

member of  
**SRITRANG**  
GROUP



Third Quarter 2014 Presentation

14 November 2014

**A World Leading Natural Rubber Player**



## Disclaimer

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# Q3 2014 Results



## Financial Highlights – Q3 2014

(THB million)	FY'12	FY'13	%YoY	Q3'13	Q3'14	%YoY	Q2'14	%QoQ
<b>Revenue</b>	99,639	92,185	▼7%	21,495	16,812	▼22%	18,410	▼9%
<b>Sale volume (tons)</b>	975,604	1,126,463	▲15%	279,687	284,877	▲2%	284,913	▼0.01%
<b>Avg. selling price (Baht per ton)</b>	99,966	79,600	▼20%	74,422	56,756	▼24%	62,497	▼9%
<b>Gross profit</b>	4,775	5,189	▲9%	1,409	941	▼33%	679	▲39%
<b>Adj. gross profit*</b>	4,318	5,804	▲34%	1,200	826	▼31%	120	▲588%
<b>EBITDA</b>	2,840	3,747	▲32%	909	895	▼2%	551	▲62%
<b>Net profit</b>	1,379	1,812	▲31%	228	456	▲100%	167	▲173%
<b>Adj. GP margin*</b>	4.3%	6.3%	▲200bps	5.6%	4.9%	▼70bps	0.7%	▲420bps
<b>Net profit margin</b>	1.4%	2.0%	▲60bps	1.1%	2.7%	▲160bps	0.9%	▲180bps

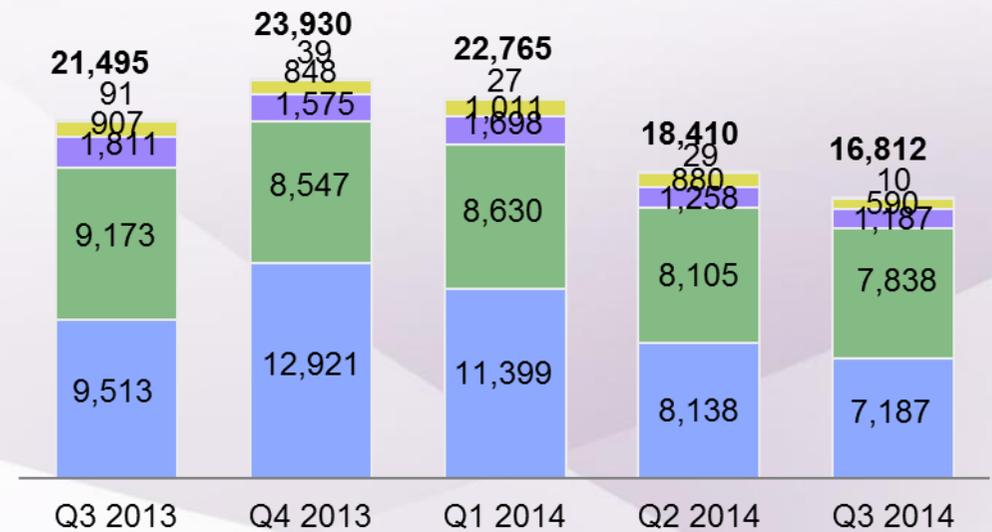
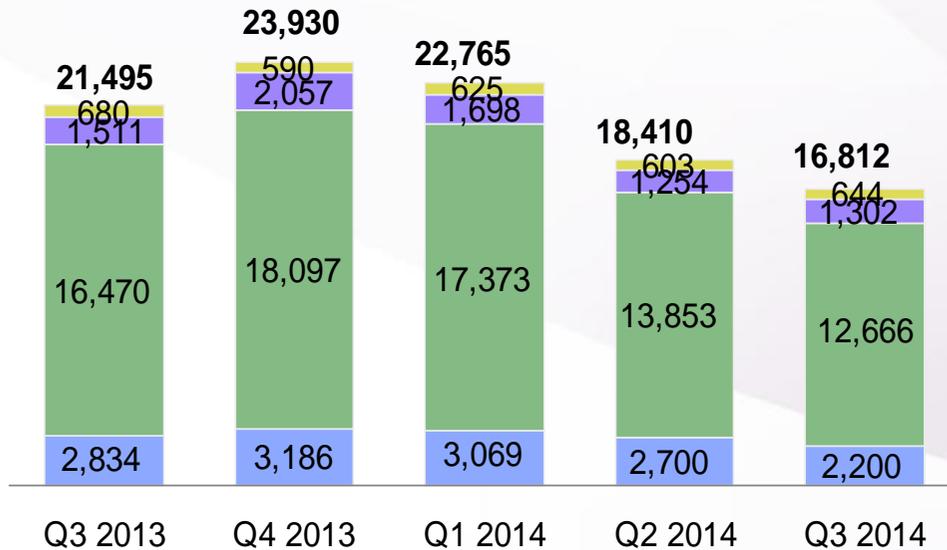
\* Adjusting for (reversal) allowance of inventory and realised forex gains / losses

# Revenue overview

Revenue breakdown by product (THB mm)

