

STA : A World Leading Natural Rubber Player

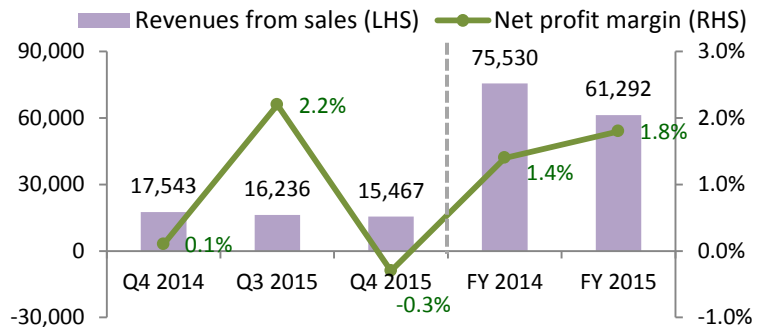
Financial result overview

In 2015, Natural Rubber (NR) industry continued the downturn momentum beset with fragile global economic recovery, the slowest growth in 25 years of Chinese economy, ongoing slump in oil and other commodities' prices, and a sharp appreciation of US dollars. Stalling NR demand growth and downward movement to hit a 6-year low of NR price in concurrent with rubber price intervention of the Thai government has not only required us to recognise allowances for inventory but also have led to the circumstance that the raw materials costs did not adjust in tandem with the selling prices.

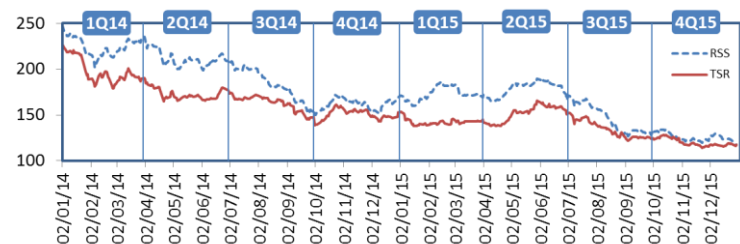
Thanks to our selective selling policy, effective risk management strategies, efficient inventory management, and productivity enhancement, we have delivered outstanding performance among our peers. Our net profit impressively grew by 7.7% irrespective of the declined revenues at 18.9% as a result of lower average selling price and sale volume from softening NR demand. Our escalation in net profit margin was driven primarily by higher gross profit margin, an improvement of profit sharing from our joint ventures, lower selling and administrative expenses, an increase in other income, despite partially offset by lower gains from hedging activities and higher finance costs.

Revenues & Net profit margin

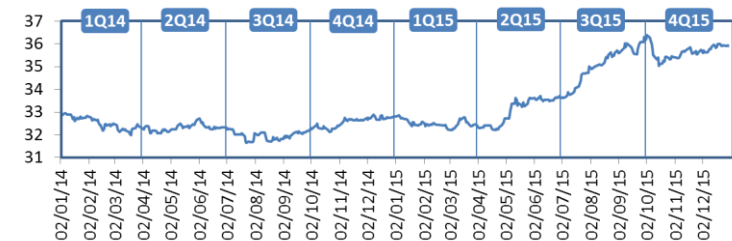
(Unit : THB million)



TSR20 and RSS3 Price movement (US cent : Kg.)



Exchange rate of Thai Baht against US dollar



Key financial ratios

Key Financial Ratios	FY 2015	FY 2014	FY 2013
Gross profit margin	5.7%	4.4%	5.6%
Adjusted gross profit margin*	8.1%	6.1%	6.6%
EBITDA margin	4.9%	3.4%	4.1%
Net profit margin	1.8%	1.4%	2.0%
ROA	2.7%	2.5%	4.5%
ROE	5.3%	5.1%	9.4%
Current ratio (times)	1.21	1.42	1.31
D/E ratio (times)	1.06	0.84	1.21
Net D/E ratio (times)	0.95	0.73	1.12
Fixed asset turnover (times)	3.87	5.38	8.09
Inventory Turnover (days)	74.75	66.36	61.53
Collection Period (days)	22.77	27.55	26.06
Payment Period (days)	9.67	10.58	9.27

