



SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED

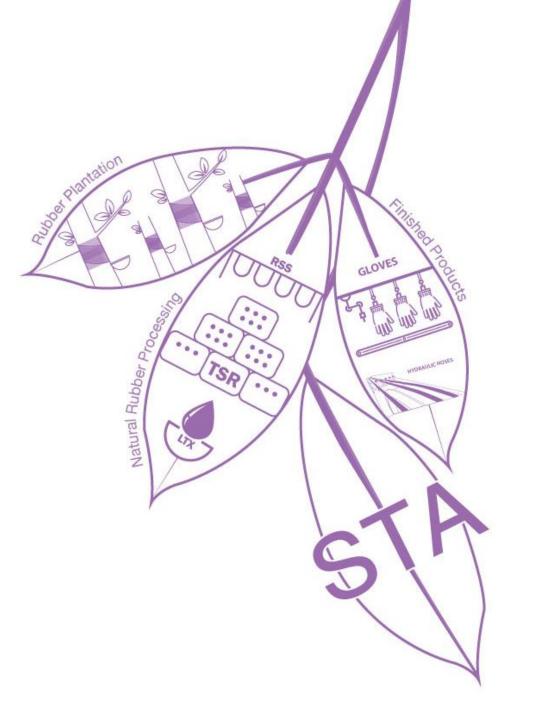
# **4Q21 & FY21 Presentation**













# 1. Financial Performance



# 2. Business Highlights



# 3. Natural Rubber Market Situation



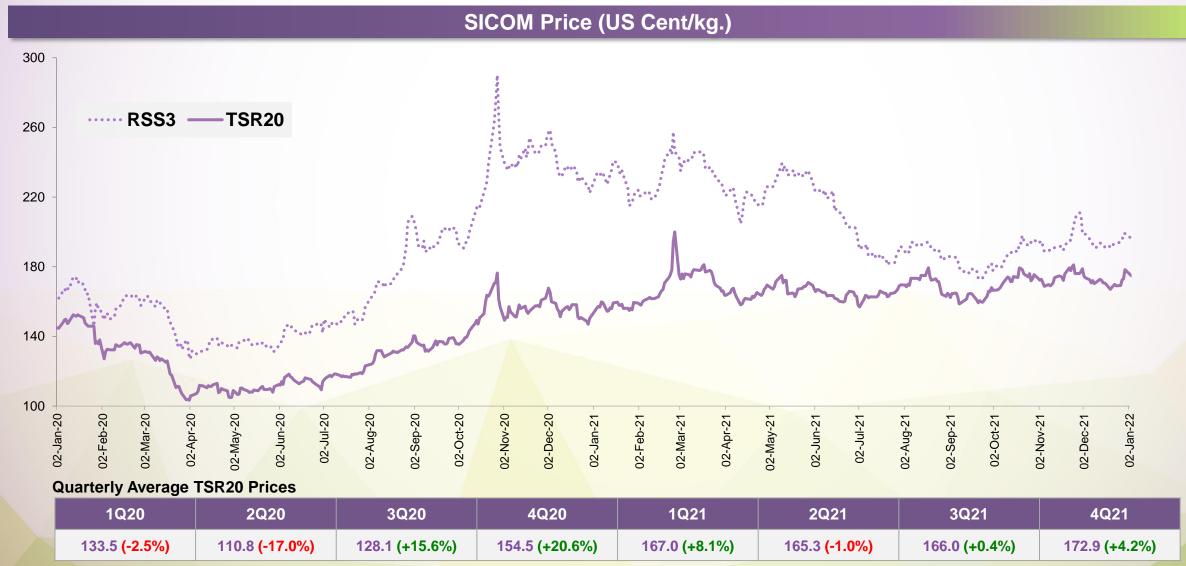
# 1. Financial Performance





# **Rubber Price Movement**



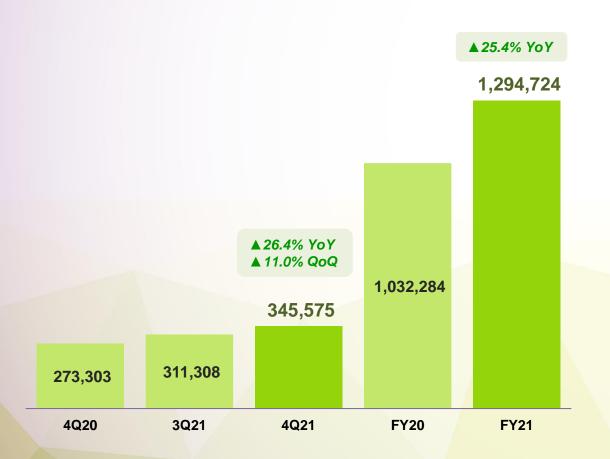


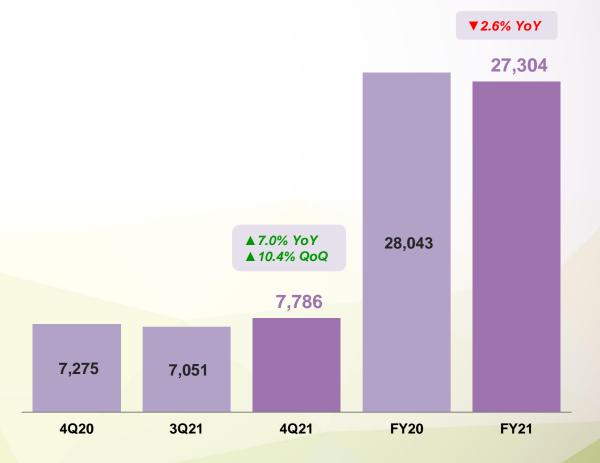
# **Sales Volume**







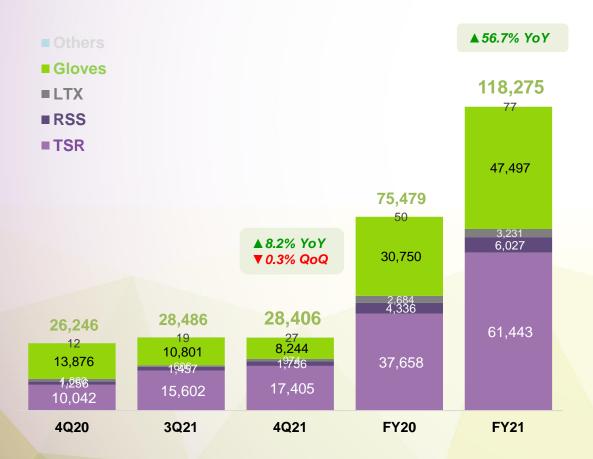




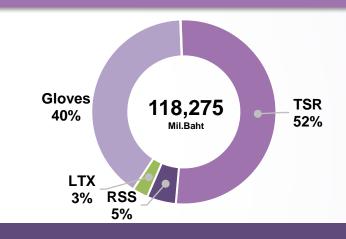
# Sales Revenue – 60% contribution from NR business







