



UnivacCO Technology Inc.

2019Q2

Business Review

3303.TWO

www.univacCO.com

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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**



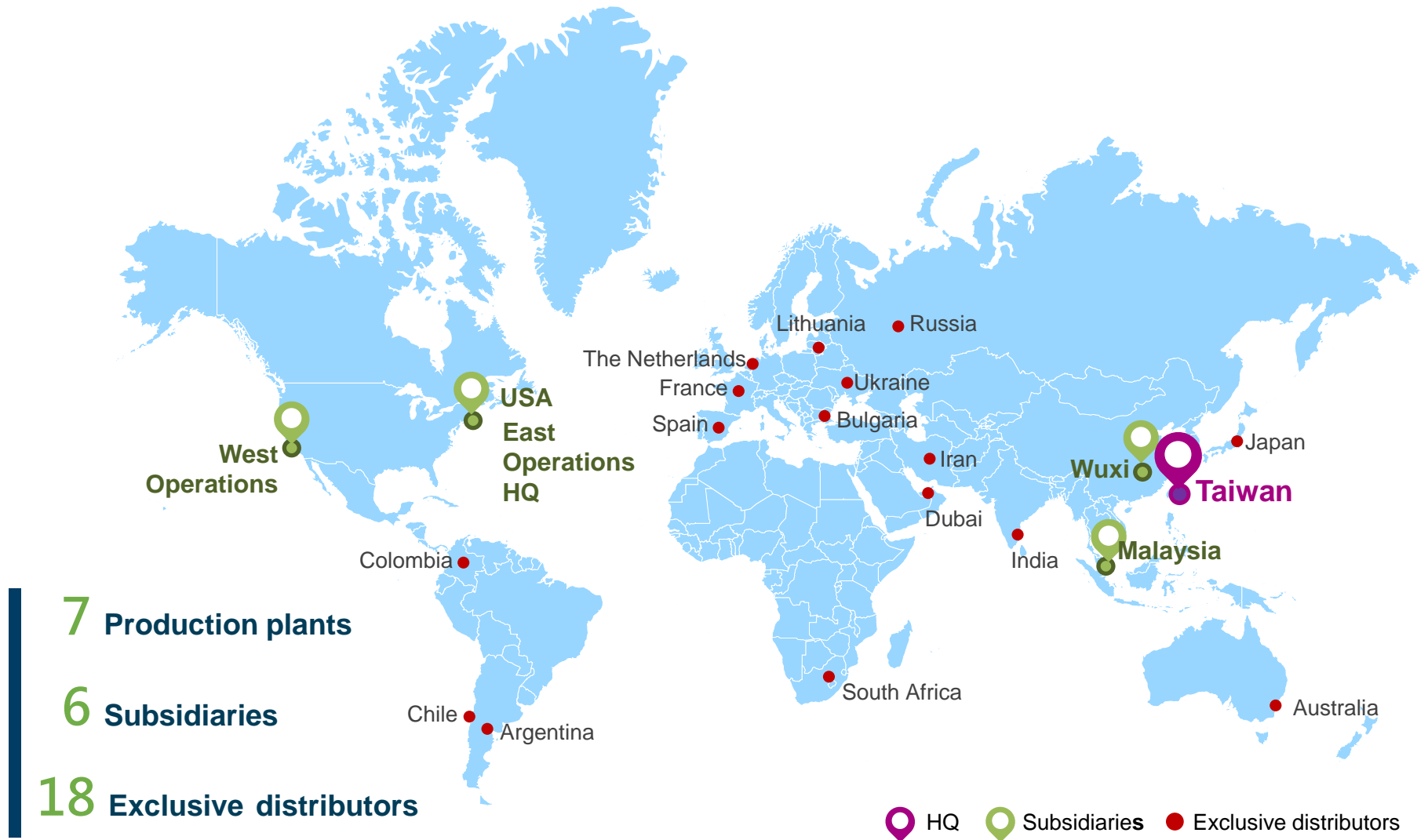
- **Established** **Aug. 29, 1990**
- **Paid-up Capital** **NTD 961 million ***
- **Consolidated Revenue** **NTD 2.48 billion (2018)**
- **Listing Day** **May 28, 2007**
- **Group Employees** **650 ***
- **Main Products** **Vacuum Coating Foils (VC)
Optoelectronic Films (OP)**

