



# **Universal Incorporation**

**( 1325 )**

## **Investor Conference**

**Presented Wednesday, December 19, 2018**  
**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**                    **178 ( December 2018 )**
- **Culture**                        **Teamwork, Growth,**  
**R&D, Excellence**
- **Products**                      **Spunbond, meltblown, SMS,**  
**SMMS nonwoven fabrics**



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# Company Profile ( 2 of 4 )



**Taipei Headquarters**



**Tainan Plant**



**Xiamen Plant**



## **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.**



## **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.**
- 2018**      **Began construction of new Tainan plant in May.**



# Our Products ( 1 of 4 )

**Spunbond**

**Meltblown**

**Composite  
Nonwovens**

**Post-  
Treatment  
Nonwovens**





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# 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



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# 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



# **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 ( 2015 )**



# Business Review ( 1 of 6 )

## Consolidated Balance Sheets

( Unit: in thousands of New Taiwan Dollars )

Item	Sept. 30, 2018	Sept. 30, 2017	Change rate (%)	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
Current Assets	1,036,730	1,009,671	3	1,035,490	1,074,240	1,150,402
Non-current Assets	865,968	869,059	0	862,184	904,649	966,620
<b>Total Assets</b>	<b>1,902,698</b>	<b>1,878,730</b>	<b>1</b>	<b>1,897,674</b>	<b>1,978,889</b>	<b>2,117,022</b>
Current Liabilities	62,935	59,858	5	64,021	105,485	88,490
Non-current Liabilities	64,844	64,874	0	65,230	65,796	77,509
<b>Total liabilities</b>	<b>127,779</b>	<b>124,732</b>	<b>2</b>	<b>129,251</b>	<b>171,281</b>	<b>165,999</b>
Equity Attributable to Shareholders of the Parent	1,703,951	1,680,950	1	1,695,561	1,724,983	1,856,101
Capital stock	852,812	852,812	0	852,812	852,812	1,003,308
Non-controlling interests	70,968	73,048	-3	72,862	82,625	94,922
<b>Total equity</b>	<b>1,774,919</b>	<b>1,753,998</b>	<b>1</b>	<b>1,768,423</b>	<b>1,807,608</b>	<b>1,951,023</b>
Current ratio (%)	1,647	1,687	-2	1,617	1,018	1,300
Equity ratio (%)	93	93	0	93	91	92
Net worth per share(NTD)	19.98	19.71	1	19.88	20.23	18.50

Note : The par value per share is 10 NT dollars .



# Business Review ( 2 of 6 )

## Consolidated profit and loss performance

( Unit: in thousands of New Taiwan Dollars )

Item	2018 Q1-Q3	2017 Q1-Q3	Change rate (%)	2017	2016	2015
Sales revenue	663,339	648,356	2	865,210	990,428	1,109,886
Gross profit	75,441	86,239	-13	118,147	202,184	174,470
Operating income	34,737	45,827	-24	65,450	134,802	101,415
Net income before tax	55,085	34,921	58	52,858	136,260	121,485
Net income	45,141	24,780	82	39,677	111,470	98,244
Net income attributable to owners	45,181	28,509	58	43,512	111,728	100,014
Gross profit (%)	11	13	-15	14	20	16
Operating income (%)	5	7	-29	8	14	9



# Business Review ( 3 of 6 )

## Consolidated cash flows

( Unit: in thousands of New Taiwan Dollars )

Item	2018 Q1-Q3	2017 Q1-Q3	Change rate (%)	2017	2016	2015
Operating	76,090	119,004	-36	136,963	159,326	288,662
Investment	(18,296)	(26,796)	32	(64,240)	(5,183)	(319,735)
Financing	(29,823)	(72,269)	59	(72,269)	(225,012)	(52,788)
Exchange rate effects	(1,729)	(1,008)	-72	(1,161)	(6,003)	(1,103)
Increases (decreases) in cash	26,242	18,931	39	(707)	(76,872)	(84,964)



# Business Review ( 4 of 6 )

## Sales Revenue Share by Product Type (%)

Item	2018 Q1-Q3	2017 Q1-Q3	Change rate	2017	2016	2015
Spunbond and composite nonwovens	92	93	-1	93	94	95
Meltblown nonwovens	2	1	100	1	1	1
Laminated and post- treatment fabrics	5	5	0	5	4	3
Nonwovens subtotal	99	99	0	99	99	99
Others	1	1	0	1	1	1
Total	100	100		100	100	100



# Business Review ( 5 of 6 )

## Sales Revenue Share by Region (%)

Region	2018 Q1-Q3	2017 Q1-Q3	Change rate	2017	2016	2015
Taiwan	63	61	3	61	57	54
Mainland China	12	14	-14	15	22	22
Southeast Asia	13	13	0	13	11	8
Northeast Asia	6	7	-14	6	6	13
Europe	5	5	0	5	4	3
America	1	0	N/A	0	0	0
Total	100	100		100	100	100





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# Business Review ( 6 of 6 )

## Dividend Payouts, Last Three Years

( Unit: New Taiwan Dollars )

Item	2017	2016	2015
EPS	0.51	1.16	1.00
Dividend payouts			
Cash	0.35	0.80	0.70
Stock	—	—	—
Payout ratio (%)	69	69	70



