

member of  
**SRITRANG**  
GROUP



**First Quarter 2014 Presentation**

**12 May 2014**

**A World Leading Natural Rubber Player**



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# Q1 2014 Results



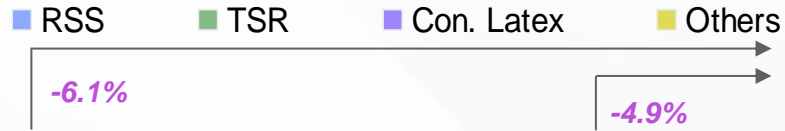
## Financial Highlights – Q1 2014

(THB million)	FY'12	FY'13	%YoY	Q4'13	Q1'13	Q1'14	%YoY	%QoQ
Revenue	99,639	92,185	▼7%	23,930	24,240	22,765	▲6%	▼5%
Sale volume (tons)	975,604	1,126,463	▲15%	315,186	269,706	308,456	▲14%	▼2%
Avg. selling price (Baht per ton)	99,966	79,600	▼20%	74,053	87,260	71,777	▼18%	▼3%
Gross profit	4,775	5,189	▲9%	1,463	1,320	599	▼55%	▼59%
Adj. gross profit*	4,318	5,804	▲34%	1,287	1,598	1,466	▼8%	▲14%
EBITDA	2,840	3,747	▲32%	876	1,338	708	▼47%	▼19%
Net profit	1,379	1,812	▲31%	426	850	402	▼53%	▼6%
Adj. GP margin	4.3%	6.3%	▲200bps	5.4%	6.6%	6.4%	▼20bps	▲100bps
Net profit margin	1.4%	2.0%	▲60bps	1.8%	3.5%	1.8%	▼170bps	▼1bps

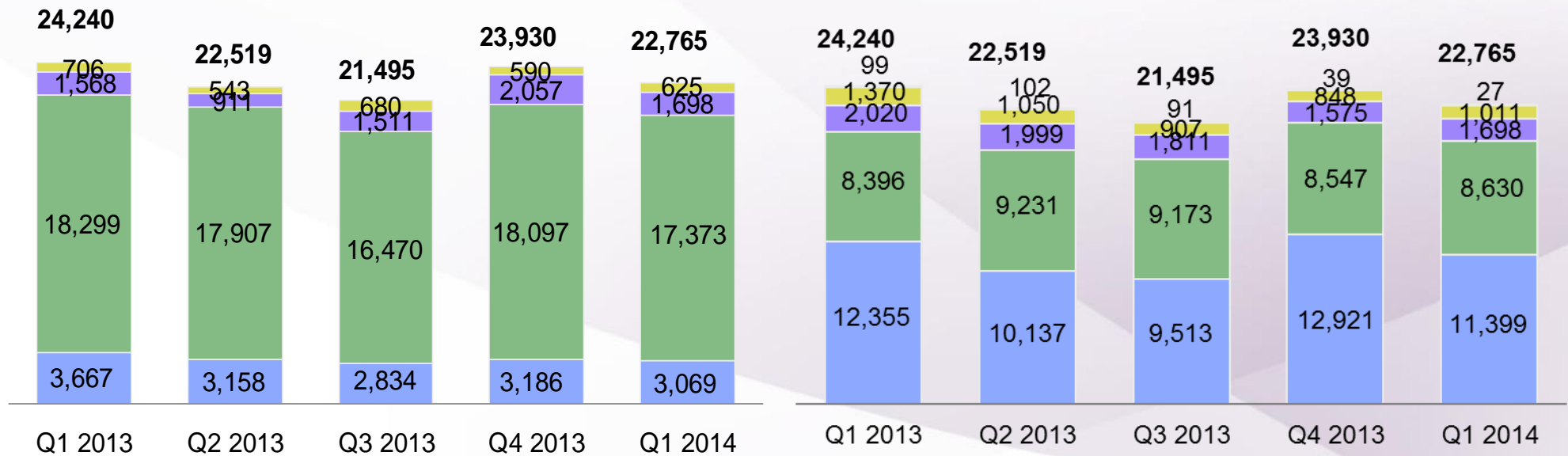
\* Adjusting for (reversal) allowance of inventory and realised forex gains / losses

# Revenue overview

Revenue breakdown by product (THB mm)



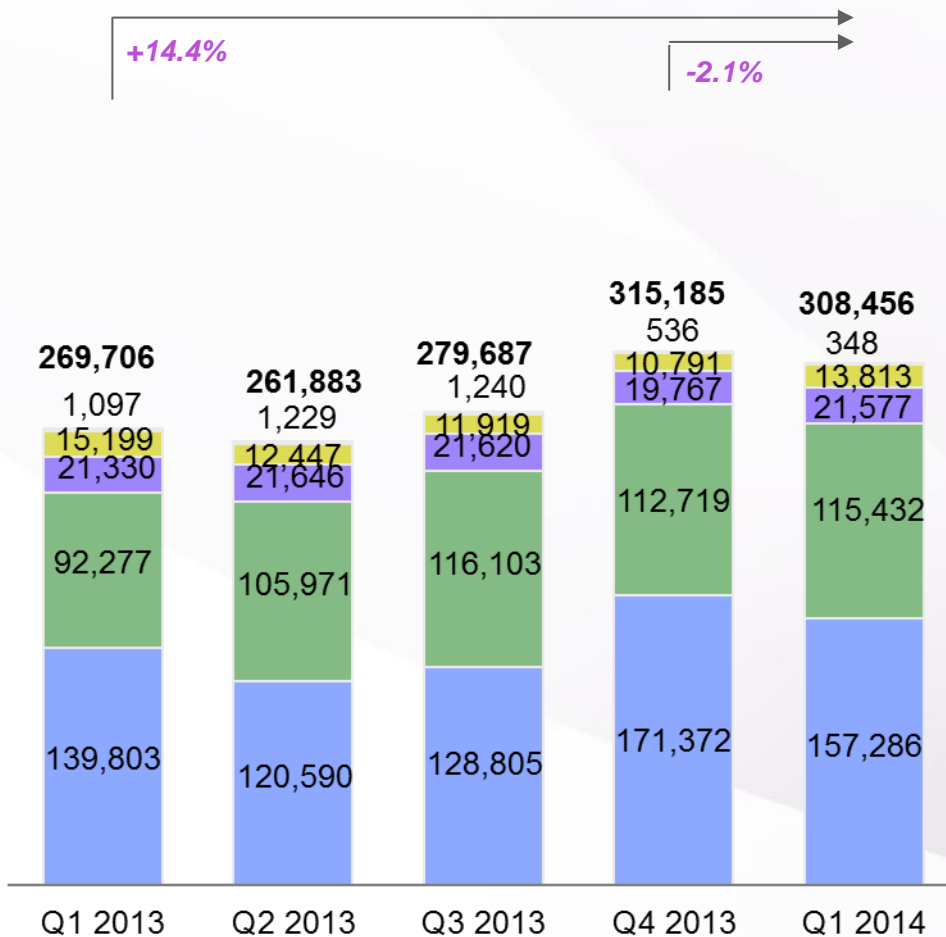
Revenue breakdown by geography (THB mm)



