

member of
SRITRANG
GROUP



Second Quarter 2014 Presentation

19 August 2014

A World Leading Natural Rubber Player



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Q2 2014 Results



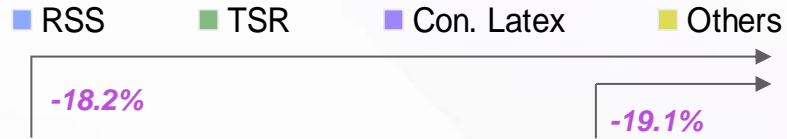
Financial Highlights – Q2 2014

(THB million)	FY'12	FY'13	%YoY	Q2'13	Q1'14	Q2'14	%YoY	%QoQ
Revenue	99,639	92,185	▼7%	22,519	22,765	18,410	▼18%	▼19%
Sale volume (tons)	975,604	1,126,463	▲15%	261,883	308,456	284,913	▲9%	▼8%
Avg. selling price (Baht per ton)	99,966	79,600	▼20%	83,919	71,777	62,497	▼26%	▼13%
Gross profit	4,775	5,189	▲9%	998	599	679	▼32%	▲13%
Adj. gross profit*	4,318	5,804	▲34%	1,719	1,466	120	▼93%	▼92%
EBITDA	2,840	3,747	▲32%	624	708	551	▼12%	▼22%
Net profit	1,379	1,812	▲31%	308	402	167	▼46%	▼59%
Adj. GP margin*	4.3%	6.3%	▲200bps	7.6%	6.4%	0.7%	▼690bps	▼570bps
Net profit margin	1.4%	2.0%	▲60bps	1.4%	1.8%	0.9%	▼50bps	▼90bps

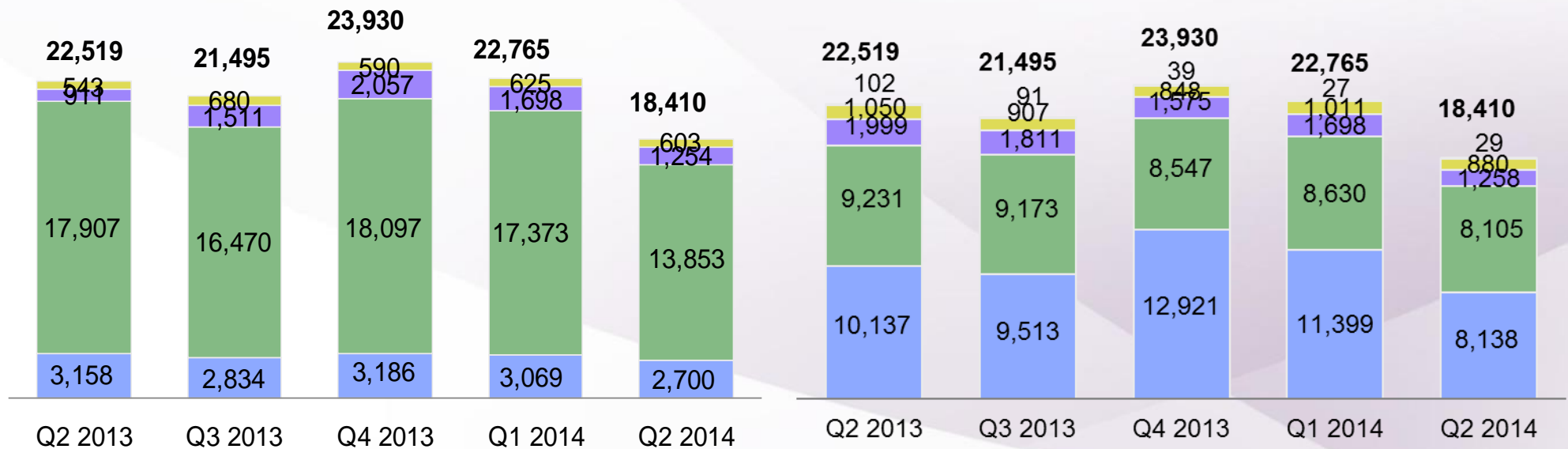
* Adjusting for (reversal) allowance of inventory and realised forex gains / losses

Revenue overview

Revenue breakdown by product (THB mm)



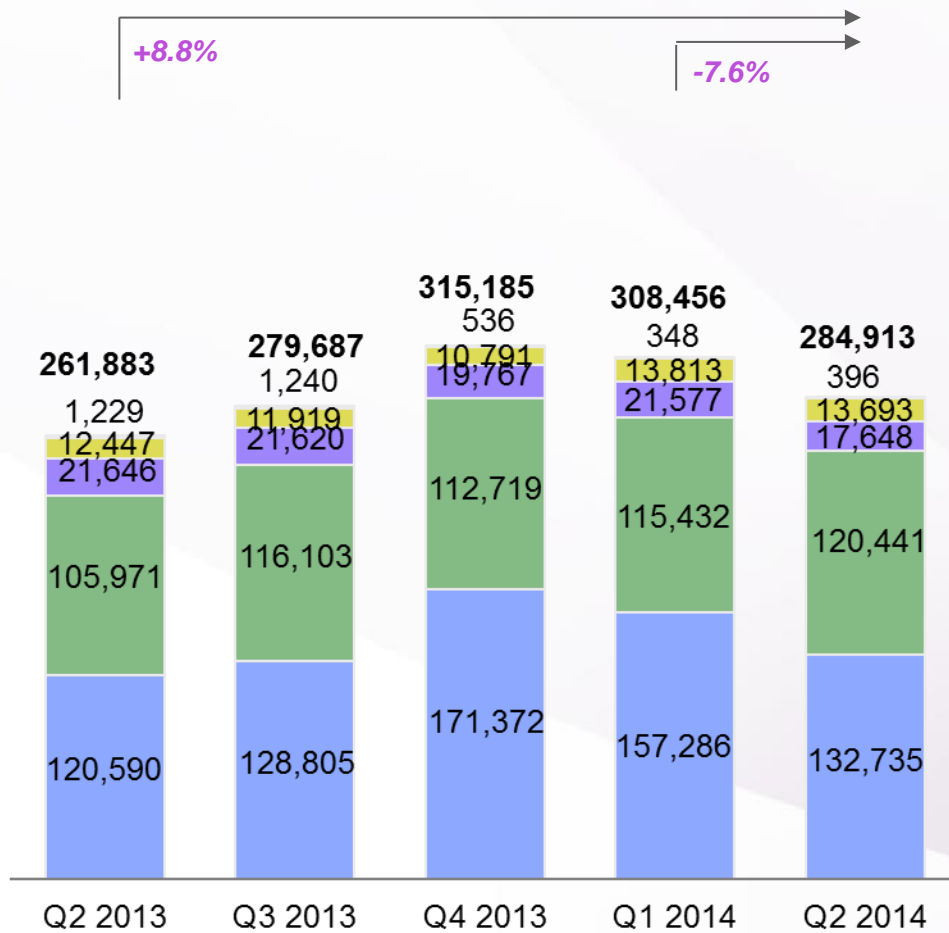
Revenue breakdown by geography (THB mm)



