



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\$896 mn (NT\$29.47 bn)
- Market Cap.: US\$3,869 mn (@NT\$43.10 as of 2015/12/31)
- Turnover: 9M2015 Consolidated Sales US\$6,324 mn (NT\$198.45 bn)
- Product Mix: Footwear 72.1%, Retail 27.6%, Others 0.3% (as of 9M2015 Consolidated Sales)
- Footwear Business
 - Volume: Made 231.4 million pairs in 9M2015; made 307.1 million pairs in FY2014
 - 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: 7,568 POS (4,728 self-run and 2,840 sub-distributor) (as of 2015/09/30)



Business Segment Mix

Pou Chen: (Consolidated)	FY2012	FY2013	FY2014	9M2014	9M2015
	(15M) ⁽¹⁾				
	(NT\$mn; %)	(NT\$mn; %)	(NT\$mn; %)	(NT\$mn; %)	(NT\$mn; %)
Footwear	210,951 76.4%	174,264 76.9%	183,292 75.1%	135,204 75.3%	143,070 72.1%
Retail	60,705 22.0%	51,249 22.6%	59,891 24.6%	43,858 24.4%	54,749 27.6%
Others	4,452 1.6%	1,152 0.5%	793 0.3%	590 0.3%	631 0.3%
Total	276,108 100%	226,665 100%	243,976 100%	179,652 100%	198,450 100%

⁽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⁾ 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.

⁽³⁾ 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.

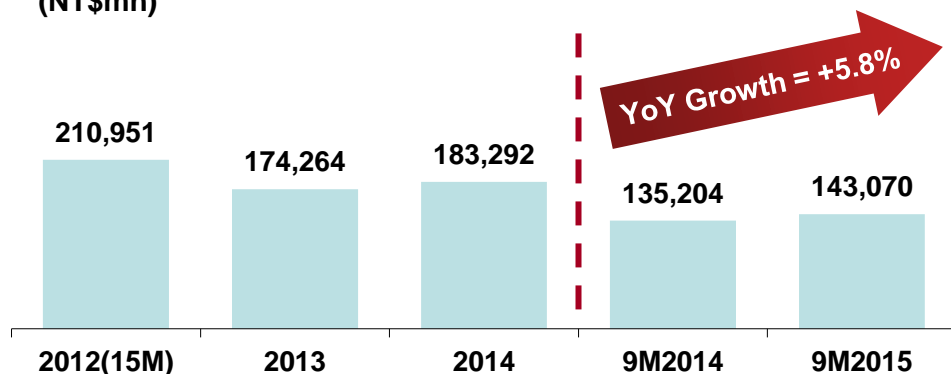
Business Overview



PCC's 2M2016 unaudited consolidated sales ended 2016/02/29 increased Y-o-Y by 8.6% to NT\$44.8 bn.
 PCC's FY2015 unaudited consolidated sales ended 2015/12/31 increased Y-o-Y by 10.3% to NT\$269.2 bn.

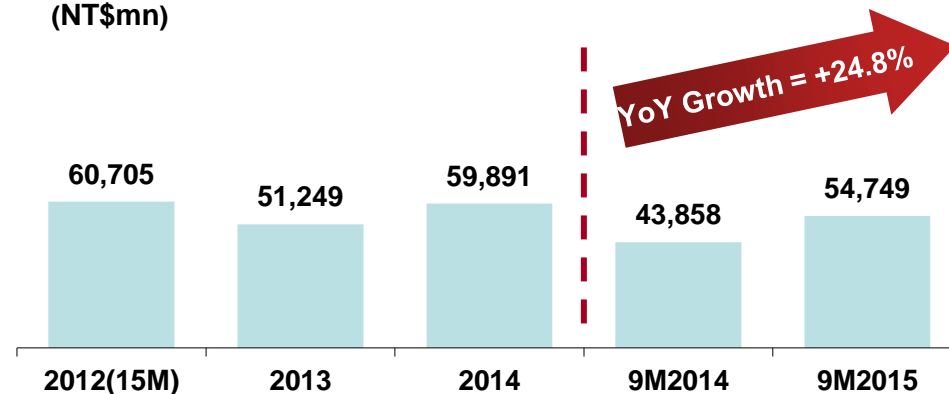
Turnover – Footwear Business

(NT\$mn)



