

STA

3Q20 Analyst Presentation



THE WORLD'S LEADING FULLY INTEGRATED GREEN RUBBER COMPANY



Agenda



1. Financial Performance



2. STA Business Highlights

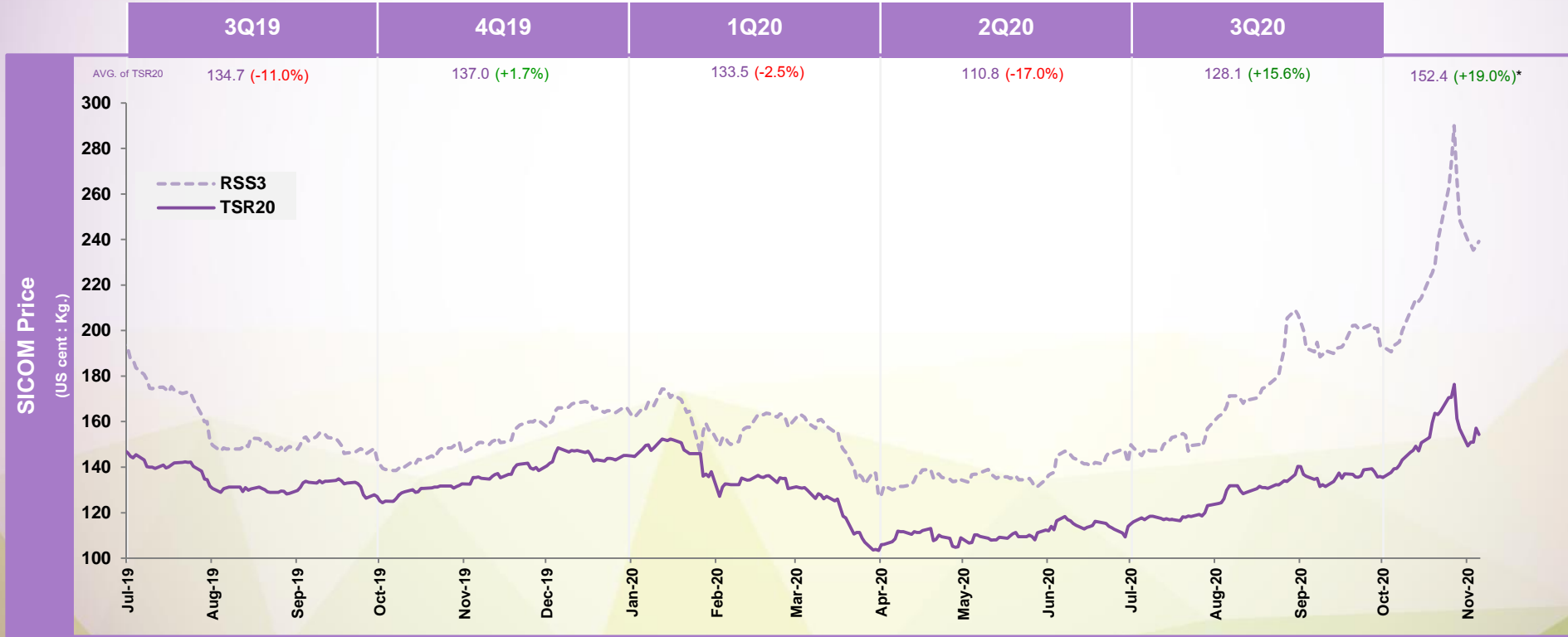


3. Natural Rubber Market Situation

1 ***FINANCIAL PERFORMANCE***



Rubber Price Movement



ABBREVIATIONS

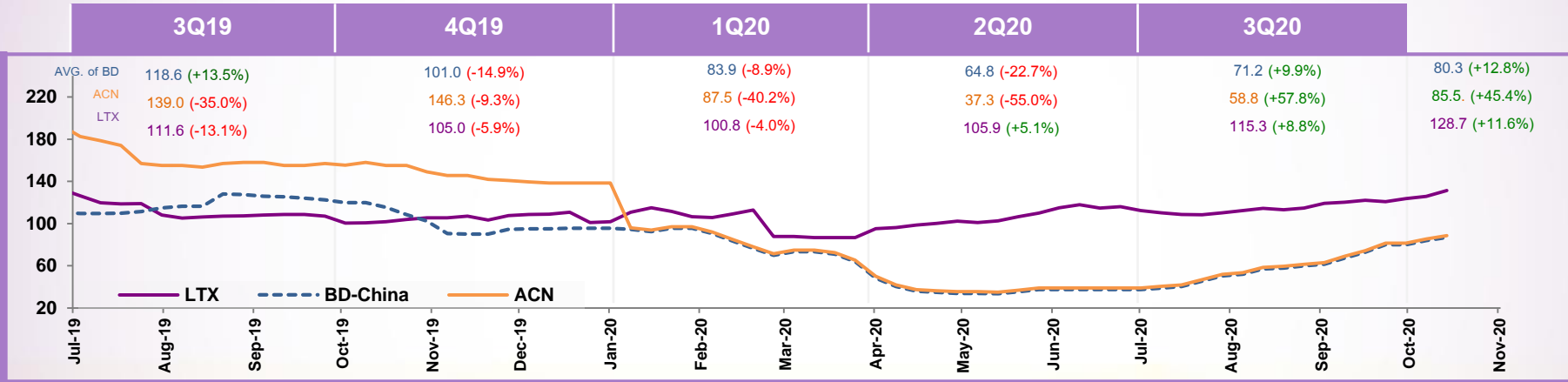
RSS : Ribbed smoked sheet
 TSR : Technically specified rubber, which includes STR and SIR

Latex – Butadiene – Acrylonitrile - Forex

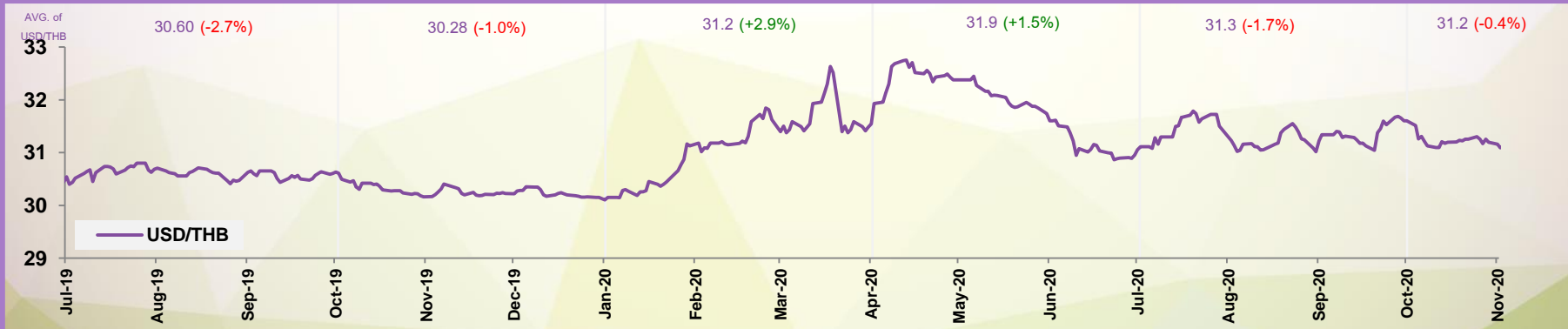


LTX & BD & ACN

Price (US cent : Kg.)



Currency



ABBREVIATIONS

LTX: Concentrated Latex

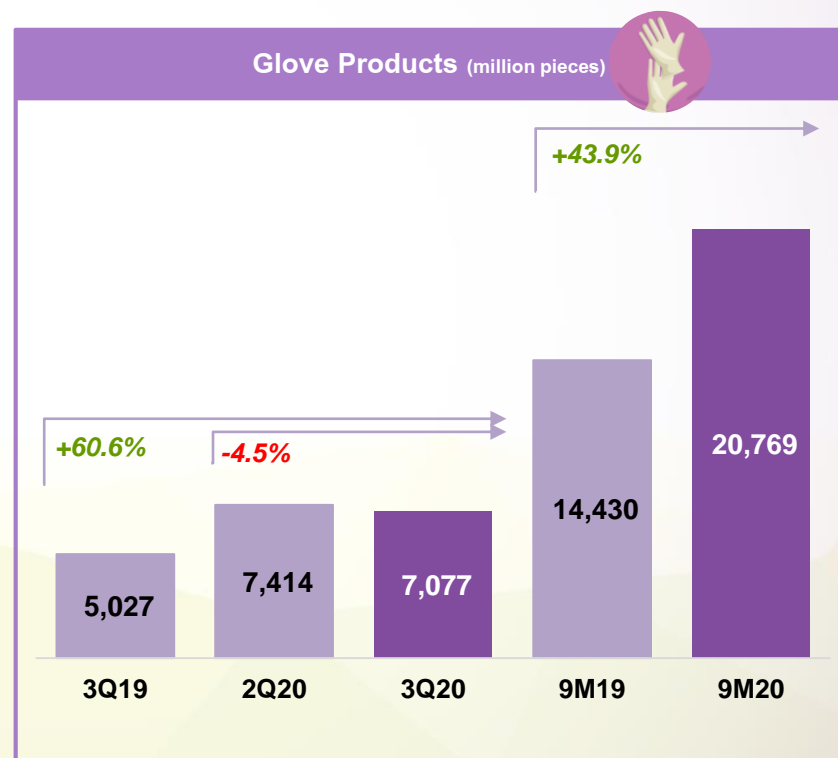
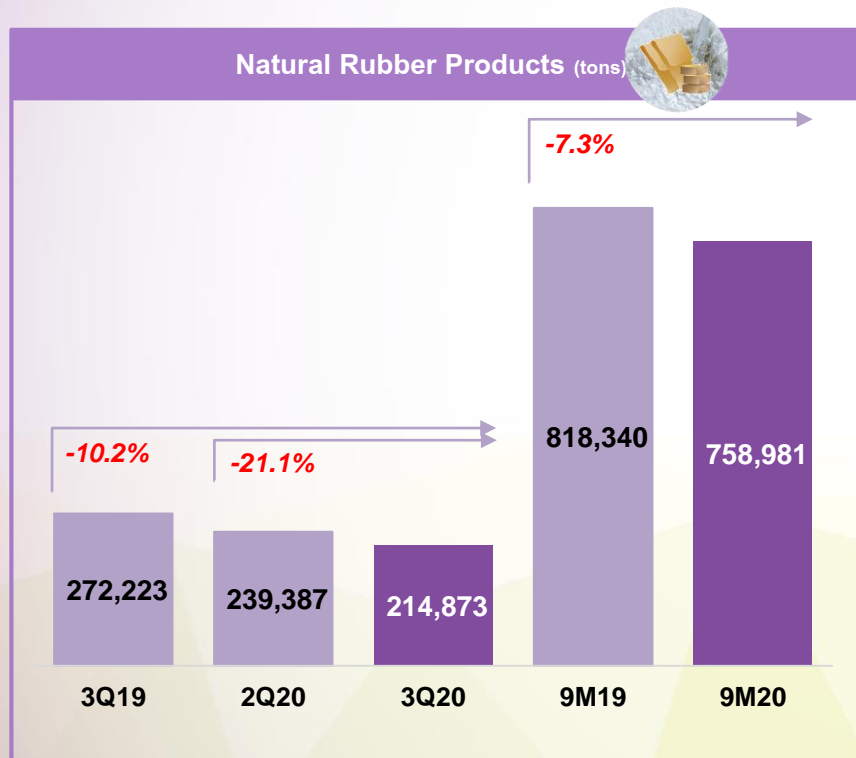
BD: Butadiene

ACN: Acrylonitrile

© Sri Trang Agro-Industry Plc.

