



TP()C PACKAGING

# SET Digital Roadshow Q3'23

November 2023

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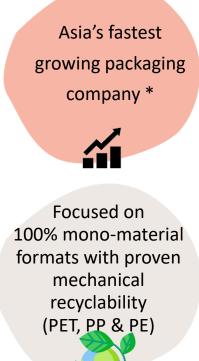
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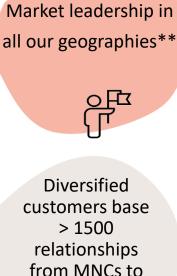
## TPAC – A specialty packaging solution provider





TPAC design lab for customised innovative packaging solutions

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



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**

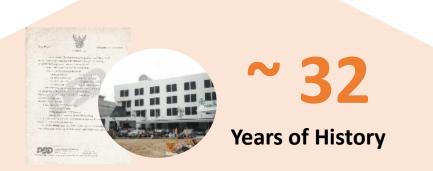
To collaborate passionately, always showing our customers what's new

\* Company estimation based on 5 years revenue growth trend

\*\* In niche segments

Rebirth of a local Thai company with change of control and new leadership coming in 2016. Radical transformation needed not just to thrive rather to survive the company.





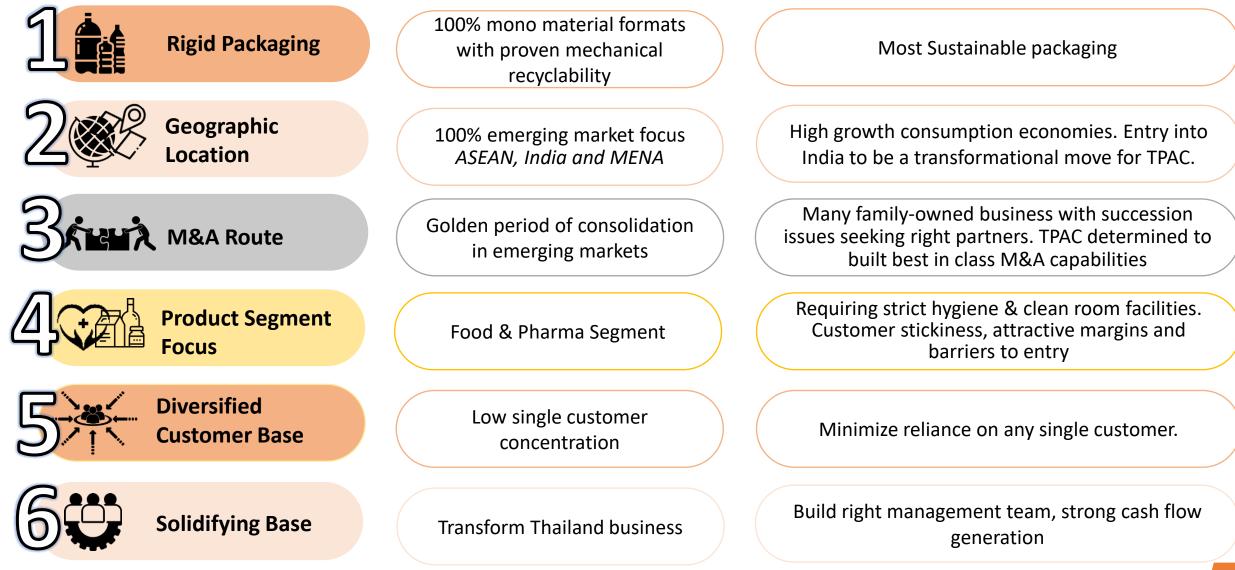
## **Robust foundation** laid by the erstwhile founders which was Thailand focused with limited aspiration.

2016

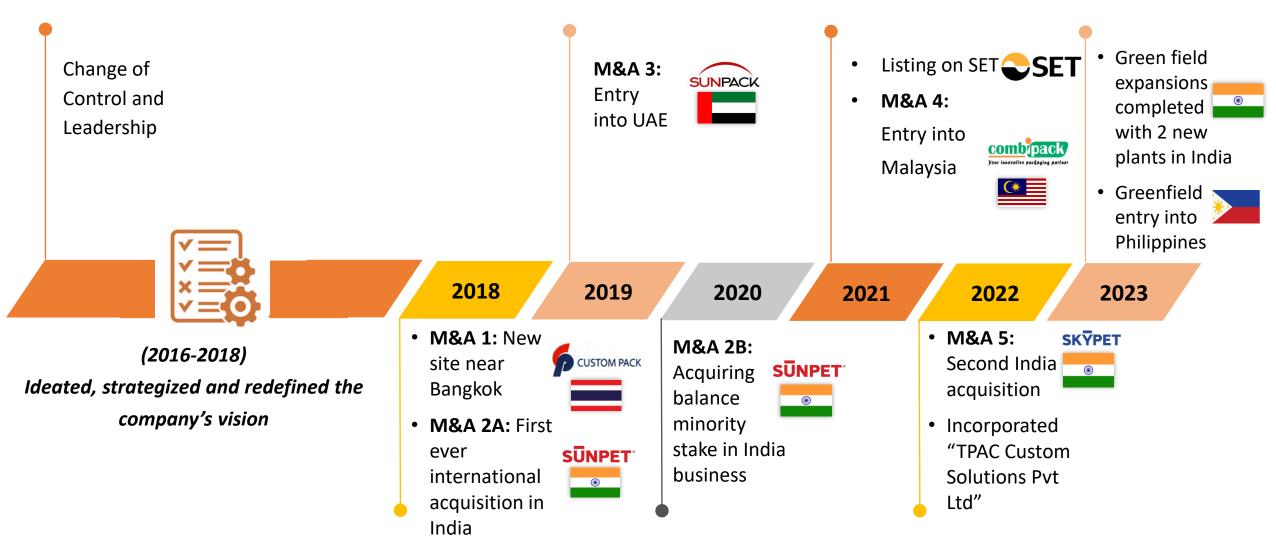
New leadership installed.

