



# **UnivacCO Technology Inc.**

## **2019Q1**

## **Business Review**

**3303.TWO**

[www.univacCO.com](http://www.univacCO.com)

# Disclaimer Statement

This presentation and release contains “forward-looking statements” which may include, but not limited to, all statements of the Company regarding all business activities, events or developments that occur in the future. These statements are based on the Company’s assumptions about possible future operations. However, the external political, economic and market environment factors are beyond the control of the Company, and therefore the actual operating results may be subject to drastic changes in these assumptions.

The “forward-looking statements” in the release reflect the current belief of the Company. Company undertakes no obligation to update the actual results, and this release shall not be construed as an inducement or offer to buy or sell securities/stocks or other financial products.

# Outline

- ▶ **Company Profile**
- ▶ **Core Technology & Competitive Advantages**
- ▶ **Finance Review**
- ▶ **Future Plan & Corporate Governance**





# COMPANY PROFILE

# Univacco Company Profile (3303.TWO)



● **Chairman** **Mr. Kuo-Lung Tsai**



● **CEO** **Mr. Bruce Lee**



- **Established** **Aug. 29, 1990**
- **Paid-up Capital** **NT 961 million \***
- **Consolidated Revenue** **NT 2.48 billion (2018)**
- **Listing Day** **May 28, 2007**
- **Group Employees** **640 \***
- **Main Products** **Vacuum Coating Foils (VC)  
Optoelectronic Films (OP)**

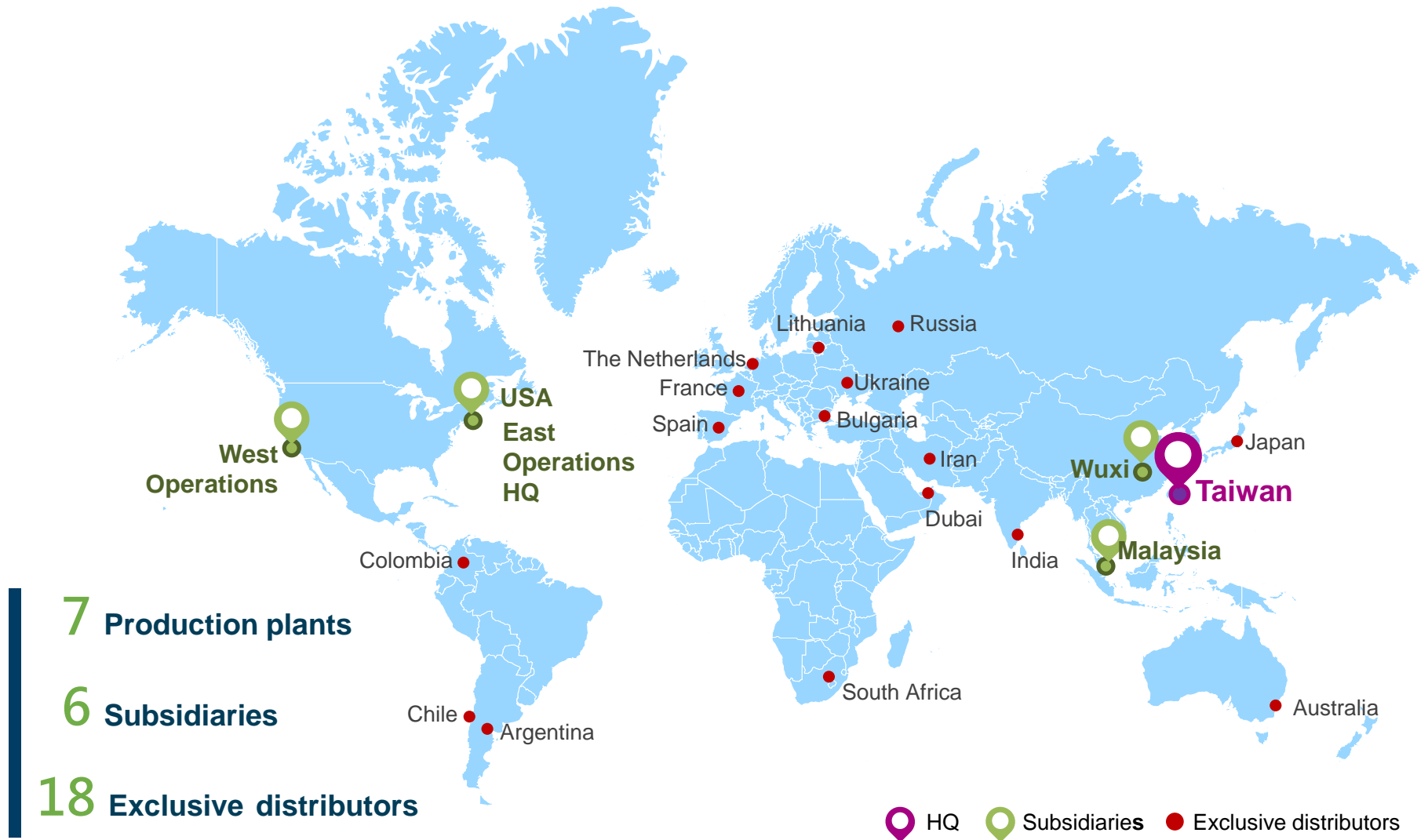
# Focus on Foil for 30 years



**Univacco**  
**Global Top 3**  
**Foils Brand**

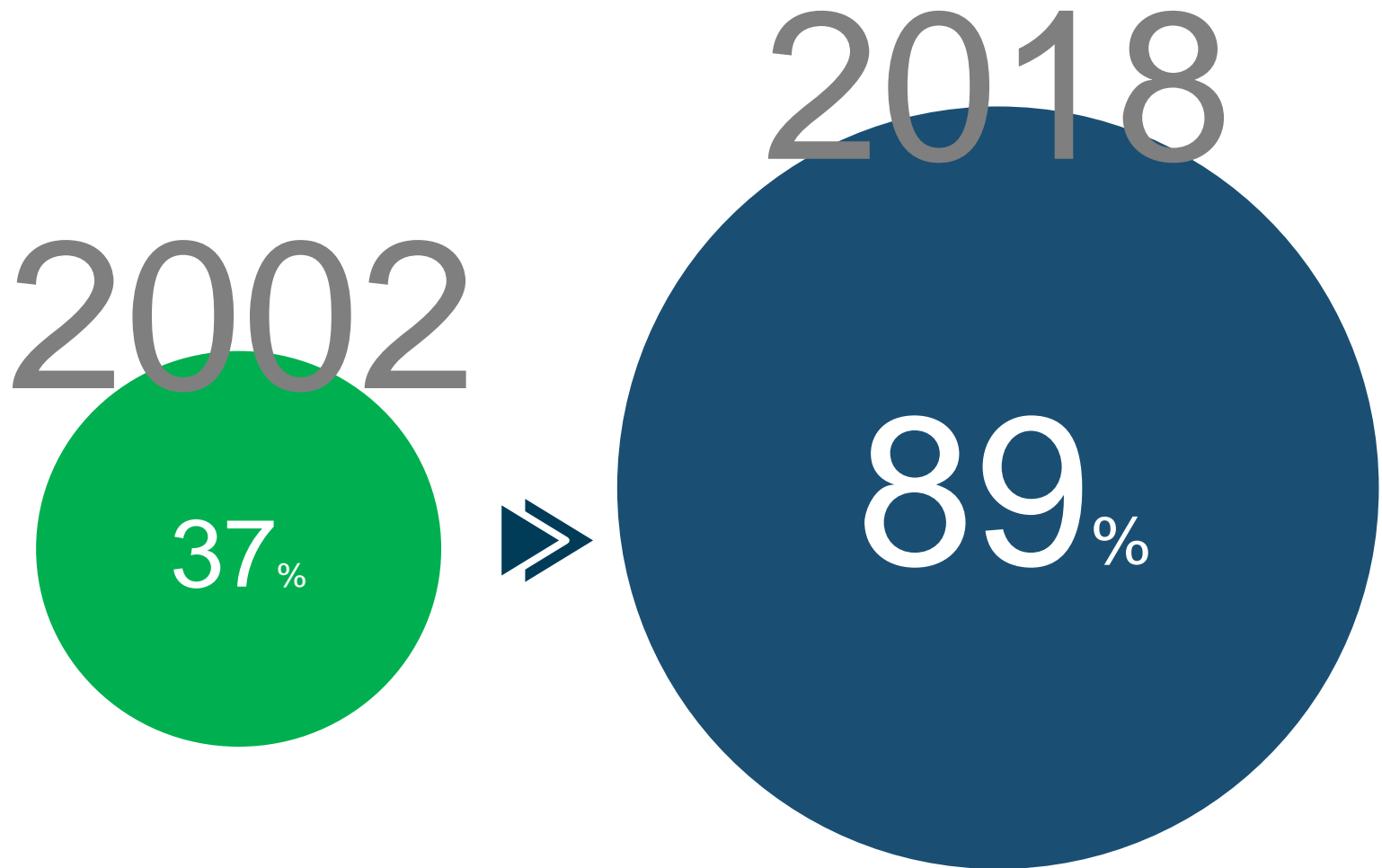
**2018: 95% consolidated revenue of Univacco came from VC products (foils)**