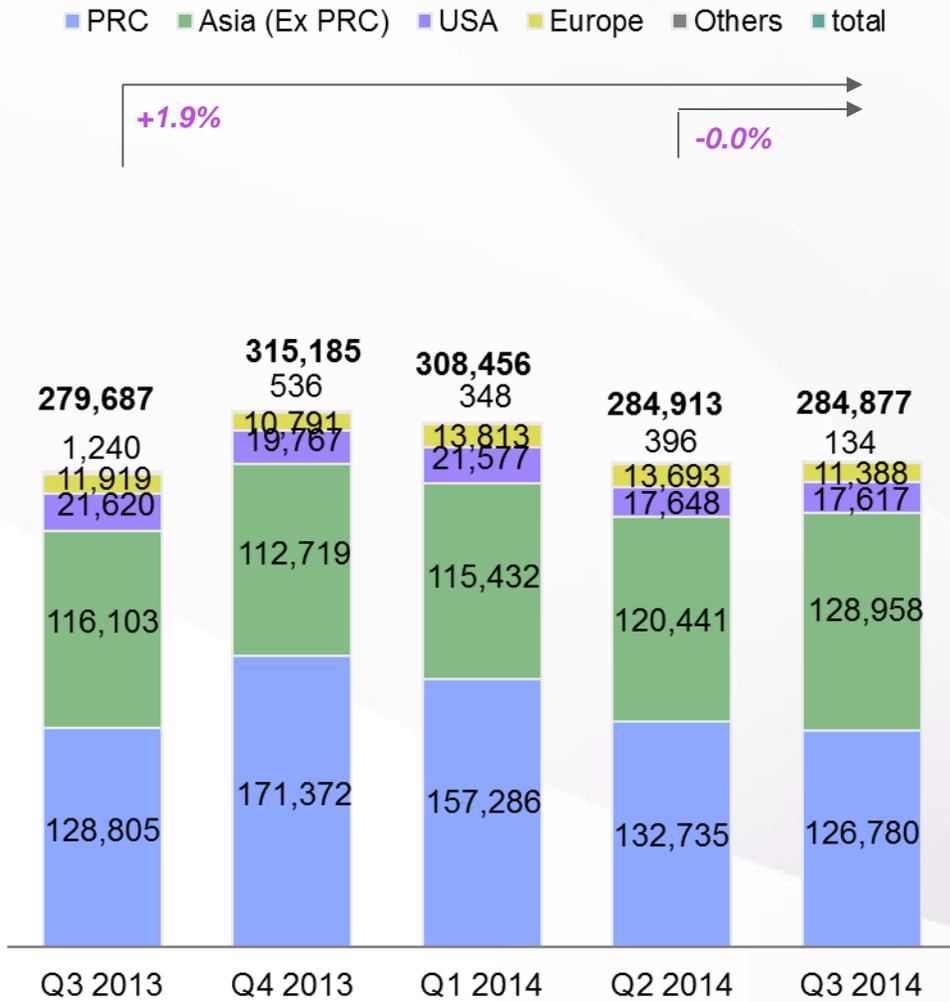


Revenue breakdown by geography (THB mm)

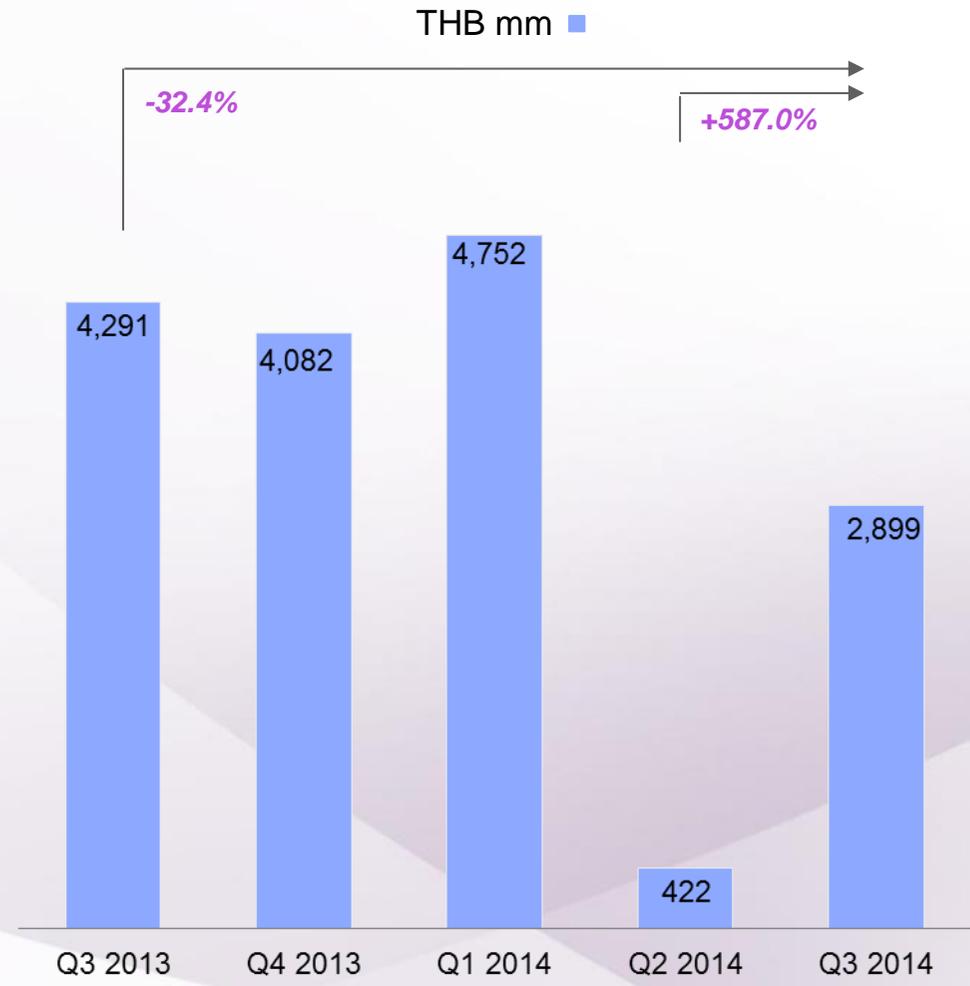


# Revenue by Geography and GP per Ton

Revenue breakdown by geography (tons)



