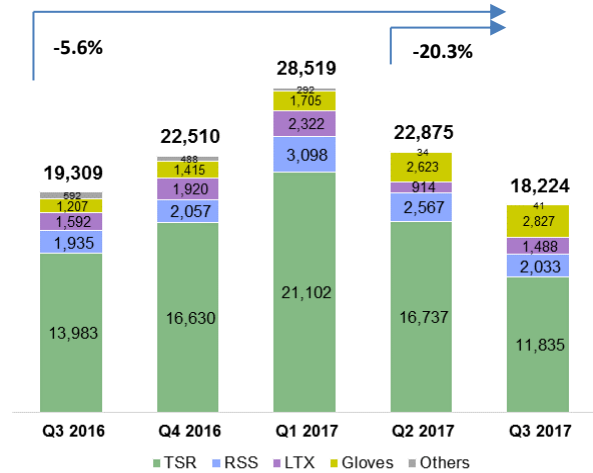


STA : The World's Largest Green Rubber Company

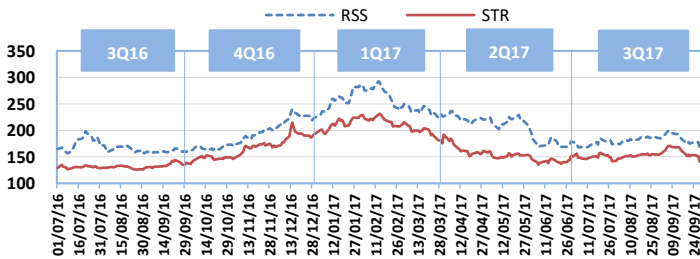
Financial result overview

In Q3 2017, the Natural Rubber (NR) market continued its downward trend since mid Q1 2017. In September 2017, STR price hit a quarter peak at 170.7 cent/kg before plummeting to the bottom at 141.1 cent/kg, 21% change in a month. The downward movement in NR price, despite the sale volume remained relatively stable, resulted to the decrease in revenues by 20.3% QoQ. Thanks to our better operating profit attributed by the reduction of SG&A and gains from hedging activities, we had net profit of Baht 166.7 million in Q3 2017.

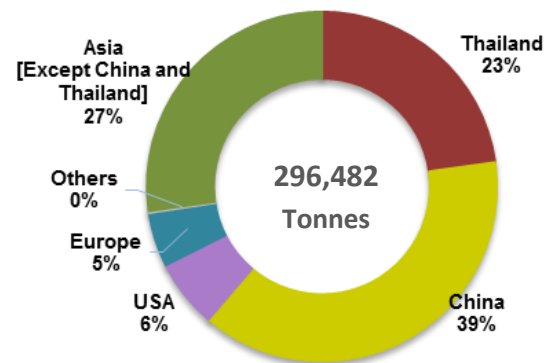
Revenues by product (THB million)



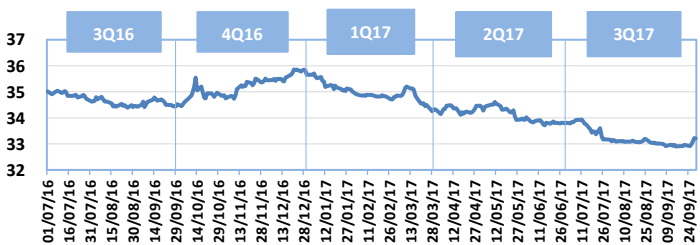
TSR20 and RSS3 Price movement (US cent : Kg.)