# Foils Sales to Over 60 Countries





# Proportion of Exports is Up to 90%







台灣精品 2019  
TAIWAN EXCELLENCE

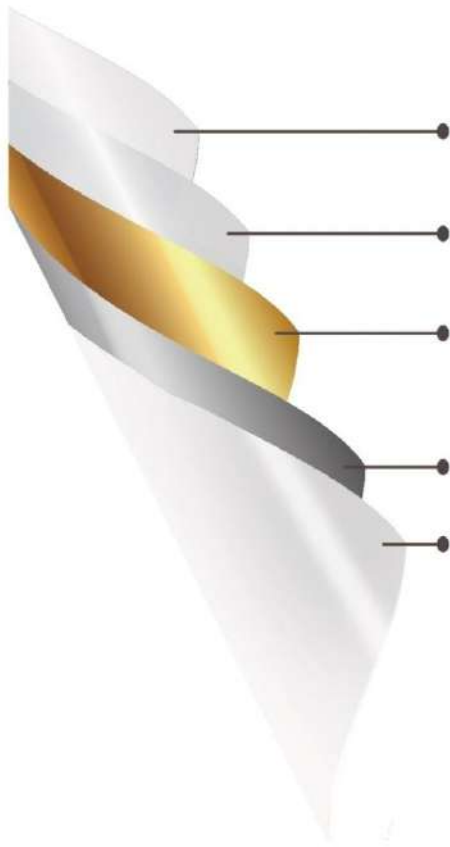


國家品牌玉山獎  
THE NATIONAL BRAND YUSHAN AWARD  
2018



# What is stamping foil?

## | The structure of stamping foil



**PET film** : main material

**Release** : release the main structure from PET film

**Color** : provide color to the product

**Aluminium coating** : provide metal effect

**Topping with gum** : paste on the object



# How to Stamp Foil on Paper ?



- Die

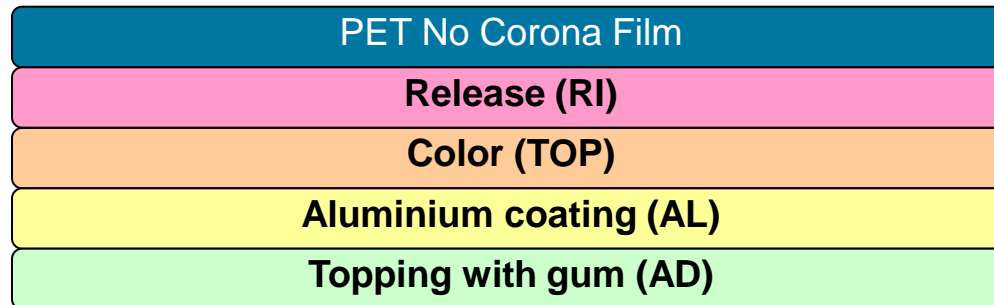
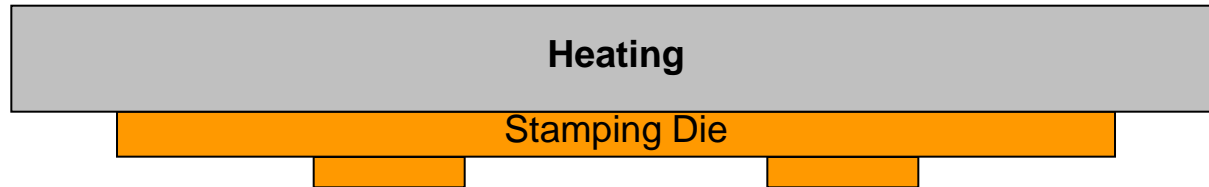


- Foil

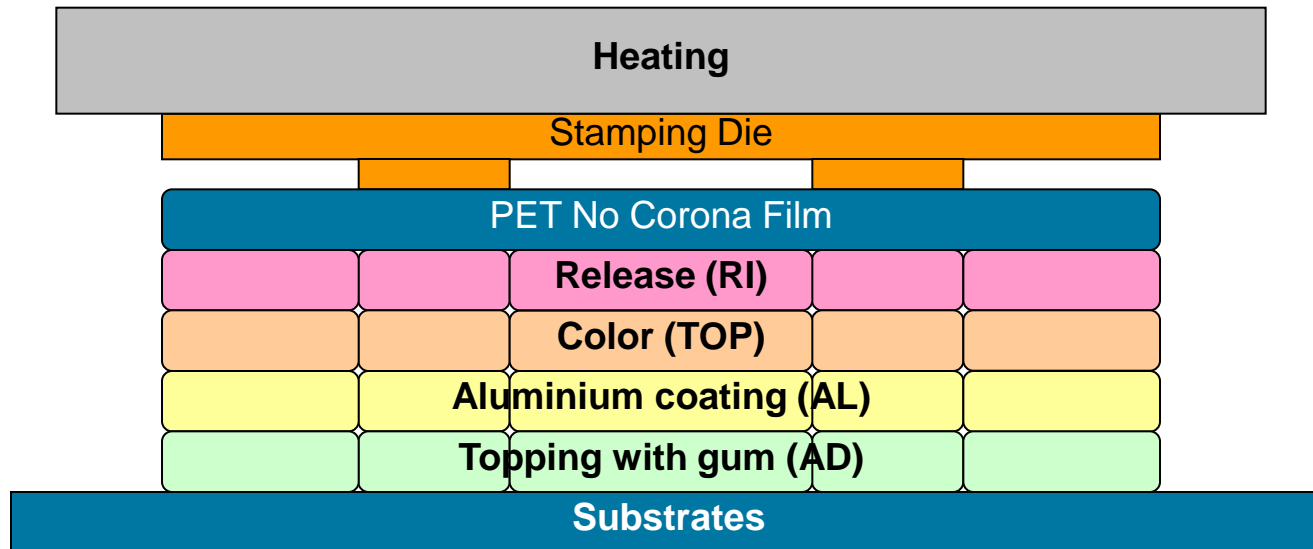
- Heat
- Pressure

Source: Long Shun printing house (stamping)

