



SFT

Shrinkflex (Thailand) PCL.

**Opportunity Day
26 November 2020**

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Section 1 About SFT



Section 2 Business Overview



Section 3 Financial Highlights



Section 4 Strategic Plan

SFT Overview

- Founded in June 2007, Thailand
- Registered capital THB 220,000,000
paid up capital THB 220,000,000
- Number of Employees: 400 (As end of September 2020)
- Major products: Shrink sleeves label from PVC , PET
- Gravure Printing System and Digital Printing System
- Certified ISO 9001:2015

Our Vision:

To be leading manufacturer of shrink sleeves label in Thailand and the entire Southeast Asia region.

Our Mission:

To achieve highest customer satisfactory rate by delivery, and the first class service.

LABELING SOLUTIONS



SFT Products

Gravure Shrink Sleeve



Digital Shrink Sleeve

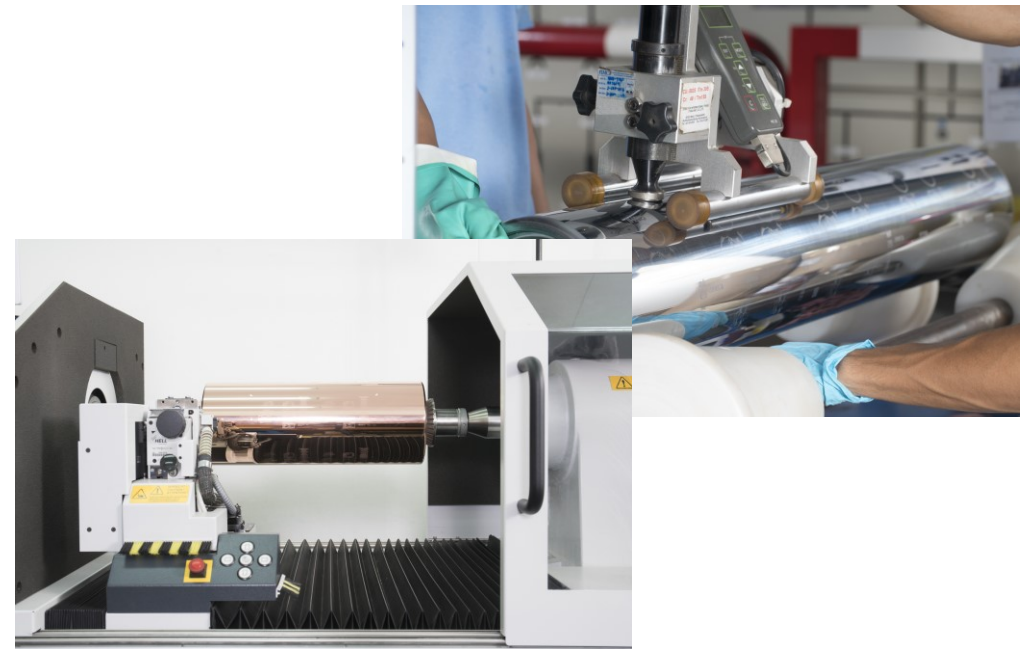


SFT Products

Stretch Film



Gravure Cylinder





Section 1 About SFT



Section 2 Business Overview



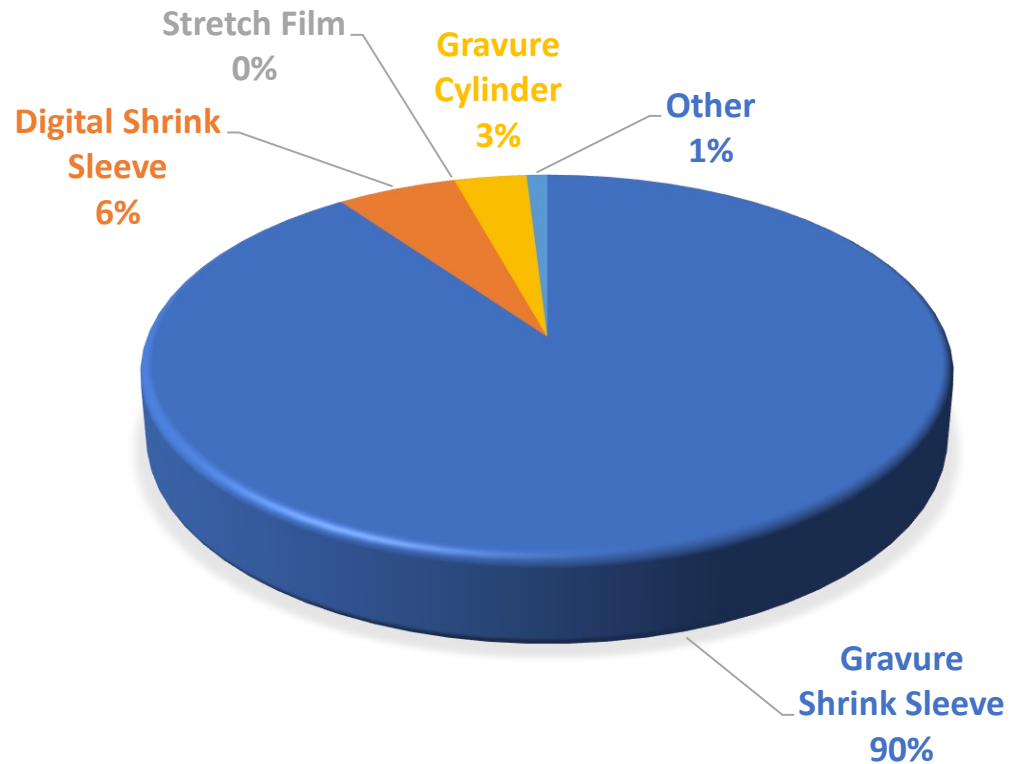
Section 3 Financial Highlights



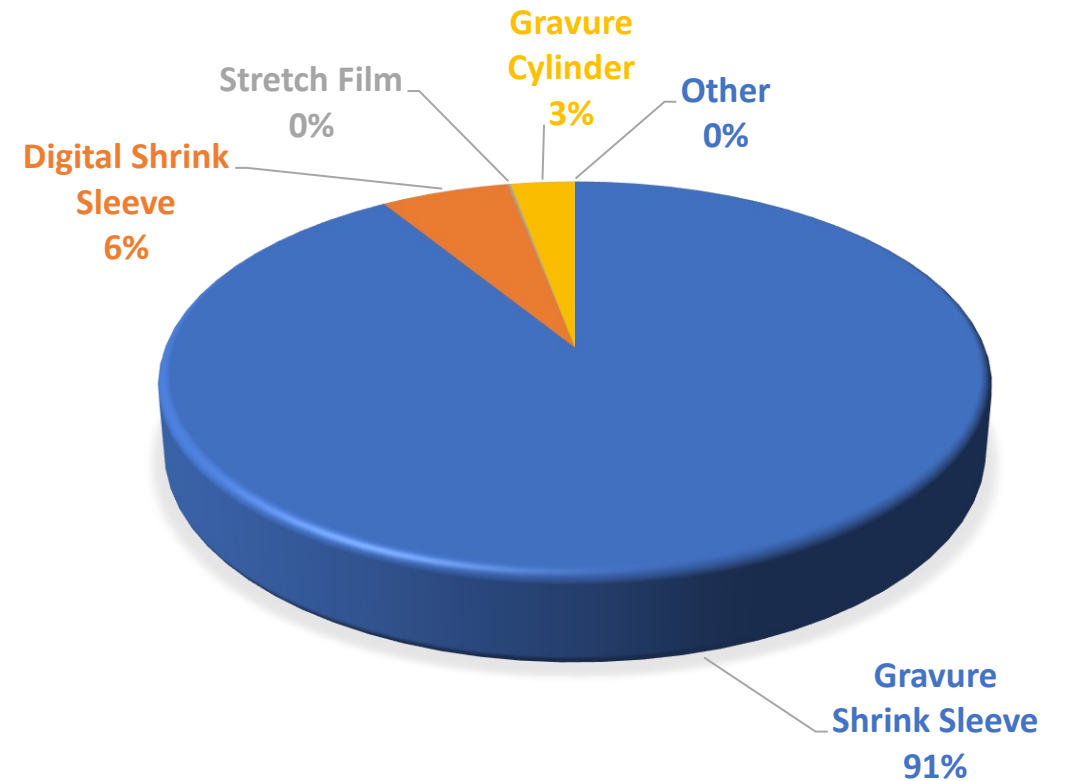
Section 4 Strategic Plan

SFT Products

Revenue Breakdown in 3Q 2019

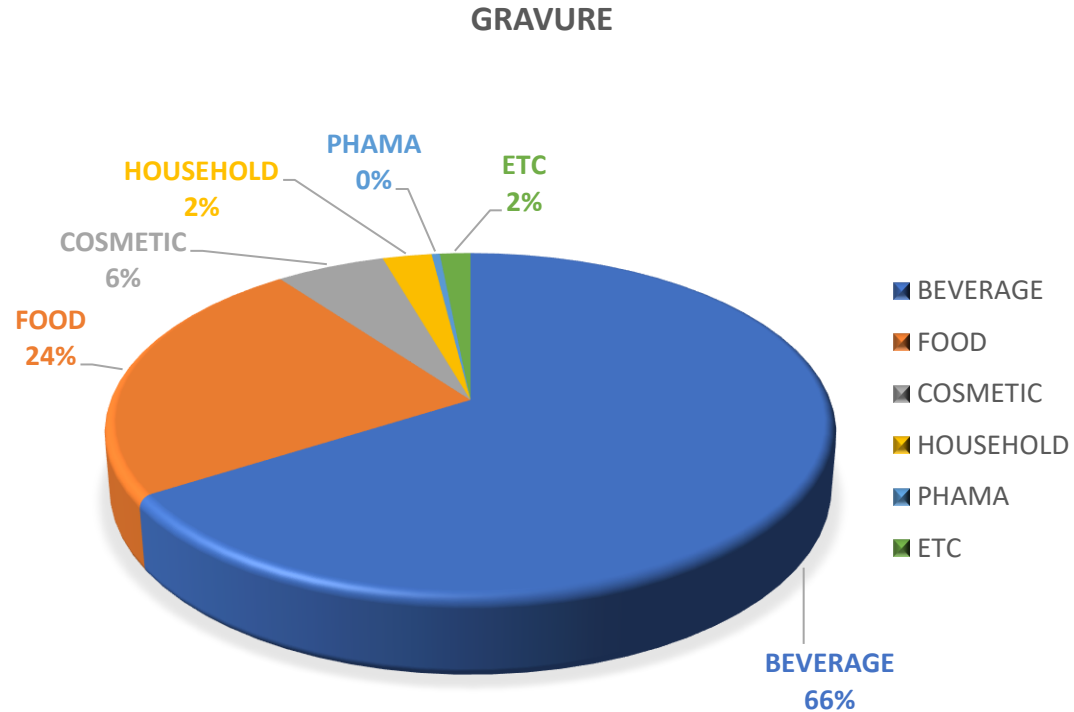


Revenue Breakdown in 3Q 2020

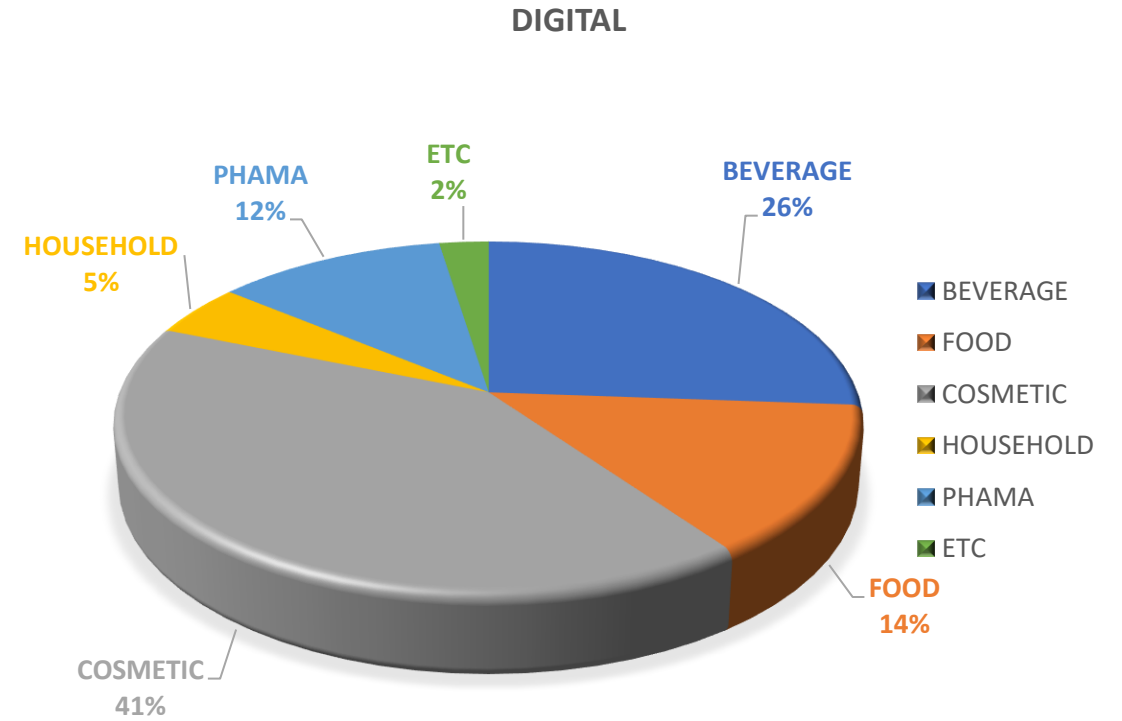


Shrink Sleeve Labels Performance

Gravure Shrink Sleeve in 3Q 2020

