



Stark Corporation PCL

Company update
Q2/2021 & 6M2021

August 2021



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In this presentation, Adjusted Core EBITDA for any year/period is defined as as core operating profit for the year/period adding back depreciation and amortization, and realized foreign exchange gain (but excluding the realized foreign exchange gain relating to the acquisitions of our Vietnamese subsidiaries for the six months ended June 30, 2020), and non-recurring expenses (listing license fee, professional fees and expenses incurred in connection with the reverse acquisition business combination and the acquisitions of Thipha, Dovina and TCI, and employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law). We use Adjusted Core EBITDA to provide additional information about our operating performance. For purposes of the computation, our "core operating profit" is the difference between our core revenue and our core costs and expenses, where our "core costs and expenses" are the sum of our costs of sales, costs of rendering services, costs of rental, distribution costs and administrative expenses. Adjusted Core EBITDA is not a measure of financial performance under either TFRS, IFRS or US GAAP. We believe that this measure is useful for certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. We believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our business sector. You should not consider our definition of Adjusted Core EBITDA in isolation or construe it as an alternative to profit for the period or as an indicator of operating performance or any other standard measure under TFRS, IFRS or US GAAP. Our Adjusted Core EBITDA measure may not be comparable to similarly titled measures used by other companies, including in our industry.

Agenda for Today

- 1** **Company snapshot**
- 2** **Q2/2021 & 6M2021 highlights**
- 3** **Q2/2021 & 6M2021 financial results**
- 4** **FY2021 outlook**
- 5** **Q&A**

Today's presenters



Mr. Chanin Yensudchai

Chairman



Mr. Prakorn Makjumroen

Chief Executive Officer

1. Company snapshot



Stark at a glance – #1 ASEAN wire and cable company

Our operations footprint

Largest wire and cable manufacturer based in ASEAN

Thailand



Bang Phli (Bangplee)
(Medium to Extra High Voltage)



Rayong
(Low to Medium Voltage)



Samut Sakorn
(Low Voltage)

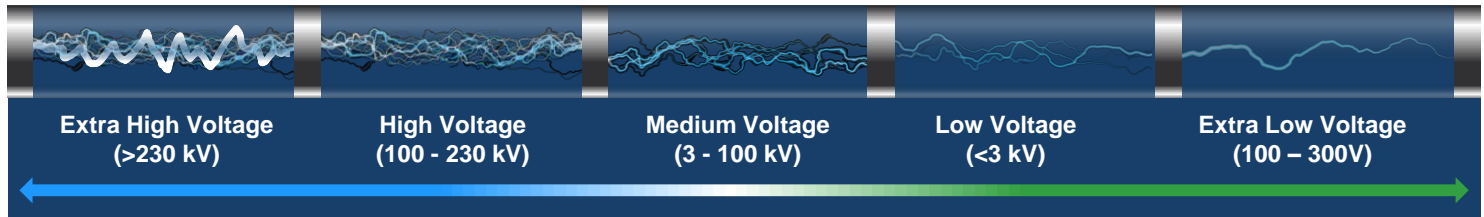
Vietnam



Long An (Ho Chi Minh)
(Low to High Voltage)

