

20 NOVEMBER 2020

THAILAND / COMMERCE

# SRI TRANG GLOVES (THAILAND)

## BUY

UNCHANGED

## STGT TB

TARGET PRICE	THB96.00
CLOSE	THB70.50
UP/DOWNSIDE	+36.2%
PRIOR TP	THB117.00
CHANGE IN TP	-17.9%
TP vs CONSENSUS	-10.5%

**Upside** จากราคาขายเฉลี่ยเทียบกับ **Downside** ในด้านการประเมินมูลค่า

หุ้นยังมี **Upside** จากราคาขายเฉลี่ยอย่างต่อเนื่อง

ในระหว่างการประชุมทางโทรศัพท์ที่หลังรายงานผลประกอบการ 3Q20 ผู้บริหารของ STGT รายงานพัฒนาการเชิงบวก 3 ประการ (ประกอบด้วยราคาขายเฉลี่ย (ASP) ที่เพิ่มขึ้น ปริมาณขายที่แน่นอน และต้นทุนที่อยู่ภายใต้การควบคุม) สำหรับแนวโน้มกำไรสุทธิใน 4Q20-2021 ในความเห็นของเรา ASP ที่คาดว่าจะเพิ่มขึ้นเป็นปัจจัยหนุนที่สำคัญที่สุด โดยผู้บริหารเชื่อว่า ASP ที่คาดว่าจะเพิ่มขึ้น 50% q-q เป็น USD56/1,000 ชิ้นใน 4Q20 จะให้ผลบวกที่มากกว่าราคาน้ำยางที่คาดว่าจะสูงขึ้น และส่งผลให้อัตรากำไรเพิ่มขึ้นได้ STGT คาดว่า ASP จะปรับขึ้นในปี 2021 ซึ่งอย่างน้อยจะทำให้บริษัท สามารถส่งผ่านต้นทุนที่เพิ่มขึ้นได้เต็มจำนวน

**การเติบโตของปริมาณขายยังคงมั่นคงไปถึงปี 2023**

ผู้บริหารระบุว่า STGT ได้รับคำสั่งซื้อถ่วงมืออย่างแข็งแกร่งหรือส่งยาวไปถึงกลางปี 2023 คิดเป็นคำสั่งซื้อล่วงหน้า 31 เดือน ในขณะที่คำสั่งซื้อถ่วงมืออย่างธรรมชาติหรือส่งยาวไปถึง 1Q22 คิดเป็นคำสั่งซื้อล่วงหน้า 16 เดือน ทำให้บริษัทฯ คาดว่าปริมาณขายจะเพิ่ม q-q เป็น 7.3 พันล้านชิ้นจาก 7.1 พันล้านชิ้นใน 3Q20 STGT ปรับเพิ่มกำลังการผลิตถ่วงมือของบริษัทย่อ อีกครั้งเป็น 49.1 พันล้านชิ้นภายในปี 2022 จาก 32.6 พันล้านชิ้นในปี 2020 โดยกำลังการผลิตที่เพิ่มขึ้นจะมาจาก 1) แผนการขยายโรงงานสุราษฎร์ธานี 1 อีก 2.2 พันล้าน ชิ้นต่อปี (ppa) ใน 1Q21; 2) โรงงานสุราษฎร์ธานี 2 อีก 4 พันล้าน ppa ใน 3Q21; 3) โรงงานสะเตา 1 อีก 2.9 พันล้าน ppa ใน 3Q21; และ 4) โรงงานสะเตา 2 อีก 7.3 พันล้าน ppa ใน 4Q21 อเมริกาเหนือและลาตินอเมริกาขายงานปริมาณขายโตสูงสุดที่กว่า 100% y-y ใน 3Q20 ตามด้วยยุโรป ทำให้ผู้บริหารมองว่า STGT จะสามารถปรับ ASPs เพิ่มขึ้นใน 4Q20-2021

