



REGAL HOLDING CO.,LTD.

**TW.4807**

# Investor Conference

June 29, 2020

**Established****2014.10.06****Chairman****PHACHARAPON  
PHAIBOONSUNTORN****Share****38,400,000****Paid in Capital****NTD 384 million****Headquarter****Thailand(1991.02.21-)****Staffs****2,550+**

## Thailand Production Base

◇ 65,896 square meters

◇ 3 jewelry factories

◇ 1 jewelry plating factory entity

# Industry status

## Upstream

- Raw metal mining and production
- Stone rough material mining and production

## Midstream -- 1

- Gemstones/artificial stones cutting and polishing
- Gemstones/artificial stones wholesale
- Jewelry Design and Brand operators
- Manufacturers of jewelry process equipment and material supply

## Midstream -- 2

- Jewelry manufacturing plant
- Jewelry plating plant
- Jewelry accessories supplier

## Downstream

- Jewelry brand shops
- Department stores/malls
- Discount stores
- Non- physical shops ( Catalogue and B2C e-commerce )
- Network Community channels

# Main Products Harmonized System Codes(HS Code)

## **7117 Imitation jewellery**

- 711711 Jewellery; imitation, cuff links and studs, of base metal, whether or not plated with precious metal
- 711719 Jewellery; imitation, (excluding cuff links and studs), of base metal, whether or not plated with precious metal
- 711790 Jewellery; imitation, of other than base metal, whether or not plated with precious metal

## **7113 Jewellery articles and parts thereof, of precious metal or of metal clad with precious metal**

- 711311 Jewellery; of silver, whether or not plated or clad with other precious metal, and parts thereof
- 711319 Jewellery; of precious metal (excluding silver) whether or not plated or clad with precious metal, and parts thereof
- 711320 Jewellery; of base metal clad with precious metal, and parts thereof

# Reporting Countries Export Statistics (Partner Country World)

Commodity: 7117, Imitation Jewelry & 7113

7113, Article Of Jewelry And Parts Thereof, Of Precious Metal Or Metal Clad With Precious Metal

**In the past three years, Thailand is the world's top ten silver jewelry exporters**

HS Code : 7117 export statistics (2017-2019)								Unit : USD million			
Rank	Country (2017)	Amount	%	Rank	Country (2018)	Amount	%	Rank	Country (2019)	Amount	%
1	China	1,928.99	29.41	1	China	1,760.26	26.19	1	China	1,881.87	29.65
2	Hong Kong	735.87	11.22	2	Hong Kong	739.03	11.00	2	Hong Kong	795.59	12.53
3	Austria	509.10	7.76	3	France	494.84	7.36	3	France	471.84	7.43
4	France	436.07	6.65	4	Austria	475.64	7.08	4	Singapore	444.14	7.00
5	Singapore	366.12	5.58	5	Singapore	459.44	6.84	5	Thailand	417.28	6.57
6	Italy	342.86	5.23	6	Thailand	421.26	6.27	6	Italy	308.24	4.86
7	Thailand	341.34	5.20	7	Germany	382.93	5.70	7	Austria	317.05	5.00
8	United States	262.63	4.00	8	Italy	373.85	5.56	8	Germany	313.33	4.94
9	Germany	230.50	3.51	9	United States	253.87	3.78	9	United States	220.53	3.47
10	India	202.50	3.09	10	India	198.66	2.96	10	India	160.89	2.53

HS Code : 7113 export statistics (2017-2019)								Unit : USD million			
Rank	Country (2017)	Amount	%	Rank	Country (2018)	Amount	%	Rank	Country (2019)	Amount	%
1	India	12,628.09	14.18	1	China	13,333.20	14.37	1	China	13,294.79	14.49
2	Switzerland	11,199.59	12.58	2	India	12,452.40	13.42	2	Switzerland	11,626.02	12.67
3	China	11,058.82	12.42	3	Switzerland	11,748.63	12.67	3	India	11,528.48	12.56
4	United States	10,298.64	11.57	4	United States	9,930.20	10.71	4	United States	9,187.84	10.01
5	Italy	6,964.40	7.82	5	Hong Kong	7,099.77	7.65	5	Hong Kong	7,855.00	8.56
6	Hong Kong	6,240.47	7.01	6	Italy	7,064.52	7.62	6	France	6,207.61	6.77
7	France	5,004.25	5.62	7	France	5,786.93	6.24	7	United Kingdom	6,141.85	6.69
8	United Kingdom	4,679.91	5.26	8	United Kingdom	4,446.99	4.79	8	Italy	5,978.80	6.52
9	Turkey	4,139.69	4.65	9	Turkey	4,410.97	4.76	9	Turkey	5,100.99	5.56
10	Thailand	3,665.98	4.12	10	Thailand	3,865.32	4.17	10	Thailand	3,684.68	4.02

