



Analyst Conference Q3/14
Wednesday, October 29, 2014

I. Consolidated Results

- Q3/14 Consolidated Results

- 9M/14 Summary

- Financial Updates

II. SCG Cement - Building Materials

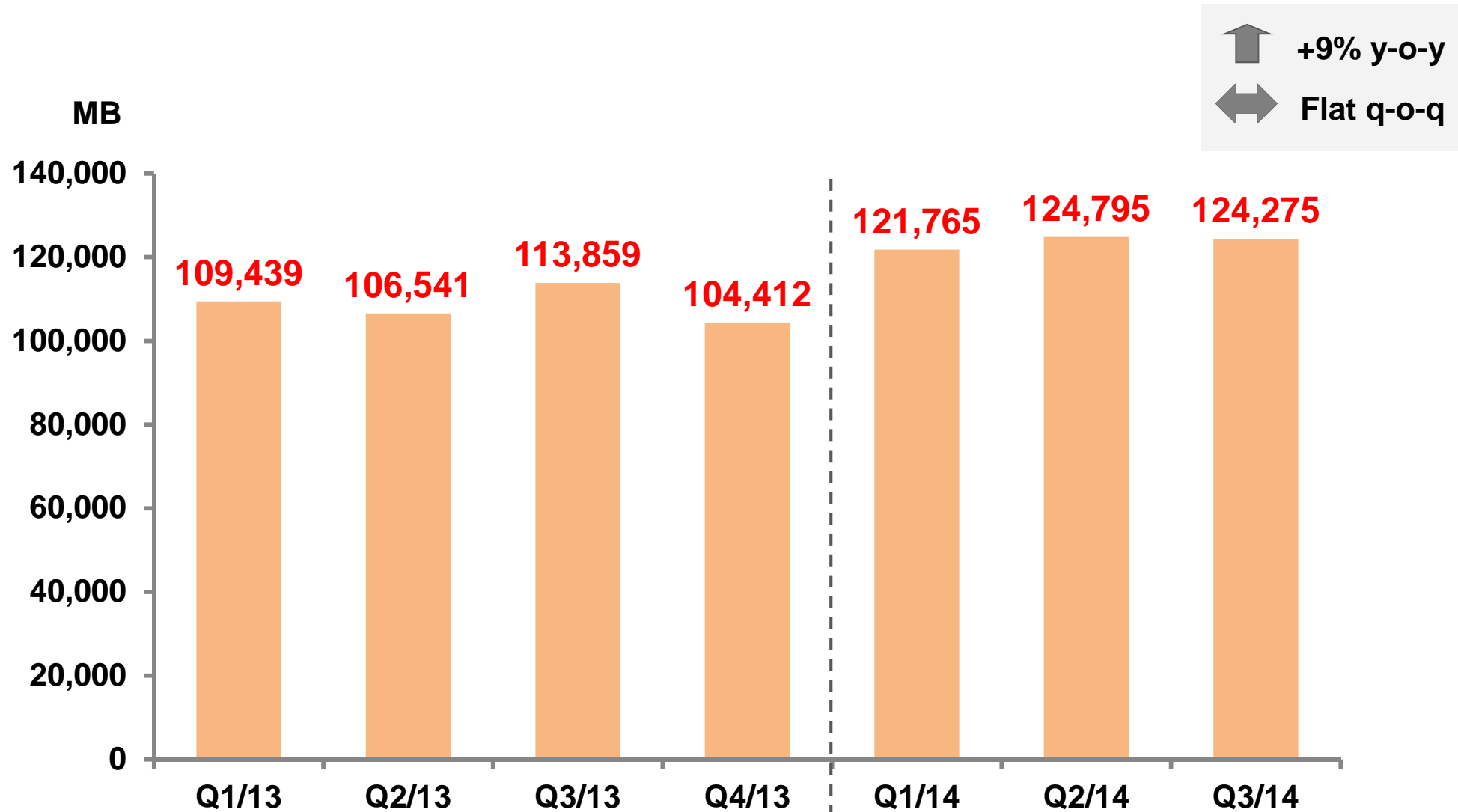
III. SCG Chemicals

IV. SCG Paper

V. Summary

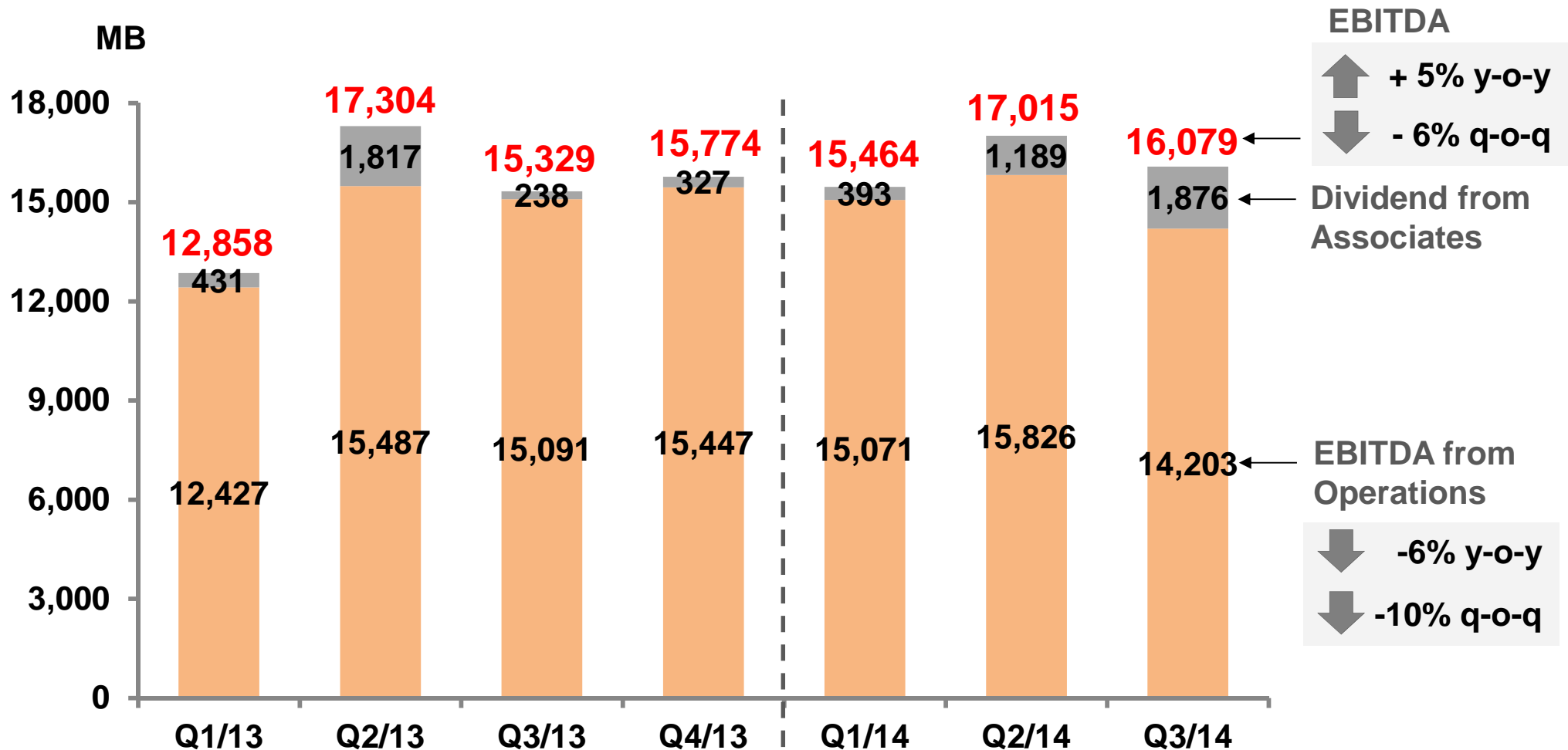
Revenue from Sales

Gained 9% y-o-y largely due to higher chemicals prices.



EBITDA

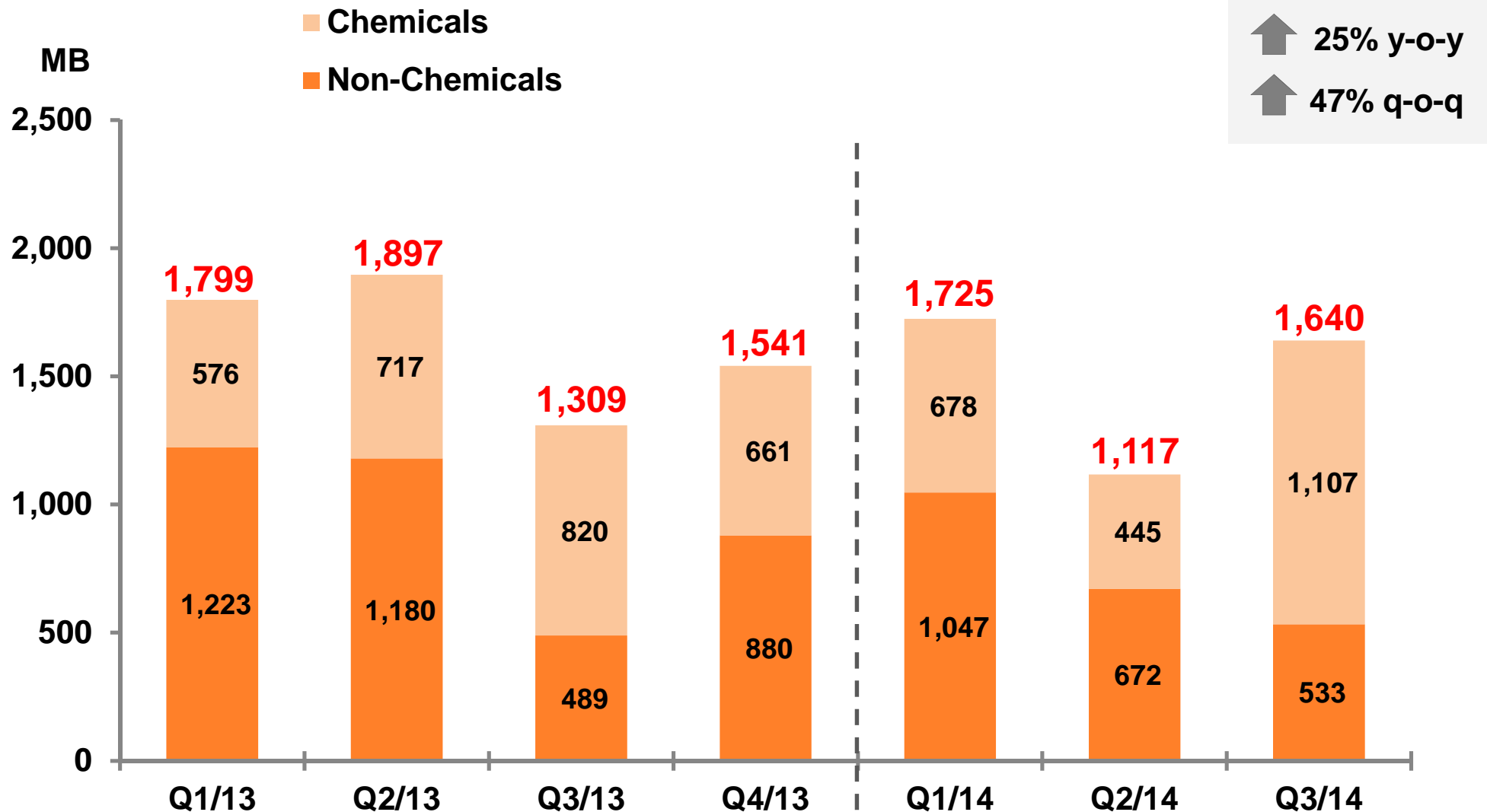
Increased 5% y-o-y, driving by the wider margins in the chemicals business and dividends from associated companies, but dropped 6% q-o-q due to lower contribution from SCG Investment and softer domestic economic activity.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

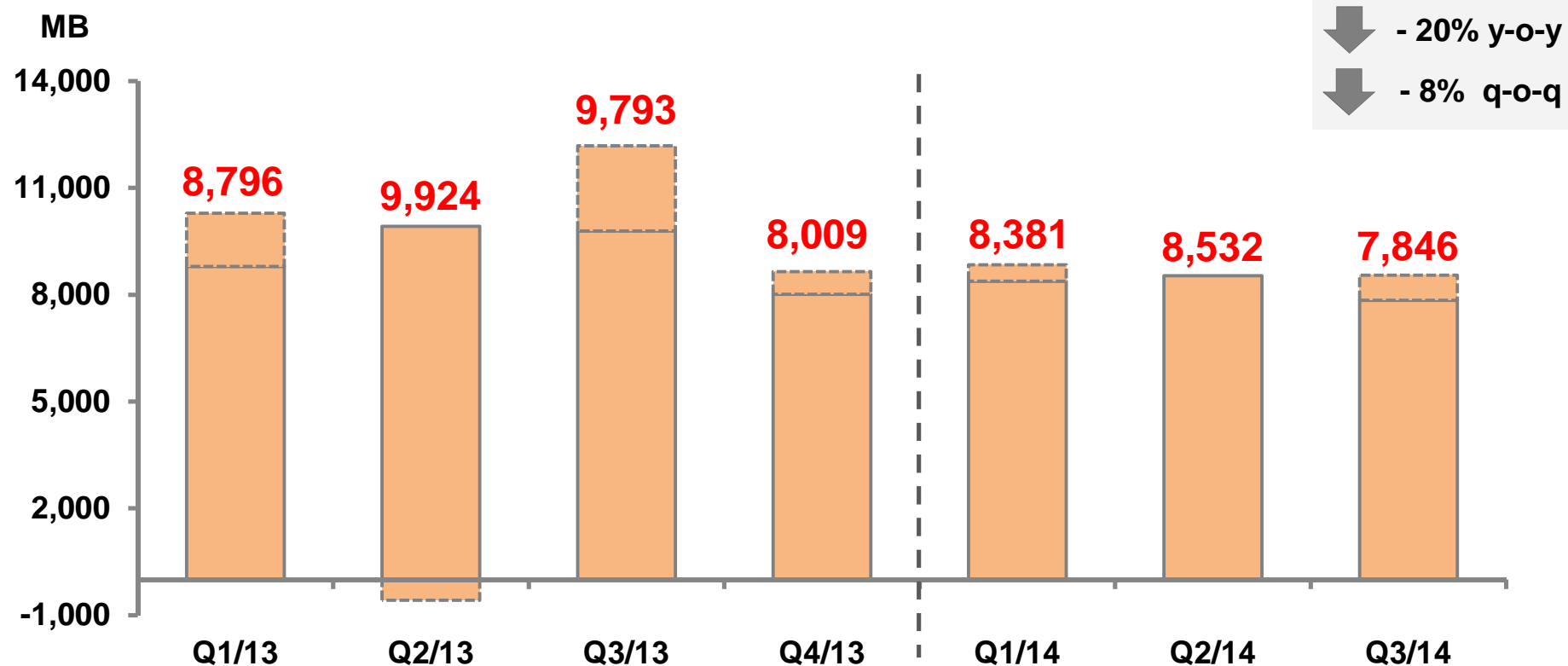
Equity Income

Increased 25% y-o-y and 47% q-o-q, with continued challenges for both the chemicals and non-chemicals associates.



Profit for the Period

Earnings declined -20% y-o-y on decreased cement-building material earnings, and dropped 8% q-o-q as there were seasonal dividend from SCG Investment in Q2/14.



	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14
Total Non-recurring	1,490	(580)	2,390	640	460	(30)	700
1) Insurance Claim (Sub + Asso.)	200	580	0	470	450	50	150
2) FX Gain (Loss)	1,030	(320)	(160)	(1,240)	(170)	0	680
3) Inventory Gain (Loss)*	260	(840)	840	810	180	(80)	(130)
4) Sales of Investment	0	0	170	600	0	0	0
5) Fair value adj.(non-cash)	0	0	1,530	0	0	0	0

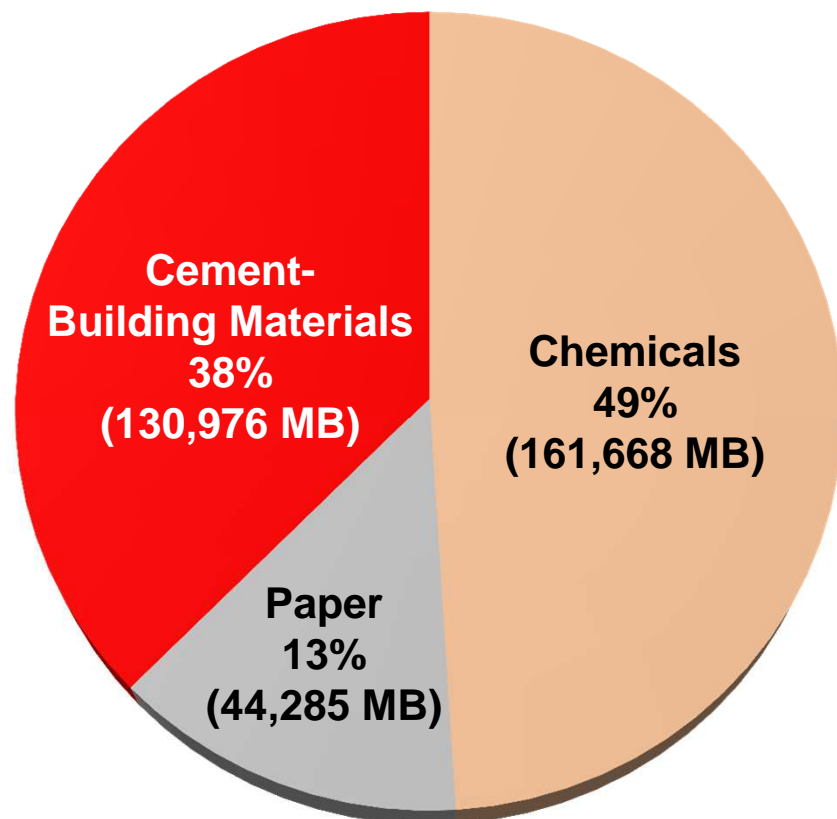
*Note: SCG Chemicals (Sub + Asso.)

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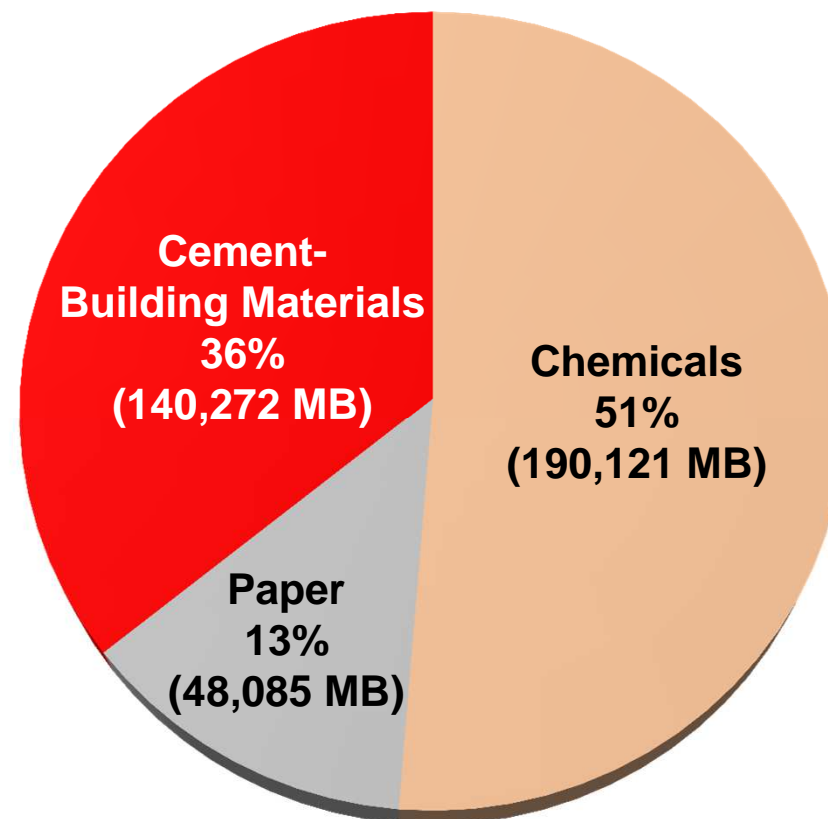
Segmented Revenue from Sales

The chemicals business continue to account for the majority of the sales, amounting to 51% in 9M/14.