**แต่ Downside** ในด้านต้นทุนวัตถุดิบก็กำลังเพิ่มสูงขึ้น

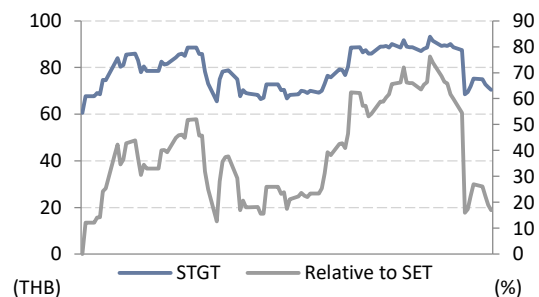
เรามองว่าการเพิ่มของต้นทุนวัตถุดิบ (50% ของต้นทุนรวม) เป็นความเสี่ยงหลักสำคัญสำหรับ STGT และคาดว่าราคาวัตถุดิบจะเพิ่ม 40-70% y-y ใน 2H20-2021 โดยคาดว่าราคาขายส่งจะเพิ่มสูงถึง 70% y-y ในขณะที่ราคาขายธรรมชาติจะเพิ่มสูงถึง 30-40% จากระดับราคา ณ ต้นปี 2020 เราได้รวมสมมติฐานใหม่ที่ว่าราคาขายธรรมชาติจะเพิ่ม 54% y-y และราคาขายส่งจะเพิ่ม 32% y-y ในปี 2021 ไว้ในประมาณการของเราแล้ว

**คงคำแนะนำซื้อหลังปรับลดราคาเป้าหมายลงเหลือ 96 บาท**

ในขณะที่เรลดคำแนะนำซื้อและปรับเพิ่มประมาณการกำไรต่อหุ้นของเราในปี 2020-2022 ขึ้น 30-81.8% เพื่อสะท้อนสมมติฐานที่ว่า ASP ในปี 2020-2021 และปริมาณขายในปี 2021-2022 จะเพิ่มสูงขึ้น เราปรับลดราคาเป้าหมายของเราลงจาก 117 บาท (2021E P/E 17x) เหลือ 96 บาท (2022E P/E 12x) เราคิดว่าราคาหุ้นของ STGT ควรสะท้อนกำไรสุทธิของบริษัท ที่คาดว่าจะกลับสู่ระดับปกติในปี 2022 มากกว่ากำไรสุทธิที่คาดว่าจะพุ่งสูงสุดในปี 2021 จากโอกาสที่จะมี Downsides ในด้าน ASP และความต้องการ หากมีการพัฒนาวัคซีนป้องกัน COVID ได้เร็วกว่าคาด

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	11,994	28,610	49,617	44,515
Net profit	614	11,157	19,061	11,432
EPS (THB)	0.62	7.80	13.32	7.99
vs Consensus (%)	-	8.1	19.5	19.3
EBITDA	1,502	13,219	21,817	14,871
Core net profit	614	11,157	19,061	11,432
Core EPS (THB)	0.62	7.80	13.32	7.99
Chg. In EPS est. (%)	-	47.8	81.8	30.0
EPS growth (%)	(87.6)	1,157.5	70.8	(40.0)
Core P/E (x)	113.7	9.0	5.3	8.8
Dividend yield (%)	0.2	1.0	1.1	1.3
EV/EBITDA (x)	50.8	6.4	3.5	4.8
Price/book (x)	15.9	3.5	2.2	1.8
Net debt/Equity (%)	147.3	(55.7)	(53.5)	(51.2)
ROE (%)	18.0	67.5	50.5	22.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(20.3)	(9.9)	n/a
Relative to country (%)	(29.7)	(13.9)	n/a
Mkt cap (USD m)	3,311		
3m avg. daily turnover (USD m)	59.0		
Free float (%)	30		
Major shareholder	STA & Sincharoenkul family (65%)		
12m high/low (THB)	94.50/55.25		
Issued shares (m)	1,430.78		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 พฤศจิกายน 2020

## Investment thesis

We project STGT's net profit to accelerate in 2020-22, driven by three key factors. First, strong industry demand growth in the wake of COVID-19 has led to unprecedented global awareness over sanitation and hygiene, potentially driving up the demand for rubber gloves by 2-3x in 2020-21. Second, the favourable demand-supply balance due to rising demand from COVID-19 should all but turn the previous chronic oversupply into a balanced market by 2H21. Third, STGT's capacity and market expansions after its acquisition of two key distribution subsidiaries should further strengthen its position against its once dominant competitors in Malaysia.