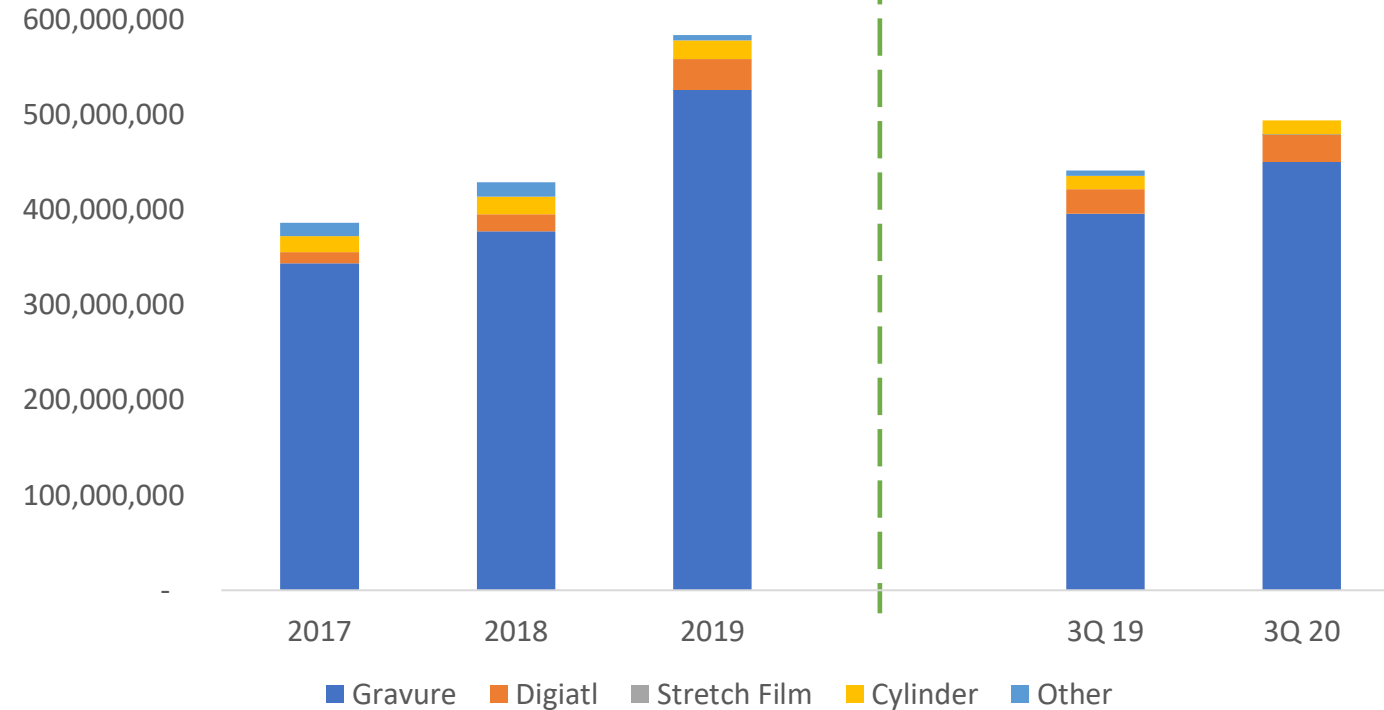


Digital Shrink Sleeve in 3Q 2020



Sales Performance

Unit: THB

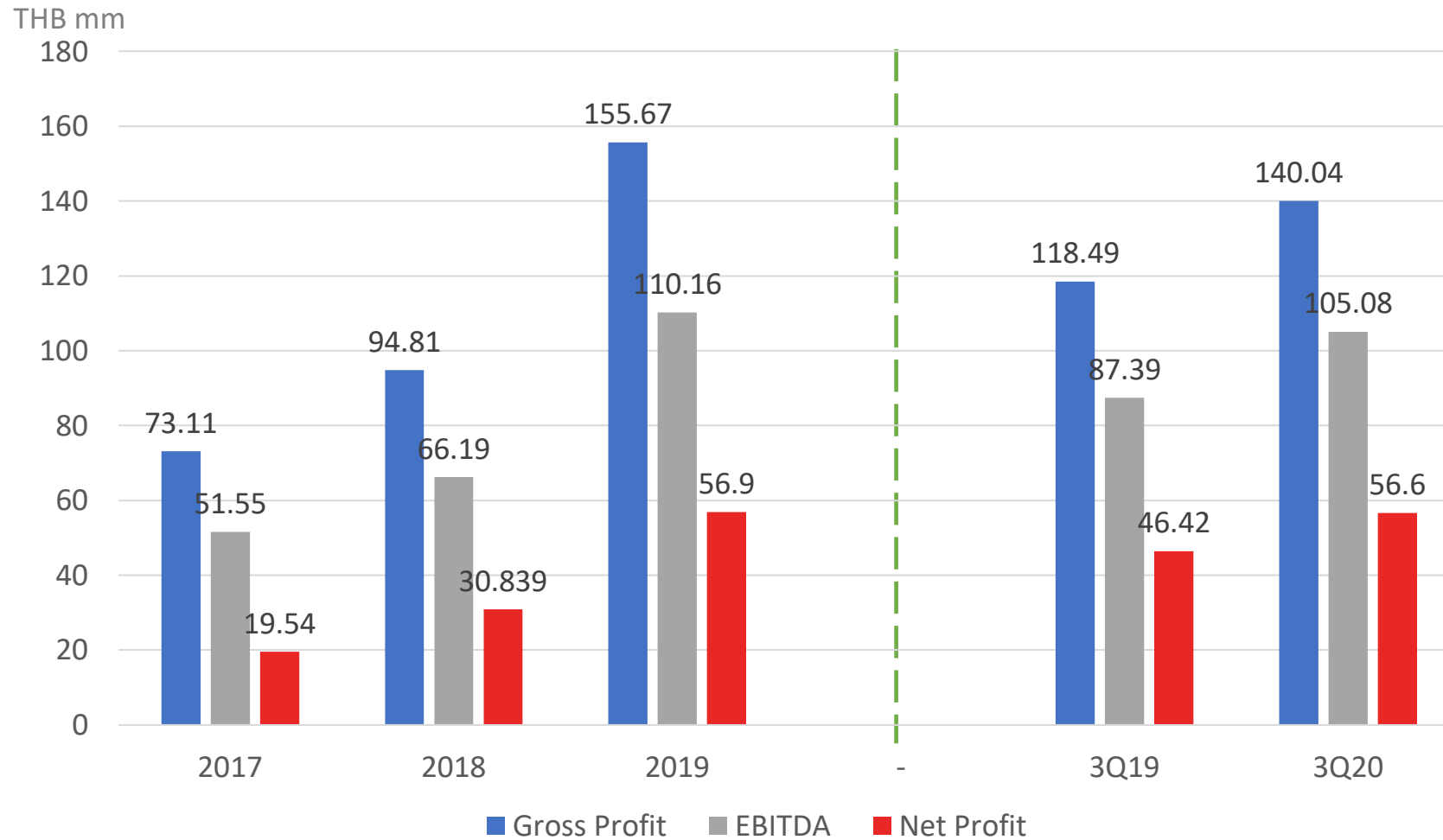


- Revenue in 2018 grew 11.07% from 2017
- Revenue in 2019 grew 36.09% from 2018
- 3Q2020 has total revenue of THB 52.95 million, growth of 11.99% from 3Q2019

Unit: THB	2017	2018	2019	3Q2019	3Q 2020
Gravure	344,206,550	377,362,308	526,541,280	395,886,923	450,622,075
Digital	11,589,931	18,362,421	32,572,922	26,195,476	28,779,763
Stretch Film	-	-	-	-	643,628
Cylinder	16,570,564	18,576,901	19,644,100	13,835,513	14,383,939
Other	14,201,810	15,053,273	5,566,192	5,566,192	-
Total	386,568,855	429,354,902	584,324,494	441,484,104	494,429,405

