

Thai Plaspac Public Company Limited “TPAC” Management Discussion and Analysis for Q3’21

Financials of Consolidated Business

Unit: THB Million (except where stated otherwise)

	Quarterly				Three Years Performance			
	Q3’21	Q2’21	Q3’20	YoY ¹	FY20	FY19	FY18	CAGR%
Consolidated Sales ²	1,397	1,138	1,036	35%	3,983	3,756	2,528	26%
EBITDA	224	186	220	2%	862	584	280	76%
Core EBITDA³	234	192	221	6%	864	610	330	62%
Core EBIT ³	123	103	140	-12%	543	321	141	96%
Core Net Profit ³	66	61	92	-29%	354	184	43	188%
Core Net Profit after Tax and NCI ³	59	56	80	-26%	323	159	41	181%
EPS	0.15	0.16	0.24	-37%	0.99	0.53	0.12	182%
Core EPS³	0.18	0.17	0.25	-26%	0.99	0.61	0.16	148%
Core ROE ⁴	11%	12%	21%	-10%	23%	6%	4%	140%
Debt to Equity (times) ⁵	1.43	1.53	0.72	0.70	0.96	0.89	2.08	n/a
Net Debt to Equity (times) ⁶	1.31	1.34	0.60	0.71	0.86	0.87	2.02	n/a

1. YoY: Q3’21 vs Q3’20, 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., 3. Core excludes 1-time expenses primarily related to M&A costs. 4. Core ROE (FY) = FY Core Profit attributable to equity / FY Avg. Equity excluded NCI, Core ROE (Qn) = Qn Core Profit attributable to equity (annualized) / Qn Equity excluded NCI, 5. Debt to Equity = IBD / Equity, 6. Net Debt to Equity = (IBD - Cash) / Equity.

Dear Stakeholders,

- **TPAC Q3 ’21 core EBITDA Baht 234m, 6% increase to same period last year, 22% increase to previous quarter.**
- **TPAC Q3 ’21 core earnings per share Baht 0.18 per share, 26% decrease to same period last year, 5% increase to previous quarter.**
- **TPAC Q3 ’21 EBITDA Baht 224m, 2% increase to same period last year, 21% increase to previous quarter.**
- **TPAC Q3 ’21 earnings per share Baht 0.15 per share, 37% decrease to same period last year, 1% decrease to previous quarter.**

Thai Plaspac Public Company Limited

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COMPANY REGISTRATION NO. AND TAX ID : 0107547000575

Thai Plaspac Public Company Limited “TPAC” Management Discussion and Analysis for Q3’21

Background to TPAC story.

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

For ~ 4 decades we have been a packaging partner to some of the world’s leading brands and entrepreneurs.

Our specialty 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 with ~90% of TPACs portfolio catering to segments where stringent hygiene standards are a requisite (Pharmaceuticals & Personal Care, Food & Beverage). The remainder of our portfolio comprise to the home care & industrial segment.

TPACs packaging solutions use a select range of plastic polymers that are recyclable (PET, PP, PE).

The emergence of post-consumer recycled resins, especially rPET, for consumer packaging applications is a fast-growing segment which TPAC is increasingly using for projects.

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

TPAC has 12 production facilities spread across Thailand (4), India (5), the United Arab Emirates (2) and Malaysia (1).

Two further plants in India are currently under construction, both expected to come on-stream by Q1’22.

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

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 world class global company, with a strong innovation focus.

In Q2’18 TPAC made its first ever acquisition, with the acquisition of Custompack with one plant in Samutprakarn, Thailand (‘TPAC Bang Na’).

In Q3’18 TPAC acquired 80% of Sunrise Containers with 5 plants across the west and north of India (‘TPAC India’).

In Q3’19 TPAC acquired 89% of Sun packaging Systems, with one plant in the UAE.

In Q4’19, TPAC completed a fully subscribed THB 797m rights issue to prepare our balance sheet to for further growth opportunities.