We project STGT's net profit growth to be 1,717% y-y in 2020, up from a negative 88% y-y in 2019. Key drivers include the capacity expansions of STGT's plants at Hat Yai (+3.6b pieces y-y) and at Trang (+5.6b pieces y-y); both new plants had commercial operation dates (COD) in Feb-20.

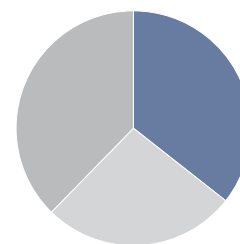
## Company profile

Sri Trang Gloves (Thailand) is a leading producer of rubber gloves in Thailand and global markets, with its highest product mix in natural rubber gloves.

[www.sritranggloves.com](http://www.sritranggloves.com)

## Principal activities (revenue, 2019)

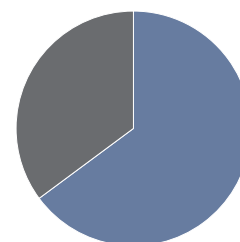
- Natural rubber powdered gloves - 35.6 %
- Natural rubber powder-free gloves - 26.7 %
- Nitrile gloves - 37.7 %



Source: Sri Trang Gloves (Thailand)

## Major shareholders

- STA & Sincharoenkul family - 64.9 %
- Others - 35.2 %



Source: Sri Trang Gloves (Thailand)

## Catalyst

Armed with three favourable industry drivers – demand growth, demand-supply balance, and worldwide market opportunities – we believe STGT, as one of the world's top five producers of rubber gloves, will see strong and sustained net profit growth momentum in 2020-22, backed by four growth pillars: sales volume growth, cost competitiveness, margin expansion, and the favourable THB/USD exchange rate.

## Risk to our call

The downside risks to our PE-based TP for STGT include 1) a lower-than-expected demand for rubber gloves; 2) higher prices of concentrated natural and synthetic latex and crude; and 3) exchange rate volatility.

## Event calendar

Date	Event
Feb 2021	4Q20/2020 results announcement

## Key assumptions

	2020E	2021E	2022E
Average utilisation rate (%)	96	93	94
Sales volume (m pieces)	29,378	35,416	44,600
ASP - powdered (USD/1,000 pieces)	32.6	41.3	31.0
ASP - powder-free (USD/1,000 pieces)	38.9	49.7	37.2
ASP - nitrile (USD/1,000 pieces)	39.8	50.9	38.2
ASP - blended (USD/1,000 pieces)	37.2	47.4	35.6
Concentrated latex price (THB/kg)	37.0	57.0	45.0
Synthetic latex price (THB/kg)	38.0	50.0	55.0
Exchange rate (THB/USD)	32.0	32.0	32.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% change in THB/USD exchange rate we estimate a 1.4% change in 2020 EPS, all else being equal.
- For every 1% increase in latex price, we estimate 2020 EPS would fall 0.7%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2020 EPS would rise 1.5%, and vice versa, all else being equal.
- For every 1% increase in ASP, we estimate 2020 EPS would rise by 0.8%, and vice versa, all else being equal.

