



ENGINEERED PRODUCTS

**UNIROYAL GLOBAL ENGINEERED PRODUCTS, Inc.**  
**OTCQB: "UNIR"**

January 2017

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# Company Overview: Vinyl Coated Fabrics

Delivering Superior Performance, Color & Beauty



Our Naugahyde® & Ambla® brands are known through the world as the premier choice within many markets. Demanded without compromise by today's discriminating customer, high quality, highly engineered product to many market sectors.

## Tough and Soft to Touch

Vinyl coated fabrics are an attractive economic and at times better performing alternative to leather and other synthetic materials

Naugahyde® often known as Synthetic Leather or “Vegan” Leather

- Durable & Cleanable
- UV Resistant
- Flame Resistant
- Anti Squeak
- Stain/Dye Resistant



NAUGAHYDE®  
BRAND FABRIC



**Our Products and Markets are uniquely diversified and provide us with an enviable balanced portfolio.**

<b>Automotive and Light truck interiors</b>	<b>65%</b>
<b>Heavy Truck, RV's and Industrial Equipment</b>	<b>14%</b>
<b>Commercial Seating and Medical Equipment</b>	<b>21%</b>







# Global Manufacturing Operations



**Uniroyal Engineered  
Products**



**Stoughton, WI,  
U.S.A**



**Uniroyal Global  
Limited**

**Earby, Lancashire,  
England**



**Sales & Distribution  
Office**

- **Manufacturing : 2**
- **Design & Sales offices : 5**
- **Global Distributors : 65 (Asia / Europe & Americas)**
- **Sales and R&D Teams : 25 People**



## North American Manufacturing Facility

### Stoughton, Wisconsin.

- Plant size: 230,000 Sq. Ft.
- Employees: 193
- Capacity: 13 Million Linear Yards
- Available capacity:  
6.0 Million Linear Yards.



## UK & European Manufacturing Facility



### Earby, Lancashire.

- Plant size: 250,000 Sq. Ft & 15 acres
- Employees: 227
- Capacity: 15 Million Linear Yards
- Available capacity:  
6.0 million Linear Yards



# Market Overview

**Global Coated Fabrics Market estimated at \$16.5 billion**

**Polymer Coatings represents 85%**

## Coated Fabrics by Region

- Asia Pacific \$6.9 B
- North America \$2.3 B
- Europe \$2.6 B
- ROW \$1.9 B

\*Uniroyal's current markets in Green

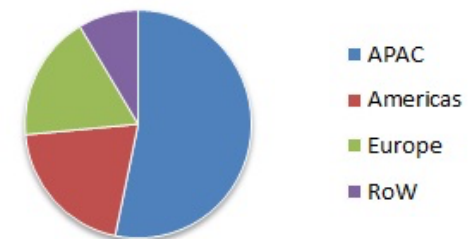
\*Source Grand View Research

## Polymer Coated Fabrics by Market Sector

- Transportation 35%
- Protective Clothing 15%
- Industrial 12%
- Furniture 10%
- Other 28%

Uniroyal's target market is the highly engineered, high margin segments across each market sector. We avoid low margin commodity markets

## Polyvinyl Chloride Resin Market, By Geography 2015 (%)







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# **DESIGN, & PRODUCT DEVELOPMENT**

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# Design and Development

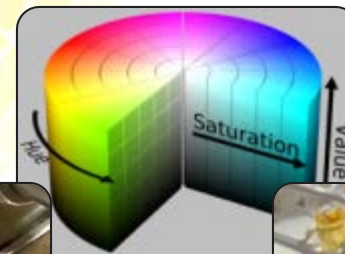
World Class Designers and Development Team.

- New color developments.
- Extensive effects library (print/grain)
- Pilot plant samples up to (600mm)
- Full scale trials within 6-8 weeks



# Research & Product Development

- UK & US Comprehensive Testing Labs
- Technical Products developed in house
- Experience technical team of 20 staff
- Proprietary product development
- Computer color match systems
- Lower VOC emissions
- Water based coatings development
- Anti-squeak
- Anti-soil
- Flame Retardant/Low Smoke
- Dye ingress
- Alternative polymer coatings
- Multi-layer composites





# Quality, Environmental and Safety Standards

We take an absolute no compromise approach to quality

- ISO9001/2008
- TS 16949 certification
- VDA 6.3 compliant
- OEKO-TEX certified
- MED approved supplier

- Environmental Management Systems certified to ISO 14001
- Compliance with REACH regulations
- A member of Vinyl Plus Foundation
- Reduction in emissions
- Stringent recycling targets



No. 0812059

Centexbel





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**MARKETS**

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# Serving our Global OEM's



Mercedes-Benz



**RENAULT**

**IVECO**



**TOYOTA**



**DODGE**

**PACCAR**



**TEREX**



**BOMBARDIER**



**HONDA**



**CHRYSLER**





# Automotive



- Strong & successful presence in US, UK & Italy
- We are seeing positive developments in Germany
  - Particularly as Germany will remain the volume producer of European automotive 5.6-5.8m vehicles produced there from 2016.
- Spain & Sweden remain positive targets for us.
- OEM & VM Design & Styling Studios see us as the go to brand for new designs, color and harmony solutions.



