

member of  
**SRITRANG**  
GROUP



Q4 2013 & FY 2013 Presentation

6 March 2014

A World Leading Natural Rubber Player



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# Q4 2013 & FY 2013 Results



## Financial Highlights - Q4 2013 and FY 2013

(THB million)	FY'12	FY'13	%YoY	Q4'12	Q3'13	Q4'13	%YoY	%QoQ
Revenue	99,639	92,185	▼7%	22,794	21,495	23,930	▲5%	▲11%
Sale volume (tons)	975,604	1,126,463	▲15%	253,874	279,687	315,186	▲24%	▲13%
Avg. selling price (Baht per ton)	99,966	79,600	▼20%	87,770	74,422	74,053	▼16%	▼0.5%
Gross profit	4,775	5,189	▲9%	1,389	1,409	1,463	▲5%	▲4%
Adj. gross profit*	4,318	5,804	▲34%	1,436	1,200	1,287	▼10%	▲7%
EBITDA	2,840	3,747	▲32%	950	909	876	▼8%	▼4%
Net profit	1,379	1,812	▲31%	636	228	426	▼33%	▲87%
Adj. GP margin	4.3%	6.3%	▲200bps	6.3%	5.6%	5.4%	▼90bps	▼20bps
Net profit margin	1.4%	2.0%	▲60bps	2.8%	1.1%	1.8%	▼100bps	▲70bps

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

# Revenue Breakdown by Product

Quarterly (THB mm)

Yearly (THB mm)

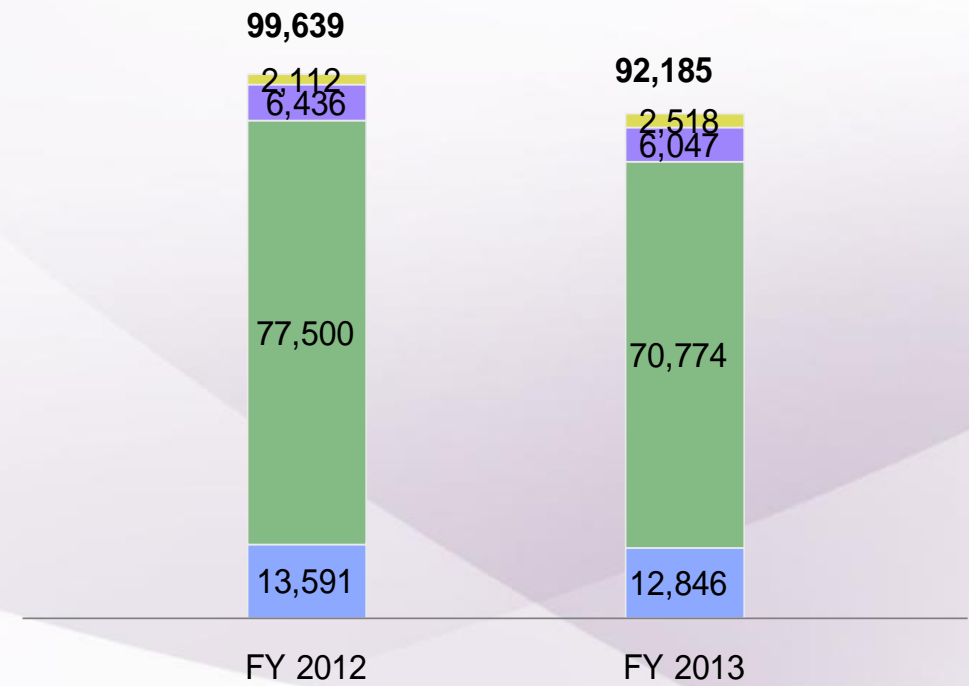
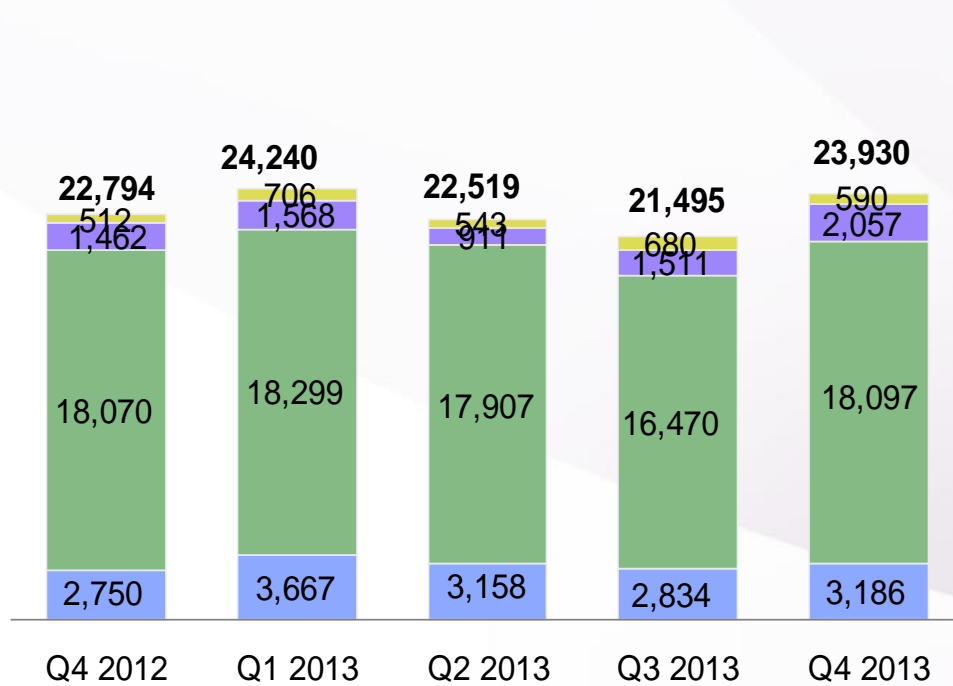
■ RSS ■ TSR ■ Con. Latex ■ Others

