

**Together,  
We Are Stronger**

**KATUN GPI**



GPI CO., LTD.

**KATUN** & **Cartridge Web™**  
alternative solution for imaging supplies

# General Plastic Industrial Co., Ltd.

## Code:6128

Investor Conference

Executive Vice President

Steven Huang

2018.08.23



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# Milestones



## 1978

GPI was founded by the Chairman,  
Mr. Jack Wang

## 1986

Expanded into plastic molding production  
specializing in toner cartridges for copiers  
and printers.

## 2003

Shares shifted to listed  
on the TWSE

## 2001

Shares listed on the OTC,  
Code: 6128

## 1997

ISO 9002  
certified



## 2008

 Cartridge Web™  
alternative solution for imaging supplies

Created Cartridge Web brand for finished  
goods wholesale market on  
toner cartridge for printers.

## 2010

Began construction  
of hotel building  
in Taichung Harbor region.

## 2012

ISO14001  
certified



## 2018

# KATUN®

100% acquisition of Katun Holdings LP,  
the world's largest distributor of aftermarket imaging  
supplies Completed Capital Increased by Cash.

## 2013

Grand opening  
Taichung Harbor Hotel  
★★★★ in March.



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# Main Product Lines of GPI & Katun



KATUN®

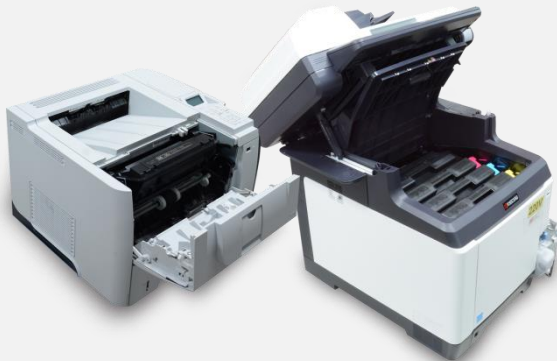
Cartridge Web™  
alternative solution for imaging supplies

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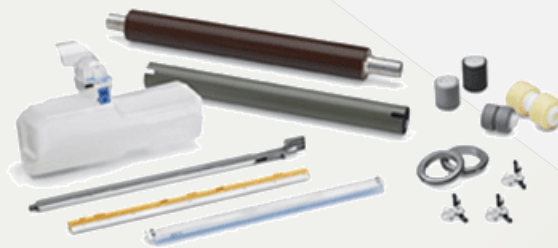
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## Printer Toner Cartridge



## Copier Toner Cartridge



## Parts



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What does GPI do?

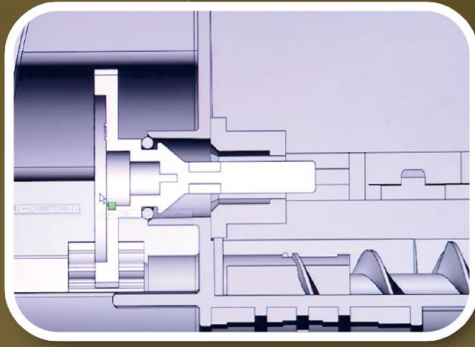


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# GPI at a glance



R&D



Assembly



Toner Filling



Packaging

100%  
NEW  
COMPATIBLE  
Toner Cartridge



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alternative solution for imaging supplies