Gross Profit and Net Profit

Profit Margin Ratio

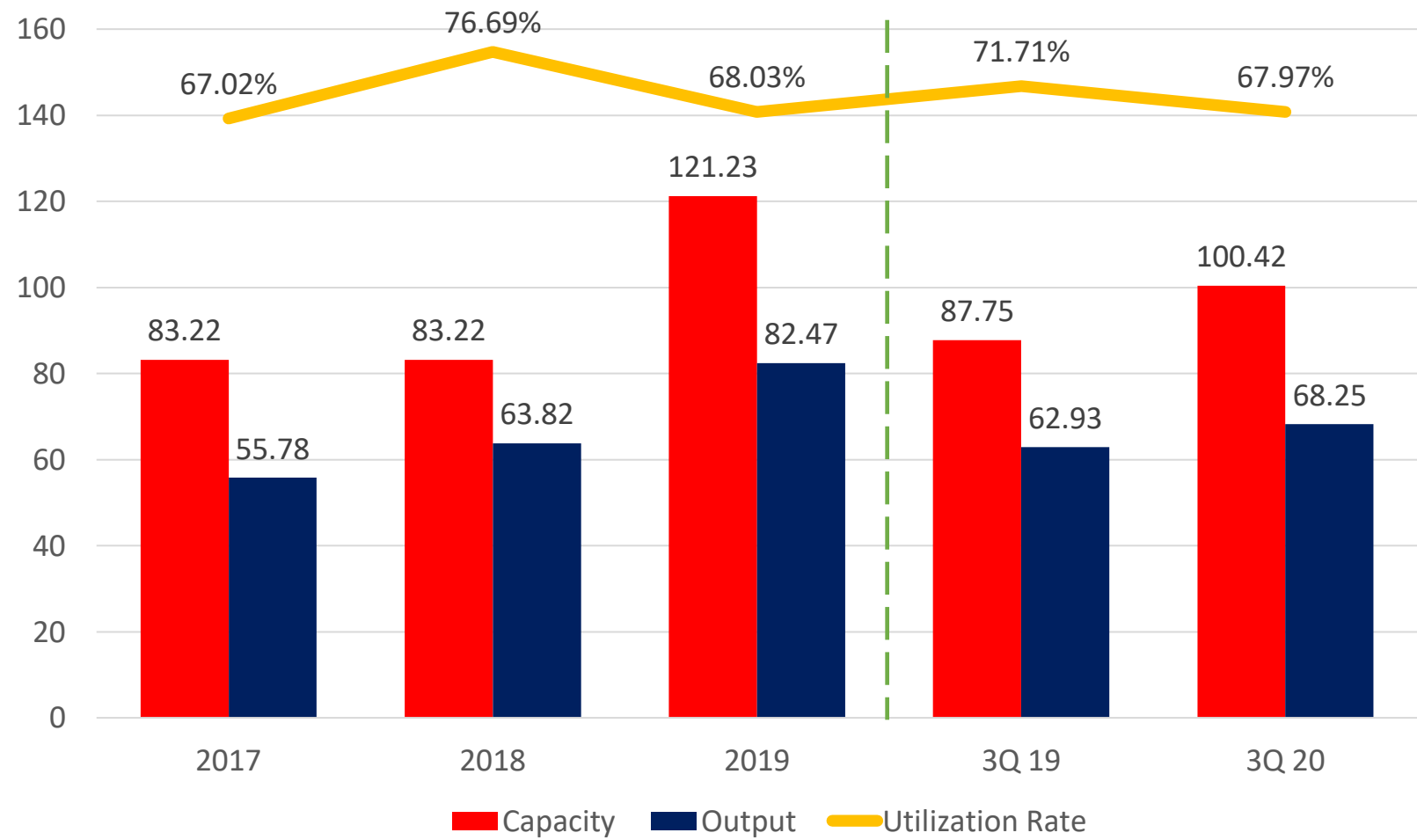


- 57.8% increase of Net Profit in 2018 while compare to 2017
- 84.5% increase of Net Profit in 2019 while compare to 2018
- As of 3Q2020, Net Profit increase by 21.93% when compare to 3Q2019

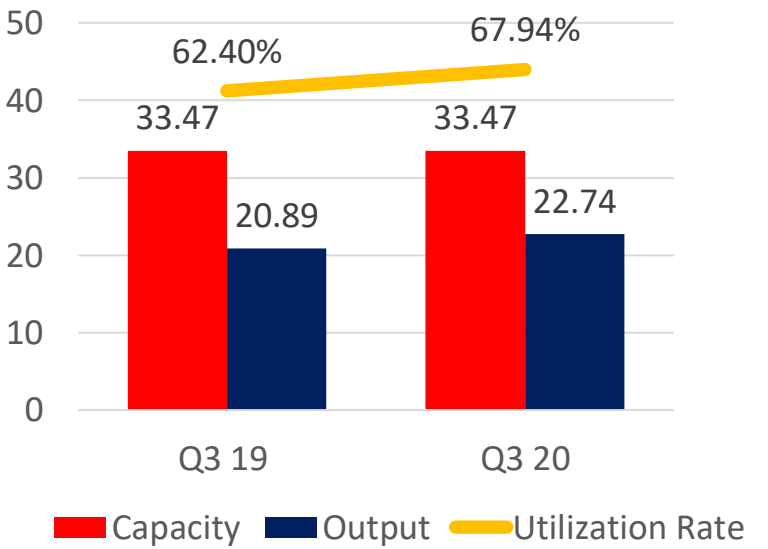
Production Capacity and Utilization

Shrink Sleeve by Gravure

Million Meter



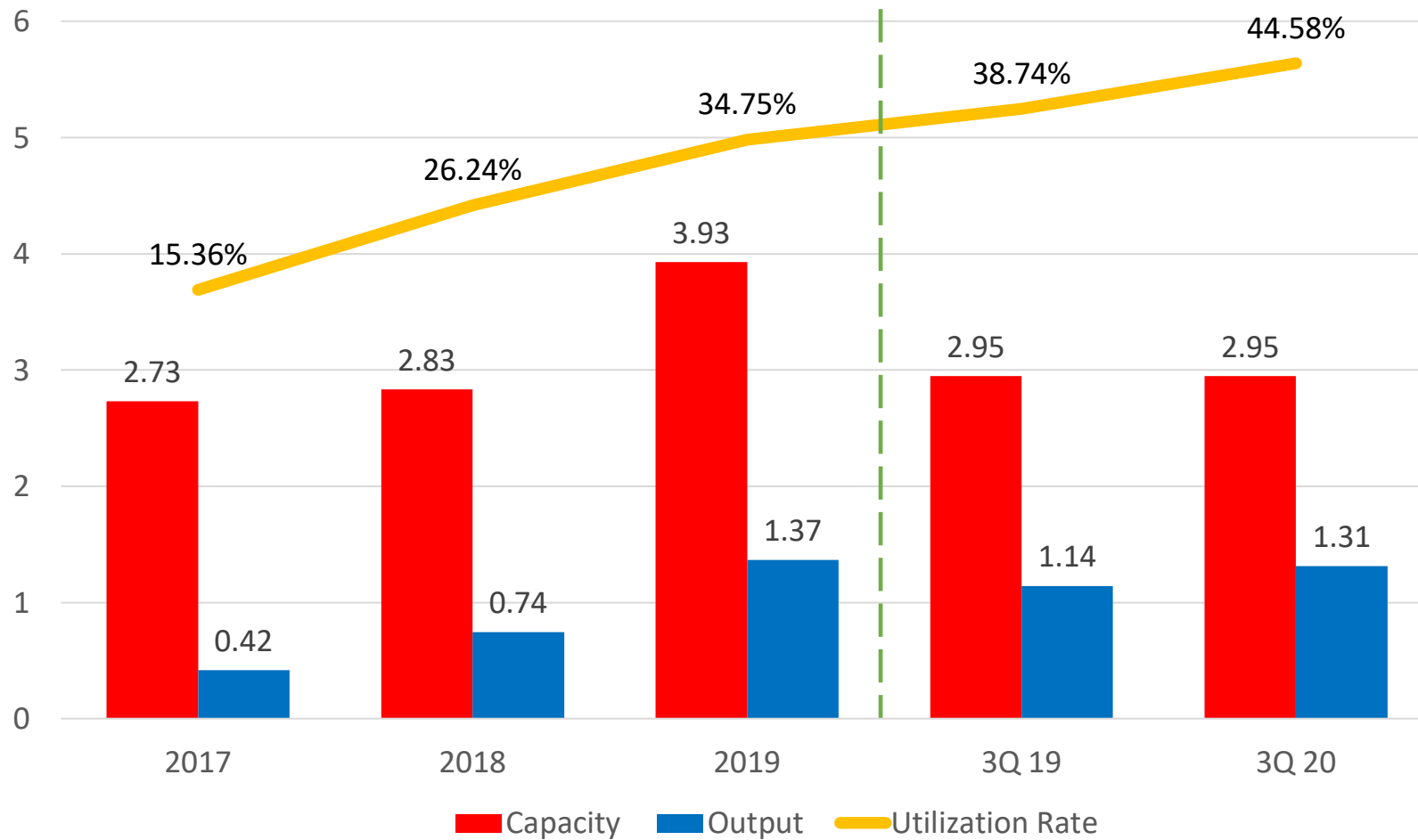
- The utilization rate in 3Q2020 decreased by 3.39% compared to 3Q2019 due to an additional production line in April 2019 from 3 to 4 production lines. While the utilization rate in 1Q2019 reached 93.29%, resulting 9M2019 to be higher than 9M2020; however, there is still an increase of utilization when compared Q3 2020 to Q3 2019



