

# OPPORTUNITY DAY PRESENTATION

**2023**

11<sup>th</sup> March 2024

President Automobile Industries PLC.



# 2023 HIGHLIGHT

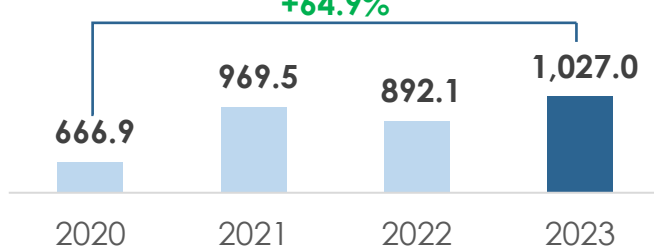


## PACO Performance Exceed Target For 2 Consecutive Years

- **Operating revenue** was Baht 1,027.0 million in 2023 increased by 15.1% YoY
- **Net profit** was Baht 14.2 million in Q4/2023 increased by 607.5% YoY and net profit margin was 5.3% in Q4/2023 increased by 4.5% from Q4/2022

### Operating Revenue

Unit: MB



## Investment in Automation Machinery

- In 2024, PACO plans to **invest approximately 50 million baht in automation machinery** to meet rising order demands both domestic and international
- Expected to **increase production capacity by 10-15%**



## PACO has 300MB Backlog as of YE/2023

- The Company's **order book continues to grow driven by aftermarket and successful trade shows**, resulting in new orders.
- As of YE/2023, **the Company has a total Backlog of 300MB including 60MB from Kubota**



# AGENDA

1

**COMPANY OVERVIEW**

2

FINANCIAL PERFORMANCE

3

2024 STRATEGIC DIRECTION &  
STRATEGY

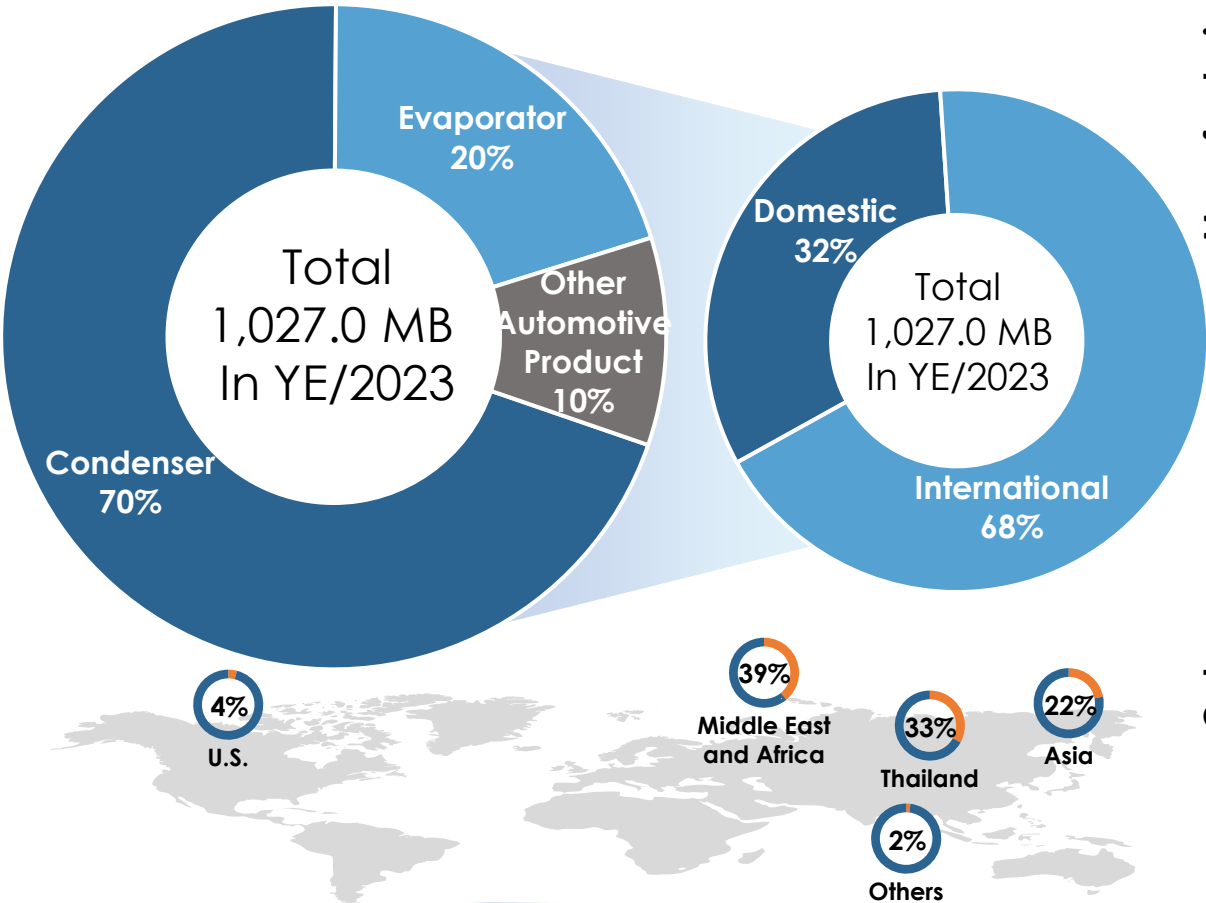
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INDUSTRY OUTLOOK

## Revenue Structure by Product Type

Unit: MB, %

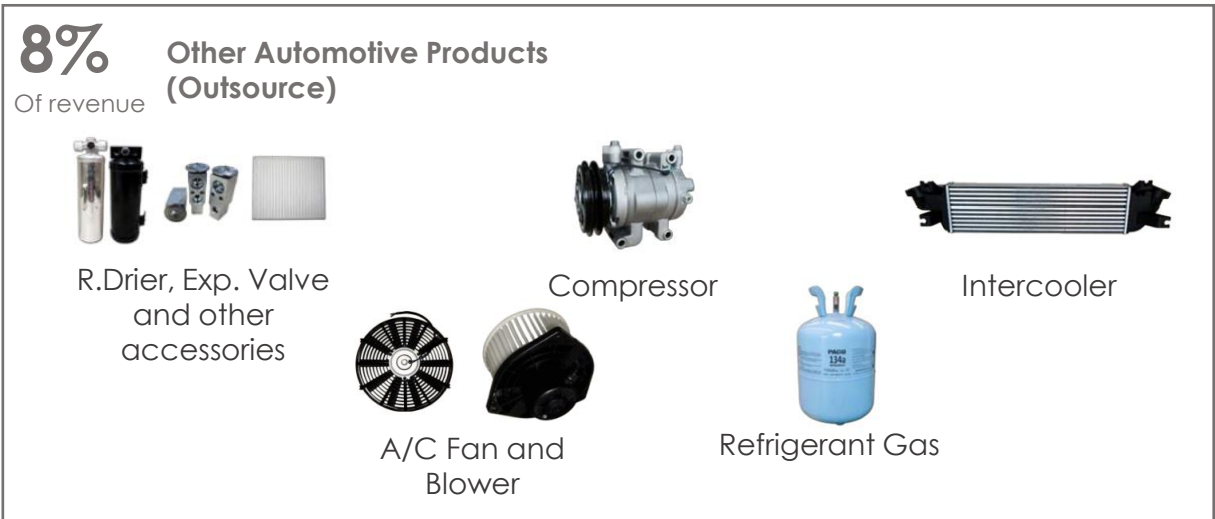
Presence in **22** Countries around the World\*



Manufacturing



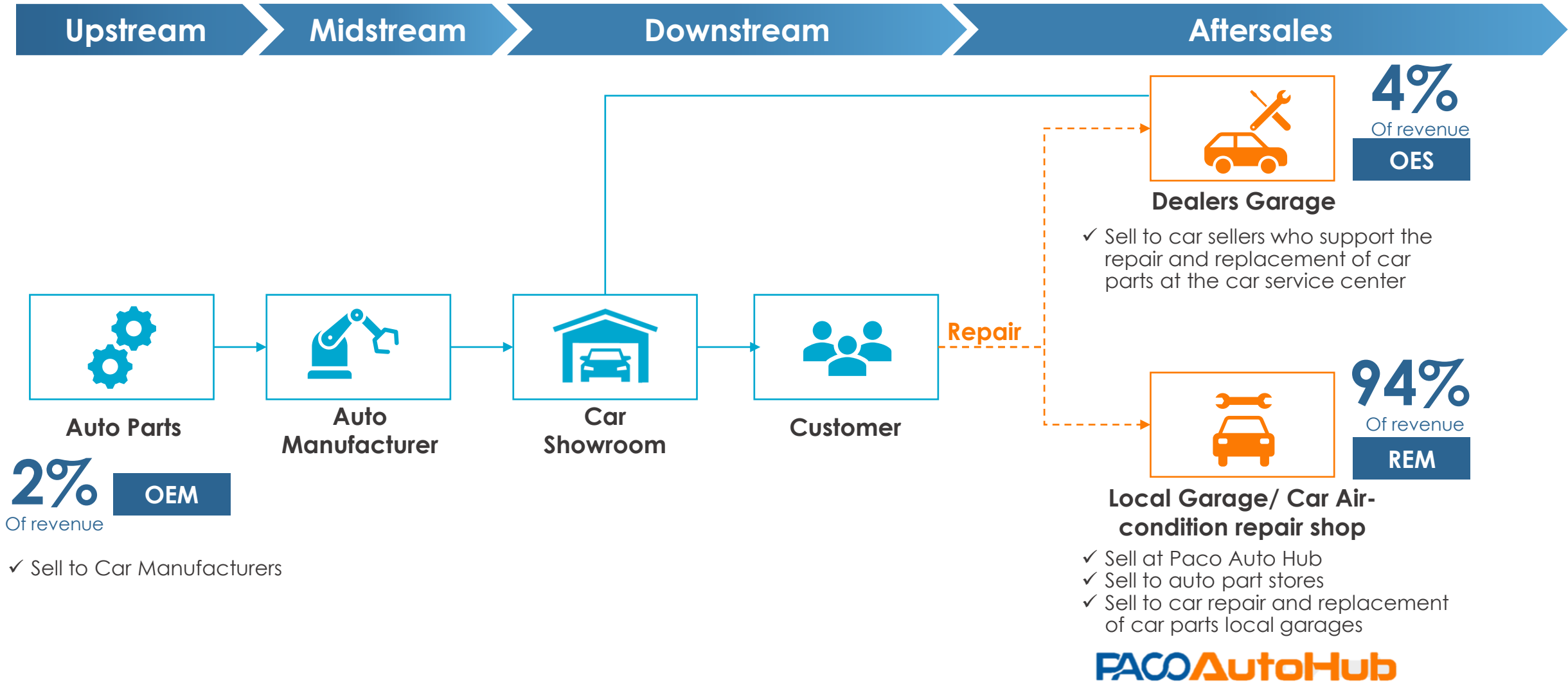
Outsource



\*Data for the period from 1 January to 30 December 2023



# 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 Aluminum Heat Exchanger Expert



30 years of experience in the design and manufacturing



The aluminum heat exchanger represents the latest advanced technology



Imposes opportunities to capture new segments such as the aerospace, battery cooling, commercial, and household air conditioning industries



