

Cayman



tungling

開曼東凌集團



# Cayman Tung Ling Co., Limited

**Presenter: William Hsu, Company General Manager**

**May, 2014**



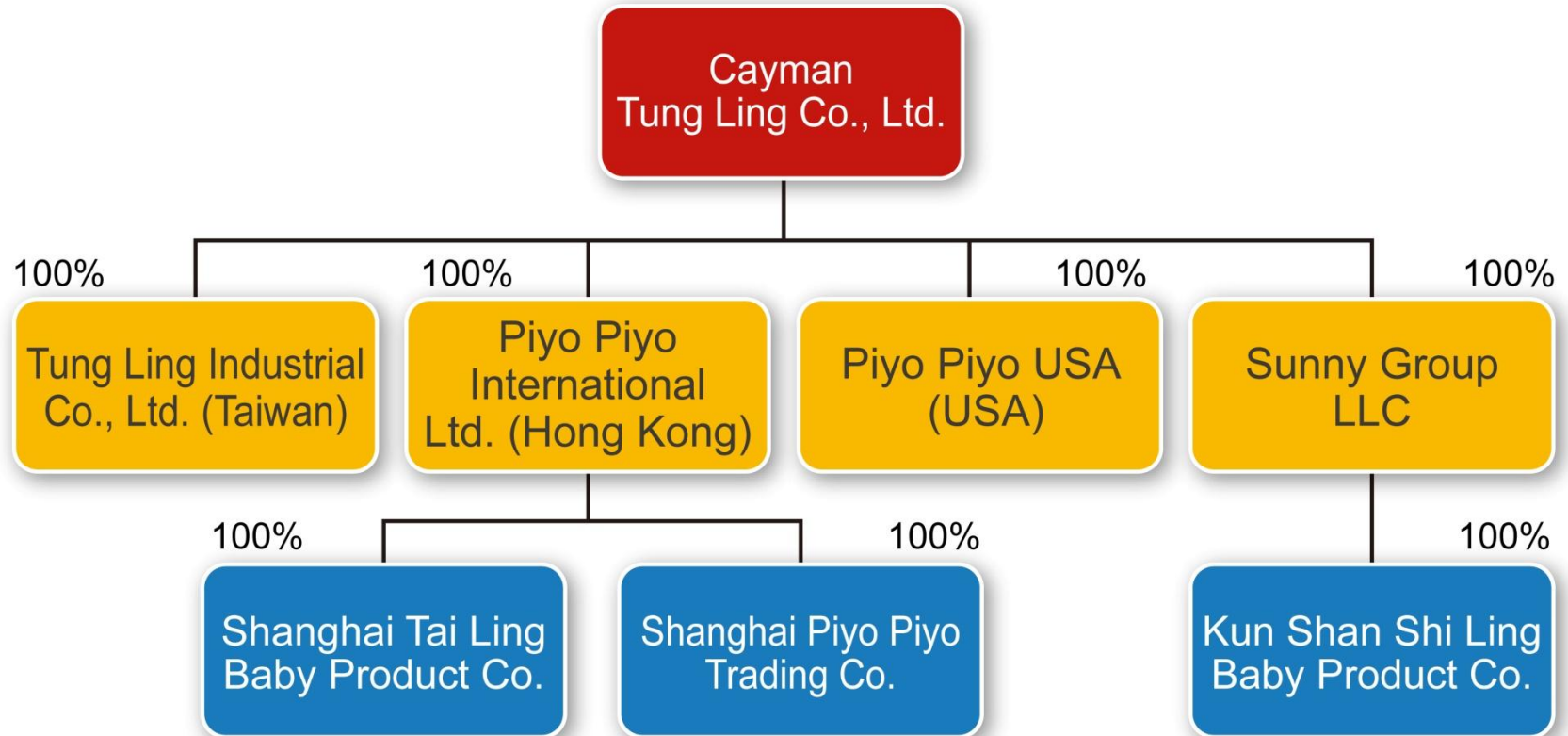
# Presentation Highlights

- 1. Company Profile**
- 2. Product Lineup**
- 3. Operations Summary**
- 4. Marketing Strategy**
- 5. Financial Overview**

# Company Profile



## Corporation Structure



# Company Profile



## Corporation Structure

Affiliates	Location	Company Role
Tung Ling Industrial Co., Ltd	Taiwan	Global Headquarter
Piyo Piyo International Ltd.	Hong Kong	Holding Company
Shanghai Piyo Piyo Trading Co.	Shanghai	China Region sales and operation Headquarter
Shanghai Tai Ling Baby Product Co.	Shanghai	China Region purchasing and production Headquarter
Sunny Group LLC	USA	Holding Company
Kun Shan Shi Ling Baby Product Co.	Kun Shan	Logistic center
Piyo Piyo USA	USA	North America/Latin America sales and operation Headquarter

