

9 APRIL 2021

THAILAND / COMMERCE

SRI TRANG GLOVES (THAILAND)

BUY

UNCHANGED

STGT TB

TARGET PRICE	THB52.00
CLOSE	THB45.50
UP/DOWNSIDE	+14.3%
PRIOR TP	THB48.00
CHANGE IN TP	+8.3%
TP vs CONSENSUS	-6.0%

โตดีจากการเพิ่มของการแพร่ระบาด COVID

กำไรสุทธิจะโตในปี 2021

เราหันมามองแนวโน้มอัตราการเติบโตของกำไรสุทธิของ STGT ในปี 2021-22 เป็นบวกมากยิ่งขึ้น โดยคาดว่ากำไรสุทธิจะโตในอัตราที่สูงขึ้นจากราคาขายเฉลี่ย (ASP) ถูกมือยางที่สูงเกินคาดตามความต้องการที่สูงต่อเนื่องหลังการแพร่ระบาด COVID-19 กลับมาเพิ่มสูงขึ้นในหลายพื้นที่ แม้ว่าการฉีดวัคซีนทั่วโลกจะมีความก้าวหน้าตามลำดับ

ASP จะเพิ่มในปี 2021 ก่อนลดลงในปี 2022-23

เราคาดว่ากำไรสุทธิจะโต 137% y-y ในปี 2021 จาก ASP ที่สูงขึ้นเป็น USD66/1,000 ชิ้น (ptp) จาก USD35ptp ในปี 2020 อย่างไรก็ตาม เรายังมีมุมมองที่ระมัดระวังมากขึ้นเกี่ยวกับแนวโน้ม ASP ของ STGT ในปี 2022-23 และคาดว่า ASP จะลดลงอย่างรุนแรงจาก USD66ptp ในปี 2021 เหลือ USD39.4ptp ในปี 2022 และ USD33.6ptp ในปี 2023 เนื่องจากเราคาดว่าจะมีอุปทานถูกมือยางใหม่เพิ่มเป็นจำนวนมากนับตั้งแต่ปี 2022 เป็นต้นไป เราคาดว่าปริมาณขายของ STGT จะโตจาก 29 พันล้านชิ้นในปี 2020 เป็น 35.4 พันล้านชิ้นในปี 2021, 44.6 พันล้านชิ้นในปี 2022, และ 48.9 พันล้านชิ้นในปี 2023 คิดเป็นอัตราการเติบโตที่ 18.5% CAGR ในช่วงปี 2020-23 ทำให้เราเชื่อว่ากำไรสุทธิของ STGT หลังปี 2021 ซึ่งเป็นปีที่เราคิดว่าความต้องการและ ASP จะพุ่งสูงสุด จะยังสูงกว่าระดับ 11 พัน ลบ. โดยได้แรงหนุนจากปริมาณขายที่เพิ่มขึ้น ซึ่งจะช่วยชดเชย ASP ที่ลดลง

กำไรสุทธิ 1Q21 จะพุ่งสูงเป็นประวัติการณ์อีกครั้ง

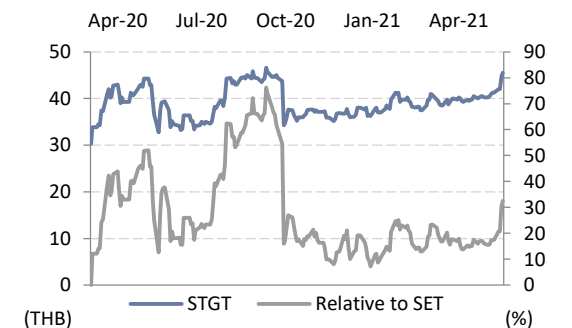
เราคาดว่า STGT จะรายงานกำไรสุทธิจำนวน 11.25 พัน ลบ. ใน 1Q21 (+32% q-q, +2.6x y-y) โดยมีปัจจัยสำคัญประกอบด้วย 1) ปริมาณขายที่สูงขึ้นเป็น 7.9 พันล้านชิ้น จาก 7.3 พันล้านชิ้นใน 4Q20 เนื่องจาก STGT เพิ่มกำลังการผลิตอีก 110 ล้านชิ้นใน 1Q21 และเพิ่มอัตราการใช้กำลังการผลิตของบริษัทฯ; 2) ASP รวมเพิ่มขึ้นเป็น USD87ptp จาก USD63ptp ใน 4Q20; และ 3) ต้นทุนยางธรรมชาติและยางสังเคราะห์เพิ่ม 7% q-q และ 15% q-q จากราคาน้ำมันที่สูงขึ้น รวมถึงอุปทานยางธรรมชาติและยางสังเคราะห์ที่ตึงตัว

