

# Highlights on Samyang Packaging

IR meeting  
May 2018

**Samyang Packaging Co., Ltd.**



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## **I . Executive Summary**

II . Who we are

III . Business performance

IV . Growth potential

- **Samyang packaging is running 2 main businesses. One is PET bottle/preform manufacturing business and the other is aseptic beverage OEM/ODM manufacturing business**
  
- **All two businesses are growing along with Korean PET beverage market at a speed around 5% per annum with a strong market leadership position in both businesses**
  - **Market share of PET bottle/preform business and aseptic beverage business recorded 58% and 100% respectively in 2017**
  
- **Regarding upside potential, Samyang is expected to grow faster in both sales and profit with the capacity expansions underway**
  - **Expansions in aseptic beverage manufacturing plants expected to add up KRW 60 billion sales/year after completing lapping up periods for 4 years**
    - **The 4<sup>th</sup> PET aseptic line and the cartocan aseptic line**
  - **Expansion in high speed preform injection plant expected to add up KRW 20 billion sales/year from 2019**
    - **The 144 cavity high speed injection lines**

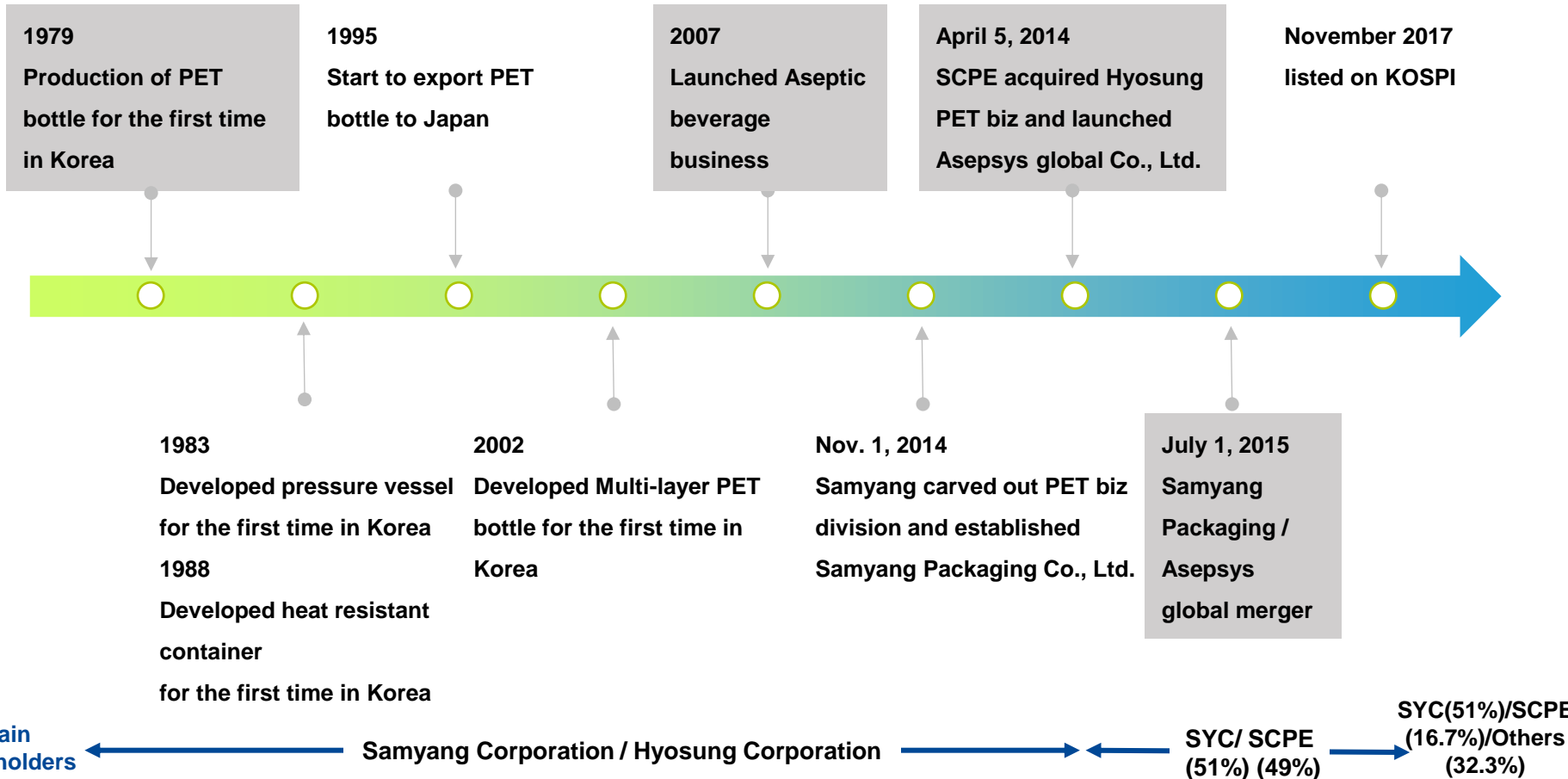
I . Executive Summary

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After the merger in 2015, Samyang Packaging Co., Ltd. obtained an overwhelming leadership position of over 50% market share in both PET Packaging business and Aseptic beverage business