Sales volume by country (Q3 2017)



Exchange rate of Thai Baht against US dollar



Key financial ratios

Key Financial Ratios	Q3 2017	Q3 2016	Q2 2017
Gross profit margin	7.2%	5.4%	-3.5%
Adjusted gross profit margin**	-3.0%	6.6%	5.4%
EBITDA margin	6.7%	2.1%	-7.1%
Net profit margin	0.9%	-0.5%	-9.1%
Current ratio (times)	0.92	1.21	0.91
Net D/E ratio (times)	1.94	1.12	2.11
Fixed asset turnover (times)*	4.40	4.36	5.25
Inventory Turnover (days)*	81.63	73.74	71.06
Collection Period (days)*	27.51	24.32	25.56
Payment Period (days)*	5.93	7.55	4.98

Note:

* Annualised

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

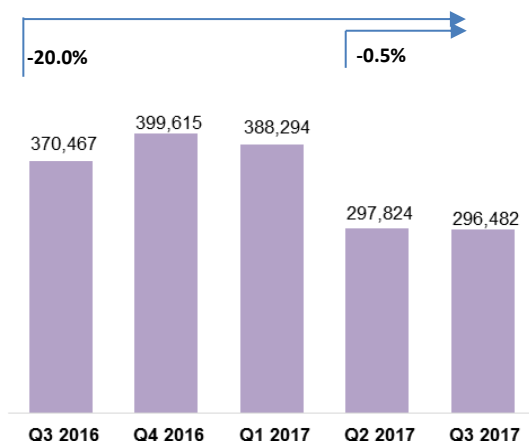
Statements of comprehensive income

(Unit : THB million)	Q3 2017	Q3 2016	% YoY	Q2 2017	%QoQ
Revenue from sale of goods and services	18,224.1	19,309.0	-5.6%	22,875.3	-20.3%
Cost of sales and services	(16,910.3)	(18,272.0)	-7.5%	(23,686.0)	-28.6%
Gross profit (loss)	1,313.8	1,037.0	26.7%	(810.7)	N/A
SG&A	(1,123.8)	(1,234.0)	-8.9%	(1,319.6)	-14.8%
Other income	44.5	49.3	-9.7%	28.0	59.0%
Gains (loss) on exchange rate, net	93.4	95.8	-2.5%	42.8	118.1%
Other gains, net	301.0	43.9	585.2%	33.9	788.7%
Operating profit (loss)	628.9	(8.0)	N/A	(2,025.6)	N/A
Share of profit (loss) from investments in associates and joint ventures	82.6	112.0	-26.2%	(57.3)	N/A
EBITDA	1,220.1	402.2	203.4%	(1,626.7)	N/A
EBIT	711.5	104.0	584.1%	(2,082.9)	N/A
Finance costs (net)	(328.5)	(141.6)	132.0%	(310.3)	5.9%
Income tax (expense)	(211.4)	(52.3)	303.8%	307.0	N/A
Net Profit (loss) for the periods	171.6	(89.9)	N/A	(2,086.2)	N/A
Attributed to Owners of the parent	166.7	(90.8)	N/A	(2,080.1)	N/A
Attributed to non-controlling interests	5.0	0.9	466.1%	(6.1)	N/A

Total revenue from all products for Q3 2017 was Baht 18,224.1 million, decrease of 5.6% YoY and 20.3% QoQ. The YoY decrease was mainly impacted by a 20.0% decline in sales volume of NR, despite offering by 9.6% increase in ASP. The QoQ decrease mainly came from 23.7% decline in ASP of NR while sale volume relatively remained unchanged. Revenue contributed from gloves segment represented for 15.5% of total revenue, increase 7.8% QoQ and 134.3% YoY.

Sales volume of NR was 296,482 tonnes, decrease 20.0% YoY and 0.5% QoQ. The decrease in total sales volume partly came from the appreciation of Thai Baht relative to other currencies of NR producing countries. The decrease in sales volume was mainly resulted from a decline in sales to China and Singapore due to the negative sentiments of NR price movement rather than demand-supply fundamentals. This, nevertheless, has been compensated by a substantial increase in domestic sales which accounted for 22.8% of our sale volume. China still remained our largest market destination at 38.4%, whereby other Asian markets accounted for 27.2% followed by USA and Europe markets at 6.3% and 5.0% respectively.

