

OPPORTUNITY DAY PRESENTATION

Q1 2024

11th June 2024

President Automobile Industries PLC.





AGENDA

1

COMPANY OVERVIEW

2

FINANCIAL PERFORMANCE

3

2024 STRATEGIC DIRECTION &
STRATEGY

4

INDUSTRY OUTLOOK

Q1 2024 HIGHLIGHT



PACO Q1 2024 exceeded 10X Growth

- **Operating revenue** was Baht 259.7 million in Q1 2024 increased by 19.7% YoY
- **Net profit** was Baht 46.5 million in Q1/2024 increased by 1263.3% YoY and net profit margin was 16.5% in Q1/2024 increased by 15% from Q1/2023



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 250MB Backlog as of end of Q1/2024

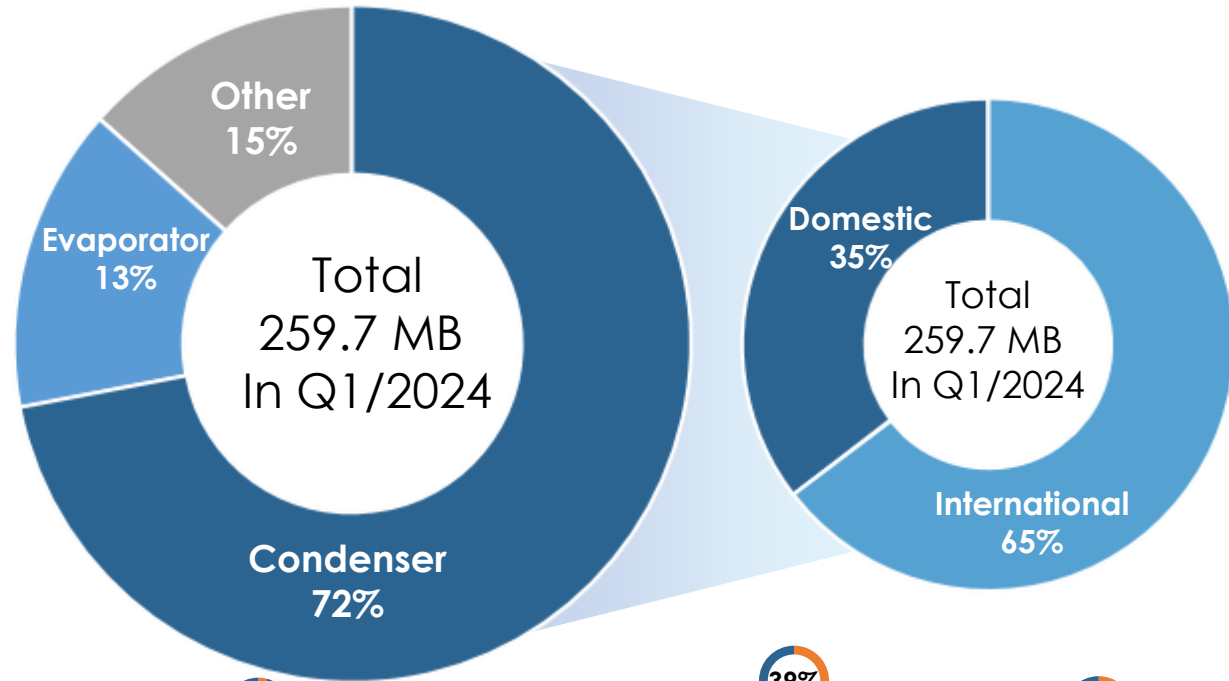
- The Company's **order book continues to grow driven by aftermarket and successful trade shows**, resulting in new orders.
- As of Q1/2024, **the Company has a total Backlog of 250MB including 60MB from Kubota**

PACO PRODUCT PORTFOLIO (Q1 2024)

Revenue Structure by Product Type

Unit: MB, %

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



Manufacturing

72% Condenser (Manufacturing)
Of revenue

13% Evaporator (Manufacturing)
Of revenue

7% Other Automotive Products (Manufacturing)
Of revenue

Radiator
A/C Hoses
Suspension

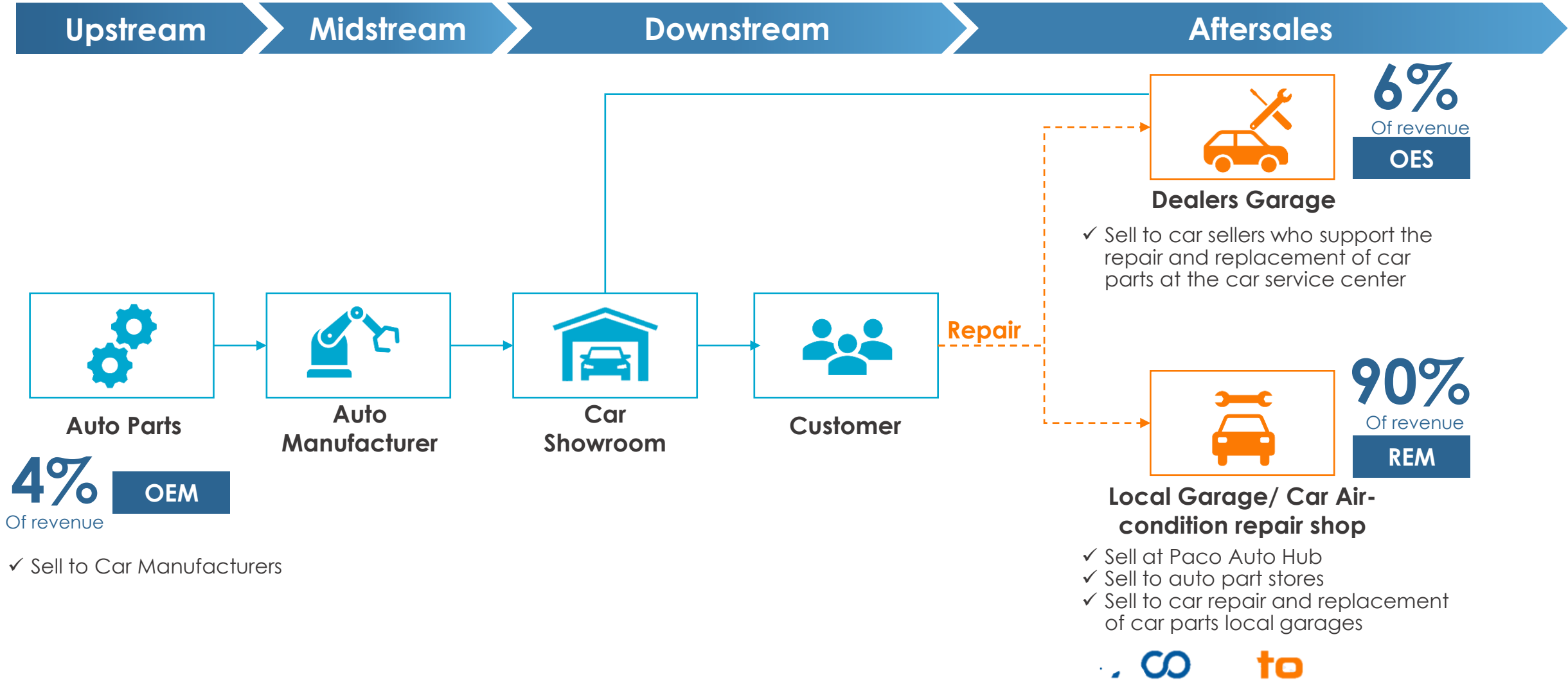
Outsource

8% Other Automotive Products (Outsource)
Of revenue

R.Drier, Exp. Valve and other accessories
Compressor
Intercooler
A/C Fan and Blower
Refrigerant Gas

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

PACO BUSINESS ALONG THE VALUE CHAIN (Q1 2024)



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



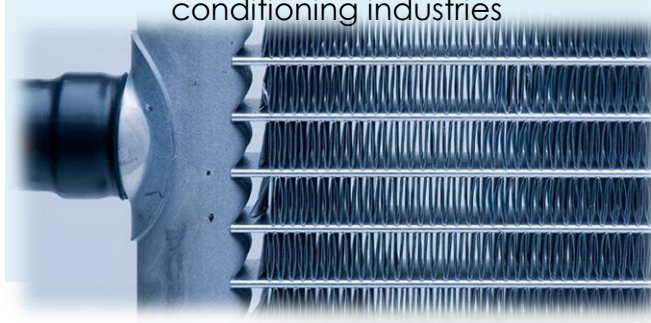
30 years of experience in the design and manufacturing



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 to meet the needs of customers and to increase additional income for the Company



