



QUANG VIET ENTERPRISE CO., LTD.

4438.TW / 4438.TT



台北總部



越南古芝廠

QVE-VIETNAM, 1996



中國嘉興廠

QVC-CHINA, 2003



越南前江廠

QVT-VIETNAM, 2011



越南隆安廠

QVE-II-VIETNAM, 2017



新莊金漢總部

KHM, 2018
金漢新莊總部



中東約旦廠

QVA-Jordan, 2017



羅馬尼亞廠

BSP-ROMANIA, 2017



沭陽羽絨廠

TOD-CHINA, 2014

Welcome To QVE

May 9, 2019



Key Points

- US-China Trade War Impact
- Market Development and Trends of International Brands
- QVE Global Development and Expansion Strategies



Company Overview

- Date of establishment: October 1995
- Capital: NT \$1.04 billion (US \$34 M)
- Chairman: Mr. Wen Hsien Yang
CEO: Mr. Charles Wu
R&D Vice President: Mr. Spensen Tsai
- Number of employees worldwide
Taiwan: 210 employees
Overseas: 20,329 employees



QVE Group Profile



QVN (Cu Chi, Vietnam)

Date Established: Oct. 1996
Land Area: 60,000 M²
Number of workers : 6,500
Production lines: 115 Lines



QVE TPE HQ



QVC (Jia Xing, China)

Date Established : Mar. 18, 2003
Land Area : 55,000 M²
Number of workers : 2,200
Production line : 80 Lines



QVT (Tien Giang, Vietnam)

Date Established : July 30, 2010
Land Area : 81,000 M²
Number of workers : 6,500
Production line : 145 Lines



QVL (Long An)

Date Established : Q1, 2017
Land Area : 45,000 M²
Number of workers : 2,500 (Forecast)
Production Line : 60 Lines (Forecast)



TOD (Shu Yang, China)

Date Established : Feb. 02, 2014
Land Area : 20,118 M²
Number of workers : 99





Group Introduction and Position-BSP

Biancospino S.R.L



Location: Breaza, Romania
Date Established: Oct. 1998
Number of workers : 450
Production lines: 12 Lines



Group Introduction and Position-Atlanta

Atlanta Garment Manufacturing Company



Location: Amman, Jordan
Date Established: 2003
Number of workers : 1,000
Production lines: 12 Lines



Group Introduction and Position-KHM

King Hamm Industrial Co., Ltd.



新莊金漢總部(KHM)

Location: Xinzhuang, Taiwan

Date Established: May 1991

Number of workers : 80



越南金鴻廠(VN-1)

Location: Hồ Chí Minh, Vietnam

Date Established: 2003

Number of workers : 1,200

Production lines: 24 Lines



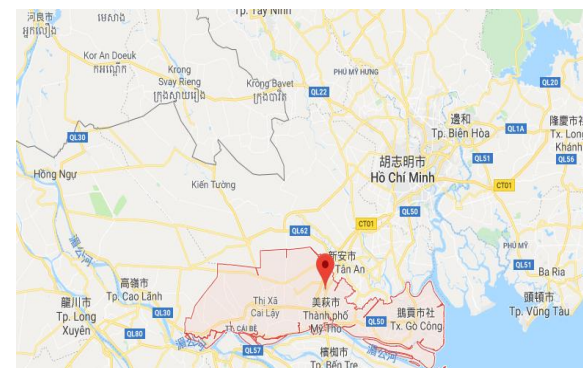
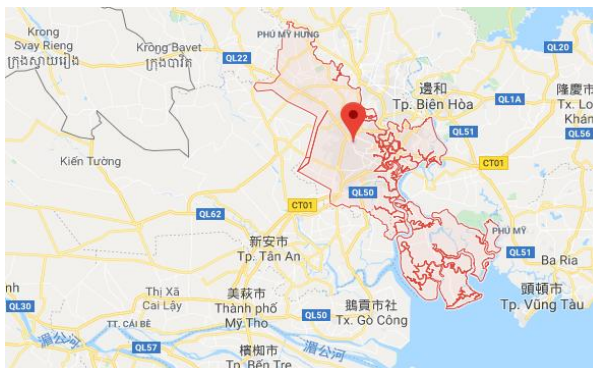
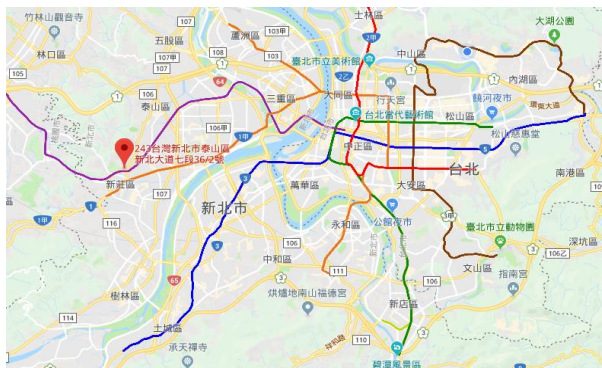
越南金漢廠(VN-2)

