



Analyst Conference Q3/16
Wednesday, Oct 26, 2016

I. Consolidated Results

- Q3/16 Consolidated Results

- 9M/16 Summary

- Financial Updates

II. SCG Cement - Building Materials

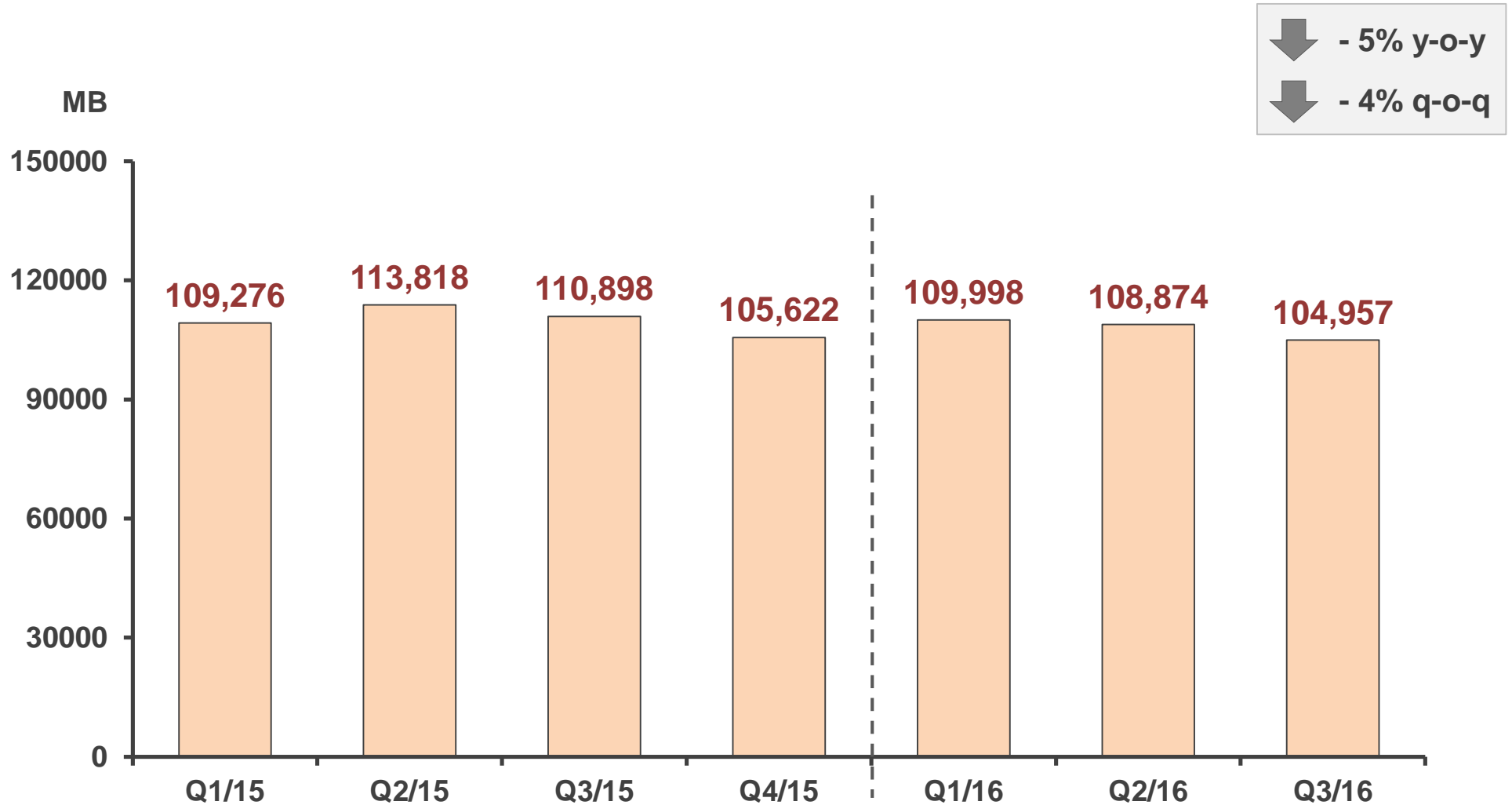
III. SCG Chemicals

