



Sri Trang Gloves (Thailand) Public Company Limited

Opportunity Day



16 September 2020

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Section 1: Company Overview



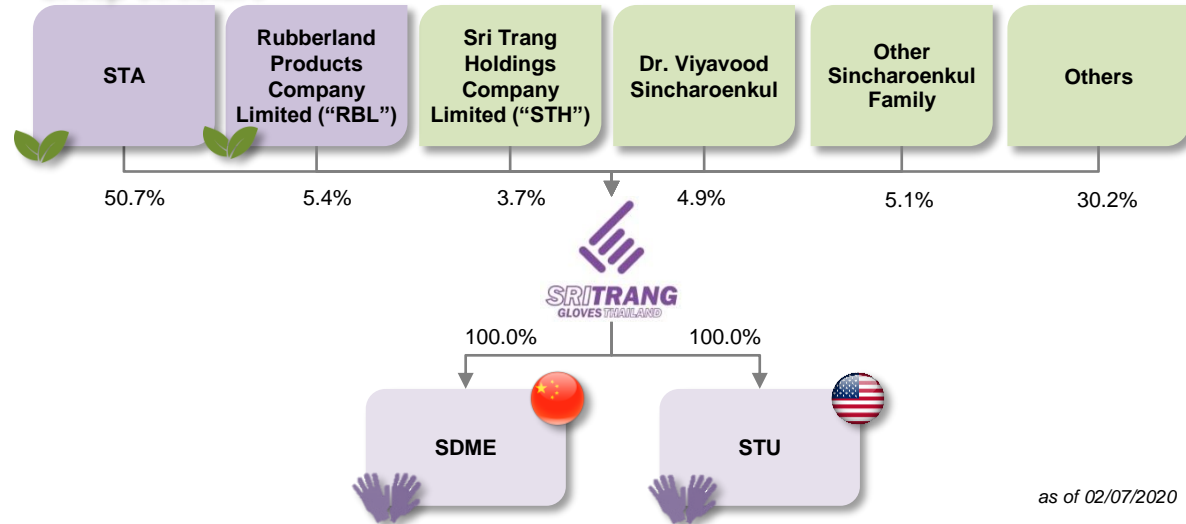
STGT At Glance

STGT's total installed capacity of 32,619 million pieces per annum is considered world's #3 rubber gloves manufacturer

Variation of Products

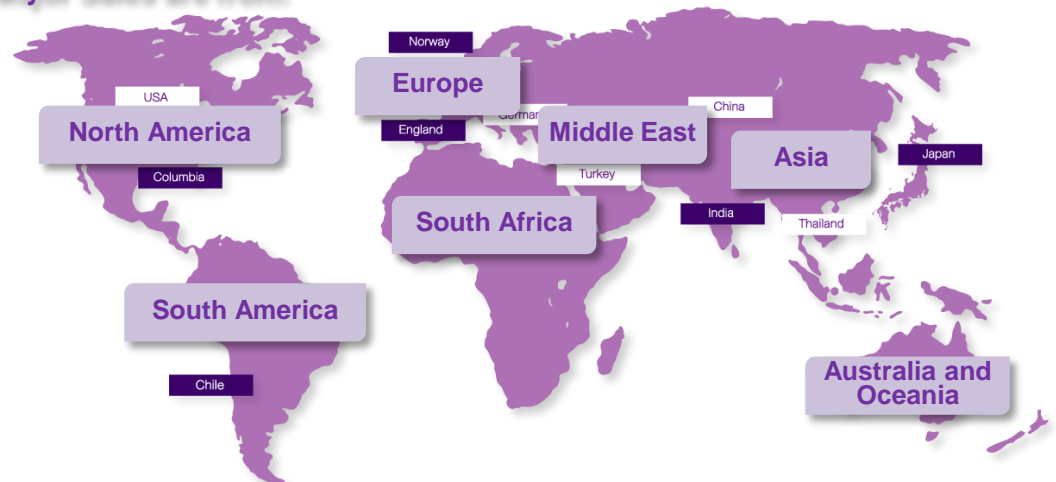


Group Structure



STGT's Touch of Life Product Presence: More than 140 Countries in Every Continents since the Establishment until Present

Our Major Sales are from:



Business Overview

Leading Rubber Glove Producer in the World with Total Installed Capacity of 32,619 MM Pieces per Year⁽¹⁾

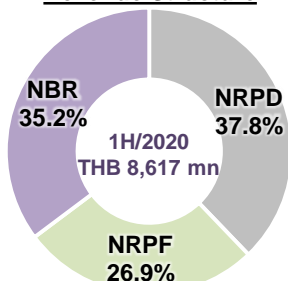
Business Overview

1 Natural Rubber Glove Business

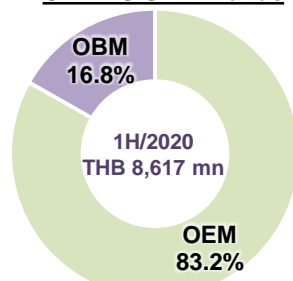
- Natural Rubber Powdered Glove (NRPD)
- Natural Rubber Powder-Free Glove (NRPF)

2 Nitrile Glove Business (NBR)

Revenue Structure

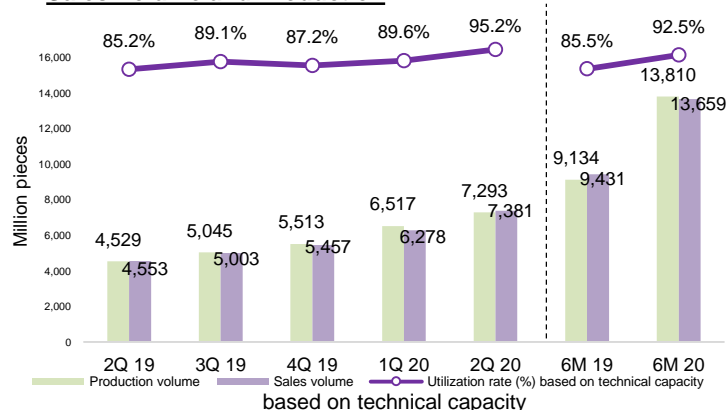


OEM VS Own Brands



- STGT produces and distributes its natural rubber gloves and nitrile gloves through (1) Original Equipment Manufacturer ("OEM") and (2) STGT's own brands and its subsidiaries' and STA Group's brands

Sales Volume and Production



Note: (1) Installed capacity as of 30 June 2020

3 Production Facilities
Total Installed Capacity of
32,619 mm pieces per year

Karnchanadid,
Surat Thani

Kantang,
Trang

Hat Yai,
Songkhla

1 Surat Thani Plant



Installed Capacity ⁽¹⁾	5,625 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex
Product	Natural Rubber Powder-Free Glove / Nitrile Glove

2 Hat Yai Plant



Installed Capacity ⁽¹⁾	17,041 mm pieces per year (New Hat Yai plant has adopted an automation technology with additional capacity of 3,629 mm pieces per year)
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex
Product	Natural Rubber Powdered Glove / Natural Rubber Powder-Free Glove / Nitrile Glove

3 Trang Plant

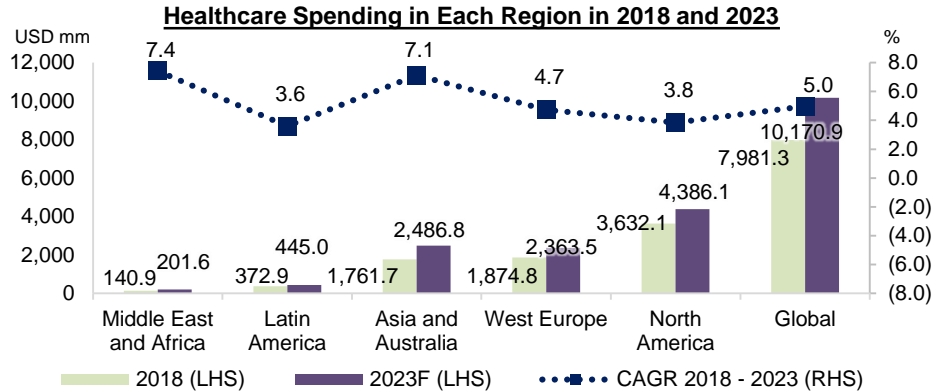


Installed Capacity ⁽¹⁾	9,953 mm pieces per year
Main Raw Material	Concentrated Latex
Product	Natural Rubber Powdered Glove

Industry Overview

Key Drivers in Rubber Glove Demand

1 Growth in Healthcare Industry around the World

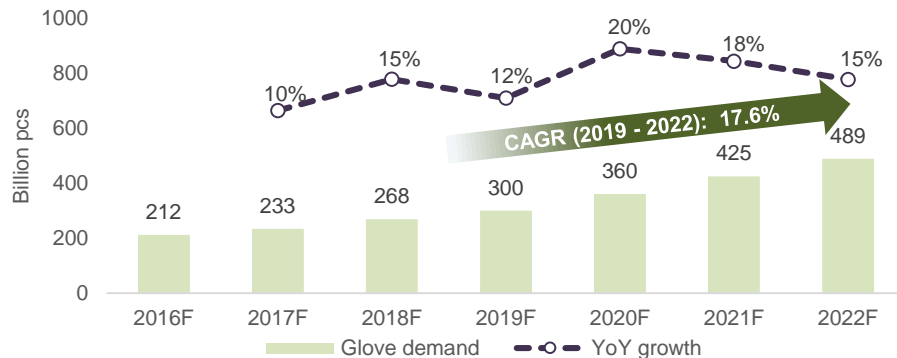


The healthcare industry growth is mainly supported by (1) increase in aging population (2) supportive government policies and access to medical services (3) increase in Non-communicable Diseases and (4) spread of epidemic and/or pandemic diseases

Source: The Economist Intelligence Unit as of September 2019

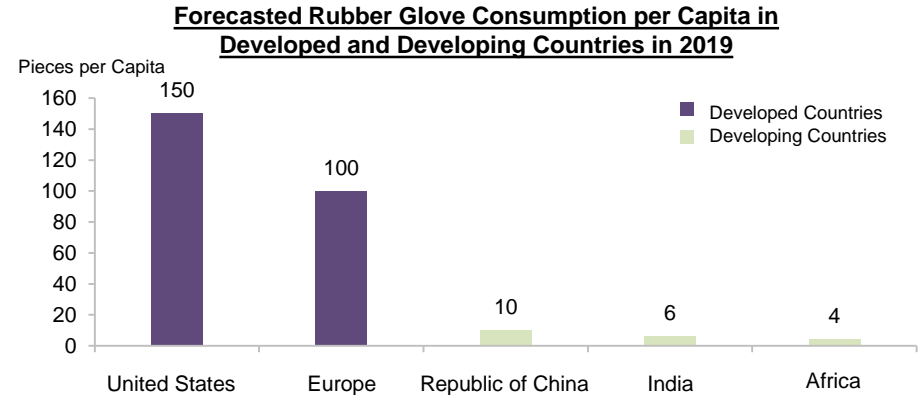
Global Rubber Glove Demand

Forecasted Global Rubber Glove Demand during 2016 - 2022



Source: MARGMA and STGT forecast

2 Increasing Usage of Hygienic Products in Developing Countries

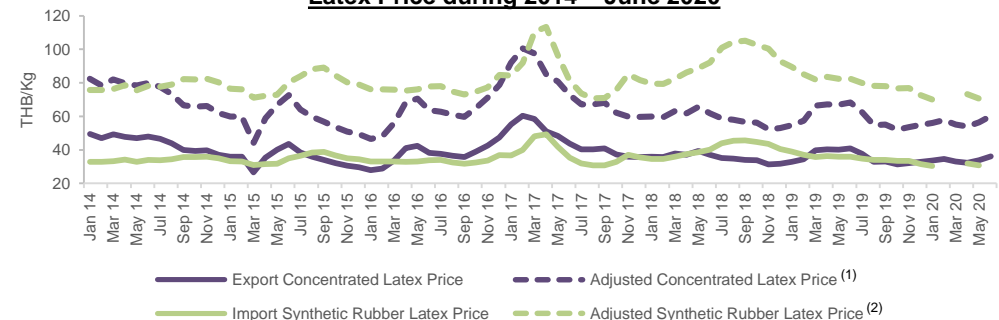


Potential growth of rubber glove demand in developing countries is supported by accelerated economic growth in such countries, increase in awareness in the importance of hygiene and potential current low rate of rubber glove usage per capita in such countries

Source: MARGMA Industry Brief 2019 on the Rubber Glove Industry

Raw Material Price

Export Concentrated Latex Price and Import Synthetic Rubber Latex Price during 2014 - June 2020



Source: Rubber Authority of Thailand (RAOT) and Thai Customs

Note: (1) Based on 60.0% Dry Content of Concentrated Latex

(2) Based on 43.5% Dry Content of Synthetic Rubber Latex

STGT's Investment Highlights



Key Investment Highlights

Strategic Location for Key Suppliers and Custom Privileges

3 Production Facilities Total Installed Capacity of 32,619 mm pieces per year

Karnchanadit,
Surat Thani

Hat Yai,
Songkhla

Kantang,
Trang

1 Surat Thani Plant



Installed Capacity⁽¹⁾	5,625 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

2 Hat Yai Plant



Installed Capacity⁽¹⁾	17,041 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

3 Trang Plant



Installed Capacity⁽¹⁾	9,953 mm pieces per year
Main Raw Material	Concentrated Latex

Note: (1) Installed capacity as of 30 June 2020

Located in the biggest source of concentrated latex provides STGT with competitive edge over its competitors

STGT Production Facilities

- **Security of supply:** Access to abundance and continuous supply of concentrated latex, where STA Group has an engineering production capacity of concentrated latex of approximately 46,000 tons per month or equivalent to 50.8% of Thailand's concentrated latex supply in 2019. STGT's usage of concentrated latex accounted for only 20.2% of STA's production capacity in 1Q/2020
- **Low transportation and inventory handling costs:** STGT's production facilities are located next to STA Group's concentrated latex factories and are located near sea port
- **Lower fuel cost:** Access to abundance of local woodchip as a main fuel source comparing to natural gas which is typically used by major competitors in Malaysia
- **Advantage from lower export tariff to USA over Malaysian and Chinese Players:** Privileges from GSP (Generalized System of Preferences)
- **No burden on an import tax (CESS) of concentrated latex:** STGT, as a domestic manufacturer, is not subject to concentrated latex import tax

