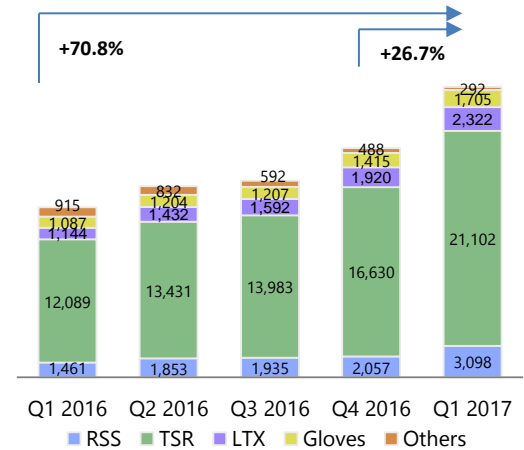


## STA : The World's Leading Natural Rubber Player

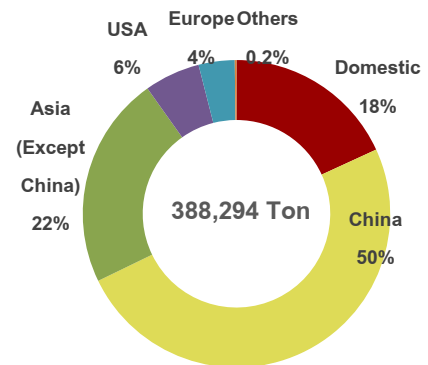
### Financial result overview

In Q1 2017, Natural rubber (NR) industry witnessed another challenge in a high price volatility. NR prices hit a three-year high in mid of February resulted from continual demand growth carried from Q4 2016 as well as limited supply from the heavy rain in January, before declining during late March. As a result, our sales volume in Q1 2017 increased by 6.9% YoY but decreased slightly by 2.8% QoQ to 388,294 tons. The average selling price improved both YoY and QoQ leading to an increase in revenue by 70.8% YoY and 26.7% QoQ. Our gross profit margin increased from 4.9% to 6.7%, while operating margin improved from -1.2% in Q1 2016 to 1.2% due to the effectiveness of cost management and less impact from non-rucurring expenses as compared to the last quarter. Our net profit margin increased from -1.0% in Q1 2016 to 0.03% in Q1 2017.

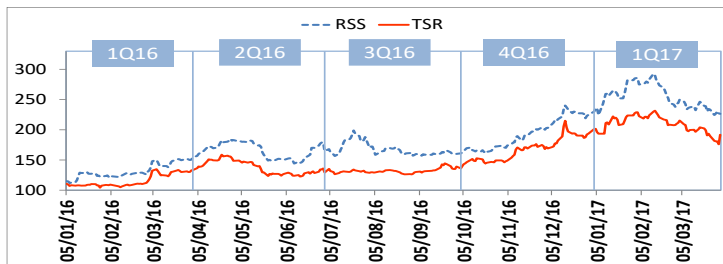
### Revenues by product (THB million)



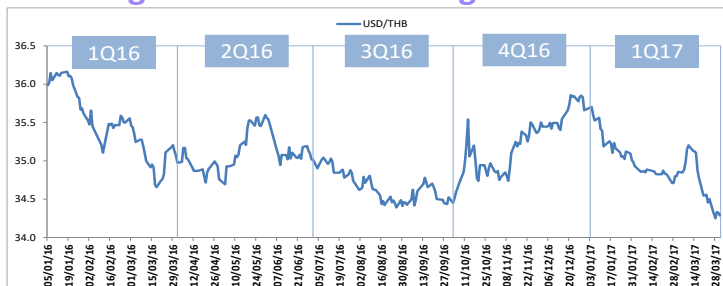
### Sales Volume by Country (Q1'17)