IV. SCG Packaging

V. Summary

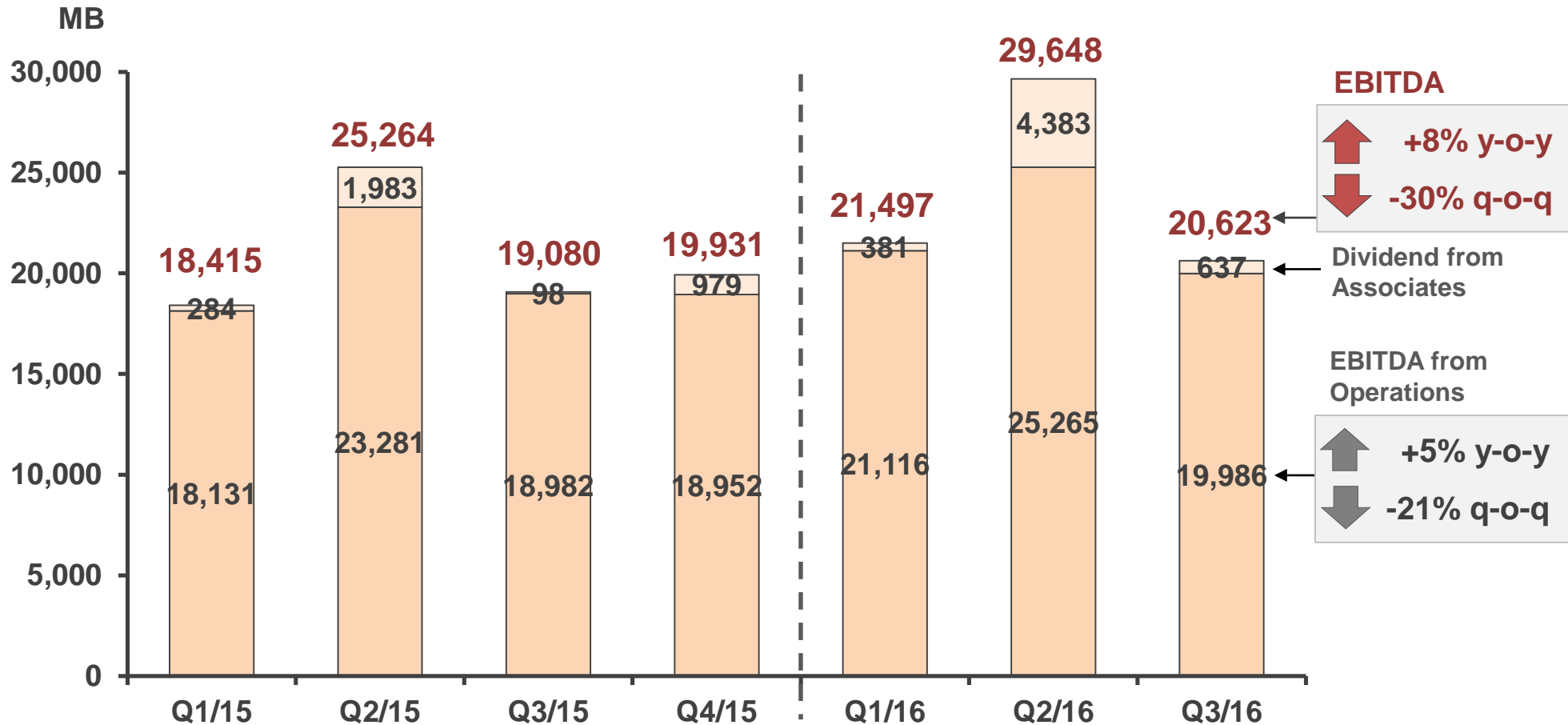
Revenue from Sales

Q3/16 revenue dropped -5% y-o-y and -4% q-o-q on the combination of lower chemicals product prices and soft domestic cement sales.



