

SNC FORMER PLC



Opportunity day 2Q15

Aug 10, 2015



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2Q15 Business Highlights

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Y2015 : The Challenged Year

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Financial Highlights



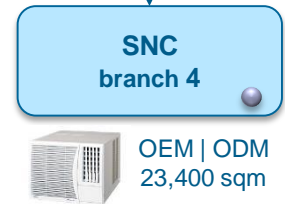
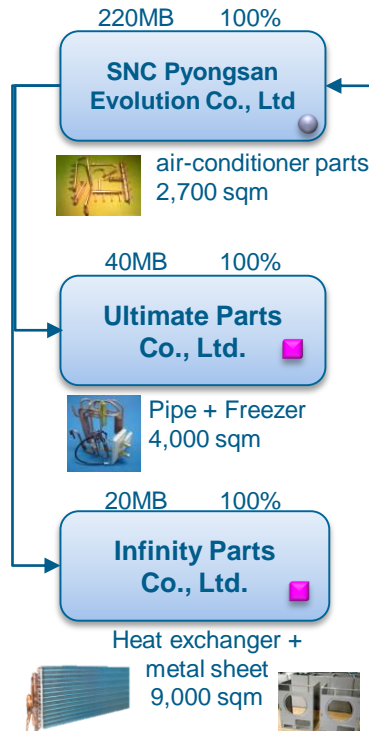
SNC

Capital 287 MB

Samutprakarn province

Rayong province

Chonburi province



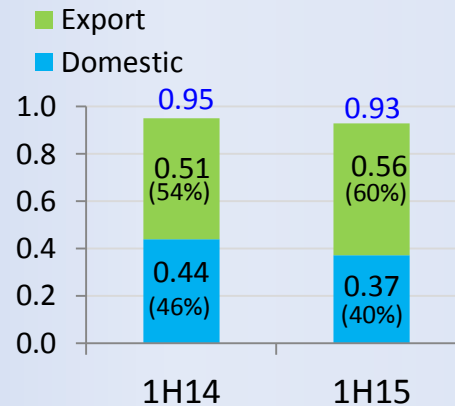
- SME BOI, tax 0% 8 years, start 2011
- ◆ Normal BOI, tax 0% 3-8 years
- Non BOI, tax 20%

Total 15 companies (8 co.+ 7 JV)

2Q15 Market Briefs



Automobile



- ❖ Car production in 2Q15 = 0.41 M.units decreased 21.5% QoQ and decreased 5.6% YoY.
- ❖ Domestic sale in 2Q15 decrease = 21% YoY and Export sale decrease = 7.7% YoY.

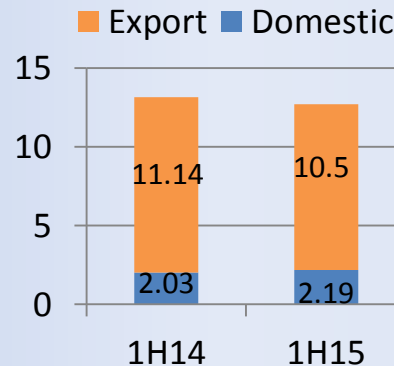
QoQ	2Q15 vs 1Q15		
CAR	1Q15	2Q15	%
Production	522,968	410,711	-21.5%
Domestic Sales	197,787	171,217	-13.4%
Export	328,232	247,841	-24.5%

YoY	2Q15 vs 2Q14		
CAR	2Q14	2Q15	%
Production	435,193	410,711	-5.6%
Domestic Sales	216,740	171,217	-21.0%
Export	268,538	247,841	-7.7%

2Q15 Market Briefs

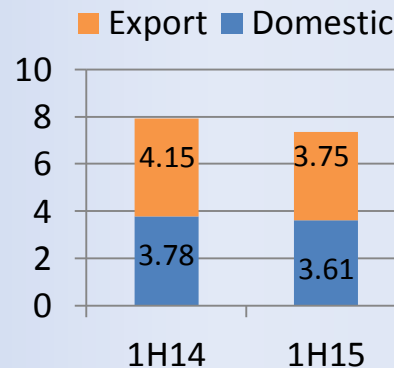


Air Conditioners



- ❖ The 1H15 - AC production in Thailand shows the sign of reduction compared to 2014 around 4% (12.69 M vs 13.17 M) mainly from the Export market.
- ❖ We have adjusted forecast for 2015 to be 20.6 M (-4% from 2014)

Compressors

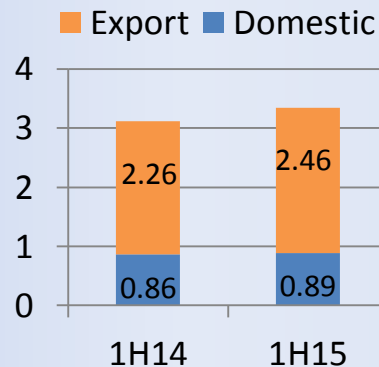


- ❖ The 1H15 - Compressor production in Thailand is estimated at 7.36 M.unit while those of 1H14 was 7.93 M.unit, 7.2% decreased YoY.
- ❖ We have adjusted our forecast for 2015 to be 13.1 M.unit (-7% from 2014)

2Q15 Market Briefs

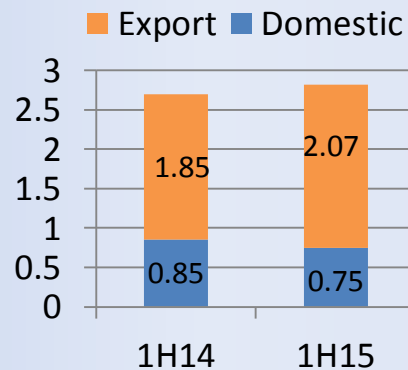
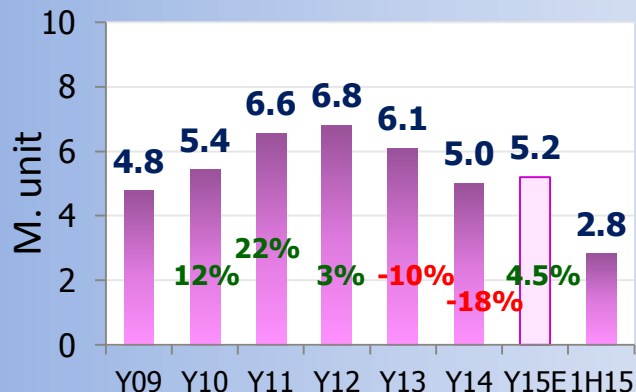


Refrigerator



- ❖ The 1H15 production is estimated at 3.35 M.unit while those of 1H14 was 3.12 M.unit, increased 7.1% YoY.
- ❖ We have adjusted the forecast of 2015 to be 6.7 M.unit increased 5% from 2014