# Future Major Capital Expenditures ( 1 of 4 )

## Factory and Warehouse Construction

- Floor area about 18,000 sq. m.
- Cost about 250 million NTD
- Expected completion in September, 2019  
( Began to erect, in May, 2018 )



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# Future Major Capital Expenditures ( 2 of 4 )

## Additional Machinery and Equipment

### — 、 Short-term

- Consider to reduce investment risk, we utilize excess production capacity to develop new products, purchase machinery and equipment with small fund for producing different and functional products in the initial period
- Related machinery and equipment for ultra soft nonwovens 、 coarse denier nonwovens



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# Future Major Capital Expenditures ( 3 of 4 )

## Additional Machinery and Equipment

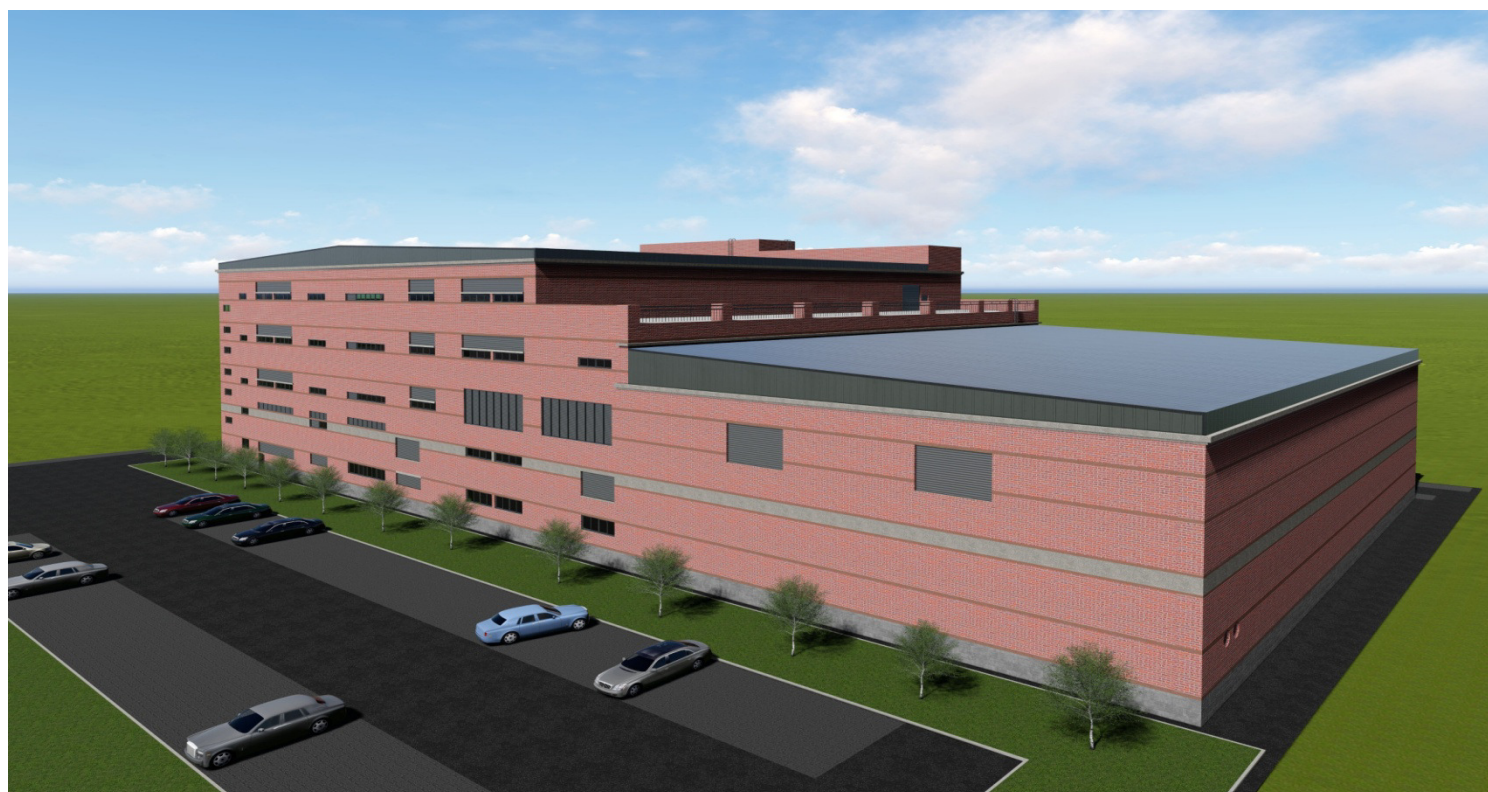
### 二、Medium term and Long-term

- Investment time will be tied with plant construction, and the situation of the product and market development
- Related machinery and equipment for elastic nonwovens
- Cost about 200-300 million NTD



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# Future Major Capital Expenditures ( 4 of 4 )



**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

- Utilize excess production capacity to develop new products, such as ultra soft nonwovens 、skincare zoned coated hydrophilic nonwovens 、coarse denier nonwovens 、high filtration efficiency filters etc.
- 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

## 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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