

United Orthopedic Corporation 2019 Investor Conference



Safe Harbor Notice

Except for historical information set forth herein, this presentation contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from what may be expressed or implied by such statements. Investors shall assess the potential impact of uncertainties and conduct risk control.

> Each Step We Care

Agenda

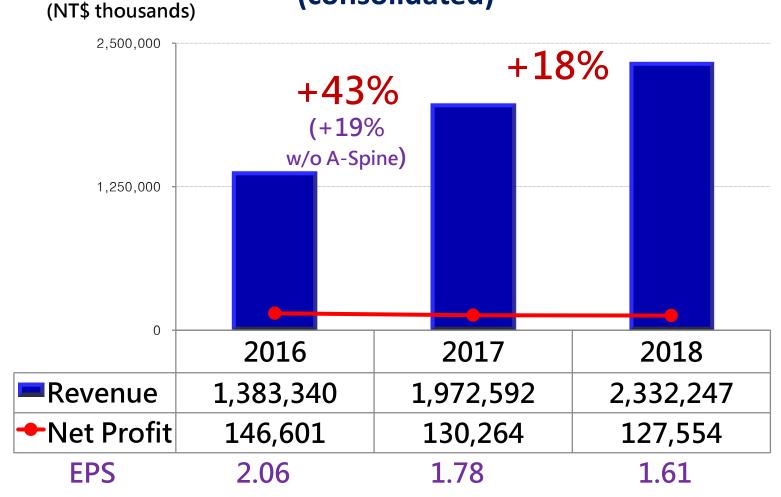
2018 Financial Results

Business Update

Q & A

Revenue & Net Profit

(consolidated)

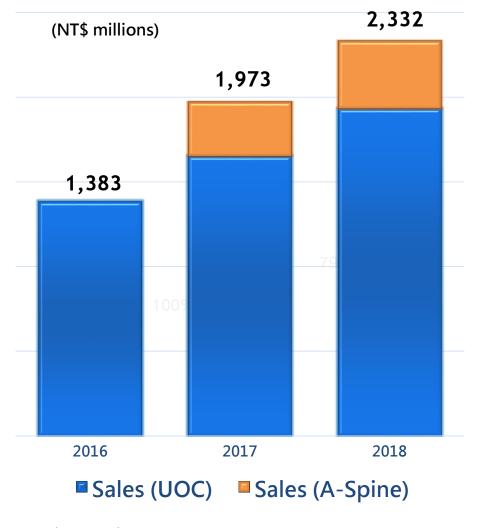


(Remark)

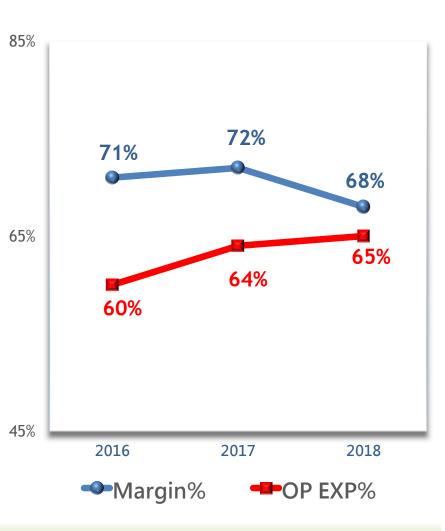
- (1) 2016 recognized a gain on China business unit disposal.
- (2) OP expense raised for overseas subsidiaries, which has short-term impact on the profitability in 2017 and 2018.

Operating Results

Revenue Trend Chart



Financial Ratios



(Remark) From 2017 2Q, A-Spine revenue was included.

Operating Expense

| (NT\$K) | 2016 | | 2017 | | 2018 | | YoY (2016 vs. 2017) | YoY (2017 vs. 2018) |
|---------------------------------|-----------|-----|-----------|-----|-----------|-----|----------------------------|----------------------------|
| Revenue | 1,383,340 | | 1,972,592 | 43% | 2,332,247 | 18% | 589,252 | 359,655 |
| Sales Exp. (w/o service charge) | 264,199 | 19% | 441,240 | 22% | 549,717 | 24% | 177,041 | 108,477 |
| Service Charge | 247,479 | 18% | 400,442 | 21% | 529,081 | 23% | 152,963 | 128,639 |
| ADM Exp. | 146,873 | 12% | 220,079 | 11% | 237,434 | 10% | 73,206 | 17,355 |
| R&D Exp. | 161,231 | 12% | 198,734 | 10% | 200,454 | 9% | 37,503 | 1,720 |
| Grand Total | 819,782 | 60% | 1,260,495 | 64% | 1,516,686 | 65% | 440,713 | 256,191 |

