

5 AUGUST 2021

THAILAND / COMMERCE

## SRI TRANG GLOVES (THAILAND)

**HOLD**

FROM BUY

## STGT TB

TARGET PRICE	THB39.00
CLOSE	THB37.25
UP/DOWNSIDE	+4.7%
PRIOR TP	THB52.00
CHANGE IN TP	-25.0%
TP vs CONSENSUS	-18.8%

## ถึงเวลาถอย

## กำไรสุทธิต่อไตรมาสจะลดลงนับตั้งแต่ 2Q21

แม้ว่า STGT จะวางแผนเพิ่มกำลังการผลิตจาก 32.6b ppa ในปี 2020 เป็น 105.5b ppa ในปี 2026 คิดเป็นอัตราการเติบโตที่ 21% CAGR จากปี 2020-26 เราเชื่อว่าอัตราการเติบโตของกำไรสุทธิรายไตรมาสของ STGT ในปัจจุบันอยู่ในแนวโน้มข้างลบส่วนมากจากราคาขายเฉลี่ย (ASP) ที่คาดว่าจะลดลง ซึ่งจะถูกลดเซชด้วยปริมาณที่สูงขึ้นจากการเพิ่มกำลังการผลิตใหม่ แผนการขยายกำลังการผลิตเป็นจำนวนมากของ STGT บวกกับการเติบโตของความต้องการที่เราคาดว่าชะลอตัวลงจาก 15-20% ต่อปีในปี 2020-21 ลงเหลือ 8-10% ต่อปีหลังปี 2021 มีแนวโน้มที่จะทำให้จุดสมดุลระหว่างอุปสงค์และอุปทานลดลงอย่างมีนัยสำคัญจากสถานะอุปทานขาดแคลนอย่างรุนแรงในปัจจุบันกลายเป็นอุปทานเกินดุลอย่างมีนัยสำคัญ

## ความเสี่ยงขาลงในด้าน ASP จะบดบังความเสี่ยงขาขึ้นในด้านความต้องการและกำลังการผลิต

ในขณะที่ MARGMA คาดว่าความต้องการจะยังคงอยู่ในระดับสูงจนถึง 2Q22 เราคาดว่าความต้องการจะเริ่มลดลงก่อนหน้านั้นโดยเราคาดว่าอยู่ใน 4Q21 หลังการแพร่ระบาดตั้งแต่ปี 2022 เป็นต้นไป MARGMA คาดว่าความต้องการต่อปีจะโตในอัตรา 12-15% สูงกว่าระดับก่อน Covid ซึ่งอยู่ที่ 8-10% แต่ ASP ที่จะลดลงอย่างรุนแรงตั้งแต่ 4Q21 เป็นต้นไปจะทำให้กำไรสุทธิลดลงในปี 2022-23 ในขณะที่ความต้องการถ่วงมือในตลาดโลกน่าจะลดลงหลังการแพร่ระบาด Covid-19 สงบลงจากอัตราการฉีดวัคซีนที่สูงขึ้นและภูมิคุ้มกันหมู่ที่เกิดขึ้นทั่วโลก

## คาดการณ์กำไรสุทธิ 2Q21 ที่ 8 พัน ลบ. (-21% q-q)

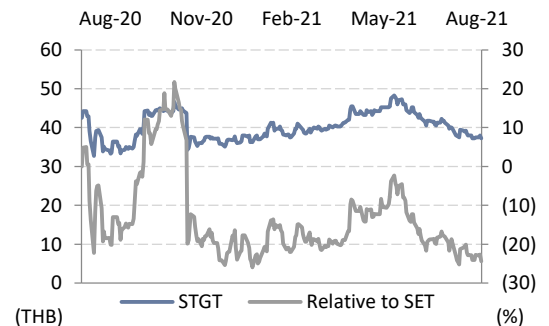
เราคาดว่ากำไรสุทธิ 2Q21 จะอยู่ที่ 8 พัน ลบ. (-21% q-q, +656% y-y) ในขณะที่กำไรสุทธิจากการดำเนินงานจะอยู่ที่ 8 พัน ลบ. (-22% q-q, +655% y-y) โดยมีสมมติฐานสำคัญประกอบด้วย 1) ASP ที่ลดลงเหลือ USD70ptp จาก USD76.4ptp ใน 1Q21 จาก ASP ที่ลดลงของการขายไปตลาดสหรัฐฯ และยุโรป ซึ่งคิดเป็น 40% และ 18% ของปริมาณขายรวมของ STGT ที่ 6.7 พันล้านชิ้นใน 1Q21; 2) ปริมาณขายที่ลดลงเหลือ 5.8 พันล้านชิ้นจาก 6.7 พันล้านชิ้นใน 1Q21 จากการบังคับปิดโรงงานที่ตรง (กำลังการผลิต 10.1 พันล้าน ppa) เป็นเวลา 19 วันและการปิดโรงงานที่สุราษฎร์ธานี (11.9b ppa) เป็นเวลา 8 วัน; 3) อัตราการใช้กำลังการผลิตรวม (Overall Utilisation Rate) ที่ลดลงเหลือ 90% จาก 95% ใน 1Q21 จากการบังคับปิดโรงงานและปัญหาการขาดแคลนตู้ขนส่งสินค้าที่รบกวนปริมาณการส่งออกอย่างต่อเนื่องใน 2Q21; และ 4) ต้นทุนวัตถุดิบที่สูงขึ้น 4% q-q ของยางสังเคราะห์และยางธรรมชาติ

