

TP()C PACKAGING

Analyst Meeting Q3'23

1st December 2023

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TPAC – A specialty packaging solution provider



Asia's fastest growing packaging company *



Focused on 100% mono-material formats with proven mechanical recyclability (PET, PP & PE) TPAC design lab for customised innovative packaging solutions

>90% portfolio in F&B
& Pharma which
requires strict hygiene

Market leadership in all our geographies**



Diversified customers base > 1500 relationships from MNCs to startups



Our Vision

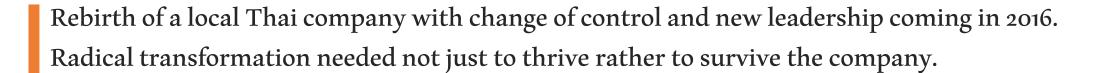
To be the company whose innovations positively impact our world, and a place attractive to the most passionate packaging minds

Our Mission

To collaborate passionately, always showing our customers what's new

^{*} Company estimation based on 5 years revenue growth trend

^{**} In niche segments







Robust foundation laid by the erstwhile founders which was Thailand focused with limited aspiration.

2016

New leadership installed.

- Entry of **new sponsor and management** instilling a new life to the company.
- First two years (2016-2018) management ideated, strategized and redefined the company's vision to become the most respected packaging company of Asia.

Carefully crafted strategic choices made in first 2 years since change of control, defines who we are today!- *Asia's fastest growing packaging company*





Rigid Packaging

100% mono material formats with proven mechanical recyclability

Most Sustainable packaging



Geographic Location

100% emerging market focus ASEAN, India and MENA

High growth consumption economies. Entry into India to be a transformational move for TPAC.



M&A Route

Golden period of consolidation in emerging markets

Many family-owned business with succession issues seeking right partners. TPAC determined to built best in class M&A capabilities



Product Segment Focus

Food & Pharma Segment

Requiring strict hygiene & clean room facilities. Customer stickiness, attractive margins and barriers to entry



Diversified Customer Base

Low single customer concentration

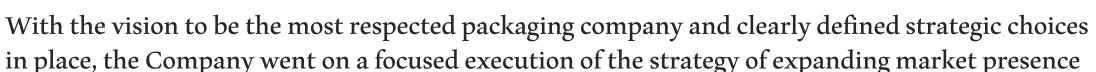
Minimize reliance on any single customer.