Focus on Foil for 30 years

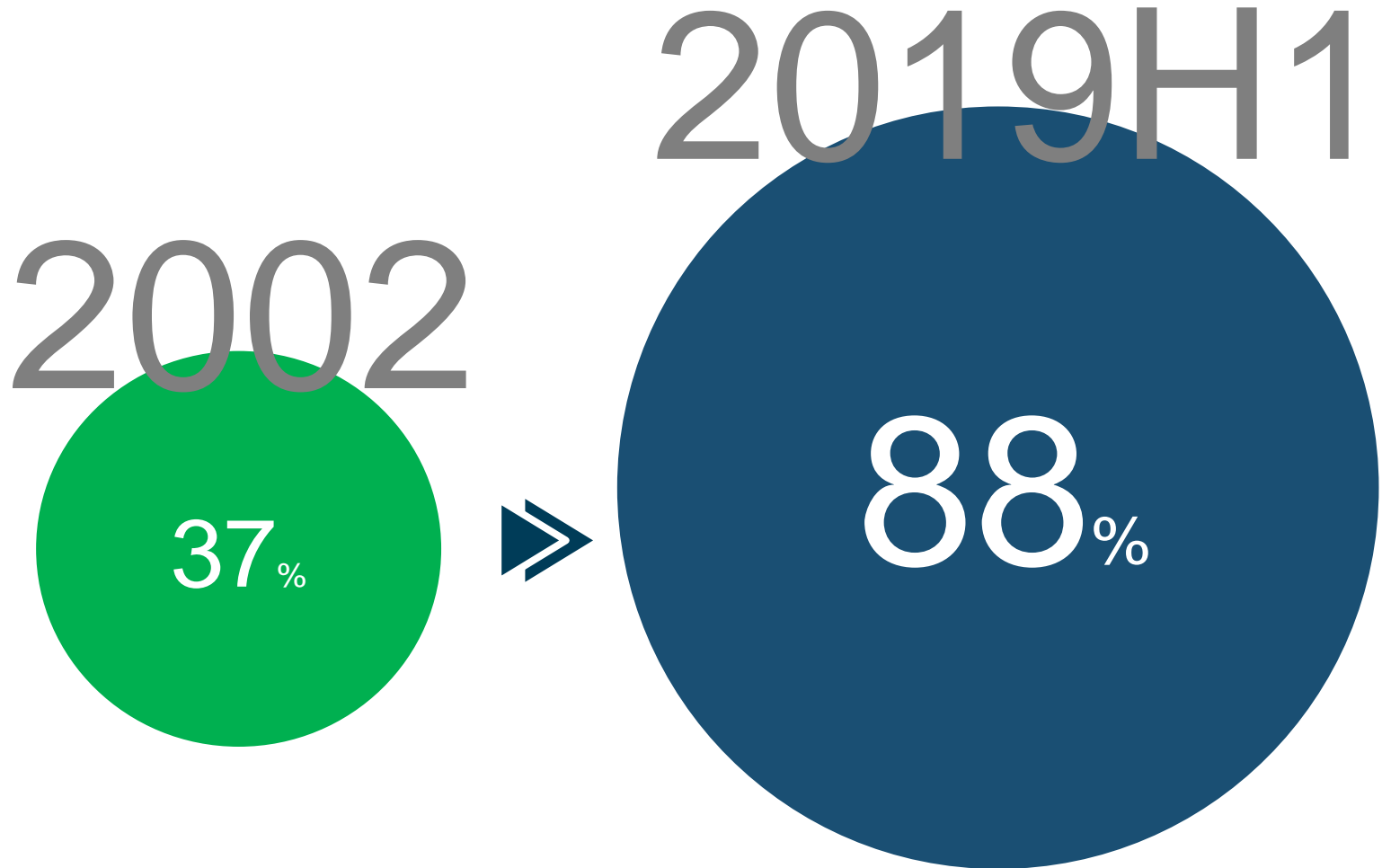


2018: 95% consolidated revenue of Univacco came from VC products (foils)

Foils Sales to 70 Countries

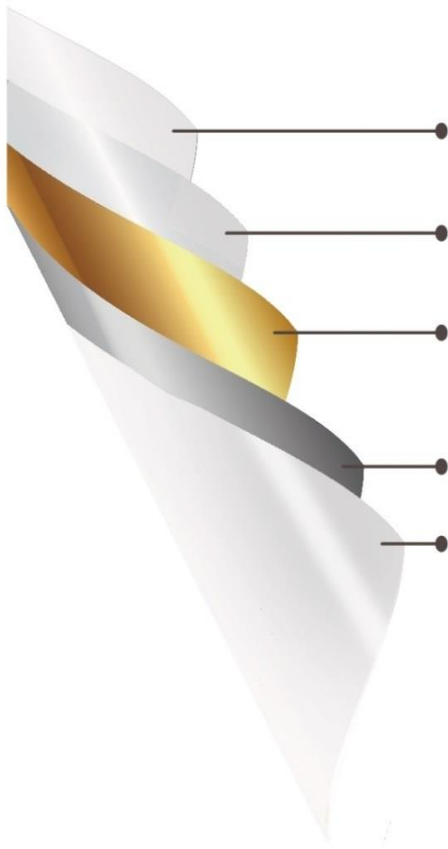


Proportion of Exports is Up to 90%



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



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.

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



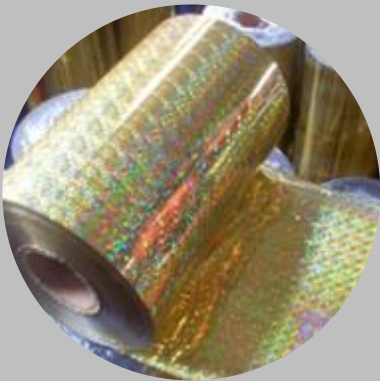
Won The National
Brand Yushan Award
2017-2019



CORE TECHNOLOGY & COMPETITIVE ADVANTAGES

Applied Fields of Vacuum Coating

Low ← Technology barrier → High



Metallic film
for flexible
packaging



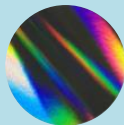
Metallic
yarn



Metallic film
for rigid
packaging



Stamping
foil



Holographic effect

Own Branding Manufacturing

Univacco owns its core technology by integrating the technologies in chemical formulation, vacuum metallizing, and coating. Univacco prides itself in foils development, establishing own brand name and setting up sales channels in more than 70 countries.



Unique chemical
formula

Vacuum
Metalizing

Coating
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

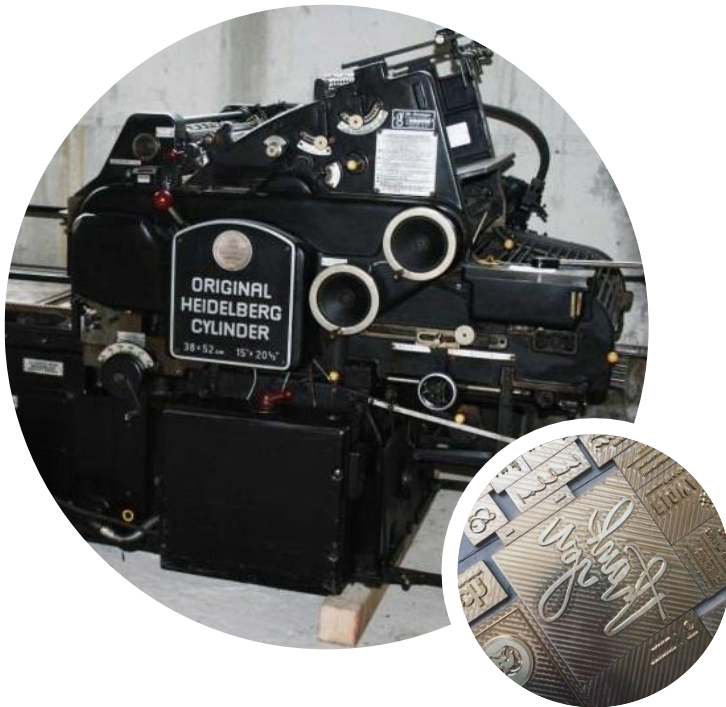
Hot Foils for Plastic

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



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

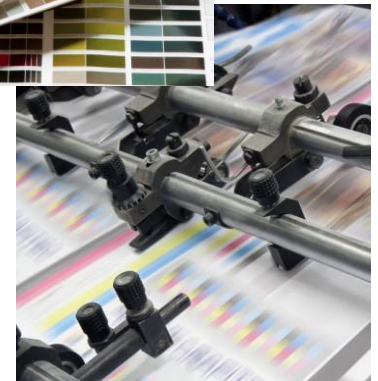
Reduce inventory
(Apply to more than 90% cold foil glue brands)