Note*: Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

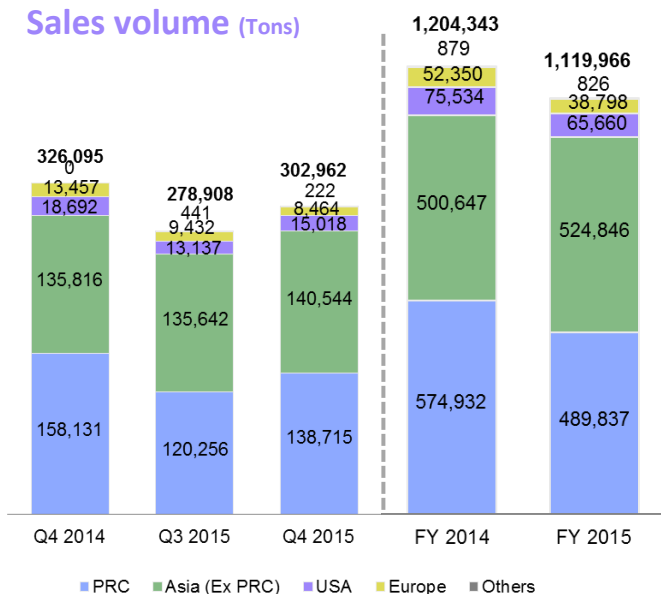
Statements of Comprehensive Income

(Unit : THB million)	FY 2015	FY 2014	% YoY	Q4 2015	Q4 2014	%YoY
Revenue from sale of goods and services	61,291.8	75,529.9	-18.9%	15,466.8	17,543.3	-11.8%
Cost of sales and services (net)	(57,770.6)	(72,181.6)	-20.0%	(14,849.5)	(16,413.0)	-9.5%
Gross profit	3,521.2	3,348.3	5.2%	617.3	1,130.2	-45.4%
SG&A	(3,713.4)	(3,820.4)	-2.8%	(1,120.8)	(1,163.7)	-3.7%
Other income	186.3	133.9	39.1%	42.4	30.9	37.3%
Gain on exchange rate (net)	214.2	371.1	-42.3%	(91.3)	77.6	-217.7%
Other gains (net)	1,095.3	1,122.0	-2.4%	372.9	(17.9)	2187.0%
Operating profit	1,303.6	1,155.0	12.9%	(179.6)	57.1	-414.4%
Profit sharing from associate companies and joint ventures	648.8	535.1	21.3%	187.9	128.1	46.6%
EBITDA	3,007.5	2,567.5	17.1%	313.8	413.4	-24.1%
EBIT	1,952.4	1,690.1	15.5%	8.3	185.3	-95.5%
Finance costs (net)	(809.1)	(613.7)	31.9%	(33.7)	(161.1)	-79.1%
Income tax	(31.5)	(40.1)	-21.5%	(20.4)	(11.2)	82.5%
Net Profit for the period	1,111.8	1,036.2	7.3%	(45.8)	13.0	-452.3%
Attributed to Owners of the parent	1,118.0	1,037.8	7.7%	(47.1)	12.8	-469.2%
Attributed to non-controlling interests	(6.3)	(1.5)	-311.8%	1.4	0.2	523.2%

In 2015, our **total revenue** was Baht 61,291.8 million, decreased by 18.9% YoY. This was due principally to 19.4% lower average selling price compared to 2014, a direct impact from the falling global NR prices deepened by concerns over derailed economic activities in China, ongoing plunge of crude oil and commodities' prices, and a sharp appreciation of the US dollar. Our selective selling policy to maintain profitability under this lethargic NR industry whereby the raw materials costs did not move in tandem with the selling prices has brought down our sale volume 7.0% YoY.