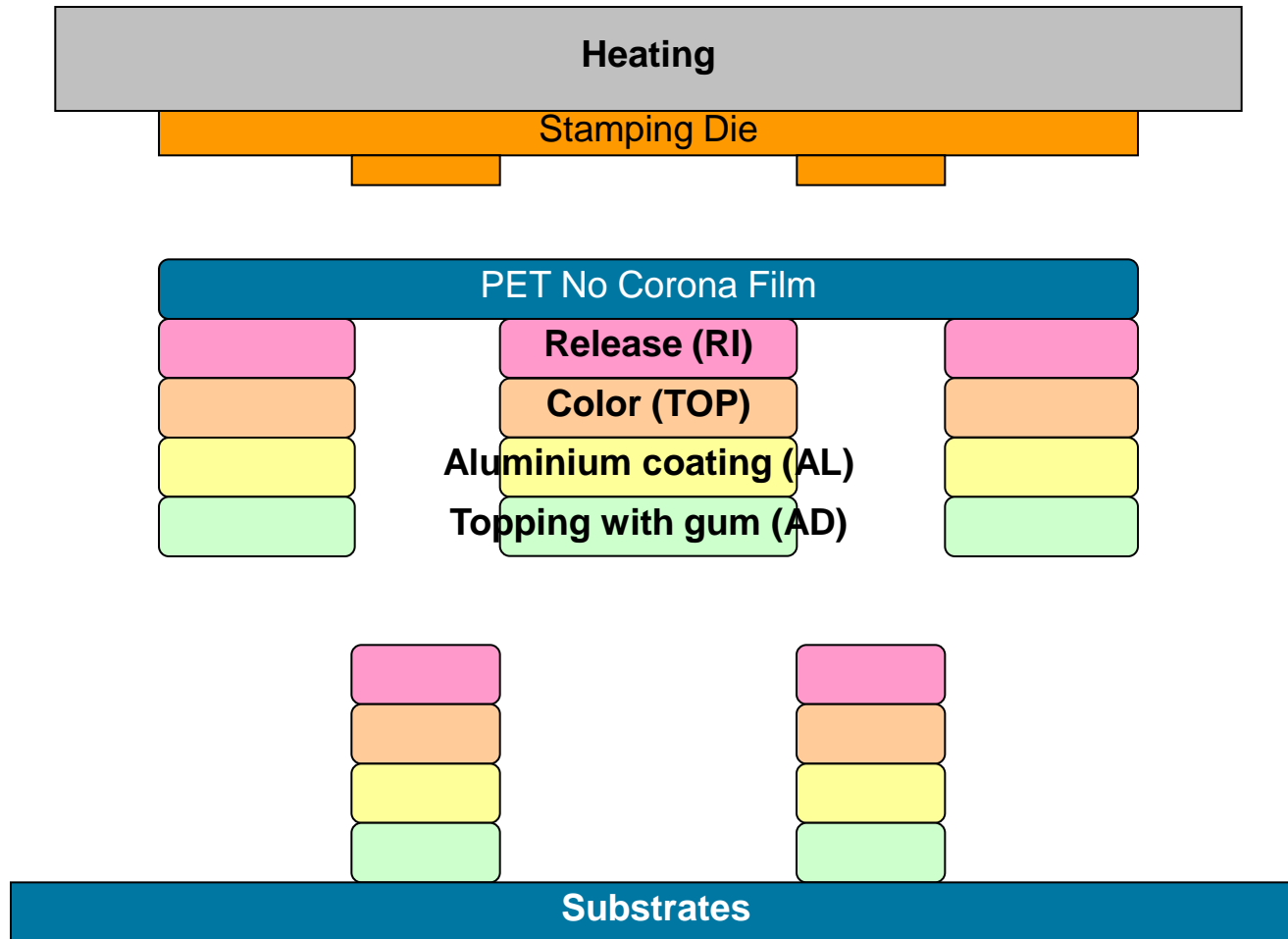
# Stamping Process



# Stamping Process



# Stamping Process





# Foils Series

---

Packaging with metal design elements, enrich the design level, thereby enhancing brand and product value!



## Hot stamping foil

---

Hot stamping foil can be applied to the large area, thin lines, small characters, or applied to the smooth, imitation leather paper, artificial leather.



## Cold foil

---

It can be directly connected to the printing machine, and directly printed in color after cold ironing to create a colorful golden effect!



## Holographic foil

---

Multiple laser patterns are available for hot foil and cold foil.



# Hot Stamping Foils Application



Label or carton of wine, cigarette, food, health and beauty aids

# Co-Branding Case

| Tainan City Government / One-dollar Red Envelope



GOLD

BLACK



# Cold Foils Application



Labels

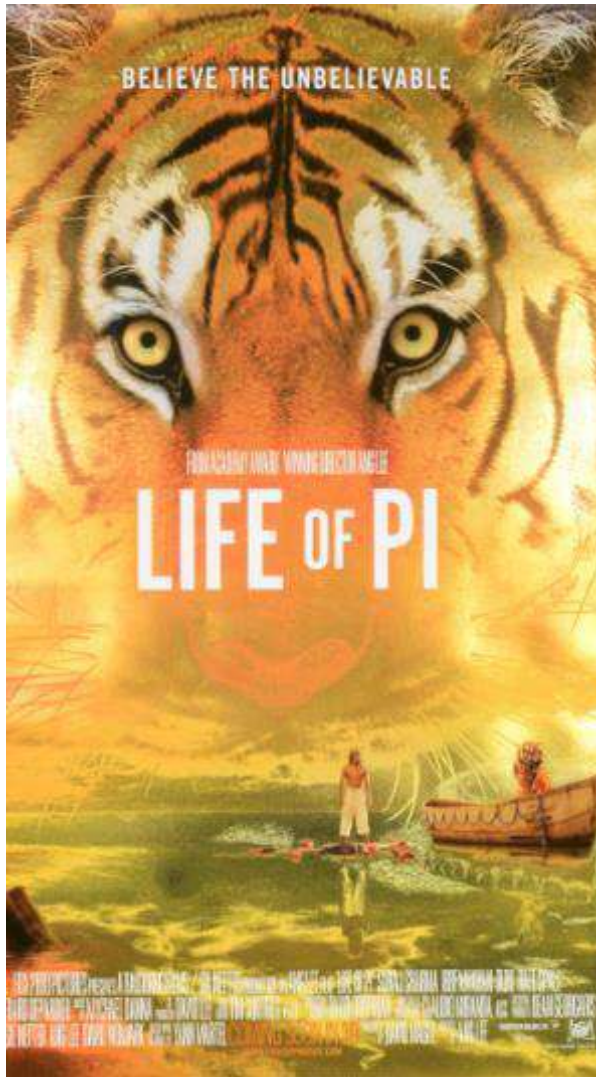


Food Packaging

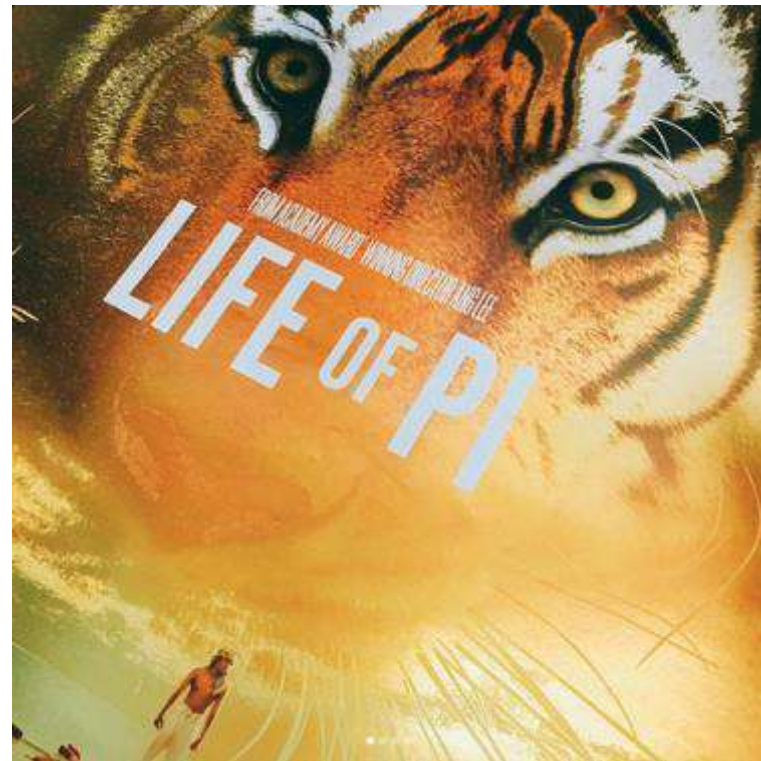


Cigarettes

# Co-Branding Case of Cold Foil



Movie poster-  
Life of Pi Poster





# Case of Cold Foil / Holographic Foil

## Golden Horse Awards x AQUAGEN Sparkling Water

— Univacco foil on the shrink sleeve label

Cold foil stamping on shrink sleeve label is hard to show the excellent metal effect under heating and pressure procedure, but Univacco's cold foil made it!



【 GHA 53 / 2016 】  
Double-sided gold



【 GHA 54 / 2017 】  
Holographic effect



【 GHA 55 / 2018 】  
Monochromatic pattern

# Awards and honors

Univacco receives numerous awards worldwide.

Univacco foil products were awarded by FSEA in 9 consecutive years, and products are well recognized and appreciated in the global market.



Won FSEA  
Gold Leaf Award  
2011-2019



Won FINAT  
2017



Won Sun Cup  
Asia Label  
Awards 2016



Won Potential Taiwan  
Mittelstnad Award  
2017



Won Taiwan  
Excellence Award  
2018-2019



Won The National  
Brand Yushan Award  
2017-2018

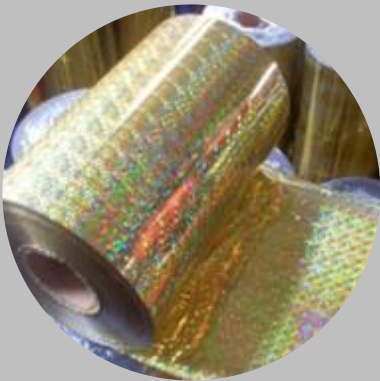


# **CORE TECHNOLOGY & COMPETITIVE ADVANTAGES**



# Applied Fields of Vacuum Coating

Low ← Technology barrier → High



Metallic film  
for flexible  
packaging



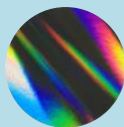
Metallic  
yarn



Metallic film  
for rigid  
packaging



Stamping  
foil



Holographic effect

# Own Branding & Manufacturing

Univacco owns its core technology by building up a strong R&D team. By integrating the technologies in chemical formulation, vacuum metallizing, and coating technology, Univacco prides itself in foils development, establishing own brand name and setting up sales channels in more than 60 countries.