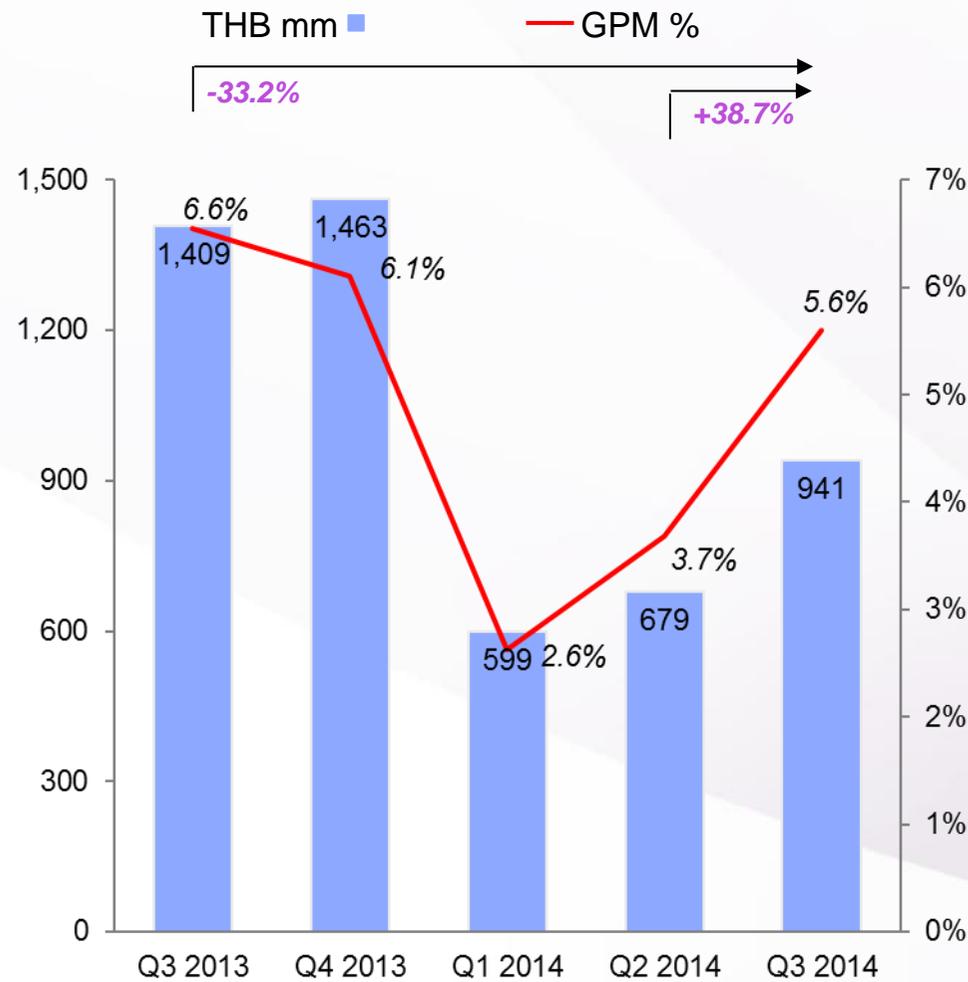
Adjusted Gross Profit\* per Ton (THB)



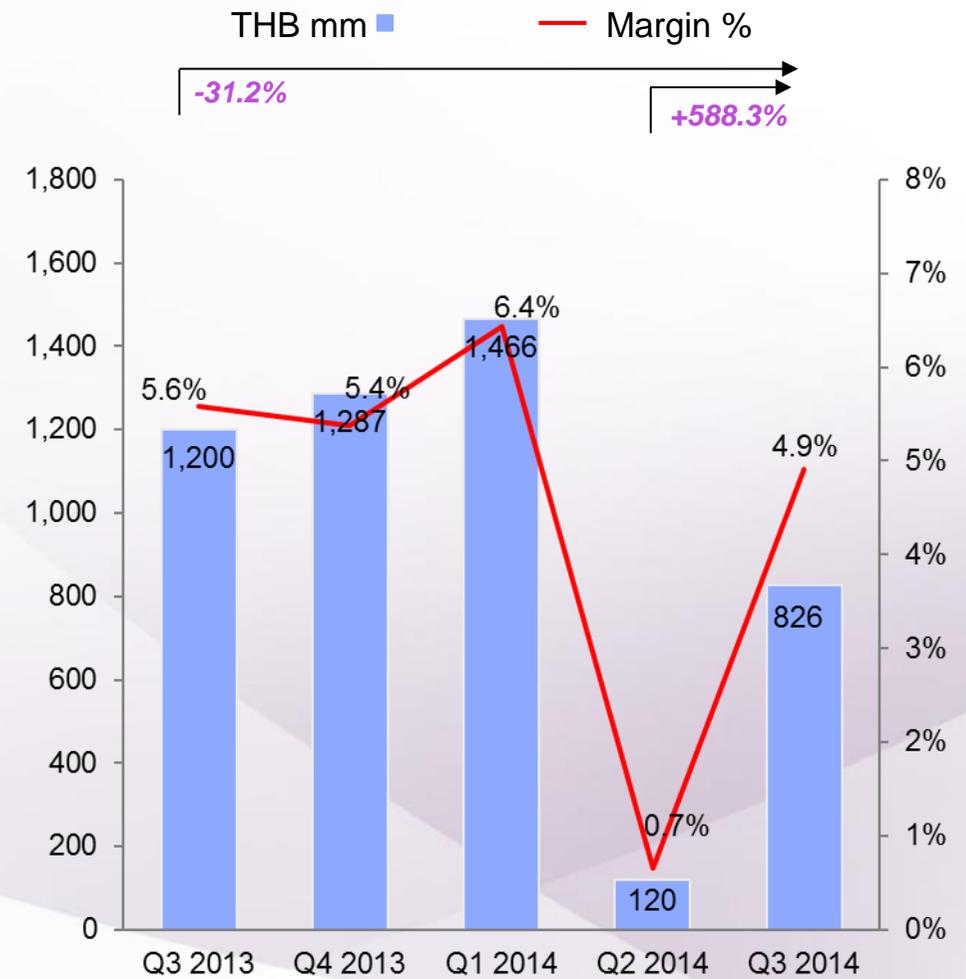
Note\*: Adjusted Gross Profit = Gross Profit after adjusting for (reversal) allowance of inventory cost and realised forex gains / losses

