

寶成   
國際集團
POUCHEN
GROUP



May 2020

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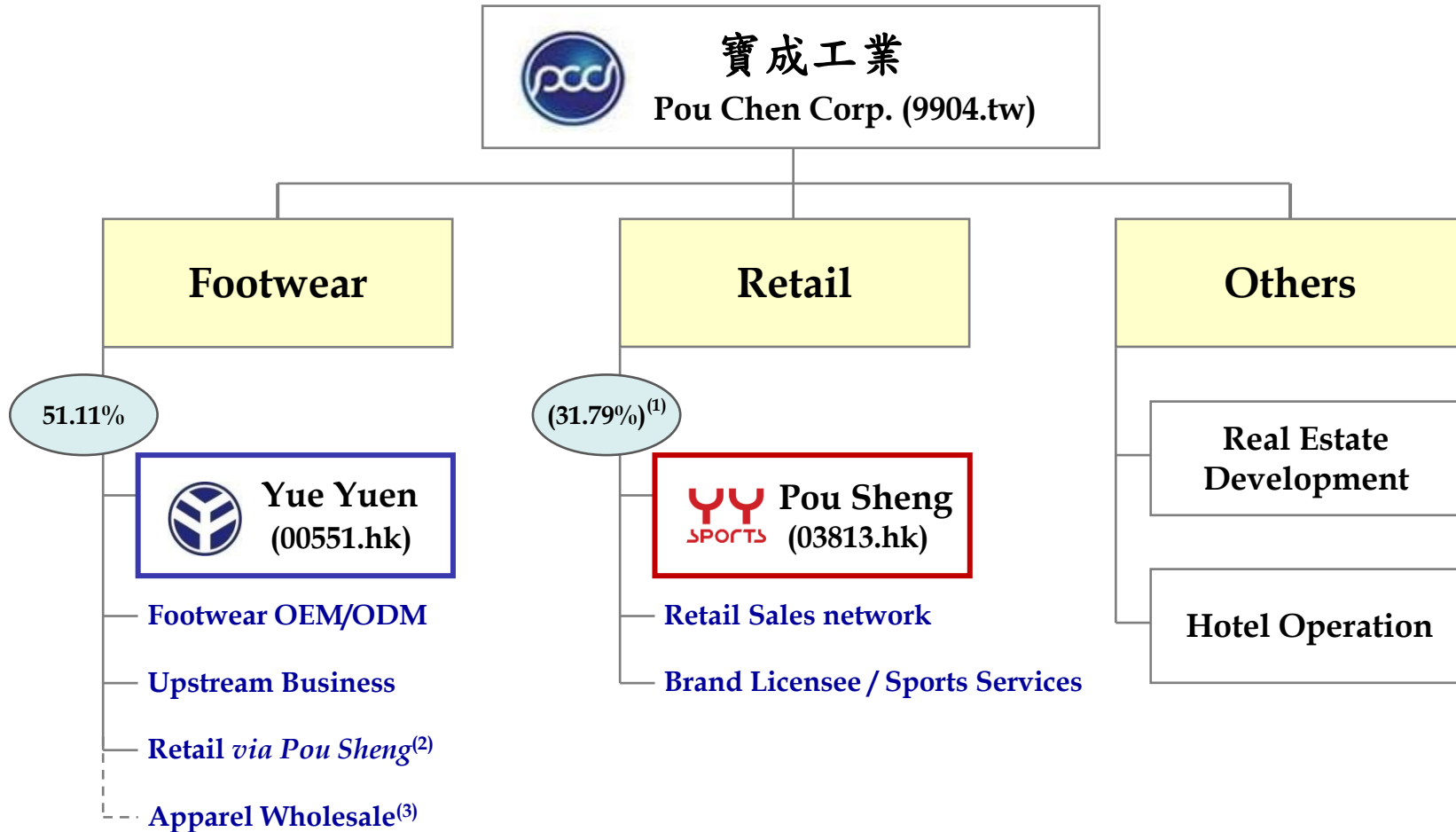
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Pou Chen Group — *To be the best sports gear producer and distributor.*

- Founded in 1969; listed on the TWSE in 1990
- Paid in Capital: NT\$29,468 mn
- Market Cap.: NT\$75,585 mn (@NT\$25.65 as of 2020/03/31) (approx. US\$2.5 bn)
- Revenue: 1Q2020 Consolidated Sales NT\$59,448 mn (approx. US\$1,975mn)
- Business Mix: Footwear 63.9%, Retail 35.8%, Others 0.3% (as of 1Q2020 Consolidated Sales)
- **Footwear Business**
 - Volume: Shipped 71.5 million pairs in 1Q2020; Shipped 322.4 million pairs in FY2019
 - Customers: Leading international brands such as Nike, adidas, Asics, New Balance, Timberland and Salomon.
- **Retail Business**
 - Target Market: The Greater China Region
 - POS: 9,742 POS (5,882 directly-operated and 3,860 sub-distributors) (as of 2020/03/31)

Group Structure



⁽¹⁾ Pou Chen through its 51.11% owned subsidiary Yue Yuen indirectly held 31.79% ownership (=51.11% × 62.19%) of Pou Sheng.

⁽²⁾ Retailing of sporting goods & brand licensing business is via Yue Yuen's 62.19% owned subsidiary Pou Sheng to operate an integrated sportswear retail network in the Greater China Region.

⁽³⁾ Apparel Wholesale was operated by TCHC, which was disposed on 2019/05/31.