- 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* 



With the vision to be the most respected packaging company and clearly defined strategic choices in place, the Company went on a focused execution of the strategy of expanding market presence

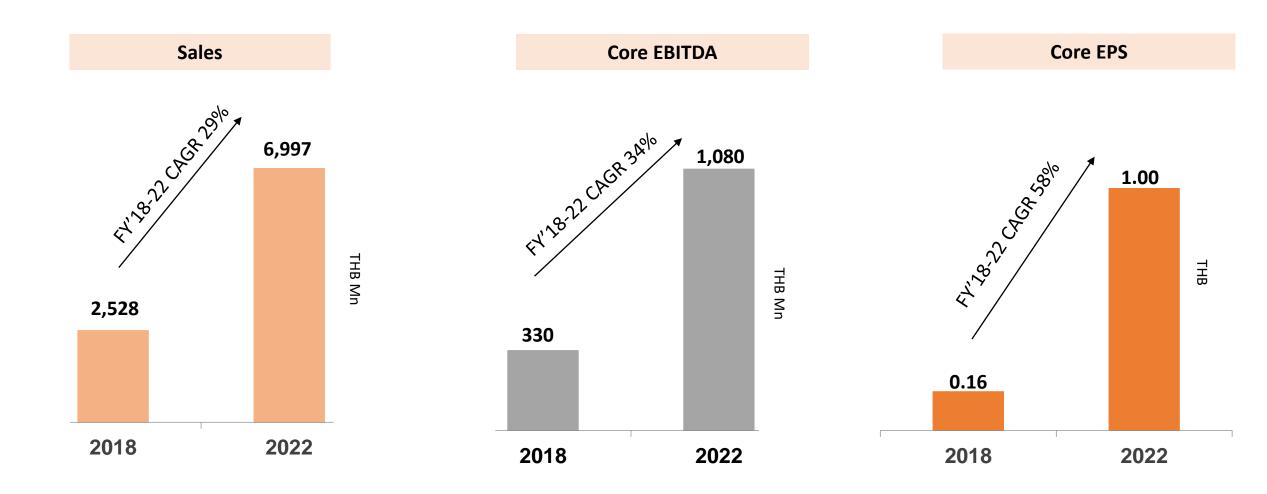


## The world before and after...



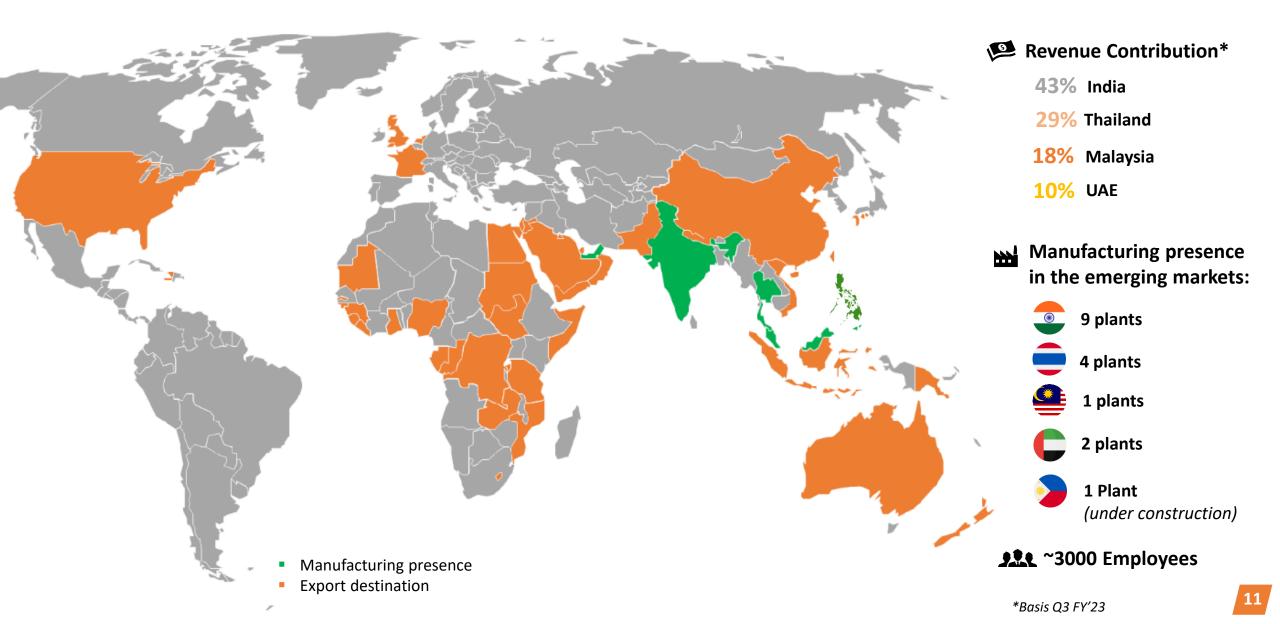
New leadership install	ed. Aspiration to be	world class. 2016				
S Before change in management control (1983 - 2015)		<ul> <li>After change in management control (2016 - 2023)</li> </ul>				
Limited to Thailand and exports across <b>~8</b> countries	Geography	Strategic entry into India, UAE, Malaysia and Philippines with 100% focus on emerging markets and exports across <b>~50 countries</b>				
Presence only in Thailand with <b>3 Plants</b>	Plants	Presence in 5 countries with <b>17 Plants.</b>				
PET Moulding, Injection Moulding and EBM	Technologies	Introduction of new technologies such as PET Preforms, IML, paper packaging, Injection Blow Molding, automations together with sustainability focus				
Revenue of ~THB 1.5 Billion (FY'15)	Financials	Revenue of ~ THB 7.0 Billion (FY'22).				
Listed on <b>MAI</b>	Listing	Listed on <b>SET</b>				