**Uni**que chemical  
formula

**Vac**uum  
Metalizing

**Co**ating  
technology

# Foils Application Markets



## Hot Stamping Foils

Greeting Cards  
Gift boxes/package  
Wine/Liquor labels

## Cold Foils

Labels for daily supplies  
Poster printing  
Gift boxes/package



## Specialty Foils

Wine/liquor bottles  
Clothing, leather bags  
Bike frame/helmet  
deco

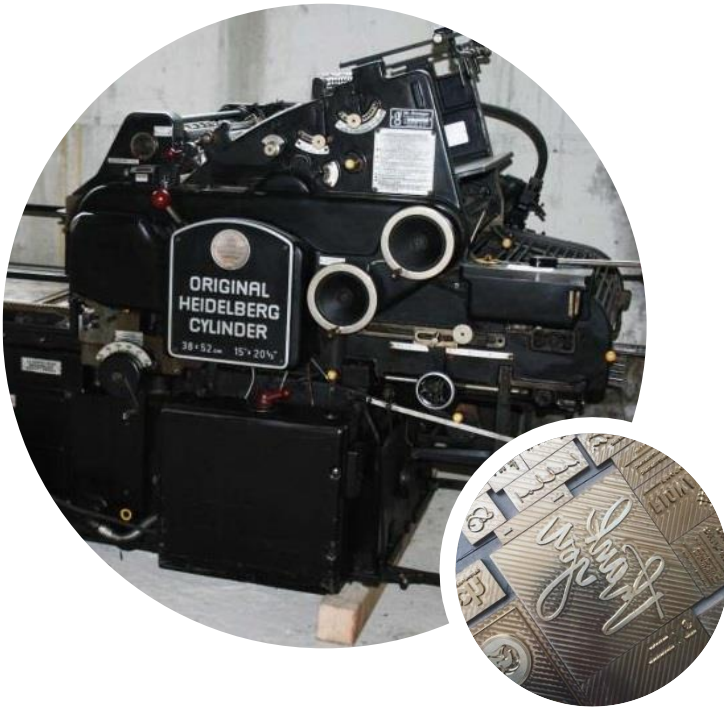
## Hot Foils for Plastic

Vehicle license plates  
Table cloth  
Plastic materials



# Breakthrough Cold Foil Launched

Univacco is the world's second-largest producer of cold foils, and the largest in Asia.



Launched over a century –  
Hot stamping foil



TAIWAN  
EXCELLENCE  
2018

TAIWAN  
EXCELLENCE  
2019

Breakthrough foil product-  
Cold foil

# Cold Foil Benefits Industrial Chain

01

**Reduce printing time thoroughly**  
18,000 sheets/hour

02

**Reduce material loss**  
(Single workshop/ alignment precisely)

03

**Reduce inventory**  
(Apply to more than 90% cold foil glue brands)

04

**Enrich the printed-color possibility**

05

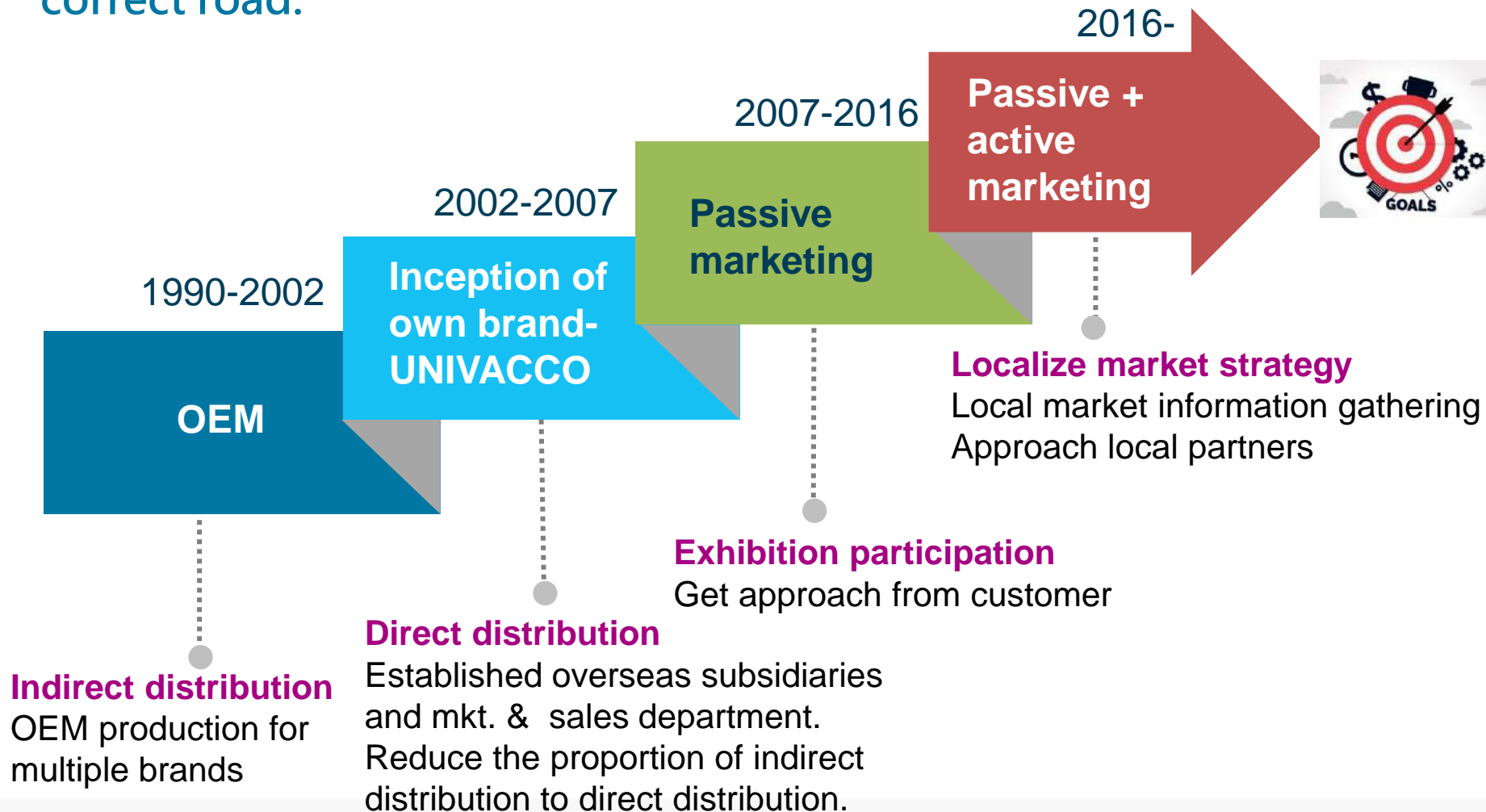
**Apply to more printing material**





# Brand & Distribution Strategy

Get rid of OEM production and choose OBM, a difficult but correct road.



# Trade Shows & Exhibitions

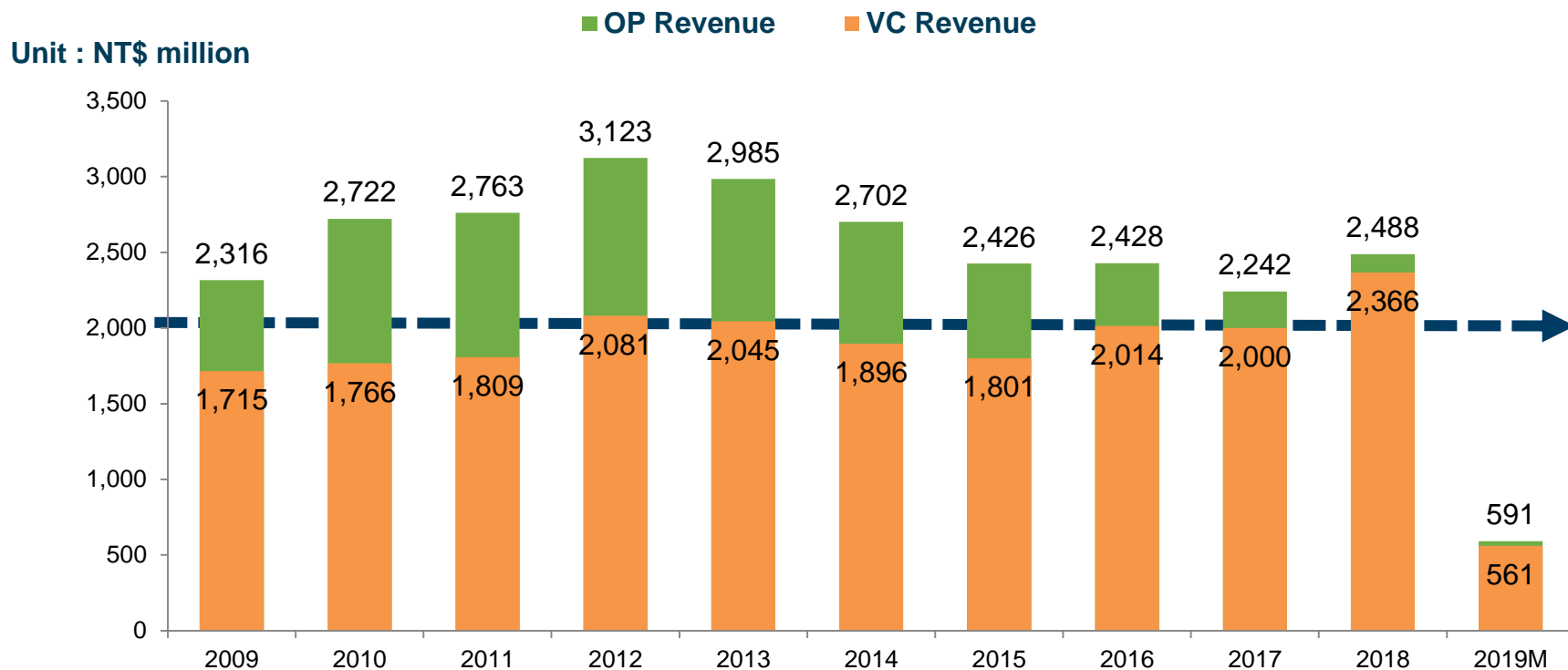






# FINANCE REVIEW

# Consolidated Revenues



BTAX (VC)	109	(210)	(41)	92	166	202	243	310	156	283	56
BTAX (OP)	(28)	(62)	(181)	36	9	(187)	(83)	(103)	(133)	(30)*	0
Consolidated BTAX	82	(272)	(222)	128	175	15	160	207	23	253	56

