

# Sahamitr Pressure Container Public Company Limited

Opportunity Day - 1H19 Presentation



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22 August 2019

# Agenda

**I. SMPC Overview**

II. Industry Overview

III. Financial Highlights

IV. Business Outlook



# Agenda

## I. SMPC Overview

- Profile
- Products
- Process

## II. Industry Overview

## III. Financial Highlights

## IV. Business Outlook



## I. SMPC Overview : Profile

# Background



SMPC is a world leading Low Pressure Vessel manufacturer with customers in almost 100 countries



Main Products which generate major sales volume are LPG Cylinders



Established in 1981 by the “Ekahitanond” family



Listed in SET market in 1991



Production capacity 10 million cylinders per year



Located in Bangkok, Thailand







Present Plot of Land

|          |           |     |
|----------|-----------|-----|
| Original | 28-3-89.9 | Rai |
| New Land | 17-1-24   | Rai |
| Total    | 46-1-13.9 | Rai |



## 2019 Efficiency Improvement on Logistic



- Moved the parking lots from existing area to new land in order to expand finished goods storage area



- Built new loading area in order to improve logistic process

## Key Milestones

***“SMPC has continuously developed its business since its establishment to be one of the world-leading manufacturers in liquefied petroleum gas (LPG) cylinder business”***

- Established by the “Ekahitanond” family with a capacity of 6.4 million baht
- LPG cylinder production capacity approx. 60,000 cylinders per year

1981

- In 1985 Certified TIS Standard for LPG cylinder manufacturing “Always Standard”
- Listed in the Stock Exchange of Thailand (SET)
- New production facility project at Bangkhunthien-Chaitalay Rd

1985-1991

1992-1995

- Operation of second factory started, production capacity increased to 2.4 million cylinders per year in 1992
- First Thai cylinder manufacturer to be accredited with ISO 9002 standard in 1995

2001-2010

- Annual production capacity reached 5 million cylinders in 2001
- Catching the Autotank market boom, SMPC was the first Thai manufacturer to be accredited with TIS 370-2009 standard for safe product of cylindrical and toroidal automotive LPG cylinders.

2012-2013

- Constructed third factory.
- Launched new products; parts and components for automotive and Light-Weighted Cylinder

2014-2015

- Capacity increased to 5.5 and 6.2 million cylinders per year, respectively
- SET Awards 2015 “Best Company Performance”

2016-2017

- Paid-up capital increased to THB 529 million in 2016 and THB 532 million in 2017 due to ESOP exercise
- Capacity increased to 8.2 million by end of 2017
- ESG100 Award from Thaipat Institute for 2016-2017
- SET Awards 2017 “Best Company Performance” and Outstanding CEO
- Accredited the ISO 14001 standard and CAC member for Anti-Corruption Practice

2019

- Built new loading area on new land in order to improve logistic process

- Paid-up capital increased to THB 535 million due to ESOP exercise
- Capacity increased to 10 million by end of 2018
- ESG100 Award from Thaipat Institute for 2018
- Accredited “Customs Alliances” Certificate from Thai Customs Department
- CAC member for Anti-Corruption Practice

2018



## International Summit



- During March 3-4, 2019, the company attended South Asia LPG Summit at Dhaka, Bangladesh
- During March 20-22, 2019, the company attended 34<sup>th</sup> AIGLP at Lima, Peru



- During April 3-4, 2019, the company attended Myanmar LPG Summit 2019 at Yangon, Myanmar
- During April 9-11, 2019, the company attended LPG West Africa 2019 Forum & Exhibition at Lagos, Nigeria



## International Summit



During July 3-4, 2019, the company attended 6<sup>th</sup> Africa LPG Summit 2019 at Dar Es Salaam, Tanzania

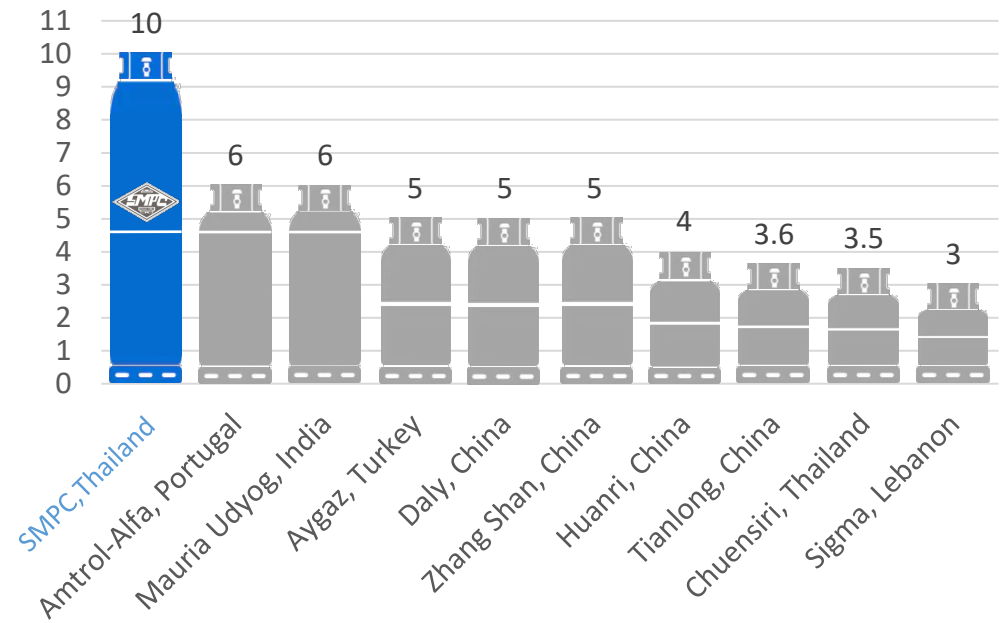
## 2019 Attend International Exhibition



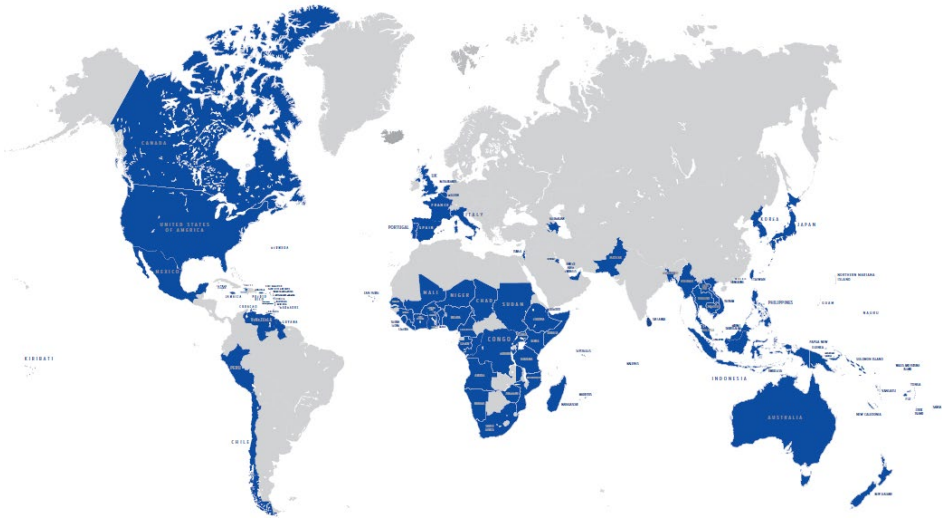
# World-Class Cylinder Manufacturer

*“Currently, SMPC is still maintain its marketing position as one of the Top 3 LPG cylinder manufacturers in global market with various customers based in almost 100 countries ”*

List of Top 10 Cylinder Manufacturers



SMPC’s Present in Global Market



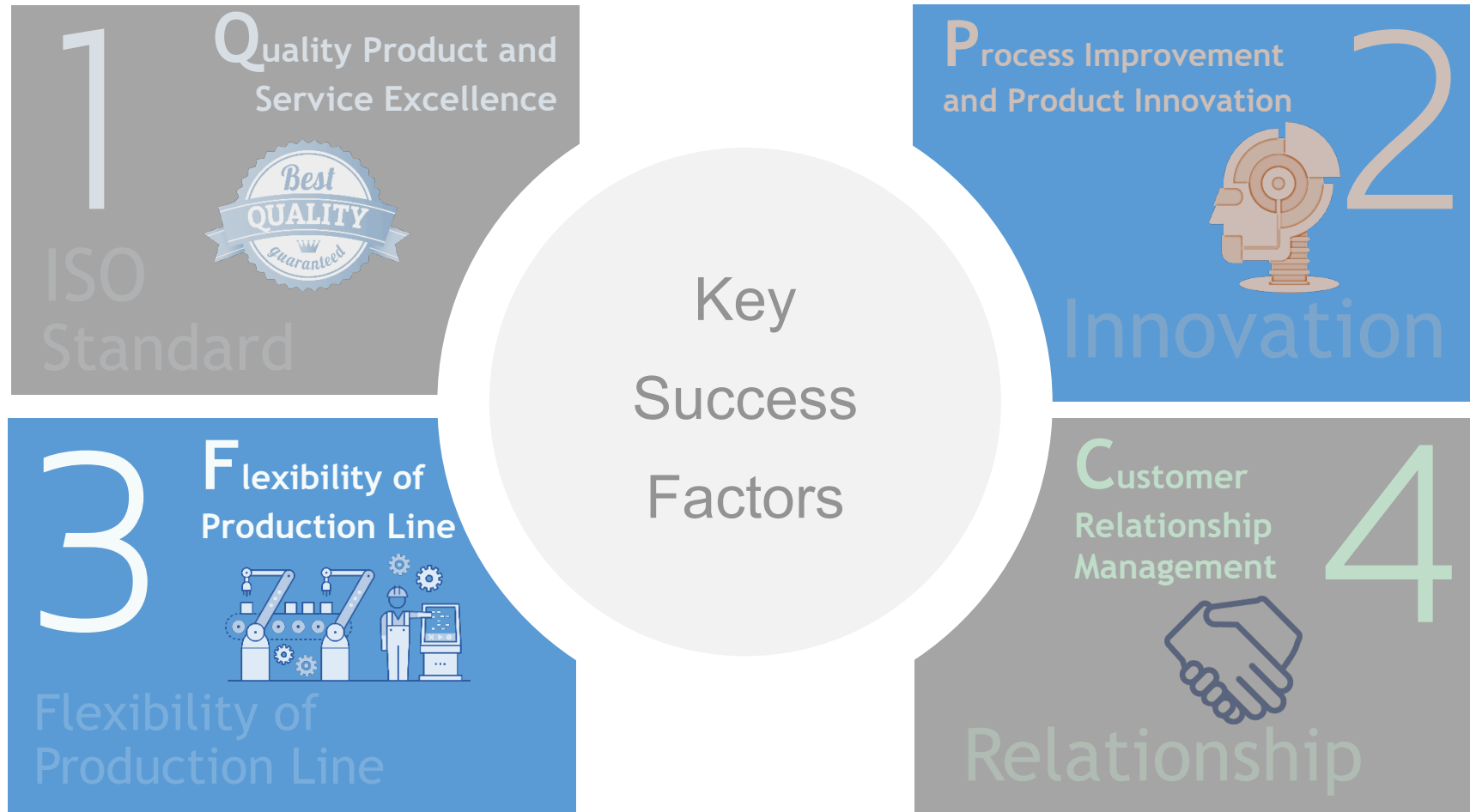
- Currently, SMPC has capacity of 10 million cylinders per year, being one of the three largest manufacturers in the world
- More than 90% of SMPC products are exported to almost 100 countries around the world





## Business Key Success Factors

***“Experienced in LPG cylinder business about 38 years, SMPC, currently, is one of the world-leading manufacturer who offers variety of products and service with excellent quality assurance”***



## Wide Ranges of Product Coverage

Household LPG Cylinder 0.45 - 190 kg.  
(Water Capacity 0.9 - 450 lt.)