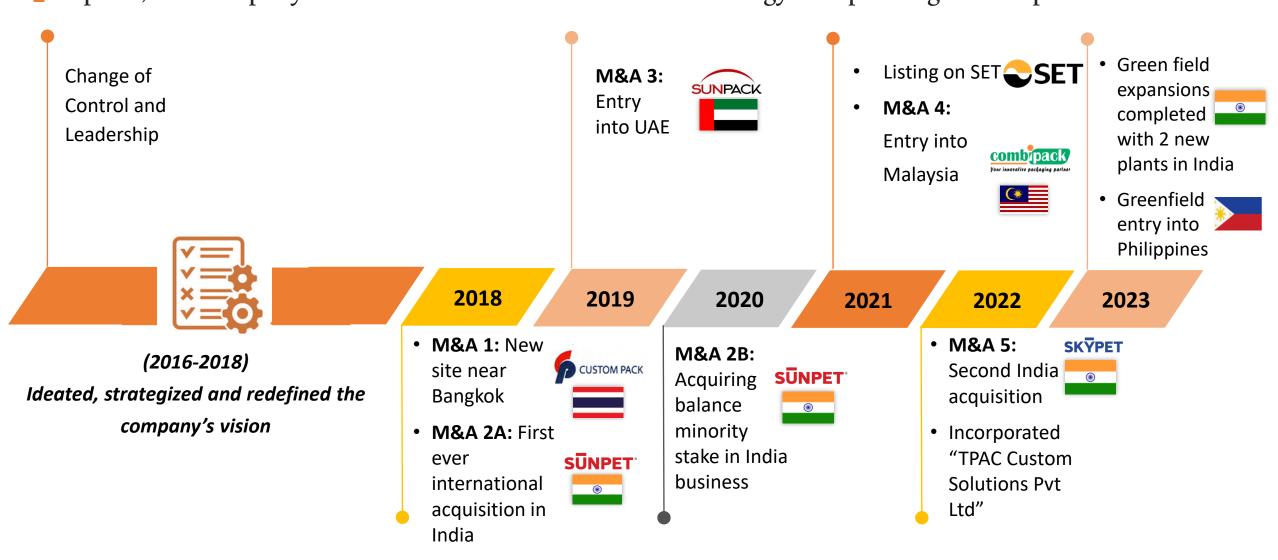
Solidifying Base

Transform Thailand business

Build right management team, strong cash flow generation

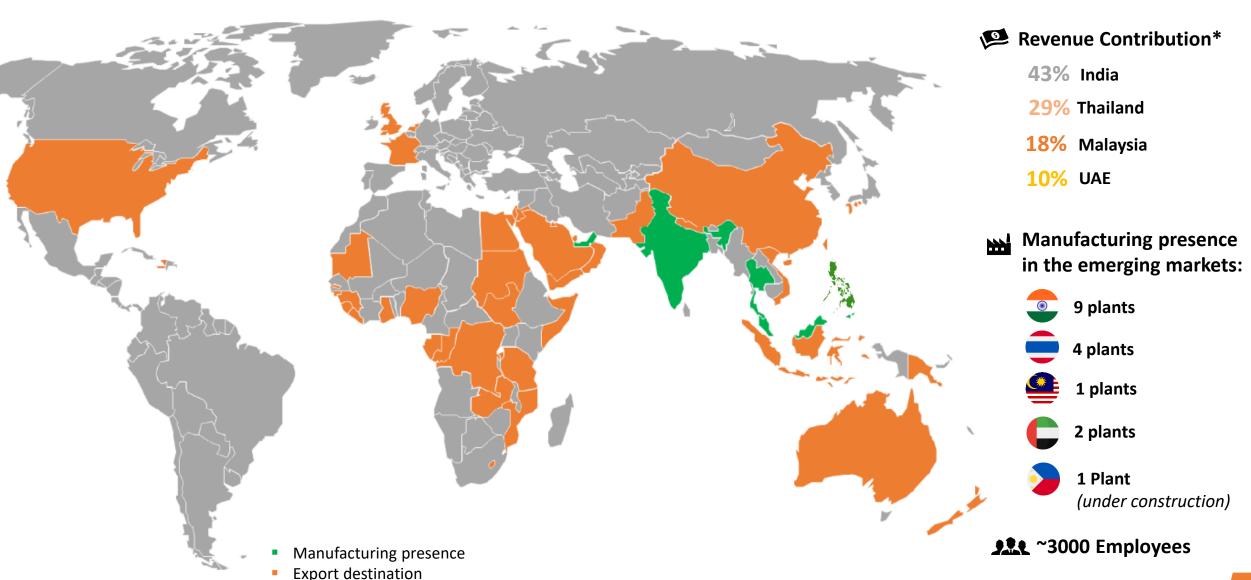






In the last five years, we have quintupled our manufacturing location to 17 plants & grew our footprint rapidly with a strong emerging market focus





With more than 75% portfolio focused on Food segment, which requires strict hygiene and is not prone to demand cyclicality



- Food & Beverage is the major segment constituting ~ 78% of the overall revenue
- Conscious decision of a diversified product portfolio which is sticky, non-cyclical, and resilient. Demand resiliency severely tested during Covid period.
- State of the art infrastructure developed:
- Injection Facility in UAE



> PET Facility in Thailand



Investment in R&D led to successfully develop new products in line with changing customer requirements



01



Herbs & Spices

Pioneers to introduce double barrier oxygen and UV IML solutions for global Herbs & Spices player

02



Specialty Beverages

Vitamin water closure, with unique hanging cap design

03



Infant Nutrition

Temper evident integrated scoop and lid for infant nutrition

Condiments, Spreads & Oil







Dairy & Ice Creams





Specialty Beverages & Formulations



Confectioneries & Snacks







Infant Nutrition







Built a strong Pharma segment by developing new specialized products and introducing new technologies



- Pharmaceutical and Personal care constitutes ~ 14% of total revenue
- With no compromise philosophy while selecting technology partners to meet the best quality standards
- We have developed Ultra Clean Room Facilities to ensure strict hygiene
 - Clean Room Facility in India



Going up in the value curve by providing specialised products



01



Nasal spray 3-piece system for a Pharma MNC

02



Intravenous Dispensing Solutions

Saline PP preforms with integrated hanging provision

Liquid Formulations



Pan Fool

Solid Formulations





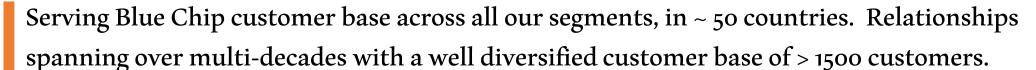
Nasal Drug Delivery Solutions





Intravenous Drug Solutions



















Thai Champions













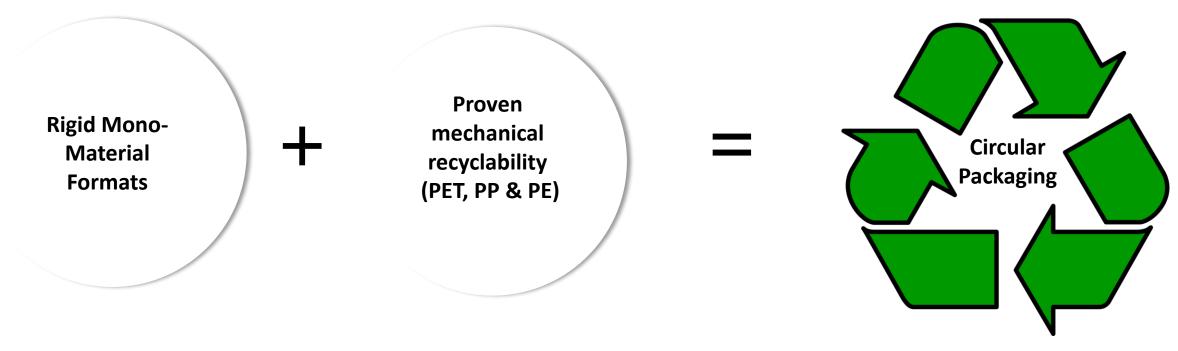




- ✓ **Top 10** contribute ~30%, ensuring a **low** customer **concentration**.
- ✓ Geographically diversified customer base across attractive segments.
- Reputed brand names on our customer list in the high growth markets
- ✓ Focused on **Food & Pharma** segments

Rigid Mono-Material Formats (PET, PP and PE) = Sustainable Packaging





TPAC has taken a conscious choice to operate only in rigid mono-material formats with substrate having proven mechanical recyclability

Sustainability continues to be a **big opportunity** for TPAC.

