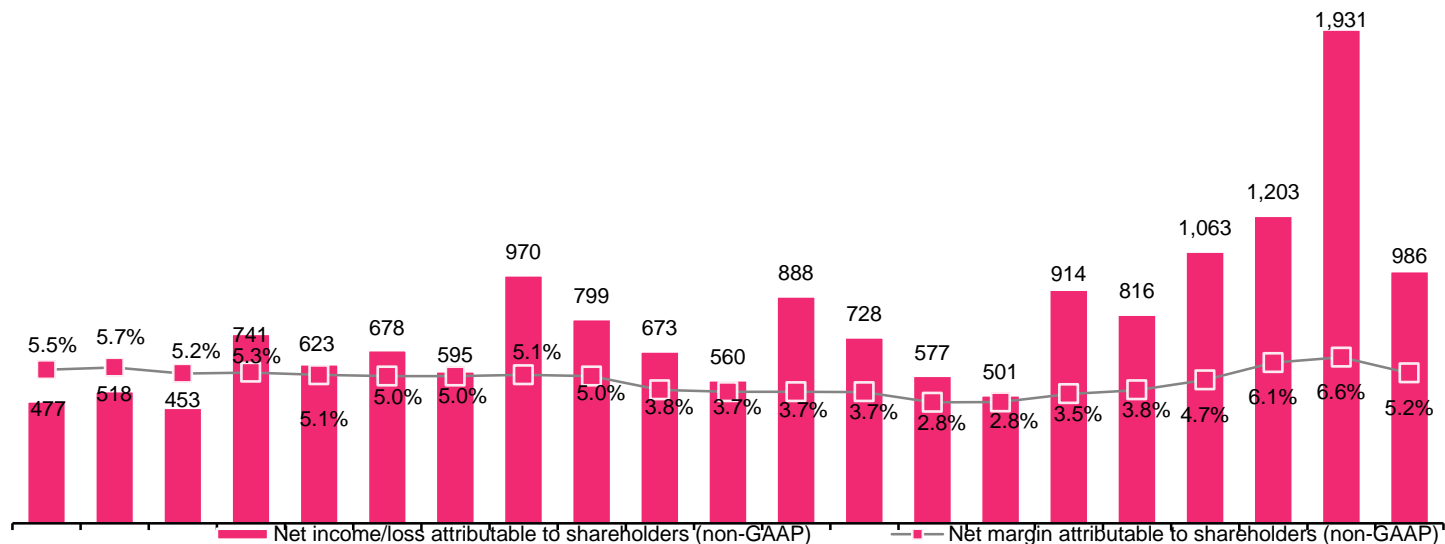
(1) All numbers are shown on a non-GAAP basis and excludes the impact from share-based compensation expenses, impairment loss in investments, and amortization of intangible assets resulting from a business acquisition.

Sustainable net margin attributable to shareholders

Net margin attributable to shareholders (Non-GAAP)⁽¹⁾

(RMB in millions)

1Q15 2Q15 3Q15 4Q15 1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 3Q19 4Q19 1Q20



Note:

(1) All numbers are shown on a non-GAAP basis and excludes the impact from share-based compensation expenses, impairment loss in investments, and amortization of intangible assets resulting from a business acquisition.

Balance sheet highlights

(in RMB millions)	December 31, 2019	March 31, 2020
Cash and Cash Equivalents, Restricted Cash, and Short Term Investments	10,772	9,224
Current Assets	23,028	18,425
Total Assets	48,583	44,063
Current Liabilities	23,926	18,214
Total Liabilities	26,333	20,911
Total Stockholder's Equity	22,250	23,152
Current Ratio	1.0	1.0

Growth Strategies

Our future growth strategy

Enlarge customer base

- ❖ Leverage merchandising capability to: 1) expand customer base; 2) increase market share; 3) strengthen the Vipshop brand
- ❖ Recommendation / personalization, reliable fulfillment service, Super VIP loyalty program, higher customer retention and repeat purchase rate

Enhance the quality of offering

- ❖ Better brand and product portfolio
- ❖ Increase sales per brand and average revenue per customer
- ❖ More productive discount apparel assortment through merchandising

Improve fulfillment solutions

- ❖ Leverage warehouses specialized in non-standardized categories
- ❖ Flexible warehousing solutions, including just-in-time, JITX, fast-in-fast-out, and co-location

Internet finance services

- ❖ Support core retail business
- ❖ Deliver additional value for suppliers and customers
- ❖ Strengthen overall ecosystem

Key investment highlights



THANK YOU!