MICRA



GIULIA



FIAT 500



# Automotive and Light Truck Interiors

## Components & Modules

### Seating

Cut and sew, pour in place & low pressure molding.

### Instrument Panels

Compression molding & vacuum forming.

### Door Casings

Compression molding, vacuum forming & low pressure molding.

### Gear /Handbrake

Cut and sew.

### Sun Visors

HF welding.

### Headliners

Compression molding.

### Luggage Covers

HF welding.



## Recreational and Hospitality

- Niche markets driven by specific customer specifications.
- Naugahyde – Strongest brand name in North America for high end robust applications.
- European integration with Ambla and Naugahyde brands leading to growth opportunities
- Continual innovation in product development



\* End Users



# Markets – NAUGAHYDE Applications



# Indoor and Outdoor Contract Seating

- Hospitality
- Residential Care
- Stadium Seating



**NAUGAHYDE**  
DESIGN FABRIC





# Indoor and Outdoor Contract Seating

- Medical
- Residential
- Leisure
- Mass Transportation





# Thin Film Calendered Sheet

## Medical

- Mattress Covers
- Sticking plasters

## Nuclear protection

- Contamination suits
- Disposable products

## Lamination

- Caravan interiors
- Shop fitting

## FR Products

- Cinema screens
- Upholstery

## Strollers & Nursery

- Changing mats
- Furniture





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# 2017 COMPANY OBJECTIVES

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# 2017/8 Revenue Objectives

## Deeper penetration into current automotive OEMs and expanding our customer base

- Automotive OEM's demand Global suppliers across multiple applications & regions
- Focused on Design and technical advancements to lead growth in Global Auto markets



## Entrance into new German OEM's

- Technical and design approval achieved with major German OEM's



## Development and Innovation of new technical applications

- Focused on Mass Transportation (bus / rail) developments

## Penetrate Industrial & Consumer markets in Europe using power of Uniroyal Brand

- Opportunity in Industrial and Contract Seating Markets.



# Strategic Performance Objectives

## Continued Margin Expansion

- Productivity investments
  - Expanded capacity in Europe with technology upgrades (water based print)
  - Continued synergy from Acquisition integration
- Driving lean manufacturing and continuous improvement across both manufacturing facilities
- Ramp up unused capacity at high incremental margins



**Deleverage balance sheet with internally generated cash flow**

# Strategic Growth Opportunities

Additional accretive earnings through M&A activity

## Add-on acquisitions for existing markets

- Rationalization of production capacity in the industry

**Complimentary Market Opportunities increase content on existing and new business to expand product offerings & increase target market share.**

### Technology

- PU leatherette technology
- TPO technology
- Water-based coatings

### Application

- Instrument panels
- Door inserts
- Interiors & Headliners





# Potential Strategic Growth Opportunities

## Geographic Expansion to complete the Global Footprint



### Asia (China)

- 50% of Global Coated Fabrics Market
- 42.3% of Auto production
- Growing economy
- Mass Transportation opportunity
- Construction and Agricultural Market - Large
- Hospitality and medical facility expansion
- Residential and commercial furniture demand



# Strategic Growth Opportunities

## Positioned for Growth



- Infrastructure investment in place to accelerate synergies with future acquisitions
- Flexible capital structure provides financing capability for acquisitions

**Management estimates that with geographic expansion, new technology and product development we can expand our current target market from \$2 billion to \$10 billion in the next three to five years**





