Fulgent Sun Group

鈺齊國際股份有限公司 (9802)

Fulgent Sun International (Holding) Co., Ltd.

2020.08

福建和誠鞋業

越南鈺齊鞋業

長汀長誠鞋業

湖北襄誠鞋業

柬埔寨齊鼎鞋業

越南鈺興鞋業

Safe Harbor

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HARMONY &
FAITHFULNESS
INNOVATION
VELOCITY
EXCELLENCE

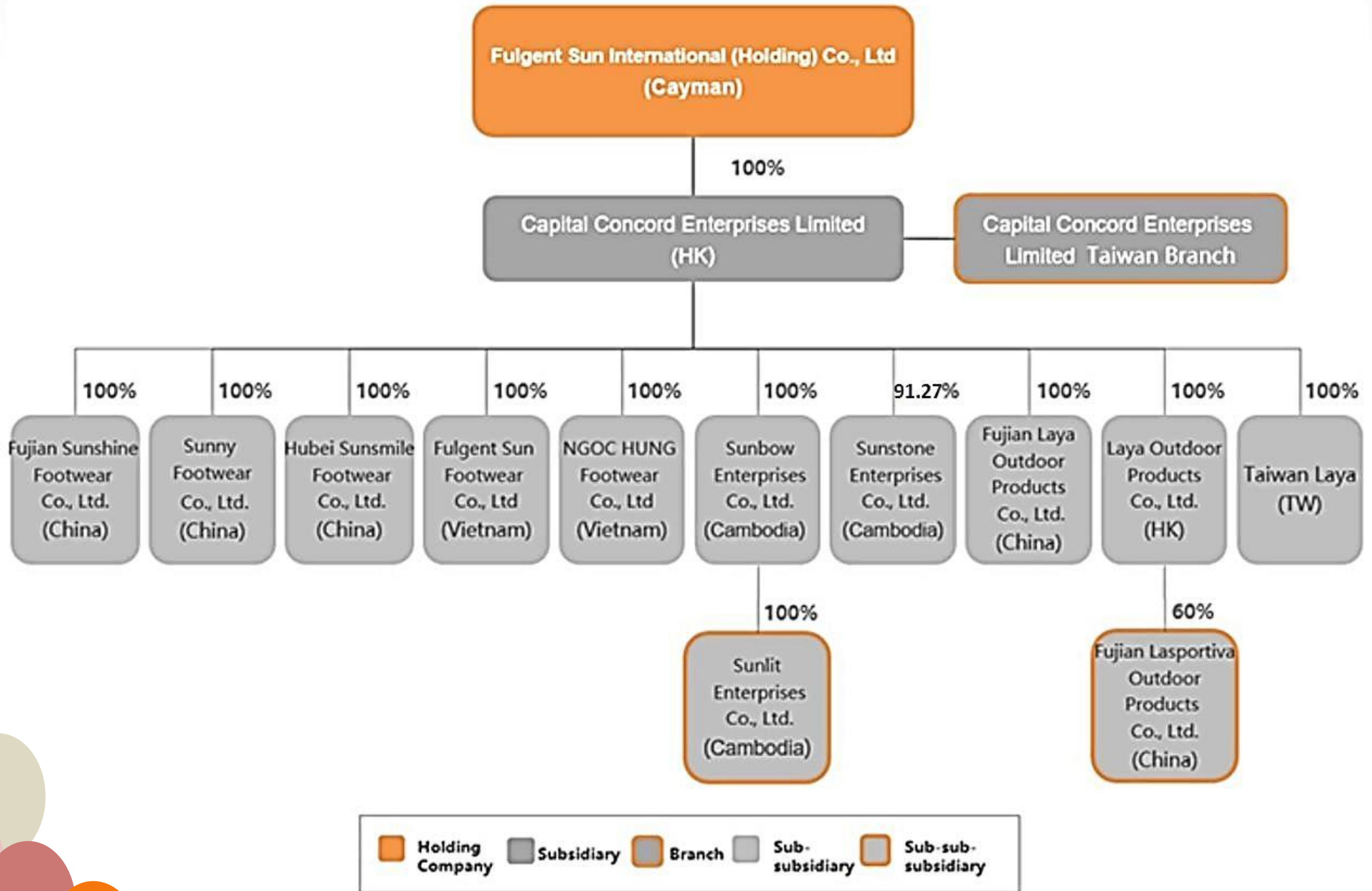
Company Profile

About Fulgent Sun

- **Ticker :** 9802 TT
- **Date of Incorporation :** 1995
- **The total paid-up capital :** NT$1.75bn (As of July 2020)
- **Employee :** est. 23,000
- **Headquarter :** YunLin, Taiwan
- **Date of Listing :** 2012/10/18

- **Operating Locations:** YunLin (Taiwan)/QuanZhou (FuJian) (1995)、HungYen (Vietnam) (2003)、ChangTing (FuJian) (2005)、XiangYang (HuBei) (2009)、Cambodia (2013)、Hai Duong(Vietnam) (2015) (GORE-TEX Certified)
- **The scope of business :** 2020 January ~June
  Footwear (99.6%)& **Others** (0.4%)
- **Shareholding of Chairman and GM ：**
  47,285shares(26.95%)
- **Investor/Press Release :**
  http://www.fulgentsun.com/investors04_1.asp

- Group Organization



• Milestone

Sunshine Factory
Quanzhou, China

1995

Head Quarter
Yunlin, Taiwan

2003

Fulgentsun Factory#1
Hanoi,Vietnam

Sunny Factory
Changting,China

2005

2006

Fulgentsun Factory#2
Hanoi,Vietnam

Sunsmile Factory
Huibei, China

2009

2012

GO ON STOCK in Taiwan

Sunbow Factory
Cambodia

2013

2015

Sunray Factory
Hanoi,Vietnam

鈺齊國際

Products & Customers

BLACK YAK DESIGNED BY MOUNTAINEERS, berghaus, DECATHLON, HEAD, inov-8, Jack Wolfskin, KEEN, LA SPORTIVA, MAMMUT, MEINDL Shoes For Actives, MERRELL, NORTHWAVE, SALEWA, engelbert strauss, TECNICA GROUP, Timberland, TOMS, THE NORTH FACE NEVER STOP EXPLORING, Under Armour, VANS

Products			
Name	**Outdoor Footwear - GTX**	**Outdoor Footwear – none GTX**	**Sports Footwear**
Function	Breathe/ Waterproof/ Upstream/ Climbing/ All Condition	Climbing/ Walking/ No rain outdoor sports	Jogging/ Walking/ All Kinds light exercise

Note 1：All trademark from original registered company
Note 2：All trademark sorting in alphabetical order

The Major Customers

(in alphabetical order)

2018

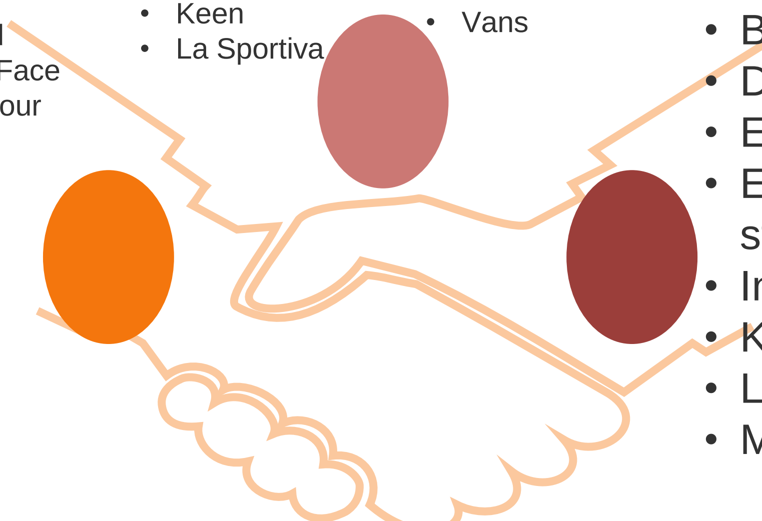
- Berghaus
- Decathlon
- Engelbert strauss
- Inov-8
- Jack Wolfskin
- K2
- Keen
- La Sportiva
- Mammut
- Meindl
- Salewa
- Timberland
- The North Face
- Under Armour
- Vans

2019

- Altra
- Berghaus
- Blackyak
- Decathlon
- Eider
- Engelbert strauss
- Head
- Inov-8
- Jack Wolfskin
- Keen
- La Sportiva
- Meindl
- Merrell
- Northwave
- Reef
- Salewa
- Tecnica
- Timberland
- The North Face
- Under Armour
- Vans

2020 (H1)

