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***Analyst Conference Q3/15***  
***Wednesday, October 28, 2015***

## I. Consolidated Results

- Q3/15 Consolidated Results

- 9M/15 Summary

- Financial Updates

## II. SCG Cement - Building Materials

## III. SCG Chemicals

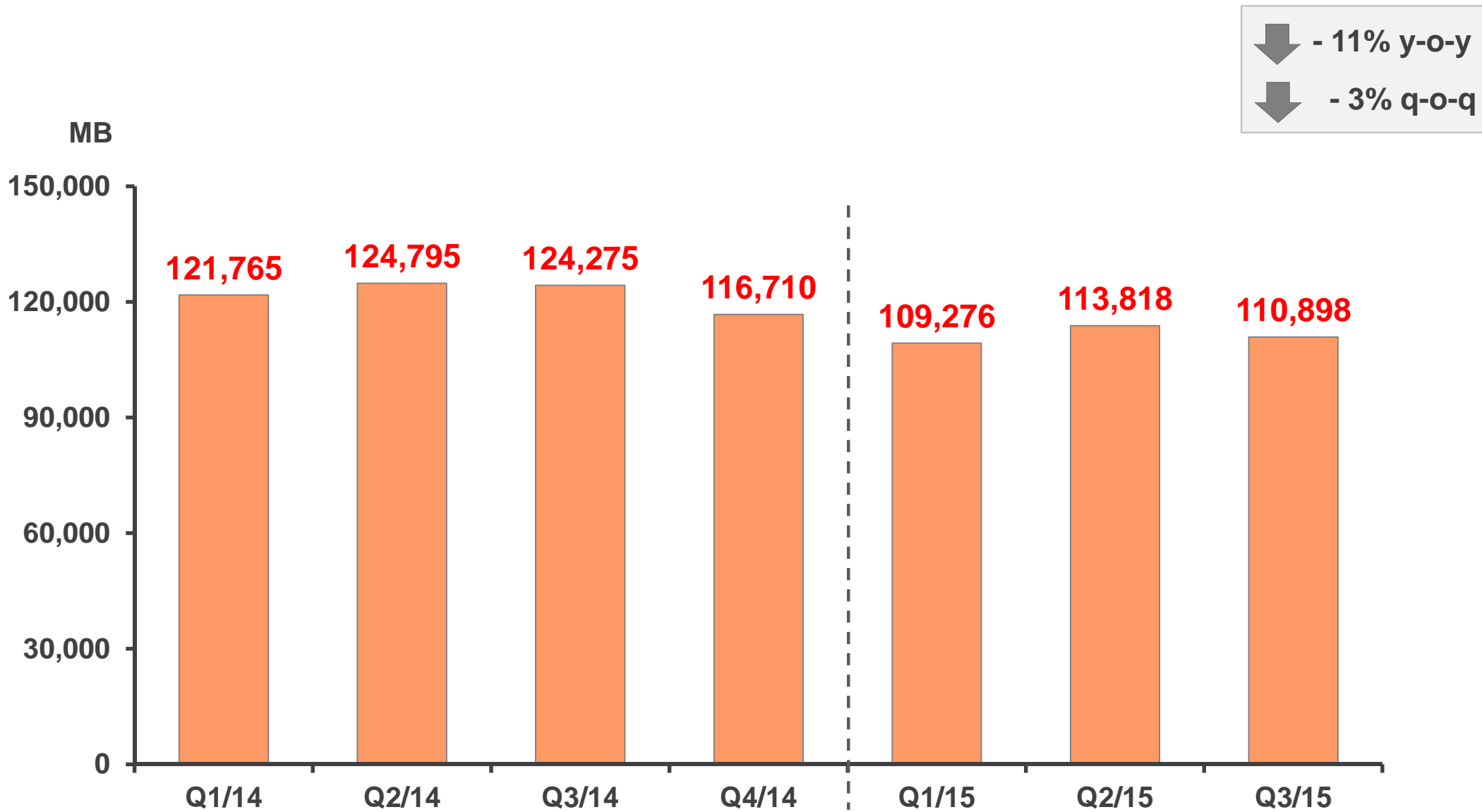
## IV. SCG Packaging

## V. Summary

# Revenue from Sales

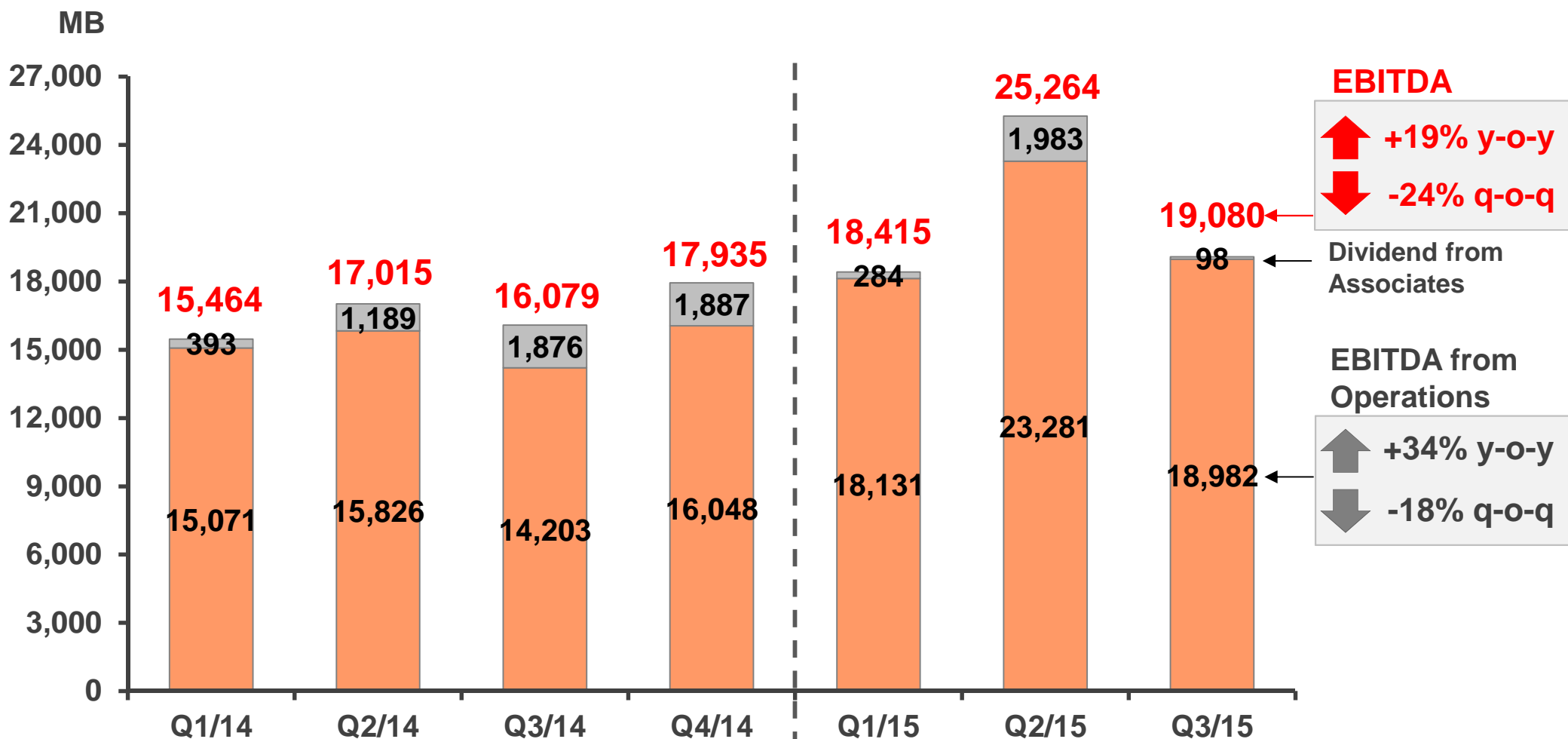


Q3/15 revenue decreased -11% y-o-y and -3% q-o-q due to lower chemicals product prices which are linked to oil prices.



# EBITDA

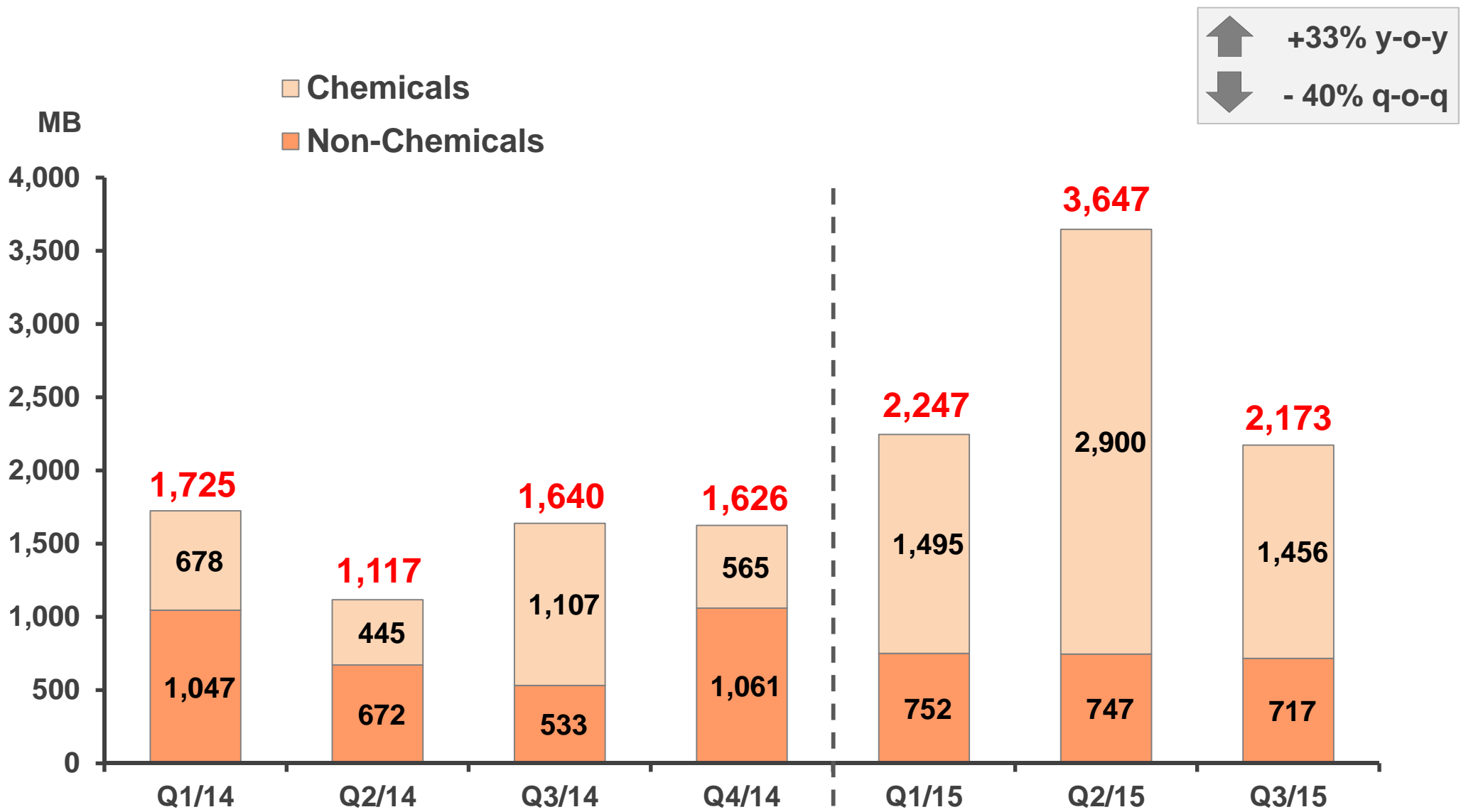
With the y-o-y recovery of chemicals margins, Q3/15 EBITDA grew +19% y-o-y, but dropped -24% q-o-q following inventory adjustments and normalized margins in the chemicals business.



**NOTE:** EBITDA = EBITDA from Operations + Dividend from Associates

# Equity Income

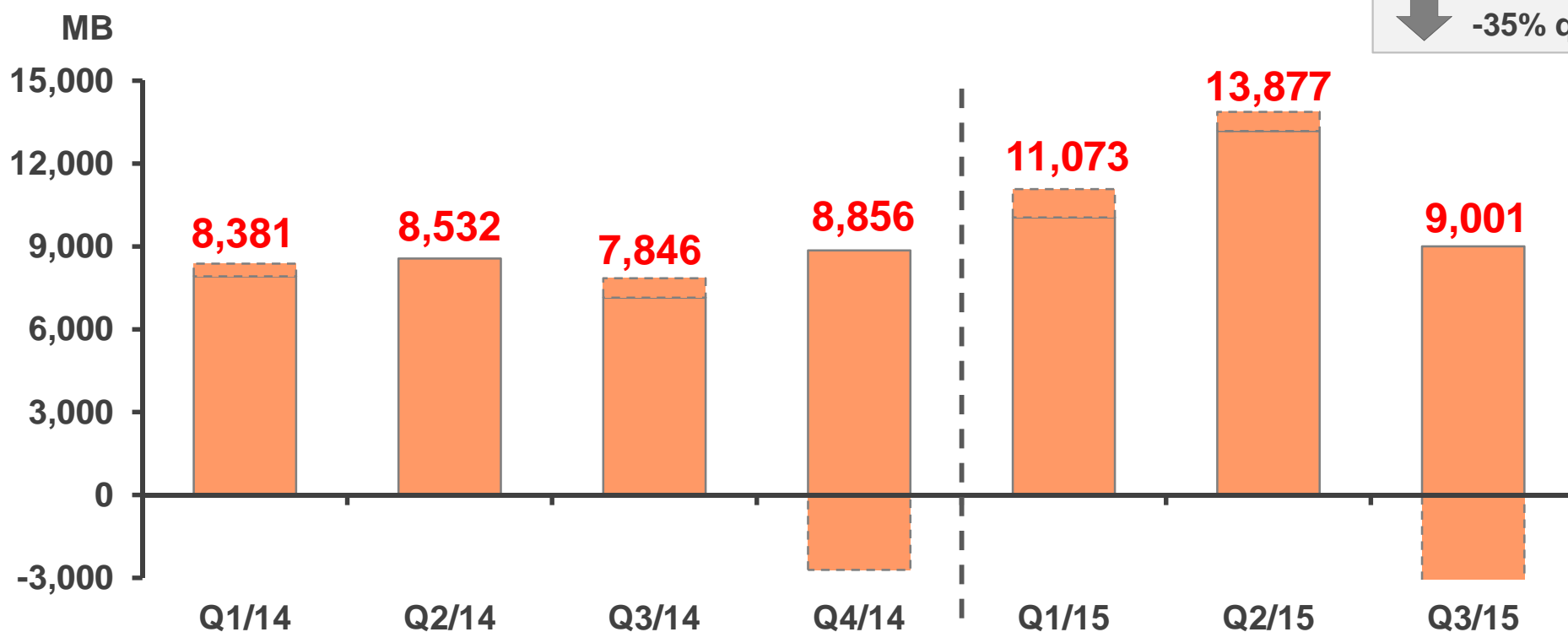
Q3/15 contribution from associates dropped -40% q-o-q, primarily in the chemicals business.



# Profit for the Period

Despite the 3,630 MB in non-recurring items, Q3/15 profitability registered 9,001 MB, a growth of +15% y-o-y.

 +15% y-o-y  
 -35% q-o-q



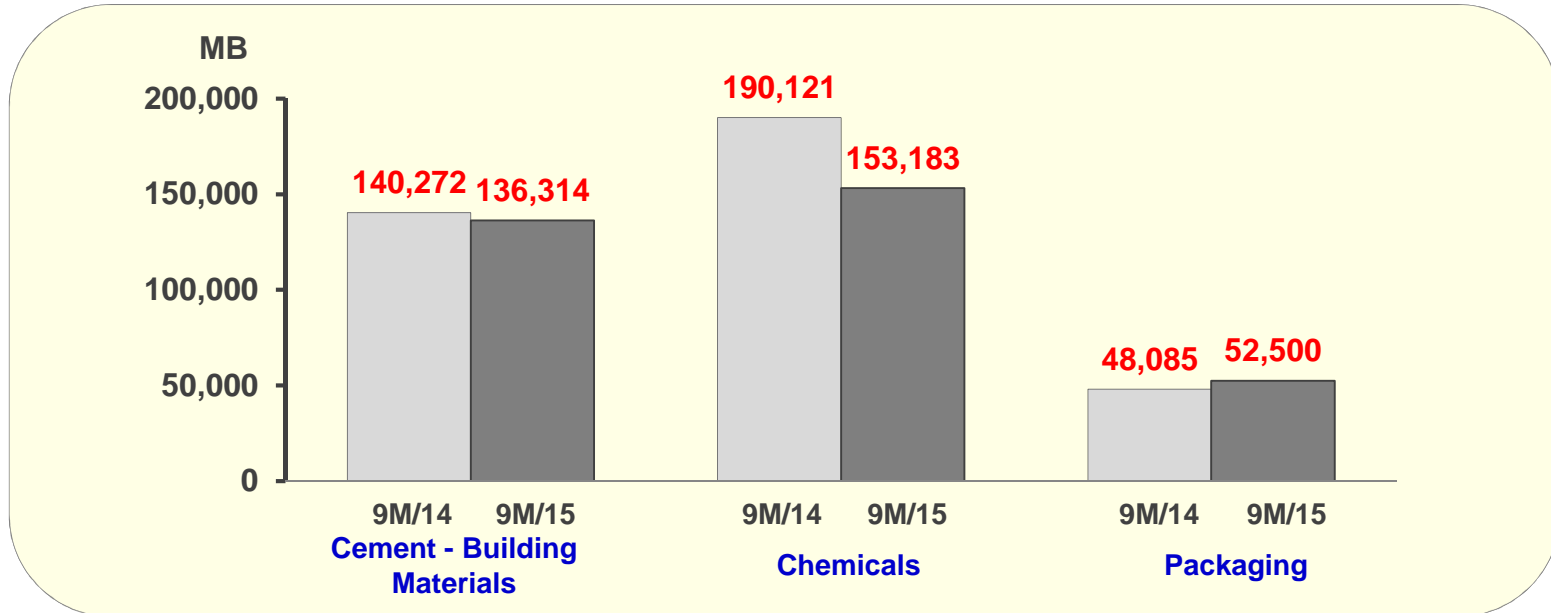
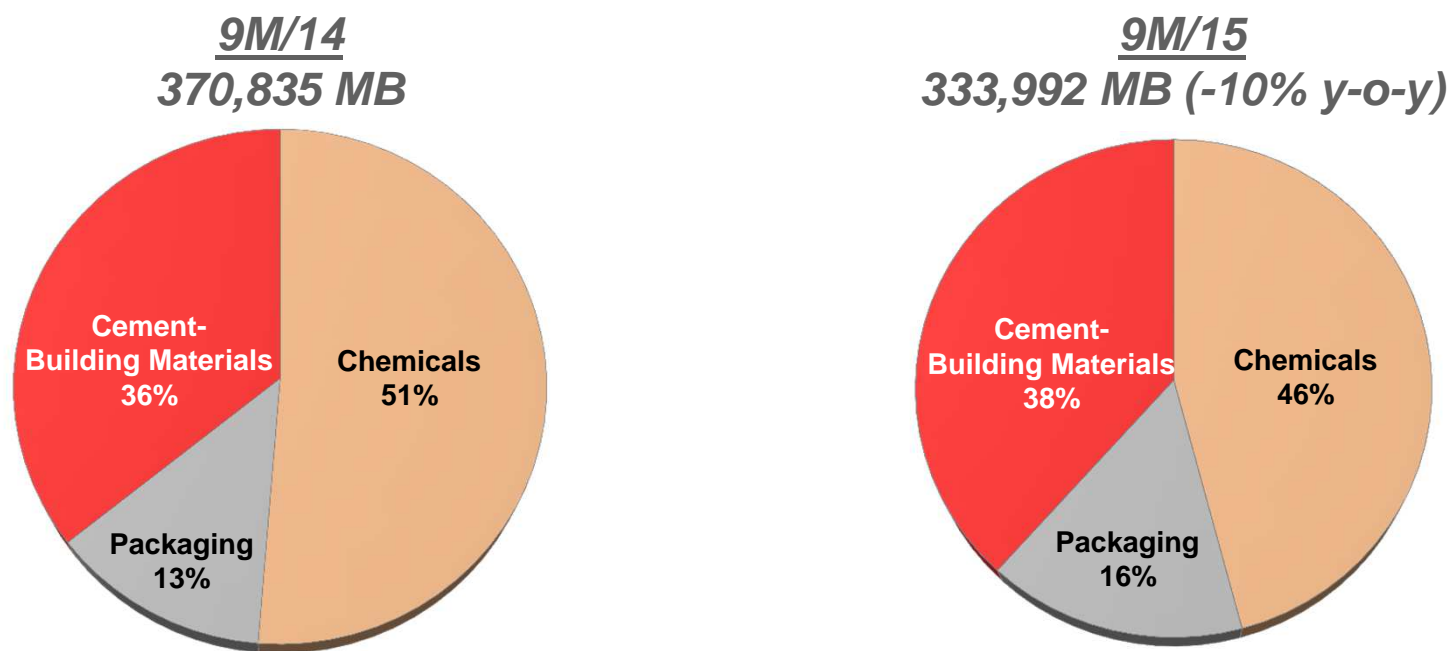
	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15
<b>Key Non-recurring</b>	<b>460</b>	<b>(30)</b>	<b>700</b>	<b>(2,710)</b>	<b>1,020</b>	<b>700</b>	<b>(3,630)</b>
1) Insurance Claim (Sub + Asso.)	450	50	150	120	0	0	0
2) FX Gain (Loss)	(170)	0	680	130	460	(270)	(420)
							(1,050)
3) Inventory Gain (Loss)*	180	(80)	(130)	(2,960)	(930)	970	(2,160)
4) Sales of Investment	0	0	0	0	1,490	0	0

\*Note: SCG Chemicals (Sub + Asso.)