## PET bottle/preform manufacturing and Aseptic Beverage OEM/ODM manufacturing are the two major business pillars

### PET Packaging business



### PET Aseptic Beverage OEM/ODM business



**Market Leadership**

- Overall market MS 38%
- Competitive market MS 58%

- Overall market MS 83%
- Competitive market MS 100%

**Key Characteristics**

- Holds 3 times more PET bottle molds and production lines than the 2<sup>nd</sup> largest competitor
- Korean PET beverage market is growing at 5% per annum

- Holds a world class hygiene & quality control standard required for operating highly sensitive aseptic facilities - proved for 12 years' accident free operation record
- Korean aseptic beverage market is growing at 12% per annum

\* Source : Industry expert interview

I . Executive Summary

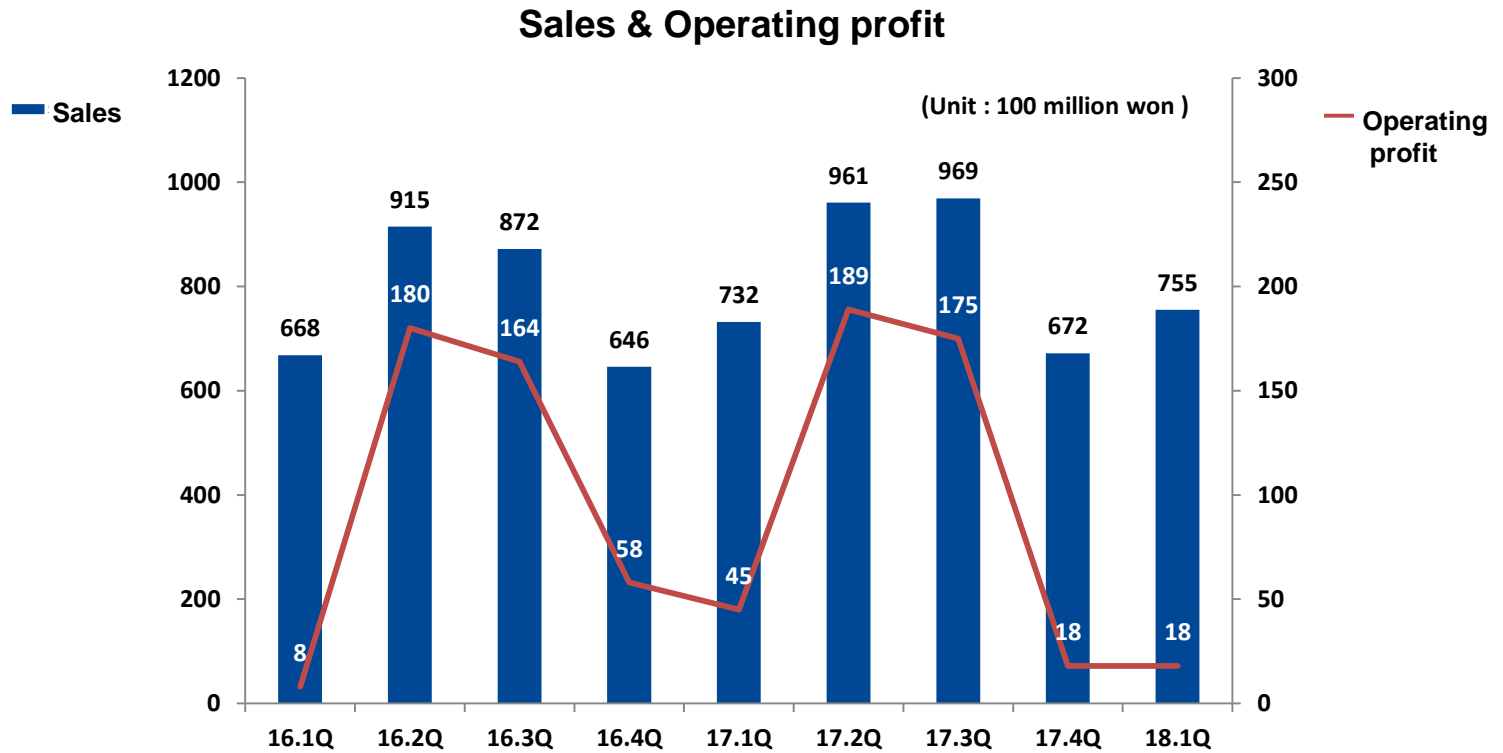
II . Who we are

**III . Business performance**

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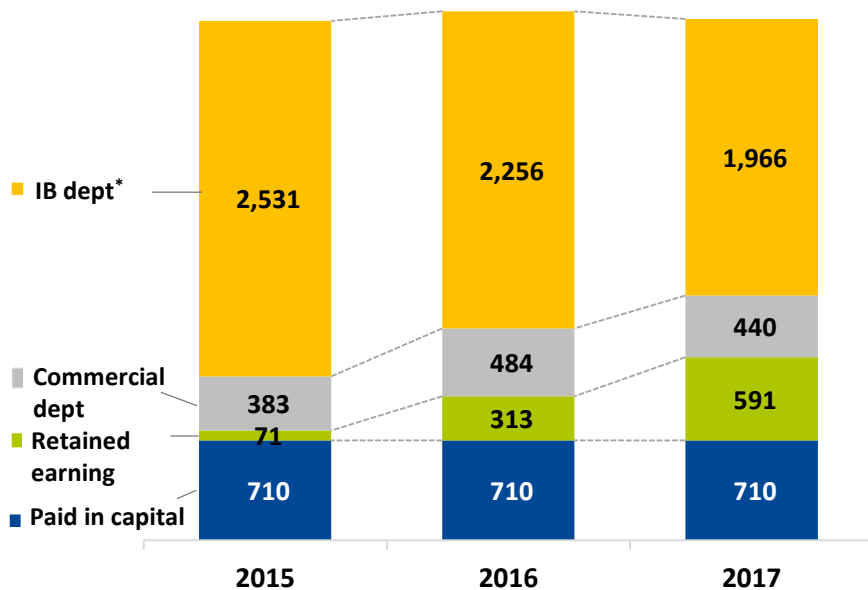
Company's sales/profit performance reflects the strong seasonality of the Korean beverage market



