

Financial Result Overview

In 3Q20, we had THB 16,496.0 million in combined revenue from our NR and glove operations, up 7.2% YoY and 8.1% QoQ. The growth in revenue came on the strength of our glove business, where revenue was higher because of an increase in average selling price and sales volume. Sales volume for gloves rose 40.8% YoY but dropped 4.5% QoQ because of shipment logjams in ocean freight to the US, even though our production facilities were operating at full capacity. Revenue from our NR operations was down because of low NR prices on the global markets from late April until late July, when orders were placed for 3Q20 shipment (2-3 months in advance). NR prices, however, were moving higher from August until the end of 3Q20, which means we had to record higher raw material costs. Because of this, we decided to implement our selective selling strategy to prioritize profit margin over sales volume. As a result, our sales volume for NR products in 3Q20 was 214,873 tons, down 21.1% YoY and 10.2% QoQ.

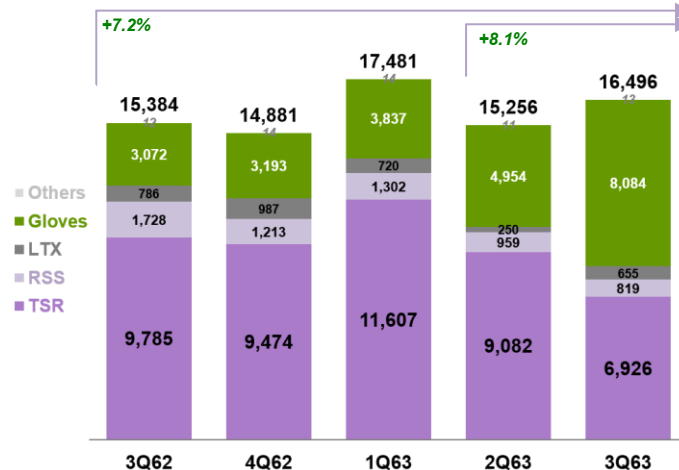
Our glove business continued to deliver record performance while our NR operations performed satisfactory in the face of market volatility. Gross profit substantially increased from 6.3% in 3Q19 and 16.2% in 2Q20 to 34.1%. Finance costs were lower as a result of prepayment and lower interest rate that reflected our strong financial position. **We recorded an all-time-high net profit of THB 2,084.4 million, growing 1,442.9% YoY and 90.6% QoQ, with a net profit margin of 12.6%.**

	3Q20	3Q19 (Restated)	2Q20	FY19 (Restated)
Gross Profit margin	34.1%	6.3%	16.2%	8.1%
Adjusted gross profit margin**	32.6%	9.1%	15.9%	7.7%
EBITDA margin	32.2%	6.5%	14.7%	5.4%
Net profit margin	12.6%	0.9%	7.2%	-0.2%
Current ratio (times)	1.77	1.04	1.62	1.00
Net D/E ratio (times)	0.19	1.07	0.22	1.20
Fixed asset turnover (times)*	2.20	2.08	2.20	2.06
Inventory Turnover (days)*	85.66	70.41	72.81	84.25
Collection Period (days)*	27.53	30.95	24.66	29.51
Payment Period (days)*	8.42	7.74	6.65	7.75

