

寶成   
國際集團
POUCHEN
GROUP



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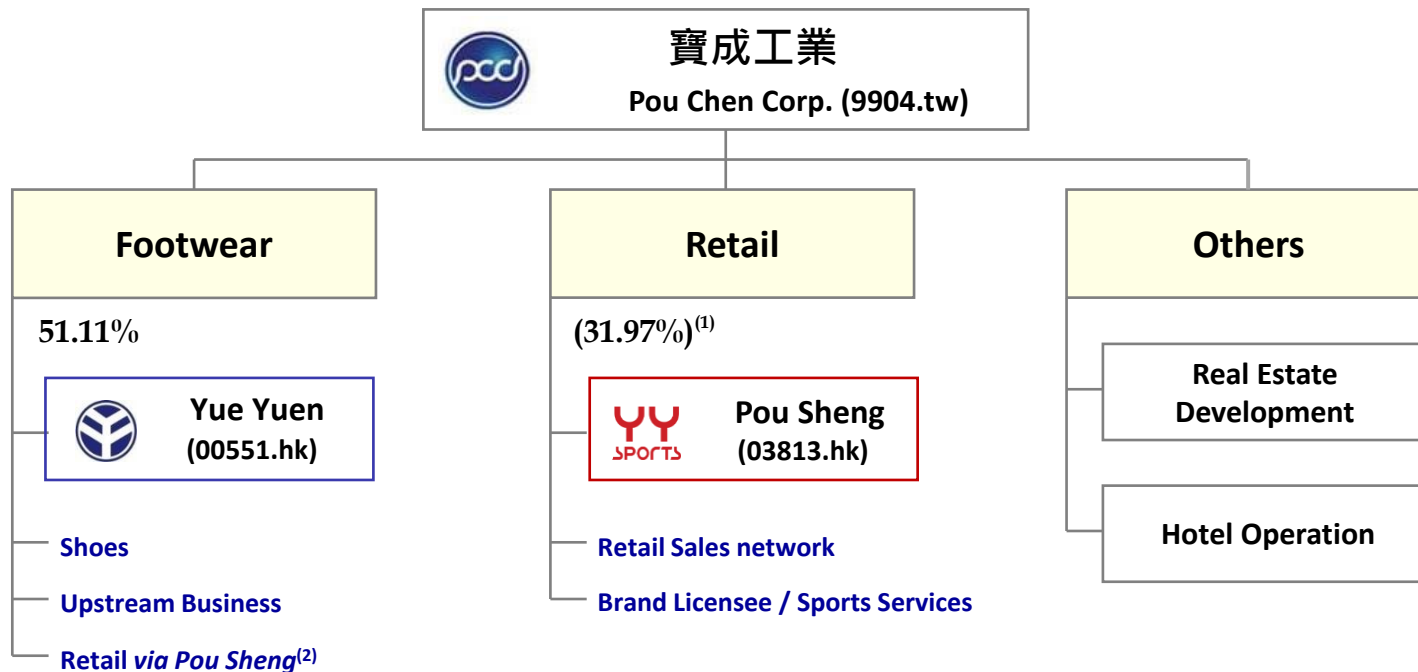
Pou Chen's Profile



Pou Chen Group — *To be the best sports gear producer and distributor.*

- Founded in 1969; listed on the TWSE in 1990
- Paid in Capital: NT\$29,468 mn
- Market Cap.: NT\$83,983 mn (@NT\$28.50 as of 2022/09/30)
- Revenue: NT\$204,577 mn (9M2022 Consolidated Revenue)
- Business Mix: Footwear 68.6%, Retail 31.1%, Others 0.3% (9M2022 Consolidated Revenue)
- **Footwear Business**
 - Customers: Leading international brands such as Nike, adidas, Asics, New Balance, Timberland and Salomon
 - Volume: Shipped 213.0 million pairs in 9M2022; shipped 238.3 million pairs in FY2021
- **Retail Business**
 - Target Market: The Greater China Region
 - B&M Network: 4,296 Directly Operated Stores & 3,399 Sub-Distributors (as of 2022/09/30)

Group Structure



⁽¹⁾ Pou Chen through its 51.11% owned subsidiary Yue Yuen indirectly held 31.97% ownership (=51.11% × 62.55%) of Pou Sheng.

⁽²⁾ Retail of sporting goods & brand licensing business is via Yue Yuen's 62.55% owned subsidiary, Pou Sheng, to operate an integrated sportswear retail network in the Greater China Region.

(Updated: 2022/09/30)

Segment Revenue

Pou Chen (Consolidated)	FY2019		FY2020		FY2021		9M2021		9M2022		YoY
	(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(%)
Footwear	185,445	59.2%	139,875	56.0%	137,660	57.4%	102,649	56.6%	140,446	68.6%	+36.8%
Retail	126,867	40.5%	109,361	43.7%	101,485	42.3%	78,270	43.1%	63,529	31.1%	-18.8%
Others	845	0.3%	718	0.3%	739	0.3%	504	0.3%	602	0.3%	+19.4%
Total	313,157	100%	249,954	100%	239,884	100%	181,423	100%	204,577	100%	+12.8%

⁽¹⁾ Pou Chen has three reportable segments:

- Footwear business: manufacturing of shoes, soles and components.
- Retail business: retail of sporting goods and brand licensing.
- Other business.