## The company's balance sheet is getting healthier

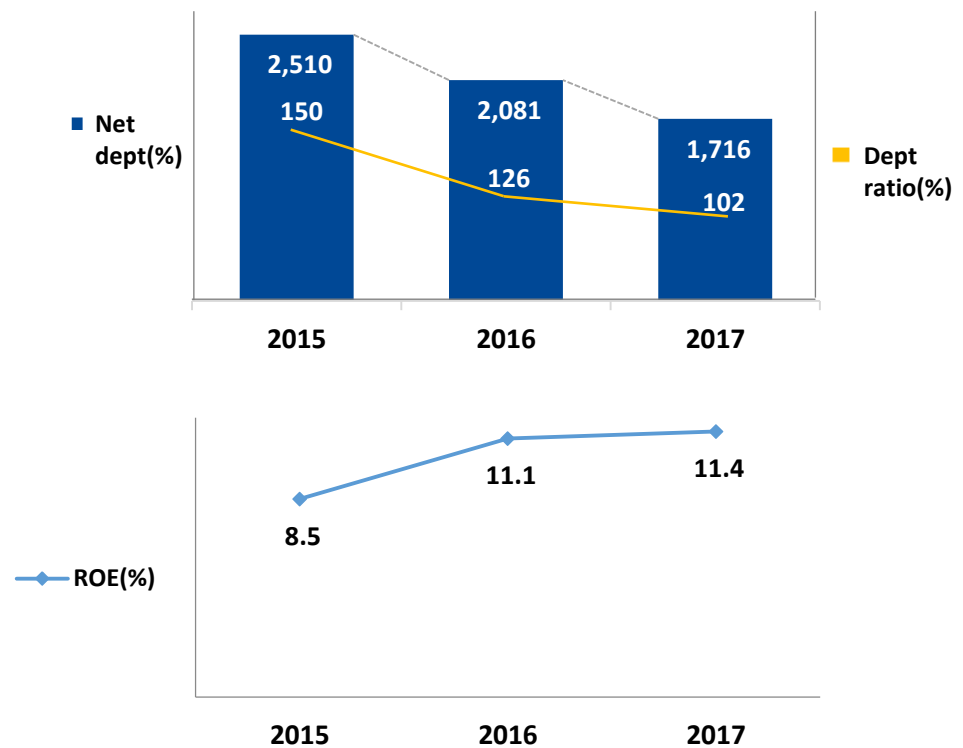
### Total Assets(2015~2017)

(Unit : 100 million won )



### Key figures(2015~2017)

(Unit : %, 100 million won )



\* IB dept : Interest bearing dept

\* 2015FY performance is sum of Samyang Packaging, Asepsys global Co., Ltd.

\* Asepsys global Co., Ltd's performance from 01/2015~06/2015 is written in K-GAAP

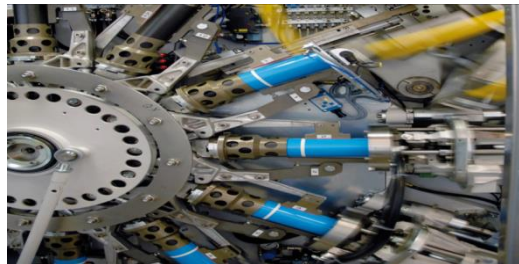
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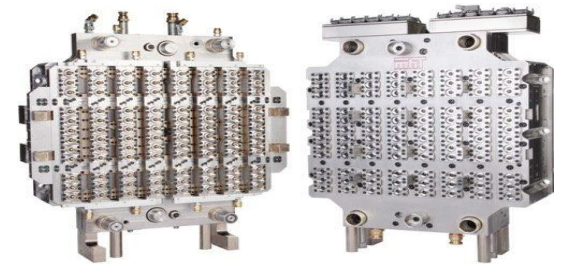
III . Business performance

**IV . Growth potential**

## Aseptic



## PET/preform



### Capex

- KRW 55 billion

- KRW 20 billion

- KRW 12 billion

### Incremental Sales&Profit\*

- Sales KRW 40 billion/year

- Sales KRW 20 billion/year

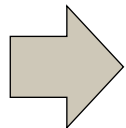
- Sales KRW 20 billion/year

### Status

- Building/utility completed
- Machine installation scheduled to complete Dec, 2018

- Building/utility completed
- 1<sup>st</sup> line machine installation completed and under verifying operation

- 1<sup>st</sup> machine installation completed
- 2<sup>nd</sup> machine installation scheduled to complete Jul, 2018