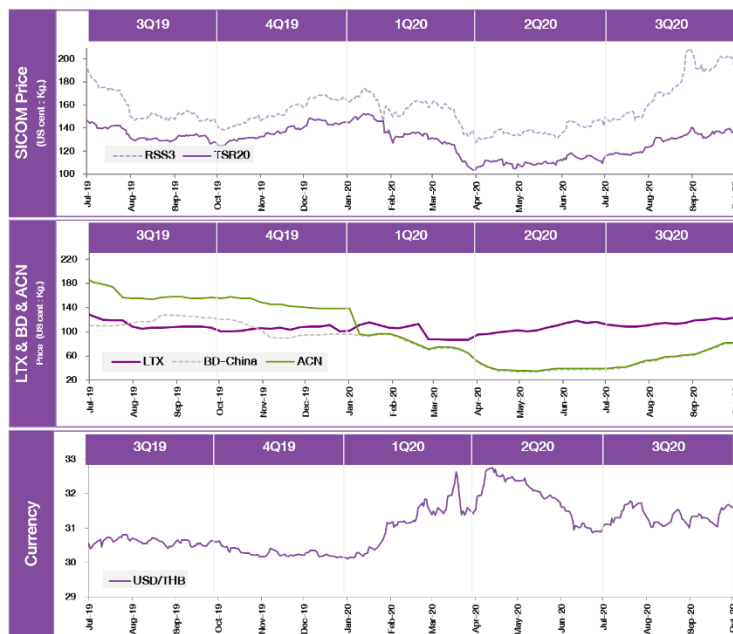
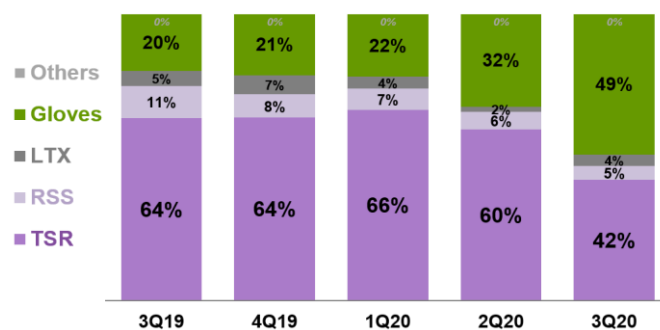
Note: *Annualised

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

Revenues by Product (THB million)



Revenues Breakdown by Product (3Q20)



ABBREVIATIONS
 RSS: Ribbed smoked sheet TSR: Technically specified rubber, which includes STR and SIR
 LTX: Concentrated Latex BD: Butadiene ACN: Acrylonitrile

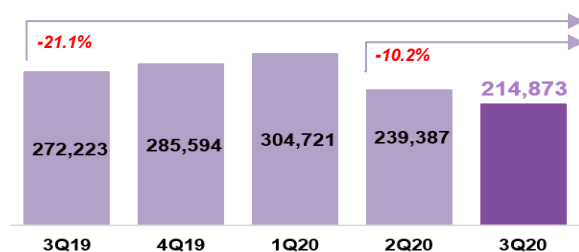


Statements of Comprehensive Income

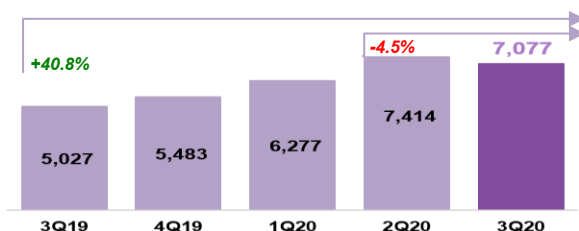
(Unit : THB million)	3Q20	3Q19	%YoY	2Q20	%QoQ
Revenue from sales of goods and services	16,496.0	15,383.7	7.2%	15,256.1	8.1%
Cost of sales and services	(10,878.7)	(14,414.0)	-24.5%	(12,785.6)	-14.9%
Gross profit (loss)	5,617.4	969.7	479.3%	2,470.4	127.4%
SG&A	(1,007.4)	(1,081.0)	-6.8%	(1,179.7)	-14.6%
Other income and dividend income	174.7	48.3	261.9%	41.2	323.8%
Gain on exchange rates	214.8	148.1	45.0%	(31.2)	N/A
Other gain (loss)	(446.3)	267.2	N/A	225.2	N/A
Operating profit (loss)	4,553.2	352.3	1192.5%	1,526.0	198.4%
Share of profit (loss) from investments in JV	24.6	22.0	11.8%	22.4	9.6%
EBITDA	5,305.8	997.7	431.8%	2,244.9	136.3%
EBIT	4,577.8	374.3	1123.1%	1,548.4	195.7%
Finance costs, net	(146.2)	(204.1)	-28.4%	(173.6)	-15.8%
Income tax (expense)	(372.6)	(16.9)	2109.8%	(85.2)	337.2%
Net Profit (loss) for the periods	4,069.8	153.3	2555.1%	1,295.8	214.1%
Attributed to owners of the parent	2,084.4	135.1	1442.9%	1,093.7	90.6%
Attributed to non-controlling interests	1,985.3	18.2	10818.7%	202.1	882.4%