\*Optoelectronic Films Business (OP) incorporate into Vacuum Coating Foils Business (VC) since July 1<sup>st</sup> , 2018, therefore the revenue before income tax (BTAX) of OP in 2018 calculated to June 30<sup>th</sup> , 2018.

# VC Business Performance

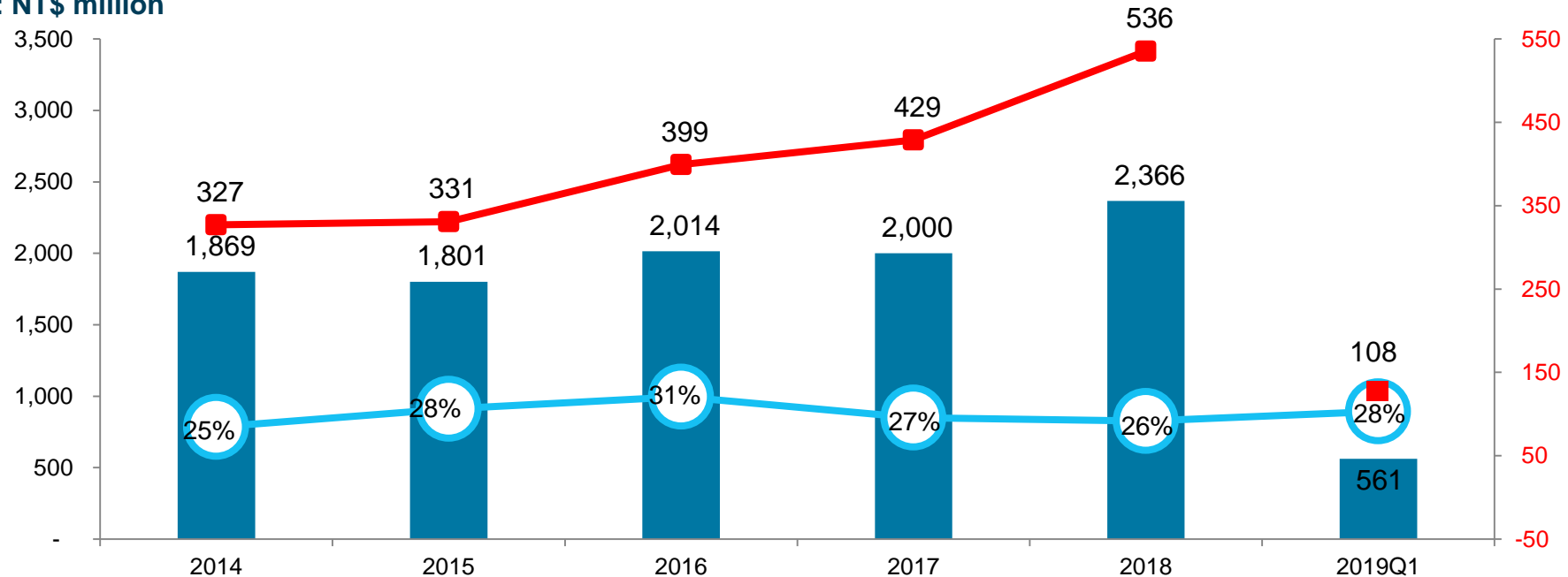
VC Revenue

VC consolidated GM

VC Sales Quantity

Unit : NT\$ million

Unit : Million SQM



Revenue YoY %

(4%)

12%

(1%)

18%

7%

Sales Quantity YoY %

1%

21%

7%

25%

(3%)

Business Highlight

1. The Geographical conflict of Russia and Ukraine.

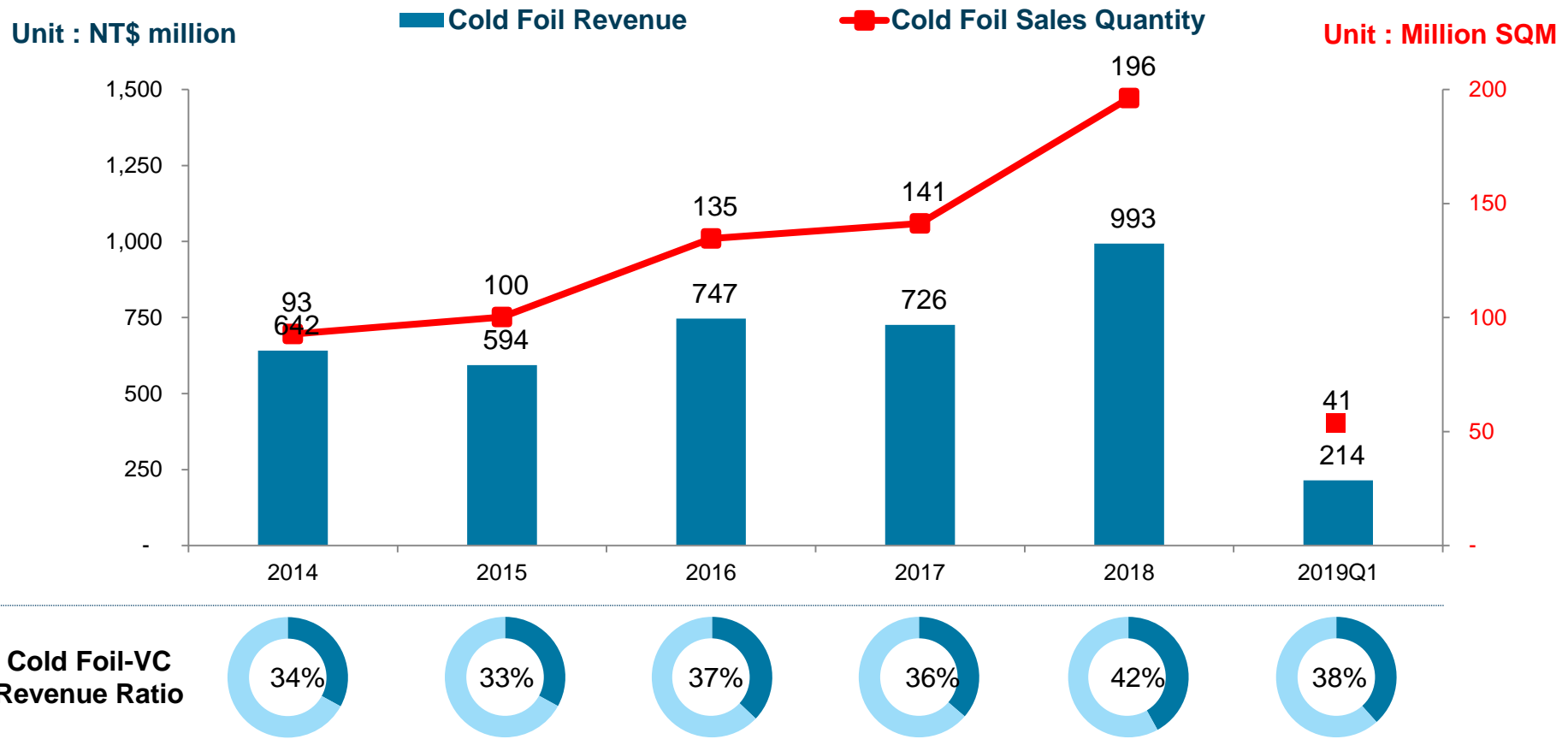
2. Two product lines established.