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# Segmented Revenue from Sales

The chemicals business accounted for 46% in 9M/15.

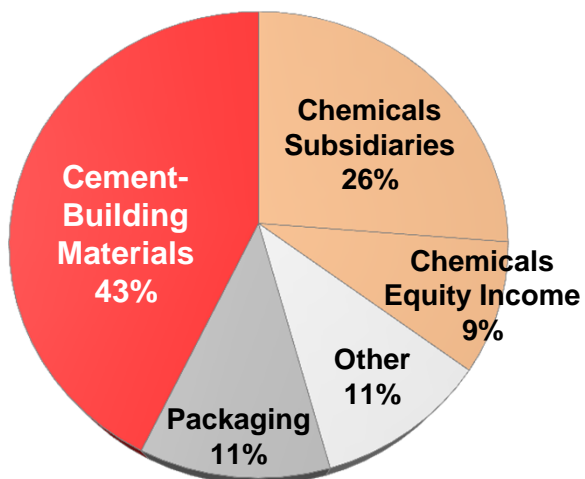




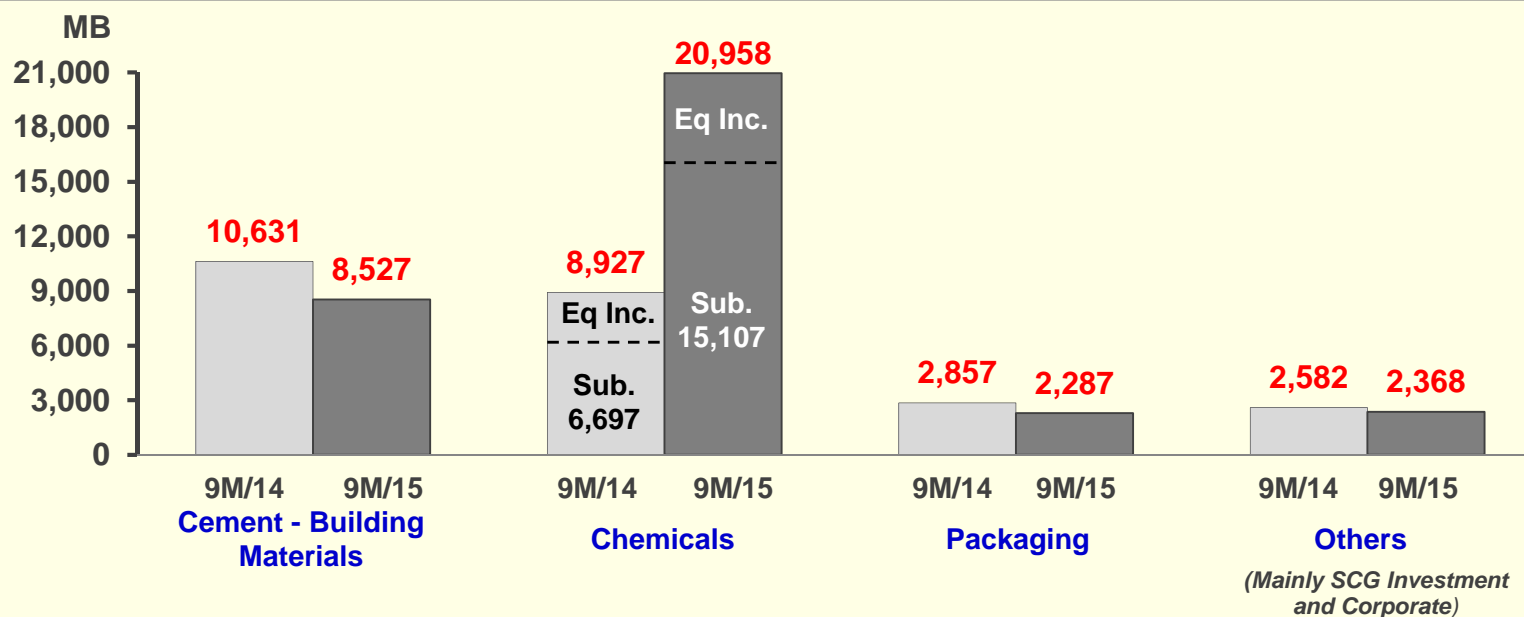
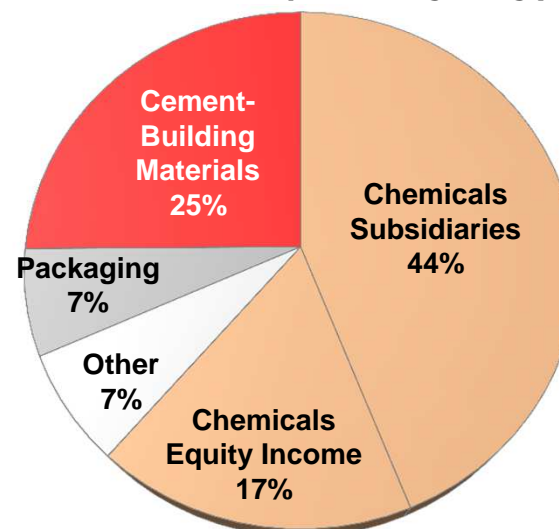
# Segmented Profit for the Period

The chemicals business accounted for the majority of the 9M/15 earnings at 61%.

**9M/14**  
**24,759 MB**



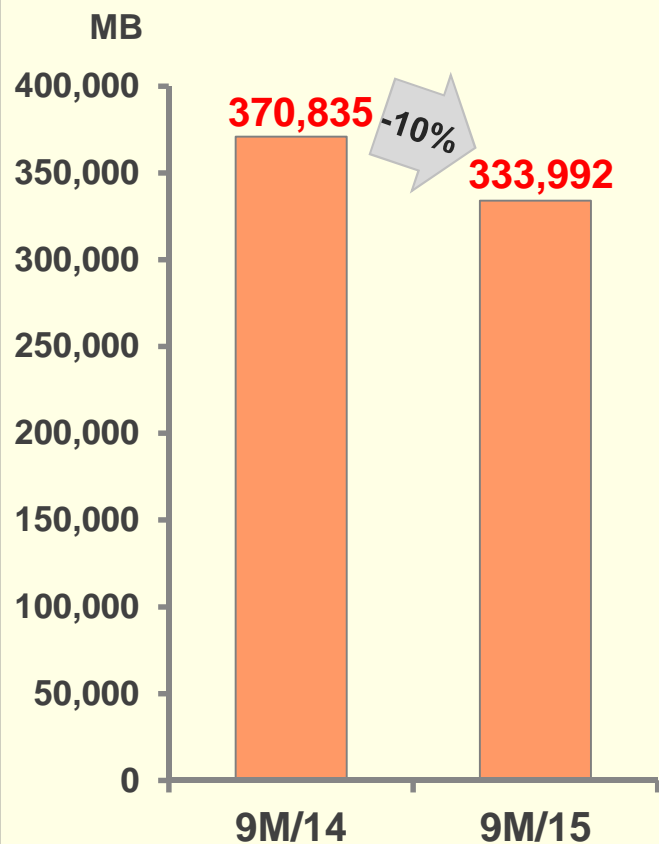
**9M/15**  
**33,951 MB (+37% y-o-y)**



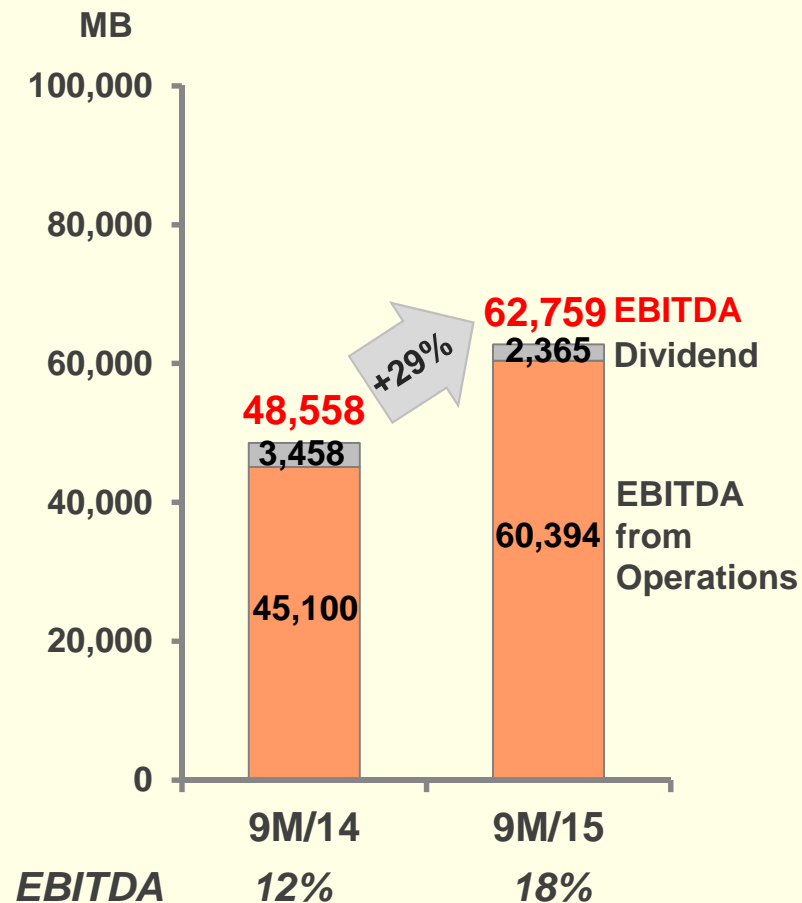
# 9M/15 Revenue from Sales & EBITDA

Sales decreased -10% y-o-y on lower chemicals prices, while EBITDA and profitability gained on increased chemicals margins.

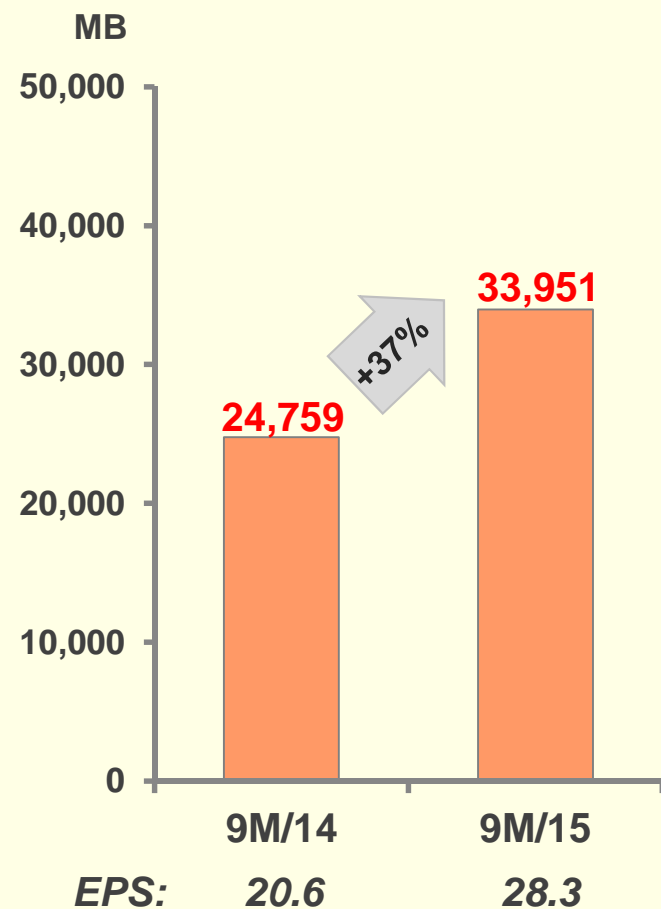
## Revenue from Sales



## EBITDA

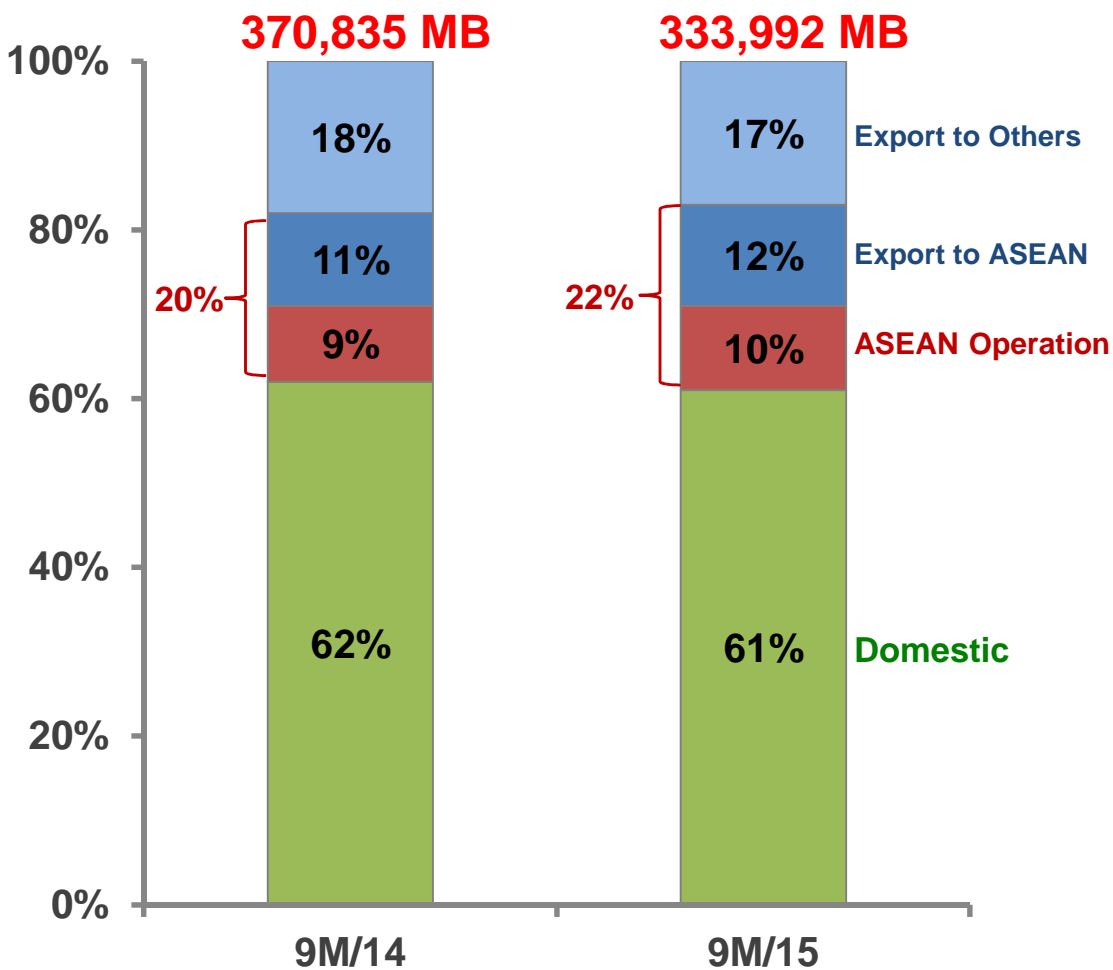


## Profit for the Period

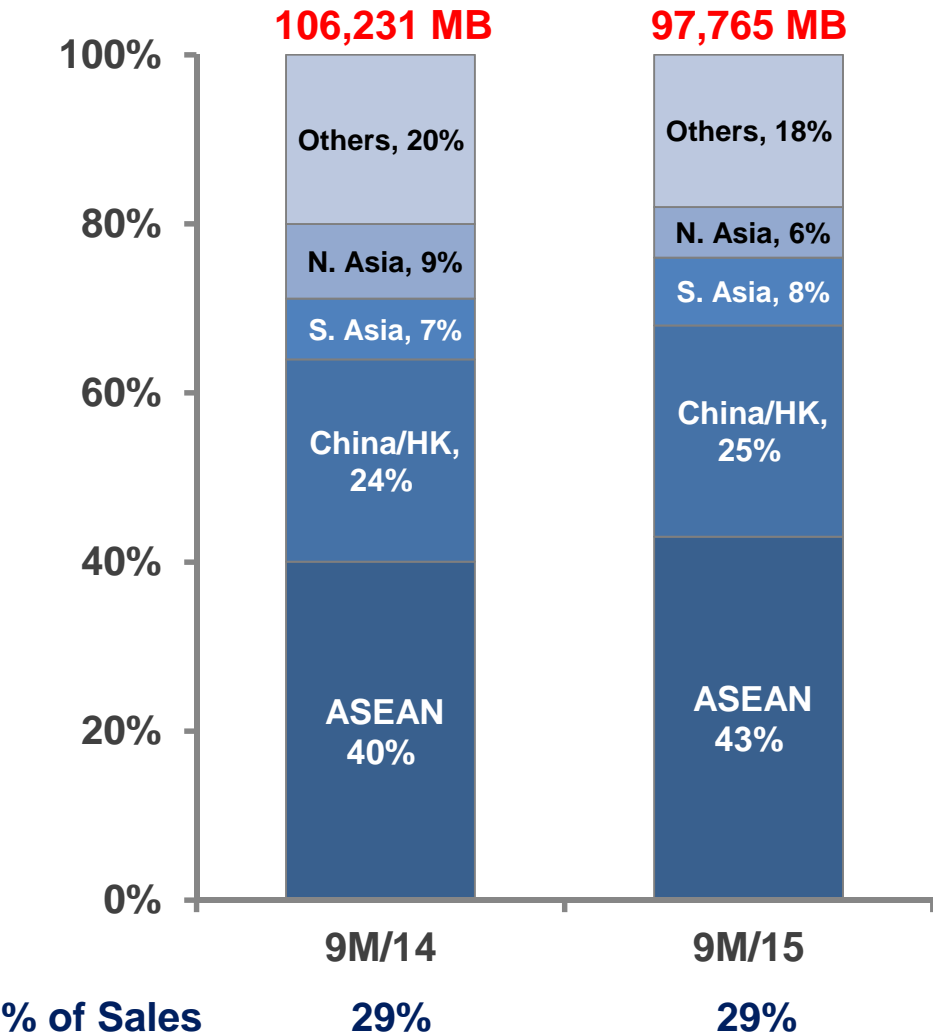


ASEAN exports and ASEAN operations accounted for 22% in 9M/15, compared to 20% in 9M/14.

Sales Destinations

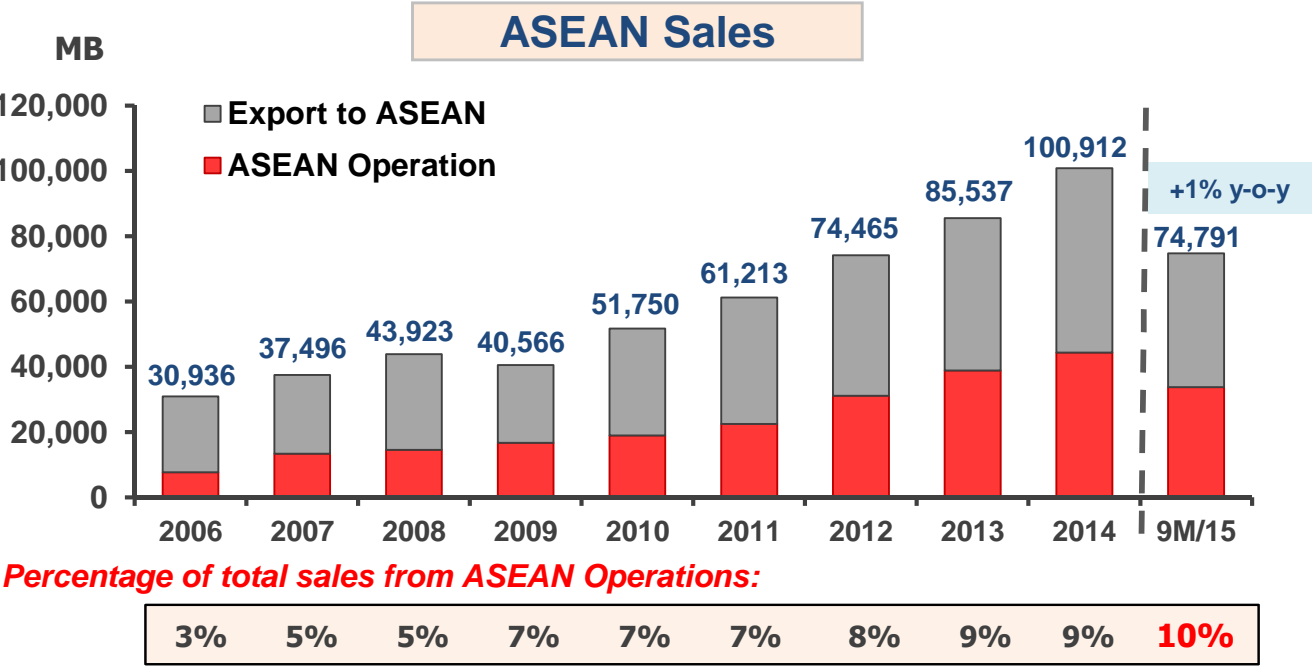


Export Destinations

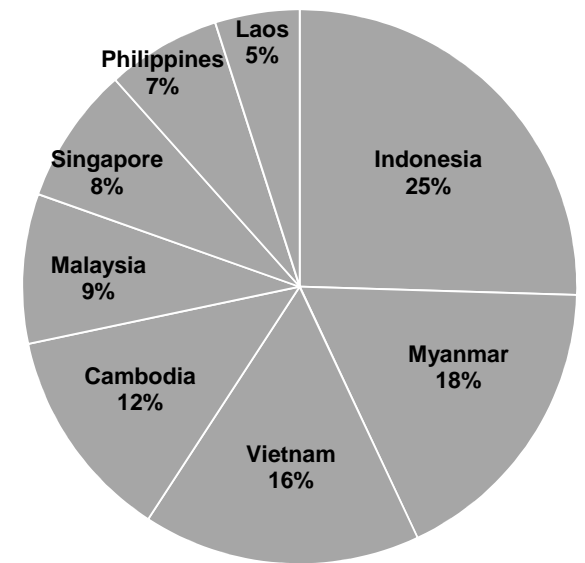


# Segments: Export Sale and ASEAN Operation

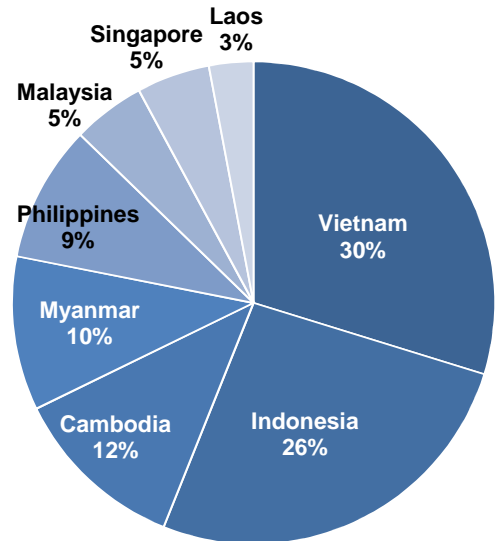
Sales to ASEAN (exports and localized operations) reached 74,791 MB in 9M/15 (Thai Baht term).



