

member of  
**SRITRANG**  
GROUP



4Q2014 & FY2014 Presentation

6 March 2015

**A World Leading Natural Rubber Player**



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# 2014 Highlights



# 2014 STA Highlights

## Sales & Marketing

- **10% Market Share** of World Consumption in 2014
  - Industrial record 1.2 millions rubber sold (7% growth)
  - **13% of China's NR Import**
  - **20% of Thailand's NR Production**

## Rubber Plantation

- **50,612 rai (8,098 hectares) acquired** in 19 provinces of Thailand
- **38,502 rai (6,160 hectares) already planted**

## Capacity Expansion

- World's largest **1.4 Million tons** optimum capacity
- **26 plants** in Thailand and Indonesia manufacturing a full spectrum of NR products



Thailand



Indonesia

## Distribution Centers

- **6 Distribution centers** in key countries
- New Vietnam distribution center started operation in 2014



Thailand



Indonesia



USA



Singapore



PRC



Vietnam

## Procurement Centers

- **83 Procurement centers** in Thailand and Indonesia

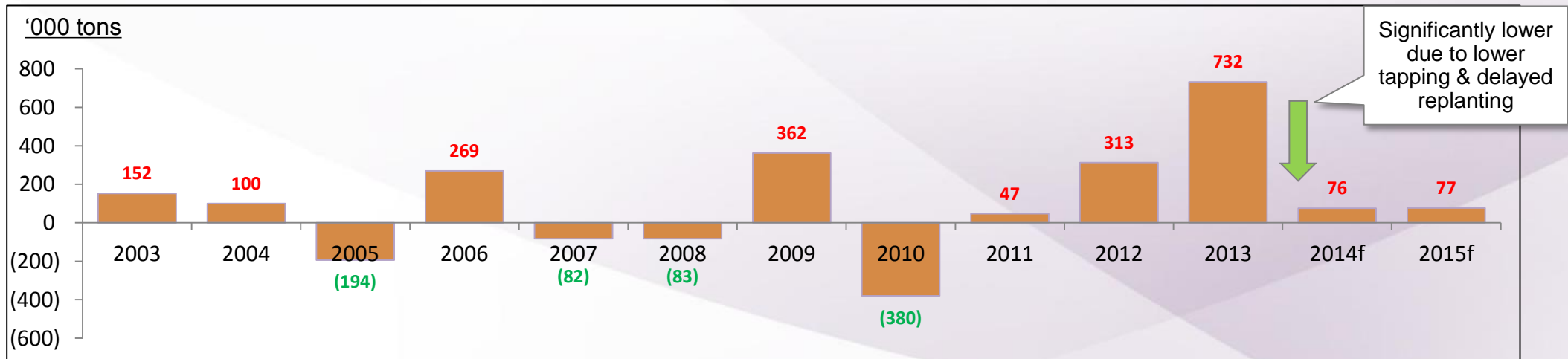
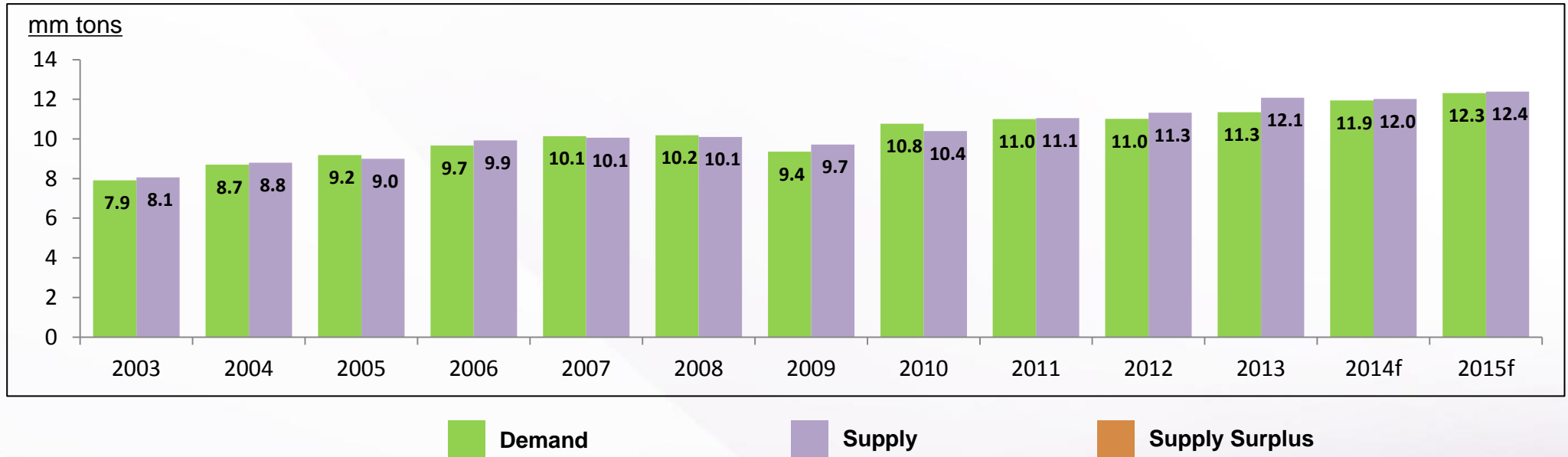