ปรับเพิ่มประมาณการกำไรต่อหุ้นและราคาเป้าหมาย

เราปรับเพิ่มราคาเป้าหมายจาก 48 บาท (7.3x ของค่า 2021E P/E) เป็น 52 บาท (9x ของค่า 2022E P/E) ค่า P/E ดังกล่าวสูงกว่าค่าเฉลี่ยของกลุ่มที่ 8.2x เราเห็นว่ากำไรสุทธิของ STGT ในปี 2022 จะใกล้เคียงระดับปกติมากกว่าจุดสูงสุดในปี 2021E ในขณะที่เรามองว่าอัตราการเติบโตเฉลี่ยแบบทบต้น (CAGR) ในรอบ 3 ปีที่สูงขึ้นจะรองรับการประเมินมูลค่าในระดับที่สูงกว่าค่าเฉลี่ยของคู่แข่งในมาเลเซีย เราปรับเพิ่มประมาณการกำไรต่อหุ้นในปี 2021-22 อีก 80.8% และ 46.7% ตามลำดับเพื่อสะท้อนสมมติฐาน ASP ที่สูงขึ้นในปี 2021-22 และอัตราการใช้กำลังการผลิตที่สูงขึ้นในปี 2022

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	30,405	67,810	49,985	45,086
Net profit	14,401	34,002	16,556	14,937
EPS (THB)	5.04	11.88	5.79	5.22
vs Consensus (%)	-	39.2	24.1	7.5
EBITDA	16,675	37,990	20,073	18,815
Core net profit	14,302	34,002	16,556	14,937
Core EPS (THB)	5.00	11.88	5.79	5.22
Chg. In EPS est. (%)	-	80.8	46.7	(12.5)
EPS growth (%)	1,712.3	137.4	(51.3)	(9.8)
Core P/E (x)	9.1	3.8	7.9	8.7
Dividend yield (%)	5.8	13.2	6.6	6.6
EV/EBITDA (x)	6.7	2.6	5.5	6.0
Price/book (x)	4.1	2.2	2.2	2.0
Net debt/Equity (%)	(56.4)	(54.0)	(34.4)	(25.3)
ROE (%)	79.2	74.1	27.7	23.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.5	25.5	n/a
Relative to country (%)	13.4	23.7	n/a
Mkt cap (USD m)			4,130
3m avg. daily turnover (USD m)			38.0
Free float (%)			30
Major shareholder	STA & Sincharoenkul family (65%)		
12m high/low (THB)			47.25/27.63
Issued shares (m)			2,861.56

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 9 เมษายน 2021

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 2021-22. Second, the favourable demand-supply balance due to the 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 136% y-y in 2021. Key drivers include 1) higher-than-expected ASPs for gloves; and 2) a higher utilisation rate.

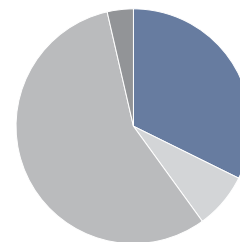
Company profile

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

Principal activities (revenue, 2020)

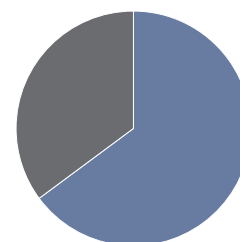
- Natural rubber powdered gloves - 34.8 %
- Natural rubber powder-free gloves - 8.3 %
- Nitrile gloves - 60.8 %
- Natural rubber products business - -3.9 %



Source: Sri Trang Gloves (Thailand)

Major shareholders

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



Source: Sri Trang Gloves (Thailand)

Catalysts

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 2021-23, backed by four growth pillars: sales volume growth, cost competitiveness, margin expansion, and the favourable THB/USD exchange rate.