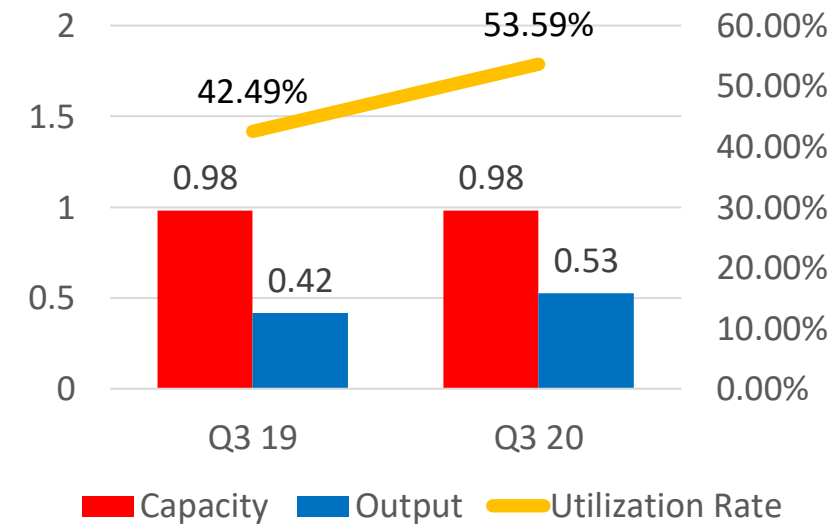
Production Capacity and Utilization

Shrink Sleeve by Digital

Million Meter



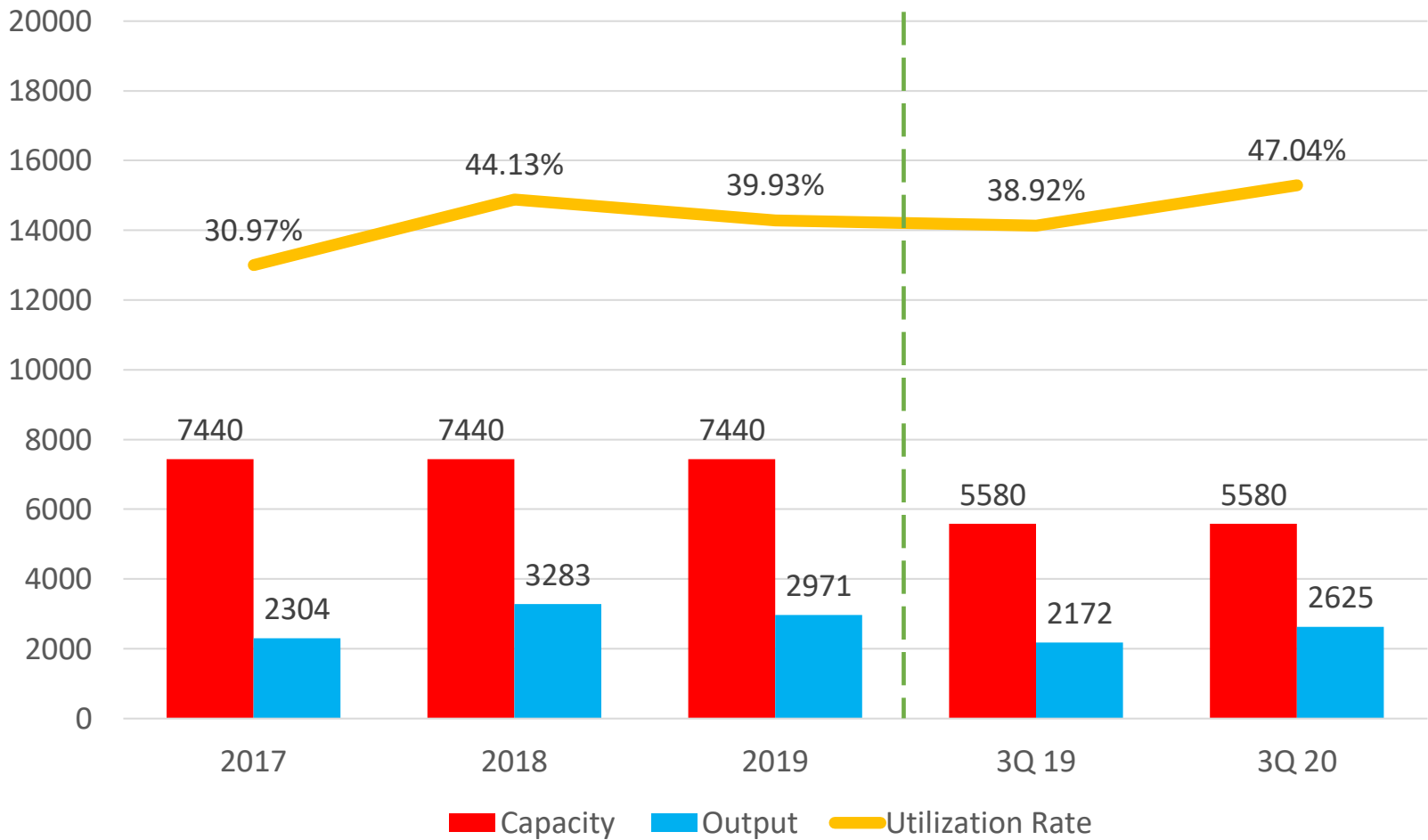
- In 3Q2020, the utilization rate increased by 5.84% compared to the same period of the previous year or an increased of approximately 200,000 meters
- Q3 2020, the utilization rate increased by 11.10% compared to Q3 2019, some due to the result of the urgent orders of alcohol-related products from the COVID-19 pandemic