9M/13
329,839 MB



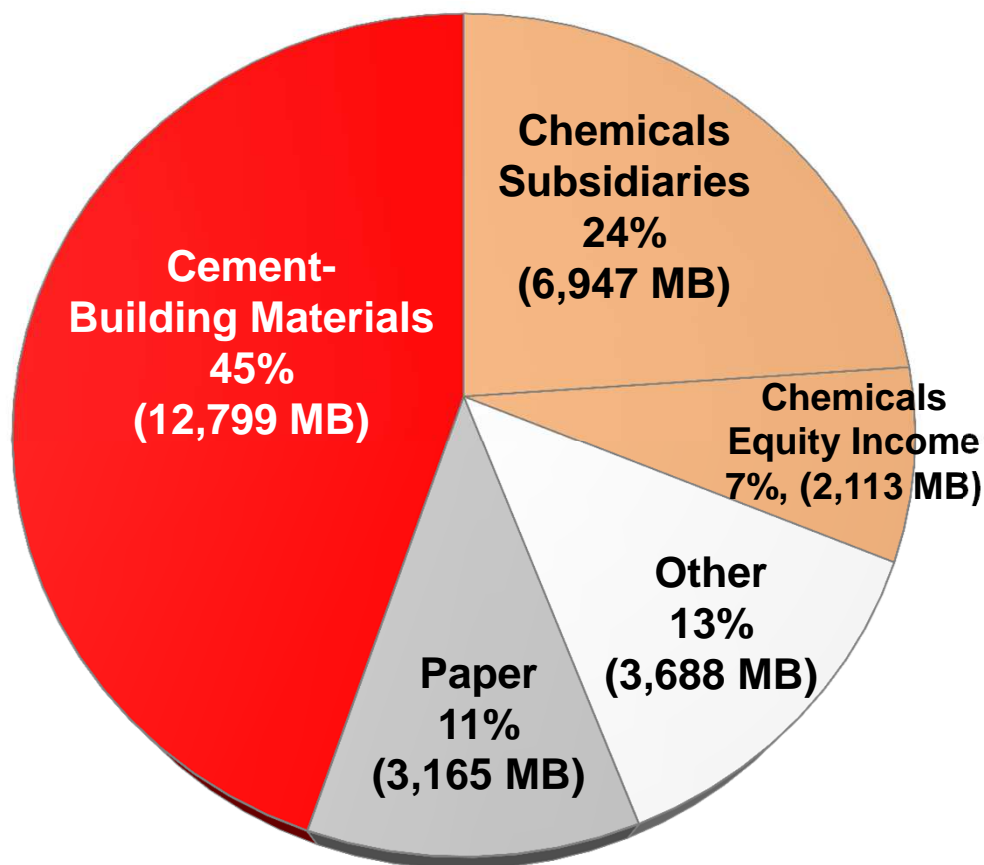
9M/14
370,835 MB (+12% y-o-y)



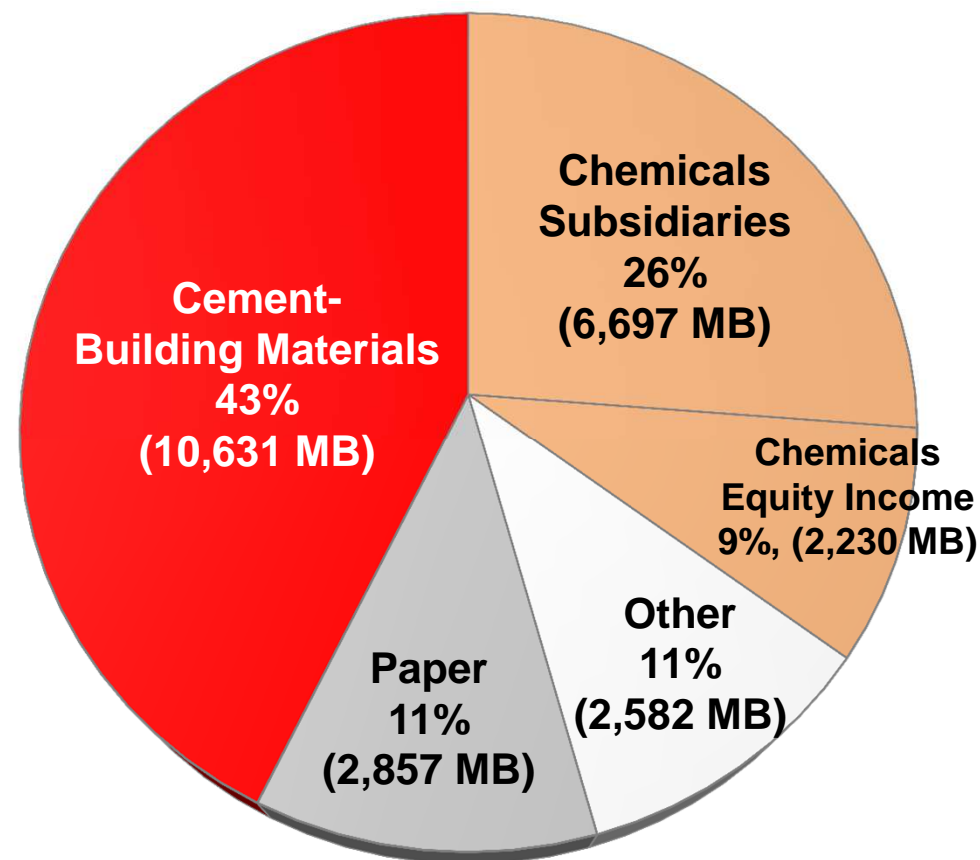
Segmented Profit for the Period

The cement – building materials business accounted for 43% of the 9M/14 earnings, while chemicals improved from 31% of 9M/13 earnings to 35% of 9M/14 earnings.

9M/13
28,513 MB



9M/14
24,759 MB (-13% y-o-y)

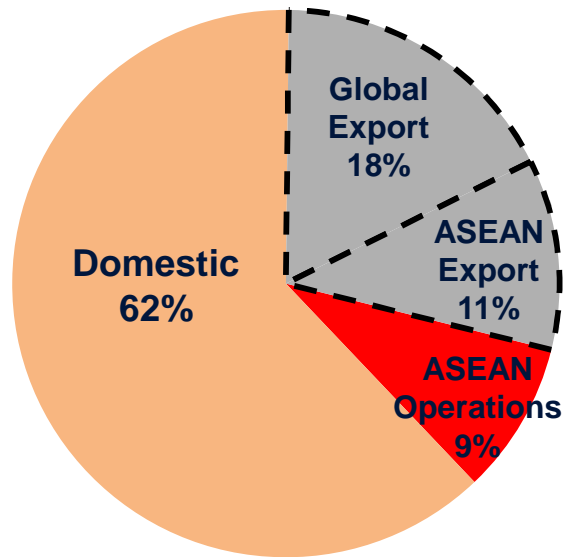


Other = Mainly SCG Investment and Corporate

Segments: Export Destinations in 9M/14

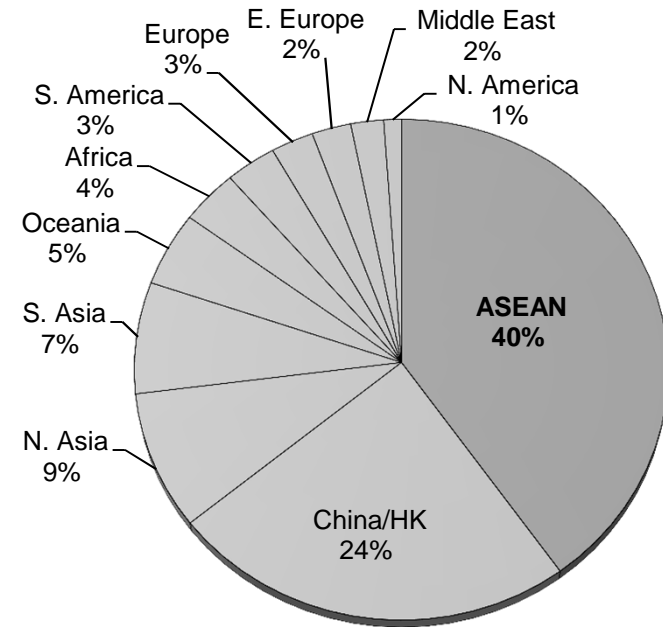
ASEAN exports and ASEAN operations accounted for 20% of total sales at 74,196 MB, representing an increase of 13% y-o-y.

Consolidated Sales

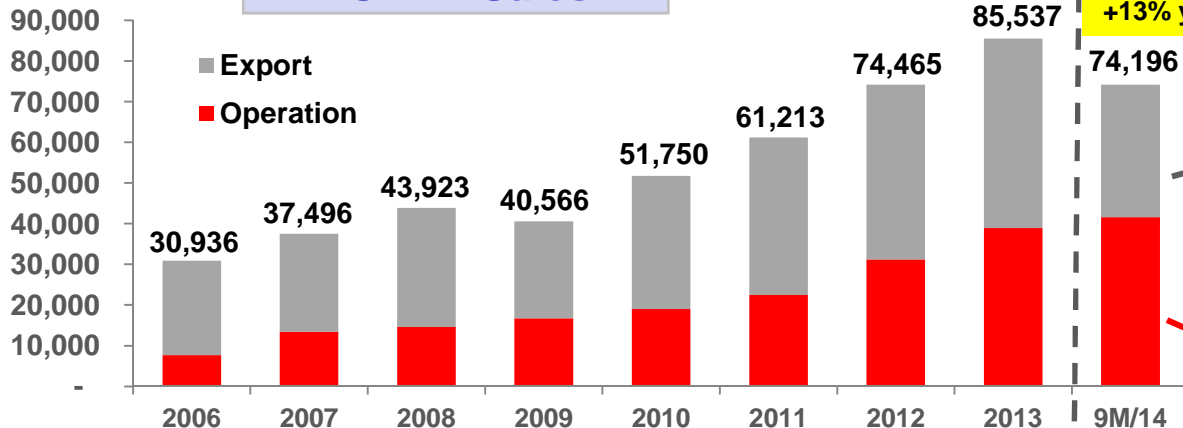


Total Exports 29%

Export Destinations



ASEAN Sales



Percentage of total sales from ASEAN Operations:

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

Destination	Percentage
Indonesia	28%
Vietnam	13%
Cambodia	13%
Myanmar	12%
Others	34%
Vietnam	46%
Indonesia	30%
Philippines	12%
Cambodia	9%
Others	3%

Indonesia	29%
Vietnam	28%
Cambodia	11%
Philippines	10%
Others	22%

Total	74,196 MB
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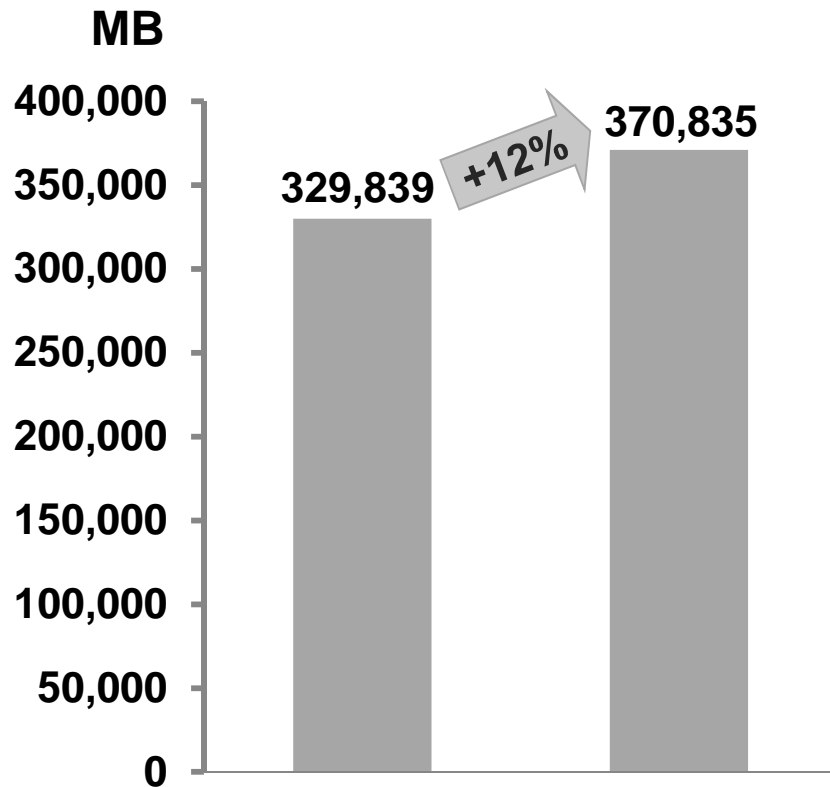
9M/14 Revenue from Sales & EBITDA

Sales increased 12% y-o-y from growth in all businesses, while EBITDA gained 7% y-o-y as a result of the chemicals recovery.

Revenue from sales

9M/13

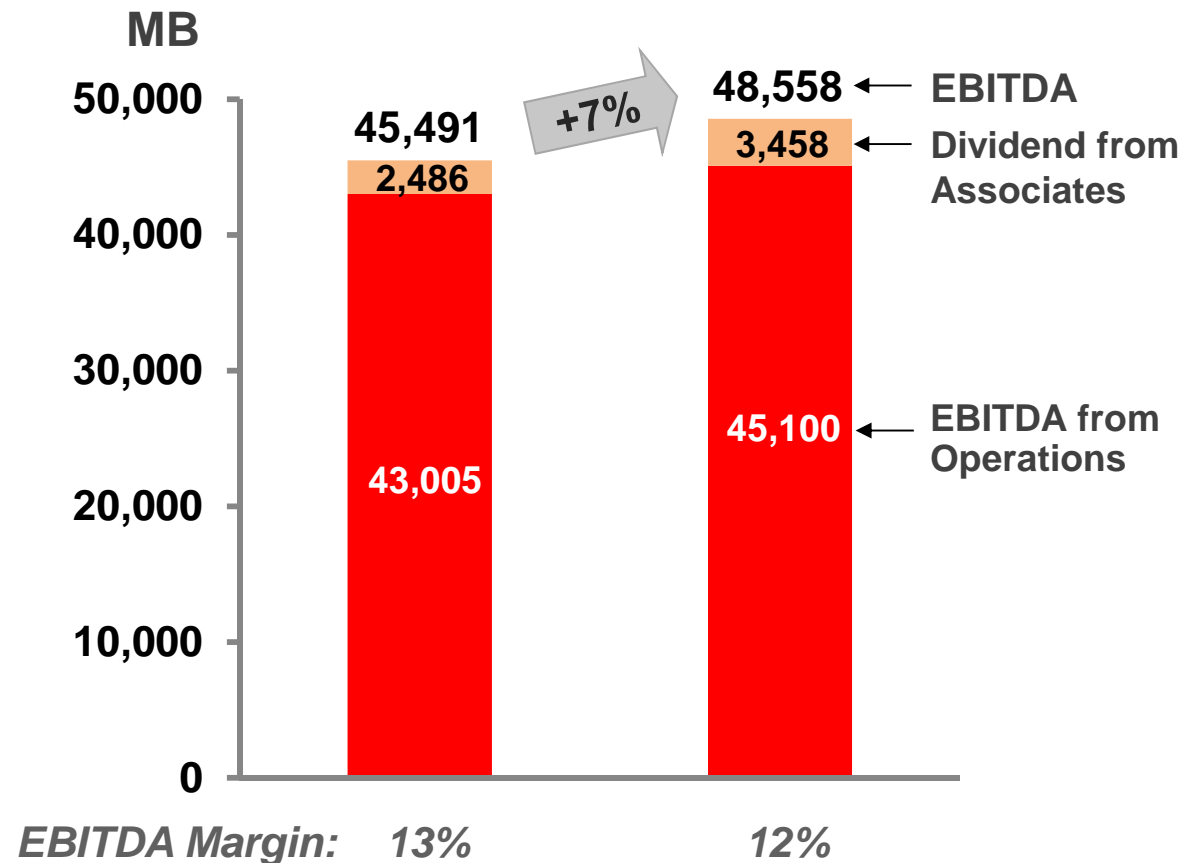
9M/14



EBITDA

9M/13

9M/14



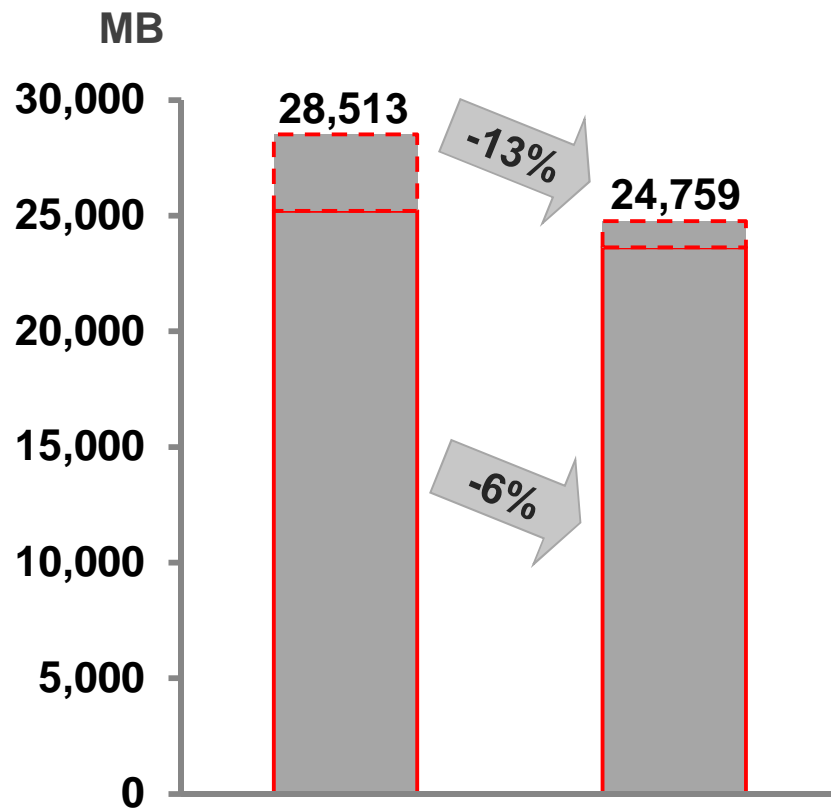
9M/14 Profitability & CAPEX

Earnings dropped 13% y-o-y due to the non-recurring gain of 1,701 MB in Q3/13 and the increase in non-controlling interests. CAPEX and Investments increased 59% y-o-y, mostly in the cement and building materials business.

Profit for the Period

9M/13

9M/14



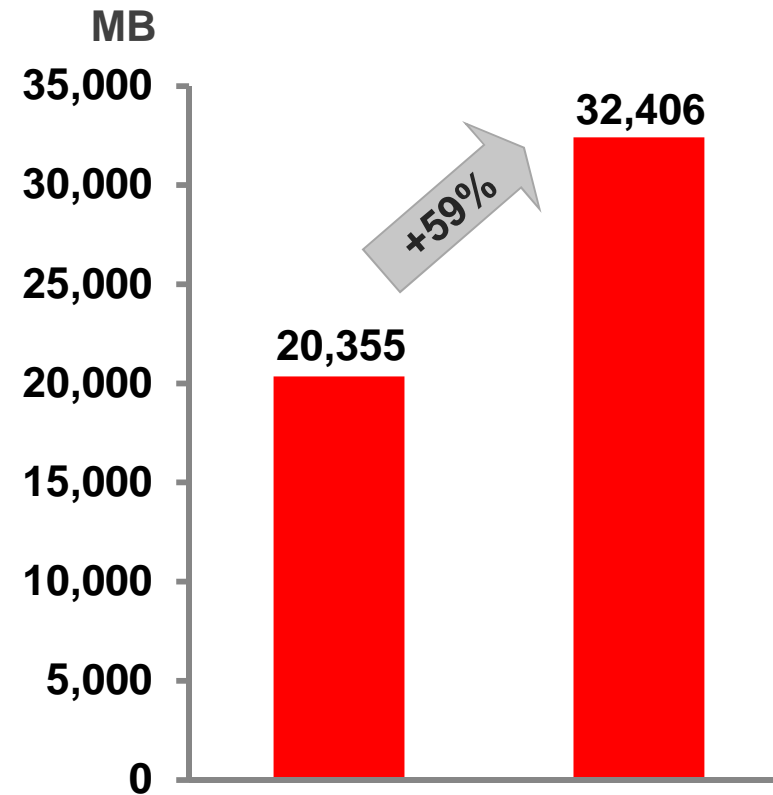
EPS: 23.8
Non-recurring: 3,300

20.6
1,130

CAPEX & Investments

9M/13

9M/14

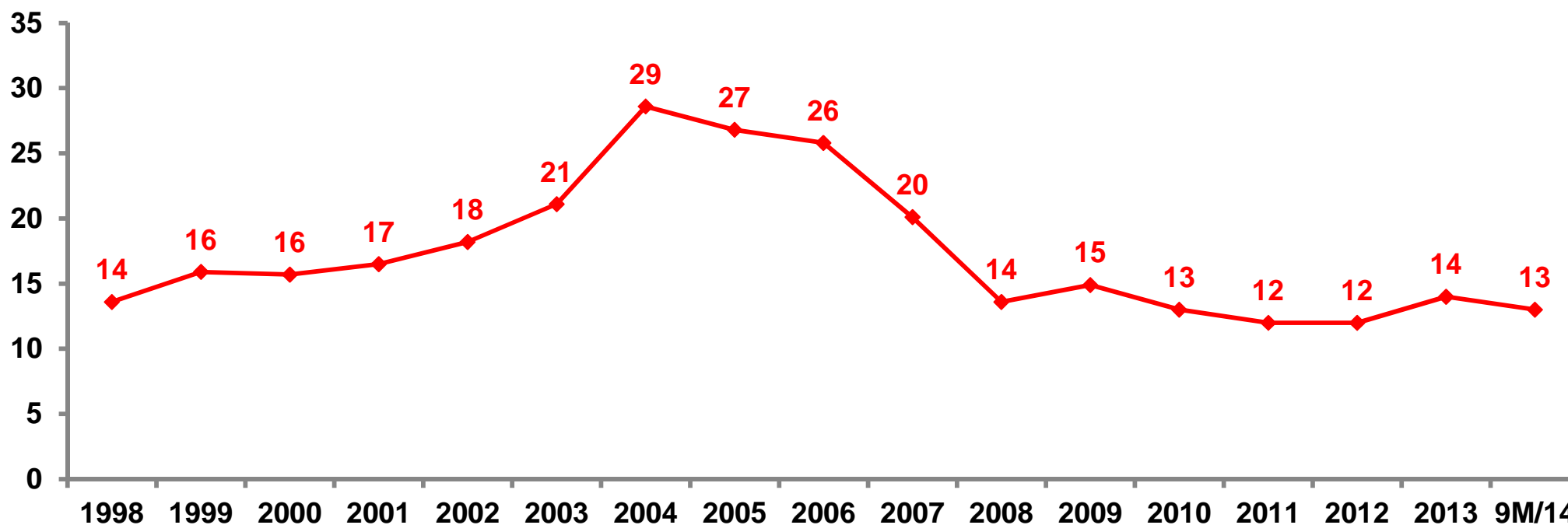


Note:

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

EBITDA on Assets

Percent (%)



EBITDA Margin (%):

23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	12
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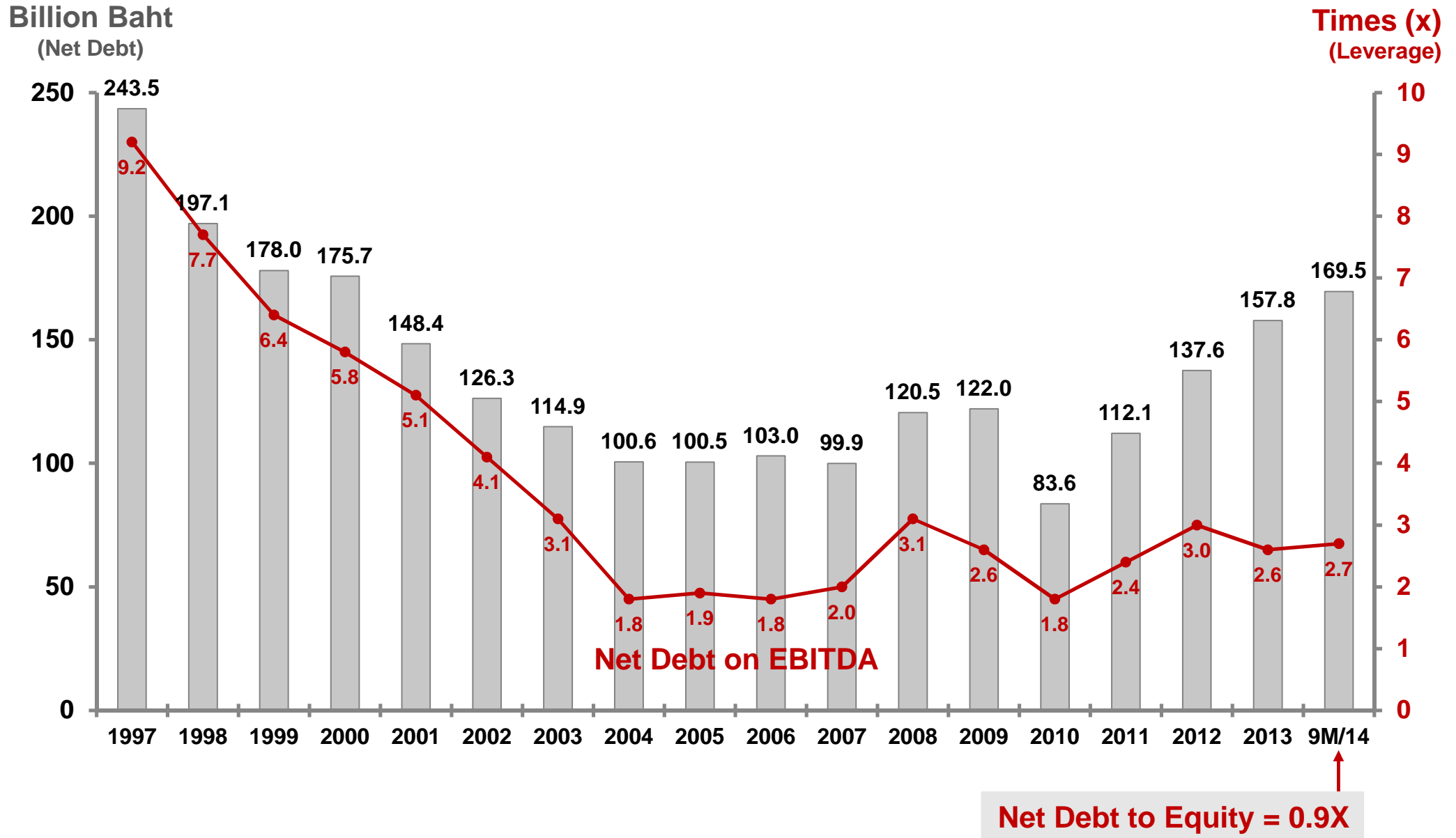
EBITDA on Assets = *EBITDA / Consolidated Assets*

EBITDA margin = *EBITDA from Operations / Consolidated Sales*

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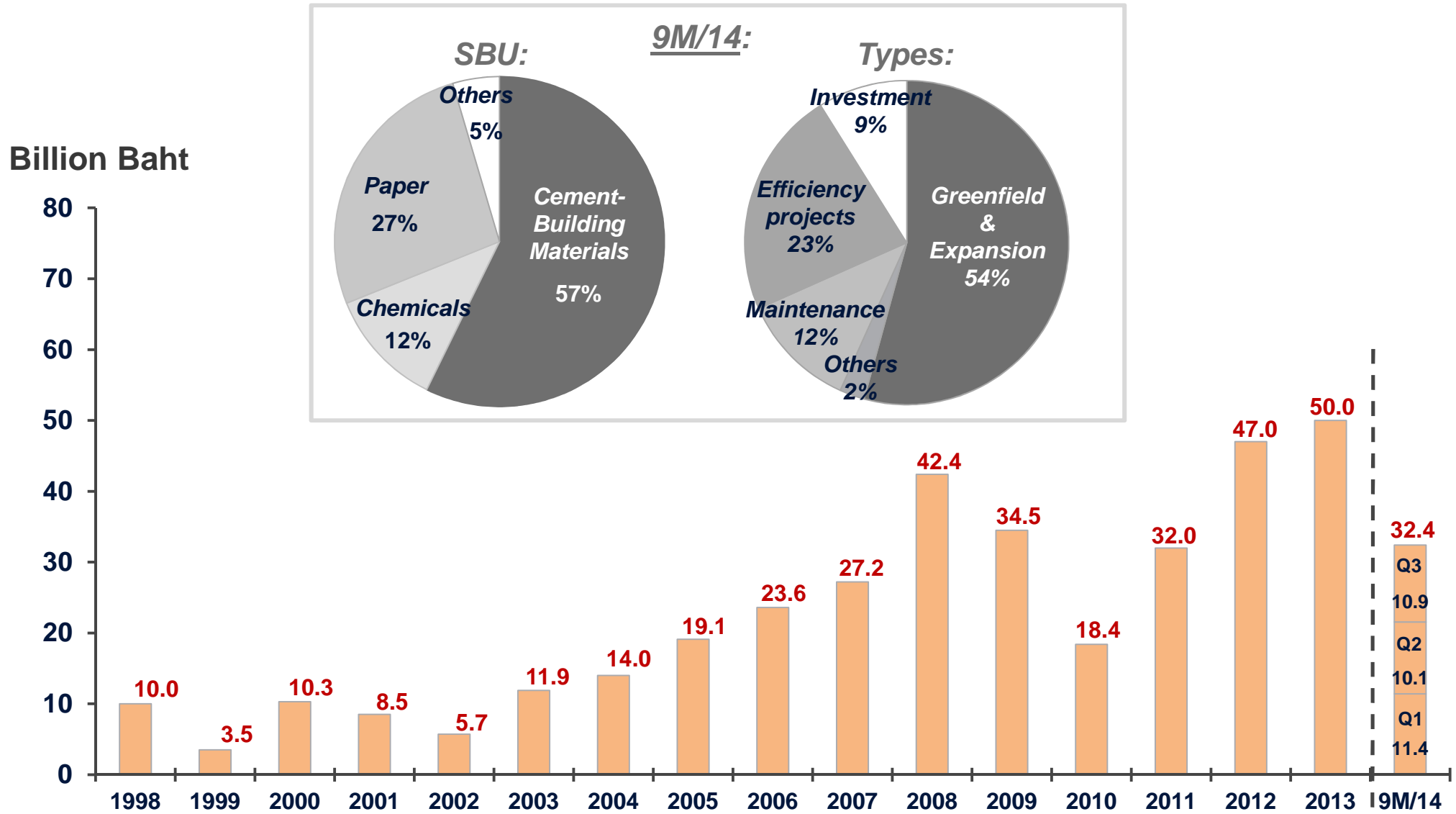
Net Debt

Increased by 11.8 Billion Baht from the end of Q4/13, while leverage remains manageable at 2.7 times (x).



CAPEX & investments

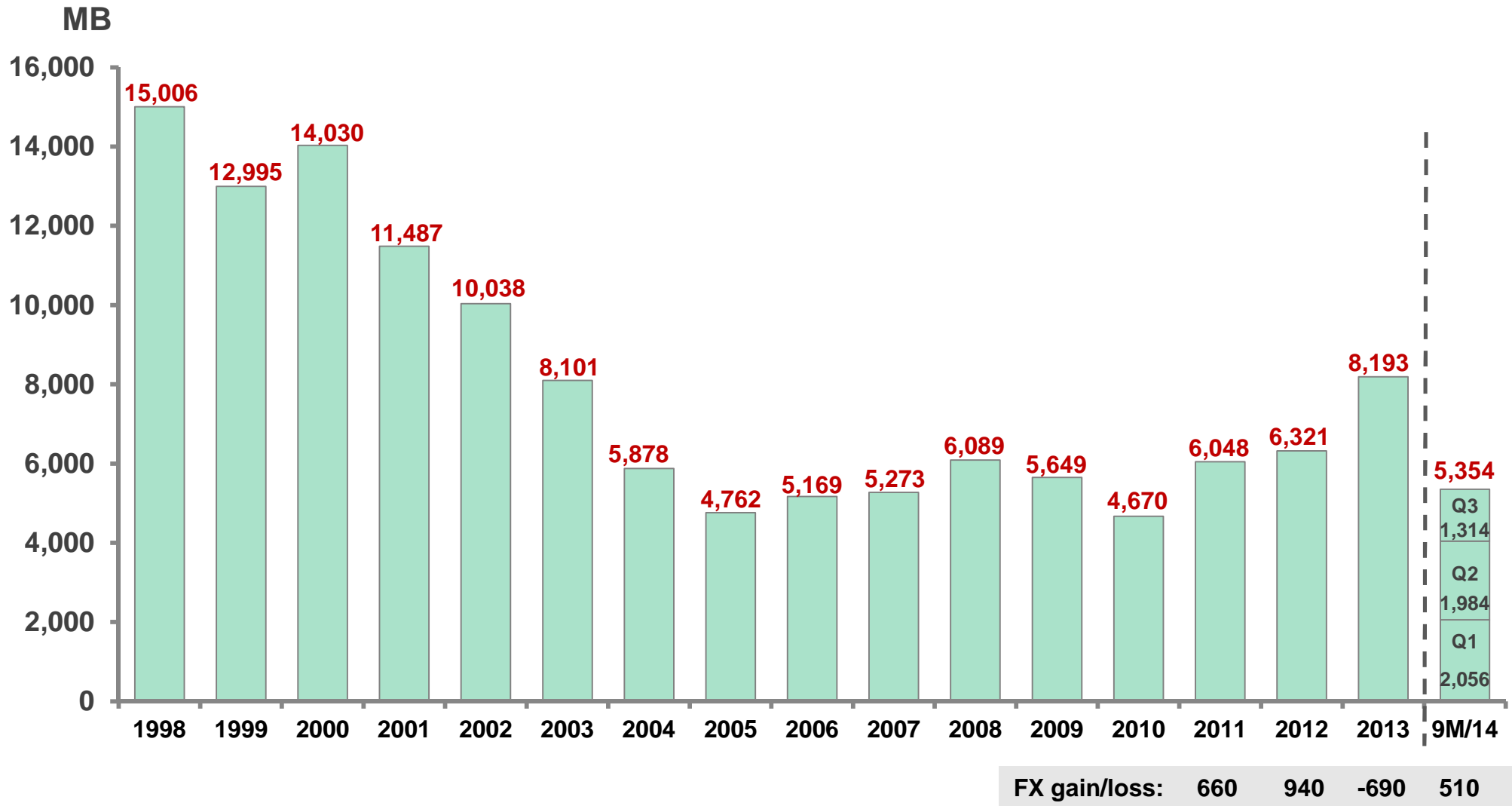
Q3/14 CAPEX and Investments amounted to 10,872 MB, and totaling 32,406 MB in 9M/14.



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

Interest and Finance Costs

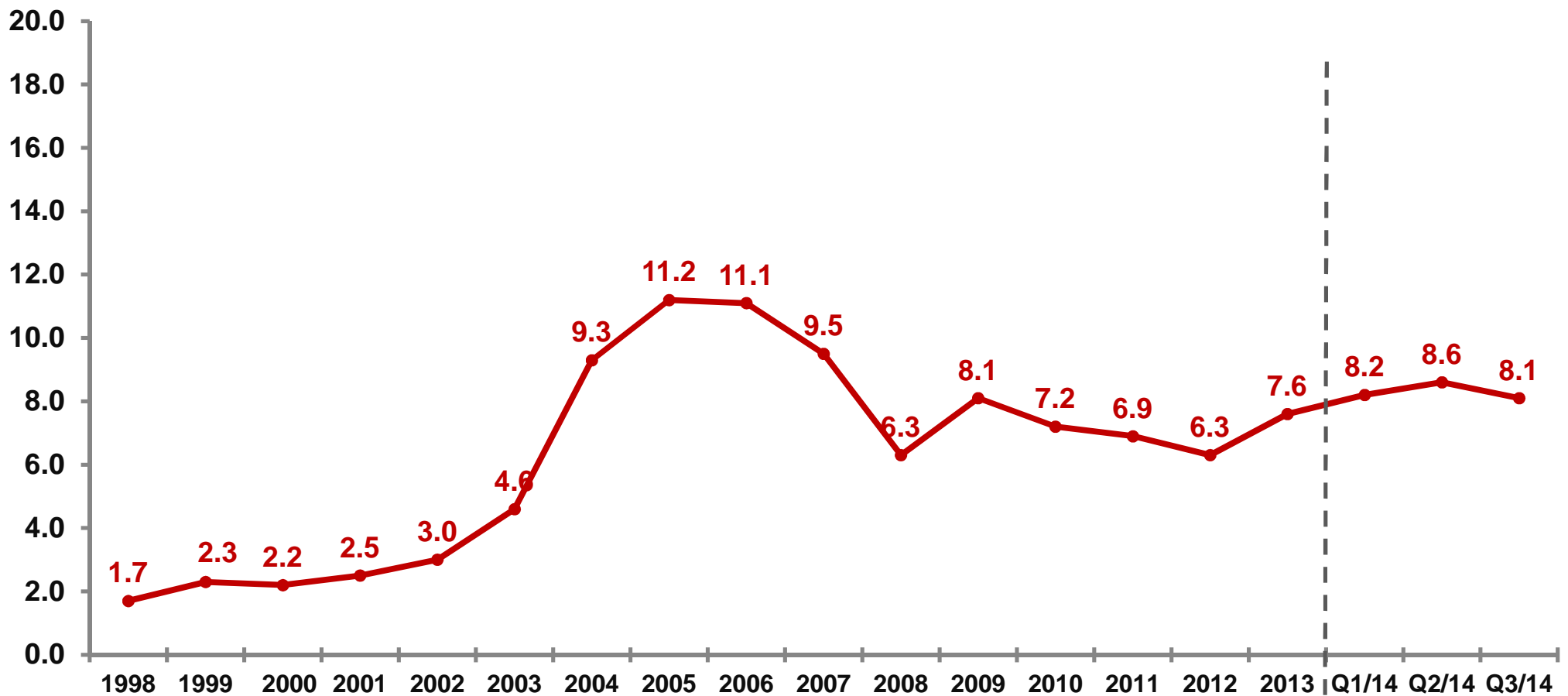
The 9M/14 interest and financing cost of 5,354 MB includes a FX gain of 510 MB, while interest cost registered 4.0%.



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

Interest Coverage Ratio

Times (x)



Note: -Interest Coverage Ratio = EBITDA / Interest Expense

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

Highlights:

- Cash & cash under management of 30,746 MB at the end of Q3/14.
- SCG Cement – Building Materials accounted for 57% of the 32,406 MB in CAPEX and Investments during 9M/14.
- Net Working Capital increased to 4,407 MB (mainly SCG Chemicals), with Inventory to Sales at 45 days.
- 10 Billion Baht (4-year, 3.9% fixed) debenture issued on Oct 1/14 to replace the matured 5 Billion Baht tranche (4-year, 3.85% fixed).

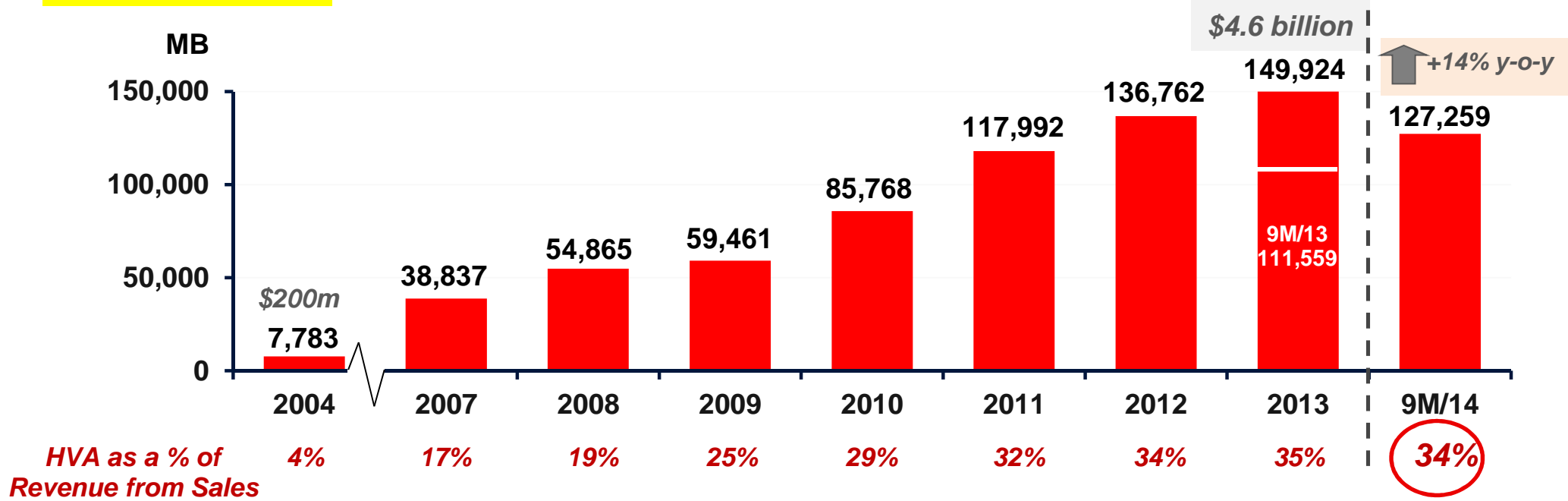
Outlook:

- Solid financial position, with manageable leverage.
- FY2014 CAPEX & Investments of approximately 40,000 - 50,000 MB.