# Revenue by Geography and GP per Ton

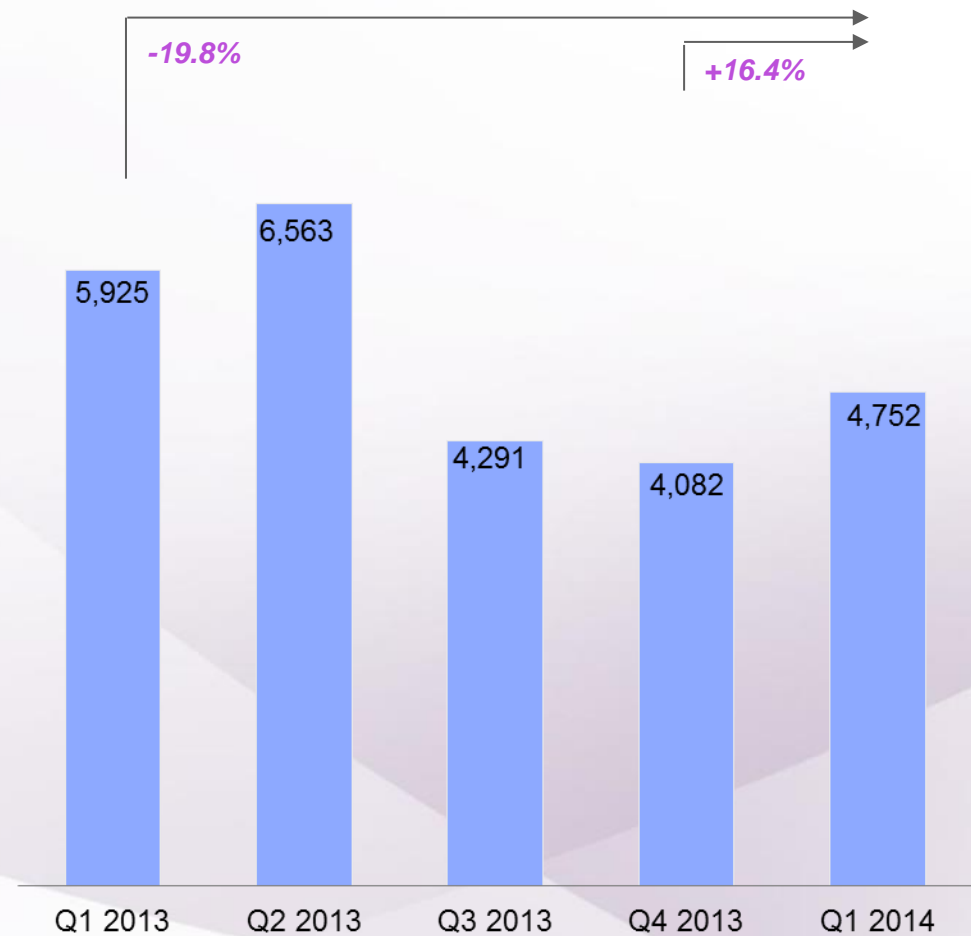
## Revenue breakdown by geography (tons)

■ PRC ■ Asia (Ex PRC) ■ USA ■ Europe ■ Others ■ total



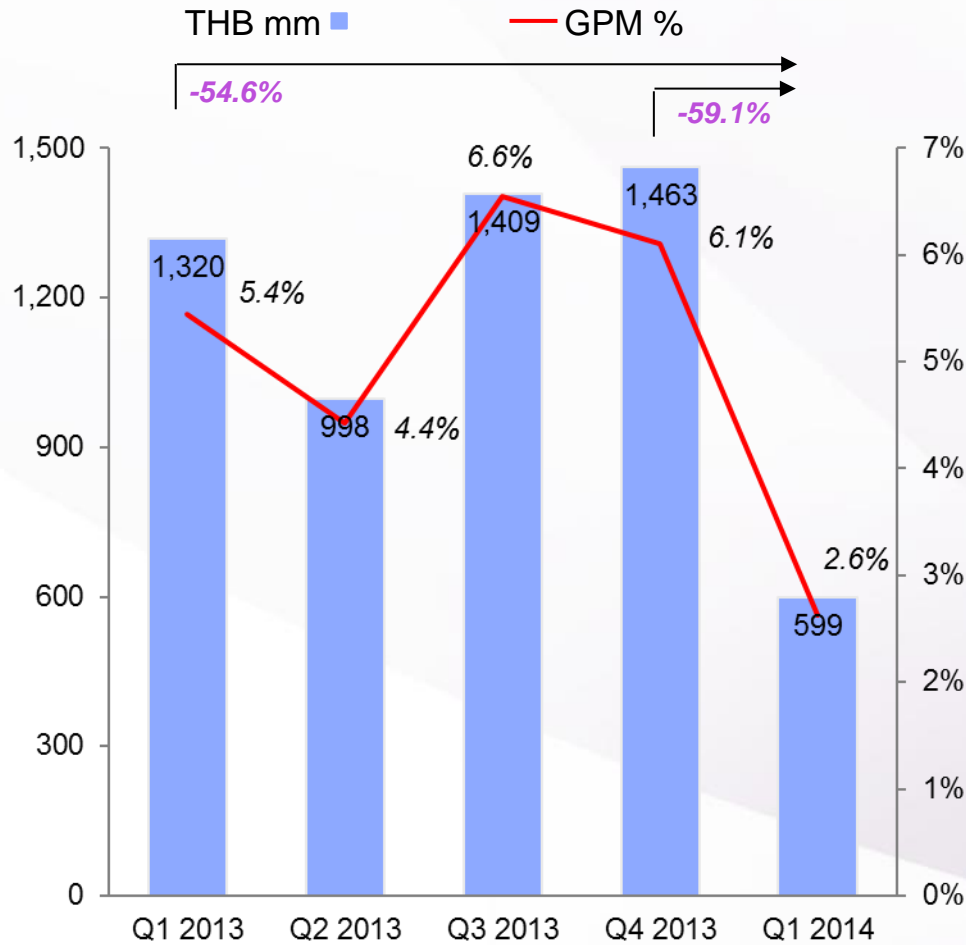
## Adjusted Gross Profit\* per Ton (THB)