Source: FSSIA estimates



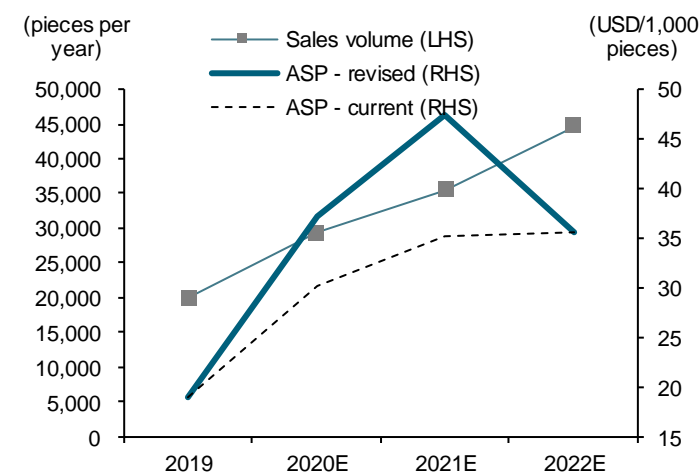
## ASP upside vs valuation downside

During its 3Q20 conference call, STGT's management delivered three key positive developments: 1) the higher-than-expected ASPs for its gloves; 2) the extended backlog for its advanced sales volume due to the continued high demand; and 3) STGT's effective containment of raw material costs for both natural latex and synthetic latex in 2H20.

As a result, we have turned more positive on STGT's NP outlook in 4Q20-2021. The most positive driver, in our view, is the higher guided ASP, which management projects to rise by 50% q-q to USD56/1,000 pieces in 4Q20. This should more than offset the expected hike in latex prices and result in a margin expansion, based on STGT's guidance.

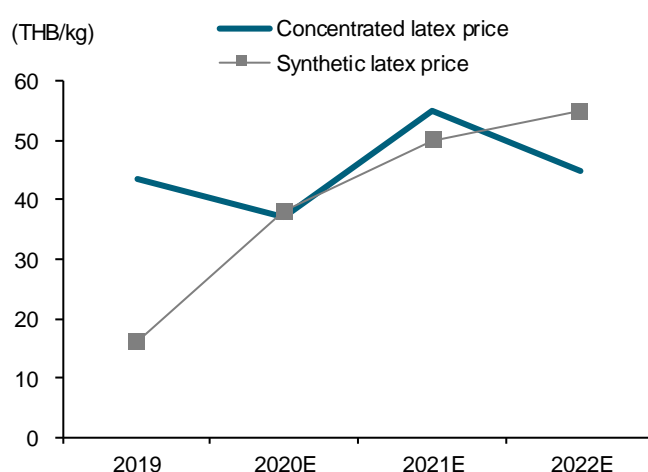
Management expects to see an ASP increase in 2021 that would at least will allow STGT to fully pass through the higher raw material costs, given the high bargaining power of STGT as a seller due to the continued high demand for gloves, particularly in Western markets like North America and Europe.

**Exhibit 1: Sales volume vs changes in ASP assumptions**



Sources: STGT; FSSIA estimates

**Exhibit 2: Changes in price assumptions for concentrated latex and synthetic latex**



Sources: STGT; FSSIA estimates

We think the major downside risk for STGT would be a hike in raw material costs (50% of total cost). We expect an increase in the range of 40-70% y-y in 2H20-2021, mainly for nitrile rubber at up to 70% y-y and natural rubber at up to 30-40% from the prices at the beginning of 2020. We have incorporated a 54% y-y increase for the natural rubber price and a 32% y-y hike for the nitrile rubber price in 2021 into our assumptions.

Management also indicated that the entry barrier for new players is high, including 1) a long lead time to construct and begin operating manufacturing plants of up to 12-18 months; and 2) the required time to receive approval from the US Food and Drugs Administration (FDA) at around 18 months. Hence, management believes that new entrants into the glove market will require time, and does not expect to see a significant new glove supply until at least mid-2021.