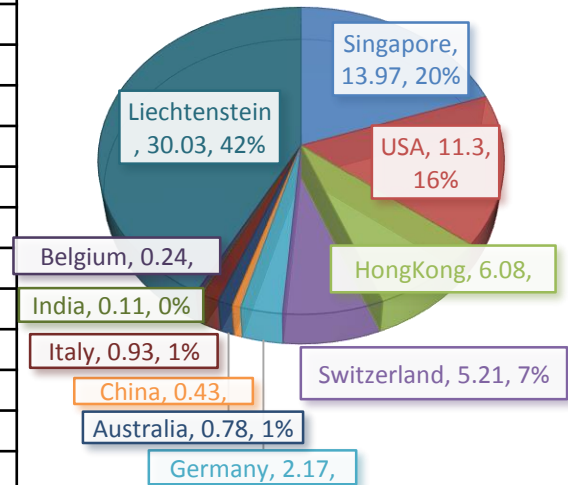
# Thailand Major Export Country (2018-2020/4)

#7117 Imitation Jewelry

Thailand Major Export Country (2018-2020/4)									
#7117 Imitation Jewelry									
Unit : USD million									
Country	Quarterly 1			Quarterly 2			Total		
	2018	2019	2020	2018	2019	2020(APR)	2018	2019	2020
Singapore	14.93	18.32	<b>12.01</b>	16.66	21.12	<b>1.96</b>	73.7	76.33	<b>13.97</b>
USA	10.01	9.89	<b>9.43</b>	8.42	9.01	<b>1.87</b>	44.36	39.18	<b>11.3</b>
Hong Kong	4.16	5.69	<b>4.98</b>	3.79	4.43	<b>1.1</b>	17.61	22.48	<b>6.08</b>
Switzerland	2.12	3.42	<b>3.76</b>	1.8	3.39	<b>1.45</b>	7.95	13.85	<b>5.21</b>
Germany	4.41	2.06	<b>1.75</b>	4.3	2.71	<b>0.42</b>	16.25	9.79	<b>2.17</b>
China	1.42	0.75	<b>0.41</b>	0.83	2.47	<b>0.02</b>	4.38	5.35	<b>0.43</b>
Australia	0.78	0.77	<b>0.64</b>	0.79	0.67	<b>0.14</b>	3.05	3	<b>0.78</b>
Italy	0.96	0.8	<b>0.91</b>	1.54	0.72	<b>0.02</b>	5.9	2.71	<b>0.93</b>
India	0.2	0.37	<b>0.11</b>	0.13	0.57	<b>0</b>	1.1	1.38	<b>0.11</b>
Belgium	0.24	0.34	<b>0.22</b>	0.21	0.2	<b>0.02</b>	0.93	1.08	<b>0.24</b>
Liechtenstein	35.65	37.72	<b>27.46</b>	38.68	37	<b>2.57</b>	165.05	157.29	<b>30.03</b>

Source: Gem and Jewelry Information Center

2020 Jan - Apr



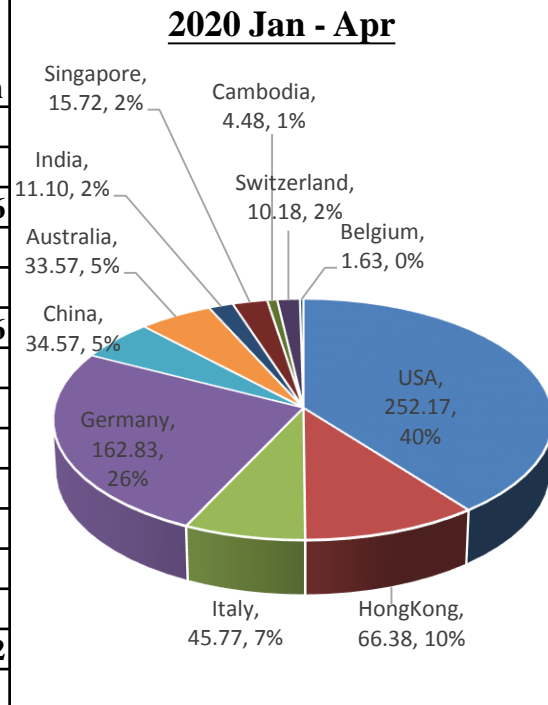
Thailand's export value also fell sharply due to COVID-19 in the 2020Q1.

# Thailand Major Export Country (2018-2020/4)

#7113 Jewellery articles and parts thereof, of precious metal or of metal clad with precious metal

Thailand Major Export Country (2018-2020/4)									
#7113 Articles Of Jewelry And Parts Thereof, Of Precious Metal Or									
Of Metal Clad With Precious Metal									
Unit : USD million									
Country	Quarterly 1			Quarterly 2			Total		
	2018	2019	2020	2018	2019	2020(APR)	2018	2019	2020
USA	214.17	199.71	<b>216.26</b>	272.84	208.27	<b>35.91</b>	1000.81	904.10	<b>216.26</b>
Hong Kong	215.4	194.67	<b>59.85</b>	99.57	103.95	<b>6.53</b>	618.15	541.13	<b>59.85</b>
Italy	32.08	45.25	<b>43.92</b>	15.57	14.13	<b>1.85</b>	78.8	191.74	<b>43.92</b>
Germany	150.14	122.54	<b>125.76</b>	107.24	72.44	<b>37.07</b>	596.68	506.88	<b>125.76</b>
China	40.37	56.32	<b>21.13</b>	41.45	34.17	<b>13.44</b>	212.45	179.20	<b>21.13</b>
Australia	40.37	26.07	<b>29.59</b>	35.36	25.21	<b>3.98</b>	176.4	132.34	<b>29.59</b>
India	8.99	5.38	<b>11.1</b>	13.63	20.67	<b>0</b>	41.35	70.92	<b>11.10</b>
Singapore	8.7	11.83	<b>15.1</b>	9.07	8.3	<b>0.62</b>	43.99	45.90	<b>15.10</b>
Cambodia	0.12	1.44	<b>4.48</b>	2.36	0.68	<b>0</b>	4.02	22.45	<b>4.48</b>
Switzerland	72.39	52.81	<b>8.72</b>	18.99	21.11	<b>1.46</b>	109.35	91.64	<b>8.72</b>
Belgium	1.15	1.11	<b>1.51</b>	1.75	1.73	<b>0.12</b>	6.09	6.05	<b>1.51</b>
Total	783.88	717.13	<b>537.42</b>	617.83	510.66	<b>100.98</b>	2888.09	2692.35	<b>537.42</b>

