

Quang Viet Enterprise Co., Ltd. (4438 TT)

Investor Presentation

Redefining Efficiency. Rebuilding Value.

Date : 2025/4

<https://www.qve.com.tw/>

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A black and white photograph of Peter F. Drucker, an elderly man with short, light-colored hair, wearing a suit and tie. He is seated in front of a bookshelf filled with books. He is looking slightly to the right of the camera with a thoughtful expression. His hands are clasped in front of him, holding a pair of glasses. The background is a dense bookshelf with many books of various sizes.

“The greatest danger in times of turbulence is not the turbulence—it is to act with yesterday’s logic.”

— *Peter F. Drucker*
· Father of Management



**WHY
QVE?**

Top 3 Global Manufacturer in Luxury Functional Outerwear/activewear

QVE excels in high-complexity processes—down filling, waterproof bonding, seamless welding—and has served 30+ global brands, including adidas, Patagonia, VF, Nike, and Lululemon. Trusted for its quality and delivery, QVE maintains strong customer loyalty and continues to expand into luxury outerwear and activewear markets.

Flexible Multi-Region Supply Chain with Tariff Resilience

With facilities in China, Vietnam, Jordan, and Romania, QVE offers agile production allocation. Jordan's proposed 20% U.S. tariff compares favorably to up to 46% in other countries, ensuring relative cost efficiency and stable supply amid geopolitical shifts.

Reengineering Efficiency to Accelerate Returns

Since 2023, QVE has launched a manufacturing upgrade initiative, already showing results: its China site boosted output by 38% with only a 3% increase in headcount. The ongoing “QVE Icebreaking” program further enhances productivity, order allocation, and capital efficiency—anchored on ROIC as a core metric. QVE targets 20% ROE within 3–5 years while maintaining a 70% dividend payout, reinforcing its commitment to long-term shareholder value.



ABOUT QVE

Founded in 1997, QVE is a trusted manufacturer for luxury outerwear and activewear. With deep expertise in functional garment engineering, we partner with Tier 1 brands such as Nike, adidas, VF, Patagonia, and Lululemon to deliver scalable, agile, and vertically integrated solutions.

Empowering the World's Tier 1 Brands with Luxury Outerwear and Activewear Solutions

