



Analyst Conference Q4/11
Wednesday, Jan 25, 2012

I. Consolidated Results

- Q4/11 Consolidated Results

- FY2011 Summary

- Financial Updates

II. Cement

III. Chemicals

IV. Paper

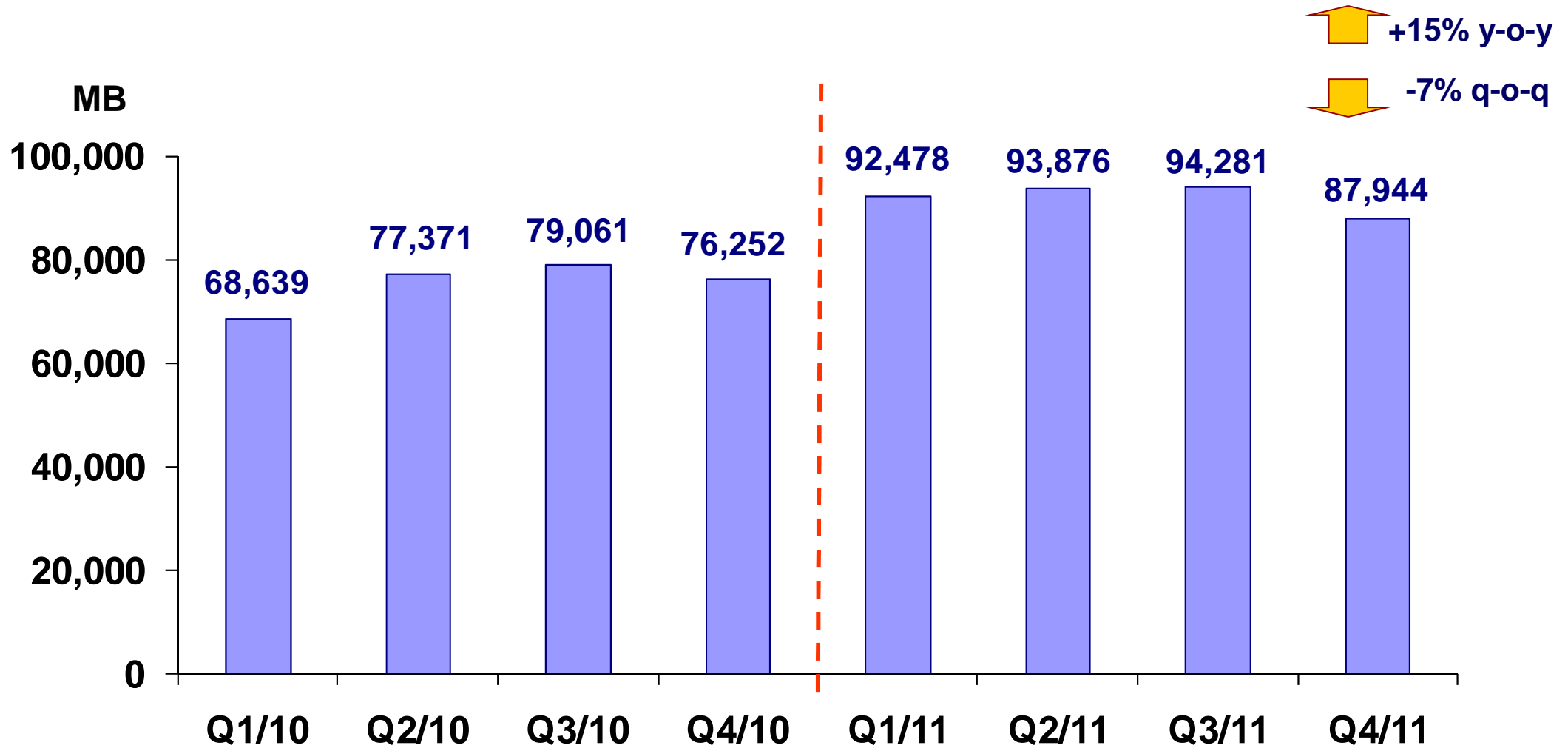
V. Summary

Revenue from Sales

Dropped 7% q-o-q, due to lower chemicals prices, and the effects of the flood.

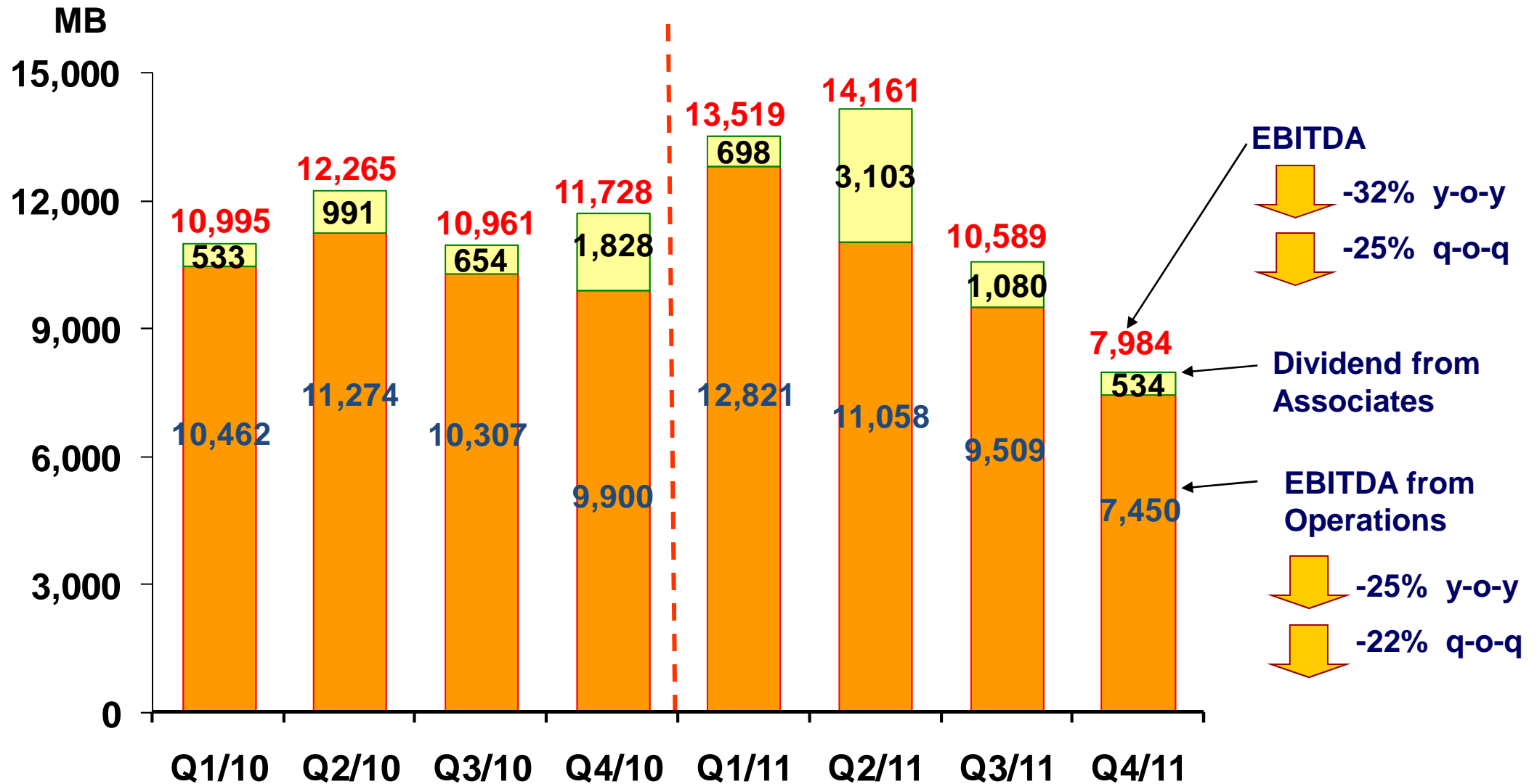


slide 3



EBITDA

The drop of 32% y-o-y was attributed primarily to the effects of the flood, the trough in chemicals margins, and decreased dividends from associates.



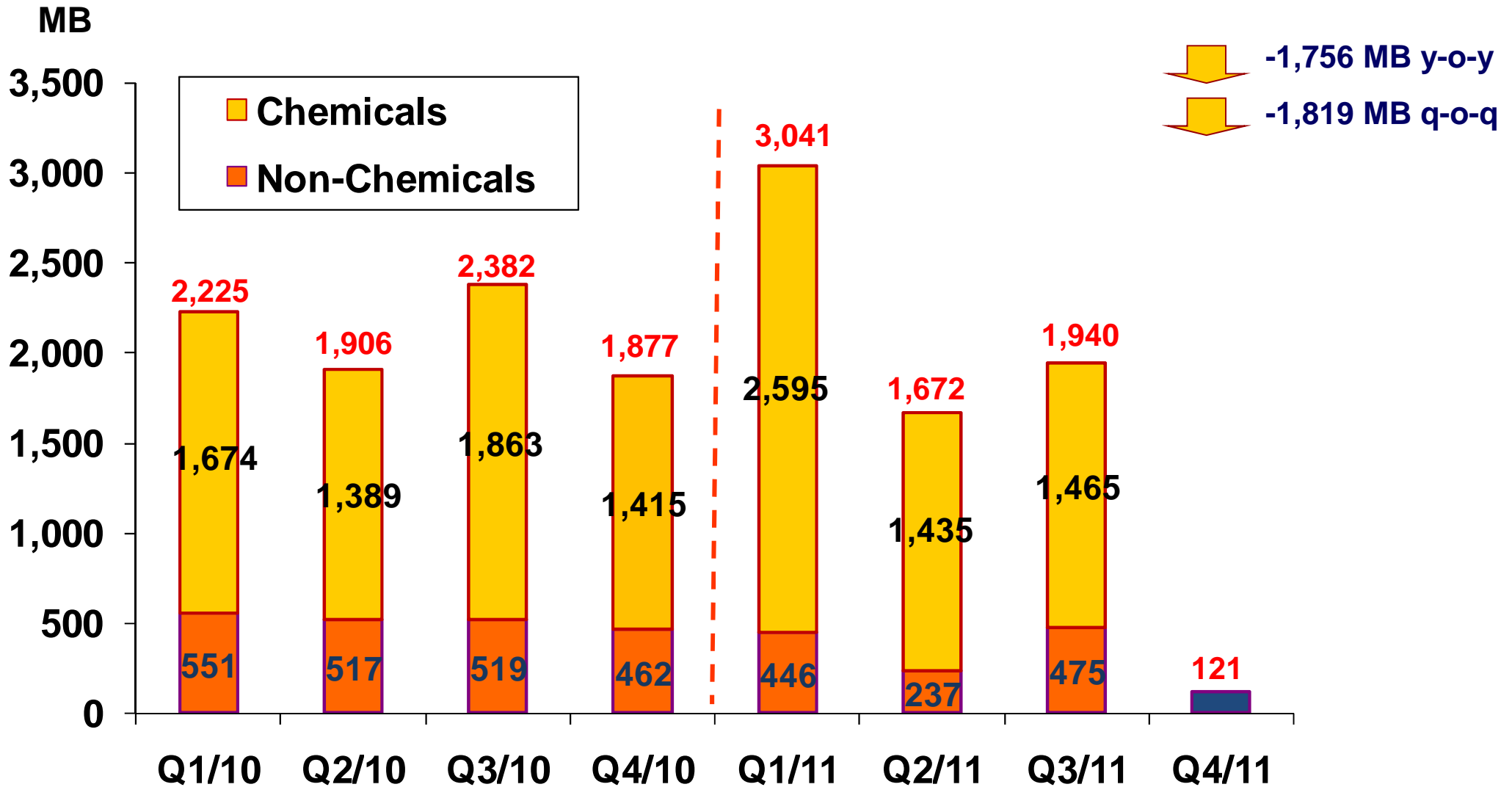
NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

Equity Income

Chemicals associates recorded a loss of 10MB, while the non-chemicals associates had a gain of 131MB.



slide 5

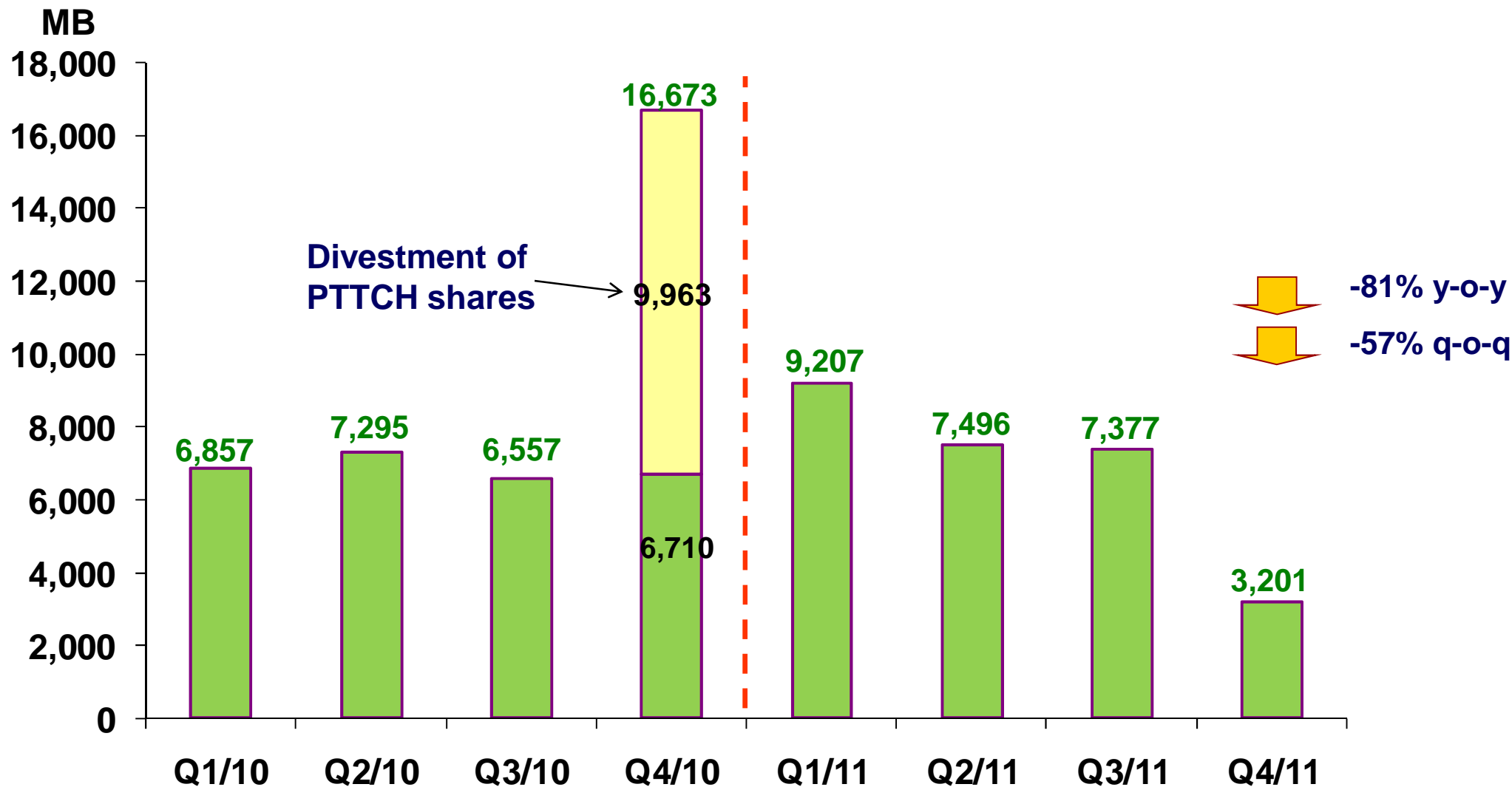


Profit for the Period

The weak Q4/11 earnings was the result of the flood, trough in chemicals margins, and reversal of deferred tax.



slide 6

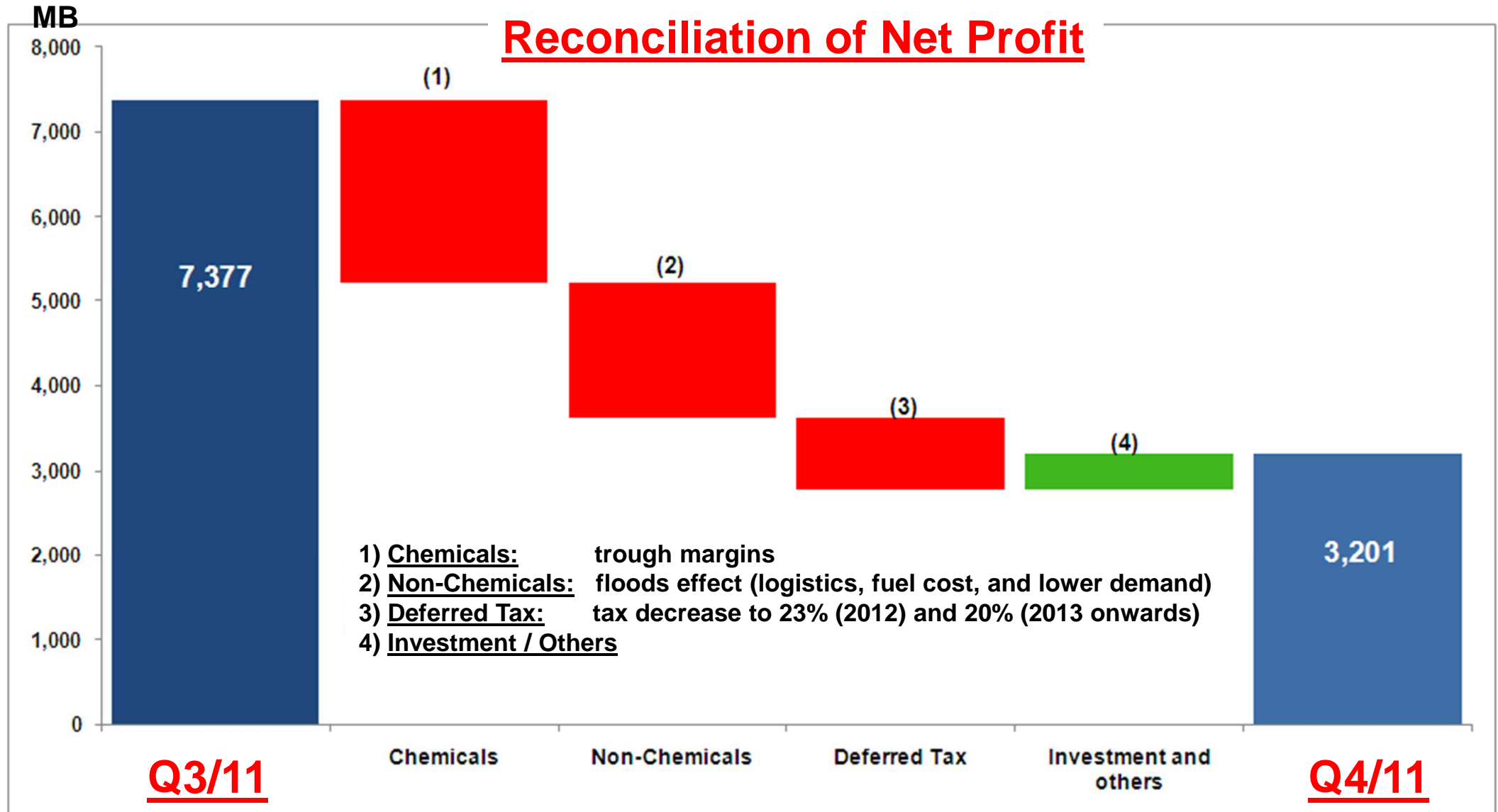


Q4/11 was a challenge

The drop in chemicals earnings was by far the most challenging aspect to Q4/11.



