



Analyst Conference Q4/13
Thursday, January 30, 2014

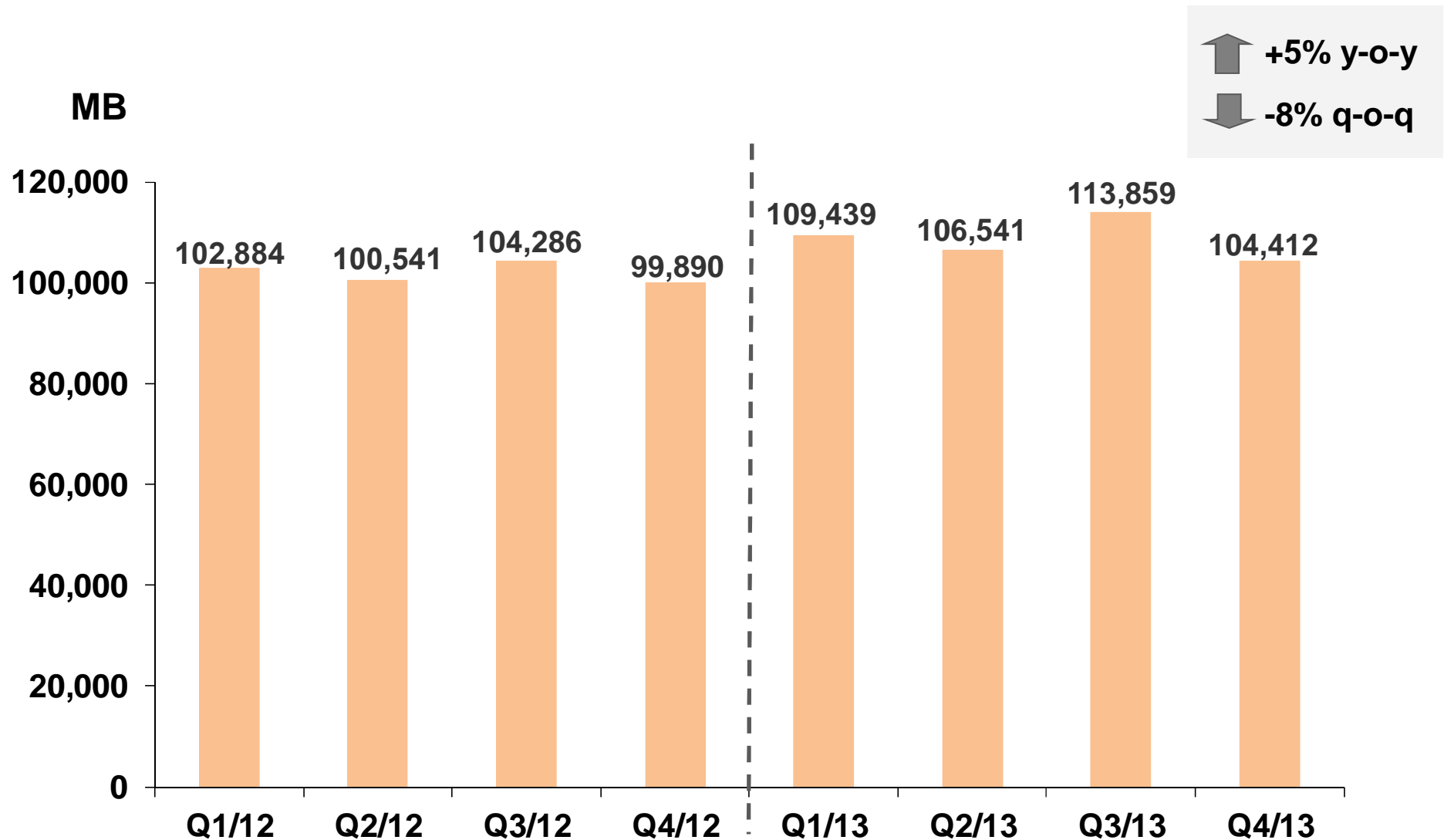
- I. Consolidated Results
 - Q4/13 Consolidated Results
 - FY2013 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Revenue from Sales

Gained 5% y-o-y from domestic cement sales, but dropped 8% q-o-q on seasonal issues and the 45-day cracker maintenance.

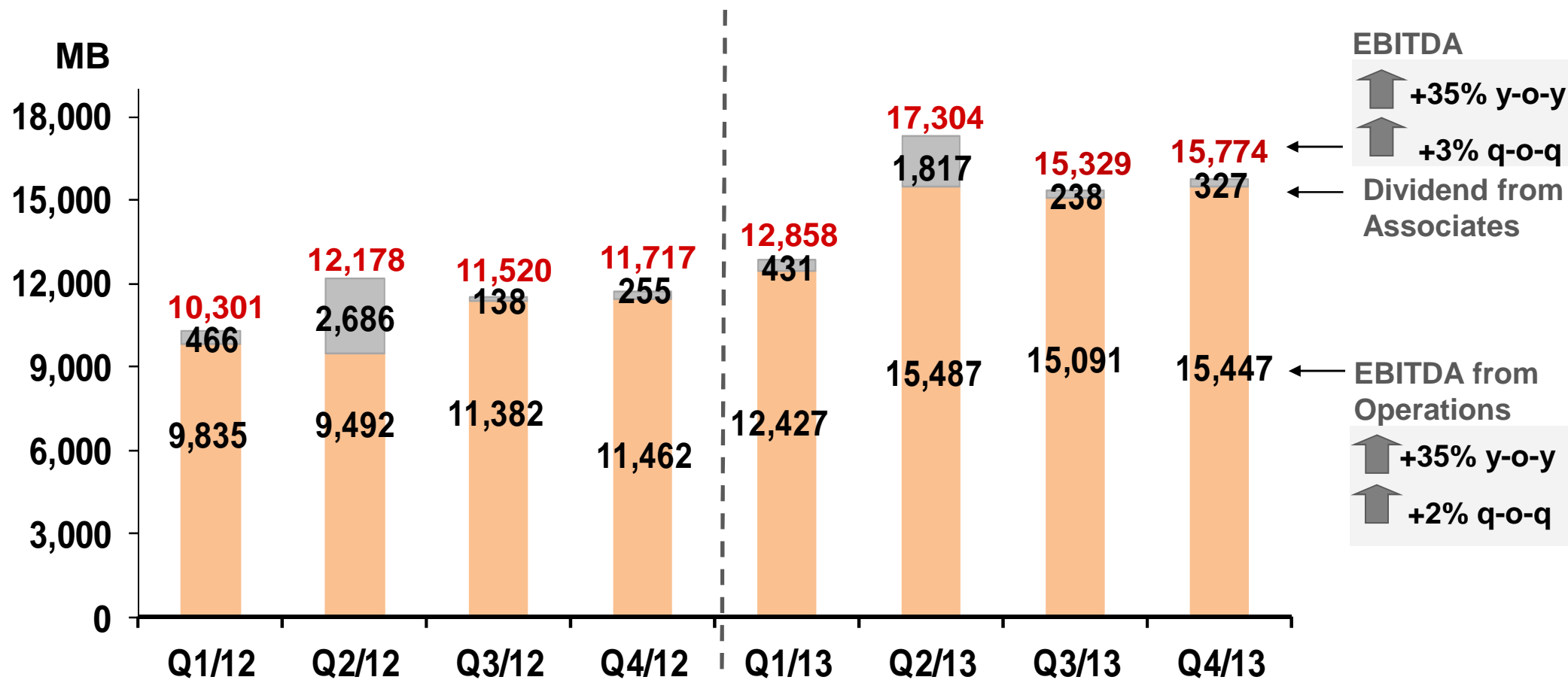


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EBITDA

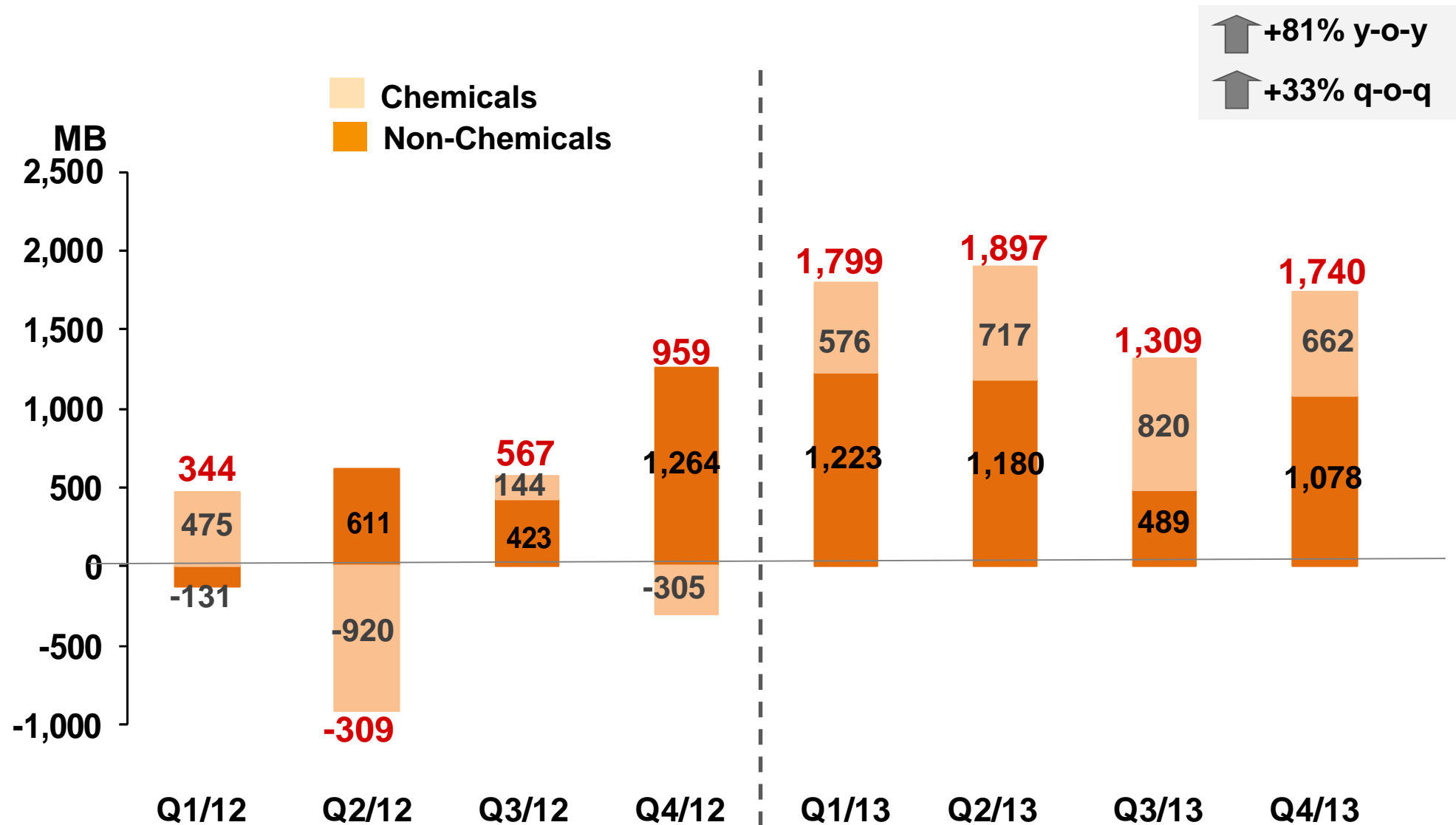
Increased 35% y-o-y, benefiting from the recovery in chemicals margins and domestic cement growths.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

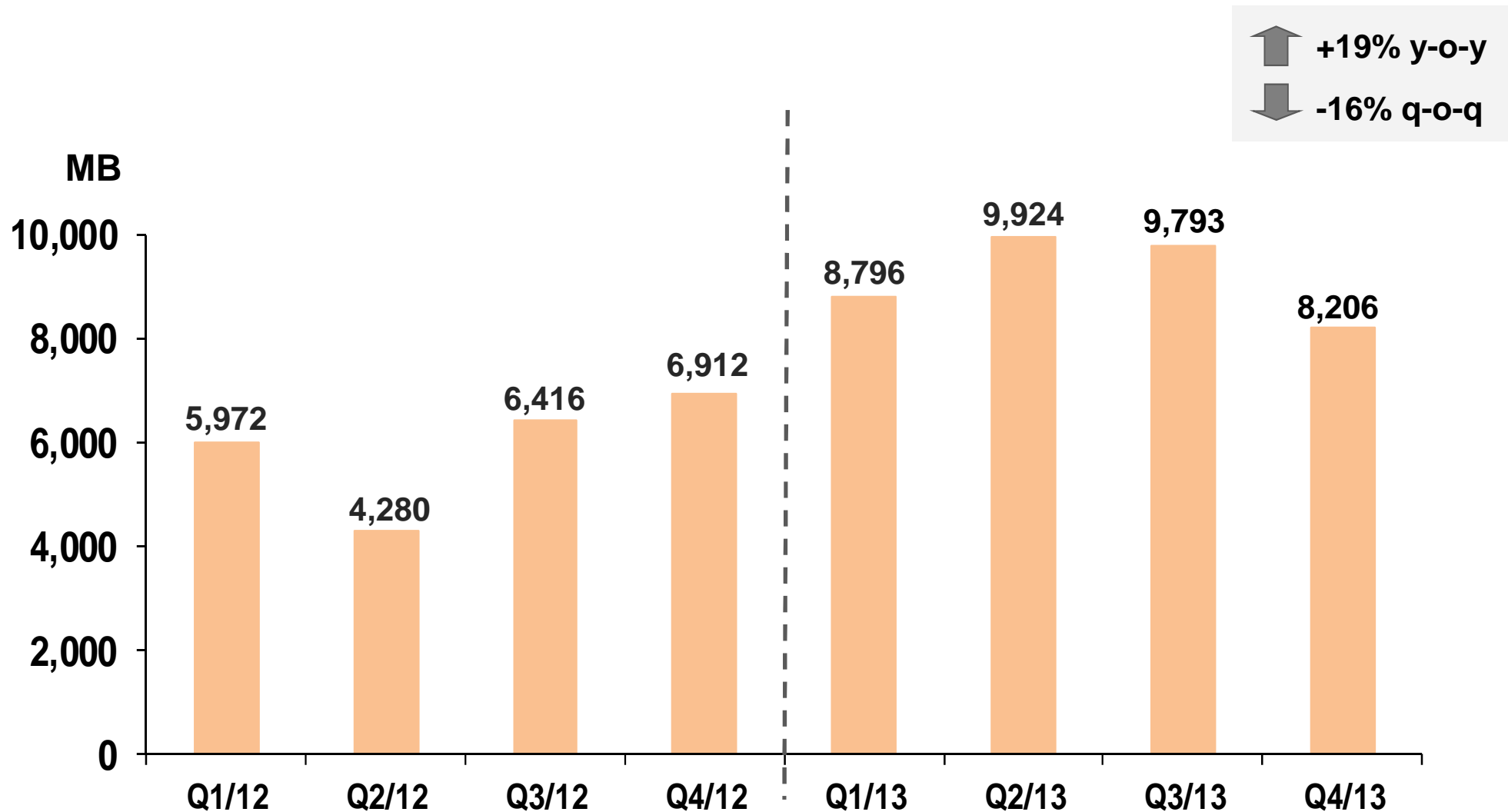
Equity Income

Increased 81% y-o-y, as the chemicals associates benefited from better margins, while the non-chemicals associates recovered from the H1/12 flood-effects.



Profit for the Period

Earnings growth of 19% y-o-y was driven by better chemicals margins, domestic cement demand and equity income. The 16% q-o-q drop was attributed to seasonality, 45-day cracker maintenance, and the non-recurring gain in Q3/13.

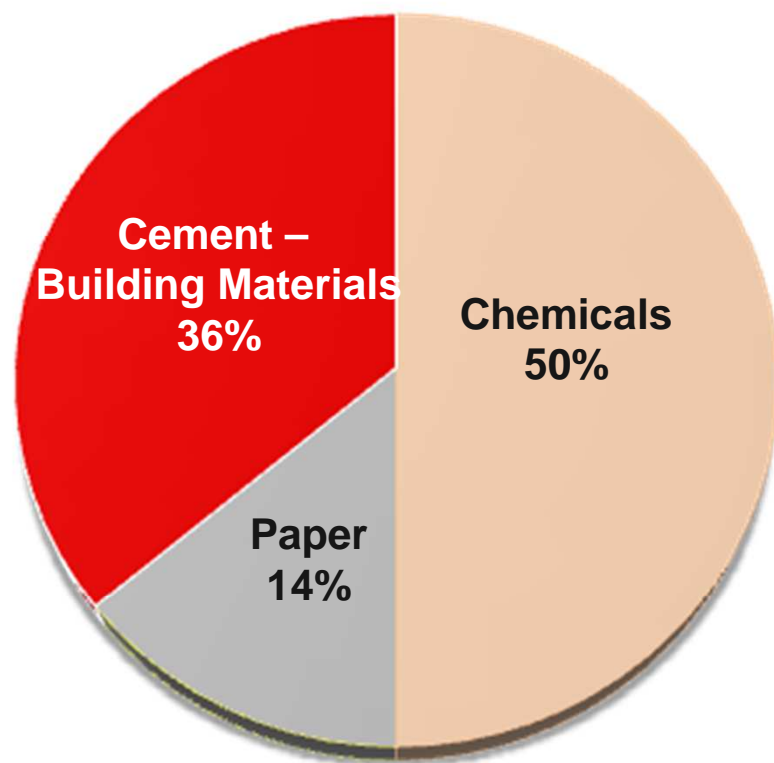


- I. Consolidated Results
 - Q4/13 Consolidated Results
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 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

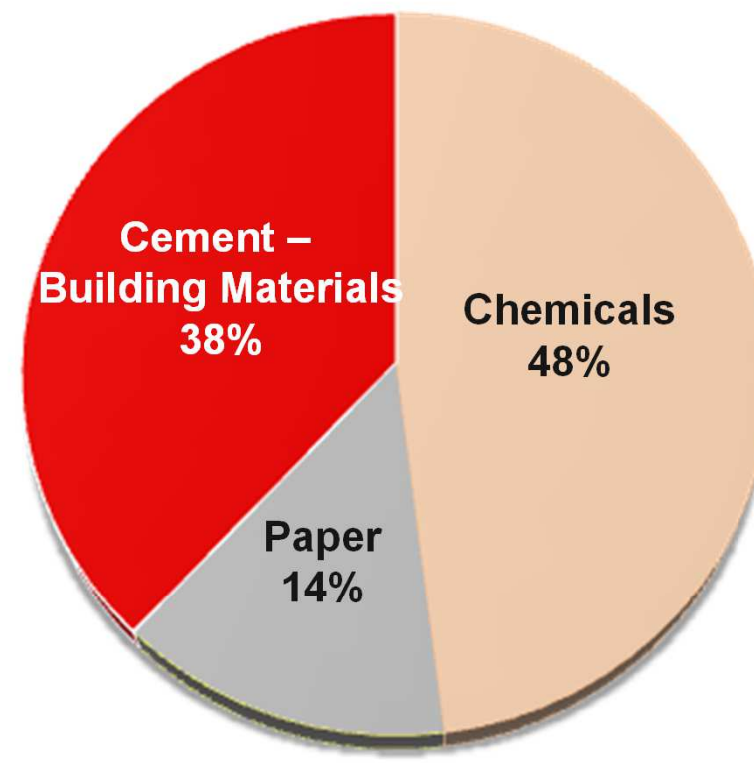
Revenue from Sales

The chemicals business accounted for 48% of FY2013 sales, while the cement – building materials business was another 38%.