- Strong momentum from industry in converting from non recyclable multilayer formats into mono-material formats.
- Multiple ongoing projects to introduce recycled polymers (rPET, rPE, rPP) into our packaging solutions.
- Ongoing R&D and material science initiatives at TPAC towards exploring commercial viability of alternate source of polymers such as bio-based resins.



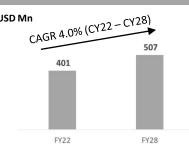
Expanding addressable market and consolidating market share by targeting to grow faster than the market (1.5x of market growth)



Geography



Market Size in Niche Segment



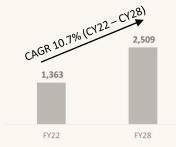
Market Share of TPAC in Niche segment

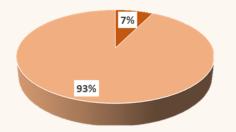


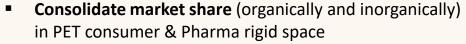
Strategy / Way forward

- **Expand our offerings** to MNC customers
- Increase market share in Thailand organically
- Grow Bangna operations after a successful turnaround



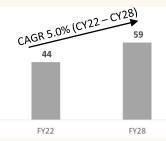


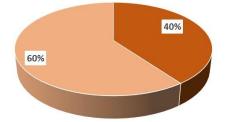


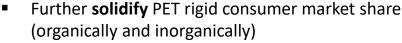


- Expand our market range in Pharma beyond PET solutions
- Develop innovative specialty closures / dispensing solutions within food and Pharma for India and global market





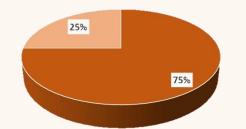




- Continue expansion into other mono-material recyclable polymers (beyond PET)
- Further grow Saudi Arabia export sales







- Further grow the thin wall IML market
 - Expansion of Thin wall product portfolio into spreads, protein powder & cosmetics

With a strong foundation in place, India business poised to have an accelerated growth, potentially aiming to be the most exciting packaging IPO's in next 3 years



Value creation since acquisition

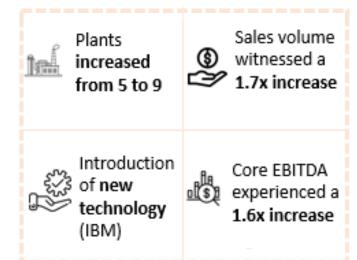
Solid management team in place

+

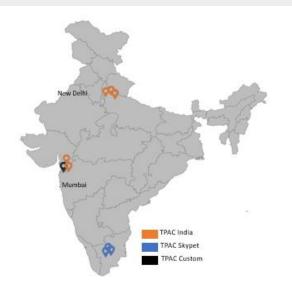
State of the art infrastructure developed

+

Focus on **compliance** and **digitization**



3 Growth Engines for India Business



- Increased capex intensity (incl. introduction of Mega platforms - Husky's) and greenfield expansions
- Presence in Southern India through Skypet acquisition
- Incorporated a new company with focus on Caps & Closure business and new verticals.

India Scalar Play



Many consolidation opportunities exist in India



Per Capita Packaging Consumption is one of the **lowest for India**



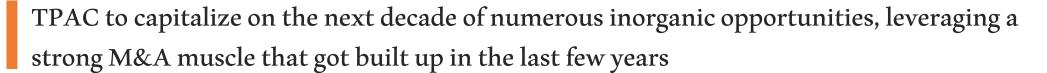
India rigid plastic packaging market is expected to have a 2x growth rate as compared to the global industry



India to become the **new world's** factory



Potential to **build a strong consumer brand** business





We have successfully completed five acquisitions in the last five years, continuously refining the art of value creation



Well oiled M&A engine in place to close a deal in best-in-class timelines



Developed **Global Network** with advisors, partners to solicit right opportunities



Consistently **created shareholders**value in all our past M&A transactions



TPAC M&A Playbook created on the back of past successful transactions

A golden decade is anticipated in Asia for acquiring family-owned assets, which will be transformative for TPAC