### 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





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INDUSTRY OUTLOOK



# 2023 FINANCIAL HIGHLIGHT

Operating Revenue in 2023

**1,027.0** MB

▲ 15.1% YoY

GPM and NPM

Q4/2023

**17.6%**

▲ 5.7% YoY

Q4/2023

**5.3%**

▲ 4.5% YoY

ROA and ROE

Q4/2023

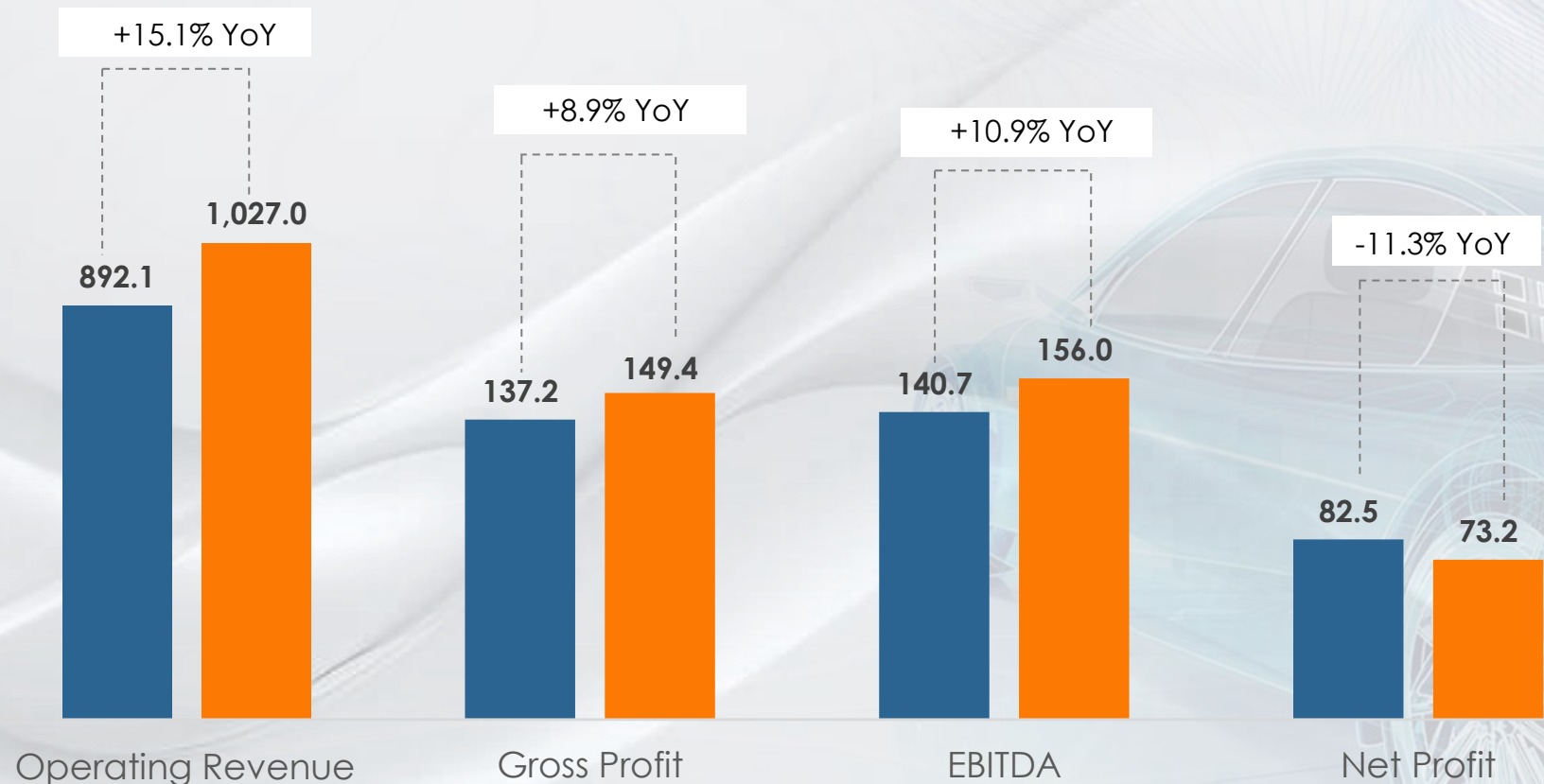
**5.29%**

Q4/2023

**7.57%**

Unit: Million Baht, %

## Financial Summary





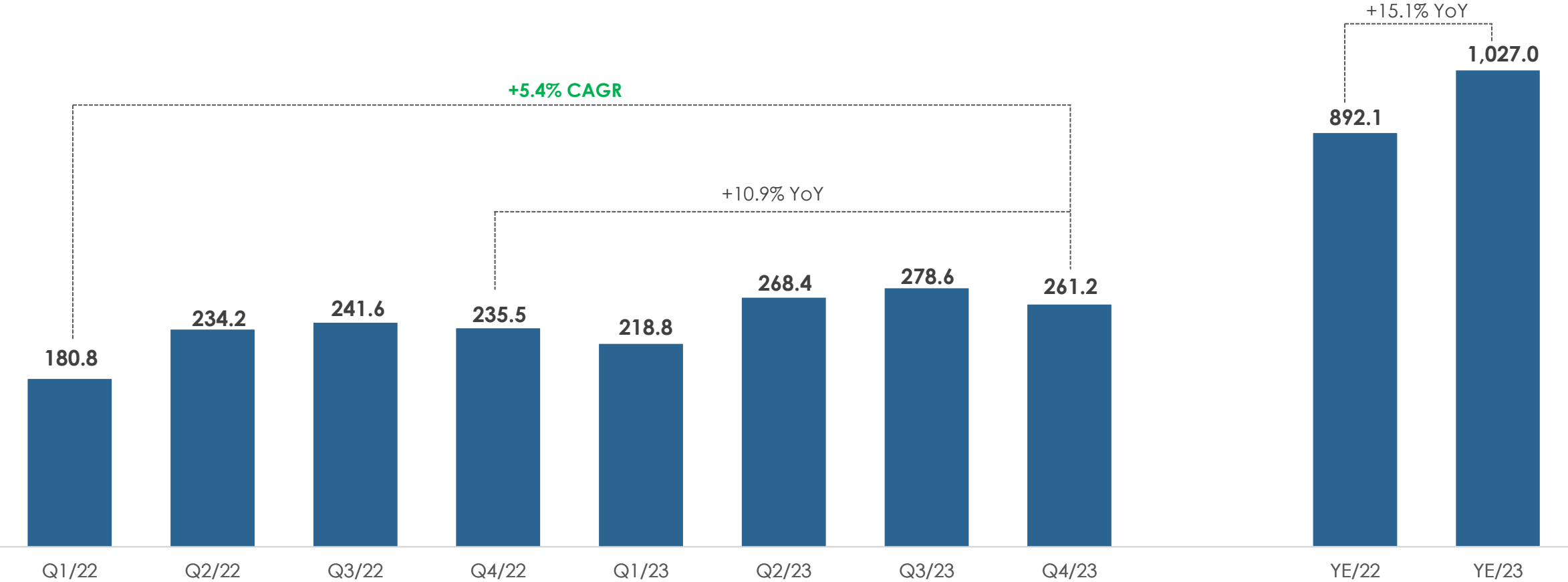
# OPERATING REVENUE



## OPERATING REVENUE BREAKDOWN BY QUARTER

Unit: Million Baht, %

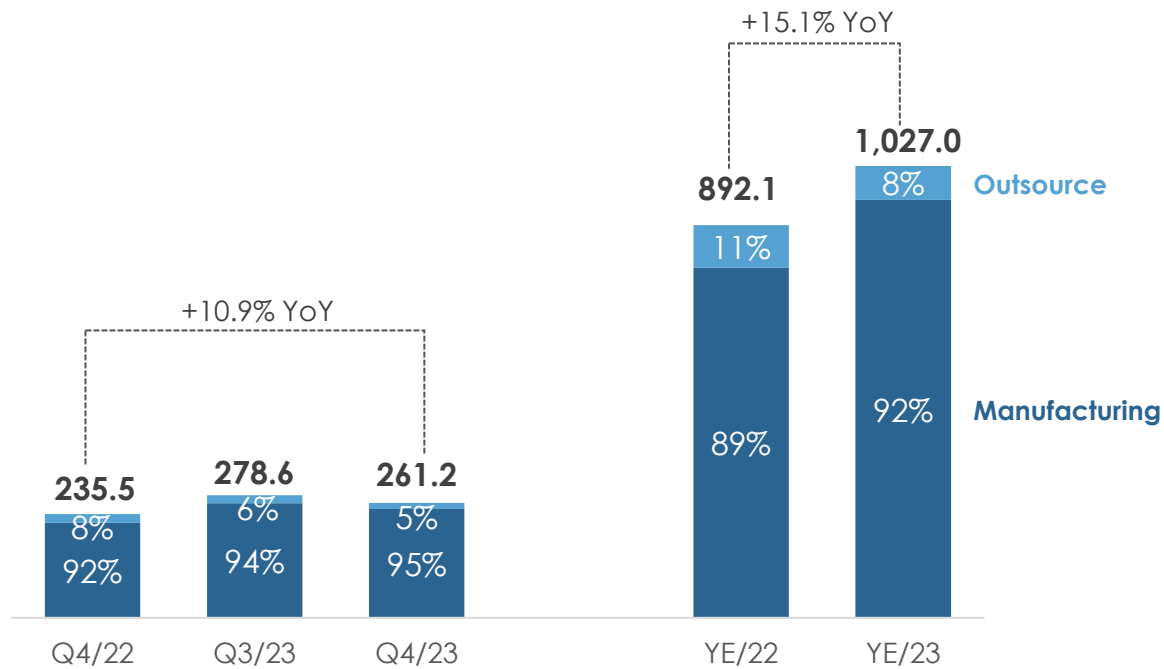
*“Represented the growth revenue from 2022 due to increased demand from international customers”*



# OPERATING REVENUE

## OPERATING REVENUE BREAKDOWN BY CHANNEL

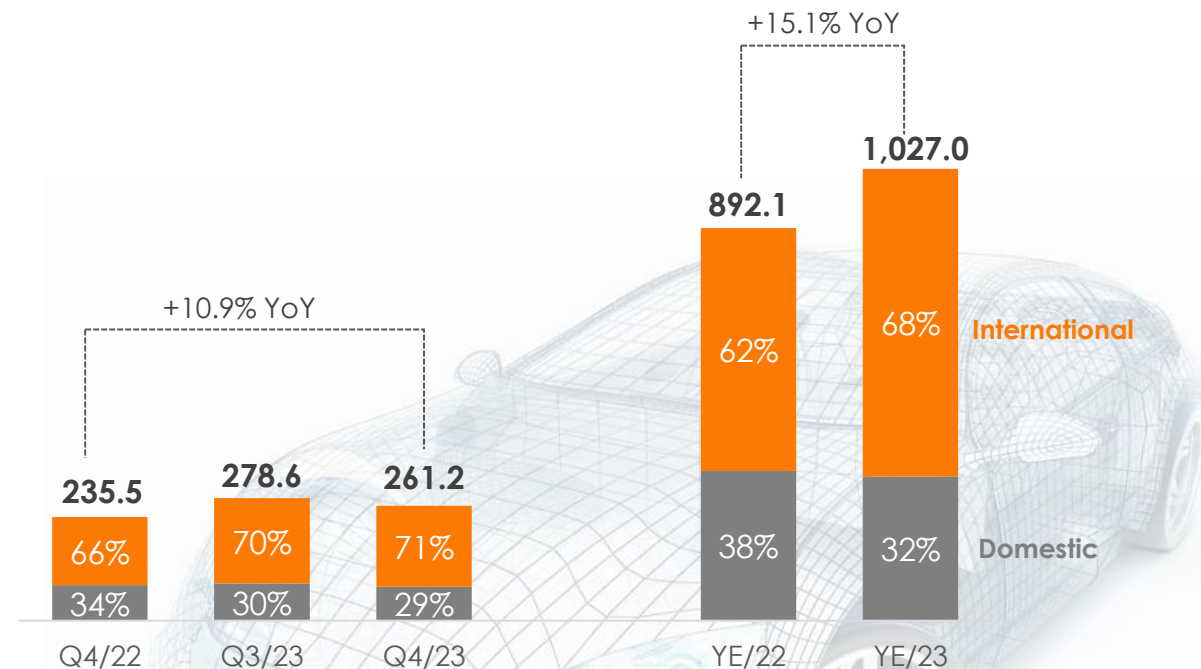
Unit: Million Baht, %



### YoY: Q4/23 vs Q4/22

In Q4/2023, the Operating revenue is Baht 261.2 million, increased by Baht 25.7 million or 10.9%, mainly due to:

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



### YoY: YE/23 vs YE/22

In YE/2023, the Operating revenue of Baht 1,027.0 million, increased by Baht 134.9 million or 15.1%, mainly due to:

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

# DOMESTIC SALES PERFORMANCE



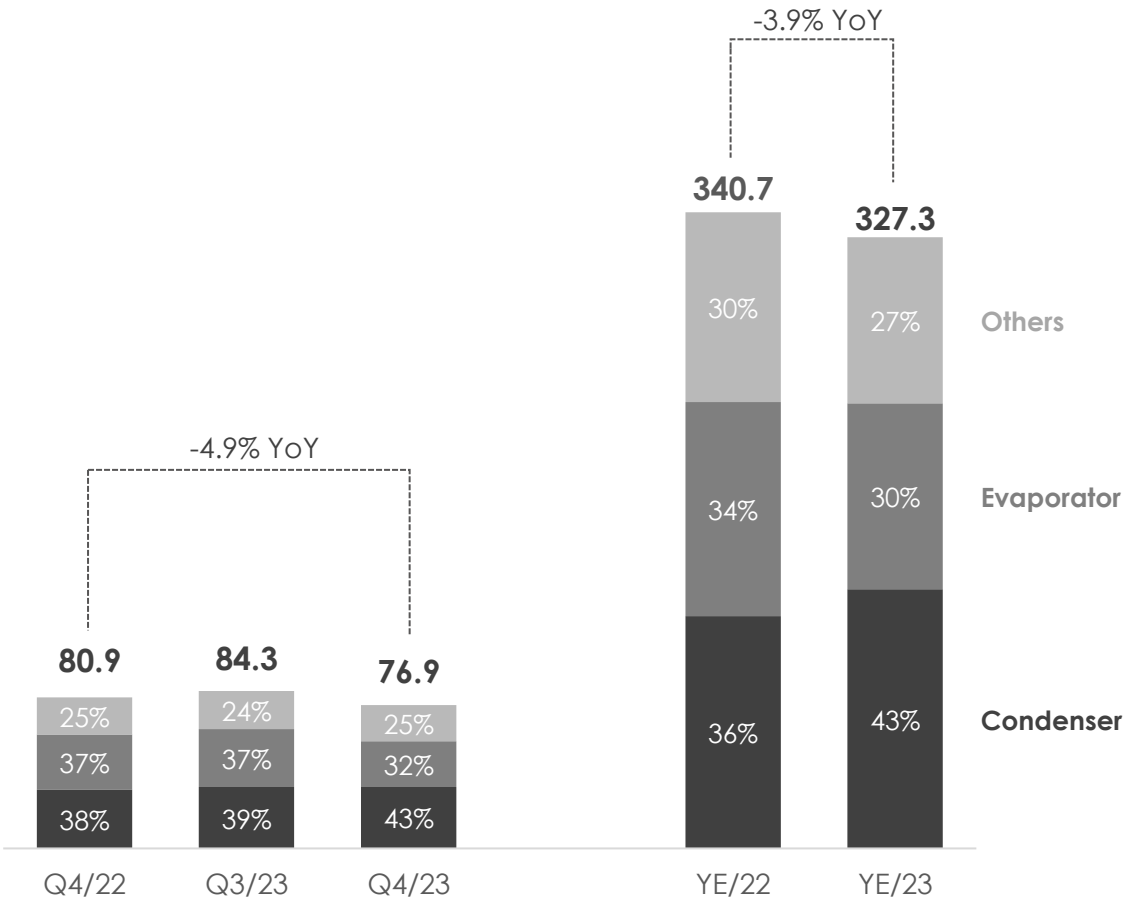
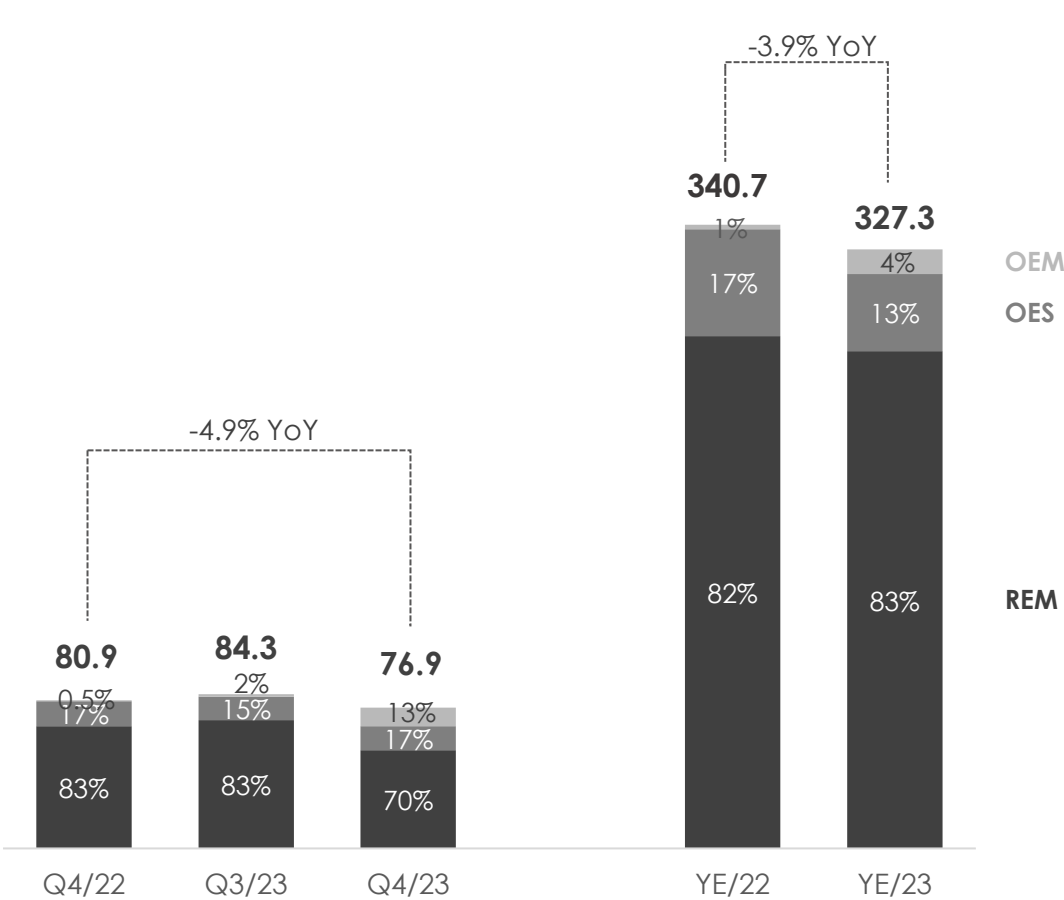
## OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %

## OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %

“Domestic sales slightly decreased from 2022 due to a decrease in the production capacity”



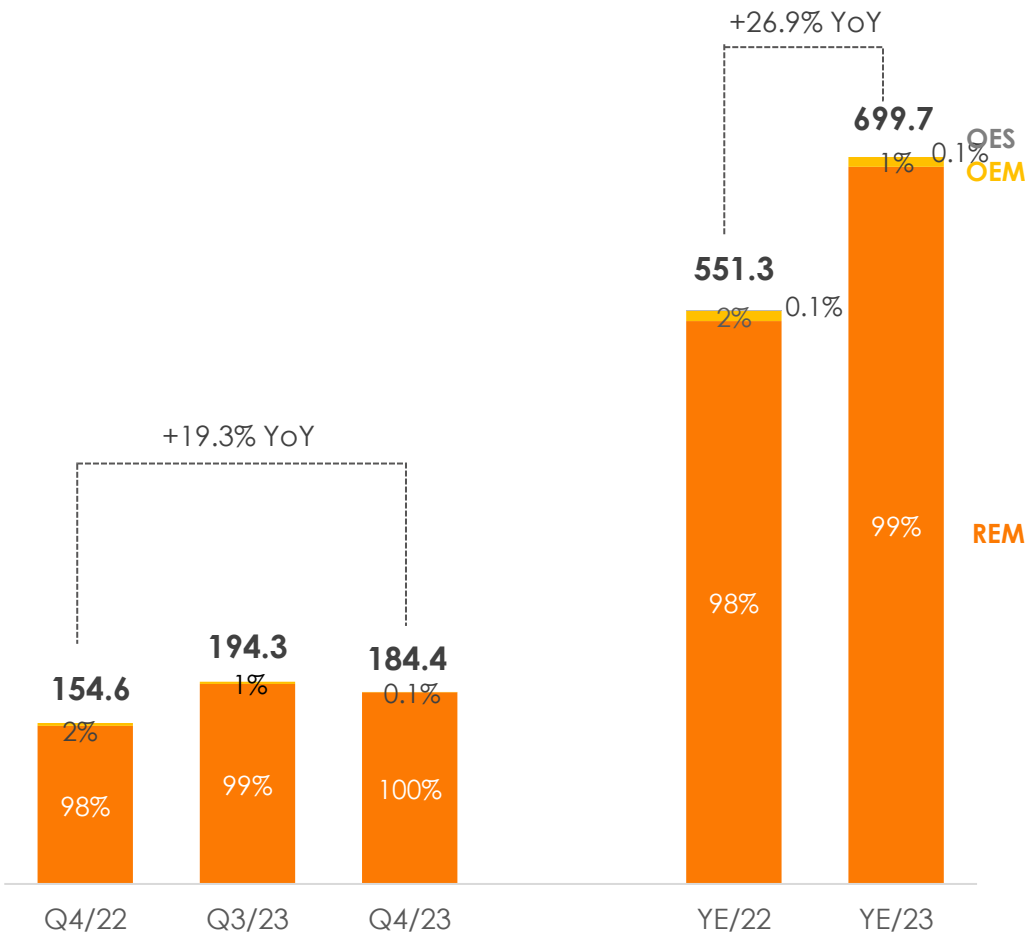


# INTERNATIONAL SALES PERFORMANCE

## OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

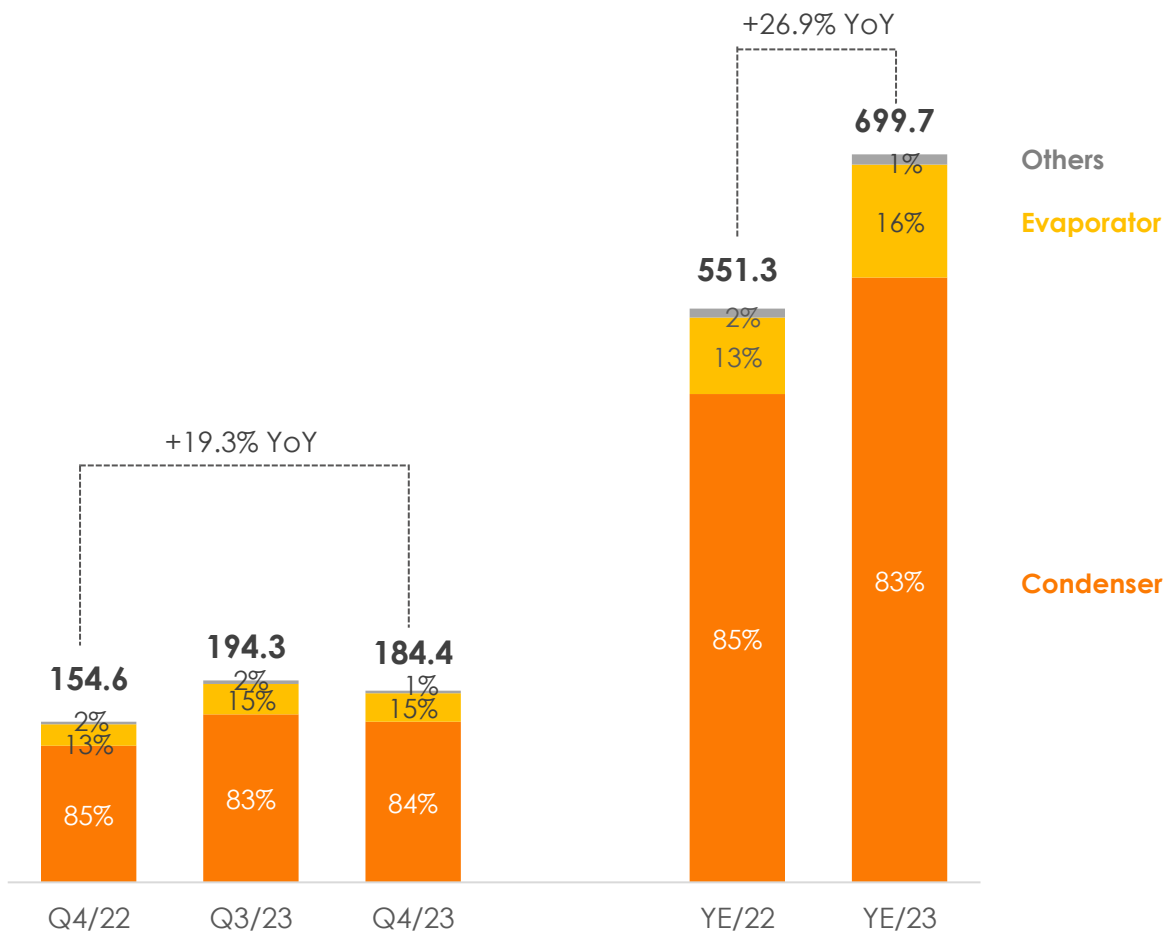
Unit: Million Baht, %

*"The increase in orders from international customers, particularly from Singapore and the Middle East region, **has significantly increase in sales performance**"*



## OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

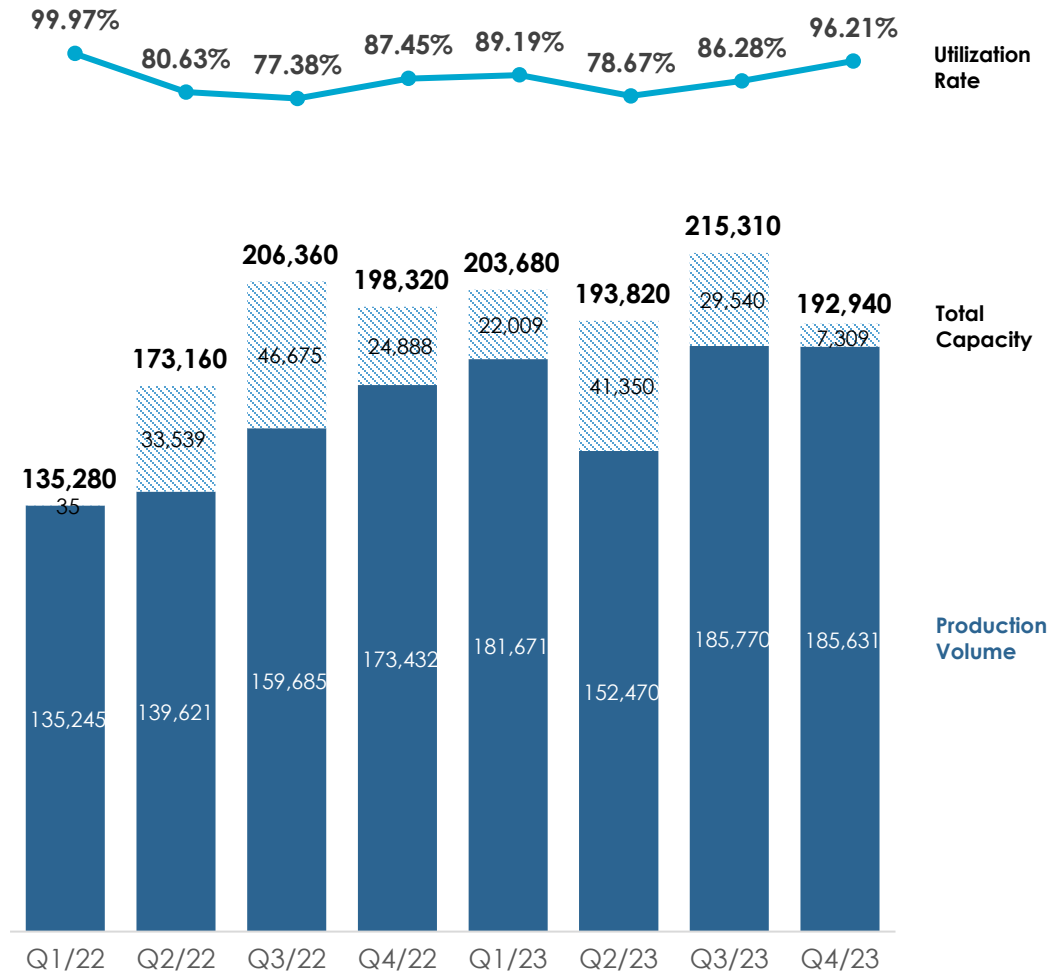
Unit: Million Baht, %



# EFFICIENCY

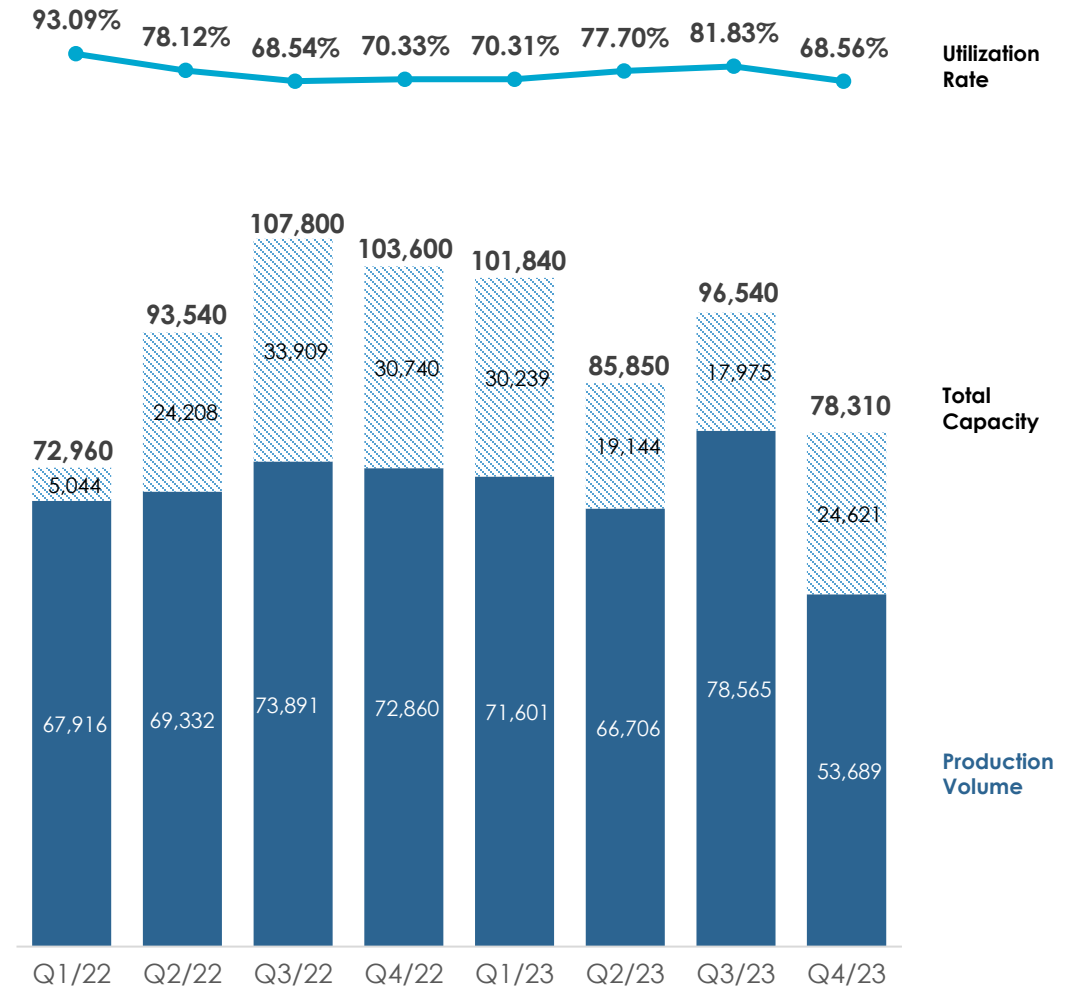
## CONDENSER

Unit: Number of unit, % Utilization



## EVAPORATOR

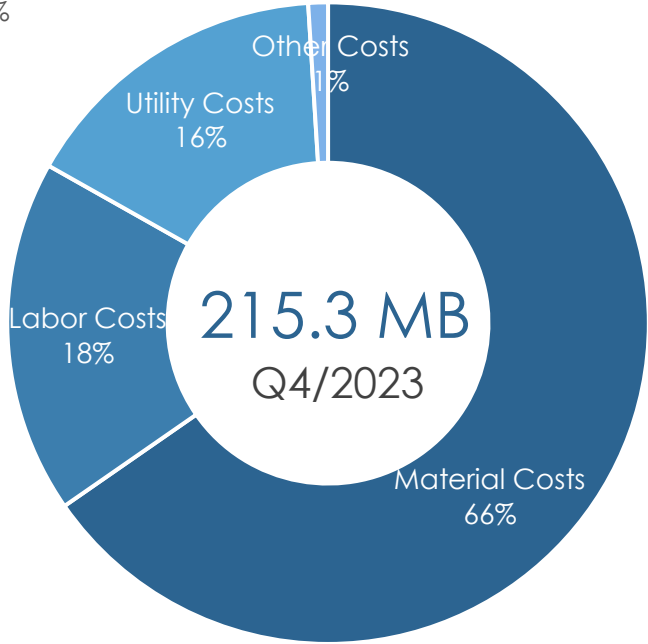
Unit: Number of unit, % Utilization



# COST OF GOOD SOLD

## MANUFACTURING

Unit: Million Baht, %



- COGS mainly comprises of raw materials 66% 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

## 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

### Raw Material Cost Management



Cost of Raw Mat will Improve



Stock Products (1-2 months)



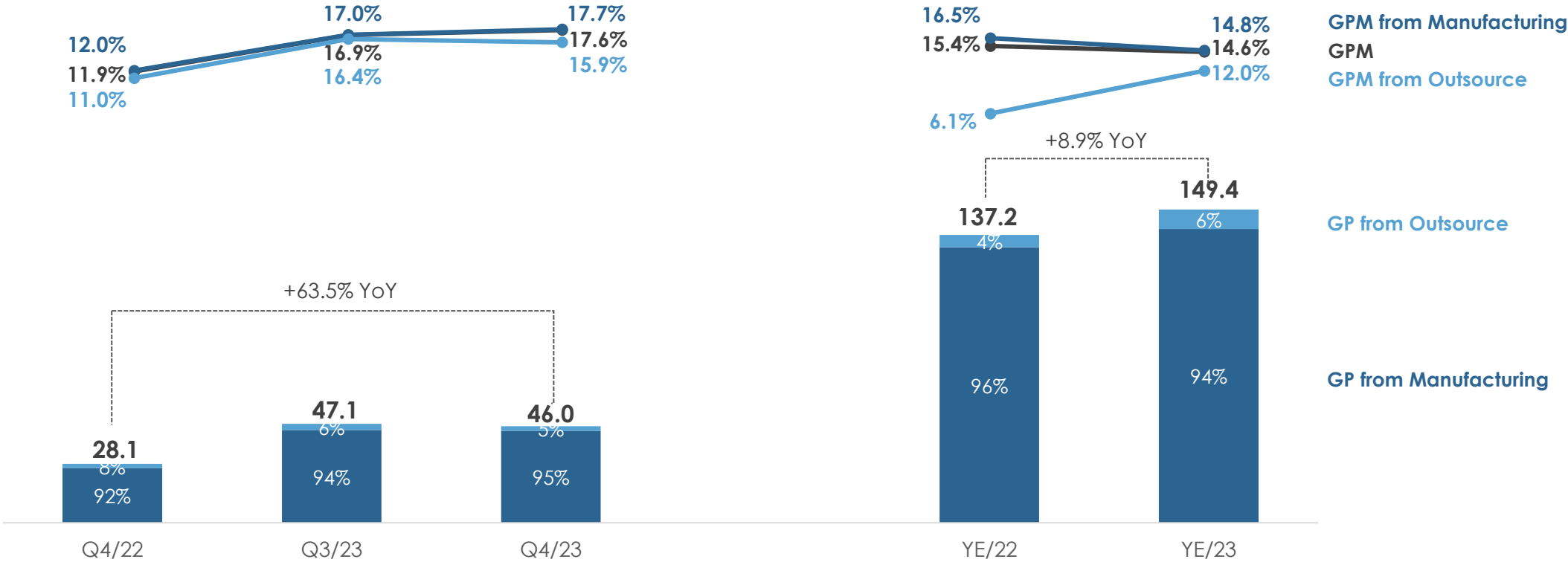
Efficient Waste Reduction in Production



# GROSS PROFIT AND GROSS PROFIT MARGIN

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

Unit: Million Baht, %



### YoY: Q4/23 vs Q4/22

**Gross profit** was Baht 46.0 million in Q4/2023, increased by Baht 17.9 million or 63.5% and **GPM** was 17.6%, an increase from 11.9% in Q4/2022, mainly due to a continuous decline in the average cost of raw material used in production and increased production volumes, resulting in economies of scale

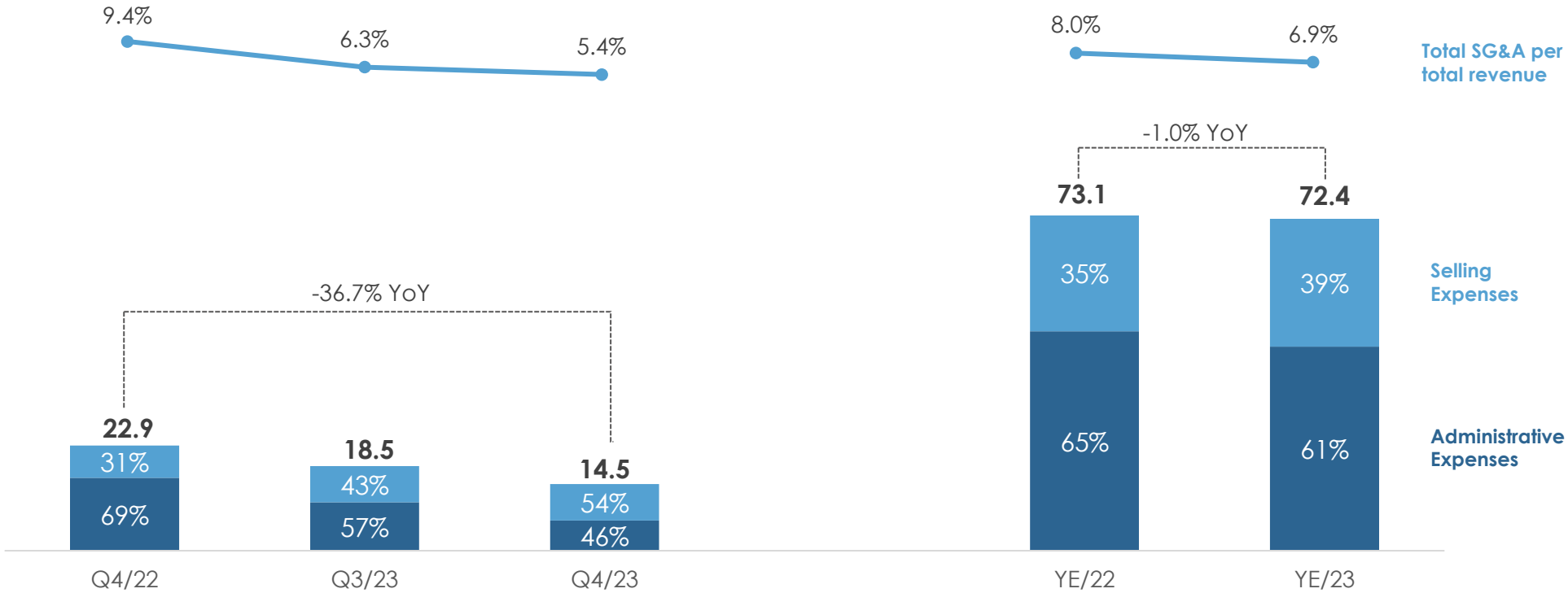
### YoY: YE/23 vs YE/22

**Gross profit** was Baht 149.4 million in YE/2023, increased by Baht 12.2 million or 8.9% consistent with increased revenue from increased production volume. While **GPM** decreased to 14.6% from 15.4% in YE/2022 from higher minimum wage rate, electricity costs, and the average cost of raw materials used, which continue to be affected by higher prices in the 1H/2023

# SELLING & ADMINISTRATIVE EXPENSES

## SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



### YoY: Q4/23 vs Q4/22

**Selling & administrative expense** was Baht 14.5 million, decreased by Baht 8.4 million or 36.7% mainly due to the recognition of losses from financial derivative instruments in Q4/2022, and the reversal of the allowance for impairment of assets in Q4/2023

**Selling and Administrative expenses per total revenue** was 5.4%, decreased from 9.4% in Q4/2022 mainly due to the increase in total revenue

### YoY: YE/23 vs YE/22

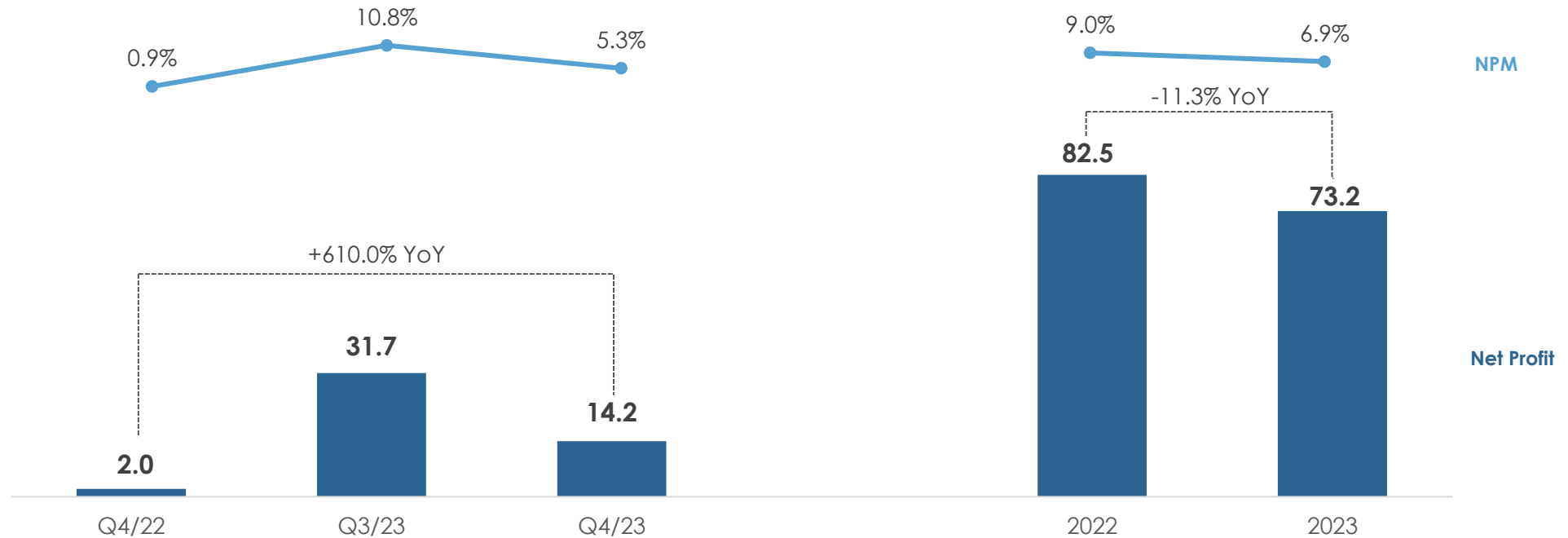
**Selling & administrative expense** was Baht 72.4 million, decreased by Baht 0.7 million or 1.0% mainly due to the recognition of losses from financial derivative instruments at the end of 2022, and the reversal of the allowance for impairment of assets in 2023

**Selling and Administrative expenses per total revenue** was 6.9%, decreased from 8.0% in YE/2022 mainly due to the increase in total revenue

# NET PROFIT

## NET PROFIT AND NET PROFIT MARGIN

Unit: Million Baht, %



### YoY: Q4/23 vs Q4/22

**Net profit** was Baht 14.2 million, increased by Baht 12.2 million or 610.0% and **Net Profit Margin** was 5.3%, increased from 0.9% in Q4/2022 mainly due to:

- Increased revenue, especially from international customers
- Decline in the average cost of raw material
- Recognize gain from exchange rate

### YoY: YE/23 vs YE/22

**Net profit** was Baht 73.2 million, decreased by Baht 9.3 million or 11.3% and **Net Profit Margin** was 6.9%, decreased from 9.0% in YE/2022 mainly due to:

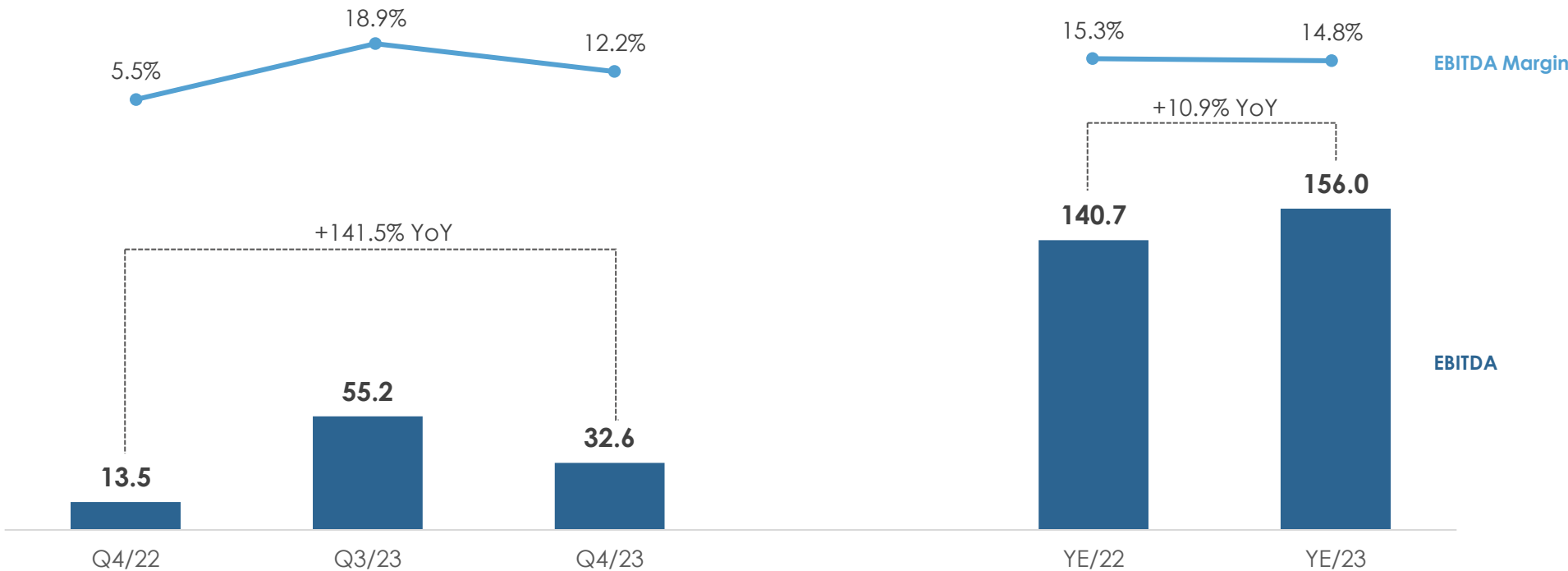
- Increased finance cost
- End of corporate income tax exemption by BOI



# EBITDA AND EBITDA Margin

## EBITDA

Unit: Million Baht, %



### YoY: Q4/23 vs Q4/22

**EBITDA** was Baht 32.6 million, Increased by Baht 19.1 million or 141.5% and **EBITDA Margin** was 12.2%, an increase from 5.5% in Q4/2022, mainly due to an increase in orders from international customers and increased production volumes, resulting in economies of scale as well as continuous decline in the average cost of raw material used in production

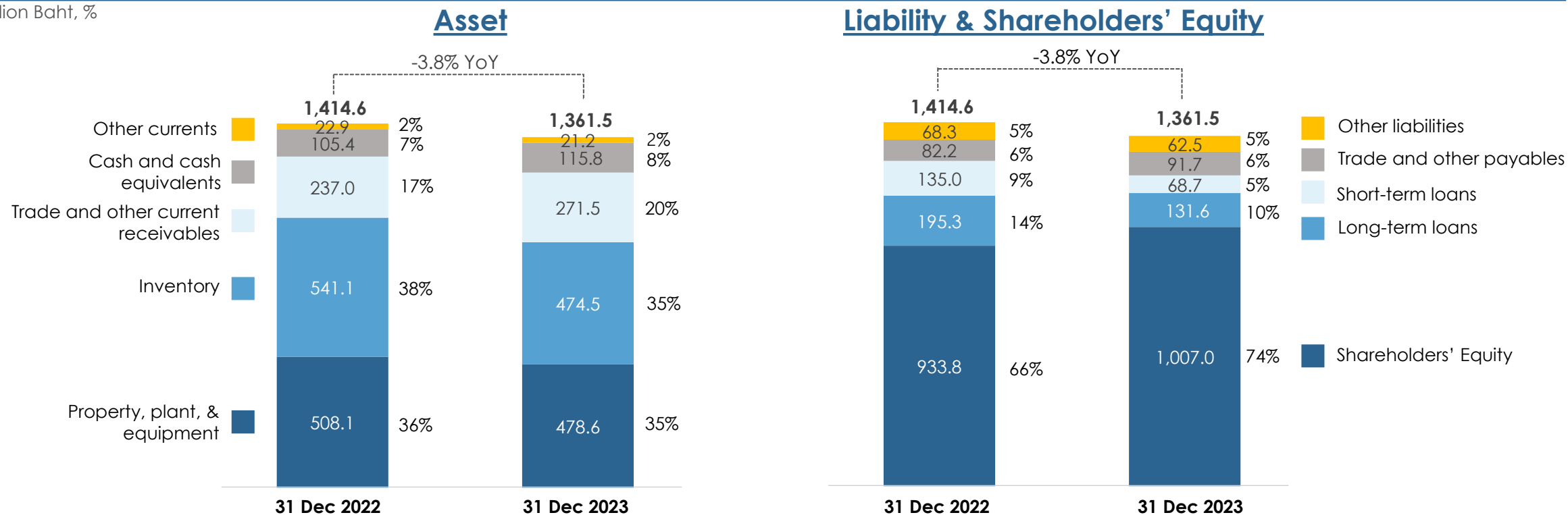
### YoY: YE/23 vs YE/22

**EBITDA** was Baht 72.4 million, increased by Baht 15.3 million or 10.9% mainly due to an increase in orders from international customers and increased production volumes, resulting in economies of scale as well as a decrease in selling and administrative expenses. While **EBITDA Margin** was 14.8% slightly decreased from 15.3% in YE/2022 mainly due to higher minimum wage rate, electricity costs, and the average cost of raw materials used, which continue to be affected by higher prices in the 1H/2023

# STATEMENT OF FINANCIAL POSITION

## STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



### Asset

As of 31 December 2023, the total assets were Baht 1,361.5 million decrease by 53.0 million Baht or 3.8% from 31 December 2022 mainly due to:

- **Inventory:** decrease due to a decrease in the raw material inventory and decrease in stock for sale
- **Property, Plant and Equipment** decrease value from depreciation during the year

### Liability

As of 31 December 2023, the total liabilities were Baht 354.5 million, decreased by Baht 126.3 million or 26.3% from 31 December 2022 mainly due to:

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

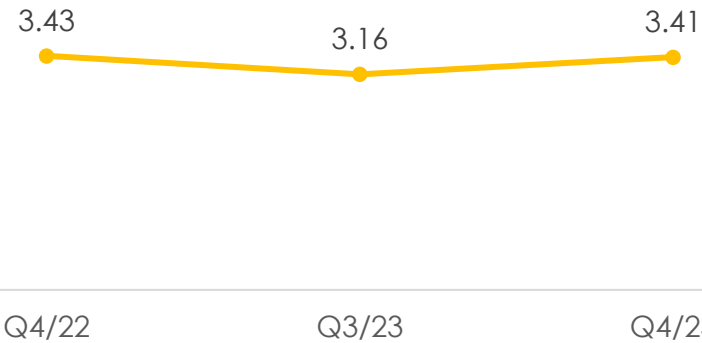
### Shareholders' Equity

As of 31 December 2023, the total shareholders' equity were Baht 1,007.0 million, increased by Baht 73.2 million or 7.8% from 31 December 2022 from the Company performance during the year

# KEY FINANCIAL RATIOS

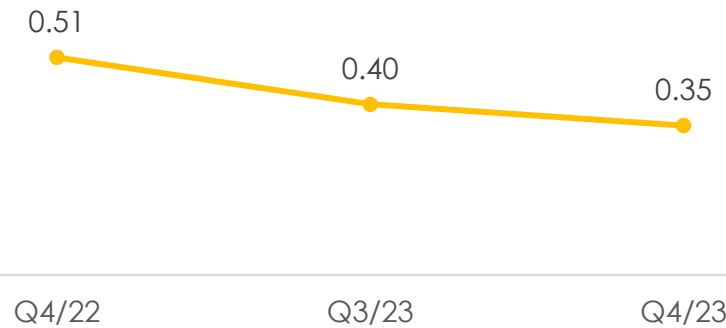
## CURRENT RATIO

Unit: Times



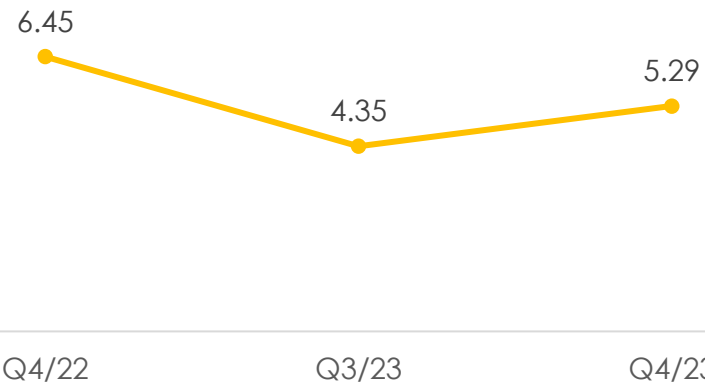
## D/E RATIO

Unit: Times



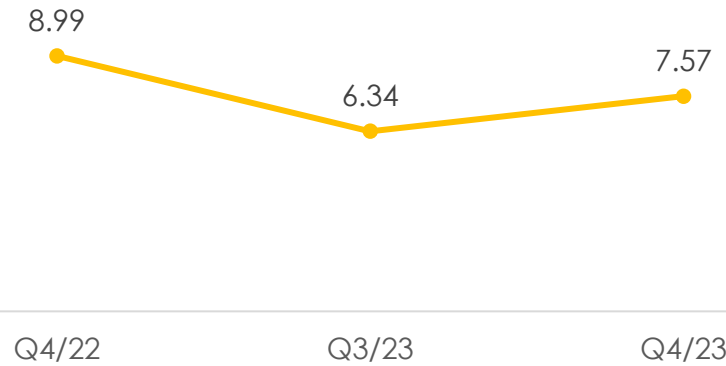
## ROA\*

Unit: %



## ROE\*

Unit: %



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

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





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INDUSTRY OUTLOOK

**+10-15% CAGR**

**2026**



## Global Presence of Heat Exchanger Technology

- Digitalizing operation and system
- Continue to grow PACO brand for OES and REM on a global scale
- Explore more OEM opportunities in the region

**2025**



## Well-Known One-Stop-Service Auto-Parts Player in the Region

- Automating operation to enhance efficiency
- Strengthen PACO brand for OES and REM
- Increase product coverage through new product categories

**2024**



## Expansion for The Future

- Expanding capacity for growth
- Preparing automation in production process
- Capturing new customers
- Growing with EV market

# EXPANDING CAPABILITIES OF CORE BUSINESS (1/2)

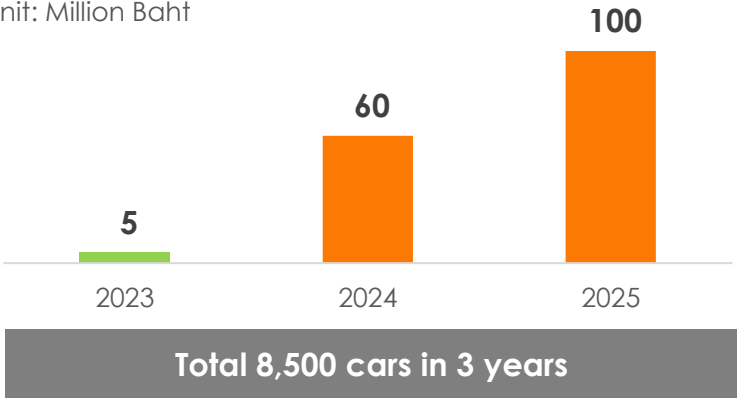
## Consistently Acquiring New Customers Domestically And Abroad



