

4 NOVEMBER 2021

THAILAND / COMMERCE

## SRI TRANG GLOVES (THAILAND)

REDUCE

FROM HOLD

## STGT TB

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB26.00 |
| CLOSE           | THB28.50 |
| UP/DOWNSIDE     | -8.8%    |
| PRIOR TP        | THB39.00 |
| CHANGE IN TP    | -33.3%   |
| TP vs CONSENSUS | -27.5%   |

## Time to trim ahead of new normal

ราคาขายเฉลี่ย (ASP) จะปรับตัวลดลงในอัตราที่เร็วกว่าที่เคยคาด

เราคาดว่า การเติบโตของกำไรสุทธิของ STGT จะชะลอตัวในอัตราที่เร็วกว่าที่เราเคยคาดจากอัตราการฉีดวัคซีนทั่วโลกที่อยู่ในระดับสูงและอัตราการตายจาก Covid-19 ที่ลดลงต่อเนื่อง แม้ว่าตัวเลขผู้ติดเชื้อใหม่จะเพิ่มขึ้น เนื่องจากภูมิคุ้มกันหมู่ในระดับโลกได้ค่อย ๆ ลดความต้องการถุงมือยาง ในขณะที่ปริมาณขายที่ยังเพิ่มขึ้นจากการขยายกำลังผลิตภายใน STGT อาจชดเชยผลกระทบของอัตรากำไรที่ลดลงจาก ASP ที่ลดลงได้บางส่วน เราคิดว่ากำไรของ STGT จะหดตัวอย่างมีนัยสำคัญในปี 2022-23 ในช่วงหลัง Covid ซึ่งเราคาดว่าระดับกำไรสุทธิปกติจะอยู่ที่ 10-12 พัน ลบ. ต่อปี

กำไรสุทธิมีแนวโน้มชะลอต่อเนื่องใน 3Q21

ใน 3Q21 เราคาดว่ากำไรสุทธิของ STGT จะลดลง q-q มาอยู่ที่ 5.1 พัน (-30% q-q, +16% y-y) ในขณะที่เราคาดว่าอัตราการเติบโตของกำไรสุทธิจะลดลง 58% y-y ในปี 2022 และ 8% y-y ในปี 2023 ส่วนมากจาก ASP ที่ลดลงอย่างรุนแรง ซึ่งอาจชดเชยได้บางส่วนจากการเติบโตของปริมาณขาย เราคาดว่าอัตรากำไรในทุกผลิตภัณฑ์จะลดลงในปี 2022-23 จากระดับสูงสุดในปี 2021 โดยอัตรากำไรขั้นต้นจะลดลงจาก 61.5% เป็น 40% ในปี 2023 และอัตรากำไรสุทธิจะลดลงจาก 48.9% เป็น 27.3% ใน 2023

แนวโน้ม ASP ขาลงเร่งตัวขึ้นจากอำนาจในการตั้งราคาที่ลดลง

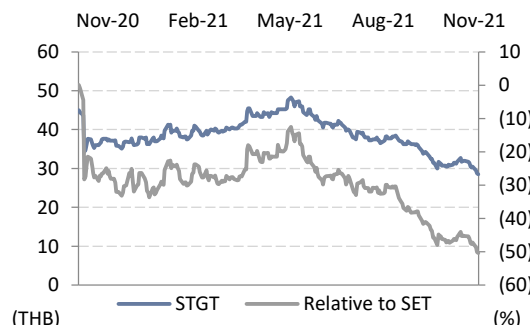
ปัจจัยที่สำคัญที่สุดที่ทำให้เรามีมุมมองที่เป็นลบเพิ่มขึ้นต่อแนวโน้มกำไรของ STGT ใน 4Q21-2023 มาจาก ASP แบบถ่วงน้ำหนักที่คาดว่าจะลดลง โดยเราคาดว่า จะลดลงจาก USD63.9/1,000 ชิ้น (ptp) ในปี 2021 เป็น USD29.9/ptp ในปี 2023 ซึ่งยังสูงกว่า USD17/ptp ก่อน Covid ในปี 2019 ความต้องการจากตลาดที่มีอัตรากำไรสูงในสหรัฐฯ และยุโรปได้ค่อย ๆ กลับสู่ระดับปกติของผู้ขาย ซึ่งทำให้ STGT มีอำนาจในการตั้งราคาถุงมือยางสังเคราะห์ที่น้อยลงกว่าในช่วงปี 2020-1H21 เมื่อโรคระบาด Covid-19 กำลังพุ่งสูงและทำให้อัตราการตายทั่วโลกเพิ่มสูงขึ้น

ลดคำแนะนำเป็นลดน้ำหนักการลงทุน ลดราคาเป้าหมายเหลือ 26 บาท

เราปรับลดคำแนะนำสำหรับ STGT เป็นลดน้ำหนักการลงทุนจากถือและปรับลดราคาเป้าหมายจาก 39 (7x ของค่า 2022E P/E) เป็น 26 บาท (6.1x ของค่า 2022E P/E) ซึ่งเป็นระดับที่เหมาะสมเมื่อพิจารณาจากค่า 2022E P/E เฉลี่ยที่ 8x สำหรับคู่แข่งของ STGT ในมาเลเซีย เนื่องจาก STGT มีปริมาณขายถุงมือยางธรรมชาติที่มีอัตรากำไรต่ำมากกว่าเมื่อเทียบกับคู่แข่งที่ผลิตถุงมือยางสังเคราะห์ในมาเลเซีย เราปรับลดประมาณการกำไรต่อหุ้นปี 2021-23 ลง 2.2-25.2% เพื่อสะท้อนสมมติฐาน ASP ที่ลดลงสำหรับถุงมือทุกชนิด