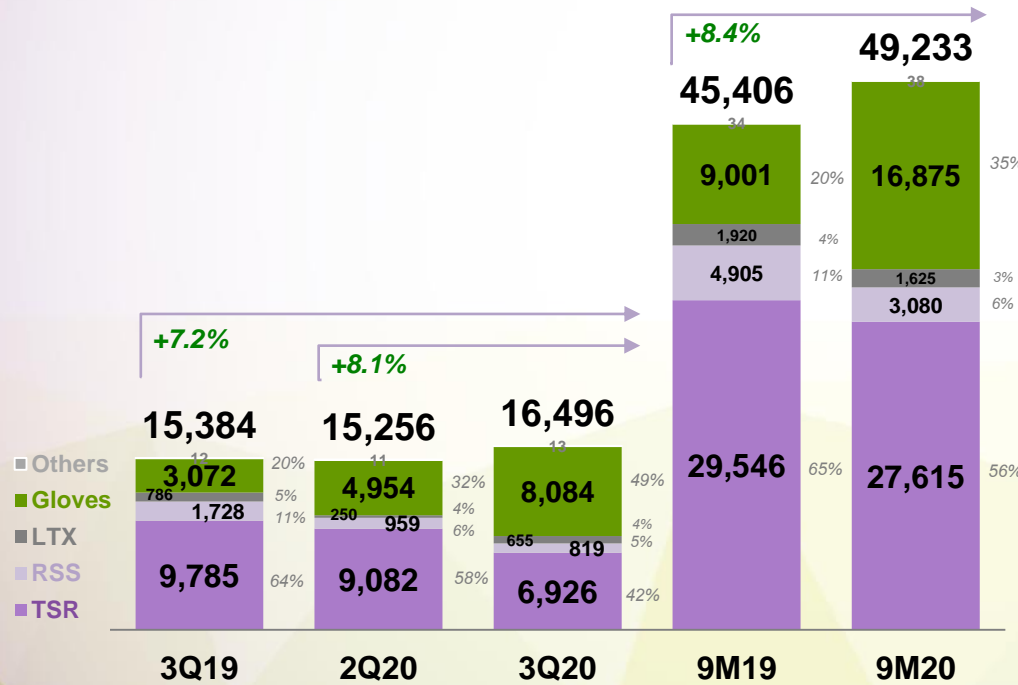
NOTE: Data as of November 6, 2020

Sales Volume

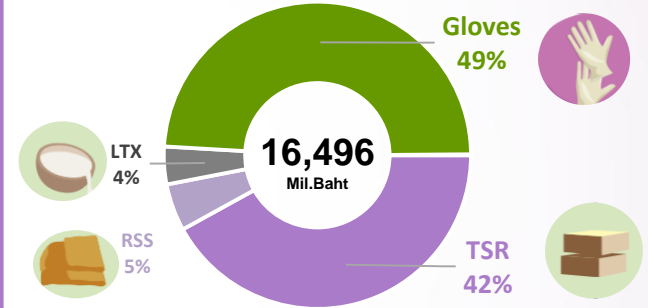


Sales Revenue – Gloves Contributed 49% of Total Revenues

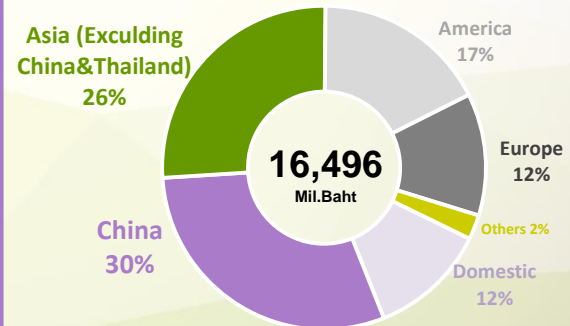
Sales Revenue by Product (THB million)



Sales Breakdown by Product



Sales Breakdown by Region



ABBREVIATIONS

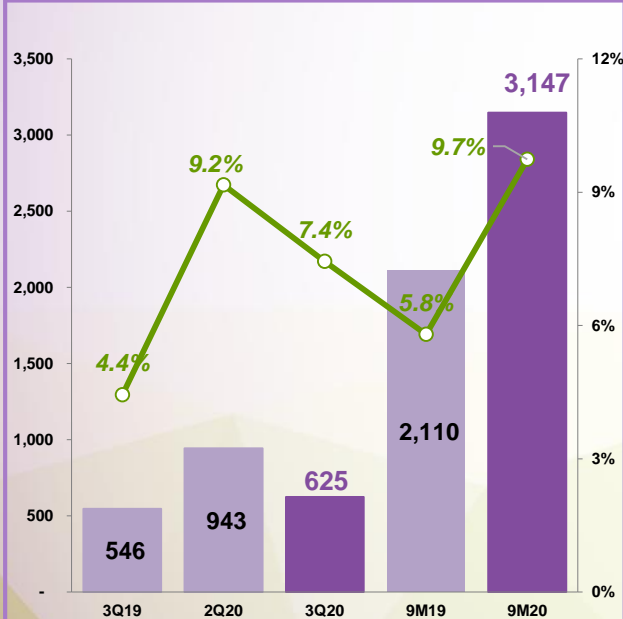
RSS : Ribbed smoked sheet
TSR : Technically specified rubber, which includes STR and SIR

LTX: Concentrated Latex

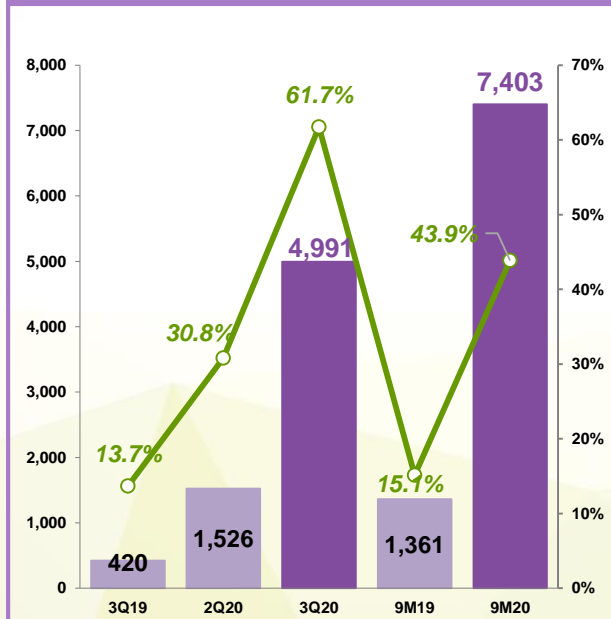
© Sri Trang Agro-Industry Plc.

Gross Profit – Continued Breaking GPM Record

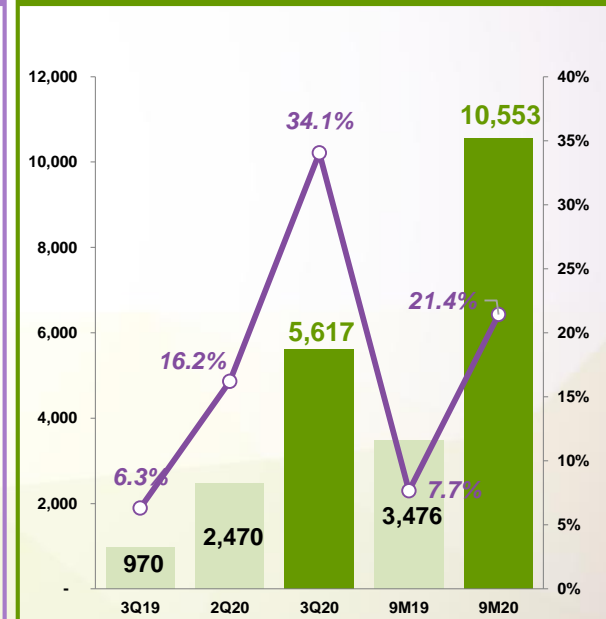
NR's Gross Profit (THB million)



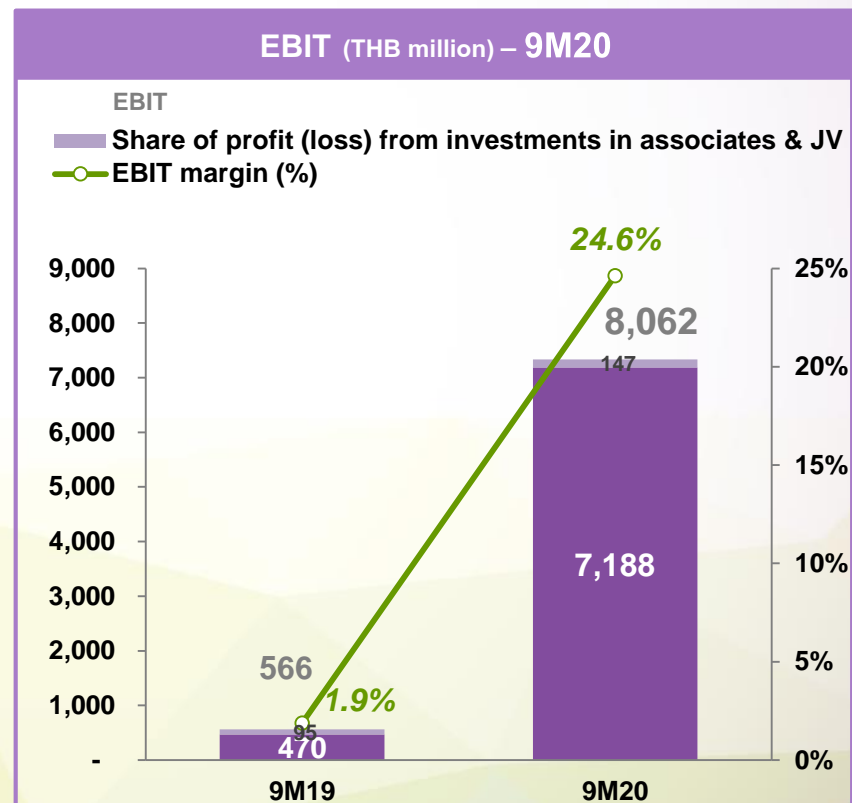
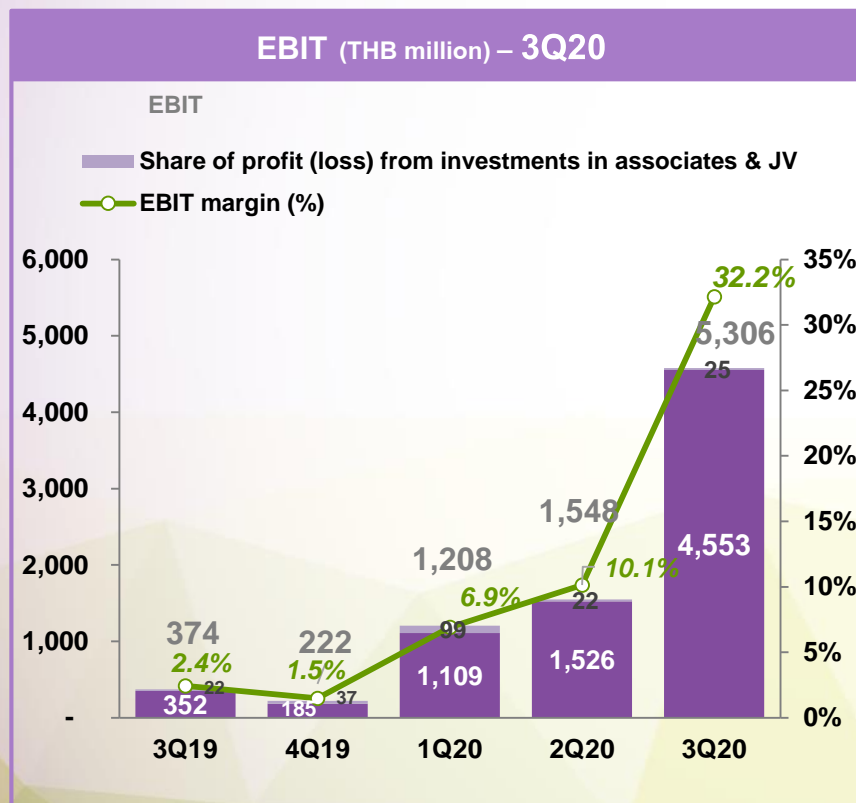
Glove's Gross Profit (THB million)



