



寶成國際集團

Pou Chen Group

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Pou Chen Group -- The largest footwear manufacture Group in the world

- Founded in 1969; listed on the TWSE in 1990
- Paid in Capital: US\$930 mn (NT\$29.44 bn)
- Market Cap.: US\$3,577 mn (@NT\$38.45 as of 2014/12/31)
- Turnover: FY2014 Consolidated Sales US\$8,049 mn (NT\$243.98 bn)
- Product Mix: Footwear 75.1%, Retail 24.6%, Others 0.3% (as of FY2014 Consolidated Sales)
- Footwear Business
 - Volume: Made 307.1 million pairs in FY2014; made 313.4 million pairs in FY2013
 - Market Share: 20% of the combined wholesales value of the global branded athletic and causal footwear market (including JVs)
 - Customers: Leading international brands such as Nike, adidas, ASICS, Salomon and Timberland
- Retail Business
 - Target Market: The Greater China
 - POS: 6,952 POS (4,263 self-run and 2,689 sub-distributor) (as of 2014/12/31)

Business Overview



Business Segment Mix

Pou Chen: (Consolidated)	FY2011	FY2012 (15M) ⁽¹⁾	FY2013	FY2014
	(NT\$m; %)	(NT\$m; %)	(NT\$m; %)	(NT\$m; %)
Footwear	163,009 78.2%	210,951 76.4%	174,264 76.9%	183,292 75.1%
Retail	42,353 20.3%	60,705 22.0%	51,249 22.6%	59,891 24.6%
Others	3,077 1.5%	4,452 1.6%	1,152 0.5%	793 0.6%
Total	208,439 100%	276,108 100%	226,665 100%	243,976 100%

⁽¹⁾ Yue Yuen and Pou Sheng, consolidated entities in PCC's consolidated financial statements, had changed their financial year end date from 9/30 to 12/31 in 2012. Therefore, their FY2012 annual information covering 15 months from 2011/10/01~2012/12/31. Due to the aforesaid change and TWSE regulation, PCC's FY2012 consolidated financial statements included Yue Yuen and Pou Sheng's 2011/10/01~2012/12/31 information.

⁽²⁾ Pou Chen originally diversified into electronics business by investing in GBM in 1999. On March 24, 2010, PCC and its three subsidiaries disposed their 40% stake in GBM, which is engaged in manufacturing and selling PCB/PCBAs. After the transaction, PCC lost the controlling power over GBM, and GBM is no longer included as a consolidated entity in PCC's consolidated financial statements.

⁽³⁾ On January 1, 2011, PCC adopted SFAS No.41 "Disclosure of operating segment information", and had identified "Footwear business", "Retail business" and "Others" as its three reportable segments.

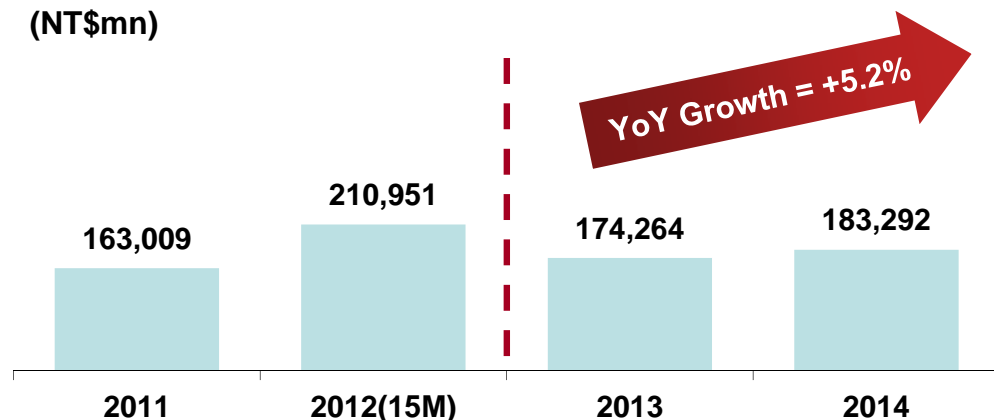
Business Overview



PCC's 3M2015 unaudited consolidated sales ended 2015/03/31 increased Y-o-Y by 11.5% to NT\$62.3 bn.

