



THAI PLASPAC PUBLIC COMPANY LIMITED (“TPAC”)

Management Discussion and Analysis for the
1st quarter ending March 31st, 2023

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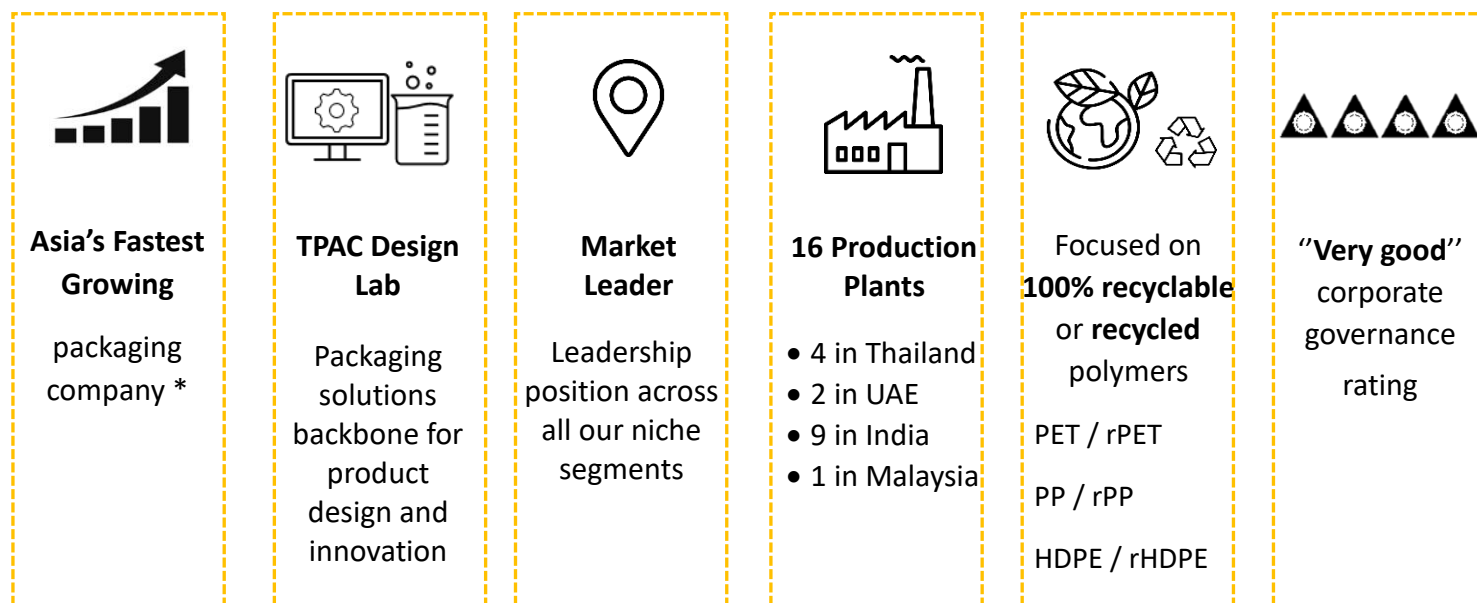
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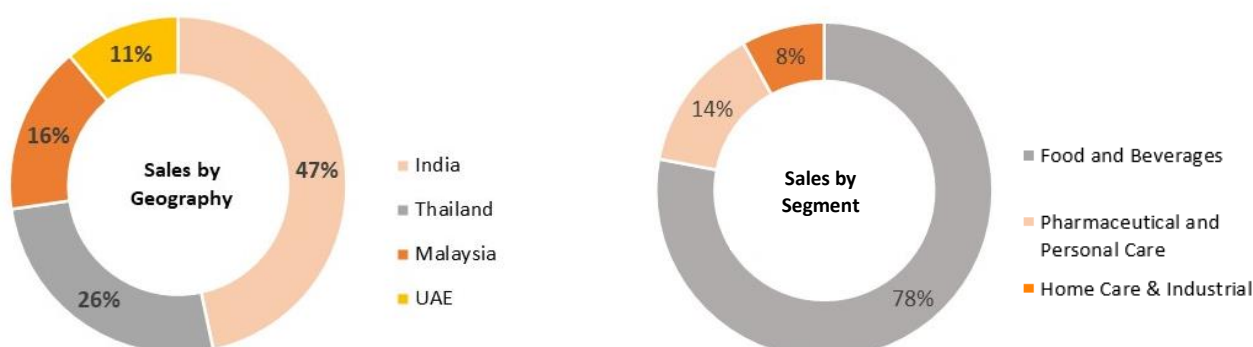
TPAC Overview

Thai Plaspac Public Company Limited ("TPAC") is a packaging solutions specialist, focused on the design and manufacture of recyclable rigid polymers and paper packaging mainly focused on the food and pharmaceutical segments.



Geographic and Industry Segmentation

Basis Q1'23 data



TPAC's production facilities are certified with world class hygiene controls with more than 90% of TPACs portfolio catering to segments where stringent hygiene standards are a prerequisite (Food & Beverage, Pharmaceuticals & Personal Care). The remainder of our portfolio comprises of the home care & industrial segment.

