

# United Orthopedic Corporation

## 2019 Investor Conference

**Jason Lin**

**April 12, 2019**



**Integrity Responsibility**  
**Happiness Innovation**

# 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.

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**We Care**

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# Agenda

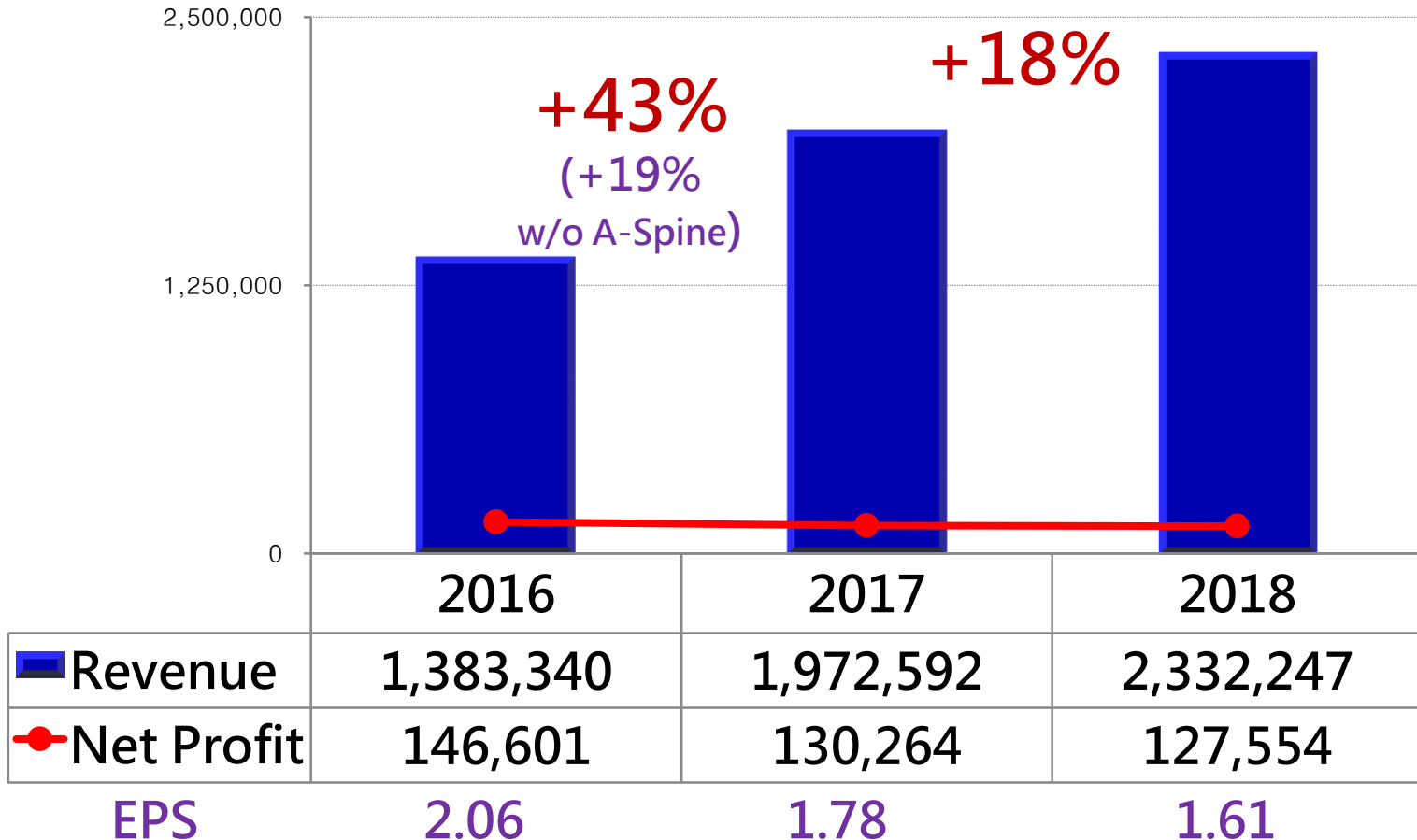
- **2018 Financial Results**
- **Business Update**
- **Q & A**