Got orders from large-scale printing house in West Europe and USA

1. Fire accident- 0430 damaged 3 product lines  
2. One line restarted in July, others in Feb. 2018.

1. New Cold foil product in great demand  
2. Production capacity recovered from fire accident.

# VC Niche products-Cold Foil Revenue



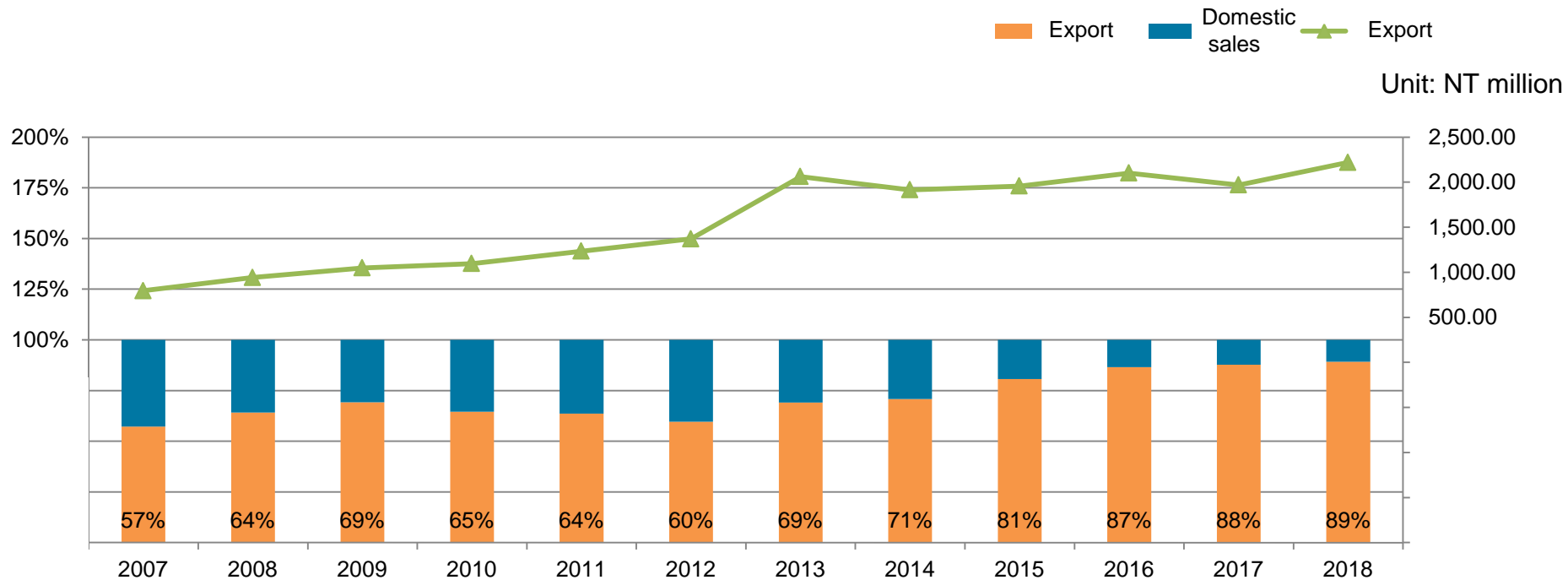
# VC Export-Sales Ratio After Listing



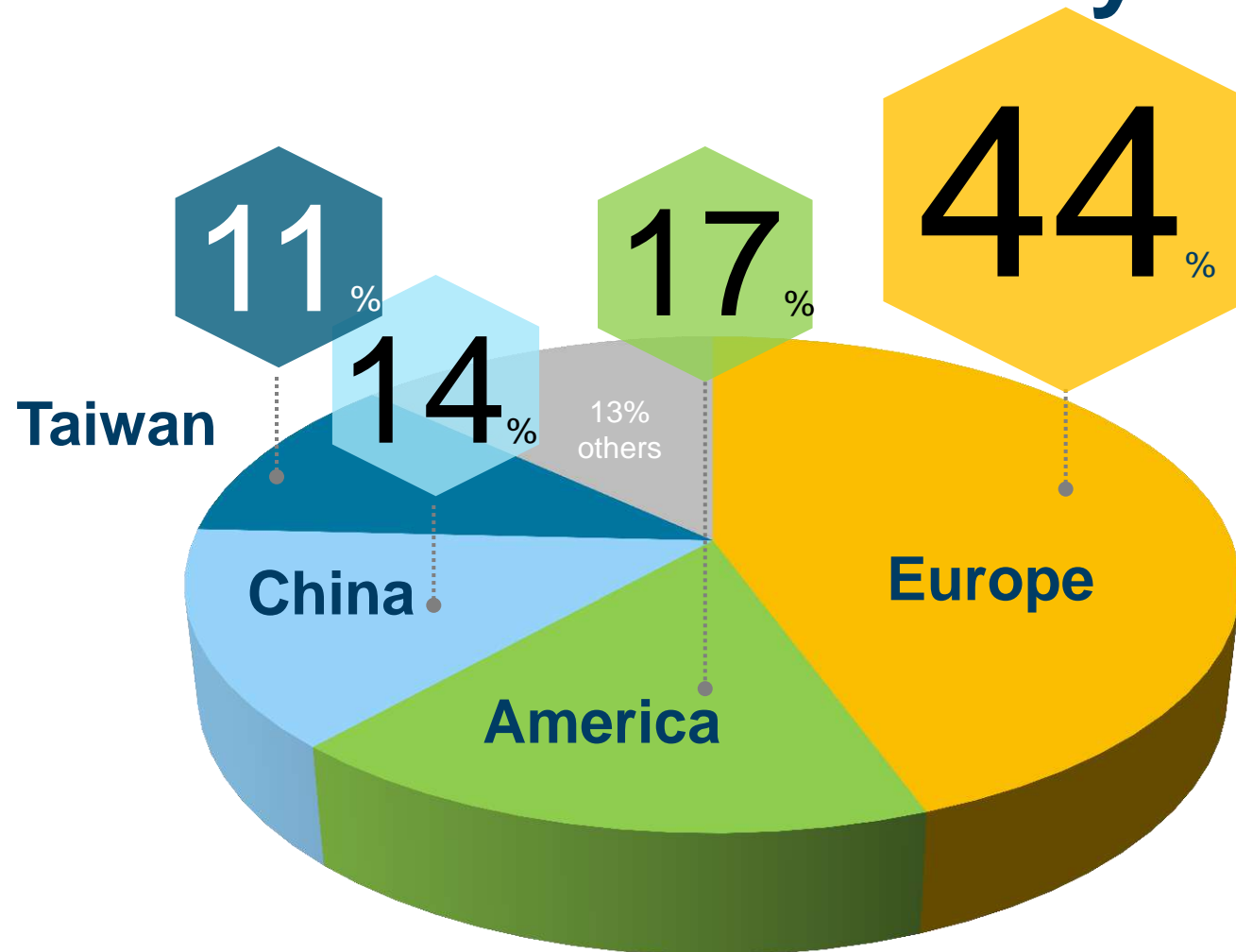
OEM → OBM



Domestic sales → Export



# Consolidated Revenue by Region



Data: Univacco consolidated revenue in 2018

Note: Gray zone represents the revenue of other Asia countries, Oceania, and Africa.

# Consolidated Income Statement(yr)

	2018Y	2017Y	DIF	YoY
Operating revenue	2,488,090	2,241,961	246,129	10%
Operating costs	(1,895,577)	(1,731,667)	(163,910)	9%
Gross profit (loss) from operations	592,513	510,294	82,219	14%
<b>Gross margin</b>	<b>23.81%</b>	<b>22.76%</b>		
Operating expenses	(365,003)	(407,822)	42,819	-12%
Selling expense	(164,165)	(153,632)	(10,533)	6%
Research and development expenses	(60,802)	(62,408)	1,606	-3%
Administrative expenses	(207,645)	(183,730)	(23,915)	12%
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	67,609	(8,052)	75,661	112%
Net operating income (loss)	227,510	102,472	125,038	55%
<b>Operating Profit Margin</b>	<b>9.14%</b>	<b>4.57%</b>		
Non-operating income and expenses	25,845	(79,527)	105,372	408%
Net foreign exchange gains (losses)	24,575	(37,191)	61,766	251%
Impairment loss recognized (reversed) on property, plant and equipment	1,968	(33,180)	35,148	1786%
Finance costs	(8,867)	(9,140)	273	-3%
Other gains and losses	8,169	(16)	8,185	100%
Profit (loss) from continuing operations before tax	253,355	22,945	230,410	91%
Tax expense (income)	(42,673)	(5,508)	(37,165)	87%
Profit (loss) from continuing operations	210,682	17,437	193,245	92%
Profit (loss), attributable to non-controlling interests	1,366	1,190	176	
Profit (loss), attributable to owners of parent	209,316	16,247	193,069	
EPS	2.20	0.17		