## ปรับลดคำแนะนำเป็นถือหลังปรับราคาเป้าหมายเหลือ 39 บาท

เราปรับลดคำแนะนำสำหรับ STGT เป็นถือจากซื้อหลังปรับลดราคาเป้าหมายจาก 52 (9.0x ของค่า 2022E P/E) เป็น 39 บาท (7x ของค่า 2022E P/E) เพื่อสะท้อน 1) การปรับประมาณการกำไรต่อหุ้นในปี 2022; และ 2) Forward P/E เฉลี่ยที่ลดลงของคู่แข่งในมาเลเซียจาก 7.9x ในเดือน เม.ย. 21 เมื่อเราคิดราคาเป้าหมายที่ 52 บาทเป็น 6.7x ของค่า 2022E P/E เนื่องจากแนวโน้มกำไรสุทธิของอุตสาหกรรมอ่อนแอลงจาก ASP ที่คาดว่าจะลดลง

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	30,405	60,549	48,672	45,086
Net profit	14,401	29,875	16,028	14,937
EPS (THB)	5.04	10.44	5.60	5.22
vs Consensus (%)	-	2.7	21.2	42.7
EBITDA	16,675	33,787	19,513	18,815
Core net profit	14,302	29,875	16,028	14,937
Core EPS (THB)	5.00	10.44	5.60	5.22
Chg. In EPS est. (%)	-	(12.1)	(3.2)	-
EPS growth (%)	1,712.3	108.6	(46.3)	(6.8)
Core P/E (x)	7.4	3.6	6.7	7.1
Dividend yield (%)	7.0	16.1	8.1	8.1
EV/EBITDA (x)	5.3	2.3	4.6	5.0
Price/book (x)	3.4	1.9	1.9	1.7
Net debt/Equity (%)	(56.4)	(51.6)	(30.5)	(21.1)
ROE (%)	79.2	68.2	28.9	25.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.7)	(15.8)	(12.9)
Relative to country (%)	(7.8)	(13.8)	(25.0)
Mkt cap (USD m)	3,219		
3m avg. daily turnover (USD m)	32.8		
Free float (%)	30		
Major shareholder	STA & Sincharoenkul family (65%)		
12m high/low (THB)	49.00/31.13		
Issued shares (m)	2,861.56		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 สิงหาคม 2021

## Investment thesis

We project STGT's net profit to accelerate in 2021-22, 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 has all but turned 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 to grow by 108.6% y-y in 2021 but expect its net profit to drop by 46.3% y-y in 2022 due to the lower ASPs that should be partly offset by 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 (CODs) in Feb-20.

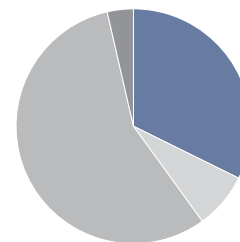
## Company profile

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, 2020)

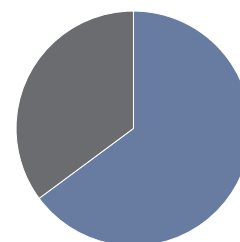
- Natural rubber powdered gloves - 34.8 %
- Natural rubber powder-free gloves - 8.3 %
- Nitrile gloves - 60.8 %
- Natural rubber products business - -3.9 %



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 2021-22, 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 P/E-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
Aug 2021	2Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
Average utilisation rate (%)	88	94	94
Sales volume (m pieces)	31,398	43,568	48,875
ASP - powdered (USD/1,000 pieces)	56.0	33.6	28.5
ASP - powdered 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 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