### **Sales Breakdown by Product [FY21]**



## Sales Breakdown by Region [FY21]



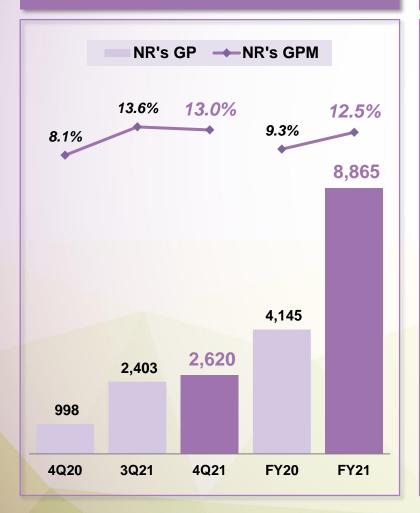
**ABBREVIATIONS** 

RSS: Ribbed smoked sheet TSR: Technically specified rubber, which includes STR and SIR LTX: Concentrated Latex

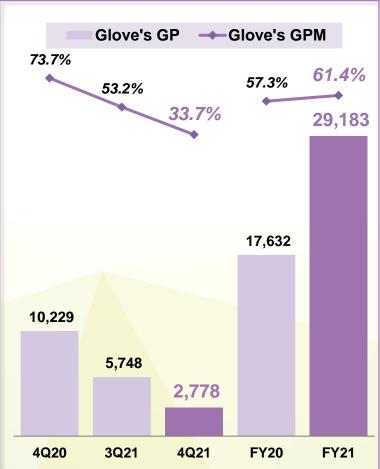
# **Gross Profit – Historical High of GPM**



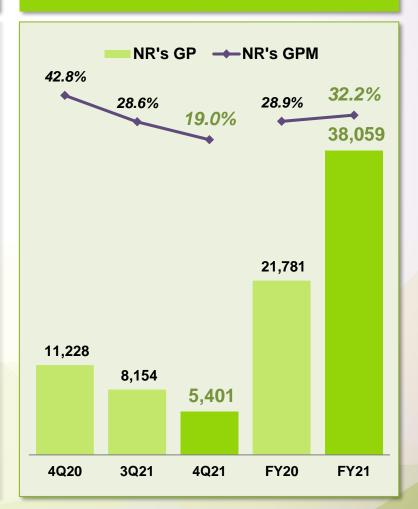
#### NR's Gross Profit (THB million)