## KEY STOCK DATA

| YE Dec (THB m)       | 2020    | 2021E  | 2022E  | 2023E  |
|----------------------|---------|--------|--------|--------|
| Revenue              | 30,405  | 59,739 | 44,195 | 40,975 |
| Net profit           | 14,401  | 29,223 | 12,191 | 11,175 |
| EPS (THB)            | 5.04    | 10.21  | 4.26   | 3.91   |
| vs Consensus (%)     | -       | 8.1    | (5.0)  | 3.2    |
| EBITDA               | 16,675  | 33,066 | 15,439 | 14,869 |
| Core net profit      | 14,302  | 29,223 | 12,191 | 11,175 |
| Core EPS (THB)       | 5.00    | 10.21  | 4.26   | 3.91   |
| Chg. In EPS est. (%) | -       | (2.2)  | (23.9) | (25.2) |
| EPS growth (%)       | 1,712.3 | 104.0  | (58.3) | (8.3)  |
| Core P/E (x)         | 5.7     | 2.8    | 6.7    | 7.3    |
| Dividend yield (%)   | 9.2     | 21.1   | 10.5   | 10.5   |
| EV/EBITDA (x)        | 3.8     | 1.6    | 4.5    | 5.1    |
| Price/book (x)       | 2.6     | 1.5    | 1.6    | 1.5    |
| Net debt/Equity (%)  | (56.4)  | (51.1) | (25.3) | (10.7) |
| ROE (%)              | 79.2    | 67.2   | 23.1   | 21.6   |



| Share price performance        | 1 Month                          | 3 Month | 12 Month |
|--------------------------------|----------------------------------|---------|----------|
| Absolute (%)                   | (7.3)                            | (25.0)  | (36.3)   |
| Relative to country (%)        | (7.7)                            | (28.3)  | (51.7)   |
| Mkt cap (USD m)                | 2,450                            |         |          |
| 3m avg. daily turnover (USD m) | 17.1                             |         |          |
| Free float (%)                 | 30                               |         |          |
| Major shareholder              | STA & Sincharoenkul family (65%) |         |          |
| 12m high/low (THB)             | 49.00/28.25                      |         |          |
| Issued shares (m)              | 2,861.56                         |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 4 พฤศจิกายน 2021

## Investment thesis

While we project STGT's net profit to accelerate in 2021-23, we think the decelerating net profit growth outlook should lead to a valuation derating and lower share price. There are three key factors to support our REDUCE thesis. First, a slowdown in the once strong industry demand growth in the wake of Covid-19 should lead to lower demand growth for rubber gloves in 2022-23. Second, the once favourable demand-supply balance due to the rising demand from Covid-19 should gradually turn into an oversupply in 2022 onward. Third, STGT's capacity and market expansions should further strengthen its position against its once dominant competitors in Malaysia.

We project STGT's net profit to grow by 104% y-y in 2021 but expect it to drop by 58% 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.

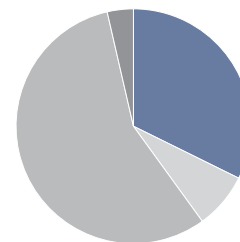
## Company profile

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)

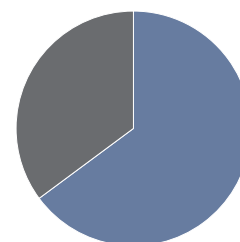
- Natural rubber powdered gloves - 34.8 %
- Natural rubber powder-free gloves - 8.3 %
- Nitrile gloves - 60.8 %
- Natural rubber products business - -3.9 %



Source: Sri Trang Gloves (Thailand)

## Major shareholders

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



Source: Sri Trang Gloves (Thailand)

## Catalysts

With three unfavourable drivers – declining demand growth, oversupply, and a sharp drop in ASPs – we believe STGT, as one of the world's top five producers of rubber gloves, will see decelerating net profit growth momentum in 2021-23.

## Risks to our call

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

## Event calendar

| Date     | Event                     |
|----------|---------------------------|
| Nov 2021 | 3Q21 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   | 30.8   | 26.2   |
| ASP – powder-free (USD/1,000 pieces) | 66.6   | 36.6   | 31.1   |
| ASP - nitrile (USD/1,000 pieces)     | 68.7   | 37.8   | 32.1   |
| ASP - blended (USD/1,000 pieces)     | 63.9   | 35.2   | 29.9   |
| 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.

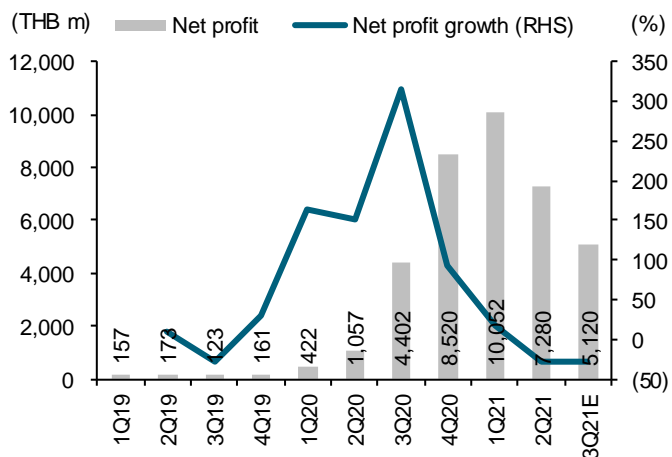
Source: FSSIA estimates



## The higher the vaccination rate, the lower the ASPs

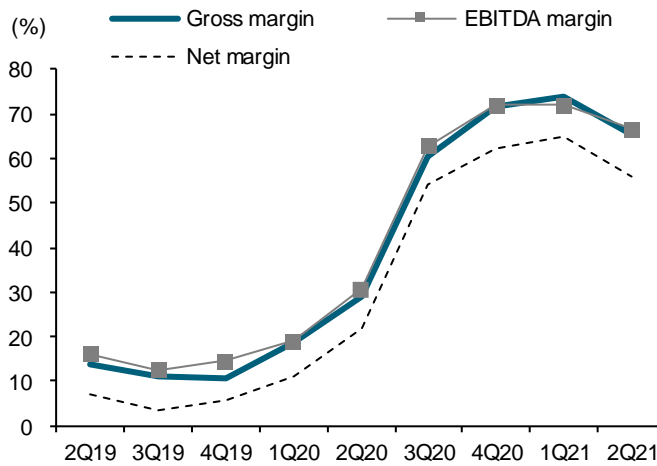
We expect STGT's net profit growth to slow down at a faster rate than our previous anticipation, given the global high vaccination rate and continued drops in the death rate despite the rising new infection cases as the impact of global herd immunity has gradually alleviated the demand.

