

SRI TRANG GLOVES (THAILAND)

THAILAND / COMMERCE

STGT TB

REDUCE

UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB23.90
UP/DOWNSIDE	-16.3%
PRIOR TP	THB26.00
CHANGE IN TP	-23.1%
TP vs CONSENSUS	-15.4%

Significant ASP downside remains

- We now expect STGT's ASP to plunge from USD55ptp in 2021 down to USD25ptp in 2022 and USD21ptp in 2023.
- We project STGT to post a weak net profit of THB1.5b, down 17.5% q-q and 85% y-y.
- Maintain REDUCE and cut our target price to THB20.

The worst may be yet to come

We project STGT to witness a much faster drop in its average selling price (ASP) to USD25ptp in 2022, down from USD55ptp in 2021, due to a sharp plunge in the ASP for nitrile gloves. Demand in Europe and North America has shrunk markedly with Covid-19 evolving from a pandemic to an endemic disease, based on World Health Organization reports.

A sharp plunge in ASP is now highly visible

We expect STGT's ASP to plunge from USD55ptp in 2021 down to USD25ptp in 2022 and USD21ptp in 2023. We think the ASP for gloves will now approach the pre-Covid level of sub-USD20ptp by 2H22, faster than our previous forecast by 12 months. While STGT still plans to increase its capacity from 38b pieces in 2021 to 110b pieces by 2026, we think the sharp drop in ASP at a much faster pace than we and the market expected should outweigh the volume growth impact, resulting in weaker-than-expected net profits in 2022-24.

Expect a weak 1Q22 net profit of THB1.5b

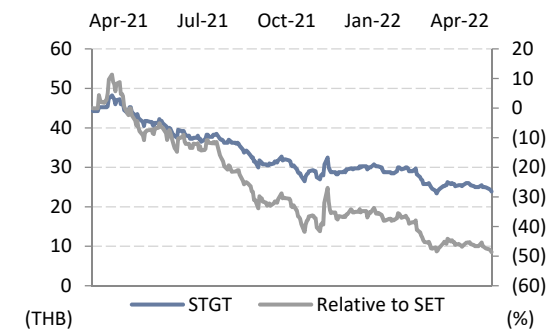
We project STGT to post a weak net profit of THB1.5b, down 17.5% q-q and 85% y-y. Key expectations are 1) a flat ASP at USD23ptp in 1Q22, from USD22.9ptp in 4Q21, as a result of the sharp plunge in the ASP for nitrile gloves; 2) a sales volume of 7.8b pieces, flat from 4Q21, as the new capacity expansion should be offset by the lower demand for nitrile gloves; 3) a lower EBITDA margin at 23.5%, down from 26.6% in 4Q21, as a result of the lower ASP and the rise in the nitrile raw material cost; and 4) a lower nitrile sales volume proportion to 25% of total sales to optimise profitability as the cost of nitrile is rising at a much faster rate than natural rubber.

Maintain REDUCE and cut TP to THB20

We maintain REDUCE and cut our TP from THB26, previously based on 10.3x 2022E P/E, to THB20, based on 13.6x 2022E P/E. We think the higher forward P/E is justified to reflect the superior operational and cost competitiveness of STGT's natural rubber products vs its nitrile-driven competitors. We lower our 2022-24E EPS by 64.5-76.4% to reflect 1) our 28.5% lower ASP assumption due to lower ASPs across the board; 2) the higher costs of both concentrated latex (natural) and synthetic latex (nitrile) in 2022; and 3) the weaker THB/USD exchange rate.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	47,551	34,079	31,750	47,957
Net profit	23,704	4,222	2,608	5,975
EPS (THB)	8.28	1.47	0.91	2.09
vs Consensus (%)	-	(26.0)	(55.5)	(29.0)
EBITDA	27,565	7,283	6,012	10,073
Core net profit	24,006	4,222	2,608	5,975
Core EPS (THB)	8.38	1.47	0.91	2.09
Chg. In EPS est. (%)	-	(64.5)	(76.4)	(68.6)
EPS growth (%)	68.4	(82.4)	(38.2)	129.1
Core P/E (x)	2.9	16.2	26.2	11.5
Dividend yield (%)	16.7	8.4	8.4	12.6
EV/EBITDA (x)	2.0	9.5	13.1	8.5
Price/book (x)	1.8	2.1	2.3	2.3
Net debt/Equity (%)	(32.7)	2.0	34.5	57.5
ROE (%)	68.7	11.9	8.4	20.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.3)	(16.1)	(44.7)
Relative to country (%)	(4.1)	(17.3)	(47.6)
Mkt cap (USD m)	1,994		
3m avg. daily turnover (USD m)	7.8		
Free float (%)	30		
Major shareholder	STA & Sincharoenkul family (65%)		
12m high/low (THB)	49.00/22.80		
Issued shares (m)	2,863.26		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP
 suwat.sin@fssia.com
 +66 2611 3558

Siriluck Pinthusoonthorn
 siriluck.pin@fssia.com
 +66 2611 3562

Investment thesis

We believe STGT's quarterly net profit growth momentum is now on the downtrend, due mainly to the projected decline in the 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 110b 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, demand growth will slow down after the impact of the Covid-19 pandemic subsides, while supply growth should come on stream in large scales from both incumbent and new producers.

