



Finetex EnE, Inc.

IR Presentation

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Finetex EnE

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Financial Result Summary

2017 Q2

Nano Business Reaches Record Q1 and Q2 Sales

2017 Q1/Q2 Sales results versus 2016 Q1/Q2

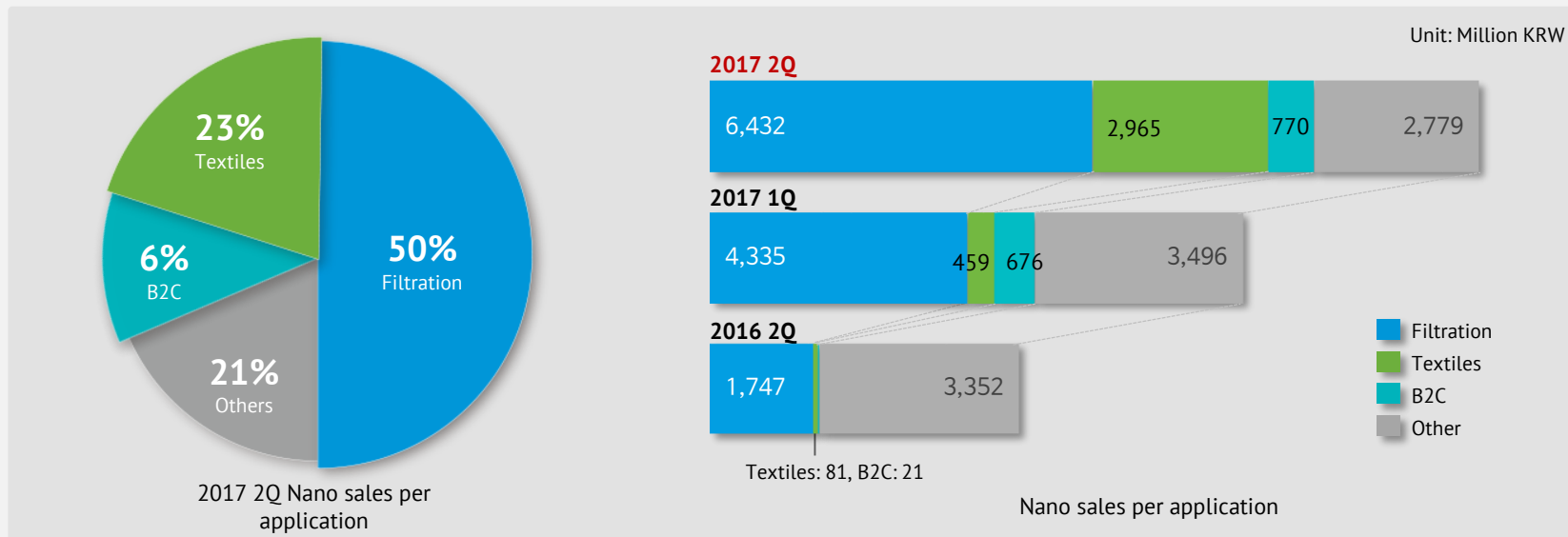
Unit: Million KRW

	2017 Q2	% Change	2017 Q1	% Change	2016 Q2
Sales	15,654		12,033		10,720
Nano	12,946	44%	8,966	149%	5,201
Energy	2,708	△ 12%	3,067	△ 51%	5,519
Gross Profit	4,783		2,884		1,439
Nano	4,710	157%	1,832	635%	641
Energy	73	△ 93%	1,052	△ 91%	798
Operational Expenses	4,768	54%	3,102	92%	2,483
Operational Profit	15	△ 107%	△ 217	△ 101%	△ 1,044