■ RSS ■ TSR ■ Con. Latex ■ Others

+5.0%

+11.3%

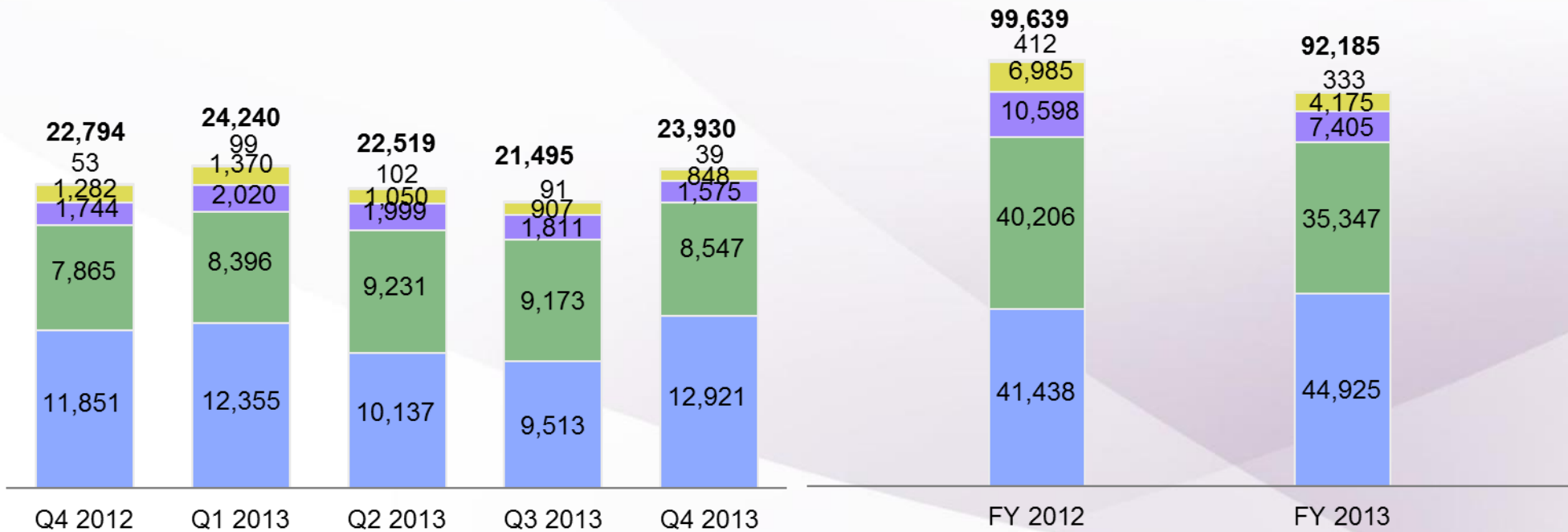
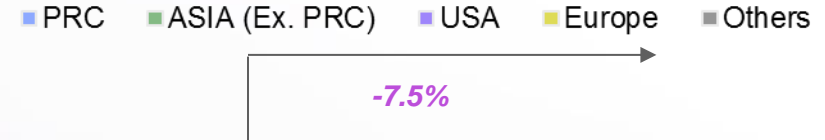
-7.5%



# Revenue Breakdown by Geography

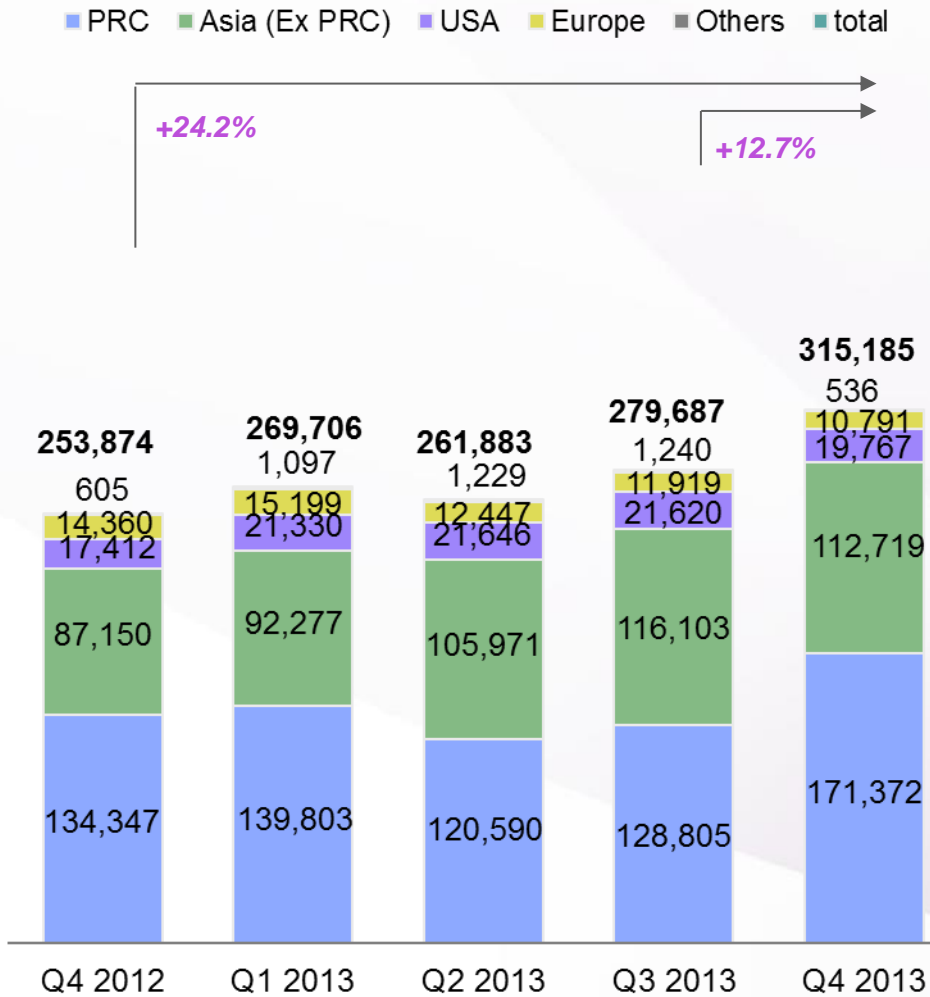
Quarterly (THB mm)

Yearly (THB mm)