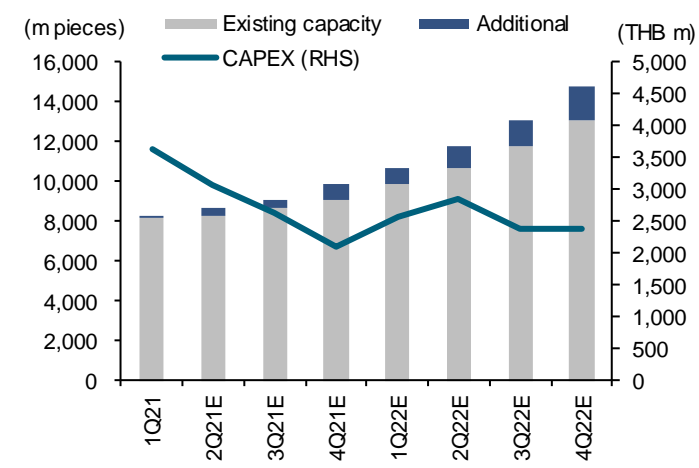


## ASP downside is now looming large

We believe STGT's quarterly net profit growth momentum is now on the downtrend, due mainly to the projected decline in the average selling price (ASP) that would only be offset by the volume growth from the new capacity addition.

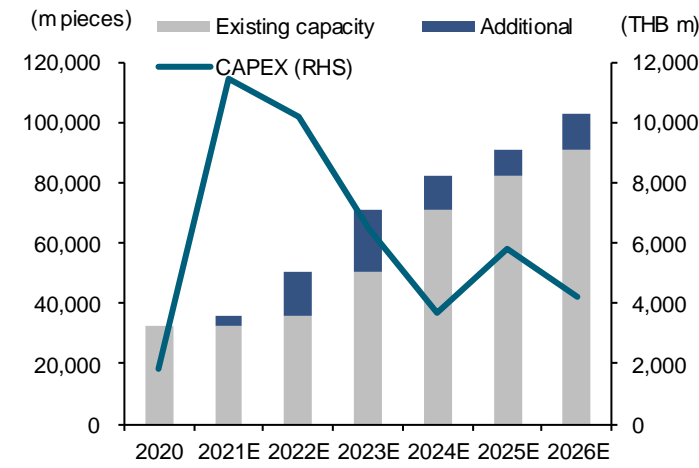
STGT plans to increase its capacity from 32.6b pieces p.a. (ppa) in 2020 to 105.5b ppa in 2026, growing at a 21% CAGR from 2020-26. The most significant capacity growth would be in 2023 when STGT plans to add 20.9b ppa, but we think that post-2022, the demand growth will slow down after the impact of the Covid-19 pandemic subsides, while the supply growth should come on stream in large scales from both incumbent and new producers.

**Exhibit 1: Quarterly capacity growth**



Source: STGT

**Exhibit 2: Annual capacity growth vs capex**

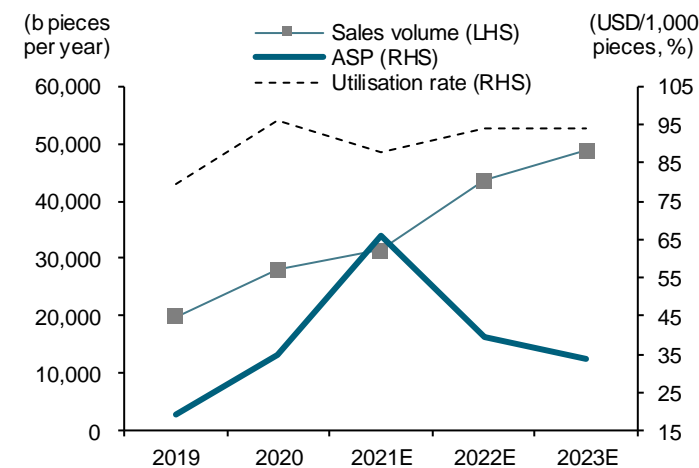


Source: STGT

STGT's aggressive capacity expansion, coupled with the demand growth slowdown that we project to drop from 15-20% p.a. in 2020-21 down to 8-10% p.a. post-2021, is likely to significantly tilt the glove demand-supply balance from the current deep undersupply to a significant oversupply.

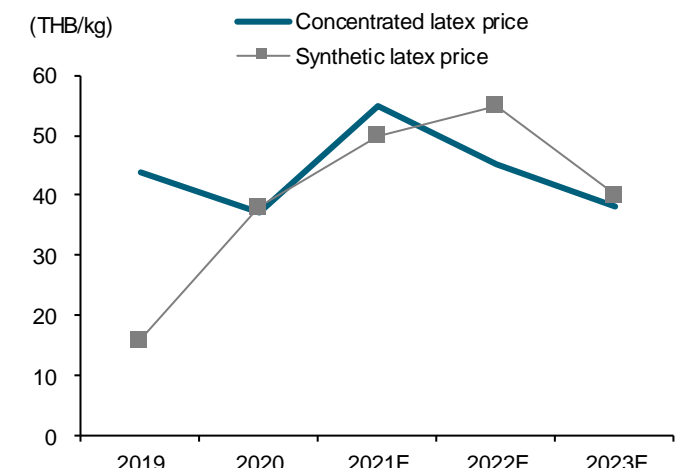
Hence, we think the volume growth is unlikely to offset the projected sharp drop in ASP in 2022 onward, potentially leading to a sharp drop in STGT's quarterly earnings from their peak at THB10b in 1Q21 down to THB1b-2b by 2H22, based on our estimates.