Financial Result Summary

2017 Q2

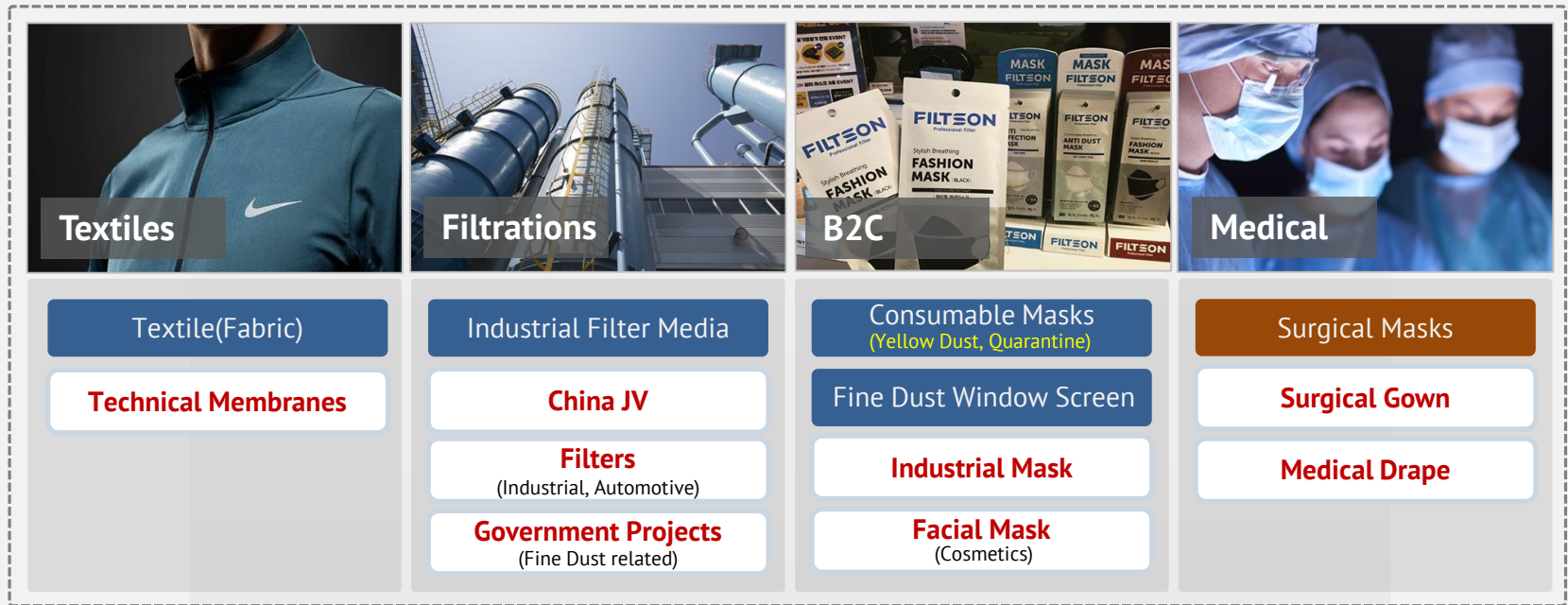
Breakdown of Nano Sales



	2017 Q2	% Change	2017 1Q	% Change	2016 2Q
Sales	12,946		8,966		5,201
Filtration	6,432	48%	4,335	268%	1,747
Textiles	2,965	546%	459	3,556%	81
B2C	770	14%	676	3,548%	21
Others	2,779	△ 20%	3,496	△ 17%	3,352

Business Update

Major Applications for 2017-18



Market growth leads to increase in demand for product

**Increase Marketing Capacity,
Maximize Sales and Profit**

Business Update

Textiles

Market Trends

Restriction of hazardous material
(Flurochemicals, i.e. PFOA, PFOS)

Growth in Casual Sportswear 'Athleisure'
(Increase in demand for nanofiber)



Sports Outdoor



Technical Membranes

► Company 'N': Higher demand after launch

- Aug: Launch of **AeroShield**: Positive response from market
- Various colorways and design scheduled to launch after September
- 2018 F/W will start to feature 'strategic price point' products
- 2018 F/W, H/O season order in production

APPAREL
AeroShield (FW H017, SP18)

TEAM SPORTS ITEM
GFA, NFL, NBA, etc.

Running Shoes
Circular Knit JQD

NEW PROJECTS
Lifestyle Shoes

► Notable growth and acceptance of NF membrane in the market

- Application growing from Sports Apparel to various areas such as Equipment, Bags, Tents
- Both demand and supply are growing

► Ongoing developments and projects with global brands

- New brands (customers) launching new products featuring nanofiber membranes

► Increasing capacity will be critical to meet current demands

- Preparing for 2 additional membrane lines in the Philippines (1st installation by late Aug / 2nd installation by late Sept)
- Expecting 4 additional lines to be installed (start operation by 2018 H1)

Business Update

Filtration

Market Trends

Restriction of Electrostatic
(Implementation of ISO16890)

Restriction of Glassfiber
(Hazardous to Health+Ecosystem)

Focus on Air Quality
(Fine dust is a social issue)

Filters (Industrial, Automotive)



▶ Hwaseong Plant operation

- Since April 2017

▶ Industrial Filters¹⁾

- **Ongoing field tests in 7 Coal Powerplants**
Proving the benefits of nanofiber filters through complete field testing
- Revenue expected from Q4

