



# **Universal Incorporation**

## **( 1325 )**

### **Investor Conference**

**Presented Wednesday, December 20, 2017**  
**Taiwan Stock Exchange**

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# Disclaimer

- This version is a rough English translation. In case of any discrepancy, the original Chinese version shall prevail.
- We have not released any financial forecast. Business and financial information presented here and during the Q&A session, should they concern business operation or industrial development, may differ from actual results. These discrepancies are due to such risk factors as market demand changes, price fluctuations, competitive behavior, global economic conditions, exchange rate fluctuations, supply chains, et cetera, which are out of the company's control.
- The outlook for the future presented in this briefing reflects our view of the future until now. When these views change or adjust, it is not the obligation of the company to revise or update.

# Overview

1. **Company Profile**
2. **Our Products**
3. **Business Review**
4. **Future Major Capital Expenditures**
5. **Future Business Strategy**
6. **Q&A**





# Company Profile ( 1 of 4 )

- **Established**                      **1962**
- **President**                        **Ms. Mei Hui Huang**
- **Capitalization**                **853 million NTD**  
**(28 million USD)**
- **Employees**                    **170 ( December 2017 )**
- **Culture**                         **Teamwork, Growth,**  
**R&D, Excellence**
- **Products**                       **Spunbond, meltblown, SMS,**  
**SMMS nonwoven fabrics**



# Company Profile ( 2 of 4 )



**Taipei Headquarters**



**Tainan Plant**



**Xiamen Plant**



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# Company Profile ( 3 of 4 )

- 1962**      **Universal Incorporation was established by President William Huang as a manufacturer of knitted and leather gloves.**
- 1990**      **Began mass production of nonwoven fabrics.**
- 2000**      **Listed on the Taiwan Stock Exchange.**
- 2002**      **Reifenhauser 4.2M SMMS nonwoven fabrics machine installed and began mass production.**



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# **Company Profile ( 4 of 4 )**

- 2009**      **Began mass production of nonwoven fabrics in Xiamen plant.**
  
- 2016**      **Tainan City Government issued permit for change of status from agricultural to industrial land.  
Expansion of Tainan plant to be completed within three years.**
  
- 2017**      **In May, Xiamen plant completed transformation from SS Spunbond to SMS composite nonwovens production line.**



# Our Products ( 1 of 4 )

**Spunbond**

**Meltblown**

**Composite  
Nonwovens**

**Post-  
Treatment  
Nonwovens**





# Our Products ( 2 of 4 )



## Applications of Spunbond and Composite Nonwovens

- **Hygiene** Baby diapers, training pants, adult incontinence products, sanitary napkins, patient pads
- **Medical** Surgical gowns, caps, drapes, exam gowns, patient gowns
- **Industrial** Protective clothing, coveralls, car covers
- **Agricultural** Pest control and thermal insulation coverage for seedlings, fruits and vegetables, tea leaves



# Our Products ( 3 of 4 )



## Applications of Meltblown Nonwovens

- **Filters** Air conditioning air filter, vacuum cleaner dust bag, mask filter material
- **Insulation** Thermal fillers for snow clothing, snowshoes, gloves, etc.
- **Oil absorption** River pollution control, treatment for floating oil, wipers



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# **Our Products ( 4 of 4 )**

## **Tainan Plant ISO Certifications**

- **ISO 9001 ( 2015 )**
- **EN ISO 13485 ( 2016 )**
- **ISO 14001 ( 2015 )**

## **Xiamen Plant ISO Certifications**

- **ISO 9001 ( 2008 )**



# Business Review ( 1 of 5 )

## Consolidated profit and loss performance

( Unit: in thousands of New Taiwan Dollars )

