

**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  
2019.04.18



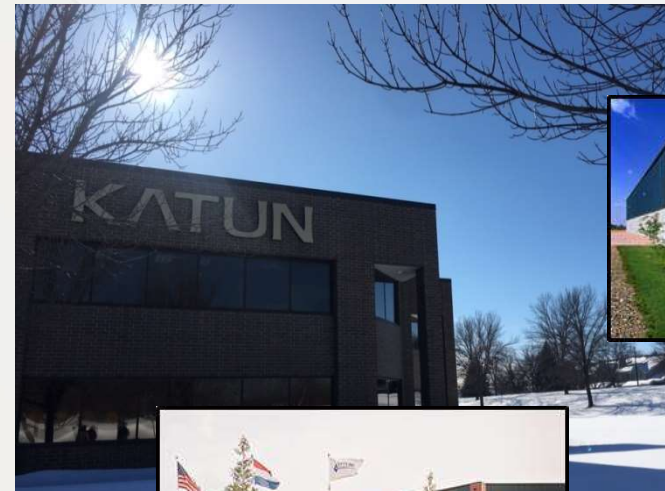
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# Milestones



**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



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**Printer Toner  
Cartridge**



**Copier Toner  
Cartridge**



**Parts**



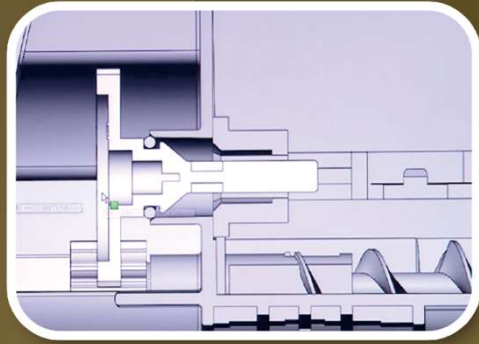
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What does GPI do?



# GPI at a glance



R&D



Assembly



Toner Filling



Packaging

100%  
NEW  
COMPATIBLE  
Toner Cartridge



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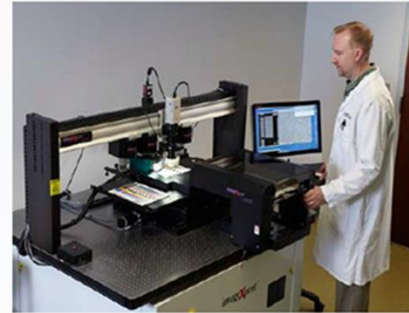


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# What does KATUN do?

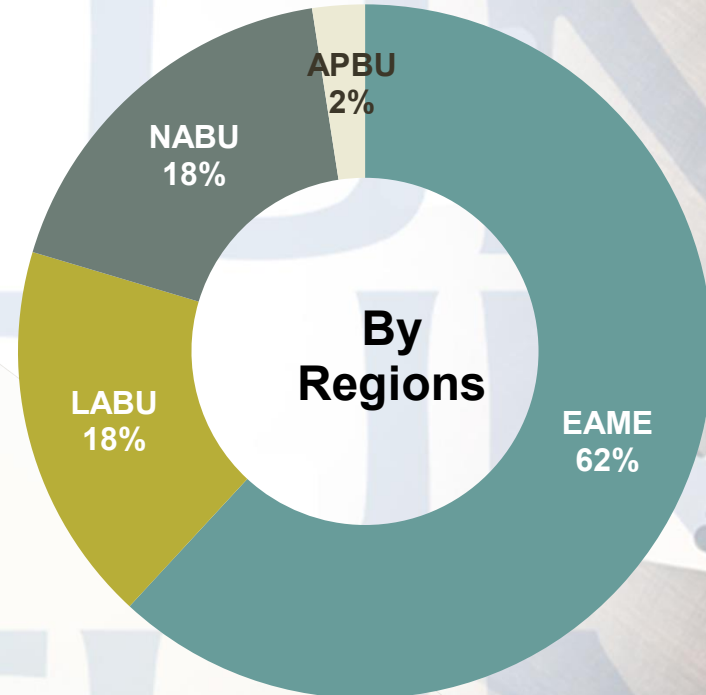
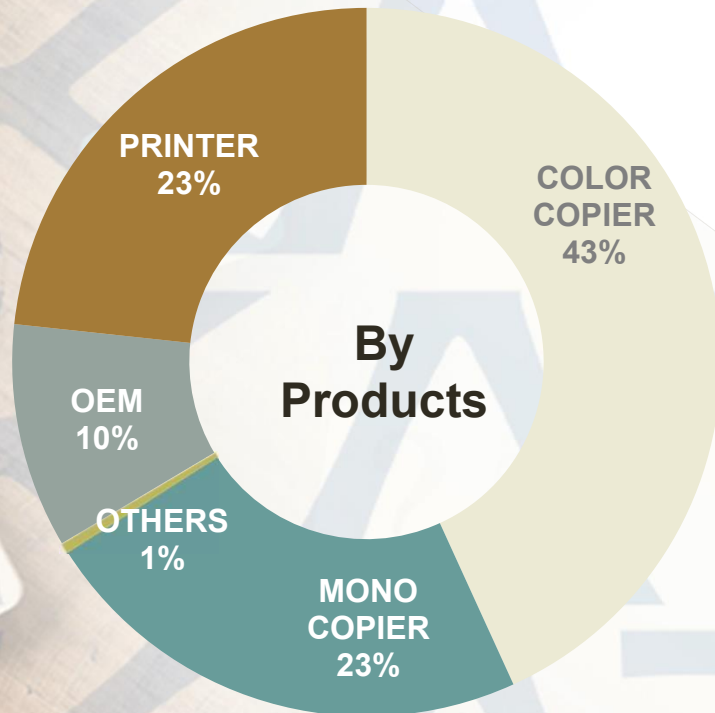
# KATUN<sup>®</sup>