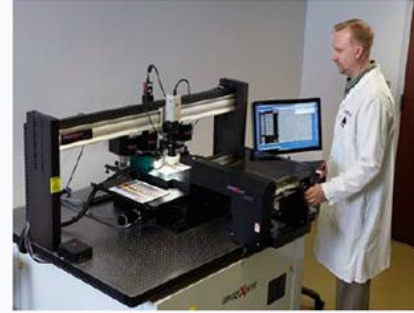


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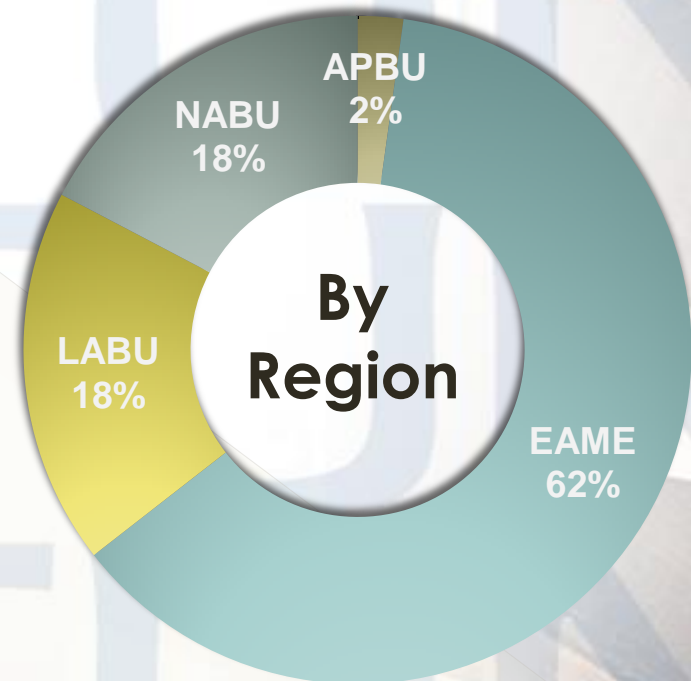
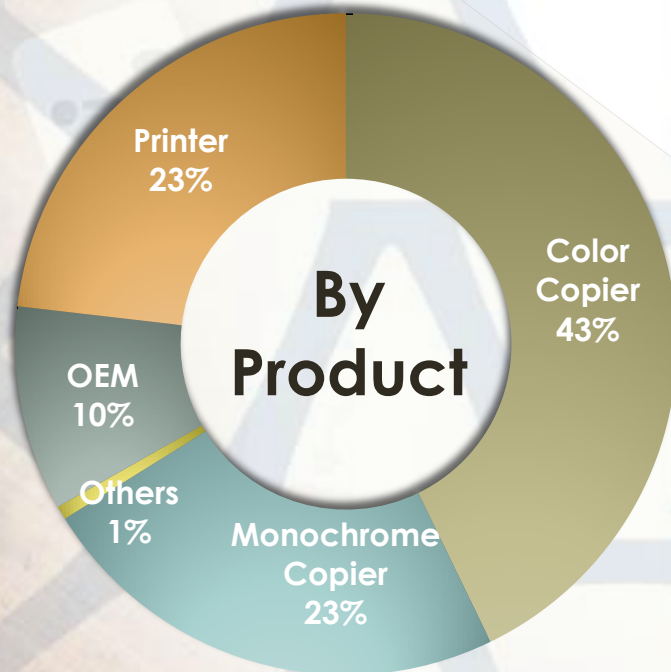
# What does KATUN do?

# KATUN<sup>®</sup>



Best-in-Class R&D Capabilities

Unmatched Global Footprints



**Note:**

Europe, Africa and the Middle East ("EAME"); North American Business Unit ("NABU"); Latin America Business Unit ("LABU"); Asia Pacific Business Unit ("APBU")



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**Cartridge Web**<sup>TM</sup>  
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Region	Country	% of Total Revenue
EAME	Italy	11%
EAME	U.K. & Ireland	10%
EAME	France	9%
EAME	Africa/ Middle East	8%
EAME	Central / Eastern Europe	7%
EAME	Germany	6%
EAME	Spain	5%
EAME	Others	6%
	<b>Total</b>	<b>62%</b>

Region	Country	% of Total Revenue
LABU	Brazil	8%
LABU	Mexico	7%
LABU	Others	3%
	<b>Total</b>	<b>18%</b>

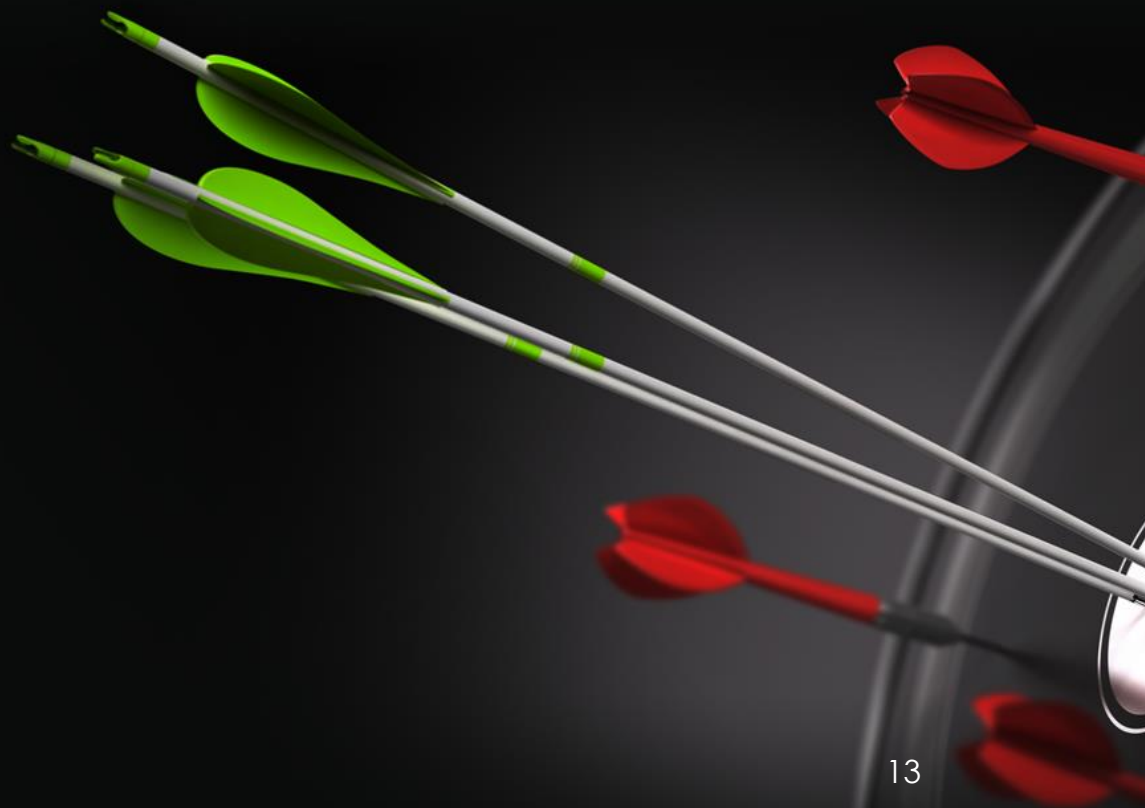
**Note:**  
 Europe, Africa and the Middle East (“EAME”);  
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# Advantages of Brands



