

Thai Plaspac Public Company Limited “TPAC” Management Discussion and Analysis for Q4’19

Core Financials of Consolidation Business

THB Million (except where stated otherwise)	Quarterly				Three Years Performance			
	Q4’19	Q3’19	Q4’18	YoY ¹	FY19	FY18	FY17	CAGR%
Consolidated Revenue ²	946	877	968	-2%	3,756	2,528	1,584	54%
EBITDA	163	131	107	53%	584	280	267	48%
Core EBITDA³	165	137	134	23%	610	330	267	51%
Core EBIT ³	88	60	59	48%	321	141	134	55%
Core Net Profit ³	53	27	-4	1461%	184	43	114	27%
TPAC Core Net Profit ³	47	22	-3	1686%	159	41	114	18%
EPS	0.16	0.07	-0.07	340%	0.53	0.12	0.42	12%
Core EPS³	0.17	0.09	-0.01	1530%	0.61	0.16	0.45	17%
ROE ⁴	17%	7%	3%	471%	13%	3%	10%	11%
Debt to Equity (times) ⁵	0.89	2.31	2.08	-57%	0.89	2.08	0.00	n/a
Net Debt to Equity (times) ⁶	0.87	2.26	2.02	-57%	0.87	2.02	0.00	n/a

1. YoY: Q4’18 vs Q4’19, 2. Revenue growth may not present a clear picture of actual sales growth, as our sales prices are a function of underlying feedstock (polymer) prices due to pass through pricing mechanism. Therefore, if polymer prices come down, our absolute sales value will also follow a similar trend.

3. Core excludes non-recurring income and expenses. Details of which are given in the segment analysis

4. ROE = Profit attributable to equity / Avg. Equity excluded NCI, ROE (Q_n) = Profit attributable to equity for last 4Qs / Avg. Equity excluded NCI and

ROE (Q4’19) = Profit attributable to equity for Q4 (annualized) / Avg. Equity excluded NCI

5. Debt to Equity = IBD / Equity, 6. Net Debt to Equity = (IBD - Cash) / Equity

*Equity during Q4’19 has been pro-rated to accurately reflect completed rights issuance.



TPAC began operations in 1983 from our headquarters of Bangkok, Thailand.

For over 3 decades we have been a packaging partner to some of the world’s leading brands and entrepreneurs.

Our speciality focus is FMCG and pharmaceutical rigid plastic packaging.

Our team of technical experts evaluate a products technical design, engineering and sustainability considerations, before applying the right technologies to ensure the most efficient and reliable production. Our production facilities are certified with world class hygiene controls.

TPACs packaging solutions use a select range of plastic polymers that are all recyclable and / or made from recycled material.

Our plants are equipped with the full range of plastic processing technologies (injection, extrusion blow, PET single stage and 2-stage)

TPAC has production 11 production facilities spread across Thailand, India and the United Arab Emirates.

Post a period of steady organic growth, in 2005 TPAC listed itself on the Stock Exchange of Thailand ¹.

In Q4’15, under new leadership (post a change of control at the shareholder level), a new bolder vision was outlined for TPAC.

TPAC would aspire to be a global company, working with our customers globally, with a strong innovation focus.

In Q2’18 TPAC made its first ever acquisition, with the acquisition of Custompack (1 plant in Bangkok, Thailand).

In Q3’18 TPAC acquired Sunrise Containers (6 plants across the west and north of India).

In Q3’19 TPAC acquired Sun packaging Systems, (1 plant in the UAE).

In Q4’19, TPAC completed a fully subscribed THB 800m rights issue to prepare our balance sheet to for further growth opportunities.

In ’17 and ’18 we experienced consecutive upgrades to our CG rating², to 4-star (Very Good)

As of today, TPAC has 11 plants and is has made entry into the emerging markets of the middle east and India.

TPAC 3-year EBITDA CAGR 51%, 3-year EPS CAGR ~ 17%

Management is focused on diversified, defensive, non-cyclical, and high free cash generating revenue streams.

Balance sheet well capitalised with Net Debt / Equity ~ 0.87x³

TPAC aspiration ’24, involves the further doubling of our ’19 core EBITDA by 2024, and a listing on the main board of the SET.