HVA's Revenue from Sales

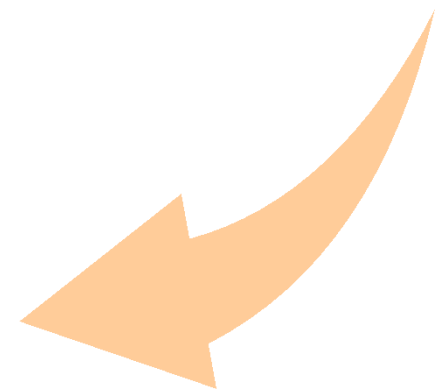
Increase 14% y-o-y in 9M/14

Consolidated:



SBU:

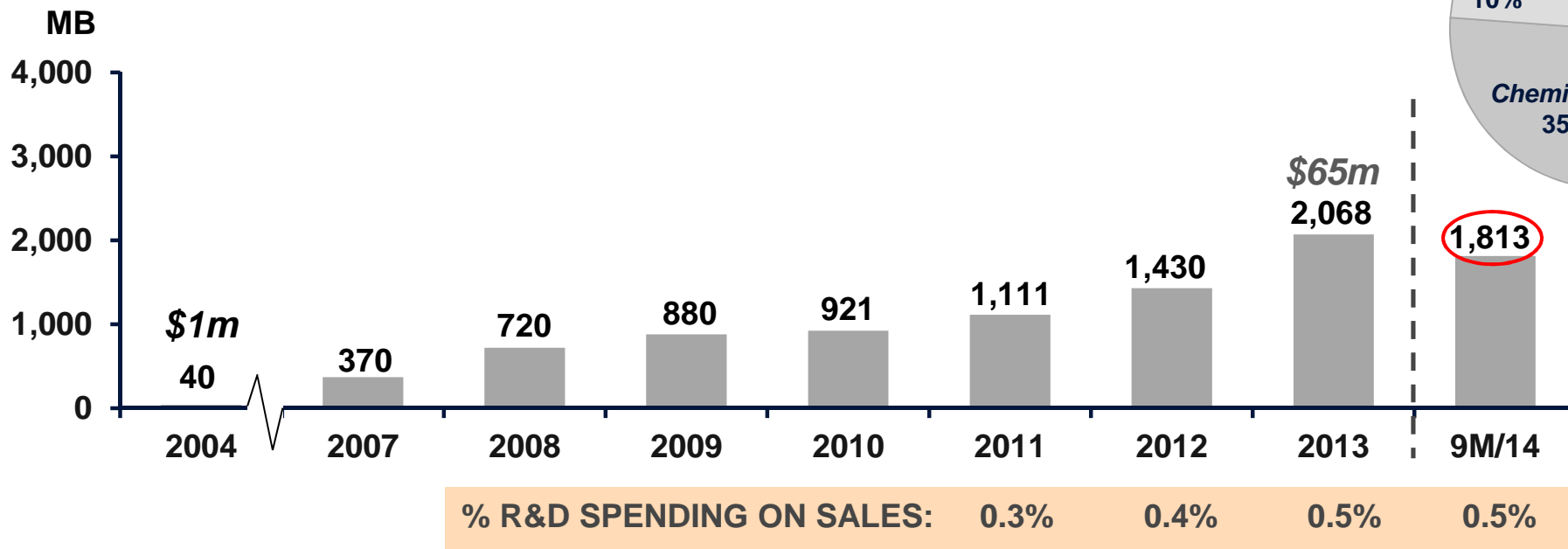
	2013	9M/13	9M/14
Cement-Building Materials	41%	41%	43%
Chemicals	27%	26%	26%
Chemicals (Includes associates)	50%	49%	50%
Paper	38%	36%	39%



R&D and Product Design Team

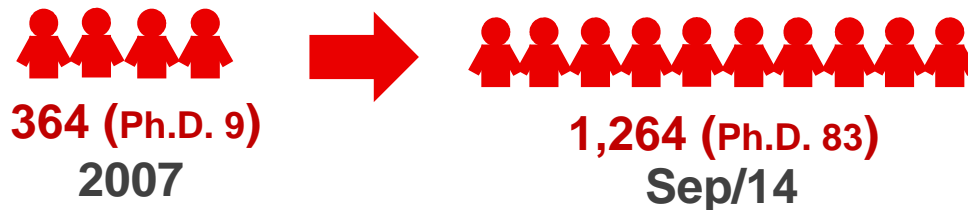
R&D spending was 0.5% of revenue from sales.

R&D Spending



R&D and Product Design Team

(staff / Sep/14)



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Domestic:

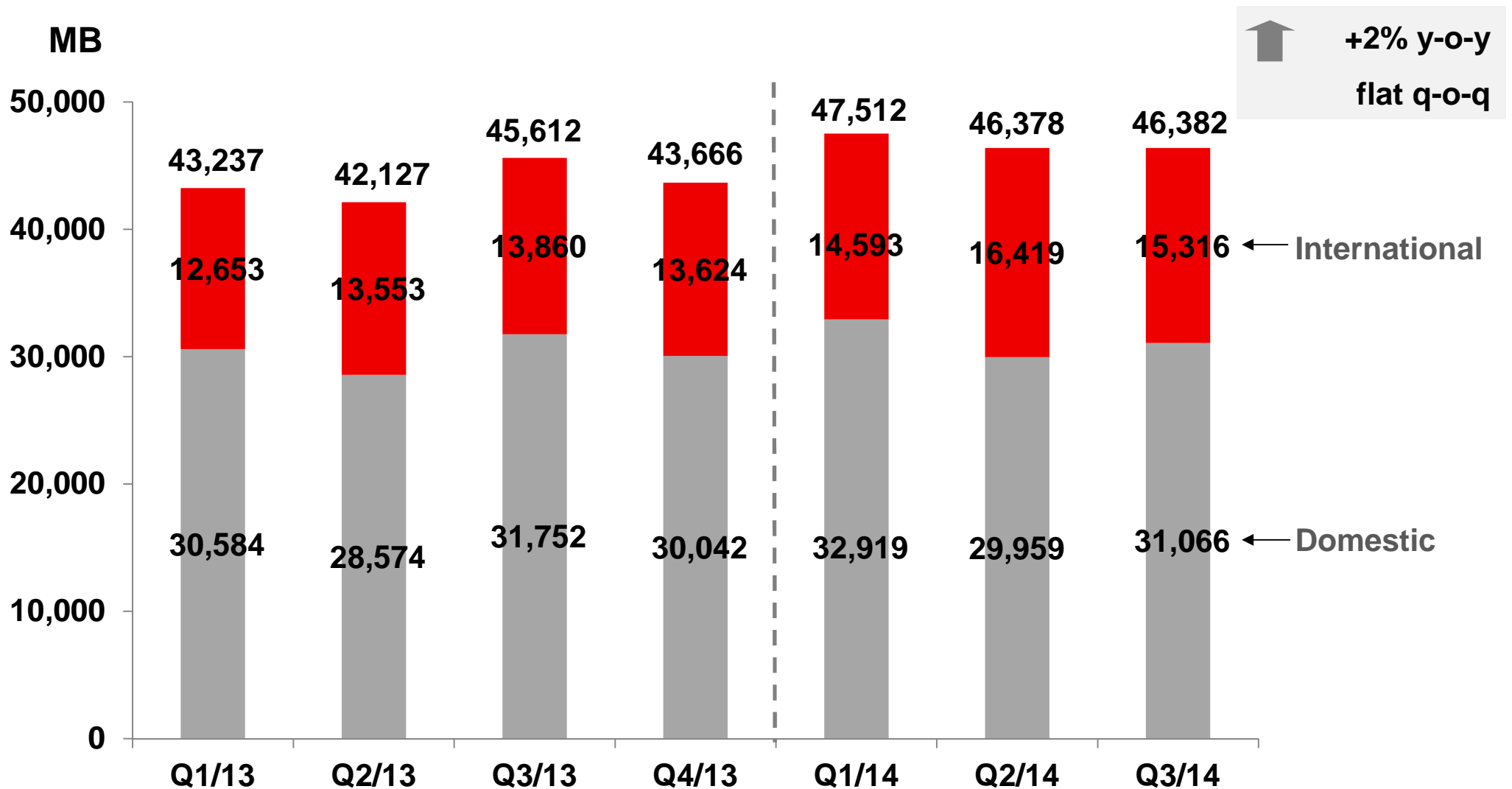
- Cement demand dropped 3% y-o-y, from economic slow down.
- Ready-mixed concrete (RMC) demand dropped 2% y-o-y, with stable prices averaging 1,800-1,850 baht per cubic meter.
- With economic concerns, and lower agricultural prices, demand for housing products dropped 8% y-o-y, while demand for ceramic tiles dropped 4% y-o-y.

International:

- Indonesian Cement demand grew 2% y-o-y, as the slow down in infrastructure segment from general election.
- Cambodian cement demand grew 6% y-o-y, driven by growths in the commercial and residential segments.
- Myanmar cement demand grew 5% y-o-y, driven by infrastructure and residential projects in the main cities.

Revenue from Sales

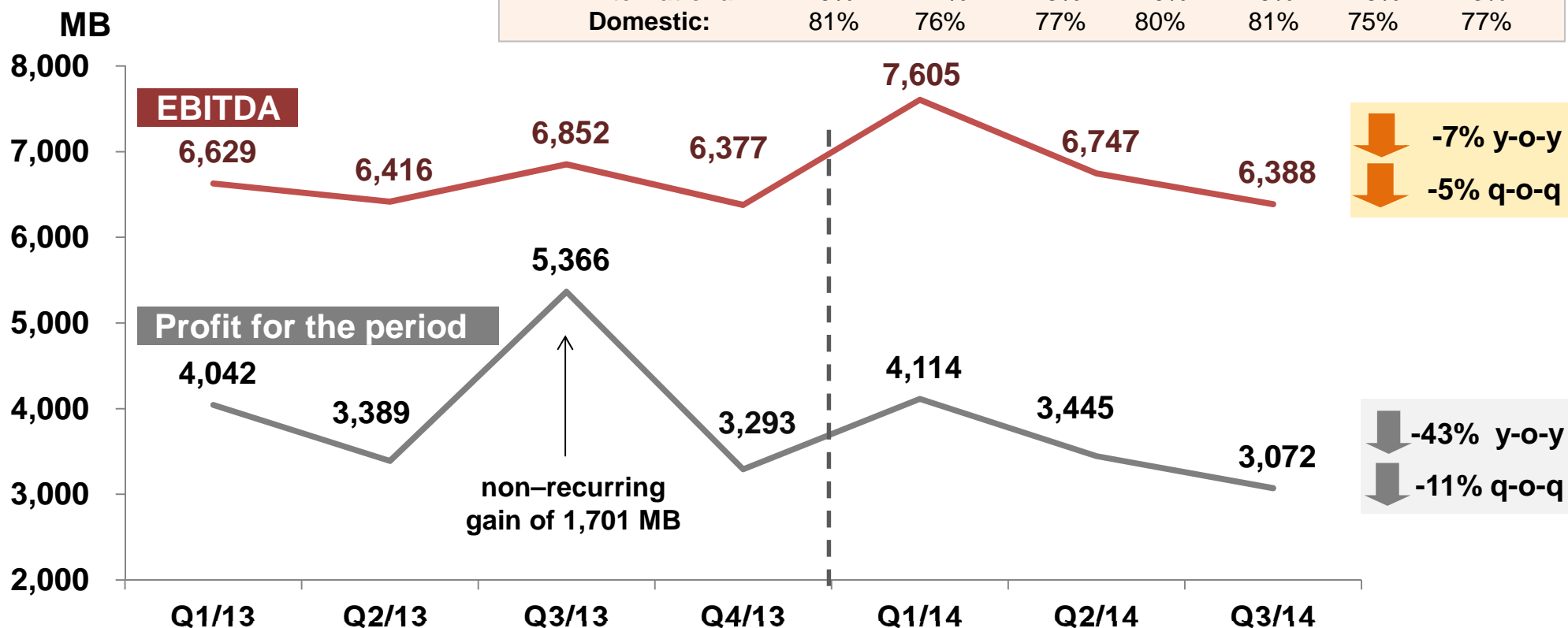
Increased 2% y-o-y as a result of increased international sales of ASEAN operation and export businesses.



EBITDA and Profit for the Period

Q3/14 EBITDA and profit for the Period decreased 7% y-o-y and 43% y-o-y, respectively.

EBITDA Portions	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14
International:	19%	24%	23%	20%	19%	25%	23%
Domestic:	81%	76%	77%	80%	81%	75%	77%

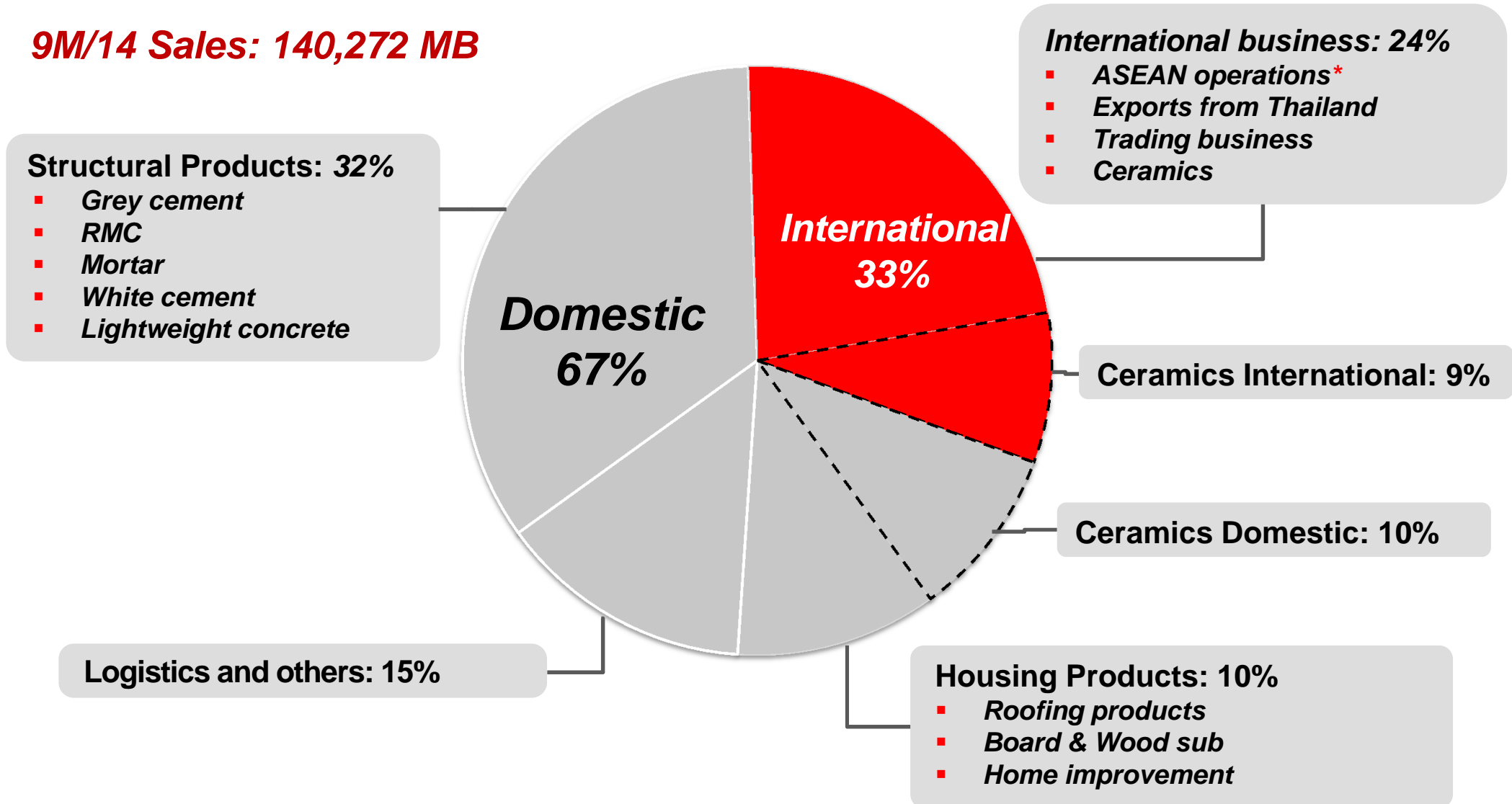


EBITDA Margin*:

Total	15%	15%	15%	14%	16%	15%	14%
International:	9%	9%	9%	7%	9%	9%	9%
Domestic:	17%	17%	18%	16%	18%	16%	16%
Domestic Structural Pro	28%	27%	28%	25%	28%	26%	25%

* EBITDA margin = EBITDA from Operations / Consolidated Sales

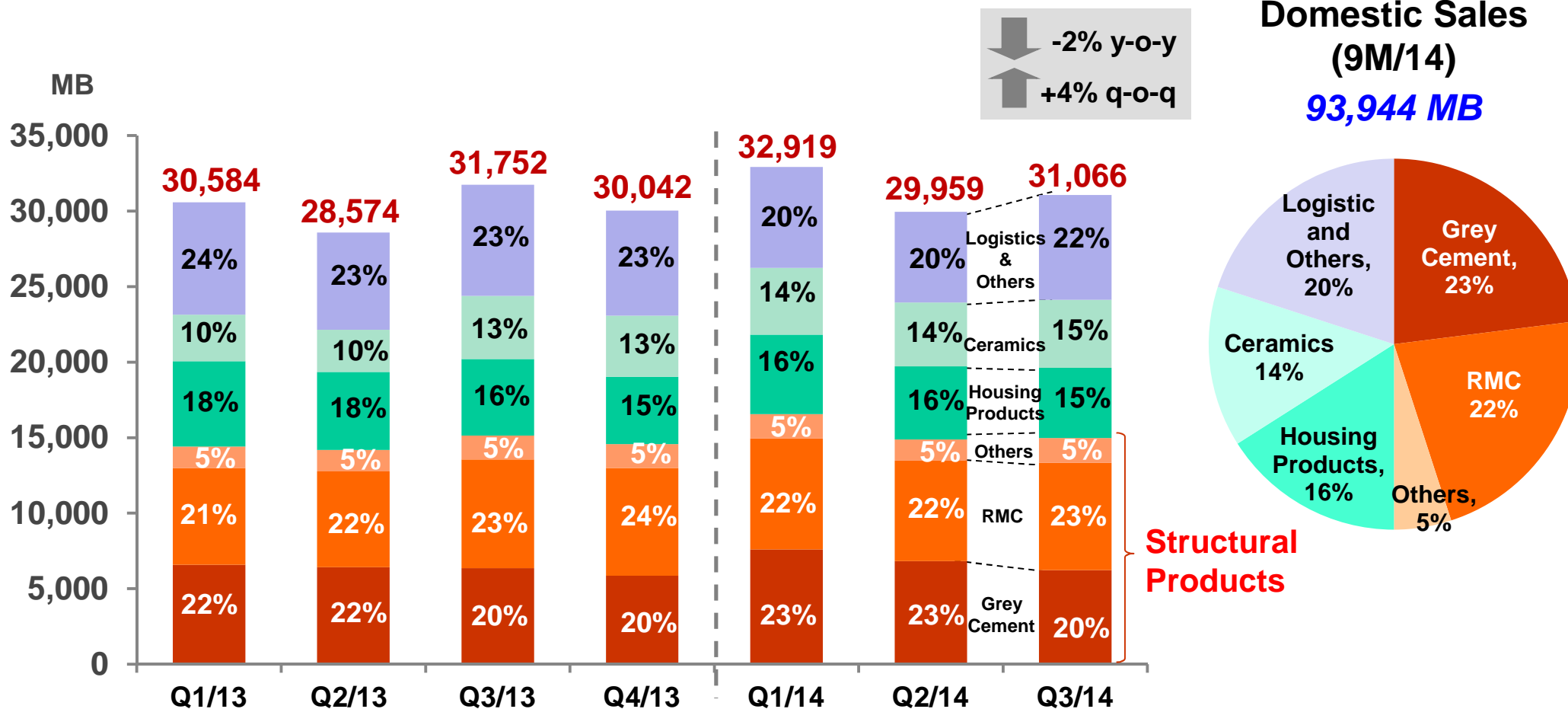
9M/14 Sales: 140,272 MB



Notes: Ceramics includes Sanitary Ware & Fittings

Domestic sales segmentation

Sales dropped 2% y-o-y, as a result of economic slowdown.