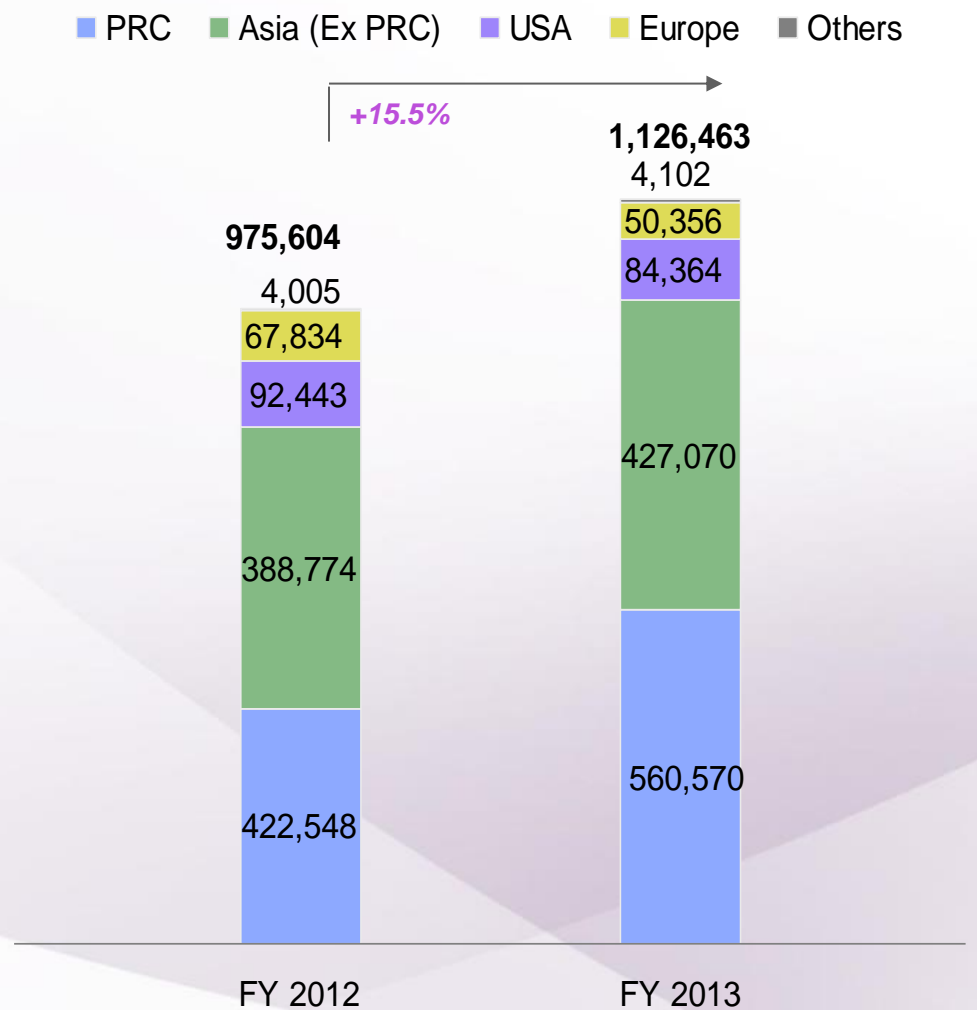


# Revenue Breakdown by Geography (Tons)

## Quarterly (tons)

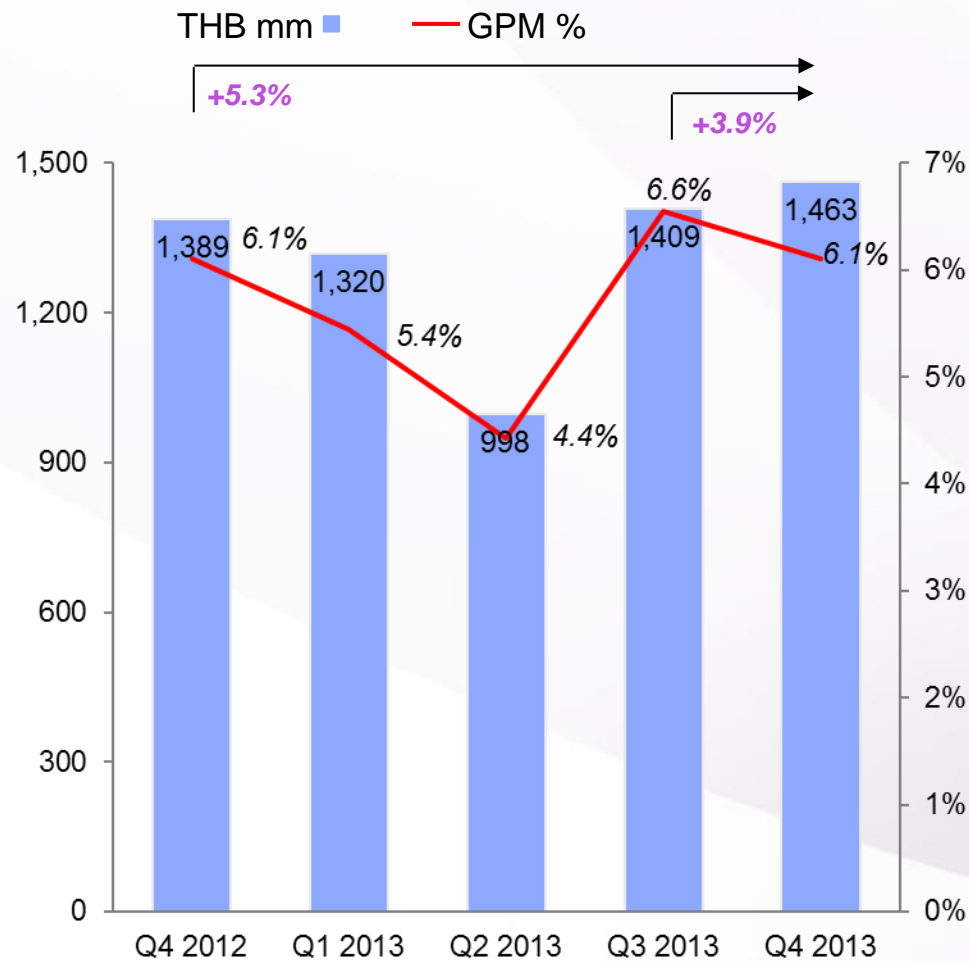


## Yearly (tons)

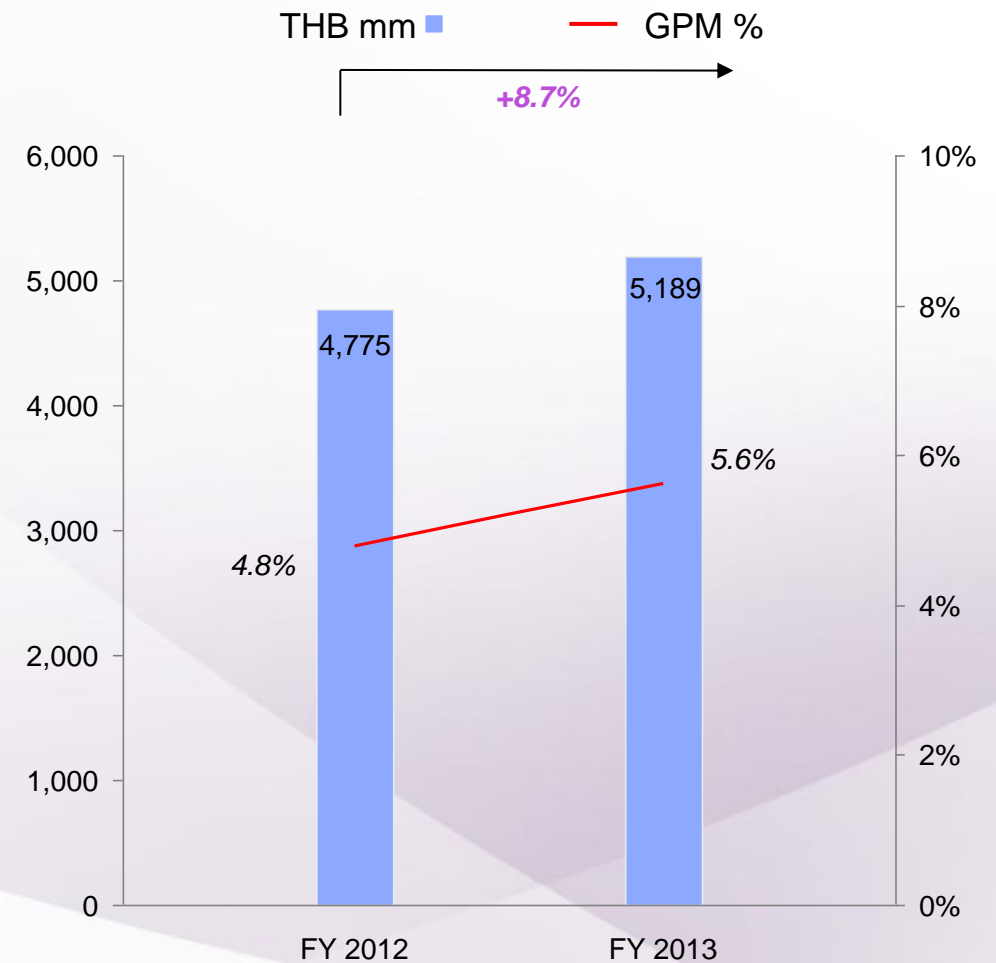


# Gross profit (“GP”) and Gross Profit Margin (“GPM”)

Quarterly (THB mm)



