

MIRA INFORM REPORT

Report No. :	518653
Report Date :	09.07.2018

IDENTIFICATION DETAILS

Name :	VALMET CO., LTD.
Formerly Known As :	METSO PAPER (THAILAND) CO., LTD.
Registered Office :	49/24 MOO 5, Laemchabang Industrial Estate, T. Thungsukhla, A. Sriracha, Chonburi 20230
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	27.09.1996
Com. Reg. No.:	0205539006117
Legal Form :	Private Limited Company
Line of Business :	Manufacturer, Distributor and Exporter of Paper Rollers and Related Parts.
No. of Employees :	210

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Thailand	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures - have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions. Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

VALMET CO., LTD.

[FORMER: METSO PAPER (THAILAND) CO., LTD.]

SUMMARY

BUSINESS ADDRESS : 49/24 MOO 5, LAEMCHABANG INDUSTRIAL ESTATE,
T. THUNGSUKHLA, A. SRIRACHA, CHONBURI
20230, THAILAND

TELEPHONE : [66] 38 401-100-10

FAX : [66] 38 400-972, 38 400-970

E-MAIL ADDRESS : paper.servicethailand@valmet.com
polchai.jungsawat@valmet.com

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 1996

REGISTRATION / TAX ID NO. : 0205539006117

CAPITAL REGISTERED : BHT. 100,000,000

CAPITAL PAID-UP : BHT. 100,000,000

SHAREHOLDER'S PROPORTION : FINN : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. PORNPRACHA WATTANAKIJSIRI, THAI
MANAGING DIRECTOR

NO. OF STAFF : 210

LINES OF BUSINESS : PAPER ROLLERS AND RELATED PARTS
MANUFACTURER, DISTRIBUTOR AND EXPORTER

CORPORATE PROFILE

OPERATING TREND : STABLE

PRESENT SITUATION : OPERATING NORMALLY

REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT

MANAGEMENT STANDARD : MANAGEMENT WITH GOOD PERFORMANCE

HISTORY

The subject was established on September 27, 1996 as a private limited company under the originally registered name "Valmet Technology (Thailand) Co., Ltd." by Finn groups. On June 6, 2001, the subject's name was changed to "Metso Paper (Thailand) Co., Ltd.", and was finally changed to VALMET CO., LTD, on January 2, 2014. Its business objective is to provide manufacturing, importing and distributing complete range of machinery, equipment and related products for pulp & paper and fiber industry of both domestic and overseas markets. It currently employs 210 staff.

Presently, subject is a wholly owned subsidiary of Valmet Technologies Inc. of Finland.

The subject's registered address is 49/24 Moo 5, Laemchabang Industrial Estate, T. Thungsukhla, A. Sriracha, Chonburi 20230, and this is the subject's current operation address.

THE BOARD OF DIRECTOR

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Mrs. Sivana Franzoni Ereno	Brazilian	47
Mr. Pornpracha Wattanakijisiri	Thai	52
Mrs. Paula Irmeli Koppatz	Finn	64
Mr. Jukka Heikki Tiitinen	Finn	53

AUTHORIZED PERSON

Any of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Pornpracha Wattanakijisiri is the Managing Director.
He is Thai nationality with the age of 52 years old.

Mr. Polchai Jungswat is the Sales & Marketing Manager.
He is Thai nationality.

Mr. Jukka Heikki Tiitinen is the General Manager.
He is Finn nationality with the age of 53 years old.

BUSINESS OPERATIONS

The subject is engaged in providing complete range of industrial machinery, equipment and parts for pulp & paper and fiber industry. Its business includes manufacturing and distributing paper rolls and related equipment, as well as importing paper finishing machinery, air system and converting equipment and related spare parts. The subject also provides installation and maintenance services for paper machinery.

The products and services are as follows:

- Roll Maintenance
 - Roll reconditioning and modernizations
 - Roll grinding and balancing
 - Test runs
 - TwinRoll
- Roll Covers
 - Composite/ CalPanther/ CalJaquar/ CalLeopard series
 - Polyurethane [Brand : PressFox, VacuForx, PressPolar, PressHusky, CoteFalcon, CoteCondor]
 - Rubber roll
 - Hard coating and release treatment
- Spare Parts
 - Suction roll seal
 - Chipper wear plate
- Consumables
 - Doctor blades
 - Blade holders
 - Coater blades
- Fabrics
 - Filtration
 - Paper machine clothing

BRAND NAME

"VALMET"

PURCHASE

Most of raw materials for production are purchased from local suppliers.