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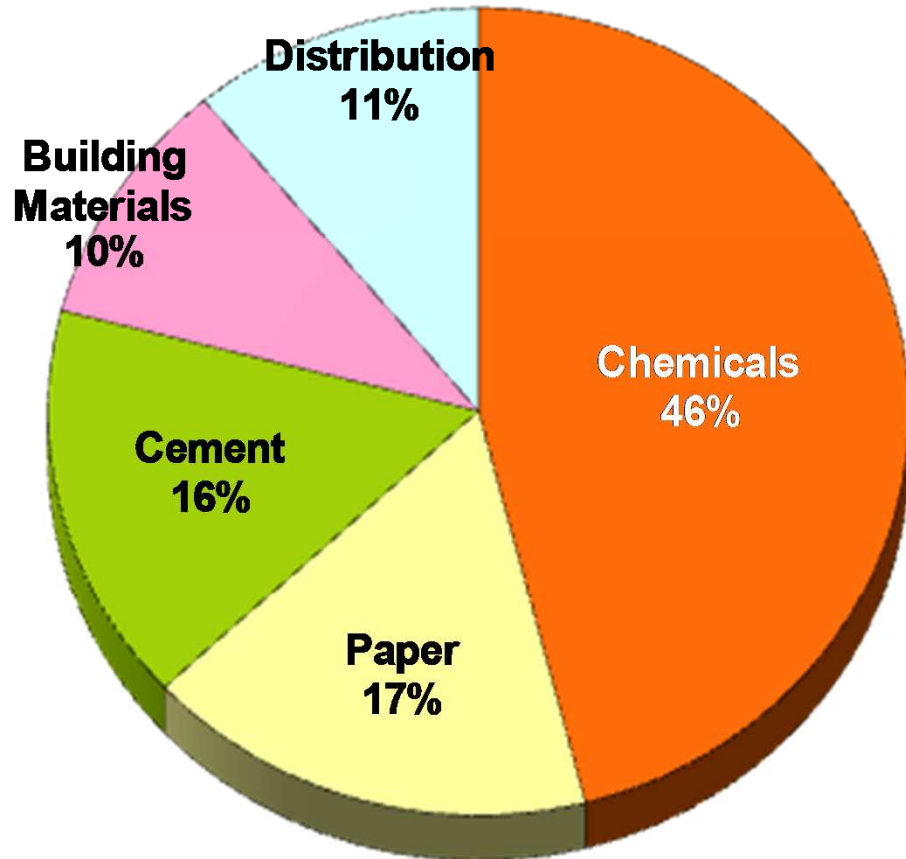
Revenue from Sales

Chemicals accounted for 51% of FY2011 Revenue from Sales, following the startup of the second complex.

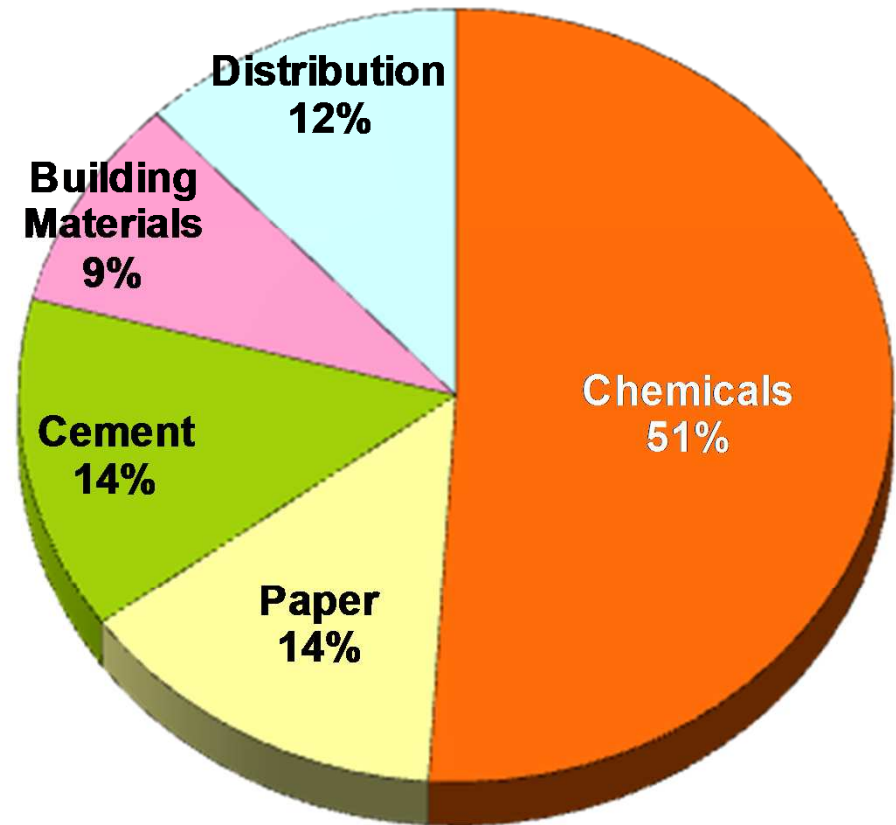


slide 9

FY2010
301,323 MB



FY2011
368,579 MB (+22% y-o-y)



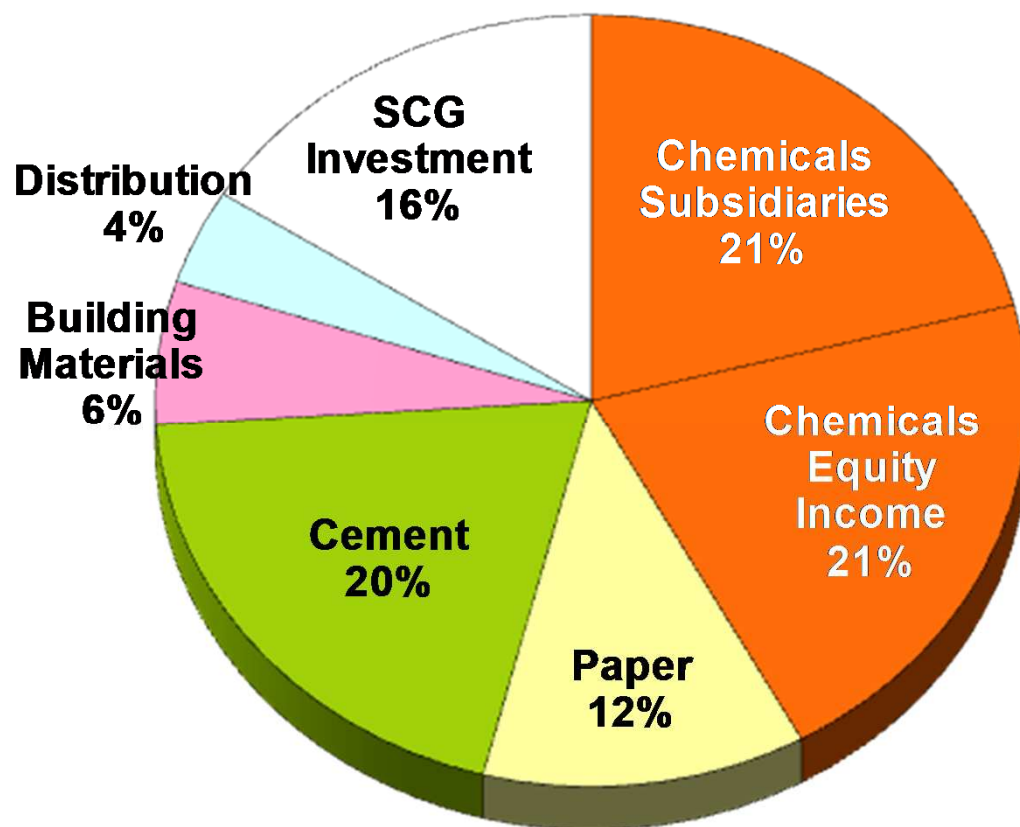
Profit for the Period (without non-recurring items)

Chemicals accounted for 38% of total earnings, despite a difficult Q4/11 for the chemicals associates.

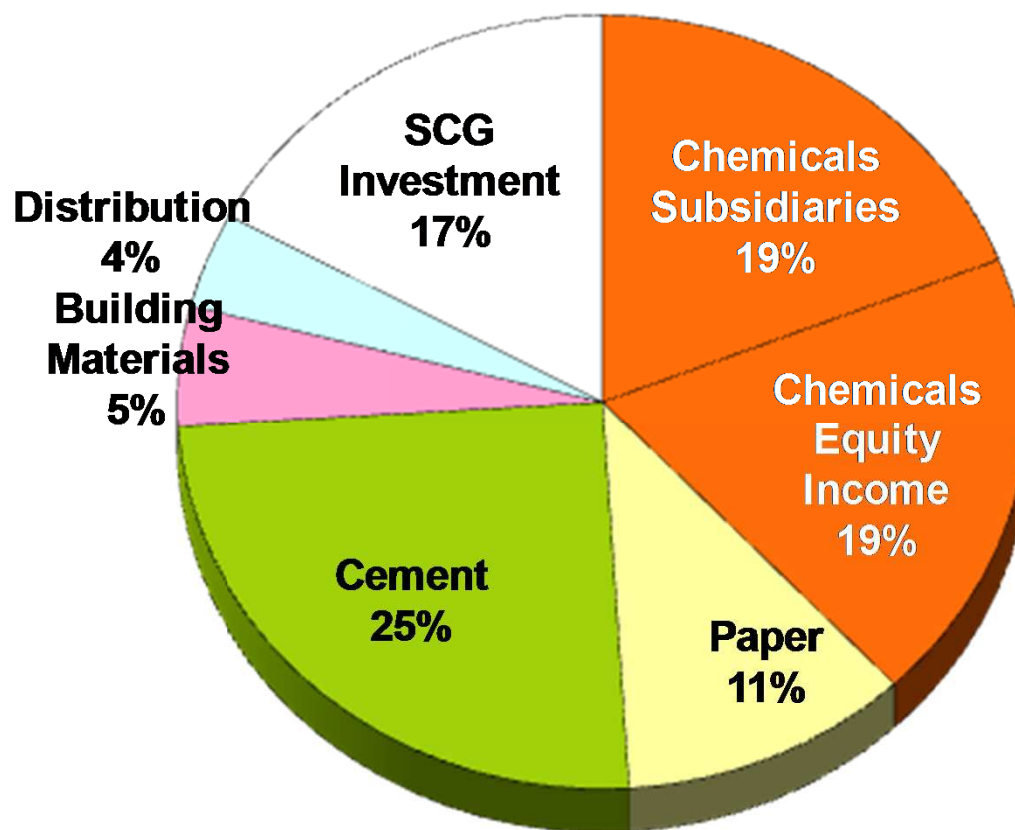


slide 10

FY2010
27,387 MB



FY2011
27,281 MB



SCG Investment's earnings are from:

- 1) dividend income (stake of <20%)
- 2) equity income (stake of 20% to 50%)

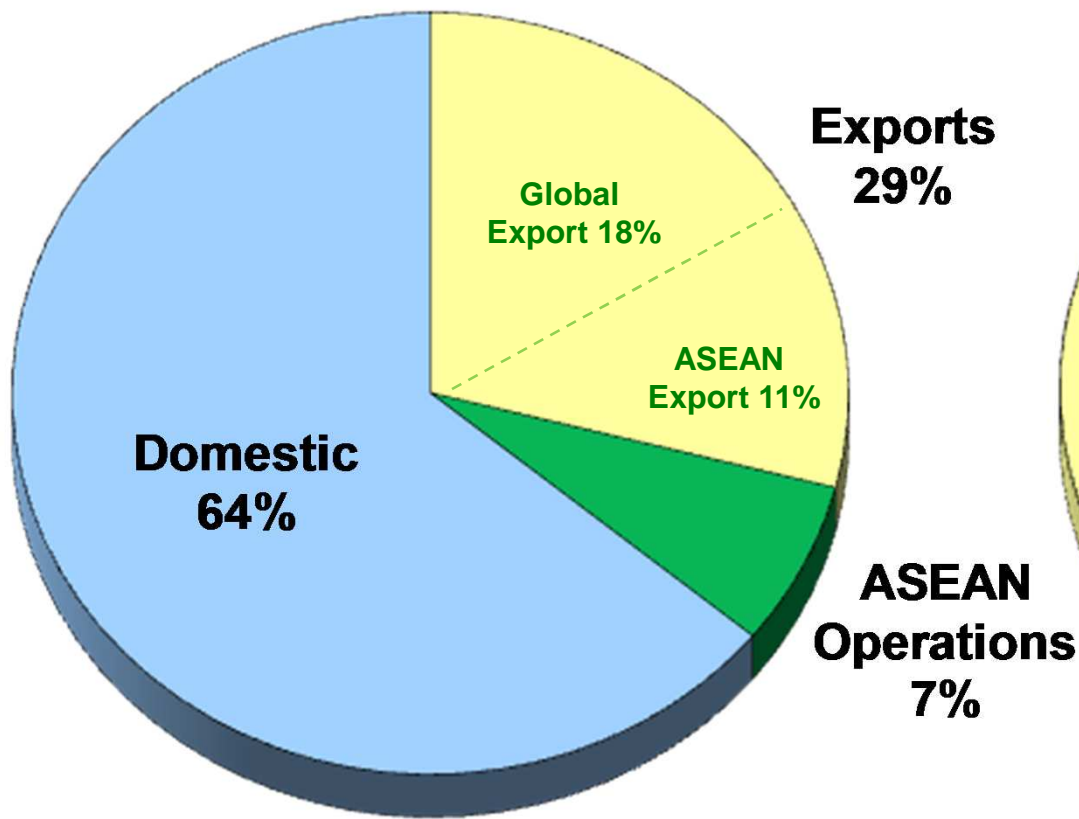
Segments: Export Destinations in FY2011

Export sales registered 29%, of which 11% went to ASEAN destinations.

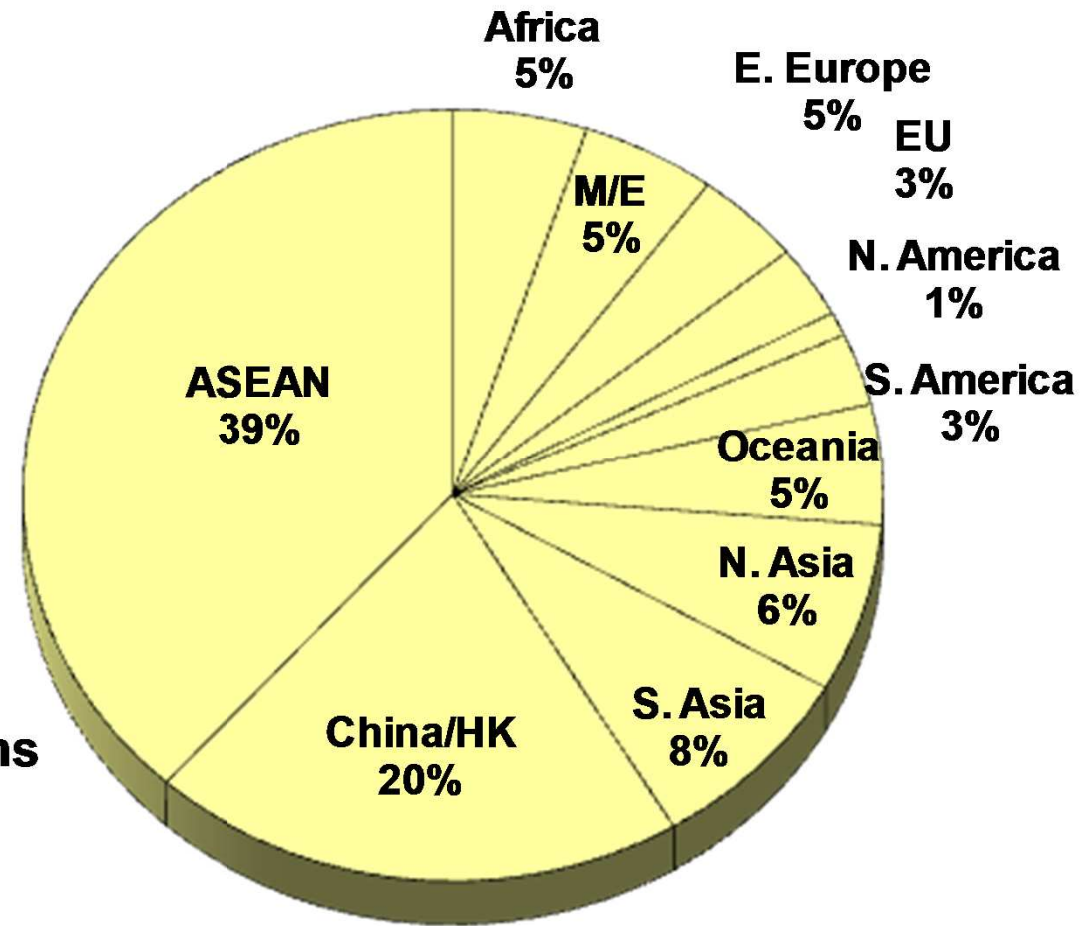


slide 11

Revenue from Sales



Export Destinations



ASEAN Operations

- subsidiaries in ASEAN.

Export Destinations

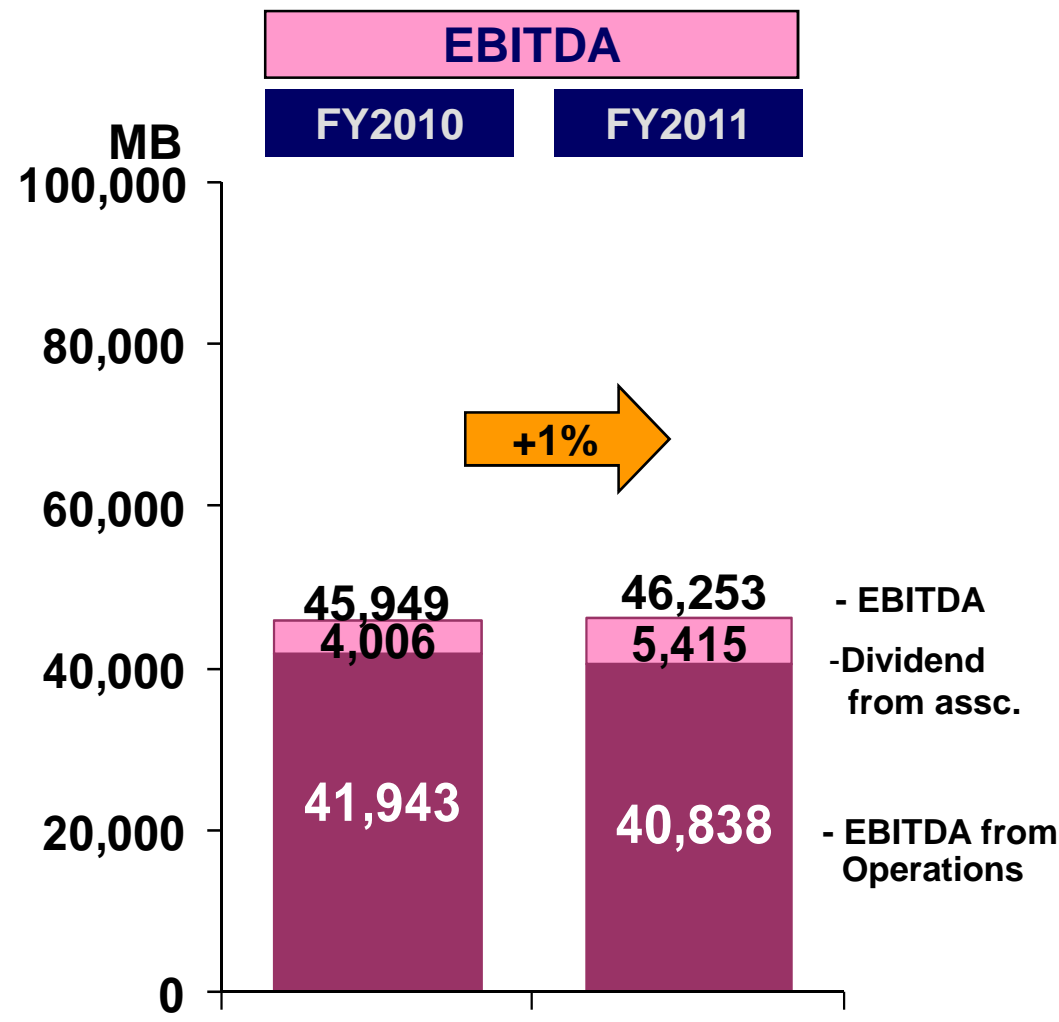
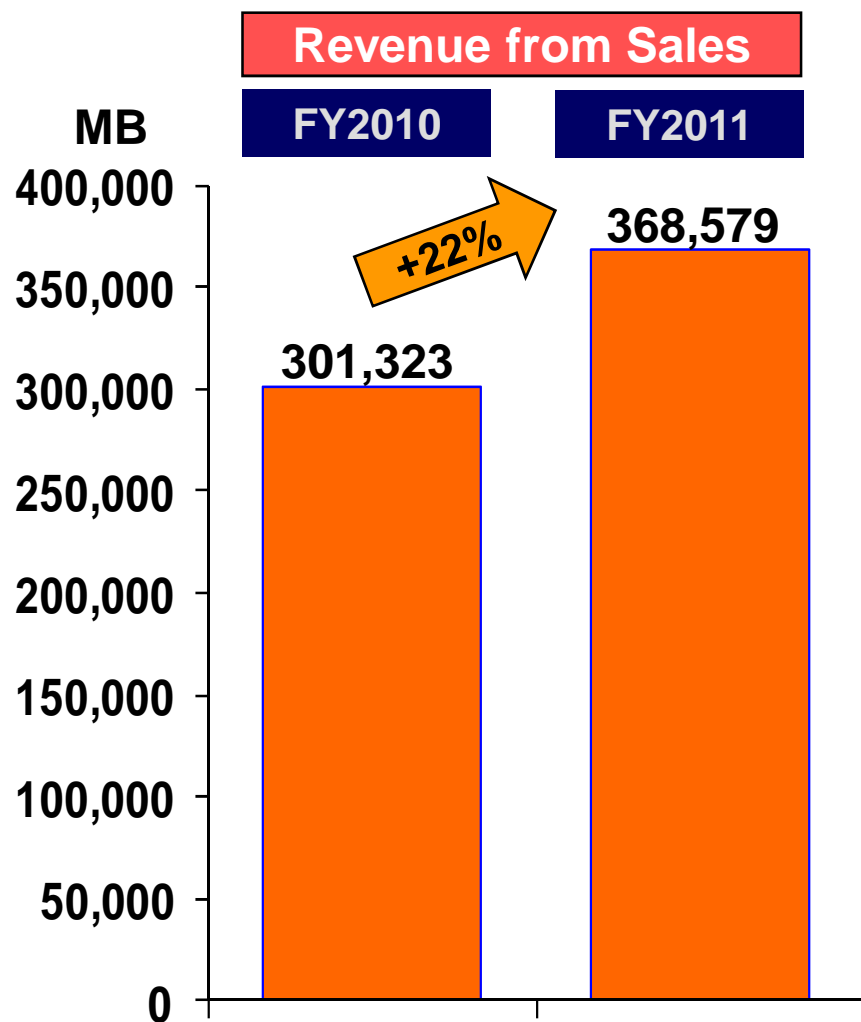
- from Thai subsidiaries

FY2011 Revenue from Sales & EBITDA



slide 12

Sales grew 22% y-o-y from higher product prices and volume growth, while EBITDA was flat y-o-y despite the difficult Q4/11.