Client Portfolio

Luxury Outerwear

MONCLER SANDBANKS Ermenegildo Zegna

Outerwear

patagonia MAMMUT mont·bell THE NORTH FACE salomon

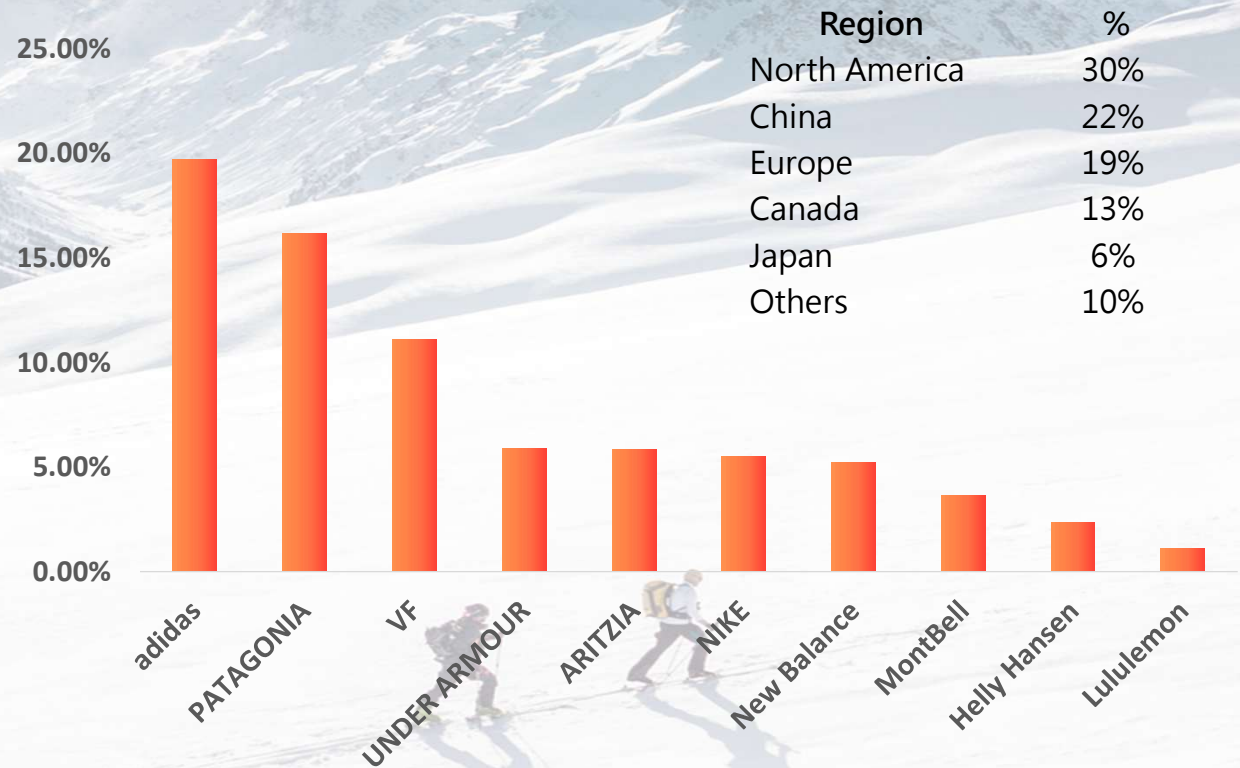
Activewear

adidas UNDER ARMOUR FILA NIKE new balance lululemon

Fashion wear

ARITZIA

Revenue Breakdown by Top 10 Customer / Region (2024)



Leveraging Core Technologies to Expand Across Diverse Outdoor and Activewear Segments



(NT\$ bn)

	2021		2022		2023		2024	
Down Jackets	5.2	40.27%	6.9	34.45%	5.4	32.44%	5.7	34.53%
Fiberfill Jackets	2.5	19.08%	4.7	23.60%	4.5	27.20%	3.8	23.26%
Light Jackets and Coats	1.6	12.22%	2.4	12.04%	2.2	13.01%	2.5	14.99%
Knitwear	1.5	11.89%	2.4	11.84%	2.1	12.48%	1.9	11.24%
Others	2.2	16.53%	3.6	18.06%	2.5	14.87%	2.6	15.99%
Total	13.0	100.00%	20.1	100.00%	16.6	100.00%	16.5	100.00%

Building Sustainable Competitiveness Through Production Mastery



5 Strategic Pillars of Production Management

5 Strategic Pillars



Market-aligned agile teams



Strategic capacity allocation



Integrated & flexible production



Smart & efficient Site



Optimized cash flow management

On-time delivery rate >97%, consistently ranked among top-tier global suppliers for leading performance brands.

Strategic Capacity Allocation for Supply Chain Stability

QVE' s Capacity Strategy: Tariff leverage, supply chain depth, and EU market proximity



More Sites, More Options: QVE Outpaces Peers in Supply Chain Readiness

Product Type	Country	US Tariff Rate	Production Footprint					Notes
			QVE	Kwang Lung	Youngone	Makalot	Eclat	
Luxury Outerwear/Activewear	Vietnam	46%	v	v	v	v	v	
	Jordan	20%	v					
	Romania	25%	v					*Mainly serves EU markets
	China	34%	v		v	v		*Mainly serves China market
General Apparel & Fast Fashion	Bangladesh	37%			v	v		
	Cambodia	49%				v	v	
	Indonesia	32%				v	v	
	Philippines	17%				v		
	El Salvador	10%			v	v		
	India	26%			v			

Integrated & Flexible Production to Strengthen Supply Chain Resilience



Smart Factory Automation: Unlocking Efficiency in Functional Outerwear Manufacturing

- Functional outerwear production is more complex than general apparel, requiring close coordination between skilled labor and automation—especially for materials like down.
- QVE is at the forefront of automation adoption, enhancing efficiency and reducing worker onboarding time—enabling “arrive today, contribute tomorrow.”

Upstream Process

Midstream Process

Downstream Process



Description	Receive style spec / tech pack from client	Source raw materials	Cut fabric by spec	Sew panels with precision alignment	Fill by chamber map / weight spec	Assemble major garment sections	Apply seam tapes & shape contours	Inspect & repair	Label, pack, and ship
Automation Use	-	-	V	Δ (semi-automated)	V	X (manual)	V	Δ (semi-automated)	V
Key Equipment			Automated Fabric Cutting Machine	Automatic Sewing Machine	Automated Down Filling Machine		Heat Press		

QVE automates the most technical stages to reduce labor dependency, improve consistency, and increase production efficiency.

Complex sewing steps (e.g., sleeves, pockets, hoods, collars) still rely on manual labor and operator expertise.

QVE' s Manufacturing Upgrade Kicks Off with Early Success in China

- QVE launched its company-wide upgrade initiative in 2023, starting with our China site. Early results have validated the execution of our Icebreaking strategy.

China Site Transformation Strategy

Results

Organizational Restructuring :

- Flattened and rejuvenated management layers to boost agility and communication.
- Introduced international management talent to deepen global client engagement.

Cost Efficiency :

- Conducted detailed site-level cost breakdowns to optimize resource use and reduce waste.
- Implemented cost accountability to preserve contribution margins.

Productivity Enhancement :

- Upgraded automation systems and extended automation to select manual steps (e.g., bundling) to improve process efficiency.