# Gross profit (“GP”) and gross profit margin (“GPM”)

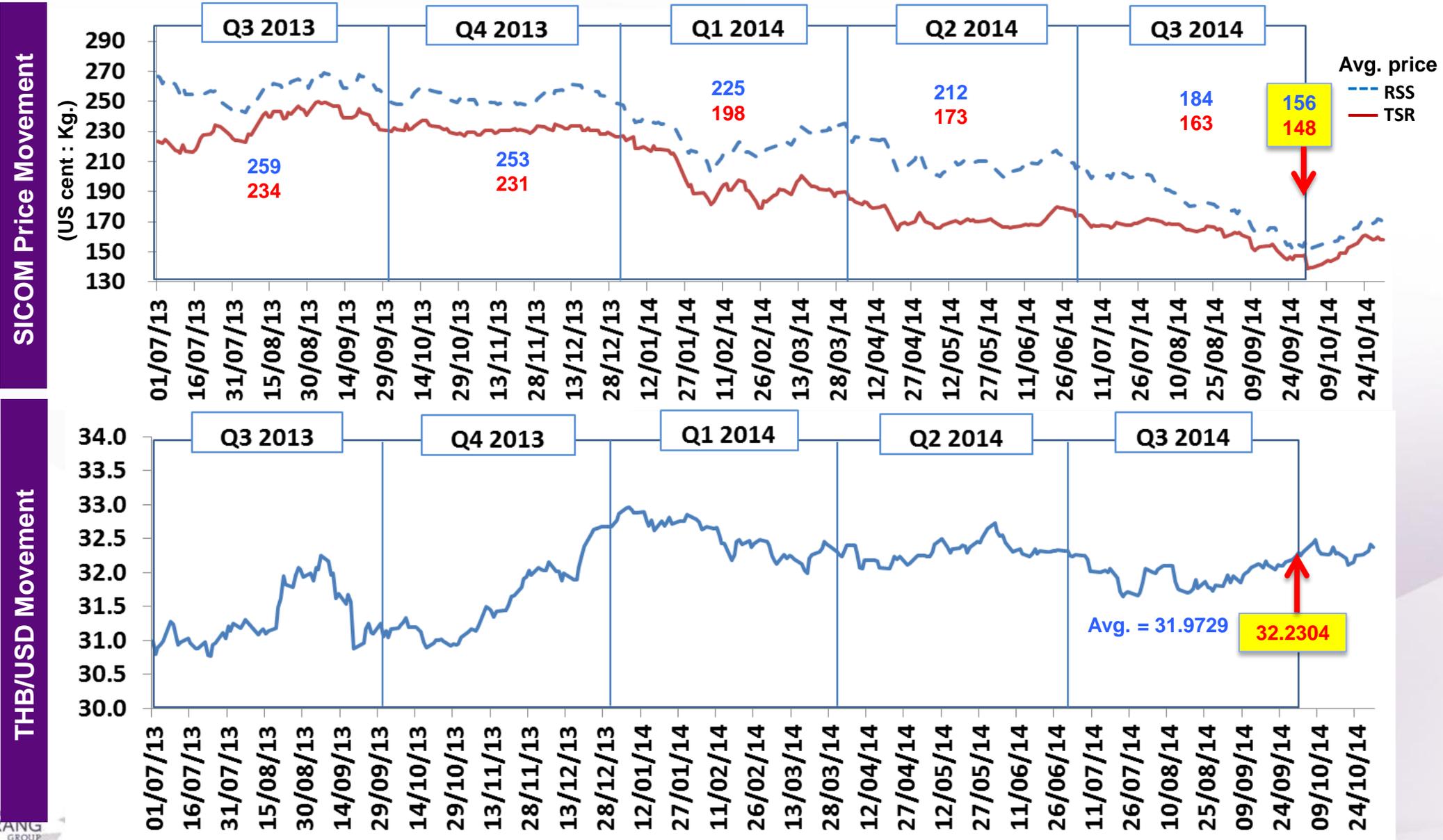
## Gross Profit



## GP After adjusting for allowance (reversal) of inventory cost and realised forex gains/losses