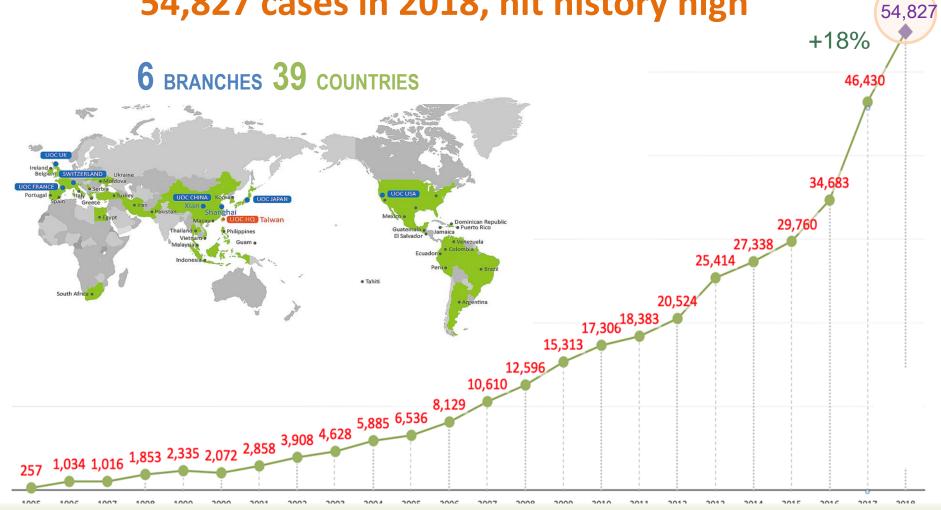
 ²⁰¹⁷ revenue (w/o A-Spine) YoY +19% •

^{• 2018} revenue (w/o A-Spine) YoY +17% •

Numbers of Surgery

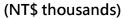
353,695 cases implanted worldwide;

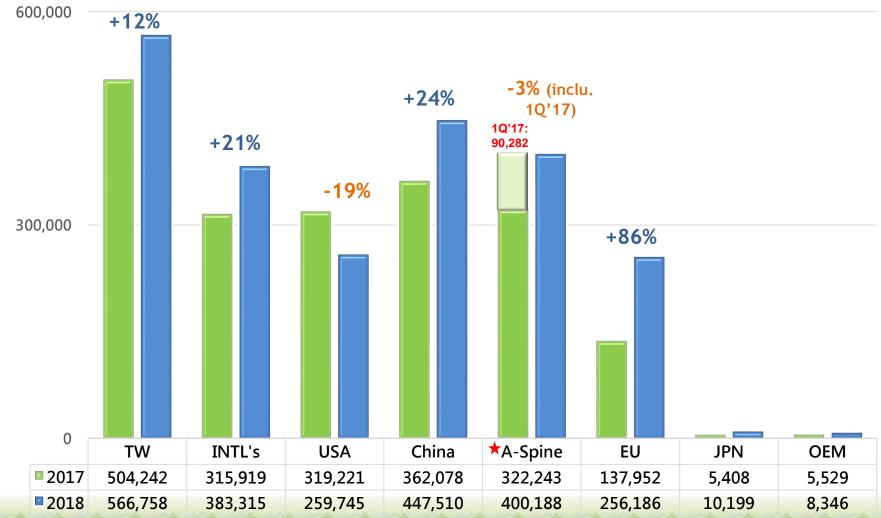




Revenue Breakdown (2017 vs. 2018)