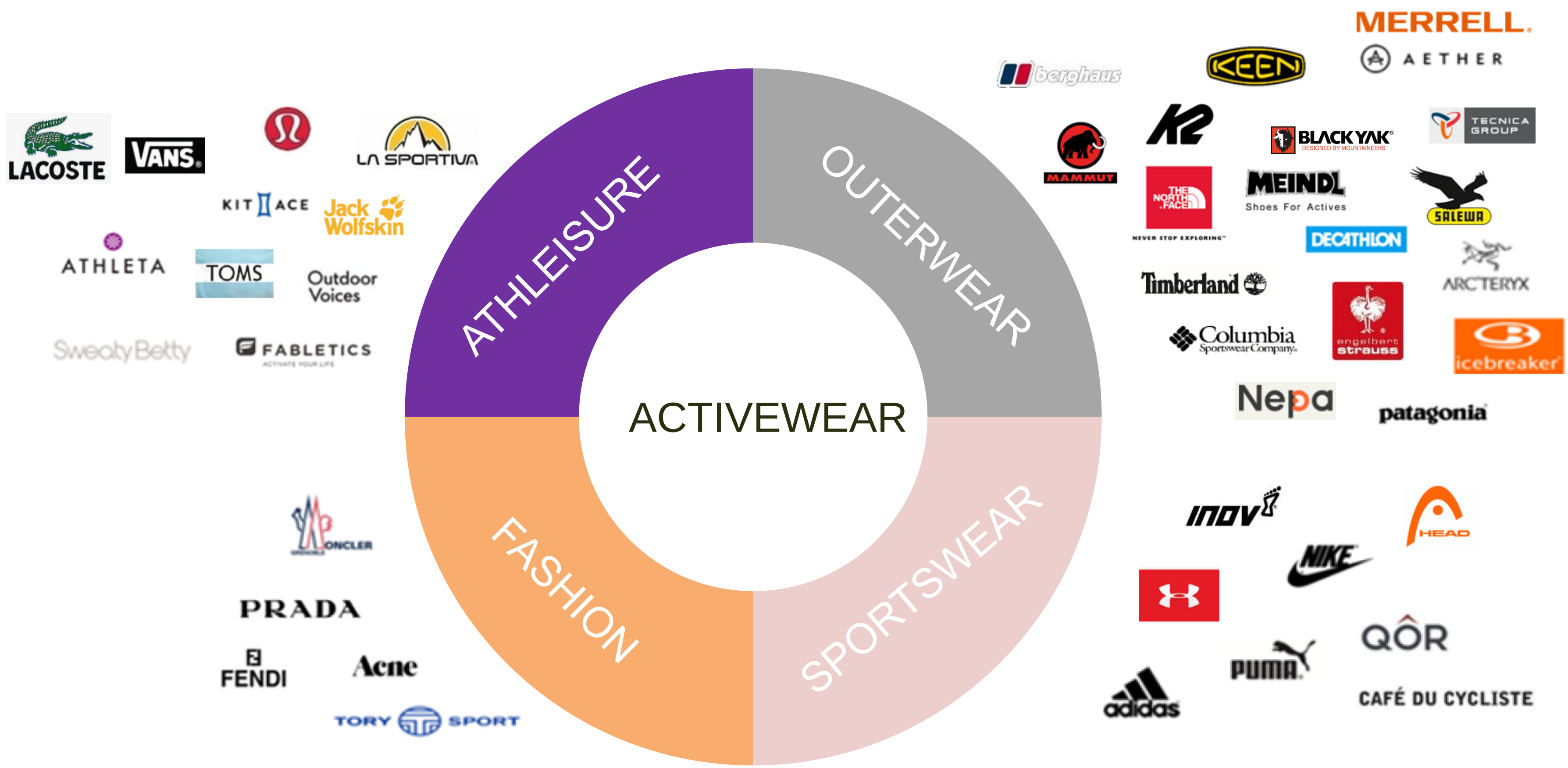
- Altra
- Berghaus
- Black Diamond
- Blackyak
- Decathlon
- Eider
- Engelbert strauss
- Inov-8
- Keen
- La Sportiva
- Meindl
- Merrell
- Nepa
- Reef
- Salewa
- TCX
- Timberland
- The North Face
- TOMS
- Under Armour
- Vans



Market

Athleisure combined fashion is the latest market trend

Create strong sales growth momentum in the future market



Technology

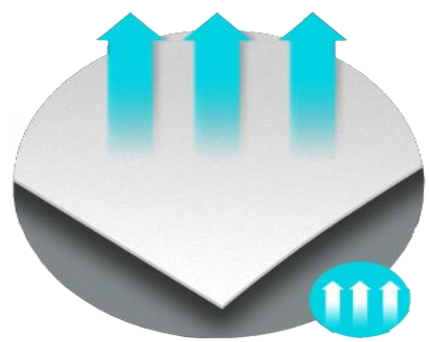
Majority of the production lines are GORE-TEX certified

GORE-TEX footwear design passed Strict testing of Gore equipment ensures optimal performance

Each square inch of GORE-TEX film contains 9bn micro pores that are 20,000x smaller than a water drop

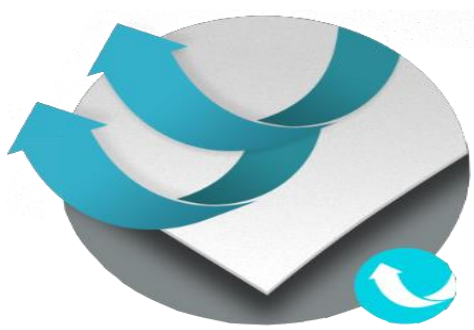
Warterproof

Each micro pore is 700x larger than a water vapor molecule which allows the vapor to easily pass through

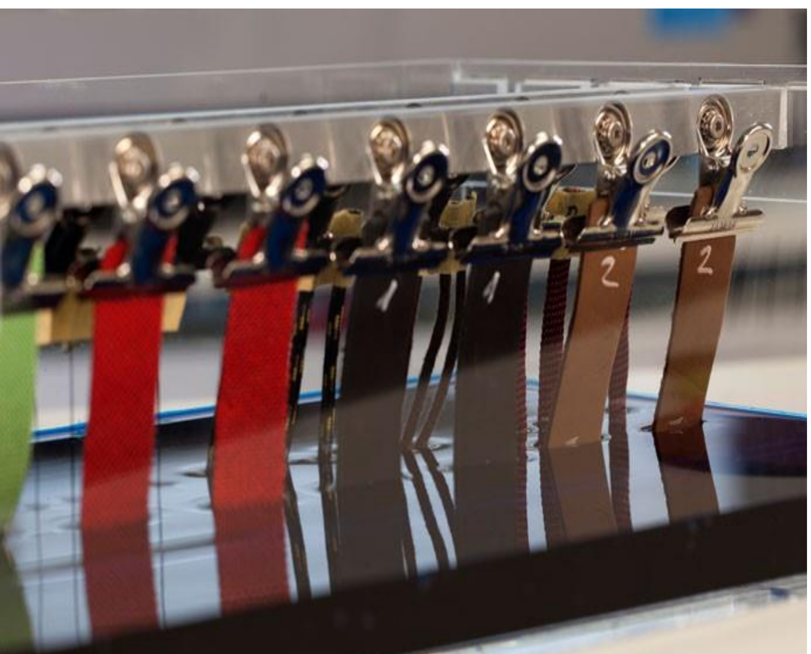


Breathable

The design of the GORE-TEX film blocks out the wind



Insulating

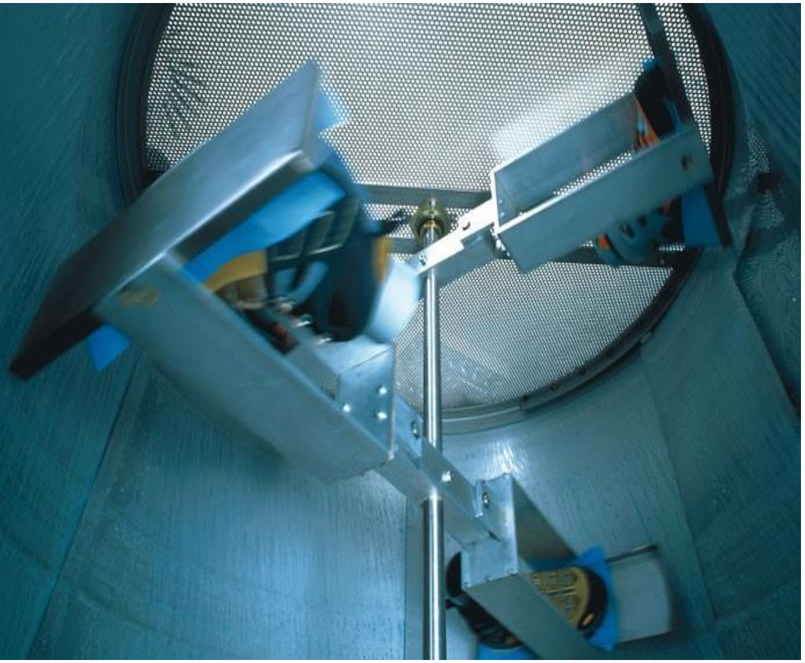


The Walking Simulator

The Walking Simulator tests the waterproof performance of GORE-TEX® footwear. Test shoes are placed on flexible foot forms equipped with moisture sensors that are subject up to 200,000 steps in a water bath. If moisture enters the shoe, the testing stops and the sensor indicates the source of the leak. The shoe or boot must then be modified and submitted for another round of testing, to prove that they meet the rigorous GORE-TEX® footwear standards.

The Wicking Test

The GORE-TEX® lining isn't the only component in footwear that ensures durable waterproofness. Materials used in the upper must also be non-wicking to prevent water from being transported into the shoe or boot over the GORE-TEX® lining. That's why we test all upper components from the shoe's leather and foam to the stitching and laces to ensure that the whole shoe or boot meets the waterproof performance standards.



The Centrifugal Tester

Boots filled with water are spun at high speeds. The resulting pressure forces water through even the smallest of holes to discover leaks. These tests are performed at every Gore certified factory.

The Comfort Test

Breathability is not only a feature of the GORE-TEX® membrane. All materials used, from the lining through to the outer material, contribute to the high breathability and climate comfort of GORE-TEX® Footwear. In the Comfort Test the entire shoe is tested for breathability which ensures that all components are working together to deliver climate comfort in the intended use.

In-House Capability

Upper Craftsmanship

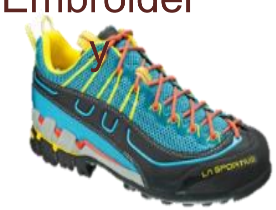
Liquid Rubber / Sandy Printing

Digital Printing

Foam printing

3D Printing

Embroider
y



Dual Seamless

Computer Stitching

Core lace +TPU welded

Laser Deco.