Best-in-Class R&D Capabilities

Unmatched Global Footprints





2018 Product

**Note:**

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





**KATUN**



Region	Country	% of Total Revenue
EAME	Italy	10%
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	7%
	<b>Total</b>	<b>62%</b>

Region	Country	% of Total Revenue
NABU	USA	18%
LABU	BRAZIL	8%
LABU	MEXICO	8%
LABU	ROLA	2%
APBU	ASIA/AUSTRALIA	2%
	<b>合計</b>	<b>38%</b>

**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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# Own Branding & Manufacturing of GPI & KATUN



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Own Branding & Manufacturing





# BRAND TALK

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# Brand Advantages of CW&KATUN

- ◎ **Brand Differentiation makes GPI outstanding from non-OEM competitors**
- ◎ **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**





# KATUN<sup>®</sup>

Cartridge Web<sup>™</sup>  
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# Brand Storytelling





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INTERNATIONAL TRADE SHOWS



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January 2019 Printer Toner Catalogue



INTERNATIONAL TRADE SHOWS





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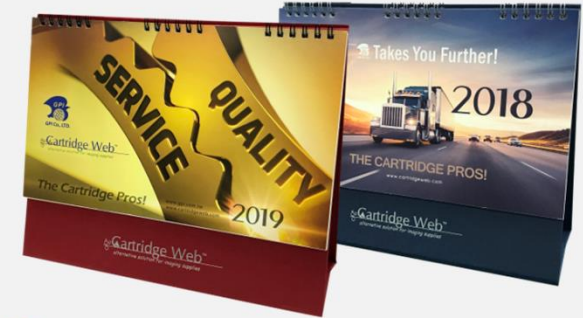
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Imaging  
Industry  
Advertising



Products

- Copiers/MFPs
- Printers
- Accessories
- Digital Duplicators
- Managed Print Services

**KDFM eXplorer**

Ready for a New MPS experience?  
A Multi-platform Data Collection Agent for maximum reliability and high performance.

**KDFM eXplorer**

With nearly 40 years of expertise in the imaging industry, Katun knows the daily concerns from our printing systems dealers: cost streamlining, productivity optimization and customer satisfaction. Therefore, Katun has enlisted a European leader in device management to meet those expectations:

→ Easy to Use software: with minimum training required, you get control of your customers' printer fleet.





# Global Logistics of GPI & KATUN

Operation Center in  
Europe, Netherlands



US HQ  
Minnesota

TW HQ  
Taichung City



Mexico



Iowa , USA



Netherlands



3PL, USA

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

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## 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
- ◎ Successful Synergy between GPI & Katun (GPI produces most of the high gross margin for Katun)



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# Consolidated Balance Sheet

Expressed in Million of New Taiwan Dollars

Year	2014		2015		2016		2017		2018	
Item	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Current Assets	985	27%	1,238	34%	1,353	37%	1,792	41%	2,841	42%
Total Assets	3,683	100%	3,644	100%	3,657	100%	4,402	100%	6,736	100%
Current Liabilities	1,495	41%	1,337	37%	1,516	41%	2,474	57%	1,990	30%
Total Liabilities	1,917	52%	1,784	49%	1,873	51%	2,764	63%	3,304	49%
Capital	911	25%	911	25%	876	24%	876	20%	1,276	19%
Additional Paid-in Capital	240	7%	239	7%	229	6%	229	5%	1,239	18%
Retained Earnings	584	16%	657	18%	637	18%	529	12%	834	12%
<b>Total Equity</b>	<b>1,766</b>	<b>48%</b>	<b>1,859</b>	<b>51%</b>	<b>1,784</b>	<b>49%</b>	<b>1,638</b>	<b>37%</b>	<b>3,432</b>	<b>51%</b>
Equity per share	19.39		20.41		20.37		18.70		26.90	

- Note 1 : GPI acquired 100% of Katun Holdings LP on January 8, 2018
- Note 2 : GPI has steady improvement on Total Liabilities.