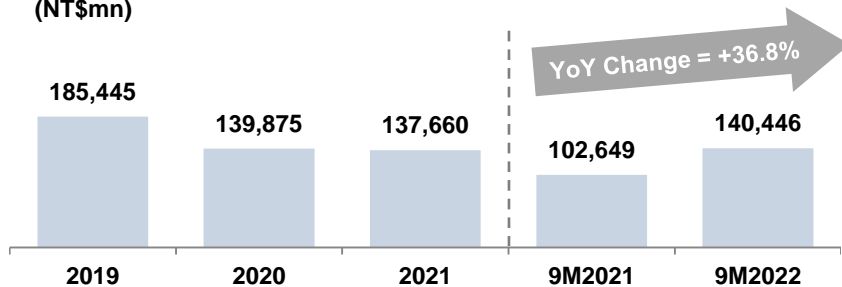
Business Overview



Pou Chen's 10M2022 unaudited consolidated sales increased Y-o-Y by 14.8% to NT\$228.2 bn.

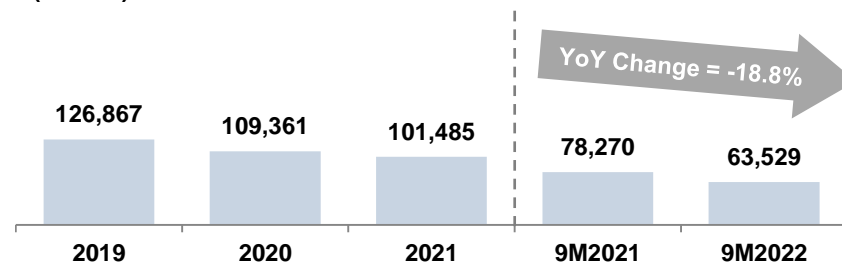
Revenue – Footwear

(NT\$m)



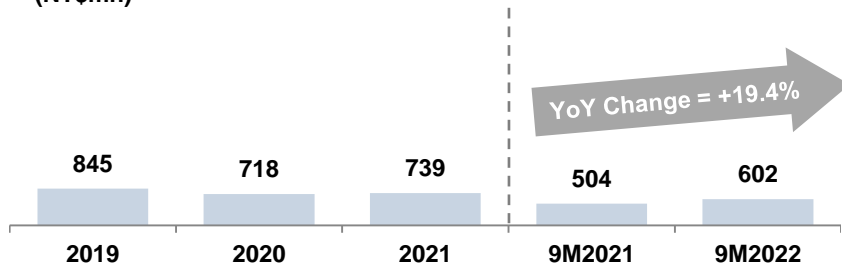
Revenue - Retail

(NT\$m)



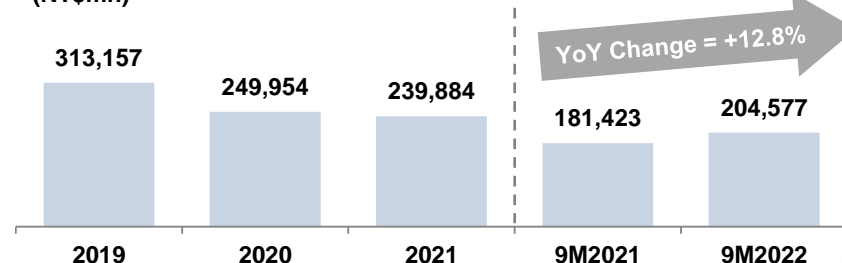
Revenue – Others

(NT\$m)



Revenue - Total

(NT\$m)

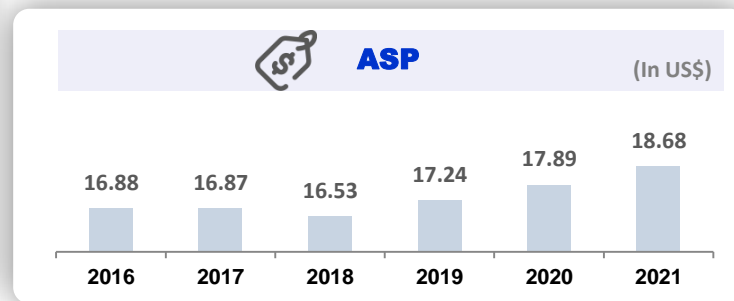
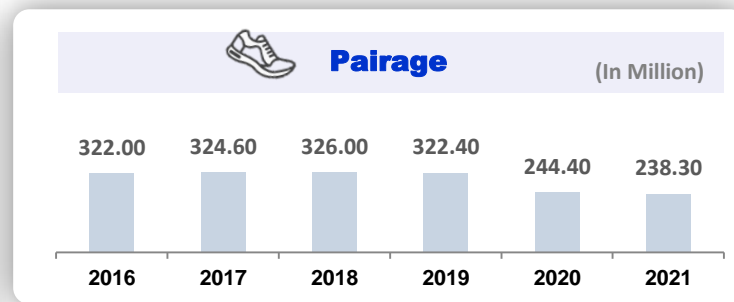


Footwear Business – Yue Yuen



- A global leader in the manufacture of athletic/outdoor and casual footwear
- Diversified portfolio of brand customers and production sites
- Responsiveness, flexibility, innovation, design and development capabilities, and superior quality

Country		% of Volume		
		FY2021	9M2021	9M2022
	Mainland China	12%	11%	11%
	Vietnam	35%	37%	37%
	Indonesia	48%	47%	46%
	Others	5%	5%	6%
Million pairs of shoes shipped		238.3	179.0	213.0



⁽¹⁾ Others include Bangladesh, Cambodia, Myanmar, etc.