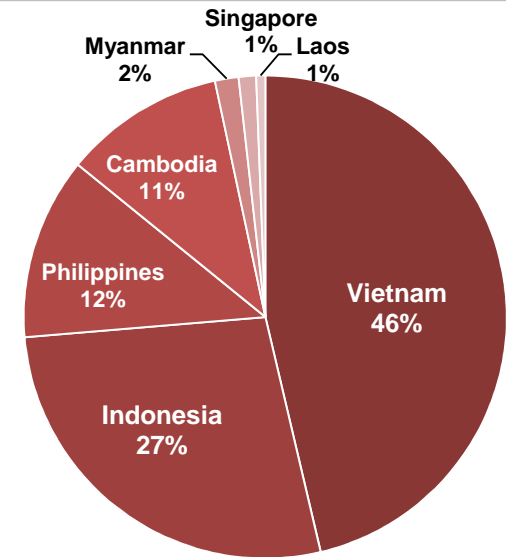
### Export to ASEAN by countries



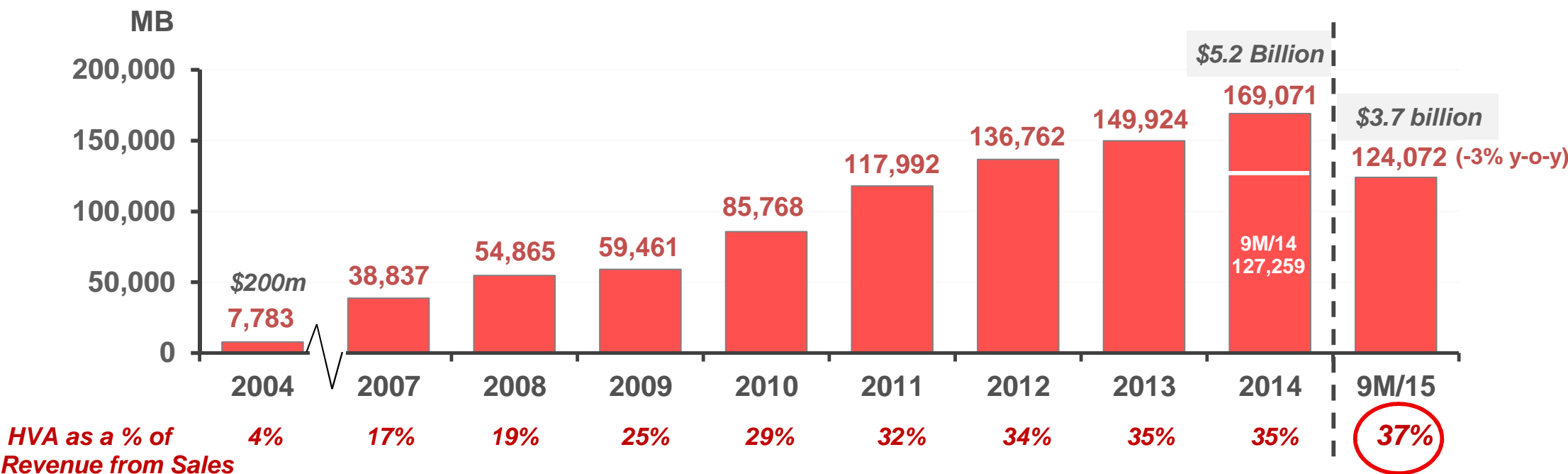
### ASEAN Sales by countries



### ASEAN Operation by countries



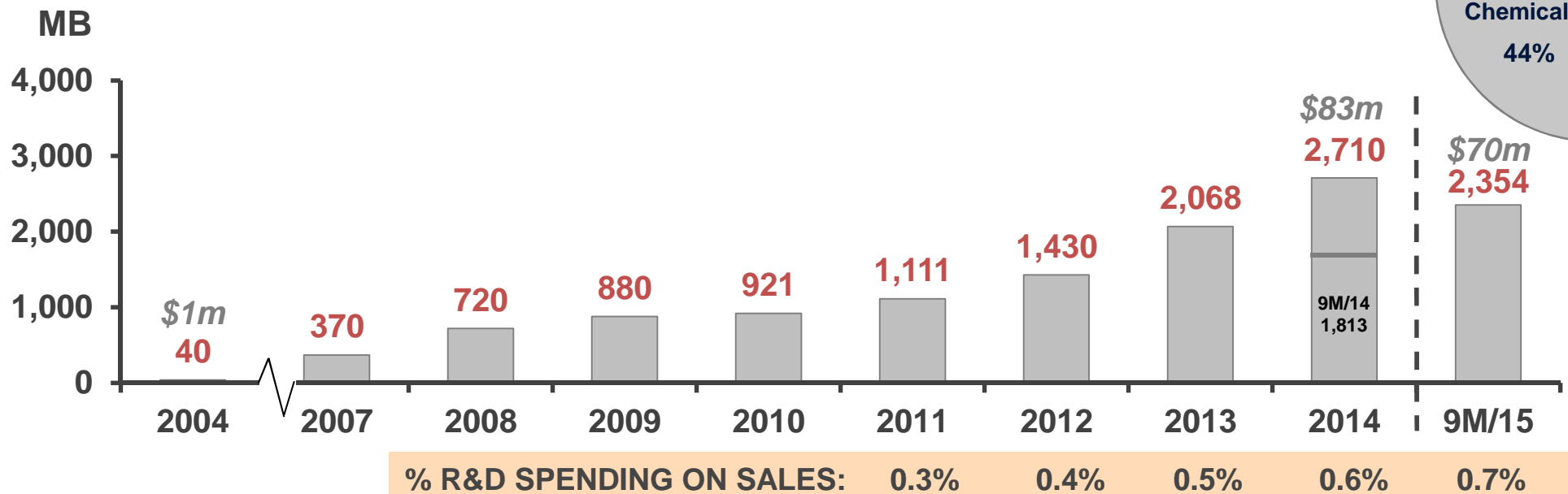
**Consolidated:**



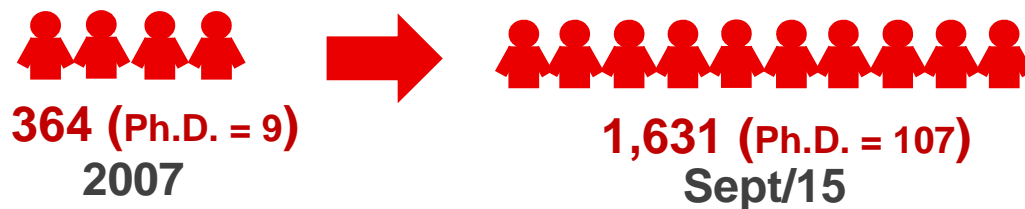
Business	2013	2014	9M/15
Cement-Building Materials	41%	42%	42%
Chemicals	27%	27%	31%
Chemicals (Includes associates)	50%	50%	53%
Packaging	38%	39%	38%



## R&D Spending



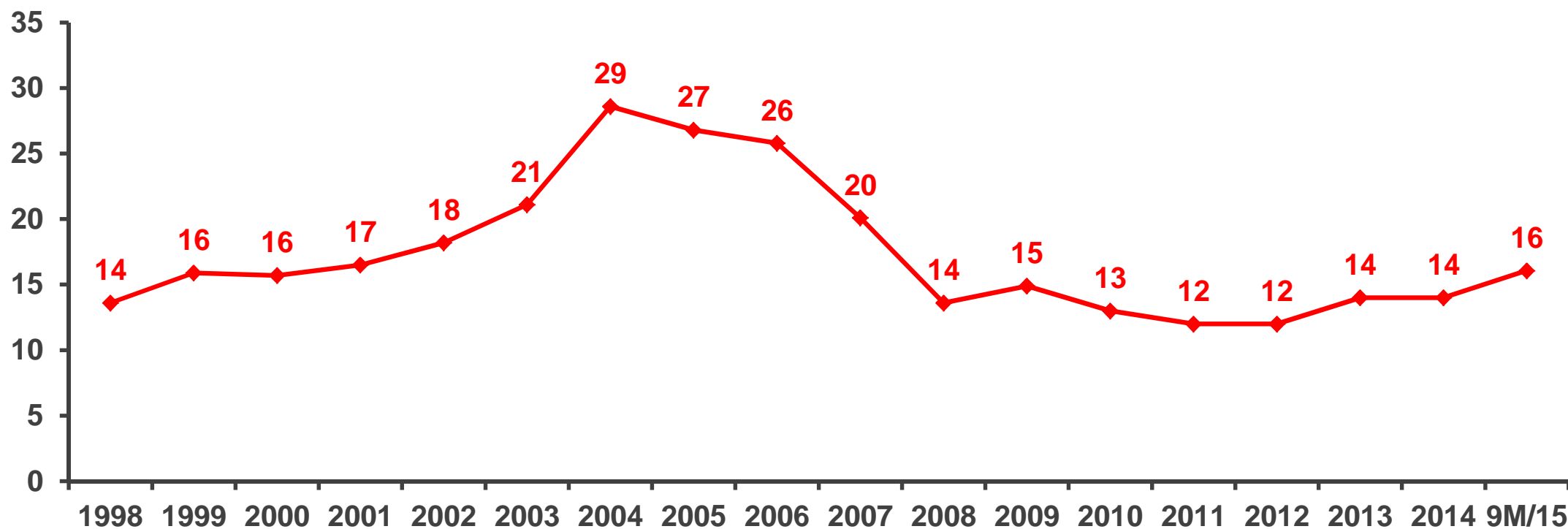
## R&D and Product Design Team



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## EBITDA on Total Assets

Percent (%)



EBITDA Margin (%):

23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13	18
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EBITDA on Assets = EBITDA / Consolidated Assets

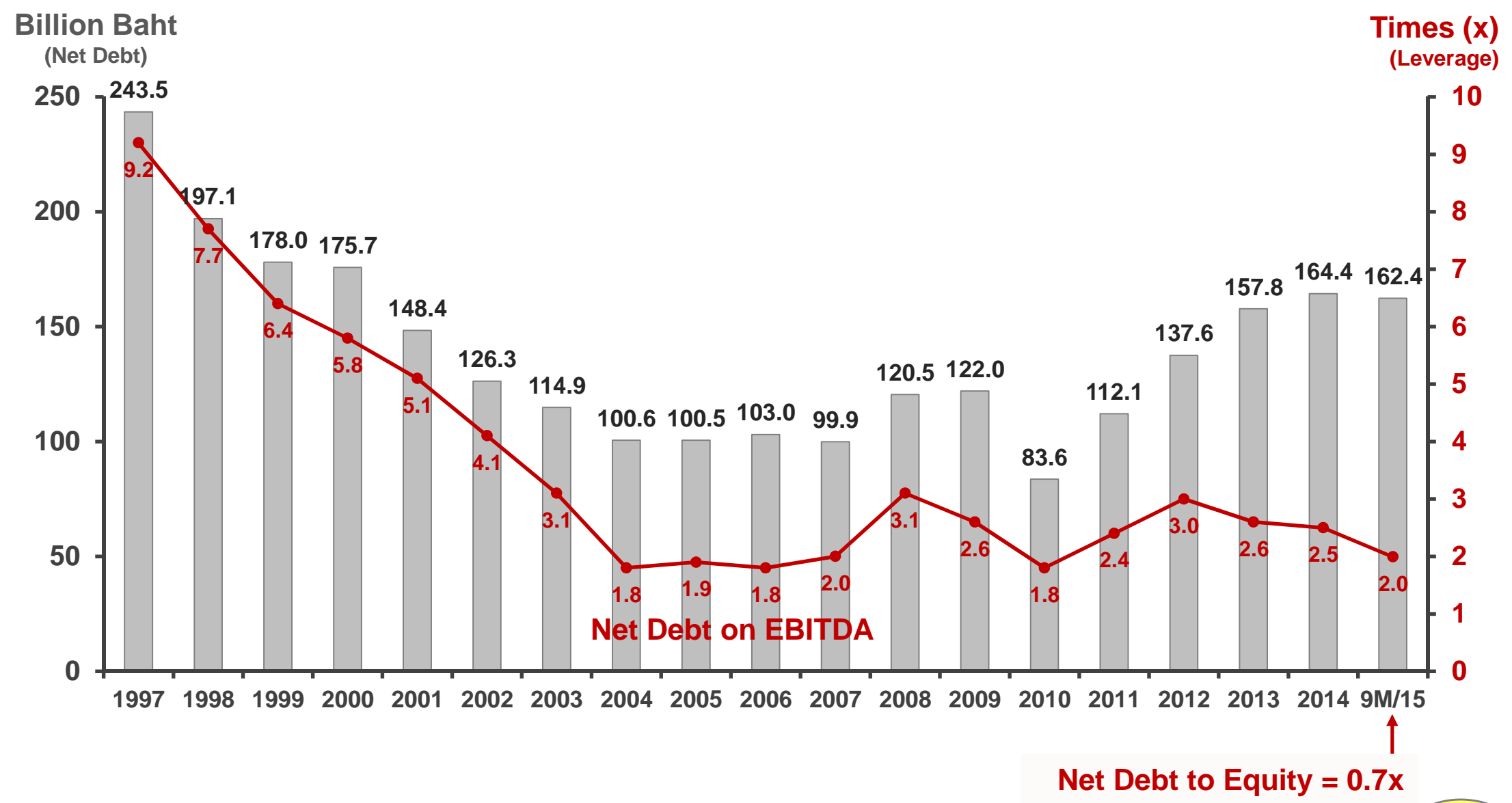
EBITDA margin = EBITDA from Operations / Consolidated Sales



# Net Debt



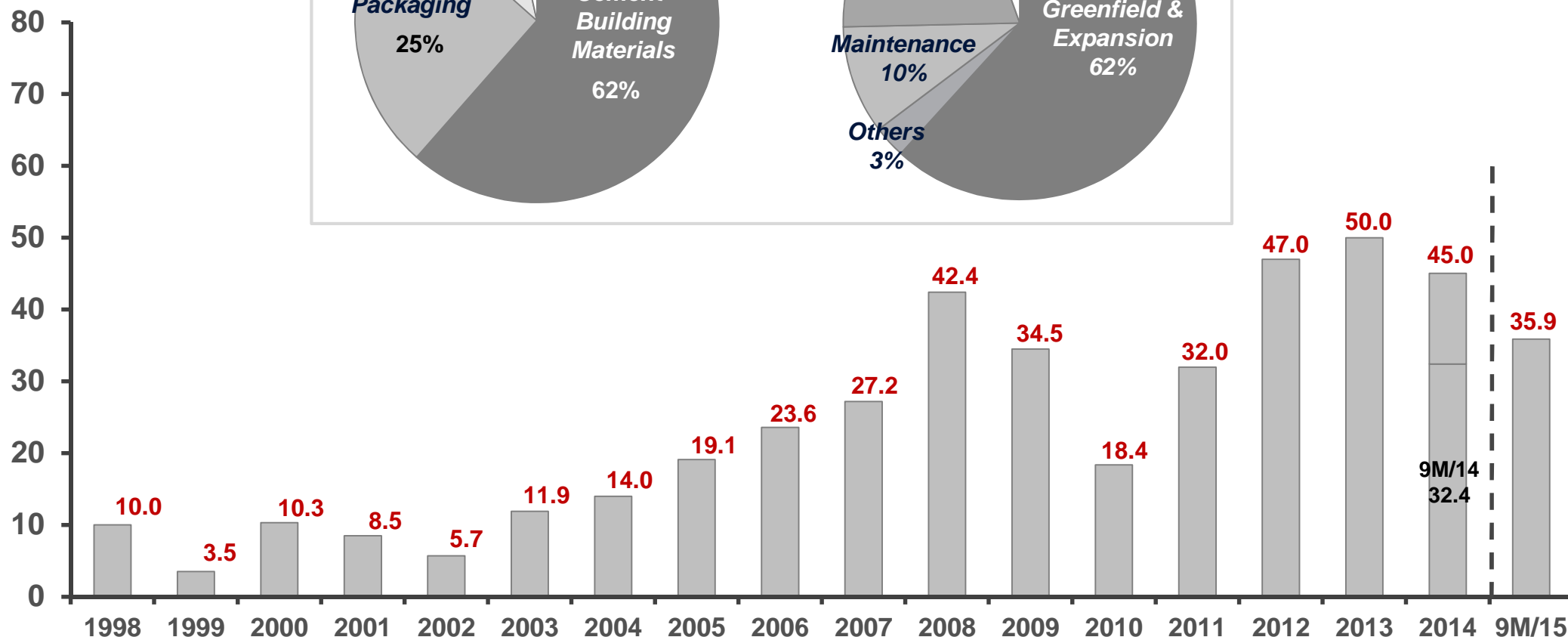
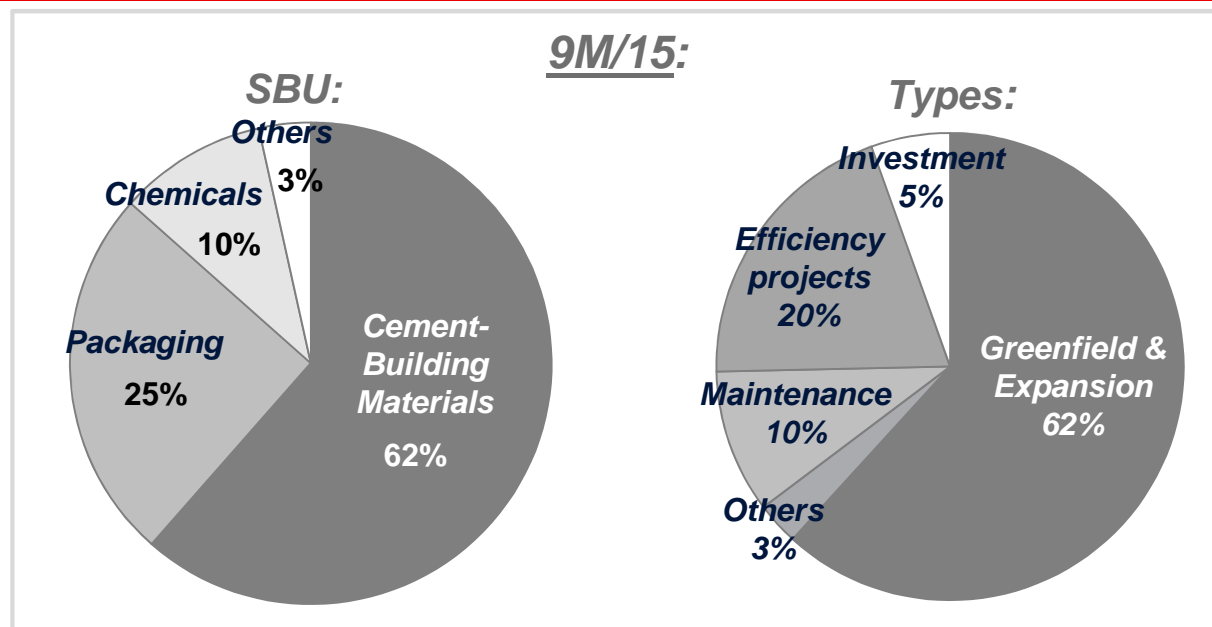
Leverage registered 2.0 times (x), on healthy EBITDA and lower net debt.



# CAPEX & Investments

Amounted to 35,896 MB in 9M/15, which was mainly the greenfield & expansion in the cement-building materials business.