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**PUBLIC MARKET**

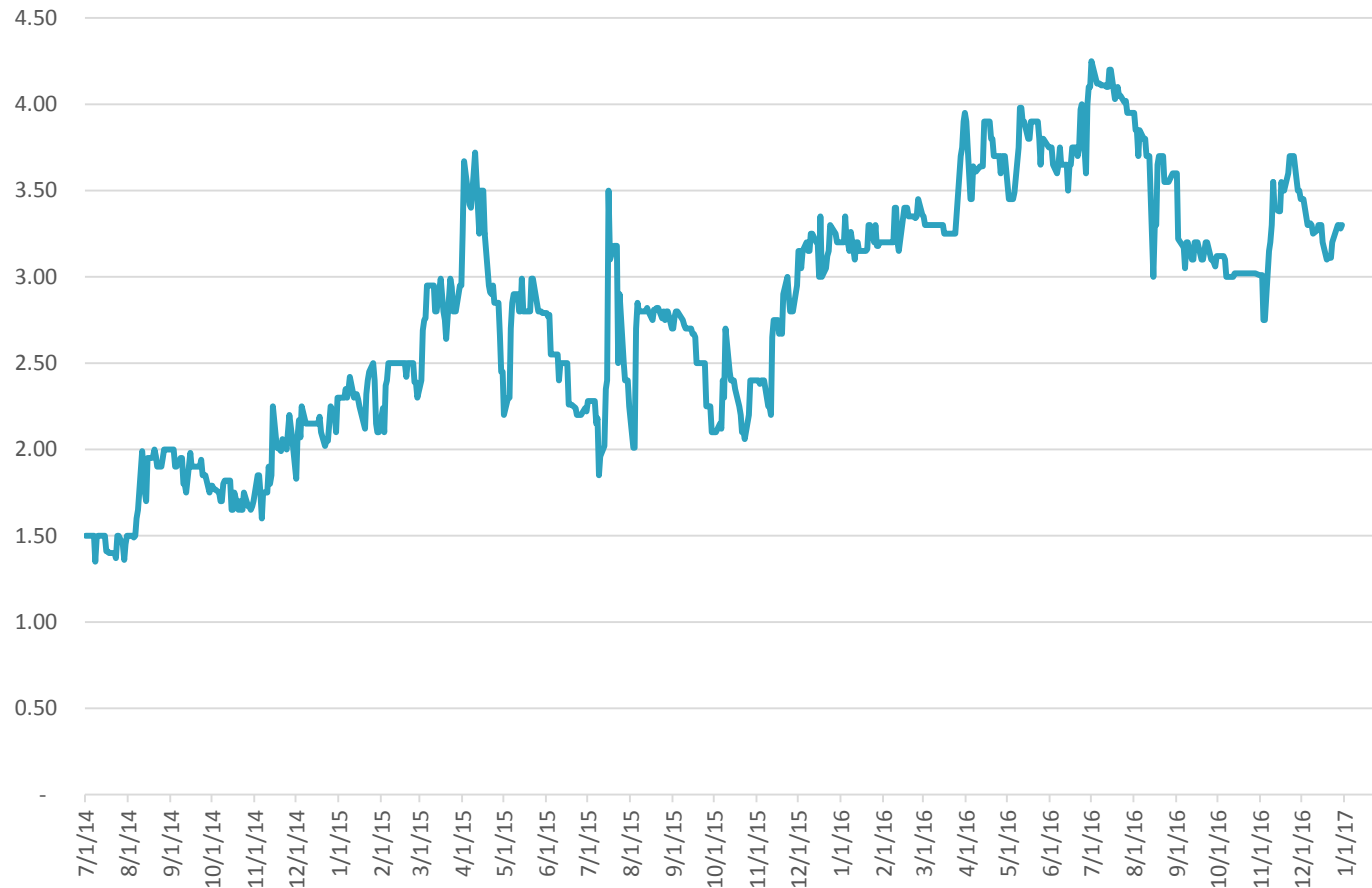
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## Recent History

- **April of 2013** - Acquired Wardle Storeys and renamed to **Uniroyal Global Limited** late 2016
- **November of 2014** - Uniroyal acquired by Invisa, Inc. (OTCQB:INSA)
- **April of 2015** - Changed company name to Uniroyal Global Engineered Products, Inc. and changed Stock symbol “UNIR”
- **Q1 2017** – Preparing to file for up listing

# Stock Position, Trend and Growth

UNIR Uniroyal Global Engineered Products, Inc.  
Daily Close Stock Price





# Investment Rationale

- Technologically advanced Company in an established industry
- Superior cash generation
- Above average revenue growth
- Continued margin expansion
- Deal integration synergies continue
- Diversified platform offers cyclical defense
- Has outperformed in declining markets
- Additional accretive M&A objective



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**UNIROYAL GLOBAL ENGINEERED PRODUCTS, Inc.**

**FINANCIAL INFORMATION**

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# Financials

(Unaudited) (\$ in thousands)



## Income Statement Summary:

	<u>2015</u>	<u>9 MO</u> <u>2015</u>	<u>9 MO</u> <u>2016</u>
Net Revenue	\$ 99,762	\$ 76,486	\$ 76,977
Gross Profit	\$ 21,949 22.0%	\$ 16,595 21.7%	\$ 17,736 23.0%
Income *	\$ 5,561 5.6%	\$ 4,364 5.7%	\$ 4,844 6.3%
EBITDA	\$ 8,629 8.6%	\$ 6,633 8.7%	\$ 7,372 9.6%