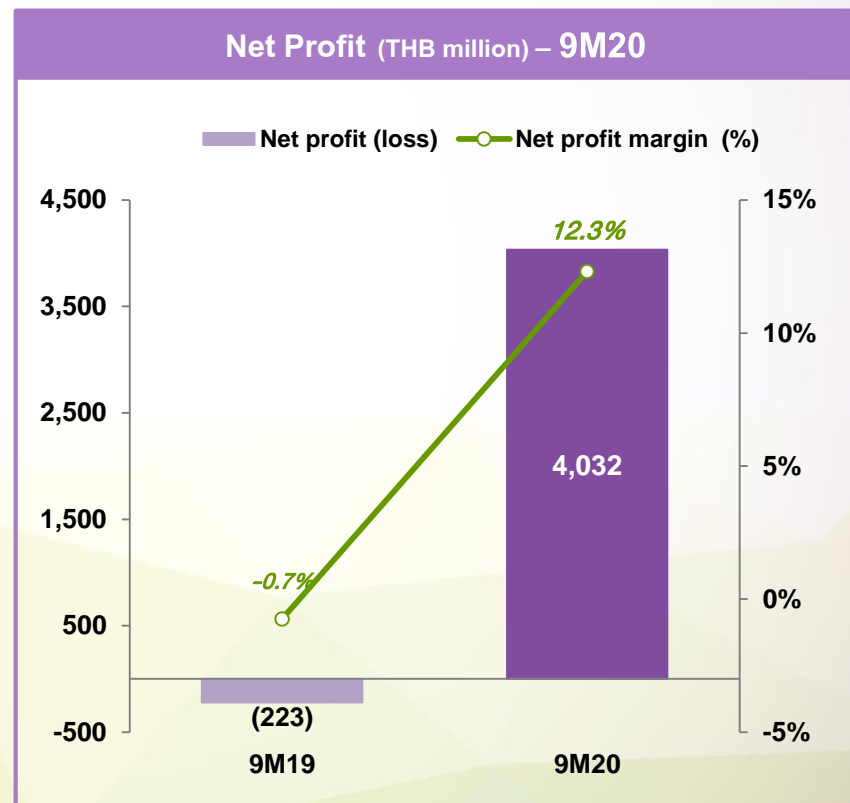
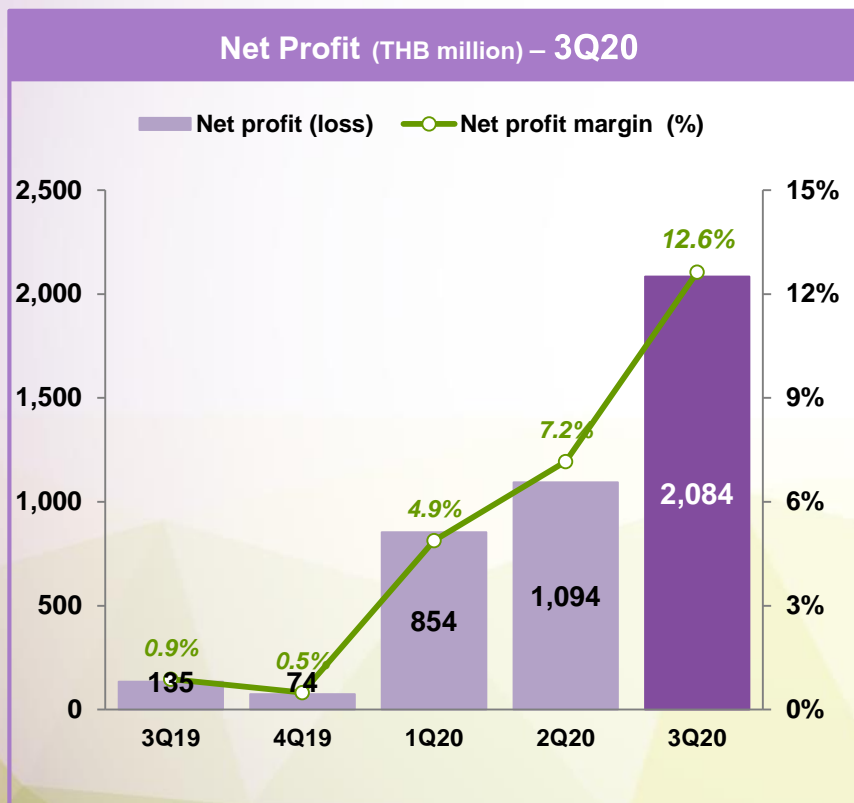
Blended Gross Profit (THB million)



EBIT – Growing Stronger



Net Profit – New Normal of Net Profit



Financial Highlight



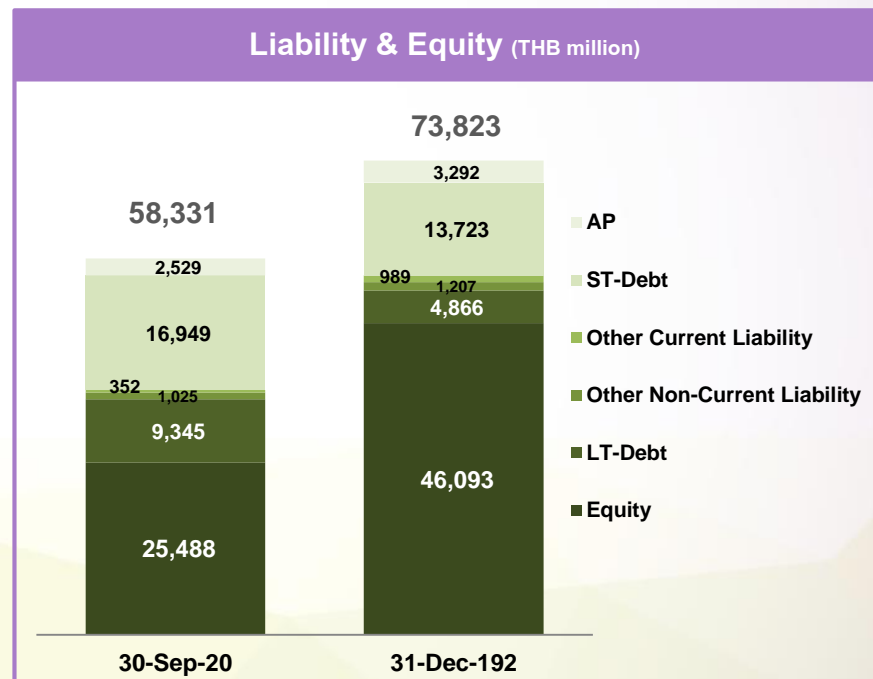
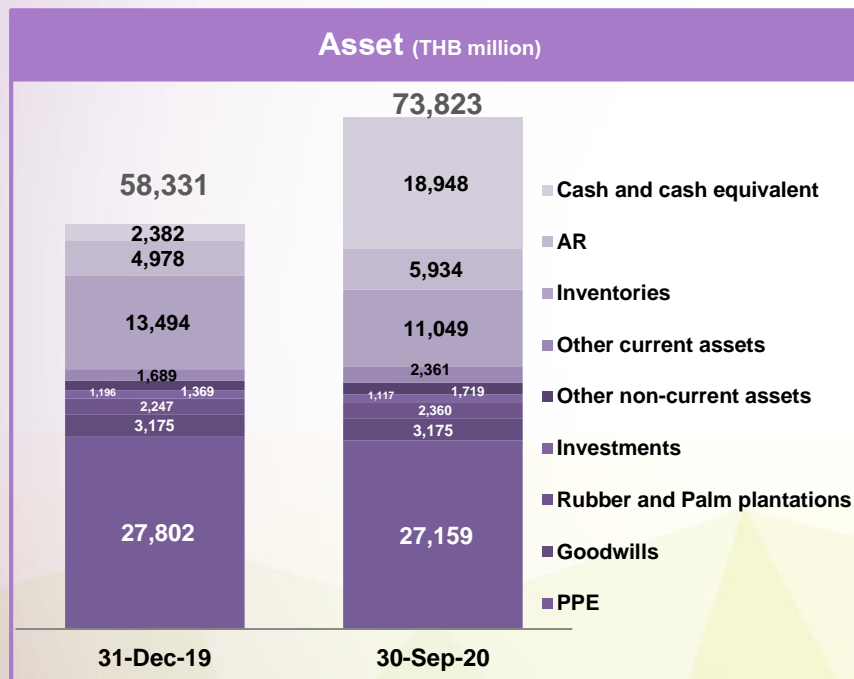
(Unit : THB million)	3Q20	3Q19	%YoY	2Q20	%QoQ	9M20	9M19	%YoY	FY19
Revenue	16,496	15,384	7.2%	15,256	-12.7%	31,752	30,022	9.0%	60,286
NR Sales volume (tons)	214,873	272,223	-21.1%	239,387	-21.4%	758,981	818,340	-0.4%	1,103,934
NR Avg. selling price (USD per ton)	1,248	1,488	-9.6%	1,346	-5.9%	1,360	1,420	-0.3%	1,402
Gloves Sales volume (tons)	7,077	5,027	+40.8%	7,414	-4.5%	20,769	14,430	+43.9%	1,103,934
Gloves Avg. selling price (USD per 1,000 pieces)	36.5	19.9	+74.4%	20.9	+83.2%	26.0	19.9	+30.2%	19.7
Gross profit	5,617	970	479.3%	2,470	127.4%	10,553	3,476	203.6%	4,854
Adj. gross profit**	5,384	1,398	285.3%	2,433	121.3%	7,817	1,935	304.1%	4,635
SG&A	(1,007)	(1,081)	-6.8%	(1,180)	-14.6%	(3,445)	(3,366)	2.3%	(4,571)
Gains (loss) on exchange rate, net**	215	148	45.0%	(31)	-789.1%	147	294	-50.1%	569
Other gains (loss)*	(446)	267	N/A	225	-298.2%	(313)	(119)	164.3%	(478)
Operating profit (loss)	4,553	352	1192.5%	1,526	198.4%	7,188	470	1428%	656
Share of profit (loss) from investments in JV	25	22	11.8%	22	9.6%	147	96	53.2%	132
EBITDA	5,306	998	431.8%	2,245	136.3%	9,421	2,417	289.8%	3,274
EBIT	4,578	374	1123.1%	1,548	195.7%	7,334	566	1196.0%	788
Finance costs, net	(146)	(210)	-30.4%	(174)	-15.8%	(520)	(673)	-22.7%	(856)
Tax Income (expense)	(373)	(17)	2109.8%	(85)	337.2%	(538)	(60)	791.7%	16
Net profit	2,084	135	1442.9%	1,094	90.6%	4,032	(223)	N/A	(149)
GP margin	34.1%	6.3%	277.49	16.2%	178.60	33.2%	11.6%	216.60	8.1%
Adj. GP margin*	32.6%	9.1%	235.55	15.9%	166.93	24.6%	6.4%	181.75	7.7%
Operating profit margin	27.6%	0.7%	269.07	10.0%	176.00	22.6%	1.6%	210.71	1.1%
EBITDA margin	32.2%	2.0%	301.59	14.7%	174.49	29.7%	8.1%	216.21	5.4%
Net profit margin	12.6%	0.1%	124.93	7.2%	54.67	12.7%	-0.7%	134.40	-0.2%