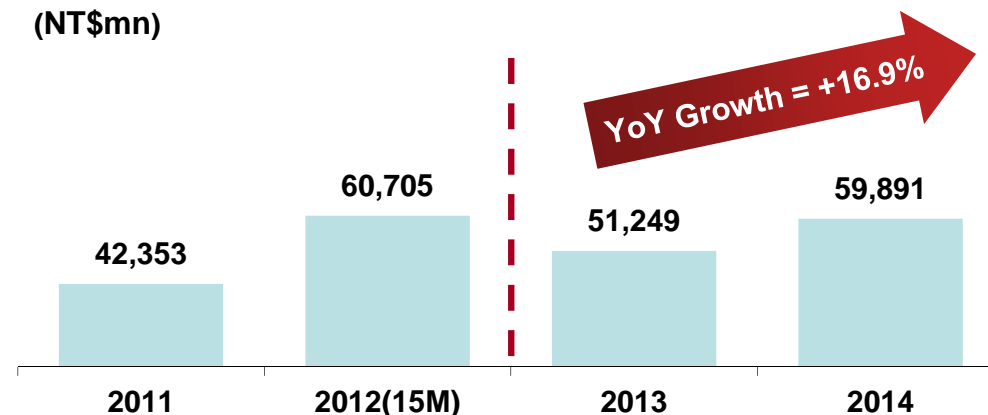
Turnover – Footwear Business

(NT\$m)



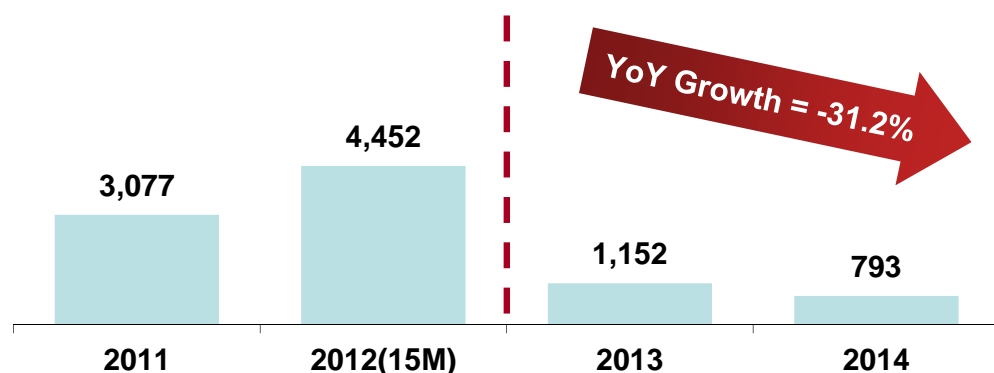
Turnover - Retail Business

(NT\$m)



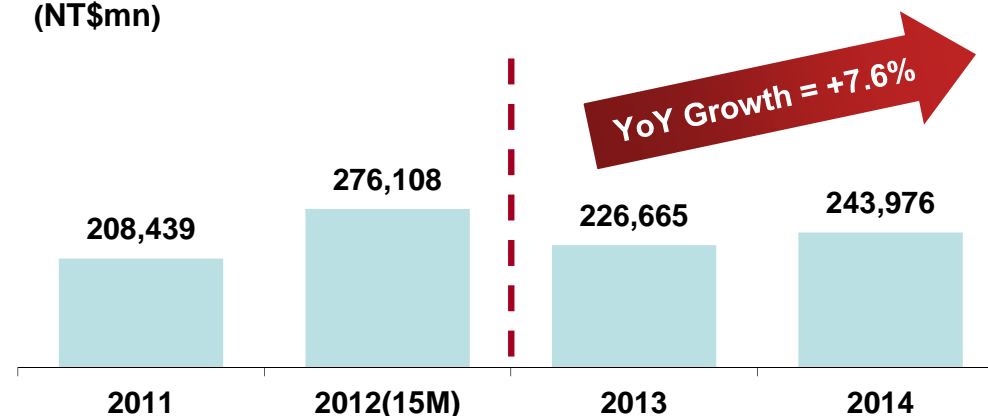
Turnover – Others

(NT\$m)



Turnover - Total

(NT\$m)



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Footwear Business – Yue Yuen



Product Mix

Yue Yuen:	FY2011	FY2012 (15M) ⁽¹⁾	FY2013	FY2014
	(US\$m; %)	(US\$m; %)	(US\$m; %)	(US\$m; %)
Athletic Shoes	3,680 52.2%	4,745 51.6%	3,813 50.3%	3,870 48.3%
Casual/Outdoor Shoes	1,240 17.6%	1,562 17.0%	1,357 17.9%	1,429 17.8%
Sports Sandals	81 1.2%	105 1.1%	86 1.1%	85 1.1%
Retail & Brand Licensee	1,441 20.5%	2,053 22.3%	1,727 22.8%	1,976 24.6%
Soles, Components, Others	603 8.5%	728 8.0%	599 7.9%	653 8.2%
Total	7,045 100%	9,193 100%	7,582 100%	8,013 100%

Financial Highlights

(US\$m)	FY2011	FY2012 (15M) ⁽¹⁾	FY2013	FY2014
Turnover	7,045	9,193	7,582	8,013
Gross Profit	1,556	2,099	1,647	1,774
Gross Margin	22.1%	22.8%	21.7%	22.1%
Net Income ⁽²⁾	450	624	435	331
Net Income Margin	6.4%	6.8%	5.7%	4.1%

⁽¹⁾ Because of the change of financial year end date, Yue Yuen's 2012 annual information covering 15 months from 2011/10/01~2012/12/31.