IMPORT

Spare parts are imported from Finland, Germany, Malaysia, France, Republic of China, India and Taiwan.

MAJOR SUPPLIER

Valmet Technologies Inc. : Finland

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SALES

The products are sold and supplied to manufacturers and end-users both local and overseas, such as Japan, Singapore, Korea, Taiwan, Indonesia, India, Republic of China, Egypt, Philippines, Malaysia and Australia.

MAJOR CUSTOMERS

Double A (1991) Public Company Limited	: Thailand
SCG Paper Group	: Thailand
Thai Paper Public Company Limited	: Thailand
International Paper Packaging (Thailand) Co., Ltd.	: Thailand
Pantong Paper Co., Ltd.	: Thailand
Bangka-in Paper Mill Industry Co., Ltd.	: Thailand

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according for the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Imports are by L/C at sight or T/T.
Exports are against L/C at sight or T/T.

BANKING

Bangkok Bank Public Company Limited

EMPLOYMENT

The subject employs 210 staff.

LOCATION DETAILS

The premise is owned for administrative office and factory at the heading address.
Premise is located in provincial/industrial area.

COMMENT

Subject's operating performance in 2017 has seen an improvement with an increase in both sales or service income and net profit comparing to the previous year. Its business is promising and growing in line with the demand of the products and services from both local and overseas countries.

FINANCIAL INFORMATION

The capital was registered at Bht. 100,000,000 divided into 1,000,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE

[As at April 27, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Valmet Technologies Inc. Nationality: Finn Address : 02151, Espoo, Finland	999,998	100.00
Valmet AB Nationality: Finn Address : SE 851 94, Sundsvall, Finland	1	-
Valmet OYJ Nationality: Finn Address : 02151, Espoo, Finland	1	-

Total Shareholders : 3

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SHARE STRUCTURE

[As at April 27, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	-	-	-
Foreign - Finn	3	1,000,000	100.00
Total	3	1,000,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO.

Mrs. Anuthai Poomsurakul No. 3873

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

Current Assets	ASSETS		
	2017	2016	2015
Cash and Cash Equivalents	79,643,993	80,866,339	63,216,108
Trade Accounts and Other Receivable	159,489,619	208,304,489	163,220,823
Inventories	129,712,606	133,927,109	153,174,087
Other Current Assets	1,173,883	9,198,605	5,137,994
Total Current Assets	370,020,101	432,296,542	384,749,012
Investment in Joint Venture	2,359,686	1,039,765	1,039,765
Property, Plant and Equipment	105,549,779	132,937,305	152,773,116
Intangible Assets	566,598	766,195	-
Other Non-current Assets -Deposits	3,496,031	2,956,031	3,083,753
Total Assets	481,992,195	569,995,838	541,645,646

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LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	215,285,675	361,468,582	314,098,001
Accrued Income Tax	-	651,833	-
Provision for Short-term Loans	22,434,300	27,001,290	-
Reserve for Goods Quality Assurance	-	-	22,638,349
Other Current Liabilities	20,081,199	8,820,469	8,643,492
Total Current Liabilities	257,801,174	397,942,174	345,379,842
Provision for Employee Benefits	38,610,329	34,129,992	29,985,400
Total Liabilities	296,411,503	432,072,166	375,365,242
Shareholders' Equity			
Share capital : Baht 100 par value value authorized, and issued share capital 1,000,000 shares	100,000,000	100,000,000	100,000,000
Capital Paid	100,000,000	100,000,000	100,000,000
Retained Earnings [Deficit]			
Appropriated for statutory reserve	10,000,000	10,000,000	10,000,000
Unappropriated	75,580,692	27,923,672	56,280,404
Total Shareholders' Equity	185,580,692	137,923,672	166,280,404
Total Liabilities and Shareholders' Equity	481,992,195	569,995,838	541,645,646