*Adjusting for (reversal) allowance of inventory and realized gains (losses) from hedging activities

**Reclassified according to TFRS 7-- Just only FX gains/ (losses) related to AP, AR, loans can be shown in this item

***Reclassified according to TFRS related to financial instruments of currency and commodities

Balance Sheet – Very Strong Financial Status



9M20

8.14X

22.53X

0.60X

0.19X

ROA

ROE

D/E

Net Interest Bearing

FY19

-0.25X

-0.57X

1.29X

Debt/ Equity

1.20X

Special Dividend Payment

Thanks to The Strong Financial Result



Historical Dividend Payment		
Operating Year	Dividend per Share (Baht)	Dividend Payout Ratio (%)
2020 [01 Jan 2020 - 30 Sep 2020]	0.50	19.0
2019	0.35	N/A
2018	0.65	46.52
2017	Omitted dividend payment	
2016	0.40	N/A
2015	0.40	45.79
2014	0.40	49.34
2013	0.65	45.93
2012	0.50	46.41
2011	0.50	48.99

XD Date

26 November 2020

[last day that shareholders are entitled to receive the dividend is **25 November 2020**]

Payment Date

9 December 2020

*Adjusting for (reversal) allowance of inventory and realized gains (losses) from hedging activities

**Reclassified according to TFRS 7 – Just only FX gains/ (losses) related to AP, AR, loans can be shown in this item

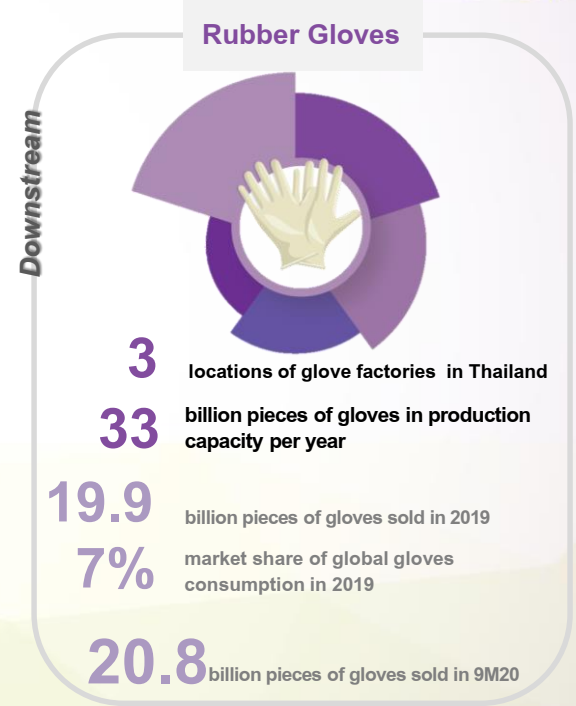
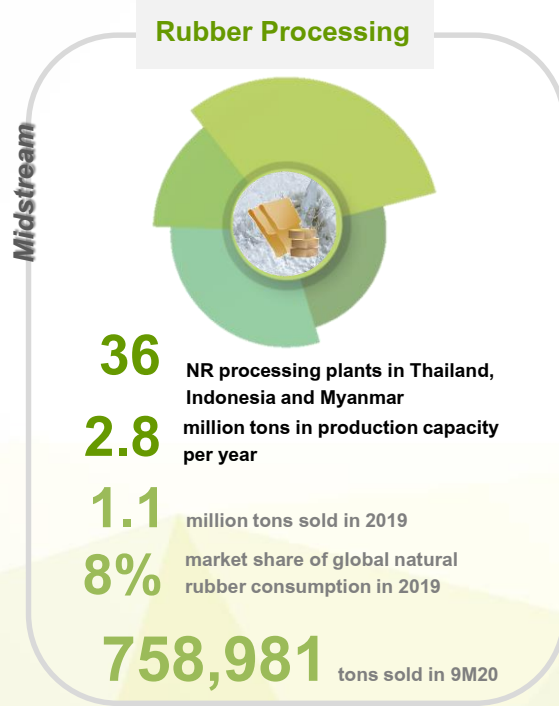
***Reclassified according to TFRS related to financial instruments of currency and commodities

2 *STA Business Highlights*



About STA: The World's Leading Fully Integrated Natural Rubber Company

Established in 1987



STA's Global Presence



Thailand



USA



Myanmar



Indonesia



Singapore



China

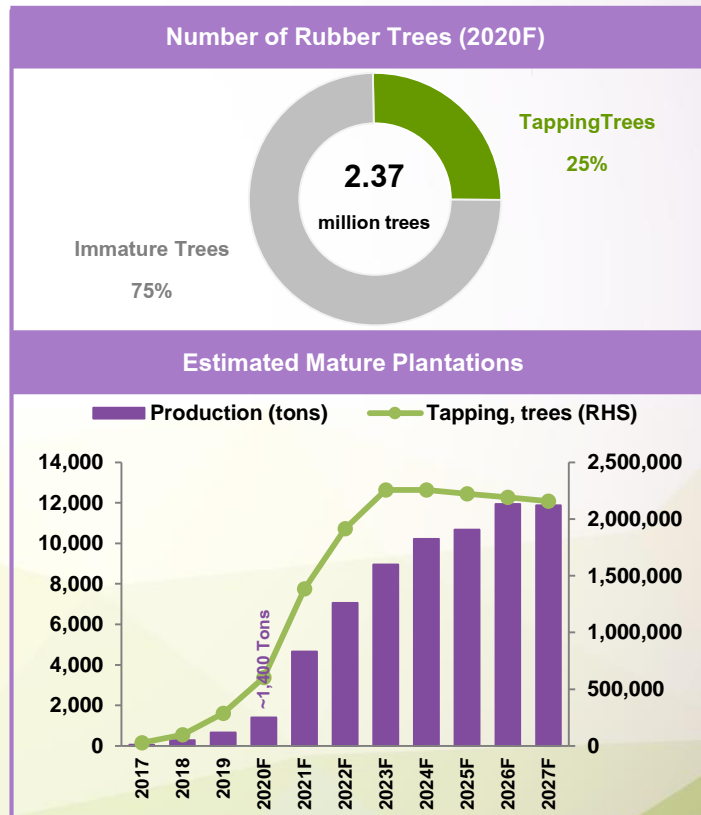


Vietnam

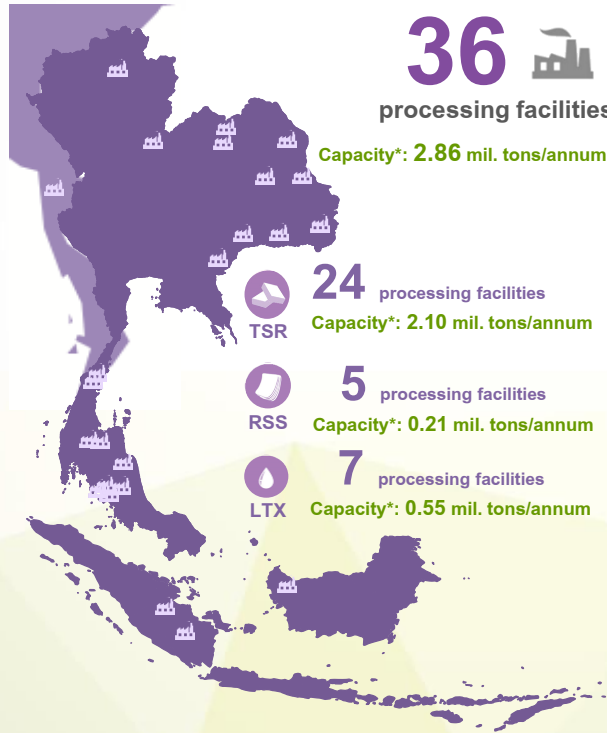
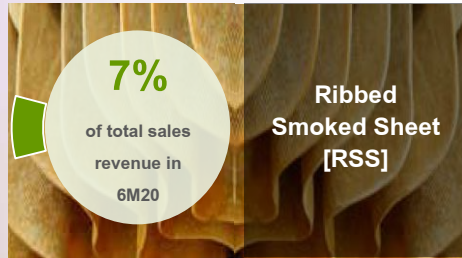
Upstream Operations – Rubber Plantations



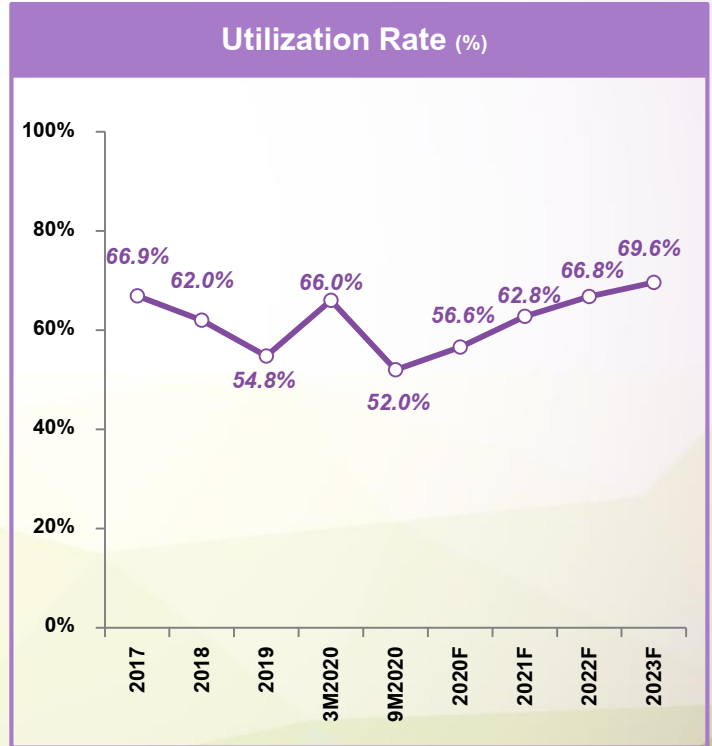
Note: The green provinces are where our factories located in.



