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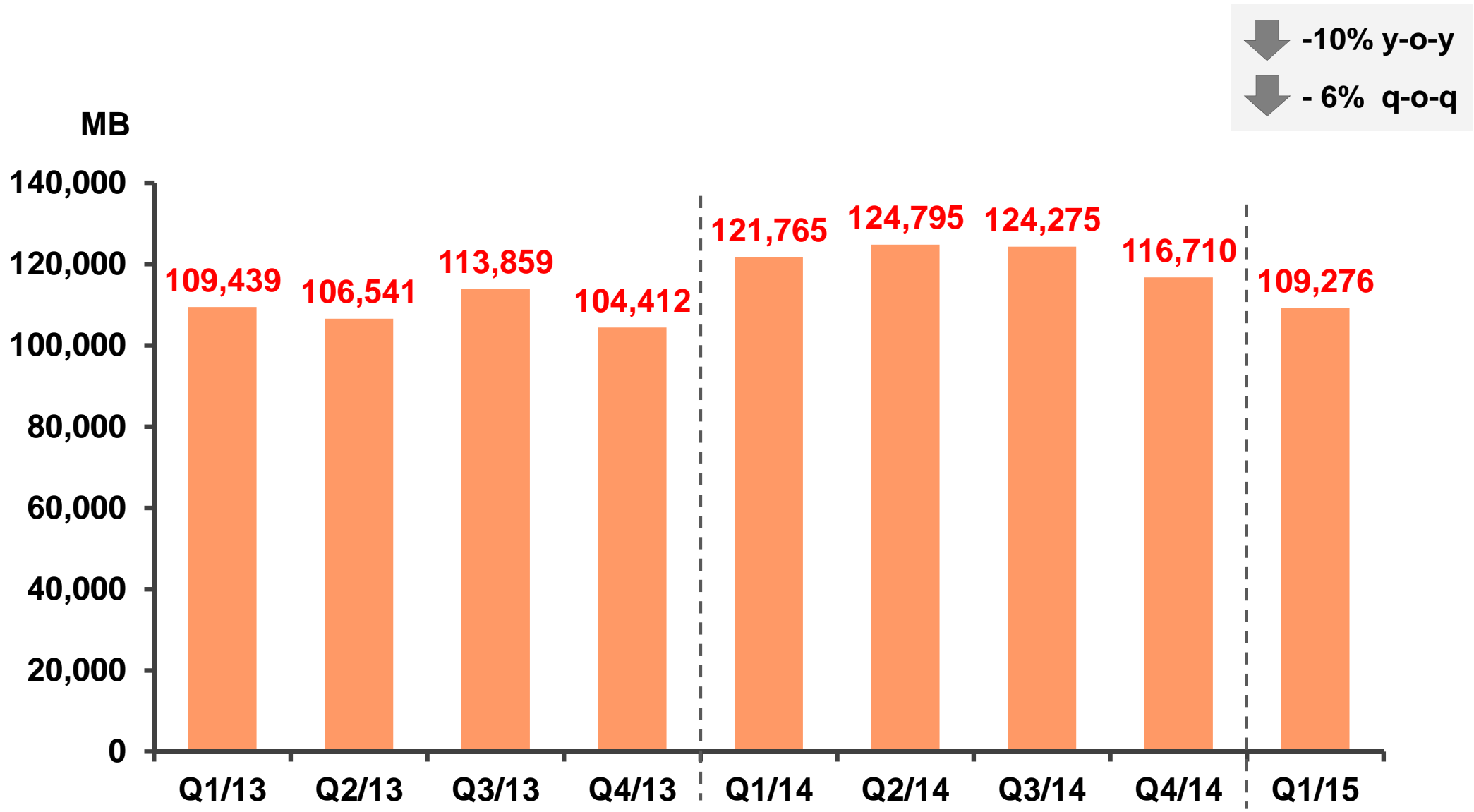
***Analyst Conference Q1/15***  
***Wednesday, April 29, 2015***

- I. Consolidated Results
  - Q1/15 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

# Revenue from Sales

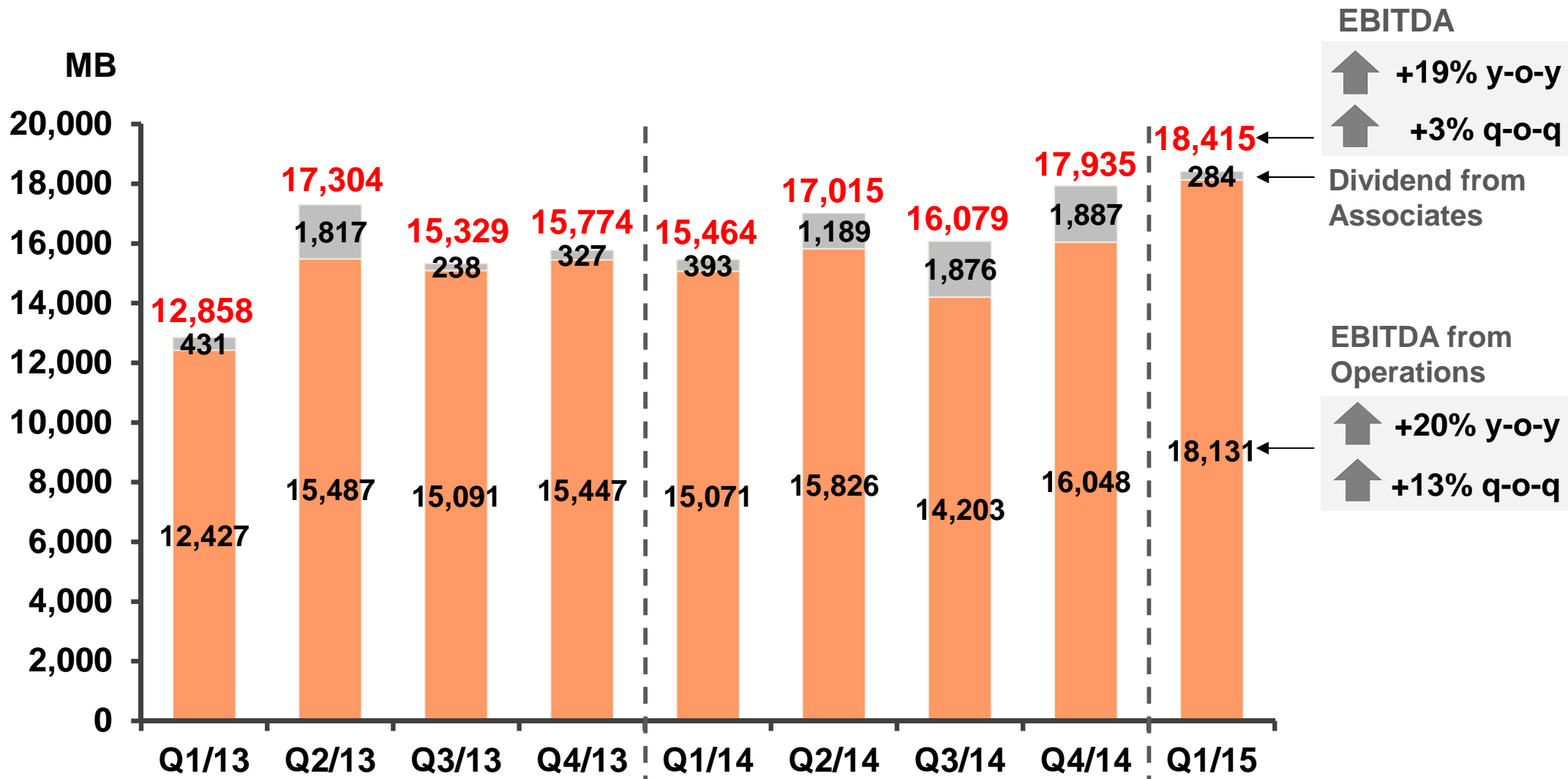


Q1/15 revenue dropped 10% y-o-y and 6% q-o-q as a result of lower chemicals prices (lower oil price).



# EBITDA

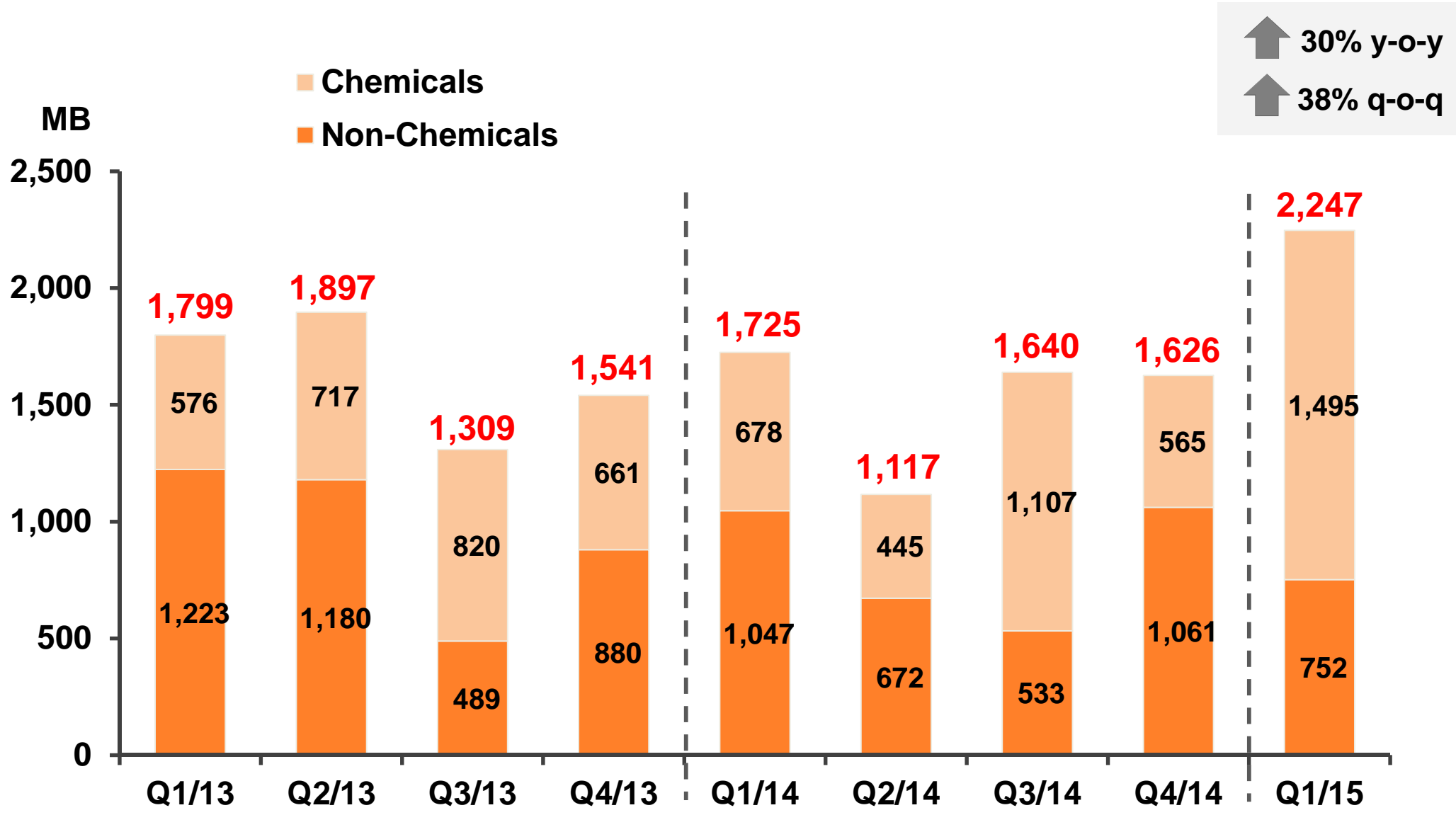
Q1/15 grew 19% y-o-y on increased chemicals margins, and 3% q-o-q on higher chemicals sales volume.



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

# Equity Income

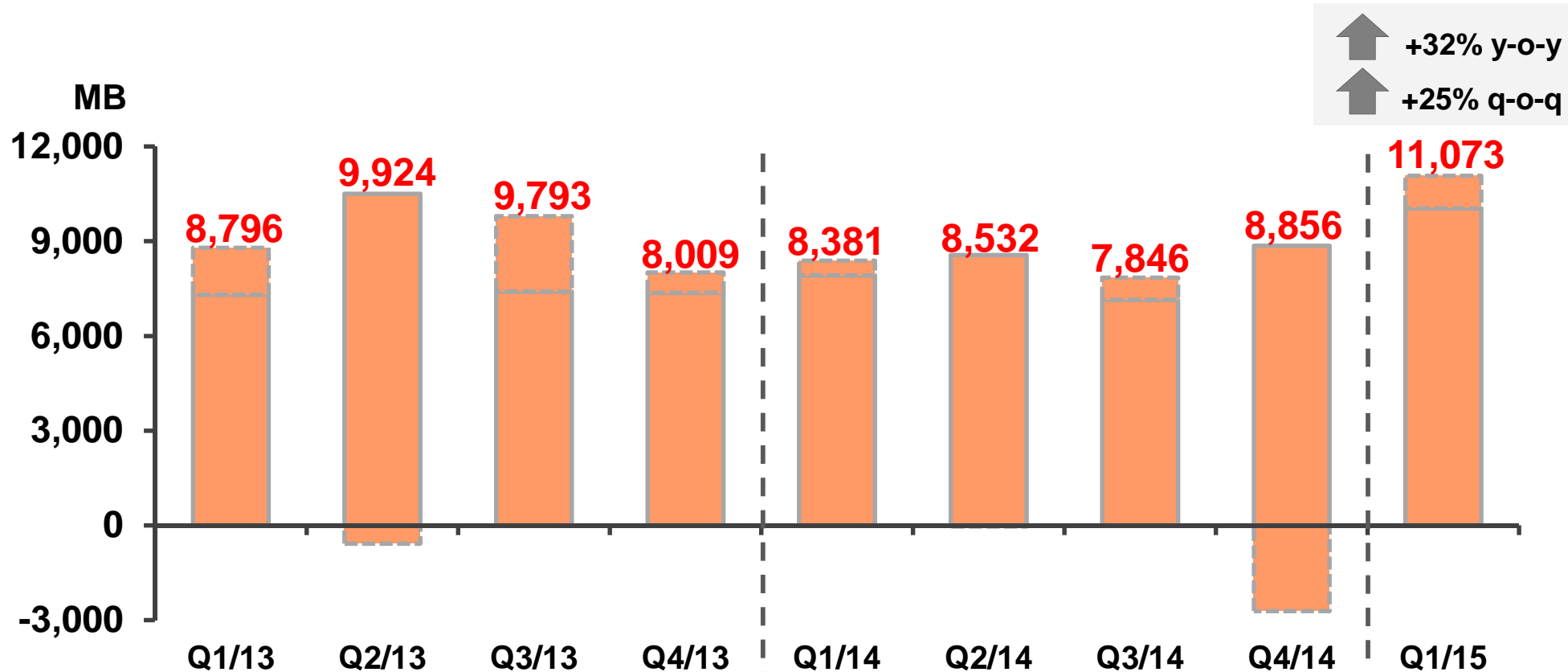
Q1/15 contribution from associates gained 30% y-o-y and 38% q-o-q, driven by better earnings from the chemicals associates.



# Profit for the Period



Q1/15 profitability gained 32% y-o-y and 25% q-o-q from better chemicals earnings performance.



	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
<b>Total Non-recurring</b>	<b>1,490</b>	<b>(580)</b>	<b>2,390</b>	<b>640</b>	<b>460</b>	<b>(30)</b>	<b>700</b>	<b>(2,710)</b>	<b>1,020</b>
1) Insurance Claim (Sub + Asso.)	200	580	0	470	450	50	150	120	0
2) FX Gain (Loss)	1,030	(320)	(160)	(1,240)	(170)	0	680	130	460
3) Inventory Gain (Loss)*	260	(840)	840	810	180	(80)	(130)	(2,960)	(930)
4) Sales of Investment	0	0	170	600	0	0	0	0	1,490
5) Fair value adj.(non-cash)	0	0	1,530	0	0	0	0	0	0

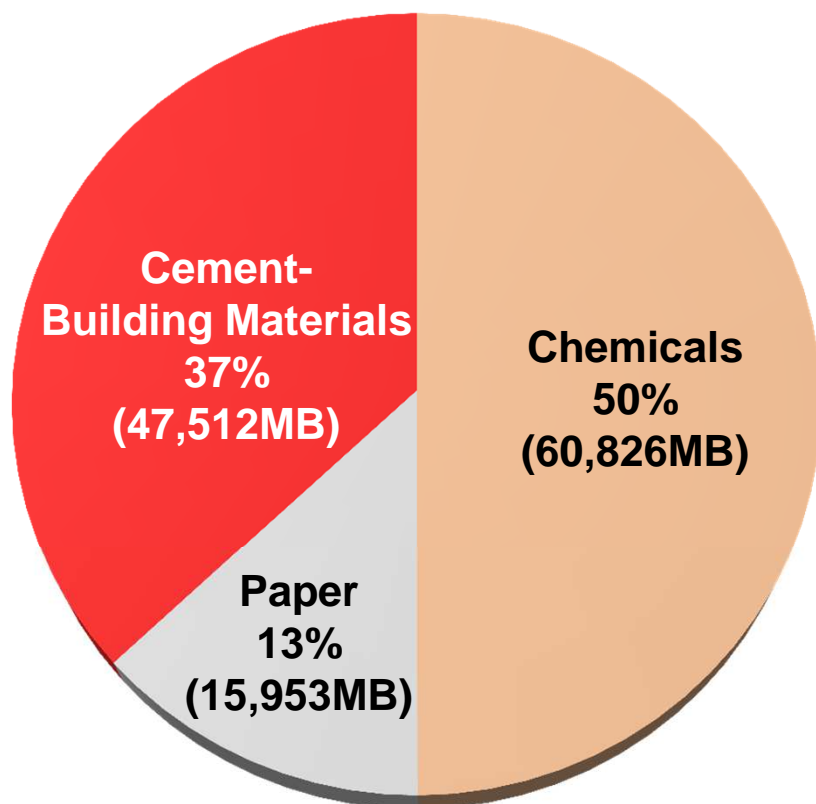
\*Note: SCG Chemicals (Sub + Asso.)

# Segmented Revenue from Sales

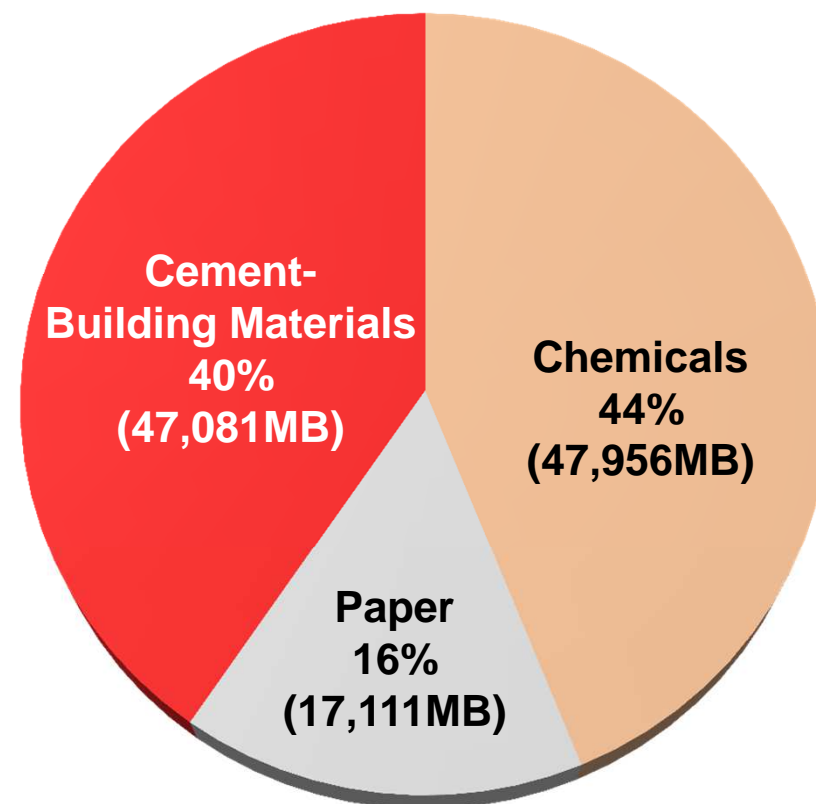


Chemicals accounted for 44% of Q1/15 revenue, down from 50% in Q1/14 on lower chemicals selling prices (lower oil price).