THB mm ■

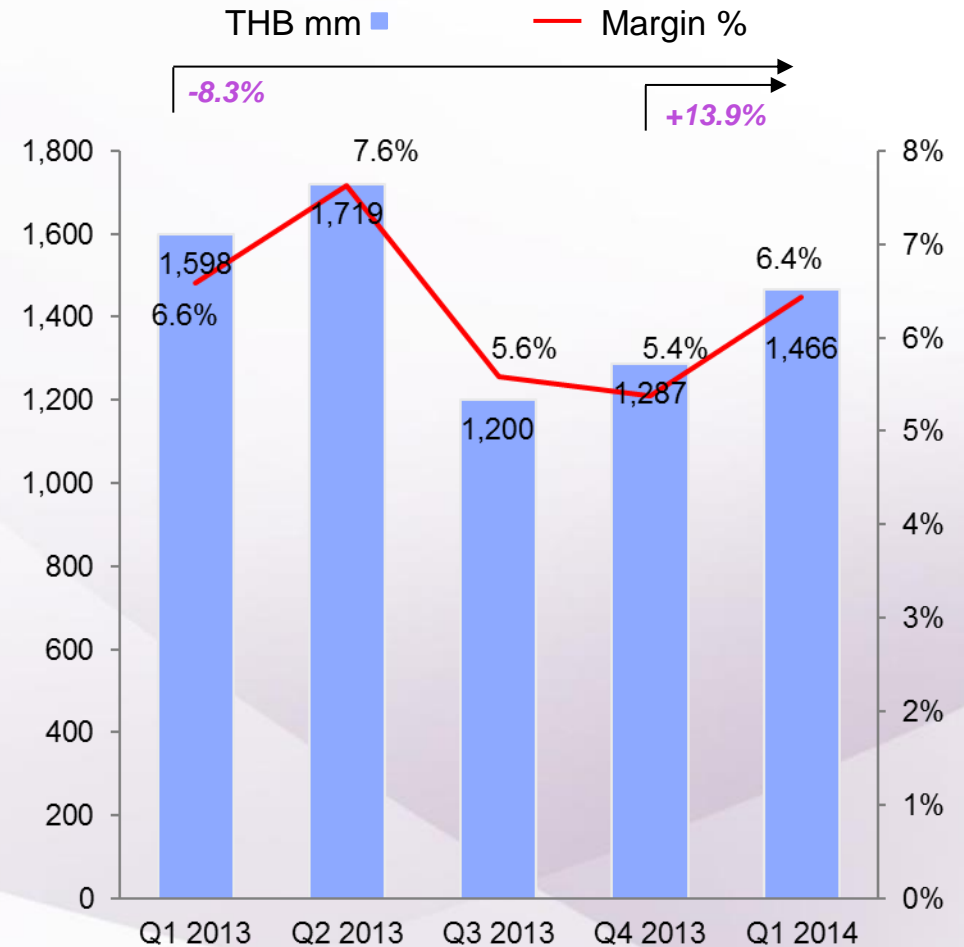


# Gross profit (“GP”) and gross profit margin (“GPM”)

**Gross Profit**

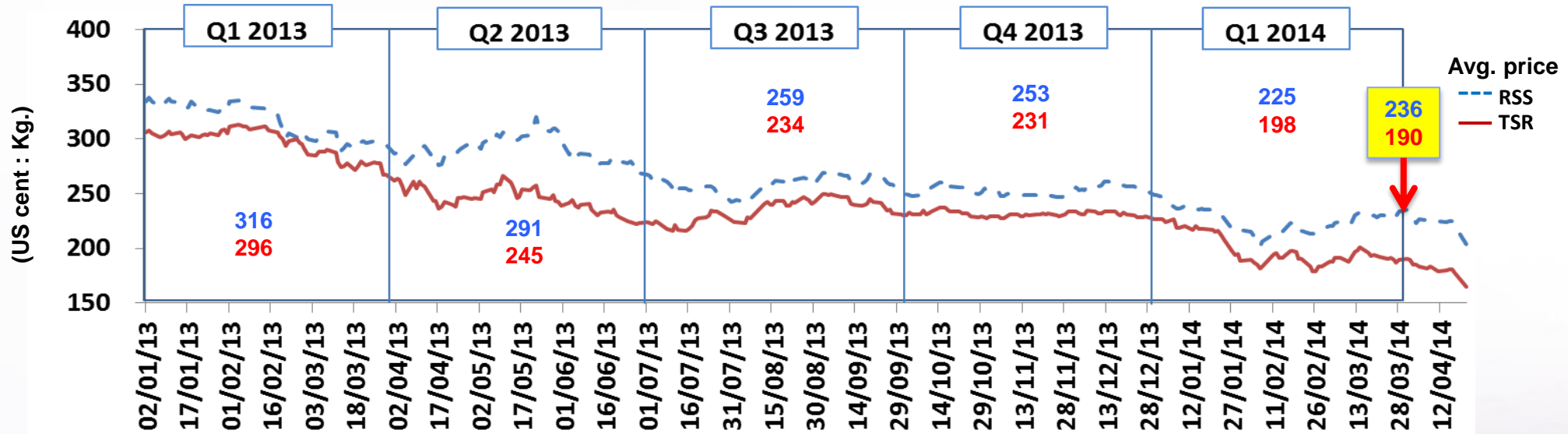


**GP After adjusting for allowance (reversal) of inventory cost and realised forex