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

### Revenue Target

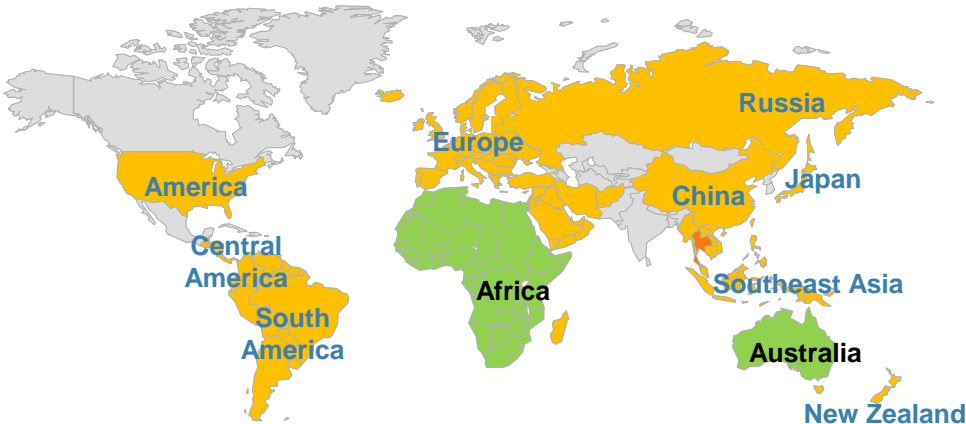
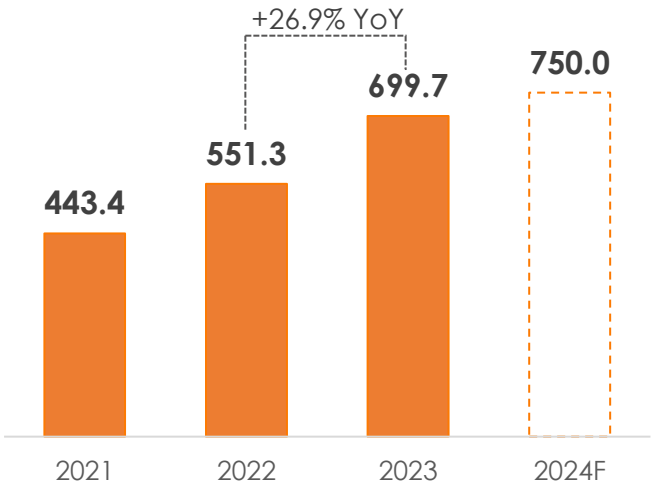
Unit: Million Baht



## Maintain International Coverage Globally

### Revenue from International Business

Unit: Million Baht



### 2024 Growth Plan

- Expand market penetration in Africa
- Enhance customer base in Australia through exhibitions

### 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



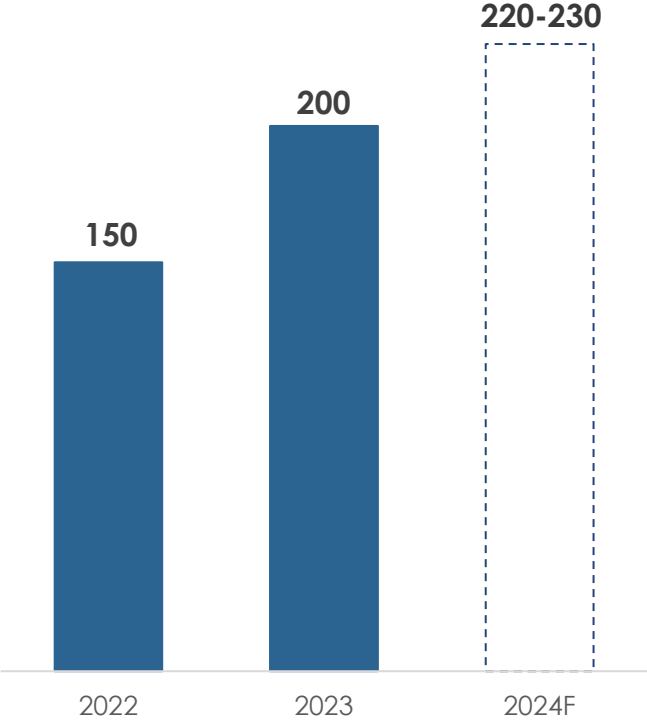
# EXPANDING CAPABILITIES OF CORE BUSINESS (2/2)



## Number of Branches

Unit: Million Baht

+20-30 Branches



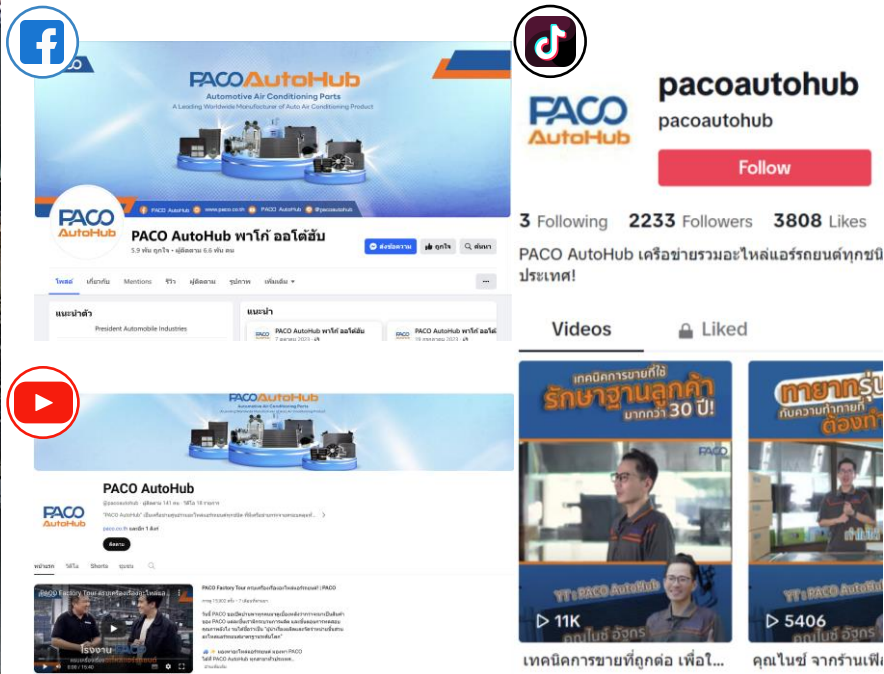
## Continuously Expanding Paco Hub Branches



- Continuously **expanding the "PACO Auto Hub branch**, focusing on increasing distributors through online marketing activities



## Online Marketing





## Investment in Machinery

➤ to increase production capacity and increase automation to control costs



2024 Total Investment for (Phase 1) 50 Million Baht

### Progress Update



### Expanding Capacity and Automation

#### 1 Elevating Capacity through Automation



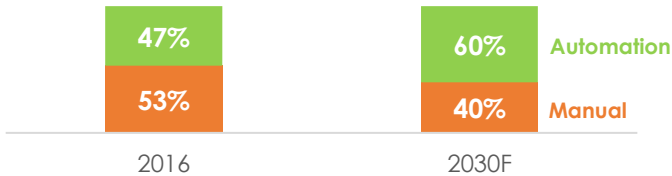
✓ Increase automation machinery to achieve a **10-15% increase in capacity in 2025**

#### 2 Automation for Enhanced Efficiency



✓ **Transition to automation**, reducing reliance on manual labor to mitigate inefficiencies

Unit: % of work hours



#### 3 Boosting Production for Faster Output



✓ Enhance production efficiency to expedite capacity and **increase overall output speed**

# EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

## 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

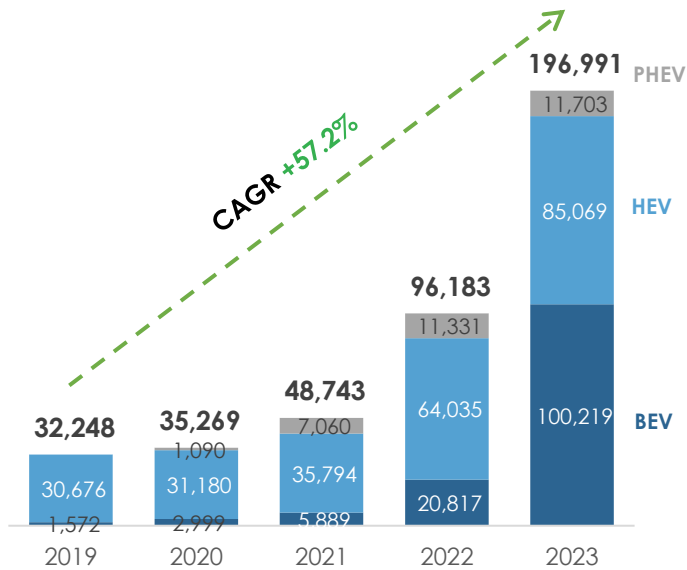
#### Major EV Manufacturers Move Production to Thailand



Source: thansettakij.com

#### Electric Vehicle Sales in Thailand

Unit: No. of Cars



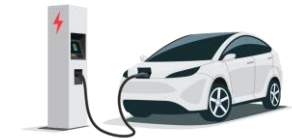
Source: Thailand Transportation Statistics

## Project Update

### 2022

#### 1 HEV Manufacturer

➤ Supply to 1 customer with a hybrid electric vehicle (HEV)

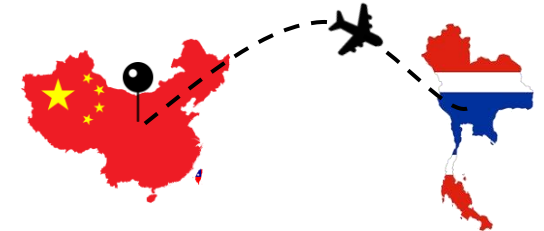


### 2024

#### In The Process of Negotiation

➤ EV Manufacturers from China are in the process of relocating their manufacturing base to Thailand

#### 2 Manufacturers



# EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

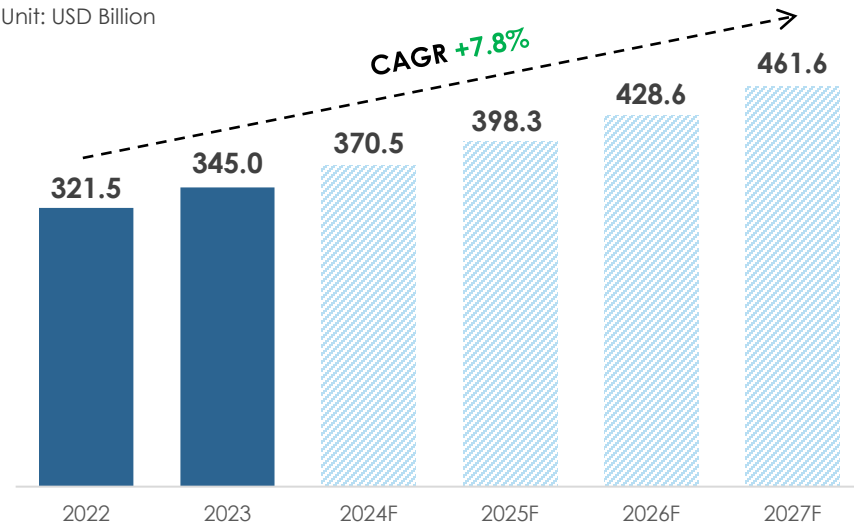
## Explore New Industry

### Explore New Industry

PACO is poised to expand into the aerospace chiller industry while capitalizing on the sector's growth potential

#### Global Aerospace Market Size

Unit: USD Billion



Source: Precedenceresearch

The global aerospace market is projected to reach approximately \$678.17 billion by 2035, growing at a CAGR of 7.80% driven by

- ✓ Growth in air travel demand
- ✓ The need for cargo aircraft to keep up with rapid delivery

## 2024 NPD

### Aerospace Chiller

#### Primary Functions:

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



Confirmed in **2023**

Seek more in **2024**

#### Aerospace Heat Exchanger Market

##### Confirmed Functions:

- Food Refrigeration
- Beverage Chiller

#### In the Process of Negotiations

##### Potential Functions:

- Auxiliary A/C System
- Other Cooling Functions



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**INDUSTRY OUTLOOK AND  
2024 OUTLOOK**

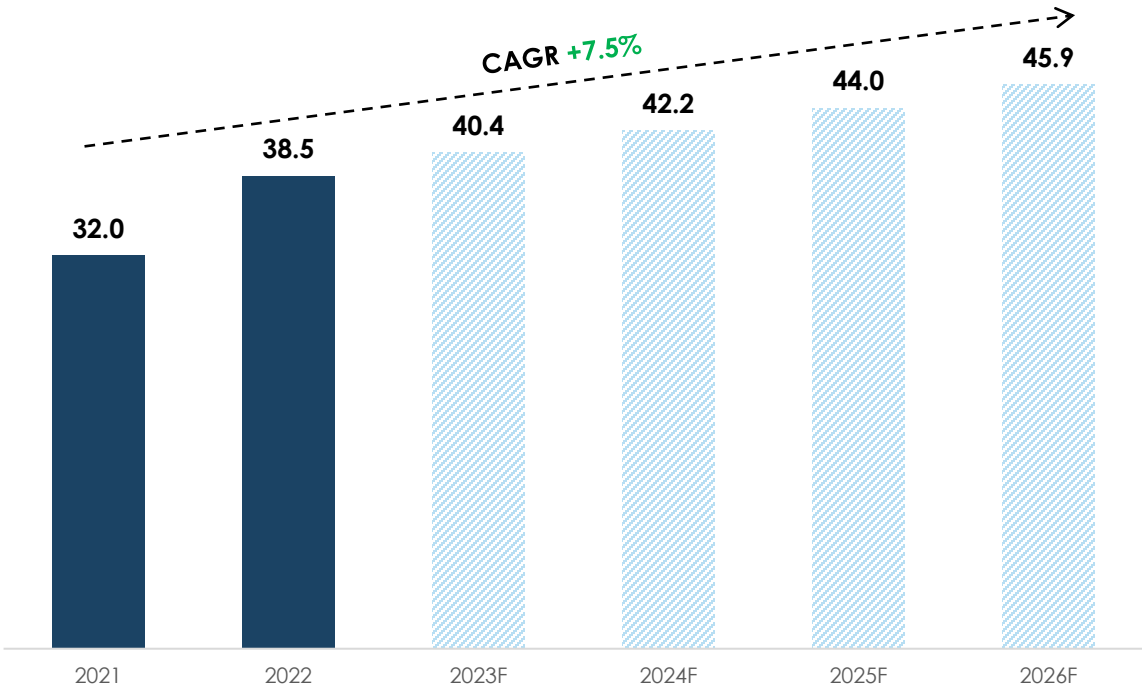


# The Growth of the Global Automotive Industry Drives Company Expansion Abroad



## Global Automotive Market Size (OEM)

Unit: Billion USD



Source: Secondary Research, Primary Research, MRFR Database, and Analyst Review

- Automotive Market Size is projected to grow from 40.4 billion USD in 2023 to 45.9 billion USD by 2026, exhibiting a CAGR of 7.5% driven by