2 Piece Cylinder 0.45 - 16 kg.  
(Water Capacity 0.9 - 36 lt.)

3 Piece Cylinder 18 - 190 kg.  
(Water Capacity 43 - 450 lt.)

## Automotive LPG Cylinder



3-Separated Valve System  
Cylinders



4-Separated Valve System  
Cylinders



Multi-Valve System  
Cylinders



Automotive Toroidal LPG  
Cylinders

## Other Cylinders



Air Gas Cylinders



Refridgerant  
Cylinders



Chlorine  
Cylinders



Ammonia  
Cylinders

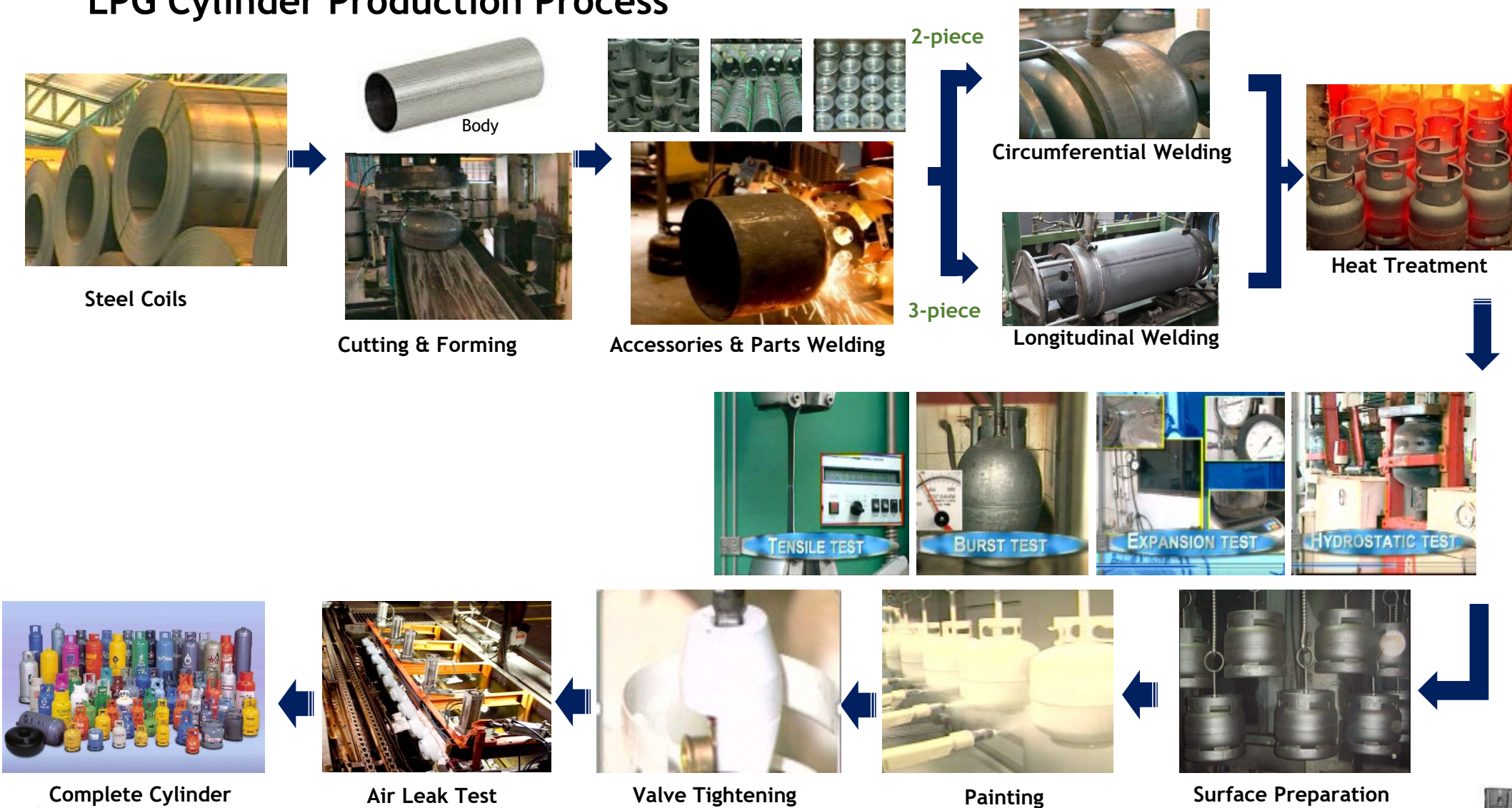
Our Customers



And Others Customers



# LPG Cylinder Production Process



# Agenda

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## II. Industry Overview

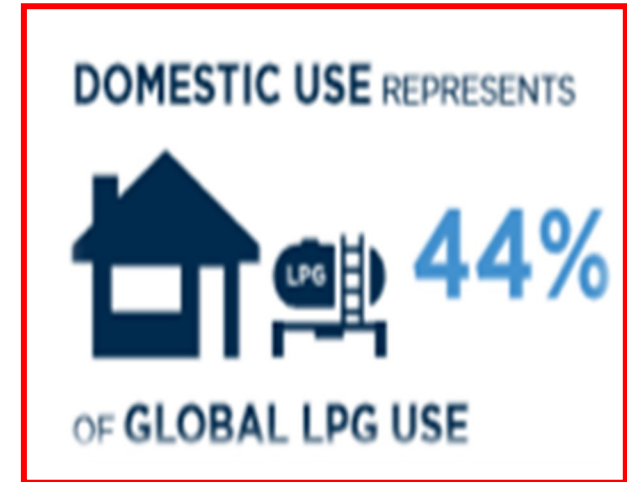
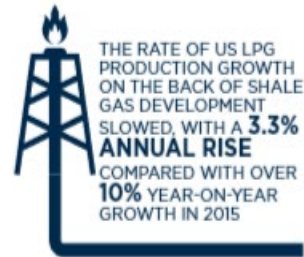
- Overview
- Growth Opportunities
- Campaign

## III. Financial Highlights

## IV. Business Outlook



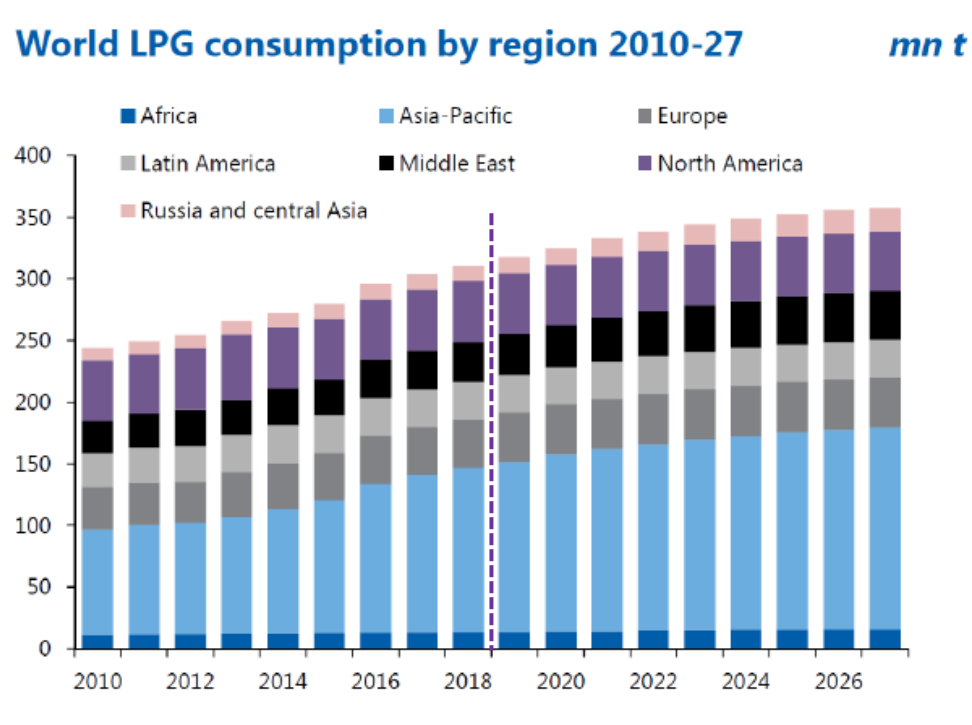
## About the Industry



- The report show that Global LPG production in 2016 increased from 2015 by 5.75%.
- Almost half of the world's demand for LPG is as a residential fuel where much of it is used for cooking.