In Q3’20, TPAC completed the acquisition of the remaining 20% stake of our Indian business (‘TPAC India’)

In Q2’21, TPAC signed the acquisition for 80% of Combi-pack, a leading precision Injection, making our entry to Malaysia and further solidifying our ASEAN footprint. This transaction completed on 1st June 2021.

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From ’17 to ’20 we experienced consecutive upgrades to our CG rating and we are now at a 4-star (Very Good) rating.

TPAC ’18-’20 achieved Core EBITDA CAGR of 62% and EPS CAGR of 148%

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

Net Debt / Equity ~ 1.31x as of end Q3’21 post the completion of our latest acquisition in Malaysia.

Thai Plaspac Public Company Limited “TPAC” Management Discussion and Analysis for Q3’21

TPAC Consolidated

Unit: THB Million

	Q3'21	Q2'21	% Δ	Q3'21	Q3'20	%Δ	FY'20	FY'19	%Δ
Sales	1,396.7	1,138.1	23%	1,396.7	1,036.2	35%	3,982.8	3,755.8	6%
Cost of sales	1,147.4	925.6	24%	1,147.4	790.6	45%	3,025.3	3,096.2	-2%
Gross Profit	249.3	212.4	17%	249.3	245.6	2%	957.4	659.6	45%
Gross Profit Margin %	17.9%	18.7%	-0.8%	17.9%	23.7%	-5.8%	24.0%	17.6%	6.5%
SG&A	147.6	125.3	18%	147.6	120.6	22%	472.8	410.4	15%
Other income	11.8	8.6	37%	11.8	14.3	-17%	56.9	46.3	23%
EBITDA	224.4	185.7	21%	224.42	220.1	2%	862.5	584.3	48%
EBITDA Margin %	15.9%	16.2%	-0.3%	15.9%	21.0%	-5.0%	21.4%	15.4%	6.0%
Core EBITDA	234.0	192.5	22%	234.0	220.6	6%	863.7	610.1	42%
Core EBITDA Margin %	16.6%	16.8%	-0.2%	16.6%	21.0%	-4.4%	21.4%	16.0%	5.3%
Depreciation and amortization	110.9	89.9	23%	110.9	80.8	37%	321.0	288.8	11%
EBIT	113.5	95.7	19%	113.5	139.3	-18%	541.5	295.5	83%
Core EBIT	123.1	102.6	20%	123.1	139.8	-12%	542.8	321.3	69%
Core EBIT Margin %	8.7%	8.9%	-0.2%	8.7%	13.3%	-4.6%	13.4%	8.4%	5.0%
Finance costs	37.6	29.6	27%	37.6	24.8	52%	105.3	141.0	-25%
Profit Before Tax	75.9	66.2	15%	75.9	114.5	-34%	436.1	154.5	182%
Core Profit Before Tax	85.5	73.0	17%	85.5	115.0	-26%	437.4	180.3	143%
Core Profit Before Tax Margin %	6.1%	6.4%	-0.3%	6.1%	10.9%	-4.9%	10.8%	4.7%	6.1%
Income tax expense	19.2	10.8	78%	19.2	22.5	-15%	82.9	-8.6	1068%
Net Profit	56.7	55.4	2%	56.7	91.9	-38%	353.3	163.1	117%
Net Profit Margin %	4.0%	4.8%	-0.8%	4.0%	8.8%	-4.7%	8.7%	4.3%	4.5%
Core Net Profit	65.6	60.8	8%	65.6	92.3	-29%	354.3	183.7	93%
Core Net Profit Margin %	4.7%	5.3%	-0.6%	4.7%	8.8%	-4.1%	8.8%	4.8%	3.9%
Net Profit after Tax and NCI	50.4	50.8	-1%	50.4	79.8	-37%	322.0	138.8	132%
Net Profit after Tax and NCI Margin %	3.6%	4.4%	-0.9%	3.6%	7.6%	-4.0%	8.0%	3.7%	4.3%
Core Net Profit after Tax and NCI	59.3	56.3	5%	59.3	80.2	-26%	323.0	159.5	103%
Core Net Profit after Tax and NCI Margin %	4.2%	4.9%	-0.7%	4.2%	7.6%	-3.4%	8.0%	4.2%	3.8%

