



QUANG VIET ENTERPRISE CO., LTD.

4438.TW / 4438.TT



Welcome To QVE





Highlights

- COVID-19 in Vietnam: Latest Updates
- Implementation of Three Principles Plan in Vietnam
- Impact of COVID-19 on Apparel Supply Chain and Development
- Factory Expansion in China to Meet Increasing Local Market Demand
- Third Plant in Jordan to Satisfy Customers' Demand for Duty-Free Production Base
- Expand Production in Vietnam for Sales Growth in 2022 of Outdoor Brands

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 Profile



QVN (Cu Chi, Vietnam)

Year Established: 1996
Land Area: 60,000 M²
Number of workers : 6,000
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 : 92 Lines



QVT (Tien Giang, Vietnam)

Year Established : 2010
Land Area : 81,000 M²
Number of workers : 6,000
Production line : 155 Lines



QVL (Long An)

Year Established : 2017
Land Area : 45,000 M²
Number of workers : 1,600
Production Line : 45 Lines



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 : 2,100
Production lines: 20 Lines



Group Introduction and Position-KHM

King Hamm Industrial Co., Ltd.



King Hamm HQ (KHM)

Location: Xinzhuang, Taiwan

Year Established: 1991

Number of workers : 100



King Hung (VN-1)

Location: Hồ Chí Minh, Vietnam

Year Established: 2003

Number of workers : 1,200

Production lines: 24 Lines



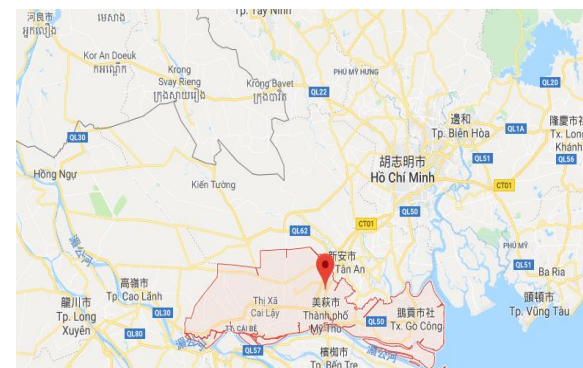
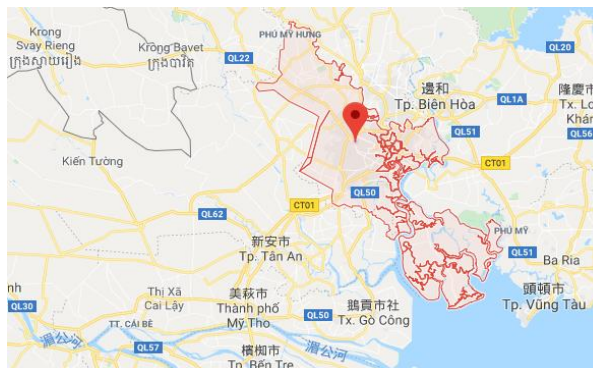
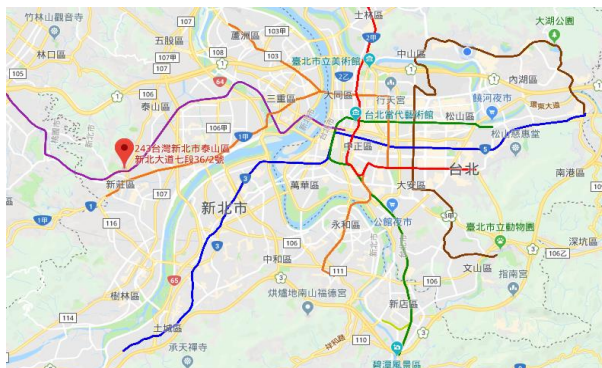
King Hamm Vietnam (VN-2)

Location: Tiền Giang, Vietnam

Year Established: 2013

Number of workers : 1,300

Production lines: 28 Lines





Group Introduction and Position-P&W

Principle & Will Biotech (PingHu) Co., Ltd.