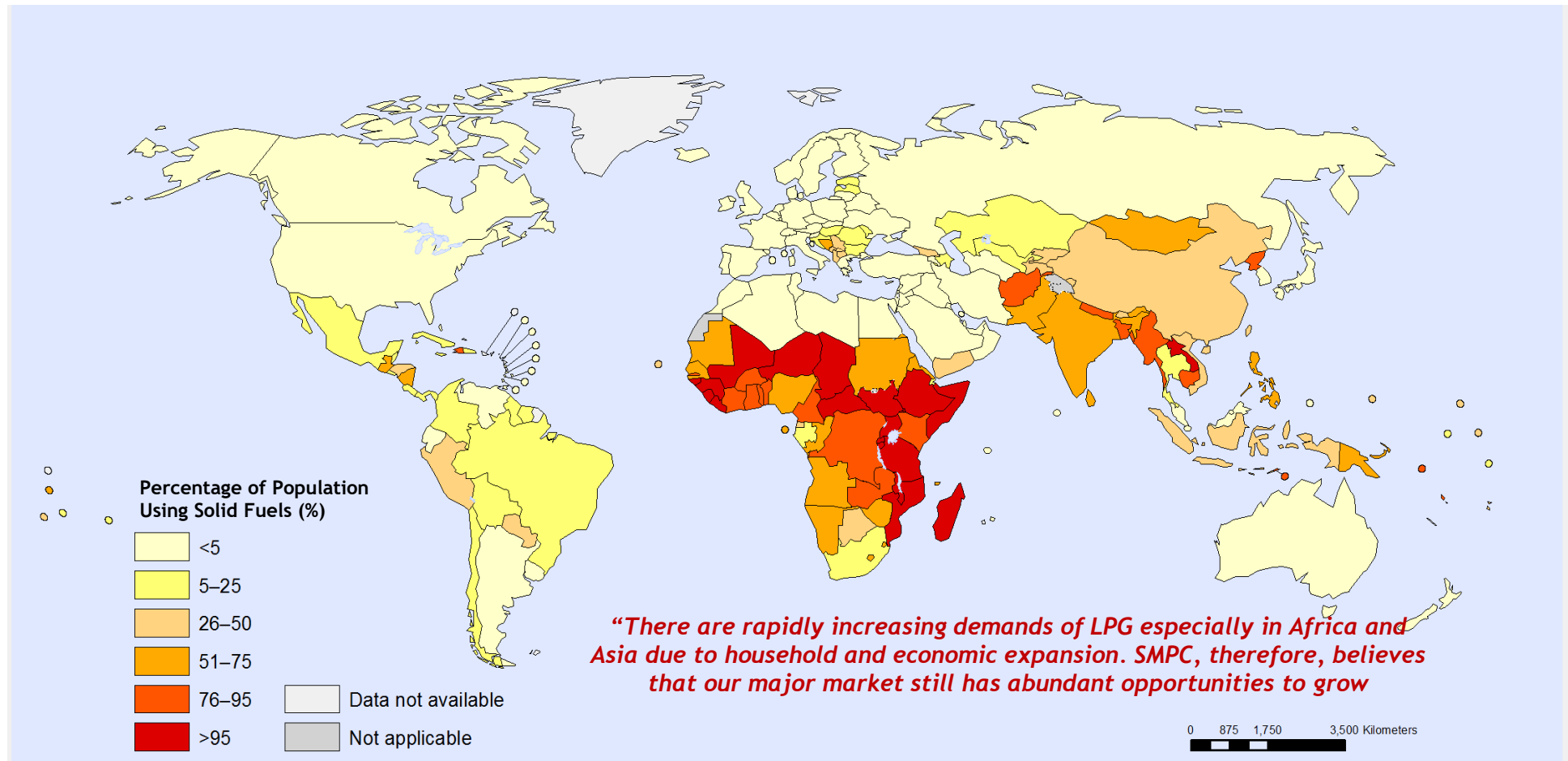


## Predicted Global LPG Consumption



- Predicted global LPG consumption is gradual growth each year, so there are abundant opportunities for SMPC to grow.
- This high temperature of LPG makes it an excellent fuel for cooking, especially in Asia where the use of the wok demands a fierce flame

## Large Room for Household LPG Demand Growth in Selected Areas





## Cooking for Life Campaign by World LPG Association

*“A campaign of the global LPG industry, aims to transition **ONE BILLION** people from cooking with traditional fuels as well as other dirty and dangerous fuels such as Kerosene to cleaner-burning **LPG by 2030**”*



The focus for Cooking For Life in 2018 was on communicating the benefits of switching populations from cooking with biomass and other dirty and dangerous fuels to LPG. The initiative refreshed and updated five key studies and reports while creating a number of video case studies and social media friendly infographics on crucial issues.

Cooking For Life held two successful workshops in Dhaka and Yangon and participated in numerous public events in venues as varied as Bogota and Abuja. The focus of all these events was on providing good industry practices and policy tools for growing the industry in a safe and sustainable manner.



# Agenda

I. SMPC Overview

II. Industry Overview

III. Financial Highlights

- Utilization Rate
- Sales Revenue
- Financial Ratios

IV. Business Outlook

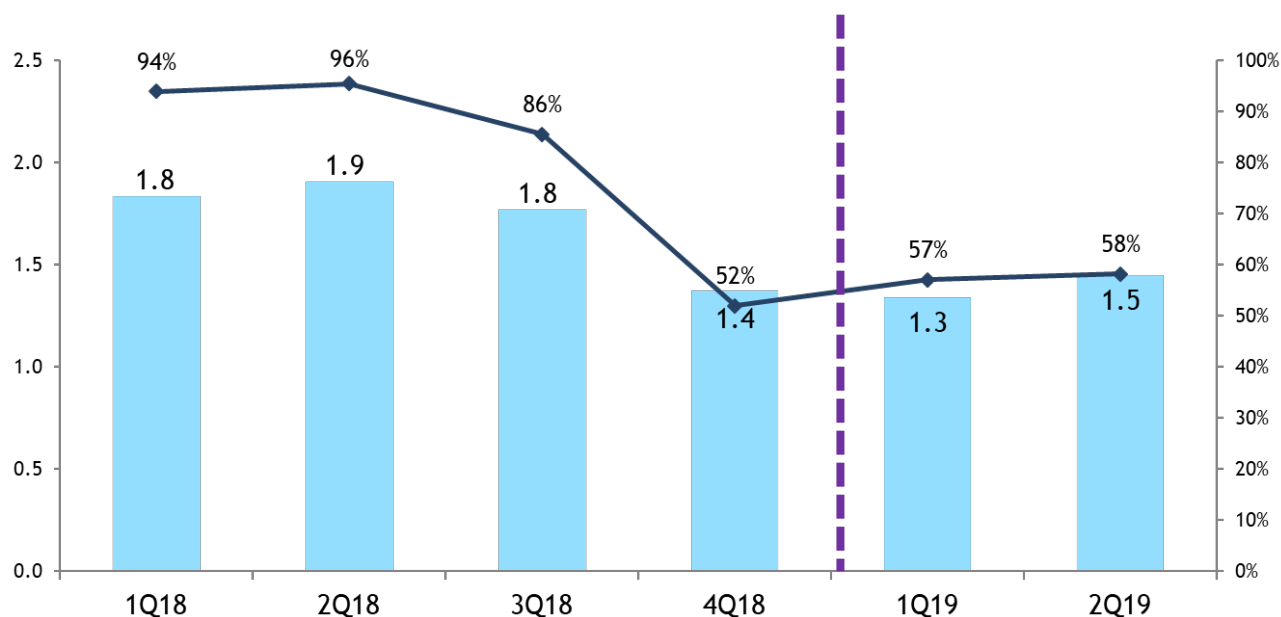


## Operational Statistics

### Utilization Rate (%) 1Q18-2Q19

Sales Volume (Million Cylinders)

Utilization Rate

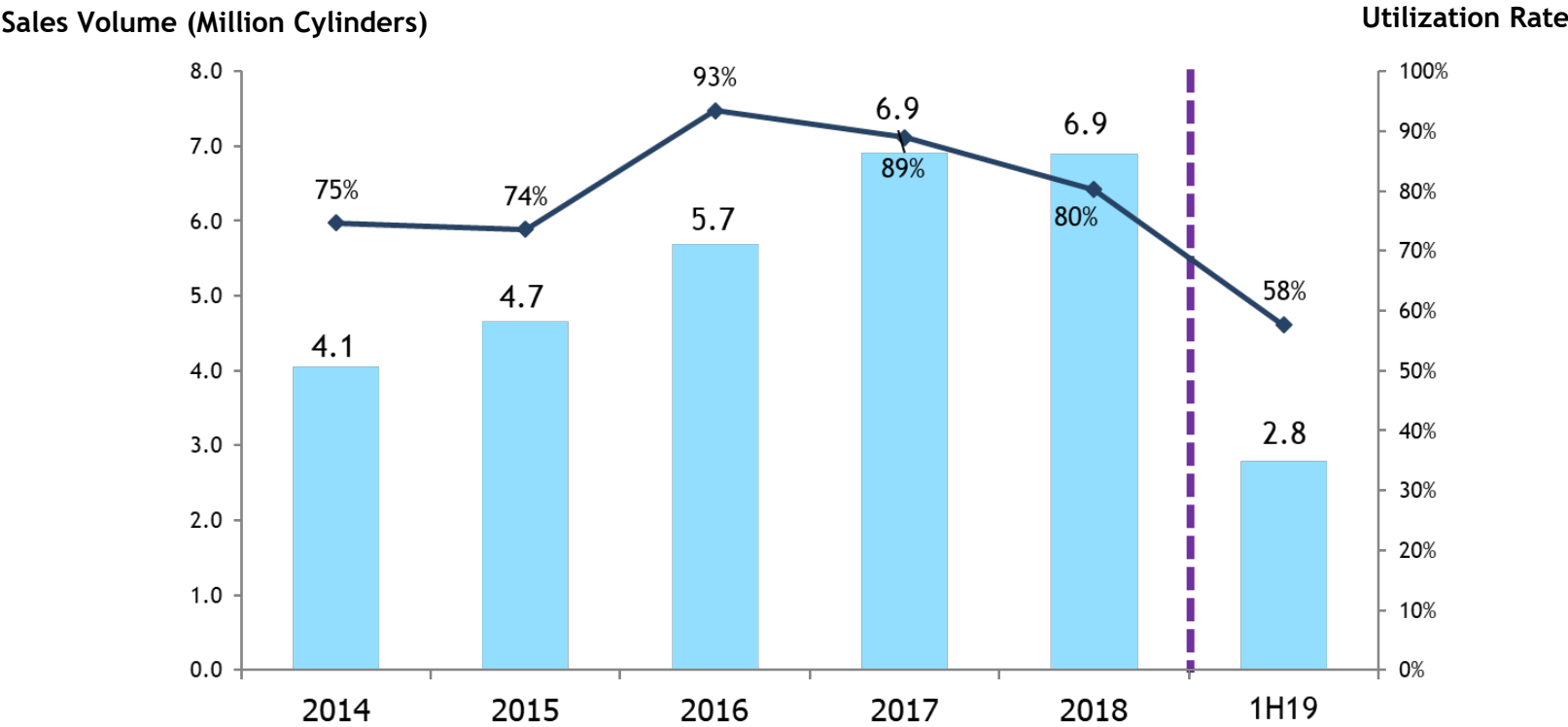


- Sale Volume of 2Q19 is close to 1Q19 since the effect from a delay in customers' order due to weaker local currency of some Asia customers. However, these situations begin being back to normal
- Utilization rate is close to prior quarter. However, compared to 2018, it decreased due to fewer sale volume and the company increase production capacity from 8.2 million cylinders per year to 10.0 million cylinders per year since the beginning of 4Q18

| Capacity<br>(million cylinder) | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 |
|--------------------------------|------|------|------|------|------|------|
| Per Year                       | 8.2  | 8.2  | 8.2  | 10.0 | 10.0 | 10.0 |
| Per Quarter                    | 2.05 | 2.05 | 2.05 | 2.50 | 2.50 | 2.50 |

