

Coaster International Co. Ltd. (2936)

COASTER Financial Performance Update &
Status of US Furniture Industry
(Third Quarter, 2016)

Presented by: Dr. Alex Pan
(Chief Financial Officer)
November 25, 2016

COASTER⁽²⁹³⁶⁾ Corporate Background

- Company Name : Coaster International Co., Ltd.
- Ticker Number : 2936
- Date of Incorporation : 2013/8/22
- Date of Listing : 2016/9/26
- Chairman / General Manager : Lisa Kao / Michael Yeh
- Register Capital (at Par Value NTD): 765,556,960
- Scope of Business : Furniture Product Sourcing and Distribution
- Number of Employee : 910 (as of 2016/6/30)
- Major Market: US (Distribution), Asia (Product Sourcing)

COASTER(2936) Corporate Background

- COA Inc. (dba “Coaster Company of America” or “Coaster”) is a US based import distributor of furniture products. Established in 1981, Coaster’s US head office is located in Los Angeles, California.
- Coaster International Co., Ltd. (“COASTER”), the parent company, was established in 2013. COASTER now owns all the US and Asia subsidiaries, together as COASTER group.
- Coaster Group’s US operation is supported by its Asian offices that provide logistics and quality control functions in China, Taiwan, Malaysia and Vietnam.
- Through 8 US branches and DC warehouses, Coaster Group supports the inventory needs of over 8,000 US Brick & Mortar furniture retailers (that accounts for about 25% of the US registered furniture retailers).
- With EDI and warehouse processing systems, Coaster Group supports US E-Commerce retailers. Today, with respect to in-door furniture products, Coaster is the lead fulfillment source for Amazon and Wayfair.
- In 2015, Furniture/Today magazine ranked Coaster as the Top 9 Key Source in US Furniture Industry. In September 2016, Coaster International Co., Ltd. (2936) listed on the Taiwan Stock Exchange.

COASTER(2936) Member of The Board

姓名	職稱	主要經（學）歷
高黎莎	董事長	東吳大學外文學士 Coaster創始人
Yeko LLC 代表人：葉伯璘	董事	開南商工 Coaster創始人
潘敏行	董事	美國南加大商學博士 南加大企管碩士及商稅碩士 東吳大學經濟碩士 美國PwC會計師聯合事務所合夥人 美國Loyola Marymount University副教授 美國南加大企管學院 講師 美國會計師協會會員 美國加州會計師執業會計師
劉榮星	董事	美國KANSAS大學企管碩士 安國國際科技(股)公司財務長、獨立監察人

姓名	職稱	主要經（學）歷
袁惠兒	獨立董事	美國密蘇里大學會計碩士 美國南伊利諾大學企管碩士 資誠聯合會計師事務所合夥會計師 普華國際財務顧問(股)公司董事長 中華民國北市會計師公會理事
陳忠榮	獨立董事	美國北卡羅來納大學教堂山分校經濟學博士 國立中央大學產業經濟研究所 所長 日本名古屋大學經濟研究中心訪問學者 美國哈佛大學甘迺迪政府學院訪問學者 中央研究院經濟所 訪問學者 台灣經濟學會 理事
齊隆王	獨立董事	法國巴黎大學 (PARIS III) 電影系碩士及學士 世新大學廣播電視電影學系 系主任