Key Raw Materials



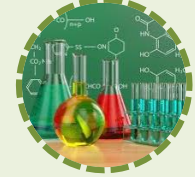
Concentrated Latex



Synthetic Rubber



Woodchip



Chemicals

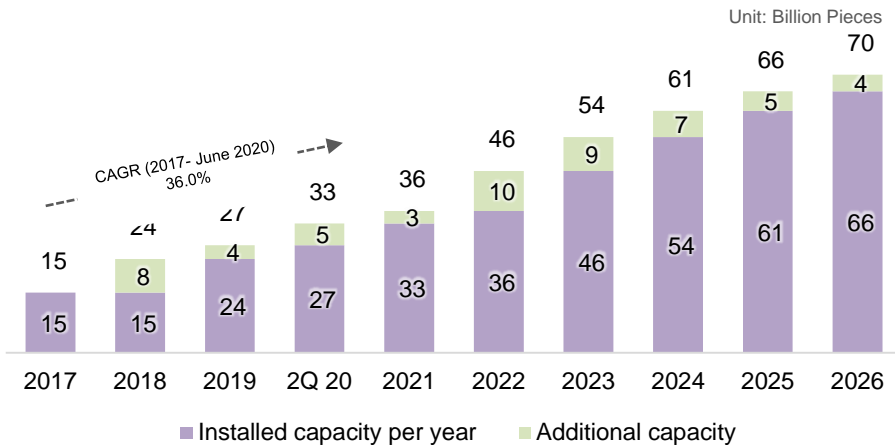
- STA Group has been a main supplier of concentrated latex and woodchip

Key Investment Highlights (cont'd)

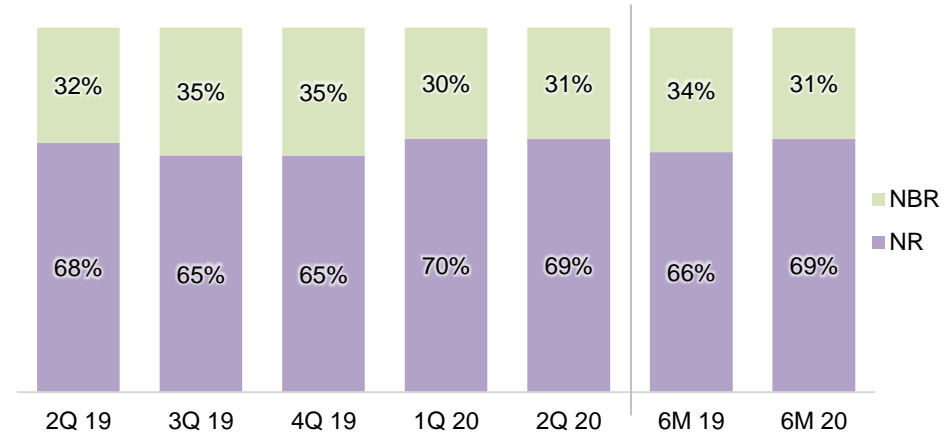
World-class Rubber Glove Manufacturer with the Prominent Market Position in Natural Rubber Glove and High Growth Company with a Plan to increase capacity by 115% of the existing capacity within 2026

With **increasing gloves usage from growing global healthcare industry as well as stringent safety standard** for maintaining workplace hygiene, rubber glove business is considered **one of the prominent industry with stable growth potential outlook** to fulfill increasingly unmet demand.

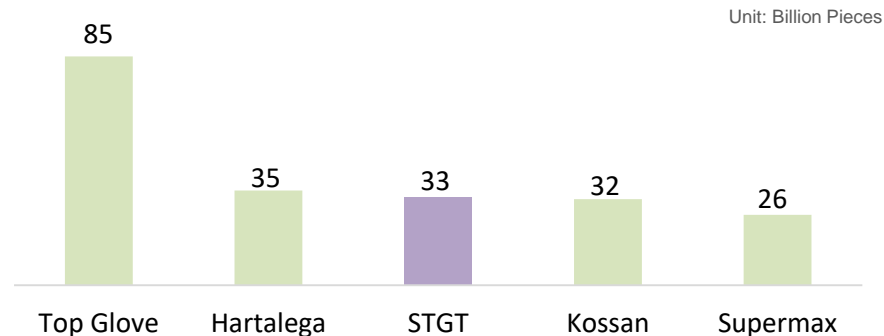
1 STGT capacity expansion plan in 2020 - 2026



2 STGT Actual Production by Product Type

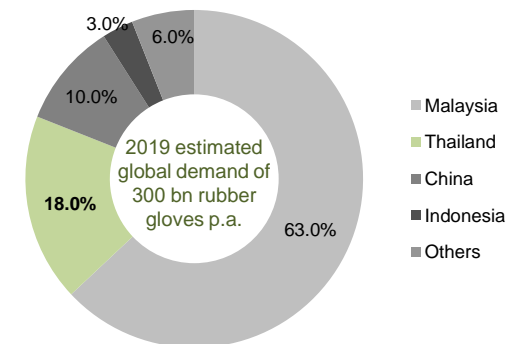


3 Estimated Capacity⁽¹⁾ of Top Manufacturers in 2020



4 Estimated Global Rubber Gloves Market Share⁽²⁾

STGT is the largest examination glove manufacturer in Thailand with glove sales of 19.89 billion pieces in 2019



Note: (1) Based on latest annual or quarterly report of each company
(2) MARGMA Industry Brief 2019 on the Rubber Glove Industry

Key Investment Highlights (cont'd)

State of the Art Production Facilities



- Wide ranges of high-quality rubber gloves and various applications such as healthcare and medical, food processing, food handling, electronics and aesthetic
- Capability of switching the production between Natural Rubber Powder-Free Gloves and Nitrile Gloves, providing flexibility to meet client's demand
- Comply with various worldwide standards including Medical Application Standard, Food Processing Standard, Halal Standard and etc.



- Flexibility to produce 80 types of rubber gloves with more than 11 additional product types under development



Expertise in R&D and Non-Stop Innovation



- In-house R&D professionals with extensive experience in developing innovative products such as high quality lightweight Nitrile Gloves and Natural Rubber Gloves
- Advanced in-house R&D laboratory with lab-scale automation testing under development

Newly Adopted Automation Technology

- At new Hat Yai Factory, STGT has adopted an automation technology and an Internet of Things (IoT) which help reduce defects and curtail production cost per unit by reducing number of labor by 30% and increasing productivity by 13%



Key Investment Highlights (cont'd)

Worldwide Distribution and Various Sales Channels

Revenue Breakdown by Region in 1H/2020



Various distribution channels to reach all target customers



Exhibition



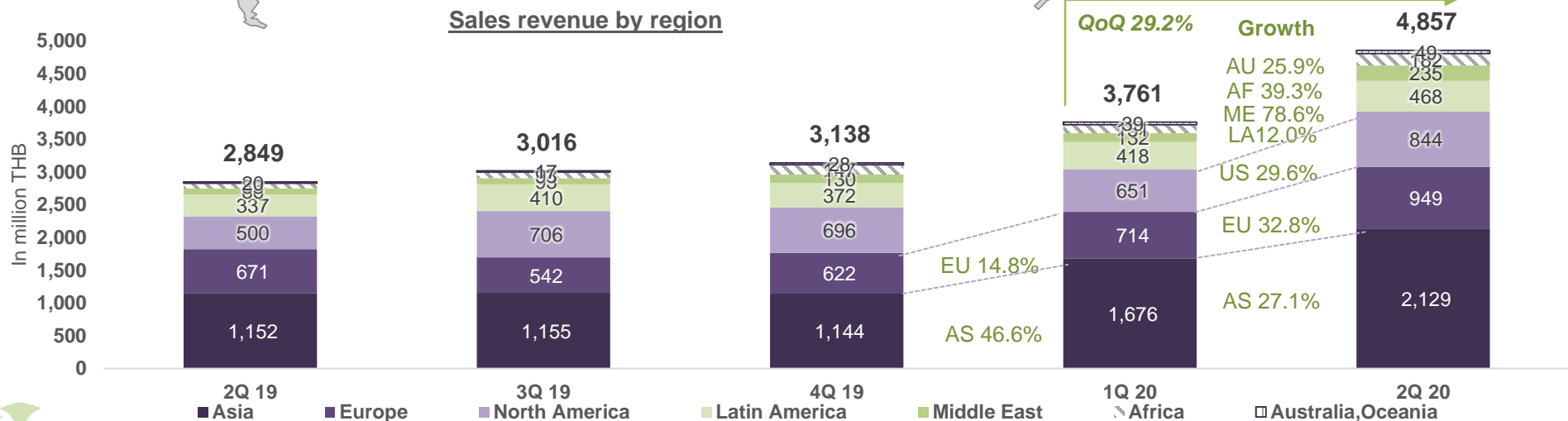
Selling Agent



Retail Business



Online



Key Investment Highlights (cont'd)

Advantage from Barrier to Entry



Barrier to Entry

Licensing Requirements

- As a medical related products, prior approval from FDA or other relevant regulatory bodies are required to export and market rubber examination gloves into any countries
- The average time required for approval can last longer than 6 months depending on the countries

Capital-Intensive Business in Nature

- Rubber glove business requires significant upfront investments in high technology machinery as well as well-equipped production plant

Incumbent's Advantages due to Learning Curve and Superior Production Process

- Experience and expertise of long-standing and large manufacturers enable them to have flexibility in price adjustment and ability to encounter higher competitions from new players



Section 2: Financial Highlights



2Q 20 Financial Highlights



- 1 **Record Breaking Profits and Profit Margins**
- 2 **All-Time High Sales Volume and Sales Value**
- 3 **Shortest Ever Cash Cycle Days**
- 4 **Strong Balance Sheet from IPO Fund Raising & Debt Repayment**
- 5 **Longest Lead Time of Shipment from Very High Backlogs**
- 6 **Industry Remains as “Seller Market” With Continual Price Increase**
- 7 **New Capacity to Capture Solid Demand Sooner than Planned**
- 8 **Best in Class Workforce Treatment by External Accredited Organization**

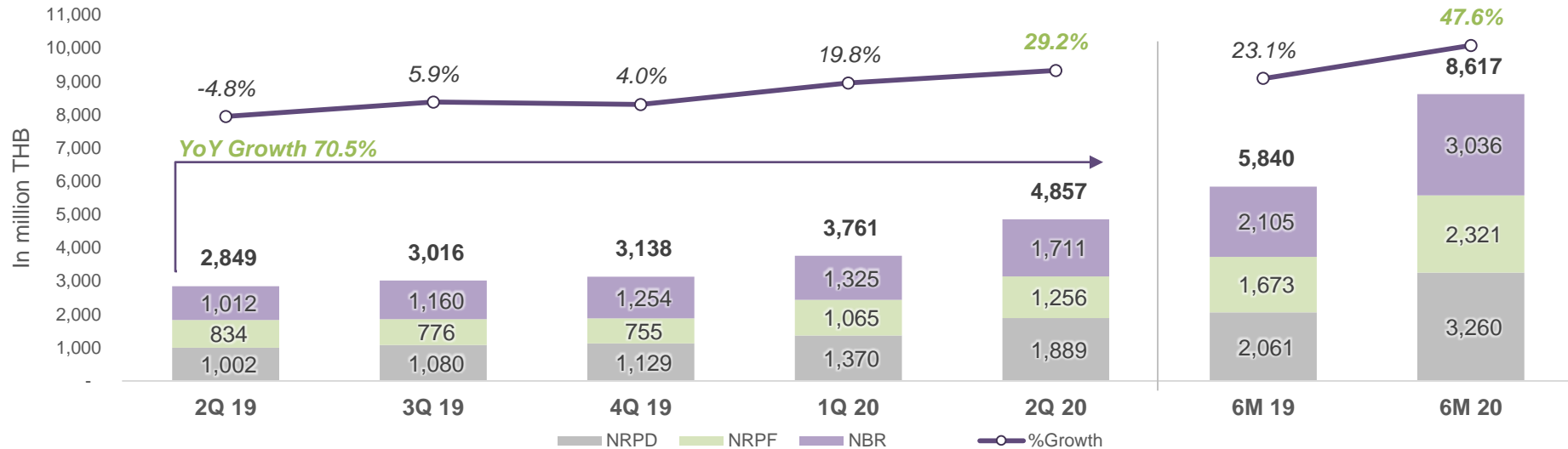
2Q 20 Financial Highlights

(In million THB)

