

TOPbi

NEW. 視界

TOPBI International Holdings limited

Stock ticker : 2929

Presenter :

CEO 周志鴻

2018.5.17

Overview

- Company Introduction
- Operational Performance
- Market Trends
- Future Prospects

I. Company Introduction

Brand Introduction



TOPBI International Holdings limited

(Stock ticker : 2929)

- ◆ Chairman: Zhou Xun Cai
- ◆ CEO: Zhou Zhi Hong
- ◆ Employees: 177
- ◆ Capital: NTD\$ 787 million

The TOPBI brand was founded in 2002 to symbolize the spirit of "Top Kids".

TOPBI's children wear have innovative design, and built up a business model that assemble product R&D, design and sales. TOPBI is aimed at aged 1-16(height 73-170 cm) child & teenager of middle-class families.



Competitive Advantage



As Chinese consumers demand more stringent quality standards for childrenswear, TOPBI has been recognized by the Ministry of Information and Technology of Peoples Republic of China and China National Textile and Apparel Council, as one of the “2016 Noteworthy Domestic Apparel Brand Enterprises”, as well as the “National Children’s Apparel Quality Benchmark Enterprise” by the China National Garment Association. TOPBI has been awarded “The Top 10 Children’s Clothing brand” for 13 consecutive years .