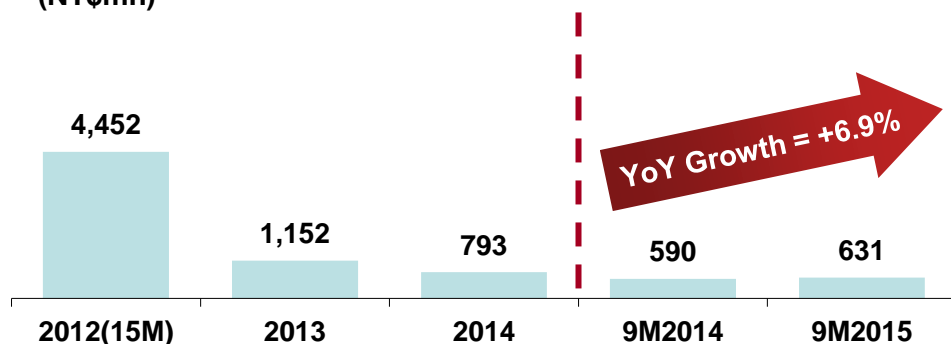
Turnover - Retail Business

(NT\$mn)



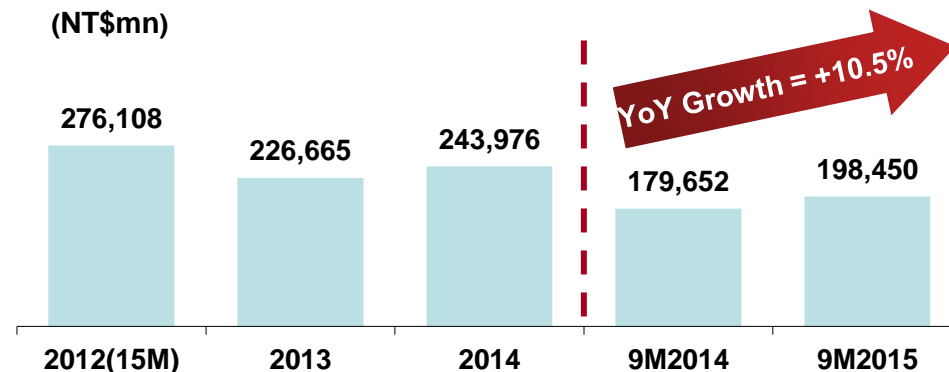
Turnover – Others

(NT\$mn)



Turnover - Total

(NT\$mn)



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Footwear Business – Yue Yuen



Product Mix

Yue Yuen:	FY2012 (15M) ⁽¹⁾		FY2013		FY2014		9M2014		9M2015	
	(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)	
Athletic Shoes	4,745	51.6%	3,813	50.3%	3,870	48.3%	2,849	48.0%	2,946	46.9%
Casual/Outdoor Shoes	1,562	17.0%	1,357	17.9%	1,429	17.8%	1,087	18.3%	1,027	16.4%
Sports Sandals	105	1.1%	86	1.1%	85	1.1%	61	1.0%	66	1.0%
Retail & Brand Licensee	2,053	22.3%	1,727	22.8%	1,976	24.6%	1,456	24.5%	1,742	27.8%
Soles, Components, Others	728	8.0%	599	7.9%	653	8.2%	483	8.2%	497	7.9%
Total	9,193	100%	7,582	100%	8,013	100%	5,936	100%	6,278	100%