## EPS and TP revisions

We maintain BUY and raise our EPS forecasts for 2020-22 by 30-81.8% to reflect our higher ASP (in 2020-21) and sales volume (in 2021-22) assumptions, following the new guidance from management. We have increased our blended ASP assumptions for 2020-21 by 14.5-15.5% but trimmed our ASP forecast for 2022 by 2.4% due to our more conservative view on the glove demand, given the faster-than-expected development of a vaccine for COVID-19. We maintain our assumptions for the prices of both natural and synthetic latex, as we think our current assumptions are already conservative enough to reflect the significant price hikes we expect in 2021-22.

### Exhibit 3: Changes in key assumptions

	Current			Previous			Change		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	28,610	49,617	44,515	24,554	35,900	35,548	16.5	38.2	25.2
Gross profit	14,363	24,843	17,542	10,510	15,064	14,055	36.7	64.9	24.8
Operating profit	12,173	20,259	12,521	8,436	11,507	10,280	44.3	76.1	21.8
Net profit	11,157	19,061	11,432	7,550	10,485	8,795	47.8	81.8	30.0
EPS (THB/share)	7.80	13.32	7.99	5.28	7.33	6.15	47.8	81.8	30.0
<b>Key assumptions</b>									
Average utilisation rate (%)	96	93	94	96	93	94	0.0	0.0	0.0
Sales volume (m pieces)	29,378	35,416	44,600	29,378	29,233	34,929	0.0	21.2	27.7
ASP - powdered (USD/1,000 pieces)	32.6	41.3	31.0	27.6	35.3	31.1	18.1	17.0	(0.3)
ASP - powder-free (USD/1,000 pieces)	38.9	49.7	37.2	33.9	43.7	38.4	14.8	13.7	(3.1)
ASP - nitrile (USD/1,000 pieces)	39.8	50.9	38.2	34.8	44.9	39.5	14.4	13.4	(3.4)
ASP - blended (USD/1,000 pieces)	37.2	47.4	35.6	32.2	41.4	36.5	15.5	14.5	(2.4)
Concentrated latex price (THB/kg)	37.0	57.0	45.0	37.0	57.0	45.0	0.0	0.0	0.0
Synthetic latex price (THB/kg)	38.0	50.0	55.0	38.0	50.0	55.0	0.0	0.0	0.0
Exchange rate (THB/USD)	32.0	32.0	32.0	32.0	32.0	32.0	0.0	0.0	0.0

Sources: STGT; FSSIA estimates

We lower our TP from THB117, previously based on 17x 2021E P/E, to THB96, now based on 12x 2022E, slightly higher than the 11.2x average of its Malaysian peers. We think STGT's share price should reflect its 2022E normalised NP rather than its peak 2021E NP, due to the likely ASP and demand downsides caused by the faster-than-expected development of a vaccine for COVID-19.

### Exhibit 4: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	PE		ROE		PBV		EV/EBITDA	
								20E	21E	20E	21E	20E	21E	20E	21E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>															
Sri Trang Gloves Thailand	STGT TB	BUY	70.50	96.00	36	3,311	134.5	9.0	5.3	67.5	50.5	3.5	2.2	6.4	3.5
<b>Malaysia</b>															
Top Glove Corp Bhd	TOPG MK	n/a	7.29	n/a	n/a	14,374	109.1	40.3	6.8	46.8	108.2	17.0	6.0	27.6	5.1
Hartalega Holdings Bhd	HART MK	n/a	14.40	n/a	n/a	12,059	94.1	105.1	19.7	19.2	73.1	20.0	14.2	68.1	14.7
Kossan Rubber Industries	KRI MK	n/a	6.23	n/a	n/a	3,893	68.6	15.8	7.6	47.6	66.9	9.4	5.8	11.4	5.7
Supermax Corp Bhd	SUCB MK	n/a	8.08	n/a	n/a	5,071	148.6	59.0	7.0	36.6	92.8	15.1	6.6	30.5	4.8
<b>Malaysia average</b>						<b>35,398</b>	<b>100.8</b>	<b>62.4</b>	<b>11.3</b>	<b>36.0</b>	<b>89.5</b>	<b>16.9</b>	<b>8.9</b>	<b>40.0</b>	<b>8.4</b>
Overall average						38,708	103.7	57.8	10.8	38.7	86.2	15.8	8.3	37.1	8.0