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



### Exchange rate of Thai Baht against US dollar



### Key financial ratios

Key Financial Ratios	Q1 2017	FY 2016	FY 2015	FY 2014
Gross profit margin	6.7%	7.0%	5.7%	4.4%
Adjusted gross profit margin**	9.0%	6.0%	8.1%	6.1%
EBITDA margin	2.6%	1.0%	4.9%	3.4%
Net profit margin	0.03%	-1.0%	1.8%	1.4%
Current ratio (times)	1.00	0.97	1.21	1.42
Net D/E ratio (times)	2.20	1.73	0.95	0.73
Fixed asset turnover (times)	5.87*	4.58	3.87	5.38
Inventory Turnover (days)	80.74*	87.41	74.75	66.36
Collection Period (days)	27.53*	25.79	22.77	27.55
Payment Period (days)	5.79*	8.00	9.67	10.58

Note:

\* Annualised

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

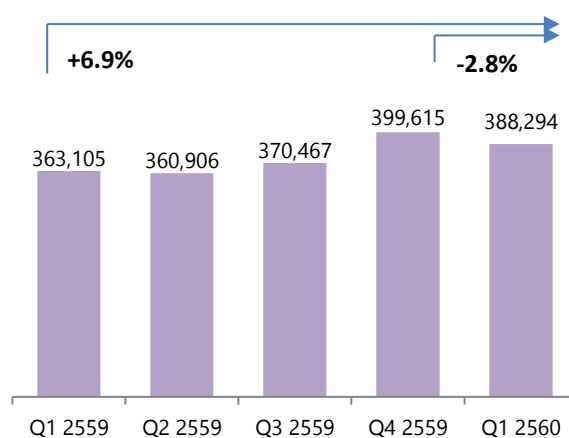
## Statements of Comprehensive Income

(Unit : THB million)	Q1 2017	Q1 2016	% YoY	Q4 2016	%QoQ
<b>Revenue from sale of goods and services</b>	<b>28,519.2</b>	<b>16,694.5</b>	<b>70.8%</b>	<b>22,510.4</b>	<b>26.7%</b>
Cost of sales and services	(26,620.4)	(15,877.2)	67.7%	(20,889.1)	27.4%
<b>Gross profit</b>	<b>1,898.8</b>	<b>817.3</b>	<b>132.3%</b>	<b>1,621.3</b>	<b>17.1%</b>
SG&A	(2,083.0)	(1,066.5)	95.3%	(1,952.5)	6.7%
Other income	215.0	44.3	385.9%	59.0	264.4%
Gains (losses) on exchange rate, net	249.1	(4.5)	-5577.6%	(35.5)	-801.7%
Other gains, net	56.5	16.8	237.4%	(1,110.1)	-105.1%
<b>Operating profit (loss)</b>	<b>336.4</b>	<b>(192.8)</b>	<b>-274.5%</b>	<b>(1,417.8)</b>	<b>-123.7%</b>
Share of profit from investments in associates and joint ventures	57.9	96.8	-40.2%	101.5	-42.9%
<b>EBITDA</b>	<b>731.8</b>	<b>174.4</b>	<b>319.6%</b>	<b>(983.1)</b>	<b>-174.4%</b>
<b>EBIT</b>	<b>394.4</b>	<b>(96.0)</b>	<b>-510.9%</b>	<b>(1,316.3)</b>	<b>-130.0%</b>
Finance costs (net)	(263.8)	(129.7)	103.4%	(320.1)	-17.6%
Income tax (expense)	(141.7)	48.0	-395.5%	321.1	-144.1%
<b>Net Profit (loss) for the periods</b>	<b>(11.2)</b>	<b>(177.7)</b>	<b>-93.7%</b>	<b>(1,315.3)</b>	<b>-99.1%</b>
Attributed to Owners of the parent	7.6	(165.6)	-104.6%	(1,303.1)	-100.6%
Attributed to non-controlling interests	(18.8)	(12.1)	55.7%	(12.2)	54.1%

Total revenue from all products for Q1 2017 was Baht 28,519.2 million, increased by 70.8% YoY and 26.7% QoQ driven by a significant increase in average selling price by 68.8% YoY and 32.5% QoQ from the upward trend of NR price continuing from late 2016.