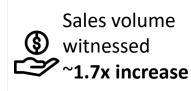






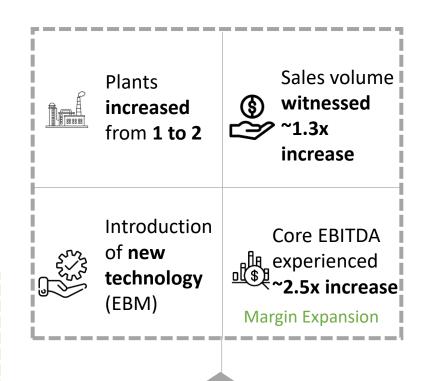


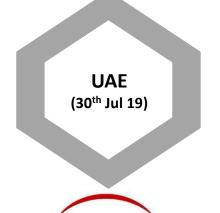






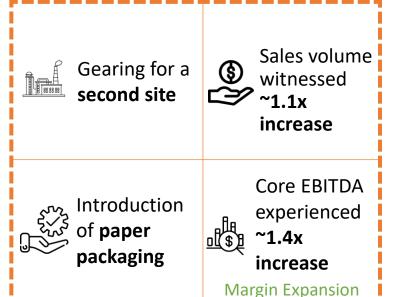






SUNPACK



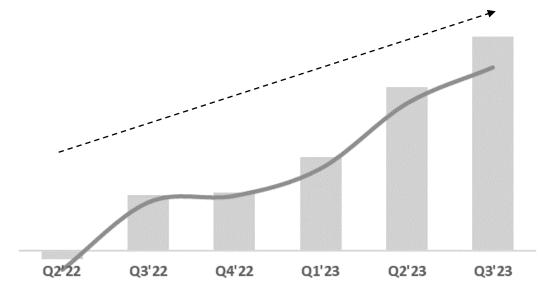


With transformative case study of turning around loss-making business, post acquisition



Bangna's Resurgence: A Triumph of Determination and Competency of our Management

Transforming a negative EBITDA margin business into a high teen margin



Core EBITDA Core EBITDA %

Infusion of a **new leadership team and radical transformation of the shop floor** culture

Long-term investments made, despite cash bleeding. Improved energy efficiency & product quality with new equipment.

Achieved a positive EBITDA margin in the past quarters. Results reflect efforts starting in 2020, not just over 5 quarters.

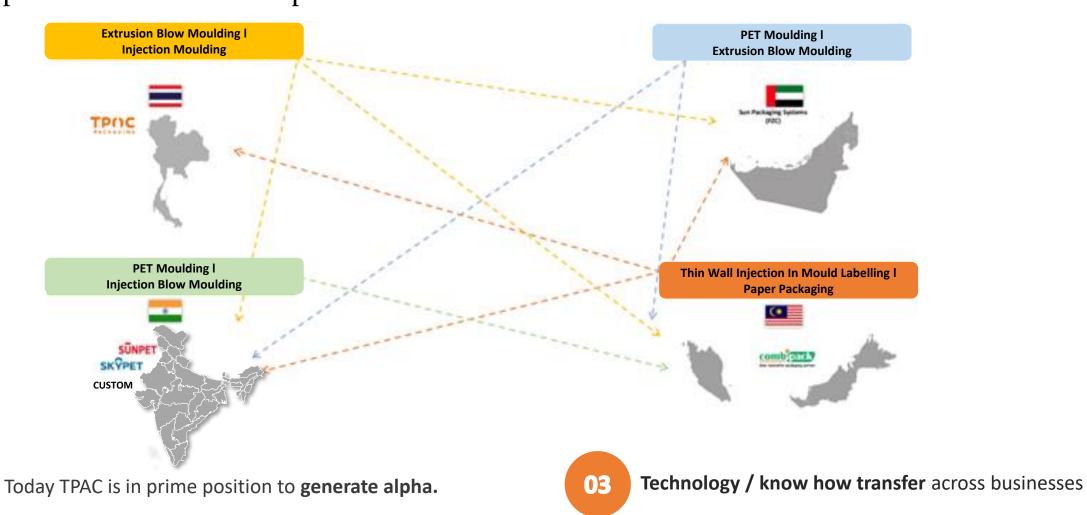
Incorporating a zero-based accounting mindset with a culture of cost discipline & optimization. Satisfactory results achieved (manpower optimization) & further efforts are being undertaken.

Strong pipeline of potential new customers, in process of auditing & certifying the Bangna facility for food compliance. Enhances its growth momentum and better utilizes its existing capacity, signaling a positive trajectory.

Management is also at early stages of crafting full potential plans for Bang Na

Value Creation through Synergy on customer relationship, technology, procurement & global design capabilities within the Group





O2 Customer relationships transfer across businesses

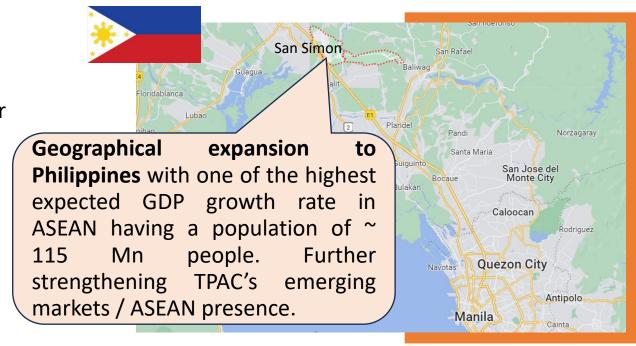
01

Synergising on global **design lab capabilities** and knowledge across various geographies.