**Exhibit 3: Sales volume and ASP assumptions**



Sources: STGT; FSSIA estimates

**Exhibit 4: Raw material price assumptions for concentrated latex and synthetic latex**



Sources: STGT; FSSIA estimates

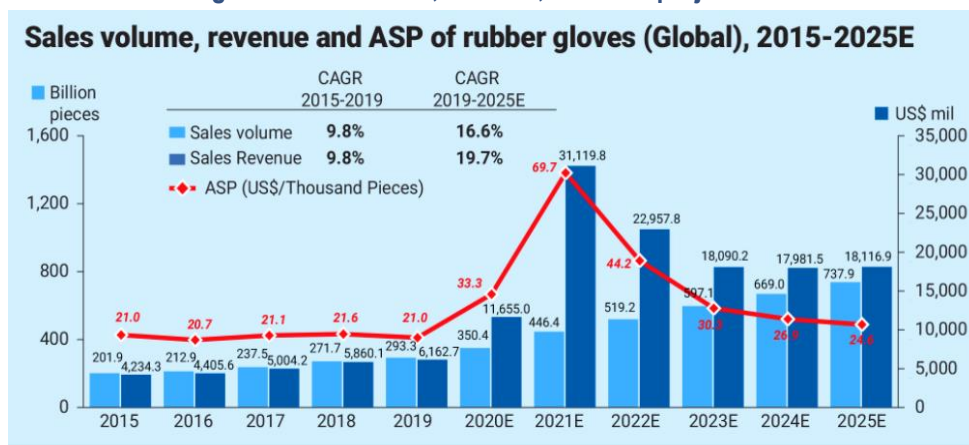
## Global glove outlook post-Covid-19 pandemic in 2022 onward

According to the Malaysian Rubber Glove Manufacturing Association (MARGMA), the supply of rubber gloves is projected to reach 420m pieces in 2021, 80b pieces short of the projected demand of 500b pieces.

The 80b shortfall in 2021 is still lower than the estimated 100b-piece shortfall in 2020, when the global demand for gloves reached 460b pieces but the supply was only 360b pieces. In 2019, the shortfall was 40b pieces when the global demand was 340b pieces while the supply was 300b pieces, and in 2018 the global demand was 280b pieces vs a supply of 268b pieces. In 2021, MARGMA estimates that 67% of the glove supply will come from Malaysia, 18% from Thailand, 10% from China, and 3% from Indonesia.

However, based on the glove demand forecasts by industry consultant Frost & Sullivan, the global glove supply could reach 446b pieces in 2021, up from 350b in 2020. While the forecast is slightly higher than MARGMA's, we think the supply growth will likely catch up to the demand growth by 2022-23. 2023 is when STGT is set to see its most significant capacity growth at 20.9b ppa, up from growth of 14.6b ppa in 2022, based on STGT's guidance.

### Exhibit 5: Global glove sales volume, revenue, and ASP projections



Source: Frost & Sullivan

**Will glove demand growth start to decelerate by 2Q22?** While MARGMA projects that the demand for gloves will remain strong until 2Q22, as new norms from Covid-19 are expected to remain and sustain the current elevated demand, we think the demand growth will begin to drop sooner than MARGMA projects, potentially by 4Q21 or 1Q22.

Post pandemic in 2022 onward, MARGMA believes that the demand growth will still increase at 12-15% p.a., higher than the pre-Covid level of 8-10% p.a. The higher demand base for gloves would come from enhanced health awareness, the increased use of gloves in industries such as the food and beverage and aviation industries, and an aging population.

**Supply growth should catch up with demand growth.** However, the supply growth is likely to surpass the demand growth, which could lead to a narrower gap between demand over supply. By 2024, we estimate that the supply growth will catch up with the demand growth, resulting in normalised ASPs for gloves.

The degree of the ASP drop should accelerate in 4Q21 onward, as the global demand for gloves is likely to subside after the Covid-19 pandemic abates, thanks to rising vaccination rates, more effective vaccines, and, most importantly, the global herd immunity that should gradually develop as the infection rate continues to spread worldwide.

