

STA

1Q19 Analyst Presentation



THE WORLD'S LEADING FULLY INTEGRATED GREEN RUBBER COMPANY



The Stock Exchange of Thailand

SET100 Index



The Stock Exchange of Thailand

SETTHSI Index

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

CONTENTS



1. Financial Performance



2. STA Business Highlights



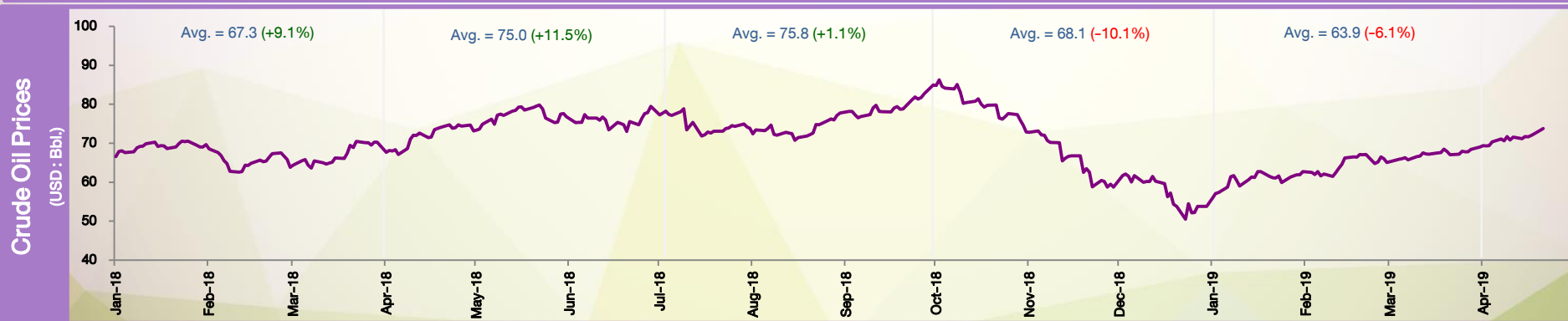
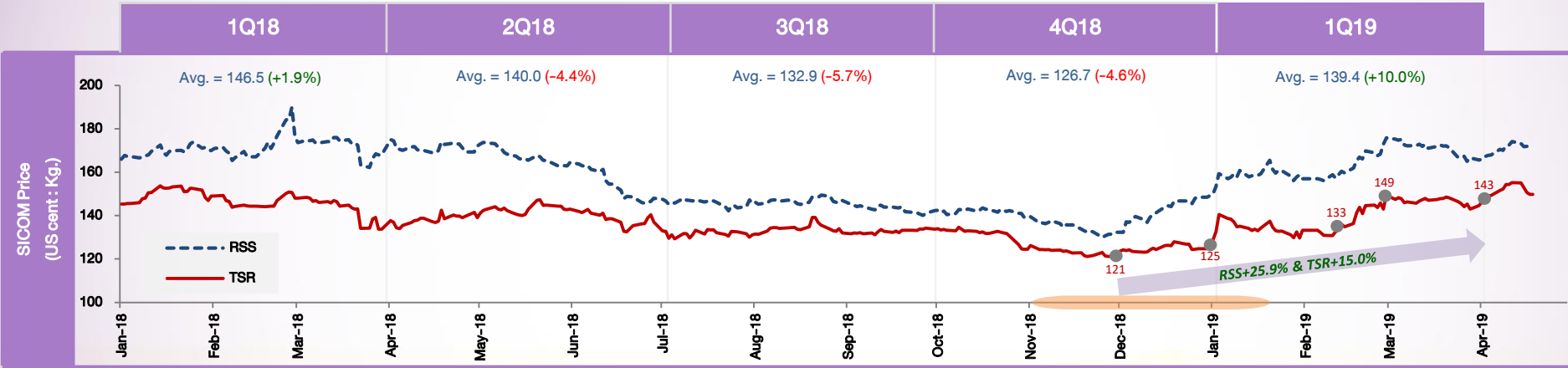
3. Natural Rubber Market Situation

1

FINANCIAL PERFORMANCE



SICOM – Oil Prices



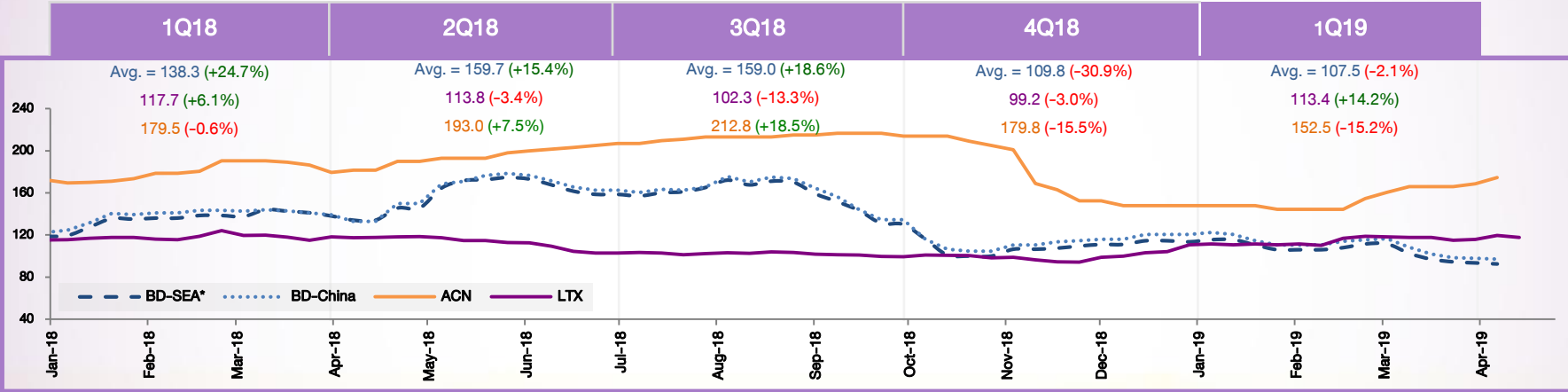
ABBREVIATIONS

RSS - Ribbed smoked sheet
 TSR - Technically specified rubber, which includes STR and SIR

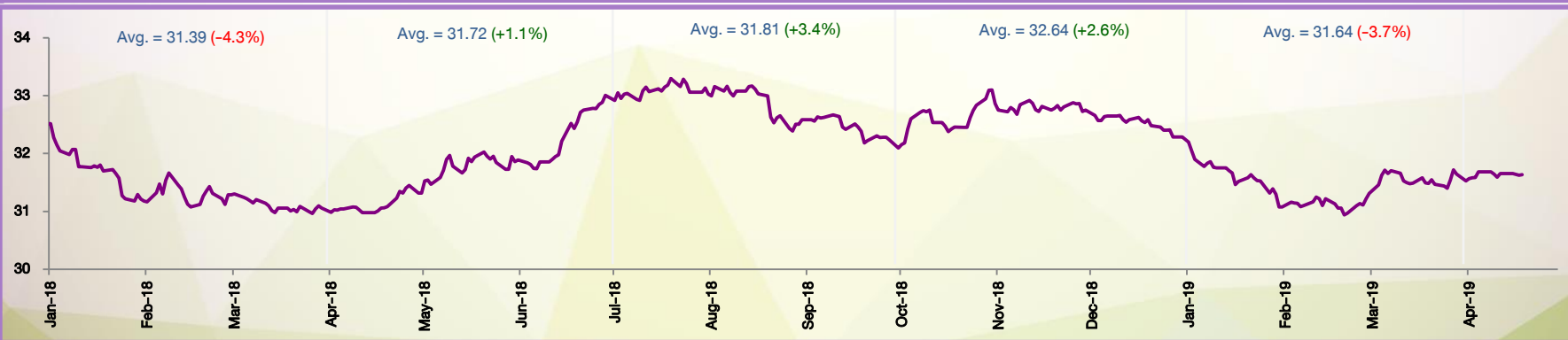
Latex – Butadiene – Acrylonitrile – Forex

LTX & BD & ACN

Price (US cent.: Kg.)