Location: Jia Xing, China

Year Established: 2003

Number of workers : 1,100

Production lines:

10 workshops



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
- Surgical Gown, Drape, Protective Equipment, Face Mask and Surgical Pack

Unit : In Thousands of NTD

Year Products	Project	2020		2019	
		Net Operating Revenue	%	Net Operating Revenue	%
	Down Jackets	5,912,055	48.50%	6,522,710	40.12%
	Fiberfill Jackets	2,794,217	22.93%	4,564,607	28.07%
	Light Jackets and Coats	1,228,943	10.08%	2,119,493	13.04%
	Others (Knitted Garments and Down Material)	2,253,642	18.49%	3,052,507	18.77%
	Total	12,188,857	100.00%	16,259,317	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 10

Product Category-Outerwear Brand



The North Face



The North Face



The North Face



Merrell



Patagonia



Patagonia



Patagonia



Mont-Bell



Mont-Bell



Arc'teryx



Ralph Lauren



Helly Hansen



Mammut



Spyder



Black Diamond



Lacoste

Milestone



1997
↑
NIKE

2005
↑
PUMA

2006
↑
REEBOK

2007
↑
ADIDAS

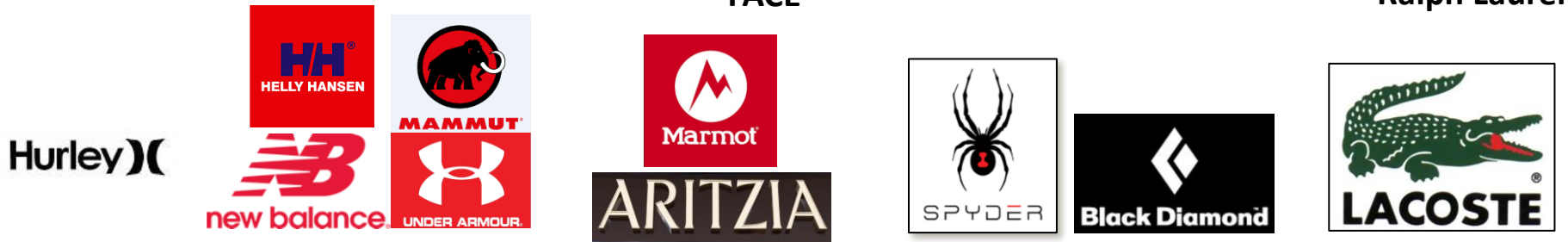
2008
↑
THE NORTH FACE

2009
↑
PATAGONIA

2011
↑
MONTBELL

2013
↑
Merrell

2014
↑
ARC'TERYX
Ralph Lauren



2016
↑
HURLEY

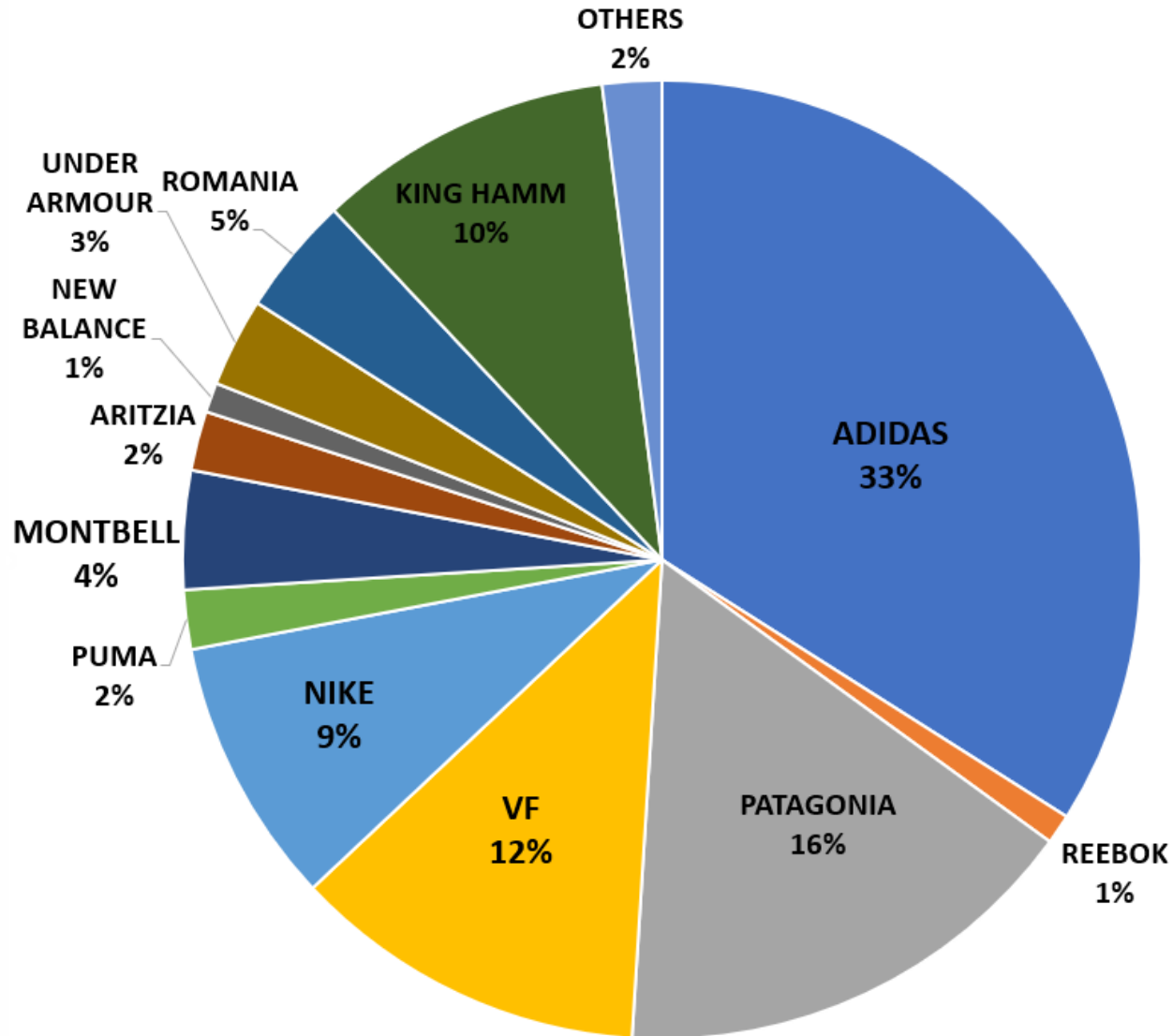
2018
↑
Helly Hansen
New Balance
Mammut
Under Armour

