

member of
SRITRANG
GROUP



Opportunity Day Presentation

2 June 2014

A World Leading Natural Rubber Player

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Our Directors Present for the Opportunity Day 2014

Kitichai Sincharoenkul
Executive Director



- ❑ Joined Sri Trang in 1988 and has served as a Director since 1995
- ❑ 24 years of experience in the natural rubber industry

Veerasith Sinchareonkul
Executive Director



- ❑ Appointed as a Director since 2010

AGENDA

- I. Sri Trang Business Highlights
- II. Natural Rubber Industry Snapshot
- III. Financial Highlights
- IV. Business Strategy & Growth Plan

Fully Integrated and Globally Natural Rubber Supply Chain



Rubber Plantation	Procurement	Processing	Sales & Distribution	Finished Products
<ul style="list-style-type: none"> Own 6,000 hectares for rubber plantation in 17 provinces of Thailand 	<ul style="list-style-type: none"> 64 raw materials procurement centers in Thailand and Indonesia 	<ul style="list-style-type: none"> 1,300,000 tons capacity per annum 23 processing facilities in Thailand and Indonesia Cover full range of products from RSS, TSR and Concentrated Latex 	<ul style="list-style-type: none"> Established trading and distribution company in key strategic countries, namely China, Singapore, Thailand, Indonesia, USA, and Vietnam 	<ul style="list-style-type: none"> 14 billion pieces capacity of glove production per annum Produce both latex and nitrile examination gloves

Note: Information as of 31 December 2013

Sri Trang - Dominant Natural Rubber Processors

	2012	2013
Market share of world consumption	9%	10%
Market share of Thailand's production volume	18%	21%
Market share of China import contributed by Sri Trang	13%	15%
Sales volume (tons)	975,600	1,126,500

Our Midstream Business Strategy

Full range of natural rubber products



- Serve all downstream businesses & capture all possible market segments
- Create production efficiency

Strategic Production base



- Excellent diversification
- More than sufficient raw material to secure from world largest Natural Rubber producing countries
- Well-balanced seasonal management

Type of Product	No. of plant	Total production capacity
TSR	12	872,827
RSS	5	233,141
LTX	6	191,488
Total	23	1,297,456

Note: Information as of 31 December 2013

2013 Capacity Expansion Project

Palembang, Indonesia



Palembang – Capacity expansion

- Additional capacity 60,000 ton per annum
- Current capacity 166,000 tons per annum
- Started production in January 2013

Ubon Ratchathani, Thailand



Ubon Ratchathani – New factory

- Capacity 60,000 ton per annum
- Started production in July 2013

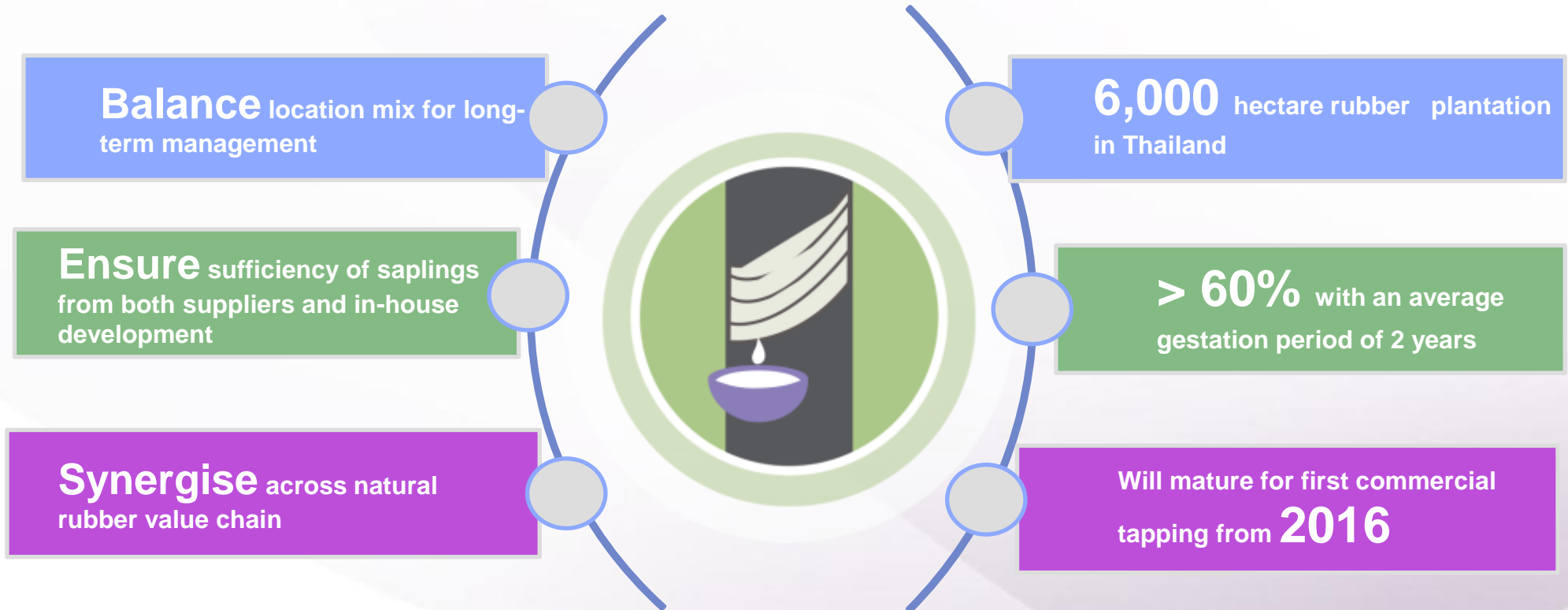
Trang, Thailand



Sikao – Capacity expansion

- Additional capacity 50,000 ton per annum
- After the expansion, total capacity will be 148,000 ton per annum
- Started production in December 2013

Upstream Rubber Plantation



Income Diversification through Investment in Downstream Business



Examination Gloves

- ❑ Latex / nitrile examination gloves for medical and industrial purposes
- ❑ Operated through 40.2% owned associate SSC
- ❑ World top and Thailand largest glove manufacturer
- ❑ Production capacity of 14 billion pieces per annum



High-pressure hydraulic hoses

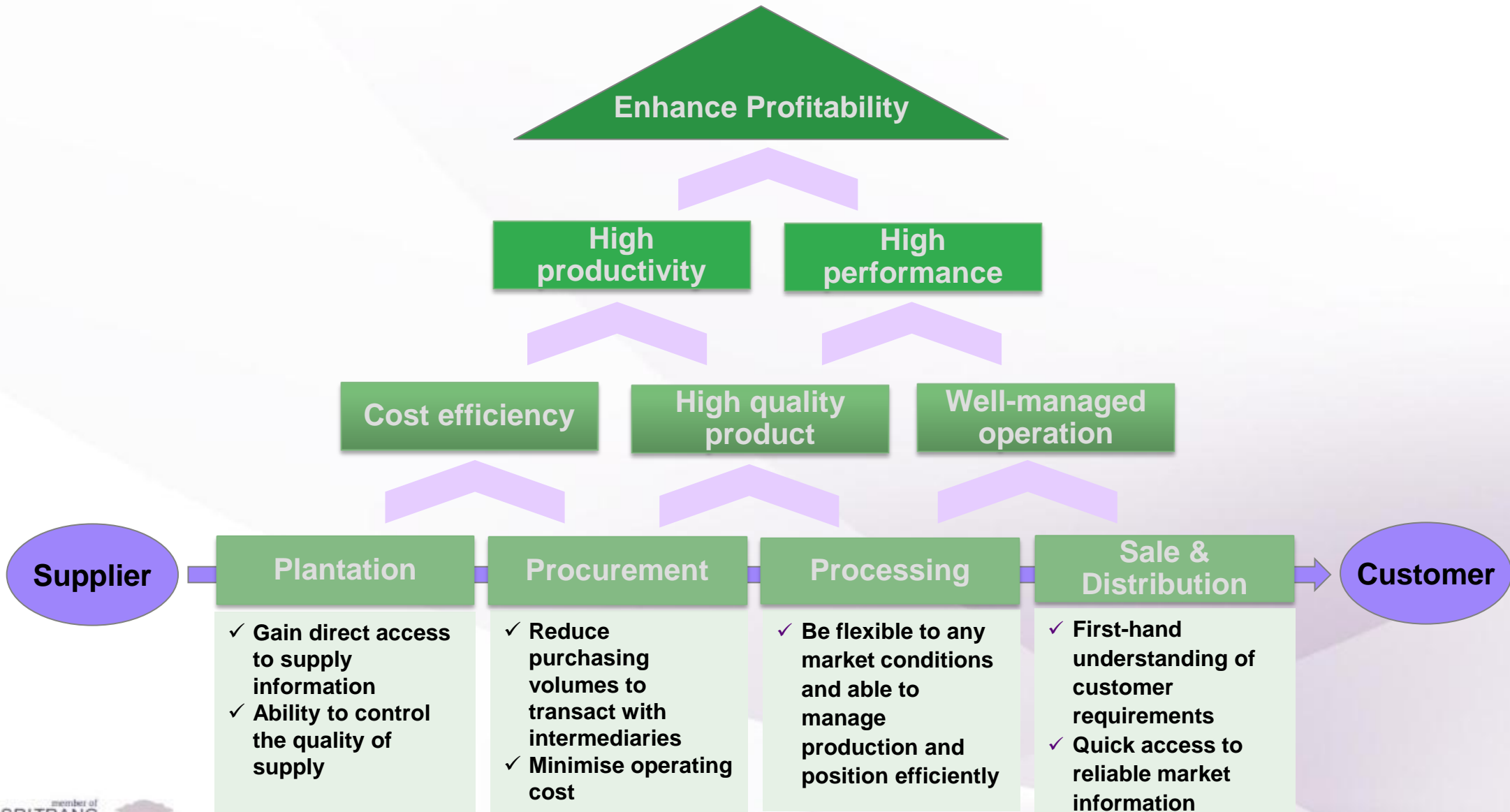
- ❑ Operated through 42.5%-owned associate in Thailand and 50%-owned associate in PRC
- ❑ Largest hydraulic hoses producer in Thailand
- ❑ Production capacity of 42.5 million meter per annum



Escalator handrails

- ❑ 10%-owned entity in PRC
- ❑ Production capacity of 1.4 million meter per annum

Distinctive Advantage - Capture Value throughout the Supply Chain



Sri Trang's Key Strengths

1 A world largest NR processing Company (10% market share)

- Capture all possible market segments with full range of Natural Rubber products
- Benefit from economies of scale
- Balance the bargaining power with suppliers and customers
- Enhance accessibility to different sources of fund to support operation and expansion

2 Fully-integrated NR supply chain business model

- Gain direct access to supply and demand information
- Enables us to respond to changes in market conditions and manage our production and position efficiently
- Maximise competitive edge and cost efficiency
- Create potential for business expansion in the future

3 Well-balanced portfolio for coverage of sales and distribution

- Cover all class of customers to serve all demand from every corner of the world
- Good risk diversification as no single customer accounts more than 6% of our total sale volume
- Get direct access to end-users to gain demand flow and market sentiment