USD/THB



ABBREVIATIONS
RSS: Ribbed smoked sheet
TSR: Technically specified rubber, which includes STR and SIR

Financial Highlight

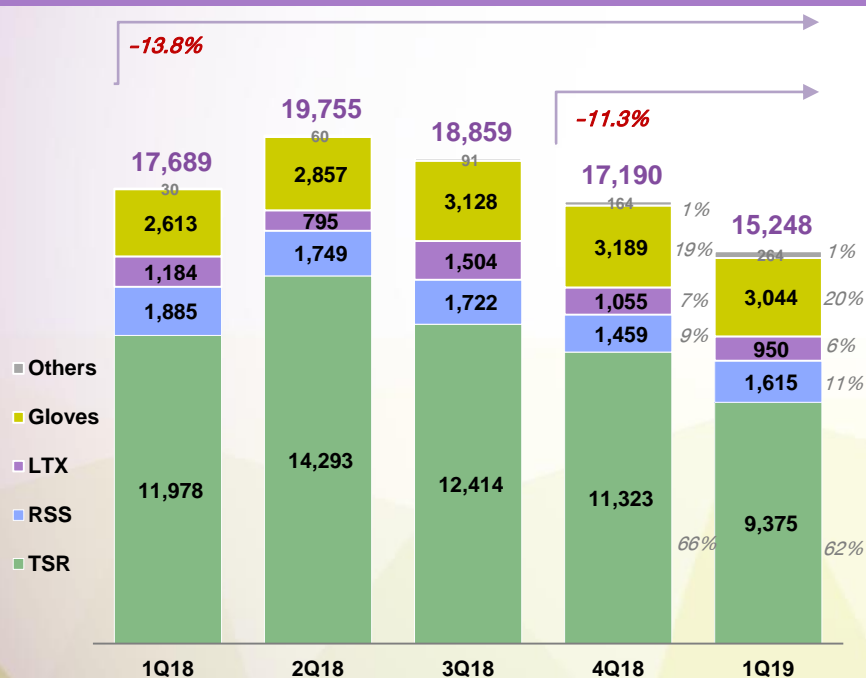


(Unit : THB million)	1Q19	1Q18	%YoY	4Q18	%QoQ	FY18
Revenue	15,248.0	17,689.1	-13.8%	17,189.6	-11.3%	73,492.8
<i>Sales volume (tons)</i>	<i>289,984</i>	<i>321,698</i>	<i>-9.9%</i>	<i>317,876</i>	<i>-8.8%</i>	<i>1,336,649</i>
<i>Avg. selling price (Baht per ton)</i>	<i>41,175</i>	<i>46,772</i>	<i>-12.0%</i>	<i>43,530</i>	<i>-5.4%</i>	<i>45,907</i>
Gross profit	1,009.9	1,510.4	-33.1%	1,366.7	-26.1%	7,107.5
Adj. gross profit*	578.0	1,999.9	-71.1%	1,622.4	-64.4%	8,254.2
SG&A	(1,150.8)	(1,227.3)	-6.2%	(1,350.5)	-14.8%	(5,247.9)
Gains (loss) on exchange rate, net	110.8	254.8	-56.5%	40.3	174.8%	(252.2)
Other gains, net	(448.7)	501.4	N/A	156.0	N/A	1,203.3
Operating profit (loss)	(449.2)	1,135.2	-139.6%	279.8	N/A	3,050.2
Share of profit (loss) from investments in JV	37.2	80.1	-53.6%	26.5	40.3%	223.7
EBITDA	164.4	1,762.5	-90.7%	993.5	-83.5%	5,657.4
EBIT	(412.0)	1,215.3	N/A	306.3	N/A	3,273.9
Finance costs	(227.7)	(236.7)	-3.8%	(225.5)	1.0%	(887.0)
Net profit	(627.7)	831.8	N/A	139.1	N/A	2,064.4
GP margin	6.6%	8.5%	-191.56	8.0%	-132.74	9.7%
Adj. GP margin*	3.8%	12.4%	-862.30	9.4%	-564.78	11.2%
Operating profit margin	-2.9%	6.4%	-936.35	1.6%	-457.40	4.2%
EBITDA margin	1.1%	10.0%	-888.59	5.8%	-470.18	7.7%
Net profit margin	-4.1%	4.7%	-881.89	0.8%	-492.54	2.8%

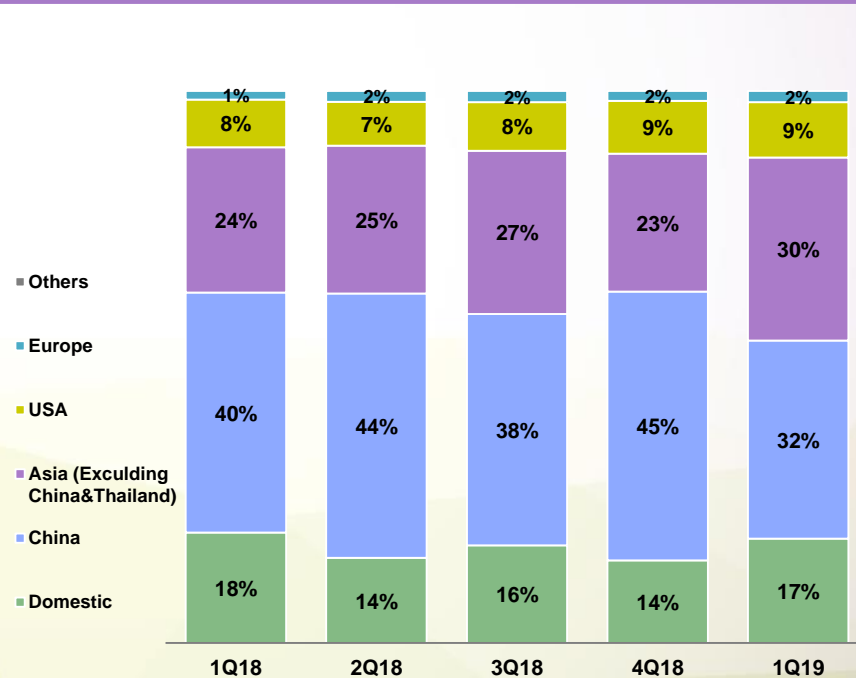
*Adjusting for (reversal) allowance of inventory and realized gains/(losses) from hedging activities

Sales Revenue

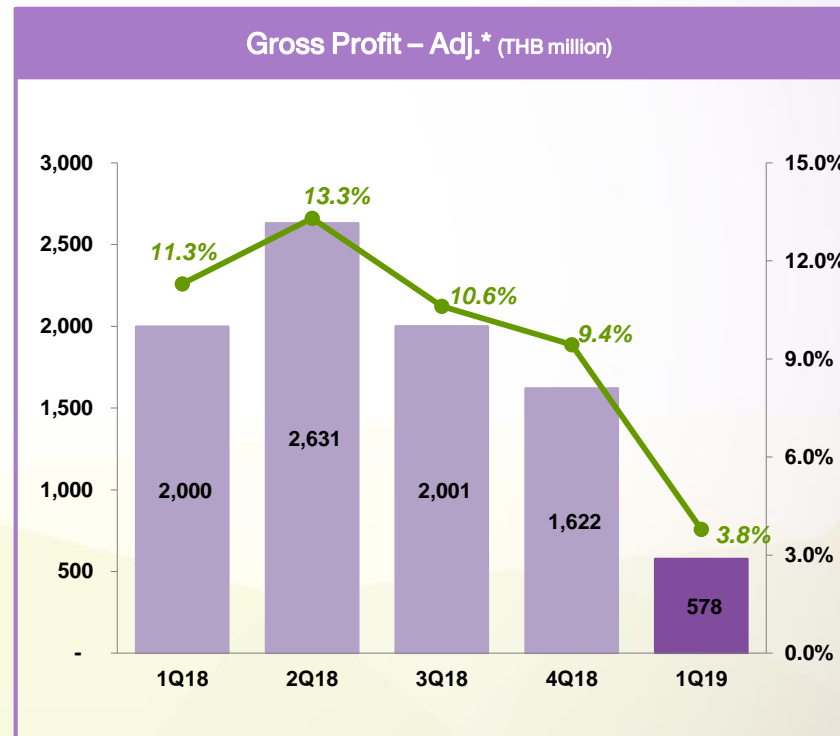
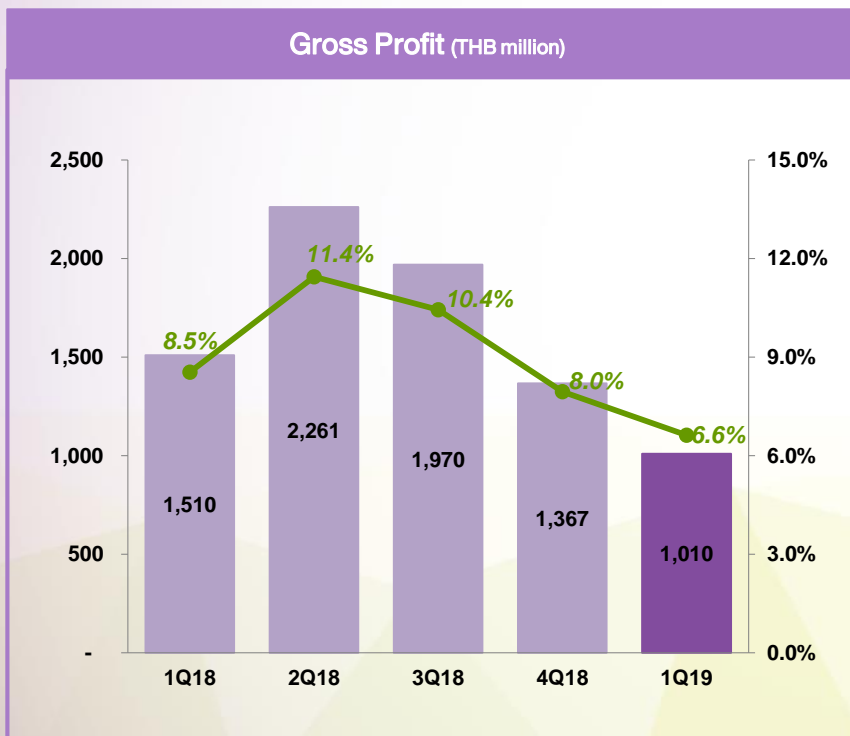
Sales Revenue by Product (THB million)