Sale volume for the year 2015 decreased by 7.0% YoY to 1,119,966 tons. Weaker economic growth of China and the reimposition of anti-dumping duty on Chinese passenger and light truck tires imported by the US commencing since January 2015 have resulted to a diminished NR import demand of China. Therefore, our sale volume to China declined by 14.8% YoY. Our sales to domestic market, Europe, USA, and Vietnam also declined as most customers has kept a minimum stock under pessimistic market sentiment despite being partly offset by the increase of our sales to Singapore, Malaysia, India, and Korea.

Sales volume (Tons)



Revenues by product (THB million)

	FY 2015	FY 2014	% YoY	Q4 2015	Q4 2014	% YoY
TSR	44,482.7	57,512.4	-22.7%	11,006.2	13,620.1	-19.2%
%	72.6%	76.1%		71.2%	77.6%	
RSS	5,462.4	9,818.5	-44.4%	1,346.5	1,850.6	-27.2%
%	8.9%	13.0%		8.7%	10.5%	
LTX	4,774.2	5,631.5	-15.2%	1,316.1	1,376.9	-4.4%
%	7.8%	7.5%		8.5%	7.8%	
Other*	6,572.5	2,567.5	156.0%	1,797.9	695.7	158.4%
%	10.7%	3.4%		11.6%	4.0%	
Total	61,291.8	75,529.9	-18.9%	15,466.8	17,543.3	-11.8%

Note*: Comprises revenue from (i) the sale of rubber wood and wood packing product and (ii) the provision of certain services (such as logistics, research and development and information technology services) to our associates and a joint venture entity as well as other external third parties (iii) the sale of gloves

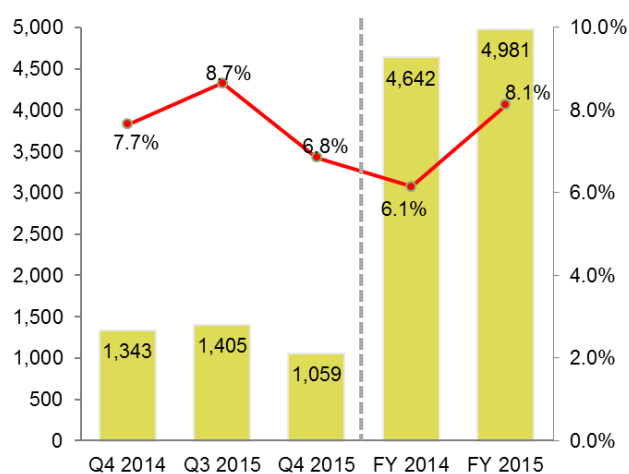
Thanks to our selective selling policy, effective risk management strategies, efficient inventory management, and productivity enhancement, notwithstanding our softened revenues and industry downturn momentum, our **gross profit in 2015 grew 5.2% YoY to Baht 3,521.2 million**. The gross profit margin also improved from 4.4% in 2014 to 5.7% in 2015 even though downward movement to hit a 6-year low of NR price in Q4 2015 required us to recognise inventory allowance. Assuming the inventory allowance of Baht 373.8 million was not made in 2015 but including realised gain of Baht 1,085.8 million from our hedging activities, our adjusted gross profit margin in 2015 would have been at 8.1%, the highest after the peak of bullish NR market cycle since 2011, which increased from 6.1% in 2014.

Operating profit in 2015 amounted to Baht 1,303.6 million, up 12.9% YoY. The operating profit margin correspondingly improved to 2.1% from 1.5% in 2014 due principally to higher gross profit margin, lower administrative expenses from a decrease in consulting fees, and higher other income. These were partially offset by lower gain from hedging activities.

Net profit was Baht 1,118.0 million in 2015 compared to Baht 1,037.8 million last year, up 7.7% YoY. Net profit margin was 1.8% grew from 1.4% in 2014. The increase in net profit margin was primarily contributed by the increase in operating profit and the improvement in share of profit from associates and joint ventures due mainly to increase in net profit of our examination gloves business, despite being offset by higher unrealised loss on USD denominated loan as a result of a depreciation of IDR against USD.