2020
↑
Marmot
Aritzia

2021
↑
Spyder
Black Diamond

2022
↑
Lacoste

2020 Major Customers

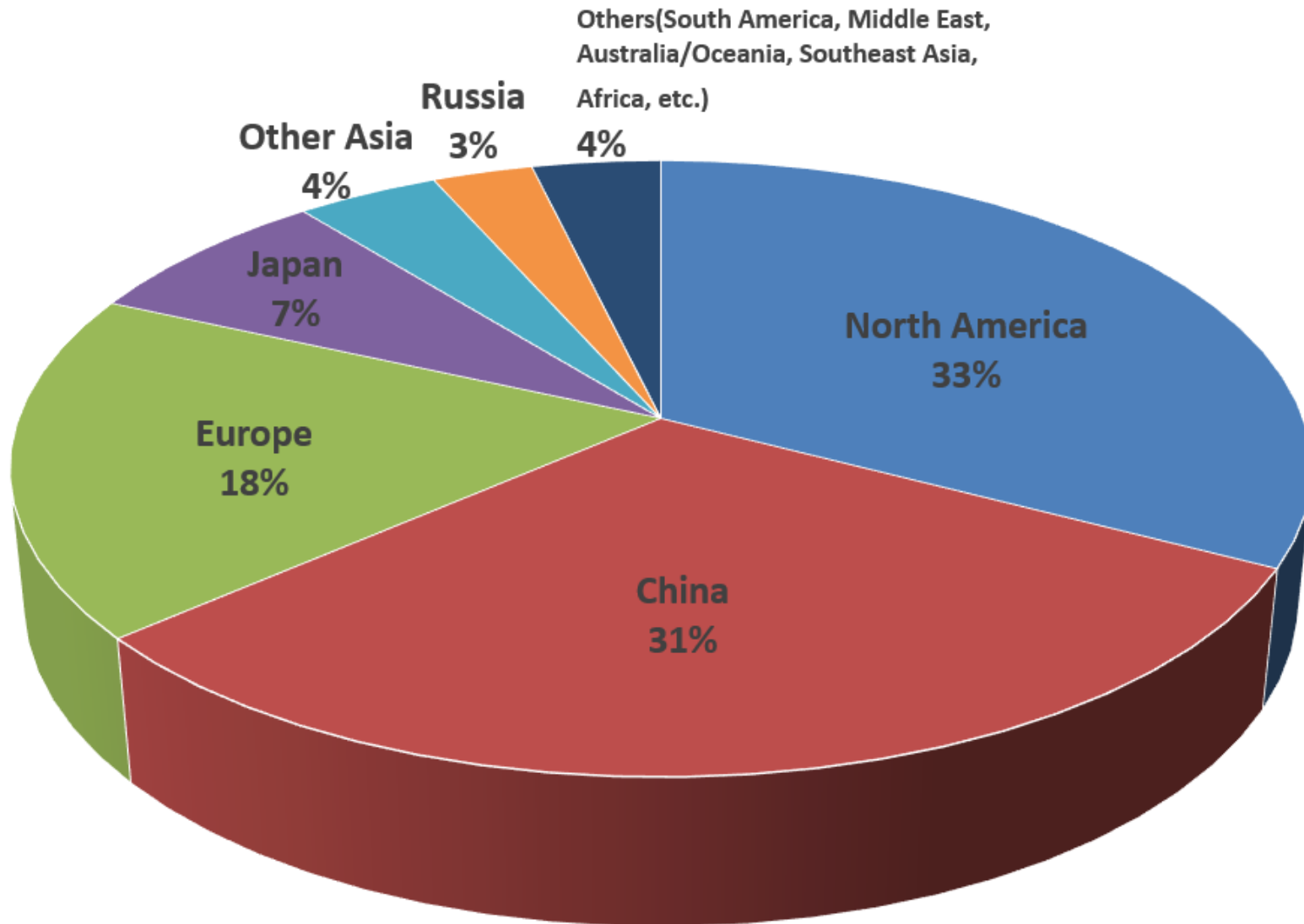


SPORTS WEAR 50% , OUTDOOR WEAR 50%