#### **Glove's Gross Profit (THB million)**



#### **Blended Gross Profit (THB million)**

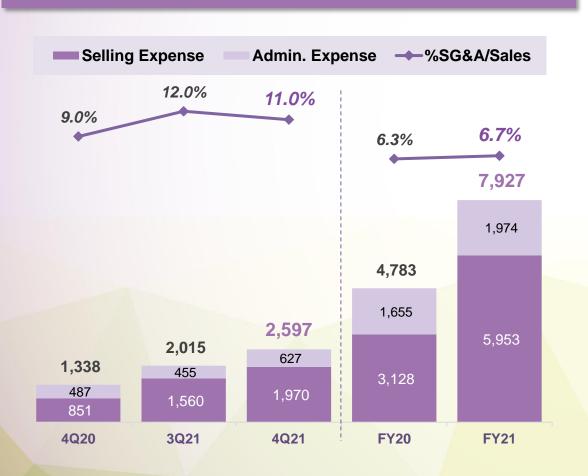


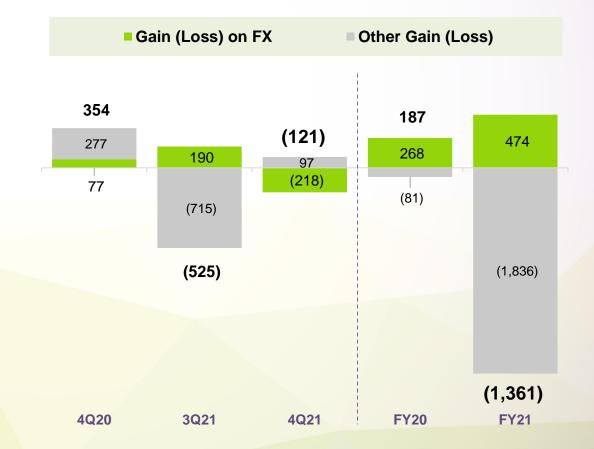
# SG&A, Gain on FX, and Other Gain



#### SG&A (THB million)

## Gain on FX from AP & AR, and Other Gain (THB million)

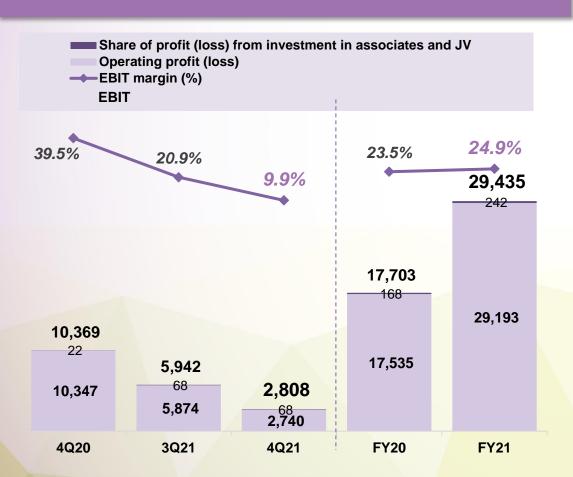




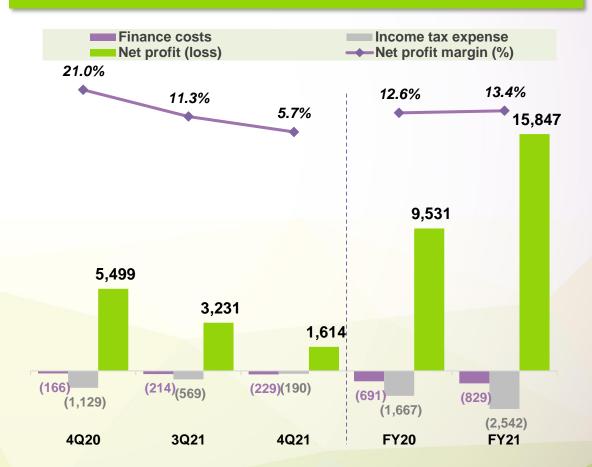
# **EBIT & Net Profit**



#### **EBIT (THB million)**



### **Net Profit (THB million)**



# **Financial Highlight**



								· ·
(Unit : THB million)	4Q21	4Q20	%YoY	3Q21	%QoQ	FY21	FY20	%YoY
Revenue	28,406	26,246	8.2%	28,486	-0.3%	118,275	75,479	56.7%
NR Sales volume (tons)	345,575	273,303	26.4%	311,308	11.0%	1,294,724	1,032,284	25.4%
NR Avg. selling price (USD per ton)	1,746	1,477	18.2%	1,724	0.9%	1,708	1,383	23.5%
Gloves Sales volume (million pieces)	7,786	7,275	7.0%	7,051	10.4%	27,304	28,043	-2.6%
Gloves Avg. selling price (USD per 1,000 pieces)	32	62	-48.4%	47	-31.2%	56	35	60.0%
Gross profit	5,401	11,228	-51.9%	8,154	-33.8%	38,059	21,781	74.7%
Adj. gross profit**	5,119	11,276	-54.6%	7,612	-32.8%	36,769	21,885	-76.0%
SG&A	(2,597)	(1,338)	94.1%	(2,015)	28.9%	(7,927)	(4,783)	65.7%
Gains (loss) on exchange rate, net**	(218)	77	-381.8%	190	-214.8%	474	268	77.1%
Other gains (loss)*	97	277	-65.0%	(715)	-113.6%	(1,836)	(81)	2169.7%
Operating profit (loss)	2,740	10,347	-73.5%	5,874	-53.3%	29,193	17,535	66.5%
Share of profit (loss) from investments in JV	68	22.1	206.5%	68	-0.9%	241	169	43.2%
EBITDA	3,578	11,084	-67.7%	6,692	-46.5%	32,439	20,505	58.2%
EBIT	2,808	10,369	-72.9%	5,942	-52.7%	29,434	17,704	66.3%
Finance incomes	31	30	1.6%	28	8.9%	113	51	120.6%
Finance costs	(229)	(166)	37.6%	(214)	7.2%	(829)	(691)	19.9%
Tax Income (expense)	(190)	(1,129)	-83.2%	(569)	-66.7%	(2,542)	(1,667)	52.4%
Net profit	1,614	5,499	-70.7%	3,231	-50.1%	15,847	9,531	66.3%
GP margin	19.0%	42.8%	-237.7	28.6%	-96.1	32.2%	28.9%	33.2
Adj. GP margin*	18.0%	43.0%	-250.0	<b>26.7</b> %	-87.0	31.1%	29.0%	21.0
Operating profit margin	9.6%	39.4%	-297.8	20.6%	-109.7	24.7%	23.2%	14.5
EBITDA margin	12.6%	42.2%	-296.3	23.5%	-108.9	27.4%	27.2%	2.6
Net profit margin	5.7%	21.0%	-152.7	11.3%	-56.6	13.4%	12.6%	7.7

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

<sup>\*\*</sup>Reclassified according to TFRS 7-- Just only FX gains/ (losses) related to AP, AR, loans can be shown in this item

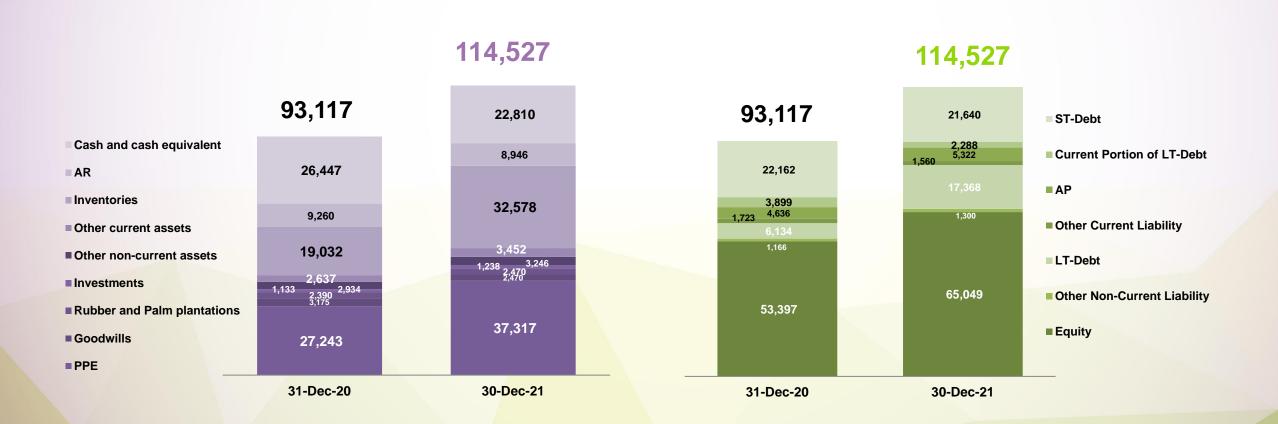
<sup>\*\*\*</sup>Reclassified according to TFRS related to financial instruments of currency and commodities

# **Balance Sheet – Very Strong Financial Status**





#### **Liabilities & Equity (THB million)**



# **Consistent Paying The Dividend**

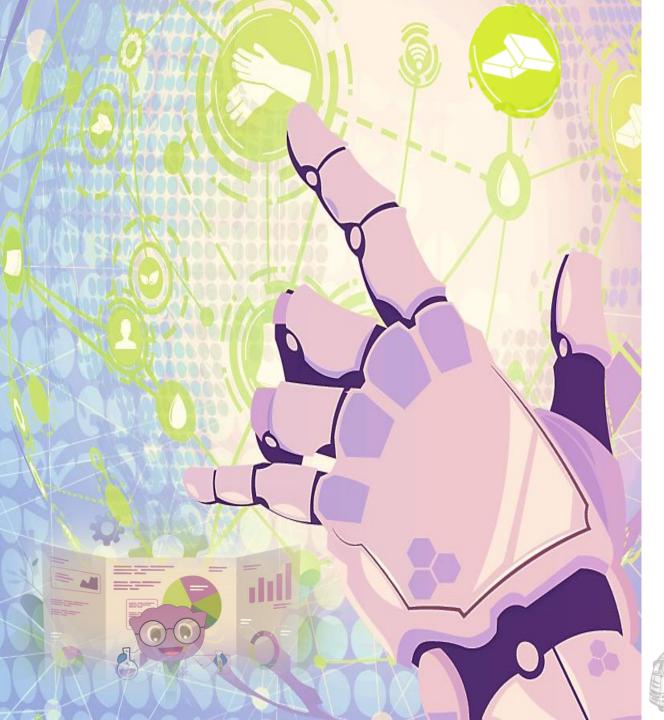


The Company has a dividend policy to pay dividend distributions to shareholders.

# At least 30 percent of its net profit based on the Company's separate financial statements

Declaration Date	Record Date	Payable Date	Amount [Baht per Share]	
	2021			
\$ Feb 17, 2022	April 20, 2022	May 6, 2022	0.65	
Nov 22, 2021	Nov 8, 2021	Dec 8, 2021	1.25	
Aug, 10 2021	Aug 24, 2021	Sep 8, 2021	1.25	
May 12, 2021	May 27, 2021	Jun 11, 2021	1.00	
Feb 16, 2021	Apr 16, 2021	Apr 29, 2021	1.75	
	2020			
Nov 13, 2020	Nov 27, 2020	Dec 09, 2020	0.50	
Mar 08, 2019	Apr 30, 2020	May 15, 2020	0.35	





# 2. Business Highlights



# The World's Leading Fully Integrated Natural Rubber Company

About STA: Established in 1987



## **Upstream**



## Midstream



## **Downstream**



SRITRANG's Global Presence











Singapore





# **Upsteam Operations – Rubber Plantation**



## Konjac in Rubber Plantation Mae Ai – Chiang Mai



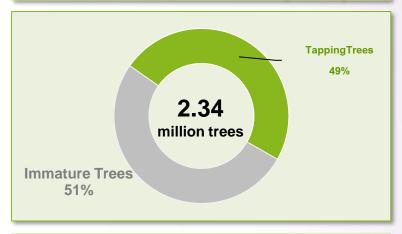




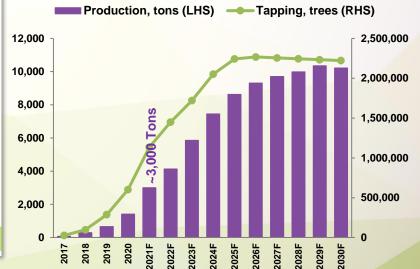
Rain Gard Experiment Phrao - Chiang Mai



### Number of Rubber Trees (2021F)



#### **Estimated Mature Plantations**



# **Upsteam Operations - Hemp Plantation 4**







# Already received a License for Hemp Cultivation



Location:

Thoen, Lampang, Thailand



Total Area: 5 Rais



**Soil testing:** To confirm no contamination of Arsenic, Cadmium, Lead, and Mercury







# **Midsteam Operations - NR Processing**



Technically Specified Rubber [TSR]



Ribbed Smoked Sheet [RSS]

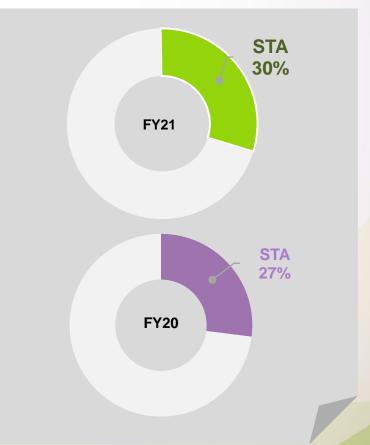






# A strong Increase in Market Share

Rubber Production in Thailand



# **Major Customers in Midstream Business**



# **GLOBAL BRANDS**















































# Indonesia's Rubber Prices Are Less Competitive!



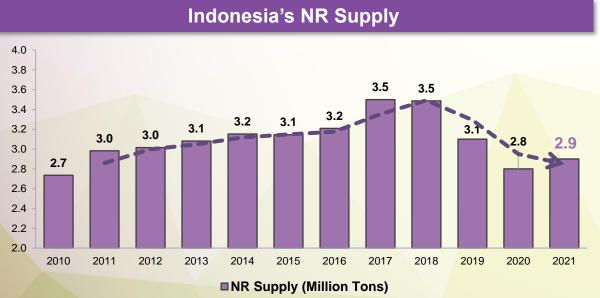


# Indonesia's Planting Area & NR Production



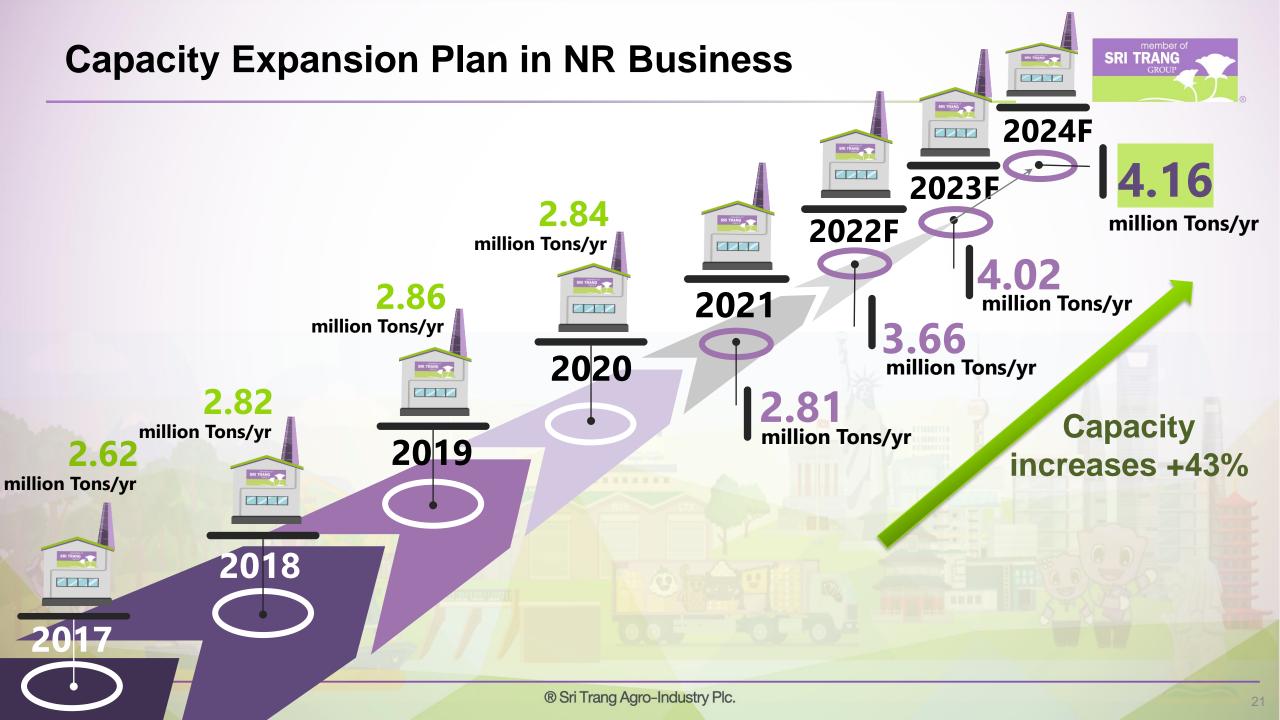








Season



# **Further & Stronger Expansion in TSR Plants**



#### **Chiang Rai**

Add Cap: 70,080 tons/year Total Cap: 70,080 tons/year

## Mvanmar

Add Cap: 8,760 tons/year Total Cap: 17,520 tons/year

#### **Pitsanulok**

Add Cap: 70,080 tons/year Total Cap: 140,160 tons/vear

## **Increase TSR Capacity**

1.1 Million Tons/Year

#### **Bueng Karn**

Add Cap: 87,600 tons/year Total Cap: 183,900 tons/year

#### Sakon Nakorn

Add Cap: 70,080 tons/year Total Cap: 175,200 tons/year

#### Mukdahan

Add Cap: 70.080 tons/vear Total Cap: 140,160 tons/year

Add Cap: 70,080 tons/year Total Cap: 140,160 tons/year

#### Buriram

Add Cap: 70,080 tons/year Total Cap: 175,200 tons/vear

#### Sa Kaeo

Add Cap: 70,080 tons/year Total Cap: 140,160 tons/year

#### Suratthani

Add Cap: 70,080 tons/year Total Cap: 70,080 tons/year

Loei

Add Cap: 120,000 tons/year

Total Cap: 206,400 tons/year

#### **Huay Nang, Trang**

Add Cap: 140,160 tons/year Total Cap: 201,480 tons/year

#### **Narathiwat**

Add Cap: 70,080 tons/year Total Cap: 70,080 tons/year

# Investment Budget

# Approx. 6,600 Million Baht

- Our TSR plants, in Thailand, was utilized over than 80% in 2021.
- To achieve higher market share & to grow higher than the market growth, we decided to aggressively expand our TSR plants in the strategic area.