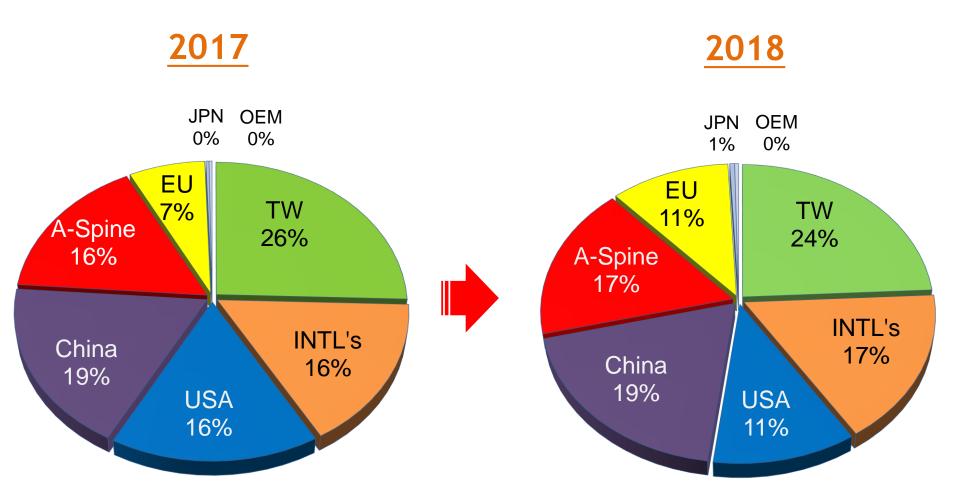
- 2018 revenue (w/o A-Spine) YoY +17% •
- ullet Due to the termination of distribution agent , 2018 revenue in USA YoY -19% \circ





[★] A-Spine revenue was included from 2017 2Q.

Revenue by Regions (2017 vs. 2018)



[☆] From 2017 2Q, A-Spine revenue was included.

Business Updates

- Due to the factor of Chinese New Year,
 1Q'19 revenue is flat compared with the same period last year.
- Revenue is planned to resume growth in 2Q'19; Europe, Asia and Emerging
 Markets are the key drivers for growth.

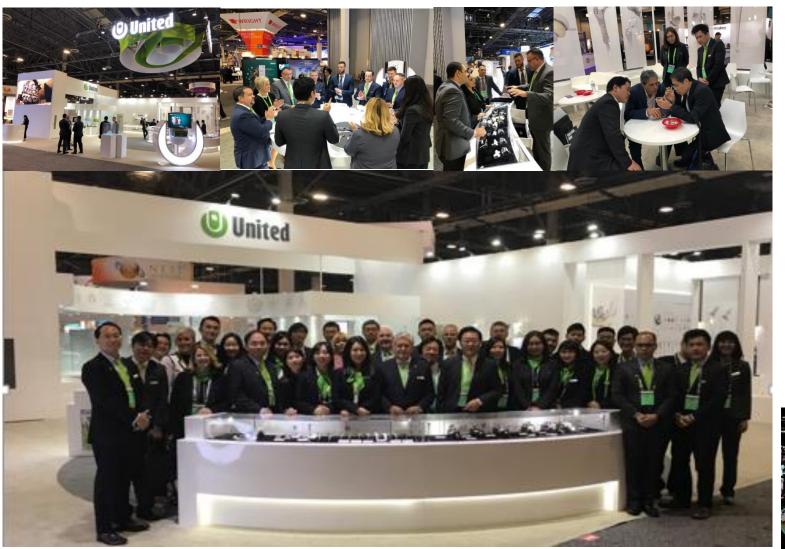
The Diversity of Product Line



Currently, the product mix width is 75% similar to major brands'

2019: Estimated to achieve 90%+

AAOS 2019 Las Vegas USA







Robotic Surgical System Co- Marketing

 Collaborate with Think Surgical Inc. to bring the robotic surgical system to markets worldwide.













Newsweek



Jason LinChairman & CEO of United Orthopedic



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Business Profile



How has United Orthopedic remained competitive in such a highly-regulated industry?

During my time of working in the orthopedic industry, I learned the importance of listening and caring. When I was in the field, I found that many foreign device companies did not treat patients in Taiwan as they would in other countries. Taiwan often got older generation products which were very costly. These

distribution. In order to listen and take care of patients and our customers, we have found that responsiveness is key. In addition to working with distributors in over 30 countries, we have also established overseas branches such as USA, Japan, China, France, Switzerland, and we anticipate soon the UK. After that, we'll move forward with Canada and Australia.





about Taiwan's

TAIWAN: The New Benchmark of Quality Through Innovation

Viewed by many in the past merely as a former high-tech success story, Taiwan has recently transformed its industries through a collective commitment to qualify and looks set to become a major global force in the area of innovation and R&D for many years to come.



plans to establish a 12,000m² blockchain economic zone in New Taipei City along with a new incubation center — which will house 200 startups — there has never been a better time for entrepreneurs and companies specializing in these areas to invest in the 'Beautiful Island'.

There is little doubt that Amazon's innovation hub working together in harmony with the incubation center, along with other organizations, will provide the region with endless spin-off benefits in terms of attracting talent, creating jobs, providing access to new markets as well as boosting Taiwan's brand.