4 Having production base in major NR producing countries

- Advantage in secure raw material as Thailand and Indonesia collectively contributed about 60% of global production
- Flexible production management from different seasonal period throughout the year
- Having a rich number of raw material procurement centers to reduce the reliance on intermediaries

5 Captained by highly experienced managements

- Led by a group of seasoned managements with over 25-year experience in Natural Rubber industry

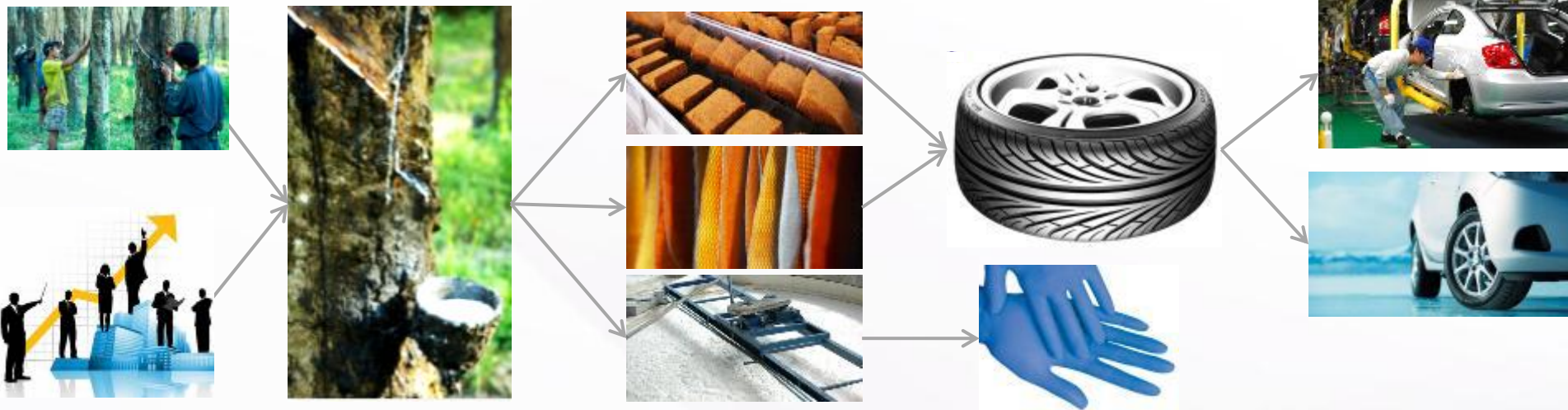
6 Continually expand business to the new territories

- A newly established company in Vietnam will enable us to expand market coverage in Indochina and gain direct access to Vietnam, the world's third largest Natural Rubber producer
- Having a block rubber factory in Myanmar will create a business opportunity in highly growing country for Natural Rubber

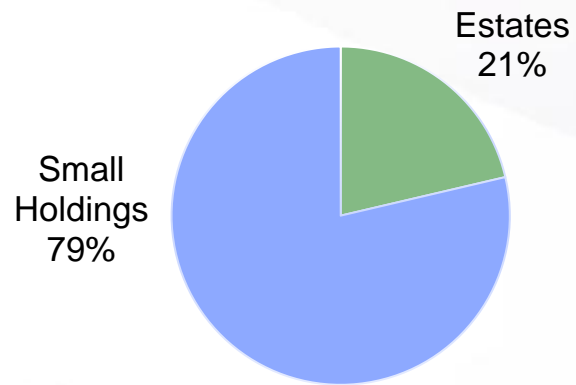
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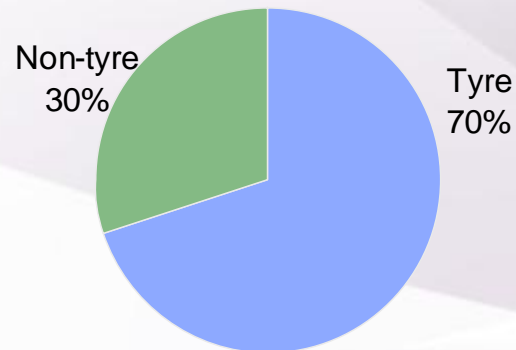
Natural Rubber Industry Supply Chain



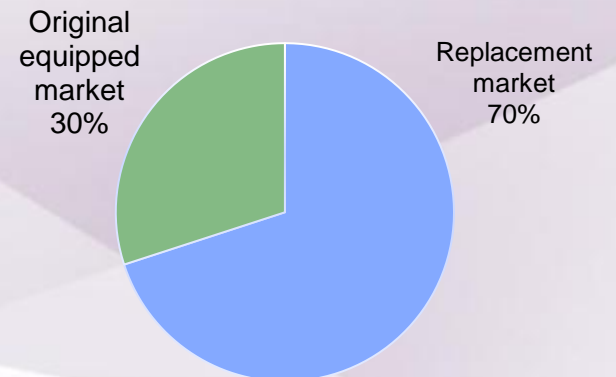
NR supply by type of plantation



NR demand by end use



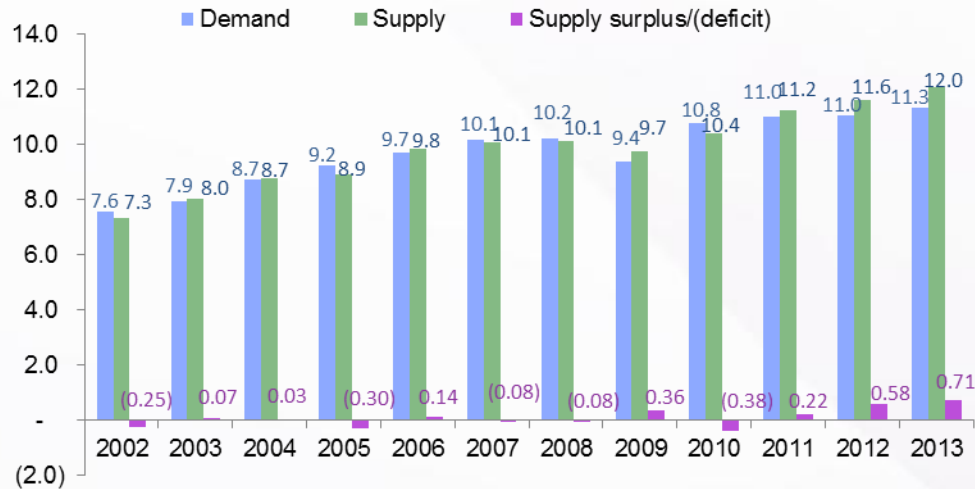
Market Segmentation



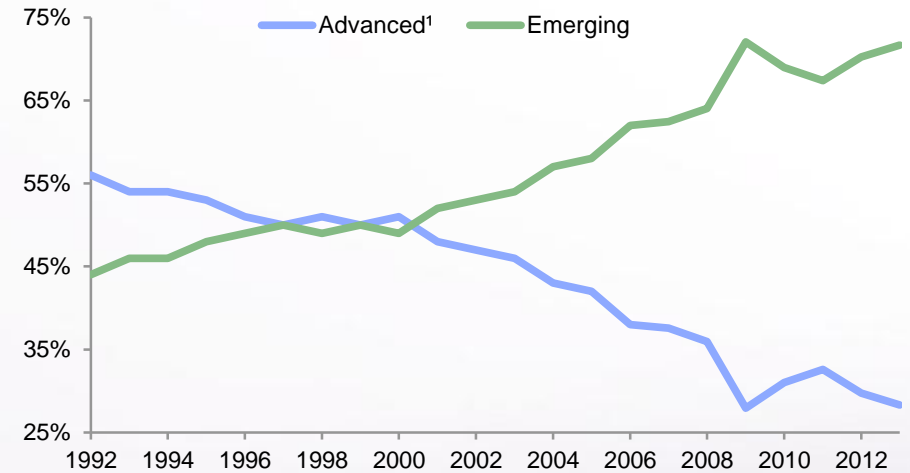
World Major NR Producing and Consuming Countries

Overall NR demand and supply

Unit : million tons

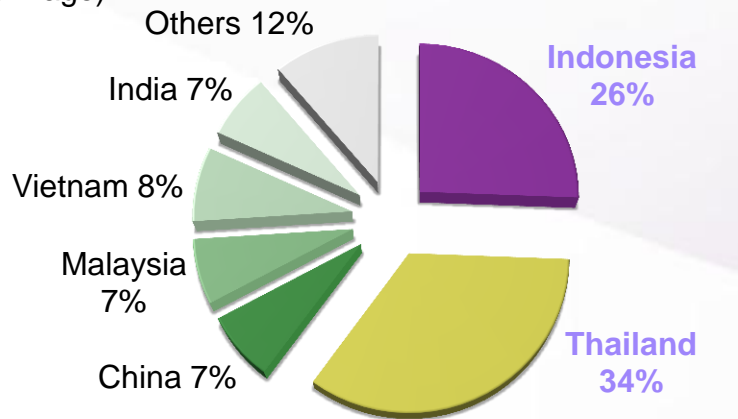


Demand trend moves to emerging market



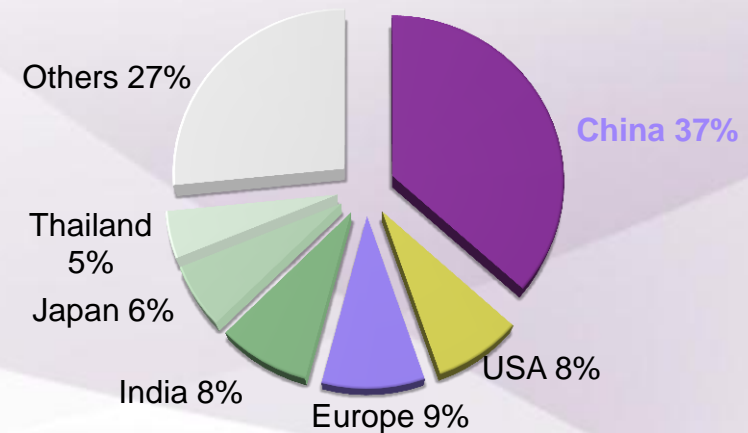
Major suppliers of Natural Rubber

(by tonnage)



Major consumers of Natural Rubber

(by tonnage)



Source: IRSG and LMC

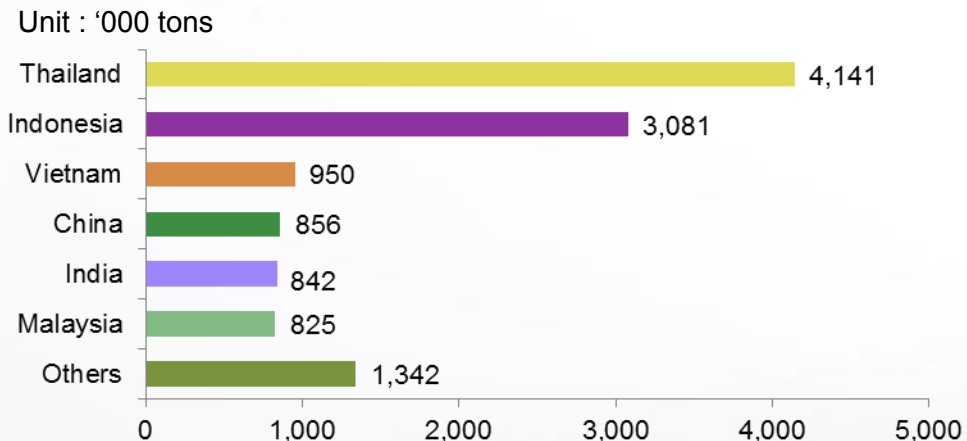
¹ Advanced markets include USA, Canada, Western Europe and East Asia