gains/losses**

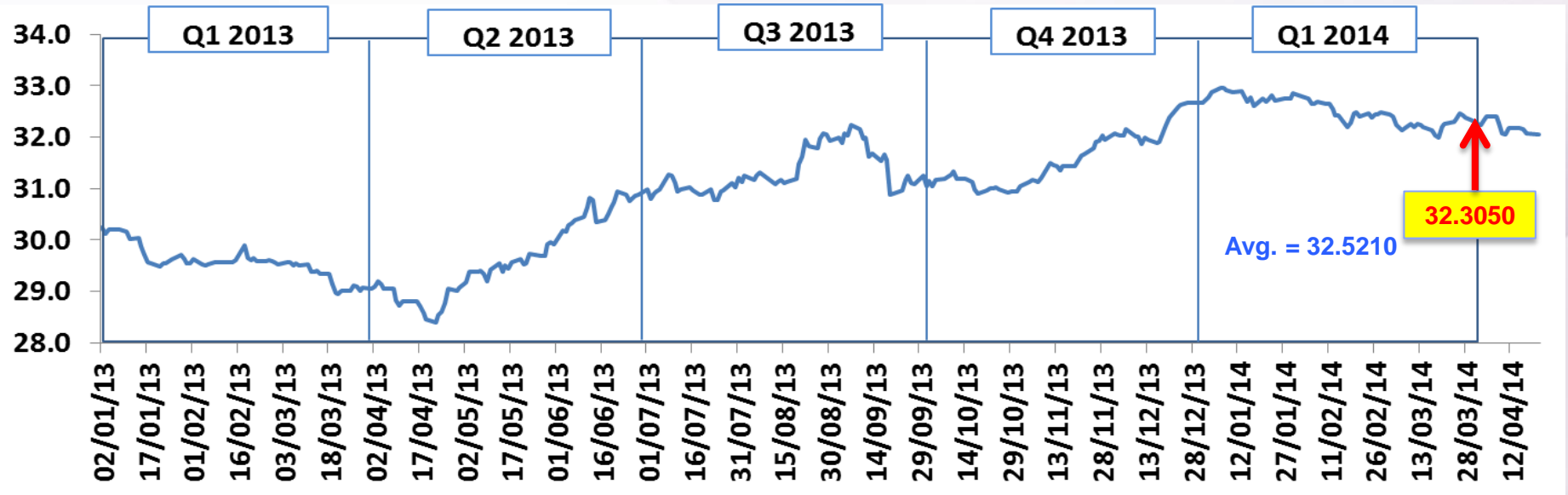


# SICOM Price and F/X

SICOM Price Movement



THB/USD Movement

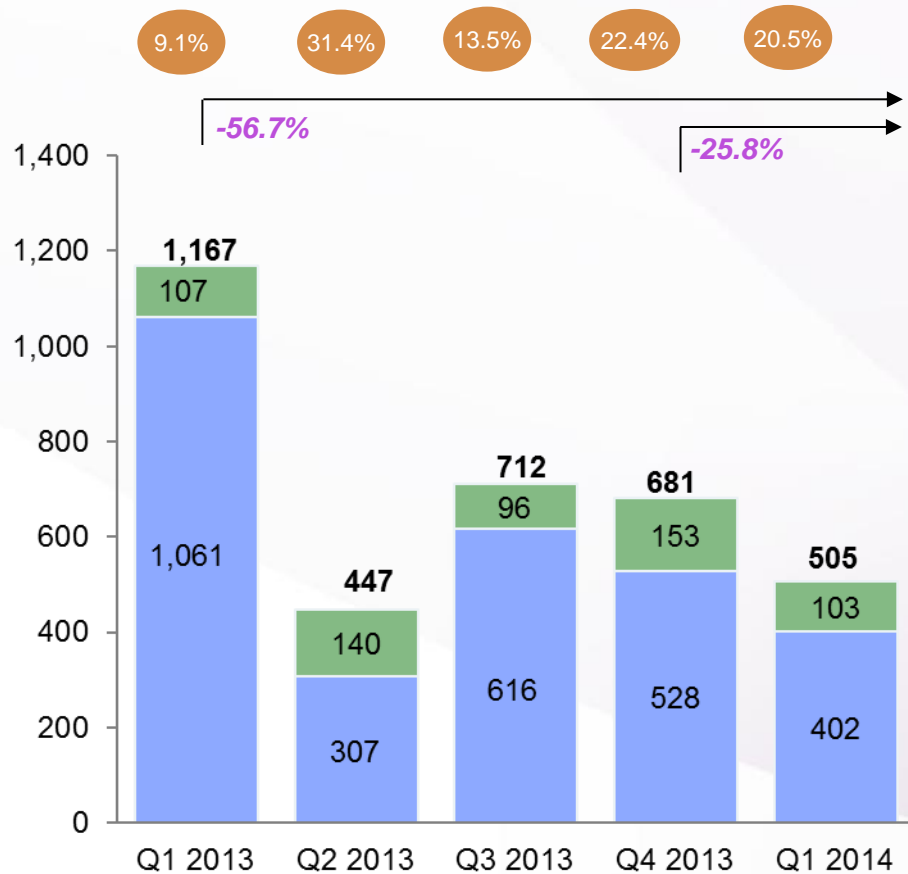




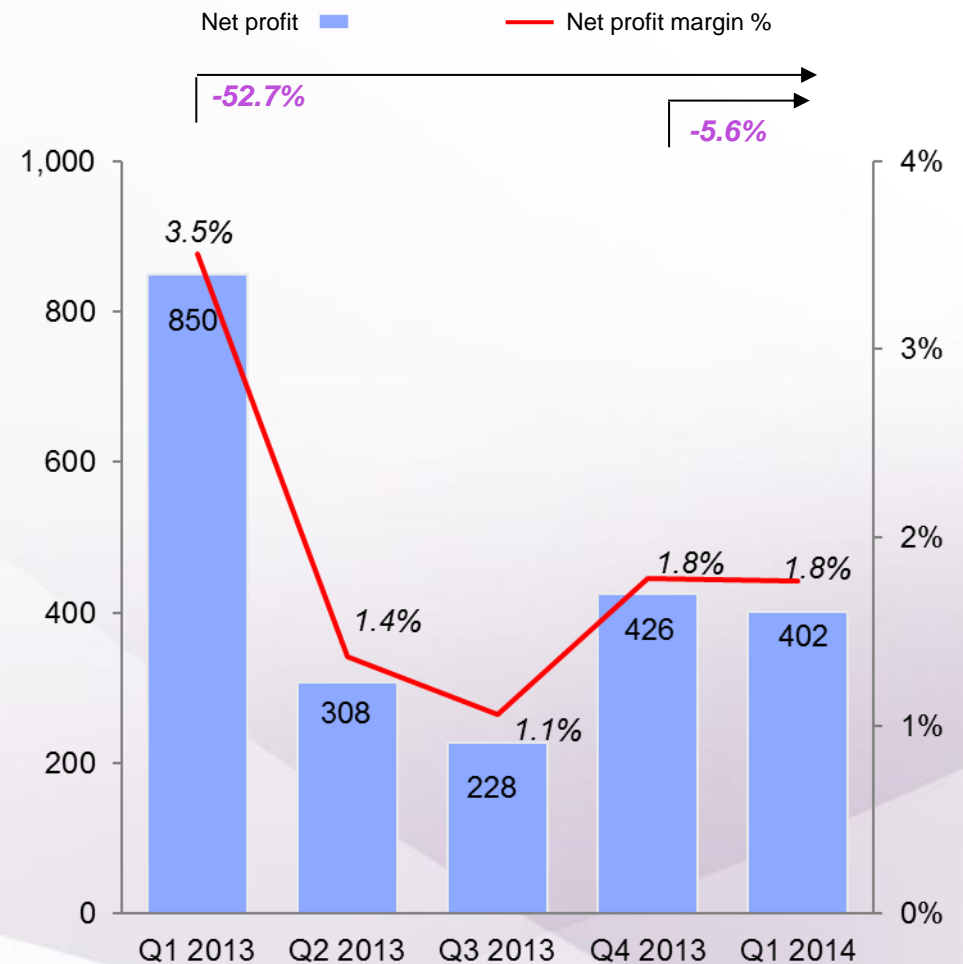
# Earning before tax, net profit and net profit margin