Q1/14  
121,765 MB



Q1/15  
109,276 (-10% y-o-y)

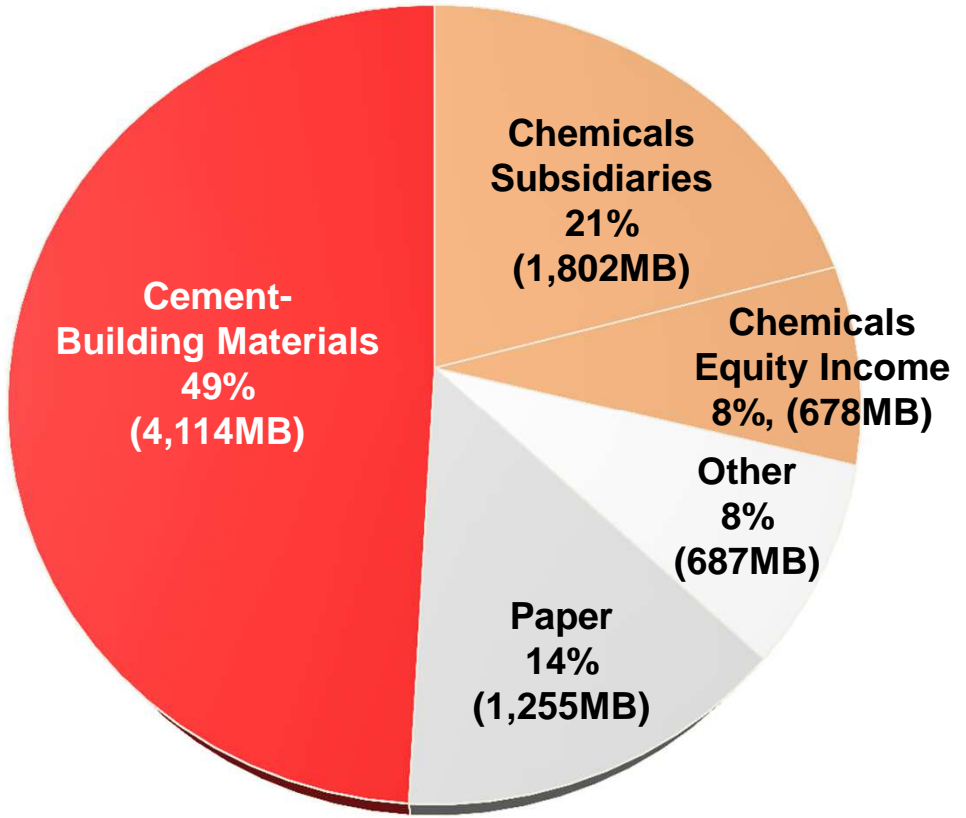


# Segmented Profit for the Period

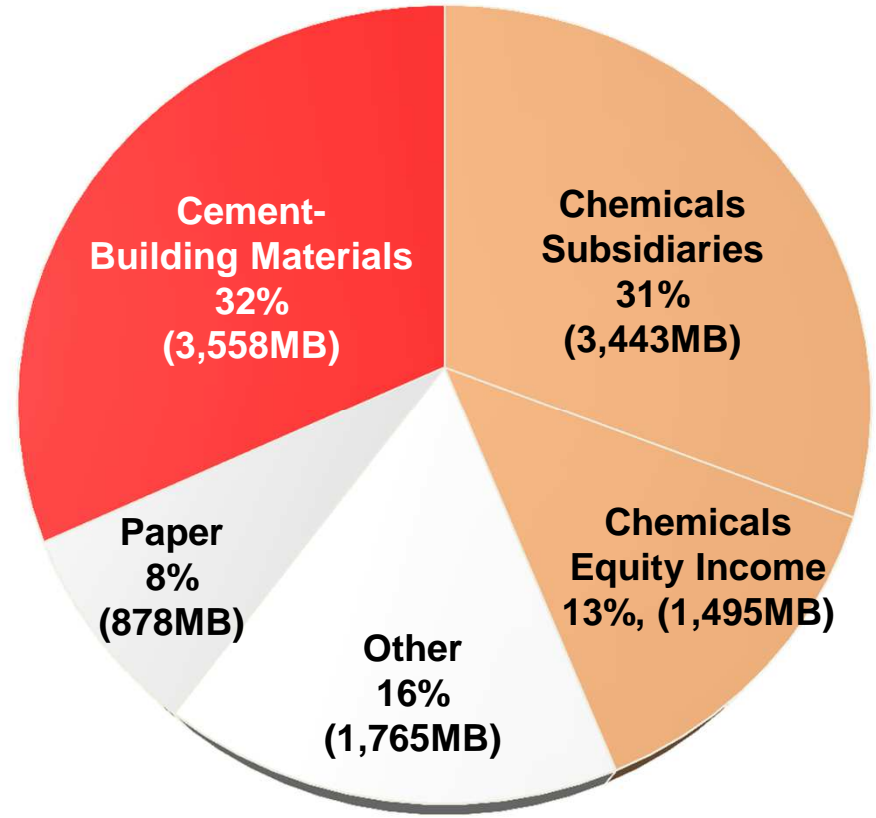


The chemicals business was the primary contributor to SCG's Q1/15 earnings at 44%, followed by the cement - building materials business at 32%.

**Q1/14**  
**8,381 MB**



**Q1/15**  
**11,073 MB (+32% y-o-y)**



*Other = Mainly SCG Investment and Corporate*

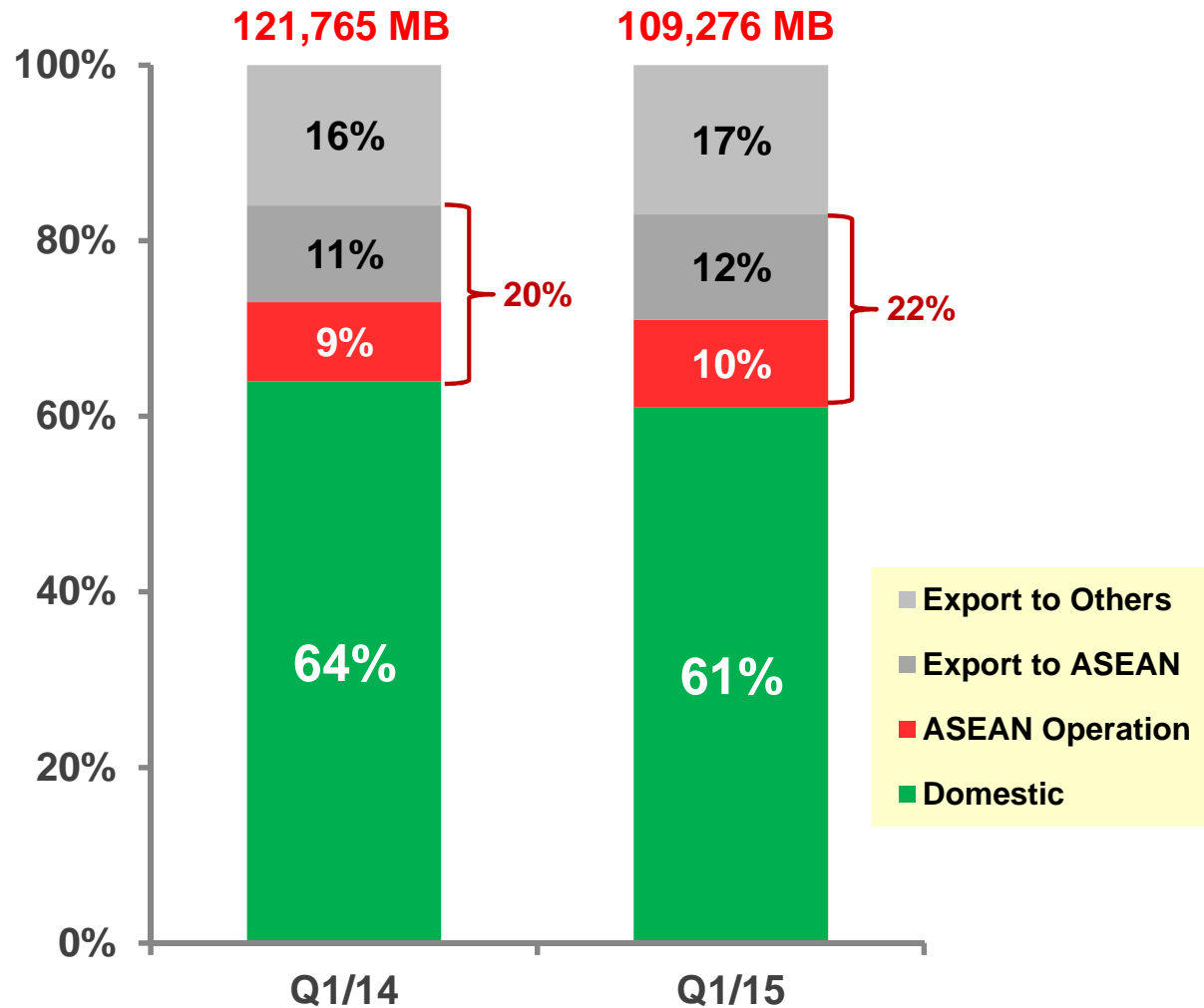


# Segments: Export Sale and ASEAN Operation

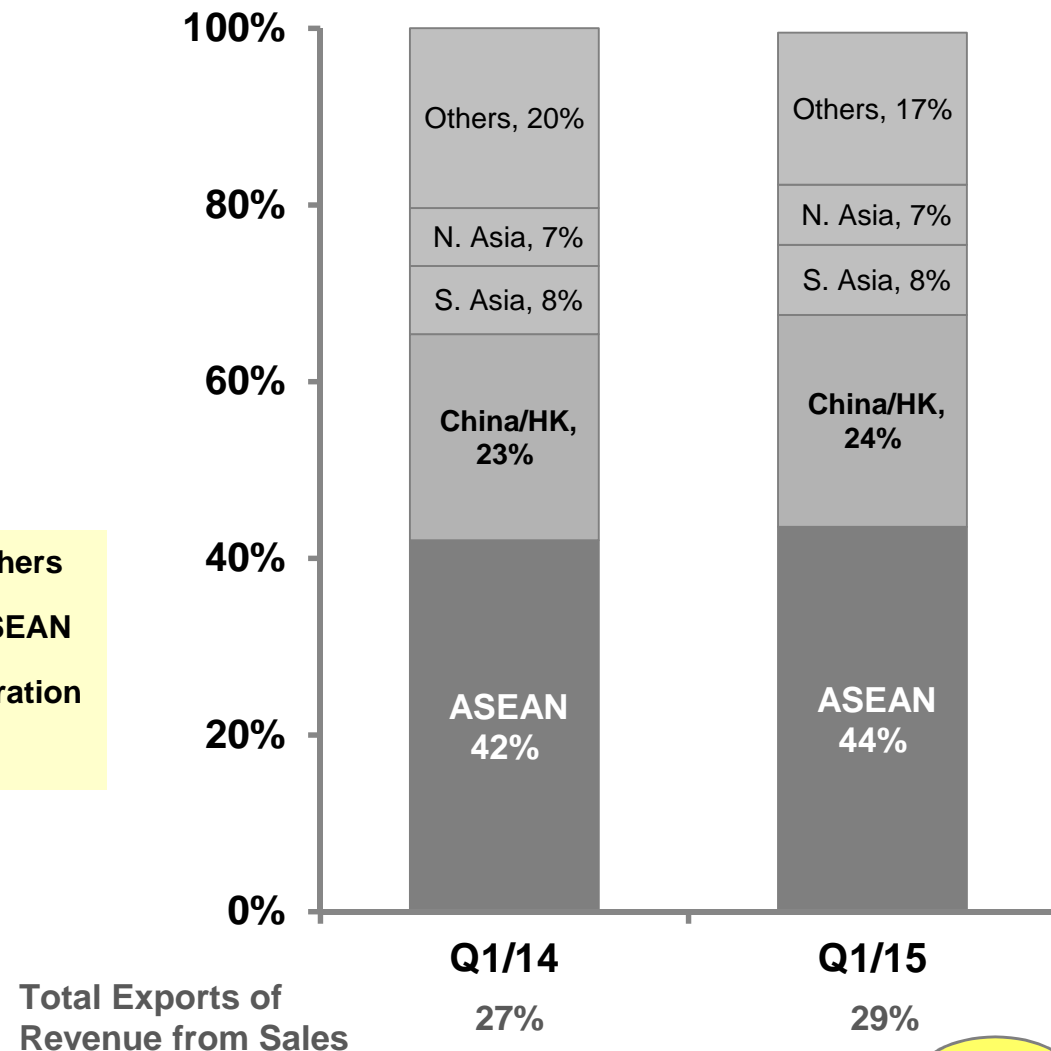


ASEAN exports and ASEAN operations accounted for 22% of SCG's Q1/15 revenue.

## Sales Destinations



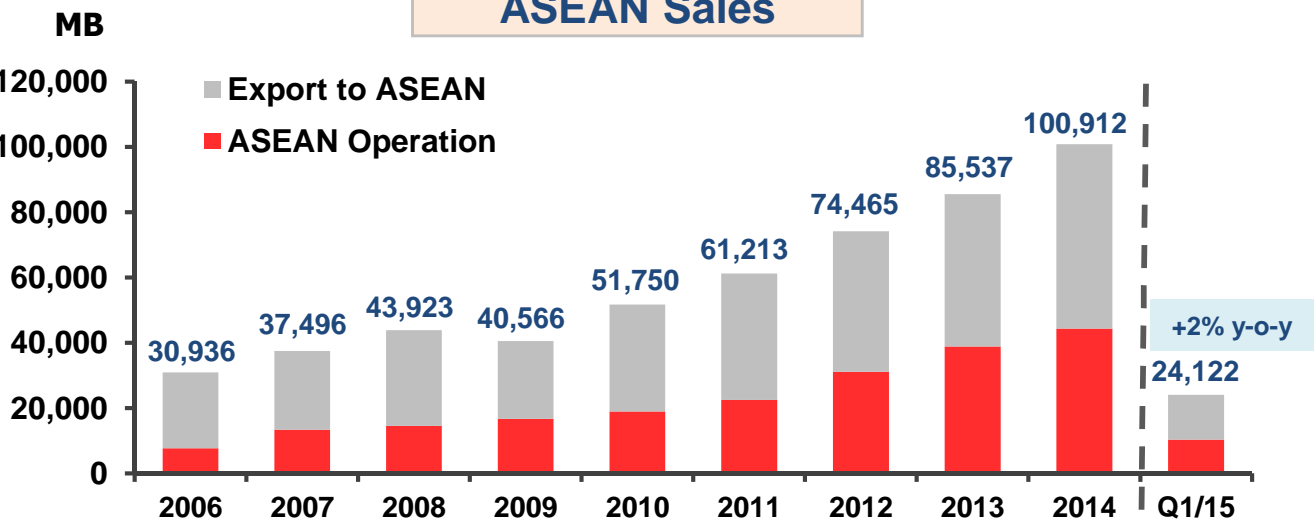
## Export Destinations



# Segments: Export Sale and ASEAN Operation

ASEAN exports and ASEAN operations grew 2% y-o-y in Thai Baht terms.

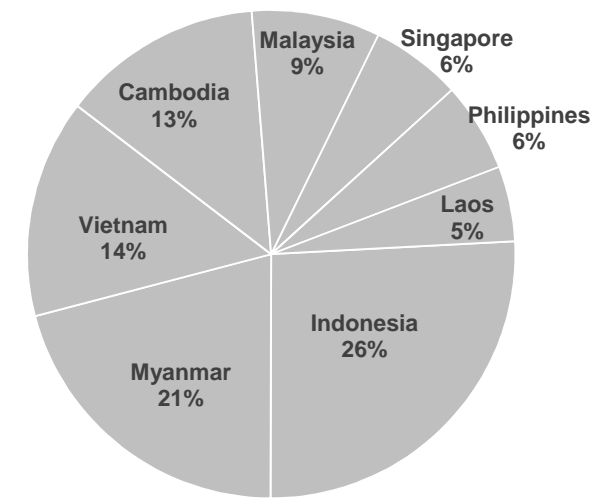
**ASEAN Sales**



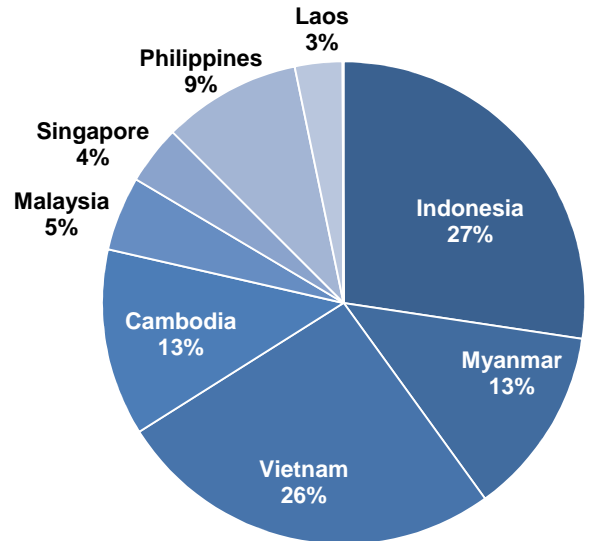
Percentage of total sales from ASEAN Operations:



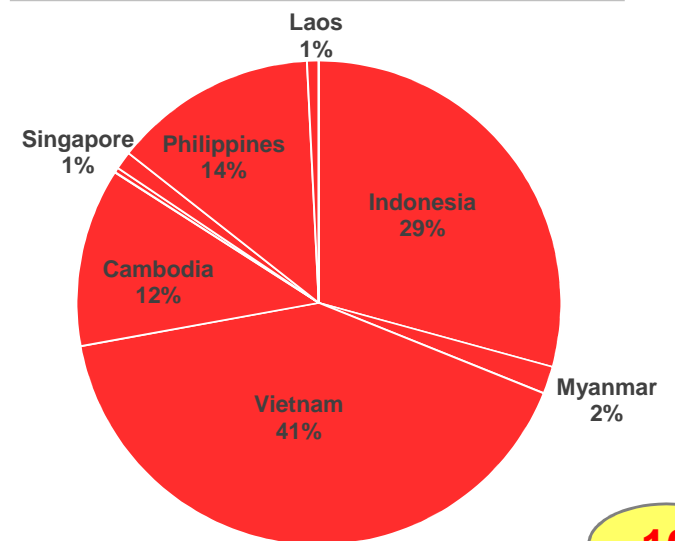
**Export to ASEAN by countries**



**ASEAN Sales by countries**



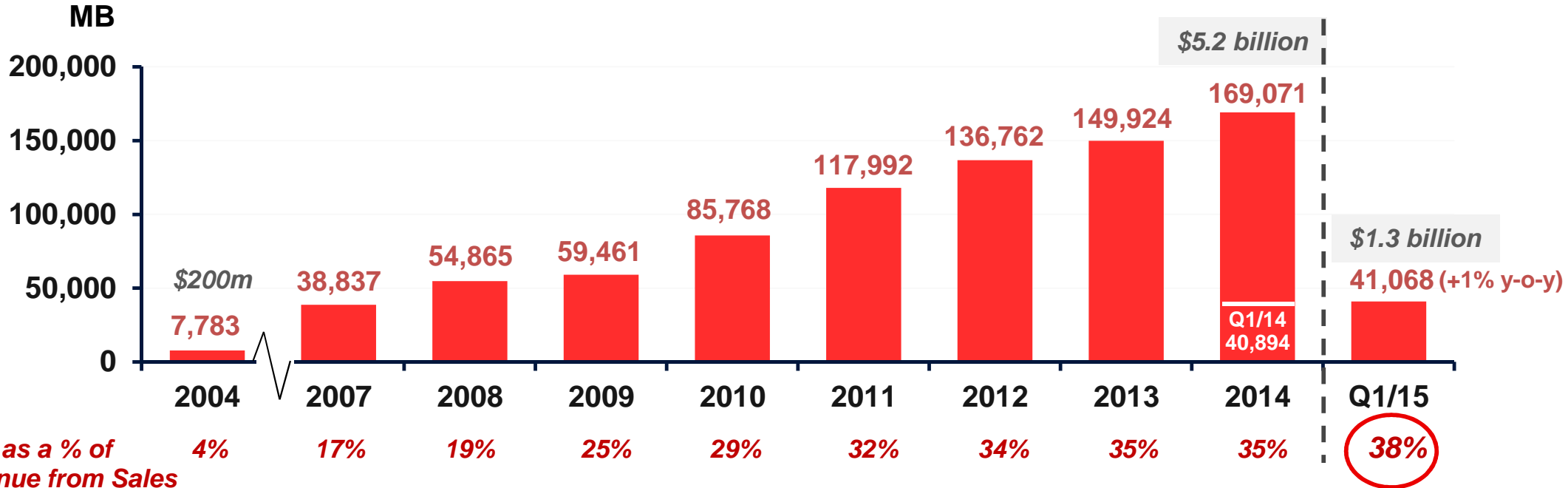
**ASEAN Operation by countries**



# HVA's Revenue from Sales



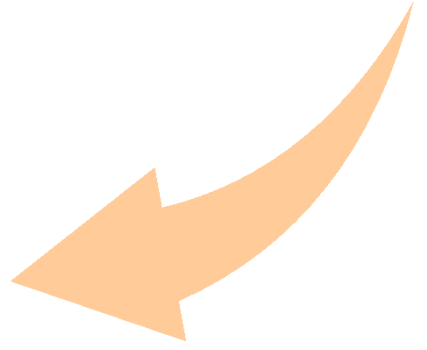
**Consolidated:**



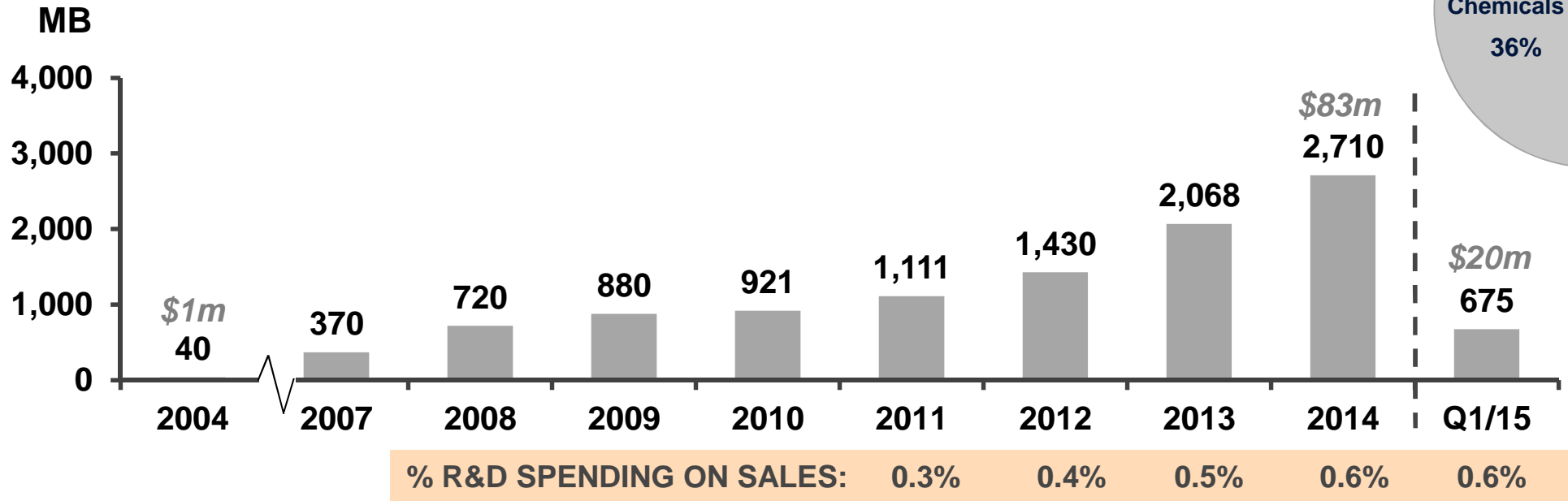
HVA as a % of Revenue from Sales

**SBU:**

	2013	2014	Q1/15
Cement-Building Materials	41%	42%	42%
Chemicals	27%	27%	31%
Chemicals (Includes associates)	50%	50%	51%
Paper	38%	39%	39%

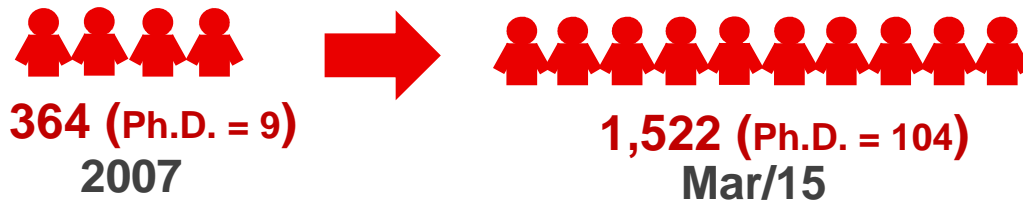


## R&D Spending



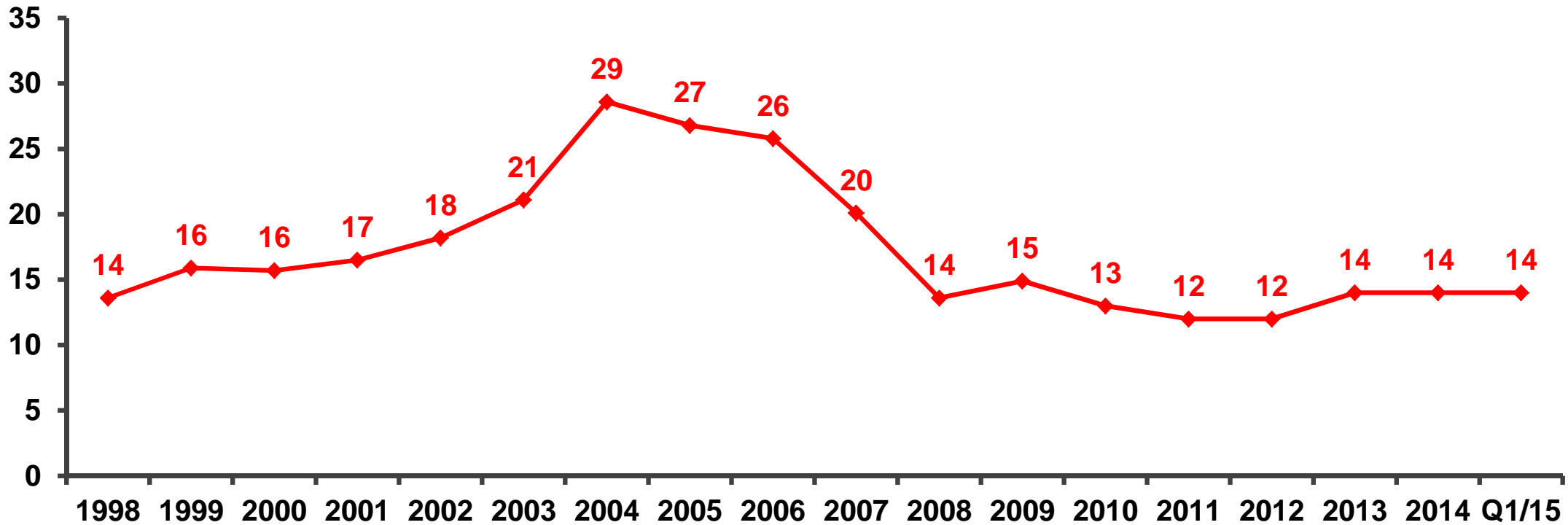
## R&D and Product Design Team

(staff / Mar/15)



## EBITDA on Total Assets

Percent (%)



EBITDA Margin (%):

23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13	17
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EBITDA on Assets = EBITDA / Consolidated Assets

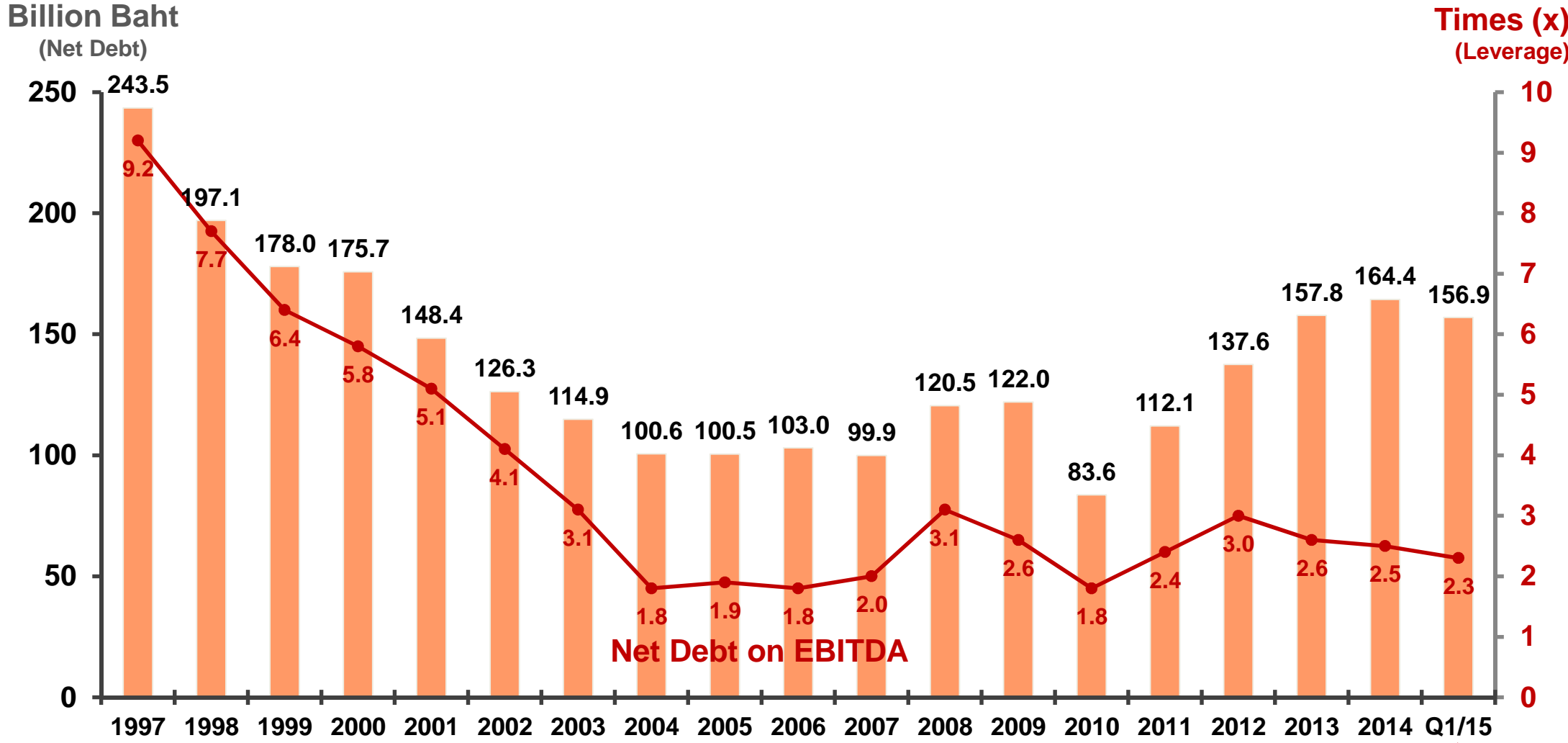
EBITDA margin = EBITDA from Operations / Consolidated Sales

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# Net Debt



Leverage dropped to 2.3 times (x), on healthy EBITDA and lower net debt.



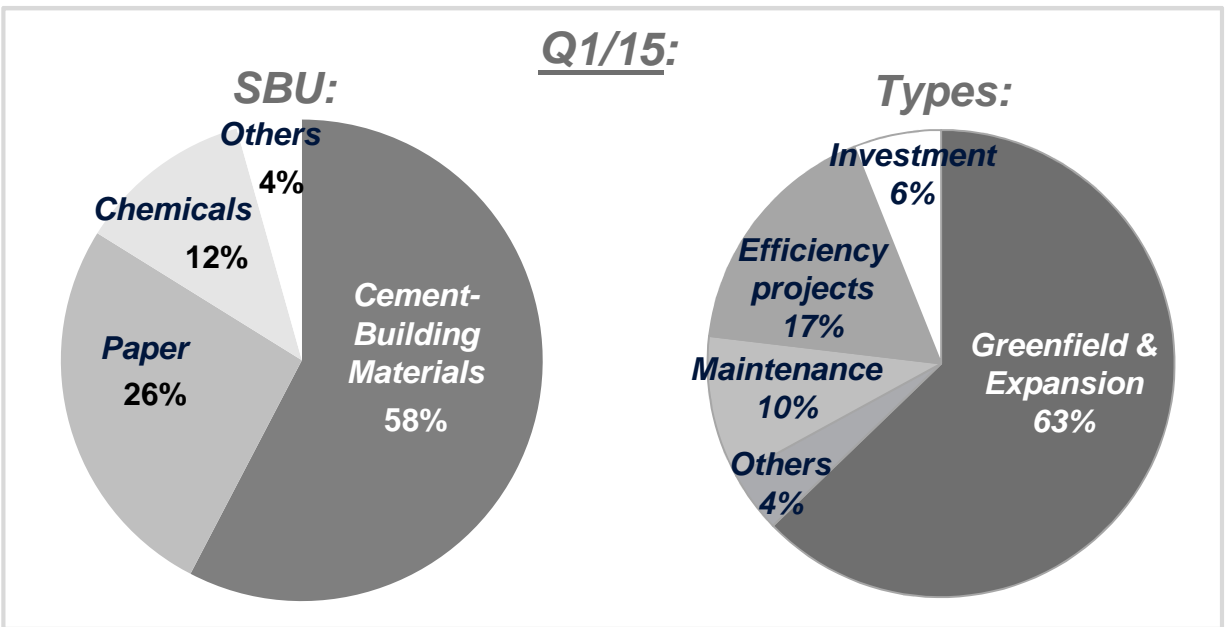
Net Debt on EBITDA

Net Debt to Equity = 0.7X

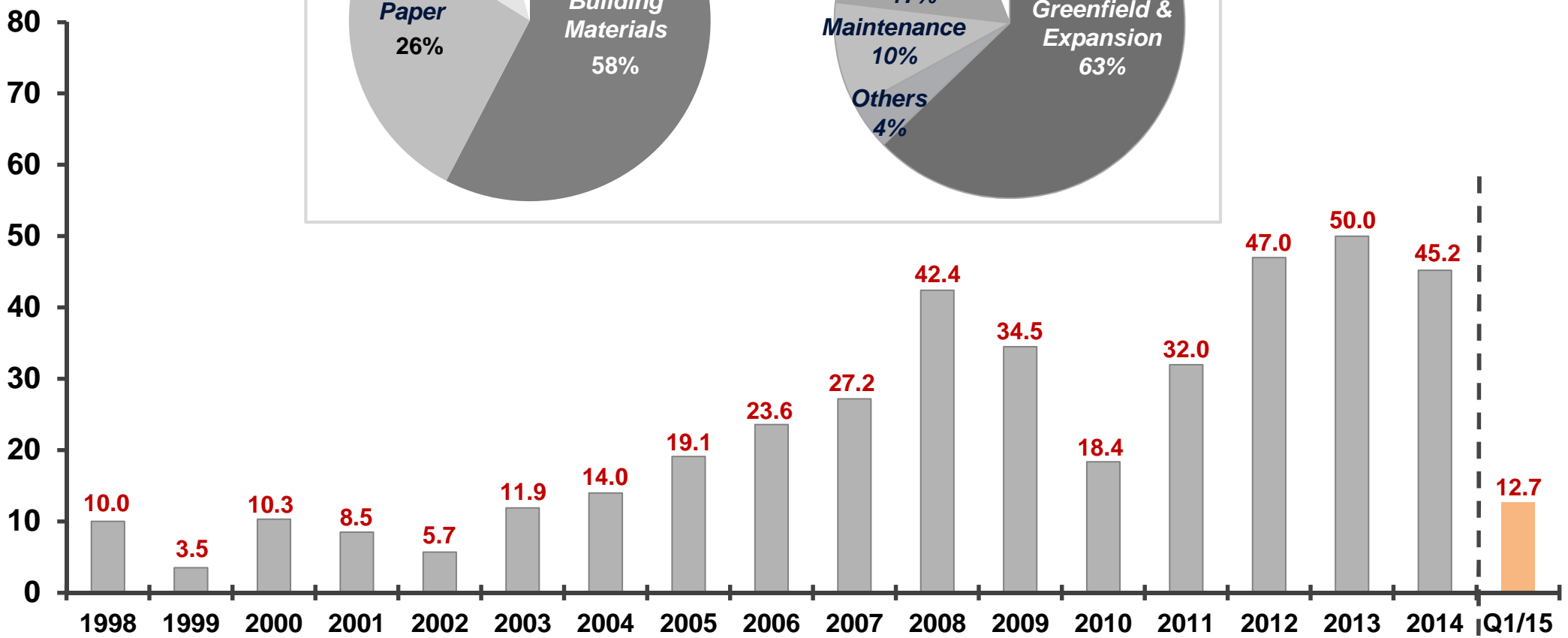
# CAPEX & investments



Amounted to 12,662 MB in Q1/15, which was mainly the greenfield expansion in the cement-building materials business.



Billion Baht

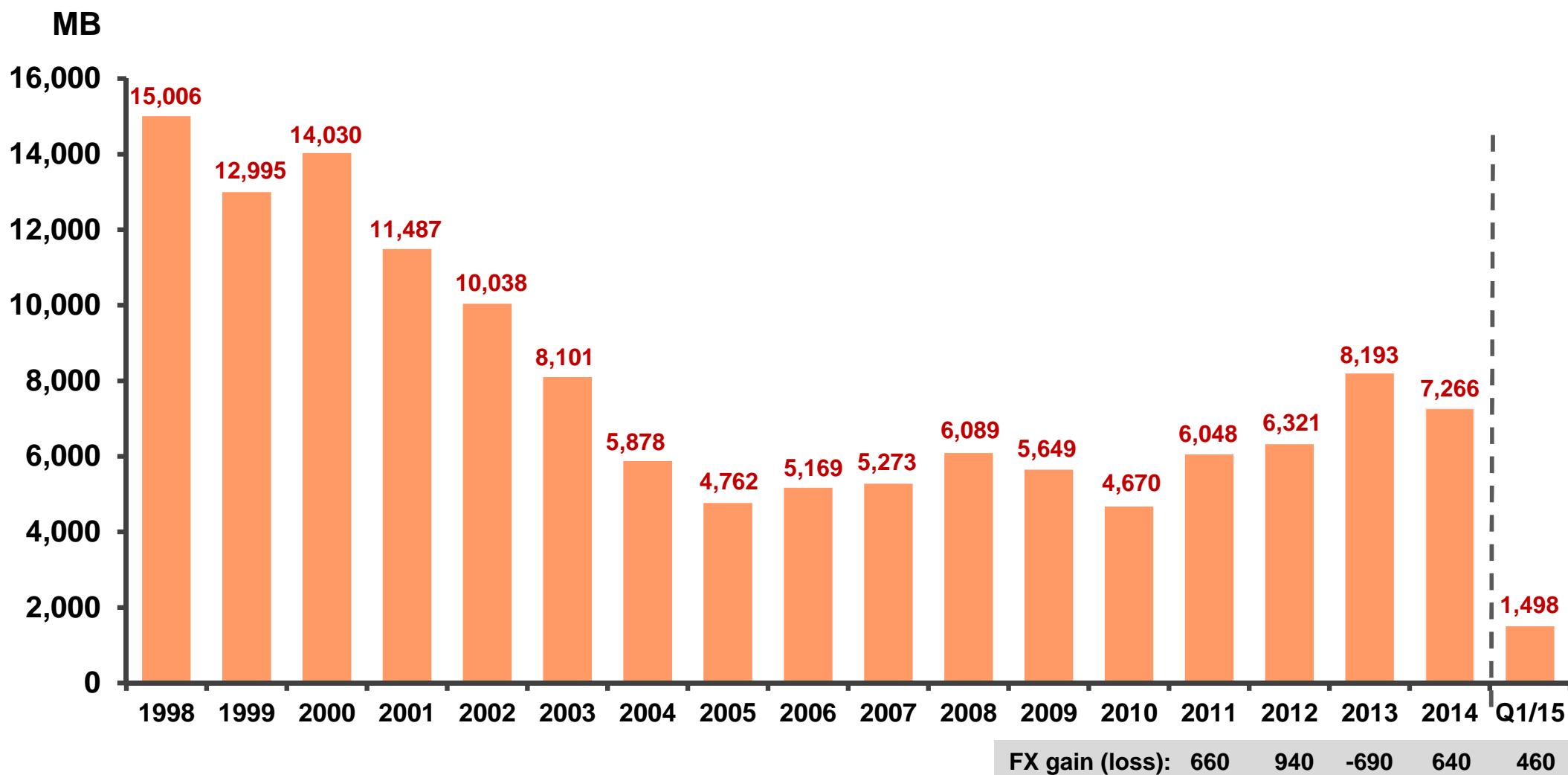


- CAPEX includes debottlenecking, expansion projects, and major turnaround.  
 - Investments are acquisitions and purchase of shares.



# Interest and Finance Costs

The Q1/15 total of 1,498 MB includes a FX gain of 460 MB, while interest cost was 4.1%.