## 2Q21 results estimates

We project a 2Q21 net profit of THB8b, down 21% q-q but up 656% y-y and a core net profit of THB8b, down 22% q-q but up 655% y-y. Key expectations are:

- A lower ASP of USD70 per 1,000 pieces (ptp), down from USD76.4ptp in 1Q21, due to the lower ASPs for the sales to the US and European markets, which accounted for 40% and 18% of STGT's total sales volume of 6.7b pieces in 1Q21;
- A lower sales volume to 5.8b pieces, down from 6.7b pieces in 1Q21, due to the forced 19-day shutdown at the Trang plants (10.1b ppa capacity) and the 8-day shutdown at the Surat Thani plants (11.9b ppa).
- A lower overall utilisation rate to 90%, down from 95% in 1Q21, due to the forced shutdowns and the container shortage that continued to disrupt the export sales volume in 2Q21;
- A slightly higher raw material cost by 4% q-q for nitrile and natural rubber latex.

### Exhibit 6: Summary of 2Q21E/6M21E operations

	2Q20	1Q21	----- 2Q21E -----			6M20	6M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
<b>Revenue</b>	<b>4,857</b>	<b>15,434</b>	<b>12,964</b>	<b>(16.0)</b>	<b>166.9</b>	<b>8,617</b>	<b>28,398</b>	<b>229.5</b>	<b>60,549</b>
Operating costs	(3,405)	(4,166)	(4,052)	(2.7)	19.0	(6,446)	(8,218)	27.5	(26,763)
<b>EBITDA</b>	<b>1,452</b>	<b>11,267</b>	<b>8,912</b>	<b>(20.9)</b>	<b>514.0</b>	<b>2,171</b>	<b>20,180</b>	<b>829.3</b>	<b>33,787</b>
<i>EBITDA margin (%)</i>	29.9	73.0	68.7	<i>nm</i>	<i>nm</i>	25.2	71.1	<i>nm</i>	55.8
Depn & amort.	(267)	(294)	(293)	(0.5)	9.9	(492)	(587)	19.5	(1,685)
<b>EBIT</b>	<b>1,185</b>	<b>10,973</b>	<b>8,619</b>	<b>(21.4)</b>	<b>627.4</b>	<b>1,680</b>	<b>19,592</b>	<b>1,066.3</b>	<b>32,102</b>
Interest expense	(39)	(32)	(30)	(6.9)	(22.2)	(78)	(62)	(19.7)	(208)
Interest & invt inc	1	23	23	(1.3)	<i>na</i>	1	46	<i>na</i>	-
Other income	29	43	40	(6.7)	39.2	47	83	<b>75.5</b>	80.0
Associates' contrib	-	-	-	<i>na</i>	<i>na</i>	-	-	<i>na</i>	-
Exceptionals	9	(218)	30	(113.8)	<i>na</i>	(13)	(188)	<i>na</i>	-
<b>Pretax profit</b>	<b>1,185</b>	<b>10,789</b>	<b>8,682</b>	<b>(19.5)</b>	<b>632.6</b>	<b>1,637</b>	<b>19,471</b>	<b>1,089.2</b>	<b>31,974</b>
Tax	(128)	(737)	(693)	(6.0)	439.5	(159)	(1,430)	801.0	(2,099)
<i>Tax rate (%)</i>	10.8	6.8	8.0	<i>nm</i>	<i>nm</i>	9.7	7.3	<i>nm</i>	6.6
Minority interests	-	-	-	<i>na</i>	<i>na</i>	-	-	<i>na</i>	-
<b>Net profit</b>	<b>1,057</b>	<b>10,052</b>	<b>7,989</b>	<b>(20.5)</b>	<b>656.0</b>	<b>1,479</b>	<b>18,041</b>	<b>1,120.1</b>	<b>29,875</b>
Non-recurring	(5)	(215)	(27)	<i>na</i>	<i>na</i>	(27)	(242)	<i>na</i>	-
<b>Core net profit</b>	<b>1,062</b>	<b>10,266</b>	<b>8,016</b>	<b>(21.9)</b>	<b>654.9</b>	<b>1,506</b>	<b>18,282</b>	<b>1,113.9</b>	<b>29,875</b>
EPS (THB)	0.37	3.52	2.80	(20.5)	656.0	0.52	6.31	1,120.1	10.44
Core EPS (THB)	0.37	3.59	2.81	(21.9)	654.9	0.53	6.40	1,113.9	10.44

Sources: STGT; FSSIA estimates

Exhibit 7: Thailand's latex price



Source: Bloomberg

Exhibit 8: Capacity and plant locations



Source: STGT

EPS and target price revisions

We cut our EPS forecasts for 2021-22 by 3.2-12.1% to reflect our lower sales volume assumptions in 2021-22 due to the worse-than-expected container shortage, logistics disruptions, and the impact of the Covid-19 infections at STGT's plant complexes in Trang and Surat Thani in 2Q21.