Business Segment

Pou Chen (Consolidated)	FY2017		FY2018		FY2019		1Q2019		1Q2020		YoY
	(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(NT\$m; %)		(%)
Footwear	185,597	66.6%	177,557	60.5%	185,445	59.2%	43,018	56.2%	37,971	63.9%	-11.7%
Retail	92,102	33.1%	114,951	39.2%	126,867	40.5%	33,420	43.6%	21,317	35.8%	-36.2%
Others	933	0.3%	808	0.3%	845	0.3%	186	0.2%	160	0.3%	-13.6%
Total	278,632	100%	293,316	100%	313,157	100%	76,624	100%	59,448	100%	-22.4%

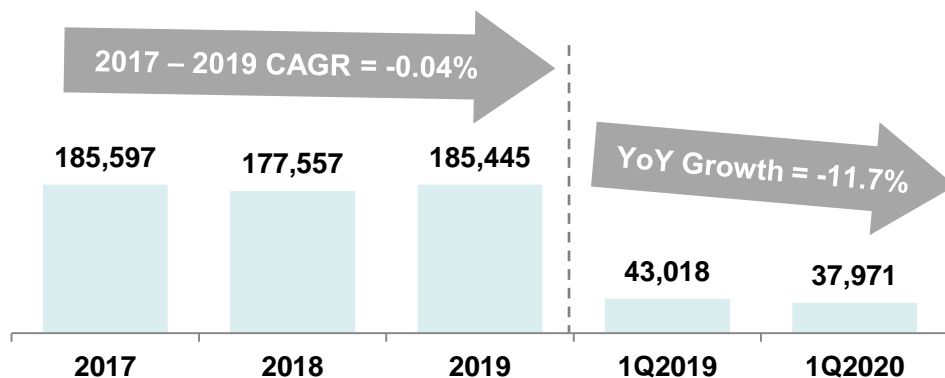
⁽¹⁾ Pou Chen has three reportable segments:

- Footwear business: manufacturing of shoes, soles and components.
- Retail business: retailing of sporting goods and brand licensing; apparel wholesale.
- Other business.

Pou Chen's 4M2020 unaudited consolidated sales decreased Y-o-Y by 22.2% to NT\$80.7 bn.

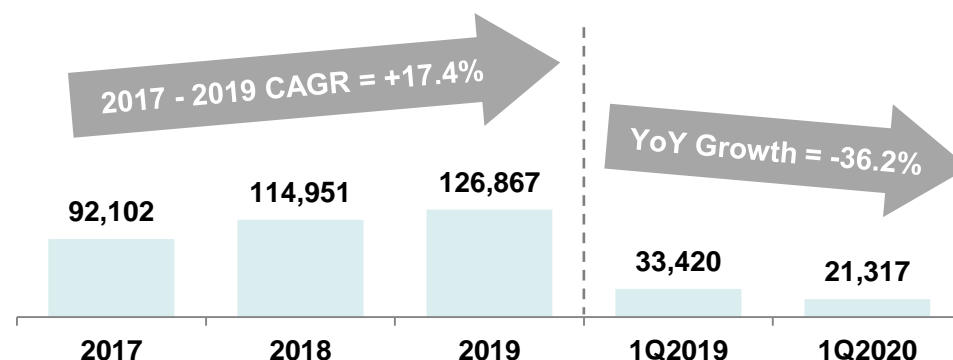
Revenue - Footwear

(NT\$m)



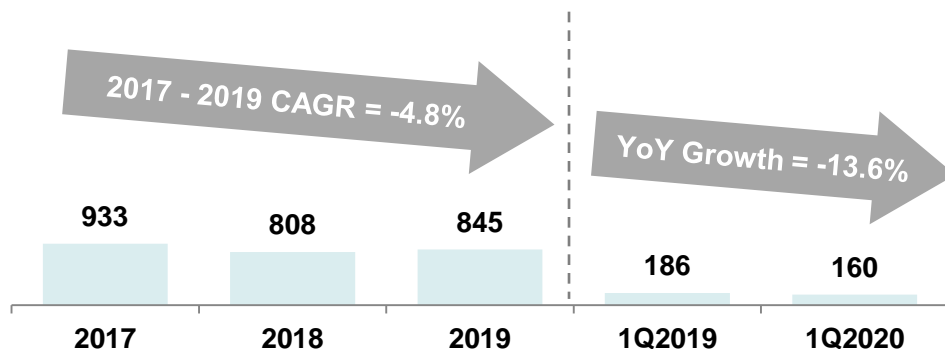
Revenue - Retail

(NT\$m)



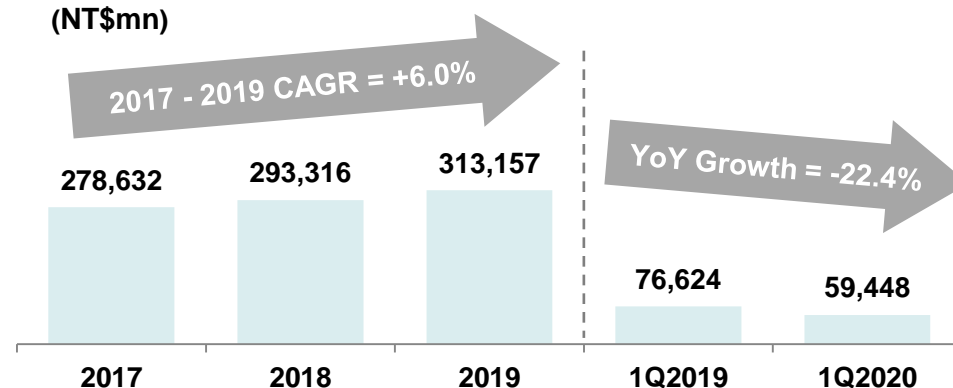
Revenue - Others

(NT\$m)