Location: Tiền Giang, Vietnam

Date Established: 2013

Number of workers : 1,300

Production lines: 28 Lines



Major Products

- Down Jackets
- Primaloft Jackets, Thermoball Jackets, Padding Jackets
- Softshell Jackets, Seam Sealed Jackets, Bonding Jackets, Spring Light Jackets, Pants, Shorts
- Goose Down, Duck Down
- Knitted garments

Unit : In Thousands of New Taiwan Dollars

Year Products Project	2018		2017	
	Net Operating Revenue	%	Net Operating Revenue	%
Down Jackets (including down material)	5,775,021	43.48%	4,345,256	42.59%
Primaloft, Thermoball, Padding Jackets	3,704,663	27.90%	3,188,783	31.25%
Others	3,800,756	28.62%	2,669,616	26.16%
Total	13,280,440	100.00%	10,203,655	100.00%





Product Category-Sports Wear Brand



Adidas



Adidas



Adidas



Adidas



Adidas



Puma



Puma



NIKE



NIKE



NIKE



Reebok



Reebok



Converse



New balance



9 New balance



Under Armour



Under Armour



Product Category-Outdoor Wear Brand



The North Face



The North Face



The North Face



Merrell



Patagonia



Patagonia



Patagonia



Patagonia



Mont-Bell



Mont-Bell



Arc'teryx



Arc'teryx



Ralph Lauren



Ralph Lauren



Helly Hansen



Mammut

Milestone



1997

2005

2006

2007

2008

2009