Share prices as of 19 Nov 2020

Sources: Bloomberg, FSSIA estimates

## Financial Statements

Sri Trang Gloves (Thailand)

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	10,989	11,994	28,610	49,617	44,515
Cost of goods sold	(8,551)	(9,766)	(14,247)	(24,774)	(26,974)
<b>Gross profit</b>	<b>2,437</b>	<b>2,228</b>	<b>14,363</b>	<b>24,843</b>	<b>17,542</b>
Other operating income	-	-	-	-	-
Operating costs	(550)	(725)	(1,144)	(3,027)	(2,671)
<b>Operating EBITDA</b>	<b>1,888</b>	<b>1,502</b>	<b>13,219</b>	<b>21,817</b>	<b>14,871</b>
Depreciation	(628)	(789)	(1,046)	(1,558)	(2,350)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,259</b>	<b>713</b>	<b>12,173</b>	<b>20,259</b>	<b>12,521</b>
Net financing costs	(168)	(105)	(91)	(68)	(76)
Associates	0	0	0	0	0
Recurring non operating income	114	109	80	80	80
Non recurring items	(17)	0	0	0	0
<b>Profit before tax</b>	<b>1,187</b>	<b>718</b>	<b>12,162</b>	<b>20,271</b>	<b>12,525</b>
Tax	(206)	(104)	(1,004)	(1,209)	(1,093)
<b>Profit after tax</b>	<b>982</b>	<b>614</b>	<b>11,157</b>	<b>19,061</b>	<b>11,432</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>982</b>	<b>614</b>	<b>11,157</b>	<b>19,061</b>	<b>11,432</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>999</b>	<b>614</b>	<b>11,157</b>	<b>19,061</b>	<b>11,432</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.99	0.62	7.80	13.32	7.99
Reported EPS	4.91	0.62	7.80	13.32	7.99
DPS	0.24	0.11	0.70	0.80	0.90
Diluted shares (used to calculate per share data)	200	990	1,431	1,431	1,431
<b>Growth</b>					
Revenue (%)	(2.3)	9.2	138.5	73.4	(10.3)
Operating EBITDA (%)	131.3	(20.4)	779.8	65.0	(31.8)
Operating EBIT (%)	332.1	(43.4)	1,606.7	66.4	(38.2)
Recurring EPS (%)	188.1	(87.6)	1,157.5	70.8	(40.0)
Reported EPS (%)	357.5	(87.4)	1,157.5	70.8	(40.0)
<b>Operating performance</b>					
Gross margin inc depreciation (%)	16.5	12.0	46.5	46.9	34.1
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	17.2	12.5	46.2	44.0	33.4
Operating EBIT margin (%)	11.5	5.9	42.5	40.8	28.1
Net margin (%)	9.1	5.1	39.0	38.4	25.7
Effective tax rate (%)	17.3	14.5	8.3	6.0	8.7
Dividend payout on recurring profit (%)	4.8	17.7	9.0	6.0	11.3
Interest cover (X)	8.2	7.9	134.2	298.7	165.1
Inventory days	63.9	61.5	50.8	47.4	57.8
Debtor days	56.3	53.8	22.4	15.8	21.5
Creditor days	52.1	49.6	43.9	41.0	49.9
Operating ROIC (%)	15.3	6.0	83.6	(23.7)	(10.1)
ROIC (%)	16.1	6.7	81.8	(23.3)	(10.1)
ROE (%)	46.4	18.0	67.5	50.5	22.0
ROA (%)	13.0	5.8	48.2	44.0	19.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Natural rubber powdered gloves	3,385	4,270	11,686	16,929	13,617
Natural rubber powder-free gloves	3,012	3,205	2,787	8,158	8,732
Nitrile gloves	4,404	4,519	13,578	23,518	21,800
Natural rubber products business	187	0	558	1,012	366