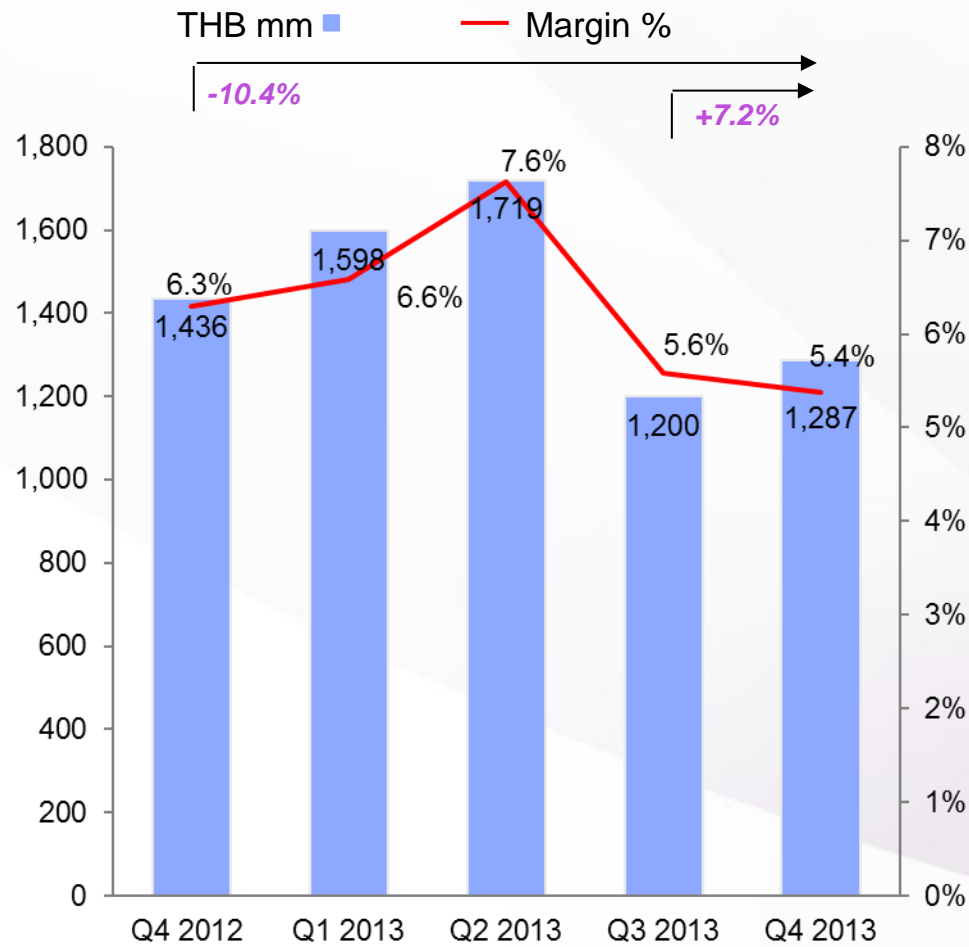
Yearly (THB mm)



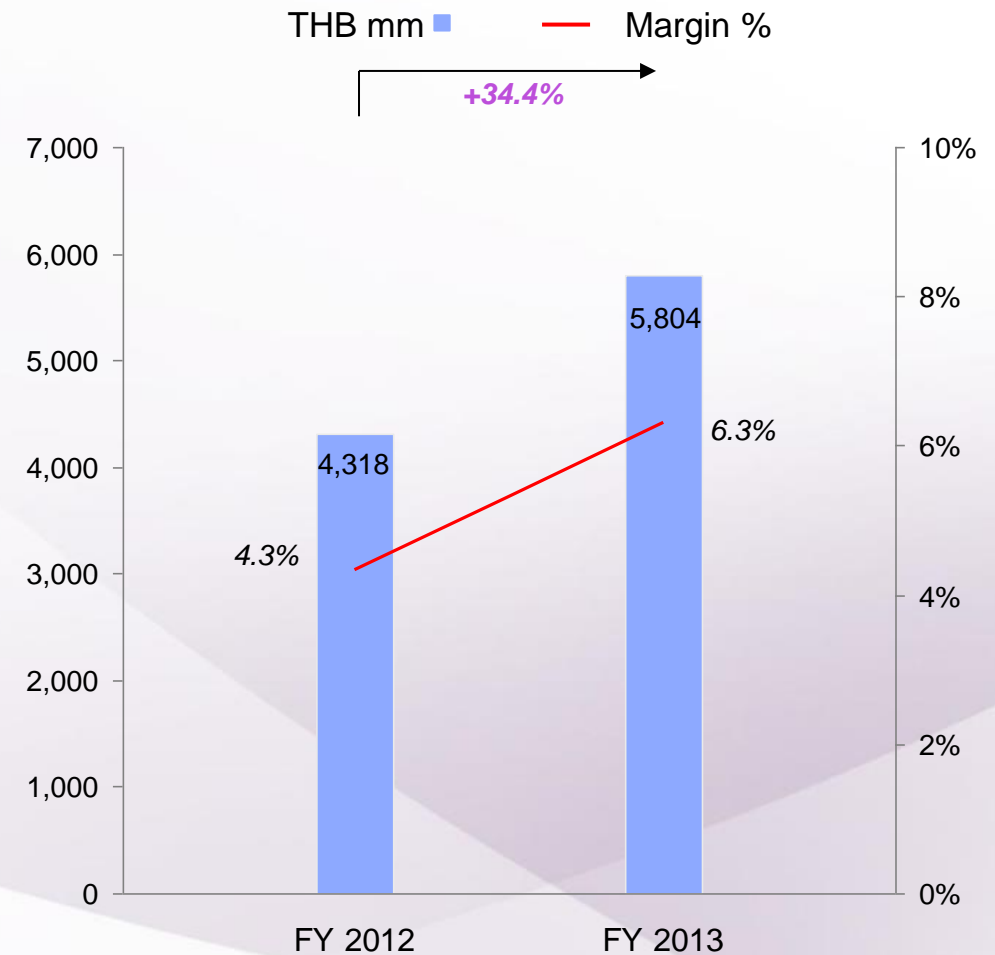


# Adjusted GP and GPM\*

Quarterly (THB mm)



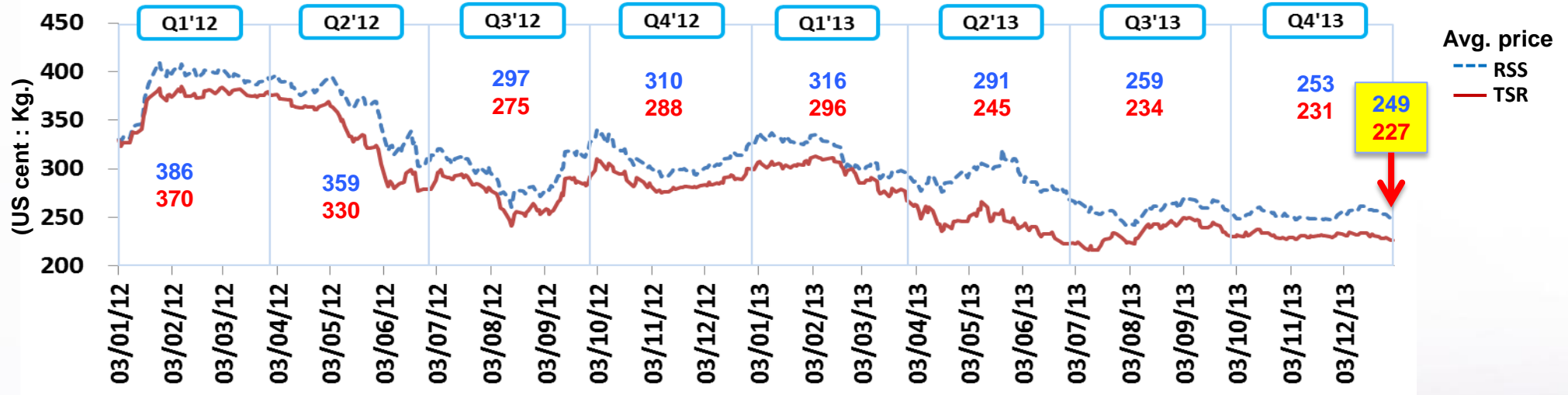
Yearly (THB mm)