II. Operational Performance

Income Statement

TOPbi 淘帝

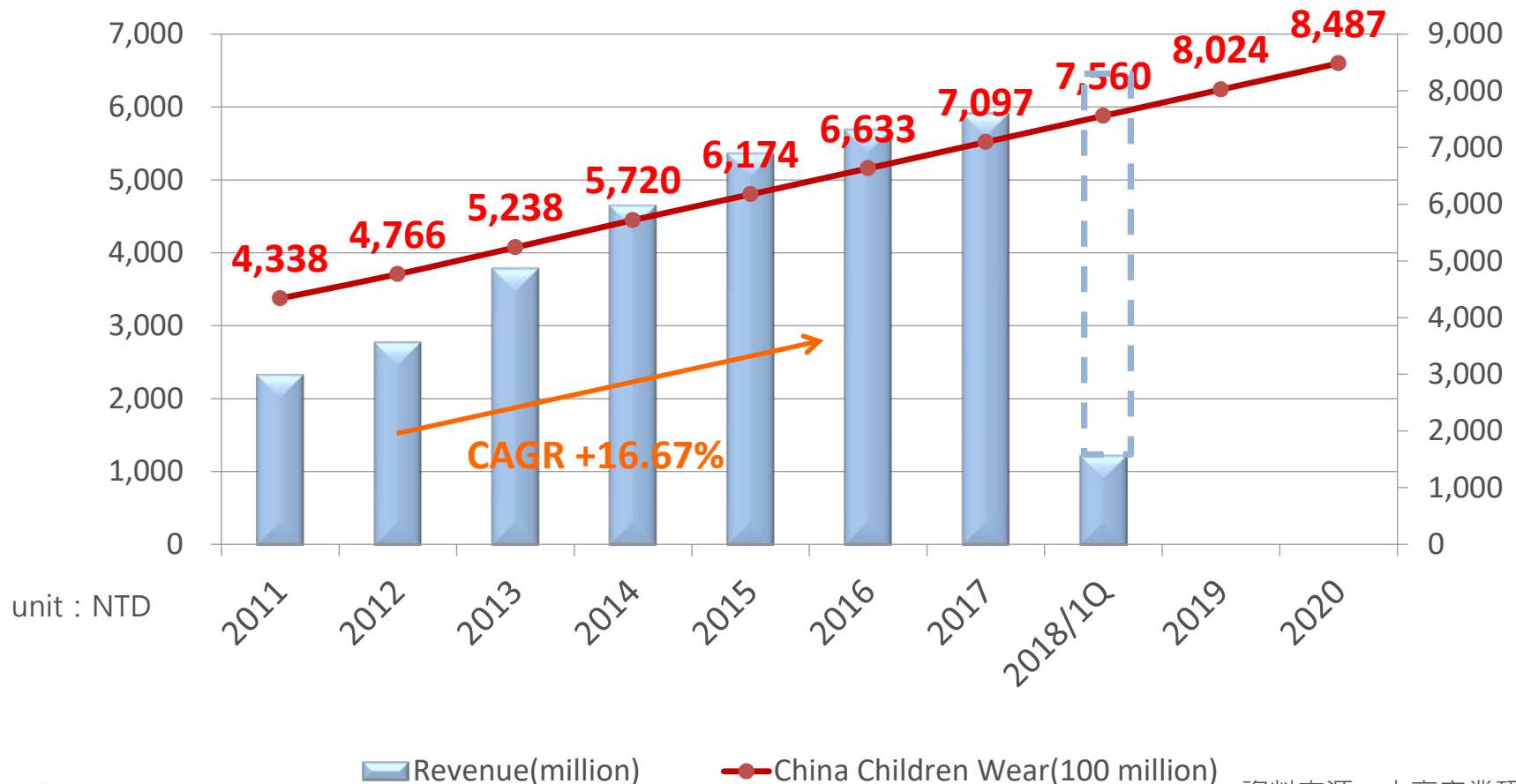
單位：新台幣仟元，%

Year	18Q1	17Q1	YoY	2017	2016
Revenue	1,238,114	1,085,153	14.10%	5,916,268	5,695,817
Operating Cost	758,881	660,722	14.86%	3,613,793	3,488,434
Gross Profit	479,233	424,431	12.91%	2,302,475	2,207,383
Gross Margin	38.71%	39.11%	-	38.92%	38.75%
Operating Expenses	240,825	220,570	9.18%	1,136,490	1,175,044
Operating Income	238,408	203,861	16.95%	1,165,985	1,032,339
Operating Margin	19.26%	18.79%	-	19.71%	18.12%
Non-operating income	47,867	13,654	250.57%	94,113	8,140
Income Tax	70,962	62,579	13.40%	347,181	305,229
Net Income	215,313	154,936	38.97%	912,917	735,250
 EPS	2.76	2.01	37.31%	11.81	9.58
Share Capital	78,710	70,276	12.00%	77,304	76,765

China Children's Apparel Scale Expansion

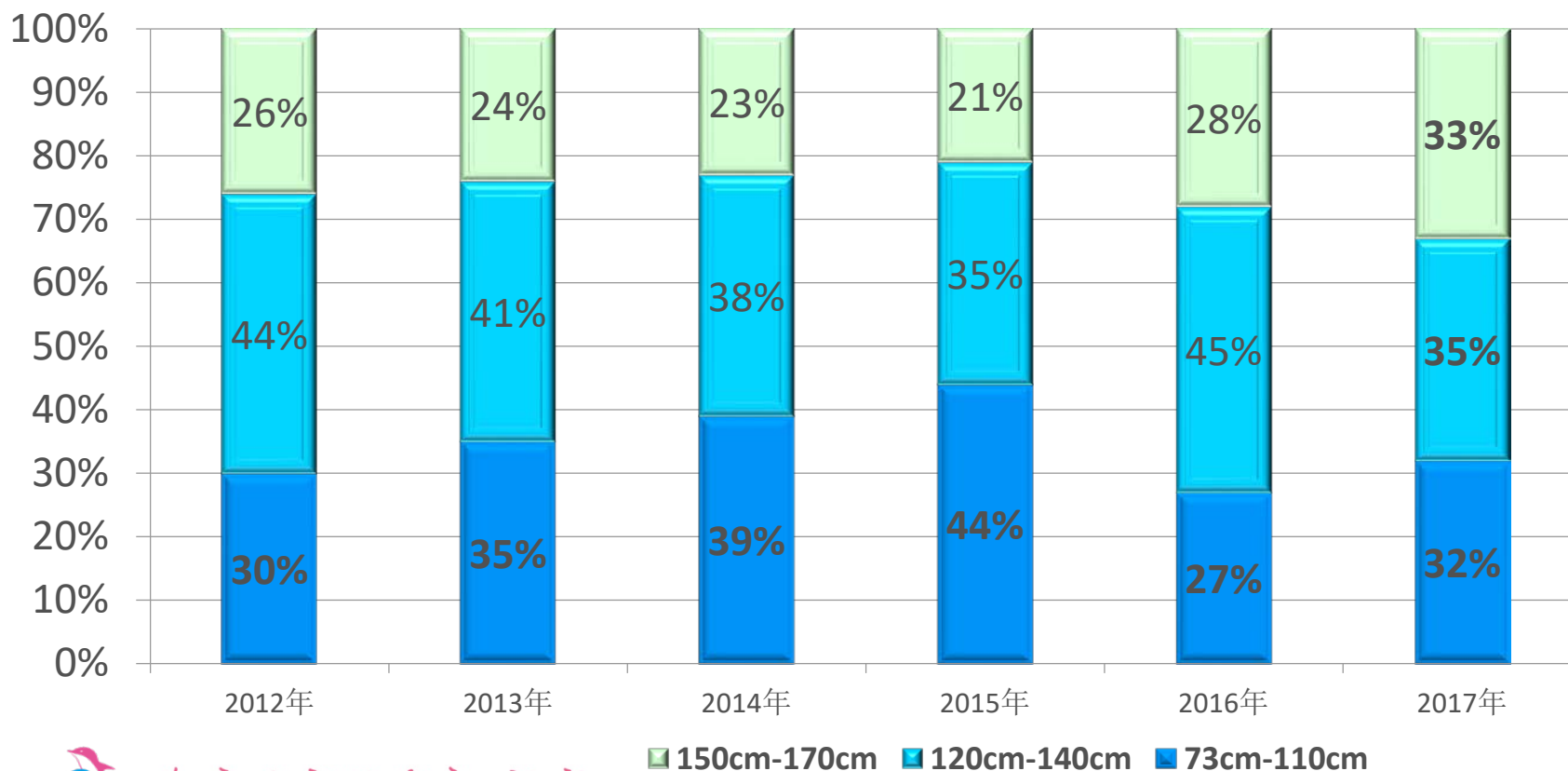


With the continuous increase in the scale of China children's clothing market, it has created a favorable environment for TOPBI, and the annual compound growth rate of the company revenue from 2011 to 2017 is 16.67%.