# Brand Advantages of CW&KATUN

- ◎ **Brand Differentiation**
- ◎ **Good Aftersales Service**
- ◎ **Respect OEM IP**
- ◎ **One Stop Shop**
- ◎ **Consistent Quality with Lowest Defective Rate**
- ◎ **Good Distribution Channel, Complete footprint in US and Europe**
- ◎ **Multi-brand products for developed and emerging markets**
- ◎ **Just-in-time Logistic Service**

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# Own Branding & Manufacturing of GPI & KATUN



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**Cartridge Web™**  
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 Cartridge Web™  
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 **KATUN®**  
**PERFORMANCE™**



**KATUN®**  
**BUSINESS COLOR**

 **mediaSciences®**  
*Imaging the World in Color™*

**KATUN®**  
**ACCESS**

**KATUN®**  
*Select™*

Own Branding & Manufacturing





KATUN®

Cartridge Web™  
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# Brand Storytelling



KATUN®

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## INTERNATIONAL TRADE SHOWS



KATUN & Gartridge Web™  
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KATUN & Gartridge Web™  
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Gartridge Web™  
alternative solution for imaging supplies

← Problem →  
Solution →

**SUCCESS IS SIMPLE.**  
Do what's right, the right way,  
at the right time.

NOTE: It's the right time to choose Gartridge Web™ as your toner cartridge partner  
and head down the path to success together.

**Switch & Match**  
Switch to Gartridge Web products as your ultimate  
alternative to OEM supplies. Our product performance  
meets OEM quality standards, along with better  
prices and lower prices.

paperworld Always different

01 - 2.2.2016, Frankfurt am Main  
Stand No. 60 857

Now you can  
**expect**  
more.

Our market is saturated with low quality, OEM parts knockoffs. Make your  
business prosper by switching Gartridge Web products that are identical from  
parent fragments, best quality to differentiate yourself from the rest of market.  
Your customers will love you for the decision you made today!

Gartridge Web™  
alternative solution for imaging supplies

**Takes you further!**

**CHANGE**  
**SAME**

**Time To  
Make  
A change**

Why Not Cartridge Web?



www.cartridgeweb.com

Gartridge Web™  
alternative solution for imaging supplies

Home About Us Products Support News Catalogs Contact Us

**Switch & Match**  
Switch to Cartridge Web products as your ultimate alternative to OEM supplies. Our product performance meets OEM,  
quality standards, along with better service and amazing prices.

**THE CARTRIDGE PROS**

**Olivetti P2026**  
Switch to Cartridge Web products as your ultimate alternative to OEM supplies. Our product performance meets OEM,  
quality standards, along with better service and amazing prices.

**Hot Products**

Compatible for Kyocera  
Mita TK...

**News**

2016-03-23 Istanbul Stationery & Office 2016 will be held  
09:00 - ...

**News**

2016-02-19 See you on ITEX 2016 in Fort Lauderdale!