(Note: TNF for The North Face brand)



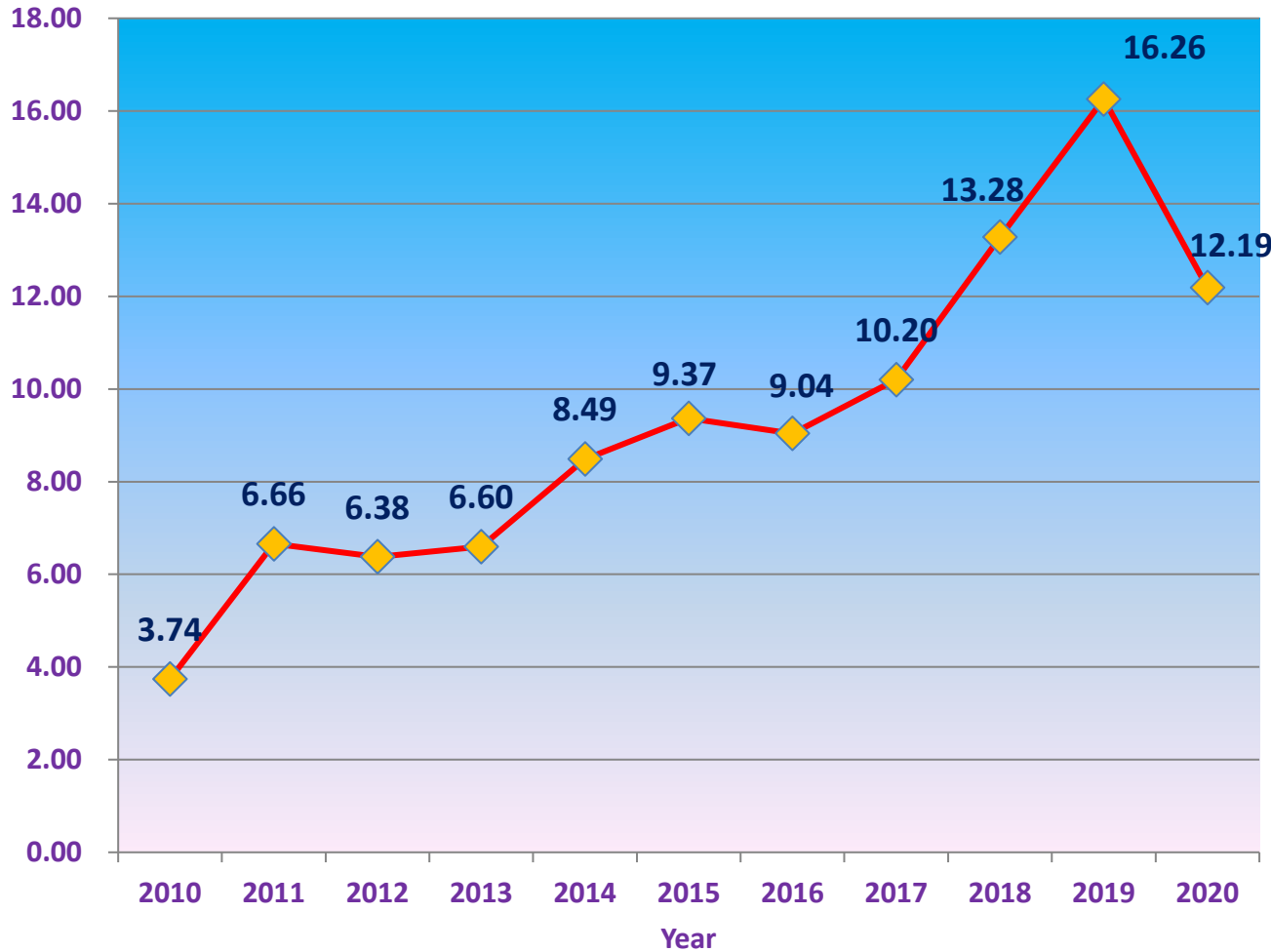
Major Customers



Operation Overview

QVE Consolidated Revenue

NTD (Billion)