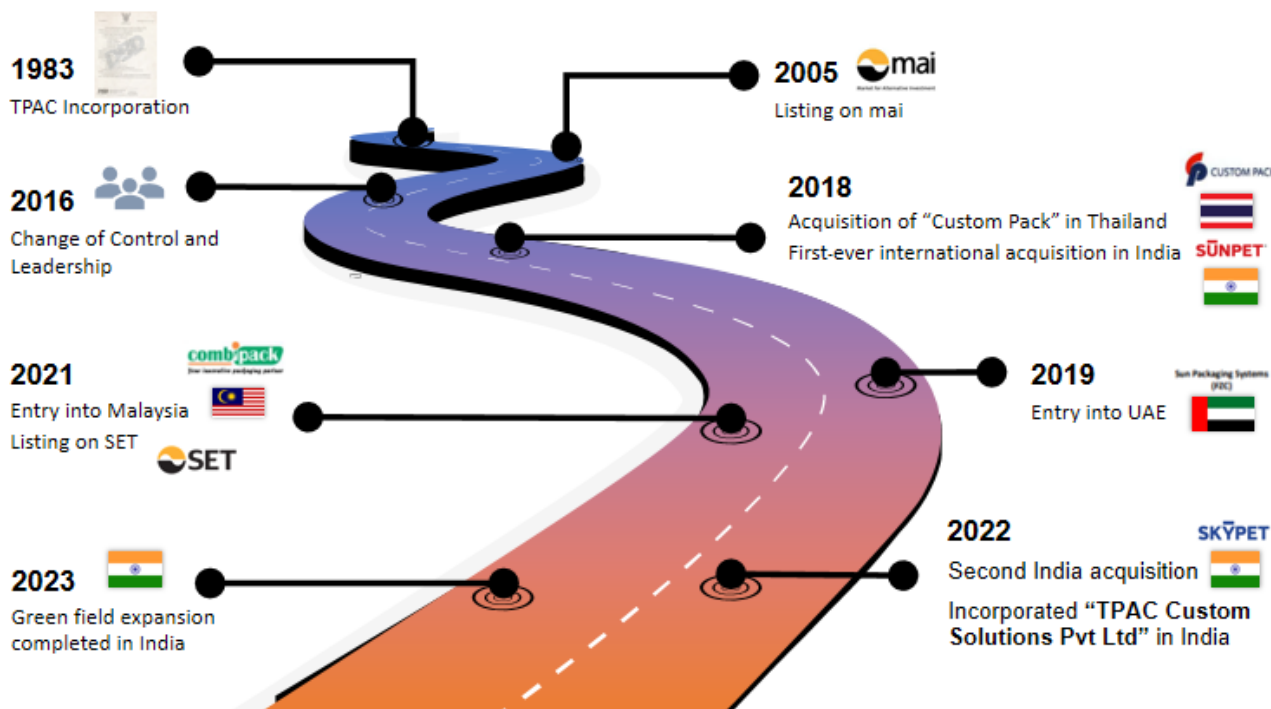
On geographic spread, overseas business in Q1'23 accounts for ~ 75% of the group with India taking the lion share at ~ 47% of the total turnover of the Group.

* Company estimation based on 5 years revenue growth trend

In 2016, a 40-year legacy provided a robust foundation to the new sponsors and management team to say 'Let us now make this company a world class global business'.