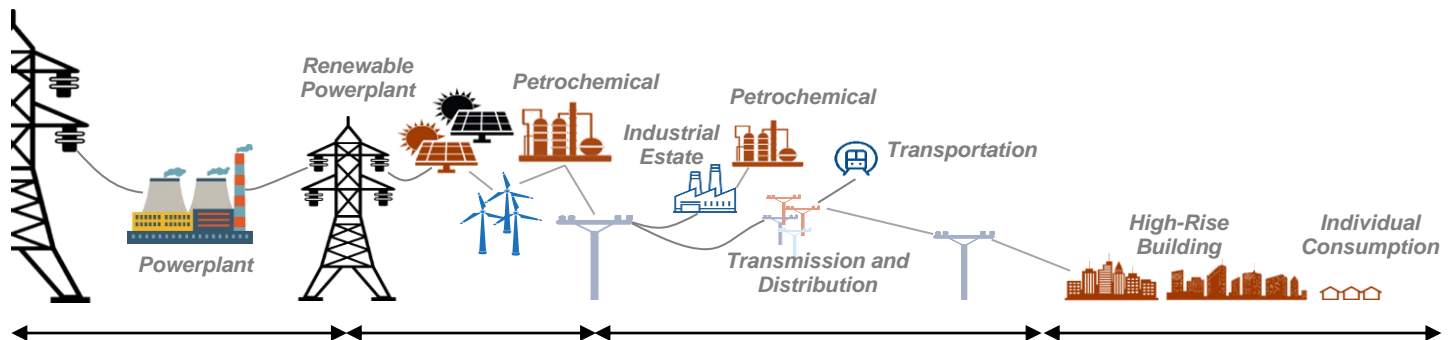
Our cable products

*Widest range among locally produced
Sole EHV⁽¹⁾ cable producer in Thailand*



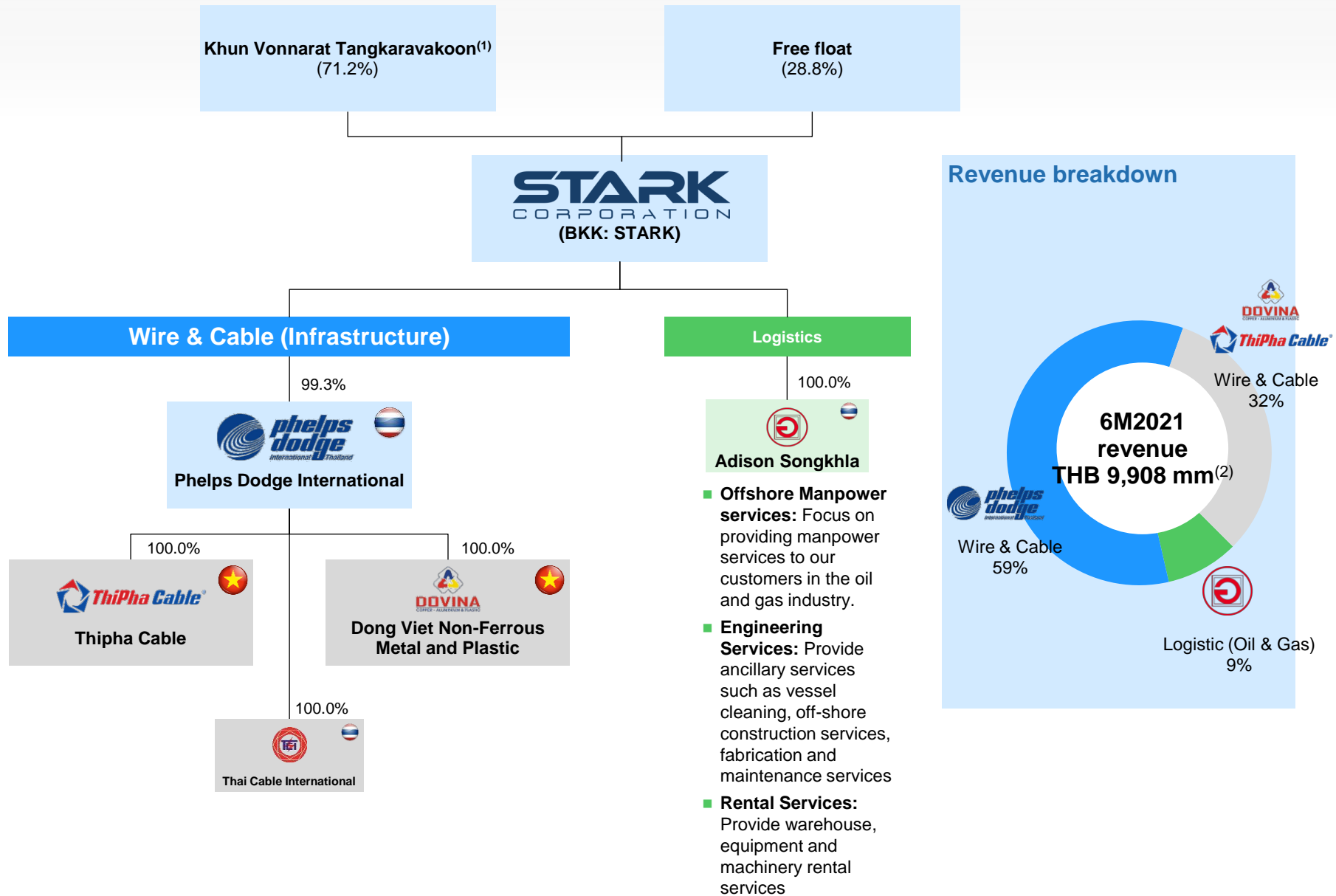
Where our cables are used

Sold to public and private customers across the power value chain

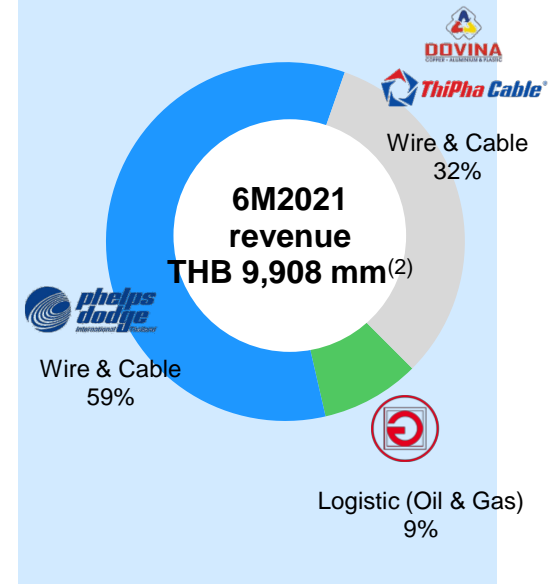


Note:
(1) EHV – Extra High Voltage Cable

Stark at a glance – corporate structure



Revenue breakdown



Note: Includes material subsidiaries only.

(1) 50.2% held by Khun Vonnarat Tangkaravakoon and 21% held by Stark Investment Corporation Limited, a company 100%-owned by Khun Vonnarat Tangkaravakoon.

(2) STARK consolidated financial statement (6M2021)

Growth strategy: To climb up the value chain



2. Q2/2021 & 6M2021 highlights



Q2/2021 & 6M2021 highlights

Strong sales performance



- Q2/2021 net sales increased to THB 5,253 m, representing 23.9% YoY growth
- The postponed delivery requested by customers (mostly high margin product) of THB 993 m shall be majorly delivered in Q3/2021
- The delivery has been rescheduled due to the lockdown and cease of construction sites in Bangkok Metropolitan Region and HCM city. Such impact is just temporary.

EBITDA margin expansion



- 14.4% for Q2/2021 and 15.5% for 6M2021 - The postponed delivery requested by customers (mostly high margin product) lead to temporary-slightly lowered EBITDA margin YoY
- Impact of higher margin product mix strategy, cost reduction programs and Vietnam integration

Order book growth



- THB 11,492 m as of July 2021
- 60% high-margin products of the total backlog (July 2021)
- Continued replenishment and growth of order book improving near-term visibility
- 30 - 50% win rate

Delivering on deleverage



- Net debt of THB 10,708 m as of June 30, 2021
vs. THB 13,512 m as of Jun 30, 2020 (right after Vietnam acquisition)
- At current run-rate, net debt to EBITDA to decline below 2.5x target well before 2023

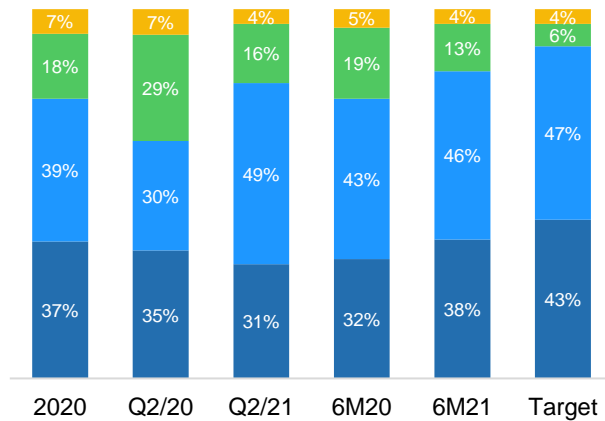
Effective COVID-19 to manage operational impact



- Temporarily postponed delivery requested by customers of THB 993 m (mainly high-margin product). Most of such orders has been delivered in Q3/2021.
- Strong FY2020 & 6M/2021 performance despite COVID-19 challenges
- Operational protocols have ensured business continuity whilst prioritizing a safe work environment for our staff

Shift to high-margin products

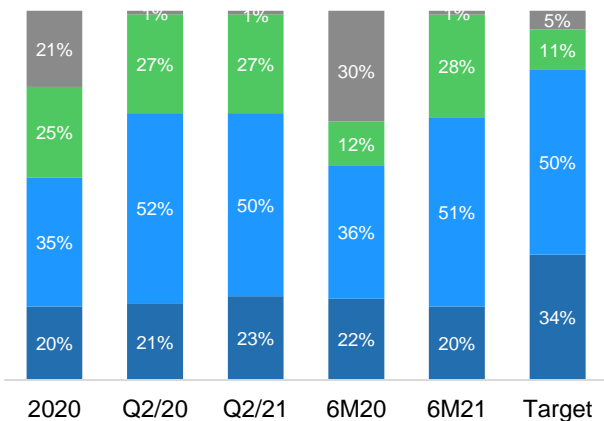
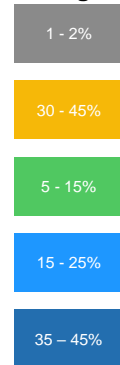
Thailand
Sales breakdown by product segment



■ Medium to extra-high voltage wires ■ Low-voltage and building wires ■ Bare conductors ■ Specialty wires ■ Raw materials⁽²⁾

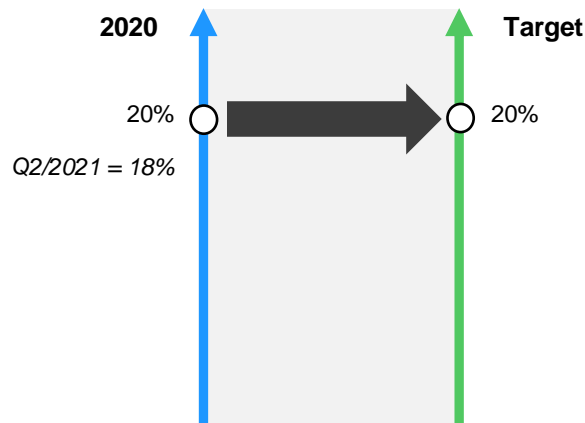
Vietnam
Sales breakdown by product segment