# Product Lineup



## Primary product categories

Mothercare Series



Nursing Series



Apparel & Shoes Series



Feeding Series



Cotton Textile Series



Cleaning Series



Home Series



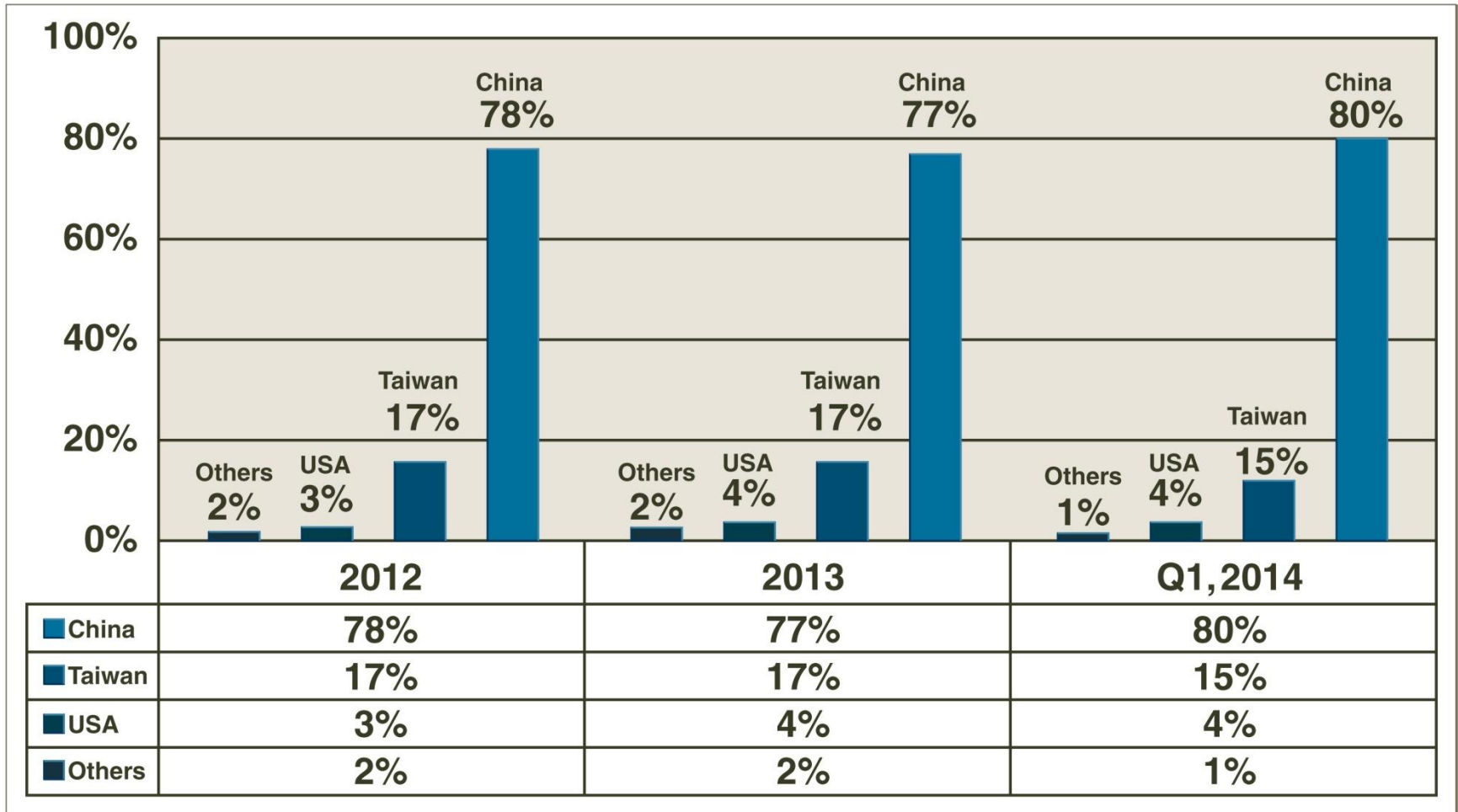
Daily Commodity Series



# Operations Summary



## Sales breakdown by region



# Operations Summary



Retail Locations as of March, 2014: 374 retail outlets



# Marketing Strategy



## Relaxed of One-Child Policy in China- Shift of Marketing & Strategic Direction

### Main Brand- Piyo Piyo



First-tier City

Second-tier City

#### Marketing Strategy

- Expand 30 to 40 department store concessions annually.
- Direct wholesale channel coverage by cities.
- E-commerce expansion.