Supply Limited in Equator Countries

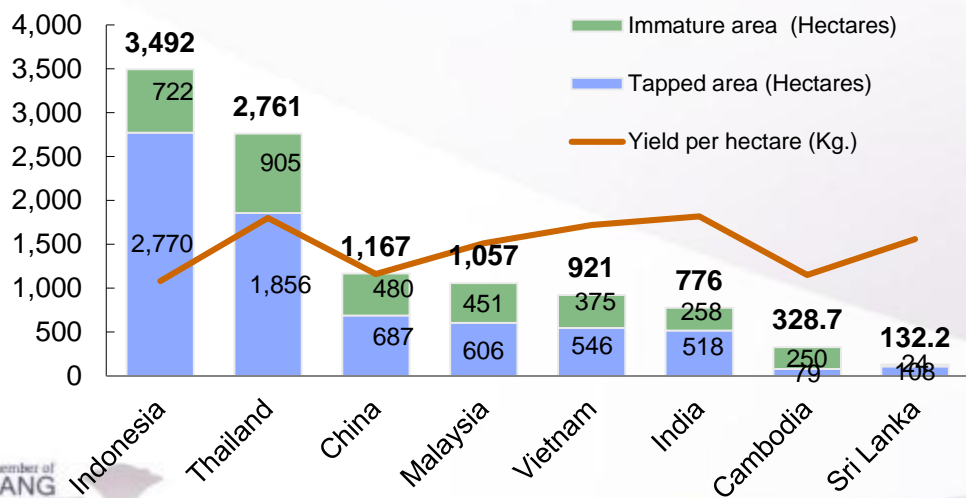
Rubber tree grows well in tropical area



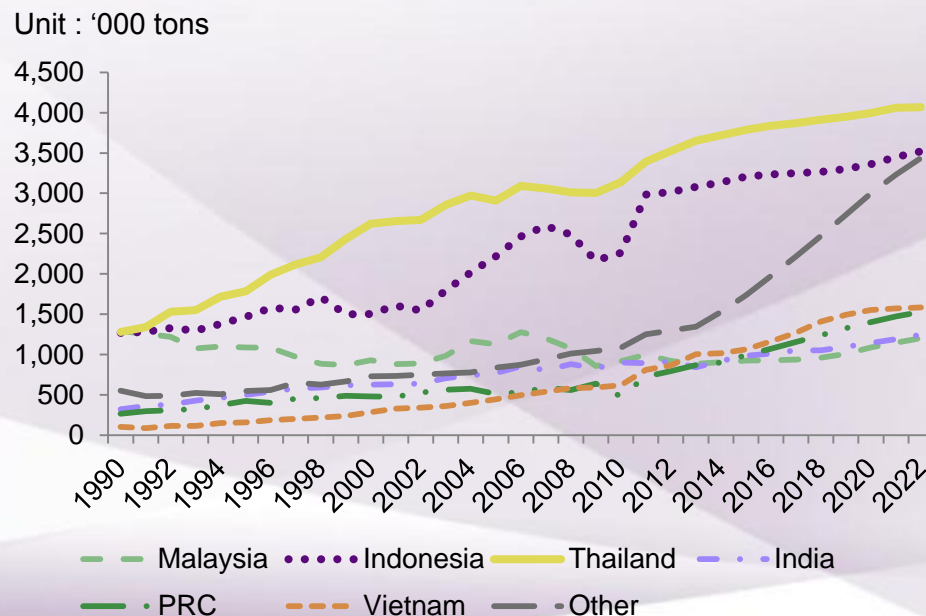
Thailand - the world largest NR supplier



Area for rubber plantation

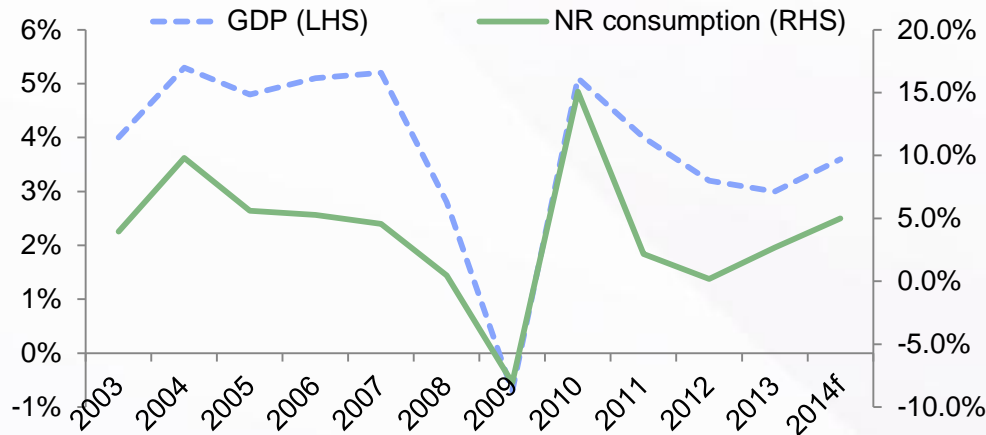


Global natural rubber production by country



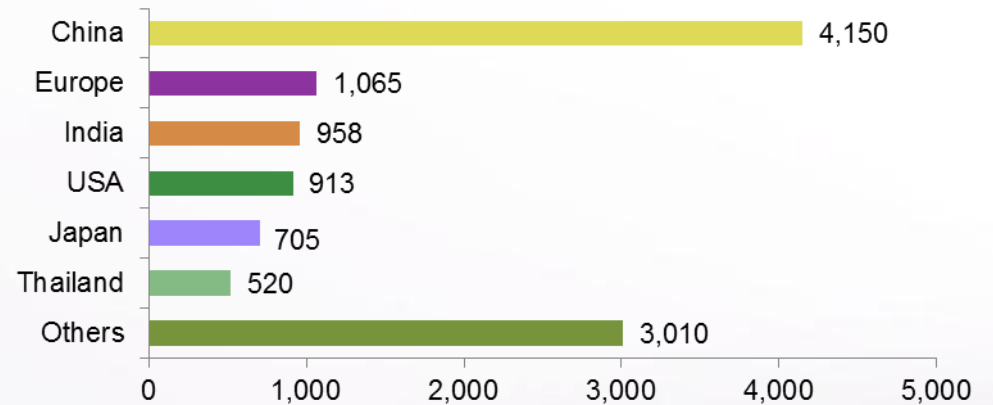
Demand Driven by Tyre Industry

NR Demand mainly driven by world activities

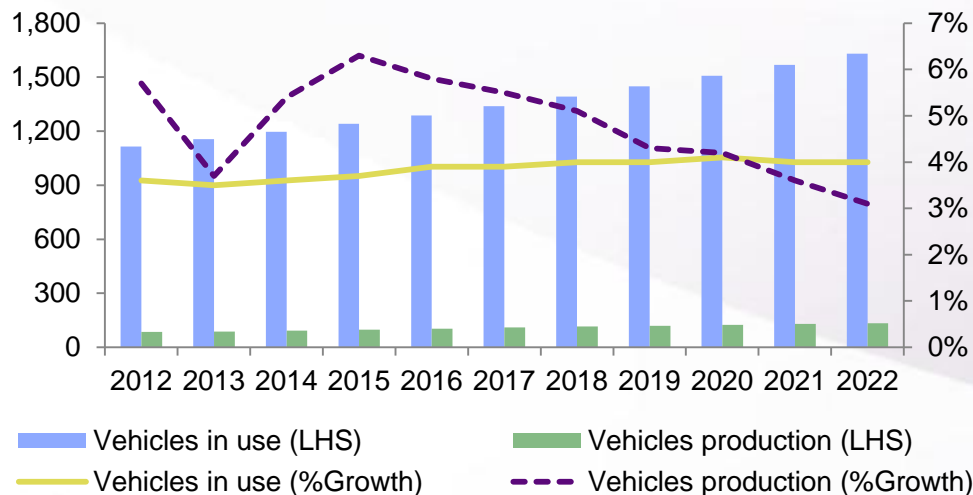


China – world largest NR consumer

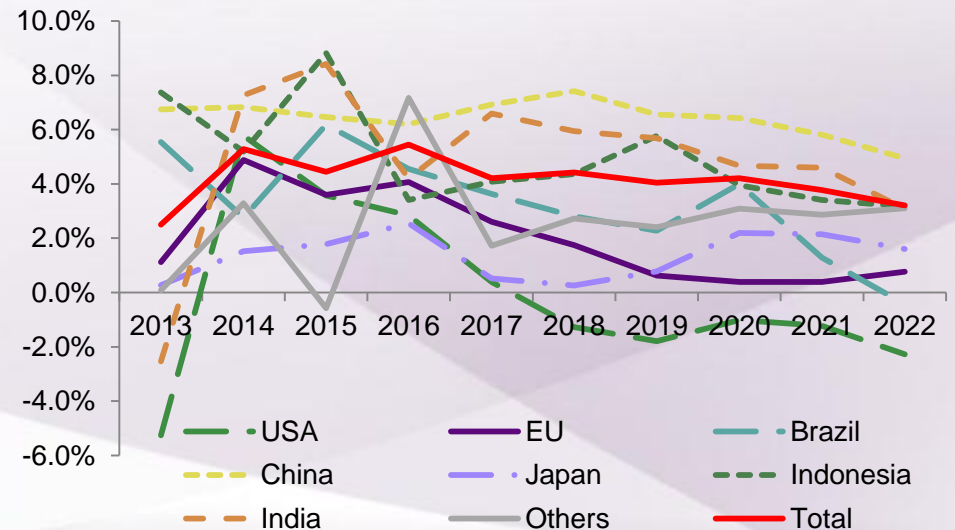
Unit : '000 tons



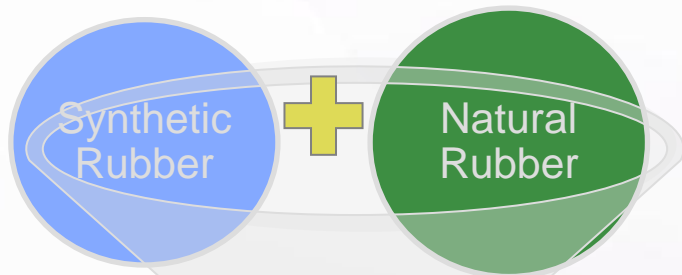
Global vehicle growth trend (Million units)



