



家的大小事  
一輩子都是特力的事!



TEST RITE



Chung-Cin



HOLA CASA



特力屋



HOLA China



特力居家



家好康



HOLA Taiwan



好家手  
裝修顧問



B&S LINK



EZSET



FREER



# Test Rite Group 特力集團

2012Q1

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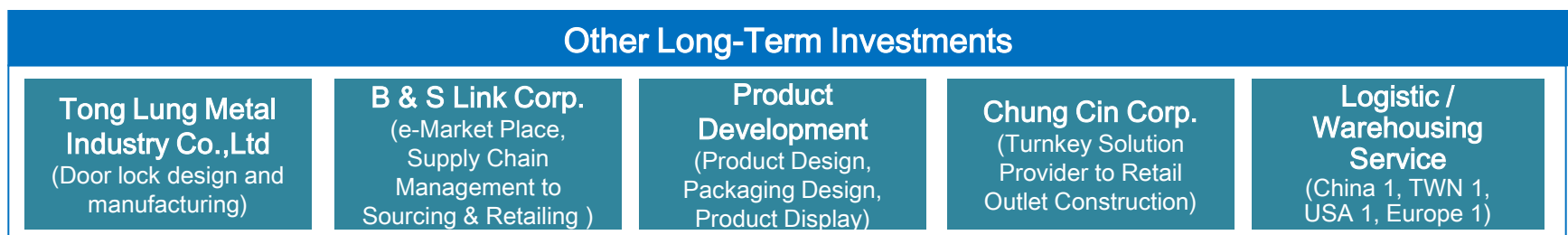
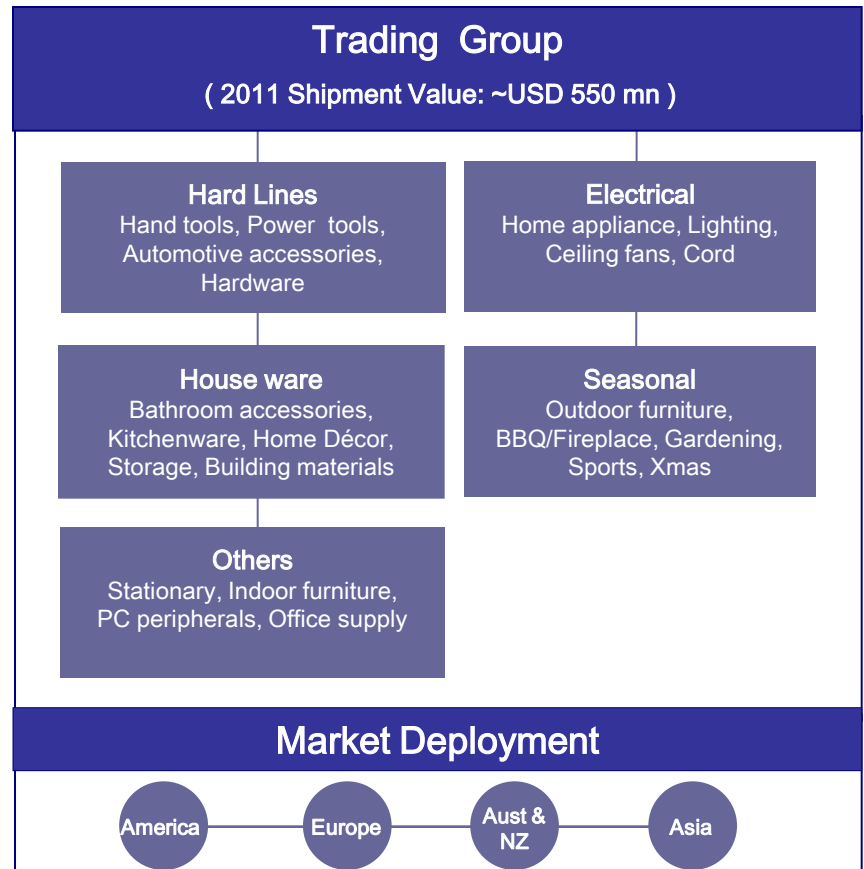
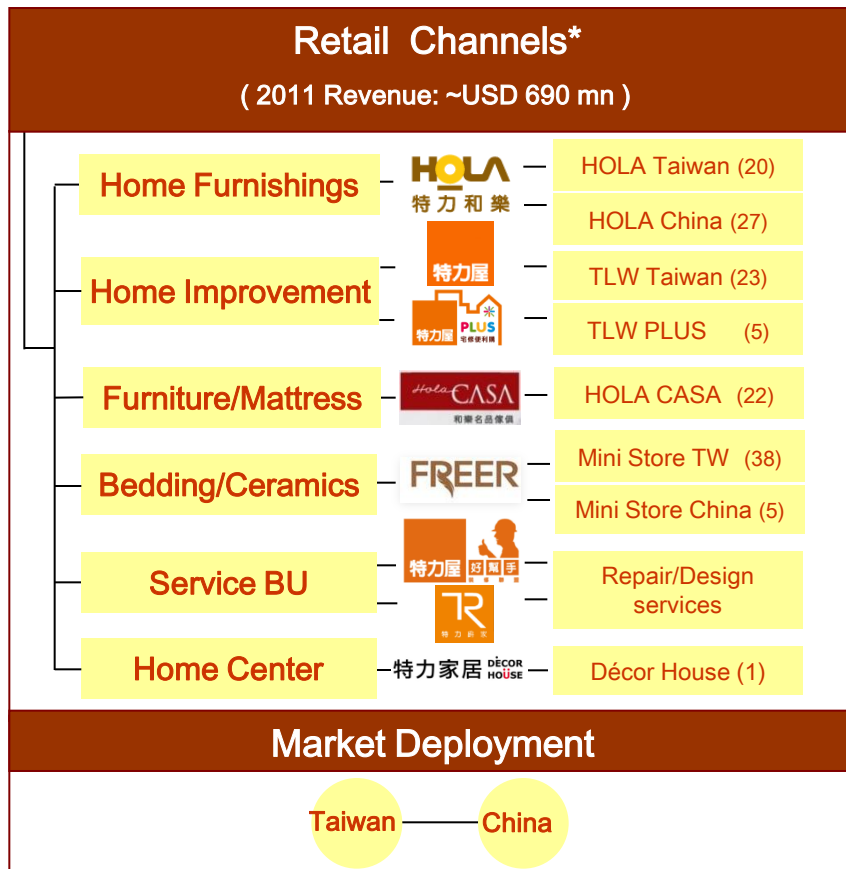
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# Test Rite Group Strategy to 2014



