

ANALYST PRESENTATION

Q1/2023

8th June 2023

President Automobile Industries PLC.

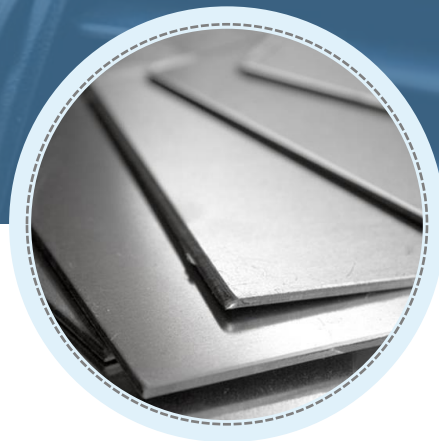


Q1/2023 HIGHLIGHT



PACO Display Strong Topline Growth of 21.0% YoY

- Operating Revenue in Q1/2023 was Baht 218.8 million, increased by 21.0% YoY
- Net profit was Baht 8.8 million, decreased from the same period last year mainly due to high cost of raw materials which forecasts to resume to normal in the upcoming quarters



Price of Raw Materials begins to Recover

- PACO's major raw material – Aluminum global prices have begun to decline resulting in an improvement in cost of goods sold



Obtained Deal by "Kubota" for Agri vehicle market

- During April 2023, PACO wins a deal from "Kubota" group to produce air conditioners for agricultural vehicles – construction vehicles ready to enter the Thai-ASEAN market



AGENDA

1

COMPANY OVERVIEW

2

STRATEGY & STRATEGIC
DIRECTION

3

FINANCIAL PERFORMANCE

4

INDUSTRY UPDATES &
2023 OUTLOOK



30 Years+
Of Experience

Highly experienced management team originated back from 1991 when “President Automobile Industries Co., Ltd.” was established

26 Countries
Of Operation

Strong foothold in Thailand and Abroad with presence in over 26 countries world-wide covering Asia, Europe, Africa, US and Australia

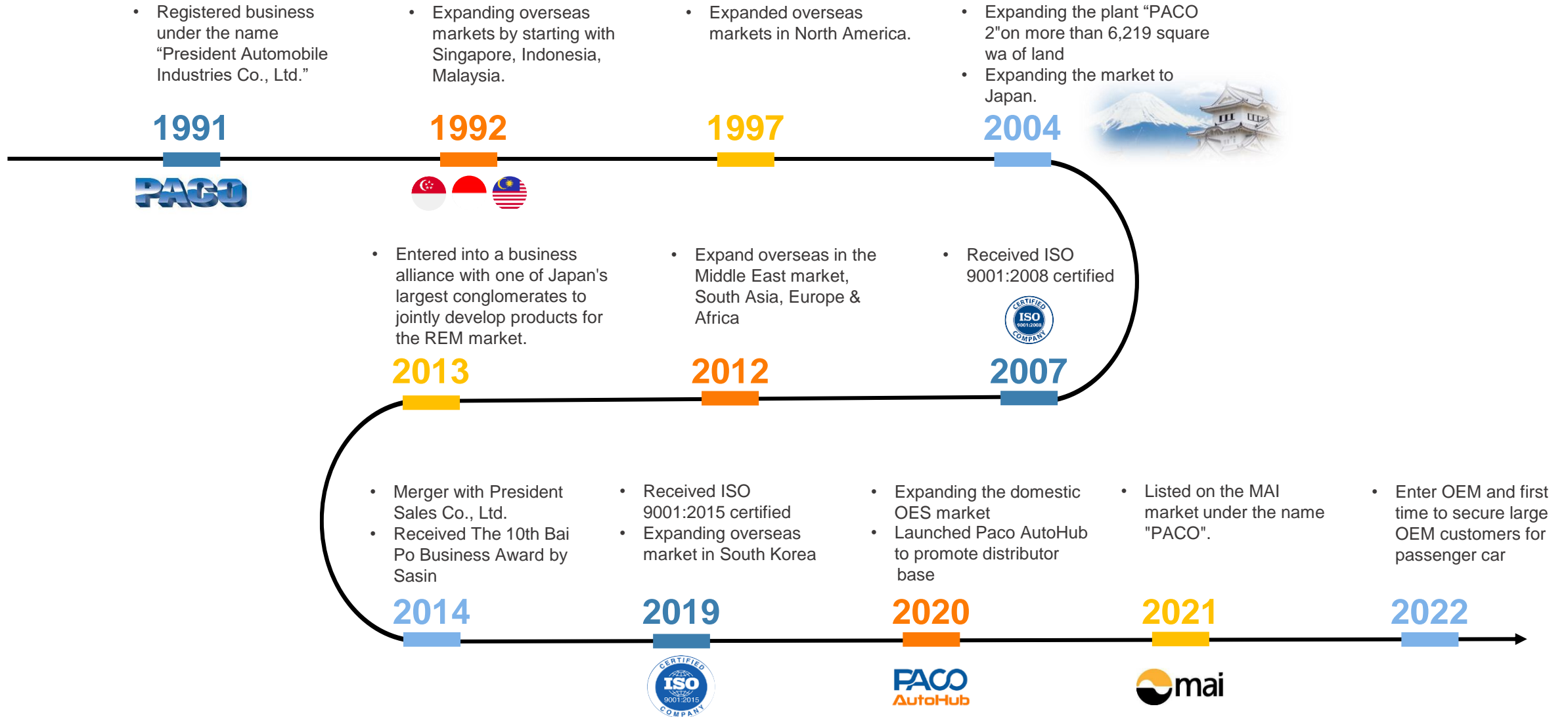
200
Branches
in 45 Provinces
across Thailand

Over 200 branches of **PACOAutoHub** across Thailand selling retail parts to car air-conditioner repair stores

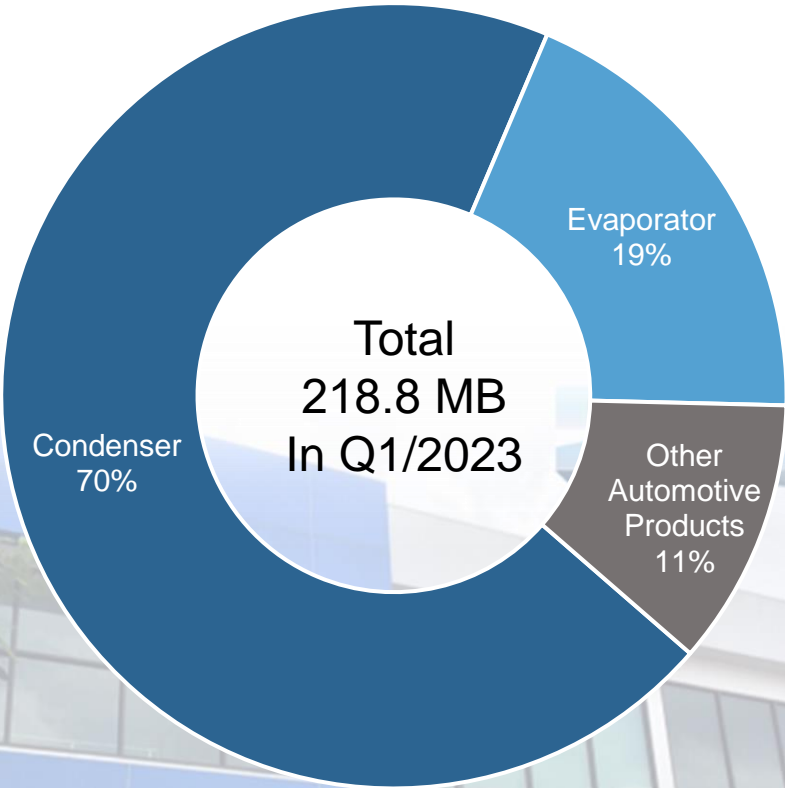
High
Product
Differentiation

PACO has over 2,000 SKUs for Air Conditioner products and over 1,000 SKUs for evaporator products allowing the Company to cover more than 90% existing car models in the market