Source: Gem and Jewelry Information Center



Thailand's export value also fell sharply due to COVID-19 in the 2020Q1.

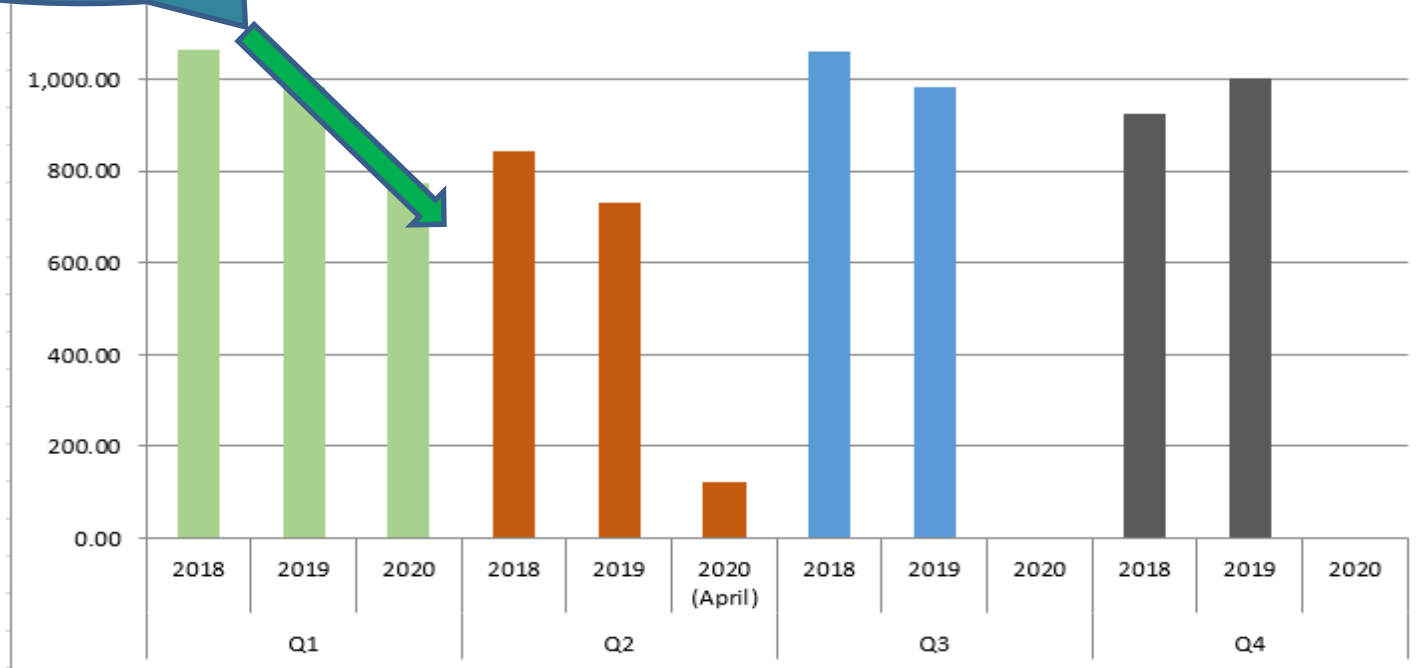
# Thailand Major Export Country (2018-2020/04)

#7113 Jewellery articles and parts thereof, of precious metal or of metal clad with precious metal

Thailand's export value also fell sharply due to COVID-19 in the 2020Q1.