<b>Vision 願景:</b>	<b>Form a global integrated enterprise in home-related products &amp; services</b> 構築一個專注居家產業的全球整合型企業
<b>Goals 終極目標:</b>	<b>Sustainable business growth 業務持續成長</b> <b>Corporate governance 公司治理</b>
<b>Strategy 策略:</b>	<b>Growth through Innovation &amp; Integration</b> 透過創新與整合保持成長
<b>Objectives 目標:</b>	<b>Sustainable earnings &amp; revenue growth</b> 集團營收五年持續正成長 <b>Integrate operation</b> 集團整合
<b>Culture 文化:</b>	<b>High Performance 高績效</b> <b>Customer focus 顧客導向</b> <b>Sales oriented 銷售導向</b>

# Group Structure\*



\* Store numbers updated as of 1Q12

# Test Rite Group Outlook



## Outlook and Opportunities

- Trading
  - New program wins for principal trading and rising agency shipments
  - Leverage customers' growth opportunities in existing and emerging markets
  - Further develop brand licensing opportunities for Taiwan and China
- Retail
  - Store opening plan
    - TLW – to add 2 stores in 2012
    - HOLA TW – additional 1 store in 2012
    - HOLA CN – net increase of 4-8 stores in 2012; target 50-60 stores by 2014
  - Continued expansion of service BUs of TLW Plus and TLW好幫手(HISU, Home Improvement Services)

# Test Rite Group Outlook



## Potential Risks

- Changes in consumer demand/tastes
- NT dollar volatility
- Volatile raw material prices (for both trading and manufacturing BUs)



# Test Rite Group Milestone



- 1978-91** Establishment and Growth
- 1988-00** “Best Supplier Award” from Wal-Mart
- 1993** Test Rite IPO (2908TT) – Taiwan Stock Exchange
- 1996-98** Launch of Retail Business  
B&Q 特力屋 Taiwan 50-50 JV with Kingfisher  
HOLA – “House of Living Art”
- 2000** Packing facilities established in Shanghai and Shenzhen
- 2001** Named “The Best 200 Small Companies” by Forbes
- 2004** Retail: Inception of HOLA China
- 2006** HOLA (2921TT) IPO –Taiwan OTC Exchange  
Acquisition of Tong-Lung Metal (OTC listed 8705 TT)
- 2007** Nei-Hu HQ Building Sale-and-Leaseback  
Purchase of Kingfisher’s 50% joint venture stake of TLW Taiwan (US\$100mn)
- 2009** 4-in-1 Merger of Taiwan Retail channels: TLW (DIY), HOLA, Freer, and HOLA Casa.
- 2010** Accelerate pace of store openings of HOLA China  
Cancelled 14.8 mn treasury shares
- 2011** Décor House grand opening in September  
Purchased 20 mn treasury shares; cancelled 9 mn treasury shares  
Received Best Supplier Award from Wal-Mart
- 2012** Purchased 3.0 mn treasury shares