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)			
	FY2013	Q1/14	Q2/14	Q3/14
Total Market by Volume (100%)	7%	4%	0%	-3%
Commercial Retail (18-20%)	20%	14%	5%	-4%
Gov't (28-30%)	3%	1%	-2%	-3%
Residential (50-52%)	6%	1%	-1%	-2%

Domestic cement price

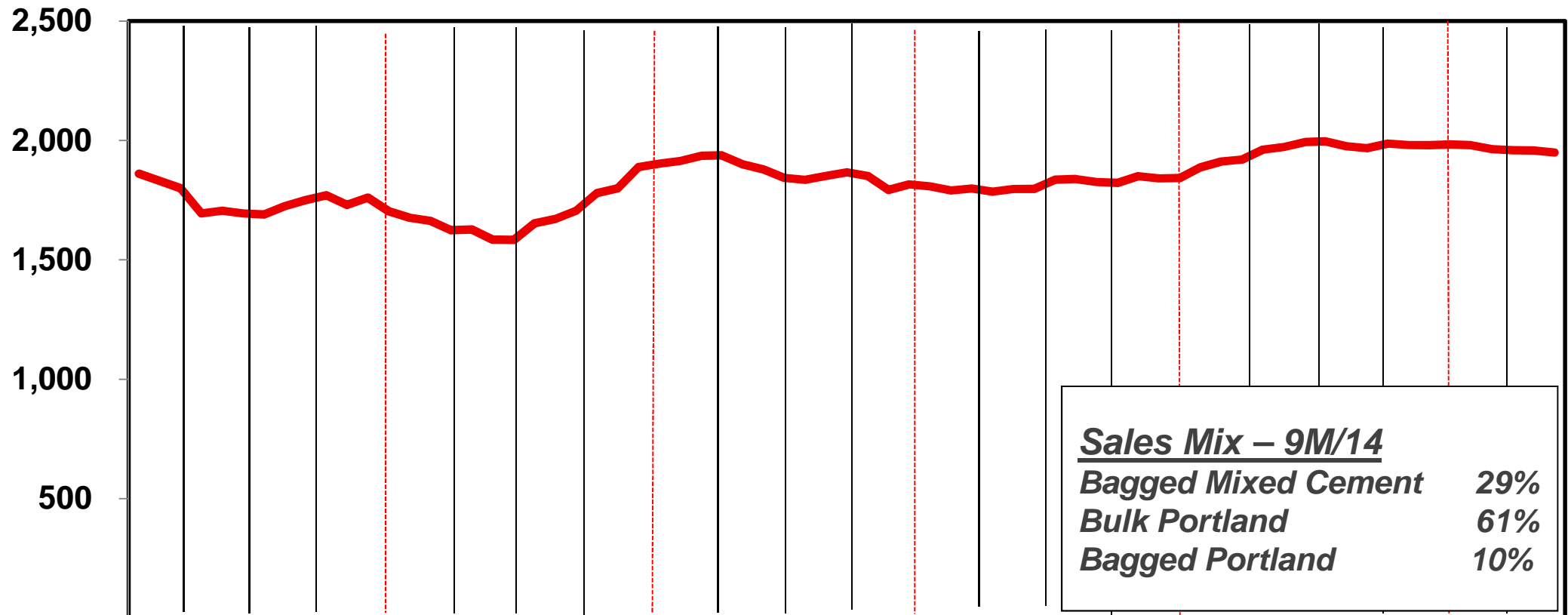
Prices in Q3/14 dropped slightly q-o-q, and remained at the lower-end of the 1,950-2,000 Bt/ton range.



slide 29

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

Baht/Ton



Sales Mix – 9M/14

<i>Bagged Mixed Cement</i>	29%
<i>Bulk Portland</i>	61%
<i>Bagged Portland</i>	10%

2009

2010

2011

2012

2013

2014

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

Q4

Q1

Q2

Q3

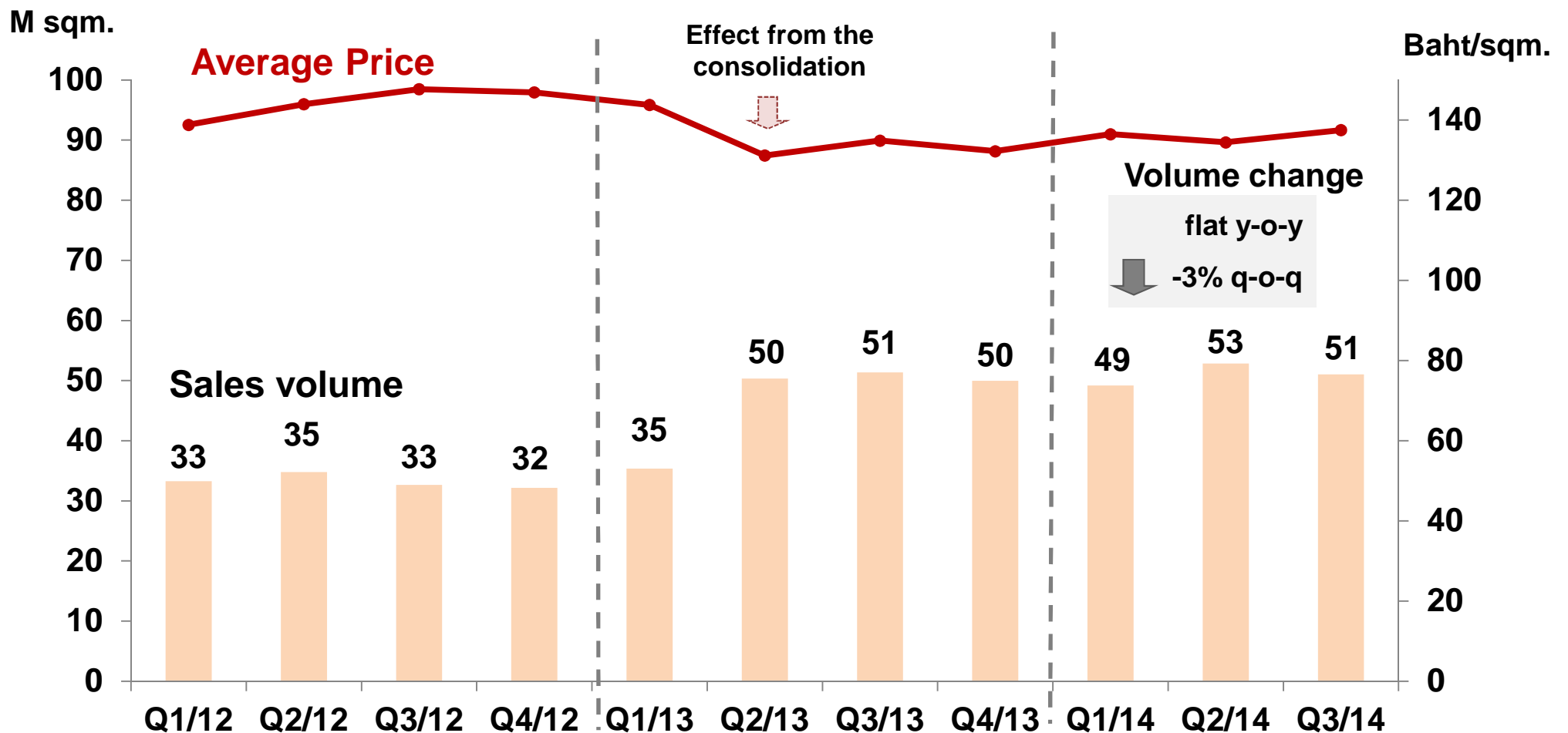
Ceramic Tiles

Sale volume was flat y-o-y meanwhile overall market slow down



slide 30

Sales volume & prices for all ASEAN subsidiaries

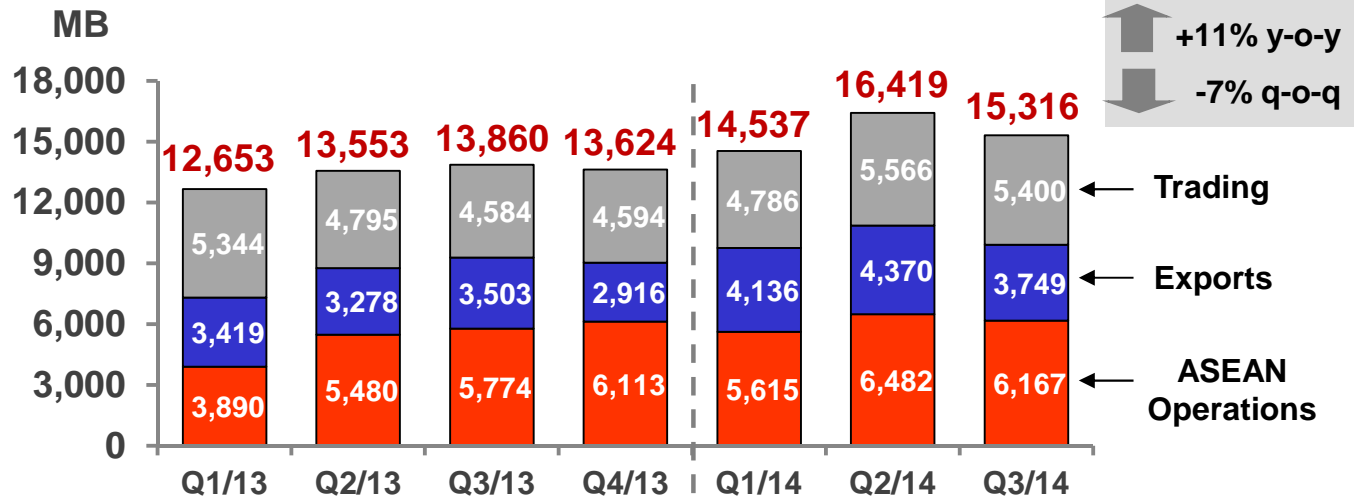


International sales segmentation

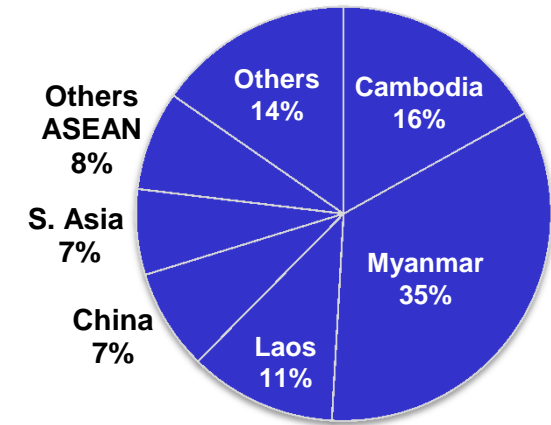
Sales increased 11% y-o-y, mainly from increased ASEAN operation and export sales.



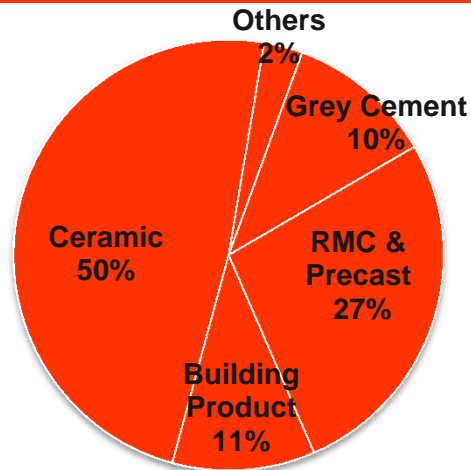
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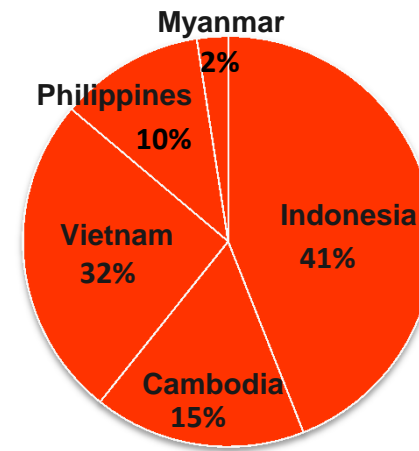
9M/14 Exports



9M/14 ASEAN Operations (Products)



9M/14 ASEAN Operations (Country)

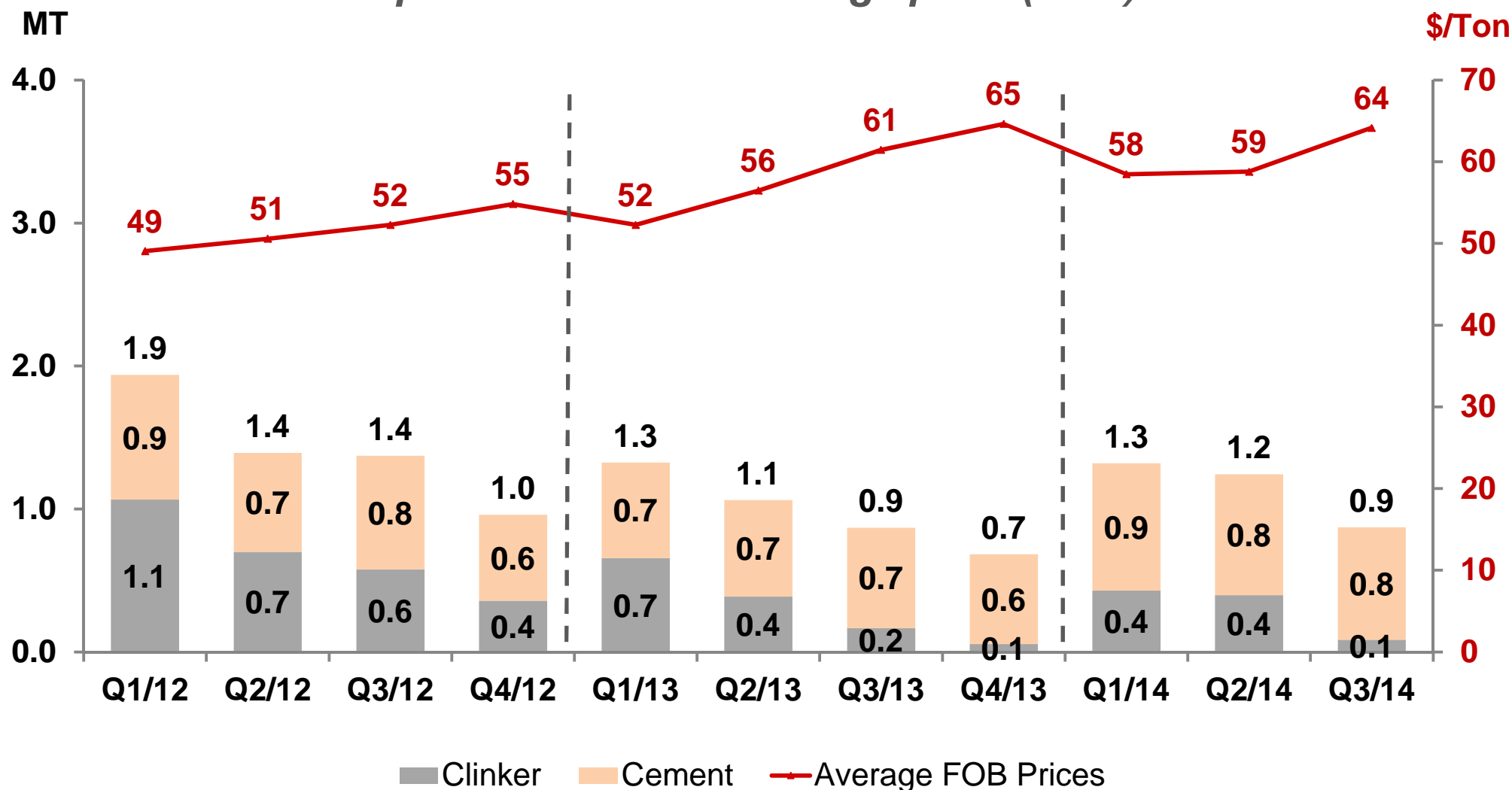


Note: International business = ASEAN Operations, exports from Thailand, and Trading business
 Housing - Roofing products, Board & Wood sub, and Home improvement.
 Ceramics - includes Sanitary ware and Fittings.
 Trading - are mainly trading of non-SCG products

Cement exports

Exports registered 0.9 MT, while pricing increased \$3/ton y-o-y as a result of the change in product mix.

Export volume and Average price (FOB)



Outlook:

- Domestic cement demand growth in Q4/14 is expected to range between -1% y-o-y to 0% y-o-y, resulting in the FY2014 growth of 0%.
- Domestic demand growth of housing products is forecasted to be negative y-o-y in light of the economic slowdown.
- ASEAN cement demand growth outside of Thailand is expected to remain healthy y-o-y.

Investment updates:

- **Mortar Business:** 2,800 MB investment towards a 2 million ton HVA mortar plants in Khon Kaen and Lampang, with an expected start up in H1/16.
- **Global House International (GHI):** 200 MB investment (50% stake) in Global House International Company Limited, which is the ASEAN growth platform in the construction-related warehouse retailing.

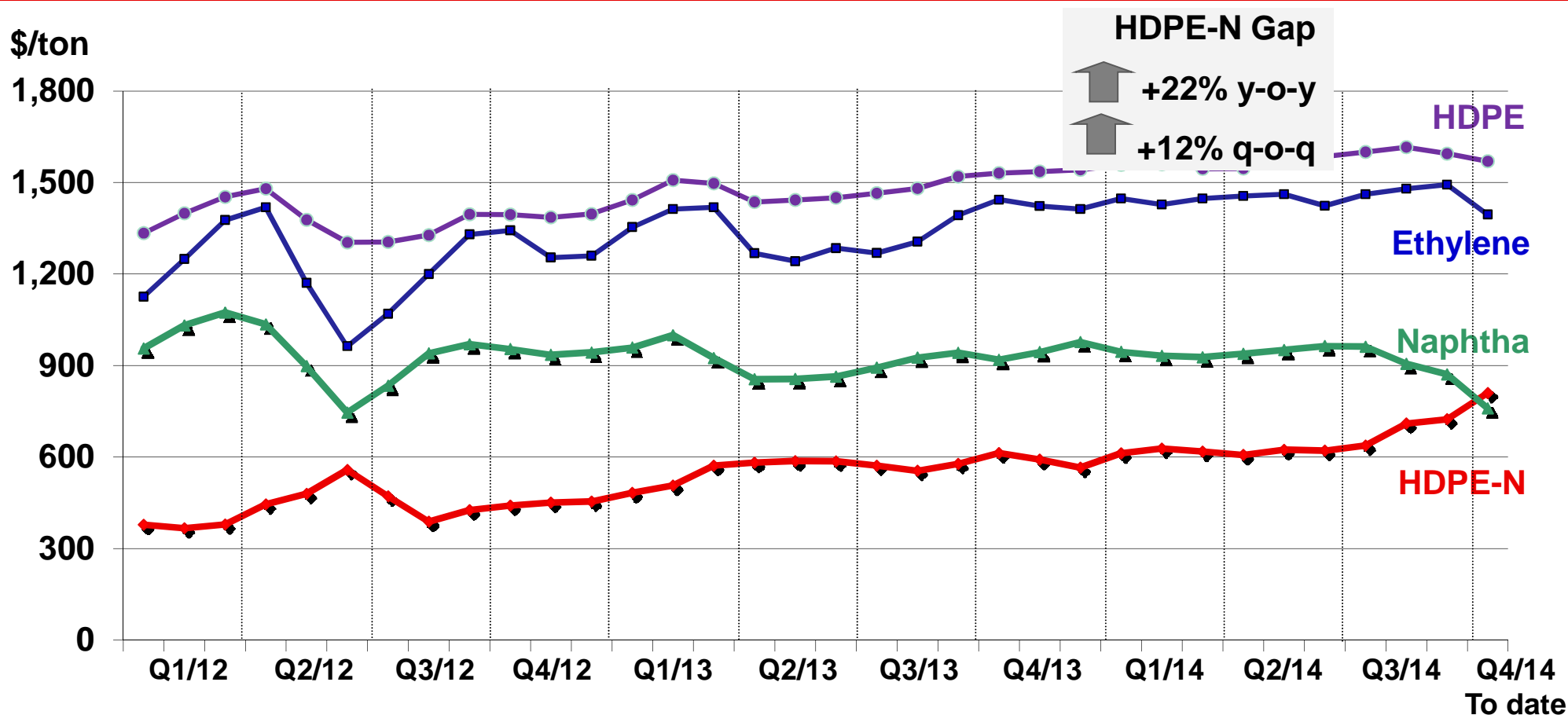
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Market Insight:

- **Crude** – decreased \$7/bbl q-o-q to \$103/bbl, due to growing global supply and sluggish economic growth in Europe and China.
- **Naphtha** – dropped 4% q-o-q to \$913/ton, due to abundant supplies from Europe to Asia and lower demand among European crackers as they switched to LPG.
- **Polyolefins**
 - HDPE and PP prices increased 2% and 3% q-o-q to \$1,604/ton and \$1,629/ton, respectively, due to tight supply of upstream (Ethylene and Propylene) and seasonal demand. As a result, the Q3/14 average HDPE-Naphtha margin increased \$73/ton q-o-q to \$691/ton, while the average PP-Naphtha margin increased \$84/ton q-o-q to \$716/ton.
- **PVC** – EDC Price declined 6% q-o-q to \$445/ton, pressured by adequate supplies and lower demand from VCM plant turnaround. PVC prices increased 1% q-o-q to \$1,041/ton. PVC-EDC/C2 margins increased 10% q-o-q to \$336/ton
- **Others** – BD-Naphtha margins increased by 69% q-o-q to \$556/ton. MMA-Naphtha margins increased 10% q-o-q to \$1,240/ton. PTA-PX margins increased 12% q-o-q to \$70/ton

HDPE – Naphtha Price Gaps

HDPE-Naphtha margins increased 12% q-o-q to \$691/ton. HDPE demand remained stable as buyers rebuilt inventories in early Q3/14 to meet high seasonal demand of finished products in the end of the year.