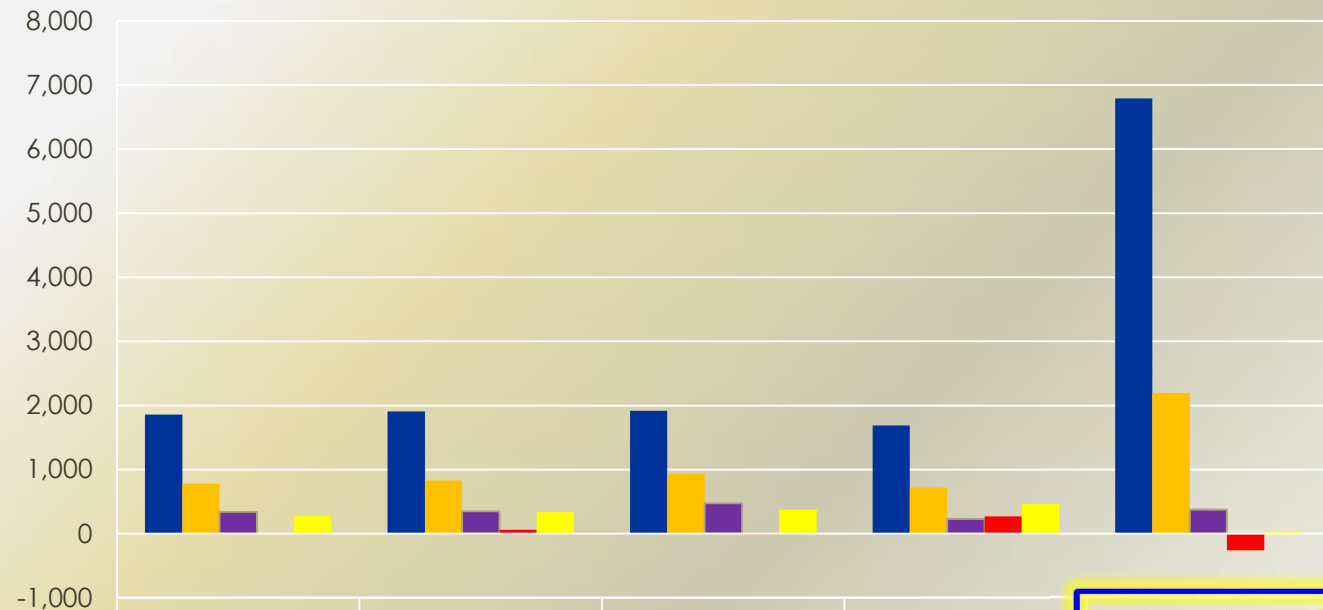
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# Consolidated Net Sales, Operating & Net income

Expressed in  
Million of  
New Taiwan Dollars



	103年	104年	105年	106年	107年
■ Net Sales	1,857	1,909	1,919	1,686	6,791
■ Gross Profit	782	829	928	719	2,196
■ Operating Income	338	351	473	230	374
■ Non-operating Income (expense)	11	62	-8	272	-258
■ Net Income (Loss)	280	337	376	458	41

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



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# Consolidated Comprehensive Income Statement

\*expressed in Million of New Taiwan Dollars

Year	2014		2015		2016		2017		2018	
Net Sales	<b>1,857</b>	<b>100%</b>	<b>1,909</b>	<b>100%</b>	<b>1,919</b>	<b>100%</b>	<b>1,686</b>	<b>100%</b>	<b>6,791</b>	<b>100%</b>
Gross Profit	<b>782</b>	<b>42%</b>	<b>829</b>	<b>43%</b>	<b>928</b>	<b>48%</b>	<b>719</b>	<b>43%</b>	<b>2,196</b>	<b>32%</b>
Operating Expense	<b>-445</b>	<b>-24%</b>	<b>-478</b>	<b>-25%</b>	<b>-456</b>	<b>-23%</b>	<b>-492</b>	<b>-30%</b>	<b>-1,821</b>	<b>-27%</b>
Operating Income	<b>338</b>	<b>18%</b>	<b>351</b>	<b>18%</b>	<b>473</b>	<b>25%</b>	<b>230</b>	<b>13%</b>	<b>374</b>	<b>6%</b>
Non-operating income (expense)	<b>11</b>	<b>1%</b>	<b>62</b>	<b>3%</b>	<b>-8</b>	<b>-1%</b>	<b>272</b>	<b>16%</b>	<b>-258</b>	<b>-4%</b>
Income before taxes	<b>349</b>	<b>19%</b>	<b>414</b>	<b>22%</b>	<b>465</b>	<b>24%</b>	<b>503</b>	<b>29%</b>	<b>116</b>	<b>2%</b>
Net income (loss)	<b>280</b>	<b>15%</b>	<b>337</b>	<b>18%</b>	<b>376</b>	<b>20%</b>	<b>458</b>	<b>26%</b>	<b>41</b>	<b>1%</b>
EPS	<b>3.08</b>		<b>3.7</b>		<b>4.2</b>		<b>5.22</b>		<b>0.36</b>	