FY2012
407,601 MB



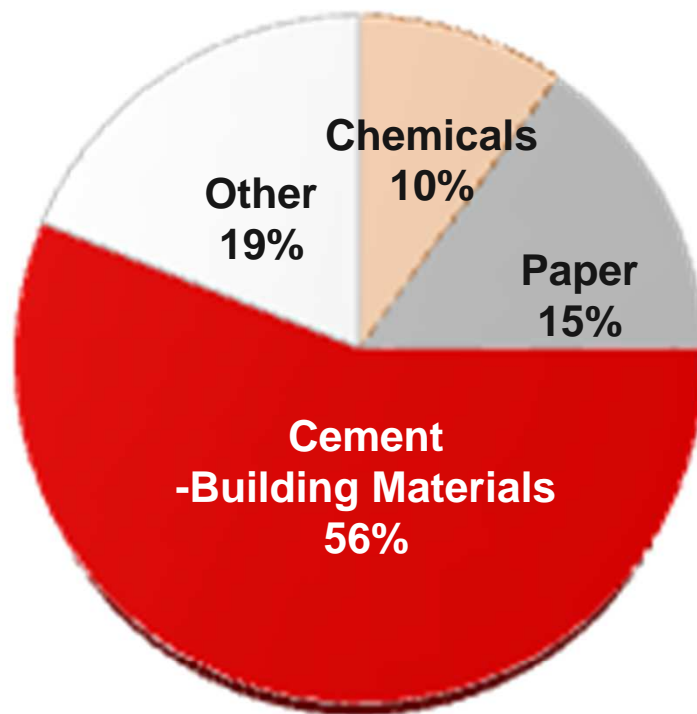
FY2013
434,251 MB (+7% y-o-y)



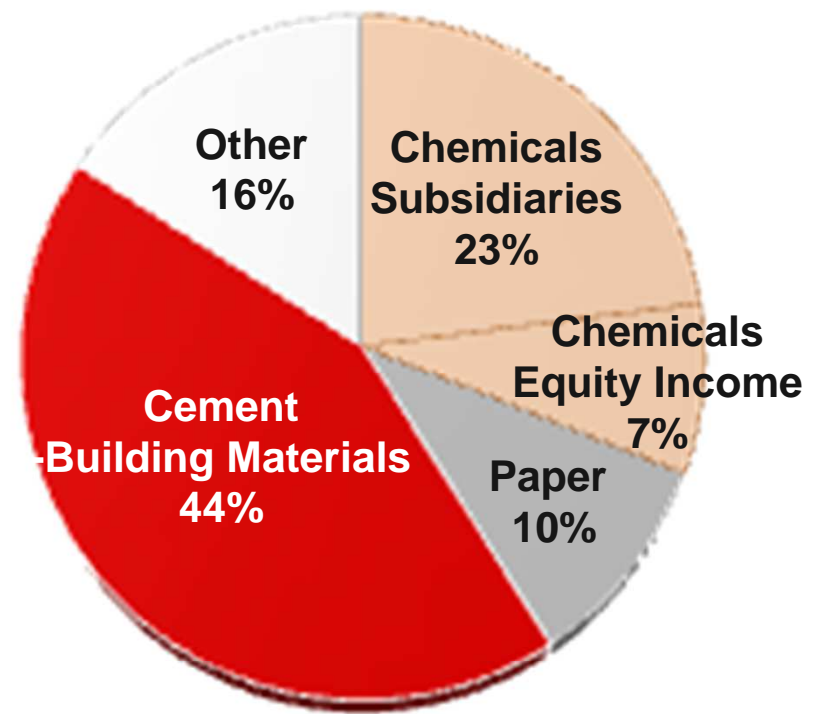
Profit for the Period

The chemicals business increased to 30% of earnings, compared to just 10% in the previous year.

FY2012
23,580 MB



FY2013
36,719 (+56% y-o-y)

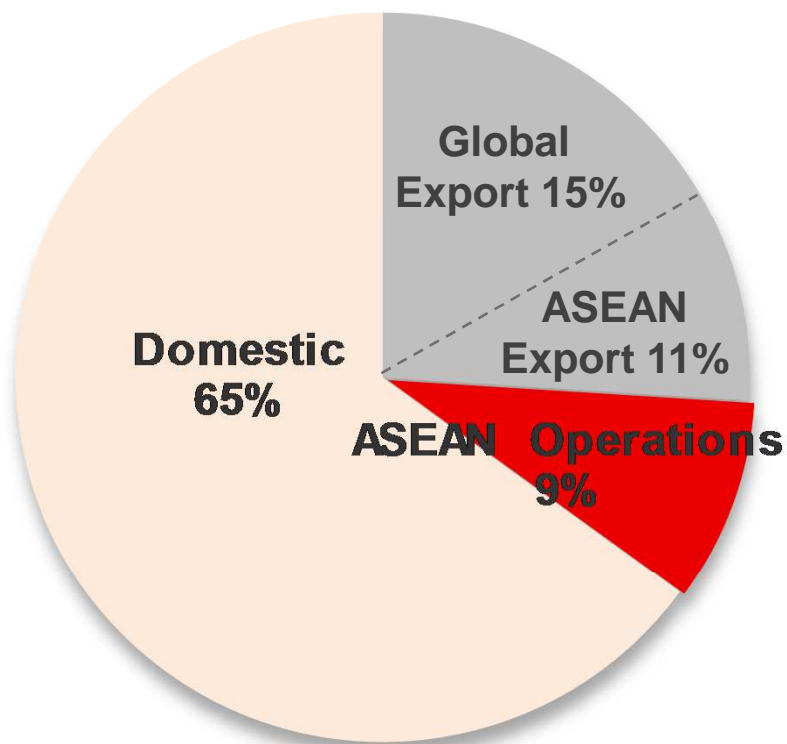


Other = Mainly SCG Investment and Corporate

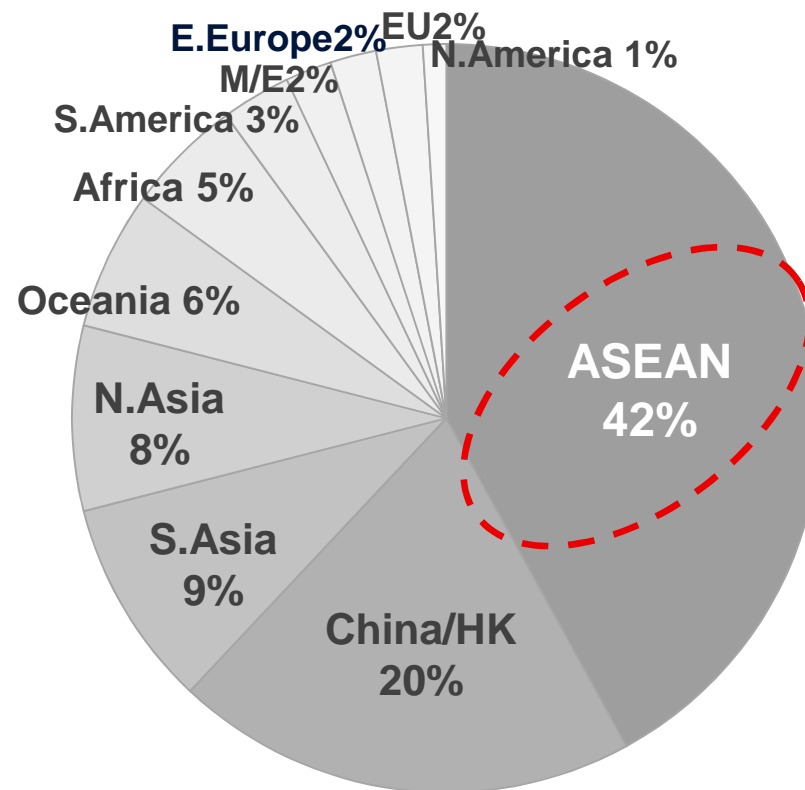
Segments: Export Destinations in FY2013

ASEAN destinations were 42% of the total exports sold from Thailand.

Revenue from Sales



Export Destinations

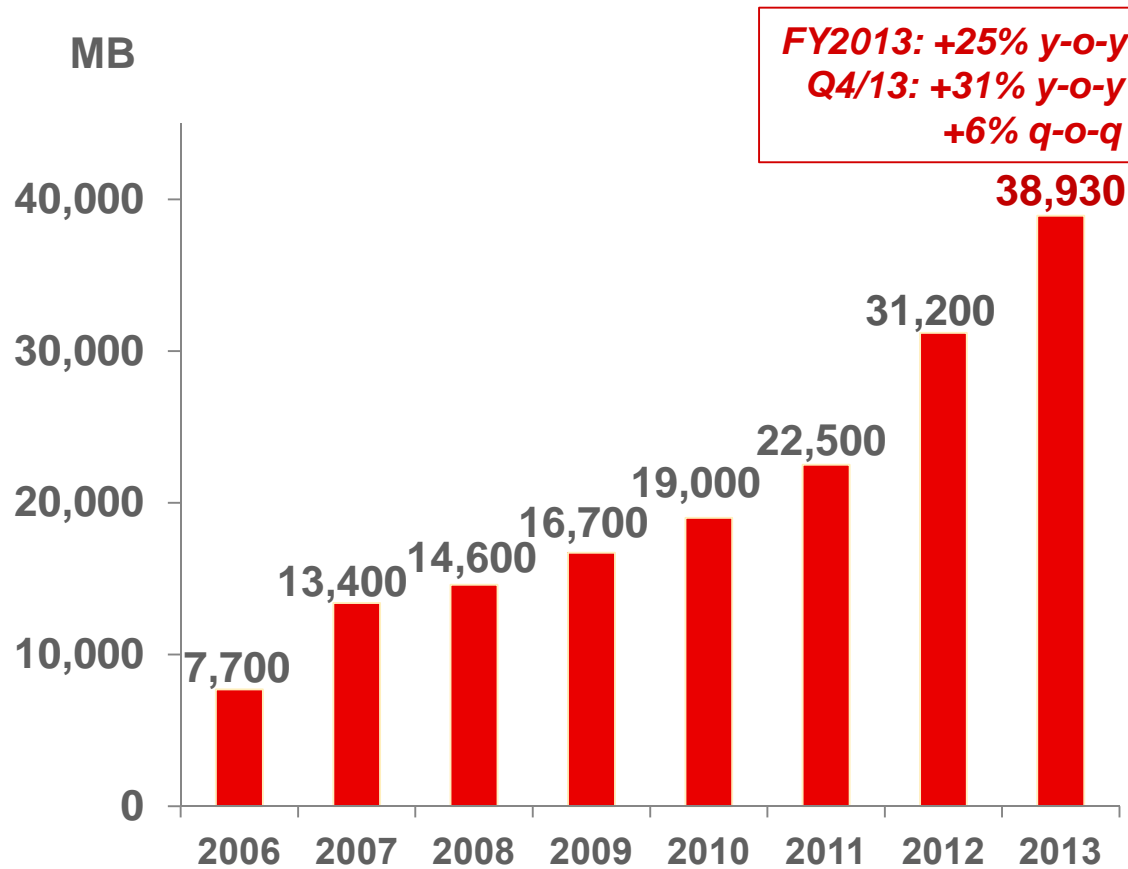


ASEAN Operations - subsidiaries outside of Thailand.
Export Destinations - from Thai subsidiaries

ASEAN Drivers in FY2013

Sales from ASEAN operations increased 25% y-o-y to 38,930 MB, while 57% of SCG's ASEAN exports were to Indonesia, Myanmar, and Vietnam.

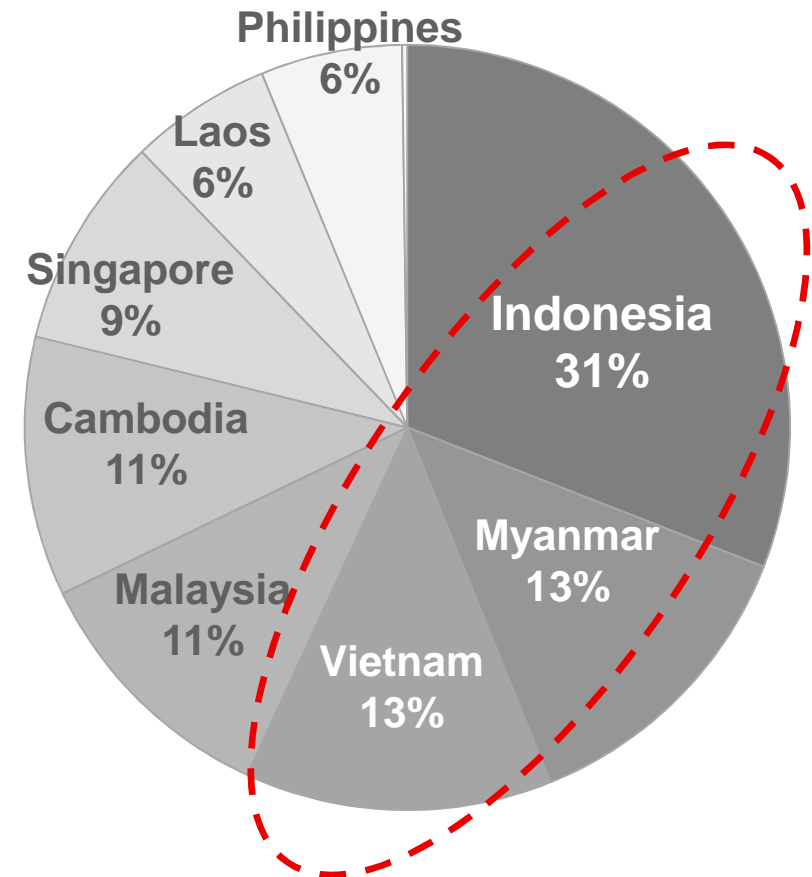
Sales from ASEAN Operations



Percentage of total sales from ASEAN Operations:

3% 5% 5% 7% 7% 7% 8% **9%**

Export to ASEAN (from Thailand)



FY2013 Revenue from Sales & EBITDA

Sales grew 7% y-o-y from demand growth in all businesses, while EBITDA increased 34% y-o-y from better chemicals margins and higher domestic cement sales.

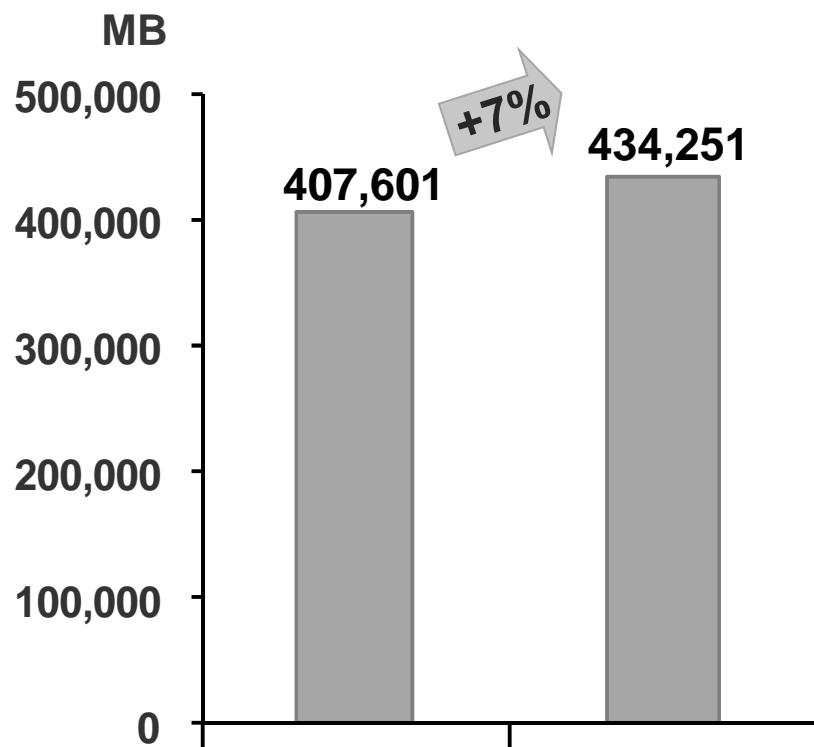


slide 12

Revenue from sales

FY2012

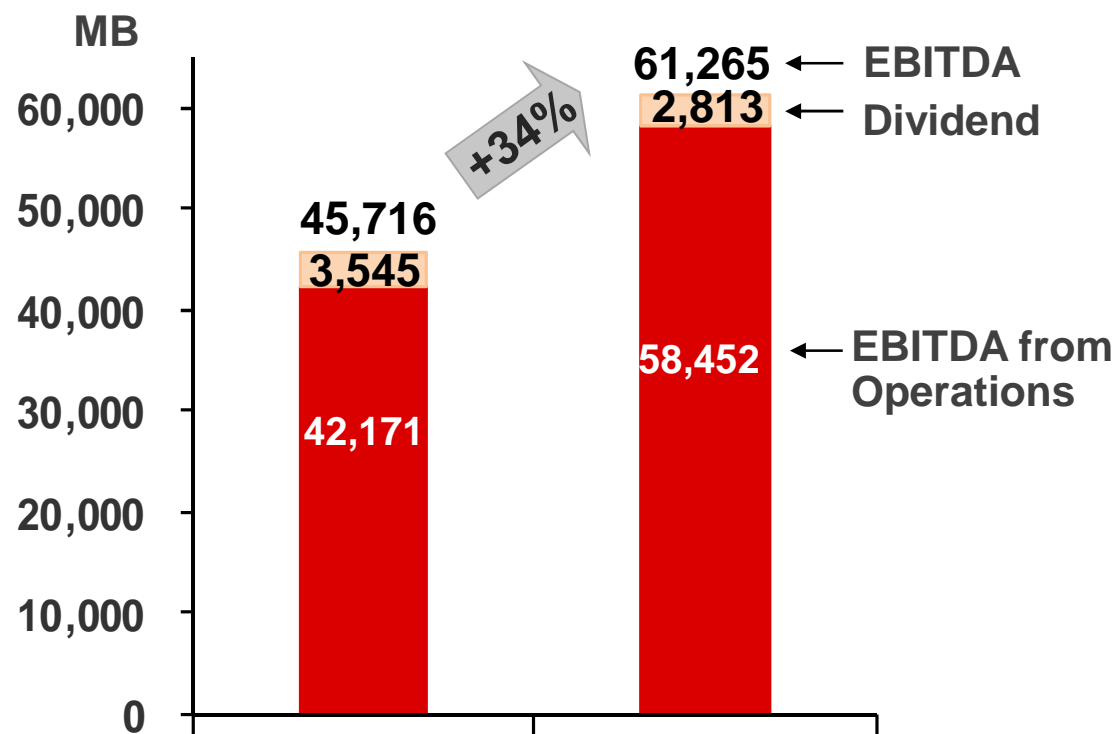
FY2013



EBITDA

FY2012

FY2013



EBITDA Margin:

10%

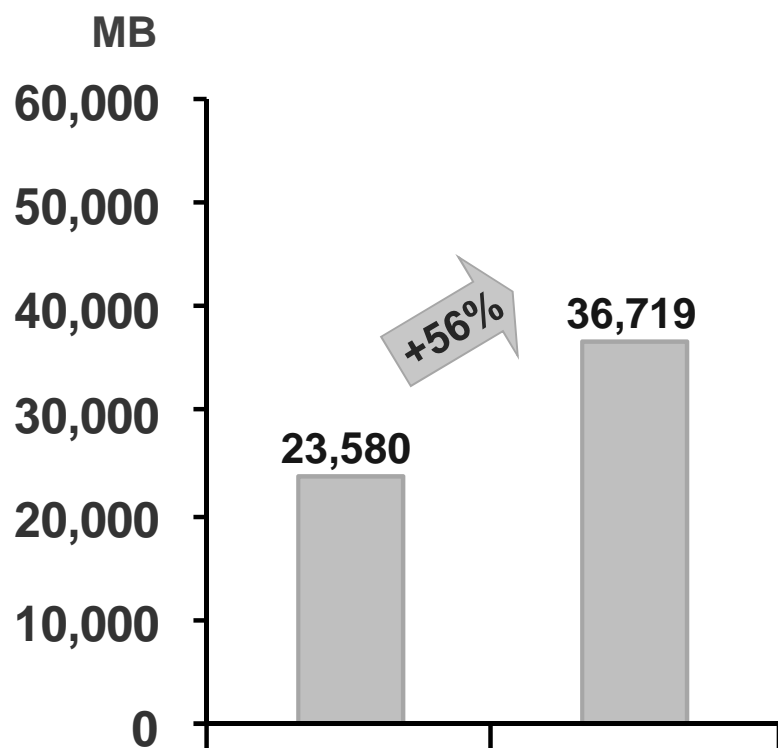
13%

FY2013 Profitability & CAPEX

Earnings increased 56% y-o-y, driven primarily by the chemicals, and the cement-building materials businesses, while there was a non-recurring gain of 1,701 MB in Q3/13.