NIKE

PUMA

REEBOK

ADIDAS

THE NORTH FACE

PATAGONIA



2011

2013

2014

2015

2016

2017

MONTBELL

TIMBERLAND
Merrell

ARC'TERYX
Ralph Lauren

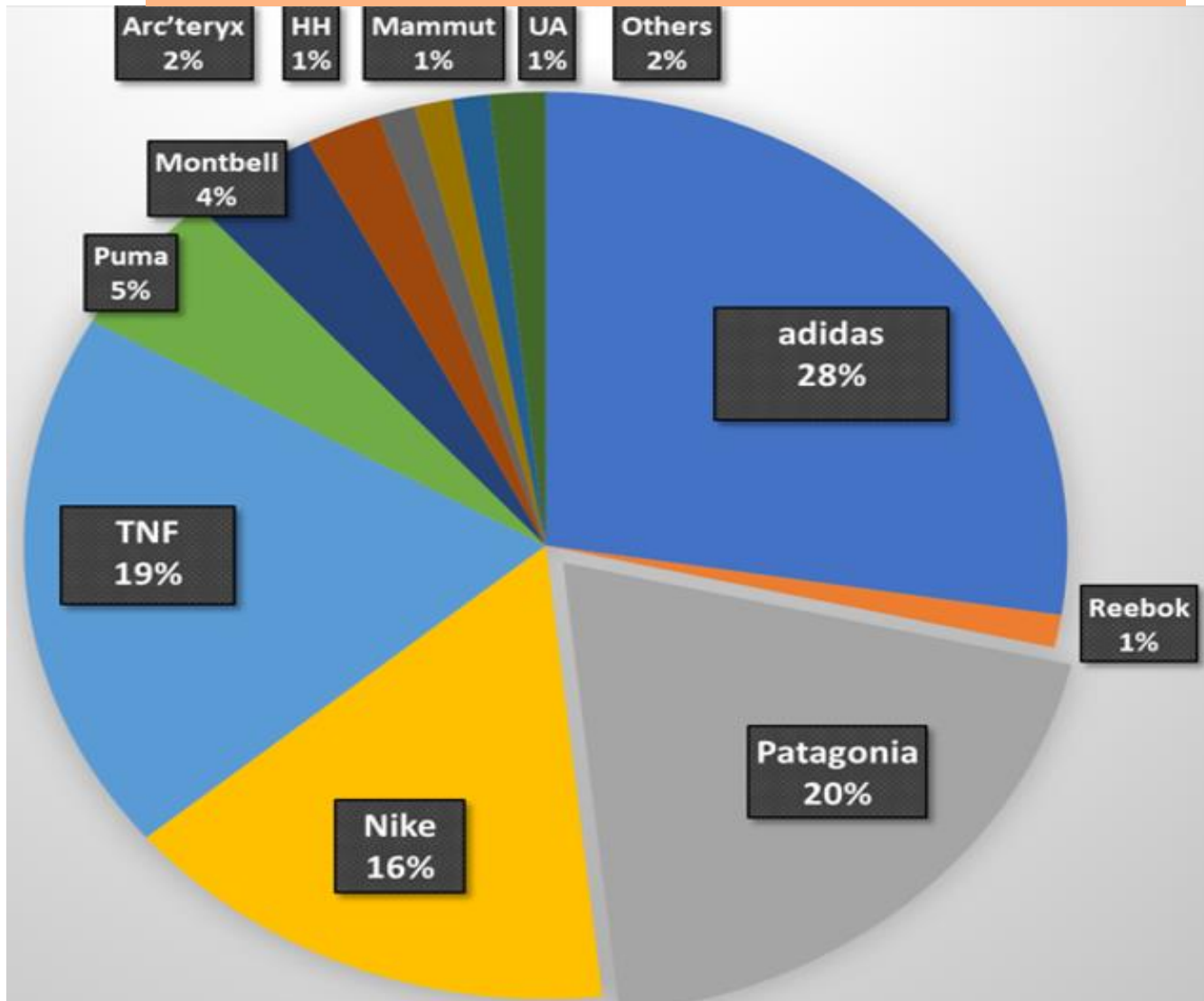
COLUMBIA

HURLEY

AIGLE
Converse



2018 Major Customers



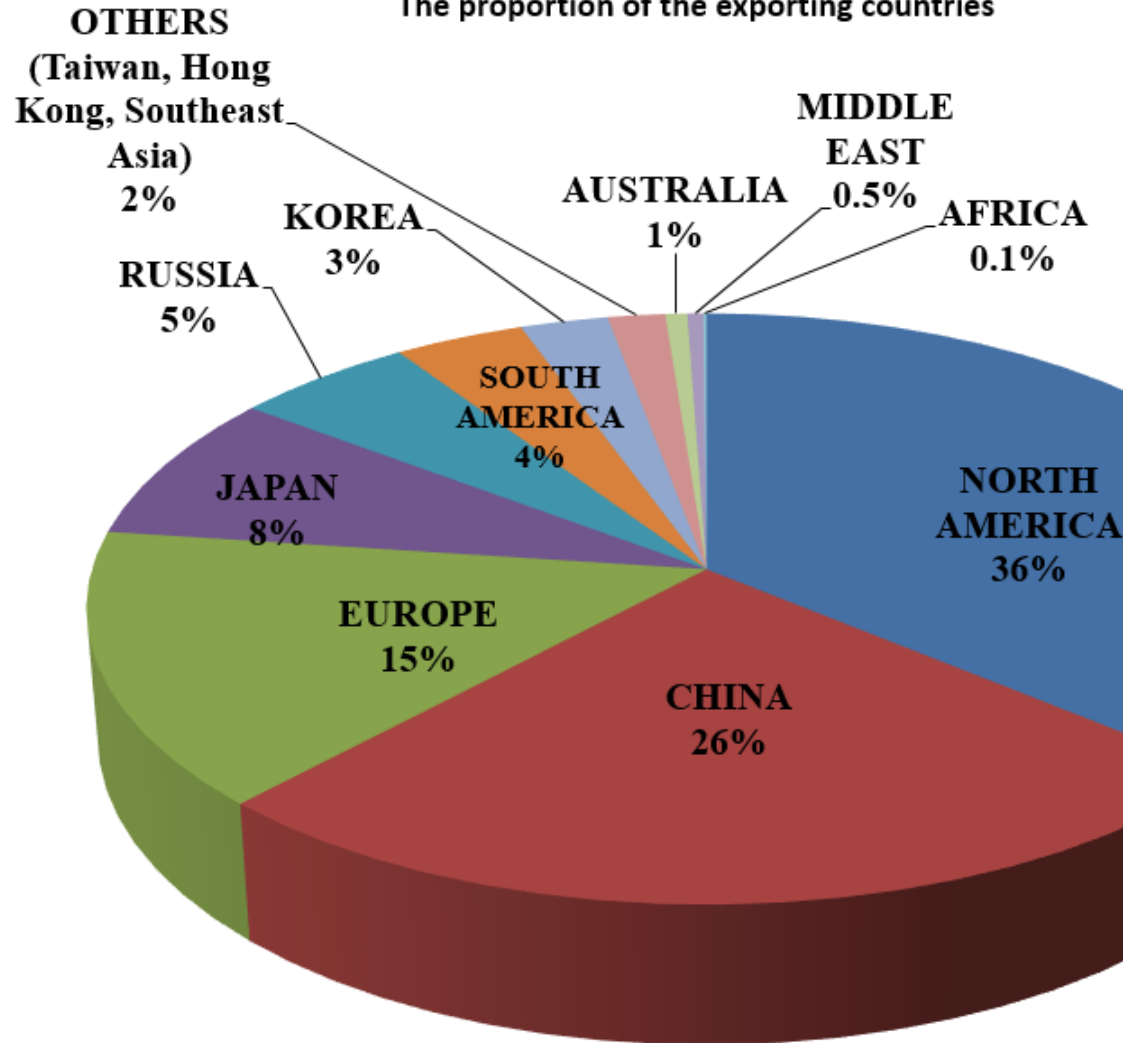
SPORTS WEAR 50% · OUTDOOR WEAR 50%



Major Customers

Exporting Countries

The proportion of the exporting countries



Competitive Advantage

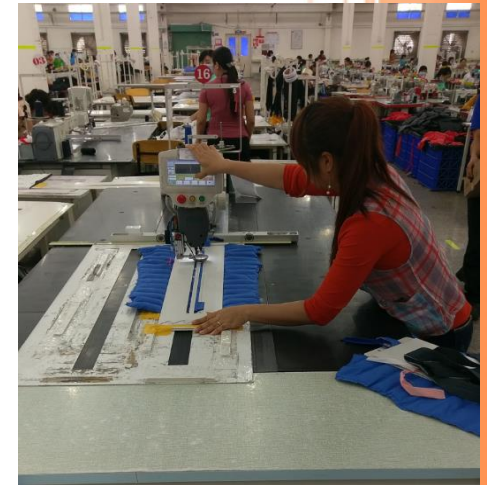
1. Vertical Alignment with Material Suppliers
 - A. Subsidiary **TOP ONE DOWN** & FEATHER CO., LTD supplies consistent and on-time delivery of duck and goose down, providing a competitive price of raw material.
 - B. **Formosa Taffeta** Co., Ltd., world renowned fabric supplier, is the main fabric supplier of QVE, and also 20% shareholder of QVE.
 - C. Formosa Taffeta Co., Ltd. has 4 factories located in 3 countries (Taiwan/Vietnam/China), and is able to support QVE factories in China and Vietnam with on-schedule delivery and at a competitive price.
 - D. Formosa Taffeta Co., Ltd. is an expert in **down-proof fabric**, providing competency in R&D skill and finest quality.
2. Multi-Country Production Base
 - A. Export from Vietnam to EU qualify for **GSP Plus** effective since 2019