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Service income	936,709,787	914,108,742	838,005,752
Other Income	11,283,043	21,543,898	5,257,669
Gain on Exchange Rate	-	-	15,577,392
Total Revenues	947,992,830	935,652,640	858,840,813
Expenses			
Cost of Goods Sold or Service	669,523,083	724,192,119	644,320,104

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Selling Expenses	154,372,896	169,326,143	143,687,558
Administrative Expenses	41,240,755	44,628,639	37,072,243
Total Expenses	865,136,734	938,146,901	825,079,905
Profit/[Loss] before Financial Cost & Income Tax	82,856,096	[2,494,261]	33,760,908
Financial Cost	[280,069]	[1,252,171]	-
Profit/[Loss] before Income Tax	82,576,027	[3,746,432]	33,760,908
Income Tax	[19,919,007]	[6,450,160]	[8,952,902]
Net Profit / [Loss]	62,657,020	[10,196,592]	24,808,006

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	1.44	1.09	1.11
QUICK RATIO	TIMES	0.93	0.73	0.66
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	8.87	6.88	5.49
TOTAL ASSETS TURNOVER	TIMES	1.94	1.60	1.55
INVENTORY CONVERSION PERIOD	DAYS	70.71	67.50	86.77
INVENTORY TURNOVER	TIMES	5.16	5.41	4.21
RECEIVABLES CONVERSION PERIOD	DAYS	62.15	83.18	71.09
RECEIVABLES TURNOVER	TIMES	5.87	4.39	5.13
PAYABLES CONVERSION PERIOD	DAYS	117.37	182.18	177.93
CASH CONVERSION CYCLE	DAYS	15.50	(31.51)	(20.07)
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	71.48	79.22	76.89
SELLING & ADMINISTRATION	%	20.88	23.41	21.57
INTEREST	%	0.03	0.14	-
GROSS PROFIT MARGIN	%	29.73	23.13	25.60
NET PROFIT MARGIN BEFORE EX. ITEM	%	8.85	(0.27)	4.03
NET PROFIT MARGIN	%	6.69	(1.12)	2.96
RETURN ON EQUITY	%	33.76	(7.39)	14.92
RETURN ON ASSET	%	13.00	(1.79)	4.58
EARNING PER SHARE	BAHT	62.66	(10.20)	24.81
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.61	0.76	0.69
DEBT TO EQUITY RATIO	TIMES	1.60	3.13	2.26
TIME INTEREST EARNED	TIMES	295.84	(1.99)	-

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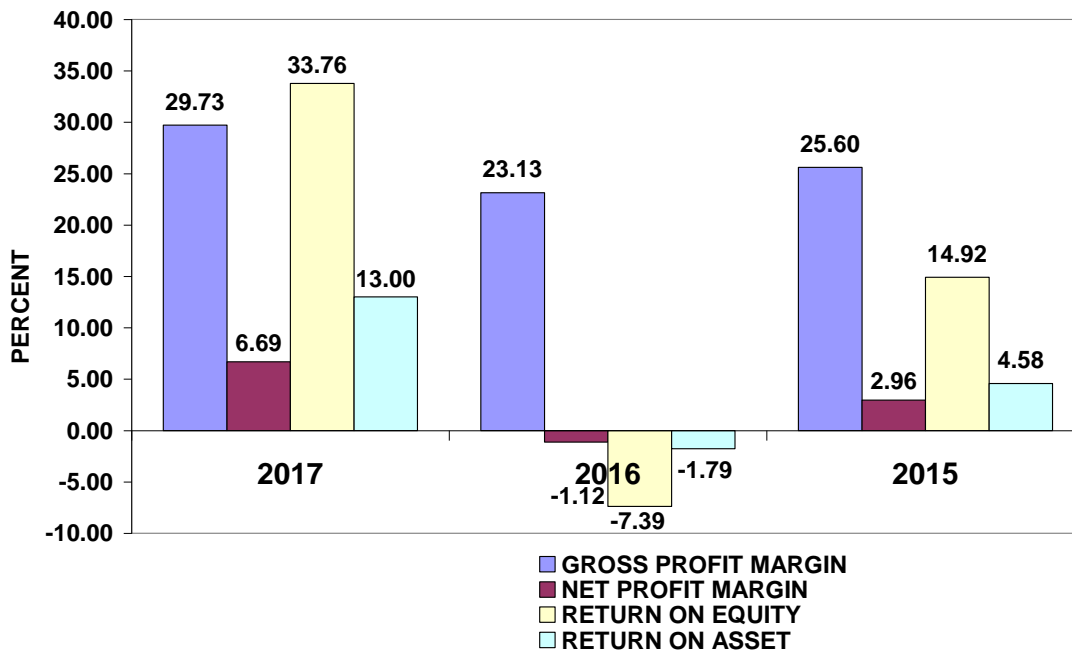
ANNUAL GROWTH