Throughput margin⁽¹⁾

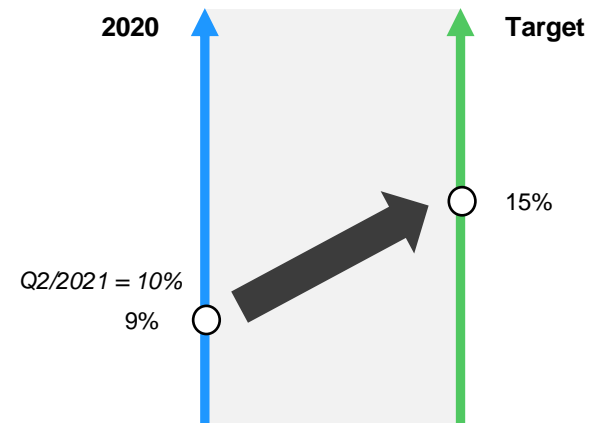


5% of raw materials produced by using access capacity to achieve extra cash profits, and increase overall group bargaining power over metal suppliers

Thailand – EBITDA margin⁽³⁾



Vietnam – EBITDA margin⁽⁴⁾

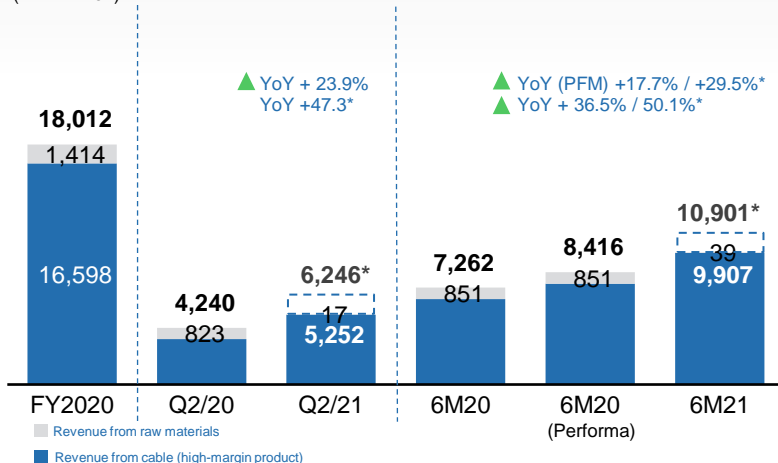


- (1) Throughput margin: Sales revenue - Material costs. Based on the throughput margin generated by each category of product manufactured and sold by PDITL over the Track Record Period.
 (2) From December 2019 and in the first half of 2020, Dovina progressively ceased exporting its products to India, primarily exporting products as required under pre-existing contractual obligations.
 (3) EBITDA margin refers to PDITL's Adjusted Core EBITDA as a % of Core revenues.
 (4) EBITDA margin refers to Vietnam Cable's Adjusted Core EBITDA as a % of Core revenues.

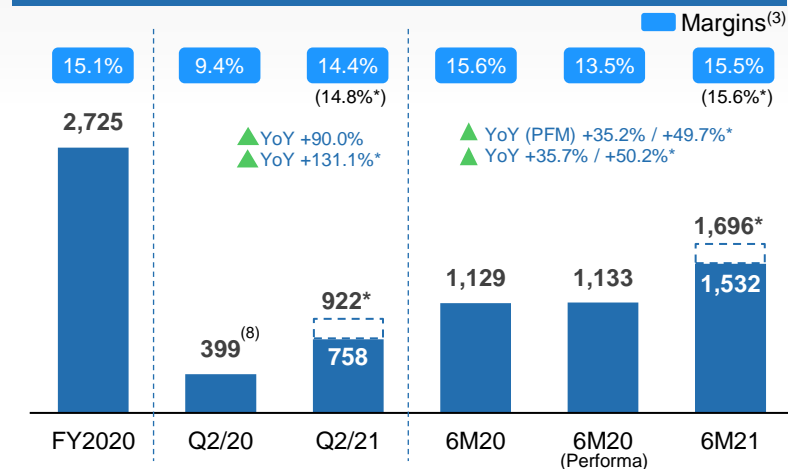
Q2/2021 & 6M2021 Proforma financial highlights

Core revenues⁽¹⁾

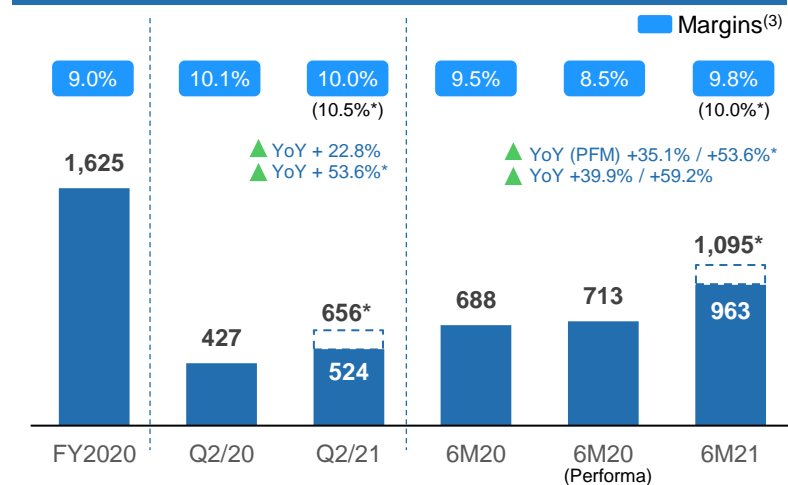
(THB million)



Adjusted Core EBITDA⁽²⁾

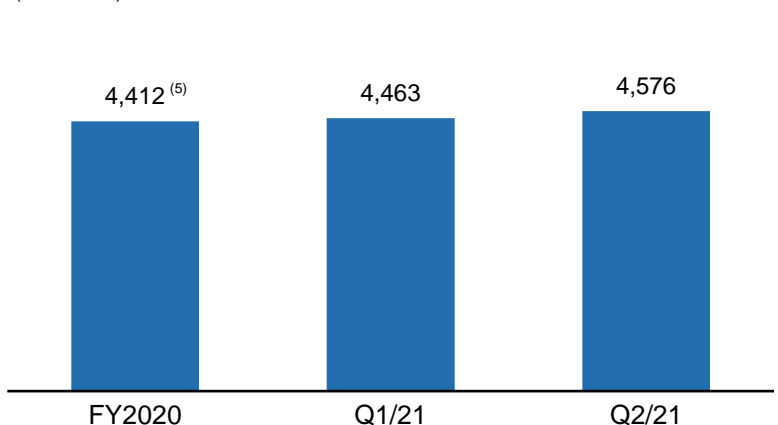


Net profit (without NCI⁽⁷⁾)



Net working capital⁽⁴⁾

(THB million)



* Estimated amounts as if no postponed delivery (Core revenues +993 mb / Adj. Core EBITDA +164 mb / Net profit +132 mb)

(1) Core revenues defined as the sum of Revenue from sales, Revenue from rendering services and Rental income.

(2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Costs of rental, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains/(losses) (excl. the gains relating to the acquisition of Vietnam subsidiaries) and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law).

(3) Margins are presented as a % of Core revenues.

(4) Computed as Trade & other current receivables and Inventories less Trade & other current payables

(5) Include TCI net working capital of THB 1,913 mm as TCI was acquired in April 2020.