1 Market for Alternative Investments (mai)

2 Thai Institute of Directors.

3 As of end Q4’19

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Profit and Loss (Consolidated)

THB Million	Q4'19	Q3'19	% Δ	Q4'19	Q4'18	%Δ	FY19	FY18	%Δ
Sales	946.1	876.9	7.9%	946.1	968.1	-2.3%	3,755.8	2,528.0	48.6%
Cost of sales	759.6	727.5	4.4%	759.6	810.6	-6.3%	3,096.2	2,159.5	43.4%
Gross Profit	186.4	149.5	24.7%	186.4	157.5	18.3%	659.6	368.5	79.0%
Gross Profit Margin %	19.7%	17.0%	2.7%	19.7%	16.3%	3.4%	17.6%	14.6%	3.0%
SG&A	109.6	107.0	2.4%	109.6	130.6	-16.1%	410.4	335.9	22.2%
Other income	9.4	11.4	-17.3%	9.4	5.1	83.5%	46.3	57.6	-19.6%
EBITDA	163.2	131.1	24.5%	163.2	106.7	53.0%	584.3	279.6	108.9%
EBITDA Margin %	17.1%	14.8%	2.3%	17.1%	11.0%	6.1%	15.4%	10.8%	4.6%
Core EBITDA	164.9	137.4	20.0%	164.9	133.9	23.2%	610.1	330.4	84.7%
Core EBITDA Margin %	17.3%	15.5%	1.8%	17.3%	13.8%	3.5%	16.0%	12.8%	3.3%
Depreciation and amortization	76.9	77.2	-0.4%	76.9	74.6	3.1%	288.8	189.5	52.4%
EBIT	86.3	53.9	60.1%	86.3	32.1	168.9%	295.5	90.1	227.8%
Core EBIT	88.0	60.2	46.2%	88.0	59.3	48.4%	321.3	140.9	128.1%
Core EBIT Margin %	9.2%	6.8%	2.4%	9.2%	6.1%	3.1%	8.4%	5.4%	3.0%
Finance costs	34.6	34.1	1.5%	34.6	39.1	-11.4%	141.0	55.9	152.0%
Profit Before Tax	51.7	19.8	160.8%	51.7	-7.0	841.7%	154.5	34.2	351.9%
Core Profit Before Tax	53.3	26.1	104.7%	53.3	20.2	163.9%	180.3	84.9	112.3%
Core Profit Before Tax Margin %	5.6%	2.9%	2.6%	5.6%	2.1%	3.5%	4.7%	3.3%	1.5%
Income tax expense	0.3	-2.6	112.9%	0.3	14.6	-97.7%	-8.6	11.5	-174.3%
Net Profit	51.3	22.4	128.9%	51.3	-21.6	337.8%	163.1	22.7	619.3%
Net Profit Margin %	5.4%	2.5%	2.8%	5.4%	-2.2%	7.6%	4.3%	0.9%	3.4%
Core Net Profit	52.7	27.4	92.1%	52.7	-3.9	1461.2%	183.7	42.7	330.7%
Core Net Profit Margin %	5.5%	3.1%	2.4%	5.5%	-0.4%	5.9%	4.8%	1.6%	3.2%
TPAC Net Profit	45.8	17.5	162.2%	45.8	-17.2	366.1%	138.8	31.5	341.1%
TPAC Net Profit Margin %	4.8%	2.0%	2.8%	4.8%	-1.8%	6.6%	3.7%	1.2%	2.4%
TPAC Core Net Profit	47.1	22.5	109.8%	47.1	-3.0	1686.3%	159.5	51.5	209.9%
TPAC Core Net Profit Margin %	4.9%	2.5%	2.4%	4.9%	-0.3%	5.2%	4.2%	2.0%	2.2%
Non-Recurring income/(expenses) (THB Million)	Q4'19	Q3'19	Q4'18	2019	2018				
Overseas Extraordinary 1 time expenses	-	-	(26.8)	-	(82.5)				
Thailand Extraordinary 1 time expenses	(1.7)	(6.2)	(0.4)	(25.8)	(9.4)				
Total	(1.7)	(6.2)	(27.2)	(25.8)	(91.9)				

Q4'19 consolidated TPAC Core Net Profit Baht 47M, 1,686% increase to same period last year⁴, and 110% against previous quarter. Q4'19 Core EBITDA 20% up versus previous quarter, and 23% up versus same period last year.

Satisfactory performance across both of our segments of 'Thailand' and 'SUNPET' (which comprises operations in India and the United Arab Emirates) despite the slowing GDP backdrop is encouraging.