#### 1H2022

Sakon Nakorn, Pitsanulok



#### 2H2022

✓ Trang, Kalasin, Buriram, Sa Kaeo, Bueng Karn



#### 1H2023

Loei



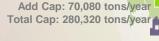
#### 2H2023

Narathiwat, Mukdahan



#### 1H2024

Suratthani, Chiang Rai



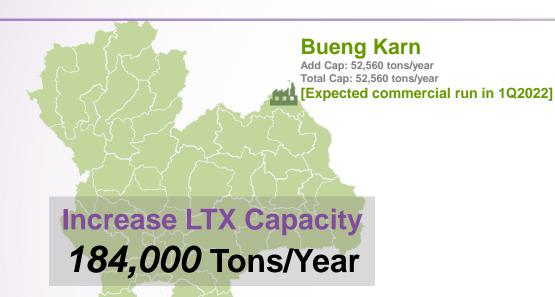
Sikao, Trang

**Previous Plan** 

**Additional plan** 

# **Expansion of Concentrated Latex Plants**

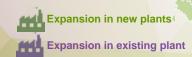




## Kanjanadit, Suratthani

Add Cap: 113,004 tons/year Total Cap: 278,568 tons/year

[Expected commercial run in 4Q2022]

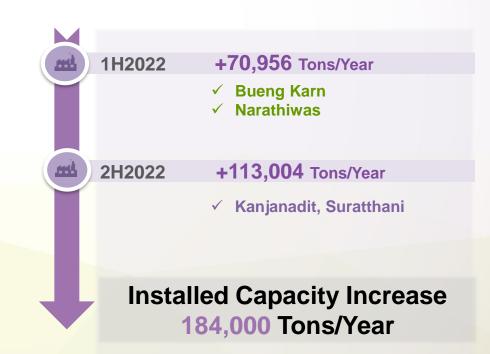


#### **Narathiwas**

Add Cap: 18,396 tons/year Total Cap: 18,396 tons/year

[Expected commercial run in 1Q2022]

# Investment Budget 950 Million Baht



# The Up-Cycle of Natural Rubber Has Just STARTED!



## TSR20 Historical Price Movement [2014 – Present] (US cent/kg.)



# Average TSR20 Price Increased +27.6% YoY



### TSR20 Historical Price Movement [2019 – Present] (US cent/kg.)



	2019	2020	2021
Average TSR20 Price (US cent/kg.)	140.6 ▼6.5°	% 131.5 ▲2	7.6% 167.8

# **Strategies for Post-COVID Situation**



#### Cause



An extended down cycle and high volatility of rubber prices

#### Results

- 1. Many competitors have faced financial problems and are having difficulty with their access to finance
- 2. Many competitors have had to cease operations.
- 3. Less competition in the market
- 4. Many competitors have stopped their R&D activities and lost production efficiency due to a lack of financing.

## BENEFITS TO SRI TRANG





SRI TRANG is the best choice for customers. [shifting NR demand from Indonesia to SRITRANG's Thailand]

SRI TRANG has been able to enjoy increased profitability

6 SRI TRANG has been able to continue to improve production efficiency.

SRI TRANG is the first and only one in the industry to use the mobile application "SRI TRANG FRIENDS" in the purchase of raw materials from rubber farmers and suppliers, creating an online network for rubber farmers.



2020	2021
26%	30%

of rubber production in Thailand

Tons per Headcount					
2020	16				
2021	23				
2024F	35				

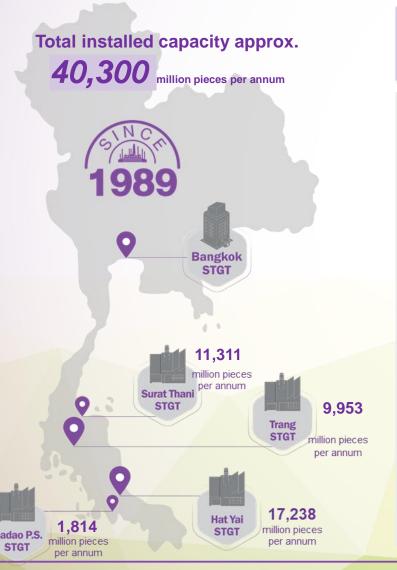
% of RM procured via Application in Thailand					
4Q2019	20%				
2020	70%				
2021	99%				



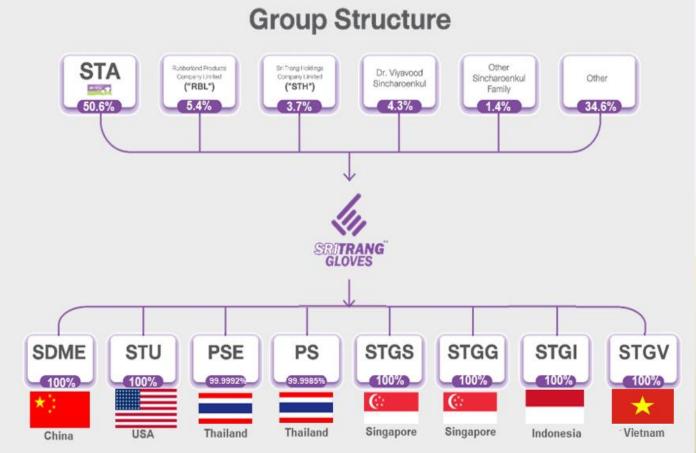
No. of Procurement center				
2017	70			
2018	51			
2019	46			
2020	45			
2021	34			

# **Downstream Operations – Finished Products**





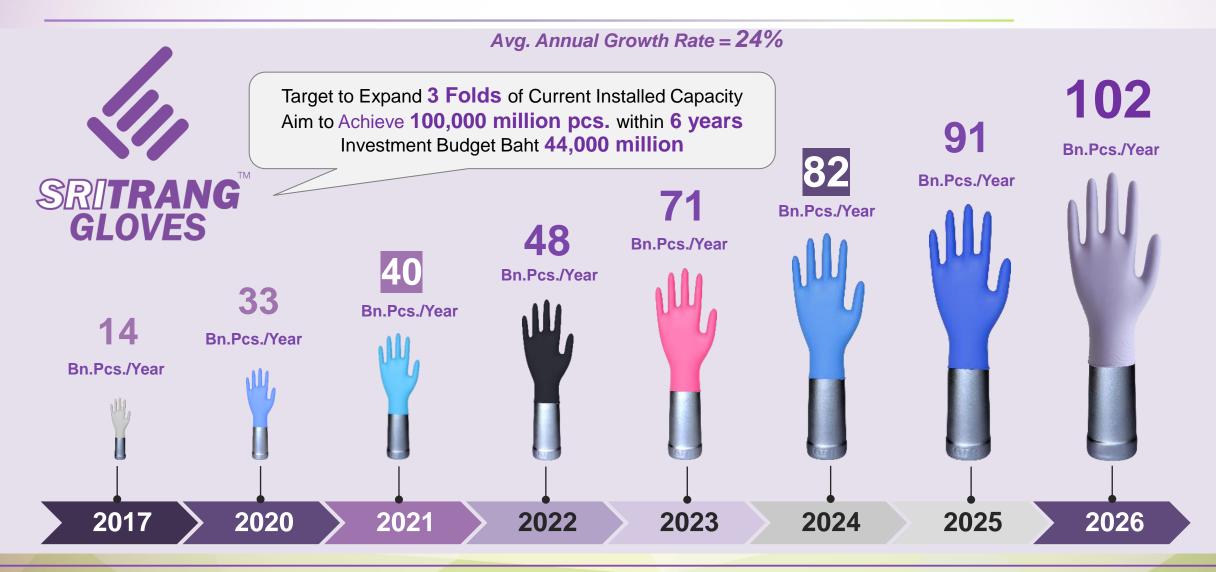
# STGT, is a Flagship Company of Sri Trang Group with 56% shares owned by STA