\* Income is before tax provisions (NOLs) and preferred dividends

# Financials

## (Unaudited)

### Revenue:

- Net sales for the nine months 2016 increased \$490,797 compared to 2015.
- 2015 period was a 40-week period compared to a 39-week period in 2016. The extra week contributed approximately \$500,000 to the decrease.
- Net currency effect had a negative \$1.7 million impact on 2016 sales.
- Automotive sector was up approximately 5.9% as a result of several new programs.
- Non-automotive sector down approximately 8.6% due to general weakness in the markets in which we compete.

### Gross Profit:

- Gross profit for the nine months 2016 increased by \$1.1 million or 6.9%.
- Efficiency initiatives and global integration programs were the drivers for these margin improvements.

### Income:

- Income for the nine months 2016 increased by \$480,828 as the increase in gross profit was partially offset by increased operating expenses and currency losses recognized on changes in the fair value of Euro-based financial assets and liabilities.



- Positive growth in automotive sector in both the U.S. and Europe
- Increasing penetration at existing customers
- Expanding customer base
- Introduced a new linen-textured vinyl-coated fabric called Casablanca
- Negative currency translation effect from British Pound on income offset by positive effect of the Euro

# Balance Sheets

(\$ in thousands)



## Balance Sheet Summary:

	<u>01/3/16</u>	<u>10/2/16</u>
Cash	\$ 1,910	\$ 1,558
Accounts receivable	14,209	15,452
Inventory	17,528	17,064
Other current assets	2,914	2,309
Fixed assets, net	14,003	13,609
Other assets	<u>7,710</u>	<u>7,751</u>
Total Assets	\$58,274	\$57,743
Accounts payable and other current liabilities	\$11,993	\$12,988
Line of credit	16,577	16,109
Notes to affiliates	6,891	5,453
Other debt	4,733	4,072
Other long-term liabilities	<u>3,812</u>	<u>3,791</u>
Total Liabilities	44,006	42,413
Equity	<u>14,268</u>	<u>15,330</u>
Total Liabilities and Equity	\$58,274	\$57,743

# Equity Detail

(\$ in thousands)

## Stockholders' Equity:

	<u>1/3/16</u>	<u>10/2/16</u>
Preferred Shares, UEP Holdings, 5.0% dividend (\$20,000,000 liquidation value)	\$ 618	\$ 618
Preferred Shares, UEP Holdings 6.0% dividend (\$15,000,000 liquidation value)	463	463
Preferred Shares, Engineered Products Acquisition Ltd, 5.0% dividend (\$20,000,000 liquidation value)	-	-
Common Stock, 17,271,807 and 17,191,964 shares outstanding January 3, 2016 and October 2, 2016, respectively	17	17
Class B Common Stock, 1,619,102 shares outstanding at January 3, 2016 and October 2, 2016	2	2
Additional Paid in Capital	34,824	34,828
Retained Deficit	(21,675)	(19,481)
Accumulated Other Comprehensive Income	<u>19</u>	<u>(1,117)</u>
<b>Total Stockholders' Equity</b>	<b>\$ 14,268</b>	<b>\$ 15,330</b>

# Cash Flow

(\$ in thousands)



## Cash Flow Summary:

	<u>10/4/15</u>	<u>10/2/16</u>
Net income	\$ 3,904	\$ 4,360
Adjustments to reconcile to cash flow from operating activities		
Depreciation and amortization	1,160	1,310
Stock-based compensation	39	278
Changes in current assets and liabilities, net	(2,370)	(821)
Other	<u>(44)</u>	<u>6</u>
Cash Flows provided by Operating Activities	<u>2,689</u>	<u>5,133</u>
Cash Flow used in Investing Activities	<u>(2,569)</u>	<u>(1,486)</u>
Net advances on line of credit	1,571	220
Debt payments	(331)	(576)
Proceeds from debt issuance	2,154	-
Proceeds from (payments on) related party obligations	3	(1,361)
Payment of preferred stock dividends	(1,786)	(2,147)
Other	<u>(253)</u>	<u>15</u>
Cash Flows (used in) provided by Financing Activities	<u>1,358</u>	<u>(3,849)</u>
Net Change in Cash	1,478	(202)
Cash – Beginning of Period	604	1,910
Effect of currency translation	<u>(23)</u>	<u>(150)</u>
Cash – End of Period	<u>\$2,059</u>	<u>\$1,558</u>



**Thank you for your interest in:-**  
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