Thailand Export Value(QoQ)#7113

Unit : USD million







2020 Jan to May

Performance & Future Strategy

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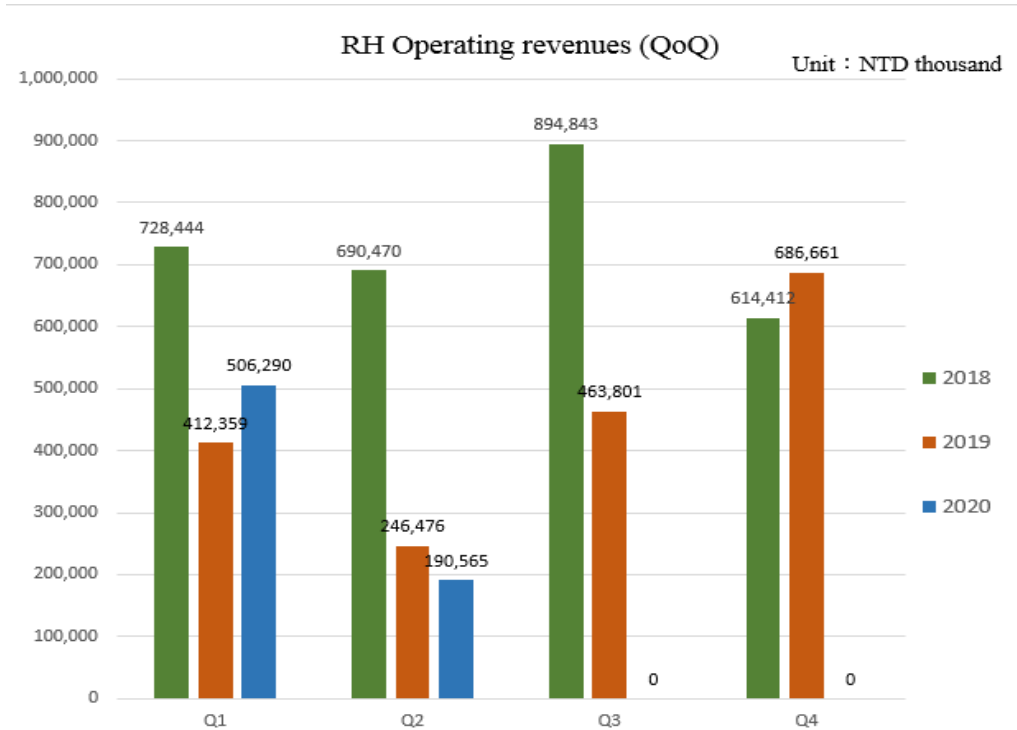
# COVID-19 risk management

Item	Action
1. Plant Management	Established Covid-19 risk management team, to implement policies and actions such as body temperature monitoring, mask-wearing, regular disinfection, personal hygiene behavior build up and self-awareness.
2. Cash Flow Management	Potential risk account payable monitoring. financial benchmark and credit prepare for sufficient cash flow.
3. Expenses Saving	Man-power and budget adjustment base on current and forecast revenue.
4. Inventory management	Lean inventory with better planning, utilize existing stocked or substitute materials with standard spec. by designing and molding.
5. Supply Chain Management	(1) Closely communicating with suppliers to ensure material supplies are sufficient. (2) Prompt to improve the global supply chain and to build partnership.
6. Customer Management	(1) Improve overall performance and response to the customer immediately with better solutions in a variety of requests. (2) build close communication under the Covid-19 epidemic. (3) Strive to turn potential opportunities into a business relationship and develop new customers..

# Regal Group 2020 Jan-May Operating overview

Unit : NTD thousand	2019		2019Q1		2020Q1		Month	Operating revenues	YoY	Accumulated
Operating revenues	1,809,297	100%	412,359	100%	506,290	100%	4	112,191	41.47%	618,481
Operating costs	1,583,125	87%	357,977	87%	386,289	76%	5	78,374	-22.68%	696,855
Gross profit	226,172	13%	54,382	13%	120,001	24%	← Gross margin : 24%			
Selling expenses	68,965	4%	18,295	4%	19,349	4%				
R&D expenses	70,286	4%	17,204	4%	16,038	3%				
Administrative expenses	180,582	10%	47,603	12%	41,102	8%				
Total operating expenses	330,170	18%	86,129	21%	77,810	15%				
Operating income	(103,998)	-6%	(31,747)	-8%	42,191	8%				
Interest income	3,399	0%	139	0%	152	0%				
Interest expense	4,228	0%	50	0%	3,442	1%				
Foreign exchanges	(13,865)	-1%	(1,475)	0%	31,375	6%				
Total non-operating income and expenses	(6,850)	0%	740	0%	30,021	6%				
Profit before tax	(110,848)	-6%	(31,007)	-8%	72,212	14%				
Ta expenses	7,522	0%	3,677	1%	17,817	4%				
Profit	(118,370)	-7%	(34,684)	-8%	54,395	11%	← N/I rate : 11%			
Common stock	381,600		384,700		384,000					
EPS	(3.83)		(1.24)		1.34		← EPS : 1.34			

**2020 Jan-May  
Accumulated revenue is  
NTD 697 million**



	Q1	Q2	Q3	Q4	Total
2020	506,290	190,565	na	na	696,855
2019	412,359	246,476	463,801	686,661	1,809,297
2018	728,444	690,470	894,843	614,412	2,928,169

※ 2020Q2 figure has April and May revenues only.

# McKinsey Report - Luxury Goods Industry

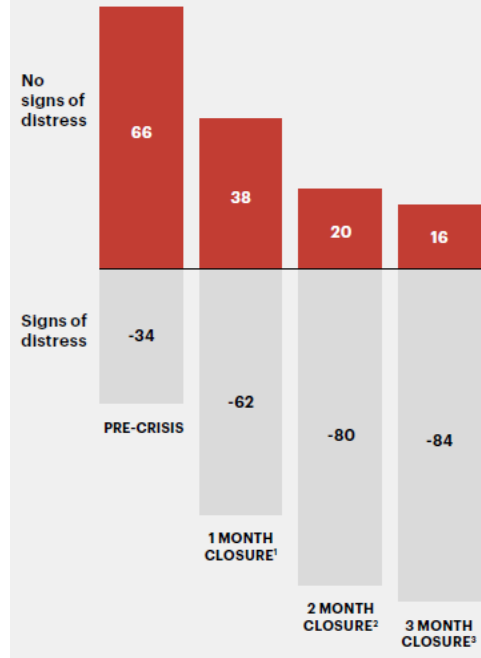
Under COVID-19 situation, Luxury goods Industry global revenue contraction 35-39%.