CG Rating of <b>2 Stars</b>	<b>III</b> Governance	CG Rating of <b>4 Stars</b>				

Resulting in us becoming the fastest growing packaging company in Asia during the last five years. **TPCC** Our strong endeavor will be to keep this title for the next decade also.



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



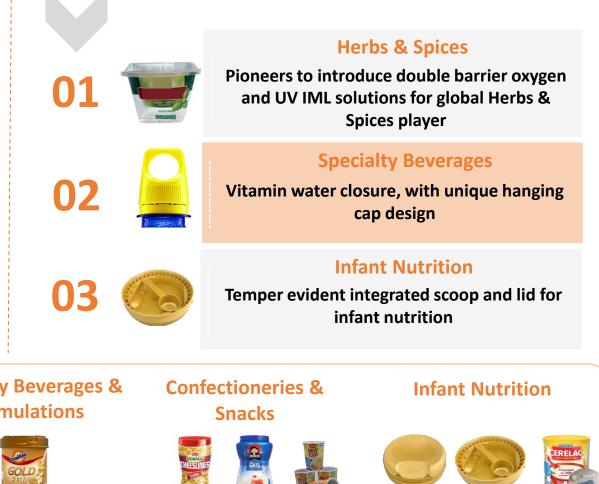
- Food & Beverage is the major segment constituting ~ 78% of the overall revenue
- Conscious decision of a diversified product portfolio which is sticky, non-cyclical, and resilient. Demand resiliency severely tested during Covid period.
- State of the art infrastructure developed:
- Injection Facility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



> PET Facility in Thailand



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



**Condiments, Spreads** & Oil





**Dairy & Ice Creams** 

**Specialty Beverages & Formulations** 



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



#### **Liquid Formulations**











Going up in the value curve by providing specialised

Serving Blue Chip customer base across all our segments, in ~ 50 countries. Relationships spanning over multi-decades with a well diversified customer base of > 1500 customers.