Forecasted growth of NR demand by country



Consistent Demand for Natural Rubber

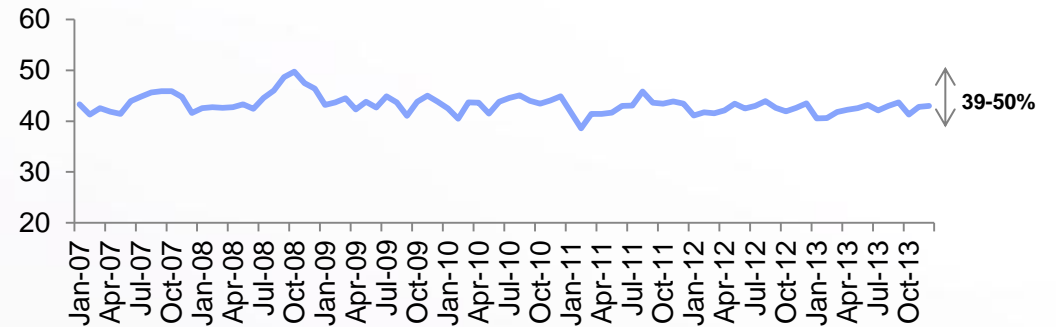


Heat resistance

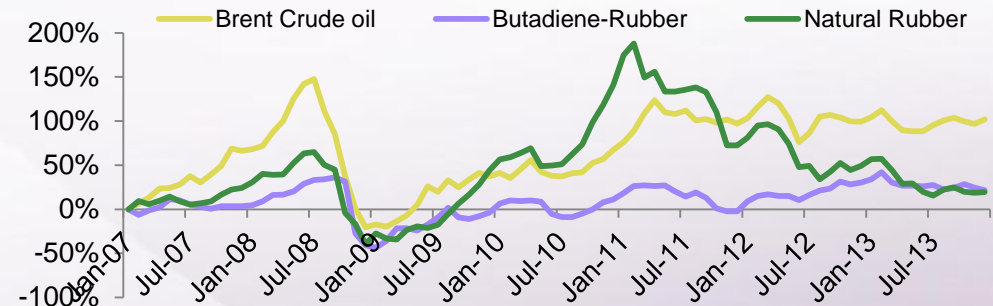
Elasticity



Share of natural rubber in rubber consumption (%)



Price movement



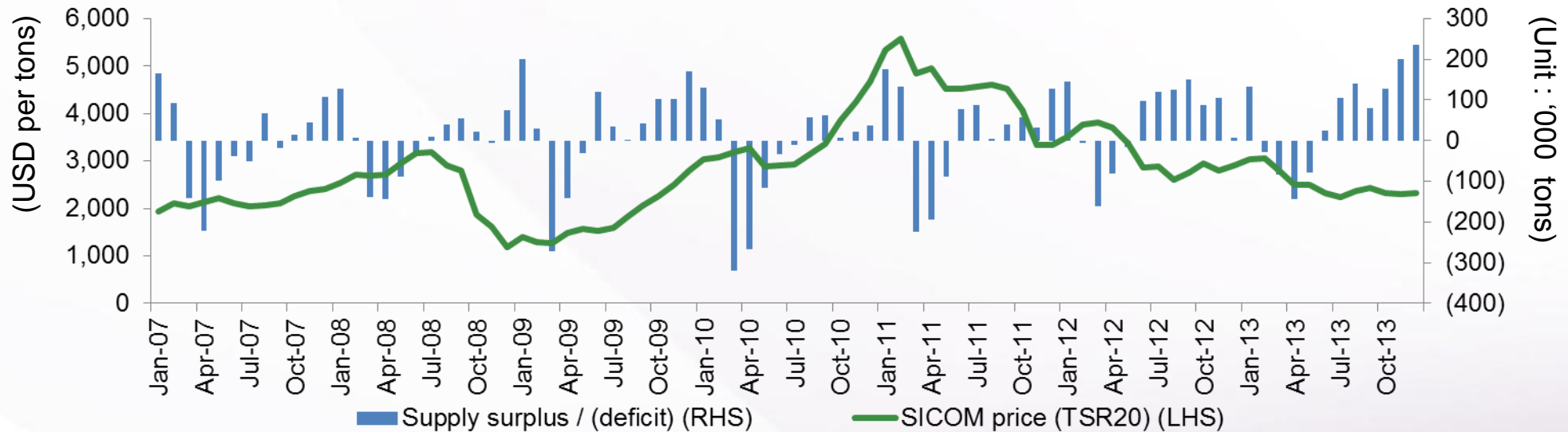
Source: IRSG

Resilient demand for natural rubber

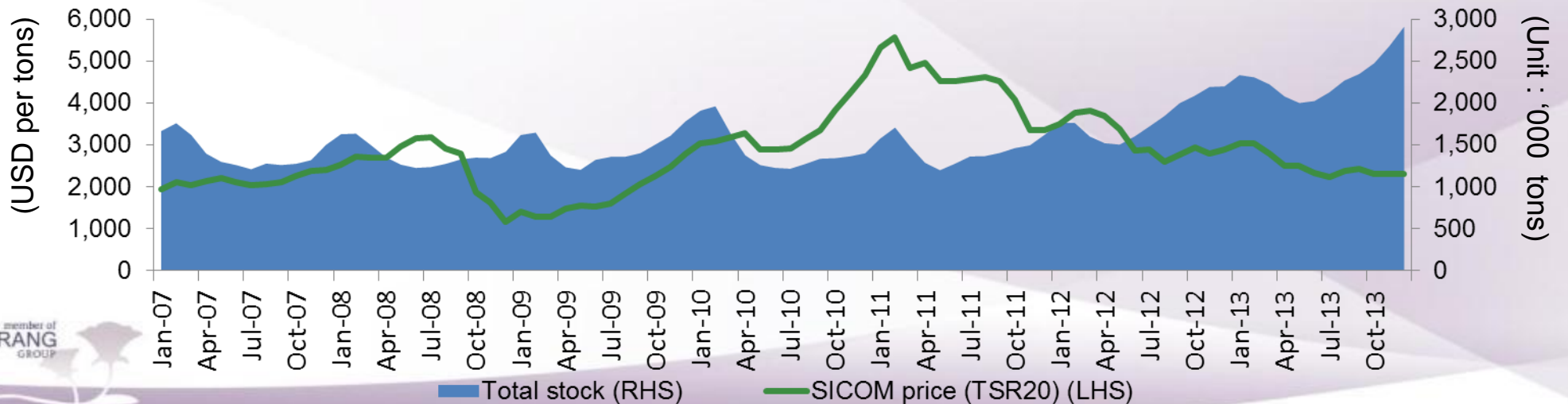
- Natural rubber and synthetic rubber are substitute and complimentary products
- The substitution between synthetic rubber and natural rubber is limited (approximately 10%)

Natural Rubber Price Interaction

NR price VS. fundamental demand/supply



NR price VS. global stock



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Financial Highlights

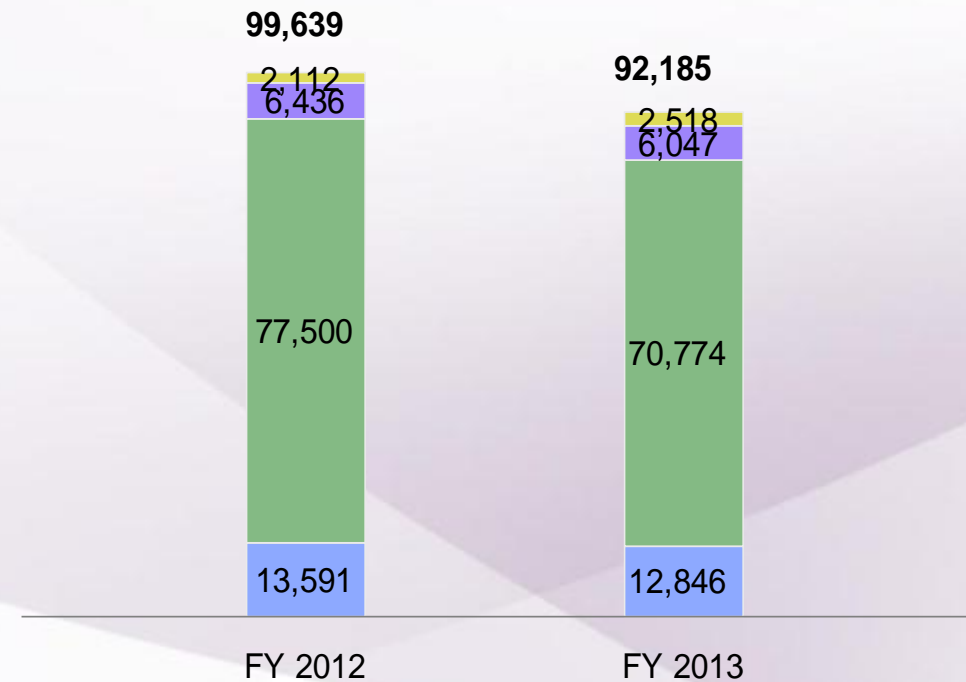
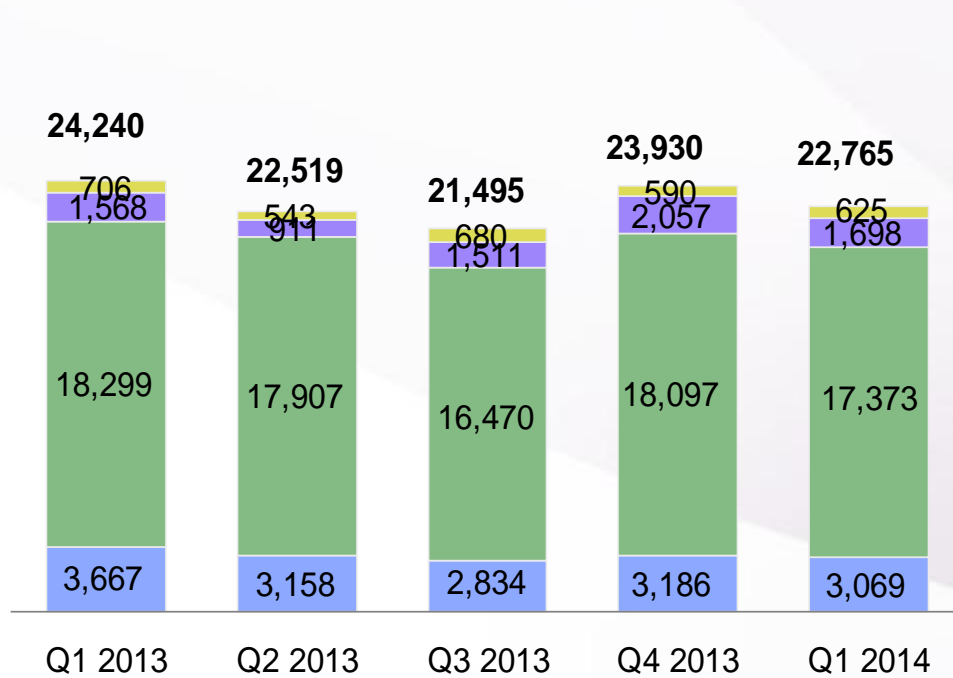
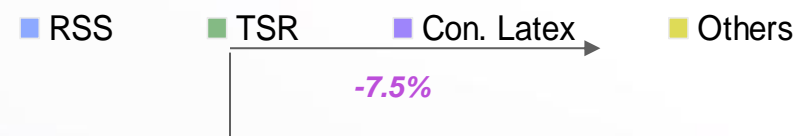
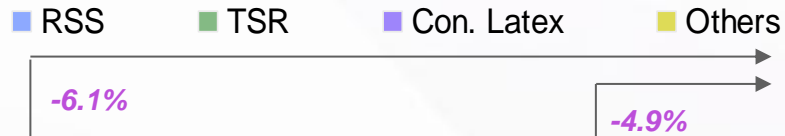
(THB million)	FY'12	FY'13	%YoY	Q4'13	Q1'13	Q1'14	%YoY	%QoQ
Revenue	99,639	92,185	▼7%	23,930	24,240	22,765	▼6%	▼5%
Sale volume (tons)	975,604	1,126,463	▲15%	315,186	269,706	308,456	▲14%	▼2%
Avg. selling price (Baht per ton)	99,966	79,600	▼20%	74,053	87,260	71,777	▼18%	▼3%
Gross profit	4,775	5,189	▲9%	1,463	1,320	599	▼55%	▼59%
Adj. gross profit*	4,318	5,804	▲34%	1,287	1,598	1,466	▼8%	▲14%
EBITDA	2,840	3,747	▲32%	876	1,338	708	▼47%	▼19%
Net profit	1,379	1,812	▲31%	426	850	402	▼53%	▼6%
Adj. GP margin	4.3%	6.3%	▲200bps	5.4%	6.6%	6.4%	▼20bps	▲100bps
Net profit margin	1.4%	2.0%	▲60bps	1.8%	3.5%	1.8%	▼170bps	▼1bps