▶ Automotive Filter

- **Ongoing cooperation and develop. with Sentech**
Platform being created to supply high efficiency nanofiber filters for automobile OEMs and aftermarket

1) Power Generation(Coal, LNG, BIO), Bag Filters, etc

China JV



▶ New Production Facility

- **Installation of nanofiber coating line in Wuxi**
Fully operational from November
Focused on automotive filters
Plans for industrial, consumer products starting next year

▶ Increase capacity to meet target sales

- **Install additional coating lines by '18 H1**
2 industrial coating lines
Additional quality equipment
- **Expected annual revenue of US\$10-25M**

Global Industrial Filters



▶ Stable business expansion

- **New global standard ISO16890 implementation**
Global filtration industry's growth leading to increased demands from existing customers
- **Growth from current revenue source to be the stable foundation for future growth**

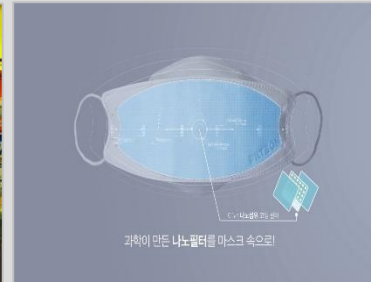
▶ Partnership with global filter manufacturers

- **Ongoing medium-long term co-development projects**

Business Update

Nanofiber Masks

Fine Dust Masks (Yellow dust, Quarantine Masks)



► FILTSON Masks (OEM)

- **Company 'C' and 'S' : Aggressive marketing and advertisement**
Full operation at Hwaseong Factory allowed recent aggressive product promotion of FILTSON Masks
Utilizing distribution channels, home shopping, online shopping malls for greater market exposure by year end
Various design and colorways to be launched (for all age group – children to elders)

► Technoweb Masks (Own Brand)

- **Production automation for lower unit cost**
- **Product variety**

Fine Dust
(Yellow Dust, Quarantine)

Evaluating need to expand production line in China
Investing to expand international sales

Industrial
(Fine Dust Masks)

Diversify product mix that utilizes high efficiency nano filters
Expected to supply fine dust / gas masks to industrial sites

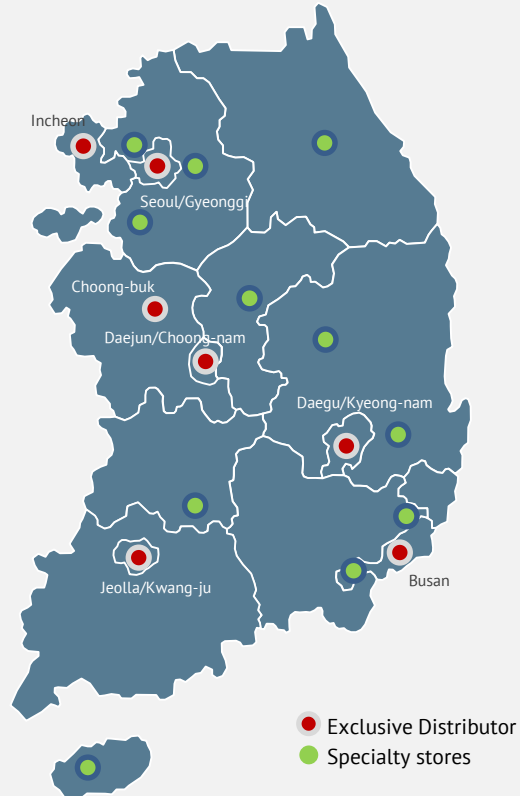
Medical
(Hospitals, Surgical)

FDA 510K application complete as of Sept
GMP lines to be complete by year end for NIOSH certification

Business Update

Nanofiber Window Screen

Current Domestic Distributors



▶ Nationwide Sales Channels

- Working with 7 exclusive distributors and 11 specialty stores
- TV ad exposure since June
- Active product development ongoing with Company 'H', 'K'
- Active developments with Company 'A' and 'H' and national distributors on opening new sales routes online and via media
- Increased sales expected after fine dust season in Q3

