

# ANALYST PRESENTATION

**Q3/2023**

7<sup>th</sup> December 2023

President Automobile Industries PLC.

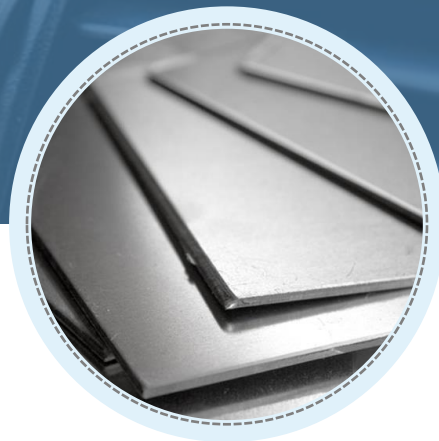


# Q3/2023 HIGHLIGHT



## PACO Display Strong Net Profit Growth of 32.7% QoQ

- Operating revenue was Baht 278.6 million in Q3/23 increased by 3.8% QoQ
- Net profit increased by 32.7% QoQ to Baht 31.7 million in Q3/2023 and NPM increased from 8.3% to 10.8% in Q3/2023



## Material Cost Gradually Decline Resulted In Better GP

- The Company's Cost of raw materials for production (aluminum price) have gradually declined and have been stabilized



## Project with Kubota Exceeds Target

- After winning the deal in April 2023, PACO have began supplying parts to Kubota in which Q3-Q4/2023 supplied units have exceeded target and 2024 targets have been adjusted, increasing from 2,000 units to 3,000 units



# AGENDA

1

**COMPANY OVERVIEW**

2

FINANCIAL PERFORMANCE

3

2024 STRATEGY

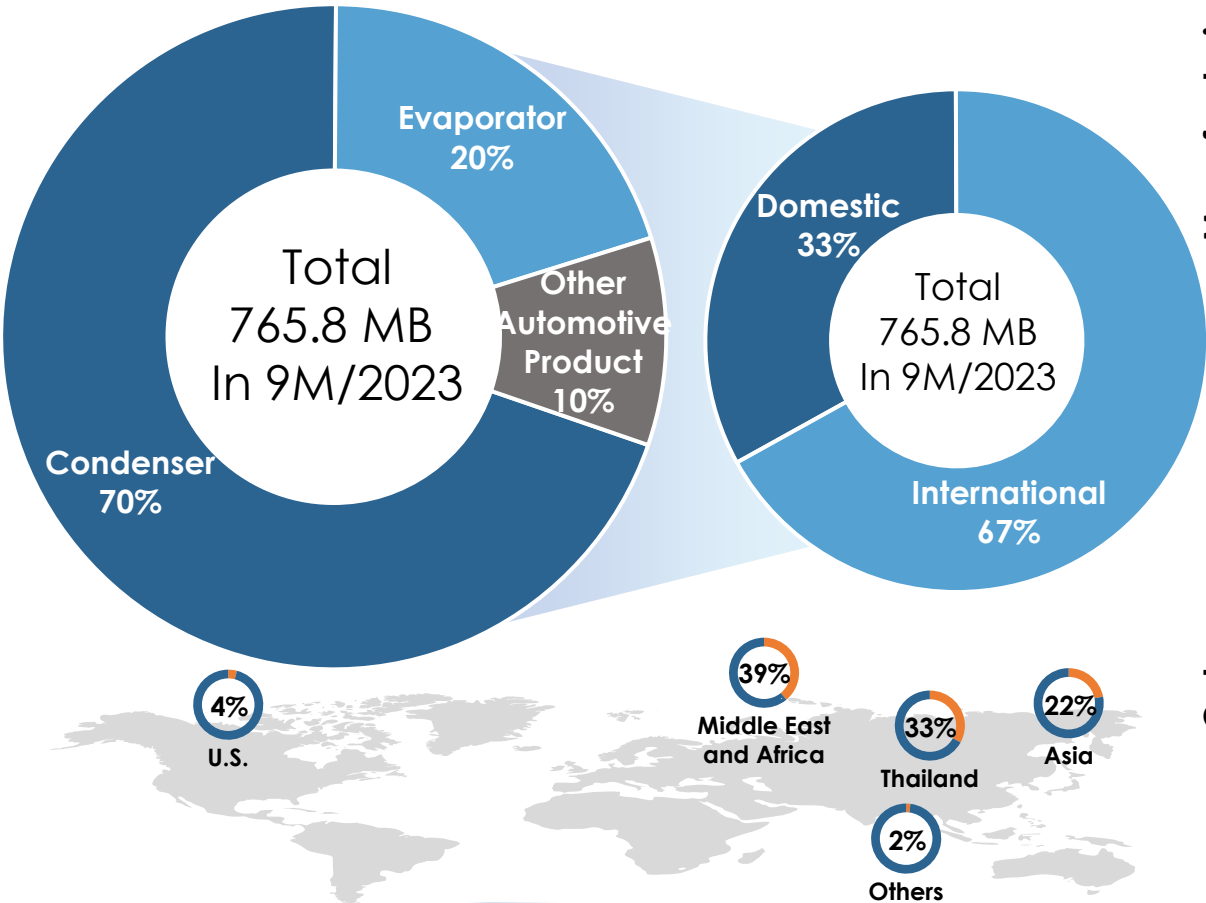
4

INDUSTRY OUTLOOK

## Revenue Structure by Product Type

Unit: MB, %

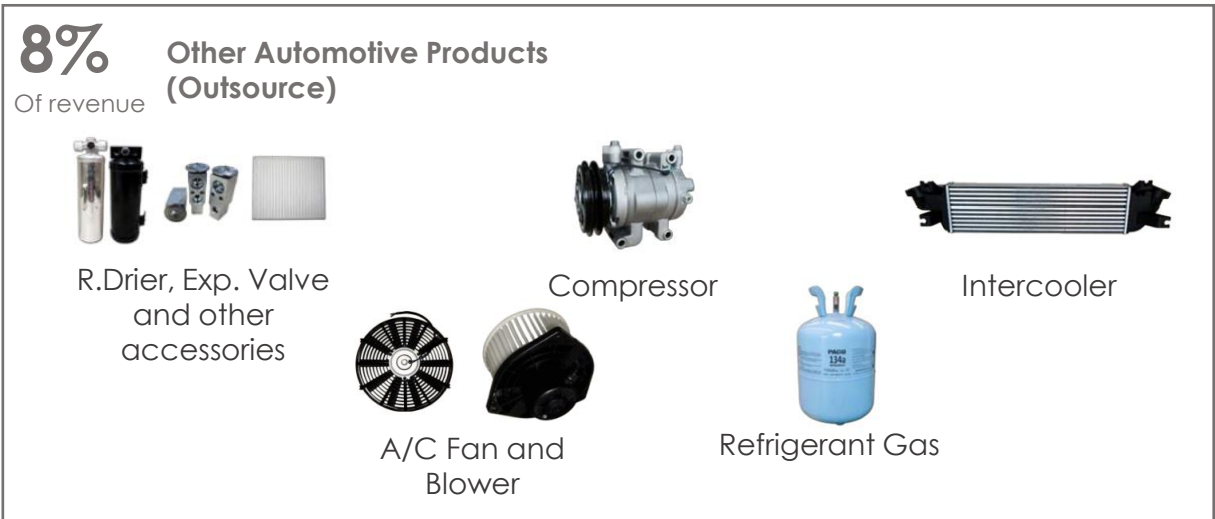
Presence in **22** Countries around the World\*



Manufacturing

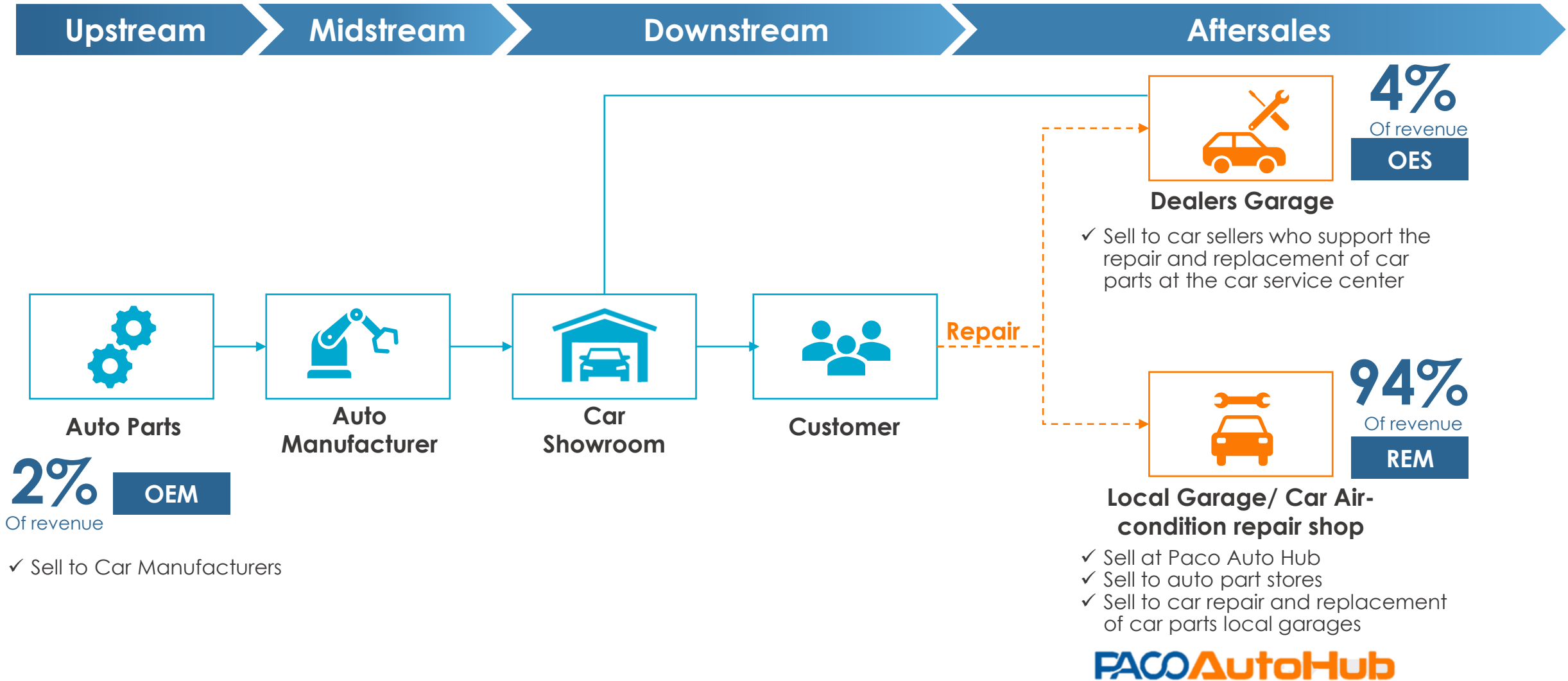


Outsource





# 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 under PACOAutoHub



REM parts produce at same top standard to OEM parts



### 2 Innovation and Operational Excellence



Most **Up-to-date Technology** and New product development



Top-class material and **global production standard**



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:

- 900 sq. m of office space
- 7,500 sq. m of factory space
- 8,500 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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INDUSTRY OUTLOOK