Sources: Sri Trang Gloves (Thailand); FSSIA estimates

## Financial Statements

### Sri Trang Gloves (Thailand)

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	999	614	11,157	19,061	11,432
Depreciation	628	789	1,046	1,558	2,350
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(672)	133	(864)	(1,336)	(348)
<b>Cash flow from operations</b>	<b>955</b>	<b>1,536</b>	<b>11,339</b>	<b>19,283</b>	<b>13,434</b>
Capex - maintenance	(1,536)	(3,180)	(1,993)	(9,283)	(8,129)
Capex - new investment	(1,903)	(133)	0	0	0
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(563)	324	0	0	0
<b>Cash flow from investing</b>	<b>(4,002)</b>	<b>(2,990)</b>	<b>(1,993)</b>	<b>(9,283)</b>	<b>(8,129)</b>
Dividends paid	(28)	(109)	(109)	(1,002)	(1,145)
Equity finance	0	0	0	0	0
Debt finance	1,746	1,819	(5,000)	0	500
Other financing cash flows	1,328	(248)	13,223	60	58
<b>Cash flow from Financing</b>	<b>3,046</b>	<b>1,462</b>	<b>8,114</b>	<b>(942)</b>	<b>(586)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>0</b>	<b>8</b>	<b>17,460</b>	<b>9,058</b>	<b>4,719</b>
Free cash flow to firm (FCFF)	(2,884.60)	(1,259.61)	9,436.84	10,068.22	5,381.23
Free cash flow to equity (FCFE)	27.67	116.81	17,568.82	10,059.74	5,863.15
<b>Per share (THB)</b>					
FCFF per share	(2.02)	(0.88)	6.60	7.04	3.76
FCFE per share	0.02	0.08	12.28	7.03	4.10
Recurring cash flow per share	8.14	1.42	8.53	14.41	9.63
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed asset (gross)	8,031	10,561	12,554	21,837	29,966
Less: Accumulated depreciation	(1,993)	(1,999)	(3,044)	(4,602)	(6,952)
<b>Tangible fixed assets (Net)</b>	<b>6,038</b>	<b>8,562</b>	<b>9,510</b>	<b>17,235</b>	<b>23,014</b>
<b>Intangible fixed assets (Net)</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	-	-	-	-	-
Cash & equivalents	573	581	18,041	27,100	31,818
A/C receivable	1,922	1,612	1,898	2,394	2,839
Inventories	1,681	1,612	2,351	4,088	4,452
Other current assets	74	507	1,210	2,099	1,883
<b>Current assets</b>	<b>4,251</b>	<b>4,312</b>	<b>23,501</b>	<b>35,682</b>	<b>40,992</b>
Other assets	142	121	121	121	121
<b>Total assets</b>	<b>10,652</b>	<b>13,216</b>	<b>33,352</b>	<b>53,258</b>	<b>64,348</b>
Common equity	2,431	4,402	28,674	46,794	57,139
Minorities etc.	1,358	0	0	0	0
<b>Total Shareholders' equity</b>	<b>3,789</b>	<b>4,402</b>	<b>28,674</b>	<b>46,794</b>	<b>57,139</b>
Long term debt	4,249	5,846	1,846	1,846	2,346
Other long-term liabilities	248	195	195	195	195
<b>Long-term liabilities</b>	<b>4,497</b>	<b>6,041</b>	<b>2,041</b>	<b>2,041</b>	<b>2,541</b>
A/C payable	1,263	1,393	2,032	3,533	3,847
Short term debt	996	1,218	218	218	218
Other current liabilities	107	163	388	672	603
<b>Current liabilities</b>	<b>2,366</b>	<b>2,773</b>	<b>2,637</b>	<b>4,423</b>	<b>4,668</b>
<b>Total liabilities and shareholders' equity</b>	<b>10,652</b>	<b>13,216</b>	<b>33,352</b>	<b>53,258</b>	<b>64,348</b>
Net working capital	2,308	2,176	3,040	4,376	4,724
Invested capital	8,709	11,079	12,891	21,952	28,080
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	12.15	4.45	20.04	32.71	39.94
Tangible book value per share	11.05	4.22	19.89	32.55	39.78
<b>Financial strength</b>					
Net debt/Equity (%)	123.3	147.3	(55.7)	(53.5)	(51.2)
Net debt/total assets (%)	43.9	49.0	(47.9)	(47.0)	(45.5)
Current ratio (x)	1.8	1.6	8.9	8.1	8.8
CF interest cover (x)	12.5	3.4	193.5	148.7	77.8
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>14.1</b>	<b>113.7</b>	<b>9.0</b>	<b>5.3</b>	<b>8.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>19.2</b>	<b>154.8</b>	<b>12.3</b>	<b>7.2</b>	<b>12.0</b>
Reported P/E (x)	14.4	113.7	9.0	5.3	8.8
Dividend yield (%)	0.3	0.2	1.0	1.1	1.3
Price/book (x)	5.8	15.9	3.5	2.2	1.8
Price/tangible book (x)	6.4	16.7	3.5	2.2	1.8
EV/EBITDA (x) **	10.7	50.8	6.4	3.5	4.8
EV/EBITDA @ target price (x) **	13.4	67.6	9.2	5.1	7.3
EV/invested capital (x)	2.3	6.9	6.6	3.5	2.6
* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income					