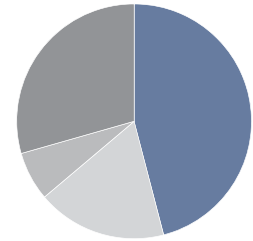
Company profile

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

www.sritranggloves.com

Principal activities (revenue, 2021)

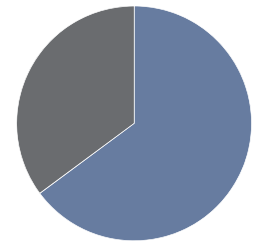
- Natural rubber powdered gloves - 46.0 %
- Natural rubber powder-free gloves - 17.9 %
- Nitrile gloves - 6.8 %
- Natural rubber products business - 29.4 %



Source: Sri Trang Gloves (Thailand)

Major shareholders

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



Source: Sri Trang Gloves (Thailand)

Catalysts

Potential catalysts would be 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.

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
May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Average utilisation rate (%)	94	94	94
Sales volume (m pieces)	43,568	48,875	71,332
ASP - powdered (USD/1,000 pieces)	22.4	19.0	19.4
ASP - powder-free (USD/1,000 pieces)	26.6	22.6	23.1
ASP - nitrile (USD/1,000 pieces)	27.5	23.3	23.8
ASP - blended (USD/1,000 pieces)	25.1	21.4	21.8
Concentrated latex price (THB/kg)	48.0	40.0	40.0
Synthetic latex price (THB/kg)	58.0	40.0	40.0
Exchange rate (THB/USD)	34.0	34.0	34.0

Source: FSSIA estimates

Earnings sensitivity

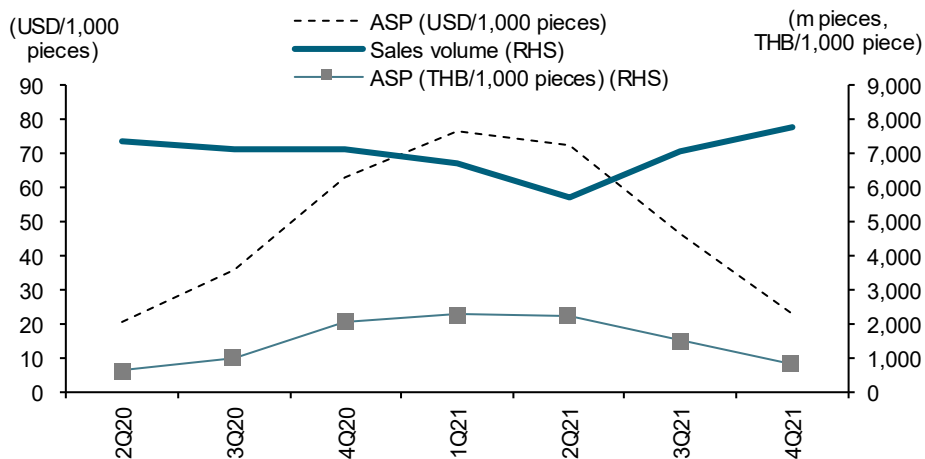
- For every 1% change in THB/USD exchange rate we estimate a 1.4% change in 2022 EPS, all else being equal.
- For every 1% increase in latex price, we estimate 2022 EPS would fall 0.7%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2022 EPS would rise 1.5%, and vice versa, all else being equal.
- For every 1% increase in ASP, we estimate 2022 EPS would rise by 0.8%, and vice versa, all else being equal.

Source: FSSIA estimates

ASP downside remains wide

After seeing a peak quarterly net profit of THB111b in 1Q21, driven by the high ASP at USD79/1,000 pieces (ptp), STGT's quarterly net profit has significantly declined to THB1.8b in 4Q21, dragged down by a sharp drop in the ASP to USD22.9ptp in 4Q21 despite the higher sales volume from its capacity expansion.