04

Enrich the printed-color possibility

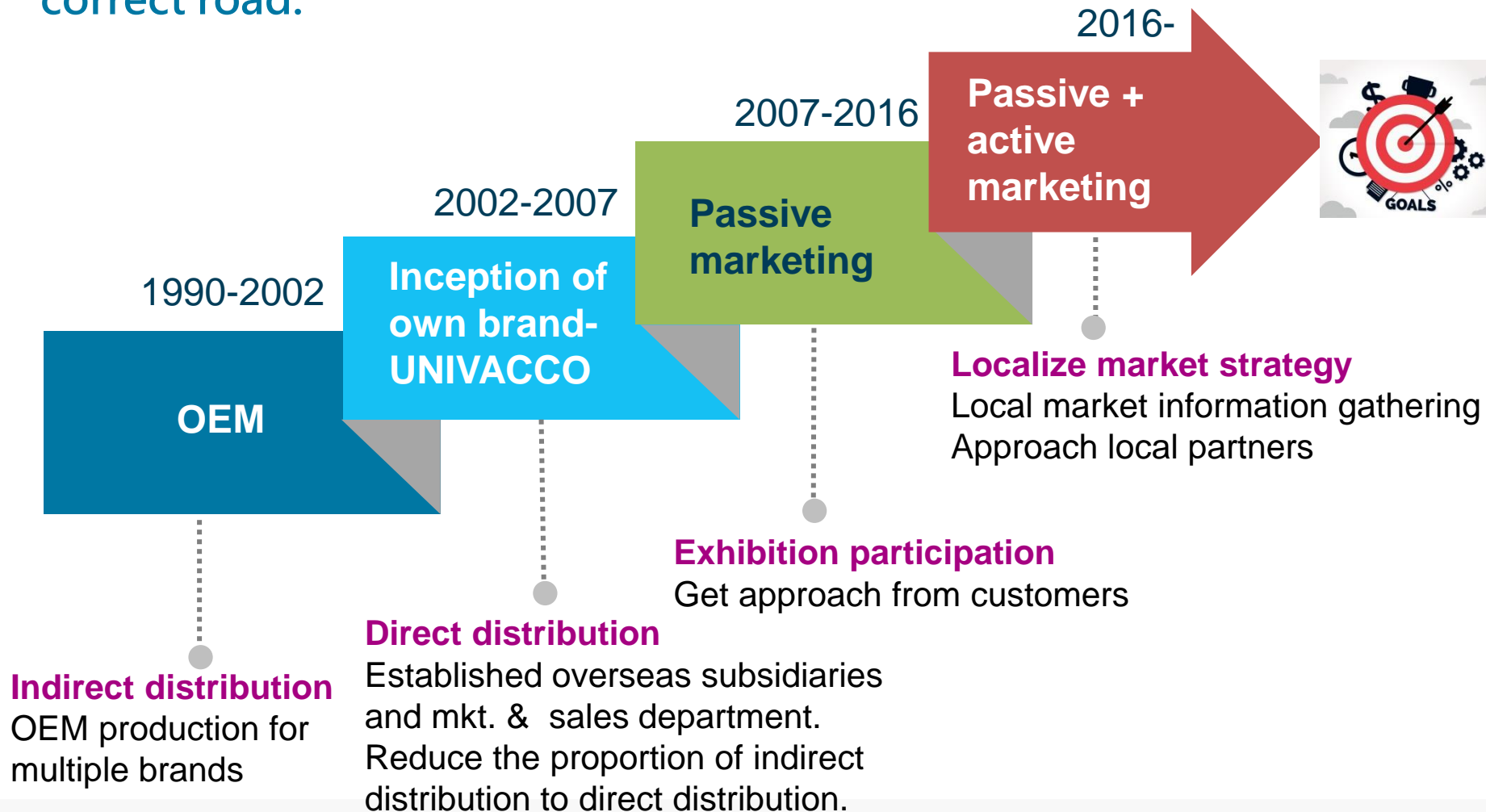
05

Apply to more printing material



Brand & Distribution Strategy

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



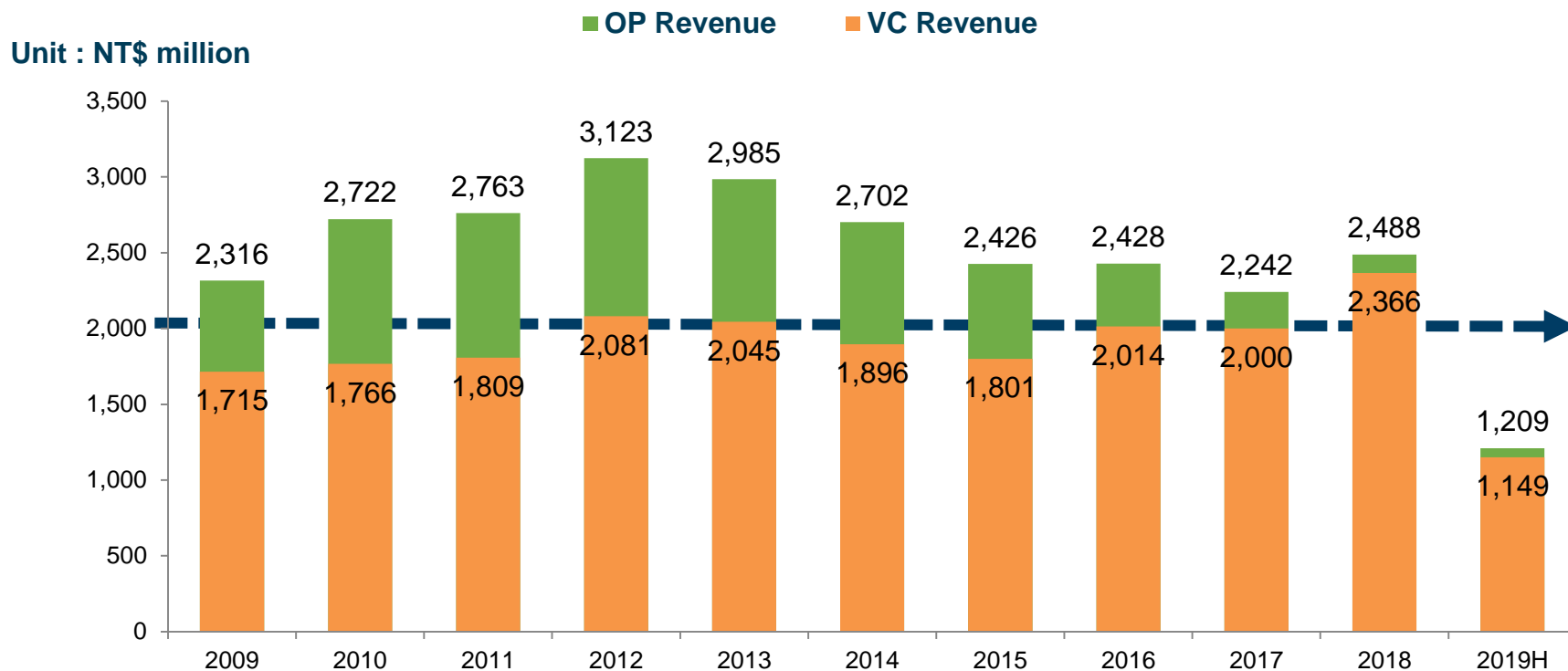
Trade Shows & Exhibitions





FINANCE REVIEW

Consolidated Revenues