Non-Recurring income/(expenses) (THB Million)	Q3'21	Q2'21	Q3'20	2020	2019
Sunrise Containers / Sun packaging Systems M&A Related Expenses	-	-	(0.5)	(1.3)	(17.0)
Employees' benefits	-	-	-	-	(8.8)
Combi Pack M&A Related Expenses	(3.2)	(6.8)	-	-	-
Unrealize loss from exchange - account payable for purchasing of shares at acquisition date	(6.3)	-	-	-	-
Total	(9.5)	(6.8)	(0.5)	(1.3)	(25.8)

TPAC Consolidated numbers consist of earnings from 4 subsidiaries all consolidated into Thai Plaspac Public Company Limited. The 4 subsidiary companies are:

Corporate Structure



- **TPAC Packaging Bang Na (100% owned):**
Thailand operations (1 plant)
- **TPAC Packaging India (100% owned):**
Indian Operations (5 plants)
- **Sun Packaging Systems FZC (89% owned):**
United Arab Emirates Operations (1 plant)
- **Combi-Pack Sdn. Bhd. (80% owned):**
Malaysia Operations (1 plant)

‘Thai Plaspac Public Company Limited’ (3 plants) and ‘TPAC Packaging Bang Na’ (1 plant) are together grouped and reported as ‘Thailand Business’ (comprising of 4 plants).

‘TPAC Packaging India’, ‘Sun Packaging Systems FZC’ and Combi-Pack Sdn Bhd together grouped and reported as ‘Overseas Business’ (5 plants in India, 2 plant in UAE and 1 plant in Malaysia).

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Thailand Business

Q3’21 was a difficult quarter for our Thailand business, as the Covid-19 pandemic was at its peak during that time. Volumes in Q3’21 were 4% lower than the previous quarter and 9% lower than same period last year.

Bang Khun Thian (BKT) Plants

The period between the mid of July until the end of August specifically saw our volumes fall to their lowest levels till date for the year. With Covid cases peaking in Thailand during this period, managements highest priority was on keeping our people safe and providing those unwell with the best possible care.

With a workforce of around a 1,000 people at our BKT plants, management felt it was prudent to scale down the production here to minimize the health risks to our people. A number of our customers had also decided the same, therefore our scaled down production levels was adequate enough to manage the slumped demand levels.

September has seen our volume demand come back to fairly robust levels and with manpower and operation stabilized we were able to cater to all our customers’ demands.

Gross margins in Q3’21 though improved quarter on quarter by 3% as management was able to pass on the steep increases experienced in polymer prices during the previous quarter.

Overall for our BKT plant, Q3’21 was a challenging quarter, specifically the months of July and August but we are encouraged at how our management team responded to this very difficult period, allowing us to post a robust bounce back by the month of September ’21.

Bang Na Plant

With significantly less people and density at our Bang Na plant (~260) compared to Bang Khun Thian (~1000), TPACs Bang Na plant was able to better manage the difficulties as brought about by Covid-19. From a volume perspective, July was a slow month for Bang Na, but by August a recovery was visible, and September was robust in line with Bang Khun Thian.

Overall for Thailand, finance costs increased 44% quarter on quarter due to the additional borrowing on Thailand’s balance sheet for the acquisition of our Malaysian asset, Combipack.

During this quarter, Baht 3.2m was booked as expenses relating to our Combi Pack acquisition which is shown as non-core in this MD&A.