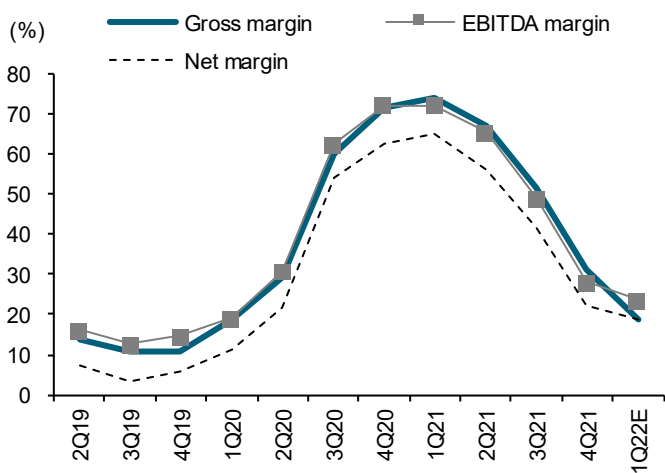
Exhibit 1: Quarterly ASP in THB and USD vs sales volume



Sources: STGT; FSSIA estimates

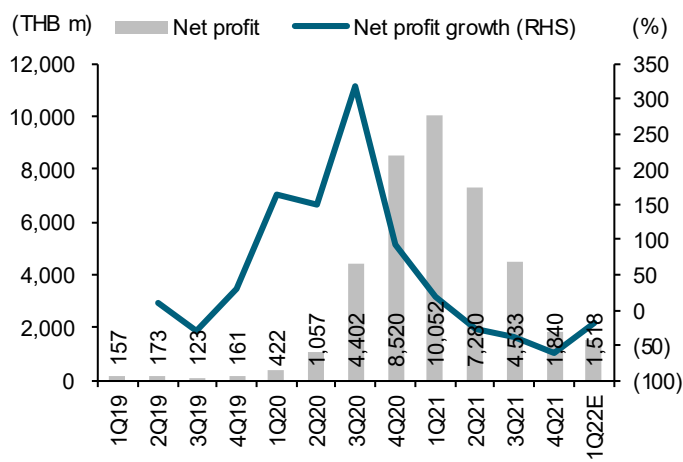
As a result of the sharp drop in ASP, STGT's margins have plunged markedly to close to the pre-Covid level with its gross margin at 31%, EBITDA margin at 28%, and net margin at 22% in 4Q21 vs the pre-Covid levels of 19% for its gross margin, 12% for its EBITDA margin, and 5% for its net margin.

Exhibit 2: Gross margin, EBITDA margin, and net margin



Sources: STGT; FSSIA estimates

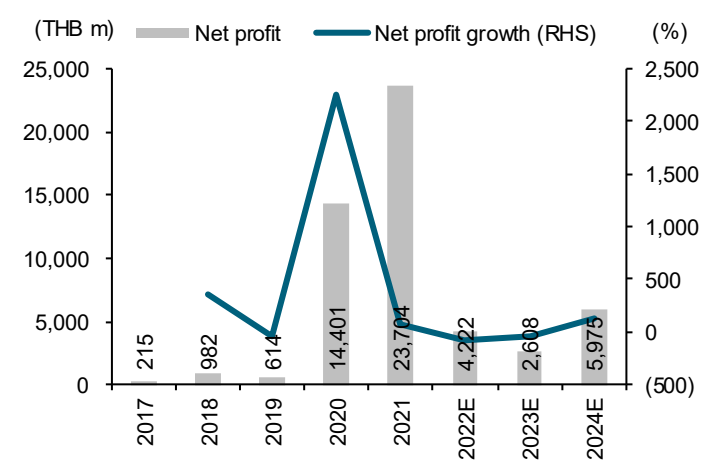
Exhibit 3: Quarterly net profit and net profit growth



Sources: STGT; FSSIA estimates

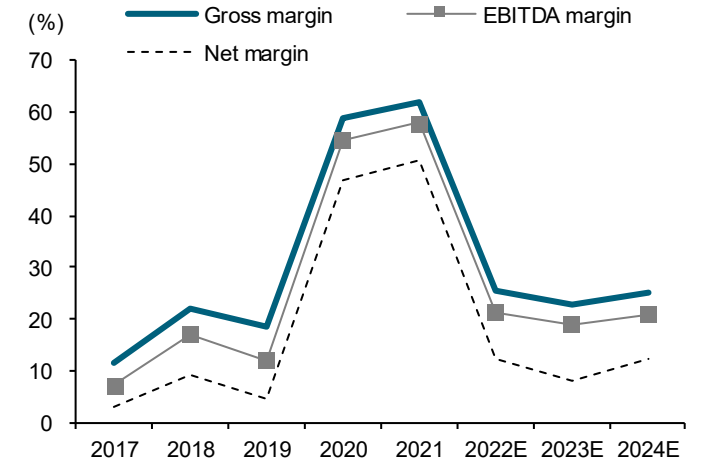
In 2022, we now project STGT to witness a much faster drop in its ASP to USD25ptp, down from USD55ptp in 2021, due to the sharp plunge in the ASP for nitrile gloves as the demand in Europe and North America has shrunk markedly with Covid-19 evolving from a pandemic to an endemic disease, based on World Health Organization reports.