98%

Made in House

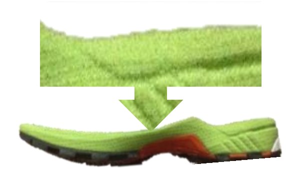
In-House Capability

Bottom Craftsmanship

Dual density midsole

Colored & Dual density midsole

Dual density Midsole +ESS



High abrasion midsole w/ cloth

IP Shell

Co-molded sole

Recycled Rubber

Vulcanized Rubber

Translucent Rubber

Buffed EVA+ Rubber

Multi-colored Rubber

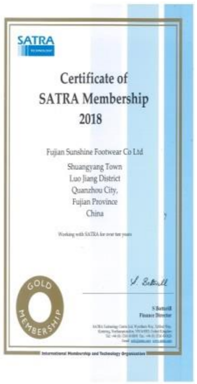
High abrasion Rubber

Sticky Rubber

Blowing Rubber

Anti-static Resistant Oil

Company Honor



SATRA Board Member
&
Certificate of Lab

Higg Index

Gore-Tex Certificate

ISO 9001:2015

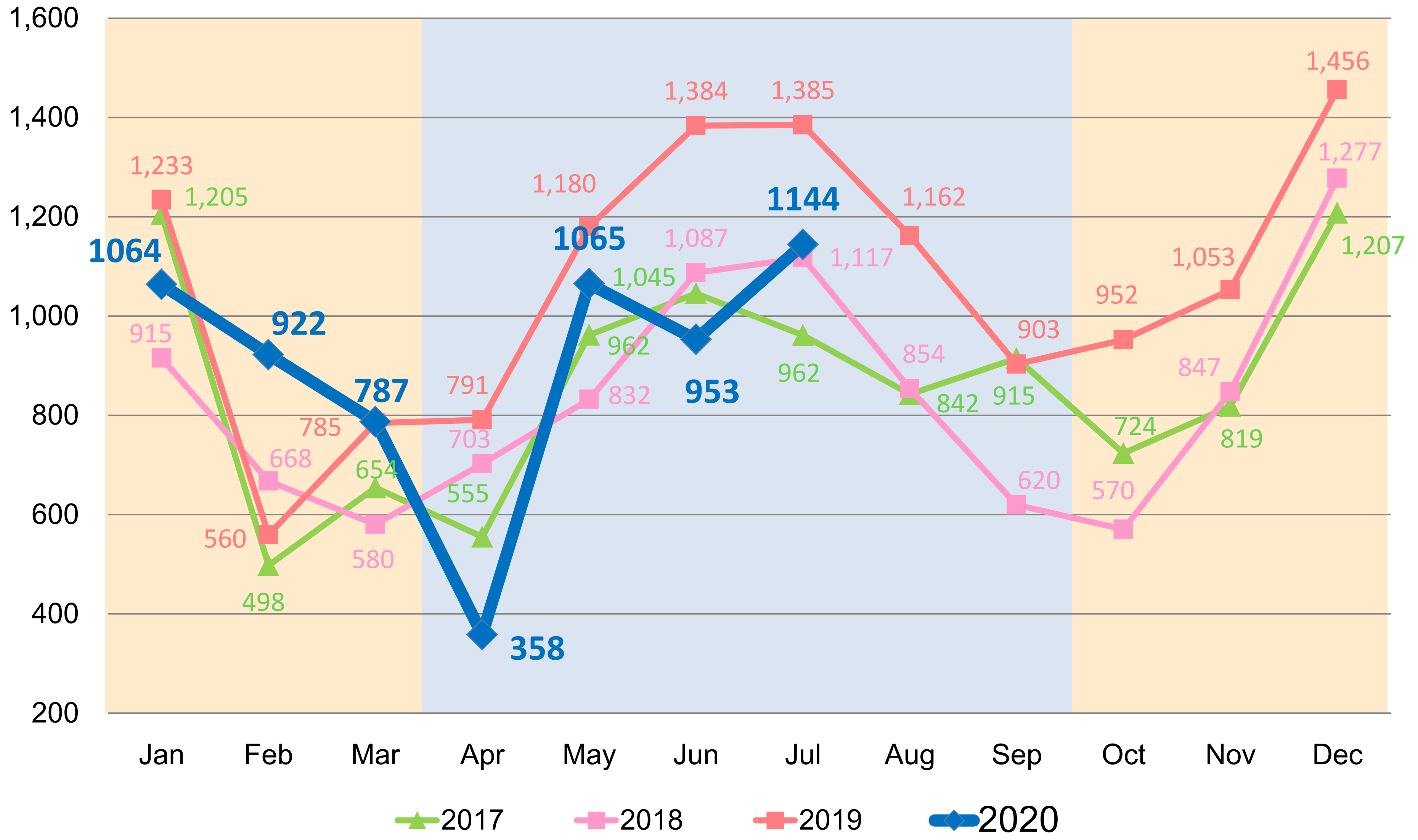
AEO Certificate

WFSGI Member

Social Responsibility

- Province Harmonious Labor Relations And Corporate Awards
- Love Workers Advanced Enterprise Awards
- Care Staff Model Business Awards

Revenue Trend I



Unit: NTD mn

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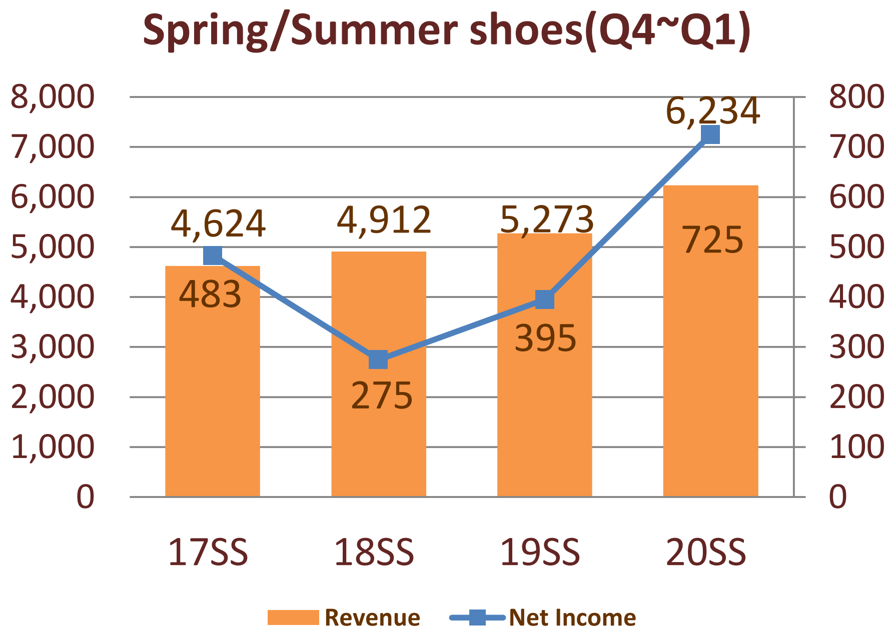
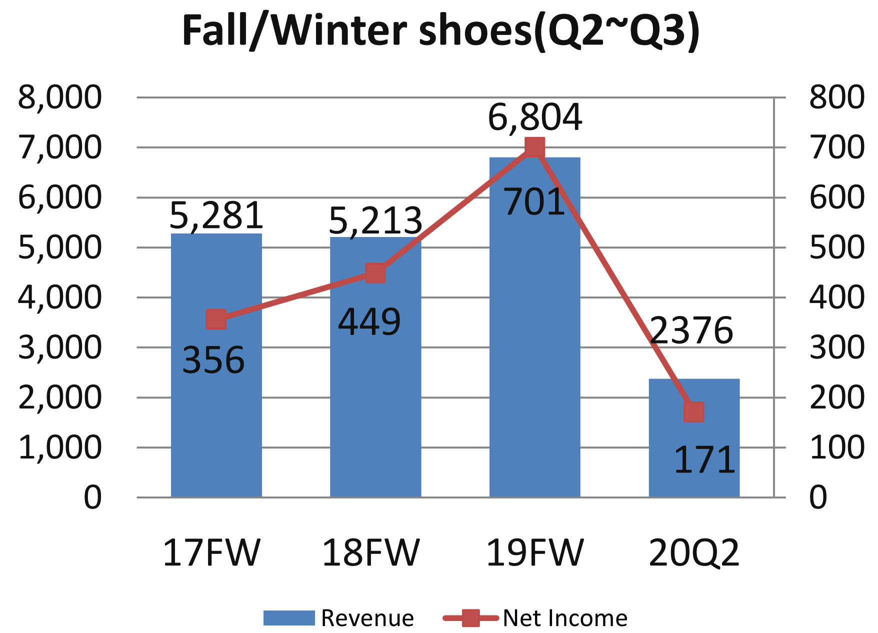
Revenue Trend II