Thailand

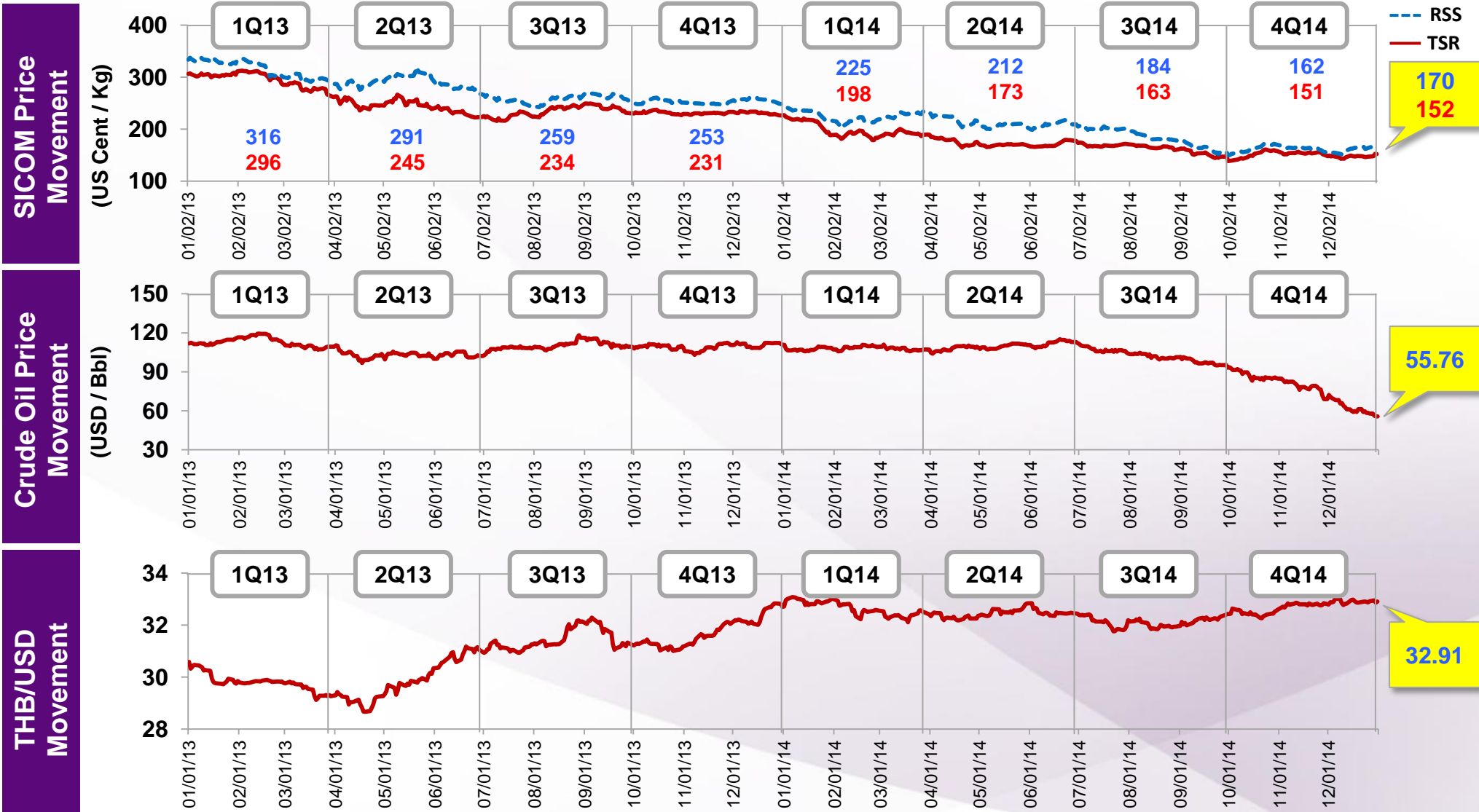


Indonesia

NR market is still under pressure from supply surplus –  
but with significantly lower magnitude than its peak in 2013



## Falling NR Price and appreciating USD continued since 2013



# 4Q2014 and FY2014 Results





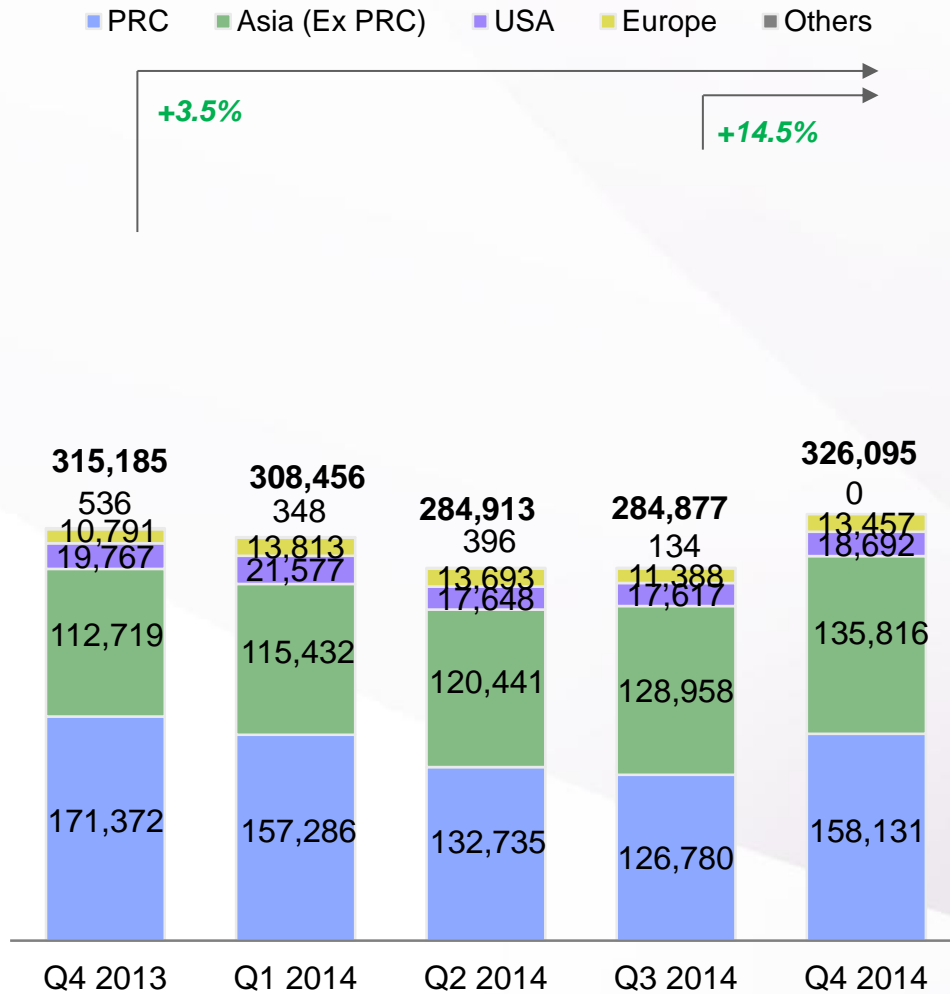
## Financial Highlights

(THB mm)	FY'13	FY'14	%YoY	Q4'13	Q4'14	%YoY	Q3'14	%QoQ
Revenue	92,185	75,530	▼18%	23,930	17,543	▼27%	16,812	▲4%
Sale volume (tons)	1,126,463	1,204,342	▲7%	315,186	326,095	▲3%	284,877	▲14%
Avg. selling price (Baht per ton)	79,600	60,583	▼24%	74,053	51,665	▼30%	56,756	▼9%
Gross profit	5,189	3,348	▼36%	1,472	1,130	▼23%	941	▲20%
Adj. gross profit*	6,049	4,642	▼23%	1,321	1,315	▼0.5%	826	▲16%
EBITDA	3,747	2,568	▼31%	772	413	▼46%	895	▼54%
Net profit	1,820	1,038	▼44%	434	13	▼97%	456	▼97%
Adj. GP margin*	6.6%	6.1%	▼42bps	5.5%	7.5%	▲198bps	6.7%	▲80
Net profit margin	2.0%	1.4%	▼60bps	1.8%	0.1%	▼174bps	2.7%	▼264