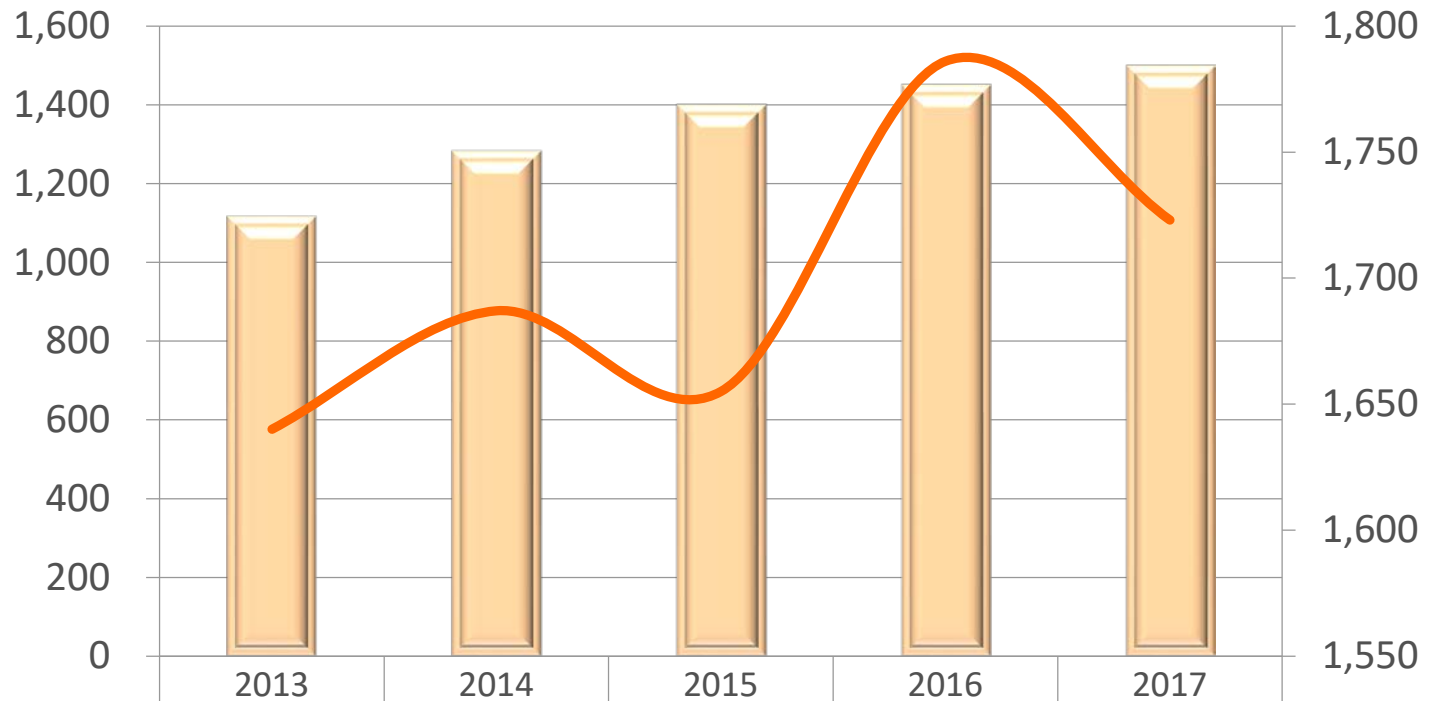
The proportion of product sales

National Health Commission of the People's Republic of China estimated that more than 20 million newborns could be born after the "Two-child policy" was implemented. In order to cope with the demographic dividend, Topbi added children's clothing of 1-3 age (73cm~110cm) in 2012.



Market Share Rising

The scale of China children's clothing industry continues to grow, and the distributors also actively expand retail locations to improve the market share of TOPBI brand.