EBITDA

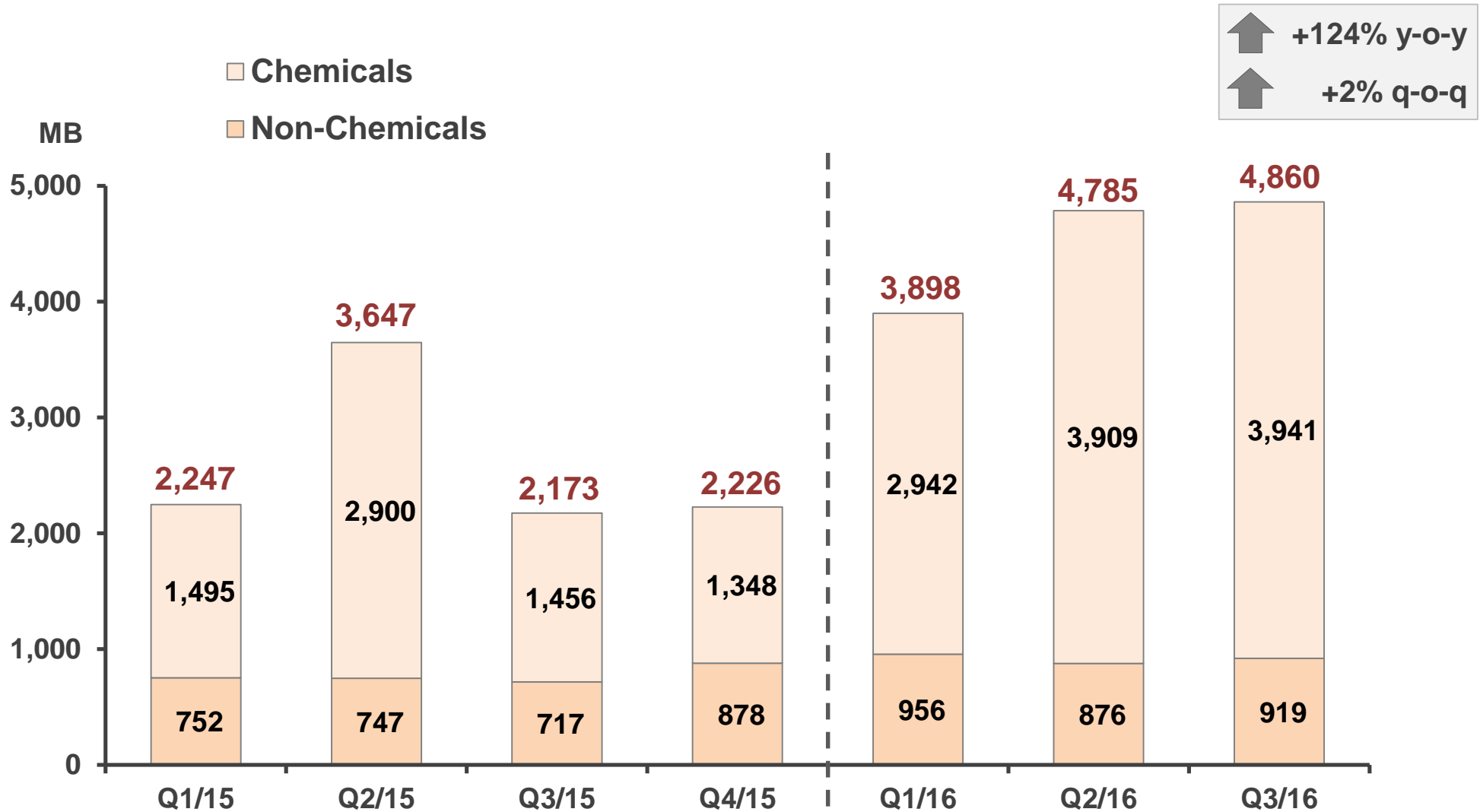
Lower chemicals performance, and decreased dividend from associates resulted in the -30% q-o-q drop in EBITDA.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