Washing Machine



- ❖ The 1H15 production is estimated at 2.82 M.unit while those of 1H14 was 2.70 M.unit, increased 4.6% YoY.
- ❖ We have adjusted the forecast of 2015 to be 5.22 M.unit increased 4.5% from 2014

Agenda



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Y2015 : The Challenged Year

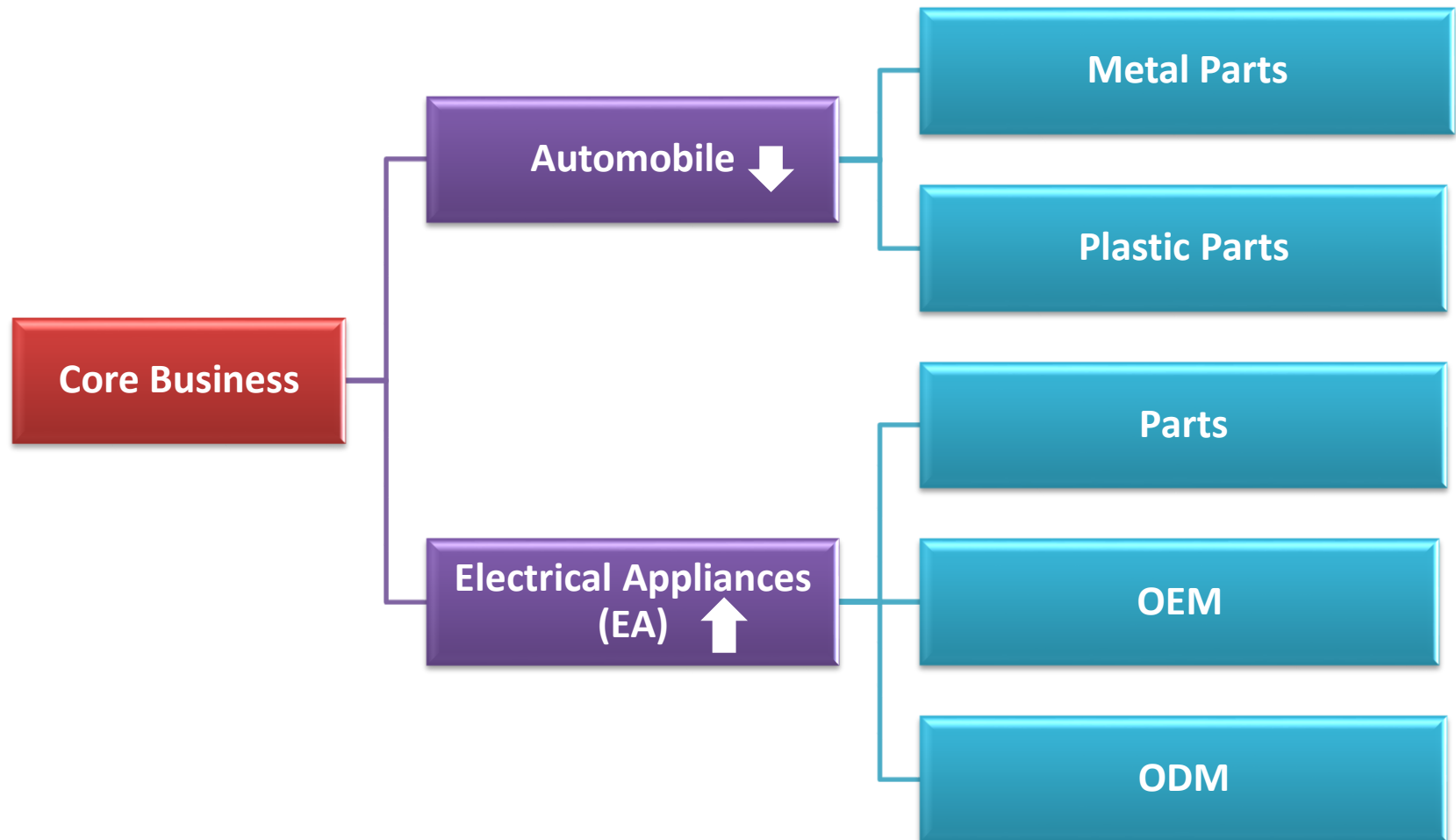
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Financial Highlights

2Q15 Business Highlights



Core Business

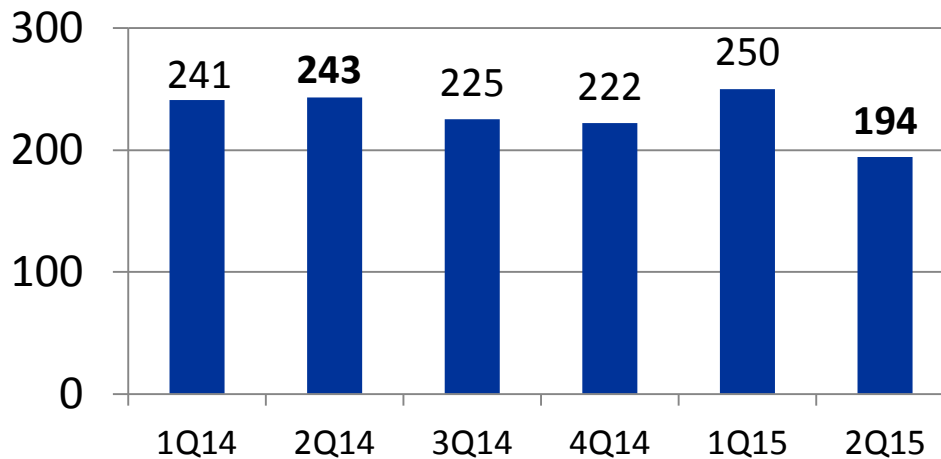


2Q15 Business Highlights

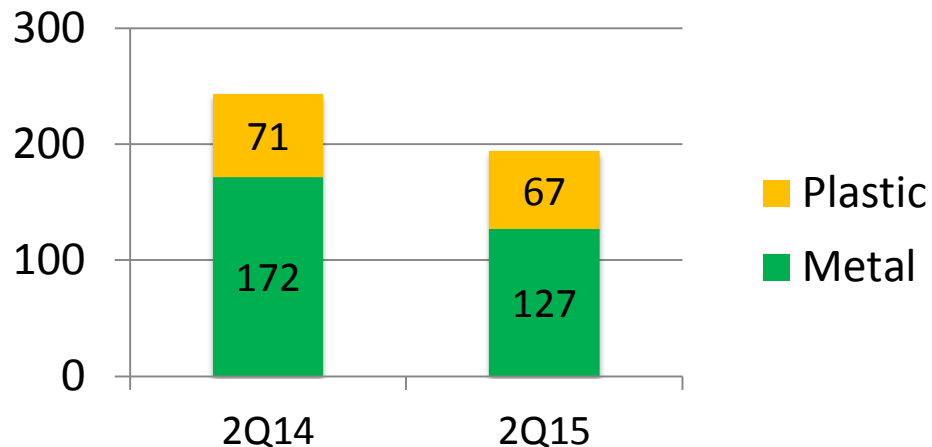


Core Business (Automobile)

Sales of Automobile Parts (MB)



- ❖ Sales of automobile parts in 2Q15 decreased 20% from 2Q14 because
- Main customer reduced production during model changed.
 - Market situation.