2016-01-22 PaperWorld Frankfurt 2016

**Catalogs**

**Gartridge Web™**  
alternative solution for imaging supplies

Hot Products | Privacy Statement | Site Map  
TEL: +86-4-26279-3181 / FAX: +86-4-26279-6204 / Email: sales@cartridgeweb.com



Imaging  
Industry  
Advertising

B2B Website

# Global Logistics of GPI & KATUN



LA ,USA



Mexico



Iowa , USA



Netherlands



3PL, USA

Note : Katun has 3PL sites in North America and Brazil to leverage its efficiency

## Why GPI's Gross Margin is so high?

- ◎ Steady sales growth on color cartridges
- ◎ Excellent control on cost of raw materials
- ◎ Flexible policies on price strategies
- ◎ Patents' protection



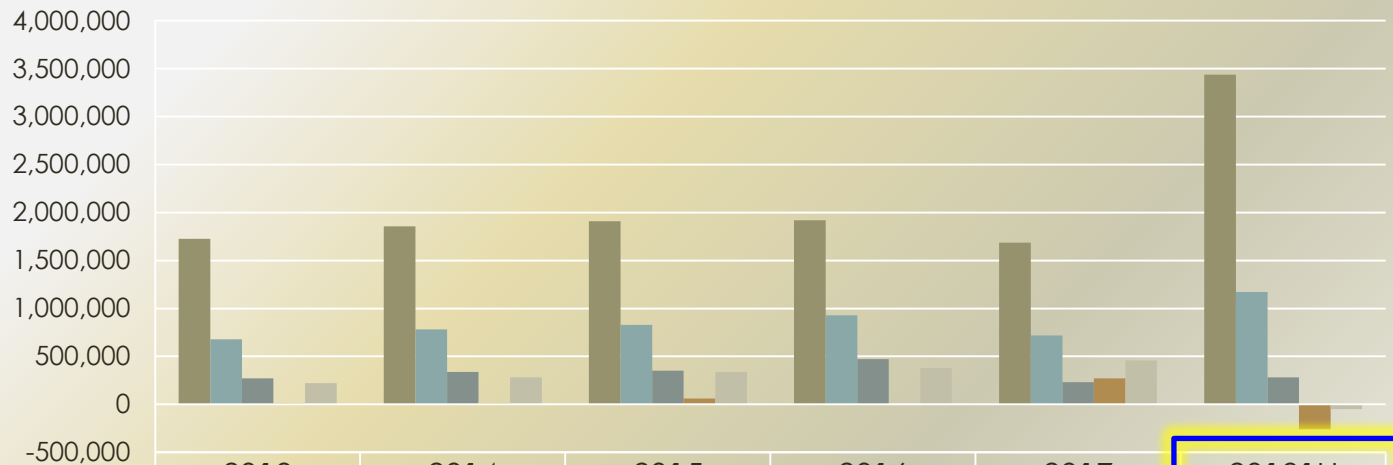
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# Consolidated Net Sales, Operating & Net income

Expressed in  
Thousands of New  
Taiwan Dollars



	2013	2014	2015	2016	2017	20181H
■ Net Sales	1,725,652	1,857,185	1,908,821	1,918,575	1,685,921	3,436,815
■ Gross Profit	677,292	782,467	829,226	928,294	718,742	1,170,522
■ Operating Income	271,019	338,246	351,494	472,589	230,450	281,729
■ Non-operating income (expense)	9,945	11,121	62,253	(7,599)	272,352	(259,239)
■ Net Income (loss)	219,734	280,284	336,925	376,331	457,552	(48,673)

◎ **Note : GPI acquired 100% of Katun Holdings LP on January 8, 2018**

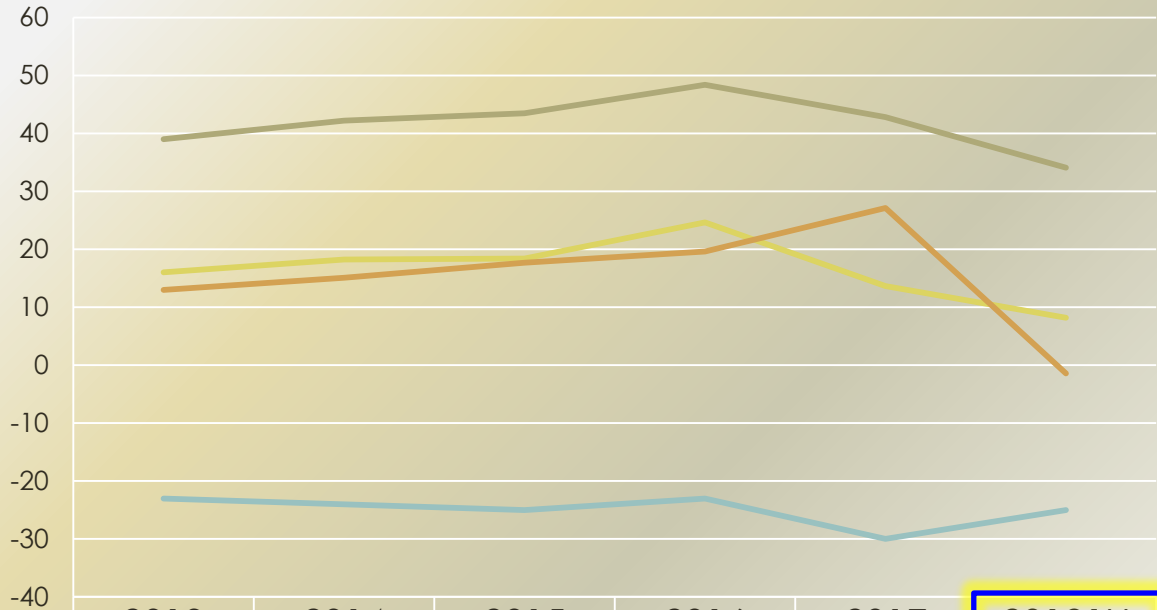


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# Consolidated Gross Profit, Operating Expenses & Net Income of Total Net Sales