Exhibit 4: Annual net profit and net profit growth



Sources: STGT; FSSIA estimates

Exhibit 5: Annual gross margin, EBITDA margin, and net margin

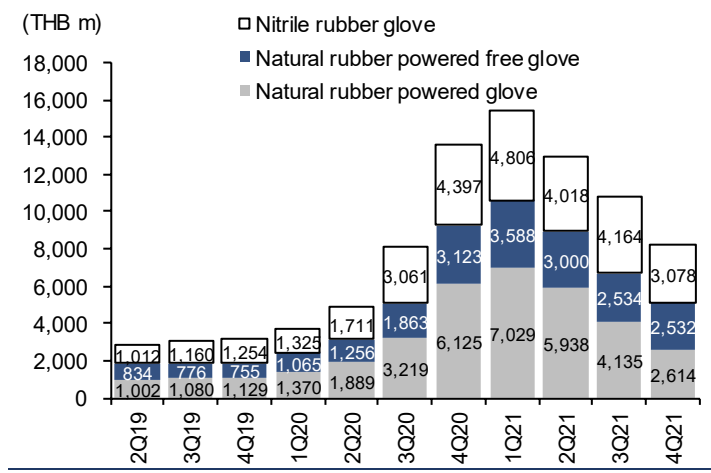


Sources: STGT; FSSIA estimates

We think the sharp plunge in ASP is driving STGT's strategy of shifting its sales volume away from nitrile gloves, which have turned from a star to a dog within two years as a result of the rising oil-based nitrile cost and lower demand in Western markets. In 4Q21, STGT generated revenue of THB3.1b from sales of nitrile gloves which accounted for 30% of its total sales volume.

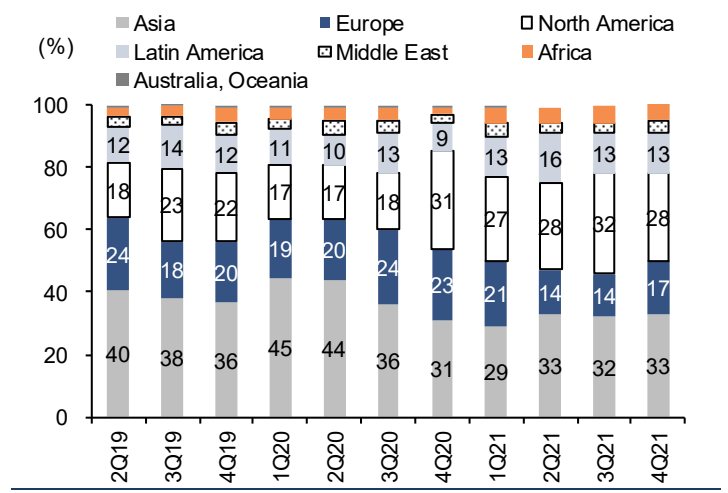
According to management, in 2022, STGT plans to reduce the sales volume proportion of nitrile gloves from 35% down to 25% and replace it with higher production of natural rubber gloves, including both powdered and powder-free gloves to capitalise on the cost competitiveness of the natural rubber procured from its parent company.

Exhibit 6: Product mix



Source: STGT

Exhibit 7: Sales mix by geographic market (%)