Sales Revenue by Geography



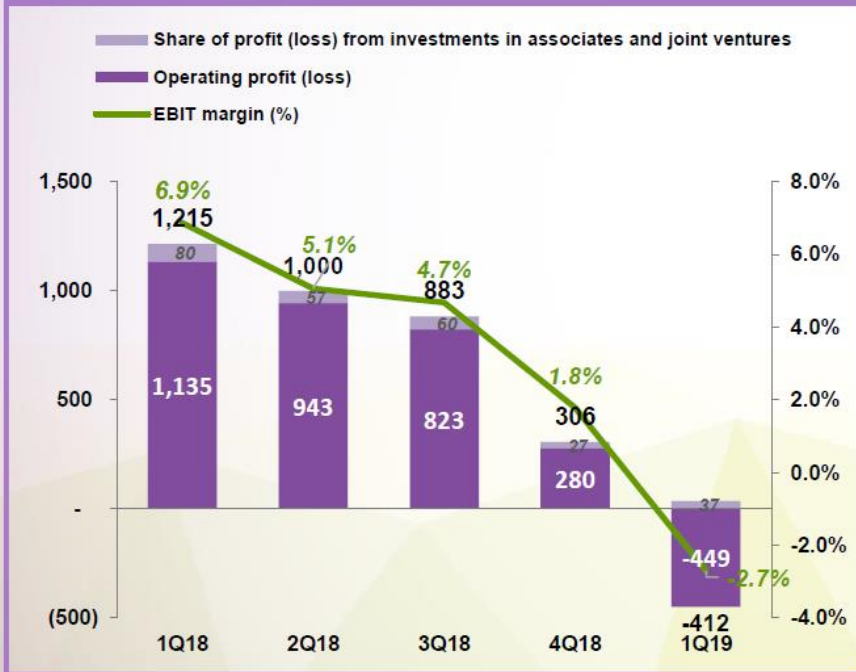
Gross Profit



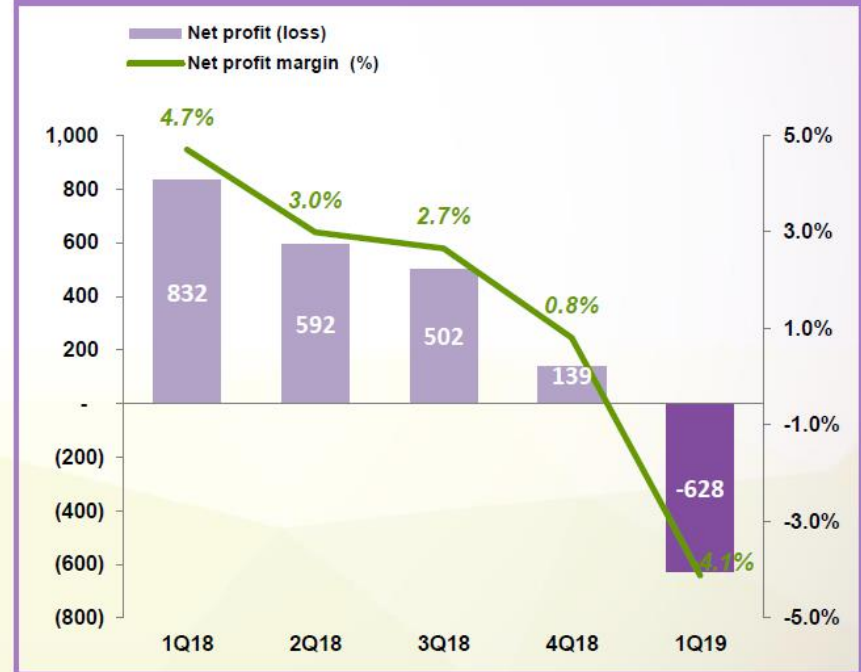
Note: * Adjusting for (reversal) allowance of inventory cost and realised items from hedging activities

EBIT & Net Profit

EBIT (THB million)



Net Profit (THB million)