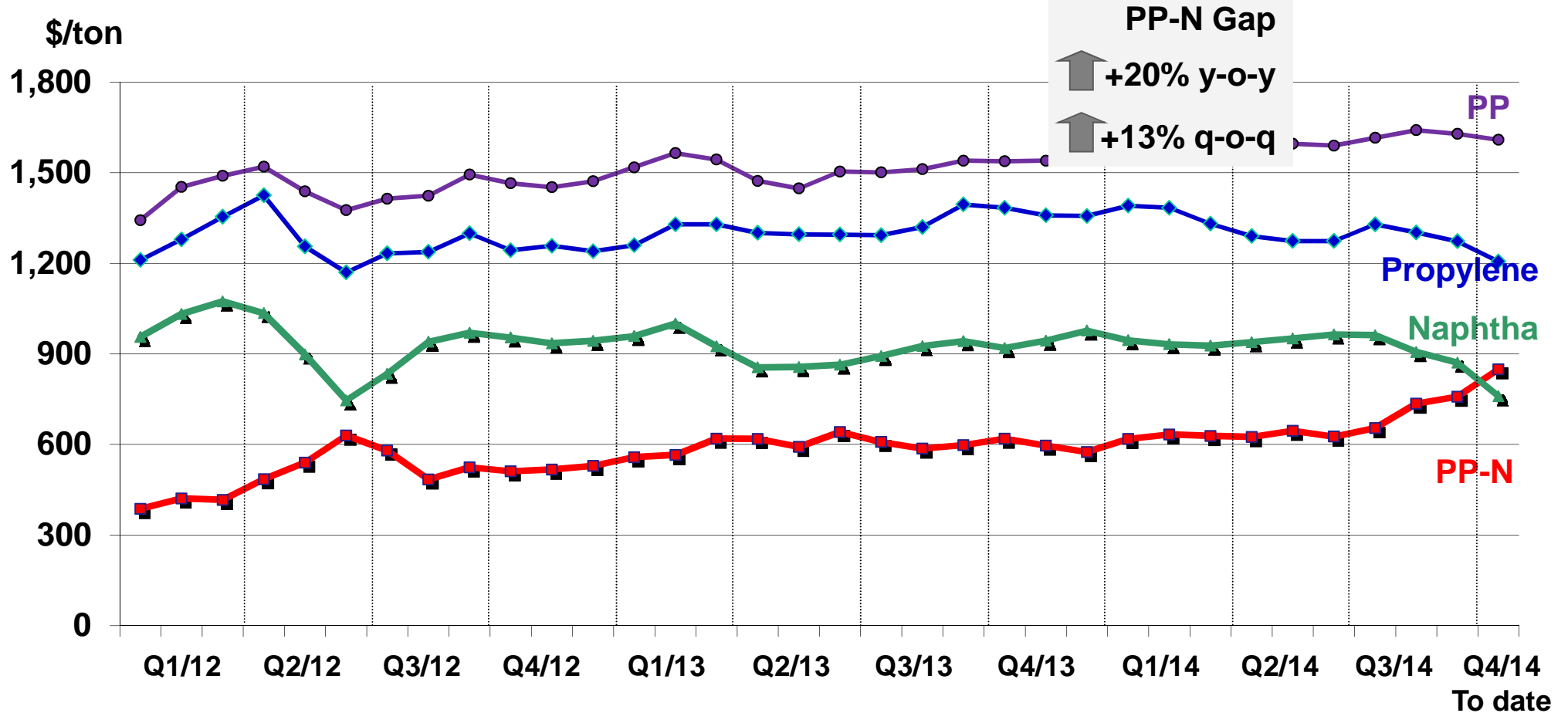
HDPE-Naphtha	374	494	428	449	521	585	568	590	620	618	691	810
Spread (\$/ton)	← 437 →		← 566 →									
HDPE-C2	144	203	143	107	87	178	166	110	113	122	126	175
C2-Naphtha	230	291	285	342	434	407	402	480	507	496	565	635

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

PP-Naphtha margins increased 13% q-o-q to \$716/ton.

PP demand remained stable, due to restocking activities.

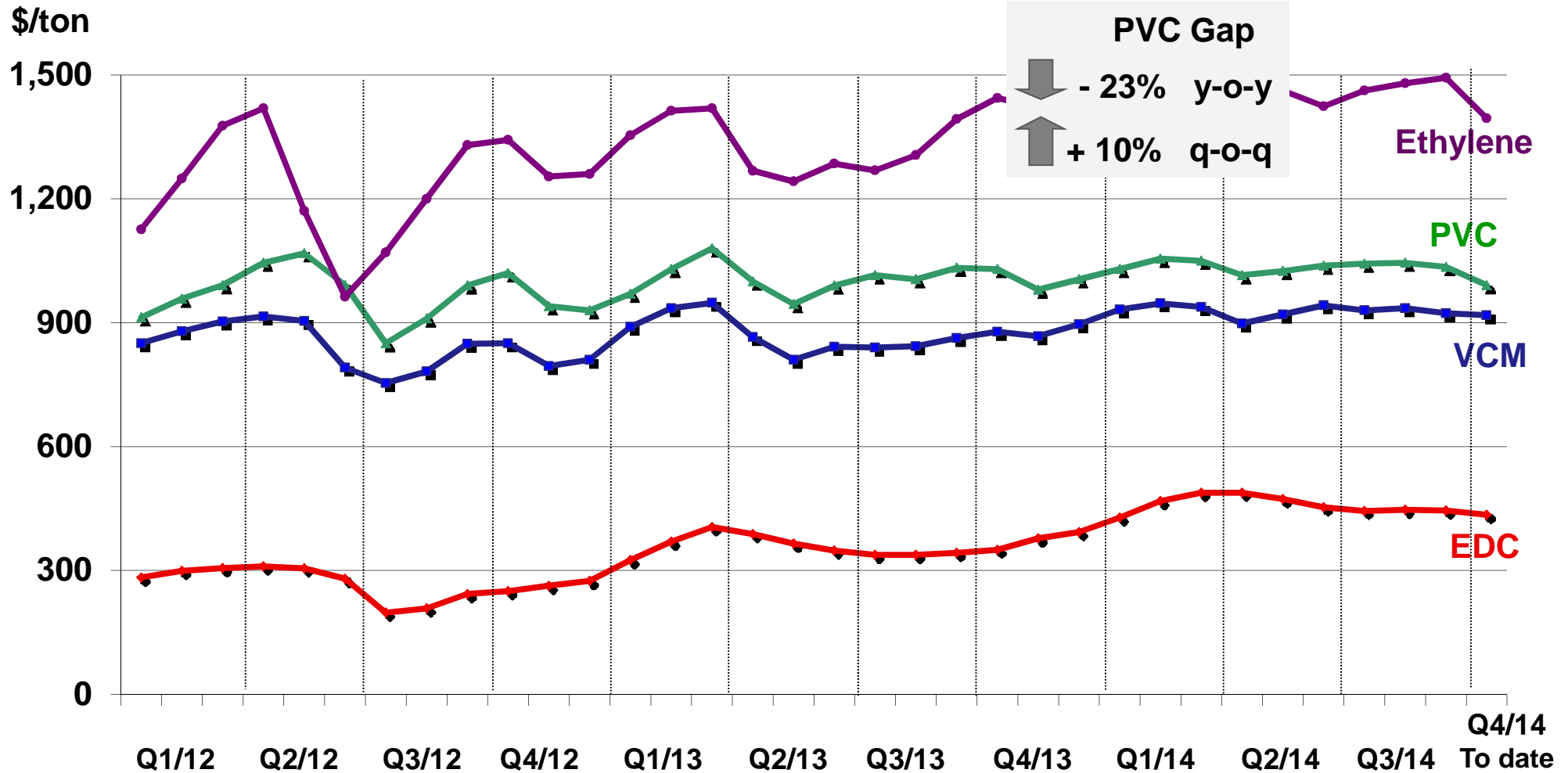


PP-Naphtha	408	551	529	519	581	617	597	597	626	632	716	849
Spread (\$/ton)	← 502 →				← 598 →							
PP - C3	147	160	187	216	236	178	182	177	192	304	328	403
C3 – Naphtha	261	391	342	303	345	439	415	420	434	328	388	446

Note: Prices refer to SEA regional prices

PVC

PVC margins gained 10% q-o-q to \$336/ton. PVC prices remained stable while EDC prices declined 6% q-o-q, accounted for wider PVC margin.



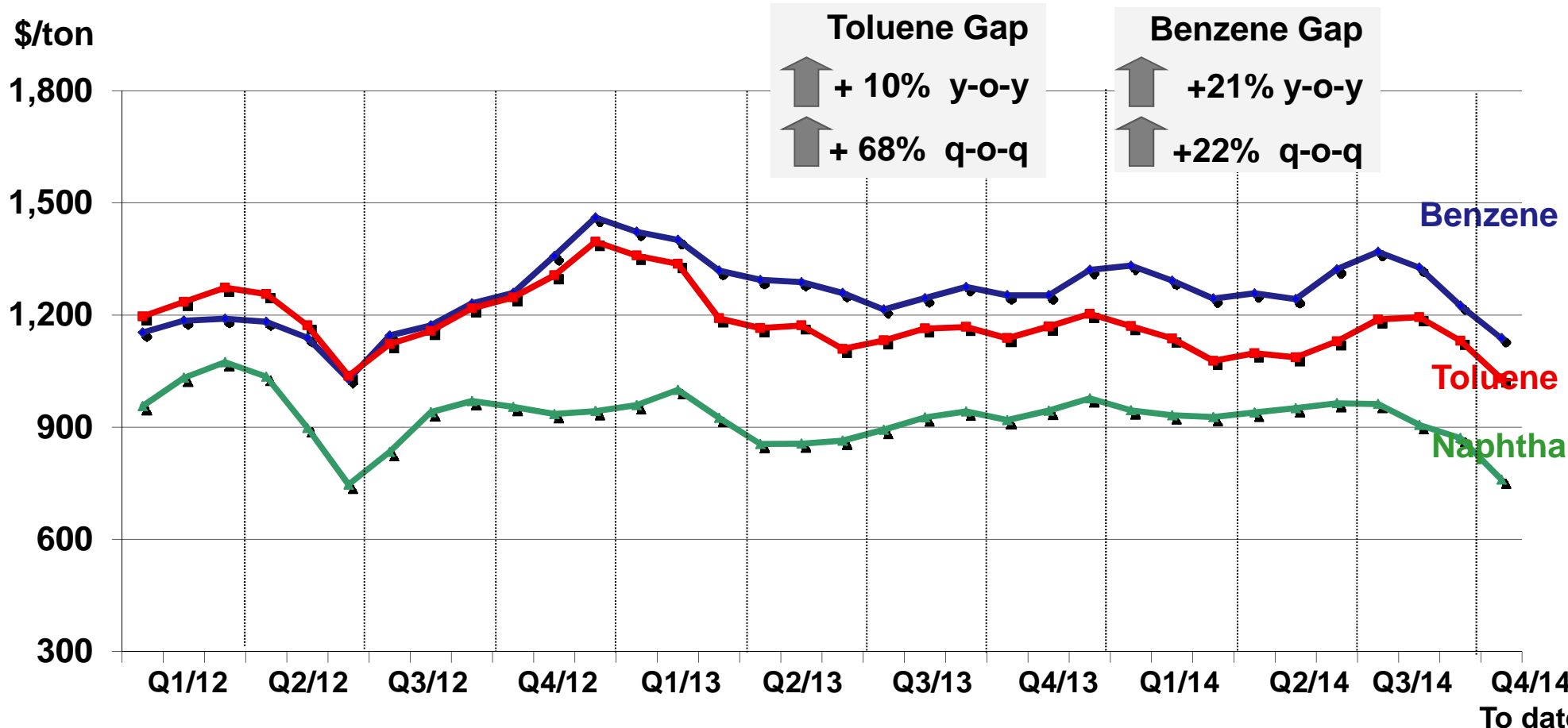
PVC-EDC/C2	424	518	463	452	405	386	435	370	336	307	336	313
Spread (\$/ton)	← 464 →		← 399 →									

Prices refer to FE regional prices

Benzene & Toluene

BZ-Naphtha margins increased 22% q-o-q, on tight supply from delays of new supplies.

TL-Naphtha margins gained 68% q-o-q, with stable demand from gasoline blending.



	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14 To date
BZ-Naphtha	155	223	268	415	420	422	325	329	355	323	394	378
TL-Naphtha	214	262	251	372	333	290	234	223	193	153	258	270
BZ-Spread	← 265 →		← 374 →									
TL Spread	← 275 →		← 270 →									

Note: Prices refer to SEA regional prices

Price Gaps of Associates

BD-Naphtha – up 69% q-o-q, attributed to tight Asian supply.

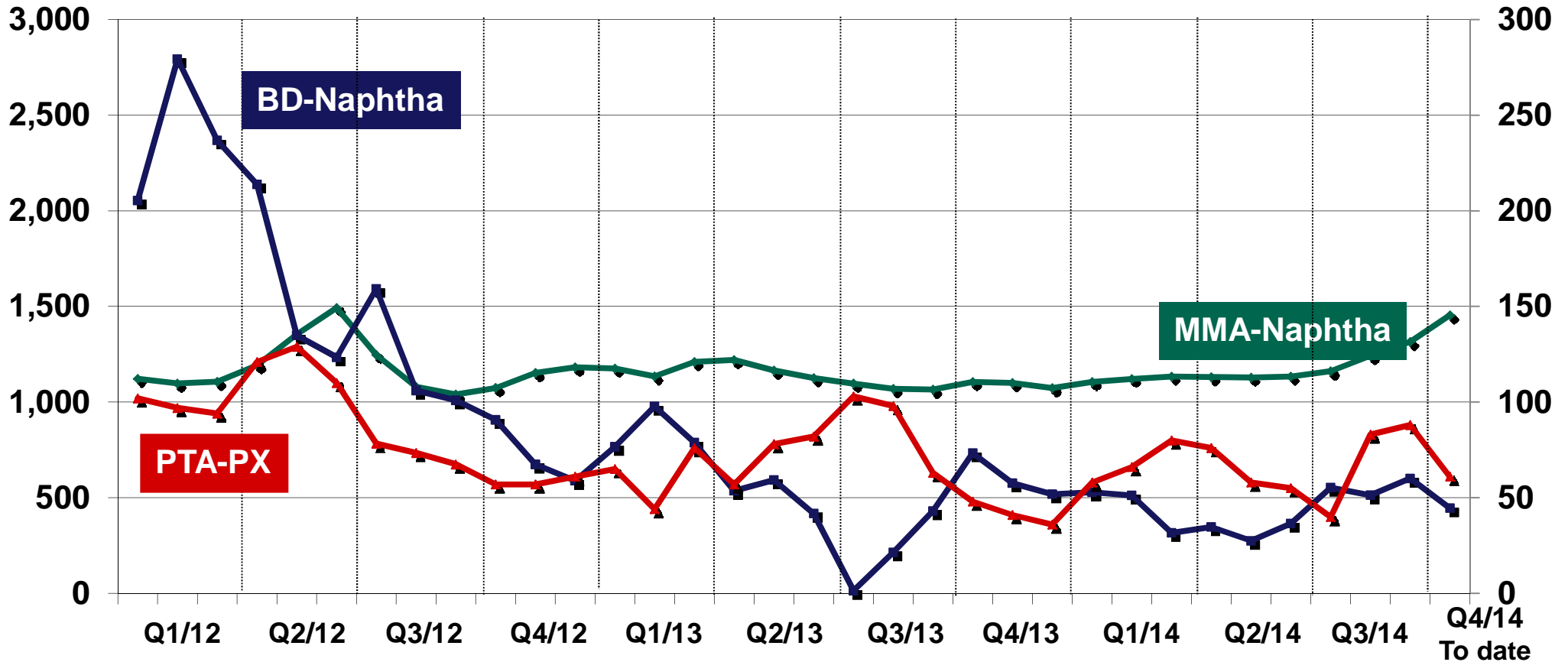
MMA-Naphtha – up 10% q-o-q, on tight supply from turnaround in Asia.

PTA-PX – up 12% q-o-q, due to excess new PX capacity and reduced PTA operating rate .

BD-Naphtha \$/ton

MMA-Naphtha \$/ton,

PTA-PX \$/ton

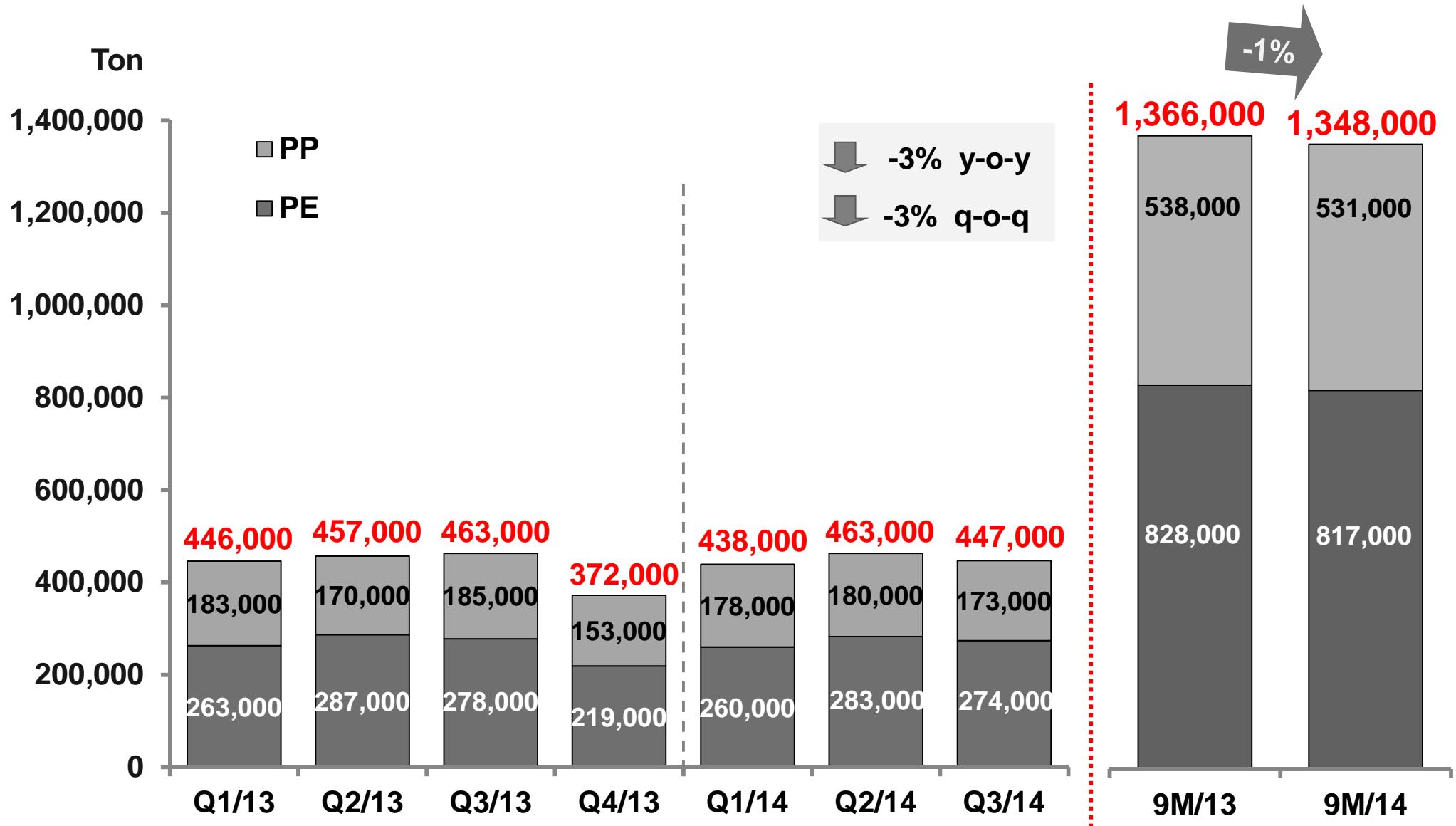


BD-N	2,405	1,574	1,221	723	844	516	220	609	452	329	556	446
MMA-N	1,104	1,346	1,122	1,136	1,174	1,170	1,077	1,093	1,120	1,131	1,240	1,454
PTA-PX	98	120	73	58	62	72	88	42	68	63	70	61

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

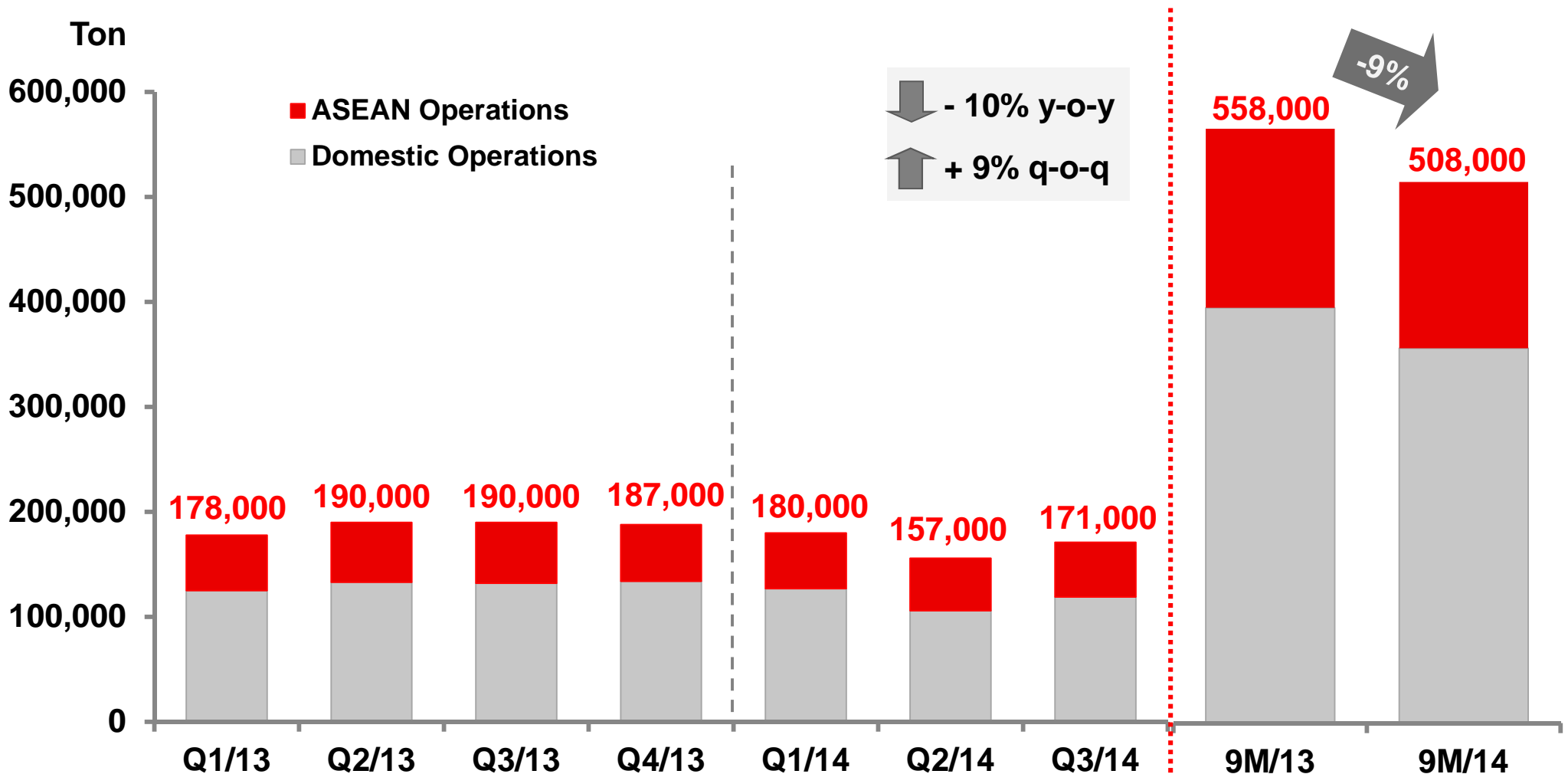
Polyolefins Sales Volume

In Q3/14, SCG Chemicals sold a total of 447,000 tons of polyolefin products.