Revenue from products and services in 3Q20 was THB 16,496.0 million, growing 7.2% YoY and 8.1% QoQ. The growth in revenue is attributed to our glove business, where revenue rose 163.1% YoY and 63.2% QoQ to THB 8,083.9 million. The YoY growth came on the back of an increase in both ASP and sales volume following the capacity expansion, while the QoQ growth is attributed to a substantial increase in ASP that reflected a surge in global demand. Revenue from NR products dropped 31.7% YoY and 18.4% QoQ to THB 8,399.4 million, because of a decline in both sales volume and ASP following the negative market sentiment. Revenue from other products and services came in at THB 12.7 million.

NR Sales Volume (Tons)



Glove Sales Volume (Tons)



Sales volume for NR products in 3Q20 was 214,873 tons, dropping 21.1% YoY and 10.2% QoQ. The decline can be attributed to the swift increase in raw material prices across all products, which obliged us to implement selective selling strategy that prioritize profit margin over sales volume. Geographically, China remained our largest market, accounting for 52.1% of total sales volume, followed by other countries in Asia at 25.9% of total sales volume. Thailand made up 17.9% of total sales volume, while Europe and the Americas accounted for 3.2% and 0.9% of total sales volume, respectively.

Sales volume for gloves in 3Q20 was 7,077 billion pieces, growing 40.8% YoY but declining 4.5% QoQ. The slight QoQ drop in sales volume resulted from shipping container logjams in ocean freight to the USA, meaning we were unable to ship out some orders. Our production facilities were still operating at full capacity with the utilization rate of 95% to keep up with the surging global demand. Our product mix in 3Q20 was 70% latex gloves and 30% nitrile gloves. Geographically, Asia represented our largest market at 36% of total sales volume. Sales volume to the USA and Europe rose from 2Q20 as a result of differences in demand and pricing in different regions.



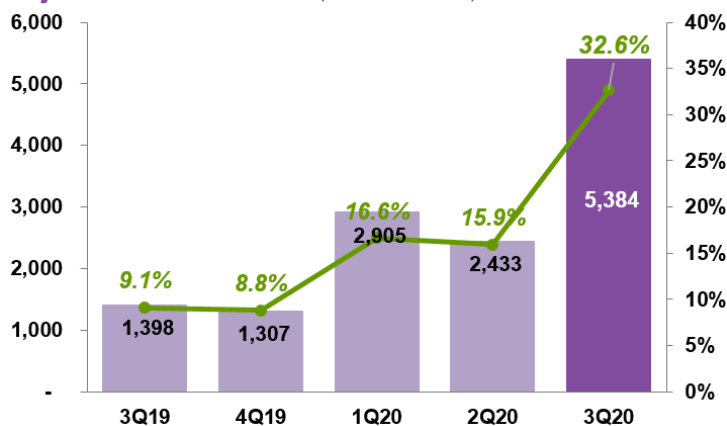
Revenue by Product (THB million)

	3Q20	3Q19	% YoY	2Q20	% QoQ
TSR	6,925.8	9,785.2	-29.2%	9,082.2	-23.7%
%	42.0%	63.6%		59.5%	
Gloves	8,083.9	3,072.1	163.1%	4,953.5	63.2%
%	49.0%	20.0%		32.5%	
RSS	819.1	1,728.3	-52.6%	958.7	-14.6%
%	5.0%	11.2%		6.3%	
LTX	654.5	785.8	-16.7%	250.1	161.7%
%	4.0%	5.1%		1.6%	
Other*	12.7	12.4	2.8%	11.5	11.0%
%	0.1%	0.1%		0.1%	
Total	16,496.0	15,383.7	7.2%	15,256.1	8.1%

Note*: Comprised 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.