⁽²⁾ Net profit attributable to owners of the company, excluding "non-controlling interests".

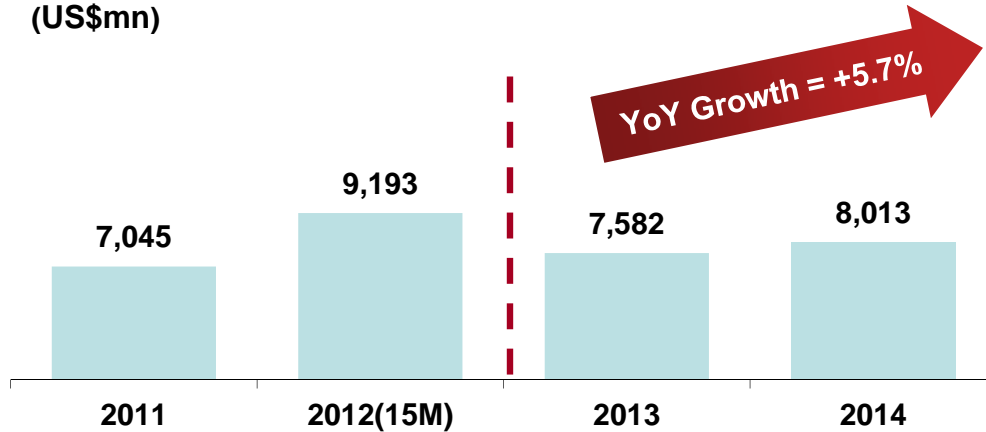
Financial Highlights - Yue Yuen



Yue Yuen's 3M2015 unaudited sales ended 2015/03/31 increased Y-o-Y by 7.2% to US\$2.0 bn.

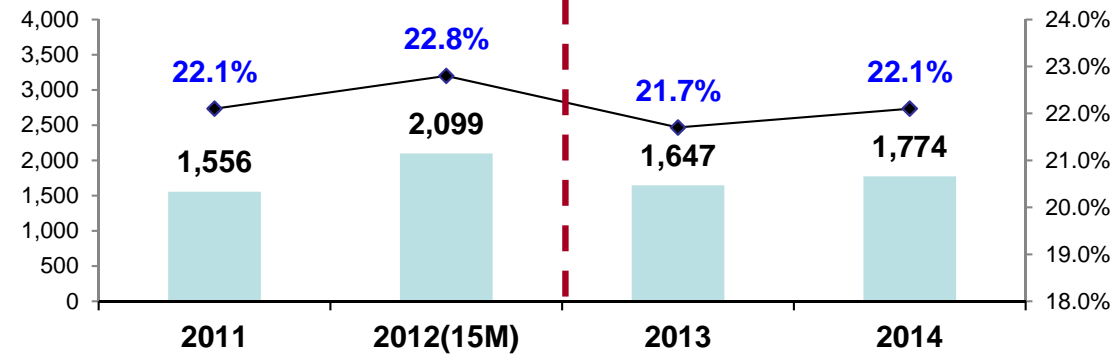
Turnover

(US\$mn)



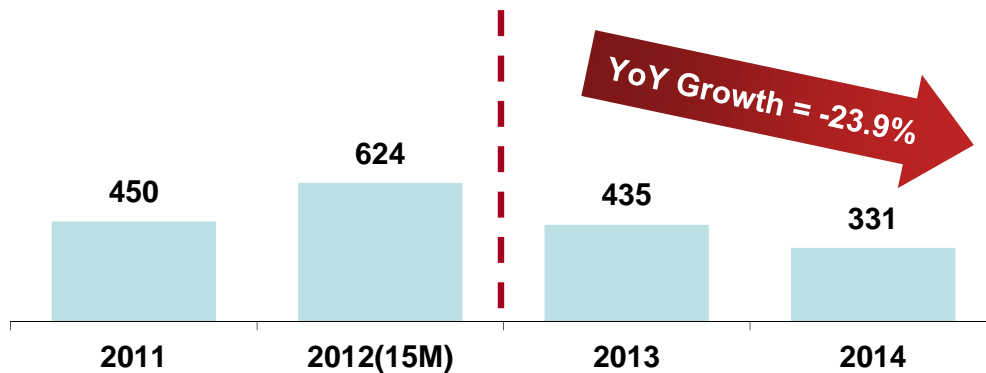
Gross Margin

(US\$mn)