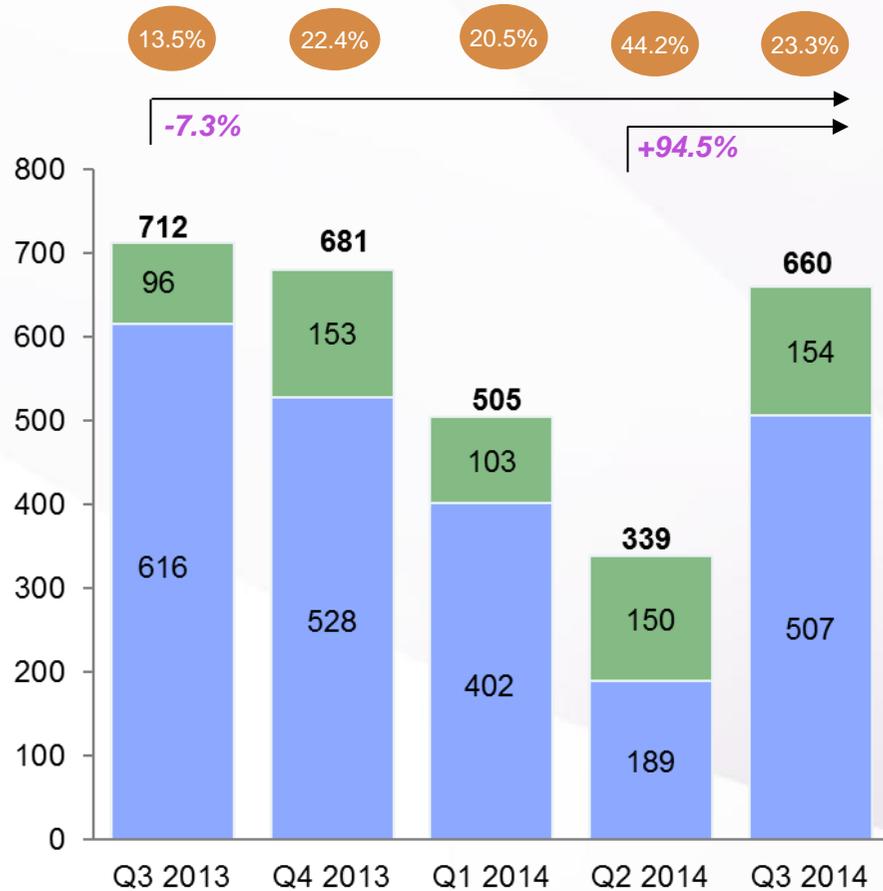
# SICOM Price and F/X



# Earning before tax, net profit and net profit margin

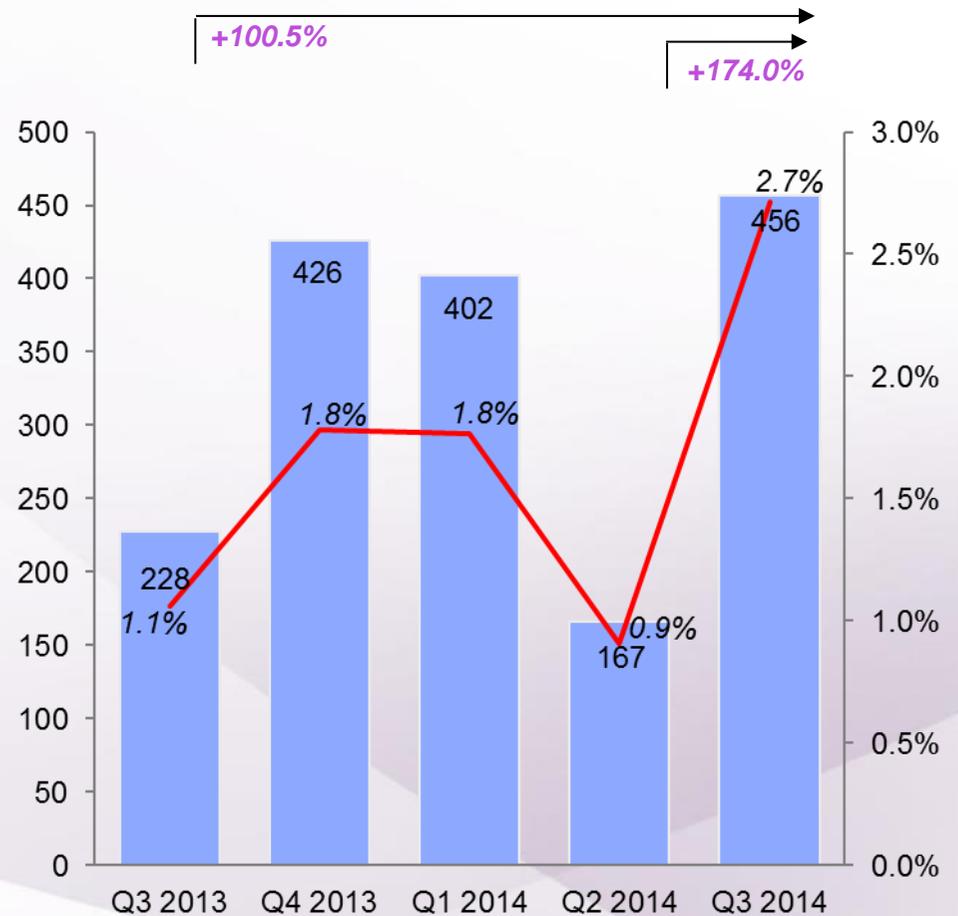
## Earning before interest expense & tax (THB mm)