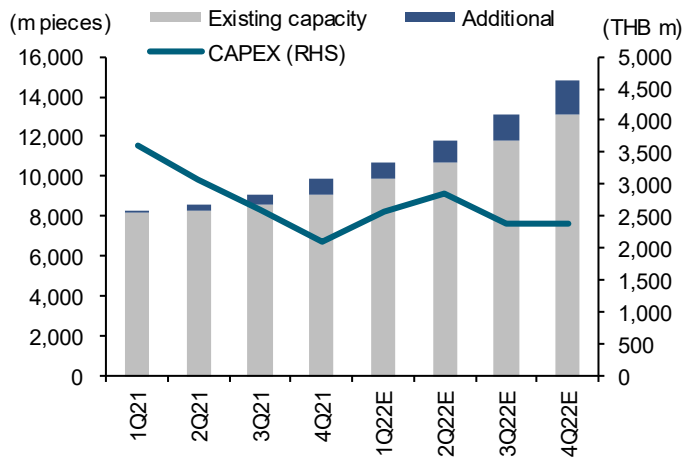


Source: STGT

2022-24 outlook remains weak

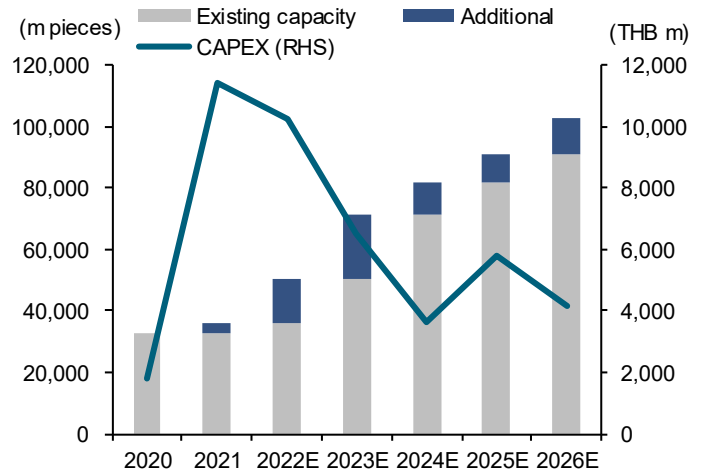
While STGT still plans to increase its capacity from 38b pieces in 2021 to 110b pieces by 2026, we think the sharp drop in ASP at a much faster pace than we and the market expected should outweigh the volume growth impact, resulting in weaker-than-expected net profits in 2022-24.

Exhibit 8: Quarterly capacity growth



Source: STGT

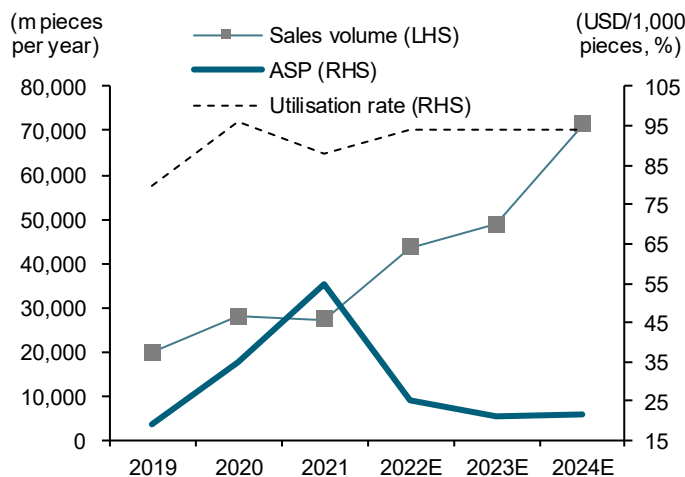
Exhibit 9: Annual capacity growth vs capex



Source: STGT

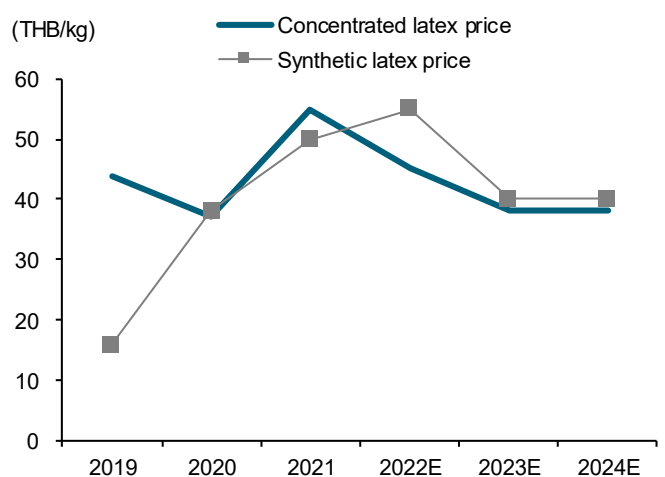
We now expect STGT's ASP to plunge from USD55ptp in 2021 down to USD25ptp in 2022 and USD21ptp in 2023, dragged down by the sharp drop in the ASP for nitrile gloves. We think the ASP for gloves will now approach the pre-Covid level of sub-USD20ptp by 2H22, faster than our previous forecast by 12 months.

Exhibit 10: Sales volume and ASP assumptions



Sources: STGT; FSSIA estimates

Exhibit 11: Raw material price assumptions for concentrated latex and synthetic latex



Sources: STGT; FSSIA estimates

While the price of nitrile, the raw material for nitrile gloves, has jumped by over 50% y-y in tandem with the rise in the oil price, the price of natural latex has remained relatively stable in the range of THB40-50/kg, thanks to the high supply in Thailand, which is one of the world's top three exporters of natural latex and rubber. As a result, STGT plans to shift its glove production towards a higher proportion of natural rubber-based gloves and reduce its nitrile glove sales volume.

Exhibit 12: China SBR latex price



Source: Bloomberg

Expect a weak 1Q22 net profit of THB1.5b

We project STGT to post a weak 1Q22 net profit of THB1.5b, down 17.5% q-q and 85% y-y. Key expectations are:

- Flat ASP at USD23ptp, from USD22.9ptp in 4Q21, as a result of the sharp plunge in the ASP for nitrile gloves;
- Sales volume of 7.8b pieces, flat from 7.8b pieces in 4Q21, as the new capacity expansion should be offset by the lower demand for nitrile gloves;
- Lower EBITDA margin at 23.5%, down from 26.6% in 4Q21, as a result of the lower ASP and the rise in the nitrile cost;
- Lower nitrile sales volume proportion to 25% of total sales volume, down from 30% in 4Q21, to optimise profitability as the cost of nitrile is rising at a much faster rate than natural rubber.