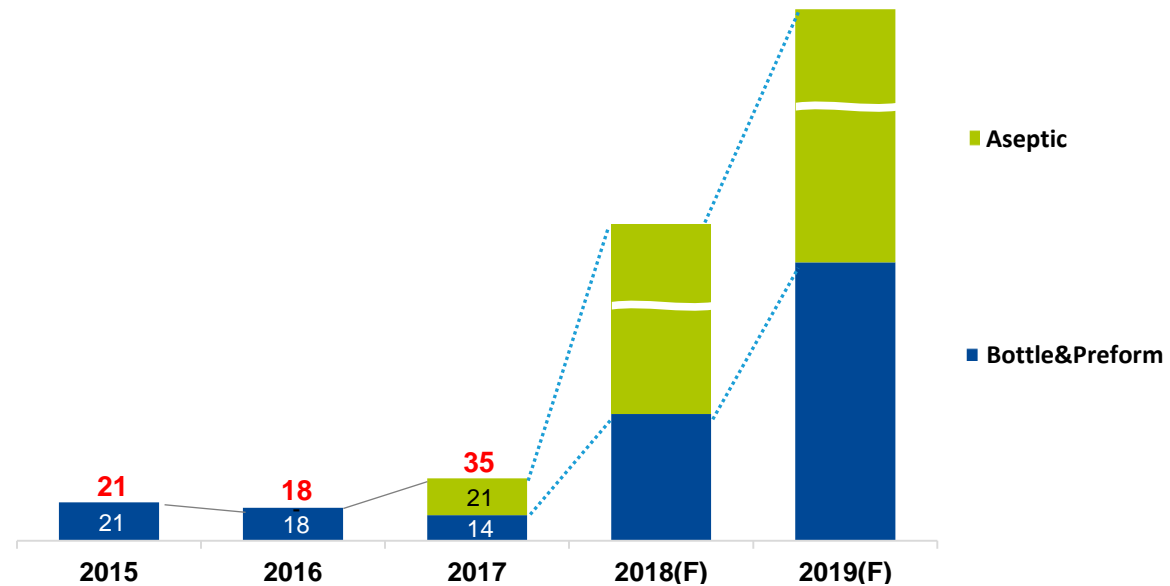
**For upcoming 4~5 years, Samyang expects to add KRW 80 billion sales with decent profit on top of an organic growth**

\* Assumed 4 years lamp-up period for aseptic expansions

From 2017, Samyang's export of figures are taking off

## Export sales trend

(Unit : 100 million won)



The company is expecting to hold a competitive cost advantage over a potential new comer in aseptic business with the increasing exporting volume

# Appendix

## Summary income statement

(Unit: Million Won)

Title	2017	2016	2015
<b>Sales</b>	333,440	310,125	184,943
<b>Sales cost</b>	(258,063)	(238,154)	(150,626)
<b>Total sales profit</b>	75,377	71,971	34,317
<b>Distribution cost</b>	(18,838)	(18,716)	(12,090)
<b>Management cost</b>	(13,885)	(12,300)	(6,616)
<b>Operating profit</b>	42,654	40,955	15,611
<b>Financial income</b>	224	76	936
<b>Financial cost</b>	(8,095)	(9,867)	(6,279)
<b>Other non-operating income</b>	2,777	2,461	2,569
<b>Other non-operating expenses</b>	(1,434)	(2,348)	(1,595)
<b>Net income before corporate income taxes</b>	36,126	31,277	11,242
<b>Corporation tax</b>	(8,187)	(7,057)	(2,544)
<b>Current net income</b>	27,939	24,220	8,698

## Summary balance sheet

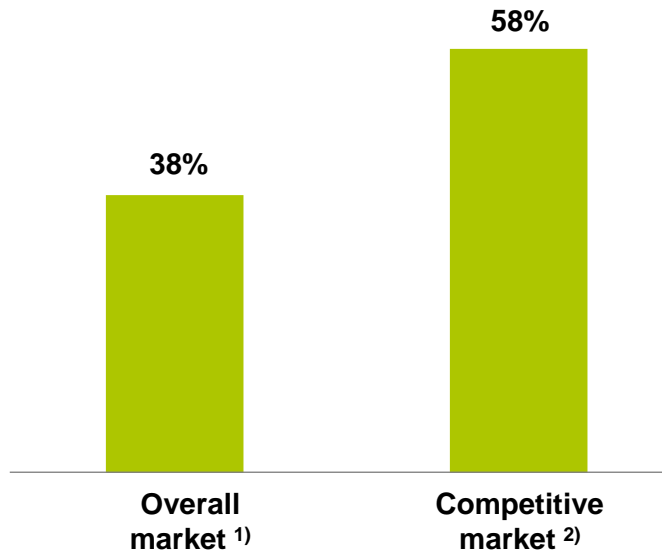
(Unit: Million Won)

Title	2017	2016	2015
<b>Current assets</b>	102,635	89,688	65,105
<b>Non-current assets</b>	394,759	402,265	420,173
<b>Total assets</b>	497,394	491,953	485,278
<b>Current liabilities</b>	78,473	73,457	35,099
<b>Non-current liabilities</b>	173,151	200,476	256,286
<b>Total liabilities</b>	251,624	273,933	291,385
<b>Capital</b>	71,049	71,049	71,049
<b>Capital surplus</b>	115,703	115,706	115,706
<b>Accumulated other comprehensive income</b>	1	1	1
<b>Profit surplus</b>	59,017	31,264	7,137
<b>Total capital</b>	245,770	218,020	193,893
<b>Total liabilities and capital</b>	497,394	491,953	485,278

\* NOTE : 2015FY is non-audited financial statements

## Samyang holds overwhelming share and acclaiming reputations from beverage clients

### Market share status (as of 2016)



### Comments from Beverage Clients

“ I can` t imagine to develop a new PET Packaging design without supports from Samyang Packaging.”