Adjusted GP and GPM*

(Unit : THB million)



Note*: Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from the sale of TSR, our core product, declined by 22.7% YoY due to a decrease in average selling price of 18.7%, which was in line with SICOM price, and a decrease in sale volume of 4.8%. Tumbling NR prices from negative NR industry has not only required us to recognise allowances for inventory but also led to the situation that the raw materials costs did not move in tandem with the selling prices.

Thanks to our selective selling policy, lowered sale volume was compensated by higher gross profit margin even though our gross profit of TSR marginally decreased by 1.8% YoY.



Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS contracted by 44.4% YoY, driven by a decrease of average selling price and sale volume by 19.5% and 30.9%, respectively. The decrease in sale volume was a consequence of the Thai government's rubber buffer fund scheme implemented in Q1 2015 has disrupted our raw material stock up activity in preparation for low season of rubber tree during the second quarter to early of the third quarter of each year.

As a result of lower NR prices and sale volume, our gross profit from the sale of RSS decreased by 32.5% YoY while gross profit margin improved from 2014.



Concentrated Latex

Revenue from the sale of Concentrated Latex was down 15.2% YoY. The decrease was mainly attributable to a decline in average selling price of 18.5%, despite partially offset by 4.0% increase of sale volume. The increase in sale volume was due mainly to a pick-up in demand from gloves business as the NR price was relatively competitive to its substitute of NBR price.

Our gross profit from the sale of Concentrated Latex in 2014 rose by 7.5% YoY and gross profit margin also increased from the earlier year due to the improved demand appetite from glove manufacturers.

Statements of Financial Position

(Unit : THB million)	31-Dec-15	31 Dec 14	% change
Cash and cash equivalents	2,197.2	2,131.6	3.1%
Trade AR and other receivables, net	3,854.2	4,688.4	-17.8%
Inventories, net	13,959.8	10,029.9	39.2%
Other current assets	1,519.4	834.4	82.1%
Total current assets	21,530.6	17,684.4	21.7%
Investments in associates and JVs	4,736.7	4,036.1	17.4%
Property, plant and equipment, net	15,185.5	14,355.0	5.8%
Rubber and palm plantations, net	1,221.2	901.2	35.5%
Other non-current assets	1,204.5	813.8	48.0%
Total non-current assets	22,348.0	20,106.1	11.2%
Total assets	43,878.6	37,790.5	16.1%
Short-term loans from financial institutions	13,446.2	9,408.4	42.9%
Trade accounts payable and other payables	2,687.4	2,579.5	4.2%
Current portion of debenture	850.0	-	100.0%
Other current liabilities	851.9	476.0	79.0%
Total current liabilities	17,835.6	12,464.0	43.1%
Long-term loans from financial institutions	3,742.2	2,913.5	28.4%
Debentures	600.0	1,450.0	-58.6%
Other non-current liabilities	367.0	371.2	-1.2%
Total non-current liabilities	4,709.2	4,734.7	-0.5%
Total liabilities	22,544.7	17,198.7	31.1%
Issued and paid up share	1,280.0	1,280.0	0.0%
Premium on share capital	8,551.0	8,551.0	0.0%
Retained earnings	10,415.7	9,790.3	6.4%
Non-controlling interests	94.2	100.2	-6.0%
Other items	993.0	870.4	14.1%
Total shareholders' equity	21,333.9	20,591.9	3.6%
Total liabilities and shareholders' equity	43,878.6	37,790.5	16.1%

Current assets increased by Baht 3,846.3 million, or 21.7%, to Baht 21,530.6 million as at 31 December 2015 which was due primarily to an increase in inventories of Baht 3,929.8 million in response to capacity expansion, an increase in amount due from futures brokers of Baht 309.6 million, and an increase in derivative financial instruments of 247.0 million, which were partially offset by the reduction in trade accounts receivable of Baht 834.2 million as a result of lower average selling price of NR products.