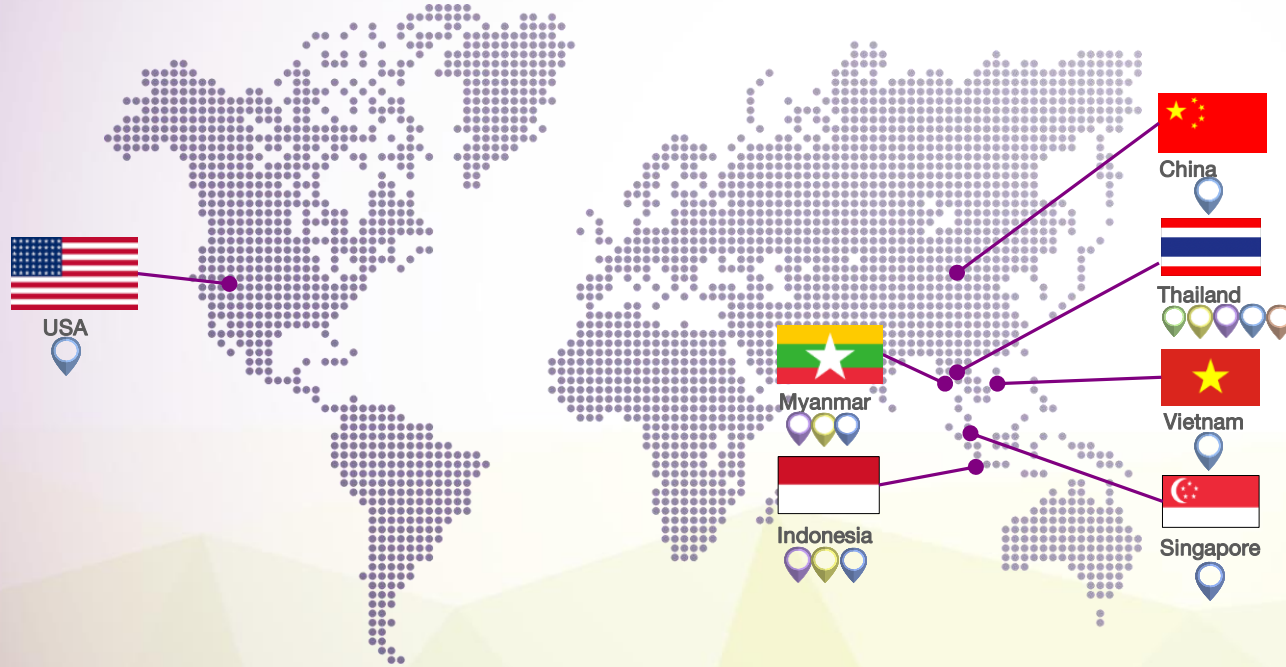


2

STA Business Highlights



STA's Global Presence



Upstream Operations – Rubber Plantations



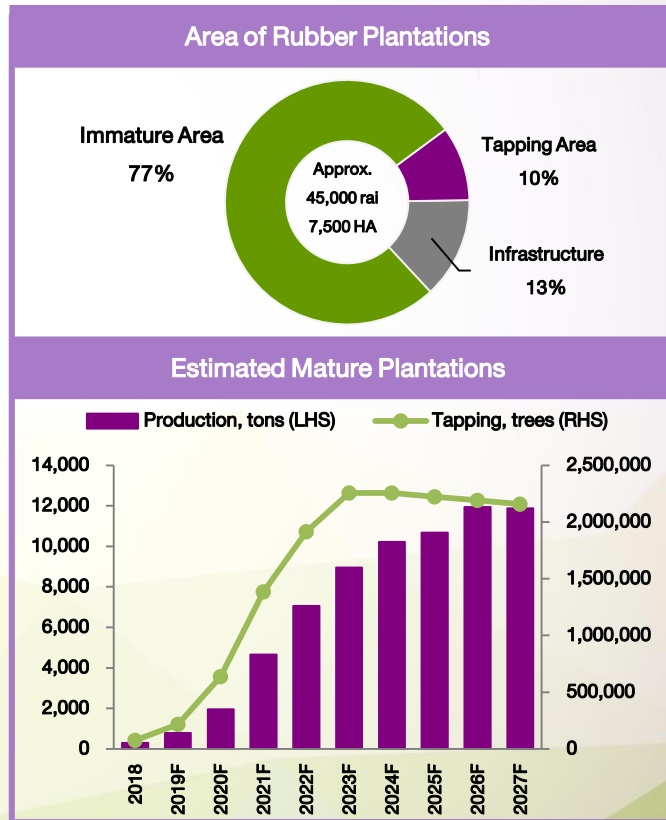
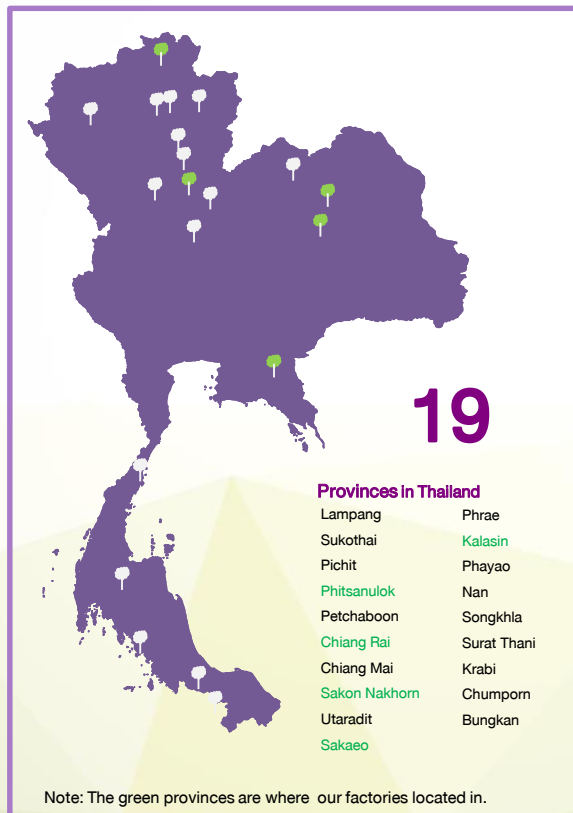
Thoen 1,
Lampang



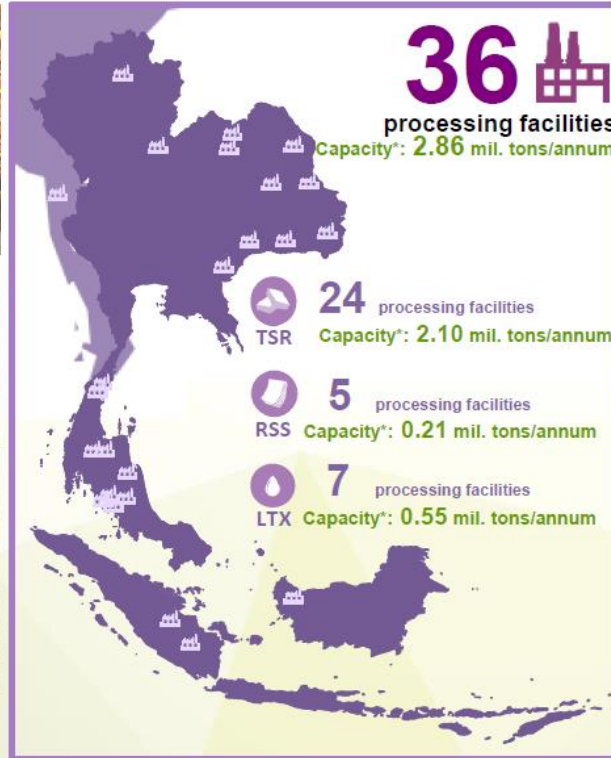
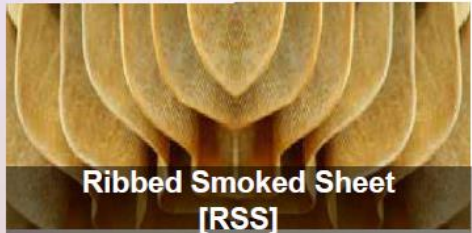
Watbot,
Phitsanulok



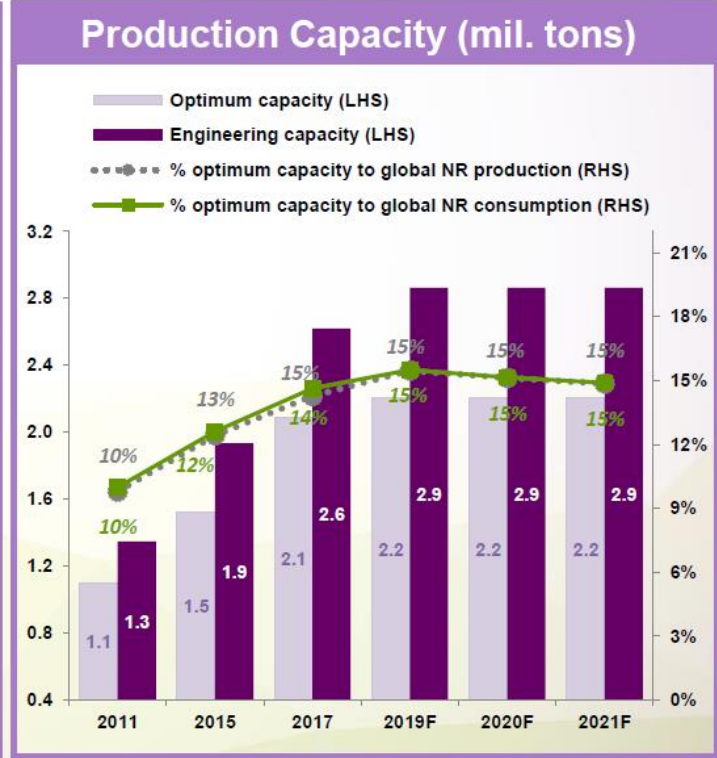
Mae Khao
Tom,
Chiang Rai



Midstream Operations – NR Processing



Note: *Total engineering capacity



[Information as at 31 March 2019]