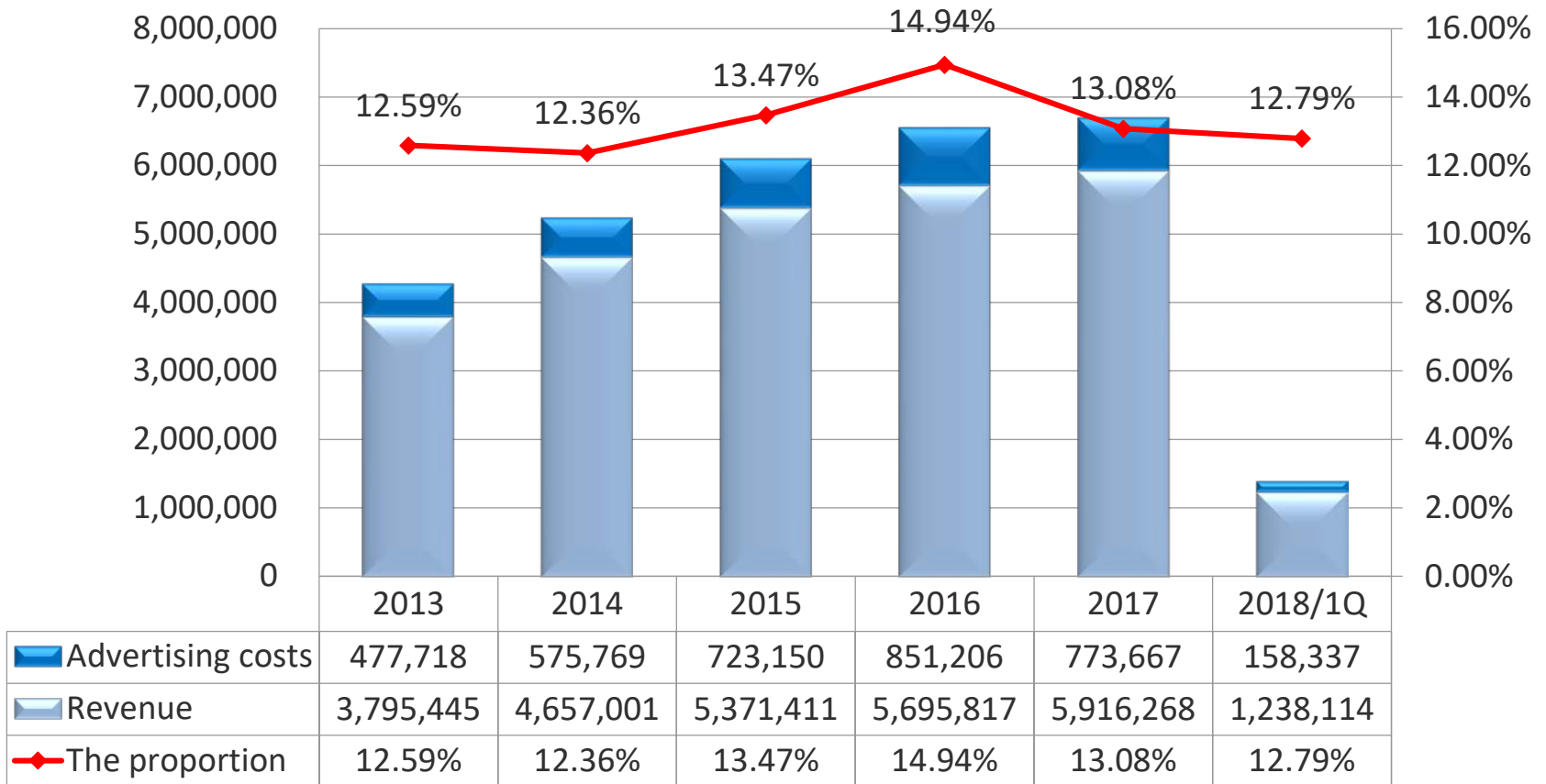


 Retail Locations	1,117	1,283	1,401	1,451	1,500
 China Newborn(10,000)	1,640	1,687	1,655	1,786	1,723