Yue Yuen – Financial Highlights



Business Structure

	FY2019		FY2020		FY2021		9M2021		9M2022		YoY
	(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)		(%)
Shoes ⁽¹⁾	5,557	55.0%	4,373	51.8%	4,451	52.2%	3,301	51.3%	4,389	63.0%	+33.0%
Soles, Components, Others	443	4.4%	363	4.3%	463	5.4%	355	5.5%	404	5.8%	+13.7%
Apparel Wholesale ⁽²⁾	172	1.7%	-	-	-	-	-	-	-	-	n/a
Pou Sheng	3,933	38.9%	3,709	43.9%	3,619	42.4%	2,785	43.2%	2,179	31.2%	-21.8%
Total	10,105	100.0%	8,445	100.0%	8,533	100.0%	6,441	100.0%	6,972	100.0%	+8.2%

⁽¹⁾ Including athletic/outdoor shoes, casual shoes and sports sandals.

⁽²⁾ Apparel Wholesale was operated by TCHC, which was disposed on 2019/05/31.

Financial Highlights

	FY2019		FY2020		FY2021		9M2021		9M2022		YoY
	(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)		(US\$m; %)		(%)
Revenue	10,105		8,445		8,533		6,441		6,972		+8.2%
Gross Profit	2,513		1,831		2,048		1,560		1,658		+6.3%
Gross Margin	24.9%		21.7%		24.0%		24.2%		23.8%		-0.4 pp
Net Income (Loss) ⁽¹⁾	301		(91)		115		100		270		+171.2%
Net Margin	3.0%		(1.1%)		1.3%		1.6%		3.9%		+2.3 pp

⁽¹⁾ Net income (loss) attributable to owners of the Company, excluding “non-controlling interests”.

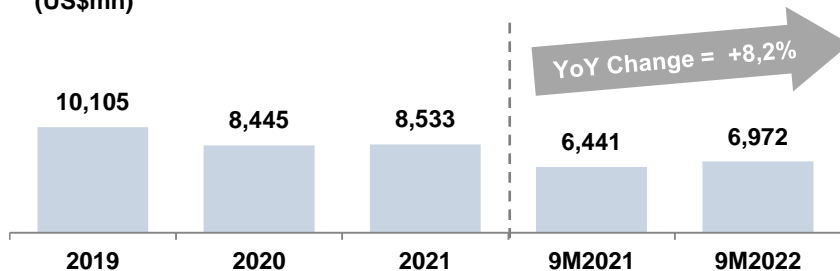
Yue Yuen – Financial Highlights



Yue Yuen's 10M2022 unaudited sales increased Y-o-Y by 9.2% to US\$7.7 bn.

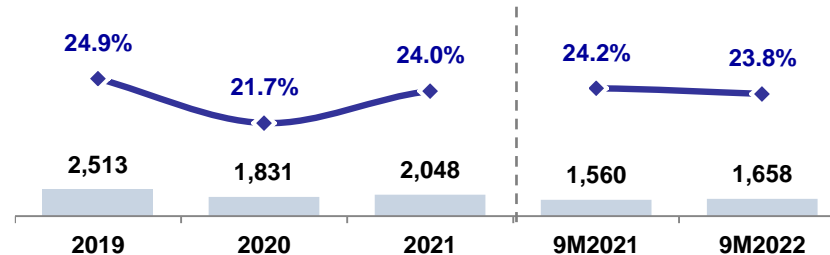
Revenue

(US\$mn)



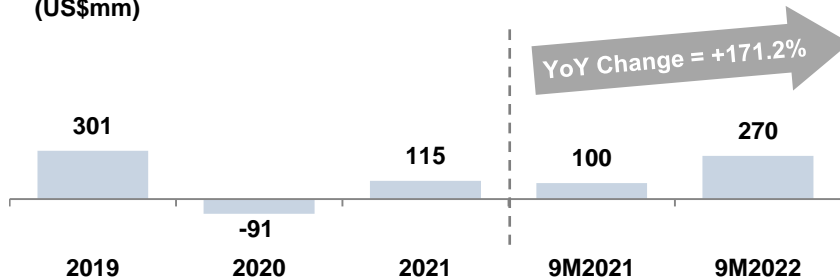
Gross Margin

(US\$mn)

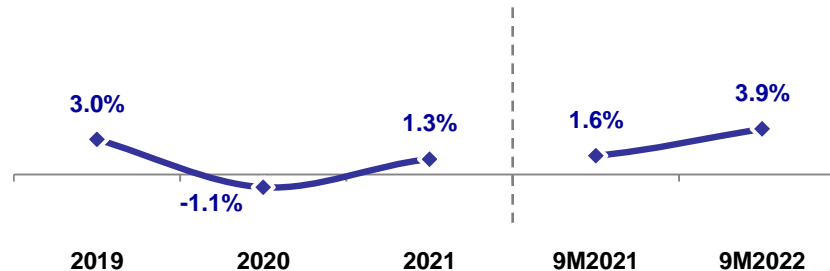


Net Income (Loss)⁽¹⁾

(US\$mm)