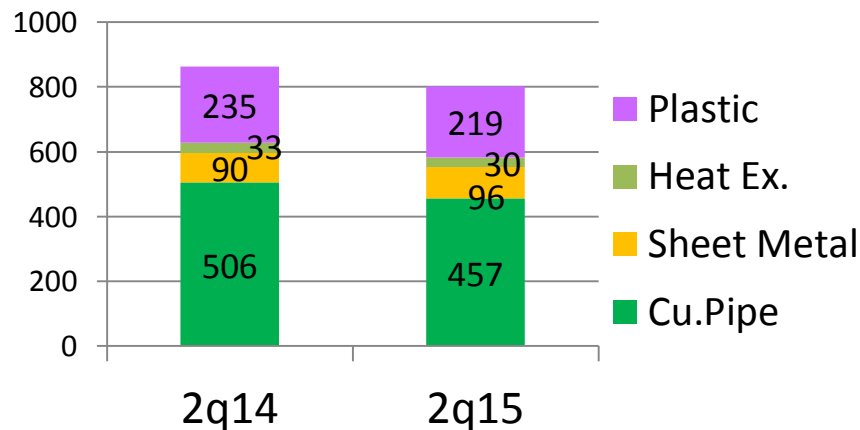
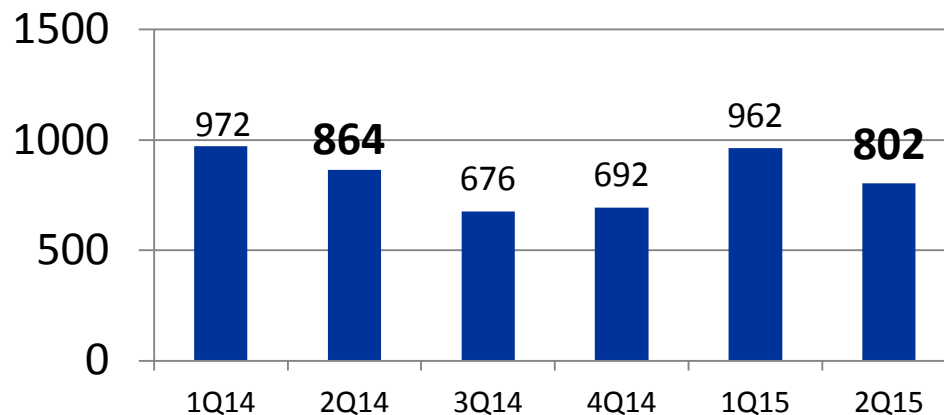


2Q15 Business Highlights



Core Business (EA Parts)

Sales of EA Parts (MB)



❖ Sales of EA Parts in Q2-15 was 802 MB, -16.6% QoQ from seasonal effect and -7.2% YoY from the effect of LME Cu.price and Plastic price reduction.

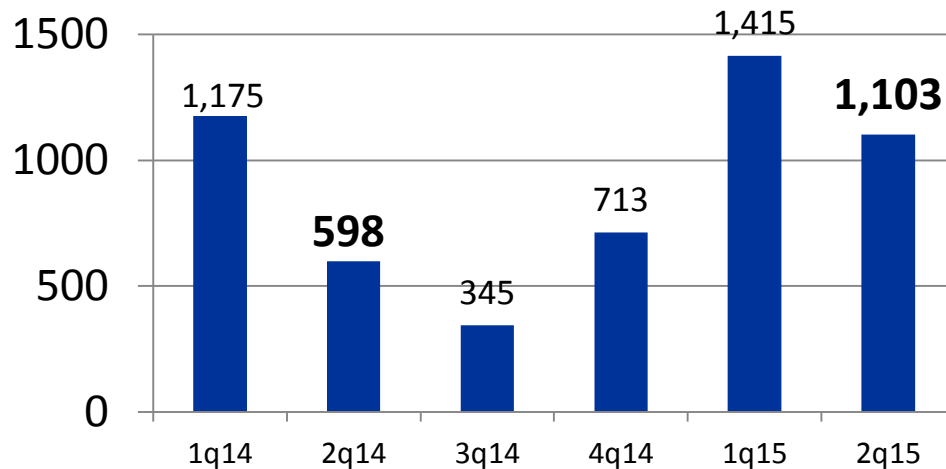
❖ Following to the increasing number of OEM/ODM businesses in 2015, the sales of upstream parts (internal sale) was increasing 85 MB YoY. (90MB → 175MB)

2Q15 Business Highlights

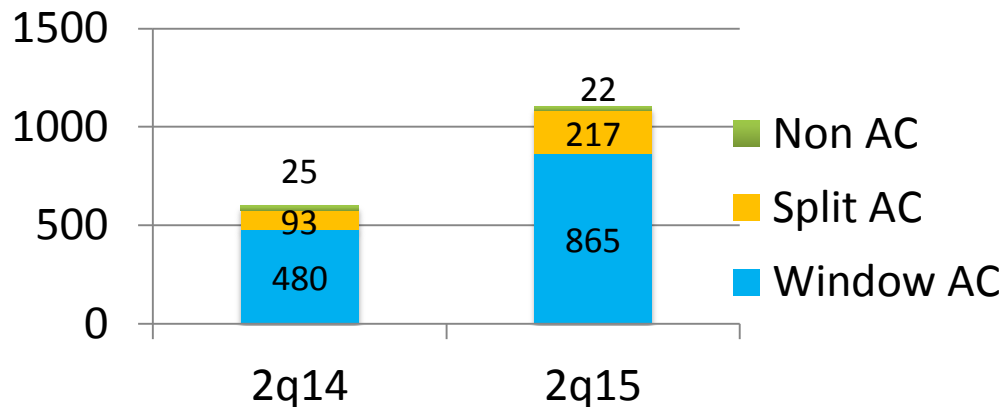


Core Business (EA-OEM)

Sales of EA-OEM (MB)



- ❖ Sales of ODM group in 2q15 was decreased 311 MB QoQ from the seasonal effect but increased 505 MB YoY.
- ❖ Both Window AC and Split AC (R32) in 2q15 are increasing significantly from 2q14.