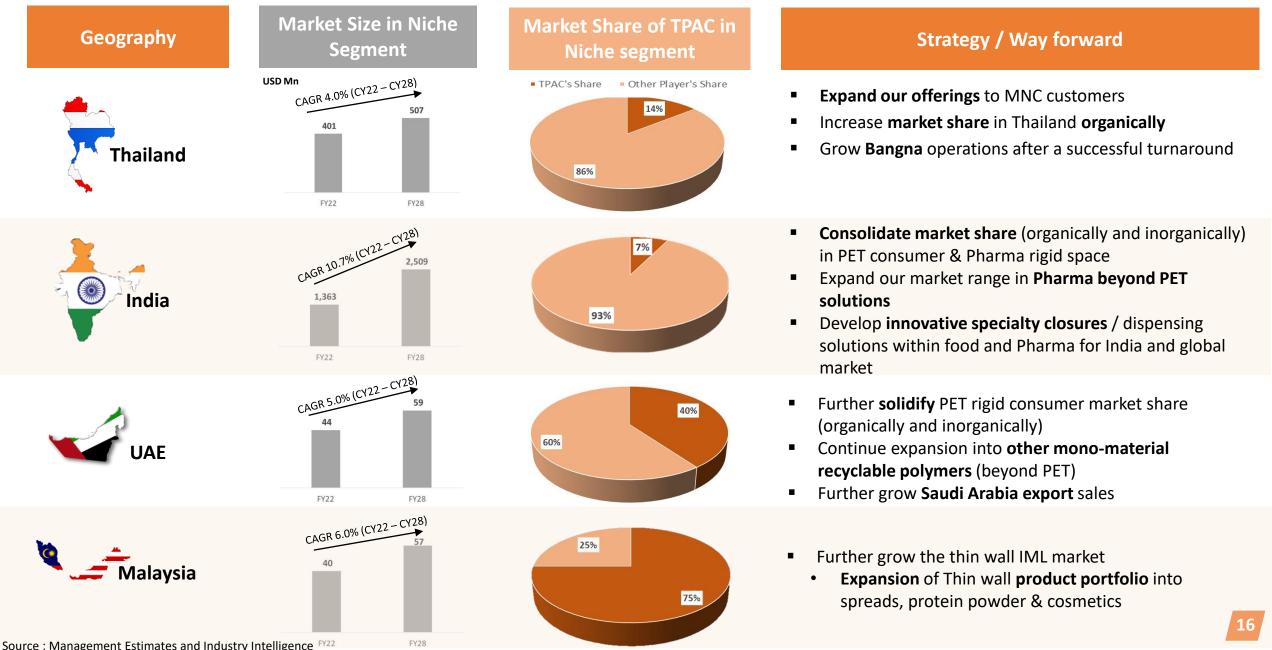


- ✓ Top 10 contribute ~30%, ensuring a low customer concentration.
- Geographically diversified customer base across attractive segments.
- Reputed brand names on our customer list in the high growth markets
- ✓ Focused on Food & Pharma segments



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





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

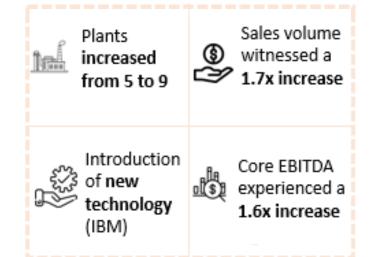


Value creation since acquisition

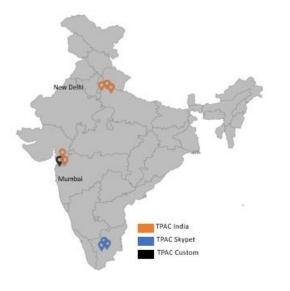
#### Solid management team in place

+

### 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

TPAC to capitalize on the next decade of numerous inorganic opportunities, leveraging a strong M&A muscle that got built up in the last few years