Profit for the Period

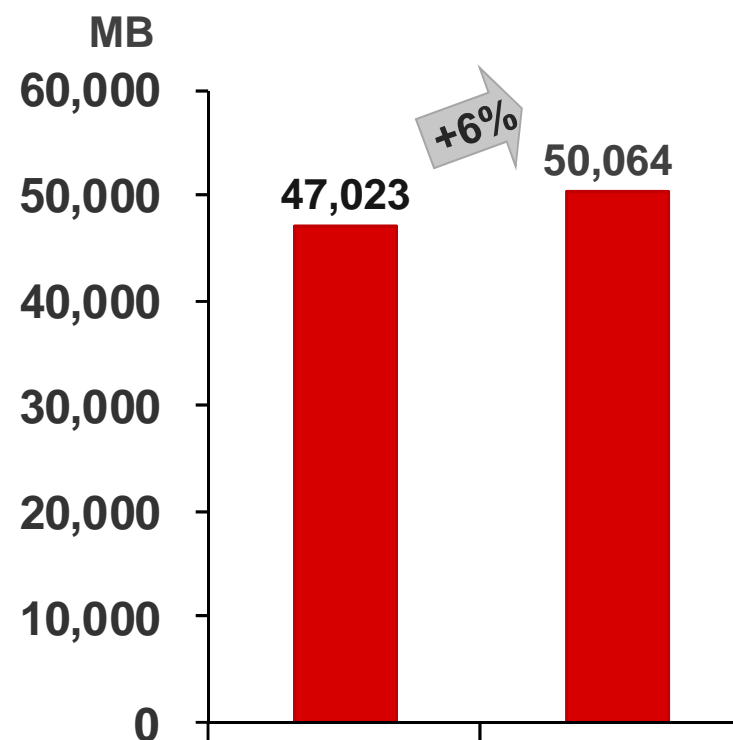
FY2012 FY2013



EPS: 19.7 30.6

CAPEX & Investments

FY2012 FY2013



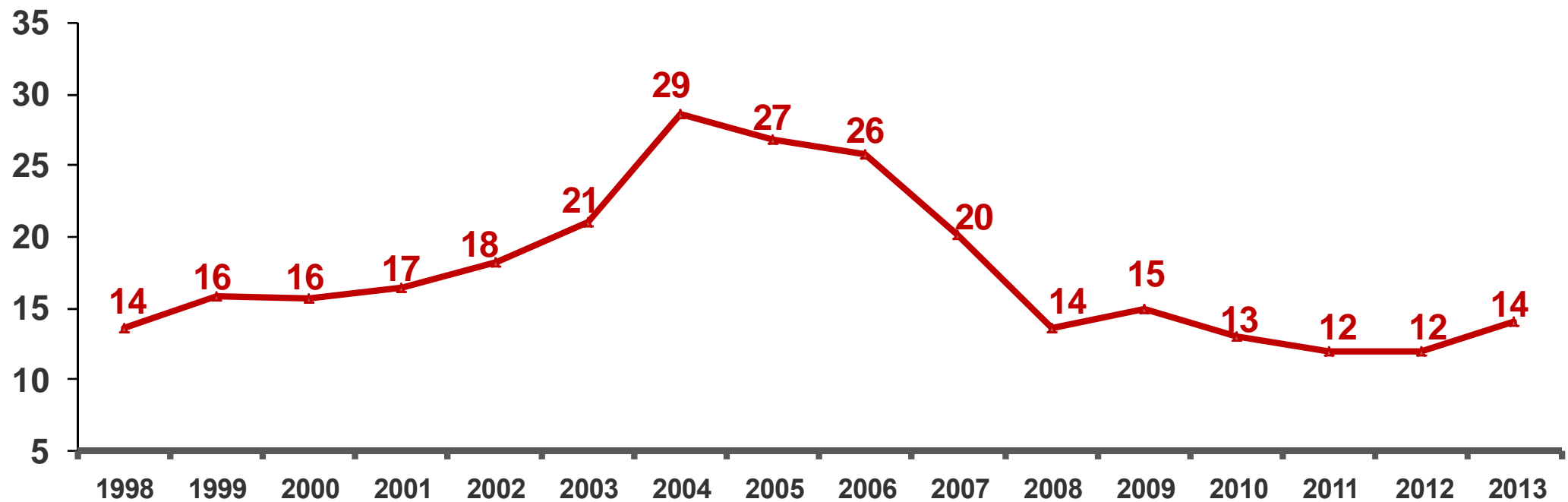
Note:

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

EBITDA on Assets, and EBITDA Margin

EBITDA on Assets

Percent (%)



EBITDA Margin (%):

23 27 23 22 22 23 26 22 19 16 14 18 14 11 10 13

EBITDA on Assets = *EBITDA / Consolidated Assets*

EBITDA margin = *EBITDA from Operations / Consolidated Sales*

- I. Consolidated Results
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- III. SCG Chemicals
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Net Debt

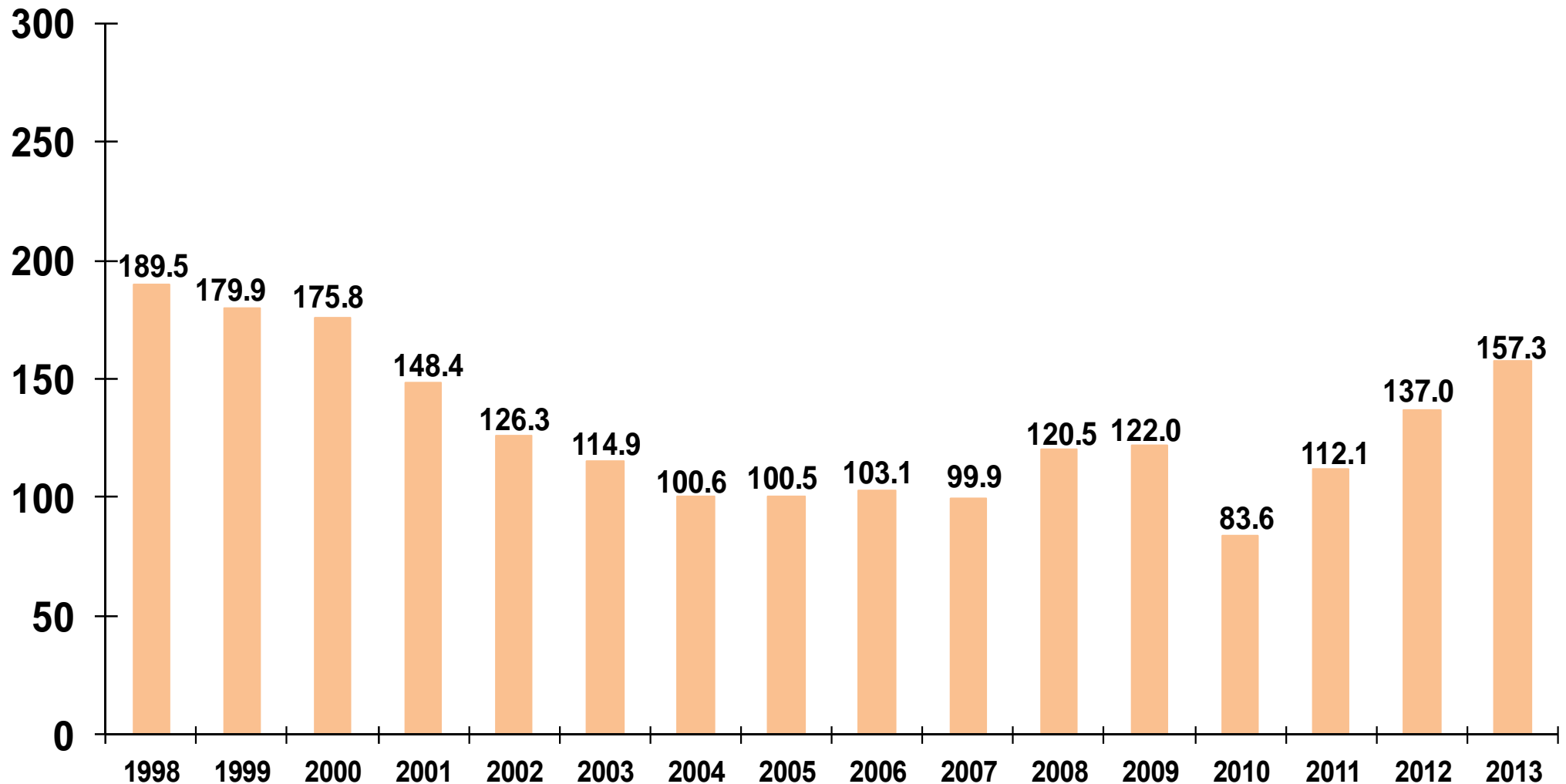
157.3 Billion Baht, an increase of 20.2 Billion Baht y-o-y.

Cash and cash under management amounted to 29.7 Billion Baht.



slide 16

Billion Baht



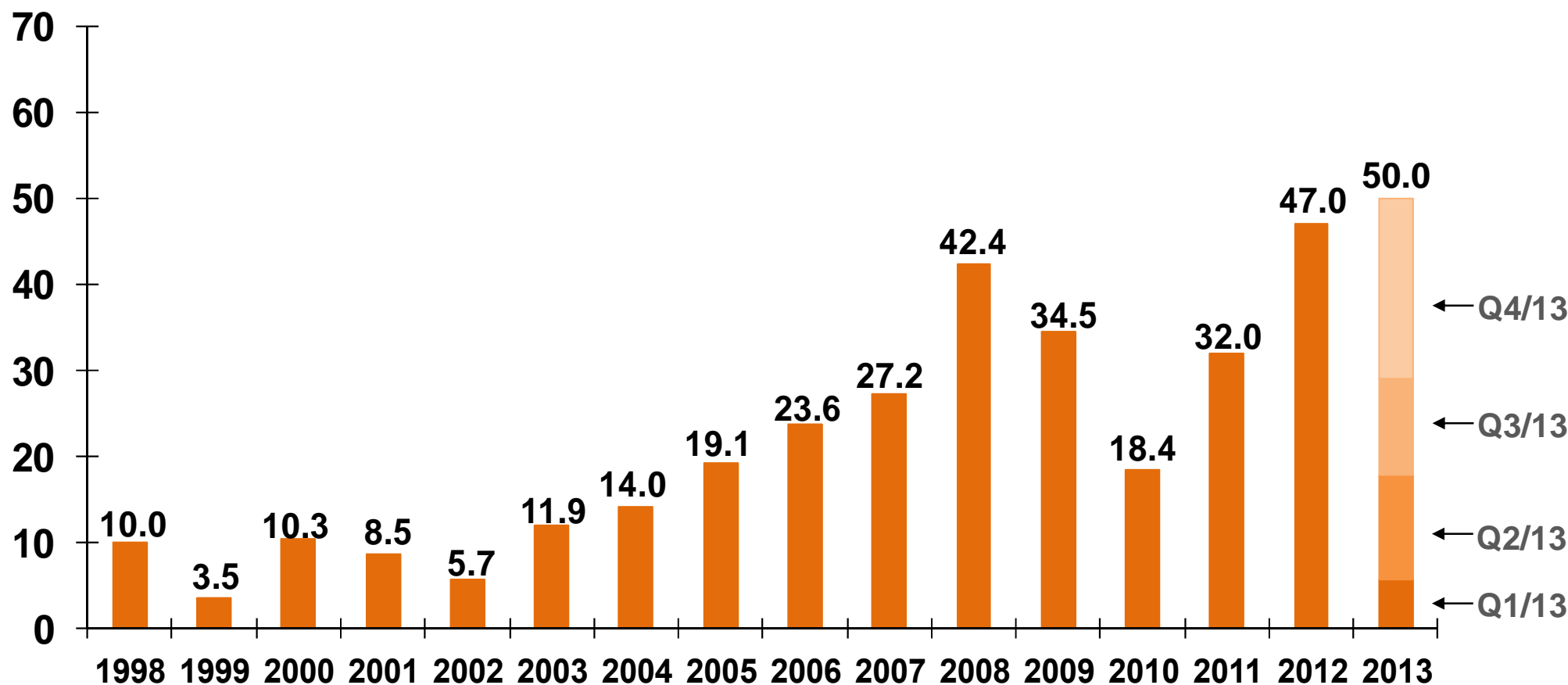
CAPEX and Investments

Q4/13 CAPEX and Investments of 21,203 MB, and totaling 50,064 MB in FY2013.



slide 17

Billion Baht

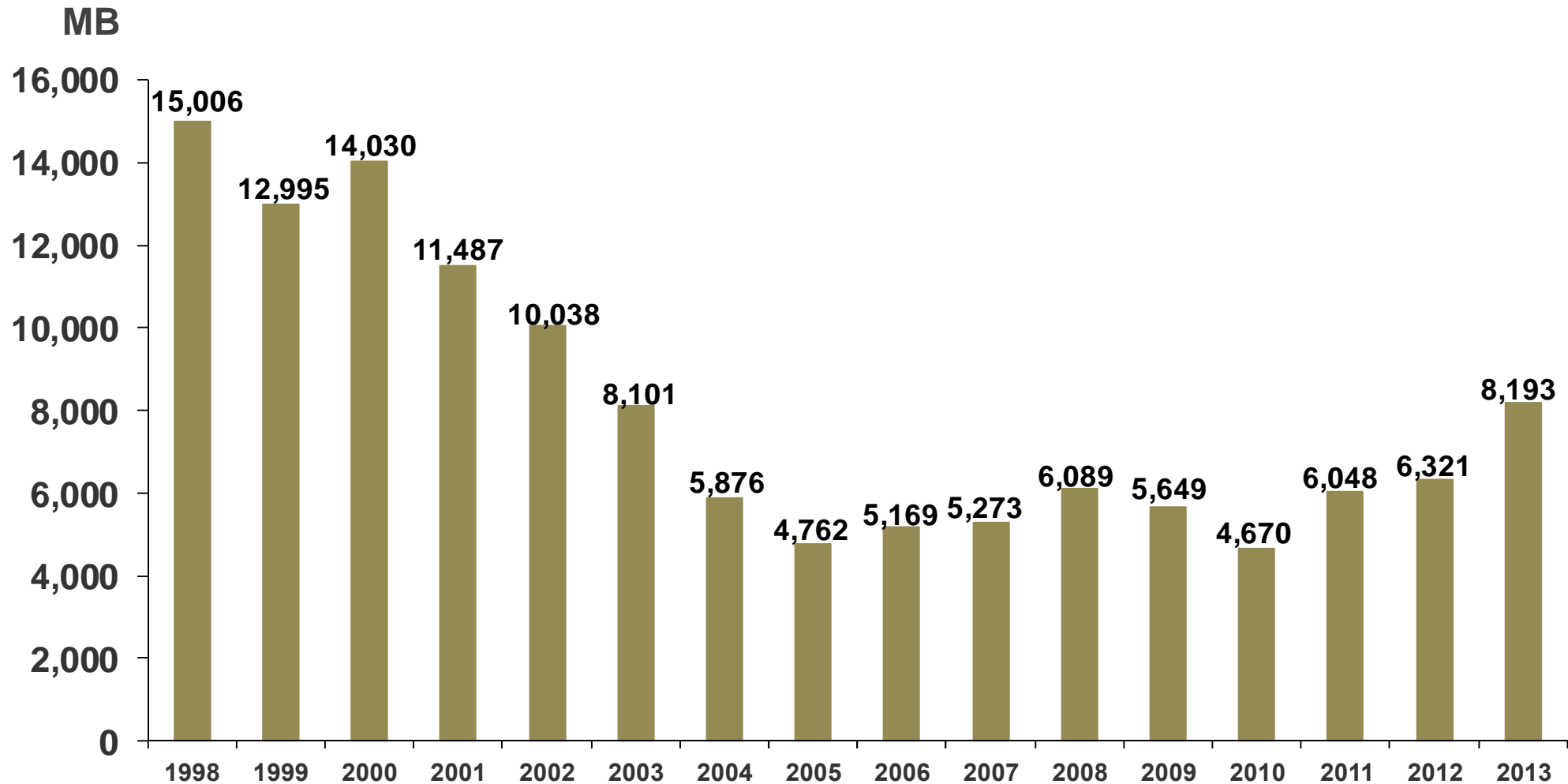


- CAPEX includes debottlenecking, expansion projects, and major turnaround.
- Investments are acquisitions and purchase of shares.

Interest and Finance Costs

The FY2013 interest and finance cost of 8,193 MB includes a FX loss of 688 MB, while interest cost registered 4.2%.

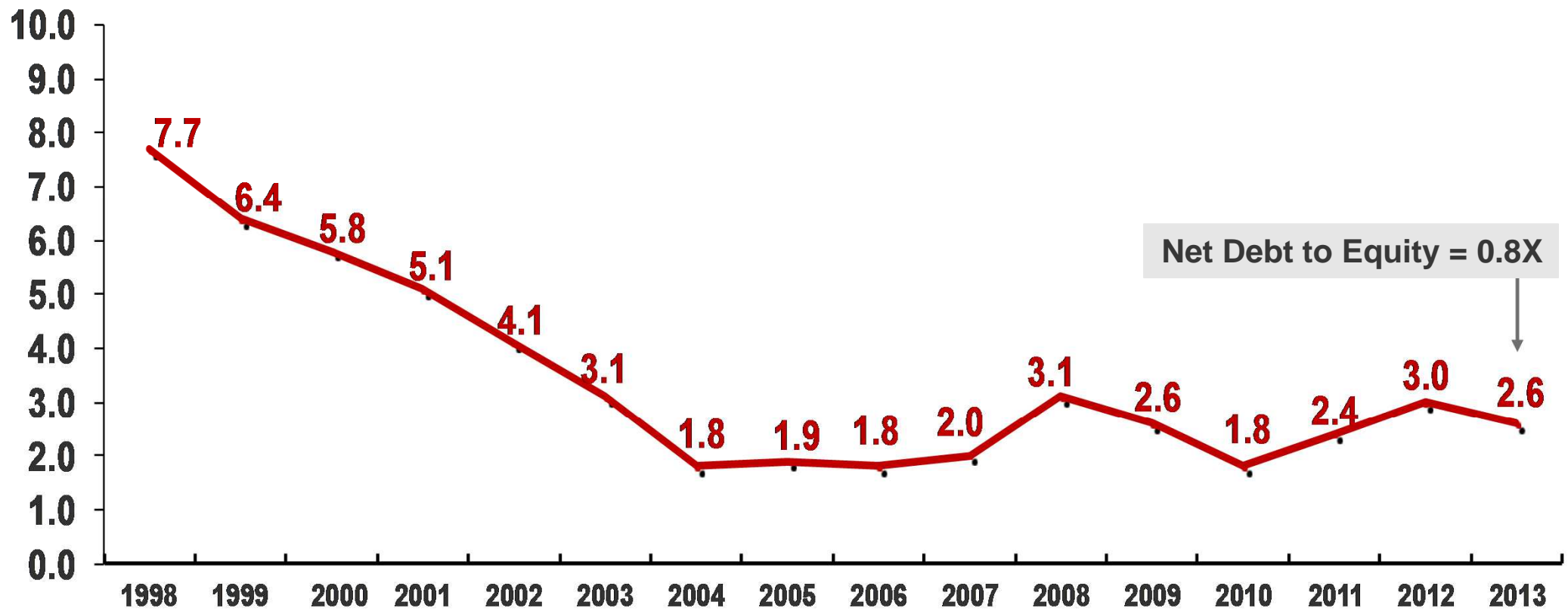
slide 18



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

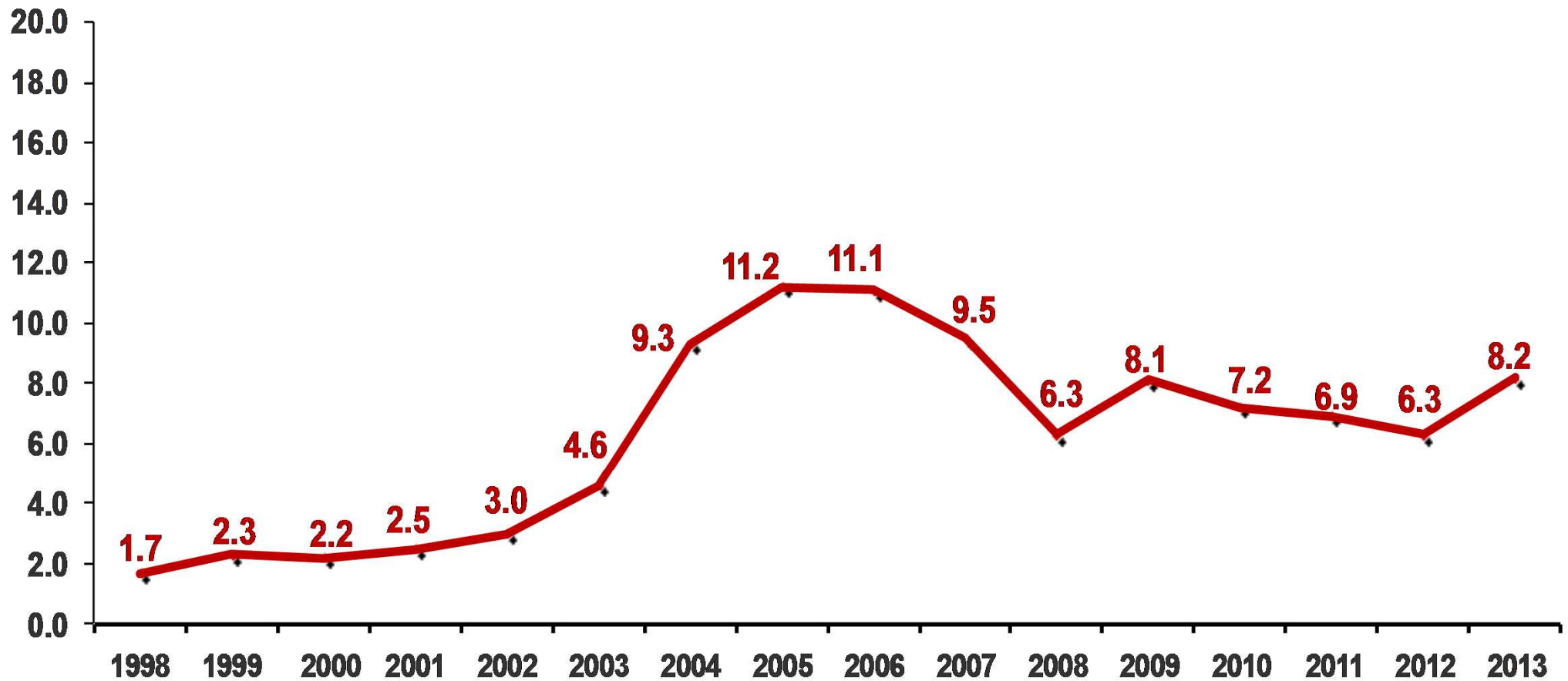
Net Debt on EBITDA

Times (x)



Interest Coverage Ratio

Times (x)



Note: -Interest Coverage Ratio = EBITDA / Interest Expense

-Interest Coverage Ratio excludes the effect of FX gain/loss.