# Q3/2023 FINANCIAL HIGHLIGHT

Operating Revenue in Q3/2023

**278.56** MB

▲ 3.8% YoY

GPM and NPM

Q3/2023

**16.9%**

▲ 44.5% YoY

Q3/2023

**10.8%**

▲ 30.8% YoY

ROA and ROE

Q3/2023

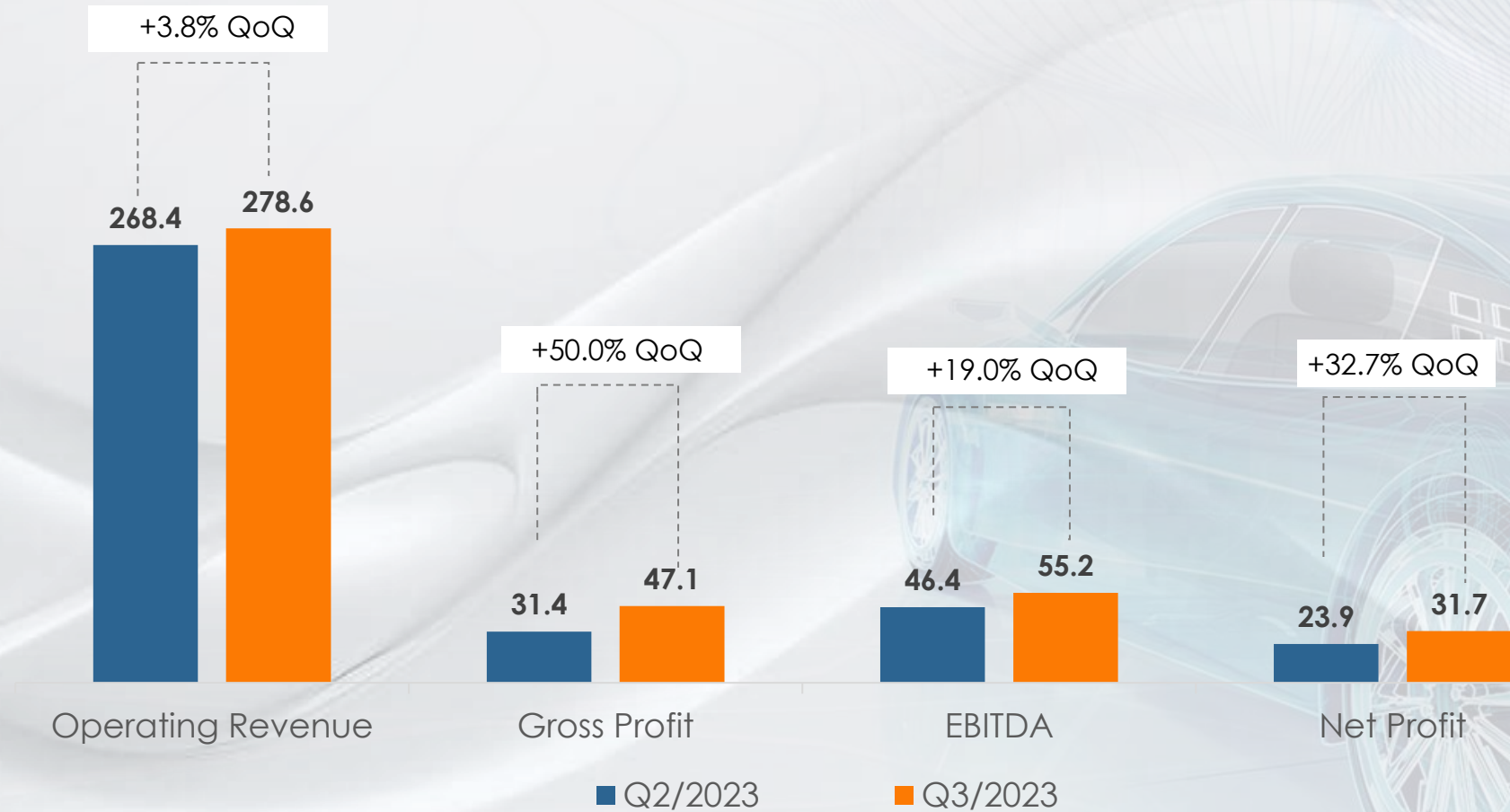
**4.35%**

Q3/2023

**6.34%**

Unit: Million Baht, %

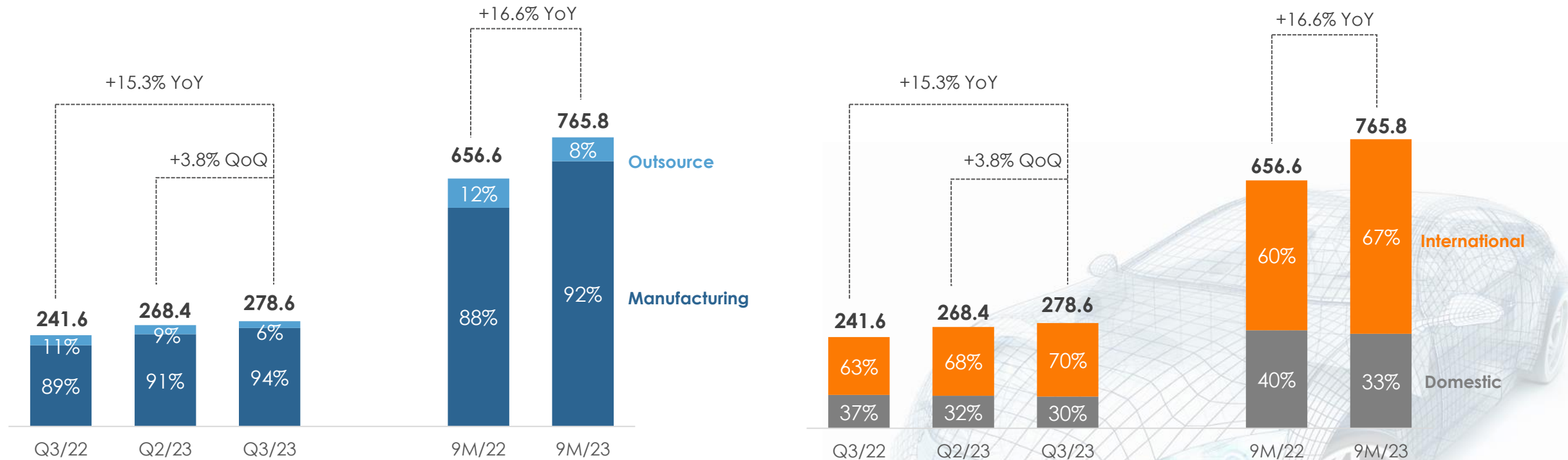
## Financial Summary



# OPERATING REVENUE

## OPERATING REVENUE BREAKDOWN BY CHANNEL

Unit: Million Baht, %



### YoY: Q3/23 vs Q3/22

In Q3/2023, the Operating revenue is Baht 278.6 million, increased by Baht 37.0 million or 15.3%, mainly due to:

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

### QoQ: Q3/23 vs Q2/23

In Q3/2023, the Operating revenue of Baht 278.6 million, increased by Baht 10.2 million or 3.8%, mainly due to:

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

### YoY: 9M/23 vs 9M/22

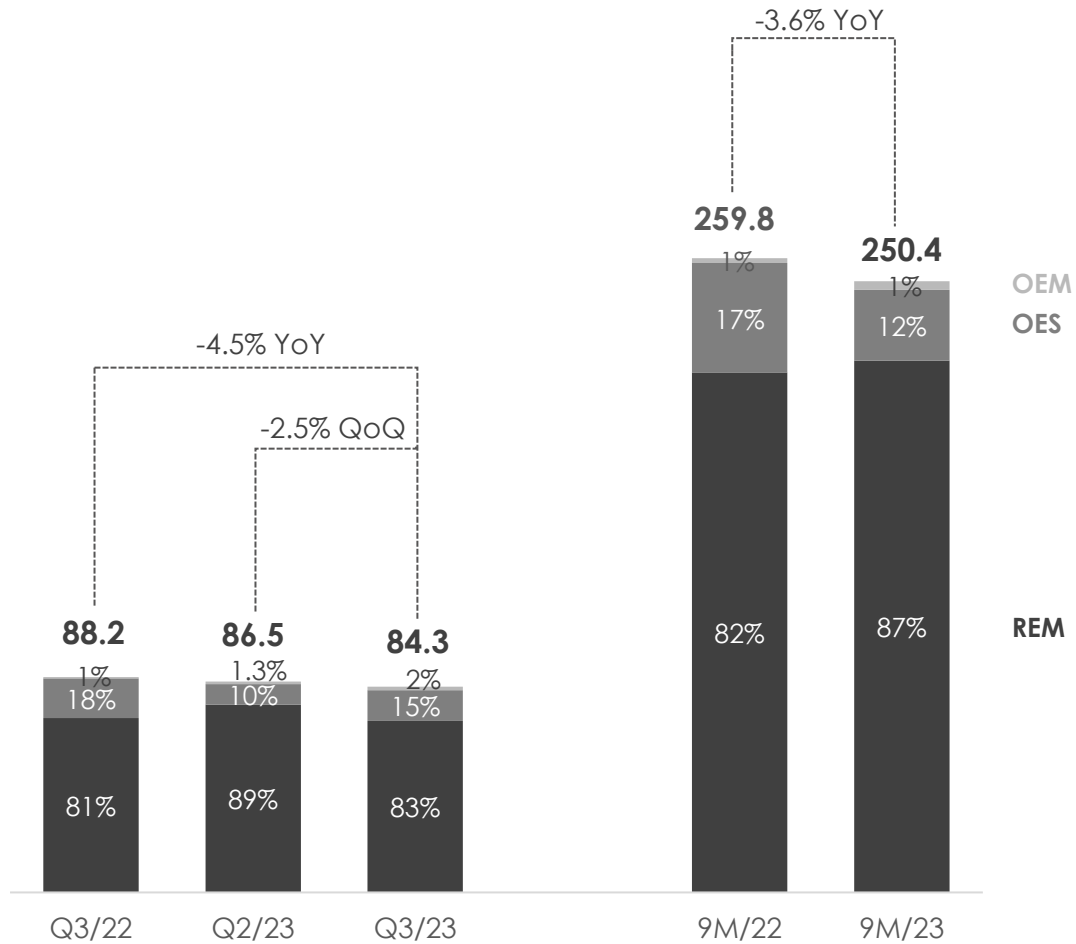
In 9M/2023, the Operating revenue of Baht 765.8 million, increased by Baht 109.2 million or 16.6%, mainly due to:

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

# DOMESTIC SALES PERFORMANCE

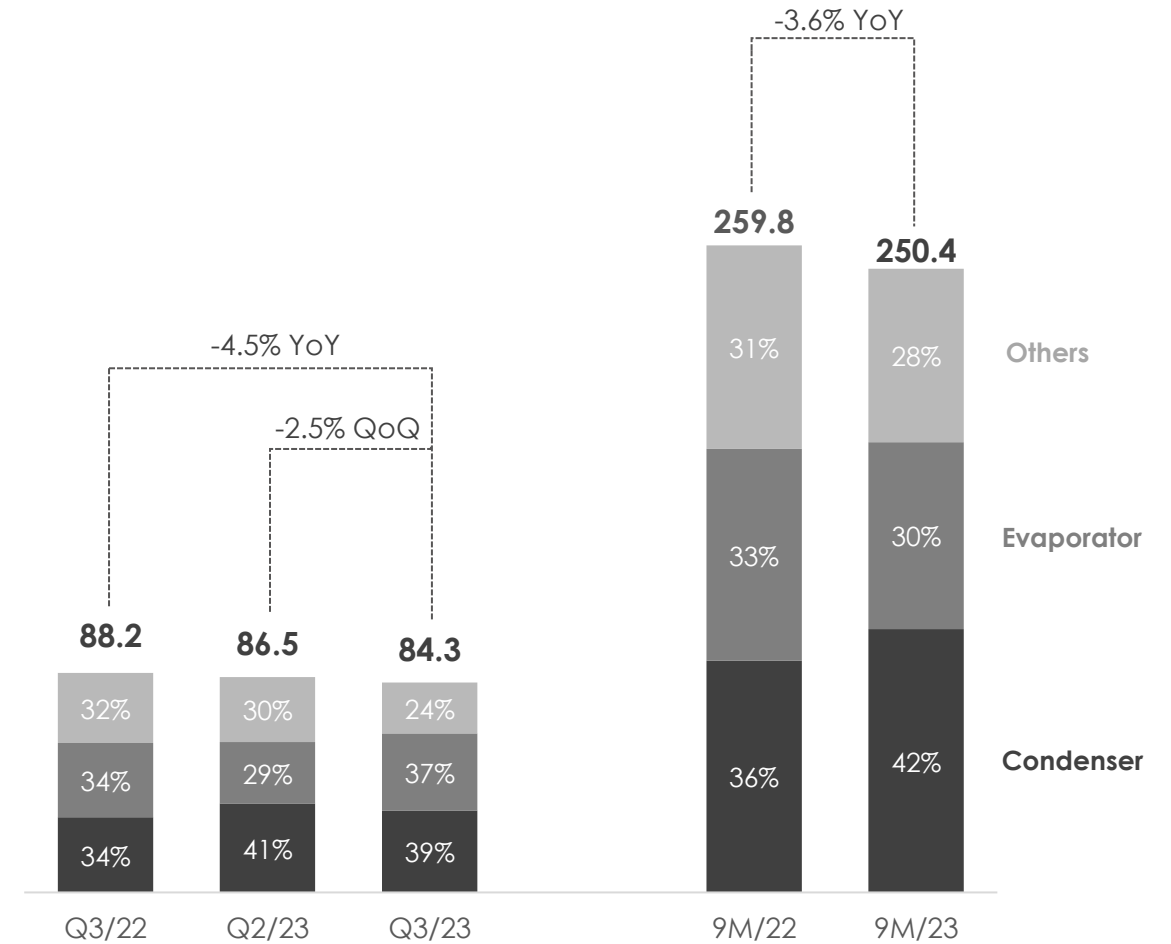
## OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %



## OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %

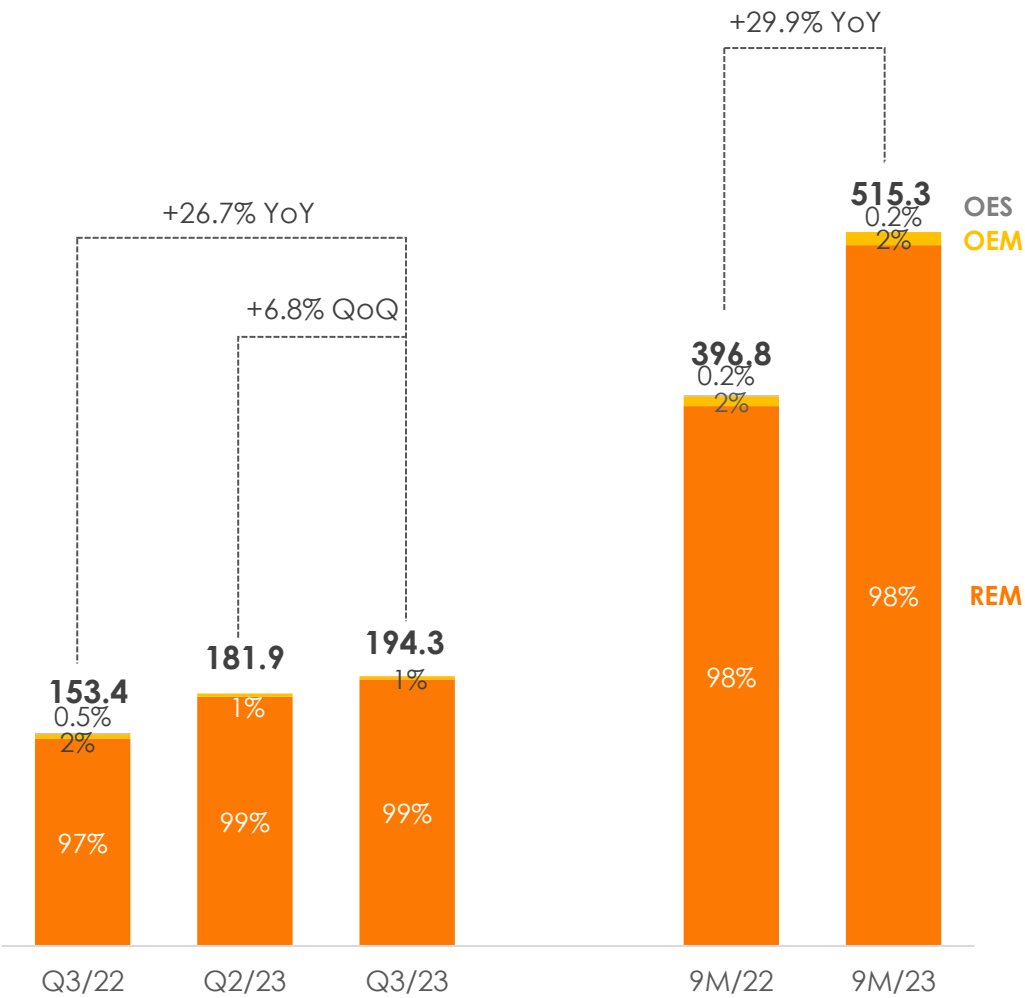




# INTERNATIONAL SALES PERFORMANCE

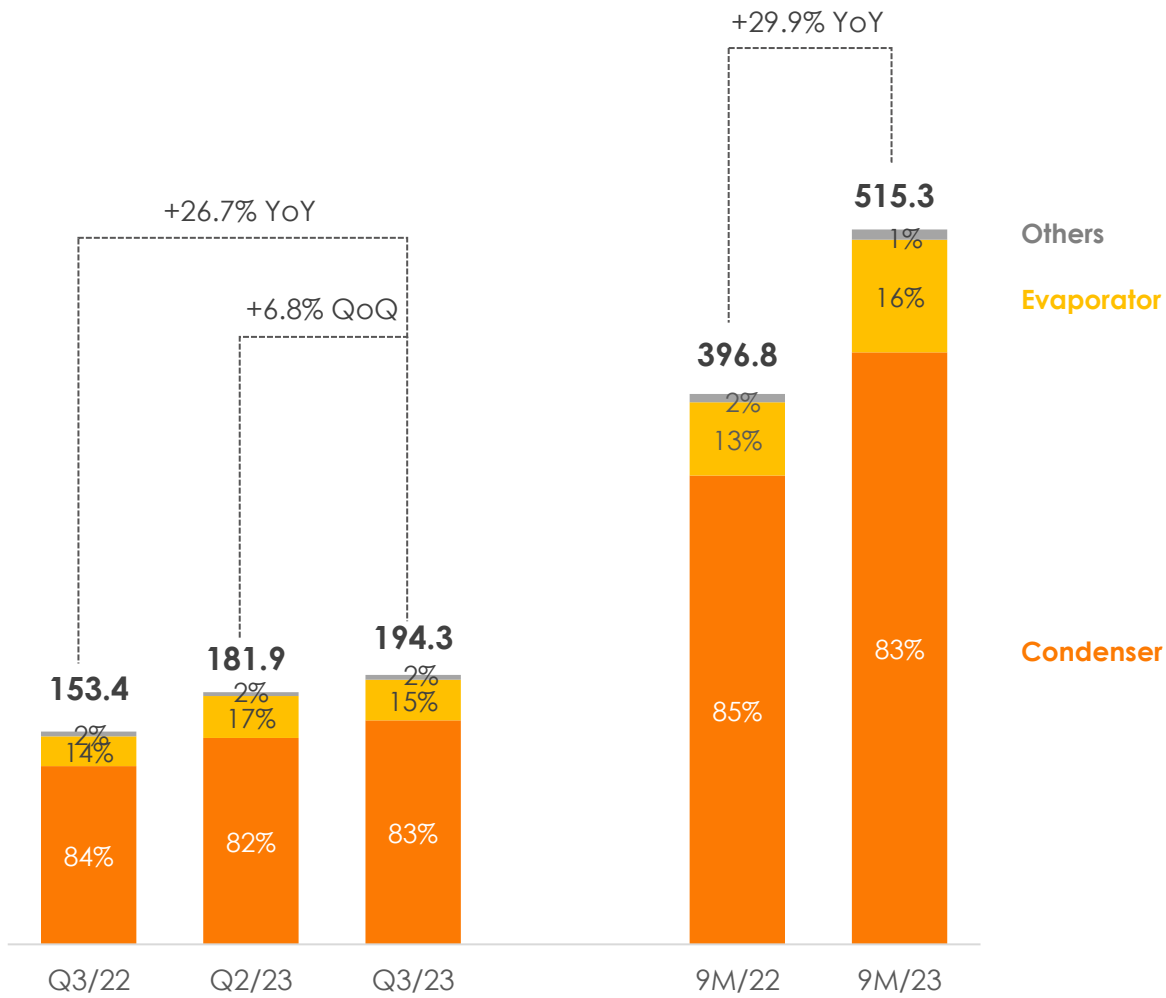
## OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %



## OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

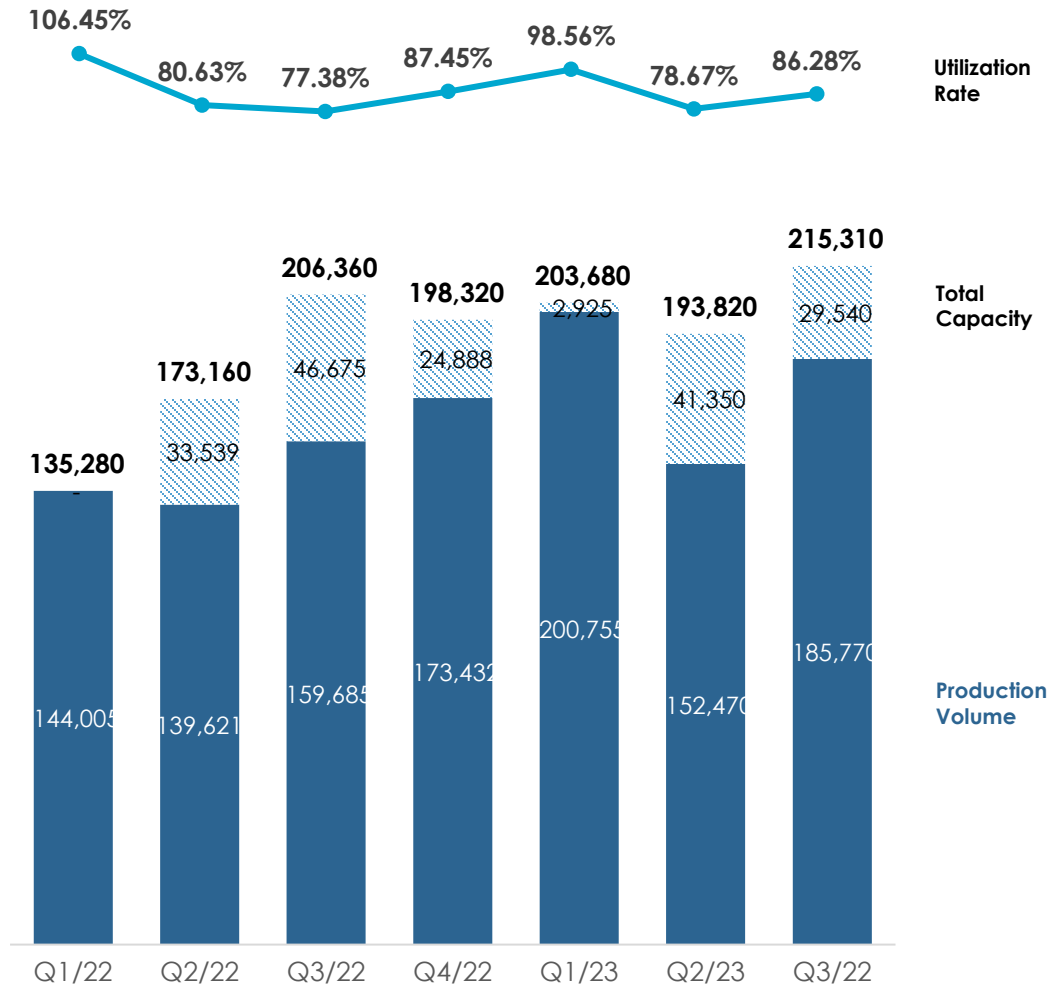
Unit: Million Baht, %



# EFFICIENCY

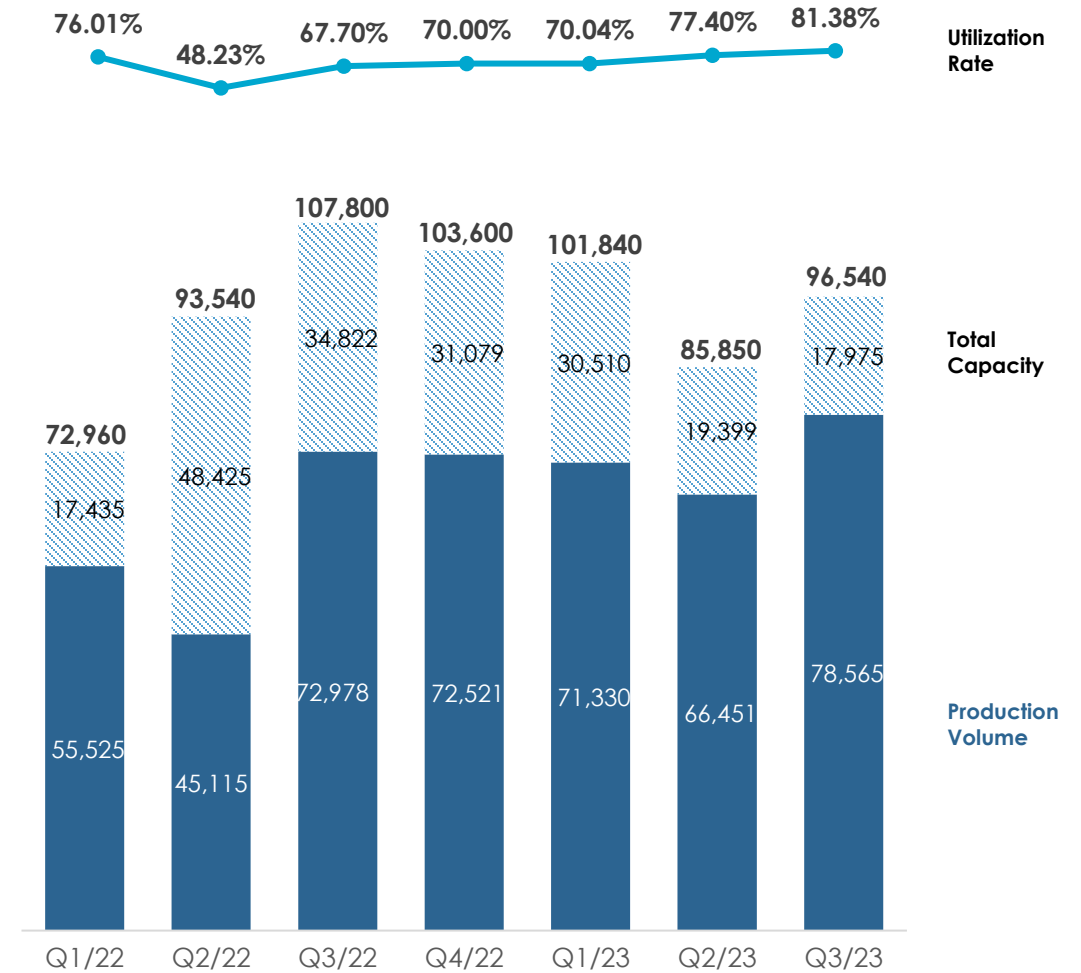
## CONDENSER

Unit: Number of unit, % Utilization



## EVAPORATOR

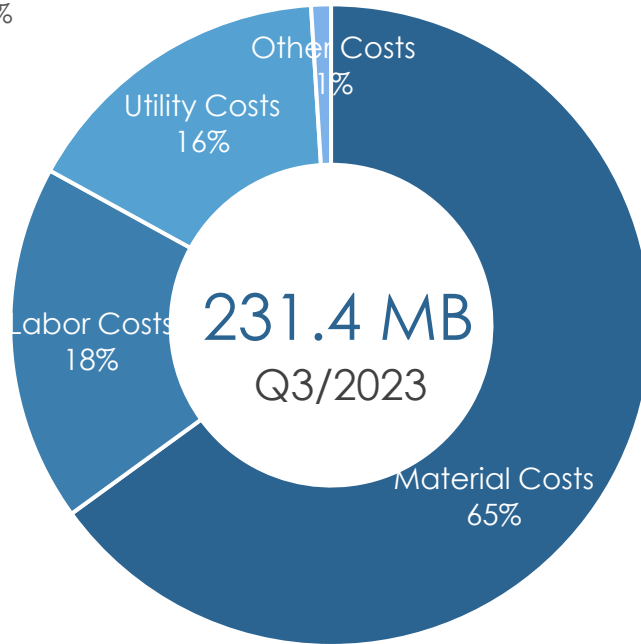
Unit: Number of unit, % Utilization



# COST OF GOOD SOLD

## MANUFACTURING

Unit: Million Baht, %



- COGS mainly comprises of raw materials 65% where most of the raw materials consumed by PACO is aluminum. Followed by labor 18% and utilities 16%
- The increase in COGS is related to the increase in sales revenue as well as labor cost, and electricity costs

### Labor Cost Management



Increase Automation within these 2 years

### Electricity Cost Management



PACO continues to utilize power from Solar panels with production capacity of 1.7MW

### Raw Material Cost Management



Cost of Raw Mat will Improve



Stock Products (1-2 months)



Adjust Selling Price

## ALUMINUM MARKET PRICE

Unit: USD/ton



Source: Investing.com

### PACO Views

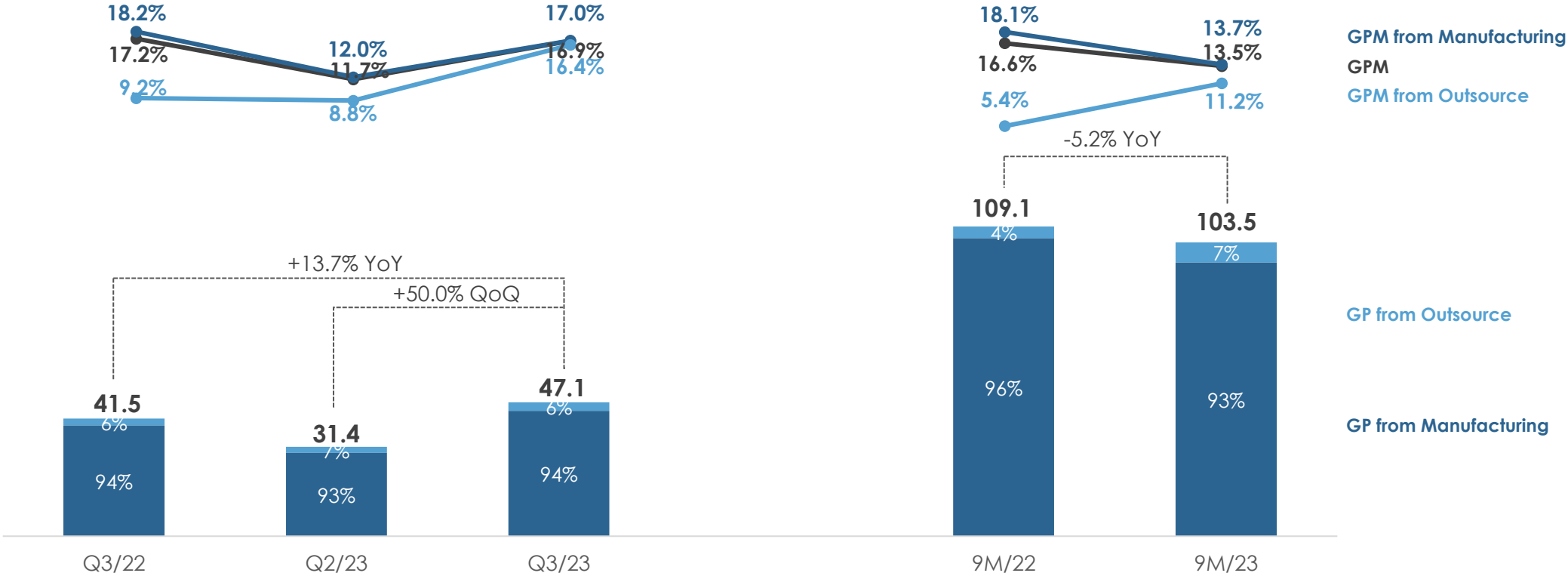
- Price of aluminum will show a declining trend till the end of 2023
- Price will remain stable trend for 1-2 years as the price cycle which fluctuated highly occurs every 2-3 years



# GROSS PROFIT AND GROSS PROFIT MARGIN

## GROSS PROFIT AND GROSS PROFIT MARGIN BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %



### YoY: Q3/23 vs Q3/22

**Gross profit** was Baht 47.1 million in Q3/2023, increased by Baht 5.6 million or 13.7% and **GPM** was 16.9%, slightly decreased from 17.2% in Q3/2022, mainly due to a continuous decline in the average cost of raw material used in production. Moreover, the Company's ability to control costs efficiently resulted in the Company maintaining a gross profit margin to remain at similar level to Q3/2022

### QoQ: Q3/23 vs Q2/23

**Gross profit** was Baht 47.1 million in Q3/2023, increased by Baht 15.7 million or 50.0% and **GPM** was 16.9%, increased from 11.7% in Q2/2023, corresponding to increased revenue and increased production volumes, resulting in economies of scale as well as a decline in the average cost of raw material

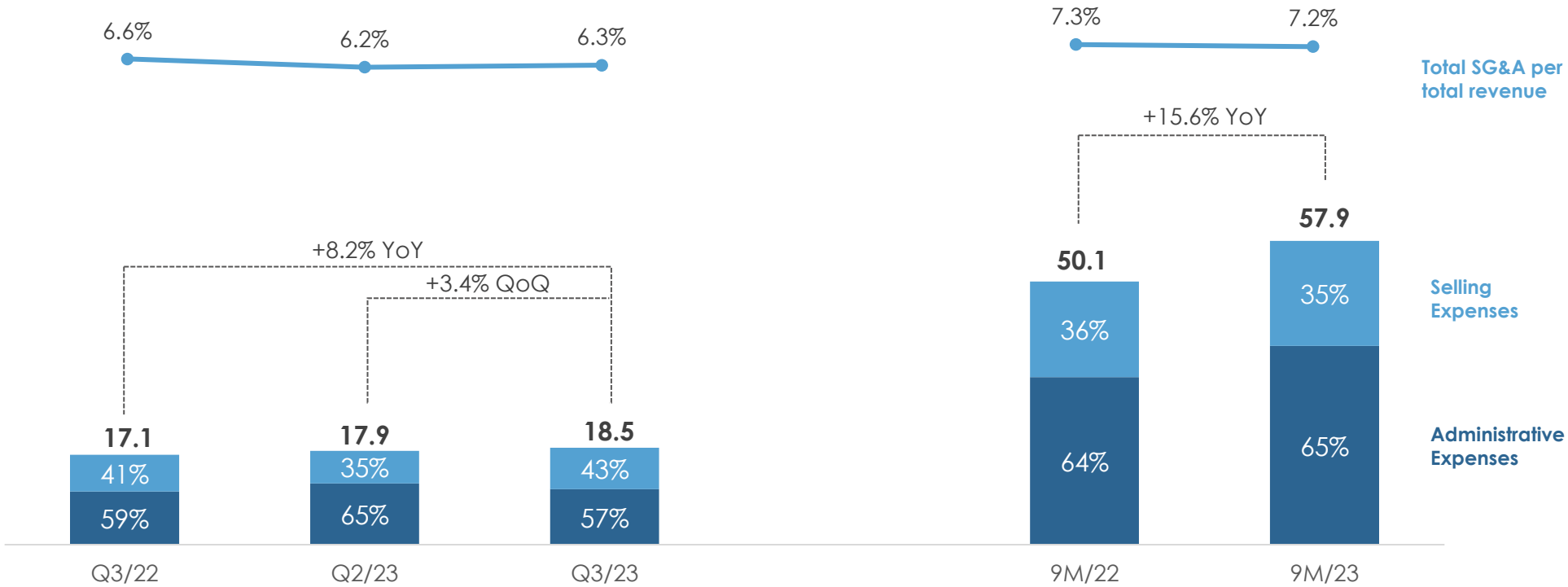
### YoY: 9M/23 vs 9M/22

**Gross profit** was Baht 103.5 million in 9M/2023, decreased by Baht 5.6 million or 5.2% and **GPM** was 13.5%, decreased from 16.6% in 9M/2022, mainly due to an increase in the minimum wage and electricity price as well as the impact of reserving raw materials at an average price that remain high

# SELLING & ADMINISTRATIVE EXPENSES

## SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



### YoY: Q3/23 vs Q3/22

**Selling & administrative expense** was Baht 18.5 million, increased by Baht 1.4 million or 8.2% mainly due to the increase in transport expenses, which corresponds to increased sales as well as increased employee expenses from the increased number of employees

**Selling and Administrative expenses per total revenue** was 6.3%, slightly decreased from 6.6% in Q3/2022 mainly due to the increase in total revenue and the ability of the Company to manage expenses efficiently

### QoQ: Q3/23 vs Q2/23

**Selling & administrative expense** was Baht 18.5 million, increased by Baht 0.6 million or 3.4% mainly due to increased marketing expenses, including online media and exhibition

**Selling and Administrative expenses per total revenue** was 6.3%, increased from 6.2% in Q2/2023 mainly due to increased marketing expenses