▶ Notable Export Sales

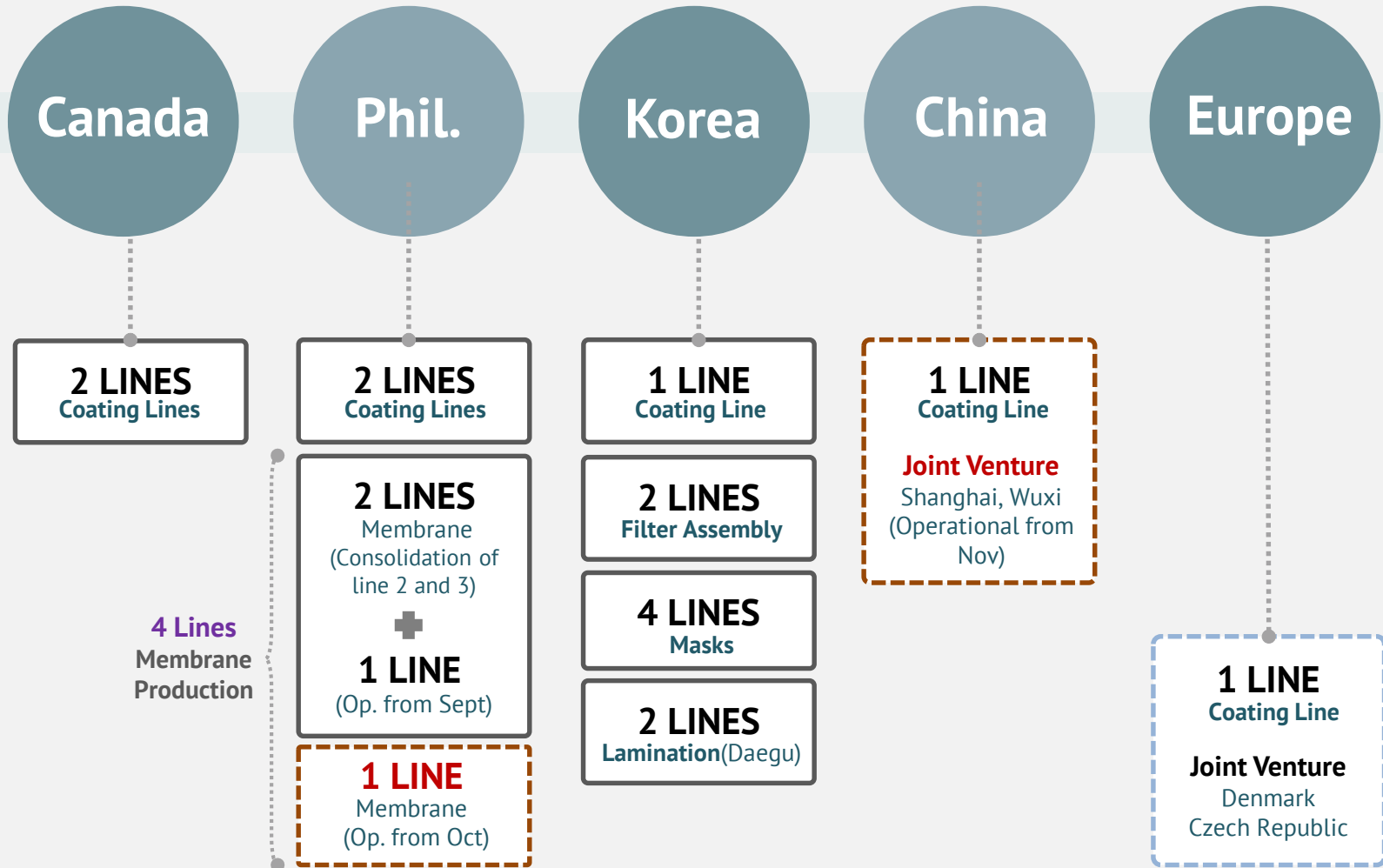
- China, Japan: Working with local agents to obtain distribution channels
- North America, Europe: Working with public and private constructors

▶ Differentiated Products for Each Application

- Diversify products that ensure high filter efficiency against fine dust, while maintaining outstanding air permeability
- Product development tailored to each market's needs
Application developments in tents, strollers and other consumer goods

Investment Update

Line Status (2017 Current)



Investment Update

2018 Investment Plans



Hwaseong Woojung Plant

Mask

- GMP Production Line
- 4 Mask lines
- Secondary processing and packaging line

Full Filter

- Automotive filter line
- ESP coating line

7B KRW

China JV Plant

2 Coating Line

Secondary Processing + QA / QC Equipment

4.54B KRW

Philippines Plant

4 Membrane Lines

(Includes Land & Building Expansion)

13.62B KRW

Total 25.16B KRW

► Masks

- Preparing production line to supply to the US Government
- Expected annual revenue : 24B-28B KRW

► China JV

- Completed preparation to meet demand in year 2 and 3

► Textiles

- Increased capacity to meet current demands
- From membrane alone, expected annual revenue : 32B-48B KRW

From full fabric standpoint, expected annual revenue approx. **100B-150B KRW**



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