Midstream Operations – NR Processing



Note: *Total engineering capacity



Major Customers in Midstream Business

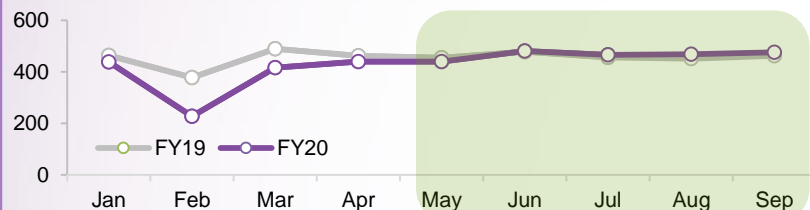
Global Brands



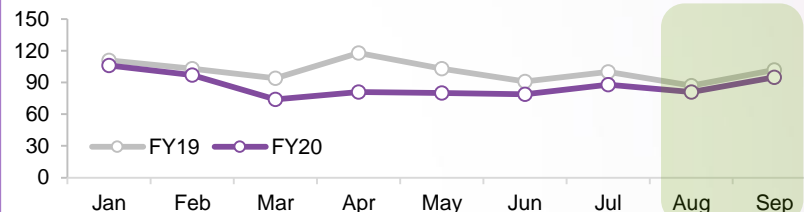
Recovery of NR Consumption

-- Some countries already returned to Pre-COVID level

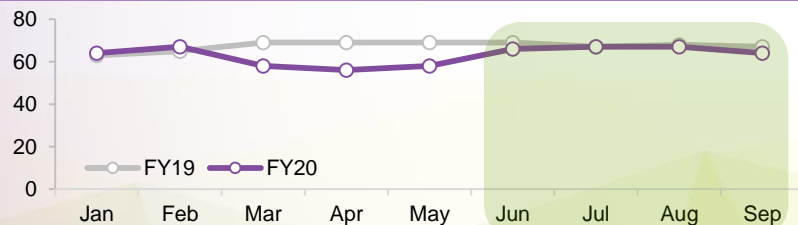
CHINA ['000 tons]



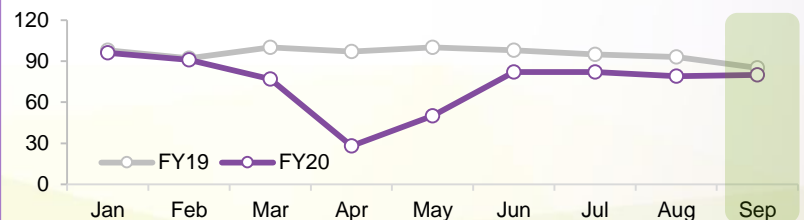
EU ['000 tons]



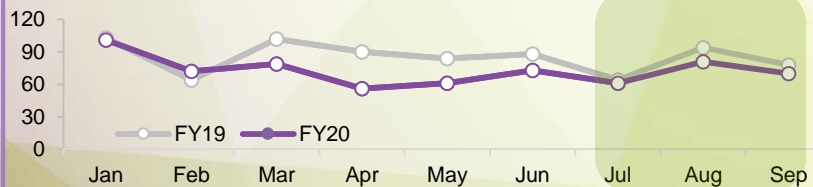
THAILAND ['000 tons]



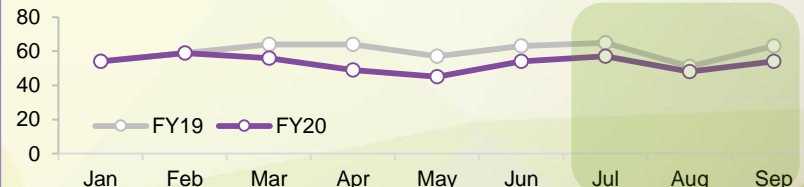
INDIA ['000 tons]



USA ['000 tons]



JAPAN ['000 tons]



Strategy for Midstream Operations – NR Processing

Launch mobile application
“SRITRANG FRIENDS”



Objective: To buy raw materials from rubber farmers and dealers in Thailand anywhere and anytime

No. of Members: > **6,000** rubber farmers & dealers in STA network

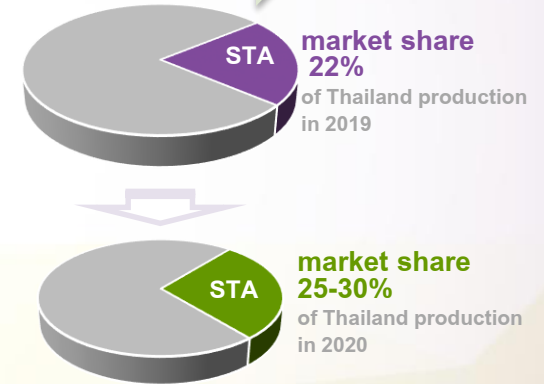


Enhance
production efficiency



- Implement automation & censoring system in production process
- Reduce energy consumption e.g. adapting production process to be shorter & smarter, using more biomass and reducing the use of LPG etc.

Acquire
higher market share



- Keep our position as the reliable supplier for rubber users all over the world
- Gain more market share among ambiguous market environment

STA ≠ Industry

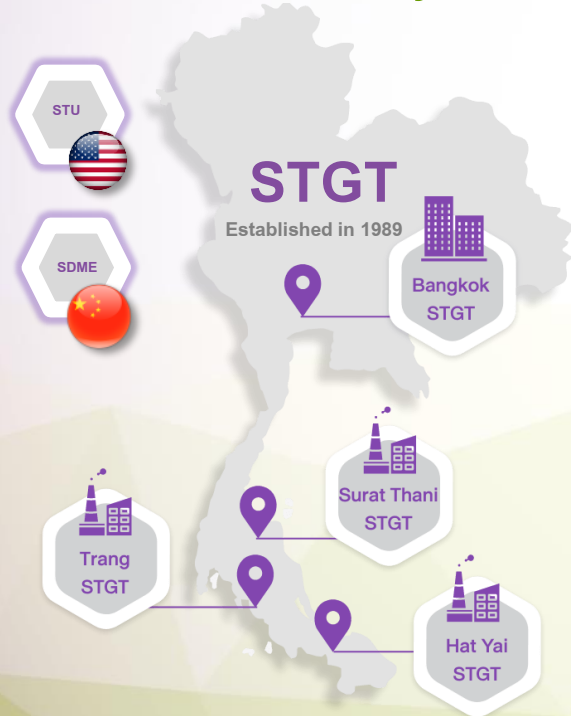
Downstream Operations – Finished Products



STGT, is a **Flagship Company** of **Sri Trang Group**
with **56%** shares owned by **STA**

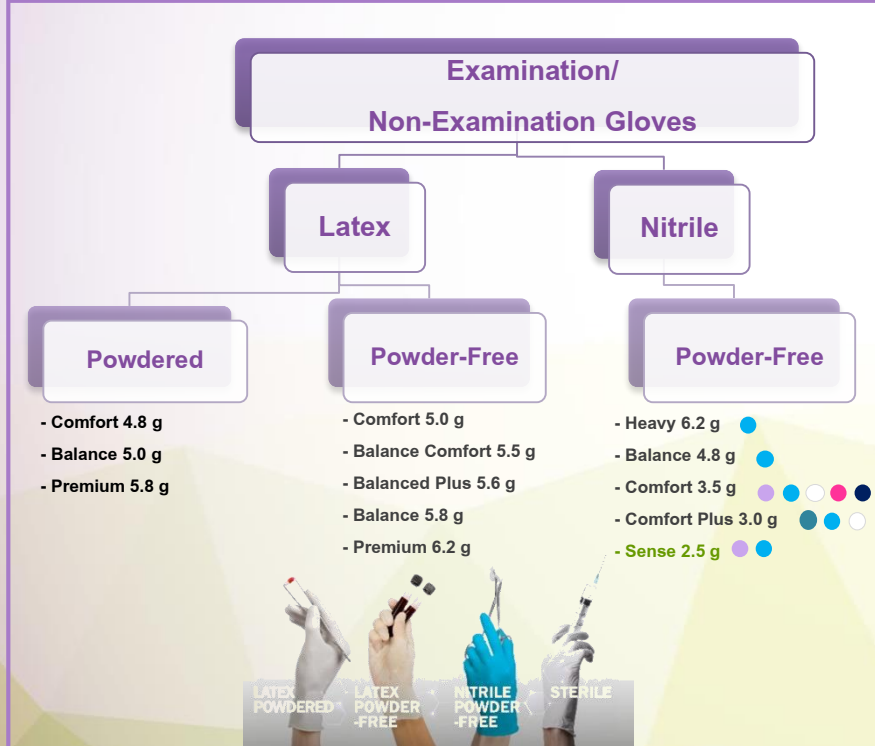


Deliver 'Touch Of Life™' On a Global Scale



Our Gloves Products

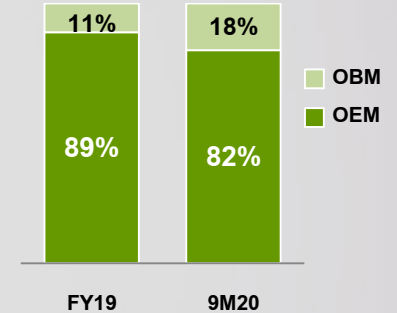
Product Range



Various distribution channels



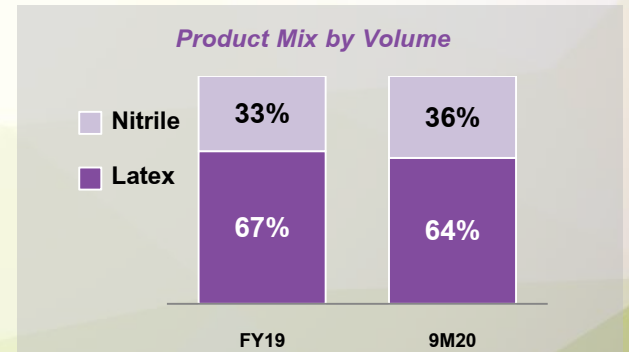
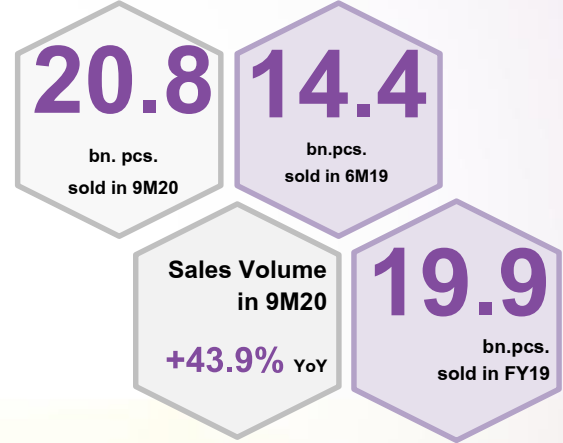
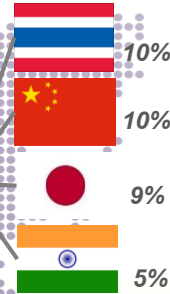
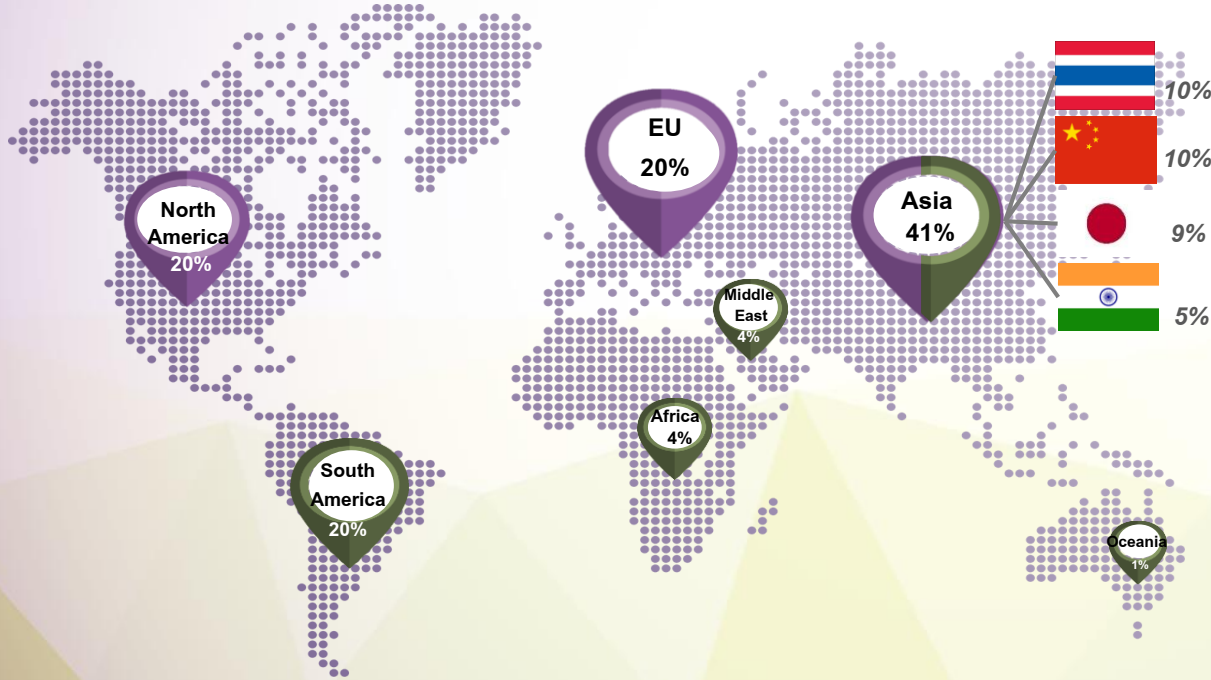
Volume breakdown