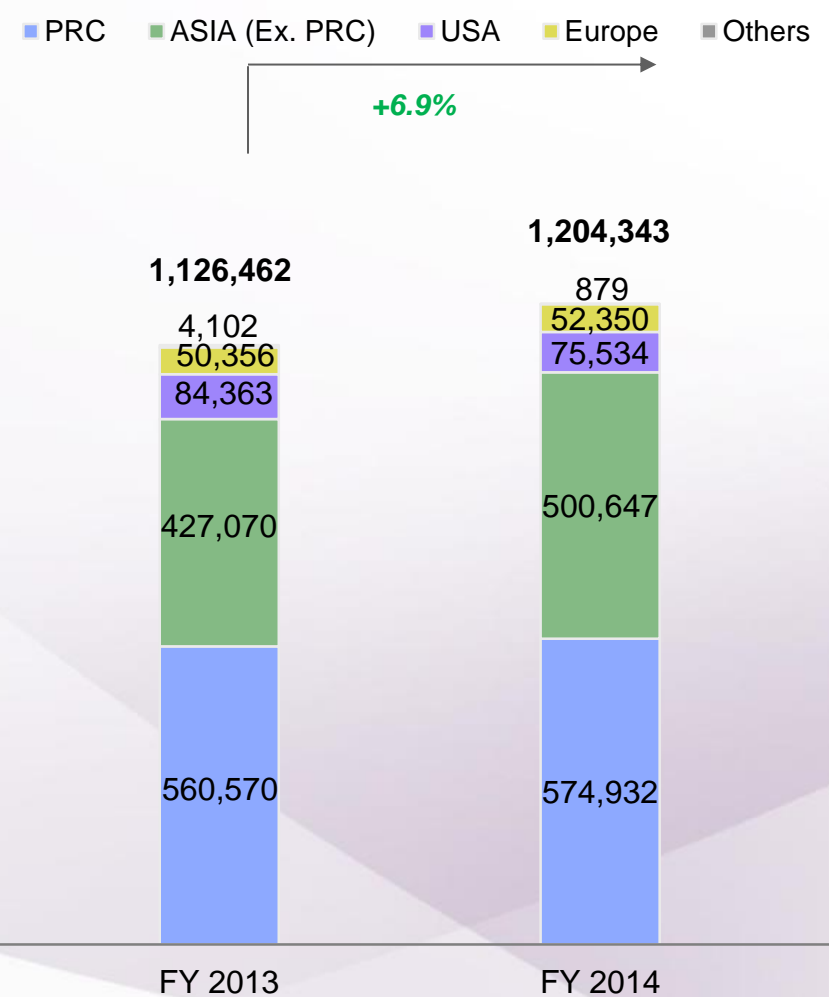
\* Adjusting for (reversal) allowance of inventory, realised forex gains/(losses), and realised rubber futures gains/(losses)

Sales volume reached yet another industry record of 1.2 million tons at higher growth (6.9%) than 5.2% global demand growth