Exhibit 9: Key changes in assumptions

THB m	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	60,549	48,672	45,086	67,810	49,985	45,086	(10.7)	(2.6)	0.0
Gross profit	37,480	21,460	20,619	42,127	22,073	20,619	(11.0)	(2.8)	0.0
Operating profit	32,102	17,147	15,813	36,306	17,707	15,813	(11.6)	(3.2)	0.0
Net profit	29,875	16,028	14,937	34,002	16,556	14,937	(12.1)	(3.2)	0.0
EPS (THB/share)	10.44	5.60	5.22	11.88	5.79	5.22	(12.1)	(3.2)	0.0
<b>Key assumptions</b>									
Average utilisation rate (%)	88	94	94	93	94	94	(5.4)	0.0	0.0

Sales volume (m pieces)	31,398	43,568	48,875		35,416	44,600	48,875		(11.3)	(2.3)	0.0
ASP - powdered (USD/1,000 pieces)	56.0	33.6	28.5		56.0	33.6	28.5		0.0	0.0	0.0
ASP - powdered free (USD/1,000 pieces)	69.6	41.8	35.5		69.6	41.8	35.5		0.0	0.0	0.0
ASP - nitrile (USD/1,000 pieces)	71.7	43.0	36.6		71.7	43.0	36.6		0.0	0.0	0.0
ASP - blended (USD/1,000 pieces)	66.0	39.6	33.6		66.0	39.6	33.6		0.0	0.0	0.0
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 downgrade STGT to HOLD from Buy and lower our target price from THB52, previously based on 9.0x 2022E P/E, to THB39, now based on 7x 2022E P/E, to reflect 1) our EPS forecast revision for 2022; and 2) the lower average forward P/E of its Malaysian peers from 7.9x in Apr-21 when we set our TP to THB52, to 6.7x 2022E P/E, given the weaker net profit outlook for the industry due to the weaker projected ASP.

#### Exhibit 10: Peer comparisons as of 4 Aug 2021

Company	BBG	Rec	Share		Upside	Market	3Y EPS	PE		ROE		PBV		EV/EBITDA	
	code		Price	price		Cap	CAGR	21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>															
Sri Trang Gloves	STGT TB	BUY	37.25	39	5	3,219	1.2	3.6	6.7	68.2	28.9	1.9	2.0	2.3	4.6
<b>Thailand avg</b>						<b>3,219</b>	<b>1.2</b>	<b>3.6</b>	<b>6.7</b>	<b>68.2</b>	<b>28.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.3</b>	<b>4.6</b>
<b>Malaysia</b>															
Top Glove Corp	TOPG MK	NA	3.77	NA	NA	7,157	5.5	3.5	8.6	111.2	31.9	3.1	2.4	2.2	5.4
Hartalega Holdings	HART MK	NA	6.77	NA	NA	5,487	56.5	7.6	5.4	90.5	73.0	6.2	3.5	4.9	3.6
Kossan Rubber	KRI MK	NA	3.22	NA	NA	1,949	(15.0)	2.6	8.1	89.9	22.1	1.9	1.7	1.5	4.5
Supermax Corp	SUCB MK	NA	3.13	NA	NA	1,943	25.0	2.3	4.2	127.9	42.1	2.2	1.6	1.0	1.7
<b>Malaysia avg</b>						<b>16,537</b>	<b>18.7</b>	<b>4.6</b>	<b>7.0</b>	<b>103.8</b>	<b>45.6</b>	<b>3.9</b>	<b>2.6</b>	<b>2.9</b>	<b>4.2</b>
<b>Rubber products under coverage</b>						<b>3,219</b>	<b>1.2</b>	<b>3.6</b>	<b>6.7</b>	<b>68.2</b>	<b>28.9</b>	<b>1.9</b>	<b>2.0</b>	<b>2.3</b>	<b>4.6</b>
<b>Average (all)</b>						<b>19,756</b>	<b>2.2</b>	<b>4.4</b>	<b>6.9</b>	<b>98.0</b>	<b>42.9</b>	<b>3.6</b>	<b>2.5</b>	<b>2.8</b>	<b>4.3</b>