**TRADING SECTOR**



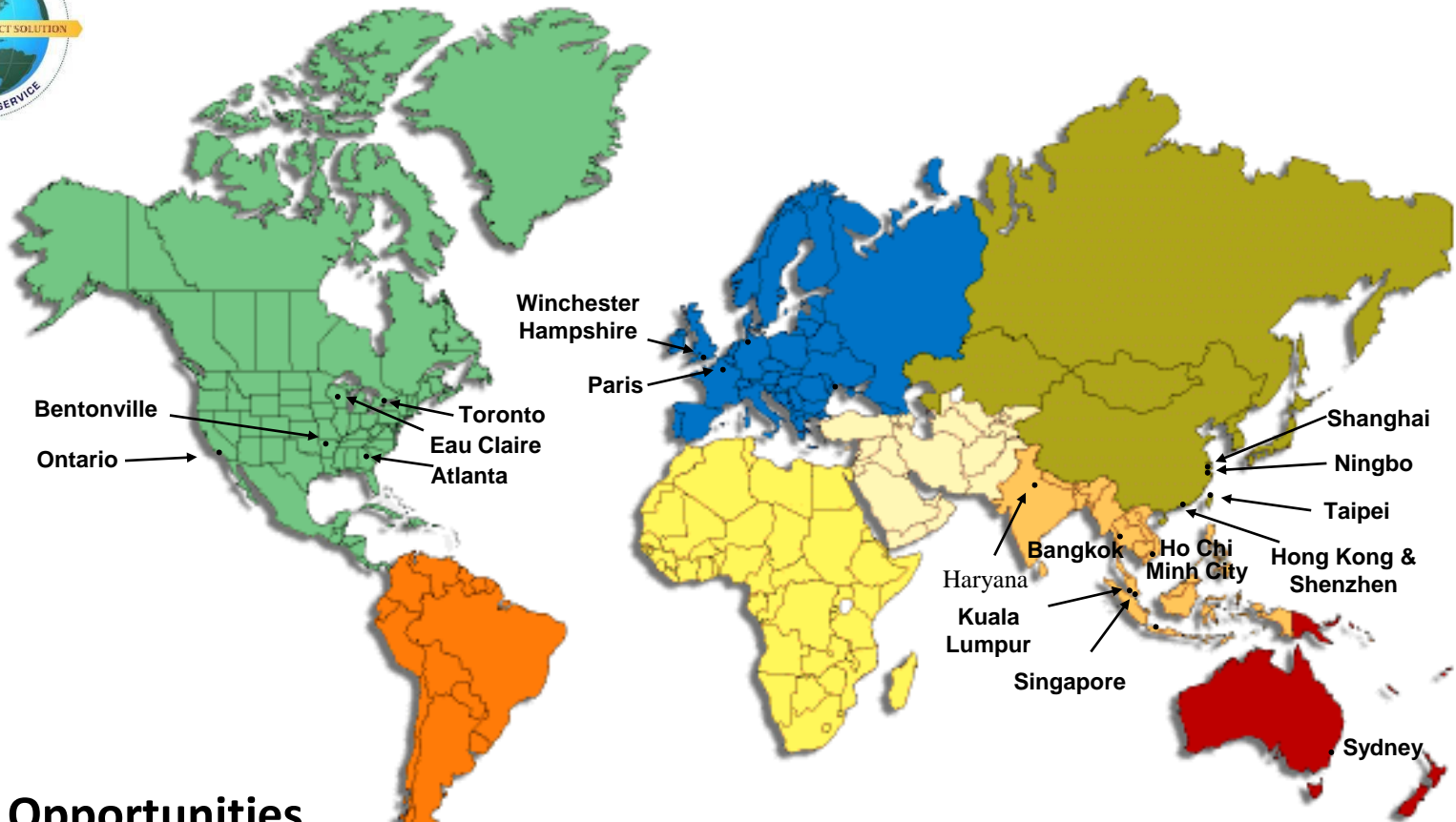
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# Global Worldwide Network



(with local service 17 offices in 12 countries, 3 warehouses in China, Taiwan, and U.S.)



## Growth Opportunities

- ❑ Agency biz (Michaels, AutoZone, Tractor Supply, AAFES, Spotlight and OSH)
- ❑ Principal trading : continued focus on key customers/products thru global sourcing platform
- ❑ Brand licensing opportunities for Greater China markets - ex.: Bissell, Stanley Black&Decker, La-Z-Boy, Umbra ,etc
- ❑ Brand licensing opportunities for TW : Frette and Jiou Young

# Trading Overview – 1Q12 and 2011



- Revenue for 1Q12 Totalled NT\$2.89bn, decrease 16.1% YoY; Shipments decrease 5.8% YoY to NT\$3.68bn.
- Unaudited revenue for FY2011 totaled NT\$ 13.3bn, up 15.3% YoY.