TPAC's entry into the Philippines is the first time we are entering into a new geography organically and not via M&A. Management now confident to organically enter into new geographies and take market share



- TPAC's first greenfield project for entering a new geography (Philippines). Incorporated a Filipino subsidiary namely "TPAC Packaging Philippines Inc" for manufacturing of packaging products.
- Located in San Simon, Pampanga, North of Metro Manila (~80 km. away from Metro Manila),
- Next door to our anchor customer, one of ASEAN's fastest growing dairy companies.
- Commercial production is planned to begin by Q1'24.
- A local management team is in place. They shall be complemented with one of our global talent, relocating to the Philippines to bring requisite expertise and processes.







Q3'23 performance: TPAC continues its stellar performance, surpassing its own Q1'23 (all time high) results



Revenue



THB 1,697 Mn

QoQ +3%

YOY -7%

Core EBITDA



THB 361 Mn

QoQ +16%

YoY +33%

Core EPS



THB 0.44

QoQ **+25**%

YoY +82%

Core ROE



23%

QoQ **+290** bps

YoY +870 bps

Net Debt/Equity

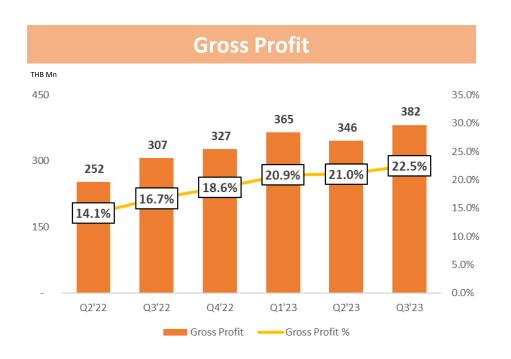


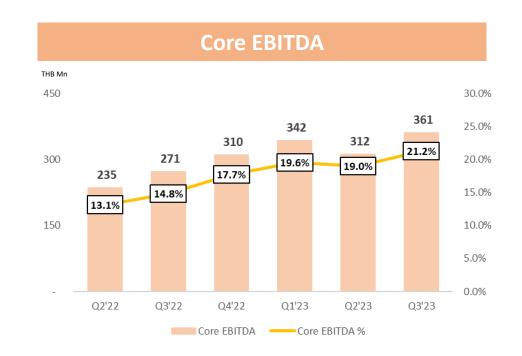
1.00x

Rapidly Delevering

- 01
- Q3'23 marks an all-time high profitability with Core EBITDA of THB 361 Mn, surpassing our earlier record of Q1'23.
- ~ 80% growth in Core EPS on YoY basis, from THB 0.24 in Q3'22 to THB 0.44 in Q3'23.
- 02
- With intensified capital investment and strategic expansion into new segments and markets in this year, TPAC has established a strong foundation for further growth next year
- 03
- **Fast deleveraging** of our balance sheet, resulting in a **Net Debt to Equity ratio reducing from 1.32x** as at Q2'22 (during Skypet acquisition) **to 1.00x** as at Q3'23. This comes with a combination of expanding profits and a healthy cash conversion ratio across our businesses.

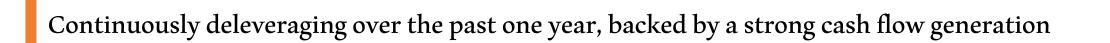
TPAC was hit globally with sudden and dramatic cost inflation and lackluster volumes in Q2'22. This was a test for management, management needed to respond. Management has since responded.





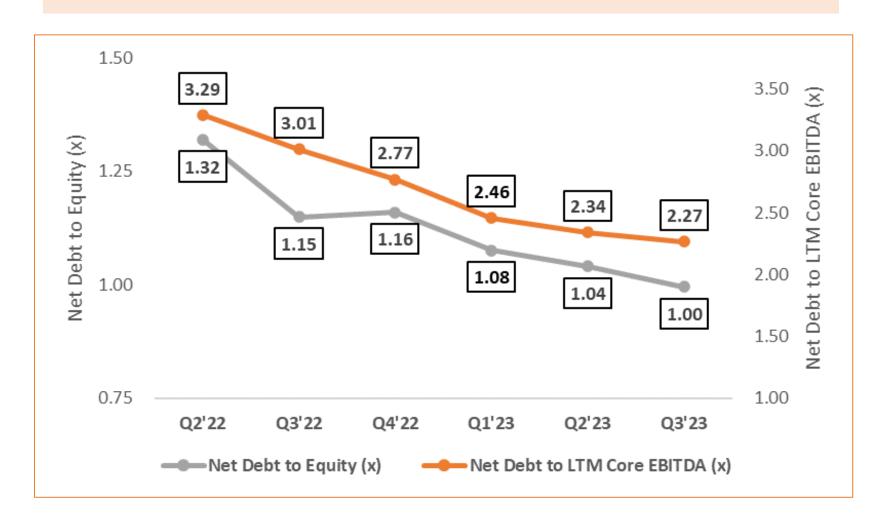
Management's response since Q2'22:

- 1. Add more customers, increase wallet share of existing customers, gain more market share.
- 2. World class operational excellence measures
 - Energy savings/efficiency: Renewable energy projects, Utilities revamp, retirement of inefficient machines and molds
 - Procurement excellence: Strategically negotiating and consolidating supplier relationships for better terms
- 3. Price Corrections: Transparent, frank discussions with customers on required inflationary cost pass throughs.