Fashion industry companies will suffer huge financial pressure.

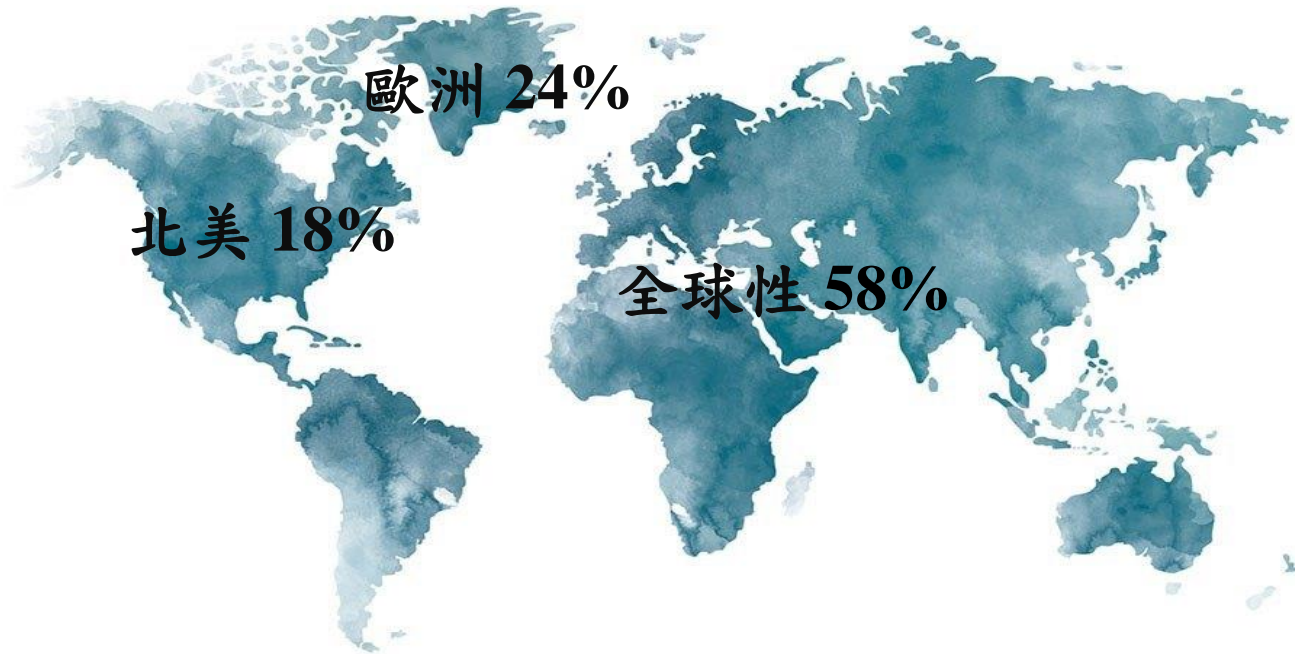
We estimate that revenues for the global luxury industry (apparel and footwear sectors) will contract by 27 to 30 percent in 2020 year-on-year, though the industry could regain positive growth of 2 to 4 percent in 2021.<sup>4</sup> For the personal luxury goods industry (luxury fashion, luxury accessories, luxury watches, fine jewellery and high-end beauty), we estimate a global revenue contraction of 35 to 39 percent in 2020 year-on-year, but positive growth of 2 to 4 percent in 2021.<sup>5</sup> If stores remain closed for 1 to 3 months, McKinsey analysis approximates that 80 percent of publicly listed fashion companies in Europe and North America will be in financial distress. Combined with the McKinsey Global Fashion Index (MGFI) analysis, which found that 56 percent of global fashion companies were not earning their cost of capital in 2018, we expect a large number of global fashion companies to go bankrupt in the next 12 to 18 months.

Source: McKinsey&Company

POTENTIAL IMPACT OF LOCKDOWN DURATION  
PERCENT OF APPAREL AND LUXURY COMPANIES IN  
THE UNITED STATES, CANADA AND EUROPE



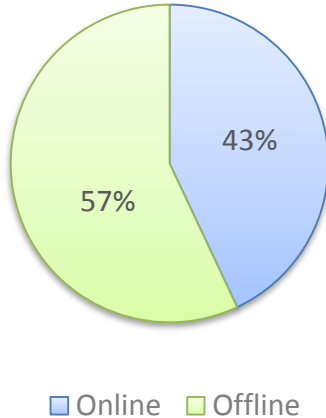
# Distribution & Dynamic of brand customers