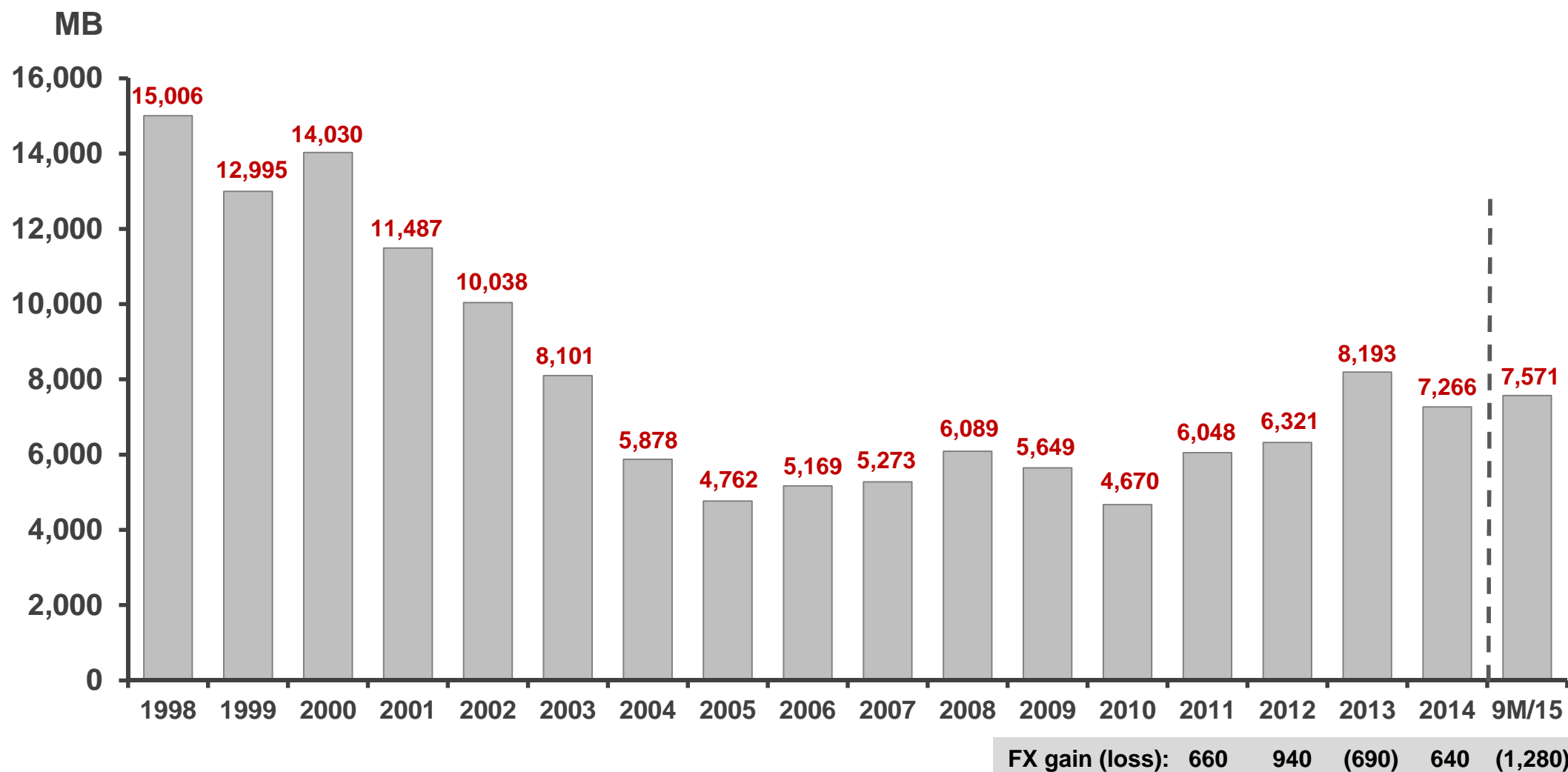
Billion Baht



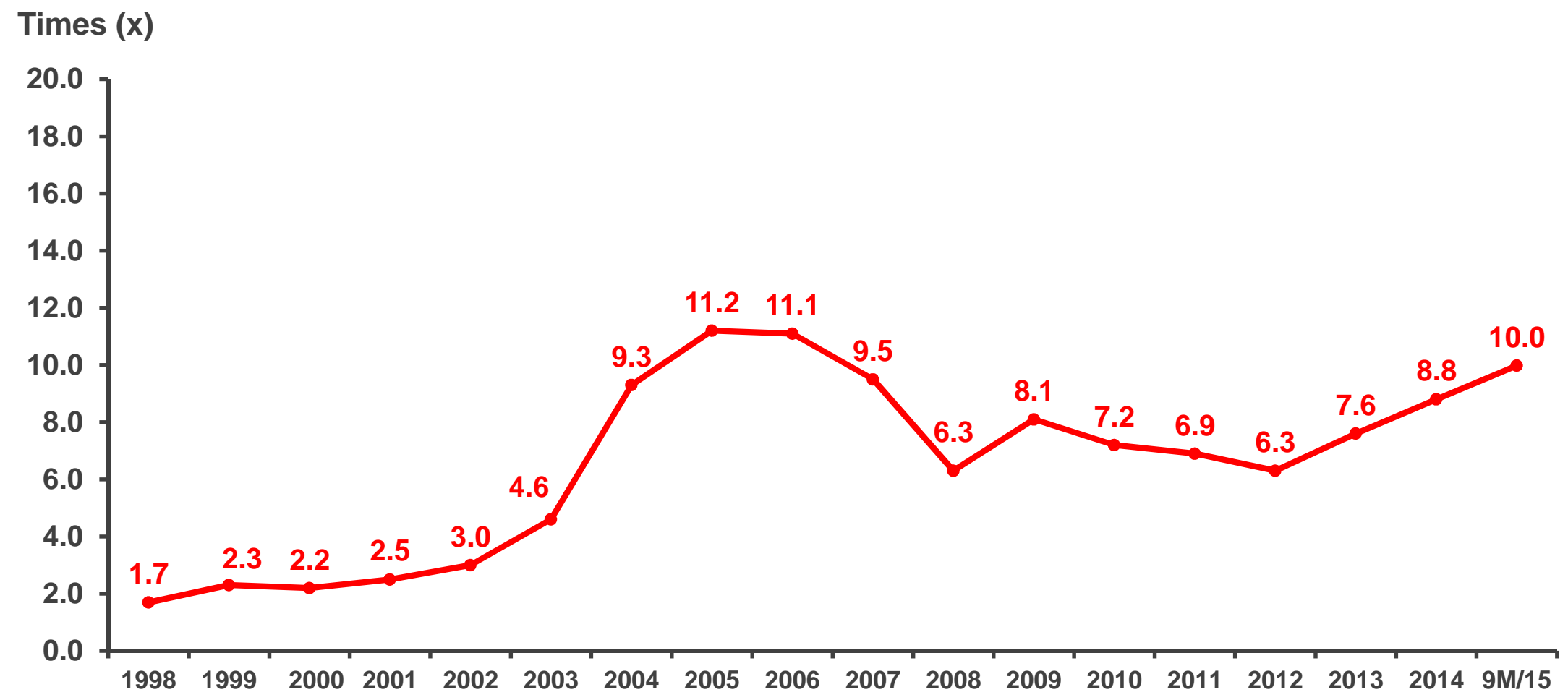
- CAPEX includes debottlenecking, expansion projects, and major turnaround.
- Investments are acquisitions and purchase of shares.

# Interest and Finance Costs

The 9M/15 total of 7,571 MB included a cumulative FX loss of 1,280 MB, while interest cost was 4.1%.



NOTE: Interest & financial charges include FX gain/loss transactions.



Note: - Interest Coverage Ratio = EBITDA / Interest Expense  
- Interest Coverage Ratio excludes the effect of FX gain/loss.

## Highlights:

- Solid operating results, despite the total of 3,630 MB from the FX loss, and the chemicals inventory adjustment.
- Cash & cash under management of 43,210 MB at the end of Q3/15.
- Net Working Capital decreased 6,816 MB to 54,121 MB, with Inventory to Sales at 43 days.
- 10 Billion Baht (4 years, 3.40% fixed) debenture to be issued on Nov 2/15 to replace the matured 10 Billion Baht tranche (4-years, 4.50% fixed).

## Outlook:

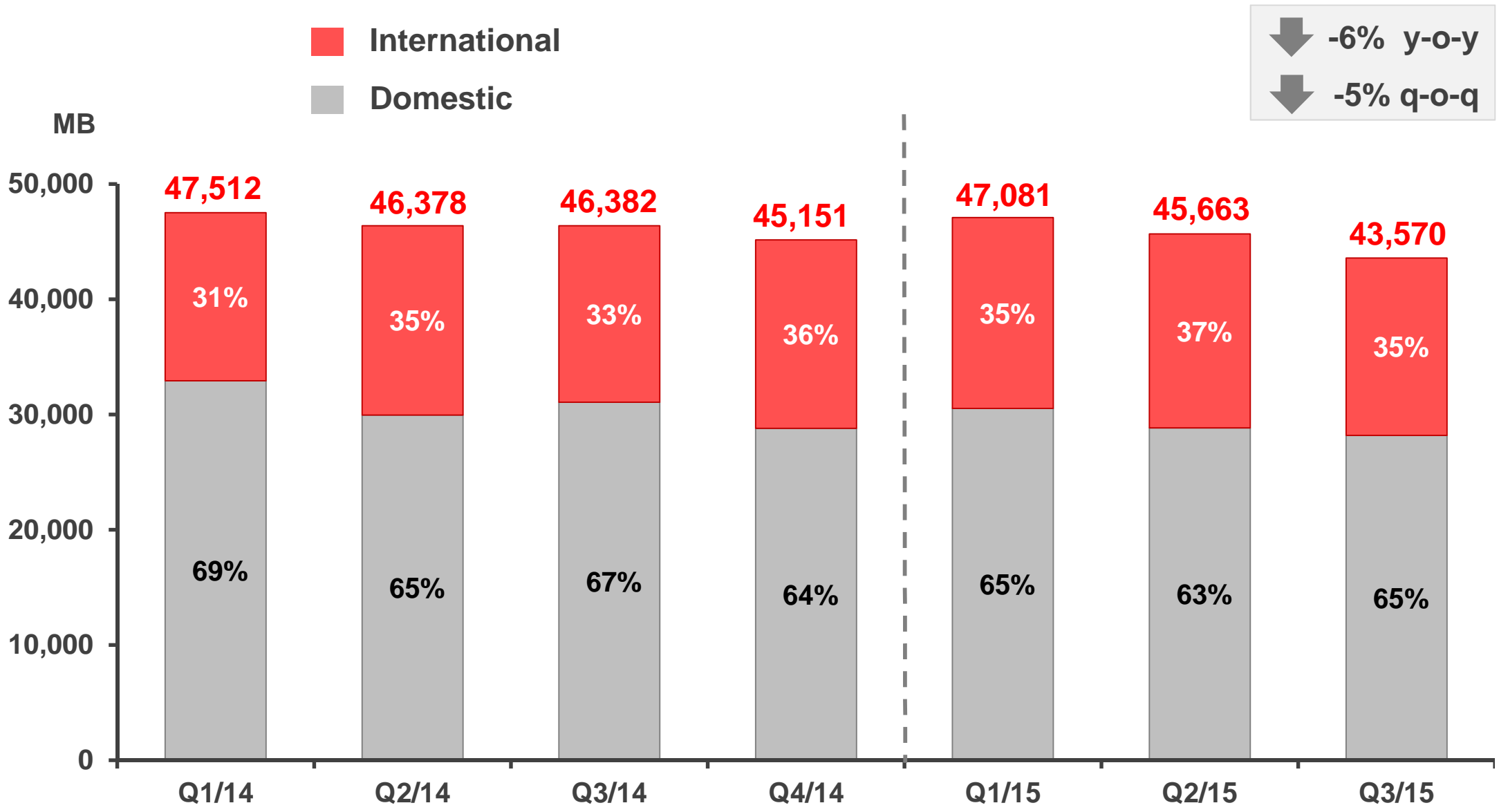
- Solid financial position, with manageable leverage.
- Continued strong cash flow generation from operations is expected.
- Forecasted FY2015 CAPEX & Investments of approximately 50,000 MB.
- Estimated FY2015 depreciation of 21,000 MB, up 3,000 MB y-o-y.

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# Revenue from Sales

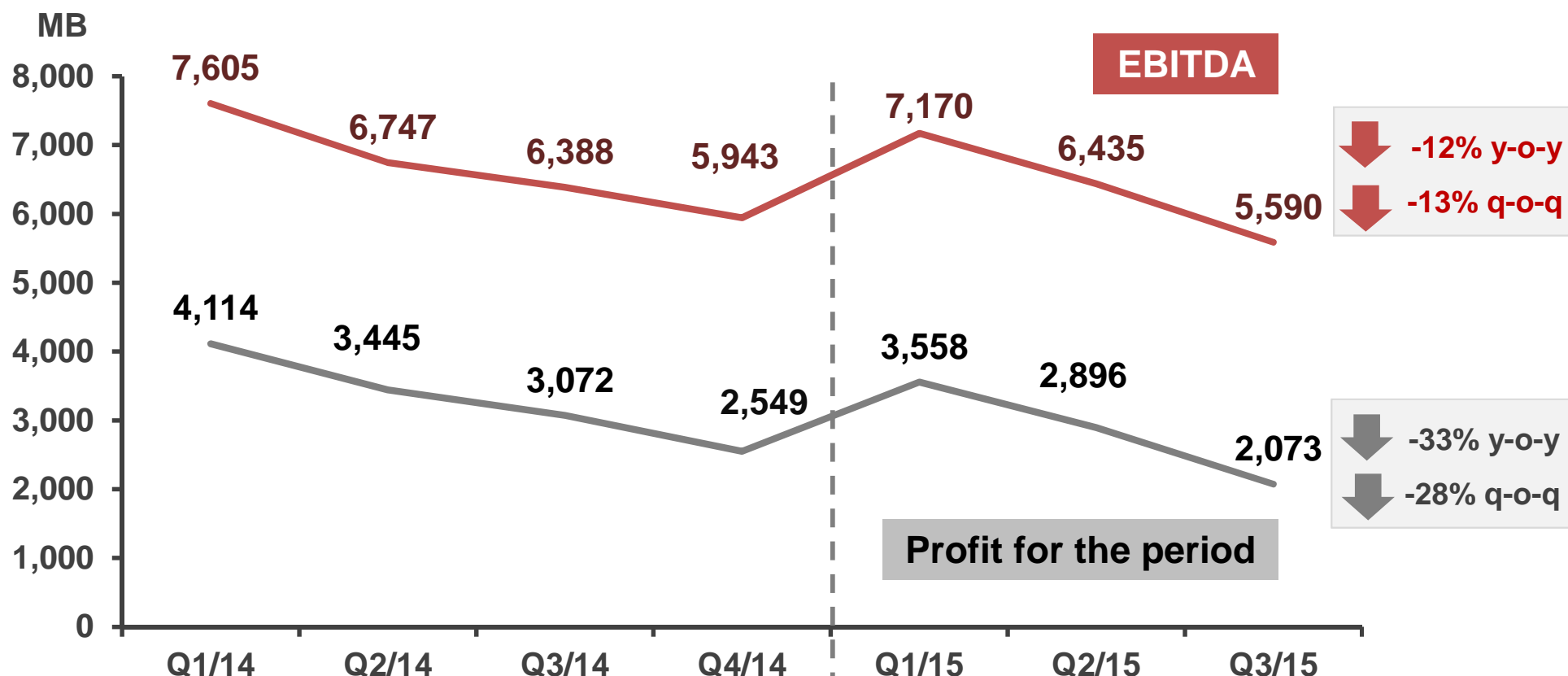


Sales in Q3/15 decreased -6% y-o-y due to the domestic market softness.



# EBITDA and Profit for the Period

Q3/15 EBITDA dropped -12% y-o-y on the weak domestic market, while depreciation and lower EBITDA caused profitability to decrease -33% y-o-y.



## EBITDA Margin \*

Total	16%	15%	14%	13%	15%	14%	13%
International	9%	9%	9%	10%	10%	11%	10%
Domestic	18%	16%	16%	15%	18%	16%	14%
Domestic Structural Product	28%	26%	25%	21%	27%	24%	22%

## EBITDA Portion

International	19%	25%	23%	28%	24%	29%	28%
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\* EBITDA margin = EBITDA from Operations / Consolidated Sales



- Overall, cement demand remained soft, dropping -1% y-o-y in Q3/15, especially in the residential sector which decreased -7% y-o-y, despite the government sector's growth of +11% y-o-y.
- Ready-mixed concrete (RMC) demand grew +1% y-o-y in Q3/15, with average prices range of 1,750-1,800 baht per cubic meter.
- Demand for housing products (roof ceiling & wall) and ceramic tiles both dropped in the range of -8% to -9% y-o-y in Q3/15. These declines are attributed to the slower than expected economic recovery, the result of continued low farm income and weak consumer confidence.

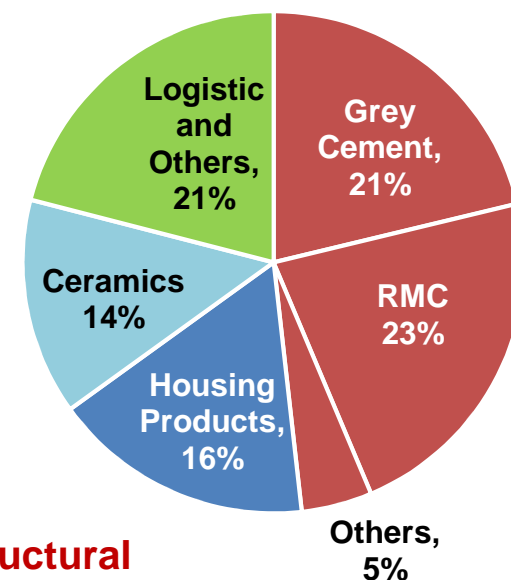
# Domestic sales segmentation

Q3/15 sales in Thailand dropping -9% y-o-y, primary due to softer housing products market.