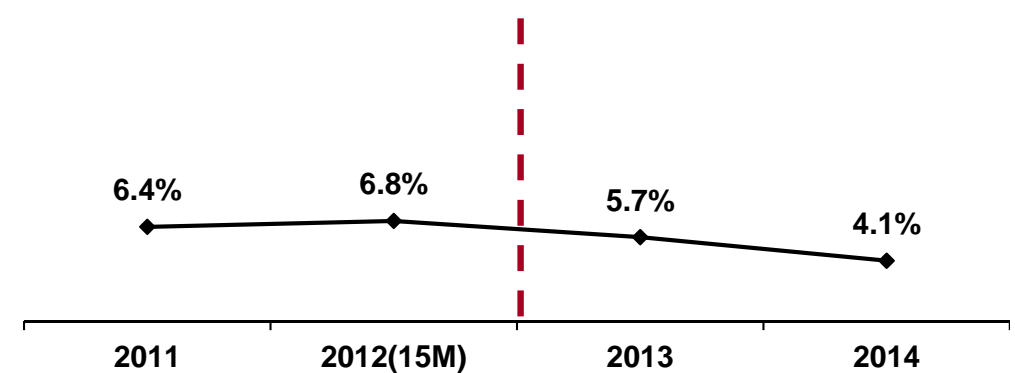


Net Income⁽²⁾

(US\$mn)



Net Margin



⁽¹⁾ Because of the change of financial year end date, Yue Yuen's 2012 annual information covering 15 months from 2011/10/01~2012/12/31.

⁽²⁾ Net profit attributable to owners of the company, excluding "non-controlling interests".

Retail Business – Pou Sheng



Product Mix

Pou Sheng:	FY2011	FY2012	FY2013	FY2014
	(US\$m; %)	(15M) ⁽¹⁾ (US\$m; %)	(US\$m; %)	(US\$m; %)
Retail	1,381 86.8%	1,979 90.7%	1,703 95.8%	1,964 99.1%
Brand Licensee	60 3.8%	74 3.4%	24 1.3%	12 0.6%
Manufacturing	149 9.4%	129 5.9%	50 2.9%	5 0.3%
Total	1,590 100%	2,182 100%	1,777 100%	1,981 100%

Financial Highlights

(US\$m)	FY2011	FY2012	FY2013	FY2014
		(15M) ⁽¹⁾		
Turnover	1,590	2,182	1,777	1,981
Gross Profit	482	644	514	581
Gross Margin	30.3%	29.5%	28.9%	29.3%
Net Income ⁽²⁾	54	-69	-39	5
Net Income Margin	3.4%	-3.2%	-2.2%	0.2%

⁽¹⁾ Because of the change of financial year end date, Pou Sheng's 2012 annual information covering 15 months from 2011/10/01~2012/12/31.

⁽²⁾ Net profit attributable to owners of the company, excluding "non-controlling interests".

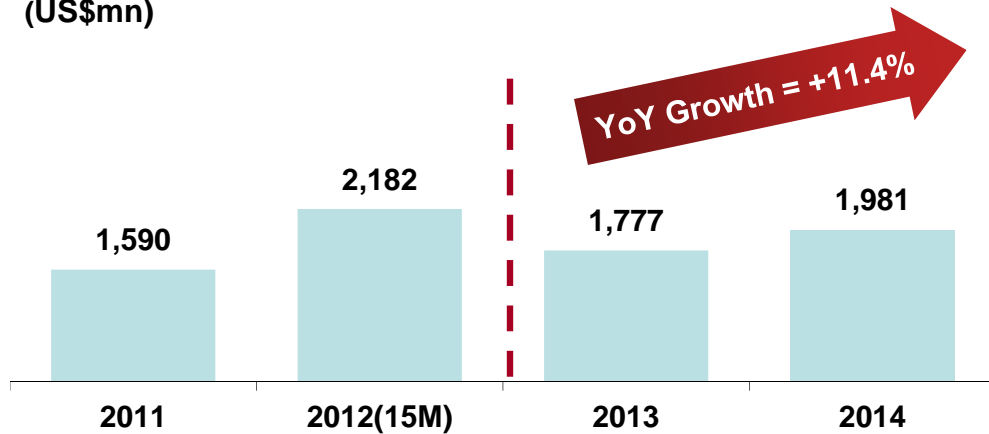
Financial Highlights - Pou Sheng



Pou Sheng's 3M2015 unaudited sales ended 2015/03/31 increased Y-o-Y by 23.9% to US\$0.6 bn.