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



# 2018 Specific Expenditures

Units: in Thousands of New Taiwan Dollars	<u>Amount</u>
Net income of 2018	\$ 41,462
Settlement loss for resolving the lawsuit with Canon	167,255
FX loss, retention bonus and compensation for employee stock options	55,000
One-time recognition of cost of goods sold due to PPA implementation	96,074
Net income excluding the one-time loss and specific expenses incurred in 2018	359,791
Basic EPS of 2018	0.36
Estimated Basic EPS excluding the one-time loss and specific expenses incurred in 2018	\$ 3.08
(EPS is calculated based on the weighted average number of ordinary shares outstanding during the year of 2018)	

- **US\$5,500 thousand Settlement Agreements** : Resolve the long-running patent infringement dispute with Canon on August 6, 2018
- **Net foreign currency exchange loss and retention bonus for Katun top management** : NT\$ 55,000 thousand
- **One-time cost of goods sold NT\$96,074 thousand recognized due to implementation of Purchase Price Allocation ("PPA") based on accounting standards.**



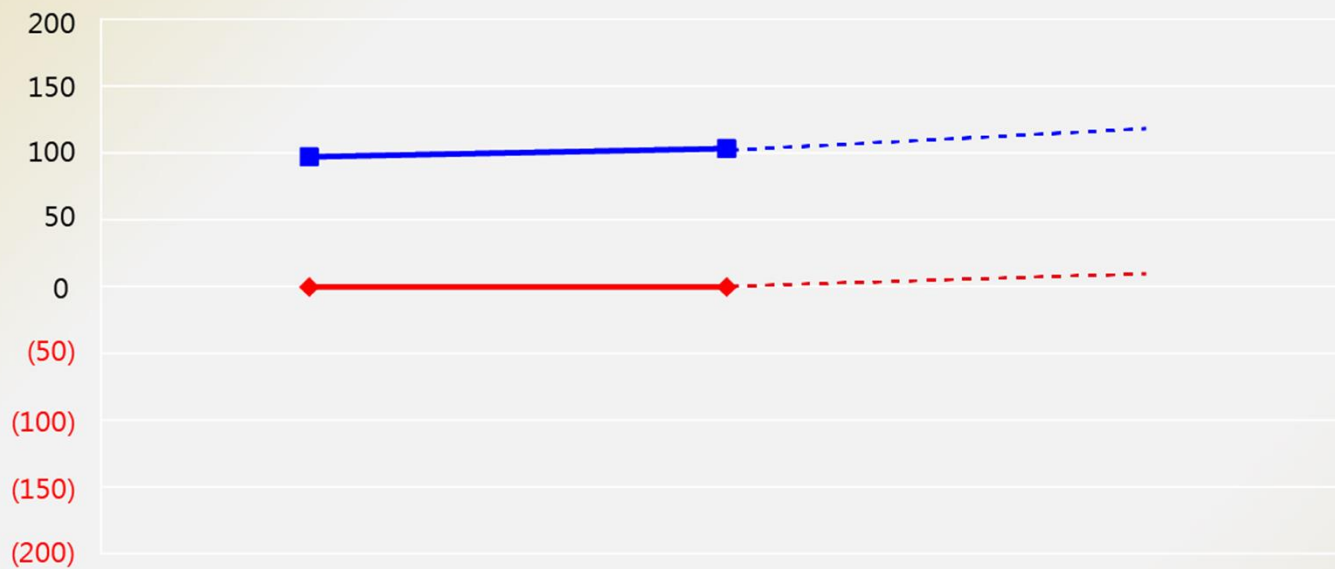
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# Net Sales, Profit and EPS of 2018 Q3 Q4

Expressed in Million of New Taiwan Dollars



	107Q3 PPA Included )	107Q4 PPA Included )	108Q1 (Estimate)
Net Sales	1629	1725	1696
Net Income (Loss)	89	103	118
EPS	0.79	0.9	0.95

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## Anticipated Positive Performance for 2019