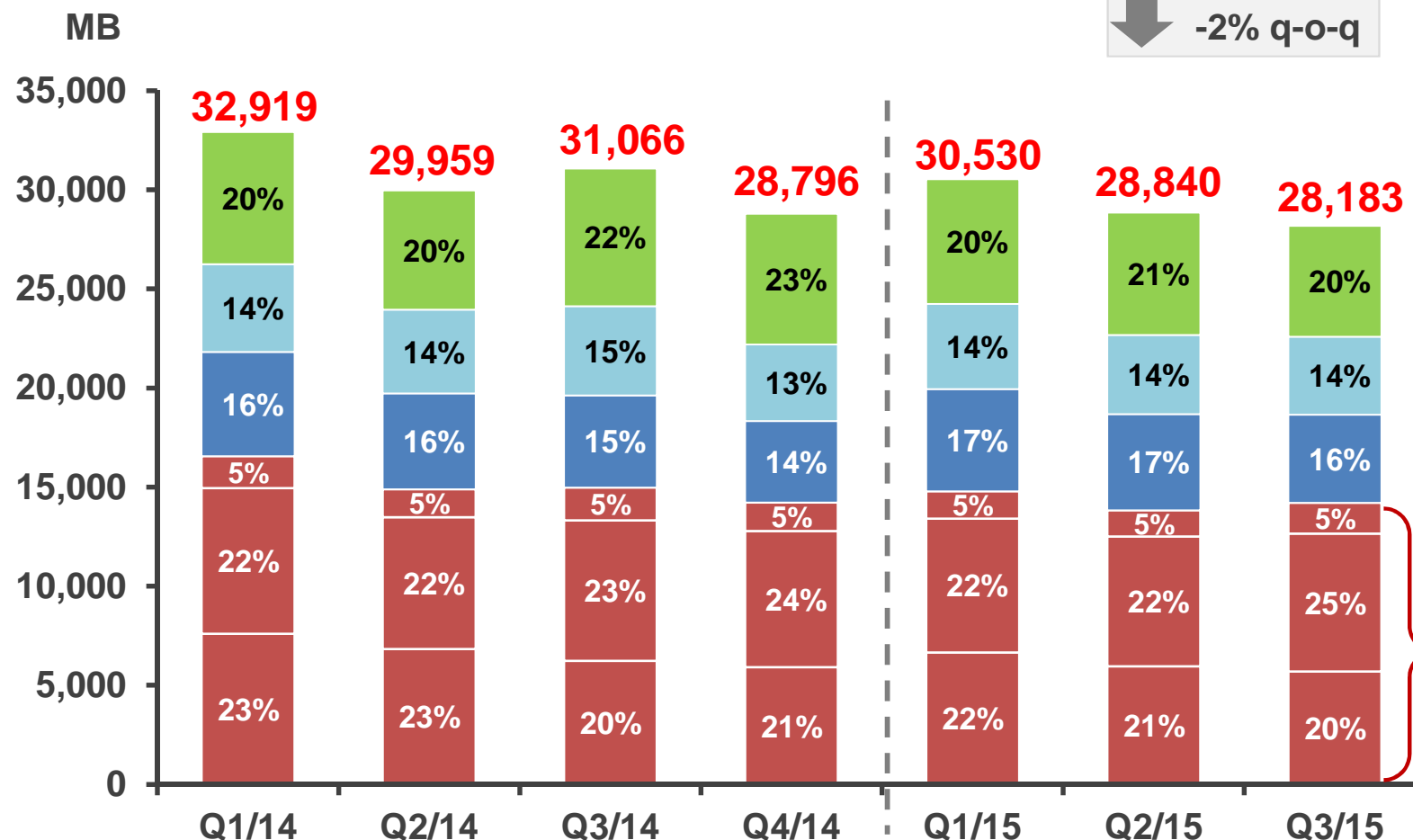
 -9% y-o-y  
 -2% q-o-q

## Domestic Sales (9M/15)

**87,553 MB**  
(-7% y-o-y)



**Structural Products**



**Note:** Domestic business: domestic sales from Thai operations

**Structural Products:** Grey cement, RMC, Others (mortar, white cement, and lightweight concrete blocks).

**Housing Products:** Roofing products, Board & Wood sub, and Home improvement.

**Ceramics:** includes Sanitary ware and Fittings.

## % Growth ( y-o-y )

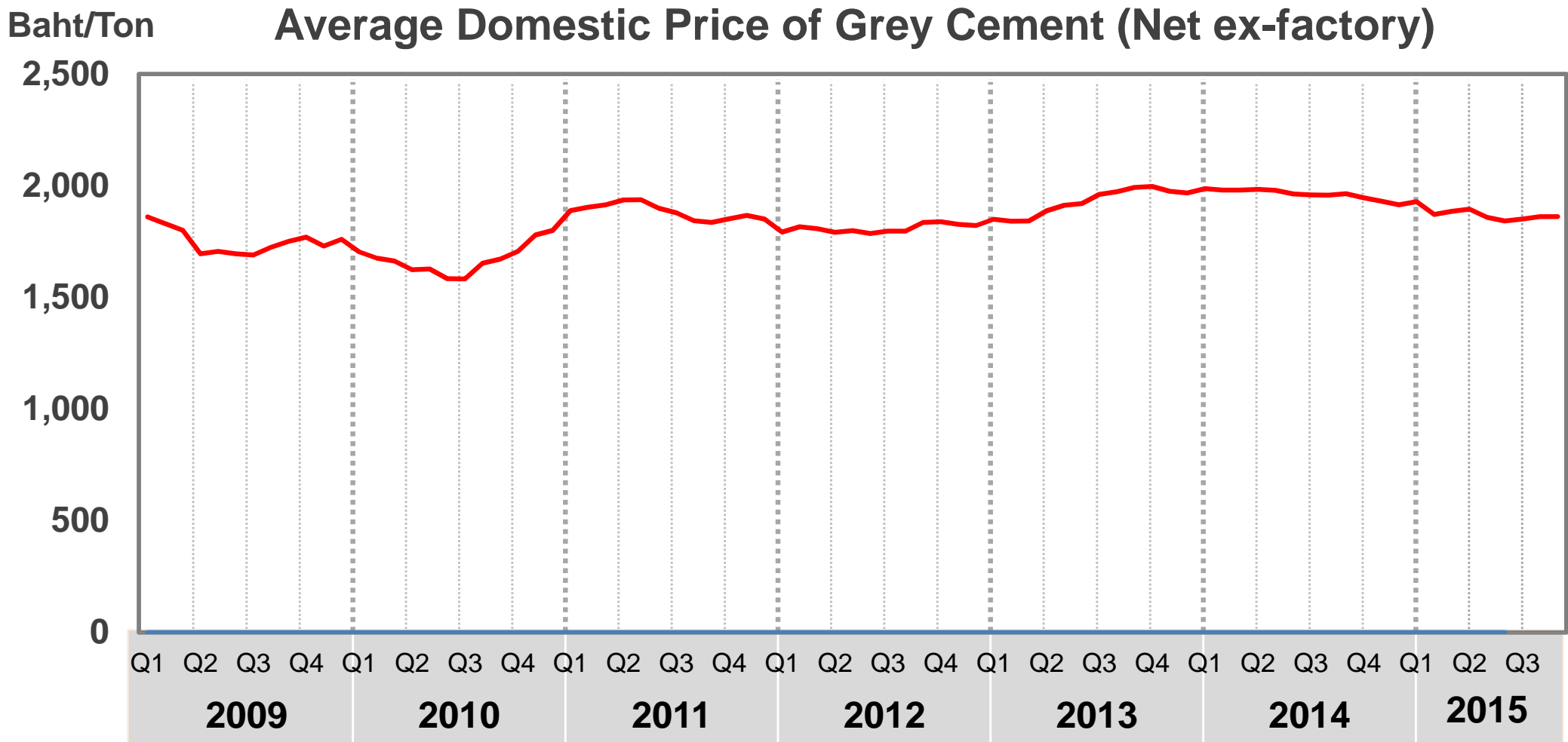
	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	9M/15
<b>Total Market*</b> (100%)	<b>+4%</b>	<b>0%</b>	<b>-3%</b>	<b>-3%</b>	<b>-1%</b>	<b>-2%</b>	<b>+2%</b>	<b>-1%</b>	<b>-0.5%</b>
<b>Commercial</b> (Approximately 20%)	+14%	+5%	-4%	-8%	+1%	-6%	+1%	-3%	<b>-3%</b>
<b>Gov't</b> (Approximately 30%)	+1%	-2%	-3%	0%	-1%	+10%	+11%	+11%	<b>+11%</b>
<b>Residential</b> (Approximately 50%)	+1%	-1%	-2%	-3%	-1%	-7%	-3%	-7%	<b>-5%</b>

**Note:** \* Estimated volume market distribution

# Domestic cement price



Average prices in Q3/15 were flat q-o-q in the 1,850-1,900 Baht/ton range.



### Sale Mix

- Bagged Cement (%)	49	47	45	48	49	44	42	42	45	44	40	38	41	40	37	37	39	39	35
- Bulk Cement (%)	51	53	55	52	51	56	58	58	55	56	60	62	59	60	63	63	61	61	65

## Cement Demand Growth ( y-o-y )

	Q1/14	Q2/14	Q3/14	Q4/14	2014	Q1/15	Q2/15	Q3/15	9M/15
<b>Cambodia</b>	+11%	+3%	+6%	+21%	<b>+10%</b>	+8%	+12%	+17%	<b>+13%</b>
<b>Indonesia</b>	+4%	+4%	+2%	+3%	<b>+3%</b>	-2%	-4%	+3%	<b>-1%</b>
<b>Myanmar</b>	+19%	+14%	+5%	+5%	<b>+11%</b>	+17%	+19%	+7%	<b>+15%</b>
<b>Vietnam</b>	+11%	+6%	+17%	+9%	<b>+11%</b>	-1%	+11%	+10%*	<b>+7%*</b>

**Note:** Indonesia's cement demand is based on data from the Indonesian cement association (ASI).

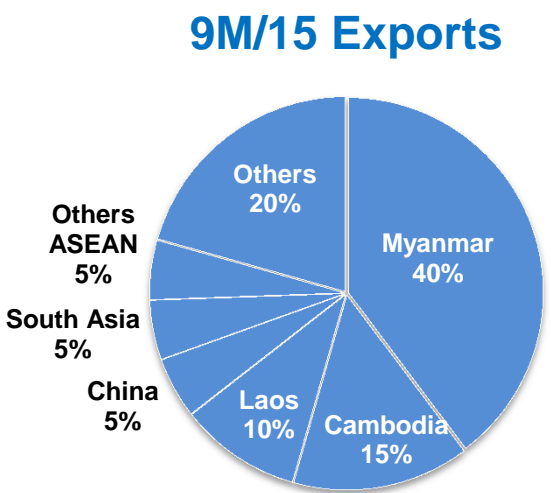
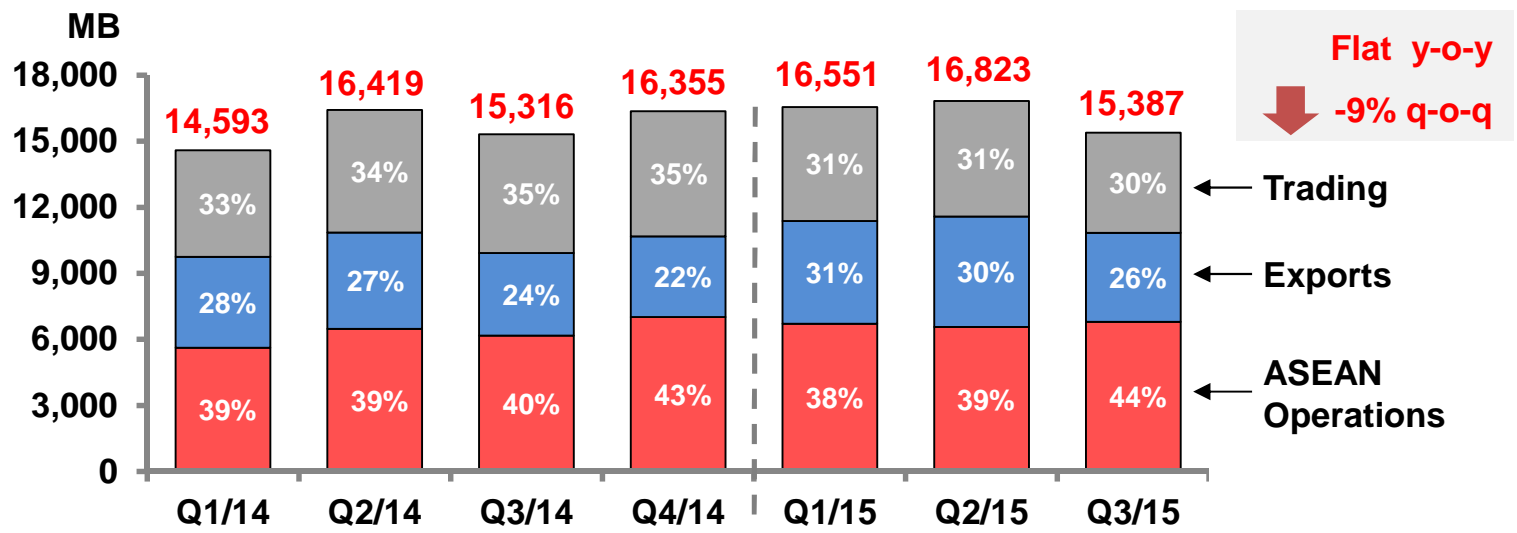
\* Vietnam's cement demand in Q3/15 included only Jul- Aug.

Vietnam's cement demand in 9M/15 included only the first eight months.

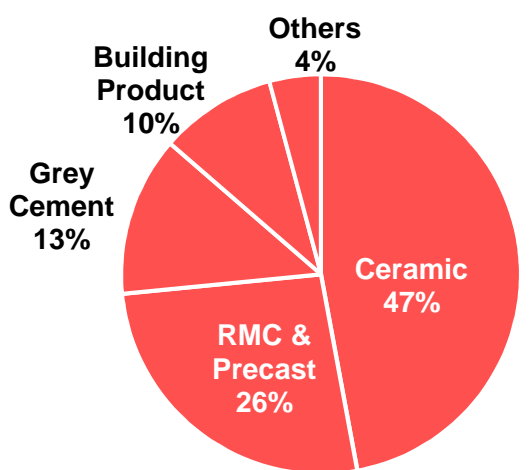
# International sales segmentation



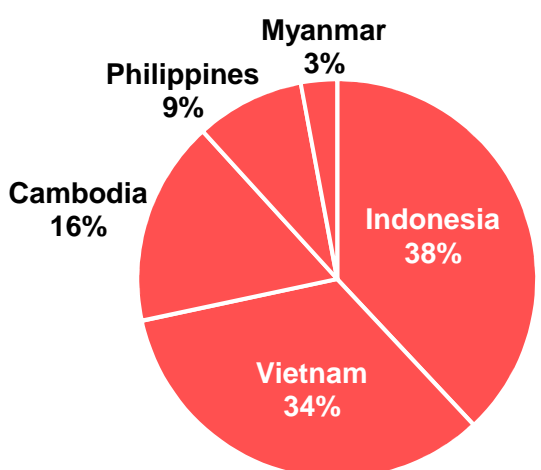
Q3/15 sales were flat y-o-y, noted by the drop in the trading of non-SCG products.



9M/15 ASEAN Operations (Products)



9M/15 ASEAN Operations (Country)



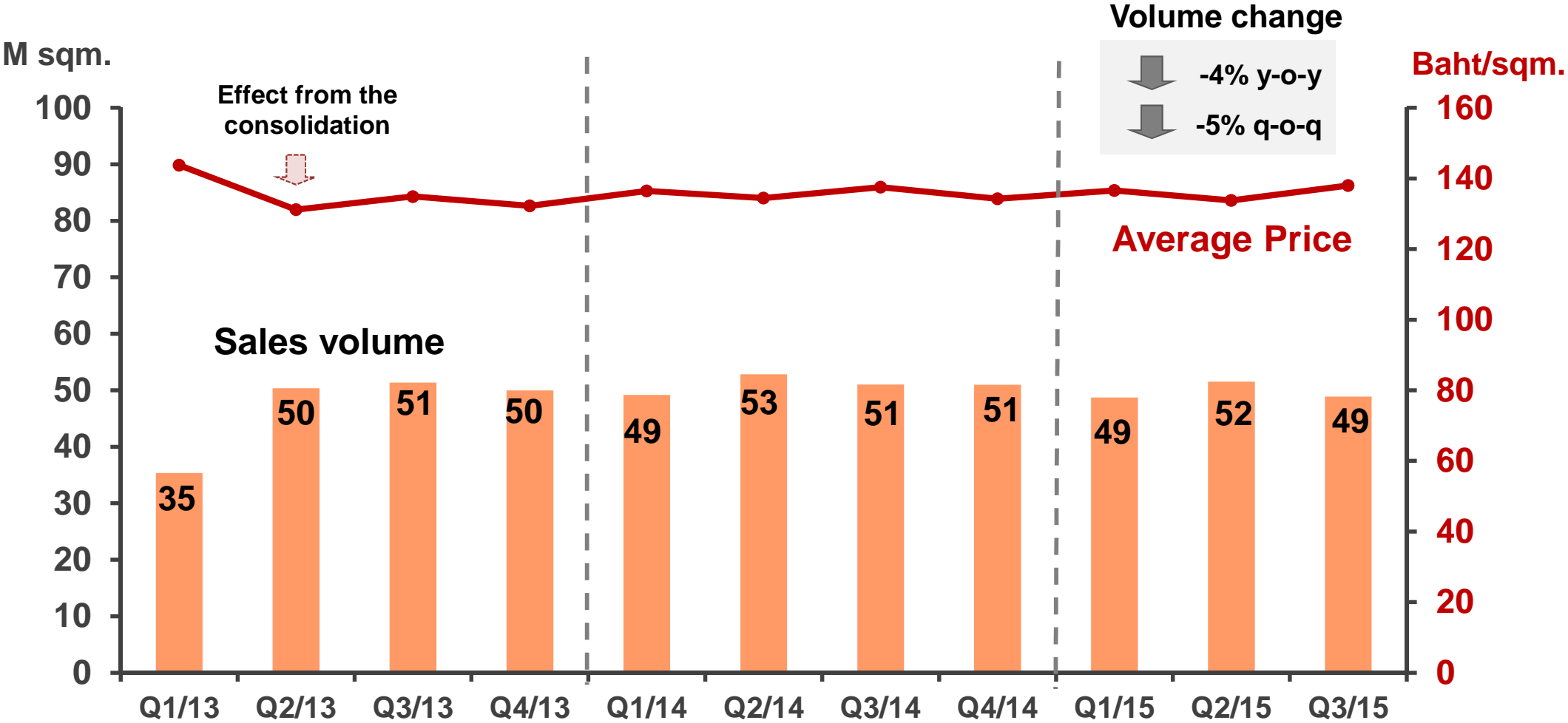
**Note:** International business = ASEAN Operations, exports from Thailand, and Trading business  
Housing - Roofing products, Board & Wood sub, and Home improvement.  
Ceramics - includes Sanitary ware and Fittings.  
Trading - are mainly trading of non-SCG products.

# Ceramic Tiles



Sales volume dropped -4% y-o-y, attributed to the weak domestic market as a result of lower agricultural product prices.

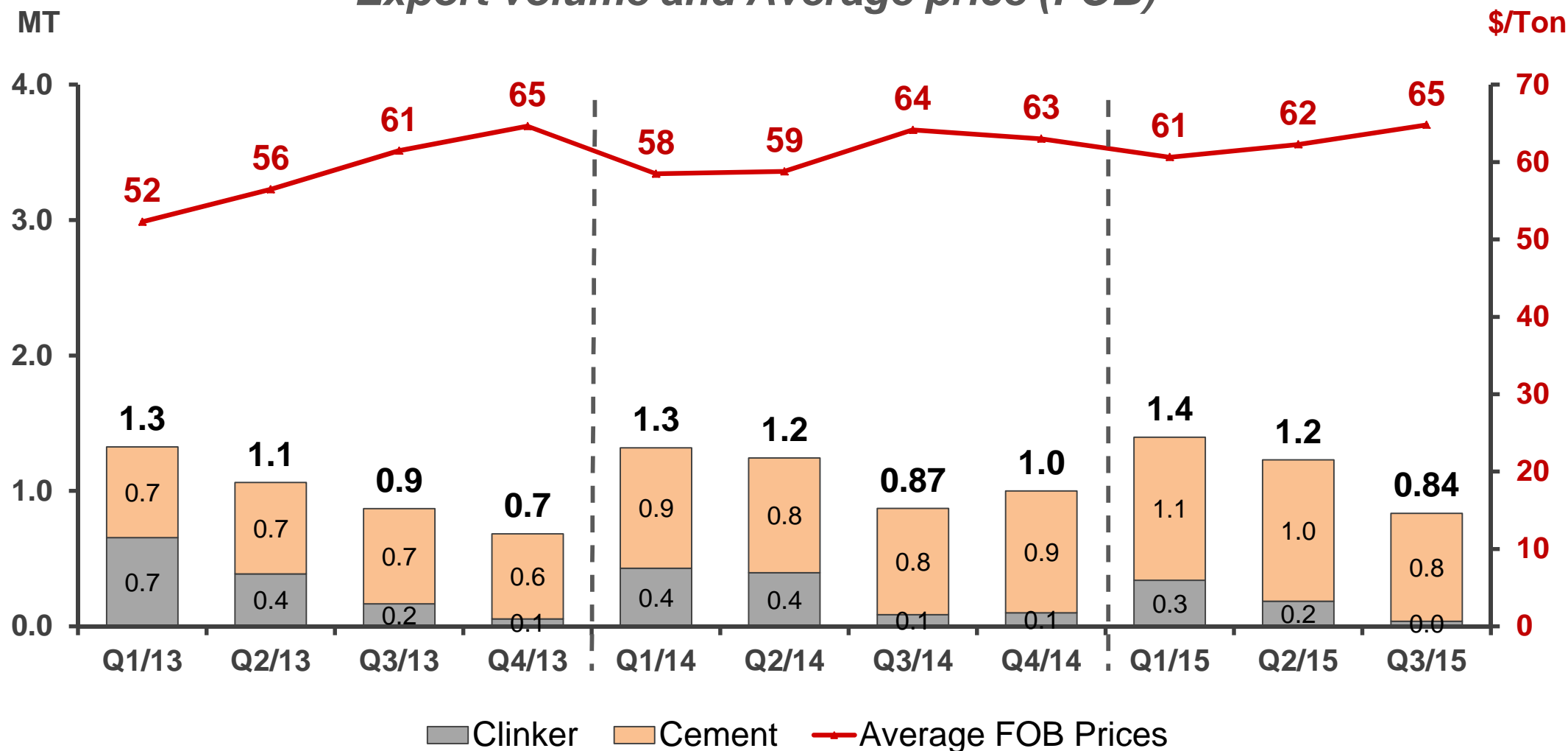
*Sales volume & prices for all ASEAN subsidiaries*



# Cement exports

Exports registered 0.8 MT in Q3/15, while the price trend is attributed to change in product mix.

*Export volume and Average price (FOB)*



**Note:** FOB price does not include handling charges and discount.



## Outlook:

- Domestic cement demand growth is expected to be flat for FY2015.
- Negative demand growth of domestic housing products and ceramic tiles for FY2015.
- In general, healthy FY2015 ASEAN (ex-Thailand) demand for cement and building materials products.

## New plant updates :

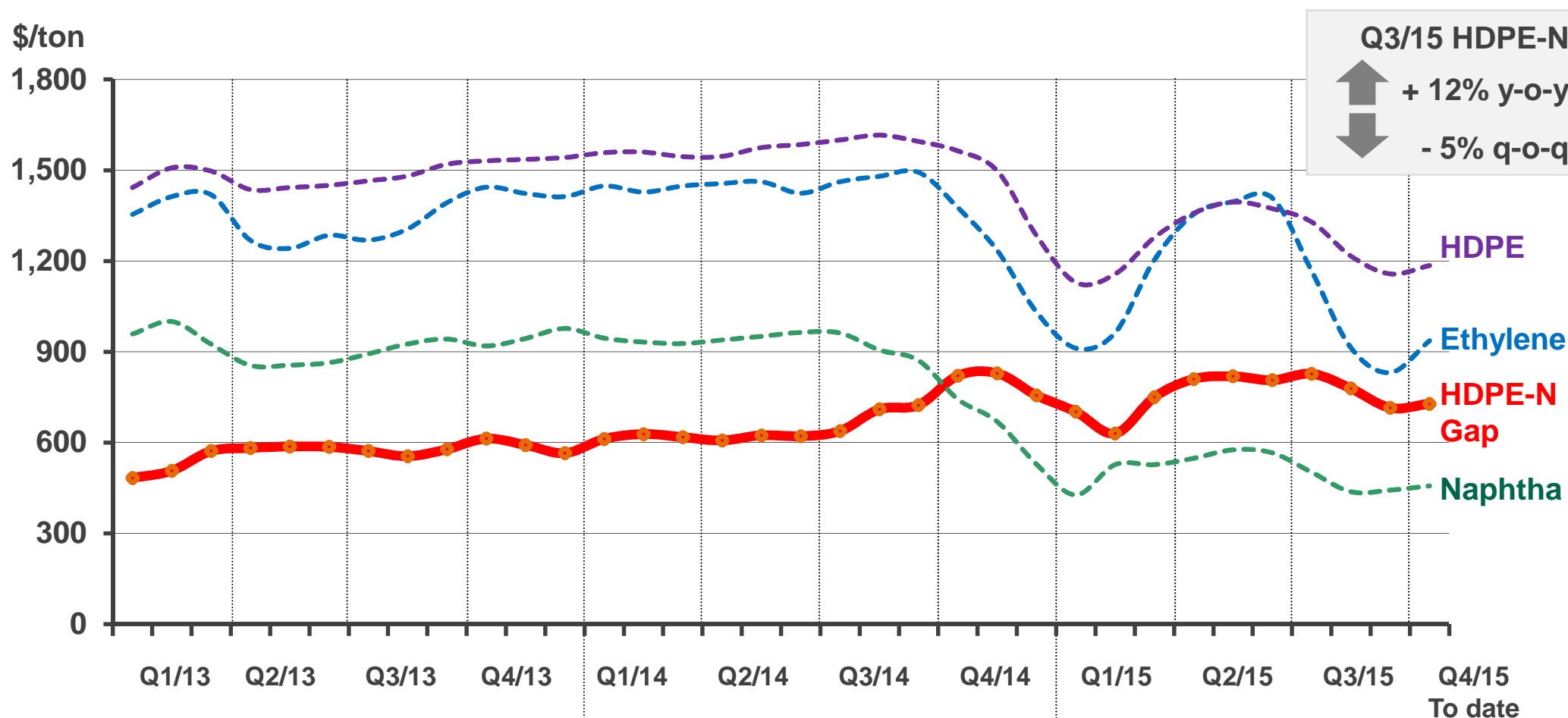
- **Indonesia cement plant** : Sep/15 kiln firing, with commissioning in Oct/15, and expected commercial operation later this year.
- As for the Cambodia cement plant line 2 : kiln firing started in Jun/15, while commercial operations began in Sep/15.