A Baht 6.3m unrealized negative expense (considered as non-core) was also booked this quarter due to the FX deterioration of the Baht to the Malaysian ringgit relating to the period between funding the first tranche of the acquisition consideration and the balance tranches which remain to be funded as part of the hold back mechanics of the deal.

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India Business

Encouragingly TPAC India’s business begun posting a recovery in volumes in Q3’21, post the devastating Covid-19 wave experienced over Q2’21.

Volumes in Q3’21 were 20% higher to the previous quarter and 2% higher than same period last year.

UAE Business

Q3’21 Volumes were 7% down compared to the previous quarter, and in line with the same period last year.

Overall UAE business continue to perform robustly with YTD ’21 volumes 19% higher than the same period last year.

Malaysia Business

TPACs Malaysia acquisition of Combi-Pack Sdn. Bhd. was completed on 1st June 2021.

Similar to our Thai business, TPAC Malaysian business was also significantly impacted by the Covid-19 wave which experienced its peak since the start of the pandemic during this Q3’21.

With a workforce of around 280 in Malaysia, many of whom were yet to be vaccinated in July’21, operations were stopped in Malaysia for a few days of July’21. Thereafter operations resumed but in a scaled down manner in compliance with the Malaysian governments Emergency Movement Control Order (‘EMCO’)

Volume demand was slow during the month of August, but in similar trend with Thailand, September experienced a very strong bounce back in customer demand.

The key raw material for our Malaysian business is Polypropylene, with significant proportion of customer contracts based on lag pricing. Q3’21 raw material margins for our Malaysian business improved compared to the previous quarter, as Polypropylene prices fell in Q3’21 as compared to the highs reached in Q2’21 resulting in a healthier raw material spread.

TPAC management is satisfied with the successful integration and stabilization of Combi-Pack and are bullish on the prospects for Combi-Pack in the Malaysian market.

Thai Plaspac Public Company Limited “TPAC” Management Discussion and Analysis for Q3’21

Balance Sheet (Consolidated)

Unit: THB Million

	As at 30 Sep’21
Cash and cash equivalents	291.3
Current investment	11.9
Trade and other receivables	1,161.9
Inventories	641.4
Advance purchase for raw material	159.7
Other current assets	89.8
Total current assets	2,356.0
Restricted bank deposits	21.7
Long-term investment	0.1
Property, plant and equipment	2,236.6
Right-of-use assets	192.1
Excess of acquisition cost over estimated value of interest acquired in net assets from	706.0
Goodwill	1,124.8
Intangible assets	364.0
Deferred tax assets	10.1
Withholding tax deducted at source	70.4
Advance payment for purchasing of molds	97.9
Assets associated with call options	8.8
Other non-current assets	64.6
Total non current assets	4,897.1
Total assets	7,253.1
Bank overdraft and short-term loans from banks	950.8
Trade and other payables	562.0
Current portion of long-term debentures	114.2
Current portion of long-term lease liabilities	12.8
Current portion of long-term loans from banks	248.7
Income tax payable	6.5
Other current financial liabilities	0.5
Other current liabilities	77.9
Total current liabilities	1,973.4
Long-term debentures - net of current portion	324.1
Long-term lease liabilities, net of current portion	177.4
Long-term loans from banks - net of current portion	1,660.1
Non-controlling interest put options	290.0
Deferred tax liabilities	307.9
Provision for long-term employee benefits	78.9
Total non current liabilities	2,838.4
Total liabilities	4,811.8
Registered share capital	326.6
Issued and paid-up capital	326.5
Premium on ordinary shares	1,027.0
Appropriated - statutory reserve	32.7
Retained earnings	609.2
Other components of shareholders' equity	81.8
Excess of book value of acquired subsidiary over cost	20.0
Equity attributable to owners of the Company	2,097.2
Non-controlling interests of the subsidiaries	344.2
Total shareholders' equity	2,441.4
Total liabilities and shareholders' equity	7,253.2
Net Debt to Equity (times)	1.31

