



Universal Incorporation

(1325)

Investor Conference

Presented Friday, December 20, 2019
Taiwan Stock Exchange



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- 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

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Company Profile (1 of 5)

- **Established** **1962**
- **President** **Ms. Mei Hui Huang**
- **Capitalization** **853 million NTD**
(28 million USD)
- **Employees** **178 (December 2019)**
- **Culture** **Teamwork, Growth,**
R&D, Excellence
- **Products** **Spunbond, meltblown, SMS,**
SMMS nonwoven fabrics



Company Profile (2 of 5)



Taipei Headquarters



Tainan Plant



Xiamen Plant



Company Profile (3 of 5)



New Tainan plant



Company Profile (4 of 5)

- 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.
- 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.



Company Profile (5 of 5)

- 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.
- 2019** Purchased the Melt Blown line and HEPA equipment for producing the high filtration efficiency filters material in May and the machine had been installed in the new Tainan plant in December, 2019.
- 2019** Finished the construction of new Tainan plant in November and applied the building use license to the government.



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** HEPA Filter for air purifier, air conditioner & clean room (H10~H14) 、 Cabin Air Filter 、 Respirator & Mask Filter material : N95、 PFE、 VFE、 FFP2、 FFP3, etc.
- **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 Overview (1 of 2)

Sales Revenue Share by Product Type (%)

Item	2019 Q1-Q3	2018 Q1-Q3	Change rate	2018	2017	2016
Spunbond and composite nonwovens	93	92	1	93	93	94
Meltblown nonwovens	2	2	-	2	1	1
Laminated and post- treatment fabrics	4	5	-20	4	5	4
Nonwovens subtotal	99	99	-	99	99	99
Others	1	1	-	1	1	1
Total	100	100		100	100	100



Business Overview (2 of 2)

Sales Revenue Share by Region (%)

Region	2019 Q1-Q3	2018 Q1-Q3	Change rate	2018	2017	2016
Taiwan	60	63	-5	63	61	57
Mainland China	13	12	8	13	15	22
Southeast Asia	18	13	38	14	13	11
Northeast Asia	6	6	-	5	6	6
Europe	2	5	-60	4	5	4
America	1	1	-	1	0	0
Total	100	100		100	100	100



Financial Overview (1 of 5)

Consolidated Balance Sheets

(Unit: in thousands of New Taiwan Dollars)

Item	Sept. 30, 2019	Sept. 30, 2018	Change rate (%)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Current Assets	918,324	1,036,730	-11	1,034,739	1,035,490	1,074,240
Non-current Assets	941,613	865,968	9	874,402	862,184	904,649
Total Assets	1,859,937	1,902,698	-2	1,909,141	1,897,674	1,978,889
Current Liabilities	35,089	62,935	-44	59,231	64,021	105,485
Non-current Liabilities	64,015	64,844	-1	64,365	65,230	65,796
Total liabilities	99,104	127,779	-22	123,596	129,251	171,281
Equity Attributable to Shareholders of the Parent	1,698,136	1,703,951	-	1,717,531	1,695,561	1,724,983
Capital stock	852,812	852,812	-	852,812	852,812	852,812
Non-controlling interests	62,697	70,968	-12	68,014	72,862	82,625
Total equity	1,760,833	1,774,919	-1	1,785,545	1,768,423	1,807,608
Current ratio (%)	2,617	1,647	59	1,747	1,617	1,018
Equity ratio (%)	95	93	2	94	93	91
Net worth per share(NTD)	19.91	19.98	-	20.14	19.88	20.23

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



Financial Overview (2 of 5)

Consolidated profit and loss performance

(Unit: in thousands of New Taiwan Dollars)

Item	2019 Q1-Q3	2018 Q1-Q3	Change rate (%)	2018	2017	2016
Sales revenue	597,407	663,339	-10	914,449	865,210	990,428
Gross profit	58,997	75,441	-22	101,597	118,147	202,184
Operating income	19,944	34,737	-43	48,815	65,450	134,802
Net income before tax	34,005	55,085	-38	73,335	52,858	136,260
Net income	27,597	45,141	-39	59,922	39,677	111,470
Net income attributable to owners	28,056	45,181	-38	59,853	43,512	111,728
EPS (New Taiwan Dollars)	0.33	0.53	-38	0.70	0.51	1.16
Gross profit (%)	10	11	-9	11	14	20
Operating income (%)	4	5	-20	5	8	14