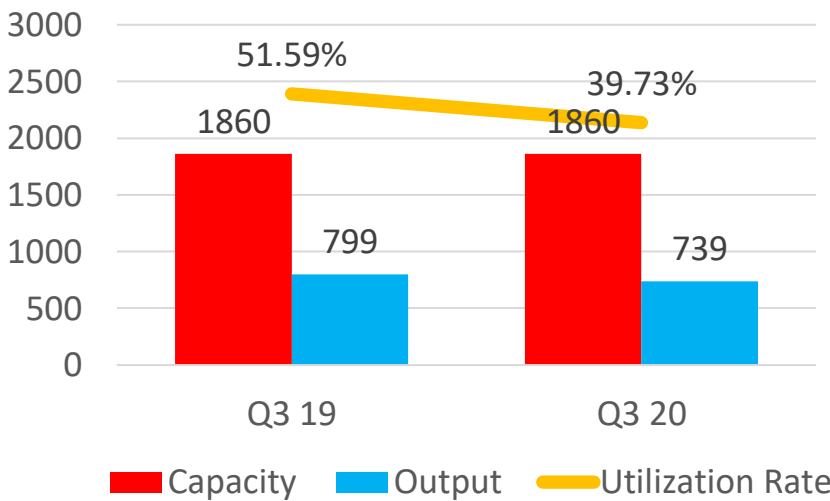
Production Capacity and Utilization

Gravure Cylinder

Unit: Cylinder



- Overall in 3Q2020 the production increased by 453 cylinders compared to the same period in the previous year
- In Q3 2020, the utilization rate decreased due to the reduction of shifts and increasing of outsourcing to lower costs





Section 1 About SFT



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Section 3 Financial Highlights

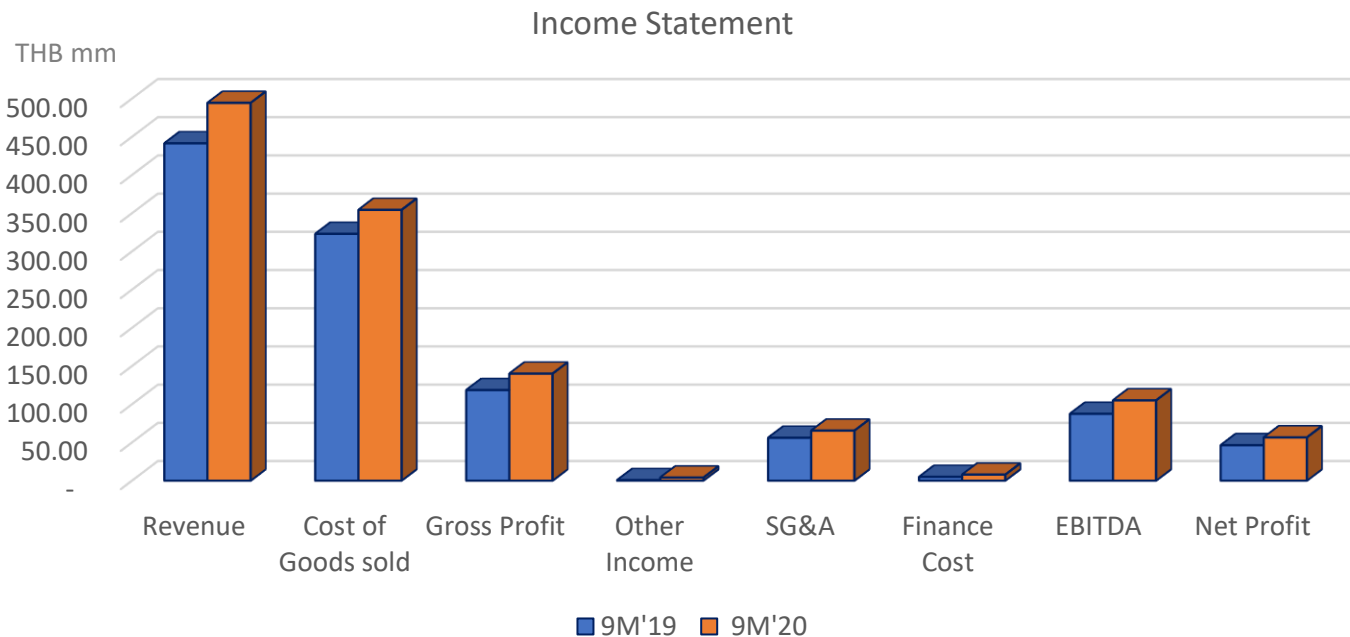


Section 4 Strategic Plan

Financial Summary

Operating Result in 3Q'20 Compare 3Q'19 (9 M)

Description	3Q'19	3Q'20	YoY	
	MB	MB	MB	%
Revenue	441.48	494.40	52.92	12%
Cost of Goods sold	322.99	354.39	31.40	10%
Gross Profit	118.49	140.01	21.52	18%
Other Income	0.69	4.04	3.35	487%
SG&A	56.10	65.44	9.34	17%
Finance Cost	4.93	7.88	2.95	60%
EBITDA	87.39	105.08	17.69	20%
Net Profit	46.42	56.60	10.18	22%
Cost of Goods Sold	73.16%	71.68%		-1.48%
SG&A	12.71%	13.24%		0.53%
GP Margin (%)	26.84%	28.32%		1.48%
EBITDA Margin (%)	19.79%	21.25%		1.46%
NP Margin (%)	10.51%	11.45%		0.93%
NP Margin (%)	10.50%	11.36%		0.86%



For the period of nine months of 2020, the net profit of the company was 56.60 million baht. It increased 10.18 million baht or 22 % when comparing to the same period of the past year. Mainly affected by the following factors:

- Increasing orders from the current and new customers who trusted in the product quality and productivity which fulfilled the customer demand. Meanwhile, the epidemic of COVID-19 changed the consumer behavior so the company in the food and beverage industry had higher sales volume as such products were the basic need of the consumer , Which we have this customers group more than 80%
- From the efficient productivity which affected the economies of scale from the fixed cost. Furthermore, due to the efficient cost management and the benefits from the appreciation of Thai baht, the cost of film raw material per unit decreased when comparing to the same period of the past year.

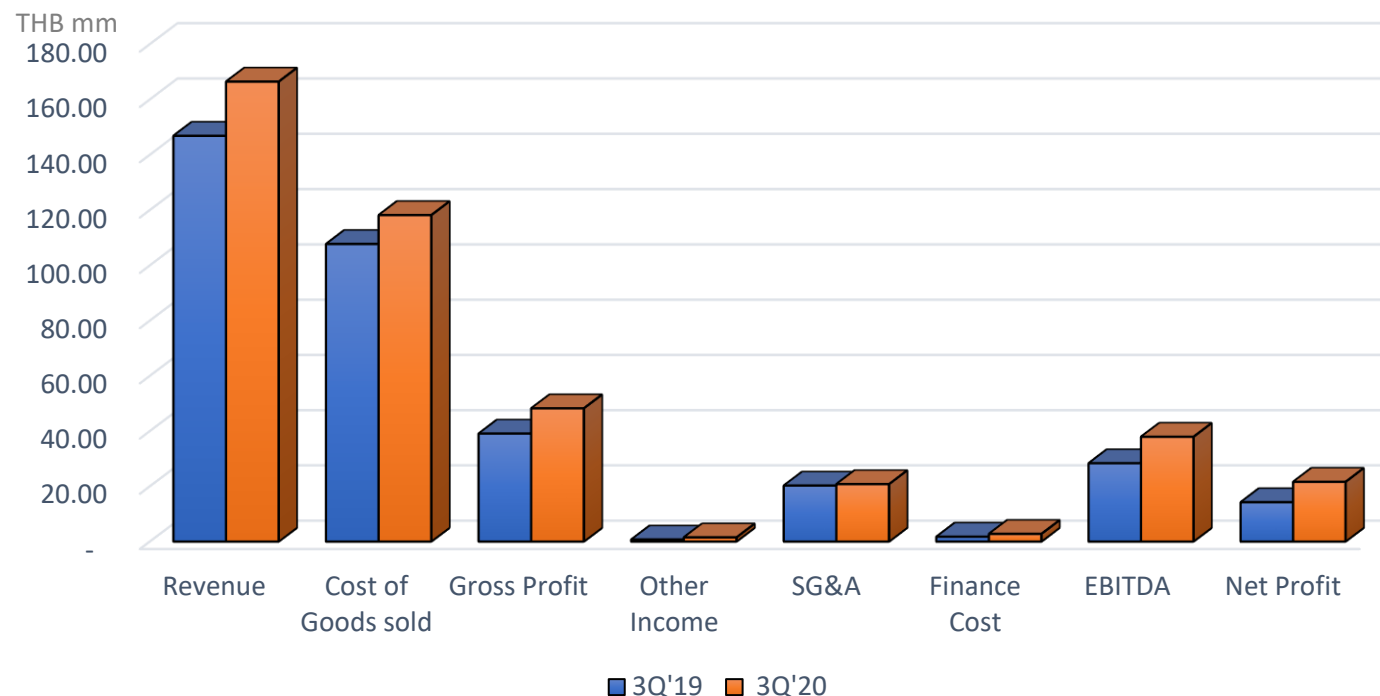
Financial Summary

Operating Result in Q3'20 compare with Q3'19 (3 M)