STA's Tire Manufacturer Customers



Downstream Operations – Finished Products



OUR VISION IS TO DELIVER
「Touch Of Life™」
ON A GLOBAL SCALE

Since
1989

21.2
billion pieces
per annum in
production
capacity

17
billion pieces of
gloves sold in
2018

Exporting
to
120+
Countries

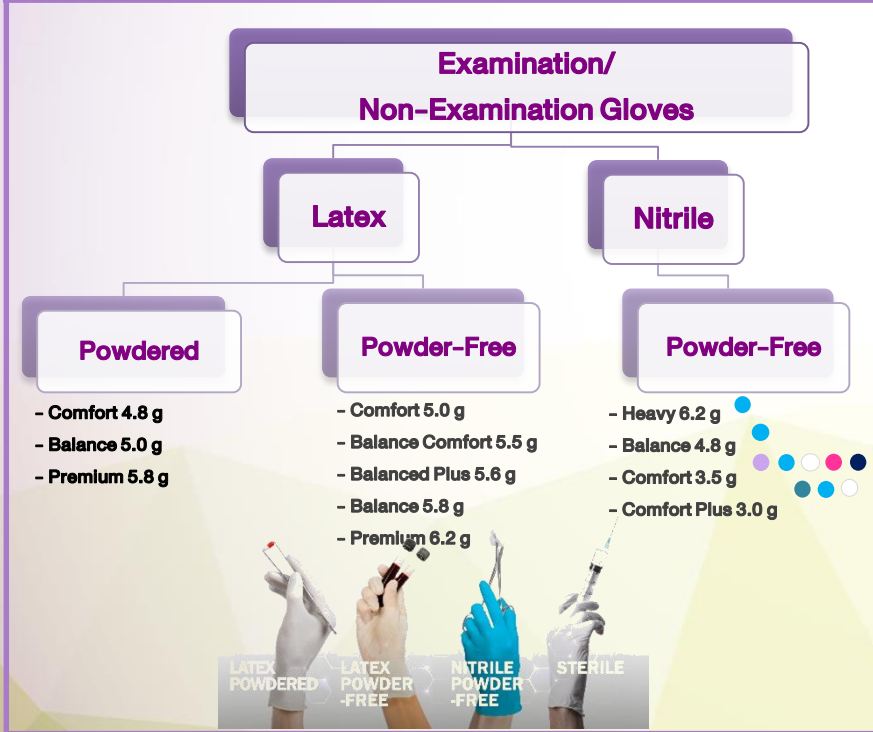
6%
Global Market
Share

The
world's
5th
Largest

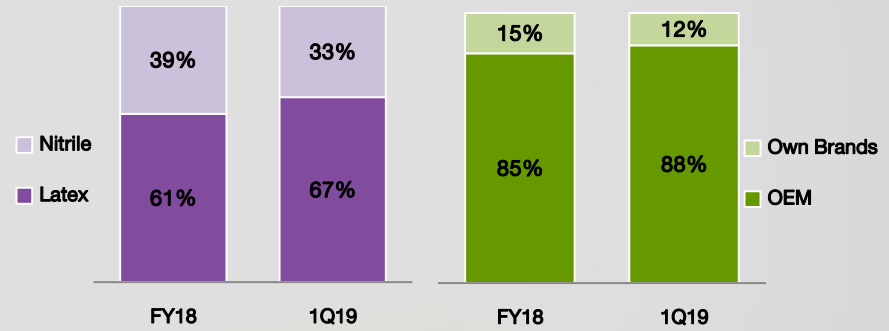


STA's Gloves Products

Product Range



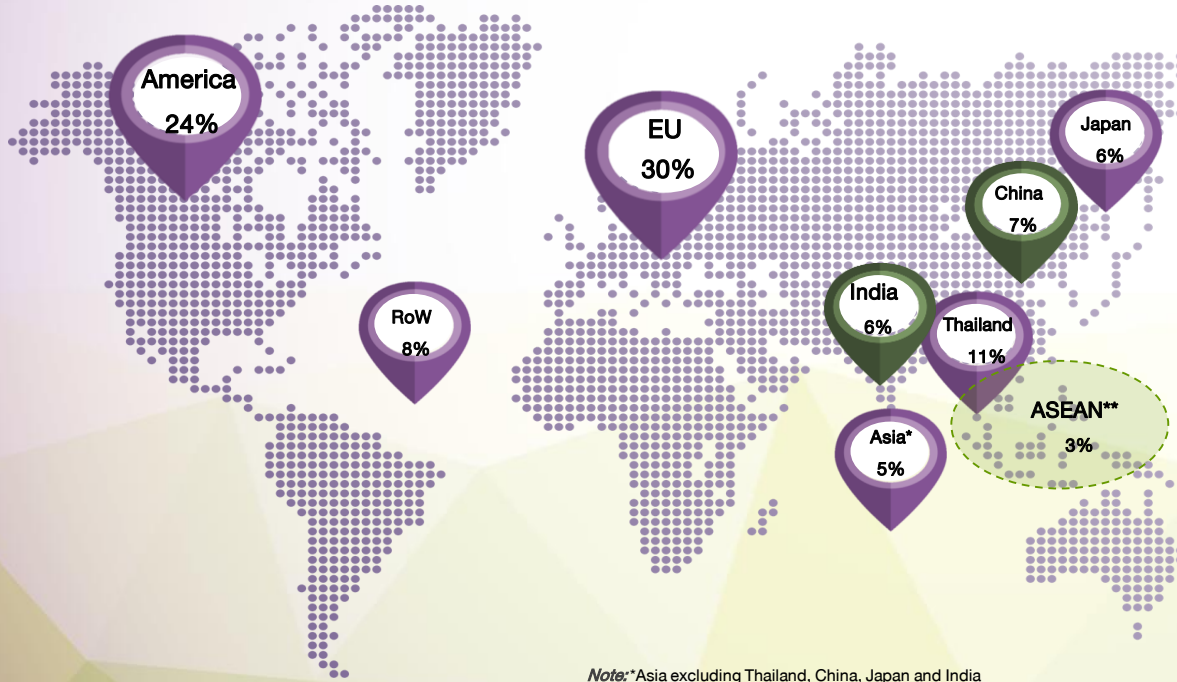
Product Mix by Volume



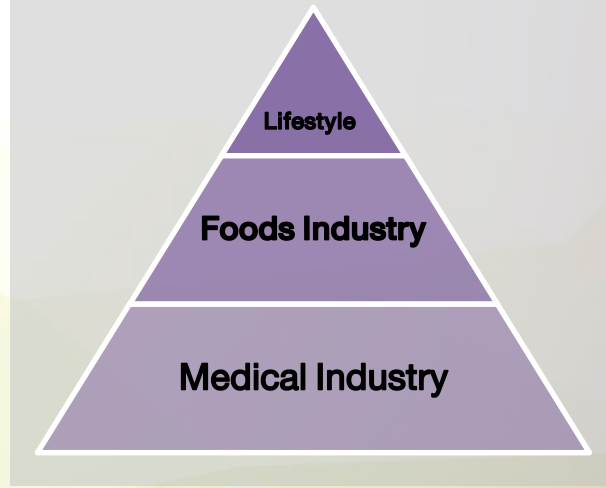
Information as at 31 March 2019 [3-month period]