SALES GROWTH	%	2.47	9.08
OPERATING PROFIT	%	(3,421.87)	(107.39)
NET PROFIT	%	714.49	(141.10)
FIXED ASSETS	%	(20.60)	(12.98)
TOTAL ASSETS	%	(15.44)	5.23

ANNUAL GROWTH: ACCEPTABLE

An annual sales growth is 2.47%. Sales Income has increased from THB 914,108,742.00 in 2016 to THB 936,709,787.00 in 2017. While net profit has increased from THB -10,196,592.00 in 2016 to THB 62,657,020.00 in 2017. And total assets has decreased from THB 569,995,838.00 in 2016 to THB 481,992,195.00 in 2017.

PROFITABILITY: EXCELLENT



PROFITABILITY RATIO

Gross Profit Margin	29.73	Impressive	Industrial Average	29.03
Net Profit Margin	6.69	Impressive	Industrial Average	5.99
Return on Assets	13.00	Impressive	Industrial Average	7.06
Return on Equity	33.76	Impressive	Industrial Average	10.72

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Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. Gross Profit Margin is 29.73%. When compared with the industry average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. Net Profit Margin ratio is 6.69%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

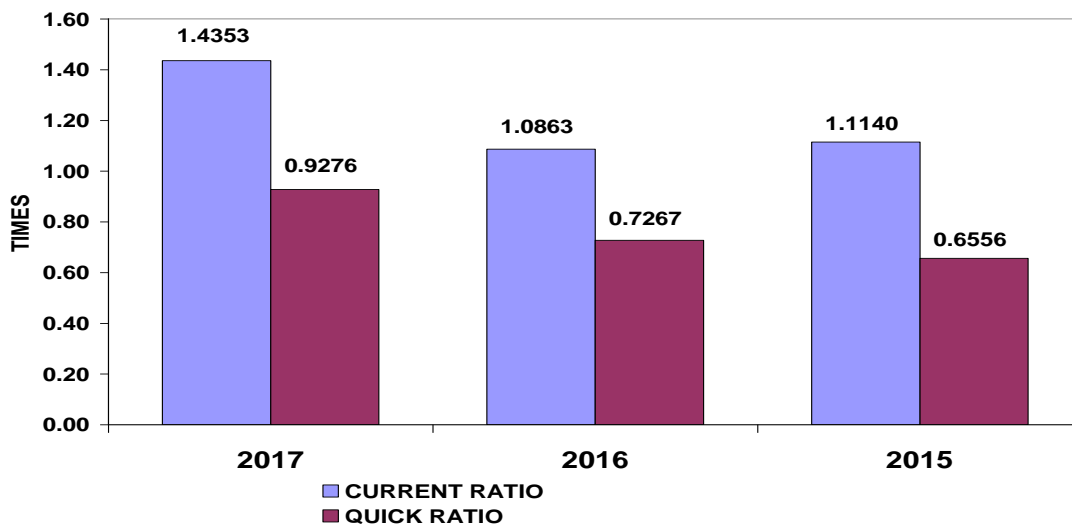
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 13%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. Return on Equity ratio is 33.76%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Trend of the average competitors in the same industry for last 5 years

Return on Assets Downtrend
 Return on Equity Downtrend

LIQUIDITY : SATISFACTORY



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LIQUIDITY RATIO

Current Ratio	1.44	Satisfactory	Industrial Average	2.42
Quick Ratio	0.93			
Cash Conversion Cycle	15.50			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 1.44 times in 2017, increase from 1.09 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was lower.