PVC Sales Volume

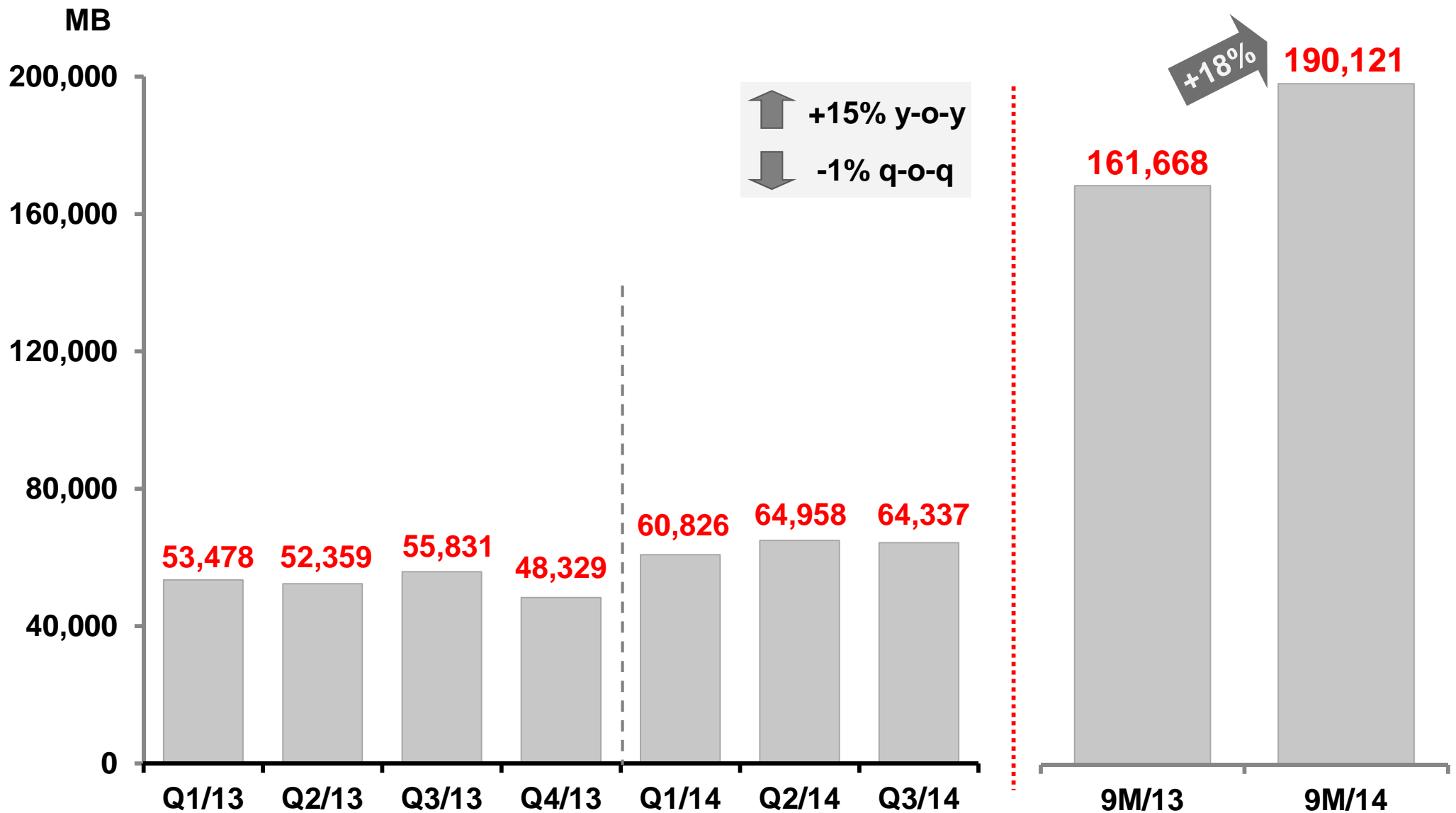
Q4/14 sales volume increased by 9% q-o-q on return of VCM plants from turnaround. However, 9M/14 sales volume dropped 9% y-o-y, due to limited availability of VCM (feedstock) from unplanned outages.



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

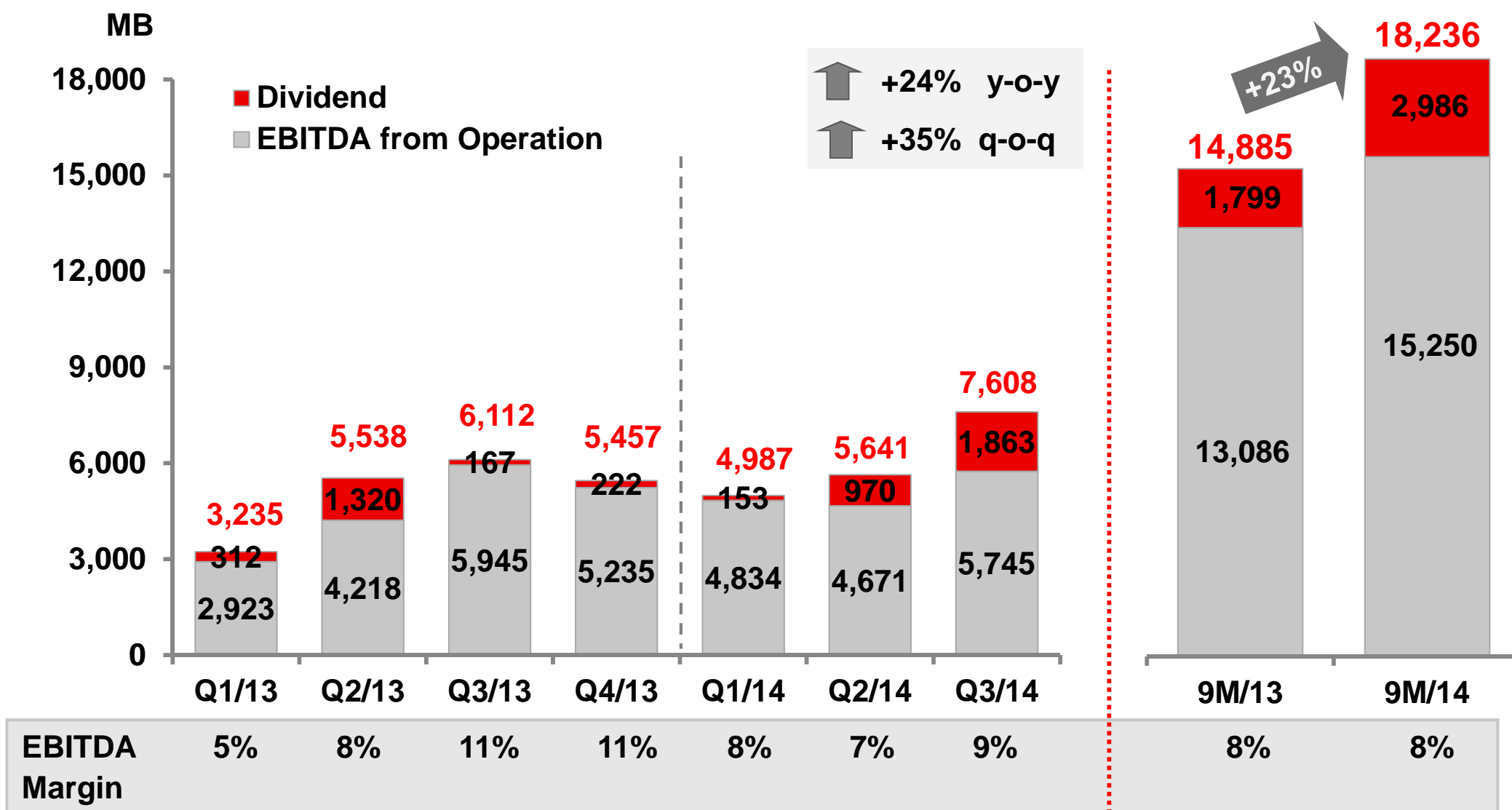
Revenue from Sales

Revenue from Sales in Q3/14 decreased slightly by 1% q-o-q to register 64,337 MB.



EBITDA

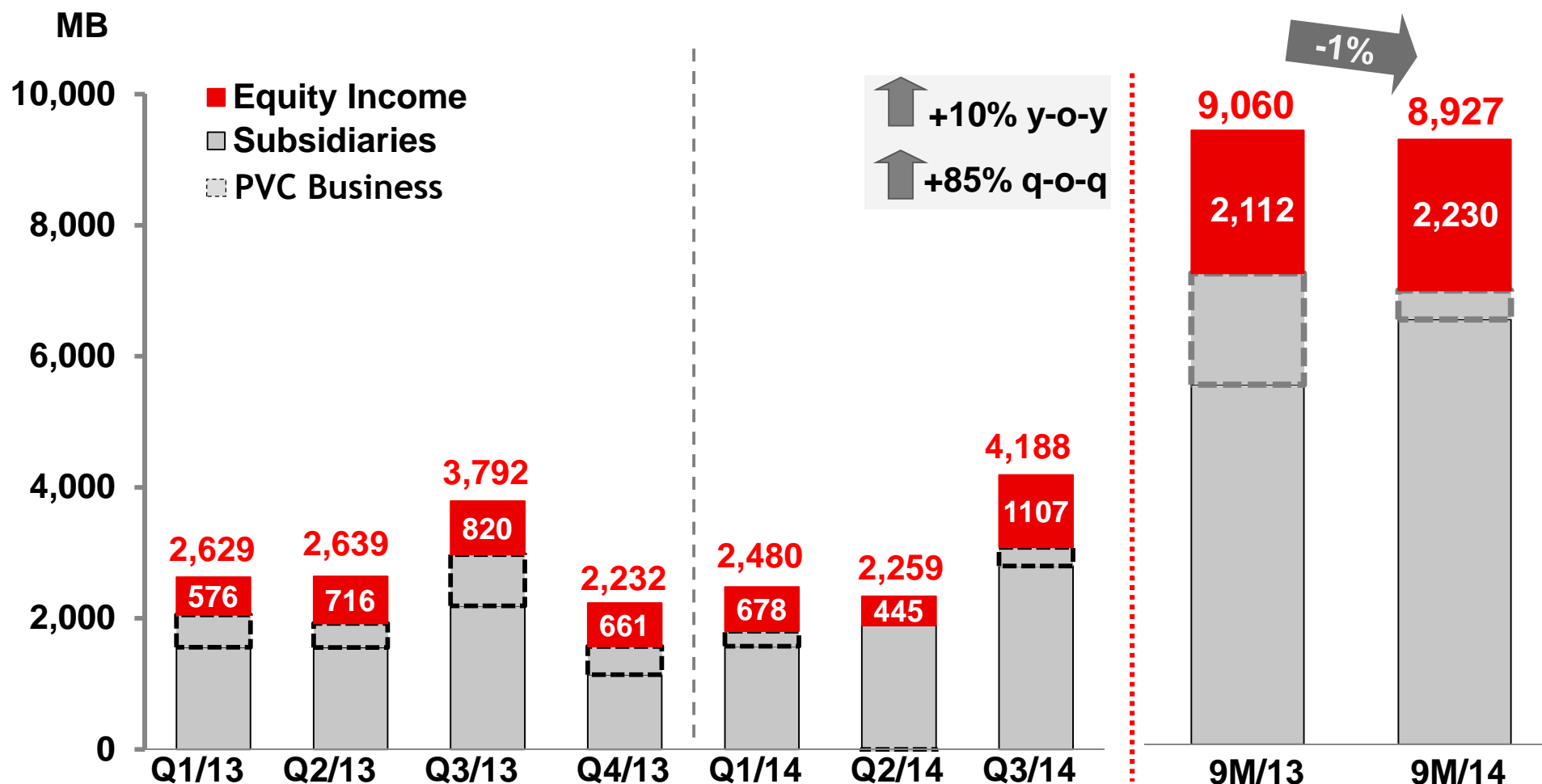
EBITDA increased 35% q-o-q to 7,608 MB, owing to improved polymer margins, recovery of PVC volume, and dividend from Associates



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

Profit for the Period

Profit for the Period increased 85% q-o-q to 4,188 MB accordingly. The 9M/14 performance dropped slightly by 1% y-o-y, largely attributed to decreased PVC performance.



Non-Controlling Interest	630	110	(310)	(340)	(330)	(240)	(650)	430	(1,220)
Inventory Gain(Loss)*	260	(840)	840	810	180	(80)	(130)	260	(30)

*Note: SCG Chemicals (Sub + Asso.)

- **Crude** – Ample supply and slow economic growth continue to put downward pressure on Brent.
- **Naphtha** – Soften tracking crude oil prices trend.
- **Polyolefins** – Soften along with feedstock prices trend. Buyers take a wait-and-see stance as they expect decreasing prices trend.
- **PVC** – Weak demand in Southeast Asia and competition of acetylene-based PVC from China, challenging PVC margins.

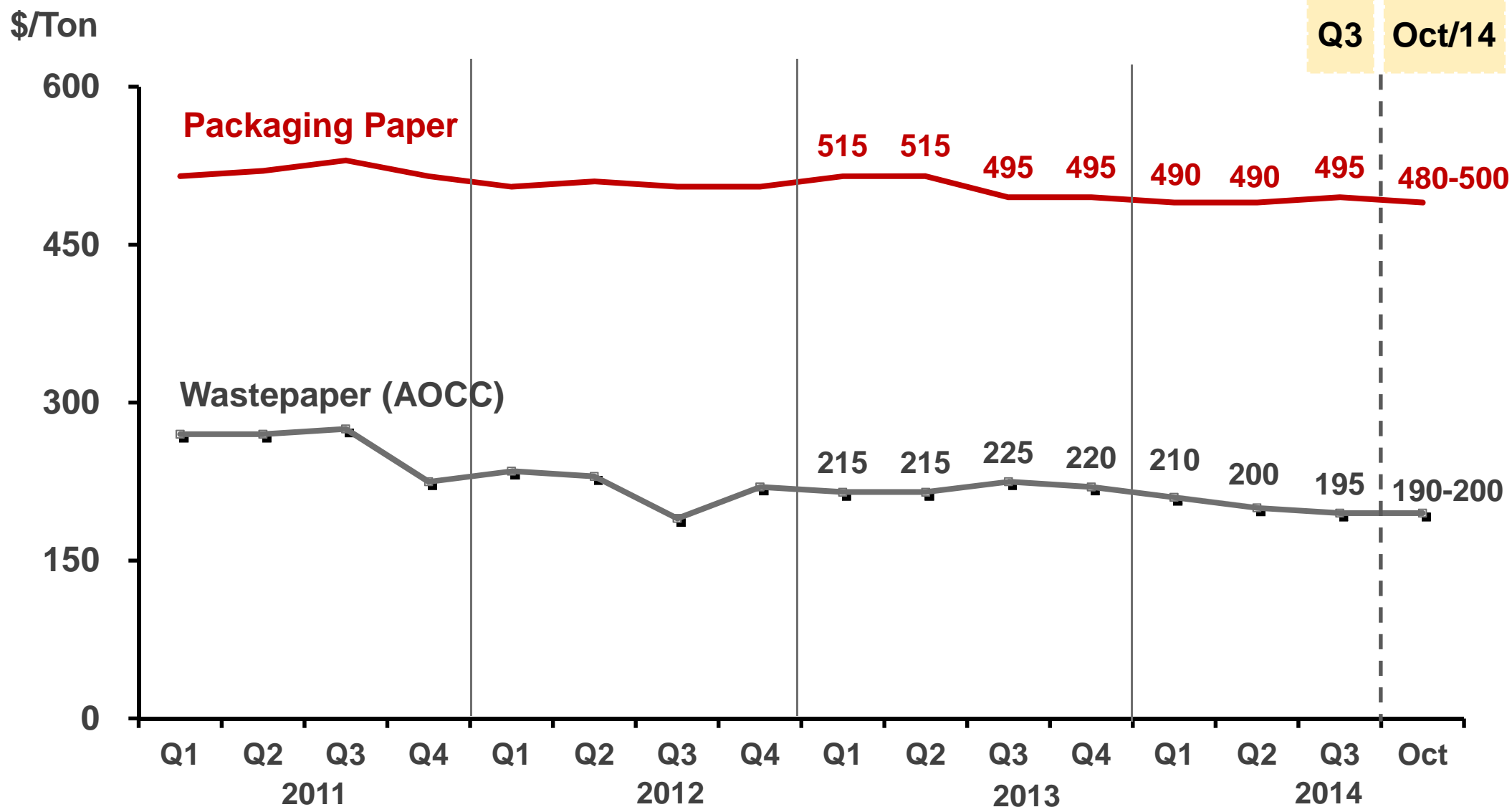
- **Project Updates: Long Son Petrochemical Complex**
 - The local authority of Vietnam has started the land compensation process.
 - Finalizing the reports on Environmental Impact Assessment and Environmental and Social Impact Assessment
 - Bidding for EPC Contractors
 - Discussing the financing key terms with lenders

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Packaging Paper

LOCC prices firmed up, while AOCC prices slightly softened to around \$195/ton, due to lower Chinese imports. Packaging paper prices remained stable.

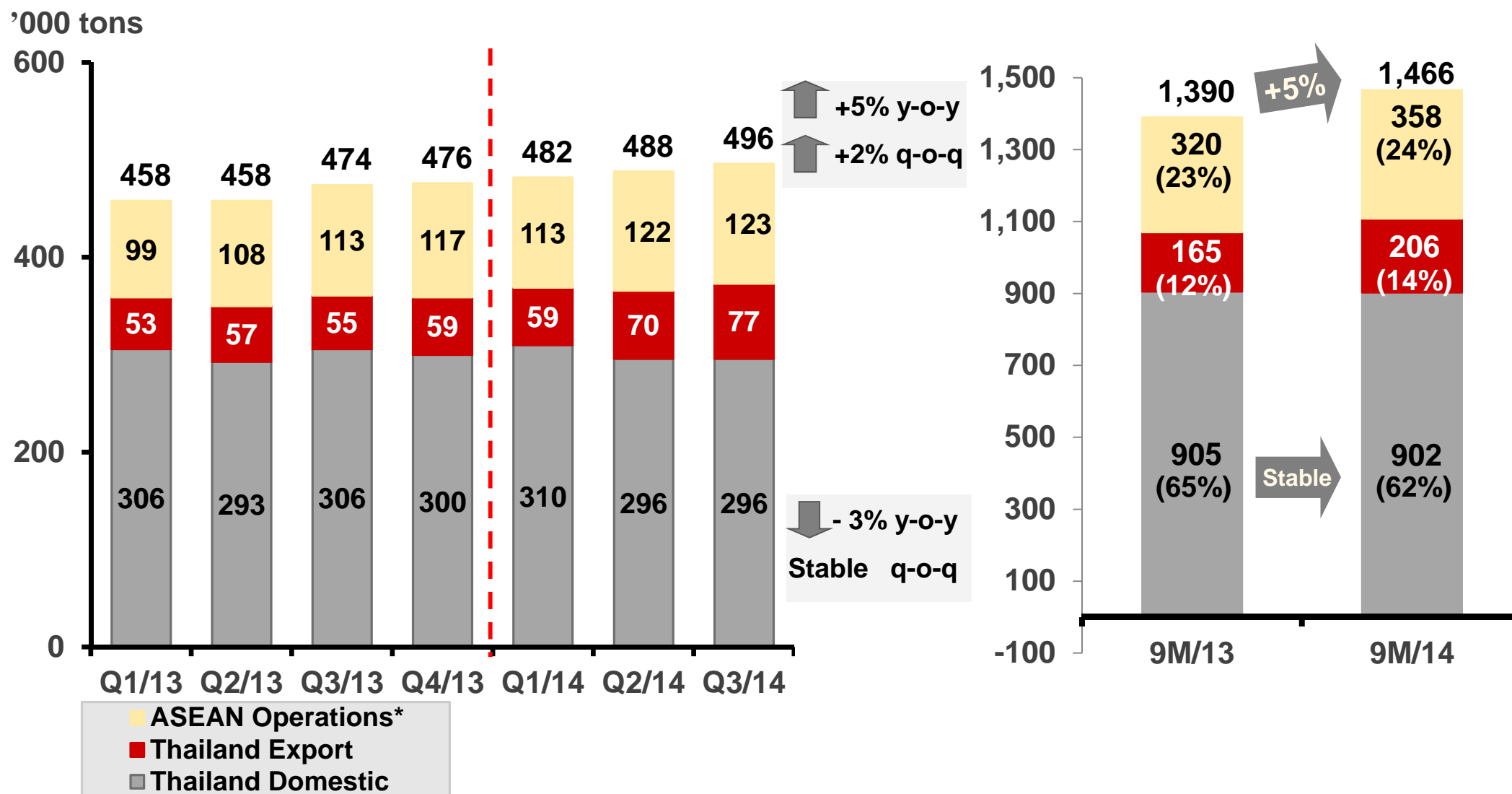
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Note: regional prices

Packaging Paper

Total sales volume increased 5% y-o-y owing to higher export sales and ASEAN operations.