### Second brand- Kareu



Third-tier City

Fourth-tier City

#### Marketing Strategy

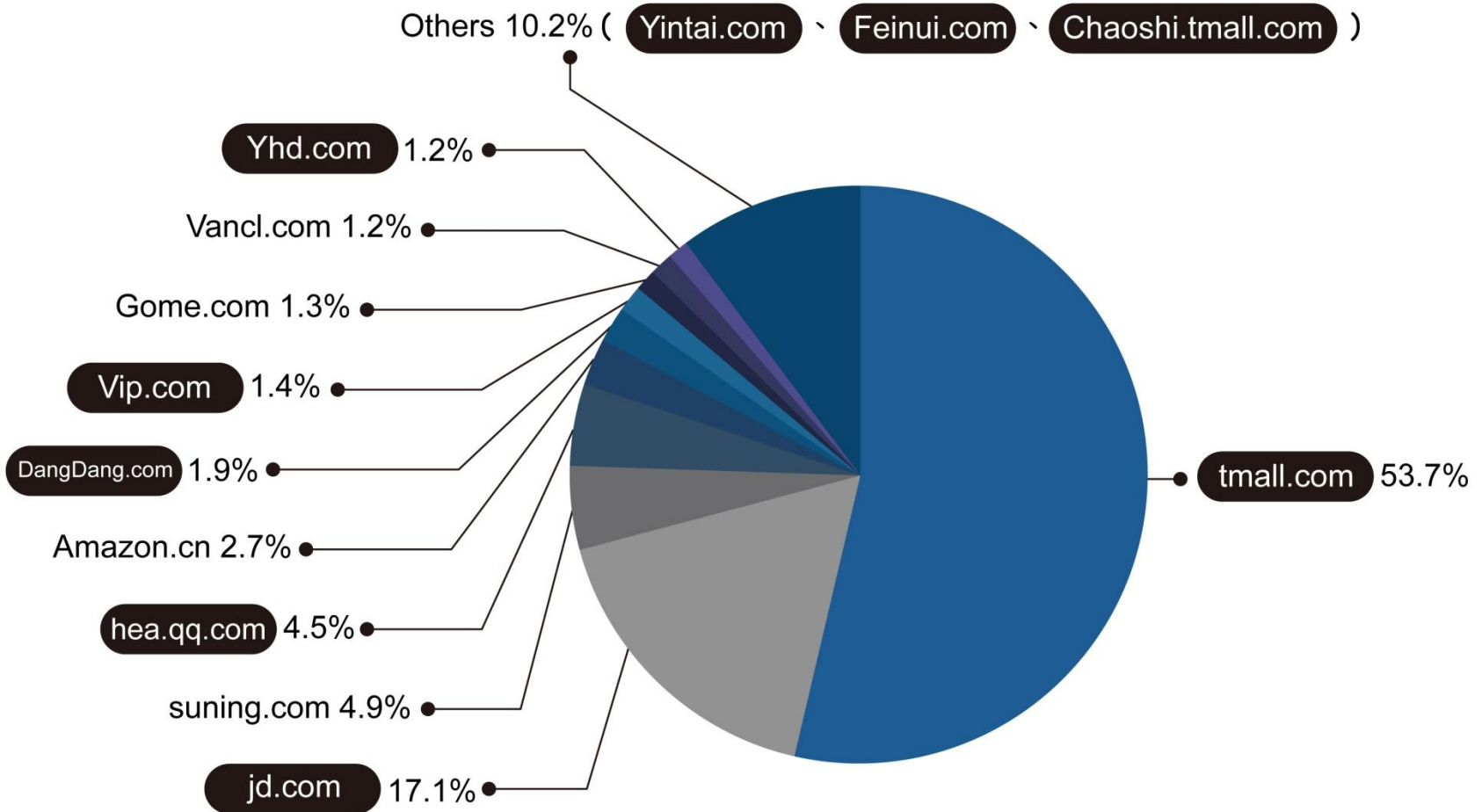
- E-commerce focused.
- High cost/performance ratio product line for price sensitive clientele.
- Wholesale target- Hypermarkets in high volume.



# Marketing Strategy

## E-commerce Strategy in China

Brand Coverage Pie Chart



- ❑ Brand coverage rate reached 60% on top 10 B2C website as of December, 2013
- ❑ Brand coverage rate will reach 80% by 2014