## Trading business' revenue - 1Q12 and FY2011

Revenue (NT\$ mn)	1Q12*	1Q11	YoY % chg	2011*	2010A	YoY % chg
Trading Revenue	2,781	3,363	-17.3%	12,948	11,212	15.5%
Total Revenue (parent basis)	2,889	3,444	-16.1%	13,272	11,513	15.3%

<sup>^</sup> According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

# Trading Overview – 1Q12 and 2011

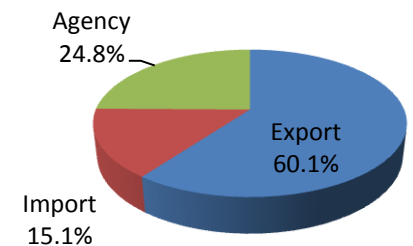


- Shipments for principal trading decreased by 17.8% YoY in 1Q12 to NT\$ 2.77bn; increased by 15% YoY to NT\$ 13 bn in 2011.
- Shipments for agency business increased by 68.1% YoY in 1Q12 and 28.7% in 2011.
- Exports accounted for 60.1% of shipments, and agency and imports accounted for 24.8% and 15.1% respectively in 1Q12.

Shipments value breakdown by segment – 1Q12 and FY2011

Shipment Value (NT\$ '000)	1Q12*	1Q11	YoY % chg	2011*	2010	YoY % chg
Shipments – Principal	2,767	3,365	-17.8%	12,909	11,223	15.0%
Shipments – Agency	913	543	68.1%	3,328	2,586	28.7%
Total Trading shipments	3,680	3,908	-5.8%	16,237	13,809	17.6%