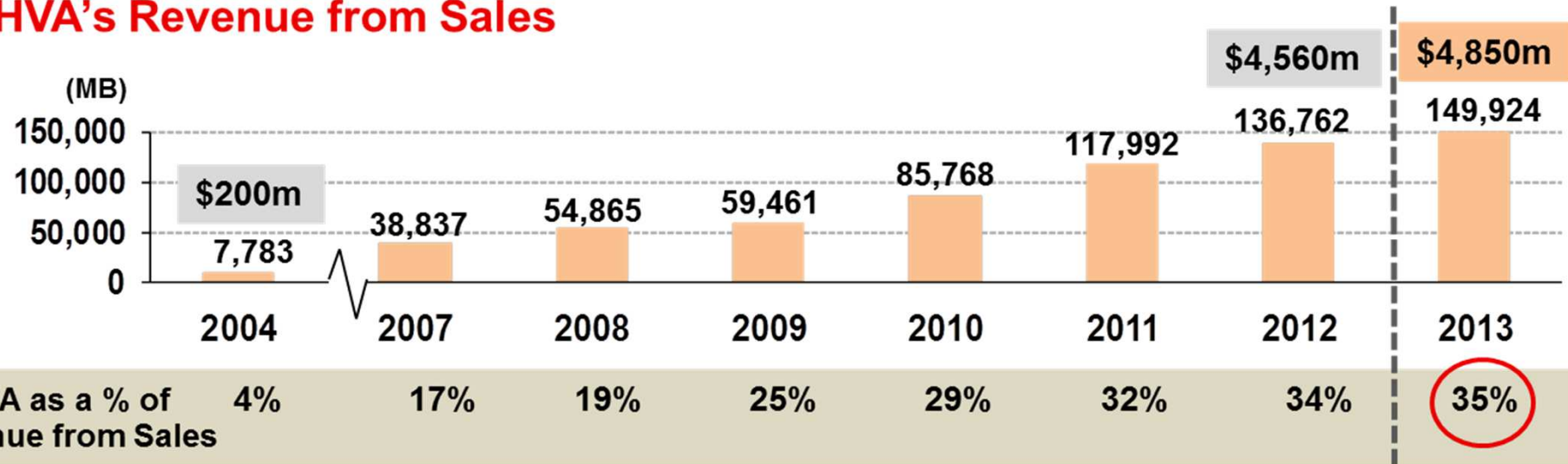
Highlights:

- FY2013 dividend of 15.5 Bt/share or 18,600 MB. This is comprised of the H2/13 interim of 5.5 Bt, Q3/13 interim of 3.0 Bt, and the year-end of 7.0 Bt.
- Excluding the 3.0 Bt interim dividend for SCG's 100 Year Anniversary in Q3/13, the FY2013 dividend amounts to 12.5 Bt or 41% of the FY2013 earnings.
- Net Working Capital decreased to 55,896 MB (from 61,702 MB), with Inventory to Net Sales of 48 days.

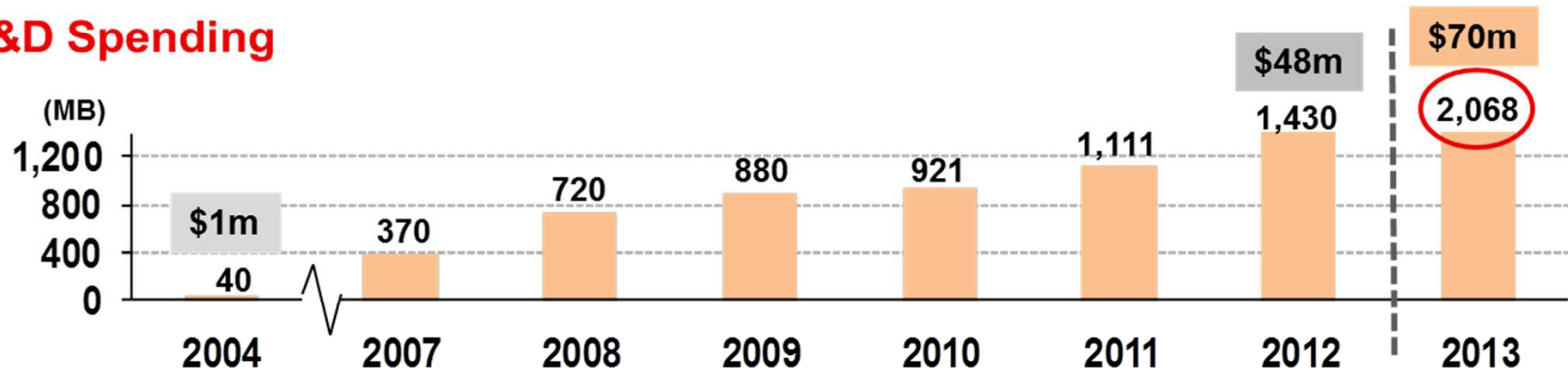
Outlook:

- Solid financial position, with positive chemicals earnings, and manageable cement and building materials outlook.
- Continued ASEAN growth, with FY2014 CAPEX & Investments of 40,000 – 50,000 MB.
- Maturing debenture of 10 Billion Baht on Apr 1/14 (3.85% coupon) and 5 Billion Baht on Oct 1/14 (3.85% coupon). The Apr 1/14 maturity will be refinanced with a 15 Billion Baht issuance (4 yrs maturity).

1. HVA's Revenue from Sales



2. R&D Spending



3. R&D and Product Design Team (staffs / Dec/13)



364 (Ph.D. 9)



1,262 (Ph.D. 73)

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- III. SCG Chemicals
- IV. SCG Paper
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Domestic:

- Domestic cement demand grew 6% y-o-y, with high demand growth in the Central areas, resulting in 2013 growth of 7% y-o-y.
- Domestic ready-mixed concrete (RMC) demand increased 5% y-o-y, maintaining an average price range of 1,750-1,800 baht per cubic meter.
- Sales of housing products remained soft y-o-y and q-o-q, attributed to the high based effect.

Regional:

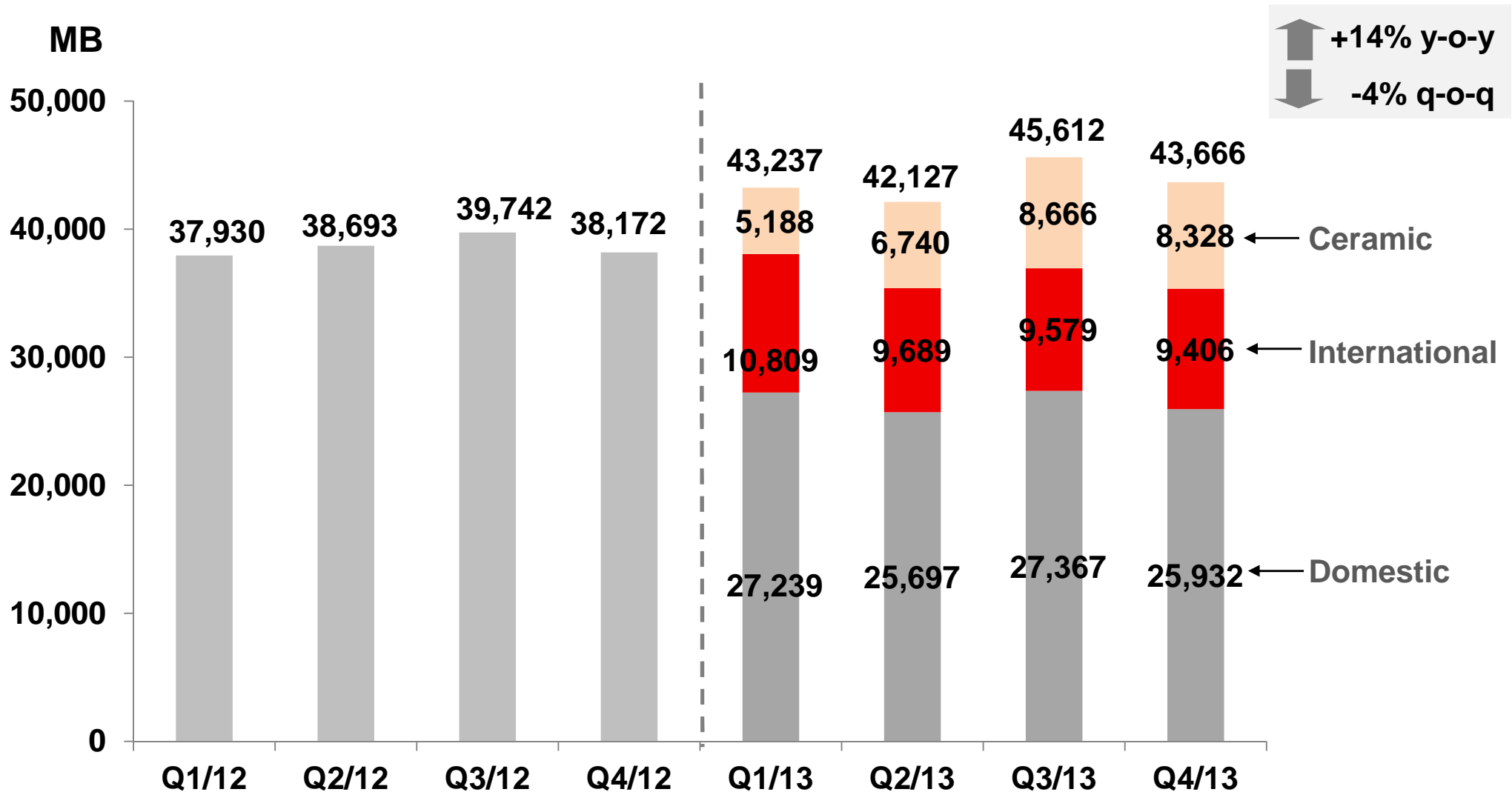
- Indonesian cement demand grew 7.6% y-o-y, resulting in 2013 growth of 5.5% y-o-y. Despite economic uncertainty throughout the year, the demand growth in 2013 was mainly from infrastructure and housing projects.
- Cambodian cement demand grew 7.3% y-o-y, resulting in 2013 strong growth of 11% y-o-y, attributed to construction projects in infrastructure segment.
- Myanmar cement demand in 2013 grew 22% y-o-y, driven by a construction of infrastructure and residential projects.

Revenue from Sales

Grew 14% y-o-y as a result of increased domestic sales of cement and RMC, in addition to the consolidations of Prime Group (Vietnam ceramics) and the sanitary ware and fittings businesses.



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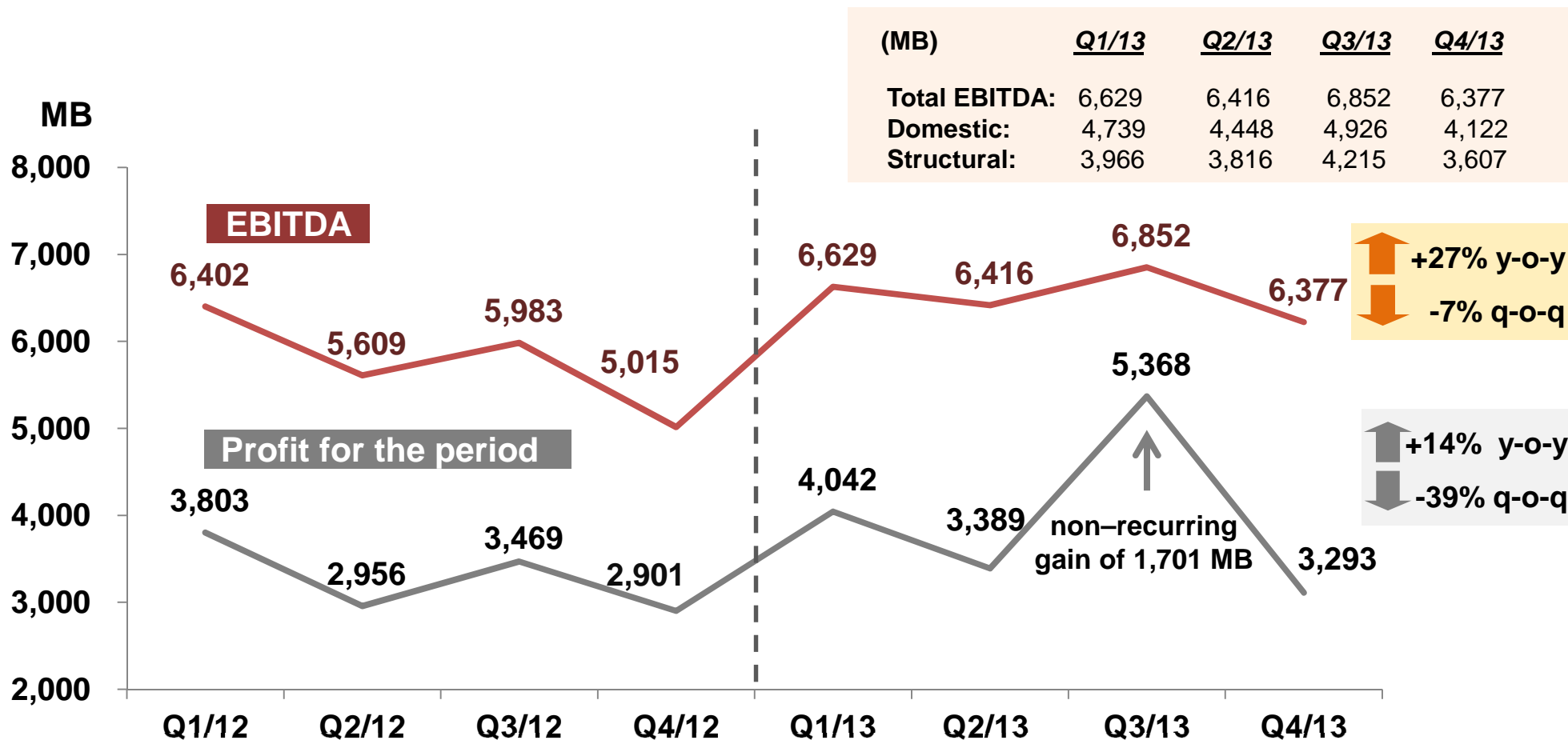
Ceramic: Ceramic tiles, Sanitary ware and Fittings (consolidated in Q3/13).

EBITDA and Profit for the Period

Q4/13 EBITDA and profit for the Period increased 27% and 14% y-o-y, respectively.



slide 26



EBITDA Margin*:

Total	17%	14%	15%	13%	15%	15%	15%	14%
Domestic:	-	-	-	-	17%	17%	18%	16%
Structural:	-	-	-	-	28%	27%	28%	25%

* EBITDA margin = EBITDA from Operations / Consolidated Sales

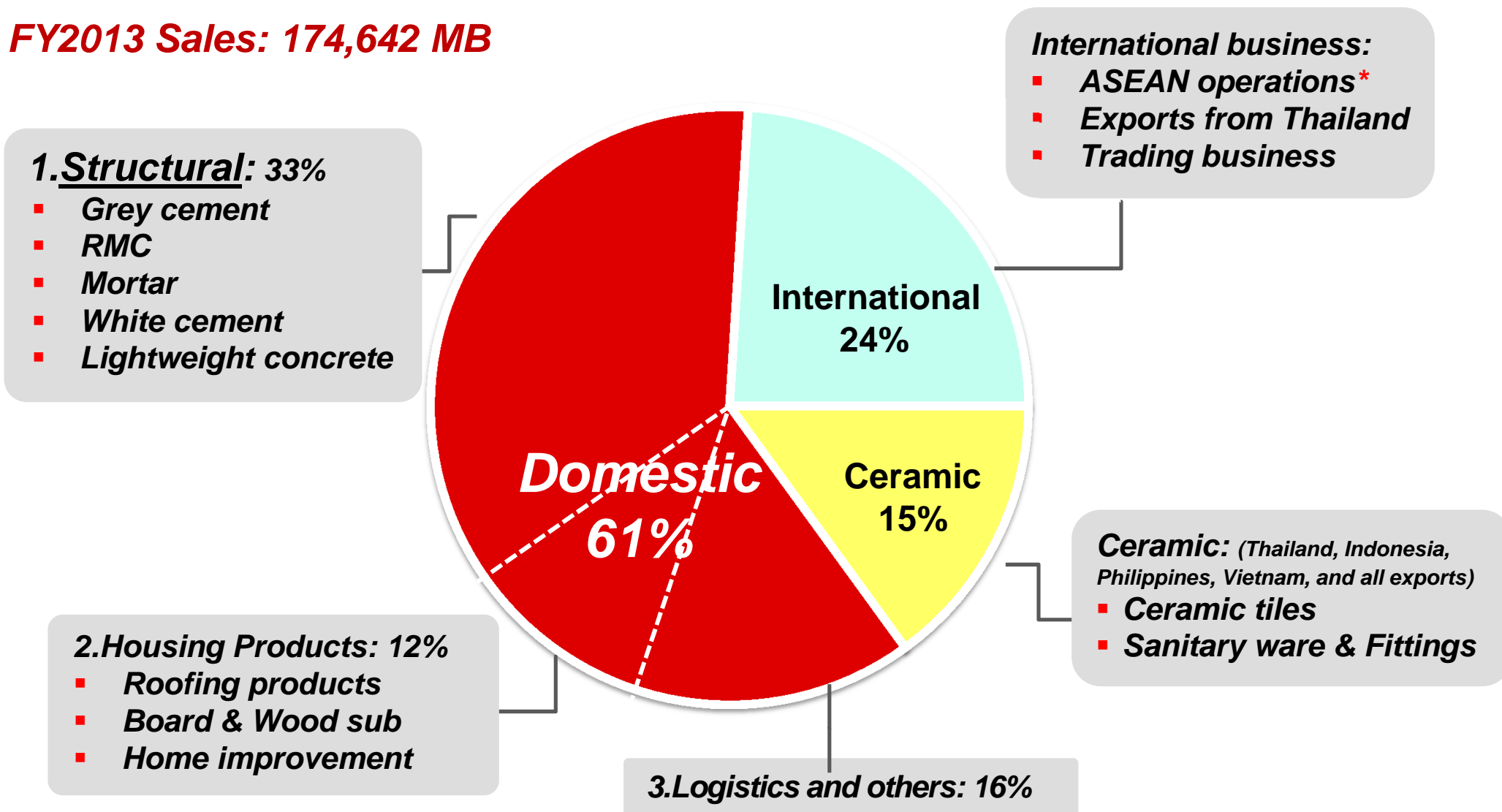
SCG Cement-Building Materials

FY2013 sales breakdown

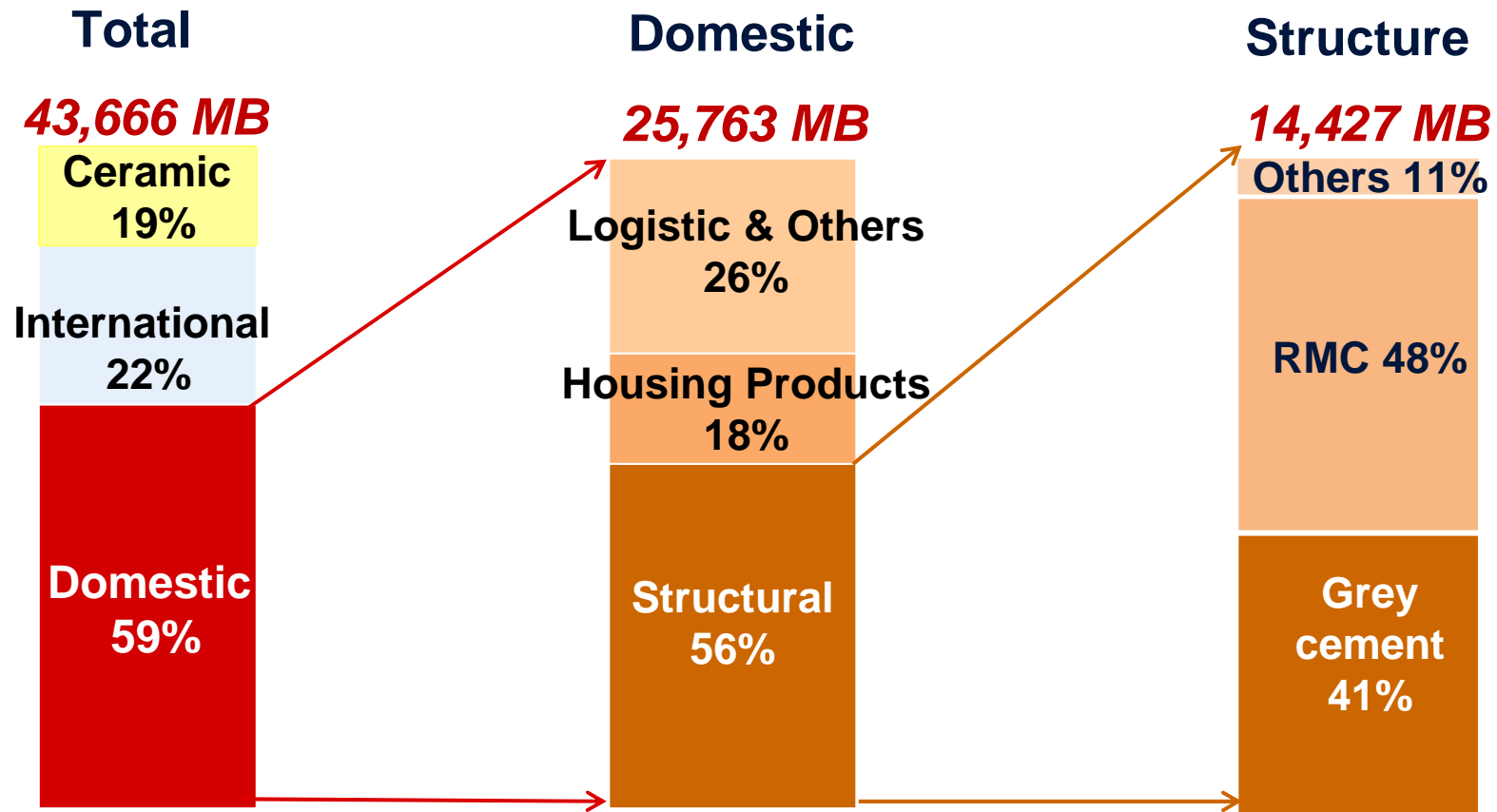


slide 27

FY2013 Sales: 174,642 MB



Notes: * ASEAN operations - subsidiaries outside of Thailand



Notes: 1. Ceramic:

- Ceramic tiles, Sanitary Ware and Fittings.
- Thailand, Indonesia, Philippines, Vietnam, and all exports.