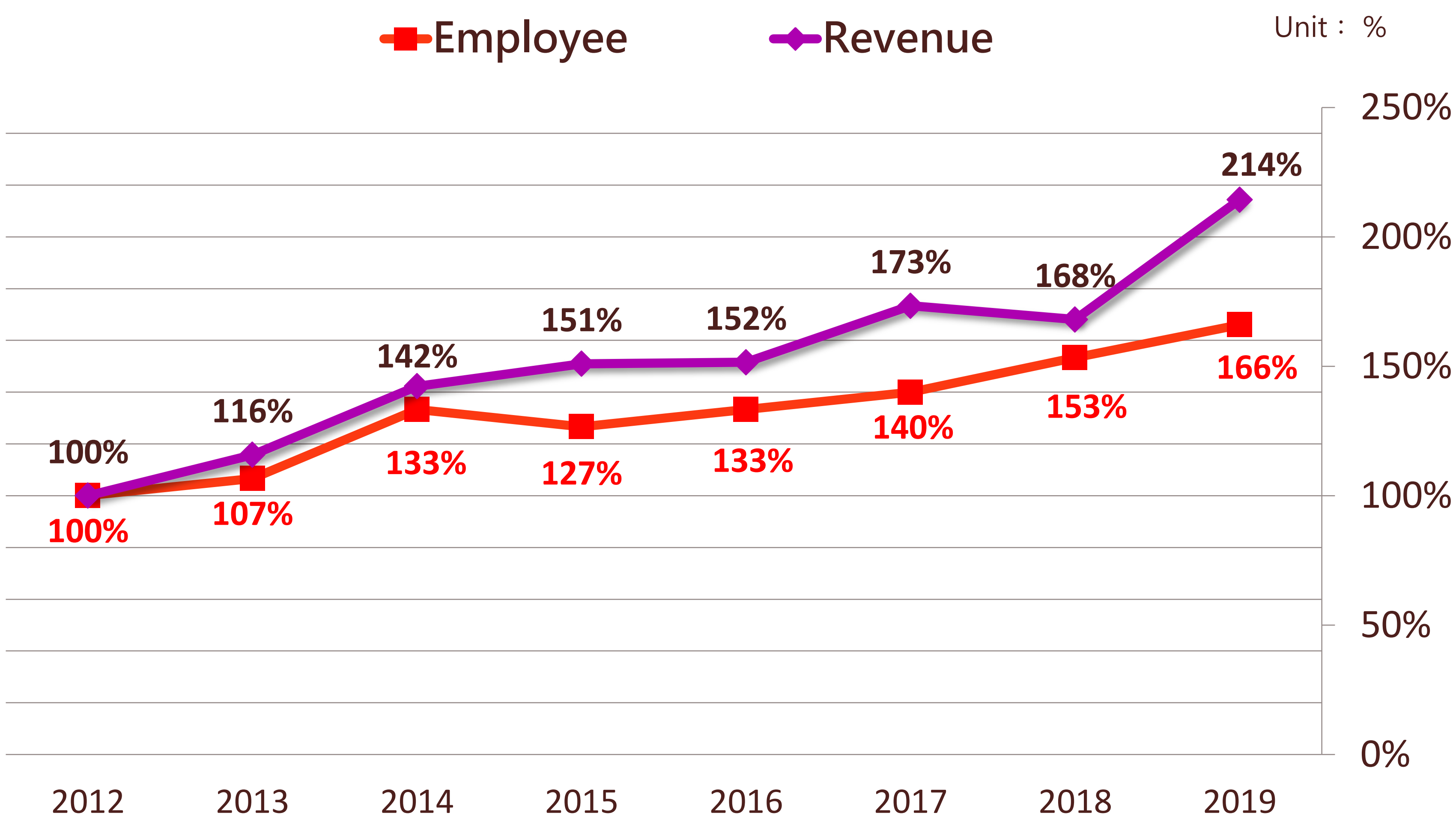




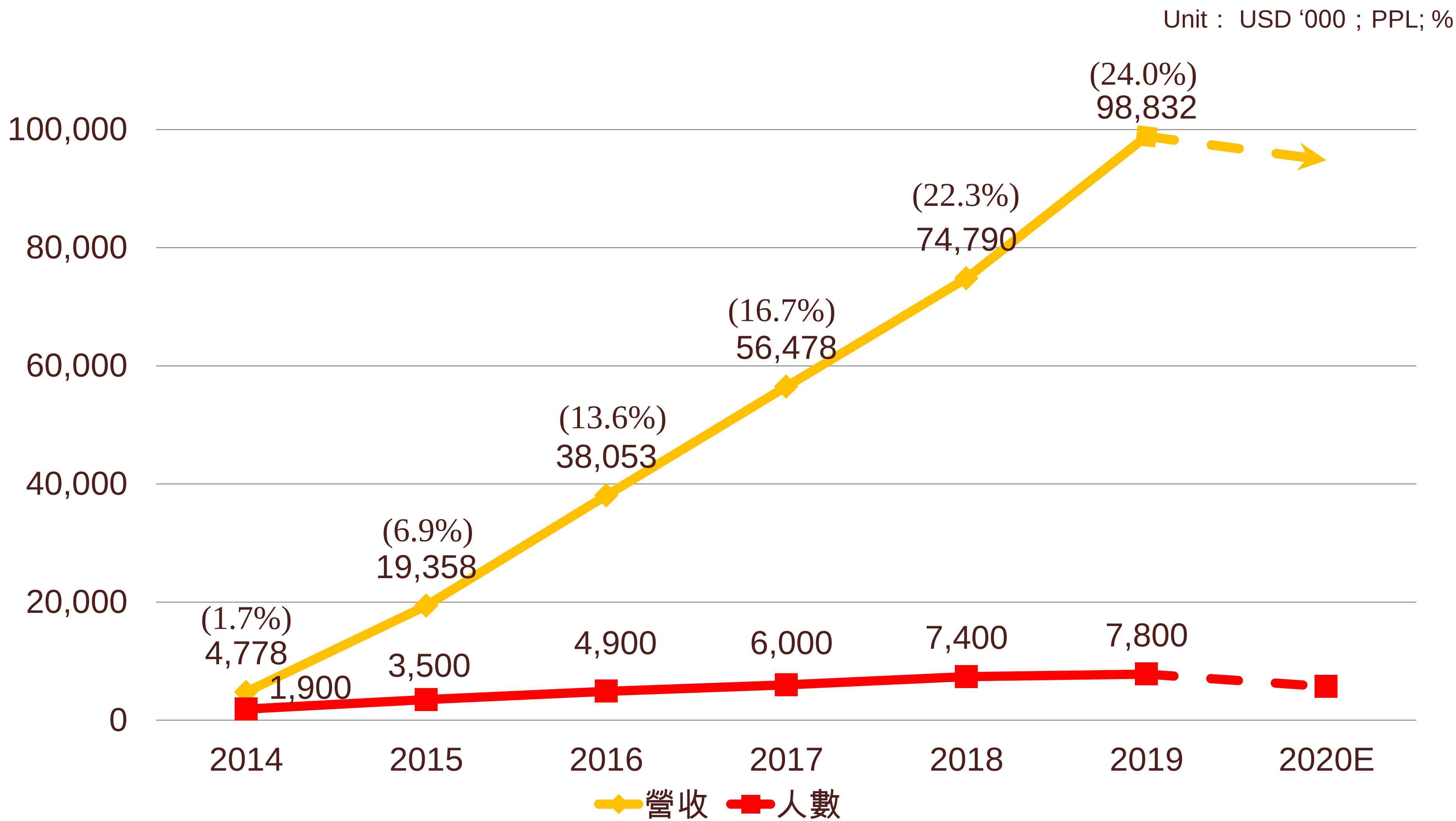
SS	Revenue	Net Income	FW	Revenue	Net Income
17SS	4,624	483	17FW	5,281	356
18SS	4,912	275	18FW	5,213	449
19SS	5,273	395	19FW	6,804	701
20SS	6,234	725	20Q2	2,376	171

Unit: NTD mn

Revenue & Employee Growth Trend(Group)

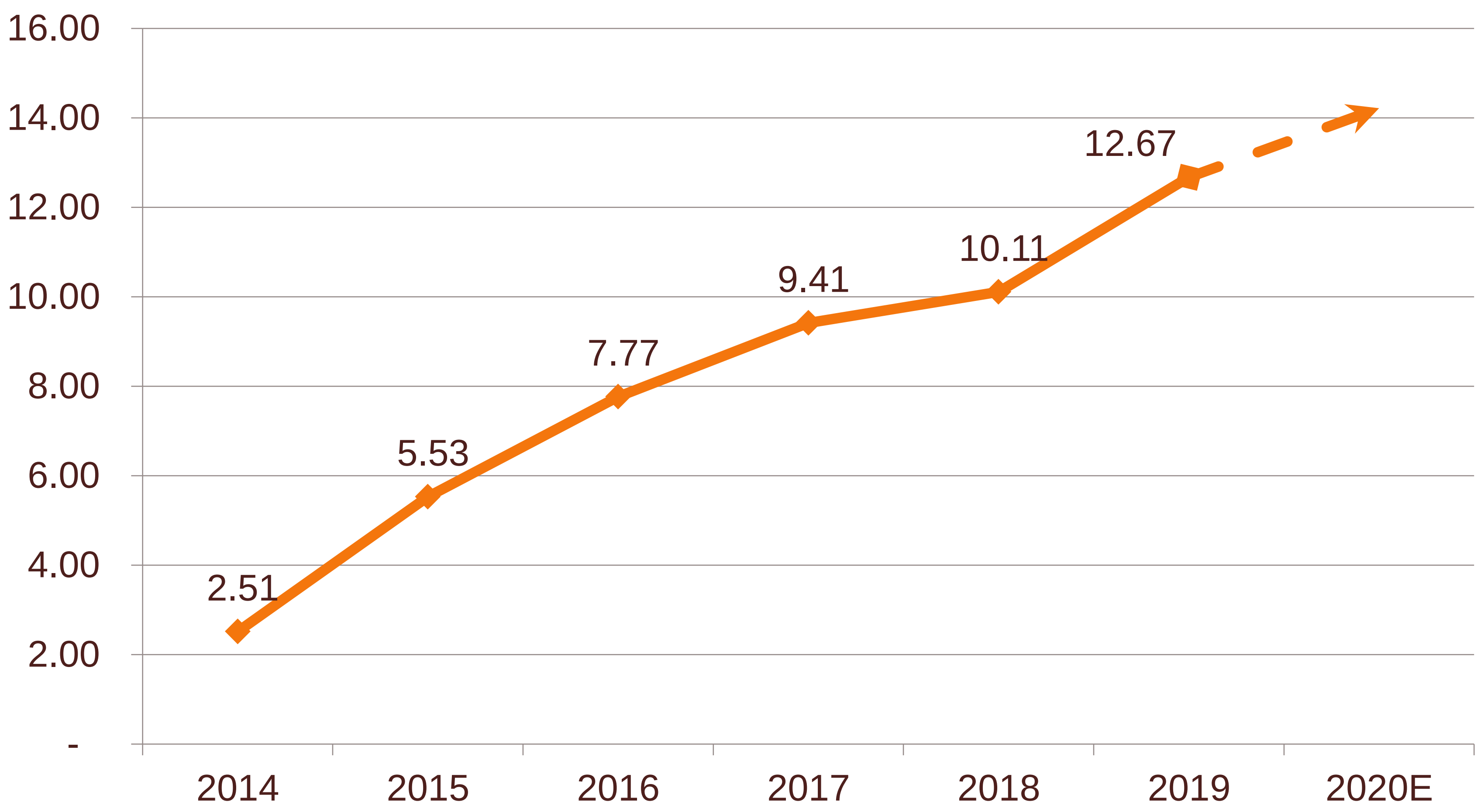


Revenue & Employee Growth Trend(Sunbow)

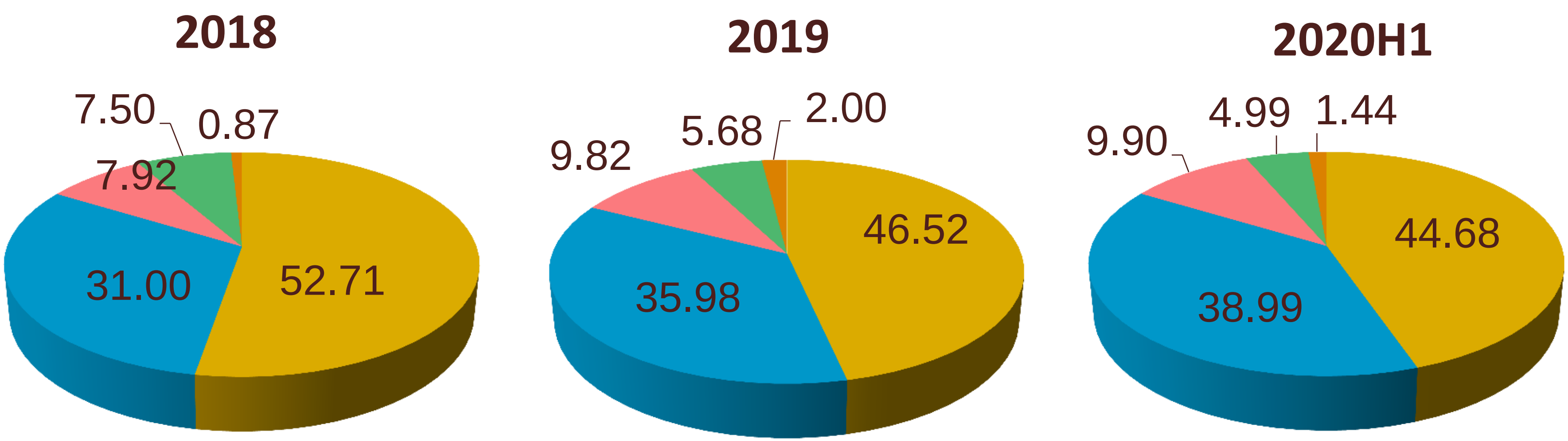


Production Contribution per Employee Trend(Sunbow)