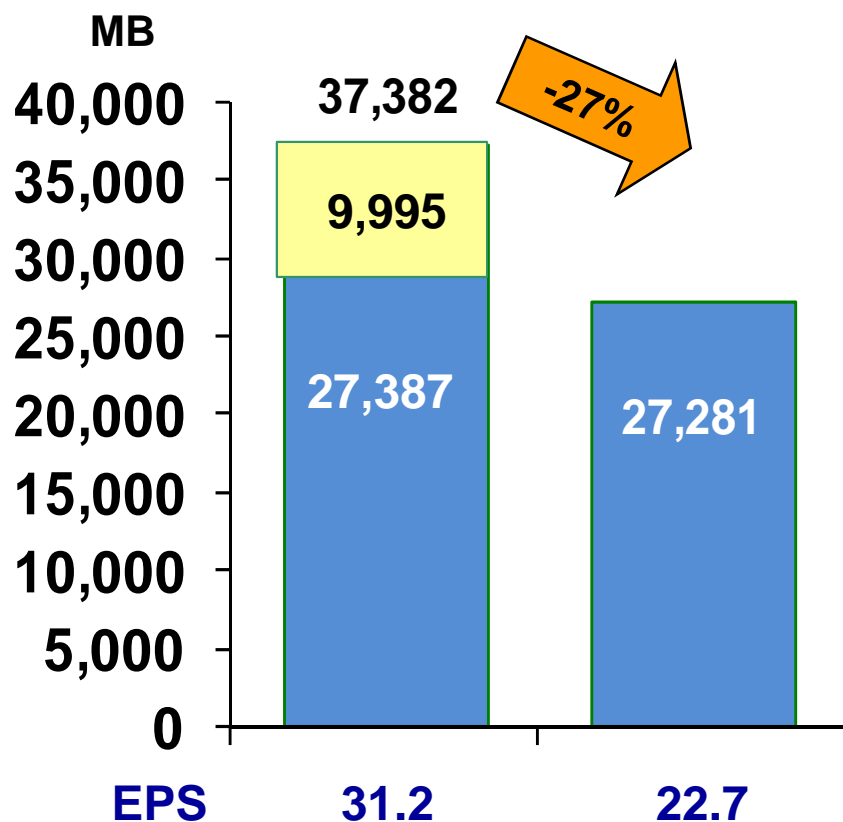
EBITDA Margin
14% 11%

FY2011 Profitability & CAPEX

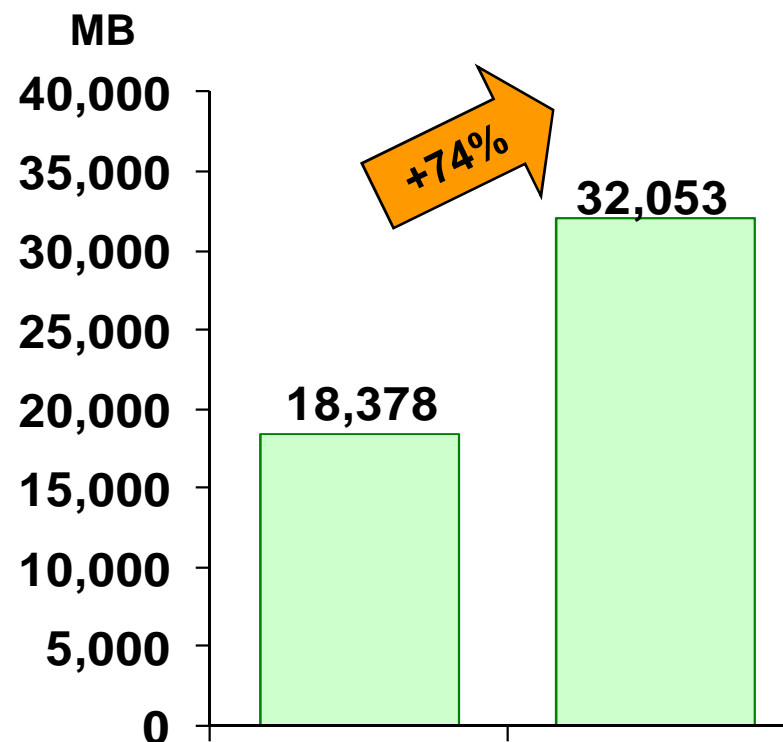


Earnings dropped 27% as there was the divestment gain in Q4/10, while the majority of the CAPEX & Investments were M&A activities.

Profit for the Period
FY2010 FY2011



CAPEX & Investments
FY2010 FY2011



 = Divestment of PTTCH

Note:

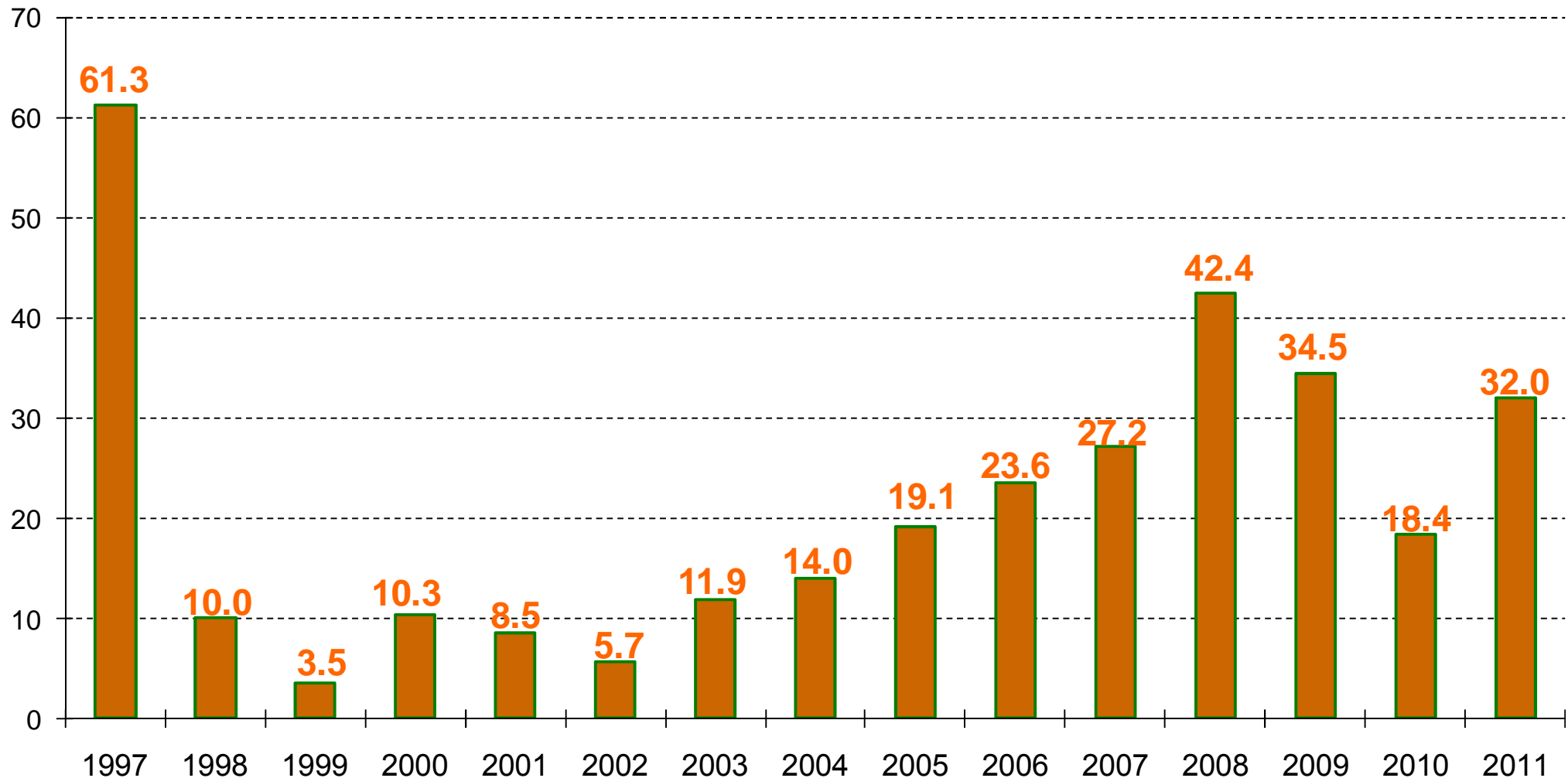
- CAPEX includes debottlenecking, expansion, and major turnaround.
- Investments are acquisitions and purchase of shares.

CAPEX and Investments: Amounted to 32,053 MB in FY2011.



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Billion Baht



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

Itemized CAPEX and Investments

Expenditure towards new capacity and efficiency in FY2011 amounted to 32,053 MB.



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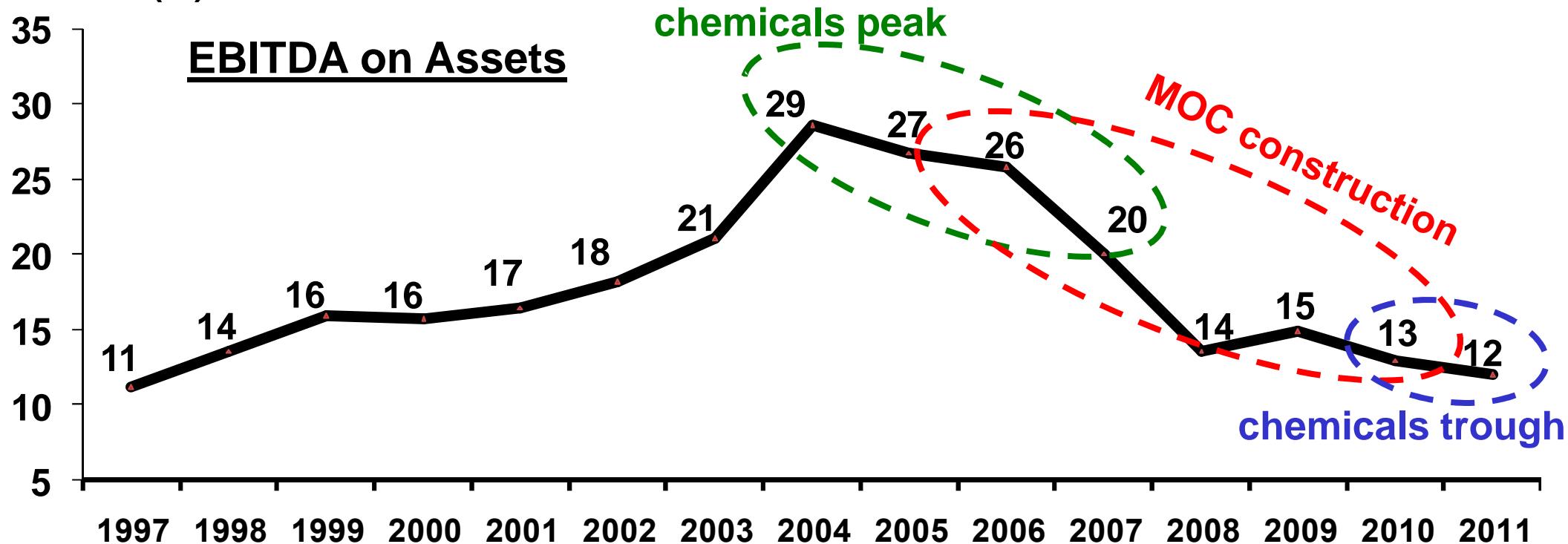
| M&A | | | |
|---------------------------------------|--------------------|----------------------|-----------|
| 17,760 MB | Chandra Asri | Chemicals Complex | Indonesia |
| | Kia | ceramics plant | Indonesia |
| | Kokoh | distribution network | Indonesia |
| | Alcamax | box plant | Vietnam |
| | Buu Long | white cement grinder | Vietnam |
| | Others | - | |
| Green Field | | | |
| 500 MB | SCG Heim | modular homes | Thailand |
| | Others | - | ASEAN |
| Others and Efficiency Programs | | | |
| 13,793 MB | Chemicals | 19% | ASEAN |
| | Paper | 28% | ASEAN |
| | Cement | 25% | ASEAN |
| | Building Materials | 25% | ASEAN |
| | Others | 3% | ASEAN |
| 32,053 MB | Total | | |

EBITDA on Assets, and EBITDA Margin



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Percent (%)



EBITDA Margin (%)

| | | | | | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 24 | 23 | 27 | 23 | 22 | 22 | 23 | 26 | 22 | 19 | 16 | 14 | 18 | 14 | 11 |
|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|

EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

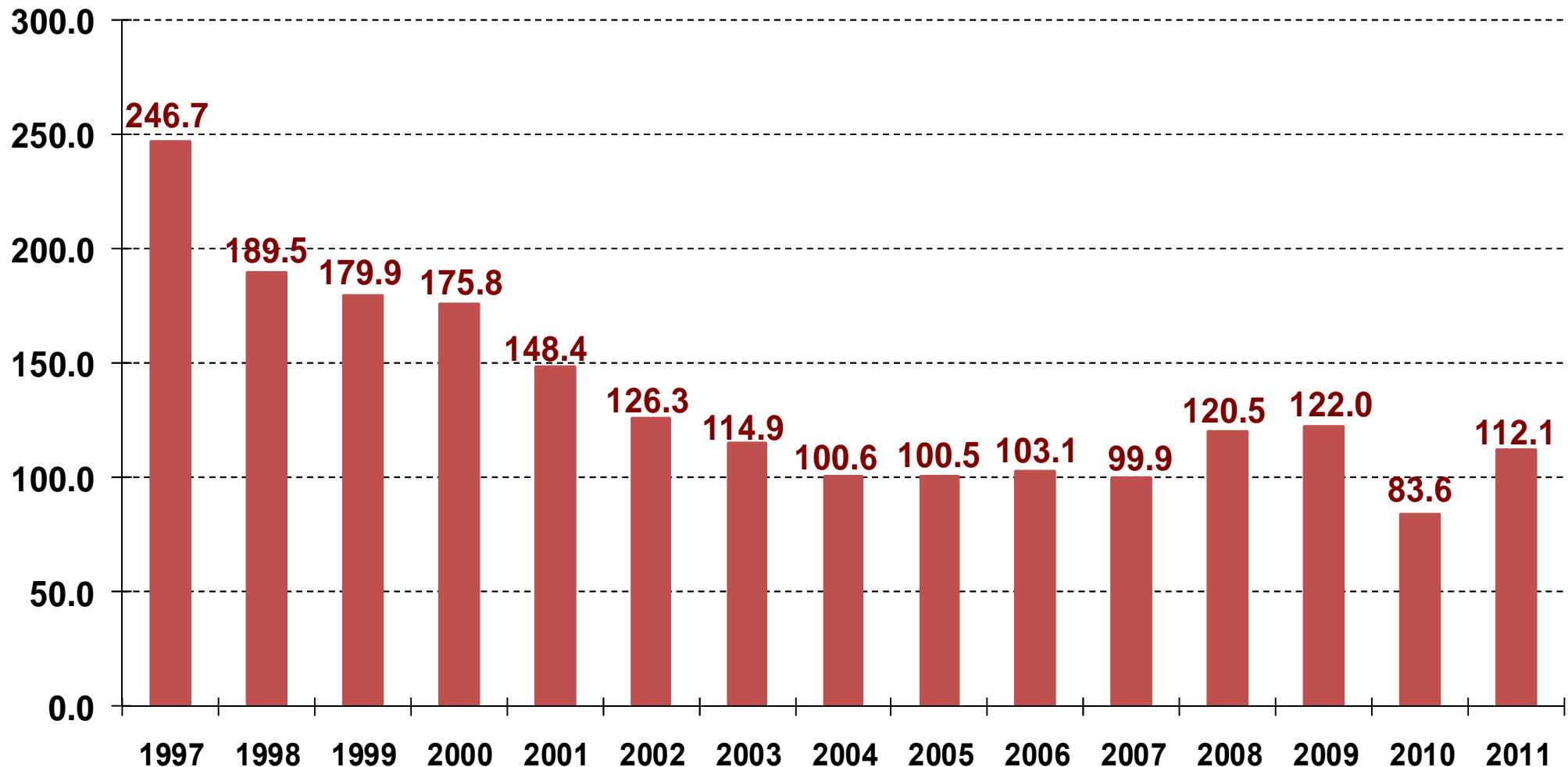
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Net Debt: Increased 28.5 Billion Baht from the end of Q4/10, compared to the cash outflow of 61.4 Billion Baht for CAPEX & Investments activities, corporate tax payments, and dividend payments (H2/10, H1/11).