Sharp improvement in Net Debt to Equity and Net Debt to LTM Core EBITDA







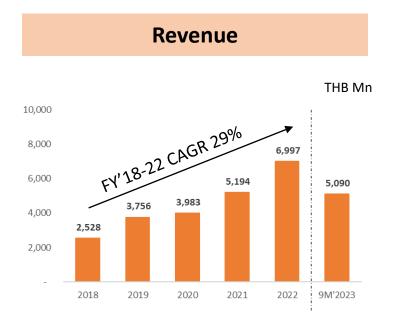
	9M'23 A	9M'22 A	Δ^1	FY22 A
Core EBITDA (THB Mn)	1,014	770	32%	1,080
Core EBITDA %	19.9%	14.7%	N/A	15.4%
Core EPS (THB)	1.21	0.68	79%	1.00

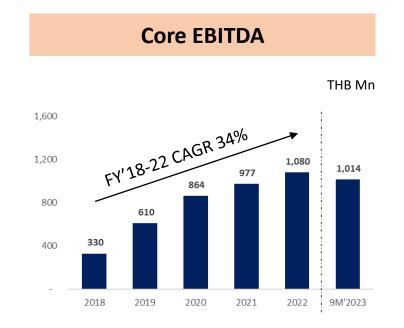
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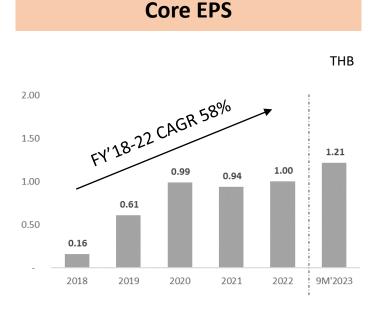
^{1. 9}M'23 A vs 9M'22 A

Sustained growth momentum in 2023 profitability on the backdrop of strong 9M'23

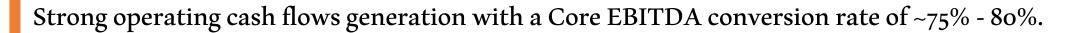




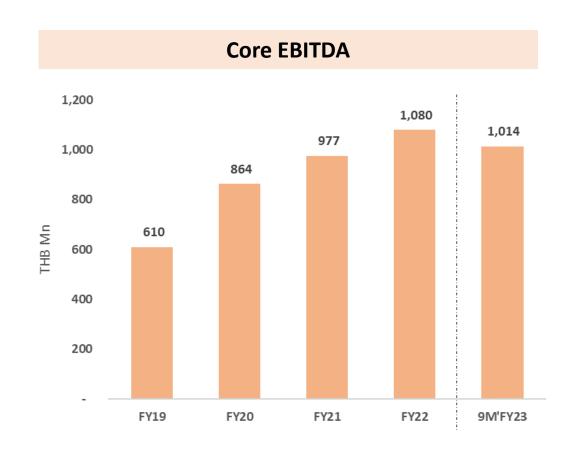


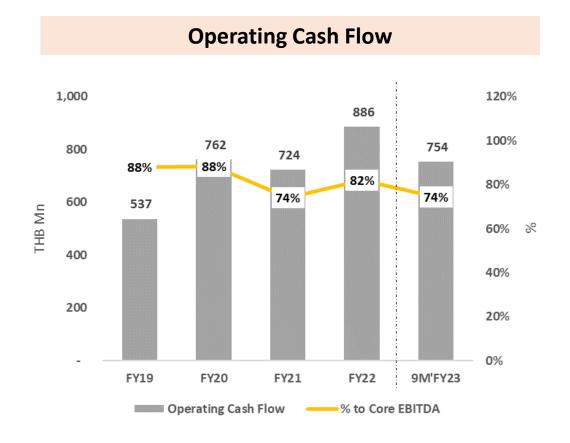


- Strong growth in the topline and bottomline over the last 5 years giving us the title of Asia's fastest growing packaging company.
- 9M'23 Core EPS of THB 1.21 gives a solid performance to the year, reflecting a jump of ~79% over 9M'22.
- Core EBITDA for 9M'23 is ~THB 1,014 Mn, which is a jump of ~32% over 9M'22.







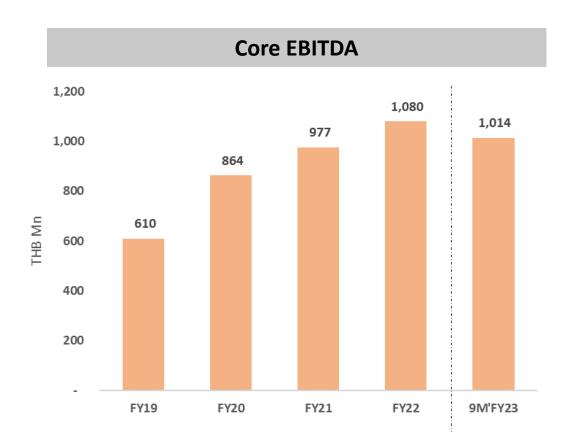


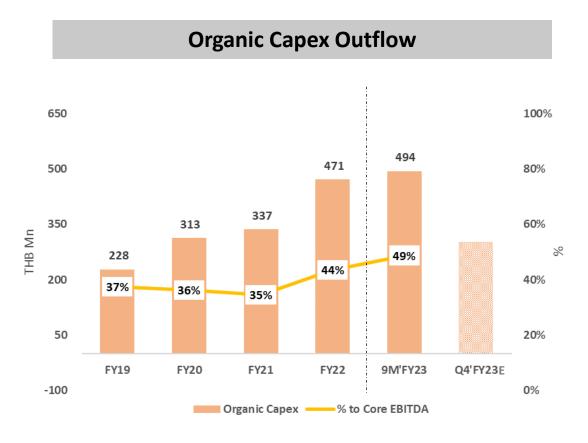


TPAC has consistently been able to generate a healthy cash flow from operations

Now with a strong and trusted management team in place in high growth geographies and presence in attractive segments, we are increasing our organic capex intensity.