\* GP and GPM after adjusting for (reversal) allowance of inventory and realised forex gains / losses

# SICOM Price and F/X

## SICOM Price Movement



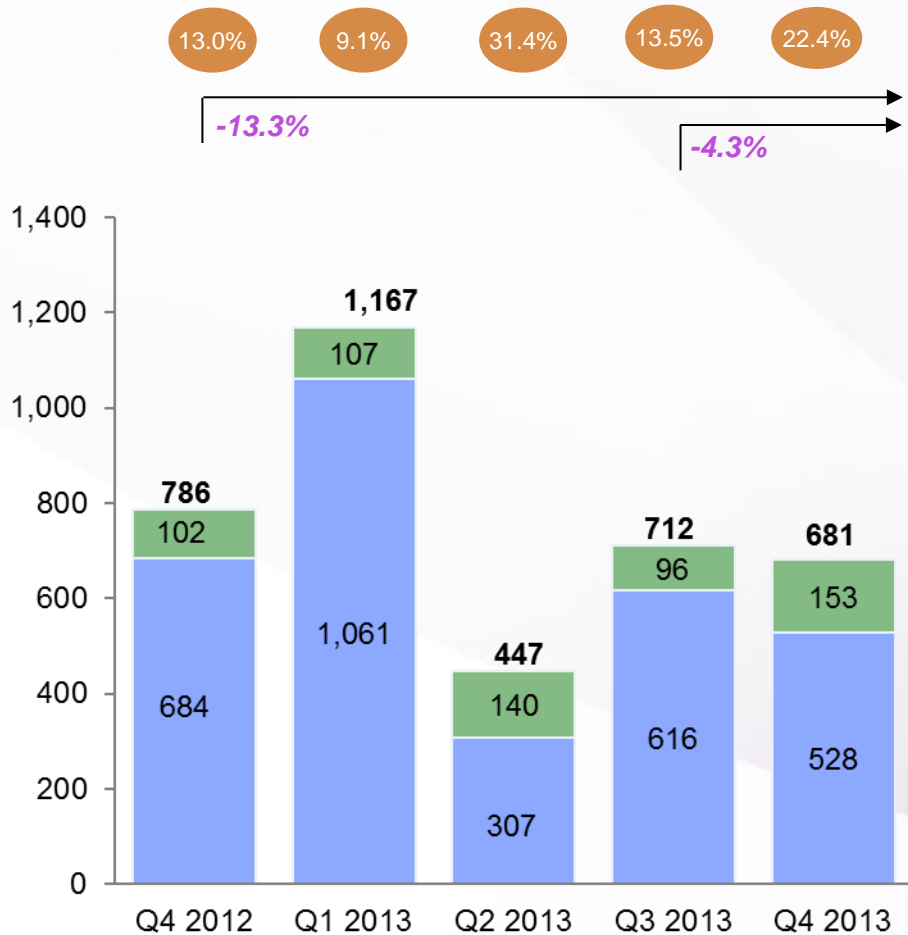
## THB/USD Movement



# Earning before Interest Expenses and Tax

## Quarterly (THB mm)

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



## Yearly (THB mm)

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



# Net profit and Net profit margin

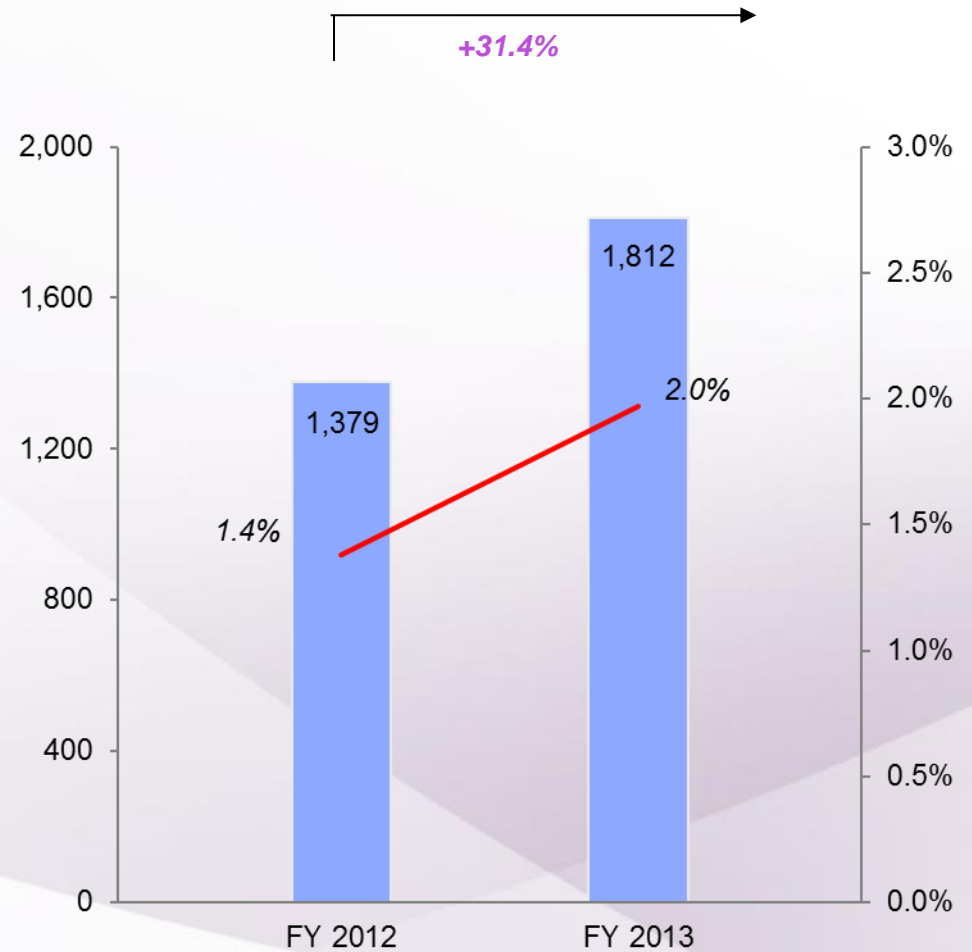
Quarterly (THB mm)