Non-current assets increased by Baht 2,241.8 million, or 11.2%, to Baht 22,348.0 million as at 31 December 2015 which primarily consists of an increase in property, plants and equipment of Baht 830.5 million (net of depreciation and write-off) for the construction of our new TSR factories in Thailand and Indonesia, an increase in investment in associates and joint ventures of Baht 700.7 million from an increase in their operating results, an increase in rubber and palm plantations of Baht 320.0 million, and an increase in intangible assets of Baht 298.7 million from SAP software and its related direct implementation cost.

Current liabilities increased by Baht 5,371.6 million, or 43.1%, to Baht 17,835.6 million as at 31 December 2015 which was mainly from an increase in short-term loans of Baht 4,037.8 million to support the higher level of inventories, an increase in current portion of debenture of Baht 850.0 million, and an increase in current portion of long-term borrowings from financial institutions of Baht 311.1 million.

Non-current liabilities marginally decreased by Baht 25.5 million, or 0.5%, to Baht 4,709.2 million as at 31 December 2015 which was primarily due to a decrease in debenture of Baht 850.0 million offsetting with an increase in long-term loans (net of current portion) of Baht 828.8 million to support our rubber plantation and capacity expansion.

Equity increased by Baht 742.0 million, or 3.6%, to Baht 21,333.9 million as at 31 December 2015 due mainly to net profit during the year offsetting with dividend payment by Baht 512.0 million.

Statements of Cash Flows

(Unit : Baht million)	FY 2015	FY 2014
CFO	(2,074.4)	9,269.9
CFI	(2,464.4)	(2,371.7)
CFF	4,604.5	(6,659.2)
Net increase (decrease) in cash	65.6	238.9
Beginning cash	2,131.6	1,892.7
Ending cash	2,197.2	2,131.6

In 2015, our capital expenditure was Baht 2,259.7 million, principally comprised Baht 1,370.2 million for TSR capacity expansion and Baht 668.1 million for the investment in rubber plantation. Our 3 main source of fund consisted of cash flows from operations, short-term and long-term facilities from financial institutions, and debentures. Our debt to equity ratio was 1.06 times in 2015, which was considered conservative when compared with our competitors in the same industry. As at 31 December 2015, the Group was in compliance with all debt covenants.

Industry outlook

Demand & Supply Balance

Unit : 000'tons	2014	2015	2016F
NR production	12,103	12,274	12,653
% change	-1.4%	1.4%	3.1%
NR consumption	12,127	12,342	12,591
% change	6.8%	1.8%	2.0%
NR Balance	(24)	(68)	62

Source: The World Rubber Industry Outlook forecasted by International Rubber Study Group (IRSG), December 2015

According to International Rubber Study Group (IRSG), World Rubber Industry Outlook, Review and Prospects to 2024 as of December 2015, the world demand of natural rubber (NR) in 2015 was 12,342,000 tons, up 1.8% YoY (2014 : 6.8%). The decelerating growth was mainly due to the world economic slowdown, especially in China who is the world's largest natural rubber consuming country. This was adversely affected tire industry which constituted more than 70% of NR demand. Tire production slightly grew by 2.4% in 2015 compared to 4.4% in 2014. Meanwhile, the world supply of NR increased by 1.4% to 12,274,000 tons in 2015. The growth of supply are mainly from Thailand, Vietnam and CAMAL* countries.

On the backdrop of gloomy global economic outlook, IRSG projected that NR demand in 2016 will slightly increase by 2.0% from 2015 to 12,591,000 tons. For NR supply, IRSG forecasted that the NR production will grow at 3.1% reaching 12,653,000 tons in 2016. The largest sources of additional supply volumes are CAMAL* countries, India, and China, while the top-3 producing countries (Thailand, Indonesia, and Vietnam) will maintain their production level relatively at the same level as 2015.