Revenue - Total

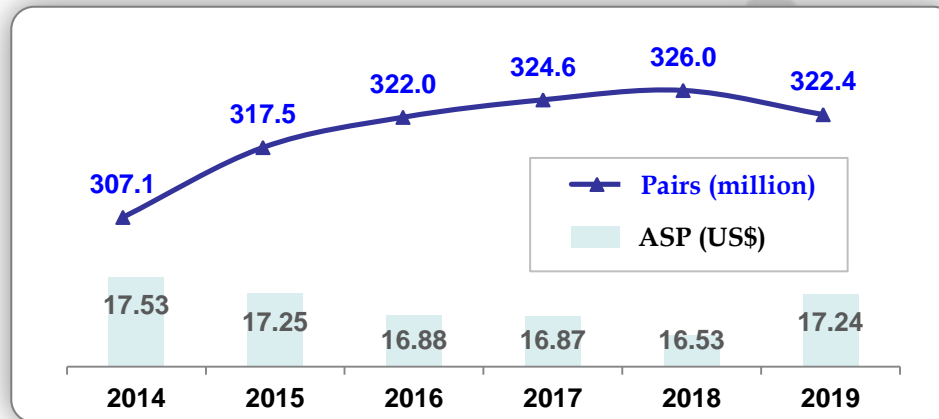
(NT\$m)



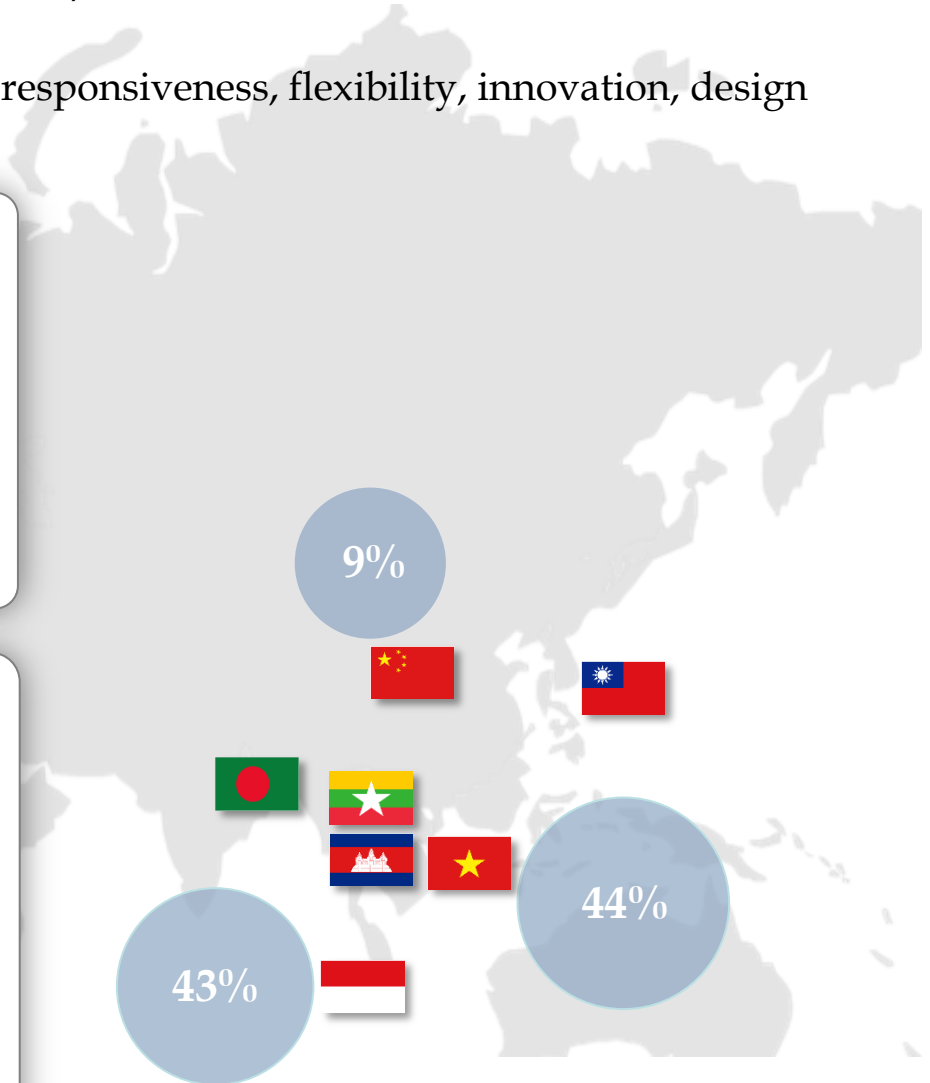
Footwear Business – Yue Yuen



- A global leader in the manufacture of athletic and casual/outdoor footwear with a diversified portfolio of brand customers and production sites.
- The production capacity is widely recognized for its responsiveness, flexibility, innovation, design and development capabilities, and superior quality.