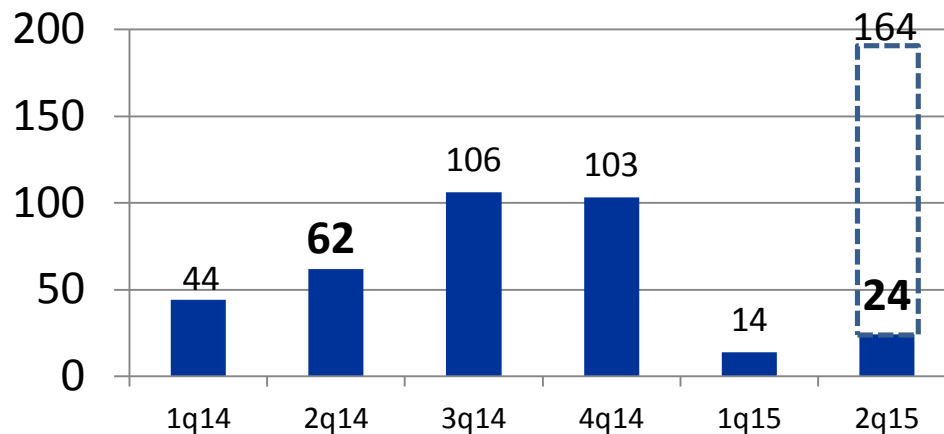
	2q14	2q15	
	4	3	Units
	13,918	68,534	Units
	58,882	103,107	Units

2Q15 Business Highlights

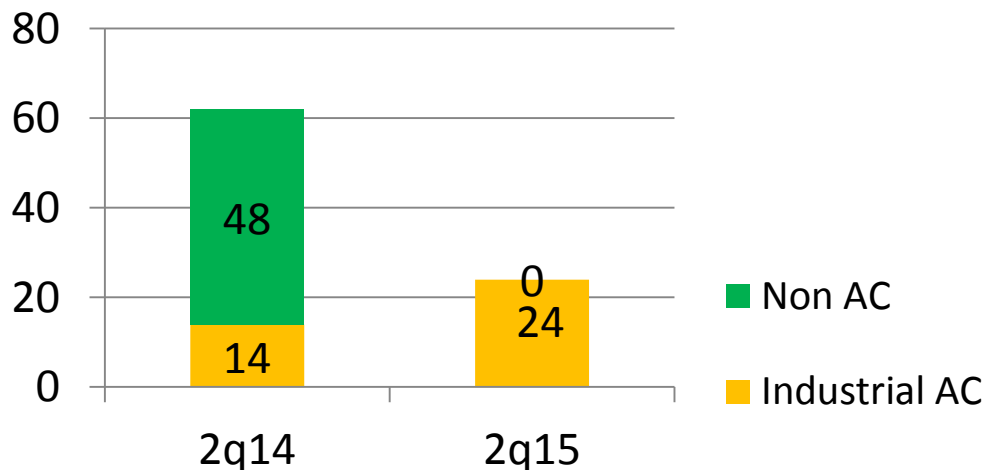


Core Business (EA-ODM)

Sales of EA-ODM (MB)



❖ Sales of ODM group in 2q15 was decreased from 2q14 (-38 MB) but increased from 1q15 (+10 MB). This is because of the sales of Heat Pump product for Water Heater has been moved to SAHP account (recently established business group) of which 2q15 sales of SAHP was 164 MB.