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

Revenue Breakdown by Product

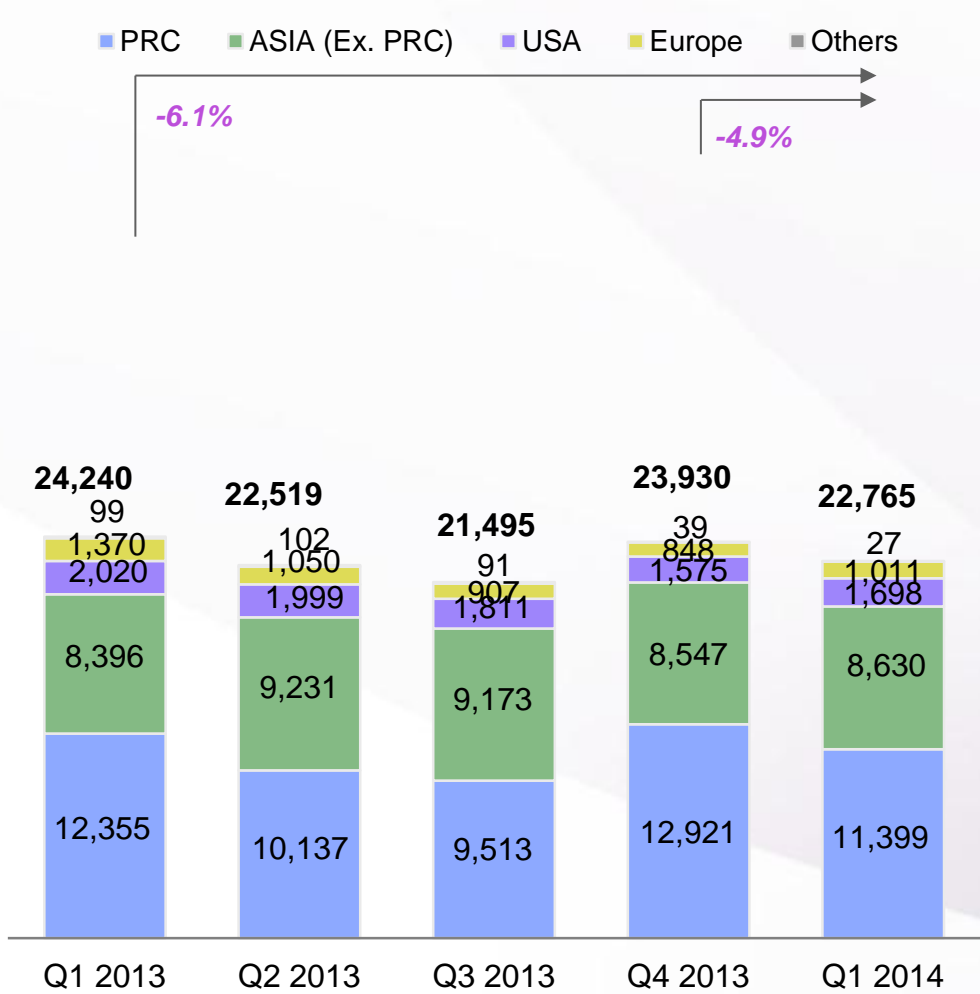
Quarterly (THB mm)

Yearly (THB mm)

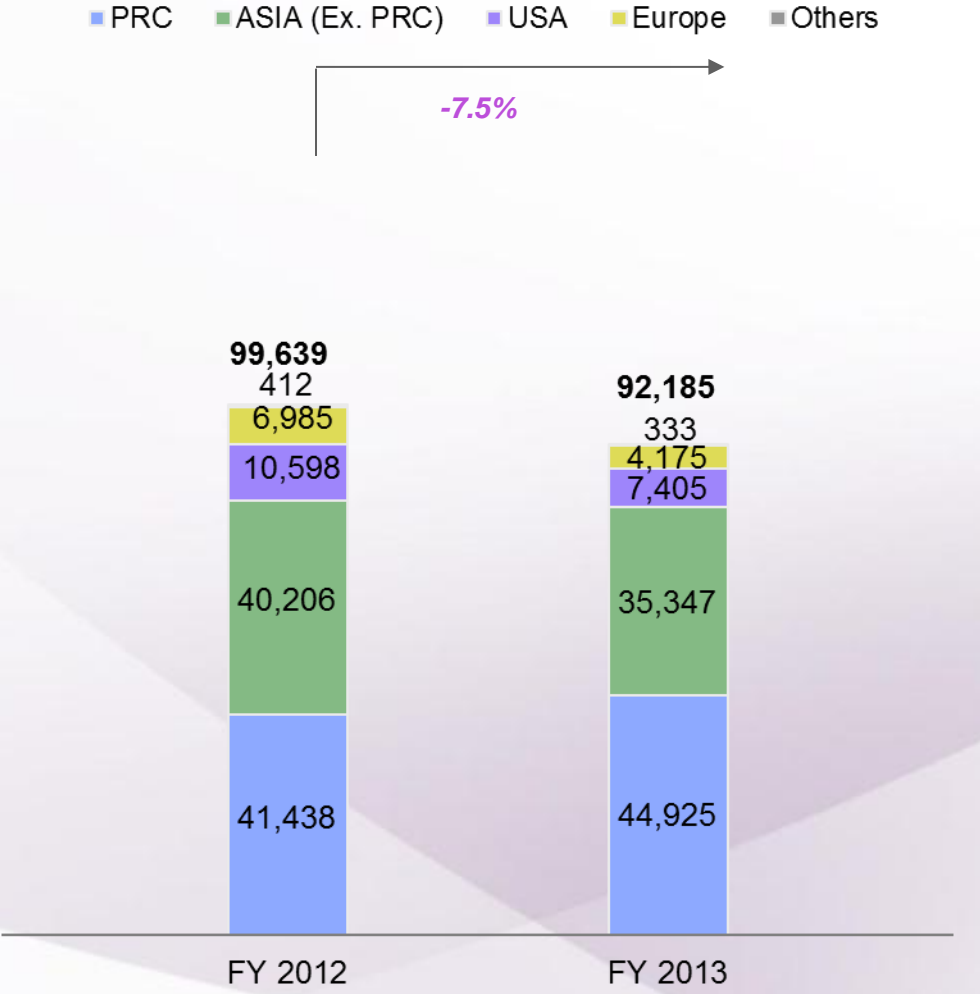


Revenue Breakdown by Geography

Quarterly (THB mm)



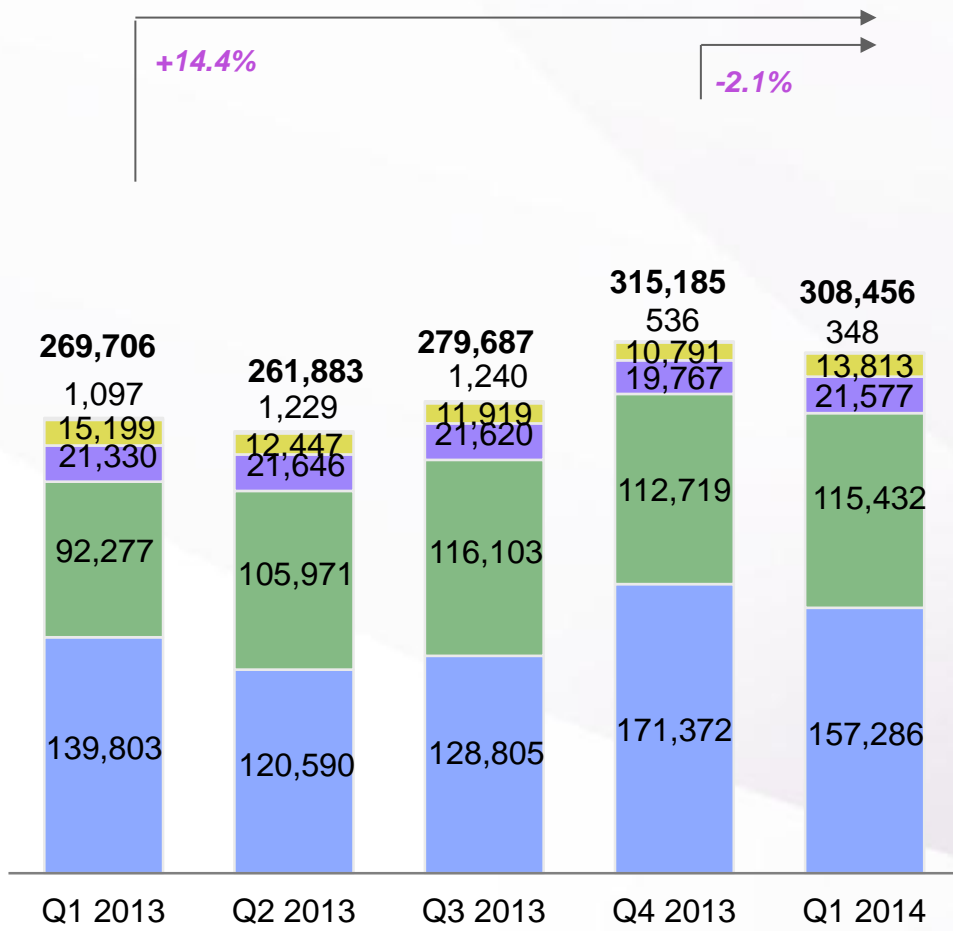
Yearly (THB mm)



Sale Volume Breakdown by Geography (Tons)