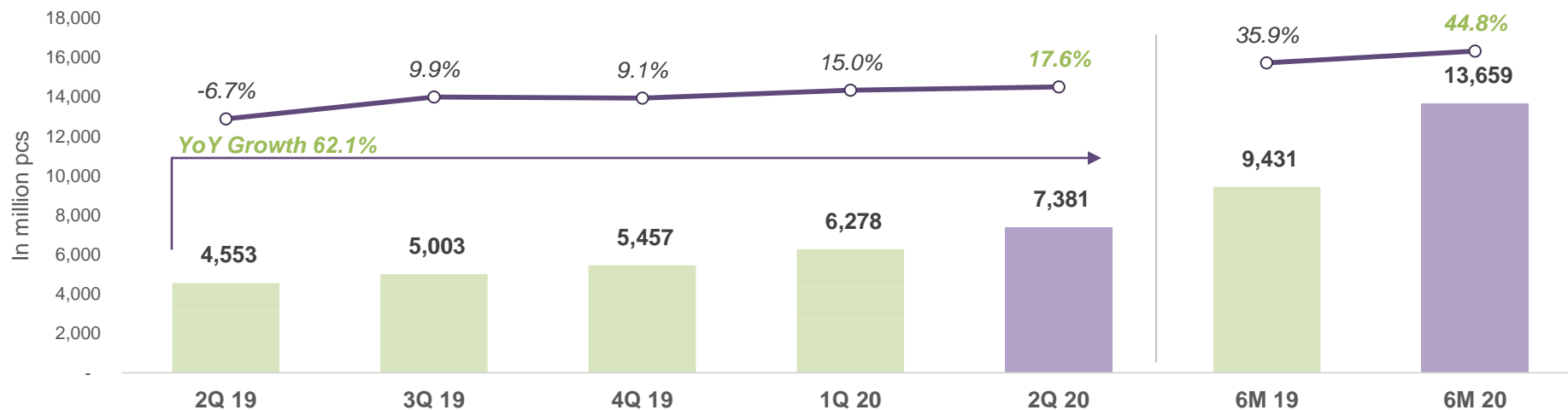
	2Q 20	1Q 20	%QoQ	2Q 19 (Restated)	%YoY
Volume (in million pcs)	7,380.6	6,278.0	17.6%	4,552.7	62.1%
Sales Revenue	4,856.8	3,760.6	29.2%	2,848.7	70.5%
COGS	(3,439.3)	(3,053.9)	12.6%	(2,456.0)	40.0%
Gross profit	1,417.5	706.6	100.6%	392.7	261.0%
Other income	28.7	18.5	55.4%	27.5	4.4%
SG&A	(232.5)	(211.8)	9.8%	(181.2)	28.3%
Gain (loss) on exchange rate, net	(76.6)	94.1	-181.4%	(20.4)	276.0%
Other gains, net	85.6	(116.4)	NM	44.7	91.4%
Operating profit (loss)	1,222.8	491.0	149.1%	263.4	364.2%
EBITDA	1,490.3	716.2	108.1%	460.3	223.8%
EBIT	1,223.8	491.1	149.2%	264.7	362.3%
Finance income	1.0	0.2	471.3%	1.3	-24.5%
Finance costs	(38.5)	(39.0)	-1.1%	(50.5)	-23.7%
EBT	1,185.2	452.2	162.1%	214.2	453.4%
Tax	(128.4)	(30.3)	324.2%	(34.4)	273.9%
Net profit	1,056.8	421.9	150.5%	179.8	487.7%
GP margin	29.2%	18.8%	10.4%	13.8%	15.4%
EBITDA margin	30.7%	19.0%	11.6%	16.2%	14.5%
Net profit margin	21.8%	11.2%	10.5%	6.3%	15.4%
Financial Ratio					
Current ratio	6.01	1.45	314.1%	1.92	212.8%
Cash cycle (days)	23.42	45.64	-48.7%	67.06	-65.1%
IBD/E	0.21	1.39	-84.8%	1.35	-84.4%
Interest coverage ratio	31.75	12.60	151.9%	5.24	505.8%
ROA	15.4%	12.3%	3.2%	6.2%	9.3%
ROE	20.6%	35.0%	-14.4%	17.0%	3.6%

All Time High Sales Revenue and Volume

Sales Revenue and Sales Growth

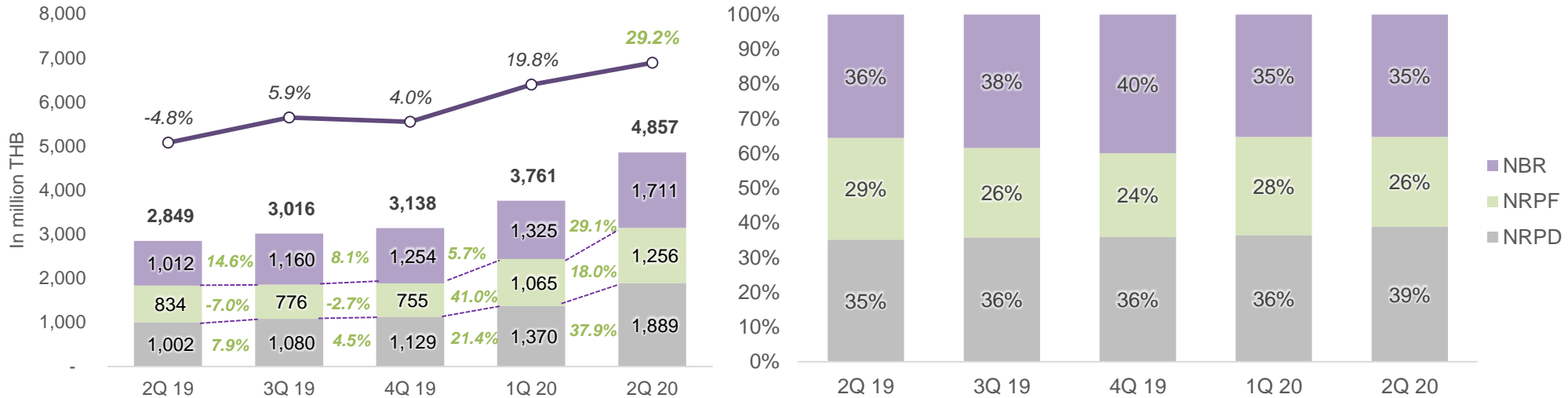


Sales Volume and Volume Growth

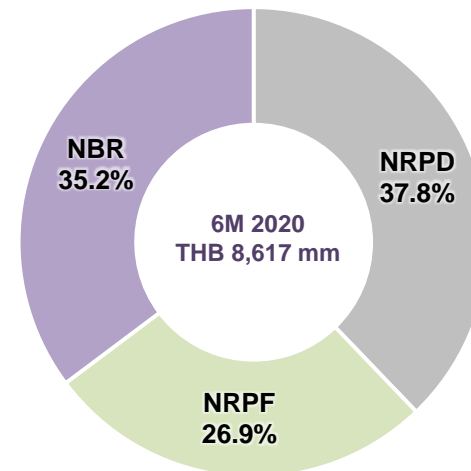
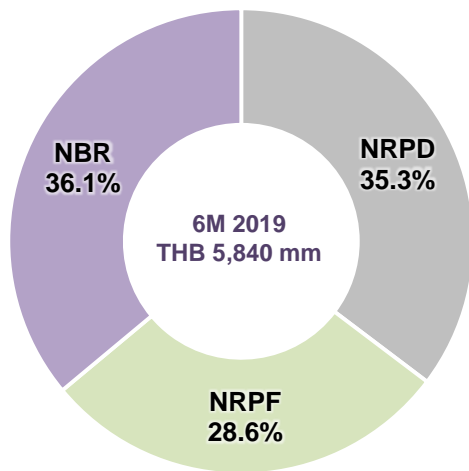


Sales Revenue Breakdown

Sales revenue by Products

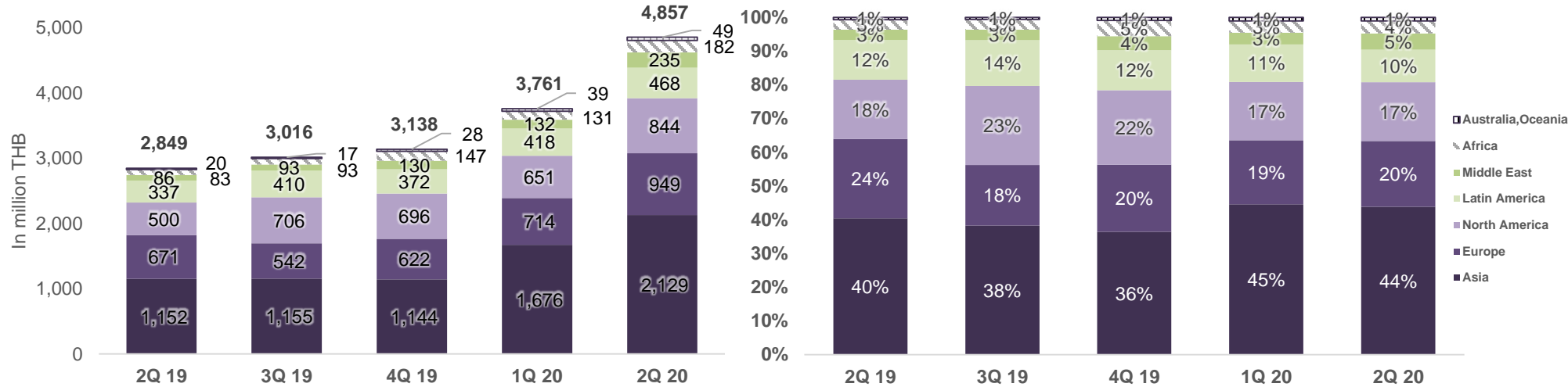


6M 2019 vs 6M 2020

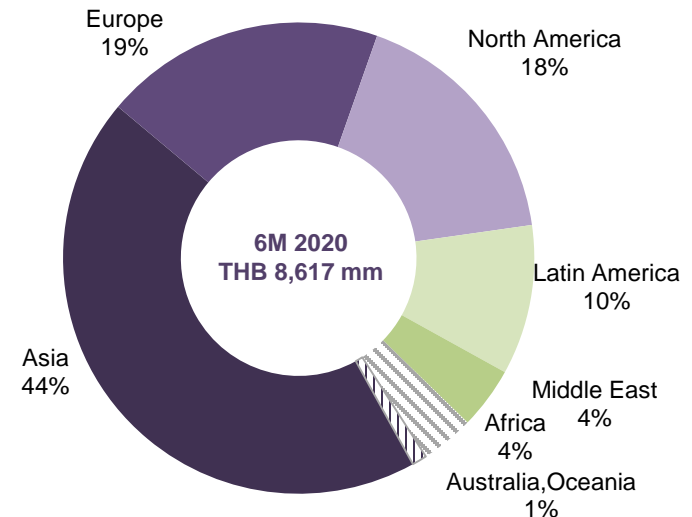
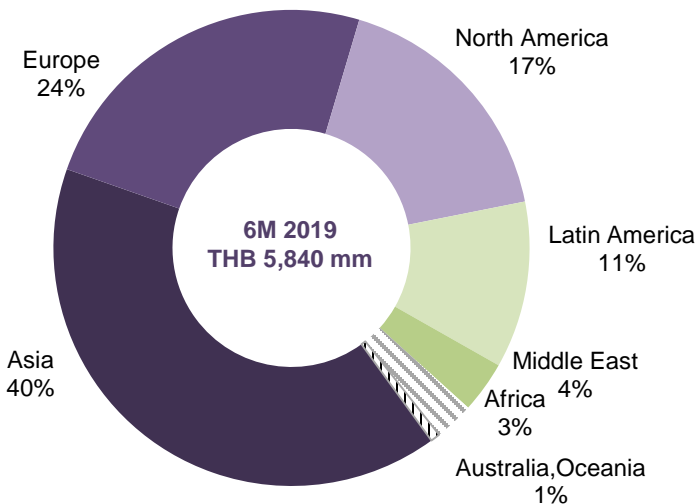


Sales Revenue Breakdown

Sales revenue by Geography

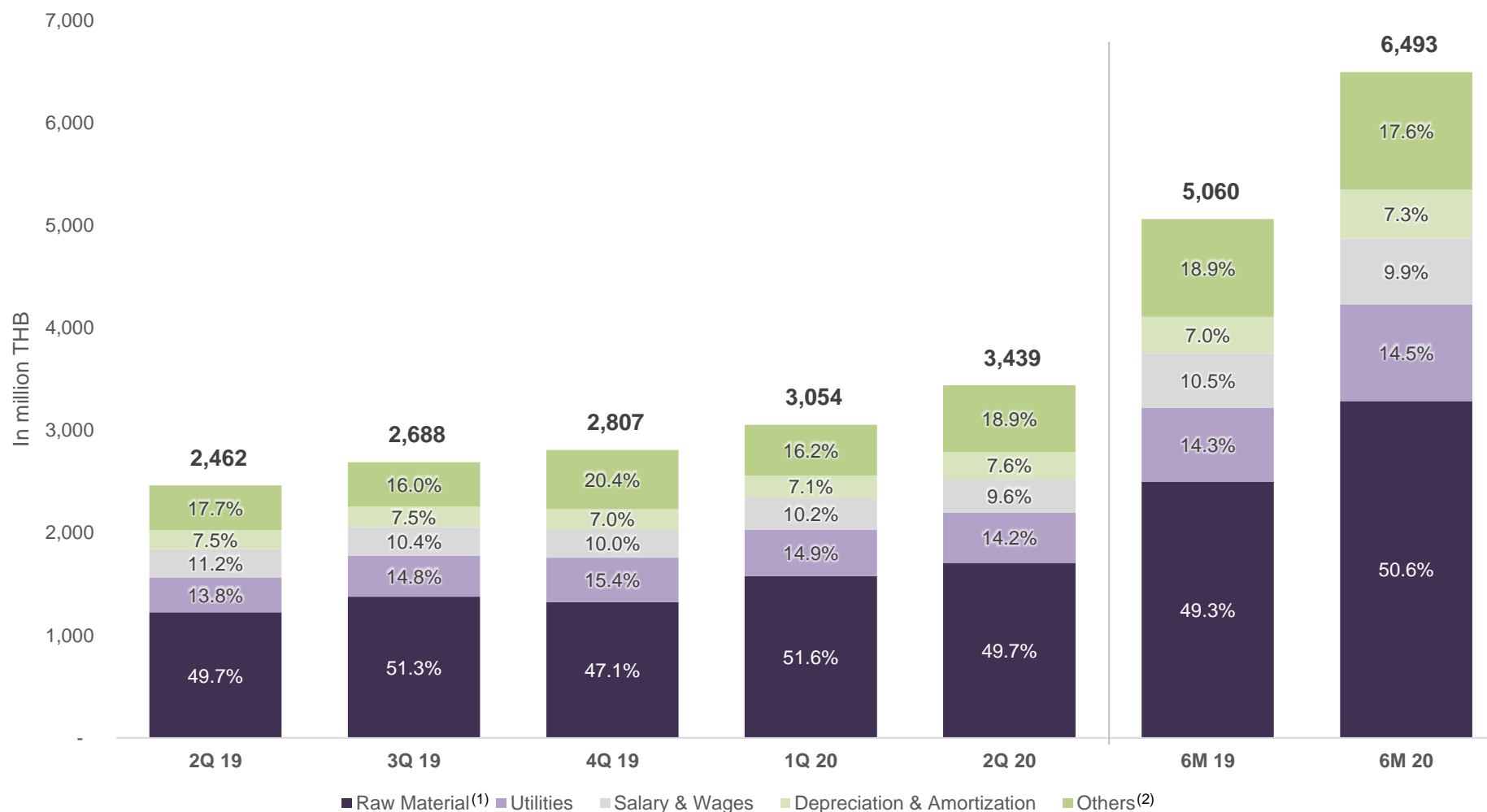


6M 2019 vs 6M 2020



Cost of Goods Sold Remains In Good Shape

COGS Breakdown



Note: (1) Including 1) concentrated latex, 2) synthetic rubber and 3) chemicals
 (2) Including 1) former, 2) packaging and 3) others