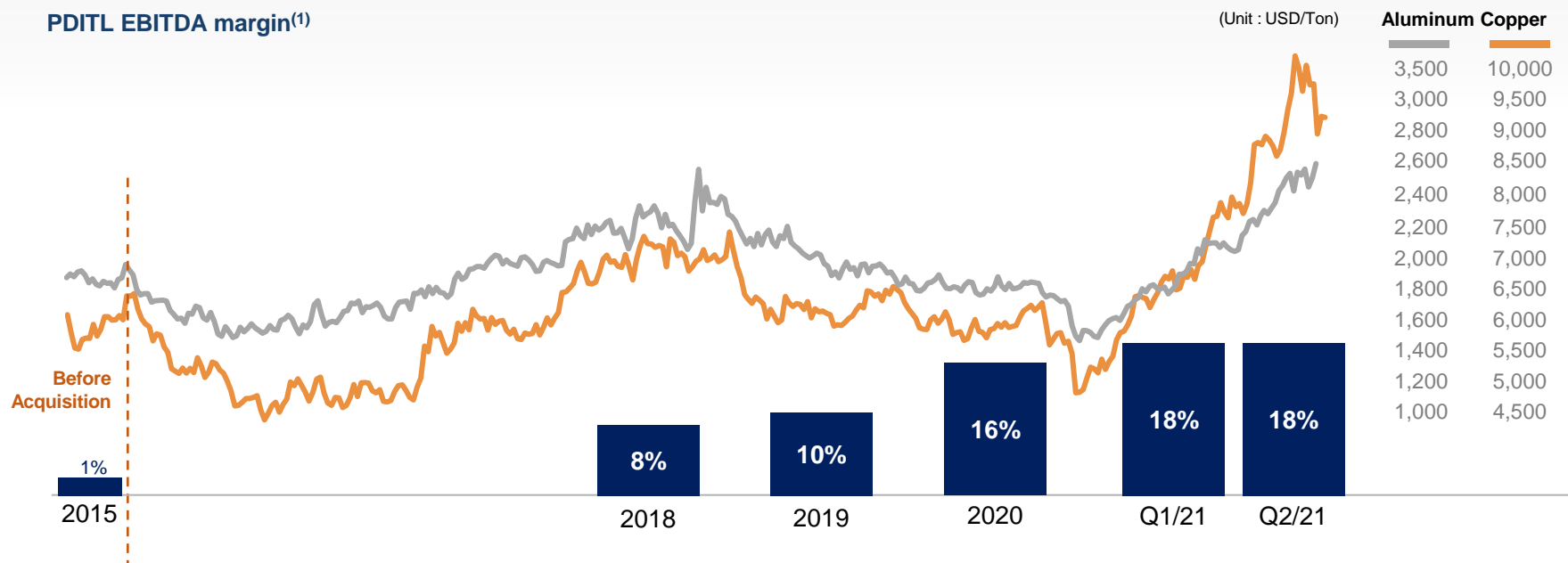
(6) Consolidated full-year results of Vietnamese business in pro forma financials

(7) Non-controlling interests (NCI)

(8) Restated financial statement in Q2/2020

Impact from surge of raw material

PDITL EBITDA margin⁽¹⁾



Implementing strategies

- 1 Cost Plus Strategy**
Raw material price fluctuations passed through to customer, as revenues derived primarily from made-to-order sales
- 2 Made-to-Order (MTO)**
80% - 90% of total revenues are Made-to-Order (MTO) with specific design required from customers
- 3 No Mark-to-Market**
Inventories and raw materials are booked at cost, not mark-to-market

Effective supply chain management policy

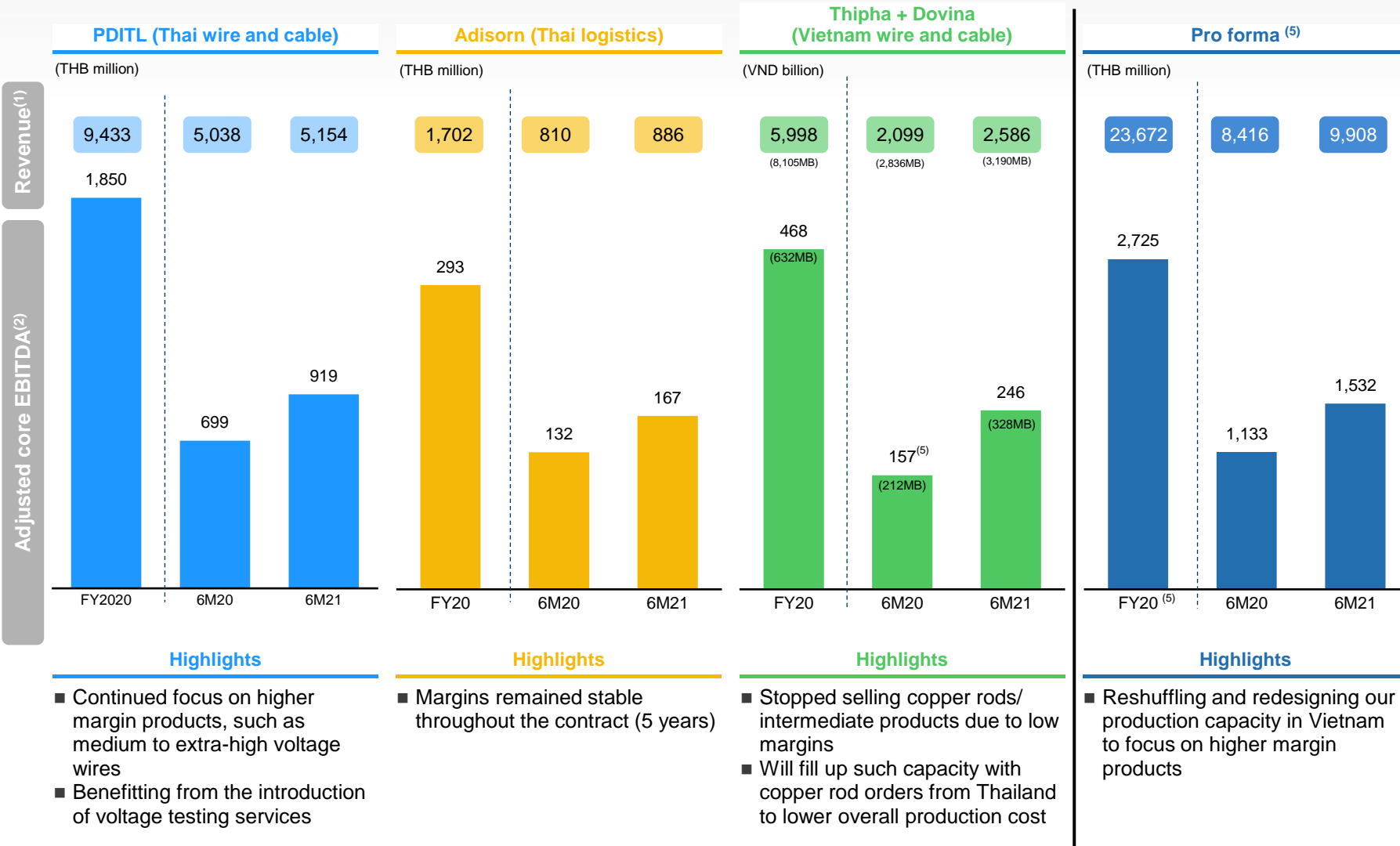
- A Fix raw material price & exchange rate at beginning**
After project confirmation, the key raw material price and exchange rate shall be fixed at the beginning

Therefore, the impact of price/rate fluctuation is minimal
- B No Speculation policy on Buy & Sell perspective**
Such policy and practice is to avoid any speculation on the raw material price / exchange rate on both buy and sell perspectives

Source: London Metal Exchange (LME).