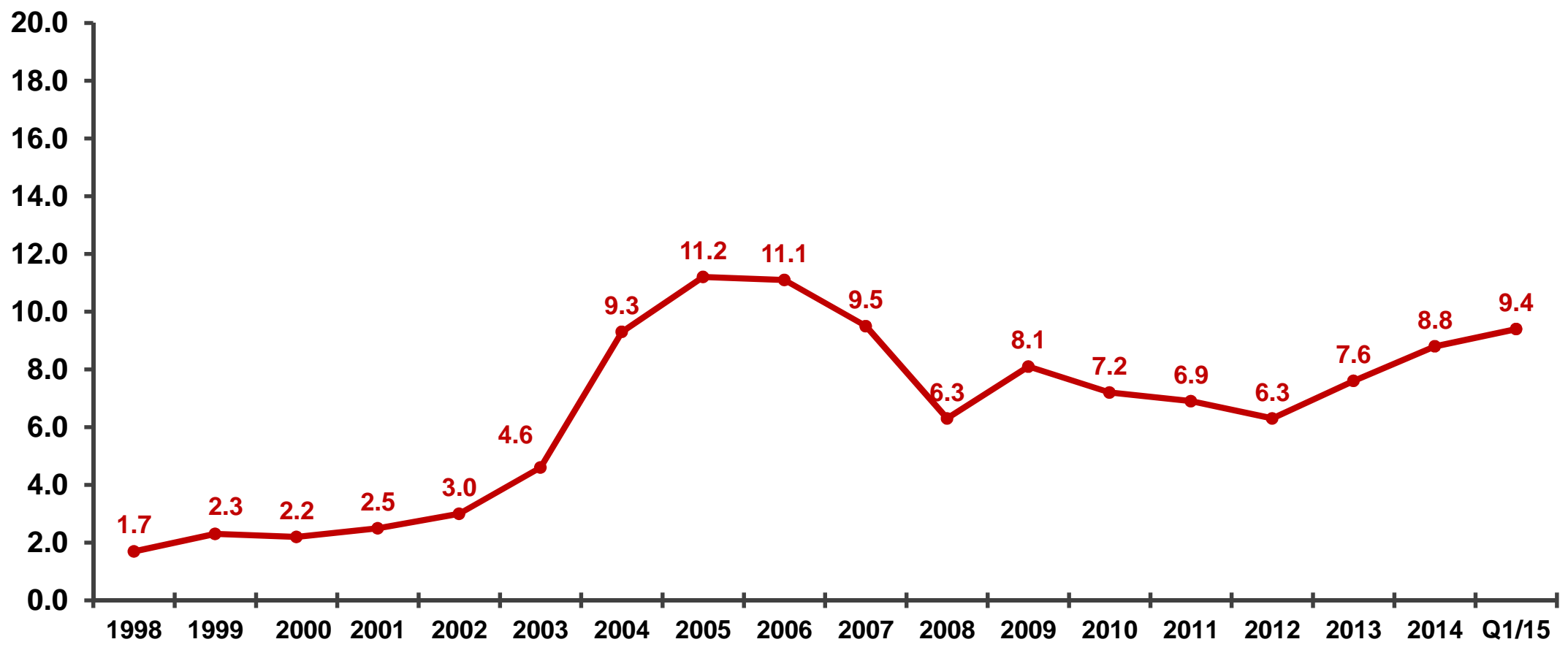


**NOTE:** Interest & financial charges include FX gain/loss transactions.

# Interest Coverage Ratio



Times (x)



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

## Highlights:

- Net Working Capital decreased 3% q-o-q to 58,123 MB, with Inventory to Net Sales of 40 days, from 41 days in Q4/14.
- Cash & cash under management of 35,064 MB at the end of Q1/15.
- Divestment of the remaining 10% stake in Michelin (Thailand), with a non-recurring gain of 1,490 MB (proceeds of 2,330 MB).
- Full subscription to the Apr 1/15 debenture issuance of 30 Billion Baht (15 Billion Baht 4-year, 3.90% and 15 Billion Baht 3-year, 3.75%) which replaced the 15 Billion Baht matured debenture (4-year, 4.00%).

## Outlook:

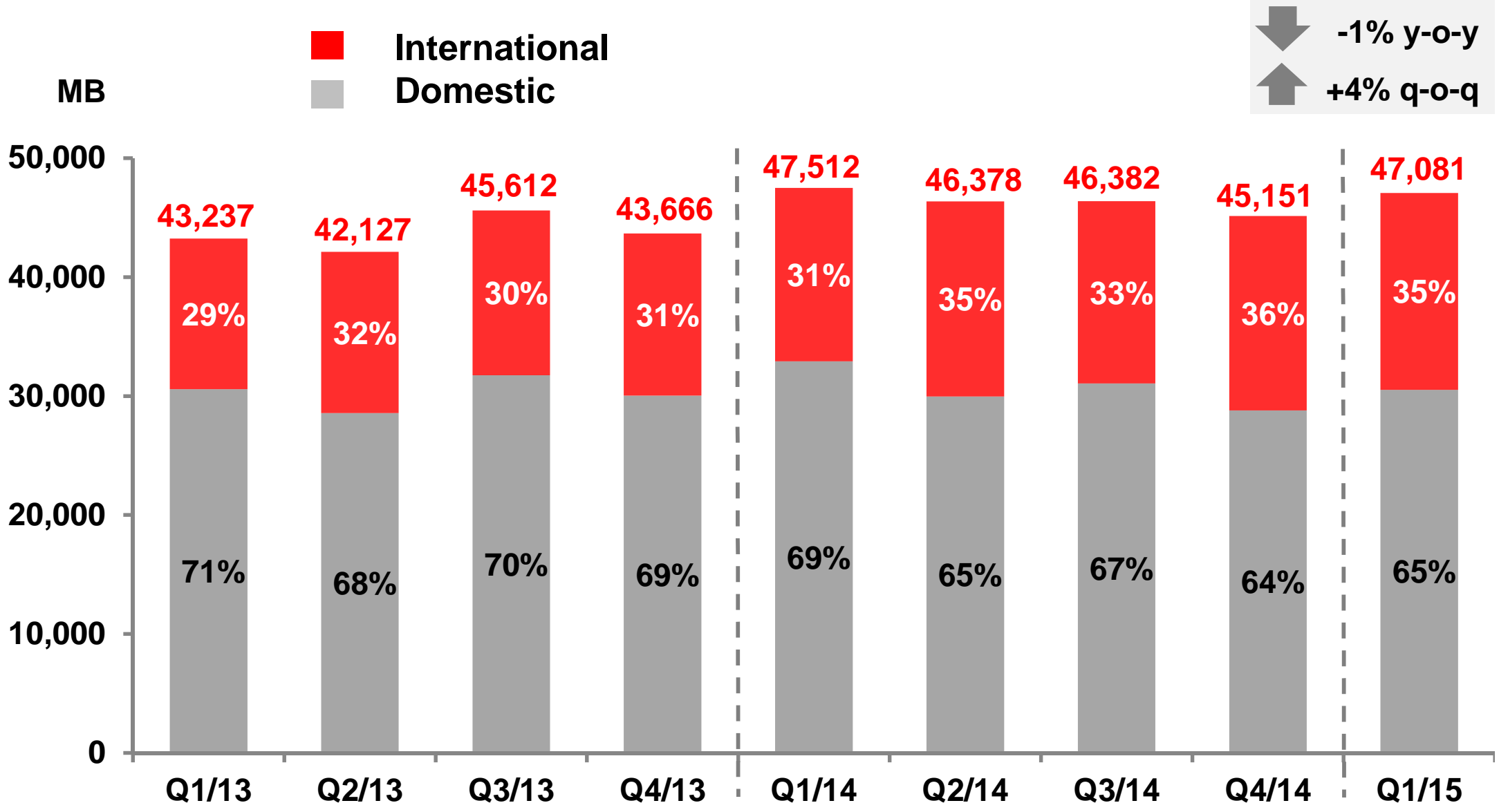
- Solid financial position, with manageable leverage.
- Continued recovery of the chemicals business, with stability in the cement and building materials business.
- Forecasted FY2015 CAPEX & Investments of 50,000 – 60,000 MB.
- Estimated FY2015 depreciation of 22,000 MB.

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# Revenue from Sales

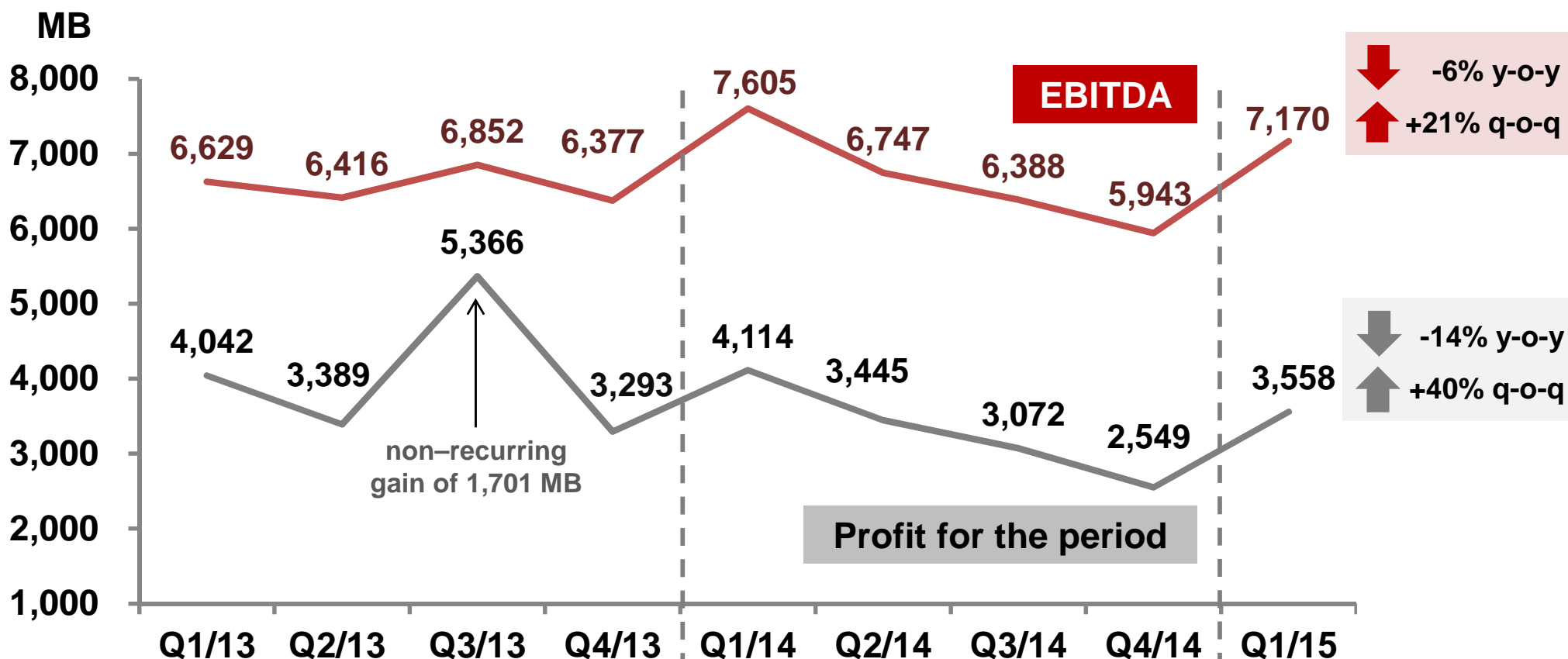


Sales in Q1/15 decreased -1% y-o-y due to the domestic market softness



# EBITDA and Profit for the Period

Q1/15 EBITDA dropped -6% y-o-y as a result of weaker domestic volume and prices. Profitability declined -14% y-o-y due to depreciation.



## EBITDA Margin \*

	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
<b>Total</b>	15%	15%	15%	14%	16%	15%	14%	13%	15%
International	9%	9%	9%	7%	9%	9%	9%	10%	10%
Domestic	17%	17%	18%	16%	18%	16%	16%	15%	18%
<i>Domestic Structural Pro</i>	28%	27%	28%	25%	28%	26%	25%	21%	27%

## EBITDA Portion

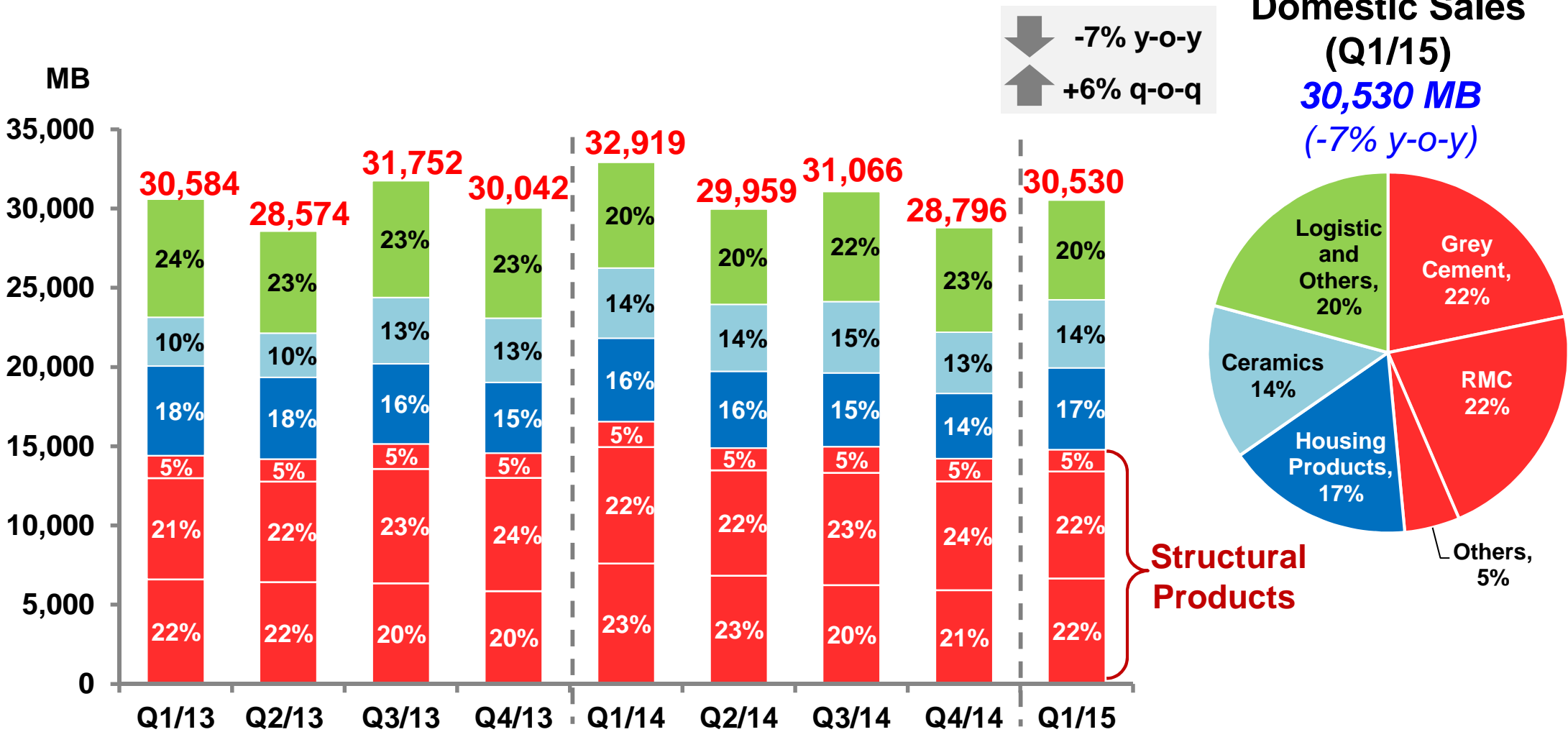
	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
<b>International</b>	19%	24%	23%	20%	19%	25%	23%	28%	24%

\* EBITDA margin = EBITDA from Operations / Consolidated Sales

- Cement demand dropped -2% y-o-y in Q1/15 due to poor household consumption and low private investment.
- Ready-mixed concrete (RMC) demand dropped -5% y-o-y in Q1/15, while maintaining a stable average price range of 1,800-1,850 baht per cubic meter.
- Demand for housing products (roof ceiling & wall) and ceramics both dropped -3% y-o-y in Q1/15, attributed mainly to the economic recover slowly, in addition to lower agricultural farm product prices.

# Domestic sales segmentation

Q1/15 sales in Thailand remained soft, dropping -7% y-o-y, while seasonal effect contributed to +6% q-o-q growth



**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 )

	FY2014	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
<b>Total Market* (100%)</b>	<b>-1%</b>	<b>+4%</b>	<b>+0%</b>	<b>-3%</b>	<b>-3%</b>	<b>-2%</b>
<b>Commercial Retail (18-20%)</b>	<b>+1%</b>	<b>+14%</b>	<b>+5%</b>	<b>-4%</b>	<b>-8%</b>	<b>-6%</b>
<b>Gov't (28-30%)</b>	<b>-1%</b>	<b>+1%</b>	<b>-2%</b>	<b>-3%</b>	<b>+0%</b>	<b>+10%</b>
<b>Residential (50-52%)</b>	<b>-1%</b>	<b>+1%</b>	<b>-1%</b>	<b>-2%</b>	<b>-3%</b>	<b>-7%</b>

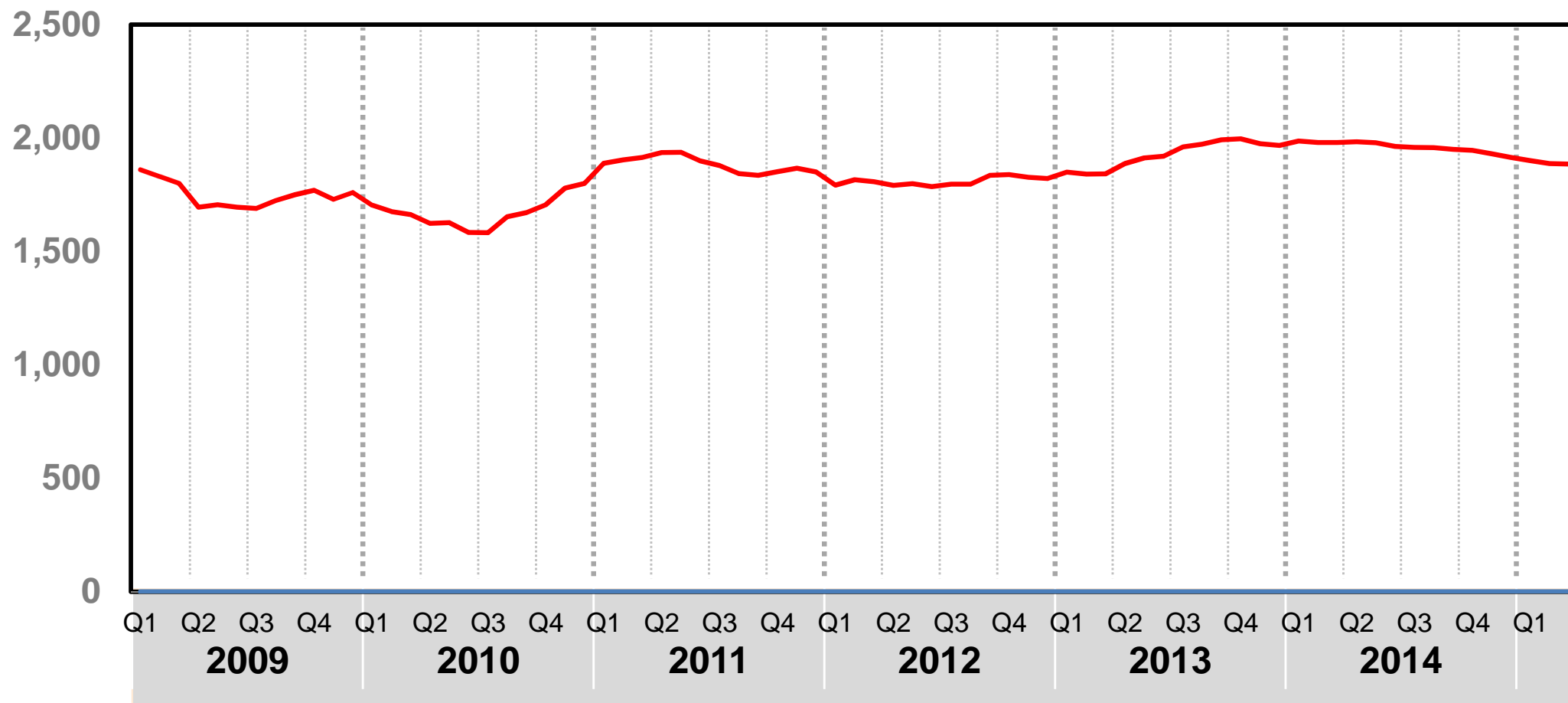
**Note:** \* Volume market distribution

# Domestic cement price

Average prices in Q1/15 softened to the 1,850-1,900 Bt/ton level (from 1,900-1,950 Bt/ton in Q4/14) due to the -2% y-o-y drop in volume.