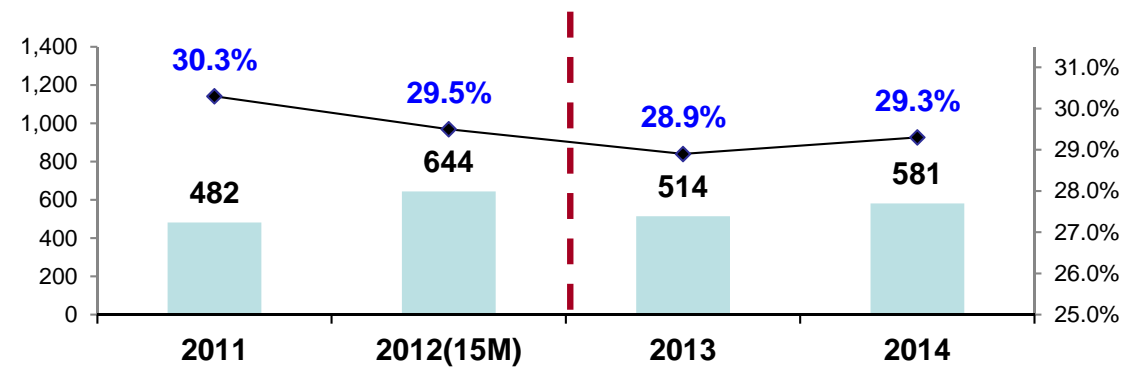
Turnover

(US\$mn)



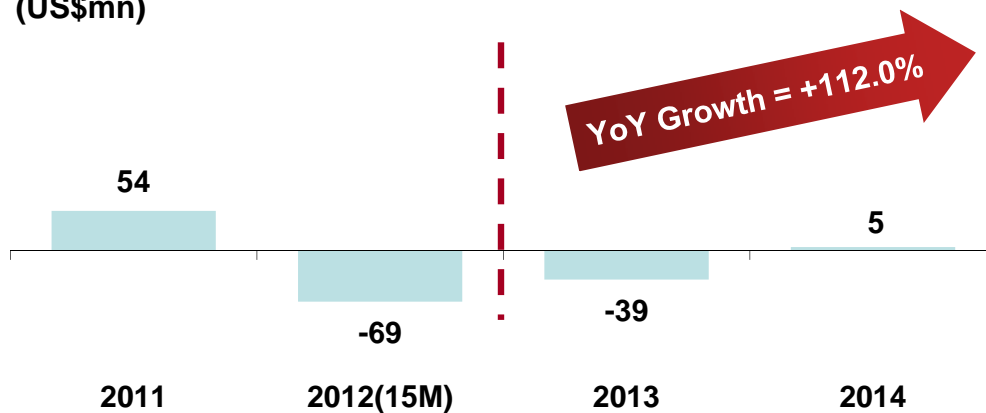
Gross Margin

(US\$mn)

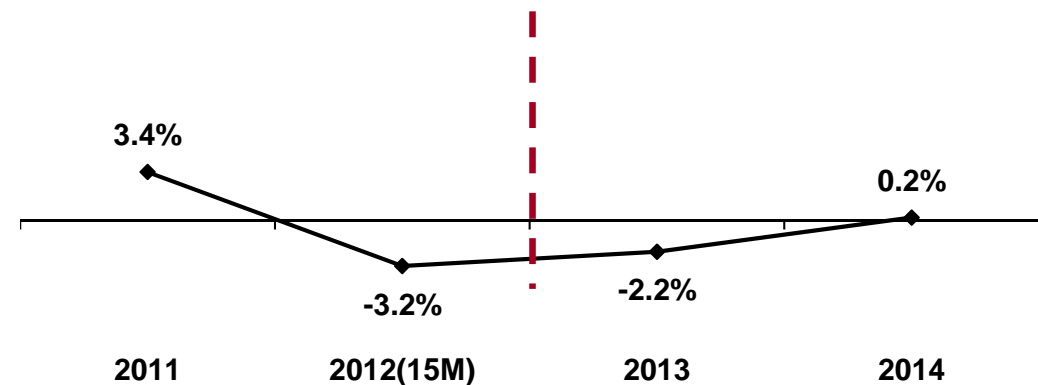


Net Income⁽²⁾

(US\$mn)



Net Margin



(1) Because of the change of financial year end date, Pou Sheng's 2012 annual information covering 15 months from 2011/10/01~2012/12/31.

(2) Net profit attributable to owners of the company, excluding "non-controlling interests".

Financial Highlights - PCC (Consolidated)



Excluded the non-recurring loss for FY2014, mainly due to additional provision for contributions to social insurance benefit and housing provident fund for employees in China factories, PCC's core business maintained a stable growth.