Exhibit 13: 1Q22E operational performance

	1Q21	4Q21	----- 1Q22E -----			2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	15,434	8,285	8,123	(2.0)	(47.4)	47,551	34,079	(28.3)
Operating costs	(4,166)	(6,079)	(6,213)	2.2	49.1	(19,985)	(26,796)	34.1
EBITDA	11,267	2,207	1,910	(13.4)	(83.0)	27,565	7,283	(73.6)
EBITDA margin (%)	73.0	26.6	23.5	nm	nm	58.0	21.4	nm
Depn & amort.	(294)	(342)	(374)	9.5	27.1	(1,247)	(1,797)	44.1
EBIT	10,973	1,865	1,536	(17.7)	(86.0)	26,318	5,485	(79.2)
Interest expense	(32)	(33)	(31)	(5.1)	(3.8)	(127)	(288)	126.5
Interest & invt inc	23	29	25	(12.6)	na	107	-	na
Other income	43	25	21	(17.2)	(51.0)	(717)	(717)	-
Associates' contrib	-	-	-	na	na	-	-	na
Exceptionals	(218)	85	23	(73.1)	na	598	-	na
Pretax profit	10,789	1,972	1,574	(20.2)	(85.4)	25,877	4,480	(82.7)
Tax	(737)	(132)	(56)	(57.7)	(92.4)	(2,172)	(258)	(88.1)
Tax rate (%)	6.8	6.7	3.6	nm	nm	8.4	5.8	nm
Minority interests	-	-	-	na	na	-	-	na
Net profit	10,052	1,840	1,518	(17.5)	(84.9)	23,704	4,222	(82.2)
Non-recurring	(186)	-	-	na	na	(302)	-	na
Core net profit	10,237	1,840	1,518	(17.5)	(85.2)	24,006	4,222	(82.4)
EPS (THB)	3.52	0.64	0.53	(17.5)	(84.9)	8.28	1.47	(82.2)
Core EPS (THB)	3.58	0.64	0.53	(17.5)	(85.2)	8.38	1.47	(82.4)

Sources: STGT; FSSIA estimates

Forecast revisions on weaker outlook

We lower our EPS forecasts in 2022-24 by 64.5-76.4% to reflect 1) our 28.5% lower ASP assumption due to lower ASPs across the board; 2) the higher costs of both concentrated latex (natural) and synthetic latex (nitrile) in 2022; and 3) the weaker THB/USD exchange rate.

Exhibit 14: Changes in key assumptions

	Current			Previous			Change (%)		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)
Revenue	34,079	31,750	47,957	44,195	40,975	61,949	(22.9)	(22.5)	(22.6)
Gross profit	8,646	7,282	11,991	17,207	16,508	25,984	(49.8)	(55.9)	(53.9)
Operating profit	5,485	3,773	7,391	13,642	12,629	20,824	(59.8)	(70.1)	(64.5)
Net profit	4,222	2,608	5,975	11,909	11,074	19,057	(64.5)	(76.4)	(68.6)
EPS (THB/share)	1.47	0.91	2.09	4.16	3.87	6.66	(64.5)	(76.4)	(68.6)
Key assumptions									
Average utilisation rate (%)	94	94	94	94	94	94	0.0	0.0	0.0
Sales volume (m pieces)	43,568	48,875	71,332	43,568	48,875	71,332	0.0	0.0	0.0
ASP - powdered (USD/1,000 pieces)	22.4	19.0	19.4	30.8	26.2	27	(27.3)	(27.3)	(27.3)
ASP - powder-free (USD/1,000 pieces)	26.6	22.6	23.1	36.6	31.1	32	(27.3)	(27.3)	(27.3)
ASP - nitrile (USD/1,000 pieces)	27.5	23.3	23.8	37.8	32.1	33	(27.3)	(27.3)	(27.3)
ASP - blended (USD/1,000 pieces)	25.1	21.4	21.8	35.2	29.9	30	(28.5)	(28.5)	(28.5)
Concentrated latex price (THB/kg)	48.0	40.0	40.0	45.0	40.0	40	6.7	0.0	0.0
Synthetic latex price (THB/kg)	58.0	40.0	40.0	55.0	40.0	40	5.5	0.0	0.0
Exchange rate (THB/USD)	34.0	34.0	34.0	32.0	32.0	32	6.3	6.3	6.3

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

Source: FSSIA estimates

We maintain REDUCE and cut our target price from THB26, previously based on 10.3x 2022E P/E, to THB20, based on 13.6x 2022E P/E. We think the higher forward P/E is justified to reflect the superior operational and cost competitiveness of STGT's natural rubber products vs its nitrile-driven competitors.