Country	% of Volume		
	FY2019	1Q2019	1Q2020
China	13%	13%	9%
Vietnam	44%	43%	44%
Indonesia	39%	41%	43%
Others ⁽¹⁾	4%	3%	4%
Million pairs of shoes	322.4	81.7	71.5



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

Financial Highlights – Yue Yuen



Product Mix

Category	FY2017		FY2018		FY2019		1Q2019		1Q2020		YoY
	(US\$mn; %)		(US\$mn; %)		(US\$mn; %)		(US\$mn; %)		(US\$mn; %)		(%)
Athletic Shoes	4,204	46.1%	4,268	44.0%	4,541	44.9%	1,017	41.0%	1,035	52.5%	+1.7%
Casual/Outdoor Shoes	1,192	13.1%	1,031	10.6%	906	9.0%	230	9.3%	104	5.3%	-54.7%
Sports Sandals	79	0.8%	92	1.0%	110	1.1%	37	1.5%	30	1.5%	-17.2%
Soles, Components, Others	617	6.8%	491	5.1%	443	4.4%	111	4.5%	92	4.7%	-17.5%
Apparel Wholesale	254	2.8%	392	4.0%	172	1.7%	108	4.3%	-	-	n/a
Retail Sales	2,775	30.4%	3,421	35.3%	3,933	38.9%	976	39.4%	708	36.0%	-27.5%
Total	9,121	100.0%	9,695	100.0%	10,105	100.0%	2,479	100.0%	1,969	100.0%	-20.6%

Financial Highlights

(US\$mn)	FY2017	FY2018	FY2019	1Q2019	1Q2020	YoY (%)
Revenue	9,121	9,695	10,105	2,479	1,969	-20.6%
Gross Profit	2,351	2,446	2,513	625	416	-33.4%
Gross Margin	25.8%	25.2%	24.9%	25.2%	21.1%	
Net Income (Loss) ⁽¹⁾	519	307	301	75	-56	-174.6%
Net Margin	5.7%	3.2%	3.0%	3.0%	-2.9%	

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

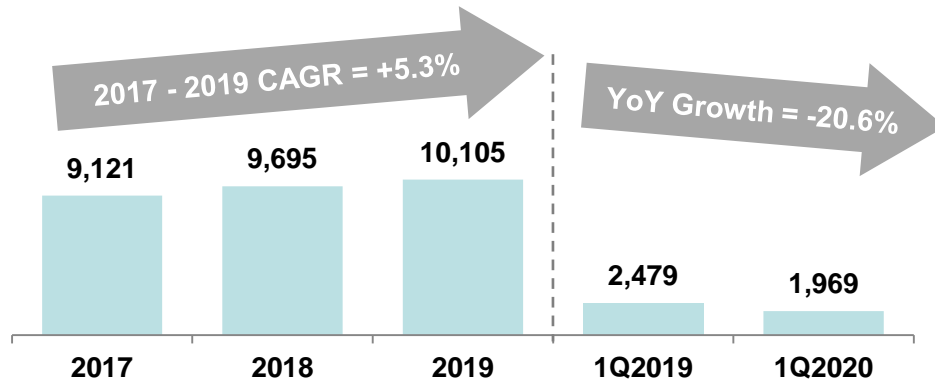
Financial Highlights – Yue Yuen



Yue Yuen's 4M2020 unaudited sales decreased Y-o-Y by 20.3% to US\$2.7 bn.

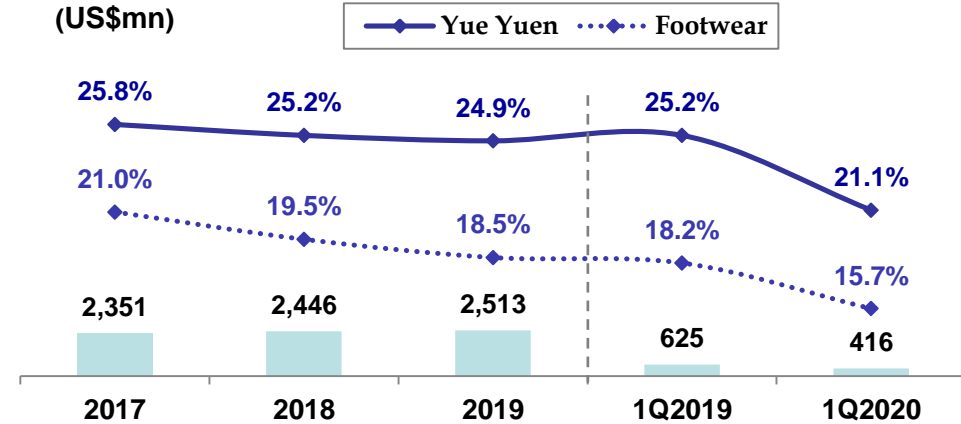
Revenue

(US\$mn)



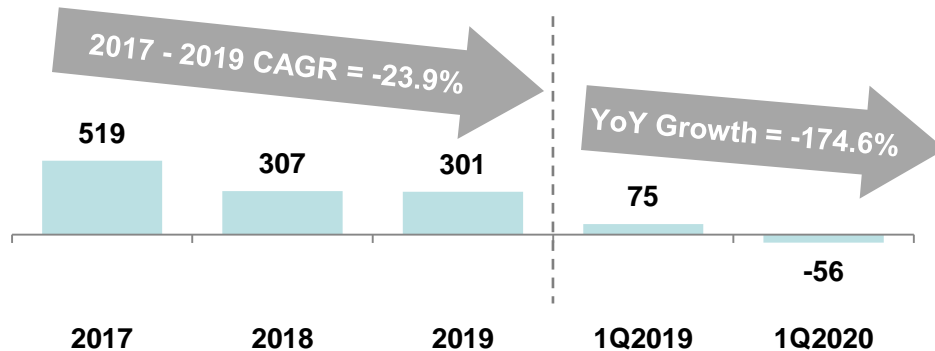
Gross Margin

(US\$mn)