**Exhibit 1: Net profit vs net profit growth**



Sources: STGT; FSSIA estimates

**Exhibit 2: Gross margin vs EBITDA margin vs net margin**



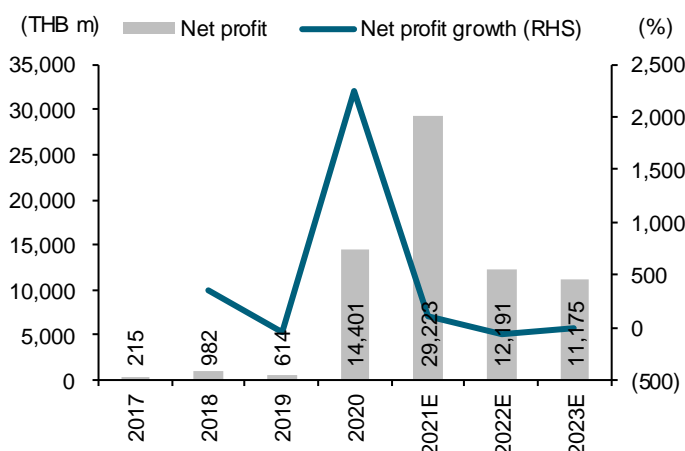
Source: STGT

We expect STGT's net profit to decline q-q to THB5.1b in 3Q21, down 30% q-q but up 16% y-y, while we forecast its net profit growth to plunge by 58% y-y in 2022 and 8% y-y in 2023, mainly due to a sharp decline in its ASPs that should be partly offset by sales volume growth.

We project its margins across the board to weaken in 2022-23 from the peak levels in 2021, with its gross margin declining from 61.5% in 2021 to 40% in 2023 and its net profit margin dropping from 48.9% in 2021 to 27.3% in 2023.

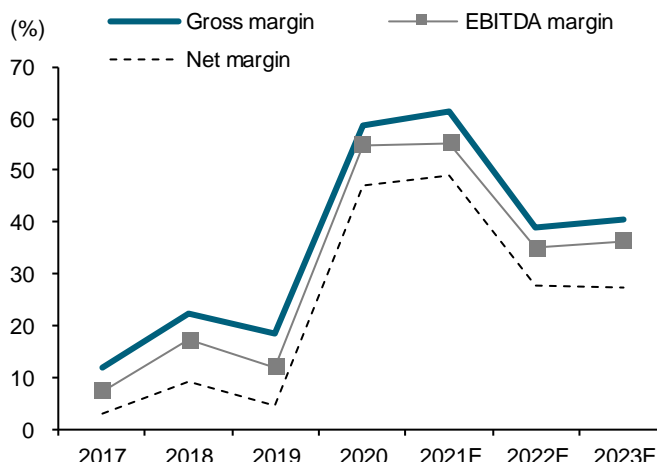
While our projected gross and net profit margins in 2022-23 are higher than the pre-Covid levels of 12% for its gross margin and 4.6% for its net profit margin in 2019, we think the pace of the margin declines to the 'new normal' margin and demand levels in the post-Covid era will eventually reach disappointingly lower levels than we had previously expected thanks to the faster-than-expected vaccination rate globally.

**Exhibit 3: Net profit vs net profit growth**



Sources: STGT; FSSIA estimates

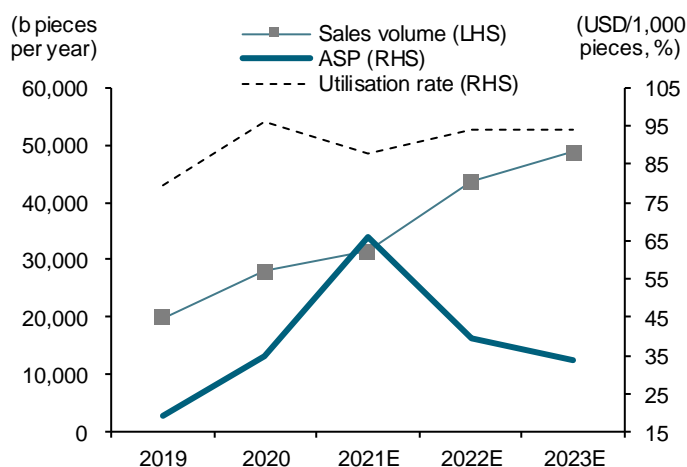
**Exhibit 4: Gross margin vs EBITDA margin vs net margin**



Sources: STGT; FSSIA estimates

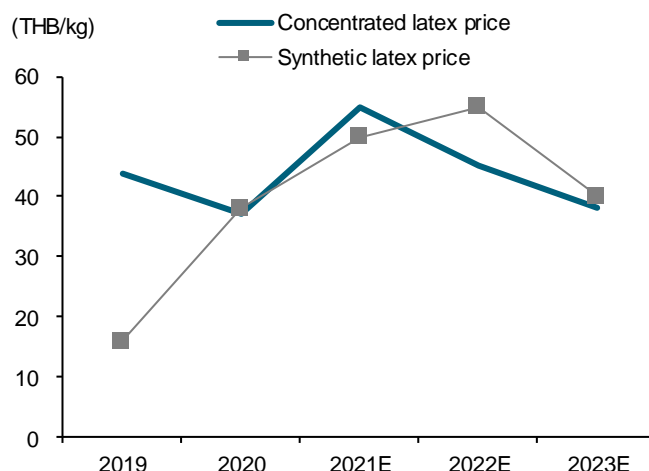
**ASP downtrend accelerates.** The most significant factor leading to our more bearish view on STGT's earnings outlook in 4Q21-2023 comes from our projected decline in its weighted average ASPs, which we estimate to plunge from USD63.9/ptp in 2021 down to USD29.9/ptp in 2023, still higher than USD17/ptp at the pre-Covid 2019 level.