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

Baht/Ton



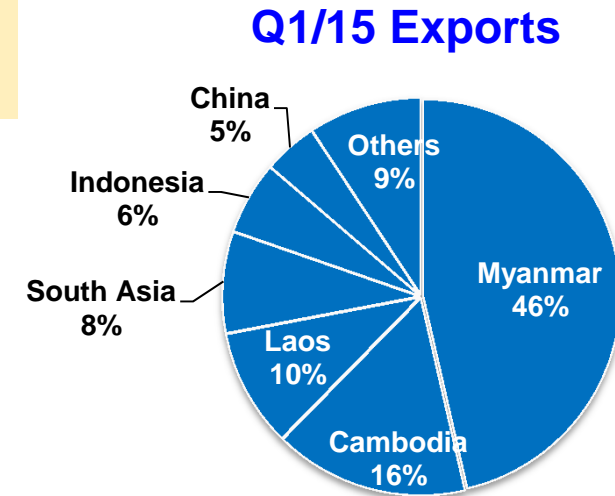
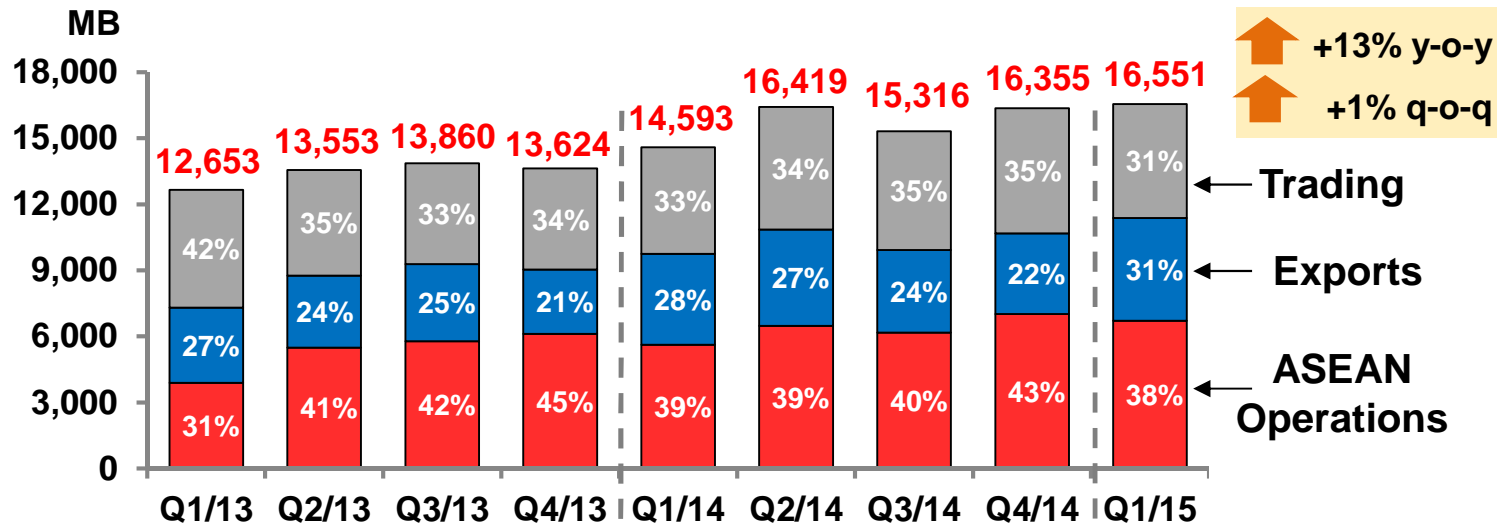
**Sale Mix**

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

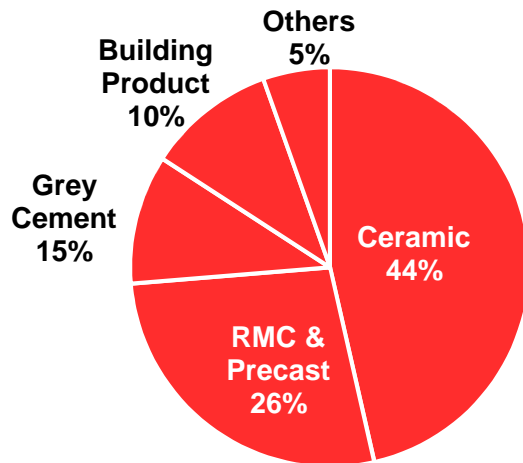
- Indonesian cement demand dropped -3% y-o-y in Q1/15, due to slow growth in residential and delay infrastructure projects.
- Cambodian cement demand grew +8% y-o-y in Q1/15, driven by growths in the commercial and residential segments.
- Myanmar cement demand grew +17% y-o-y in Q1/15, attributed to residential and infrastructure projects in the main cities.

# International sales segmentation

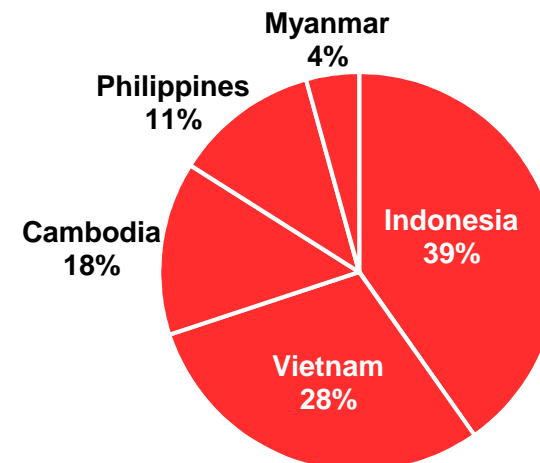
Q1/15 sales grew +13% y-o-y, mainly from increased ASEAN operations and export sales.



Q1/15 ASEAN Operations (Products)



Q1/15 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

Sale volume was flat y-o-y, while domestic and Indonesia economy continued to recover slowly.

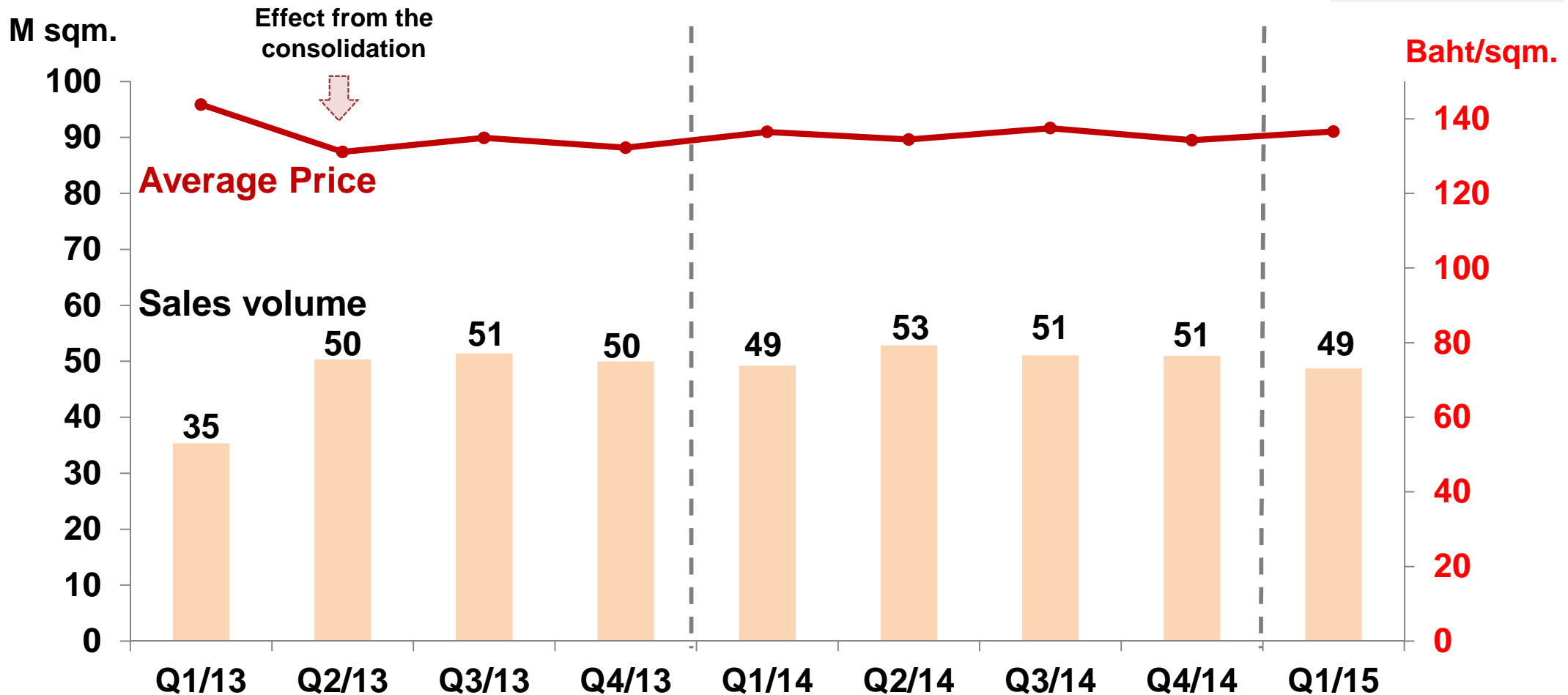
## Sales volume & prices for all ASEAN subsidiaries

Volume change

Flat y-o-y



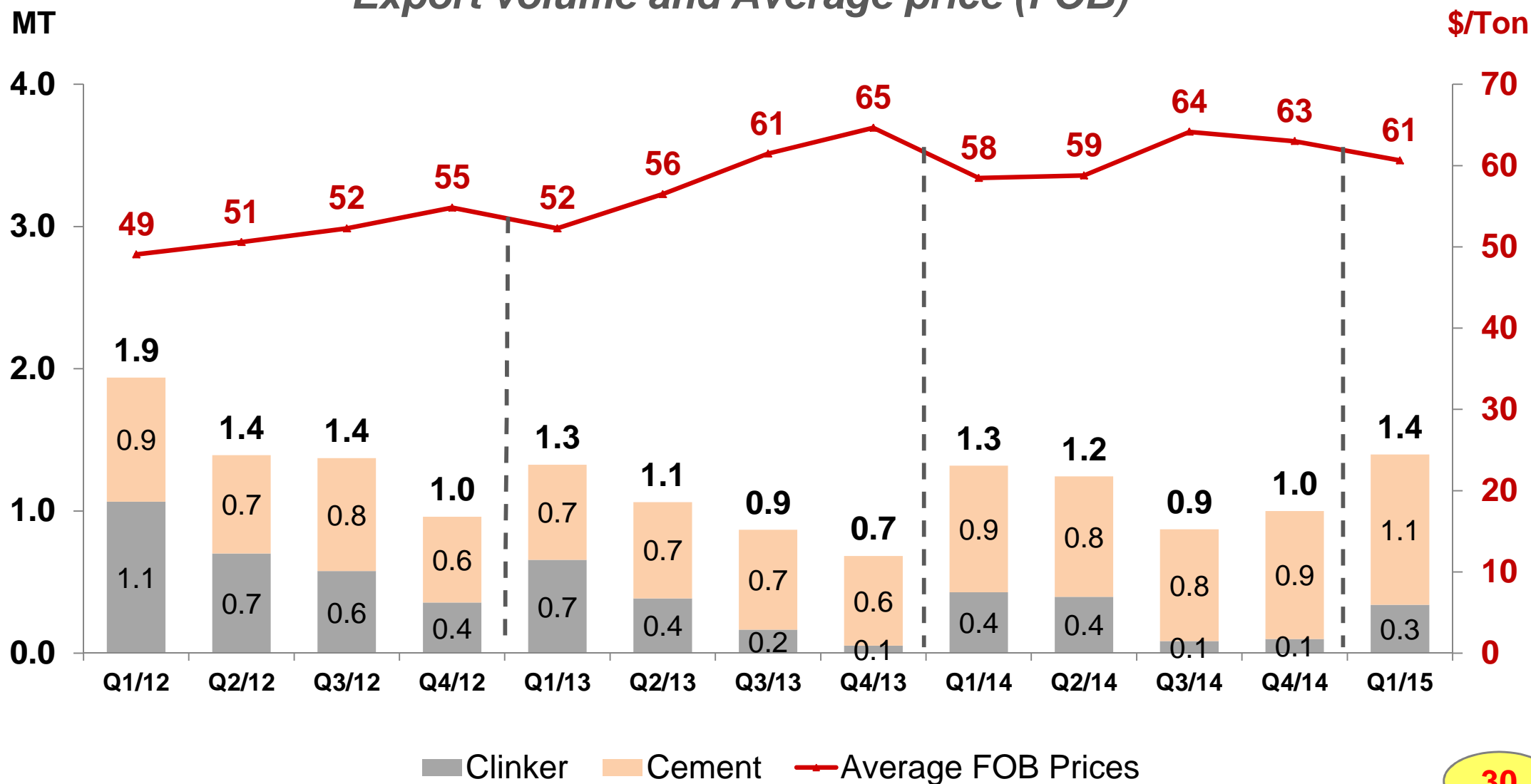
-4% q-o-q



# Cement exports

Exports reached 1.4 MT in Q1/15, 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 FY2015 is expected to range between +3% to +4% y-o-y, while most of the growth will be in H2/15.
- Domestic demand growth of housing products are projected to remain negative in Q2/15, while ceramic demand are forecasted flat growth in 2015.
- ASEAN (ex-Thailand) demand for cement and building materials is expected to remain healthy.

## Plants startup in 2015 :

- **Cambodia cement plant (2nd line):** on progress for construction and on process of staff preparation, with production expected within Jun 2015.
- **Indonesia cement plant:** commenced civil work with gradual progress on all related works, with production expected in H2/15.

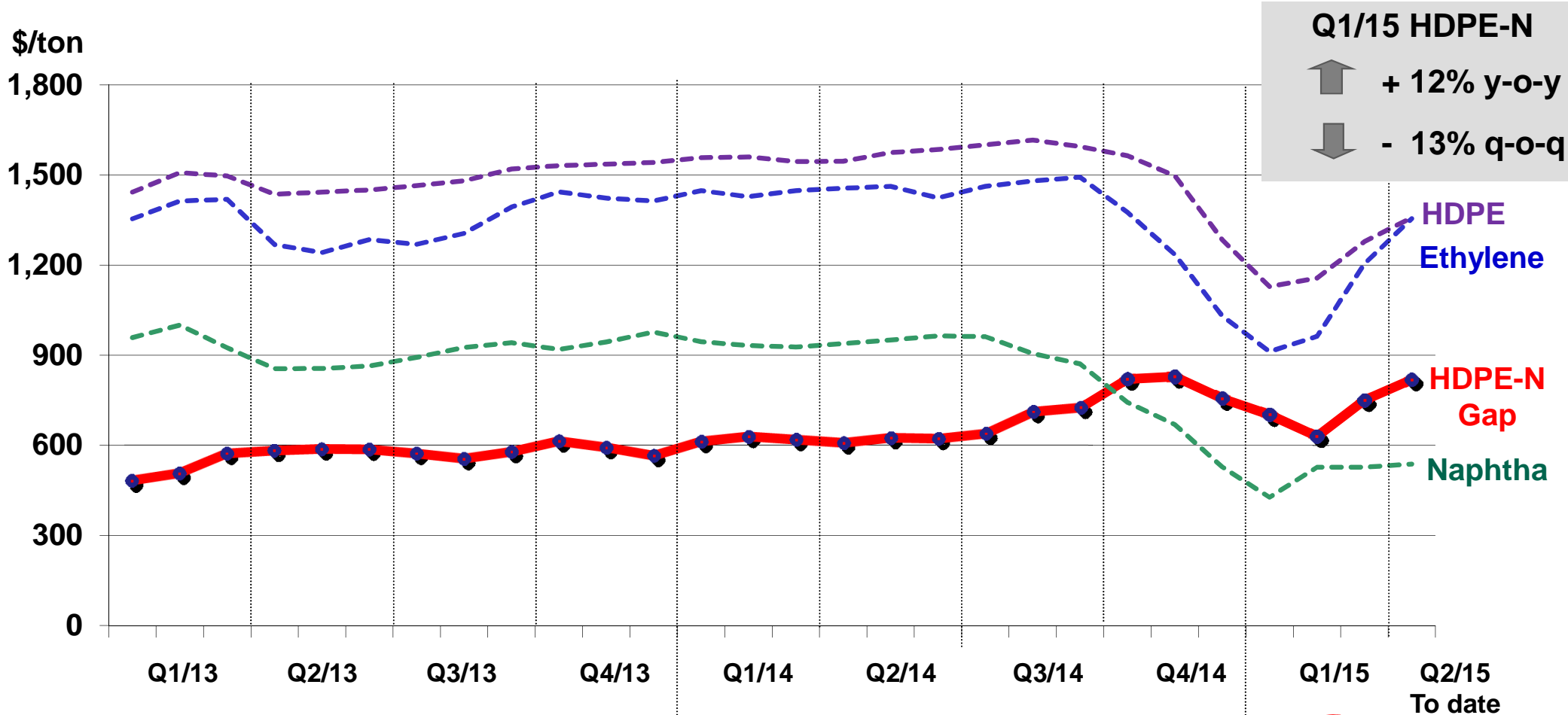
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	Q1/15	q-o-q change	Notes
<b>Crude (Brent)</b>	\$54/bbl	-\$23/bbl (-30%)	downward price volatility
<b>Naphtha</b>	\$494/ton	-\$153/ton (-24%)	lower oil prices and less demand from cracker turnarounds
<b>HDPE</b>	\$1,188/ton	-\$260/ton	lower oil prices and demand temporarily withdrawn
<b>PP</b>	\$1,158/ton	-\$307/ton	lower oil prices and demand temporarily withdrawn
<b>HDPE-Naphtha</b>	\$694/ton	-\$108/ton	gap normalization
<b>PP-Naphtha</b>	\$664/ton	-\$155/ton	gap normalization
<b>EDC</b>	\$265/ton	-\$126/ton	from VCM turnarounds
<b>PVC</b>	\$807/ton	-\$142/ton	soft demand in early Q1 despite a subsequent pick-up
<b>PVC-EDC/C2</b>	\$350/ton	+\$2/ton	low EDC prices amid pressure from ethylene supply
<b>MMA-Naphtha</b>	\$1,499/ton	-\$59/ton	demand remained strong
<b>BD-Naphtha</b>	\$238/ton	-\$168/ton	lower synthesis rubber demand
<b>PTA-PX</b>	\$46/ton	-\$29/ton	oversupply of PTA

# HDPE – Naphtha Price Gaps

HDPE margins decreased to \$694/ton in Q1/15, due to slow HDPE price recovery, despite significant demand boost-up after Chinese New Year.

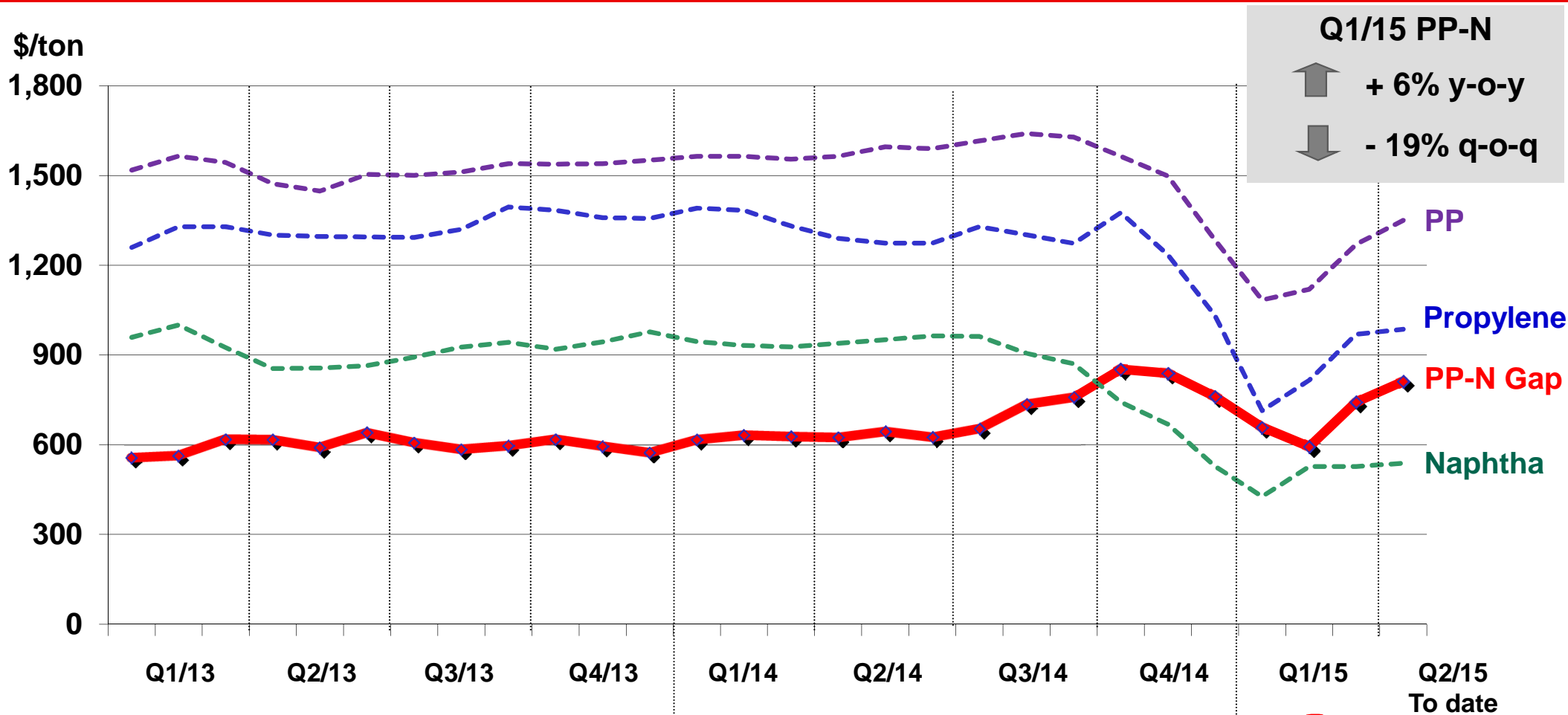


HDPE-Naphtha	521	585	568	590	620	618	691	802	694	819
Spread (\$/ton)	← 566 →		← 682 →							
HDPE-C2	87	178	166	110	113	121	125	234	161	3
C2-Naphtha	434	407	402	480	507	496	565	568	532	817

Note: Prices refer to SEA regional prices

# PP – Naphtha Price Gaps

PP margins dropped to \$664/ton, due to slow price recovery in early Q1/15, while demand picked up in late Q1/15.