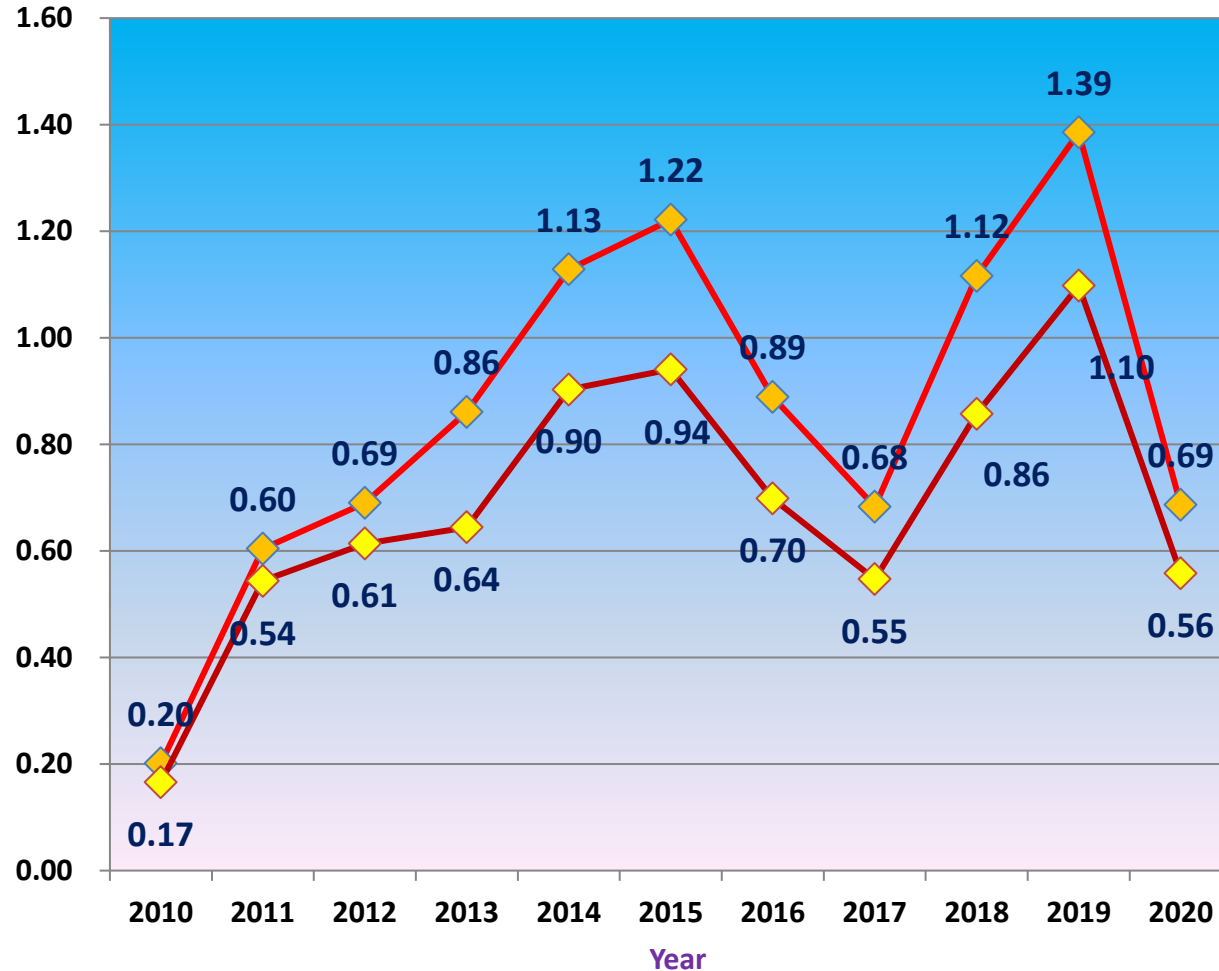
Year	Consolidated revenue (Thousands)	Remark
2010	3,741,311	Provided by company
2011	6,657,044	
2012	6,378,609	
2013	6,597,920	Per Audit
2014	8,488,545	Per Audit
2015	9,368,010	Per Audit
2016	9,038,818	Per Audit
2017	10,203,655	Per Audit
2018	13,280,440	Per Audit
2019	16,259,317	Per Audit
2020	12,188,857	Per Audit