## Earning before interest expense & tax (THB mm)

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

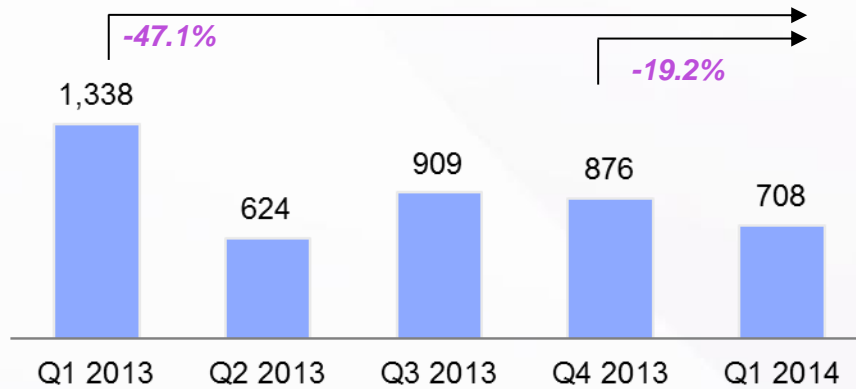


## Net profit (THB mm) and net profit margin

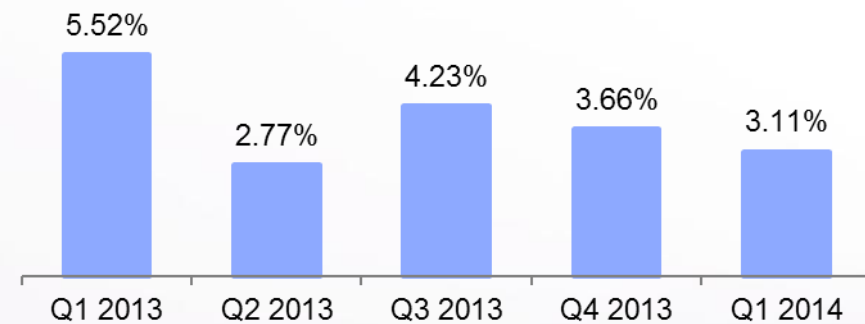


# Return on Assets and Return on Equity

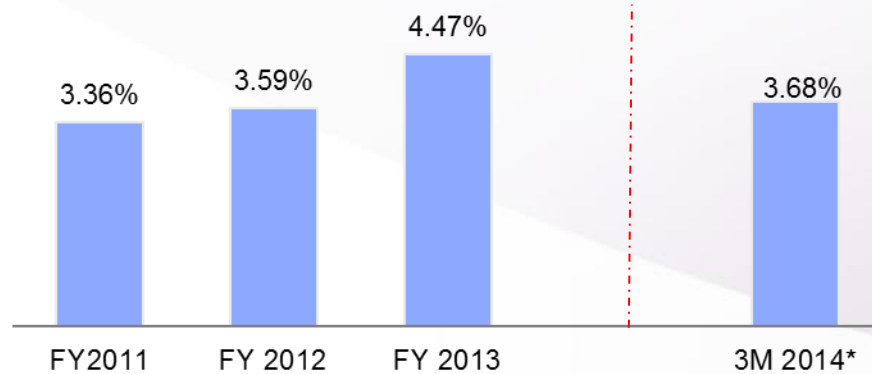
**EBITDA (THB mm)**



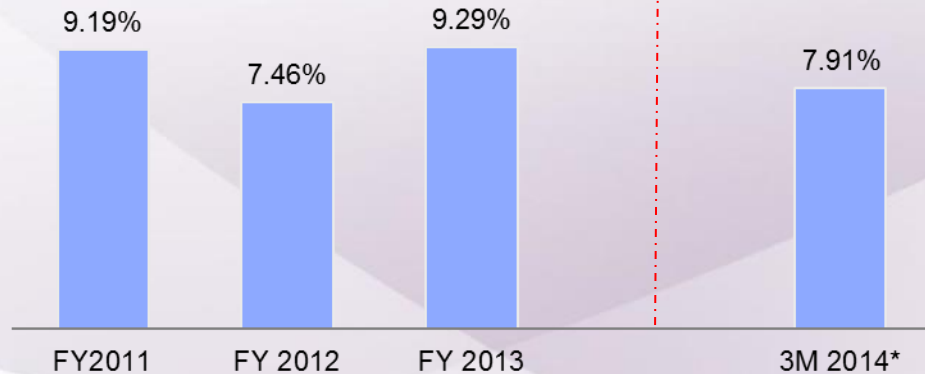