# Operational Statistics

Utilization Rate (%) 2014-1H19



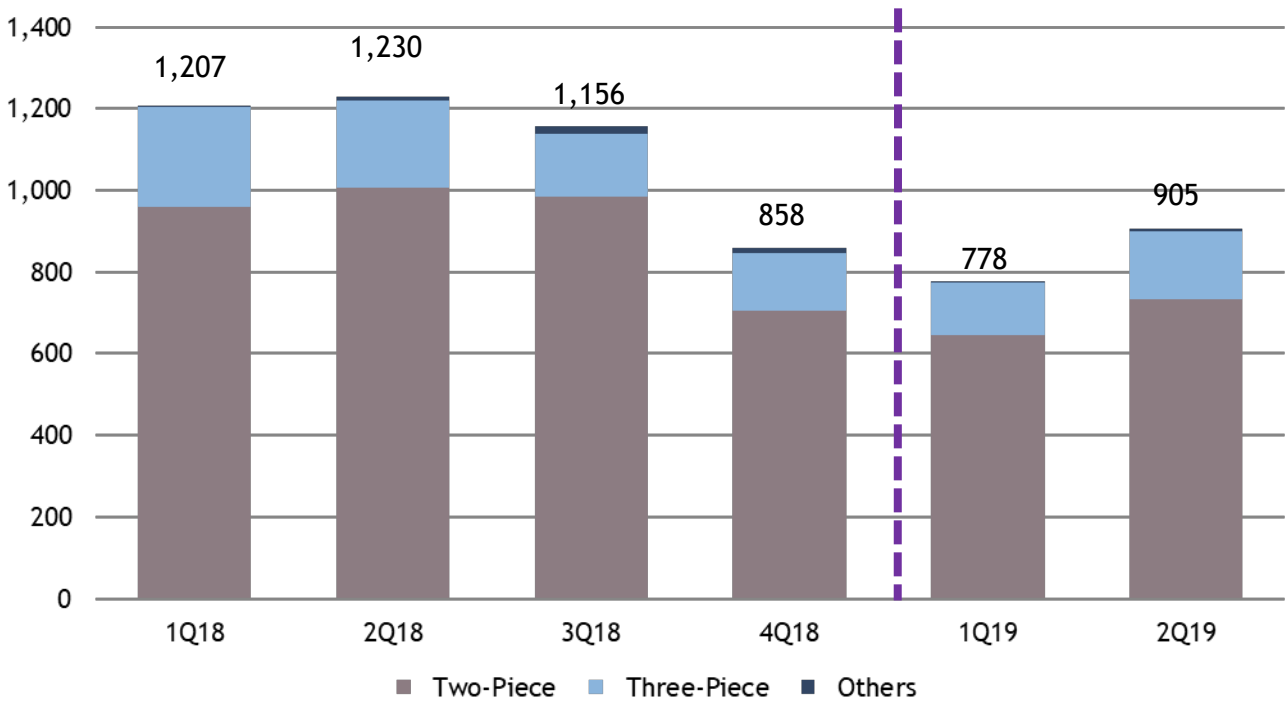
| Capacity<br>(million cylinder) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|------|------|------|------|------|------|
| Per Year                       | 5.5  | 6.2  | 6.2  | 7.7  | 8.7  | 10.0 |
| Per Quarter                    | 1.38 | 1.55 | 1.55 | 1.93 | 2.16 | 2.50 |



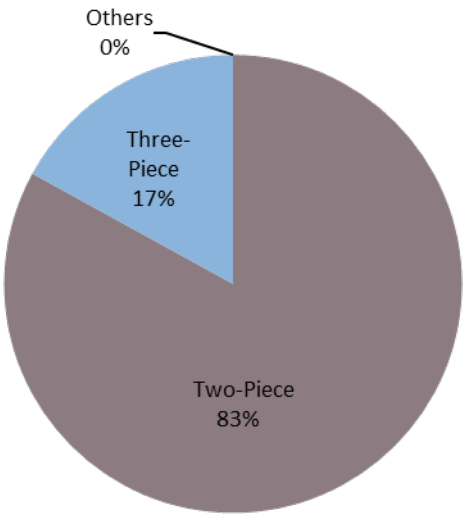
# Operational Statistics (Cont'd)

Sales Revenue by Product Category : 1Q18-2Q19

Sales Revenue (Million Baht)



2Q19



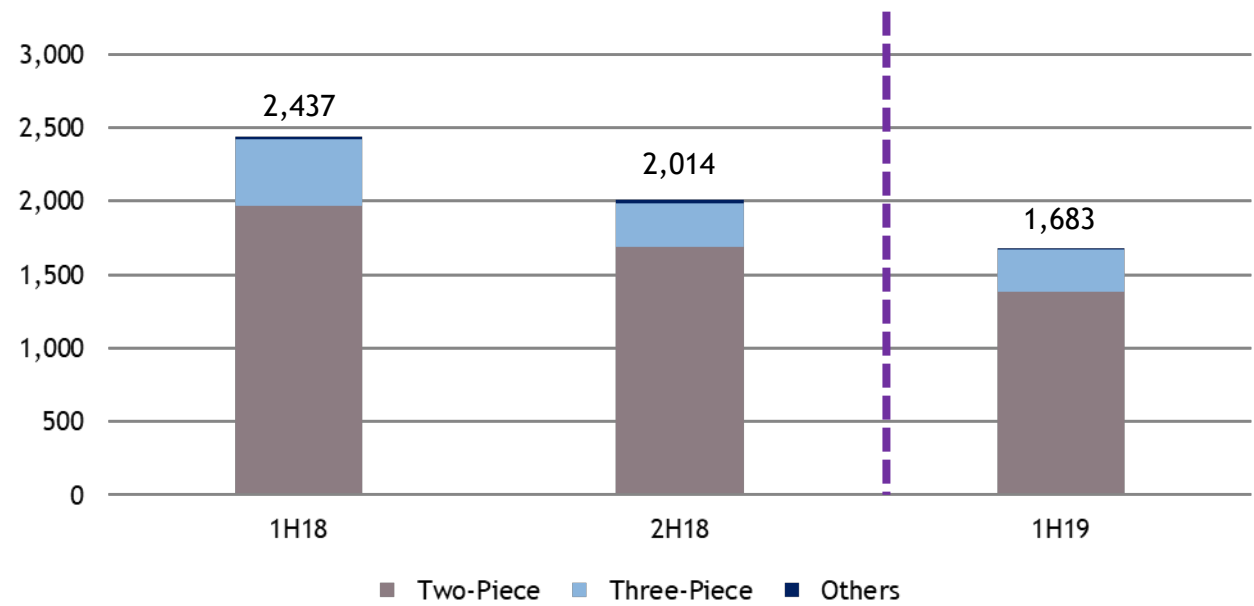
905 million baht



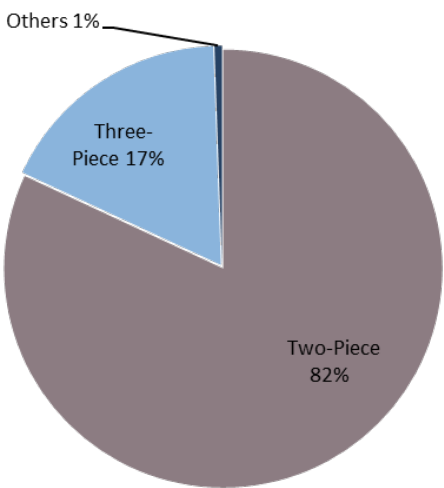
# Operational Statistics (Cont'd)

Sales Revenue by Product Category : 1H18-1H19

Sales Revenue (Million Baht)