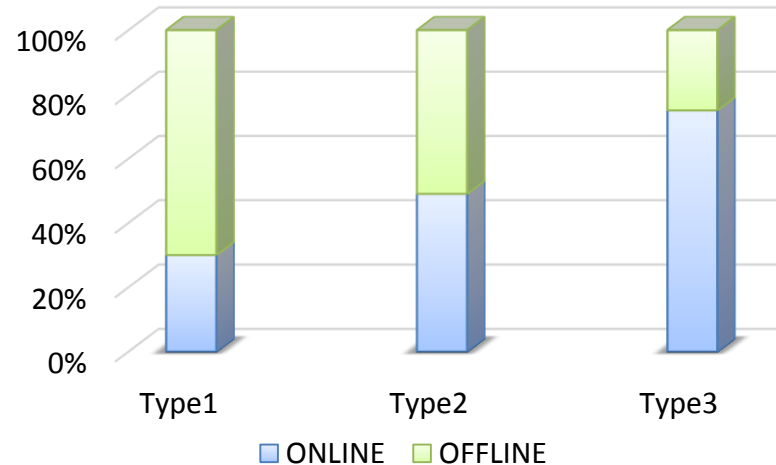
- 1. Since May 2020, EU & US customers return to normal, our Q3 is expectable.  
2. The COVID-19 impact with offline business is greater than online business.

# Customer Type Analysis

Base on RH's revenues in 2020 Jan-May



2020 Jan-May

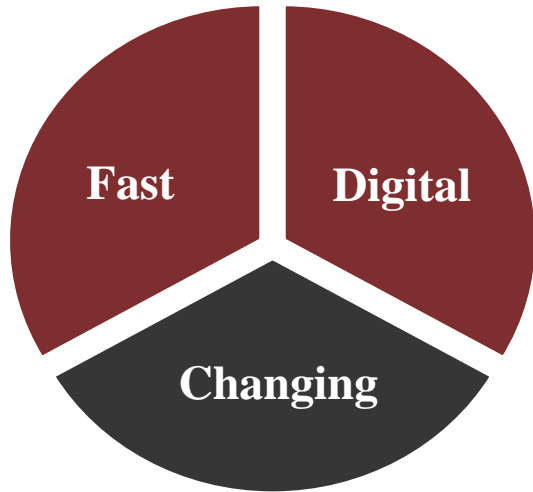


→ Although global sales dropped by the epidemic, but customers are focusing on online marketing to boosting revenue. Therefore, the influence by Covid-19 epidemic to Regal was less than competitors in the industry.

# Changes in consumption patterns



## The State of Fashion



Source: McKinsey & Company

- **Celebrity, KOL... Heterogeneous alliance to stimulate consumer desire to buy goods.**
- **Traditional jewelers accelerate the use of e-commerce platforms and social media to expand the market**  
**Once the e-commerce platform obtains resources, it will also develop offline to establish a physical storefront.**
- **Online e-commerce establishes consumer interactive platform, encourage consumers to share experience, stimulate buying desire, then increase sales value.**
- **Omni-channel selling is coming, focus on consumer experience and feelings. Increasingly high requirements for supplier cooperation—Quick quotation, a small variety of products, shorter delivery times, longer warranty periods, and price competition have become the norm.**



# The New Trend of Global Terminal Market

## Generation Z(1995-)Rising of New Consuming Power

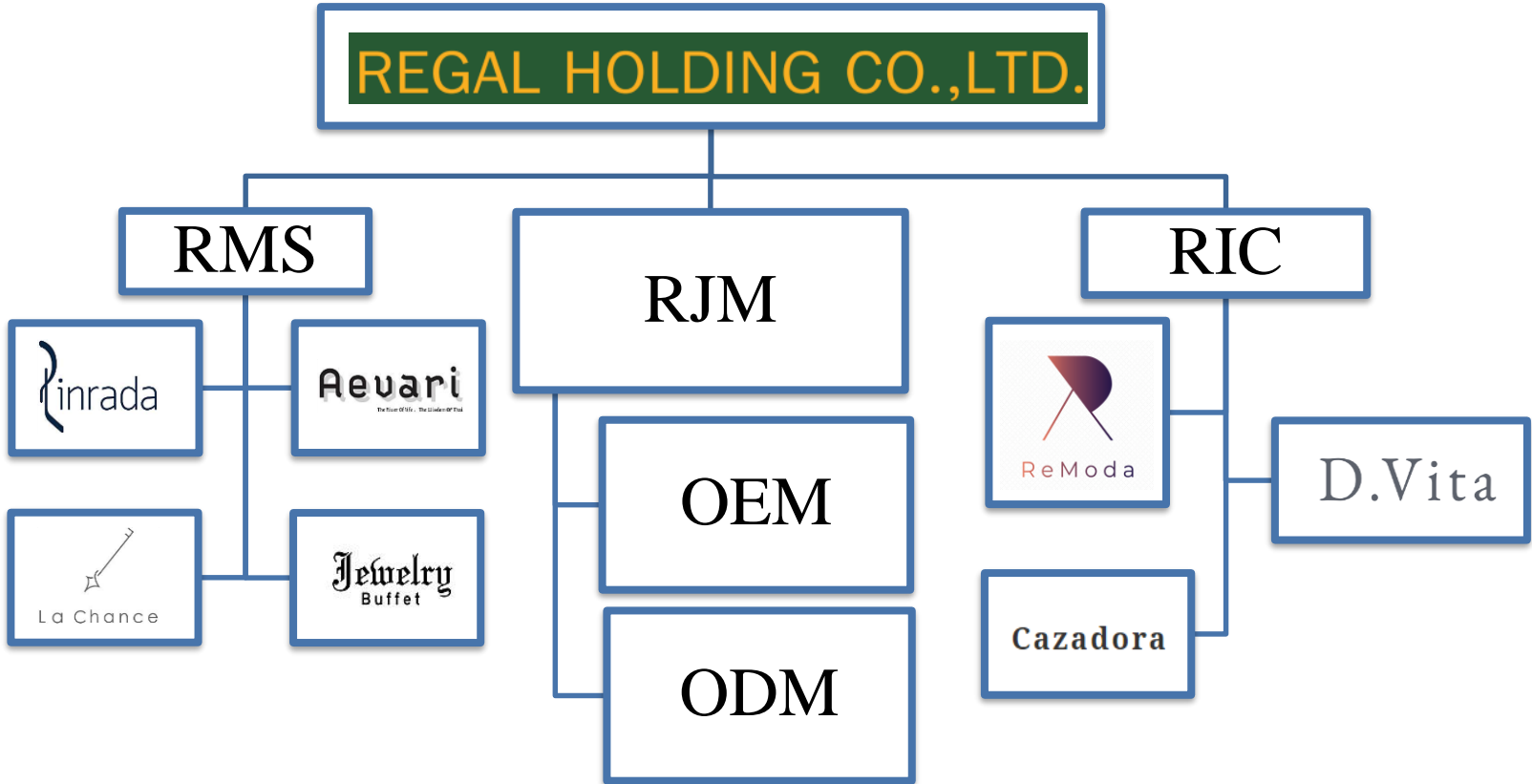
- **40%** of the population in the world.
- **USD 44 billion** Consuming Power, **90%** will furthermore affect their parents.
- **67%** care about fashion design far more than any other generation.
- **Social Relationship & Value** influence Gen-Z's self-identity, brand loyalty and care more about social issues.
- Consumers **be attracted by images** will put **aesthetics** as their first priority.