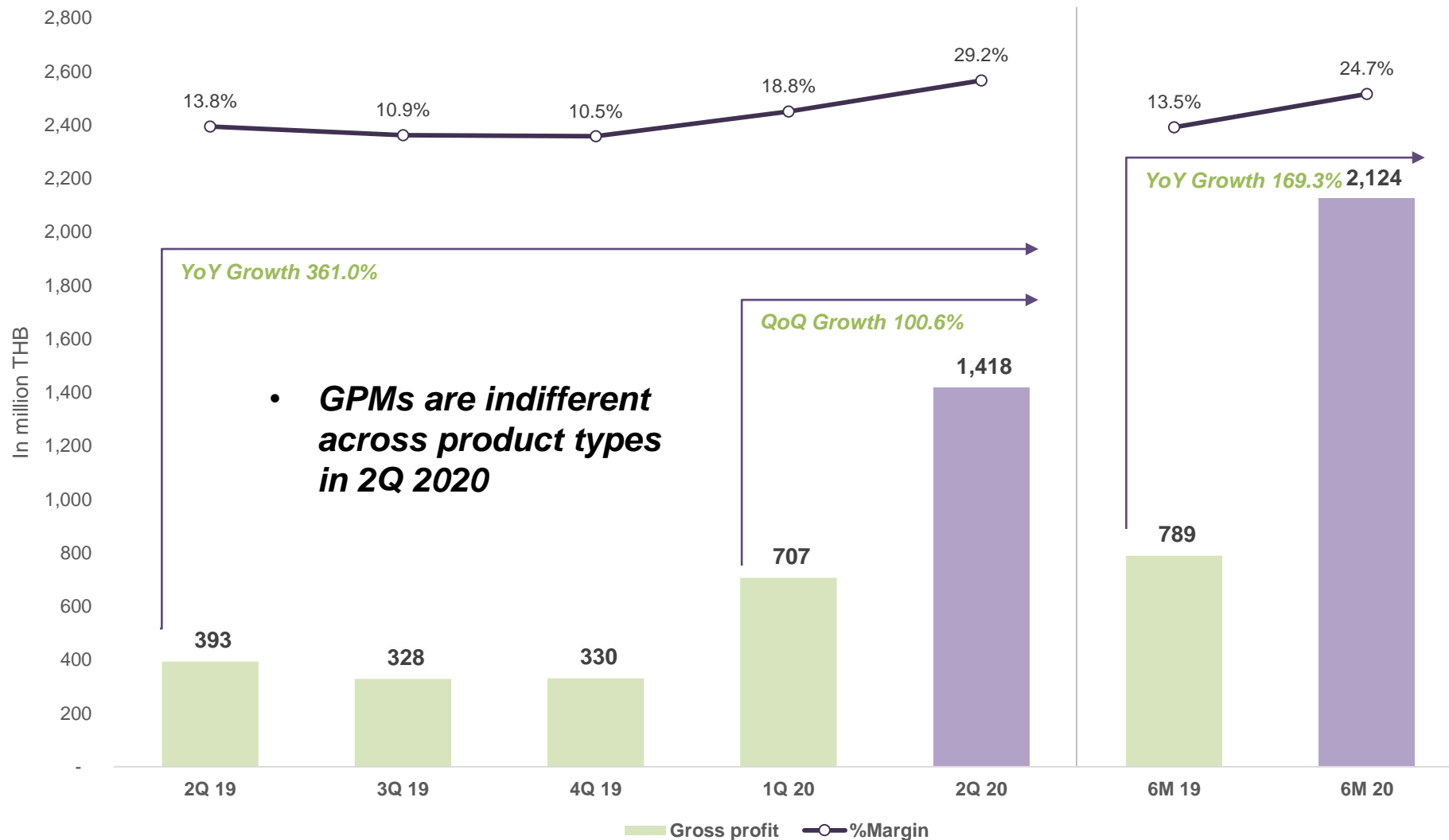
Increase of ASP and Healthier Margins

Average Selling Price and Costs per 1,000 Pieces



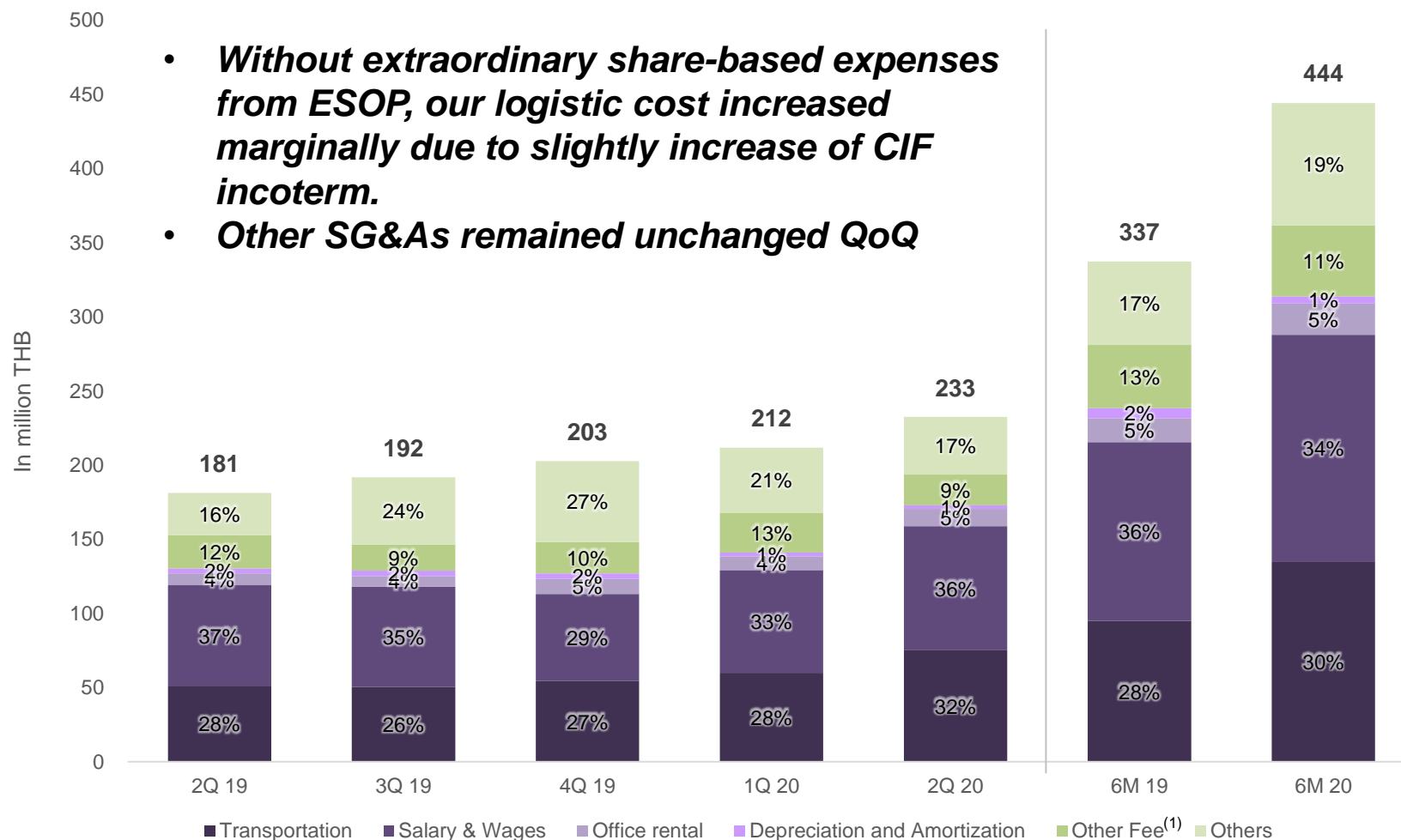
Continual Increase of Gross Profit

Gross Profit and Gross Profit Margin



Selling & Admin Expenses

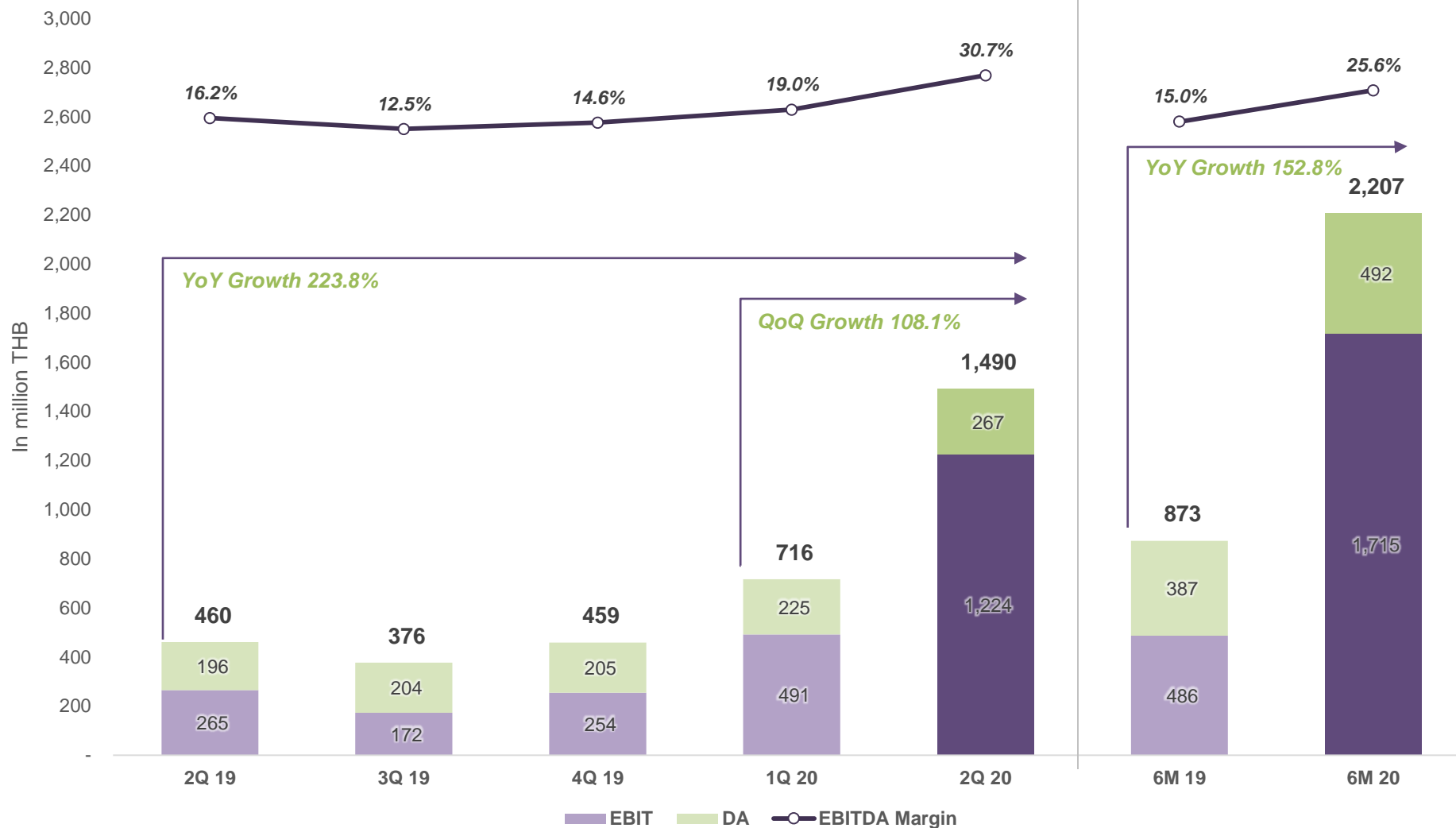
SG&A Breakdown



Note: (1) includes commission, insurance, consultation, bank fee

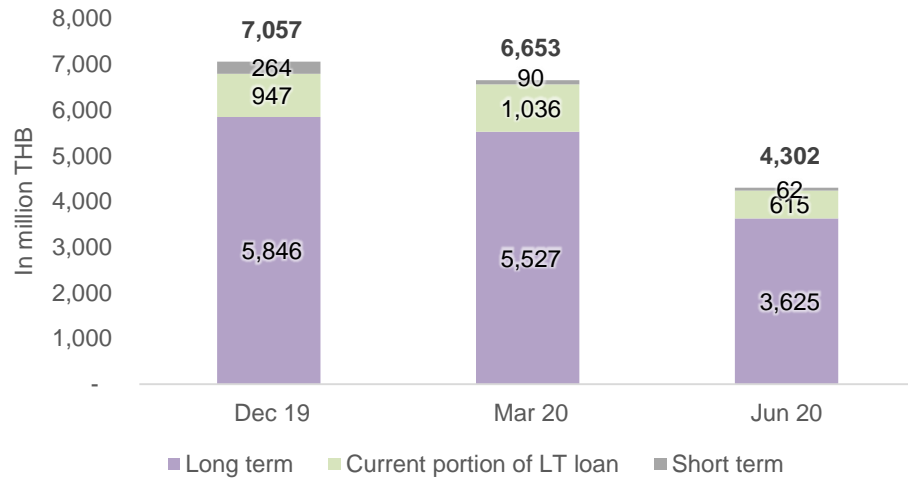
Historical Record of EBITDA

EBITDA and EBITDA Margin

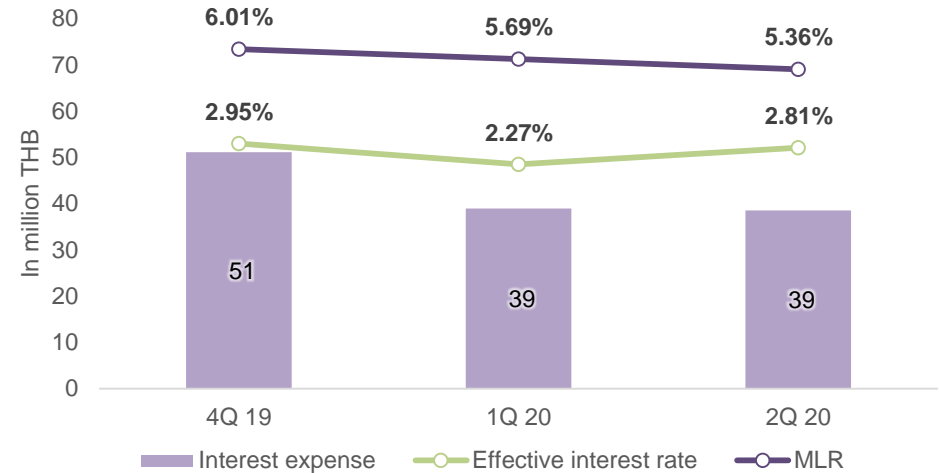


Interest and Tax Expenses

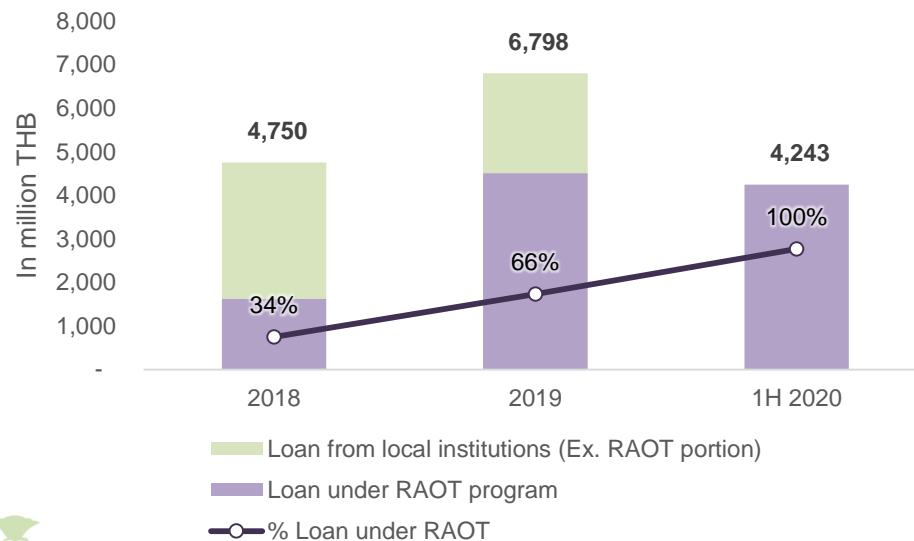
Short term & Long term loan



Interest expense



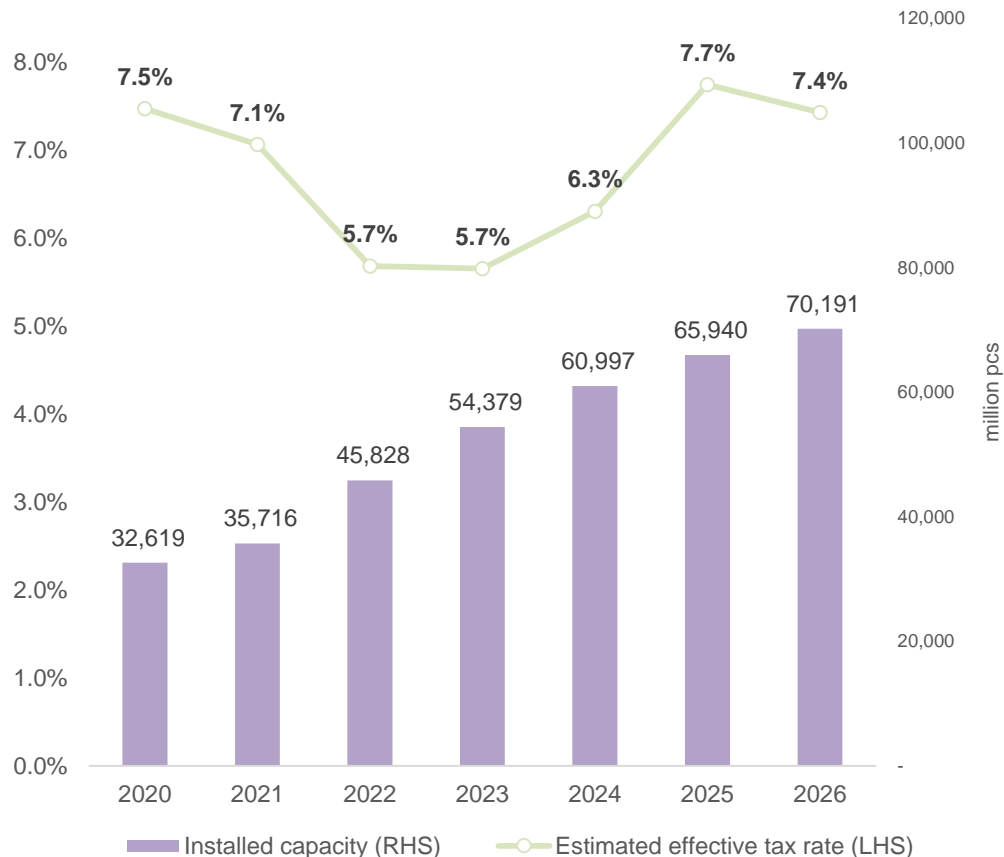
Loan under RAOT program