2. International: ASEAN operations (sub. outside of Thailand), Exports from Thailand, and Trading.

3. Domestic:

- 3.1 Structural - Grey cement, RMC, Mortar, White cement, and Lightweight concrete.
- 3.2 Housing - Roofing products, Board & Wood sub, and Home improvement.
- 3.3 Logistics and others

Domestic Cement price

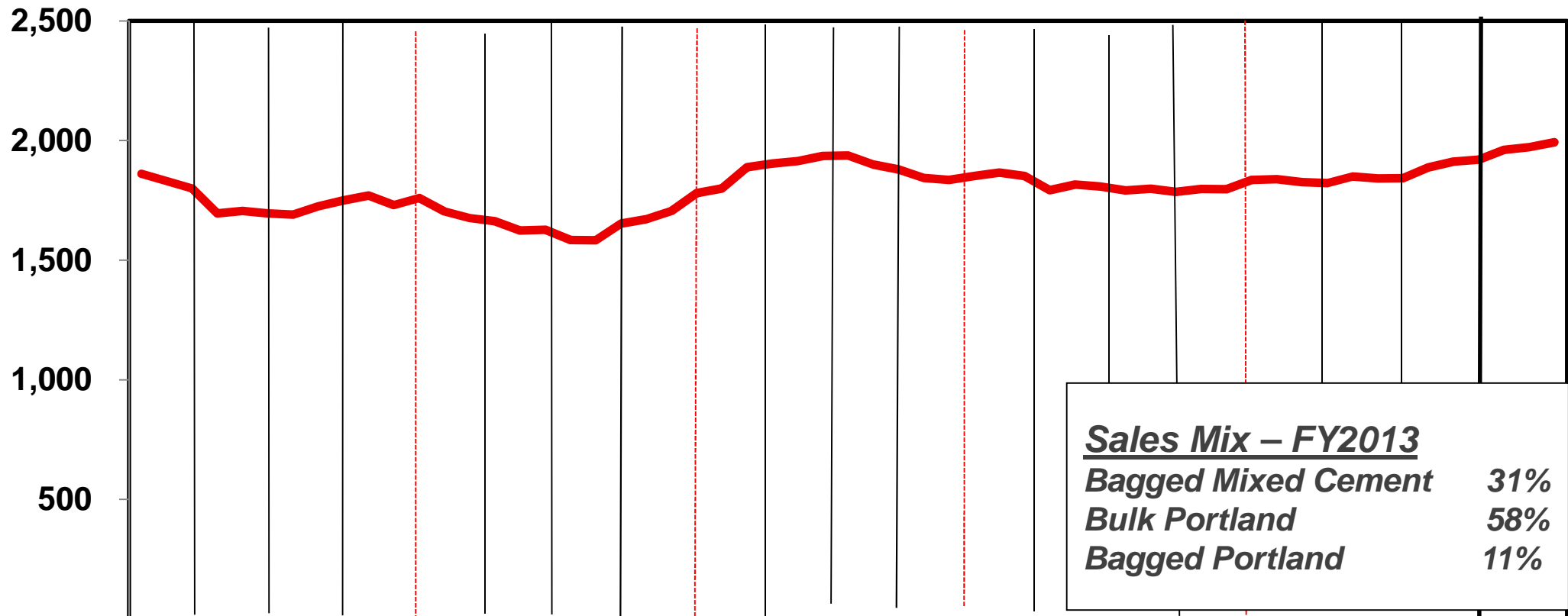
Q4/13 domestic cement price was at the 1,950 Bt/ton level.



slide 29

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

Baht/Ton



Sales Mix – FY2013	
Bagged Mixed Cement	31%
Bulk Portland	58%
Bagged Portland	11%

2009				2010				2011				2012				2013			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

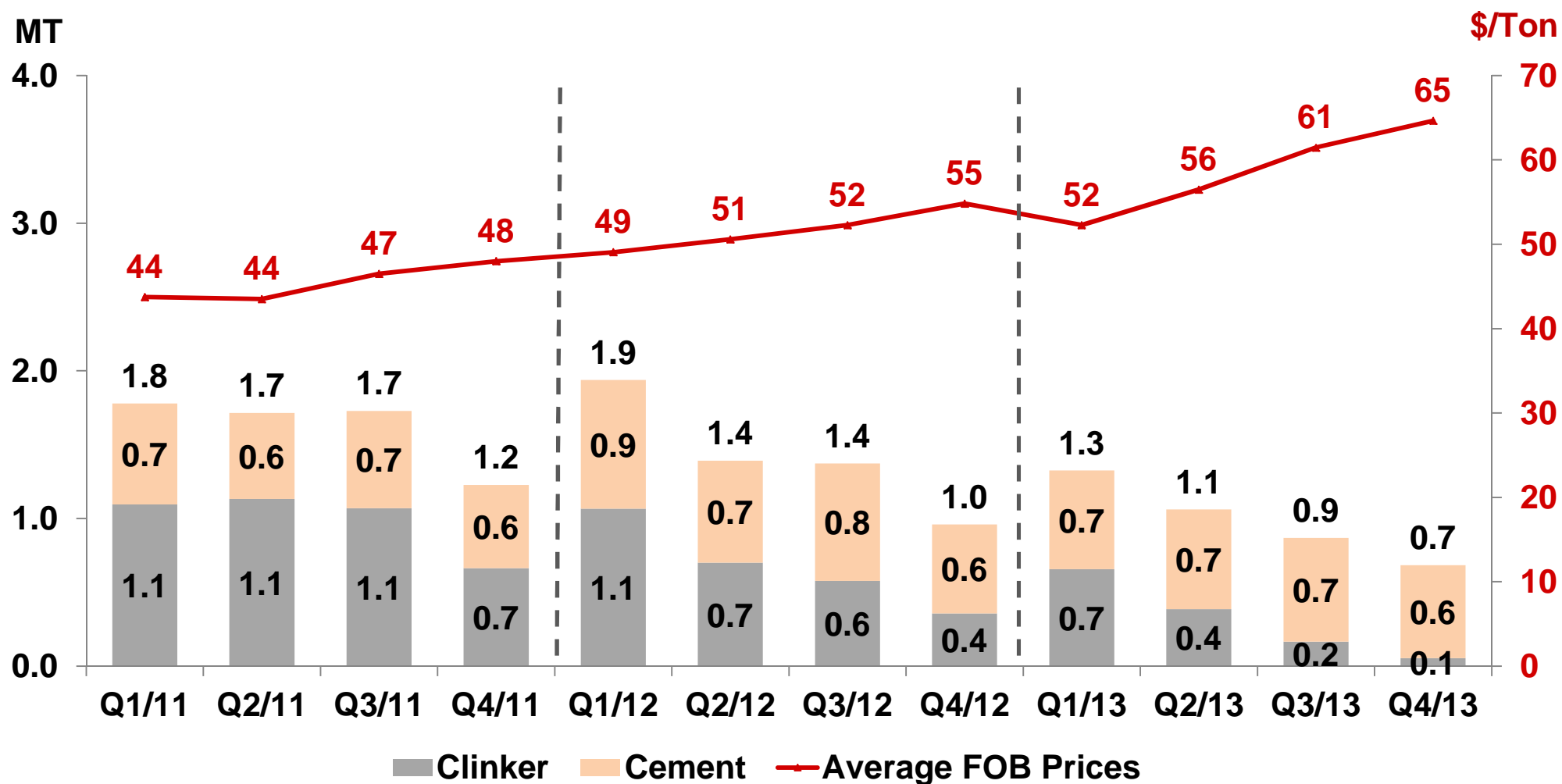
Cement exports

Total FY2013 export volume of 4 MT, compared to 5.7 MT in FY2012.



slide 30

Export volume and Average price (FOB)



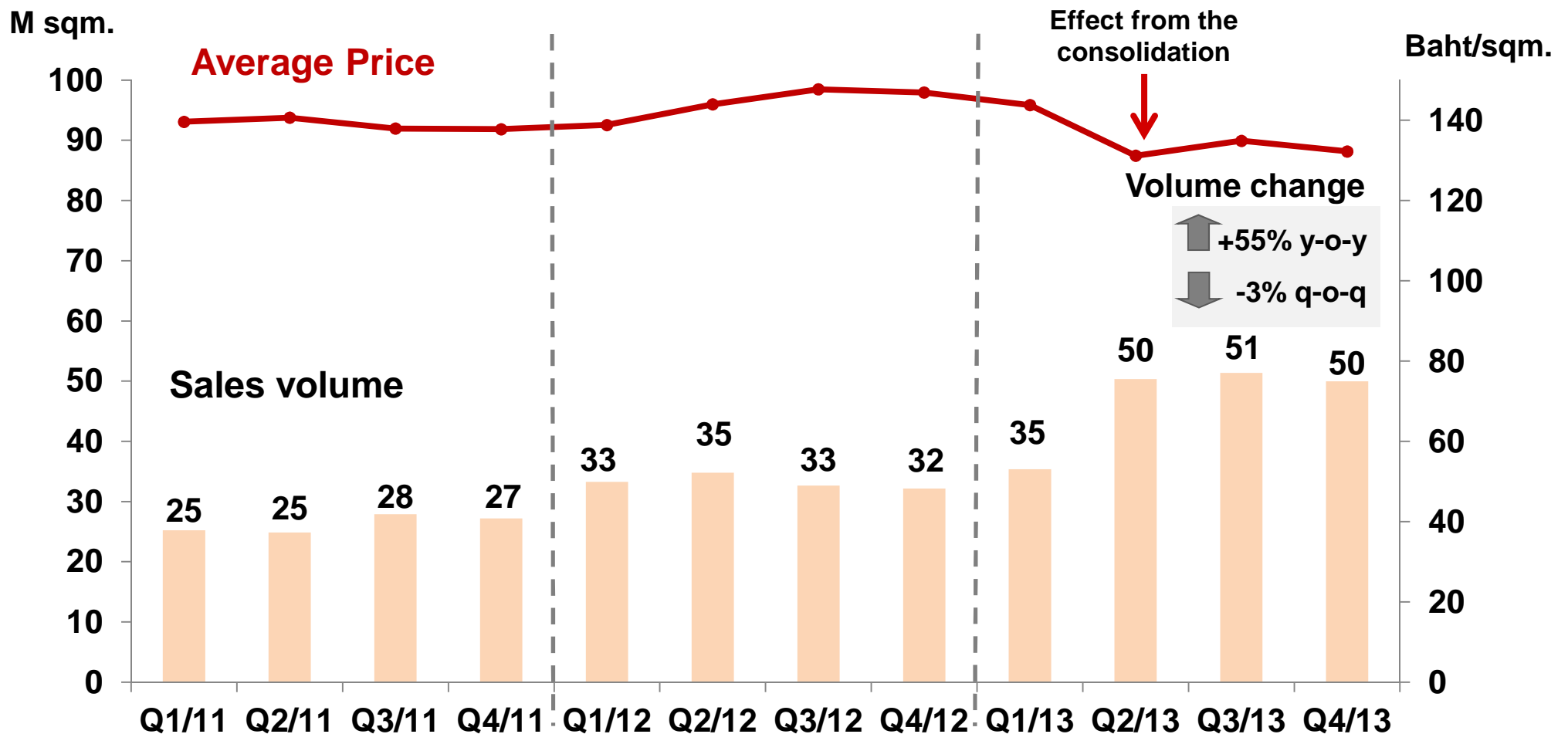
Ceramic Tiles

Total FY2013 sales volume of 187 mill sqm, representing a growth of 41% y-o-y, assisted by the consolidation of Prime Group in Q2/13.



slide 31

Sales volume & prices for all ASEAN subsidiaries



Outlook:

- The current market situation is being monitored closely.
- Regional demand of cement and housing materials is expected to continue to grow in 2014, especially in Myanmar.
- Indonesia's and Cambodia's favourable policies and economic situation are expected to boost demand of cement and housing materials.

Project updates:

- **Myanmar cement plant:** Already signed contract with construction contractor and started to build access road, with operation expected in Q2/16.
- **Indonesia cement plant:** On progress with preliminary works and access to construction site, with production expected in Q3/15.
- **Cambodia cement plant:** The civil construction of the second line expansion has begun, with operation expected by Q2/15.

- I. Consolidated Results
 - Q4/13 Consolidated Results
 - FY2013 Summary
 - Financial Updates
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- V. Summary

Market Insight:

- **Crude** – hovered around the \$110/bbl level, pressured by increasing non-OPEC supply.
- **Naphtha** – increased \$26/ton or 3% q-o-q to \$946/ton, due to firm demand from higher naphtha crackers run rate. Furthermore, the rise in LPG prices, as a result of its increased winter demand of heating fuel, made it uneconomical as an alternative chemicals feedstock.
- **PE** – Ethylene price increased by 8% q-o-q to \$1,427/ton. HDPE price increased by 3% q-o-q to \$1,536/ton, attributed to solid downstream products demand. HDPE-Naphtha margin increased by 4% q-o-q to \$590/ton.
- **PP** – Propylene price increased by 2% q-o-q to \$1,366/ton. PP price also increased by 2% q-o-q to \$1,543/ton. PP-Naphtha margin maintained at \$597/ton, attributed to additional propylene supply from Propane Dehydrogenation units, and stable market demand.
- **PVC** – EDC price increased by 10% q-o-q to \$373/ton. While PVC prices decreased 1% q-o-q, attributed to seasonally weak demand. PVC-EDC/C2 margin - decreased 15% q-o-q to \$370/ton.
- **Other** – BD-Naphtha gap increased 177% q-o-q to \$609/ton. MMA-Naphtha increased 1% q-o-q to \$1,093/ton. PTA-PX margin decreased 53% q-o-q to \$42/ton.

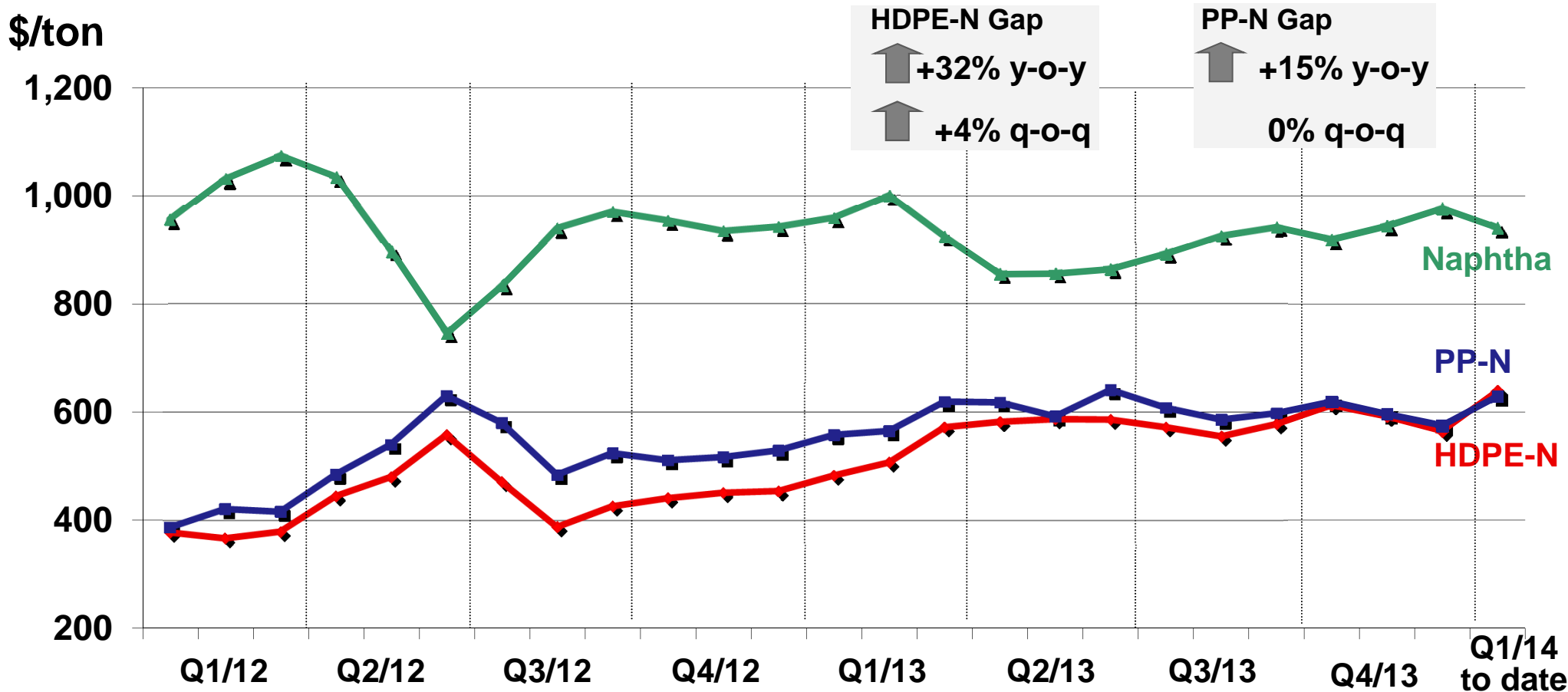
HDPE – and PP – Naphtha Price Gaps



HDPE-N margins – increased 4% q-o-q, due to firm products demand, enabling producers to increase product prices amid higher naphtha cost.