# Revenue & Net Profit

## (consolidated)

(NT\$ thousands)



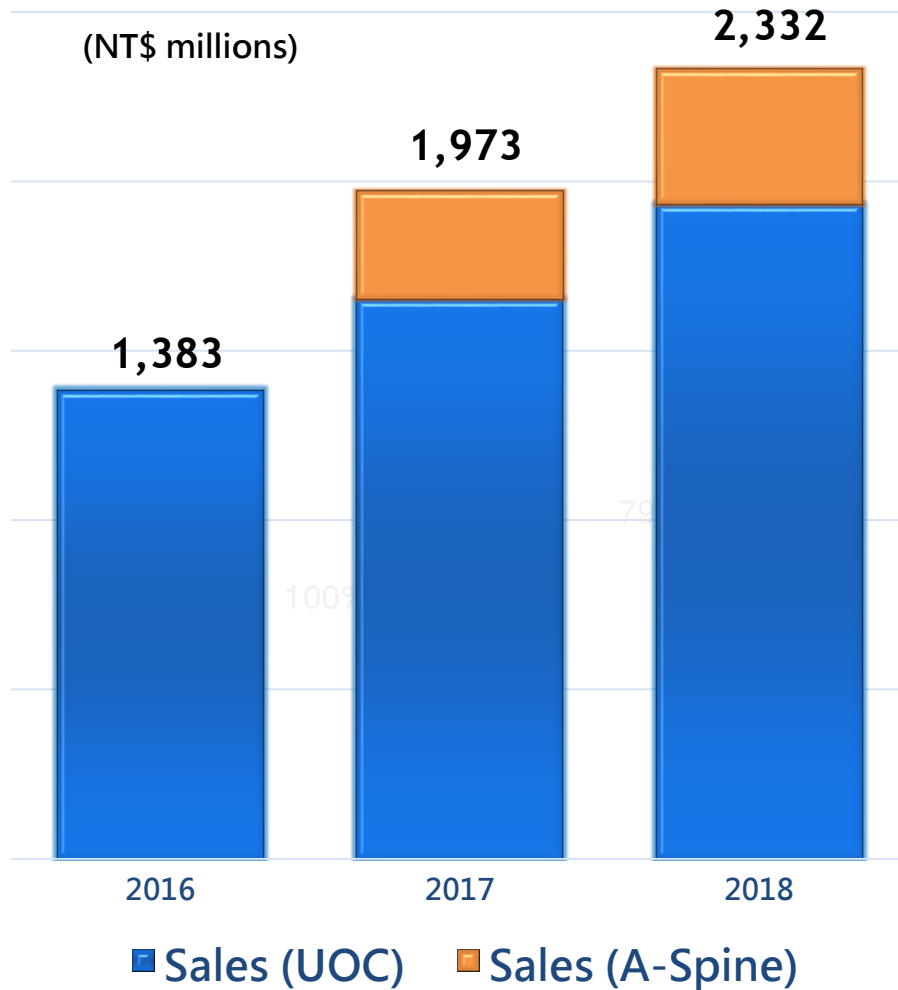
(Remark)

(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.