### Sales Volume – Quarterly (tons)

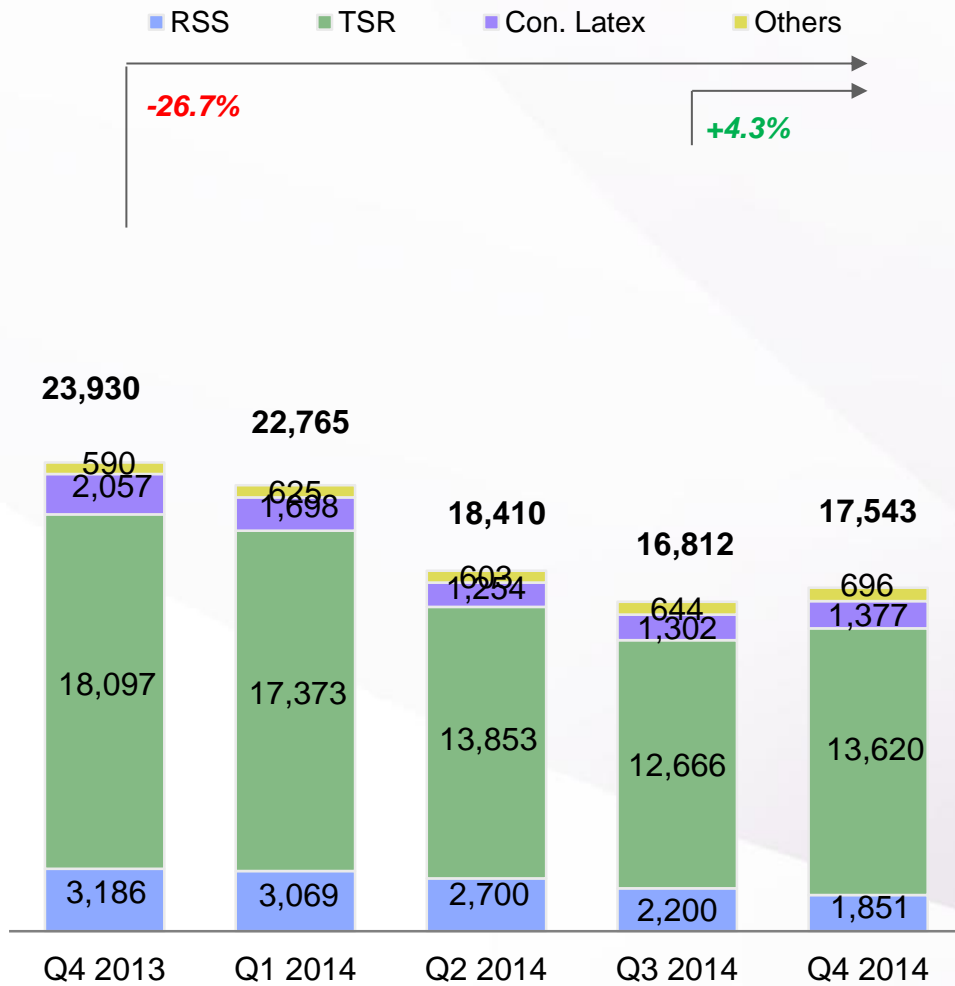


### Sales Volume – Yearly (tons)

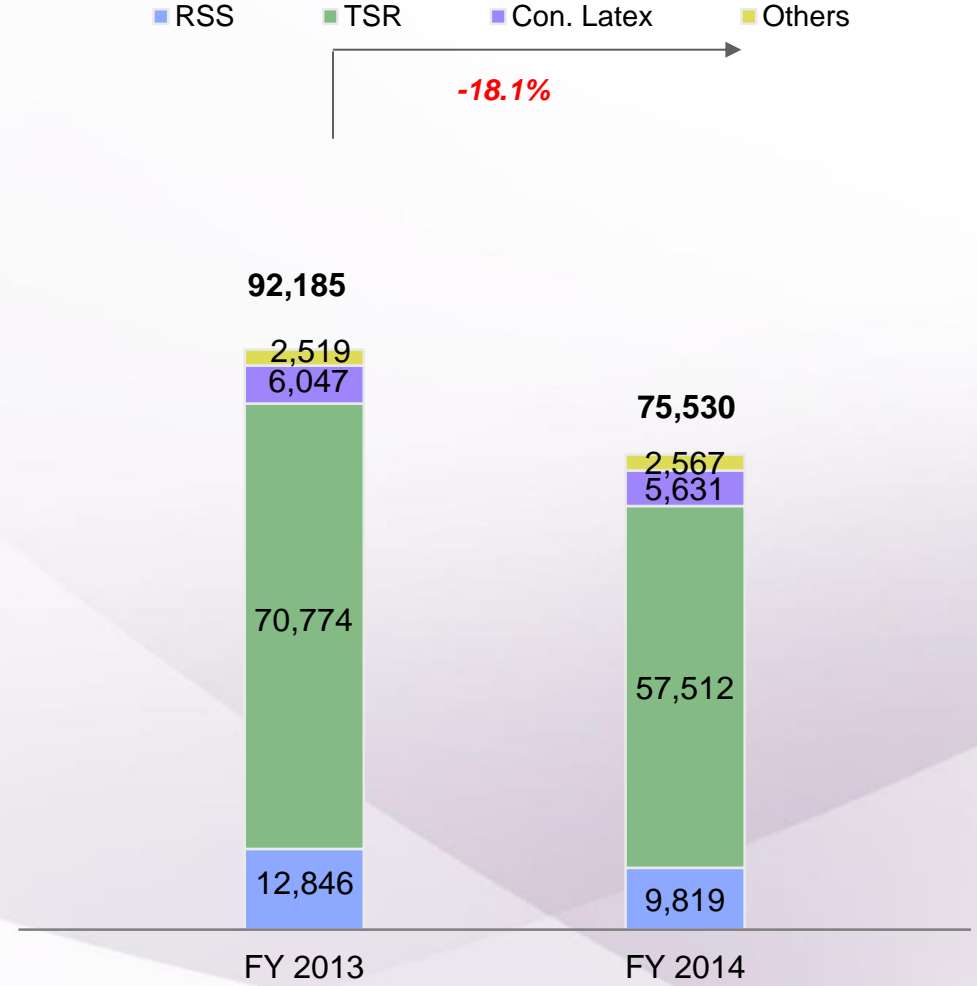


Under pressure from falling NR price, revenue decreased by 18% despite volume growth

Revenue – Quarterly (THB mm)



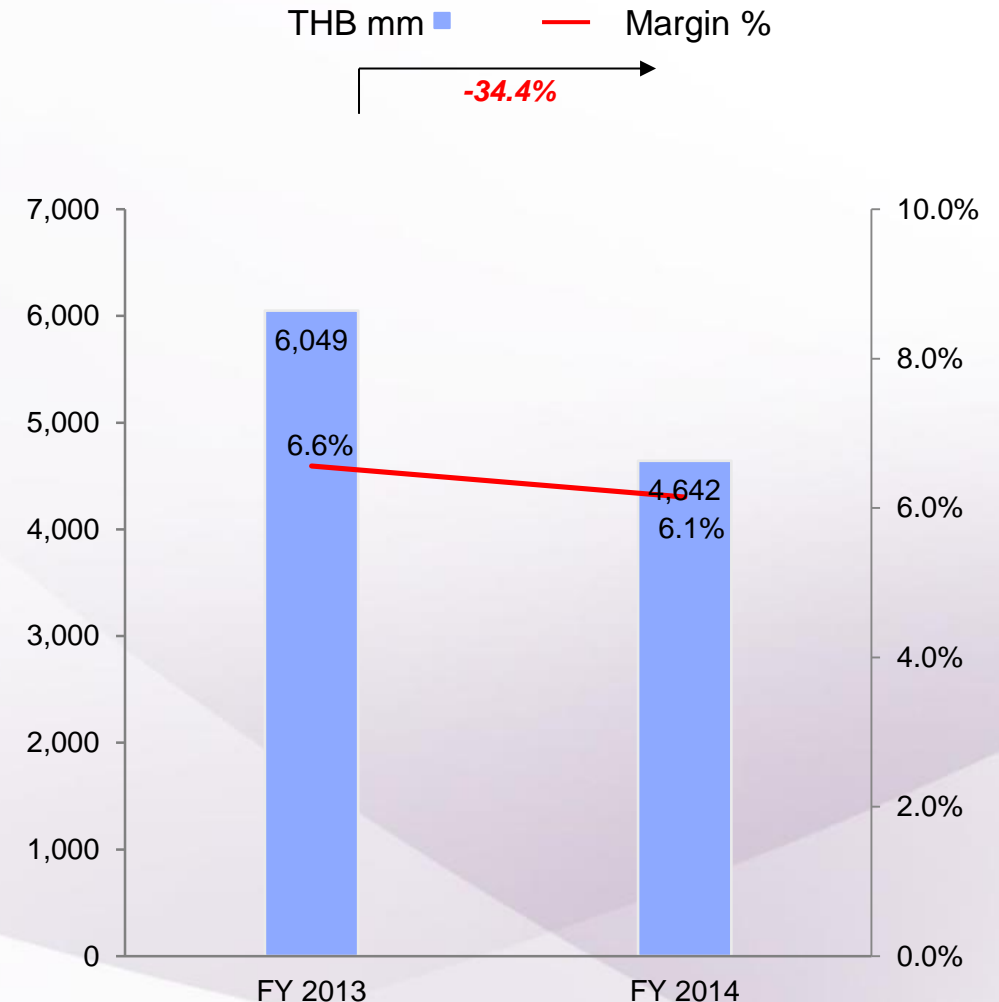
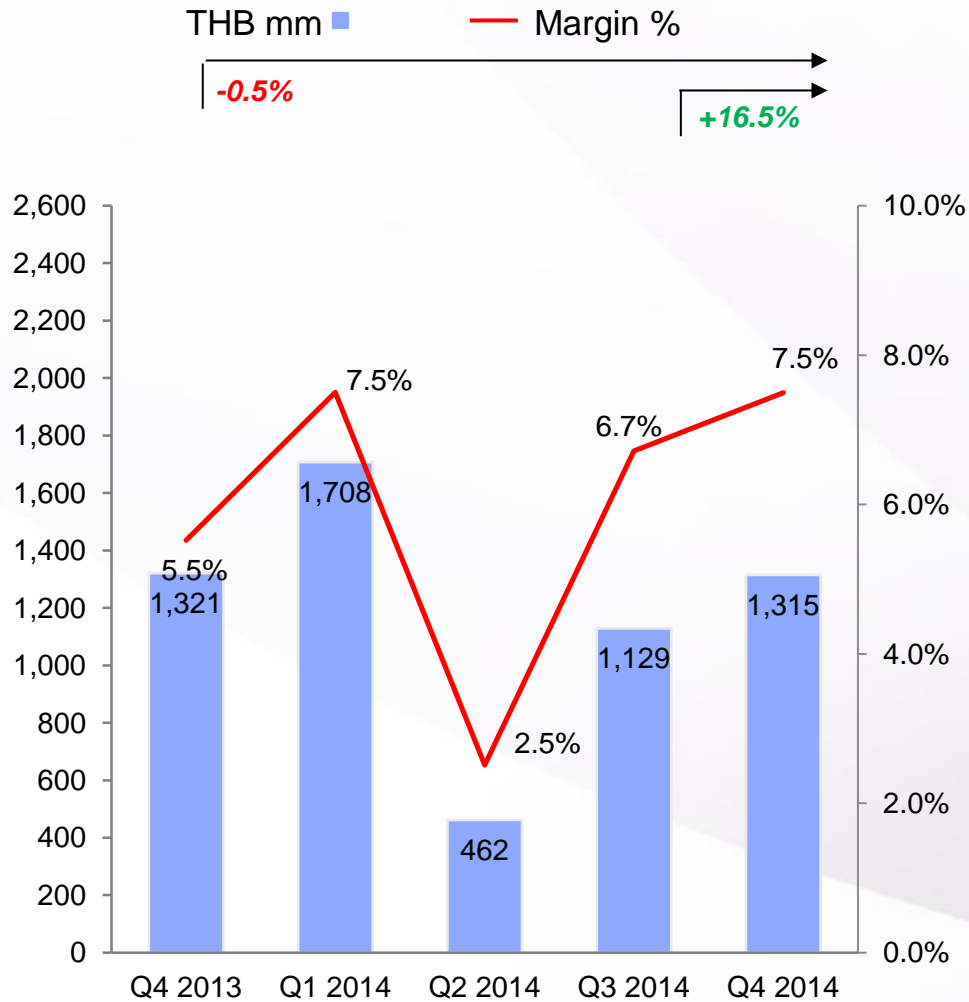
Revenue – Yearly (THB mm)



