

OPPORTUNITY DAY PRESENTATION

Q2/2023

8th September 2023

President Automobile Industries PLC.

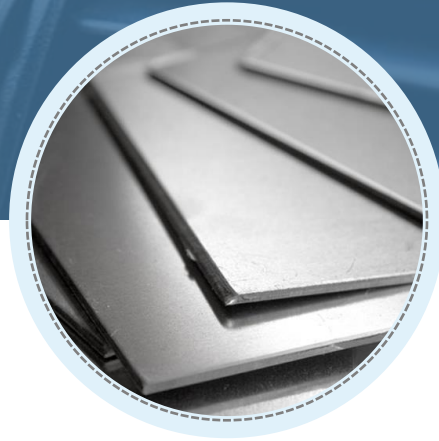


Q2/2023 HIGHLIGHT



PACO Display Strong Topline Growth of 22.7% QoQ

- Operating revenue was Baht 268.4 million in Q2/23 increased by 22.7% QoQ
- Net profit increased by 602.9% QoQ to Baht 23.9 million in Q2/2023 and NPM increased from 1.5% to 8.9% in Q2/2023



Price of Raw Materials begins to Recover

- PACO's major raw material – Aluminum global prices have displayed continuous gradual decline
- PACO's raw material price will correspond to the decline in Q3/2023



Obtained Deal by "Kubota" for Agri vehicle market

- After winning the deal in April 2023, PACO have expanded the product SKUs into 4 models supplied to "Kubota" group to produce air conditioners for agricultural vehicles



AGENDA

1

COMPANY OVERVIEW

2

STRATEGY & STRATEGIC
DIRECTION

3

FINANCIAL PERFORMANCE

4

INDUSTRY UPDATES &
2H/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

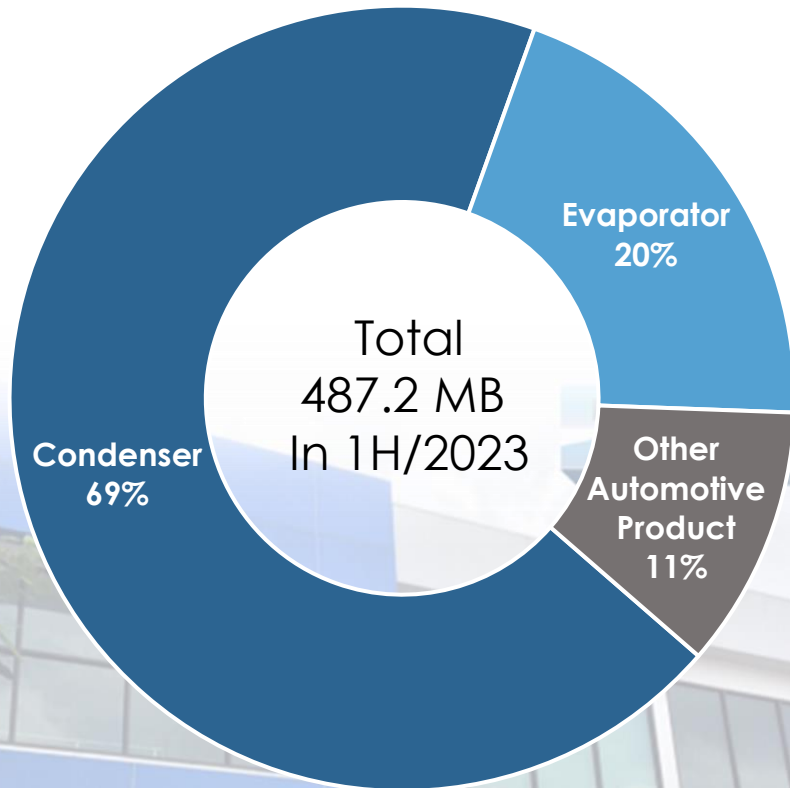
Over 200 branches of **FACOAutoHub** across Thailand selling retail parts to car air-conditioner repair stores

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

Revenue Structure by Product Type

Unit: MB, %



Manufacturing

69% Condenser (Manufacturing)
Of revenue



20% Evaporator (Manufacturing)
Of revenue



2% Other Automotive Products (Manufacturing)
Of revenue



Radiator



A/C Hoses



Suspension

Outsource

9% Other Automotive Products (Outsource)
Of revenue



R.Drier, Exp. Valve and other accessories



Compressor



Intercooler



A/C Fan and Blower

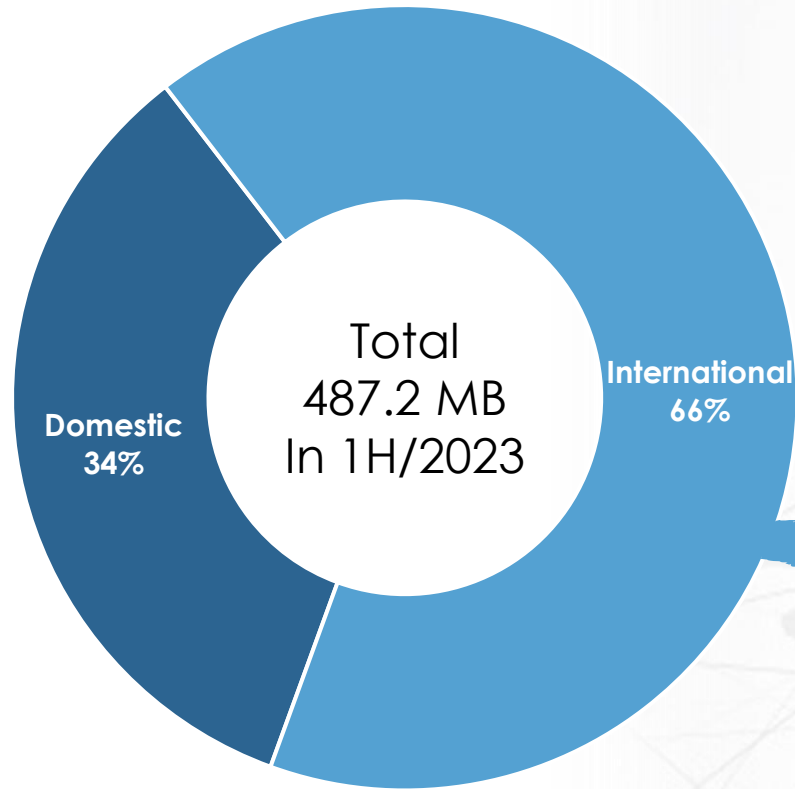


Refrigerant Gas

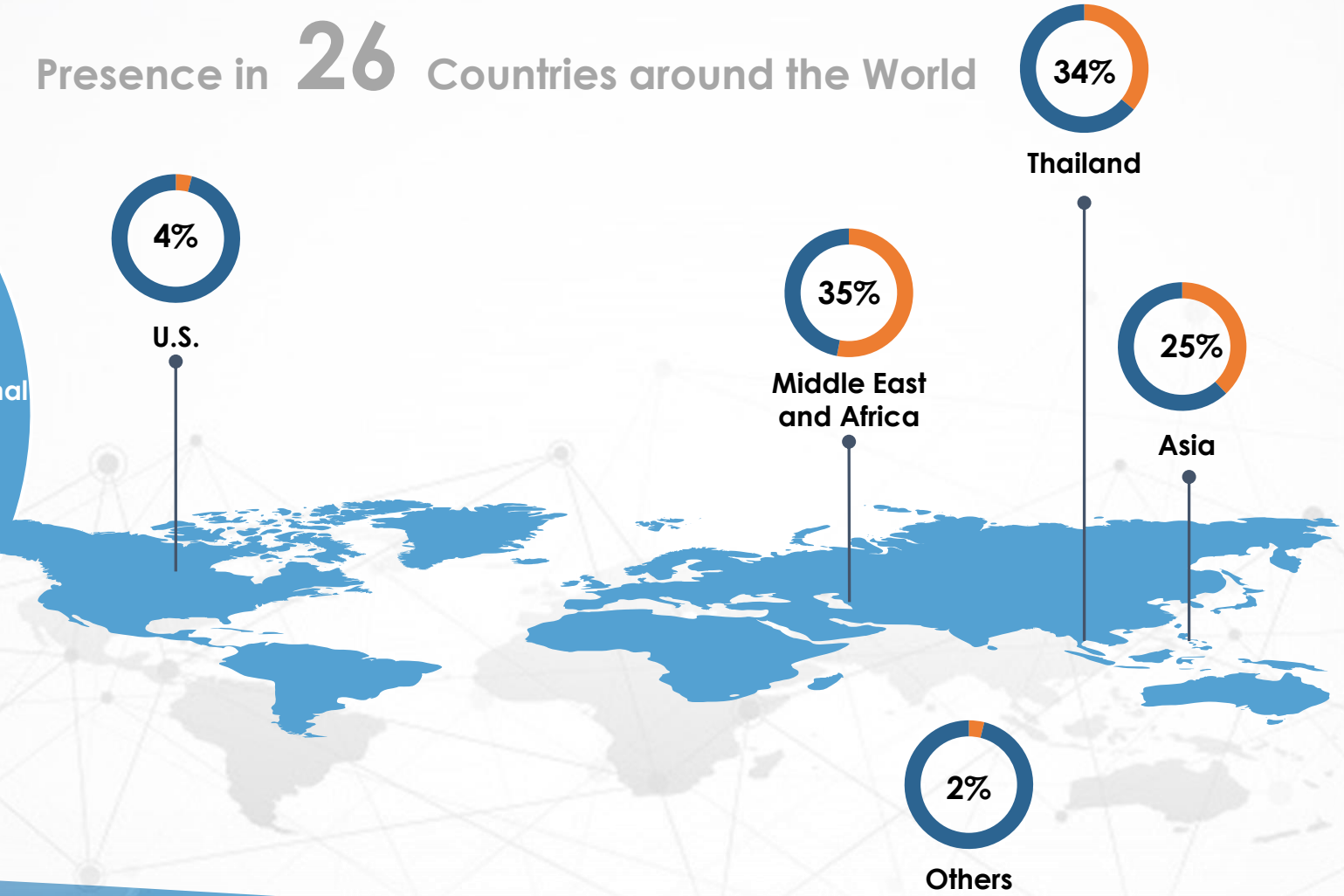
PACO MARKET BREAKDOWN

Revenue Structure by Country

Unit: MB, %

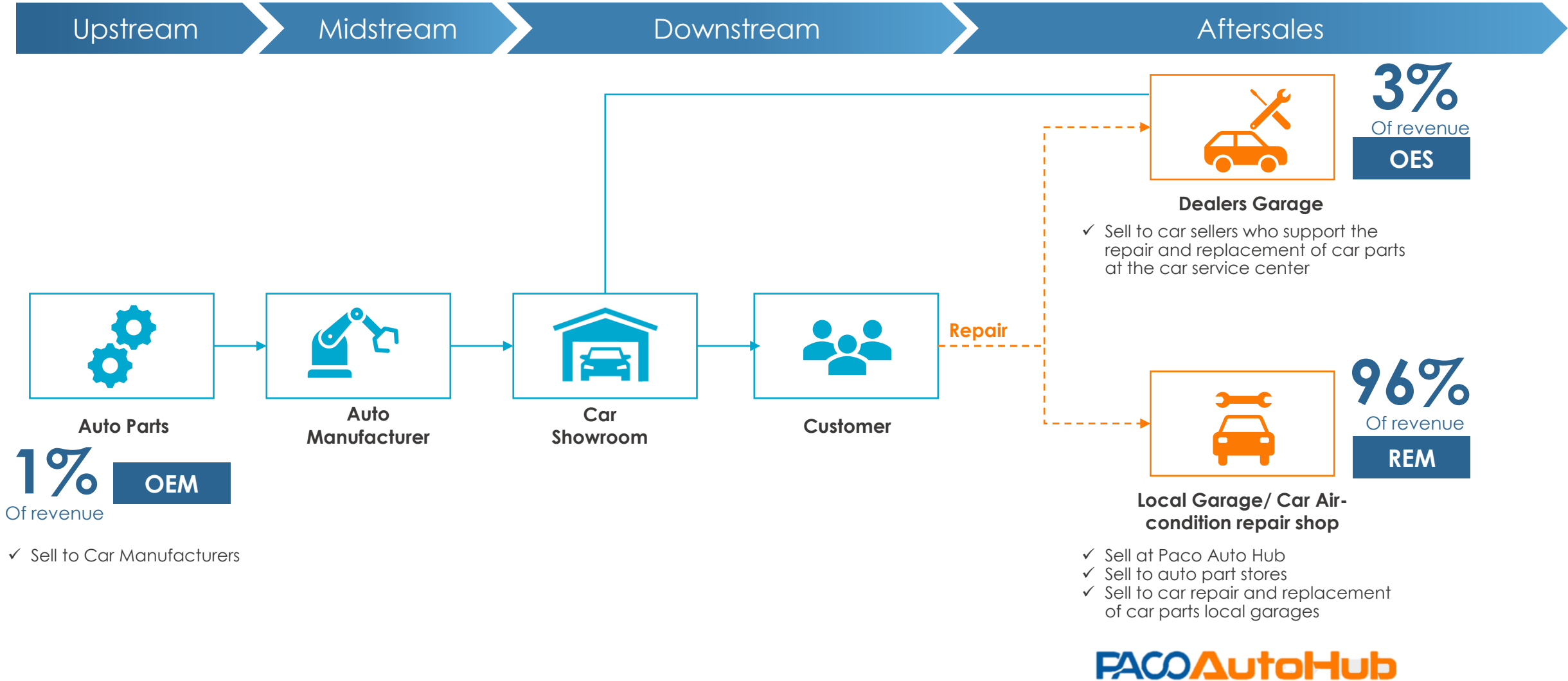


Presence in **26** Countries around the World



Others include European Region and Australia

PACO BUSINESS ALONG THE VALUE CHAIN



PACOAutoHub

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 PACO AutoHub



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 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



AGENDA

1

COMPANY OVERVIEW

2

**STRATEGY & STRATEGIC
DIRECTION**

3

FINANCIAL PERFORMANCE

4

INDUSTRY UPDATES &
2H/2023 OUTLOOK

+20-25% CAGR



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

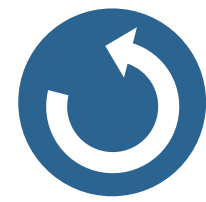
2024



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

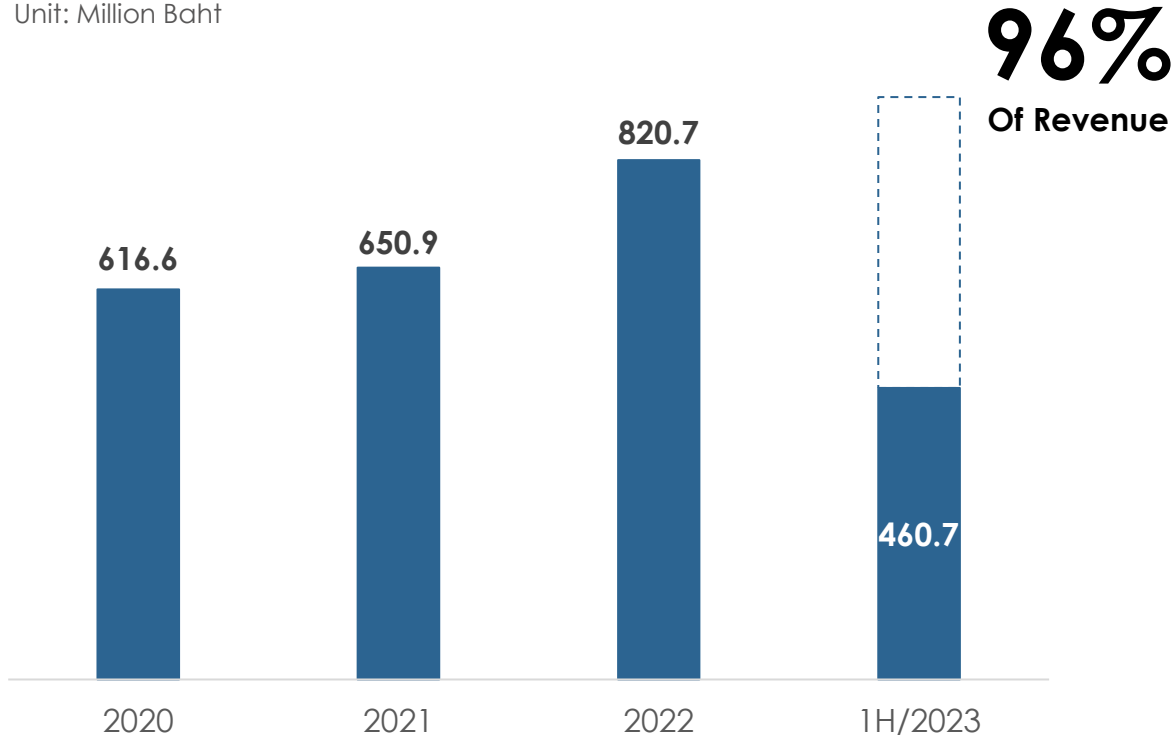
- Continuous product innovation to capture dynamic customer Demands
- Prepare and grow with EV market

EXPANDING CAPABILITIES OF CORE BUSINESS



Revenue from REM

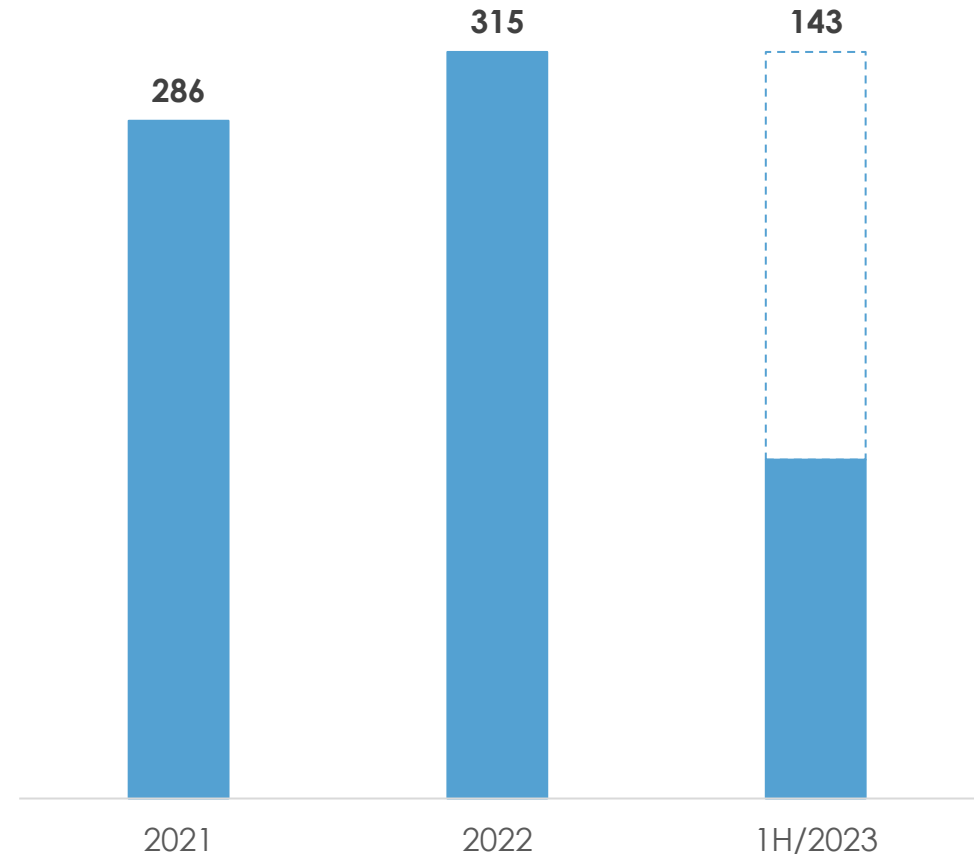
Unit: Million Baht



- 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

Q2/2023 Progress

New SKU Launched

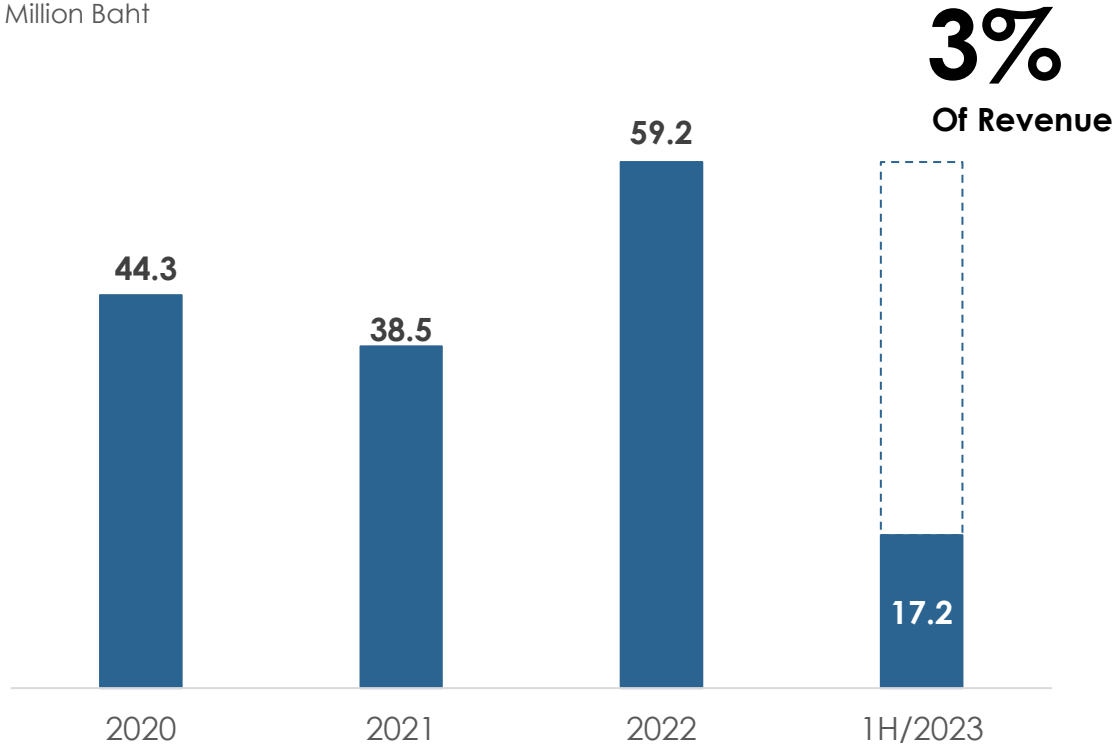


STRENGTHENING PRESENCE ALONG THE VALUE CHAIN



Ramping Up Volume for OES

Unit: Million Baht



- During 1H/2023, one of PACO's existing customer have experienced a pause in orders affecting PACO's topline however, this customer have resumed its orders in Q3/2023
- PACO expects the recovery in performance in the 2H/2023 with a target to maintain topline similarly from 2022

Q2/2023 Progress



Manage Performance of Existing Customers
Maintain and ensure consistency in revenue of existing customers



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



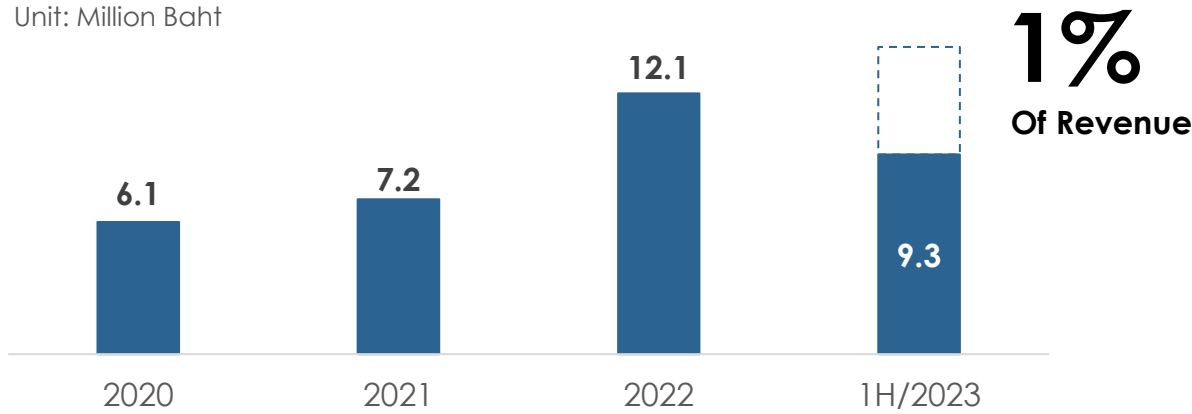
Collaborate with New Companies
Seek for new customers both in Thailand and internationally

STRENGTHENING PRESENCE ALONG THE VALUE CHAIN



Expanding OEM Business

Unit: Million Baht



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

Q2/2023 Progress



Kubota

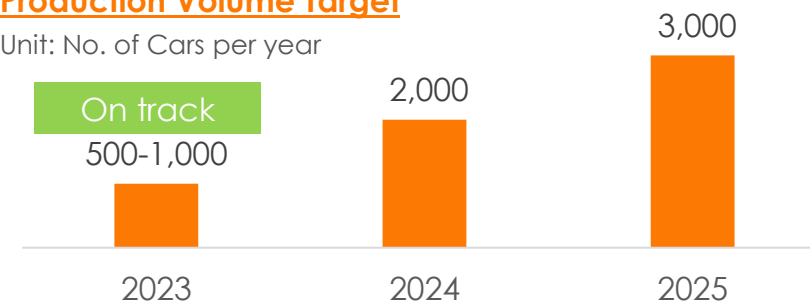
นวัตกรรมเกษตรเพื่ออนาคต

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

- **Models:** loaders, tractors, harvesters (rice, sugar cane)
- **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 per year

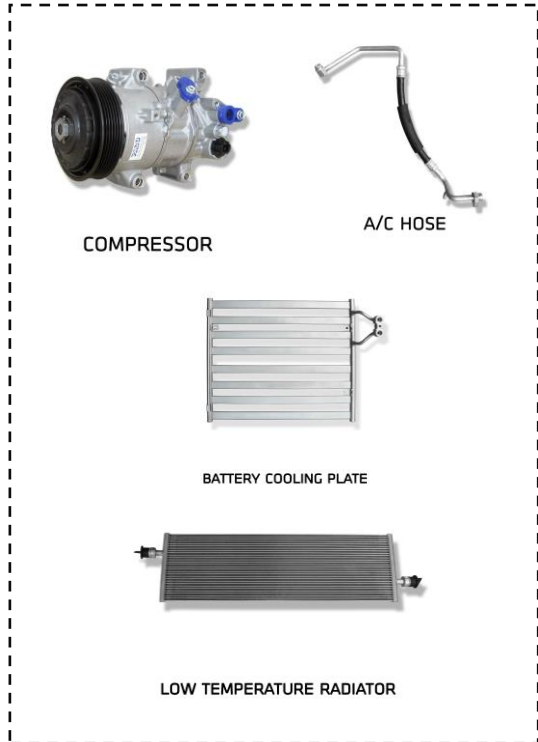


Total 6,000 cars in 3 years

Captured Relocated Customer



INNOVATING NEW PRODUCTS AND R&D



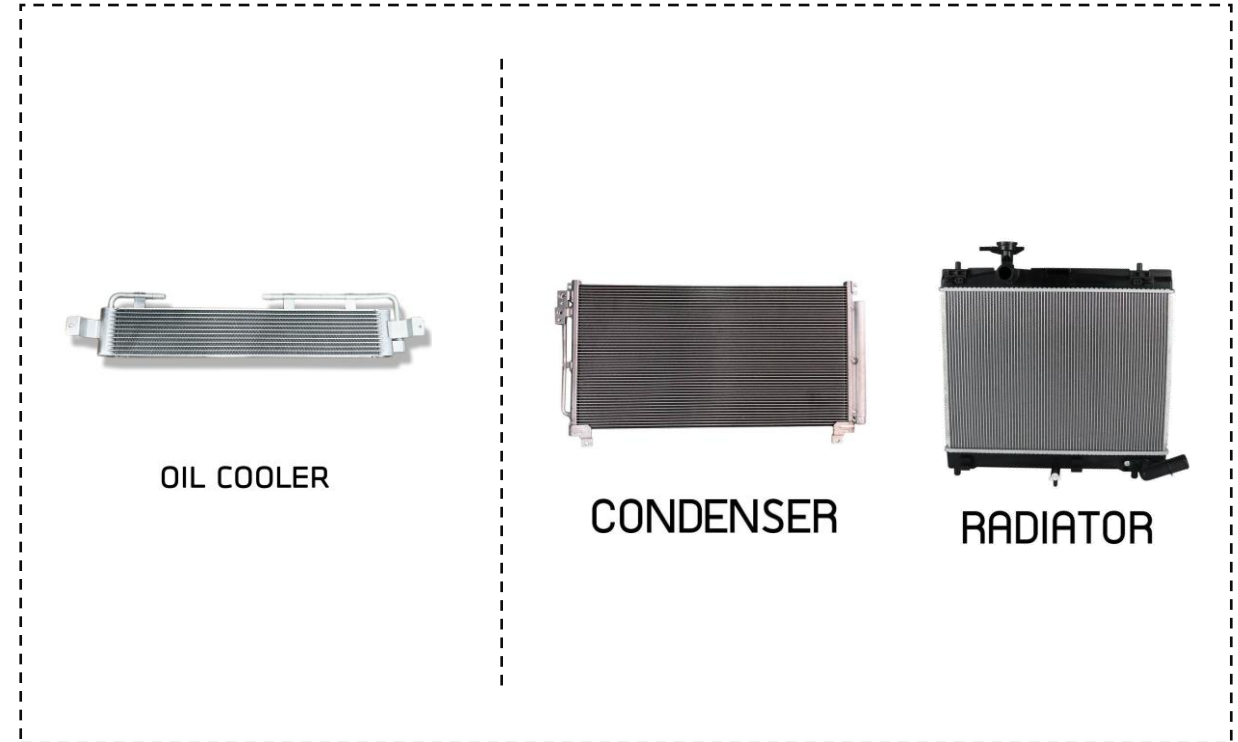
4 New Product Lines
286 New SKUs

2021



4 New Product Lines
315 new SKUs

2022



1 New Product Lines
121 new SKUs

Q1/2023

22 New SKUs

Q2/2023

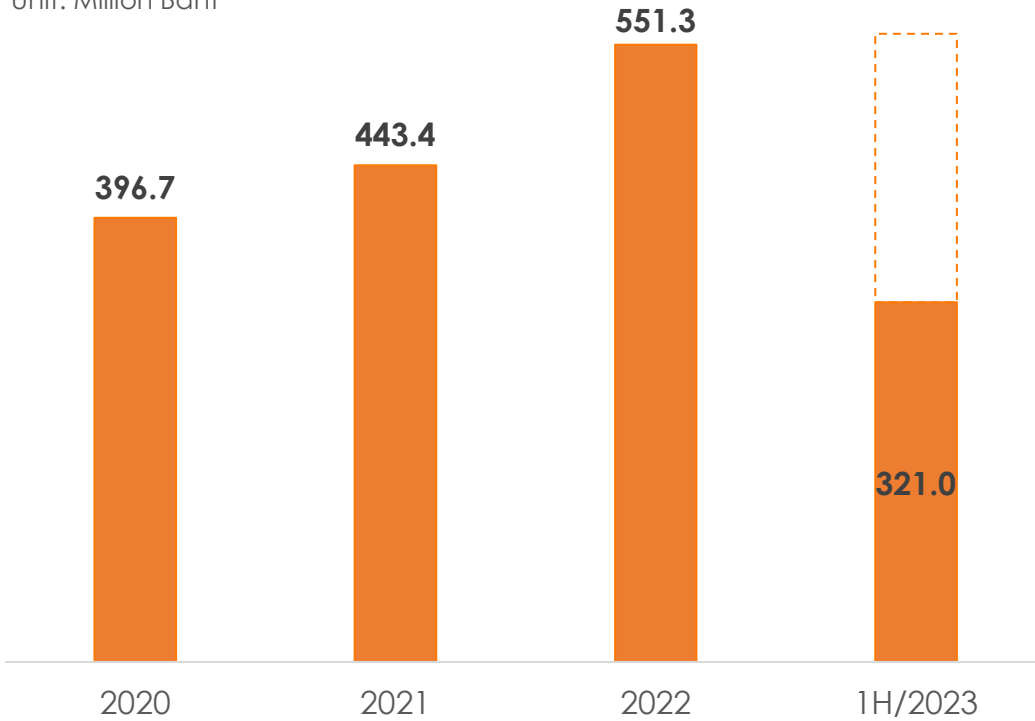
2023

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

Q2/2023 Progress

Secure contract to send EV Components to Europe via Netherlands and Germany





AGENDA

1

COMPANY OVERVIEW

2

STRATEGY & STRATEGIC
DIRECTION

3

FINANCIAL PERFORMANCE

4

INDUSTRY UPDATES &
2H/2023 OUTLOOK

1H/2023 FINANCIAL HIGHLIGHT

Operating Revenue in 1H/2023

487.19 MB

▲ 17.4% YoY

GPM and NPM

1H/2023

11.6%

▼ -4.7% YoY

1H/2023

5.3%

▼ -5.3% YoY

ROA and ROE

Q2/2023

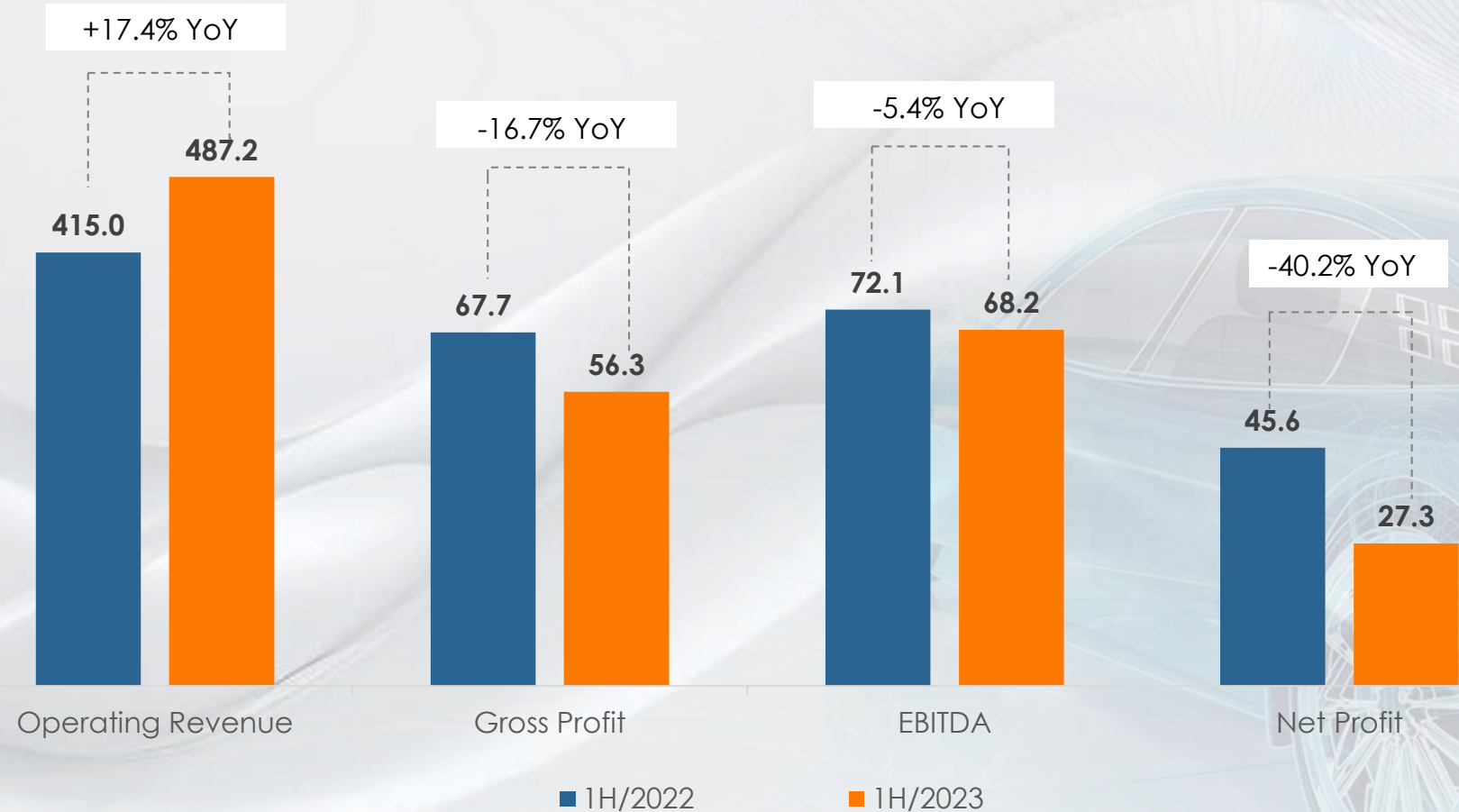
4.89%

Q2/2023

6.91%

Unit: Million Baht, %

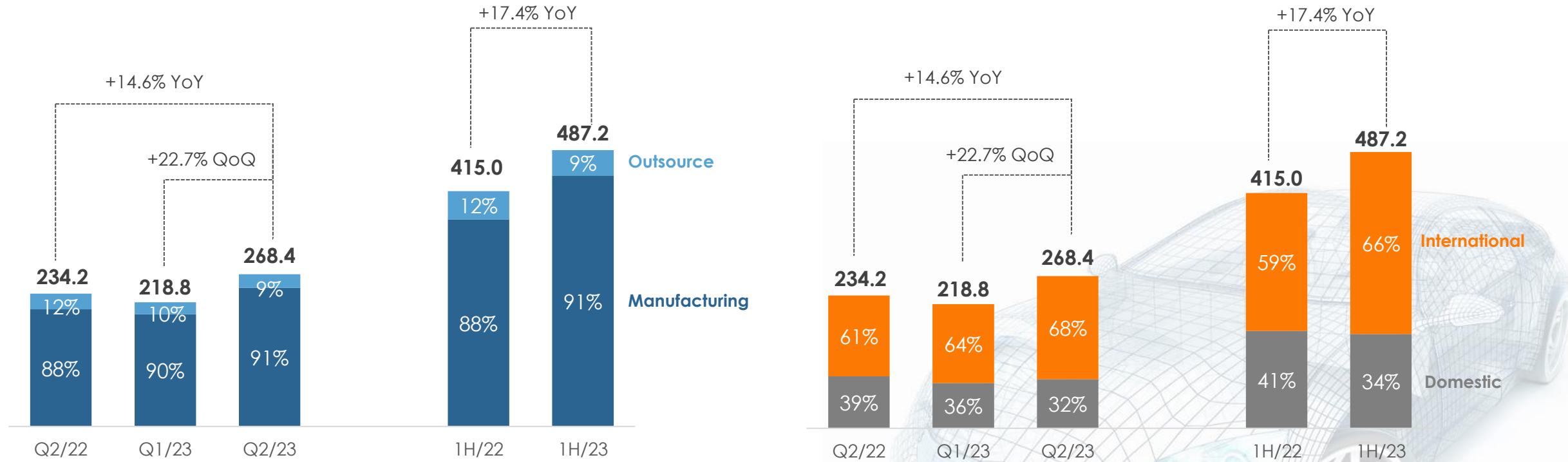
Financial Summary



OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY CHANNEL

Unit: Million Baht, %



YoY: Q2/23 vs Q2/22

In Q2/2023, the Operating revenue is Baht 268.4 million, increased by Baht 34.2 million or 14.6%, mainly due to:

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

QoQ: Q2/23 vs Q1/23

In Q2/2023, the Operating revenue of Baht 268.4 million, increased by Baht 49.6 million or 22.7%, mainly due to:

- Increased production capacity to support the increased demand from both domestic and international customers
- Increased revenue from outsource due to the increased sale of refrigerant and intercooler

YoY: 1H/23 vs 1H/22

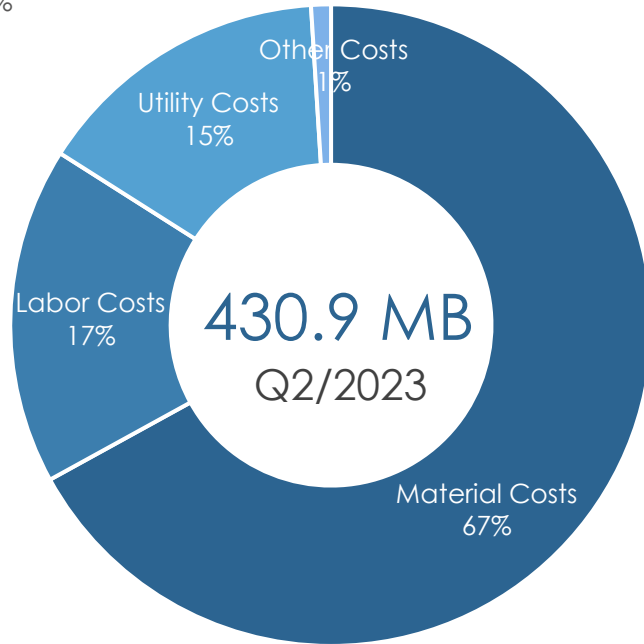
In 1H/2023, the Operating revenue of Baht 487.2 million, increased by Baht 72.2 million or 17.4%, mainly due to:

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

COST OF GOOD SOLD

MANUFACTURING

Unit: Million Baht, %



- COGS mainly comprises of raw materials 67% where most of the raw materials consumed by PACO is aluminum. Followed by labor 17% and utilities 15%
- 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 Decline in Q3



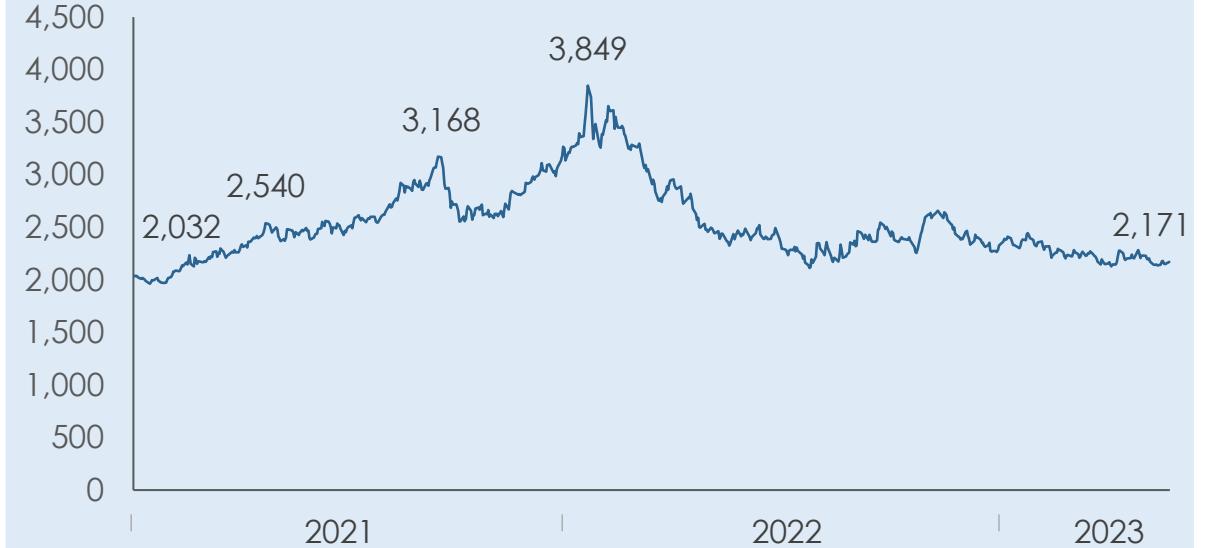
Stock Products (3 months)



Adjust Selling Price

ALUMINUM MARKET PRICE

Unit: USD/ton



Source: Investing.com

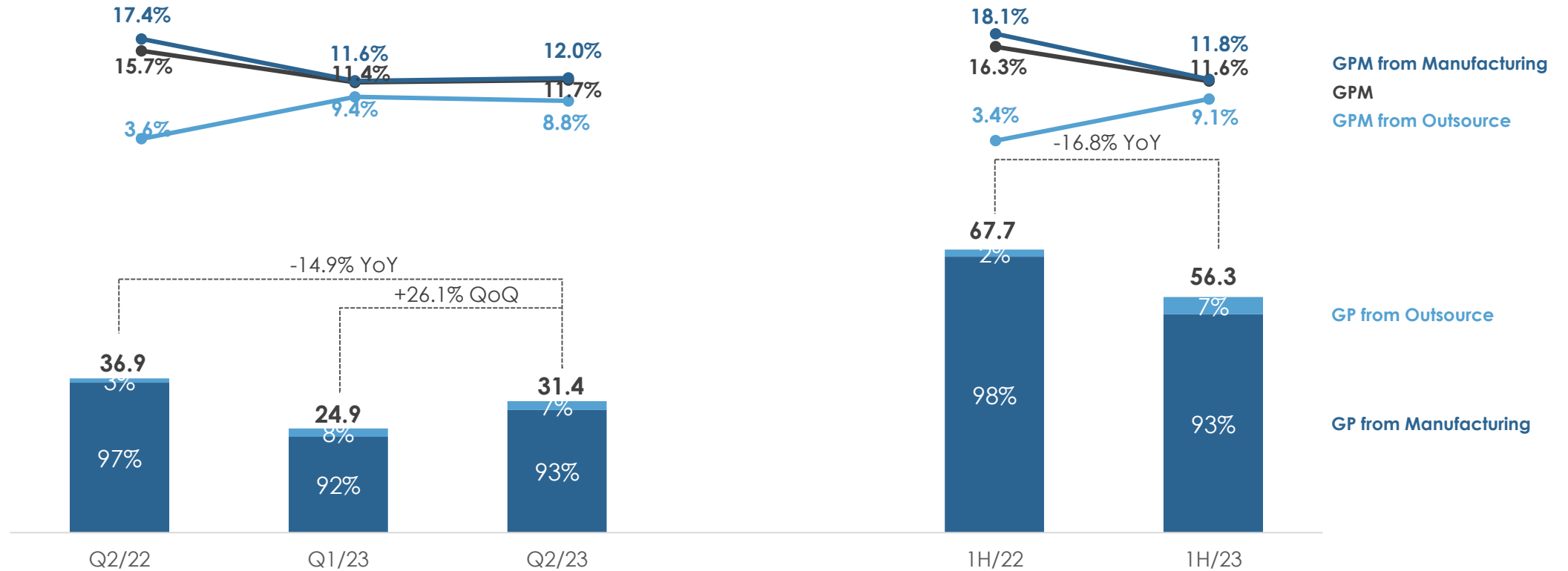
PACO Views

- 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: Q2/23 vs Q2/22

Gross profit was Baht 31.4 million in Q2/2023, decreased by Baht 5.5 million or 14.9% and **Gross Profit Margin** was 11.7%, decreased from 15.7% in Q2/2022, mainly due to an increase in the minimum wage and electricity price.

QoQ: Q2/23 vs Q1/23

Gross profit was Baht 31.4 million in Q2/2023, increased by Baht 6.5 million or 26.1% and **Gross Profit Margin** was 11.7%, slightly increased from 11.4% in Q1/2023, mainly due to an increase in operating revenue from increased demand from both domestic and international customers

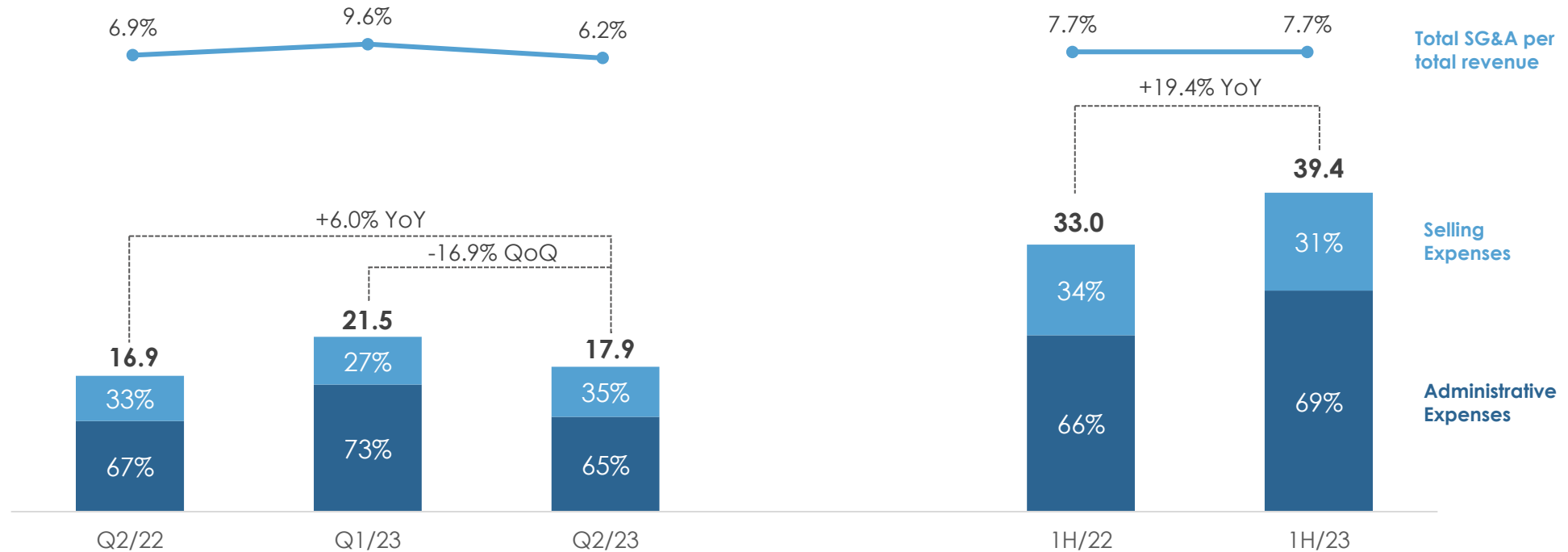
YoY: 1H/23 vs 1H/22

Gross profit was Baht 56.3 million in 1H/2023, decreased by Baht 11.4 million or 16.8% and **Gross Profit Margin** was 11.6%, decreased from 16.3% in 1H/2022, mainly due to an increase in the minimum wage and electricity price.

SELLING & ADMINISTRATIVE EXPENSES

SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



YoY: Q2/23 vs Q2/22

Selling & administrative expense was Baht 17.9 million, increased by Baht 1.0 million or 6.0% mainly due to an increase in transport expenses, which corresponds to the increased revenue

Selling and Administrative expenses per total revenue was 6.2%, decreased from 6.9% in Q2/2022 mainly due to the increase in total revenue and the ability of the Company to manage expenses efficiently

QoQ: Q2/23 vs Q1/23

Selling & administrative expense was Baht 17.9 million, decreased by Baht 3.7 million or 16.9% mainly due to decrease in administrative expense from compensation fund, expenses from the capital increase, allowance for doubtful debt

Selling and Administrative expenses per total revenue was 6.2%, decreased from 9.6% in Q1/2023 mainly due to the increase in total revenue and decrease in administrative expenses

YoY: 1H/23 vs 1H/22

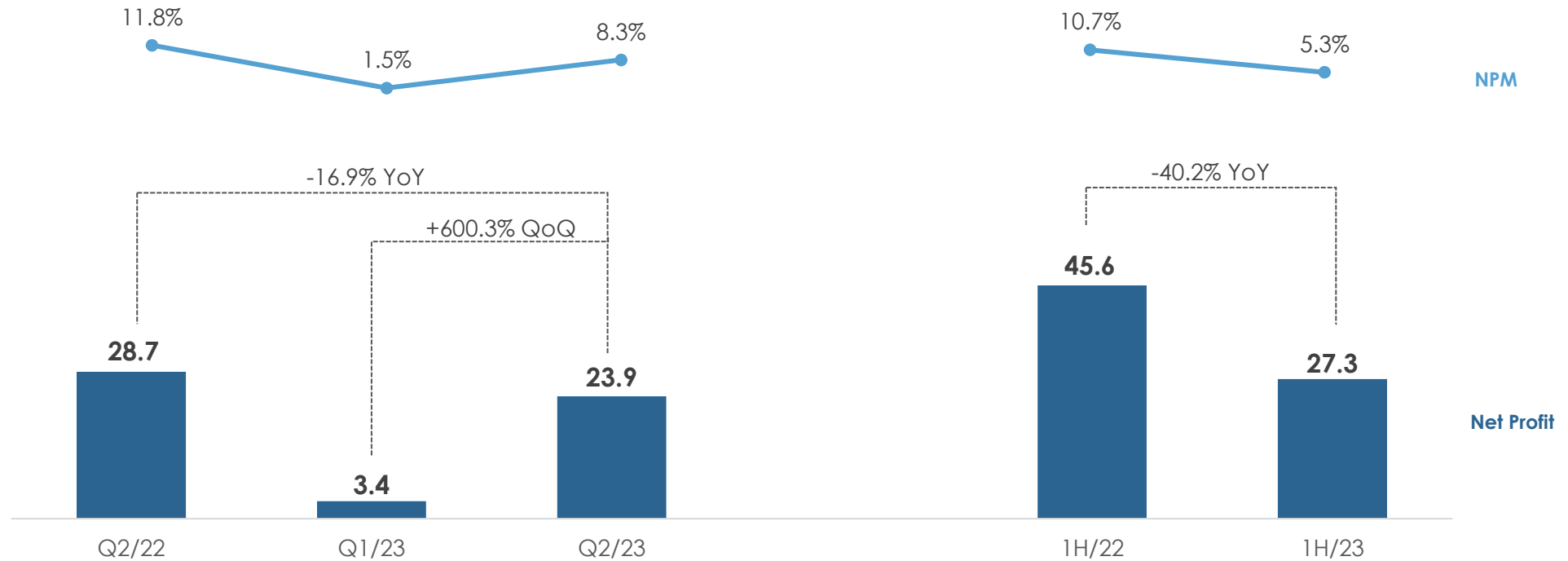
Selling & administrative expense was Baht 39.4 million, increased by Baht 6.4 million or 19.4% mainly due to the increase in transport expenses, the recognition of loss from forward currency contract, allowance for doubtful debts, expenses related to the share capital increase, and the employee compensation fund

Selling and Administrative expenses per total revenue was 7.7%, unchanged from 1H/2022

NET PROFIT

NET PROFIT AND NET PROFIT MARGIN

Unit: Million Baht, %



YoY: Q2/23 vs Q2/22

Net profit was Baht 23.9 million, decreased by Baht 4.8 million or 16.9% and **Net Profit Margin** was 8.9%, decreased from 12.3% in Q2/2022 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 loss from the exchange rate

QoQ: Q2/23 vs Q1/23

Net profit was Baht 23.9 million, increased by Baht 20.5 million or 600.3% and **Net Profit Margin** was 8.9%, increased from 1.5% in Q1/2023 mainly due to:

- Increased sales revenue from both domestic and international customers' demand
- Decreased administrative expense due to the loss from forward currency contract, allowance for doubtful debt, expenses from capital increase, and compensation fund
- Recognize gain from the exchange rate

YoY: 1H/23 vs 1H/22

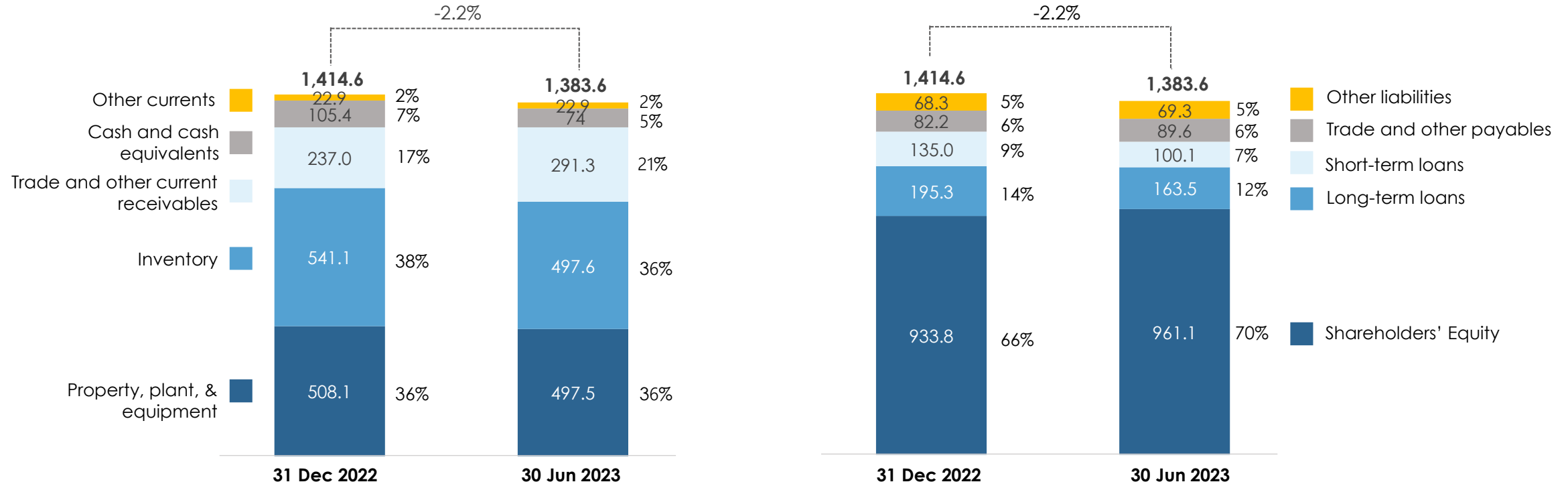
Net profit was Baht 27.3 million, decreased by Baht 18.3 million or 40.2% and **Net Profit Margin** was 5.6%, decreased from 11.0% in 1H/2022 mainly due to:

- 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

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 30 June 2023, the total assets were Baht 1,383.6 million decrease by 31.0 million Baht or 2.2% from 31 December 2022 mainly due to:

- **Cash and Cash Equivalent:** decreased due to repayment of short-term and long-term loans during the period
- **Inventory:** decreased due to the reduction of raw material inventory

Liability

As of 30 June 2023, the total liabilities were Baht 422.5 million, decreased by Baht 58.3 million or 12.1% from 31 December 2022 mainly due to:

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

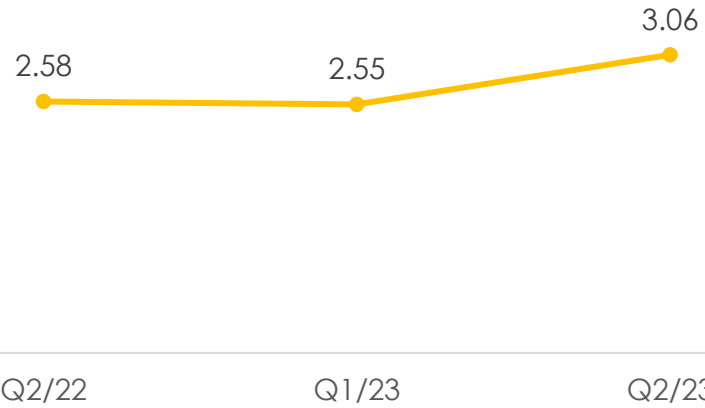
Shareholders' Equity

- As of 30 June 2023, the total shareholders' equity were Baht 961.1 million, increased by Baht 27.3 million or 2.9% from 31 December 2022 from the Company performance in 1H/2023

KEY FINANCIAL RATIOS

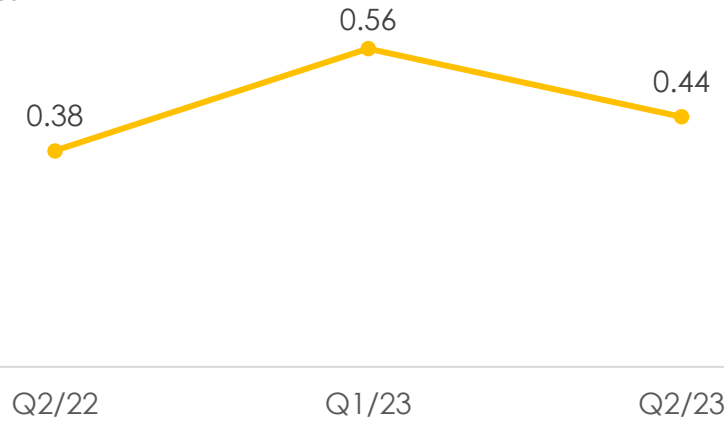
CURRENT RATIO

Unit: Times



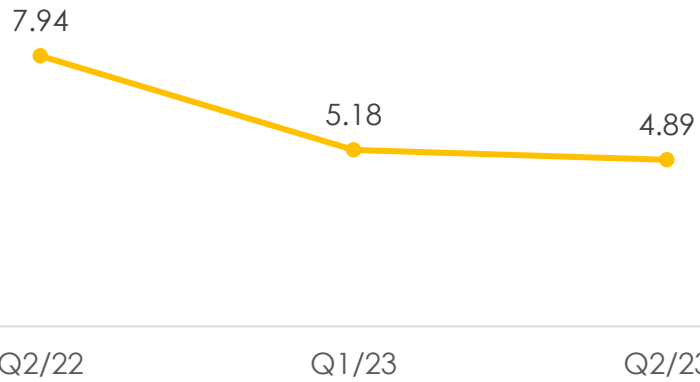
D/E RATIO

Unit: Times



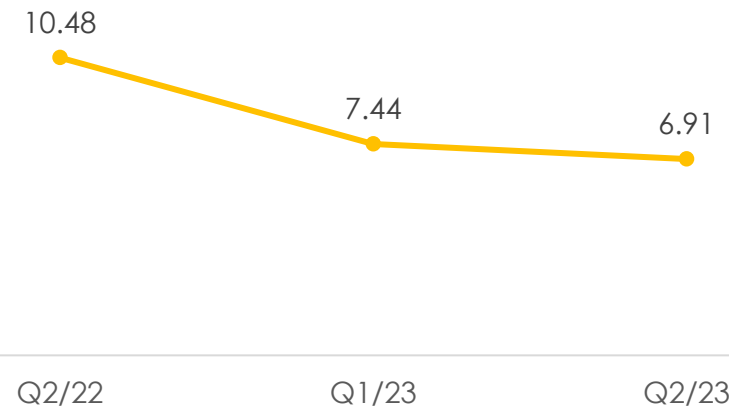
ROA*

Unit: %



ROE*

Unit: %



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

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



AGENDA

1

COMPANY OVERVIEW

2

STRATEGY & STRATEGIC
DIRECTION

3

FINANCIAL PERFORMANCE

4

**INDUSTRY UPDATES &
2H/2023 OUTLOOK**

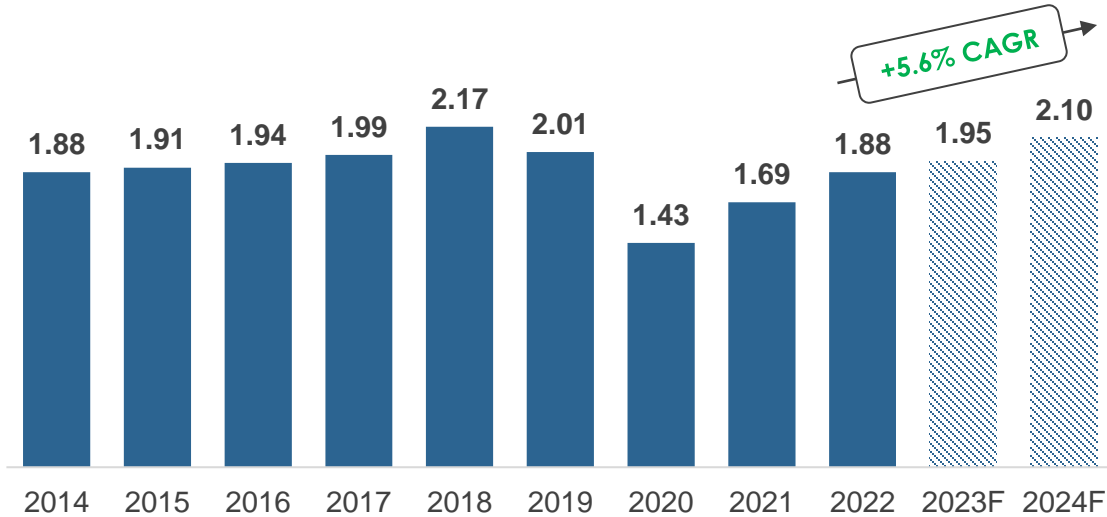
OEM market is expected to grow by 5.6% in 2024 due to the increasing automotive production while REM market is expected to grow, corresponding to the higher number of cars aged more than 5 years



OEM

Thailand's Automotive Production

Unit: Million Cars



Source : Statista, Krungthai Compass

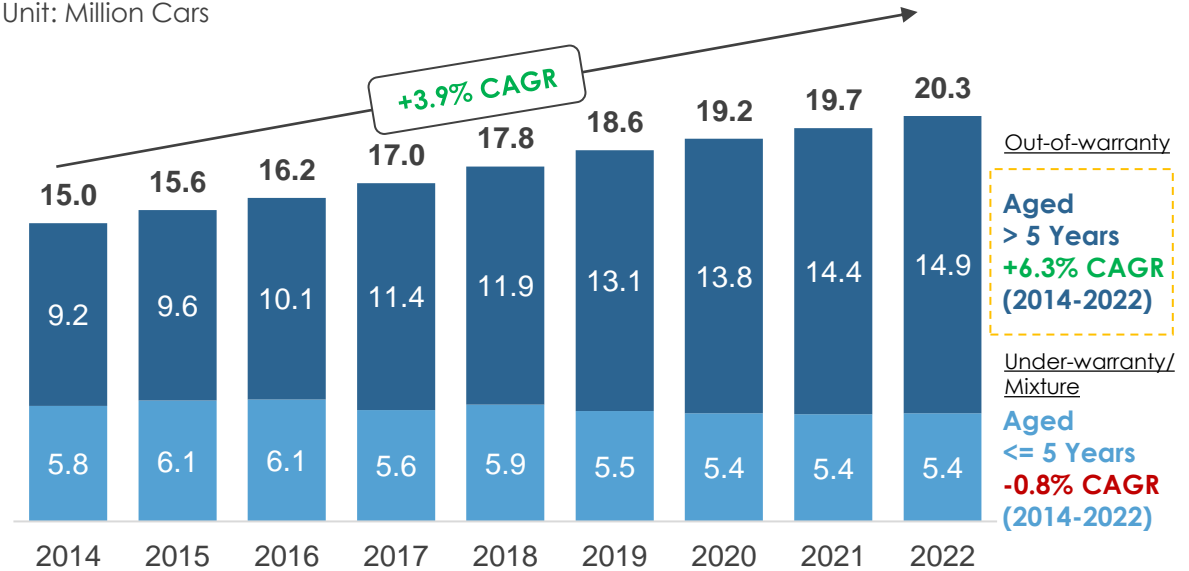
Key Takeaways:

- **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

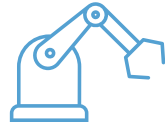
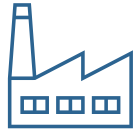
Unit: Million Cars



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

Invest in additional capacity to expand US Market

New Product to Capture EV Segment

Seek for large REM export opportunities

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

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

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

- Secure partners to support global exports of REM at a large scale

PACO aims to achieve 20-25% growth in 2023

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)

084-437-9090

COMPANY HISTORY

- Registered business under the name "President Automobile Industries Co., Ltd."

1991



- Expanding overseas markets by starting with Singapore, Indonesia, Malaysia.

1992



- Expanded overseas markets in North America.

1997

- Expanding the plant "PACO 2" on more than 6,219 square wa of land
- Expanding the market to Japan.

2004



- Entered into a business alliance with one of Japan's largest conglomerates to jointly develop products for the REM market.

2013

- Expand overseas in the Middle East market, South Asia, Europe & Africa

2012

- Received ISO 9001:2008 certified

2007



- Merger with President Sales Co., Ltd.
- Received The 10th Bai Po Business Award by Sasin

2014

- Received ISO 9001:2015 certified
- Expanding overseas market in South Korea

2019



- Expanding the domestic OES market
- Launched Paco AutoHub to promote distributor base

2020



- Listed on the MAI market under the name "PACO".

2021

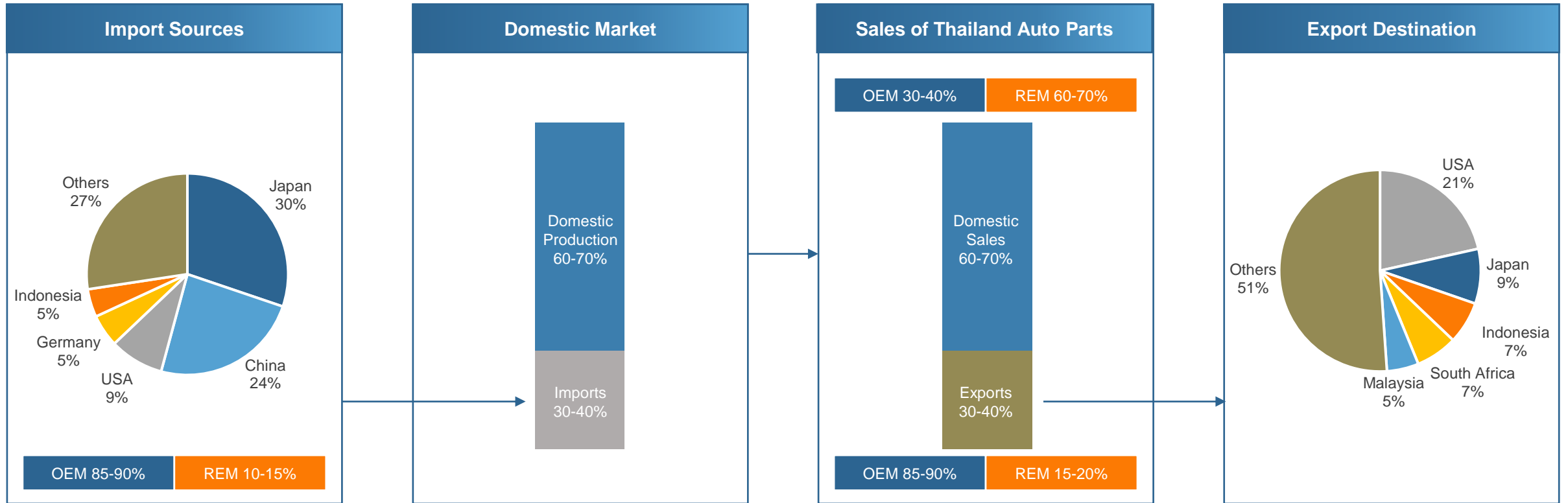


- Enter OEM and first time to secure large OEM customers for passenger car

2022

Thailand Auto Parts Landscape

Thailand Auto Part (2021)



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