# Special Certification



# Regal Group's strategy & expectation

- **The ultimate in craftsmanship**
- **The core green supplier of brand customers**
- **The partner who accompanies with customer's growth**
- **The incubator of potential brands**
- **The leader of the One-stop service solution**



# RIC introduction

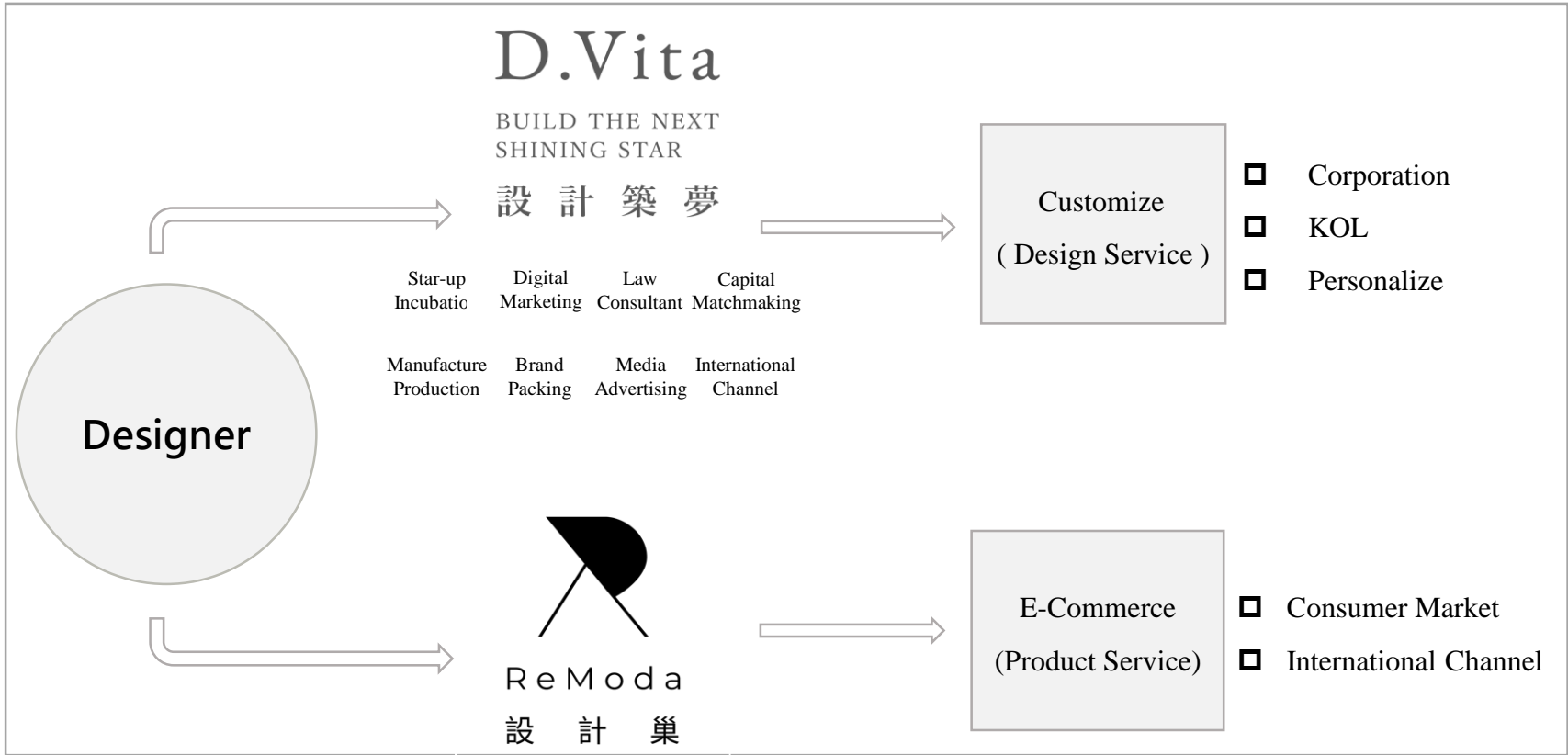
- **Inspiring and encouraging people or corporations to create mix-match business opportunities.**
- Pass on Regal philosophy of "Loving and Sharing", "Cross-over team works", "Creation and cooperation", combined with professional manufacturing know-how and international marketing resources, team up with new corporations in Taiwan: new technology companies, business incubators and young designers,...etc. Through "**D.Vita**" and **ReModa** two platforms. aid to incubate designers from their inspiration till products roll out to markets.  
**(One-Stop Service from Design to Markets)**
- RIC will offer entities who are interesting in creation, investment, manufacture, to support them with necessary resources and to satisfy their request in fashion life and customize product.  
**(One-Stop Service from Markets to Design)**