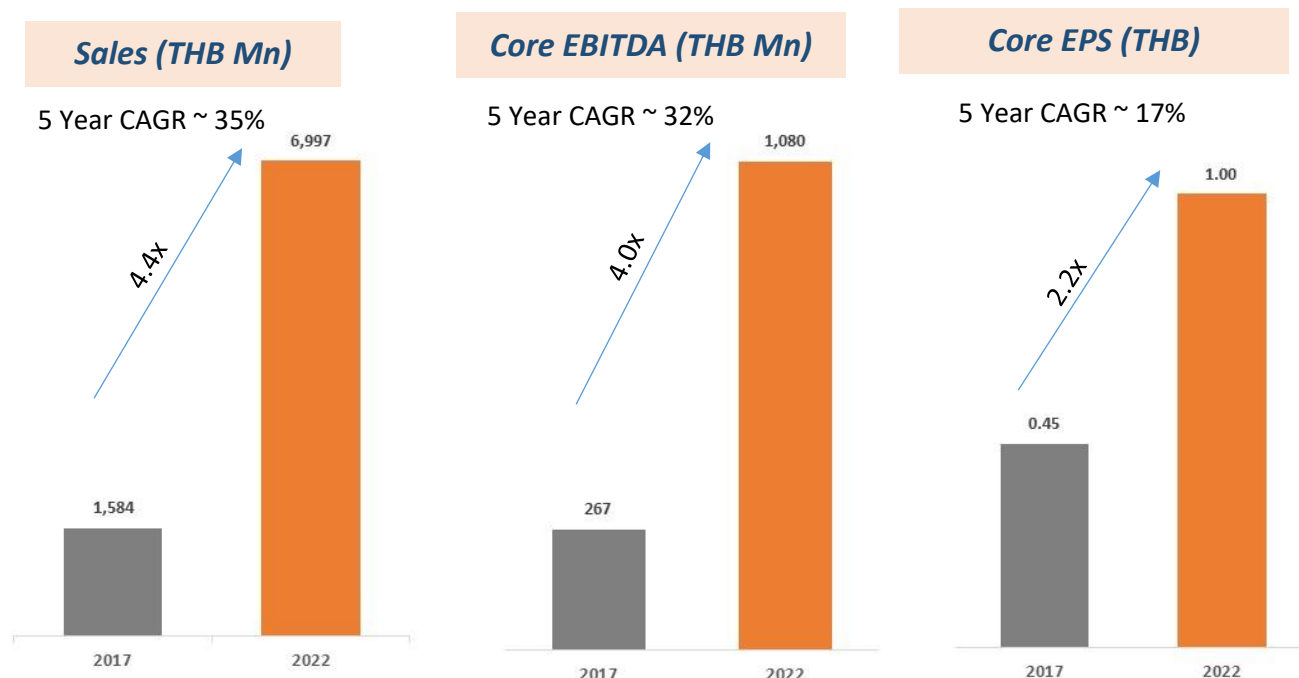
2016 - 2023

Our Journey



- TPAC began operations in 1983 from its headquarters based out of Bangkok, Thailand.
- For 4 decades, TPAC has been a packaging partner to some of the world's leading brands and entrepreneurs.
- In FY'16, under new leadership (post a change of control at the shareholder level), a bolder vision was outlined for TPAC to become a world class global packaging company.
- The company has since transformed itself with 16 manufacturing sites across 4 countries. Acquisitions have been an integral part of TPAC's growth journey since 2018, having consummated 5 transactions in the last 5 years.
- From FY'17 to FY'20 we experienced consecutive upgrades to our CG rating, and we are now at a 4-star (Very Good) rating.

TPAC performance over the last 5 years is driven by a focussed strategy and execution discipline



- Over the **last 5 years**, TPAC's sales have grown **4.4x** times, powered by strong organic growth and complimented with transformational acquisitions. 5 Year Sales CAGR has been ~ 35%, between FY'17 to FY'22.
- In line with sales, **Core EBITDA** has also increased **4.0x** times with a 5 Year CAGR of ~ 32%, between FY'17 to FY'22.
- **Core EPS** increased **2.2x** times with a 5 Year CAGR of ~ 17%, between FY'17 to FY'22.

Q1'23 – The growth momentum continues

Profitability driven by strong, sustainable growth and margin expansion

Revenue



THB 1,749 Mn

QoQ **Stable**

YoY **+8%**

Core EBITDA



THB 342 Mn

QoQ **+10%**

YoY **+30%**

Core EPS



THB 0.43

(All time high)

QoQ **+30%**

YoY **+53%**

Core ROE



25%

QoQ **+500 bps**

YoY **+800 bps**

Net Debt/Equity



1.08x

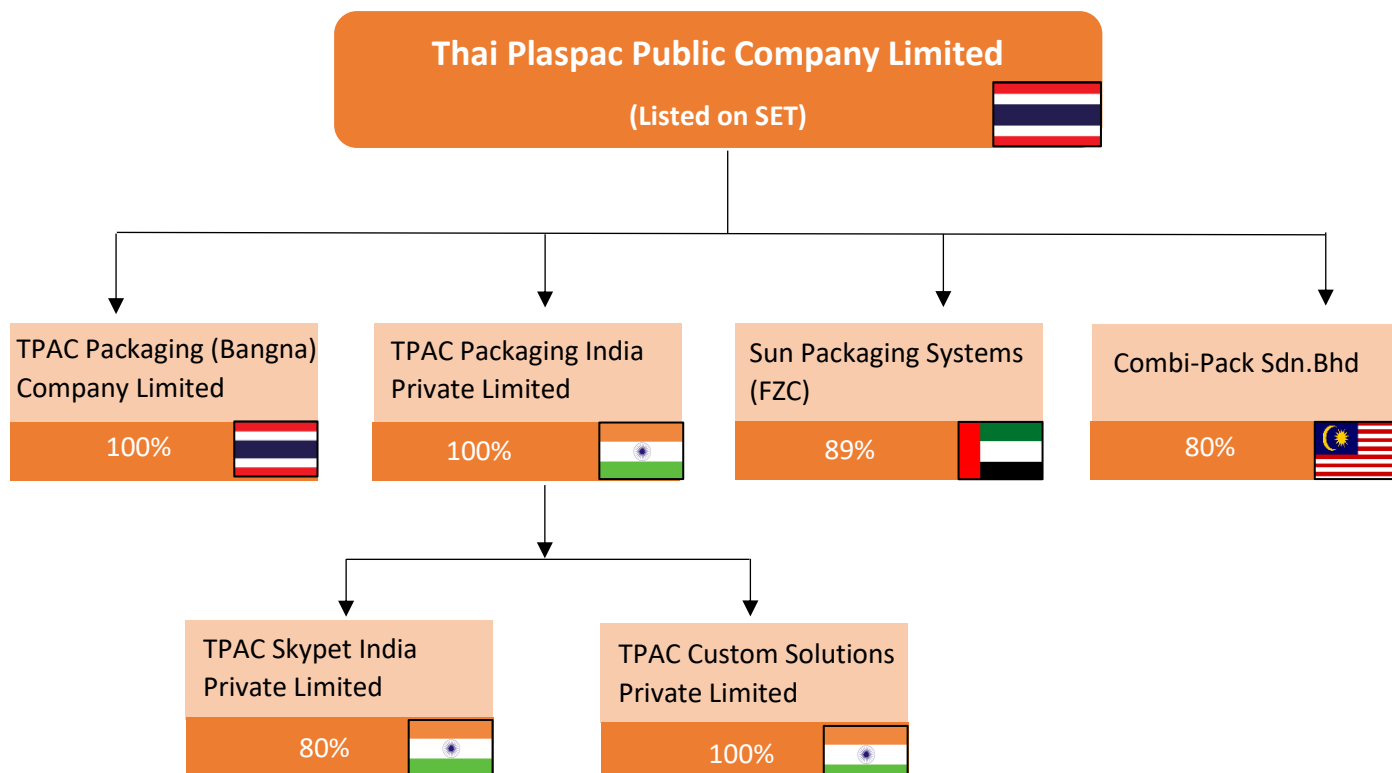
- 01** • The FY2023 kicks off with record profitability and Core EPS