TOPBI Brand Position

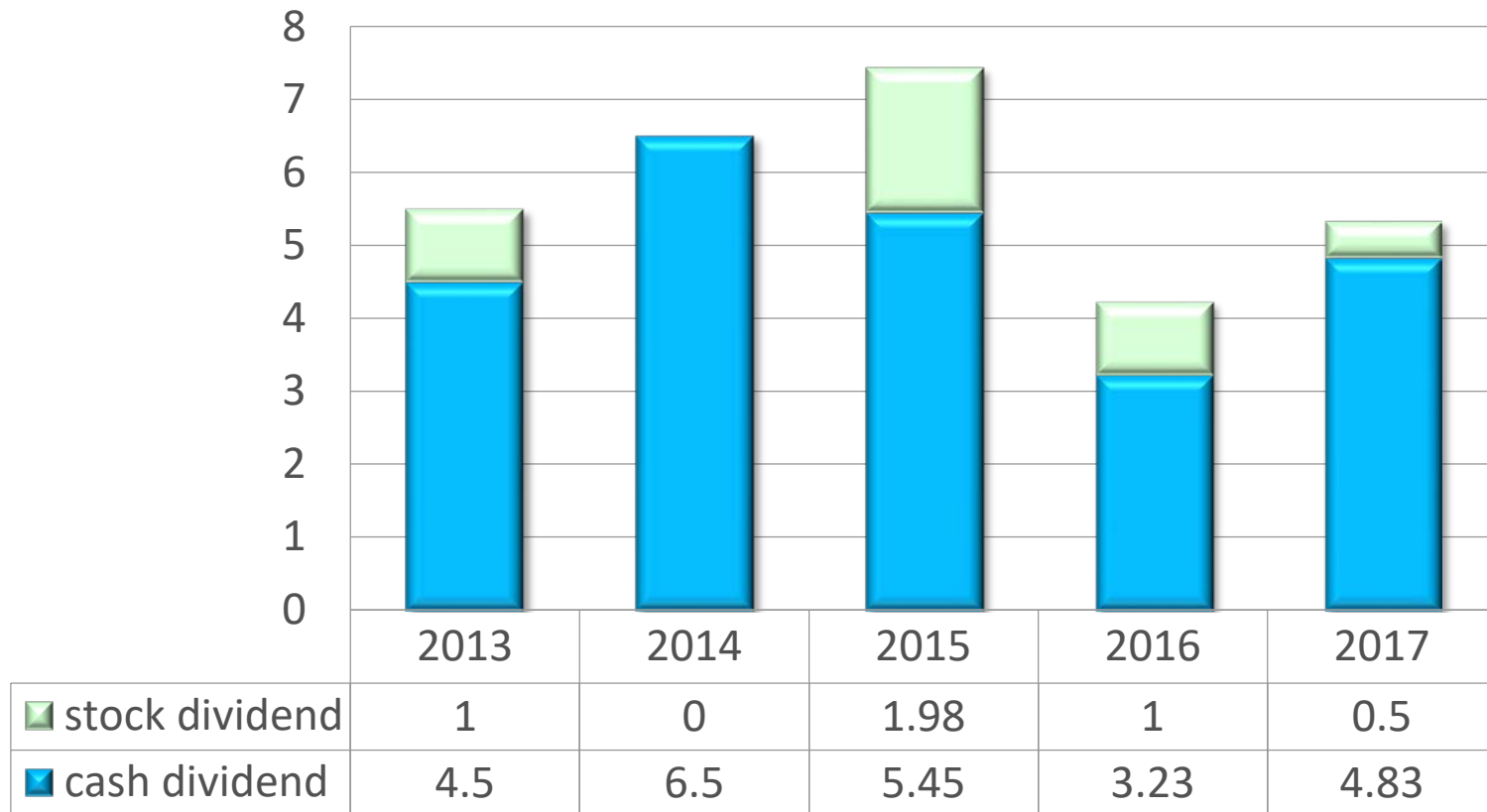


When face the trend of "New Retail" , Topbi have developed official website, brand shopping APP, and the new online agents. In order to strengthen TOPBI's brand image, fixed set aside every year from 12% to 15% in the overall revenue, for the advertising of digital and offline.



Dividend Policy

Topbi's operation strategy is to expand retail channels, refresh product and brand image, manage a flexible supply chain, that maintain growth momentum for the company, also share the operating results with shareholders.