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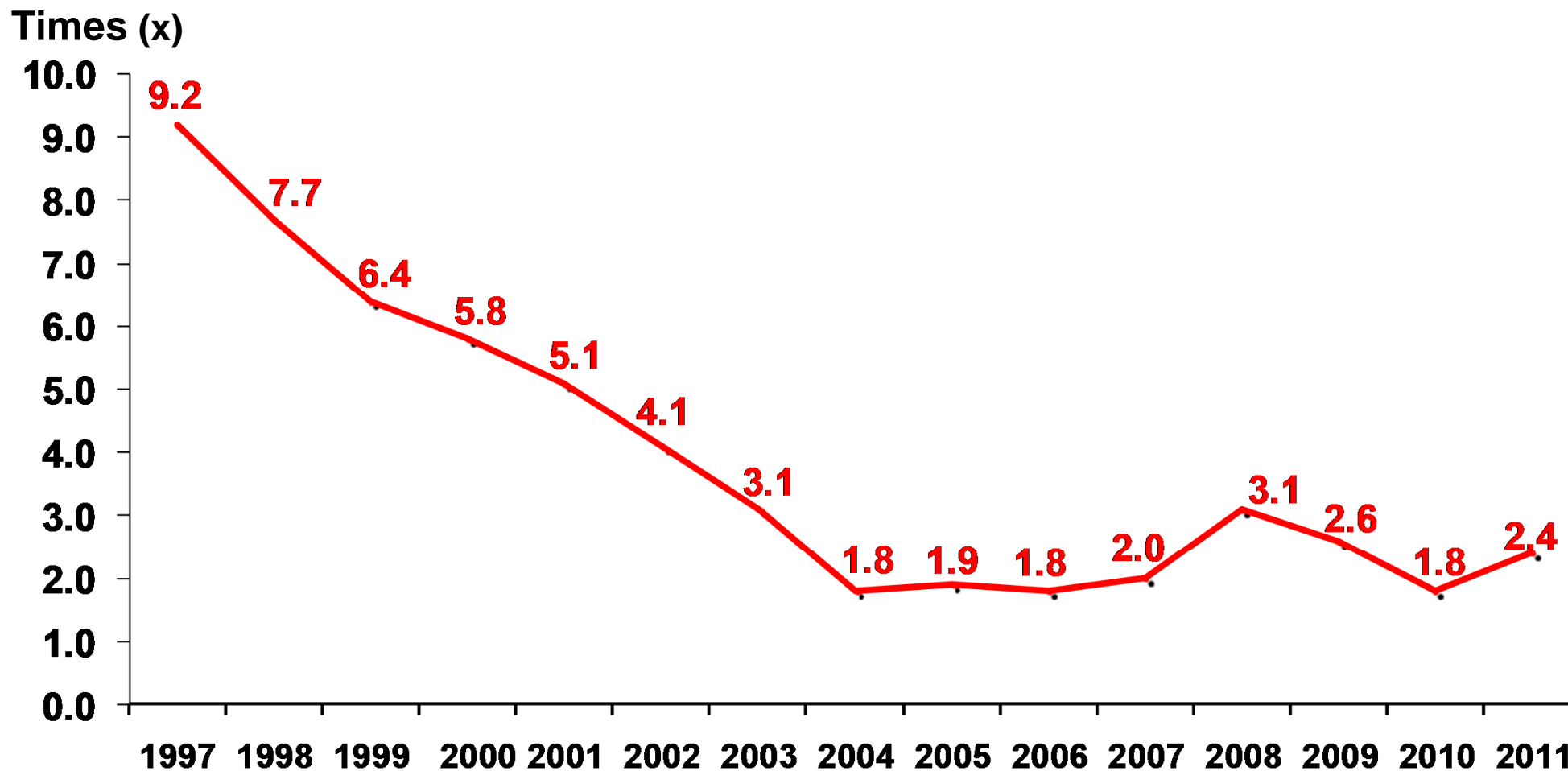
Billion Baht



Net Debt on EBITDA Ratio



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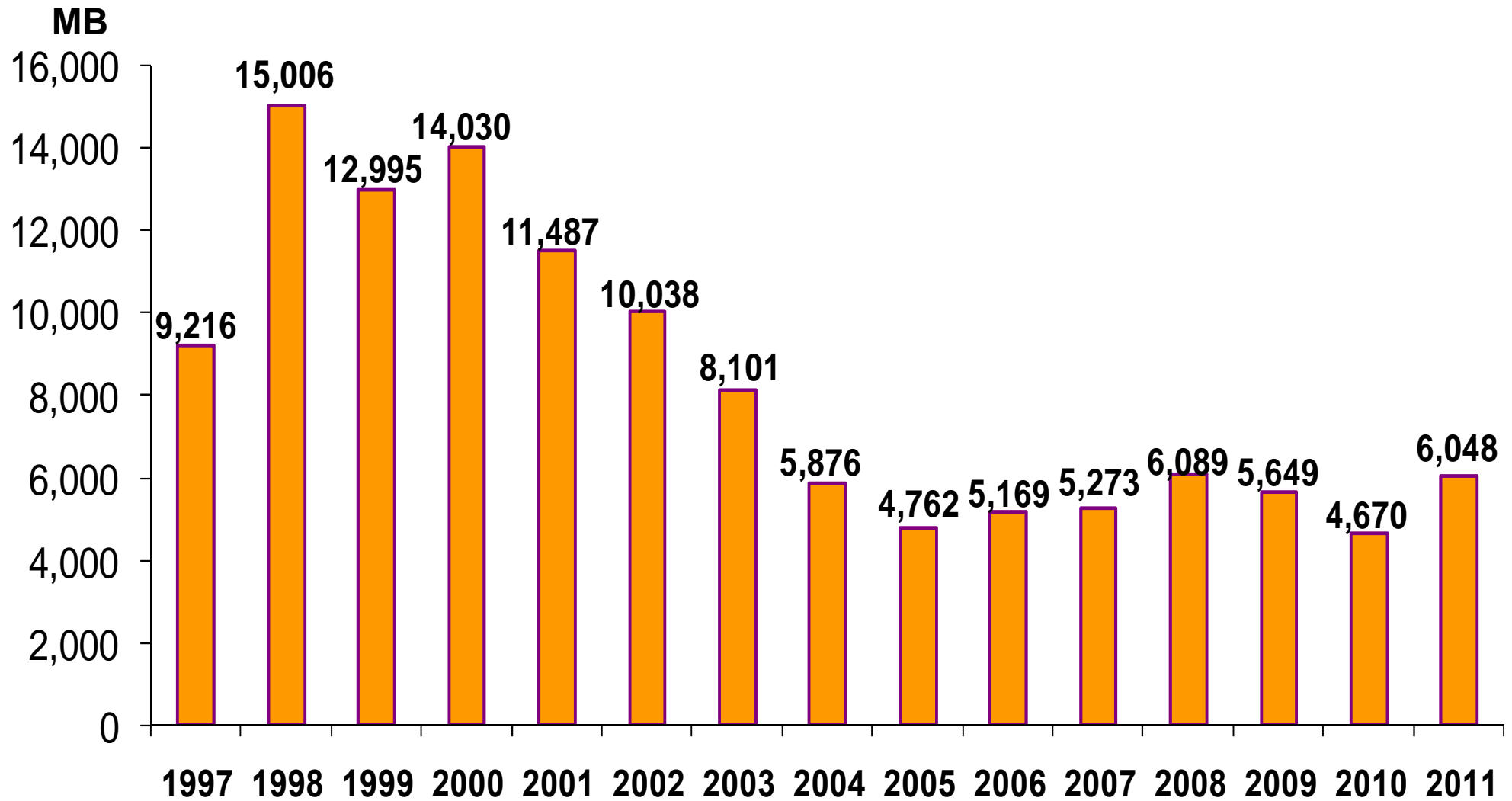


Finance Costs:

Amounted to 6,048 MB in FY2011, with interest cost of 4.4% at the end of Q4/11.



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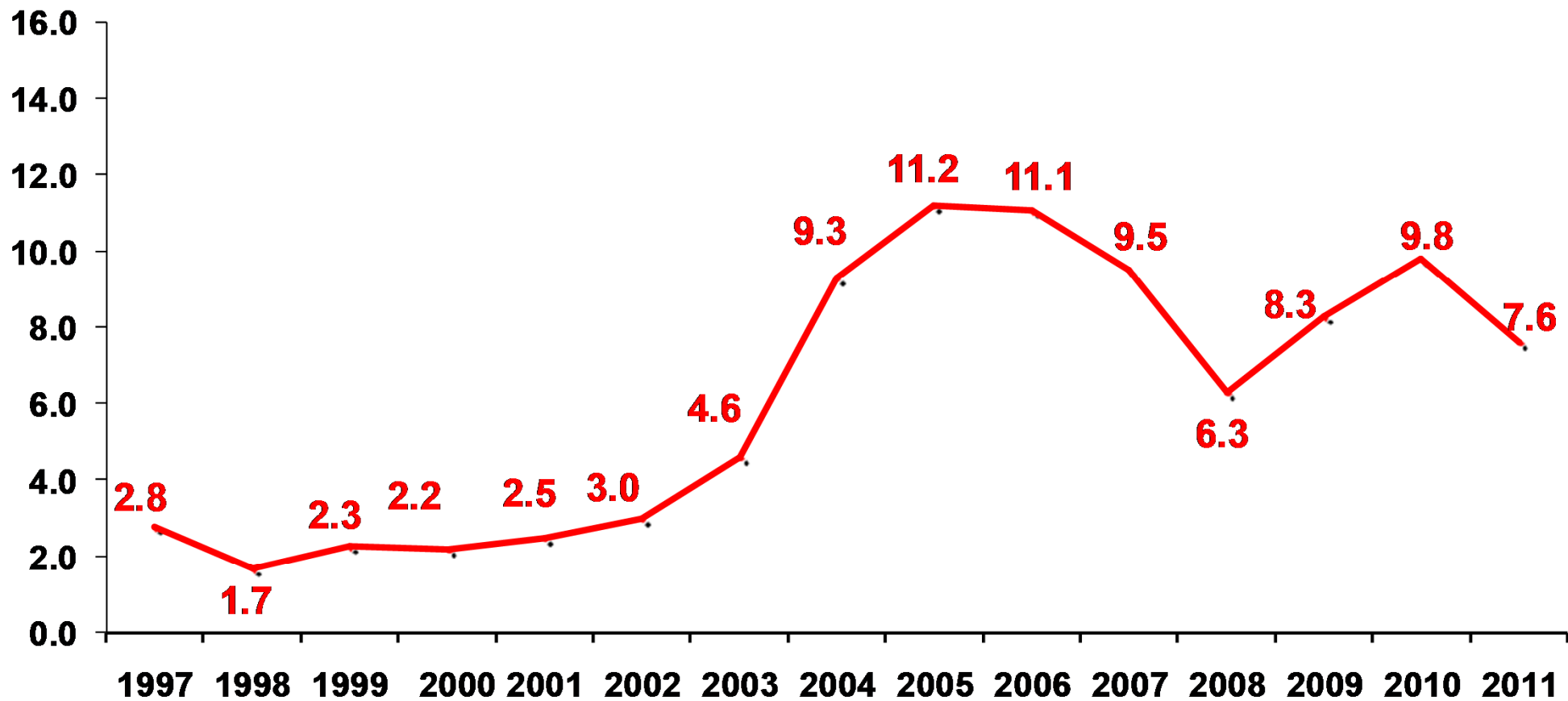
NOTE: Interest & financial charges includes FX gain/loss transactions

Interest Coverage Ratio



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Times (x)

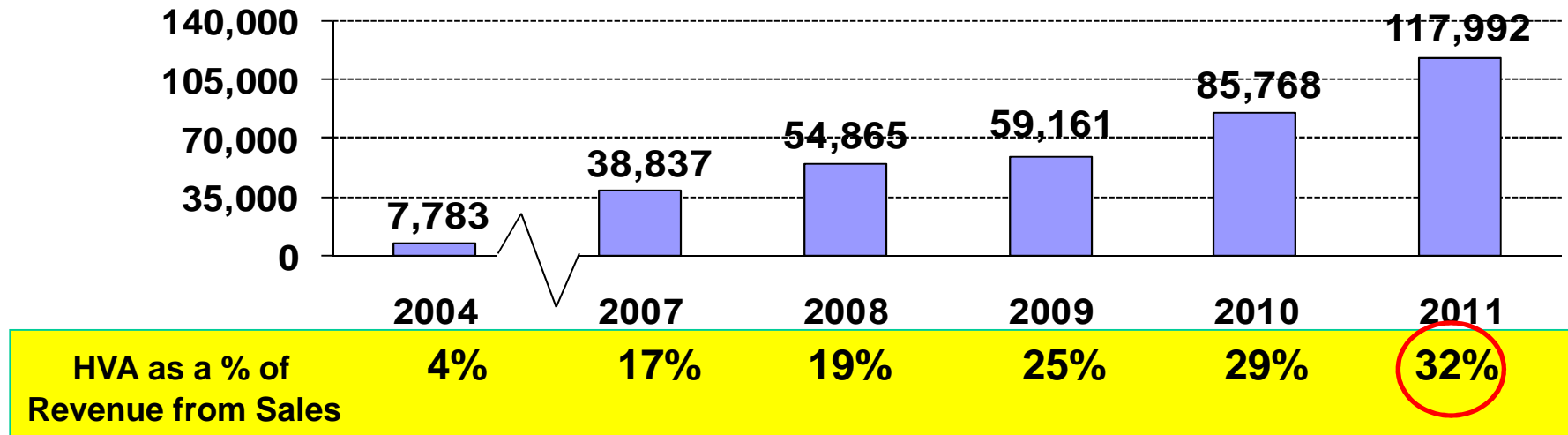


Note: Interest Coverage Ratio = EBITDA / Interest Expense

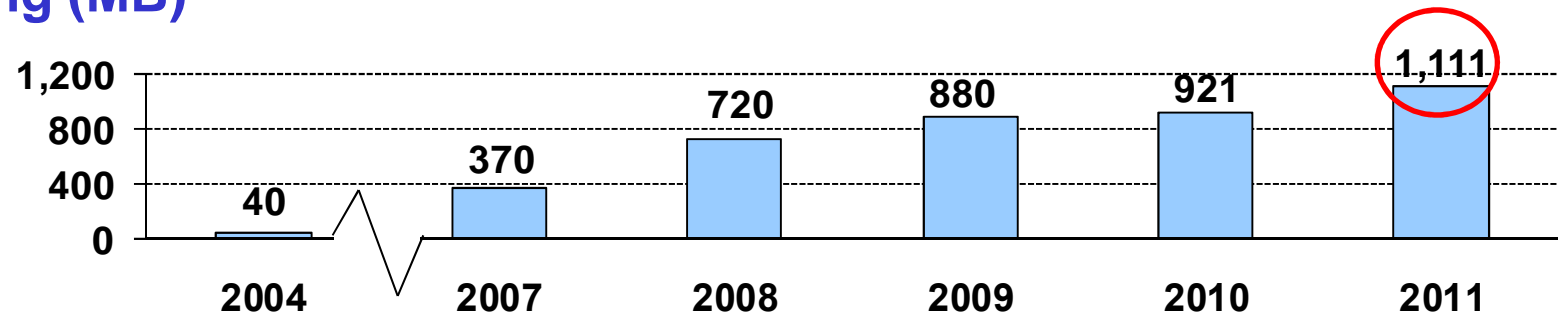
- FY2011 dividend of 12.5 Bt (15,000 MB) or 55% of FY2011 earnings, following the approval of the H2/11 dividend of 7.0 Bt or 79% of H2/11 earnings, that is payable on Apr 26/12.
- Cash & cash under management of 50,288 MB at year end 2011.
- Net Working Capital increased 2,395 MB q-o-q to 50,060 MB, primarily due to the decreased accounts payable.
- Reversal of deferred tax credits of 830 MB, following the drop in corporate tax beginning 2012 (to 23%), and 2013 (to 20%) thereon afterwards.
- Divestment of the remaining 5% stake in Siam United Steel to Nippon Steel, resulting in the non-recurring gain of 687 MB in Q4/11.

- Solid financial position, despite the chemicals trough.
- Further opportunities to execute on M&A activities in core businesses, as noted by the issuance of 25,000 MB in debenture (4 yr, coupon to be finalized) to refinance the matured 20,000 MB (4 yr, 4.25%).
- In total, FY2012 mature debenture amount to 40,000 MB, compared to 25,000 MB in FY2011. These maturing debentures carry an average coupon of 4.80% (Apr/12: 20,000 MB @ 4.25%, and Nov/12: 20,000 MB @ 5.35%).

1/ HVA's Revenue from Sales (MB)



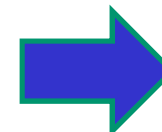
2/ R&D Spending (MB)



3/ R&D and Product Design Team (staffs / Jan/12)



364 (Ph.D. 9)



932 (Ph.D. 60)

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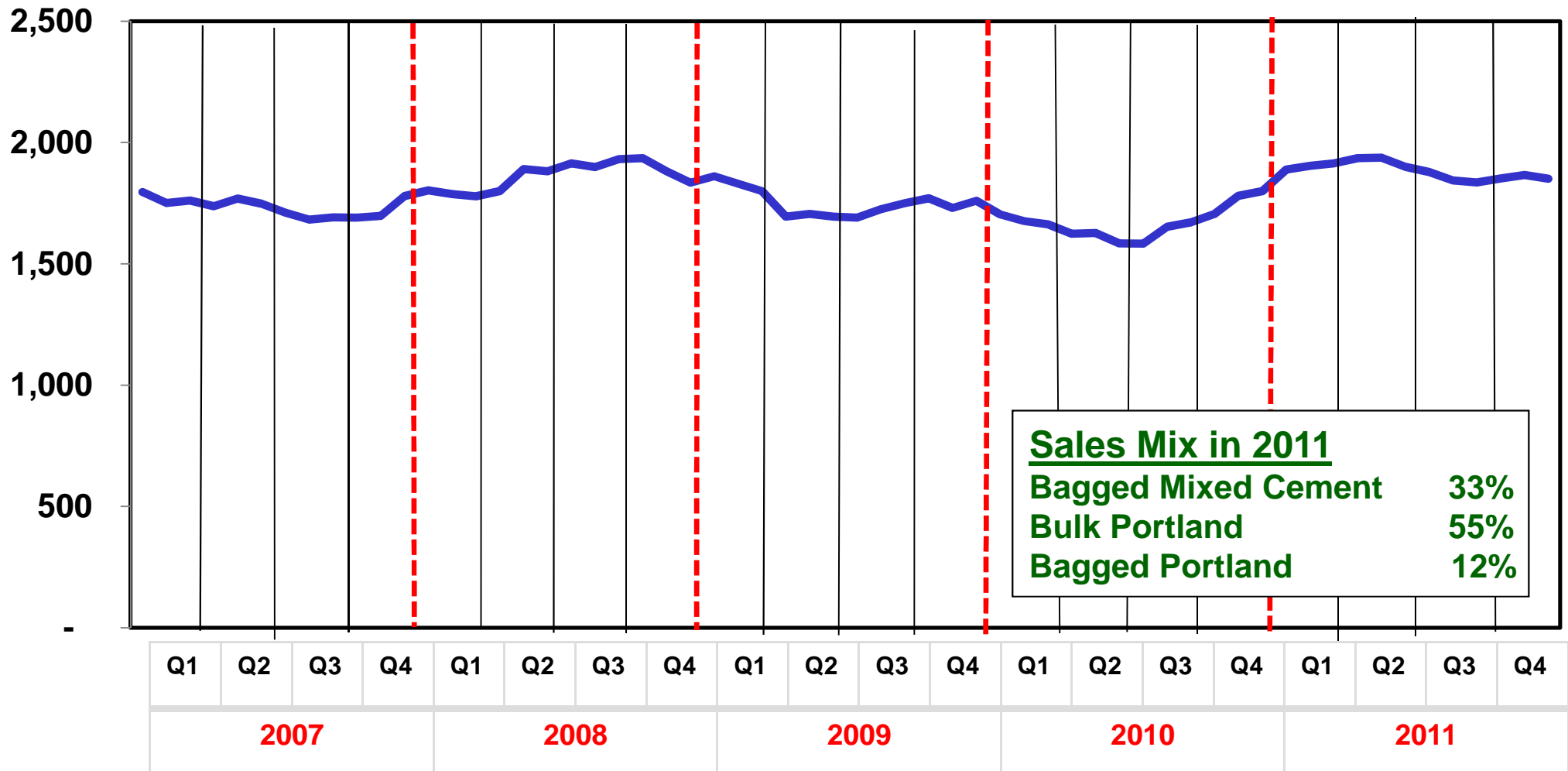
SCG's average domestic cement price remained stable q-o-q at 1,800 – 1,850 Bt/ton, while domestic demand dropped 1% q-o-q due to severe flood. Total demand in FY 2011 grew 3% y-o-y.