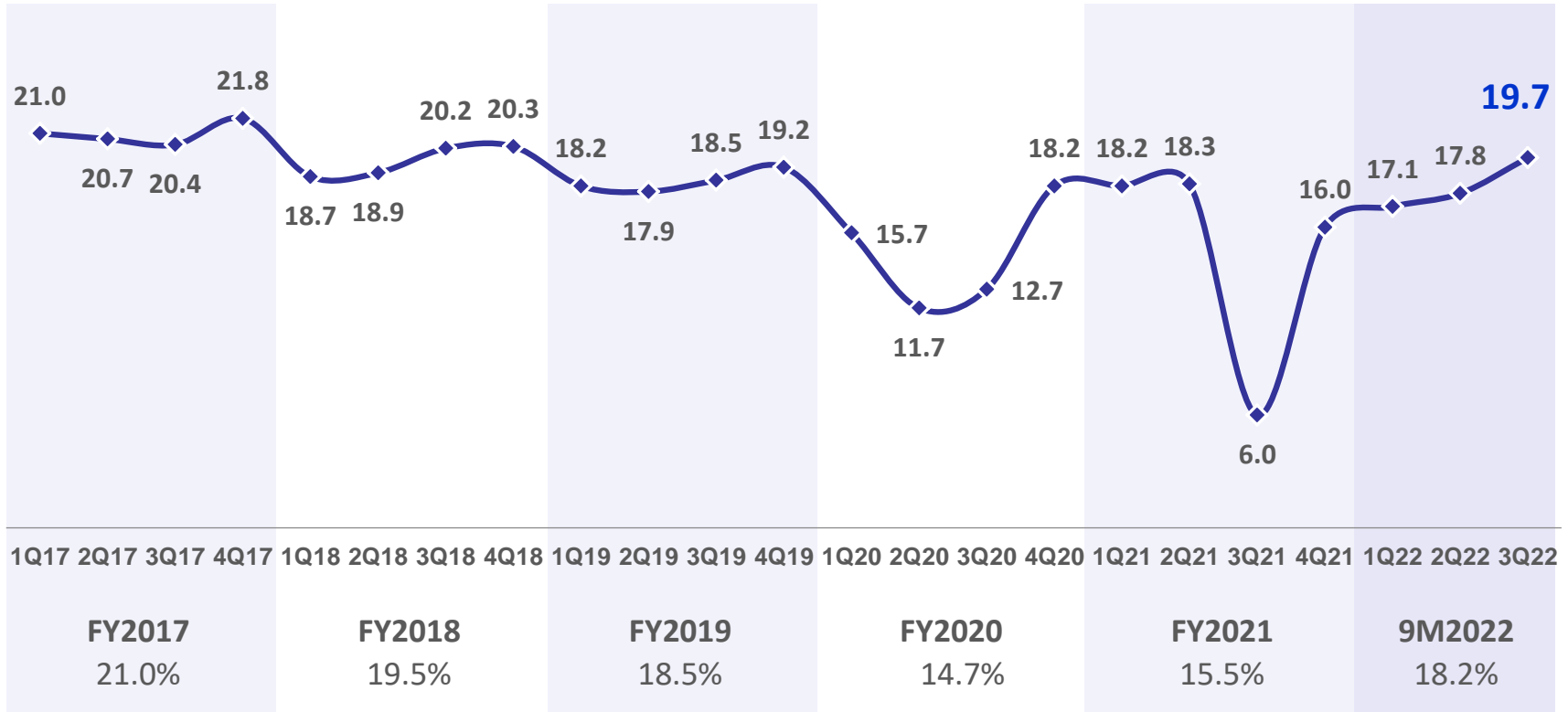


Net Margin



⁽¹⁾ Net income (loss) attributable to owners of the Company, excluding "non-controlling interests".

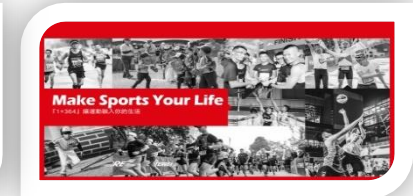
Footwear Business – Gross Margin Trend



Retail Business – Pou Sheng



- One of the largest retailers and sports services providers for world renowned sportswear brands in the Greater China Region
- **Retail Business**
 - Channel Mix: B&M Retail 78%; Omni-Channel 22% (9M2022 Pou Sheng Revenue)
 - B&M Retail: Directly Operated Stores & Sub-Distributors
 - Omni-Channel: B2B & B2C
 - Public Domain: 3rd party platforms (T-Mall, JD, Vipshop, etc.) with growing PSP product support
 - Private Domain: Pan-WeChat Ecosphere + member services
- **Other Business**
 - Brand Licensee: For certain international brands in Mainland China and Taiwan
 - Sports Service Platform: Full range of sports services in Mainland China and Taiwan