(1) EBITDA margin refers to PDITL's Adjusted Core EBITDA as a % of Core revenues. Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law), and exclude sales of raw material to related companies.

Revenue and EBITDA by segments



(1) Refers to Core revenues, defined as the sum of Revenue from sales, Revenue from rendering services and Rental income (exclude inter-company transactions).

(2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Costs of rental, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains/(losses) (excl. the gains relating to the acquisition of Vietnam subsidiaries) and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law).

(3) VND 740 = 1 THB MB = THB million

(4) Includes TCI post the acquisition by PDITL in late March 2020, for which the contribution by TCI to core revenue, Adjusted Core EBITDA and net profit of PDITL is not material to the Group Consolidated full-year results of Vietnamese business in pro forma financials and excludes inter-company transactions.

(5) Proforma statement as the company recognize the operating from 1 January 2020 to 30 June 2020

3. Q2/2021 & 6M2021 financial results

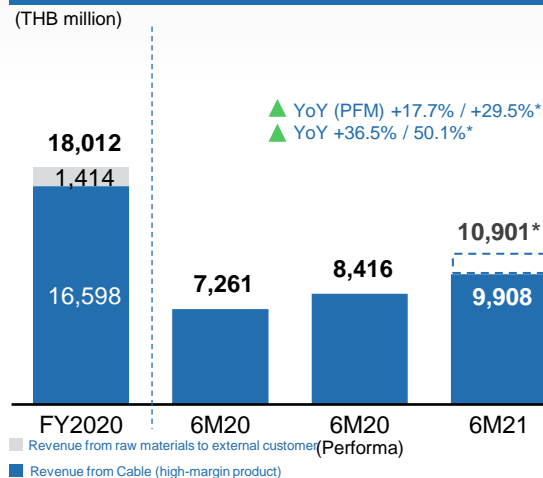


Financial highlights – Pro forma

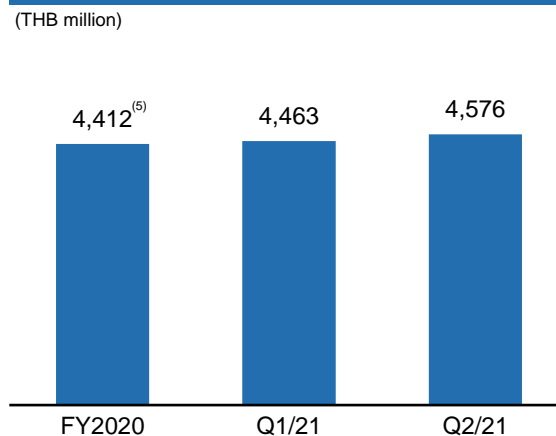
Commentary

- Delivery postponed by customers of approx. THB 993 mm from Q2/21 to mainly Q3/21. Such orders are mostly high margin products. The estimated **net profit would be increased by THB 132 mm as if no postponed delivery**. The rescheduled delivery is just temporary due to the lockdown and cease of construction sites in Bangkok Metropolitan Region and HCM city
- Higher revenue and premium product mix
 - Ongoing reconfiguration and optimization of production capacity following acquisition of Thipha and Dovina
- Cost management / reduction initiatives delivered better than expected
 - Copper price gains did not impact margins as 'made-to-order' strategy shifted price risk to customer
 - Successful implementation of lean management strategies
 - Increased purchase power post Vietnam integration allowed better terms with suppliers reducing input costs

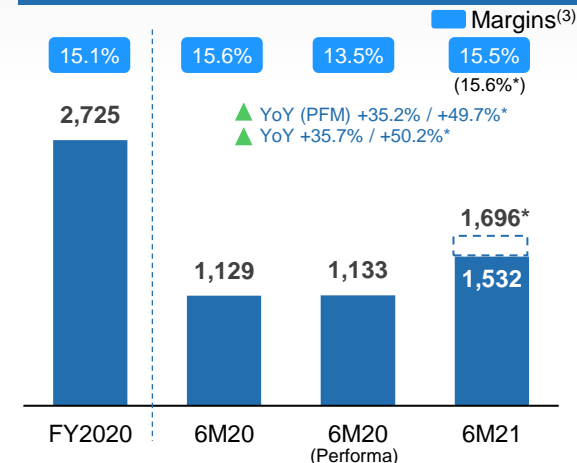
Core revenues⁽¹⁾



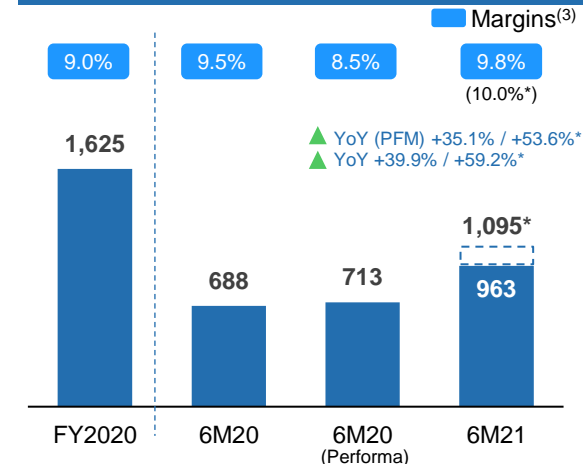
Net working capital⁽⁴⁾



Adjusted Core EBITDA⁽¹⁾



Net profit⁽⁷⁾



* Estimated amounts as if no postponed delivery (Core revenues +993 mb / Adj. Core EBITDA +164 mb / Net profit +132 mb)

(1) Core revenues defined as the sum of Revenue from sales, Revenue from rendering services and Rental income.

(2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Costs of rental, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains/(losses) (excl. the gains relating to the acquisition of Vietnam subsidiaries) and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law).

(3) Margins are presented as a % of Core revenues.

(4) Computed as Trade & other current receivables and Inventories less Trade & other current payables.

(5) Include TCI net working capital of THB 1,913 mm as TCI was acquired in April 2020.

(6) Consolidated full-year results of Vietnamese business in pro forma financials