Description	Q3'19	Q3'20	YoY	
	MB	MB	MB	%
Revenue	146.87	166.46	19.59	13%
Cost of Goods sold	107.75	118.20	10.45	10%
Gross Profit	39.12	48.26	9.14	23%
Other Income	0.73	1.51	0.77	105%
SG&A	20.27	20.80	0.53	3%
Finance Cost	1.76	2.78	1.02	58%
EBITDA	28.36	37.95	9.59	34%
Net Profit	14.27	21.63	7.37	52%
Cost of Goods Sold	73.37%	71.01%		-2%
SG&A	13.80%	12.50%		-1%
GP Margin (%)	26.63%	28.99%		2%
EBITDA Margin (%)	19.31%	22.80%		3%
NP Margin (%)	9.67%	12.88%		3%

Income Statement

SHRINKflex

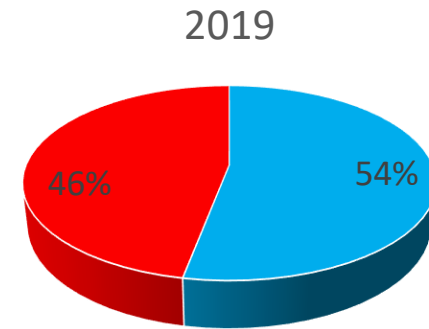


For the period of three months of 2020, the net profit of the company was 21.63 million Baht, increase was 52% when comparing to the same period of the past year. Mainly affected by the following factors:

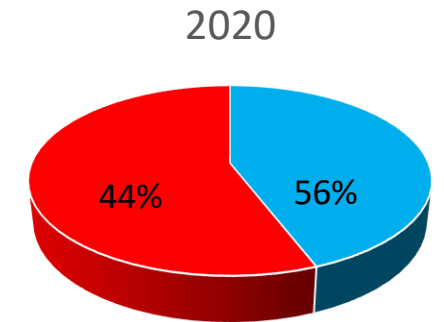
Due to the which was the result of the increasing orders from the current and new customers as details mentioned above. Furthermore, the product quality and productivity, which fulfilled the customer demand, gained more trust from the customers to ordered the production of product champion, particularly the function drink (Vitamin water) which had the high growth rate as it responded to the changing customer behavior. For these factors, the company had continuing growth rate at high level. Meanwhile, the company had more efficient cost management so the net profit and net profit rate increased more than income rate increase.

Balance Sheet - Asset

<u>Assets</u>	<u>31-Dec-19</u>	<u>30-Sep-20</u>	<u>YoY</u>	
			THB mm	%
<u>Current Assets</u>				
Cash on hand and Cash at bank	4.90	6.44	1.54	31.43%
Account receivable	101.20	129.73	28.53	28.19%
Inventory	124.16	115.47	(8.69)	-7.00%
Other	0.50	1.47	0.97	194.00%
Total Current Assets	230.76	253.11	22.35	9.69%
<u>Non Current Assets</u>				
PPE	172.55	226.79	54.24	31.43%
Assets usage rights	-	75.60	75.60	
Other	21.98	17.97	(4.01)	-18.24%
Total Non Current Assets	194.53	320.36	125.83	64.68%
Total Assets	425.29	573.47	148.18	34.84%



■ Total Current Assets
■ Total Non Current Assets



■ Total Current Assets
■ Total Non Current Assets

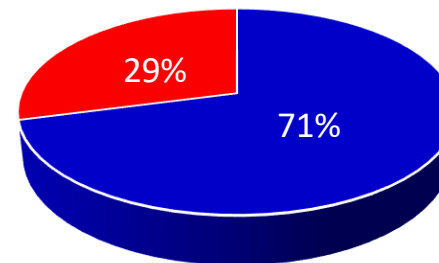
Assets

As of 30 September 2020, the total asset of company was 573.47 million baht which increased 34.84 % when comparing to the end of 2019, which the total asset was 425.29 million baht. The increase was from the right of use at 75.60 million baht which was the result of the implementation of the financial report standard No. 16 regarding the lease agreement which was effective on 1 January 2020, and the increase of land for 71.84 million Baht to support the business expansion.

Balance Sheet - Liabilities

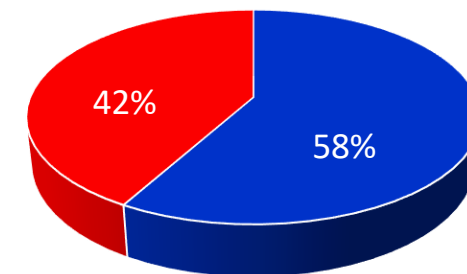
Liabilities and Shareholders'Equity	31-Dec-19	30-Sep-20	YoY	
			THB mm	%
Current liabilities				
Short-term loans from financial institutions	41.04	72.40	31.36	76.41%
Trade and other accounts payable	74.65	98.21	23.56	31.56%
Current portion of long-term liabilities				
Long-terms loans from financial institution	18.10	32.91	14.81	81.82%
Liabilities under finance lease agreements	3.79	11.90	8.11	213.98%
Other Current Liabilities	3.26	3.09		-5.21%
Total current liabilities	140.84	218.51	77.67	55.15%
Non-current liabilities				
Long-term loans from financial institution	48.03	93.01	44.98	93.65%
Liabilities under finance lease agreements	4.30	59.81	55.51	1,290.93%
Employee benefit obligations	4.05	4.73	0.68	16.79%
Total non-current liabilities	56.38	157.55	101.17	179.44%
Total Liabilities	197.22	376.06	178.84	90.68%