**EBITDA margin**



**ROA**



**ROE**



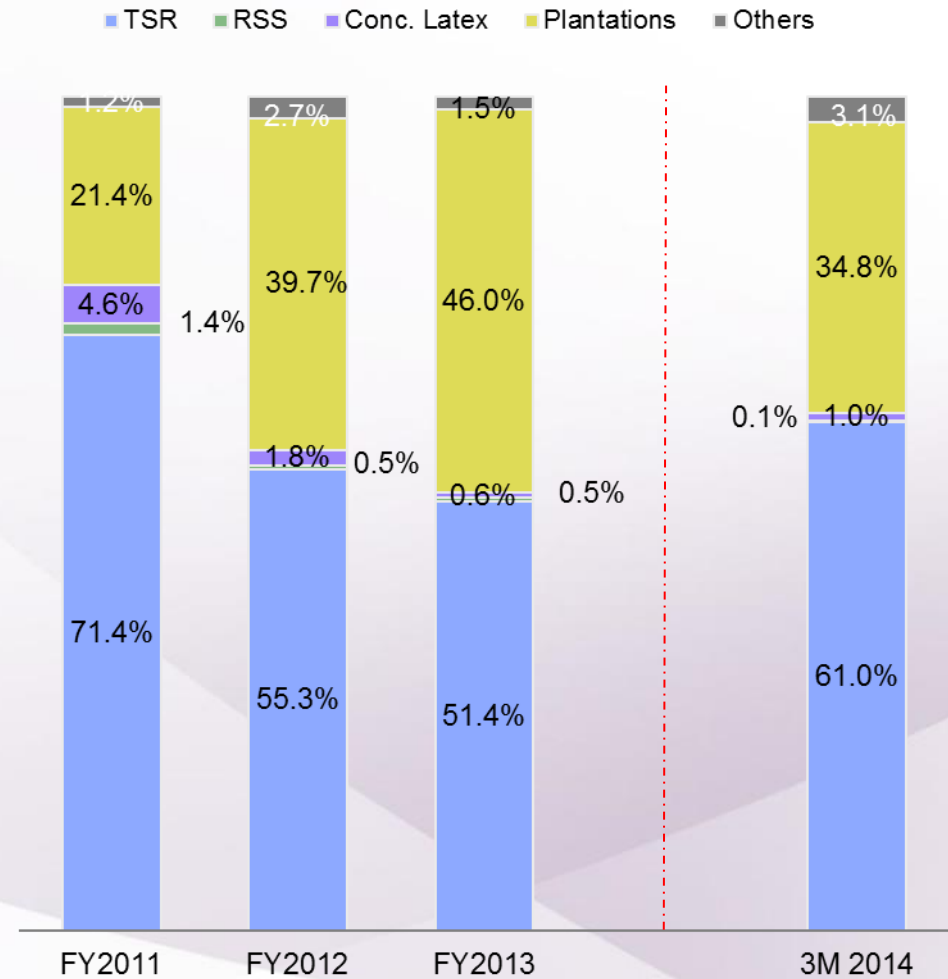
\*Annualised basis

# Capital expenditure

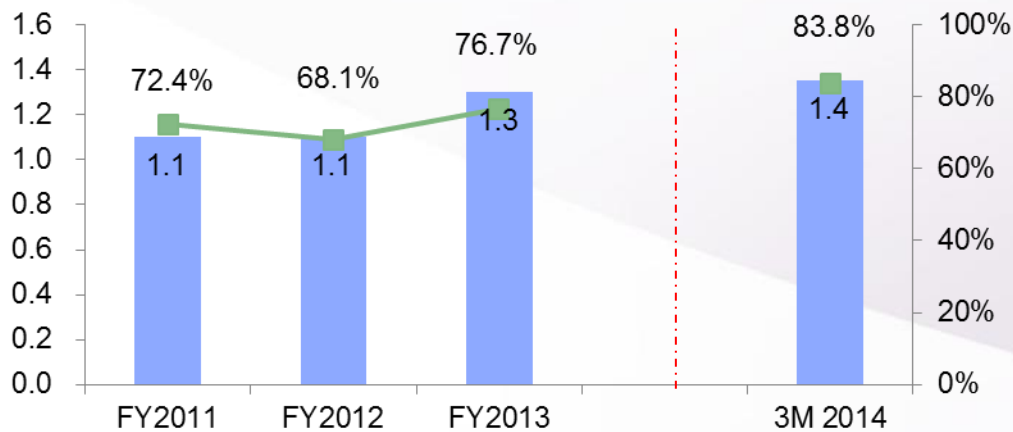
**Total capital expenditure (Baht mm)**



**Capital expenditure by products (%)**

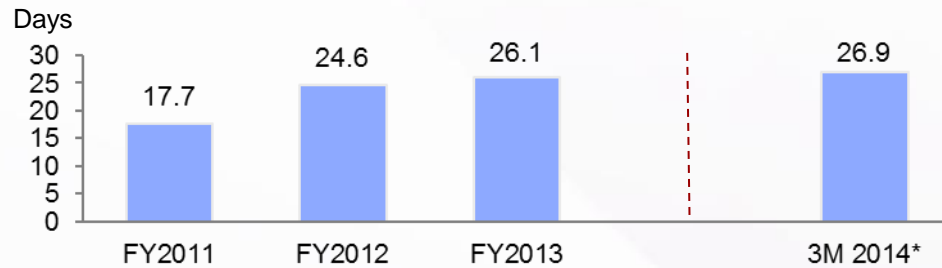


**Total estimated effective production capacity (million tons) and %utilisation rate**

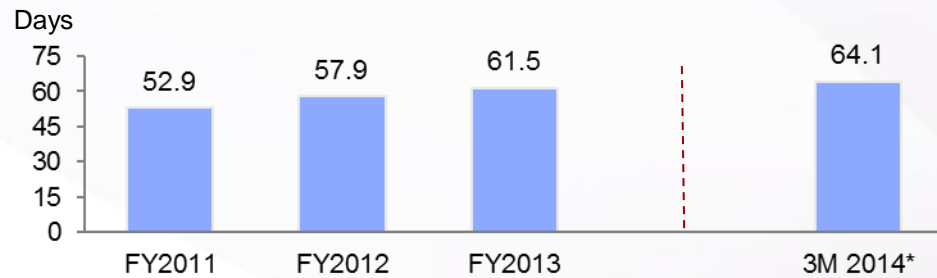