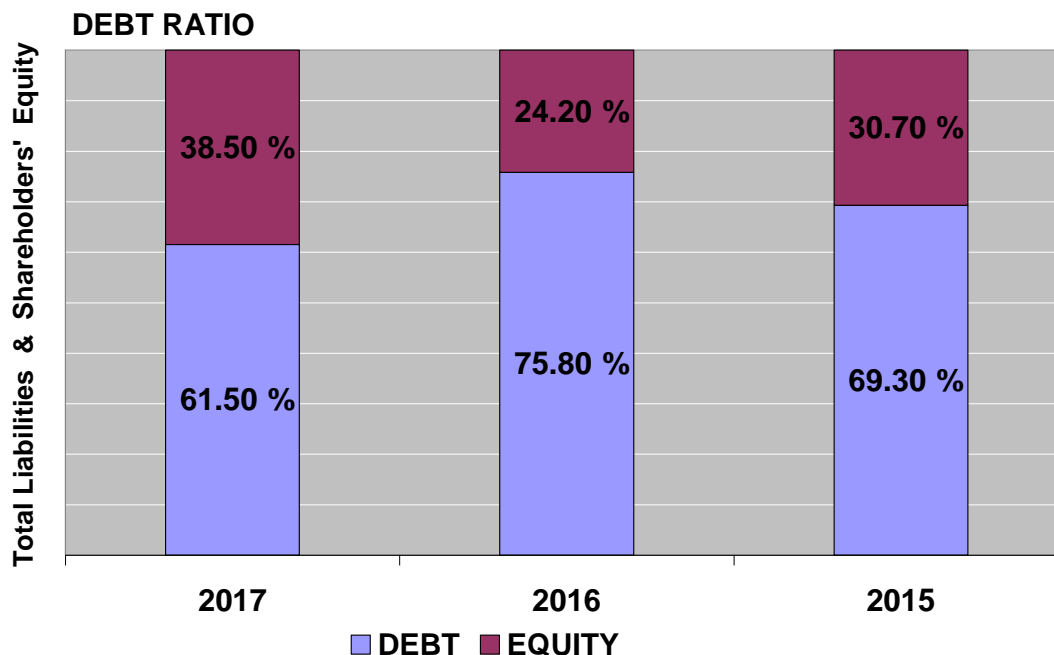
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 0.93 times in 2017, increase from 0.73 times, by excluding inventory, the company may have problems meeting current liabilities.

The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 16 days.

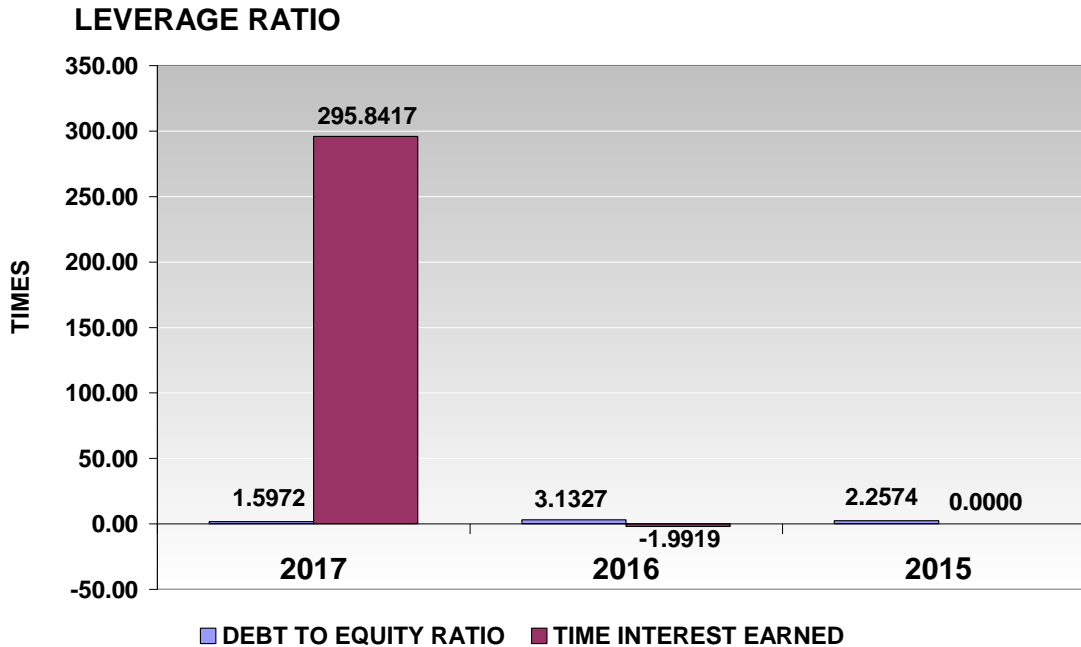
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : ACCEPTABLE