Sales volume was 388,294 tons increased by 6.9% YoY mainly from an increase in domestic sales underpinned by the strong demand in tire industry in Thailand together with our better market share as a result of the improvement in company trustworthiness, which is one of the most important factors to strengthen our competitiveness in domestic market.

Sales volume (Tons)



## Revenues by product (THB million)

	Q1 2017	Q1 2016	% YoY	Q4 2016	%QoQ
<b>TSR</b>	<b>21,102.3</b>	<b>12,088.7</b>	<b>74.6%</b>	<b>16,630.2</b>	<b>26.9%</b>
%	74.0%	72.4%		99.6%	
<b>RSS</b>	<b>3,098.3</b>	<b>1,460.7</b>	<b>112.1%</b>	<b>2,056.8</b>	<b>50.6%</b>
%	10.9%	8.7%		12.3%	
<b>LTX</b>	<b>2,321.8</b>	<b>1,143.6</b>	<b>103.0%</b>	<b>1,920.1</b>	<b>20.9%</b>
%	8.1%	6.9%		11.5%	
<b>Other*</b>	<b>1,996.9</b>	<b>2,001.4</b>	<b>-0.2%</b>	<b>1,903.3</b>	<b>4.9%</b>
%	7.0%	12.0%		11.4%	
<b>Total</b>	<b>28,519.2</b>	<b>16,694.5</b>	<b>70.8%</b>	<b>22,510.4</b>	<b>26.7%</b>

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 third parties (iii) the sale of gloves

**Gross Profit** in Q1 2017 was Baht 1,898.8 million increased by 132.3% YoY and 17.1% QoQ, while gross profit margin was 6.7% increased from 4.9% in Q1 2016, but decreased from 7.1% in 4Q 2016. Regardless of inventory allowances of Baht 1,039.7 million and realised loss from derivatives hedging activities of Baht 375.5 million, our adjusted gross profit margin in Q1 2017 was at 9.0% increased from 4.5% in Q1 2016 and 2.9% in Q4 2016.

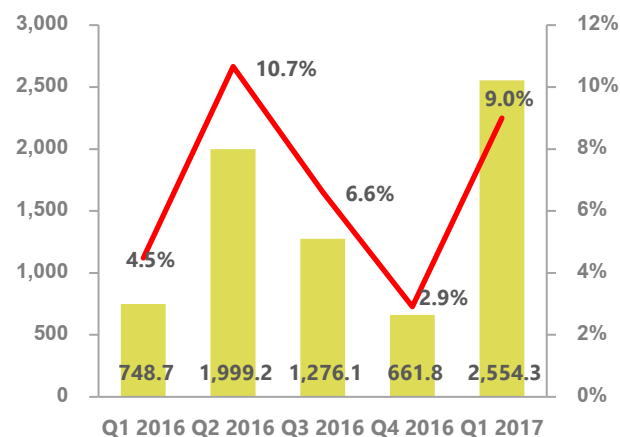
**Operating Profit** in Q1 2017 was Baht 336.4 million improved from operating loss of Baht (192.8) in Q1 2016 and (1,417.8) million in Q4 2016. This advancement was primarily attributed by the improvement of sale volume and NR prices, as well as an effectiveness in cost management together with less non-recurring expenses as compared to previous quarter.

**Sharing profit from investment in associate and joint venture companies** in Q1 2017 was Baht 57.9 million decreased by 40.2% YoY and 42.9% QoQ. Although we have changed the accounting recognition in associate and joint venture companies as a result of the demerger with Semperit since 15 March 2017 by consolidating Sri Trang Gloves (Thailand) Co. Ltd. (formerly known as Siam Sempermed Corp. Ltd.), this had a minimal effect to our Q1 2017 financial statement.

Nevertheless, due to the international accounting standards, we had to recognise additional expenses (including negative adjustments on profit sharing) for approx. Baht **291.0** million as a result of the demerger.