Net profit ■ Net profit margin % —



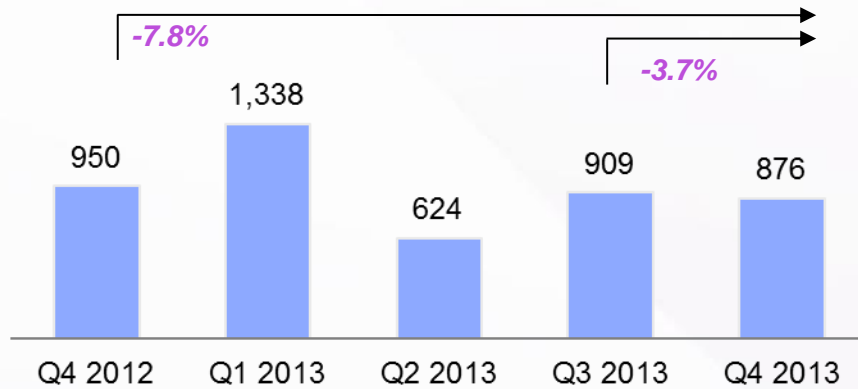
Yearly (THB mm)

Net profit ■ Net profit margin % —

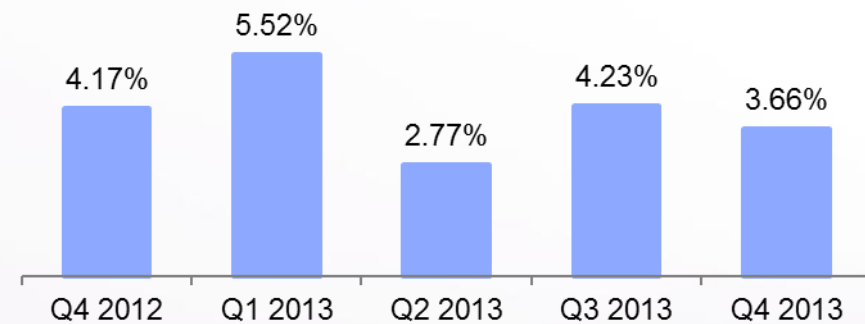


# Return on Assets and Return on Equity

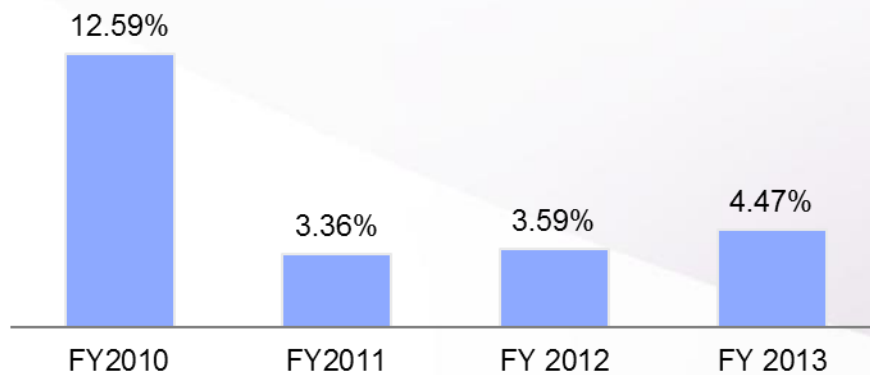
**EBITDA (THB mm)**



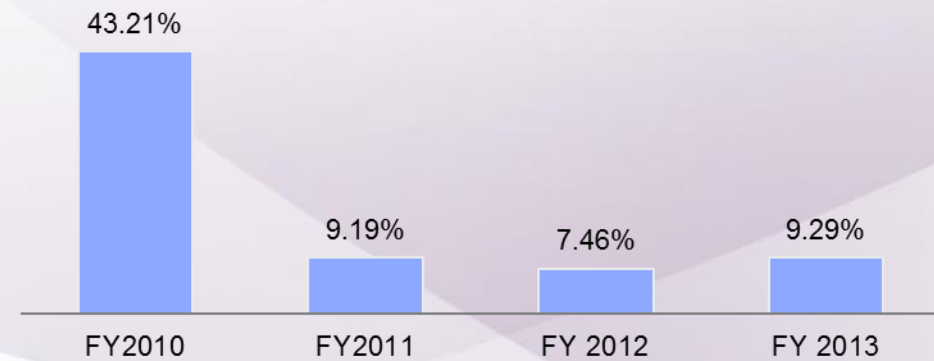
**EBITDA margin**



**ROA**

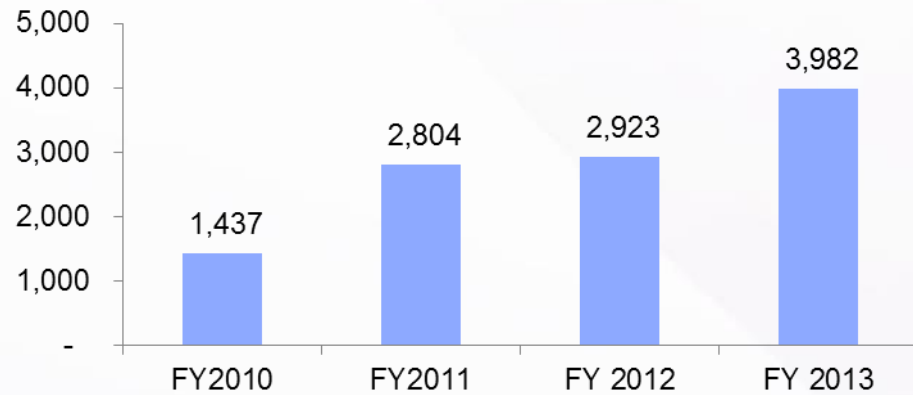


**ROE**

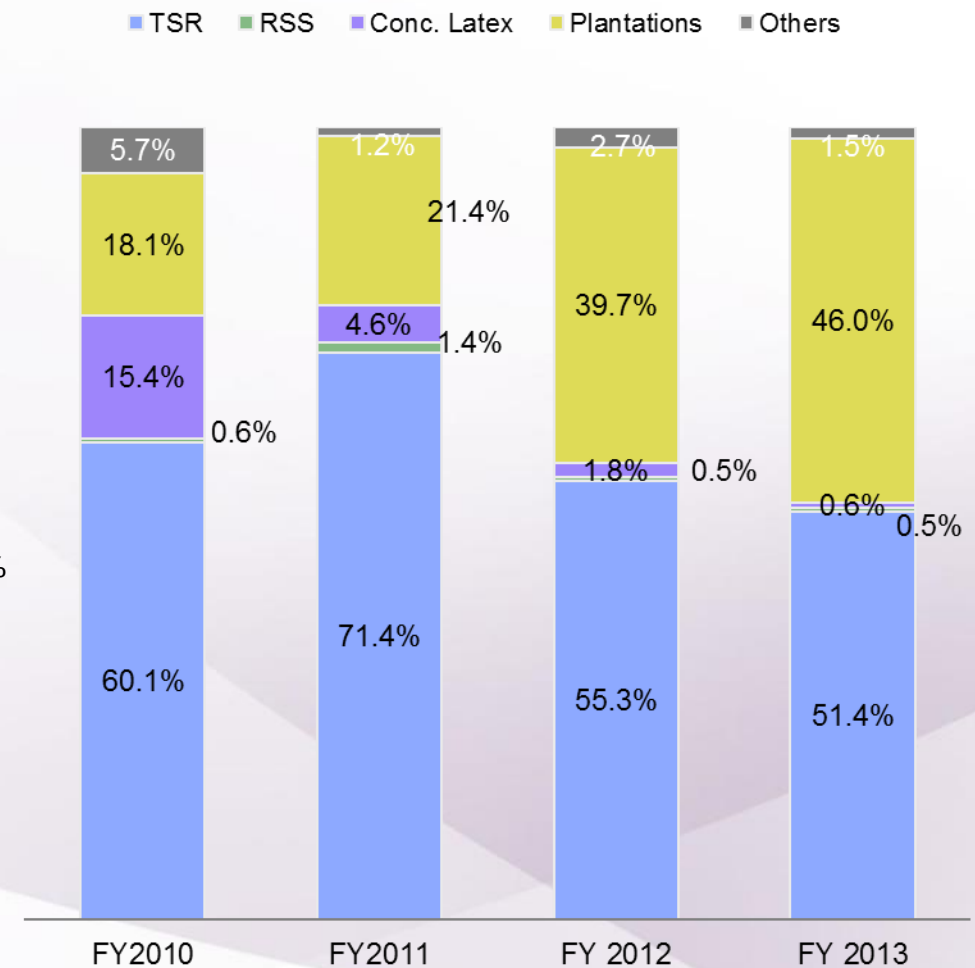


# Capital expenditure

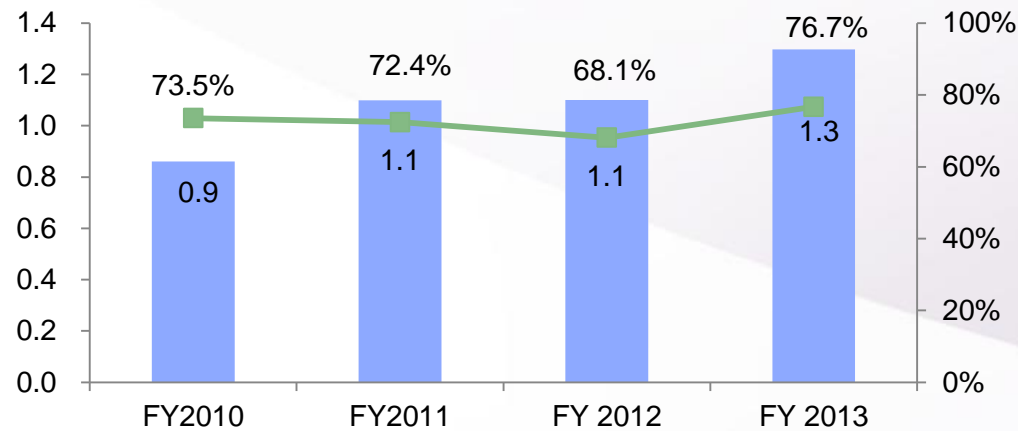