 - B. Free Trade Agreement (**FTA**): Russia, Korean and Japan
 - C. High-end Down Jacket production base: **Biancospino** (Romania)
 - D. High-end Knitwear production base: **Atlanta** (Jordan) and King Hamm(Vietnam)
3. Innovative R&D
4. Market Share and Outstanding Management Team



Innovative R&D

Fully utilize special templates to attain high quality and high efficiency

Accuracy, Consistency, Easy



Innovative R&D

Customized Machines to produce Top Quality for **GORE-TEX®**



GORE-TEX授權認證



Innovative R&D

Speed Factory – INA Computerized Production **Hanger System**



Market Share & Partnership

QVE is an award-winning jacket manufacturer, who produces high technique and finest quality products including down jackets, innovative jackets and thermal jackets for world famous sports and outdoor brands.

The following chart illustrates the market share of QVE against competitor companies:

Market Share Of Down Jacket Manufacturers		
CLIENT(BRAND)	QVE	Competitor (Y company)
Nike Group	40%	0%
Adidas Group	75%	5%
Puma Group	50%	0%
Under Armour	35%	35%
New Balance	20%	0%
VF Group (The North Face)	35%	35%
Amers Group (Arc'teryx)	20%	30%
Patagonia Group	55%	45%
Mont-bell Group	50%	0%