1Q12 Shipment by Type





特力家居 DECOR HOUSE

# RETAIL SECTOR

Test Rite Group 特力集團

# Brand value proposition of Retail BUs



*Affordable Indulgence*

低調奢華 輕鬆擁有

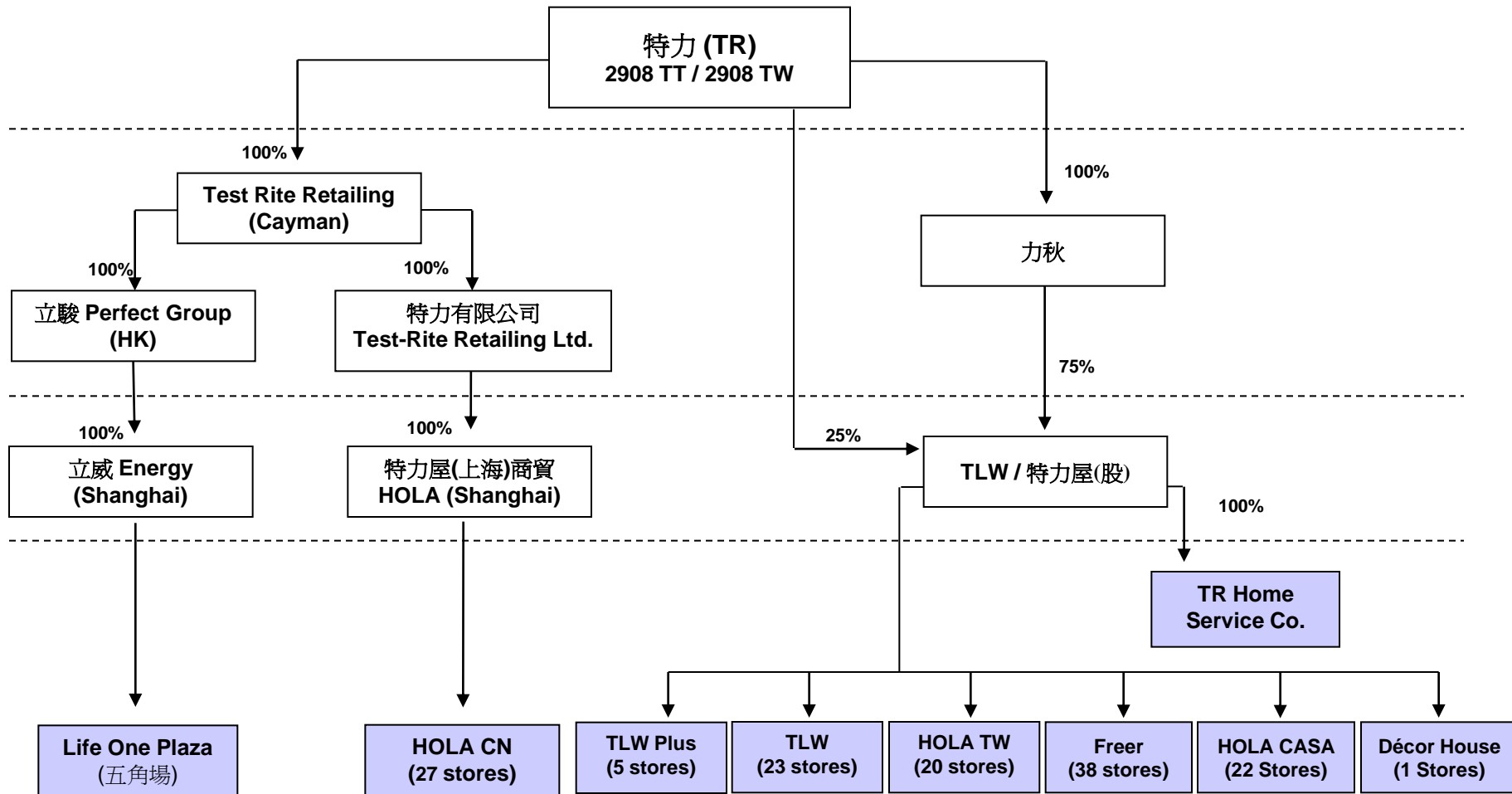
**S**imple To choose

**E**asy To buy

**E**xciting Experience



# Holding structure of TR Retail Group



Store # are as of Q1 2012.

Designate Retail Sales Channels

TLW (Formerly B&Q TW) made a tender offer of HOLA TW common shares in June 2009. TLW merged HOLA TW, Freer, and HOMY in Oct 2009. And the scheduled date of 4 in 1 merger is Dec. 31, 2009.



# Growth Driver – Retail Group



**Provide consumers the experience of “affordable indulgence”**

- **TLW (特力屋) Taiwan**
  - Open first Décor House, the one-stop home ware shopping center in Sep. 2011
  - Added one TLW in Taoyuan (within Décor House) in 2011; 2 more openings planned in 2012
  - Open TLW Plus targeting neighborhood market.
  
- **HOLA**
  - HOLA Taiwan – opened 2 stores in 2011; +1 planned in 2012
  - HOLA China
    - Net increase of 1 store in 2011
    - Net increase of 4-8 stores in 2012
    - 2014 target 50-60 stores

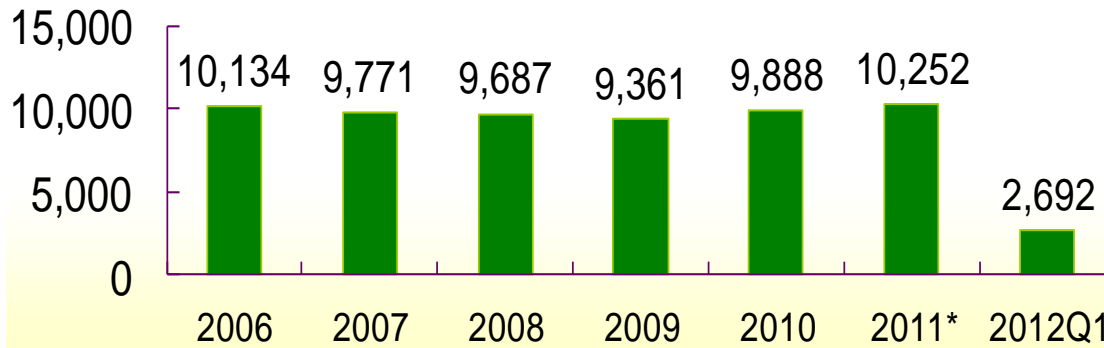
## **Trading/Retail Synergy**

- TLW, HOLA, Freer, HOLA CASA, and HOLA China - continued integration of merchandizing, marketing, store operations, FIN, HR & IT departments



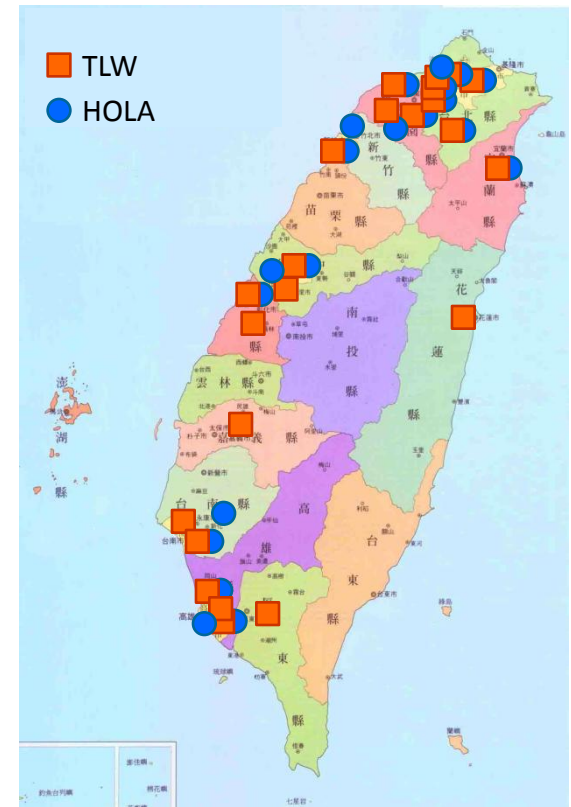
- Leading DIY player with ~30% market share
- + 2 stores planned in 2012; new business opportunities with TLW Plus and TLW 好幫手
- 2011 Revenue exceed NT\$ 10 bn mark for the first time since 2006, up 3.7% YoY.