	2013	2014	2015	2016	2017	20181H
— Gross Profit (%)	39	42	43	48	43	34
— Operating Expense (%)	(23)	(24)	(25)	(23)	(30)	(25)
— Operating Income (%)	16	18	18	25	14	8
— Income, net of Tax (%)	13	15	18	20	27	-1

© Note : GPI acquired 100% of Katun Holdings LP on January 8, 2018



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# Consolidated Balance Sheet

Expressed in Thousands of  
New Taiwan Dollars

Year	2013		2014		2015		2016		2017		2018 1H	
Item	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Current Assets	844,458	32%	984,670	27%	1,238,124	34%	1,353,270	37%	1,792,038	41%	2,813,138	43%
Total Assets	2,662,066	100%	3,682,978	100%	3,643,677	100%	3,657,107	100%	4,402,025	100%	6,511,719	100%
Current Liabilities	585,303	22%	1,494,692	41%	1,337,189	37%	1,515,881	41%	2,473,881	57%	2,401,115	37%
Total Liabilities	1,008,106	38%	1,917,433	52%	1,784,189	49%	1,873,415	51%	2,764,425	63%	3,182,160	49%
Capital	910,887	34%	910,887	25%	910,887	25%	875,887	24%	875,887	20%	1,275,887	19%
Additional Paid-in Capital	240,357	9%	240,357	7%	239,237	7%	229,364	6%	229,364	5%	1,239,317	19%
Retained Earnings	505,217	19%	584,125	16%	657,002	18%	636,942	18%	529,234	12%	737,431	12%
<b>Total Equity</b>	<b>1,653,960</b>	<b>62%</b>	<b>1,765,545</b>	<b>48%</b>	<b>1,859,488</b>	<b>51%</b>	<b>1,783,692</b>	<b>49%</b>	<b>1,637,600</b>	<b>37%</b>	<b>3,329,559</b>	<b>51%</b>
Equity per share	18.16		19.38		20.41		20.36		18.70		26.10	

- Note 1 : GPI acquired 100% of Katun Holdings LP on January 8, 2018
- Note 2 : GPI completed Capital Increased by Cash in April 2018, issuing 40,000 thousand common shares with par value \$10. The issue price was \$35.





# Consolidated Comprehensive Income Statement

											Expressed in Thousands of New Taiwan Dollars	
Year	2013		2014		2015		2016		2017		2018 1H	
Item	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	1,725,652	100%	1,857,185	100%	1,908,821	100%	1,918,575	100%	1,685,921	100%	3,436,815	100%
Gross Profit	677,292	39%	782,467	42%	829,226	43%	928,294	48%	718,742	43%	1,170,522	34%
Operating Expense	(406,928)	-23%	(445,049)	-24%	(478,463)	-25%	(456,283)	-23%	(491,585)	-30%	(888,793)	-26%
Operating Income	271,019	16%	338,246	18%	351,494	18%	472,589	25%	230,450	13%	281,729	8%
Non-operating income (expense)	9,945	1%	11,121	1%	62,253	3%	(7,599)	-1%	272,352	16%	(259,239)	-7%
Income before taxes	280,964	16%	349,367	19%	413,747	22%	464,990	24%	502,982	29%	22,490	1%
Net income (loss)	219,734	13%	280,284	15%	336,925	18%	376,331	20%	457,552	26%	(48,673)	-1%
EPS	2.41		3.08		3.7		4.2		5.22		-0.46	

○ Note : GPI acquired 100% of Katun Holdings LP on January 8, 2018

# Specific expenditures

## 2018 1H

- **US\$5,500 thousand Settlement Agreements** : Resolve the long-running patent infringement dispute with Canon on August 6, 2018
- **Net foreign currency exchange loss** : NT\$ 82,247 thousand
- **One-time expense**: Retention bonus for KATUN's top management, professional fees for acquisition projects and expenses of employee's stock options for capital increase by cash

## Under evaluation

- **Amortization of intangible assets (non-goodwill) acquired through business combinations**