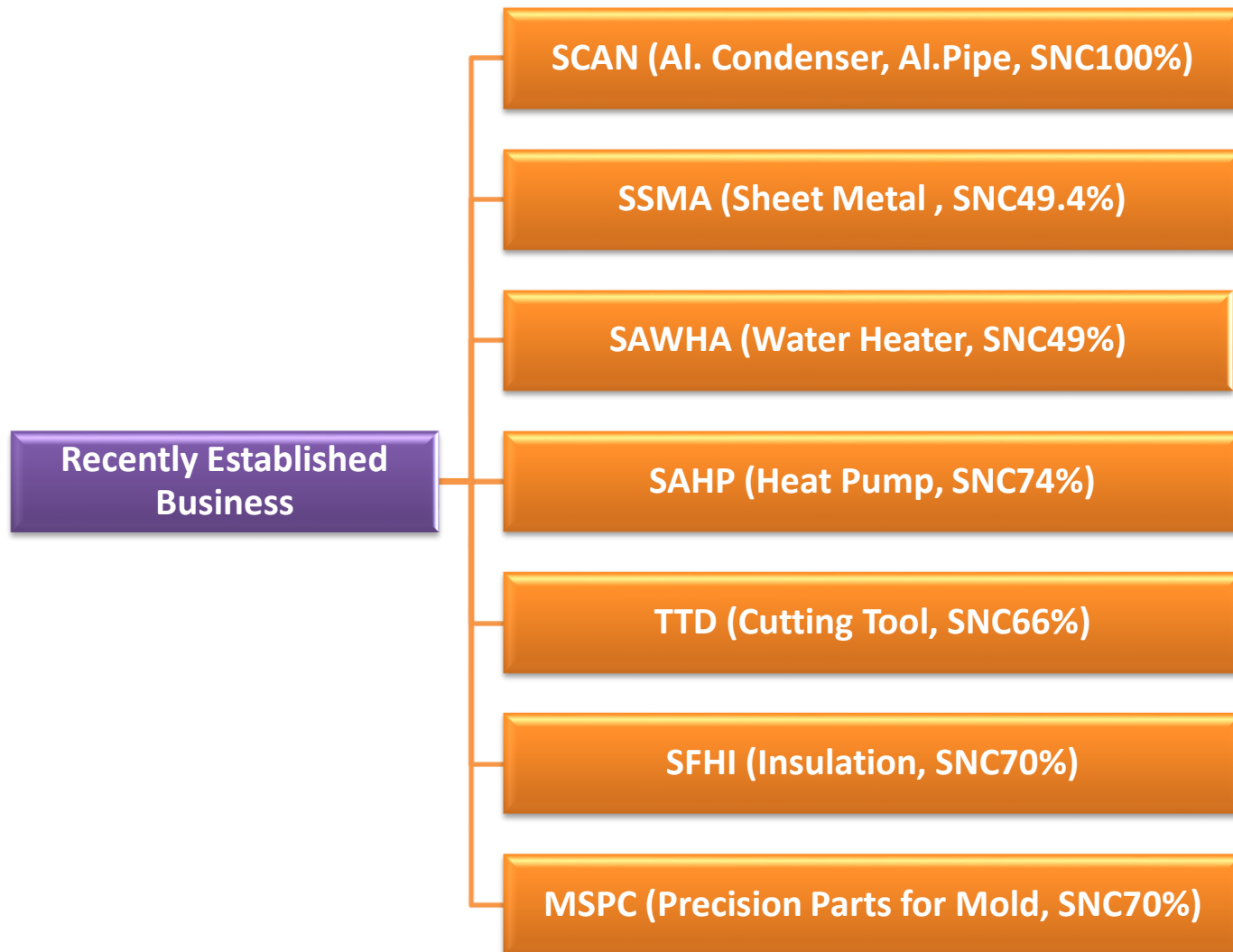


2q14	2q15	
5,261	-	Units
414	772	Units

Business Highlights



Recently Established Business

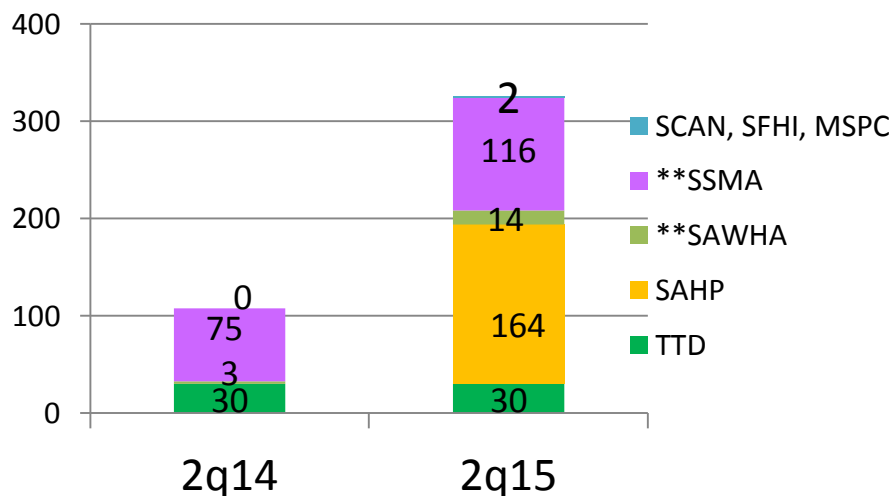
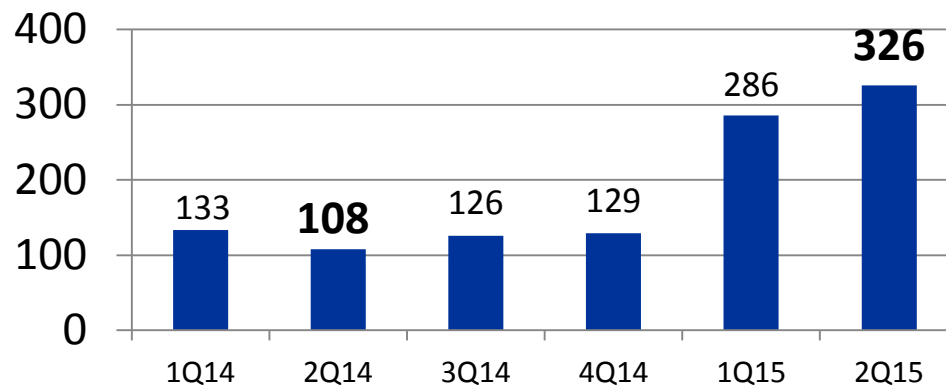


2Q15 Business Highlights



New business

Sales of new business(MB)



❖ Sales of this group in 2q15 was increasing 153 MB or +202% QoQ. The main portion comes from
SAHP (0→164 MB),
SSMA (75→1116 MB)
SAWHA (3→14 MB).

** SSMA, SAWHA : The sales of this is not be consolidated into SNC sales.

2Q15 Business Highlights



Recently Established Business : SCAN Business Update



- ❖ Product
 - ❖ Aluminum Condenser for Residential A/C
 - ❖ Hose for Car A/C.
 - ❖ Aluminum Pipe for Car A/C
- ❖ Capital 200 MB
- ❖ Location : SNC @Rayong
- ❖ Target Customer :
 - ❖ Residential AC makers (Al. Condenser)
 - ❖ Car A/C makers (Hose, Al. Pipe)
- ❖ Highlight activities in 2q15:
 - ❖ Aluminum Condenser has been started Mass Production since June 2015 but the production volume was still very small.

2Q15 Business Highlights



Recently Established Business : SSMA Business Update



- ❖ Product
 - ❖ Stamping parts for Electrical Appliances and Automotive
- ❖ Capital 160 MB :
 - SNC (49%) : SUGIMOTO (46%) :Others (5%)
- ❖ Location : SNC @Rayong
- ❖ Customer :
 - ❖ Auto : SUZUKI, H-One, Kyokuyo, Bestex, etc.
 - ❖ Electrical Appliances : SNC, Mitsubishi, Electrolux, Hitachi, Toshiba
- ❖ Highlight activities in 2q15 :
 - ❖ Demand from SNC (AC OEM parts) is decreasing from 1q15 from its seasonal effect.
 - ❖ Mass production for SUZUKI YL1 project (model CIAZ) has been started since June 2015.
 - ❖ Compressor Parts have been started Mass Production since April

2Q15 Business Highlights



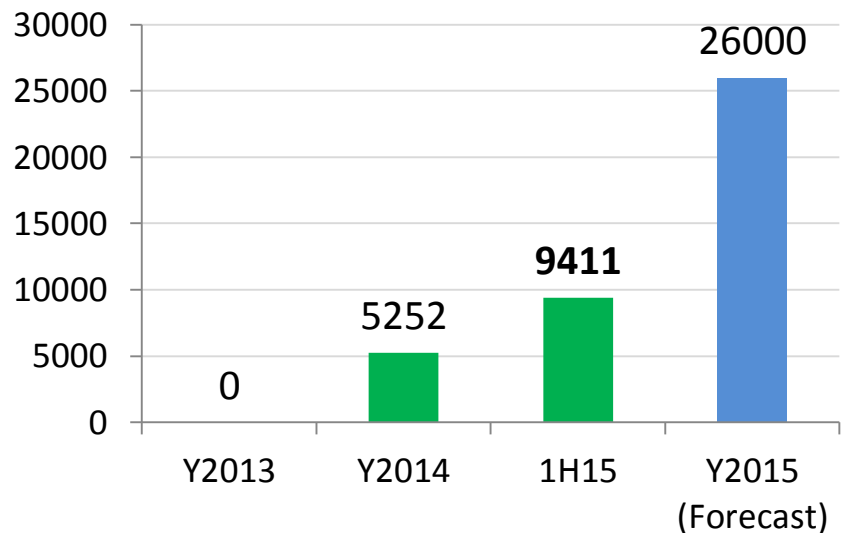
Recently Established Business

SAWHA



- ❖ Manufacturing of water heater.
- ❖ Capital 45 MB, Atlantic 51% + SNC 49%
- ❖ Location : SNC @Rayong
- ❖ Target Customer : export to Vietnam, Indonesia, India, Korea, etc.
- ❖ Main target in Y2015:
 - ❖ Penetrate into India → Got approval by Bureau of Energy Efficiency (BEE) of India in March 2015
- ❖ 2Q14 : sale 3 MB, EAT -1 MB
- ❖ 2Q15 : sale 13.9 MB, EAT 0 MB