Unit： USD ‘000



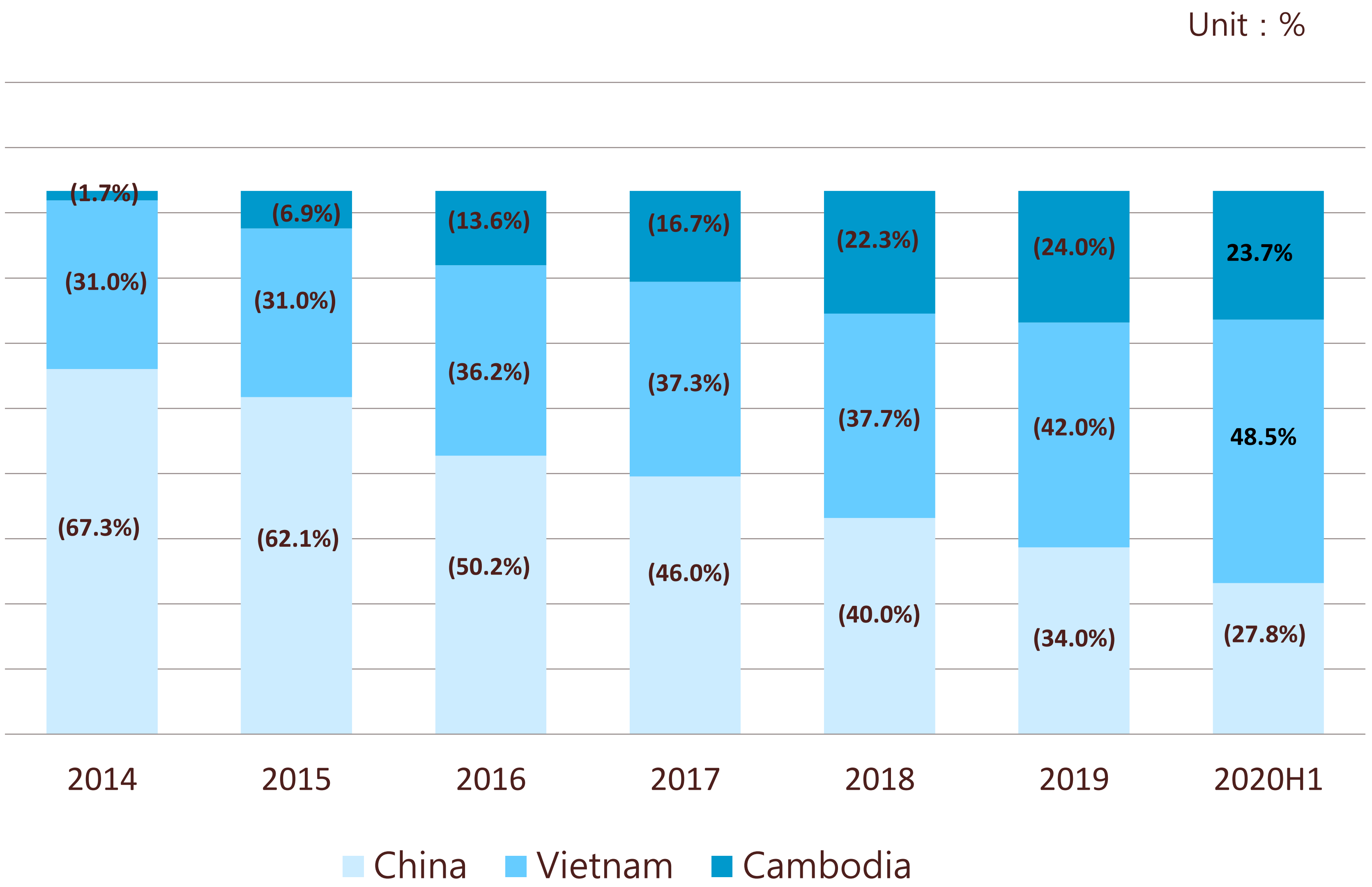
Area Percentage of Revenue



Unit： %

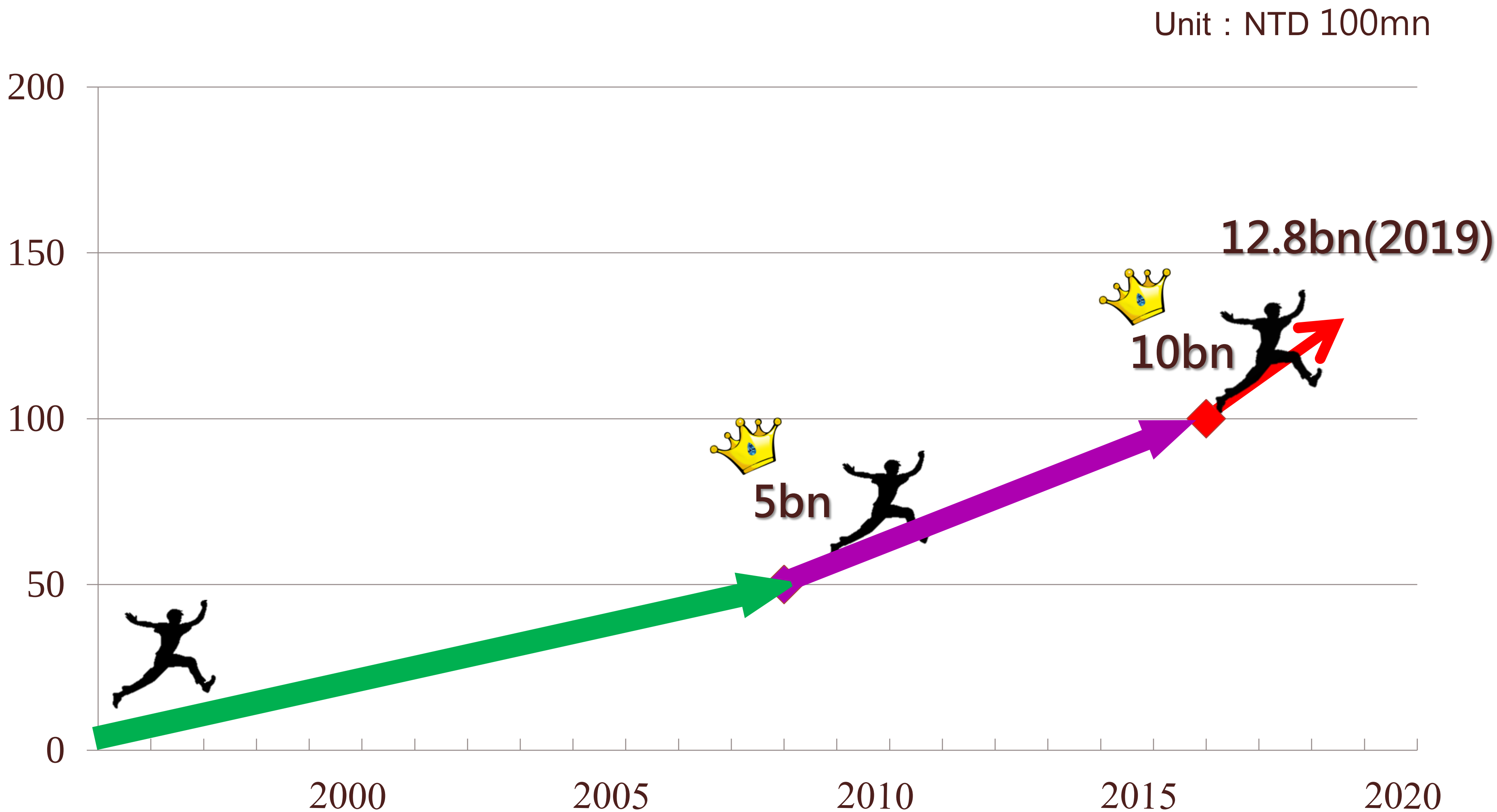
Year	Europe	America	Asia	China	Others	Total
2018	52.71	31.00	7.92	7.50	0.87	100
2019	46.52	35.98	9.82	5.68	2.00	100
2020H1	44.68	38.99	9.90	4.99	1.44	100

Capacity



Unit：%
(1.7%)
(6.9%)
(13.6%)
(16.7%)
(22.3%)
(24.0%)
23.7%
(31.0%)
(31.0%)
(36.2%)
(37.3%)
(37.7%)
(42.0%)
48.5%
(67.3%)
(62.1%)
(50.2%)
(46.0%)
(40.0%)
(34.0%)
(27.8%)
2014
2015
2016
2017
2018
2019
2020H1
China
Vietnam
Cambodia

Revenue Growth Trend(Group)