### YoY: 9M/23 vs 9M/22

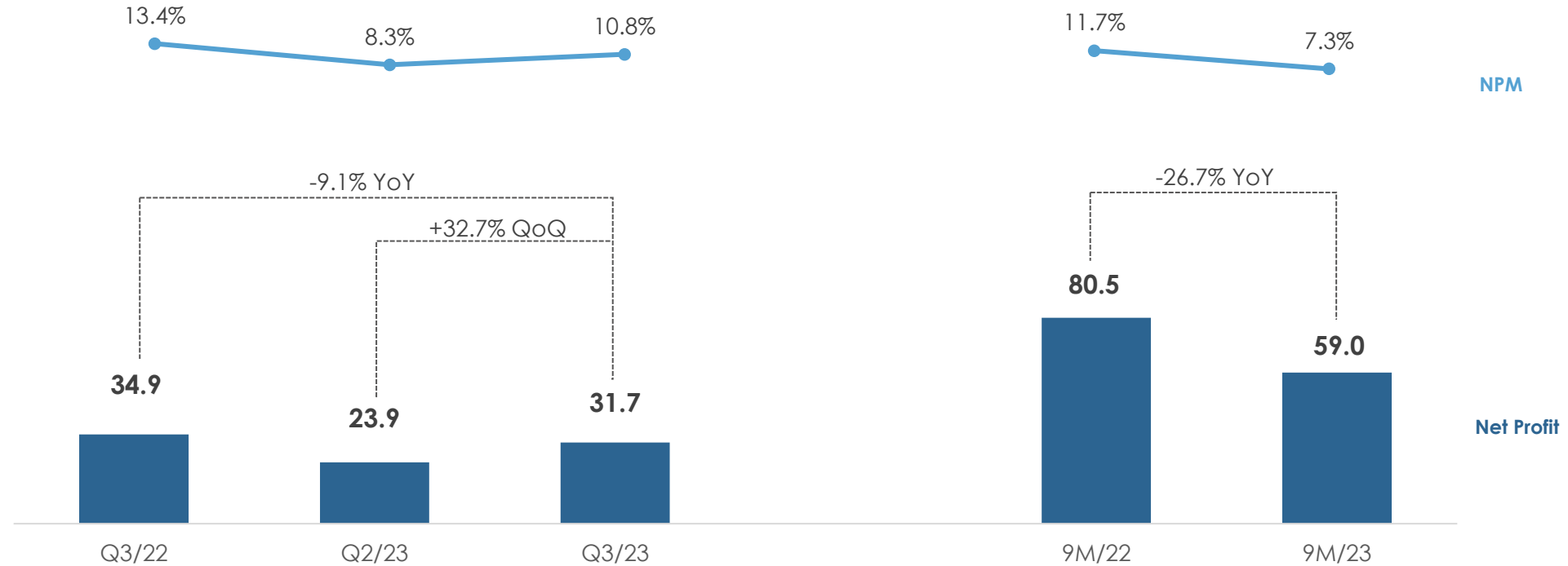
**Selling & administrative expense** was Baht 57.9 million, increased by Baht 7.8 million or 15.6% mainly due to the increase in transport expenses, the recognition of loss from financial derivatives, allowance for doubtful debts, expenses related to the share capital increase and employee compensation fund

**Selling and Administrative expenses per total revenue** was 7.2%, slightly decreased from 9M/2022

# NET PROFIT

## NET PROFIT AND NET PROFIT MARGIN

Unit: Million Baht, %



### YoY: Q3/23 vs Q3/22

**Net profit** was Baht 31.7 million, decreased by Baht 3.2 million or 9.1% and **Net Profit Margin** was 10.8%, decreased from 13.4% in Q3/2022 mainly due to:

- Increased minimum wage and electricity price
- Increased selling expenses from transport expense
- Increased loan for working capital and interest rate
- End of corporate income tax exemption by BOI
- Recognize gain from declining exchange rate

### QoQ: Q3/23 vs Q2/23

**Net profit** was Baht 31.7 million, increased by Baht 7.8 million or 32.7% and **Net Profit Margin** was 10.8%, increased from 8.3% in Q2/2023 mainly due to:

- Increased revenue, especially from international customers
- Benefits from economies of scale from increased production capacity and decline in the average cost of raw material

### YoY: 9M/23 vs 9M/22

**Net profit** was Baht 59.0 million, decreased by Baht 21.5 million or 26.7% and **Net Profit Margin** was 7.3%, decreased from 11.7% in 9M/2022 mainly due to:

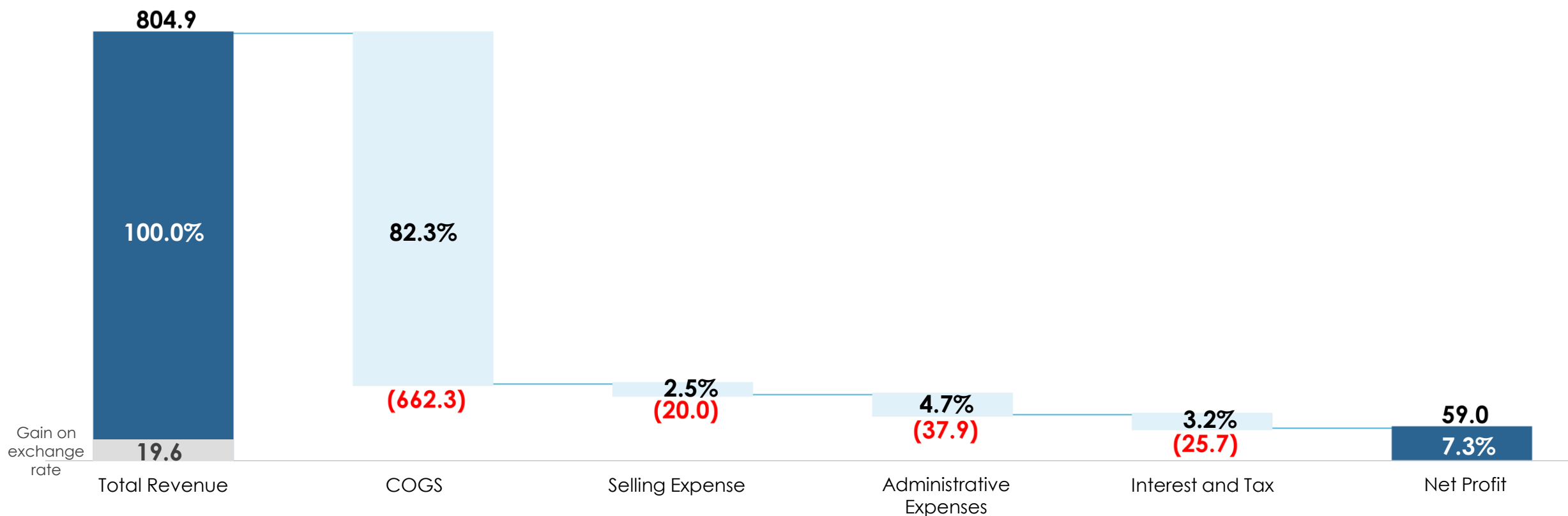
- Increased minimum wage and electricity price
- Increased selling and administrative expenses
- Increased loan for working capital and interest rate
- End of corporate income tax exemption by BOI



# PROFIT AND LOSS STATEMENT IN 9M/2023

## PROFIT AND LOSS STATEMENT IN 9M/2023

Unit: Million Baht, %



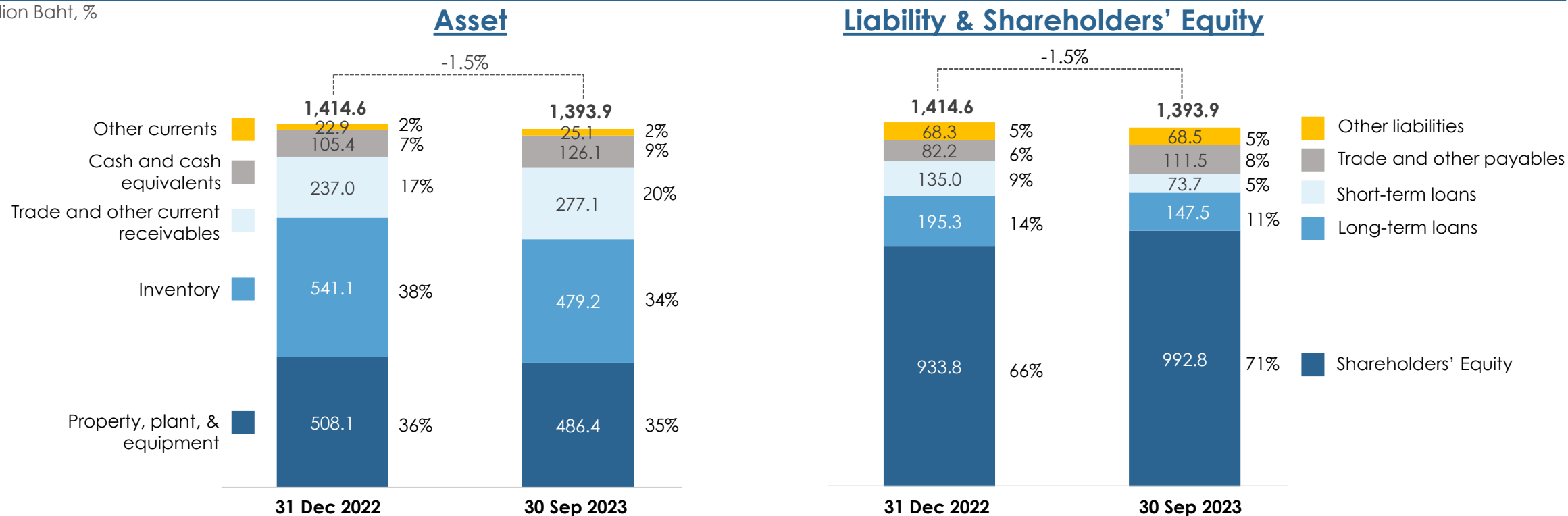
### 9M/2023 Analysis

- The company has a total revenue of Baht 804.9 million and a total cost structure of 89.5% of total revenue, with cost of goods sold accounting for 82.3% of total revenue, other costs accounting for 7.9%, and interest and tax accounting for 3.2%. The company's cost structure demonstrates its ability to manage costs efficiently. As a result, the company generates a net profit of Baht 59.0 million, or 7.3% of total revenue

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



### Asset

As of 30 September 2023, the total assets were Baht 1,393.9 million decrease by 20.7 million Baht or 1.5% from 31 December 2022 mainly due to:

- **Inventory:** decrease due to the reduction in raw material inventory

### Liability

As of 30 September 2023, the total liabilities were Baht 401.1 million, decreased by Baht 29.7 million or 16.6% from 31 December 2022 mainly due to:

- **Short and long-term loans:** repayment of loans to financial institutions

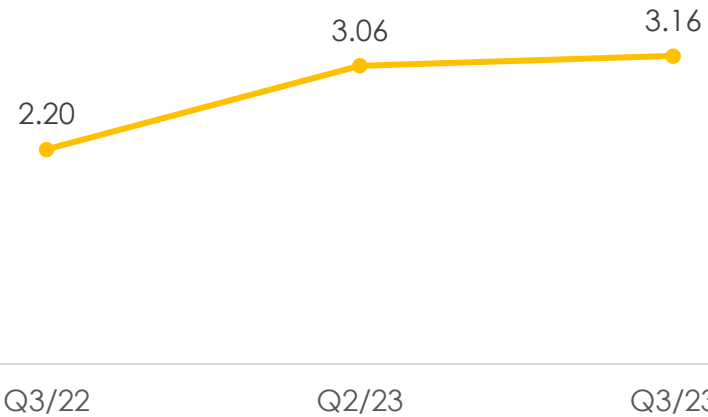
### Shareholders' Equity

- As of 30 September 2023, the total shareholders' equity were Baht 992.8 million, increased by Baht 5.9 million or 6.3% from 31 December 2022 from the Company performance in 9M/2023

