China’s Belle sees annual profit drop 38% on consumer taste changes

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China's Belle International Holdings Ltd said annual net profit fell 38% as more and more consumers shift to athleisure products and away from traditional fashion footwear and dress shoes.

Net profit declined to 2.93 billion yuan ($447 million) for the year ended in February from 4.76 billion yuan a year ago.

Belle in March warned of a 35% to 45% drop in annual profit.

"The current predicaments of the group are closely related to changes in consumer taste and shifting style preferences," Chief Executive Officer Sheng Baijiao said, in a statement.

Belle, which distributes sportswear for firms such as Nike, Adidas, PUMA and Converse, saw revenue rise 2% to 40.79 billion yuan.

Sportswear revenue jumped 16.2% while footwear sales slid 8.5%.

Its footwear business accounted for 52% of total revenue, while sportswear was 48%. Its gross profit margin declined to 56.3% from 57.5% a year ago.

The company directly managed 20,873 retail outlets in China at end-February, including 13,762 footwear and 7,111 sportswear outlets.

It operated 20,557 outlets a year ago.