Seamless aftersales services





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Q1/2024 FINANCIAL HIGHLIGHT

Operating Revenue

259.7 MB

▲ 19.4% YoY

GPM and NPM

Q1/2024

22.0%

▲ 10.6% YoY

Q1/2024

16.5%

▲ 15.0% YoY

ROA and ROE

Q1/2024

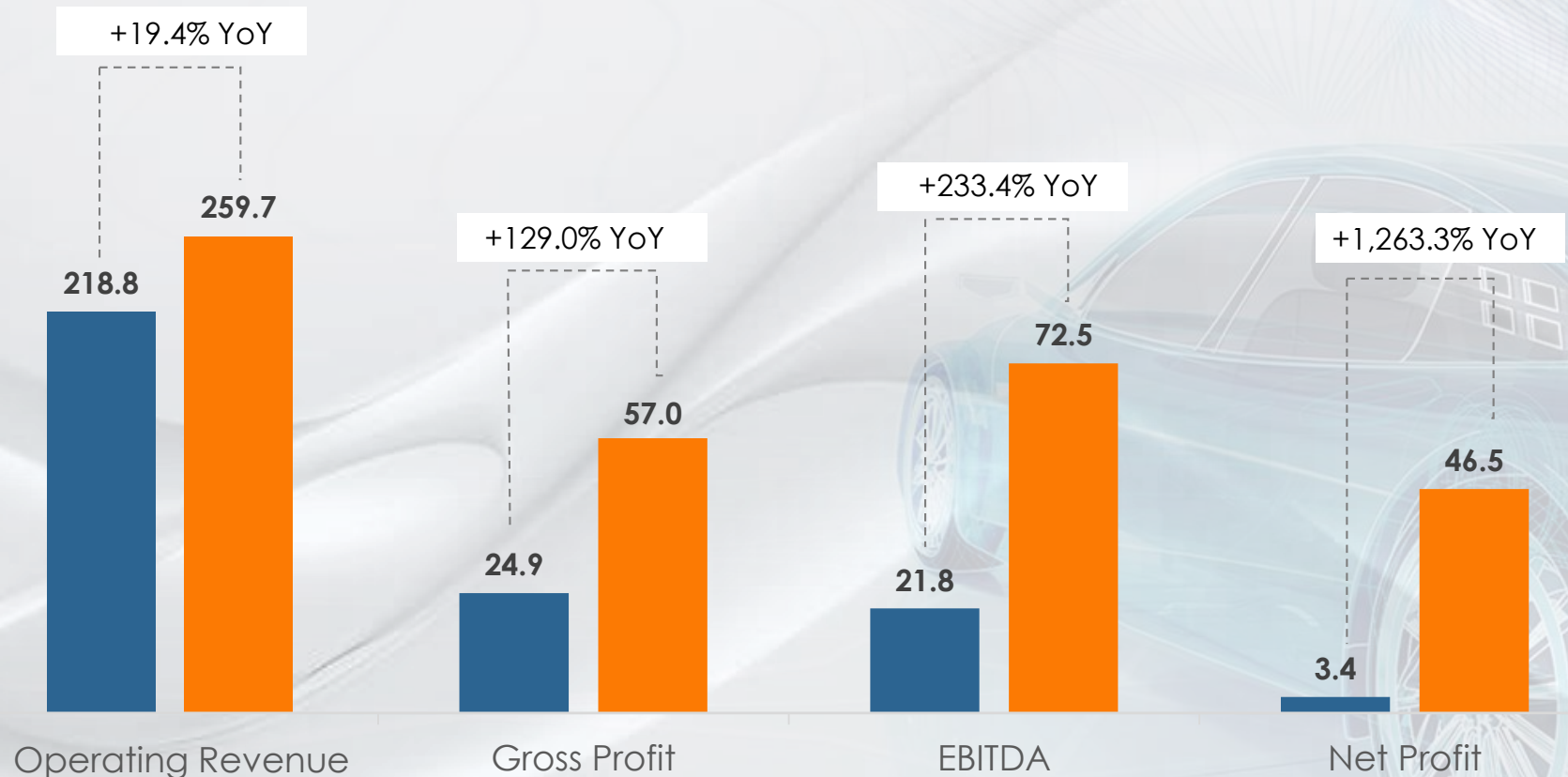
8.15%

Q1/2024

11.68%

Unit: Million Baht, %

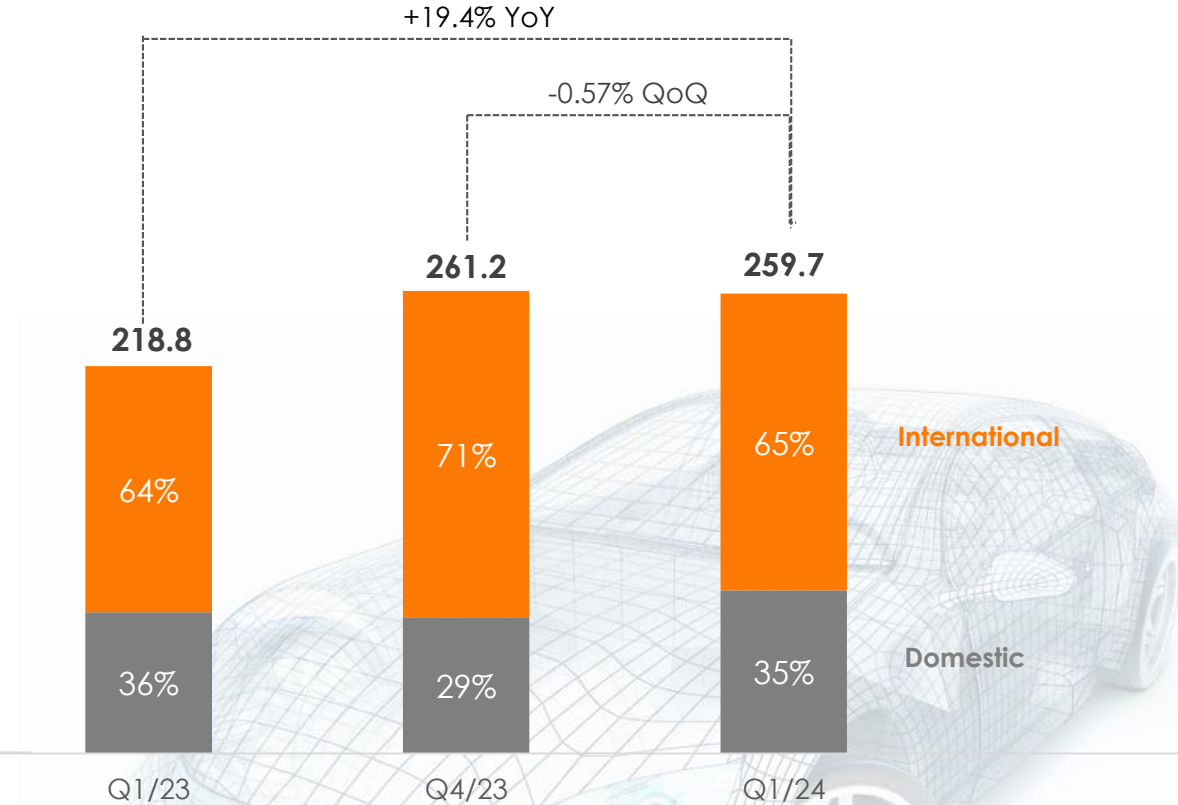
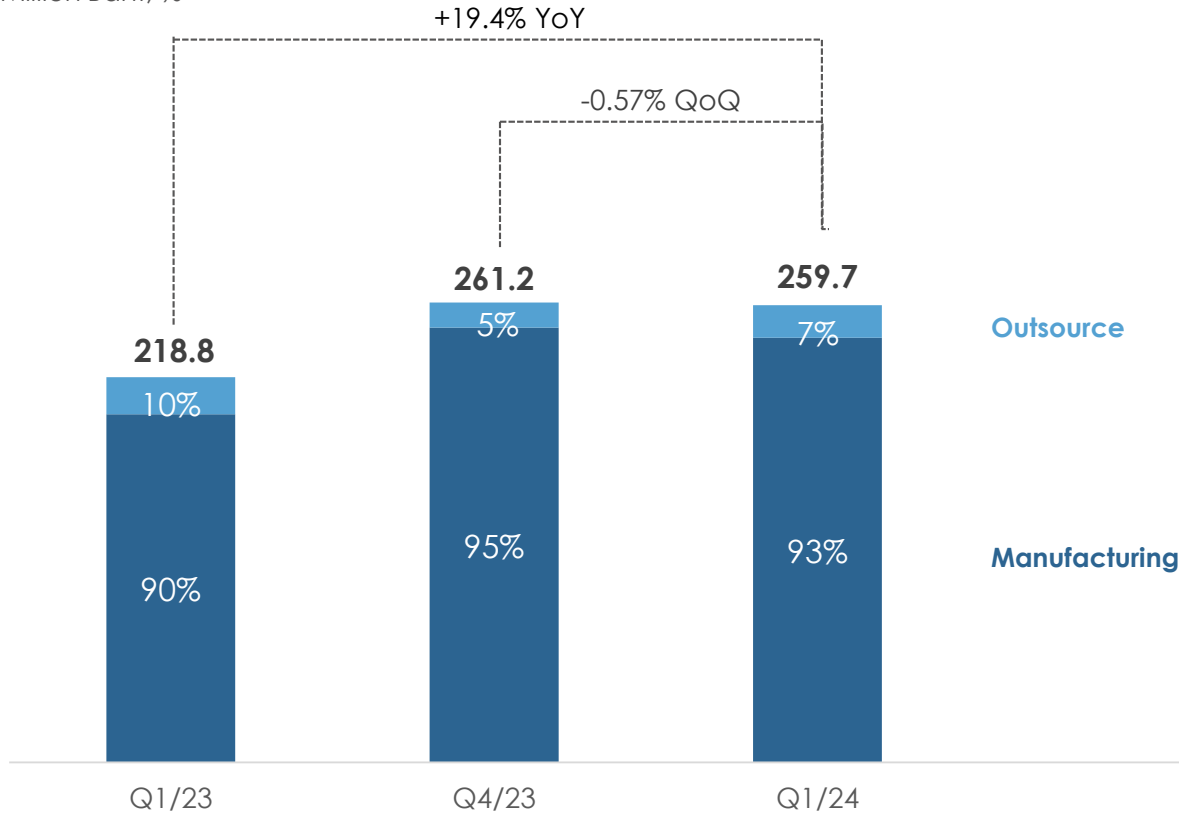
Financial Summary



OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY CHANNEL

Unit: Million Baht, %



YoY: Q1/24 vs Q1/23

In Q1/2024, the Operating revenue is Baht 259.7 million, increased by Baht 40.9 million or 19.4%, mainly due to:

- The increase in orders from major customer and selling new product.

QoQ: Q1/24 vs YE/23

In Q1/2024, the Operating revenue of Baht 259.7 million, slightly decreased by Baht 1.5 million or 0.57%

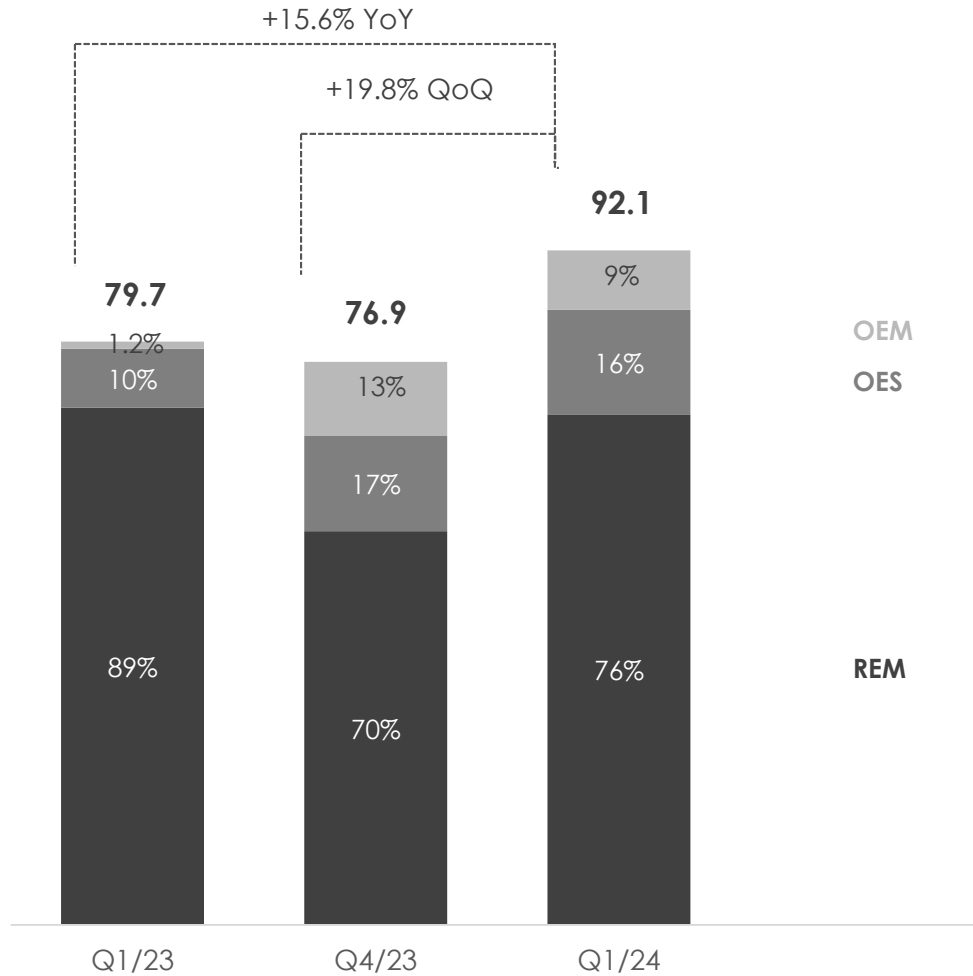
DOMESTIC SALES PERFORMANCE



OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

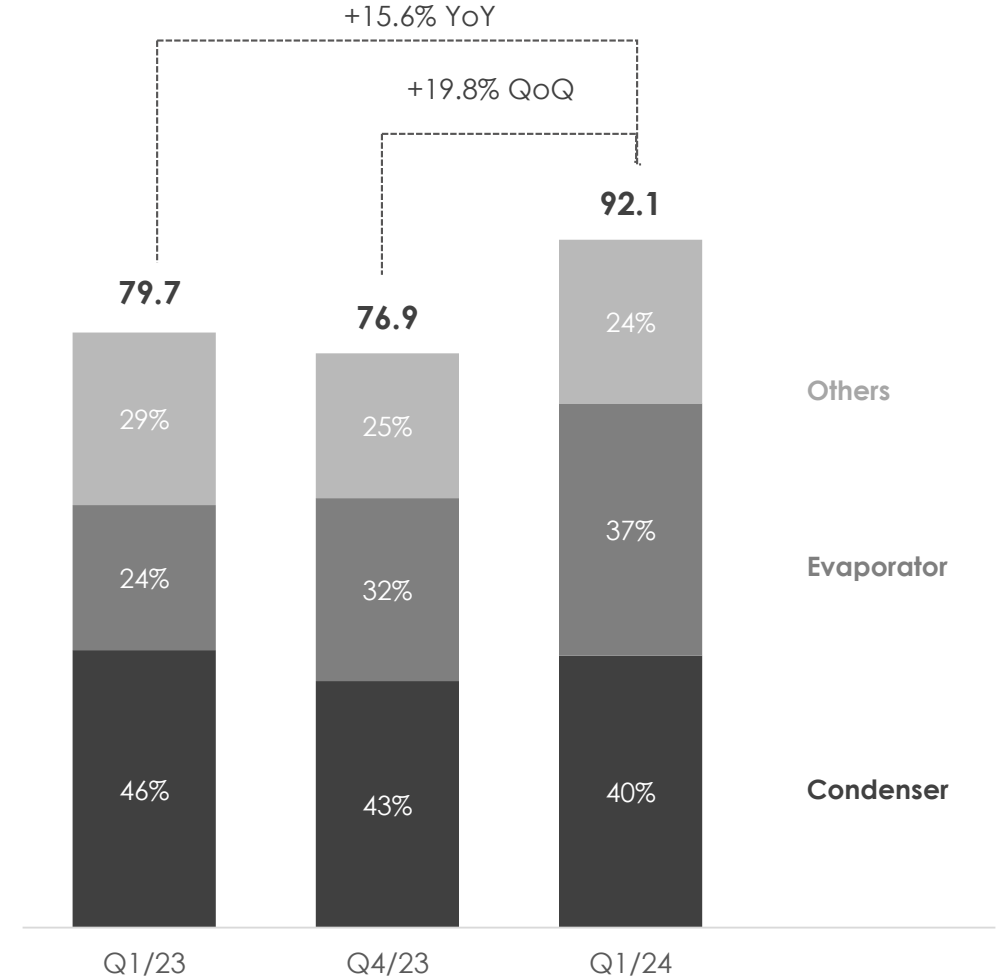
Unit: Million Baht, %

"Domestic sales increased from 2023 due to the increase in orders from major customer and Selling new product"



OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %



INTERNATIONAL SALES PERFORMANCE

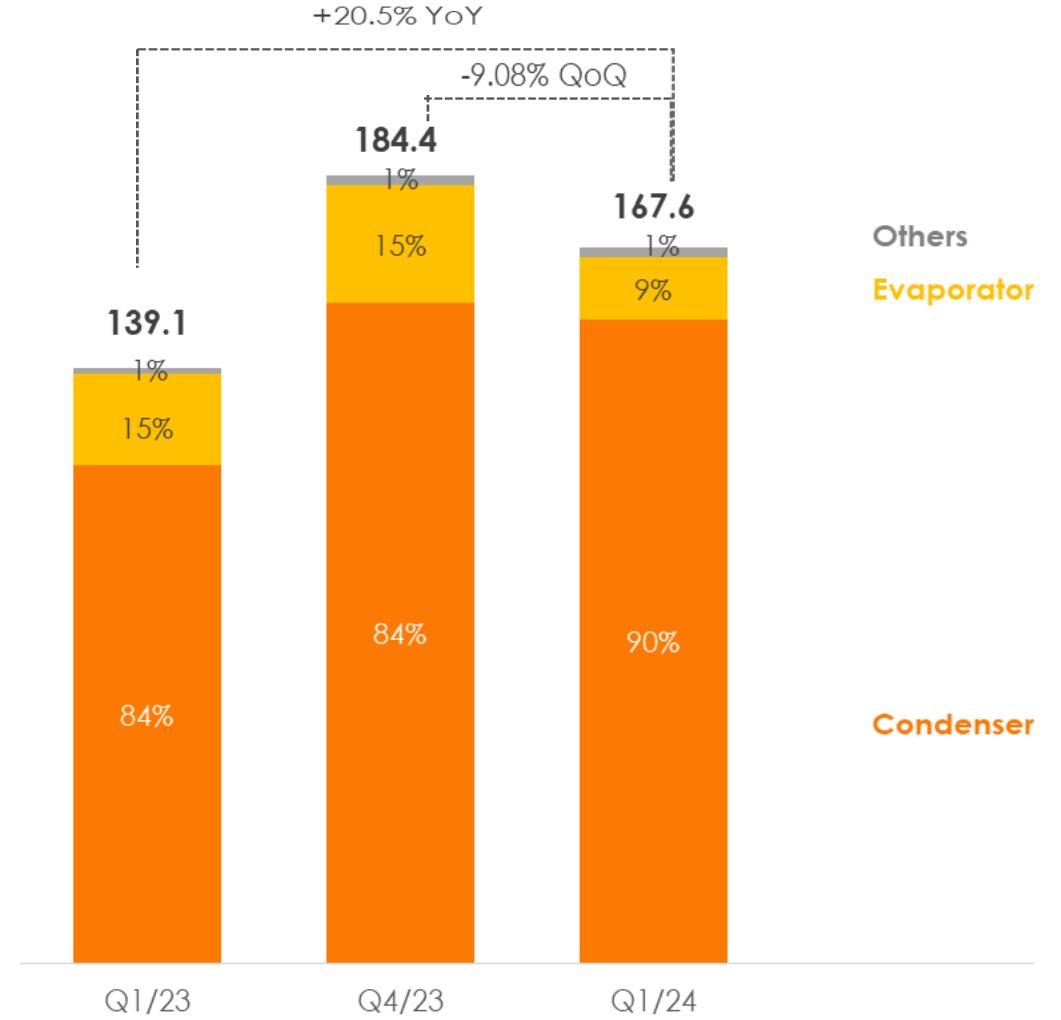
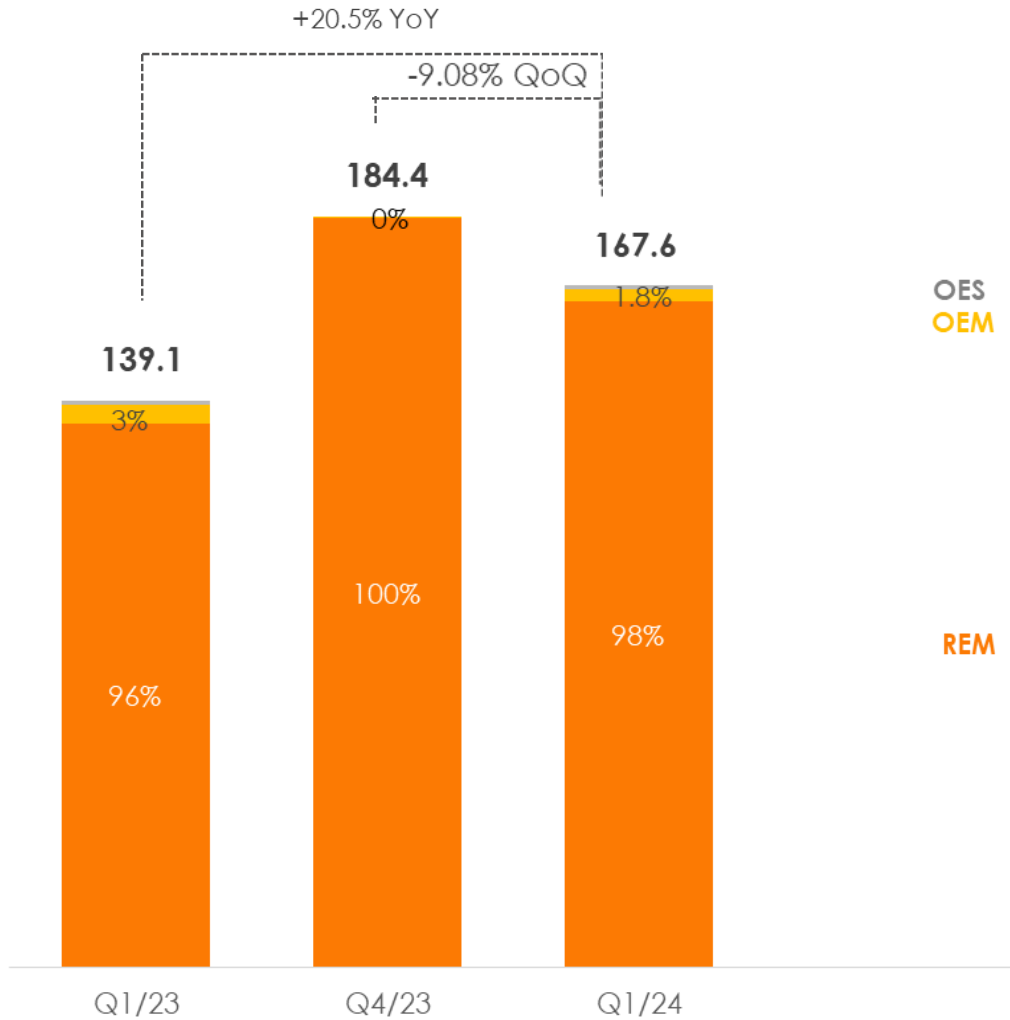
OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %

"The increase in orders from international customers, particularly from Singapore, has significantly increase in sales performance"

OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

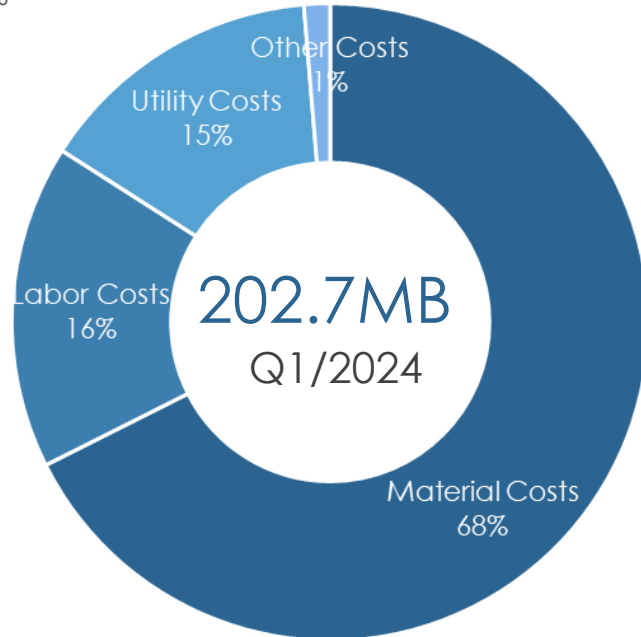
Unit: Million Baht, %



COST OF GOOD SOLD

MANUFACTURING

Unit: Million Baht, %



- COGS mainly comprises of raw materials 68% where most of the raw materials consumed by PACO is aluminum. Followed by labor 16% and utilities 15%
- The increase in COGS is related to the increase in sales revenue.

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)



Efficient Waste Reduction in Production

ALUMINUM MARKET PRICE

Unit: USD/ton



Source: Investing.com

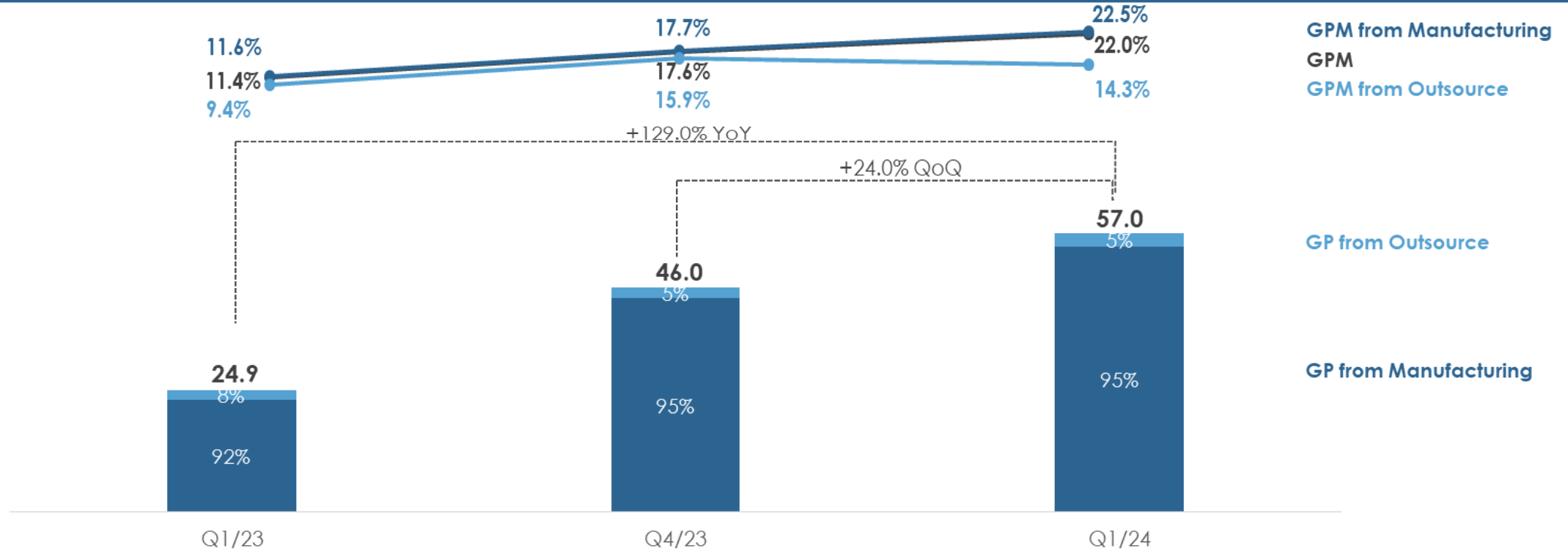
PACO Views

- 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: Q1/24 vs Q1/23

Gross profit was Baht 57.0 million in Q1/2024, increased by Baht 32.1 million or 129.0% and **GPM** was 22.0%, an increase from 11.4% in Q1/2023, mainly due to a lower average cost of raw materials in inventory compared to the previous period along with a decrease in production defects and a higher average selling price.

QoQ: Q1/24 vs Q4/24

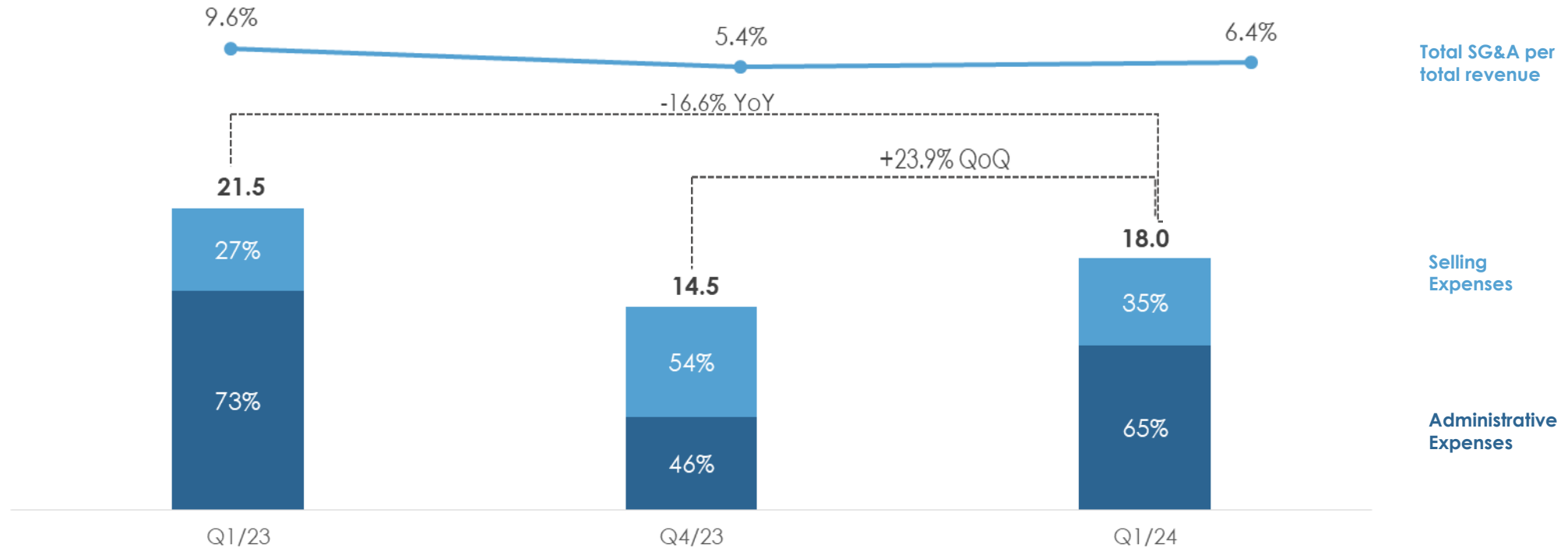
Gross profit was Baht 57.0 million in Q1/2024, increased by Baht 11.0 million or 24.0% and **GPM** increased from 17.6% to 22.0% in Q1/2024 due to:

- Decline in production defects.
- Higher average selling price.

SELLING & ADMINISTRATIVE EXPENSES

SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



YoY: Q1/24 vs Q1/23

Selling & administrative expense was Baht 18.0 million, decreased by Baht 3.5 million or 16.6% mainly due to the recognition of losses from forward currency contract, allowance for doubtful debt, expenses from capital increase in Q1/2023,

Selling and Administrative expenses per total revenue was 6.4%, decreased from 9.6% in Q1/2023 mainly due to the increase in total revenue

QoQ: Q1/24 vs Q4/24

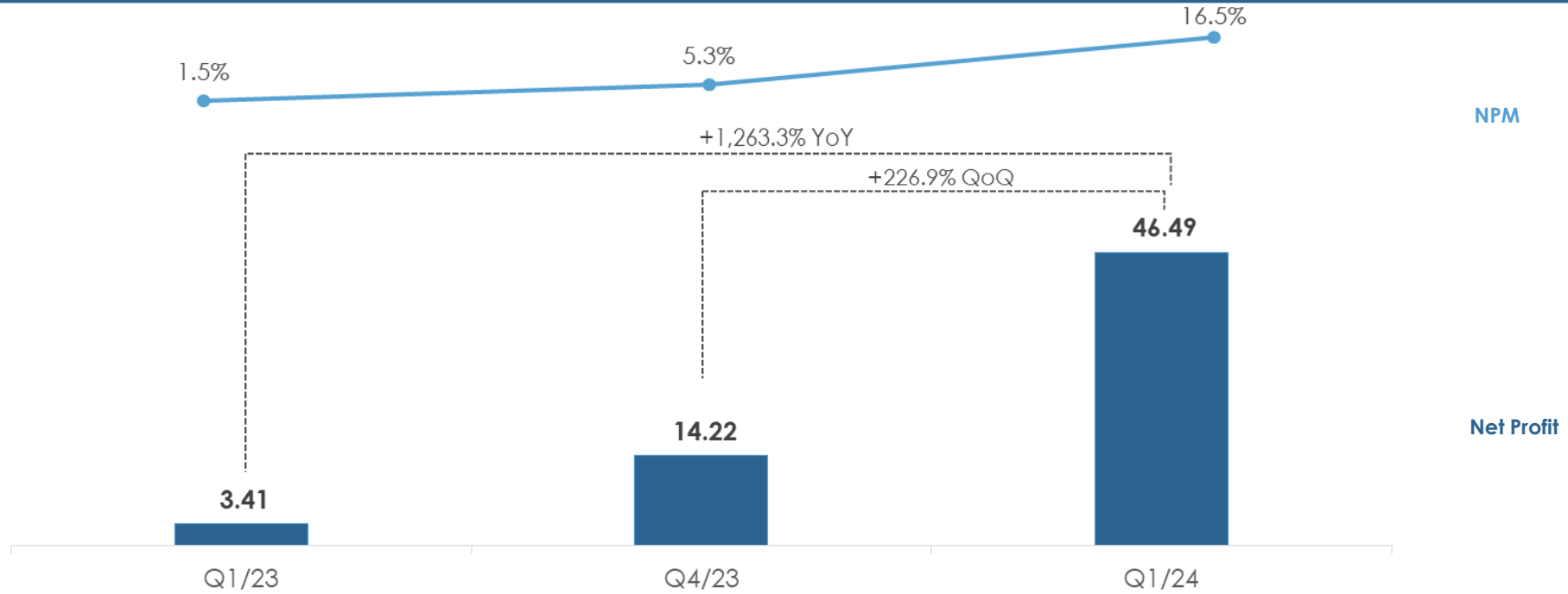
Selling & administrative expense was Baht 18.0 million, increased by Baht 3.5 million or 23.9% mainly due to the reversal of the allowance for impairment of assets in Q4/2023

Selling and Administrative expenses per total revenue was 6.4%, increased from 5.4% in Q4/2023 mainly due to the increase in selling & administrative expense.

NET PROFIT

NET PROFIT AND NET PROFIT MARGIN

Unit: Million Baht, %



YoY: Q1/24 vs Q1/23

Net profit was Baht 46.5 million, increased by Baht 43.1 million or 1,263.3% and Net Profit Margin was 16.5%, increased from 1.5% in Q1/2023 mainly due to:

- Increased revenue
- Decline in the average cost of raw material and defects.
- Recognize gain from exchange rate

QoQ: Q1/24 vs Q4/24

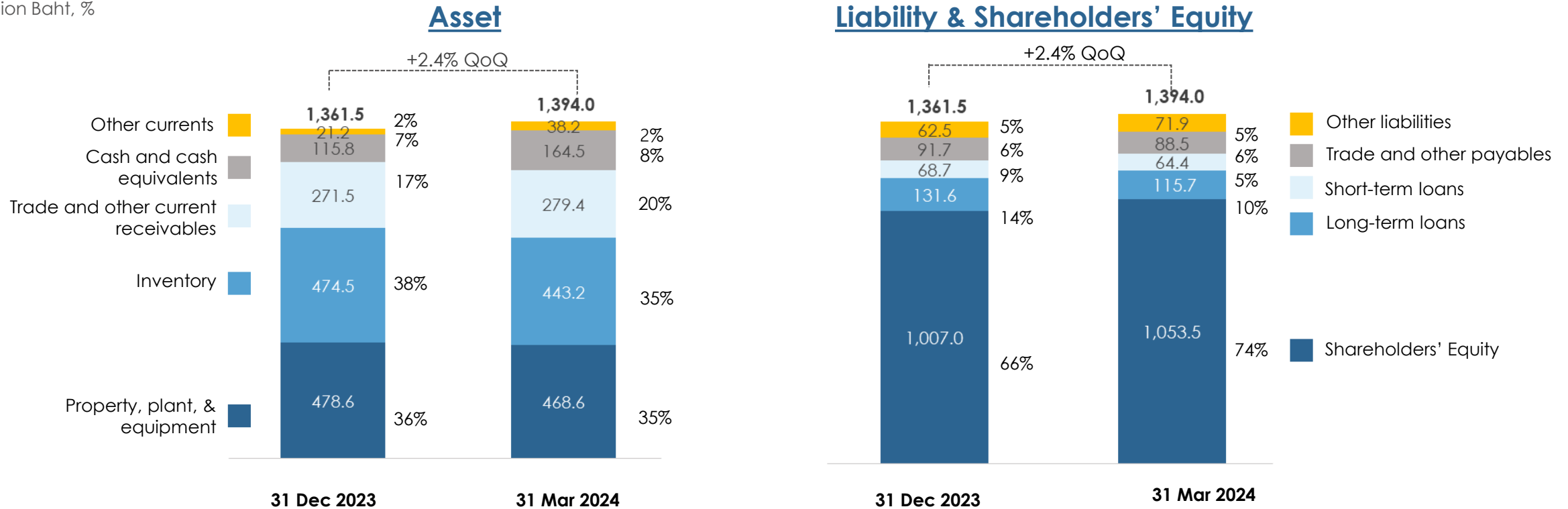
Net profit was Baht 46.5 million, increased by Baht 32.3 million or 226.9% and Net Profit Margin was 16.5%, increased from 5.3% in Q4/2023 mainly due to:

- Decline in defects.
- Recognize gain from exchange rate

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 31 March 2024, the total assets were Baht 1,394.0 million increase by 32.5 million Baht or 2.4% from 31 December 2023 mainly due to:

- **cash and cash equivalents:** increase due to better operating results

Liability

As of 31 March 2024, the total liabilities were Baht 340.5 million, decreased by Baht 14.0 million or 4.0% from 31 December 2023 mainly due to:

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

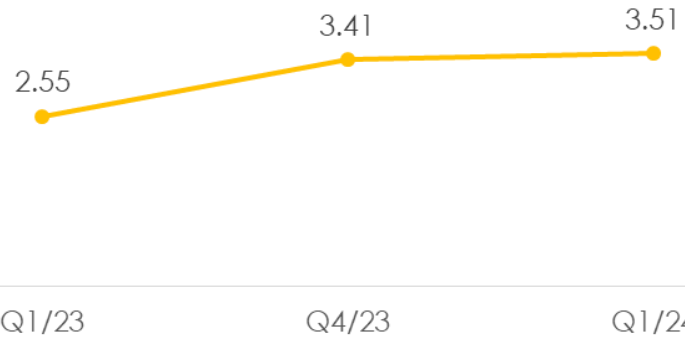
Shareholders' Equity

As of 31 March 2024, the total shareholders' equity were Baht 1,053.5 million, increased by Baht 46.5 million or 4.6% from 31 December 2023 from the Company performance during the year

KEY FINANCIAL RATIOS

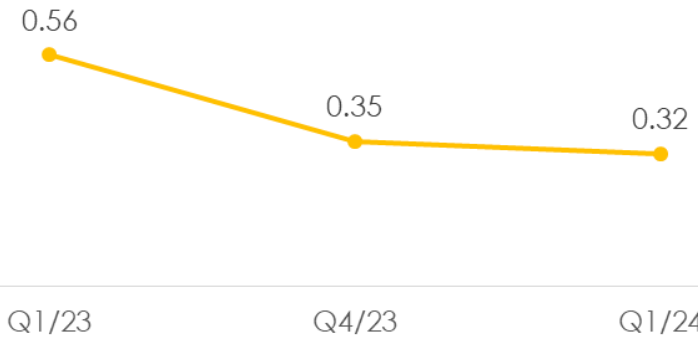
CURRENT RATIO

Unit: Times



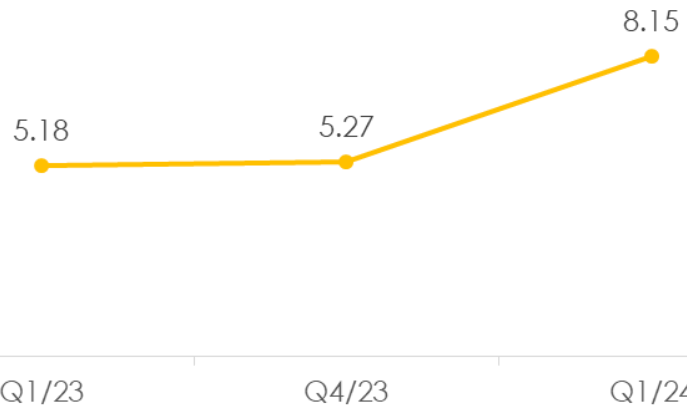
D/E RATIO

Unit: Times



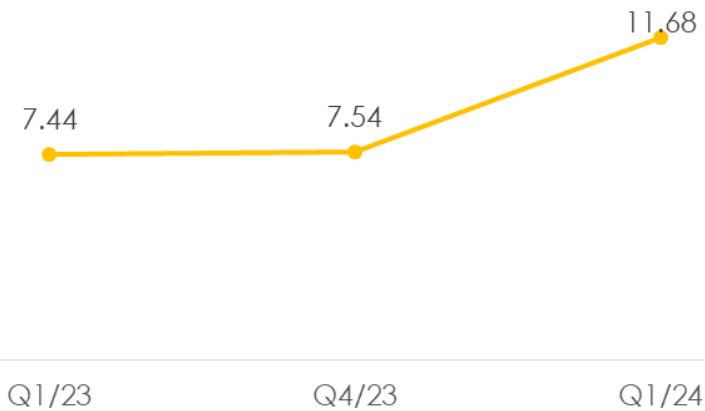
ROA*

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



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

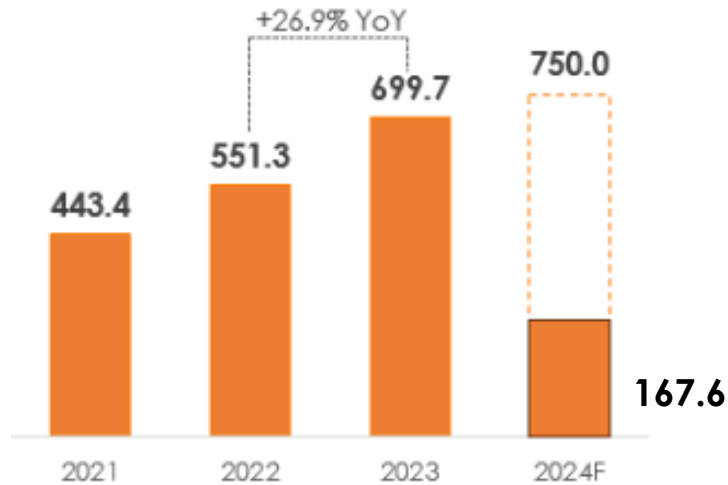
- Expanding capacity for growth
- Preparing automation in production process
- Capturing new customers
- Growing with EV market

EXPANDING CAPABILITIES OF CORE BUSINESS (1/2)

Expand Export Business

Revenue from International Business

Unit: Million Baht



Planned expansion



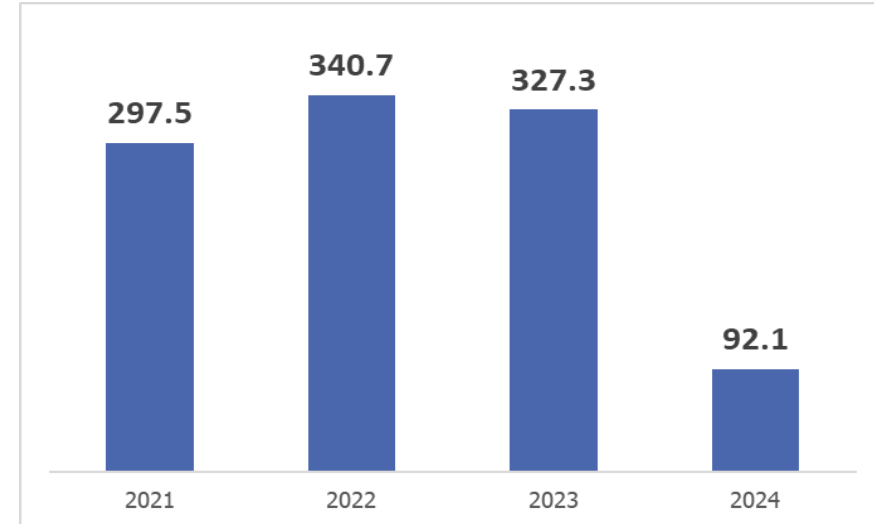
Capture new customers



Expand new opportunities

Strengthen Domestic Business

Revenue from Domestic Business



Planned expansion



Introduce Doowon product

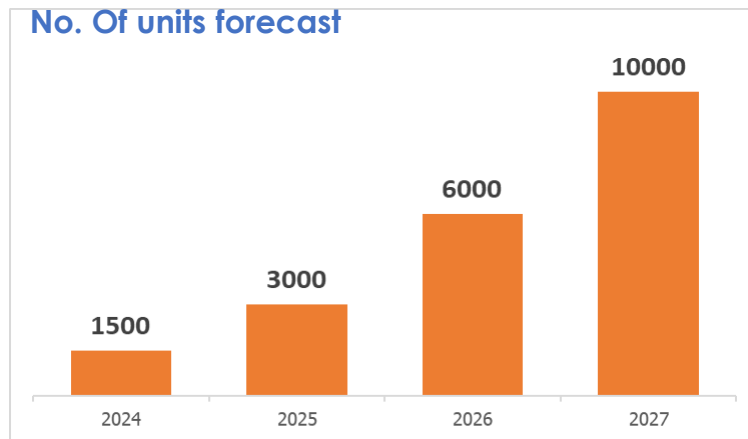
EXPANDING CAPABILITIES OF CORE BUSINESS (2/2)

Growing OEM Business



Kubota

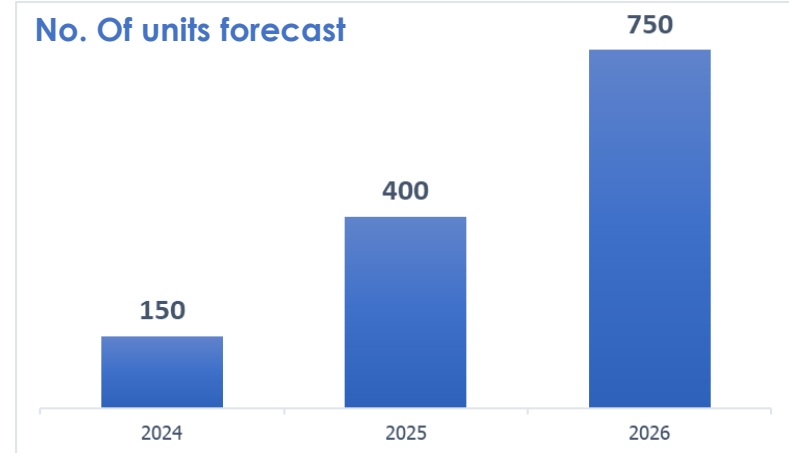
Kubota reported increasing interest in machinery with cabin and comfort features such as air conditioning.



Expanding into Heat Exchanger business



PACO believes that increase in sales of AIRBUS aircraft will push the aerospace business growth faster than anticipated.



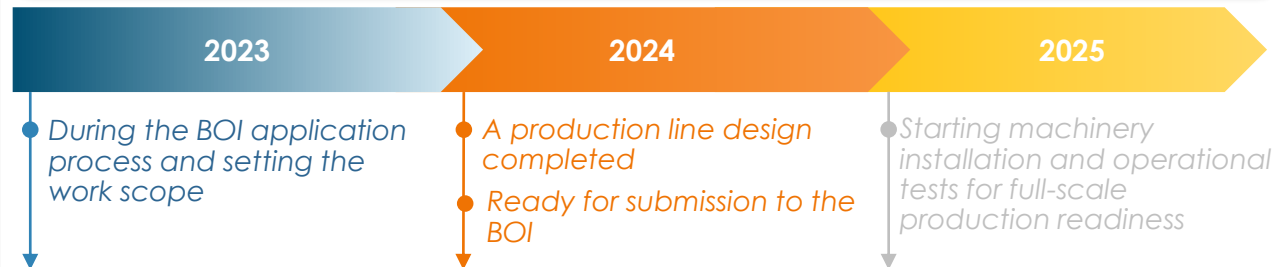
CONTINUOUS CAPACITY EXPANSION FOR GROWTH

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



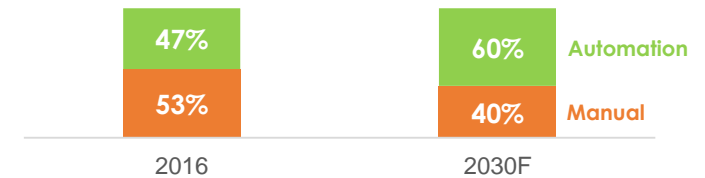
✓ Increase automation machinery to achieve a **10-15% increase in capacity in 2025**

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



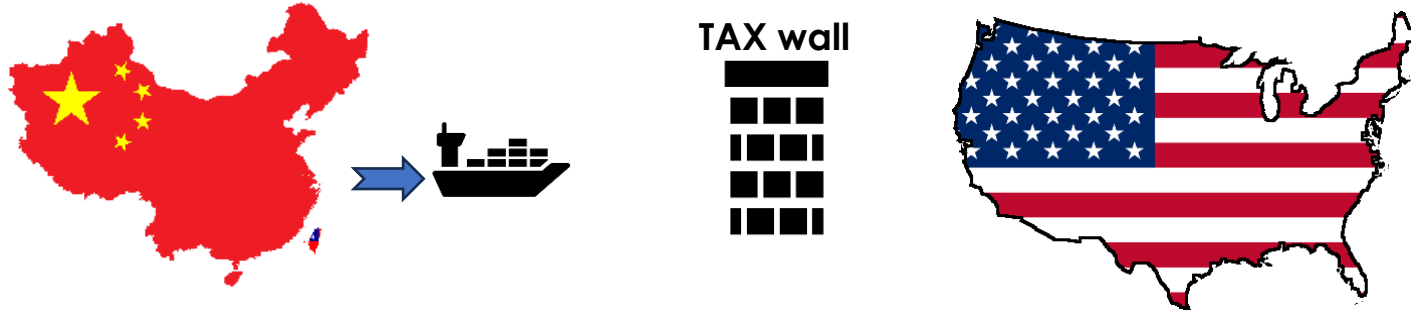
✓ Enhance production efficiency to expedite capacity and **increase overall output speed**

EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

Opportunities from 2024 US-China Tariff

Capture Customers Moving out from China's Supplier

- USA announced increased tax for Aluminum products including condenser and evaporator
- Several companies in USA expresses interest to purchase from outside of China



Growing Concern from Allies countries

Moving supplies out of China

- Some Japanese company are moving new
- Several companies in Europe expresses interest to purchase from outside of China

EXPLORE NEW BUSINESS OPPORTUNITIES THROUGH INNOVATIVE PRODUCTS AND TRENDS

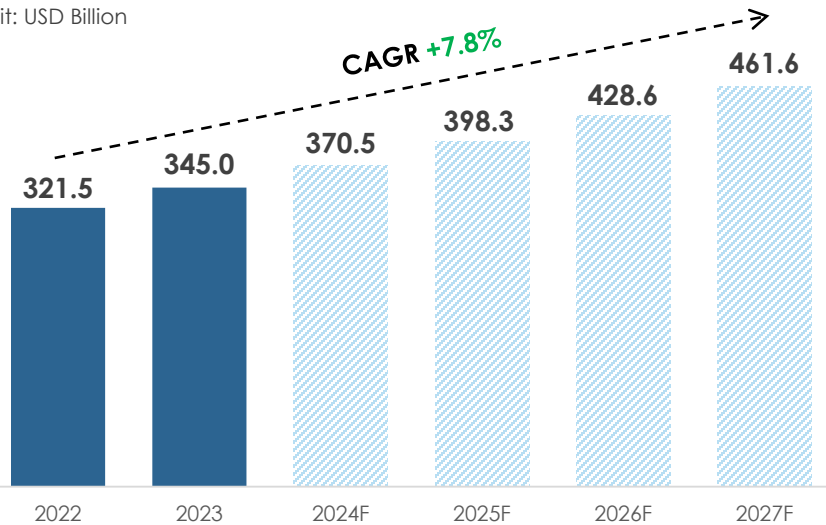
Explore New Industry

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

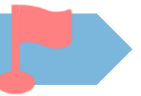
Primary Functions:

- ✓ 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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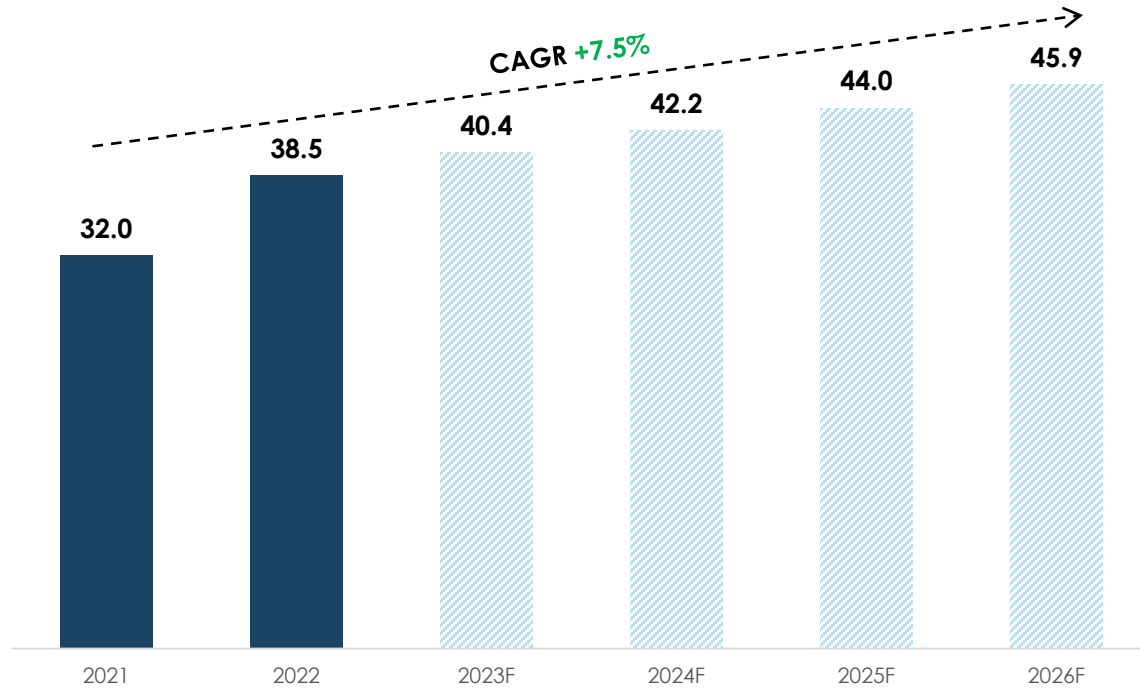
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**INDUSTRY OUTLOOK AND
2024 OUTLOOK**

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



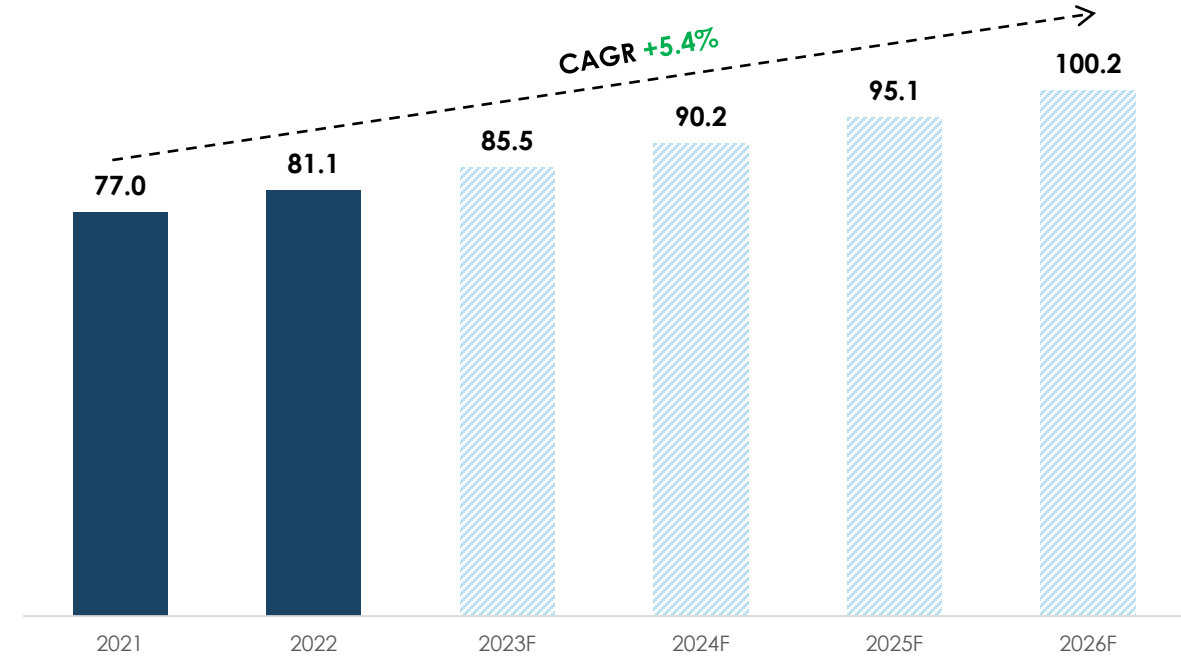
High demand for safety and convenience features



Introduction of electric vehicles (EVs)

Global Automotive Aftermarket Market Size (REM)

Unit: Billion USD



Source: Businessresearchinsights

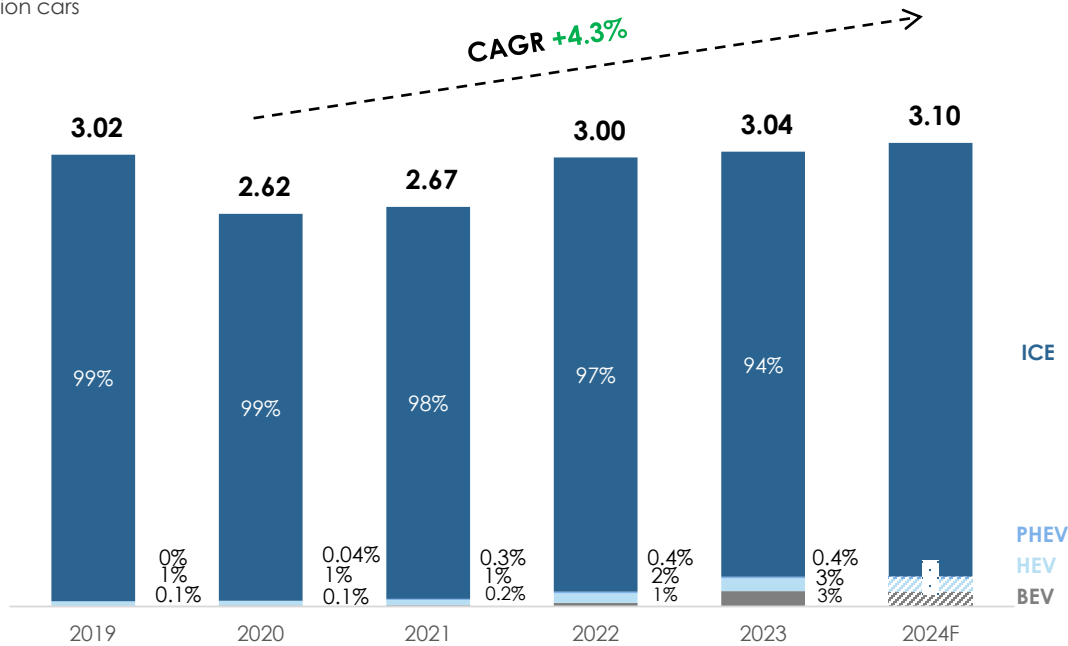
- The global automotive aftermarket market size is expected to reach USD 100.2 billion by 2026 at CGAR of 5.4% driven by

- ✓ **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

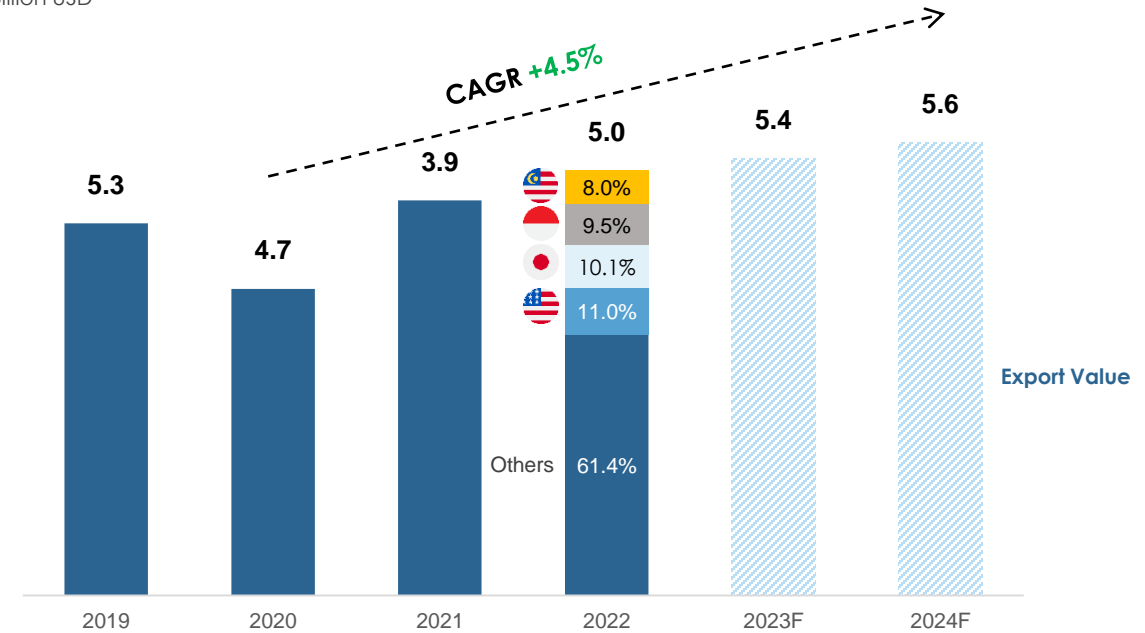


Source: Department of Land Transport

- **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



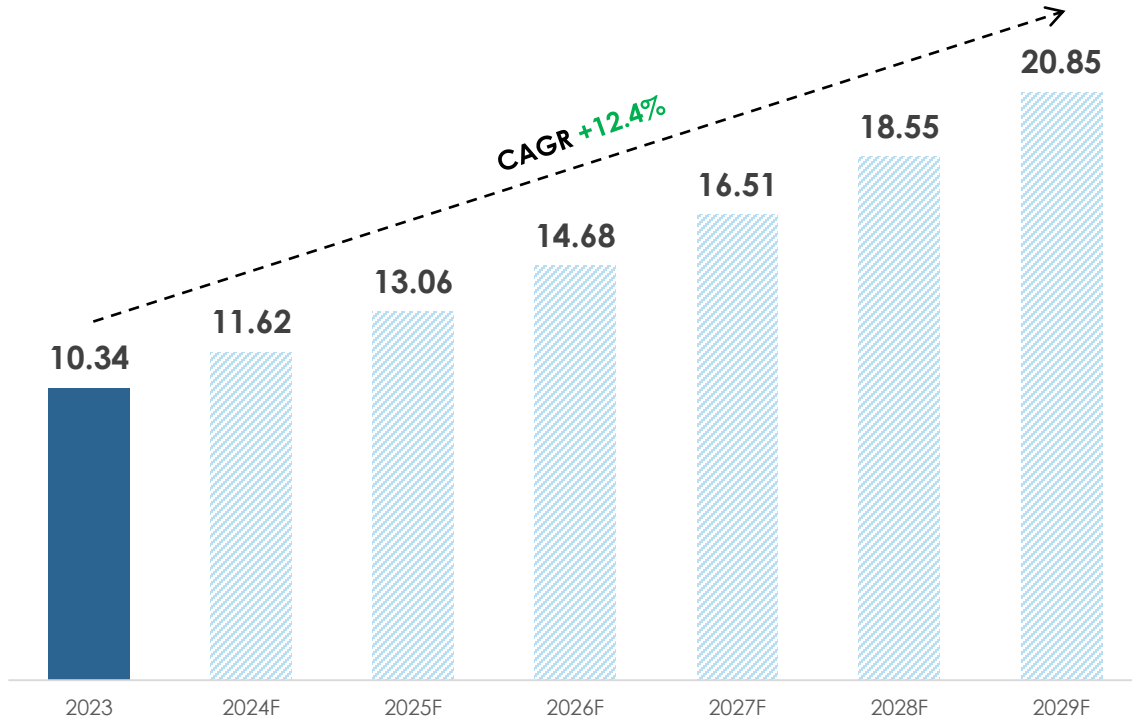
Source: Forecast by Krungsri Research, Krungthai COMPASS

- **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

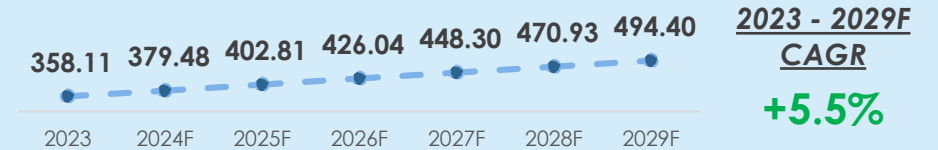


- The increasing investment in aerospace and more environmental concerns drives the demand for heat exchangers



- 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

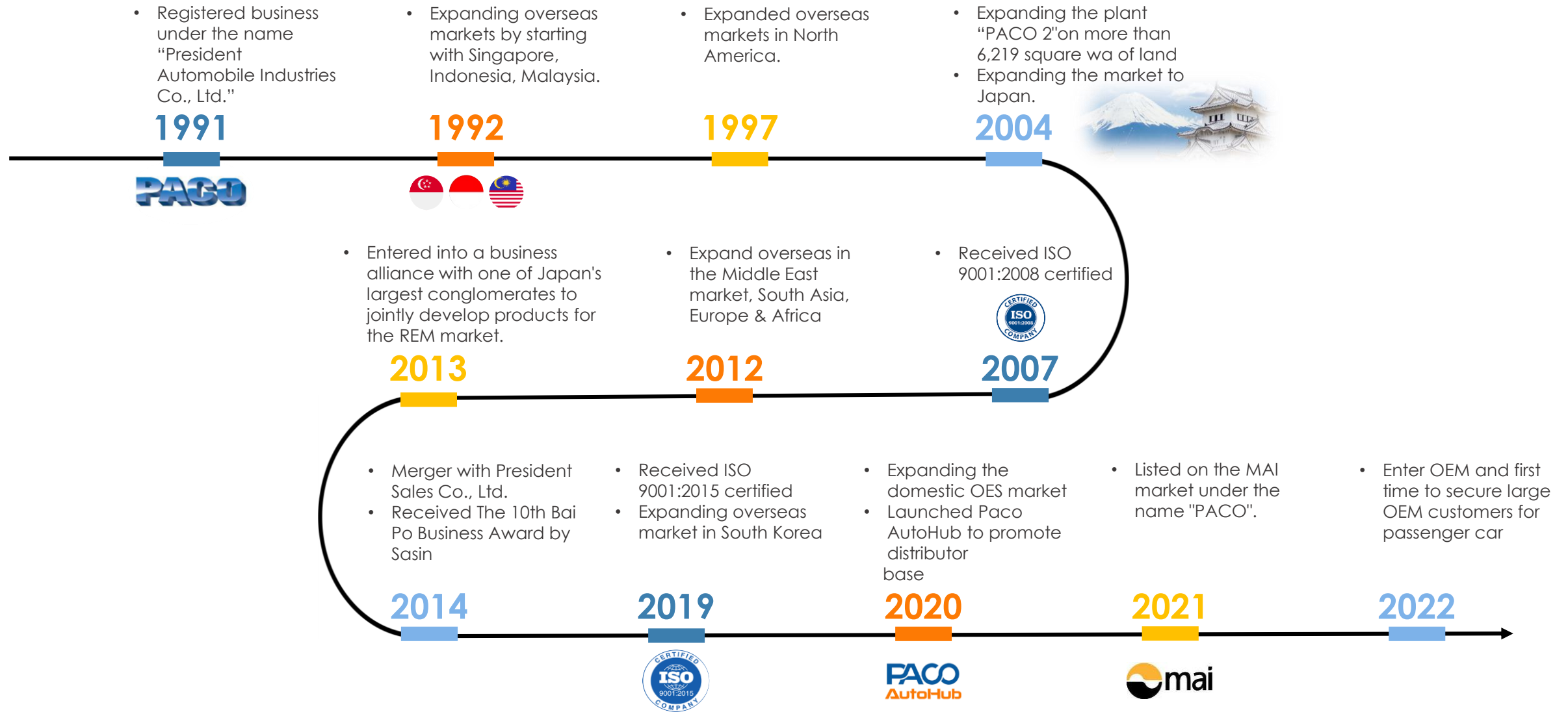
Tel: 02-8100526-8 ext. 325 or 094-5513097