Steady Customer Growth Lead by Excellent Management Team

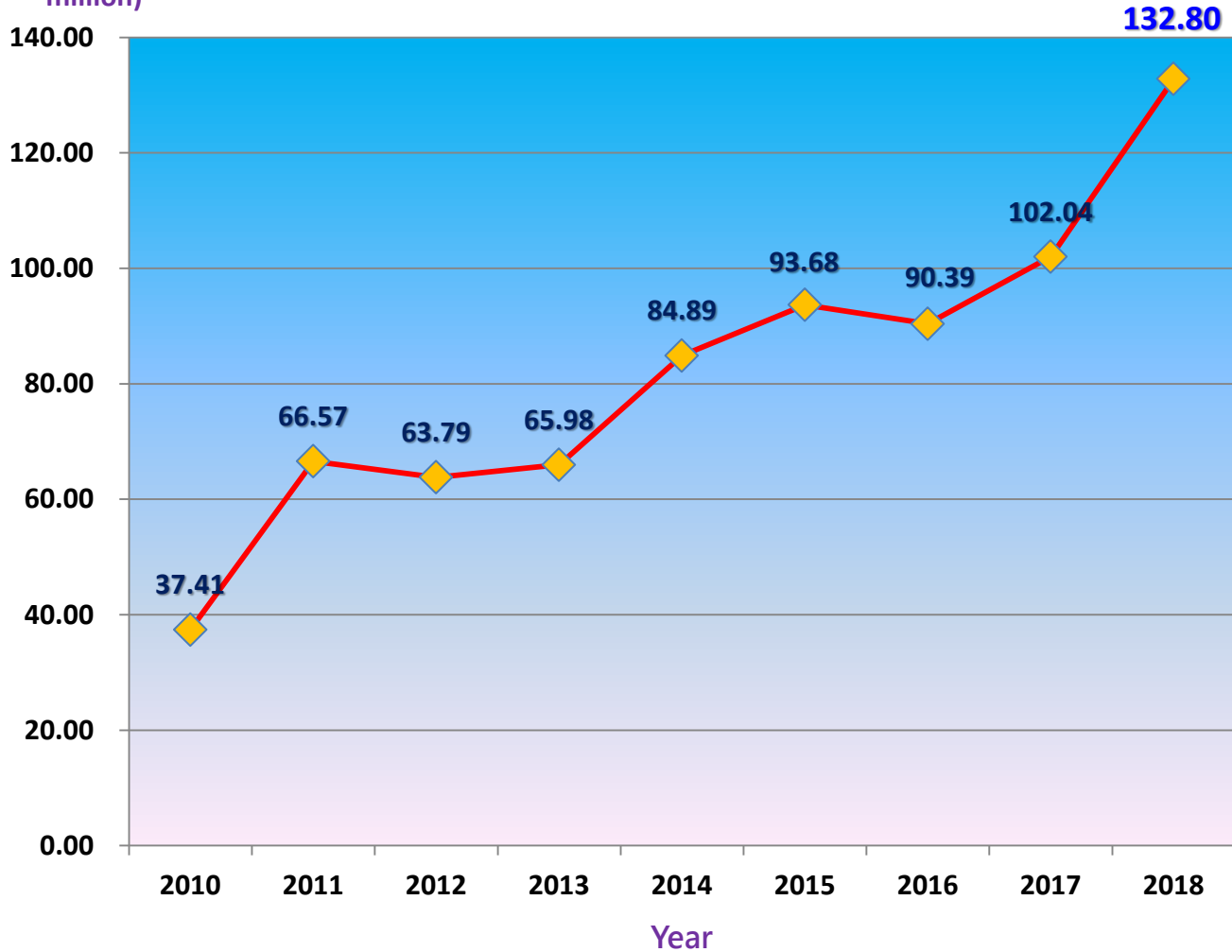
- From the steady growth of number of clients since 2016 to 2018, it is evident that QVE has the ability to establish incremental production to assure stable development while meeting market trend and our commitment to clients' needs.
- The dedicated team at QVE has continuously seek to excel in re-enhancing the techniques, quality of output, innovation and factory efficiency with vigorous research and studies to aid our clients to meet the boundless consumers' needs.



Operation Overview

QVE Consolidated Revenue

NTD (One hundred million)