Increase demand for luxury vehicles



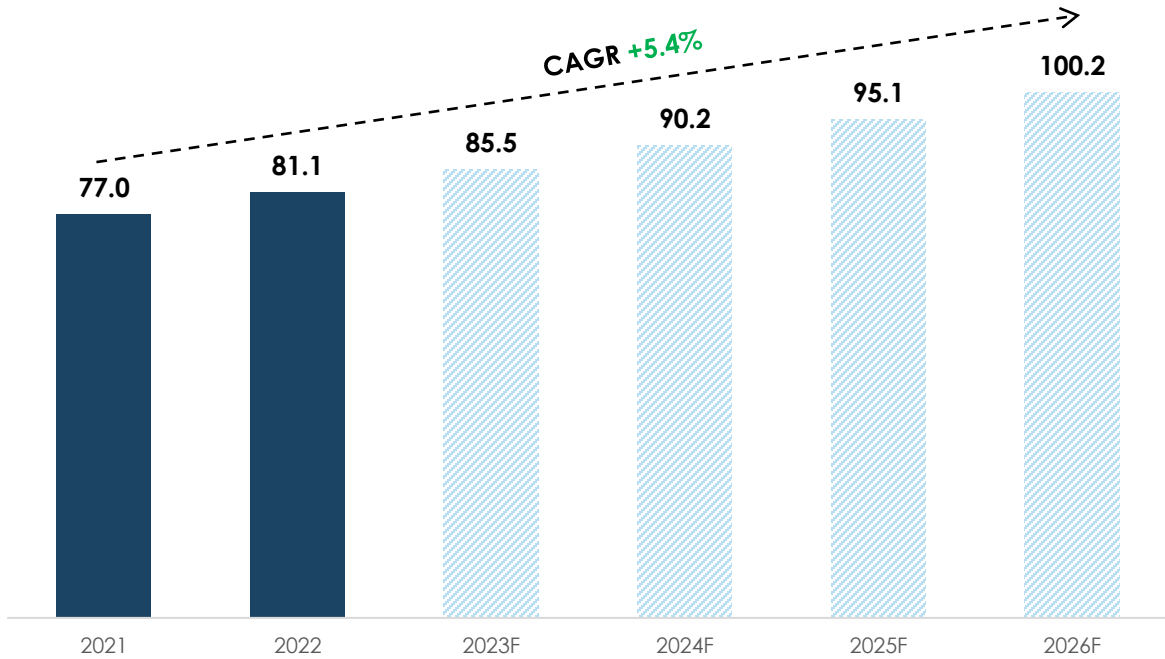
High demand for safety and convenience features



Introduction of electric vehicles (EVs)

## Global Automotive Aftermarket Market Size (REM)

Unit: Billion USD



Source: Businessresearchinsights

- The global automotive aftermarket market size is expected to reach USD 100.2 billion by 2026 at CGAR of 5.4% driven by

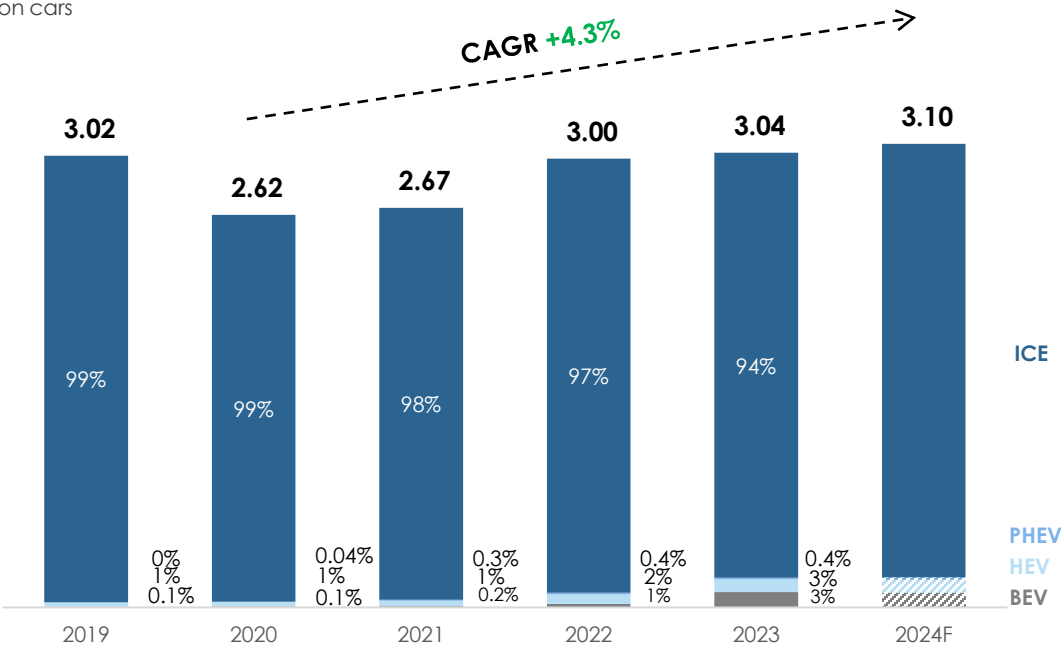
- ✓ **Aging vehicle population:** Demand for replacement parts and maintenance increases
- ✓ **Evolving technologies:** Advancements in areas create new opportunities for aftermarket
- ✓ **Focus on sustainability:** Growing demand for eco-friendly leads to the development of new aftermarket products and services

# Opportunities for Growth from Rising Automotive Sales and Exports in Thailand



## Thailand Automotive Sales Volume

Unit: Million cars

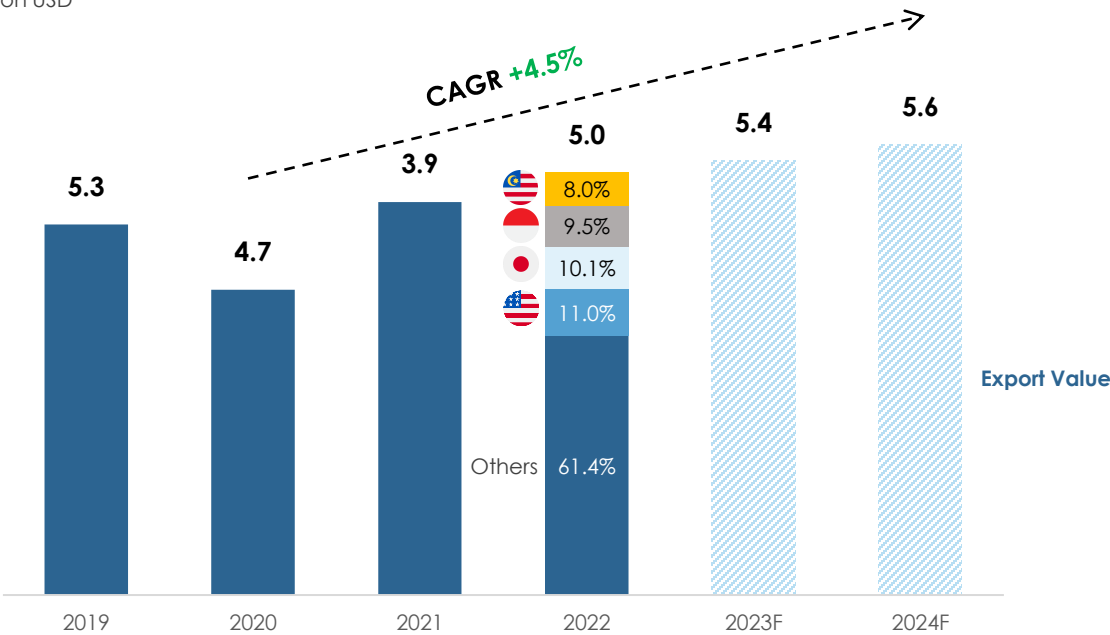


Source: Department of Land Transport

- **In 2024, the Thailand automotive sales market is expected to grow steadily**, paving the way for automotive-related companies to experience their growth. This growth will be driven by several key factors:
  - ✓ **Rising demand for eco-cars and electric vehicles:** Consumers are increasingly looking for more environmentally friendly
  - ✓ **Technological advancements:** Innovations like autonomous driving and connected cars are changing the industry

## Thailand Auto Parts Export Value

Unit: Billion USD



Source: Forecast by Krungsri Research, Krungthai COMPASS

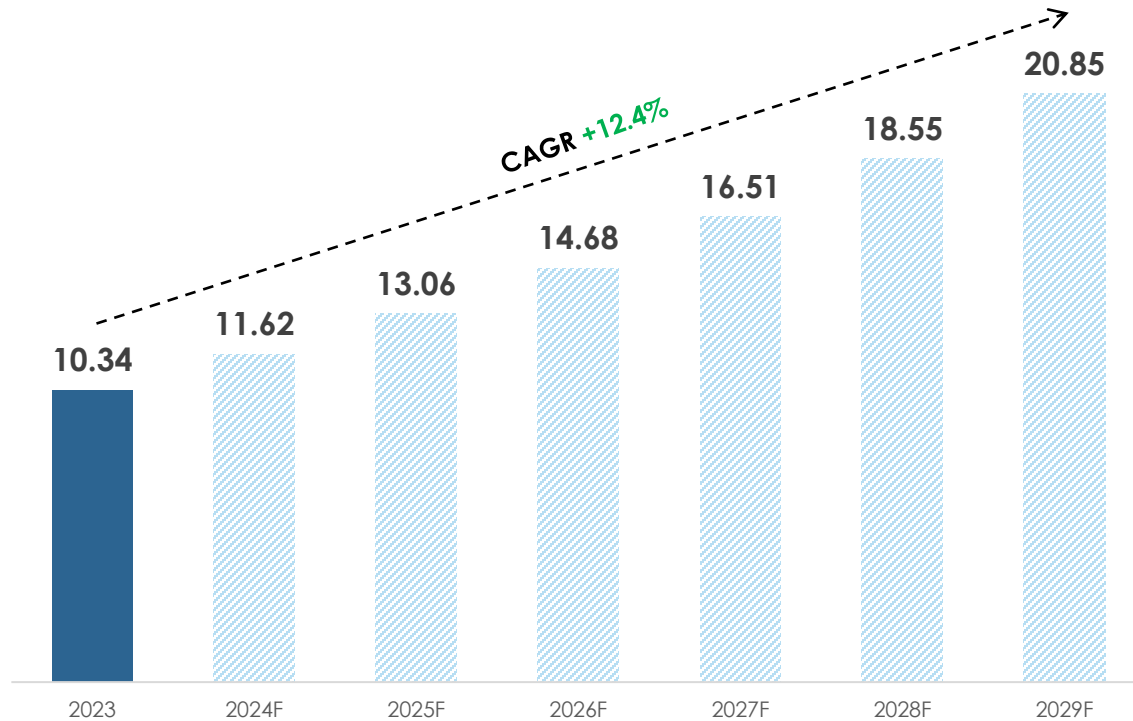
- **Thailand's auto part exports have consistently grown at a rate of 4.5% CAGR from 2020 to 2024F**, supported by
  - ✓ **Rising Global Demand:** Rising global demand in 2024 fuels Thailand's auto parts export growth
  - ✓ **Government Support:** Thai government is supporting the auto parts industry through various initiatives, such as tax breaks and investment incentives
  - ✓ **Increasing Production of EVs:** The production of electric vehicles (EVs) is expected to continue to grow in Thailand in 2024, as EVs require different types of parts than ICE vehicles



# Global Heat Exchanger Market Displayed Robust Growth Rate, Open-door for the Company to Go Aboard

## Global Micro Channel Heat Exchanger Market Size

Unit: Billion USD



Source: Exactitude Consultancy

- The Global Micro Channel Heat Exchanger Market size was valued at USD 10.34 billion in 2023, and Exactitude Consultancy forecasted that this market would reach USD 20.85 billion in 2029, with a growth rate at a CAGR of 12.4% from 2023 to 2029. This signifies a robust and accelerating demand for microchannel heat exchangers across various industries, indicating a significant expansion in their adoption and applications worldwide

## Global Heat Exchanger Growth Drivers

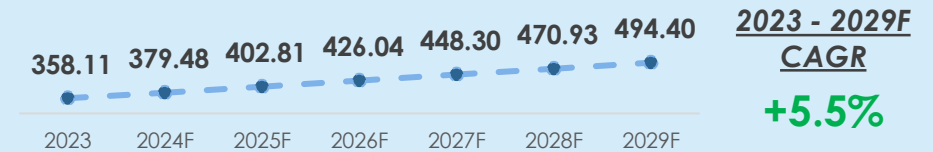


- The increasing investment in aerospace and more environmental concerns drives the demand for heat exchangers



- The significantly rising expenditure in air travel also drives the heat exchanger for aerospace

Unit: Billion USD



- The increased demand for HVAC systems in the automotive market for comfort, ventilation, and heat dissipation in cars