Sources: Sri Trang Gloves (Thailand); FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KBS	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation



## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

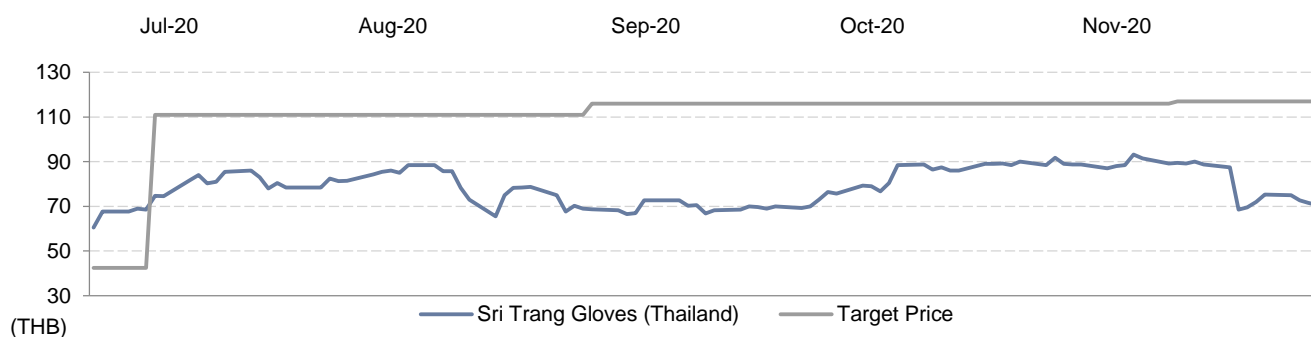
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### Sri Trang Gloves (Thailand) (STGT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Jul-2020	BUY	42.50	29-Jul-2020	BUY	111.00	02-Nov-2020	BUY	117.00
08-Jul-2020	BUY	111.00	18-Aug-2020	BUY	111.00			
15-Jul-2020	BUY	111.00	27-Aug-2020	BUY	116.00			

Suwat Sinsadok Started covering this stock from 01-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sri Trang Gloves (Thailand)	STGT TB	THB 70.50	BUY	The downside risks to our PE-based TP for STGT include 1) a lower-than-expected demand for rubber gloves; 2) higher prices of concentrated natural and synthetic latex and crude; and 3) exchange rate volatility.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 19-Nov-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.