Whatever their thoughts on the current situation, a majority of business leaders are optimistic about the future of both Taiwan and their businesses. Jason Lin, Chairman & CEO of United Orthopedic Corporation reveals that they have a dozen projects in the pipeline, saying "for the first half of 2018, we delivered over 33% of sales growth compared to last year. I am optimistic that the next five years will see significant growth for us. E&R Engineering Corporation's President, K.S. Chen, sees the future similarly: "a lot of new technologies are coming. There will be a lot of new opportunities in automotive technology, super high speed computers, and 5G applications. Taiwan can provide these services."

WELL-EQUIPPED FOR A HEALTHY FUTURE

While we continue to see a strong desire to expand horizons behind Taiwan in order to achieve exponential growth, there is, however, an overarching acknowledgment that this growth should be of benefit to Taiwan as a nation and society, and not just for each respective company. "We do not just want to treat illnesses, we want to also help in the area of prevention - that is very important to us; we feel a very big responsibility to take care of our community", says Chairwoman Yu-Mei Chang when asked about the connection between her company, Ten-Chen Medical Group, and the surrounding community. It is quite refreshing that, in a time of ever-increasing globalization, some companies still strive to make a tangible, positive impact in their local communities. This vision is shared by Dr. Lloyd Hsu of Green Transit - a company specializing in self-driving buses - who remarks how "A lot of rural areas don't provide transportation services right now. With this new technology of the self-driving bus, we try to merge







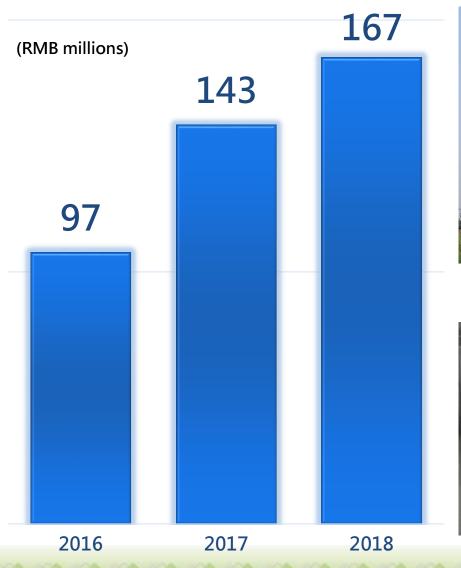






China Market Development

Sales Performance





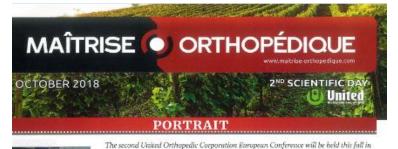


European Market Development

Sales Performance

(EUR millions)







: Please present United thopedic to us.

t.: United Orthopedic is now 23-year-old company, listed the Taipei Stock Exchange, tire is and of Taiwan. As you ght know, the Taiwanese are or no set themselves apart en the mainland Chinese and osider their island a hit Ike inserland, specifically in terms. productor quality. They are specialized in the field

of technology - for instance with Acer computers and HTC phones - and United Orthopedies has made a name for itself in the field of emplantable mechcal devices. At first, apart from producing its own implants, the company sixo worked for Stryher and Medironic.

American majors? officiently. F.B. | Indeed, and when you

know about their high standands, the least you can say is that you have to produce your credentials in terms of quality, Purthermore, one of United Orthopedic's specificities is its management of production as a whole, from making to coating. Most companies this size assign modfing to providers such as Mark and coating to providers such as Eurocouting, At UOC, everything is made in house. For example, regarding research and development, there's an army of about 70 ensineers, including 15 Doctors in engineering who are very assure people. This large staff along with total control. of our production allows us to develop products quickly and

Libourne in order to allow the users to access their experience. On this occasion, we've met François Bopp, the CEO of United Orthopedic Corporation Europe. He will share with us

his surprise and stimulating professional path.

33 : What was United Orthopedic Corporation's first market?