- ***We have benefited from RAOT subsidy program for the interest paid to the banks at the rate of 3% which will last till 2026.***
- ***Ultimately, our expansion is financed by interest-free loans.***
- ***Going forward, 100% of our term-loan will be under RAOT interest subsidy program***

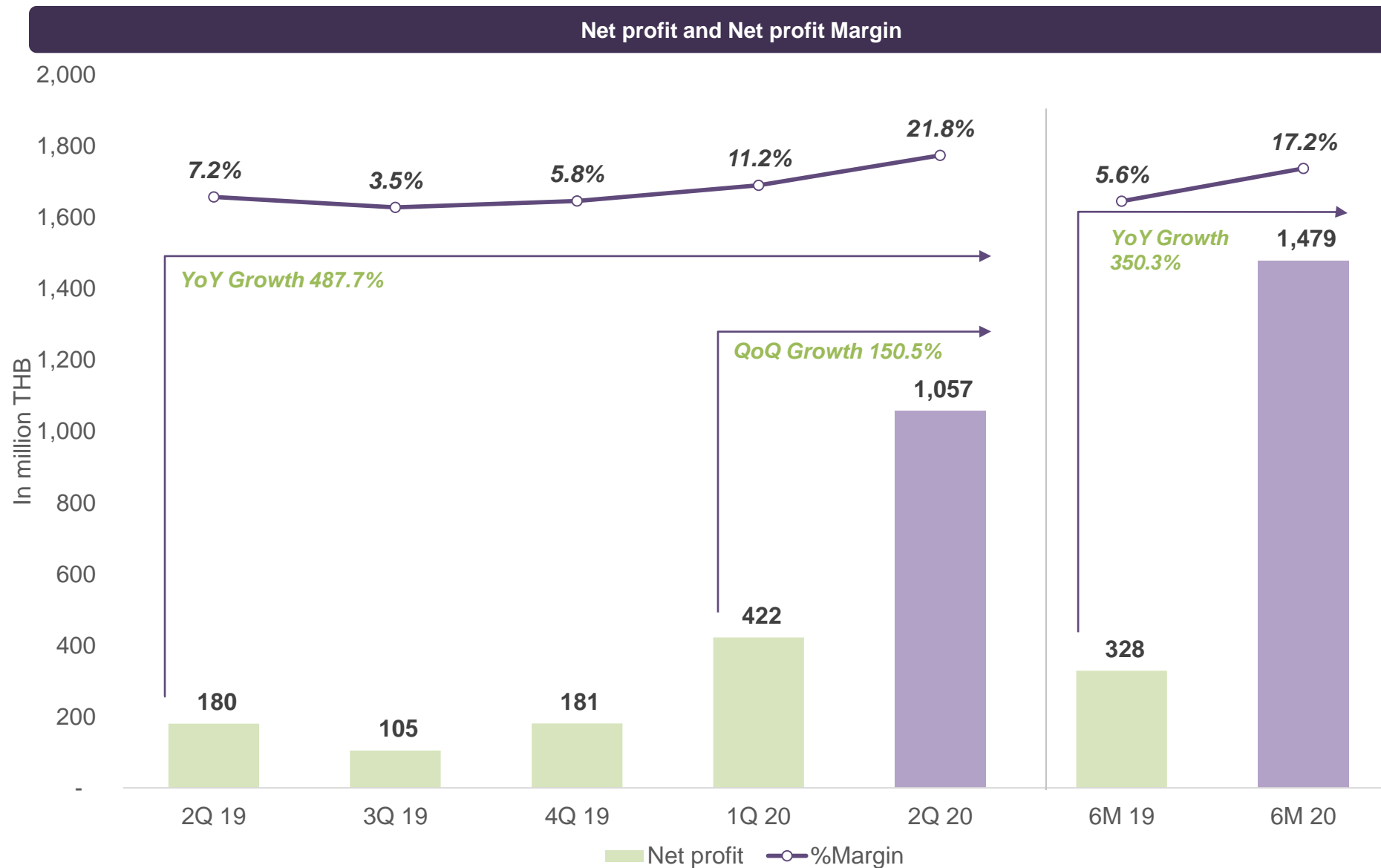
Estimated Effective Tax Rate

Estimated Effective Tax Rate 2020 - 2026



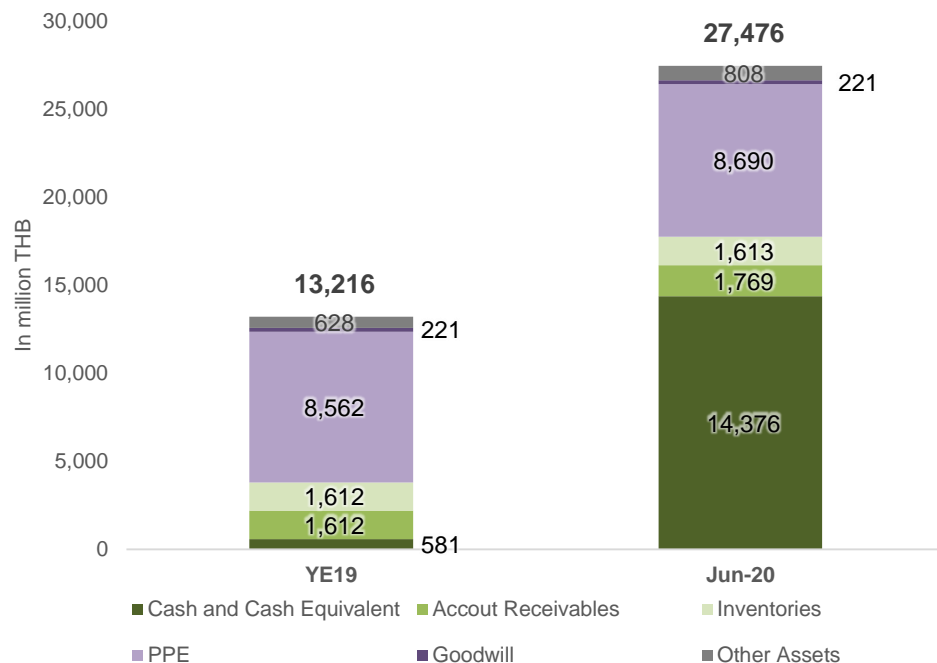
- ***With new committed investment in the future, our effective tax rate will remain at single digit.***
- ***Thanks to tax heaven scheme from the Board of Investment in Thailand (BOI) for the 5-8 years tax free for new investment.***
- ***The investment plan together with location to achieve capacity beyond 70 bn pcs under consideration.***