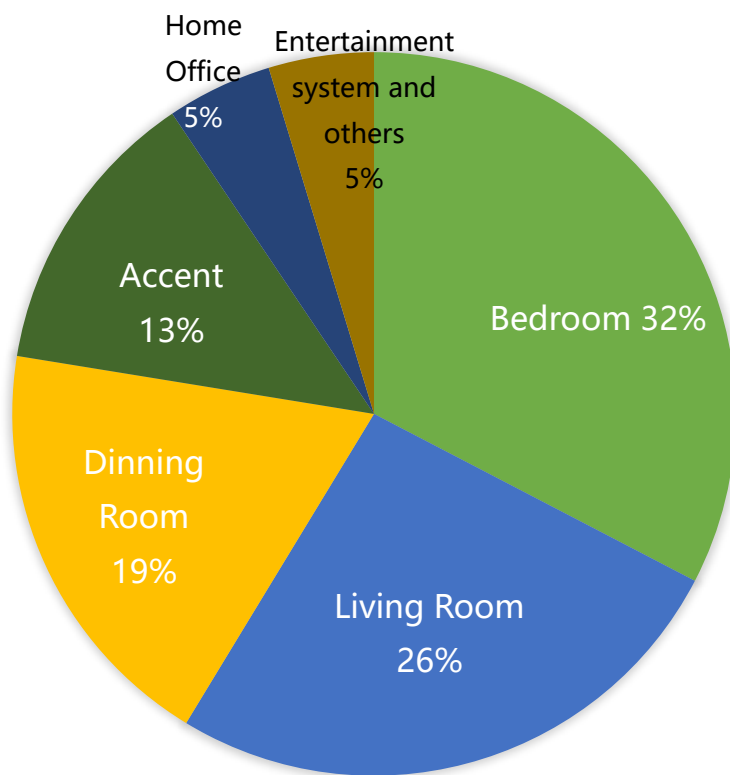
COASTER(2936) Management Team

姓名	職稱	國籍	主要學經歷
葉伯璘	總經理	中華民國	開南商工 Coaster創始人
潘敏行	財務長	中華民國	美國南加大商學博士 美國南加大企管碩士及商稅碩士 東吳大學經濟碩士 美國PwC會計師聯合事務所 合夥人 美國Loyola Marymount University 副教授 美國南加大企管學院講師 美國會計師協會會員 美國加州會計師執業會計師
Toby Konetzny	行銷副總	美國	美國聖安東尼學院 Frank J. Lizaragga Law Firm法務助理
Joshua Chow	資訊副總	美國	美國波士頓大學學士 IBM Global Service 專案執行經理 美豐儲蓄(Home Savings of America) 副總
Matthew Chen	人資副總	美國	美國內布拉斯加大學林肯分校精算碩士 美國艾克朗大學統計碩士 全美人壽保險(Transamerica) 精算師 State Farm Insurance Company 資深精算師

姓名	職稱	國籍	主要學經歷
Gene Korbut	運輸管理副總	美國	美國麻州大學中文文學學士 Cosco North America, Inc. 區域業務經理 美國長榮(Evergreen America Corp.) 副理
John Rodriguez	設備副總	美國	美國洛杉磯加州大學 SST International 銷售暨採購副理
Steve Goldsmith	分公司管理副總	美國	美國佛羅里達亞特蘭大大學 工商管理學士 FMUSA Management Corp. 總經理 The Door Store LTD. 經理
Crystal Nguyen	產品管理中心副總	美國	美國加州時尚設計商業學院學士 A America, Inc. 產品開發副總 Home Furniture 批發及零售產品開發及設計副總
Janice Yeh	全球品質管理中心處長	美國	美國加州大學聖地牙哥分校 管理科學學士
矯璦珊	稽核主管	中華民國	中國文化大學會計系 國際內部稽核師

COASTER⁽²⁹³⁶⁾ Major Products and Brand

Major Products
(by Sales value of year 2015)



COASTER[®]
Fine Furniture

PRIVATE RESERVE
by
CFS[®]