Financial Overview (3 of 5)

Consolidated cash flows

(Unit: in thousands of New Taiwan Dollars)

Item	2019 Q1-Q3	2018 Q1-Q3	Change rate (%)	2018	2017	2016
Operating	77,322	76,090	2	88,054	136,963	159,326
Investment	(54,039)	(18,296)	-195	34,510	(64,240)	(5,183)
Financing	(46,412)	(29,823)	-56	(33,557)	(72,269)	(225,012)
Exchange rate effects	(1,523)	(1,729)	12	(1,250)	(1,161)	(6,003)
Increases (decreases) in cash	(24,652)	26,242	-194	87,757	(707)	(76,872)
Beginning Balance	162,843	75,086	117	75,086	75,793	152,665
Ending Balance	138,191	101,328	36	162,843	75,086	75,793



Financial Overview (4 of 5)

Dividend Payouts, Last Three Years

(Unit: New Taiwan Dollars)

Item	2018	2017	2016
Earnings per share (EPS)	0.70	0.51	1.16
Dividend payouts			
Cash	0.50	0.35	0.80
Stock	—	—	—
Payout ratio (%)	71	69	69



Financial Overview (5 of 5)

Consolidated Capital Expenditures

(Unit: in thousands of New Taiwan Dollars)

Item	2019 Q1-Q3	2018 Q1-Q3	Change rate (%)	2018	2017	2016
Acquisitions for property, plant and equipment :						
Building	-	-	-	-	255	213
Machinery & equipment	11,928	11,312	5	15,556	14,610	16,321
Transportation equipment	-	1,188	-100	1,188	-	-
Miscellaneous equipment	201	1,624	-88	2,324	-	1,151
Construction in progress and prepayments of equipment	97,187	40,769	138	59,752	7,829	9,408
TOTAL	109,316	54,893	99	78,820	22,694	27,093
Decrease (increase) for accounts payable of equipment	(1,119)	1,109	-201	1,291	1,816	(2,724)
Payments for property, plant and equipment	108,197	56,002	93	80,111	24,510	24,369

Note : the major capital expenditures in 2018 and 2019, included the construction of new Tainan plant and procurement of nonwoven's machinery and equipment (example : appliances of high filtration efficiency filters) etc.



Major Capital Expenditures (1 of 2)

Factory and Warehouse Construction

- Floor area about 18,000 sq. m.
- Cost about 250 million NTD
- Construction began to erect in May, 2018 and finished in November, 2019 .



Major Capital Expenditures (2 of 2)

Procurement of Machinery and Equipment

- Purchased the appliances of high filtration efficiency filters including the Melt blown line and HEPA equipment in May,2019 , and the machine had been installed in the new Tainan plant in December,2019.

- Applications of filters product

Melt Blown : BFE95 、 N95 、 VFE99 、 PFE99 、 FFP2

High filtration efficiency filters of MB & HEPA :

FFP3 、 Cabin Air 、 H10 ~ H14 etc.



Future Business Strategy (1 of 5)

**Product
Development**

**Market
Expansion**

**Quality
Control**

**Cost
Reduction**



Future Business Strategy (2 of 5)

Product Development (1)

A. Short-term

Purchase the related machinery and equipment to develop new products :

- Develop different and functional high value-added products, such as high filtration efficiency filters.
(We purchased the new melt blown line and HEPA equipment)
- Utilize excess production capacity to develop new products, such as ultra soft nonwovens 、 skincare zoned coated hydrophilic nonwovens 、 coarse denier nonwovens etc.



Future Business Strategy (3 of 5)

Product Development (2)

B. Medium term and Long-term

- Investment product and time will be tied with new Tainan plant's space and the situation of the product and market development, for example, increase the production line of the related machinery and equipment of high filtration efficiency filters at right time.
- Investment amount will be tied with the required equipment of product and the financial condition of company.



Future Business Strategy (4 of 5)

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, Southeast Asia, mainland China, and global markets
- Cooperate with leading global manufacturers to raise technical level and expand sales channels



Future Business Strategy (5 of 5)

Quality Control

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

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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