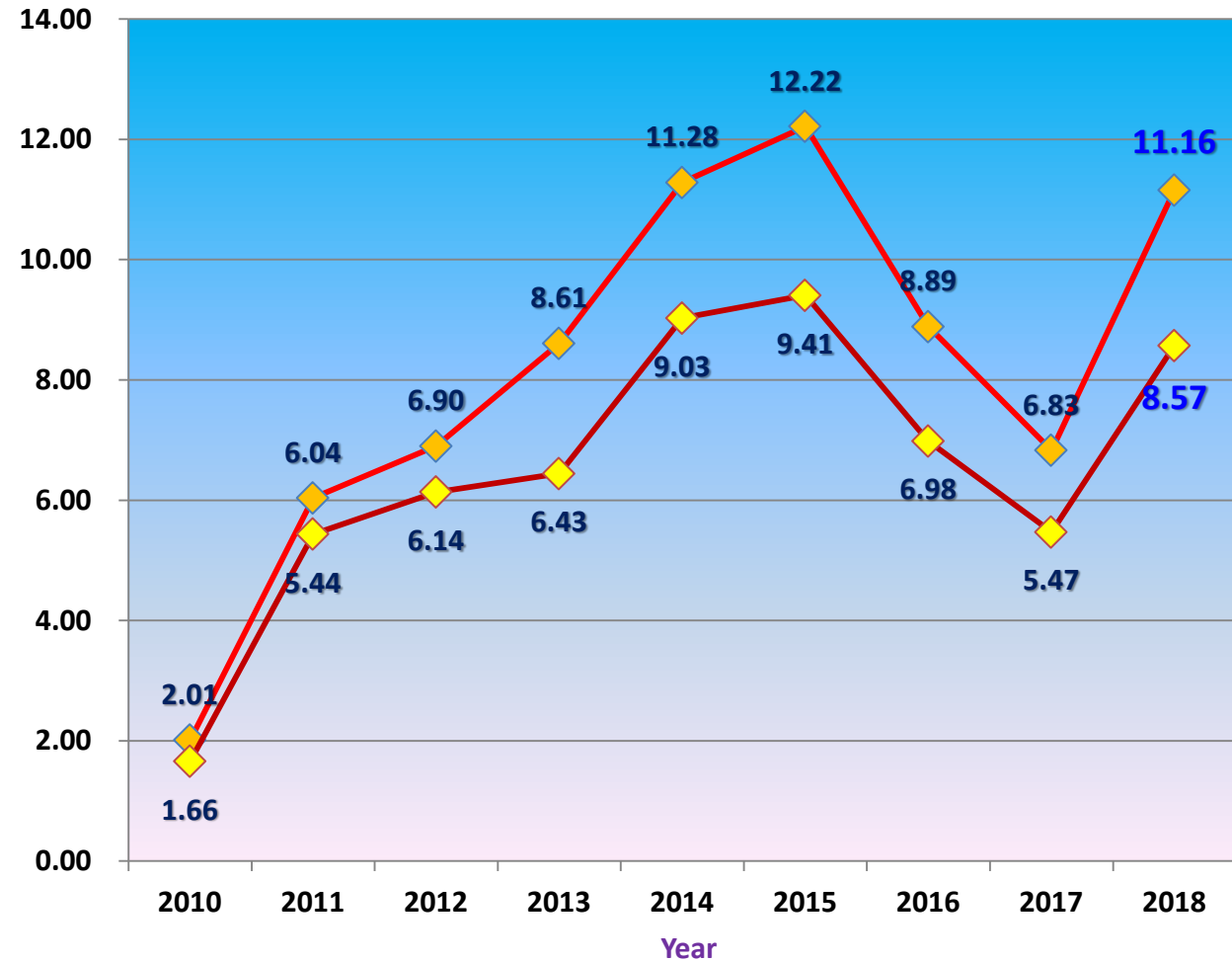


Year	Consolidated revenue (Thousands)	Remark
2010	3,741,311	Provided by company
2011	6,657,044	
2012	6,378,609	
2013	6,597,920	Per Audit
2014	8,488,545	Per Audit
2015	9,368,010	Per Audit
2016	9,038,818	Per Audit
2017	10,203,655	Per Audit
2018	13,280,440	Per Audit

Operation Overview

QVE Consolidated Profit

NTD (One hundred million)