DONNY OSMOND home[™]
BY DONNY & DEBBIE OSMOND

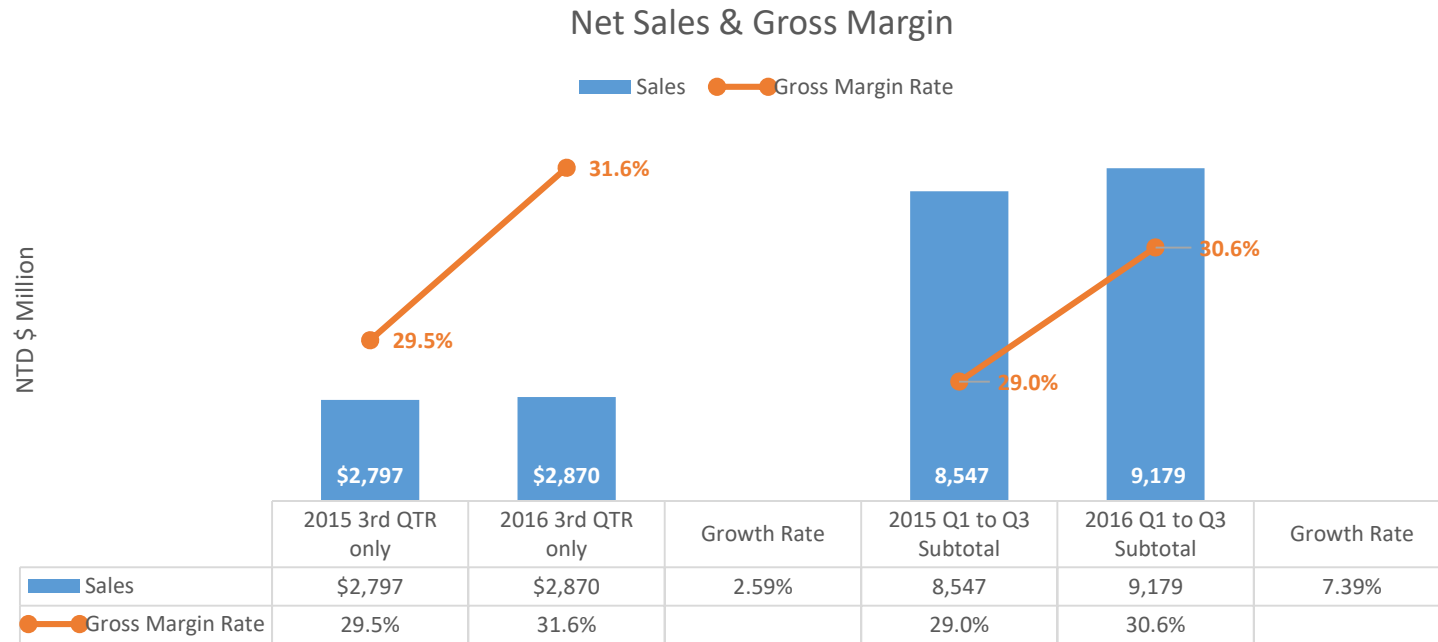


COASTER(2936) Financial Performance

Q3 2016 AND YTD

COASTER 2016 Q3 Financial Performance

Net Sales Increase Steadily

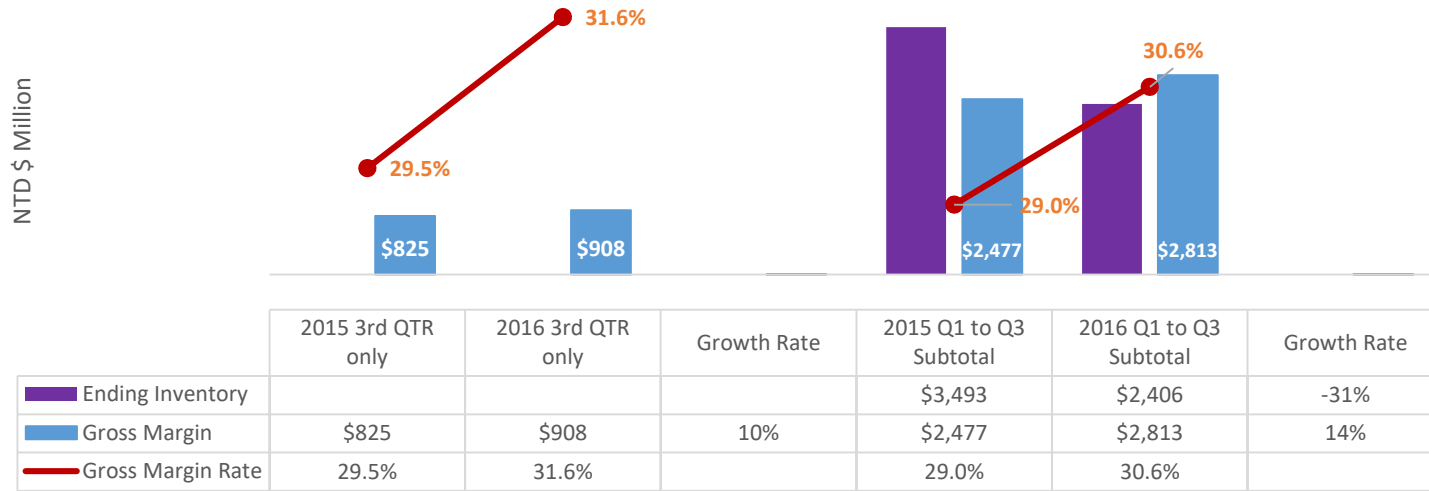


- Traditionally, third quarter is a slower sales season for US furniture industry.
- 2016 to 2015 comparison: (i) third quarter only net sales increases by 2.59%.; (ii) YTD net sales increases by 7.39%, and (iii) YTD gross margin rate increases to 30.6% from 29.0% (the same period of 2015).