Sales (set)

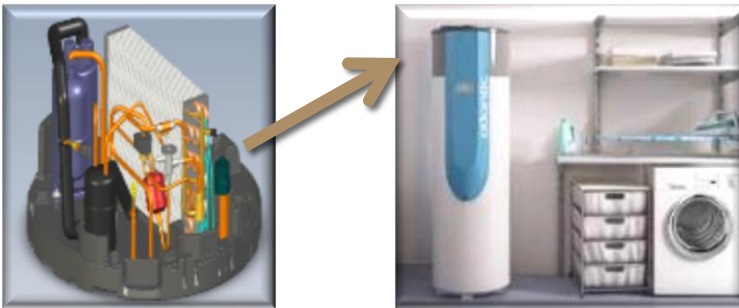


2Q15 Business Highlights



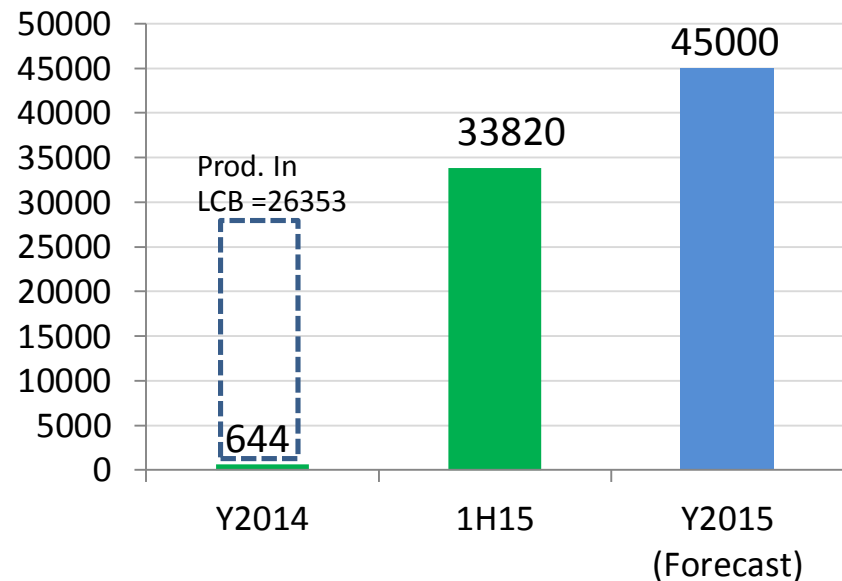
Recently Established Business

SAHP



- ❖ Manufacturing of heat pump for water heater.
- ❖ Capital 45 MB, Atlantic 26% + SNC 74%
- ❖ Location : SNC @Rayong
- ❖ Customer : Atlantic Group in France
- ❖ Started production in Dec 2014
- ❖ 2Q14 : sale 0 MB EAT 0 MB
- ❖ 2Q15 : sale 164 MB EAT 16.2 MB

Sales (set)



Note : The number of production at SNC-LCB in Y2014 was 26,353 set.

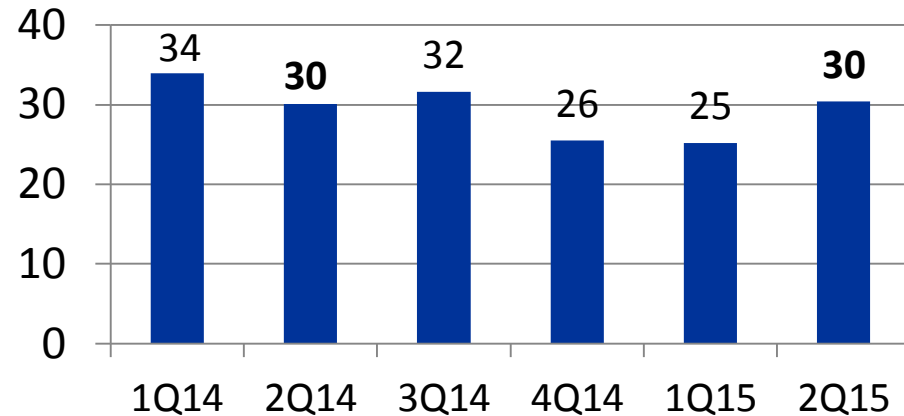
2Q15 Business Highlights



TTD



Sales (MB)



- ❖ Manufacturing of cutting tools.
- ❖ Capital 80 MB, SNC 66%
- ❖ Customer : Automotive sector.
- ❖ New product in 2015 : Automation parts and products.
- ❖ 2Q14: Sale 30.1 MB, EAT 0.8 MB.
- ❖ 2Q15: Sale 30.4 MB, EAT -0.6 MB.

2Q15 Business Highlights



SFHI

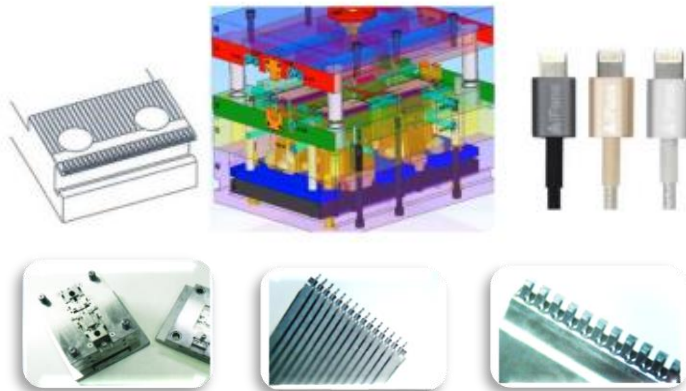


- ❖ Manufacturing of insulation pipe kit and foam insulation.
- ❖ Capital 50 MB.
- ❖ SNC 70% + Fukui Kasei (Thailand) Co., Ltd 20% + Grand Union Enterprise Co., Ltd. 10%
- ❖ Location : Samutprakarn.
- ❖ Customer : Export to USA, Japan, etc.
- ❖ 1Q15, Machines installation, infrastructure and office, loss 1.9 MB.
- ❖ 2Q15, Making samples to customer, loss 4.2 MB.