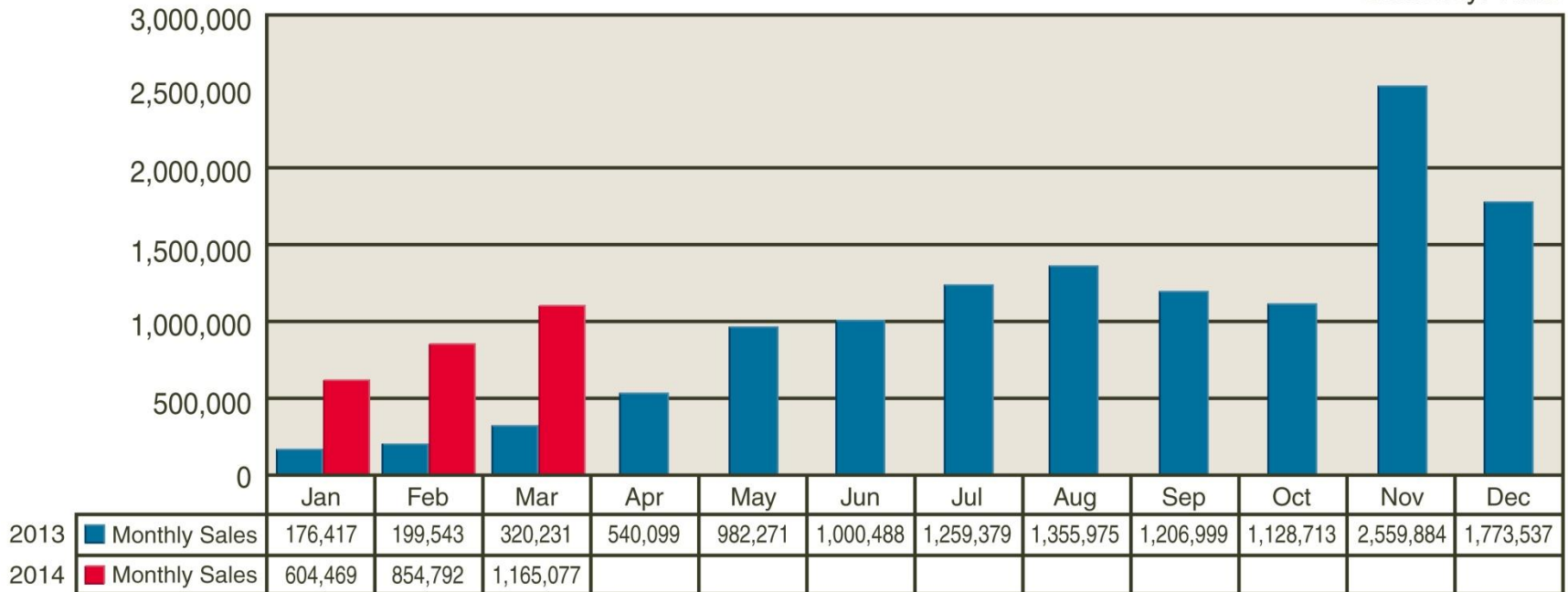
# Marketing Strategy



## E-commerce Development in China

### E-commerce Sales Analysis- 2013 & Q1, 2014

Currency: RMB



E-commerce sales has an increase of 277% in Q1,2014, YoY

# Marketing Strategy

## E-commerce Development in China



### Coverage Overview

Retailer	Method	Availability
Taobao & Tmall	Corporate Managed	November, 2012
Yintai	Drop ship	March, 2013
JD	Corporate Managed	April, 2013
DangDang	Corporate Managed	April, 2013
YiXun	Corporate Managed	July, 2013
Yhd	Drop ship	August, 2013
Feiniu	Drop ship	January, 2014
Tmall Supermarket	Drop ship	April, 2014
Amazon China	Corporate Managed	May, 2014
Red Baby	Drop ship	May, 2014

# Marketing Strategy

## E-commerce Strategy in China

### Overview



**Exclusive to E-commerce**



- Develop Kareu product line exclusively offered at e-commerce sites
- Develop Piyo Piyo product line exclusively offered at e-commerce sites



**Strengthen PC Platform**



- Product coverage rate reaches 80% across the e-commerce platform
- Increase brand awareness online



**Developing handheld device market**



- Weibo mobile shop
- Taobao mobile shop

# Marketing Strategy



## Operations Overview in Taiwan

Mainly focus on strengthen wholesale channels and maintain a steady growth on retail operation

### 1. Wholesale channels:

Chain pharmacies and baby product stores.

### 2. Retail outlets:

As of March 31<sup>st</sup>, 2014, there are 11 retail stores and 9 department store concessions, makes total of 20 retail outlets.

### 3. International distribution:

Distribute by local agents worldwide, including Hong Kong, Singapore, Malaysia, Thailand, Indonesia, Vietnam, India, Canada, Mexico, UAE, and Saudi Arabia.