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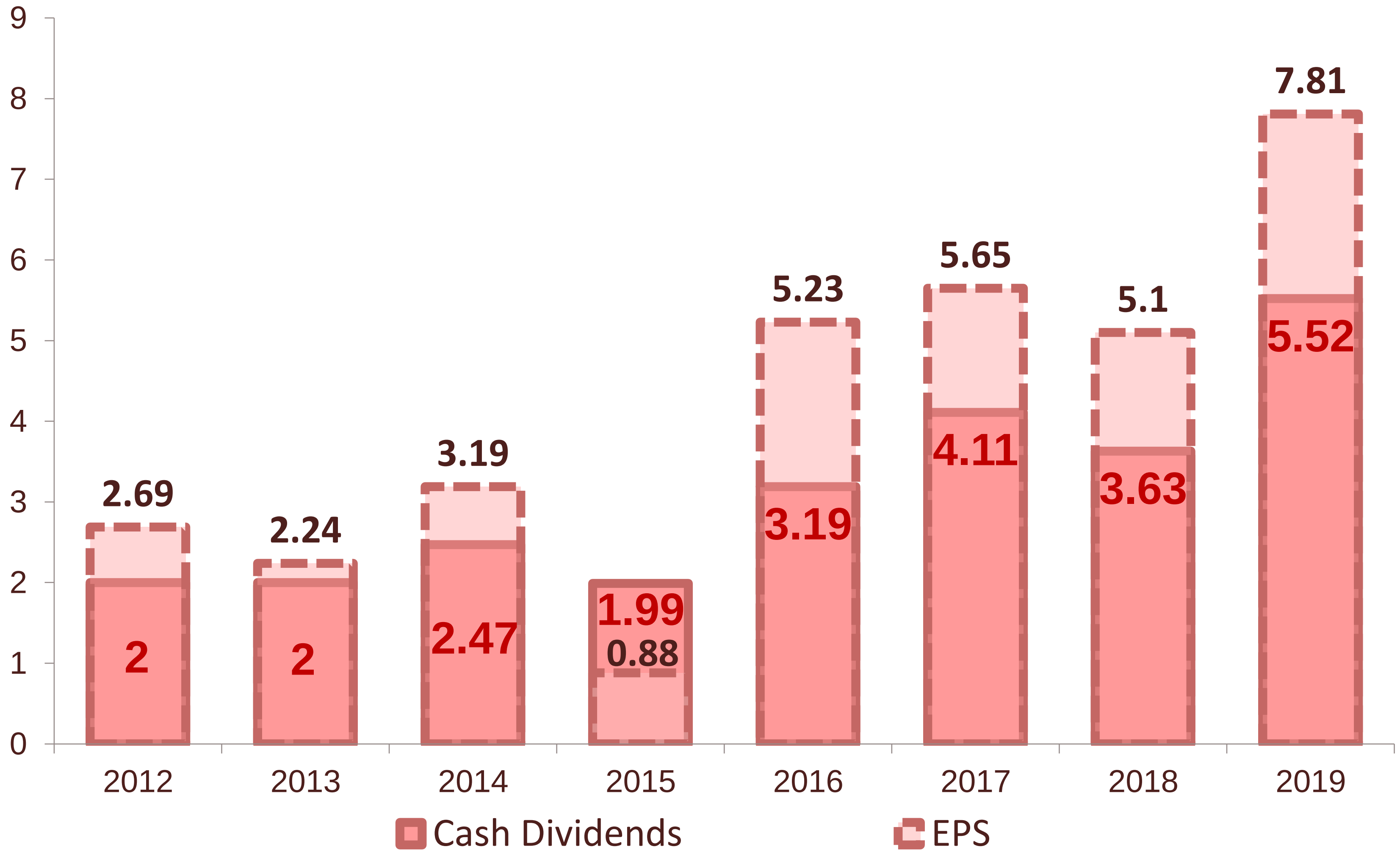
Dividends

Unit：NTD



Note：Cash dividends are rounded to two decimal places

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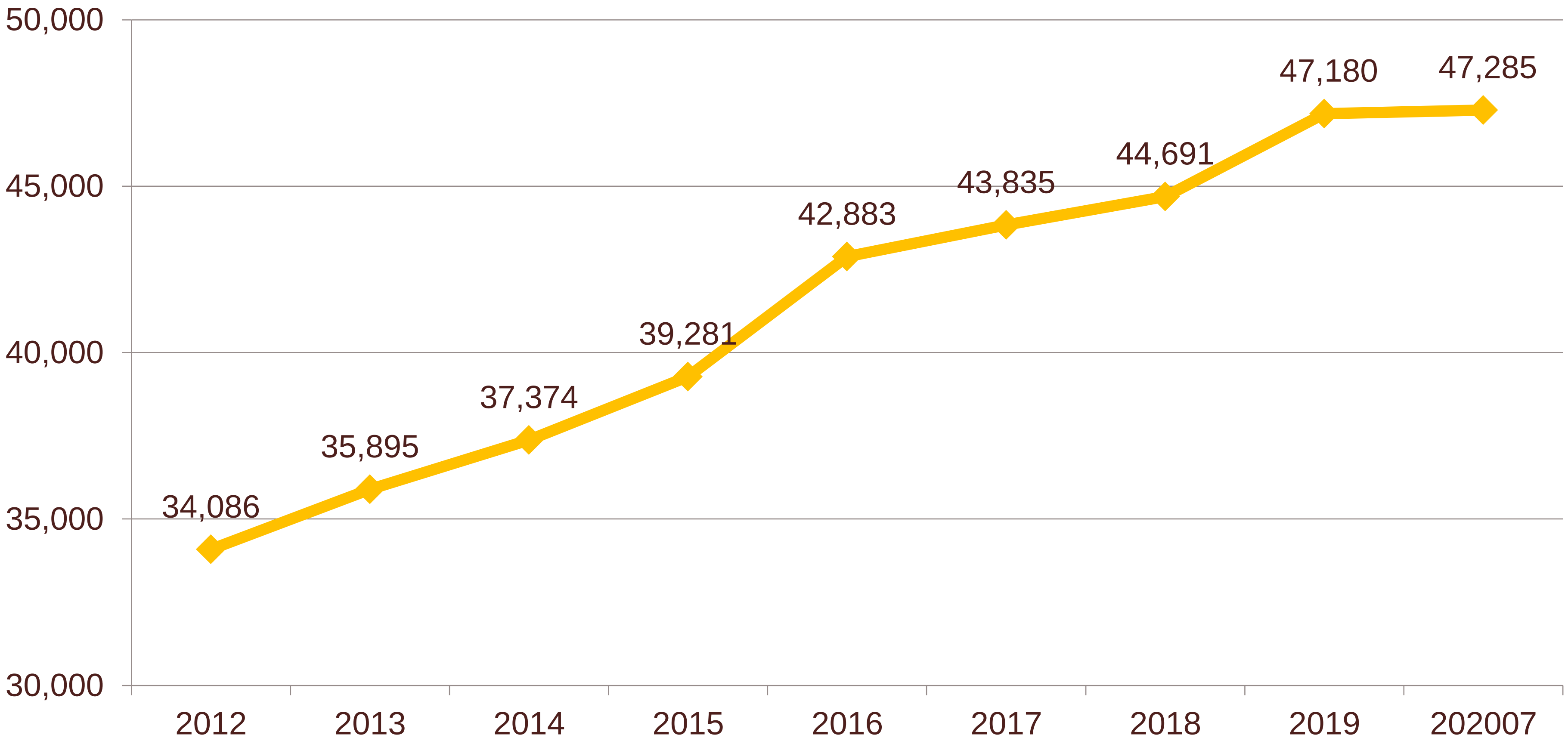
Shareholding of Chairman and GM Trend

Unit：’000 share



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Index Constituents：

- 2019/4/18: Approved by Taiwan Index Plus Corporation to be included in the "TIP TAIEX+ SMALL/MID-CAP ALPHA MOMENTUM 50 INDEX"

- 2019/5/31: Approved by Taiwan Index Plus Corporation to be included in the "TIP TAIEX+ DIVIDEND APPRECIATION 150 INDEX“

- 2019/11/27: Approved by **MSCI** to be included in the MSCI Global Small Cap Indexes

- **2020/7/17: Approved by Taiwan Index Plus Corporation to be included in the “ TWSE CG 100 INDEX“**

Financials

Account	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Revenue	2,578	3,354	3,450	3,461	12,843	2,773	**2,376**	5,149
Gross Profit	506	534	673	815	2,529	660	**474**	1,133
Gross Profit Margin (%)	19.6	15.9	19.5	23.5	19.7	23.8	**19.9**	22.0
Operation Expenses	243	248	296	284	1,072	304	**241**	545
Operating Expenses Ratio (%)	9.4	7.4	8.6	8.2	8.3	11.0	**10.1**	10.6
Operating Profit	262	286	378	531	1,457	356	**233**	589
Operating Profit Margin (%)	10.2	8.5	11	15.3	11.3	12.9	**9.8**	11.4
Net Income	205	297	406	371	1,279	354	**172**	526
EPS	1.34	1.85	2.44	2.14	7.81	2.02	**0.99**	3.01
Effect of Exchange Rate Changes	-0.22	0.29	0.48	-0.39	0.16	0.21	**-0.13**	0.08

Unit: NTD mn/ EPS : NTD

Financials

Account	2019Q2	2020Q2	YoY
Revenue	3,354	**2,376**	-29.2
Gross Profit	534	**474**	-11.2
Gross Profit Margin	15.9%	**19.9%**	—
Operation Expenses	248	**241**	-2.8
Operating Expense Ratio	7.4%	**10.1%**	—
Operating Profit	286	**233**	-18.5
Operating Profit Margin	8.5%	**9.8%**	—

