



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



Key Points

- **Coronavirus Disease 2019 (COVID-19) Impact on the Ultimate Consumer**
- **Global Development of Sports Brands (Adidas, Nike, Under Armour, Puma and New Balance)**
- **Coronavirus Disease 2019 (COVID-19) Effect on China Material Supply Chain**
- **Down Jacket Fashion Trends**



Company Overview

- Date of establishment: October 1995
- Capital: NT \$1.034 billion (US \$33 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 Geographic Location



Quang Viet Enterprise Co., Ltd. (QVE)

Top One Down & Feather Shu Yang Co., Ltd. (TOD)

Biancospino S.R.L. (BSP)

Atlanta Garment Manufacturing Company (QVA)

King Hamm Industrial Co., Ltd. (King Hamm)

QVE Group Profile



QVN (Cu Chi, Vietnam)

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



QVE TPE HQ



QVC (Jia Xing, China)

Year Established : 2003
Land Area : 55,000 M²
Number of workers : 2,200
Production line : 80 Lines



QVT (Tien Giang, Vietnam)

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



QVL (Long An)

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



TOD (Shu Yang, China)

Year Established : 2014
Land Area : 20,118 M²
Number of workers : 99





Group Introduction and Position-BSP

Biancospino S.R.L



Location: Breaza, Romania
Year Established: 1998
Number of workers : 530
Production lines: 16 Lines



Group Introduction and Position-Atlanta

Atlanta Garment Manufacturing Company



Location: Amman, Jordan
Year Established: 2003
Number of workers : 1,600
Production lines: 16 Lines



Group Introduction and Position-KHM

King Hamm Industrial Co., Ltd.



新莊金漢總部(KHM)

Location: Xinzhuang, Taiwan

Year Established: 1991

Number of workers : 80



越南金鴻廠(VN-1)

Location: Hồ Chí Minh, Vietnam

Year Established: 2003

Number of workers : 1,200

Production lines: 24 Lines



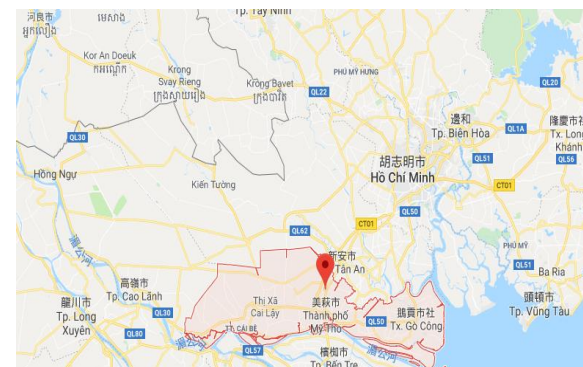
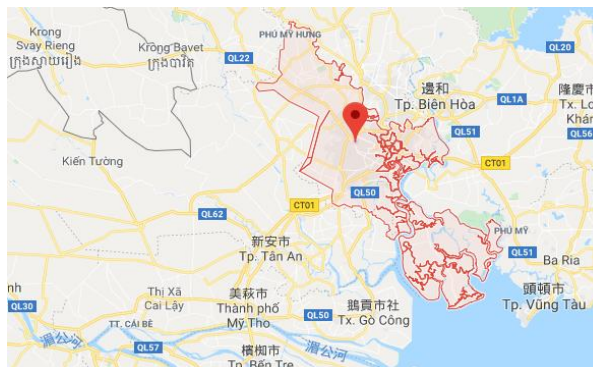
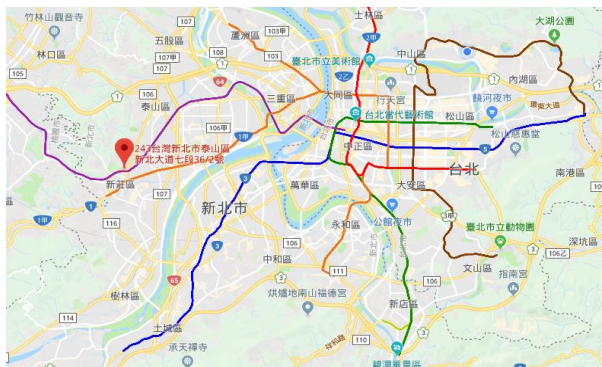
越南金漢廠(VN-2)