Record Breaking of Net Profit

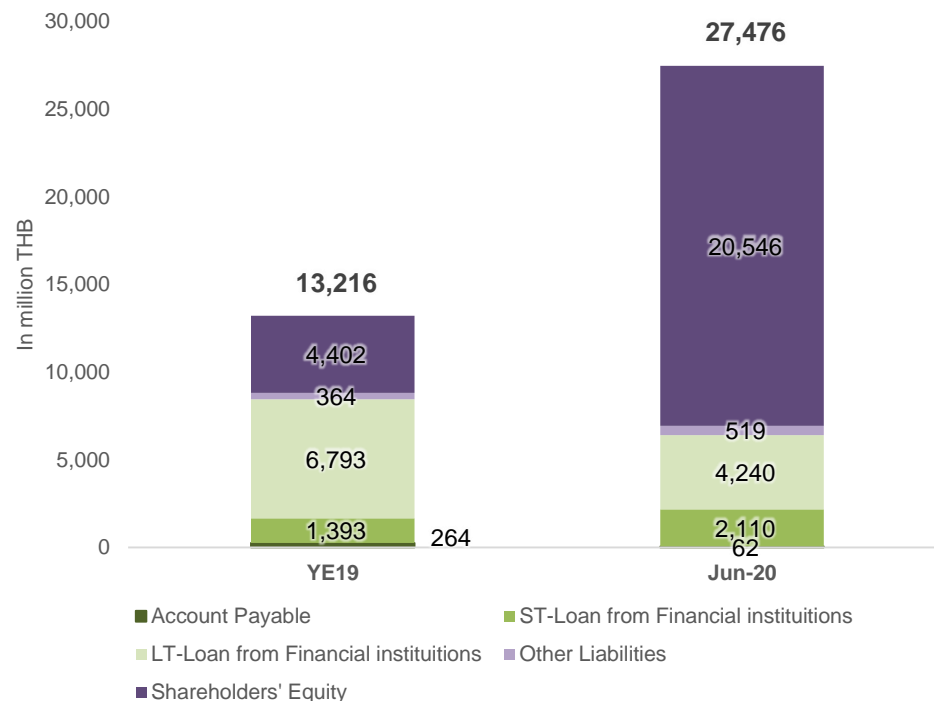


Strongest Ever Balance Sheets

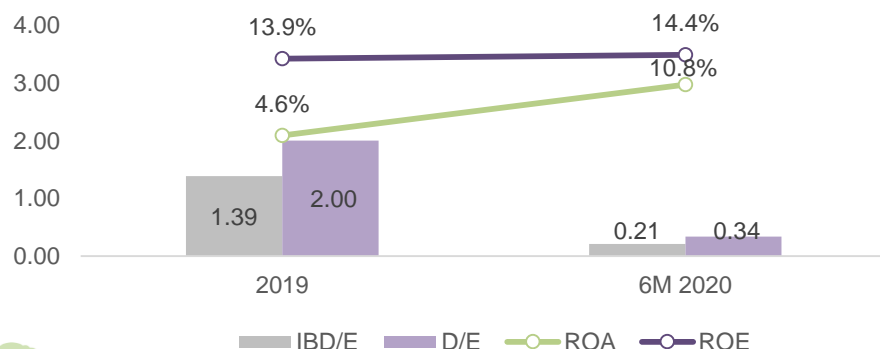
Asset



Liabilities and Shareholders' Equity

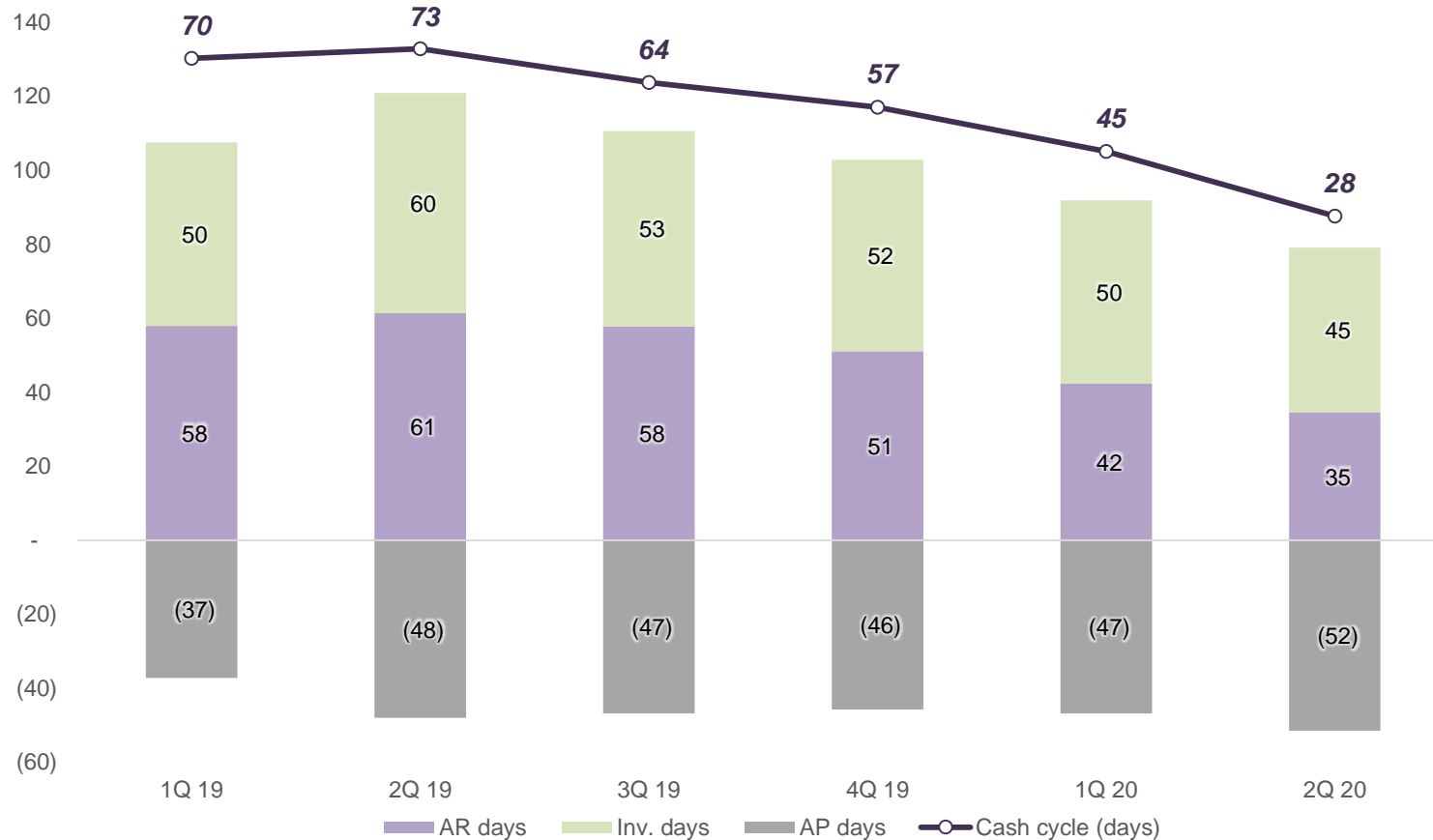


Key Financial Ratios



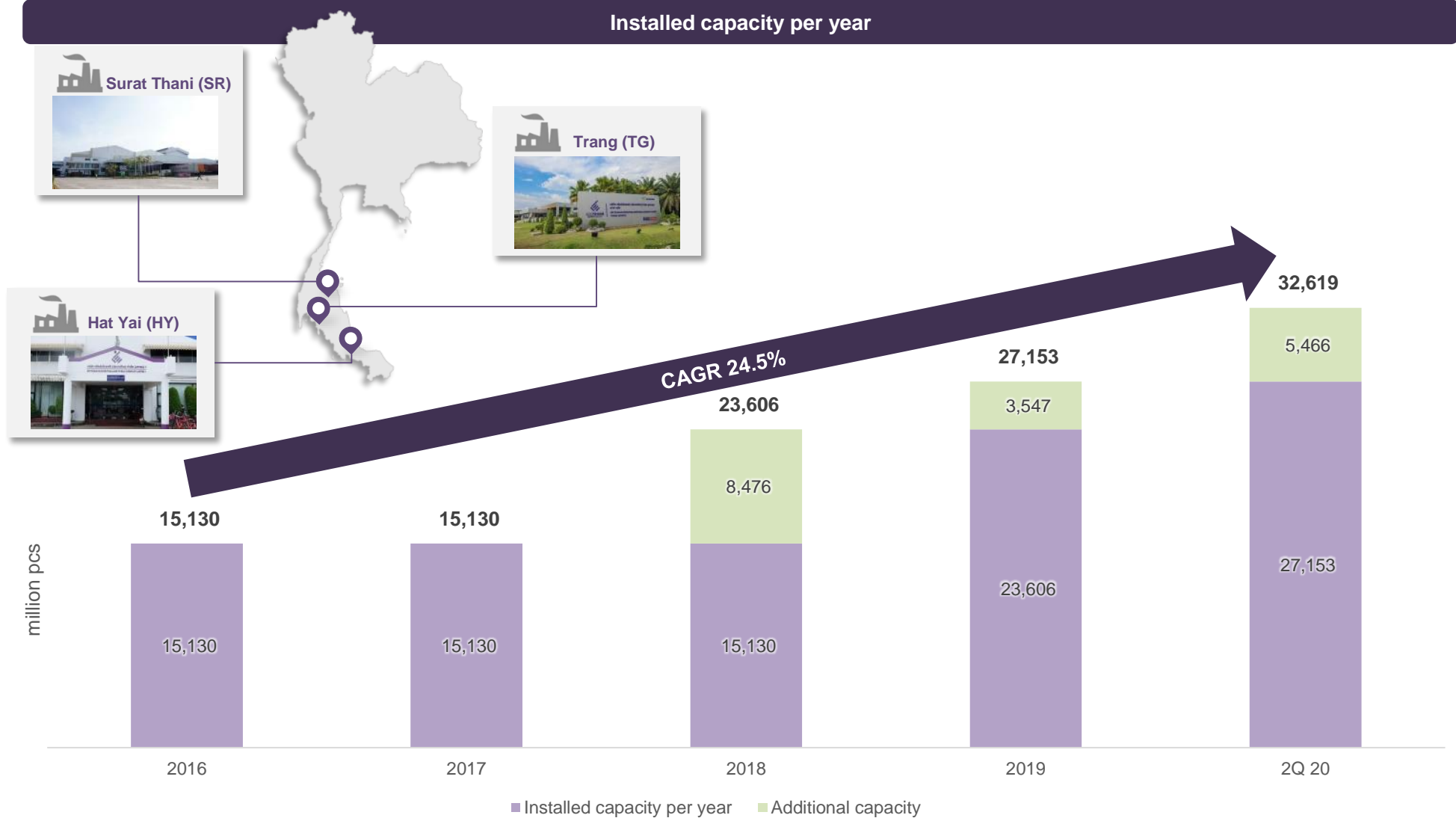
- **Strong balance sheet from shorter cash cycles and lower debt leverage**
- **IBD/E Ratio was 0.21x in 2Q 2020 significantly decrease from 1.39x in 2019 due to prepayment of the loan and the increase in funds from IPO**

Shortest Cash Cycle



- **Credit tightening**
- **Higher % of advance payment to secure orders**
- **Empty of FG at factory**
- **Minimal WIP gloves**

Capacity Development During the Past 5 years



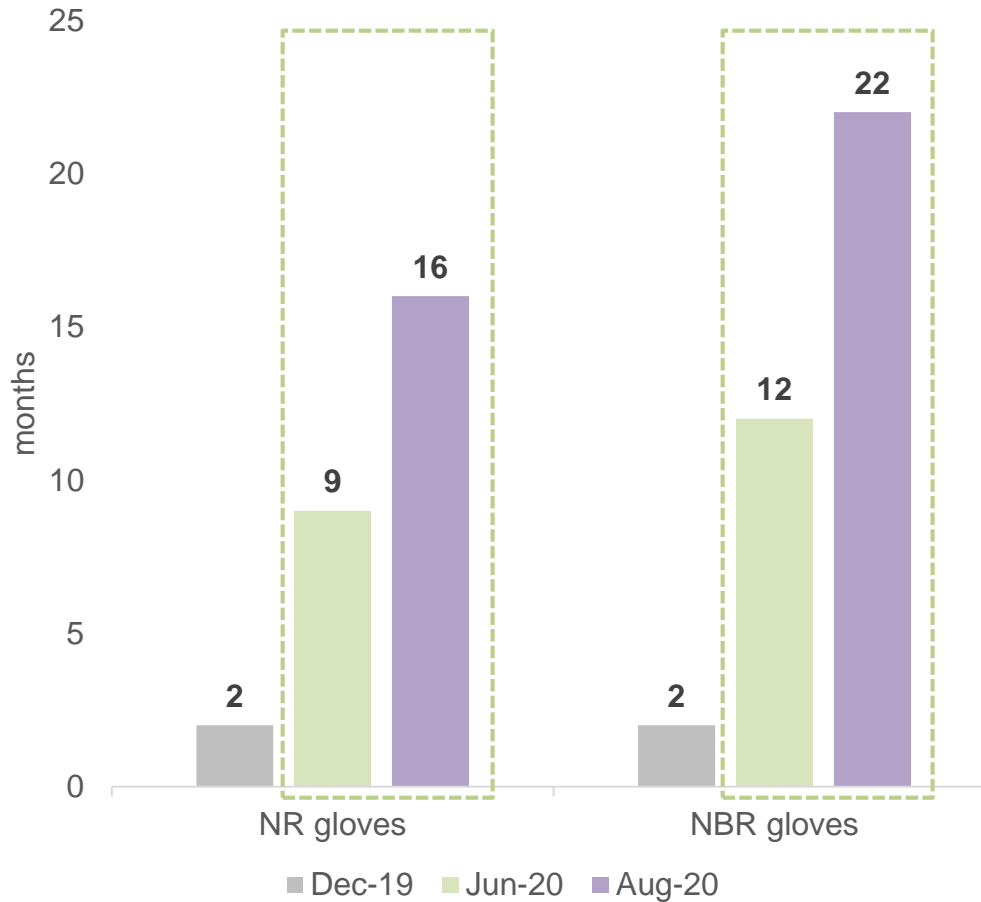


Section 3: Business Outlooks



Current Shipment Lead Time (Backlogs)