2Q15 Business Highlights



MSPC



- ❖ MSPC is a maker of precision parts for injection mold.
- ❖ Capital 10 MB → 25 MB
- ❖ SNC 58% Toptech 12%, Meisou 30%
- ❖ Location : Samutprakarn.
- ❖ Customer : Domestic and export to Japan.
- ❖ 1Q15, Machines installation, infrastructure and office, loss 3.5 MB
- ❖ 2Q15: Sale 1.0 MB, EAT -4.2 MB

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Y2015 : The Challenged Year

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Financial Highlights

Y2015 : The Challenged Year



Auto Parts

- Car production trend reduce from 1.88 M → 1.8 M units
- Growth from New parts / New Customers

EA Parts

- Growth with the Big Brands AC manufacturers
- Growth with the increasing number of OEM / ODM production in SNC group.

Core Business

EA OEM

- Increasing number of WINDOW AC and R32 Split AC in Y2015.

EA ODM

- Sales of Heat Pump for Water Heater will be moved to SAHP with the increasing number.
- Increasing trend of Sales for Industrial AC.

Y2015 : The Challenged Year



SCAN

- Start to supply to customer but the quantity is still low

SSMA

- Sales reaches to BEP

SAWHA

- Penetrate into India, EU market

SAHP

- Start operation with continuing strong demand by the Energy Saving trend in EU.

TTD

- Steady growth with the new business (Automation) challenge.

SFHI

- Start operation

MSPC

- Start operation

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Y2015 : The Challenged Year

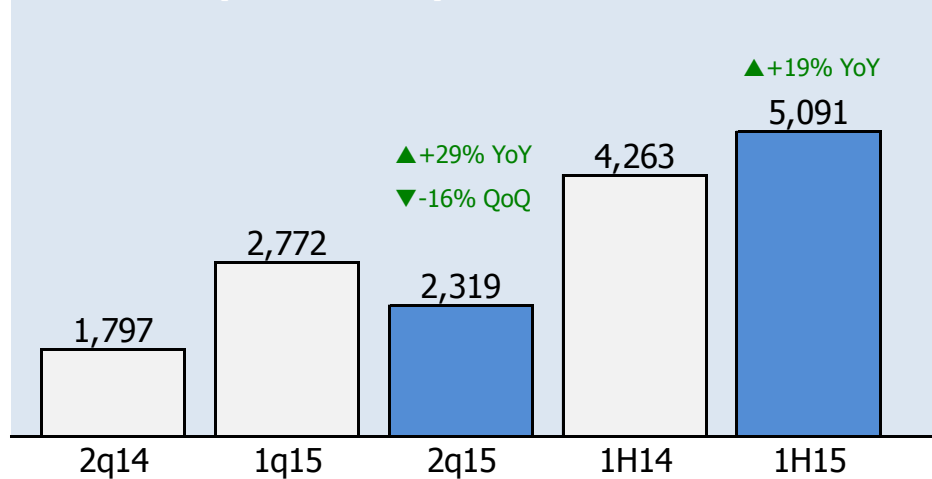
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Financial Highlights

Key Financial Highlights



Revenue (THB million)



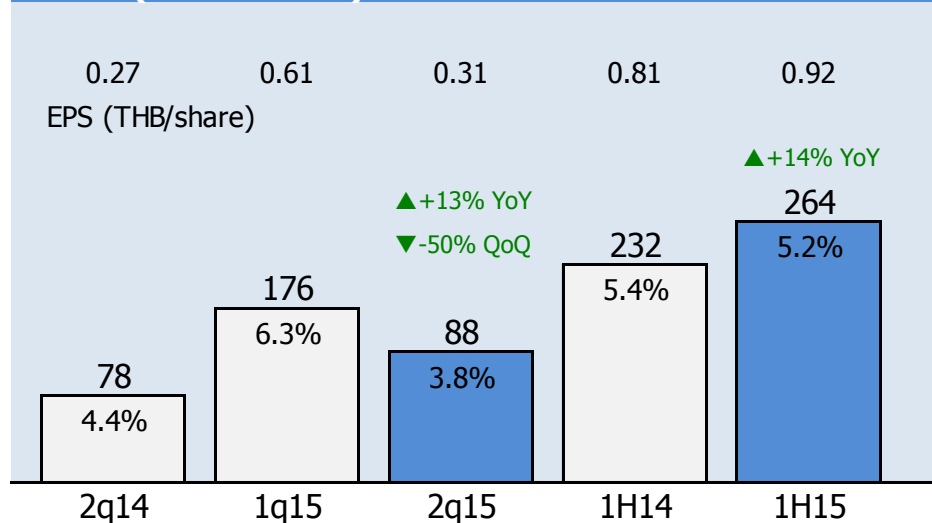
2q15

- + Sale 2q15 was higher than 2q14 due to increase in the OEM production volume of both split type, window type, and also heat pump of SAHP.
- Sale 2q15 was lower than 1q15 because the 1q was normally peak.

1H15

- + Sale 1H15 was higher than 1H14 due to the same above mention.

EAT (THB million)



2q15 and 1H15

- + OEM, EA parts, and heat pump generated more profit.

	2q14	2q15		1H14	1H15	
Electrical	87	105	↑	233	279	↑
Automotive	18	7	↓	47	36	↓
New business	-28	-25	↑	-48	-51	↓
	78	88		232	264	

Business segment revenues



Unit : THB million	2q14	1q15	2q15	YoY	QoQ	1H14	1H15	YoY
Revenue - section i								
Auto - Pipe	172	157	127	-	-	340	284	-
Auto - Plastic	71	93	67	-	-	144	161	+
EA - OEM/ODM	661	1,429	1,127	+	-	1,879	2,556	+
EA - Parts	862	962	800	-	-	1,834	1,762	-
Total section i	1,767	2,641	2,121	+	-	4,198	4,763	+
Revenue - section ii								
SCAN	-	-	2	+	+	-	2	+
SSMA(49%)**	75	153	116	+	-	196	269	+
SAHP	-	107	164	+	+	-	271	+
TTD	30	24	30	+	+	65	54	-
Others	-	0.1	2	+	+	-	2	+
Total section ii	30	131	198	+	+	65	329	+
Revenue GT	1,797	2,772	2,319	+	-	4,263	5,091	+

1H15 vs 1H14

- Auto-Pipe was supplied to the automotive industries.
1q15: 524,540 cars. 2q15: 410,711 cars. 1H15: 935,251 cars.
1q14: 517,492 cars. 2q14: 434,613 cars. 1H14: 952,105 cars.
- Auto-Plastic was supplied to the motorcycle industries which declined in 2q15.
1q15: 536,903 units. 2q15: 432,597 units. 1H15: 969,500 units
1q14: 488,381 units. 2q14: 469,604 units. 1H14: 957,985 units
- + EA-OEM : Production volume of window type↑ and split type↑, high season in 1H.
- + EA-Parts : Production volume was more than 1H14.
Copper price↓ 1H15 : USD 6,376 (1H14 : USD 7,178)
- SCAN sale was a little bit recognized in 2q15, 2352 units.
- + SSMA sale increased in accordance with OEM and Suzuki.
- + SAHP: heat pump was grown in 1H15.
- TTD: cutting tools was mainly supplied to the automotive industries.