- 02** • New Greenfield projects and inorganic acquisitions to act as catalyst for future growth

- 03** • Improved Net debt to equity ratio at 1.08x, provides good headroom for new M&A investments

To be a company whose innovations positively impact our world, and a place attractive to the most passionate packaging minds.

TPAC Existing Corporate Structure



- Thai Plaspac Public Company Limited, is the parent holding company of the Group and is publicly listed on the Stock Exchange of Thailand.
- TPAC currently has 4 direct subsidiaries (as presented in the above table). While the subsidiaries located in Thailand and India are 100% owned, the subsidiaries located in UAE and in Malaysia are minority held by partners, who were erstwhile founders of these companies.
- TPAC Packaging India Private Limited has two subsidiaries namely:
 - TPAC Skypet India Private Limited, used as an acquisition vehicle for acquiring business of Skypet Polymers w.e.f. 01 April 2022. Currently TPAC holds 80% and erstwhile founder holds balance 20%.
 - TPAC Custom Solutions Private Limited, recently incorporated, to be engaged in the business of Caps and Closure and explore entry into new lucrative segments.
- TPAC Consolidated numbers consist of earnings from all the above subsidiaries which are consolidated into Thai Plaspac Public Company Limited.

Executive summary

Financial & Business performance for the 1st quarter ending March 31st, 2023

	Quarterly					Financial Years		
	Q1'23	Q4'22	%Δ	Q1'22	%Δ ¹	FY22	FY21	%Δ
Consolidated Sales ²	1,749	1,753	0%	1,620	8%	6,997	5,194	35%
EBITDA	342	310	10%	260	32%	1,069	952	12%
Core EBITDA³	342	310	10%	263	30%	1,080	977	11%
Core EBIT ³	225	186	21%	151	49%	598	549	9%
Core Net Profit ³	153	116	32%	99	55%	359	329	9%
Core Net Profit after NCI ³	139	106	30%	91	53%	328	307	7%
EPS	0.43	0.33	30%	0.27	57%	0.98	0.47	108%
Core EPS³	0.43	0.33	30%	0.28	53%	1.00	0.94	7%
Core ROE ⁴	25%	20%	5%	17%	8%	15%	15%	0%
Debt to Equity (times) ⁵	1.15	1.27	-0.12	1.36	-0.21	1.27	1.28	-0.01
Net Debt to Equity (times) ⁶	1.08	1.16	-0.08	1.11	-0.03	1.16	1.12	0.04

1. YoY: Q1'23 vs Q1'22, 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 one-time expenses primarily related to M&A costs. Details of which are given in the segment analysis, 4. ROE = Profit attributable to equity / Avg. Equity excluded NCI. ROE (Qn) = Qn Profit attributable to equity / Qn Avg. Equity excluded NCI. 5. Debt to Equity = IBD / Equity, 6. Net Debt to Equity = (IBD - Cash) / Equity

Dear Stakeholders,

- **Core EPS of Baht 0.43 for Q1'23, is at an all-time high for TPAC. Core EPS during Q1'23 reflects a strong increase of ~30% with respect to previous quarter which itself was a record period for TPAC, and there is 53% increase in core EPS over same period last year.**
- **TPAC Q1'23 Core EBITDA Baht 342m, represents a 30% increase to same period last year, 10% increase to previous quarter.**
- Revenue for this quarter has increased by 8% on YoY basis and largely remained stable as compared to previous quarter. Even though the underlying volume growth has been good, the effect of resin price movement has muted the topline growth for this quarter.
- The Core EBITDA for Q1'23 at Baht 342m showed a strong growth of ~10% on QoQ basis, driven by margin enhancement across our overseas businesses. On YoY basis, the Core EBITDA has seen a significant jump by 30% on the backdrop of volume growth and margin expansion. The enhancement of profitability over the quarters has been on account of multiple factors including scale benefits, cost reduction initiatives and better product mix across select geographies.
- **Core ROE** for the quarter stands at ~25%, showing a significant improvement (+500 bps) as compared to previous quarter.
- **Net debt to equity ratio of 1.08x** as at the end of Q1'23, has improved with respect to previous quarter with debt reduction and increase in equity coming from strong operating profits, allowing us significant headroom to plan investments organically and inorganically in coming quarters.