COMPANY HISTORY



Revenue Structure by Product Type



Manufacturing

70% Condenser (Manufacturing)
Of revenue



19% Evaporator (Manufacturing)
Of revenue



1% Other Automotive Products (Manufacturing)
Of revenue



Radiator



A/C Hoses



Suspension

Trading

10% Other Automotive Products (Trading)
Of revenue



R.Drier, Exp. Valve and other accessories



Compressor



Intercooler



A/C Fan and Blower



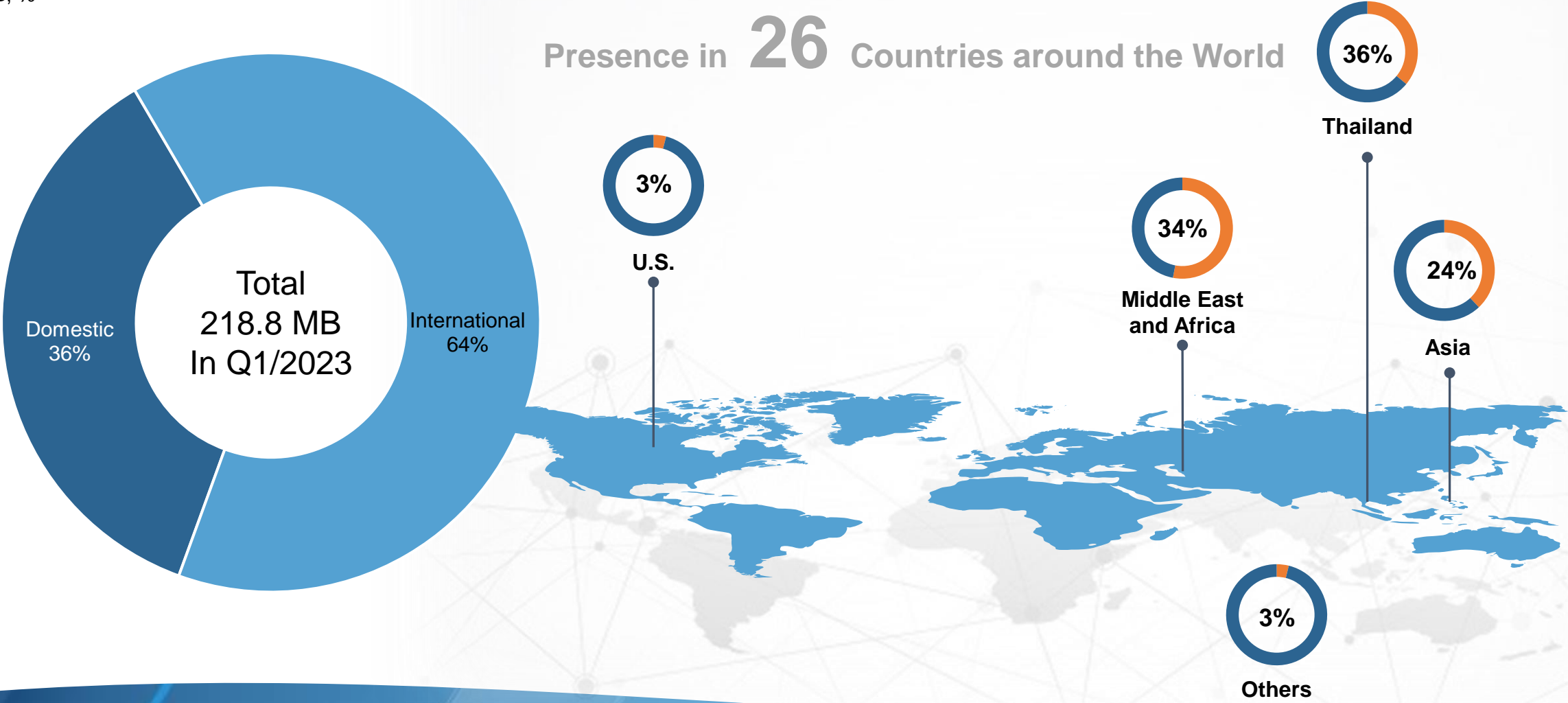
Refrigerant Gas

PACO MARKET BREAKDOWN



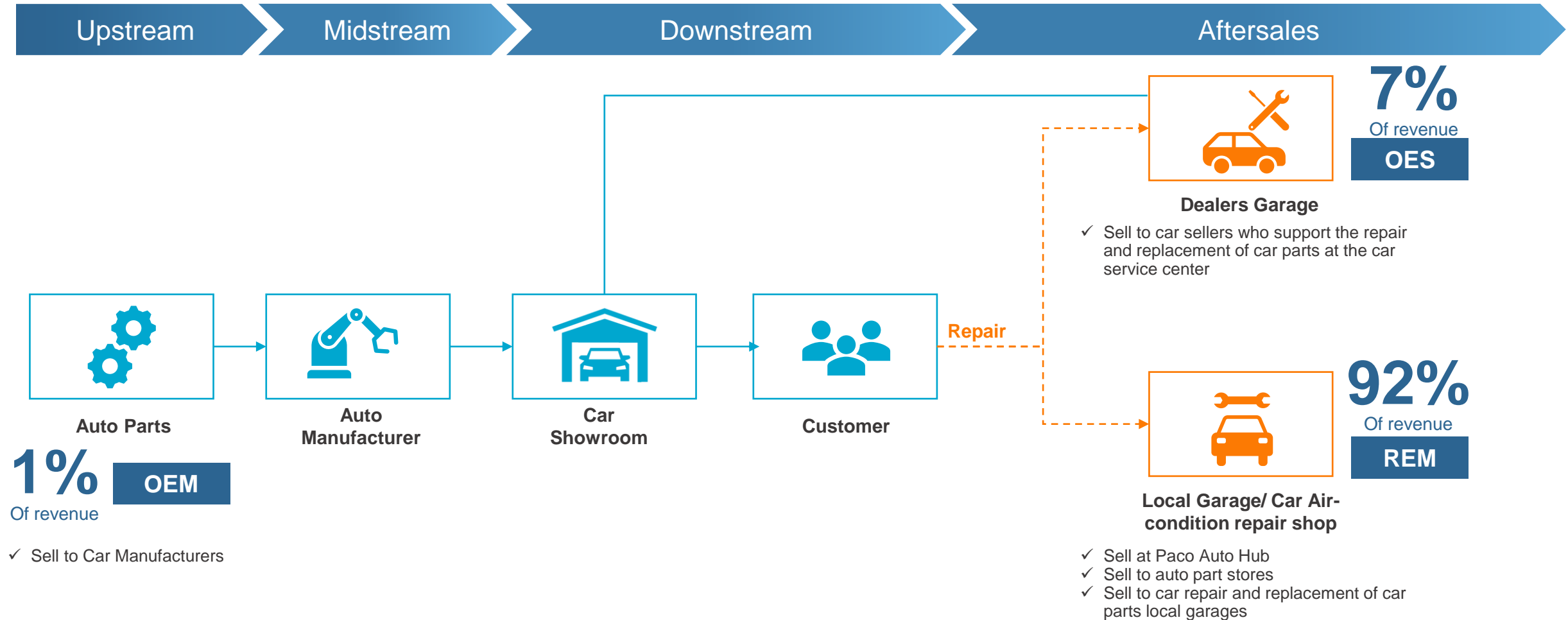
Revenue Structure by Country

Unit: MB, %



Others include European Region and Australia

PACO BUSINESS ALONG THE VALUE CHAIN



PACO ENSURES TO MAINTAIN COMPETITIVENESS



PACO KEY STRENGTHS



1 Leader in Aircon Parts with Strong Brand under PACO

- Cover more than 90% of all car models in the market
- Physical store un PACOAutoHub



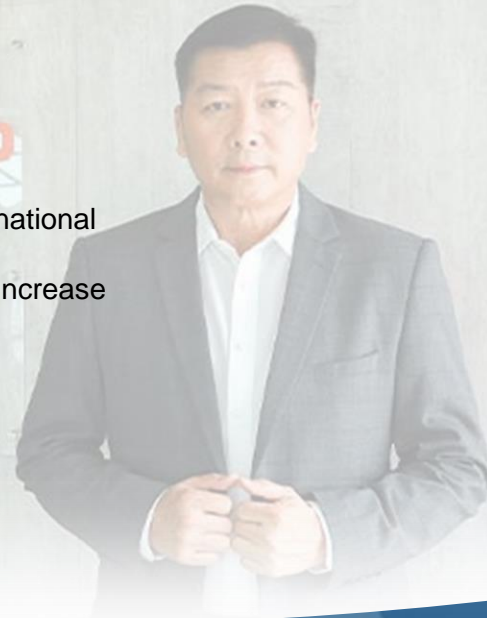
2 Innovation and Operational Excellence

- Technological advancement and New product development
- Top-class materials for production
- Highly dynamic and cater to fast-paced market trends (e.g. EV vehicles)



3 One Stop Service

- Provide high international-standard quality products to domestic and international markets
- Bring in other Brands (e.g. Valeo) to meet the needs of customers and to increase additional income for the Company
- Seamless aftersales services



PACO EXISTING FACILITIES



PACO Factory 1

Factory to produce component parts of condenser/evaporator

Capacity:

- 800 sq. m of office space
- 8,300 sq. m of factory space



PACO HQ and Factory 2

Factory to assemble evaporator, condenser and hose

Capacity:

- 1,000 sq. m of office space
- 7,000 sq. m of factory space
- 12,000 sq. m of warehouse space



Domestic Distribution Center

Capacity:

- 400 sq. m of office space
- 2,400 sq. m of warehouse space



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+20-25% CAGR

2025



Leading One-Stop-Service Auto-Parts Player in the Region

- Digitalizing operation and system
- Strengthen PACO brand for OES and REM
- Increase product coverage through new product categories

2024



Expansion for The Future

- Expanding capacity for growth
- Automating operation to enhance efficiency
- Capturing new customers
- Growing with EV market

2023



Capturing International Opportunities

- Growing in the international market
- Capturing relocating customers from China

EXPANDING CAPABILITIES OF CORE BUSINESS

- Strengthening PACO brand
- REM: Securing more volume domestically and internationally through acquiring new customers

INCREASING INTERNATIONAL COVERAGE

- Expand to Europe and South America region



STRENGTHENING PRESENCE ALONG THE VALUE CHAIN

- OEM: Capturing relocating car manufacturers from China
- OES: Enhancing collaboration with domestic and international players – extend to more collaboration in new regions such as US and Europe

INNOVATING NEW PRODUCTS AND R&D

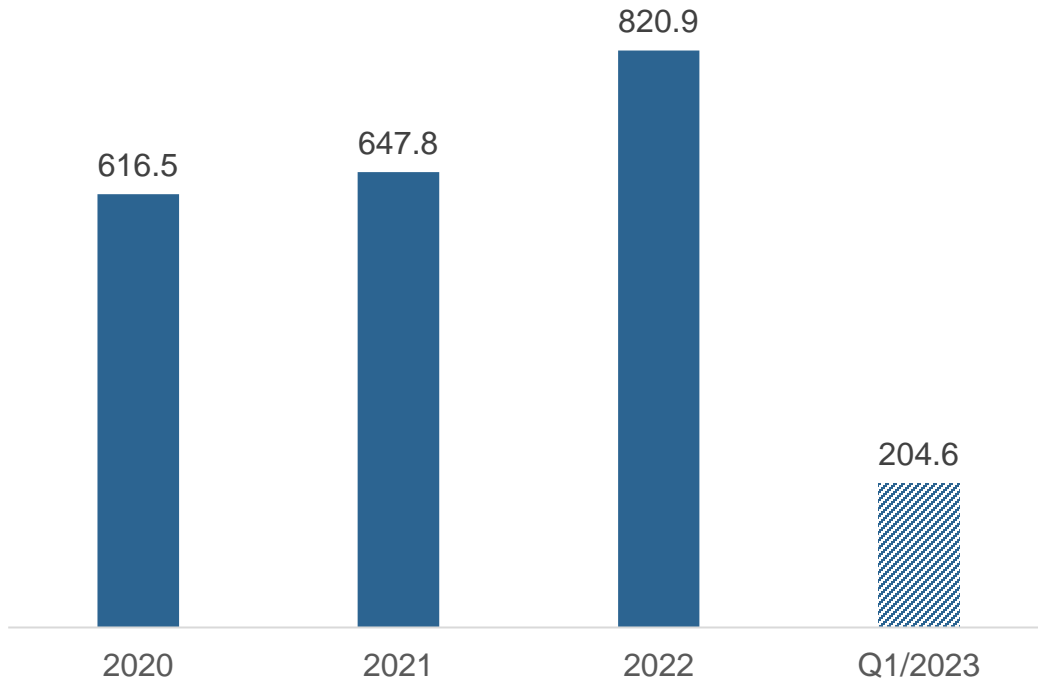
- Continuous product innovation to capture dynamic customer Demands
- Prepare and grow with EV market

EXPANDING CAPABILITIES OF CORE BUSINESS



Revenue from REM

Unit: Million Baht



- Economic slowdown have imposed positive impact to the Company's REM revenue has consumers are delaying in new car purchases resulting in more repair of existing cars
- The resolved issue of the container have allowed the Company to resume the exporting activities to Europe and US

Q1/2023 Progress



Kubota

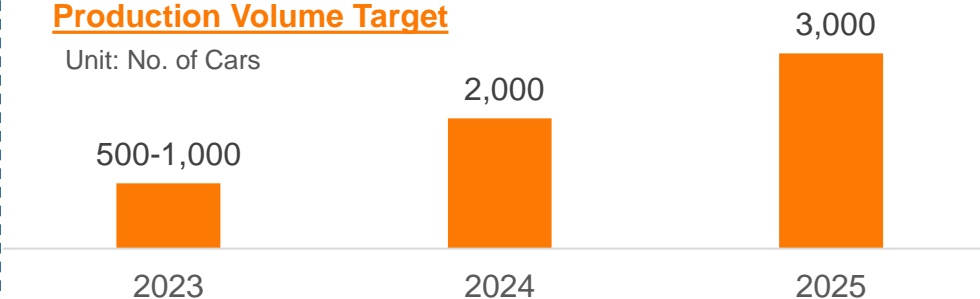
บริษัทกรรรมเกษตรเพื่ออนาคต

PACO has signed a contract to produce air conditioning parts for agricultural and construction vehicles with the Kubota Group

- **Models:** loaders, tractors, harvesters
- **Products:** air conditioning systems, evaporative coils, hot coils, compressors, refrigerant lines that cover a complete air conditioning system
- **Target:** Expand the market in Thailand and the ASEAN region
- **Revenue Recognition:** begin in Q2/2023

Production Volume Target

Unit: No. of Cars



6,000 cars
in 3 years

STRENGTHENING PRESENCE ALONG THE VALUE CHAIN



Expanding OEM Business



International Conflicts

Customers in US and Europe seek for new suppliers in different countries to reduce and diversify risks



High US Tariffs on China

US imposes high tariffs on China auto parts (25-30%) while tariffs in Thailand is significantly lower (3%)



Capture Relocating Customers from China

Several Auto manufacturers in China have relocated in Thailand to benefit from tax system. Examples include Meta, BYD, GWM, NEXT

➤ *To benefit from tax, factory must source certain parts domestically*



Ramping Up Volume for OES



Continuous Innovation

Seeking for new customers by continuous launching high quality, appearance and innovative parts to supply



Collaborate with New Regions

Seeking for collaboration/partners more in Europe and US from just focusing on Thailand's neighboring countries