PP-N margins – maintained q-o-q, attributed to additional propylene supply from Propane Dehydrogenation units, and stable market demand.

slide 35



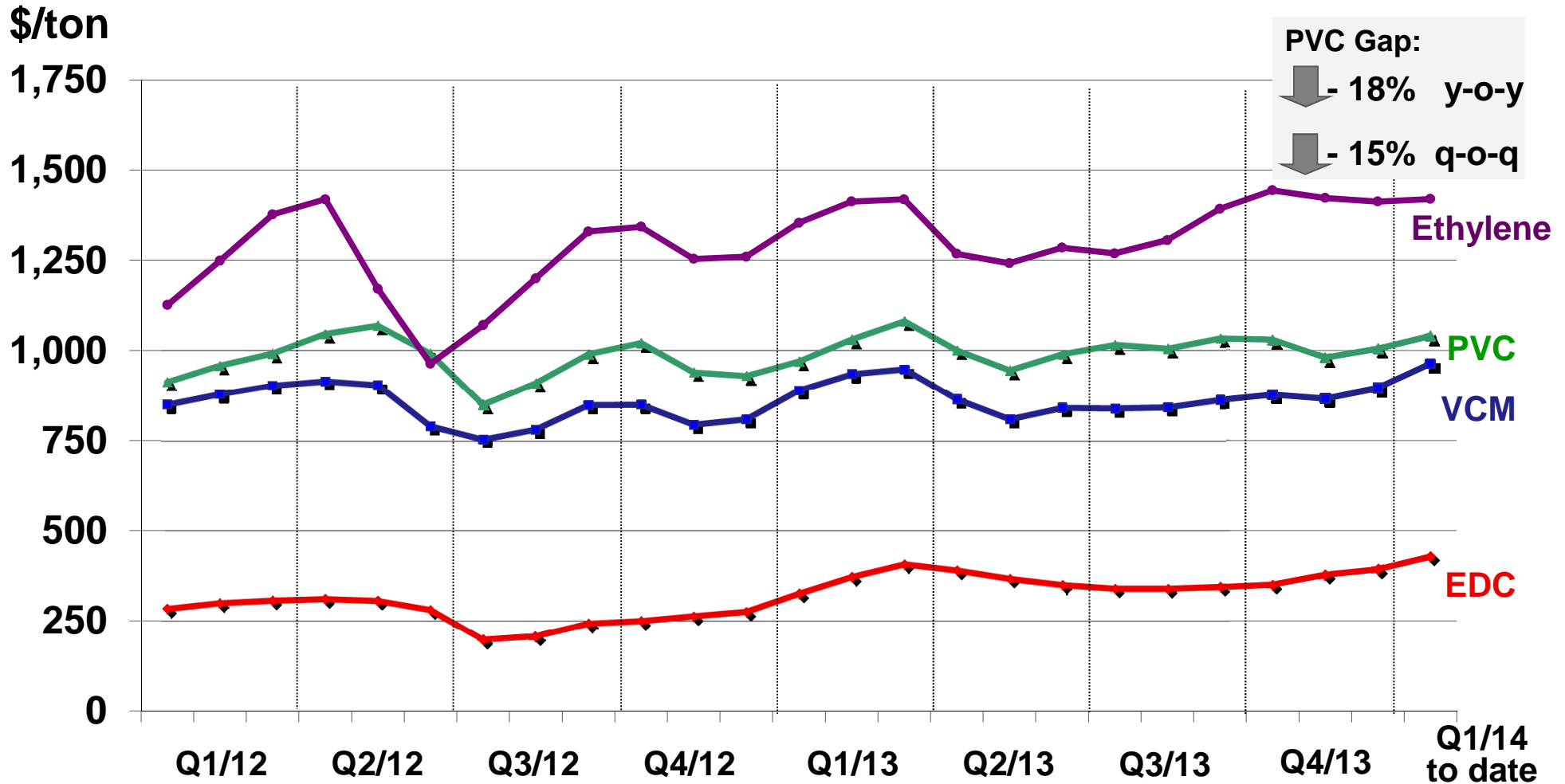
HDPE-Naphtha	374	494	428	449	521	585	568	590	639
Spread (\$/ton)	←————— 437 —————→		←————— 566 —————→		←————— 598 —————→				
PP-Naphtha	408	551	529	519	581	617	597	597	629
Spread (\$/ton)	←————— 502 —————→		←————— 598 —————→						

Note: Prices refer to SEA regional prices

PVC

PVC-EDC/C2 margin - decreased 15% q-o-q to \$370/ton, due to rising EDC and ethylene costs. While PVC prices decreased 1% q-o-q, attributed to seasonally weak demand.

slide 36



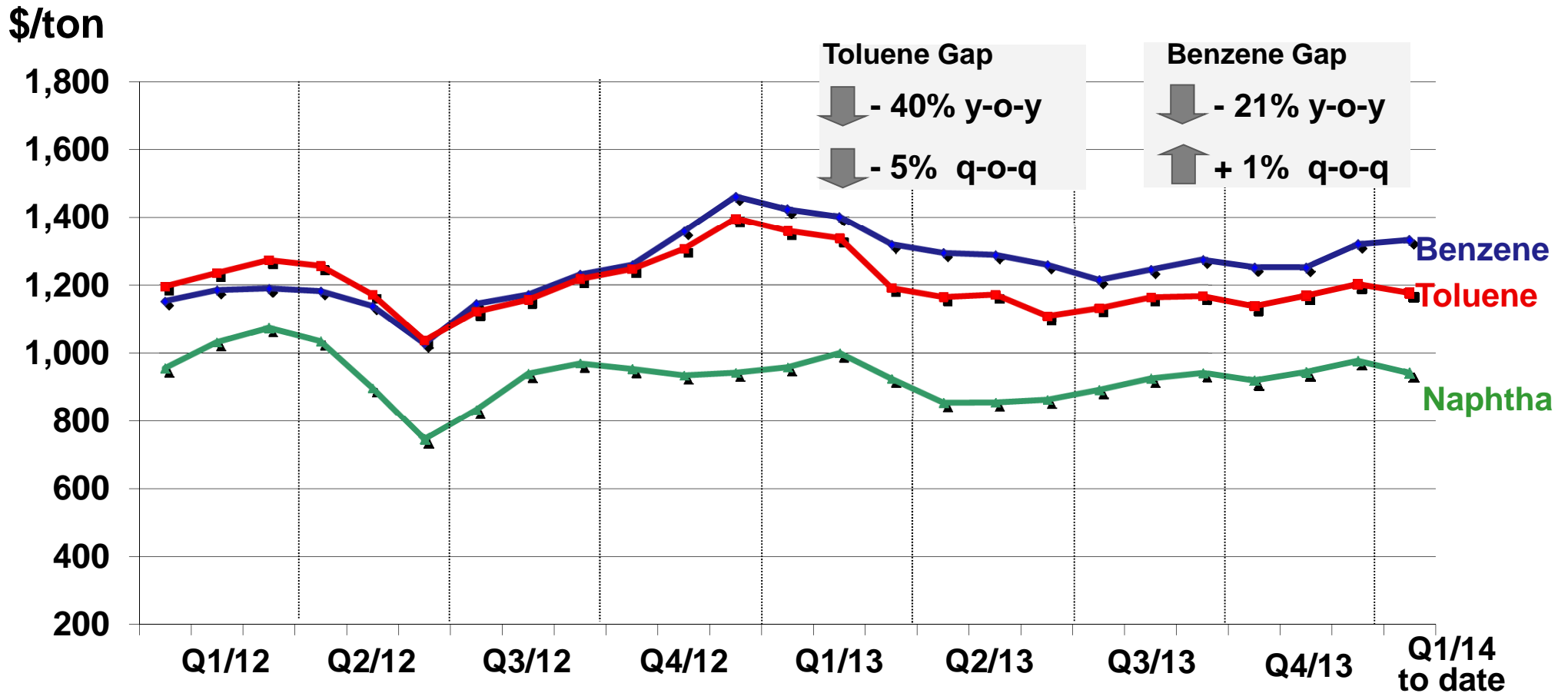
PVC-EDC/C2	424	518	463	452	405	386	435	370	362
Spread (\$/ton)	← 464 →		← 399 →						

Prices refer to FE regional prices

Benzene & Toluene

BZ-N margin - remained stable, due to slow demand of gasoline in Q4/13.
 TL-N margin - decreased 5% q-o-q, attributed to weak demand in solvent.

slide 37



BZ-Naphtha	155	223	268	415	420	422	325	329	393
TL-Naphtha	214	262	251	372	333	290	234	223	236
BZ-Spread (\$/ton)	←————— 265 —————→		←————— 374 —————→						
TL Spread (\$/ton)	←————— 275 —————→		←————— 270 —————→						

Note: Prices refer to SEA regional prices

Price Gaps of Associates

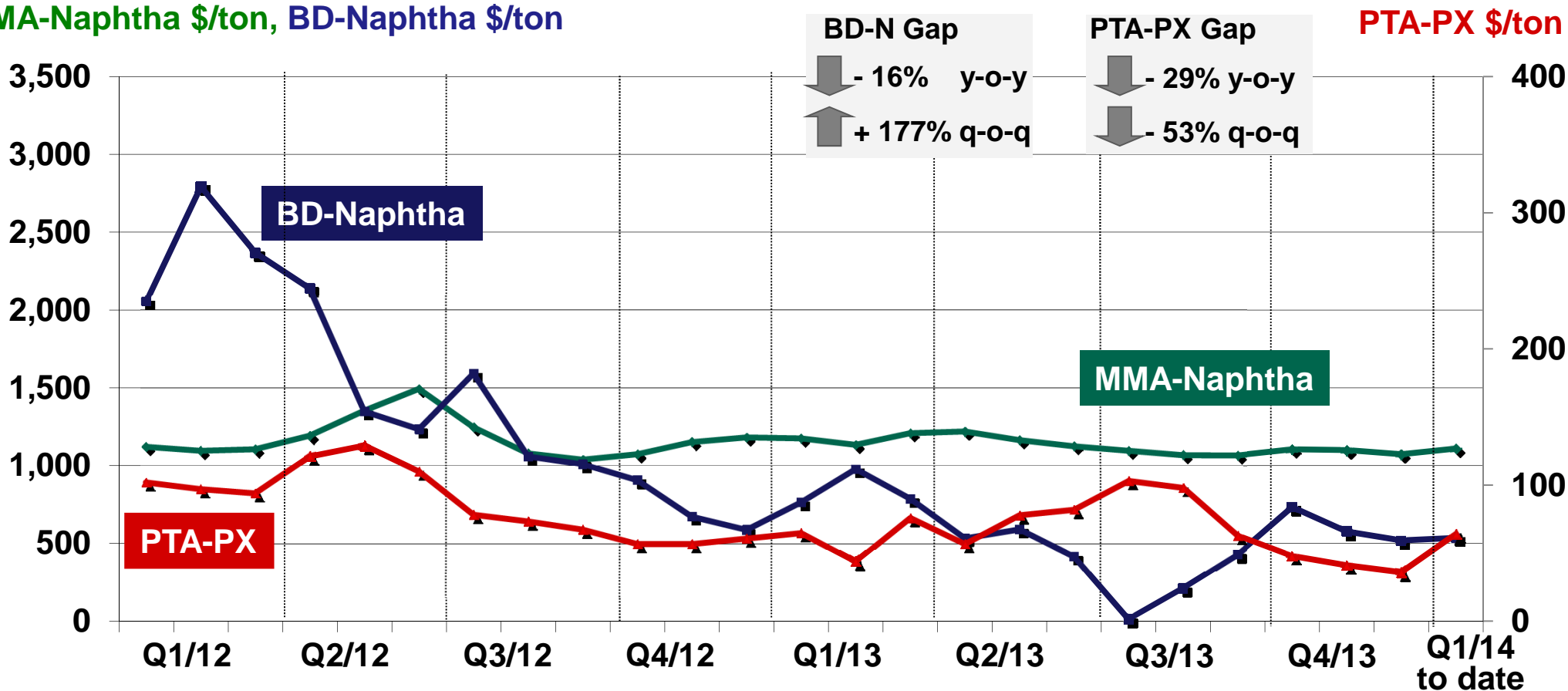
MMA-Naphtha – maintained, due to low seasonal demand and lower supply as a result of planned and unplanned shutdowns in Asia.

BD-Naphtha – increased, attributed to the demand recovery of synthetic rubber in China.

PTA-PX – decreased, as a result of slow demand of polyester, and PTA capacity expansion.

slide 38

MMA-Naphtha \$/ton, BD-Naphtha \$/ton

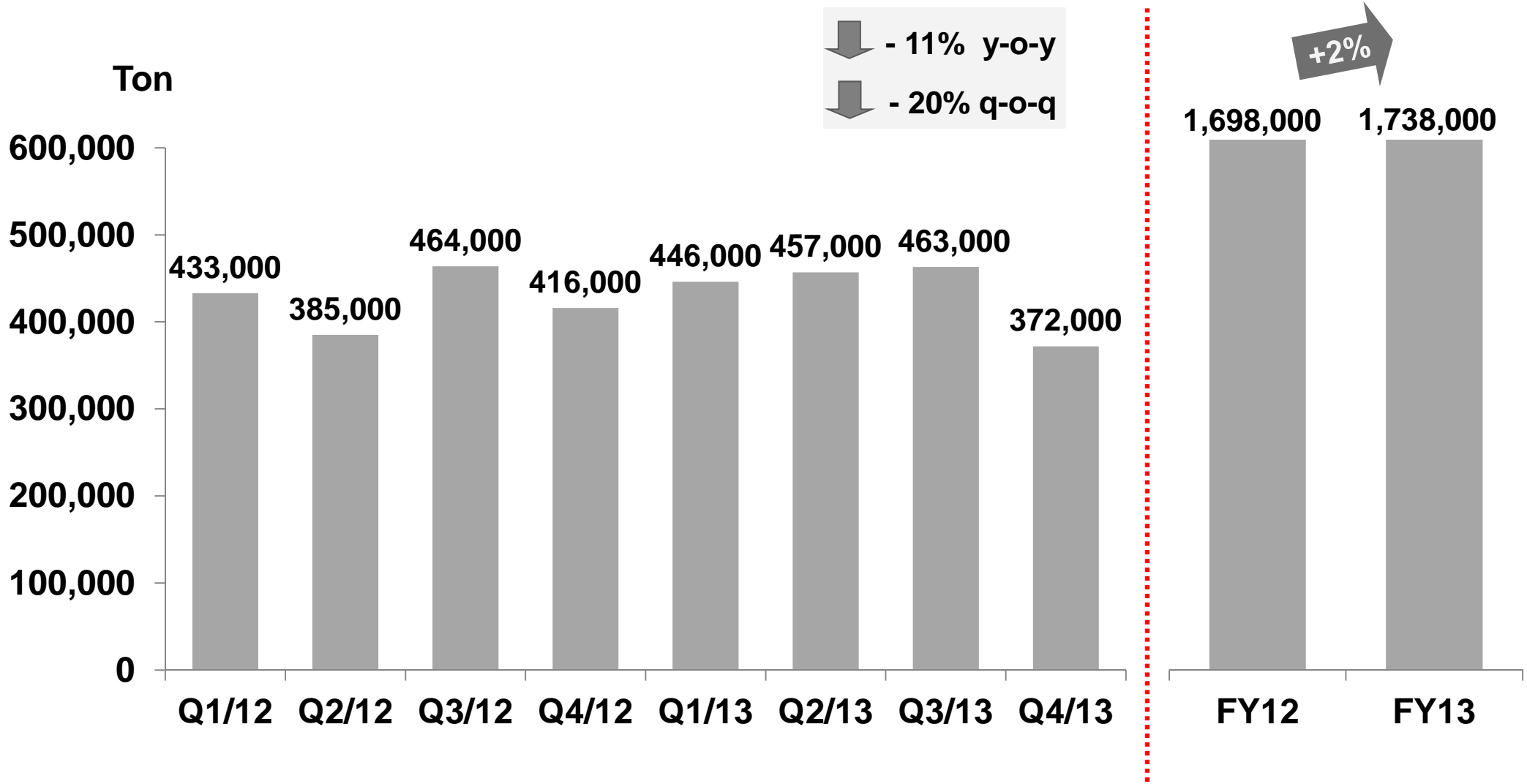


BD-Naphtha	2,405	1,574	1,221	723	844	516	220	609	535
Spread (\$/ton)			1,481				547		
PTA-PX	98	120	73	58	62	72	88	42	64
Spread (\$/ton)			87				66		

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

Polyolefins Sales Volume

FY2013 sales volume increased 2% y-o-y, due to the low base effect from the BST event in Q2/12

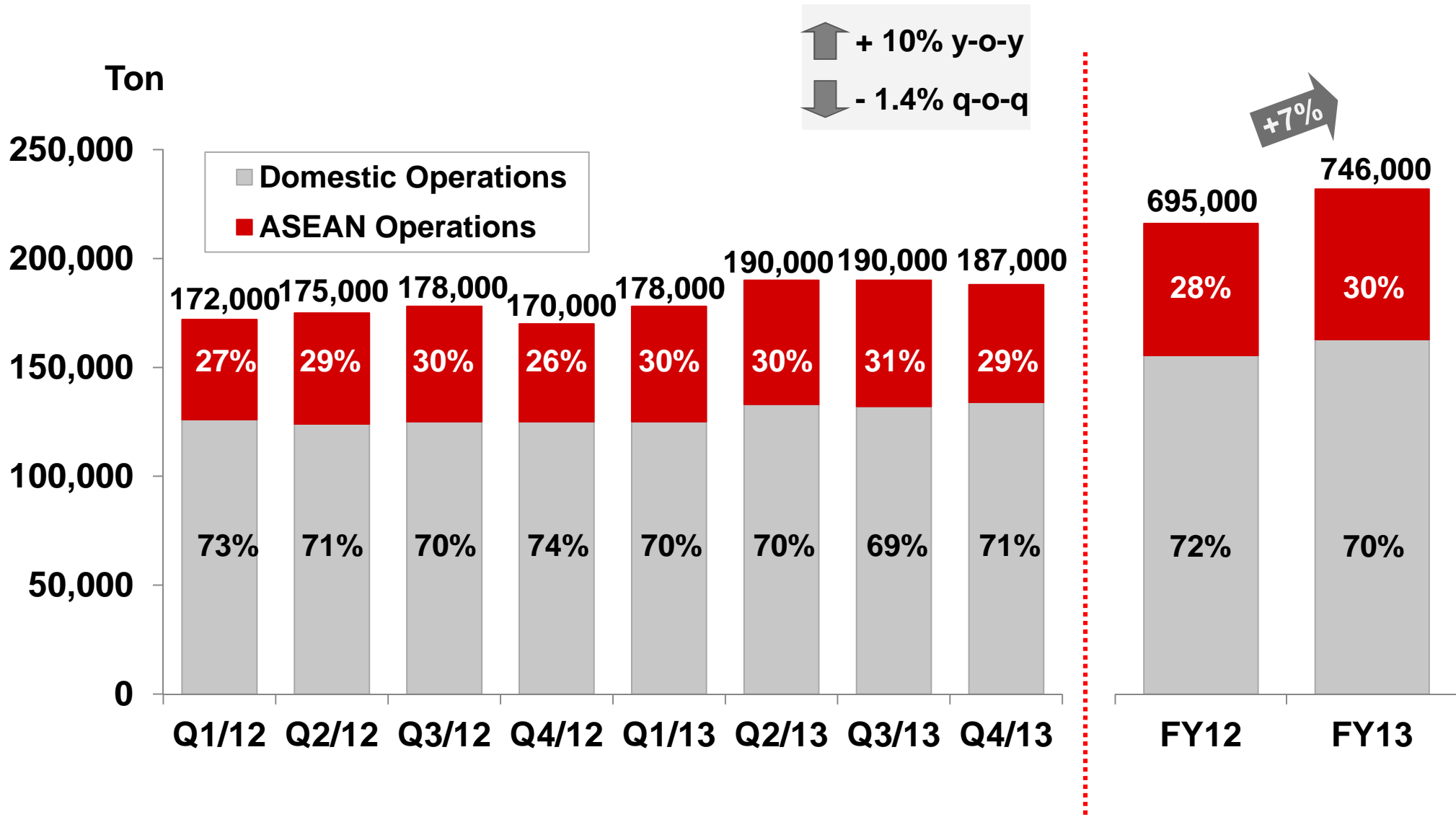


PVC Sales Volume

FY2013 sales volume increased 7% y-o-y, attributed to higher plant utilizations.