BTAX (VC)	109	(210)	(41)	92	166	202	243	310	156	283	125
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	125

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

VC Business Performance

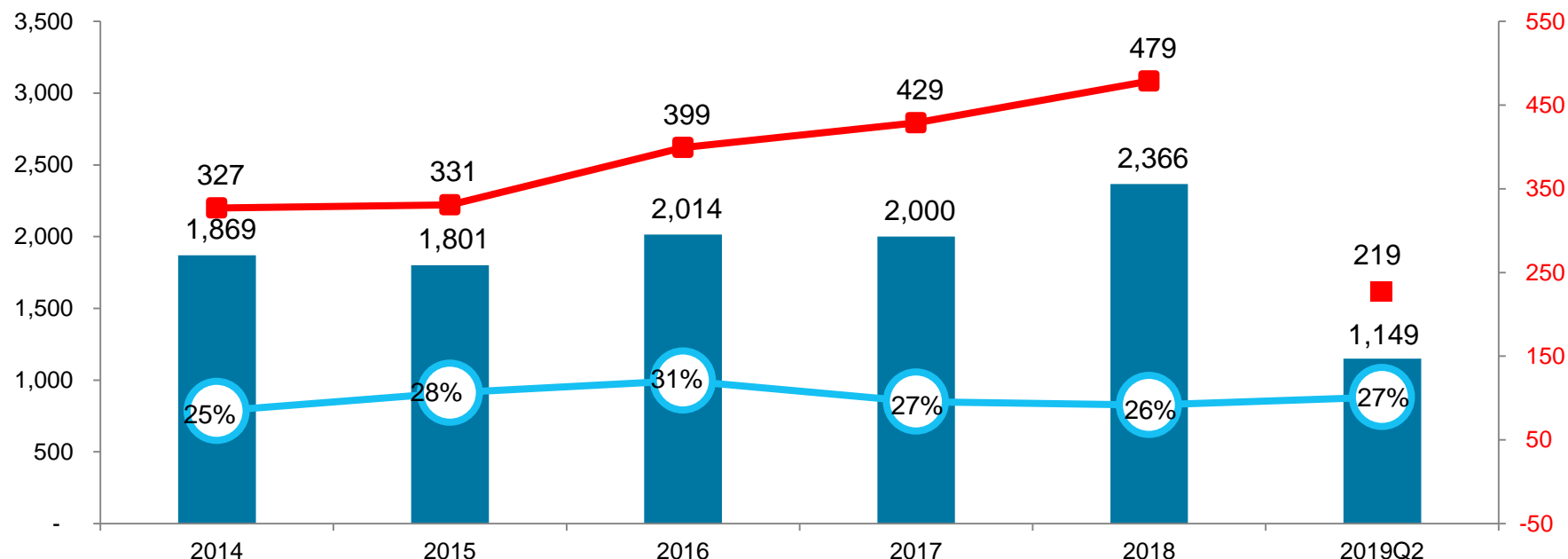
VC Revenue

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%

12%

(2.4%)