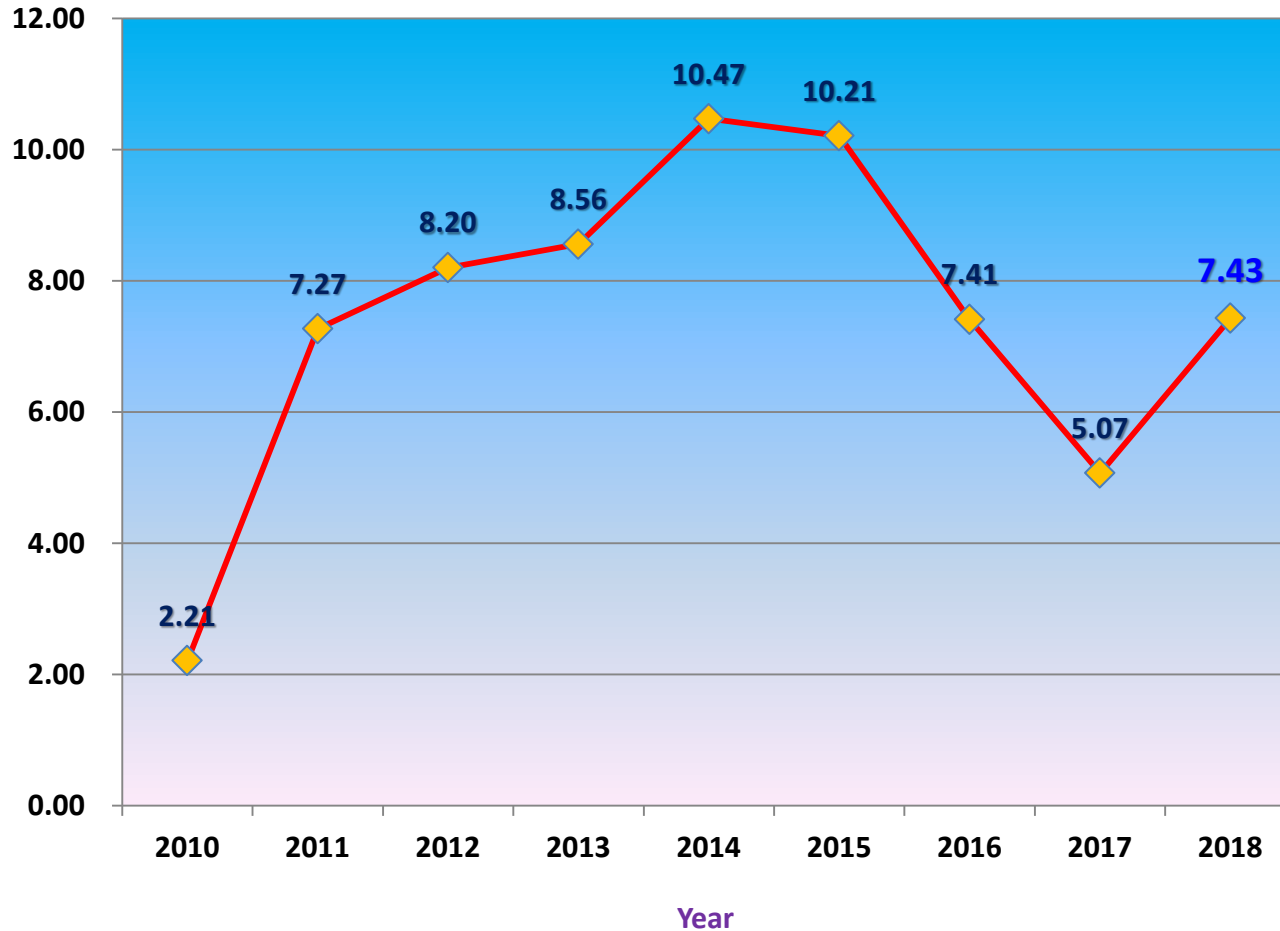
Year	Income before income tax (Thousands)	Capital (Thousands)	Remark
2010	201,007	290,799	Provided By company
2011	603,957	363,498	
2012	689,964	454,373	
2013	860,710	645,247	Per Audit
2014	1,128,222	802,034	Per Audit
2015	1,221,518	922,339	Per Audit
2016	888,707	1,037,639	Per Audit
2017	682,996	1,037,639	Per Audit
2018	1,115,716	1,033,753	Per Audit

Year	Net income (Thousands)	Capital (Thousands)	Remark
2010	165,915	290,799	Provided By company
2011	543,643	363,498	
2012	613,693	454,373	
2013	643,356	645,247	Per Audit
2014	902,865	802,034	Per Audit
2015	940,594	922,339	Per Audit
2016	698,307	1,037,639	Per Audit
2017	546,996	1,037,639	Per Audit
2018	857,041	1,033,753	Per Audit

Operation Overview

NTD (dollar)

QVE EPS



Year	EPS(dollar)	Capital (Thousands)
2010	2.21	290,799
2011	7.27	363,498
2012	8.20	454,373
2013	8.56	645,247
2014	10.47	802,034
2015	10.21	922,339
2016	7.41	1,037,639
2017	5.07	1,037,639
2018	7.43	1,033,753

Operation Overview

Item/Year	2018		2017	
	Amount (Thousands)	%	Amount (Thousands)	%
Operating revenue	13,280,440	100.00%	10,203,655	100.00%
Operating costs	11,070,093	83.36%	8,780,573	86.05%
Gross profit	2,210,347	16.64%	1,423,082	13.95%
Operating expenses	1,104,203	8.31%	767,744	7.53%
Operating income	1,106,144	8.33%	655,338	6.42%
Non-operating income and expenses	9,572	0.07%	27,658	0.27%
Income before tax	1,115,716	8.40%	682,996	6.69%
Income tax expense	258,675	1.95%	136,000	1.33%
Net income	857,041	6.45%	546,996	5.36%
Net income attributable to shareholders of the parent	768,584	5.79%	523,945	5.13%
EPS (dollars)	7.43		5.07	

Calculation of EPS is based on weighted average number of shares: 103,375 thousand shares in 2017 and 2018

Source: Consolidated financial statements audited by Deloitte Taiwan



Operation Overview

Item/Year	2019 Jan-Mar		2018 Jan-Mar	
	Amount (Thousands)	%	Amount (Thousands)	%
Operating revenue	2,315,912	100.00%	1,164,634	100.00%
Operating costs	2,094,864	90.46%	1,091,434	93.71%
Gross profit	221,048	9.54%	73,200	6.29%
Operating expenses	281,615	12.16%	199,518	17.14%
Operating income (loss)	(60,567)	(2.62%)	(126,318)	(10.85%)
Non-operating income and expenses	16,238	0.71%	(13,808)	(1.18%)
Income (loss) before tax	(44,329)	(1.91%)	(140,126)	(12.03%)
Income tax expense	2,727	0.11%	15,370	1.32%
Net income (loss)	(41,602)	(1.80%)	(124,756)	(10.71%)
Net income (loss) attributable to shareholders of the parent	(53,654)	(2.32%)	(126,543)	(10.87%)
EPS (dollars)	(0.52)		(1.22)	