STA's Glove Markets by Volume

Widely Used in Developed Markets, Gaining Ground in Emerging Markets



*Encourage
a wide variety of applications*

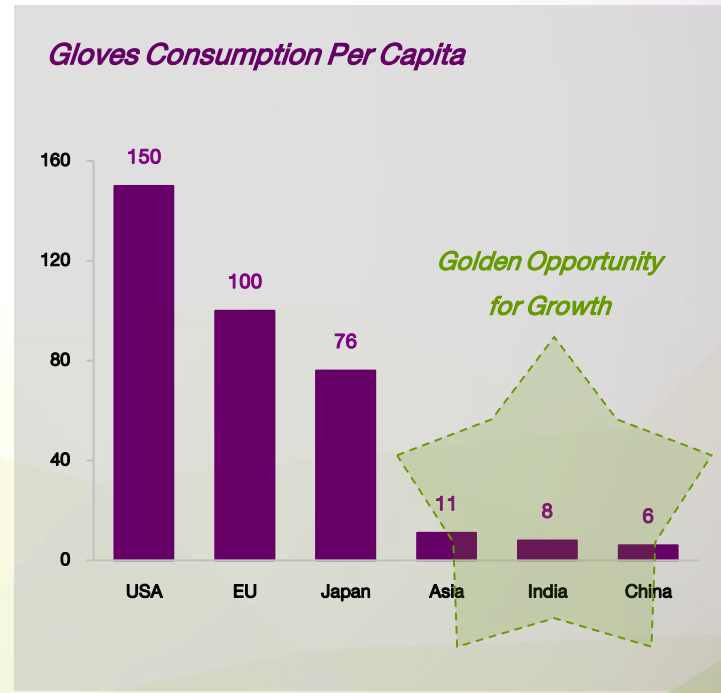
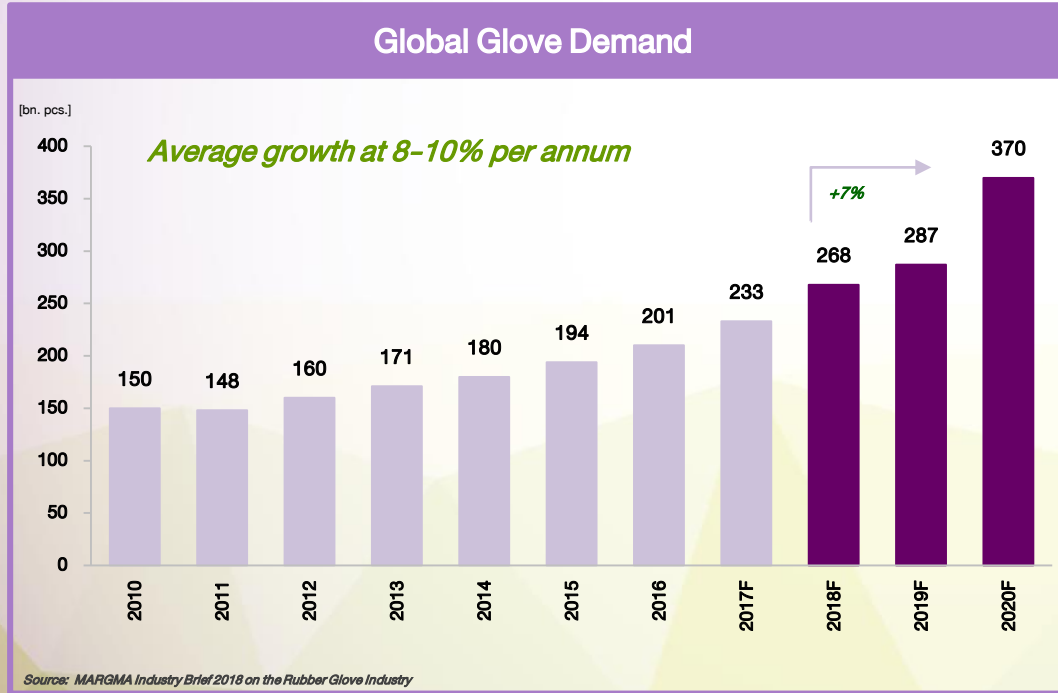


*Note:**Asia excluding Thailand, China, Japan and India

**ASEAN excluding Thailand

Global Glove Market Outlook

Demand Keeps Growing & Hidden Consumption in Emerging Markets



Key Drivers

Increasing awareness of health and hygiene around the world

*Emerging and lower-income countries will drive the rise in health care expenditures through 2020 as well as the expansion of services in **developed countries.***

USA



USP800: Double gloves usage

US-China Trade war

Peru



The Government passed the Seguro Integral de Salud (SIS) – to provide free basic health care

Saudi Arabia



Saudi Food & Drug Authority
Strategic Plan 2018-2022 – to protect & promote public health

India



National Health Protection Scheme –
to provide coverage over 100 mill. vulnerable families.

China



Impose tariffs on Nitrile Rubber from Korea and Japan – a boon to Latex Gloves

Vision: Universal health coverage by 2020 – to establish an effective social health security system & speed up public hospital reform

Japan



The world's largest elderly population

South Korea



Increased usage in non-medical sectors

Indonesia



The Ministry of Health launched a new regulation – to define the minimum standard of services

Cambodia

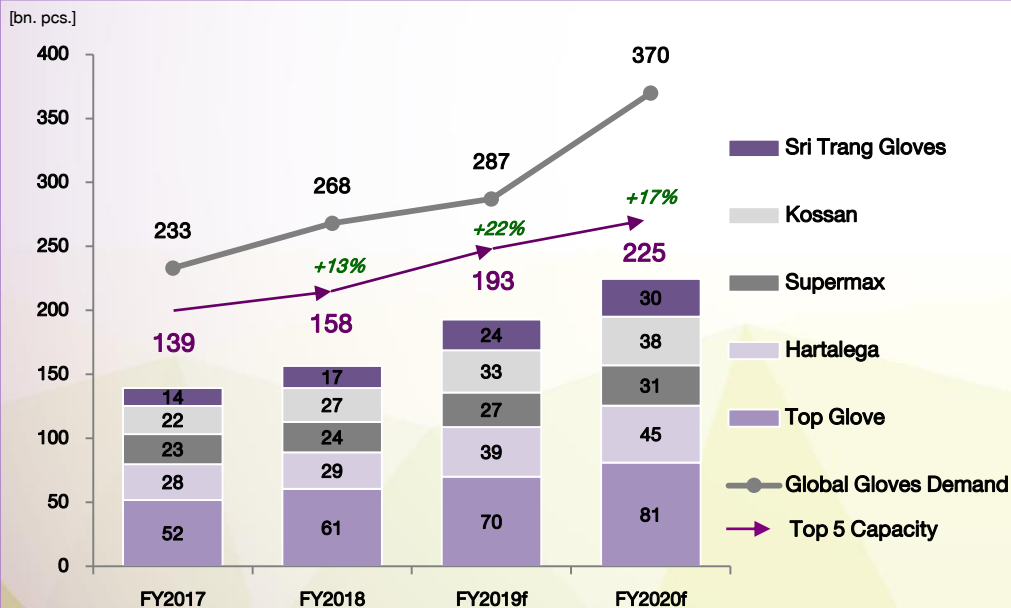


Health Strategic Plan 2016-2020 – to improve coverage, quality, equity

Glove Capacity Expansion

Robust growth in demand

provides large producers with opportunities for expansion.



Note: Information as disclosed by each company

Highlights:

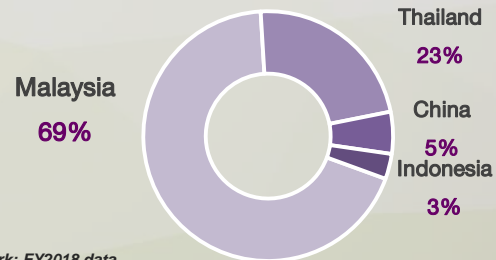


- The expansion will focus on “Nitrile Gloves.”
- Old & inefficient machines will be decommissioned and replaced by new capacity.
- The publicly-listed glove producers together account for 70% of Malaysia’s glove production capacity.



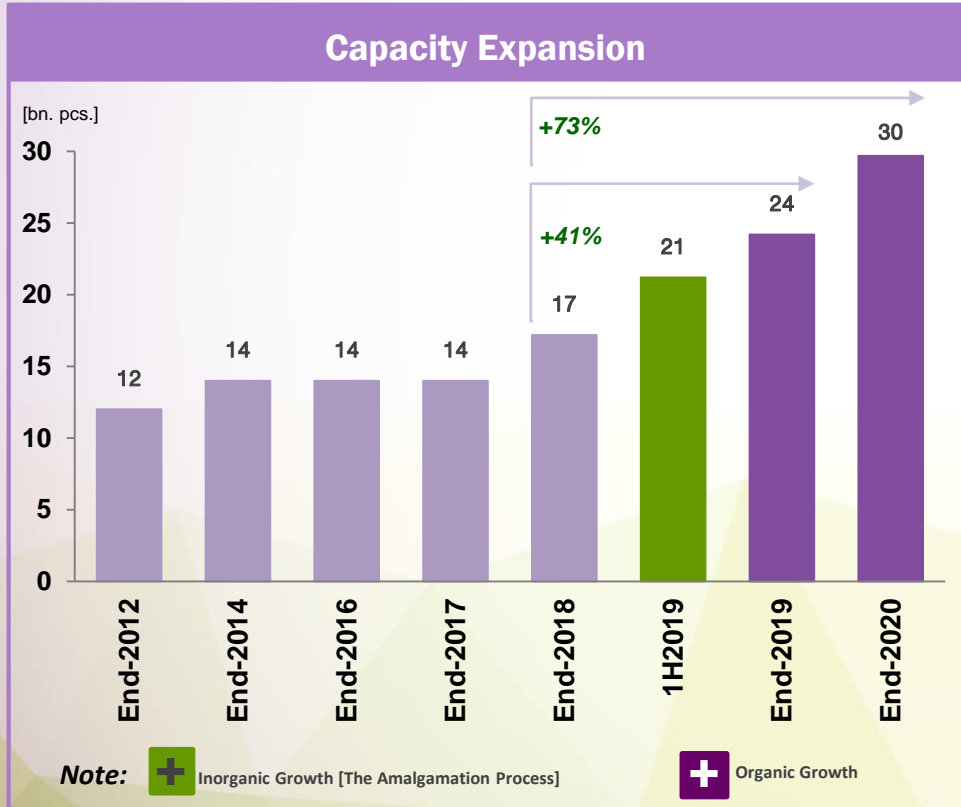
- Thailand has a competitive advantage in the production of “Latex Gloves” as it is the source of the main raw material.
- The Gov’t promotes domestic consumption of natural rubber by giving 3% in interest rate subsidy to any manufacturers consuming more natural rubber, including glove producers.