Risks 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
May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
Average utilisation rate (%)	93	94	94
Sales volume (m pieces)	35,416	44,600	48,875
ASP - powdered (USD/1,000 pieces)	56.0	33.6	28.5
ASP - powder-free (USD/1,000 pieces)	69.6	41.8	35.5
ASP - nitrile (USD/1,000 pieces)	71.7	43.0	36.6
ASP - blended (USD/1,000 pieces)	66.0	39.6	33.6
Concentrated latex price (THB/kg)	57.0	45.0	40.0
Synthetic latex price (THB/kg)	50.0	55.0	40.0
Exchange rate (THB/USD)	32.0	32.0	32.0

Source: FSSIA estimates

Earnings sensitivity

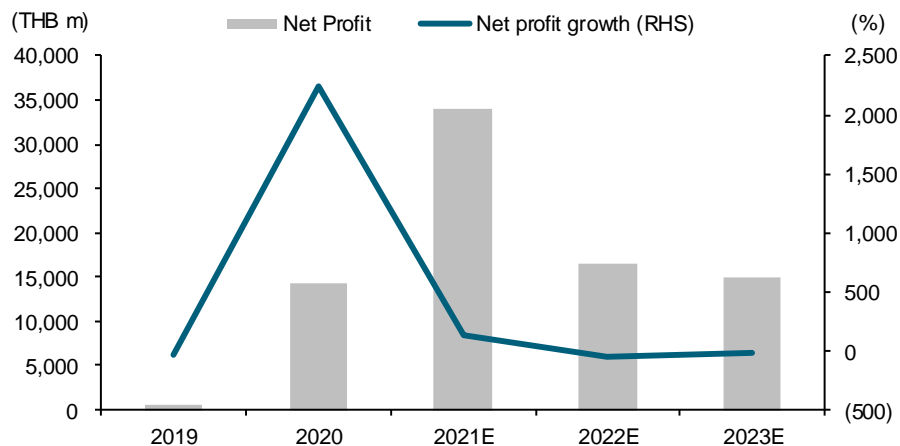
- For every 1% change in THB/USD exchange rate, we estimate a 1.4% change in 2021 EPS, all else being equal.
- For every 1% increase in latex price, we estimate 2021 EPS would fall 0.7%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2021 EPS would rise 1.5%, and vice versa, all else being equal.
- For every 1% increase in ASP, we estimate 2021 EPS would rise by 0.8%, and vice versa, all else being equal.

Source: FSSIA estimates

Vivid growth on COVID spike

We turn more positive on STGT's net profit growth outlook in 2021-22, projecting higher net profit growth momentum driven by the higher-than-expected ASP for gloves that STGT has been able to command thanks to the continued strong demand for gloves caused by the multiple COVID-19 resurgences, despite the progress of vaccination rollouts globally.

Exhibit 1: Net profit and net profit growth projections

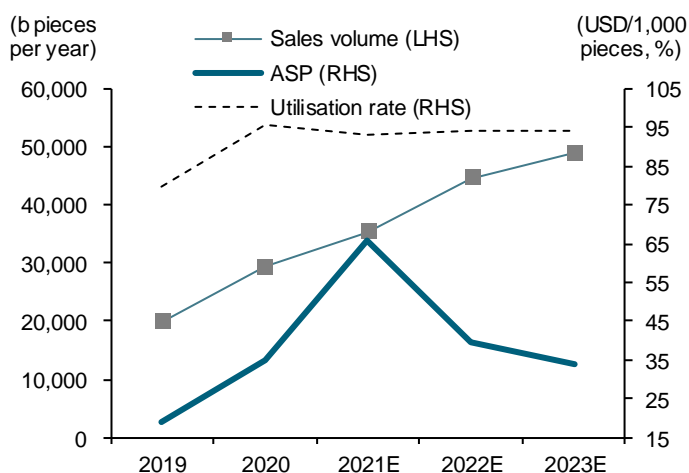


Sources: STGT; FSSIA estimates

ASP to rise in 2021 before declining in 2022-23. We expect STGT's net profit to grow by 137% y-y in 2021, driven mainly by the higher ASP to USD66ptp, up from USD35ptp in 2020. However, we remain more conservative on STGT's ASP outlook in 2022-23 and project the ASP to sharply decline from USD66ptp in 2021 down to USD39.4ptp in 2022 and USD33.6ptp in 2023, as we project that the new supply for gloves will substantially increase starting in 2022.