Revenue by Geography and GP per Ton

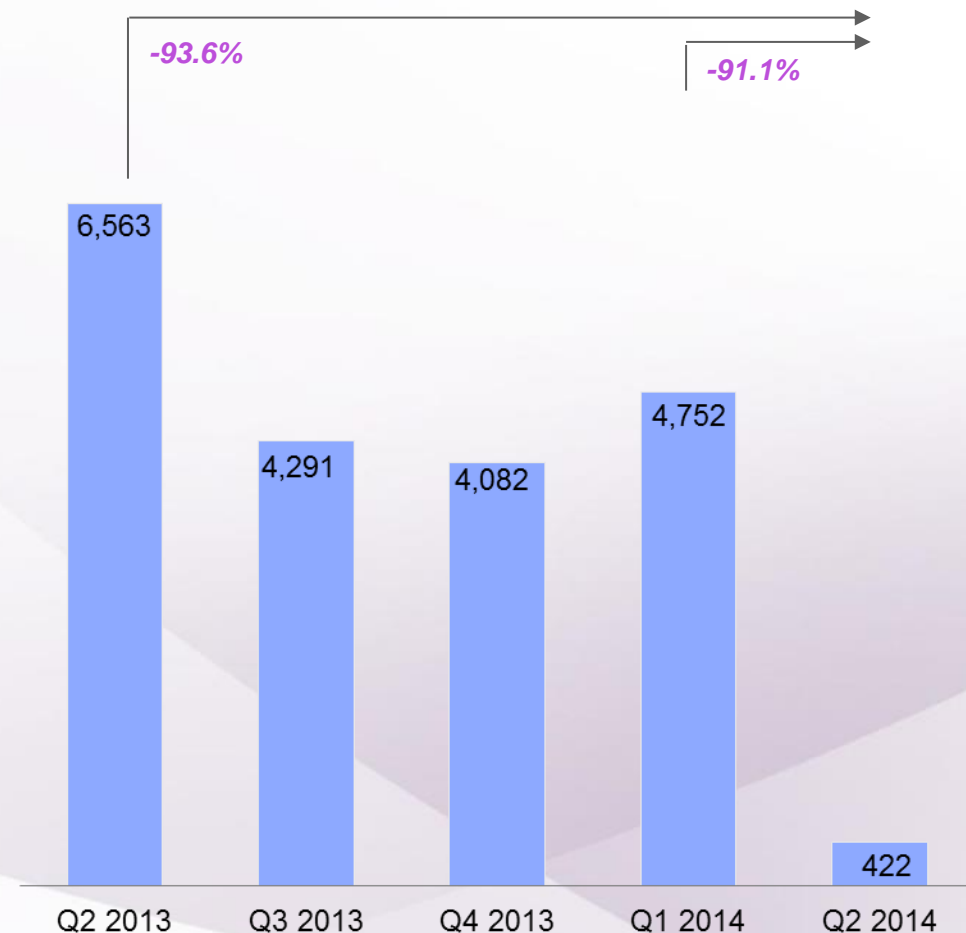
Revenue breakdown by geography (tons)

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



Adjusted Gross Profit* per Ton (THB)