(7) Net profit attribute to owners of the parent company

Financial highlights – PDITL

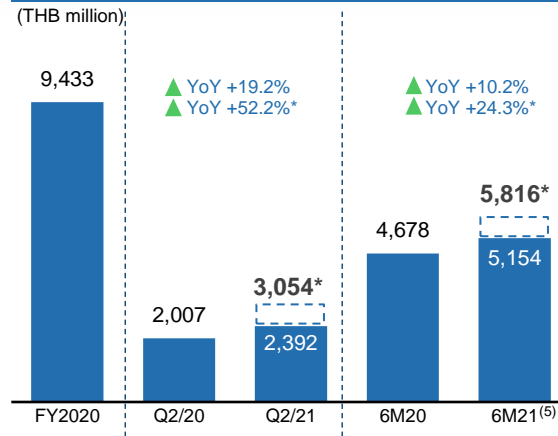
Thai wire and cable business

Commentary

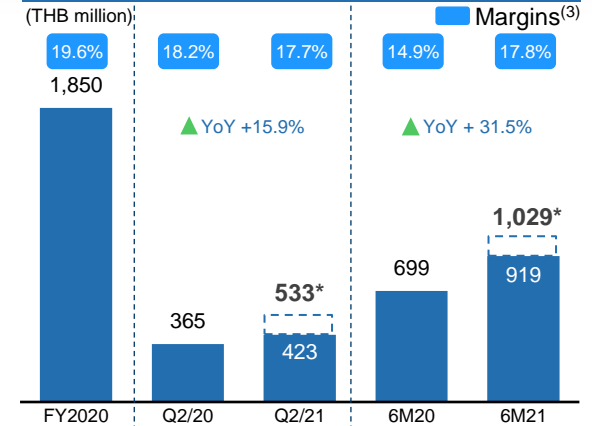
Strong performance of PDITL

- Higher revenue and premium product mix
 - Focused on shifting the revenue mix toward higher margin products
 - Service revenues enables margins increase
 - The first and only company in Thailand to introduce a High Voltage Mobile Testing Unit (2017) enabling on-site high voltage testing
 - Electrical engineering services
- Continuing cost reduction
 - Lean management strategies led to decreasing production costs
 - Renegotiated across the supply chain to gain access to more favorable terms and better raw materials prices

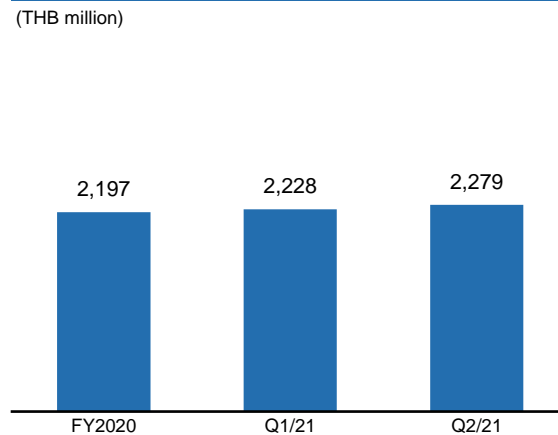
Core revenues⁽¹⁾



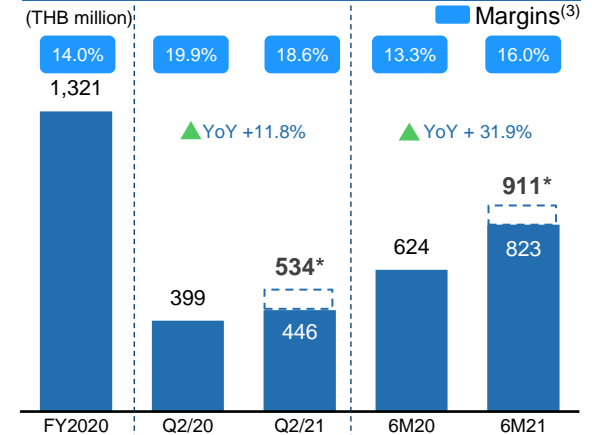
Adjusted Core EBITDA⁽²⁾



Net working capital⁽⁴⁾



Net profit



* Estimated amounts as if no postponed delivery with GPM of consolidated statement of 16.6% (Core revenues +662 mb / Adj. Core EBITDA +110 mb / Net profit +88 mb)

- (1) Core revenues defined as the sum of Revenue from sales and Revenue from rendering services (excluded inter-company transactions)
- (2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains/(losses) (excl. the gains relating to the acquisition of Vietnam subsidiaries) and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law).
- (3) Margins are presented as a % of Core revenues (excluding inter-company transactions)
- (4) Computed as Trade & other current receivables and Inventories less Trade & other current payables.
- (5) Excludes inter-company transactions

Financial highlights – Vietnam business

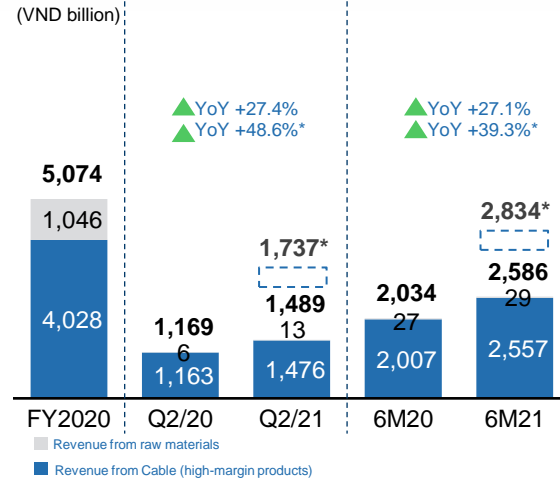
Thipha (cable only) + Dovina

Commentary

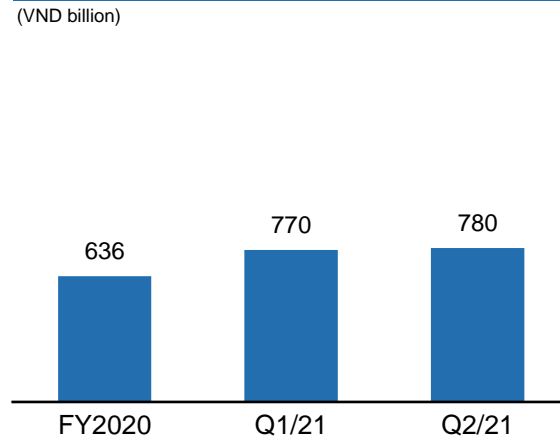
Business Integration (TH & VN)

- Dovina has rapidly reduced sales of copper rods / intermediate products and expects to cease sales in the short to mid-term
 - Majority of Vietnamese copper rods manufactured sent to Thailand for internal production
 - Still some spare capacity being sold domestically in 2020, expected to decline in the future
- Surge in non ferrous metal price do not affect the consolidate margin
- Raw materials produced by using excess capacity to achieve extra cash profits, and increase overall group bargaining power over metal suppliers

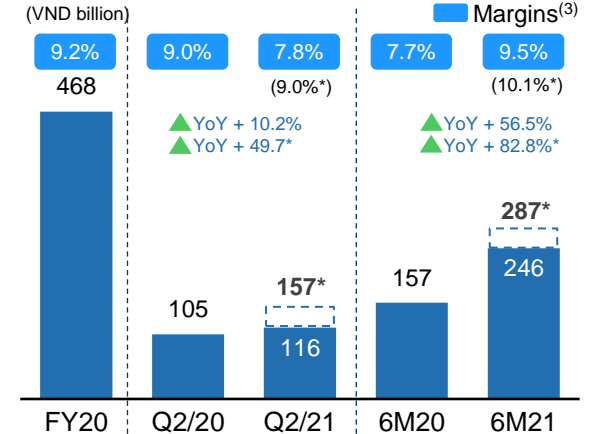
Core revenues⁽¹⁾



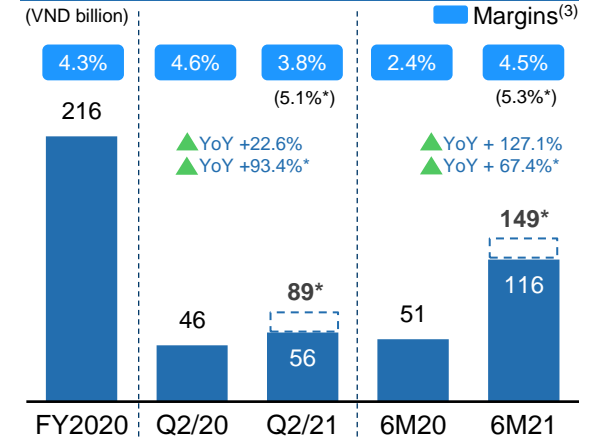
Net working capital⁽⁴⁾



Adjusted Core EBITDA⁽²⁾



Net profit



* Estimated amounts as if no postponed delivery with GPM of consolidated statement of 16.6% (Core revenues +248 VND bn / Adj. Core EBITDA +41 VND bn/ Net profit +33 VND bn)

(1) Core revenues defined as the sum of Revenue from sales and Revenue from rendering services.