COASTER 2016 Q3 Financial Performance

Maintain Healthy Gross Margin and Lower Inventory Level

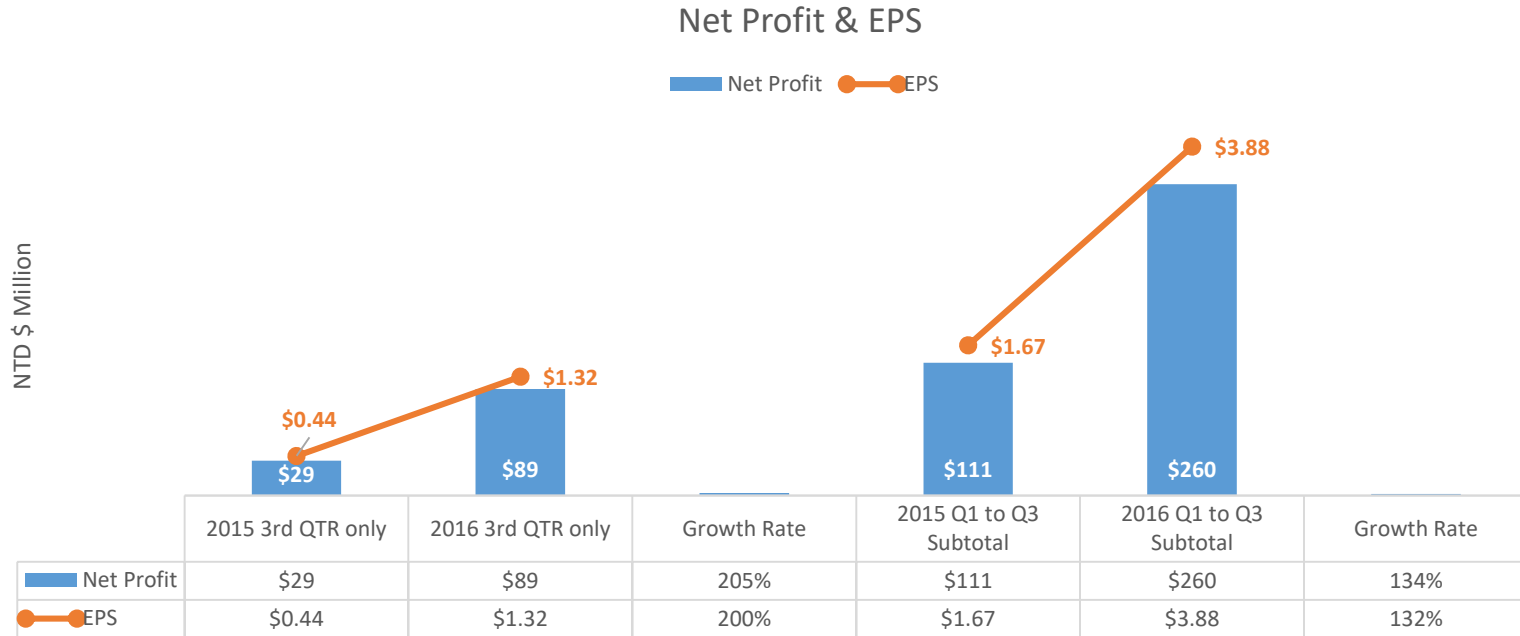
2016 Q1~ Q3 Gross Margin, Margin Rate and Ending Inventory



- Combining big-data analysis and marketing strategies, COASTER effectively reduced its aged-inventory which was accumulated over the period of 2014-2015 labor disputes of the US West Coast Ports.
- By end of Q3 2016, COASTER reduced its total inventory by 31% from the level of 12/31/2015.
- COASTER 2016 Q3 only gross profit of NTD 908 Million, a 10% increase from Q3 only 2015; COASTER Q3 2016 YTD gross profit increased by 14% from that of 2015.