# **Aggressive Capacity Expansion Plan**

# From more than 30 years in rubber glove industry

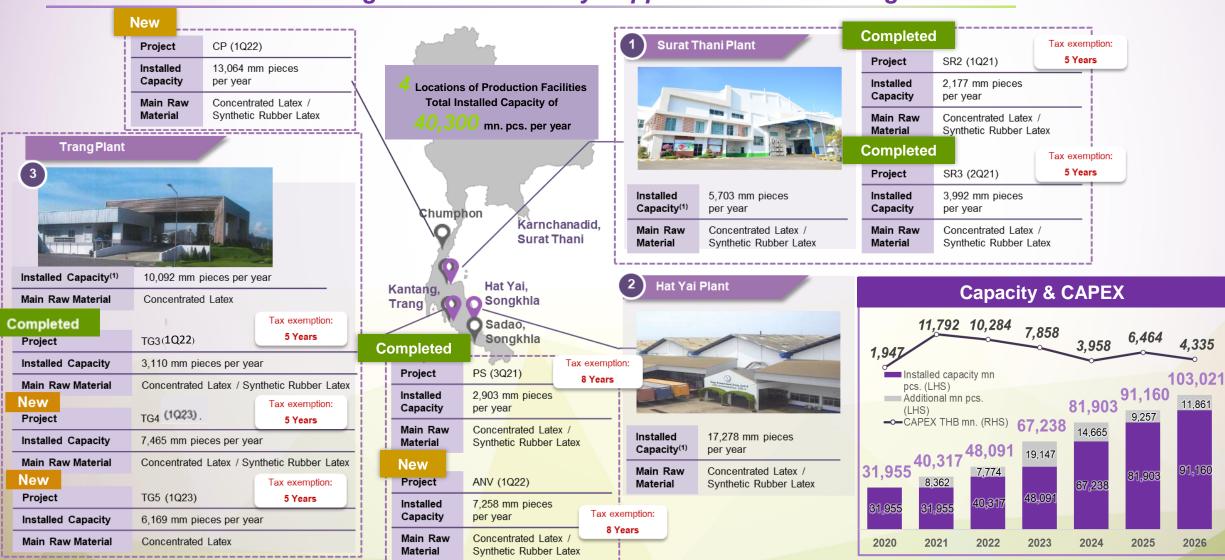




# STGT's Capacity Expansion Plan



Strategic Location for Key Suppliers and Tax Privileges



# **Completed Projects in 2021**





Commercial Run: June 2021 Installed Capacity: 2.2 bn.pcs./year



**SR2 Plant in Surat Thani** 





Commercial Run: July 2021 & Installed Capacity: 4.0 bn.pcs./year

SR3 Plant in Surat Thani

## **PS Plant in Songkhla**

Commercial Run: 3Q21 & Installed Capacity: 2.9 bn.pcs./year





## **TG3 Plant in Trang**

Installed Capacity: 3.1 bn.pcs./year





# **On-Going Projects**



## To start the commercial run in 1Q2022

## **ANV Plant in Songkhla**

Installed Capacity: 7.3 bn.pcs./year





## **CP Plant in Chumphon**

Installed Capacity: 13.1 bn.pcs./year





# Latex Gloves with No Principal Proteins Allergenic

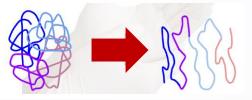


# Opportunity of Latex Glove is Back!



## **STGT's New Product = Game Changer**

Change in molecule of the protein in natural rubber



- Latex Glove is biodegradable faster than Nitrile Glove 100 times
- Latex Glove is low carbon product as it's made from natural based raw material comparing to Nitrile Glove which is petroleum based raw material.
- Latex Glove made from natural raw material causing lower pollution.
  - Latex Glove is cheaper comparing to Nitrile Glove.
    - Latex Glove helps increase the rubber consumption in Thailand encouraging income distribution to Thai rubber farmers.

# **Our New Product: Latex Surgical Gloves**





# Project Budget: 30 Million Baht

Location	STGT HY3
Target completion & Target to Launch	4Q2022
Capacity	1.7 mil pair/month or 20 mil pair/year
Market Potential (Domestic Market)	20 mil pair/year







# **Strategy for Post-COVID Situation**







## **Capacity Expansion**

to gain market share and capture high growth markets.



#### **Switchable Production Lines**

allow for flexible proportions of latex and nitrile gloves to reach an optimal product mix.



#### **Market Expansion to Various Countries**

from 140 countries in 2020 to 170 countries in 2021, and we expect to reach >190 countries in the next three years. We also plan to set up new subsidiaries in Singapore, Vietnam, the Philippines and Indonesia to support market expansion and distribution.



## **Gear Toward Leading Production Productivity**

using 2.8 workers/ a million piece of gloves in 2020 and 2.18 workers/ a million piece of gloves in 2021 to 1.65 workers/ a million piece of gloves in 2024 and to be 1.0 workers/ a million piece of gloves in 2026



## **Innovation Breakthrough of NR Gloves**

strengthen advantage of NR gloves and rid of concerns to attract new groups of customers.

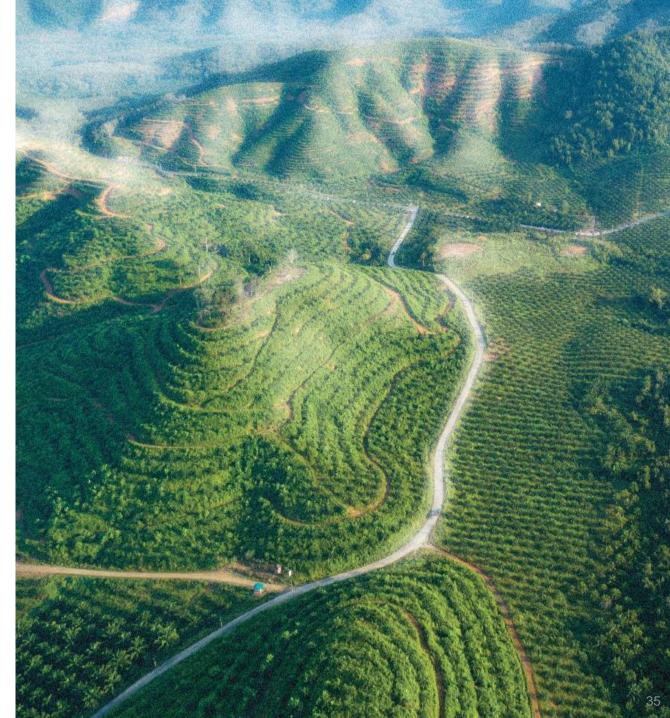


### Continue to Invest in Better Technology

to sharpen production efficiency and lower cost of production in long-run.