- Beverage client (K company) marketer

“ Samyang Packaging is the unrivaled trustworthy PET Packaging supplier especially for the peak season.”

- Beverage company (L company) procurement team leader

\* Source: Samyang Packaging Sales Team Market Survey

\* Note:

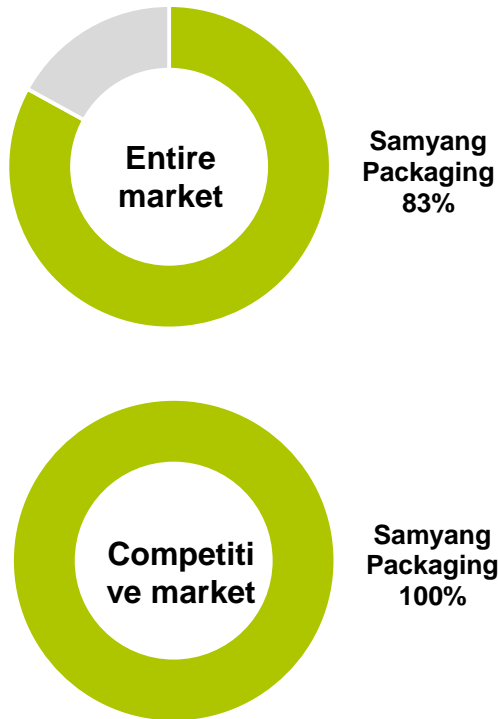
1) Beverage company's PET bottles are included

2) PET bottle specialized manufacturer production only

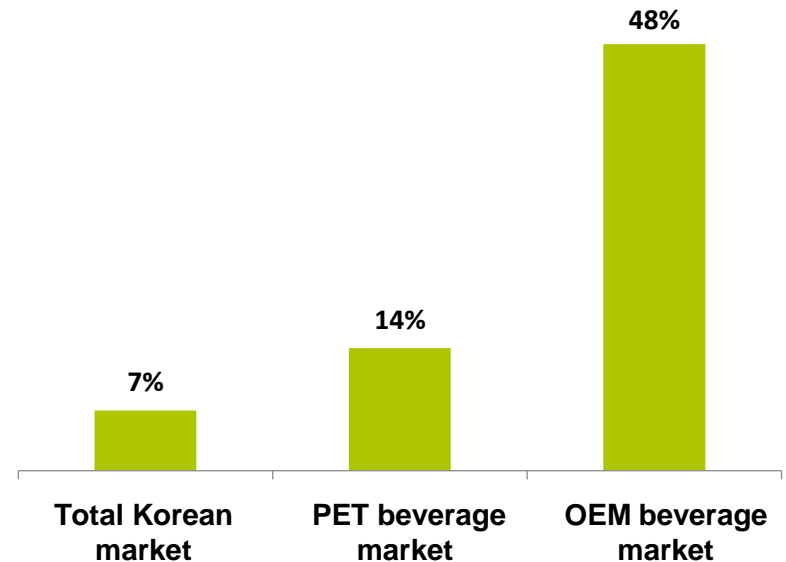


**Samyang holds dominant leadership position not only in Aseptic beverage OEM/ODM market but also in total Korean OEM beverage market**