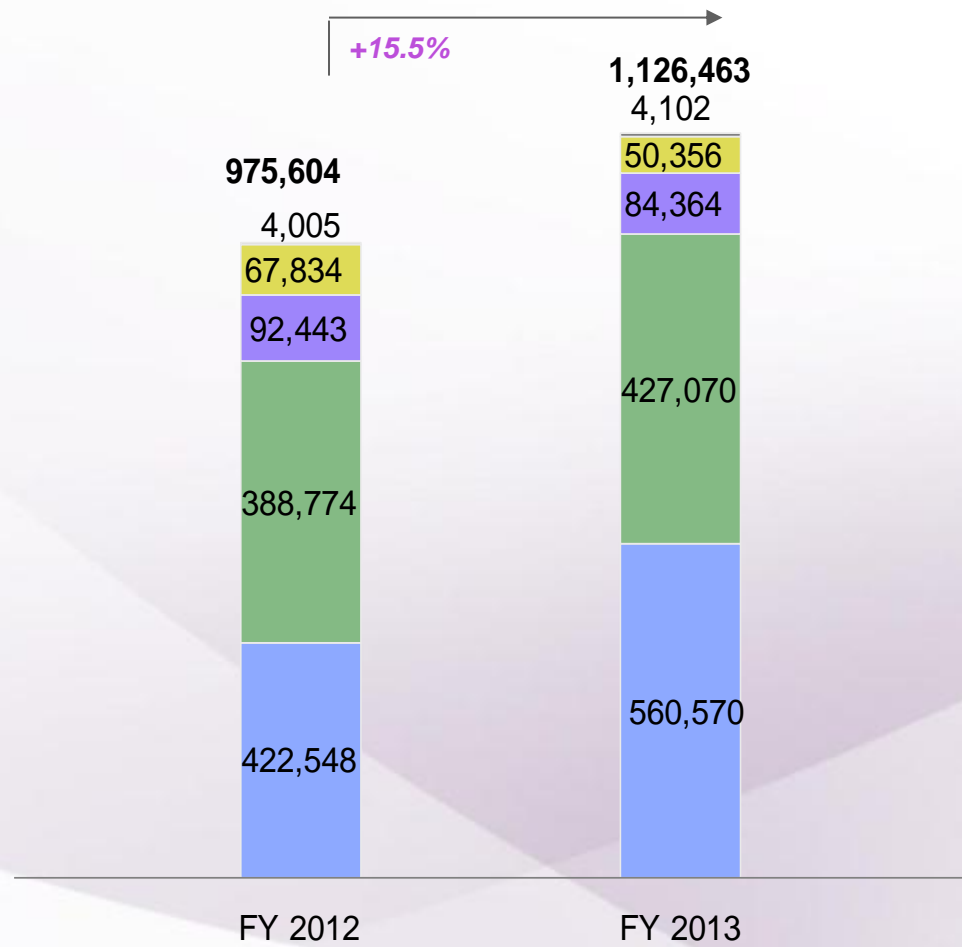
Quarterly (tons)

■ PRC ■ Asia (Ex PRC) ■ USA ■ Europe ■ Others ■ total



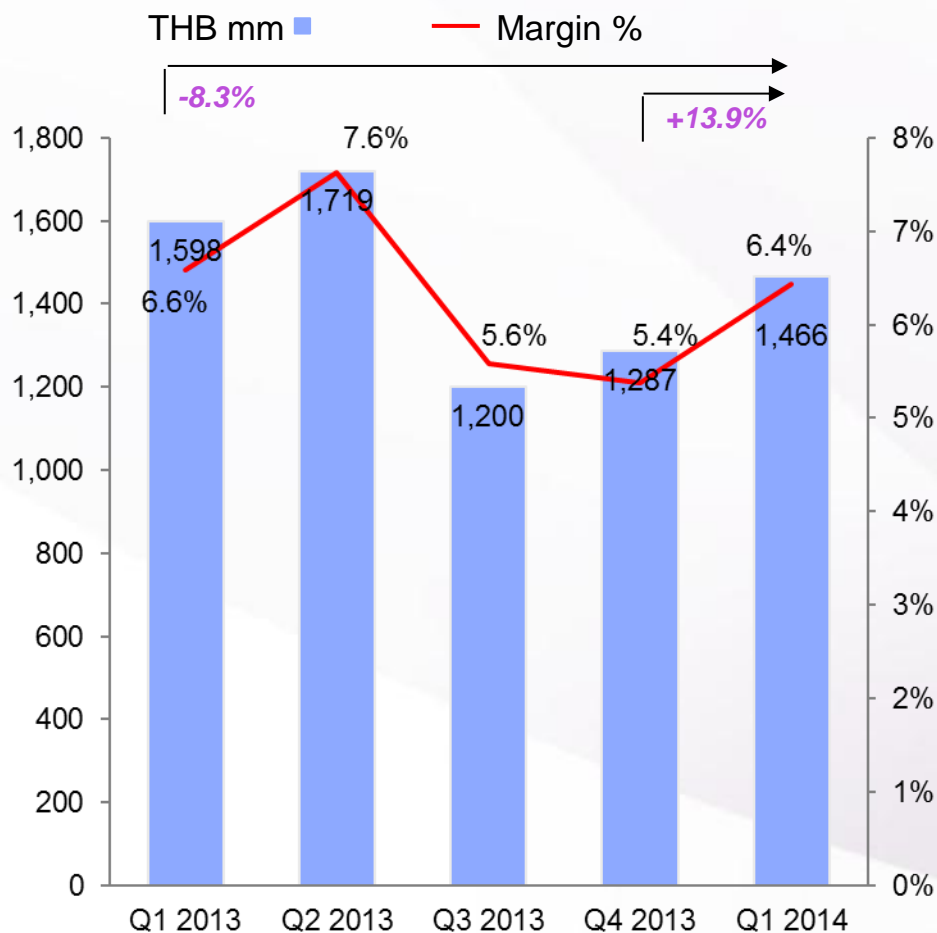
Yearly (tons)

■ PRC ■ Asia (Ex PRC) ■ USA ■ Europe ■ Others

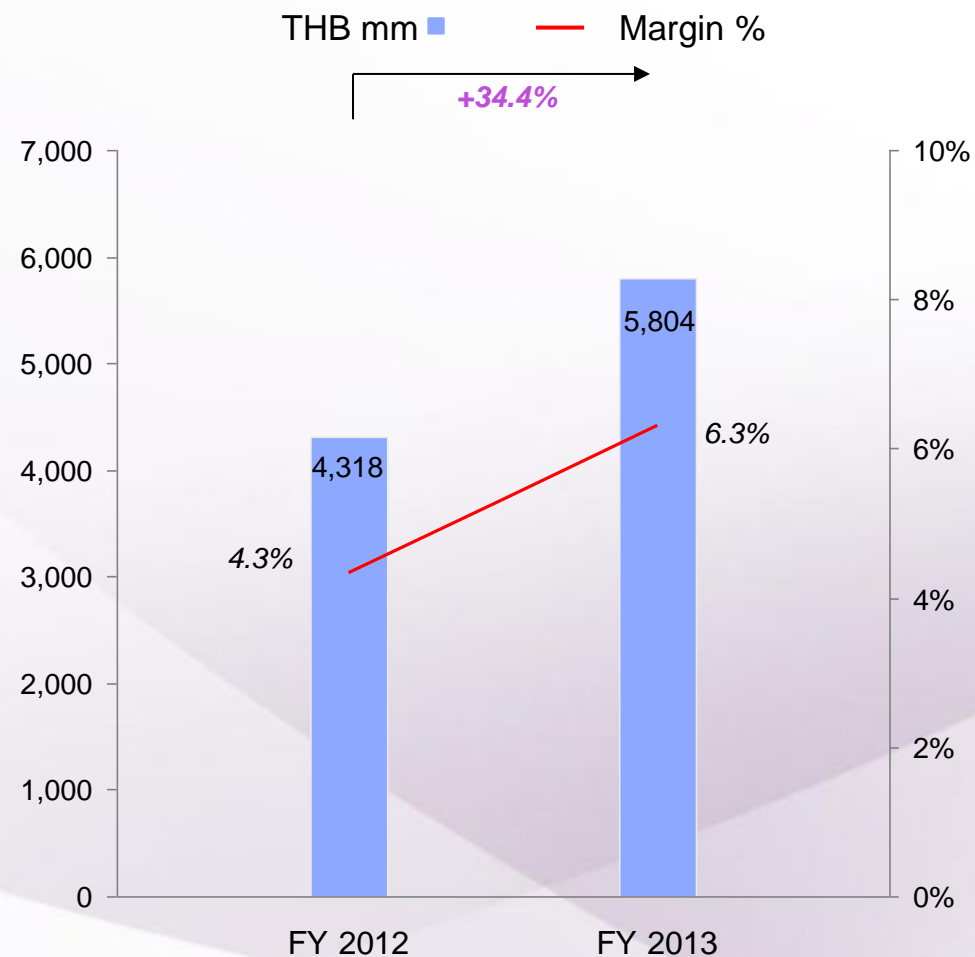


Adjusted GP and GPM*

Quarterly (tons)



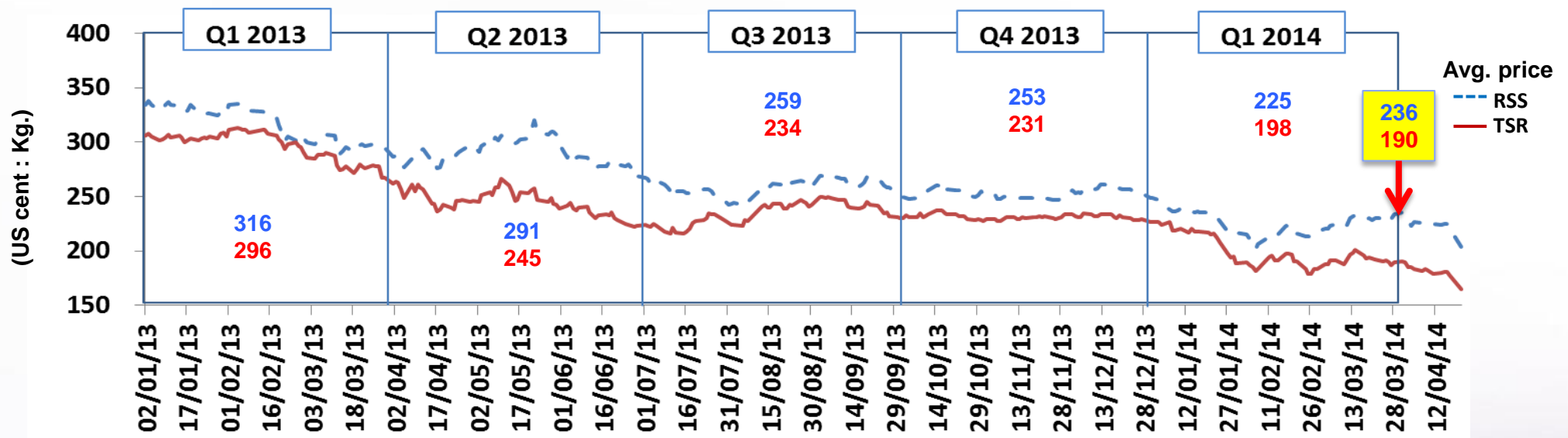
Yearly (tons)