INNOVATING NEW PRODUCTS AND R&D



COMPRESSOR

A/C HOSE



BATTERY COOLING PLATE



LOW TEMPERATURE RADIATOR



SUSPENSION
RUBBER AND ENGINE MOUNTING



RADIATOR



INTERCOOLER RADIATOR



INTERCOOLER



OIL COOLER

4 New Product Lines
286 New SKUs

4 New Product Lines
315 new SKUs

1 New Product Lines
121 new SKUs

2021

2022

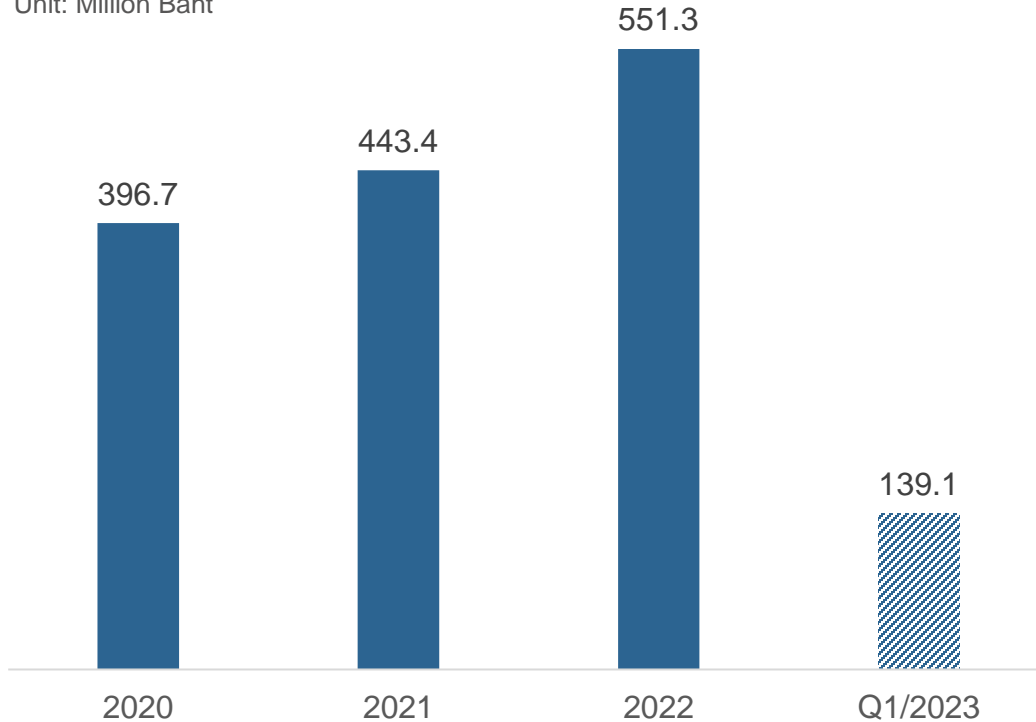
2023

INCREASING INTERNATIONAL COVERAGE



Revenue from International Business

Unit: Million Baht



- The performance for international business has displayed continuous growth and Q1/2023 performance has exceeded target
- PACO have continuously collaborated and **worked with dealers** in over 26 countries around the world to ensure consistent performance

Key markets where PACO have supporting Components

- Middle east
- America
- Japan
- Southeast Asia

Primary Markets with some Parts

- Europe
- China
- South America
- Russia

Countries which import cars from key markets and primary markets

- Africa
- Central America
- Australia
- New Zealand

Total Existing Countries

- Australia
- Argentina
- Bangladesh
- Brazil
- Cambodia
- China
- Indonesia
- Iran
- Iraq
- Italy

- Japan
- Kuwait
- Laos
- Malaysia
- Myanmar
- Oman
- Philippines
- Qatar
- Saudi Arabia
- Singapore

- South Africa
- South Korea
- Sri Lanka
- United Arab Emirates
- United States
- Vietnam

New Target Countries

- Germany
- Egypt
- Russia
- Netherland



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Q1/2023 FINANCIAL HIGHLIGHT

Operating Revenue

218.8 MB

▼ 7.1% QoQ

GPM and NPM

Q1/2023

11.4%

▼ 0.6% QoQ

Q1/2023

1.5%

▲ 0.6% QoQ

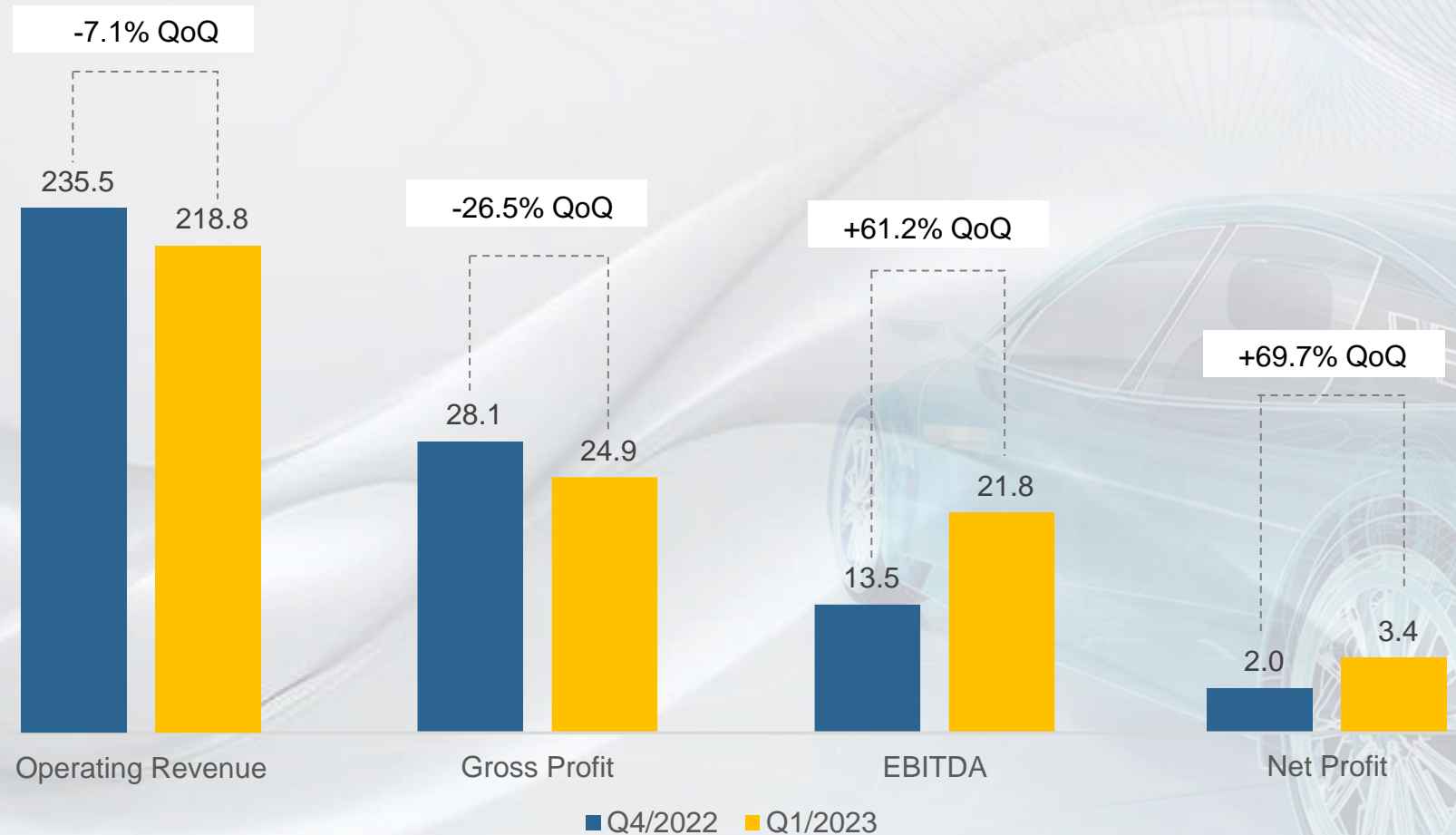
ROA and ROE

5.18%

7.44%

Unit: Million Baht, %

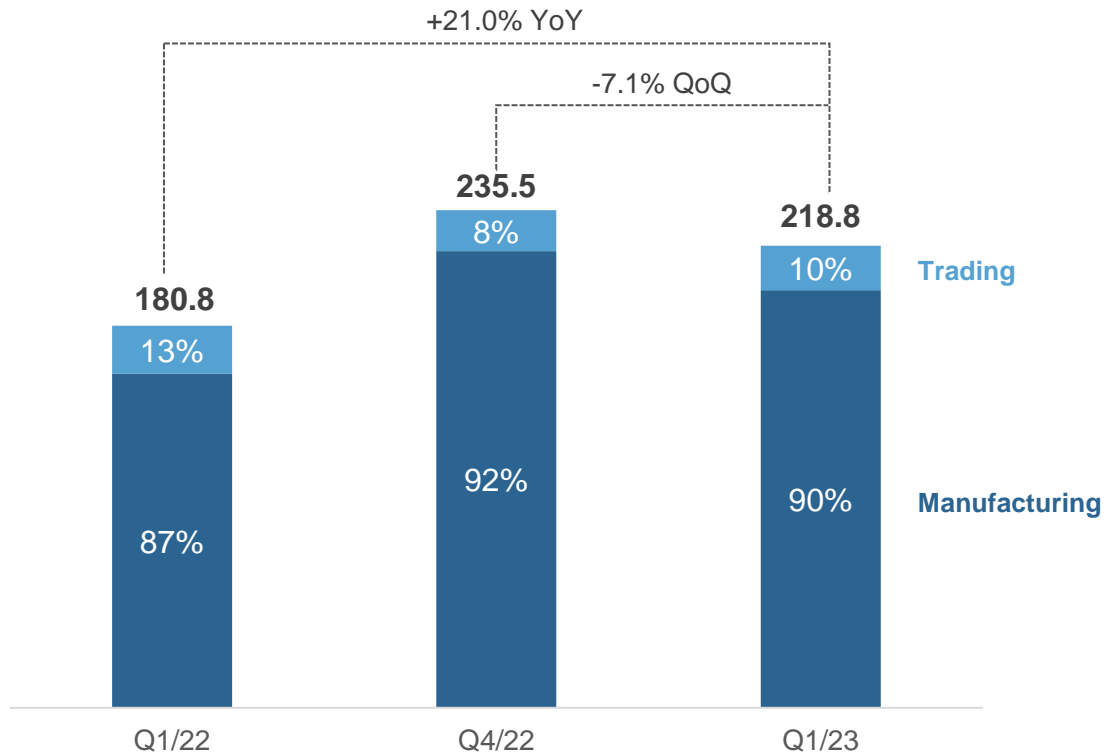
Financial Summary



OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY CHANNEL

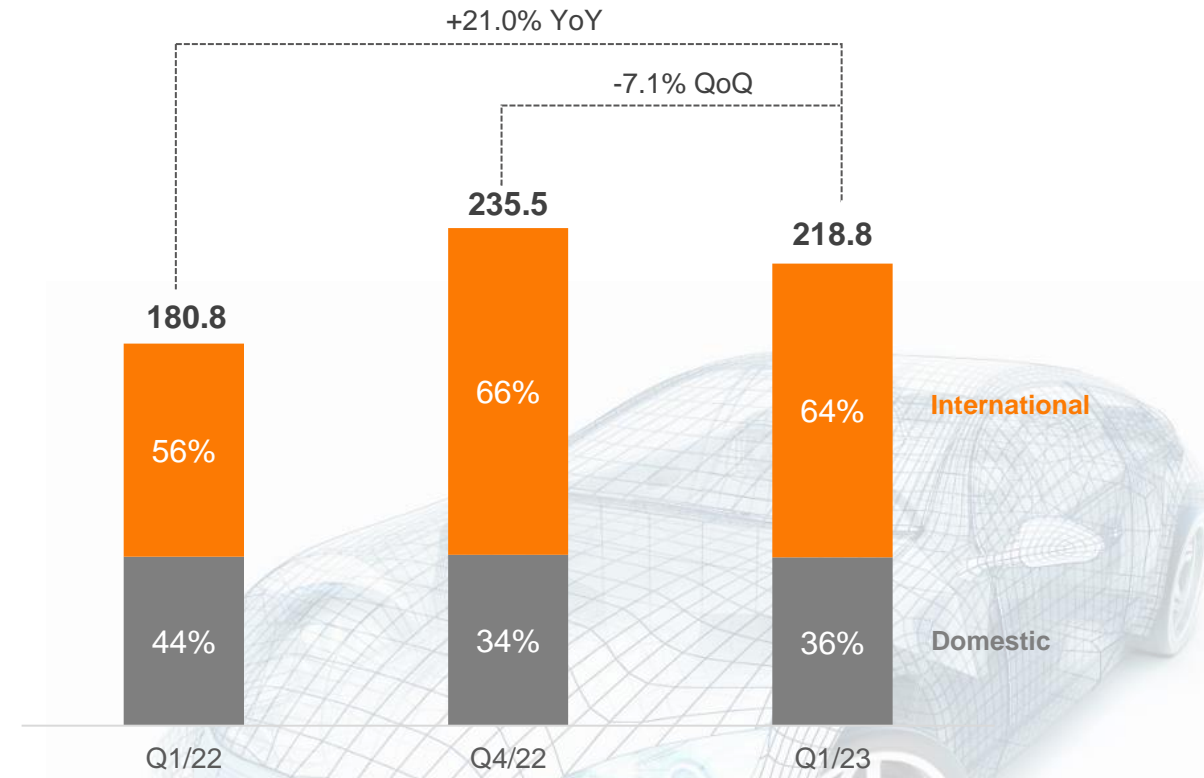
Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