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

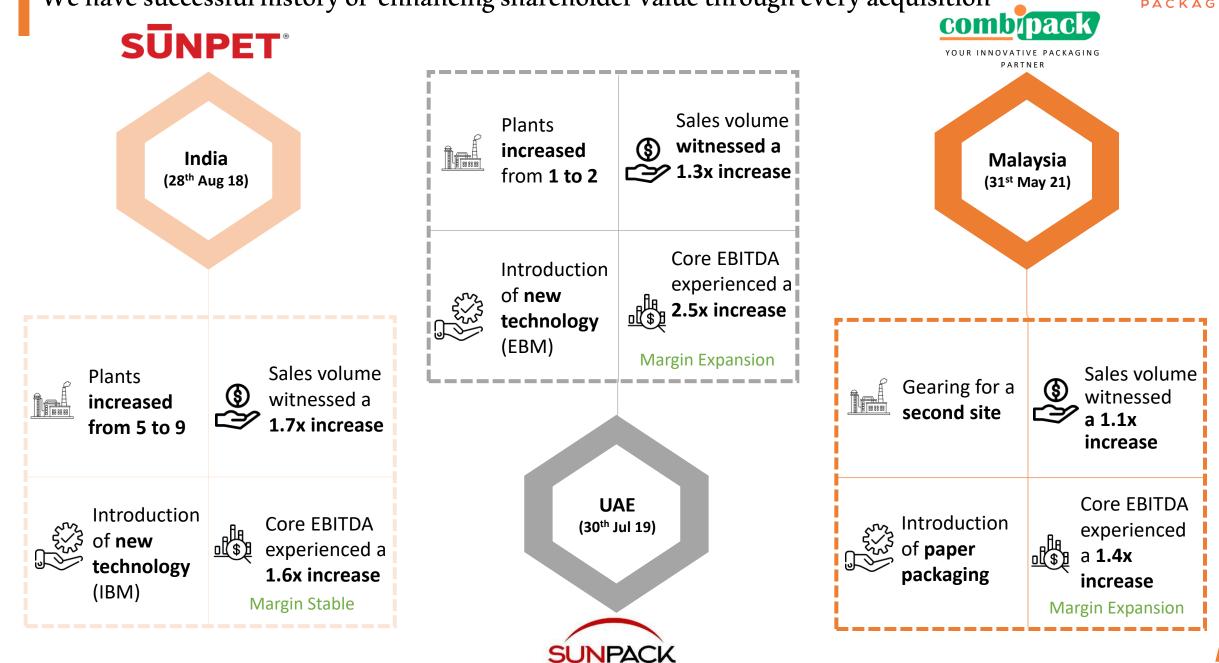


**TPAC M&A Playbook** created on the back of past successful transactions

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

## We have successful history of enhancing shareholder value through every acquisition

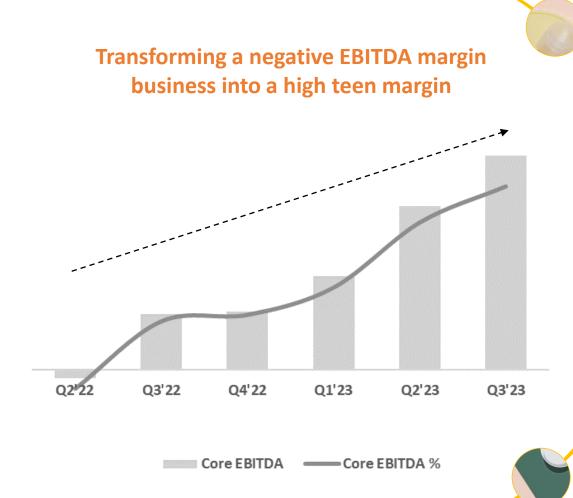




## With transformative case study of turning around loss-making business, post acquisition



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



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.

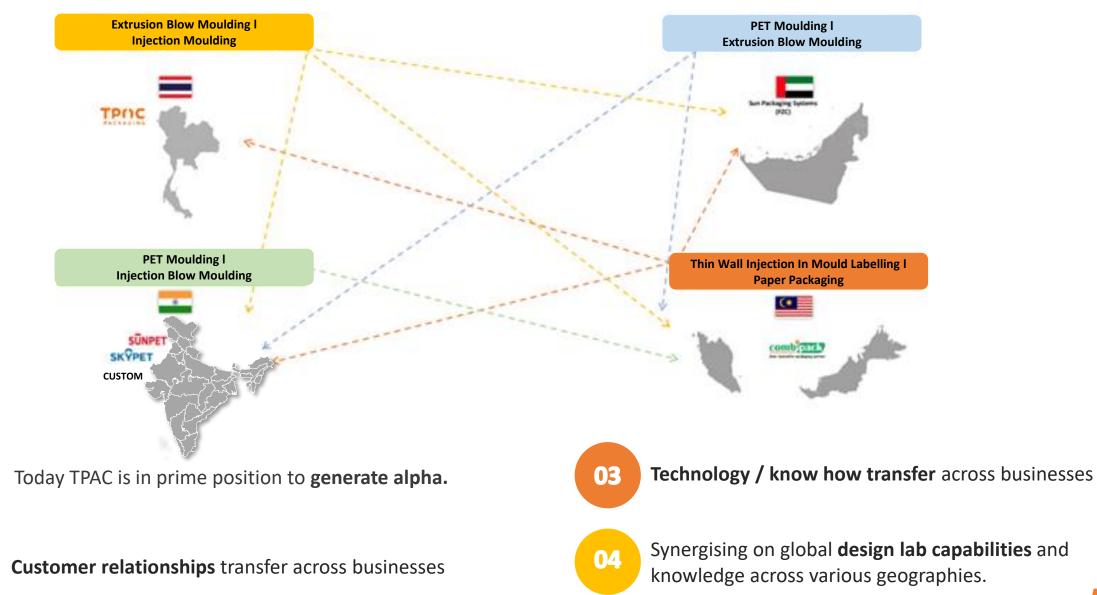
**Incorporating a zero-based accounting mindset** with a culture of cost discipline & optimization. Satisfactory results achieved (manpower optimization) & further efforts are being undertaken.

**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

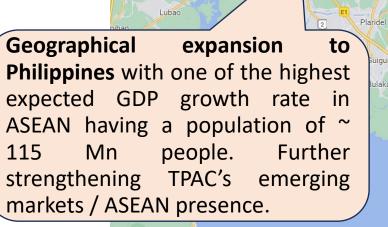




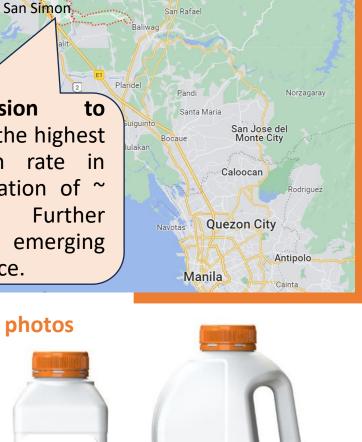
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TPAC's entry into the Philippines is the first time we are entering into a new geography organically and not via M&A. Management now confident to organically enter into new geographies and take market share

- 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.