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Avg Domestic Price of Grey Cement (Net ex-factory)

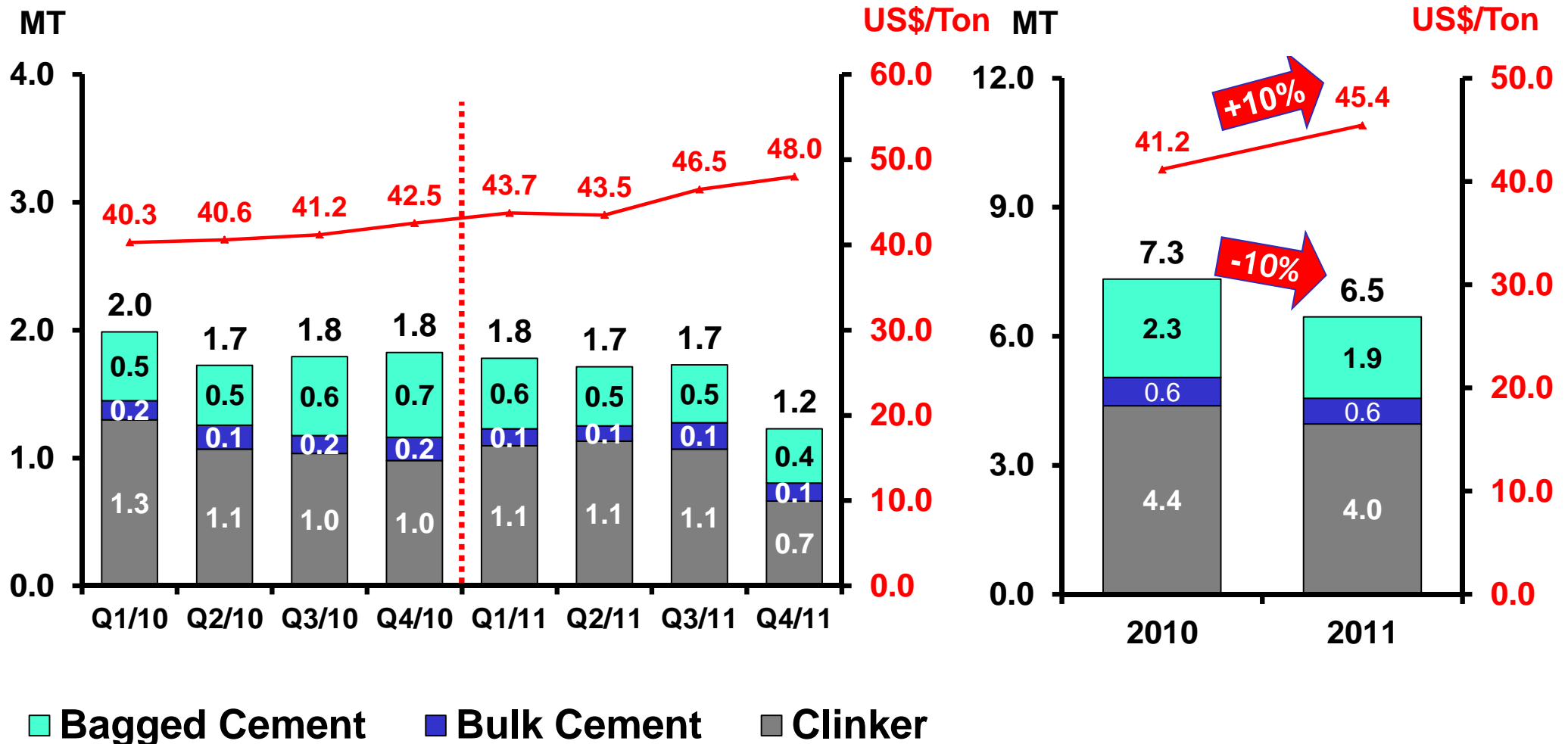
Baht/Ton



Export sales volume decreased 29% q-o-q and 33% y-o-y due to logistic problems as a result of the flood



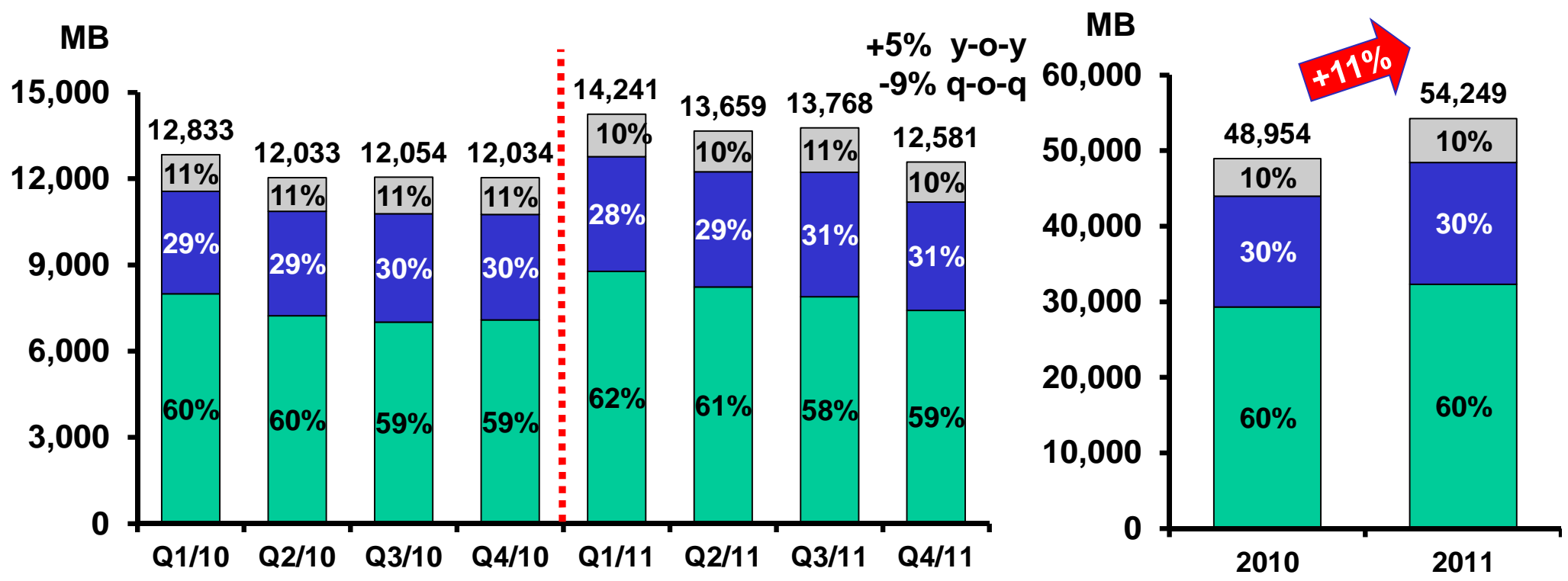
Export Volume and Avg FOB Prices



Q4/11 Revenue from Sales increased 5% y-o-y from price increase and higher sales volume



Revenue from Sales



Other
 RMC & Precast
 Grey Cement

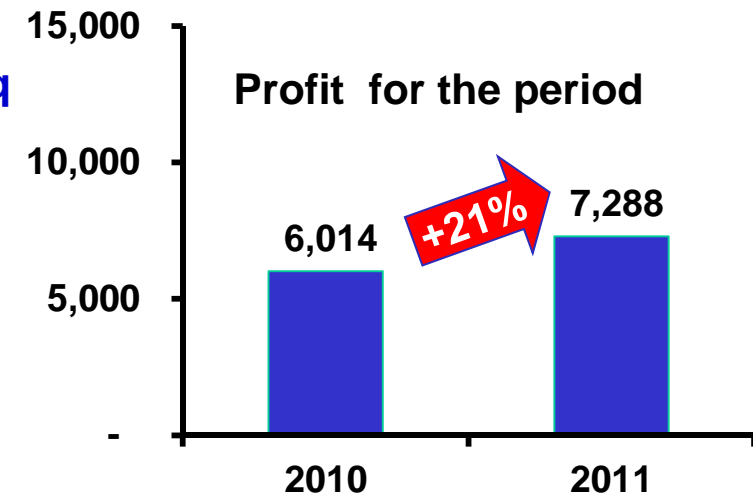
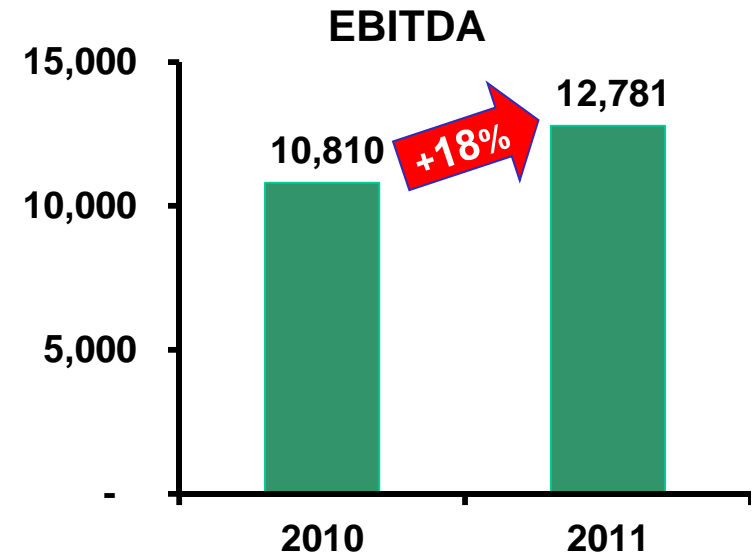
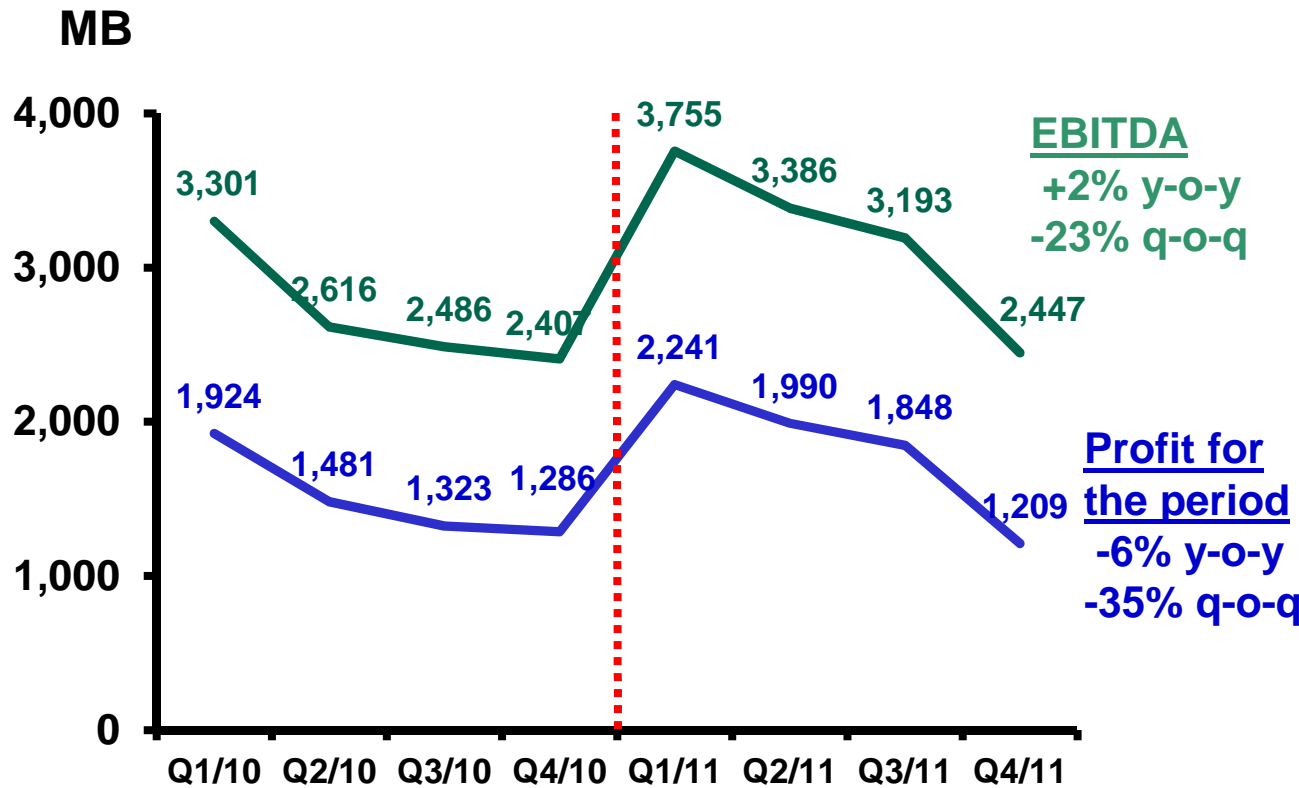
| | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|
| 21 | 19 | 19 | 19 | 17 | 17 | 17 | 15 | 20 | 16 |
| Export Sales, as a % of Revenue from Sales | | | | | | | | | |

EBITDA dropped 23% q-o-q as a result of lower exports during the flood. Similarly, Profit for the period dropped 35% q-o-q



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EBITDA & Profit for the period



| | | | | | | | | |
|------------|----|----|----|----|----|----|----|----|
| EBITDA | 26 | 22 | 21 | 20 | 26 | 25 | 23 | 19 |
| Margin (%) | ← | ← | ← | ← | → | ← | ← | → |
| | | | 22 | | | 24 | | |

- Domestic demand in FY2012 is expected to grow 5%.
- The contributing factor is the significant growth in infrastructure sector from flood protection policy, coupled with strong growth in commercial and industrial sector as well as moderate expansion in residential sector.
- Export volume is anticipated to return to the normal level as the logistics problems have been alleviated, post-flood.

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Q4/11 Market Insight and SCG's Activities



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... Weak demand of petrochemical products coupled with global economic concerns caused price collapse.

Market Insight

- Naphtha prices dropped 7% q-o-q to \$888/ton from weak demand, but rose 10% y-o-y following higher crude oil price
- Monomer prices also decreased, due to slow demand of derivatives, coupled with a series of crackers restarted, post-turnaround in Q3/11
- Significant drop in polymer prices, as HDPE dropped \$70/ton q-o-q, PP decreased \$183/ton q-o-q and PVC was lower by \$178/ton q-o-q from on going weak demand, following the uncertainty of global economy

Market Activities

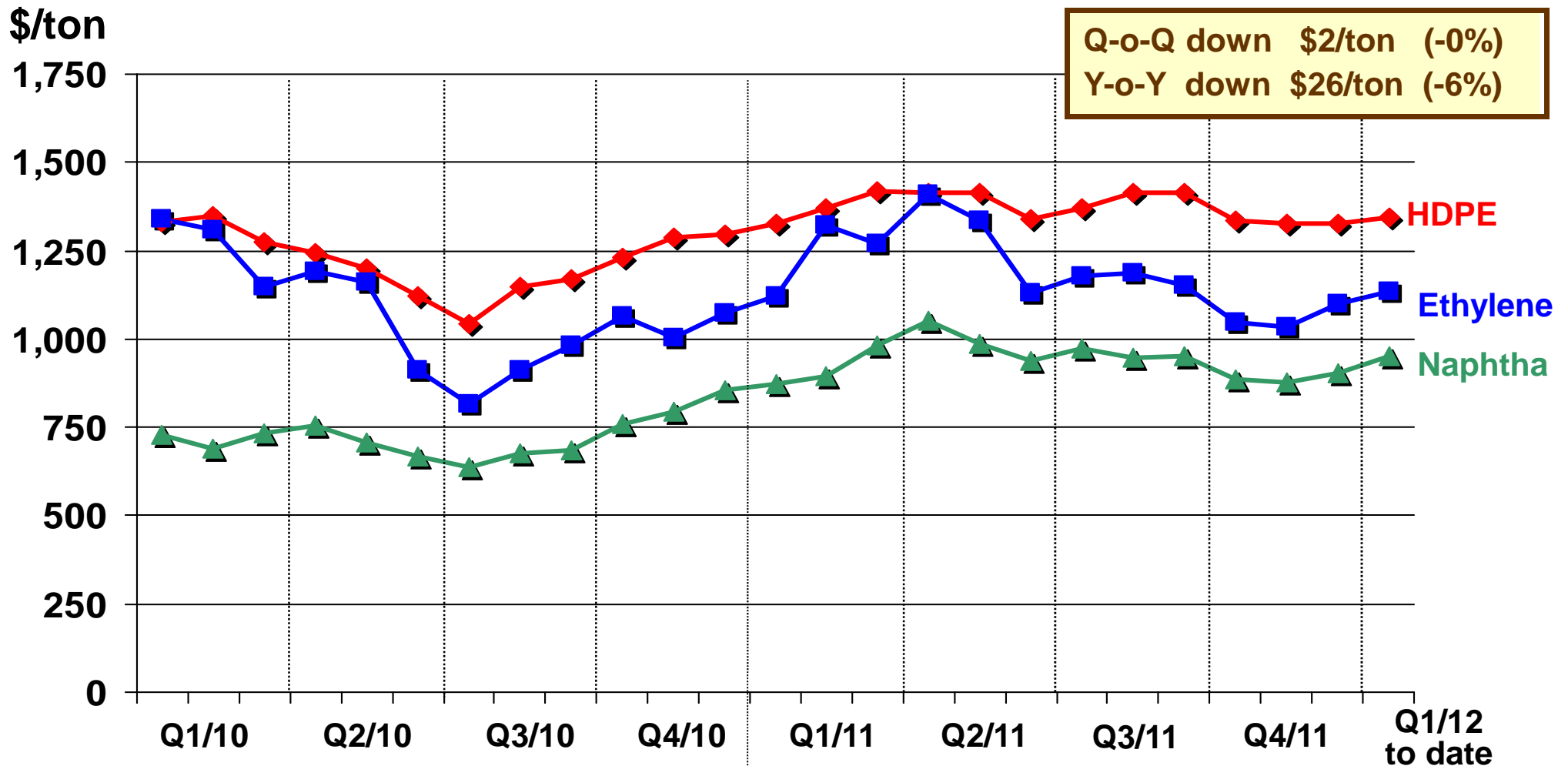
- Smooth start up of SCG-Dow's 390 KTA Propylene Oxide plant
- Q4/11 marked a unique situation for Thailand, as the flood situation in domestic and global economic concerns placed pressure on chemicals demand; however, sales volume went up 9% q-o-q as SCG effectively managed export sales destinations.

HDPE – Naphtha Price Gap



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... remained flat q-o-q at \$442/ton from ongoing gloomy economic outlook.



Q-o-Q down \$2/ton (-0%)
Y-o-Y down \$26/ton (-6%)

| | | | | | | | | | |
|---------------|-------|-----|-----|-----|-------|-----|-----|-----|---|
| HD-Naphtha | 602 | 477 | 455 | 467 | 456 | 396 | 443 | 441 | → |
| Spread (\$/T) | ← 500 | | → | | ← 434 | | → | | |

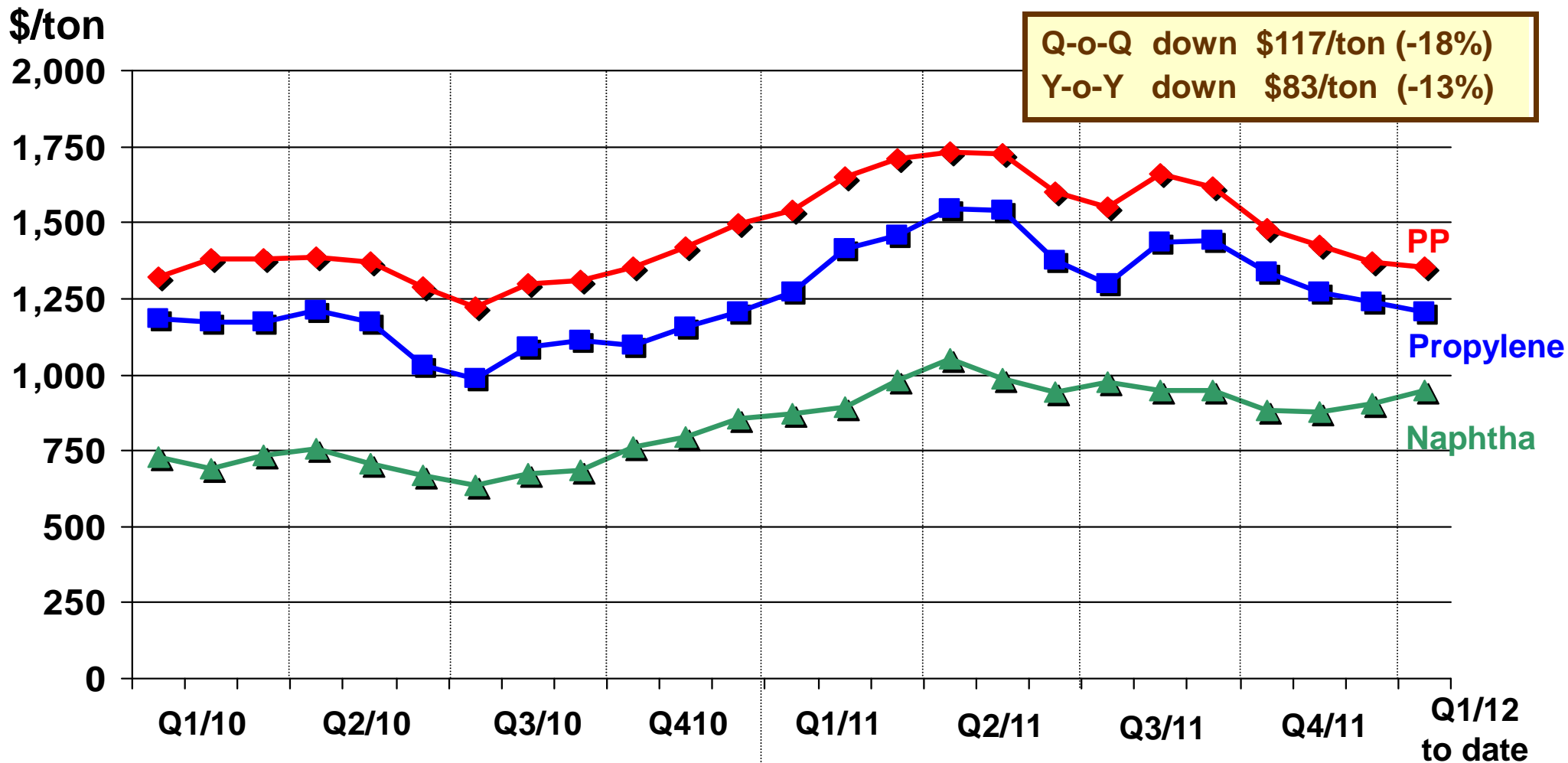
Note: Prices refer to SEA regional prices

PP – Naphtha Price Gap



slide 34

... hit lowest level since 2009 at \$536/ton, attributed to weak auto and electrical appliances demand and new capacity additions in China.