Our Brands [OBM]



Sales Volume Breakdown by Region



Accumulated 9M2020 sales data

Global Glove Market Outlook

Demand Keeps Growing & Hidden Consumption in Emerging Markets

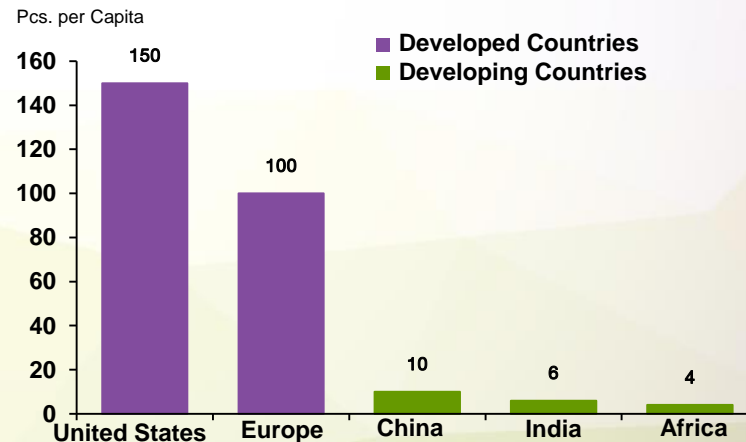
Global Glove Demand



Source: MARGMA & Company's forecast

Increasing Usage of Hygienic Products in Developing Countries

Forecasted Rubber Glove Consumption per Capita in Developed and Developing Countries in 2019



Gloves are Necessity in Our Daily Lives & Widely Use in Various Industries



Gloves Are Still in Shortage

Thieves Steal 6 Million Medical Gloves From Florida Supplier

The gloves were headed for hospitals battling the pandemic.

Alaska News

Alaska is feeling the impact of a national shortage of surgical gloves

Author: Annie Berman Updated: October 27 Published: October 27



The New York Times

Trump admin is 'woefully behind' in stockpiling medical gloves as Covid-19 surges

Nitrile gloves are critical for frontline medical workers, but experts say the U.S. is poorly positioned to get ahead of a global shortfall of more than 200 billion.



U.S. hospitalizations reach a record-high as medical facilities are under strain.

A staff member puts on medical gloves at a Covid-19 testing site in San Dimas, Calif. France-Prese — Getty Images



THE WALL STREET JOURNAL.

In Italy's Second Coronavirus Wave, Milan Staggers as Hospitals Fill Up

A country that thought it had tamed the virus this summer has now locked down its business capital

Source: Reporters' Website

THE WALL STREET JOURNAL.

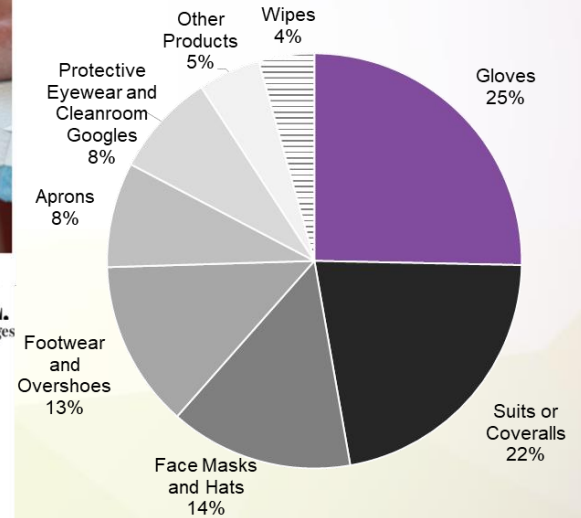
Brokers Peddle Fake Medical Gloves Amid Coronavirus Shortages

Prices triple, triggering a scramble. 'Could be a health risk' Updated Sept. 15, 2020



The U.S. imports around 10 billion nitrile gloves annually, mostly from Malaysia, Vietnam and Thailand. PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

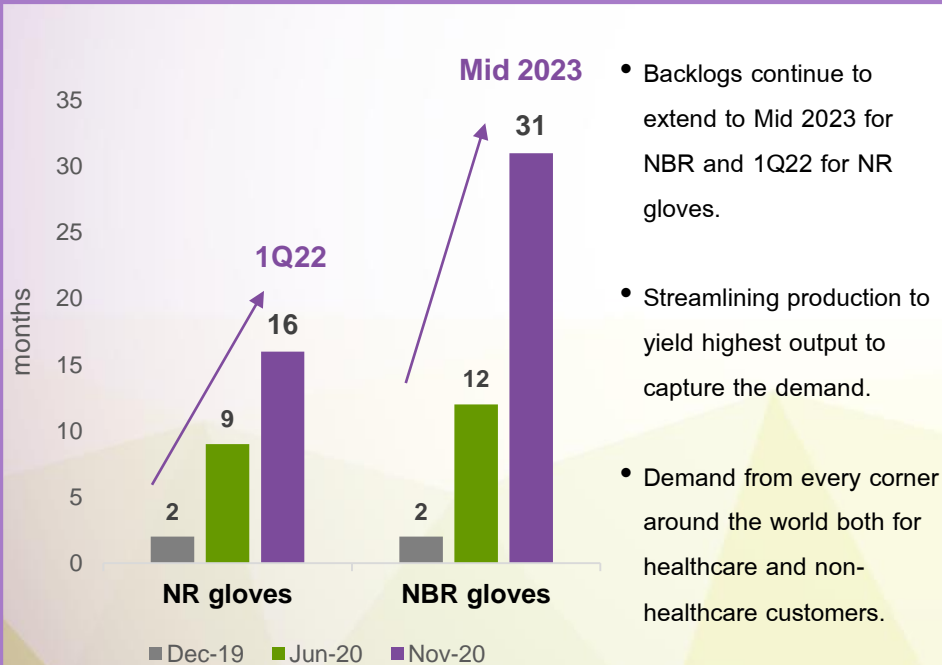
Global Market Share in PPE Product in 2018



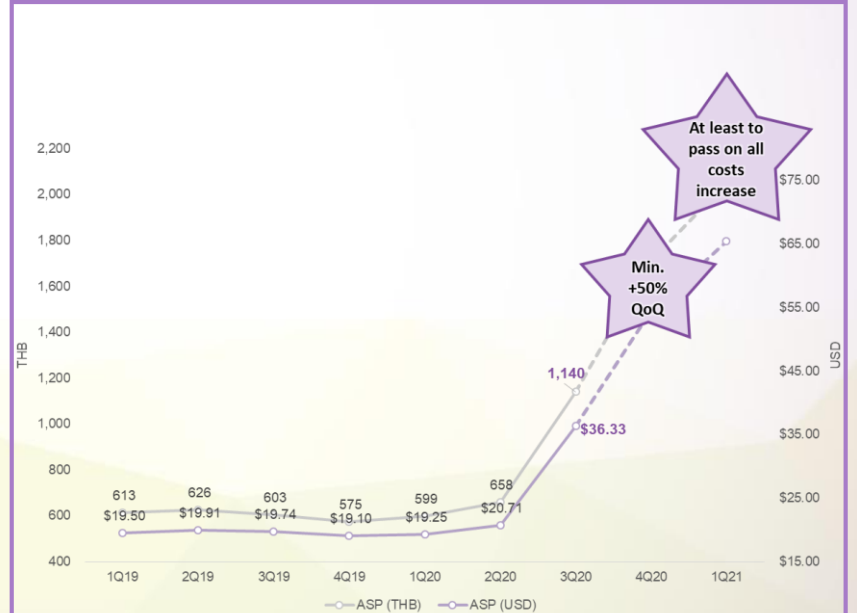
Source: Mordor Intelligence 2020, adb and Company

Due to The Accelerated Demand Worldwide, Price Adjustment Continues

Lead Time of Product Shipment

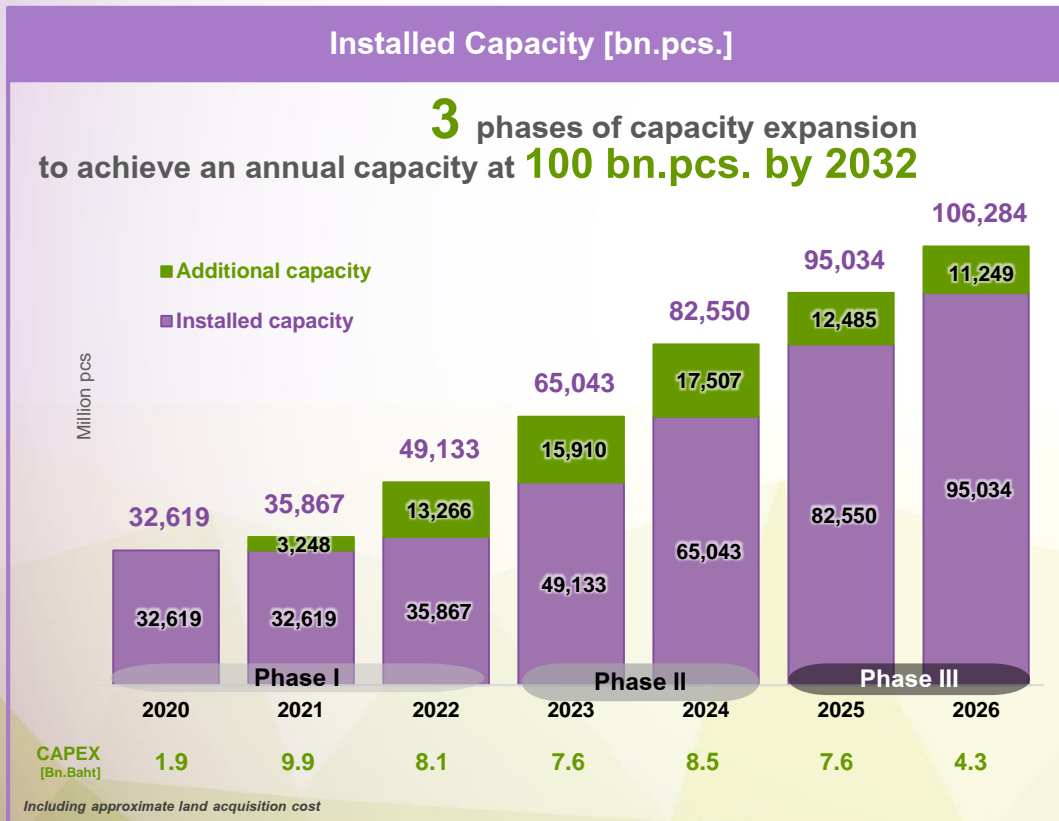


ASP (THB, USD per 1,000 pcs)