Decrease in Adjusted Gross Profit was also due mainly to pressure from global NR price, but it is picking up in H2 2014

### Adjusted Gross Profit – Quarterly (THB mm)

### Adjusted Gross Profit – Yearly (THB mm)

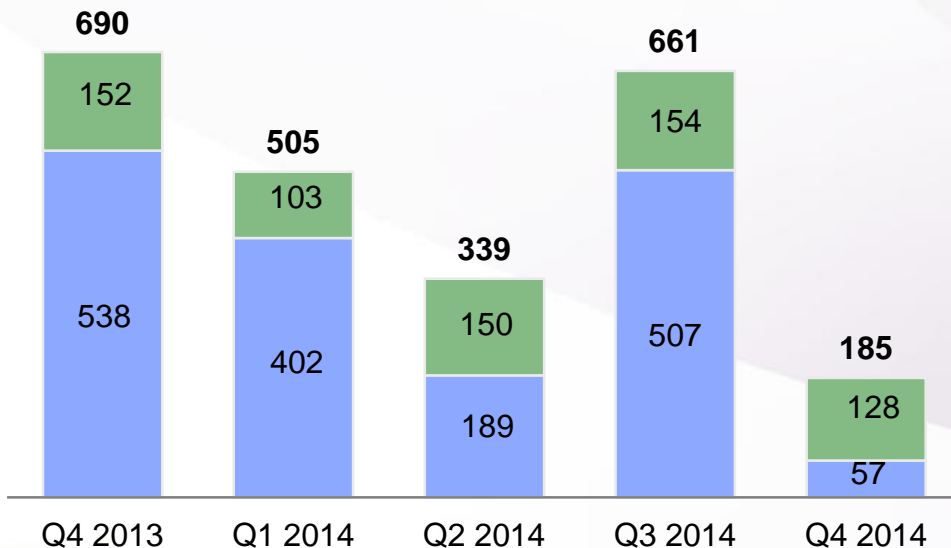
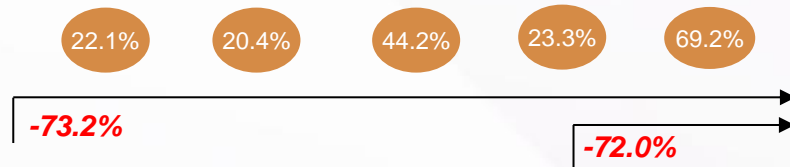


\* Adjusting for (reversal) allowance of inventory, realised forex gains /(losses), and realised rubber futures gains/(losses)

EBIT fell correspondingly to gross profit and increase in admin expenses, but profits from associates & JV remain strong due to lower RM costs

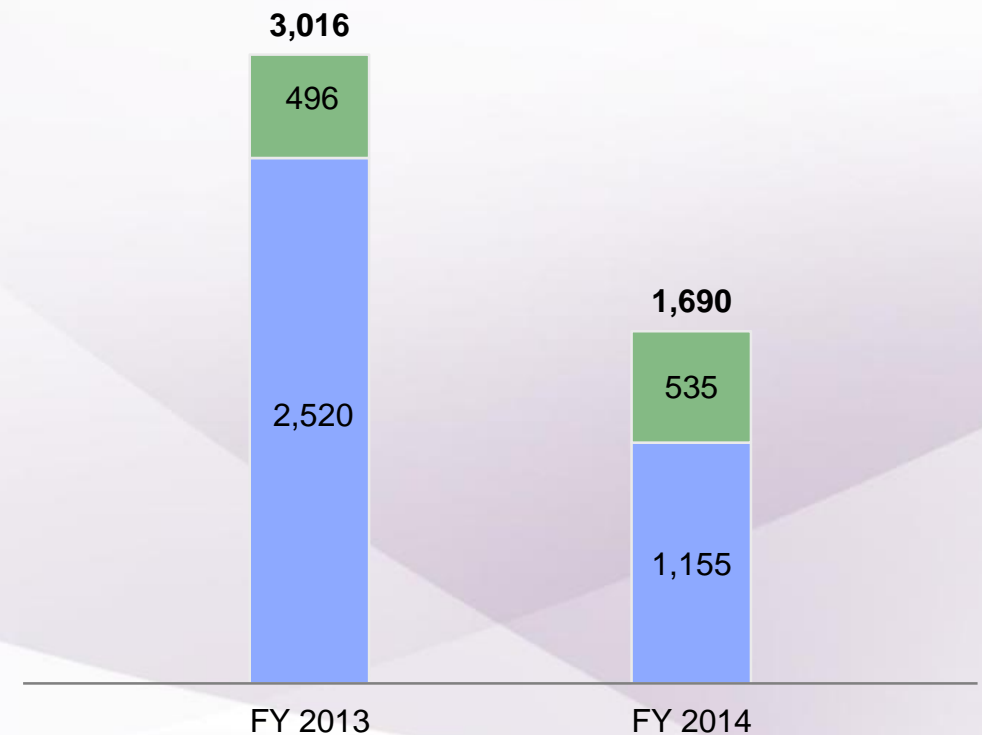
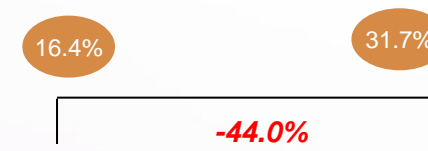
### EBIT – Quarterly (THB mm)