Location: Tiền Giang, Vietnam

Year 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	2019		2018	
			Net Operating Revenue	%	Net Operating Revenue	%
		Down Jackets	6,522,710	40.12%	5,310,117	39.98%
		Fiberfill Jackets	4,564,607	28.07%	3,704,663	27.90%
		Light Jackets and Coats	2,119,493	13.04%	1,648,959	12.42%
		Others (Knitted Garments and Down Material)	3,052,507	18.77%	2,616,710	19.70%
		Total	16,259,317	100.00%	13,280,440	100.00%





Product Category-Sports Wear Brand



Adidas



Adidas



Adidas



Adidas



Adidas



Puma



Puma



NIKE



NIKE



NIKE



Reebok



Reebok



Converse



New balance



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
↑
NIKE

2005
↑
PUMA

2006
↑
REEBOK

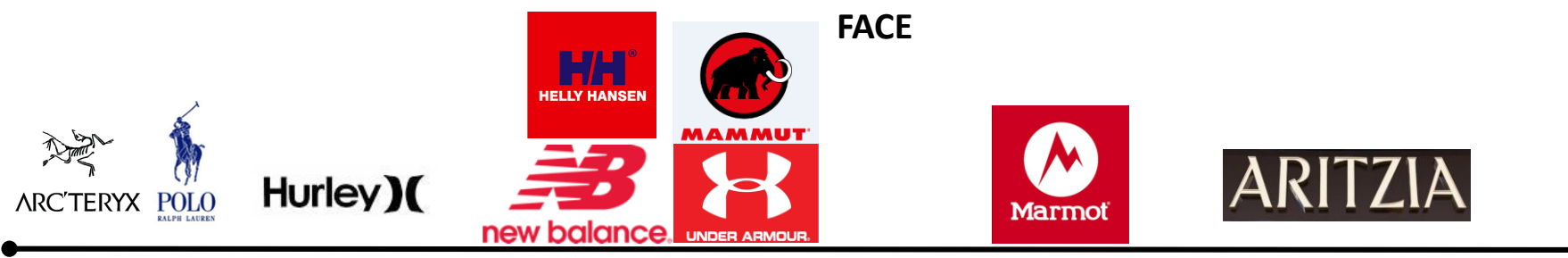
2007
↑
ADIDAS

2008
↑
THE NORTH FACE

2009
↑
PATAGONIA

2011
↑
MONTBELL

2013
↑
Merrell



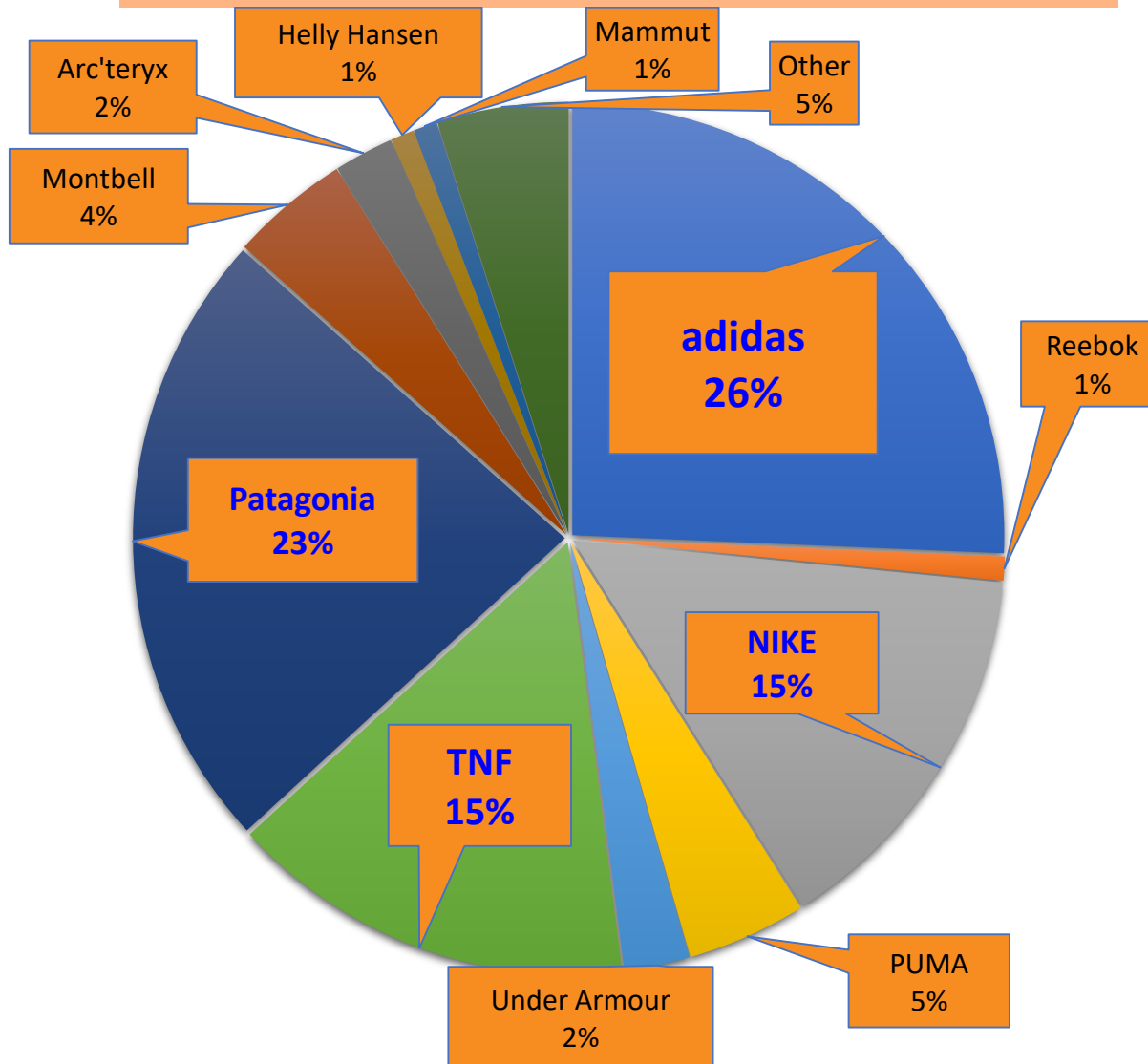