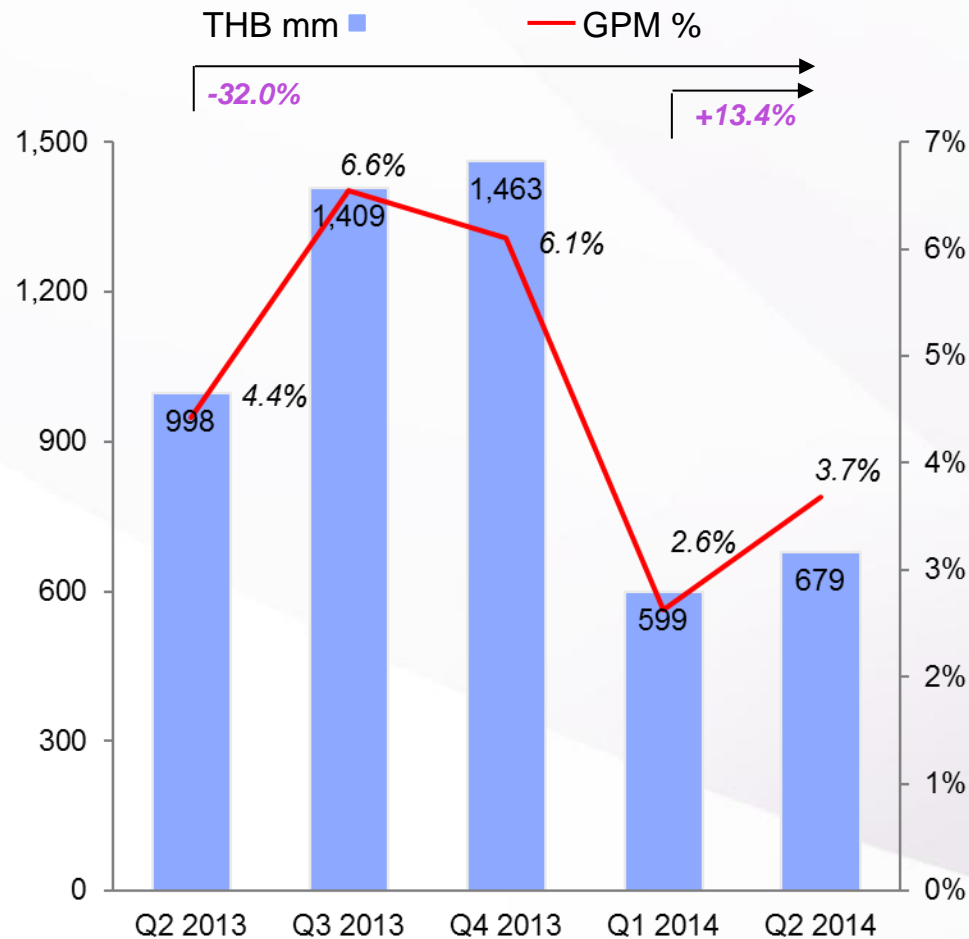
THB mm ■



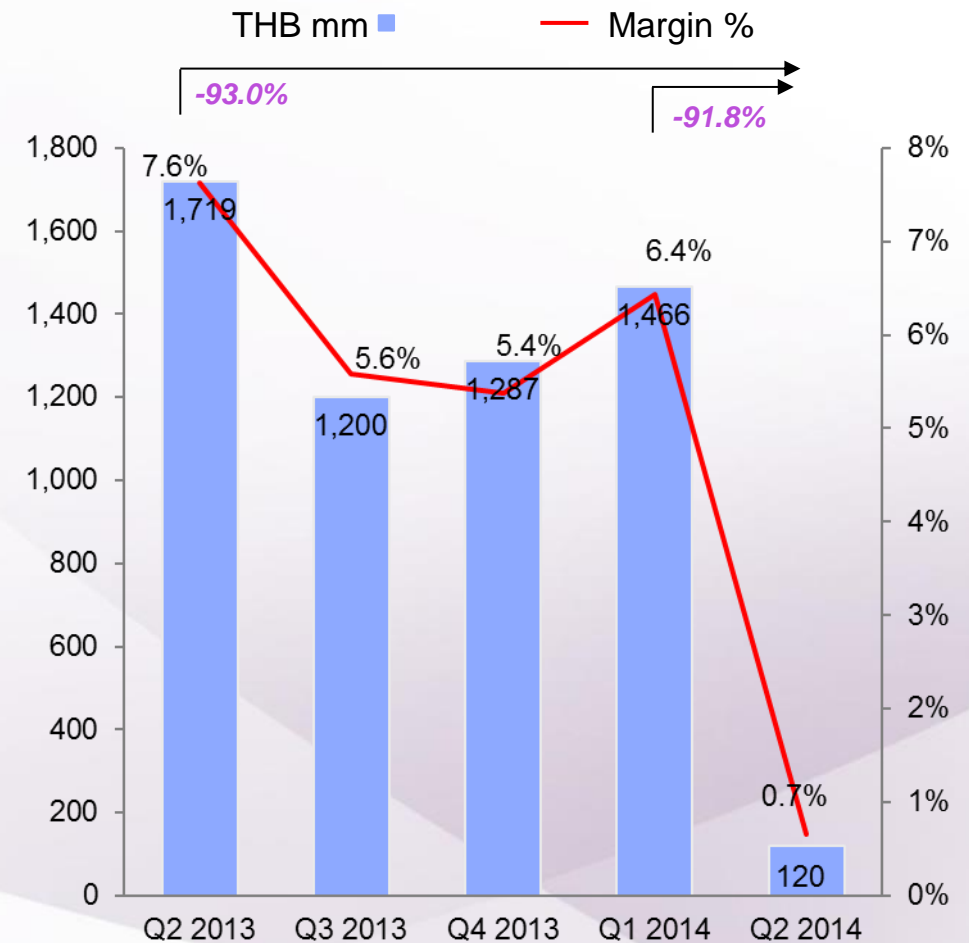
Note*: Adjusted Gross Profit = Gross Profit after adjusting for (reversal) allowance of inventory cost and realised forex gains / losses