Operation Overview

Unit: In Thousands of NTD

QVE Consolidated Profit

NTD (Billion)



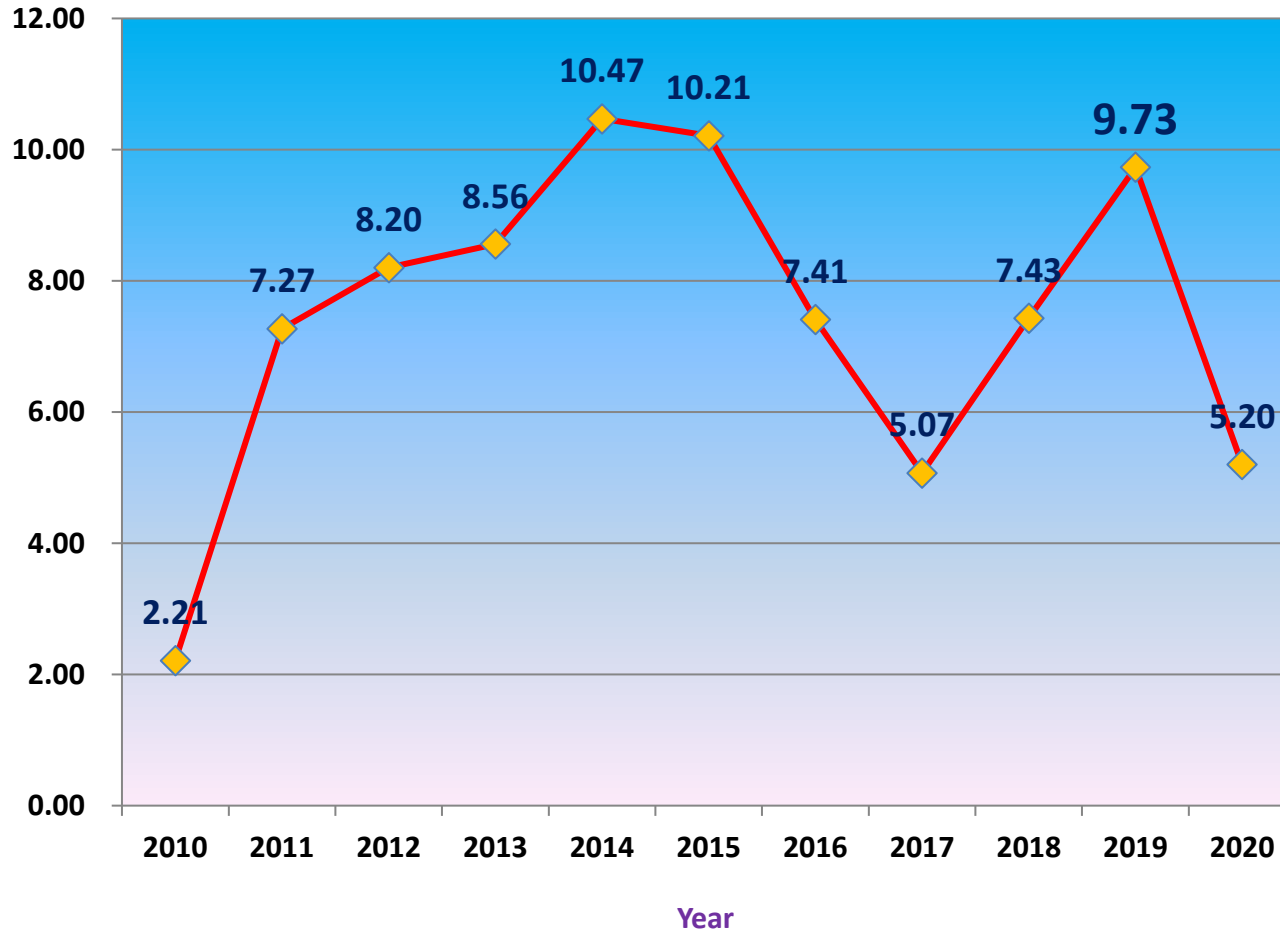
Year	Income before income tax	Capital	Remark
2010	201,007	290,799	Provided by company
2011	603,957	363,498	
2012	689,964	454,373	
2013	860,710	645,247	Per Audit
2014	1,128,222	802,034	Per Audit
2015	1,221,518	922,339	Per Audit
2016	888,707	1,037,639	Per Audit
2017	682,996	1,037,639	Per Audit
2018	1,115,716	1,033,753	Per Audit
2019	1,385,291	1,033,753	Per Audit
2020	686,398	1,033,753	Per Audit