Global Market Share



Remark: FY2018 data

STA's Glove Capacity Expansion Plan



The Completion of the Amalgamation



The amalgamation of STGT and TK was completed as of **1 April 2019**.
The new company is named **"Sri Trang Gloves (Thailand) Public Company Limited,"**
which was **81.08% hold by STA**.

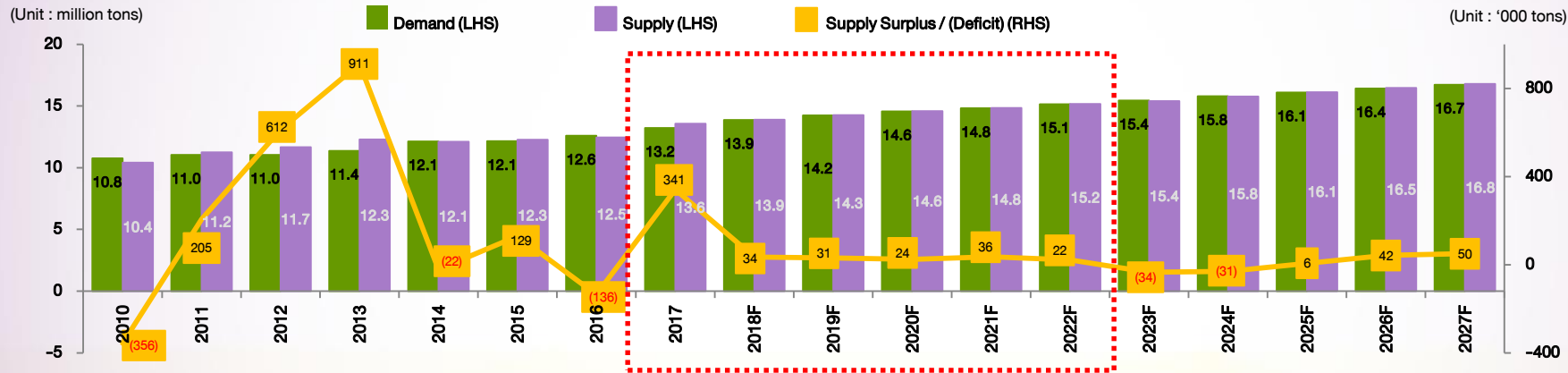
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NATURAL RUBBER MARKET SITUATION



Global NR Situation

Natural Rubber Demand & Supply



Supply

Global NR supply is expected to be 14.26 million tons, +2.6% in 2018 and average +2.2% in the next 3 years.

Short-term impact

- Increased tapping frequency to maintain the same levels of income
- Increased untapped mature trees
- Lack of good agro-management
- Skilled labour shortages [shifting from rubber farming to other jobs]

Long-term impact

- Discouragement of new planting
- Delay of replanting schedule
- Uprooting of rubber trees & replacing with other crops

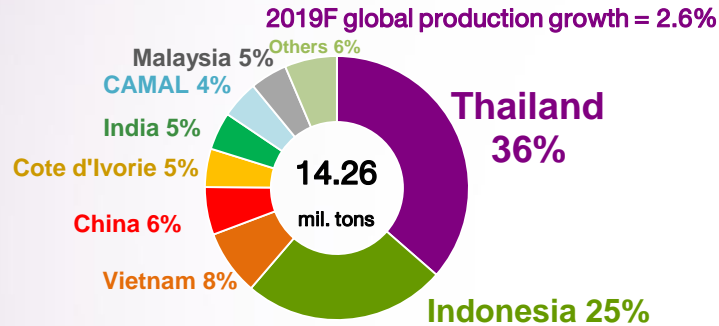
Demand

Global NR demand is expected to be 14.23 million tons, +2.6% in 2019 and average +2.2% in the next 3 years

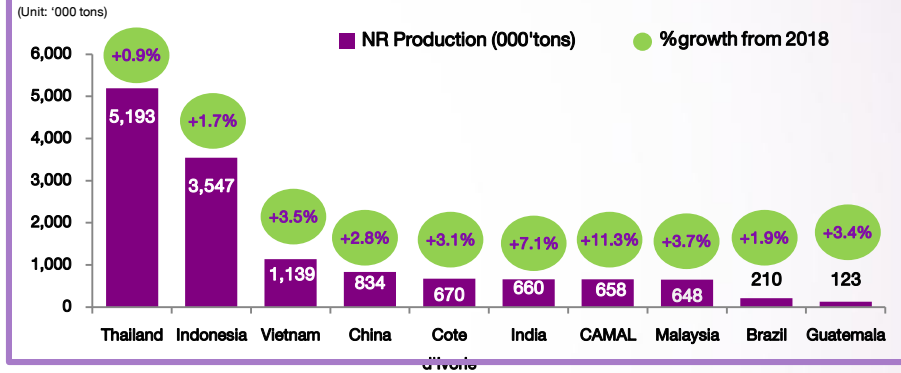
- 74% of NR consumption comes from the tire industry, whose demand is expected to grow by 1.9% in 2019, in line with global tire production.
- 26% of NR consumption comes from non-tire consumers, whose demand is expected to increase sharply by 4.4% in 2019, driven by increased consumption by gloves producers.