Pou Sheng – Financial Highlights



Financial Highlights

	FY2019	FY2020	FY2021	9M2021	9M2022	YoY
	(RMB mn; %)	(RMB mn; %)	(RMB mn; %)	(RMB mn; %)	(RMB mn; %)	(%)
Revenue	27,190	25,611	23,350	18,021	14,394	-20.1%
Gross Profit	9,275	7,826	8,299	6,468	5,187	-19.8%
Gross Margin	34.1%	30.6%	35.5%	35.9%	36.0%	+0.1 pp
Operating Income	1,472	661	928	997	343	-65.6%
Operating Margin	5.4%	2.6%	4.0%	5.5%	2.4%	-3.1 pp
Net Income ⁽¹⁾	833	303	357	594	99	-83.3%
Net Margin	3.1%	1.2%	1.5%	3.3%	0.7%	-2.6 pp

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

B&M Network

	2021/12/31	Net Change	2022/09/30
Directly Operated	4,631 <i>>300m² 752 (16%)</i>	(335)	4,296 <i>>300m² 759 (18%)</i>
Sub-Distributor	3,786	(387)	3,399
Total	8,417	(722)	7,695

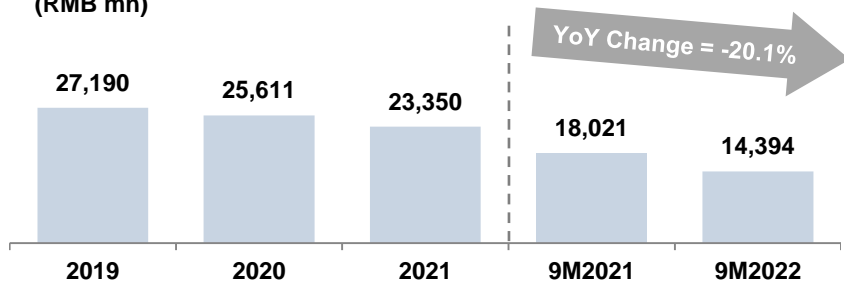
Pou Sheng – Financial Highlights



Pou Sheng's 10M2022 unaudited sales decreased Y-o-Y by 19.5% to RMB16.1 bn (US\$2.4 bn).

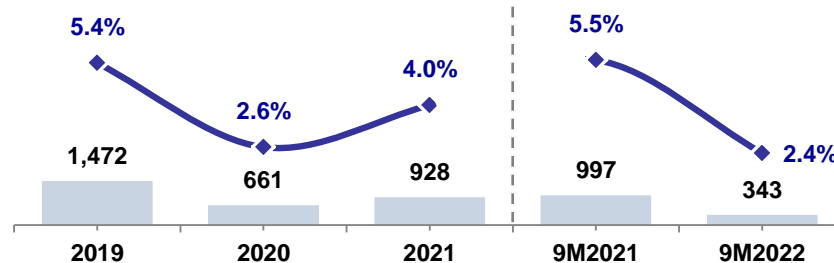
Revenue

(RMB mn)



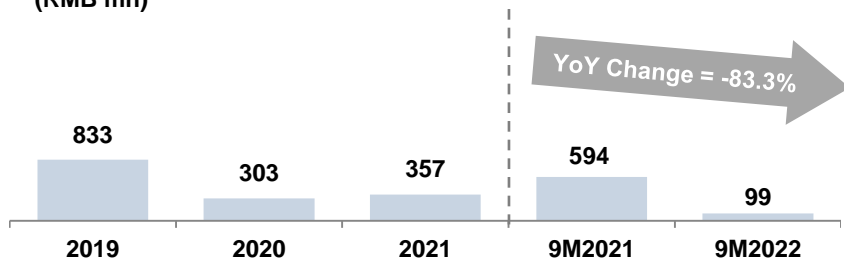
Operating Margin

(RMB mn)

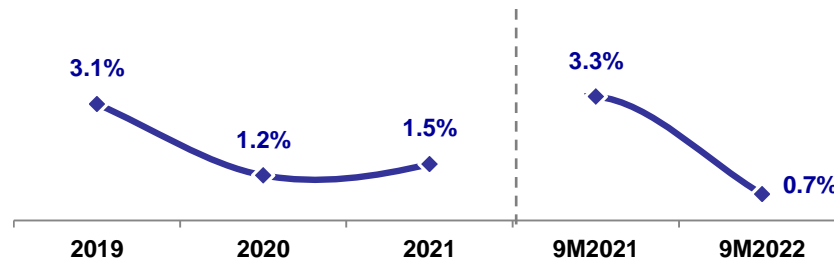


Net Income⁽¹⁾

(RMB mn)