**Total capital expenditure (THB mm)**



**Capital expenditure by products (THB mm)**

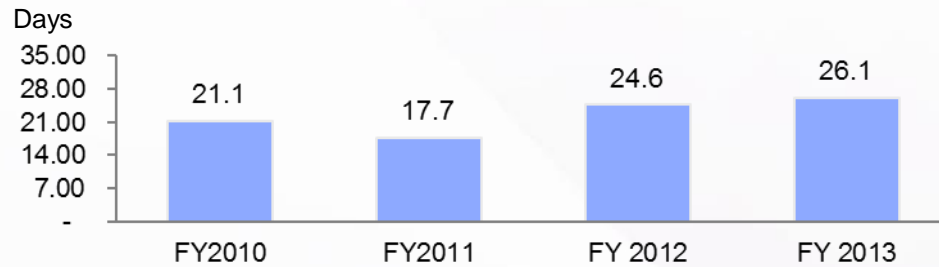


**Effective production capacity (Ton) & Utilisation rate**

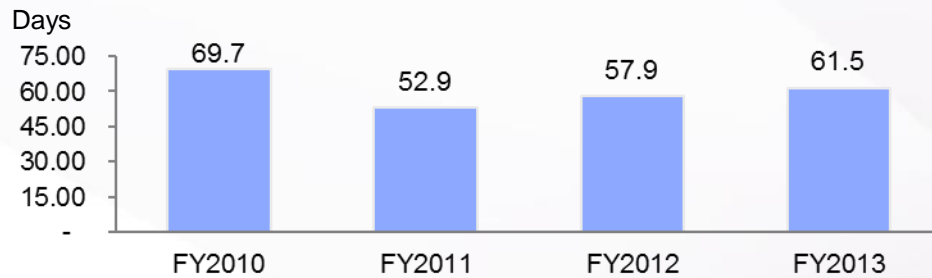


# Working capital overview

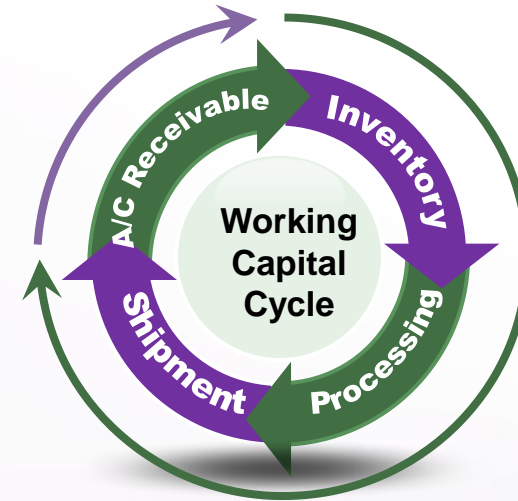
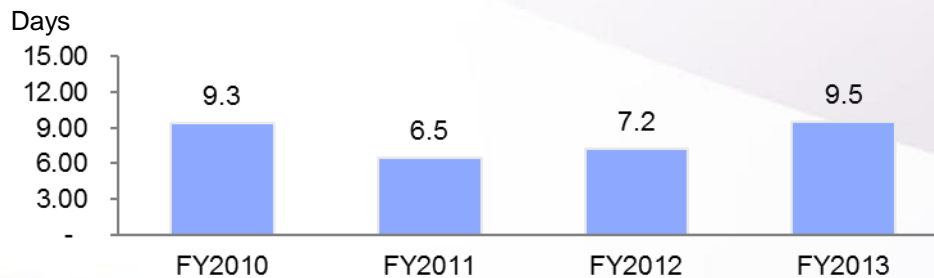
## Trade receivables days



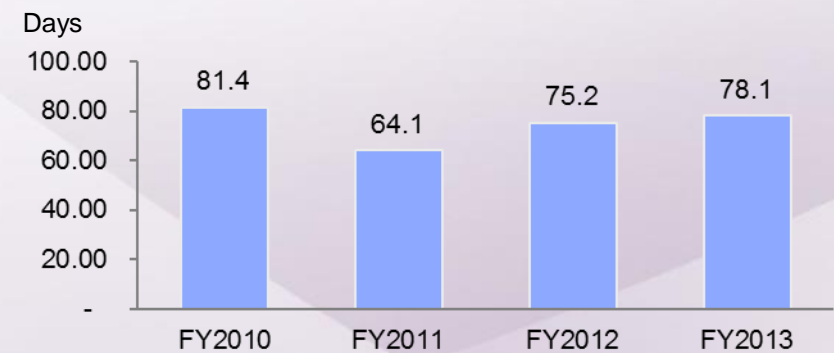
## Inventory turnover days



## Trade payables days



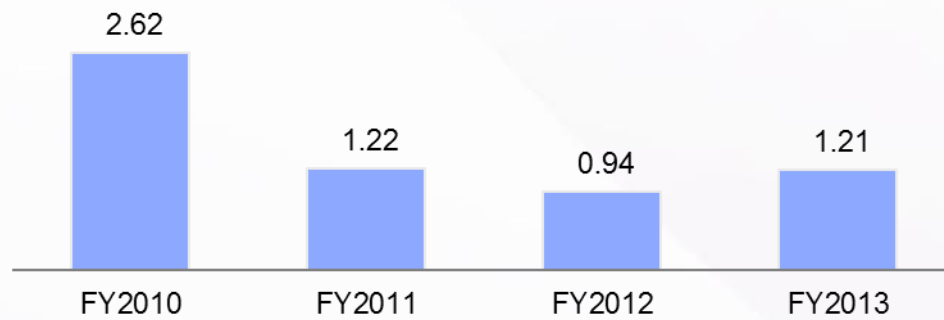
## Cash turnover cycle (days)<sup>1</sup>