**Exhibit 5: Sales volume and ASP assumptions**



Sources: STGT; FSSIA estimates

**Exhibit 6: Raw material price assumptions for concentrated latex and synthetic latex**



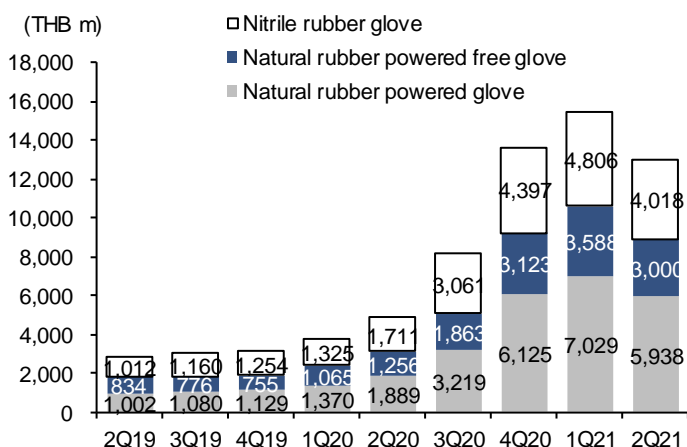
Sources: STGT; FSSIA estimates

**Lower pricing power for nitrile gloves led to declining ASP.** The demand from the US and European markets – which have command much higher ASPs than the Asian and African markets given the higher purchasing power for high-margin nitrile synthetic rubber gloves for both medical and industrial consumption – has already normalised to the level of the sellers.

According to management, STGT, along with other nitrile glove producers in Malaysia, now have much weaker pricing power for nitrile gloves than in 2020-1H21 when the Covid-19 pandemic was on the rise and causing higher global death rates.

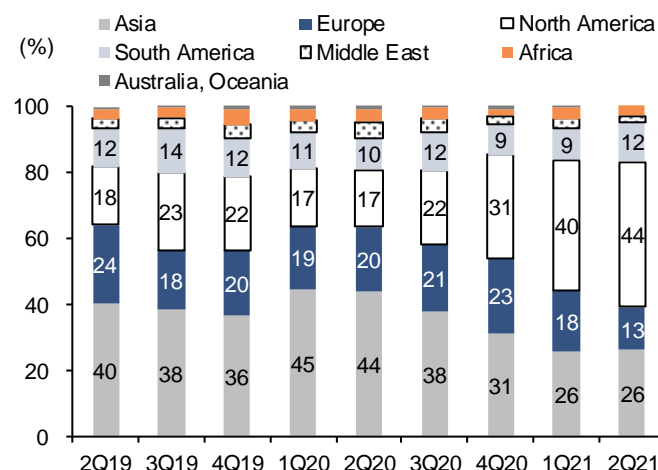
Meanwhile, we expect the prices of STGT's two raw materials – concentrated latex and synthetic latex – to subside from their peak levels in 2021, thanks to the rising supplies for both natural and synthetic rubbers.

**Exhibit 7: Revenue breakdown by product**



Source: STGT

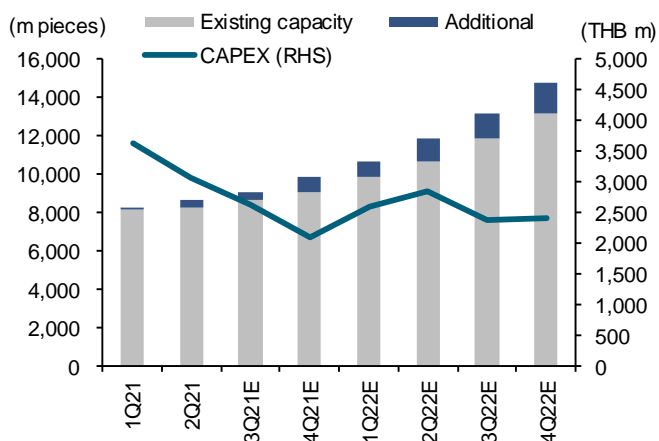
**Exhibit 8: Revenue breakdown by geography (%)**



Source: STGT

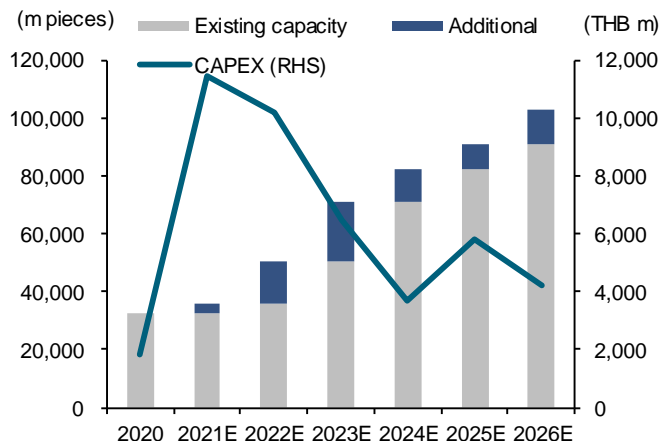
While the higher sales volumes from STGT's organic capacity expansion could partly offset the impact of the lower margins from the decline in its ASPs, we think STGT's earnings will significantly shrink in 2022-23 in the post-Covid era. We project a 'normalised' net profit level of THB10b-12b annually, supported by its capacity growth and sustainable ASP levels of over USD20/ptp. STGT has a committed plan to expand its capacity from 8.3b pieces per annum (ppa) in 1Q21 to 14.8b ppa in 4Q22.