# How Do We Stand Out

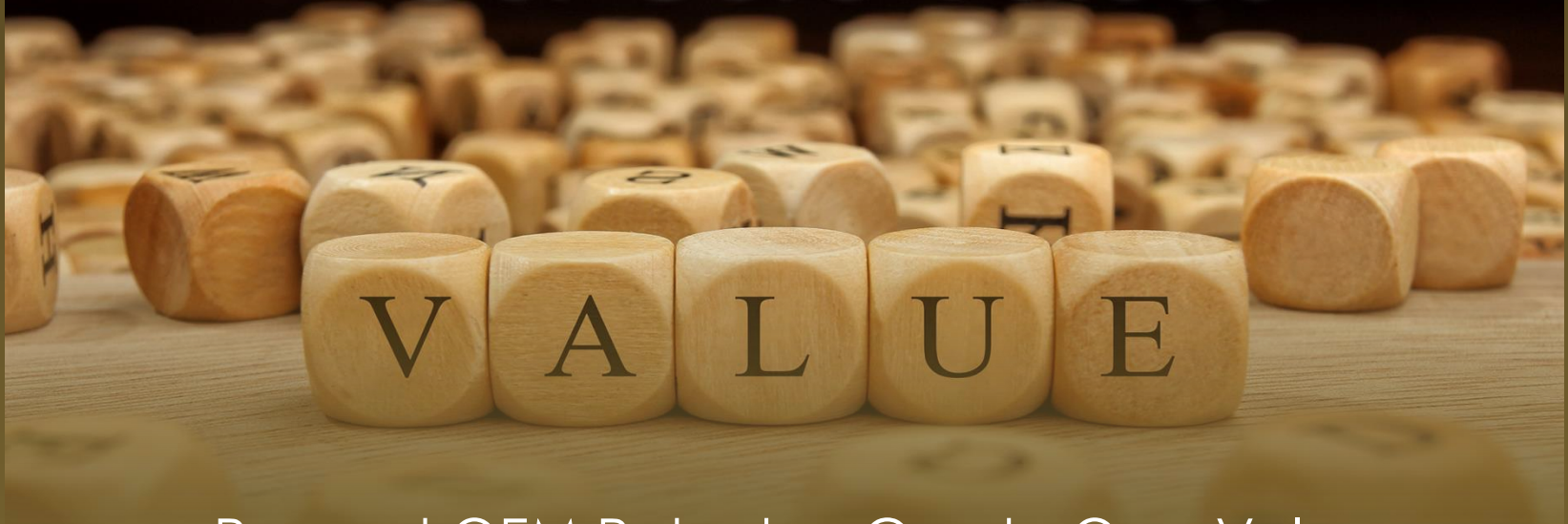
- Promote our own brands, Cartridge Web & KATUN, in Global Marketing
- Ally with loyal customers to gain more market share from OEM
- Total Solution (Quality · Service · Patent Value)



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# Our Core Values



- ◉ Respect OEM Patents • Create Own Values
  - ◉ Integrate Group Resources • Share Profits
- ◉ Maintain Core Business in Taiwan • Global Trade Marketing
  - ◉ Cultivate Talents • Drive Growth

# Why did GPI acquire KATUN?

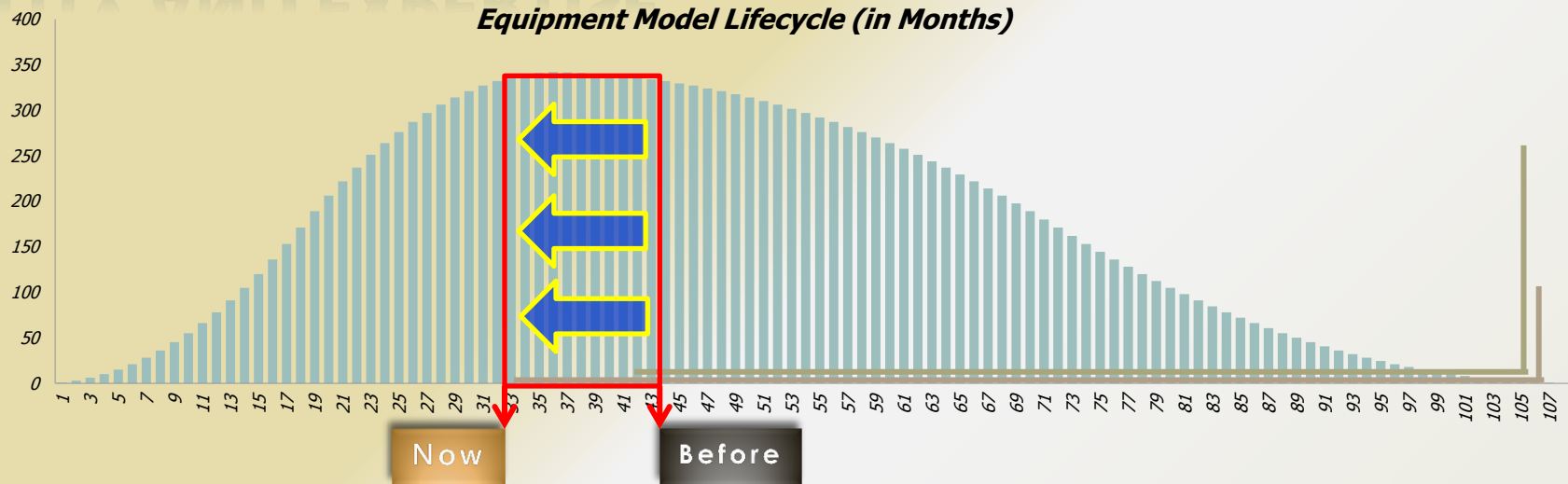
- KATUN is the world's leading providers of aftermarket imaging supplies
- KATUN has more than 10,000 small & mid-sized customers in 123 countries worldwide.
- GPI&KATUN have 70% overlaps of main product lines and will benefit from vertical integrations & synergies.
- Acquirement of complete product portfolios and significant strategies to position in the global market.