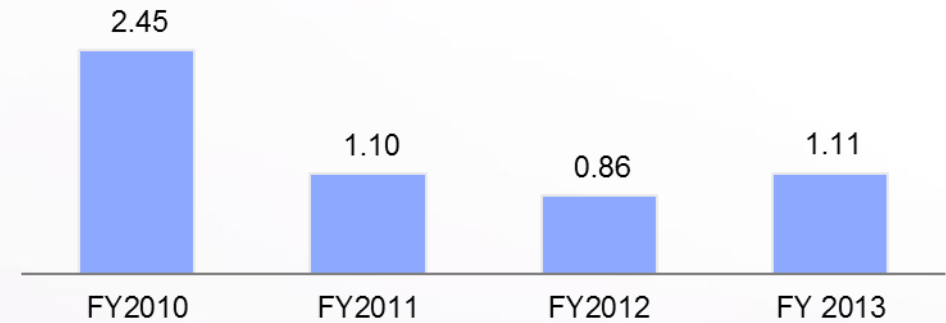
<sup>1</sup> Cash turnover days = Trade receivable days + inventory turnover days – trade payables days

## Healthy leverage and coverage ratios

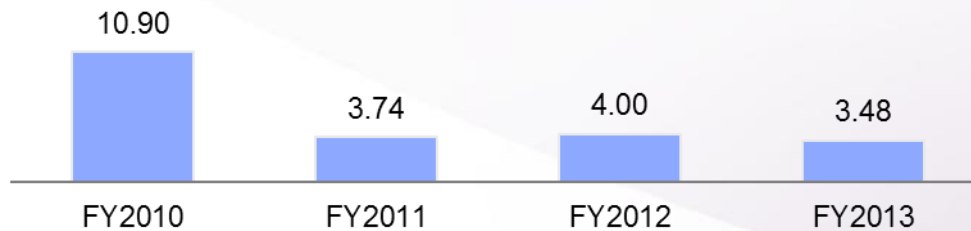
### Debt / equity



### 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 Update



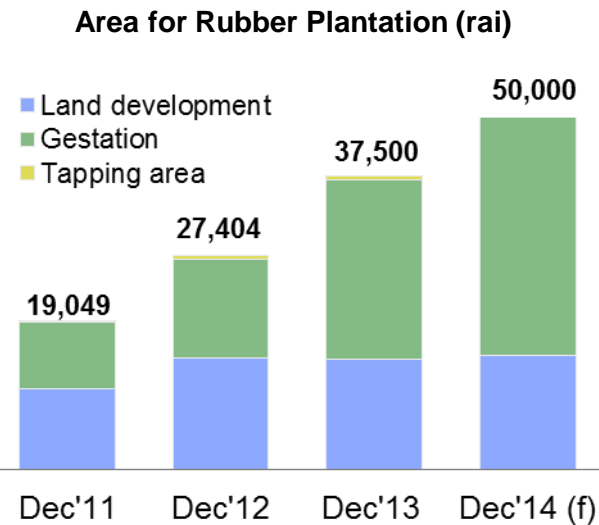
# Target & Capex

## 2014 Target

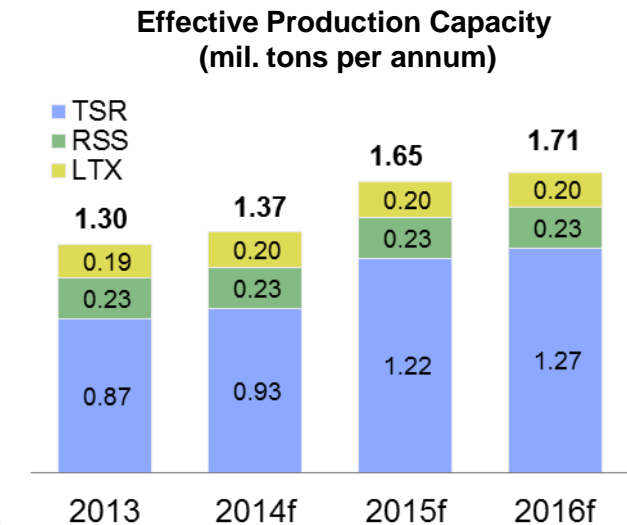
Capacity	: 1.4 mil tons
Sale volume	: 1.2 mil tons
Adj. GP margin	: 5 - 7%
NP margin	: 1.5 - 2.5%
Dividend policy	: 30% of net profit

CAPEX (Unit: THB mn.)	2014f	2015f	2016f
Capacity Expansion	2,050	1,000	500
Plantation	1,100	550	300
Maintenance	650	500	350
<b>Total CAPEX</b>	<b>3,800</b>	<b>2,050</b>	<b>1,150</b>

**Rubber plantation:**  
Achieve 50,000 rai (8,000 h.a.)  
in Thailand by the end of 2014



**Midstream business:**  
Continue our aggressive  
expansion plan domestically  
and internationally



# Our Business Strategy

## Enter into Rubber Plantation

- Increase opportunity to procure raw materials at more favorable prices in new rubber plantation zone
- Increase potential for new capacity expansion for our midstream operation
- Increase sustainable profitability

## Enhance Procurement Stronghold

- Set up an integrated system to build long-term relationship with suppliers
- Save production cost and increase production efficiency from our effective procurement strategy with suppliers

## Continuously Expand Capacity

- Gaining higher world's market share is the headwind for long-term success
- Benefit from economies of scale
- Maintain our leading position in natural rubber industry

## Expand Customer Coverage

- Ride on rapid growth market, especially in China, and highly potential market.
- Capture all demands from customers throughout the world

## Create Footprint in New Territories

- Enhance competitiveness and better risk diversification
- Expand our market coverage in Indochina and gain direct access to Vietnam, the world's third largest Natural Rubber producer

Delivering on our strategy to aggressive expand across Natural Rubber supply chain

# Industry Outlook

## Demand & Supply

- World's NR supply excess is expected to decline from 384,000 tons in 2013 to 242,000 tons in 2014 as a result of improving demand of China and some advanced countries.
- Current accommodative level of NR price also boosts demand from tyre makers.

## Global Stock

- Global excess supply and high stockpile in China should gradually decline when low-production season of major growing countries starts in Feb – May.

## NR Price

- NR price is currently pressured by uncertainties in global economy and supply surplus.
- NR price pick-up depends on market sentiment and potential of demand growth.

# Q&A



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