# Consolidated Income Statement(q)

	2019Q1	2018Q4	QoQ	2018Q1	YoY
Operating revenue	590,938	667,658	(76,720)	556,920	34,018
Operating costs	(434,562)	(502,202)	67,640	(418,150)	(16,412)
Gross profit (loss) from operations	156,376	165,456	(9,080)	138,770	17,606
Gross margin	26.46%	24.78%		24.92%	
Operating expenses	(98,491)	(53,969)	(44,522)	(99,320)	829
Selling expenses	(34,356)	(45,388)	11,032	(37,541)	3,185
Research and development expenses	(14,428)	(16,278)	1,850	(14,517)	89
Administrative expenses	(49,722)	(55,942)	6,220	(47,243)	(2,479)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	15	63,639	(63,624)	(19)	34
Net operating income (loss)	57,885	111,487	(53,602)	39,450	18,435
Operating Profit Margin	9.80%	16.70%		7.08%	
Non-operating income and expenses	(1,538)	3,858	(5,396)	(10,118)	8,580
Net foreign exchange gains (losses)	(207)	4,678	(4,885)	(15,127)	14,920
Finance costs	(2,464)	(2,120)	(344)	(2,445)	(19)
Other gains and losses	1,133	1,300	(167)	7,454	(6,321)
Profit (loss) from continuing operations before tax	56,347	115,345	(58,998)	29,332	27,015
Tax expense (income)	(10,561)	(22,492)	11,931	7,039	(17,600)
Profit (loss) from continuing operations before tax	45,786	92,853	(47,067)	36,371	9,415
Profit(loss), attributable to non-controlling interests	(114)	(42)	(72)	522	(636)
Profit (loss), attributable to owners of parent	45,900	92,896	(46,996)	35,849	10,051
EPS	0.49	0.98		0.38	

# Consolidated Balance Sheet

	2019Q1	2018Q4	2018Q1
<b>Selected Asset Items</b>			
Cash	321,617	369,517	559,147
Accounts Receivables	596,719	665,550	572,367
Inventory	424,937	453,384	349,702
Fixed Assets/Intangible Assets/Right-of-use Assets	1,317,254	1,097,516	1,108,335
Other Assets	354,710	388,016	371,831
<b>Total Assets</b>	<b>3,015,237</b>	<b>2,973,983</b>	<b>2,961,382</b>
<b>Selected Liability Items</b>			
Long-Term/Short-Term Debt	737,630	707,318	805,704
Accounts Payable	331,914	418,067	411,057
Other Liabilities	130,116	87,996	94,089
<b>Total Liabilities</b>	<b>1,199,660</b>	<b>1,213,381</b>	<b>1,310,850</b>
Capital	960,896	960,896	960,896
<b>Total Equity</b>	<b>1,815,577</b>	<b>1,760,602</b>	<b>1,650,532</b>
Debt Ratio	39.8%	40.8%	44.3%
Book Value Per Share	18.89	18.32	17.18

# Cash Flow

Unit: In Thousands of New Taiwan Dollars

	2019Q1	2018Q4	2018Q1
Cash Flow from Operations	72,689	141,046	(3,227)
Cash Flow from Investing	(155,616)	(83,455)	(103,347)
Cash Flow from Financing	27,436	(29,803)	34,304
Effect of Exchange Rate Change	7,591	1,486	3,481
Net Increase in Cash	(47,900)	29,274	(68,789)
Cash at Quarter End	321,617	369,517	559,147
Depreciation and Amortization	34,458	30,645	30,972

# Earnings & Dividends

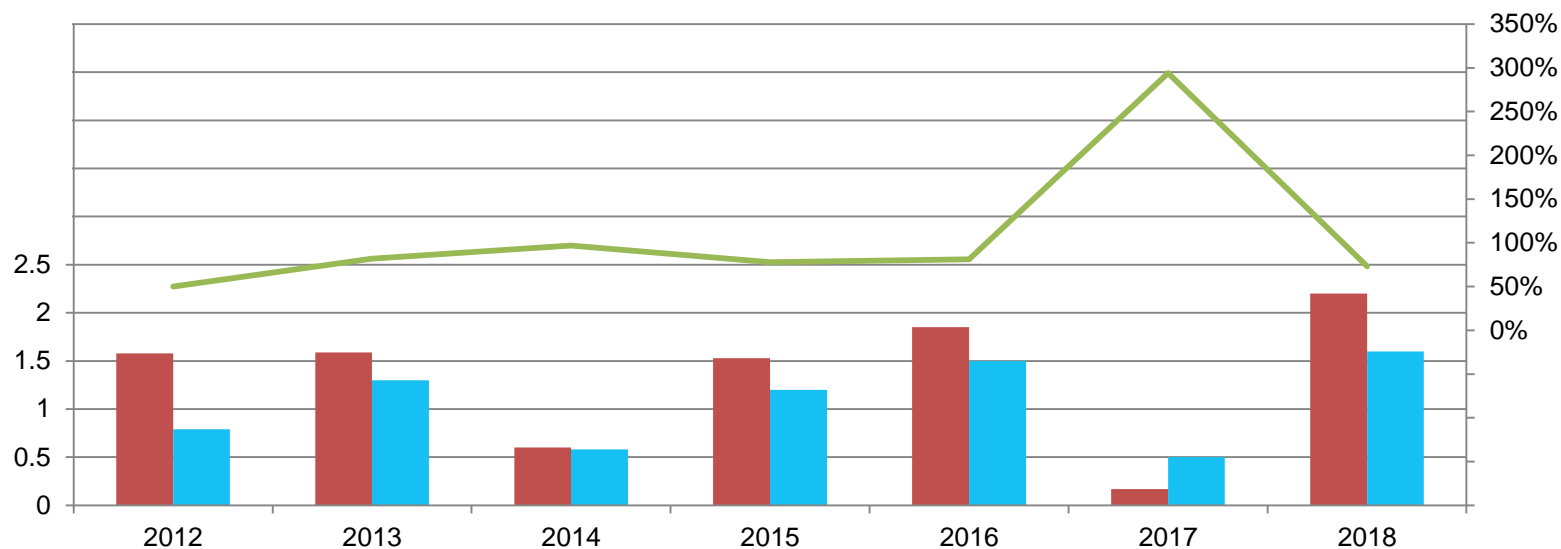
Unit : NTD/share

■ EPS (NTD/share)

■ Dividend (NTD/share)

— Distribution Yield

Unit : %



Net Profit after Tax (NT\$ Million)	124	152	60	150	177	16	209
EPS (NTD/share)	1.58	1.59	0.60	1.53	1.85	0.17	2.20
Dividend (NTD/share)	0.79	1.30	0.58	1.20	1.50	0.50	1.60
Distribution Yield	50%	82%	97%	78%	81%	294%	73%

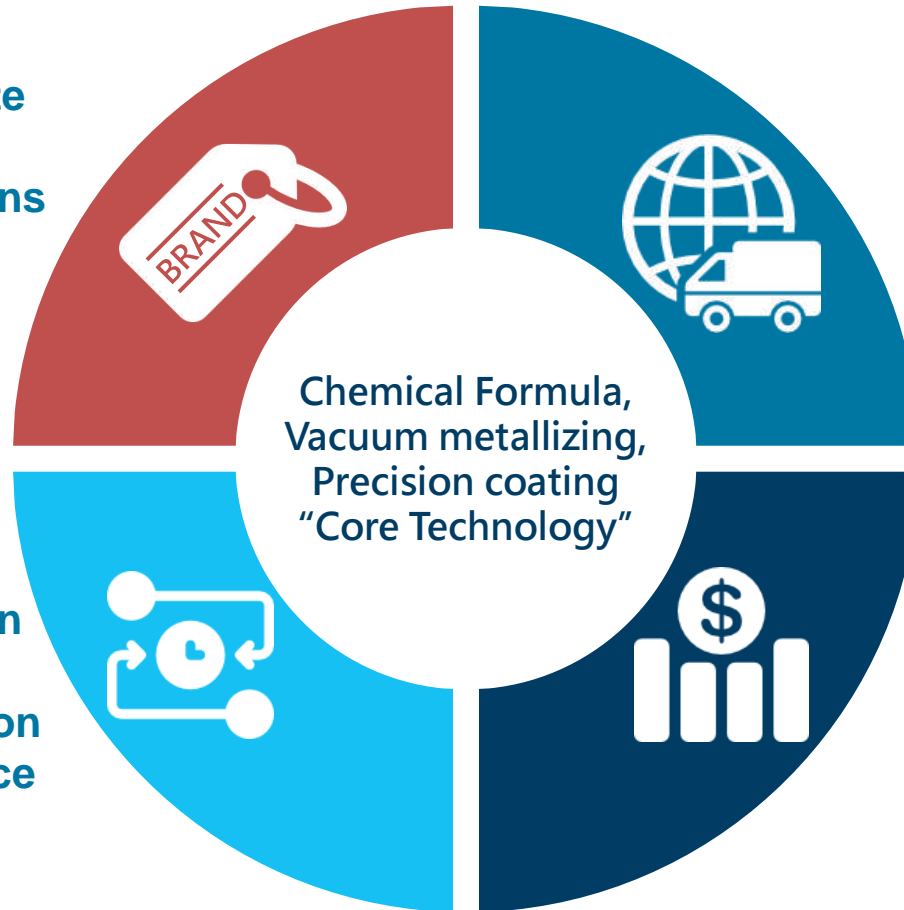


# **FUTURE PLAN & CORPORATE GOVERNANCE**

# Focus on Core Business

Actively participate the global trade shows & exhibitions to promote UNIVACCO brand name

Expand production capacity and enhance production efficiency to reduce costs



Strengthen global sales channels and cooperate with large global printing houses

Continue to R&D and increase the sales of niche products such as cold foils



# Enlarge Vacuum Coating Industry



Investment  
return to Taiwan



The value of OBM has been revealed, the revenue of company has grown rapidly.