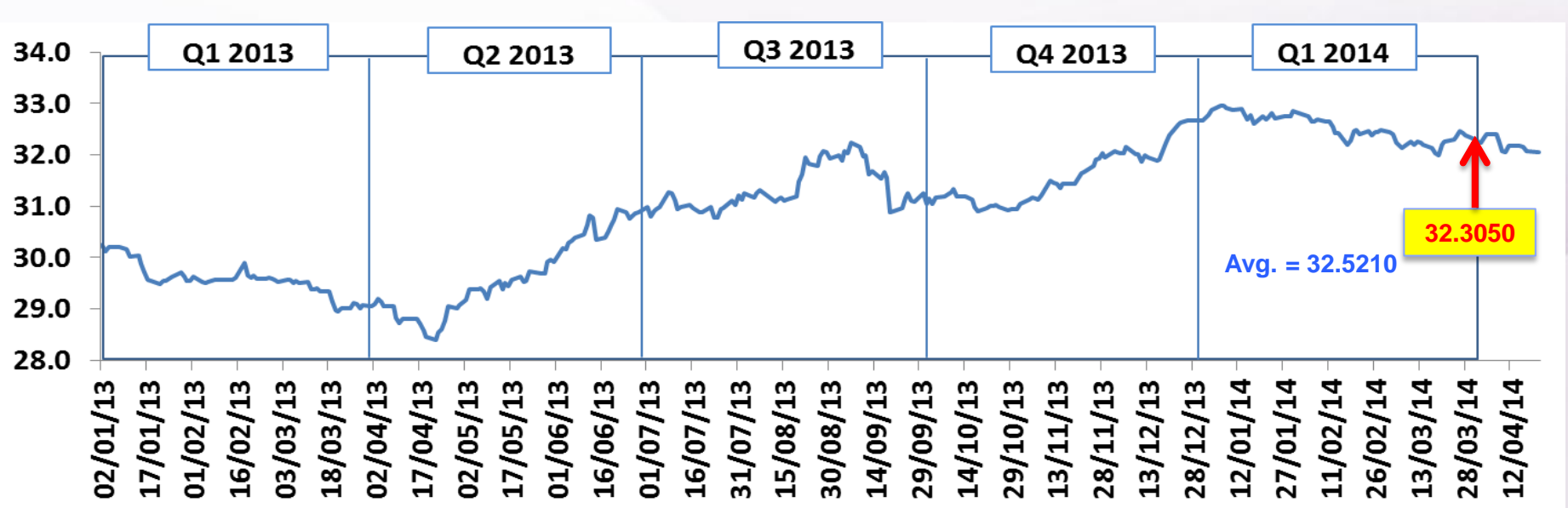
* GP and GPM after adjusting for (reversal) allowance of inventory and realised forex gains / losses

SICOM Price and F/X

SICOM Price Movement



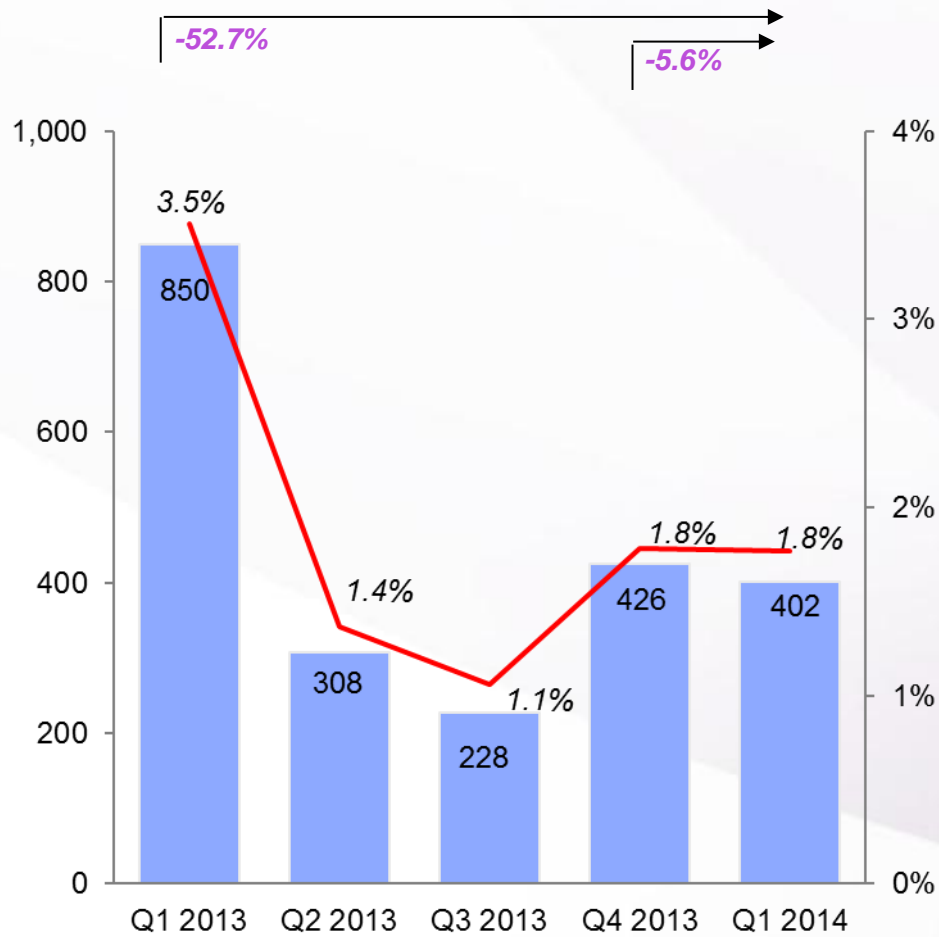
THB/USD Movement



Net profit and Net profit margin

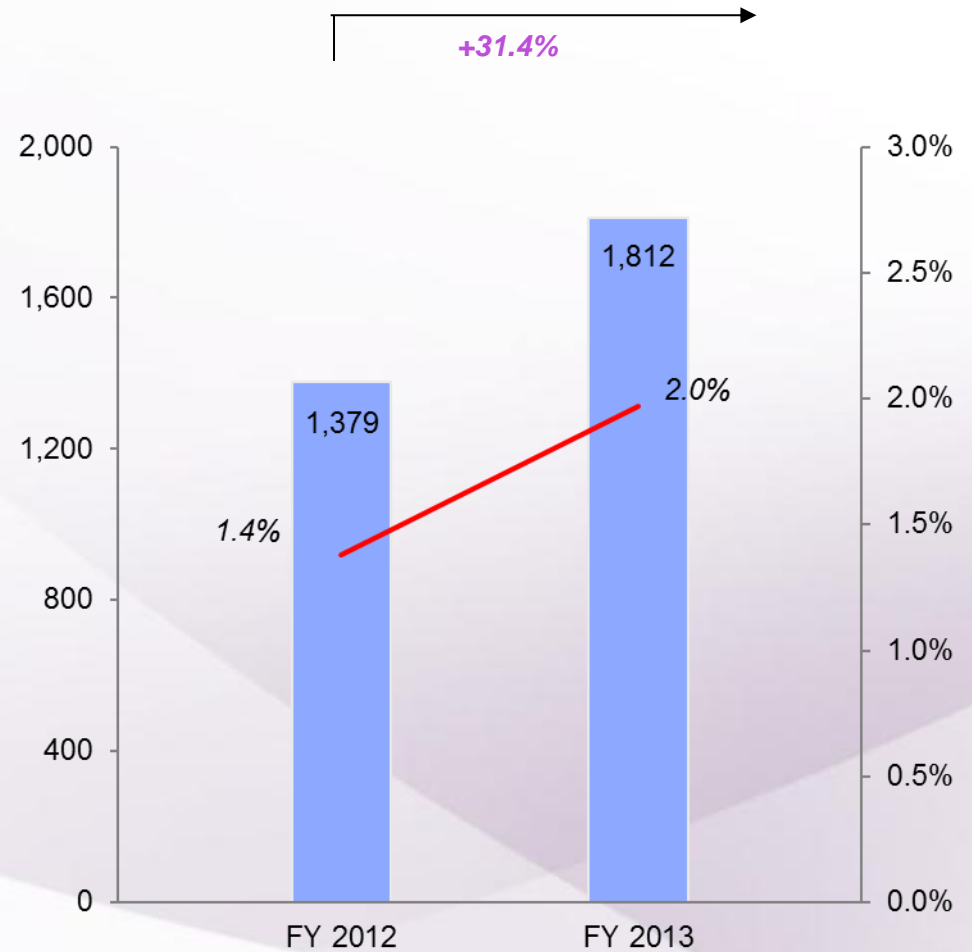
Quarterly (THB mm)

Net profit ■ Net profit margin % —



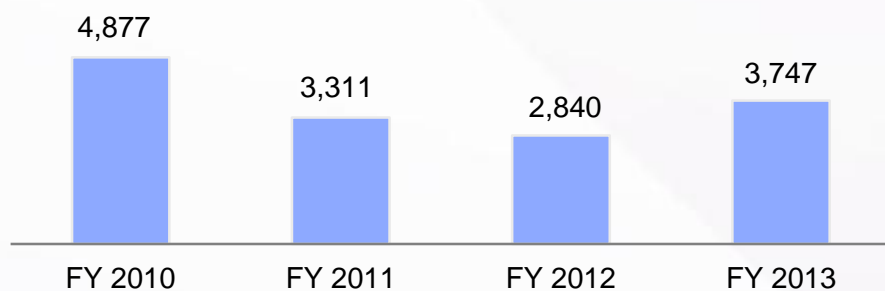
Yearly (THB mm)

Net profit ■ Net profit margin % —

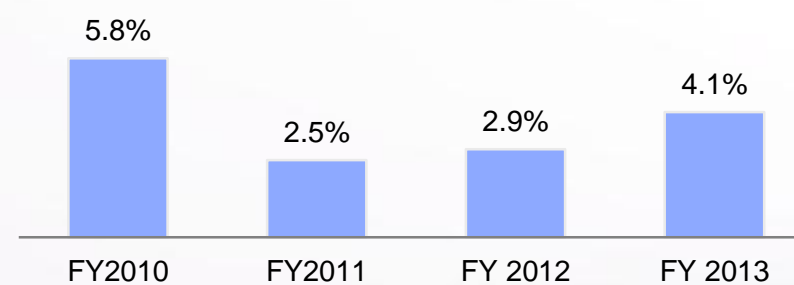


Return on Assets and Return on Equity

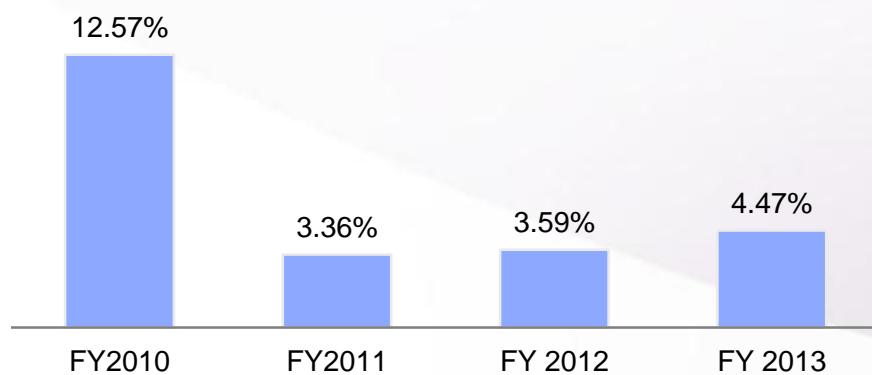
EBITDA (THB mm)