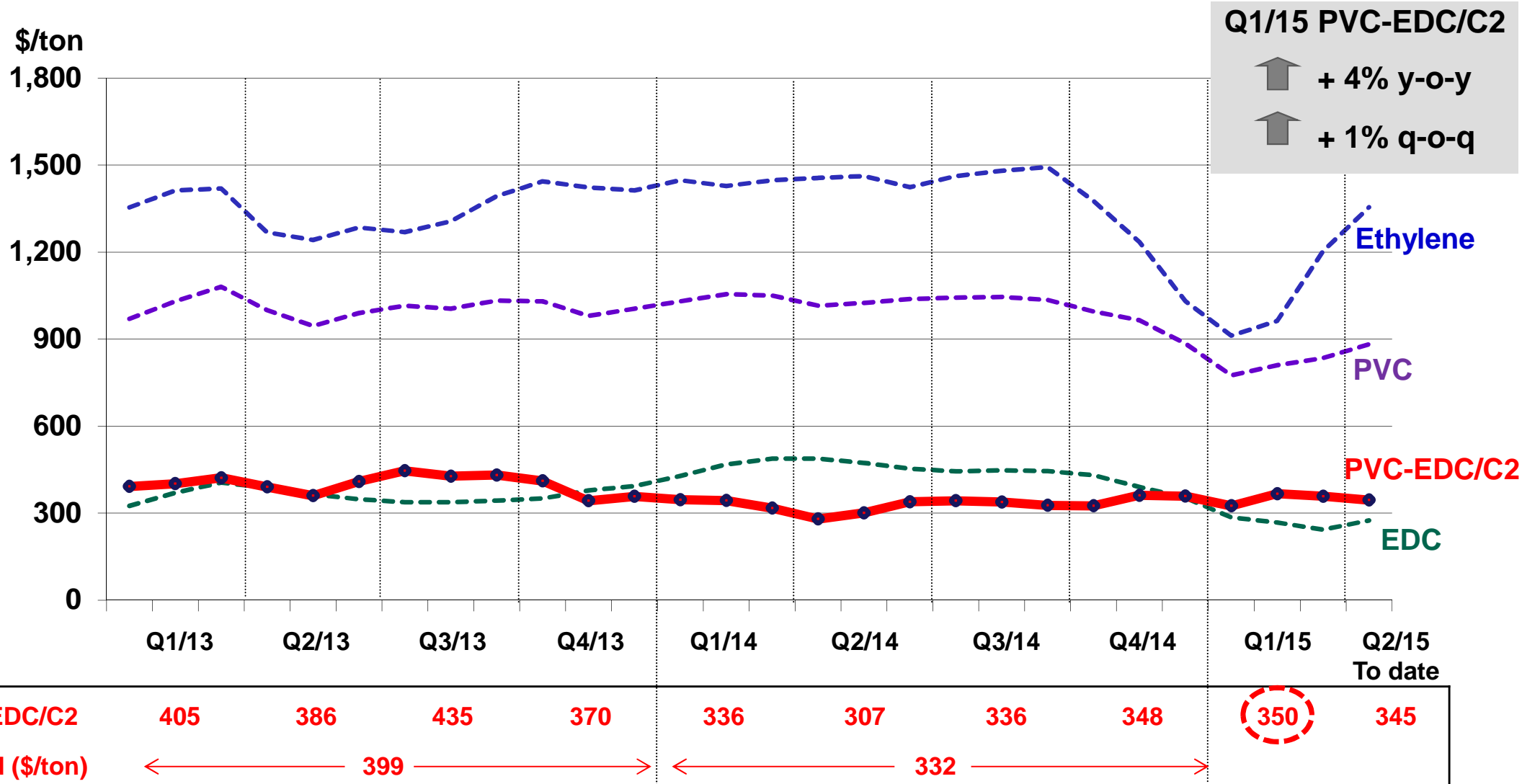
PP-Naphtha	581	617	597	597	626	632	716	819	664	812
Spread (\$/ton)	← 598 →				← 698 →					
PP-C3	236	178	182	177	192	304	328	433	325	364
C3-Naphtha	345	439	415	420	434	328	388	385	339	448

Note: Prices refer to SEA regional prices

# PVC



PVC margins gained slightly to \$350/ton from improved PVC demand in late Q1, while EDC prices dropped despite tight ethylene supply.



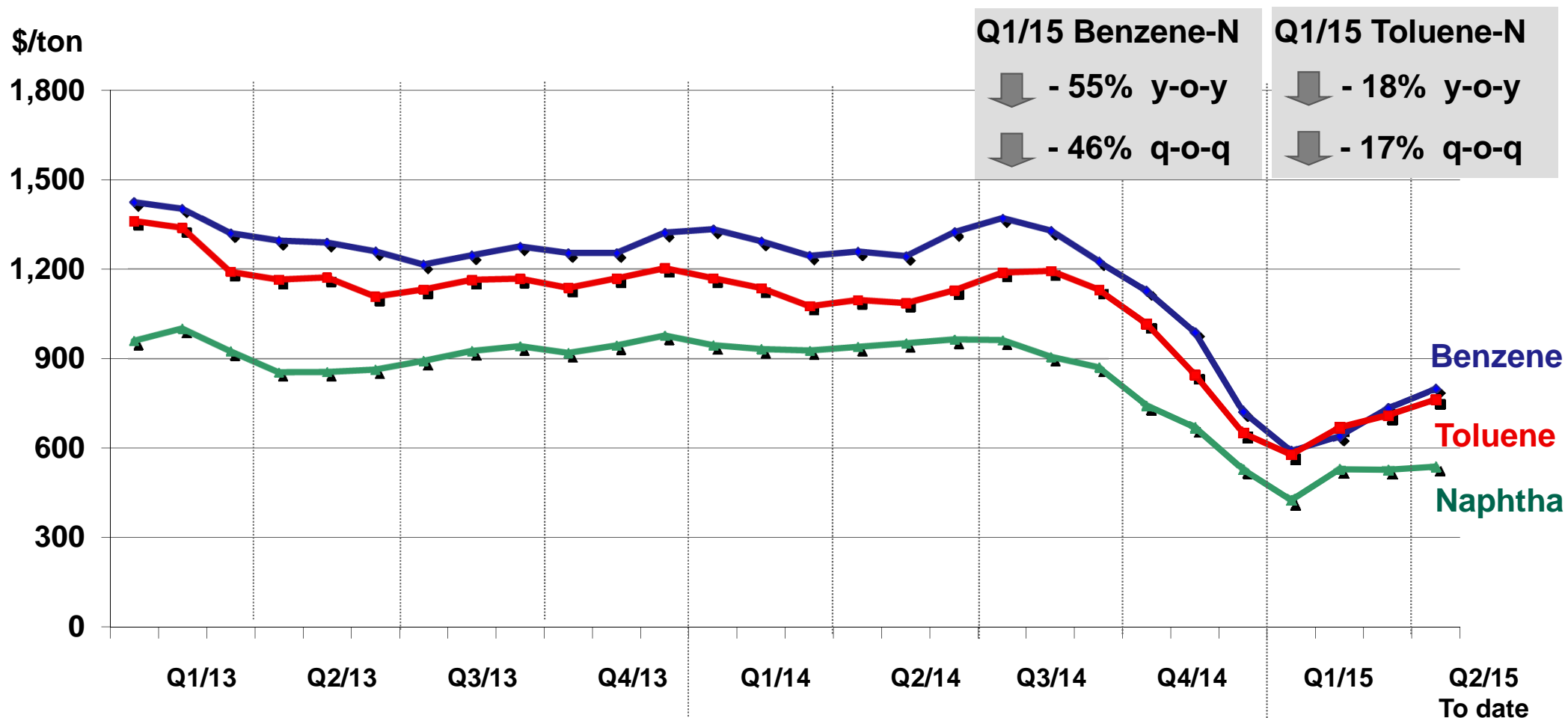
*Note:* Prices refer to FE regional prices

# Benzene & Toluene



**BZ-Naphtha:** affected by lower energy prices and softer demand from styrene plant turnarounds.

**TL-Naphtha:** declined following other aromatic products, amid gasoline demand recovery.



	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15 To date
<b>BZ-Naphtha</b>	420	422	325	329	355	323	394	299	161	261
<b>TL-Naphtha</b>	333	290	234	223	193	153	258	191	159	225
<b>BZ-Spread</b>	← 374 →		← 343 →			← 343 →				
<b>TL Spread</b>	← 270 →			← 199 →						

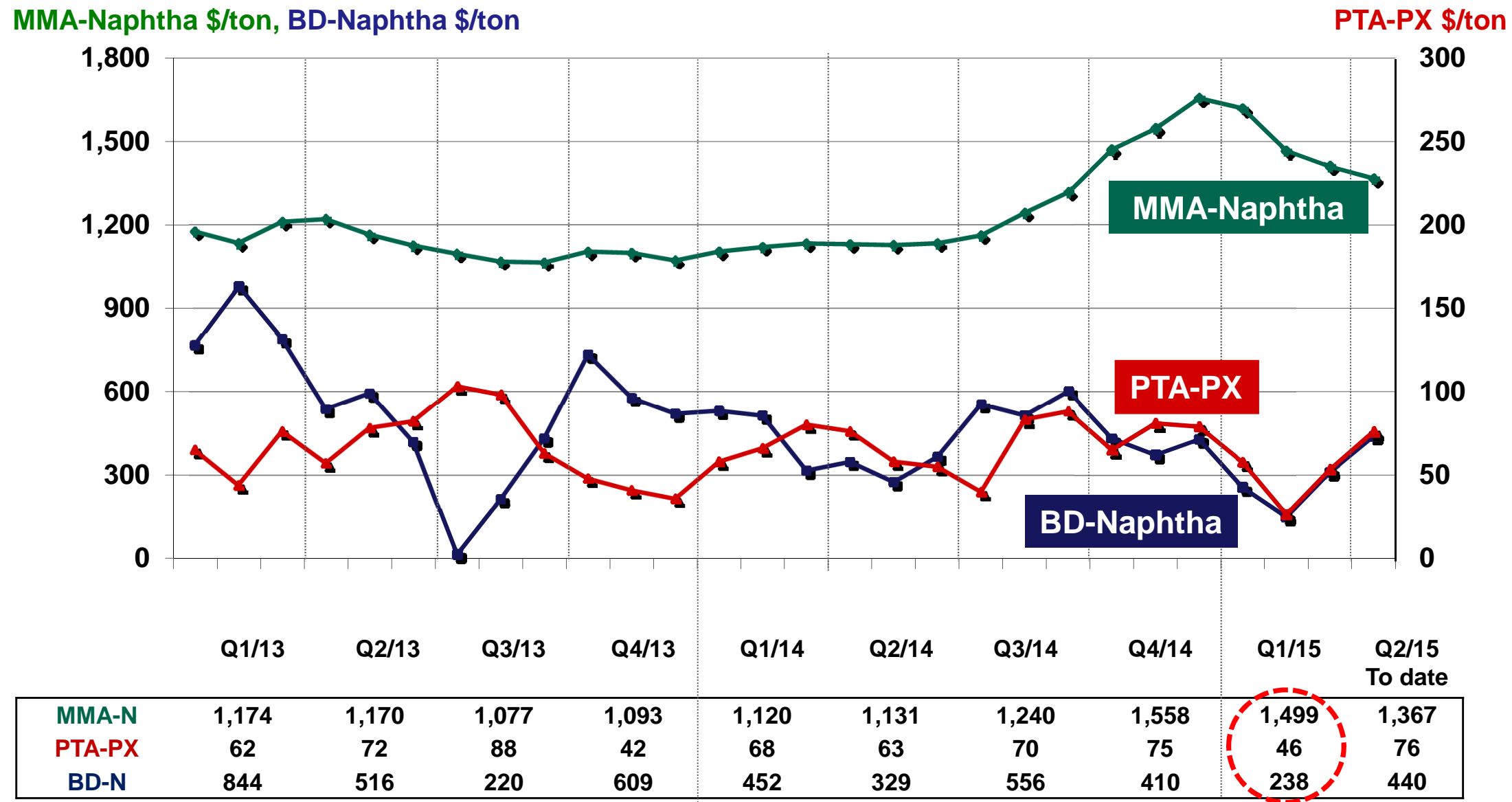
**Note:** Prices refer to SEA regional prices

# Price Gaps of Associates

MMA-Naphtha: fell; however, demand remained strong.

PTA-PX: down from oversupply of PTA in China.

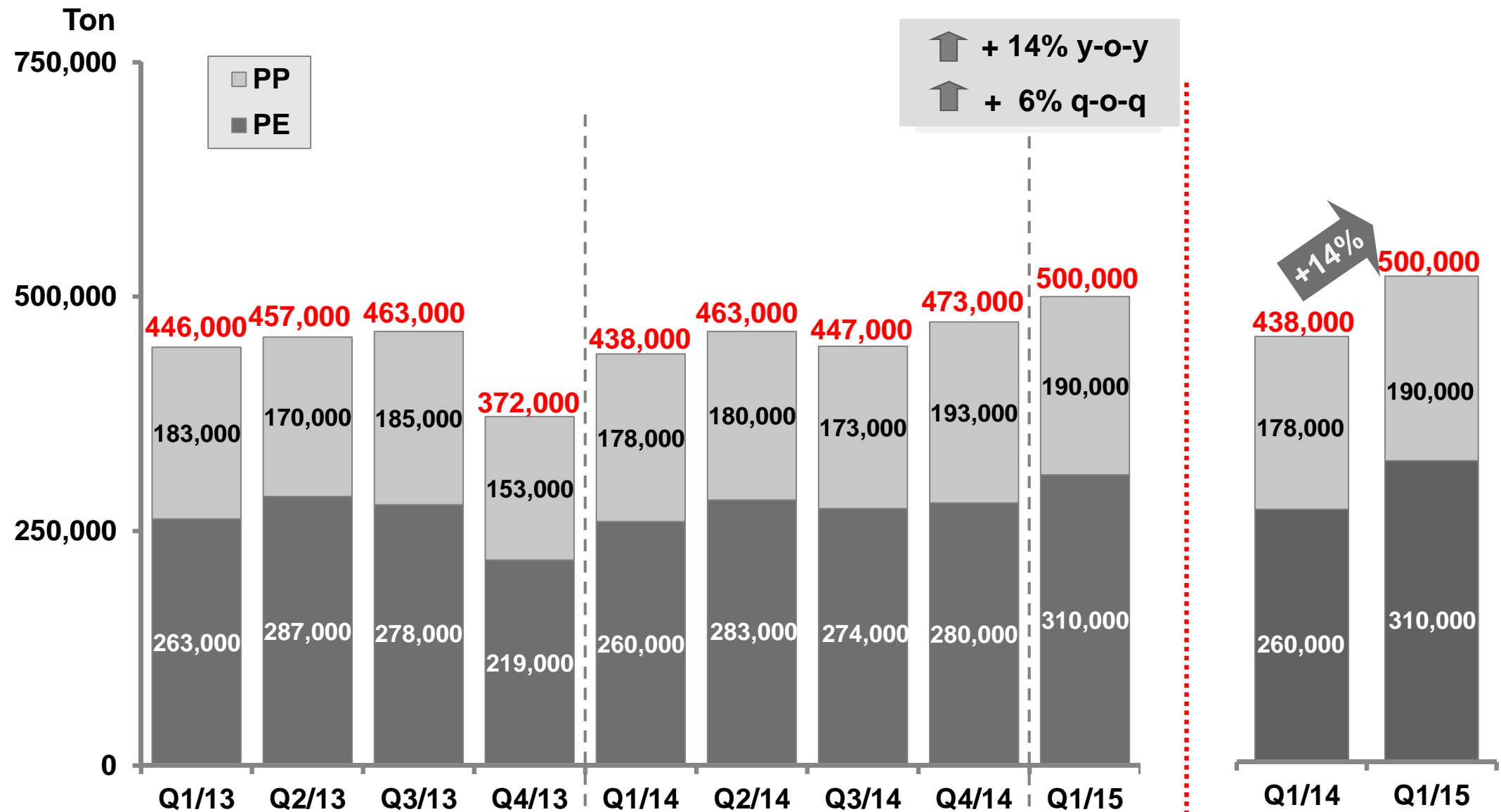
BD-Naphtha: declined attributed to lower synthetic rubber demand.



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

# Polyolefin Sales Volume

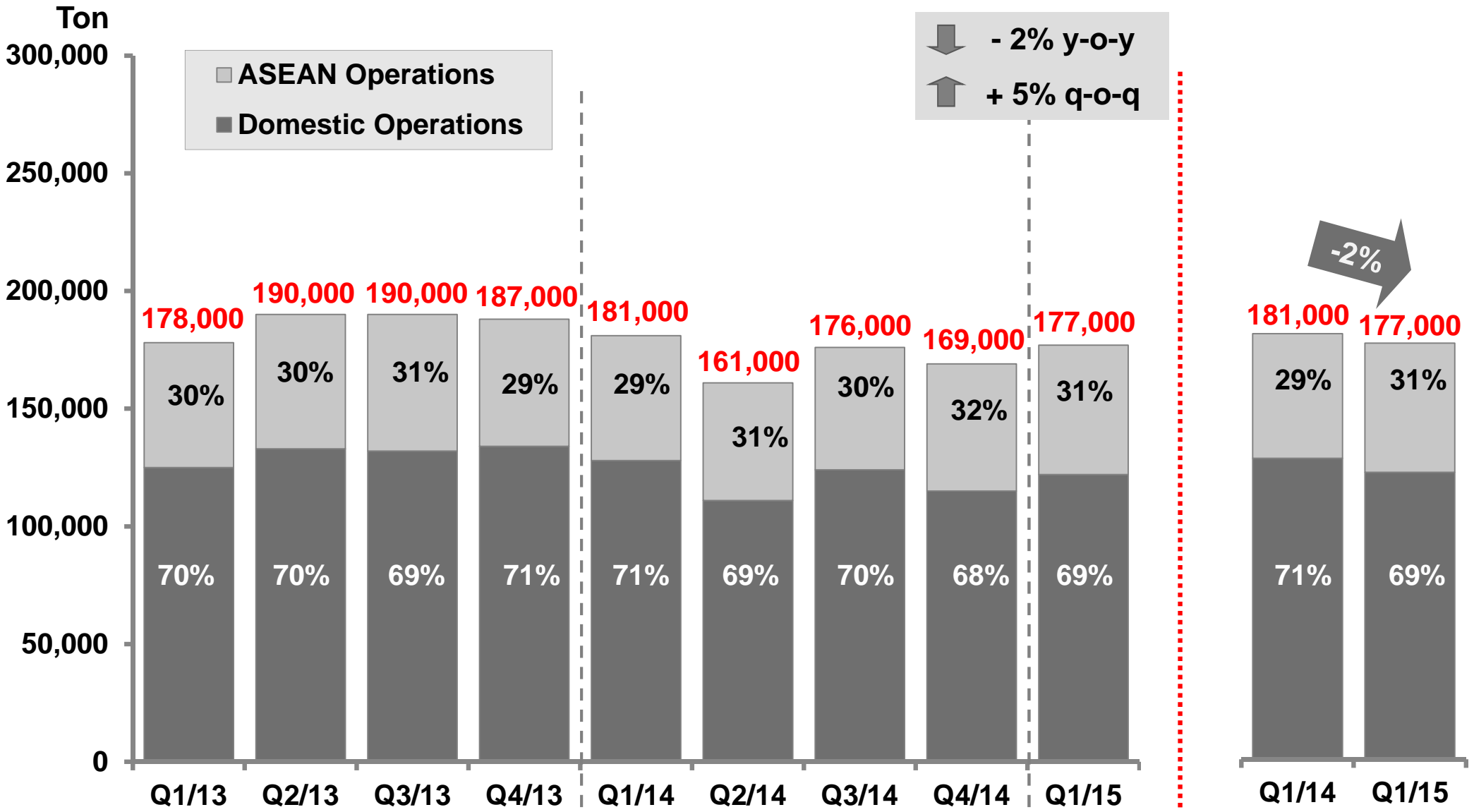
Q1/15 sales volume recorded 500,000 tons, an increased of 14% y-o-y and 6% q-o-q with abundant demand, especially from restocking post-Chinese New Year.