COASTER 2016 Q3 Financial Performance

Net Profit & 3Q EPS Increase

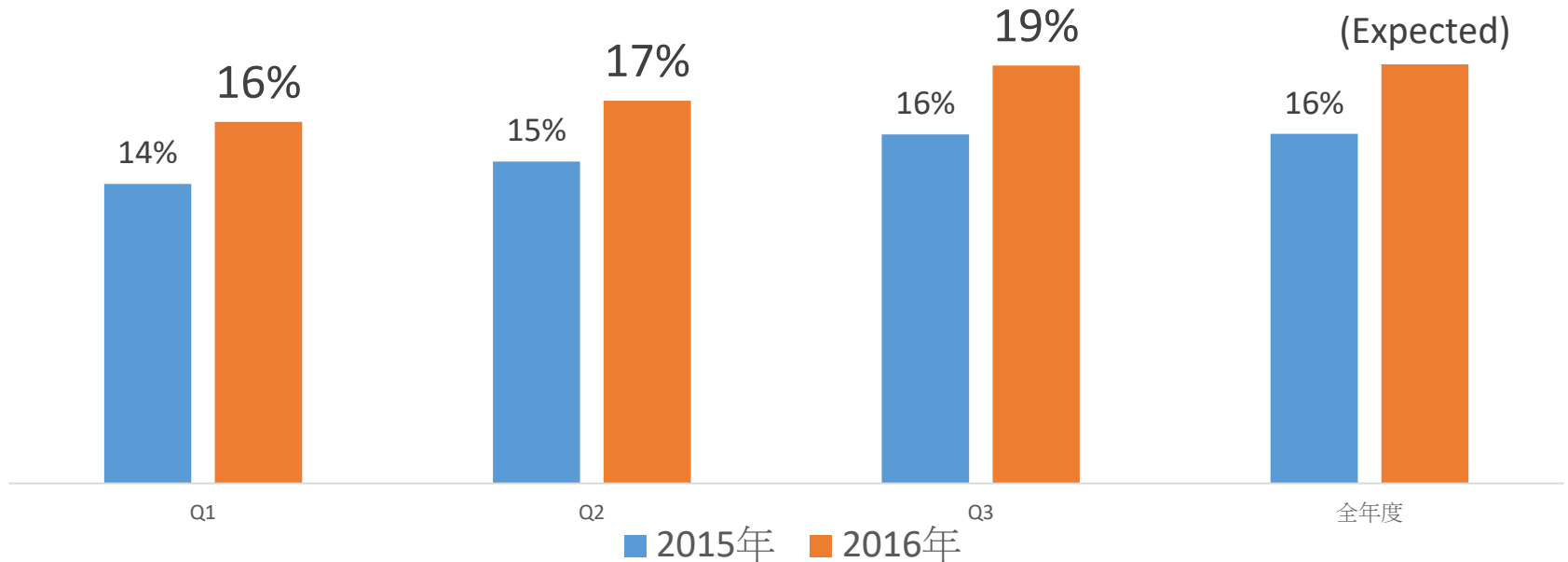


- Thanks to process efficiency and cost control, COASTER increases its 2016 net profit.
- COASTER 2016 Q3 only net profit of NTD 89 Million, a 205% increase from that of Q3 2015.
- COASTER 2016 Q3 YTD EPS of NTD 3.88/share; a 132% increases from the same period of 2015 (2015 3Q EPS of NTD 1.67/share).

COASTER 2016 Q3 Financial Performance

E-Commerce Net Sales Percentage Increase

COASTER(2936) E-commerce sales percentage Higher than Year 2015 (Expected)



- In 2012, COASTER officially launched its E-Commerce fulfillment operation. Since then, the ratio of E-Commerce sales to total sales increases every quarter. In 2016, E-Commerce sales accounts for 16%, 17% and 19%, of the total company sales by end of Q1, Q2 and Q3 respectively.
- Compare to that of the prior year: an increase of 2 ~ 3 percentage from that of the same quarter of 2015.



Status of US Furniture Industry

Economic Recovery: A Positive Outlook for US Furniture Market

Real gross domestic product	Q2 2015	Q2 2016
Percentage change from preceding period	3.0%	1.4%

Source: Bureau of Economic Analysis

Consumer price index	August 2015	August 2016
U.S. city average, all items less food and energy	1.8%	2.3%

Percentage change from year earlier period
Source: Bureau of Labor Statistics

Real disposable income	August 2015	August 2016
Percentage change from preceding period	0.3%	0.1%

Based on chained 2009 \$s Source: Bureau of Economic Analysis

Unemployment	August 2015	August 2016
Seasonally adjusted	5.1%	4.9%

Source: Bureau of Labor Statistics

Prime interest rate	Sept. 2015	Sept. 2016
	3.25%	3.50%

Source: Federal Reserve

Consumer confidence	Sept. 2014	Sept. 2015
U.S. average, seasonally adjusted	103.0	104.1

Source: The Conference Board

- Positive outlook as US furniture sector is following the broader economic recovery and improving housing market.