Key Strategic Initiatives and Business Highlights across TPAC Group

- **Capacity Expansion – Greenfield Projects in India**

During FY21, TPAC initiated 2 greenfield projects based out of North and West of India, adjacent to our respective existing facilities to meet the growing demand from our existing and new potential customers. Plant in the north of India (Haridwar) was fully commissioned and capitalised during end of FY22. Another plant in West of India (Silvassa) is capitalised during Q1'23. Both the plants have started commercial production. In recent times, we have also consolidated our operations in the west by shifting Dadra production to Silvassa, for better efficiency and capacity optimization at one single location.

Silvassa Plant



Haridwar Plant



- **Expansion and Operational Initiatives at Skypet business in India**

Capitalizing on the growth momentum at Skypet, our acquisition in southern India, the team has initiated renovation of existing warehouse to convert it into a production floor with epoxy flooring, underground cabling and new transformer set up to create additional space for installing new high speed, high-capacity machines, which is expected to be completed by end of Q2'23. This unlocks expanded production space for accommodating 50% more capacity than current levels. As part of our automation Initiatives, an auto packing process was implemented to reduce human touch and room for error. These initiatives will also help in optimizing our manpower costs across operations and further enhancing margins.



• Awards and Recognition

TPAC's India business has been awarded by Economic times with the **Excellence in Contribution towards Sustainability for year 2023**. TPAC participated in the general category of sustainability with many Pharma giants and won this prestigious award.



TPAC's Malaysia business has been awarded from **INVEST NS** the **largest local investment** in Negeri Sembilan in the month of Jan 23.



These awards are testimony of our business focus on Sustainability and recognition for growth and employment opportunities that our businesses are offering at their respective geographies.

• TPAC Custom Solutions

The quarter also welcomed a senior leadership hire within the Group. We had Mr. Tushar Pimple joining us as business head in our newly incorporated Company in India **"TPAC Customs Solutions"**. Previously Tushar spent many years in a specialist closure packaging company. He will be instrumental in building a world class manufacturing platform for our new closure vertical.



Mr. Tushar Pimple

- **New Corporate office of India business**

During the Quarter, TPAC India inaugurated the opening of its Corporate Office located in the city of Mumbai, situated at Lotus Corporate Park, A Wing - 1101 & 1102, Graham Firth Compound, Goregaon (E), Mumbai, India. The new office marks a start of new era for TPAC India, coming with ample space for today and the coming few years, and strategically located at the heart of the town, which will help us attract new talent and also help in enhancing the TPAC brand in the Indian market.



Financial performance

A) Consolidated Income Statement

(THB Mn)

	Q1'23	Q4'22	% Δ	Q1'23	Q1'22	%Δ	FY'22	FY'21	%Δ
Sales	1,749	1,753	0%	1,749	1,620	8%	6,997	5,194	35%
Cost of sales	1,383	1,426	-3%	1,383	1,349	3%	5,841	4,190	39%
Gross Profit	365	327	12%	365	271	35%	1,156	1,004	15%
Gross Profit Margin %	20.9%	18.6%	2%	20.9%	16.7%	4%	16.5%	19.3%	-3%
SG&A	168	160	5%	168	151	11%	669	535	25%
Other income	28	20	41%	28	28	0%	99	55	79%
EBITDA	342	310	10%	342	260	32%	1,069	952	12%
EBITDA Margin %	19.6%	17.7%	2%	19.6%	16.1%	4%	15.3%	18.3%	-3%
Core EBITDA	342	310	10%	342	263	30%	1,080	977	11%
Core EBITDA Margin %	19.6%	17.7%	2%	19.6%	16.3%	3%	15.4%	18.8%	-3%
Depreciation and amortization	117	124	-5%	117	113	4%	482	428	13%
EBIT	225	186	21%	225	147	53%	586	524	12%
Core EBIT	225	186	21%	225	151	49%	598	549	9%
Core EBIT Margin %	12.9%	10.6%	2%	12.9%	9.3%	4%	8.5%	10.6%	-2%
Finance costs	40	42	-4%	40	34	19%	161	137	17%
Profit Before Tax	185	144	28%	185	113	63%	426	387	10%
Core Profit Before Tax	185	144	28%	185	117	58%	437	411	6%
Core Profit Before Tax Margin %	10.6%	8.2%	2%	10.6%	7.2%	3%	6.2%	7.9%	-2%
Income tax expense	32	28	13%	32	17	84%	75	212	-64%
Net Profit	153	116	32%	153	96	59%	350	175	100%
Net Profit Margin %	8.7%	6.6%	2%	8.7%	5.9%	3%	5.0%	3.4%	2%
Core Net Profit	153	116	32%	153	99	55%	359	329	9%
Core Net Profit Margin %	8.7%	6.6%	2%	8.7%	6.1%	3%	5.1%	6.3%	-1%
Net Profit after NCI	139	106	30%	139	88	57%	319	153	108%
Net Profit after NCI Margin %	7.9%	6.1%	2%	7.9%	5.5%	2%	4.6%	2.9%	2%
Core Net Profit after NCI	139	106	30%	139	91	53%	328	307	7%
Core Net Profit after NCI Margin %	7.9%	6.1%	2%	7.9%	5.6%	2%	4.7%	5.9%	-1%