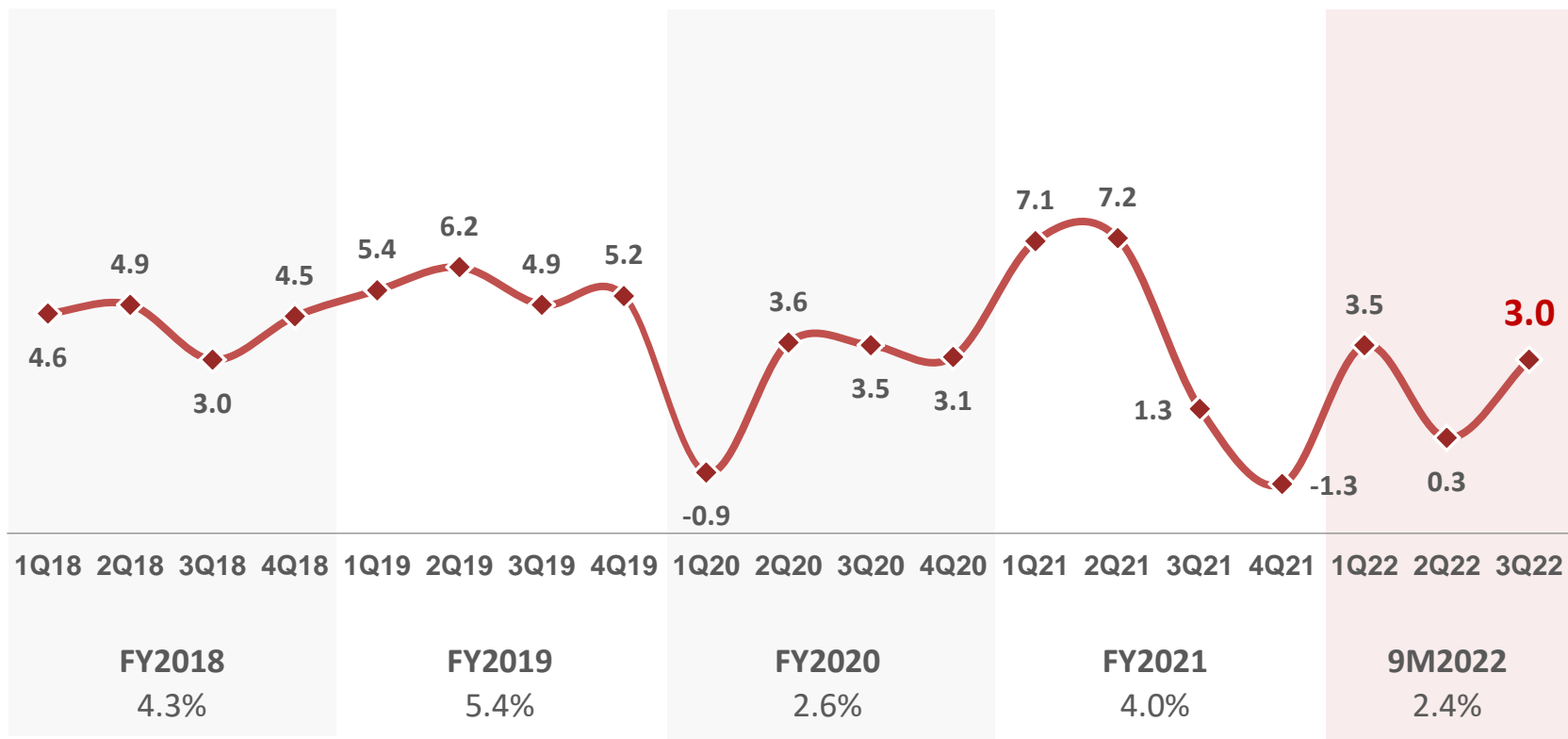


Net Margin



⁽¹⁾ Net income attributable to owners of the Company, excluding "non-controlling interests".