1H19



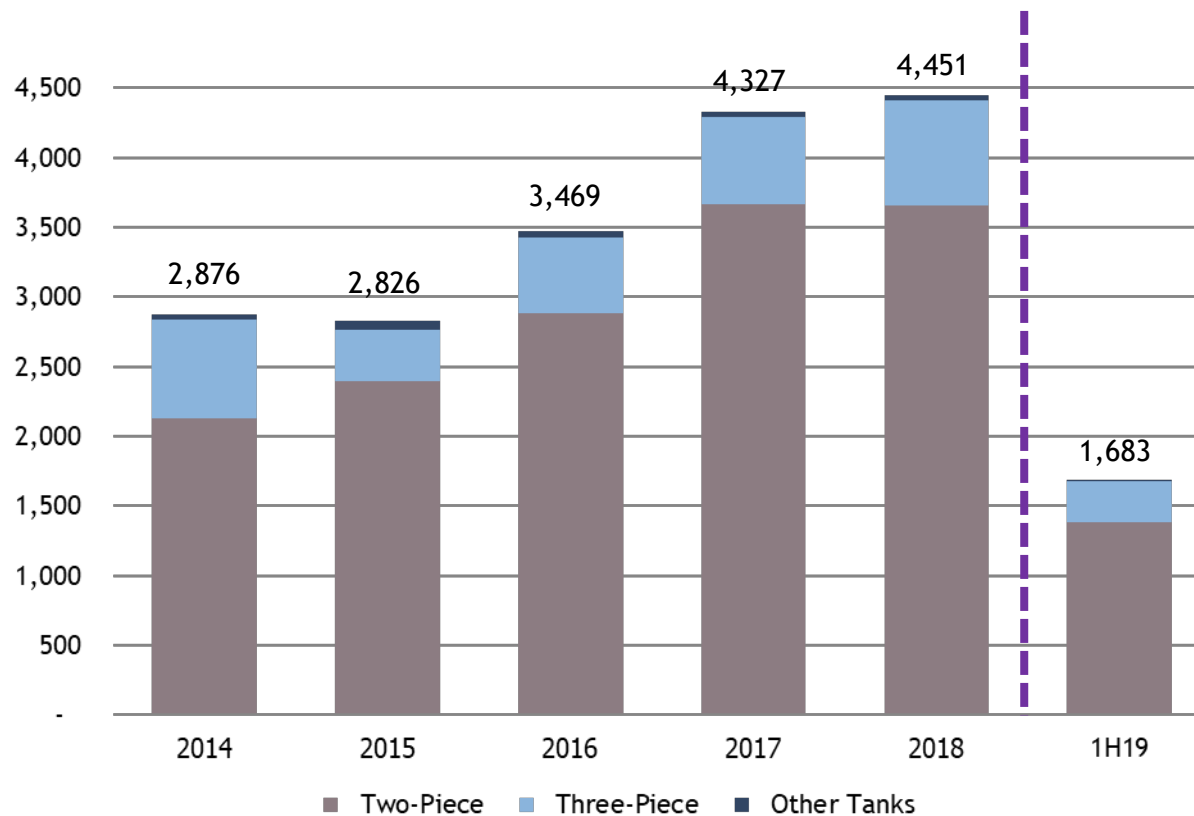
1,683 million baht



## Operational Statistics (Cont'd)

### Sale Revenue by Product Category : 2014 - 1H19

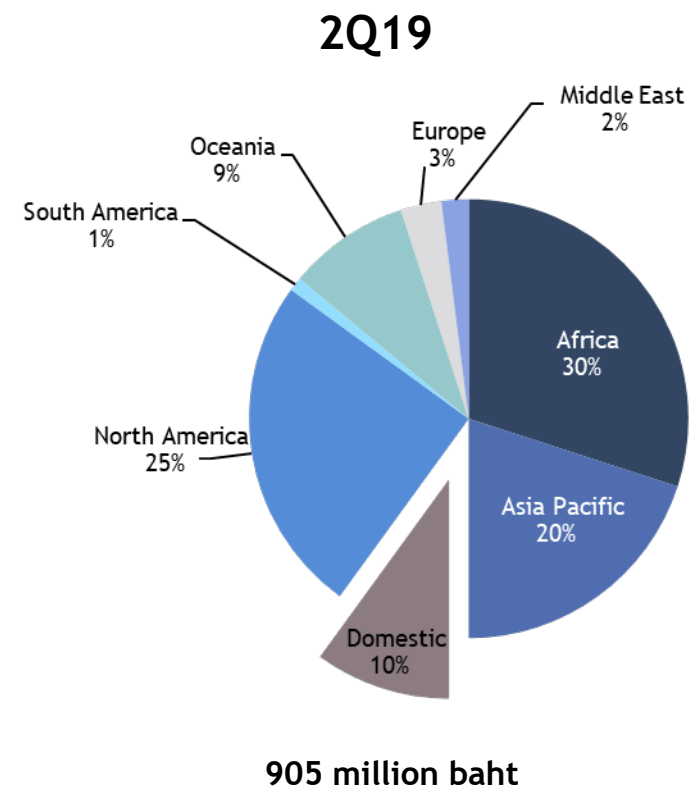
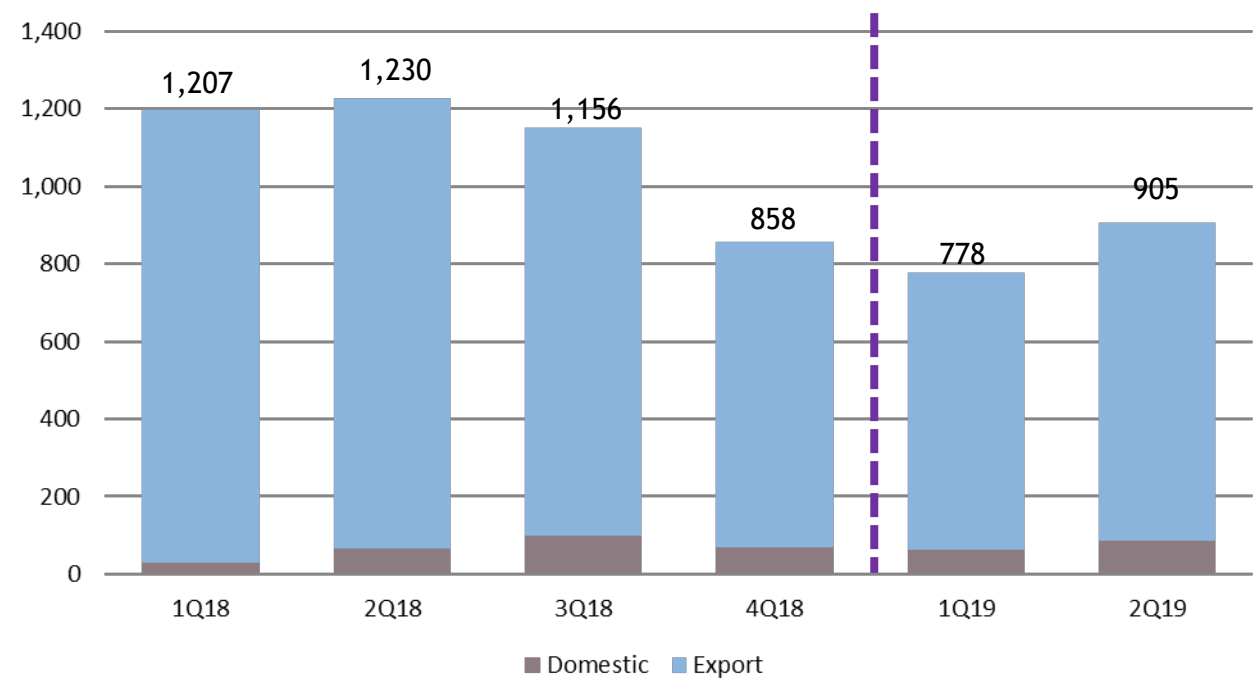
Sales Revenue (Million Baht)



# Operational Statistics (Cont'd)

## Sales Revenue by Geography : 1Q18 - 2Q19

Sales Revenue (Million Baht)

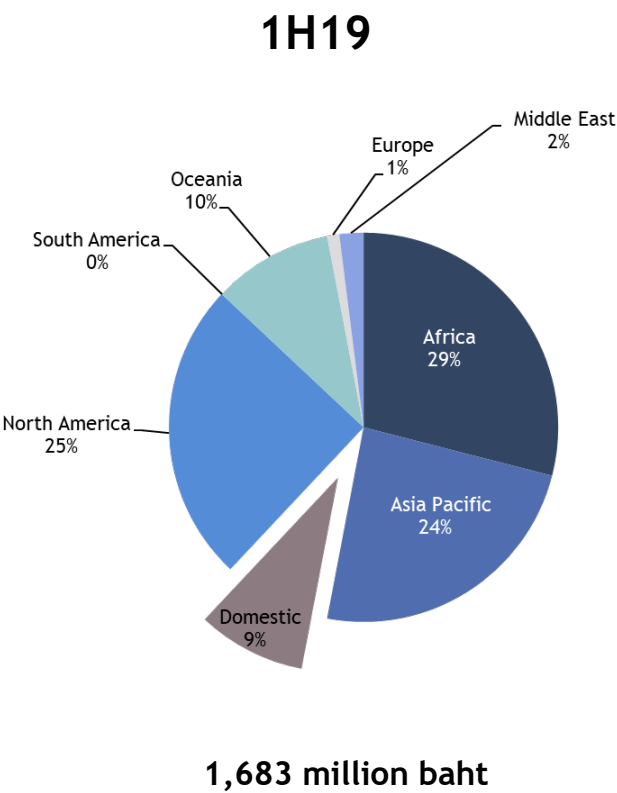
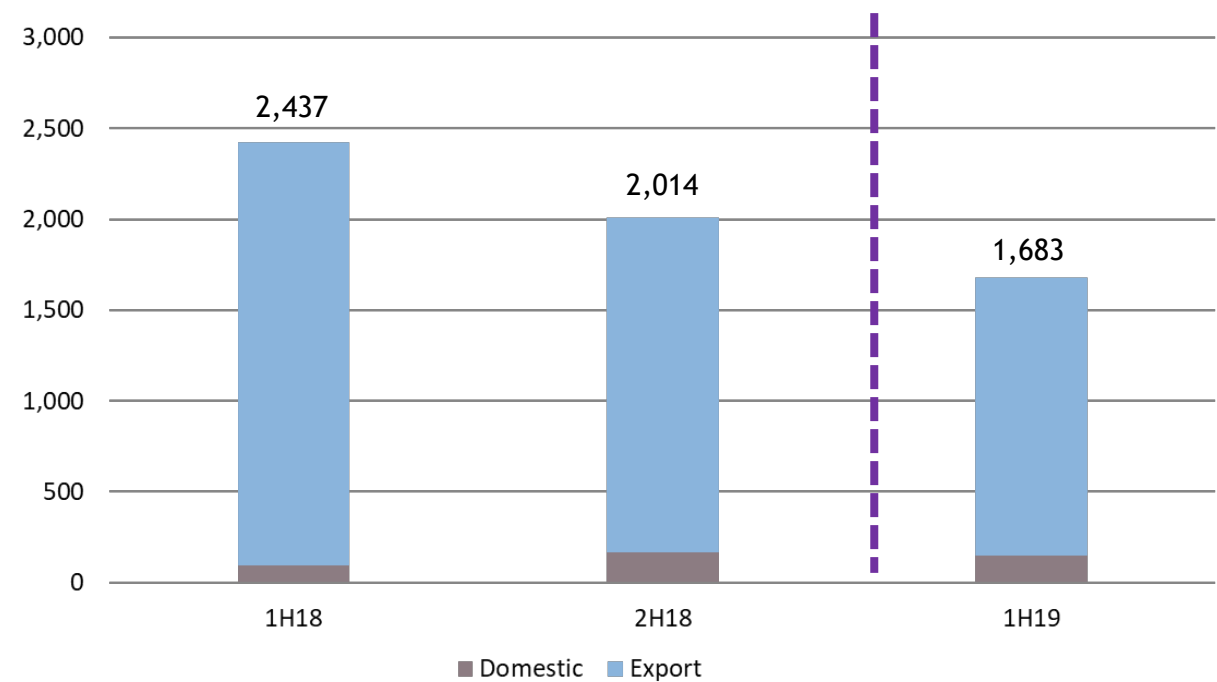


- The U.S. government policy regarding Anti-Dumping of Steel propane cylinders causes the portion of sale from North America in 2019 increased from prior period because import duties from Thailand is lower than from China.