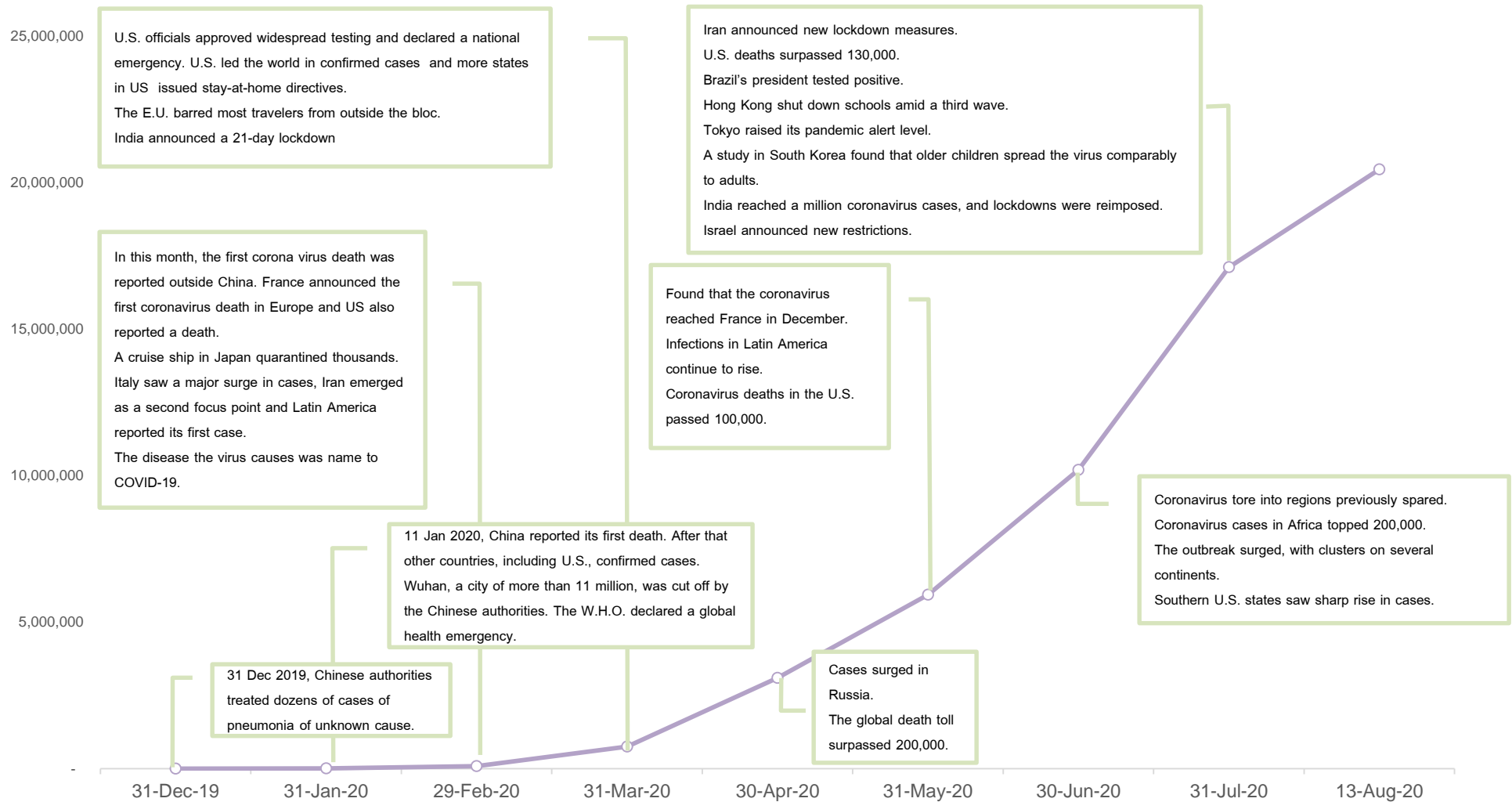
Lead Time of Product Shipment



- ***Backlogs have overflowed to Dec 2021 for NR and Mid 2022 for NBR gloves.***
- ***Streamlining production to yield highest output to capture the demand.***
- ***Gap of spot price and normal selling price become narrower.***
- ***ASP is in a reflection of strong demand and continual price increase.***

World's Cases of COVID-19

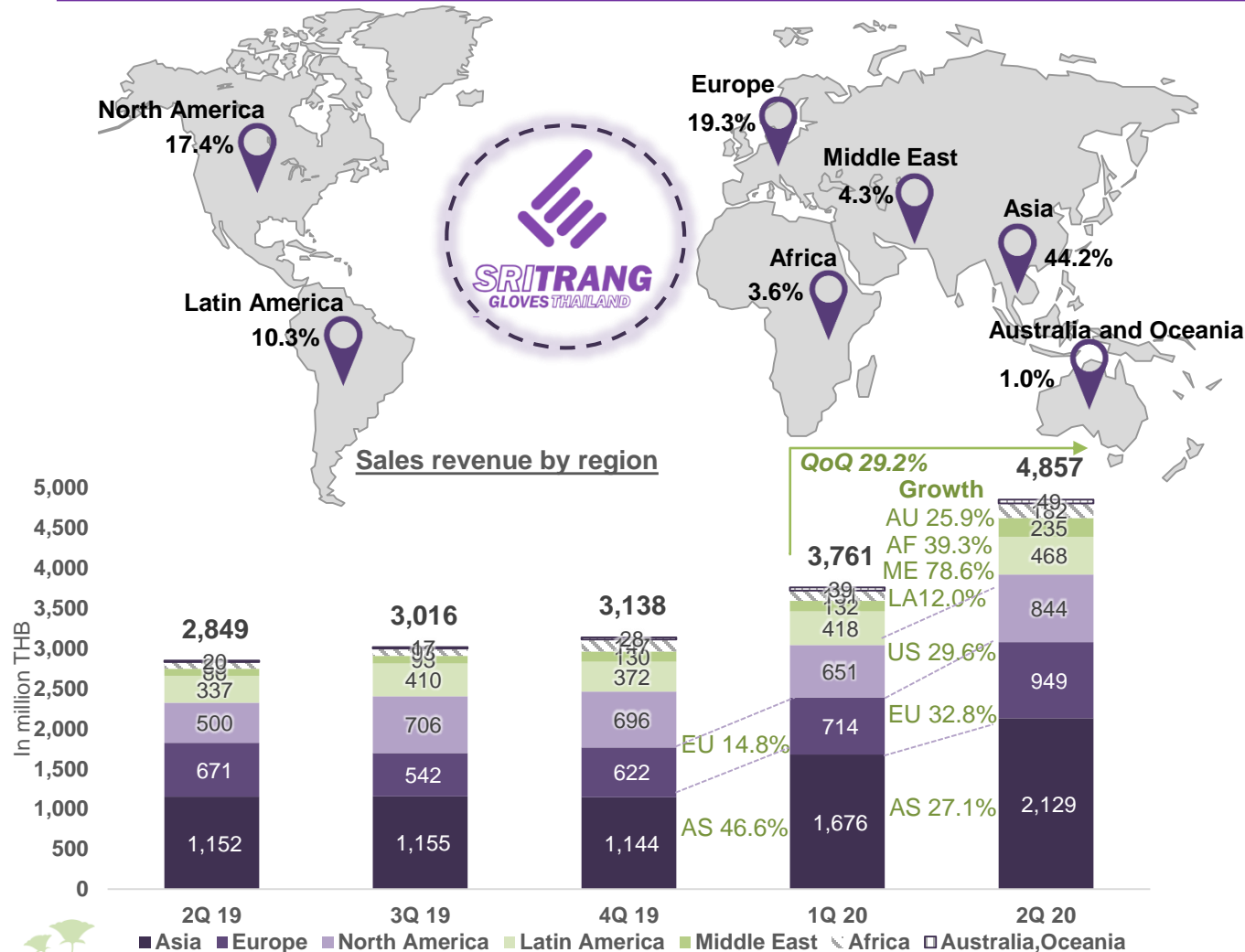
Cumulated confirm cases



Key Investment Highlights

Worldwide Distribution and Various Sales Channels

Revenue Breakdown by Region in 1H/2020



- **Higher % of geography breakdown to US and EU (where the NBR gloves are in deep shortage) shall be seen in 3Q 2020 onwards.**
- **Prices have been increasing across all types of gloves.**
- **NBR latex prices adjusted more aggressively than NR latex during 3Q 2020.**
- **Ultimately in long-term , STGT will benefit from the rebased higher selling prices whereby raw materials remain relatively favorable to margins.**

Committed Expansion Plan Fasten Up

Strategic Location for Key Suppliers and Tax Privileges

New

Project	CP (4Q 22)
Installed Capacity	8,709 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

3 Production Facilities
Total Installed Capacity of
32,619 mm pieces per year

3 Trang Plant



Installed Capacity⁽¹⁾	9,953 mm pieces per year
Main Raw Material	Concentrated Latex

New

Project	TG3-4 (4Q 23)
Installed Capacity	13,064 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New

Project	Sadao1 (3Q 21)
Installed Capacity	2,903 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New

Project	Sadao2 (1Q 22)
Installed Capacity	7,258 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

1

Surat Thani Plant



Installed Capacity⁽¹⁾	5,625 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New

Project	SR2 (1Q 21)
Installed Capacity	2,177 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

New

Project	SR3 (2Q 21)
Installed Capacity	3,992 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

2

Hat Yai Plant



Installed Capacity⁽¹⁾	17,041 mm pieces per year
Main Raw Material	Concentrated Latex / Synthetic Rubber Latex

7 Additional Production Facilities
Total Installed Capacity of
38,102 mm pieces per year



10 Production Facilities
Total Installed Capacity of
70,721 mm pieces per year
in 2026

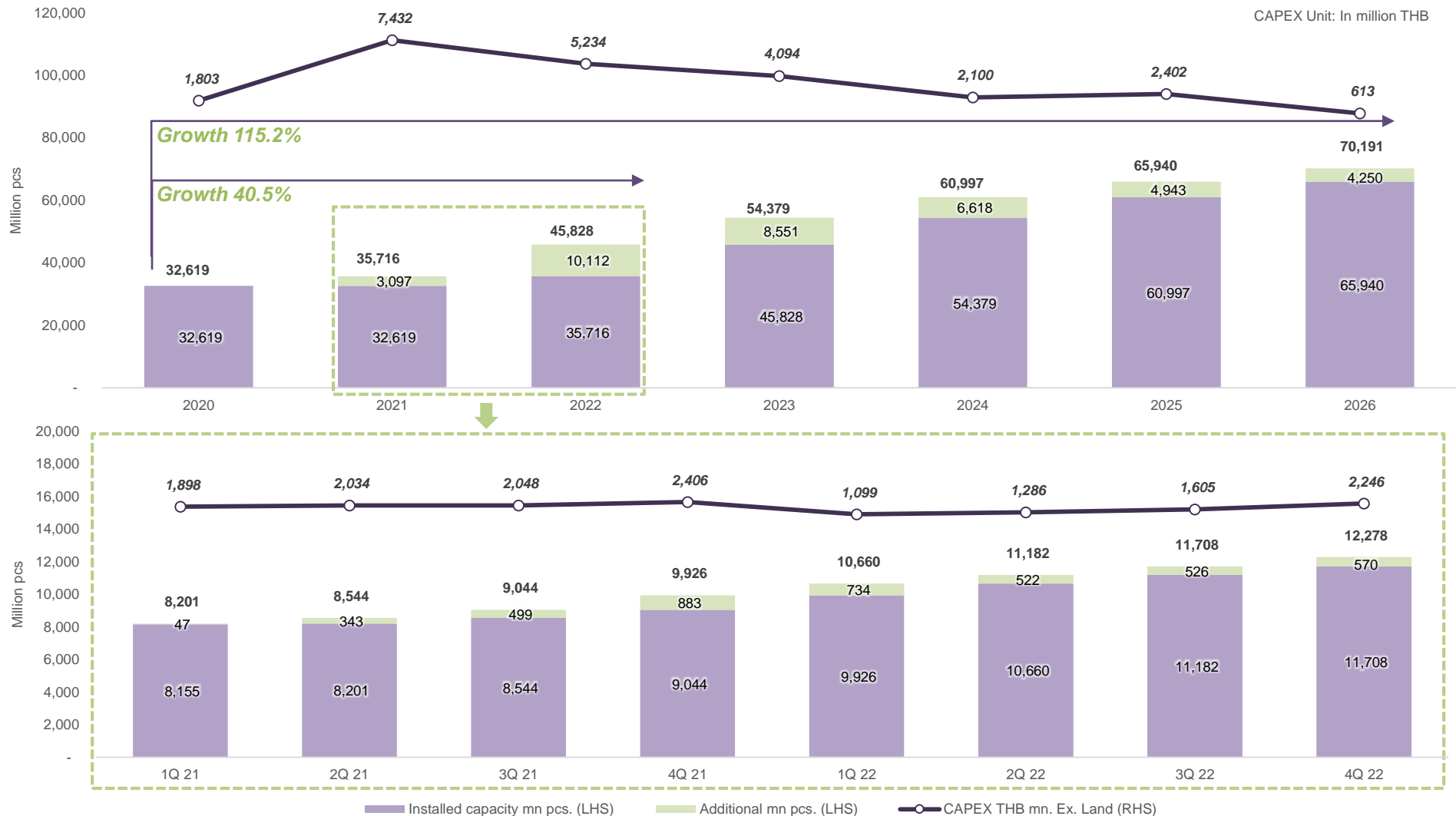
Note: (1) Installed capacity as of 30 June 2020

Update Expansion SR2



Installed Capacity and CAPEX

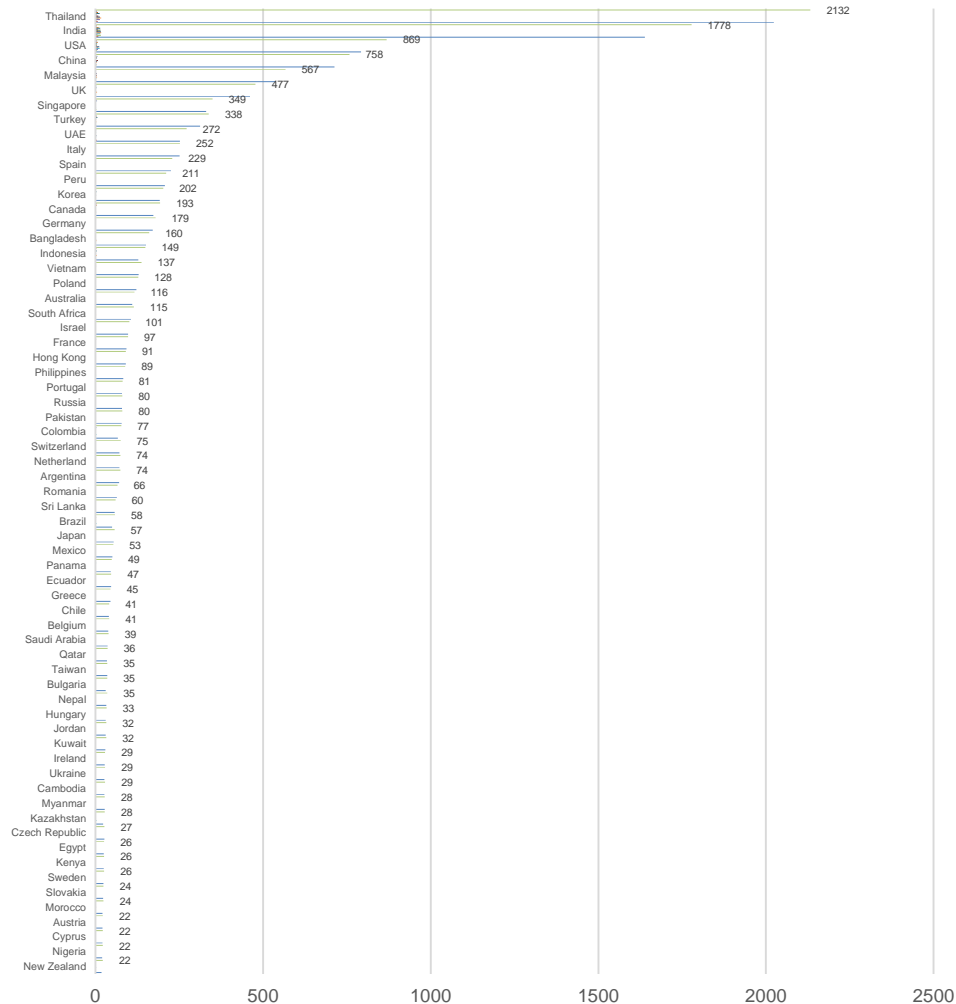
2020 – 2026 CAPEX⁽¹⁾



Note: (1) CAPEX for the expansion to achieve the installed capacity of 70 billion pieces (excluding land purchase)