+38%

gain in productivity
(with just a 3% headcount increase)

>50%

growth in customer orders

Top-ranked

in on-time delivery performance (MDP) among key clients
(MDP, Management Delivery Performance)

Icebreaking: QVE's 3-Year Roadmap to Sharpen ROIC and Boost ROE

$$\text{ROIC} = \text{NOPAT} \uparrow \div \text{Invested Capital} \downarrow$$



Operational Excellence Program

- Accelerate smart manufacturing upgrades
- Build an integrated data system for analysis and response
- Standardize shift and workforce management

Order Profitability Optimization

- Maximize site utilization and order margin
- Prioritize long-term customer value over volume

Disciplined Capital Investment

- Take a prudent approach to capacity expansion
- Explore asset-light or capital-efficient models

- ROIC adopted as the primary metric for capital efficiency

- Targeting sustainable ROE improvement to 20% within 3–5 years

A black and white close-up portrait of Peter F. Drucker. He is looking slightly to the right of the camera with a thoughtful expression. He is holding a pair of dark-rimmed glasses in his right hand, with the frames resting near his chin. The background is a plain, light-colored wall.

“Change before you have to.”

*—Peter F. Drucker
· Father of Management*

Financials

Income Statement

NT\$m	2020	2021	2022	2023	2024	YoY				
						2020	2021	2022	2023	2024
Revenue	12,189	13,022	20,066	16,553	16,473	-25.0	6.8	54.1	-17.5	-0.5
Gross Profit	1,286	1,872	3,266	2,486	2,095	-49.5	45.6	74.5	-23.9	-15.7
Operating Expenses	-1,005	-1,187	-1,744	-1,565	-1,626	-13.6	18.1	47.0	-10.3	3.9
Operating Profit	280	685	1,522	921	469	-79.7	144.2	122.3	-39.4	-49.1
Pretax Income	686	974	1,957	1,191	682	-50.5	41.9	100.9	-39.2	-42.7
Tax Expenses	-129	-248	-462	-286	-203	-55.3	92.8	86.5	-38.1	-29.1
Minority Interest	-21	-96	-318	-170	-77	-77.6	366.3	232.4	-46.5	-54.6
Net Income to Parent	537	631	1,176	734	402	-46.6	17.3	86.5	-37.6	-45.2
Basic EPS (NT\$)	5.20	6.10	11.38	7.10	3.89	-46.6	17.3	86.6	-37.6	-45.2
Key Financial Ratios (%)										
Gross Margin	10.5	14.4	16.3	15.0	12.7					
Operating Expense Ratio	8.2	9.1	8.7	9.5	9.9					
Operating Margin	2.3	5.3	7.6	5.6	2.8					
Effect Tax Rate	18.7	25.4	23.6	24.0	29.7					
Net Margin	4.6	5.6	7.4	5.5	2.9					

Balance Sheet

NT\$m	2020	2021	2022	2023	2024	YoY				
						2020	2021	2022	2023	2024
Total Assets	12,870	14,839	16,486	15,692	17,198	10.4	15.3	11.1	-4.8	9.6
Cash	2,346	1,819	3,765	3,227	2,337	5.1	-22.4	107.0	-14.3	-27.6
AR & NR	973	2,035	1,816	1,320	1,570	-11.9	109.1	-10.8	-27.3	18.9
Inventories	3,006	4,201	4,238	3,226	4,213	-12.1	39.8	0.9	-23.9	30.6
Fixed Assets	2,765	2,938	3,098	3,387	3,534	19.1	6.3	5.5	9.3	4.4
Total Liabilities	4,717	6,448	6,718	5,750	7,043	22.2	36.7	4.2	-14.4	22.5
AP & NP	710	852	984	703	1,154	21.1	20.0	15.5	-28.5	64.2
Total Borrowings	2,102	3,598	3,203	2,863	3,915	6.2	71.2	-11.0	-10.6	36.8
Total Equity	8,153	8,392	9,768	9,942	10,155	4.6	2.9	16.4	1.8	2.1
Key Financial Ratios										
A/R Turnover Days	30.7	41.6	34.5	34.1	31.6					
Inventory Turnover Days	106.1	116.3	90.4	95.5	93.1					
A/P Turnover Days	21.4	25.2	19.7	21.6	23.3					
Cash Conversion Days	115.4	132.7	105.3	108.0	101.5					
ROE (%)	7.0	8.8	16.5	9.2	4.8					
ROA (%)	4.5	5.2	9.5	5.6	2.9					
Net Debt/equity	(20.9)	21.2	(20.3)	(18.2)	15.5					

Historical Cash Dividend Distribution

	2020	2021	2022	2023	2024
EPS (NT\$)	5.20	6.10	11.38	7.10	3.89
Cash Dividend per Share (NT\$)	3.2	4.2	6.8	5.2	3.2
Dividend Yield	6.14%	2.64%	3.50%	5.79%	5.17%