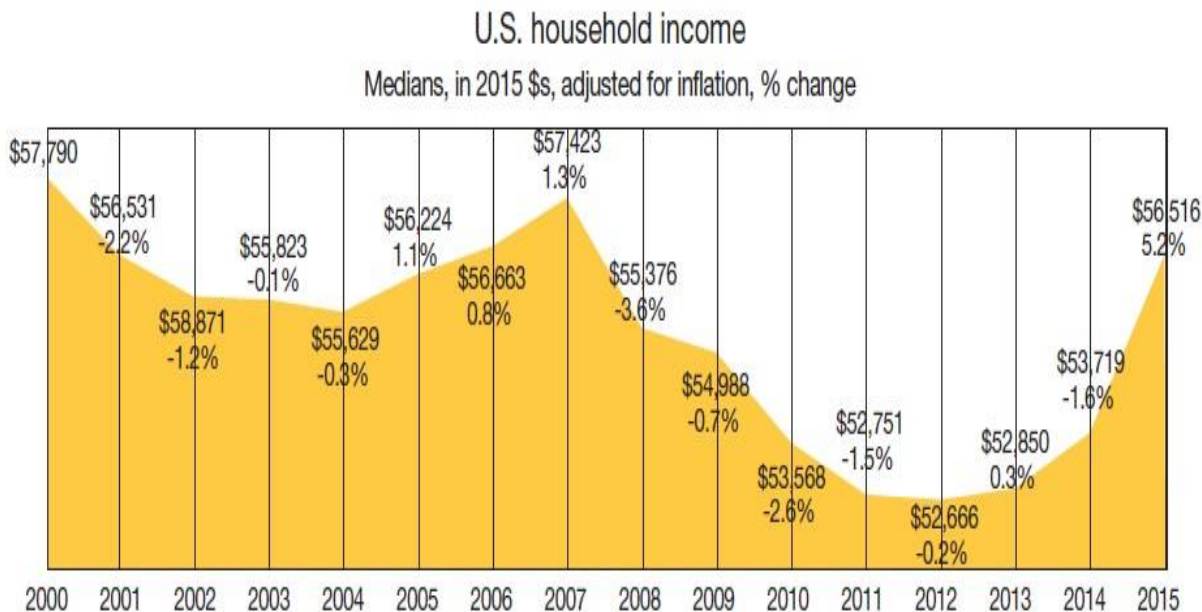
Furniture store sales			
in \$ millions, not seasonally adjusted			
	2015	2016	% change
January	4,410	4,464	1.2%
February	4,240	4,638	9.4%
March	4,741	5,013	5.7%
April	4,357	4,611	5.8%
May	4,867	4,814	-1.1%
June	4,632	4,848	4.7%
July	4,788	4,820	0.7%
January ~ July	32,035	33,208	3.7%

Source: U.S. Census Bureau

- From Jan. to July 2016, furniture store sales is up 3.7% over the same period of 2015.

Steady Growth of US Household Income Stimulates Demand on Furniture

- Household income positively correlates with retail expenditures, including furniture categories.
- Medians of U.S. household income drastically went down after 2008 and reach the lowest point of USD 52,666 in 2012, then gradually recovered to USD 56,516 in 2015.