Exhibit 9: Quarterly capacity growth



Source: STGT

Exhibit 10: Annual capacity growth vs CAPEX



Source: STGT

### 3Q21E/9M21E results preview

We expect STGT to post a 3Q21 net profit of THB5.1b, down 30% q-q but up 16% y-y. We estimate its core net profit to drop to THB4.9b, down 34% q-q but up 7% y-y. Key expectations are:

- A lower aggregate ASP to USD65/ptp, down from USD72.7/ptp in 2Q21, due to the much lower ASP for nitrile gloves;
- A sales volume of 7.4b pieces, up from 5.7b pieces in 2Q21, as a result of having no forced shutdowns of its plants, unlike the shutdowns in 2Q21 due to Covid-19 infections;
- A lower EBITDA margin to 57.7% in 3Q21, down from 65.4% in 2Q21 and 60.9% in 3Q20, due to the lower ASPs and higher raw material costs.

Exhibit 11: Summary of 3Q21E/9M21E operations

|                          | 3Q20         | 2Q21          | 3Q21E         |               | 9M20        | 9M21E         | Chg.          | 2021E        |               |
|--------------------------|--------------|---------------|---------------|---------------|-------------|---------------|---------------|--------------|---------------|
|                          | (THB m)      | (THB m)       | (THB m)       | (q-q%)        | (y-y%)      | (THB m)       | (THB m)       | (y-y%)       | (THB m)       |
| <b>Revenue</b>           | <b>8,142</b> | <b>12,968</b> | <b>10,236</b> | <b>(21.1)</b> | <b>25.7</b> | <b>16,759</b> | <b>38,637</b> | <b>130.5</b> | <b>59,739</b> |
| Operating costs          | (3,182)      | (4,486)       | (4,325)       | (3.6)         | 35.9        | (9,628)       | (12,977)      | 34.8         | (26,673)      |
| <b>EBITDA</b>            | <b>4,960</b> | <b>8,482</b>  | <b>5,911</b>  | <b>(30.3)</b> | <b>19.2</b> | <b>7,132</b>  | <b>25,660</b> | <b>259.8</b> | <b>33,066</b> |
| <i>EBITDA margin (%)</i> | <i>60.9</i>  | <i>65.4</i>   | <i>57.7</i>   | <i>nm</i>     | <i>nm</i>   | <i>42.6</i>   | <i>66.4</i>   | <i>nm</i>    | <i>55.4</i>   |
| Deprn & amort.           | (289)        | (303)         | (325)         | 7.2           | 12.6        | (780)         | (922)         | 18.2         | (1,685)       |
| <b>EBIT</b>              | <b>4,672</b> | <b>8,179</b>  | <b>5,586</b>  | <b>(31.7)</b> | <b>19.6</b> | <b>6,351</b>  | <b>24,738</b> | <b>289.5</b> | <b>31,382</b> |
| Interest expense         | (32)         | (31)          | (30)          | (4.6)         | (6.3)       | (110)         | (94)          | (14.5)       | (208)         |
| Interest & invt inc      | 9            | 28            | 23            | (18.9)        | na          | 10            | 75            | na           | -             |
| Other income             | 121          | 40            | 45            | 12.8          | (62.7)      | 168           | 128           | (23.9)       | 80.0          |
| Associates' contrib      | -            | -             | -             | na            | na          | -             | -             | na           | -             |
| Exceptionals             | 30           | (82)          | (52)          | (36.5)        | na          | 17            | (352)         | na           | -             |
| <b>Pretax profit</b>     | <b>4,800</b> | <b>8,133</b>  | <b>5,572</b>  | <b>(31.5)</b> | <b>16.1</b> | <b>6,437</b>  | <b>24,494</b> | <b>280.5</b> | <b>31,253</b> |
| Tax                      | (398)        | (853)         | (452)         | (47.0)        | 13.6        | (556)         | (2,043)       | 267.1        | (2,030)       |
| <i>Tax rate (%)</i>      | <i>8.3</i>   | <i>10.5</i>   | <i>8.1</i>    | <i>nm</i>     | <i>nm</i>   | <i>8.6</i>    | <i>8.3</i>    | <i>nm</i>    | <i>6.5</i>    |
| Minority interests       | -            | -             | -             | na            | na          | -             | -             | na           | -             |
| <b>Net profit</b>        | <b>4,402</b> | <b>7,280</b>  | <b>5,120</b>  | <b>(29.7)</b> | <b>16.3</b> | <b>5,881</b>  | <b>22,452</b> | <b>281.8</b> | <b>29,223</b> |
| Non-recurring            | (128)        | (120)         | 253           | na            | na          | (147)         | (121)         | na           | -             |
| <b>Core net profit</b>   | <b>4,530</b> | <b>7,400</b>  | <b>4,867</b>  | <b>(34.2)</b> | <b>7.4</b>  | <b>6,028</b>  | <b>22,573</b> | <b>274.5</b> | <b>29,223</b> |
| EPS (THB)                | 1.54         | 2.55          | 1.79          | (29.7)        | 16.3        | 2.06          | 7.86          | 281.8        | 10.21         |
| Core EPS (THB)           | 1.59         | 2.59          | 1.70          | (34.2)        | 7.4         | 2.11          | 7.90          | 274.5        | 10.21         |

Sources: STGT; FSSIA estimates

**Downgrade to REDUCE, TP cut to THB26**

We revise down our EPS forecasts for 2021-23 by 2.2-25.2%, to reflect our 3.1-12.3% lower ASPs for all glove types, while maintaining our sales volume and raw material price assumptions.