**Market share status in Aseptic beverage market**



**Samyang Aseptic Beverage Supply Contribution**

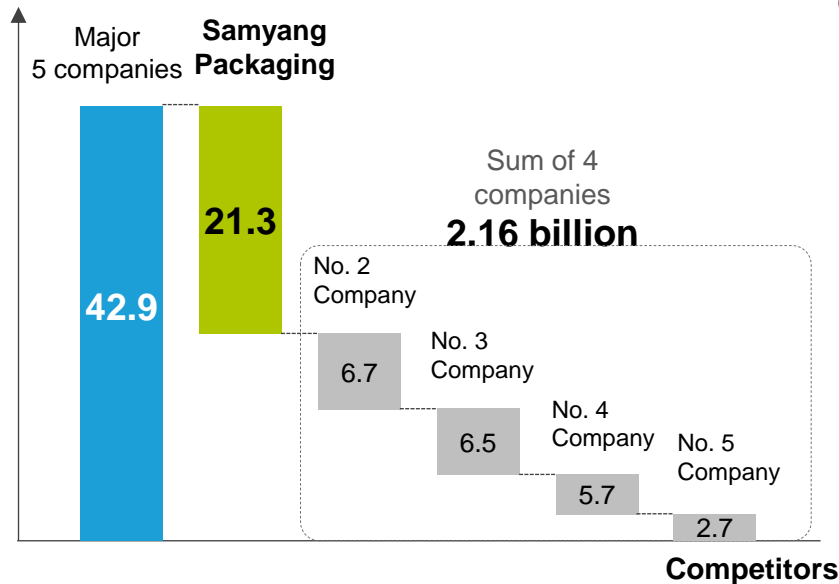


\* Source: Samyang Packaging Planning Team Analysis

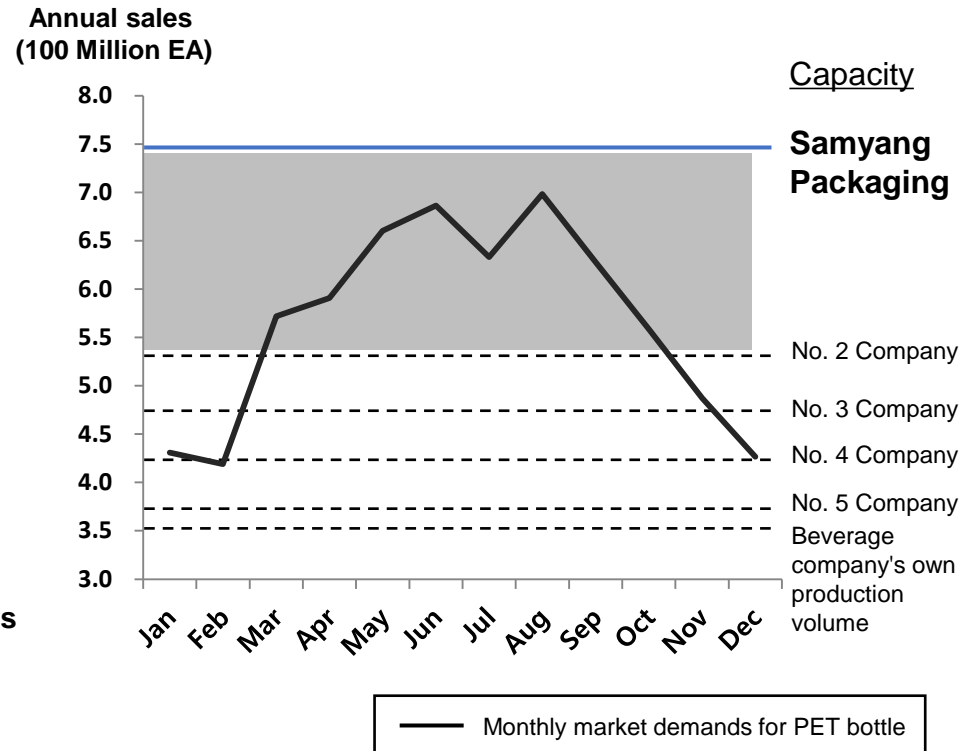
# PET Packaging business market leadership Sustainability ( | ) 18/13

Considering the seasonality of Korea the beverage market, Samyang Packaging selected as the top PET Packaging supplier

## Capacity of major PET Packaging suppliers



## PET beverage Market Seasonality vs. Capacity

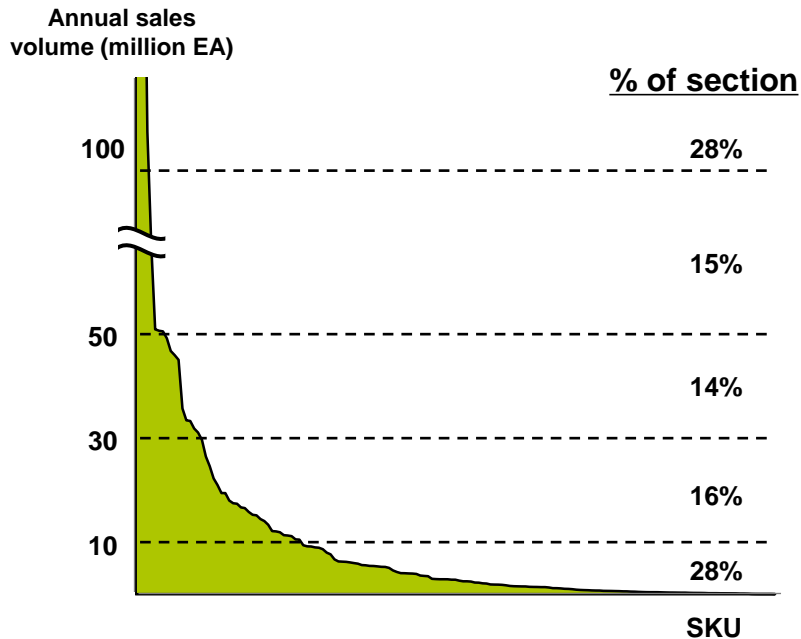


\* Source: Samyang Packaging Sales Team Market Survey, Planning Team Analysis

# PET Packaging business market leadership Sustainability( II ) 19/13

Samyang Packaging has been successfully responding to the domestic beverage industry, which is characterized by a long-tailed market with a superior flexible production management capability

## Annual beverage sales volume by SKU



## Flexibility / Operational efficiency

	Samyang Packaging	No. 2 Company	No. 3 Company	No. 4 Company	No. 5 Company
Number of Production line	35	5	8	8	6
Number of Bottle molds	113	39	16	32	4
Utilization	73%	48%	55%	61%	43%