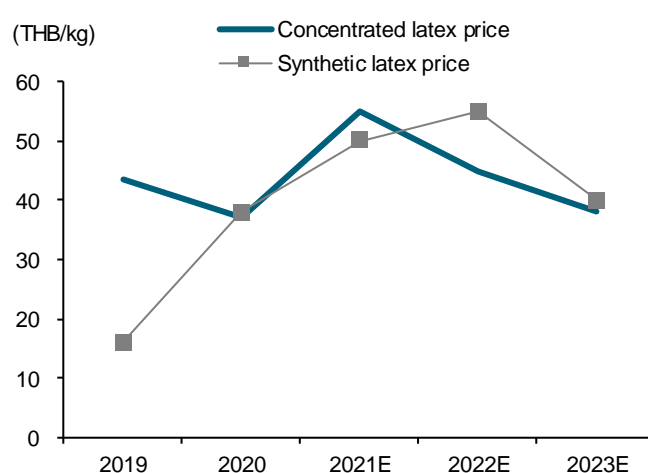
Sales volume growth to accelerate in 2021-23. Based on STGT's guided capacity growth plan, we anticipate that its sales volume will grow from 29b pieces in 2020 to 35.4b pieces in 2021, 44.6b pieces in 2022, and 48.9b pieces in 2023, growing at an 18.5% CAGR over 2020-23. We expect the utilisation rates for all of STGT's glove production plants to average 93-94% in 2021-23, down from 96% in 2020, as we think the ramp-up process will require 1-2 months to reach the optimal utilisation rate of 96% for the new plants.

Exhibit 2: Sales volume, ASP, and utilisation rate



Sources: STGT; FSSIA estimates

Exhibit 3: Prices of concentrated latex and synthetic latex (NBR)



Sources: STGT; FSSIA estimates

Cost inflation should normalise in 2022-23. While we expect the costs of both natural latex and synthetic latex (nitrile butadiene rubber or NBR) to rise markedly in 2021 by 55% y-y and 32% y-y, respectively, we think the costs for natural latex and NBR should normalise in 2022-23, declining from their 2021E peak thanks to the higher projected supplies of natural latex (more rubber plantations after the price spike in 2020) and NBR latex (increase in capacity).

Our conservative case for ASPs in 2022-23

We believe STGT's net profit post 2021 – the year that we think will see the strongest demand and highest ASP – will remain above the THB11b mark, supported by:

Our projected ASP plunge from USD66ptp in 2021 to USD39.4ptp in 2022 and USD33.6ptp in 2023, as we think the new normal ASP level post COVID-19 will be higher than the pre-COVID-19 level of USD16-20ptp for natural rubber powdered gloves (NPR), natural rubber powder-free gloves (NPF), and nitrile rubber gloves (NR).

We project the new normal ASPs in 2022 for NPR, NPF, and NR to be USD34-43ptp and the overall ASP average for STGT to be USD39.4ptp. For 2023, we project ASPs of USD29-37ptp and the overall ASP average to be USD33.6ptp. The main reason for the higher ASPs post COVID-19 than the pre-COVID-19 outbreak ASPs at USD16-20ptp is due to our expectation of the higher costs of natural and NBR latex and the higher demand for gloves for non-medical industries.

But we expect higher sales volumes driven by the 2x higher capacity to 60b pieces by end-2023. STGT's plan to expand its capacity from 32.6b pieces in 2020 to 71.3b pieces by 2023 should timely offset the sharp decline in ASPs that we expect to see in 2022-23. However, we expect that STGT will produce only 48.9b pieces in 2023, as the new capacity will mostly increase in 2023 and, therefore, require sufficient ramp-up time to reach an optimal utilisation rate.

Exhibit 4: ASP assumptions for 2022

2022E	ASP	ASP	Sales volume	% total sales volume	% gross margin
	(THB/ piece)	(USD/1,000 pieces)	(pieces pa)	(%)	(%)
Powdered	1.0	33.6	14,272	32	32
Powdered free	1.3	41.8	15,151	31	42
Nitrile	1.3	43.0	18,084	37	42
Weighted average	1.2	39.4	15,955	34	39
Total			47,507	100	

Sources: STGT; FSSIA estimates

Exhibit 5: ASP assumptions for 2023

2023E	ASP	ASP	Sales volume	% total sales volume	% gross margin
	(THB/ piece)	(USD/1,000 pieces)	(pieces pa)	(%)	(%)
Powdered	0.9	28.5	15,640	32	32
Powdered free	1.1	35.5	15,151	31	43
Nitrile	1.1	36.6	18,084	37	41
Weighted average	1.0	33.6	16,393	34	39
Total			48,875	100	