Share of profits from associates & a Joint Venture ■      % of profits from associates & a Joint Venture to PBIT ●  
 Operating profits ■



## Net profit (THB mm) and net profit margin

Net profit ■      Net profit margin % —

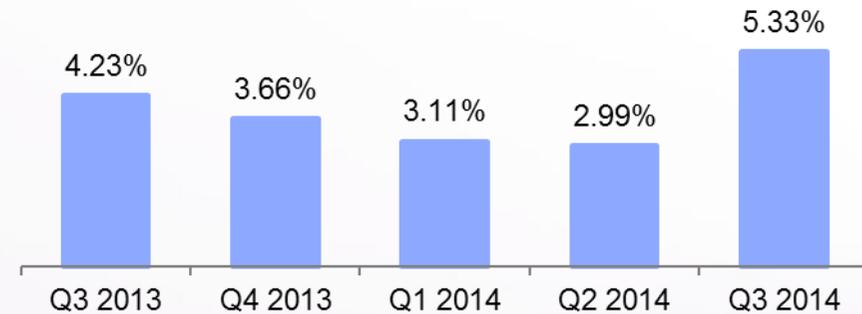


# Return on Assets and Return on Equity

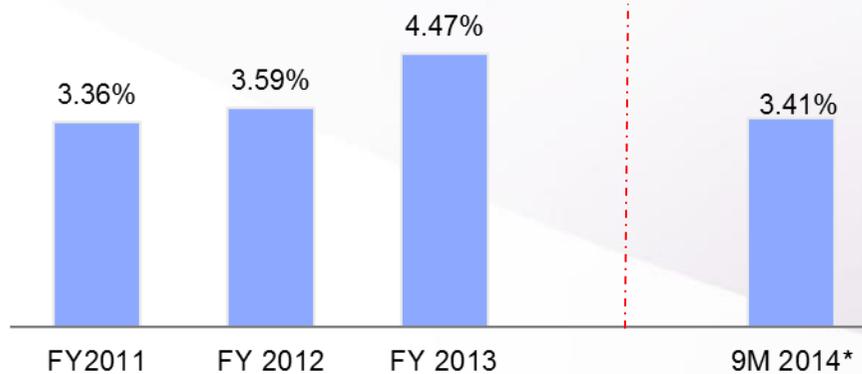
**EBITDA (THB mm)**



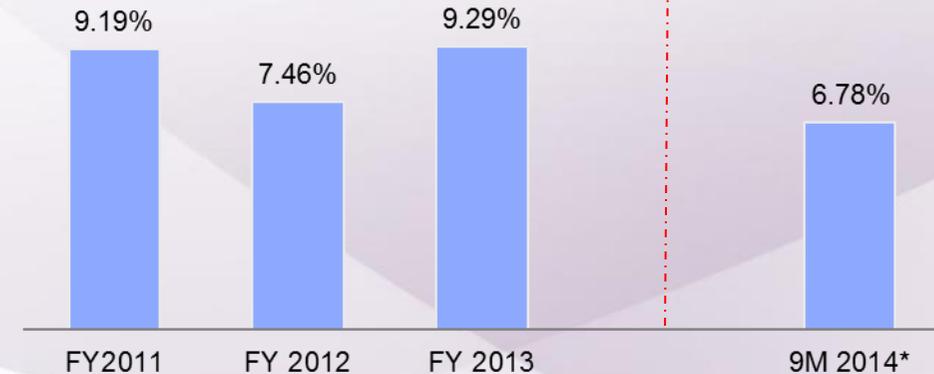
**EBITDA margin**



**ROA**



**ROE**



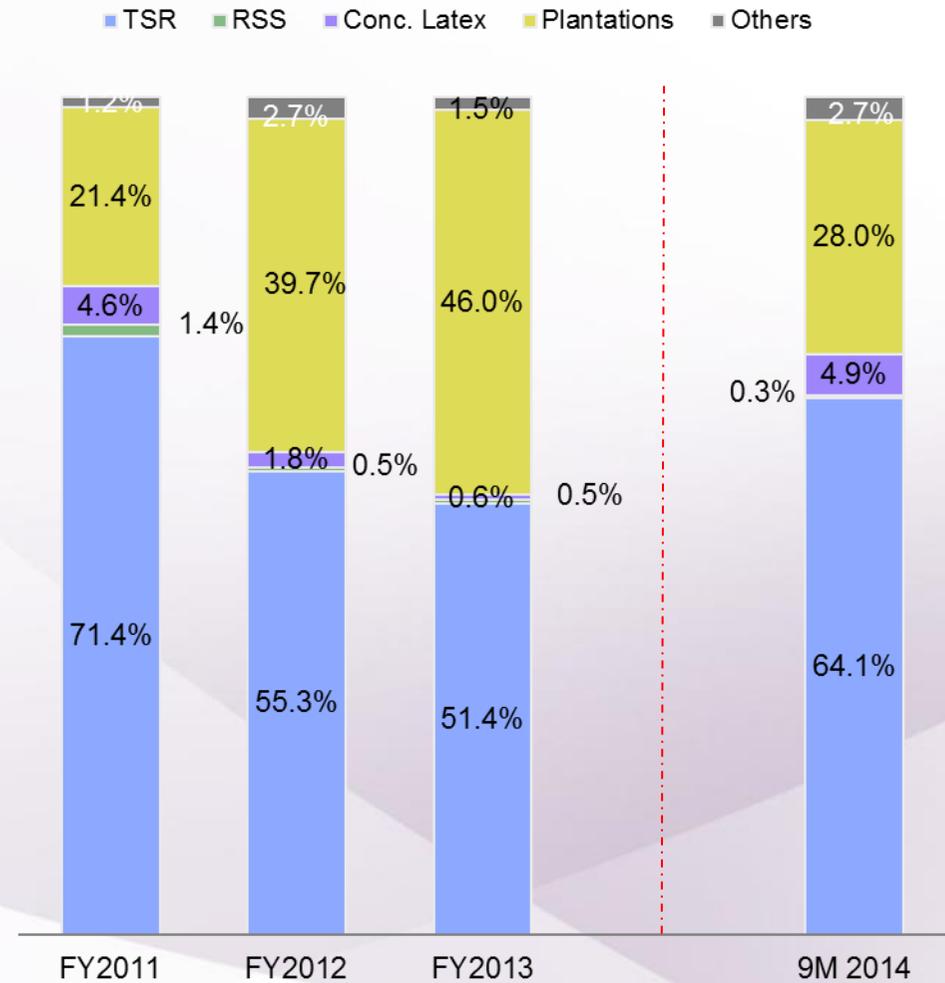
\*Annualised basis

# Capital expenditure

**Total capital expenditure (Baht mm)**



**Capital expenditure by products (%)**



**Total estimated effective production capacity (million tons) and %utilisation rate**

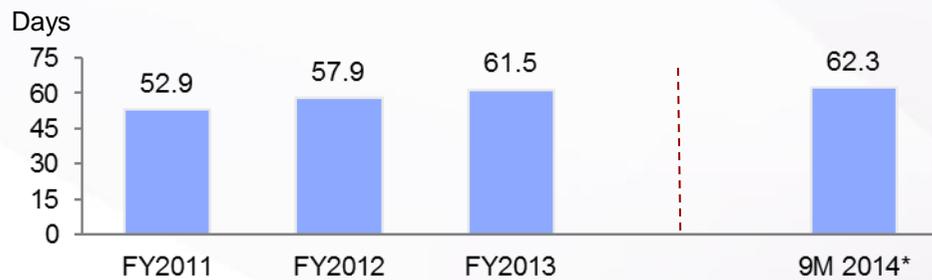