slide 40



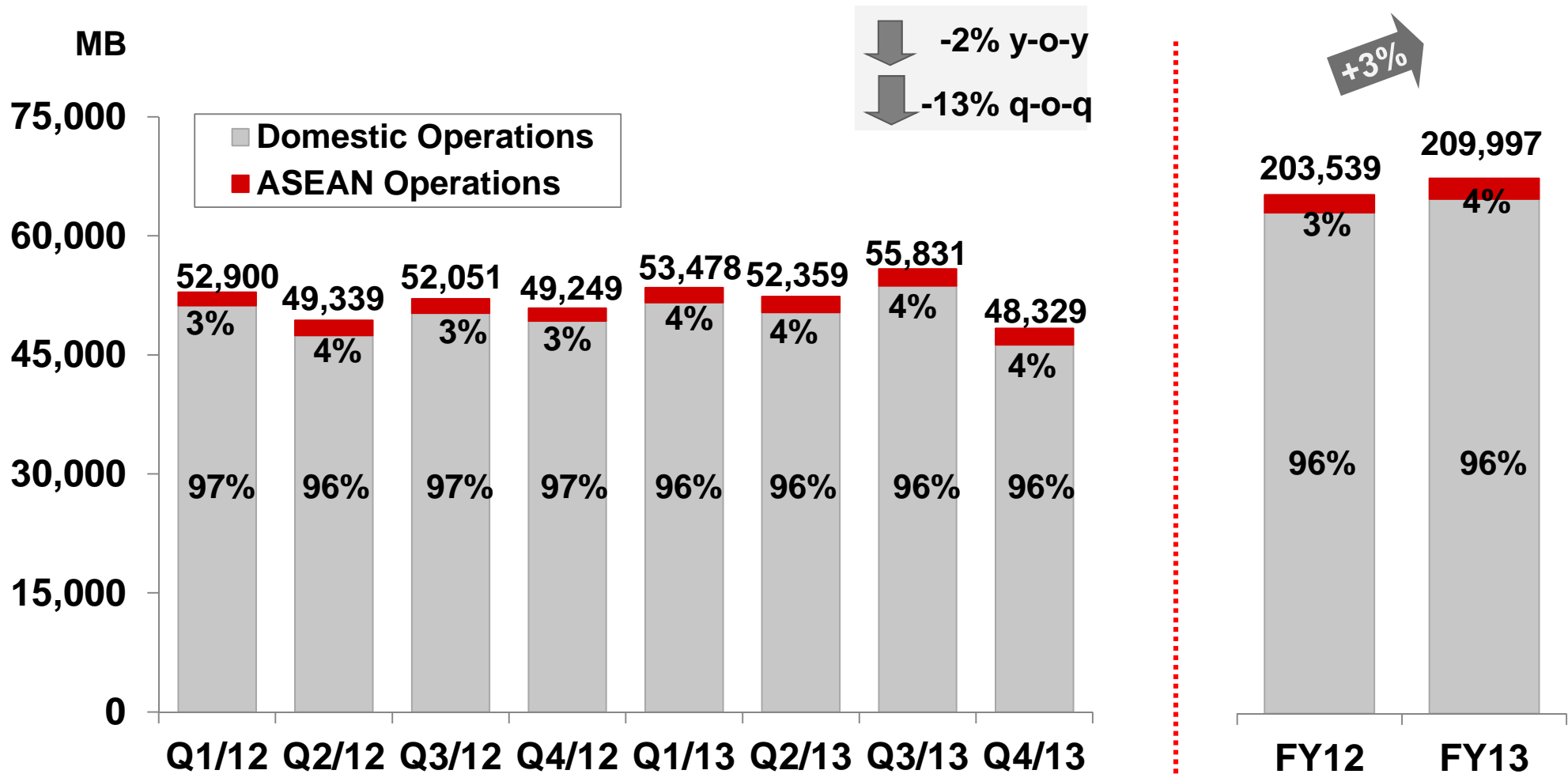
*Note: *ASEAN Operations = Sales volume from PVC operations in Vietnam and Indonesia*

Revenue from Sales

FY2013 revenue increased 3% y-o-y, supported by higher product prices and sales volume.



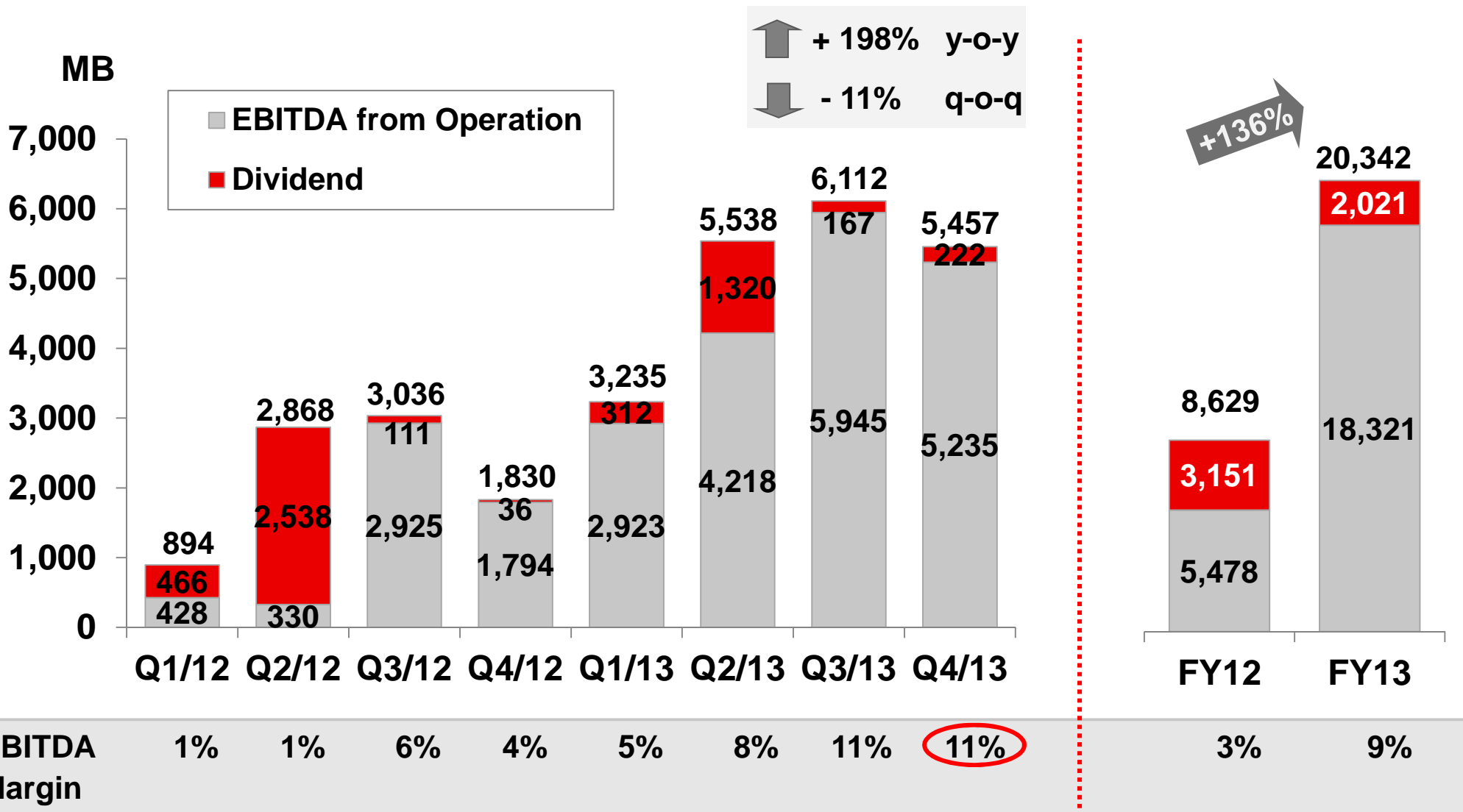
slide 41



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

EBITDA

Despite MOC's 45-day turnaround in Q4/13, FY2013 EBITDA gained 136% y-o-y, attributed to increasing global demand which has helped the recovery of overall margins.



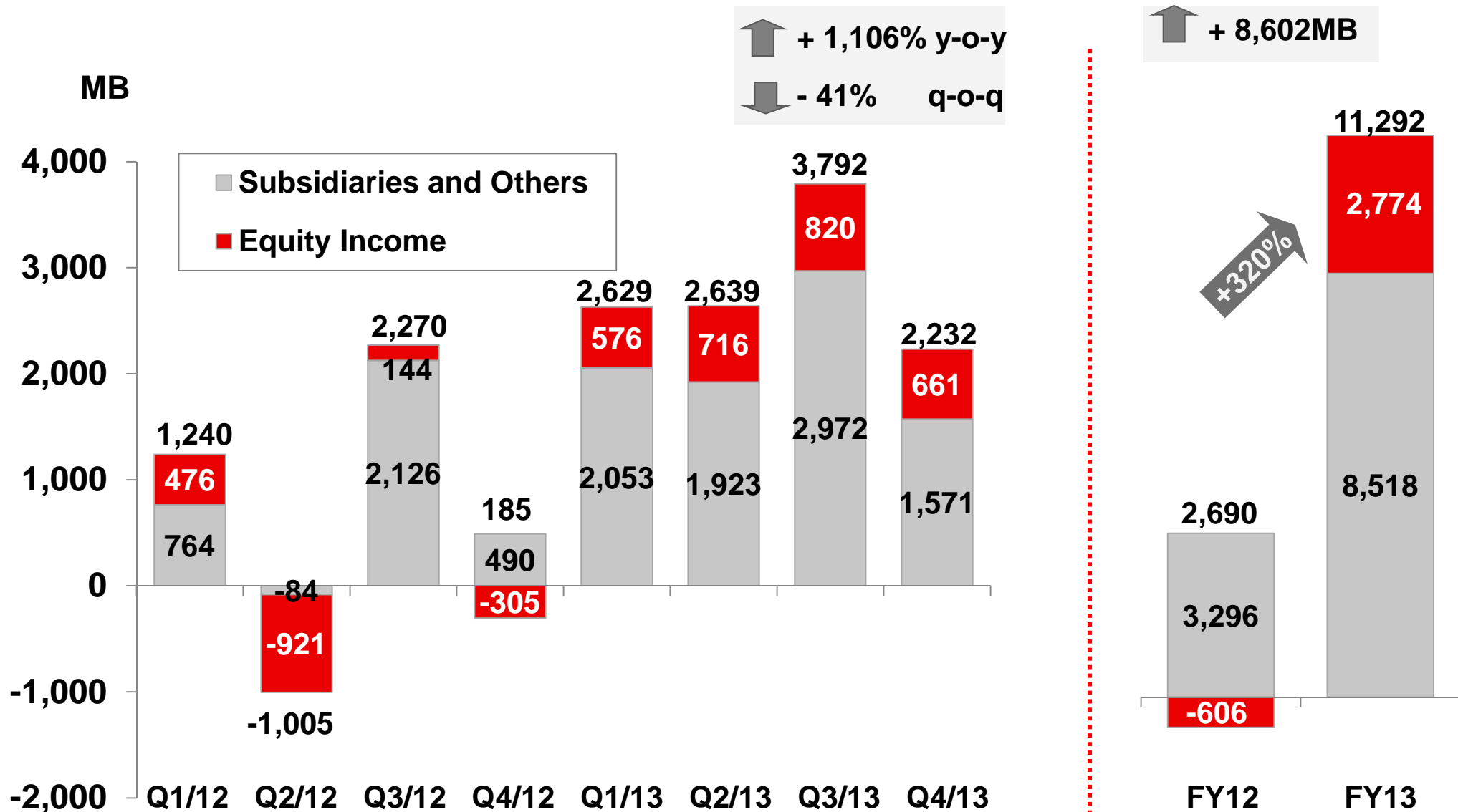
Note: EBITDA = EBITDA from Operations + Dividend from Associated Companies

Profit for the Period

FY2013 earnings increased 320% y-o-y, attributed to higher overall margins and improved performance of associated companies.



slide 43



Outlook:

- **Crude** – fundamental points to lower crude price as non-OPEC supply growth exceeds growth in world consumption.
- **Naphtha** – softer in Q1/14, due to crackers turnaround season in March and dropping LPG demand after winter will put downward pressure on naphtha price
- **Polyolefins** – trading activities in Asia should be more lucrative after the Chinese New Year. Expected higher polyolefin gap, due to soften naphtha price and lower supply in the region due to crackers turnaround in Q1.
- **PVC** – margin remains under pressure as a result of escalating feedstock costs.

Project Updates:

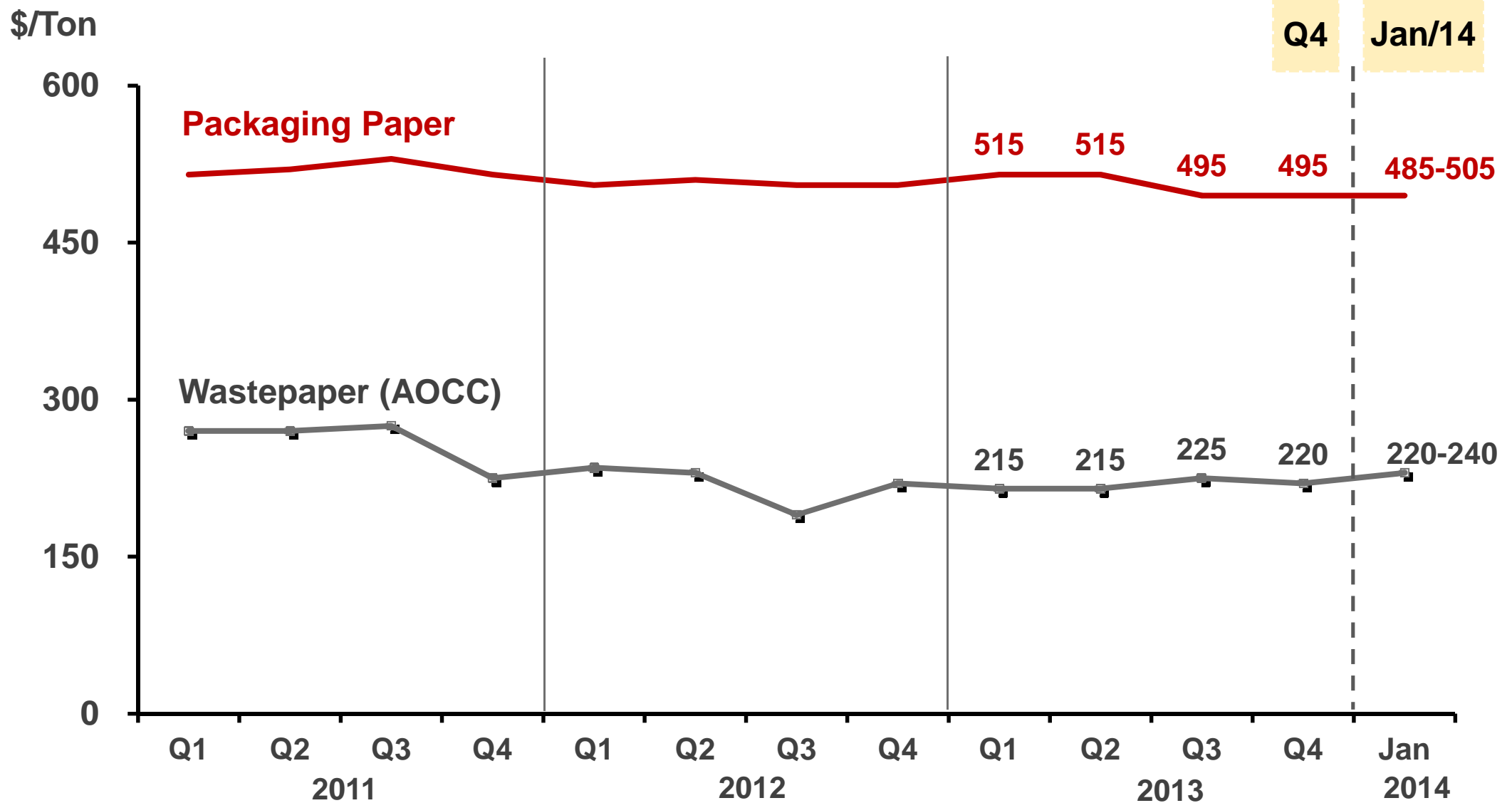
- **Long Son Petrochemical (Vietnam)** – bidding of EPC contractors is underway in order to secure finance towards the end of 2014. Construction is expected to be over a 4 year period once financing has been secured.
- **BST** – increased stake in Bangkok Synthetics Company Limited to 48.84% from 26.01% in Dec/13.

- I. Consolidated Results
 - Q4/13 Consolidated Results
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- IV. SCG Paper
- V. Summary

Packaging Paper

AOCC prices stayed in the range of \$210-\$230/ton, while packaging paper prices maintained due to stable demand in the region.

slide 46

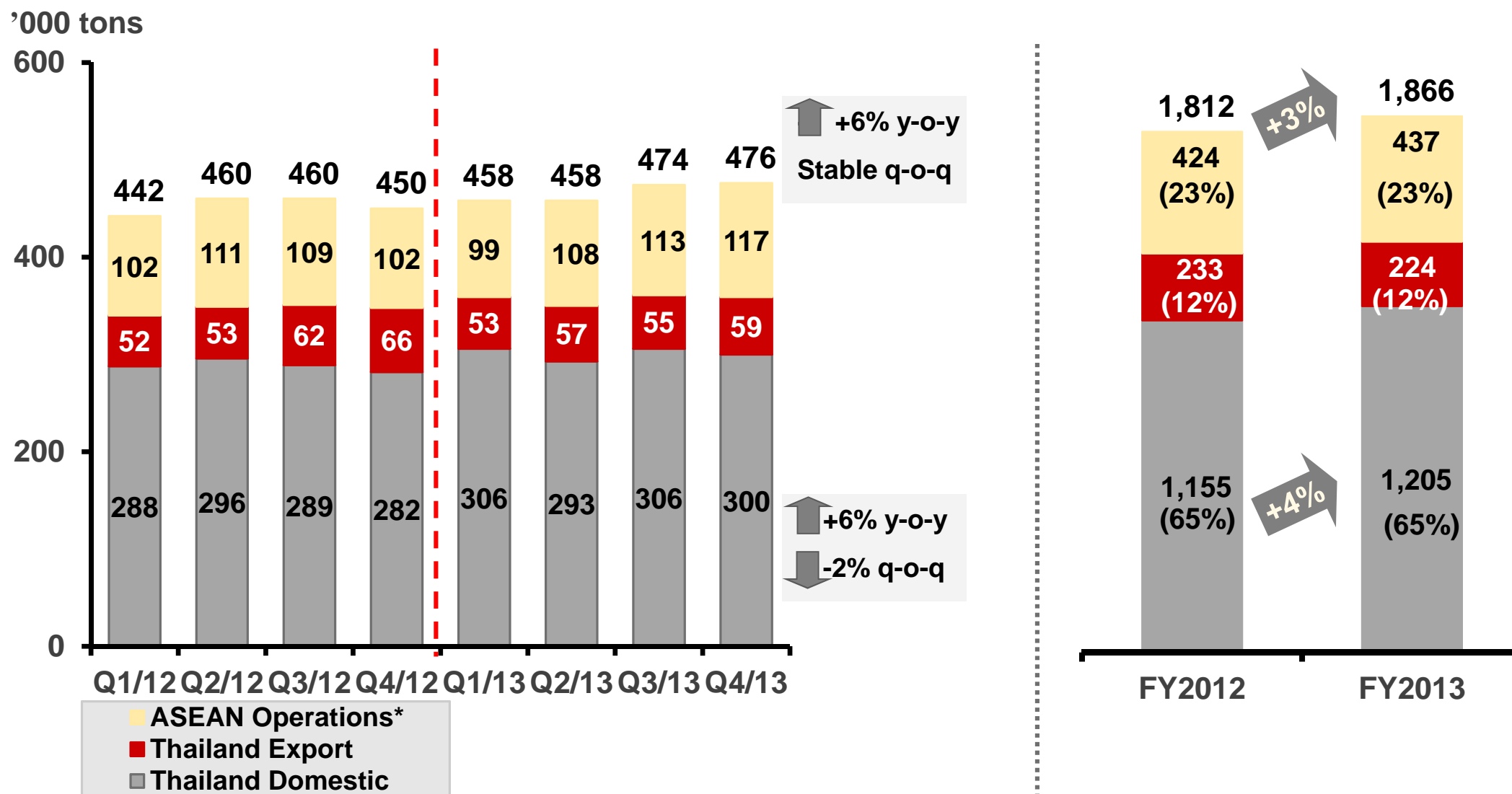


Note: regional prices

Packaging Paper:

Domestic sales volume increased 6% y-o-y owing to higher demand in food & beverage segment. Total FY2013 rose 3% y-o-y due to healthy demand in food & beverage and consumer products segments.