# KEY FINANCIAL RATIOS

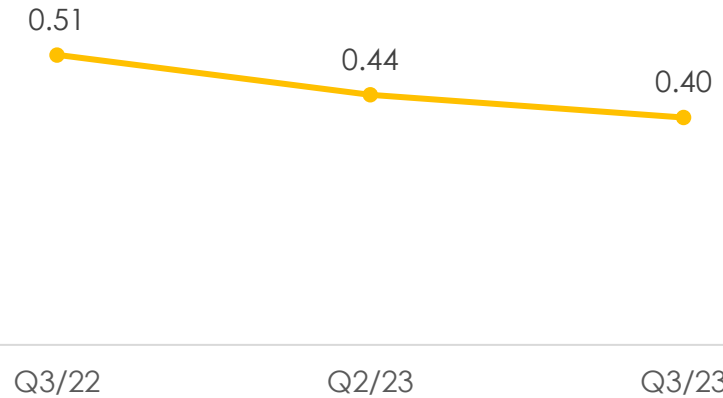
## CURRENT RATIO

Unit: Times



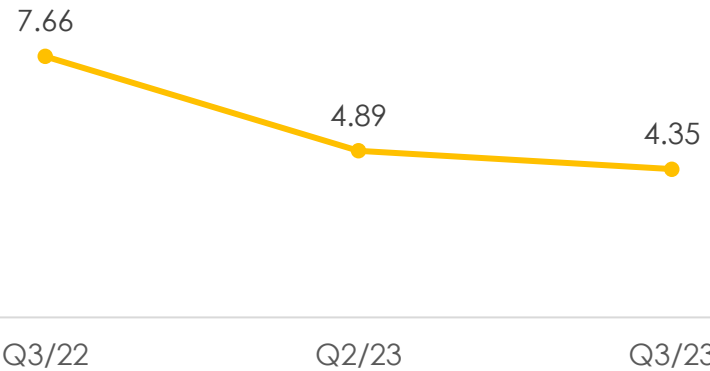
## D/E RATIO

Unit: Times



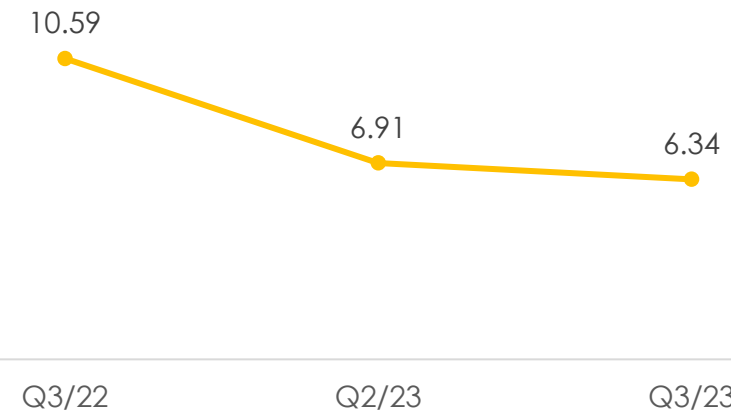
## ROA\*

Unit: %



## ROE\*

Unit: %



\*ROA = Trailing-12-month Net profit/ Total average assets

\*ROE = Trailing-12-month Net profit/ Total average shareholder's equity





# AGENDA

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INDUSTRY OUTLOOK

**+15-20% 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

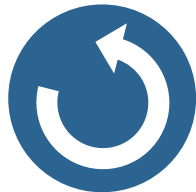
2024



## Expansion for The Future

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

2023

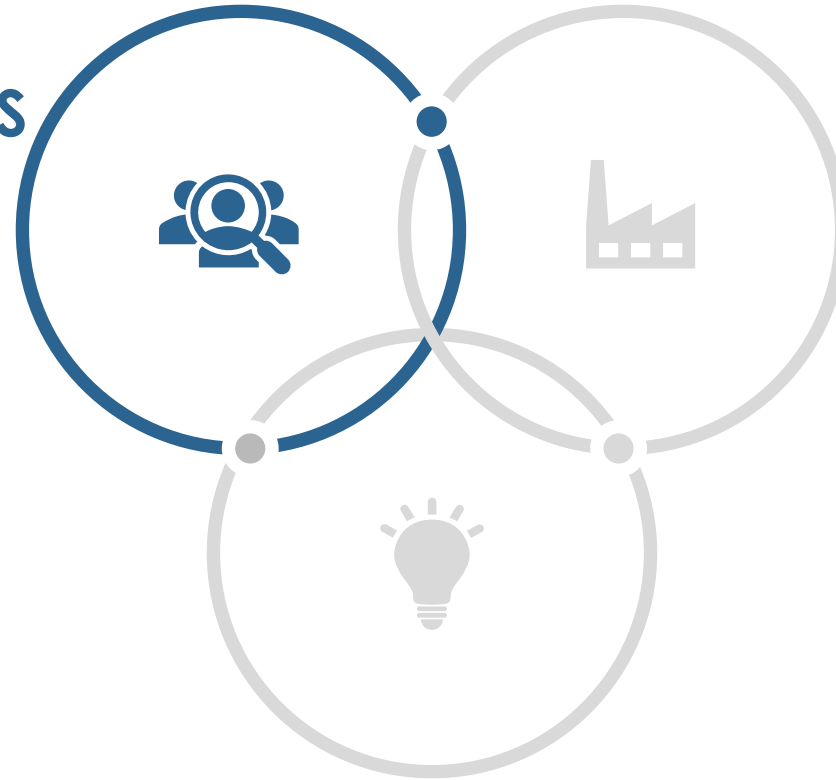


## Capturing International Opportunities

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

## EXPANDING CAPABILITIES OF CORE BUSINESS

- Consistently acquiring new customers domestically and abroad
- Maintain international coverage globally



## CONTINUOUS CAPACITY EXPANSION FOR GROWTH

- Expanding business capacity through continuous investment in machineries and facilities
- Increase automation to control costs

## EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

- Continuous product innovation to capture dynamic customer demands
- Capturing relocating EV customers
- Extend business to non-auto market by leverage existing know-how and production facilities

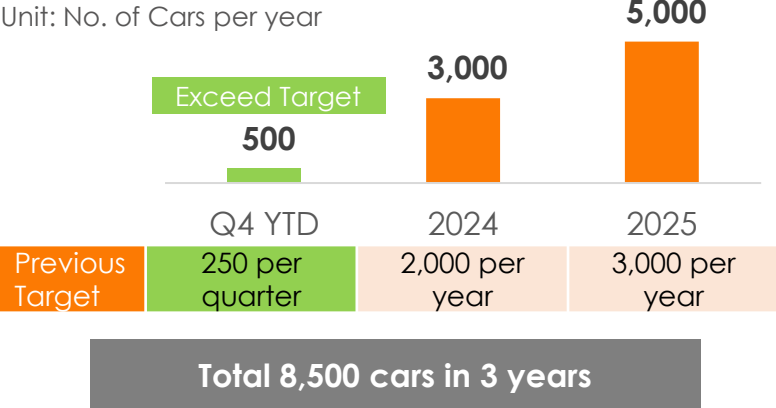
# EXPANDING CAPABILITIES OF CORE BUSINESS

## Consistently Acquiring New Customers Domestically And Abroad



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

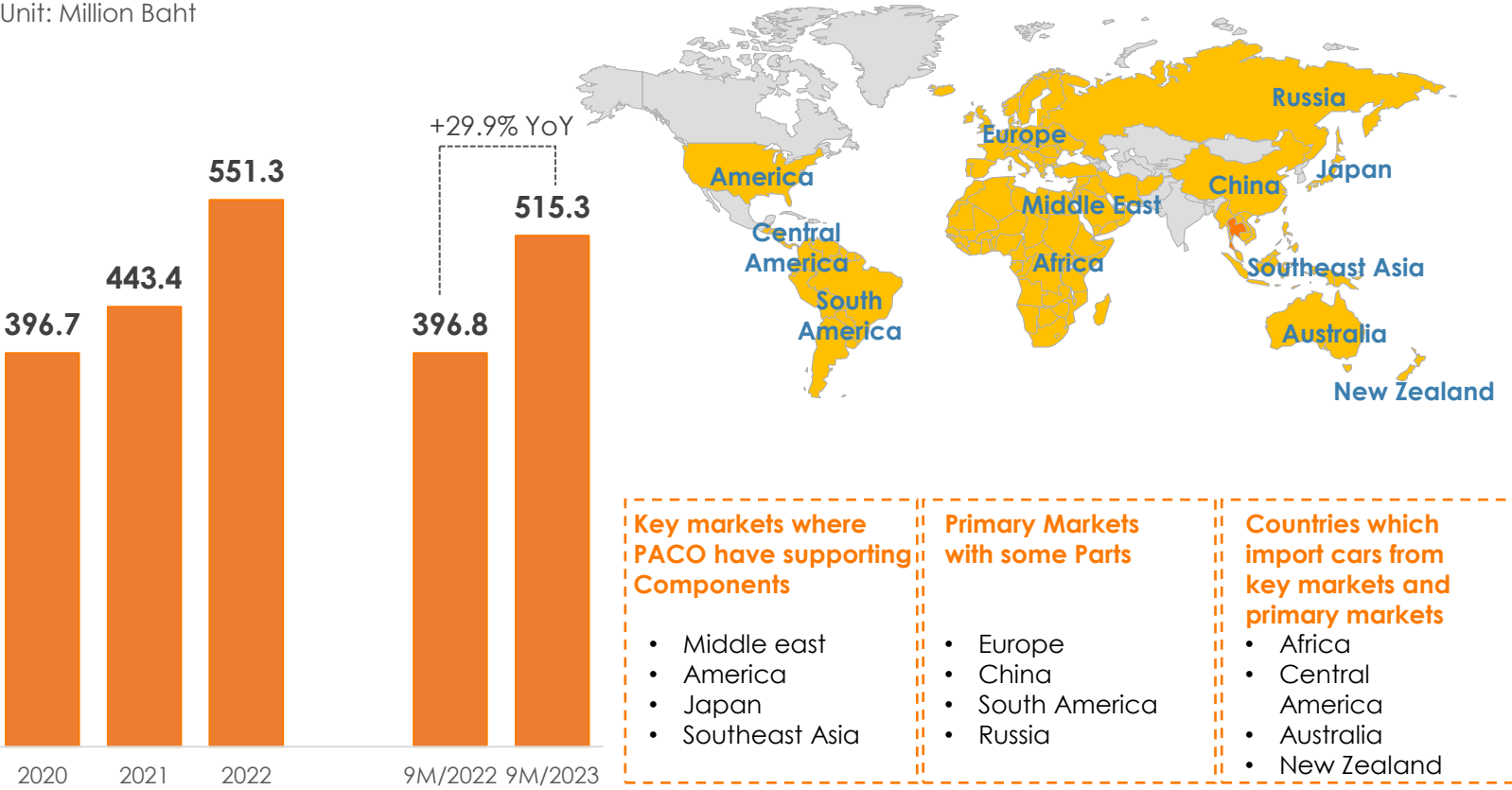
### Production Volume Target



## Maintain International Coverage Globally

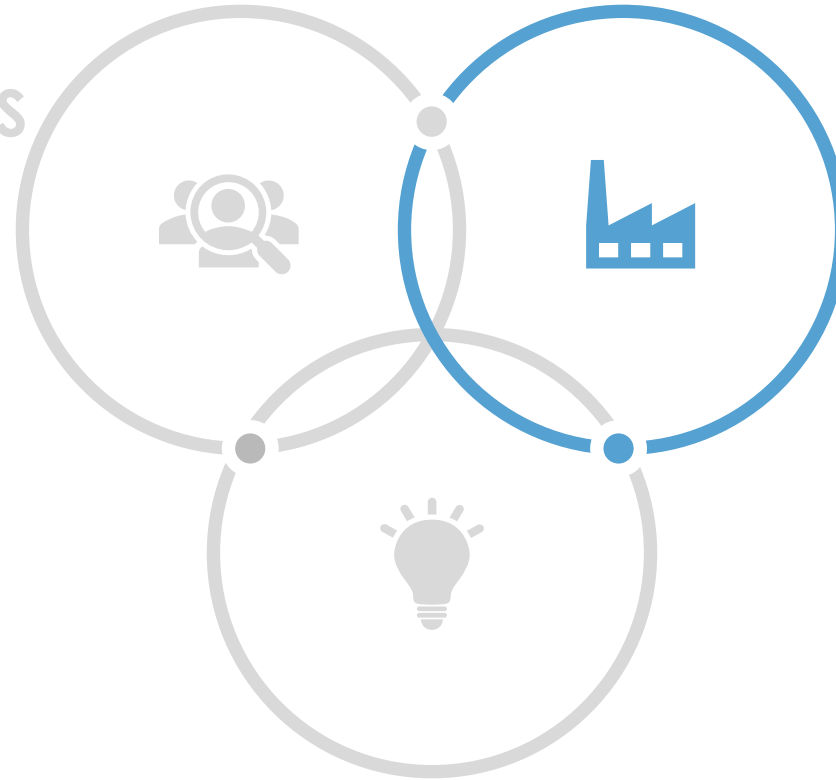
### Revenue from International Business

Unit: Million Baht



## EXPANDING CAPABILITIES OF CORE BUSINESS

- Consistently acquiring new customers domestically and abroad
- Maintain international coverage globally



