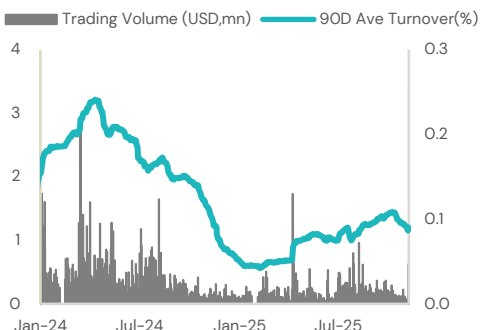
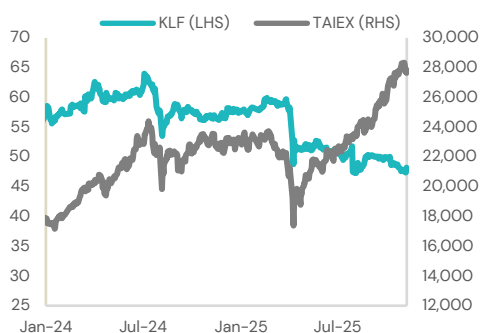


2025/11/10
TruePulse Equity Research
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Key Statistics

Ticker:	8916.TW / 8916 TT
Current Price:	TWD 48.2
52-Week Range:	TWD 47.3 - 59.9
Avg. Vol. (30-Day, k share)	99.0
Outstanding Shares (MN)	150.0
FINI Holding (%)	3.15
Market Cap (US\$MN)	235.0

Price Performance



Financial Summary

NT\$ mn	2023	2024	2025E	2026E
Revenue	7,708	7,893	8,186	9,402
Revenue YoY (%)	(25.2)	2.4	3.7	14.9
Gross Margin (%)	17.9	17.3	16.4	17.9
OP Margin(%)	7.7	7.3	7.4	8.6
Net Profit	578	609	464	807
Net Profit YoY (%)	(37.1)	5.5	(23.8)	73.7
Net Margin(%)	7.5	7.7	5.7	8.6
EPS (NT\$)	3.95	4.04	3.07	5.34
BPS (NT\$)	37.3	38.6	33.2	35.6
ROE (%)	10.3	10.5	8.6	15.5
Yield (%)	7.4	7.5	6.4	8.9
P/E (x)	12.8	12.0	15.7	9.0
P/B (x)	1.3	1.3	1.5	1.4
P/S (x)	1.2	0.9	0.9	0.8
EV/EBITDA (x)	13.0	13.2	12.0	9.4

Kwong Lung Enterprise

3Q25 Results In-Line; Margin Expansion and New Growth Drivers Emerging

Company Overview

Founded in 1966, Kwong Lung Enterprise (8916.TW) has evolved from a traditional down materials supplier into a diversified manufacturer spanning apparel, home textiles, and insulation materials. With a global production network and a focus on product innovation, the company serves a diverse global brand customers. Kwong Lung continues to enhance operational efficiency and expand its market presence while maintaining financial discipline. Over the years, it has sustained a stable dividend policy, reflecting its commitment to long-term financial stability and shareholder returns.

Key Points

Margin Expansion on Improved Mix and Non-Op Gains: 3Q25 results were broadly in line with expectations. Revenue came in at NT\$2.17 bn (-2.5% YoY, -10.9% QoQ), while gross margin improved 0.7ppt YoY to 18.7% on a higher apparel mix of 66.4% versus 64.9% last year. Operating profit of NT\$186 mn (-3.8% YoY, -21.9% QoQ) reflected higher start-up expenses in Bangladesh. Benefiting from NT-dollar depreciation and gains from a Japan property sale, non-operating income rose to NT\$99 mn, driving net profit to NT\$211mn (+51% YoY, +109% QoQ) and EPS to NT\$1.40, 5% ahead of our estimate. Margins and earnings quality continued to trend in the right direction.

Apparel Growth Anchored by Orders; Knitted Expansion to Drive 2026: October sales rose 14.1% YoY to NT\$620 mn, taking YTD revenue to NT\$6.88 bn (+1.4% YoY) – turning positive after a soft first half. Apparel remained the main driver with NT\$387 mn (+14% YoY), accounting for over 60% of total sales. Order visibility for 4Q is solid as client inventories normalize and tariff clarity returns. Major customers are tracking high-single-digit growth, while new accounts are up around 25%, with some doubling order volumes. The Bangladesh site, expected to start production by year-end, will initially focus on knitted wear such as T-shirts and hoodies. Although it has yet to contribute meaningfully, the new capacity should broaden Kwong Lung's product range and customer reach, laying the groundwork for incremental growth in 2026.