Non-Recurring income/(expenses) (THB Million)	Q1'23	Q4'22	Q1'23	Q1'22	FY'22	FY'21
Overseas M&A Related Expenses	-	-	-	-3	-11	-6
Thailand M&A Related Expenses	-	-	-	-1	-1	-18
Deferred tax - pursuant to	-	-	-	0	0	-133
Total	-	-	-	-3	-12	-158

Thailand Business

The first quarter of 2023 has witnessed some challenges on account of dip in volumes by 6% on QoQ basis, because of low offtake by few customers owing to inventory built up last year. The lower volumes, coupled with increase in energy cost has impacted the profitability for our Thailand business. Over the last few quarters, the management has made concerted efforts to pass the input cost increase to customers, and undertake cost optimization projects, which has helped the business preserve its margin structure. However, on the backdrop of lower volume base, the fixed cost absorption is not optimal, which has affected the absolute profitability for this business.

Over the past few quarters, Bangna business has shown steady recovery and consistent improvement in margins for the last 4 quarters. Bangna volumes on an average account for 10% of the overall Thailand business. For this quarter, the volumes witnessed an increase of 4% over previous quarter and the EBITDA margin now stands at ~9%. This gradual increase in margins over the last few quarters at Bangna has come through a series of management intervention on cost optimization and efficiency improvement projects. Management is confident that Bangna business is headed in the right direction and will contribute meaningfully to the group's profitability in coming years.

India Business

The two green field projects, which were started in 2021, have now been completed and have started commercial production. TPAC has achieved a big milestone, given that it now has a ready state-of-the-art infrastructure to meet the ever-increasing demands of its customers in the biggest consumption market of the world.

Quarterly sales volume of India business increased by 7% as compared to last quarter. Such positive traction is led by a combination of new customer wins, new product development and increased customer demand.

Profitability of India business (excluding Skypet) has shown an improvement led by scale benefits coming through with a strong volume upside of 9% QoQ basis and procurement led savings. Profitability of Skypet business also improved on account of change in sales mix with higher value-added products and increased absorption of fixed cost.

UAE Business

UAE business has achieved its highest sales volume and profitability since inception during this quarter. There is a significant uptick with sales volume increasing by ~23% as compared to previous quarter and by ~18% over the same period last year. With two production sites in place, UAE business is well placed to cater to the increasing demands of the existing customers and fulfilling requirements of new customers.

There is significant increase in the profitability of UAE business as compared to the previous quarter, which is largely led by higher volume uptake in the quarter.

Management is confident on the overall prospects of the business in that region and is planning for fresh investments for capacity augmentation in the coming quarters to cater to the market demand.

Malaysia Business

During last 2 quarters sales quantity largely remained stable and increased by ~8% over the same period last year primarily on account of higher demand of instant noodles for one of our top FMCG clients.

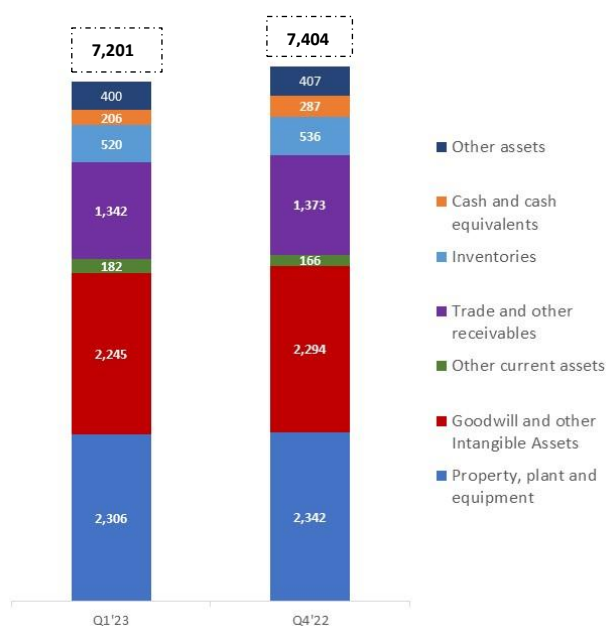
Profitability during Q1'23 vs Q4'22 has remained constant, which is driven by conscious cost optimisation measures undertaken by the company, even when there was an increase in energy cost due to higher ICPT charges in Malaysia.

There is a steady increase in monthly demand noted for our paper packaging products and is expected to steadily grow in times to come.