## CONTINUOUS CAPACITY EXPANSION FOR GROWTH

- Expanding business capacity through continuous investment in machineries and facilities
- Increase automation to control costs

## EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

- Continuous product innovation to capture dynamic customer demands
- Capturing relocating EV customers
- Extend business to non-auto market by leverage existing know-how and production facilities



## Expanding Capacity and Automation

### Investment in Machineries

#### Investment in Machineries

- To increase production capacity and increase automation to control costs



### Investment Progress

- During the **BOI application** process and **setting the work scope**

### Target

- 1** Increase automation machinery to achieve a **10-15% increase in capacity**

Unit: Number of unit

Year	Capacity Increase
2023	Baseline
2025F	+10-15%
- 2** **Transition to automation**, reducing reliance on manual labor to mitigate inefficiencies

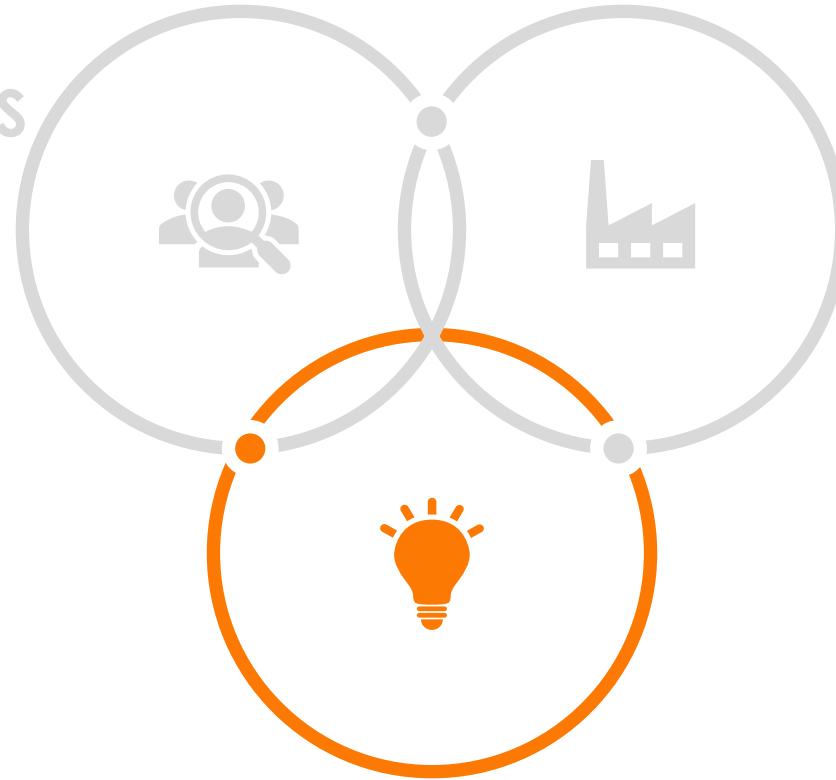
Unit: % of work hours

Year	Automation (%)	Manual (%)
2016	47%	53%
2030F	60%	40%
- 3** Enhance production efficiency to expedite capacity and **increase overall output speed**

  - ✓ 30% increase in production capacity speed
  - ✓ Increase competitiveness

## EXPANDING CAPABILITIES OF CORE BUSINESS

- Consistently acquiring new customers domestically and abroad
- Maintain international coverage globally



## CONTINUOUS CAPACITY EXPANSION FOR GROWTH

- Expanding business capacity through continuous investment in machineries and facilities
- Increase automation to control costs

## EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

- Continuous product innovation to capture dynamic customer demands
- Capturing relocating EV customers
- Extend business to non-auto market by leverage existing know-how and production facilities

# EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

## NPD



### Aerospace Chiller

Primary Functions:

- ✓ Cooling Avionics Systems
- ✓ Engine Cooling
- ✓ Payload Cooling
- ✓ Environmental Control Systems

## Explore New Industry



### Aerospace

## Capturing Relocating Customers

### Capture Relocating Customers from China

Several Auto manufacturers in China have relocated in Thailand to benefit from tax system.

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

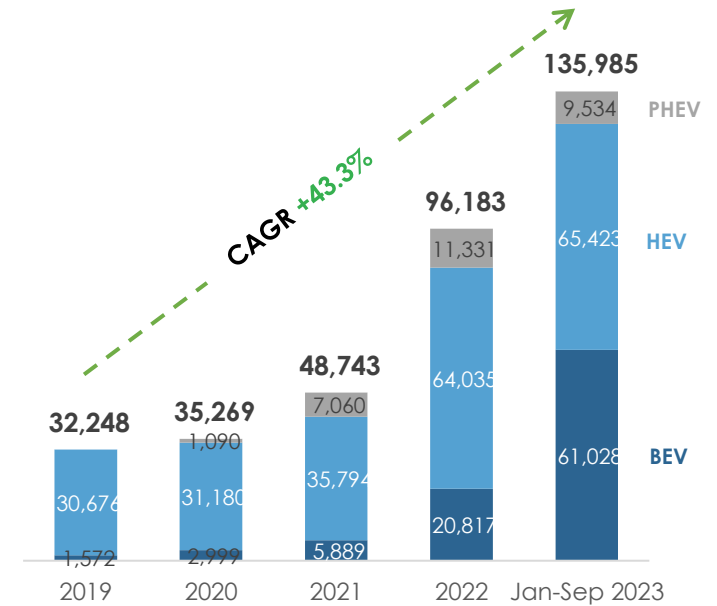
### Major EV Manufacturers Move Production to Thailand



Source: thansettakij.com

### Electric Vehicle Sales in Thailand

Unit: No. of Cars



Source: Thailand Transportation Statistics



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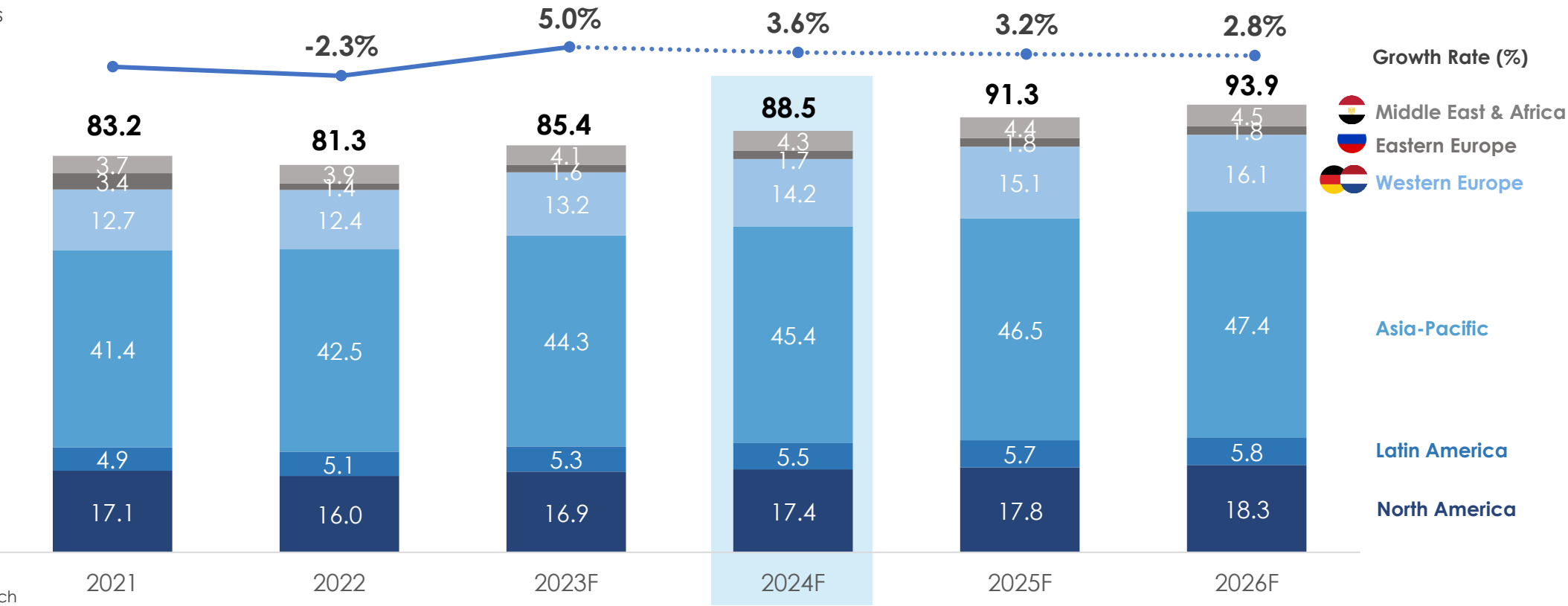
**INDUSTRY OUTLOOK**

# The Growth of the Automotive Industry: An Opportunity for Business Expansion



## Global Automobile Sales Volume

Unit: Million cars



Source: ABI Research

- **In 2023F-2026F, the global automotive sales market is expected to grow steadily**, driven by easing semiconductor shortages and supportive factors such as government incentives for electric cars and technology improvements.
- **Electric cars are becoming more popular**, as they are more environmentally friendly and fuel-efficient than gasoline-powered cars. This could lead to continued growth in the electric car market.