Q-o-Q down \$117/ton (-18%)
Y-o-Y down \$83/ton (-13%)

| | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|--|
| PP-Naphtha | 643 | 638 | 611 | 619 | 717 | 691 | 653 | 535 | |
| Spread (\$/ton) | ← | | → | | ← | | → | | |

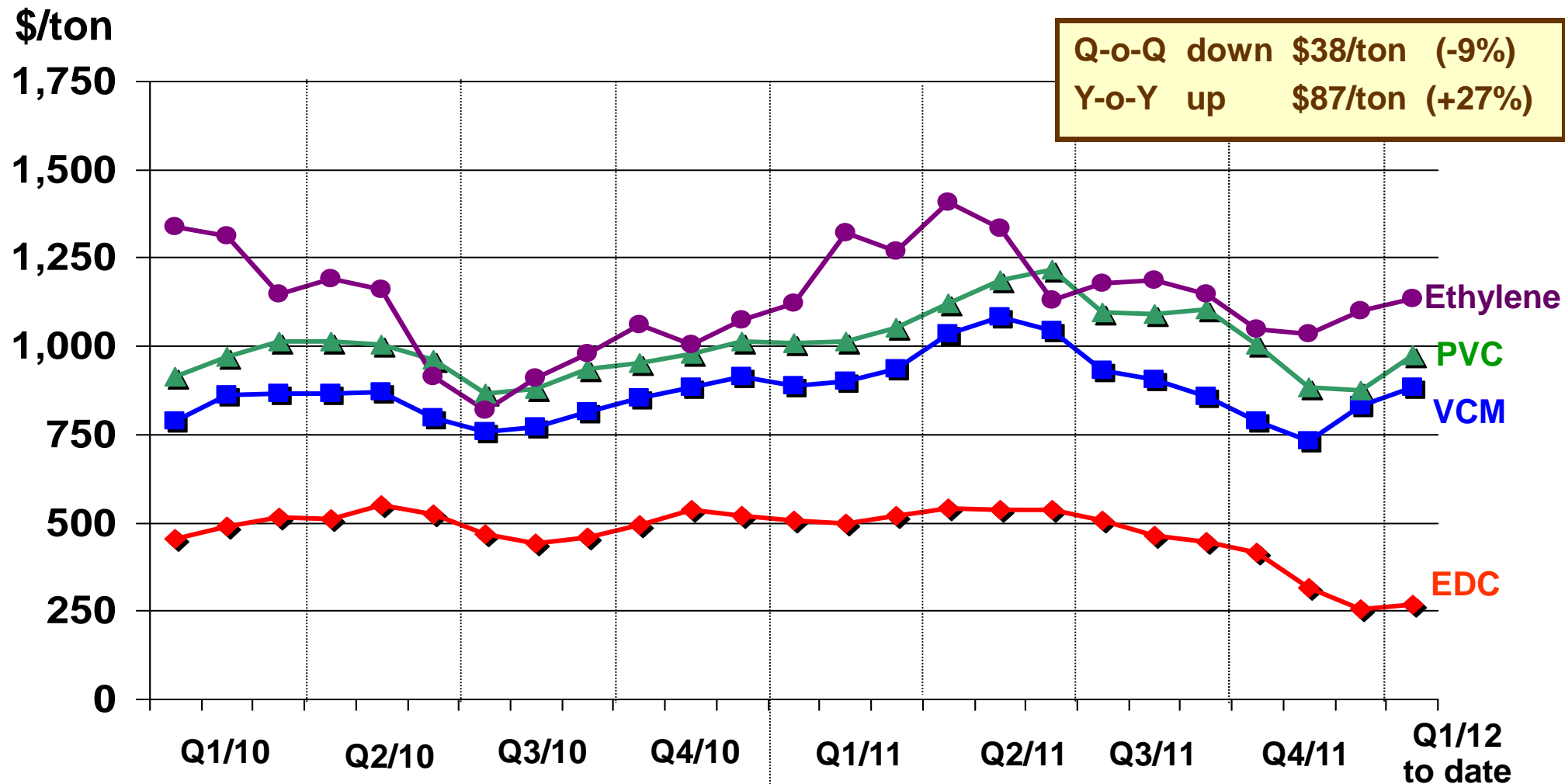
Note: Prices refer to SEA regional prices

PVC

... gap reduced q-o-q following weak demand and stringent Chinese monetary policy.



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| | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|--|
| PVC-EDC/C2 | 277 | 310 | 311 | 319 | 323 | 437 | 444 | 406 | |
| Spread (\$/ton) | ← | | 304 | → | | ← | 403 | → | |

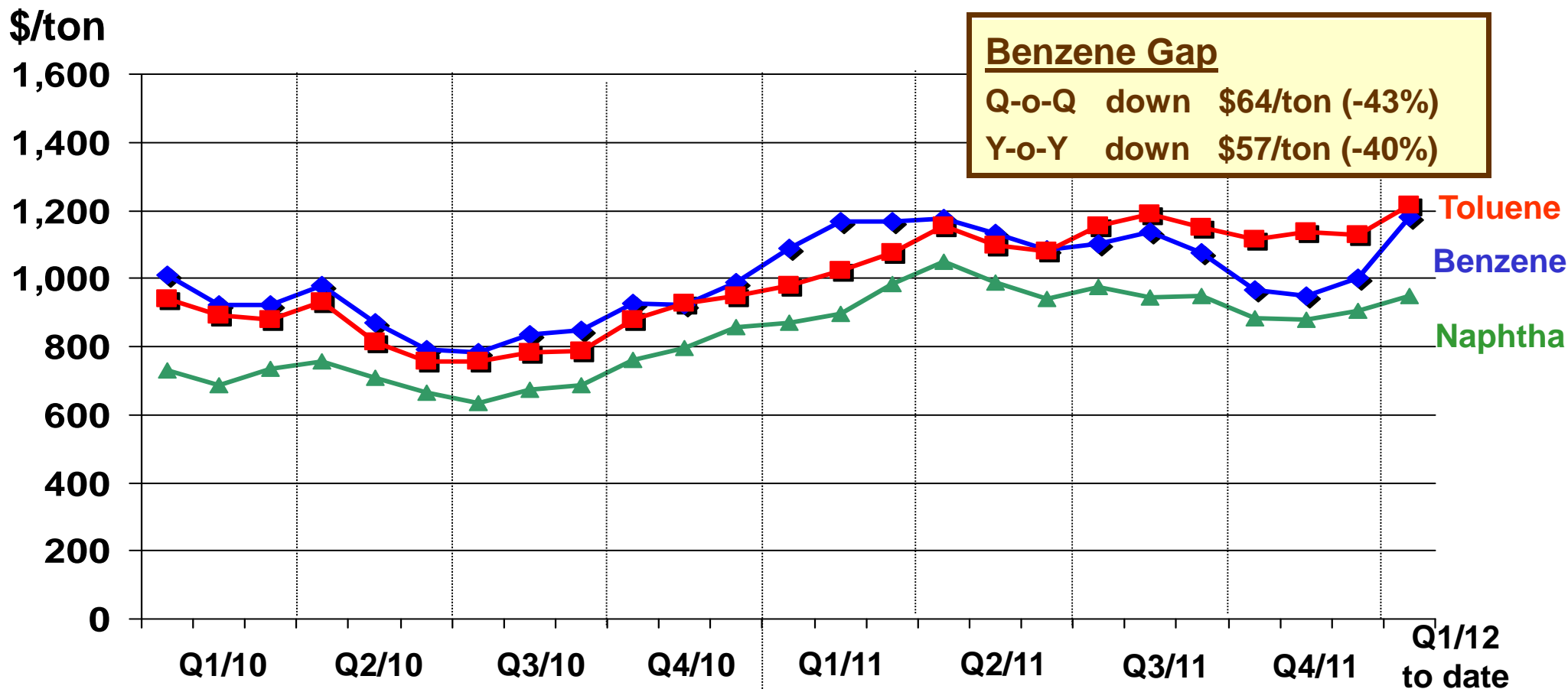
Prices refer to FE regional prices

Benzene & Toluene

... Benzene-Naphtha gap squeezed from long supply, while Toluene-Naphtha gap improved from Chinese inventory shortage.



slide 36



| | | | | | | | | | | |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|-----|---|--|
| BZ-Naphtha | 234 | 171 | 156 | 142 | 224 | 137 | 148 | 84 | | |
| TL-Naphtha | 186 | 123 | 110 | 114 | 111 | 116 | 208 | 239 | | |
| BZ Spread (\$/ton) | ← | | 176 | → | | ← | | 148 | → | |
| TL Spread (\$/ton) | ← | | 133 | → | | ← | | 169 | → | |

Note: Prices refer to SEA regional prices

Price Gaps of Associates



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MMA-Naphtha: Decreased demand from electronics.

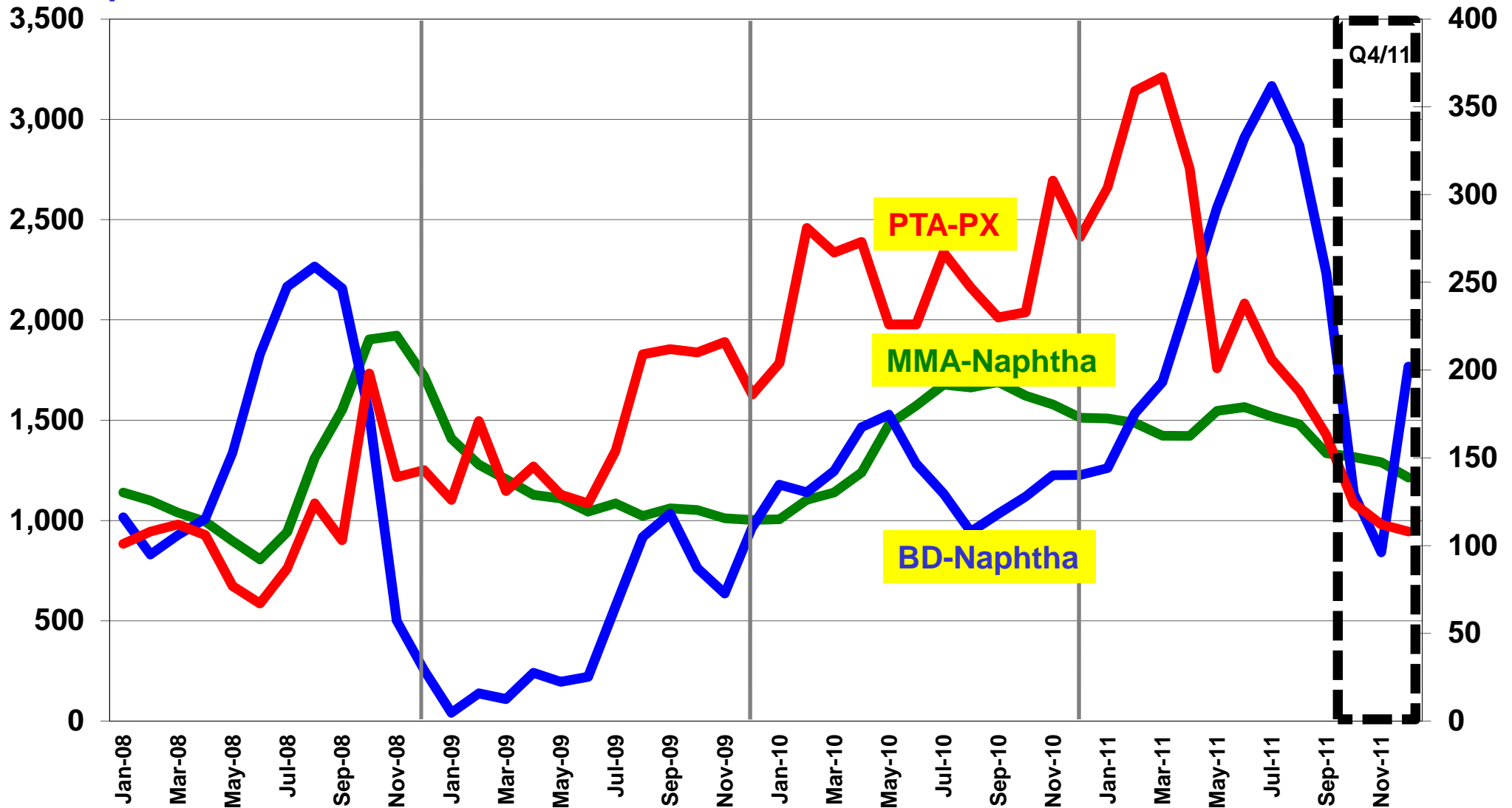
BD-Naphtha: Affected by lower natural rubber prices.

PTA-PX: Slow demand of polyester and excess Chinese supply.

MMA-Naphtha \$/ton

BD-Naphtha \$/ton

PTA-PX \$/ton



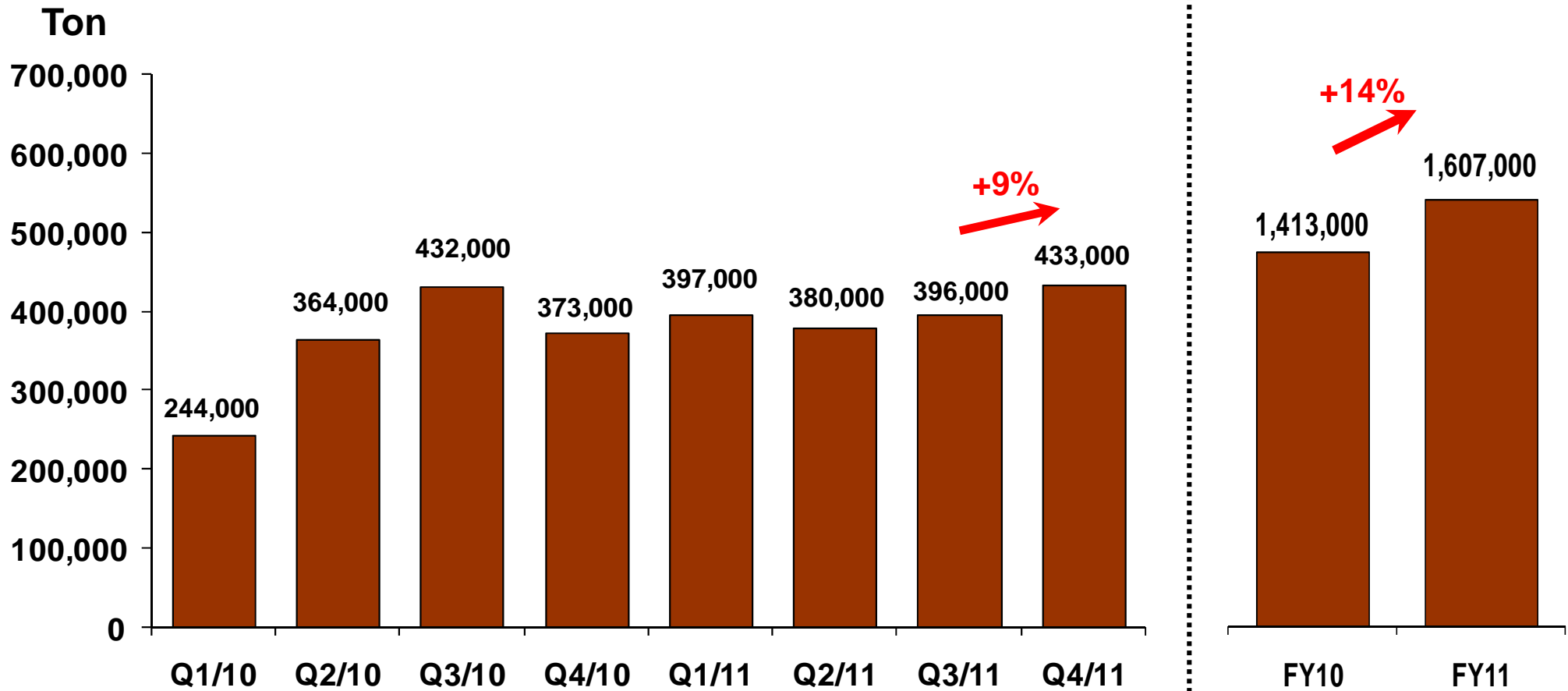
Polyolefins Sales Volume



SCG

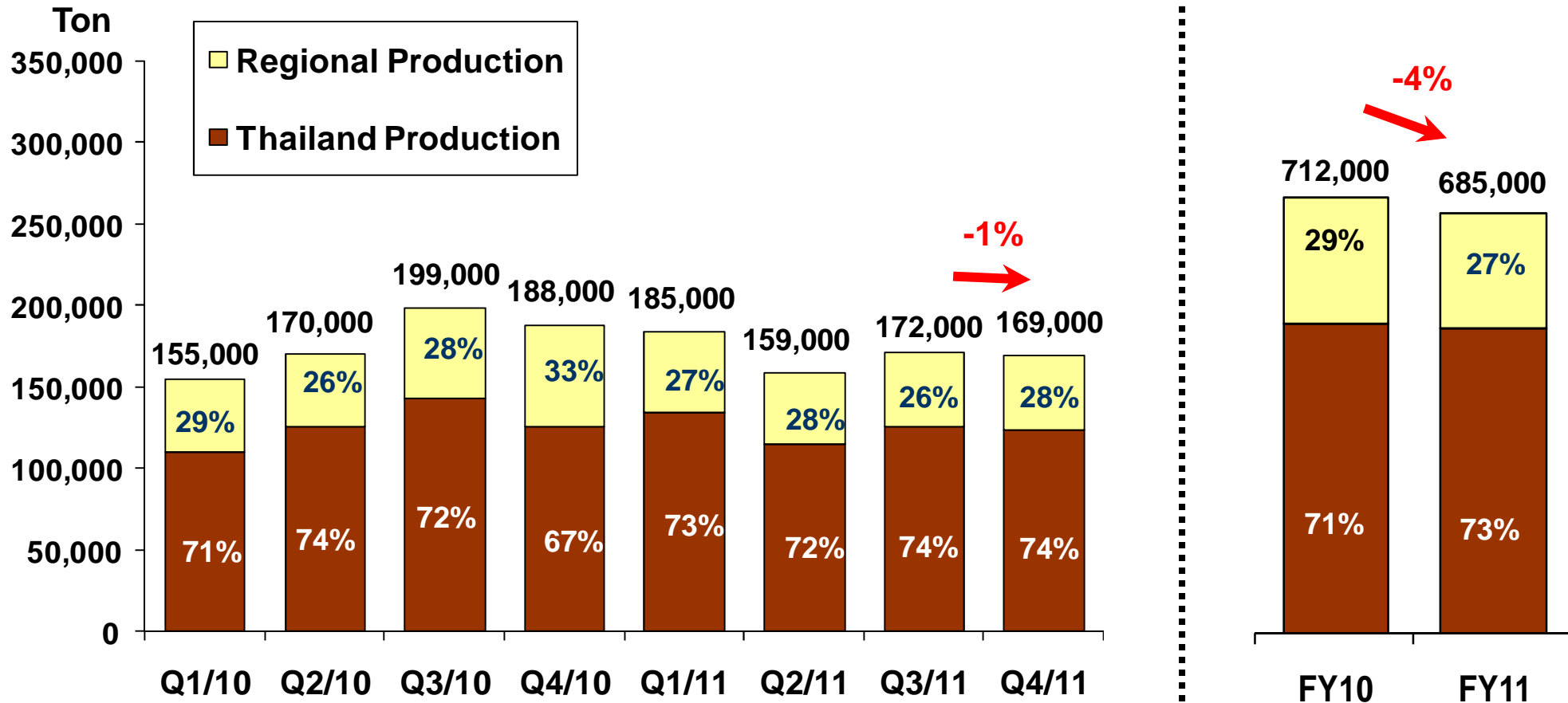
... Despite weak demand during flood situation in domestic market, sales volume increased 9% q-o-q from export push.

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PVC Sales Volume

... FY2011 decreased 4% y-o-y, as regional sales dropped from tight supply of VCM.