ridablanca





## Few product photos



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

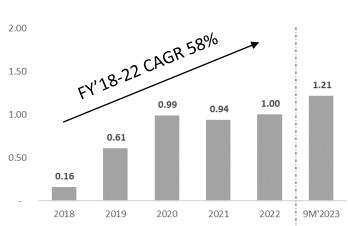


THB



01

03

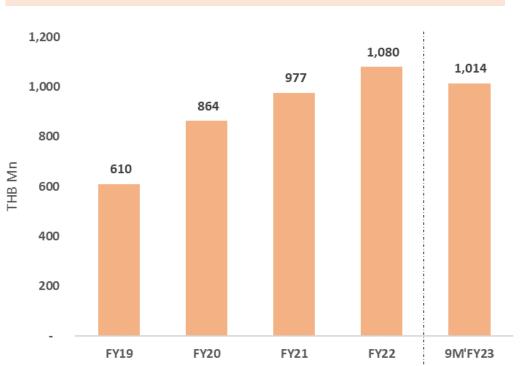


**Core EPS** 

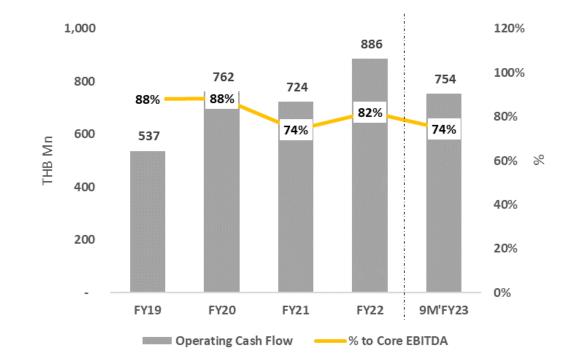
- Strong growth in the topline and bottomline over the last 5 years giving us the title of Asia's fastest growing packaging company.
- 9M'23 Core EPS of THB 1.21 gives a solid performance to the year, reflecting a jump of ~79% over 9M'22.
  - Core EBITDA for 9M'23 is ~THB 1,014 Mn, which is a jump of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

## Strong operating cash flows generation with a Core EBITDA conversion rate of ~75% - 80%.





Core EBITDA



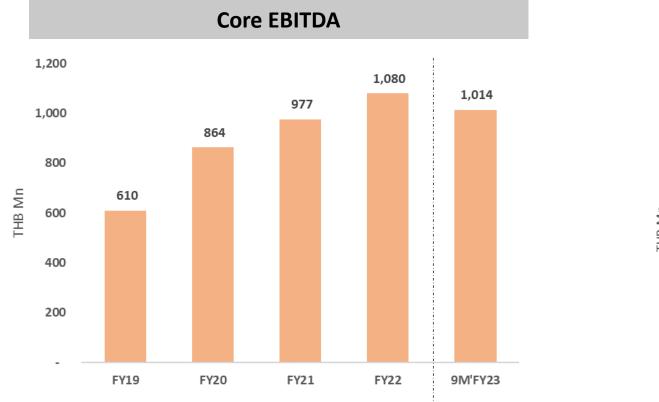
**Operating Cash Flow** 

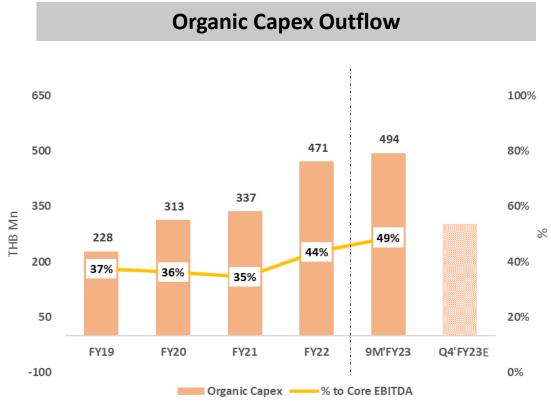


TPAC has consistently been able to generate a healthy cash flow from operations

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.







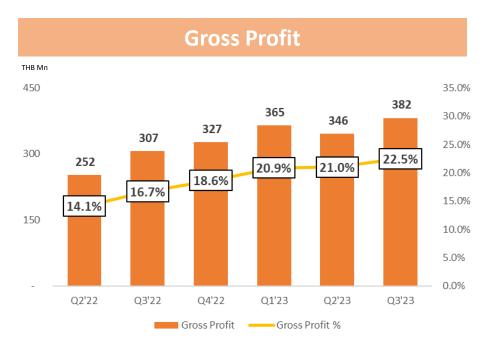
Q4'FY23 to witness a **sharp rise in organic capex intensity** as we further invest on infrastructure and capacity to build a strong foundation for future growth.

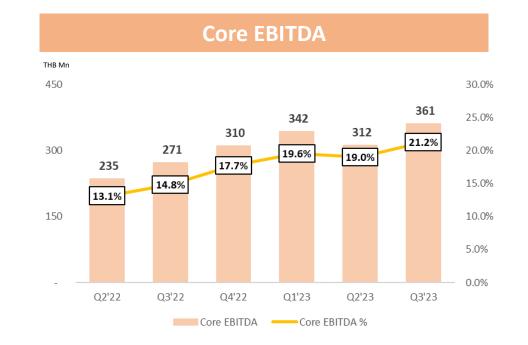
## EPS in 9M'23 outperforms full year FY22 by almost ~ 20%



	9M'23 A	9M'22 A	$\Delta^1$	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

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.