- Favorable Market forecast of trend in EUR/USD rate (Katun has significant amount of Eurozone sales)
- Cost savings are expected to yield fruitful results in Q2 and Q3
- Synergy benefits increase GPI's productivity
- No significant one-time losses compared to 2018



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# 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



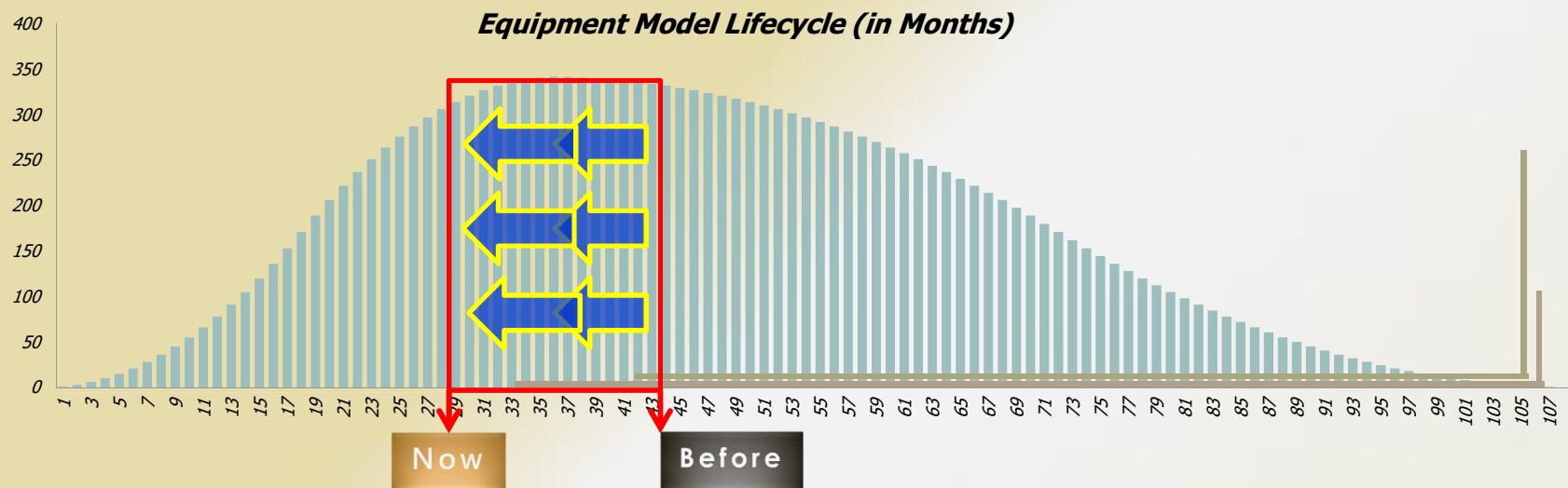
- ◉ Respect OEM Patents • Create Own Values
  - ◉ Integrate Group Resources • Share Profits
- ◉ Maintain Core Business in Taiwan • Global Trade Marketing
  - ◉ Cultivate Talents • Drive Growth