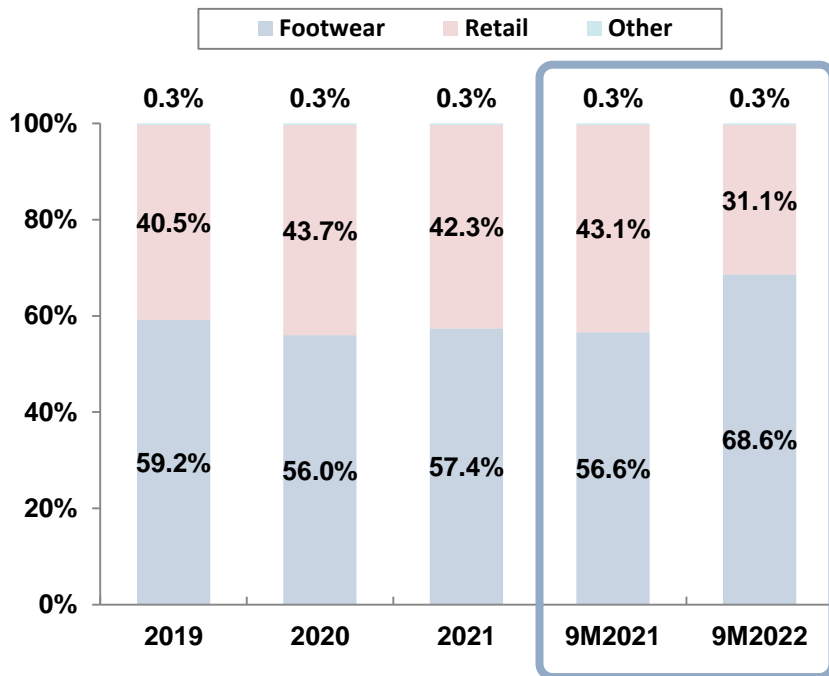
Pou Sheng – Operating Margin Trend



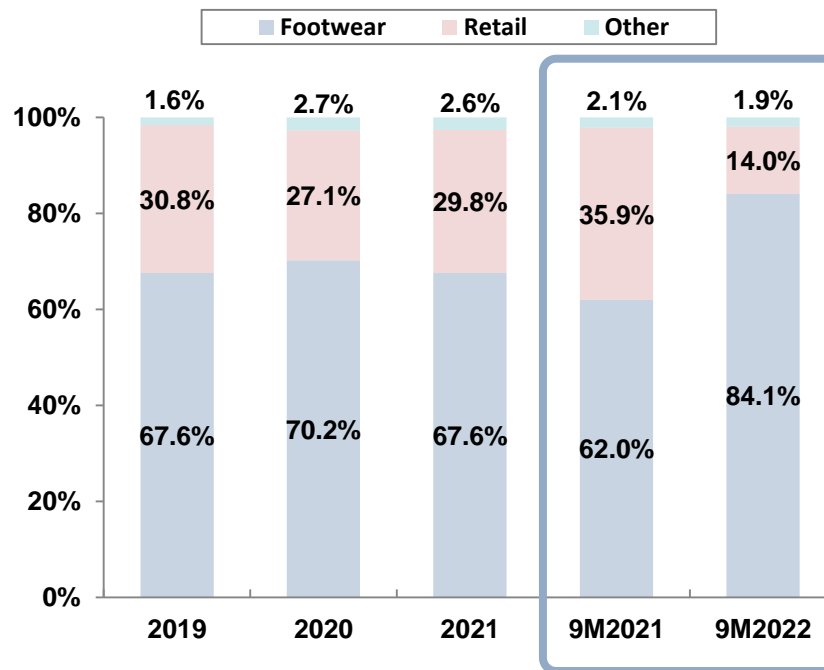
Financial Highlights – Pou Chen (Consolidated)



Segment Revenue



Segment Income⁽¹⁾



⁽¹⁾ Pou Chen identified “Footwear business”, “Retail business” and “Others” as its three reportable segments. Besides, “Segment Income” represented the profit before income tax earned by each segment without allocation of administration costs, remuneration of directors, interest income, other income, other gains and losses, finance costs and the share of the profit of associates and joint ventures.

Financial Highlights – Pou Chen (Consolidated)



(NT\$mn)	FY2019	FY2020	FY2021
Revenue	313,157	249,954	239,884
Gross Profit	79,515	54,751	58,223
Gross Margin	25.4%	21.9%	24.3%
Operating Expenses	65,565	56,862	55,747
Operating Income (Loss)	13,950	(2,111)	2,476
Operating Margin	4.5%	(0.8%)	1.0%
Non-operating Income, net	7,572	8,072	14,681
Profit before taxation	21,522	5,961	17,157
Income Tax Expense	3,519	2,042	554
Net Income ⁽¹⁾	11,829	4,840	14,439
Net Margin	3.8%	1.9%	6.0%
EPS (NT\$)	4.01	1.64	4.90

⁽¹⁾ Net income attributable to owners of the Company, excluding “non-controlling interests”

Financial Highlights – Pou Chen (Consolidated)



(NT\$m)	9M2021	9M2022	YoY
Revenue	181,423	204,577	+12.8%
Gross Profit	44,394	49,306	+11.1%
Gross Margin	24.5%	24.1%	-0.4 pp
Operating Expenses	41,362	40,747	-1.5%
Operating Income	3,032	8,559	+182.3%
Operating Margin	1.7%	4.2%	+2.5 pp
Non-operating Income, net	13,183	13,832	+4.9%
Profit before taxation	16,215	22,391	+38.1%
Income Tax Expense	1,200	3,095	+157.9%
Net Income ⁽¹⁾	12,526	15,428	+23.2%
Net Margin	6.9%	7.5%	+0.6 pp
EPS (NT\$)	4.25	5.23	

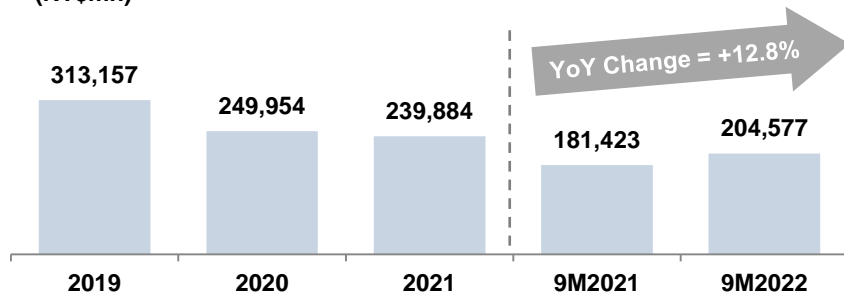
⁽¹⁾ Net income attributable to owners of the Company, excluding “non-controlling interests”

Financial Highlights – Pou Chen (Consolidated)



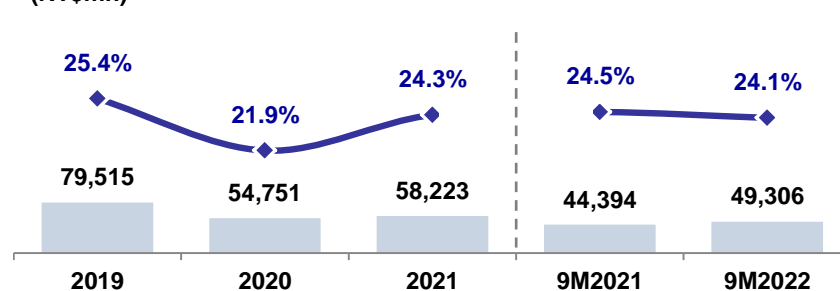
Revenue

(NT\$m)