In Q1/2023, the Operating revenue of Baht 218.8 million, increased by Baht 38.0 million or 21.0%, mainly due to:

- Increased production capacity to support the increased demand from international customers



QoQ: Q1/23 vs Q4/22

In Q1/2023, the Operating revenue of Baht 218.8 million, decreased by Baht 16.7 million or 7.1%, mainly due to:

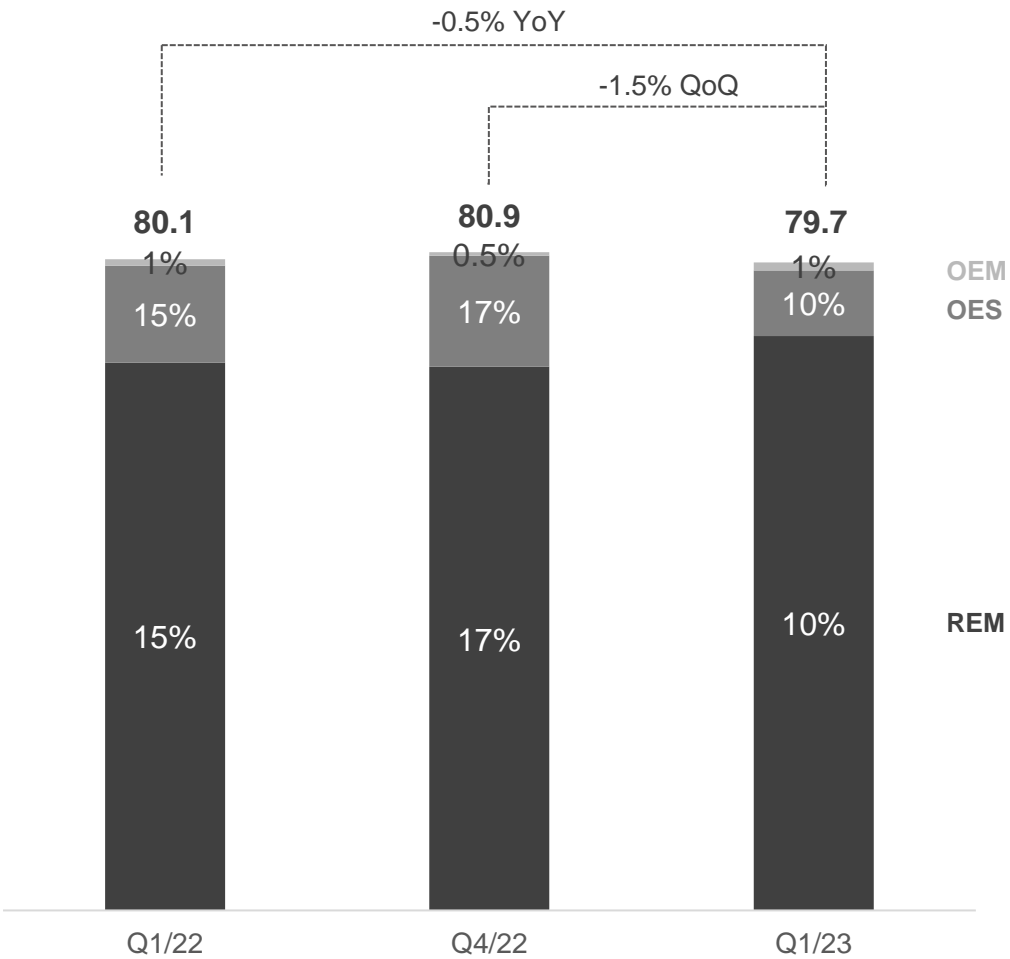
- Decreased revenue in both domestic and international revenue due to decreased demand
- While increased revenue from trading due to the increased sale of refrigerant and intercooler

DOMESTIC SALES PERFORMANCE



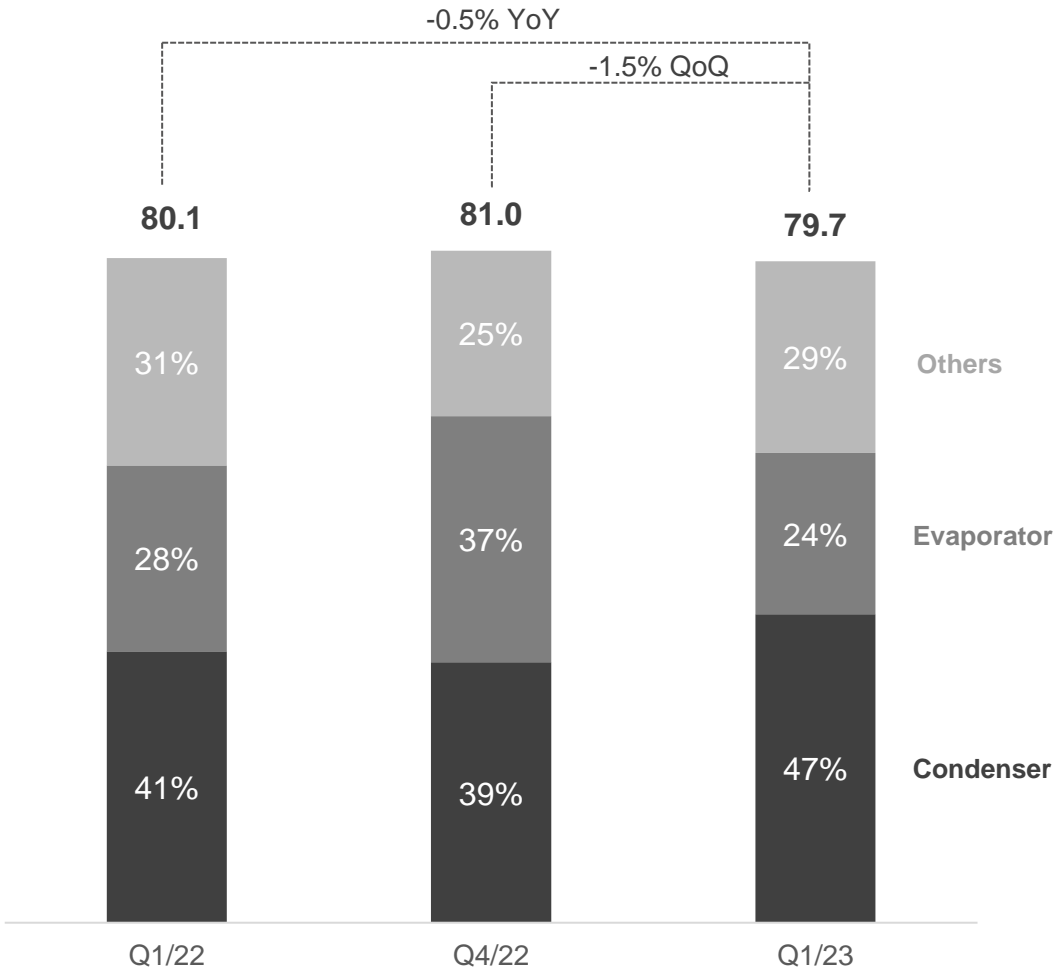
OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %



OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %

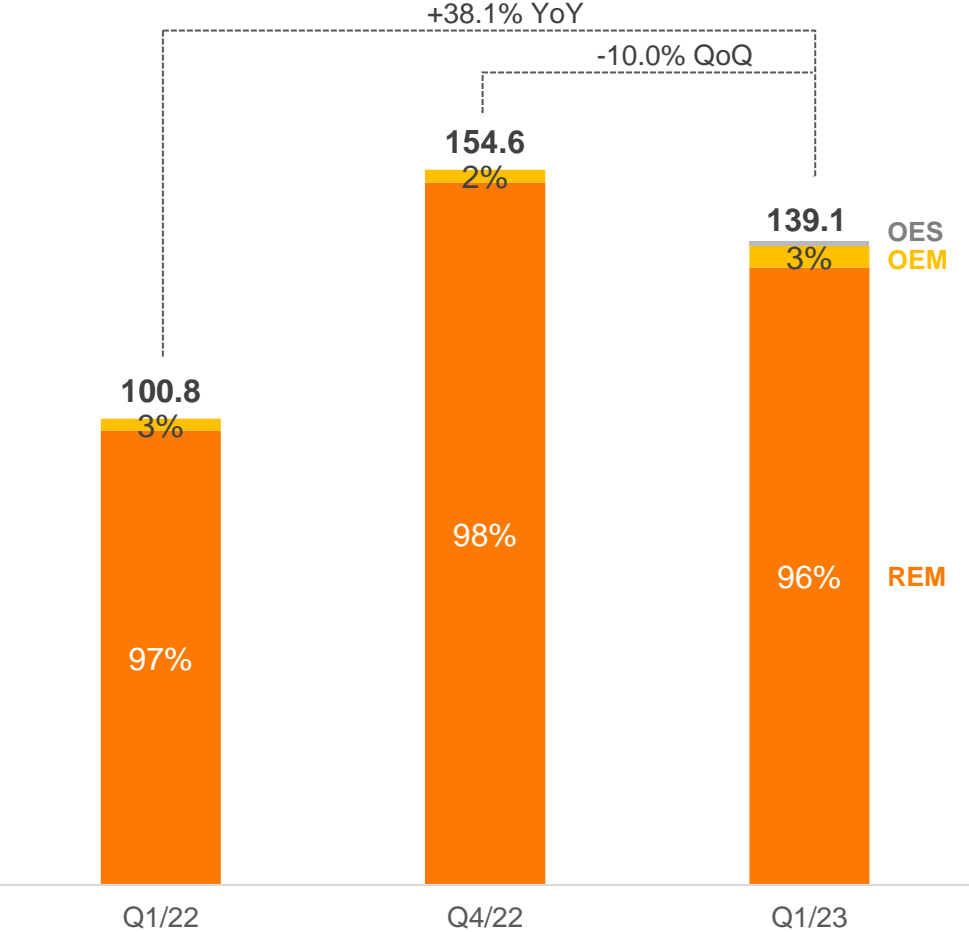


INTERNATIONAL SALES PERFORMANCE



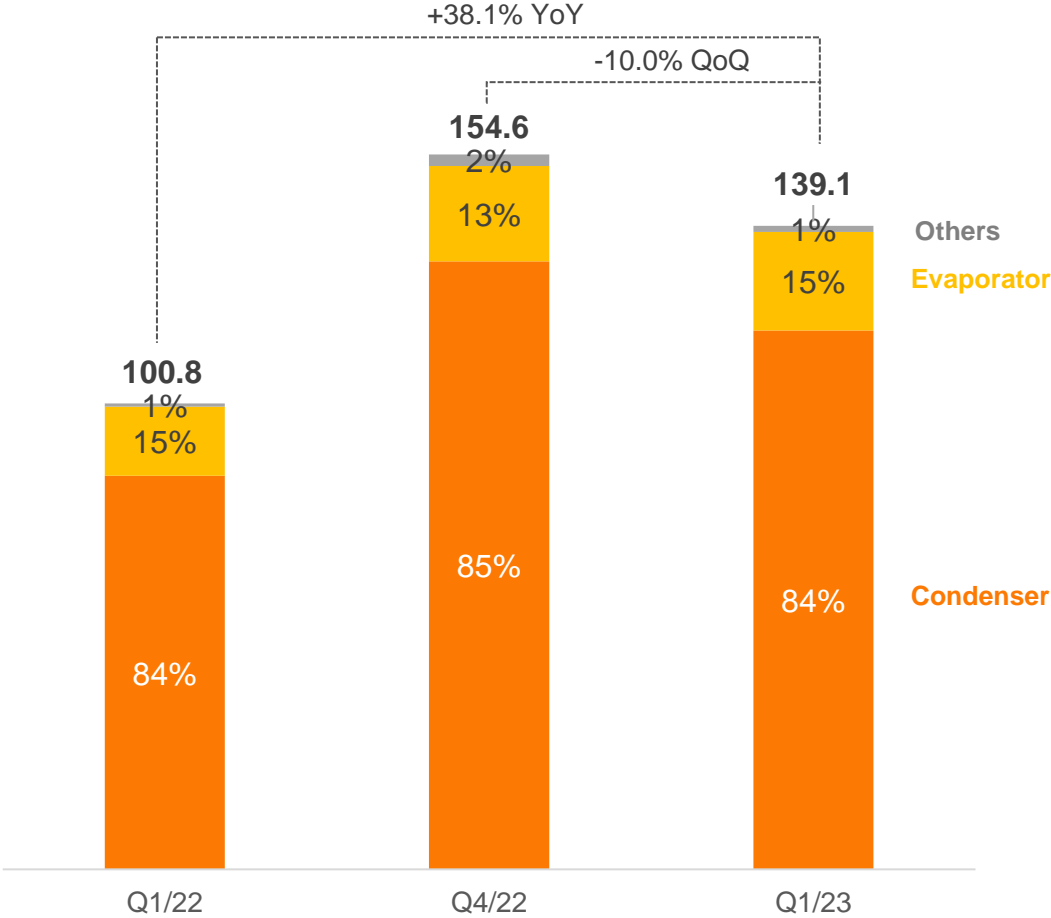
OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %



OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

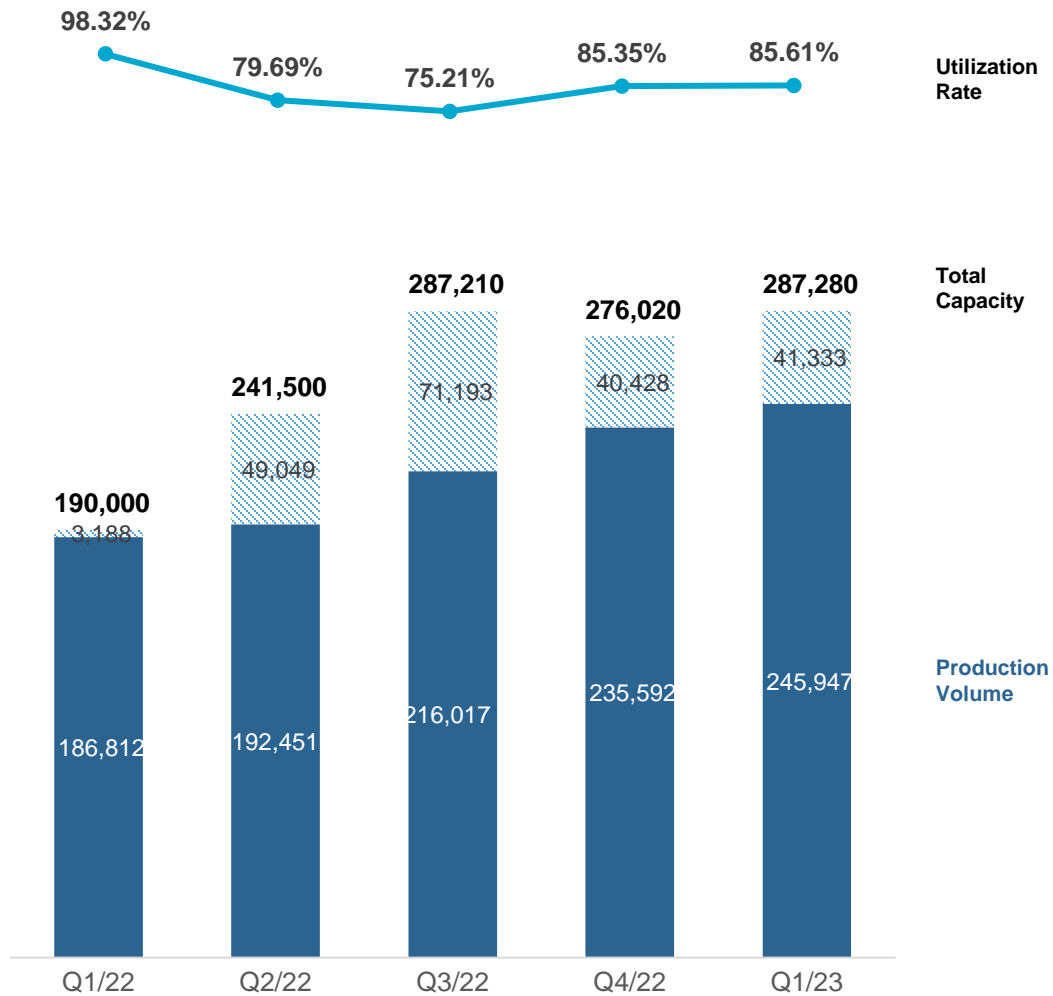
Unit: Million Baht, %



EFFICIENCY

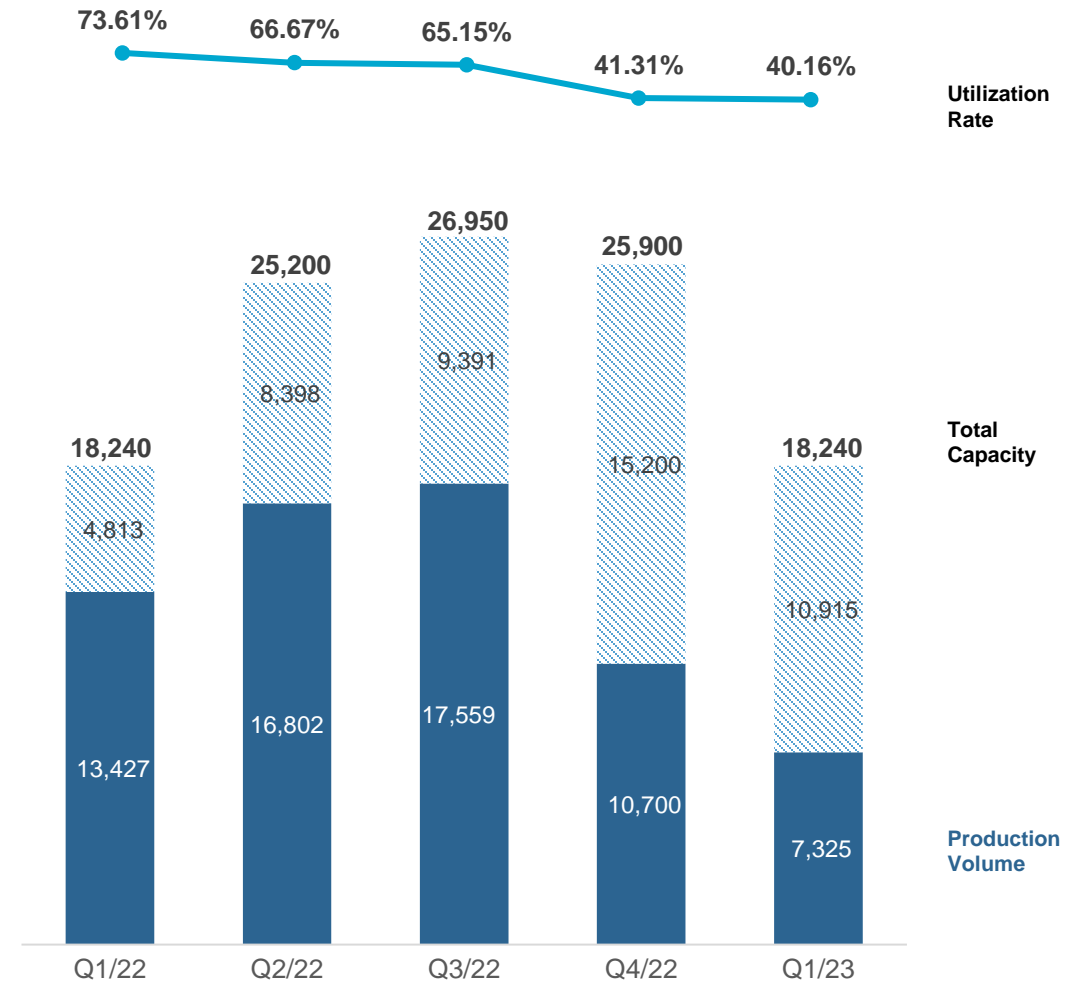
CONDENSER

Unit: Number of unit, % Utilization



EVAPORATOR

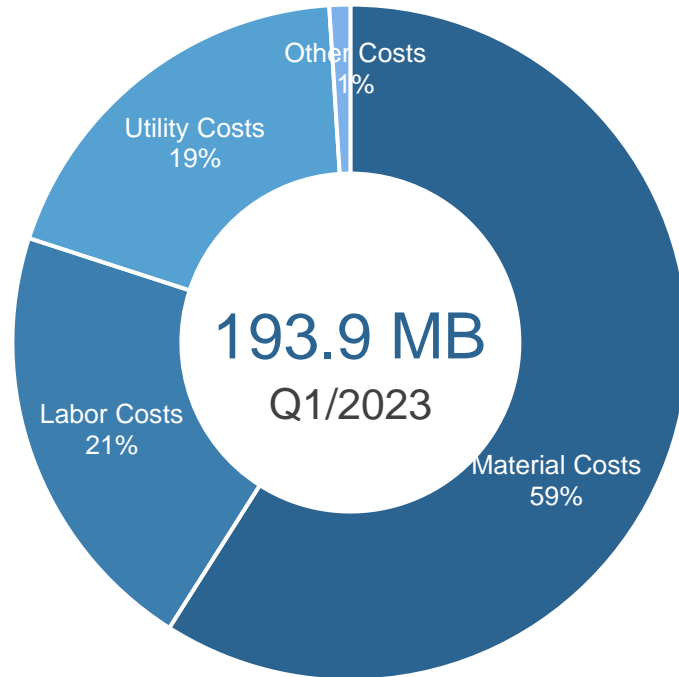
Unit: Number of unit, % Utilization



COST OF GOOD SOLD

MANUFACTURING

Unit: Million Baht, %



ALUMINUM MARKET PRICE

Unit: USD/ton



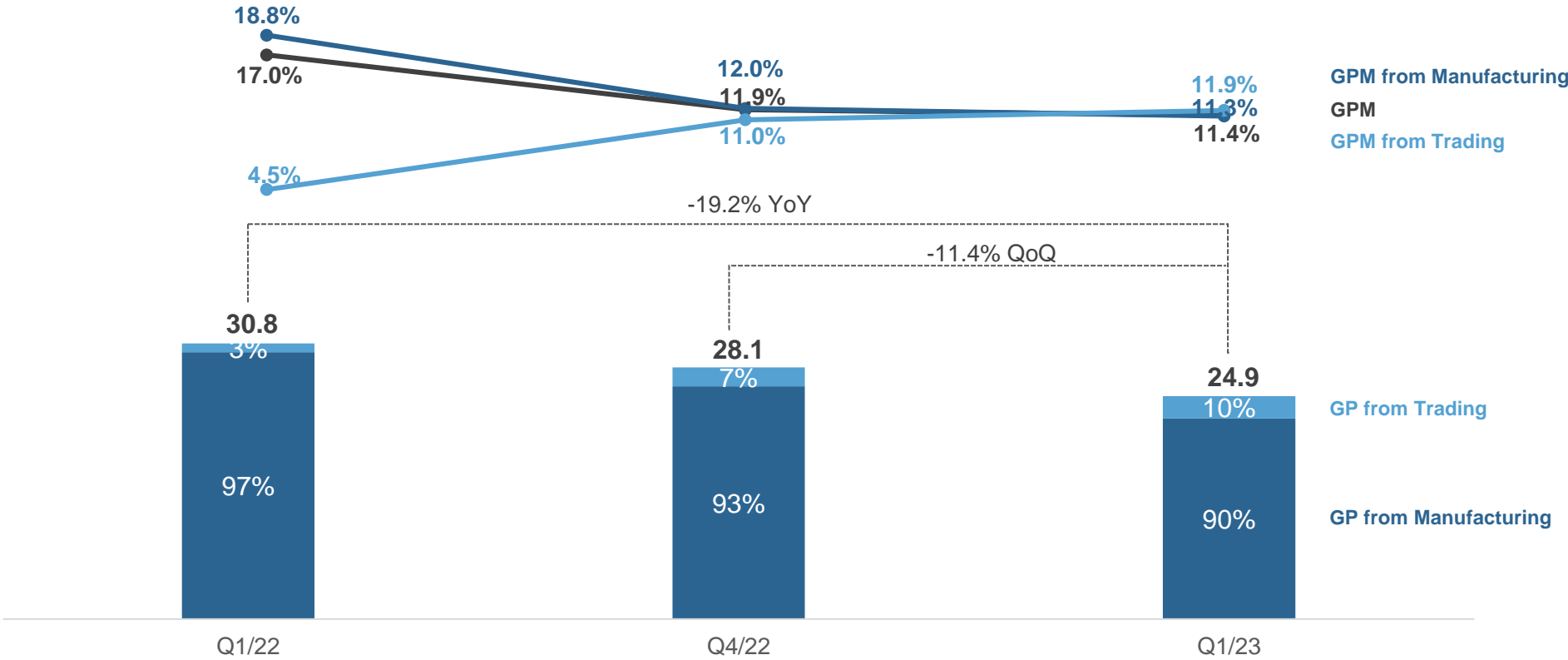
Source: Investing.com

- COGS mainly comprises of raw materials 59% where most of raw materials consumed by PACO is aluminum. Followed by labor 21% and utilities 19%
- The increase in COGS is due to increased sale revenue as well as an increase in material price, labor cost, and electricity costs

GROSS PROFIT AND GROSS PROFIT MARGIN

GROSS PROFIT AND GROSS PROFIT MARGIN BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Gross profit was Baht 24.9 million in Q1/2023, decreased by Baht 5.9 million or 19.2% from Q1/2022, mainly due to increase in minimum wage and electricity price.

Gross Profit Margin was 11.4%, decreased from 17.0% in Q1/2022, mainly due to increase in minimum wage and electricity price.

QoQ: Q1/23 vs Q4/22

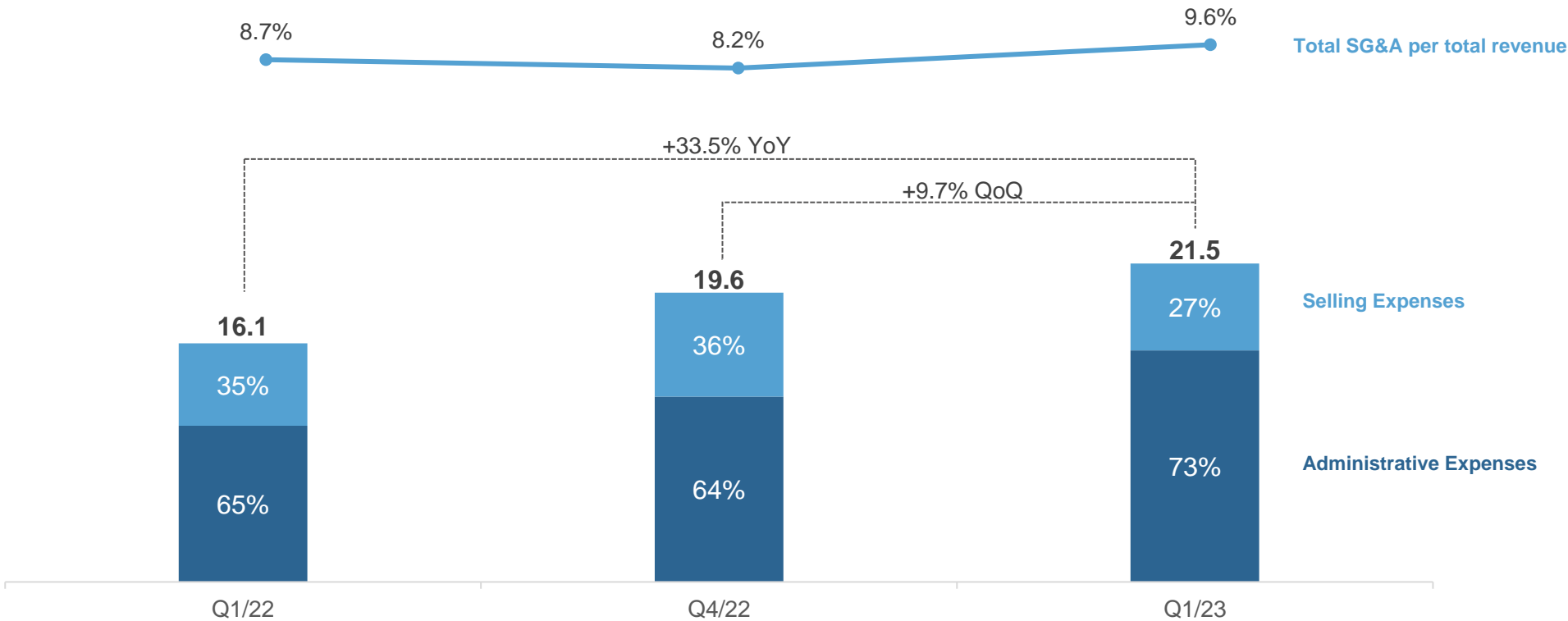
Gross profit was Baht 24.9 million in Q1/2023, decreased by Baht 3.2 million or 11.4% from Q4/2022, mainly due to increase in minimum wage and electricity price.

Gross Profit Margin was 11.4%, slightly increased from 11.9% in Q4/2022, displaying the ability of the Company to maintain profitability.

SELLING & ADMINISTRATIVE EXPENSES

SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Selling & administrative expense was Baht 21.5 million, increased by Baht 5.4 million or 33.5% mainly due to increase in transport expense, loss from forward currency contract, allowance for doubtful debt, expenses from capital increase, and compensation fund

Selling and Administrative expenses per total revenue was 9.6%, increased from 8.7% in Q1/2022 mainly due to the increase in total revenue at a lower proportion than the increase in total expenses

QoQ: Q1/23 vs Q4/22

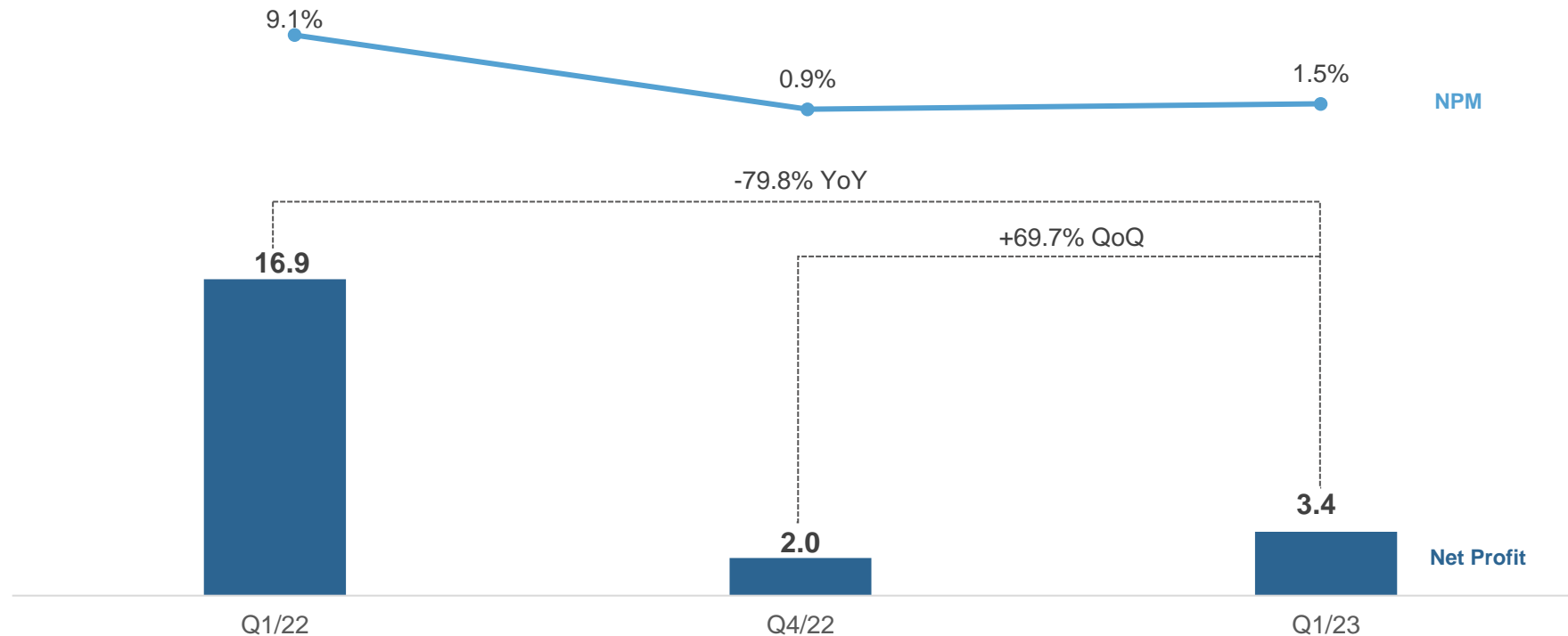
Selling & administrative expense was Baht 21.5 million, increased by Baht 1.9 million or 9.7% mainly due to compensation fund, expenses from the capital increase, allowance for doubtful debt, and loss from forward currency contract

Selling and Administrative expenses per total revenue was 9.6%, increased from 8.2% in Q4/2022 mainly due to the increase in total revenue at a lower proportion than the increase in total expenses

NET PROFIT

NET PROFIT AND GROSS PROFIT MARGIN

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Net profit was Baht 3.4 million, decrease by Baht 13.5 million or 79.8% mainly due to:

- Increased minimum wage and electricity price
- Increased administrative expense due to the loss from forward currency contract, allowance for doubtful debt, expenses from capital increase, and compensation fund
- Increased loans for working capital and increase in interest rates

Net Profit Margin was 1.5%, decreased from 9.1% in Q1/2022, mainly due to increase in minimum wage and electricity price and administrative expense

QoQ: Q1/23 vs Q4/22

Net profit was Baht 3.4 million, increase by Baht 1.4 million or 69.7% mainly due to:

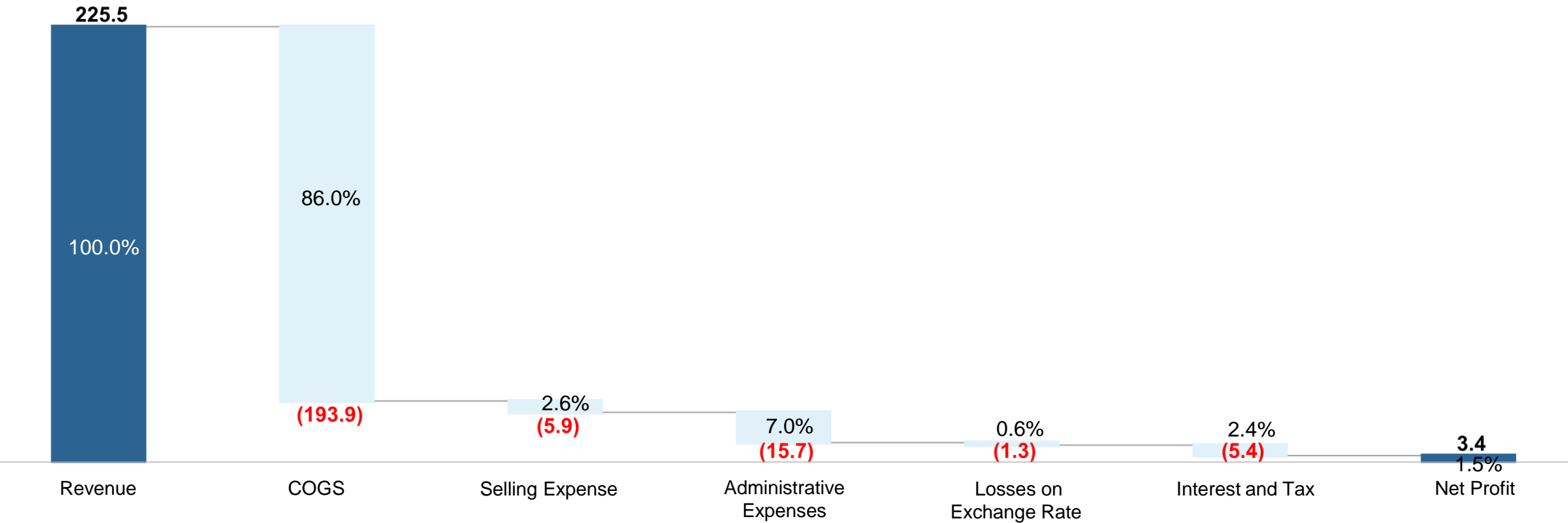
- Decreased loss from the exchange rate

Net Profit Margin was 1.5%, increased from 0.9% in Q4/2022, displaying the ability of the Company to manage expenses effectively

PROFIT AND LOSS STATEMENT IN Q1/2023

PROFIT AND LOSS STATEMENT IN Q1/2023

Unit: Million Baht, %



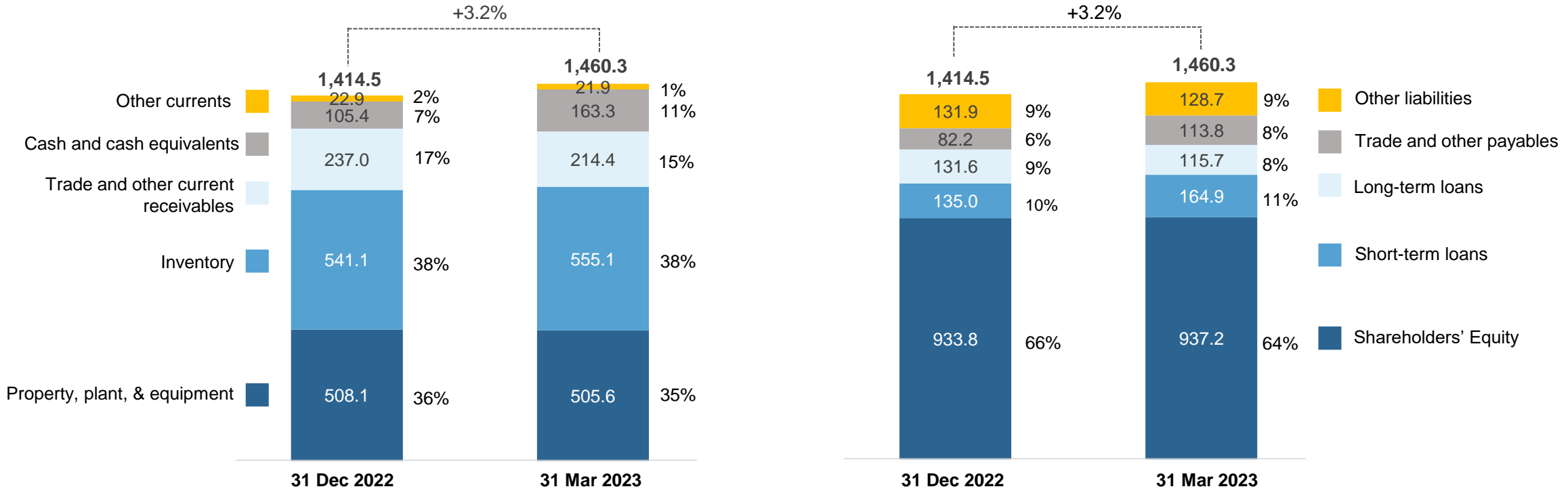
Q1/23 Analysis

- The company has a total revenue of Baht 225.5 million and a total cost structure of 96.2% of total revenue, with cost of goods sold accounting for 86.0% of total revenue, other costs accounting for 10.2% and interest and tax accounting for 2.4%. The company's cost structure demonstrates its ability to manage costs efficiently. As a result, the company generates a net profit of Baht 3.4 million, or 1.5% of total revenue

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 31 March 2023, the total assets were Baht 1,460.3 million increase by 45.7 million Baht or 3.2% from 31 December 2022 mainly due to:

- **Cash and Cash Equivalent:** increased due to the cash received during Q1/2023
- **Inventory:** increased due to support the customer demand

Liability

As of 31 March 2023, the total liabilities were Baht 523.1 million, increased by Baht 42.3 million or 8.80% from 31 December 2022 mainly due to:

- **Short-term loans:** increased for working capital
- **Account Payable:** increased from a higher purchase of raw materials

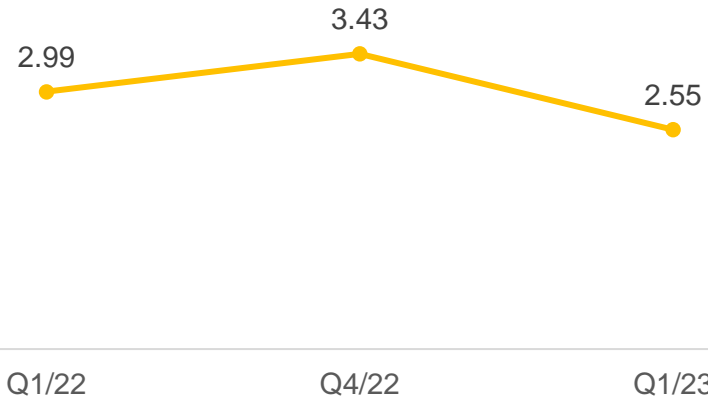
Shareholders' Equity

- As of 31 March 2023, the total shareholders' equity were Baht 937.2 million, increase Baht 3.4 million or 0.4% from 31 December 2022 from the net profit

KEY FINANCIAL RATIOS

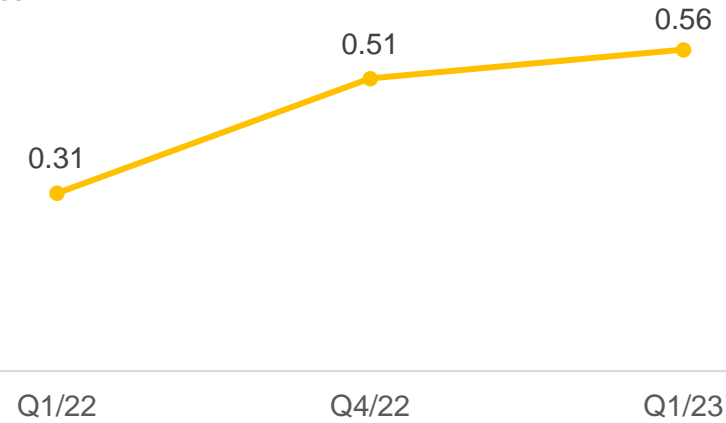
CURRENT RATIO

Unit: Times



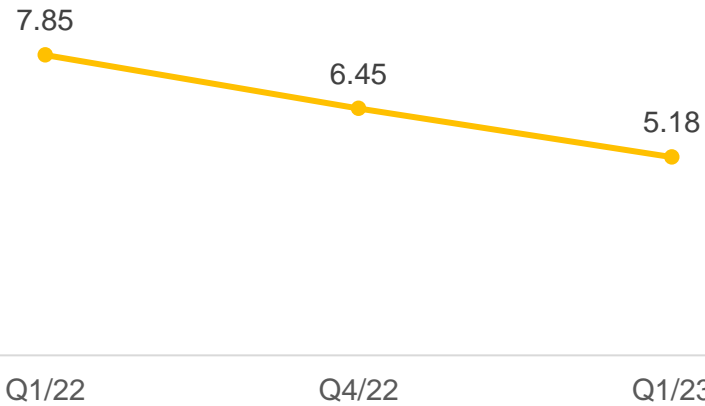
D/E RATIO

Unit: Times



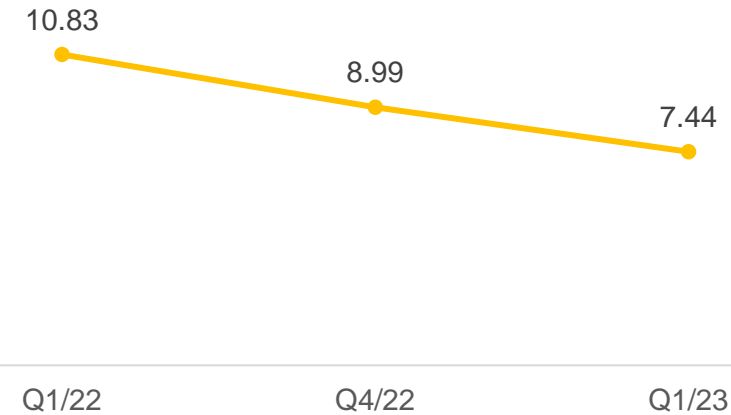
ROA

Unit: %



ROE

Unit: %





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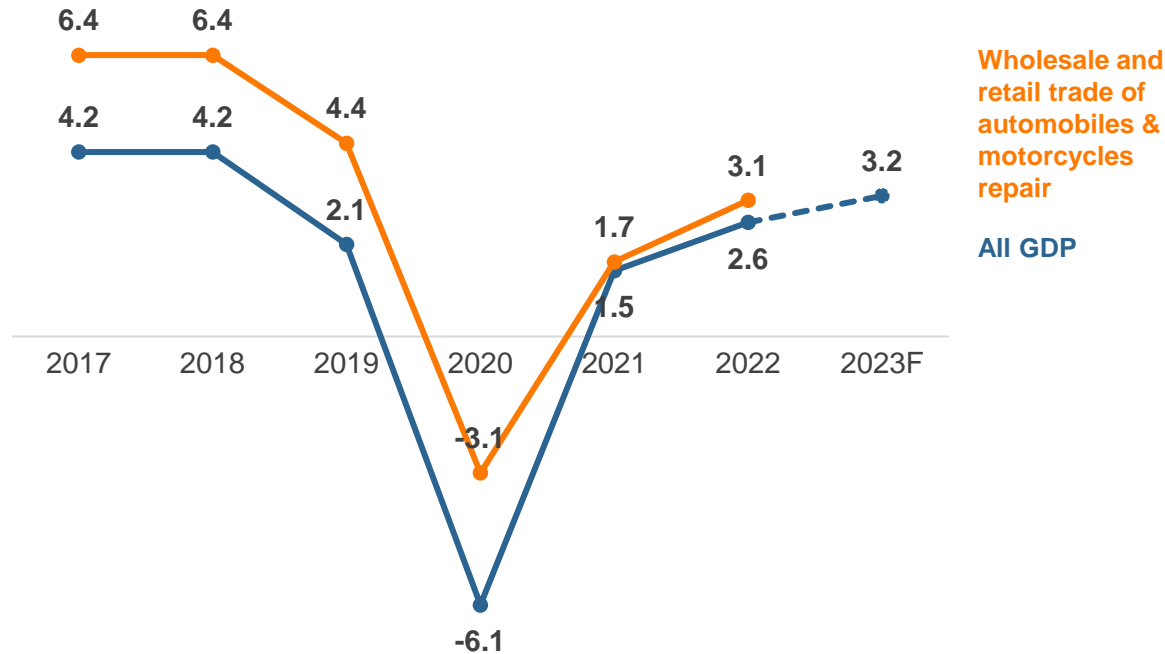
FINANCIAL PERFORMANCE