# Operational Statistics (Cont'd)

## Sales Revenue by Geography : 1H18 - 1H19

Sales Revenue (Million Baht)

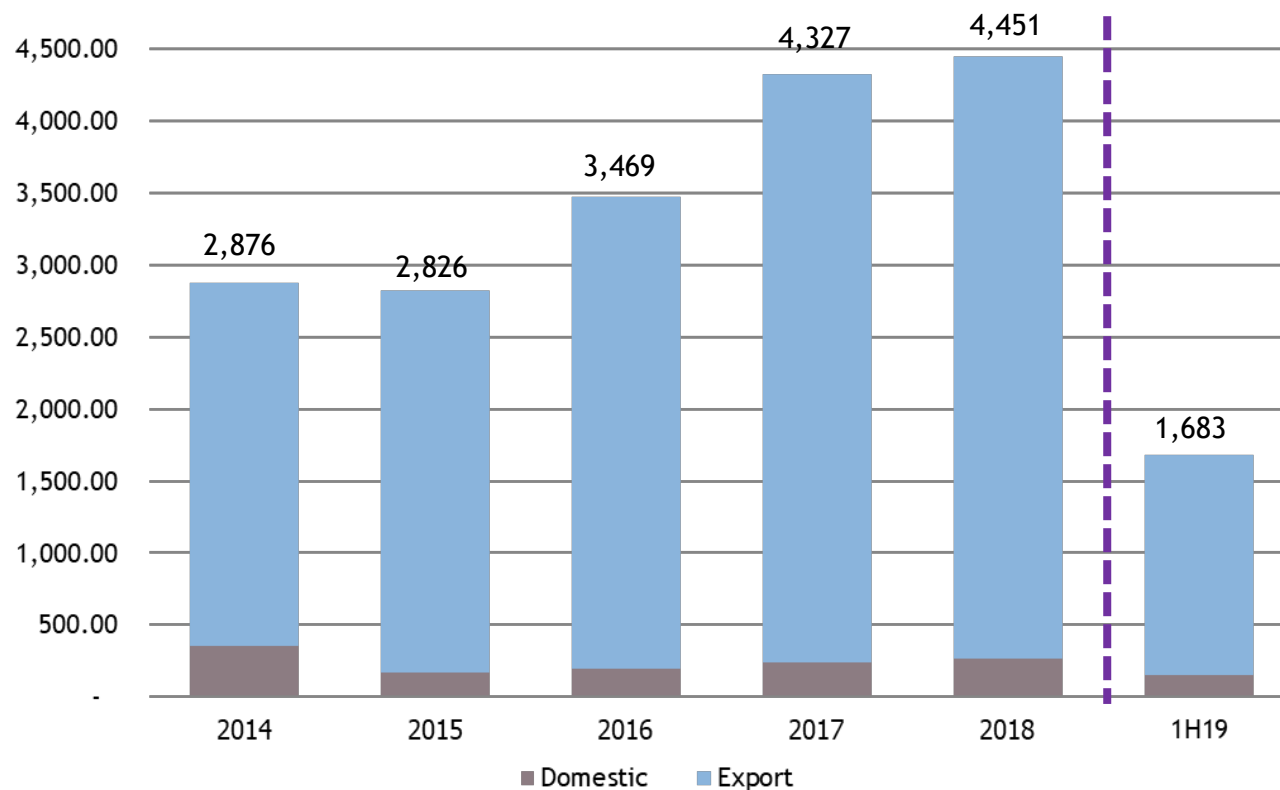




## Operational Statistics (Cont'd)

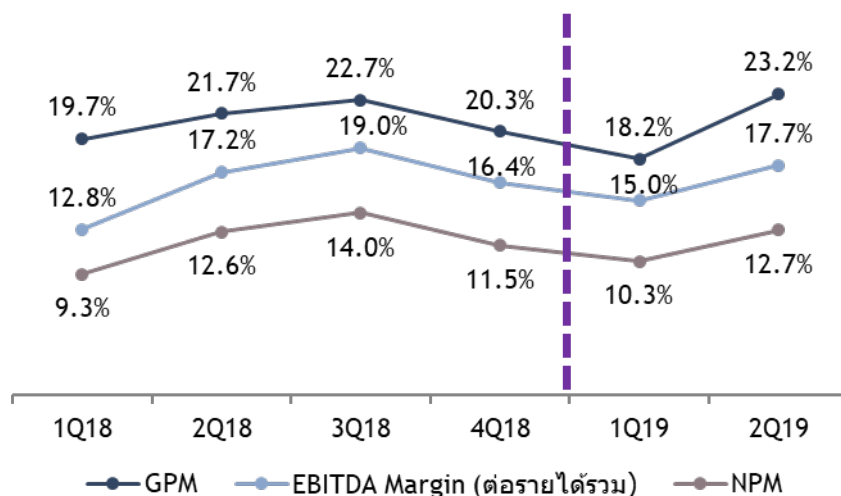
### Sales Revenue by Geography : 2014 - 1H19

Sales Revenue (Million Baht)

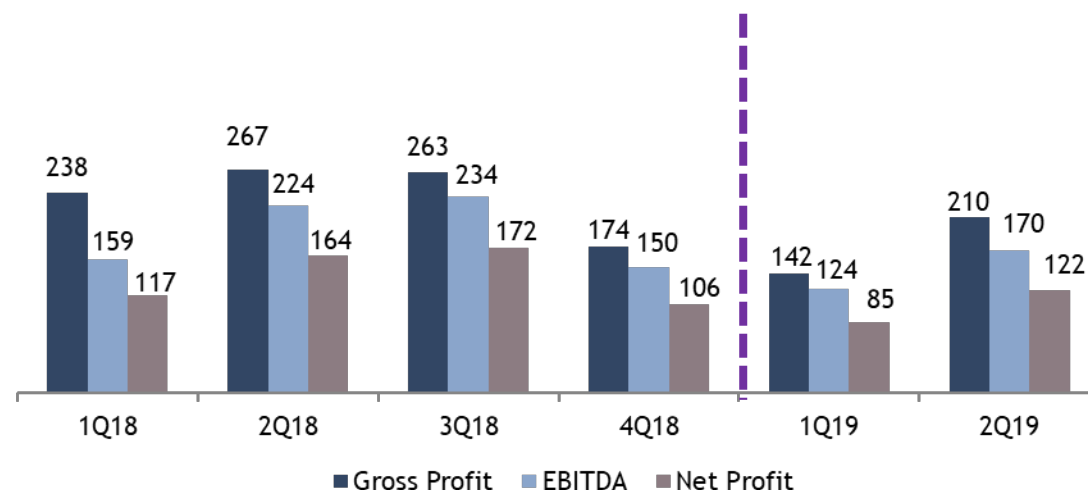


## Operational Statistics (Cont'd)

GPM, EBITDA Margin and NPM (%) 1Q18-2Q19



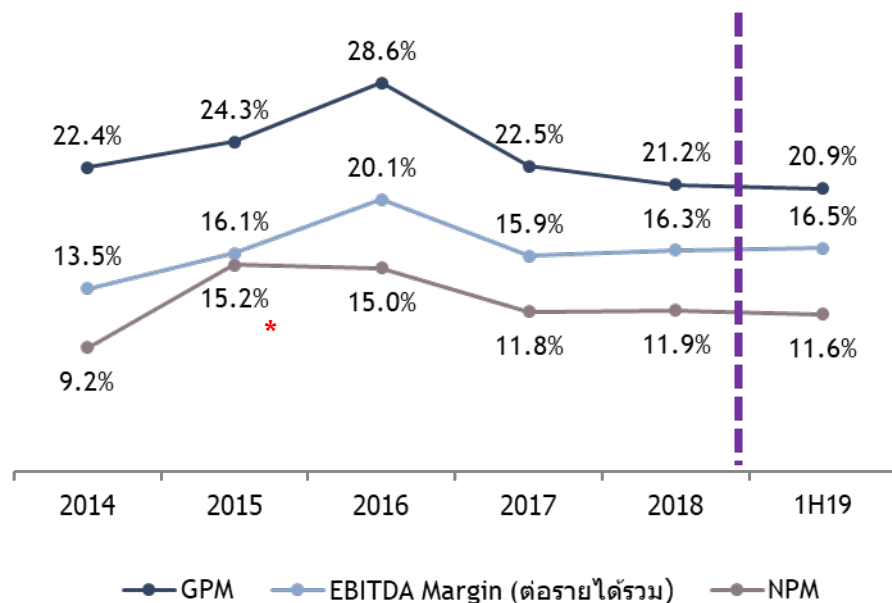
Gross Profit, EBITDA and Net Profit (MB) 1Q18-2Q19



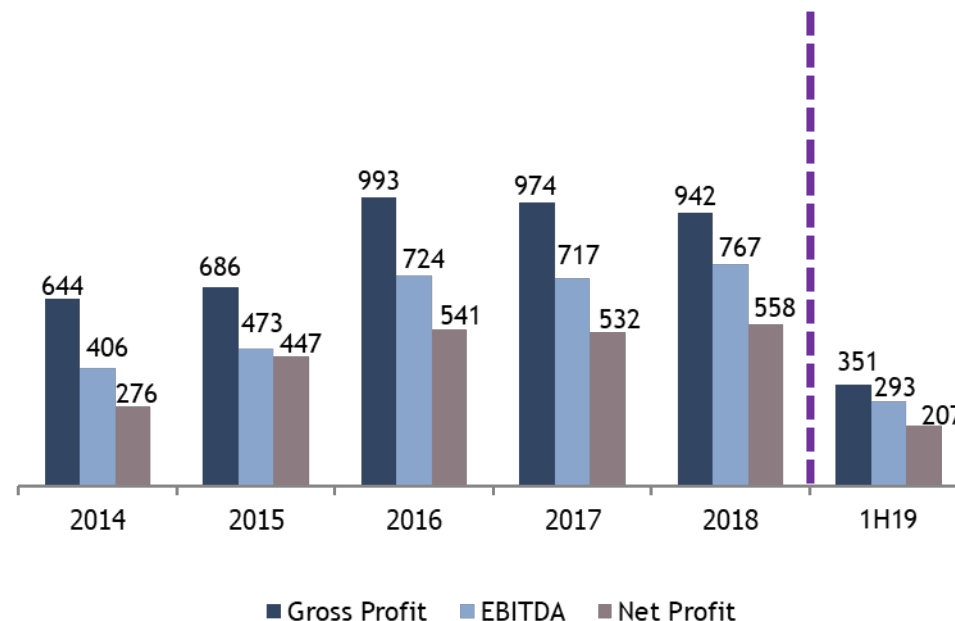
- GPM, EBITDA Margin and NPM of 2Q19 increased from 1Q19 due to an increment in sale of 420lbs cylinders and a decrease in cost of raw material and in cost of production from better efficiency