**Exhibit 12: Key changes in assumptions**

|                                      | Current |         |         | Previous |         |         | Change |        |        |
|--------------------------------------|---------|---------|---------|----------|---------|---------|--------|--------|--------|
|                                      | 2021E   | 2022E   | 2023E   | 2021E    | 2022E   | 2023E   | 2021E  | 2022E  | 2023E  |
|                                      | (THB m) | (THB m) | (THB m) | (THB m)  | (THB m) | (THB m) | (%)    | (%)    | (%)    |
| Revenue                              | 59,739  | 44,195  | 40,975  | 60,549   | 48,672  | 45,086  | (1.3)  | (9.2)  | (9.1)  |
| Gross profit                         | 36,710  | 17,207  | 16,508  | 37,480   | 21,460  | 20,619  | (2.1)  | (19.8) | (19.9) |
| Operating profit                     | 31,382  | 13,073  | 11,866  | 32,102   | 17,147  | 15,813  | (2.2)  | (23.8) | (25.0) |
| Net profit                           | 29,223  | 12,191  | 11,175  | 29,875   | 16,028  | 14,937  | (2.2)  | (23.9) | (25.2) |
| EPS (THB/share)                      | 10.21   | 4.26    | 3.91    | 10.44    | 5.60    | 5.22    | (2.2)  | (23.9) | (25.2) |
| <b>Key assumptions</b>               |         |         |         |          |         |         |        |        |        |
| Average utilisation rate (%)         | 88      | 94      | 94      | 88       | 94      | 94      | 0.0    | 0.0    | 0.0    |
| Sales volume (m pieces)              | 31,398  | 43,568  | 48,875  | 31,398   | 43,568  | 48,875  | 0.0    | 0.0    | 0.0    |
| ASP - powdered (USD/1,000 pieces)    | 56.0    | 30.8    | 26.2    | 56.0     | 33.6    | 28.5    | 0.0    | (8.3)  | (8.3)  |
| ASP - powder-free (USD/1,000 pieces) | 66.6    | 36.6    | 31.1    | 69.6     | 41.8    | 35.5    | (4.3)  | (12.3) | (12.3) |
| ASP - nitrile (USD/1,000 pieces)     | 68.7    | 37.8    | 32.1    | 71.7     | 43.0    | 36.6    | (4.2)  | (12.2) | (12.2) |
| ASP - blended (USD/1,000 pieces)     | 63.9    | 35.2    | 29.9    | 66.0     | 39.6    | 33.6    | (3.1)  | (11.2) | (11.2) |
| 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

Sources: STGT; FSSIA estimates

We downgrade STGT to REDUCE from Hold and cut our target price from THB39, previously based on 7x 2022E P/E, down to THB26, now based on 6.1x 2022E P/E, to reflect our EPS forecast cuts. We think our 6.1x 2022E P/E is reasonable in comparison with the average 8x 2022E P/E of STGT's peers in Malaysia, reflecting STGT's higher sales volumes of low-margin natural powdered and powder-free gloves vs its nitrile-producing peers in Malaysia.

**Exhibit 13: Peer comparisons**

| Company                               | BBG code | Rec    | Share Price | Target price | Up side | 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)        |
| <b>THAILAND</b>                       |          |        |             |              |         |               |              |            |            |              |             |            |            |             |            |
| Sri Trang Gloves Thailand             | STGT TB  | REDUCE | 28.5        | 26           | (9)     | 2,450         | (7.9)        | 2.8        | 6.7        | 67.2         | 23.1        | 1.5        | 1.6        | 1.6         | 4.5        |
| <b>Thailand avg</b>                   |          |        |             |              |         | <b>2,450</b>  | <b>(7.9)</b> | <b>2.8</b> | <b>6.7</b> | <b>67.2</b>  | <b>23.1</b> | <b>1.5</b> | <b>1.6</b> | <b>1.6</b>  | <b>4.5</b> |
| <b>MALAYSIA</b>                       |          |        |             |              |         |               |              |            |            |              |             |            |            |             |            |
| Top Glove Corp Bhd                    | TOPG MK  | NA     | 2.49        | NA           | NA      | 4,797         | (10.1)       | 2.3        | 11.6       | 111.6        | 25.2        | 2.1        | 2.7        | 1.6         | 7.2        |
| Hartalega Holdings Bhd                | HART MK  | NA     | 5.71        | NA           | NA      | 4,695         | 35.7         | 6.4        | 5.3        | 90.5         | 62.8        | 5.2        | 3.0        | 3.6         | 3.0        |
| Kossan Rubber Industries              | KRI MK   | NA     | 2.44        | NA           | NA      | 1,498         | (21.6)       | 2.0        | 9.7        | 88.0         | 14.2        | 1.4        | 1.3        | 0.9         | 3.9        |
| Supermax Corp Bhd                     | SUCB MK  | NA     | 1.89        | NA           | NA      | 1,190         | 3.7          | 1.4        | 4.0        | 127.9        | 25.1        | 1.3        | 0.9        | 0.3         | 0.8        |
| <b>Malaysia avg</b>                   |          |        |             |              |         | <b>12,181</b> | <b>4.1</b>   | <b>3.8</b> | <b>8.2</b> | <b>102.1</b> | <b>38.3</b> | <b>3.1</b> | <b>2.5</b> | <b>2.2</b>  | <b>4.5</b> |
| <b>Rubber products under coverage</b> |          |        |             |              |         | <b>2,450</b>  | <b>(7.9)</b> | <b>2.8</b> | <b>6.7</b> | <b>67.2</b>  | <b>23.1</b> | <b>1.5</b> | <b>1.6</b> | <b>1.6</b>  | <b>4.5</b> |
| <b>Average (all)</b>                  |          |        |             |              |         | <b>14,631</b> | <b>(7.3)</b> | <b>3.6</b> | <b>8.0</b> | <b>96.3</b>  | <b>35.8</b> | <b>2.9</b> | <b>2.3</b> | <b>2.1</b>  | <b>4.5</b> |