Source: U.S. Census Bureau

2015 household
by total income

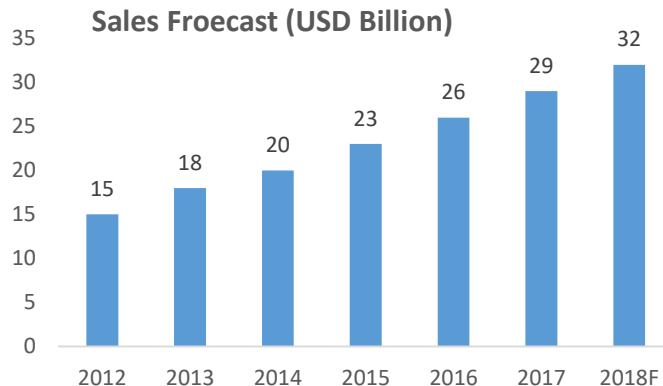


Source: U.S. Census Bureau

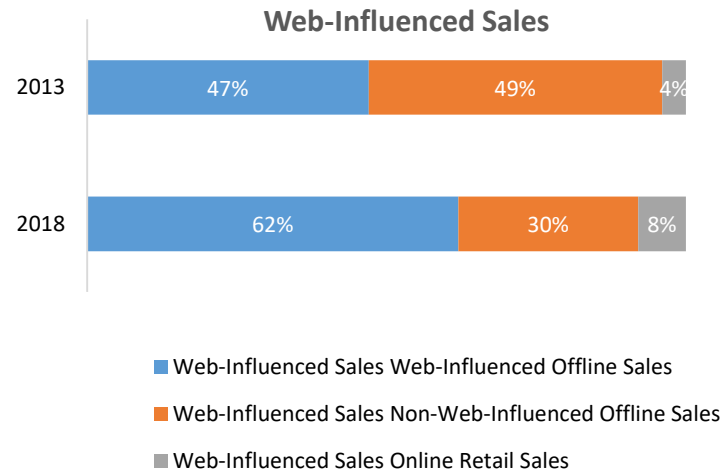
E-Commerce

Grows at Faster Pace Than Brick & Mortar Stores

US Furniture E-Commerce Outlook



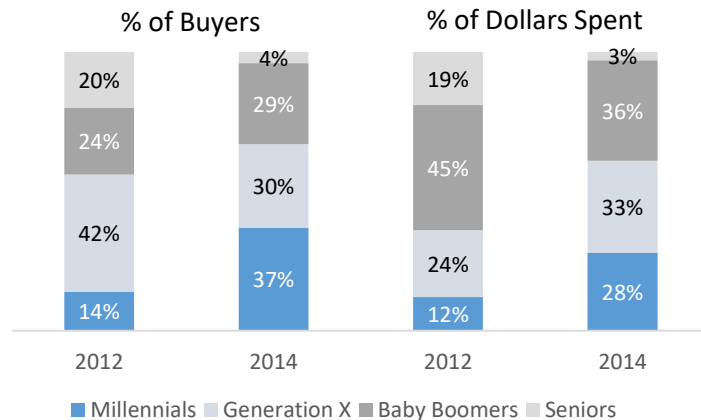
Source : eMarketer



- US furniture market is expected to grow at a compound annual growth rate of 2.9% through 2019. Brick & Mortar furniture stores sales is expected to grow 0.7% over prior year; while E-commerce growth at a much faster pace.
- US Furniture E-Commerce Sales is expected to grow from USD 23 billion to 32 billion, at an compound annual growth rate of 12% from 2015 to 2018.
- In 2018, the percentage of Online Retail Sales will reach 8%, while “Web-Influenced Offline Sales” is expected to increase from 47% to 62%.

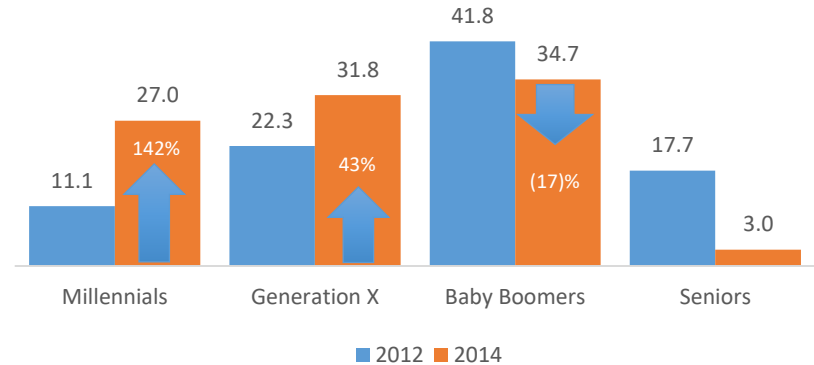
E-Commerce Has A Stronger Influence on Consumers Purchasing Furniture & Bedding Products

Breakdown of Furniture and Bedding Purchases, by Age Group



Source: Furniture Today

Furniture and Bedding Spending (USD Bil.)



Source: Furniture Today

- Per Furniture Today Study, since 2014, the millennial become the largest consumer group in the US Furniture & Bedding market.
- The Millennial Group increases its spending on furniture & bedding products by 142% between 2012 and 2014. In term of money spent, Baby Boomers are still the main consumers while the Generation X is catching up.
- Coaster is well positioned to capture these opportunities.



Q&A