B) Consolidated Balance Sheet

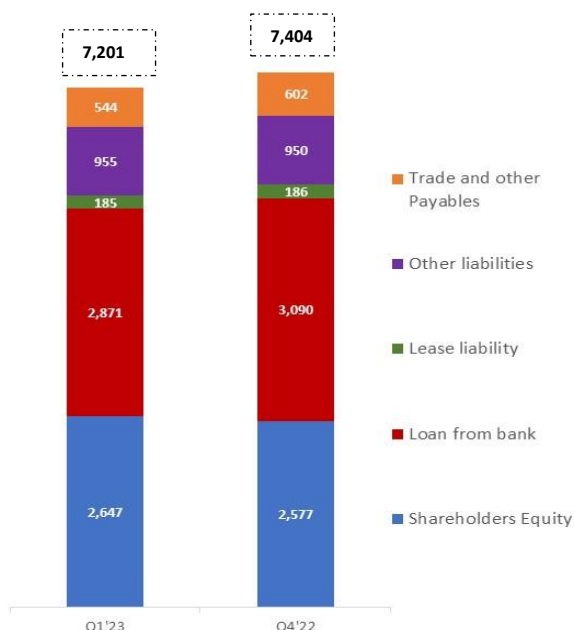
ASSETS

(THB Mn)



- Overall assets of the company stand at ~THB 7.2 bn as at Q1'23.
- Tangible and intangible fixed assets (~ THB 4.5 bn) comprise ~63% of the total assets. Decline in value during Q1'23 vs Q4'22 is mainly on account of depreciation for the period and appreciation of Baht vs other currencies.
- Net Working Capital amounting to ~ THB 1.4 bn as % to LTM Revenue is ~20% for the quarter.
- Other Assets primarily includes right of use assets, withholding tax deducted at source and advance payment for purchasing of moulds.

EQUITY AND LIABILITIES



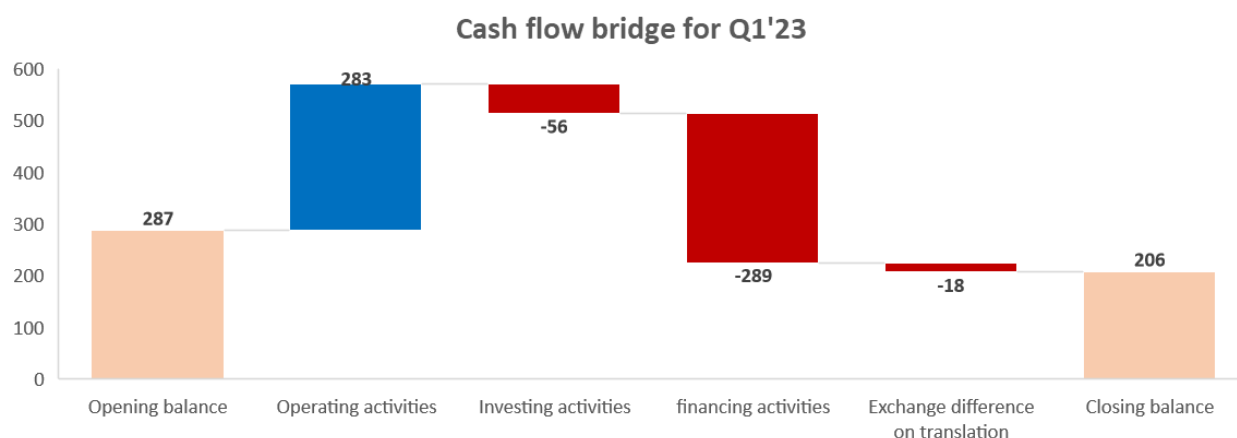
- Increase in shareholders equity by ~ THB 70 mn during Q1'23 vs Q4'22 is primarily on account of profit for the quarter which is partly offset by loss in exchange differences due to translation in foreign currency.
- Reduction in loan from bank by ~ THB 219 mn during Q1'FY23 vs Q4'22 is on account of scheduled loan repayments and certain prepayments.
- Net debt to equity ratio has improved to 1.08x during Q1'23.
- Net Debt to LTM Core EBITDA has improved from 2.8x during Q4'22 to 2.5x during Q1'23.
- Other Liabilities primarily includes non-controlling interest put options and deferred tax liability.

C) Consolidated Cash Flow

(THB Mn)

Cash Flows (THB Million)	Q1'23	Q4'22	Q1'22	FY2022
Net cash received from operating activities	283	437	112	886
Net cash used in investing activities	-56	-99	-93	-876
Net cash used/received in financing activities	-289	-384	240	-39
Exchange differences on translation of financial statements	-18	-151	-15	-78
Net increase/decrease in cash and cash equivalents	-81	-197	244	-107
Cash and Cash Equivalents - Opening Balance	287	484	394	394
Cash and Cash Equivalents - Closing Balance	206	287	637	287

Cash flow bridge for the quarter ended March'23:



- TPAC generated positive operating cash flow aggregating Baht 283 Mn for the period Q1'23.
- Investing activities during Q1'23 primarily comprises of cost towards greenfield project and machine and mould cost for capacity expansion.
- Financing activities is mainly related towards repayment of existing loan of THB ~219 Mn, finance cost of THB ~37 Mn and dividend payment of THB 34 Mn during Q1'23.
- The Cash and Cash Equivalent stand at Baht ~206 Mn as at the end of Q1'23.

Safe harbour:

Certain words and statements in this communication concerning THAI PLASPAC PUBLIC COMPANY LIMITED (“the Company”) and its prospects, and other statements relating to the Company’s expected financial position, business strategy, the future development of the Company’s operations and the general economy in Thailand & global markets, are forward looking statements.

Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in government policies or regulations and, in particular, changes relating to the administration of the Company’s industry, and changes in general economic, business and credit conditions.