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



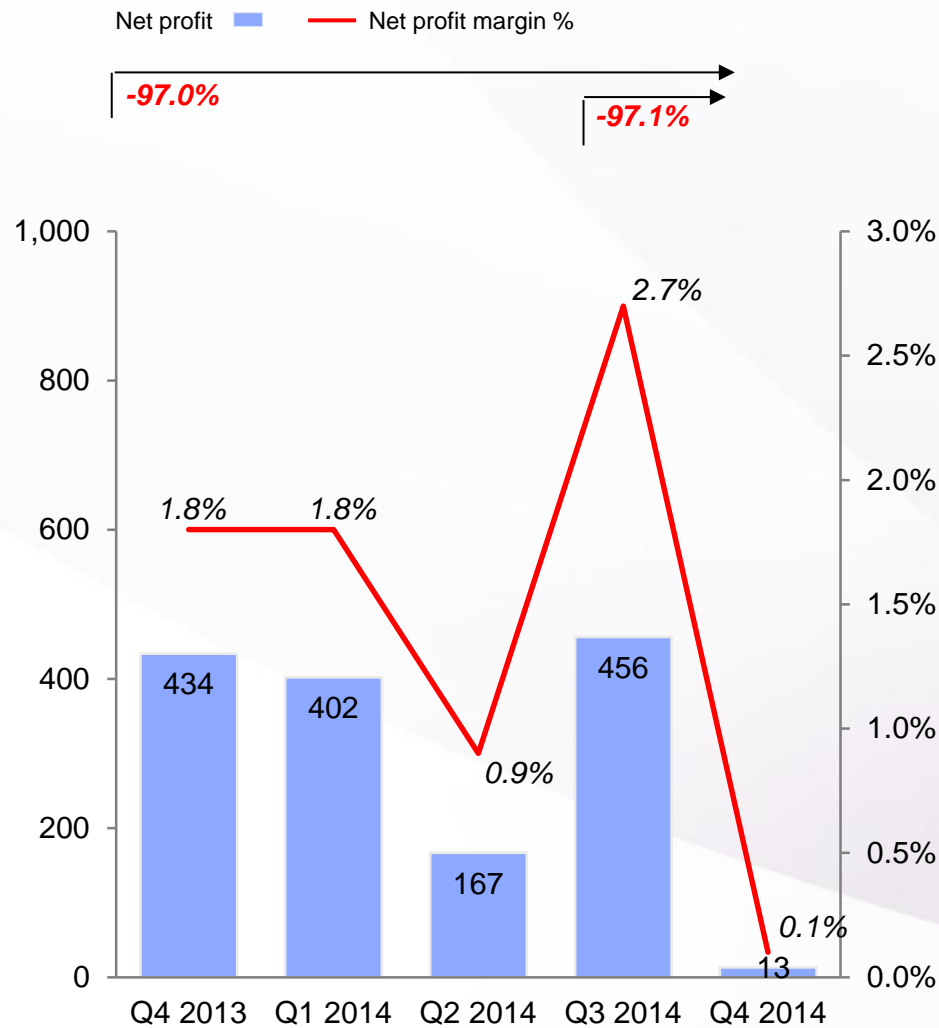
### EBIT – Yearly (THB mm)

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

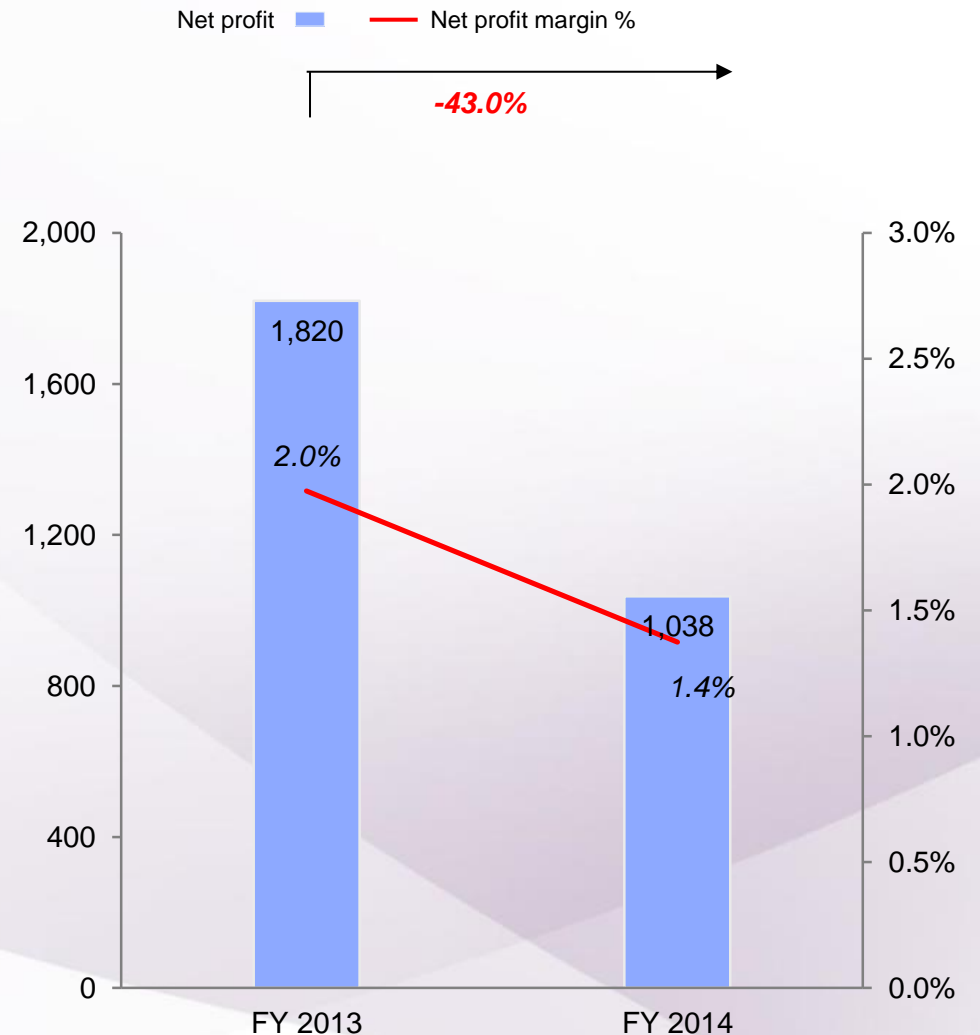


Despite of lower finance costs and lower tax expense, Net Profit was outweighed by unfavorable NR price and demand appetite