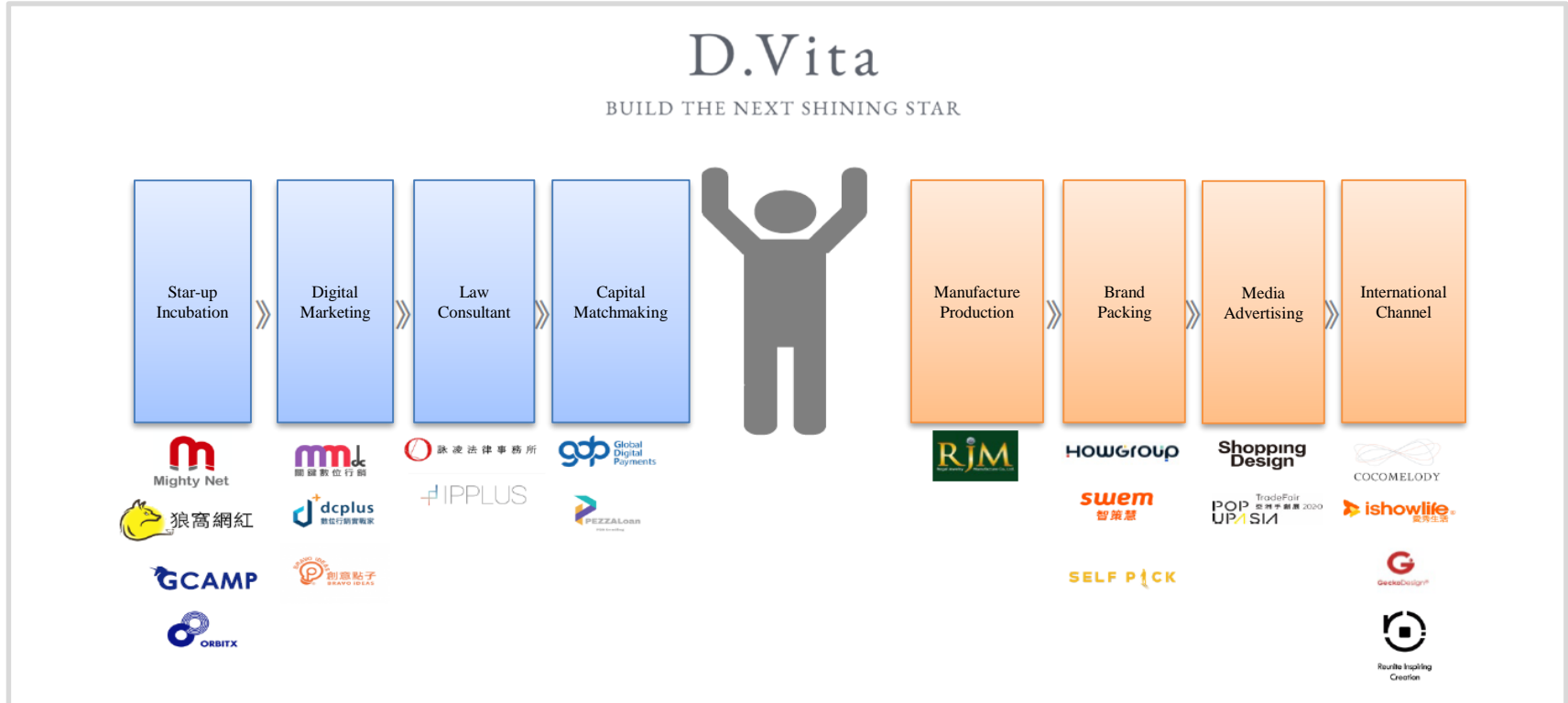
Reunite Inspiring Creation

日成國際企業

# RIC - The stage of Designer



# RIC - The stage of Designer



Today, Jewelry is not just Jewelry.  
Industry is Changing,  
same as Fashion & Luxury Industry.

Regal is transforming into  
**Jewelry<sup>+</sup> Stage**

**Technical . Craftsmanship . Design . Innovation**





REGAL HOLDING CO.,LTD.

*Thank You*

**TW.4807**

[www.regaljewelrygroup.com](http://www.regaljewelrygroup.com)