**KATUN®**



# FIRST-TO-MARKET NEW PRODUCT DEVELOPMENT AGILITY AND EXPERTISE



Time To Market Improvements Dramatically Impact Ability to Maximize Revenue Over Life of Machines

- Time-To-Market improvement of 10 months (44 months to 34 months)
- A 10-month improvement represents a 16% increase in the product's projected life and a potential 22% increase in total revenue over the life of products
- First-to-market also allows Katun to obtain aftermarket pricing advantages

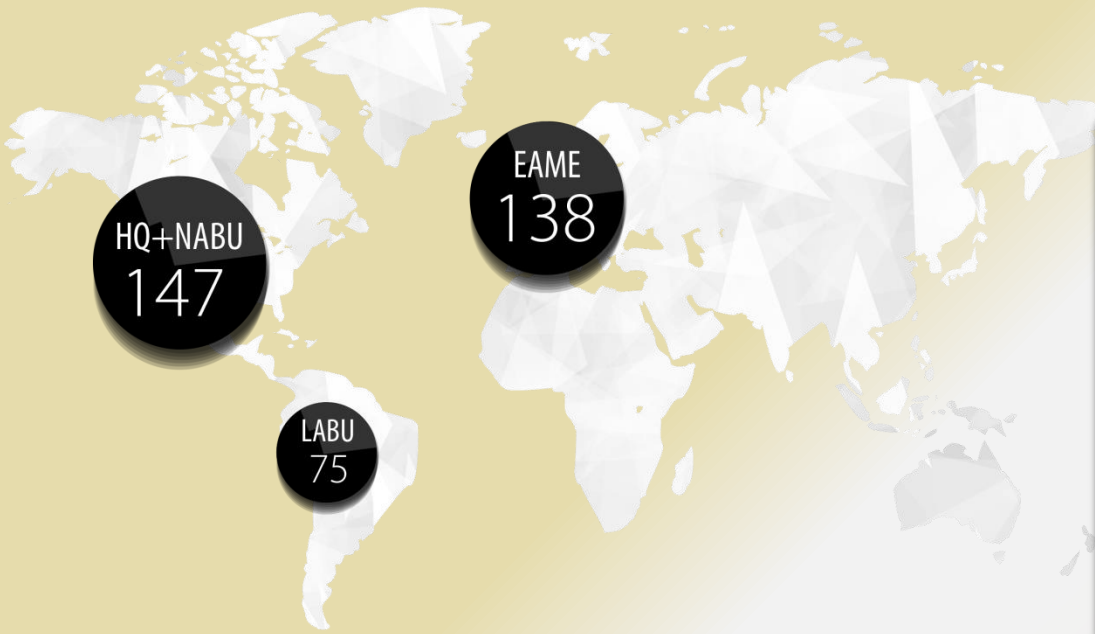
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**KATUN**  **Cartridge Web™**  
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# Katun's Global Headcounts by BU



Business Unit	Full-Time Employees
HQ	117
NABU	30
EAME	138
LABU	75
Total	360

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# KATUN®

## Top 10 suppliers of Q2 2018

Supplier	Products	Purchase of 2018 1H(\$US in thousands)	% of Purchase
1	Toner	\$10,217	16%
2	Toner	\$7,891	12%
3	Toner / Drums	\$5,722	9%
4		\$5,318	8%
5	Toner	\$3,780	6%
6	Toner Cart / Printer Cart / Drum Unit Cart	\$3,310	5%
7	Toner Cartridges	\$2,036	3%
8	Printer Cart.	\$1,580	3%
9	OEM	\$1,499	2%
10	Printer Cart.	\$1,358	2%
<b>Top 10</b>		<b>\$42,711</b>	<b>68%</b>
<b>All Other Suppliers</b>		<b>\$20,469</b>	<b>32%</b>
<b>Total</b>		<b>\$63,180</b>	<b>100%</b>