## Operational Statistics (Cont'd)

GPM, EBITDA Margin and NPM (%) 2014-1H19

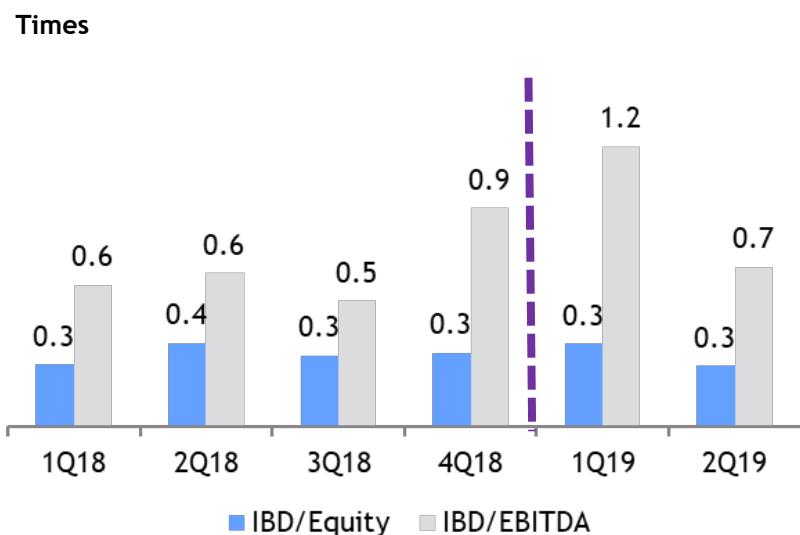


Gross Profit, EBITDA and Net Profit (MB) 2014-1H19

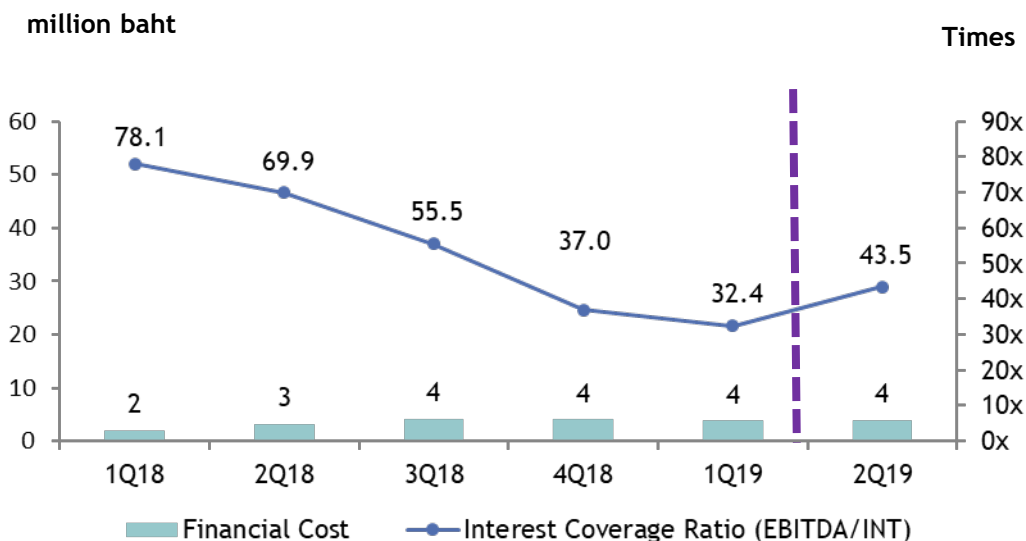


## Operational Statistics (Cont'd)

IBD\* to Equity Ratio, IBD\* to EBITDA Ratio (times)  
1Q18-2Q19



Financial Cost (million baht), Interest Coverage Ratio (times)  
1Q18-2Q19

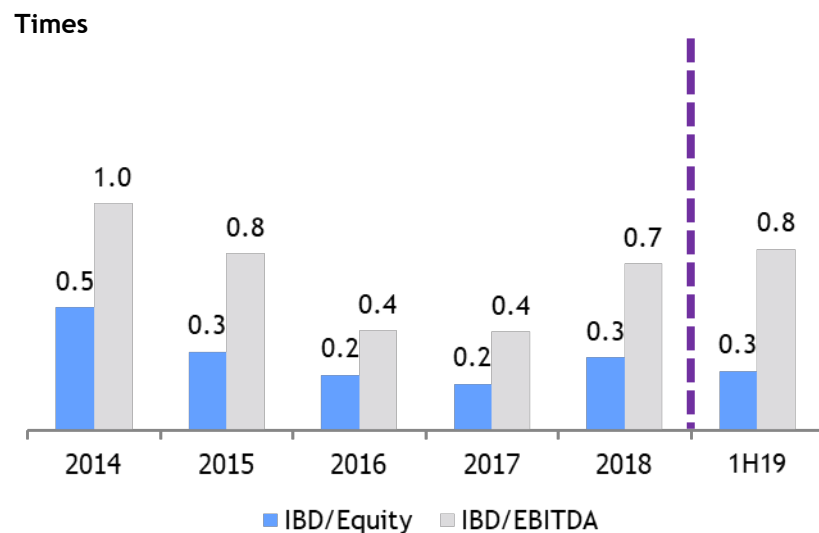


- IBD to EBITDA Ratio of 2Q19 is better than prior period (1Q19) and Interest Coverage Ratio of 2Q19 increased from prior period because EBITDA increased from sale increased

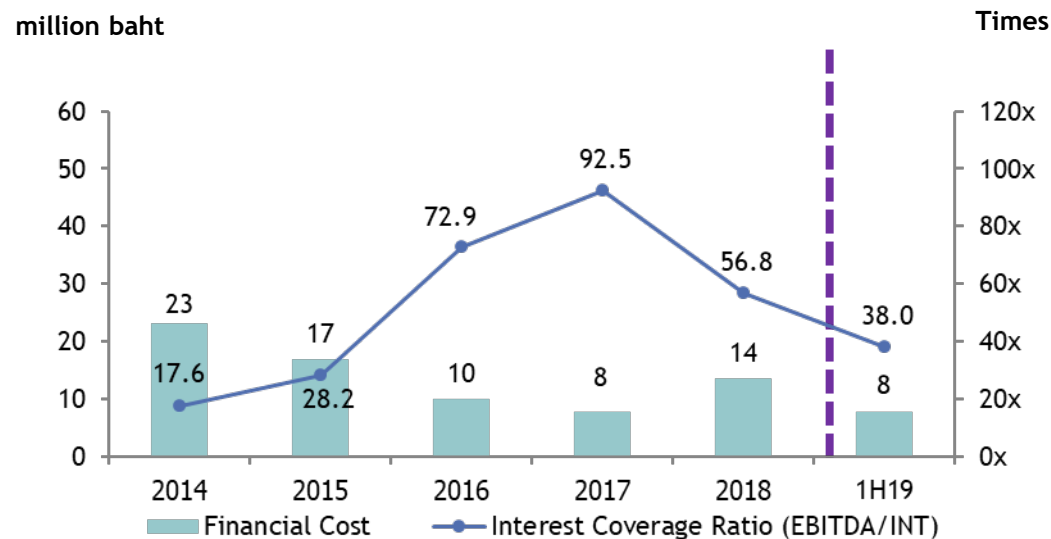


## Operational Statistics (Cont'd)

IBD\* to Equity Ratio, IBD\* to EBITDA Ratio (times)  
2014-1H19



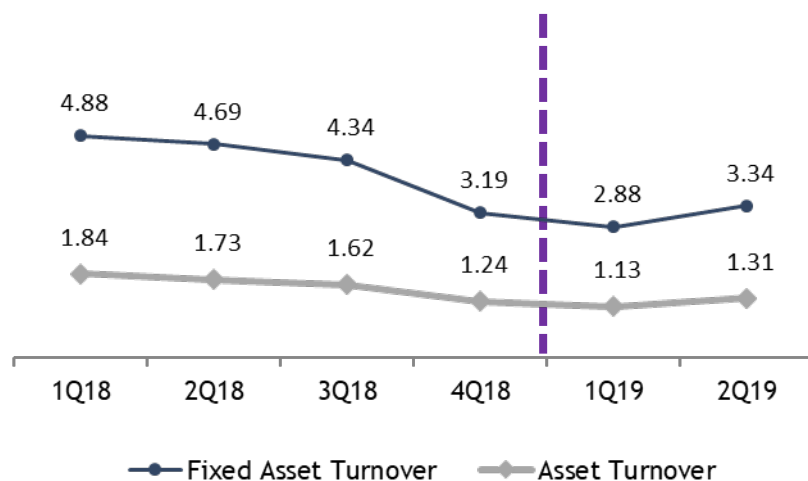
Financial Cost (million baht), Interest Coverage Ratio (times)  
2014-1H19



## Operational Statistics (Cont'd)

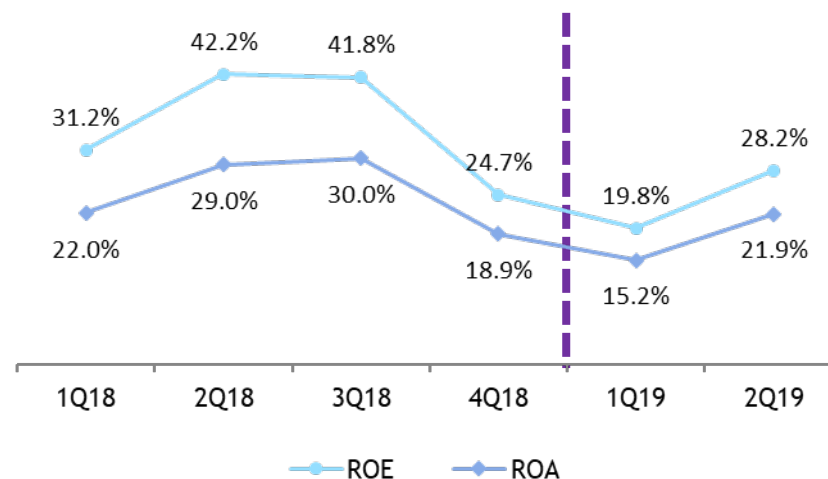
Fixed Asset Turnover and Asset Turnover (Times)

1Q18-2Q19



ROE and ROA (%)