2014
↑
ARC'TERYX
Ralph Lauren

2016
↑
HURLEY

2018
↑
Helly Hansen Mammut
New Balance Under Armour

2020
↑
Marmot Aritzia

2019 Major Customers



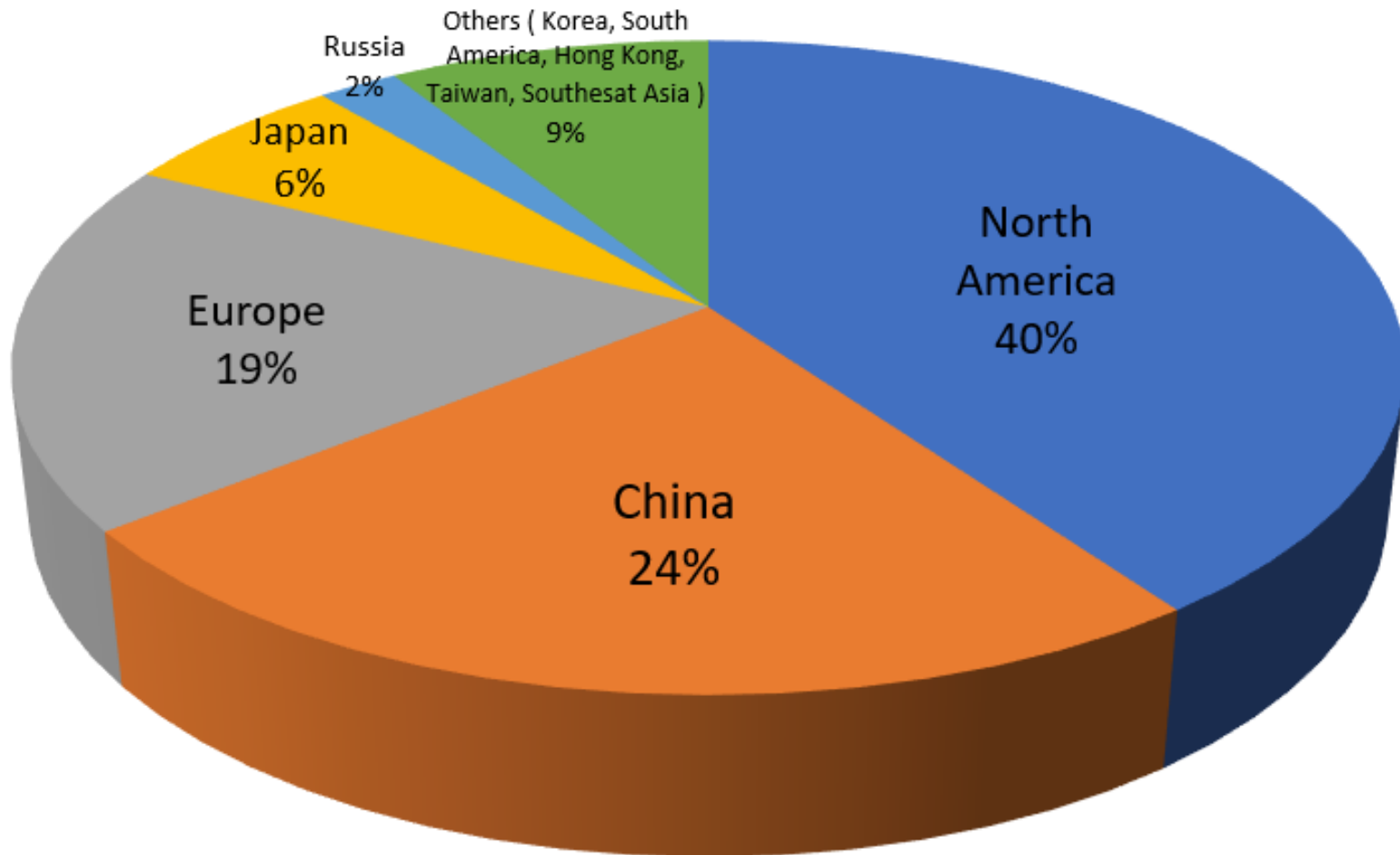
SPORTS WEAR 50% · OUTDOOR WEAR 50%

(Note: TNF for The North Face brand)



Major Customers

The Proportion of the exporting countries



■ North America ■ China ■ Europe ■ Japan ■ Russia ■ Others (Korea, South America, Hong Kong, Taiwan, Southeast Asia)