### Net Profit – Quarterly (THB mm)

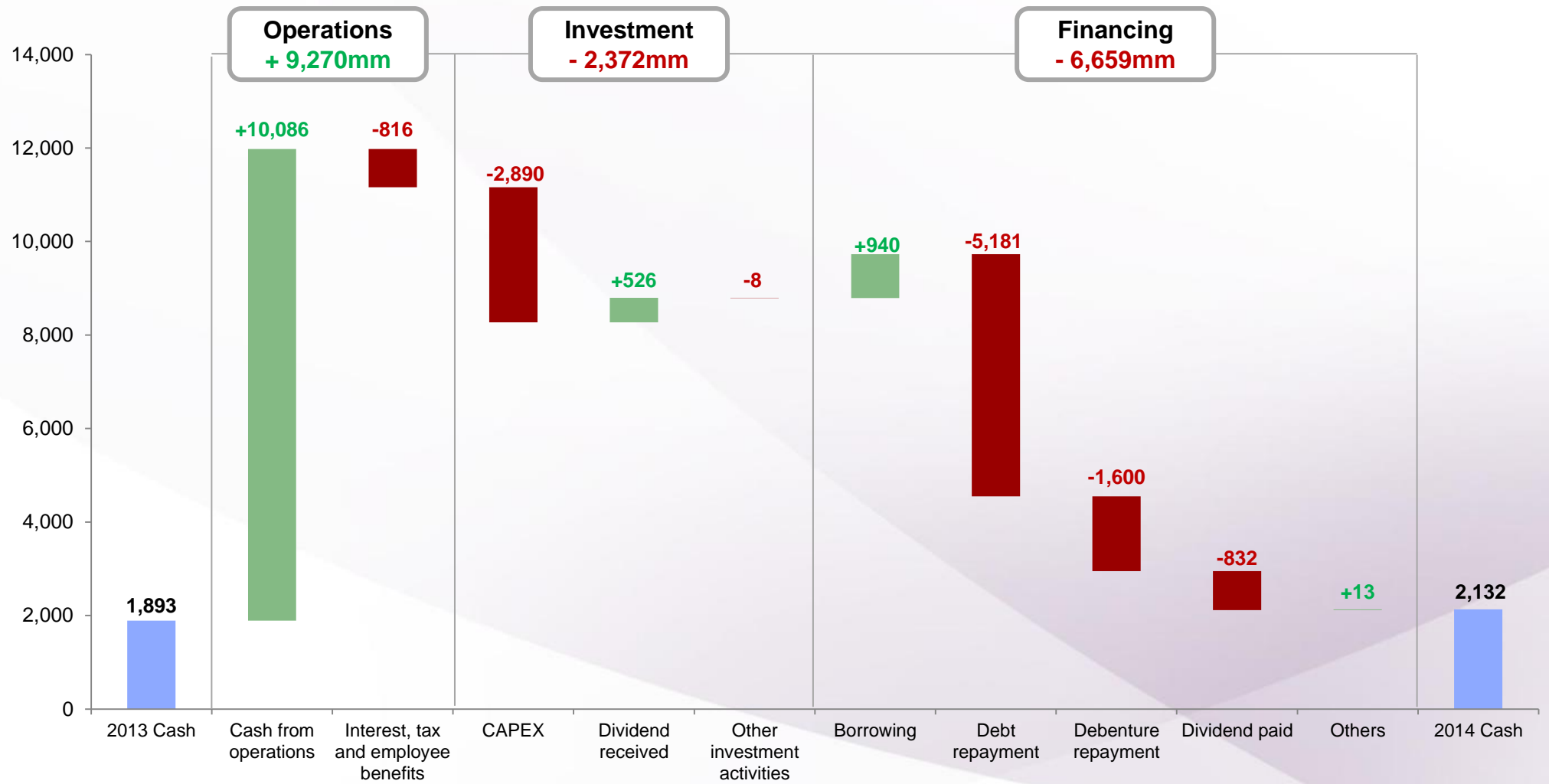


### Net Profit – Yearly (THB mm)



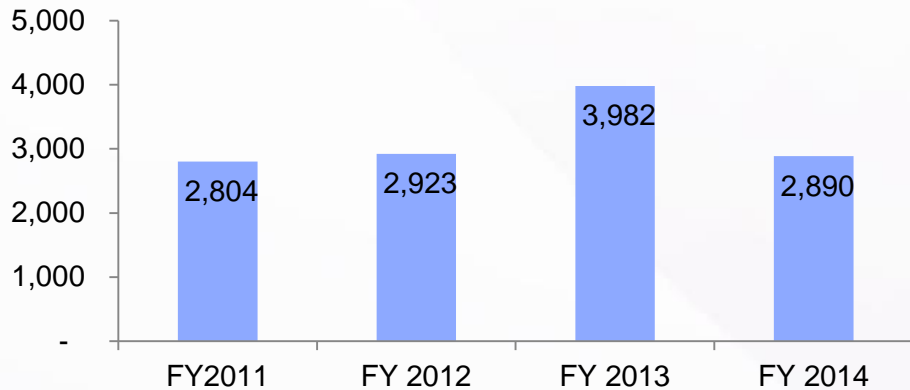
Our Cash Flow remains strong and can sufficiently support business operation, investment and financing activities