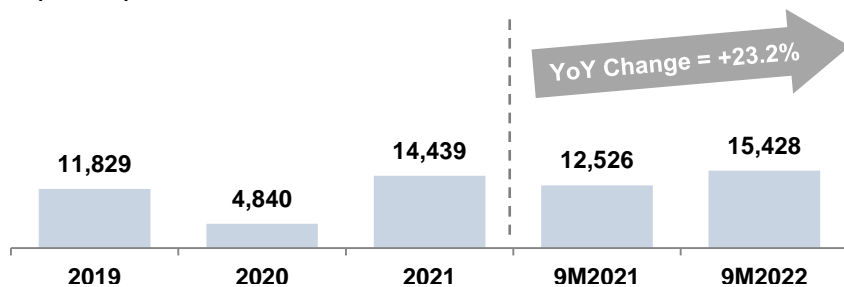
Gross Margin

(NT\$m)



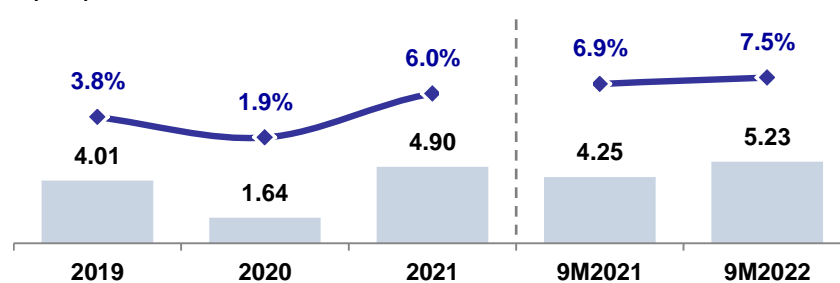
Net Income⁽¹⁾

(NT\$m)



Net Margin / EPS

(NT\$)



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

Dividend Policy



	FY2018	FY2019	FY2020	FY2021
Dividend / Per Share				
- Pou Chen (NT\$)	1.50 (Cash 1.50)	1.25 (Cash 1.25)	0.50 (Cash 0.50)	1.50 (Cash 1.50)
- Yue Yuen (HK\$)	1.50 (Interim 0.40 / Final 1.10)	1.10 (Interim 0.40 / Final 0.70)	<i>n/a</i>	0.20 (Final 0.20)
- Pou Sheng (HK\$)	0.025 (Final 0.025)	<i>n/a</i>	<i>n/a</i>	0.016 (Final 0.016)
Cash Dividend Yield ⁽¹⁾				
- Pou Chen	4.6% (@NT\$32.60)	3.2% (@NT\$39.20)	1.6% (@NT\$31.40)	4.5% (@NT\$33.15)
- Yue Yuen	6.0% (@HK\$25.05)	4.8% (@HK\$23.00)	<i>n/a</i>	1.5% (@HK\$13.04)
- Pou Sheng	1.7% (@HK\$1.51)	<i>n/a</i>	<i>n/a</i>	1.4% (@HK\$1.14)
Cash Dividend Payout Ratio				
- Pou Chen	41.3%	31.2%	30.5%	30.6%
- Yue Yuen	101.4%	75.8%	<i>n/a</i>	35.9%
- Pou Sheng	20.6%	<i>n/a</i>	<i>n/a</i>	20.0%

⁽¹⁾ The cash dividend yield was divided by the market closing price at the end of 2018, 2019, 2020 and 2021.

⁽²⁾ Yue Yuen declared an interim dividend of HK\$0.40 per share for 1H2022.



The World's Only FLA-Accredited Footwear Manufacturer. Upholding the obligations of FLA's participating suppliers by actively participating in various projects, supporting relevant industry initiatives, including singing "**Responsible Recruitment**" jointly promulgated by FLA and American Apparel & Footwear Association and the commitment to "**Fair Compensation.**"

What is the FLA (Fair Labor Association) ?



FLA is a non-profit organization dedicated to protecting workers' rights around the world. "The FLA Workplace Code of Conduct" defines labor standards that aim to achieve decent and humane working conditions.

FLA Accreditation

Pou Chen Group affiliated with the FLA as a Participating Supplier in 2011 and began the accreditation process in 2016. The Group's social compliance program has been accredited by the FLA in June 2018. For more details, please refer to: <http://www.fairlabor.org/report/accreditation-pou-chens-social-compliance-program>



With 2019 as the base year, the target of **Zero carbon emissions growth** is expected to be achieved by 2025, while also following the brand customers' commitment to Science-Based Target initiative (SBTi) to achieve a goal of **46.2% reduction** in emissions by 2030, as compared to the base year of 2019.



A constituent of **FTSE4Good Emerging Index** as of today and was firstly included in June 2015. The Company is also a constituent of FTSE4Good TIP Taiwan ESG Index, which is jointly issued by Taiwan Index Plus Corporation and FTSE Russell since December 2017.



Ranked as **The Top 5%** of listed companies in Corporate Governance Evaluation conducted by Taiwan Stock Exchange for six times. (FY2014, FY2016~FY2020.)

THANK YOU Q&A