# Working capital overview

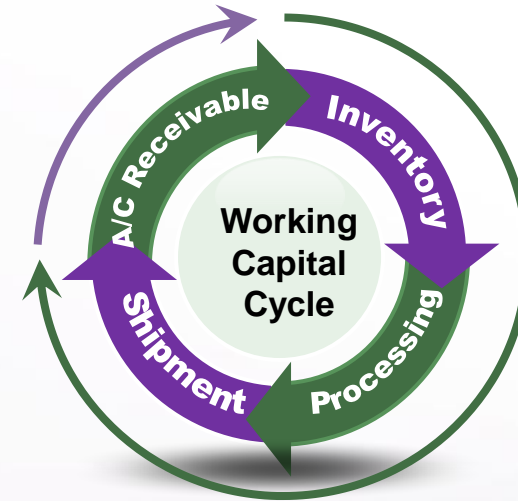
## Trade receivables days



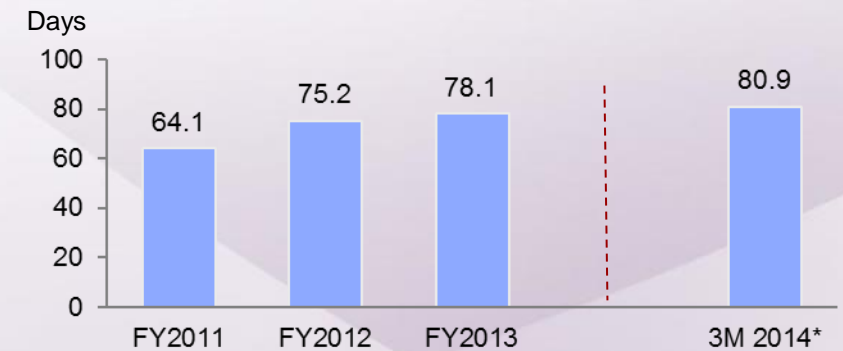
## Inventory turnover days



## Trade payables days



## Cash turnover cycle (days)<sup>1</sup>

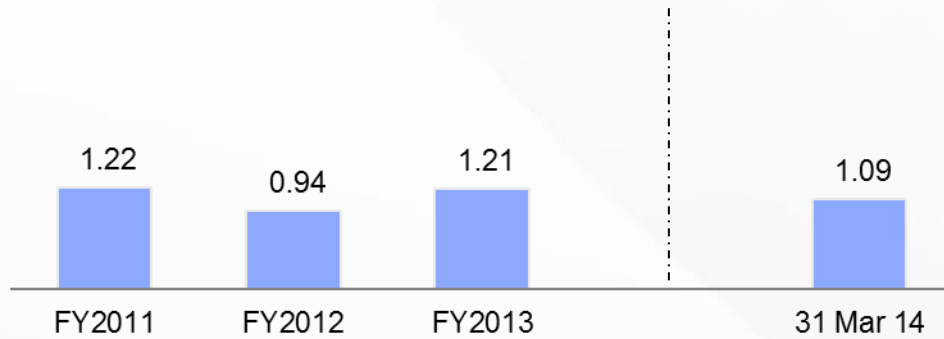


<sup>1</sup> Cash turnover days = Trade receivable days + inventory turnover days – trade payables days