Non-controlling interest put options liability of THB 290 relates to the liability associated for the 20% minority shareholding of TPACs subsidiary in Malaysia (Combi-Pack), whereby our minority shareholder partner has a put option right that can be exercised at yearly anniversaries through the years 2024 - 2027. Note that TPAC also has a corresponding call option right

TPAC Net Interest Bearing Debt / Equity as of end Q3’21 1.31

Remark: Translation of financial statements in foreign currency

Profit/Loss	Q3’21	Q2’21	Q3’20	Balance Sheet	Q3’21	Q2’21	Q3’20
INR	0.4286	0.4200	0.4256	INR	0.4588	0.4305	0.4297
AED	8.5856	8.3872	8.5796	AED	9.2351	8.7263	8.6191
MYR	7.7900	7.6058		MYR	8.0992	7.7200	

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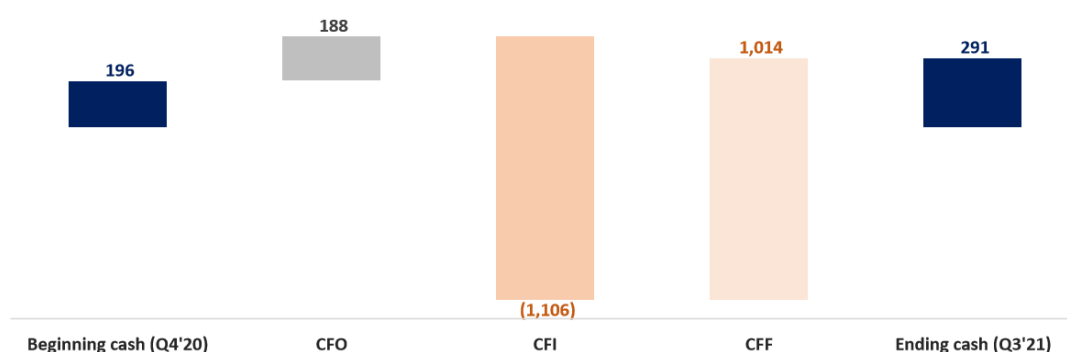
Cash Flow (Consolidated)

Unit: THB Million

	Q3'21
Cash flow from Operating Activities	
Profit Before Tax	284.6
Adjustment : Depreciation and Amortisation	284.1
Adjustment : Other adjustments	99.8
Profit from operating activities before changes to working capital	668.4
Net changes to working capital	-394.4
Other Net changes from operating activities	-50.2
Cash flows from Operating Activities	223.8
Cash paid for corporate income tax	-35.9
Net Cash Flows from Operating Activities	187.9
Cash flow from Investing Activities	
Acquisition of Fixed Assets	-275.8
Acquisition of Intangible Assets	-0.8
Proceeds from equipments sales	11.1
Proceeds from Asset held for sale	57.2
Cash paid for investment in subsidiary	-893.4
Other	-4.1
Net Cash Flow used in Investing Activities	-1,105.7
Cash flow from Financing Activities	
Increase (decrease) in short-term loans from bank	401.3
Increase from restricted bank deposit	2.5
Increase (decrease) in long-term loans from bank	937.9
Repayment of long-term loan	-166.2
Repayment of debenture	-83.5
Cash paid for finance lease payable	-12.2
Cash paid for financial fees	-8.2
Finance costs	-99.5
Dividend Paid Out	-95.3
Net Cash Flow from Financing Activities	876.7
Decrease in exchange differences on translation of financial statements in foreign currency	136.8
Change in Cash and Cash Equivalents	95.7
Cash and cash equivalents at beginning of period	195.6
Cash and Cash equivalents - Closing Period Balance	291.3

Cash flow bridge for 9 months period of 2021

Unit: THB Million



- (i) **CFO:** Cash flow from operation activities
- (ii) **CFI:** Cash flow from investing activities
- (iii) **CFF:** Cash flow from financing activities and included translation adjustment (136.8MB)

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