Gross profit in 3Q20 was THB 5,617.4 million, increasing 479.3% YoY and 127.4% QoQ. The substantial improvement in gross profit can be attributed to the significant growth of our glove business following a surge in global demand, which led to higher ASP, offsetting the increase in prices of raw materials, both LTX and NBR. As a result, gross profit margin of our glove business reached a record 61.7%. Meanwhile, our NR operations could still maintain a gross profit margin of 7.4% despite a slight decrease in gross profit because of lower ASP and higher raw material costs. Our combined gross profit margin was a record 34.1%, a substantial improvement over 16.2% in 2Q20 and 6.3% in 3Q19. Taking into account of an allowance for reduction of inventory to net realizable value (NRV) of THB 241.9 million and realized gains from hedging transactions of THB 8.8 million, our adjusted gross profit margin in 3Q20 would be 32.6%, up from 15.9% in 2Q20 and 9.1% in 3Q19.

Adjusted GP and GPM* (Unit : THB million)



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

Operating profit in 3Q20 was THB 4,553.2 million, a significant improvement over THB 352.3 million in 3Q19 and THB 1,526.0 million in 2Q20. Operating profit margin was 27.6%. The higher operating profit was driven by the significant growth of our glove business, while our NR operations delivered a satisfactory performance in the face of market volatility. We also recorded currency exchange gains in the normal

course of our business of THB 214.8 million, which partly offset losses from hedging activities related to currency exchange and rubber futures of THB 446.3 million. However, such losses are mainly unrealized losses from currency exchange transactions, which fluctuate with movements of THB against USD. SG&A was THB 1,007.4 million, dropping 6.8% YoY and 14.6% QoQ. The decrease mainly resulted from lower selling expenses in our NR operations, from lower CESS expenses, a result of lower export volume, and freight and transportation costs that went down alongside oil prices on the global markets, as well as lower administrative expenses. In addition, we had THB 174.7 million in other incomes, THB 78.6 million of which were reimbursements to STGT as part of the interest rate subsidy program of the Rubber Authority of Thailand (RAOT) to support the capacity expansion. At the end of 3Q20, we had THB 633.9 million in gains from the net realizable value of our inventory*. Note: *Inventory of TSR, RSS and LTX is stated at lower of cost or net realizable value. Under the Thai Financial Reporting Standards, inventory gains or losses cannot be recognized until the time of actual sale. The value of inventory varies over time, until it is stated at the actual selling price at the time of sale.

Share of profits from associates and joint ventures in 3Q20 came in at THB 24.6 million, up 11.8% YoY and 9.6% QoQ. The increase was driven by our hydraulic hose joint venture.

Net profit in 3Q20 was THB 2,084.4 million, a significant improvement over THB 135.1 million in 3Q19 and THB 1,093.7 million in 2Q20, or up 1,442.9% YoY and 90.6% QoQ. The improvement in net profit was driven by the record quarterly profit of our glove business and the sufficiently satisfactory performance of our NR operations in the face of market volatility. **We also had THB 633.9 million in gains from the net realizable value of inventory that could not be stated in the financial statements. If we were able to record the amount, we would have recorded a net profit of THB 2,718.3 million.** Finance costs also went down 28.4% YoY and 15.8% QoQ to THB 146.2 million following loan prepayment and a lowering interest rate by financial institutions.

In sum, our glove business was instrumental in driving the record revenue and profit of Sri Trang Group. As the world's third largest glove producer, we are committed to capacity expansion to serve the global demand for gloves that continues to grow as the global population adjusts to the "new normal." Our NR operations were able to increase the market share amid industry volatility and economic uncertainties. Our strong financial position will serve to provide assurance to our customers and stakeholders.



Business Segmentation Analysis



Technically Specified Rubber (TSR)

Revenue from TSR accounted for 42.0% of total revenue and fell 29.2% YoY and 23.7% QoQ.

The YoY and QoQ fall in revenue resulted from the ASP that dropped 13.7% YoY and 9.4% QoQ in tandem with low NR prices on the global markets from late April until late July (Orders are normally placed at prices agreed upon 2-3 months in advance of shipment). By contrast, NR prices were moving much higher from August until the end of 3Q20 and we had to record higher raw material costs. As a result, we decided to implement our selective selling strategy, which led our sales volume to go down by 18.0% YoY and 15.8% QoQ.