4

**INDUSTRY UPDATES &
2023 OUTLOOK**

Thailand's GDP Growth Rate

Unit: %

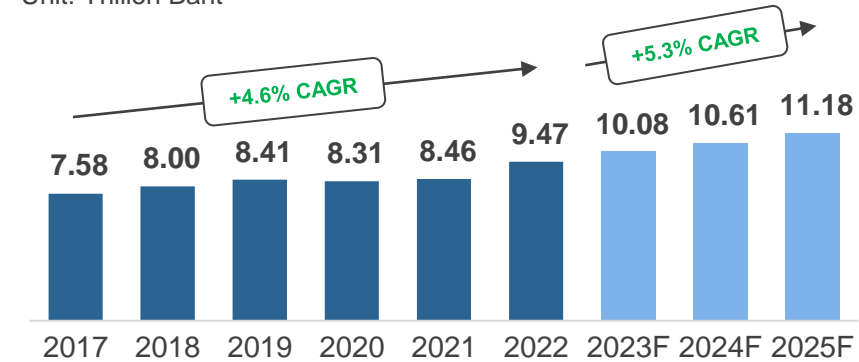


Source: NESDC

- Wholesale and retail trade of automobiles and motorcycles repair grows in line with the overall GDP at the higher rate.
- In addition, GDP growth rate in 2023 is expected to increase at approximately 3.2%

Private Final Consumption Expenditure

Unit: Trillion Baht



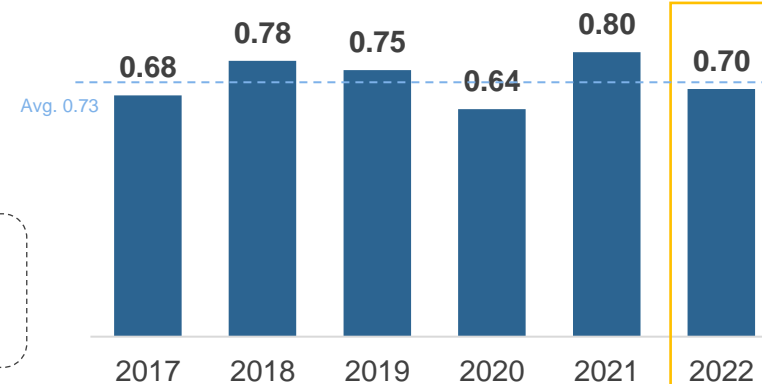
Source: Euromonitor

PFCE is expected to continuously grow at 5.3% in 2023-2025 mainly from:

- Tourism sector
- Agricultural sector
- The recovery of labor market

Thailand Auto Part Export Value

Unit: Trillion Baht



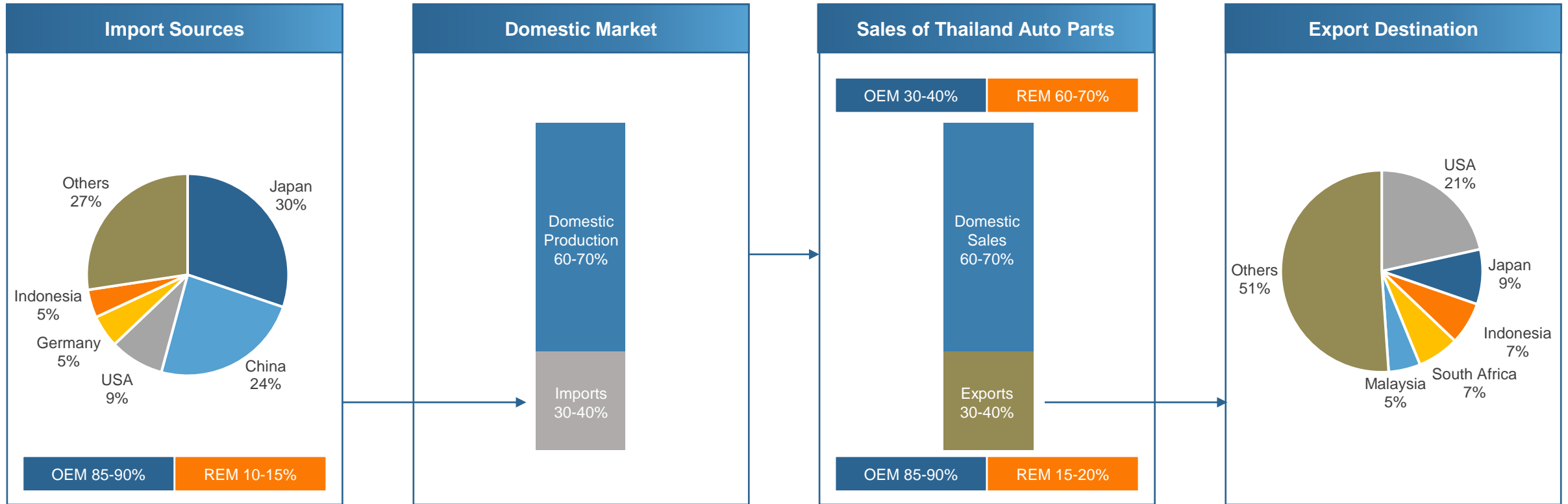
Source: Thai Automotive Institute

4 Major Export Countries

- 1 USA: 26%
- 2 Japan: 5%
- 3 Indonesia: 4%
- 4 Malaysia: 4%

Thailand Auto Parts Landscape

Thailand Auto Part (2021)



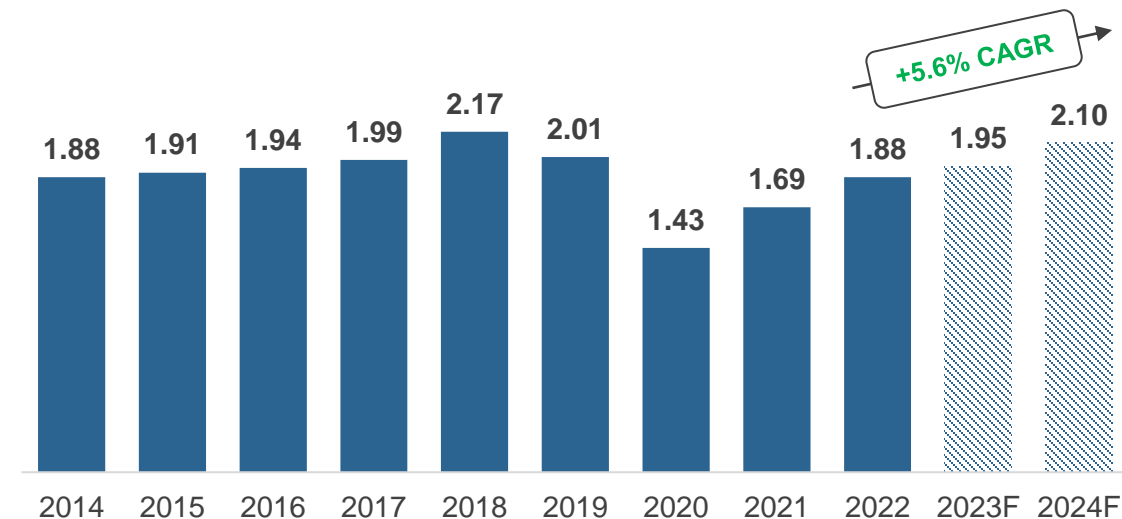
Source : Krungsri Research - Industry Outlook 2023-2025: Auto Parts Industry

Additionally, OEM market is expected to grow by 5.6% in 2024 due to the increasing automotive production while REM market is expected to grow, corresponding to the higher number of cars aged more than 5 years

OEM

Thailand's Automotive Production

Unit: Million Cars



Source : Statista, Krungthai Compass

Key Takeaways:

- The OEM market is forecasted to grow, corresponding to the growth of the automotive production of 5.6%, reaching 2.10 million units in 2024. The growth in was driven by:



1. The easing of the semiconductor shortage resulting in the increasing automobile production from outstanding orders.



2. The recovery of the domestic auto market and auto export markets in line with the economic recovery.

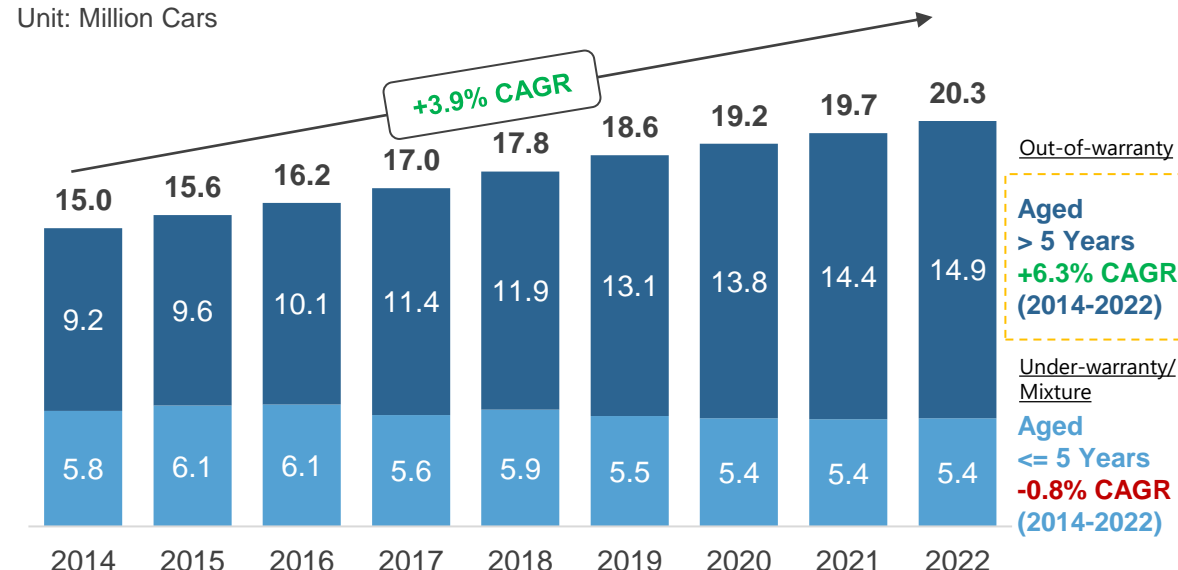


3. Trend of electric vehicles supported by the government.

OES/REM

Cumulative Registered Automobiles in Thailand

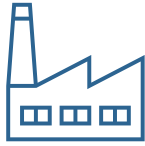
Unit: Million Cars



Source: Department of Land Transport

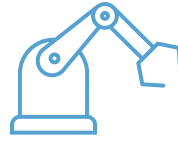
Key Takeaways:

- Cars of age <5 have a mixture between under-warranty and out-of warranty while cars aged >5 are all out-of warranty. **This imposes opportunities for aftermarket – OES and REM market**
- Cumulative cars with aged >5 years has been growing at 6.3% CAGR from 2014-22
- The older vehicles have the higher mileage, the more the need for replacement parts inevitably.



**Capturing Relocating
Customers from China**

- Capture large opportunities from auto factories that have relocated from China who must source certain auto parts in Thailand



**Invest in additional capacity
to expand US Market**

- Invest in 1-2 additional machines to increasing production of existing products to expand the US market



**New Product to
Capture EV Segment**

- Study and develop the battery cooler product to support growing EV trends

PACO aims to achieve 20-25% growth in 2023

THANK YOU



Please kindly give us your feedback



IR CONTACT

Name:

Email:

Tel: