

OPPORTUNITY DAY PRESENTATION

Q2 2024

3rd September 2024

President Automobile Industries PLC.





AGENDA

1

COMPANY OVERVIEW

2

2024 STRATEGIC DIRECTION &
STRATEGY

3

INDUSTRY OUTLOOK

4

FINANCIAL PERFORMANCE

Q2 2024 HIGHLIGHT



PACO Q2 2024 exceeded 80% Growth

- **Operating revenue** was Baht 523 million in H1 2024 increased by 7.3% YoY
- **Net profit** was Baht 44.8 million in Q2/2024 increased by 87.7% YoY and net profit margin was 16.4% in Q2/2024 increased by 8.1% from Q2/2023



Enquiry from USA customers

- In 2024, USA placed a **25% import tariff on condensers and evaporator** that are manufactured in China. Hence, we received many enquiry from old and new customers
- Expected to **increase sales by 5-10%**



Non-Automotive Diversification

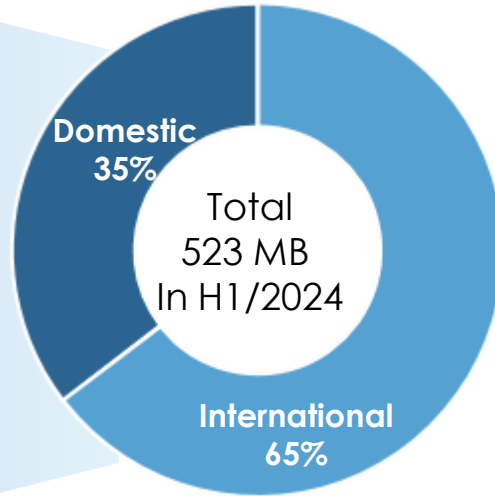
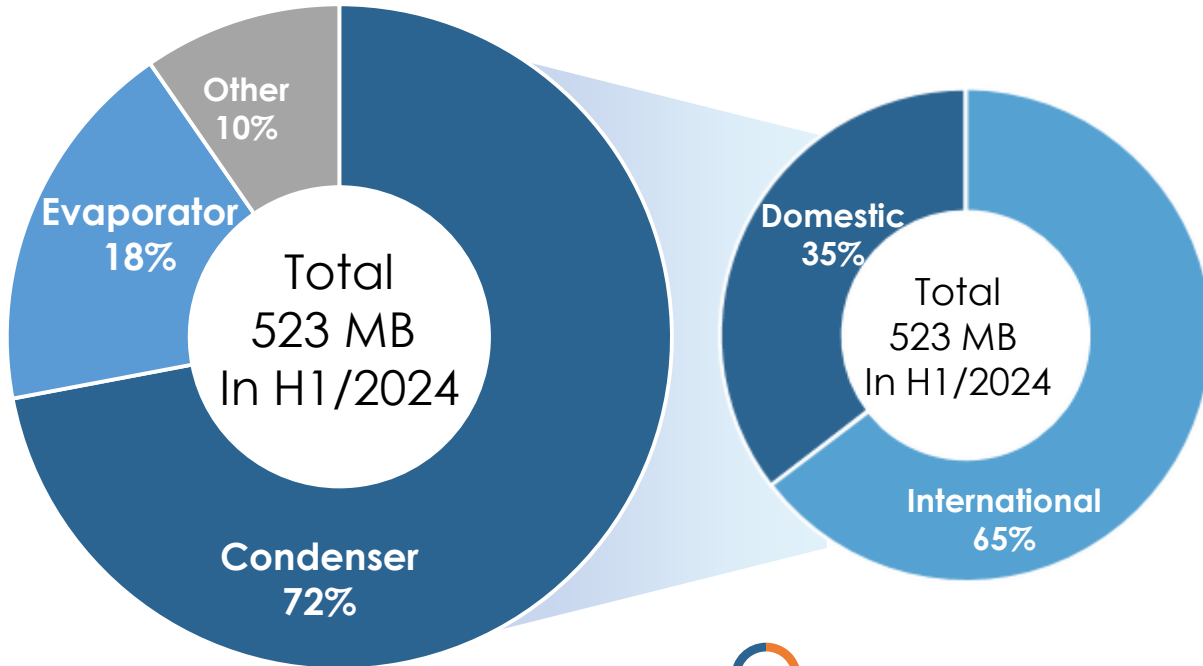
- The Company's **growth in non-automotive sector**, resulting in new orders from SAFRAN and Kubota.

PACO PRODUCT PORTFOLIO (H1 2024)

Revenue Structure by Product Type

Unit: MB, %

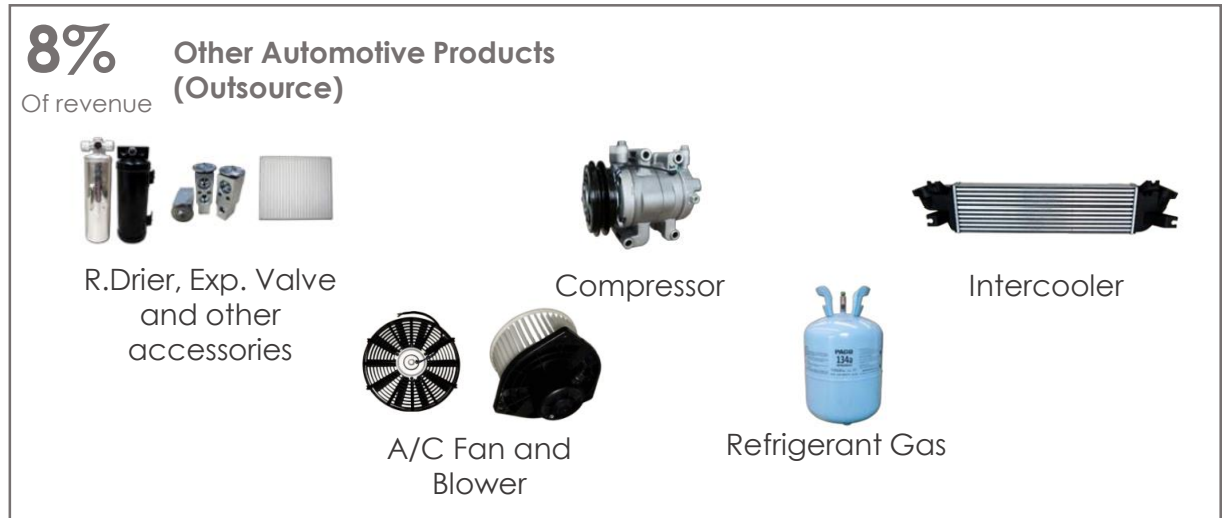
Presence in **22** Countries around the World*



Manufacturing

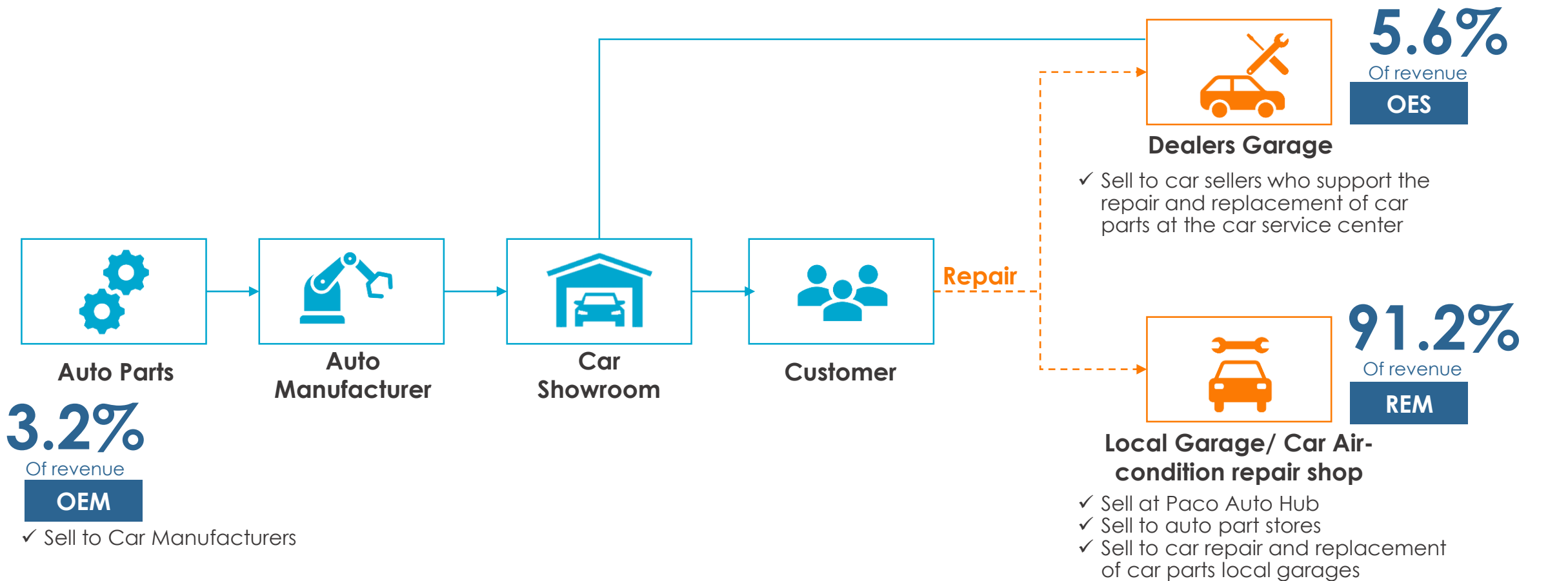


Outsource



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

PACO BUSINESS ALONG THE VALUE CHAIN (H1 2024)



PACO AutoHub

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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FINANCIAL PERFORMANCE

+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



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



Expansion for The Future

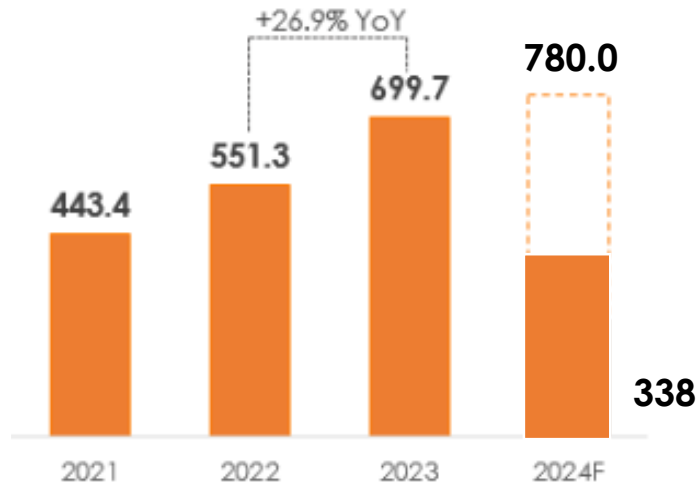
- Expanding capacity for growth
- Preparing automation in production process
- Capturing new customers
- Growing with EV market

EXPANDING CAPABILITIES OF CORE BUSINESS (1/2)

Expand Export Business

Revenue from International Business

Unit: Million Baht



Planned expansion



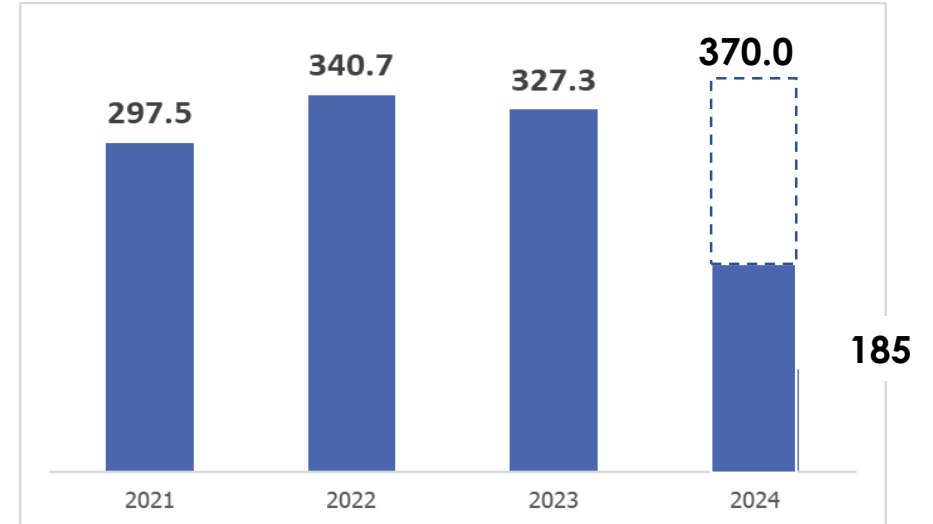
Capture new customers



Expand new opportunities

Strengthen Domestic Business

Revenue from Domestic Business



Planned expansion



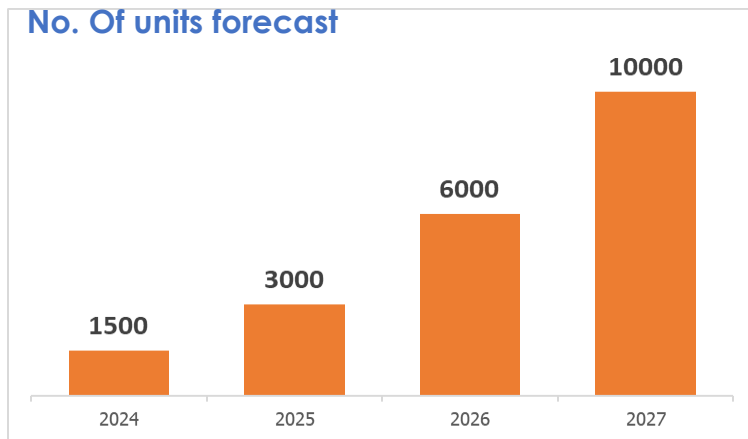
Introduce Doowon product

EXPANDING CAPABILITIES OF CORE BUSINESS (2/2)

Growing OEM Business



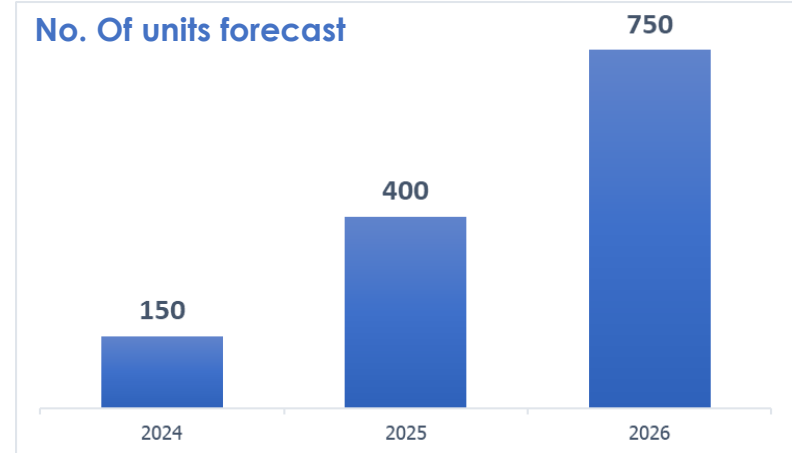
Kubota reported increasing interest in machinery with cabin and comfort features such as air conditioning.



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



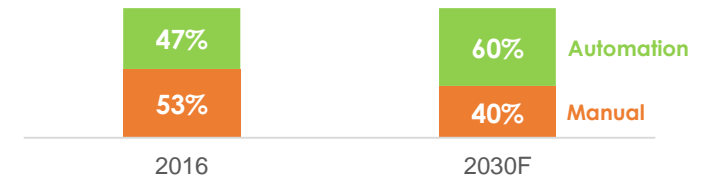
✓ Increase automation machinery to achieve a **10-15% increase in capacity in 2025**

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



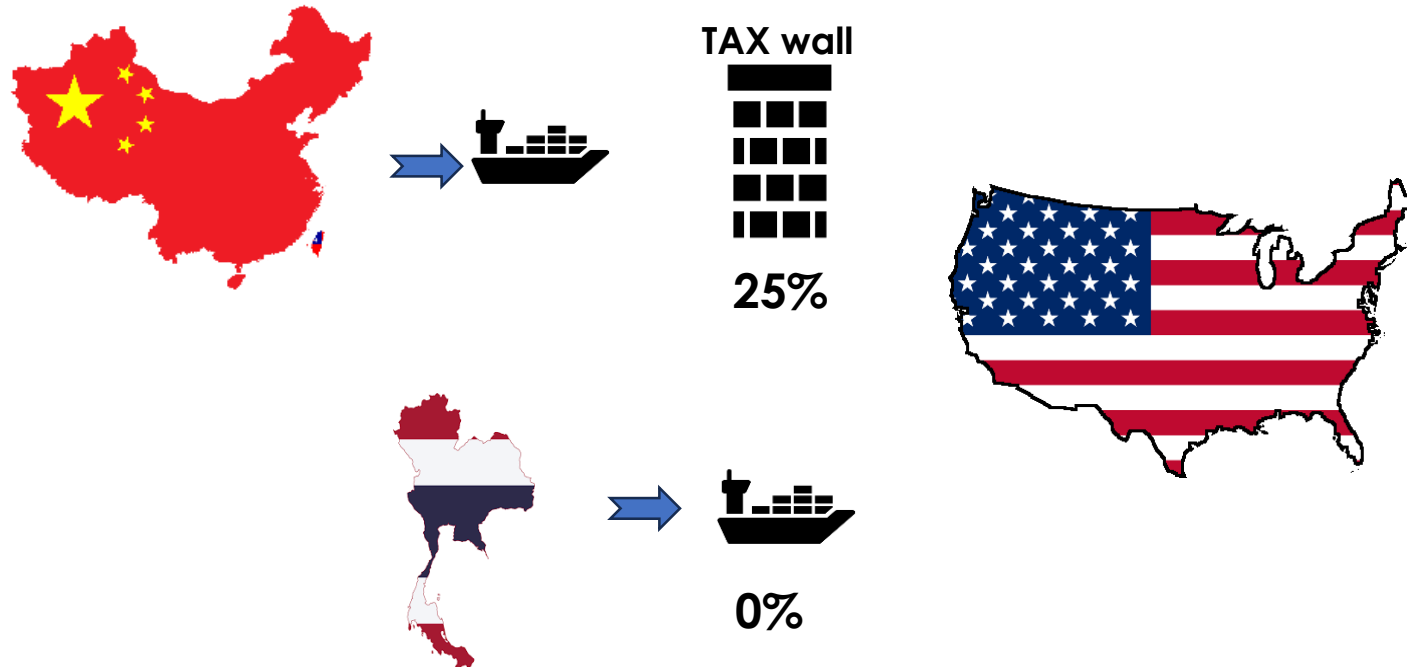
✓ Enhance production efficiency to expedite capacity and **increase overall output speed**

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



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**INDUSTRY OUTLOOK AND
2024 OUTLOOK**

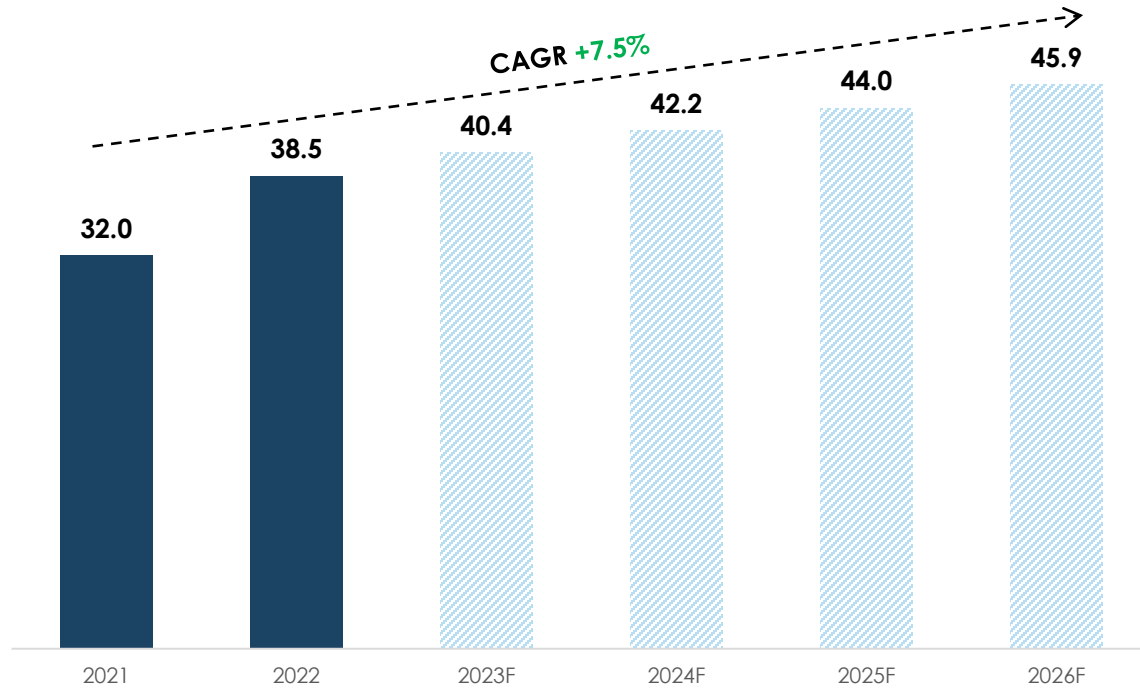
4

FINANCIAL PERFORMANCE

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



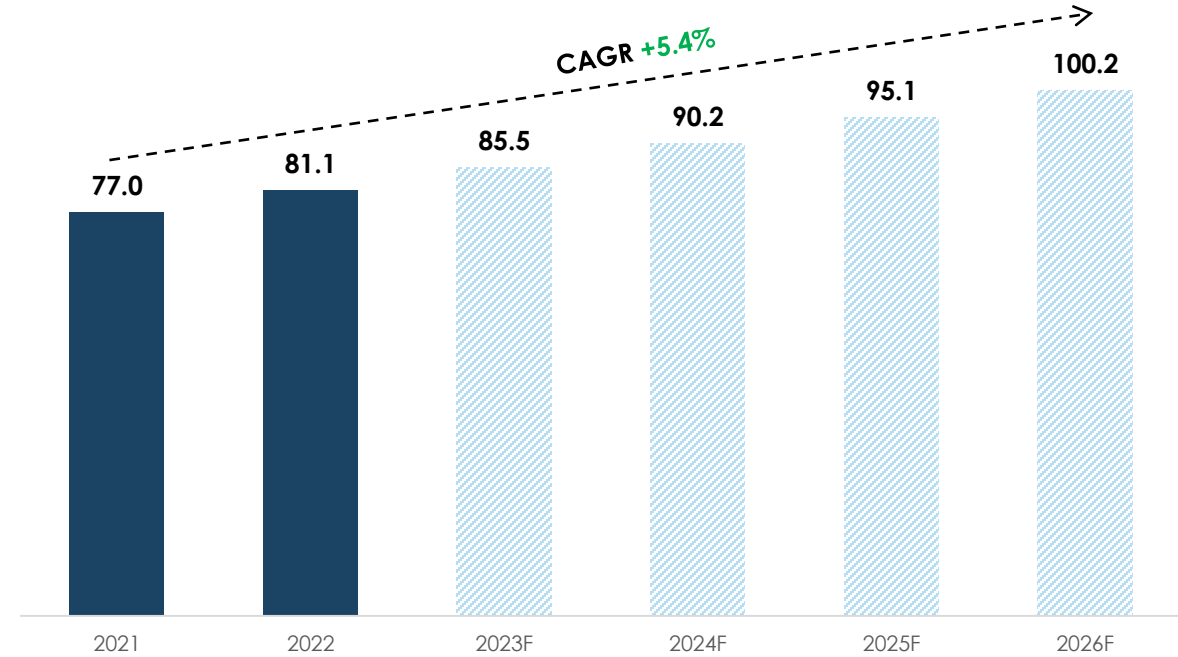
High demand for safety and convenience features



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



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FINANCIAL PERFORMANCE

Q2/2024 FINANCIAL HIGHLIGHT

Operating Revenue

522.95 MB

▲ 7.3% YoY

GPM and NPM

1H/2024

23.7%

▲ 12.1% YoY

1H/2024

16.5%

▲ 11.2% YoY

ROA and ROE

Q2/2024

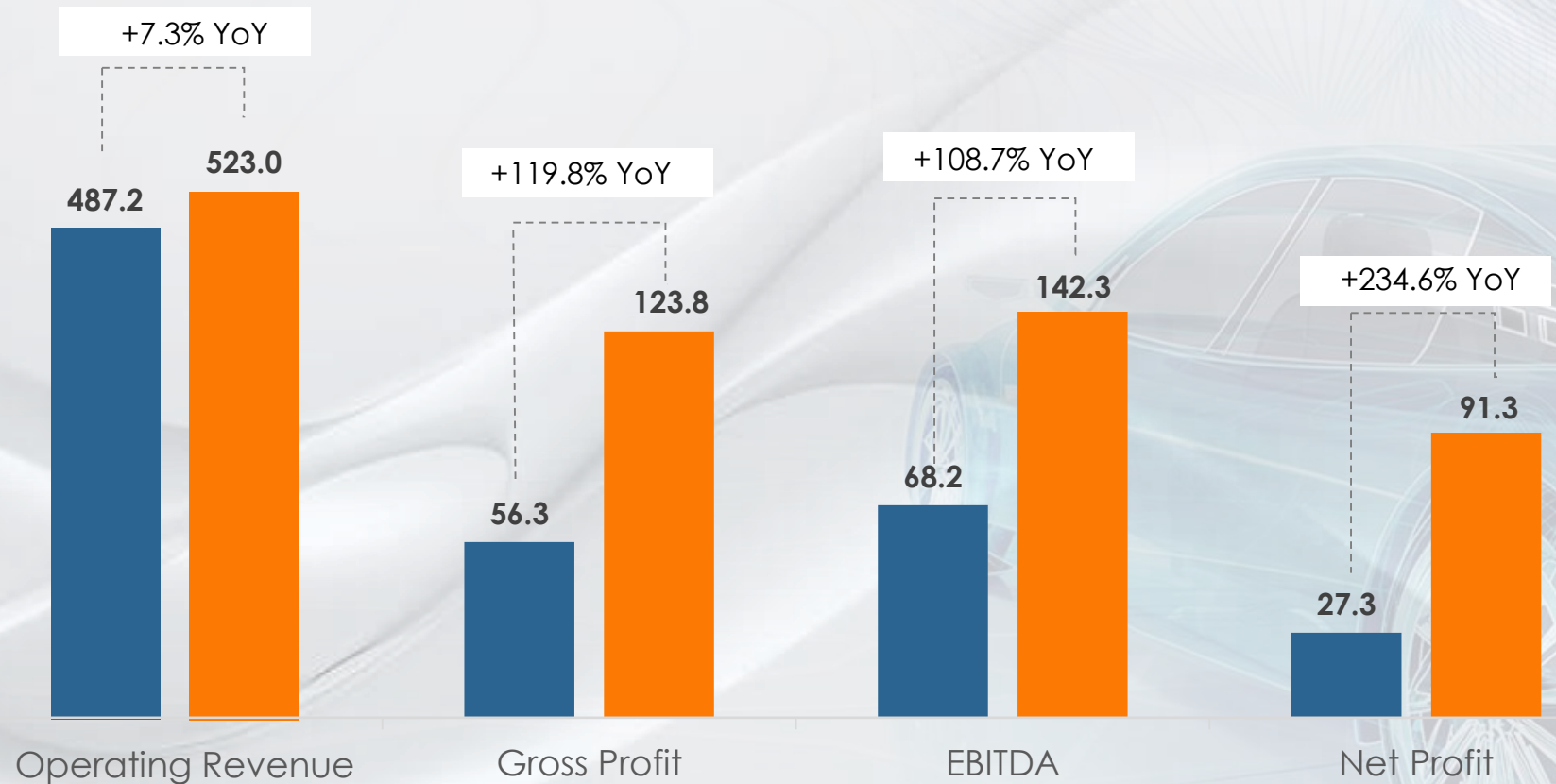
10.14%

Q2/2024

13.59%

Unit: Million Baht, %

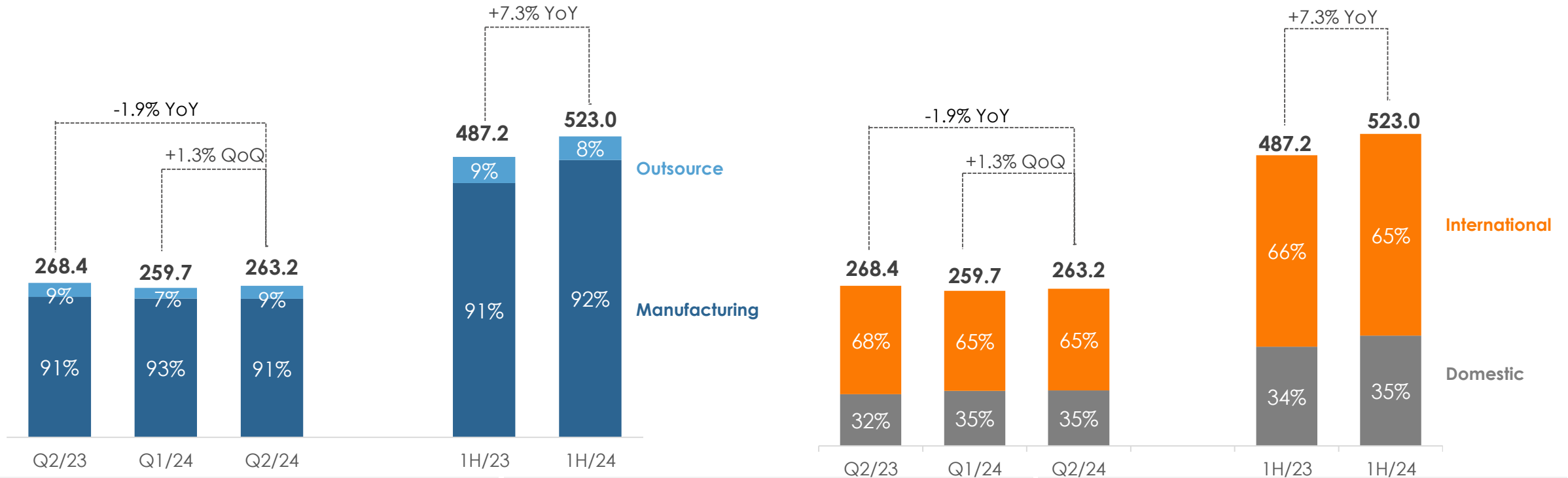
Financial Summary



OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY CHANNEL

Unit: Million Baht, %



YoY: Q2/24 vs Q2/23

In Q2/2024, the Operating revenue is Baht 263.2 million, slightly decreased by Baht 5.2 million or 1.9%

QoQ: Q2/24 vs Q1/23

In Q2/2024, the Operating revenue of Baht 263.2 million, slightly decreased by Baht 3.5 million or 1.3%

YoY: 1H/24 vs 1H/23

In 1H/2024, the Operating revenue of Baht 523.0 million, increased by Baht 35.8 million or 7.3% mainly due to:

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

DOMESTIC SALES PERFORMANCE



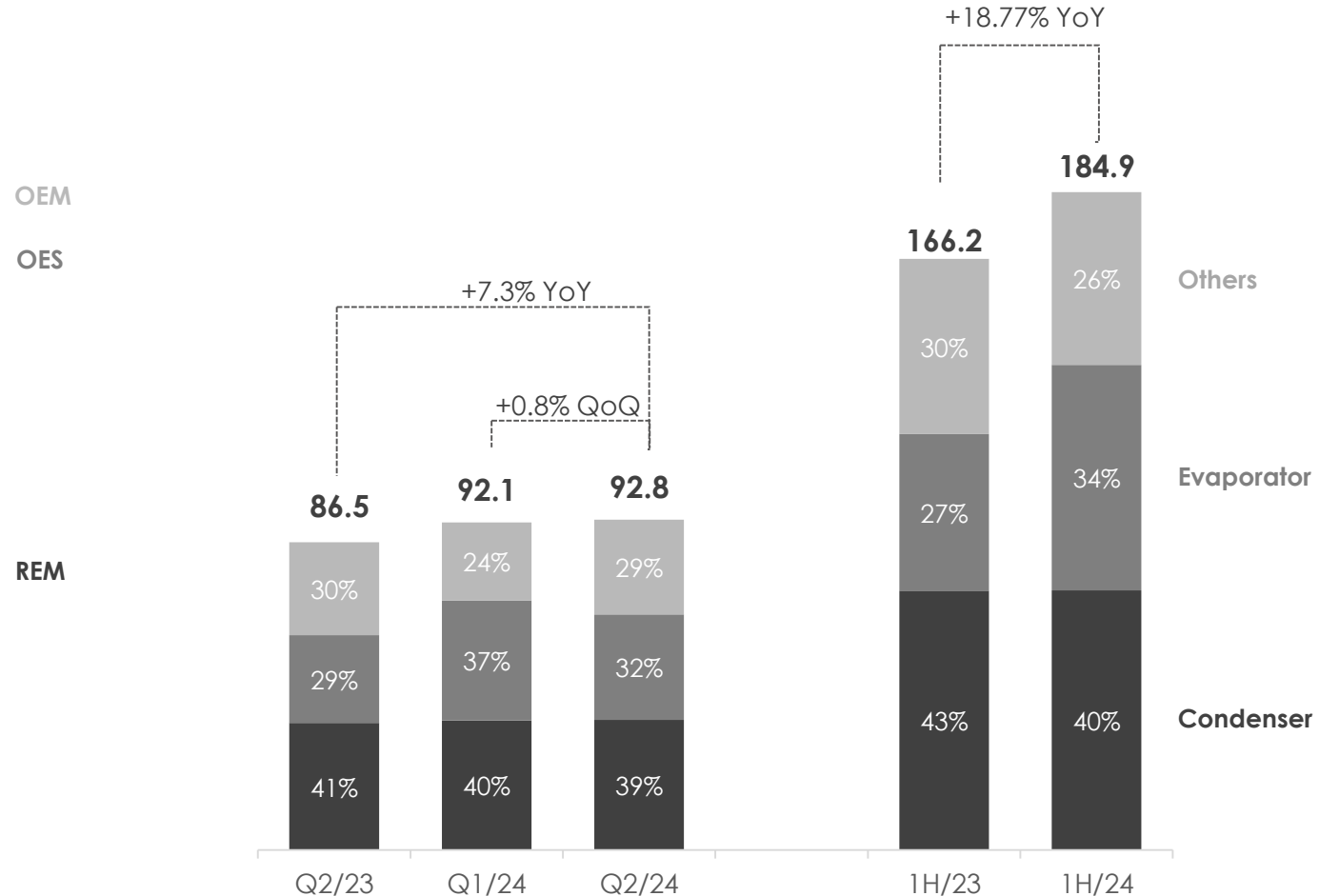
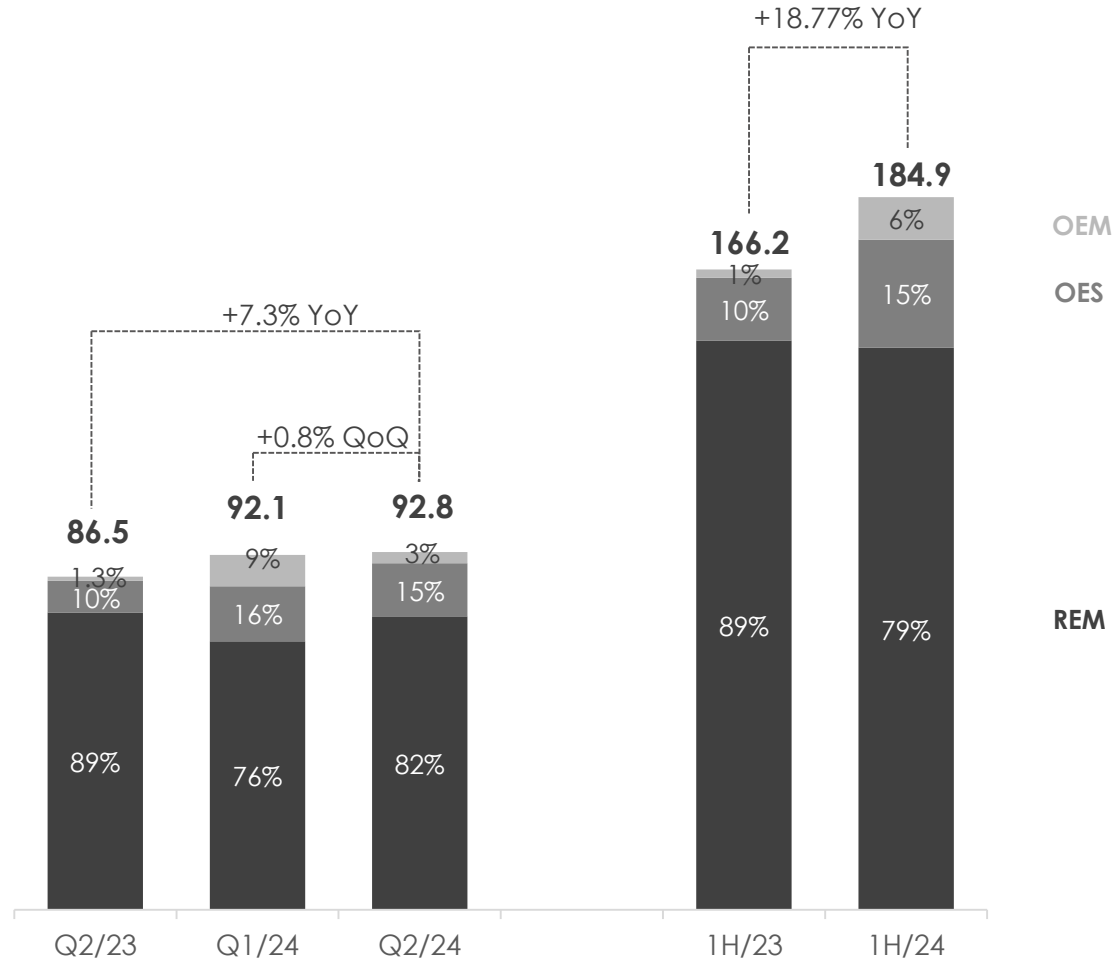
OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %

OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %

“Domestic sales increased from 2023 due to the increase in orders from major customer and selling new product”



INTERNATIONAL SALES PERFORMANCE

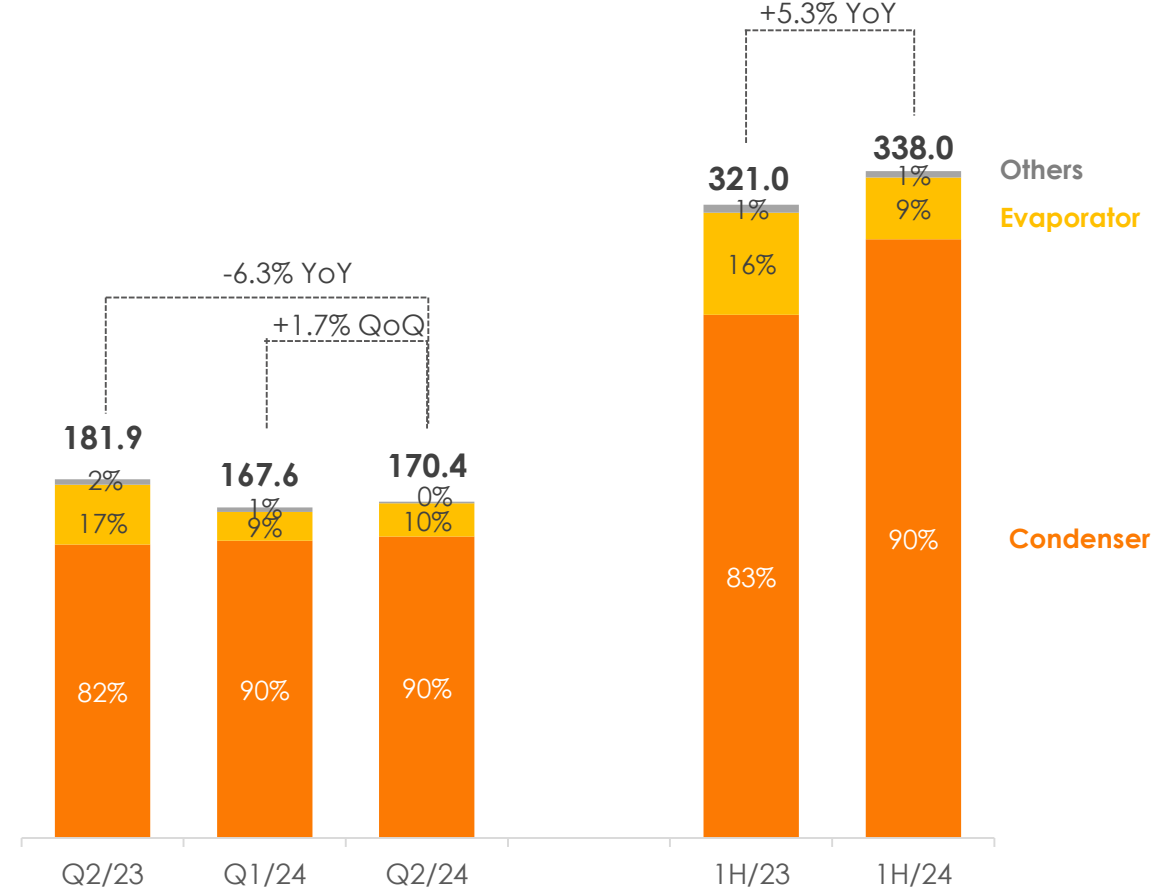
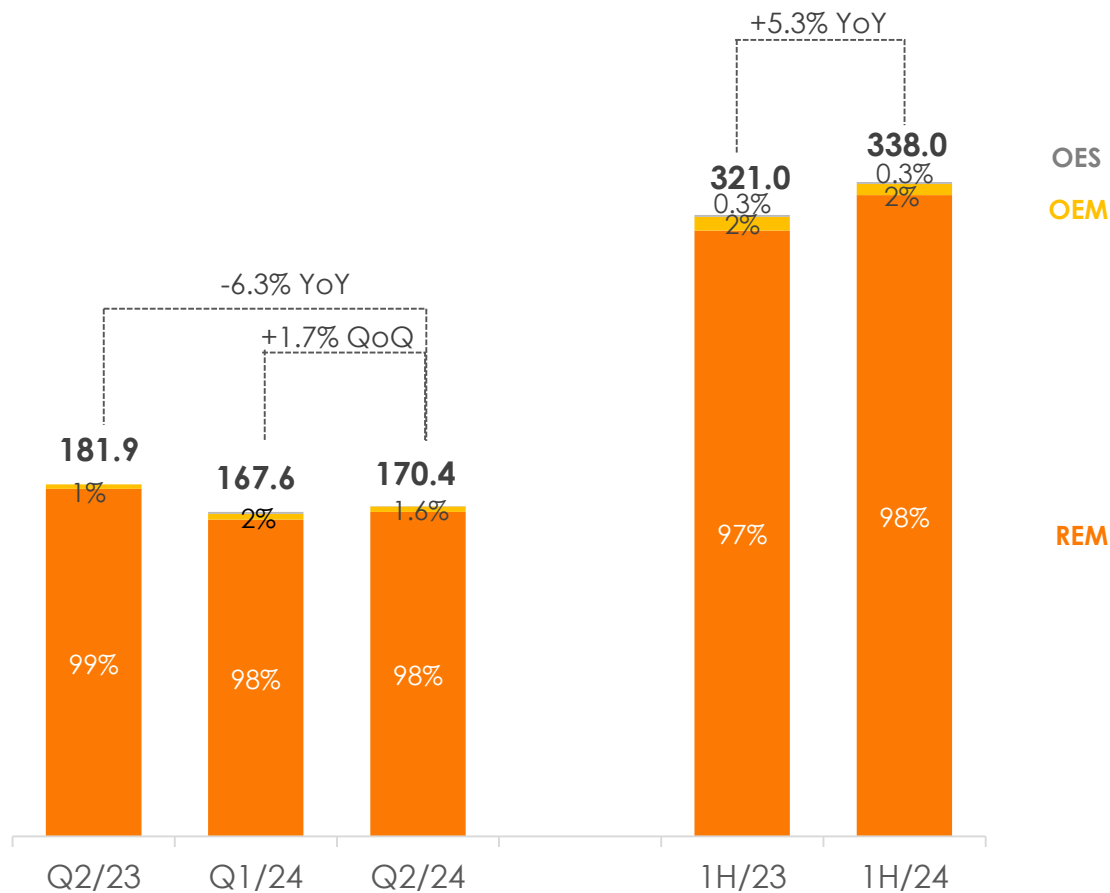
OPERATING REVENUE BREAKDOWN BY CUSTOMER GROUP

Unit: Million Baht, %

OPERATING REVENUE BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %

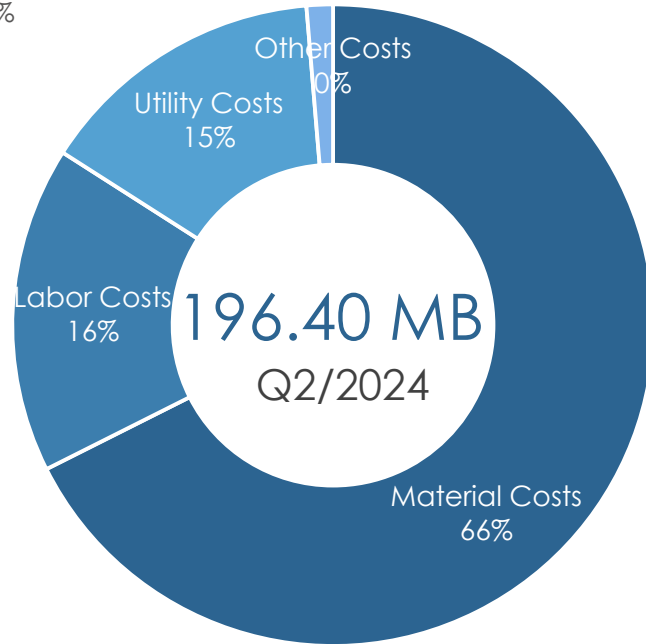
*"The slightly increase from 2023 in orders from international customers, particularly from Singapore, **has increase in sales performance**"*



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 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



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

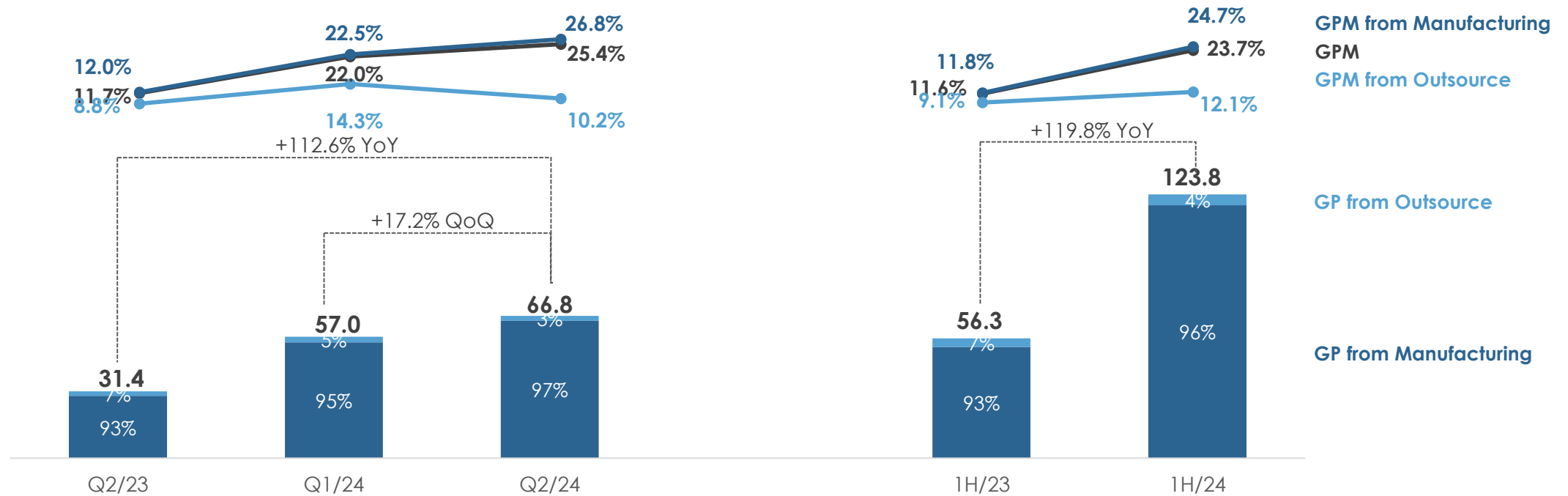
- Price of aluminum will show a declining trend till the end of 2023
- Price will remain stable trend for 1-2 years as the price cycle which fluctuated highly occurs every 2-3 years

Raw Material Cost Management

GROSS PROFIT AND GROSS PROFIT MARGIN

GROSS PROFIT AND GROSS PROFIT MARGIN BREAKDOWN BY PRODUCT TYPE

Unit: Million Baht, %



YoY: Q2/24 vs Q2/23

Gross profit was Baht 66.8 million in Q2/2024, increased by Baht 35.4 million or 112.6% and **GPM** was 25.4%, an increase from 11.7% in Q2/2023, 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: Q2/24 vs Q1/24

Gross profit was Baht 66.8 million in Q2/2024, increased by Baht 9.7 million or 17.2% and **GPM** increased from 22.0% to 25.4% in Q2/2024 due to:

- Decline in production defects.
- Benefits from economies of scale from increased production capacity.
- Decline in provision inventory.

YoY: 1H/24 vs 1H/23

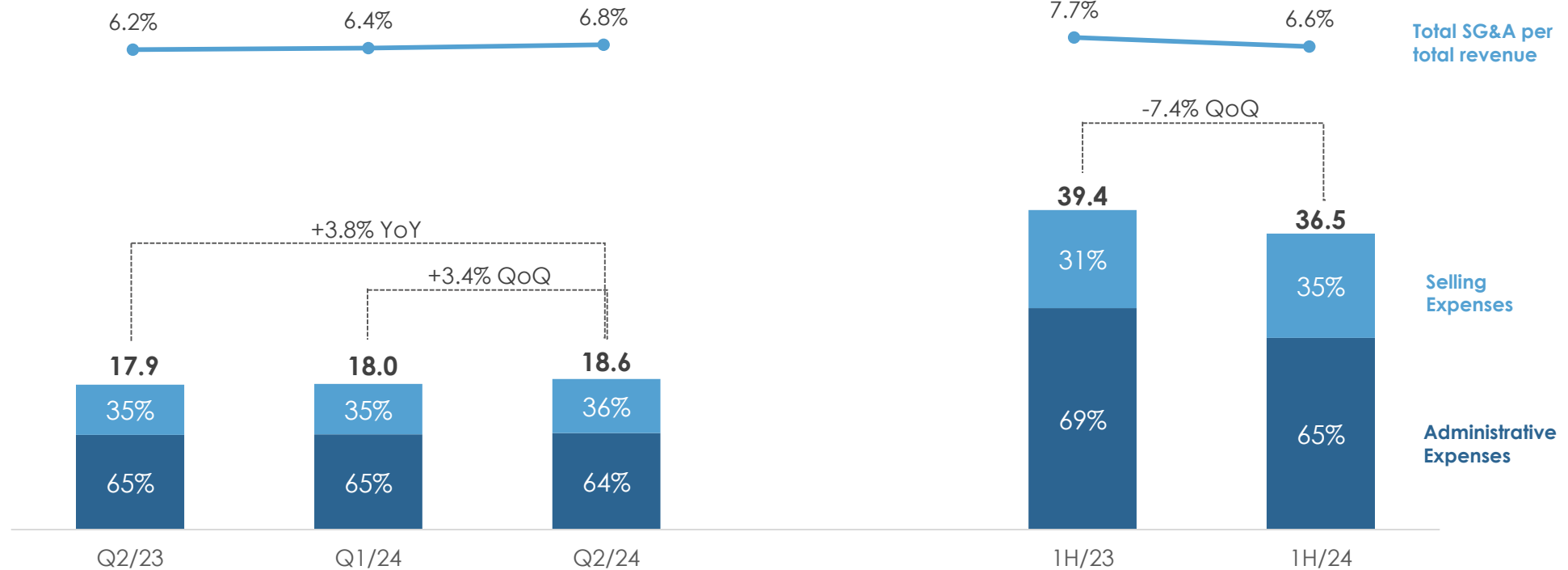
Gross profit was Baht 123.8 million in 1H/2024, increased by Baht 67.5 million or 119.8% and **GPM** increased from 11.6% to 23.7% in 1H/2024 due to:

- Lower average cost of raw materials in inventory.
- Decline in production defects.
- Higher average selling price.

SELLING & ADMINISTRATIVE EXPENSES

SELLING & ADMINISTRATIVE EXPENSES

Unit: Million Baht, %



YoY: Q2/24 vs Q2/23

Selling & administrative expense was Baht 18.6 million, slightly increased by Baht 0.7 million or 3.8%

Selling and Administrative expenses per total revenue was 6.8%, slightly increased from 6.2% in Q2/2023.

QoQ: Q2/24 vs Q1/24

Selling & administrative expense was Baht 18.0 million, slightly increased by Baht 0.6 million or 3.4%

Selling and Administrative expenses per total revenue was 6.8%, slightly increased from 6.4% in Q1/2024 .

YoY: 1H/24 vs 1H/23

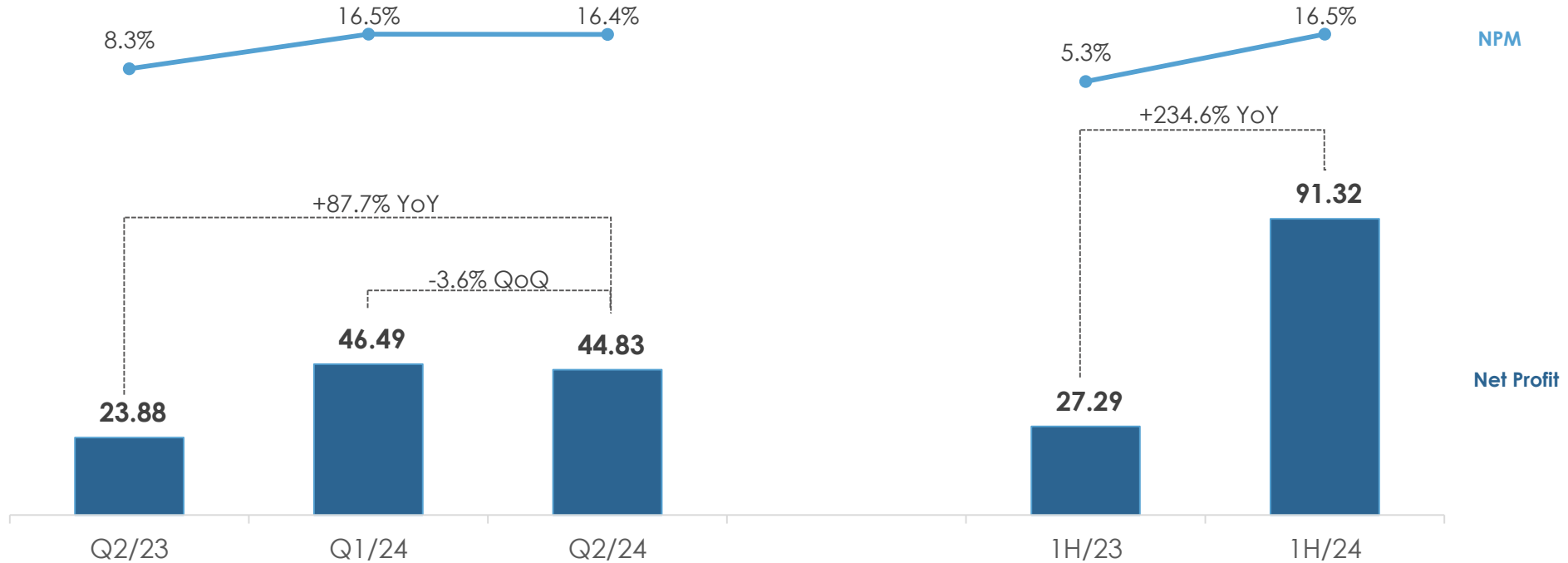
Selling & administrative expense was Baht 36.5 million, decreased by Baht 2.9 million or 7.4% mainly due to the recognition of losses from from forward currency contract, allowance for doubtful debt, expenses from capital increase in 1H/2023,

Selling and Administrative expenses per total revenue was 6.6%, decreased from 7.7% in 1H/2023 mainly due to the increase in total revenue and the decrease in SG&A.

NET PROFIT

NET PROFIT AND NET PROFIT MARGIN

Unit: Million Baht, %



YoY: Q2/24 vs Q2/23

Net profit was Baht 44.8 million, increased by Baht 20.9 million or 87.7% and **Net Profit Margin** was 16.4%, increased from 8.3% in Q2/2023 mainly due to:

- Decline in the average cost of raw material and defects.
- Decrease in production defects
- Higher average selling price

QoQ: Q2/24 vs Q1/24

Net profit was Baht 44.8 million, decreased by Baht 1.7 million or 3.6% and **Net Profit Margin** was 16.4%, slightly decreased from 16.5% in Q1/2024.

YoY: 1H/24 vs 1H/23

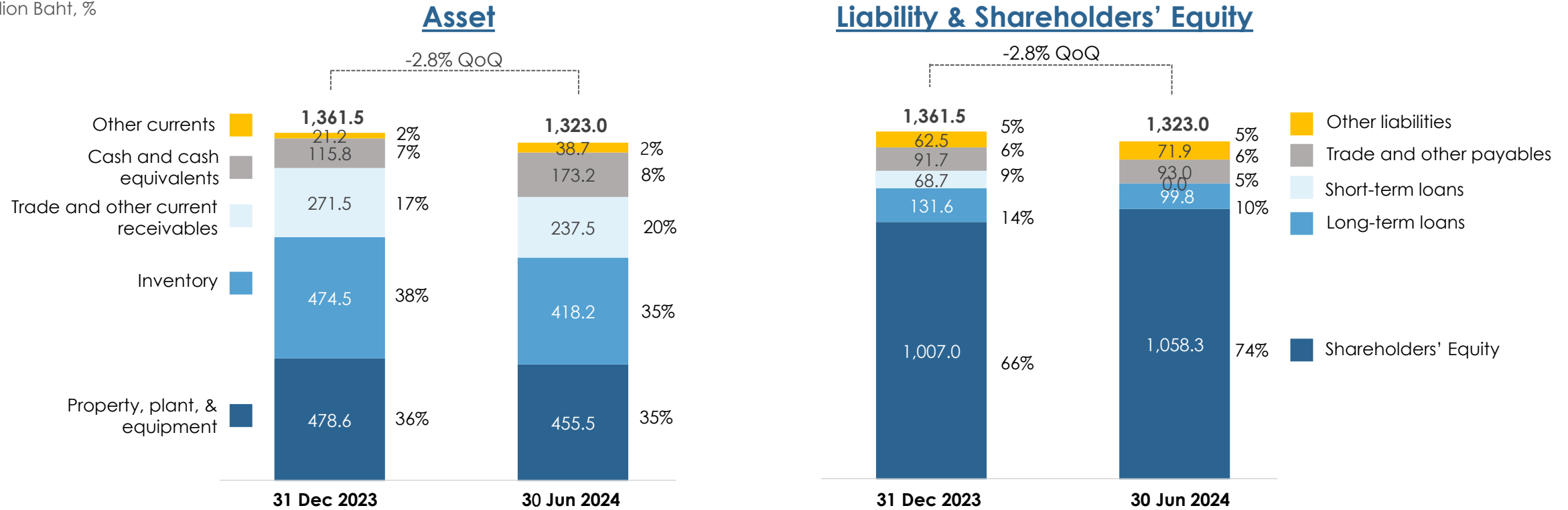
Net profit was Baht 91.3 million, increased by Baht 64.0 million or 234.6% and **Net Profit Margin** was 16.5%, increased from 5.3% in 1H/2023 mainly due to:

- Decline in the average cost of raw material and defects.
- Decline in defects.
- Higher average selling price
- Recognize gain from exchange rate

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 30 Jun 2024, the total assets were Baht 1,323.0 million decrease by 38.5 million Baht or 2.8% from 31 December 2023 mainly due to:

- **Inventory:** decrease due to the reduction in raw material inventory and finished goods.
- **Property, plant, & equipment :** decrease due to depreciation during the year.
- **Trade and other current receivables :** decrease due to receiving payments from debtors during the year.

Liability

As of 30 Jun 2024, the total liabilities were Baht 264.6 million, decreased by Baht 89.9 million or 25.4% from 31 December 2023 mainly due to:

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

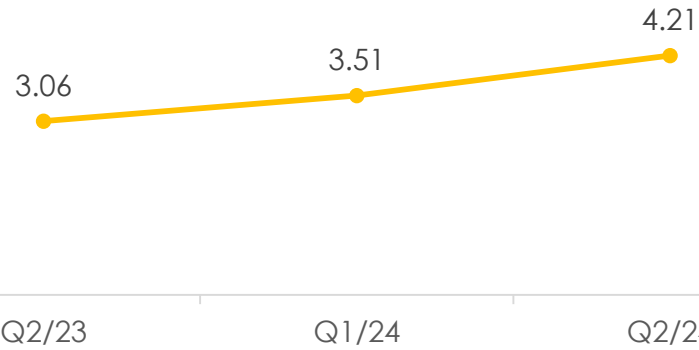
Shareholders' Equity

As of 30 Jun 2024, the total shareholders' equity were Baht 1,058.3 million, increased by Baht 51.3 million or 5.1% from 31 December 2023 from the Company performance during the year

KEY FINANCIAL RATIOS

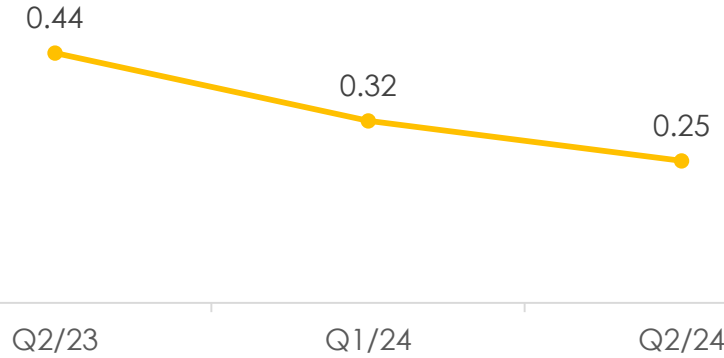
CURRENT RATIO

Unit: Times



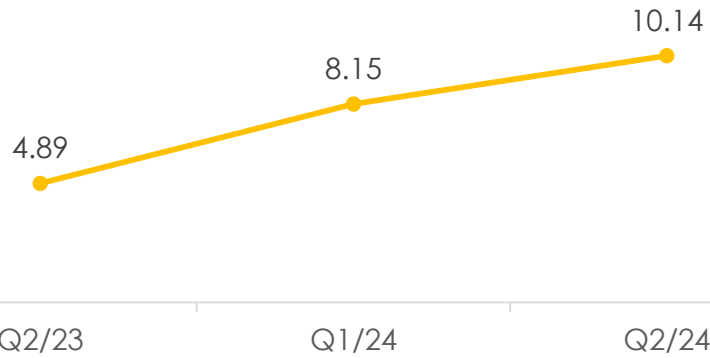
D/E RATIO

Unit: Times



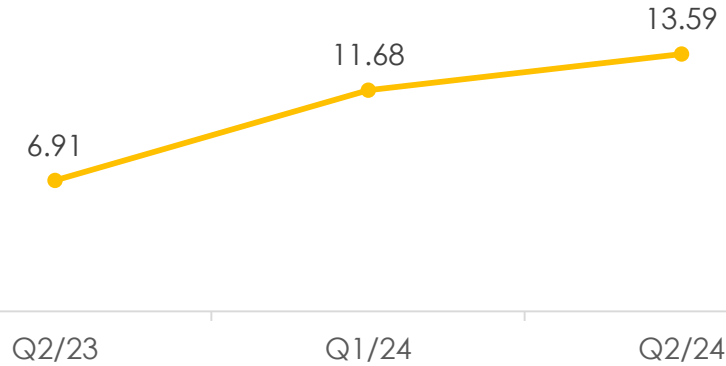
ROA*

Unit: %



ROE*

Unit: %



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

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

Key Summary



- **Strong Global Expansion**
 - PACO is achieving significant global growth, broadening its market reach to 26 countries, with new USA expansion opportunities and diversify market risks.
- **Diversification into Non-Automotive Sectors**
 - By diversifying into sectors like aerospace (with SAFRAN) and agriculture vehicle (with Kubota), PACO is strategically positioning itself for future growth beyond the automotive industry.
- **Great Profitability**
 - The company's robust profit margins at 26.7% gross profit margin and 16.5% net profit margins.
- **Effective Cost Management**
 - PACO's focus on automation and process optimization has resulted in strong cost control. With stable aluminum price outlook.

THANK YOU



Please kindly give us your feedback



IR CONTACT

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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

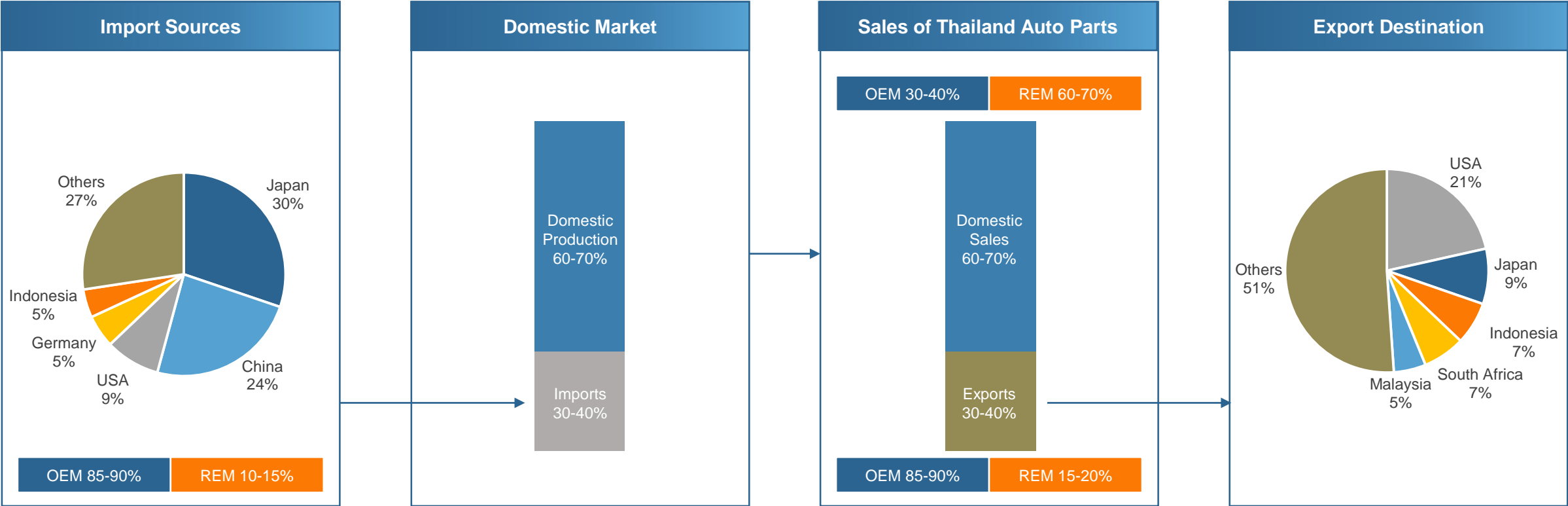


- Enter OEM and first time to secure large OEM customers for passenger car

2022

Thailand Auto Parts Landscape

Thailand Auto Part (2021)



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



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

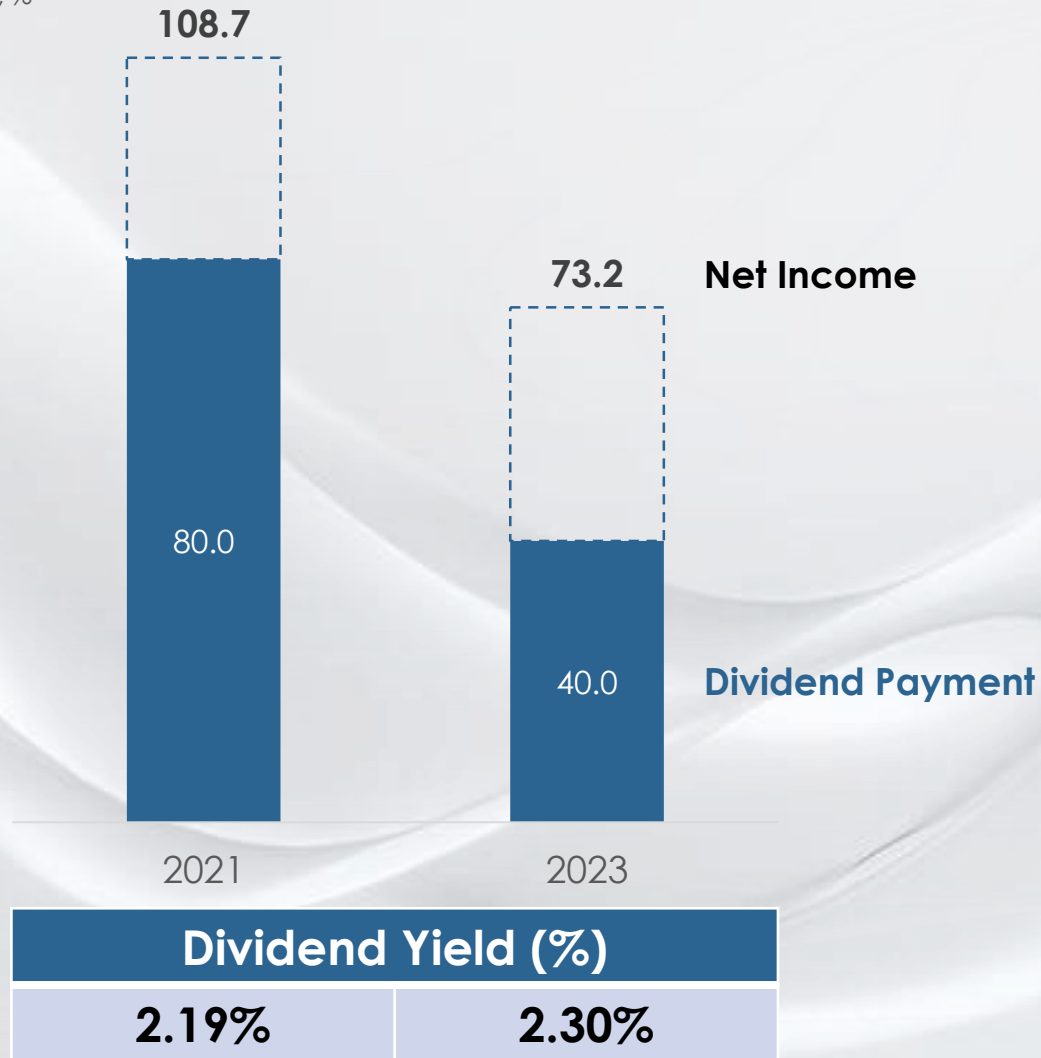
Capacity:

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

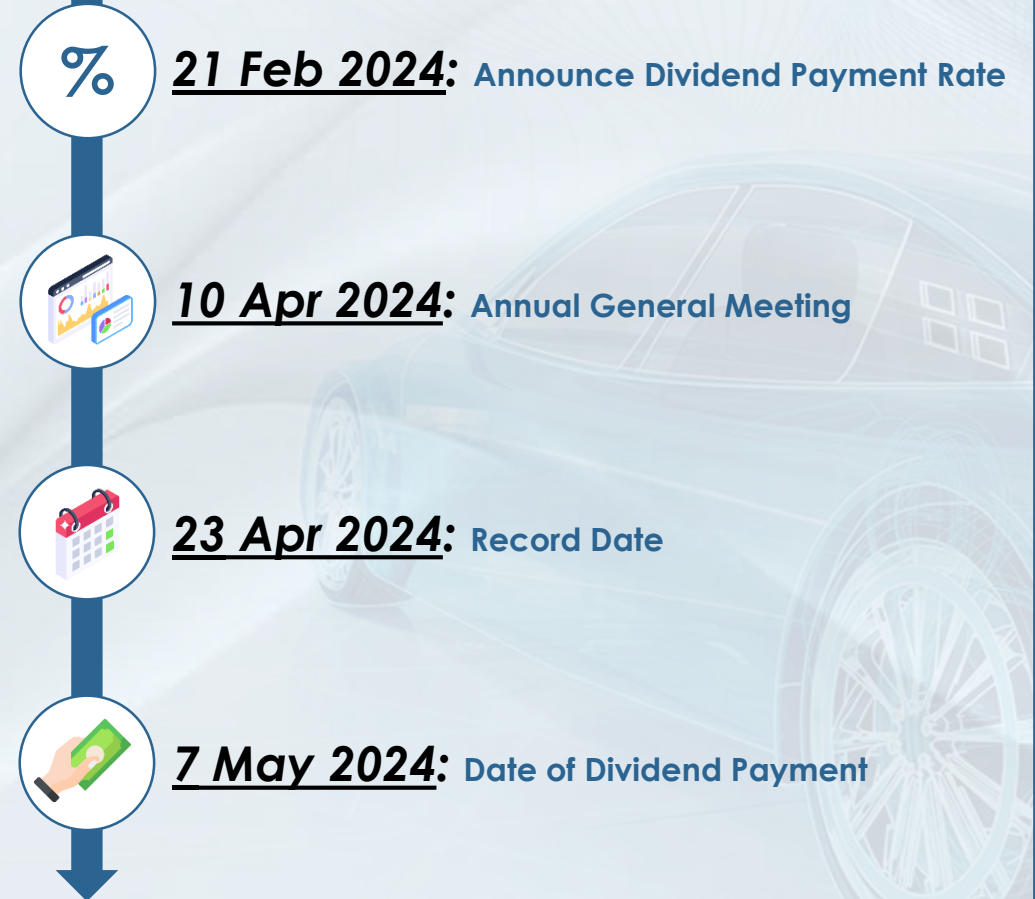
DIVIDEND PAYMENT

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

Unit: Million Baht, %



2024 Timeline



*Note: 2024 Dividend payment from 2023 performance