Financial Highlights

(US\$m)	FY2012 (15M) ⁽¹⁾	FY2013	FY2014	9M2014	9M2015
Turnover	9,193	7,582	8,013	5,936	6,278
Gross Profit	2,099	1,647	1,774	1,304	1,422
Gross Margin	22.8%	21.7%	22.1%	22.0%	22.7%
Net Income ⁽²⁾	624	435	331	209	286
Net Income Margin	6.8%	5.7%	4.1%	3.5%	4.6%

⁽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

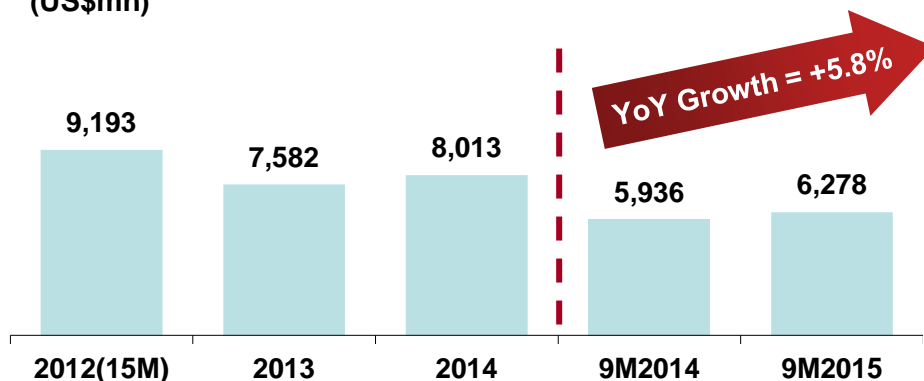


Yue Yuen's 2M2016 unaudited sales ended 2016/02/29 increased Y-o-Y by 1.9% to US\$1.3 bn.

Yue Yuen's FY2015 unaudited sales ended 2015/12/31 increased Y-o-Y by 5.3% to US\$8.4 bn.

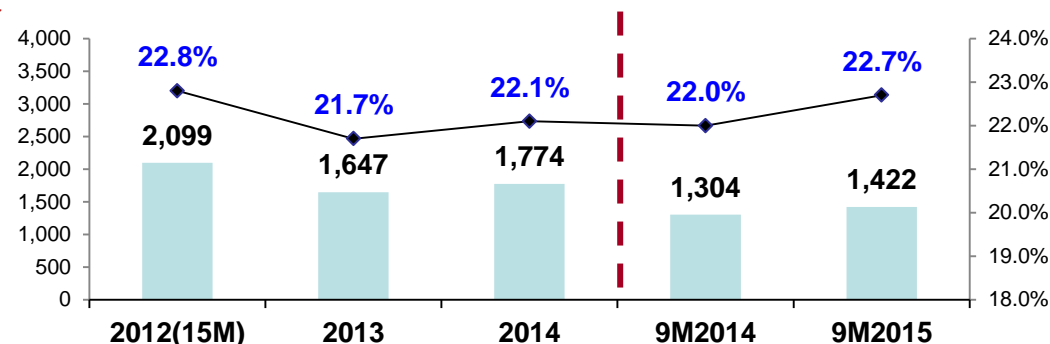
Turnover

(US\$mn)



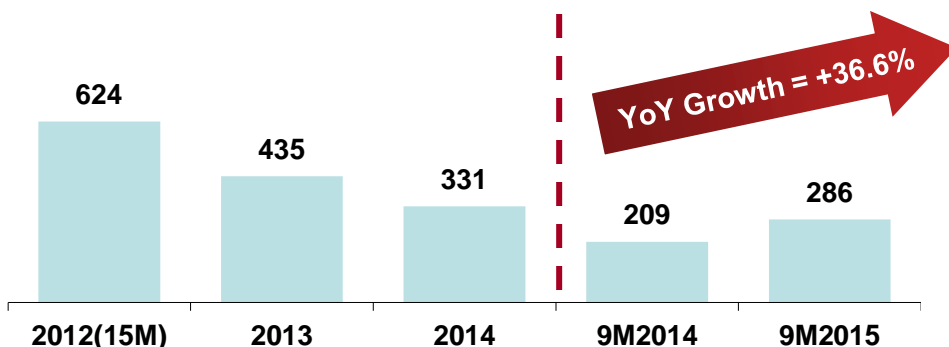
Gross Margin

(US\$mn)