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

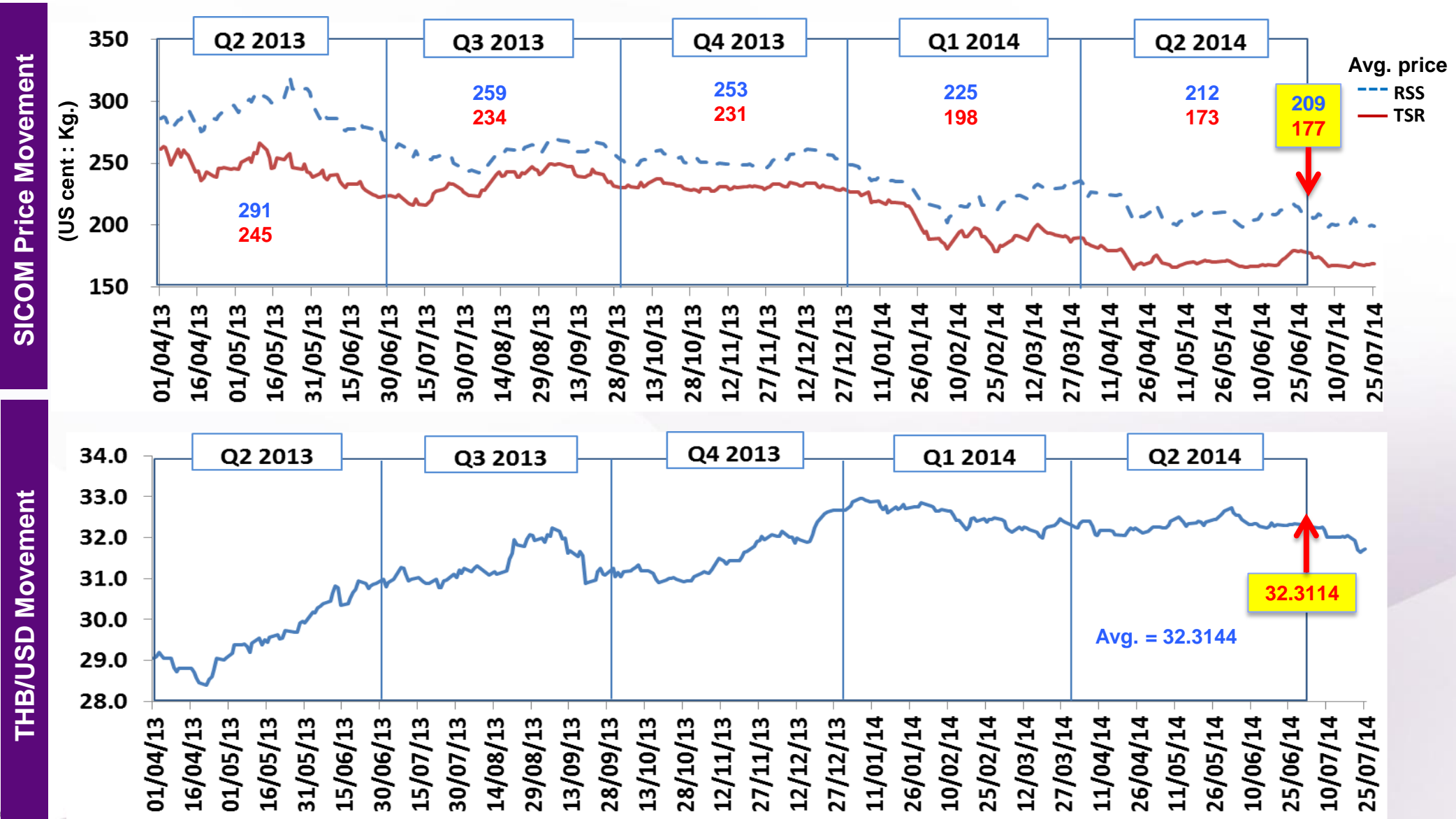
Gross Profit



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



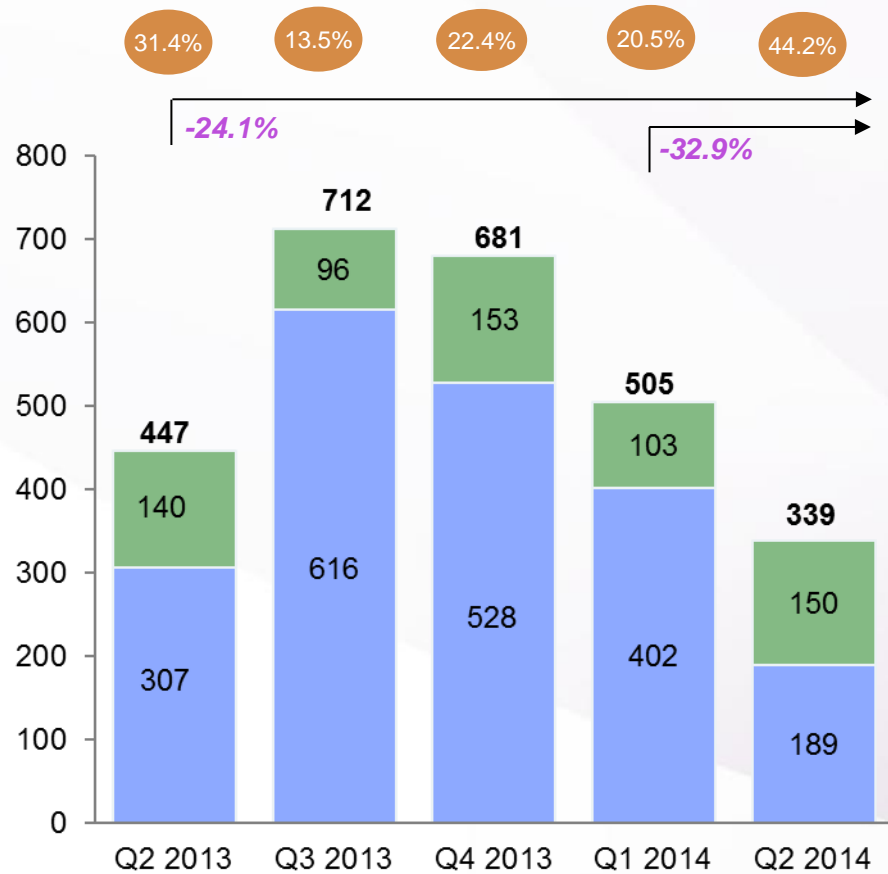
SICOM Price and F/X



Earning before tax, net profit and net profit margin

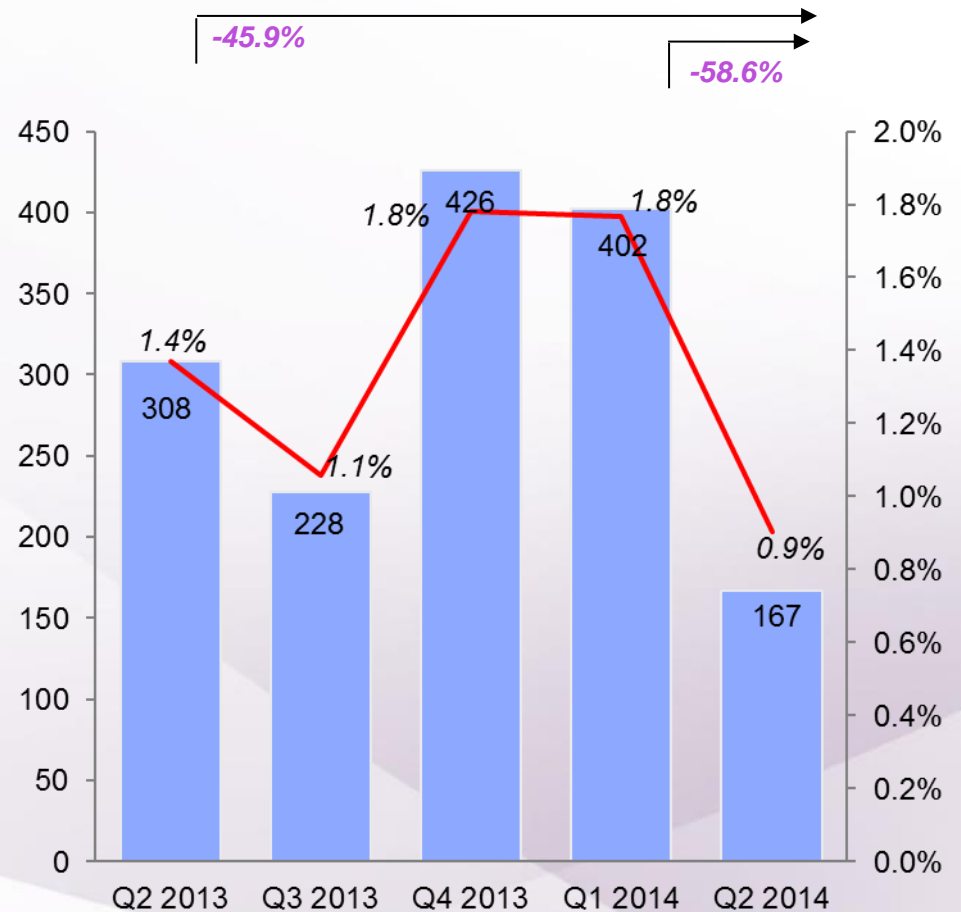
Earning before interest expense & tax (THB mm)