# Working capital overview

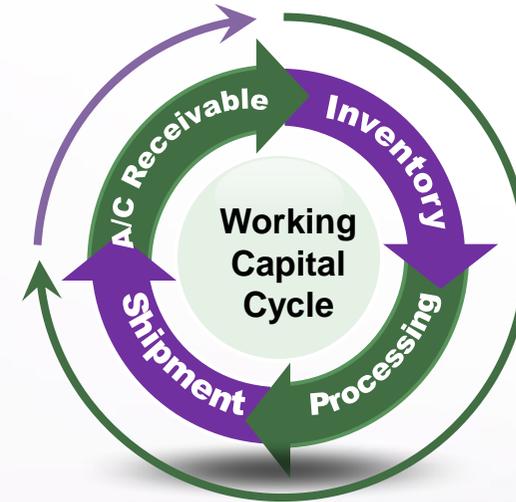
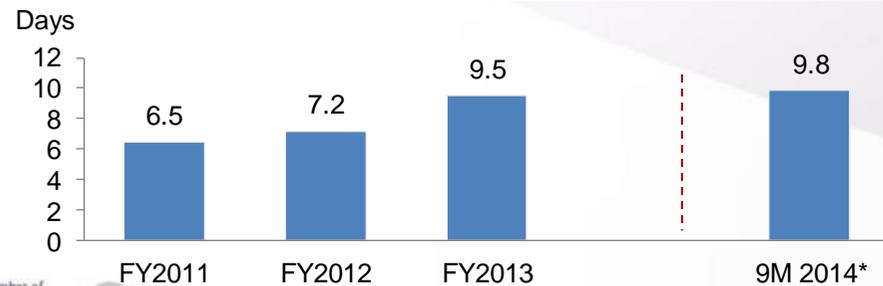
## Trade receivables days



## Inventory turnover days



## Trade payables days



## Cash turnover cycle (days)<sup>1</sup>



<sup>1</sup> Cash turnover days = Trade receivable days + inventory turnover days – trade payables days

\*Annualised basis

# Robust leverage and coverage ratios

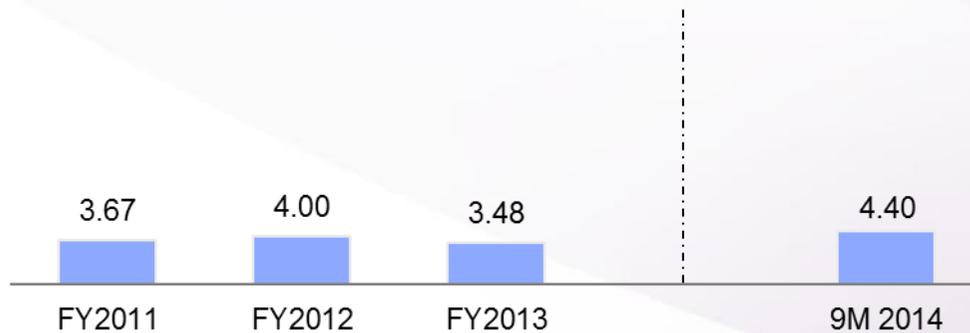
## Debt / equity



## Net debt / equity



## Interest Coverage



Debt = Total liabilities  
 Equity = Total equity  
 Assets = Total assets  
 Net debt = debt – cash  
 Cash = cash and cash equivalents + fixed deposits at financial institutions  
 Interest Coverage = EBITDA/finance costs