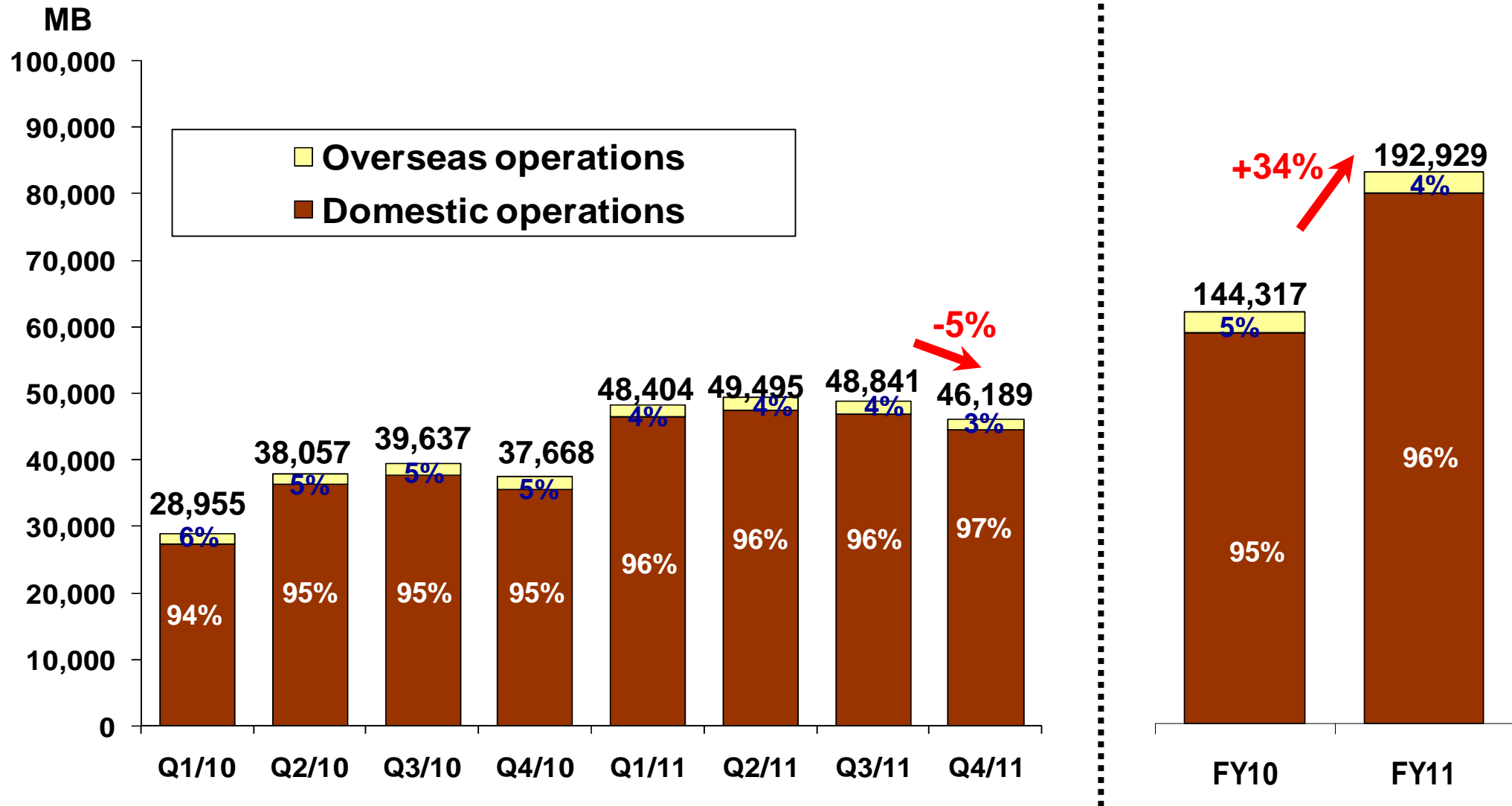
Note: *Regional Sales = Sales volume from PVC operations in Vietnam and Indonesia

Revenue from Sales



... FY2011 rose 34% y-o-y, attributed to higher product prices and additional volume from the new complex.

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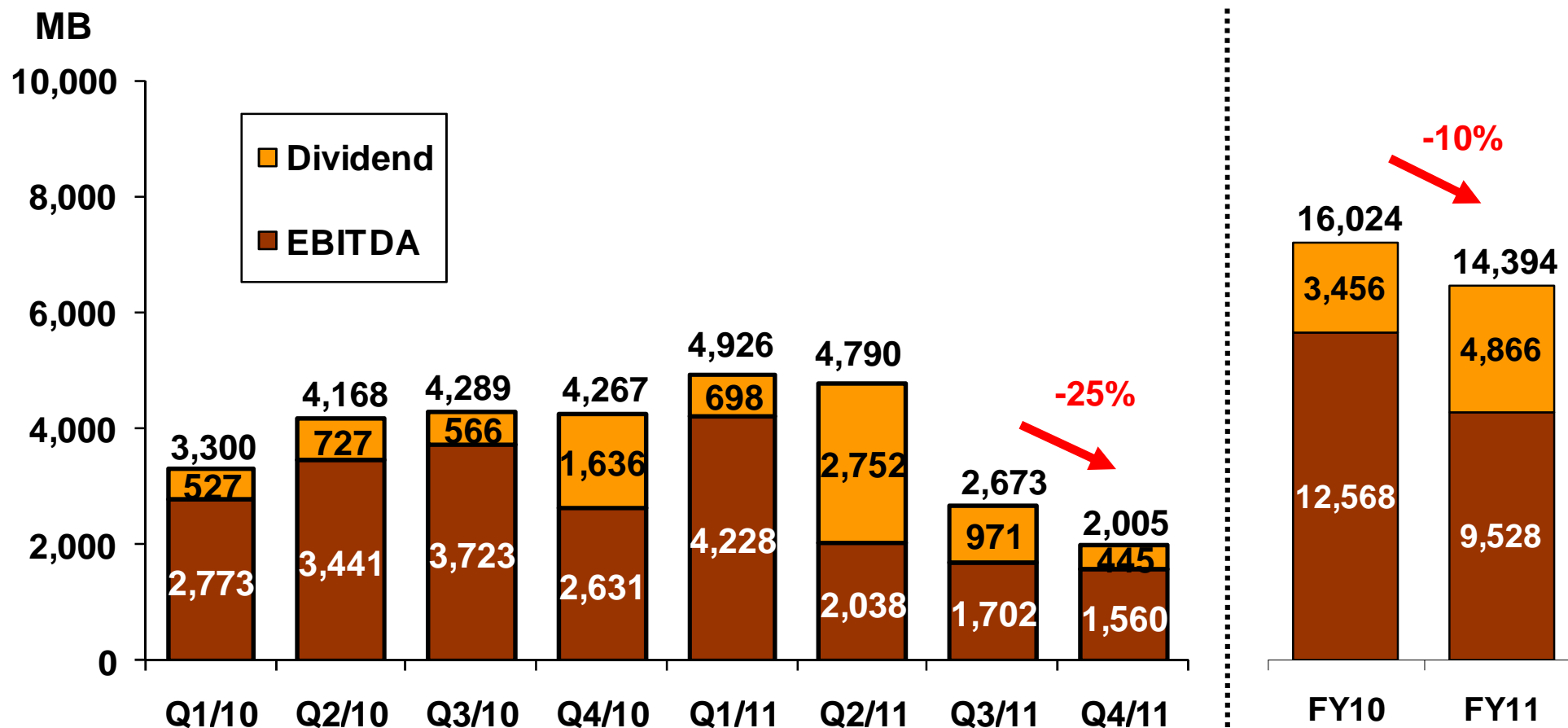
Note: * Overseas operations = Sales revenue from PVC operations in Vietnam and Indonesia

EBITDA



slide 41

... FY2011 dropped 10% y-o-y, due to squeezed margins of petrochemical chains.

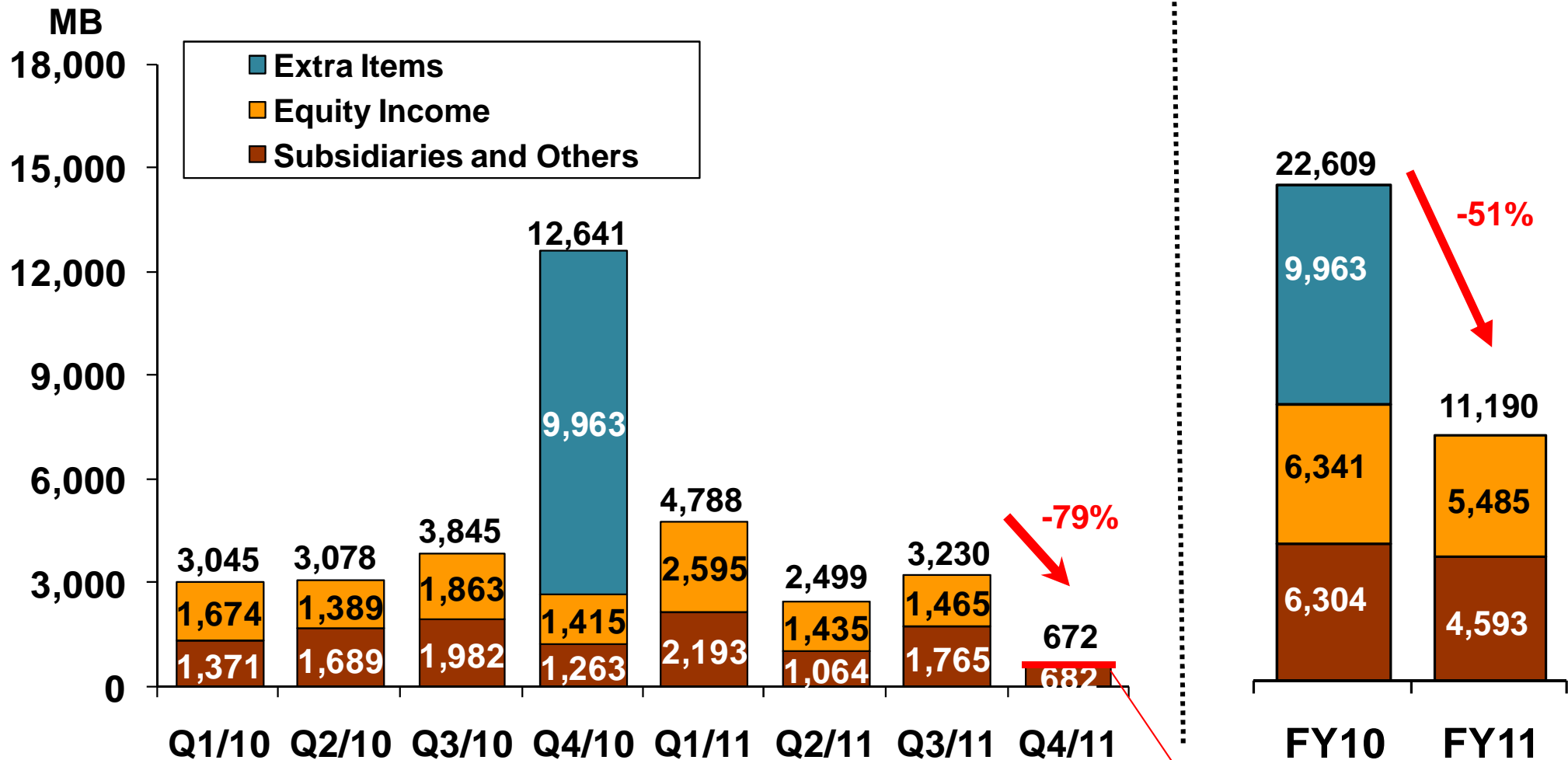


| EBITDA Margin | Q1/10 | Q2/10 | Q3/10 | Q4/10 | Q1/11 | Q2/11 | Q3/11 | Q4/11 | FY10 | FY11 |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|------|------|
| EBITDA Margin | 10% | 9% | 9% | 7% | 9% | 4% | 3% | 3% | 9% | 5% |

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

Profit for the Period

... FY2011 dropped 51% y-o-y from reduced margins and the non-recurring divestment of PTTCH in Q4/10.



Note: Correction of profit in Q3/11 from 3,329 MB to 3,230 MB due to deduction of 99 MB transaction cost of Chandra Asri in Subsidiary profit

Equity Income
- 10

- Margins expand due to cost push, but pressure from volatility of crude oil prices still remains.
- Improved demand in Asia from low inventory and restocking post-Chinese New Year.
- Continued pressure on Propylene prices from new capacity additions and weak global PP demand.
- Expectations of slightly higher regional ethylene operating rates in Q1/12 of 88% (87% in Q4/11), while propylene is forecasted to remain at 87%.
- Accidents at a regional VCM producer in Q4/11 will prolong tight supply of VCM and accordingly push PVC price up.

Chandra Asri

- Studying upgrades and collaboration efforts:
 - Debottleneck capacity.
 - Synergy in operational excellence for process control, energy reduction, and cost saving initiatives.
 - Increased integration between cracker and downstream plants.
 - Accelerate development of HVA projects.

Vietnam Complex

- Continued work on feedstock supply agreement.
- Finalization of complex configuration by Q1/12, prior to approaching financing options.

Thai Plastic and Chemicals

- Shareholders approval obtained for the purchase of approx 30% additional shares from CPB Equity and founders.

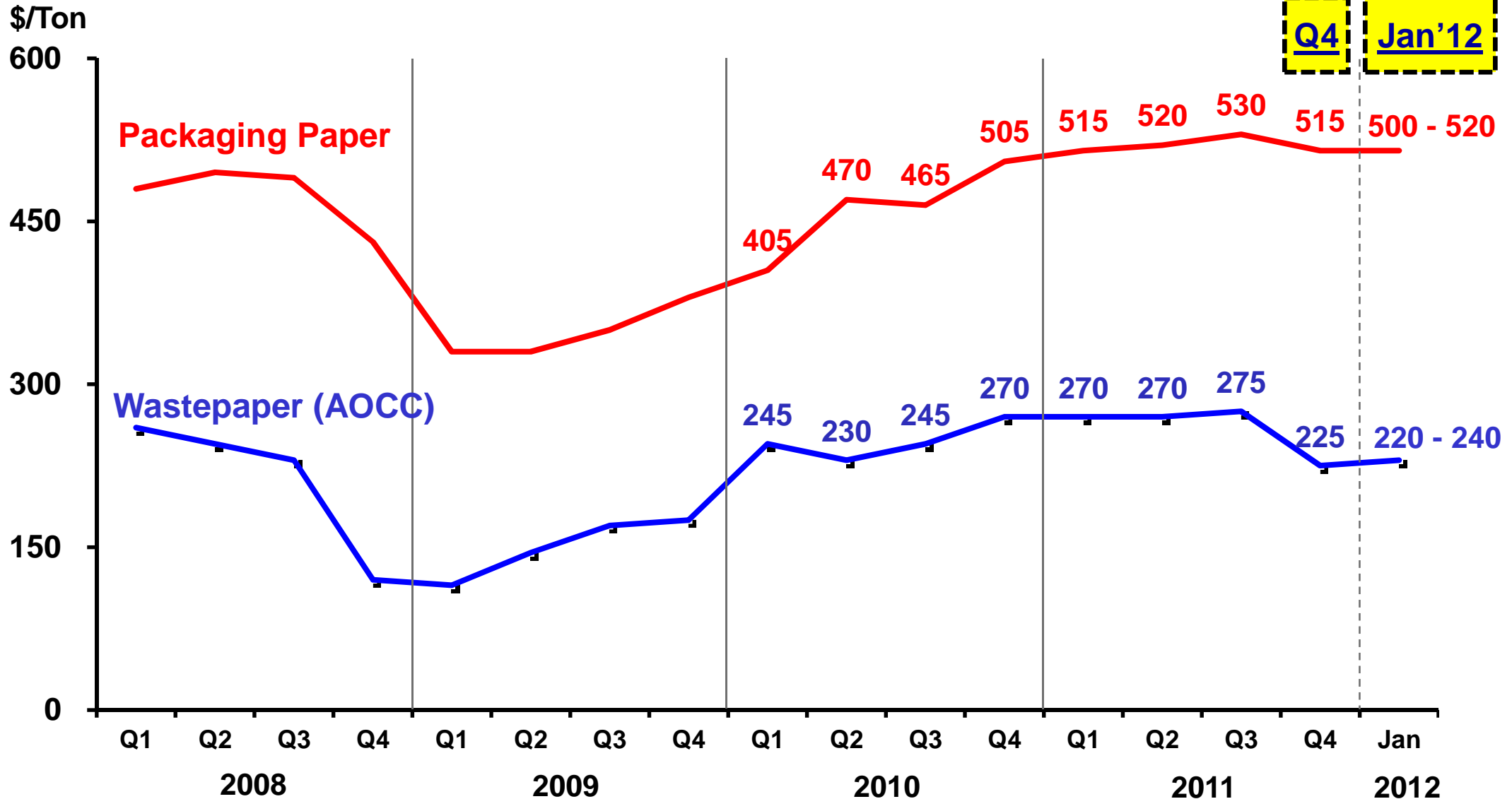
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Packaging Paper:

Sharp fall in AOCC prices, following sluggish economies in the US and Europe.



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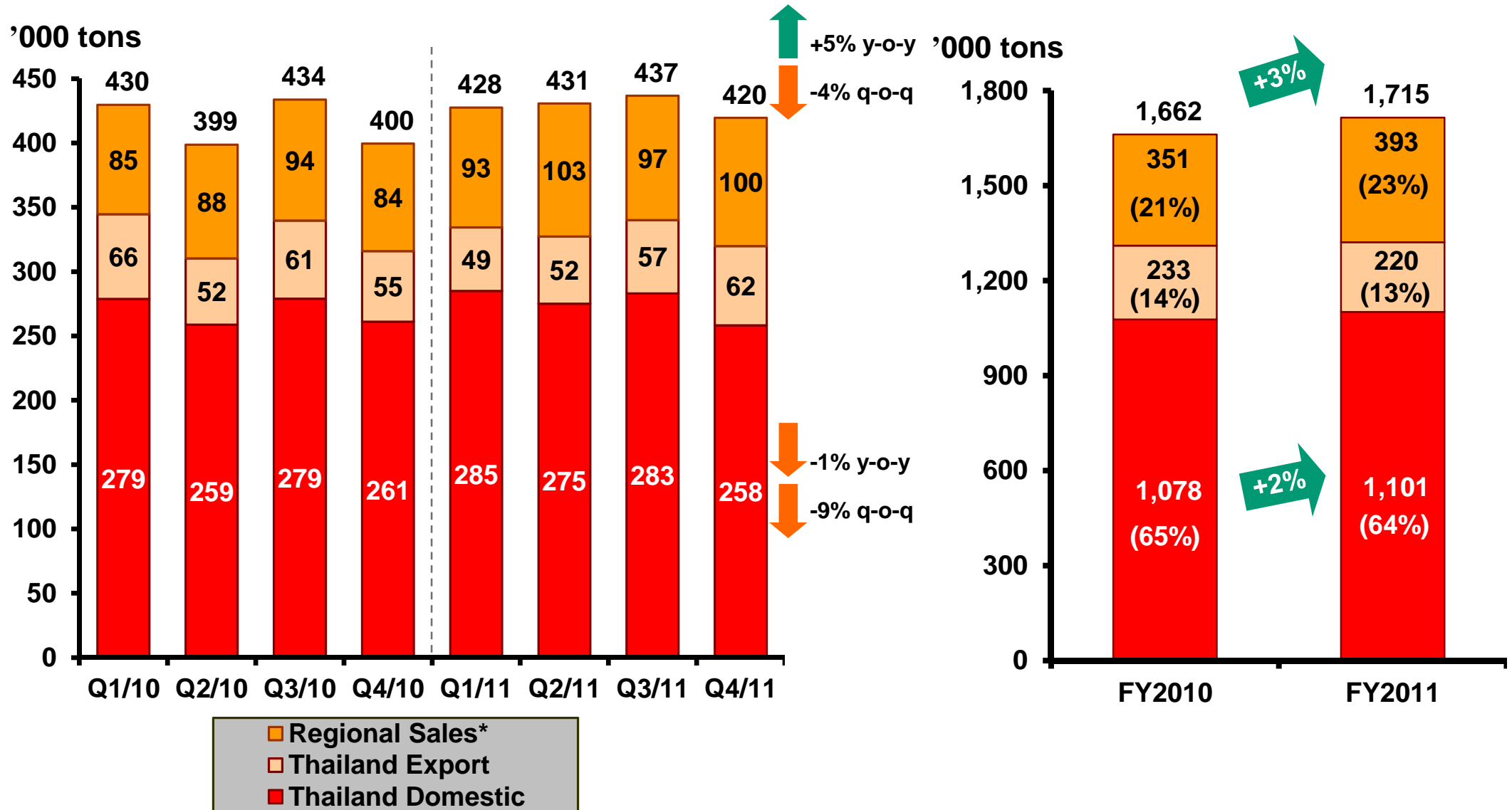
Note: regional prices

Packaging Paper:

q-o-q domestic sales volume decreased 9% from flood-related supply chain disruptions. Total FY2011 sales rose 3% y-o-y from increased Vietnamese volume.