Net Sales



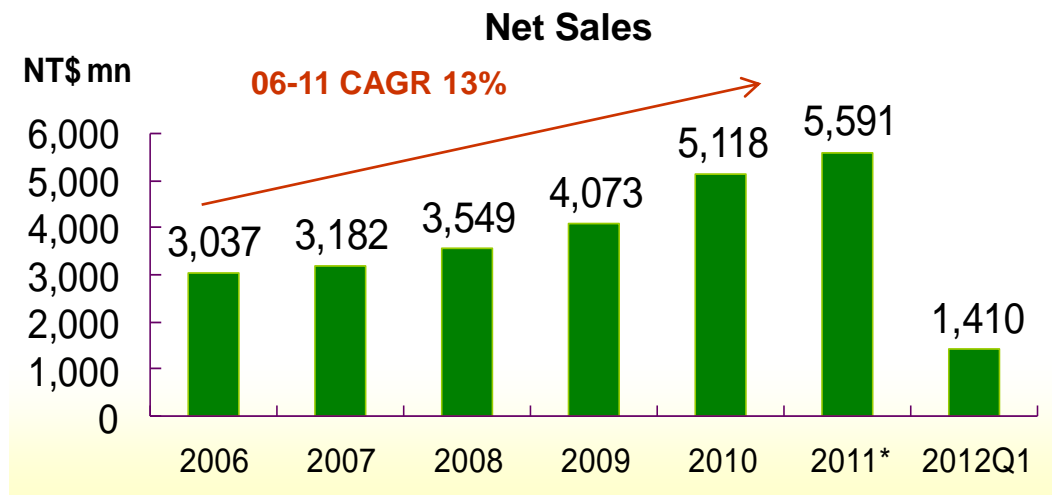
(m²)	2006	2007	2008	2009	2010	2011
Selling space	91,756	93,938	93,938	93,938	89,727	91,821
Store #	21	22	22	22	23	23

## Store Locations



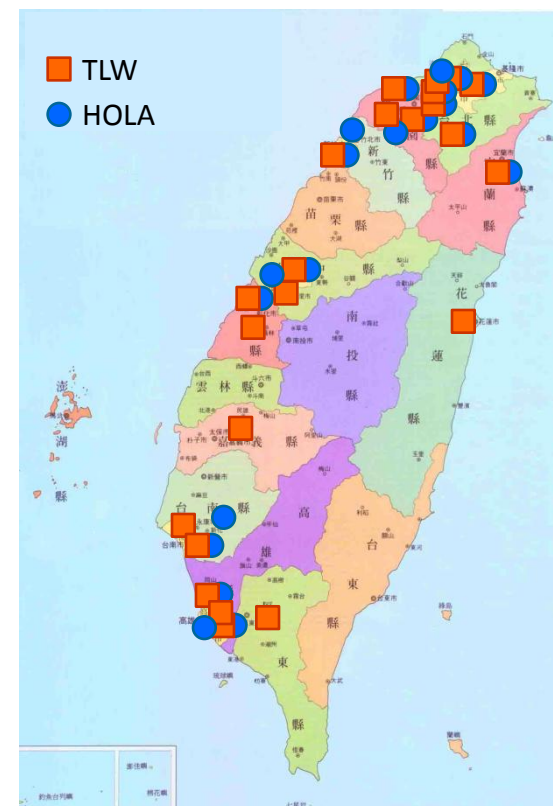


- No. 1 home décor chain in Taiwan with 20 stores
- Opened 2 stores in 2011; + 1 store planned in 2012
- Revenue increased 8.2% YoY to NT\$ 5.6 bn in 2011



(m <sup>2</sup> )	2006	2007	2008	2009	2010	2011
Selling space	36,919	40,073	43,541	43,541	50,349	53,995
Store #	11	12	13	13	18	20

## Store Locations



# Décor House business update



## 特力家居 DÉCOR HOUSE

- Closed original TLW store to rebuilt Décor House in 2Q10. Soft opening started in July 2011 and officially opened in September.
- Selling space over 8,100 ping (26,700 m<sup>2</sup>)
- Gross revenue to reach NT\$ 2-2.5 bn per year