# PVC Sales Volume



Q1/15 sales volume was up, due to improved demand with increased volume from domestic operations.



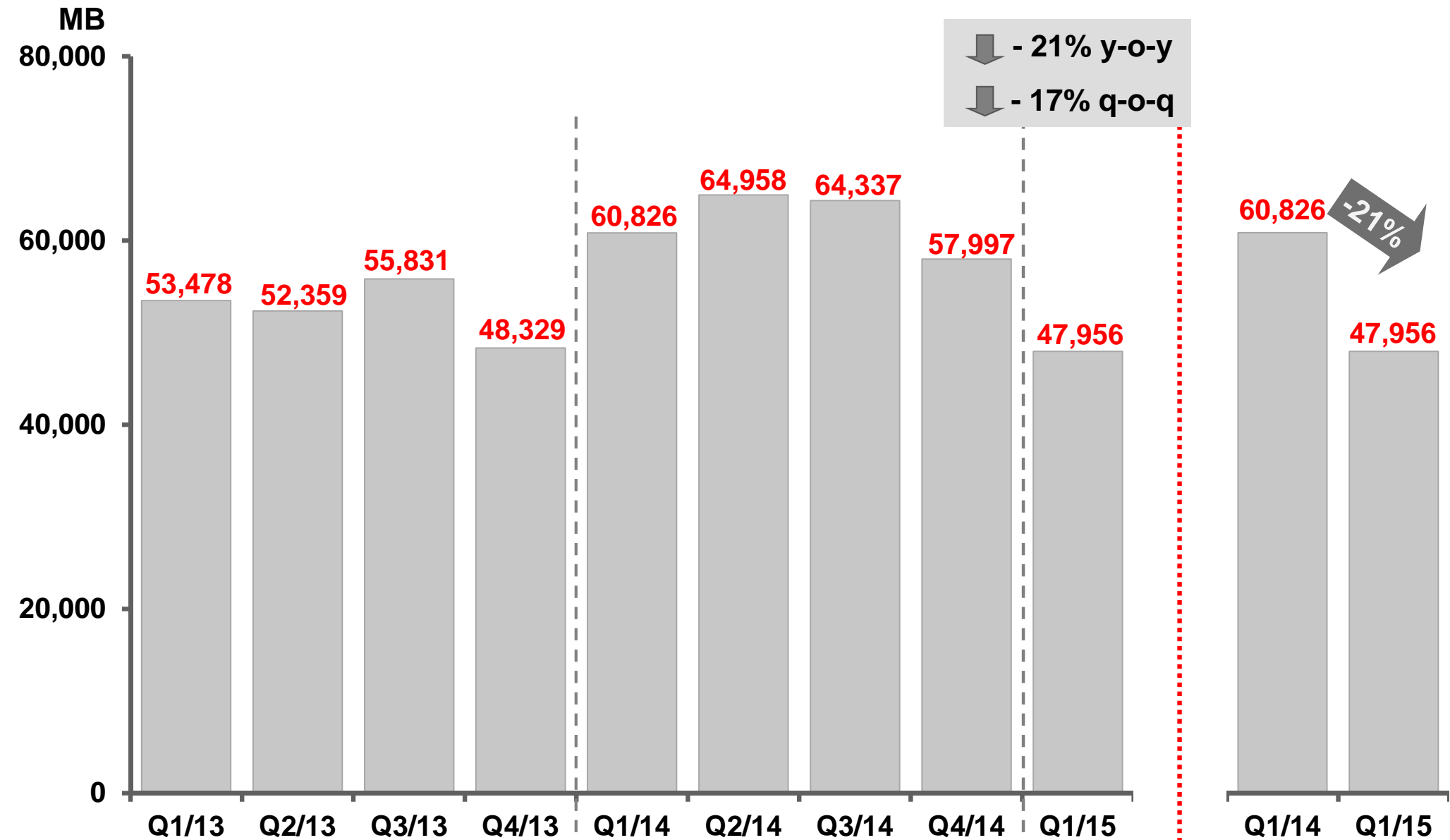
*Note: \*ASEAN Operations = Sales volume from PVC operations in Vietnam and Indonesia*



# Revenue from Sales



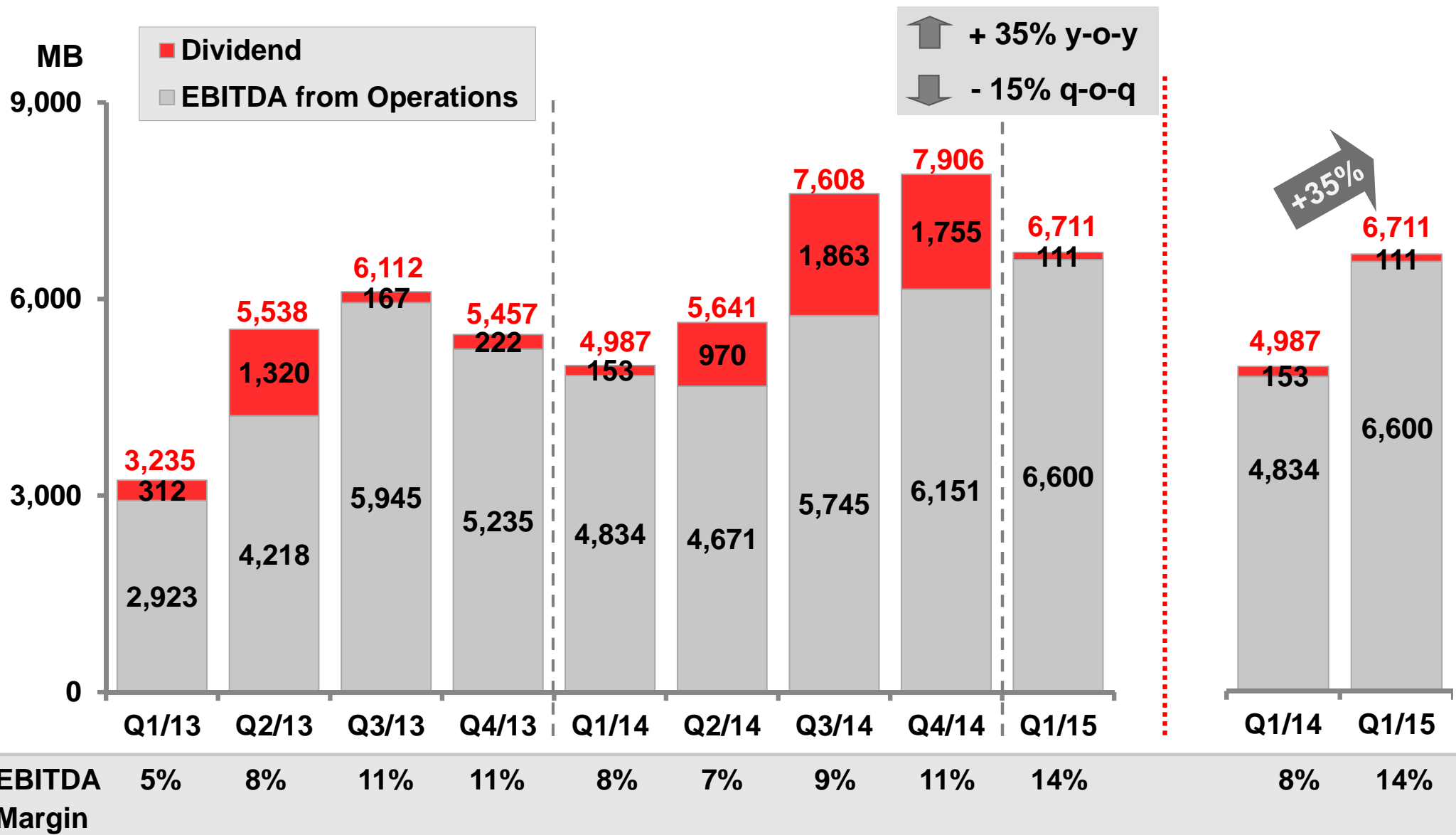
Q1/15 revenue decreased to 47,956 MB, attributed to lower product prices following the decline in crude prices last quarter.



# EBITDA



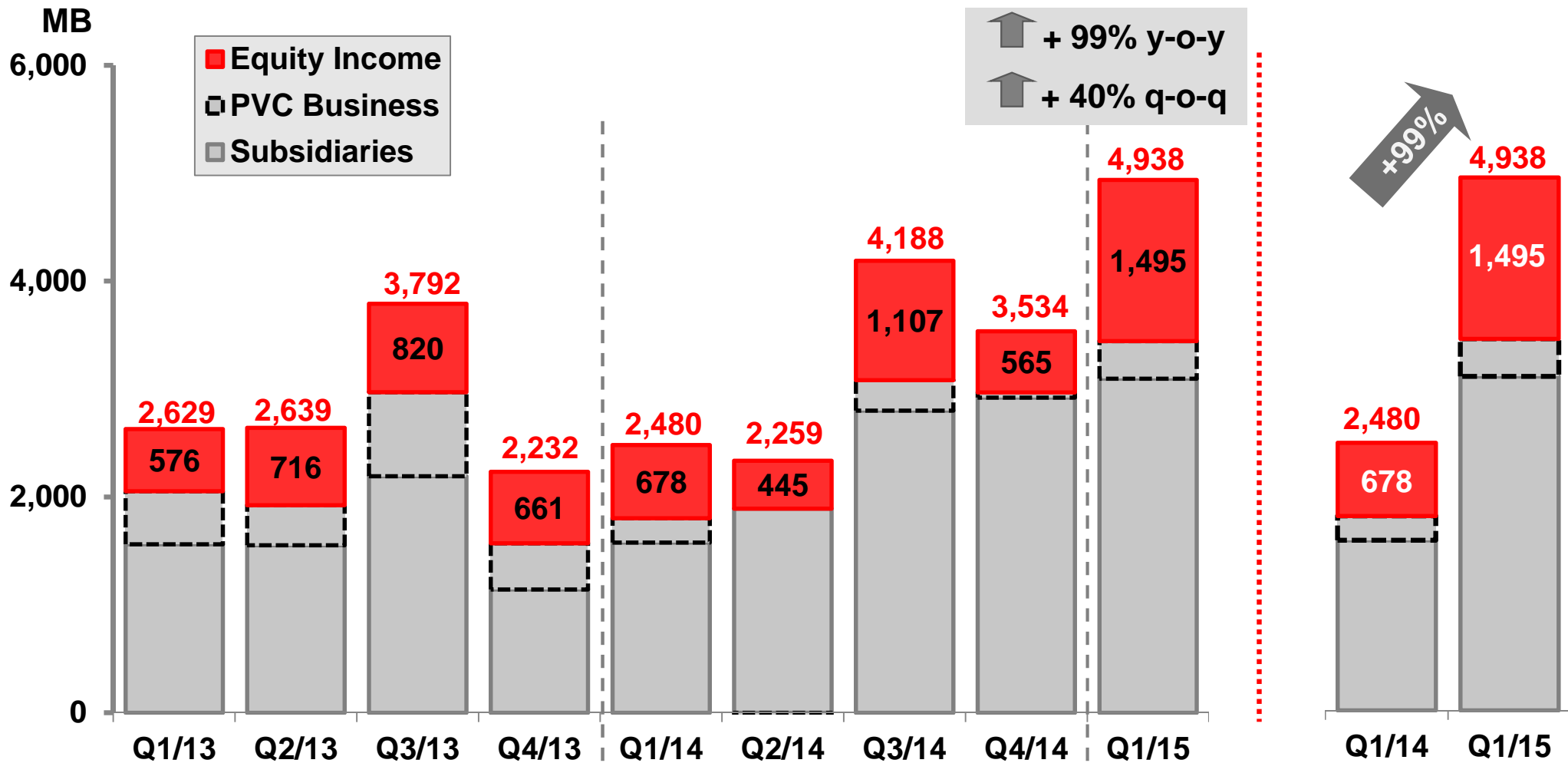
EBITDA decreased to 6,711 MB, while EBITDA from operations improved supported by lower feed costs and higher sales volume.



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

# Profit for the Period

The profit rose to 4,938 MB, attributed to lower feed costs, higher sales volume and recovering stock loss adjustment.



	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q1/14	Q1/15
NCI (Non controlling interest)	630	110	(310)	(340)	(330)	(240)	(650)	(740)	(680)	(330)	(680)
Inventory	260	(840)	840	810	180	(80)	(130)	(2,960)	(930)*	180	(930)
Gain (Loss)**											

\*Sub/Asso : 90%/10%

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

- **Crude** – still volatile from ongoing supply from OPEC and U.S., while geopolitical risk persists.
- **Naphtha** – fundamentally weak demand from continued cracker turnaround season coupled with more competitive LPG prices.
- **Polyolefin** – rising feedstock prices, especially ethylene prices, and improving customer demand.
- **PVC** – tight supply with stagnant demand in the Asian region.

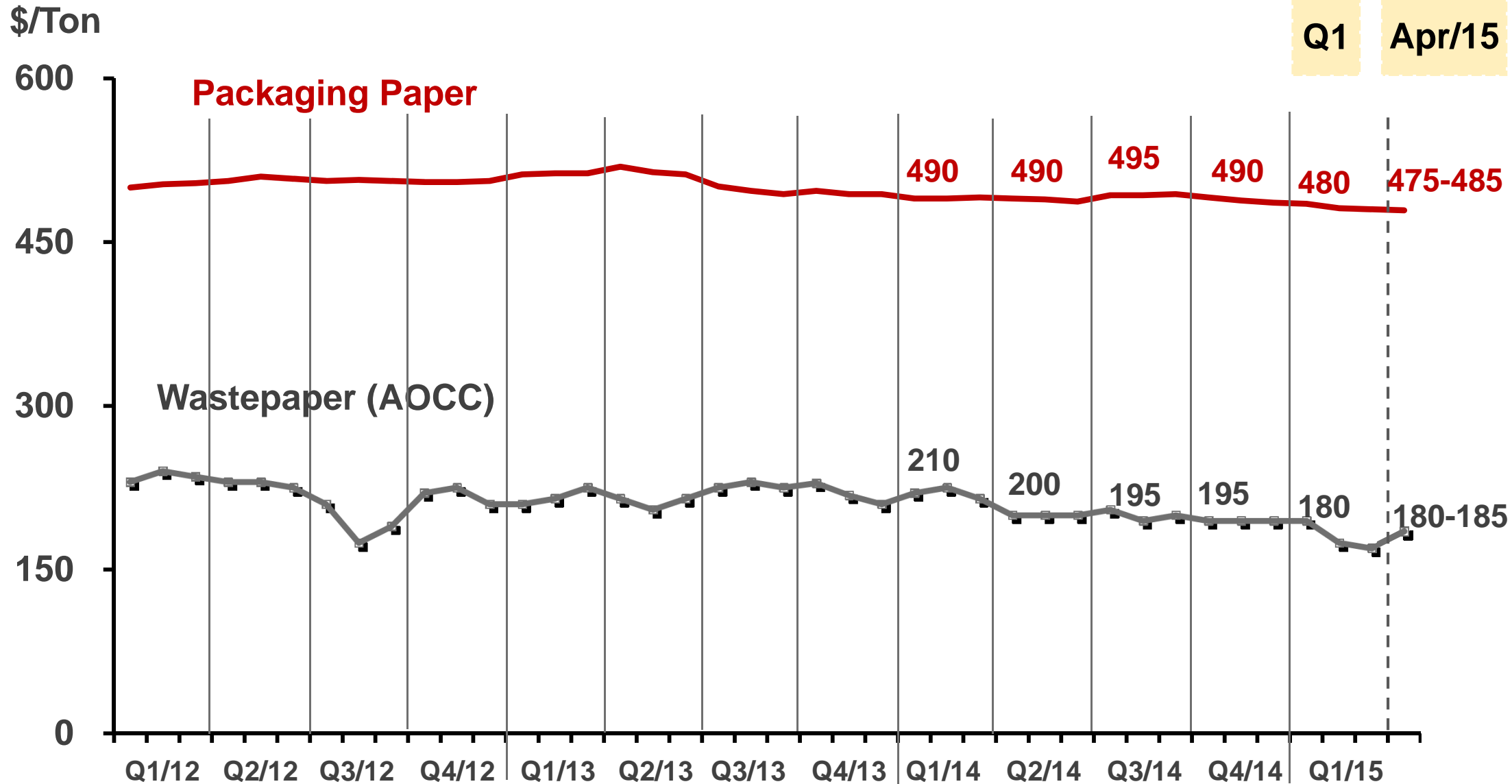
## Company highlight:

- Thai Plastic and Chemicals (TPC) – VCM plant to restart from scheduled turnaround, with operation expected to be stable within mid-May. The turnaround would give additional capacity of 90,000 tons.

- I. Consolidated Results
  - Q1/15 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

# Packaging Paper

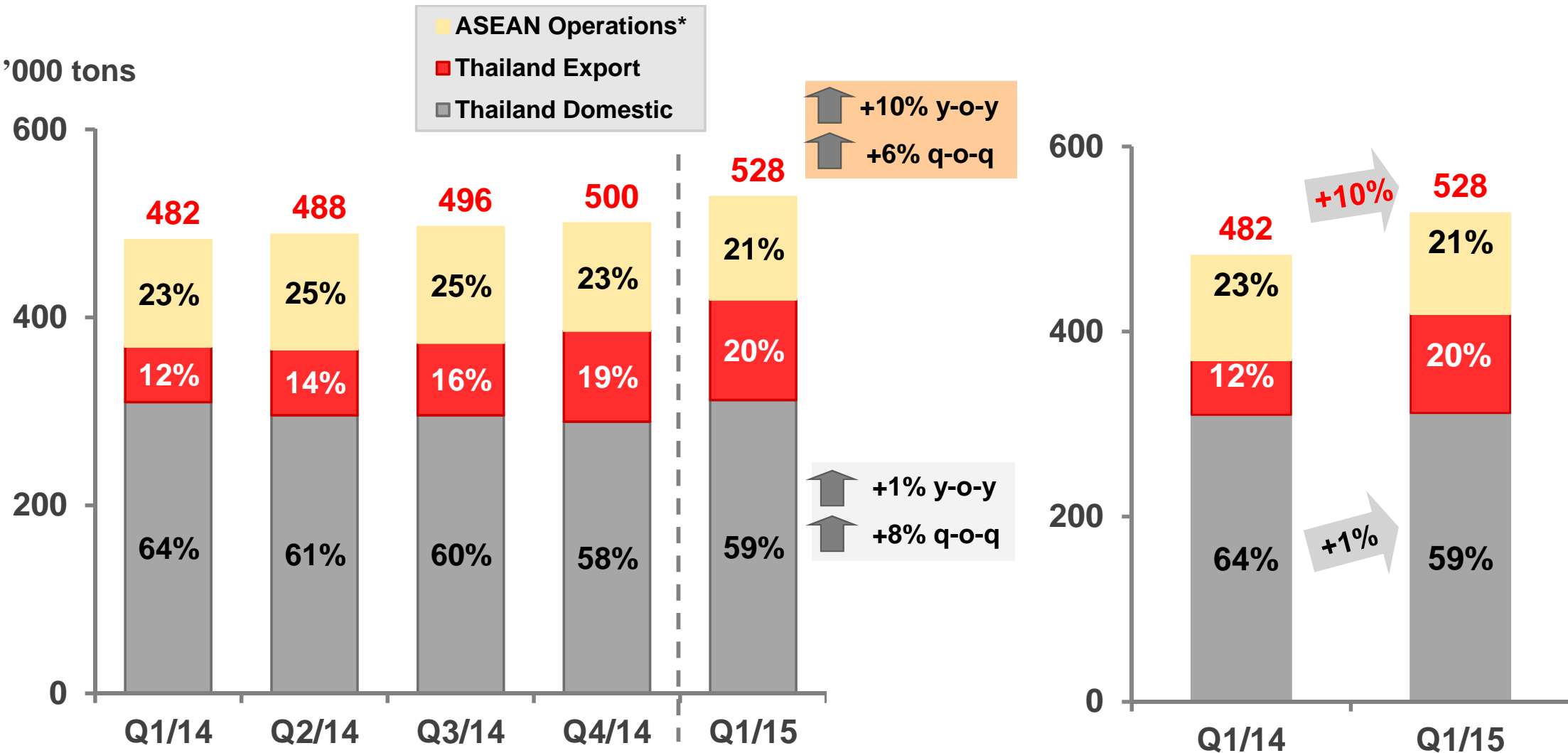
AOCC prices declined due to sluggish demand in China during the Chinese New Year. Packaging paper prices slightly decreased from higher regional competition.