Sales volume (Tonnes)



Revenues by product (THB million)

	Q3 2017	Q3 2016	% YoY	Q2 2017	% QoQ
TSR	11,835.0	13,983.0	-15.4%	16,737.0	-29.3%
%	64.9%	72.4%		73.2%	
RSS	2,032.6	1,935.1	5.0%	2,567.0	-20.8%
%	11.2%	10.0%		11.2%	
LTX	1,488.3	1,592.5	-6.5%	914.0	62.8%
%	8.2%	8.2%		4.0%	
Gloves	2,827.1	1,206.6	134.3%	2,623.3	7.8%
%	15.5%	6.2%		11.5%	
Other*	41.1	591.8	-93.0%	34.0	21.0%
%	0.2%	3.1%		0.1%	
Total	18,224.1	19,309.0	-5.6%	22,875.3	-20.3%

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.

Gross profit in Q3 2017 was Baht 1,313.8 million, increase 26.7% YoY and 262.1% QoQ. Gross profit margin in Q3 2017 recorded at 7.2% improved from -3.5% in Q2 2017 and 5.4% in Q3 2016. Regardless of the reversal of inventory allowances of Baht 1,873.2 million and realised gains from hedging activities of Baht 8.9 million in Q3 2017, our adjusted gross profit margin declined to -3.0% from 6.6% in Q3 2016 and 5.4% in Q2 2017. Margin pressure during the quarter was due mainly to price volatility and an unusual gap between futures and physical markets.

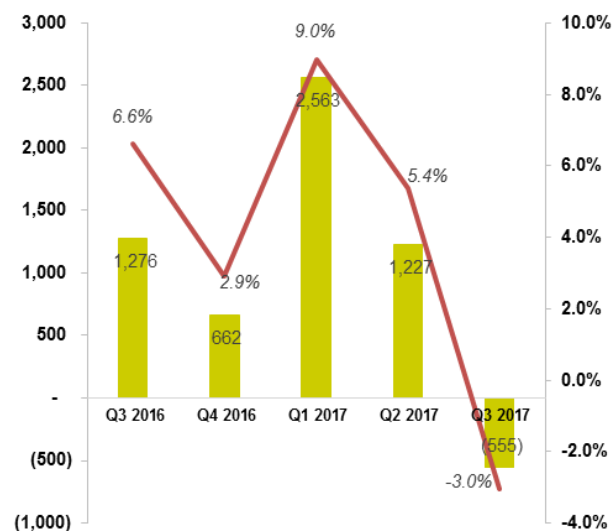
Operating profit for Q3 2017 was Baht 628.9 million representing for operating profit margin of 3.5%. The increase in operating profit QoQ and YoY primarily contributed by the increase in gains from hedging activities together with decrease in SG&A expenses in relation to lower NR price and productivity cost control.

Share of profit from investments in associates and joint ventures in Q3 2017 was Baht 82.6 million decreased from Baht 112.0 million in Q3 2016 due the changes in accounting recognition as a result of the demerger since 15 March 2017. However, the share of profit from investments in associates and joint ventures in Q3 2017 increased from Baht (57.3) million in Q2 2017 primarily came from result improvement of NR production and high-pressure hydraulic hoses joint ventures.

Net profit in Q3 2017 was recorded at Baht 166.7 million, compared with net loss of Baht (90.8) million in the same period of last year and net loss of Baht (2,080.1) million in the previous quarter. An increase in net profit both YoY and QoQ was mainly driven by higher operating profit, despite increasing in financial costs from loss on USD-denominated loans due to a depreciation of IDR against USD in Q3 2017 and higher income tax. As a result, our net profit margin stood at 0.9%, improving from net profit margin of -0.5% in Q3 2016 and net profit margin of -9.1% in Q2 2017.

Adjusted GP and GPM*

(Unit : THB million)



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 decreased by 15.4% YoY and 29.3% QoQ.

The YoY decrease primarily resulted from 23.6% decrease in sale volume despite a 10.8% increase in ASP. For the quarterly comparison, the revenue declined due to the decrease of sale volume as well as ASP by 9.5% and 21.9% respectively. In Q3 2017, the gross profit margin of TSR improved both YoY and QoQ.