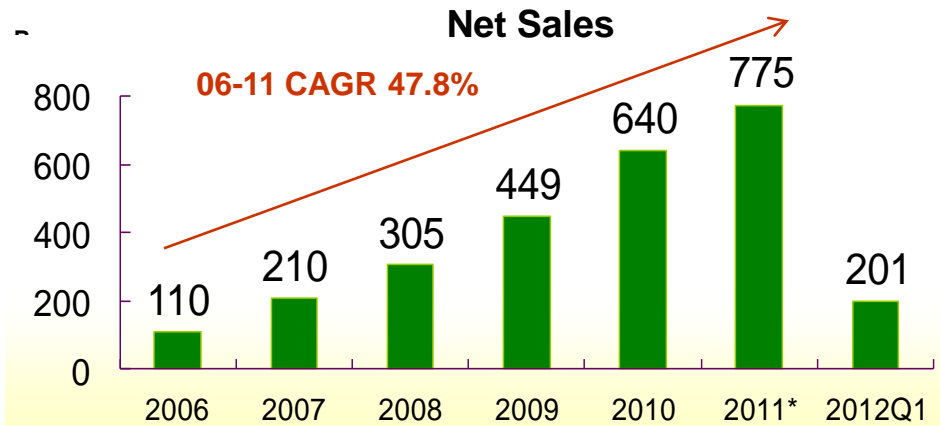




## HOLA China (Private – 100% held by Test-Rite)



- HOLA China has 27 stores as of 2012Q1.
- 2011 revenue total RMB 775 mn, up 21.1% YoY.
- +4-8 store openings planned in 2012



(m <sup>2</sup> )	2006	2007	2008	2009	2010	2011
Selling space	25,593	32,595	46,442	51,506	59,481	60,116
Store #	7	9	14	18	27	28

# Hola China business update



- Revenue for 2011 totaled RMB 775 mn, up 21.1% YoY.
- Added two new stores in Beijing and Wuhan in 2011 after opening 9 stores in 2010.
- Total number of stores targeted to reach 50-60 by end of 2014



# Hola China business update cont'd



- 1Q12 revenue increased 2.1% YoY to RMB 201 mn; 4Q11 revenue increased 13.1% YoY to RMB 218 mn.
- Hola China turn profitable on a monthly basis for the first time in Dec-09. 12 stores out of total 27 were profitable at store level by end of 2010.
- 16 out of 27 stores were at breakeven for 1Q12



# RECENT FINANCIAL RESULTS



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# 1Q12 and 2011 Revenue by BU



## Test Rite International Co., Ltd. (2908)

(NT\$ '000)	1Q12*	1Q11	YoY% chg	1-4Q11	1-4Q10	YoY% chg
Trading^	2,889,492	3,443,565	-16.1%	13,272,554	11,513,995	15.3%
Retail - TLW	4,138,263	4,170,084	-0.8%	16,250,378	15,041,283	8.0%
Retail – HOLA China (RMB '000)	202,151	198,013	2.1%	774,673	639,816	21.1%
Retail Group**	5,197,009	5,149,788	0.9%	20,410,553	18,526,885	10.2%
Tong Lung Metal	779,420	754,690	3.3%	3,169,467	3,071,813	3.2%

^ According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

\*\*Including sales of Mango and WW China in HOLA China revenue. Retail group sales include TLW, Hola Taiwan, Décor House, HOLA China, Life 1 Plaza and TLW Service.

# Test Rite 1Q12 Financial Results



## Test Rite International Co., Ltd. (2908) – parent only

### P&L for 1Q12 & 1Q11 (parent only)

(NT\$m)	1Q12	1Q11	% chg
Turnover	2,890	3,444	-16.10%
Gross profit	566	641	-11.70%
Operating profit	78	45	73.80%
Non-operating income/loss	211	224	-5.80%
Pre-tax profit	290	269	7.60%
Net profit	268	258	4.00%
Basic EPS(Aft-tax)	0.55	0.51	7.80%
Diluted EPS(NT\$)	0.55	0.51	7.80%
Fully diluted EPS (NT\$)	0.53	0.51	4.00%
Net profit ex one time charge and FOREX	234	251	-6.90%
Fully-diluted EPS(Aft-tax)ex FOREX and one time charge(NT\$)	0.46	0.49	-6.90%
Gross margin	19.60%	18.60%	
Operating margin	2.70%	1.30%	
Pre tax margin	10.00%	7.80%	
Net profit margin	9.30%	7.50%	

### Breakdown of Non-operating income (loss)

(NT\$m)	1Q12	1Q11	YoY % chg
Trading Subsidiaries	(42)	(39)	7.10%
Retail Subsidiaries			
- TLW	241	234	3.00%
- Hola China	(38)	(44)	-14.50%
- Life 1 Plaza	(2)	(9)	-75.00%
Subtotal: Retail Subsidiaries	201	180	n.a.
Tong Lung Metal	23	21	6.60%
Other LT Investments	31	43	-28.90%
FX Gain/(Loss)	14	61	-77.40%
Interest net amount	(25)	(17)	42.50%
Others	11	(25)	-142.70%
Subtotal of Non-Operating income / loss	211	224	-5.80%