# Marketing Strategy

## Operations Overview in USA



1. Retail outlets: 3 retail stores in Southern California
2. Wholesale operation:
  - a. Total of 5 sales representative groups covering 27 states in the USA
  - b. Sales channel overview:

Type	Client	Method	Availability
Brick and mortar	Kroger	Direct sales	August, 2013
E-commerce	Amazon.com	Direct sales	December, 2011
E-commerce	Drugstore.com	Direct sales	August, 2012
E-commerce	Walgreen.com	Direct sales	August, 2012
E-commerce	Sears.com	Drop ship	June, 2013
E-commerce	Kmart.com	Drop ship	June, 2013
E-commerce	Target.com	Direct sales	October, 2013
E-commerce	BuyBuyBaby.com	Drop ship	May, 2014
E-commerce	BedBathBeyond.com	Drop ship	May, 2014
E-commerce	Walmart.com	Direct sales	June, 2014
E-commerce	Walmart.com Mexico	Direct sales	June, 2014

# Marketing Strategy



## Development Strategy in the USA

- Reduce SKU selection and focus on top 50 best seller items to maximize brand exposure.
- Combine existing SKUs into gift sets to expand into gift market.
- Shift company direction into wholesale focused to reduce the overhead costs.
- Work with hypermarket brands such as Costco with exclusive programs to maximize the order volume.
- Utilize social media such as Facebook, twitter, and instagram to increase brand awareness.

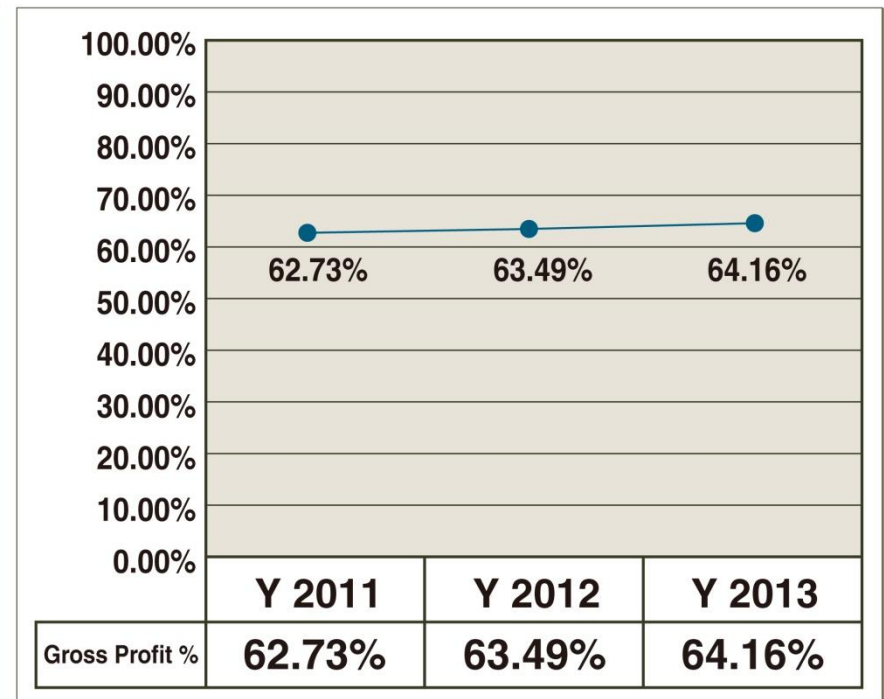
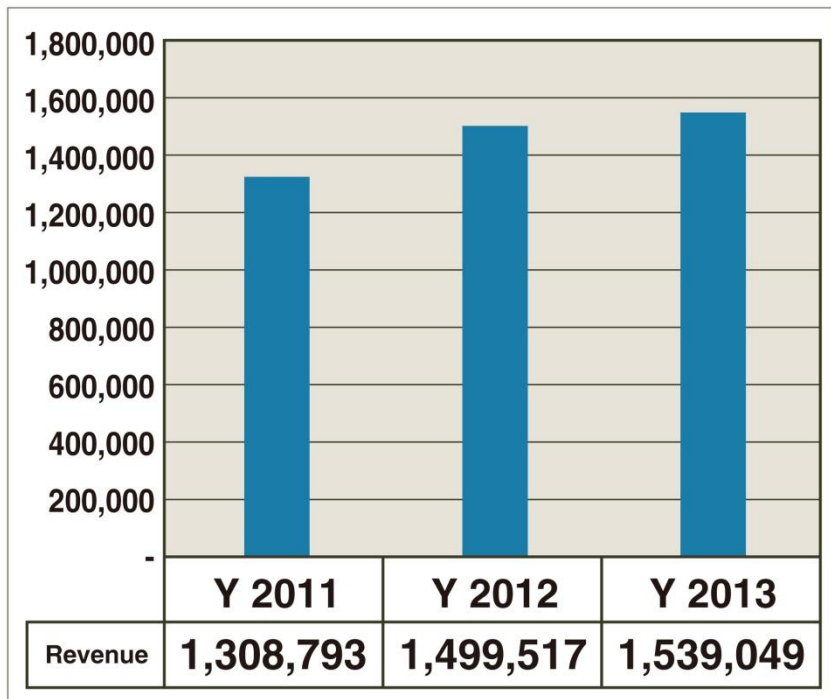
# Financial Overview