Gloves in Scarcity Worldwide

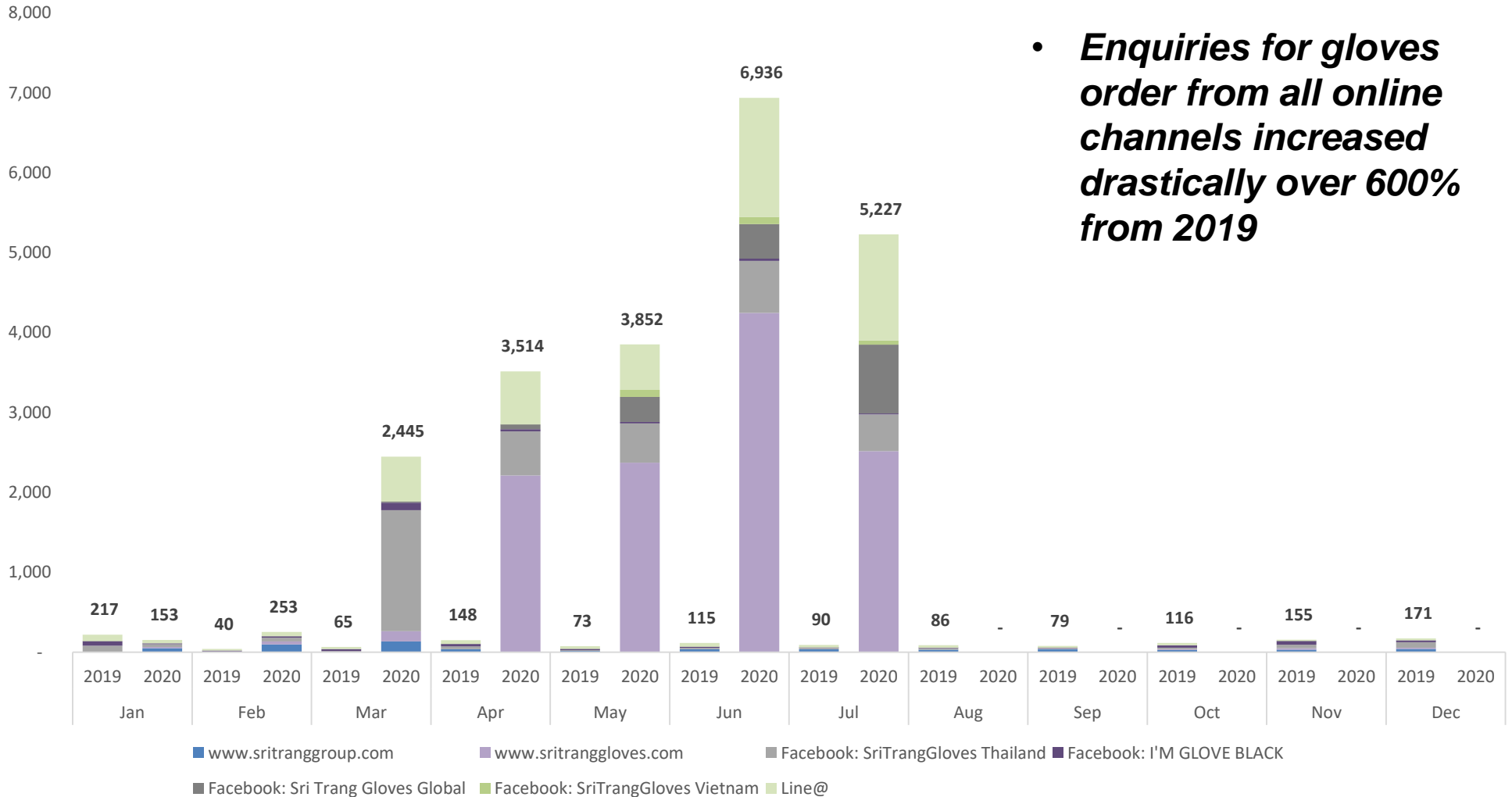
Order Enquiries from Emails



- ***Enquiries for gloves order from new customers average over 100 emails per day from over 140 countries throughout the world.***

Order Enquiries From Online Channels

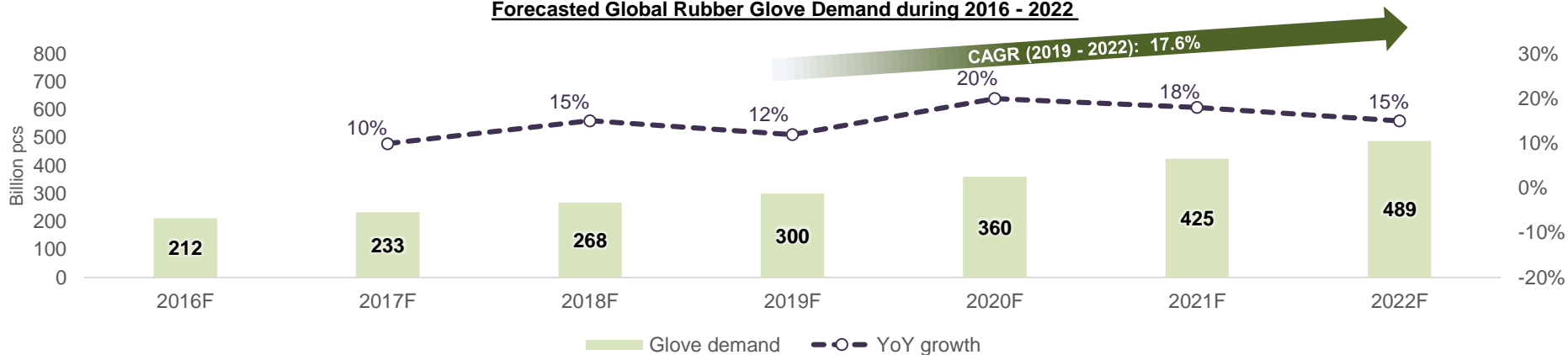
2019-2020



Solid Demand Under Covid & Post Covid as “New Normal”

Global Rubber Glove Demand

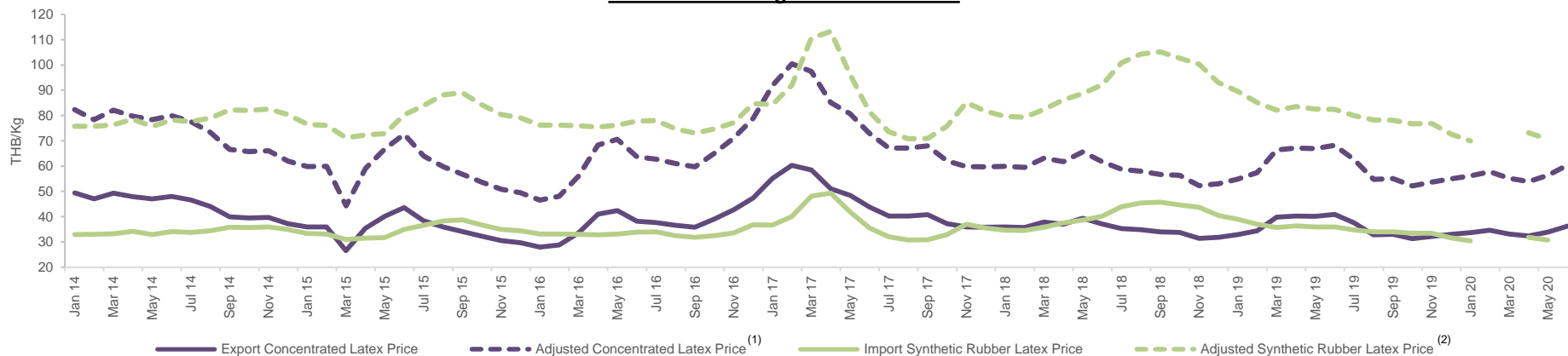
Forecasted Global Rubber Glove Demand during 2016 - 2022



Source: MARGMA and STGT forecast

Raw Material Price

Export Concentrated Latex Price and Import Synthetic Rubber Latex Price during 2014 – June 2020



Source: Rubber Authority of Thailand (RAOT) and Thai Customs

Note: (1) Based on 60.0% Dry Content of Concentrated Latex

(2) Based on 43.5% Dry Content of Synthetic Rubber Latex

Best in Class Workforce Treatment

BSCI Rating as of July 2020



Audit Details

Audit Range :	<input checked="" type="checkbox"/> Full Audit	<input type="checkbox"/> Follow-up Audit	
Audit Scope :	<input checked="" type="checkbox"/> Main Auditee	<input type="checkbox"/> Main Auditee & Farms	
Audit Environment :	<input checked="" type="checkbox"/> Industrial	<input type="checkbox"/> Agricultural	<input type="checkbox"/> Small Producer
Audit Announcement :	<input checked="" type="checkbox"/> Fully-Announced	<input type="checkbox"/> Fully-Unannounced	<input type="checkbox"/> Semi-Announced
Random Unannounced Check (RUC) :	No		
Audit extent (if applicable) :	none		
Audit interferences or contingencies (if applicable) :	none		
Overall rating :	A		
Need of follow-up :		If YES, by :	

Rating per Performance Area (PA)												
PA 1	PA 2	PA 3	PA 4	PA 5	PA 6	PA 7	PA 8	PA 9	PA 10	PA 11	PA 12	PA 13
A	A	A	A	A	A	A	A	A	A	A	A	A

HY: Most updated rating done in Jul 2020 as overall "A" rating
 SR: Most updated rating done in Jul 2019 as overall "B" rating
 TG: To be done in Sep 2020

- *We have been scored and ranked by highly reputable accredited social auditing "BSCI" as a highest rating of "A" in all aspects.*
- *Our workforce is well balanced at local:foreign workers 55:45*
- *We have treated our workforce with full compliance with laws and regulations.*
- *We have never experienced having a forced labor issue with any regulators or customers worldwide.*

Certificates

Strong Reputation and Best-in-class Products and Services

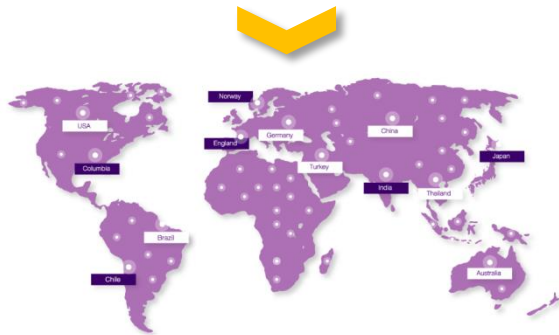
Successful Development Of Rubber Glove Business Model

Sri Trang Gloves Thailand

Touch Of Life



- ✓ Over 30 years, STGT brand has been built and successfully integrated into Thai society as **one of the most successful rubber glove producer in Thailand**



- ✓ STGT offer a wide range of **high-quality natural rubber and nitrile examination gloves** as well as general-purpose disposable gloves, both powdered and powder-free, catering to a wide variety of applications to satisfy and adapt to the changing lifestyle of consumers

Source: Company

Operational excellence with international standards/certificates

Standards



international
standard base in
USA



European
specification
requirement



Australian/
New Zealand
standard



Japanese
standard



Chinese
standard



Brazil
standard

Factory Management Certificates



ISO 9001: 2015



DIN EN ISO
13485: 2016



ISO 13485: 2016



ISO 22000: 2005

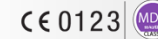
Product Certificates



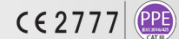
non. 1056-2556
Thai Industrial
Standards



MDD 93/42/EEC
Class I



MDD 93/42/EEC
Class I Sterile



PPE (EU)
2016/425
Category III

Sustainability Certificates



Forest
Stewardship
Council



ISO 14001: 2015



Business Social
Compliance
Initiative



Green Industry

Our Pride of Awards and Industry Recognition



Our Corporate Social Activities

Activities

- **Donates gloves 1 mn pcs. to Chinese government**



Chinese Government

Ministry of Public Health



Helping Chronic patient



Empowering disability persons

- **Donates gloves 2 mn pcs. to Ministry of Public Health**

- **Donates gloves in total of 1.1 mn pcs. to governor, hospitals and organizations in Songkhla, Surat Thani and Trang provinces**

Governor of Trang Province

Governor of Songkhla Province



Surat Thani Hospital



Thai Red Cross

- **“Sharing a Touch of Love” project, giving 1,000 lunch boxes to people affected by COVID-19 in Songkhla, Surat Thani and Trang provinces**



Donate lunch boxes



Kanjanadit Hospital



Investor Relation:

Call: +66 2207 4500 Ext. 1404

Email: stgt_ir@sritranggroup.com

www.sritranggloves.com