**2014 Cash Flow (THB mm)**

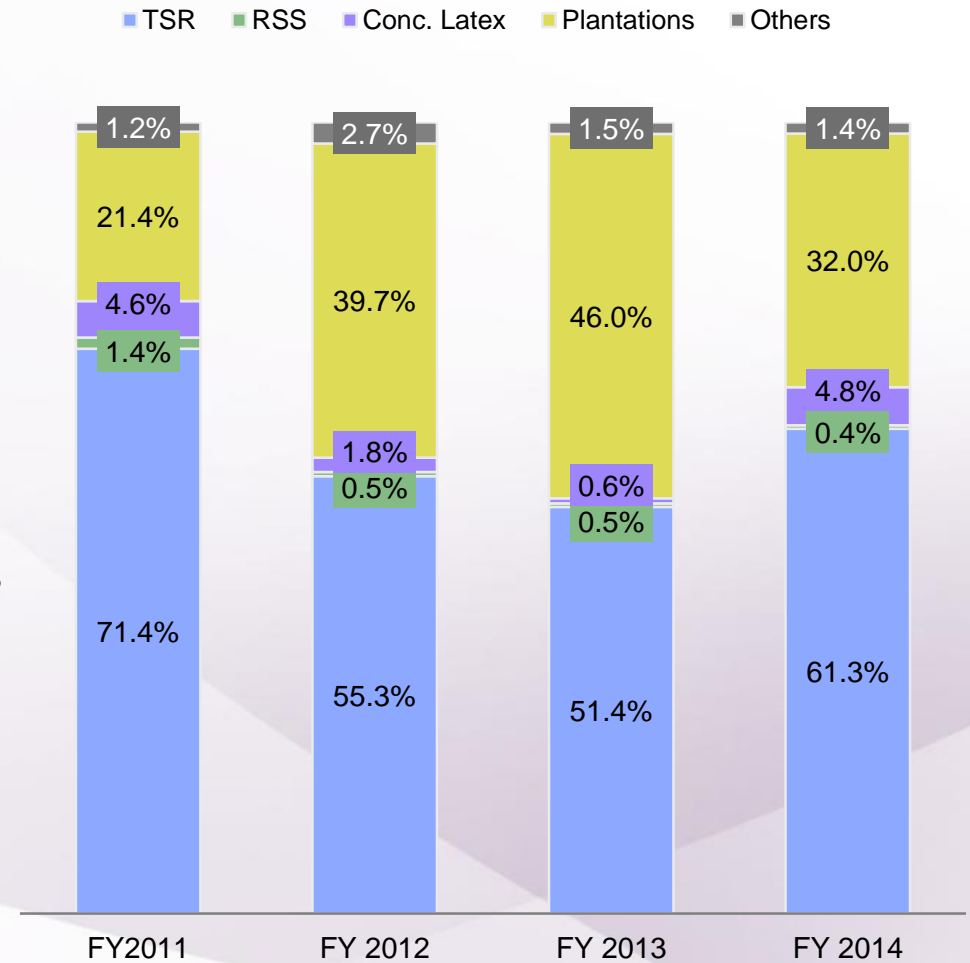


# STA continue to expand our capacity and footprint in main and emerging NR producing countries with focus on TSR

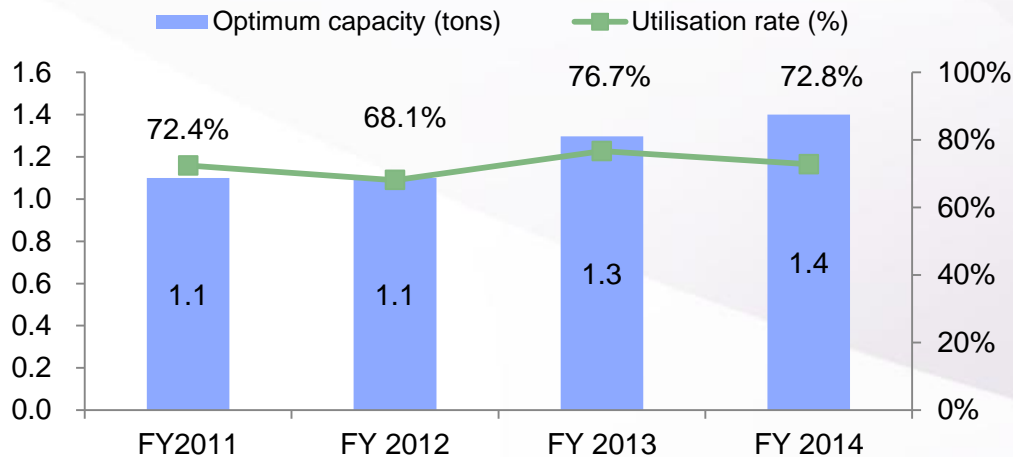
**Total Capital Expenditure (THB mm)**



**Capital Expenditure by Products (THB mm)**



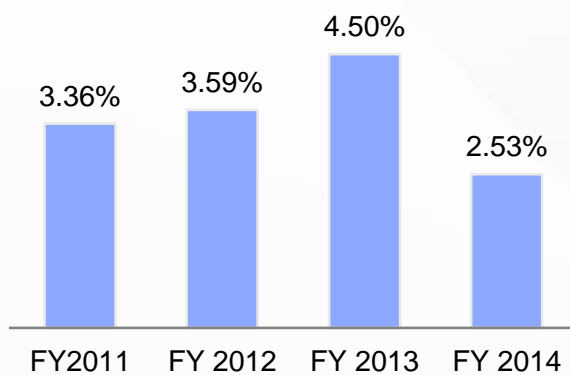
**Effective Production Capacity & Utilisation Rate**



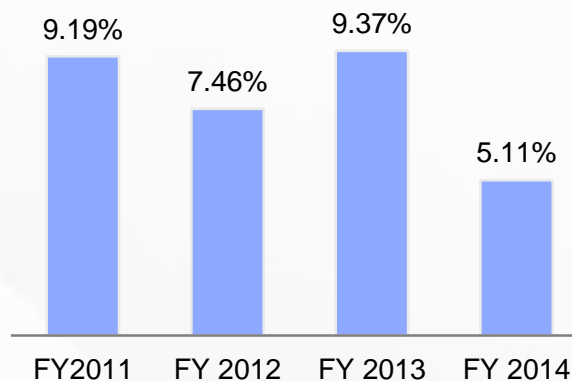


## Financial Ratios

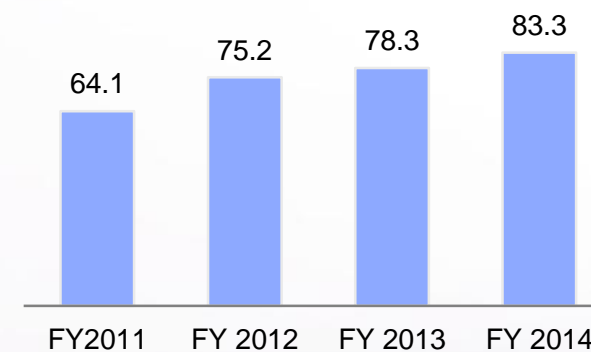
### ROA



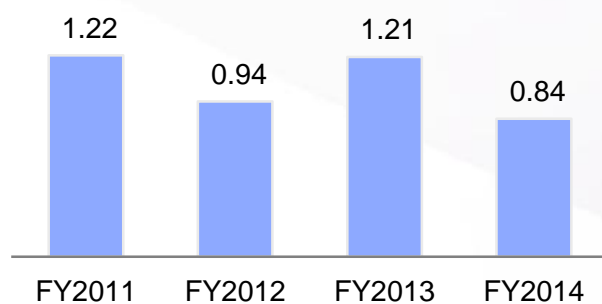
### ROE



### Cash Cycle



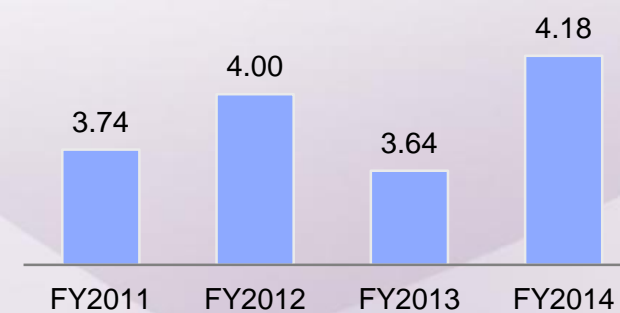
### Debt / equity



### Net debt / equity



### Interest Coverage



# Outlook



## 2015 Outlook

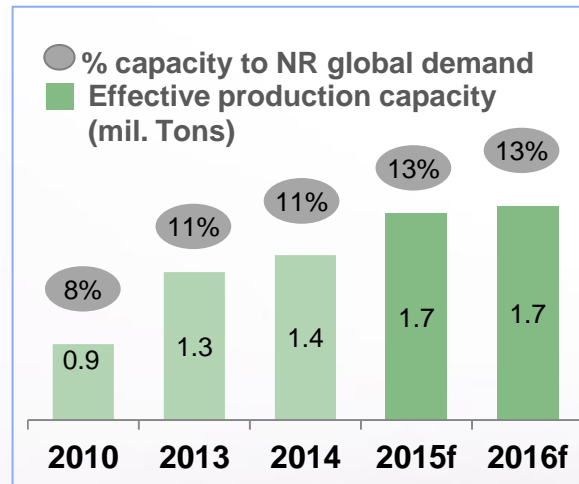
### Target

Capacity	: 1.7 mil tons
Sale volume	: 1.4 mil tons
Adj. GP margin	: 5 - 7%
NP margin	: 1.5 - 2.5%
Dividend policy	: 30% of net profit

### Capex Plan

CAPEX (THB mm)	2015f	2016f
Capacity Expansion	1,850	175
Plantation	480	520
Maintenance	320	235
<b>Total CAPEX</b>	<b>2,650</b>	<b>930</b>

### Capex Plan



## Additional Capacity Roadmap



## Our Business Strategies

### Upstream Business

- Continue to utilise and plant rubber trees on lands already acquired
- Leverage from insights in raw material market sentiment to better manage our raw material costs
- Improve our reach in new areas for rubber plantation as well as production

### Production Capacity

- Consistently expand our production footprint in top producing and emerging NR countries
- Achieve and leverage on economy of scale
- Maintain our leading position in natural rubber industry

### Raw Material Procurement

- Creative campaign and branding to build brand loyalty among suppliers
- Lessen suppliers' price sensitivity
- Continuous expansion of our procurement centers
- Save production cost and increase production efficiency from our effective procurement strategy with suppliers

### Customer Coverage

- Aggressively expand into high potential market with focus on domestic customers and Asia region to capture growth prospect
- Build well-balanced customer portfolios to counterbalance nation-specific economic risks

# Q&A



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