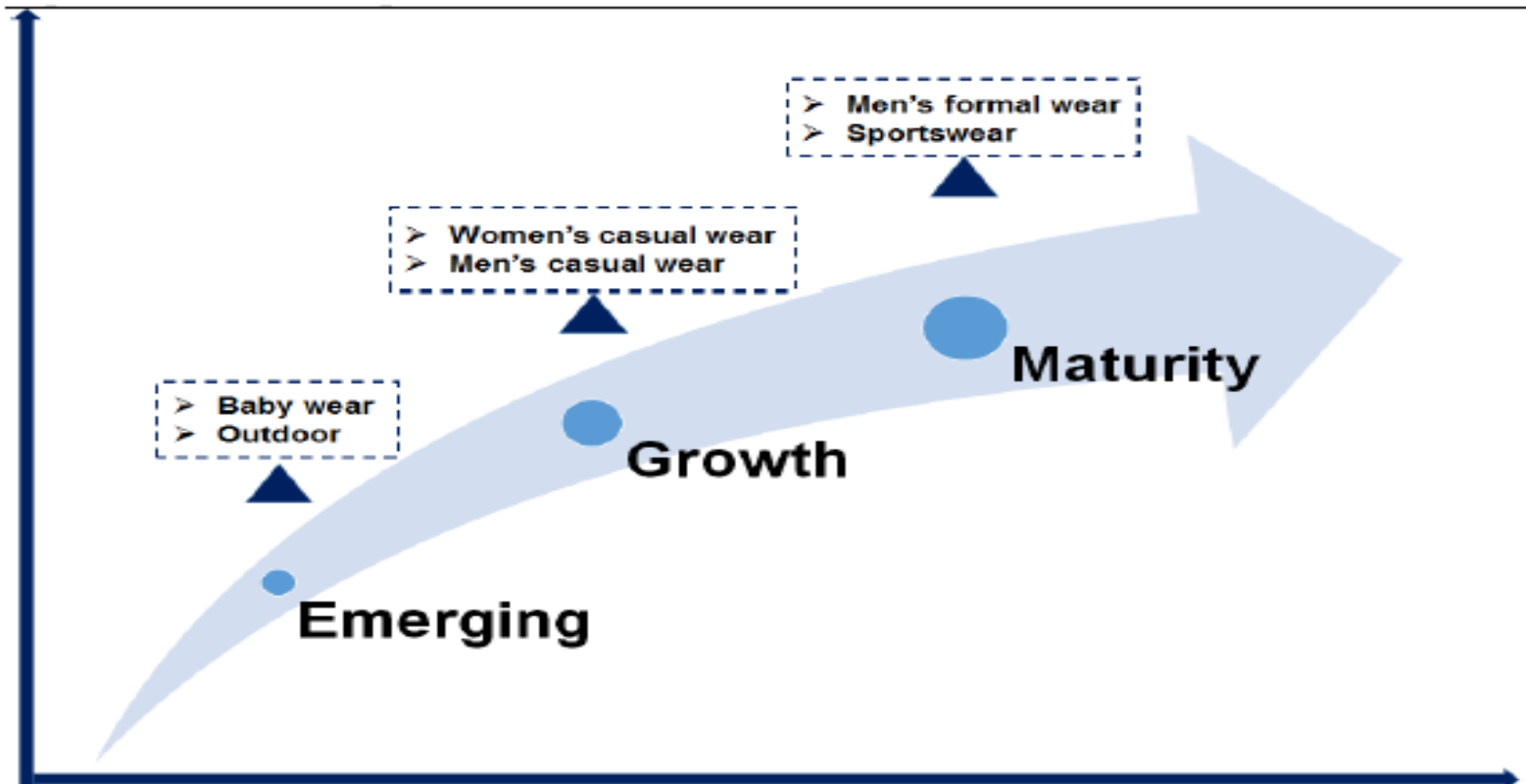
單位:元

III. Market Trends

Children's Apparel Sector is gaining momentum

Every year China has more than 16 million new born infants. Since the official induction of the “Two Child Policy”, it is predicted that there will be more than 20 million new born infants per year.

Growth stage for subsectors

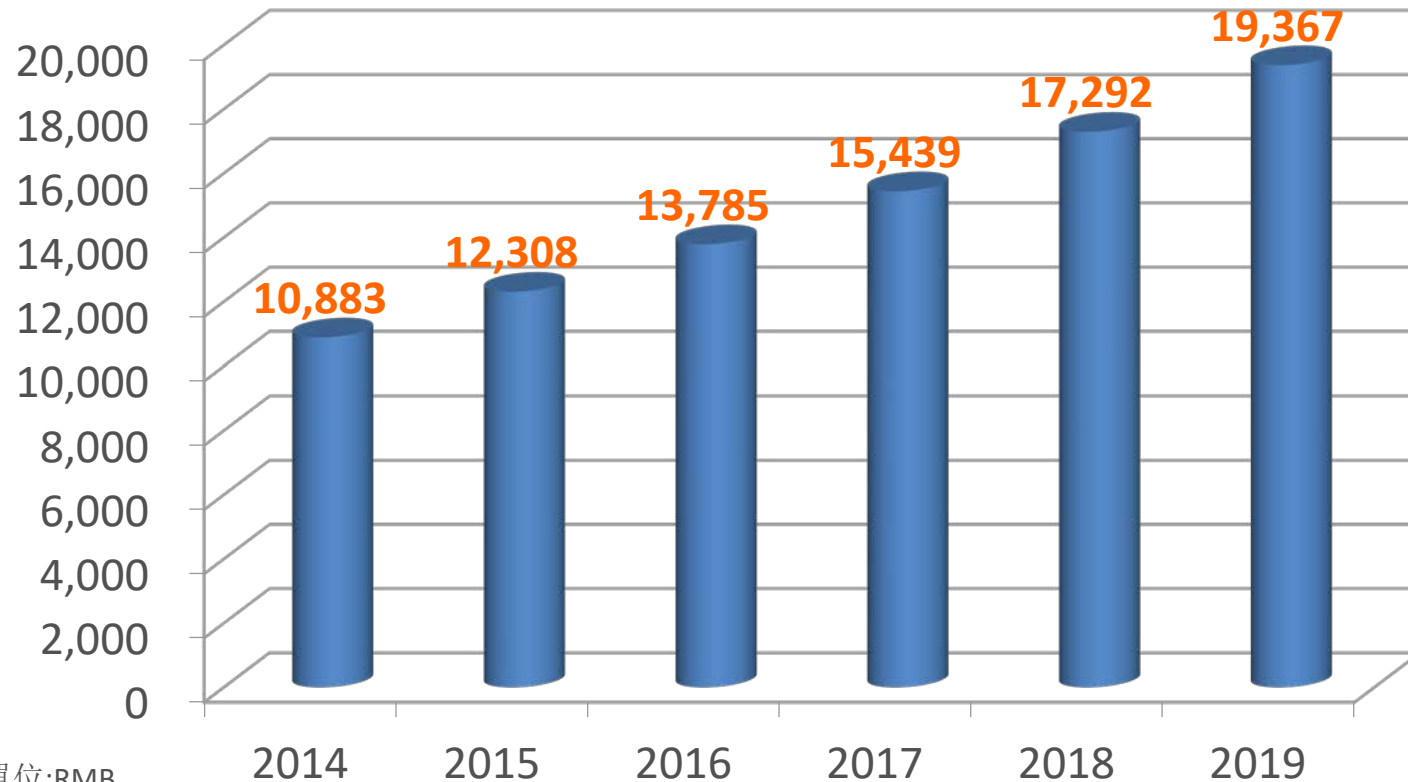


Source: AT Kearney, Yuanta Investment Consulting

Increase in the average consumption of Baby & Child-specific products in China

According to the US consultancy Frost & Sullivan, by 2019 the average consumption amount would double 2014, reaching RMB\$19,367.