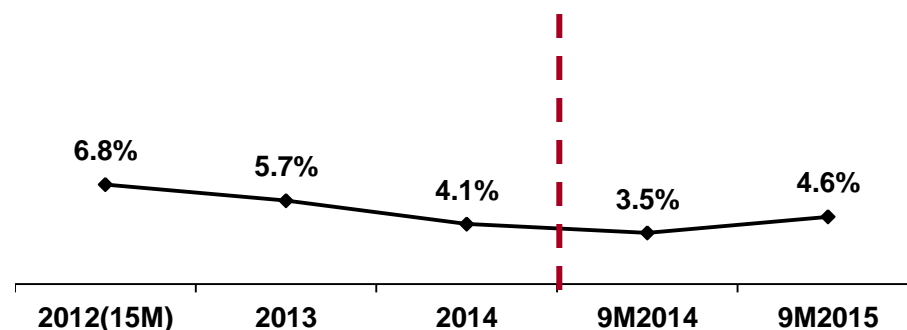


Net Income⁽²⁾

(US\$mm)



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".



Financial Highlights

(US\$mn)	FY2012 (15M) ⁽¹⁾	FY2013	FY2014	9M2014	9M2015
Turnover	2,182	1,777	1,981	1,460	1,743
Gross Profit	644	514	581	428	567
Gross Margin	29.5%	28.9%	29.3%	29.3%	32.5%
Operating Profit	3	17	34	25	79
Operating Margin	0.1%	1.0%	1.7%	1.7%	4.5%
Net Income ⁽²⁾	-69	-39	5	4	46
Net Income Margin	-3.2%	-2.2%	0.2%	0.3%	2.6%

⁽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".

	Directly-Operated	Sub-Distributor	Total
2014/12/31	4,263	2,689	6,952
Net Change	465	151	616
2015/09/30	4,728	2,840	7,568

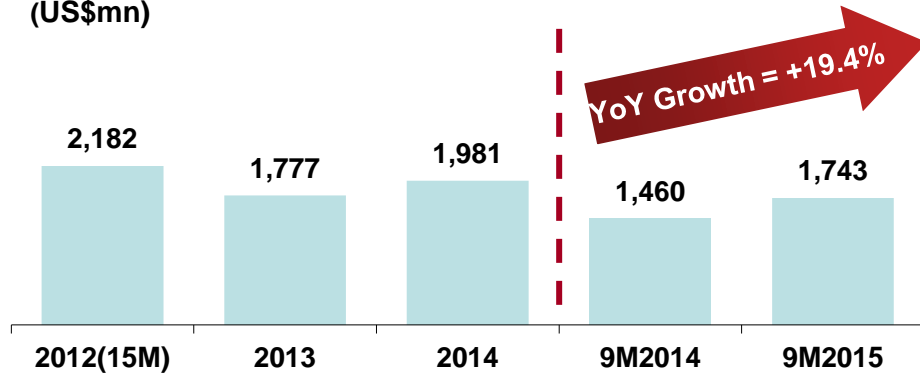
Financial Highlights – Pou Sheng



Pou Sheng's 2M2016 unaudited sales ended 2016/02/29 increased Y-o-Y by 7.7% to US\$0.4 bn.
 Pou Sheng's FY2015 unaudited sales ended 2015/12/31 increased Y-o-Y by 16.3% to US\$2.3 bn.