EB.: OOC's first market was Tawan, where it was of course. the leader, but especially mainland Chins. It was also very well positioned in Pokisters. After this first big Asian market, the range was FDA-approved and CE

marked. A subsidiary was set up in the USA, and more recently a

F.B. : Because it's the center of the world and UOC should have started from there! More seriously, there were many at tempts to gain a footbold in Europe through distributors but they were unwiccessful. I had the opportunity to meet Jason Lin, the CEO and founder of UOC, during my previous penfessional orthopedic activities; and he asked me to come and help him to establish the com-

the he continued page 2)

REPORT

MINIMALLY INVASIVE TOTAL KNEE RTHROPLASTY USING A CRUCIATE-RETAINING KNEE SYSTEM: A 3-5 year study with comparison to a standard approach

Che-Jen Shiha, Kuo-Cheng Shihb



nimally invasive surgery

knee arthmodasty by Repieril in early 1990s. Minimally invasive total knee asthroplasty (MIS TKA) was first reported by Tria2 in 2003. Though

as limited medial paraparellar,3 mini midvasutus, 600 mini subvasutus(0.0-0) and quadriceps sparing2,14,18.26), the key benefits

SUMMARY

- PORTRAIT

REPORT

Minimals invests soral knoe arthrophery using a crucius-maning knoe ayaron: A 3-5 year

TECHNIQUE

Total hip arthroplany through an anterior Musice minimals invise. approach

Lines, P. Marses, P. 199...8 - 13

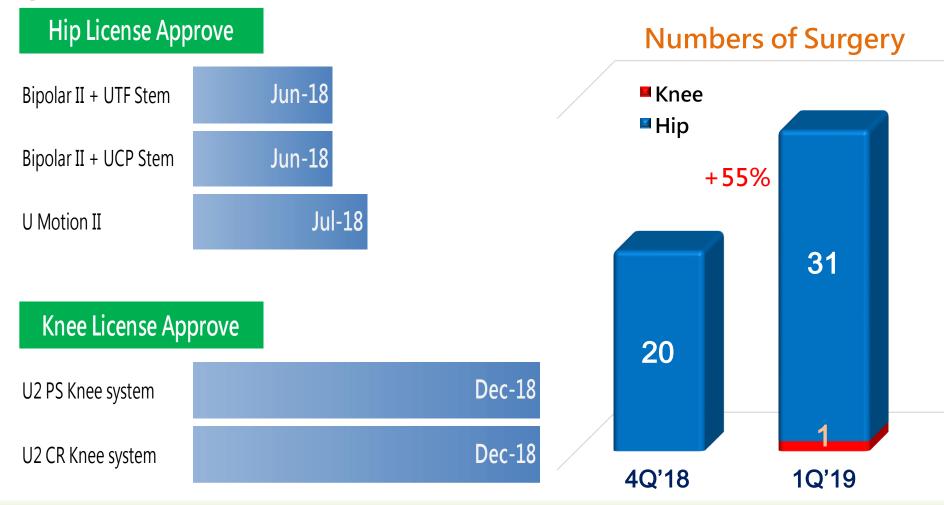
TECHNIQUE

The lastral robustus approach for soral knee anticopiacy: elemen

2017

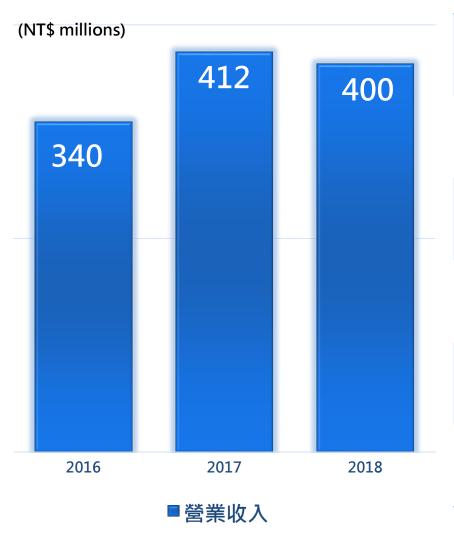
Product Launch in Japan

 Release Hip products to market in Oct'18 and release Knee products to market in Feb'19



Spine Market Development

Sales Performance



A- Spine Profile:

| Establish | June 2001 | | |
|-----------------|---------------------------------|--|--|
| Products | spinal implants and instruments | | |
| 2018 Sales | NT\$ 400 millions | | |
| 2018 P/L | NT\$ 50 millions | | |
| EPS | NT\$ 4.54 | | |
| Total Assets | NT\$ 502 millions | | |
| | | | |

Release A-Spine's stocks

- Purpose: For the need of A-Spine's IPO plan.
- Volume: UOC sells A-Spine's shares of 3,000,000.
- Price: NT\$88/share (higher than A-Spine's net worth and UOC's holding cost per share; has no impact on shareholders' equity).
- Release to :
 - (1) UOC's shareholders in first priority;
 - (2) Employees of UOC and subsidiaries, strategic investors, UOC's customers, vendors and other designated persons.

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United Orthopedic Corporation