\* Source: Samyang Packaging Sales Team Market Survey, Planning Team Analysis

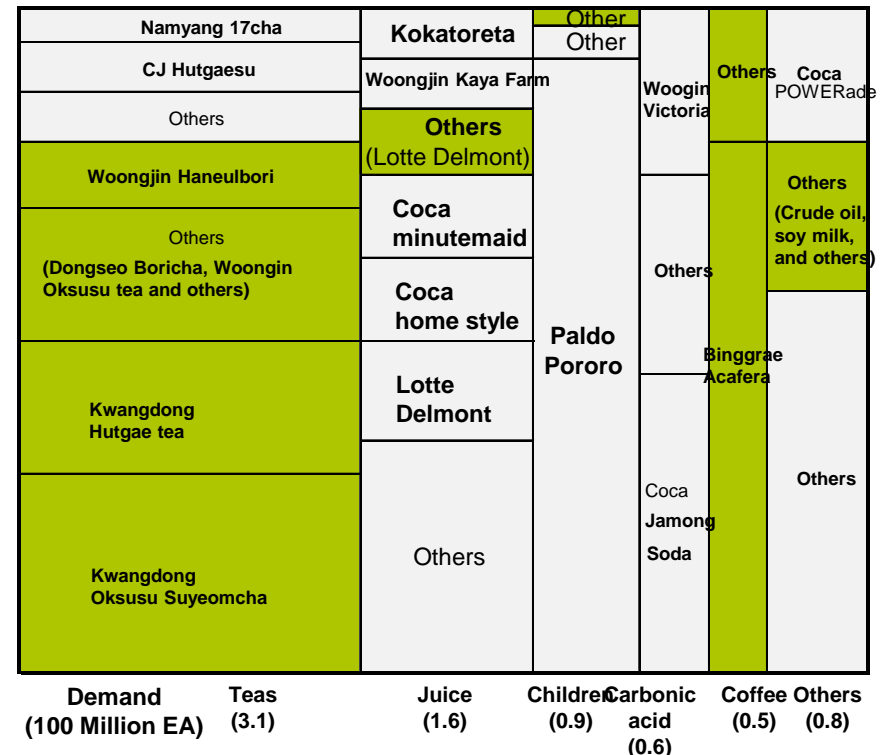
# Aseptic Beverage Business Market Leadership Sustainability 20/13

Through the preemptive capacity investment and preoccupation of Aseptic market, Samyang successfully built up a strong entry barrier

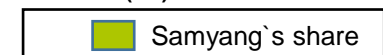
## Samyang`s Aseptic production lines

	Unit 1	Unit 2	Unit 3	Unit 4
Production CAPA	150 Million EA	150 Million EA	150 Million EA	150 Million EA
Utilization	95%	77%	69%	-
Investment timing	Sept. 2007	Feb. 2010	March 2014	Dec. 2018