Calculation of EPS is based on weighted average number of shares: 103,375 thousand shares in 2017 and 2018

Source: Consolidated financial statements audited by Deloitte Taiwan



Operation Overview

Future Business Plan

QVE has 4 main factories in Vietnam and China, and after M&A 2 subsidiaries – Biancospino(Romania) & Atlanta(Jordan), has a total of 397 production lines and capacity of 1,000,000 pieces per month. Subsidiary KHM has 2 Vietnam factories with a total of 52 production lines. However, current production capacity is still not able to catch up with the growing order demand from our clients. QVE plans to expand QVT, QVL and KHM (VN-2). Production line expansion plan is as below:

Factory	2018 Current Production Lines	2019 Increase	2020 Increase	2020 Total
QVN (Vietnam)	115	+0	+0	115
QVT (Vietnam)	145	+10	+11	166
QVC (China)	80	+12	+10	102
QVL (Vietnam)	35	+10	+15	60
BSP (Romania)	12	+0	+4	16
Atlanta(Jordan)	10	+2	+6	18
KHM (Vietnam-1)	24	+0	+0	24
KHM (Vietnam-1)	28	+4	+4	36
Total	449	+38	+50	537
			(+8.46%)	(+10.27%)



QVT



QVL



Seasonal Products & Industry Characteristics

- The main selling products are seasonal **down jackets** for **autumn and winter seasons**. Raw materials are prepared during the end of the year, mass production begins in the beginning of the next year, large quantities delivered from next year's mid-year to October.
- Production of thin jackets and trousers will begin during winter period for spring and summer wear.
- The operating revenue of each quarter is: **1st Quarter: 15%, 2nd Quarter: 25%, 3rd Quarter 40% and 4th Quarter: 20%**. The operating revenue for 1st quarter is usually the lowest causing temporary loss, while the 2nd quarter is able to cover the 1st quarter loss. The 3rd and 4th quarter will usually have massive output delivery and is accountable to be the key highlight of the year. These are some of the **key characteristics** of **down jackets industry**.
- Due to seasonal factors, we have to **plan our production pipeline**. The ideal cooperation with our clients would be to **pre-order in advance** which can reduce the production pressure during peak season and guarantee on-time delivery. This is a **win-win solution** for clients and QVE.

Note: Percentage of operating revenue before acquisition: 5%, 25%, 50%, 20% for each respective quarter



Business Development

- As the OEM for the world's leading sports and outdoor brands, we are constantly exploring partnership with other **well-known fashion brands** to create value for them. We are also actively exploring partnership with **luxury brands** (eg: Moncler, Zegna, Belstaff, Paul & Shark, etc.). We believe that our revenue will grow with the increase in clients base.
- We have been **certified by** the United States **GORE-TEX** to authorize us to produce GORE-TEX series for our clients, which will definitely create an infinite pool of potential products. **Montbell, Aigle, Nike, Patagonia, New Balance** and other well-known brands have placed their orders with us, and we are actively seeking for other brands to join.
- On October 27, 2017 and November 23, 2017, we signed a share purchase agreement to acquire 60% shares of **Atlanta Garment Manufacturing Company (Jordan)**, and 42% shares of **King Hamm Industrial Co., Ltd.**, respectively, to continue to expand market share in the global middle and high-end knitwear market. Atlanta and KHM became subsidiaries of QVE starting January 2018 and May 2018, respectively.



Business Development

- QVE has exclusively developed new synthetic jackets - [Micro Puff](#), [Nano Puff](#) and [Macro Puff](#) series with Patagonia in 2017. Micro Puff series also won the best insulation jacket award of 2017 Outdoor Show in Germany and has received many positive feedback from the market.
- [Thermoball](#), the new generation prototype leading to new trends and technologies. It helps TNF evolve from traditional grid system and develop more active and energetic styles on sportswear.
- For the steady development of the company's business, we have touch base with high-end outdoor brand Mammut and sportswear leading brand [Under Armour](#) many years ago, which succeeded in 2019. In addition to sportswear and knitwear, Under Armor urgently needs to expand its functional jacket market, which is exactly what QVE specializes in.
- [Mammut](#), a high-end outdoor brand from Switzerland, is known for its top craftsmanship. Each product provides maximum comfort at the same time, able to withstand the harsh environment test. Mammut's new product [Photics HS Thermo Hooded Jacket](#) won in 2019 ISPO. The limited 500 pieces of Photics HS Thermo Hooded Jacket will be issued worldwide in 2019 winter.