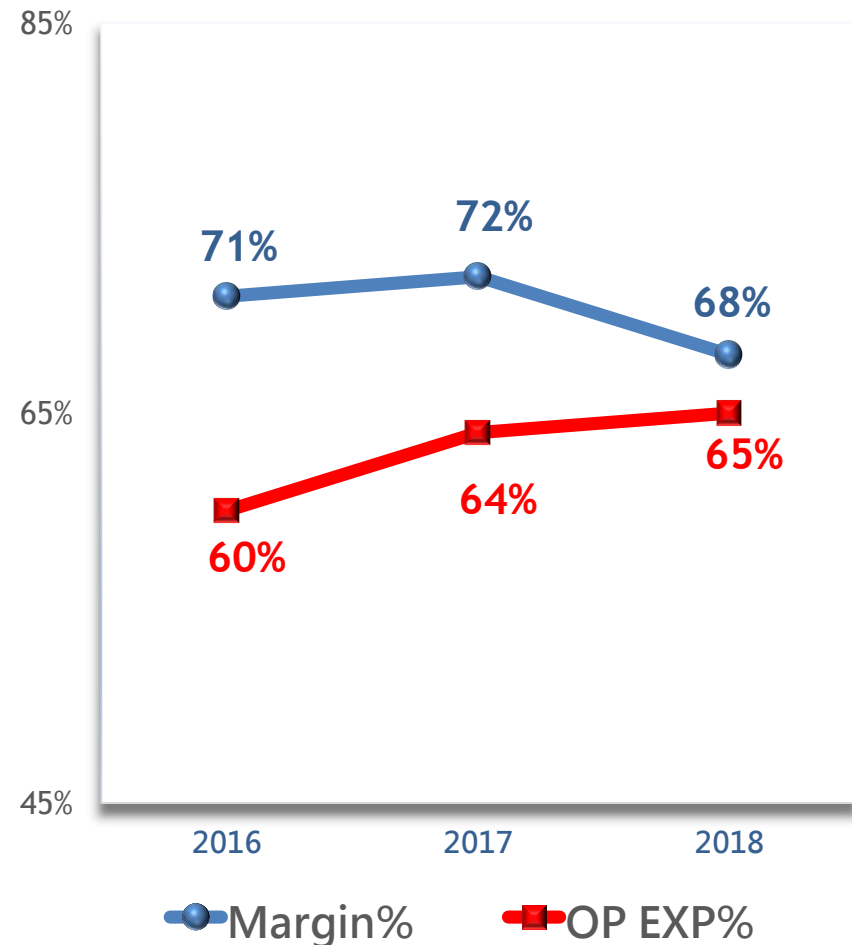
# Operating Results

## Revenue Trend Chart



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

## Financial Ratios



# 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;

54,827 cases in 2018, hit history high