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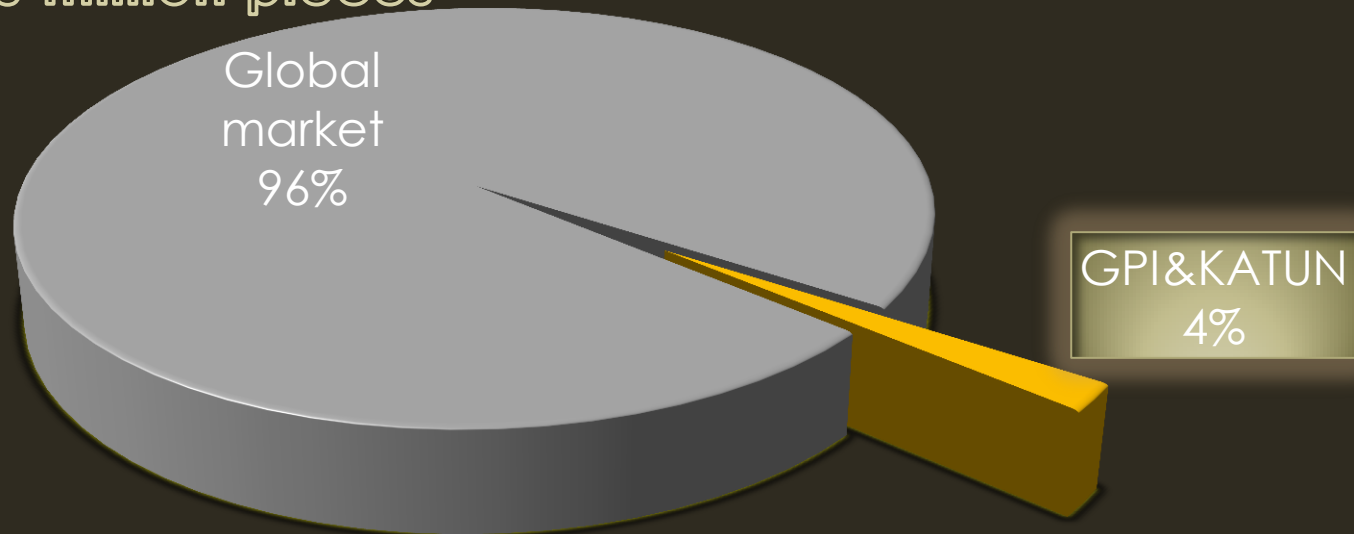
# KATUN®

## Top 10 Customers VS All Other Customers For Aggregate Last 5 years of Sales

Customer	Tenure (Years)	Aggregate Last 5 Years of Sales (\$US in thousands)	%
1	10	\$19,614	1.9%
2	16	\$17,112	1.7%
3	29	\$14,367	1.4%
4	22	\$10,644	1.0%
5	22	\$10,212	1.0%
6	20	\$8,434	0.8%
7	13	\$7,940	0.8%
8	11	\$7,926	0.8%
9	3	\$7,894	0.8%
10	18	\$7,787	0.8%
<b>Top 10 Customers</b>	16	\$111,932	11.0%
Other Customers		\$909,422	89.0%
<b>Total Revenue</b>		\$1,021,354	100%

## Market share of global consumable market

2017 Global sales volume of toner cartridges:  
About 500 million pieces



2017 GPI&KATUN's cartridge shipments : About 20 million pieces

⦿ Note : GPI&KATUN Internal statistics only

# New Opportunities of KATUN

- Launch remanufactured “Katun Certified” machines and sell in U.S. & Europe
- New business in Label Printers and equipment for warehouse management system
- Develop comprehensive MPS (Management Printing Service) program and enlarge its economic scale
- Utilize global channels to introduce new products with great market potential



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# Capital Increase by Cash

- Issuance 40,000 thousand common shares
- Capital increase from 875 million to 1,275 million
- Cash investment from strategic suppliers



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# Synergy

- ✓ **Dual Brands Strategies**
- ✓ **Integrate Marketing Channels**
- ✓ **Share Procurement Resources**
- ✓ **Accelerate R&D Process**
- ✓ **Increase Market Share & Achieve Synergy**



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# Future Prospects

**Short-term**

**Retain the core management team and work in partnership to achieve synergy**

**Mid-term**

**Drive profitable growth and generate the best benefits to shareholders**

**Long-term**

**Become the sole OEM alternative for imaging supplies**

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# Q & A



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# THANK YOU



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