TPACs revenue streams are now healthily diversified across 3 countries, with hundreds of customer relationships and different products in production.

4) 2018 and performance was affected by depreciation step up and tax costs post the amalgamation of TPAC India and Sunrise containers as well as peak quarterly finance costs.

Thailand Business

Thailand business comprises 4 plants, 3 in the south-west and 1 in the North East of Bangkok.

THB Million	Q4'19	Q3'19	% Δ	Q4'19	Q4'18	%Δ	FY19	FY18	%Δ
Sales	426.2	412.1	3.4%	426.2	442.6	-3.7%	1,747.5	1,787.9	-2.3%
Cost of sales	344.1	343.4	0.2%	344.1	379.6	-9.4%	1,446.0	1,537.9	-6.0%
Gross Profit	82.1	68.6	19.7%	82.1	63.0	30.4%	301.5	250.0	20.6%
Gross Profit Margin %	19.3%	16.7%	2.6%	19.3%	14.2%	5.0%	17.3%	14.0%	3.3%
SG&A	52.7	53.4	-1.4%	52.7	44.6	18.1%	211.8	186.0	13.9%
Other income	4.5	3.0	49.8%	4.5	4.7	-3.8%	14.2	13.7	3.2%
EBITDA	67.4	49.6	35.7%	67.4	55.2	22.1%	232.6	211.1	10.2%
EBITDA Margin %	15.6%	12.0%	3.7%	15.6%	12.3%	3.3%	13.2%	11.7%	1.5%
Core EBITDA	69.0	55.9	23.5%	69.0	55.5	24.3%	258.4	220.5	17.2%
Core EBITDA Margin %	16.0%	13.5%	2.6%	16.0%	12.4%	3.6%	14.7%	12.2%	2.4%
Non-Recurring income/(expenses) (THB Million)				Q4'19	Q3'19	Q4'18	2019	2018	
Sunrise Containers / Sun packaging Systems M&A Related Expenses				(1.7)	(6.2)	(0.4)	(17.0)	(7.3)	
Custom Pack M&A Related Expenses				-	-	-	-	(2.1)	
Employees' benefits				-	-	-	(8.8)	-	
Total				(1.7)	(6.2)	(0.4)	(25.8)	(9.4)	

Thailand Q4'19 Core EBITDA Baht 69m, 24% up versus the previous quarter, 24% up versus same period last year.

Thailand FY'19 Core EBITDA Baht 258m, 17% up versus the previous year.

Quarterly EBITDA growth versus the previous quarter driven by 1) on boarding of volumes from new projects, 2) organic volume growth from existing SKUs, and 3) a widened raw material spread.

Q4'19 was also a stronger quarter for TPAC Bang Na (Formerly known as Custompack acquired in May '18).

There is still significant free capacity available at this plant which means there is tremendous potential for this asset to contribute meaningfully to our bottom line as we ramp up utilization rates.

Overall 2019 has been a satisfactory year for our Thai business, and management is targeting to deliver double digit EBITDA growth again in 2020.

SUNPET Business (India and UAE)

Our production sites across India and UAE operate a branded packaging business under the Brand SUNPET. SUNPET brand is exported to over 10 countries and was incorporated in 1989. SUNPET boasts a ready wide range of PET packaging consumer and pharmaceutical packaging.

THB Million	Q4'19	Q3'19	% Δ	Q4'19	Q4'18	%Δ	FY19	FY18	%Δ
Sales	519.2	464.9	11.7%	519.2	525.5	-1.2%	2,008.3	740.2	171.3%
Cost of sales	412.5	372.3	10.8%	412.5	431.0	-4.3%	1,636.1	621.7	163.2%
Gross Profit	106.6	92.5	15.2%	106.6	94.5	12.8%	372.1	118.5	214.1%
Gross Profit Margin %	0.2	0.2	0.6%	0.2	0.2	2.5%	0.2	0.2	2.5%
SG&A	56.9	53.5	6.4%	56.9	86.1	-33.9%	198.6	149.2	33.1%
Other income	5.0	8.3	-40.6%	5.0	0.6	733.0%	32.1	2.0	1502.9%
EBITDA	93.5	83.8	11.5%	93.5	51.5	81.4%	351.7	27.4	1185.0%
EBITDA Margin %	0.2	0.2	0.1%	0.2	0.1	8.0%	0.2	0.0	13.5%
Core EBITDA	93.5	83.8	11.5%	93.5	78.3	19.3%	351.7	109.8	220.2%
Core EBITDA Margin %	0.2	0.2	0.1%	0.2	0.1	2.9%	0.2	0.1	2.4%
Non-Recurring income/(expenses) (THB Million)				Q4'19	Q3'19	Q4'18	2019	2018	
Sunrise Containers / Sun packaging Systems M&A Related Expenses				-	-	(26.8)	-	(82.5)	
Total				-	-	(26.8)	-	(82.5)	

Q4'19 SUNPET business had core EBITDA up 12% versus the previous quarter and 19% up versus same period last year.