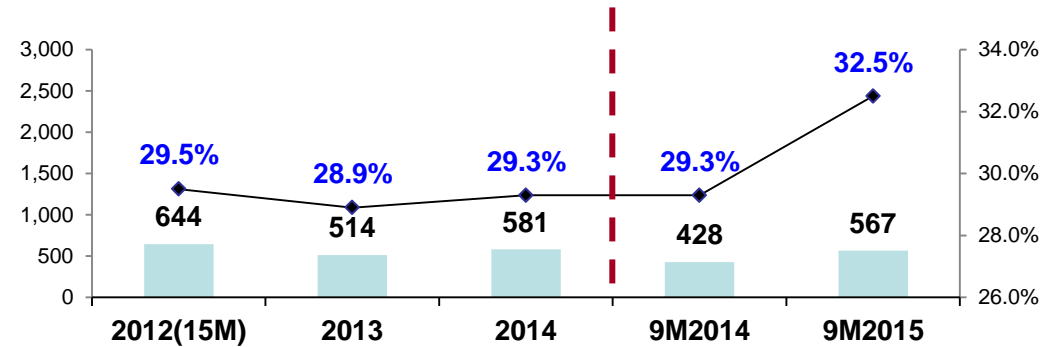
Turnover

(US\$mn)



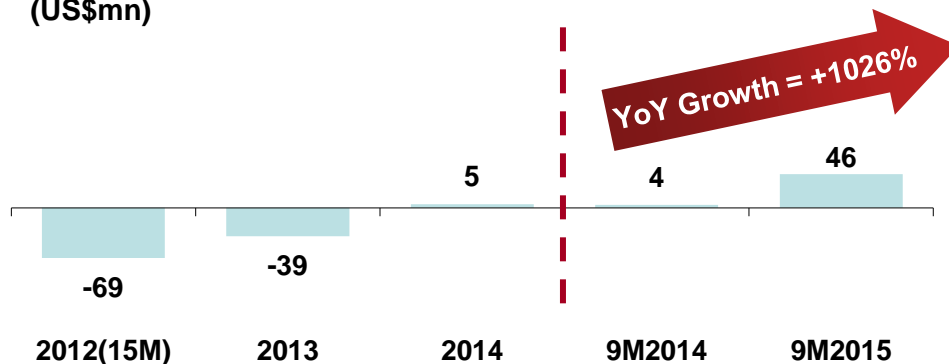
Gross Margin

(US\$mn)

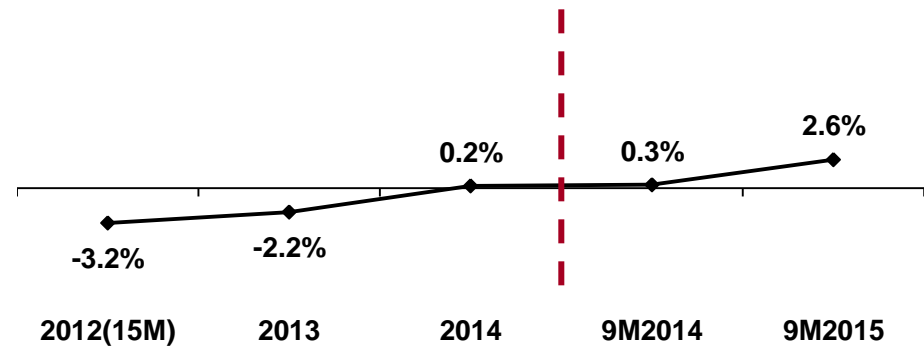


Net Income⁽²⁾

(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\$mn)	FY2012 (15M) ⁽¹⁾	FY2013	FY2014
Turnover	276,108	226,665	243,976
Gross Profit	65,231	50,528	55,269
Gross Margin	23.6%	22.3%	22.6%
Operating Income	15,895	10,099	7,921
Operating Margin	5.8%	4.5%	3.2%
Non-operating Income, net	4,675	8,633	7,953
Profit before taxation	20,570	18,732	15,874
Income Tax Expense	(1,630)	(1,821)	(2,015)
Net Income ⁽²⁾	10,156	10,619	8,616
Net Income Margin	3.7%	4.7%	3.5%
EPS (NT\$)	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)



Though footwear manufacturing business still faced the challenge of rising manufacturing cost, retail business had a profit improvement. Besides, benefited from the increase of non-operating income, PCC's net income for 9M2015 still increased 35.9% compared to the same period last year.