NR Supply

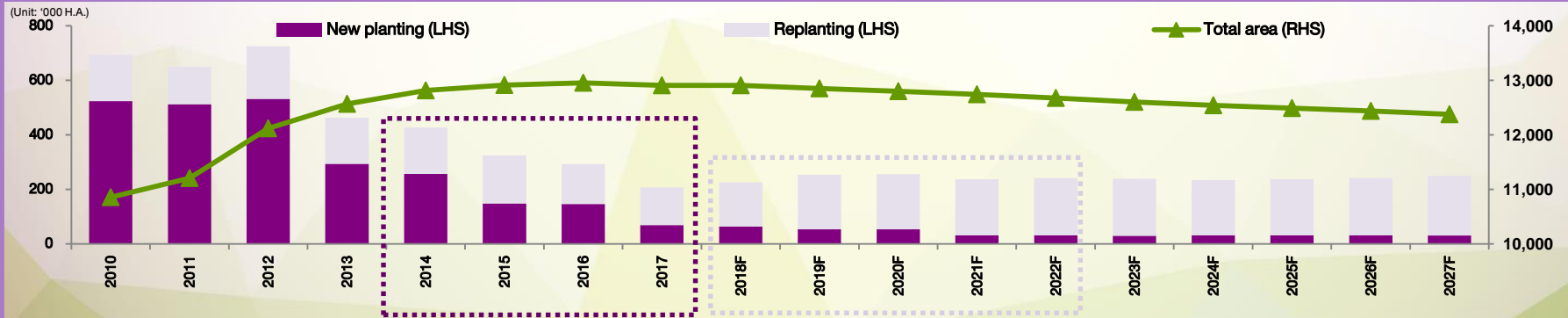
2019F Major Producers by Country



2019F NR Production

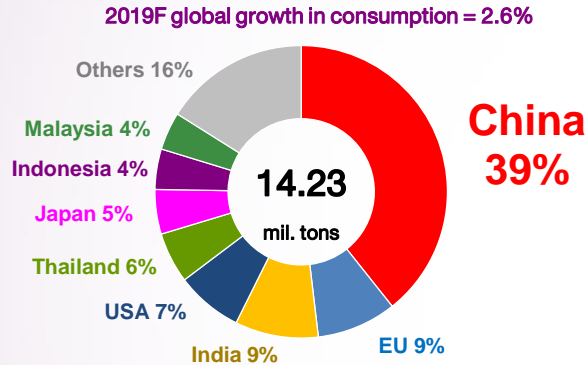


NR Plantations Area, in 11 countries

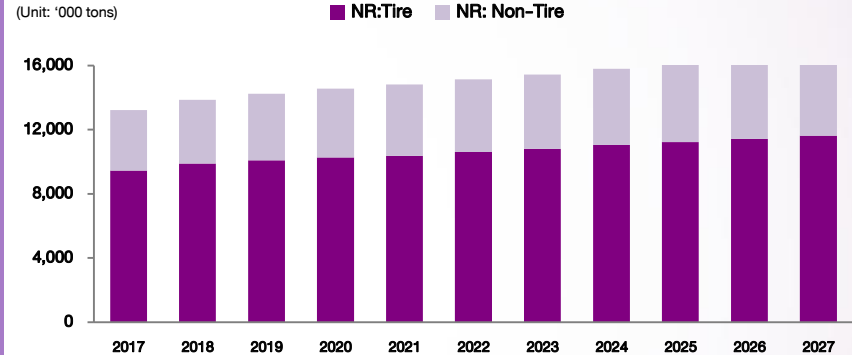


NR Demand

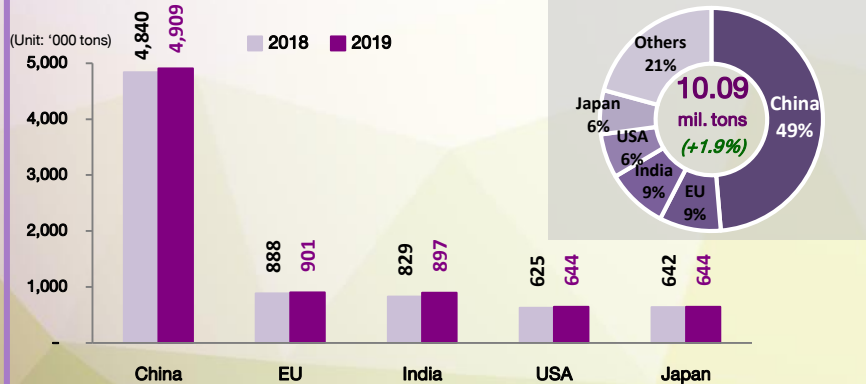
2019F Major NR Consumers



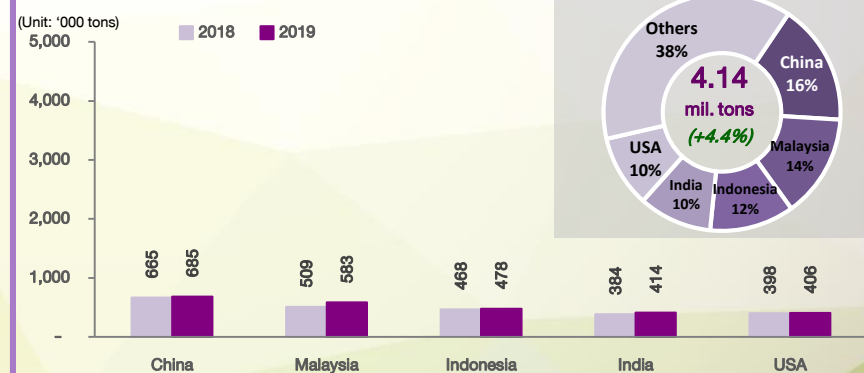
NR Consumption [2017-2027F]



NR Consumption in Tire Industry

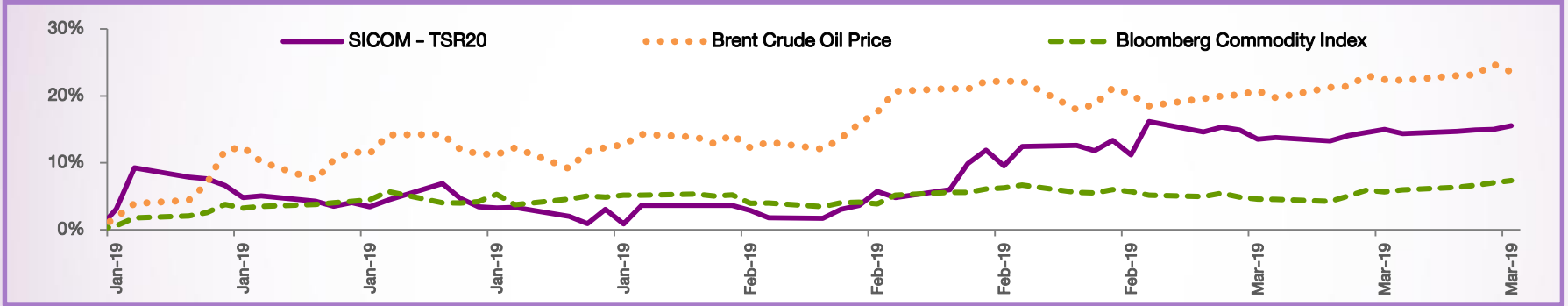


NR Consumption in Non-Tire Industry

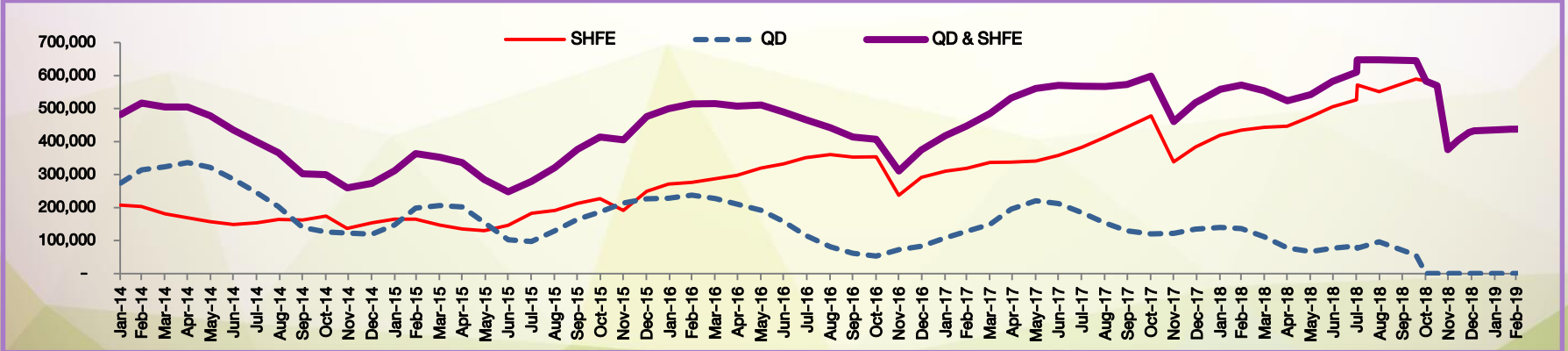


Commodity Price Movement & Qingdao and SHFE Stocks

Commodity Price Movement



Qingdao & SHFE Stocks, China [tons]



TSR20 Historical Prices Movement [2004 – 2019]



ABBREVIATION

AET : Agreed Export Tonnage Scheme

Source : Bloomberg

News Update

6th of Agreed Exports
Tonnage Scheme (AETS):
**Cut Exports of
NR ~240,000T**



The US announced an increase in tariff on rubber products imported from China, from **10% to 25%**, effective from **10 May 2019 onwards**.

Export Quota [tons]	Jan'18-Mar'18 [3 Months]	Apr'19-Aug'19 [4 Months]	Period
Total Reduction	350,000	240,000	
Thailand	230,000	126,000	20 May 19 – 19 August 19
Indonesia	95,000	98,000	1 April 19 – 31 August 19
Malaysia	20,000	16,000	

The US's Tariff Schedule for Gloves

Product	Country of Origin		
	Thailand	Malaysia	China
Latex & Nitrile			
Medical	Free	Free	Free*
Non-Medical	GSP	3%	3% + 25%**
Vinyl			
Medical	Free	Free	Free*
Non-Medical	Free	Free	Free*

Note: *This will be considered on mid-June 2019.

**It was increased from 10%.

THE WORLD'S LEADING FULLY INTEGRATED NATURAL RUBBER PROCESSING COMPANY



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