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	60,549	48,672	45,086
Cost of goods sold	(9,766)	(12,531)	(23,069)	(27,212)	(24,467)
<b>Gross profit</b>	<b>2,228</b>	<b>17,875</b>	<b>37,480</b>	<b>21,460</b>	<b>20,619</b>
Other operating income	-	-	-	-	-
Operating costs	(793)	(1,199)	(3,694)	(1,947)	(1,803)
<b>Operating EBITDA</b>	<b>1,435</b>	<b>16,675</b>	<b>33,787</b>	<b>19,513</b>	<b>18,815</b>
Depreciation	(789)	(1,072)	(1,685)	(2,366)	(3,003)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>646</b>	<b>15,604</b>	<b>32,102</b>	<b>17,147</b>	<b>15,813</b>
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
<b>Profit before tax</b>	<b>718</b>	<b>15,946</b>	<b>31,974</b>	<b>17,010</b>	<b>15,660</b>
Tax	(104)	(1,546)	(2,099)	(982)	(723)
<b>Profit after tax</b>	<b>614</b>	<b>14,401</b>	<b>29,875</b>	<b>16,028</b>	<b>14,937</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>614</b>	<b>14,401</b>	<b>29,875</b>	<b>16,028</b>	<b>14,937</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(67)</b>	<b>(99)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>547</b>	<b>14,302</b>	<b>29,875</b>	<b>16,028</b>	<b>14,937</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.28	5.00	10.44	5.60	5.22
Reported EPS	0.31	5.04	10.44	5.60	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
<b>Growth</b>					
Revenue (%)	9.2	153.5	99.1	(19.6)	(7.4)
Operating EBITDA (%)	(24.0)	1,061.7	102.6	(42.2)	(3.6)
Operating EBIT (%)	(48.7)	2,314.8	105.7	(46.6)	(7.8)
Recurring EPS (%)	(88.9)	1,712.3	108.6	(46.3)	(6.8)
Reported EPS (%)	(87.4)	1,525.4	107.2	(46.3)	(6.8)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.0	55.3	59.1	39.2	39.1
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	12.0	54.8	55.8	40.1	41.7
Operating EBIT margin (%)	5.4	51.3	53.0	35.2	35.1
Net margin (%)	4.6	47.0	49.3	32.9	33.1
Effective tax rate (%)	14.5	9.7	6.6	5.8	4.6
Dividend payout on recurring profit (%)	39.8	52.4	57.5	53.6	57.5
Interest cover (X)	7.2	(270.6)	154.4	79.5	68.2
Inventory days	61.5	67.7	68.2	81.6	93.3
Debtor days	53.8	39.1	49.4	105.8	155.3
Creditor days	49.6	72.3	80.3	96.2	109.9
Operating ROIC (%)	5.4	103.3	(32.0)	(10.6)	(7.4)
ROIC (%)	6.1	100.5	(31.1)	(10.5)	(7.3)
ROE (%)	16.0	79.2	68.2	28.9	25.7
ROA (%)	5.3	50.5	51.8	22.2	19.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Natural rubber powdered gloves	4,270	10,581	21,854	14,604	12,403
Natural rubber powder-free gloves	3,205	2,530	8,510	9,550	9,643
Nitrile gloves	4,519	18,472	16,200	12,486	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	29,875	16,028	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)	(5,659)	(5,273)	(5,058)
<b>Cash flow from operations</b>	<b>1,469</b>	<b>13,635</b>	<b>25,900</b>	<b>13,121</b>	<b>12,882</b>
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
<b>Cash flow from investing</b>	<b>(2,881)</b>	<b>(606)</b>	<b>(9,283)</b>	<b>(8,129)</b>	<b>(8,129)</b>
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
<b>Cash flow from financing</b>	<b>1,420</b>	<b>10,578</b>	<b>(5,655)</b>	<b>(16,611)</b>	<b>(8,027)</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>8</b>	<b>23,607</b>	<b>10,962</b>	<b>(11,619)</b>	<b>(3,274)</b>
Free cash flow to firm (FCFF)	(1,217.81)	13,171.00	16,825.84	5,209.10	4,985.75
Free cash flow to equity (FCFE)	225.61	29,322.43	16,677.10	5,550.77	5,310.22
<b>Per share (THB)</b>					
FCFF per share	(0.43)	4.60	5.88	1.82	1.74
FCFE per share	0.08	10.25	5.83	1.94	1.86
Recurring cash flow per share	0.67	5.38	11.03	6.43	6.27
<b>Balance Sheet (THB m) Year Ending Dec</b>					
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)
<b>Tangible fixed assets (net)</b>	<b>8,562</b>	<b>9,521</b>	<b>17,120</b>	<b>22,883</b>	<b>28,009</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	581	24,189	35,151	23,532	20,258
A/C receivable	1,612	4,907	11,469	16,744	21,630
Inventories	1,612	3,034	5,585	6,588	5,923
Other current assets	507	1,009	2,009	1,615	1,496
<b>Current assets</b>	<b>4,312</b>	<b>33,138</b>	<b>54,214</b>	<b>48,479</b>	<b>49,307</b>
Other assets	121	413	413	413	413
<b>Total assets</b>	<b>13,216</b>	<b>43,293</b>	<b>71,968</b>	<b>71,995</b>	<b>77,950</b>
Common equity	4,402	31,697	55,917	54,834	61,244
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>4,402</b>	<b>31,697</b>	<b>55,917</b>	<b>54,834</b>	<b>61,244</b>
Long term debt	5,846	5,525	5,525	6,025	6,525
Other long-term liabilities	195	245	245	245	245
<b>Long-term liabilities</b>	<b>6,041</b>	<b>5,771</b>	<b>5,771</b>	<b>6,271</b>	<b>6,771</b>
A/C payable	1,393	3,573	6,579	7,760	6,977
Short term debt	1,218	790	790	790	790
Other current liabilities	163	1,462	2,911	2,340	2,167
<b>Current liabilities</b>	<b>2,773</b>	<b>5,825</b>	<b>10,280</b>	<b>10,890</b>	<b>9,935</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,216</b>	<b>43,293</b>	<b>71,968</b>	<b>71,995</b>	<b>77,950</b>
Net working capital	2,176	3,914	9,573	14,846	19,904
Invested capital	11,079	14,070	27,327	38,363	48,547
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.22	11.09	19.54	19.16	21.40
Tangible book value per share	2.11	11.02	19.46	19.09	21.33
<b>Financial strength</b>					
Net debt/equity (%)	147.3	(56.4)	(51.6)	(30.5)	(21.1)
Net debt/total assets (%)	49.0	(41.3)	(40.1)	(23.2)	(16.6)
Current ratio (x)	1.6	5.7	5.3	4.5	5.0
CF interest cover (x)	4.4	(521.3)	81.0	26.6	23.8
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>134.9</b>	<b>7.4</b>	<b>3.6</b>	<b>6.7</b>	<b>7.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>141.2</b>	<b>7.8</b>	<b>3.7</b>	<b>7.0</b>	<b>7.5</b>
Reported P/E (x)	120.1	7.4	3.6	6.7	7.1
Dividend yield (%)	0.3	7.0	16.1	8.1	8.1
Price/book (x)	16.8	3.4	1.9	1.9	1.7
Price/tangible book (x)	17.6	3.4	1.9	2.0	1.7
EV/EBITDA (x) **	55.9	5.3	2.3	4.6	5.0
EV/EBITDA @ target price (x) **	58.3	5.6	2.4	4.9	5.2
EV/invested capital (x)	7.2	6.3	2.8	2.3	1.9
* 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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SE-ED	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	WIJK	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