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	Q3/15	q-o-q change	Notes
<b>Crude (Brent)</b>	\$50/bbl	-\$13/bbl (-21%)	OPEC kept high production rates over the quarter
<b>Naphtha</b>	\$461/ton	-\$102/ton (-18%)	Naphtha moved in-line with crude prices
<b>Ethylene</b>	\$970/ton	-\$416/ton (-30%)	More supply from crackers coming back from turnarounds, normalizing HDPE-C2 gap which went negative in Q2
<b>Propylene</b>	\$736/ton	-\$204/ton (-22%)	Additional supply from on-purpose capacity
<b>HDPE</b>	\$1,234/ton	-\$141/ton (-10%)	Price adjusted to reflect lower raw material costs. PE dropped amid improved demand in agriculture sector.  Margins were strong before dropping in September on weak crude oil prices
<b>PP</b>	\$1,133/ton	-\$215/ton (-16%)	
<b>HDPE-Naphtha</b>	\$774/ton	-\$38/ton (-5%)	
<b>PP-Naphtha</b>	\$672/ton	-\$113/ton (-14%)	
<b>EDC</b>	\$328/ton	+\$10/ton (+3%)	Tight balance caused by decreased shipment from the Middle East
<b>PVC</b>	\$831/ton	-\$39/ton (-4%)	Sluggish PVC demand owing to monsoon season in India
<b>PVC-EDC/C2</b>	\$339/ton	+\$56/ton (+20%)	Higher spread from a drop in ethylene prices
<b>MMA-Naphtha</b>	\$1,222/ton	-\$69/ton (-10%)	Subdued demand in downstream products
<b>BD-Naphtha</b>	\$527/ton	-\$54/ton (-19%)	Weak demand in automotive market
<b>PTA-PX</b>	\$57/ton	-\$35/ton (-38%)	Low season for textiles and PET

# HDPE – Naphtha Price Gaps

HDPE margins declined to \$774/ton q-o-q as HDPE prices dropped along naphtha. More supply was available after the end of seasonal turnaround in Q2.

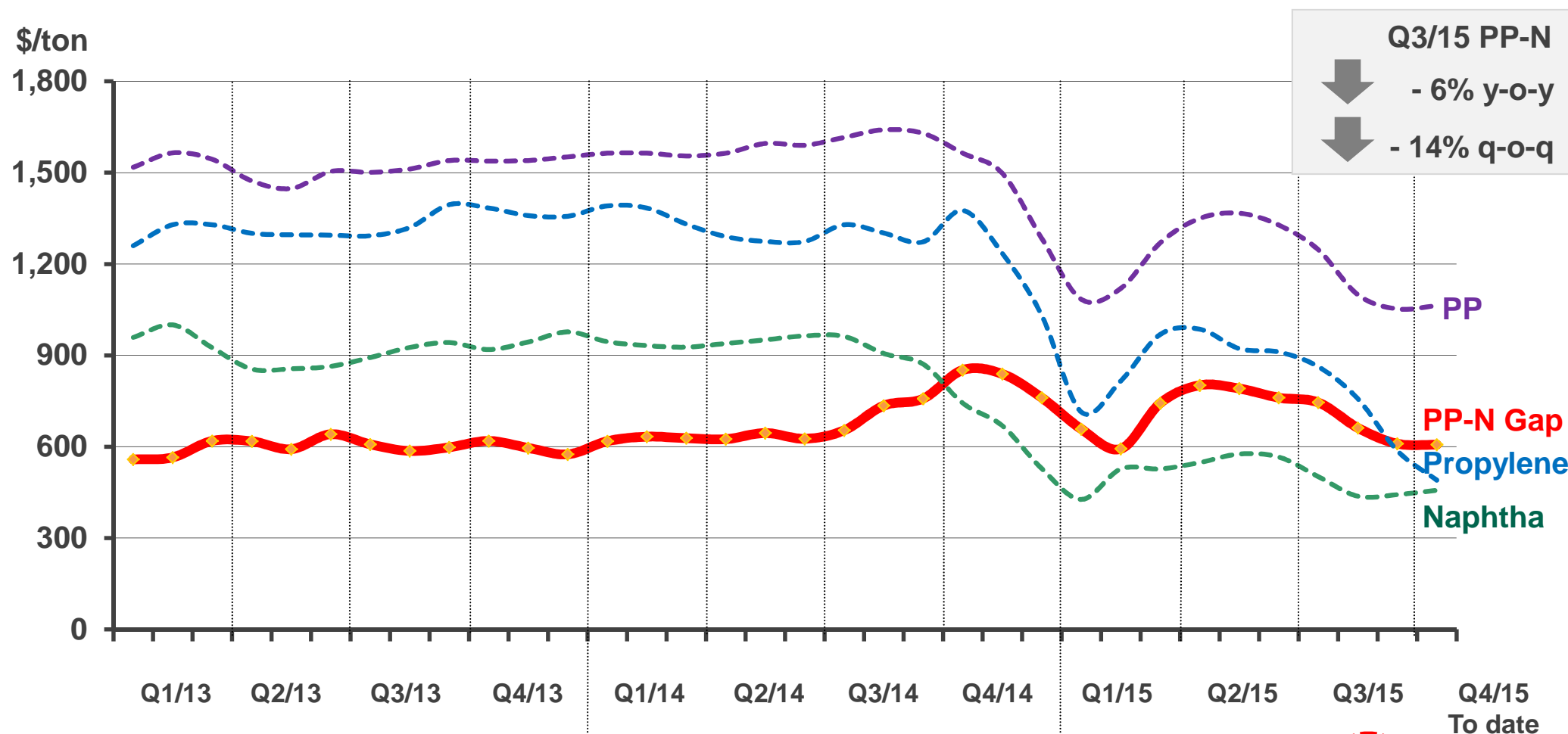


HDPE-Naphtha Spread (\$/ton)	521	585	568	590	620	618	691	802	694	812	774	728
HDPE-C2	87	178	166	110	113	121	125	234	161	(11)	264	248
C2-Naphtha	434	407	402	480	507	496	565	568	532	823	510	480

Note: Prices refer to SEA regional prices

# PP – Naphtha Price Gaps

PP margins declined by \$112/ton q-o-q due to Chinese on-purpose production running at high rates from abundant feedstock from U.S. & Middle East.

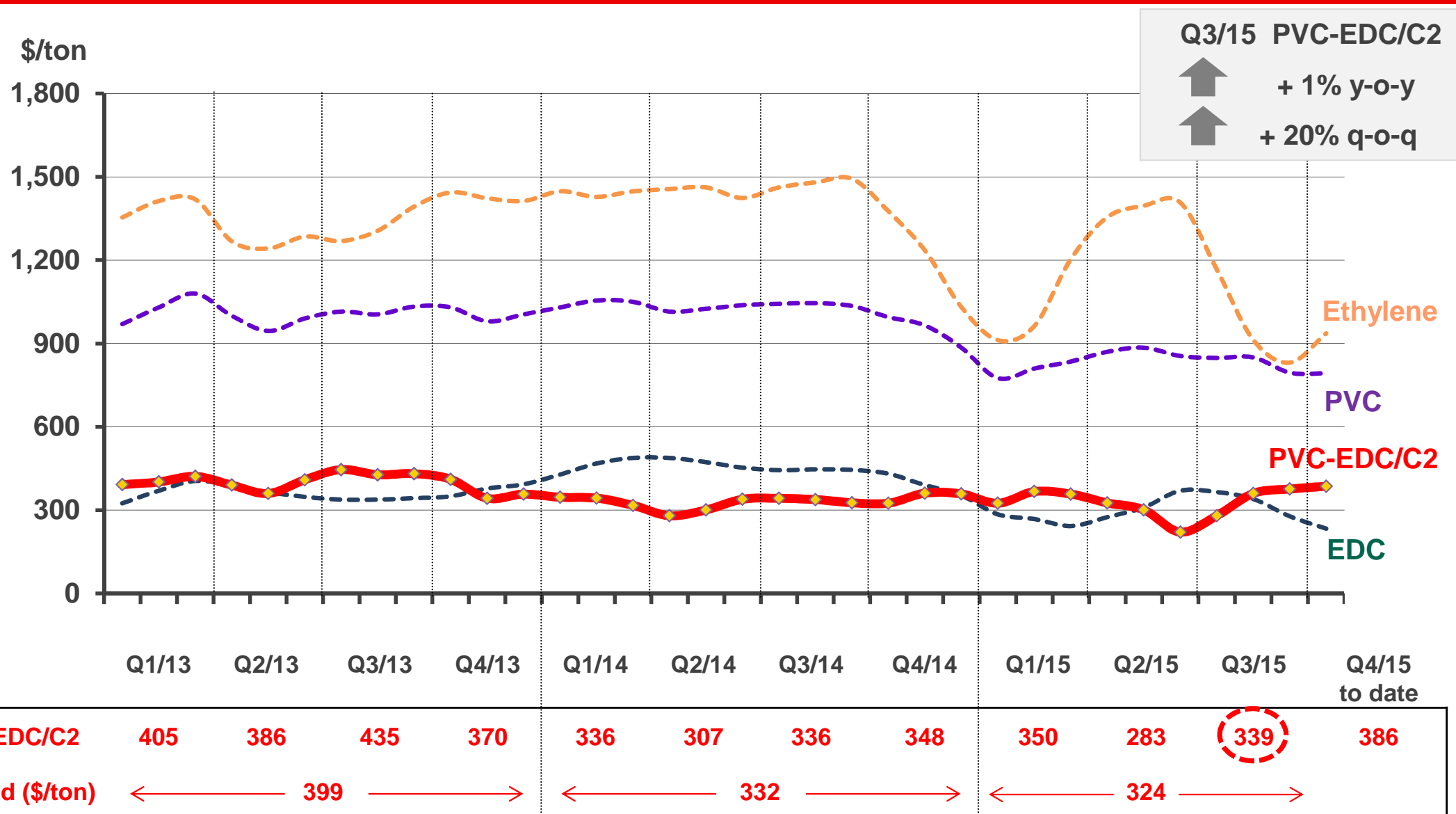


PP-Naphtha	581	617	597	597	626	632	716	819	664	785	672	606
Spread (\$/ton)	598				698				707			
PP-C3	236	178	182	177	192	304	328	433	325	408	397	573
C3-Naphtha	345	439	415	420	434	328	388	385	339	376	275	33

Note: Prices refer to SEA regional prices

# PVC

PVC margins improved to \$339/ton mainly from a drop in ethylene prices, while PVC demand was sluggish in low construction season.

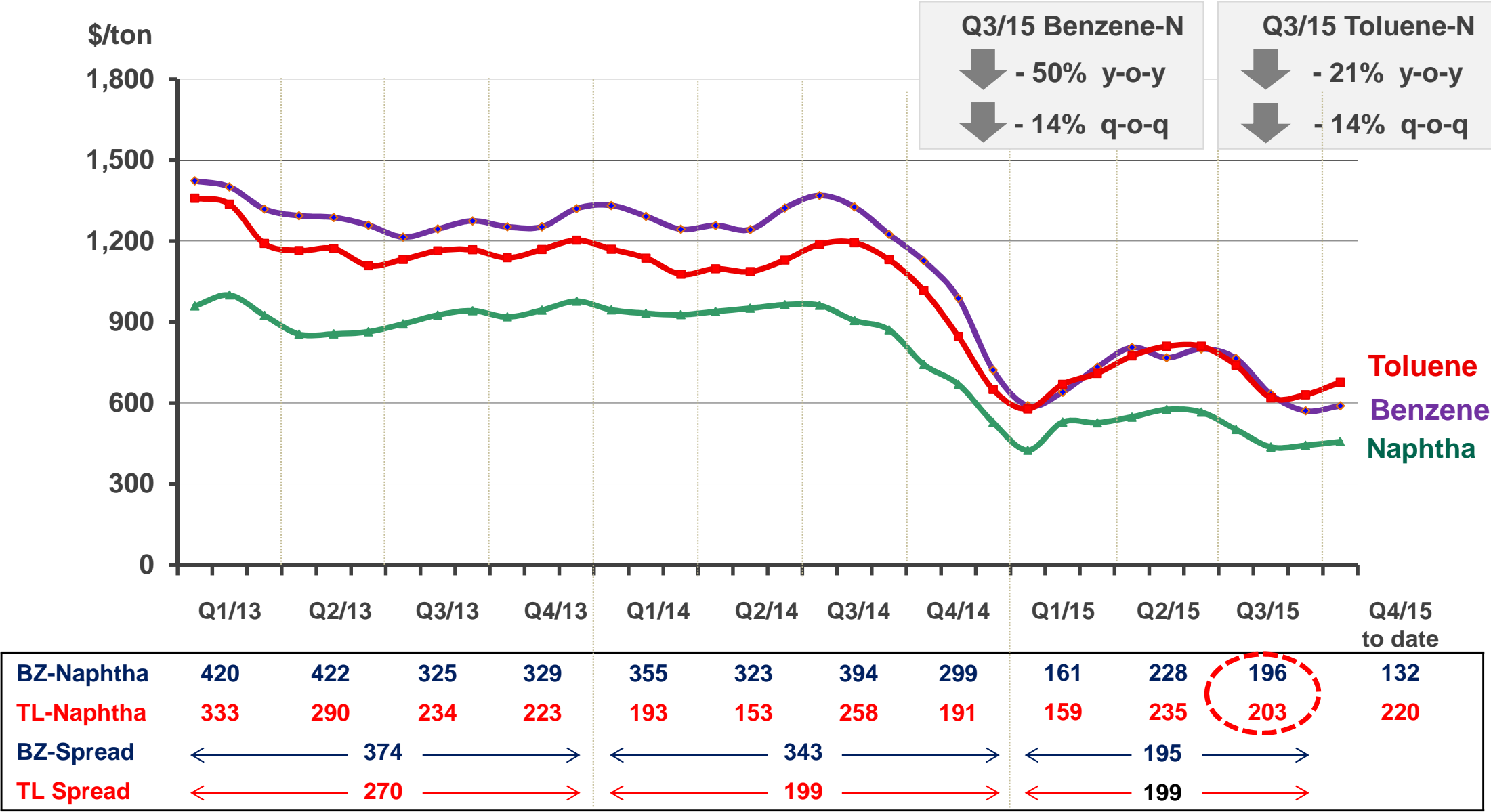


Note: Prices refer to FE regional prices

# Benzene & Toluene

**BZ-Naphtha:** benzene prices descended on the back of major styrene plant turnarounds

**TL-Naphtha:** toluene decreased owing to lower naphtha and the ending of driving season

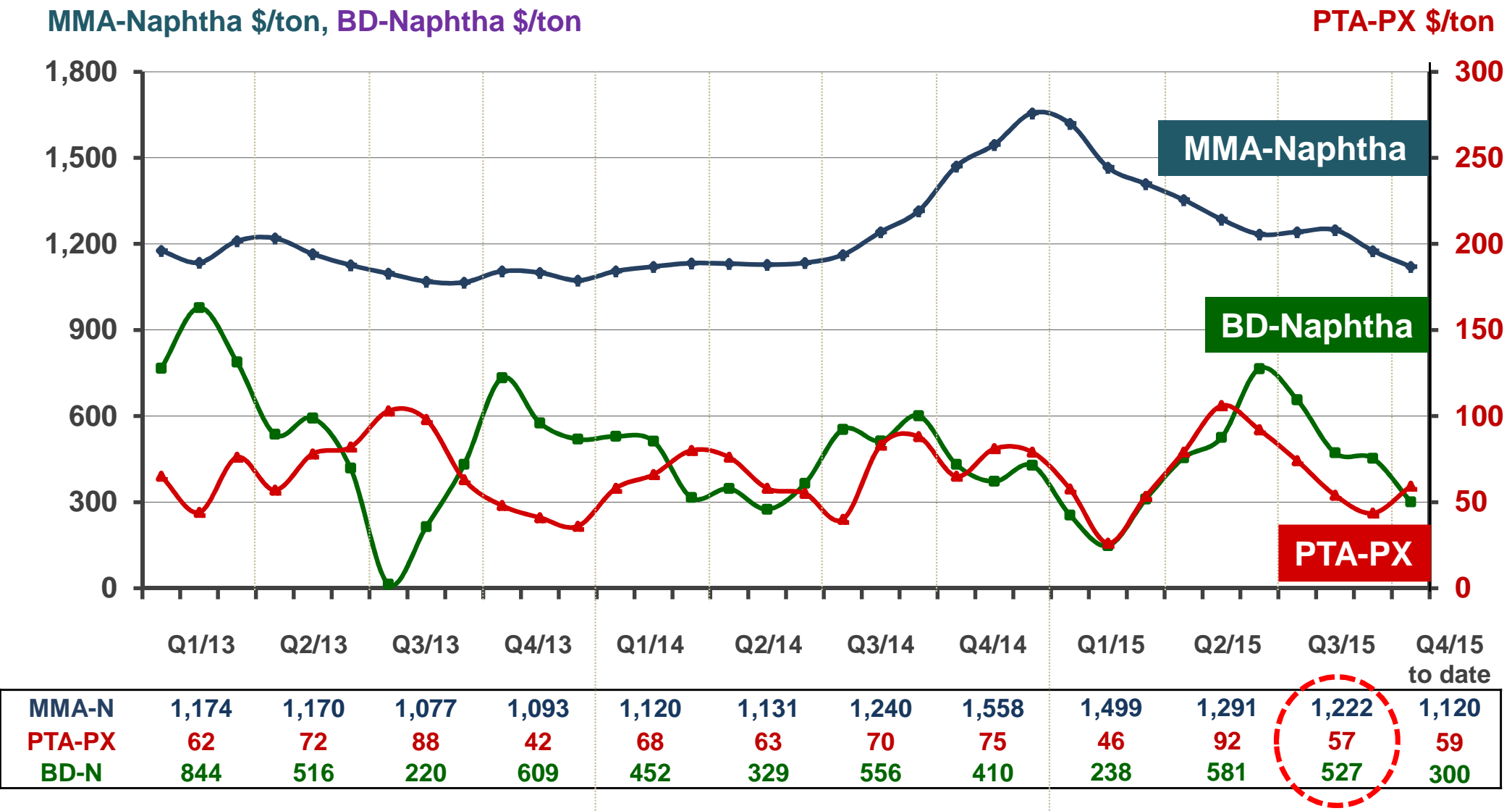


Note: Prices refer to SEA regional prices

# Price Gaps of Associates



MMA-Naphtha: gap squeezed from subdued demand in downstream products  
PTA-PX: gap contracted due to low season for textiles and PET  
BD-Naphtha: weak demand in automotive market

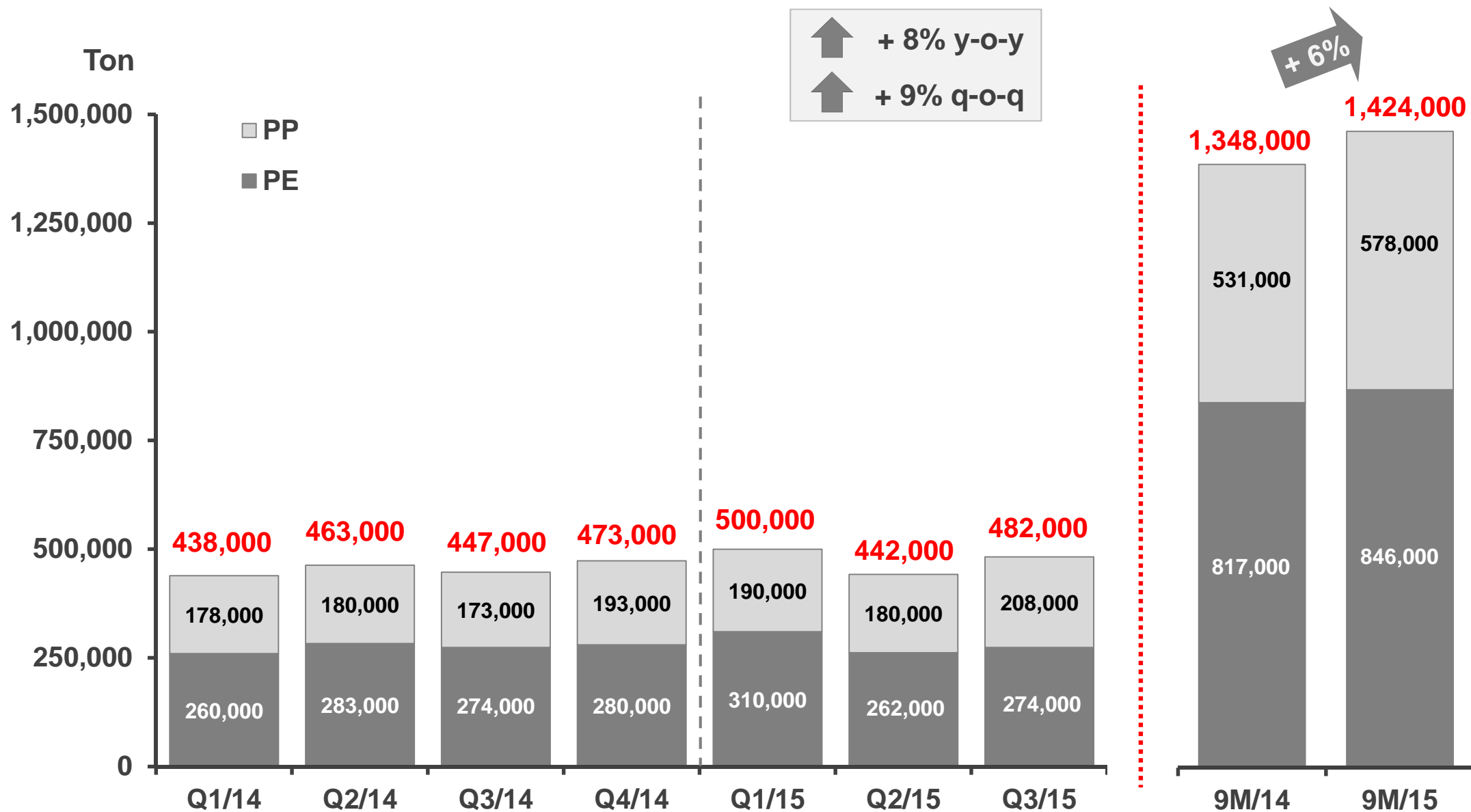


Note: BD and MMA prices refer to SEA regional prices, PTA prices refer to Asian regional prices