Competitive Advantage

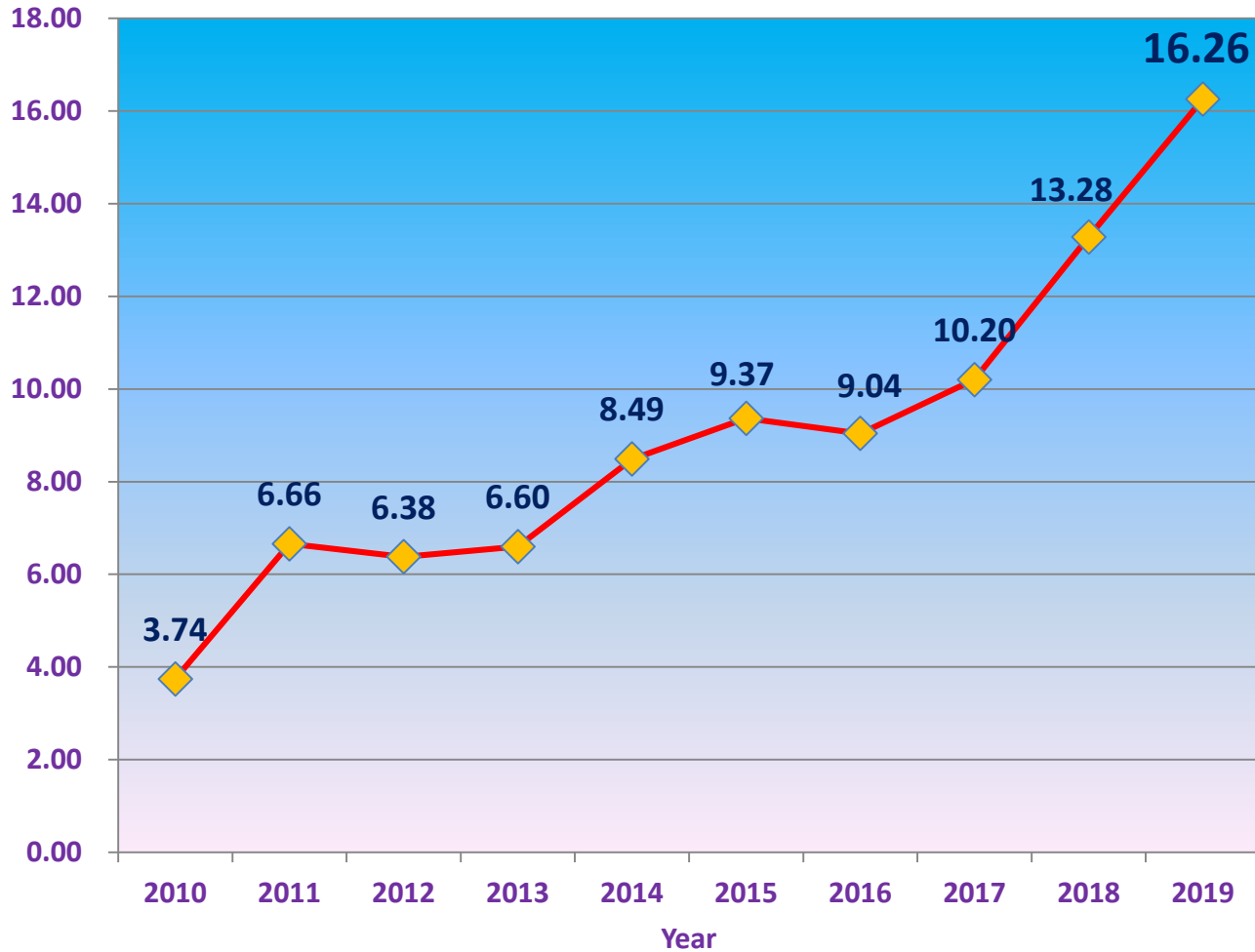
1. Vertical Alignment with Material Suppliers
 - A. Subsidiary **TOP ONE DOWN** & FEATHER CO., LTD supplies consistent and on-time delivery of duck and goose down, providing a competitive price of raw material.
 - B. **Formosa Taffeta** Co., Ltd., world renowned fabric supplier, is the main fabric supplier 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



Operation Overview

QVE Consolidated Revenue

NTD (Billion)