As a result, gross profit margin for TSR was down slightly compared with 2Q20 but was still considerably higher than in 3Q19.



Gloves

Revenue from gloves accounted for 49.0% of total revenue and rose 163.1% YoY and 63.2% QoQ.

The YoY growth in revenue came on the back of a 40.8% increase in sales volume and a 86.9% increase in ASP. While sales volume slightly dropped by 4.5% QoQ because of delays in ocean freight even though our production facilities were running at full capacity. Our ASP in 3Q21 represented an increase of 71.0% QoQ because of a surge in global demand. The increase offset the QoQ and YoY increase in prices of raw materials, both LTX and NBR.

Gross profit margin for gloves again reached a record high in 3Q20.

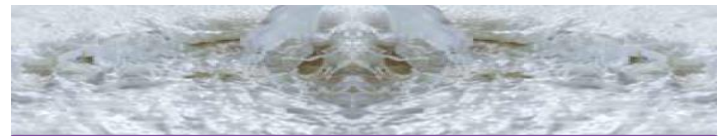


Ribbed Smoked Sheet (RSS)

Revenue from RSS accounted for 5.0% of total revenue and dropped 52.6% YoY and 14.6% QoQ.

The YoY and QoQ decline in revenue resulted from the ASP that dropped 11.3% YoY and 0.8% QoQ. Raw material costs, by contrast, went up sharply as many rubber farmers switched to LTX production during 2Q20, curtailing RSS supply when tire manufacturers started to resume operations in 3Q20. As a result, we had to implement our selective selling strategy, which led sales volume to fall 46.6% YoY and 13.9% QoQ.

As a result, gross profit margin for RSS dropped from 3Q19 but remained stable from 2Q20.



Concentrated Latex (LTX)

Revenue from LTX accounted for 4.0% of total revenue and fell 16.7% YoY but rose 161.7% QoQ.

The YoY drop in revenue resulted from the ASP that dropped 2.4% and sales volume that dropped 14.6% as LTX consumption within the Group grew in tandem with our glove business but such sales are deemed connected transactions and cannot be stated in the financial statements. The QoQ growth in revenue resulted from sales volume that went up 143.3% and the ASP that went up 7.5% QoQ because of an increase in demand.

Gross profit margin for LTX improved substantially from 3Q19 and 2Q20.



Natural Rubber Industry Outlook

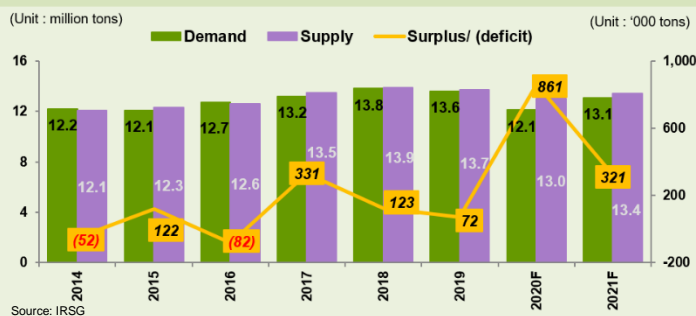
In 3Q20 NR demand started to pick up as tire manufacturers started to resume operations after having had to suspend them between 4-10 weeks during the COVID lockdown. Some countries even saw their NR consumption go back to pre-COVID levels. As a result, NR prices were moving progressively higher throughout 3Q20. The price of TSR20 was at 112.4 cent/kg at the start of 3Q20 and was at 135.7 cent/kg by the end of 3Q20. The average price of TSR20 in 3Q20 was 128.1 cent/kg, up 15.6% QoQ but down 4.9% YoY.

On the supply side, increased LTX consumption from glove producers following the outbreak of COVID-19 led to a substantial growth in demand and caused prices of field latex, the raw material, to go up. During 2Q20, many rubber farmers switched to LTX production, curtailing RSS supply. When tire manufacturers started to resume operations, RSS was in short supply and prices of RSS3 were moving much higher compared with prices of other NR products. This is to say, the average price of RSS3 on SICOM was higher than the average price of TSR20 by 24.9 cent/kg during the first half of the year. However, in 3Q20 the average price of RSS3 was higher than the average price of TRS20 by 46.1 cent/kg.