China's Average Consumption of Infant Products



單位:RMB

Chinese regulations are tightening

General Administration of Quality Supervision, Inspection and Quarantine of P.R.C. strictly implements "Infant and Children's Textile Safety Statute". For China children apparel brands, it is necessary to meet the mandatory national standards, such as low chemical composition and safety design, it will help the overall industry to stay strong.

《婴幼儿及儿童纺织产品安全技术规范》部分内容解读

类别	项目	A类	B类	C类
GB 18401 (国家纺织产品 基本安全技术规范)	可分解致癌芳香胺染料	禁用 ($\leq 20\text{mg/kg}$)		
	甲醛含量	≤ 20	≤ 75	≤ 300
	PH值	4.0-7.5	4.0-8.5	4.0-9.0
	耐水(变色、沾色)	$\geq 3-4$	≥ 3	≥ 3
	耐酸汗渍(变色、沾色)	$\geq 3-4$	≥ 3	≥ 3
	耐碱汗渍(变色、沾色)	$\geq 3-4$	≥ 3	≥ 3
	耐干摩擦	≥ 4	≥ 3	≥ 3
	耐唾液(变色、沾色)	≥ 4	/	/
	异味	无		
织物要求	耐湿摩擦色牢度 ² /度	≥ 3 (深色 2-3)	$\geq 2-3$	/
	重金属/(mg/kg)-铅	≤ 90	/	/
	重金属/(mg/kg)-铬	≤ 100	/	/
	邻苯二甲酸酯/%	≤ 0.1	/	/
	燃烧性能	1级(正常可燃性)		
填充物	纤维类和羽绒羽毛填充物应符合 GB 18401 中对应的安全技术类别的要求 羽绒羽毛填充物应符合 GB/T 17685 中微生物技术指标的要求			
附件	附件的最大尺寸(mm)	> 6	3-6	≤ 3
	抗拉强力(N)	≥ 70	≥ 50	/
其他	包装中不应使用金属针等锐利物 产品上不允许残留金属针等锐利物 对于缝制在可贴身穿着的婴幼儿服装上的耐久性标签,应置于不与皮肤直接接触的位置			

IV. Future Prospects

Operating Prospects



Innovation, R&D of product

Continue the design of “Fast Fashion”. Order meet of A/W 2018, TOPBI has introduced “Simple, European” style of children apparel, and it retains 15% to 20% flexibility of the design.

Upgrade brand image

Since launched “Generation 7.5” image store of shopping mall this year, the space is double as bigger as department stores and street stores. Topbi will use the e-commerce platform to fully cater to the consumption upgrade in China.

Omni Channel Retailing

After the online distributor joined the distribution system, the number of online members of TOPBI has surpassed 30,000. In the 1H18, e-commerce sales will account for 3-4% of total revenue, and move towards 20% in three years.

1 Innovation, R&D of TOPBI



Natural and easy-to-move design express comfortable European style.



Vibrant marine colors, complemented by lively elements such as camouflage and interstellar rockets.



Sun protection, quick-drying T-shirts and other outdoor-style new products. There has been 40% more designs than in the past.

2016 S/S Collection

2016 A/W Collection

2017 S/S Collection

2017 A/W Collection

2018 S/S Collection

2018 A/W Collection

Casual & Academic style, interpretation of European children apparel



Series of Beach Sports, Animal City, Playful Holidays, Fantasy Tour, Time Light, and Christmas Carnival



On the fabulous stage, a wealth of new products will be staged.



1 2018 Autumn/Winter Collection

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Meet TOPBI

TOPBI held the 2018 A/W Merchandise Ordering Fair on 3/25-3/27. Over 300 agents and franchisees were brought together. TOPBI has introduced "Simple, European" style of children apparel.



The event attracted more than 10 potential regional agents in Hebei, Hainan and Inner Mongolia, to fully demonstrate the strength of "The Top 10 Children's Clothing brand."

讓孩子穿得健康 舒適

1

Production Provider/Distributor Optimization Management

TOPbi 淘帝

In order to assist distributors increase retail sales, Topbi dispatches market supervisors every month to conduct inspections of stores and provide marketing programs. Due to the rise of Fast Fashion, Topbi has also shortened its supply chain lead times by **15% to 20%**, while retaining design flexibility. The average unit price was higher, which helped improve profitability.



2 Upgrade Brand Image



2016

The interior and visual design of the sixth-generation TOPBI retail store is based on the changes in the product image in recent years. It is expected to satisfy the one-stop shopping needs of consumers.



2017

The design concept of the seventh-generation image store is about fashion, trends, and a family interaction area. It launched in September 2017. Up to now, more than 20 new exhibition stores have adopted.