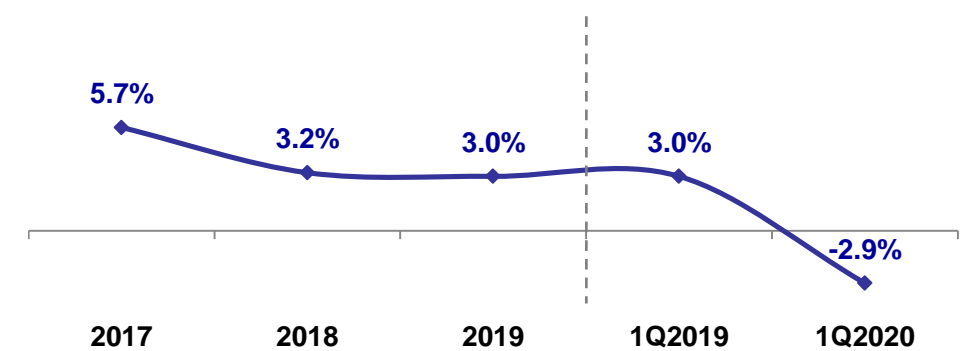


Net Income (Loss)⁽¹⁾

(US\$mm)



Net Margin



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

- One of the leading retailers and sports services providers for well-known international sportswear brands in the Greater China Region.
- The Group started Brand Licensee Business in 1992 and Retail Business in 2001.
- **Retail Business**
 - Business Model: Distribution of world-renowned sportswear brands' products including footwear, apparel and accessories for Nike, adidas, etc., with quality services.
 - Brink and Mortar Stores: Directly-Operated & Sub-Distributors.
 - Online Channels: Penetration into Omni-Channel.
- **Other Business**
 - Brand Licensee: For certain international brands in China and Taiwan.
 - Sports Service Platform: Full range of sports services in China and Taiwan.



YY SPORTS – Shanghai



YY SPORTS Mall –Shenyang



YY Kids– Beijing

Financial Highlights – Pou Sheng



Financial Highlights

(RMB mn)	FY2017	FY2018	FY2019	1Q2019	1Q2020	YoY
Revenue	18,833	22,677	27,190	6,597	4,947	-25.0%
Gross Profit	6,594	7,599	9,275	2,234	1,521	-31.9%
Gross Margin	35.0%	33.5%	34.1%	33.9%	30.7%	
Operating Profit (Loss)	770	967	1,472	356	-44	-112.4%
Operating Margin	4.1%	4.3%	5.4%	5.4%	-0.9%	
Net Income (Loss) ⁽¹⁾	394	543	833	192	-165	-186.2%
Net Margin	2.1%	2.4%	3.1%	2.9%	-3.3%	

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

Number of Stores

	Directly-Operated	Sub-Distributor	Total
2019/12/31	5,883	3,950	9,833
Net Change	-1	-90	-91
2020/03/31	5,882	3,860	9,742

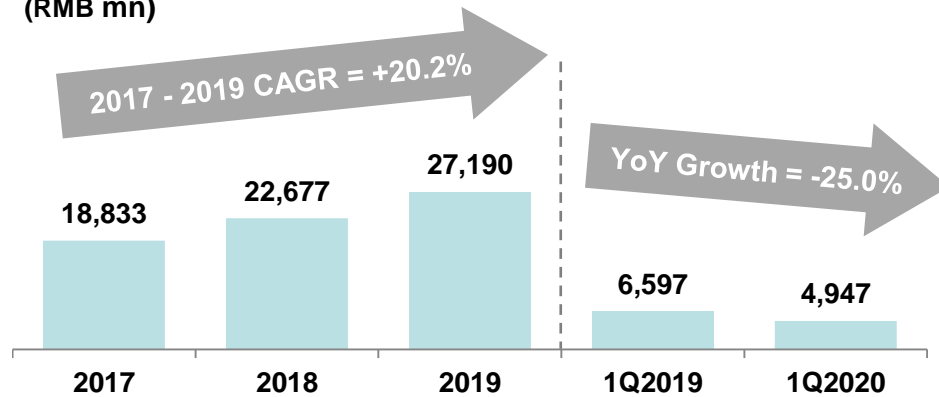
Financial Highlights – Pou Sheng



Pou Sheng's 4M2020 unaudited sales decreased Y-o-Y by 21.2% to RMB7.1 bn (US\$1.0 bn).

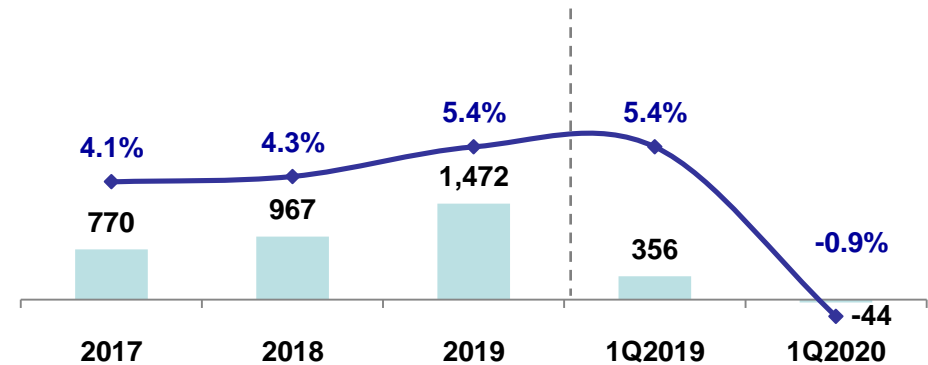
Revenue

(RMB mn)