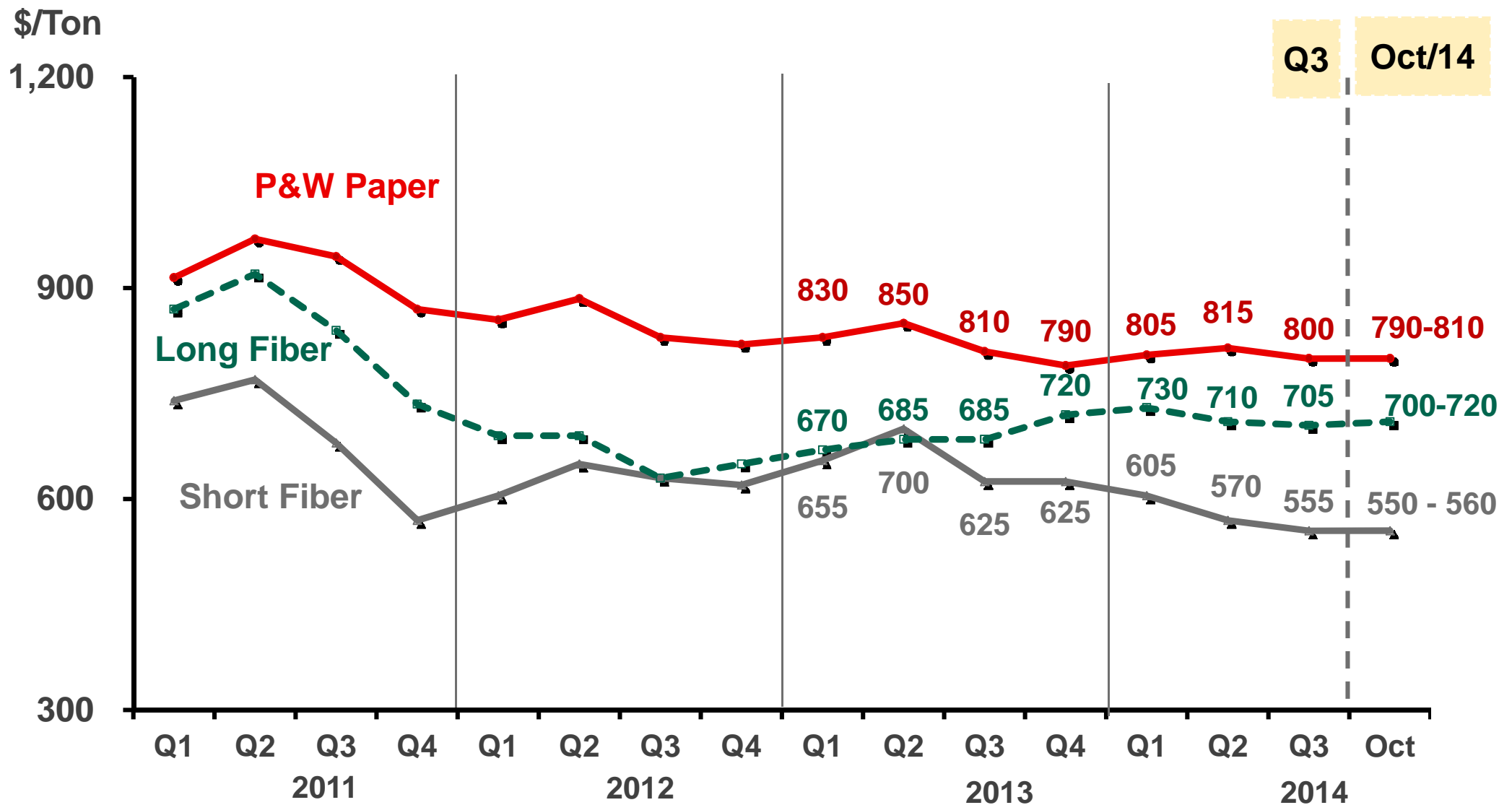
Note: *Sales Volume from Philippines and Vietnam

Fibrous (Printing & Writing Paper)

Short-fiber pulp prices decreased from oversupply situation, while long-fiber prices maintained. Dissolving pulp prices dropped to \$830/ton range



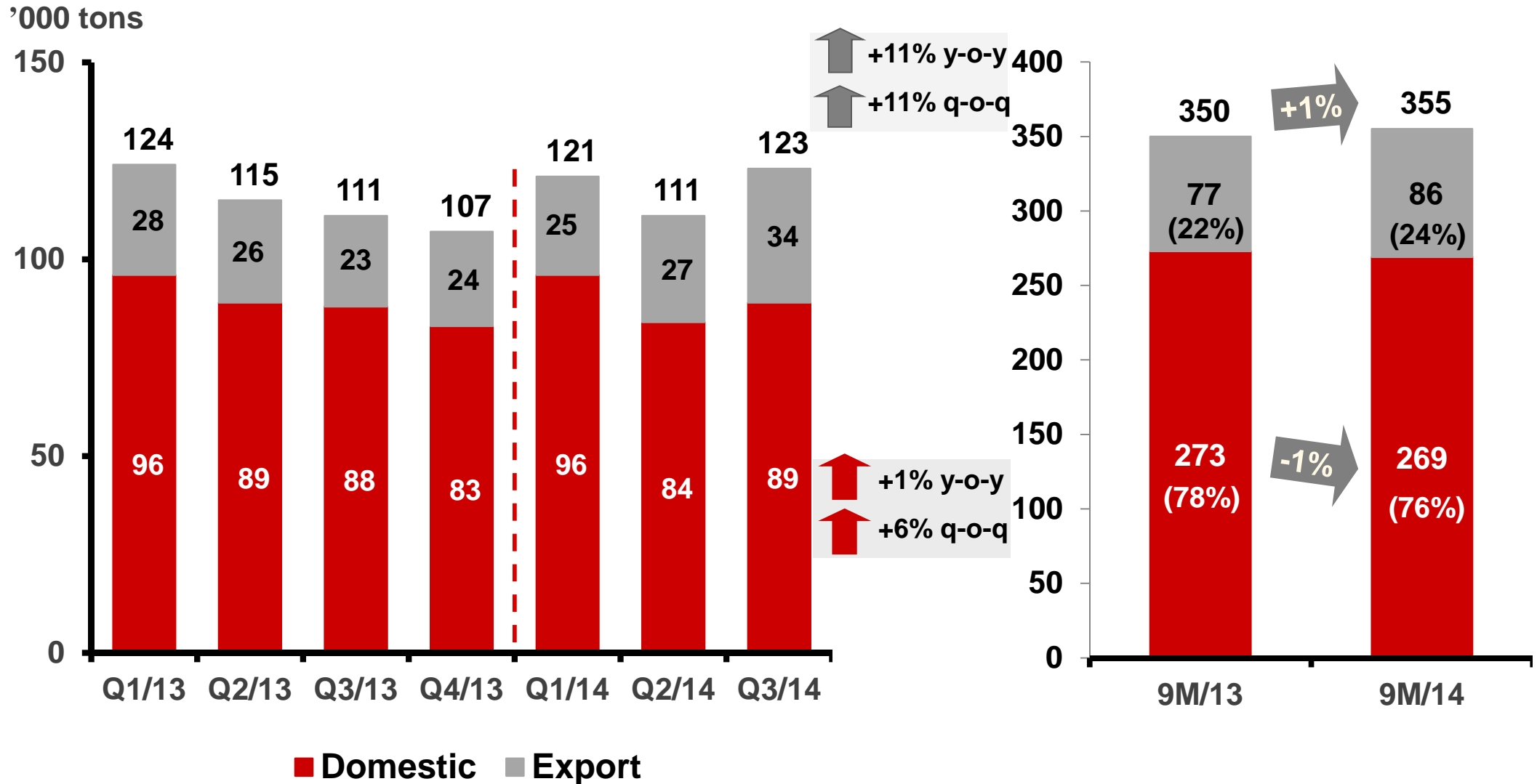
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Note: regional prices

Fibrous (Printing & Writing Paper)

Despite declining domestic demand y-o-y, overall sales volume increased 11% mainly from increased exports.

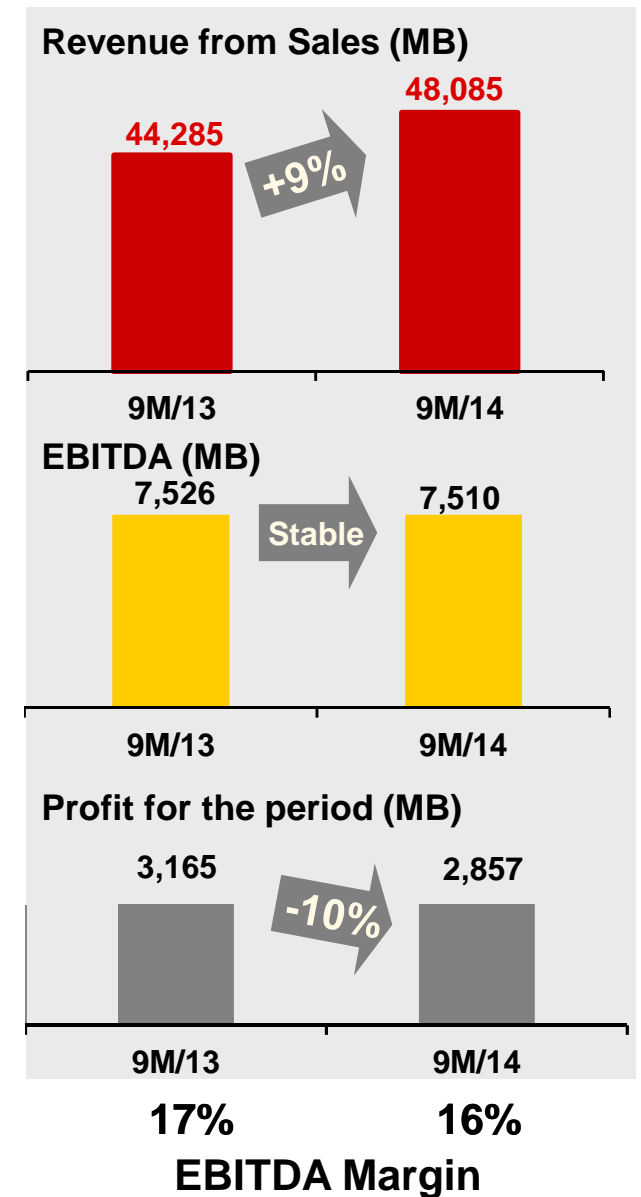
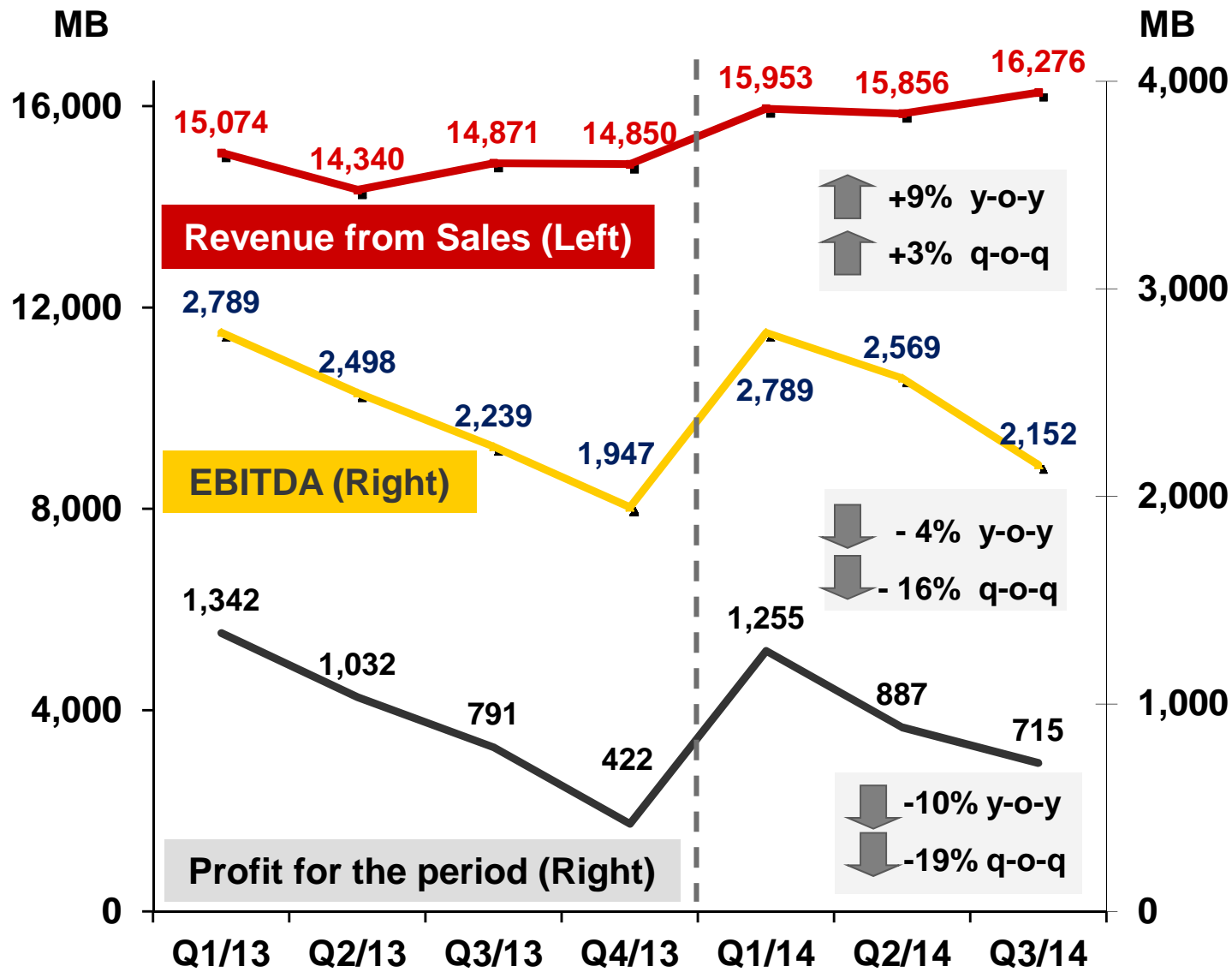


Financials

Results q-o-q declined mainly from higher cost of maintenance shutdown and tighter margin in Packaging Chain, while performance for 9M/2014 remained stable.



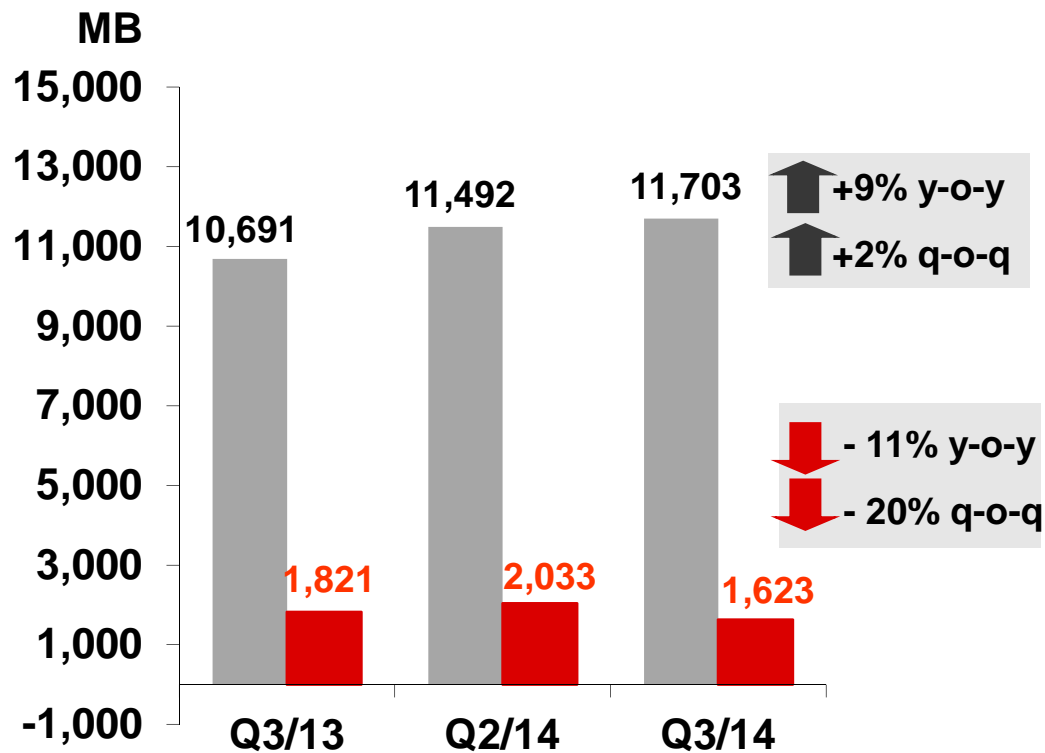
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Business Segments

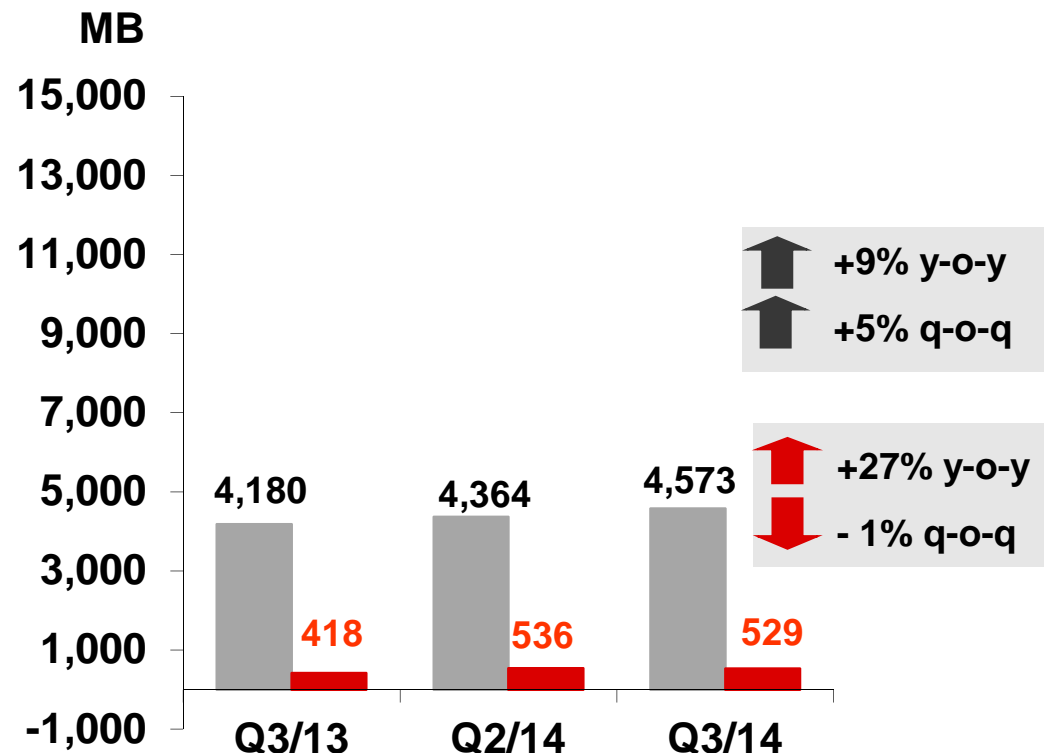
Decreased financial performance in Packaging Chain q-o-q mainly from higher maintenance shutdown cost. Fibrous Chain result was relatively flat

Packaging Chain



EBITDA Margin: 17% (Q3/13), 18% (Q2/14), 14% (Q3/14)

Fibrous Chain



EBITDA Margin: 10% (Q3/13), 12% (Q2/14), 12% (Q3/14)

Revenue from Sales
 EBITDA

Packaging Chain

- Regional prices of wastepaper to remain due to soft demand from China
- Paper prices to be flat due to stable demand with additional supply in the region
- Domestic demand in food and beverage segment to improve seasonally

Fibrous Chain

- P&W paper prices to maintain due to flat demand
- Long-fiber pulp prices to be stable, while short-fiber pulp prices to maintain or slightly rebound

Updates

- Packaging paper machine (350,000 tons) in Banpong
 - Commercial run in October, 2014 (earlier than plan)
 - Ramp-up time of 6-12 months to full utilization

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Thank You

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