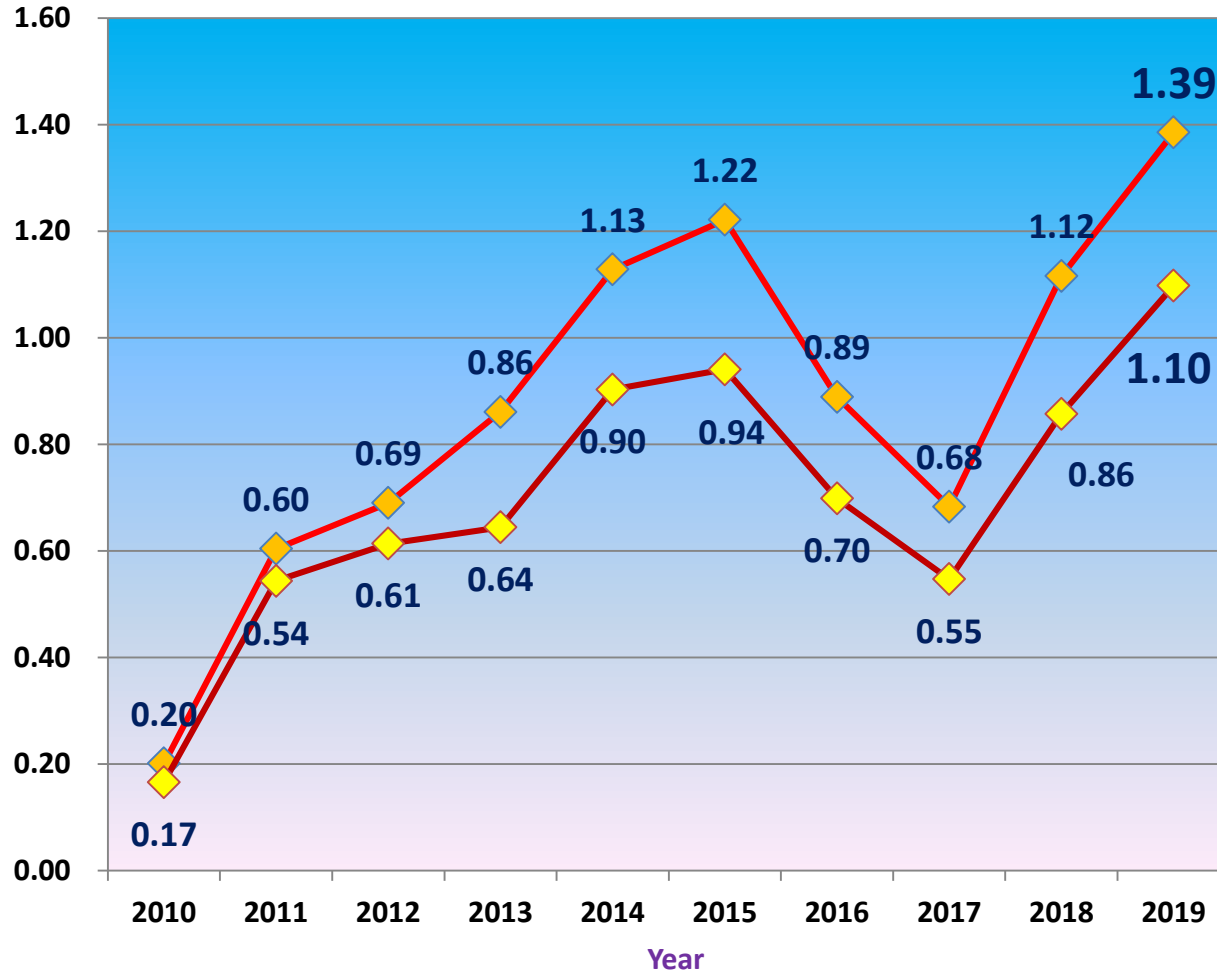


Year	Consolidated revenue (Thousands)	Remark
2010	3,741,311	Provided by company
2011	6,657,044	
2012	6,378,609	
2013	6,597,920	Per Audit
2014	8,488,545	Per Audit
2015	9,368,010	Per Audit
2016	9,038,818	Per Audit
2017	10,203,655	Per Audit
2018	13,280,440	Per Audit
2019	16,259,317	Per Audit

Operation Overview

QVE Consolidated Profit

NTD (Billion)