2019



- Total current liabilities
- Total non-current liabilities

2020



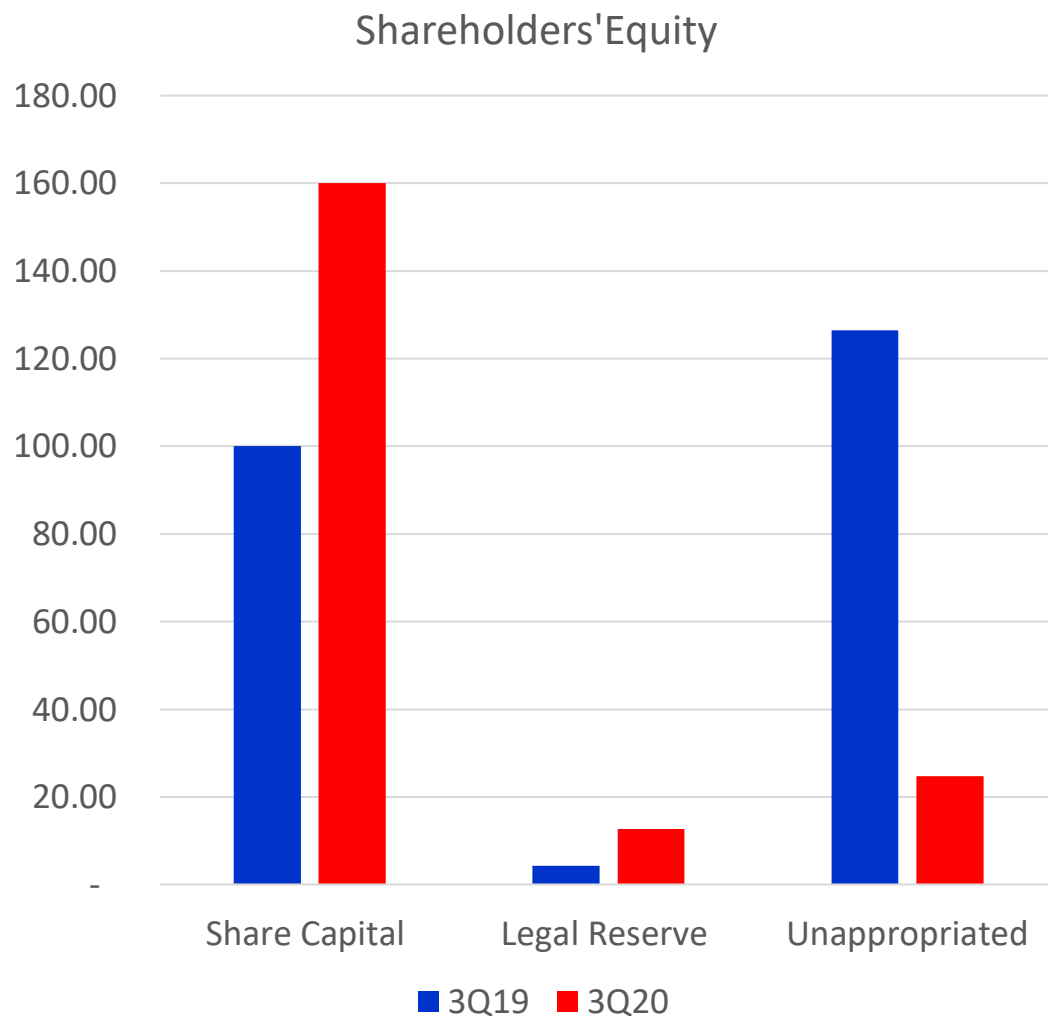
- Total current liabilities
- Total non-current liabilities

Liabilities

As of 30 September 2020, the total liabilities increased 90.68% comparing to the end of 2019. The increase was in the liabilities based on the lease agreement 63.62 million baht, which was the result of the implementation of the financial report standard No. 16 regarding the lease agreement which was effective on 1 January 2020, and the increase of long-term loan for 60.00 million Baht from the financial institute to purchase the land for business expansion.

Moreover, the increase of the total liabilities caused from the accrued dividend 35.20 million baht, which was the resolution of the director meeting No.2/2020 (public company limited) on 7 August 2020 to approve the payment of interim dividend 35.20 million baht from the accumulated profit. Currently, the company paid such dividend in Q4 of the year.

Balance Sheet - Shareholders' Equity



Shareholders' Equity	31-Dec-19	30-Sep-20	YoY	
			THB mm	%
-				
Share Capital	100.00	160.00	60.00	60.00%
Legal Reserve	4.93	12.66	7.73	156.80%
Unappropriated	123.14	24.75	(98.39)	-79.90%
Total Shareholders' Equity	228.07	197.41	30.66)	-13.44%

Shareholders' Equity

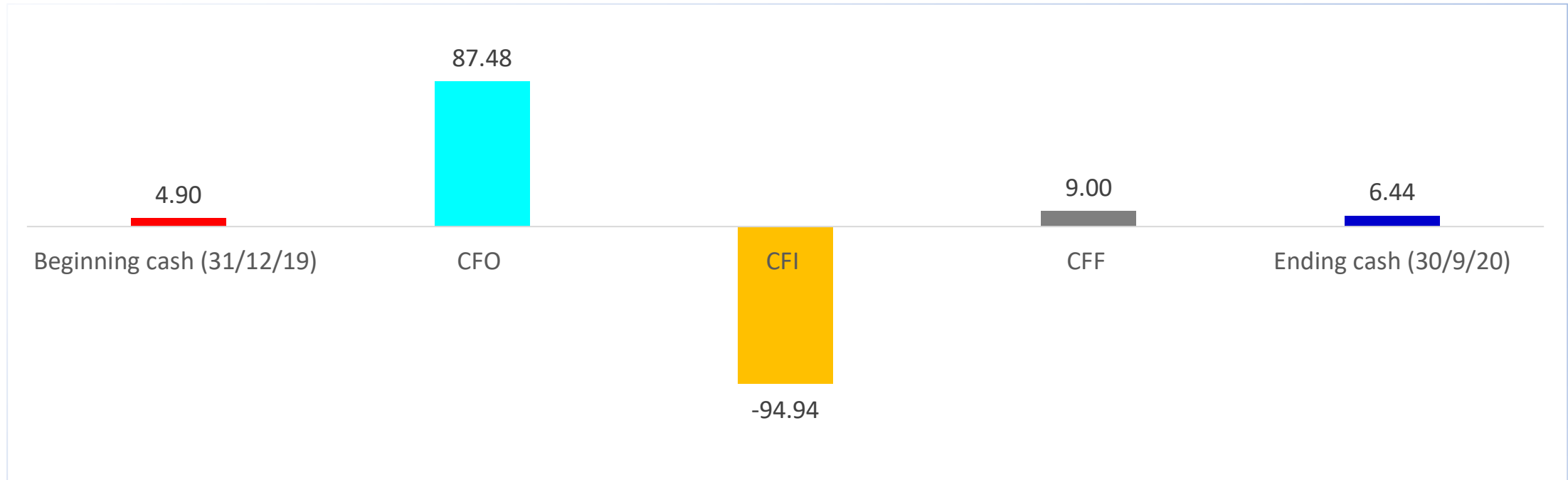
As of 30 September 2020, the total shareholders' equity of the company was 197.41 million baht which decreased 13.44% when comparing to the end of 2019. This was the result of the payment of dividend in quarter Q3 2020.

Key Financial Ratios

D/E (x)		ROA (%)		ROE (%)		Current Ratio	
3Q20	1.90	3Q20	13.62	3Q20	36.96	3Q20	1.16
3Q19	0.87	3Q19	14.47	3Q19	26.99	3Q19	1.64

3Q20 Cash Flow

THB mm

**CFO** :

Profit before tax of 56.60 Mb, add by non-cash reconciling items of 53.25 Mb and deducted by changes in net working capital and corporate income tax of 22.35 Mb.

CFI :

The decreased mainly for investments in land and solar rooftop.

CFF :

The increased mainly from financial institution loans for business expansion and working capital.



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3Q 2020 Outlook

1. COVID-19
 - Minimal impact on the Company's financial statement due to the fact that more than 80% of the Company's clients are in the food and beverage industry and such industries are still demanded during such epidemic
 - Exporter are back in game in Q3
2. New customer
 - Sale department has its aim at finding new customers every year.
 - The spotlight is on pharma-medical product.
3. New product
 - As SFT is the one-stop service manufacturer, stretch film would serve the need of our customers.

2021 Marketing Plan

1. Increasing new product item from existing customer
2. Increasing the number of new customer
3. Exhibiting at the trade fair
4. Hosting a seminar



SFT

Q&A



SFT

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