Home-Textile Division Steady; New Retail Accounts to Scale in 2026: Home-textile revenue reached NT\$158 mn in October (+5% YoY, -15% MoM), reflecting stable operations. Two global retail clients secured late last year are expected to ramp meaningfully in 2026 after a full year of trial cooperation. Based on our checks, combined orders could reach a sizable scale, providing additional growth momentum next year. Meanwhile, shipments to key customer Nitori remain solid and are expected to scale further alongside its continued global store expansion..

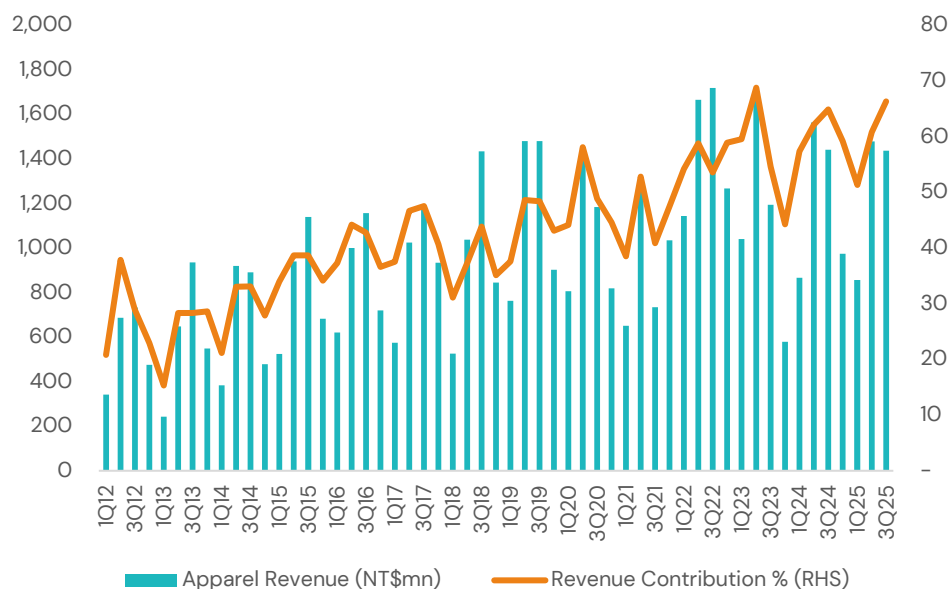
Outlook Reaffirmed; EPS Growth and Dividend Support Intact: Our positive view for 2026 remains unchanged. We expect EPS to exceed NT\$5, supported by a rising apparel contribution toward 70% and continued margin gains. Healthy cash generation from the core business, together with recurring non-operating income, should sustain an attractive dividend payout. We believe the company's structural transition and improving earnings visibility remain underappreciated. As the company continues to execute its mid- to long-term strategy, we expect it to strike a healthy balance between growth investment and shareholder returns. For more details of our thesis and assumptions, please refer to our [initiation of coverage report](#).

Exhibit 1.1: Kwong Lung's 3Q25 Results Summary vs. Our Estimates

NT\$m	3Q25A	3Q25E	Diff.	3Q24	YoY	2Q25	QoQ
Net Sales	2,165	2,165	0.0%	2,220	-2.5%	2,430	-10.9%
COGS	1,761	1,754	0.4%	1,822	-3.4%	2,019	-12.8%
Gross Profit	404	411	-1.7%	398	1.6%	411	-1.7%
Operating Expenses	218	175	24.0%	204	6.7%	172	26.3%
Operating Profit	186	235	-20.9%	194	-3.8%	239	-21.9%
Net Non-Op gain/(loss)	99	8	1133.6%	-20	n.a.	-114	n.a.
Profit before Tax	286	244	17.3%	174	64.4%	125	129.3%
Income Tax	75	42	76.3%	34	121.2%	23	219.7%
Minorities	0	0	n.a.	0	-75.2%	0.000	n.a.
Net Income	211	201	4.9%	139	51.2%	101	108.5%
EPS (NT\$)	1.40	1.33	5.2%	0.91	53.2%	0.67	109.2%
Gross margin	18.7%	19.0%		17.9%		16.9%	
Opex Ratio	10.1%	8.1%		9.2%		7.1%	
Operating margin	8.6%	10.9%		8.7%		9.8%	
Income tax %	26.2%	17.4%		19.5%		18.8%	
Pretax-margin	13.2%	11.2%		7.8%		5.1%	
Net margin	9.7%	9.3%		6.3%		4.2%	