## Annual Revenue and Gross Profit % from 2011 to 2013

Currency: NTD in Thousands

Measurement: %





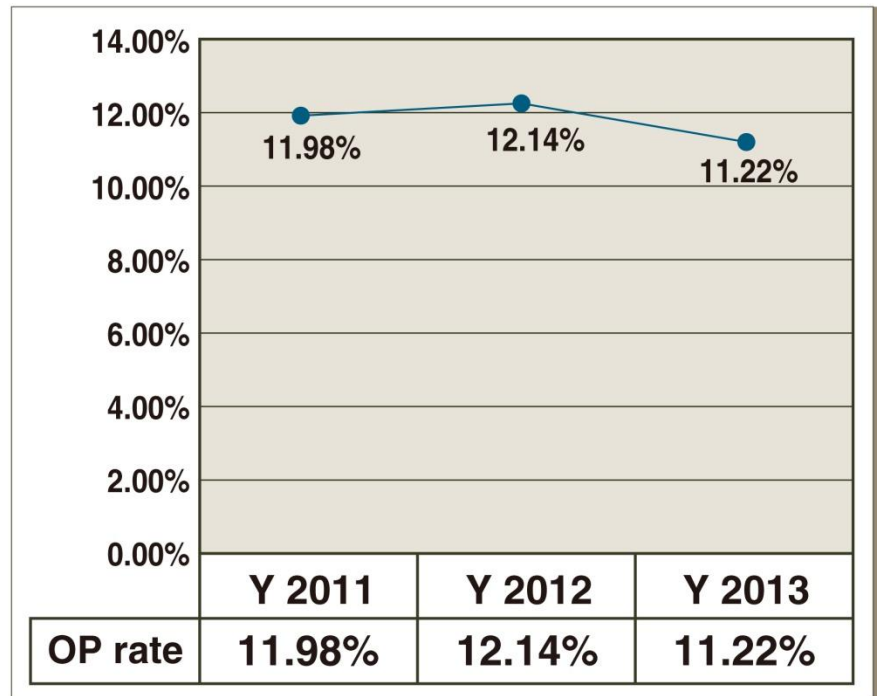
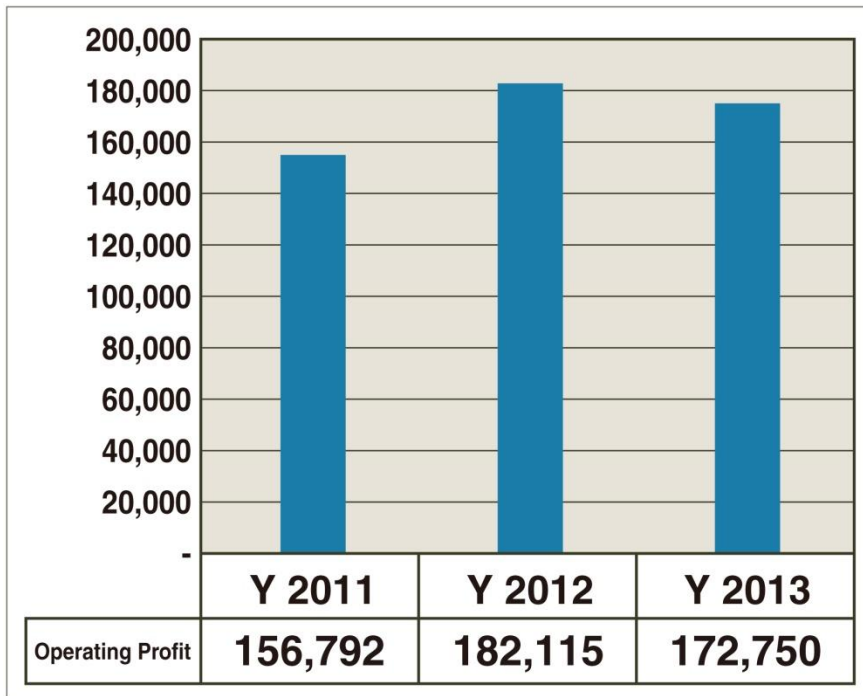
# Financial Overview