## 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 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	SEAOIL	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)

**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

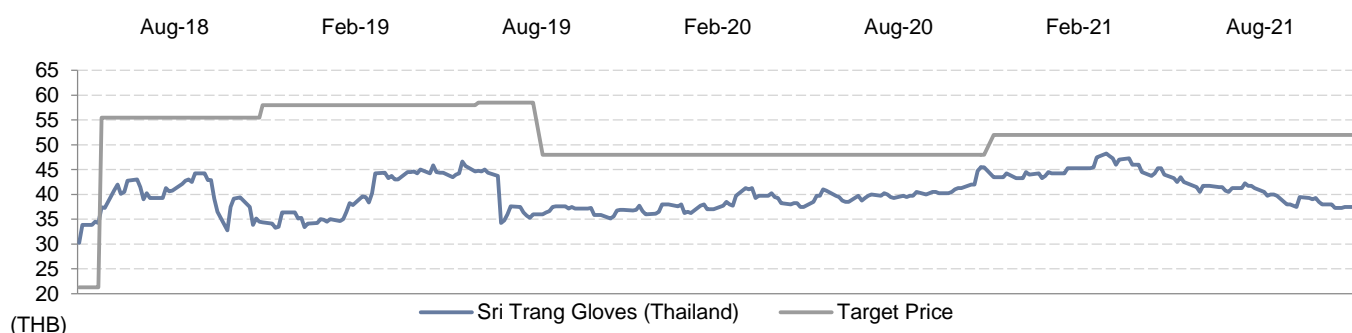
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### History of change in investment rating and/or target price

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



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Jul-2020	BUY	21.25	18-Aug-2020	BUY	55.50	21-Jan-2021	BUY	48.00
08-Jul-2020	BUY	55.50	27-Aug-2020	BUY	58.00	21-Jan-2021	BUY	48.00
15-Jul-2020	BUY	55.50	02-Nov-2020	BUY	58.50	17-Feb-2021	BUY	48.00
29-Jul-2020	BUY	55.50	20-Nov-2020	BUY	48.00	09-Apr-2021	BUY	52.00

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 37.25	HOLD	The downside risks to our P/E-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 04-Aug-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.