Q4'19 is the first full quarter of our UAE business consolidation, whereas its consolidation was only for 2 months in Q3'19.

SUNPET business has been integrated into TPAC smoothly.

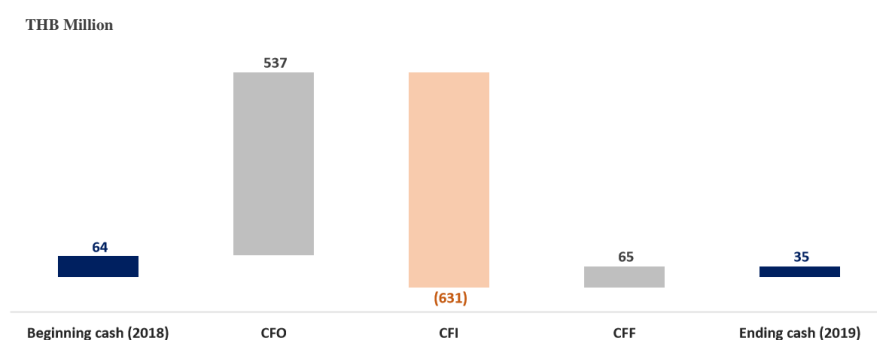
In Q4'19 ERP system was installed into SUNPET UAE smoothly. India ERP transformation targeted to H1'20.

Now with strong local management teams on the ground, India and the Middle East are expected to be a key markets for our future growth aspirations.

Cash Flow (Consolidated)

Cash Flow (Consolidated)

THB Million	FY2019	FY2018	% Δ
Cash flow from Operating Activities			
Profit Before Tax	154.5	34.2	351.9%
Adjustment : Depreciation and Amortisation	288.8	189.5	52.4%
Adjustment : Other adjustments	157.8	26.8	487.9%
Profit from operating activities before changes to working capital	601.1	250.5	139.9%
Net changes to working capital	-18.3	206.6	-108.9%
Other Net changes from operating activities	0.0	0.0	n/a
Cash flows from Operating Activities	582.8	457.2	27.5%
Cash receipt from refund of withholding tax deducted at source	0.0	20.0	-100.0%
Cash paid for corporate income tax	-45.5	-43.5	4.5%
Net Cash Flows from Operating Activities	537.3	433.7	23.9%
Cash flow from Investing Activities			
Acquisition of Fixed Assets	-228.0	-149.8	52.2%
Proceeds from equipments sales	12.3	2.0	516.6%
Cash paid for investment in subsidiary	-375.1	-2,257.1	-83.4%
Dividend received from subsidiary	0.0	0.0	n/a
Other	-40.3	0.4	
Net Cash Flow used in Investing Activities	-631.1	-2,404.5	-73.8%
Cash flow from Financing Activities			
Increase (decrease) in short-term loans from bank	91.0	214.9	-57.6%
Increase from restricted bank deposit	0.0	-51.6	100.0%
Increase (decrease) in long-term loans from bank	374.2	1,395.0	-73.2%
Cash receipt from debenture	0.0	601.0	-100.0%
Repayment of long-term loan	-998.5	-55.4	1703.7%
Cash paid for financial fees	-1.9	-36.5	-94.9%
Finance costs	-142.6	-74.3	92.0%
Dividend Paid Out	0.0	-7.6	100.0%
Cash receipt from shareholders	796.8	0.0	n/a
Net Cash Flow from Financing Activities	119.1	1,985.5	-94.0%
Decrease in exchange differences on translation of financial statements in foreign currency	-54.6	-56.3	-3.0%
Change in Cash and Cash Equivalents	-29.3	-41.6	-29.7%
Cash and cash equivalents at beginning of period	64.0	105.6	-39.4%
Cash and Cash equivalents - Closing Period Balance	34.7	64.0	-45.8%