Sources: STGT; FSSIA estimates

1Q21E results preview

We project STGT to post a net profit of THB11.25b in 1Q21, up 32% q-q and 2.6x y-y. The key drivers are:

- A higher sales volume to 7.9b pieces, up from 7.3b pieces in 4Q20, as STGT increased its capacity by 110m pieces in 1Q21 and also increased its utilisation rate;
- A higher overall ASP to USD87ptp, up from USD63ptp in 4Q20, driven by the higher ASP for NR to USD130ptp, for NPF to USD70ptp, and for NPR to USD55ptp.
- Higher costs of natural latex and NBR by 7% q-q and 15% q-q due to the higher oil price and tighter supplies for both natural latex and NBR latex.

Exhibit 6: Summary of 1Q21E operations

	1Q20	4Q20	----- 1Q21E -----		2020	2021E	chg.	Comments
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	3,761	13,646	18,360	34.5	388.2	30,405	67,810	123.0
Operating costs	(3,041)	(4,102)	(5,842)	42.4	92.1	(13,730)	(29,820)	117.2
EBITDA	720	9,544	12,518	31.2	1,639.0	16,675	37,990	127.8
<i>EBITDA margin (%)</i>	<i>19.1</i>	<i>69.9</i>	<i>68.2</i>	<i>nm</i>	<i>nm</i>	<i>54.8</i>	<i>56.0</i>	<i>nm</i>
Depn & amort.	(225)	(292)	(325)	11.4	44.4	(1,072)	(1,685)	57.2
EBIT	495	9,252	12,193	31.8	2,364.1	15,604	36,306	132.7
Interest expense	(39)	(33)	(31)	(5.0)	(20.4)	(142)	(208)	46.6
Interest & invt inc	0	29	25	(14.2)	na	39	-	na
Other income	18	18	19	6.8	2.8	186	80	(56.9)
Associates' contrib	-	-	-	na	na	-	-	na
Exceptionals	(22)	(25)	-	(100.0)	na	161	-	na
Pretax profit	452	9,509	12,206	28.4	2,599.4	15,946	36,177	126.9
Tax	(30)	(989)	(952)	(3.8)	3,043.8	(1,546)	(2,175)	40.7
<i>Tax rate (%)</i>	<i>6.7</i>	<i>10.4</i>	<i>7.8</i>	<i>nm</i>	<i>nm</i>	<i>9.7</i>	<i>6.0</i>	<i>nm</i>
Minority interests	-	-	-	na	na	-	-	na
Net profit	422	8,520	11,254	32.1	2,567.5	14,401	34,002	136.1
Non-recurring	(22)	(25)	-	na	na	-	-	na
Core net profit	444	8,545	11,254	31.7	2,433.6	14,302	34,002	137.7
EPS (THB)	0.15	2.98	3.94	32.1	2,567.5	5.04	11.88	135.8
Core EPS (THB)	0.16	2.99	3.94	31.7	2,433.6	5.00	11.88	137.4

Source: FSSIA estimates

EPS and TP revisions

We revise up our EPS forecasts for 2021-22 by 80.8% and 46.7%, respectively, to reflect our higher ASP assumptions for 2021-22 and higher utilisation rate assumption for 2022. However, we cut our EPS forecast for 2023 by 12.5% to reflect our more conservative ASP assumption, as we think the ASP should decline markedly by 2023 when the new supplies are projected to enter the market, tilting the demand-supply balance for the global glove market to a more normal level.

Exhibit 7: Key changes in assumptions

(THB m)	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	67,810	49,985	45,086	49,617	44,515	48,426	36.7	12.3	(6.9)
Gross profit	42,127	22,073	20,619	24,843	17,542	24,519	69.6	25.8	(15.9)
Operating profit	36,306	17,707	15,813	20,259	12,521	18,611	79.2	41.4	(15.0)
Net profit	34,002	16,556	14,937	18,810	11,289	17,066	80.8	46.7	(12.5)
EPS (THB/share)	11.88	5.79	5.22	6.57	3.94	5.96	80.8	46.7	(12.5)
Key assumptions									
Average utilisation rate (%)	93	94	94	93	93	92	0.0	1.1	2.2
Sales volume (m pieces)	35,416	44,600	48,875	35,416	44,600	44,601	0.0	0.0	9.6
ASP - powdered (USD/1,000 pieces)	56.0	33.6	28.5	41.3	31.0	31.0	35.5	8.4	(7.9)
ASP - powder-free (USD/1,000 pieces)	69.6	41.8	35.5	49.7	37.2	37.2	40.2	12.1	(4.7)
ASP - nitrile (USD/1,000 pieces)	71.7	43.0	36.6	50.9	38.2	38.2	40.7	12.6	(4.3)
ASP - blended (USD/1,000 pieces)	66.0	39.6	33.6	47.4	35.6	35.6	39.1	11.3	(5.4)
Concentrated latex price (THB/kg)	57.0	45.0	40.0	57.0	45.0	40.0	0.0	0.0	0.0
Synthetic latex price (THB/kg)	50.0	55.0	40.0	50.0	55.0	40.0	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