(NT\$m)	FY2011	FY2012 (15M) ⁽¹⁾	FY2013	FY2014
Turnover	208,439	276,108	226,665	243,976
Gross Profit	48,841	65,231	50,528	55,269
Gross Margin	23.4%	23.6%	22.3%	22.6%
Operating Income	11,472	15,895	10,099	7,921
Operating Margin	5.5%	5.8%	4.5%	3.2%
Non-operating Income, net	2,625	4,675	8,633	7,953
Profit before taxation	14,097	20,570	18,732	15,874
Income Tax Expense	(1,206)	(1,630)	(1,821)	(2,015)
Net Income ⁽²⁾	5,807	10,156	10,619	8,616
Net Income Margin	2.8%	3.7%	4.7%	3.5%
EPS (NT\$)	2.01	3.47	3.62	2.93

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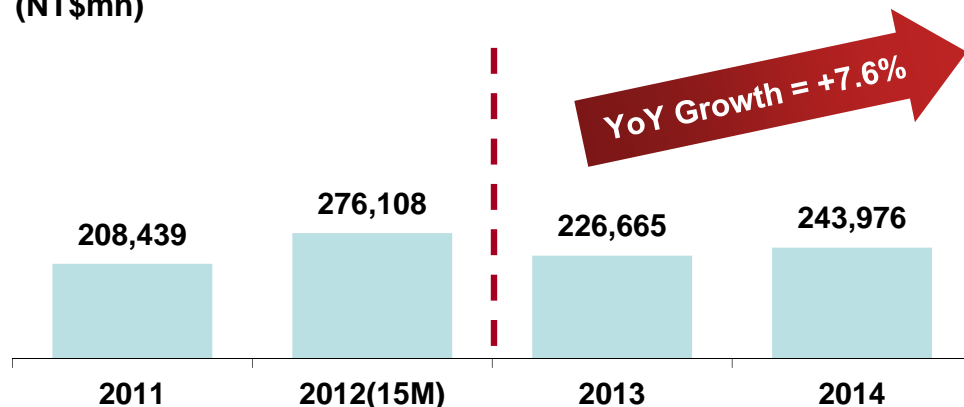
⁽²⁾ Net profit attributable to owners of the company, excluding "non-controlling interests".

Financial Highlights - PCC (Consolidated)



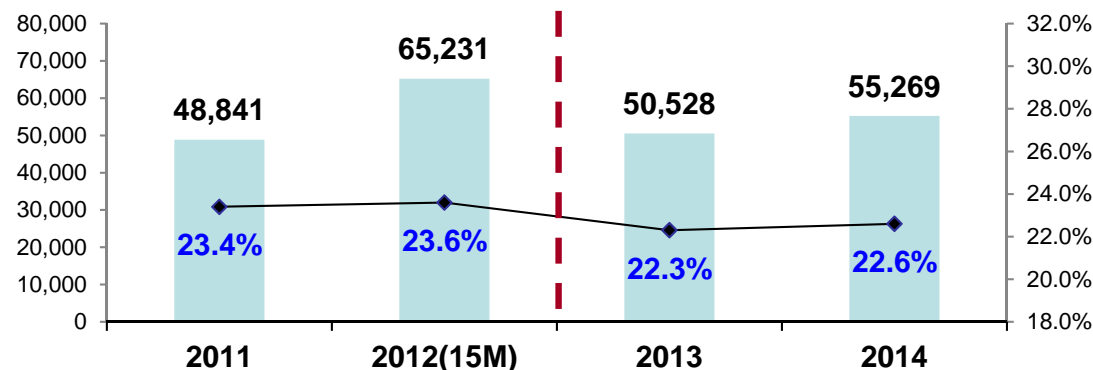
Turnover

(NT\$m)



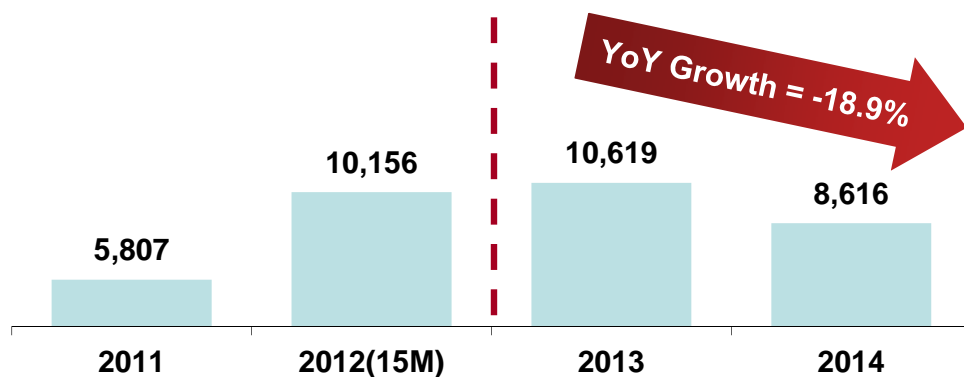
Gross Margin

(NT\$m)