Source: Company Data, TruePulse Equity Research

Exhibit 1.2: Kwong Lung's Apparel Contribution Heading Towards 70%



Source: Company Data, TruePulse Equity Research

Exhibit 1.3: Kwong Lung's Peer Valuation Comparison Table

	Market Cap	EPS CAGR	P/E (x)			P/B (x)			ROE (%)			Dividend Yield (%)		
	(US\$mn)	2024-2026E	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Taiwan Textile Peers														
Kwong Lung	235	15.1%	12.0	15.7	9.0	1.3	1.5	1.4	10.5	8.6	15.5	7.5	6.4	8.9
Quang Viet	265	15.3%	20.5	26.0	15.4	1.0	0.8	0.8	4.8	6.8	-	4.0	8.0	-
Eclat	3,960	-2.5%	18.5	24.0	19.5	4.2	4.2	4.0	24.3	18.4	22.5	3.8	3.2	3.6
Makalot	2,347	-3.9%	17.7	20.7	19.1	5.0	5.2	4.9	27.2	25.2	26.9	5.8	4.7	4.4
Great Giant	573	12.7%	19.1	20.0	15.1	3.6	3.5	3.3	19.7	16.6	20.8	3.1	3.1	4.2
Average		7.2%	17.5	21.3	15.6	3.0	3.0	2.8	17.3	15.1	21.4	4.8	5.1	5.3
Global Textile Peers														
Youngone	1,708	2.7%	5.8	6.6	5.5	0.7	0.7	0.6	7.9	9.9	10.8	2.4	2.6	2.9
Shenzhou Int'l	12,544	6.9%	14.3	13.8	12.5	2.5	2.3	2.1	18.2	17.3	17.6	3.9	4.3	4.5
Average		4.9%	10.1	10.2	9.5	1.6	1.5	1.3	13.0	13.6	14.2	3.2	3.4	3.8
TW Footwear Peers														
Feng Tay	3,917	3.4%	20.7	23.0	19.3	4.5	4.6	4.3	23.3	20.1	23.3	4.1	3.7	4.1
Fulgent Sun	640	26.7%	14.4	14.9	9.0	1.3	1.4	1.2	10.4	9.3	14.6	5.1	4.9	6.5
Lai Yih	1,786	6.6%	14.5	16.6	12.8	2.3	2.1	2.0	18.9	14.0	16.3	4.1	3.7	4.4
Sports Gear	749	8.2%	14.5	16.1	12.4	1.5	1.6	1.5	11.1	9.1	11.4	5.3	5.5	6.2
Chung Jye	423	-27.5%	7.7	14.0	14.6	1.2	1.0	1.1	18.7	7.5	8.4	7.1	3.0	3.6
Average		3.7%	14.4	16.9	13.6	2.2	2.1	2.0	16.5	12.0	14.8	5.1	4.1	5.0
Global Outerwear														
adidas	32,573	59.5%	36.8	21.0	14.7	5.1	4.4	3.7	15.3	22.1	27.1	1.3	1.8	2.6
Columbia Sportswear	2,784	-14.9%	12.5	16.3	17.2	1.6	1.6	1.6	12.0	9.8	8.9	2.3	2.3	2.3
V.F. Corporation	5,720	n.a.	-	24.3	15.9	3.4	3.5	2.9	7.5	16.5	19.9	2.5	2.5	2.5
Canada Goose	1,218	19.7%	23.6	20.1	16.5	3.5	3.0	2.9	18.3	18.4	11.8	-	-	-
Moncler	17,379	-0.2%	23.5	25.1	23.6	4.2	3.9	3.6	18.8	16.3	16.2	2.4	2.1	2.2
Amer Sports	16,382	193.6%	225.6	33.7	26.2	3.3	2.9	2.6	3.2	8.6	10.3	-	-	-
Average		53.8%	64.4	23.4	19.0	3.5	3.2	2.9	10.0	15.3	15.7	2.1	2.2	2.4

Source: Company Data, TruePulse Equity Research

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