*Note: regional prices*

# Packaging Paper:

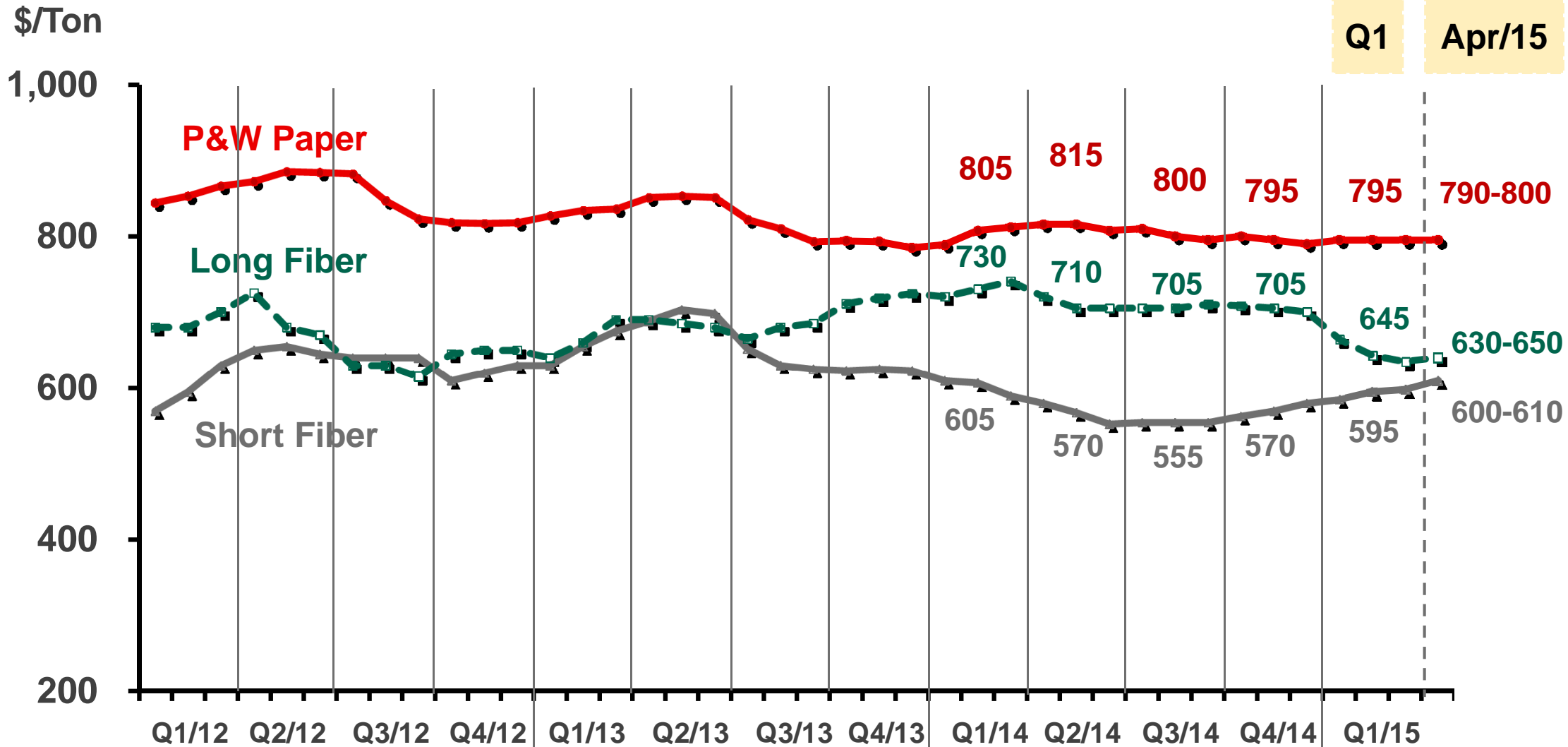
Total sales volume increased 10% y-o-y and 6% q-o-q owing to additional capacity, improved domestic demand and higher export sales.



**Note:** \*Sales Volume from Philippines and Vietnam

# Fibrous (Printing & Writing Paper)

Short-fiber pulp prices increased as major producers pushed for price hikes, while long-fiber prices decreased due to pressure from EURO and Russian rouble depreciation.



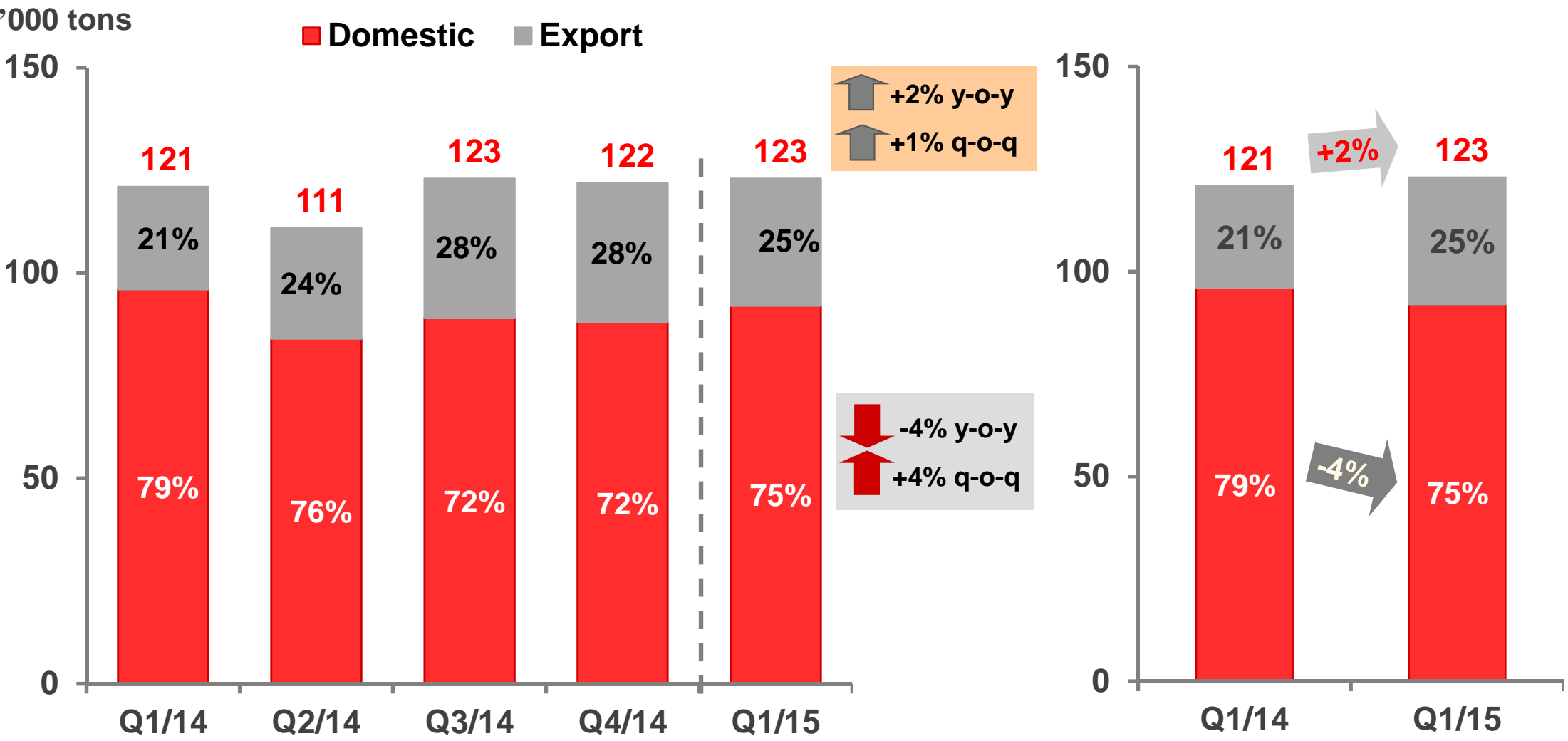
Note: regional prices



# Fibrous (Printing & Writing Paper)

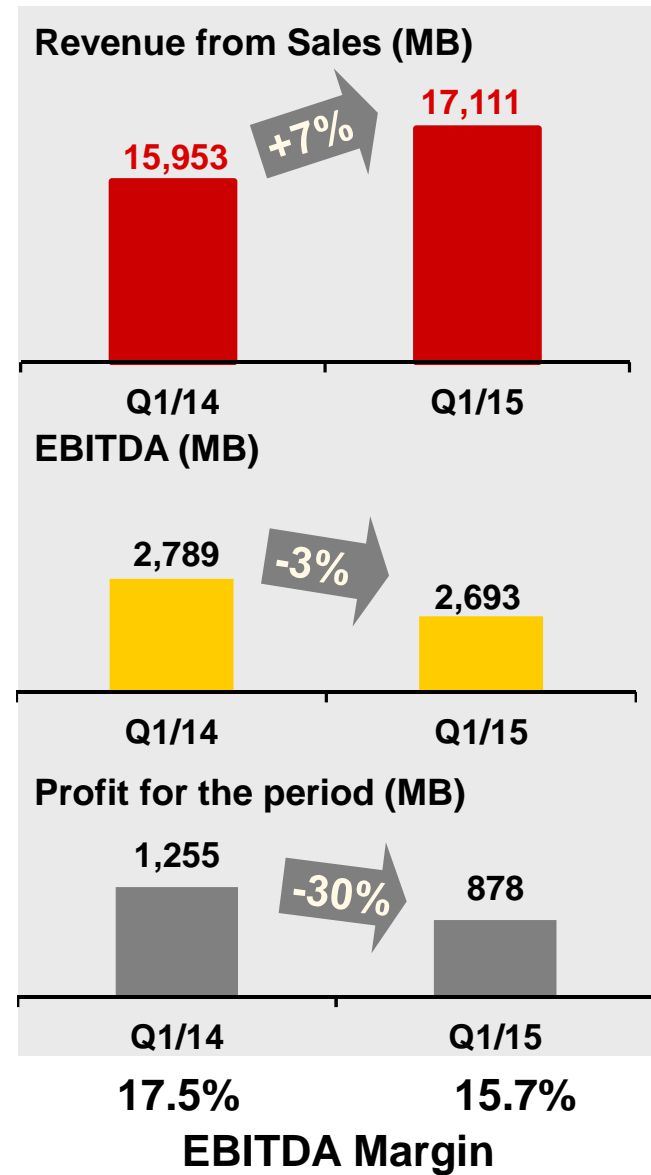
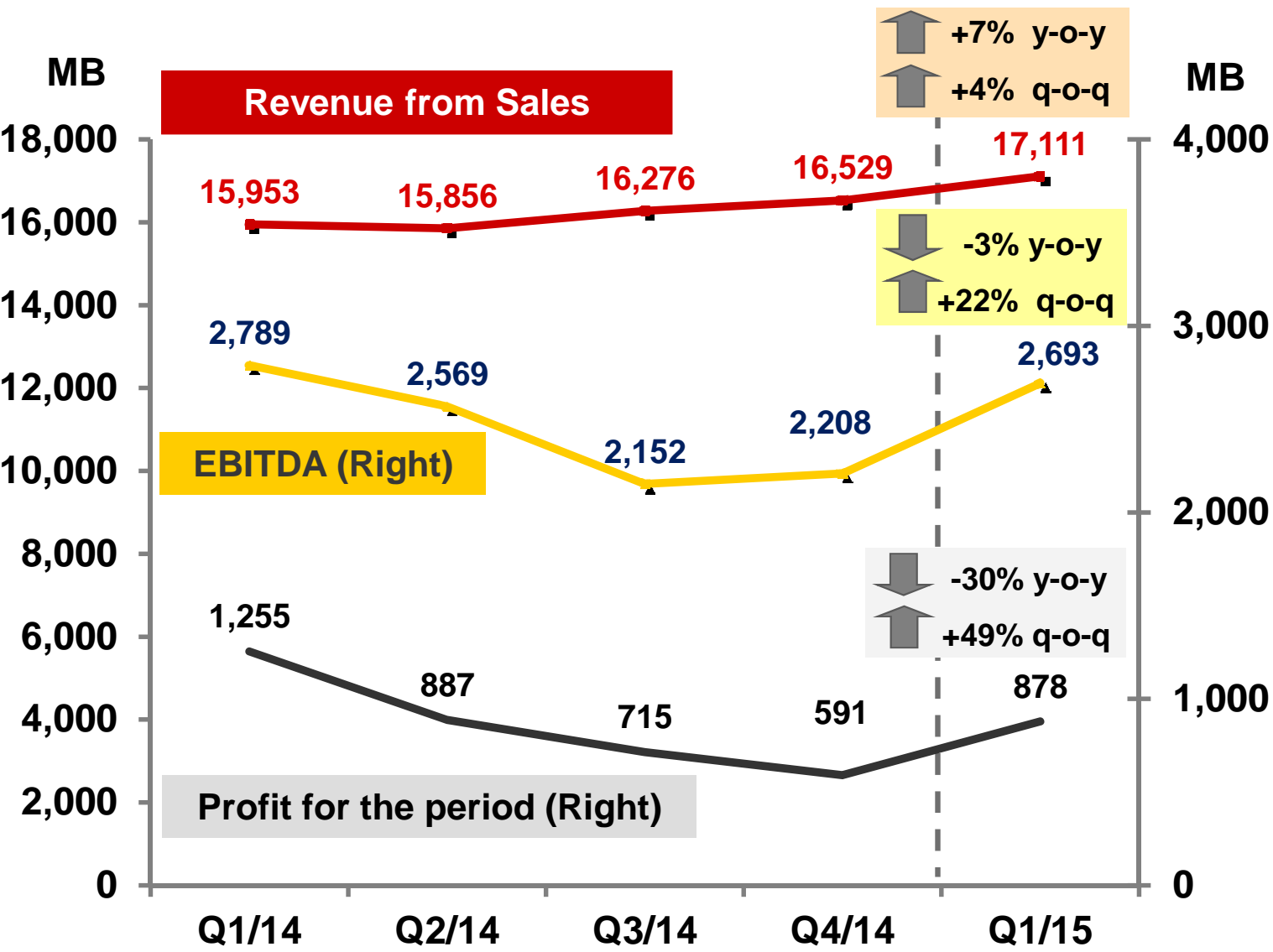


Domestic sales volume increased 4% q-o-q despite flat demand, while total sales volume increased 1% q-o-q, and 2% y-o-y.



# Financials

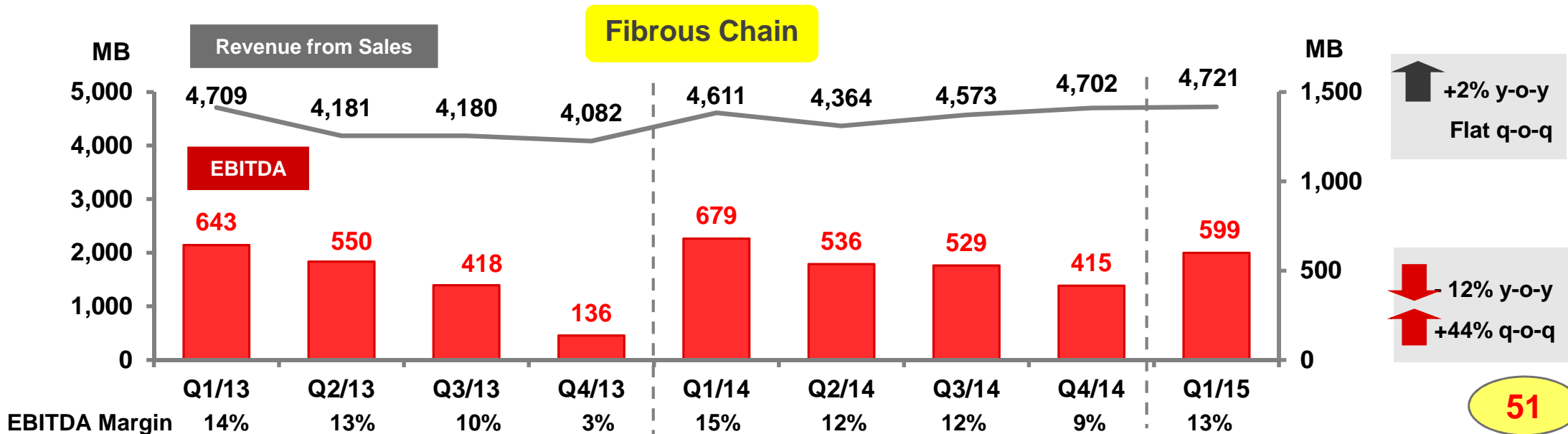
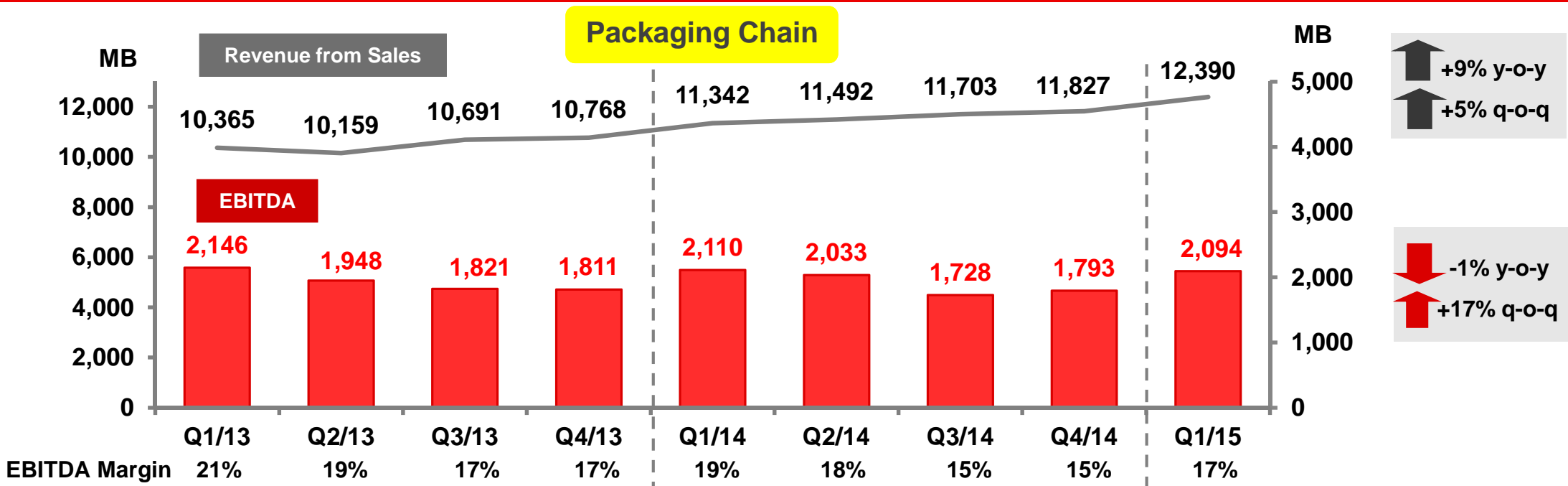
Improved financial q-o-q, mainly due to higher sales volume in Packaging Chain. The y-o-y results declined from lower margin and extra income, higher depreciation and financial expenses



# Business Segments



Financial performance improved q-o-q in the Packaging Chain and the Fibrous Chain.



## Packaging Chain

- Regional prices of wastepaper to firm up due to higher demand from China.
- Paper prices to maintain due to stable demand in the region.
- Packaging (Corrugated Containers) expect to face key challenge from domestic demand softness and weak exports, while regional markets continue to grow.

## Fibrous Chain

- P&W paper prices to maintain due to flat demand.
- Long-fiber pulp prices to be flat due to sustained supply from Europe and Russia.
- Short-fiber pulp prices to increase from major sellers attempt to raise prices by limiting production.

## Updates

- Approval to invest 4,125 MB to expand packaging paper in Vietnam with 243,000 tons/year additional capacity (becoming 2.6 million tons/year across ASEAN), expected to start up by Q2/17.
- Name change to SCG Packaging in early June/15 (subject to shareholders' approval) to be aligned with strategic direction to focus on packaging business, emphasizing commitment to serve customers' varied packaging needs.

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***Thank You***

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