**Net Profit** in Q1 2017 was Baht 7.6 million improved from the loss of Baht (165.6) and (1,303.1) million, while gross profit margin for the quarter was 0.03% also improved from the loss of (1.0%) in Q1 2016 and (5.8%) in Q4 2016.

## Adjusted GP and GPM\*



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 rose by 74.6 YoY and 26.9 QoQ.

The increase was primarily attributable to an increase in average selling price 68.7% YoY and 32.4% QoQ, while sale volume increased 3.5% YoY but decreased slightly 4.2% QoQ due to the decline in NR price during late March which caused the customers to delay the order and the effect from Chinese New Year during the period.

However, gross profit was up by 303.1% YoY and 10.8% QoQ, while gross profit margin was better than the same period last year but declined from the previous quarter because of the unfavorable heavy rain in January which affected the production volume of cup lump, raw material for TSR.



### Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS rose by 112.1% YoY and 50.6% QoQ

The increase was mainly resulted from an increase in sale volume by 23.1% YoY and 13.6% QoQ opposed to overall downward production of RSS in Thailand. Thanks to our strategies to gain market shares among tire makers in Thailand as well as the increase of the tire makers themselves due to the concerns on unfavorable heavy rain in January.

In addition, average selling price rose by 72.3% YoY and 32.6% QoQ along with the increase in NR price. Our gross profit improved by 10.1% YoY and turnaround from negative in previous quarter reflecting better raw material shortage situation.



### Concentrated Latex (LTX)

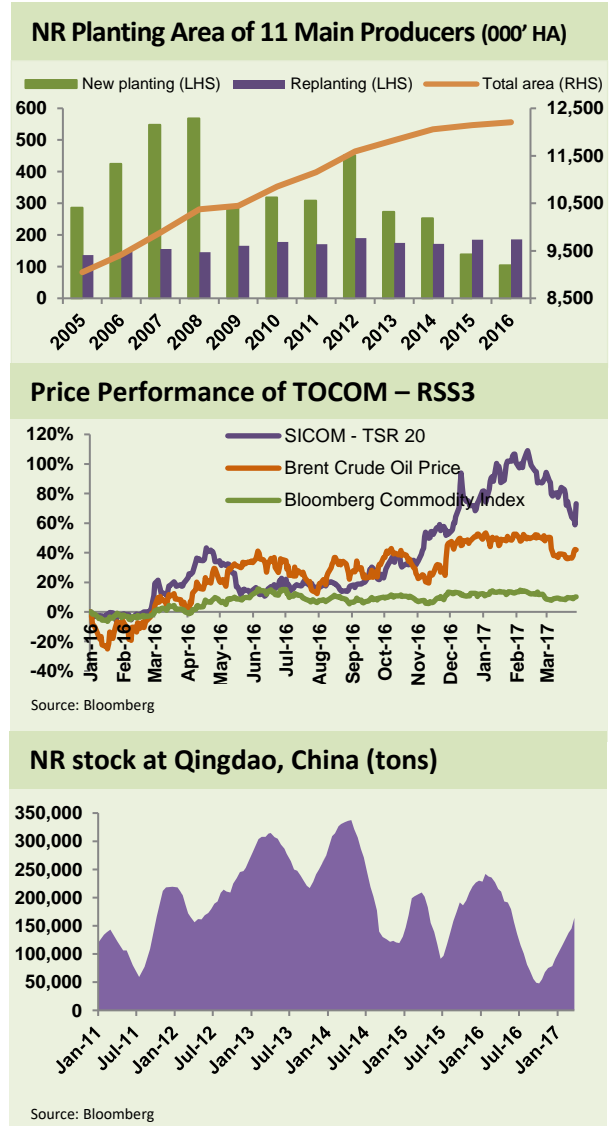
Revenue from the sale of LTX rose by 103.0% YoY and 20.9% QoQ.