Item	2017 Q1-Q3	2016 Q1-Q3	Change rate (%)	2016	2015	2014
Sales revenue	648,356	726,263	-11	990,428	1,109,886	1,205,434
Gross profit	86,239	158,440	-46	202,184	174,470	108,563
Operating income	45,827	107,202	-57	134,802	101,415	29,050
Net income before tax	34,921	93,486	-63	136,260	121,485	71,248
Net income	24,780	75,456	-67	111,470	98,244	56,620
Net income attributable to owners	28,509	76,064	-63	111,728	100,014	58,797
Gross profit (%)	13	22	-41	20	16	9
Operating income (%)	7	15	-53	14	9	2



# Business Review ( 2 of 5 )

## Consolidated cash flows

( Unit: in thousands of New Taiwan Dollars )

Item	2017 Q1-Q3	2016 Q1-Q3	Change rate (%)	2016	2015	2014
Operating	119,004	152,476	-22	159,326	288,662	83,068
Investment	(26,796)	(114,041)	77	(5,183)	(319,735)	29,733
Financing	(72,269)	(74,516)	3	(225,012)	(52,788)	(76,195)
Exchange rate effects	(1,008)	(5,338)	81	(6,003)	(1,103)	2,337
Increases (decreases) in cash	18,931	(41,419)	146	(76,872)	(84,964)	38,943



# Business Review ( 3 of 5 )

## Sales Revenue Share by Product Type (%)

Item	2017 Q1-Q3	2016 Q1-Q3	Change rate	2016	2015	2014
Spunbond and composite nonwovens	93	94	-1	94	95	94
Meltblown nonwovens	1	1	0	1	1	1
Laminated and post-treatment fabrics	5	4	25	4	3	4
Nonwovens subtotal	99	99	0	99	99	99
Others	1	1	0	1	1	1
Total	100	100		100	100	100



# Business Review ( 4 of 5 )

## Sales Revenue Share by Region (%)

Region	2017 Q1-Q3	2016 Q1-Q3	Change rate	2016	2015	2014
Taiwan	61	58	5	57	54	49
Mainland China	14	20	-30	22	22	23
Southeast Asia	13	10	30	11	8	18
Northeast Asia	7	8	-13	6	13	6
Europe	5	4	25	4	3	4
Total	100	100		100	100	100



# Business Review ( 5 of 5 )

## Dividend Payouts, Last Three Years

( Unit: New Taiwan Dollars )

Item	2016	2015	2014
EPS	1.16	1.00	0.58
Dividend payouts			
Cash	0.80	0.70	0.45
Stock	—	—	—
Payout ratio (%)	69	70	78





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# Future Major Capital Expenditures ( 1 of 2 )

## Factory and Warehouse Construction

- Floor area about 18,000 sq. m.
- Cost about 200-300 million NTD
- Expected completion in 2019

## Additional Machinery and Equipment

- Related machinery and equipment for thermal insulation and elastic nonwovens
- Cost about 200-300 million NTD
- Investment time tied with plant construction



# Future Major Capital Expenditures ( 2 of 2 )



**Graphical representation of new Tainan plant**



# Future Business Strategy ( 1 of 3 )

**Product  
Development**

**Market  
Expansion**

**Quality  
Control**

**Cost  
Reduction**



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# Future Business Strategy ( 2 of 3 )

## Product Development

- Develop different and functional high value-added products, such as elastic nonwovens
- Cooperate with leading global manufactures to raise technical level and expand sales channels
- Utilize excess production capacity to develop new products, such as thermal insulation

## Market Expansion

- Actively promote and compete for orders, so as to increase utilization rate of production capacity
- Develop long-term relationships with customers
- Actively expand in Taiwan, mainland China, and global markets



# Future Business Strategy ( 3 of 3 )

## Quality Control

- Emphasize quality, cost, and delivery times
- Manufacture products in line with customer needs
- Apply for annual ISO certification

## Cost Reduction

- Develop long-term relationships with major suppliers
- Control effectively costs of major raw materials and expenses
- Improve product yields
- Strengthen overall operation efficiency



**Q & A**

**Thank you for listening!**



# Universal Incorporation

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