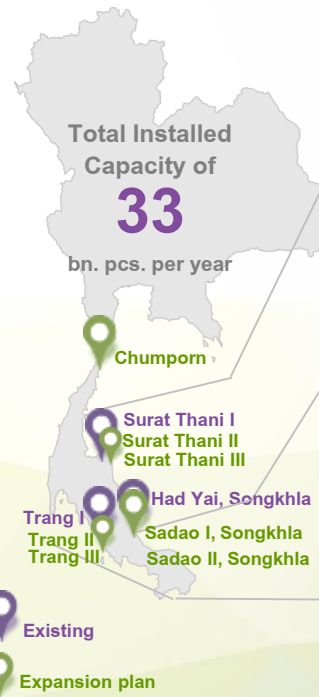


Glove Capacity Expansion Plan

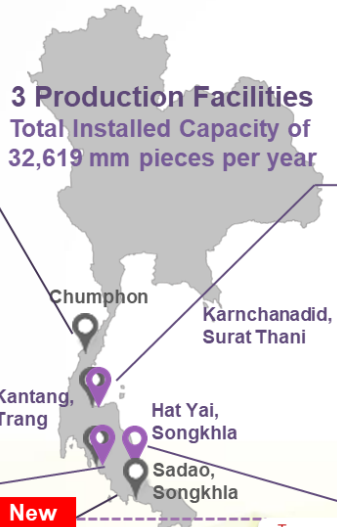
– Increasing speed of expansion to capture market demand



3 Existing Production Facilities




Strategic Location for Key Suppliers and Tax Privileges



New Tax exemption: **5 Years**

Project	CP (1Q22)
Installed Capacity	10,161 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

1 Surat Thani Plant



Project	SR2 (1Q21)
Installed Capacity	2,177 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New Tax exemption: **5 Years**


Project	SR3 (2Q21)
Installed Capacity	3,992 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

3 Trang Plant



Installed Capacity⁽¹⁾	9,953 mm pieces per year
Main Raw Material	Concentrated Latex

2 Hat Yai Plant



Installed Capacity⁽¹⁾	17,041 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New Tax exemption: **8 Years**

Project	Sadao1 (3Q21)
Installed Capacity	2,903 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New Tax exemption: **8 Years**

Project	Sadao2 (4Q21)
Installed Capacity	7,258 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New Tax exemption: **5 Years**

Project	TG3-4 (4Q22-2Q23)
Installed Capacity	8,710 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

7 Additional Production Facilities
Total Installed Capacity of **36 bn pieces annum in 2021**

↓

10 Additional Production Facilities
Total Installed Capacity of **65 bn pieces annum in 2023**

↓

11 Additional Production Facilities
Total Installed Capacity of **106 bn pieces annum in 2026**

Note: (1) Installed capacity as of 30 September 2020

3

NATURAL RUBBER MARKET SITUATION



Global NR Situation

Natural Rubber Demand & Supply

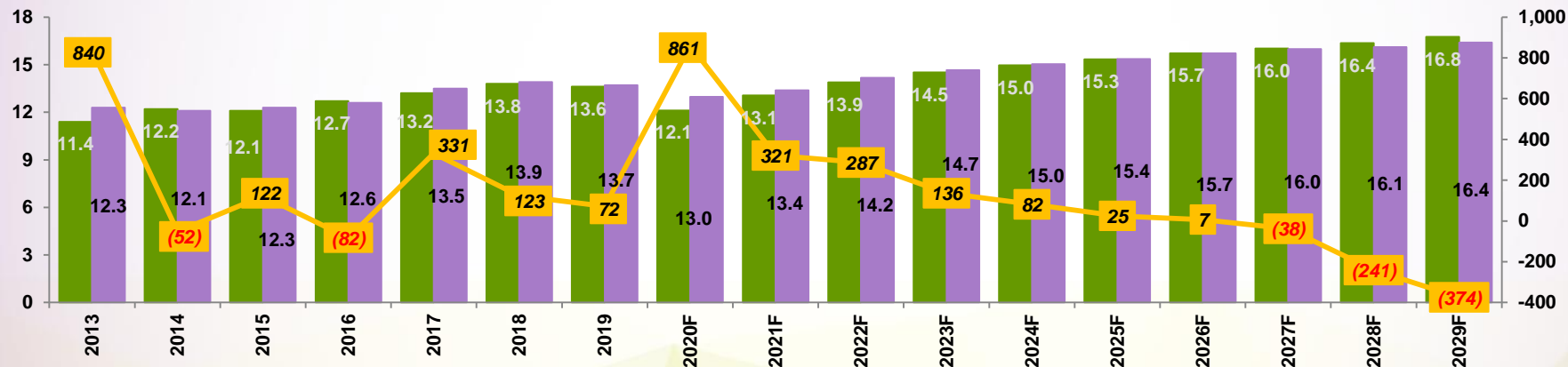
(Unit : million tons)

■ Demand (LHS)

■ Supply (LHS)

■ Supply Surplus / (Deficit) (RHS)

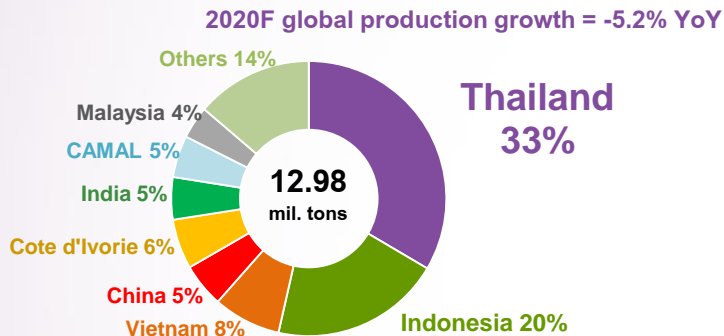
(Unit : '000 tons)



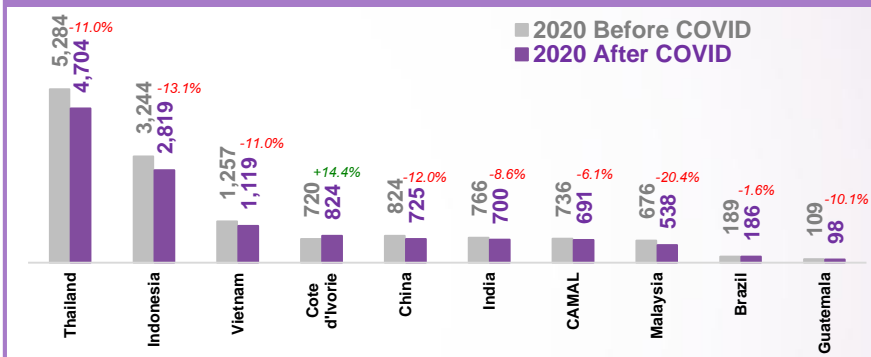
IRSG's forecast	Before COVID [mil.tons]	After COVID [mil.tons]	Change [mil.tons]	% Change
Demand	14.01	12.12	▼ 1.89	▼ 13.4%
Supply	14.05	12.98	▼ 1.07	▼ 7.6%
Oversupply	0.04	0.86	▲ 0.82	▲ 2,050%