Financial Statements

Sri Trang Gloves (Thailand)

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	30,405	47,551	34,079	31,750	47,957
Cost of goods sold	(12,531)	(18,045)	(25,433)	(24,467)	(35,966)
Gross profit	17,875	29,506	8,646	7,282	11,991
Other operating income	-	-	-	-	-
Operating costs	(1,278)	(1,941)	(1,363)	(1,270)	(1,918)
Operating EBITDA	16,597	27,565	7,283	6,012	10,073
Depreciation	(1,072)	(1,247)	(1,797)	(2,240)	(2,682)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	15,525	26,318	5,485	3,773	7,391
Net financing costs	58	577	(288)	(321)	(470)
Associates	0	0	0	0	0
Recurring non-operating income	186	(717)	(717)	(717)	(717)
Non-recurring items	178	(302)	0	0	0
Profit before tax	15,946	25,877	4,480	2,734	6,204
Tax	(1,546)	(2,172)	(258)	(126)	(229)
Profit after tax	14,401	23,704	4,222	2,608	5,975
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	14,401	23,704	4,222	2,608	5,975
Non-recurring items & goodwill (net)	(178)	302	0	0	0
Recurring net profit	14,223	24,006	4,222	2,608	5,975
Per share (THB)					
Recurring EPS *	4.98	8.38	1.47	0.91	2.09
Reported EPS	5.04	8.28	1.47	0.91	2.09
DPS	2.63	4.00	2.00	2.00	3.00
Diluted shares (used to calculate per share data)	2,858	2,863	2,863	2,863	2,863
Growth					
Revenue (%)	153.5	56.4	(28.3)	(6.8)	51.0
Operating EBITDA (%)	1,056.3	66.1	(73.6)	(17.4)	67.5
Operating EBIT (%)	2,302.6	69.5	(79.2)	(31.2)	95.9
Recurring EPS (%)	1,702.3	68.4	(82.4)	(38.2)	129.1
Reported EPS (%)	1,525.4	64.3	(82.2)	(38.2)	129.1
Operating performance					
Gross margin inc. depreciation (%)	55.3	59.4	20.1	15.9	19.4
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	54.6	58.0	21.4	18.9	21.0
Operating EBIT margin (%)	51.1	55.3	16.1	11.9	15.4
Net margin (%)	46.8	50.5	12.4	8.2	12.5
Effective tax rate (%)	9.7	8.4	5.8	4.6	3.7
Dividend payout on recurring profit (%)	52.7	47.7	135.6	219.5	143.8
Interest cover (X)	(269.3)	(44.3)	16.5	9.5	14.2
Inventory days	67.7	79.0	82.6	98.6	81.2
Debtor days	39.1	29.6	33.8	43.9	35.1
Creditor days	72.3	72.8	62.6	74.7	61.5
Operating ROIC (%)	102.8	(27.7)	(3.9)	(2.1)	(3.5)
ROIC (%)	100.0	(25.5)	(3.2)	(1.7)	(3.1)
ROE (%)	78.8	68.7	11.9	8.4	20.2
ROA (%)	50.2	51.0	8.4	5.5	11.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2020	2021	2022E	2023E	2024E
Natural rubber powdered gloves	10,581	21,854	10,345	8,785	15,652
Natural rubber powder-free gloves	2,530	8,499	6,753	6,821	10,643
Nitrile gloves	18,472	3,213	4,950	2,900	8,420
Natural rubber products business	(1,178)	13,984	12,031	13,243	13,243

Sources: Sri Trang Gloves (Thailand); FSSIA estimates

Financial Statements

Sri Trang Gloves (Thailand)

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	14,223	24,006	4,222	2,608	5,975
Depreciation	1,072	1,247	1,797	2,240	2,682
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(1,739)	(343)	(1,075)	(559)	(1,793)
Cash flow from operations	13,557	24,910	4,944	4,289	6,864
Capex - maintenance	(3,181)	(3,182)	(8,129)	(8,129)	(8,129)
Capex - new investment	(1,150)	(8,913)	0	0	0
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	3,726	(10,656)	0	0	0
Cash flow from investing	(606)	(22,751)	(8,129)	(8,129)	(8,129)
Dividends paid	(5,715)	(7,158)	(10,021)	(5,727)	(5,727)
Equity finance	0	0	0	0	0
Debt finance	(748)	2,176	500	1,500	7,500
Other financing cash flows	17,121	(360)	58	58	58
Cash flow from financing	10,657	(5,342)	(9,464)	(4,168)	1,831
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	23,608	(3,183)	(12,649)	(8,008)	566
Free cash flow to firm (FCFF)	13,092.40	2,286.23	(2,896.38)	(3,518.51)	(795.29)
Free cash flow to equity (FCFE)	29,322.83	3,975.42	(2,627.17)	(2,281.70)	6,292.72

Per share (THB)