Year	Net income	Capital	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
2020	557,830	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
2020	5.20	1,033,753

Operation Overview

Account/Year	2020		2019	
	Amount (Thousands)	%	Amount (Thousands)	%
Operating revenue	12,188,857	100.00%	16,259,317	100.00%
Operating costs	10,903,247	89.45%	13,714,136	84.35%
Gross profit	1,285,610	10.55%	2,545,181	15.65%
Operating expenses	1,005,212	8.25%	1,162,827	7.15%
Operating income	280,398	2.30%	1,382,354	8.50%
Non-operating income and expenses	406,000	3.33%	2,937	0.02%
Income before tax	686,398	5.63%	1,385,291	8.52%
Income tax expense	128,568	1.05%	287,684	1.77%
Net income	557,830	4.58%	1,097,607	6.75%
Net income attributable to shareholders of the parent	537,296	4.41%	1,006,033	6.19%
EPS (dollars)	5.20		9.73	

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

Source: Audited consolidated financial statements



Operation Overview

In Thousands of NTD, except EPS

	2Q 2021		2Q 2020		YoY		
	Amount	%	Amount	%	Amount	%	
Operating Revenue	3,398,952	100.00%	3,174,336	100.00%	224,616	7.08%	
Operating Costs	<u>(2,709,037)</u>	-79.70%	<u>(2,629,542)</u>	-82.84%	<u>(79,495)</u>	3.02%	Increase in Profit Margin
Gross Profit	689,915	20.30%	544,794	17.16%	145,121	26.64%	3.14%
Operating Expenses	<u>(295,034)</u>	-8.68%	<u>(234,186)</u>	-7.38%	<u>(60,848)</u>	25.98%	Increase in Operating Margin
Operating Income	394,881	11.62%	310,608	9.78%	84,273	27.13%	1.83%
Non-operating income and expenses	38,014	1.12%	13,014	0.41%	25,000	192.10%	Increase in Income before tax margin
Income before tax	432,895	12.74%	323,622	10.19%	109,273	33.77%	2.54%
Income tax expense	<u>(83,453)</u>	-2.46%	<u>(65,575)</u>	-2.07%	<u>(17,878)</u>		Increase in Net Profit Margin
Net income	<u>349,442</u>	10.28%	<u>258,047</u>	8.13%	<u>91,395</u>	35.42%	2.15%
Net income attributable to shareholders of the parent	320,049	9.42%	242,435	7.64%	77,614	32.01%	
	29,393	0.86%	15,612	0.49%	13,781	88.27%	
EPS	3.09		2.35		0.74	31.49%	

Second Highest on Record

Source: Audited consolidated financial statements 19



Operation Overview

In Thousands of NTD, except EPS

	1H 2021		1H 2020		YoY		
	Amount	%	Amount	%	Amount	%	
Operating Revenue	4,947,992	100.00%	5,020,451	100.00%	(72,459)	-1.44%	
Operating Costs	(4,107,497)	-83.01%	(4,350,352)	-86.65%	242,855	-5.58%	Increase in Profit Margin
Gross Profit	840,495	16.99%	670,099	13.35%	170,396	25.43%	3.64%
Operating Expenses	(568,896)	-11.50%	(503,876)	-10.04%	(65,020)	12.90%	Increase in Operating Margin
Operating Income	271,599	5.49%	166,223	3.31%	105,376	63.39%	2.18%
Non-operating income and expenses	48,838	0.99%	70,509	1.40%	(21,671)	-30.74%	Increase in Income before tax margin
Income before tax	320,437	6.48%	236,732	4.72%	83,705	35.36%	1.76%
Income tax expense	(59,141)	-1.20%	(40,869)	-0.81%	(18,272)		Increase in Net Profit Margin
Net income	261,296	5.28%	195,863	3.90%	65,433	33.41%	1.38%
Net income attributable to shareholders of the parent	211,057	4.27%	187,966	3.74%	23,091	12.28%	
	50,239	1.02%	7,897	0.16%	42,342	536.18%	
EPS	2.04		1.82		0.22	12.09%	