(NT\$mn)	9M2014	9M2015	Growth Rate
Turnover	179,652	198,450	+10.5%
Gross Profit	40,403	46,105	+14.1%
Gross Margin	22.5%	23.2%	
Operating Income	5,360	8,717	+62.6%
Operating Margin	3.0%	4.4%	
Non-operating Income, net	5,644	7,652	+35.6%
Profit before taxation	11,004	16,369	+48.8%
Income Tax Expense	(1,532)	(2,797)	+82.5%
Net Income ⁽¹⁾	6,141	8,345	+35.9%
Net Income Margin	3.4%	4.2%	
EPS (NT\$)	2.09	2.83	+35.4%

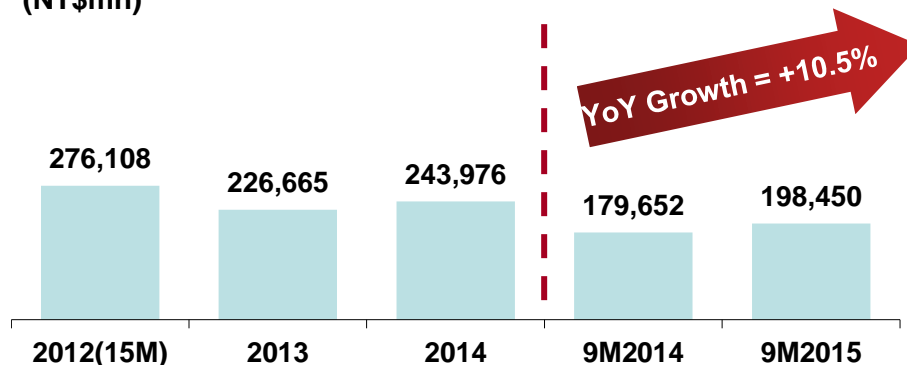
⁽¹⁾ Net profit attributable to owners of the company, excluding “non-controlling interests”.

Financial Highlights – PCC (Consolidated)



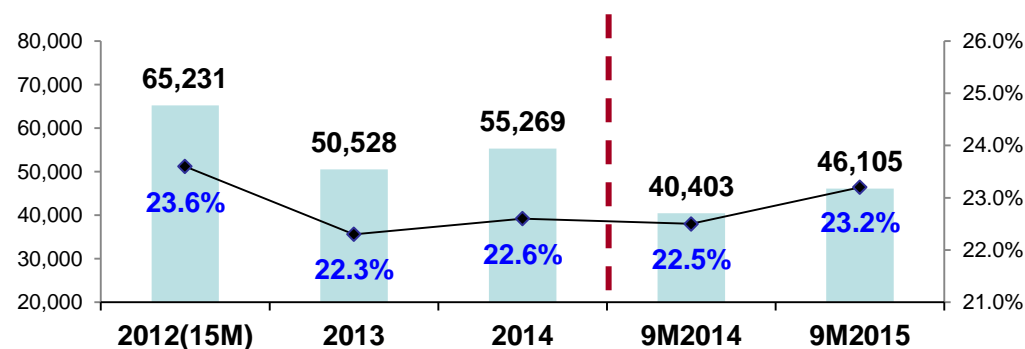
Turnover

(NT\$m)



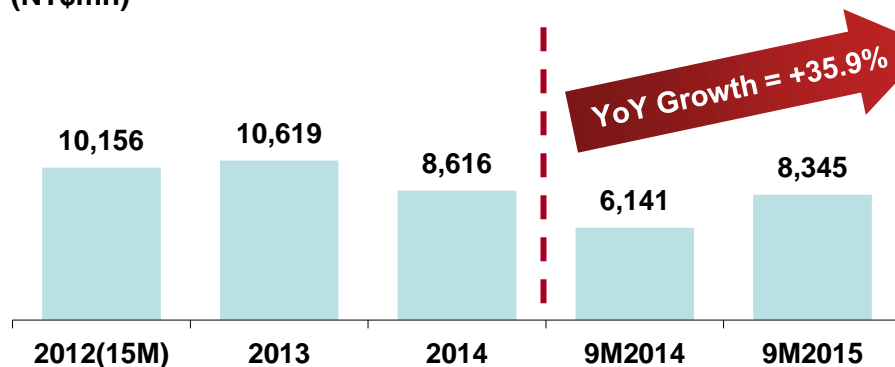
Gross Margin

(NT\$m)