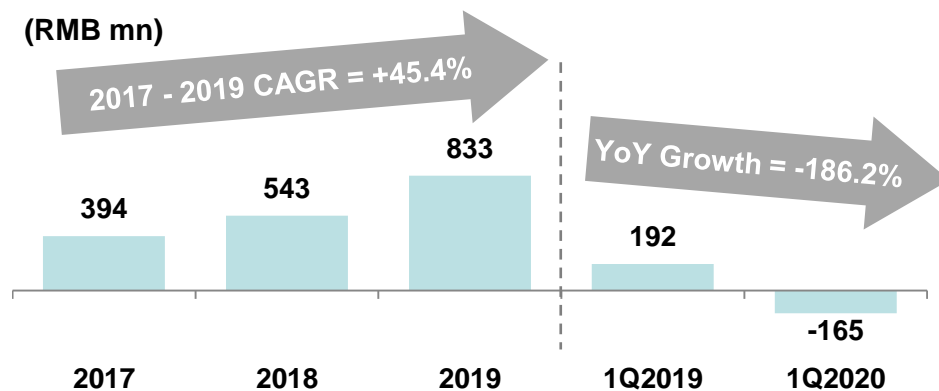
Operating Margin

(RMB mn)

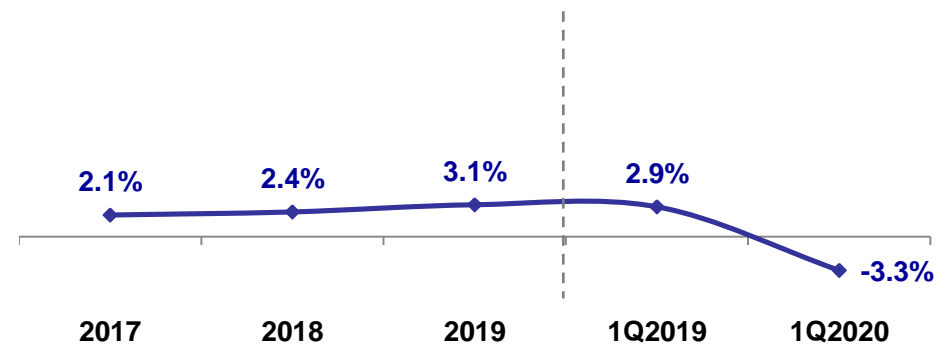


Net Income (Loss)⁽¹⁾

(RMB mn)



Net Margin



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

Financial Highlights – Pou Chen (Consolidated)



(NT\$m)	FY2017	FY2018	FY2019
Revenue	278,632	293,316	313,157
Gross Profit	73,068	75,471	79,515
Gross Margin	26.2%	25.7%	25.4%
Operating Income	17,068	13,809	13,950
Operating Margin	6.1%	4.7%	4.5%
Non-operating Income, net	7,750	6,451	7,572
Profit before taxation	24,818	20,260	21,522
Income Tax Expense	3,087	3,888	3,519
Net Income ⁽¹⁾	12,922	10,709	11,829
Net Margin	4.6%	3.7%	3.8%
EPS (NT\$)	4.38	3.63	4.01

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

Financial Highlights – Pou Chen (Consolidated)



(NT\$m)	1Q2019	1Q2020	YoY (%)
Revenue	76,624	59,448	-22.4%
Gross Profit	19,686	12,714	-35.4%
Gross Margin	25.7%	21.4%	
Operating Income (Loss)	3,436	-1,413	-141.1%
Operating Margin	4.5%	-2.4%	
Non-operating Income, net	1,741	1,855	+6.5%
Profit before taxation	5,177	442	-91.5%
Income Tax Expense	736	360	-51.2%
Net Income ⁽¹⁾	2,919	1,186	-59.4%
Net Margin	3.8%	2.0%	
EPS (NT\$)	0.99	0.40	-59.6%

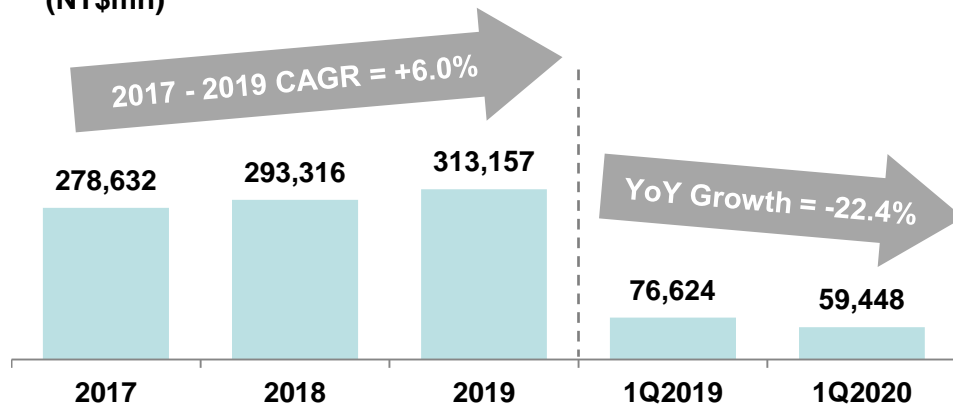
⁽¹⁾ Net profit attributable to owners of the Company, excluding “non-controlling interests”

Financial Highlights – Pou Chen (Consolidated)



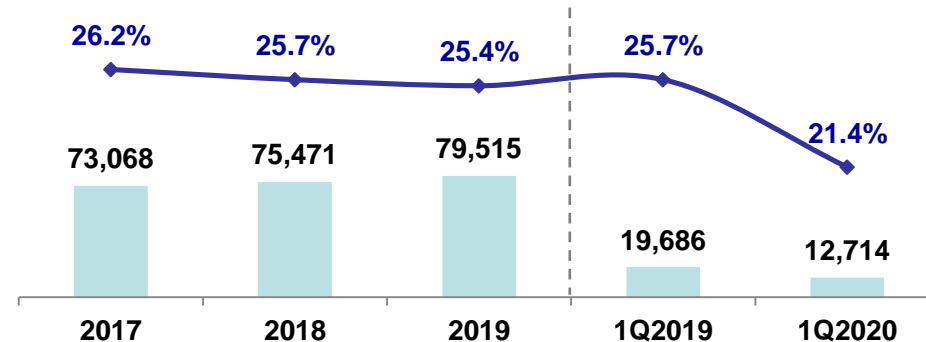
Revenue

(NT\$m)