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



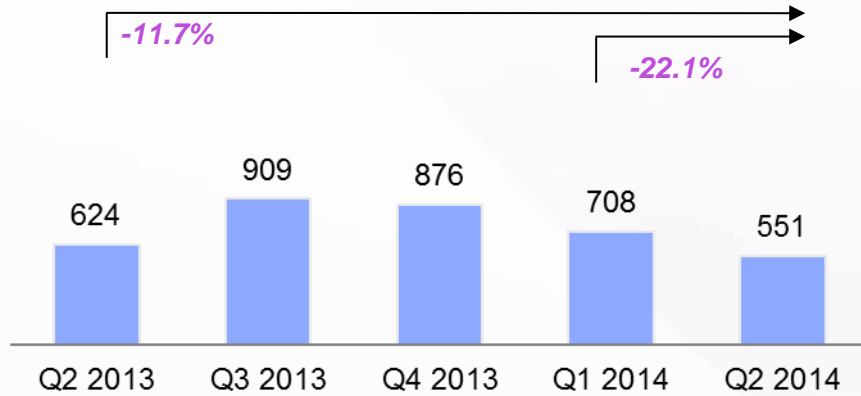
Net profit (THB mm) and net profit margin

Net profit ■ Net profit margin % —

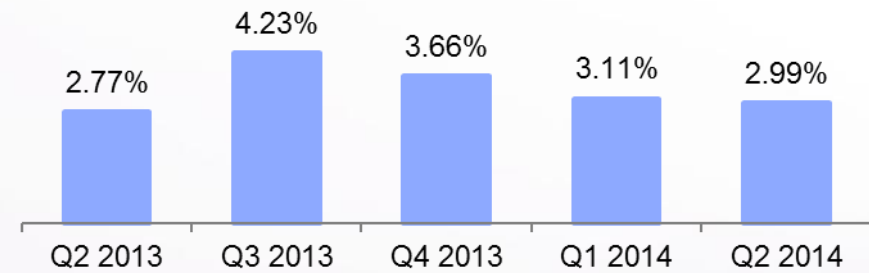


Return on Assets and Return on Equity

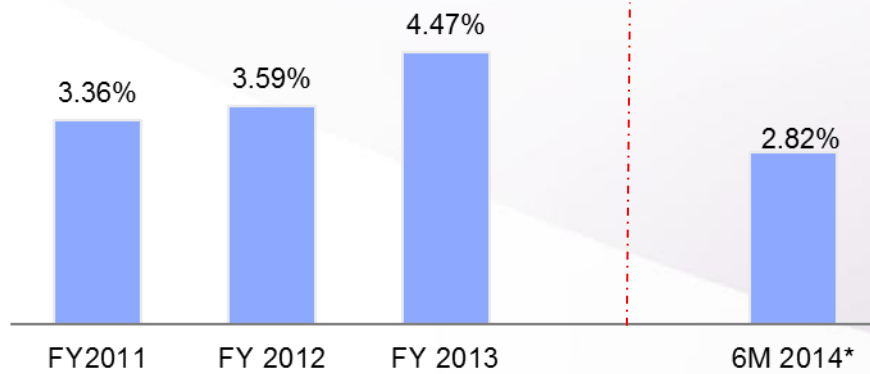
EBITDA (THB mm)