## Operating Profit and Operating Profit % from 2011 to 2013

Currency: NTD in Thousands

Measurement: %



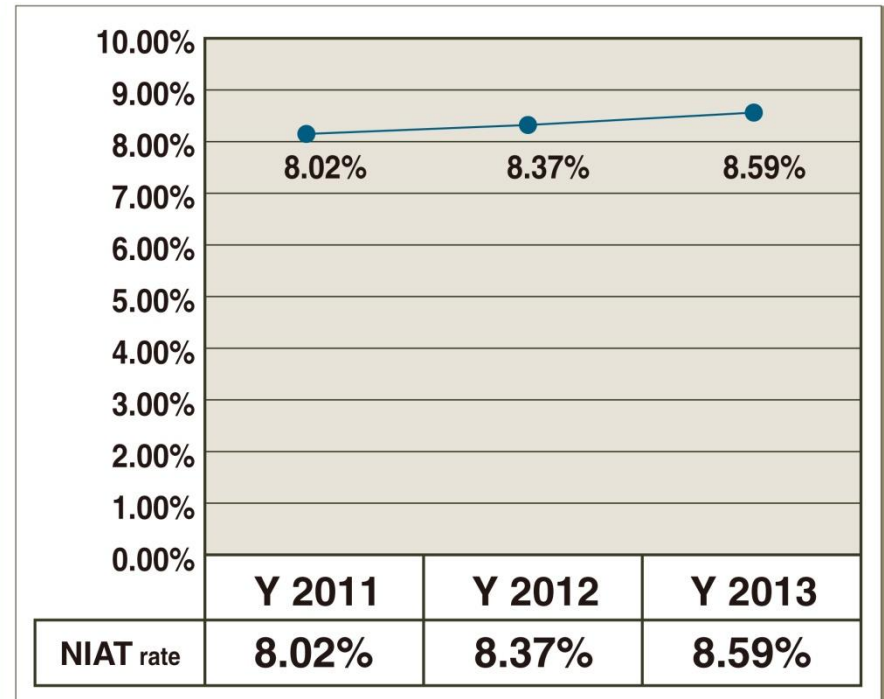
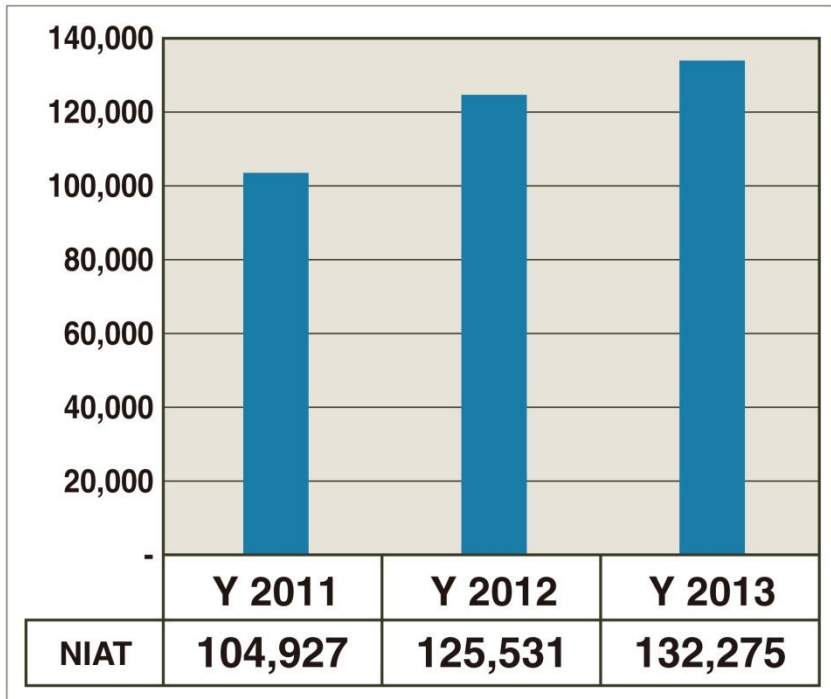
# Financial Overview