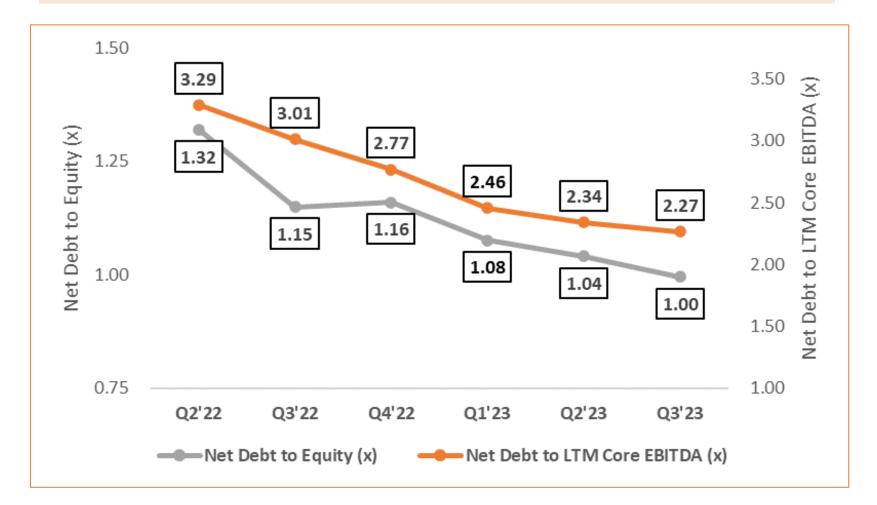


#### Management's response since Q2'22:

- 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.

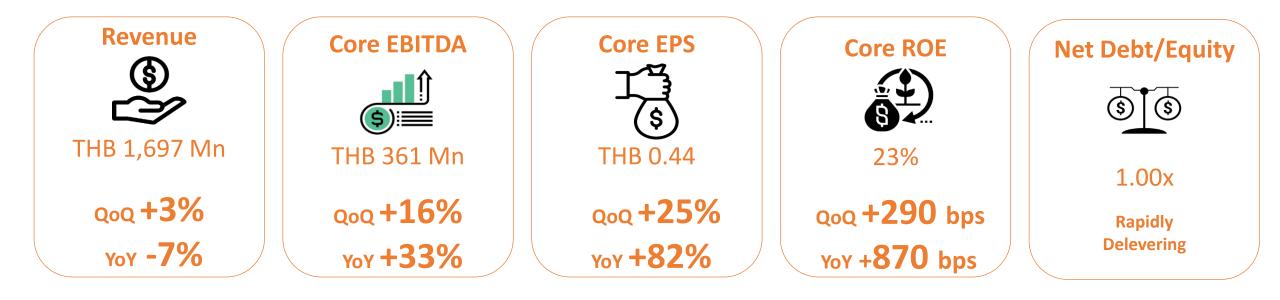


#### Sharp improvement in Net Debt to Equity and Net Debt to LTM Core EBITDA



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





• Q3'23 marks an all-time high profitability with Core EBITDA of THB 361 Mn, surpassing our earlier record in Q1'23.

• ~ 80% growth in Core EPS on YoY basis, from THB 0.24 in Q3'22 to THB 0.44 in Q3'23.

01

02

03

- 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
  - 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.

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## 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.





# Making Packaging Better

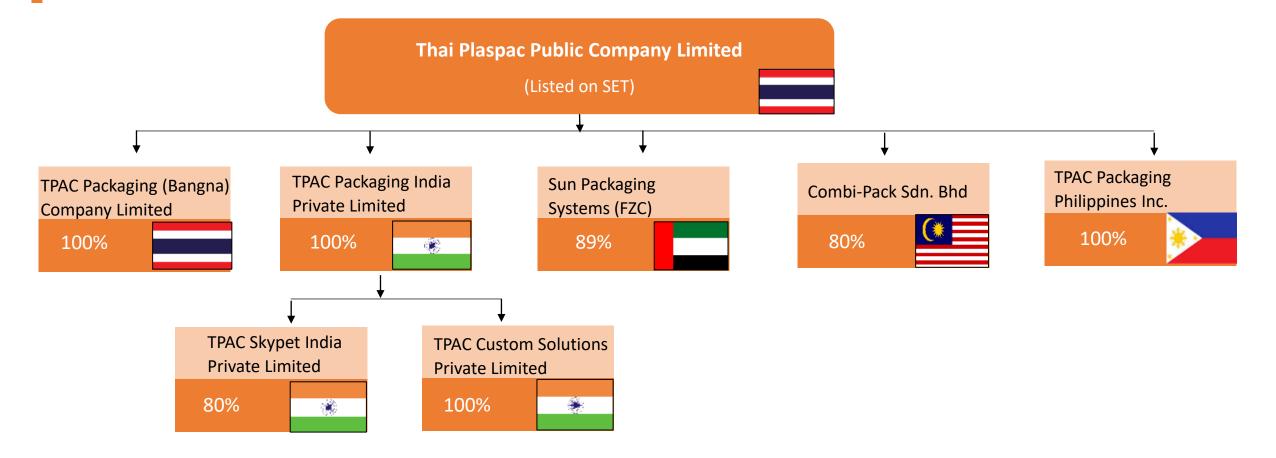
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## TPAC Group Corporate Structure