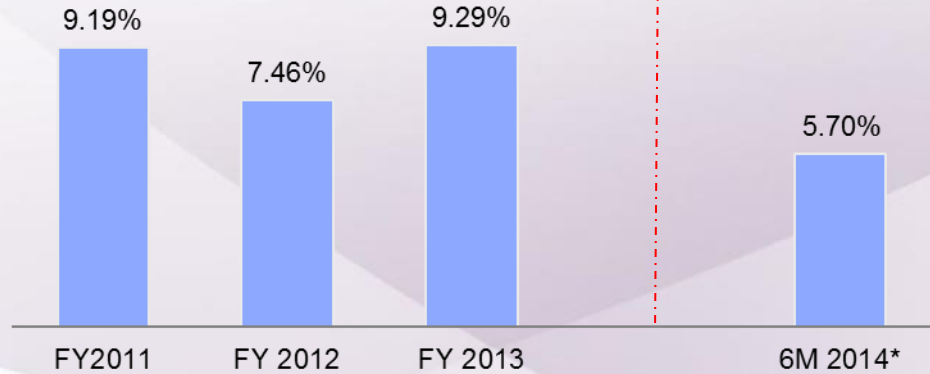
EBITDA margin



ROA



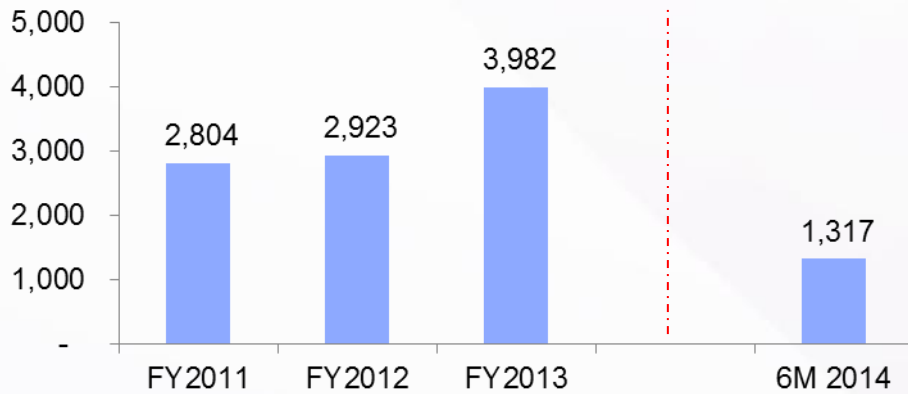
ROE



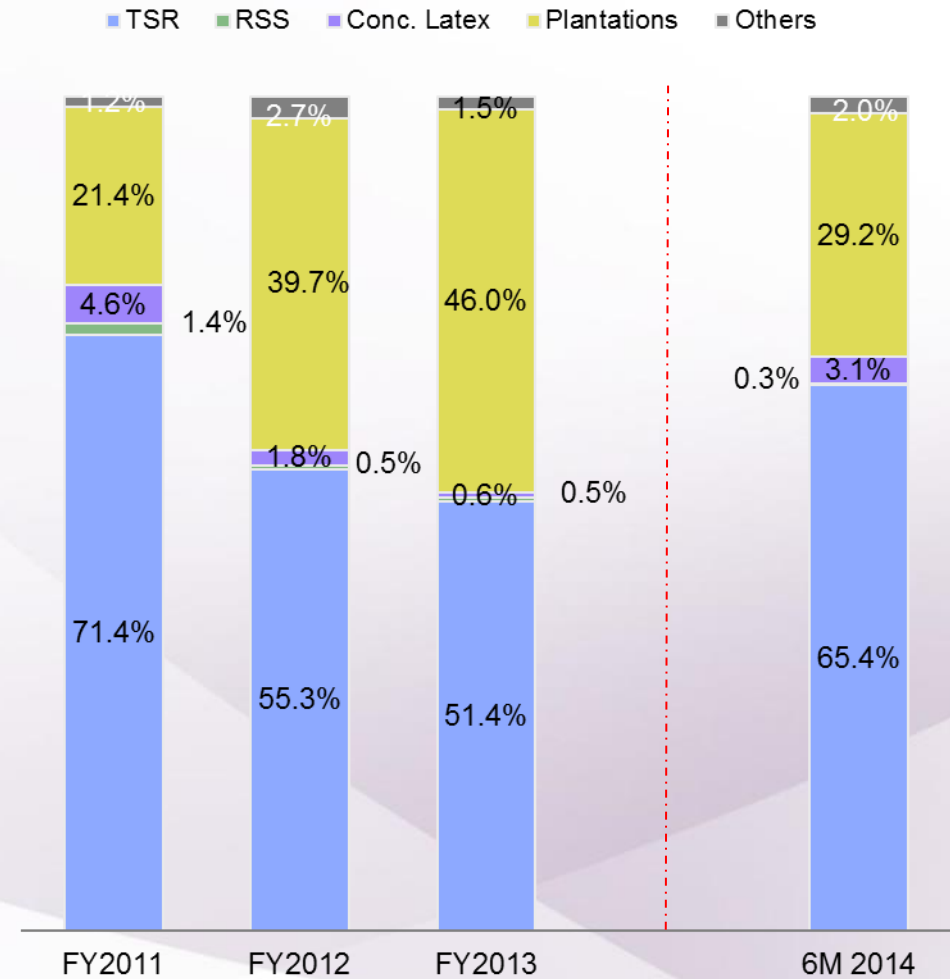
*Annualised basis

Capital expenditure

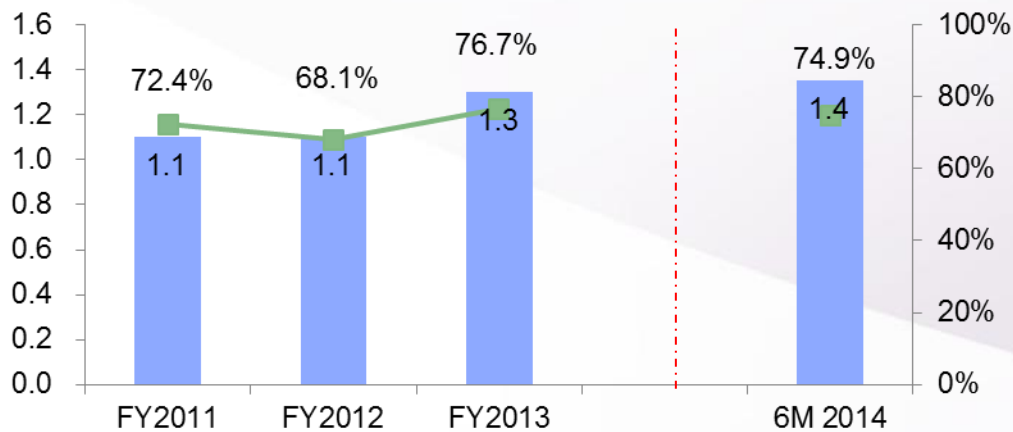
Total capital expenditure (Baht mm)



Capital expenditure by products (%)

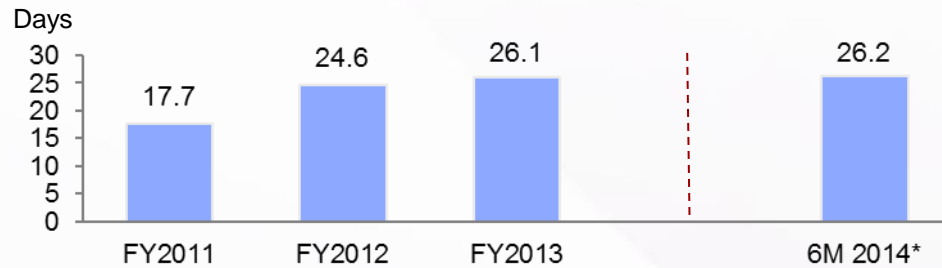


Total estimated effective production capacity (million tons) and %utilisation rate