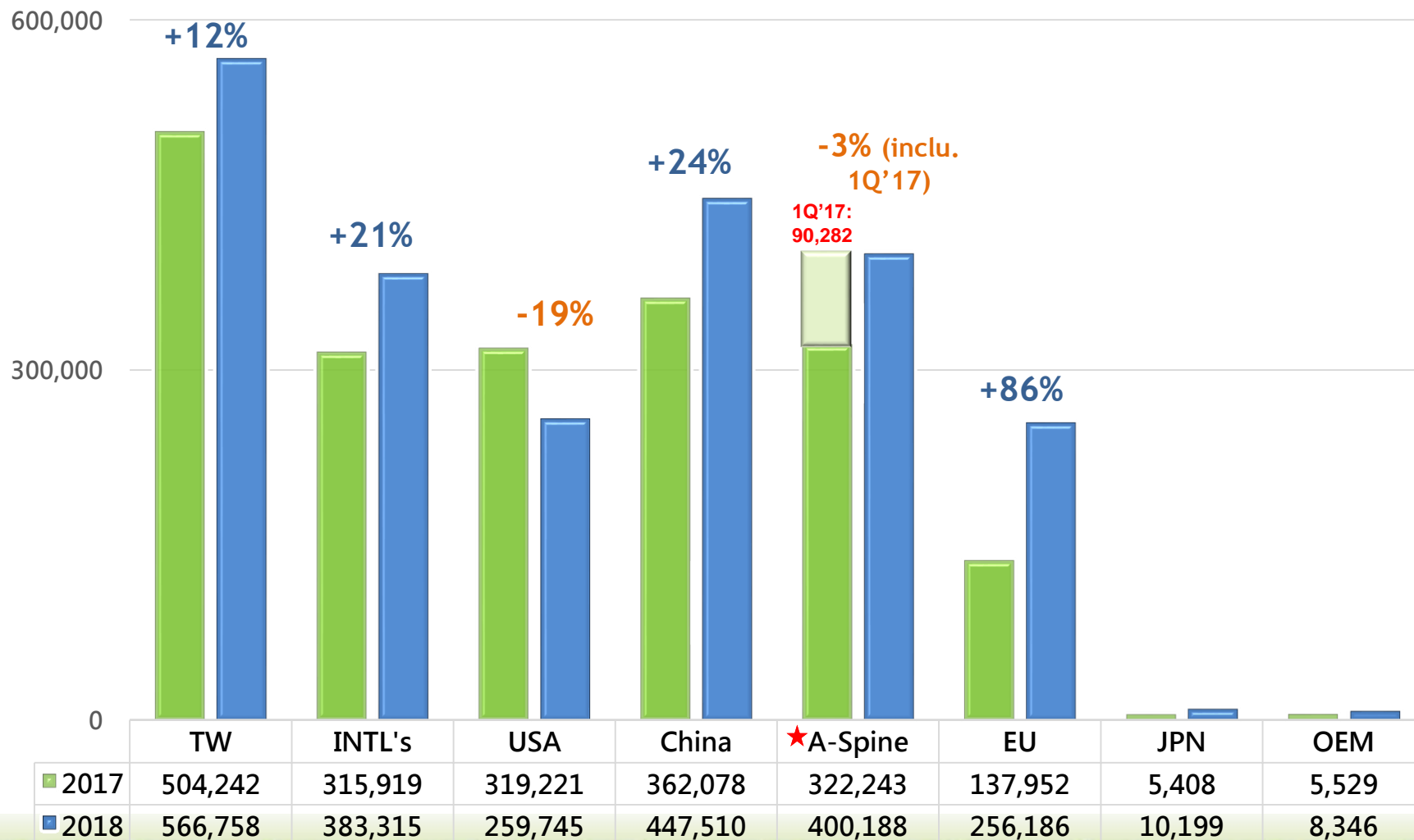
6 BRANCHES 39 COUNTRIES



# Revenue Breakdown (2017 vs. 2018)

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

(NT\$ thousands)

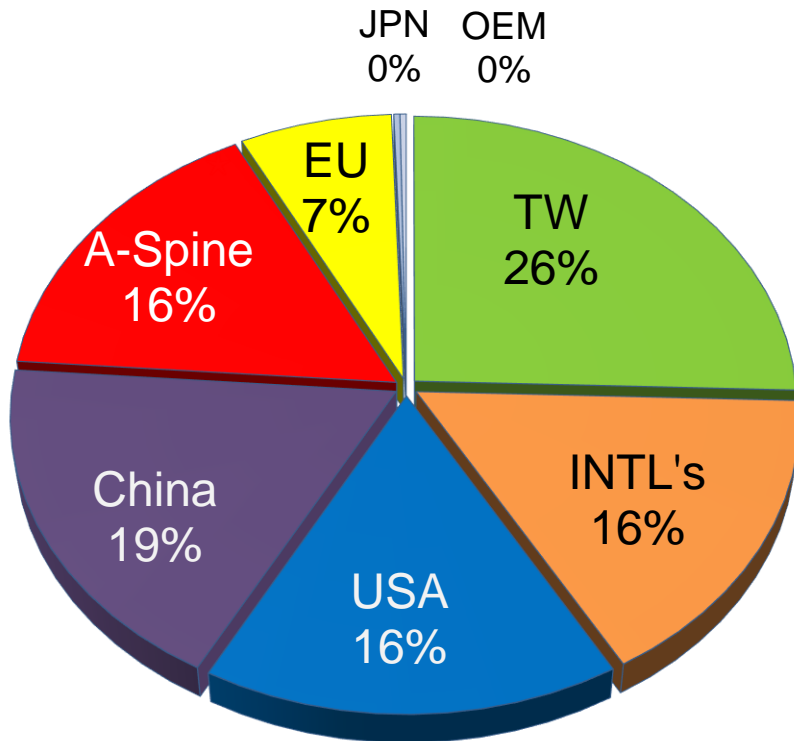


★ A-Spine revenue was included from 2017 2Q.