In 2016, an ample NR supply from new rubber plantation during upsurge of NR price during 2005-2008 is expected while NR consumption, undermined by the slowing economic development, might be insufficient to absorb the expansion of supply. However, prolonged low level of NR price would encourage the switch to other crops, postpone the new planting/re-planting schedule, reduce skilled tapping labour and tapping activities, and limit new rubber farmers. Thus, IRSG anticipated that NR supply surplus will hover around 62,000 tons.

Note*: CAMAL countries include Cambodia, Myanmar and Lao PDR.



NR Price Outlook

It has been half of a decade that NR industry has underwent a downturn after its peak in early of 2011. The decrease by approximately 80% to a 6-year low of NR prices was a reflection of a vulnerable global economic outlook and concerns over volatilities in global commodity, foreign exchange, and stock markets. It is envisaged that NR prices are less likely to significantly rebound unless prolonged drought from El Niño phenomenon occur. The export quota of the International Tripartite Rubber Council (ITRC) which will implement for 6 months commencing from March 2016 could expectedly boost NR prices in short term without legitimate control for upstream production. Upon the completion of this scheme, such suppressed NR supply together with the overhang NR stock of the Thai Government for more than 300,000 tons will continue to pressure NR prices. However, the downside is somewhat limited given that the current price is at the production cost of farmers. Falling price beyond this level will automatically curtail NR supply and induce consumption which could create a chance for the NR industry to become more stabilized and recovered.

Progress of our business growth plan in value chain

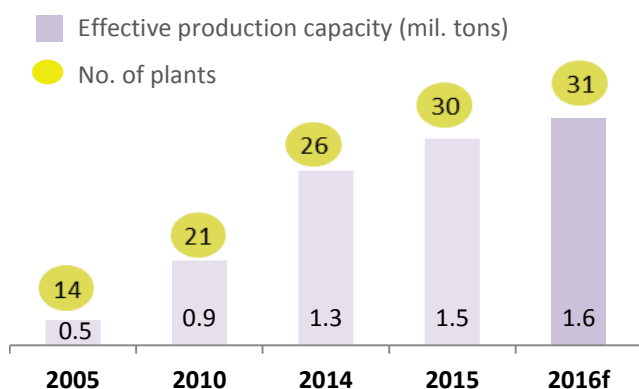


Upstream Business – Land of 8,000 hectares already secured for rubber plantation

Having footprint in rubber plantation is one of our strategies to fulfill our fully integrated NR supply chain. Not only will it increase our opportunity to procure raw materials at more favorable prices in new rubber plantation zone, and increase opportunity for new midstream capacity expansion, it will also provide us with insights on upstream market sentiment, and will ultimately increase our sustainable profitability.

At the end of 2015, the Group had obtained approximately 8,264 hectares suitable for rubber plantation in 19 provinces of Thailand, 83% has already planted and some of which started to yield from December 2015 onwards. Most of our lands are in the North and Northeastern regions.

Our production capacity



Midstream Business – Continuous capacity expansion to reach 1.6 million by the end of 2016

Production capacity expansion and increasing our market share are our key strategies in midstream business to maintain our competitive edge in Natural Rubber market. It will enable us to benefit from economies of scale and put us in a position to better lead the global market.

As at 31 December 2015, our optimum annual capacity was registered at industry record at 1.5 million tons per annum. The additional capacity of 174,000 tons from year ended 2014 came from our 4 new TSR plants in Sa Kaeo (Thailand), Kalasin (Thailand), Mudon (Myanmar), and Jambi (Indonesia). We aim to reach capacity of 1.6 million tons per annum by the end of 2016. The continuance of capacity expansion does not only allow us to create a strong foothold in many top producing countries but also enable us to maintain our leading position as the world's largest Natural Rubber producer.



Investor Relations Department
 Tel. +662 207 4500 ext. 1402
 Fax. +662 108 2244
 Email. IR@sritranggroup.com