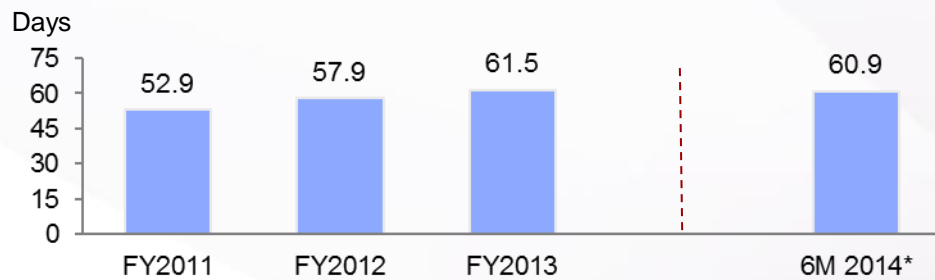


Working capital overview

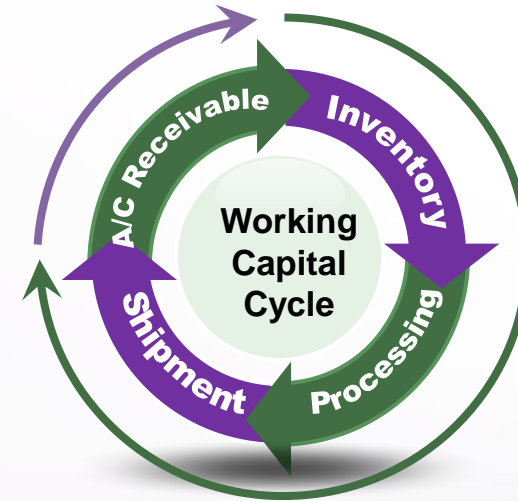
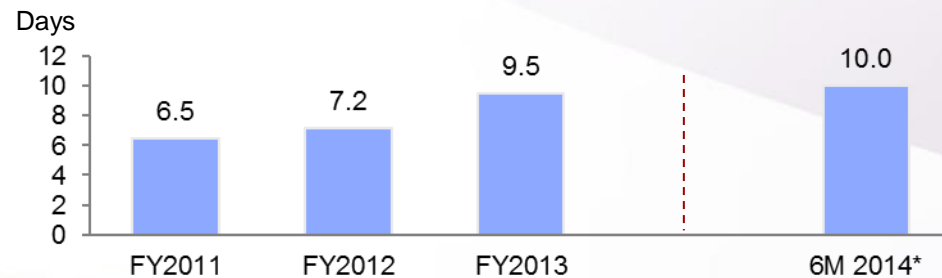
Trade receivables days



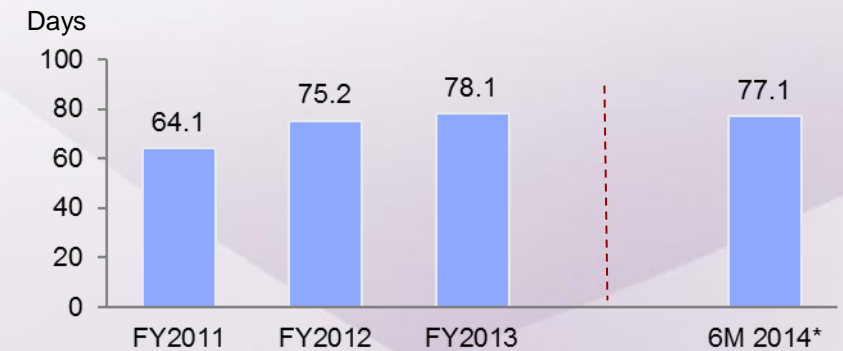
Inventory turnover days



Trade payables days



Cash turnover cycle (days)¹

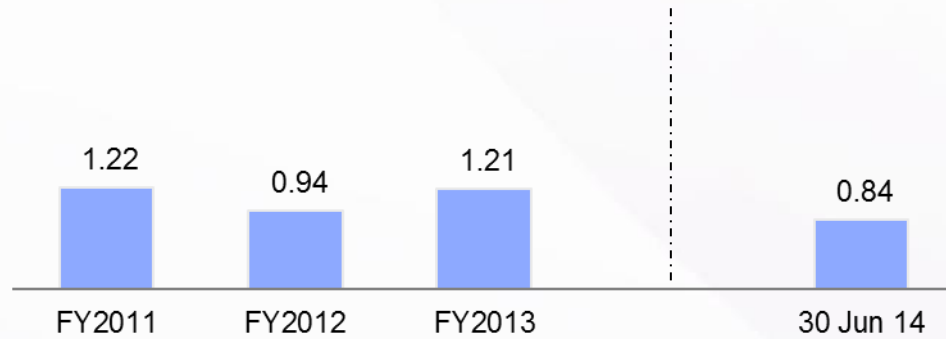


¹ Cash turnover days = Trade receivable days + inventory turnover days – trade payables days