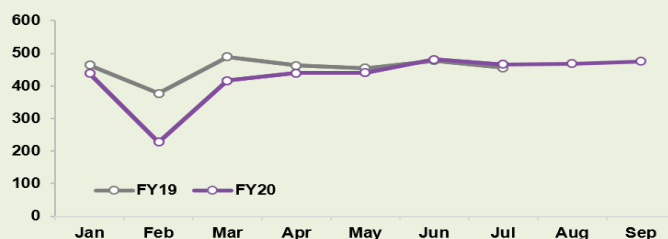
In 4Q20, NR prices are expected to continue their upward trajectory, driven by a pickup in demand for TSR and RSS from tire manufacturers and the continued strong demand for LTX from glove producers. The flooding in Vietnam, the world's third largest NR producer, and the start of the wintering season in Indonesia, the world's second largest NR producer, could curtail supply. But the impact may not be severe as Thailand will be entering peak production period, which lasts from November until February of every year. The NR stock of the Shanghai Futures Exchange (SHFE) at the end of September 2020 was at 247,000 tons, slightly higher than 240,000 tons at the end of June. What remains to be seen are weather conditions in Thailand, which could affect NR supply and harvest.

Note: *International Rubber Study Group (IRSG), Monthly Rubber Bulletin, June 2020

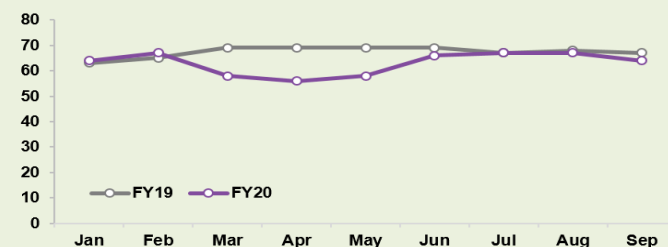
Demand and Supply of NR (After COVID-19)



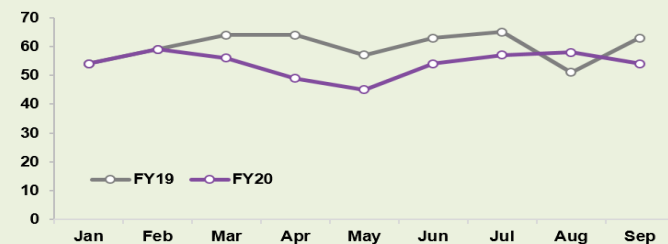
NR Consumption in China ('000 tons)



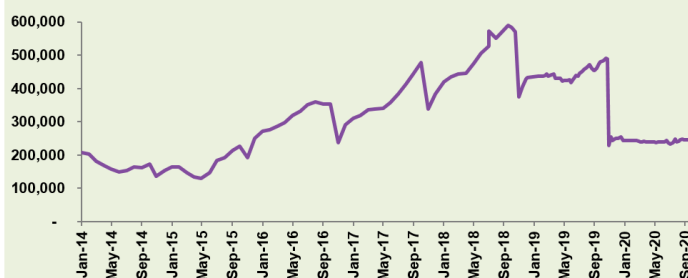
NR Consumption in Thailand ('000 tons)



NR Consumption in Japan ('000 tons)



NR and CR Stocks at SHFE, China (tons)



Progress of Our Business Growth Plan throughout the Supply Chain

Upstream Business – approximately 7,200 hectares of rubber plantations

As of 30 September 2020, we had approximately 7,200 hectares of rubber plantations in 19 provinces of Thailand, with the majority located in the north and northeast. Some of the rubber trees on our plantations have been providing yields since 2015, facilitating the raw material sourcing in our core midstream operations. We estimate that in 2020, the rubber trees that can be tapped will make up around 25% of total rubber trees, up from 11% in 2019.