Ribbed Smoked Sheet (RSS)

Revenue from the sale of RSS grew by 5.0% YoY but decreased by 20.8% QoQ.

The growth in YoY was attributed by the higher ASP of 10.6%, despite the sale volume contracted by 5.0%. Conversely, an increase in sale volume of 4.8% QoQ was offset by a decrease in ASP of 24.4% QoQ. The gross profit margin of RSS in Q3 2017 slightly lower than Q2 2017, but improved from Q3 2016.



Concentrated Latex (LTX)

Revenue from the sale of LTX decreased by 6.5% YoY but sharply expanded by 62.8% QoQ.

The YoY decrease of revenue mainly came from the decline in sale volume by 6.6% while the ASP remained stable. For the quarterly comparison, the significant increase of 62.8% sale was primarily attributed by sale volume surge by 112.1% after the end of wintering season in Q2 2017, despite offsetting by the decline in ASP by 23.2%. Overall, the gross profit margin of LTX in this quarter decline slightly compared to Q2 2017 and Q3 2016.



Gloves

Revenue from the sale of Gloves recorded at Baht 2,827.1 million, rose by 134.3% YoY and 7.8% QoQ.

The sale improvement was attributed to our diversified distribution channels especially in China, Asia and Europe markets together with the wider range of applications in non-medical industries.

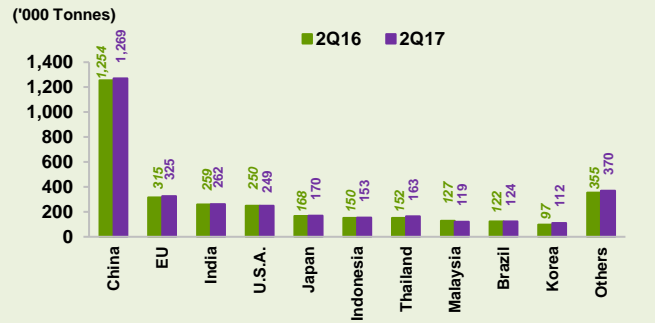
Industry Outlook

In Q3 2017, the Natural Rubber (NR) market remained in a downward trend and high volatility. SICOM STR price in August 2017 was around 150 cent/kg and gradually increased to quarterly peak at 170.7 cent/kg in the first week of September before plummet to the quarterly low at 141.1 cent/kg at the end of September, or approximately 21% change in a month. This volatility of rubber prices was not influenced by the demand-supply fundamental but the continuance of speculative trading in the future markets. During the first half of the quarter, the movement of NR price was consistent with other commodities but showed divergence, particularly against crude oil price since the second half of the quarter.

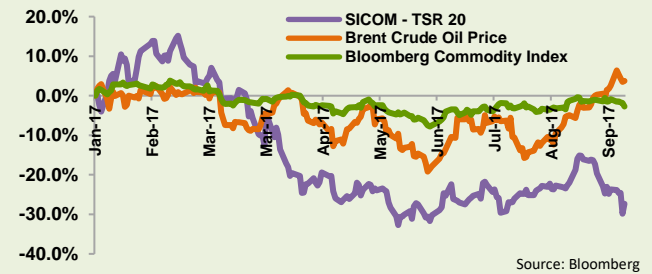
With regard to fundamentals, the demand for NR has been growing modestly in tandem with the economic growth of major rubber-consuming countries. This agrees with the latest report published by the IRSG, which states that the growth of NR demand in the Q2 2017 was at 2.1%, declining slightly from 3.3% in Q1 2017. The decline is attributed to abundant overbought rubber stock in comparison with the demand from tire manufacturers in Q1 2017, as well as a decrease in the sales of vehicles in the US, despite improved vehicle sales in China and other emerging countries.

Nevertheless, the upcoming peak production season in Thailand towards the end of the year is likely to result in increased NR supply during a period when purchasing activities from tire manufacturers will normally slowdown, due to the end of the fiscal year and the holidays season. Therefore, even though the Qingdao rubber stock in China has declined to 120,400 tonnes at the end of October 2017, a decrease of 7% compared with at the end of September 2017, the high season of supply and a slowdown in restocking in Q4 of tire makers may post a downward pressure on rubber price.