Second Highest on Record

Source: Audited consolidated financial statements 20



Operation Overview

Future Business Plan

Factory	2020 Current Production Lines	Increase in 2021	Increase in 2022	2022 Total
QVN (Vietnam)	115	+0	+0	115
QVT (Vietnam)	155	+0	+5	160
QVC (China)	92	+0	+8	100
QVL (Vietnam)	45	+2	+10	57
BSP (Romania)	12	+2	+2	16
Atlanta(Jordan)	12	+8	+10	30
KHM (Vietnam-1)	24	+0	+0	24
KHM (Vietnam-1)	32	+0	+0	32
Total	487	+12	+35	534

(+2.46%) (+7.01%)



QVT



QVL



Opportunities and Challenges

- Global economic recovery, stability and growth in Taiwan economy and the pandemic slowing down promotes diversification
- Business opportunities in medical and protective equipment industry
- Strengthen product developments for different target customers
- Each customer can develop exclusive face mask, protective equipment or protective blankets



- Global currency market
- Global apparel market
- Xinjiang Cotton Controversy
- Impact of Covid-19 on customer brands
- Strategical alliance opportunities to expand business and diversification
- Concentrate on North America and China market, while developing Europe, Japan and other regions



Business Development

- Environment friendly down products of Patagonia
- TNF's high-end and fashionable series Black Label
- Under Armour expanding its functional jacket market
- Developed with Adidas its fifth generation down jacket
- New PPE products, such as surgical gowns, surgical drapes and special face masks



Corporate Social Responsibility

Solar Energy Output of QVT Factory is the largest in Vietnam

鴻海擴大綠色能源布局 打造越南最大屋頂太陽能系統



2020-07-27 02:00 經濟日報 記者尹慧中／台北報導

讚 136 分享

鴻海集團落實企業社會責任，並強化永續綠色能源布局，相關綠能布局延伸至海外，將在越南廠區屋頂開始安裝太陽能板，打造越南當地最大的屋頂太陽能發電系統，持續擴大潔淨能源應用。

據了解，目前鴻海集團台灣廠區有採用太陽能設施，並逐步往海外據點拓展，在印度、中國大陸等地推廣綠色能源，近期越南廠區也開始導入太陽能發電。

鴻海集團近年持續在潔淨能源領域投資，據統計，目前集團太陽能發電量約253兆瓦，鴻海董事長劉揚偉預期，未來兩年集團將新增210兆瓦太陽能發電量，較現階段大增約八成，相關布局是永續發展並投資綠色能源、兌現承諾。

鴻海集團越南當地規劃，關聯公司將逐步提高太陽能等永續能源採用比重。據說明，越南子公司依據新的購電協議，在越南工廠屋頂上安裝**6MW**（百萬瓦）太陽能系統發電。



Corporate Social Responsibility

Vietnam's Largest Solar Energy Generator in Garment Factories 6M / W
Total electricity consumption 67%

Why Solar Power - reduce greenhouse gases

How we protect the earth in first **40 days** trial run in VN
(Jun.15~Jul.28)

Environmental Benefits

Environmental Equivalents

Achieved by use of renewable energy



The energy to operate a TV for 72,849 days



The pollution an average passenger car emits over 74.25 years



The energy to power 1,935.12 computers for 1 year

Greenhouse Gases

Greenhouse gases avoided by use of renewable energy

CARBON DIOXIDE

CO₂ 742,511.30 lb

NITROGEN OXIDE

NO_x 694.40 lb

SULFUR DIOXIDE

SO₂ 13.70 lb

Carbon Offset

336.80 metric tons



You have offset the equivalent of:

71.80 ac



Duty Free Production Base

1. Increase Automated Manufacturing Ratio
2. Duty Free Advantages:
 - A. EVFTA applies to Vietnam's exports to Europe
 - B. Exemption on tariffs for Jordan's exports to the US and Europe
 - C. Europe withdrew part of the tariff preferences on Cambodia resulting in orders transferred to Vietnam and Jordan



ISPO Urban Outdoor Award

Co-developed with Adidas Outdoor Performance Apparel that is both environment sustainable and functional, and won the ISPO Award



ISPO Urban Outdoor Award

Adidas MyShelter Parley Jacket / Jan. 2020 / 230€ (\$260)



ISPO judges awarded the Adidas MyShelter Parley jacket for three features: sustainability, function, and style. It sports hands-free carry straps and seam-sealed, three-layer waterproof construction. What's more, the MyShelter Parley uses 100 percent recycled polyester pulled from beach waste.



ISPO Outdoor Down Layer Award

Co-developed with Mammut Laser Fused jacket and won the ISPO Award



**This Award-Winning Jacket Has
Laser Fused Seams**