Business Highlight

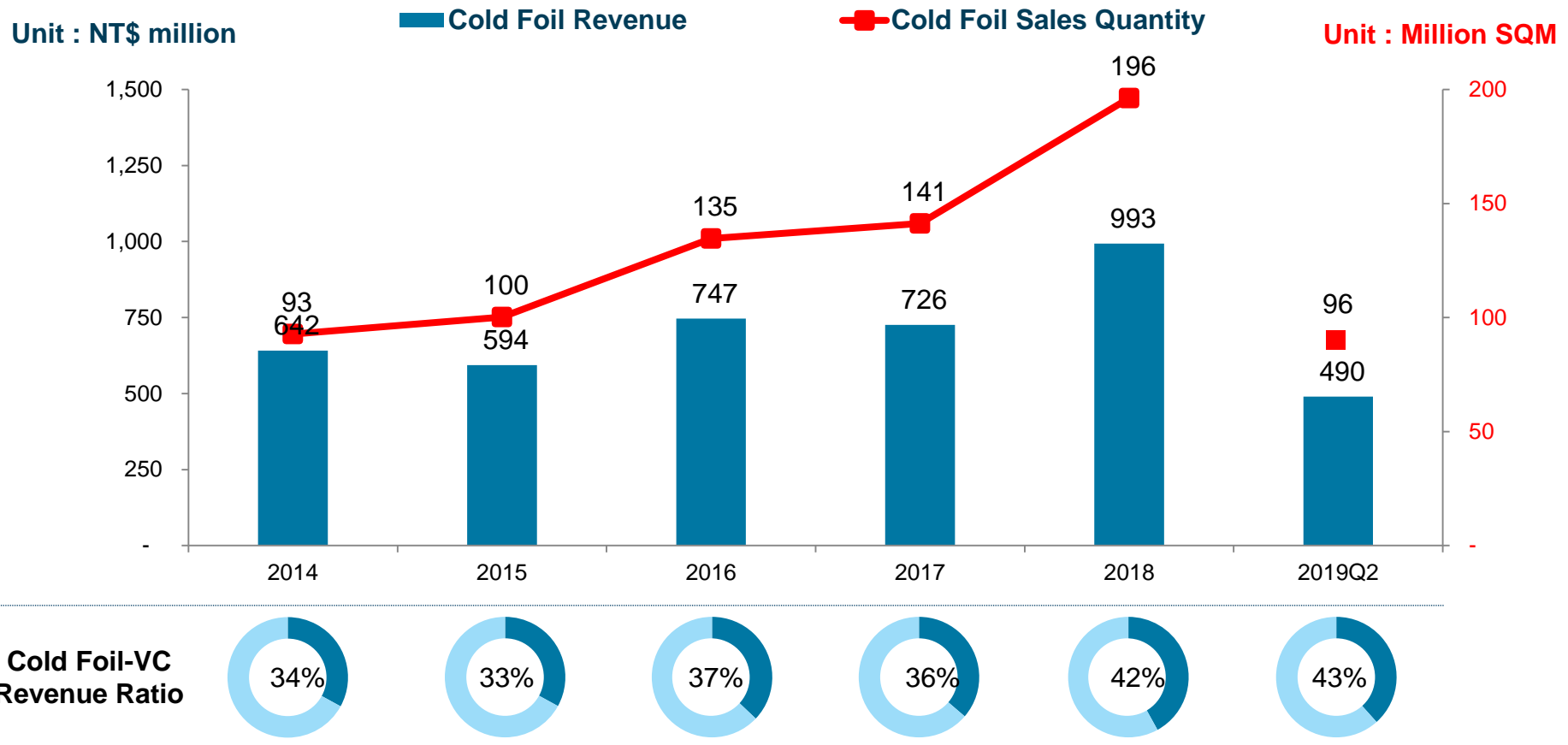
1. The Geographical conflict of Russia and Ukraine.
2. Two product lines established.