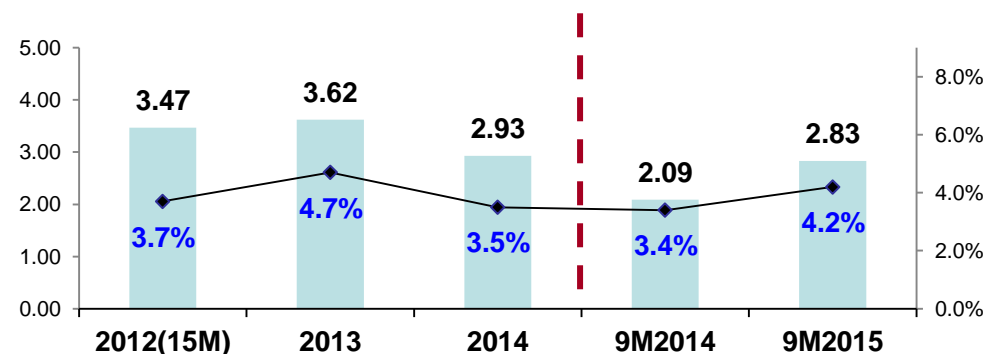
Net Income⁽²⁾

(NT\$m)



EPS/Net Margin

(NT\$)



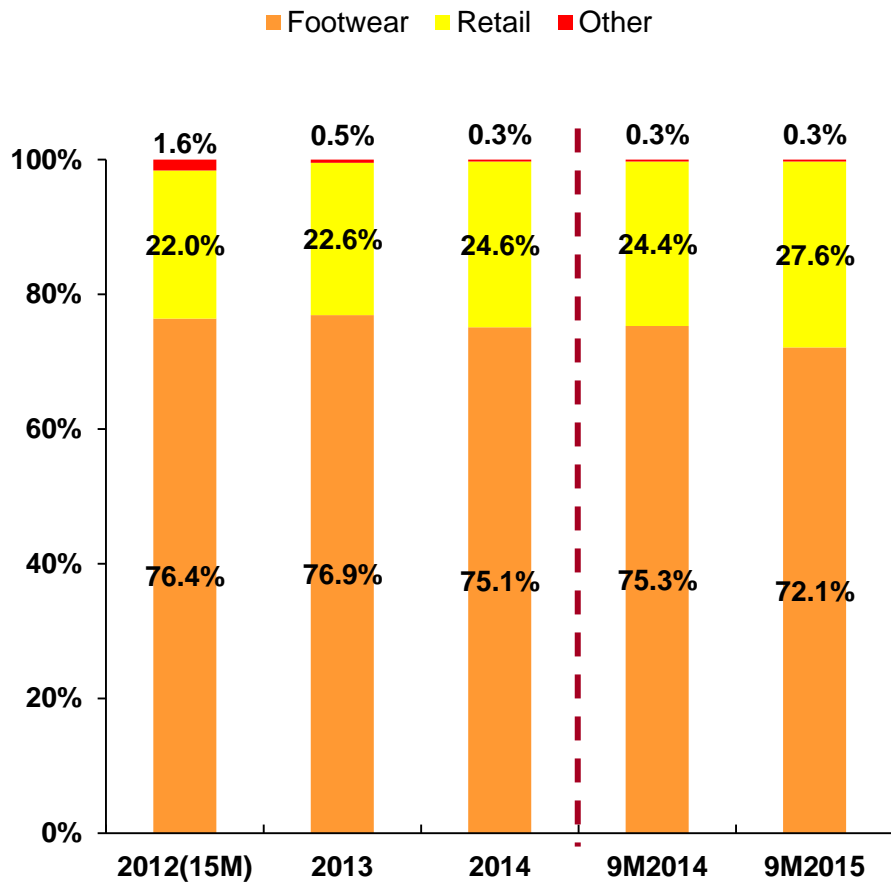
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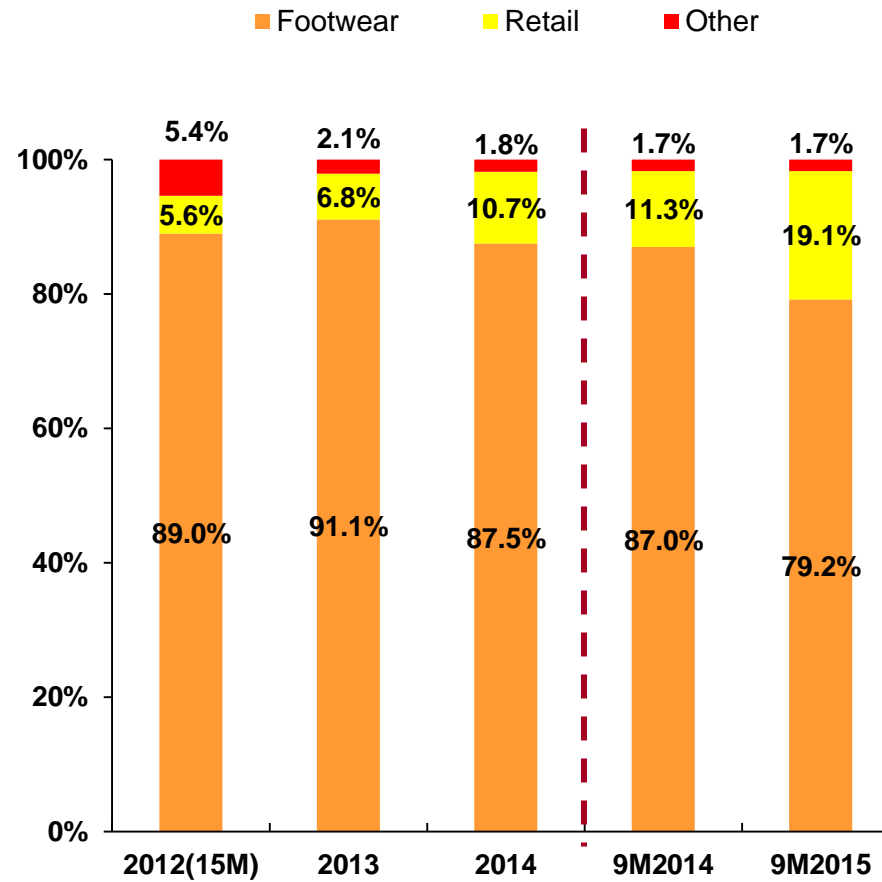
Financial Highlights – PCC (Consolidated)



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	FY2012 (15M) ⁽¹⁾	FY2013 ⁽¹⁾	FY2014 ⁽¹⁾
Dividend			
- Pou Chen (NT\$)	1.50 (Cash 1.50)	1.00 (Cash 1.00)	1.50 (Cash 1.50)
- Yue Yuen (HK\$)	1.25	1.10	1.15
Cash Dividend Yield⁽²⁾			
- Pou Chen	4.9% (@NT\$30.50)	2.2% (@NT\$44.55)	3.9% (@NT\$38.45)
- Yue Yuen	4.9% (@HK\$25.40)	4.2% (@HK\$25.90)	4.1% (@HK\$27.95)
Cash Dividend Payout Ratio			
- Pou Chen	43.2%	27.6%	51.2%
- Yue Yuen	42.6%	53.8%	73.9%

⁽¹⁾ The dividends for 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 2012, 2013 and 2014.