The YoY rise was mainly from an increase in both sales volume and average selling price by 20.1% and 69.0% respectively. However, the QoQ performance was driven by 28.5% increase in average selling price offset by a 5.9% decrease in sales volume as a result of unfavorable weather in January.

However, gross profit margin decreased YoY and QoQ because of the limited supply volume during the quarter, which led to additional cost of production.

## Industry Outlook

In Q1 2017, natural rubber (NR) price continued its upward momentum compared to the previous quarter. The price of technically Specified Rubber (TSR) and Ribbed Smoked Sheets (RSS) in futures market inched up by 3.2% and 6.1% respectively due to the increase of demand from China by 7.2% along with the notable growth in Chinese auto sector, as well as the market optimistic towards the economic recovery in developed countries including U.S. led to an increase of demand in the region by 1.5-2.0% on average. In addition, on supply side, flooding in the Southern part of Thailand during January have declined the supply from Thailand during – March by 10% compared to the same period last year. Accordingly, market is closely watching the U.S. fiscal policy moves under Donald Trump's administration especially progress of infrastructure investment. Particularly, it had an impact towards foreign exchange market and also attracted speculative fund flow to commodity markets. Moreover, physical rubber price in Thailand was highly influenced by rubber futures price particularly the price movement in Shanghai Futures Exchange.



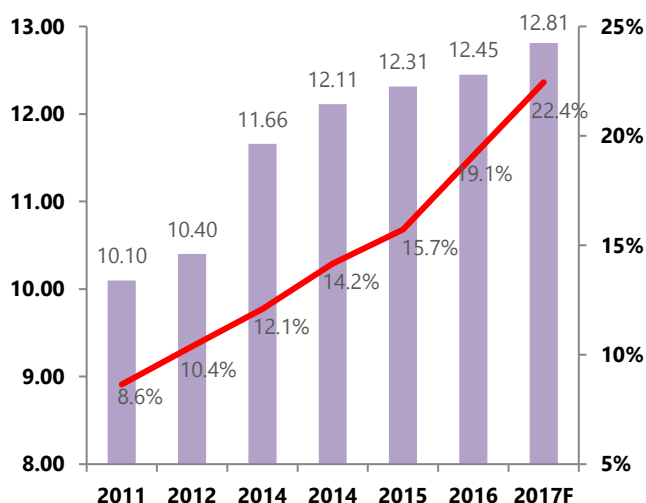
## Progress of Business Growth Plan

**Upstream Operations – Approximately 8,000-odd hectares of land already secured for rubber plantations**

As of 31 March 2017, Sri Trang Group has obtained approximately 50,000 rai of land suitable for the cultivation of rubber trees in several provinces of Thailand and were already been planted with rubber trees by more than 87%, which was expected to provide yield in coming years. This will be an advantage for our mid-stream business



## Proportion of Sri Trang Group Capacity to NR World Supply



World's NR supply (mil. Tons) (LHS)

% engineering capacity\* to NR world supply (RHS)

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## Midstream Operations – moving towards “Sritrang 20”

As of 31 March 2017, our engineering capacity was at an industry record of 2.4 million tons per annum. Our sales volume in 2016 represented 12% world market share. In long-term, STA targets to achieve “Sritrang 20” or have sale volume contribution to 20% of world demand. We also plan to achieve the engineering capacity of 2.9 million tons in 2017 by building up a new factory in Sakonnakorn and in Palembang (Indonesia) as well as expanding the capacity from our existing factories in Thailand.

## Downstream Operations – became major shareholder in rubber glove business

Under the demerger with Semperit, we have increased our ownership in Sri Trang Gloves (Thailand) Co., Ltd. (STGT) to 90.2% (from 40.2%).

Being the major shareholder of STGT, one of the top five world-largest glove manufacturers has brought us flexibility in managing the downstream business, and unlock certain prohibitions we had in the past. The future development of the downstream business will not only strengthen our financial performance but also the competitiveness as a fully integrated NR supply chain.