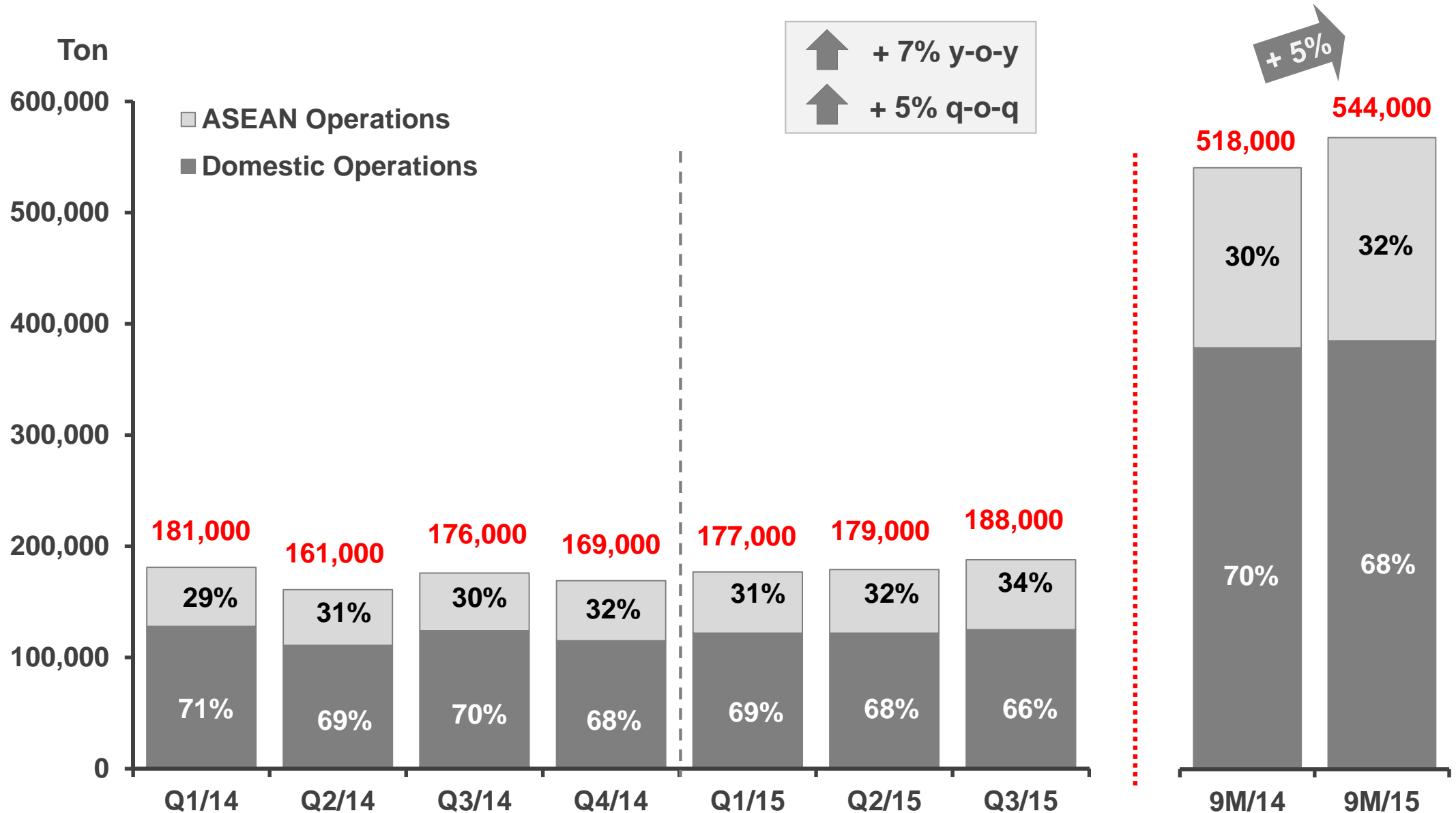
# Polyolefin Sales Volume

Q3/15 sales volume increased 9% q-o-q and 8% y-o-y, rebalancing inventory level from previous quarter.



# PVC Sales Volume

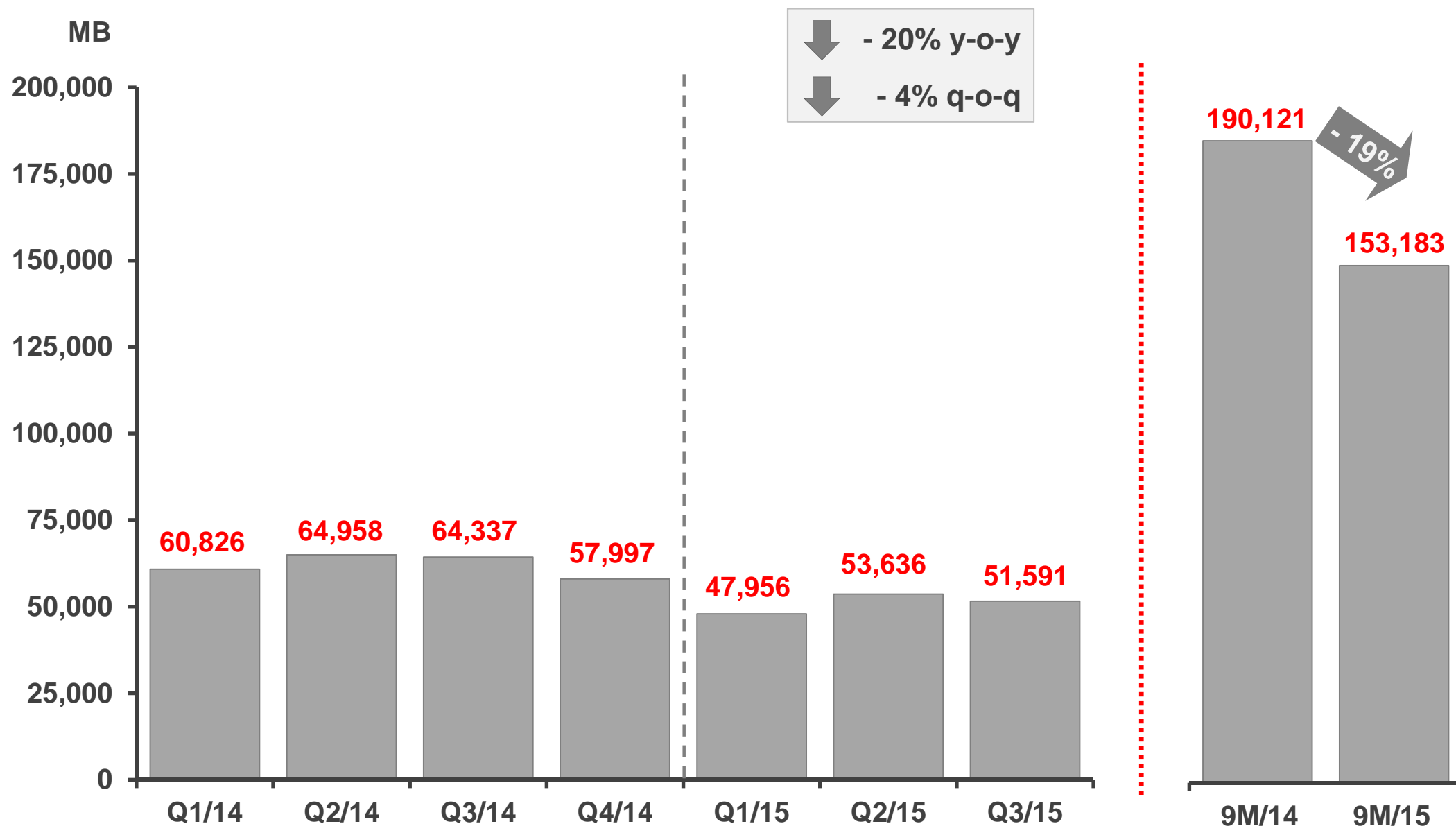
Q3/15 sales volume improved with the growth of 5% q-o-q and 7% y-o-y after VCM unit was fully ramped up.



*Note: \*ASEAN Operations = Sales volume from PVC operations in Vietnam and Indonesia*

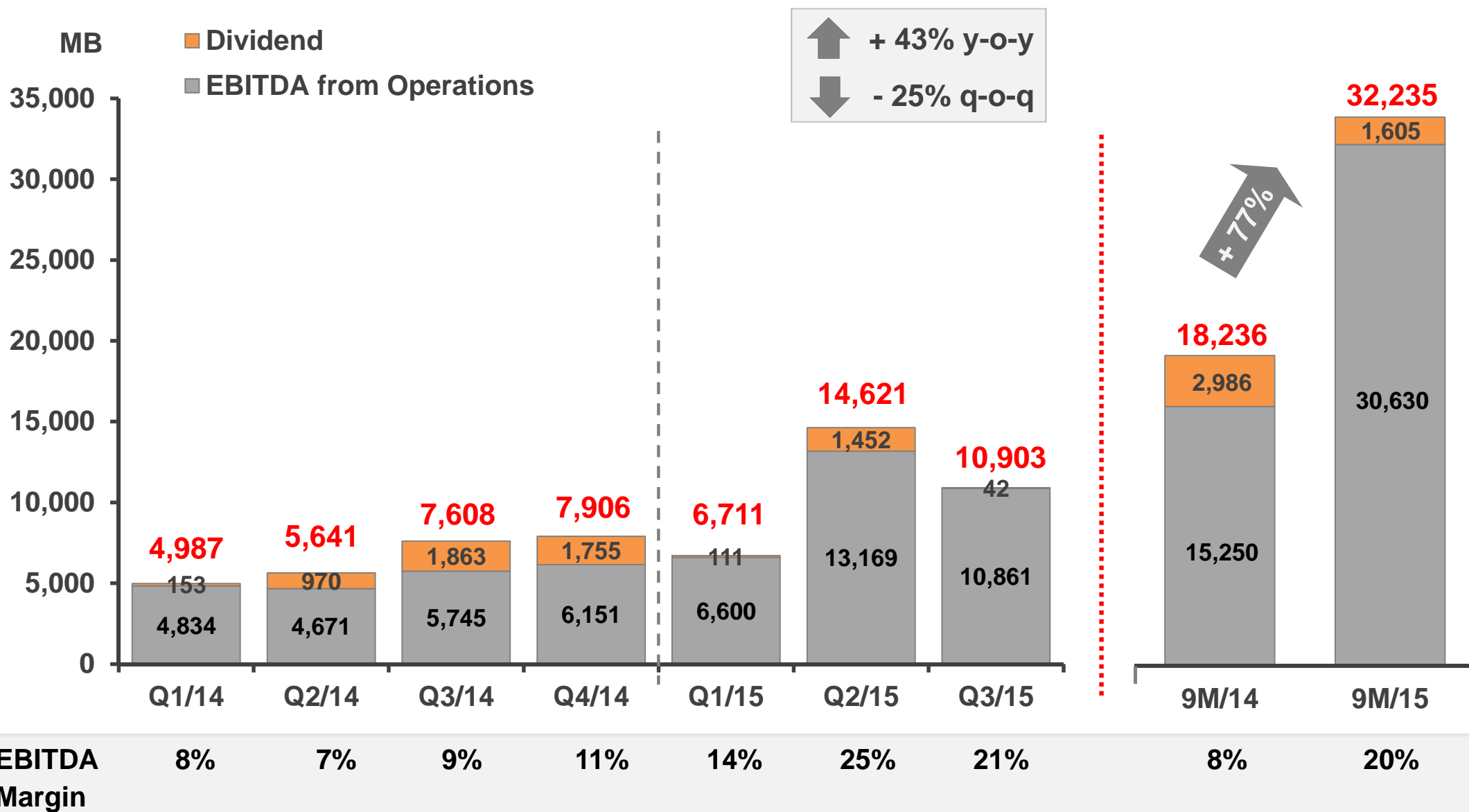
# Revenue from Sales

Q3/15 revenue decreased to 51,591 MB as a result of lower product prices from crude/naphtha prices effect.



# EBITDA

EBITDA dropped to 10,903 MB from lower olefin margins and stock loss impact.

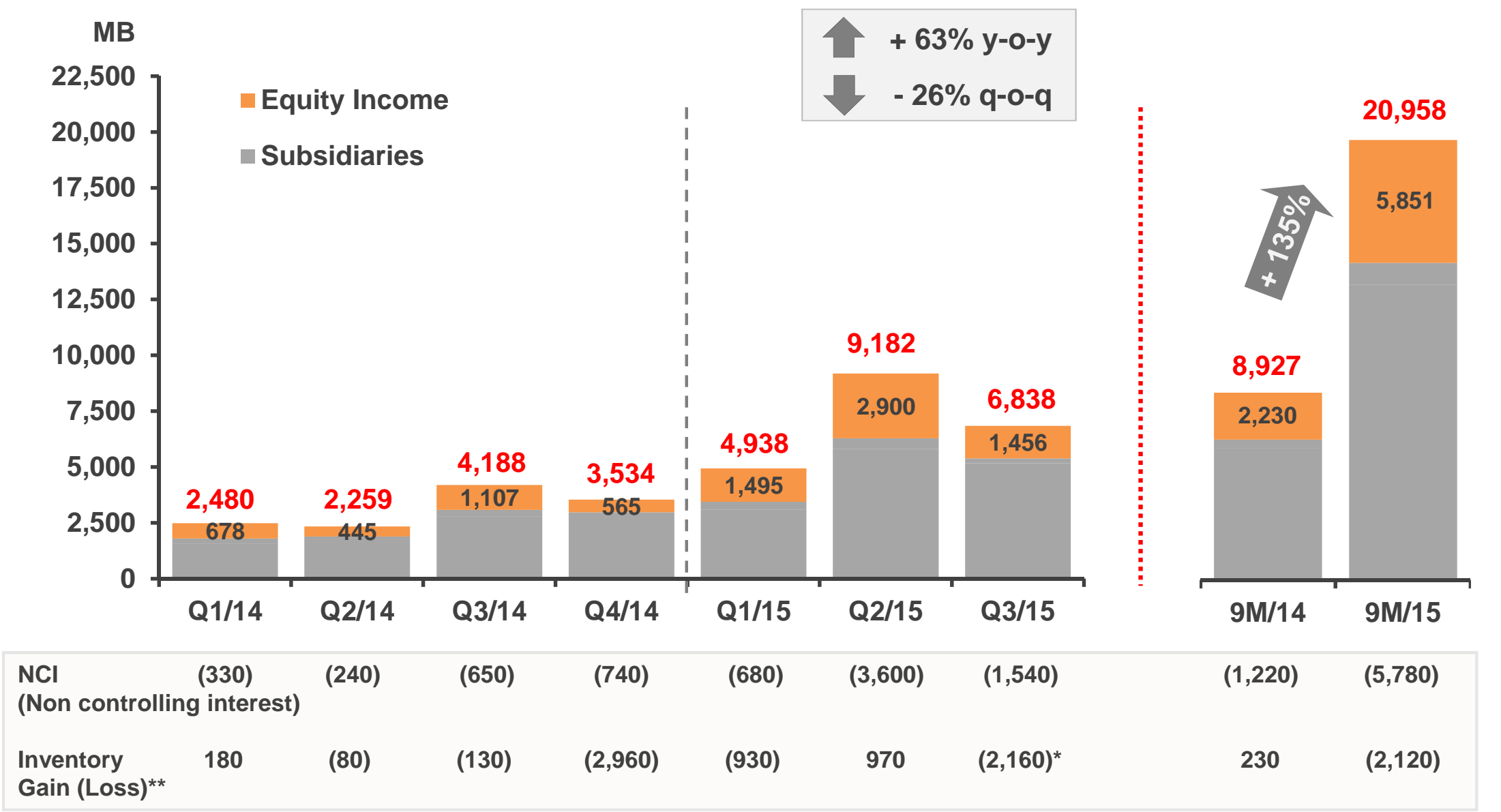


Note: EBITDA = EBITDA from Operations + Dividend from Associated Companies

# Profit for the Period



Profit contracted to 6,838 MB, mainly from inventory loss.



\* Sub/Asso : 65%/35%

\*\*Note: SCG Chemicals (Sub + Asso)

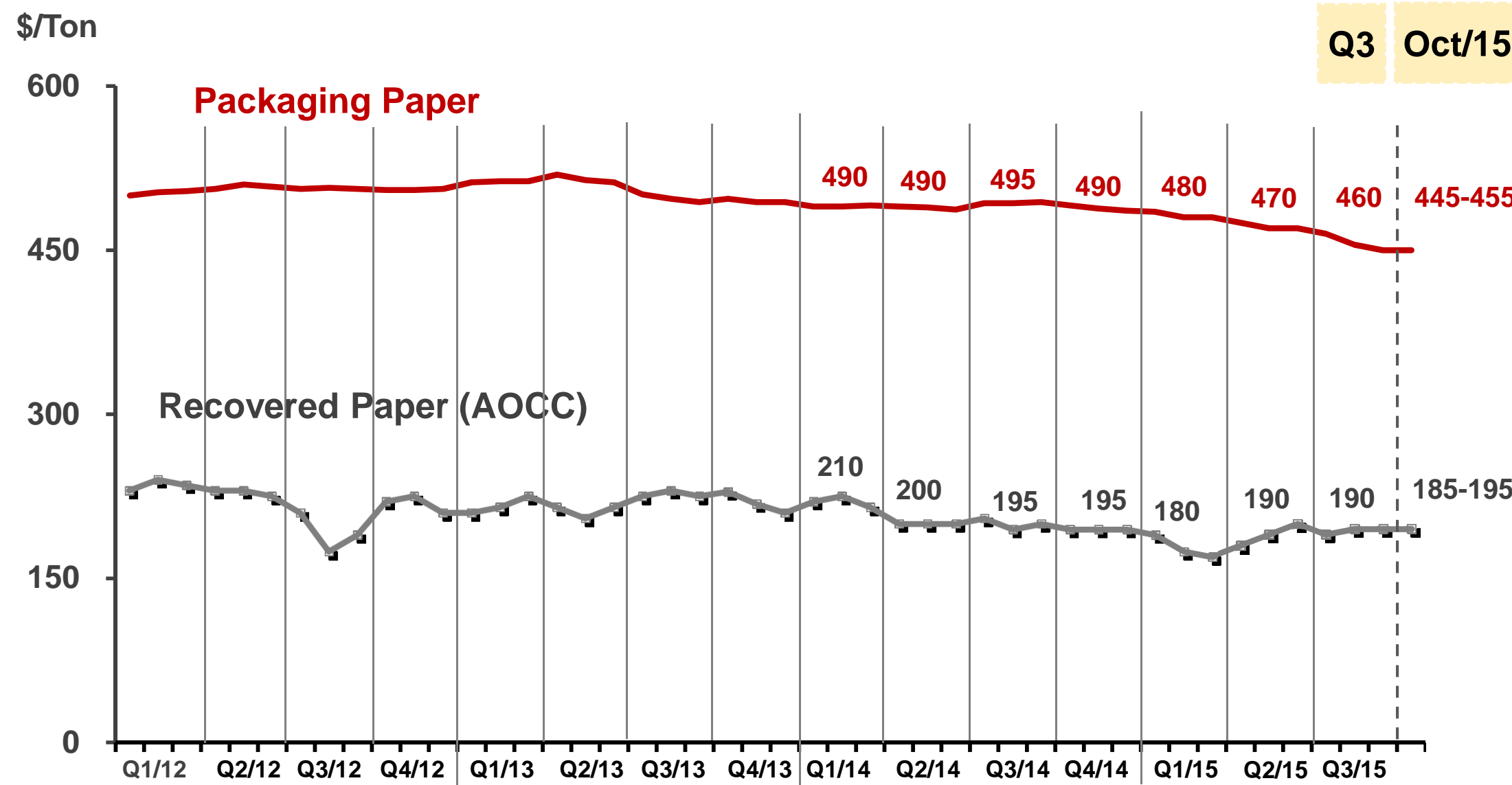
- **Crude** – prices to move sideways as ample supply persists despite potential decline in non-OPEC production
- **Naphtha** – tight supply from several refinery maintenance shutdowns in the region
- **Polyolefin**
  - **Polyethylene** – stable demand carried over from strong agricultural sector in Q2/15 and to soften towards year-end
  - **Polypropylene** – bearish sentiment and continuing weak demand for durable goods
- **PVC** – lower raw material cost and improved demand upon the end of monsoon season in India, coupled with scheduled maintenance shutdown of major PVC producer

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# Packaging Paper



Packaging paper prices continue to decline due to regional demand softness, while AOCC prices remained stable.