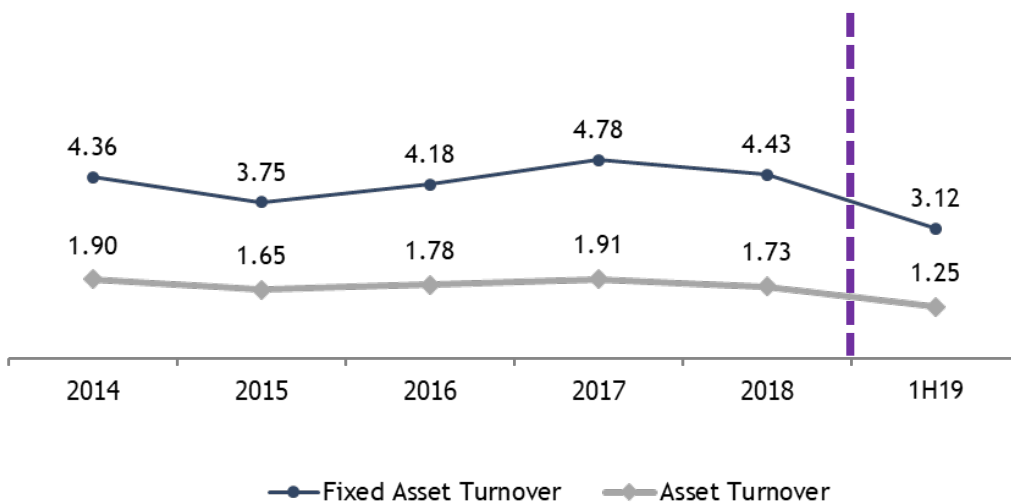
1Q18-2Q19



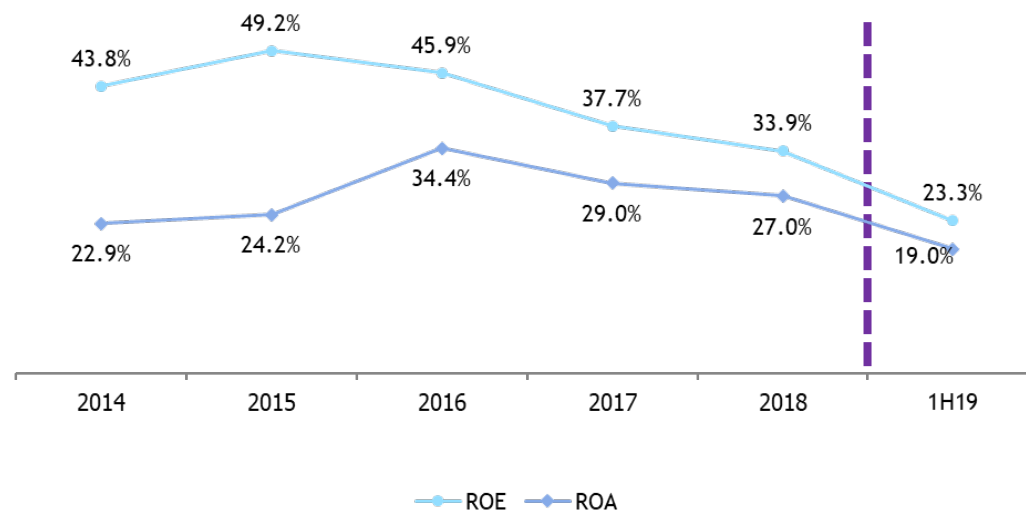
- Fixed Asset Turnover and Asset Turnover are better than 1Q19 due to an increase in sale revenue
- ROE and ROA increased from prior period due to an increase in net income

## Operational Statistics (Cont'd)

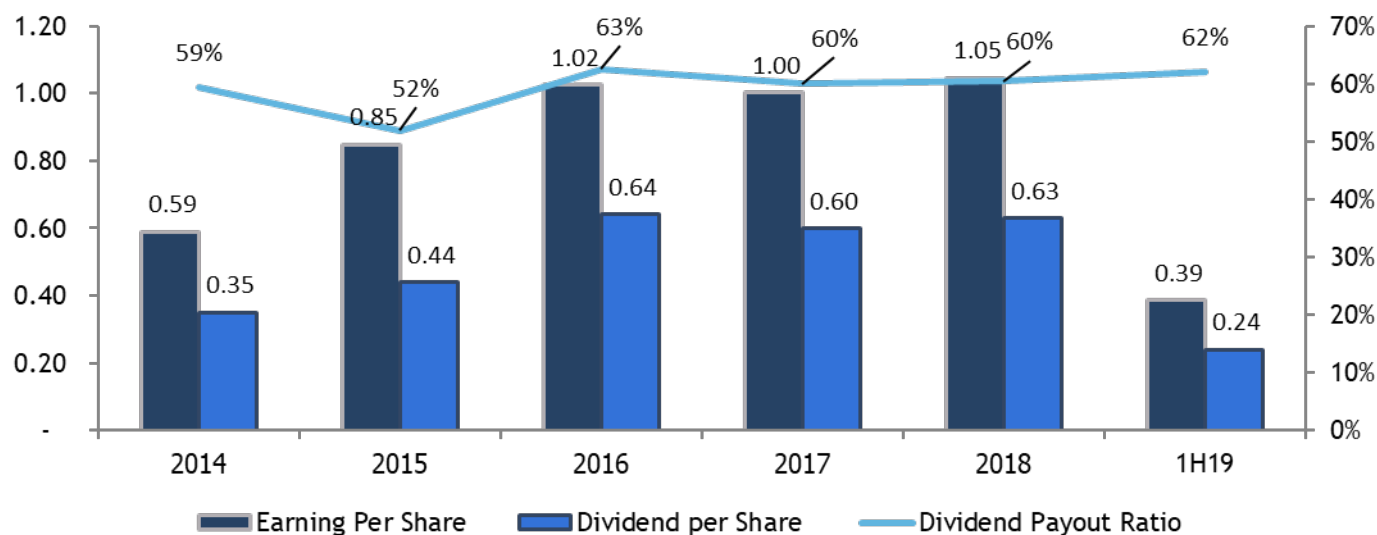
Fixed Asset Turnover and Asset Turnover (Times)  
2014-1H19



ROE and ROA (%)  
2014-1H19



## Dividend Payment History



|                         | 2014      | 2015      | 2016      | 2017      | 2018      | 1H19     |
|-------------------------|-----------|-----------|-----------|-----------|-----------|----------|
| FS publication day      | 2/12/2015 | 2/11/2016 | 15/2/2017 | 14/2/2018 | 12/2/2019 | 8/8/2019 |
| Price per share         | 7.58      | 11.00     | 16.60     | 13.40     | 12.10     | 7.70     |
| Dividend per share      | 0.35      | 0.44      | 0.64      | 0.60      | 0.63      | 0.24     |
| Earning Per Share       | 0.59      | 0.85      | 1.02      | 1.00      | 1.05      | 0.39     |
| Dividend Yield per year | 4.6%      | 4.0%      | 3.9%      | 4.5%      | 5.2%      | 6.2%     |
| Dividend Amount (MB)    | 163.89    | 231.84    | 338.62    | 319.18    | 337.37    | 128.52   |
| Dividend Payout Ratio   | 59%       | 52%       | 63%       | 60%       | 60%       | 62%      |

Remarks: \*The Company began paying Dividend since 2014

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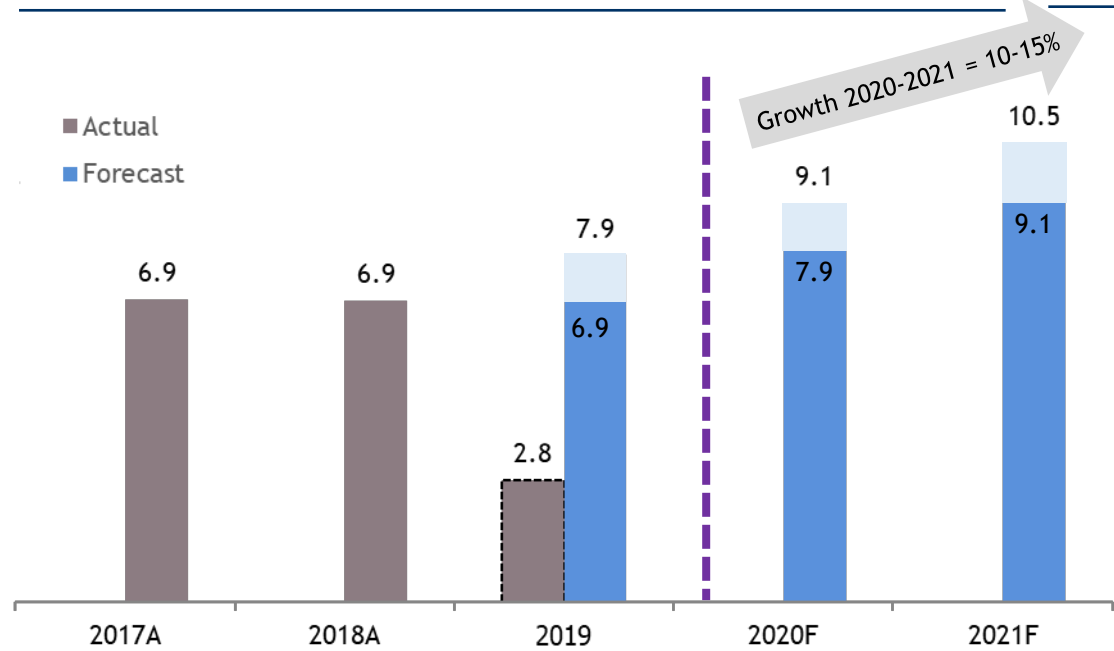
**IV. Business Outlook**



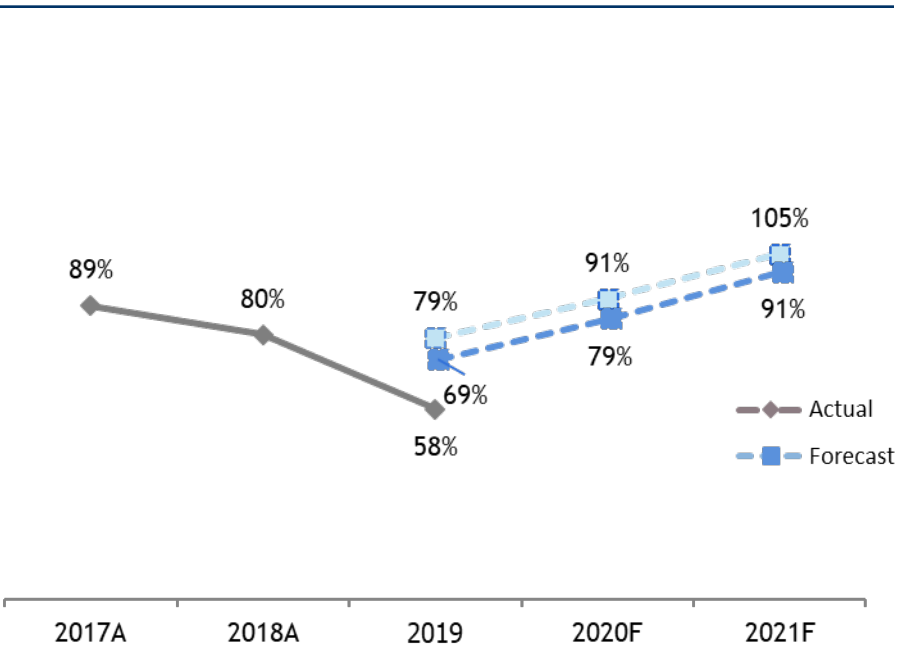


# 2019 Target and Future Growth Strategy

Projected Sales Volume (million cylinders)



Projected Utilization (%)



| Capacity<br>(million cylinder) | 2011-2013 | 2014 | 2015-2016 | 2017 | 2018 | 2019 |
|--------------------------------|-----------|------|-----------|------|------|------|
| Per Year                       | 5.0       | 5.5  | 6.2       | 7.7  | 8.7  | 10.0 |
| Per Quarter                    | 1.25      | 1.38 | 1.55      | 1.93 | 2.16 | 2.50 |



## 2019-2020 Business Plan



**2019 (Short)**

### Process Improvement

- Debottlenecking
- Waste Reduction

### Capability Enhancement

- Customer relationship management
- Enter into the new region
- R&D Team improve product development
- Digitalization

**2020 onward**

### Feasibility Study on investing for both domestic and abroad

- Joint with strategic partner
- 100% Own-factory
- Investment Budget = 100 MB.  
To develop automatic production process in order to make cost of production more efficient and less rely on labors

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# THANK YOU

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