Q4'FY23 to witness a **sharp rise in organic capex intensity** as we further invest on infrastructure and capacity to build a strong foundation for future growth.

To Summarize



Key takeaways

- Asia's fastest growing packaging company.
 Management track record of delivering.
- Focused on sustainable mono-material packaging with proven mechanical recyclability.
- **Specialty focus** in food and pharmaceuticals. Sticky, resilient and hard to penetrate segments.
- Trusted proven management team in place in the worlds most exciting growth markets.
- Continuously deleveraging over the past one year, even with substantial organic expansion with Net Debt to Equity coming down from 1.3x to 1.0x in last 5 quarters. Strong operating cash flows conversion of ~ 80% from Core EBITDA.

Outlook

- Management remains optimistic on sustaining growth momentum.
- Strong pipeline of M&A opportunities exists, which the company continues to evaluate diligently.
- Organic growth capex intensity to increase.
- Entry into new markets (Philippines) and segments (Custom)
- **3 Year vision and aspirational plan** to be announced soon.



Q&A



Making Packaging Better

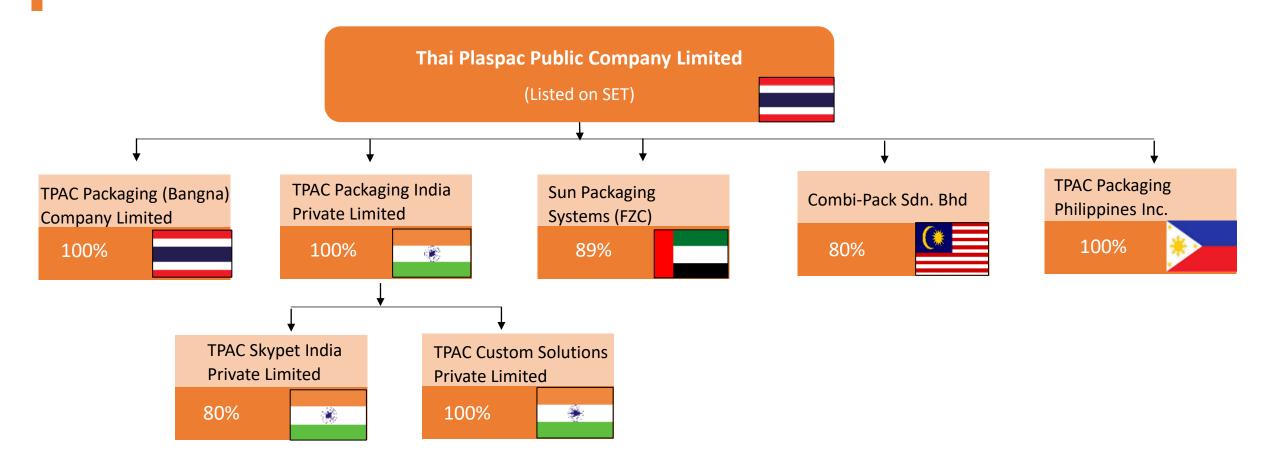
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Website: https://www.tpacpackaging.com

TPAC Group 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 5 direct subsidiaries and 2 step down subsidiaries held by TPAC Packaging India Pvt Ltd.
- While the subsidiaries located in Thailand, India, and the Philippines are 100% owned, the subsidiaries located in UAE and in Malaysia are minority held by partners, who were erstwhile founders of these companies.



Strong growth momentum witnessed during Q3'23

Unit: THB Mn

	Quarterly			Financial Years				
	Q3'23	Q2'23	%∆	Q3'22	$\%\Delta^1$	YTD Sep'23	YTD Sep'22	%∆
Consolidated Sales ²	1,697	1,644	3%	1,834	-7%	5,090	5,245	-3%
EBITDA	361	312	16%	271	33%	1,014	759	34%
Core EBITDA ³	361	312	16%	271	33%	1,014	770	32%
Core EBIT ³	236	189	24%	151	56%	650	412	58%
Core Net Profit ³	158	125	26%	89	77%	436	243	80%
Core Net Profit after NCI ³	143	114	25%	79	82%	397	221	79%
EPS	0.44	0.35	25%	0.24	82%	1.21	0.65	87%
Core EPS ³	0.44	0.35	25%	0.24	82%	1.21	0.68	79%
Core ROE ⁴	23%	20%	3%	14%	9%	20%	13%	7%
Debt to Equity (times) ⁵	1.10	1.12	-0.02	1.32	-0.21	1.10	1.32	-0.21
Net Debt to Equity (times) ⁶	1.00	1.04	-0.04	1.15	-0.15	1.00	1.15	-0.15