NR Supply

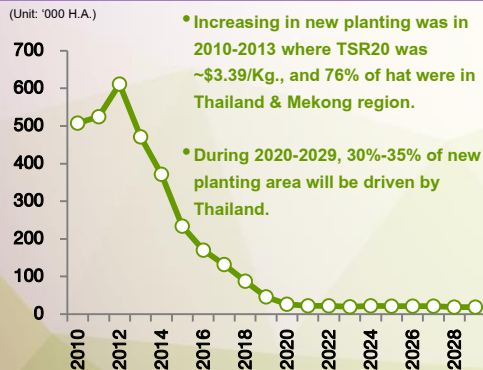
2020F Major Producers



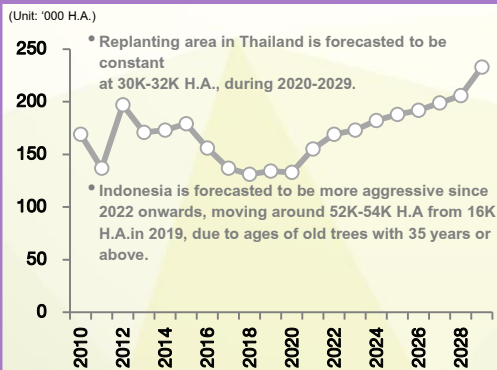
NR Productions from Top 10 Producers



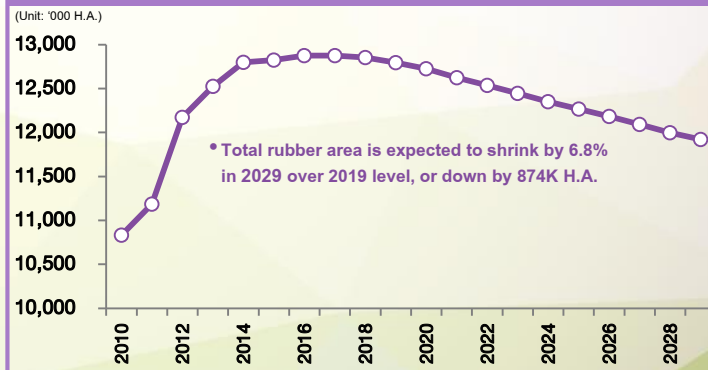
New Planting Area



Re-Planting Area



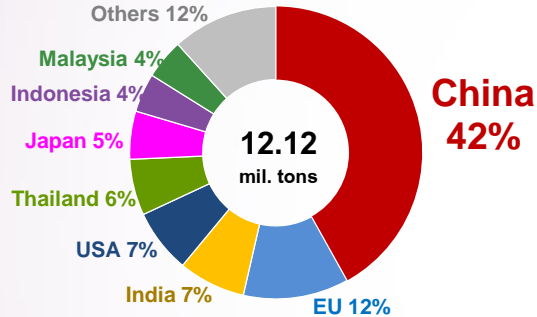
Total Area



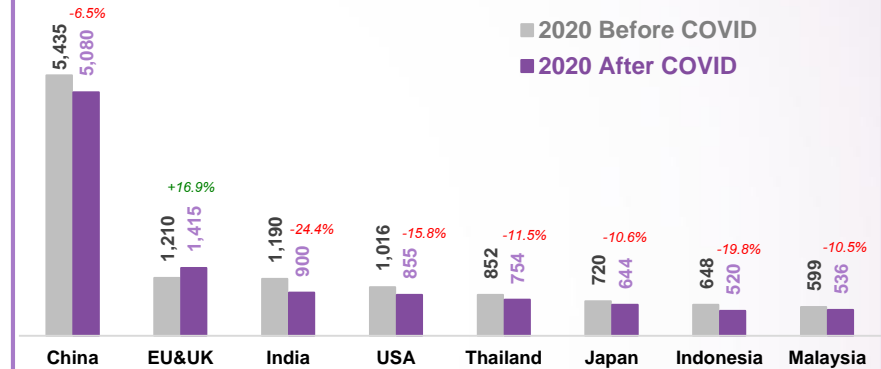
NR Demand

2020F Major NR Consumers

2020F global growth in consumption = -11.0% YoY

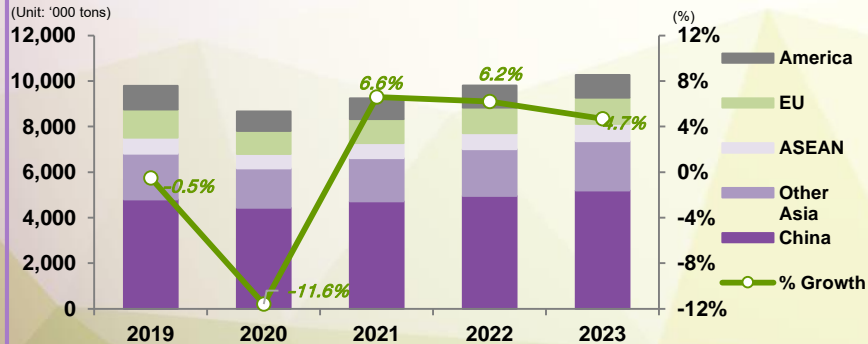


NR Consumption from Top 10 Customers



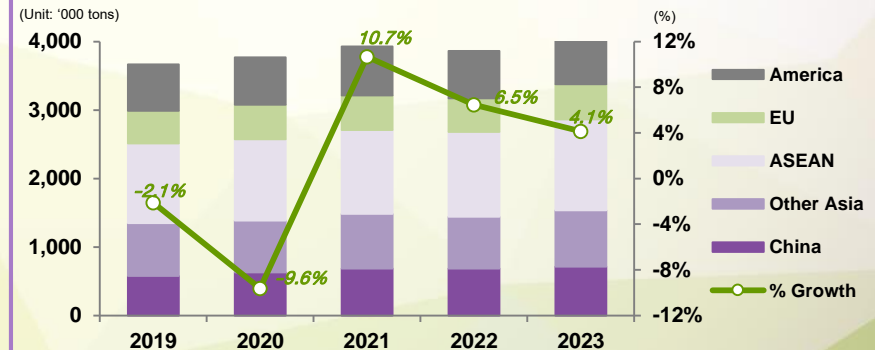
NR Consumption in Tire Industry

2020F NR Consumption in Tire Industry = 8.66 mil.tons [71% of global consumption]

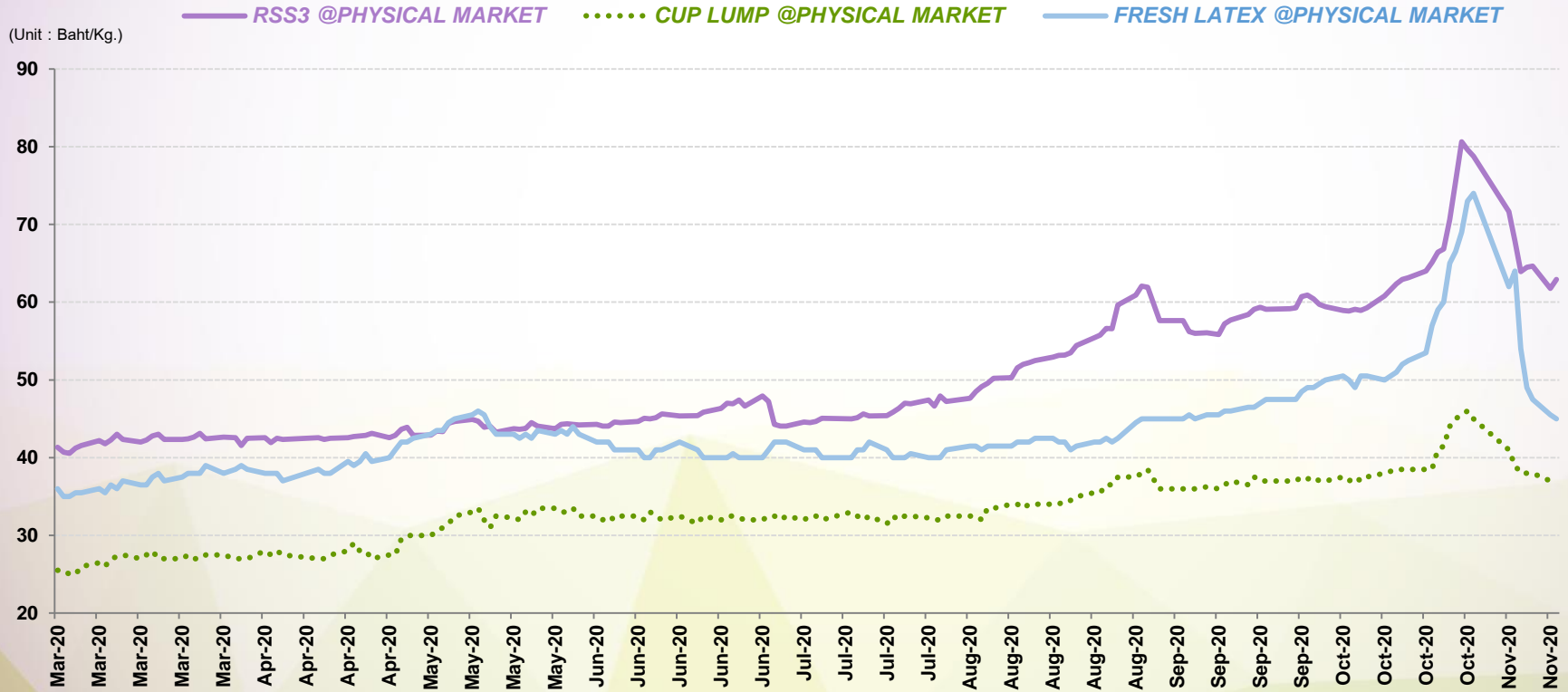


NR Consumption in Non-Tire Industry

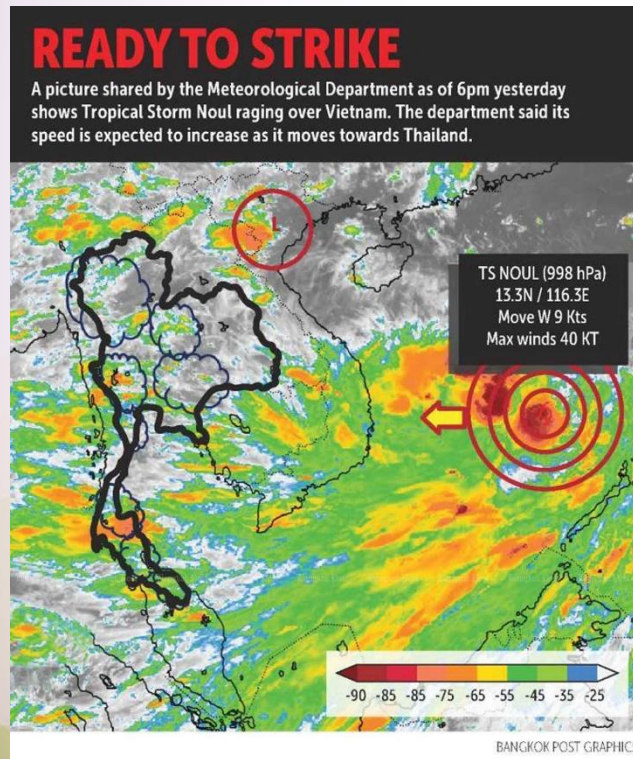
2020F NR Consumption in Non-Tire Industry = 3.46 mil.tons [29% of global consumption]



Raw Material Prices in Thailand



Several Storm attacked Main NR Producing Countries



Tropical Storm Noul

Duration	Sep 14 – Sep 19, 2020
Peak intensity	85 km/h
Area	Vietnam & Thailand

Severe Tropical Storm Dolphin

Duration	Sep 19 – Sep 24, 2020
Peak intensity	110 km/h
Area	Vietnam & Thailand

Tropical Storm Nangka

Duration	Oct 11 – Oct 16, 2020
Peak intensity	85 km/h
Area	China & Vietnam

Typhoon Chan-hom

Duration	Oct 4 – Oct 16, 2020
Peak intensity	130 km/h
Area	Vietnam & Thailand

Tropical Storm Linfa

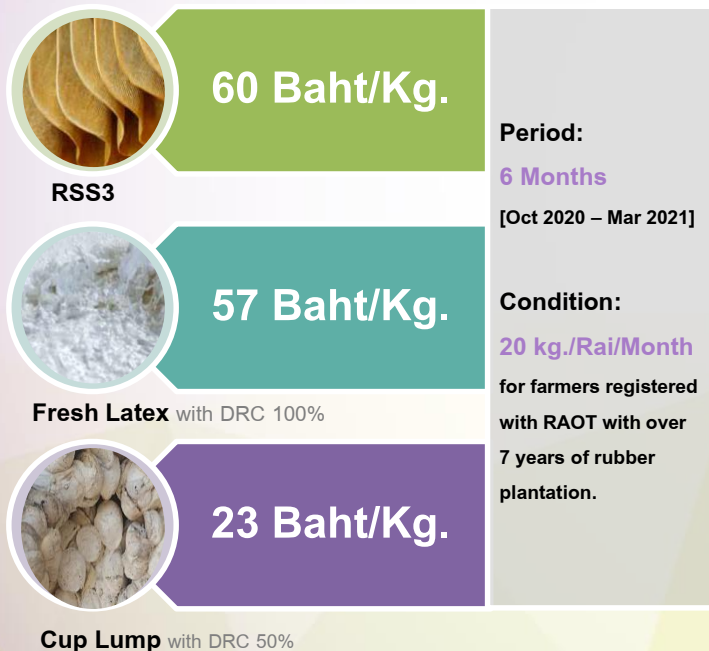
Duration	Oct 9 – Oct 12, 2020
Peak intensity	75 km/h
Area	Vietnam & Cambodia

Severe Tropical Storm Higos

Duration	Aug 16 – Aug 20, 2020
Peak intensity	100 km/h
Area	China

News Update

Rubber Price Guarantees for Farmers



U.S. DEPARTMENT OF COMMERCE INITIATES ANTIDUMPING DUTY AND COUNTERVAILING DUTY INVESTIGATIONS OF IMPORTS OF PASSENGER VEHICLE AND LIGHT TRUCK TIRES FROM THE REPUBLIC OF KOREA, TAIWAN, THAILAND, AND THE SOCIALIST REPUBLIC OF VIETNAM

In the AD investigations, Commerce will determine whether imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam are being dumped in the U.S. market at less than fair value. The alleged dumping margins are as follows:



Please click here [the full version of Press Release](#)

THE WORLD'S LEADING FULLY INTEGRATED NATURAL RUBBER PROCESSING COMPANY



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