The information contained in the MD&A is only current as of its date and has not been independently verified. No express or implied representation or warranty is made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this MD&A. None of the Company or any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in this MD&A. Please note that the past performance of the Company is not, and should not be considered as, indicative of future results. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this MD&A. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the Company.

The Company may alter, modify, or otherwise change in any manner the contents of this MD&A, without obligation to notify any person of such revision or changes.

Annexures

Consolidated Balance Sheet

(THB Mn)

Particulars	Q1'23	Q4'22	%Δ
Cash and cash equivalents	206	287	-28%
Trade and other receivables	1,342	1,373	-2%
Inventories	520	536	-3%
Other current financial assets	-	13	-100%
Advance purchase for raw material	80	52	53%
Asset held for sale	-	2	-100%
Other current assets	102	98	4%
Total current assets	2,250	2,362	-5%
Restricted bank deposits	17	17	-1%
Long-term investment	3	3	-2%
Property, plant and equipment	2,306	2,342	-2%
Right-of-use assets	172	174	-1%
Goodwill	1,657	1,680	-1%
Intangible assets	588	614	-4%
Deferred tax assets	10	9	4%
Withholding tax deducted at source	70	70	0%
Advance payment for purchasing of molds	44	42	4%
Assets associated with call options	4	4	0%
Other non-current assets	80	87	-7%
Total non current assets	4,951	5,043	-2%
Total assets	7,201	7,404	-3%
Bank overdraft and short-term loans from banks	916	992	-8%
Trade and other payables	544	602	-10%
Current portion of long-term lease liabilities	13	12	10%
Current portion of long-term loans from banks	330	373	-12%
Income tax payable	35	27	29%
Other current liabilities	60	56	7%
Total current liabilities	1,897	2,062	-8%
Long-term lease liabilities, net of current portion	172	174	-1%
Long-term loans from banks - net of current portion	1,626	1,725	-6%
Non-controlling interest put options	340	341	0%
Deferred tax liabilities	355	363	-2%
Provision for long-term employee benefits	76	74	3%
Other non-current liabilities	91	90	1%
Total non current liabilities	2,658	2,765	-4%
Total liabilities	4,555	4,828	-6%
Registered share capital	327	327	0%
Issued and paid-up capital	327	327	0%
Premium on ordinary shares	1,027	1,027	0%
Appropriated - statutory reserve	33	33	0%
Retained earnings	1,055	915	15%
Other components of shareholders' equity	(157)	(111)	41%
Excess of book value of acquired subsidiary over cost	20	20	0%
Equity attributable to owners of the Company	2,305	2,210	4%
Non-controlling interests of the subsidiaries	342	367	-7%
Total shareholders' equity	2,647	2,577	3%
Total liabilities and shareholders' equity	7,201	7,404	-3%
Net Debt to Equity (times)	1.08	1.16	
Debt to Equity (times)	1.15	1.27	

Consolidated Cash Flow

(THB Mn)

	Q1'23	Q4'22	Q1'22	FY2022
Cash flow from Operating Activities				
Profit Before Tax	185	144	113	426
Adjustment : Depreciation and Amortisation	117	124	113	482
Adjustment : Other adjustments	44	52	38	186
Profit from operating activities before changes to working capital	346	320	264	1,094
Net changes to working capital	(39)	142	(146)	(129)
Cash flows from Operating Activities	307	461	118	965
Cash paid for corporate income tax	(24)	(25)	(6)	(79)
Net Cash Flows from Operating Activities	283	437	112	886
Cash flow from Investing Activities				
Acquisition of Fixed Assets	(73)	(92)	(97)	(471)
Acquisition of Intangible Assets	(0)	0	(1)	(2)
Proceeds from equipments sales	0	6	4	17
Proceeds from Asset held for sale	2	-	-	-
Cash paid for investment in subsidiary	-	-	-	(408)
Other	15	(13)	1	(12)
Net Cash Flow used in Investing Activities	(56)	(99)	(93)	(876)
Cash flow from Financing Activities				
Increase (decrease) in short-term loans from bank	(76)	(56)	152	241
Increase (decrease) in long-term loans from bank	-	0	189	463
Repayment of long-term loan	(137)	(290)	(64)	(558)
Cash paid for finance lease payable	(6)	(5)	(7)	(26)
Cash receipt from long-term loan from non-controlling interests of the subsidiary	-	-	-	40
Finance costs	(37)	(33)	(30)	(139)
Dividend Paid Out	(34)	-	-	(59)
Net Cash Flow from Financing Activities	(289)	(384)	240	(39)
Decrease in exchange differences on translation of financial statements in foreign currency	(18)	(151)	(15)	(78)
Change in Cash and Cash Equivalents	(81)	(197)	244	(107)
Cash and cash equivalents at beginning of period	287	484	394	394
Cash and Cash equivalents - Closing Period Balance	206	287	637	287

Exchange rate used to translate the financial statements

	INR/THB	MYR/THB	AED/THB
3 months average rate Y2022	0.4396	7.8888	9.0029
3 months average rate Y2023	0.4142	7.7340	9.2351
Month-ended rate as at 31 Dec 2022	0.4199	7.8304	9.4109
Month-ended rate as at 31 Mar 2023	0.4158	7.7348	9.2844