(2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains (or losses).

(3) Margins are presented as a % of Core revenues.

(4) Computed as Trade & other current receivables and Inventories less Trade & other current payables.

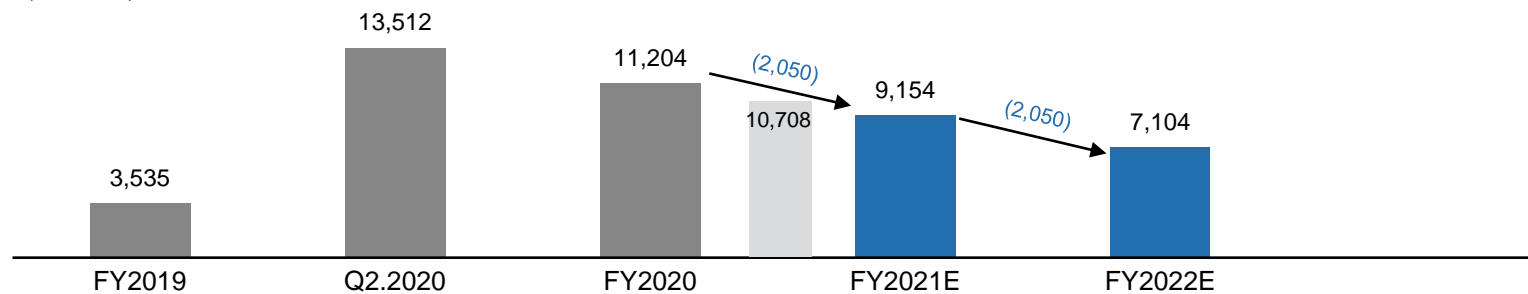
(5) HoH defined as first half vs second half of the year.

(6) Net off related parties transaction of 698 VNDbn.

Financial highlights & Pro Forma – deleverage

1 Net Debt

(THB million)

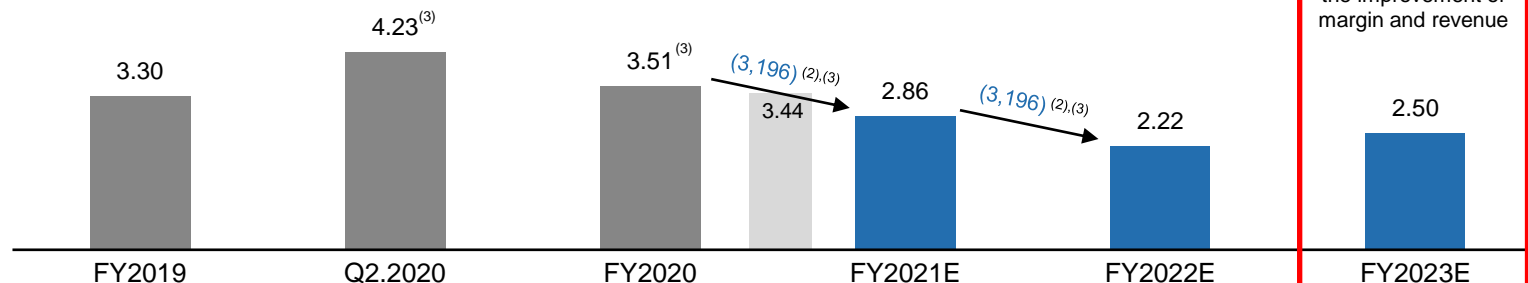


Q2/2021

Net Debt = THB 10,708 mm

2 Net Debt / EBITDA

(Times)



Q2/2021 = 3.44x

Original Target
Gearing ratio decline faster than the original target from the improvement of margin and revenue

Note:

- (1) Based on FY2020 consolidated financial statement
- (2) Assumed the group generate stable EBITDA of 3,196 THB Million / year through out 2021 and 2022
- (3) Annualized EBITDA as of 2H2020

4. FY2021 outlook



FY2021 guidance

	Guidance	Commentary
FY2021 consolidated sales	THB 19,000 - 20,000 mm ⁽¹⁾	<ul style="list-style-type: none"> ▪ Increase Vietnam capacity utilization to 85% ▪ Grow HV volume in Vietnam ▪ New capacity utilization in Thailand ▪ Export market growth ▪ Execution on existing backlog + wins for near-term visible tenders
FY2021 consolidated EBITDA margin⁽²⁾	18% - 20%	<ul style="list-style-type: none"> ▪ Continued shift to higher margin product mix ▪ Growth of MV to EHV production in Vietnam ▪ Realisation of synergies / cost reduction from Vietnam integration

(1) May consist of insignificant sales of raw materials

(2) Adjusted Core EBITDA is defined as Core revenues less Core costs and expenses (Costs of sales, Costs of rendering services, Distribution costs and Administrative expenses) plus Depreciation & amortization, Realized foreign exchange gains/(losses) (excl. the gains relating to the acquisition of Vietnam subsidiaries) and non-recurring expenses (Professional fees relating to the reverse acquisition and Employee benefit expenses relating to adjusted severance pay as a result of an amendment to the Thai Labor Law).

Driving revenue growth in 2021

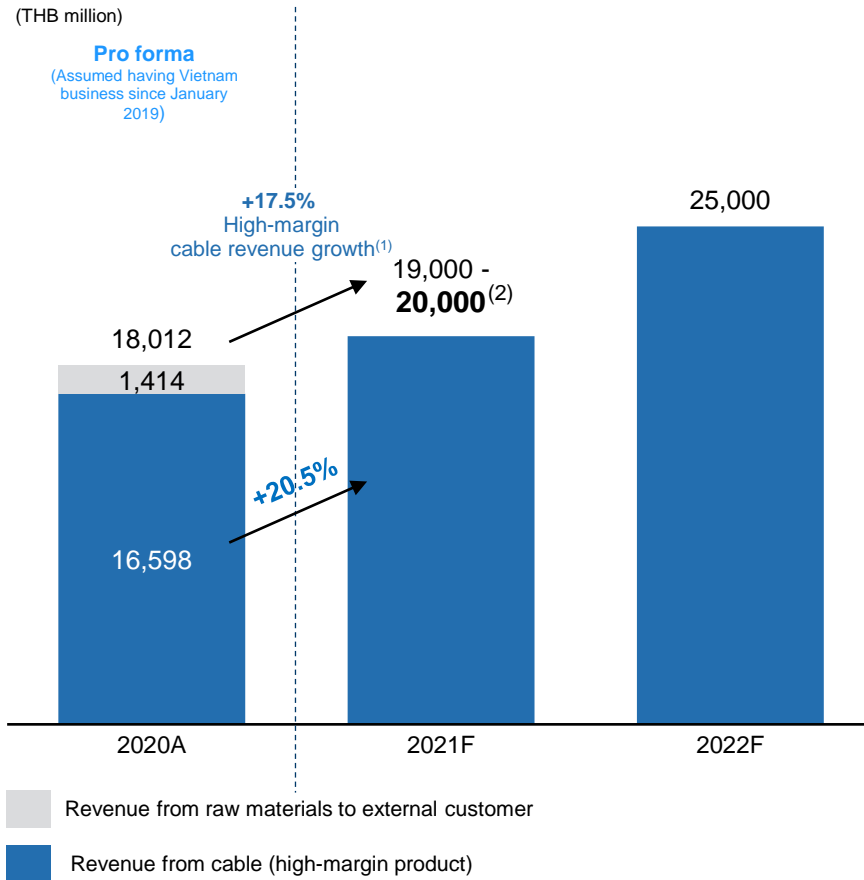
With targeted product / market focus

Target Group Revenues

Growth drivers from 2021 onward

(THB million)