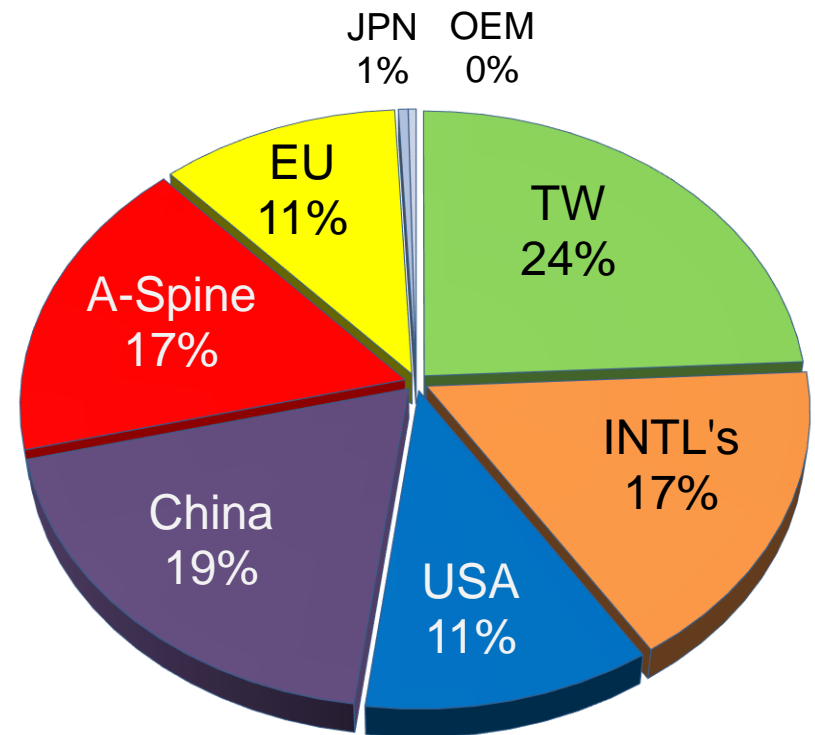


# Revenue by Regions (2017 vs. 2018)

2017



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.





**Jason Lin**

Chairman & 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.



Po-chuan Resort, Asia's Best Resort awarded by World Travel Awards, with beautiful landscapes and an excellent environment, providing world-class facilities and services backed by Taiwan's Ten-Chen Medical Group. [www.tenchenresort.com](http://www.tenchenresort.com)



VL eBooks

Discover more 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 quality 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