# Test Rite 1Q12 Financial Results



## Test Rite International Co., Ltd. (2908) – parent only

### B/S (Parent only) 1Q12 and 1Q11

(NT\$ mn)	1Q12	1Q11A	%chg
Cash & Equivalents	42	173	-75.7%
Current Assets	4,648	4,504	3.2%
Net PP&E	590	608	-3.0%
L/T Investments	10,059	9,860	2.0%
Total Assets	16,030	15,701	2.1%
S/T Debts	500	356	40.5%
Current Liability	2,183	2,107	3.6%
L/T Debts	5,357	4,653	15.1%
Total Liabilities	9,071	8,561	6.0%
Shareholders Equities	6,959	7,140	-2.5%
Current Ratio (%)	212.9%	213.7%	
Net Debt/Equity (%)	83.6%	67.7%	
Total Liab/Assets (%)	56.6%	54.5%	

### C/F (Parent only) of 1Q12 and 1Q11

(NT\$ mn)	1Q12	1Q11A	% chg
Operating CF	414	(546)	-175.8%
Investment CF	(312)	(16)	1861.2%
Financing CF	(215)	499	-143.1%
Net Cash Flow	(113)	(64)	77.9%
Cash at beg. quarter	155	237	-34.5%
Cash at end quarter	42	173	-75.7%

# Test Rite FY2011 Financial Results



## Test Rite International Co., Ltd. (2908) - Consolidated

### Consolidated B/S for FY2011 & FY2010

(NT\$ mn)	FY2011A	FY2010A	%chg
Cash & Equivalents	2,096	1,111	88.6%
Current Assets	12,726	9,877	28.8%
Net PP&E	7,695	6,408	20.1%
L/T Investments	205	210	-2.2%
Total Assets	27,562	23,171	18.9%
S/T Debts	3,892	2,922	33.2%
Current Liability	11,478	8,580	33.8%
L/T Debts	7,151	5,988	19.4%
Total Liabilities	20,332	16,438	23.7%
Shareholders Equities	7,231	6,734	7.4%
Current Ratio (%)	111%	115%	
Net Debt/Equity (%)	124%	116%	
Total Liab/Assets (%)	73.8%	70.9%	



# Test Rite FY2011 Financial Results



## Test Rite International Co., Ltd. (2908) – parent only

### P&L for FY2011 & FY2010 (parent only)

(NT\$mnn)	FY2011	FY2010	% chg
Turnover	13,273	11,514	15.30%
Gross profit	2,491	2,233	11.50%
Operating profit	315	222	42.00%
Non-operating income/loss	355	395	-10.10%
Pre-tax profit	671	617	8.70%
Net profit	636	487	30.60%
Basic EPS(Aft-tax) (NT\$)	1.27	1.01	25.30%
Diluted EPS (NT\$)	1.26	1.00	26.0%
Fully diluted EPS (NT\$)	1.23	0.94	30.60%
Net profit ex FX & one-time write off	581	394	47.70%
FD EPS ex FX & one-time write off (NT\$)	1.13	0.76	47.70%
Gross margin	18.80%	19.40%	
Operating margin	2.40%	1.90%	
Pre tax margin	5.10%	5.40%	
Net profit margin	4.80%	4.20%	

### Breakdown of Non-operating income (loss)

(NT\$mnn)	FY2011	FY2010	YoY % chg
Trading Subsidiaries	(133)	(166)	-20.00%
Retail Subsidiaries			
- TLW	586	477	22.90%
- Hola China	(257)	(208)	23.70%
- Life 1 Plaza	(14)	(78)	-82.10%
Subtotal: Retail Subsidiaries	315	191	65.00%
Tong Lung Metal	94	135	-30.70%
Other LT Investments	97	152	-36.30%
FX Gain/(Loss)	102	155	-33.90%
Interest net amount	(86)	(69)	24.30%
Others	(34)	(3)	1033.30%
Subtotal of Non-Operating income / loss	355.3	395	-10.10%

# Test Rite FY2011 Financial Results



## Test Rite International Co., Ltd. (2908) – parent only

### B/S (Parent only) FY2011 and FY2010

(NT\$ mn)	2011A	2010A	%chg
Cash & Equivalents	155	237	-34.5%
Current Assets	5,424	3,586	51.3%
Net PP&E	593	609	-2.7%
L/T Investments	9,556	9,641	-0.9%
Total Assets	16,313	14,582	11.9%
S/T Debts	0	0	
Current Liability	2,010	1,574	27.7%
L/T Debts	5,951	4,820	23.5%
Total Liabilities	9,570	8,242	16.1%
Shareholders Equities	6,743	6,340	6.4%
Current Ratio (%)	270%	228%	
Net Debt/Equity (%)	86%	72%	
Total Liab/Assets (%)	59%	57%	

### C/F (Parent only) of FY2011 and FY2010

(NT\$ mn)	2011A	2010A	% chg
Operating CF	(371)	222	-267%
Investment CF	(298)	(1,017)	-71%
Financing CF	588	734	-20%
Net Cash Flow	(82)	(61)	33%
Cash at beg. quarter	237	298	-20%
Cash at end quarter	155	237	-34%



家的大小事  
一輩子都是特力的事!

Thank you!



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