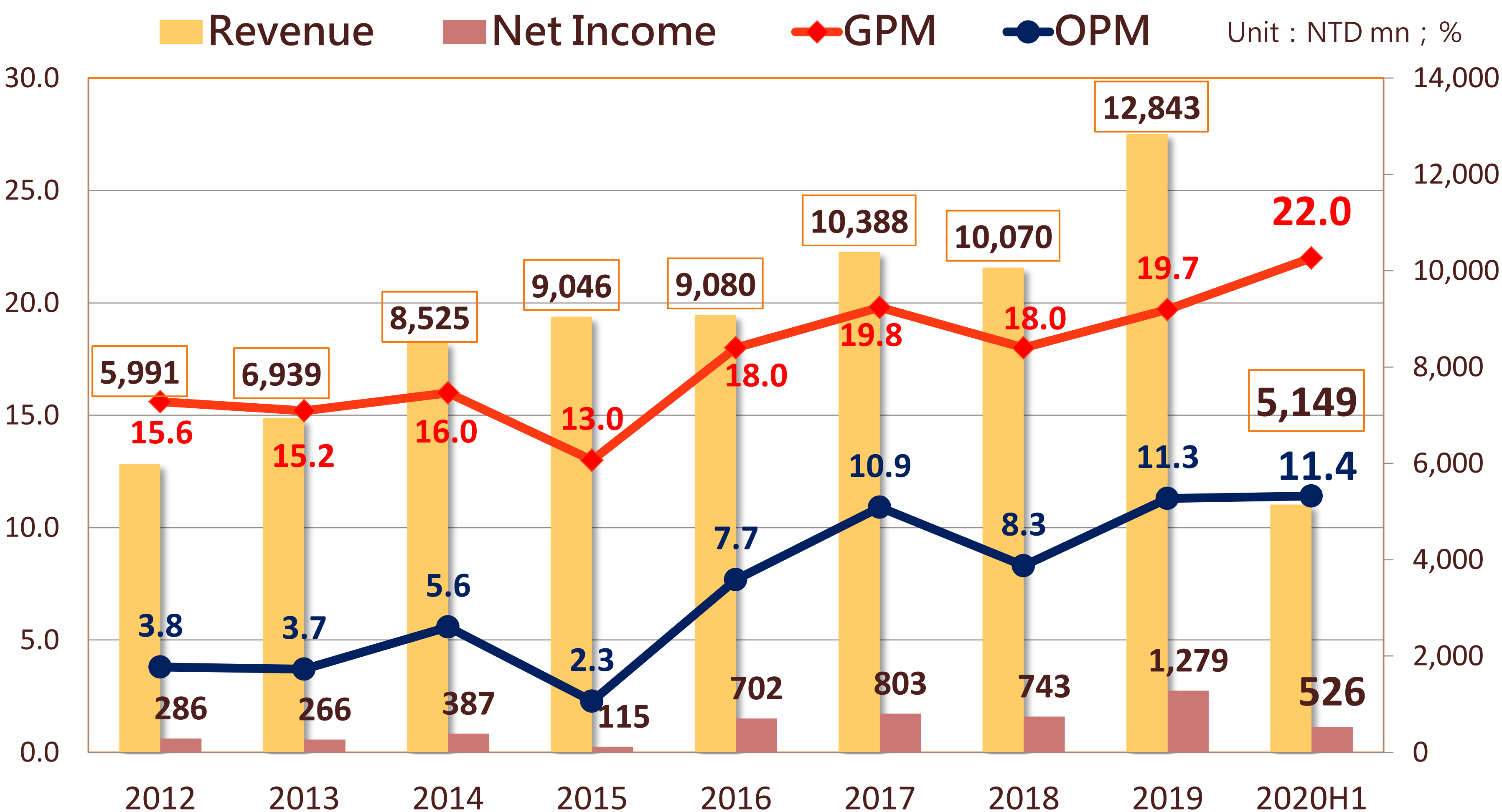
Unit: NTD mn ; %

Financials

Account	2020Q1	2020Q2	QoQ
Revenue	2,773	**2,376**	-14.3
Gross Profit	660	**474**	-28.2
Gross Profit Margin	23.80%	**19.9%**	—
Operation Expenses	304	**241**	-20.7
Operating Expense Ratio	11.00%	**10.1%**	—
Operating Profit	356	**233**	-34.6
Operating Profit Margin	12.90%	**9.8%**	—

Unit: NTD mn；%

Financials



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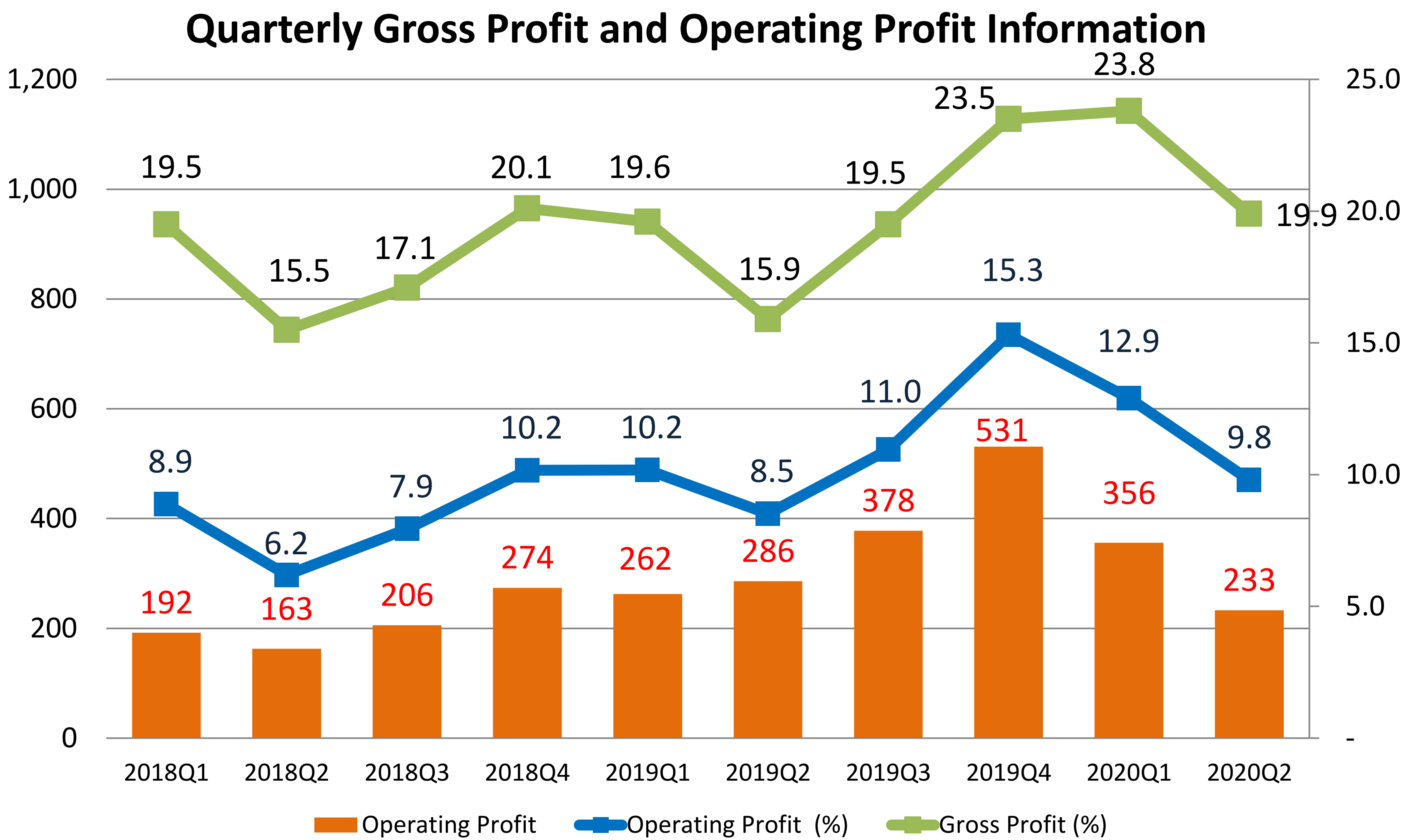
Financials

Unit：NTD mn；%



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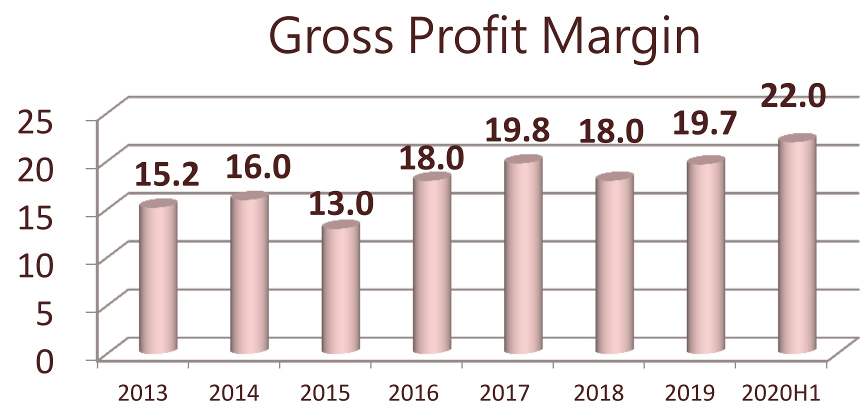
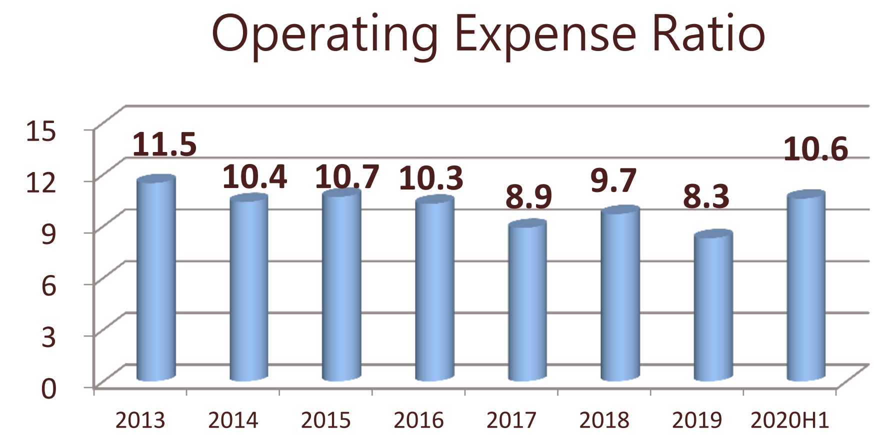
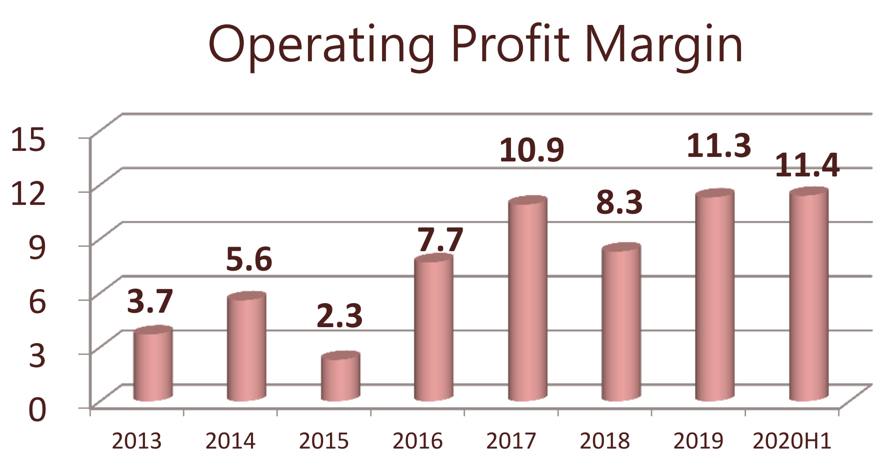
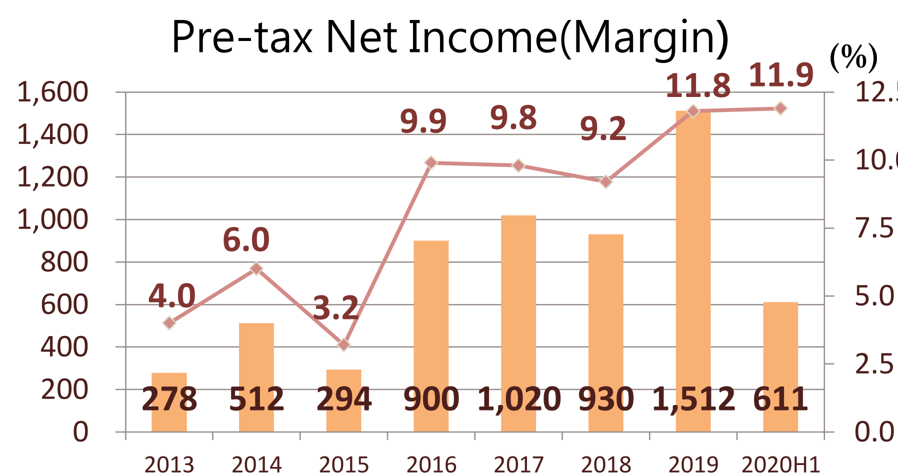
Financials