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

We raise our TP from THB48, previously based on 7.3x 2021E P/E, to THB52, now based on 9x 2022E P/E, higher than its peers' average of 8.2x 2022E P/E. We think STGT's net profit in 2022 will be at a more normal, representative level than its 2021E peak net profit, while its higher 3-year CAGR net profit growth justifies its valuation premium vs its peers' average in Malaysia, in our view.

Exhibit 8: TP sensitivity to P/E

FY	ASP (USD/1,000 pieces)	Net profit	EPS	----- Target price at each level of P/E (THB/share) -----										
				7	8	9	10	11	12	13	14	15	16	17
	(USD/1,000 pieces)	(THB m)	(THB/share)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)
2021E	66.0	34,002	11.88	83	95	107	119	131	143	154	166	178	190	202
2022E	39.6	16,556	5.79	40	46	52	58	64	69	75	81	87	93	98
2023E	33.6	14,937	5.22	37	42	47	52	57	63	68	73	78	84	89

Source: FSSIA estimates

Exhibit 9: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	PE		ROE		PBV		EV / EBITDA	
								21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
THAILAND															
Sri Trang Gloves Thailand	STGT TB	BUY	45.5	52	14	4,130	175.7	3.8	7.9	74.1	27.7	2.2	2.2	2.6	5.5
Thailand avg						4,130	175.7	3.8	7.9	74.1	27.7	2.2	2.2	2.6	5.5
MALAYSIA															
Top Glove Corp Bhd	TOPG MK	NA	5.40	NA	NA	10,449	117.3	4.3	10.9	121.8	34.3	4.0	3.7	2.9	7.2
Hartalega Holdings Bhd	HART MK	NA	10.14	NA	NA	8,401	107.3	11.3	8.3	91.1	88.3	9.3	6.5	8.0	6.0
Kossan Rubber Industries	KRI MK	NA	3.66	NA	NA	2,258	76.4	3.6	7.5	73.5	26.4	2.4	2.0	2.5	5.2
Supermax Corp Bhd	SUCB MK	NA	4.87	NA	NA	3,082	167.7	3.3	5.6	142.0	52.6	3.2	2.3	1.7	2.6
Malaysia avg						24,189	112.8	6.5	9.0	109.2	54.7	5.6	4.3	4.5	6.0
Rubber products under coverage						4,130	175.7	3.8	7.9	74.1	27.7	2.2	2.2	2.6	5.5
Average (all)						28,319	160.1	6.1	8.8	104.1	50.7	5.1	4.0	4.2	5.9

Share prices as of 8 April 2021; Sources: Bloomberg, FSSIA estimates

Financial Statements

Sri Trang Gloves (Thailand)