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LEVERAGE RATIO

Debt Ratio	0.61	Acceptable	Industrial Average	0.33
Debt to Equity Ratio	1.60	Risky	Industrial Average	0.49
Times Interest Earned	295.84	Impressive	Industrial Average	-

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A higher the percentage means that the company is using less equity and has stronger leverage position.

Times Interest Earned measuring a company's ability to meet its debt obligations. Ratio is 295.85 higher than 1, so the company can pay interest expenses on outstanding debt.

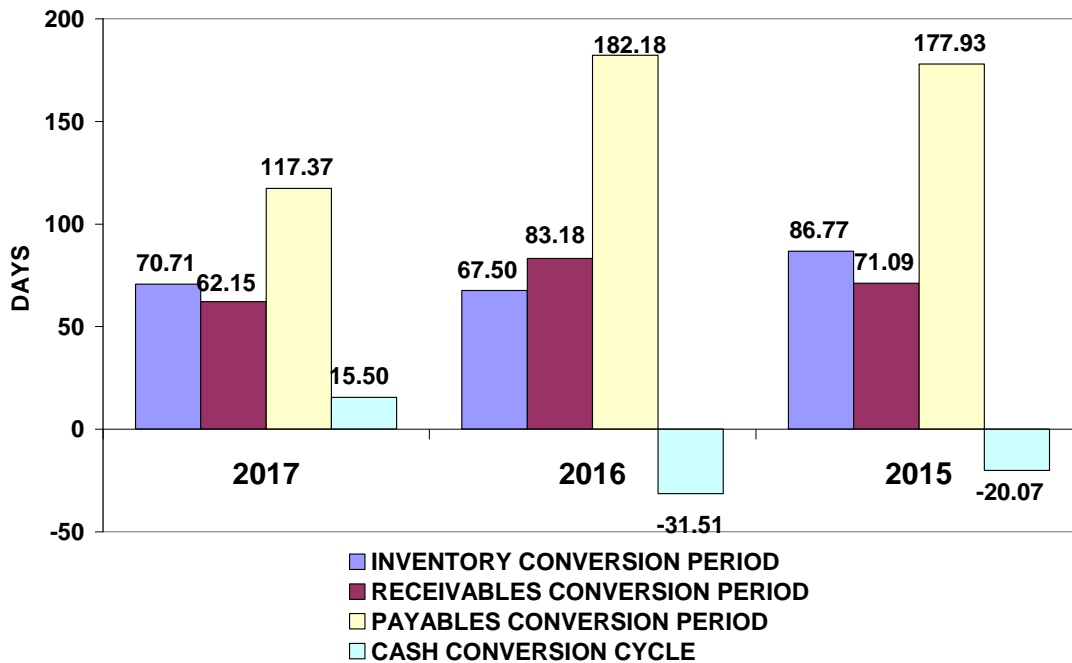
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.61 greater than 0.5, most of the company's assets are financed through debt.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Downtrend
Times Interest Earned	Stable

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ACTIVITY : IMPRESSIVE



ACTIVITY RATIO

Fixed Assets Turnover	8.87	Impressive	Industrial Average	-
Total Assets Turnover	1.94	Impressive	Industrial Average	1.18
Inventory Conversion Period	70.71			
Inventory Turnover	5.16	Acceptable	Industrial Average	11.10
Receivables Conversion Period	62.15			
Receivables Turnover	5.87	Impressive	Industrial Average	3.54
Payables Conversion Period	117.37			

The company's Account Receivable Ratio is calculated as 5.87 and 4.39 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 increased from 2016. This would suggest the company had good performance in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has increased from 68 days at the end of 2016 to 71 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 5.41 times in year 2016 to 5.16 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.94 times and 1.6 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Downtrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.88
UK Pound	1	INR 91.14
Euro	1	INR 80.63
Thai Baht	1	INR 2.07

Note: Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)