We have received Forest Management Certification and Chain-of-Custody Certification from the Forest Stewardship Council (FSC), making us **the world's first fully integrated NR producer to be recognized by the FSC throughout the supply chain.**

Midstream Business – maintaining profitability and moving toward “STA 20”

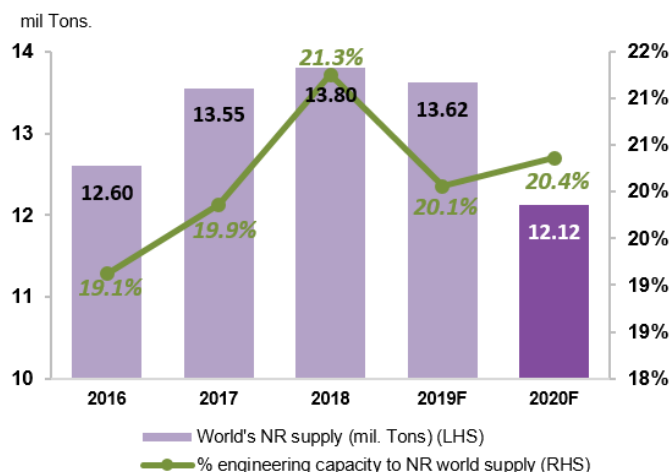
As of 30 September 2020, we had 2.86 million tons per annum in installed production capacity from 36 production facilities (32 Thailand, 3 in Indonesia, and 1 in Myanmar). We have introduced more automation to our production process in order to improve efficiency, reduce energy consumption and become more environmentally friendly. We have launched the application “SRITRANG FRIENDS” to facilitate raw material procurement. In the long run, we are focused on maintaining relationships with our existing customers as well as increasing market share amid industry volatility. We intend to eventually achieve “STA 20,” or to capture a market share of 20% of “global NR consumption.” (In 2019, our market share was 8% of global NR consumption.)

Downstream Business – reaching an annual installed production capacity of 50 billion pieces by 2022 and 80 billion pieces by 2024

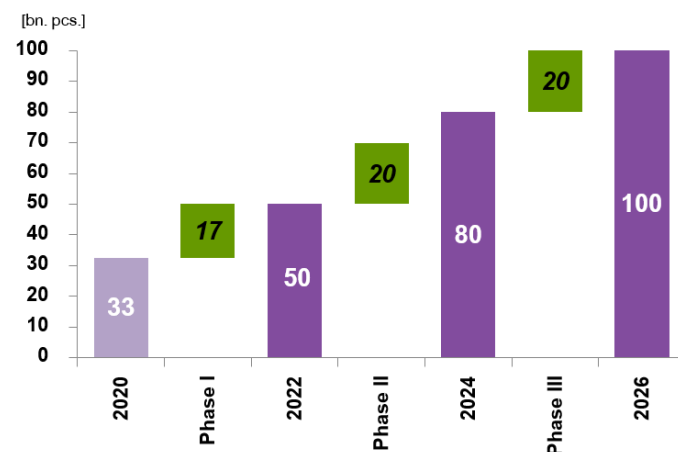
Sri Trang Gloves (Thailand) Public Company Limited (“STGT”), one of Sri Trang Group's flagship companies, engages in the production and distribution of latex and nitrile examination and industrial gloves to customers in over 140 countries around the world. STGT has offices in Thailand, China and USA. With an annual installed production capacity of 33 billion pieces as of 30 June 2020, STGT is Thailand's biggest glove producer and is ranked among the world's leading producers. In 2019, STGT had a market share of 7% of global glove consumption.

STGT completed an initial public offering (IPO) and its shares started trading on the Stock Exchange of Thailand on 2 July 2020. STGT received Baht 14.6 billion in IPO proceeds (net of expenses), which will be used toward the planned capacity expansion to serve the global demand for gloves. STGT intends to achieve an annual production capacity of 50 billion pieces by 2022, and 80 billion pieces by 2024, with new capacity first coming from the new Surat Thani plants (SR)– SR2 in 1Q21 and SR3 in 2Q21. The remainder of the IPO proceeds will be used for the SAP installation to improve efficiency and loan repayment as well as working capital. After the IPO from 3Q20 onwards, STA still remains a major shareholder of STGT with 56.1% in direct and indirect shareholding.

Proportion of STA Capacity to NR Global Supply



Glove Capacity Expansion Plan of STGT



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