# Natural Rubber Market Situation





# Global NR Purchases: Peak Season in Each Region



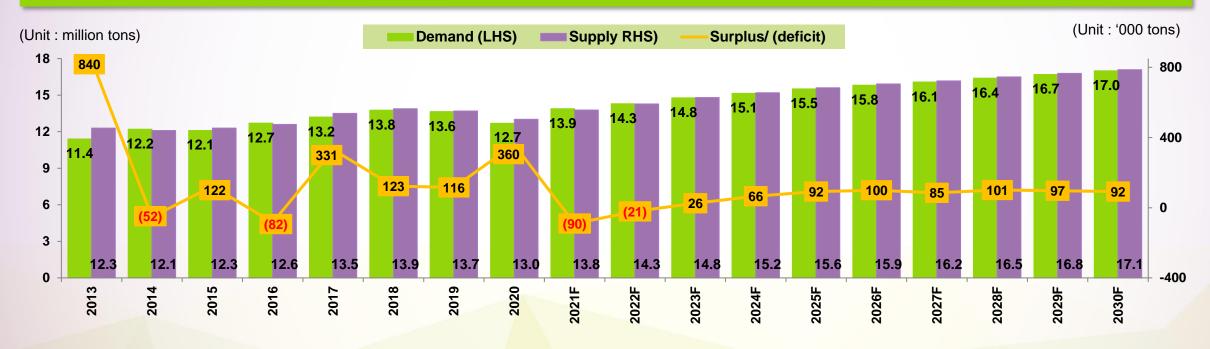
Region	Country	January	February	March	April	May	June	July	August	September	October	November	December
East Asia	China (Yunnan)												
East Asia	China (Hainan)												
Africa	Ivory Coast												
Africa	Ghana												
SE Asia	Vietnam												
South Asia	India												
SE Asia	Thailand												
SE Asia	Cambodia												
SE Asia	Laos												
SE Asia	Philippine												
SE Asia	Malaysia												
SE Asia	Myanmar												
SE Asia	Indonesia												
Africa	Congo												

Where we are today

# **Global NR Situation**



# **Natural Rubber Demand & Supply**

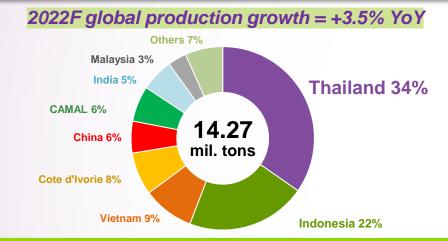


IRSG's forecast	2021 [mil.tons]	2022F [mil.tons]	% Change from 2021
Demand	13.88	14.29	▲3.0%
Supply	13.79	14.27	▲3.5%
(Supply Deficit)	(0.09)	(0.02)	▼76.7%

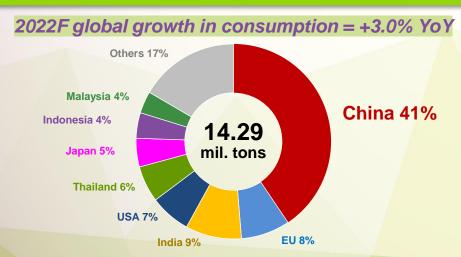
# **NR Supply & Demand**



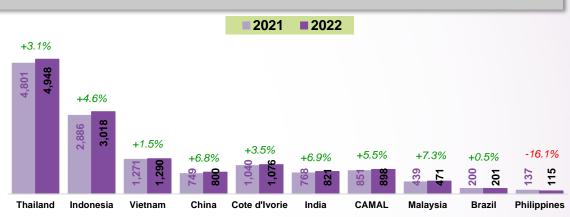
#### **2022F Major NR Producers**



#### 2022F Major NR Consumers



#### **NR Production from Top 10 Producers**



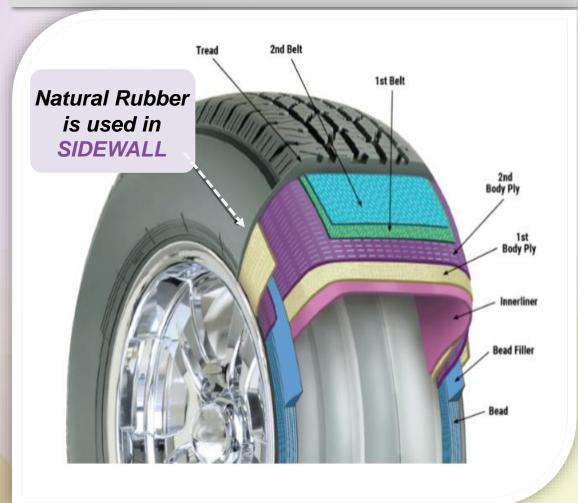
### **NR Consumption from Top 10 Customers**



# Tire's Components & How EV Tires Differ from Regular Tires



## **Tire's Components**





- √ Higher Weight (10 20% of ICE)
- ✓ Bigger tires to reduce rolling resistance
- A lot more torque
- Require higher breaking performance

# **EV Tires**

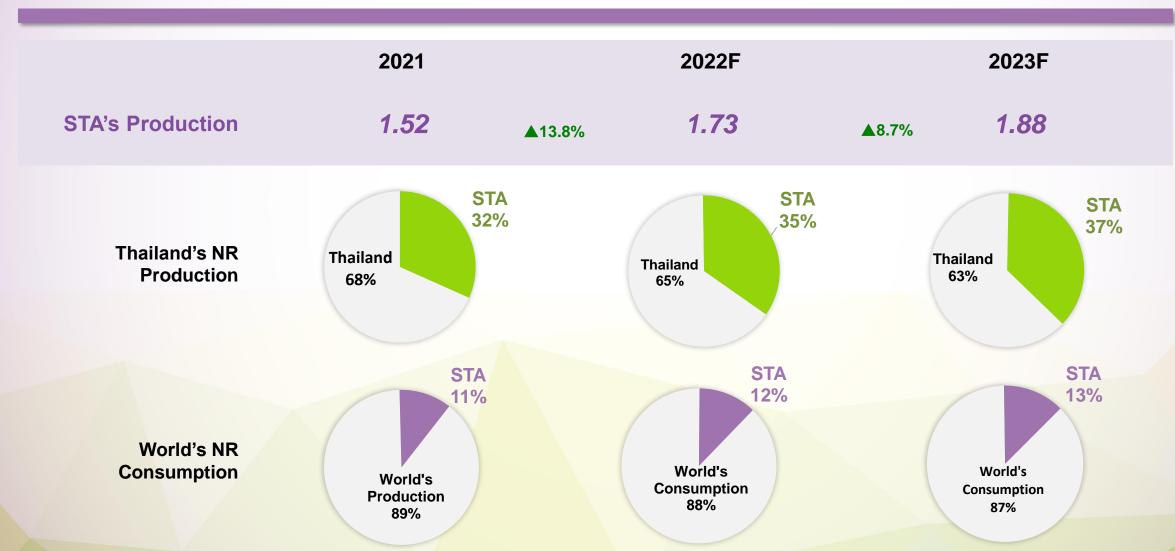
✓ Need to be Bigger & Heavier than regular tires