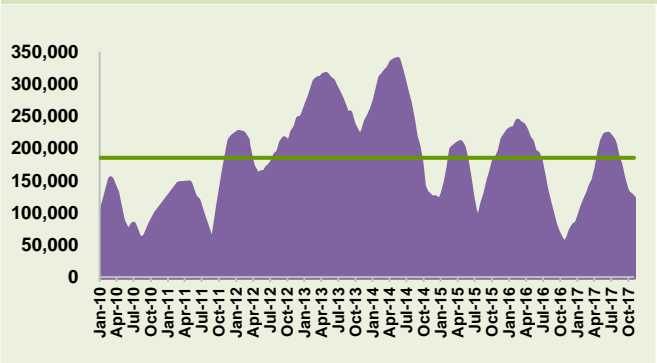
Natural Rubber Consumption



Price Performance of SICOM - TSR 20



Natural Rubber and Compound Rubber Stock at Qingdao, China (tonnes)





Progress of Business Growth Plan

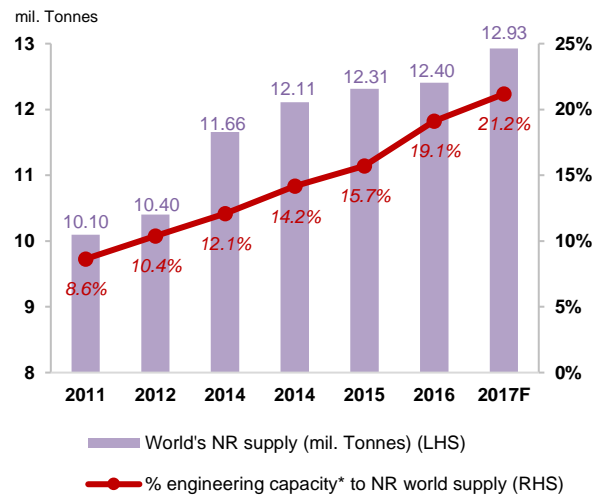
Upstream Operations – 8,000-odd hectares of land already secured for rubber plantations

As of 30 September 2017, Sri Trang Group has obtained approximately 50,000 rai (8,000 hectares) of land suitable for the cultivation of rubber trees in 19 provinces of Thailand. 89% of the lot has already been planted with rubber trees and some of which have been ready for tapping but we expect a commercial harvesting will take place in the next 2-3 years. The majority of our rubber plantations are located in the northern and northeastern regions of Thailand. This will be an advantage for our mid-stream business both for raw material procurement and NR production.

Midstream Operations – moving towards “Sritrang 20”

As of 30 September 2017, our engineering capacity was recorded at an industry high of 2.5 million tonnes per annum. Our plan to achieve the engineering capacity of 2.9 million tonnes in 2017 was retargeted to 2.7 million tonnes and some of the expansion capacity in LTX plants would be postponed to the next year. The new capacity will come from our 37th new factory in Sakonnakorn which is expected to commence its production by the end of the year. In addition, new capacity would also be contributed by expansion of the existing plants in Palembang (Indonesia) as well as other TSR factories in the Northeast of Thailand and LTX factories to support the expansion of downstream-gloves business. We still target to achieve “Sritrang 20” or have sale volume contribution to 20% of world demand (in 2016 we had sale volume represented 12% of world demand).

Proportion of Sri Trang Group Capacity to NR World Supply



Downstream Operations – Not only strengthen our financial performance but also competitiveness

Our progress in the gloves business is to expand the capacity of gloves from 14 billion to 16 billion pieces per annum which will be completed in Q2 2018. We, moreover, plan to strengthen our distribution in the U.S. and China, which are one of our international sales and distribution units. This is compatible with our long-term goal to be one of the top five world largest glove producers which will not only strengthen our financial performance but also increase competitive advantage as a fully integrated NR supply chain.

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