- Many industries are looking for new technological advancements in heat exchanger technology for sustainable

Source: Exactitude Consultancy, Euromonitor, and Zion Market Research

# PACO 2024 Outlook

PACO aims to grow 10-15%\* in 2024



## Full production operation for Kubota

- Advancing with maximum production efficiency to fulfill orders from the year-end 2023 backlog valued at Baht 60 million
- Continuously seeking new customers



## Penetrate New International Market and Customer Base

- The company consistently in marketing activities via exhibitions to expand its customer base in Australia and capture new market segments in Africa



## Expansion of PACO Auto Hub Branches

- PACO targets an additional 20-30 branches in 2024



## Supplying to New Industry

- Start production for aerospace heat exchanger in refrigerated food and beverage cabinets
- Exploring growth opportunities in battery cooling, commercial, and household air conditioning sectors

# 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

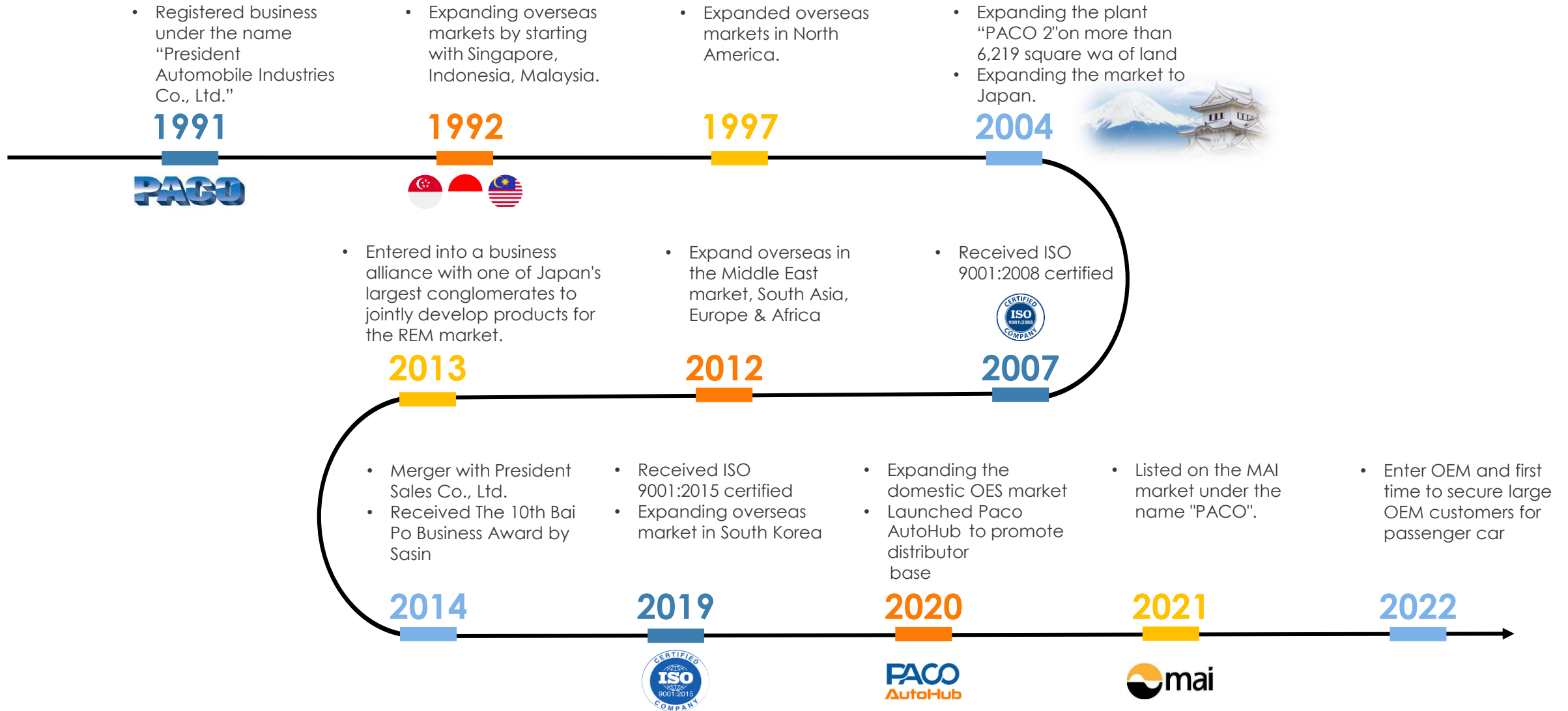
## **MANAGEMENT**

Khun Tae (Tanest)

084-437-9090

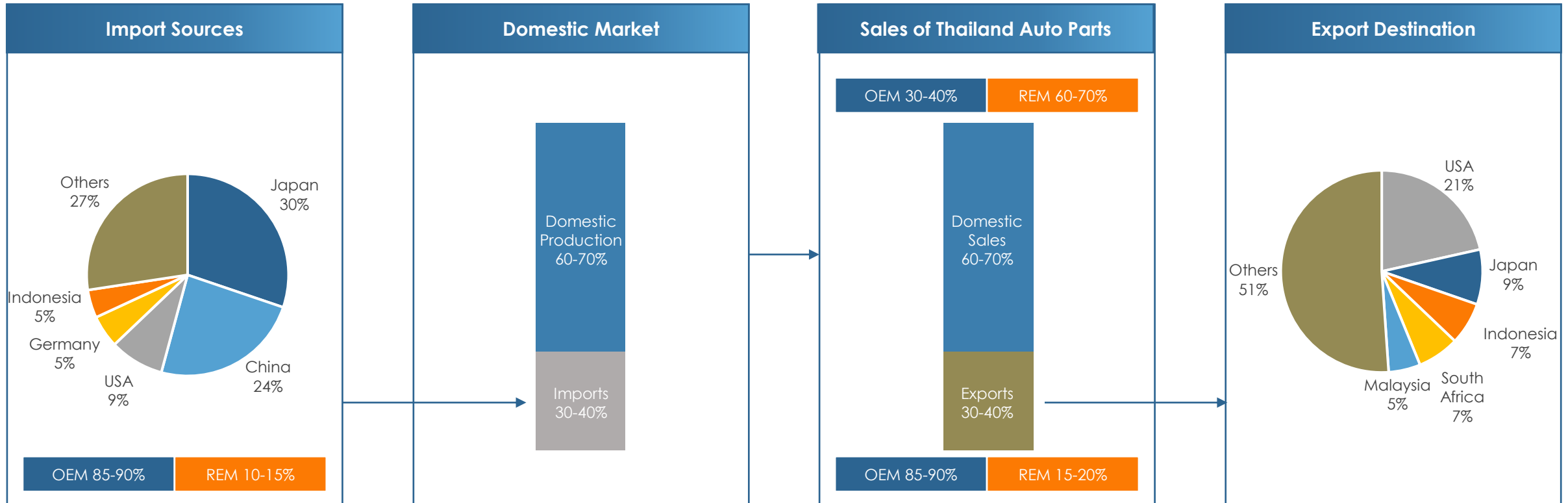


# COMPANY HISTORY



# Thailand Auto Parts Landscape

## Thailand Auto Part (2021)



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



# PACO AT A GLANCE



**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



# 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

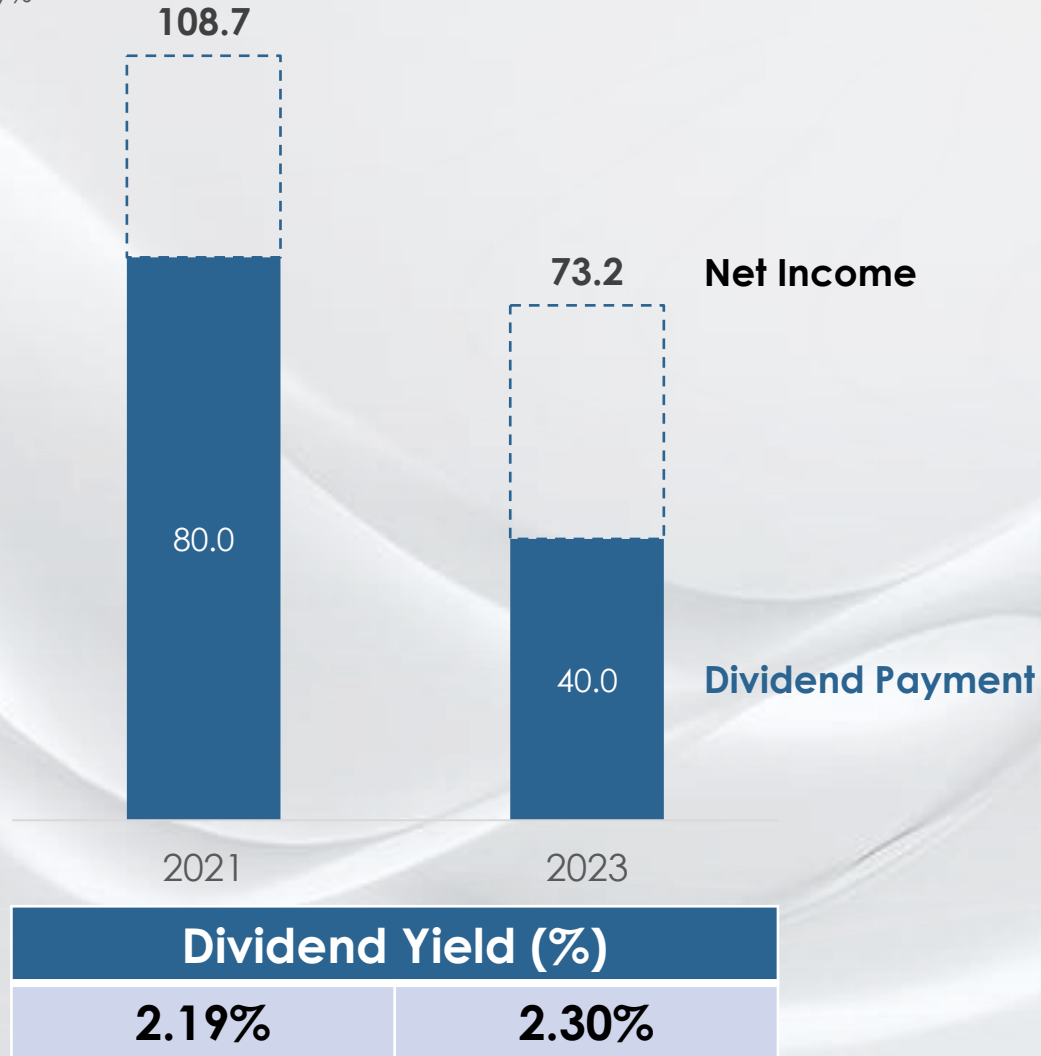
### Capacity:

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

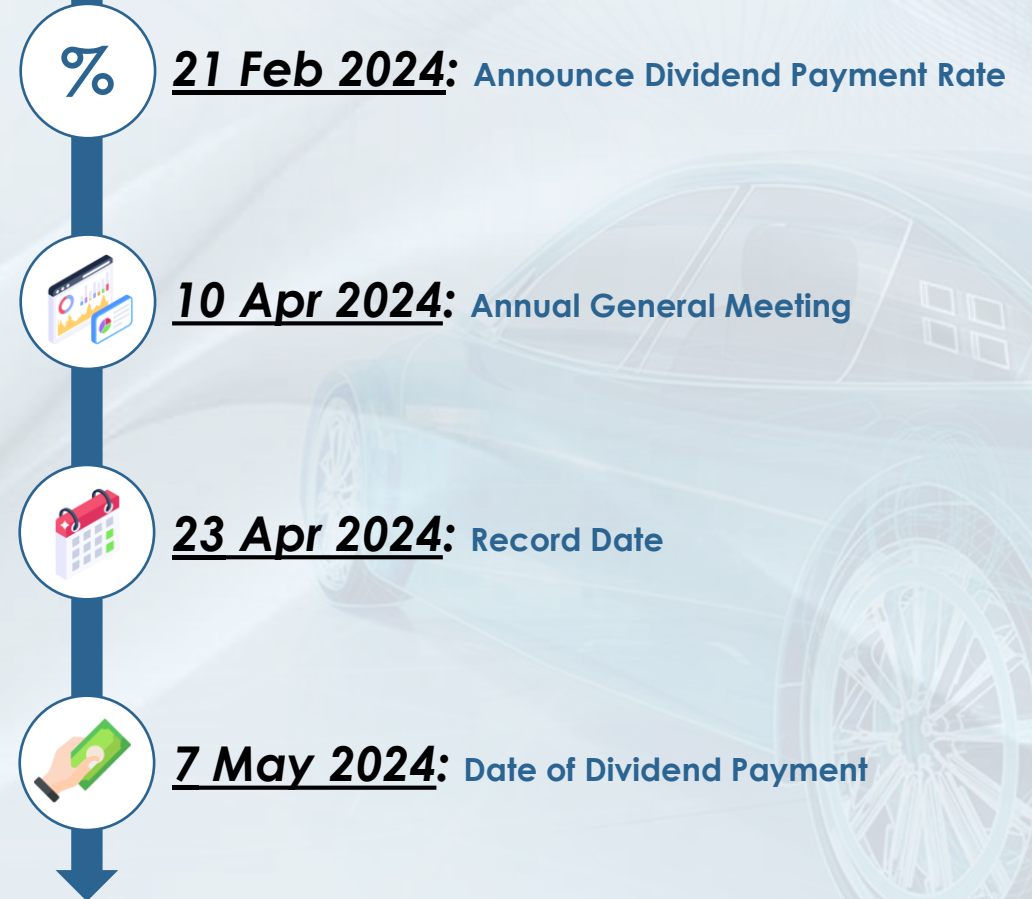
# DIVIDEND PAYMENT

PACO Announces to Pay a Dividend of **0.04** Baht per Share\*

Unit: Million Baht, %



## 2024 Timeline



\*Note: 2024 Dividend payment from 2023 performance