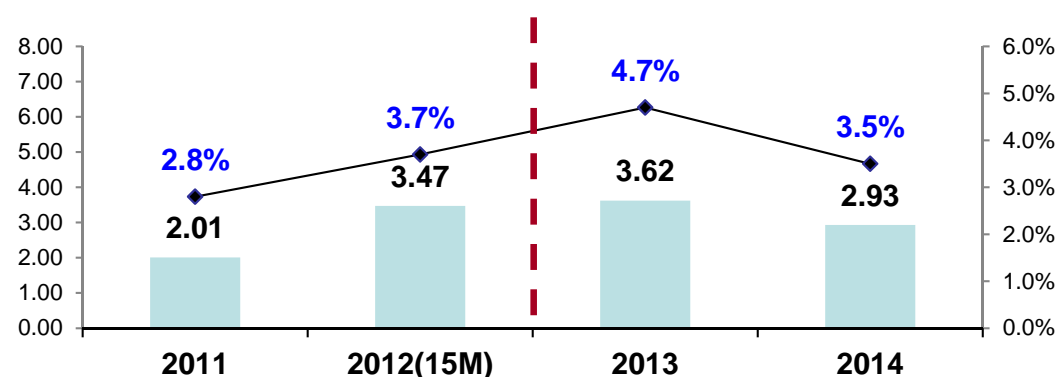
Net Income⁽²⁾

(NT\$m)



EPS/Net Margin

(NT\$)