2 Upgrade Brand Image



2018

The “7 Plus” image store was launched during 2018Q1. It is different from its predecessors, with the transformation and upgrade of China’s retail stores. It has chosen to enter shopping mall with larger space and a stable flow of people. TOPBI’s design concept and cabinet lighting can be fully presented, also use the e-commerce platform to fully cater to the consumption upgrade in China.

2 Upgrade Brand Image

The Grand Opening of "The 7 Plus Generation".



2 Upgrade Brand Image

The Grand Opening of "The 7 Plus Generation".



TOPBI direct-sale store

- TOPBI's first direct-sale store opened in March 2017 in Taiyuan, Shanxi, and it only paid half a year that create good sales per customer, and a MoM revenue increase in its outstanding transcripts, and successfully attracted Shanxi agents to join.
- The direct-sale store will be transferred to dealers in Shanxi and will also help reduce operating costs. It plans to open a second direct-sale store in the coming year in order to attract more quality distributors.

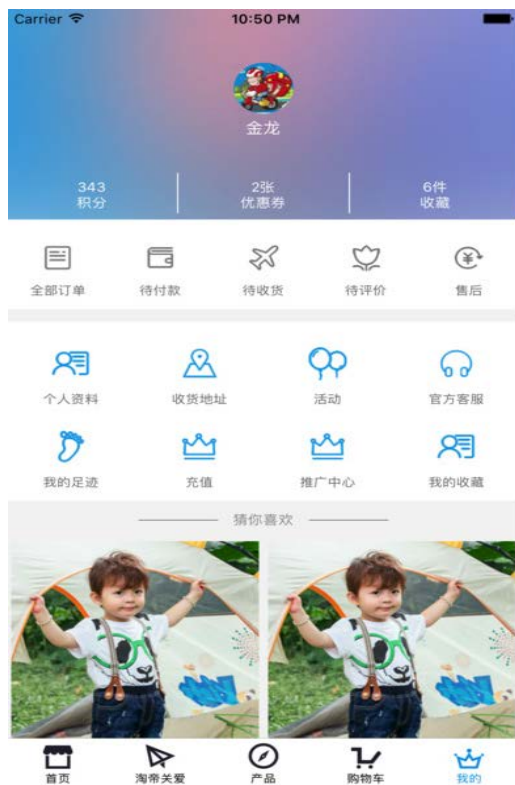
Provincial distributors

- TOPBI's distributors open stores in places where people are crowded and have convenient transportation, and will focus on department stores, street stores, and shopping mall.

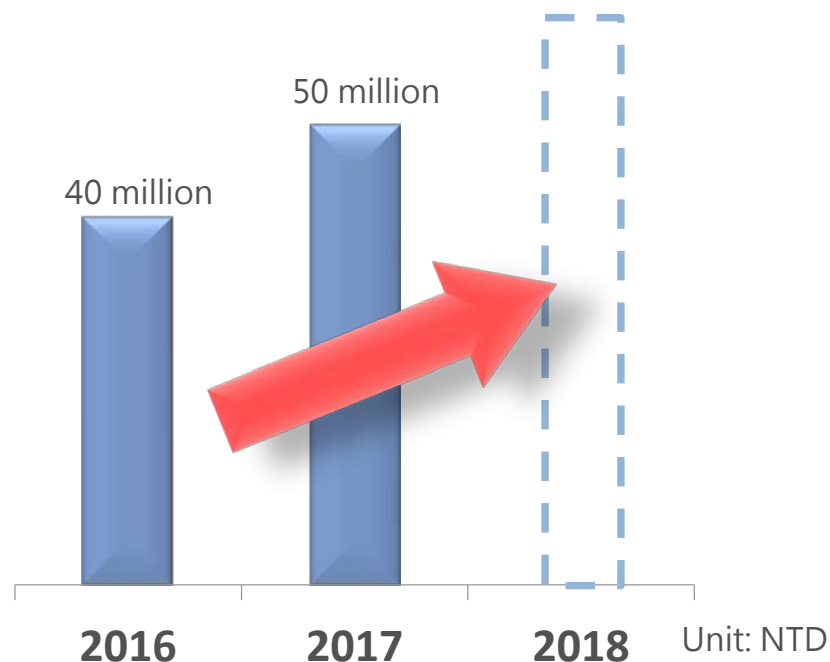
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Omni Channel Retailing-Online

After the online distributor joined the distribution system, the number of online members of TOPBI has surpassed **30,000**. In the 1H18, e-commerce sales will account for 3-4% of total revenue, and move towards 20% in three years.



E-commerce Sales of TOPBI



Omni Channel Retailing-Online

As online shopping can break through space constraints, complete displays of TOPBI's nearly 1,000 children's wear are racked, and can also reach provinces without offline distributors. This will help TOPBI increase brand awareness, the goal is the proportion of e-commerce revenue reach 20% in the next three years.

Generation Y have already become the main force of current consumption. Under the trend of "New Retail", Topbi will take an omni Channel retailing strategy, to secure the opportunity presented in e-commerce.





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THANK YOU