MANAGEMENT

Khun Tae (Tanest)

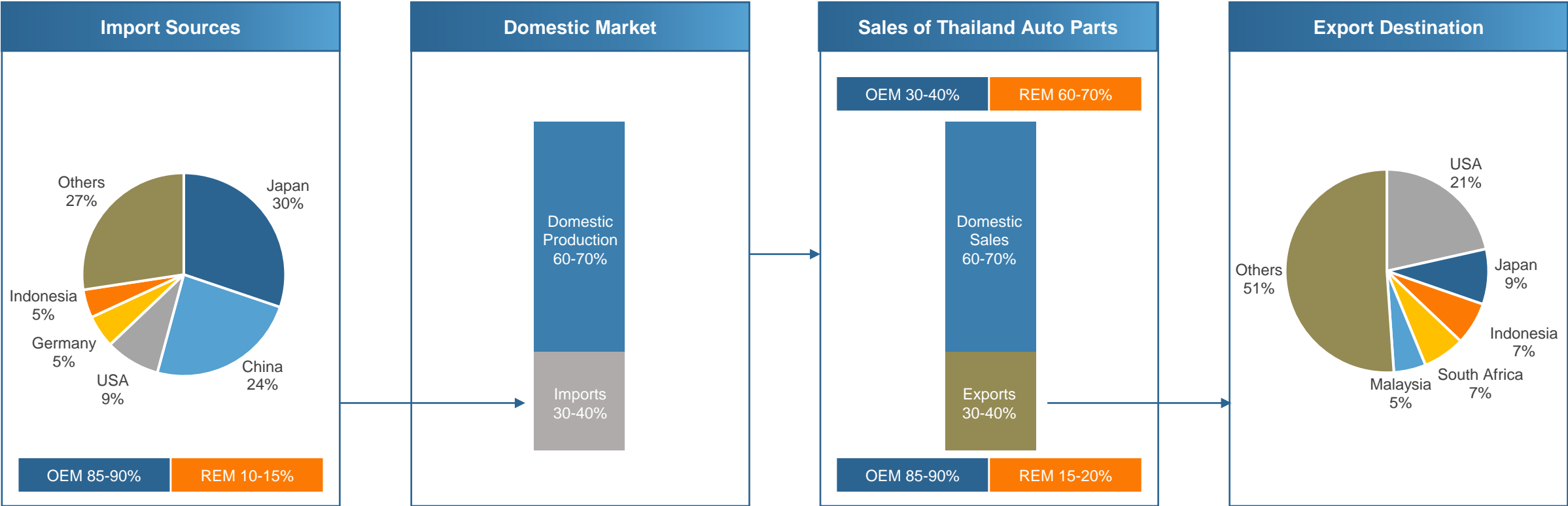
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COMPANY HISTORY



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 **FACOAutoHub** 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 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

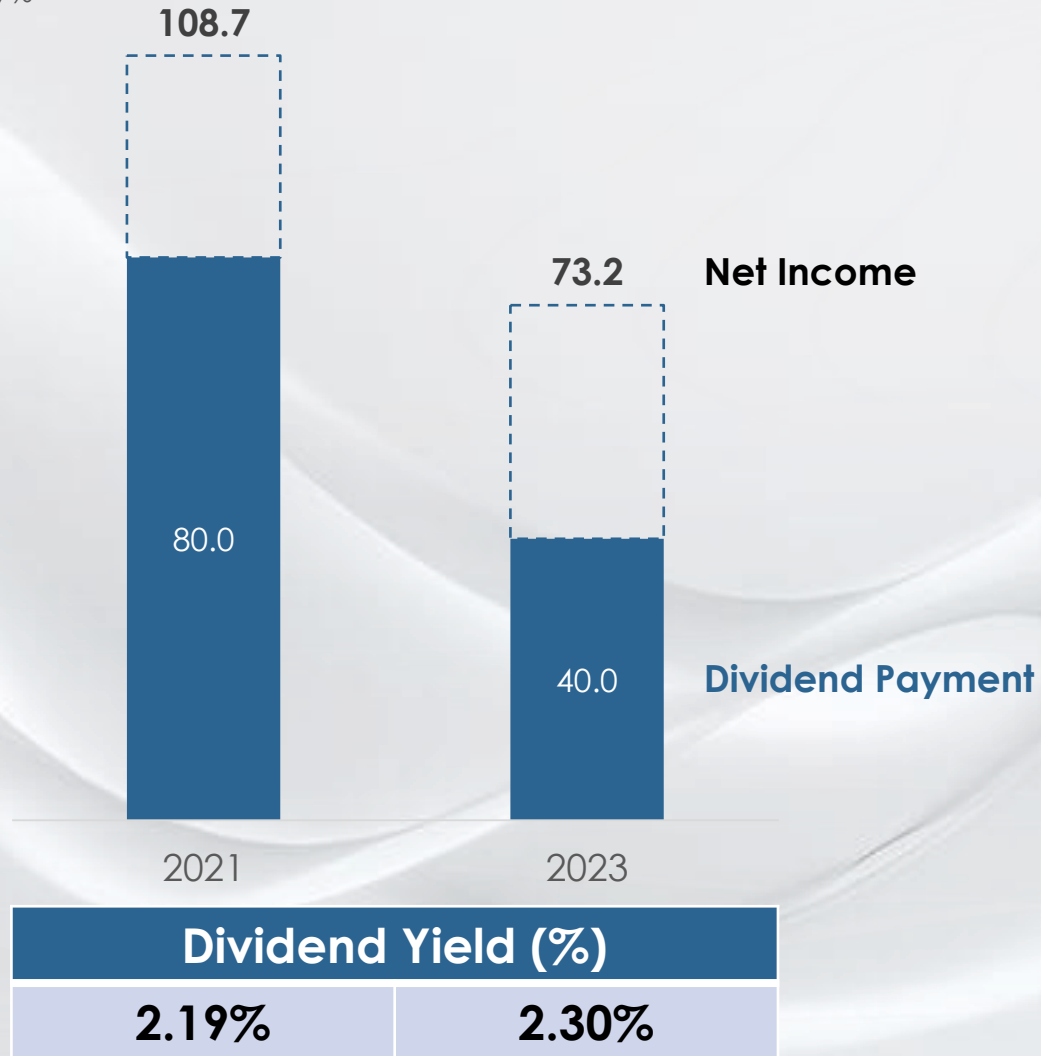
Capacity:

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

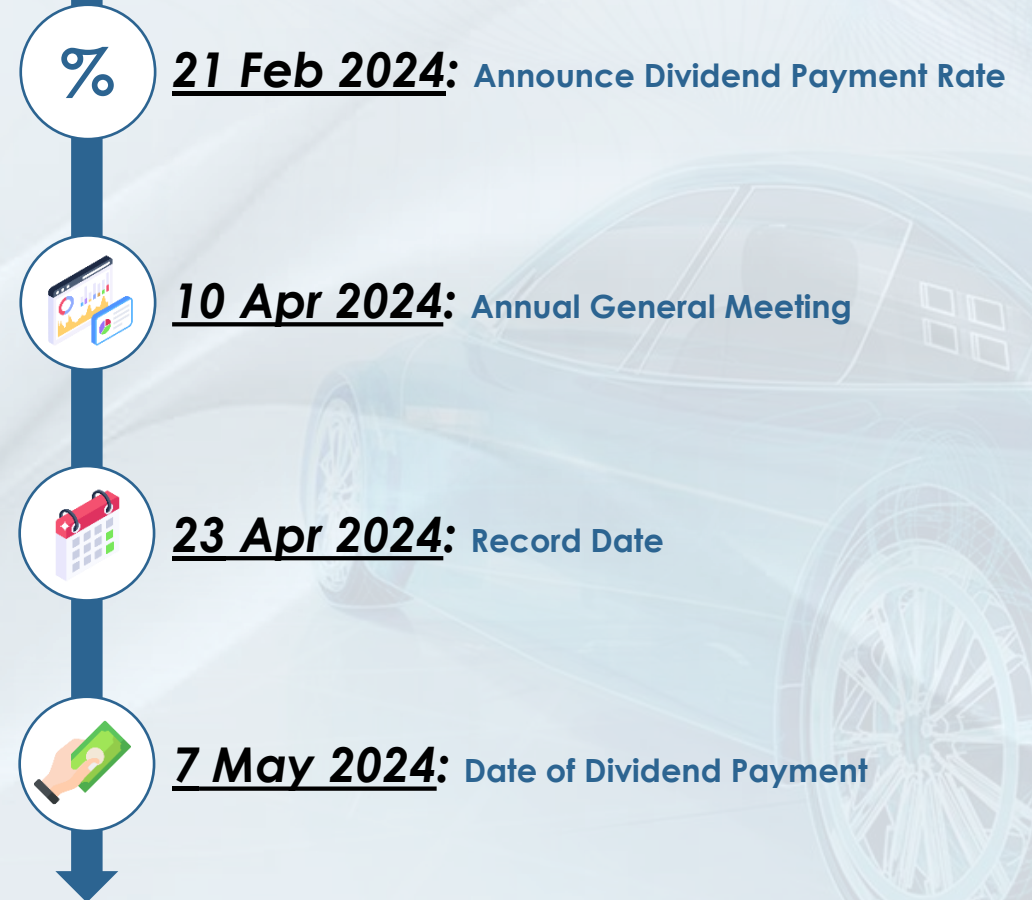
DIVIDEND PAYMENT

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

Unit: Million Baht, %



2024 Timeline



*Note: 2024 Dividend payment from 2023 performance