### **Rubber Components in Tire**



# STA's Market Share in Natural Rubber





# **News Update: Anti- Dumping Duty**



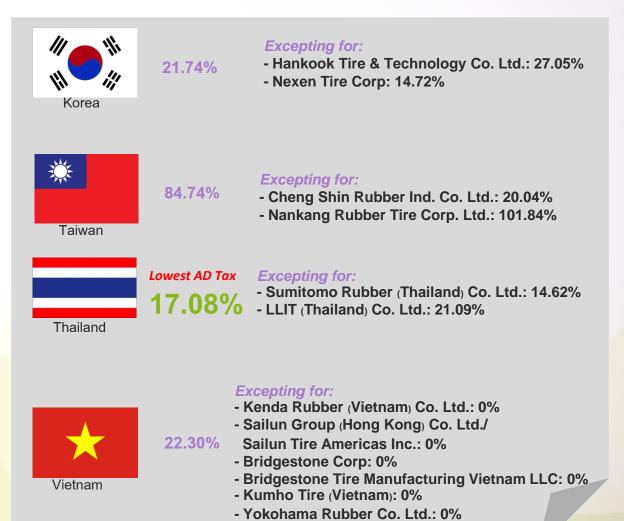


U.S. DEPARTMENT OF COMMERCE INITIATES

ANTIDUMPING DUTY AND COUNTERVAILING DUTY
INVESTIGATIONS OF IMPORTS OF PASSENGER

VEHICLE AND LIGHT TRUCK TIRES FROM THE REPUBLIC
OF KOREA, TAIWAN, THAILAND, AND THE SOCIALIST
REPUBLIC OF VIETNAM

In the AD investigations, Commerce will determine whether imports of PVLT tires from Korea, Taiwan, Thailand, and Vietnam are being dumped in the U.S. market at less than fair value. The alleged dumping margins are as follows:



# **Anti- Dumping Duty Has No Impact on Thai's Rubber**



### ZC Rubber starts up phase three at Thailand site

1-2 minutes

Rayong, Thailand – The third phase of ZC Rubber's production facility in Rayong rolled out its first passenger car tires on 31 Oct.

ZC started construction work on phase three in December 2019.

The project, spanning 173,000 sqm total floor area, marks the final phase of the company's €654 million (25 billion Thai Baht) overall investment in Rayong.

This will bring ZC Rubber's total annual tire production capacity in Thailand to more than 20 million unit, said the company.

The Thai site is scheduled to be completed by the end of the year after phase three's commissioning and optimisation, the company told *ERJ*.

The full commissioning, ZC told *ERJ*, may be delayed by the pandemic, as some of the engineers have not been able to enter Thailand and had to work remotely from China.

ZC Rubber decided to invest

Baht 25,000 million

to expand its production facilities in Thailand.

**Current: 10.5 million tires** 

(8.5 million tires for PCR & 2.0 million tires for TBR)



Expand to: 20 million tires

(Double NR's consumption)

www.european-rubber-journal.com/news/zc-rubber-starts-phase-three-thailand-site

# Awards in terms of ESG







"Sustainable Growth"

#### TOPIC

- Good Corporate Governance
- Anti-corruption
- · Increased production and Expand market share
- · Strengthen the customers' and Partners' trust
- Manufacturing quality products according to customer requirements.
- Educated rubber farmer to make a good quality raw material
- · Create innovation and new technology

#### **KEY SUCCESS**

- · CG and AGM score
- Member of The Private Sector Collective Action Coalition Against Corruption (CAC)
- · Economic performance
- Customer satisfaction
- Customer complaint
- · Sri Trang rubber farmer project
- · R&D and innovation project
- · Benefit from Kaizen& QCC activity



Environment (Green factory, Green product)







"Create more happiness for internal and external society"

#### TOPIC

- Development and employees' care
- Human Rights and Fair Labor Practices
- · Good health, Safety and Good working environment
- Establish responsible process to consumer care
- Engage supplier or partners' for social responsibility
- · Social and Community Development

#### **KEY SUCCESS**

- Turnover rate
- Disabled persons employment
- Accident rate
- Consumer complaints
- No. of Suppliers who acknowledge anti-corruption policy
- Cost and project to supported and developed community



#### TOPIC

"Focus on the effective environmental management system"

- · Energy reduction and renewable energy
- Reduce CO<sub>2</sub> emission
- · Efficiency resourcement and reuse material
- Oriented towards managing to reduce Impacts of the production
- Develop and share innovation of environmental responsibility
- Planting and increasing the green areas
- R&D environmental friendly products

#### KEY SUCCESS

- · Energy Conservation Project
- · STA champion project
- · Reduce waste "Green Company" project
- % of rubber transportation vehicle of "the Bun Tuk Yang Tid Rang Srang Roi Yim" project
- · Test kit on sulfate content in raw material
- Green Industry up to level3



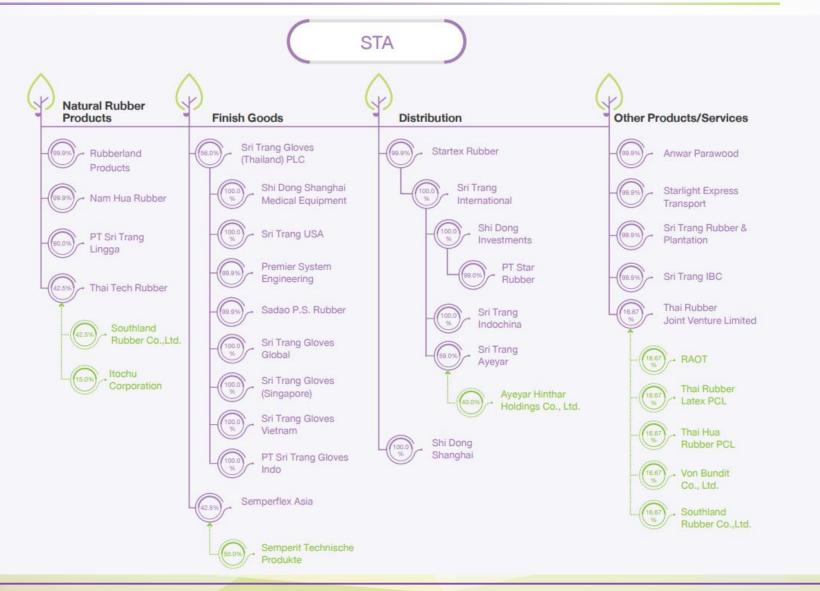






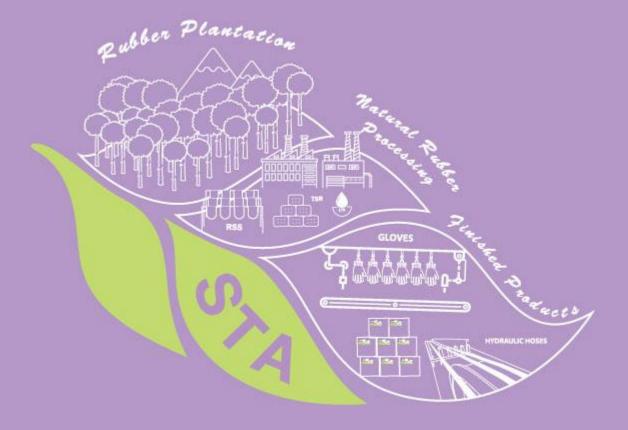
# **Group Structure**





Data as of 31 December 2021 

® Sri Trang Agro-Industry Plc.



# **THANK YOU**