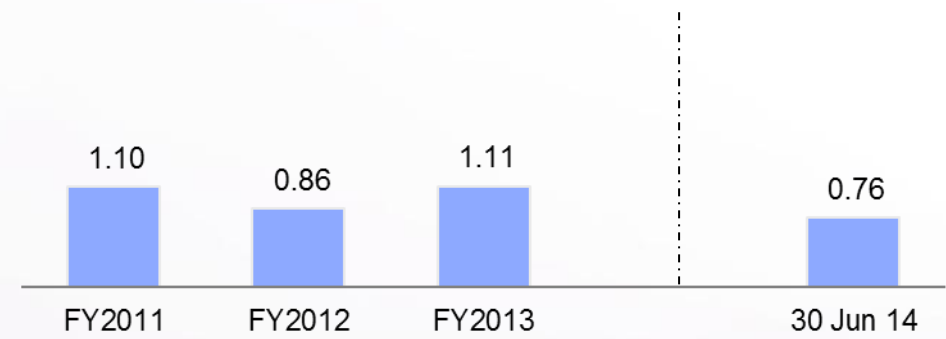
*Annualised basis

Robust leverage and coverage ratios

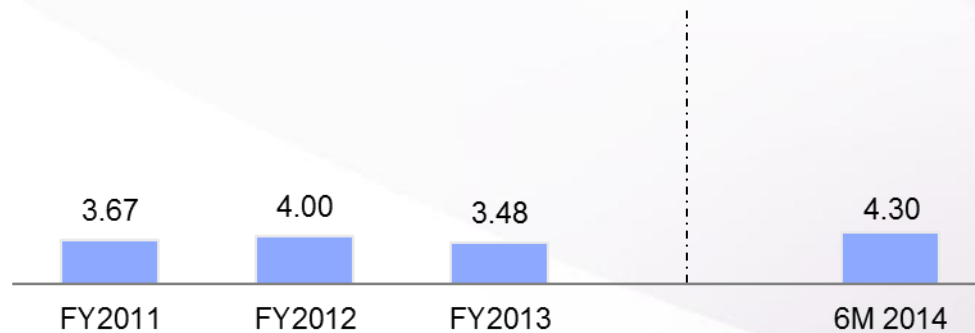
Debt / equity



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 Updates



Rubber Plantation	Procurement	Processing	Sales & Distribution	Finished Products
<ul style="list-style-type: none"> • Own 37,135 rai (5,942 hectares) for rubber plantation • More than 60% have been planted and will be mature for tapping from 2016 onwards 	<ul style="list-style-type: none"> • 73 raw materials procurement centers, 50 in Thailand and 23 in Indonesia • Increase by 9 centers from year ended 2013 	<ul style="list-style-type: none"> • 1,354,000 tons capacity per annum • 24 processing facilities in Thailand and Indonesia • Additional capacity from year ended 2013 came from new TSR plants in Phitsanulok 	<ul style="list-style-type: none"> • Our newly established sales & distribution platform in Vietnam has already commenced its operation in March 2014 	<ul style="list-style-type: none"> • Siam Sempermed Corp., Ltd., an examination glove manufacturer, has changed the status from associate to joint venture in June 2014

Target & Capex

Growth Strategy

2014 Target

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

2014 Achieve 50,000 rai (8,000 hectares) of rubber plantation in Thailand

2015 Achieve production capacity of more than 1.5 million tons per year

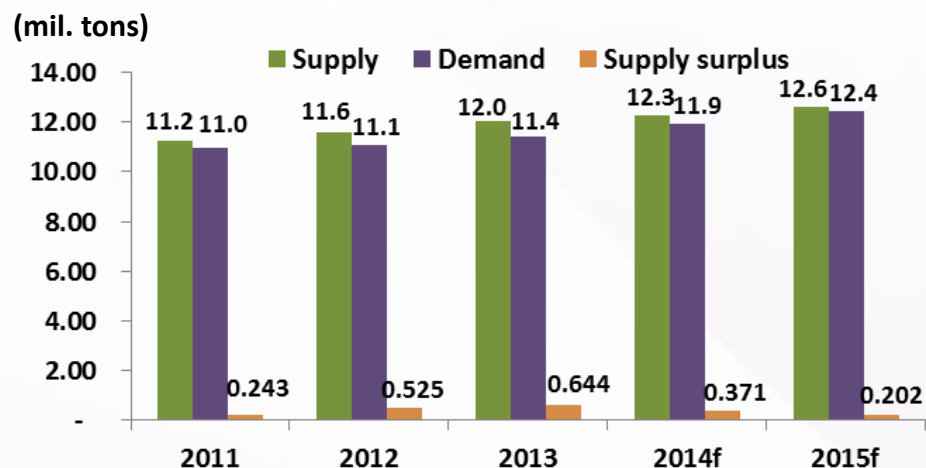
CAPEX Plan

CAPEX (Unit: THB mn.)	2014f	2015f	2016f
Capacity Expansion	1,850	1,100	500
Plantation	1,100	550	300
Maintenance	650	500	350
Total CAPEX	3,600	2,150	1,150



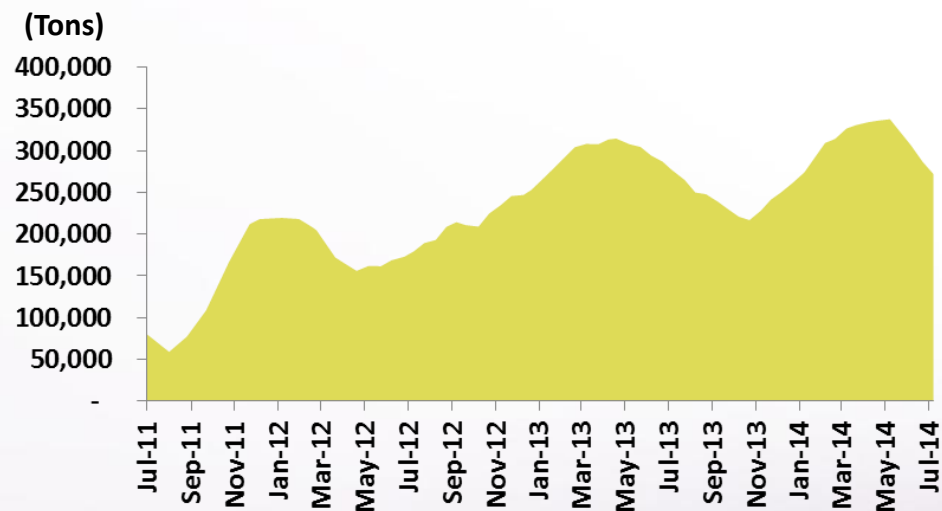
Industry Updates

NR demand and supply balance



Source : IRSG

NR stock at Qingdao, China (tons)



Prolonged supply surplus dampens NR prices

- NR supply surplus caused by an increase in the mature tapping area resulting from newly planted areas in the mid-2000s.
- No significant reduction in supply at current low NR prices as rubber farmers still need to make their living on regular tapping of rubber.

Potential effects of new policies to NR industry

- A recent decline of NR stock at Qingdao warehouse from a new policy to limit NR at Qingdao warehouse to be transferred only in China and a control of commodity financing business by bank could signal a brighter prospect of NR market.
- The likelihood of the US to reimpose import duty of certain passenger vehicle and light truck tires from China would probably negatively affect tire industry in China.

Q&A



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