Share prices as of 3 November 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        | 59,739        | 44,195        | 40,975        |
| Cost of goods sold                                | (9,766)      | (12,531)      | (23,029)      | (26,988)      | (24,467)      |
| <b>Gross profit</b>                               | <b>2,228</b> | <b>17,875</b> | <b>36,710</b> | <b>17,207</b> | <b>16,508</b> |
| Other operating income                            | -            | -             | -             | -             | -             |
| Operating costs                                   | (793)        | (1,199)       | (3,644)       | (1,768)       | (1,639)       |
| <b>Operating EBITDA</b>                           | <b>1,435</b> | <b>16,675</b> | <b>33,066</b> | <b>15,439</b> | <b>14,869</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>31,382</b> | <b>13,073</b> | <b>11,866</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>31,253</b> | <b>12,936</b> | <b>11,713</b> |
| Tax   | (104)        | (1,546)       | (2,030)       | (745)         | (538)         |
| <b>Profit after tax</b>                           | <b>614</b>   | <b>14,401</b> | <b>29,223</b> | <b>12,191</b> | <b>11,175</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>29,223</b> | <b>12,191</b> | <b>11,175</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>29,223</b> | <b>12,191</b> | <b>11,175</b> |
| <b>Per share (THB)</b>                            |              |               |               |               |               |
| Recurring EPS *                                   | 0.28         | 5.00          | 10.21         | 4.26          | 3.91          |
| Reported EPS                                      | 0.31         | 5.04          | 10.21         | 4.26          | 3.91          |
| 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         | 96.5          | (26.0)        | (7.3)         |
| Operating EBITDA (%)                              | (24.0)       | 1,061.7       | 98.3          | (53.3)        | (3.7)         |
| Operating EBIT (%)                                | (48.7)       | 2,314.8       | 101.1         | (58.3)        | (9.2)         |
| Recurring EPS (%)                                 | (88.9)       | 1,712.3       | 104.0         | (58.3)        | (8.3)         |
| Reported EPS (%)                                  | (87.4)       | 1,525.4       | 102.6         | (58.3)        | (8.3)         |
| <b>Operating performance</b>                      |              |               |               |               |               |
| Gross margin inc. depreciation (%)                | 12.0         | 55.3          | 58.6          | 33.6          | 33.0          |
| Gross margin of key business (%)                  | -            | -             | -             | -             | -             |
| Operating EBITDA margin (%)                       | 12.0         | 54.8          | 55.4          | 34.9          | 36.3          |
| Operating EBIT margin (%)                         | 5.4          | 51.3          | 52.5          | 29.6          | 29.0          |
| Net margin (%)                                    | 4.6          | 47.0          | 48.9          | 27.6          | 27.3          |
| Effective tax rate (%)                            | 14.5         | 9.7           | 6.5           | 5.8           | 4.6           |
| Dividend payout on recurring profit (%)           | 39.8         | 52.4          | 58.8          | 70.4          | 76.8          |
| Interest cover (X)                                | 7.2          | (270.6)       | 151.0         | 60.7          | 51.2          |
| Inventory days                                    | 61.5         | 67.7          | 68.2          | 81.9          | 92.9          |
| Debtor days                                       | 53.8         | 39.1          | 49.8          | 113.8         | 163.8         |
| Creditor days                                     | 49.6         | 72.3          | 80.4          | 96.5          | 109.5         |
| Operating ROIC (%)                                | 5.4          | 103.3         | (31.3)        | (8.2)         | (5.6)         |
| ROIC (%)  | 6.1          | 100.5         | (30.5)        | (8.1)         | (5.6)         |
| ROE (%)   | 16.0         | 79.2          | 67.2          | 23.1          | 21.6          |
| ROA (%)   | 5.3          | 50.5          | 50.9          | 17.5          | 16.3          |
| * Pre-exceptional, pre-goodwill and fully diluted |              |               |               |               |               |
| <b>Revenue by Division (THB m)</b>                |              |               |               |               |               |
| Natural rubber powdered gloves                    | 4,270        | 10,581        | 21,854        | 13,387        | 11,369        |
| Natural rubber powder-free gloves                 | 3,205        | 2,530         | 8,499         | 8,748         | 8,834         |
| Nitrile gloves                                    | 4,519        | 18,472        | 15,402        | 10,029        | 7,528         |
| 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        | 29,223         | 12,191          | 11,175         |
| 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)       | (5,585)        | (4,851)         | (4,597)        |
| <b>Cash flow from operations</b>   | <b>1,469</b>   | <b>13,635</b> | <b>25,323</b>  | <b>9,707</b>    | <b>9,580</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>10,384</b>  | <b>(15,033)</b> | <b>(6,576)</b> |
| Free cash flow to firm (FCFF)  | (1,217.81)     | 13,171.00     | 16,247.94      | 1,794.74        | 1,684.56       |
| Free cash flow to equity (FCFE)  | 225.61         | 29,322.43     | 16,099.20      | 2,136.41        | 2,009.03       |
| <b>Per share (THB)</b>   |                |               |                |                 |                |
| FCFF per share   | (0.43)         | 4.60          | 5.68           | 0.63            | 0.59           |
| FCFE per share   | 0.08           | 10.25         | 5.63           | 0.75            | 0.70           |
| Recurring cash flow per share  | 0.67           | 5.38          | 10.80          | 5.09            | 4.95           |
| <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        | 34,573         | 19,540          | 12,965         |
| A/C receivable   | 1,612          | 4,907         | 11,381         | 16,171          | 20,611         |
| Inventories  | 1,612          | 3,034         | 5,575          | 6,534           | 5,923          |
| Other current assets   | 507            | 1,009         | 1,982          | 1,466           | 1,360          |
| <b>Current assets</b>  | <b>4,312</b>   | <b>33,138</b> | <b>53,511</b>  | <b>43,711</b>   | <b>40,859</b>  |
| Other assets   | 121            | 413           | 413            | 413             | 413            |
| <b>Total assets</b>  | <b>13,216</b>  | <b>43,293</b> | <b>71,265</b>  | <b>67,227</b>   | <b>69,502</b>  |
| Common equity  | 4,402          | 31,697        | 55,265         | 50,345          | 52,994         |
| Minorities etc.  | 0              | 0             | 0              | 0               | 0              |
| <b>Total shareholders' equity</b>  | <b>4,402</b>   | <b>31,697</b> | <b>55,265</b>  | <b>50,345</b>   | <b>52,994</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         | 6,567          | 7,697           | 6,977          |
| Short term debt  | 1,218          | 790           | 790            | 790             | 790            |
| Other current liabilities  | 163            | 1,462         | 2,872          | 2,125           | 1,970          |
| <b>Current liabilities</b>   | <b>2,773</b>   | <b>5,825</b>  | <b>10,229</b>  | <b>10,611</b>   | <b>9,737</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>13,216</b>  | <b>43,293</b> | <b>71,265</b>  | <b>67,227</b>   | <b>69,502</b>  |
| Net working capital  | 2,176          | 3,914         | 9,499          | 14,350          | 18,947         |
| Invested capital   | 11,079         | 14,070        | 27,253         | 37,866          | 47,590         |
| * Includes convertibles and preferred stock which is being treated as debt   |                |               |                |                 |                |
| <b>Per share (THB)</b>   |                |               |                |                 |                |
| Book value per share   | 2.22           | 11.09         | 19.31          | 17.59           | 18.52          |
| Tangible book value per share  | 2.11           | 11.02         | 19.24          | 17.52           | 18.44          |
| <b>Financial strength</b>  |                |               |                |                 |                |
| Net debt/equity (%)  | 147.3          | (56.4)        | (51.1)         | (25.3)          | (10.7)         |
| Net debt/total assets (%)  | 49.0           | (41.3)        | (39.7)         | (18.9)          | (8.1)          |
| Current ratio (x)  | 1.6            | 5.7           | 5.2            | 4.1             | 4.2            |
| CF interest cover (x)  | 4.4            | (521.3)       | 78.2           | 10.9            | 9.6            |
| <b>Valuation</b>   |                |               |                |                 |                |
| <b>Recurring P/E (x) *</b>   | <b>103.2</b>   | <b>5.7</b>    | <b>2.8</b>     | <b>6.7</b>      | <b>7.3</b>     |
| <b>Recurring P/E @ target price (x) *</b>  | <b>94.1</b>    | <b>5.2</b>    | <b>2.5</b>     | <b>6.1</b>      | <b>6.7</b>     |
| Reported P/E (x)   | 91.9           | 5.7           | 2.8            | 6.7             | 7.3            |
| Dividend yield (%)   | 0.4            | 9.2           | 21.1           | 10.5            | 10.5           |
| Price/book (x)   | 12.8           | 2.6           | 1.5            | 1.6             | 1.5            |
| Price/tangible book (x)  | 13.5           | 2.6           | 1.5            | 1.6             | 1.5            |
| EV/EBITDA (x) **   | 43.8           | 3.8           | 1.6            | 4.5             | 5.1            |
| EV/EBITDA @ target price (x) **  | 40.4           | 3.4           | 1.4            | 4.0             | 4.6            |
| EV/invested capital (x)  | 5.7            | 4.5           | 2.0            | 1.8             | 1.6            |
| * 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    | 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    | TTB    | 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    | TTB    | 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