## Preoccupation status in PET beverage OEM market

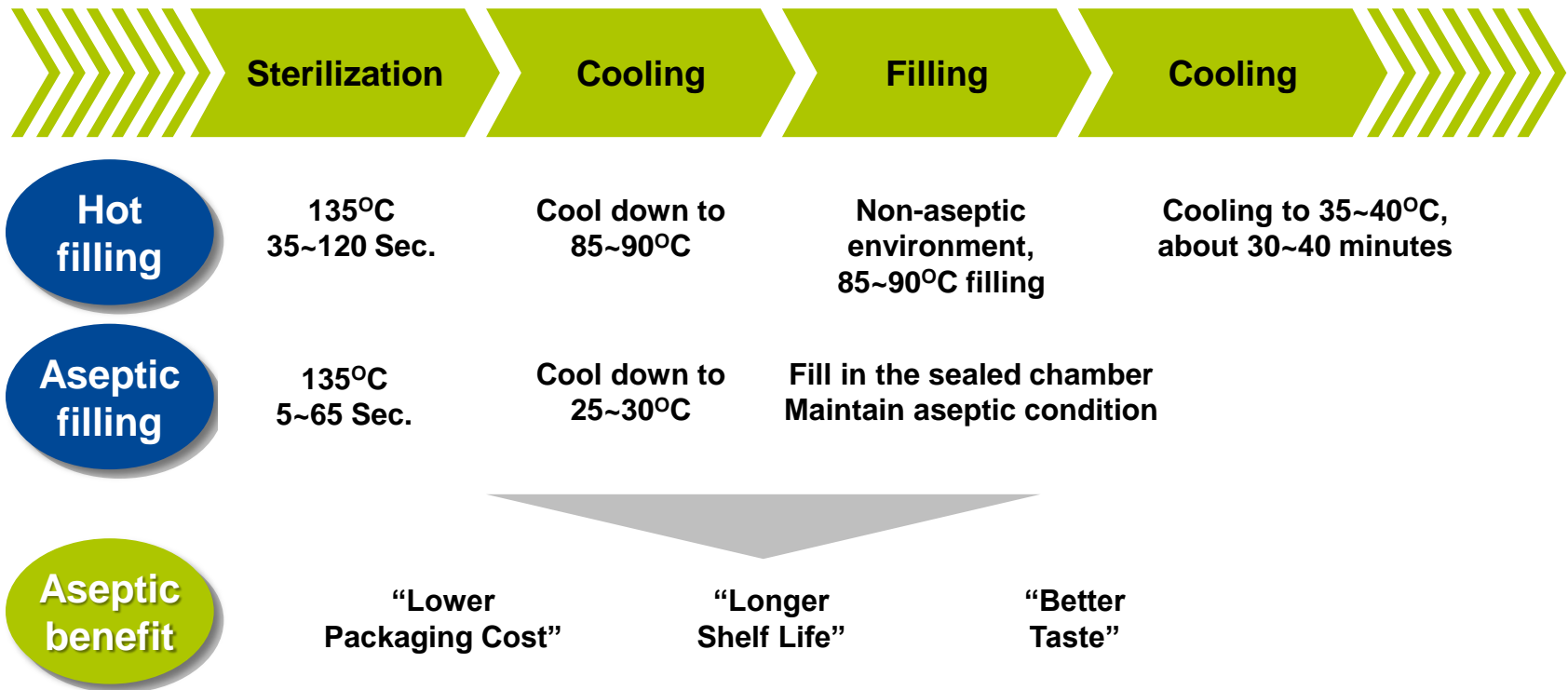


\* Source: Samyang Packaging Sales Team Market Survey, Planning Team Analysis



Samyang has successfully grown the Aseptic business by replacing existing hot-fill beverages and launching new beverage categories

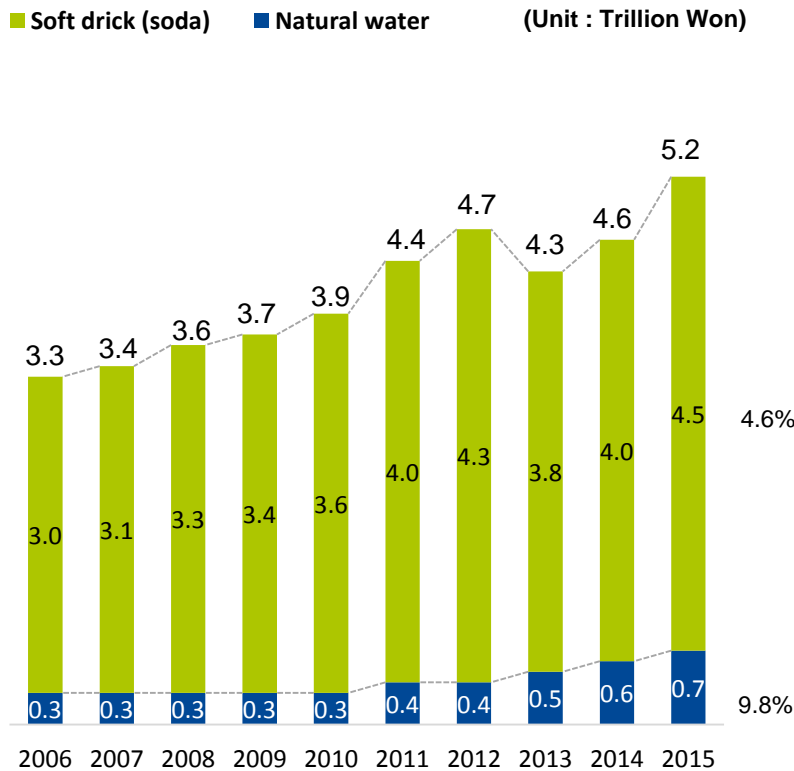
## Hot filling Vs. Aseptic filling



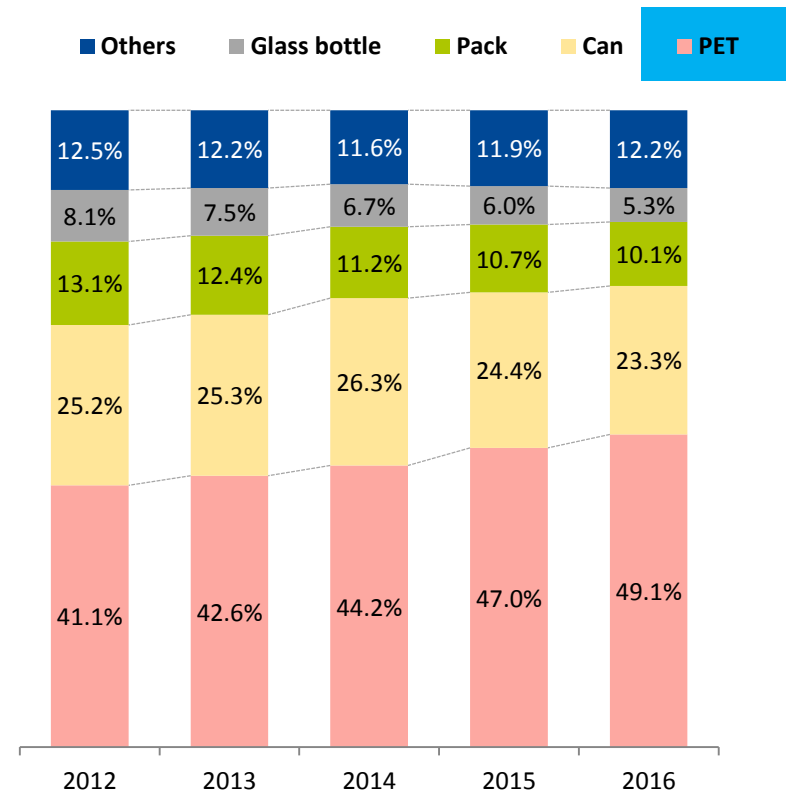
\* Source: Industry expert interview

**Samyang, as a dominant market leader expected to enjoy a stable organic growth With the steady growth of Korean beverage market and growing proportion of PET Packaging**

**Korean beverage market growth trend**



**Trend of proportion by container type**



\* Source: National Statistical Office and Korea Spring Water Association, AC Neilsens survey data