- 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

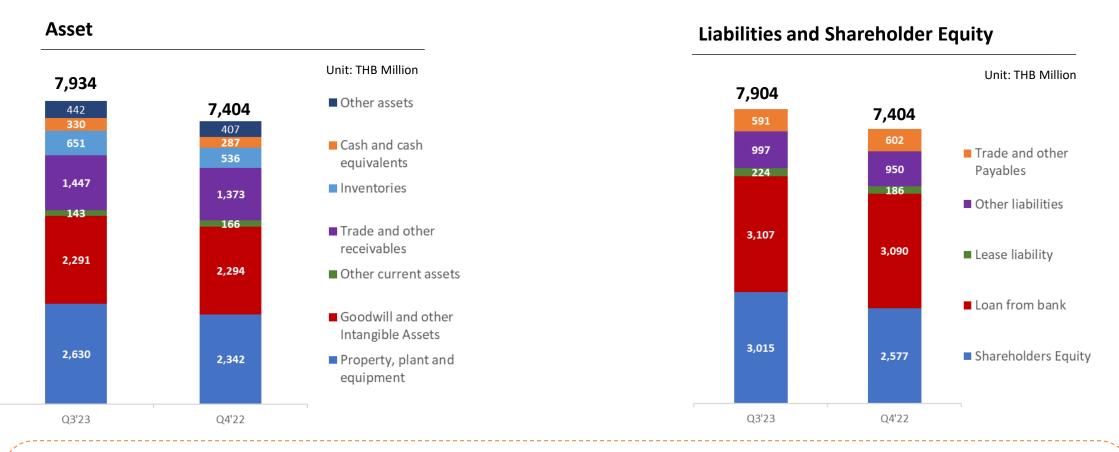


								Unit: THB Mn
		Quarterly			Financial Years			
	Q3'23	Q2'23	%Δ	Q3'22	% <b>Δ</b> <sup>1</sup>	YTD Sep'23	YTD Sep'22	%Δ
Consolidated Sales <sup>2</sup>	1,697	1,644	3%	1,834	-7%	5,090	5,245	-3%
EBITDA	361	312	16%	271	33%	1,014	759	34%
Core EBITDA <sup>3</sup>	361	312	16%	271	33%	1,014	770	32%
Core EBIT 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

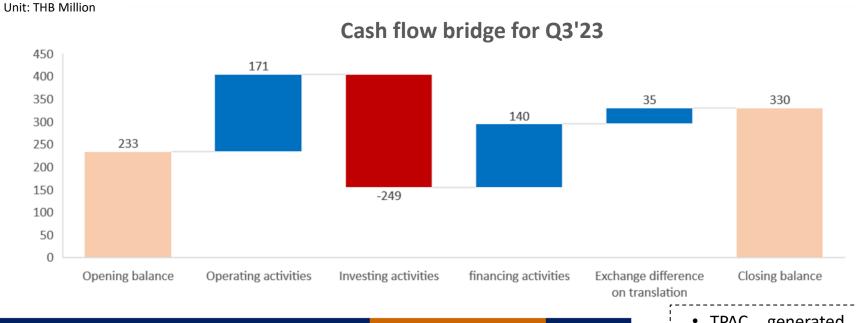




- Increase in shareholders equity by ~ THB 439 Mn during Q3'23 vs Q4'22 is primarily on account of profit for the quarters and gain on foreign exchange translation.
- Net Working Capital amounting to ~ THB 1.5 bn as % to LTM Revenue is ~22% for the quarter.
- Significant improvement in leverage ratios 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.

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## 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.



- 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.



- 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.

## Sustainability Roadmap

- 100% of our product to be recyclable by 2025
- **Reducing** our **polymer consumption** by 5% through weight reduction initiatives

50% of TPAC factories with Solar plant by 2025

To publish the first sustainability report by 2024\*

## **Inclusion** in THSI by 2024

\* Capturing of scope one emission data for the group by 2024









## Enhancement Opportunities with Rigid Mono-material Packaging





Driving conversion from non-recyclable polymers to recyclable winners

PS to recycle friendly PET for Mint Box

#### Reducing virgin, increasing recycled content

> 10 projects with global MNCs using rPET resin.





#### Light Weighting

Weight reduction projects through design optimization and technology advancements.

*Multiple ongoing projects* leading to savings of more than 600 Tons of polymers annually and many more projects under development

### Simplifying Rigids

"Effortless removal of unfriendly labels and stickers from rigid mono-material plastic packaging with ease."

"Optimal recycling value: By embracing transparency or light tones in materials."



## 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