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



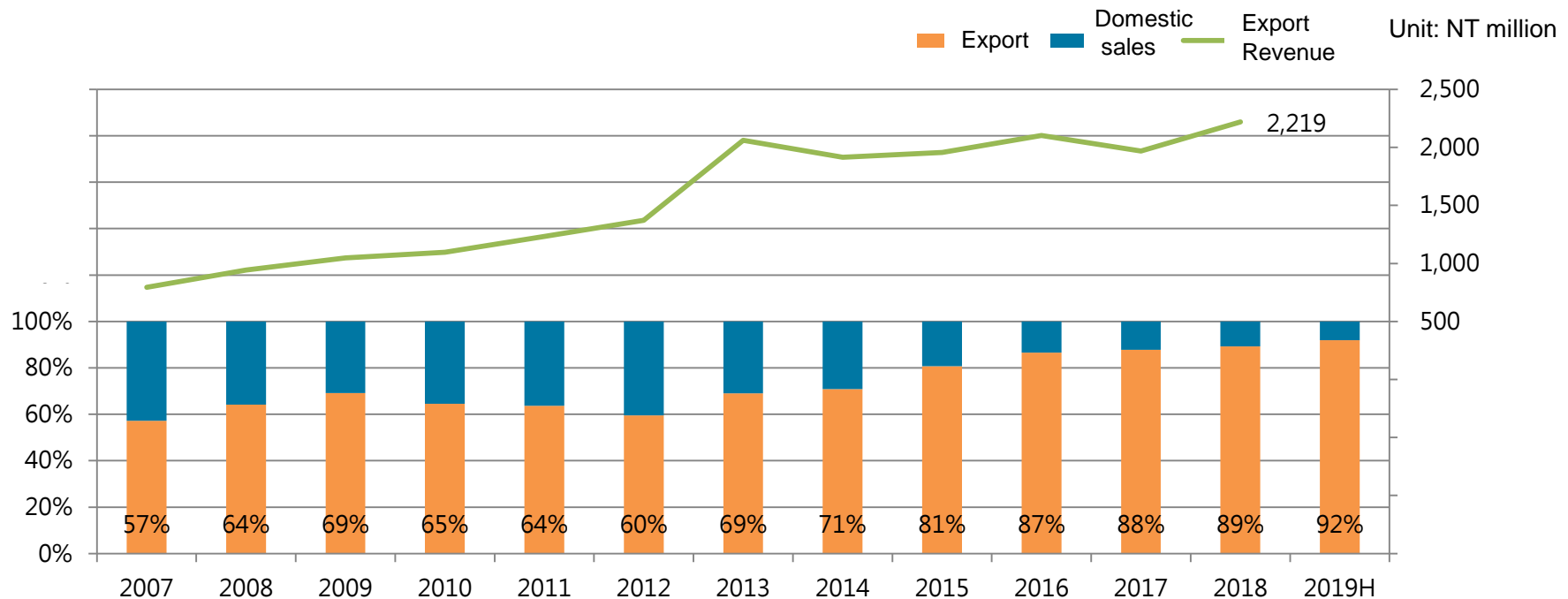
VC Export-Sales Ratio After Listing



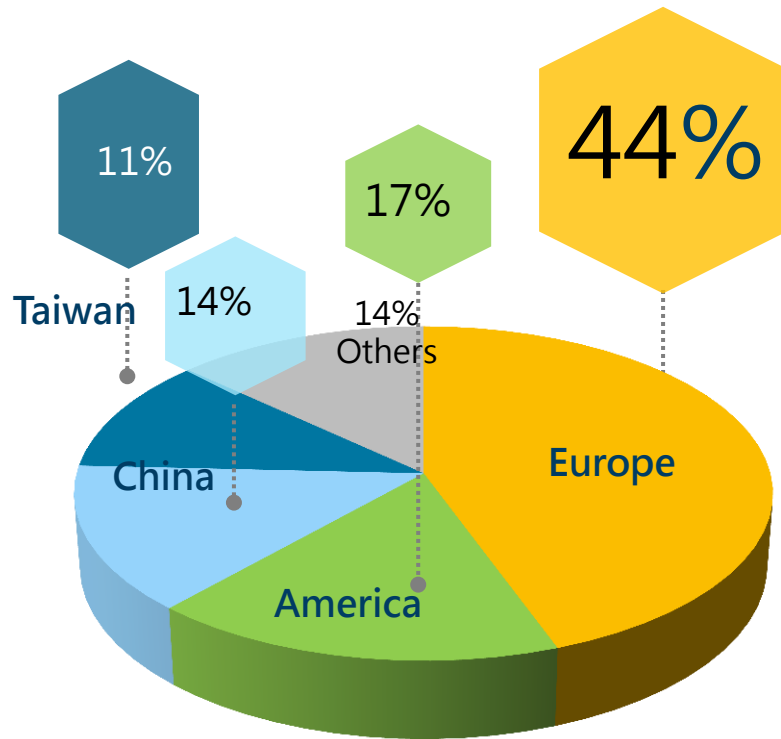
OEM→OBM



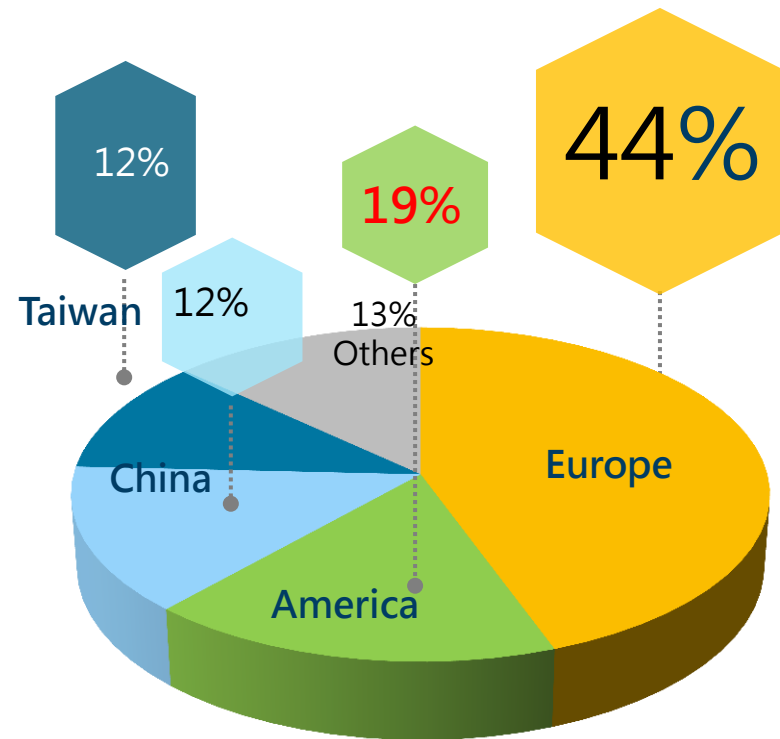
Domestic sales→
Export



Consolidated Revenue by Region



2018Y



2019H

Data: Univacco consolidated revenue in 2018 and 2019H.

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

Consolidated Income Statement(yr)

	2019H	2018H	DIF	YoY
Operating revenue	1,209,463	1,139,028	70,435	6%
Operating costs	(880,586)	(871,624)	(8,962)	1%
Gross profit (loss) from operations	328,877	267,404	61,473	23%
Gross margin	27.19%	23.48%		
Operating expenses	(207,674)	(208,368)	694	0%
Selling expense	(71,348)	(80,123)	8,775	-11%
Research and development expenses	(31,266)	(29,015)	(2,251)	8%
Administrative expenses	(105,314)	(100,564)	(4,750)	5%
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	254	1,334	(1,080)	-81%
Net operating income (loss)	121,203	59,036	62,167	105%
Operating Profit Margin	10.02%	5.18%		
Non-operating income and expenses	4,145	23,226	(19,081)	-82%
Net foreign exchange gains (losses)	7,382	18,020	(10,638)	-59%
Finance costs	(4,840)	(4,746)	(94)	2%
Other gains and losses	1,603	9,952	(8,349)	-84%
Profit (loss) from continuing operations before tax	125,348	82,262	43,086	52%
Tax expense (income)	(24,082)	(8,017)	(16,065)	200%
Profit (loss) from continuing operations	101,266	74,245	27,021	36%
Profit (loss), attributable to non-controlling interests	40	1,076	(1036)	
Profit (loss), attributable to owners of parent	101,226	73,169	28,057	
EPS	1.08	0.77		

Consolidated Income Statement(q)