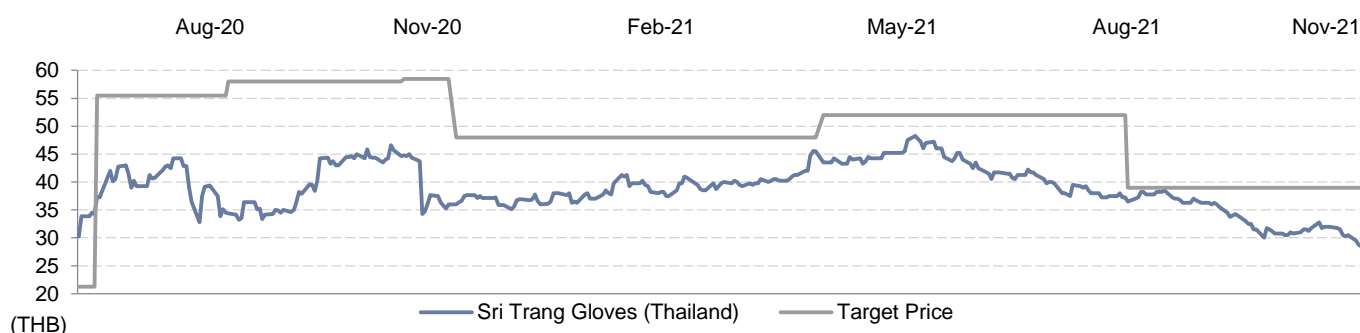
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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    | 21.25        | 27-Aug-2020 | BUY    | 58.00        | 17-Feb-2021 | BUY    | 48.00        |
| 08-Jul-2020 | BUY    | 55.50        | 02-Nov-2020 | BUY    | 58.50        | 09-Apr-2021 | BUY    | 52.00        |
| 15-Jul-2020 | BUY    | 55.50        | 20-Nov-2020 | BUY    | 48.00        | 05-Aug-2021 | HOLD   | 39.00        |
| 29-Jul-2020 | BUY    | 55.50        | 21-Jan-2021 | BUY    | 48.00        |             |        |              |
| 18-Aug-2020 | BUY    | 55.50        | 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 28.50 | REDUCE | The upside risks to our P/E-based TP for STGT include 1) a higher-than-expected demand for rubber gloves; 2) lower 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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 03-Nov-2021 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.