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## TTM EFFICIENCY IMPROVEMENT – PATENT CLEARANCE PROCESS



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

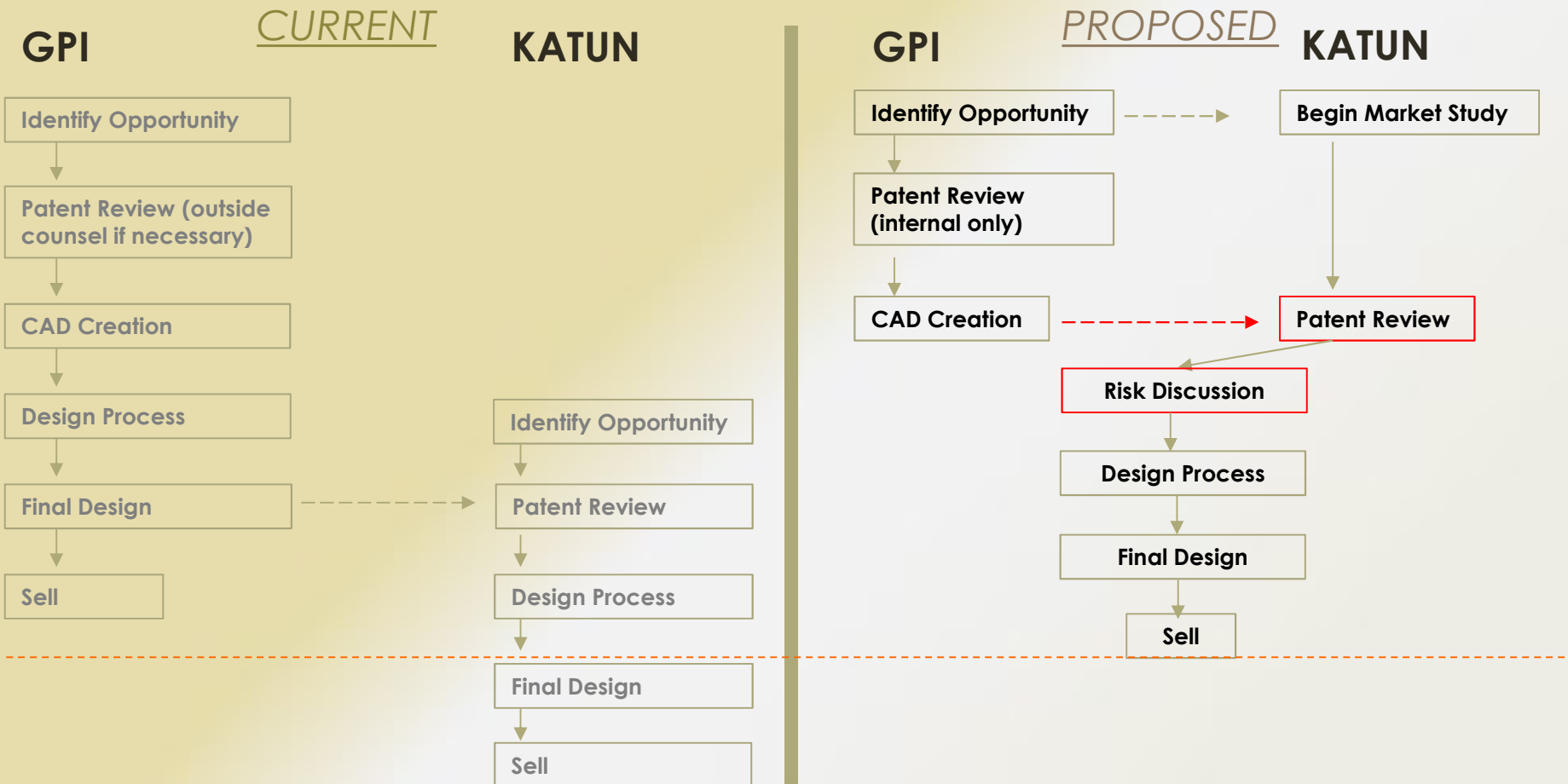
- Time-To-Market improvement of 10 months in 2018 (44 months to 34 months), targeting for additional improvement of 5 months in 2019 (34 months to 29 months)
- First-to-market also allows Katun to obtain aftermarket pricing advantages within the life of products

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



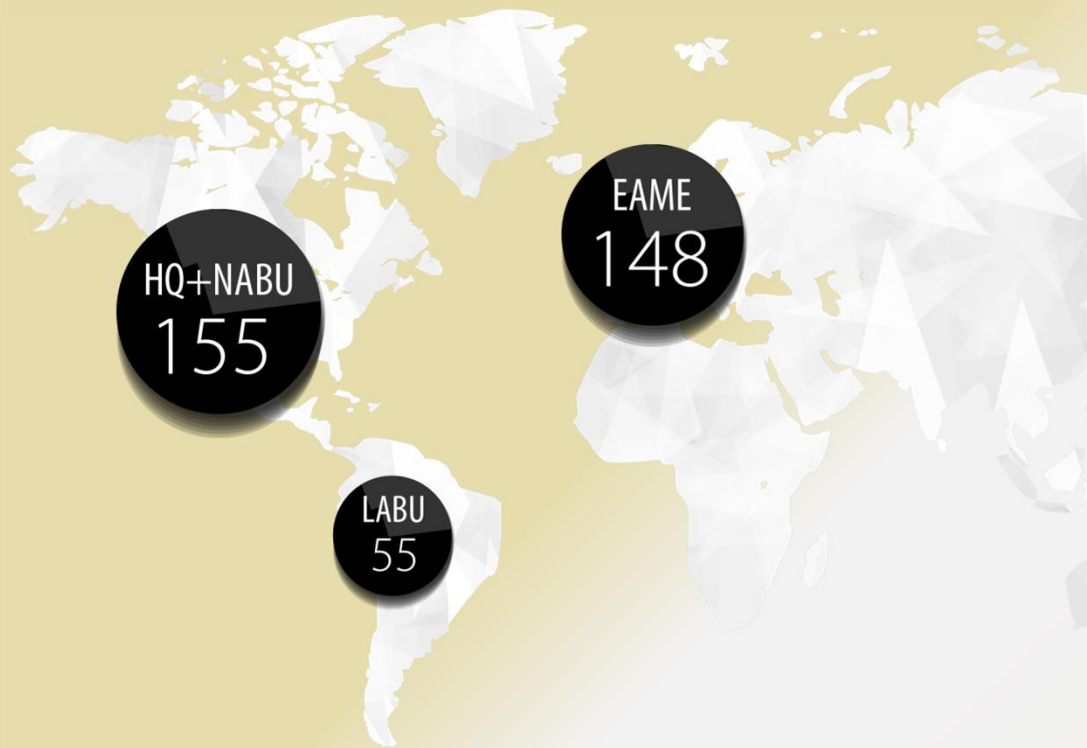


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# Katun's Global Headcounts by BU