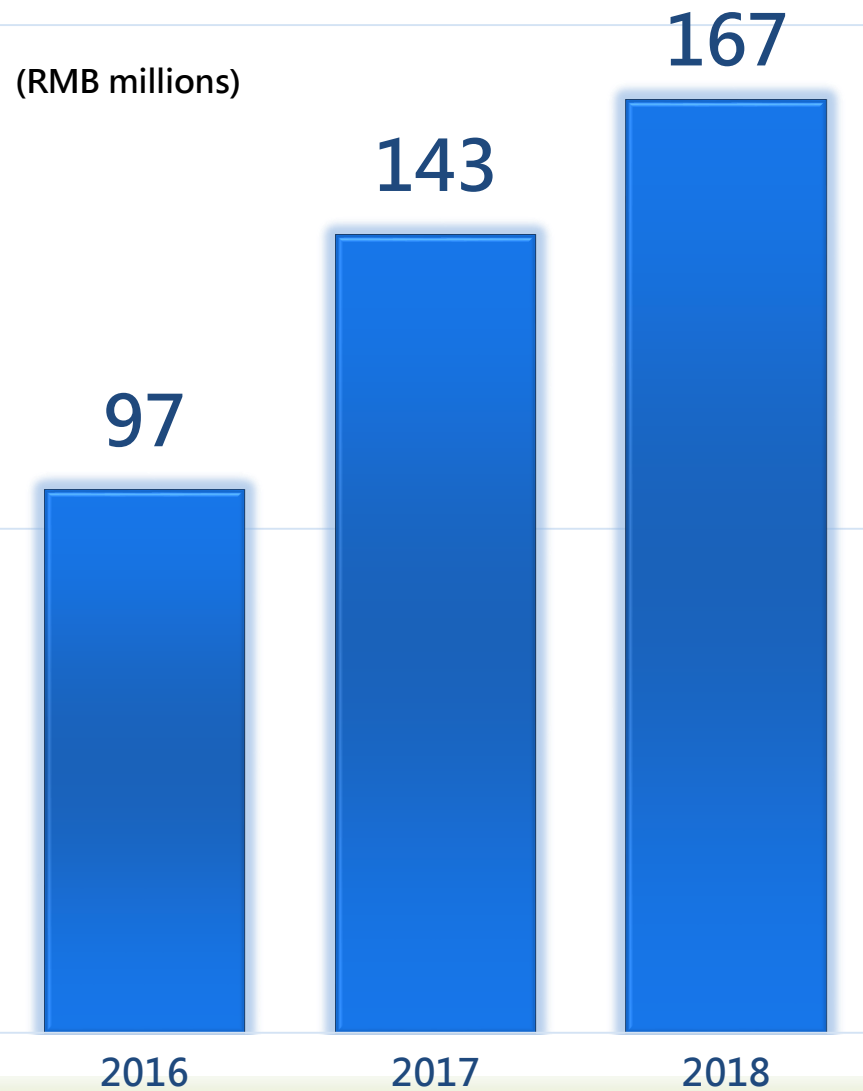
While we continue to see a strong desire to expand horizons behind Taiwan in order to achieve exponential growth, there is, however, an overarching acknowledgment that this growth should be of benefit to Taiwan as a nation and society, and not just for each respective company. "We do not just want to 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)