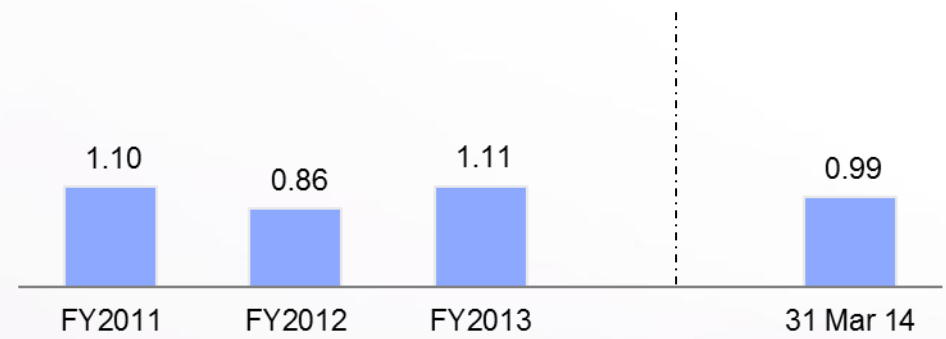
\*Annualised basis

# Robust leverage and coverage ratios

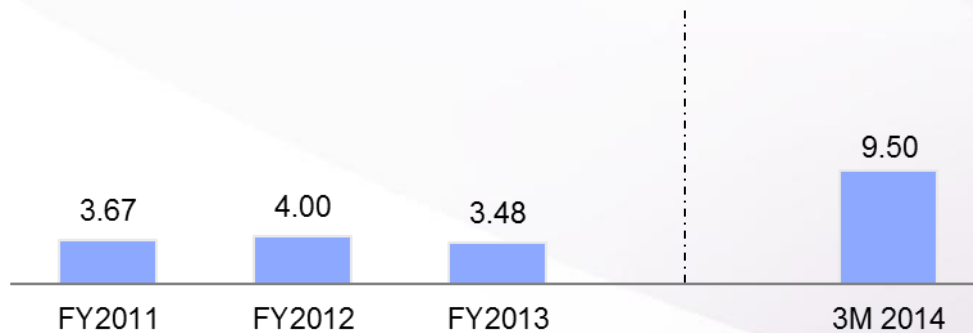
## Debt / equity



## Net debt / equity



## Interest Coverage



Debt = Total liabilities  
 Equity = Total equity  
 Assets = Total assets  
 Net debt = debt – cash  
 Cash = cash and cash equivalents + fixed deposits at financial institutions  
 Interest Coverage = EBITDA/finance costs

# Our Business Updates



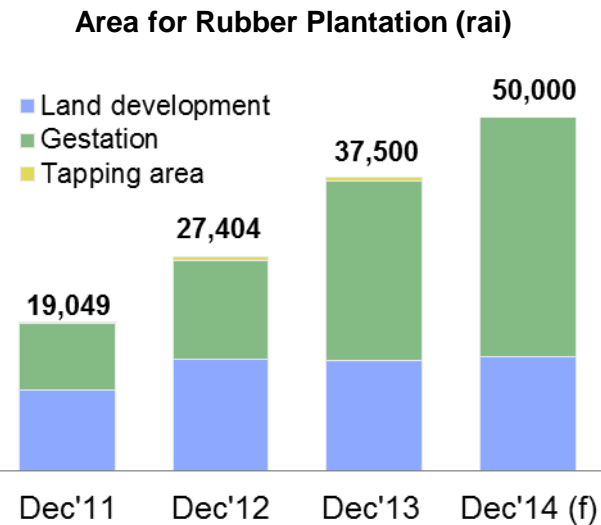
# Target & Capex

## 2014 Target

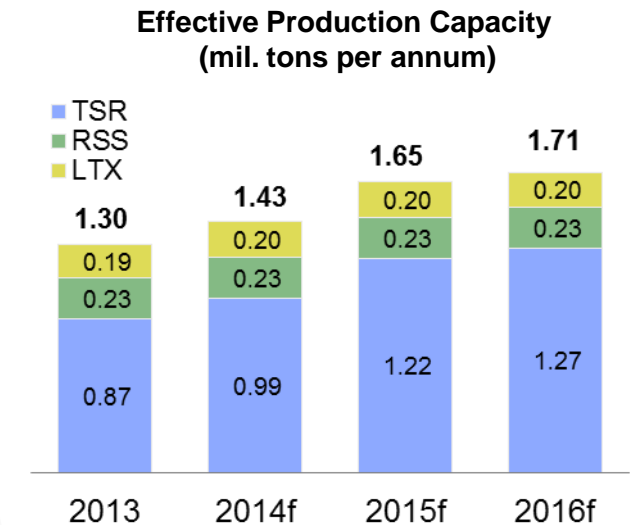
Capacity	:	1.4 mil tons
Sale volume	:	1.2 mil tons
Adj. GP margin	:	5 - 7%
NP margin	:	1.5 - 2.5%
Dividend policy	:	30% of net profit

CAPEX (Unit: THB mn.)	2014f	2015f	2016f
Capacity Expansion	1,900	1,050	500
Plantation	1,100	550	300
Maintenance	650	500	350
<b>Total CAPEX</b>	<b>3,650</b>	<b>2,100</b>	<b>1,150</b>

**Rubber plantation:**  
Achieve 50,000 rai (8,000 h.a.)  
in Thailand by the end of 2014



**Midstream business:**  
Continue our aggressive  
expansion plan domestically  
and internationally



# Our Business Strategy

## Enter into Upstream Rubber Plantation

- To procure raw materials at more favorable prices in new rubber plantation zone
- To create potentials for new capacity expansion for our midstream operation
- To increase sustainable profitability

## Enhance Procurement Stronghold

- To have an excellent integrated system to build long-term relationship with suppliers
- To save production cost and increase production efficiency from our effective procurement strategy with suppliers

## Continuously Expand Capacity

- To gain higher market share for long-term success
- To benefit from economies of scale
- To maintain our leading position in natural rubber industry

## Expand Customer Coverage

- To ride on growth in key market, e.g. China and highly potential markets
- To have diversified customer base and capture all demands from customers throughout the world

## Create Footprint in New Territories

- To enhance competitiveness and diversify business risk
- To expand our market coverage in Indochina and gain direct access to other sources of natural rubber, e.g. Vietnam and Myanmar

Aggressive expansion plan vertically and horizontally across NR supply chain



## Industry Outlook

### Demand

- Gradual global economic recovery reflects a modest growth of global NR consumption

### Supply

- Global glut will continue as the output from higher planting during 2006-2008 has been growing at the faster rate than demand
- Current lower NR price and the expiration of financial support to rubber farmers will prompt rubber farmers to overtap when normal tapping season starts at the end of May

### Global Stock

- Concerns on high NR stockpile in China continues to pressure on the price
- NR outlook will be exacerbated if the Thai government decides to release NR stockpiles of approximately 200,000 tons

### NR Price

- NR price in short and medium term is pressured by a high level of global NR surplus and NR inventory in China

# Q&A



## Investor Relations Department

Tel: +662 207 4500 ext. 1402

Fax: +662 108 2244

Email: [IR@sritranggroup.com](mailto:IR@sritranggroup.com)