Business segment results

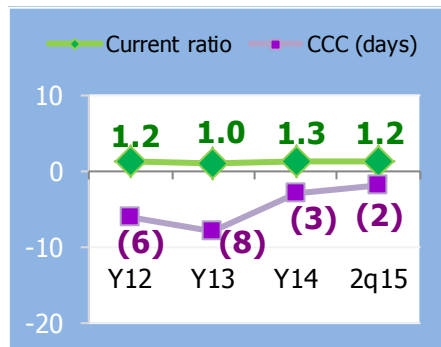
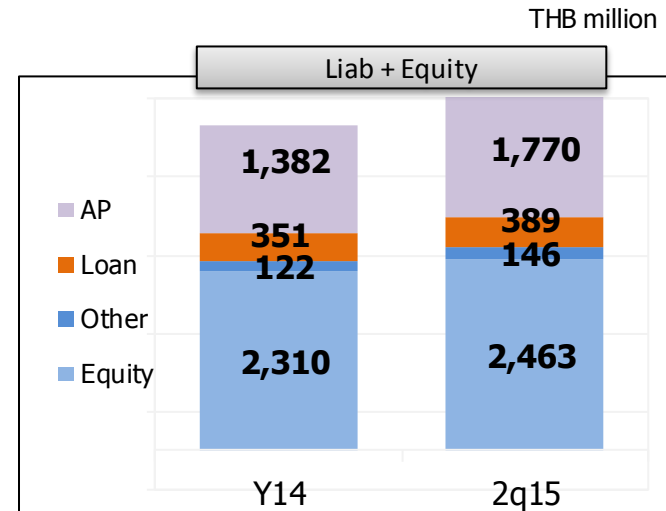
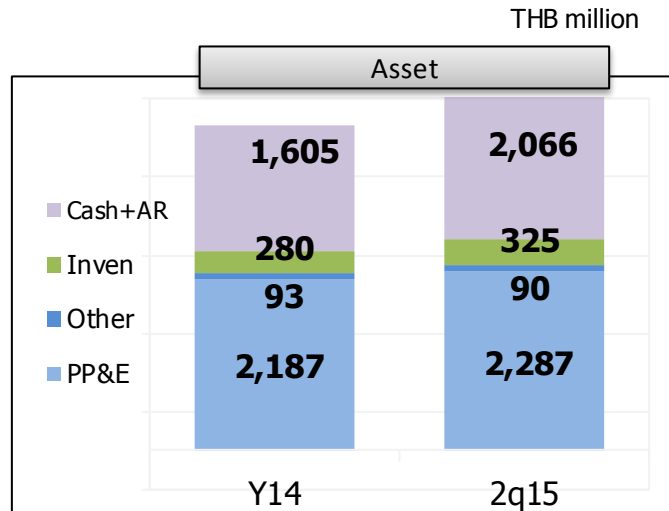


Unit : THB million	2q14	1q15	2q15	YoY	QoQ	1H14	1H15	YoY
Net profit - section i								
Auto - Pipe	19.4	18.1	4.7	-	-	43.6	22.8	-
Auto - Plastic	(1.0)	10.1	2.8	+	-	3.5	12.8	+
EA - OEM/ODM	(0.9)	41.0	10.4	+	-	31.0	51.3	+
EA - Parts	88.3	132.5	95.0	+	-	201.6	227.5	+
Total section i	106	202	113	+	-	280	314	+
Net profit - section ii								
SCAN	(19.9)	(24.6)	(26.5)	-	-	(39.5)	(51.1)	-
SSMA (49%)	(5.5)	(0.4)	(4.6)	+	-	(7.0)	(4.9)	+
SAHP (74%)	(0.2)	5.9	12.0	+	+	(0.4)	17.9	+
TTD (66%)	0.5	(2.1)	(0.4)	-	+	2.4	(2.5)	-
Others	(2.7)	(4.6)	(5.9)	-	-	(3.5)	(10.5)	-
Total section ii	(28)	(26)	(25)	+	+	(48)	(51)	-
Net profit GT	78	176	88	+	-	232	264	+

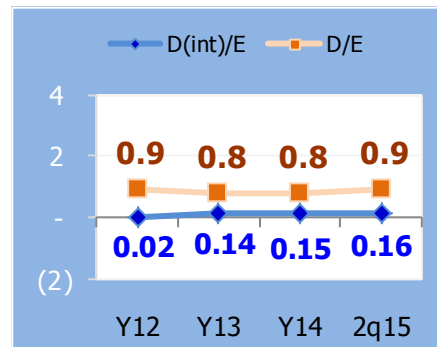
1H15 vs 1H14

- Auto-Pipe and Plastic were supplied to the automotive industries.
- + EA-OEM : 1H15 was stronger than 1H14. Production volume↑ profit↑
- + EA-Parts : 1H15 was better than 1H14. Production volume↑ profit↑
- SCAN just had few operation.
- + SSMA almost touched break even in 1q15, slow down in 2q15.
- + SAHP is the star, volume ↑ profit ↑
- TTD supplies to the automotive industries, volume↓profit↓
- Other: MSPC and SFHI just operated with loss.

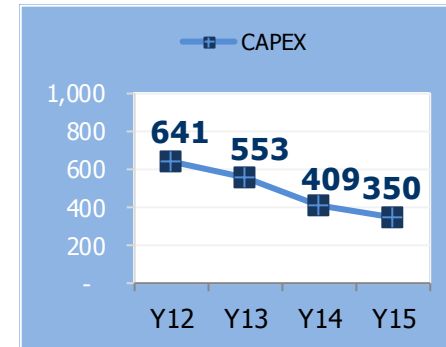
Financial position



Cash cycle -2d, due to OEM activity↑



D(int)/E was in the low level.
More bank loan due to big investment in the past 2 years.



Y12-13, big investment.
Y14, medium investment.
Y15, minor investment and replacement



Thank You



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