	2019Q2	2019Q1	QoQ	2018Q2	YoY
Operating revenue	618,525	590,938	27,587	582,108	36,417
Operating costs	(446,024)	(434,562)	(11,462)	(453,474)	7,450
Gross profit (loss) from operations	172,501	156,376	16,125	128,634	43,867
Gross margin	27.89%	26.46%		22.10%	
Operating expenses	(109,183)	(98,491)	(10,692)	(109,048)	(135)
Selling expenses	(36,992)	(34,356)	(2,636)	(42,582)	5,590
Research and development expenses	(16,838)	(14,428)	(2,410)	(14,498)	(2,340)
Administrative expenses	(55,592)	(49,722)	(5,870)	(53,321)	(2,271)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	239	15	224	1,353	(1,114)
Net operating income (loss)	63,318	57,885	5,433	19,586	43,732
Operating Profit Margin	10.24%	9.80%		3.36%	
Non-operating income and expenses	5,683	(1,538)	7,221	33,344	(27,661)
Net foreign exchange gains (losses)	7,589	(207)	7,796	33,147	(25,558)
Finance costs	(2,376)	(2,464)	88	(2,301)	(75)
Other gains and losses	470	1,133	(663)	2,498	(2,028)
Profit (loss) from continuing operations before tax	69,001	56,347	12,654	52,930	16,071
Tax expense (income)	(13,521)	(10,561)	(2,960)	(15,056)	1,535
Profit (loss) from continuing operations before tax	55,480	45,786	9,694	37,874	17,606
Profit(loss), attributable to non-controlling interests	154	(114)	268	554	(400)
Profit (loss), attributable to owners of parent	55,326	45,900	9,426	37,320	18,006
EPS	0.59	0.49		0.39	

Consolidated Balance Sheet

	2019/6/30	2018/12/31	2018/6/30
Selected Asset Items			
Cash	349,825	369,517	523,224
Accounts Receivables	545,146	665,550	530,406
Inventory	400,258	453,384	465,481
Fixed Assets/Intangible Assets/Right-of-use Assets	1,304,624	1,097,516	1,122,811
Other Assets	365,541	388,016	328,583
Total Assets	2,965,394	2,973,983	2,970,505
Selected Liability Items			
Long-Term/Short-Term Debt	597,038	707,318	680,785
Accounts Payable	531,608	418,067	535,929
Other Liabilities	120,368	87,996	80,399
Total Liabilities	1,249,014	1,213,381	1,297,113
Capital	960,896	960,896	960,896
Total Equity	1,716,380	1,760,602	1,673,392
Debt Ratio	42.1%	40.8%	43.7%
Book Value Per Share	17.86	18.32	17.41

Cash Flow

Unit: In Thousands of New Taiwan Dollars

	2019H	2019Y	2018H
Cash Flow from Operations	274,022	143,359	93,542
Cash Flow from Investing	(182,530)	(280,740)	(142,980)
Cash Flow from Financing	(115,994)	(114,637)	(56,298)
Effect of Exchange Rate Change	4,810	(6,401)	1,024
Net Increase in Cash	(19,692)	(258,419)	(104,712)
Cash at Quarter End	349,825	369,517	523,224
Depreciation and Amortization	61,437	124,329	62,065
Depreciation of Right of use Asset(Note)	6,301	N/A	N/A

(Note):The Group adopted IFRS 16 on January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Earnings & Dividends