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	11,994	30,405	67,810	49,985	45,086
Cost of goods sold	(9,766)	(12,531)	(25,683)	(27,912)	(24,467)
Gross profit	2,228	17,875	42,127	22,073	20,619
Other operating income	-	-	-	-	-
Operating costs	(793)	(1,199)	(4,136)	(1,999)	(1,803)
Operating EBITDA	1,435	16,675	37,990	20,073	18,815
Depreciation	(789)	(1,072)	(1,685)	(2,366)	(3,003)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	646	15,604	36,306	17,707	15,813
Net financing costs	(105)	58	(208)	(217)	(233)
Associates	0	0	0	0	0
Recurring non-operating income	109	186	80	80	80
Non-recurring items	67	99	0	0	0
Profit before tax	718	15,946	36,177	17,570	15,660
Tax	(104)	(1,546)	(2,175)	(1,015)	(723)
Profit after tax	614	14,401	34,002	16,556	14,937
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	614	14,401	34,002	16,556	14,937
Non-recurring items & goodwill (net)	(67)	(99)	0	0	0
Recurring net profit	547	14,302	34,002	16,556	14,937
Per share (THB)					
Recurring EPS *	0.28	5.00	11.88	5.79	5.22
Reported EPS	0.31	5.04	11.88	5.79	5.22
DPS	0.11	2.63	6.00	3.00	3.00
Diluted shares (used to calculate per share data)	1,980	2,858	2,862	2,862	2,862
Growth					
Revenue (%)	9.2	153.5	123.0	(26.3)	(9.8)
Operating EBITDA (%)	(24.0)	1,061.7	127.8	(47.2)	(6.3)
Operating EBIT (%)	(48.7)	2,314.8	132.7	(51.2)	(10.7)
Recurring EPS (%)	(88.9)	1,712.3	137.4	(51.3)	(9.8)
Reported EPS (%)	(87.4)	1,525.4	135.8	(51.3)	(9.8)
Operating performance					
Gross margin inc. depreciation (%)	12.0	55.3	59.6	39.4	39.1
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	12.0	54.8	56.0	40.2	41.7
Operating EBIT margin (%)	5.4	51.3	53.5	35.4	35.1
Net margin (%)	4.6	47.0	50.1	33.1	33.1
Effective tax rate (%)	14.5	9.7	6.0	5.8	4.6
Dividend payout on recurring profit (%)	39.8	52.4	50.5	51.9	57.5
Interest cover (X)	7.2	(270.6)	174.6	82.1	68.2
Inventory days	61.5	67.7	65.7	84.8	94.6
Debtor days	53.8	39.1	46.2	109.3	162.9
Creditor days	49.6	72.3	77.4	99.9	111.4
Operating ROIC (%)	5.4	103.3	(35.7)	(10.8)	(7.2)
ROIC (%)	6.1	100.5	(34.7)	(10.6)	(7.2)
ROE (%)	16.0	79.2	74.1	27.7	23.8
ROA (%)	5.3	50.5	56.4	21.4	18.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Natural rubber powdered gloves	4,270	10,581	22,940	14,762	12,403
Natural rubber powder-free gloves	3,205	2,530	11,063	10,029	9,643
Nitrile gloves	4,519	18,472	19,821	13,163	9,796
Natural rubber products business	0	(1,178)	13,984	12,031	13,243

Sources: Sri Trang Gloves (Thailand); FSSIA estimates

Financial Statements

Sri Trang Gloves (Thailand)