## Net Income After Taxes (NIAT) and NIAT Rate 2011 to 2013

Currency: NTD in Thousands

Measurement: %



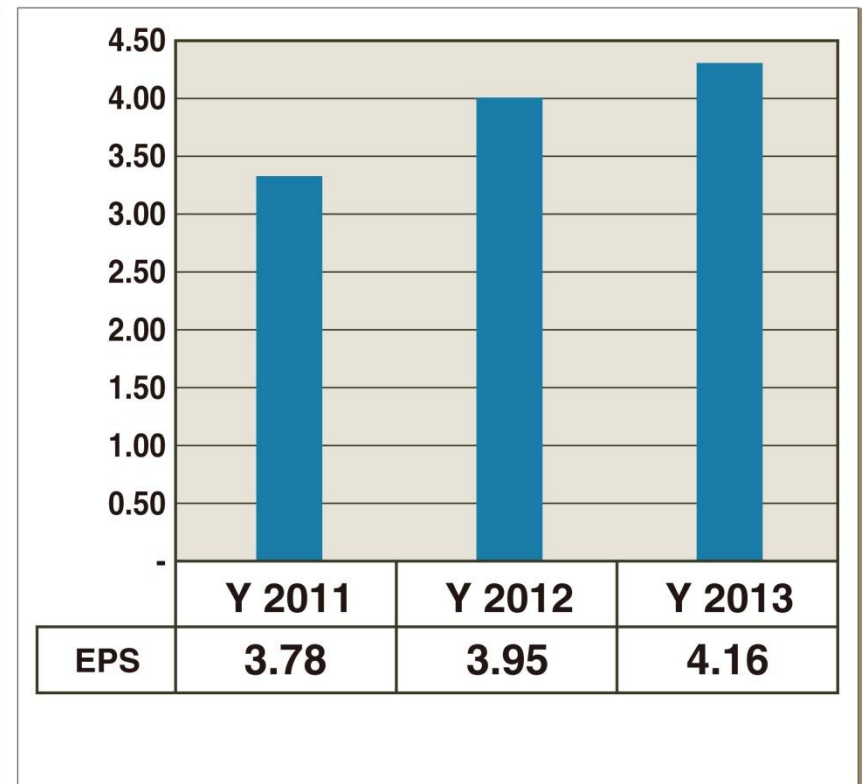
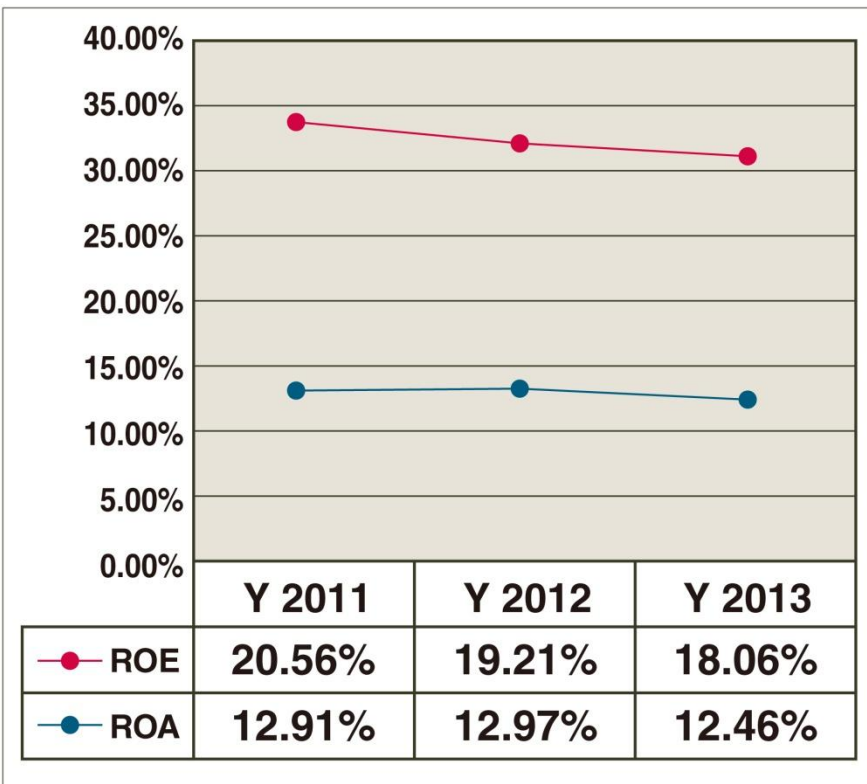
# Financial Overview



## ROE, ROA, and EPS Overview 2011 to 2013

Measurement : %

Currency: NTD



# Financial Overview



## Consolidated Income Statements 2012 and 2013

Currency: NTD in Thousands ; EPS in NTD

	2013	2012	Growth %
<b>Net Revenue</b>	1,539,049	1,499,517	2.64%
<b>Gross Profit</b>	987,466	952,057	3.72%
<b>Gross Profit %</b>	64.16%	63.49%	1.06%
<b>Operating Profit</b>	172,750	182,115	-5.14%
<b>Net Income Before Income Taxes</b>	196,148	187,387	4.68%
<b>Net Income After Income Taxes</b>	132,275	125,531	5.37%
<b>EPS</b>	4.16	3.95	5.32%

# Financial Overview



## Dividends Overview 2011 to 2013

Currency: NTD in Thousands

	Y 2013	Y 2012	Y 2011
Net Income	132,275	126,234	104,927
Cash Dividends	108,438	90,711	84,663
Stock Dividends	-	15,119	-
<u>Total Dividends</u>	108,438	105,830	84,663
<u>Cash Dividends Per Share (NTD)</u>	3.2	3	2.8
<u>Stock Dividends Per Share (NTD)</u>	-	0.5	-
<u>Total Dividends Per Share (NTD)</u>	<u>3.2</u>	<u>3.5</u>	<u>2.8</u>
Cash Dividends Yield(%)	4.41%	5.26%	4.34%
Cash Dividends Payout Ratio(%)	82%	72%	81%



Thanks for your attention