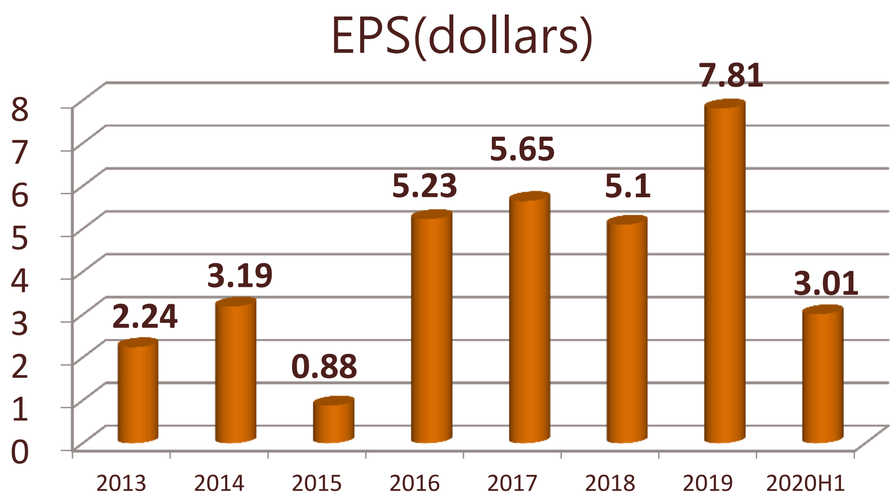


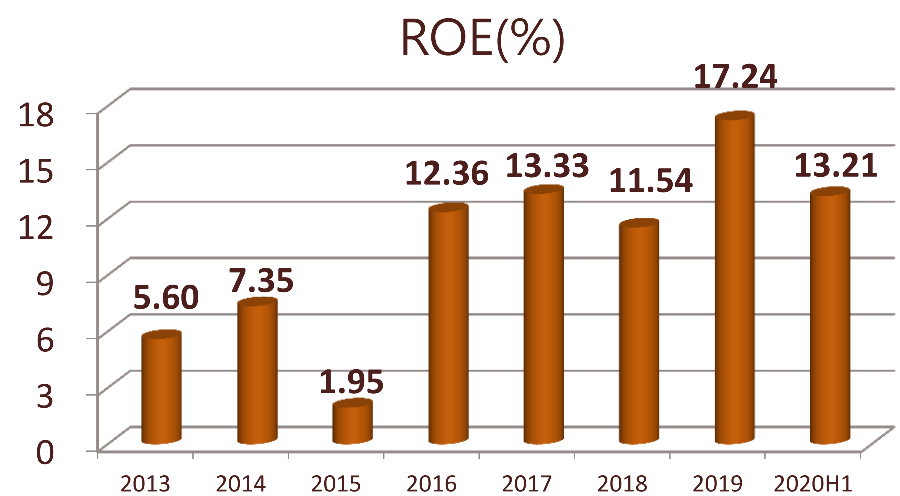


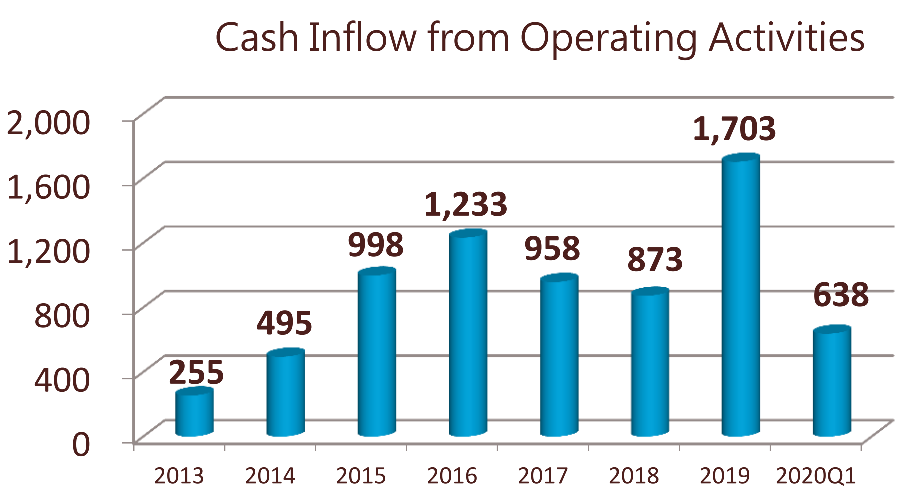


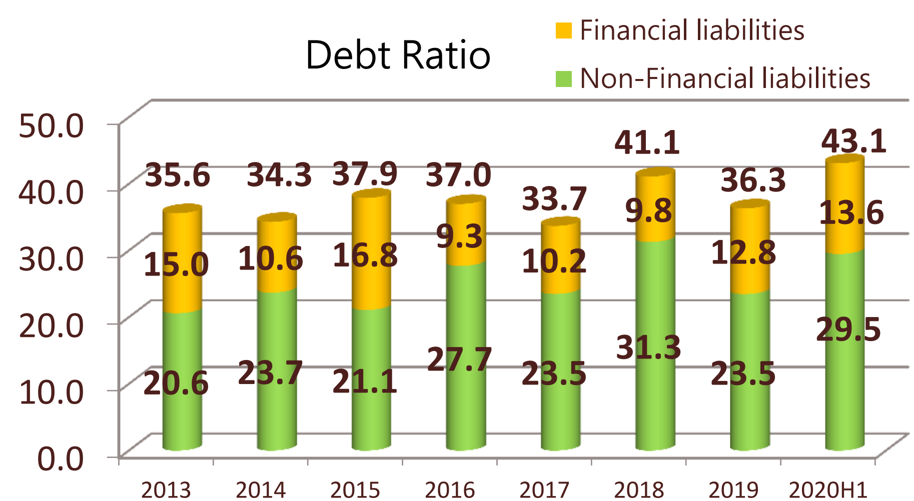
Unit : NTD mn ; %

Financials





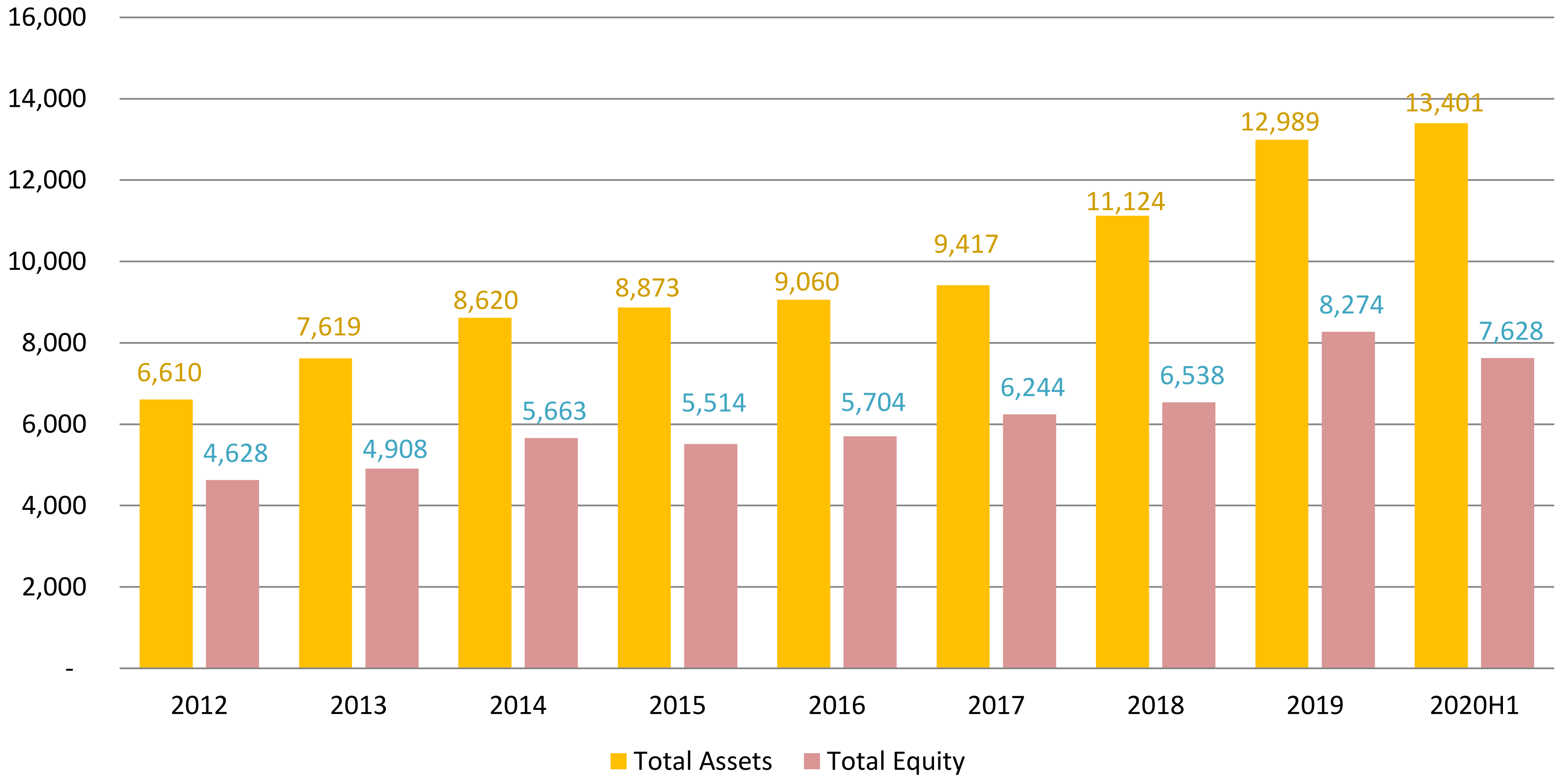




Unit : NTD mn ; %

Financials

Unit: NTD mn



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Q & A

Please give me your advice