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Note: *Sales Volume from Philippines and Vietnam

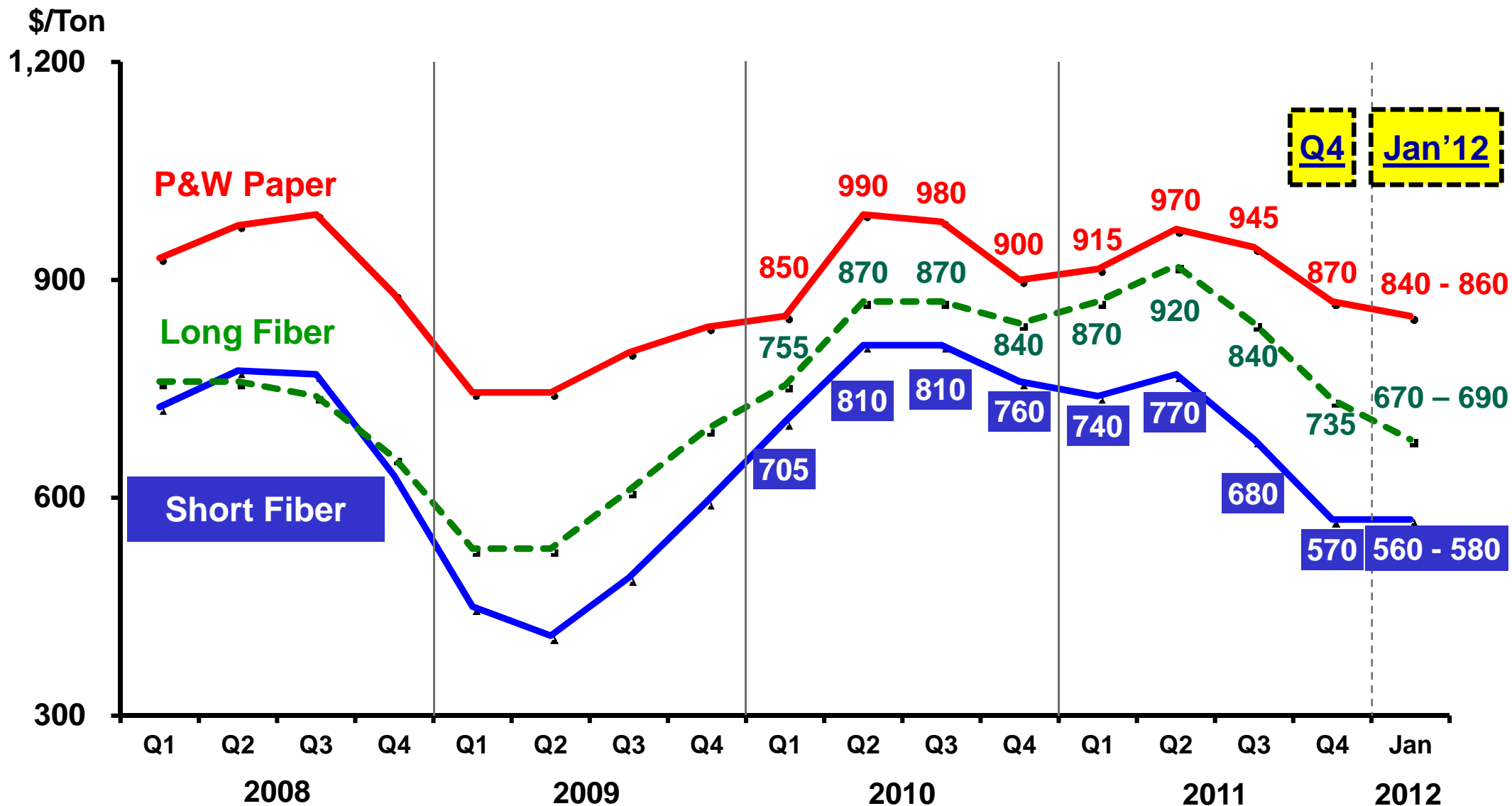
Printing & Writing Paper:

Continued slide in pulp prices, owing to persistent demand weakness and regional oversupply. Paper prices have followed suit.



SCG

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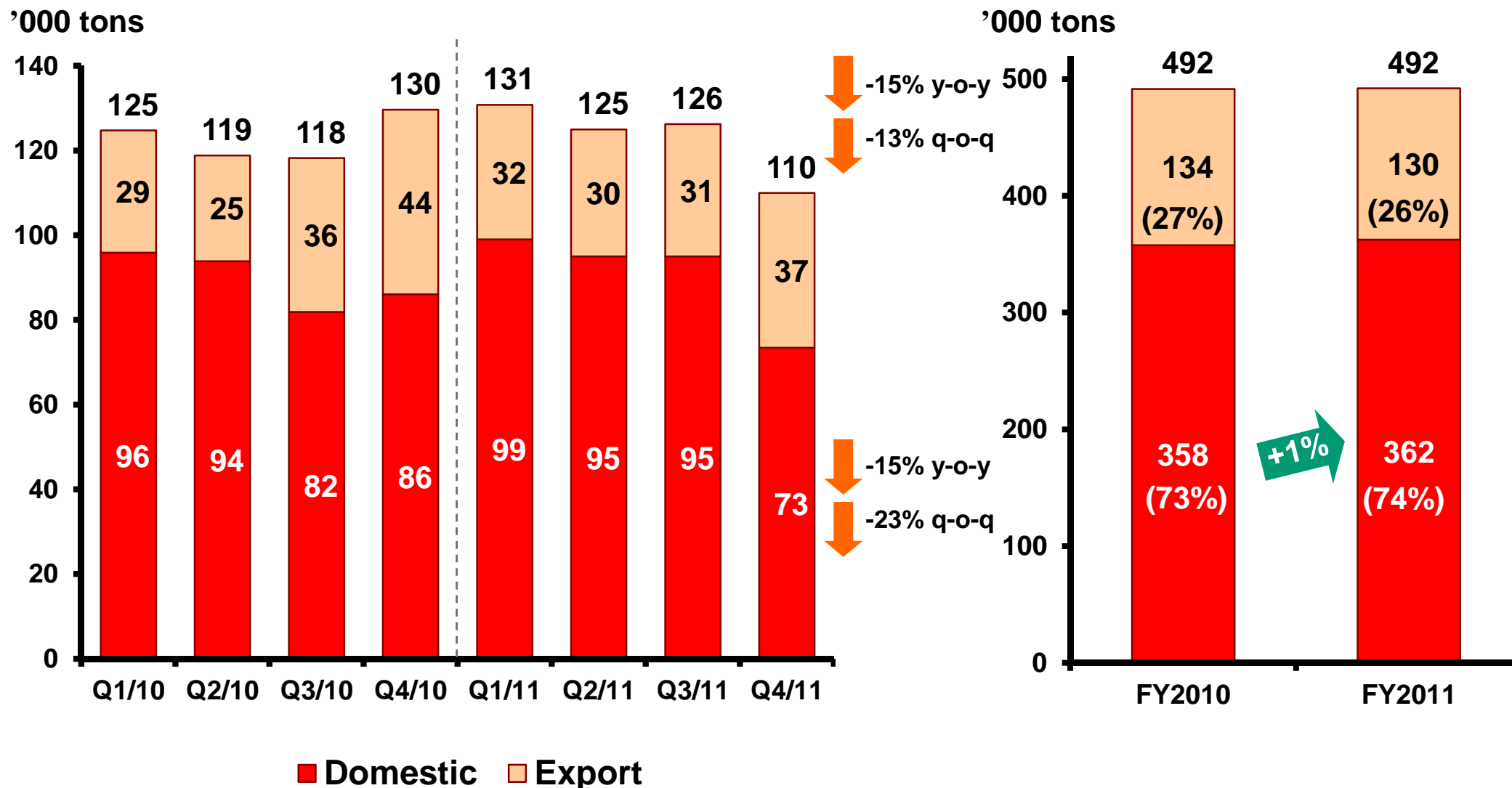
Note: regional prices

Printing & Writing Paper:

Domestic demand has been severely affected by the flood, resulting in the drop in sales by 23% q-o-q. Total FY2011 sales was maintained at FY2010 level.



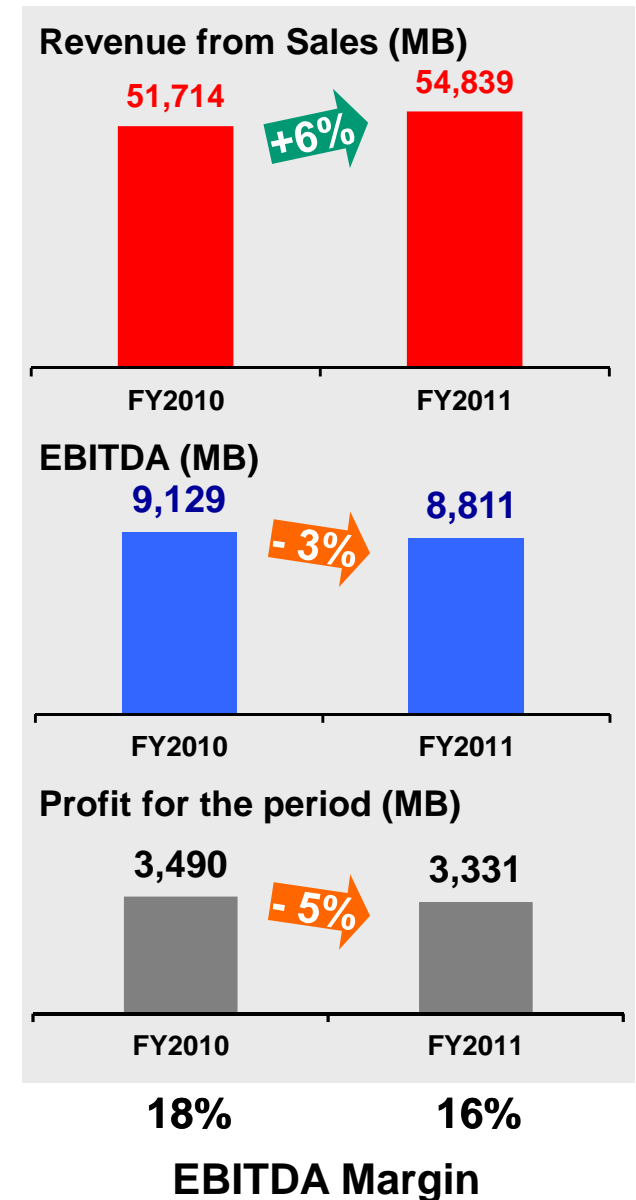
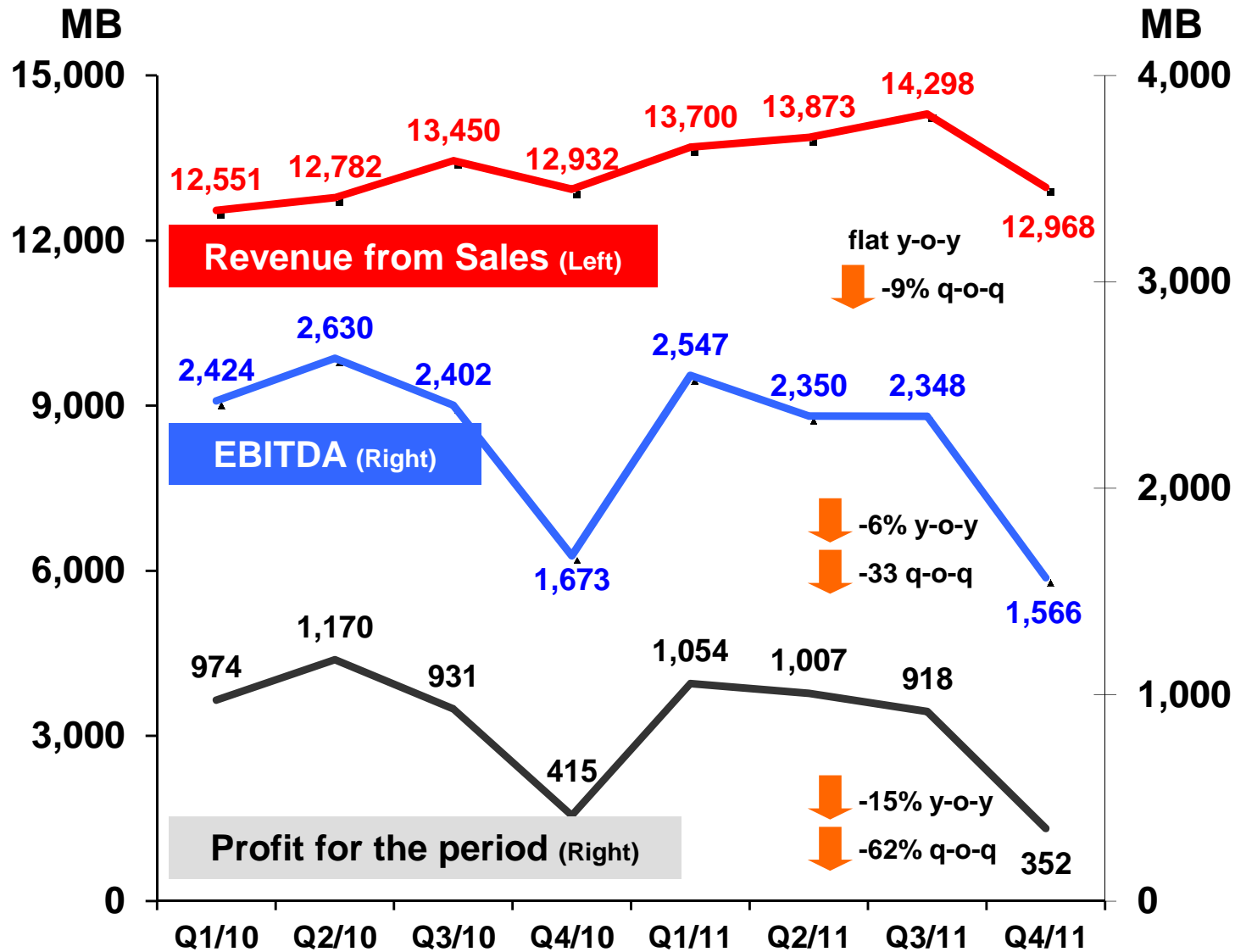
slide 49



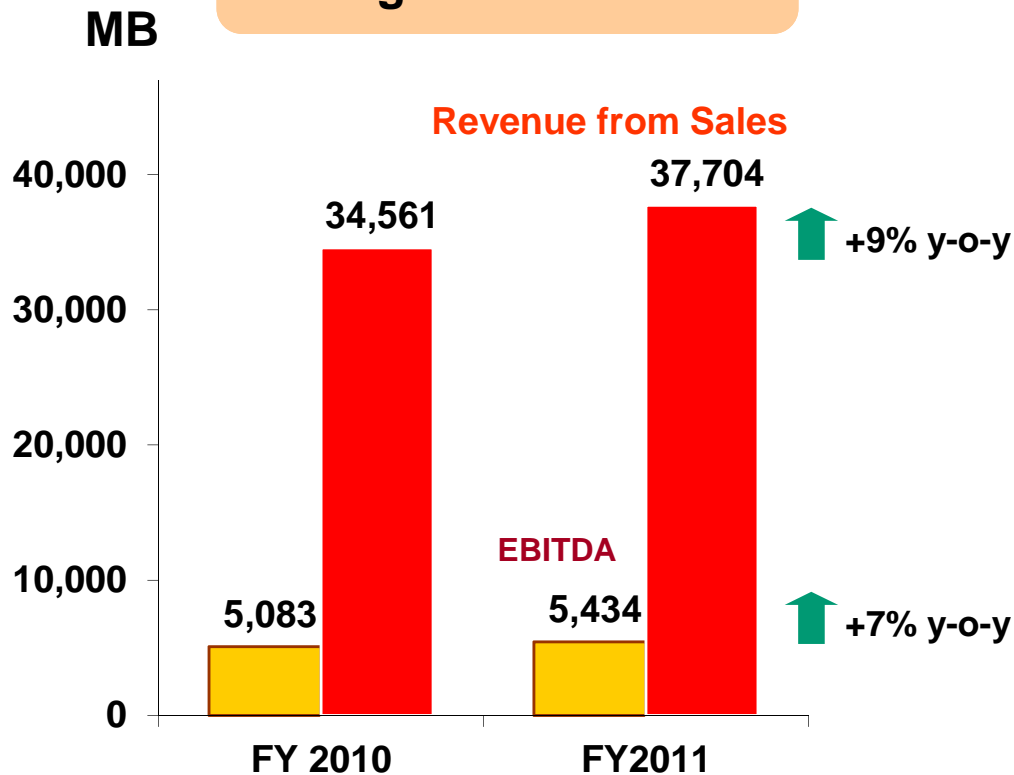
Sharp drop, owing to lower sales, flood-related costs as well as high maintenance expenses.



slide 50

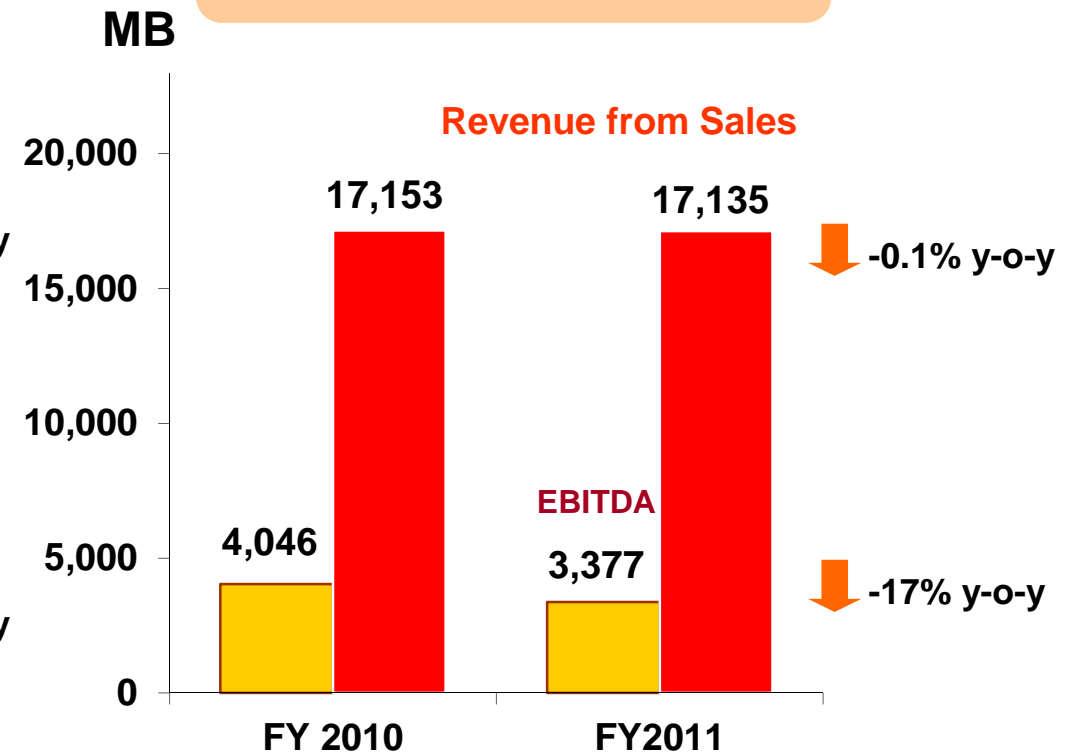


Packaging Paper & Corrugated Containers



| | | |
|---------------|-----|-----|
| EBITDA Margin | 15% | 14% |
|---------------|-----|-----|

Pulp and P&W Paper



| | | |
|---------------|-----|-----|
| EBITDA Margin | 24% | 20% |
|---------------|-----|-----|

Update on flood-affected operations

- Corrugated Containers plant at Pathumthani resumed full operation in mid-December; plant at Navanakorn to partially resume operations in February, with full operation expected in late-Q2/12.

Packaging Paper & Corrugated Containers

- Expect improved seasonal paper consumption despite demand softness during the Chinese New Year
- Wastepaper prices are rebounded slightly from \$200-220/Ton, while paper prices should continue to be under pressure by weak global demand.

Pulp and Printing & Writing Paper

- Expected mild recovery in paper domestic demand compared to Q4/11.
- Regional oversupply coupled with softening demand will continue to pressure paper prices.

- I. Consolidated Results
 - Q4/11 Consolidated Results
 - FY2011 Summary
 - Financial Updates
- II. Cement
- III. Chemicals
- IV. Paper
- V. Summary

Thank You

For further details, please contact invest@scg.co.th