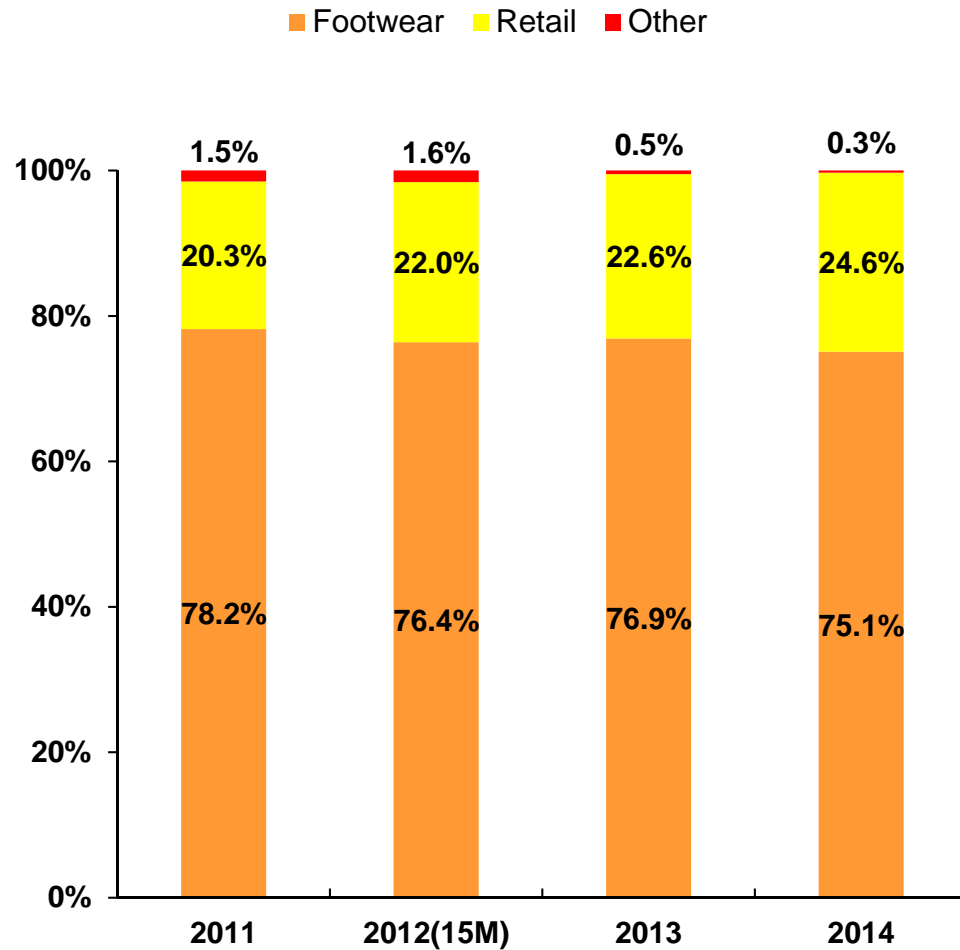
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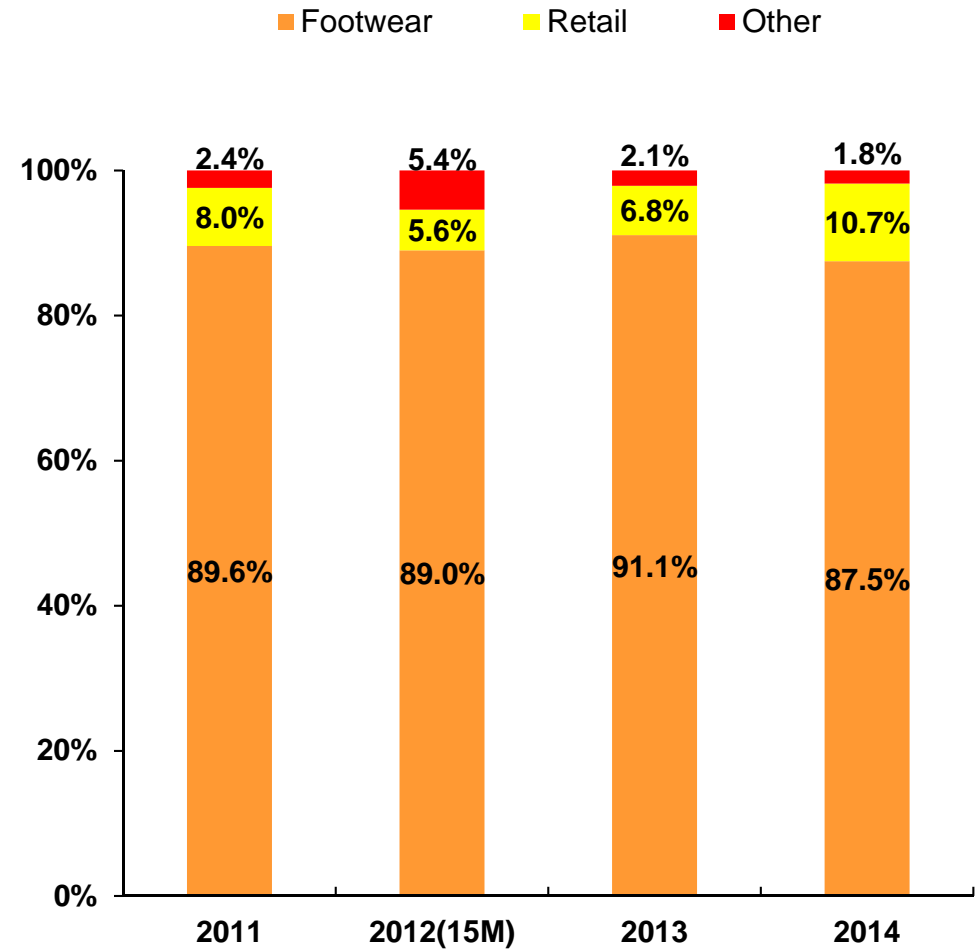
Financial Highlights - PCC (Consolidated)



Turnover Breakdown by Segments



Operating Income Breakdown by Segments⁽¹⁾



⁽¹⁾ On January 1, 2011, PCC adopted SFAS No.41 “Disclosure of operating segment information”, and had identified “Footwear business”, “Retail business” and “Others” as its three reportable segments. Besides, “segmental results” is used instead of “operating income”.

Dividend Policy



Per Share	FY2011 ⁽¹⁾	FY2012 (15M) ⁽¹⁾	FY2013 ⁽¹⁾	FY2014 ⁽¹⁾
Dividend				
- Pou Chen (NT\$)	1.30 (Cash 1.30)	1.50 (Cash 1.50)	1.00 (Cash 1.00)	TBD
- YY (HK\$)	0.90	1.25	1.10	1.15
Cash Dividend Yield⁽²⁾				
- Pou Chen	5.2% (@NT\$24.85)	4.9% (@NT\$30.50)	2.2% (@NT\$44.55)	TBD
- YY	3.7% (@HK\$24.55)	4.9% (@HK\$25.40)	4.2% (@HK\$25.90)	4.1% (@HK\$27.95)
Cash Dividend Payout Ratio				
- Pou Chen	64.7%	43.2%	27.6%	TBD
- YY	42.5%	42.6%	53.8%	73.9%

⁽¹⁾ The dividends for 2011, 2012, 2013 and 2014 would be distributed in next years.

⁽²⁾ The cash dividend yield was divided by the market closing price at the end of 2011, 2012, 2013 and 2014.