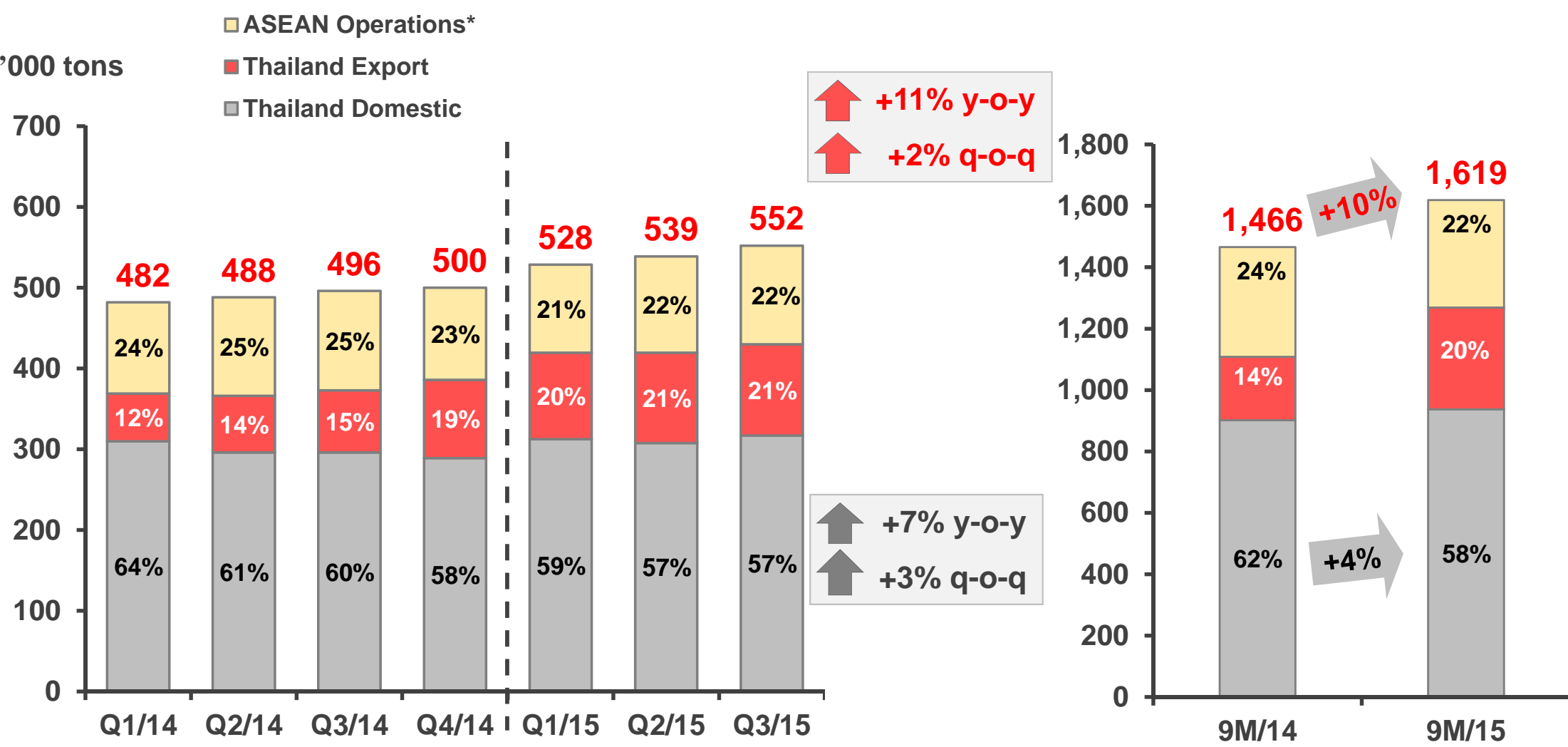
Note: regional prices



# Packaging Paper:



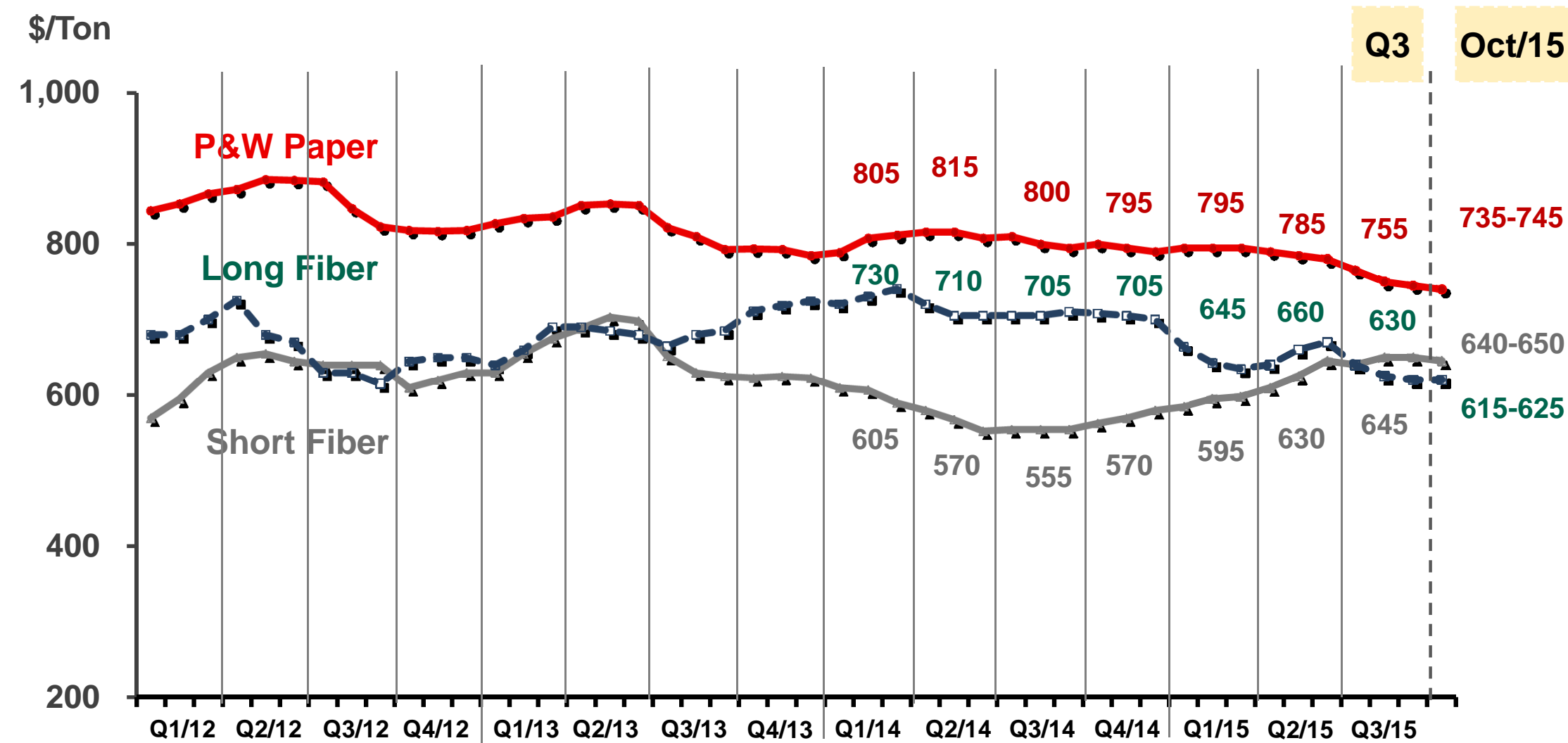
Total sales volume increased 2% q-o-q and 11% y-o-y from higher domestic and export sales.



Note: \*Sales Volume from Philippines and Vietnam

# Fibrous (Printing & Writing Paper):

Printing & Writing paper prices declined from continued soft demand in the region, while short fiber pulp prices firmed up due to tighter supply. Dissolving pulp price increased to \$860/ton from limited supply.

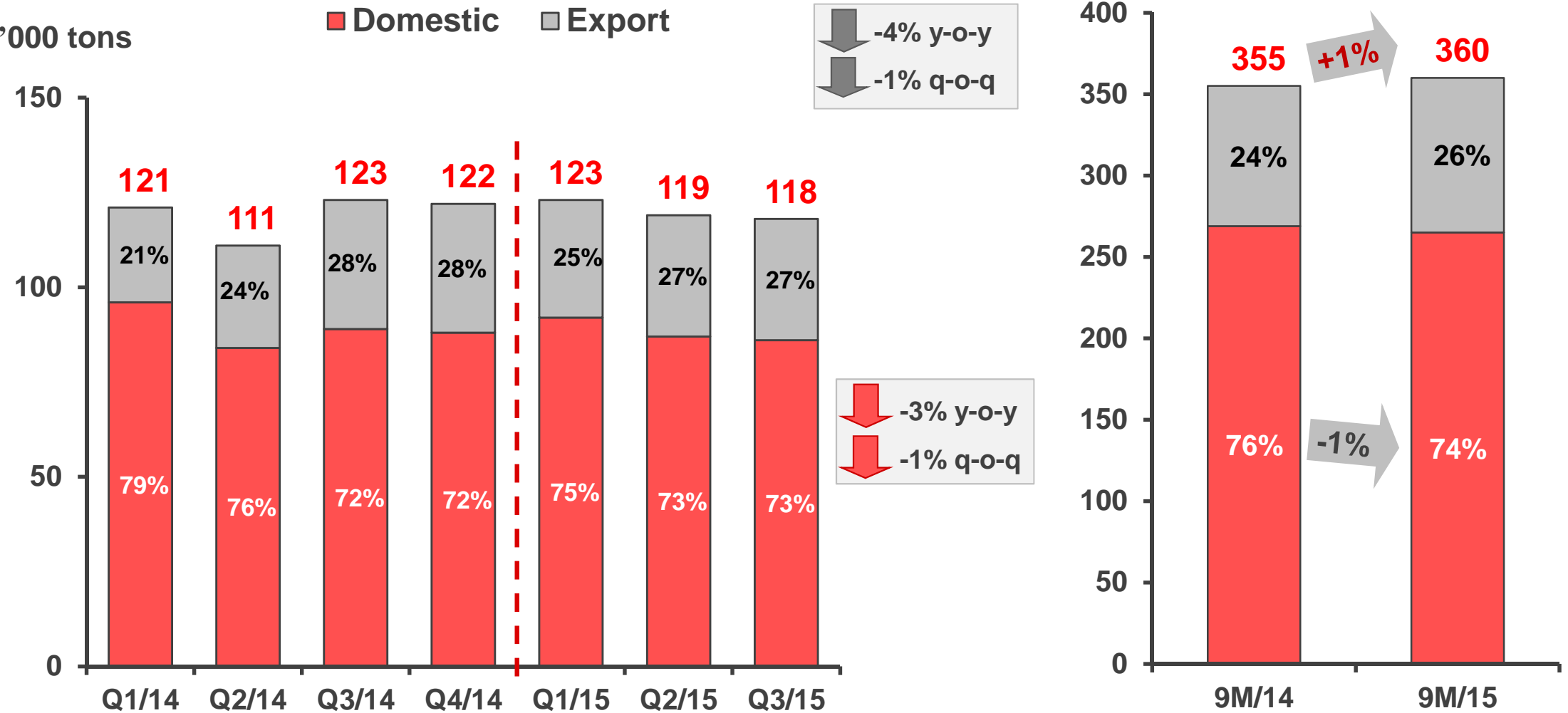


Note: regional prices

# Fibrous (Printing & Writing Paper):



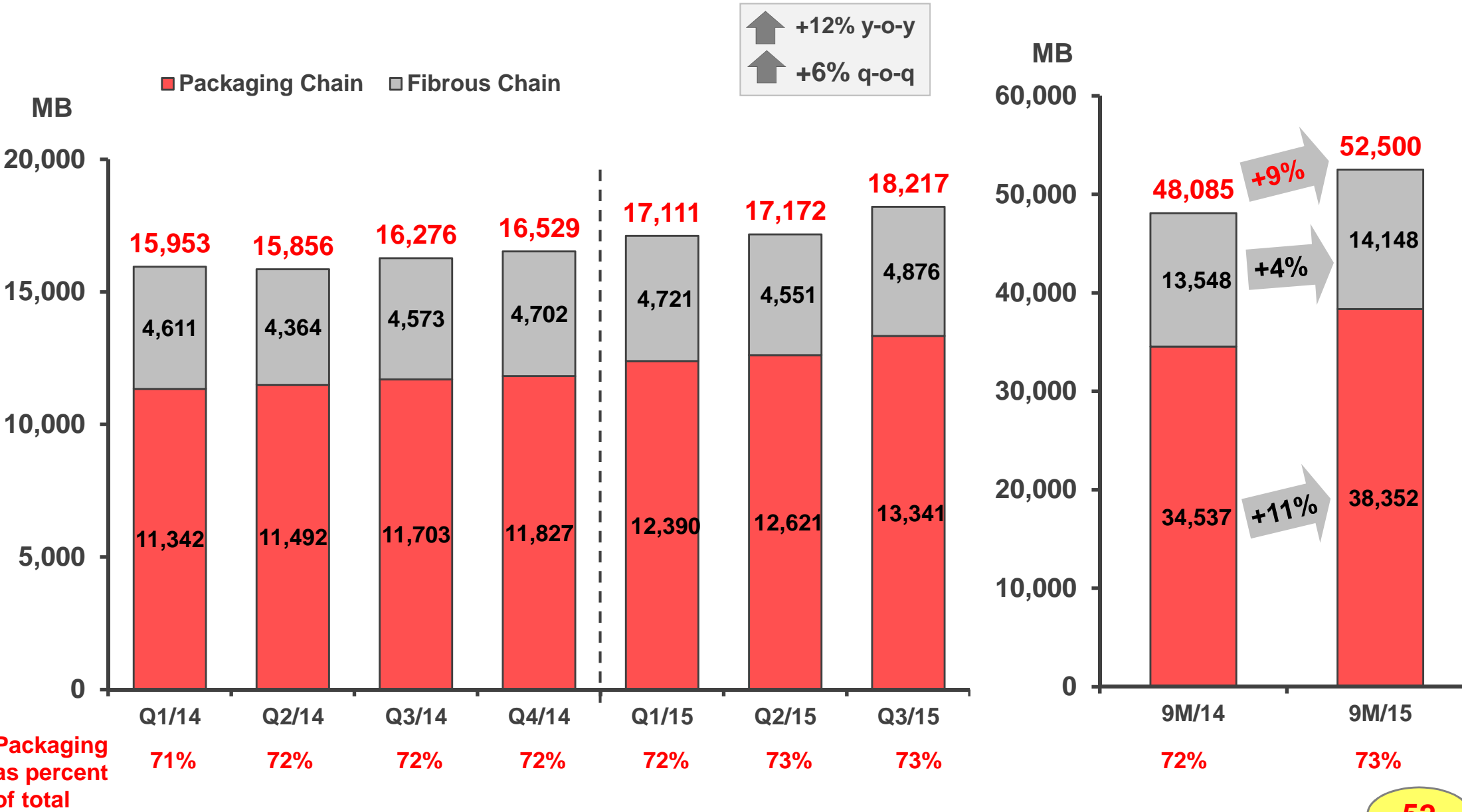
Total sales volume decreased 1% q-o-q and decrease 4% y-o-y due to demand softness.



# Revenue from Sales:



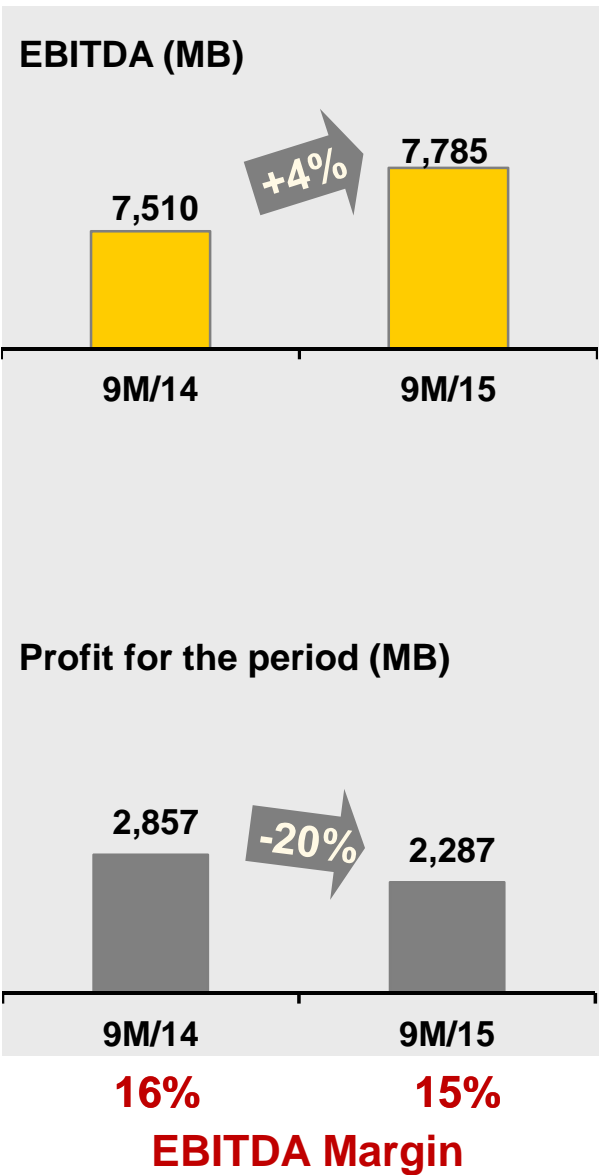
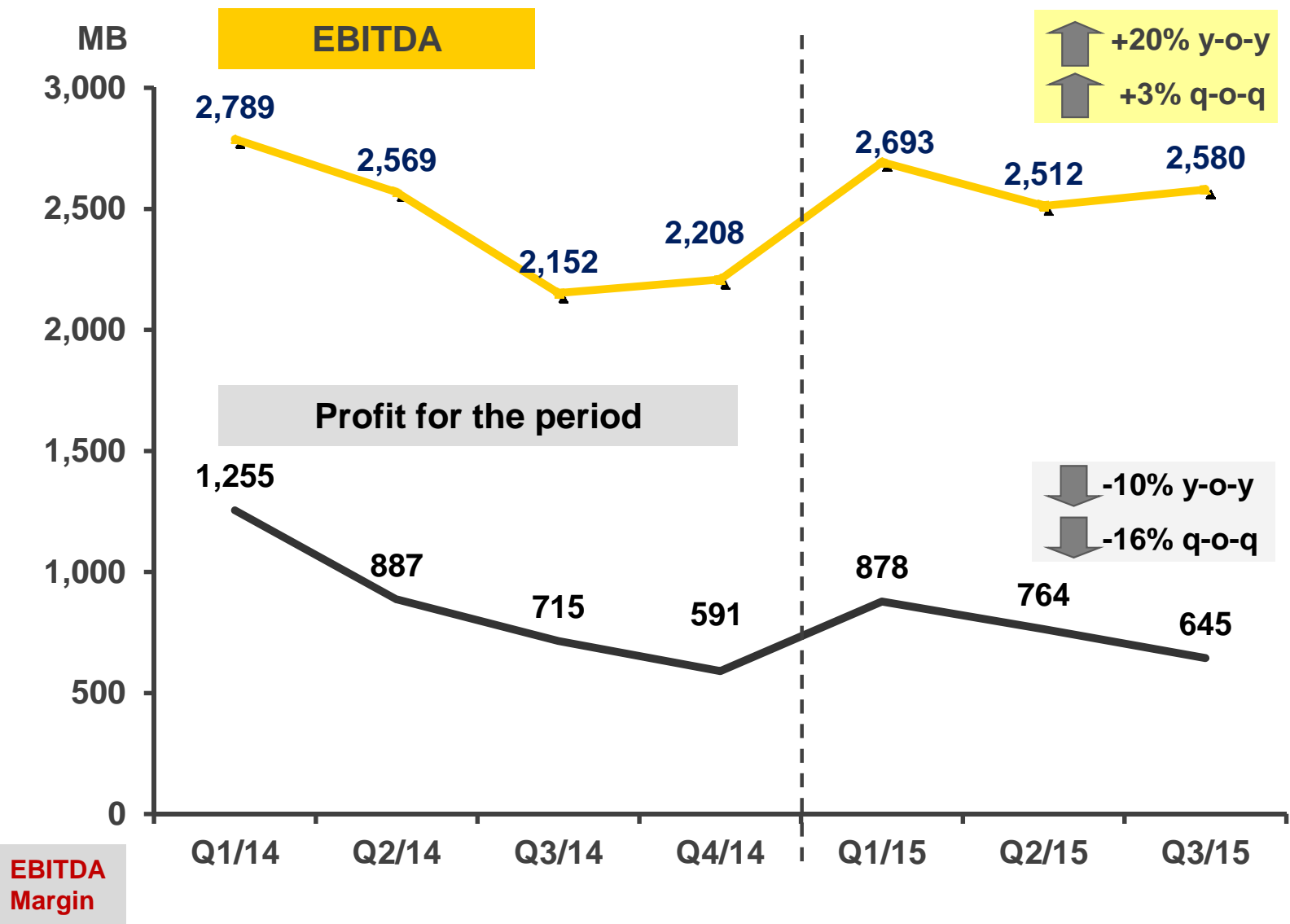
Revenue from Sales in Q3/15 increased 6% q-o-q and up 12% y-o-y as a result of higher domestic and export sales from packaging chain.



# EBITDA and Profit for the Period



EBITDA in Q3/15 increased 20% y-o-y owing to higher sales volume, while Profit dropped 10% y-o-y from higher depreciation and financial expenses.



EBITDA Margin	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15
Total	17%	16%	13%	13%	16%	15%	14%
Fibrous	15%	12%	12%	9%	13%	11%	12%
Packaging	19%	18%	15%	15%	17%	16%	15%

## Outlook

- Domestic and regional demand for packaging paper expects to maintain.
- Regional paper prices continue to decline due to competition and currency depreciation.
- Recovered paper prices expect to maintain owing to tighter supply.
- Dissolving pulp prices expect to rise further due to limited supply in China.

## Updates

- “FEST”, the latest brand of food safety packaging from SCG Packaging, was launched in September 2015. This emphasizes the strategic direction of SCG Packaging to become “Total Packaging Solution Provider”.

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***Thank You***

For further details, please contact [invest@scg.co.th](mailto:invest@scg.co.th)