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	547	14,302	34,002	16,556	14,937
Depreciation	789	1,072	1,685	2,366	3,003
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	133	(1,739)	(6,225)	(5,587)	(5,108)
Cash flow from operations	1,469	13,635	29,461	13,336	12,832
Capex - maintenance	(3,180)	(3,181)	(9,283)	(8,129)	(8,129)
Capex - new investment	(133)	(1,150)	0	0	0
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	432	3,726	0	0	0
Cash flow from investing	(2,881)	(606)	(9,283)	(8,129)	(8,129)
Dividends paid	(218)	(5,715)	(5,715)	(17,169)	(8,585)
Equity finance	0	0	0	0	0
Debt finance	1,819	(748)	0	500	500
Other financing cash flows	(181)	17,042	60	58	58
Cash flow from financing	1,420	10,578	(5,655)	(16,611)	(8,027)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	8	23,607	14,523	(11,404)	(3,324)
Free cash flow to firm (FCFF)	(1,217.81)	13,171.00	20,386.63	5,423.19	4,936.02
Free cash flow to equity (FCFE)	225.61	29,322.43	20,237.90	5,764.86	5,260.49
Per share (THB)					
FCFF per share	(0.43)	4.60	7.12	1.90	1.72
FCFE per share	0.08	10.25	7.07	2.01	1.84
Recurring cash flow per share	0.67	5.38	12.47	6.61	6.27
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	10,561	16,887	26,170	34,299	42,428
Less: Accumulated depreciation	(1,999)	(7,365)	(9,050)	(11,416)	(14,419)
Tangible fixed assets (net)	8,562	9,521	17,120	22,883	28,009
Intangible fixed assets (net)	221	221	221	221	221
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	581	24,189	38,712	27,307	23,983
A/C receivable	1,612	4,907	12,256	17,673	22,559
Inventories	1,612	3,034	6,218	6,757	5,923
Other current assets	507	1,009	2,250	1,658	1,496
Current assets	4,312	33,138	59,435	53,396	53,961
Other assets	121	413	413	413	413
Total assets	13,216	43,293	77,189	76,912	82,604
Common equity	4,402	31,697	60,044	59,489	65,899
Minorities etc.	0	0	0	0	0
Total shareholders' equity	4,402	31,697	60,044	59,489	65,899
Long term debt	5,846	5,525	5,525	6,025	6,525
Other long-term liabilities	195	245	245	245	245
Long-term liabilities	6,041	5,771	5,771	6,271	6,771
A/C payable	1,393	3,573	7,324	7,960	6,977
Short term debt	1,218	790	790	790	790
Other current liabilities	163	1,462	3,260	2,403	2,167
Current liabilities	2,773	5,825	11,374	11,153	9,935
Total liabilities and shareholders' equity	13,216	43,293	77,189	76,912	82,604
Net working capital	2,176	3,914	10,139	15,726	20,833
Invested capital	11,079	14,070	27,893	39,242	49,476
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.22	11.09	20.98	20.79	23.03
Tangible book value per share	2.11	11.02	20.91	20.71	22.95
Financial strength					
Net debt/equity (%)	147.3	(56.4)	(54.0)	(34.4)	(25.3)
Net debt/total assets (%)	49.0	(41.3)	(42.0)	(26.6)	(20.2)
Current ratio (x)	1.6	5.7	5.2	4.8	5.4
CF interest cover (x)	4.4	(521.3)	98.1	27.6	23.6
Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	164.8	9.1	3.8	7.9	8.7
Recurring P/E @ target price (x) *	188.3	10.4	4.4	9.0	10.0
Reported P/E (x)	146.7	9.0	3.8	7.9	8.7
Dividend yield (%)	0.2	5.8	13.2	6.6	6.6
Price/book (x)	20.5	4.1	2.2	2.2	2.0
Price/tangible book (x)	21.5	4.1	2.2	2.2	2.0
EV/EBITDA (x) **	67.3	6.7	2.6	5.5	6.0
EV/EBITDA @ target price (x) **	76.2	7.8	3.1	6.4	7.0
EV/invested capital (x)	8.7	8.0	3.5	2.8	2.3
* Pre-exceptional, pre-goodwill and 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 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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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 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

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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

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Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

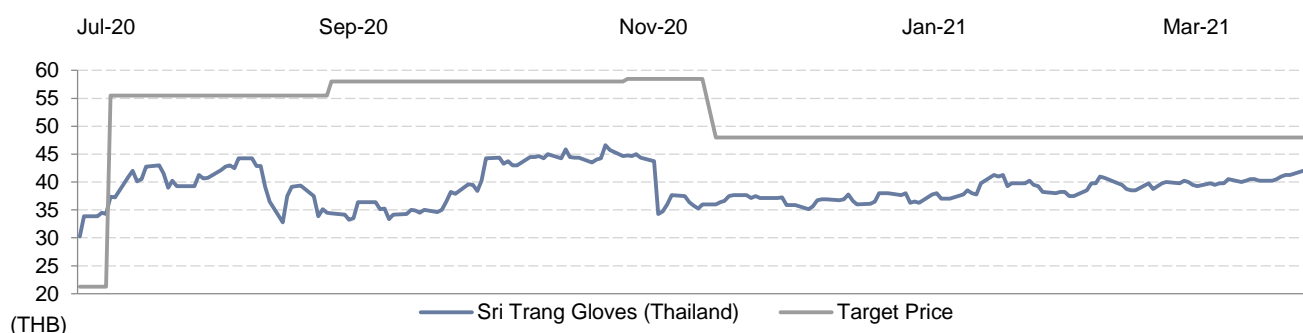
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History of change in investment rating and/or target price

Sri Trang Gloves (Thailand) (STGT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Jul-2020	BUY	21.25	29-Jul-2020	BUY	55.50	02-Nov-2020	BUY	58.50
08-Jul-2020	BUY	55.50	18-Aug-2020	BUY	55.50	20-Nov-2020	BUY	48.00
15-Jul-2020	BUY	55.50	27-Aug-2020	BUY	58.00	21-Jan-2021	BUY	48.00

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 45.50	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 08-Apr-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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.