4.0

7.2

0.2

2016

2017

2018

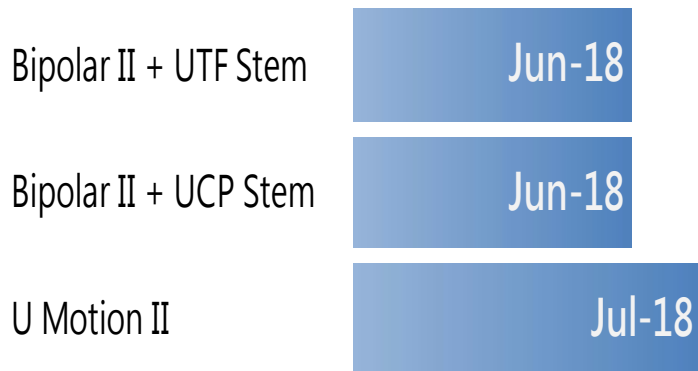




# Product Launch in Japan

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

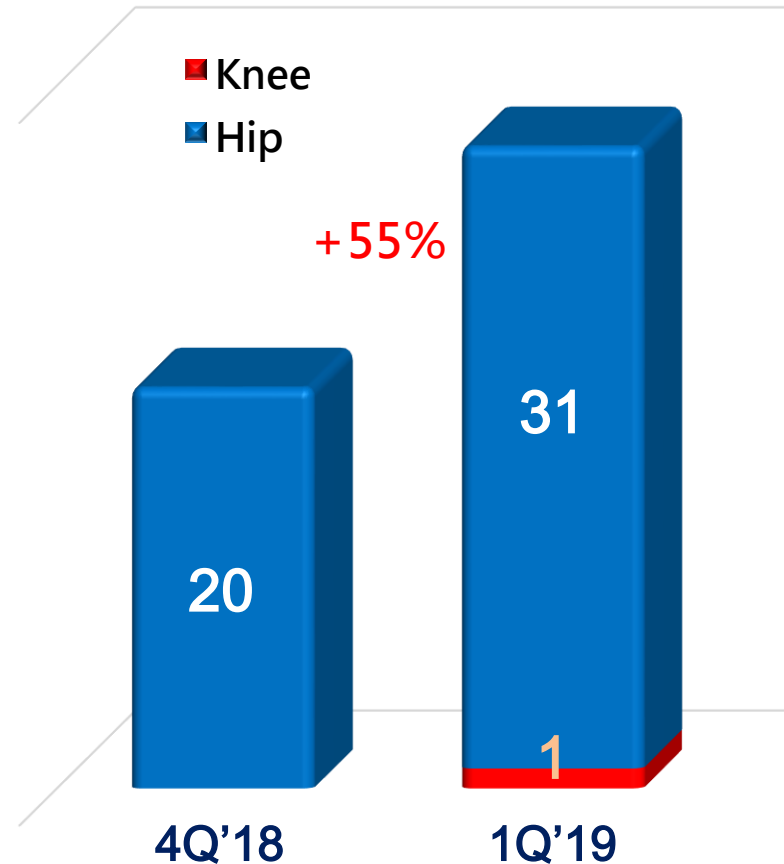
## Hip License Approve



## Knee License Approve



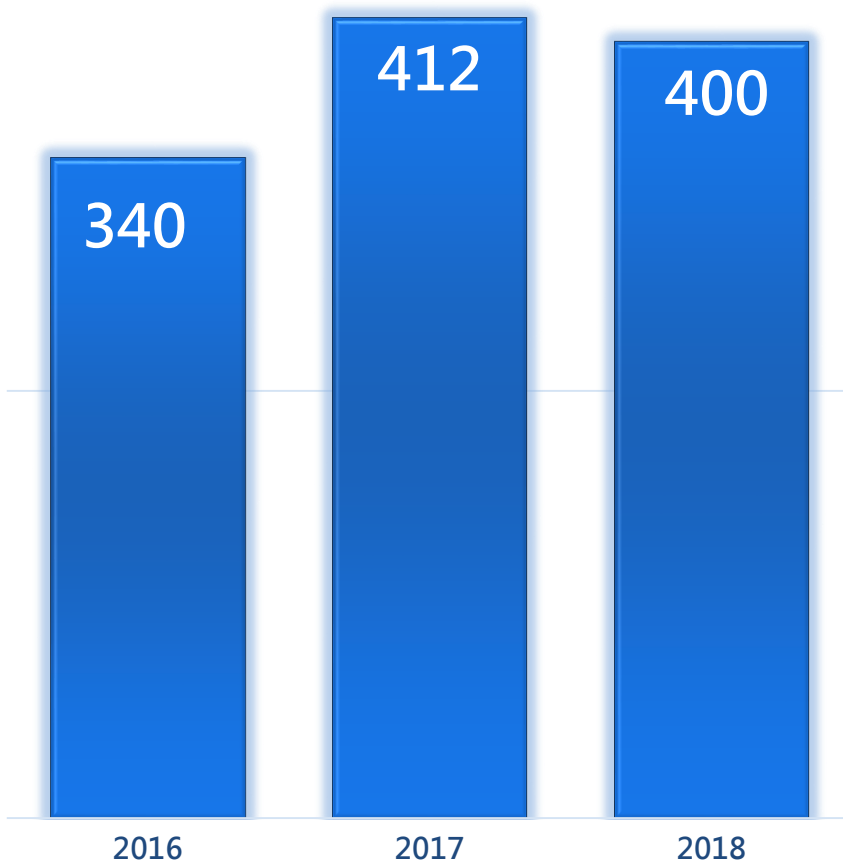
## Numbers of Surgery



# Spine Market Development

## Sales Performance

(NT\$ millions)



■ 營業收入

## 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.

*Each Step*  
**We Care**

**United Orthopedic Corporation**