Business Unit	Full-Time Employees
HQ	124
NABU	31
EAME	148
LABU	55
Total	358


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## Top 10 suppliers of 2018

Supplier	Products	% of Purchase
1	Toner	17%
2	Toner	14%
3		11%
4	Toner / Drums	10%
5	Toner	7%
6	Toner Cart / Printer Cart / Drum Unit Cart	6%
7	Printer Cart.	4%
8	Toner Cart.	3%
9	Toner Cart.	3%
10	OEM	2%
	<b>Top 10</b>	<b>77%</b>
	<b>All Other Suppliers</b>	<b>23%</b>
	<b>Total</b>	<b>100%</b>

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## How does GPI work with KATUN on cost reduction?

- ◉ With GPI knowledge, KATUN is able to have purchase prices being more closed to Asian suppliers
- ◉ GPI leads all activities of the filled printer cartridges and empty copier cartridge
- ◉ Establish mutual communication platform in order to secure most advantageous purchase prices of toner
- ◉ GPI leads the procurement of key components and chip

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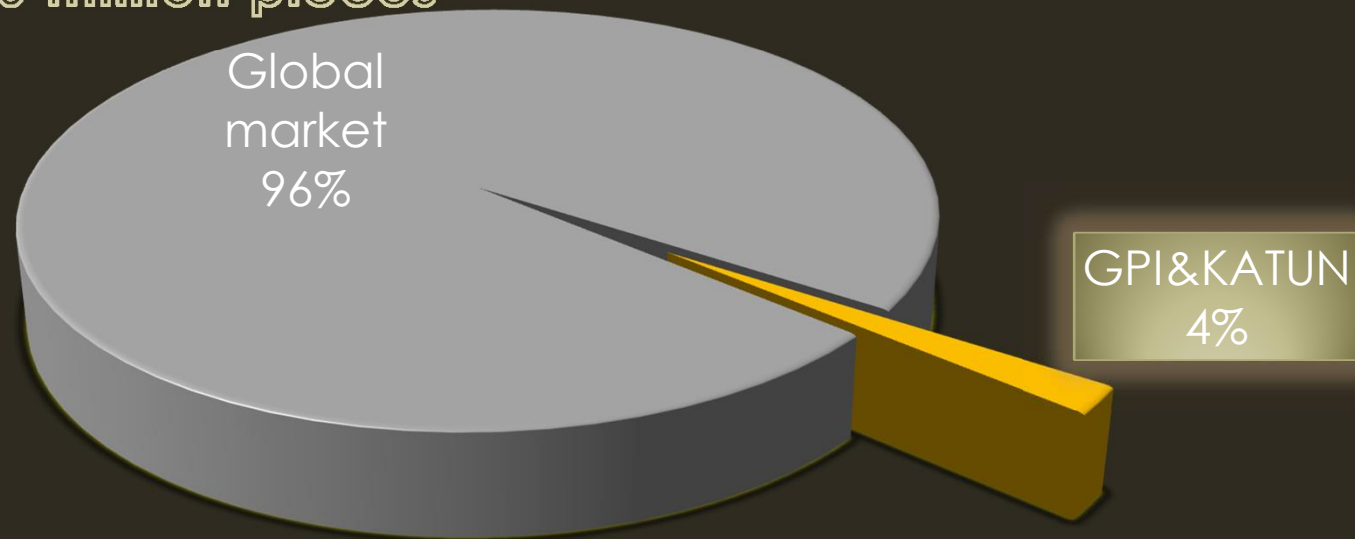
# KATUN®

## Top 10 Customers VS All Other Customers

Customer	Tenure (Years)	%
1	10	2.4%
2	29	1.4%
3	16	1.4%
4	23	1.1%
5	3	0.9%
6	20	0.9%
7	22	0.8%
8	7	0.8%
9	18	0.8%
10	14	0.7%
<b>Top 10 Customers</b>	<b>16</b>	<b>11.2%</b>
Other Customers		<b>88.8%</b>
<b>Total Revenue</b>		<b>100%</b>