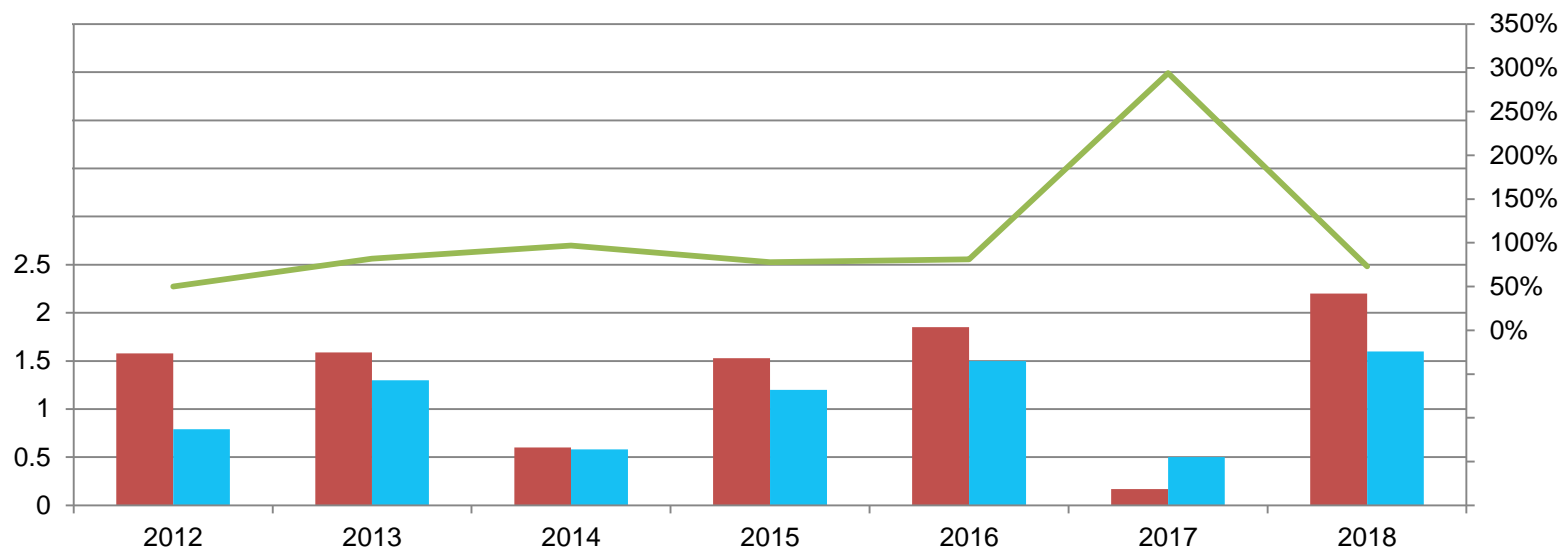
Unit : NTD/share

■ 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%

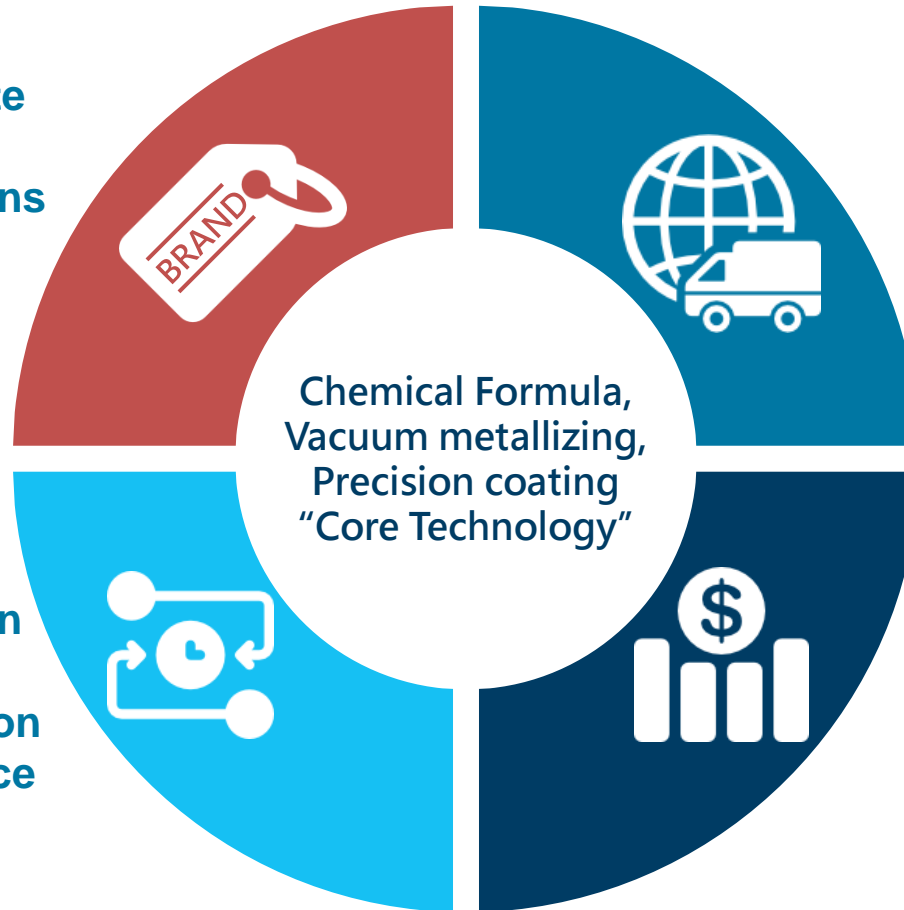


FUTURE PLAN & CORPORATE GOVERNANCE

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

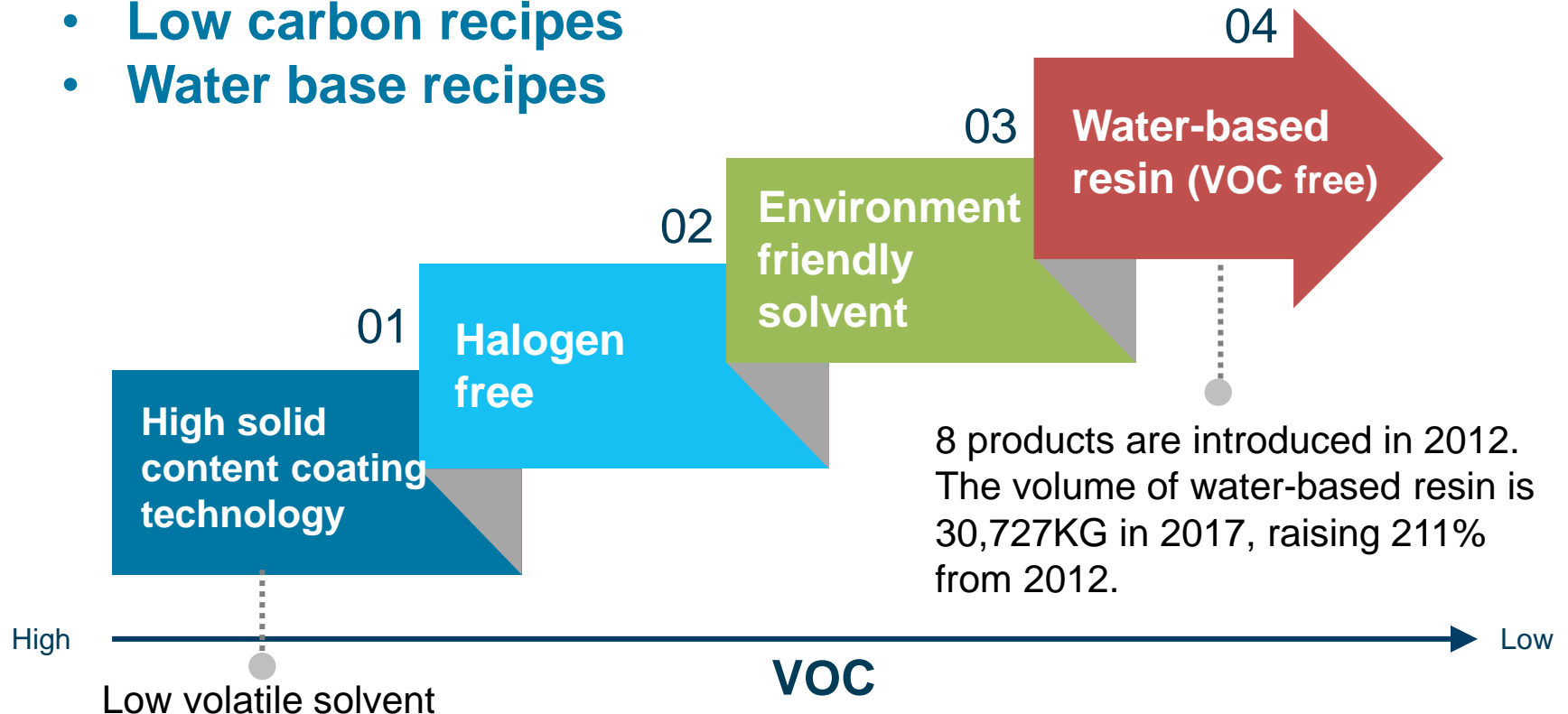
- ✓ 99% VOCs remove by RTO
- ✓ 40% reuse ratio of solvent and resin in 2017

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

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