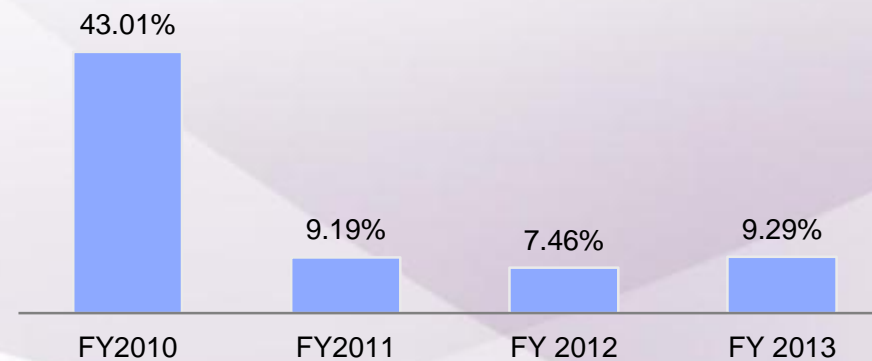
EBITDA margin



ROA

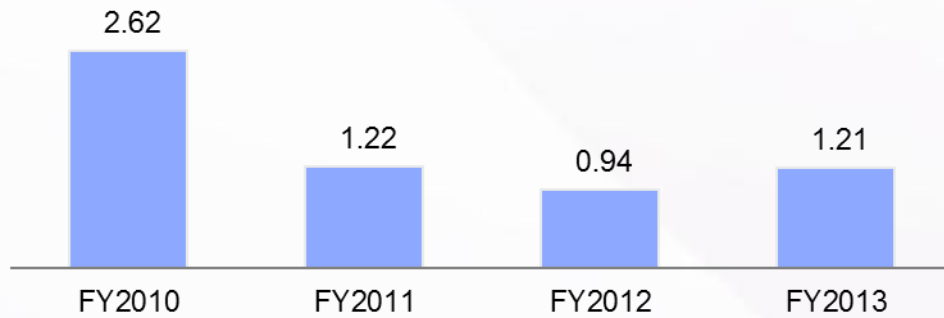


ROE

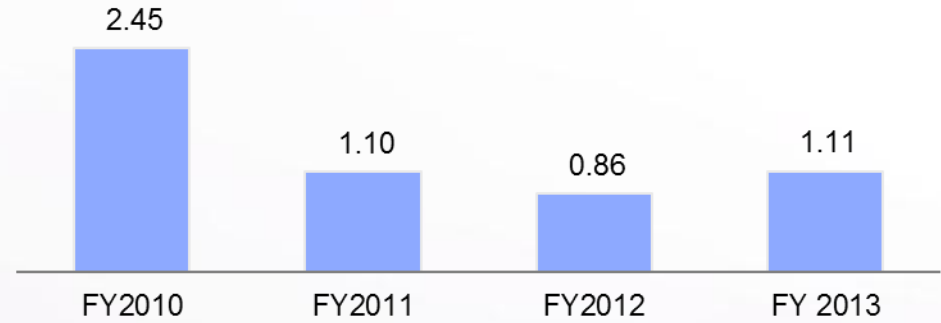


Healthy leverage and coverage ratios

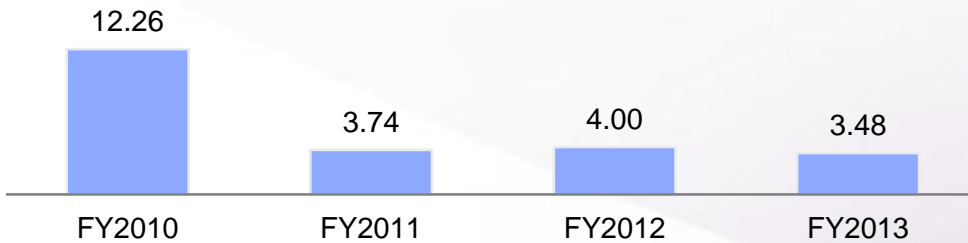
Debt / equity



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

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Our Business Strategy

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

Expand Customer Coverage

- To ride on growth in key market, e.g. China and highly potential markets
- To have diversified customer base and capture all demands from customers throughout the world

Create Footprint in New Territories

- To enhance competitiveness and diversify business risk
- To expand our market coverage in Indochina and gain direct access to other sources of natural rubber, e.g. Vietnam and Myanmar

Aggressive expansion plan vertically and horizontally across NR supply chain

Target & Future Growth Plan

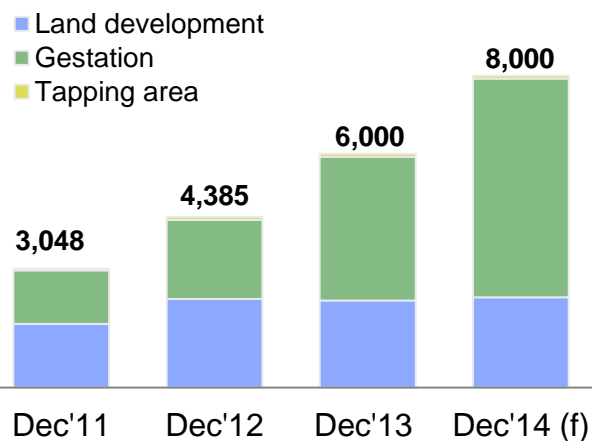
2014 Target

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	1,900	1,050	500
Plantation	1,100	550	300
Maintenance	650	500	350
Total CAPEX	3,650	2,100	1,150

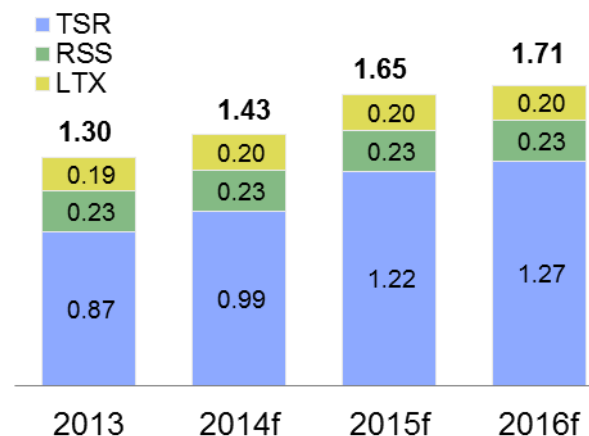
Rubber plantation:
Achieve 8,000 h.a. (50,000 rai)
in Thailand by the end of 2014

Area for Rubber Plantation (H.A.)



Midstream business:
Continue our aggressive
expansion plan domestically
and internationally

Effective Production Capacity
(mil. tons per annum)

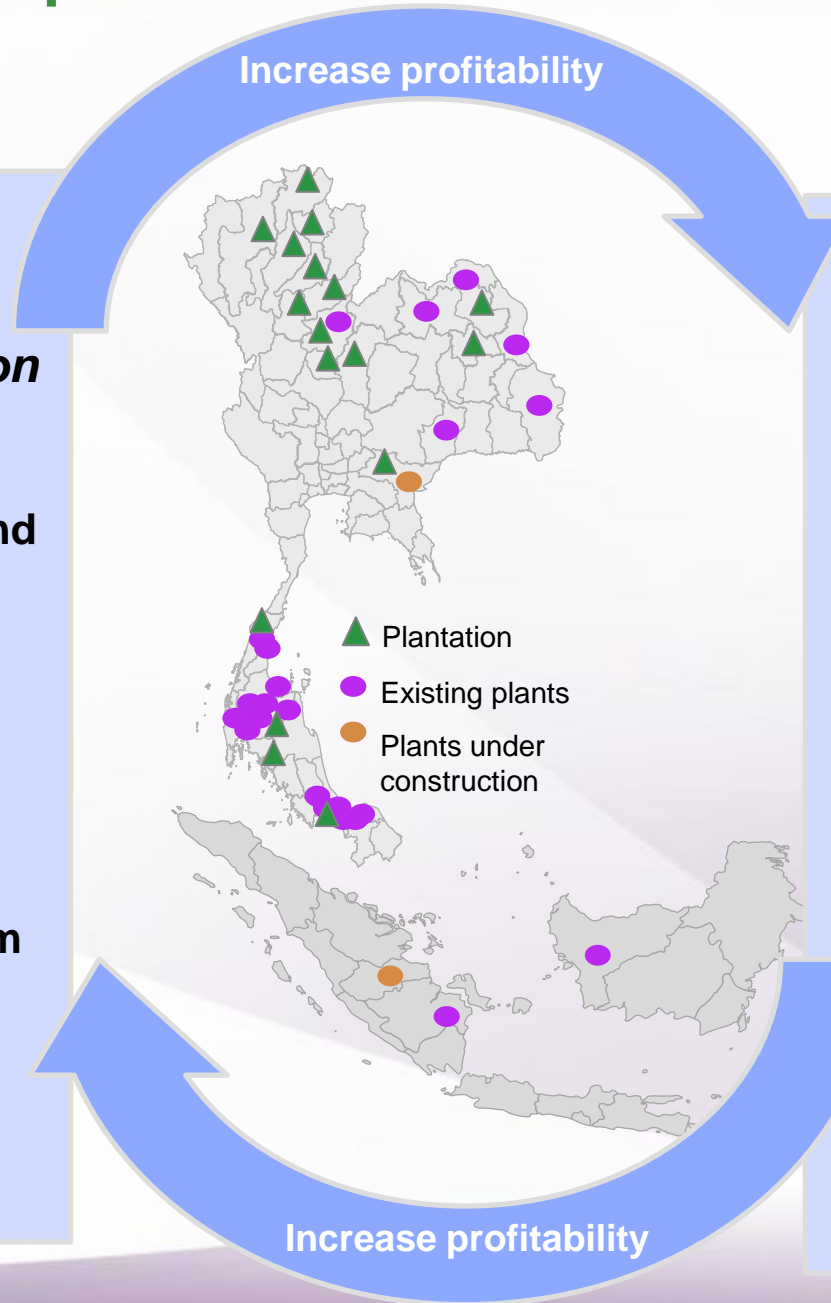


Synergy between Upstream and Midstream Business



Benefits from expansion to Rubber Plantation

- ✓ Higher profit margin and reduce volatility in earning
- ✓ Create procurement networks for potential raw material from neighboring area
- ✓ Pinpoint strategic locations for midstream factories in the future
- ✓ Ability to procure raw material at appropriate price



Benefits from midstream business expansion

- ✓ Maintain world largest fully-integrated Natural Rubber processor position
- ✓ Benefit from economies of scale
- ✓ Balance the bargaining power with suppliers and customers
- ✓ Enhance accessibility to different sources of fund to support our operation and expansion

Our Vision

Passionately, we drive possibilities
>> the green rubber company >>



Q&A