^{1.} YoY: Q3'23 vs Q3'22, 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

Balance sheet size increasing with investments into organic and inorganic ventures

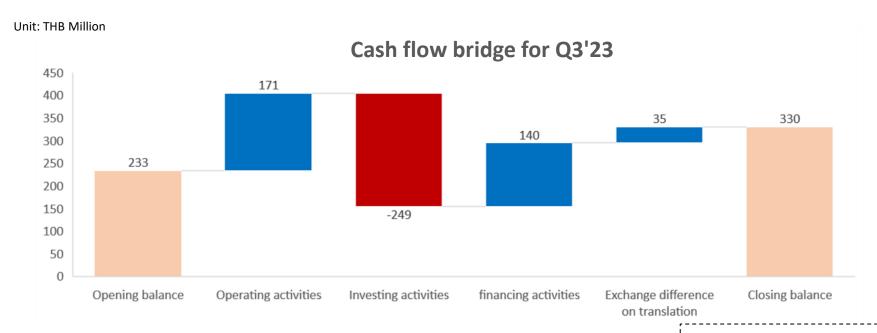




- Increase in shareholders equity by ~ THB 439 Mn during Q3'23 vs Q4'22 is primarily on account of profit for the quarters and gain on foreign exchange translation.
- Net Working Capital amounting to ~ THB 1.5 bn as % to LTM Revenue is ~22% for the quarter.
- Significant improvement in leverage ratios over the past one year:
 - Net Debt to Equity Improved from 1.15x in Q3'22 to 1.00x at the end of Q3'23
 - Net Debt to LTM Core EBITDA Improved from 3.0x in Q3'22 to 2.3x at the end of Q3'23

Strong cash flow acts as an anchor for growth capex and investments





Cash Flows (THB Million)	Q3'23	YTD Sept'23	FY2022
Net cash received from operating activities	171	754	886
Net cash used in investing activities	(249)	(499)	(876)
Net cash used/received in financing activities	140	(276)	(39)
Exchange differences on translation of financial statements	35	64	(78)
Net increase/decrease in cash and cash equivalents	96	43	(107)
Cash and Cash Equivalents - Opening Balance	233	287	394
Cash and Cash Equivalents - Closing Balance	330	330	287

- TPAC generated **positive operating cash flow** aggregating Baht 171 Mn for the period Q3'23.
- Investing activities during Q3'23 primarily pertains to capex on new machine, mould and ancillary parts for capacity expansion. ~80% of such cost is attributed towards TPAC India business.
- Financing activities is mainly related towards additional loan taken for capex expansion and working capital needs which is partly offset by scheduled repayment and finance cost of during Q3'23.

Business wise performance during Q3'23





Thailand Business

- Bangna turnaround, turning an EBITDA negative company into a high teen EBITDA margin business in a span of five quarters. With potential new customers auditing and certifying our plant, we should see increased utilization of the Bangna plant.
- Strong upside in sales volume and profitability, driven by increased customer traction, coupled with continued thrust on cost optimisation and operational efficiency measures undertaken by the management.



UAE Business

- Sharp improvement in profitability as compared to same period last year is led by new customer wins, price rationalizations, coupled with various energy efficiency measures.
- Falttish sales quantity during Q3'23 as compared previous quarter and slight increase compared to same period last year is **due to less order intake during the months from July –Sept as it's a lean period** in Gulf region because of **Summer vacation**.
- Management is expecting a sharp increase in sales volume during Q4'23, post summer vacations ending from Sep'23 onwards.



India Business

- Flattish quarter with respect to Q2'23, as northern and western
 operations got impacted because of erratic rainfall and early onset of
 monsoons leading to reduced demand of dairy products. However, saw
 a strong jump in Core EBITDA on YoY basis led by volume jump and
 richer product mix.
- Skypet business outperformed when compared QoQ on both volume & profitability. With the conversion of our existing warehouse into production floor, business is infrastructure ready to increase its installed capacity.



Malaysia Business

- Surge in profitability was primarily attributed to the increased sales
 volumes leading to higher absorption of fixed cost and through
 various procurement excellence programmes. Various cost control
 measures, along with past investments in solar initiatives, have
 begun to pay off, contributing to the improved profitability observed
 in recent quarters.
- In anticipation of growing customer demand and market opportunities, TPAC has started the process of evaluating potential sites for a second factory.

TPAC's DNA: Continuously focused on three key drivers



Digitization for a better customer experience



Automation to drive productivity, safety & quality



Energy Excellence for responsible manufacturing



- ERP transformation on SAP Hana across all our geographies, starting with India
- Group wide roll out of Global CRM, HRMS and online shop floor data monitoring being implemented in stages
- Groupwide initiative to go paperless by replacing printed business cards with digital cards.

- Centrally driven localized automation teams across all geographies
- Engagement with global automation partners introducing new technologies within the group.

- Target to add solar on every factory of TPAC. Today ~ 25% of TPAC plants have Solar plants installed, with an aim to reach 50% by 2025.
- Upgrading utilities and energy savings devices to improve energy efficiency and thereby reducing per unit energy consumption