FCFF per share	4.57	0.80	(1.01)	(1.23)	(0.28)
FCFE per share	10.24	1.39	(0.92)	(0.80)	2.20
Recurring cash flow per share	5.35	8.82	2.10	1.69	3.02

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	16,887	28,978	37,107	45,236	53,365
Less: Accumulated depreciation	(7,365)	(8,609)	(10,406)	(12,646)	(15,328)
Tangible fixed assets (net)	9,521	20,370	26,701	32,591	38,037
Intangible fixed assets (net)	221	221	221	221	221
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	24,189	21,006	8,358	349	916
A/C receivable	4,907	2,816	3,498	4,133	5,092
Inventories	3,034	4,778	6,734	6,479	9,524
Other current assets	1,009	945	678	631	953
Current assets	33,138	29,546	19,268	11,592	16,484
Other assets	413	1,167	1,167	1,167	1,167
Total assets	43,293	51,303	47,356	45,570	55,909
Common equity	31,697	38,213	32,471	29,411	29,718
Minorities etc.	0	0	0	0	0
Total shareholders' equity	31,697	38,213	32,471	29,411	29,718
Long term debt	5,525	7,128	7,628	9,128	16,628
Other long-term liabilities	245	316	316	316	316
Long-term liabilities	5,771	7,443	7,943	9,443	16,943
A/C payable	3,573	3,621	5,103	4,909	7,217
Short term debt	790	1,364	1,364	1,364	1,364
Other current liabilities	1,462	661	474	442	667
Current liabilities	5,825	5,646	6,942	6,715	9,248
Total liabilities and shareholders' equity	43,293	51,303	47,356	45,570	55,909
Net working capital	3,914	4,258	5,332	5,892	7,685
Invested capital	14,070	26,015	33,421	39,870	47,110

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	11.09	13.35	11.34	10.27	10.38
Tangible book value per share	11.02	13.27	11.26	10.19	10.30

Financial strength

Net debt/equity (%)	(56.4)	(32.7)	2.0	34.5	57.5
Net debt/total assets (%)	(41.3)	(24.4)	1.3	22.3	30.5
Current ratio (x)	5.7	5.2	2.8	1.7	1.8
CF interest cover (x)	(521.3)	(21.3)	(8.1)	(6.1)	14.4

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	4.8	2.9	16.2	26.2	11.5
Recurring P/E @ target price (x) *	4.0	2.4	13.6	22.0	9.6
Reported P/E (x)	4.7	2.9	16.2	26.2	11.5
Dividend yield (%)	11.0	16.7	8.4	8.4	12.6
Price/book (x)	2.2	1.8	2.1	2.3	2.3
Price/tangible book (x)	2.2	1.8	2.1	2.3	2.3
EV/EBITDA (x) **	3.0	2.0	9.5	13.1	8.5
EV/EBITDA @ target price (x) **	2.4	1.6	8.0	11.2	7.4
EV/invested capital (x)	3.6	2.1	2.1	2.0	1.8

* 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	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	AMANAHA	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, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

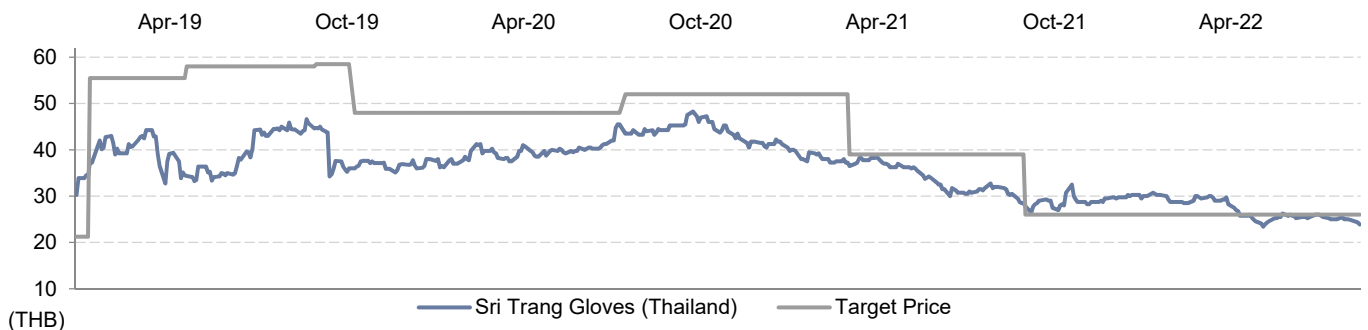
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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	02-Nov-2020	BUY	58.50	05-Aug-2021	HOLD	39.00
08-Jul-2020	BUY	55.50	20-Nov-2020	BUY	48.00	04-Nov-2021	REDUCE	26.00
27-Aug-2020	BUY	58.00	09-Apr-2021	BUY	52.00			

Suwat Sinsadok, CFA, FRM, ERP 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 23.90	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 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 27-Apr-2022 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.