Implement the intellectualization manufacturing to strengthen the advantages in the industry.



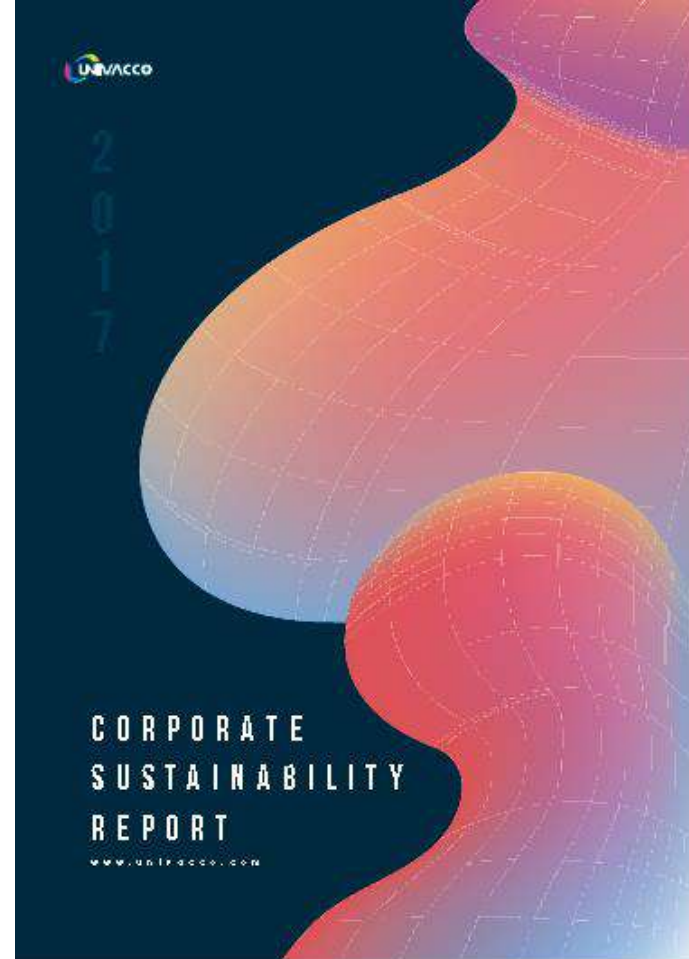
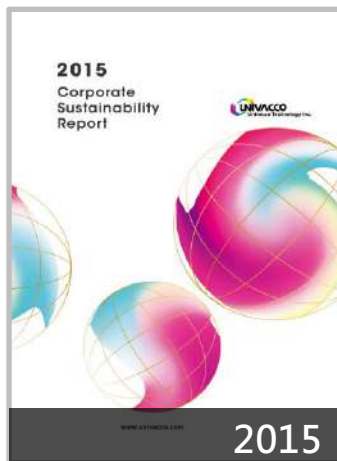
Labor costs in China has increased gradually and it is difficult to against R&D technology.



Increasing the production capacity in Taiwan to protect the export market planning as well as to avoid tensions over trade are heating up between the United States and China from 2018.

Item	Amount
Land purchased	NTD 800 million
Factory extended	
Manufacturing equipment purchased	
Working capital	

# Release CSR Report since 2013



Since 2015, UnivacCO has been among the top 20% Taiwan OTC listing companies in “Corporate Governance Performance Review”

# Green Univacco - CSR

## Green Management System



- ✓ Energy management system ISO 50001:2011
- ✓ Environment management ISO 14001:2015
- ✓ Greenhouse gases management ISO14064-1:2006 / Carbon footprint requirements & guidelines ISO 14067:2013

## Green Supply Chain

- ✓ Suppliers are required and audited to follow green material procedures

## Green Materials

- ✓ Develop low VOC recipes
- ✓ Low carbon recipes
- ✓ Water base recipes

## Green Process

- ✓ 9% electricity consumption per SQM manufacture
- ✓ Increase 22% adoption of water based resin
- ✓ reduce 33% VOCs emission

## Recycle & Reuse

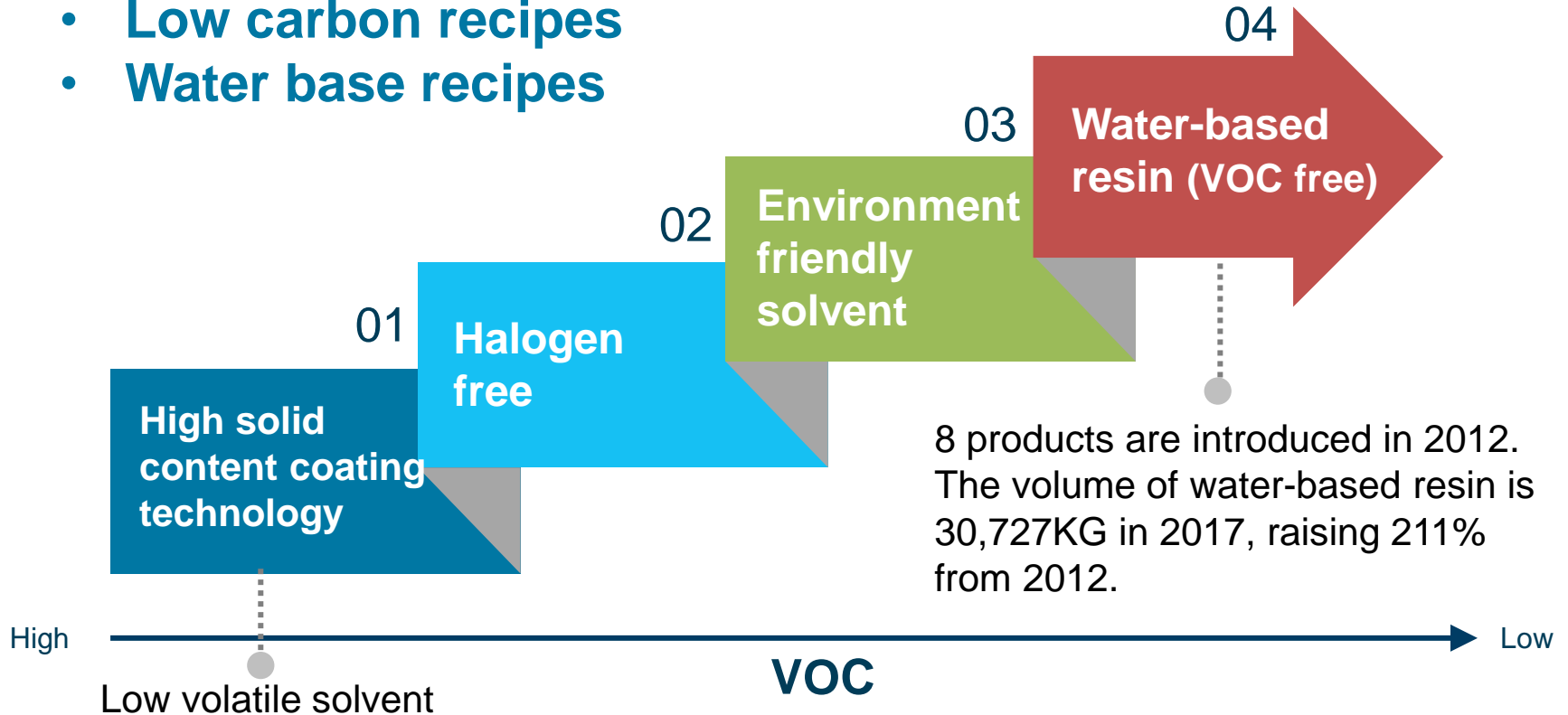
- ✓ 99% VOCs remove by RTO
- ✓ 40% reuse ratio of solvent and resin in 2017

# ISO Certifications



# Green Materials

- Develop low VOC recipes
- Low carbon recipes
- Water base recipes





# Focus on Green Methods

**Eco-solvent formulas** used in production development

Regenerative Thermal Oxidizers (**RTO**) **recycle** combustion **to reduce VOC emissions**



**6 RTO**





# THANK YOU

**Stock code : 3303**  
**[www.univacco.com](http://www.univacco.com)**