*CFF: Included translation adjustment (54.6mb)

Balance Sheet (Consolidated)

THB Million	As at 31 Dec'19	As at 30 Sep'19	% Δ	As at 31 Dec'19	As at 31 Dec'18	% Δ
Cash and cash equivalents	34.7	54.6	-36.5%	34.7	64.0	-45.8%
Trade and other receivables	783.9	734.6	6.7%	783.9	833.6	-6.0%
Inventories	287.4	291.2	-1.3%	287.4	293.3	-2.0%
Current investment	55.6	102.0	-45.5%	55.6	-	n/a
Advance purchase for raw material	74.8	-	n/a	74.8	-	n/a
Other current assets	51.2	53.7	-4.7%	51.2	23.0	122.5%
Total current assets	1,287.6	1,236.1	4.2%	1,287.6	1,213.8	6.1%
Restricted bank deposits	25.8	35.9	-28.0%	25.8	51.6	-50.0%
Investment in subsidiaries	-	-	n/a	-	-	n/a
Other long-term investment	9.0	-	n/a	9.0	-	n/a
Property, plant and equipment	1,480.6	1,498.1	-1.2%	1,480.6	1,480.9	0.0%
Goodwill	1,010.1	1,035.0	-2.4%	1,010.1	942.6	7.2%
Intangible asset	396.6	416.5	-4.8%	396.6	396.5	0.0%
Deferred tax assets	7.8	6.9	12.9%	7.8	4.9	58.5%
Withholding tax deducted at source	93.2	84.9	9.7%	93.2	58.4	59.6%
Advance for purchase of molds	30.5	27.1	12.3%	30.5	17.4	75.3%
Call option	8.8	8.8	-	8.8	-	n/a
Other non-current assets	36.6	38.7	-5.3%	36.6	23.7	54.3%
Total assets	4,386.7	4,388.1	0.0%	4,386.7	4,189.8	4.7%
Bank overdraft and short-term loans from banks	377.4	333.1	13.3%	377.4	286.4	31.8%
Trade and other payables	292.6	268.1	9.1%	292.6	303.9	-3.7%
Current portion of long-term debentures	53.7	55.1	-2.6%	53.7	-	n/a
Current portion of long-term loans from banks	135.0	471.9	-71.4%	135.0	208.5	-35.2%
Other current liabilities	24.2	34.5	-29.7%	24.2	15.2	59.5%
Total current liabilities	882.9	1,162.6	-24.1%	882.9	813.9	8.5%
Long-term debentures - net of current portion	464.4	475.1	-2.2%	464.4	567.8	-18.2%
Long-term loans from banks - net of current portion	611.8	1,116.1	-45.2%	611.8	1,170.2	-47.7%
Non-controlling interest put options	469.1	470.3	-0.2%	469.1	463.2	1.3%
Deferred tax liabilities	47.9	49.5	-3.3%	47.9	66.2	-27.6%
Provision for long-term employee benefits	61.1	54.8	11.5%	61.1	35.9	70.0%
Total liabilities	2,537.2	3,328.4	-23.8%	2,537.2	3,117.239	-18.6%
Registered share capital	326.6	255.0	28.1%	326.6	255.0	28.1%
Issued and paid-up capital	326.5	253.8	28.7%	326.5	253.8	28.7%
Premium on ordinary shares	1,027.0	302.9	239.0%	1,027.0	302.9	239.0%
Appropriated - statutory reserve	28.6	25.5	12.2%	28.6	25.5	12.2%
Retained earnings	636.3	597.6	6.5%	636.3	506.7	25.6%
Other components of shareholders' equity	(274.0)	(218.5)	25.4%	(274.0)	(56.3)	386.9%
Equity attributable to owners of the Company	1,744.4	961.3	81.5%	1,744.4	1,032.7	68.9%
Non-controlling interests of the subsidiaries	105.1	98.4	6.8%	105.1	39.9	163.2%
Total shareholders' equity	1,849.5	1,059.7	74.5%	1,849.5	1,072.6	72.4%
Total liabilities and shareholders' equity	4,386.7	4,388.1	0.0%	4,386.7	4,189.8	4.7%

Net Debt / Equity as of end Q4'19 ~ 0.87x.

Balance sheet was strengthened in Q4'19 via the Baht 800m rights issuance, TPACs balance sheet is now ready to swiftly capitalize on growth opportunities as they arise.