# Our Business & Industry Updates



# Our Business Strategy Updates

## Enter into Upstream Rubber Plantation

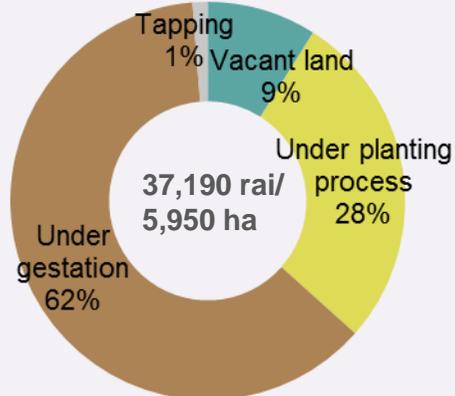
- To procure raw materials at more favorable prices in new rubber plantation zone
- To create potentials for new capacity expansion for our midstream operation
- To increase sustainable profitability

## Enhance Procurement Stronghold

- To have an excellent integrated system to build long-term relationship with suppliers
- To save production cost and increase production efficiency from our effective procurement strategy with suppliers

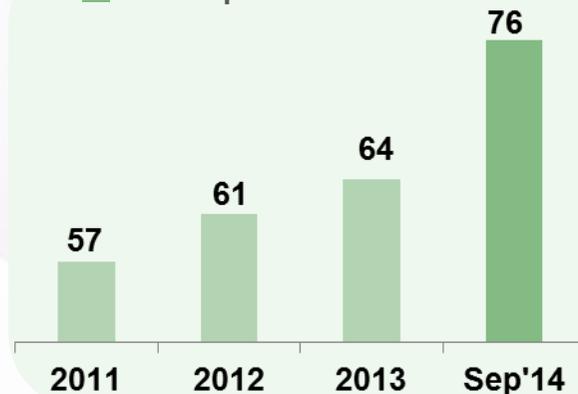
## Continuously Expand Capacity

- To gain higher market share for long-term success
- To benefit from economies of scale
- To maintain our leading position in natural rubber industry



Note: Information as at 30 Sep 2014

■ No. of procurement center



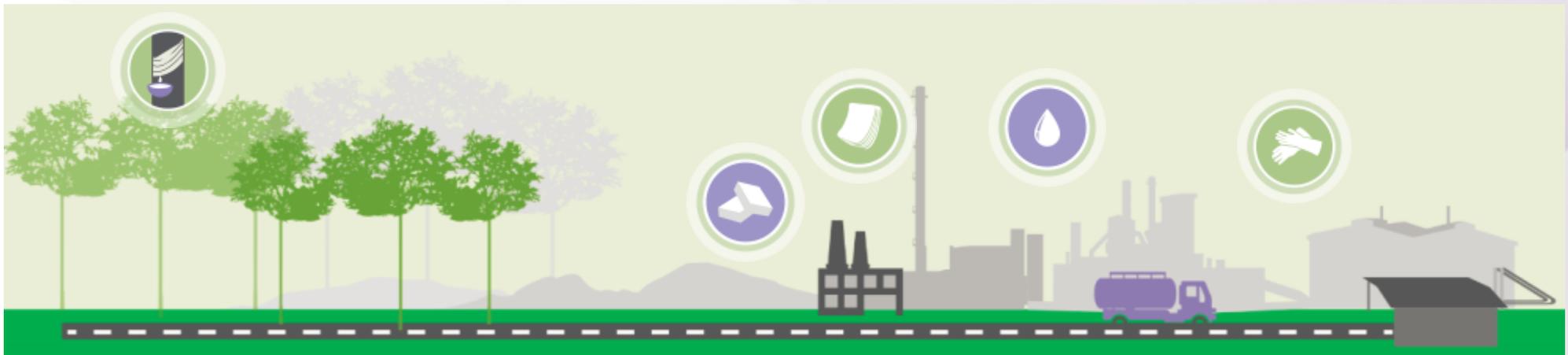
● % capacity to NR global demand  
■ Effective production capacity (mil. Tons)



## Target & Capex

Target	
Production capacity	: <b>1.4</b> mil tons
Sale volume	: <b>1.2</b> mil tons
Adj. GP margin	: <b>5-7%</b>
Net profit margin	: <b>1.5 - 2.5%</b>
Dividend policy	: <b>30%</b> of net profit

CAPEX Plan			
CAPEX (Unit: THB mn.)	2014f	2015f	2016f
Capacity Expansion	1,850	1,100	500
Plantation	975	460	500
Maintenance	450	350	250
<b>Total CAPEX</b>	<b>3,275</b>	<b>1,910</b>	<b>1,250</b>



# Industry Updates

## NR industry

- NR Industry continues to be pressured by stuttering global economy, ample supply, and unfavorable market sentiment in China.
- In longer outlook, recovery signs of global economy and positive growth prospect for the year 2015 could improve NR market sentiment.

## NR demand and supply

- The uncertainty of US to reimpose import duty of certain passenger vehicle and light truck tires from China could limit Chinese import demand growth. However, as a reflection of volume adjustment geographically, total sale should not be curbed.
- IRSG forecasts world NR consumption in 2015 to stay decent before growing at an accelerating rate in 2016, while supply shall adjust to meet demand resulting in smaller surplus.

## NR prices

- The supply control policy of Thailand to uproot 30% of 25 years old and older by the end of 2014 could boost NR price.
- The likelihood of an El nino could potentially delay global rubber output and positively stimulate rubber prices.

# Q&A



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