# 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

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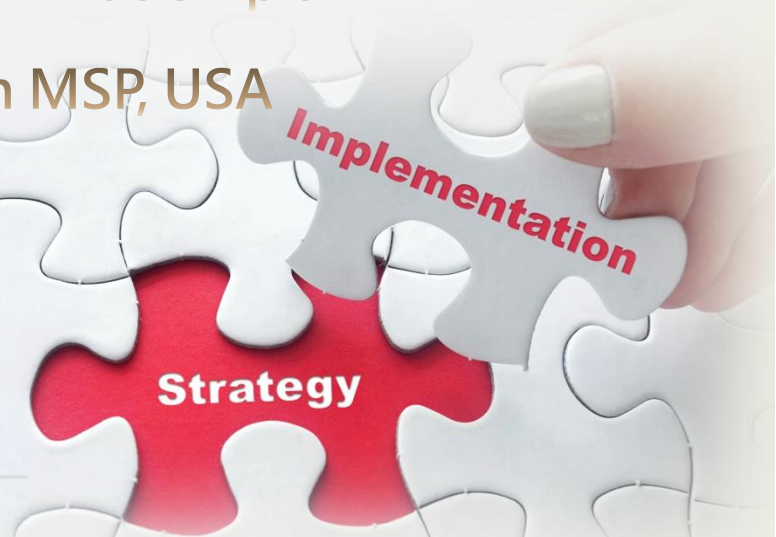
## Key Operation Managements in Katun

- Implemented new Warehouse Management System in US and Europe (Able to better serve customers more efficiently)
- Implemented of payroll management system
- Improve shipping delivery time in NABU
- ERP system upgrade and website optimization plan
- Remodel plan of headquarter office in MSP, USA



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## KATUN NEW BUSINESS DEVELOPMENT AND GROWTH

- Back in Business with Business Inks after a Decade!
- Evaluations of opportunities in Asian market.
- Direct Shipments from Asian suppliers to Customers Worldwide



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# Synergy

- ✓ **Dual Brands Strategies**
- ✓ **Integrate Marketing Channels**
- ✓ **Share Procurement Resources**
- ✓ **Accelerate R&D Process**
- ✓ **Increase Market Share & Achieve Synergy**
- ✓ **Develop new business selling through current channels to increase sales**
- ✓ **Respecting current competition between GPI existing customers and Katun**
- ✓ **Katun has zero loan, keep improving Selling, General & Administrative Expenses**



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## JOURNEY OF 1YR ACQUISITION

- Fully support by advantages of both sides
- Respect knowledge and talented people · intensify Collaborative operation
- Never skip potential opportunities to increase market share
- Utilize sturdy manpower to improve efficiency
- Control improving Selling, General & Administrative Expenses

2020

2019

2018

2017

2016



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## Mutual Communication Process between GPI & KATUN

- Quarterly Board Meetings
- Bi-weekly meeting of senior executive managements
- Finance director audits on site to intensify management
- Monthly regular visit to HQ and each global BU
- Mutual communication platforms are well establish, without culture and language barriers
- GPI urges and reviews the execution status of KATUN



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# How we increase motivation and loyalty of Katun employees

- Set KPIs and compensation plan to motivate employees.
- Design long-term incentive program to retain top talents.
- Additional reward program for top sales.
- Improve employee productivity by welcoming new joiners and encouraging incremental innovation



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# Group performance overview

- Stronger financial structure.
- Group's credit line increases after the acquisition.
- Successful synergy plan lead to positive results.
- Vertical integration of retail and manufacturing business successfully reduces costs and increases efficiency.
- Distribution of earnings for 2018: \$2/per share
- Our quarterly performance goal for 2019 expects to go beyond 2018Q4.

**CORE VALUES**



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# Taichung Harbor Hotel

- The first and only four-star★★★★ international tourist and business hotel at the central Taiwan coastline.
- Changing the target customers and applying flexible strategy to meet the market demand.
- Focus on high-margin business travelers and individual tourists instead of low-margin tour group customers.
- Significant growth in Average Room Rate increases profitability.



台中港酒店  
TAICHUNG HARBOR HOTEL

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# New opportunities and growth

- Stay aligned with core business activities and increase the group's overall profitability.
- Positive performance in margin and net profit.
- Significant one-time loss was recognized in 2018.
- No lawsuit with OEM.
- Successful integration increases the possibility of future cooperation with OEM.
- GPI and Katun could benefit from US-China trade war for MIT products .



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## Threats and Challenges

- OEM manufacturers enhance the patent protection of chips and increase frequency of software upgrades
- Purchasing power in emerging market is impacted by the uncertain political and economic climate.
- The movements of Euro/USD and Pound stay flat due to a series of important economic data releases out of the Eurozone and Brexit.
- Intense pricing strategy against price war initiated by China competitors.



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

**Together,  
We Are Stronger**



GPI CO., LTD.

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

# THANK YOU



**KATUN®**