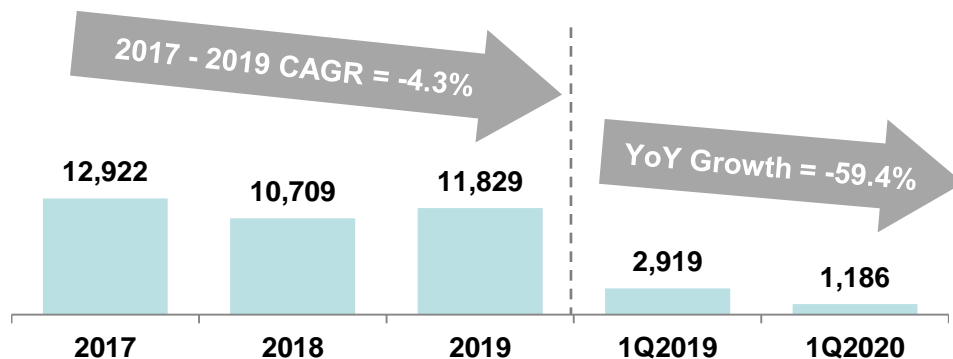
Gross Margin

(NT\$m)



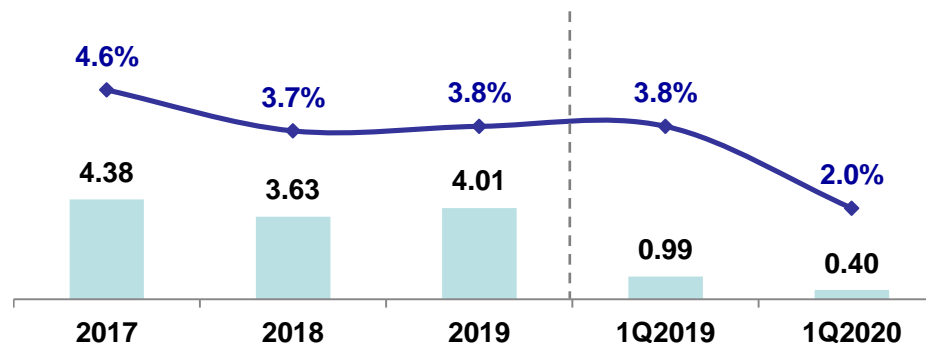
Net Income⁽¹⁾

(NT\$m)



Net Margin / EPS

(NT\$)

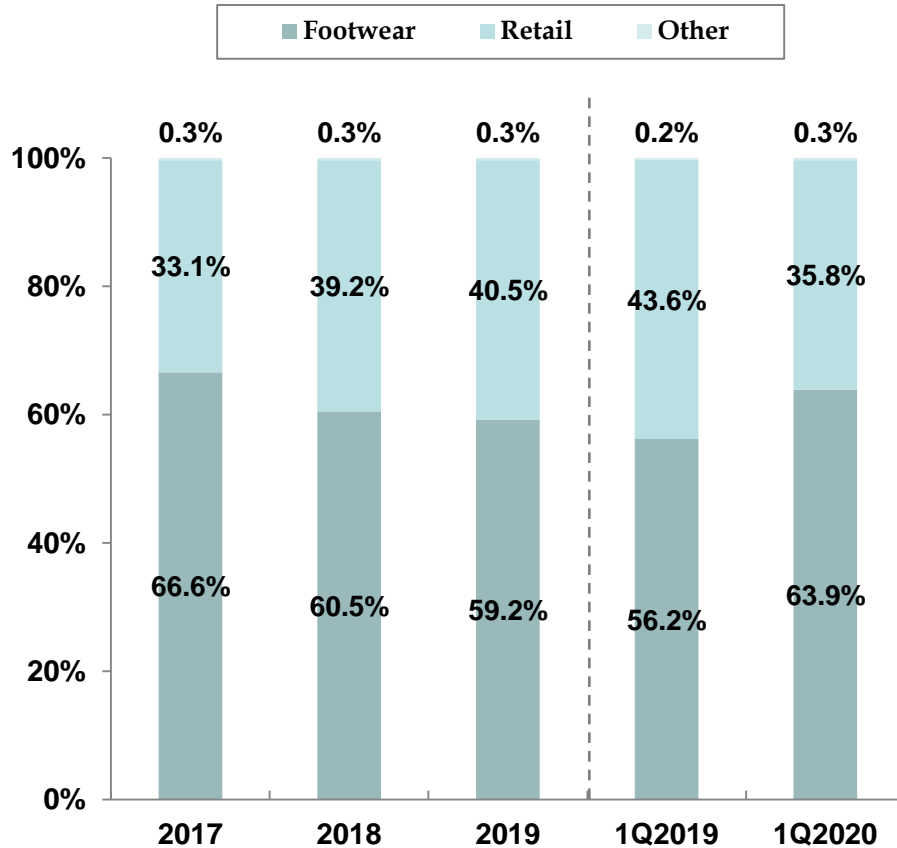


⁽¹⁾ Net profit attributable to owners of the company, excluding "non-controlling interests".