slide 47



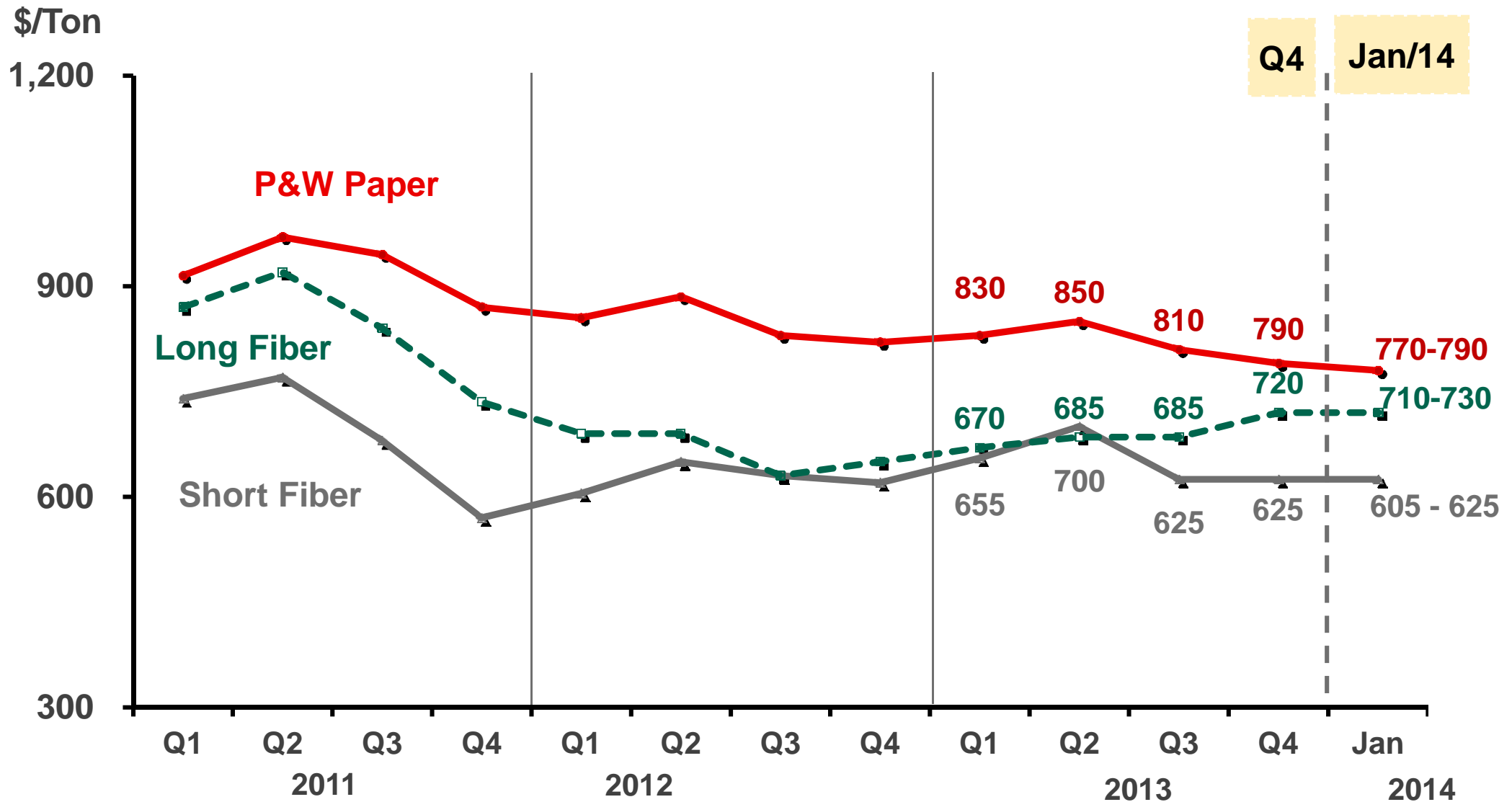
Note: *Sales Volume from Philippines and Vietnam

Fibrous (Printing & Writing Paper)

Long-fiber pulp prices picked up owing to stock replenishment by paper producers, while short-fiber prices maintained. Regional paper prices weakened from seasonal demand softness.



slide 48



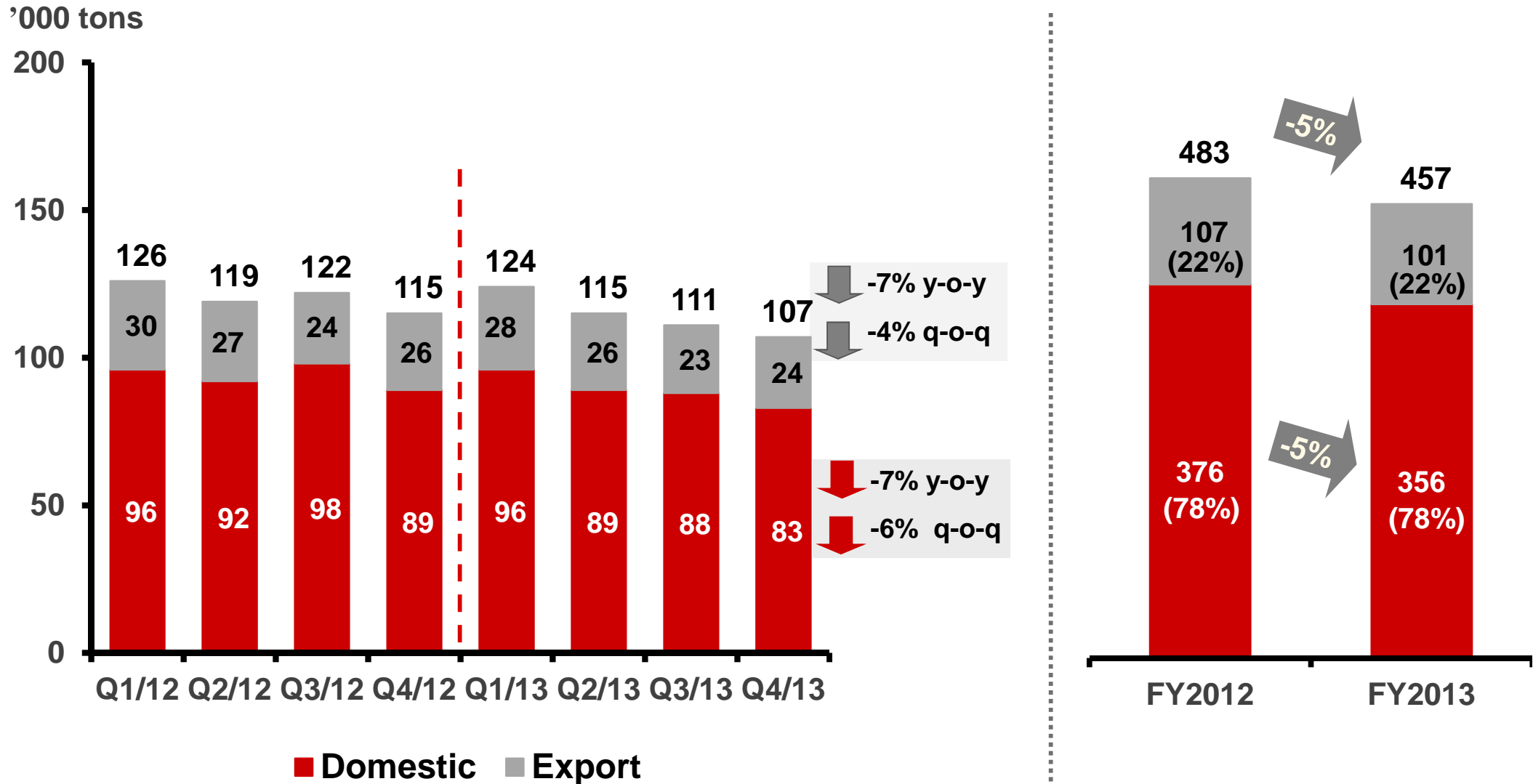
Note: regional prices

Fibrous (Printing & Writing Paper)

Domestic sales volume decreased y-o-y mainly due to increased import penetration. Total FY2013 dropped 5% y-o-y from domestic and regional demand softness.



slide 49

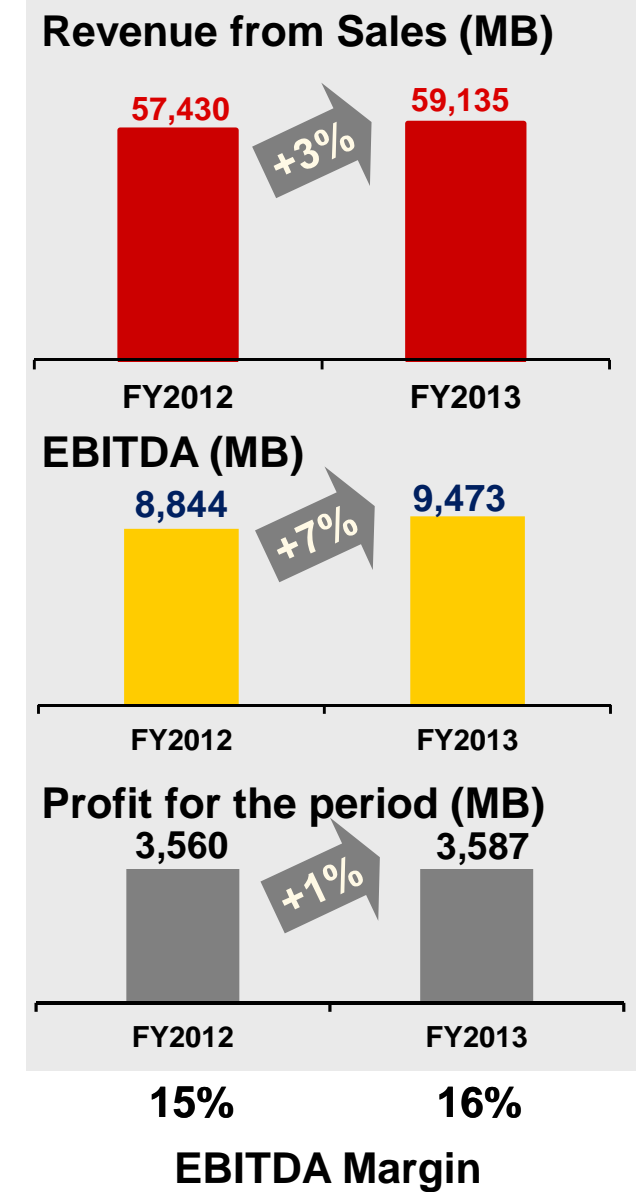
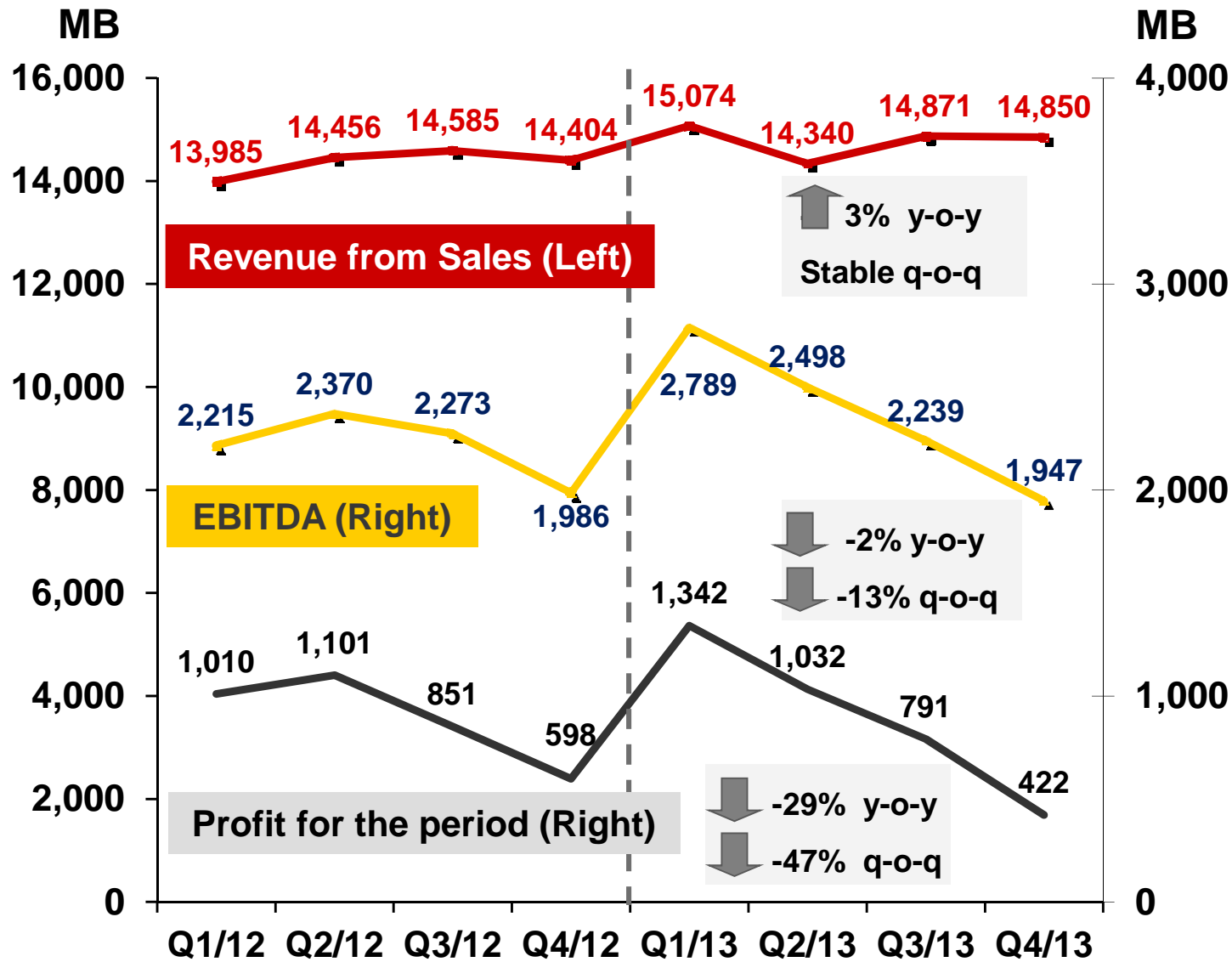


Financials

Lower quarterly results q-o-q and y-o-y, mainly from margin pressure in both chains. The FY2013 results improvements were due to increased sales volume and improved efficiency in the Packaging Chain.



slide 50



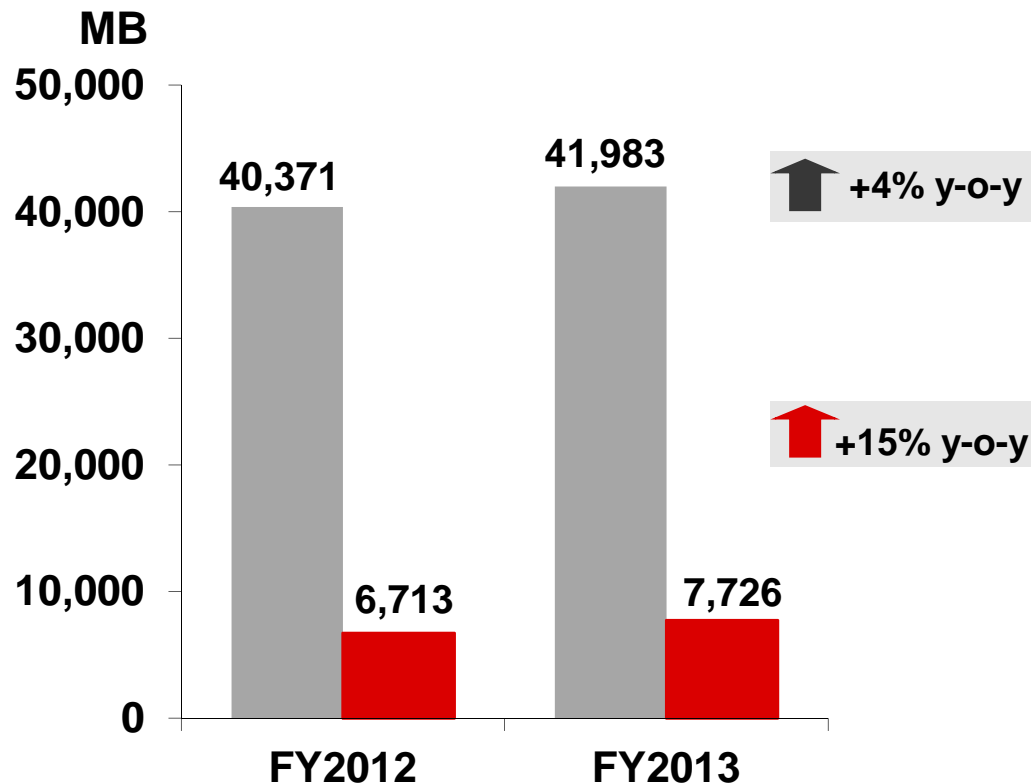
Business Segments

Full year performance in the Packaging Chain improved in efficiency, and sales volume from the acquisition of Dyna Packs and Orient Containers, and Primacorr (Indonesia). Declined performance in the Fibrous Chain, mainly from margin pressure.



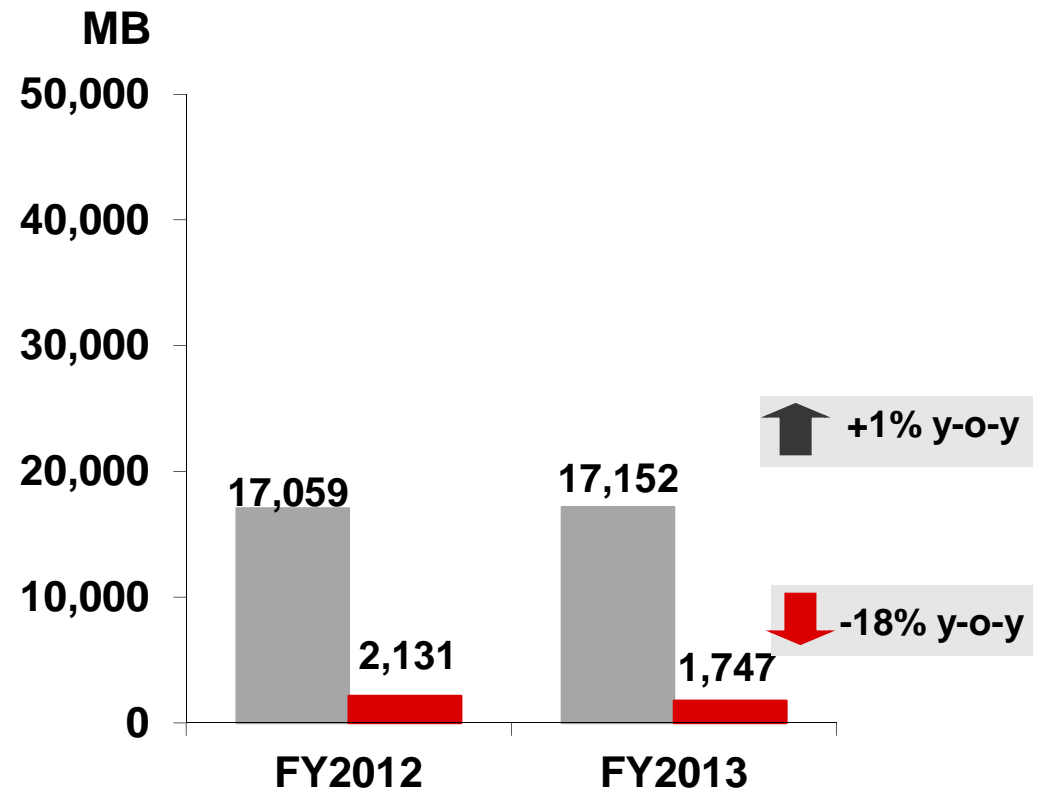
slide 51

Packaging Chain



EBITDA Margin	17%	18%
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Fibrous Chain



EBITDA Margin	12%	10%
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■ Revenue from Sales ■ EBITDA

Outlook:

Packaging Chain

- Wastepaper: Regional prices are expected to firm up from stock replenishment by Chinese paper producers ahead of the Chinese New Year at the end of Jan/14.
- Paper prices are expected to maintain due to stable demand in the region.
- Packaging (Corrugated Containers): Domestic demand softness is expected as a result of slow consumer spending from political unrest, while regional demand continues to grow.

Fibrous Chain

- Short-fiber pulp prices and long-fiber pulp prices expected to decrease, due to demand softness and oversupply of short-fiber pulp from new capacity in Latin America.
- Soft demand and oversupply will put further pressure on paper prices.
- Dissolving pulp (DP) prices are expected to pick up, due to tighter supply as Northern American and South American producers have been hit by Chinese antidumping duties.

Project updates:

- SCG Paper and Nippon Paper Industries (NPI) have entered into joint venture agreement with NPI's equity injection of 5,035 MB in Fibrous Chain. An initial amount for approx. 22% stake will be invested within June/14, while the remaining will be invested within June/16 to achieve 30% stake.
- SCG Paper made the tender offer (Nov 29, 2013 – Feb 6, 2014) for all remaining shares of Thai Cane Paper (SCG Paper stake of 86.3%) to delist the company.
- Debottlenecking's completion of Paperboard line in Kanchanaburi during mid-Dec/13.

- I. Consolidated Results
 - Q4/13 Consolidated Results
 - FY2013 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Thank You

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