Pro forma
(Assumed having Vietnam
business since January
2019)



Utilize up to 85% of Vietnam capacity

- Develop B2C channels in Vietnam
- Growing PV Cable markets (cost competitiveness)
- Leverage FTA export opportunities
- Utilize Vietnam capacity for Thailand market demands

Utilize Vietnam HV

- Replace imported HV markets with TPC products
- Utilize supply record of PDITL to participate in tenders
- Cost competitiveness

Utilize newly installed capacity in Thailand

- Increase capacity for EHV demand in Thailand (Bangplee)
- Increase capacity for LV – MV demand (Rayong)
- Improve competitiveness of 3rd tier brand (Samut Sakorn)

Introduction of high-margin products

- Submarine cables
- Floating cables / Underwater cables
- Specialty cable
- Electrical engineering services

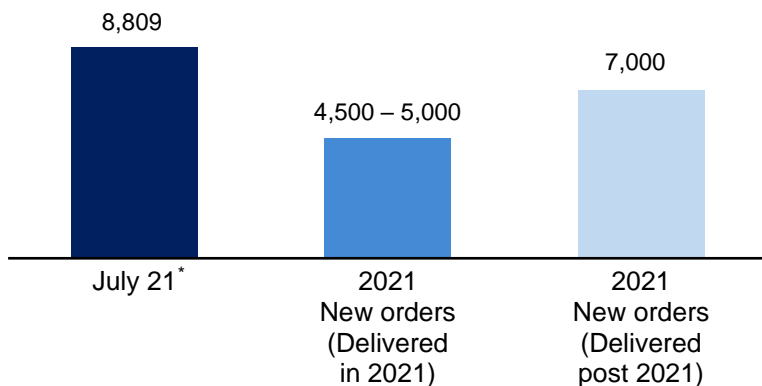
Note:

- (1) Revenue growth from 2020A cable sales to midpoint of 2021F guidance range.
(2) Insignificant revenue from sales of lower-margin raw materials to external customers in 2021F.

Order Booked (Backlog)

Thailand – Robust Growth from both Home and Export Market

(THB million)



Recent (July 2021):

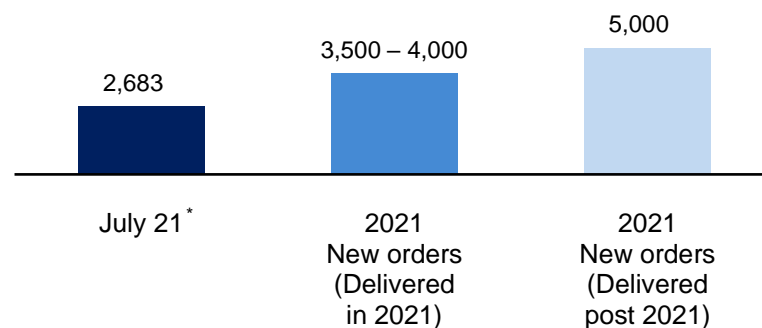
- ✓ High-margin backlogs : 60% of total backlogs is MV – EHV cables which is high-margin products with increasing demand per industry trend
- ✓ Domestic market : EGAT, PEA and MEA projects including upgrade transmission / distribution line, and replacement cable in power plants
- ✓ Export market : Solar farms in Japan, metro lines in South Asia such as India, and the replacement markets in developed countries

FY 2021 :

- ✓ Domestic Market : Continue enjoy EGAT, PEA and MEA projects valued including underground cable and upgrading transmission line, and maintenance of EGAT power plants
- ✓ Export Market : Apart from the infrastructure projects in South Asia and Solar farms in Japan, PDITL also focus on export market in US, Eastern Europe and Africa by penetrate through the alliance distributors and project agents

Vietnam – High Growth Potential in Home Market

(THB million)



Recent (July 2021):

- ✓ Increasing high-margin backlogs : With technical transfer from PDITL, TPC is currently able to produce HV cable (only local manufacturer in Vietnam) with increasing from upcoming projects
- ✓ New Products : After production technical transfer from PDITL to TPC, result to lower production cost and lead to achieve new backlog. In Q1/21 winning project backlog value is THB 1,500 mm (i.e. EVN transmission line and power plant in central and south Vietnam in Danang, Ho Chi Minh, Long an, and Quan Num)
- ✓ Advance Order Booked : Apart from production knowhow transfer, PDITL also educate and train TPC sale team to focus and work more closely with EPCs to secure longer duration backlog result to TPC's order booked in May 21 has increased to THB 2,442 mm or growth rate of 144%

FY 2021

- ✓ Potential Backlog : In 2021, TPC expects to achieve backlogs on newly opened bid especially (1) EVN projects including transmission line (MV to HV) (2) private sector including monorails, and mega building project.

Note:

* As of 31 July 2021 excluding revenue recognition in Q2/2021 and 1-30 July 2021

Shift to high-margin products

Breakthrough in HV and other specialty wire & cable

Submarine Cable

At present, PDITL / TPC are developing submarine cables in Vietnam to replace imported products from Europe. This would help the company to access and capture the high margin market with size of up to 17,660 MW

*Submarine cables are generally considered as **Environmental Friendly** based on LOSC (the United Nations Law of the Sea Convention 1982)*

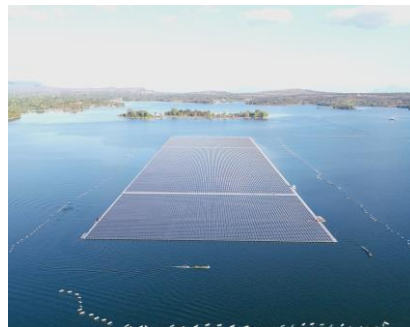


Floating Cable

At present, PDITL is only player to produce floating cable and under water cable in Thailand.

PDITL is a sole supplier to support floating cables to the first floating solar farm at Sirindhorn Dam with the capacity of 45 MW

Per the Power Development Plan B.E. 2561 - 2580 (PDP2018), EGAT will increase the proportion of renewable energy by developing 16 Hydro-floating Solar Hybrid Projects in the area of 9 EGAT dams with the total capacity of 2,725 MW.



HVDC Cable

High Voltage Direct Current (HVDC) systems enable utilities to move more power further, efficiently integrate renewables, interconnect grids, and improve network performance.

HVDC systems utilize power electronics technology to convert AC and DC voltage and are ideal for supporting existing systems or building new power highways.



Underground Cable

*PDITL is the **only** domestic producer of insulated Extra-High Voltage (EHV) cables (>230kv) in Thailand*

Underground cables are priority projects in major cities and to create security in electricity and lives (i.e. service uninterrupted by environmental hazards / prevention of accidents / good general appearance)



Q&A