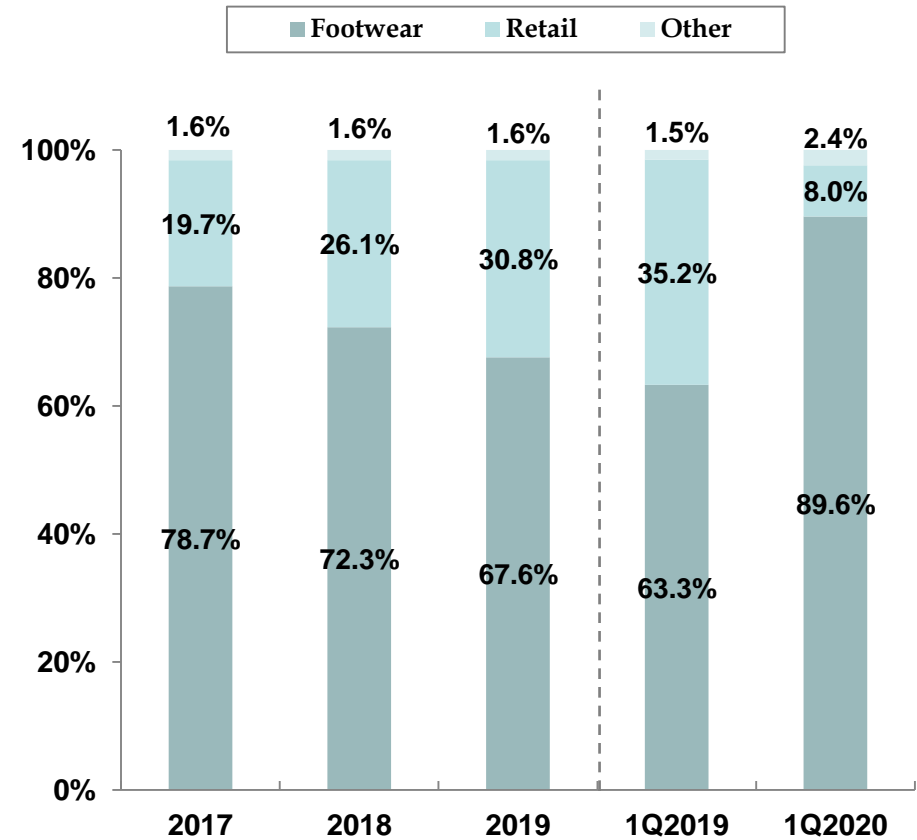
Financial Highlights – Pou Chen (Consolidated)



Segment Revenue⁽¹⁾



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 to directors, other income, other gains and losses, finance costs and share of the profit of associates and joint ventures.

Dividend Policy



	FY2016	FY2017	FY2018	FY2019
Dividend/ Per Share				
- Pou Chen (NT\$)	1.50 (Cash 1.50)	2.00 (Cash 2.00)	1.50 (Cash 1.50)	1.25 (Cash 1.25)
- Yue Yuen (HK\$)	1.40 (Interim 0.40 / Final 1.00)	1.50 ⁽²⁾ (Interim 0.40 / Final 1.10)	1.50 (Interim 0.40 / Final 1.10)	1.10 (Interim 0.40 / Final 0.70)
- Pou Sheng (HK\$)	0.04 (Interim 0.02 / Final 0.02)	0.02 (Final 0.02)	0.025 (Final 0.025)	-
Cash Dividend Yield⁽¹⁾				
- Pou Chen	3.7% (@NT\$40.20)	5.2% (@NT\$38.55)	4.6% (@NT\$32.60)	3.2% (@NT\$39.20)
- Yue Yuen	5.0% (@HK\$28.15)	4.9% ⁽³⁾ (@HK\$30.70)	6.0% (@HK\$25.05)	4.8% (@HK\$23.00)
- Pou Sheng	1.8% (@HK\$2.23)	1.8% (@HK\$1.13)	1.7% (@HK\$1.51)	-
Cash Dividend Payout Ratio				
- Pou Chen	33.9%	45.7%	41.3%	31.2%
- Yue Yuen	55.7%	61.1% ⁽³⁾	101.4%	75.8%
- Pou Sheng	32.1%	21.0%	20.6%	-

⁽¹⁾ The cash dividend yield was divided by the market closing price at the end of 2016, 2017, 2018 and 2019.

⁽²⁾ Except 2017 interim & final dividend, Yue Yuen declared HK\$3.50 per share as one-time special dividend in 2017.

⁽³⁾ Excluding Yue Yuen's one-time special dividend.

“As the leader in the footwear manufacturing industry, Pou Chen Group is dedicated to CSR practice, and was highly recognized by FLA’s accreditation of its Social Compliance Program, which make Pou Chen Group the only FLA-accredited footwear supplier globally. We will continue to uphold the highest workplace standards and regularly conduct internal audits to ensure workers’ interests. Looking forward, the Group will further expand its communication channels between the Group and local employees to more regions, especially Cambodia and Myanmar.”

— Patty Tsai, CEO of Pou Chen Group



Pou Chen Group is **The Only** FLA Accredited Footwear Manufacturer globally. The FLA Board of Directors voted on June 20, 2018 to approve the accreditation of the Group’s social compliance program.

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 was granted FLA accreditation in June 2018, which will be reviewed every three years. For more details, please refer to: <http://www.fairlabor.org/report/accreditation-pou-chens-social-compliance-program>



Pou Chen Corporation was ranked in **The Top 5%** of listed companies in Corporate Governance Evaluation conducted by the Taiwan Stock Exchange in 2014, 2016, 2017, 2018 and 2019.



Pou Chen Corporation is a constituent of **FTSE4Good Emerging Index** as of today and the first time was included in the index 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.