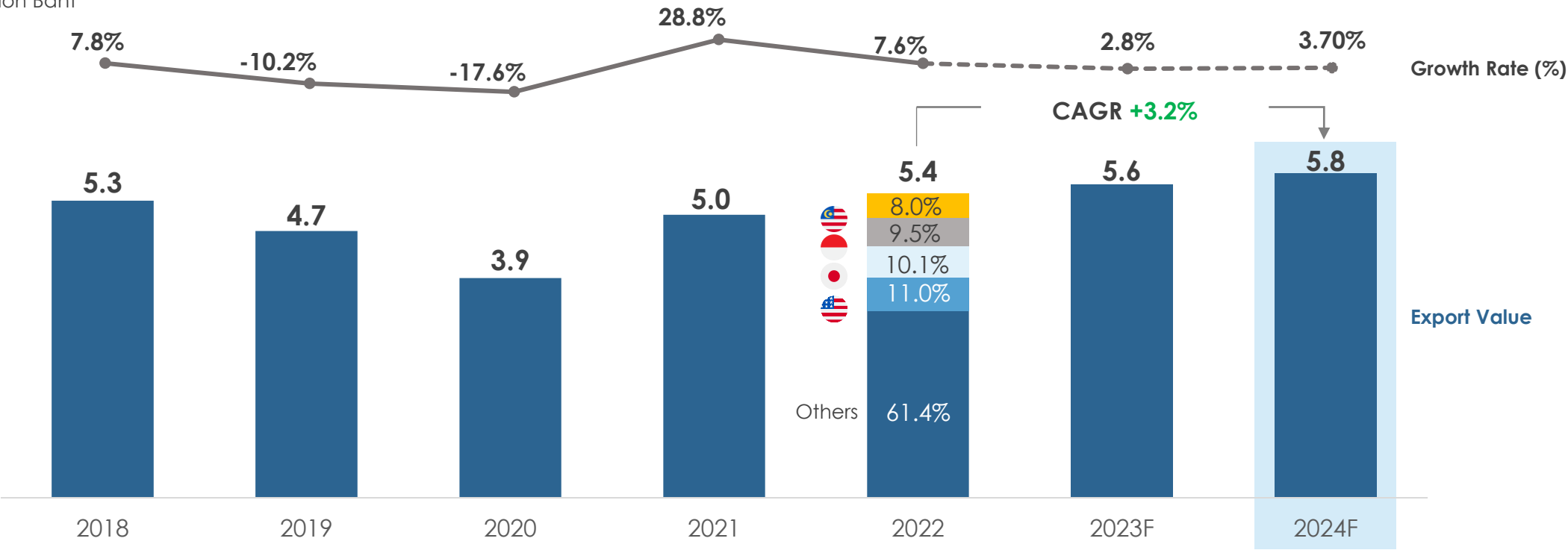


# The Growth of the Automotive Industry: An Opportunity for Business Expansion



## Thailand Auto Part Export Value

Unit: Hundred Billion Baht



Source: Forecast by Krungsri Research, Krungthai COMPASS

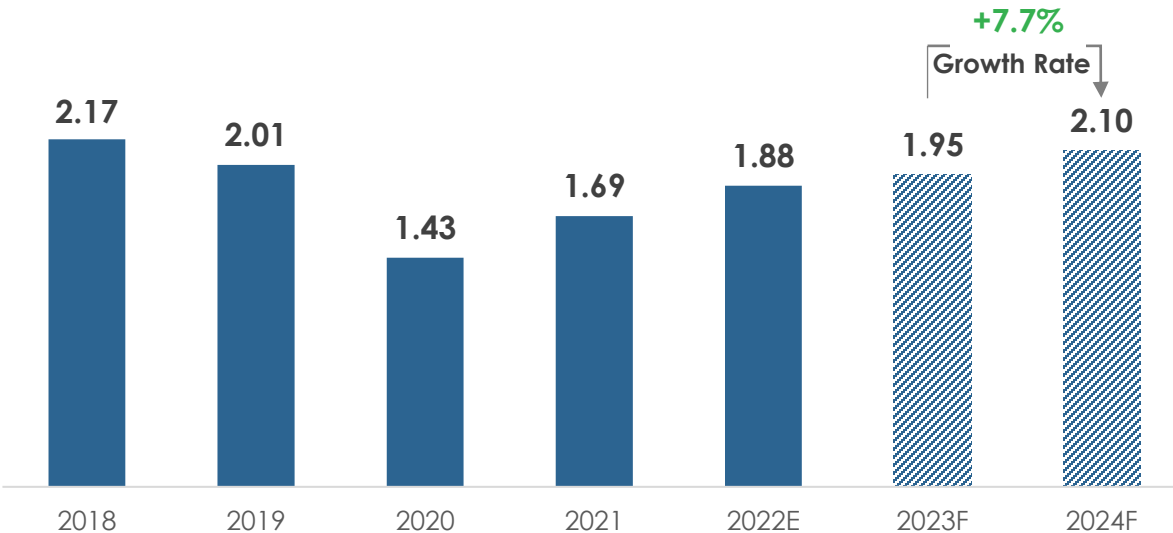
Thailand's auto part exports have consistently grown at a rate of 17.7% CAGR continue growing at a rate of 3.2% CAGR from 2022 to 2024F, supported by

- ✓ **Increased Automobile Production:** Rising demand for automobiles globally is driving up the need for automotive parts.
- ✓ **Economic Recovery:** The global economy is recovering from the pandemic, boosting the demand for automobiles and automotive parts.
- ✓ **Low Market Share:** With a market share of only 2.2%, Thailand has a substantial opportunity to expand its export reach in the automotive parts industry.

# Opportunity for growth in the market value of domestic automotive parts

## Expansion of domestic automotive production (OEM Market)

Unit: Million cars



Source: Krungthai COMPASS

The **OEM market is forecasted to grow**, corresponding to the growth of automotive production of 7.7% growth rate, reaching 2.10 million units in 2024.

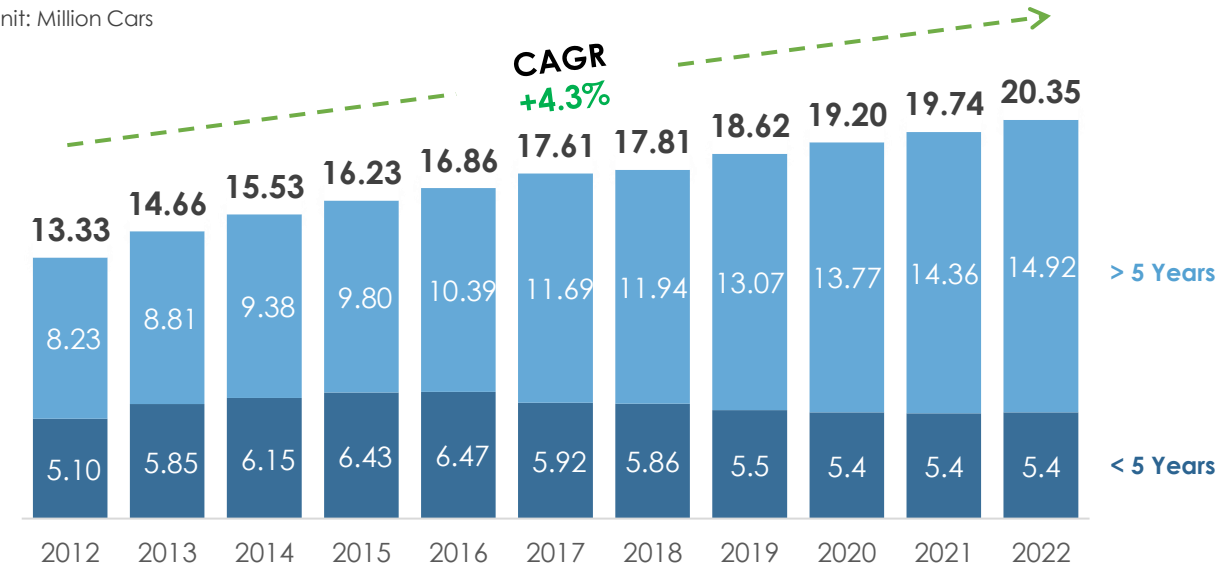


### Key factors driving including

- The semiconductor shortage is expected to ease in 2023 and allow automakers to produce more vehicles and meet the demand for new cars.
- The domestic auto market is expected to recover in 2023, as the economy improves and consumers become more confident.
- The trend of electric vehicles is supported by the government providing subsidies and tax breaks which are expected to increase demand for EVs and drive growth in the OEM market.

## Cumulative Registered Automobiles in Thailand (OES/REM)

Unit: Million Cars



Source: Department of Land Transport (DLT), Krungthai COMPASS

The **OES/REM market is forecasted to grow**, corresponding to the cumulative cars aged >5 years have been growing at 4.3% CAGR.



### Key factors driving including

- The number of cars aged >5 years is growing due to the increasing longevity of cars and the growing popularity of leasing.
- The increasing complexity of vehicles requires more replacement parts due to the increasing use of electronics and other advanced technologies in vehicles.

# THANK YOU



Please kindly give us your feedback

## **IR CONTACT**

Email: [ir@paco.co.th](mailto:ir@paco.co.th)

Tel: 02-8100526-8 ext. 325 or 094-5513097

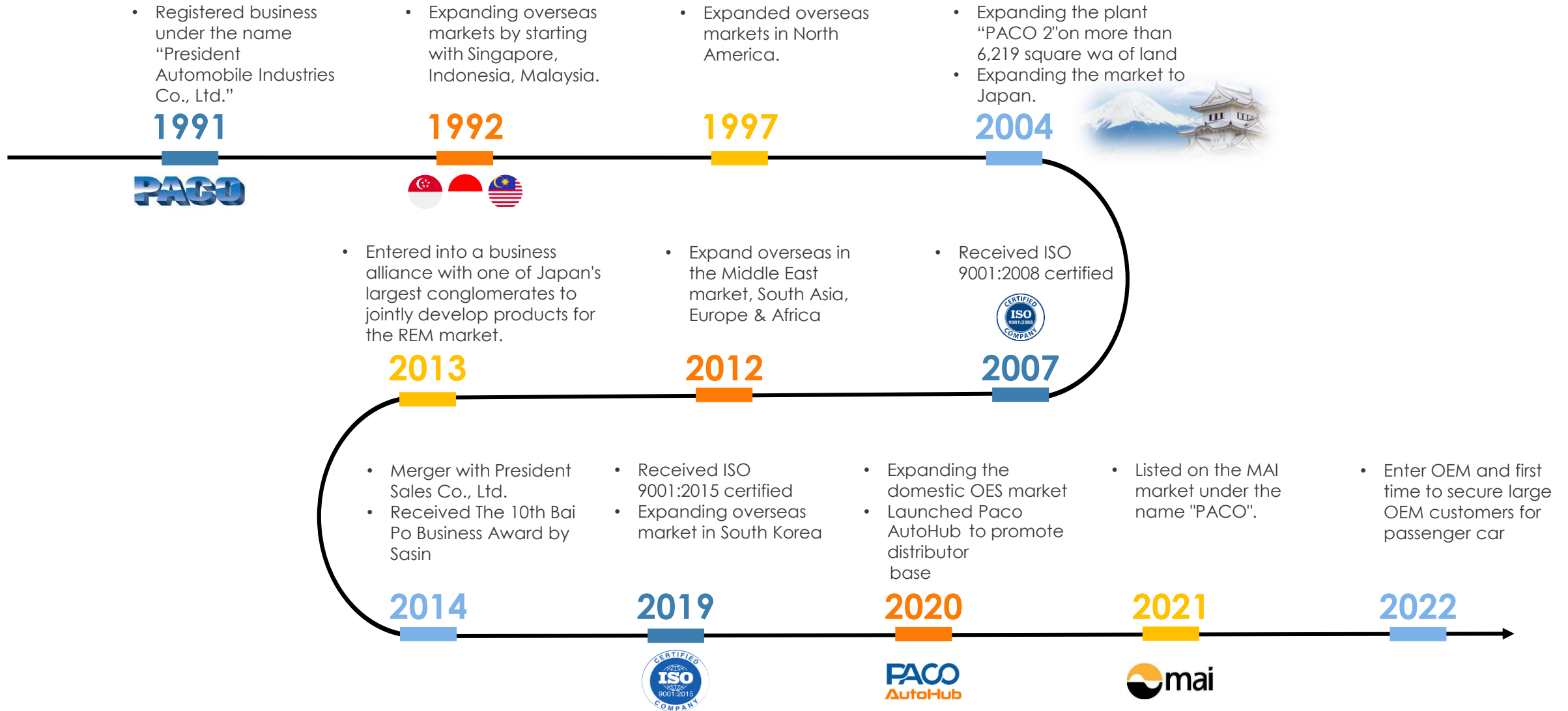
## **MANAGEMENT**

Khun Tae (Tanest)

084-437-9090

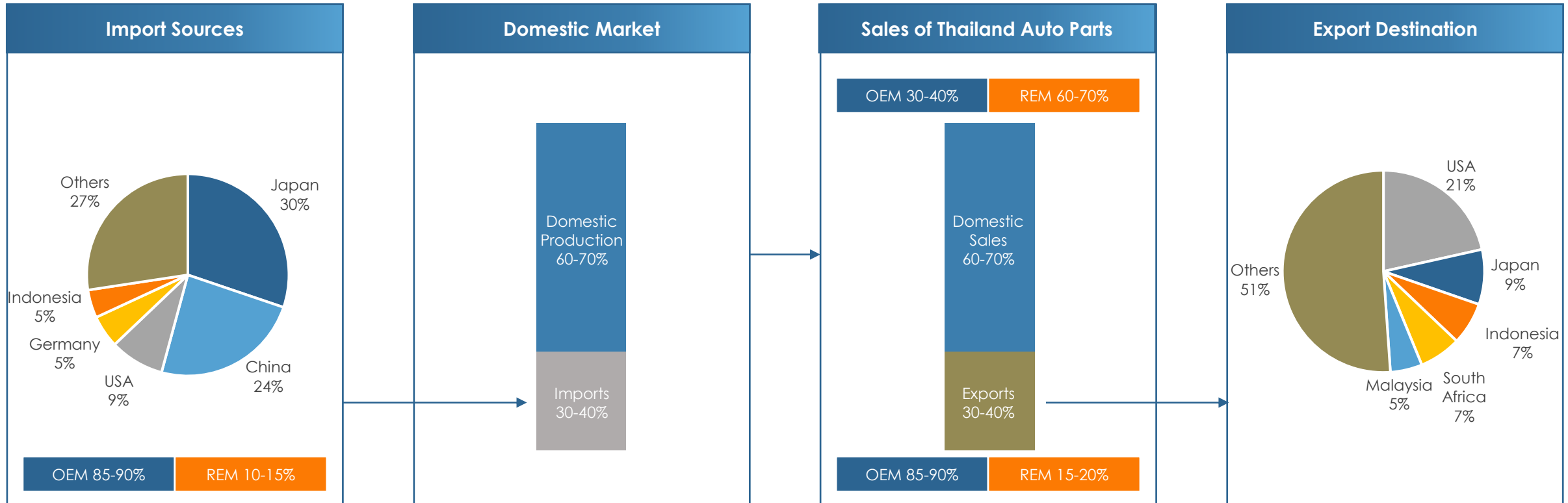


# COMPANY HISTORY



# Thailand Auto Parts Landscape

## Thailand Auto Part (2021)



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





**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 **PACO AutoHub** 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