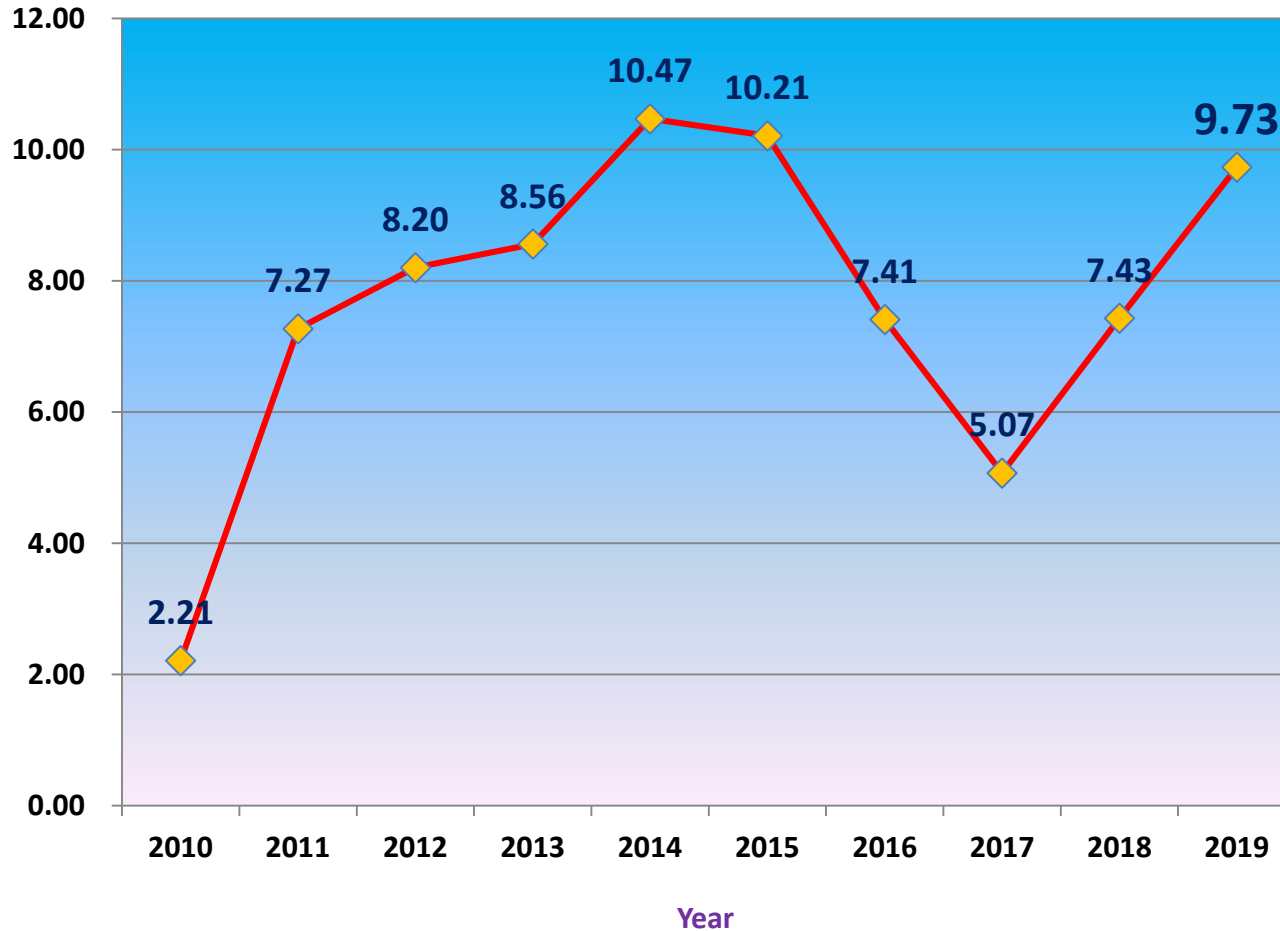
Year	Income before income tax (Thousands)	Capital (Thousands)	Remark
2010	201,007	290,799	Provided by company
2011	603,957	363,498	
2012	689,964	454,373	
2013	860,710	645,247	Per Audit
2014	1,128,222	802,034	Per Audit
2015	1,221,518	922,339	Per Audit
2016	888,707	1,037,639	Per Audit
2017	682,996	1,037,639	Per Audit
2018	1,115,716	1,033,753	Per Audit
2019	1,385,291	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
2019	1,097,607	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
2019	9.73	1,033,753

Operation Overview

Item/Year	2019		2018	
	Amount (Thousands)	%	Amount (Thousands)	%
Operating revenue	16,259,317	100.00%	13,280,440	100.00%
Operating costs	13,714,136	84.35%	11,070,093	83.36%
Gross profit	2,545,181	15.65%	2,210,347	16.64%
Operating expenses	1,162,827	7.15%	1,104,203	8.31%
Operating income	1,382,354	8.50%	1,106,144	8.33%
Non-operating income and expenses	2,937	0.02%	9,572	0.07%
Income before tax	1,385,291	8.52%	1,115,716	8.40%
Income tax expense	287,684	1.77%	258,675	1.95%
Net income	1,097,607	6.75%	857,041	6.45%
Net income attributable to shareholders of the parent	1,006,033	6.19%	768,584	5.79%
EPS (dollars)	9.73		7.43	
Diluted EPS (dollars)	9.60		7.43	

Calculation of EPS is based on weighted average number of shares: 103,375 thousand shares

Calculation of Diluted EPS is based on weighted average number of shares: 105,084 thousand shares in 2019 and 103,478 thousand shares in 2018

Source: Consolidated financial statements audited by Deloitte Taiwan



Operation Overview

Future Business Plan

Factory	2019 Current Production Lines	2020 Increase	2021 Increase	2021 Total
QVN (Vietnam)	115	+0	+0	115
QVT (Vietnam)	155	+5	+12	172
QVC (China)	92	+0	+0	92
QVL (Vietnam)	45	+5	+10	60
BSP (Romania)	12	+2	+2	16
Atlanta(Jordan)	12	+2	+4	18
KHM (Vietnam-1)	24	+0	+0	24
KHM (Vietnam-1)	32	+0	+0	32
Total	487	+14	+28	529
		(+2.9%)	(+5.6%)	



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

- 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.