Equity Income

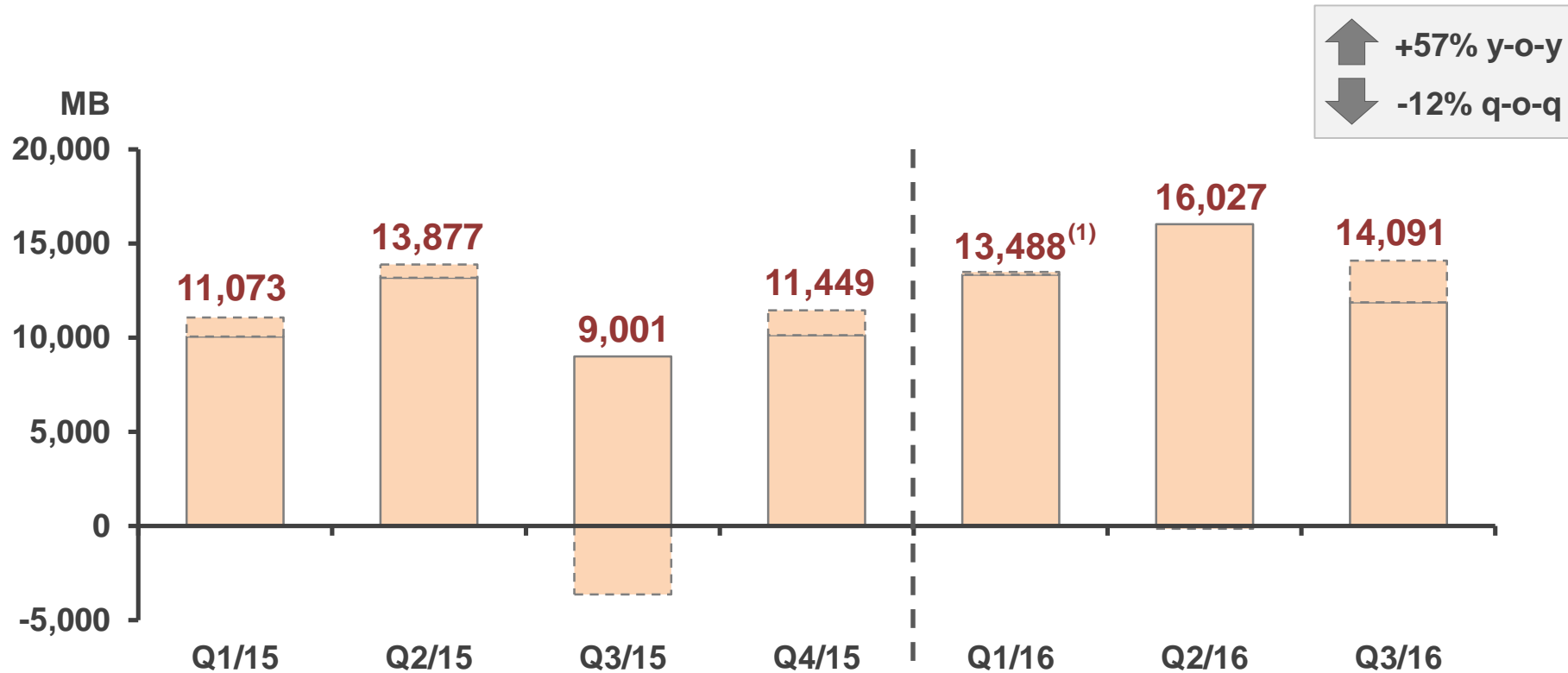
Contributions from associates were healthy in 9M/16.



Profit for the Period



Profitability registered 14,091 MB with continued peak chemicals margins.



	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
Key Non-recurring	1,020	700	(3,630)	1,320	150	(140)	2,210
1) FX Gain (Loss)	460	(270)	(420)	510	490	290	450
2) Inventory Gain (Loss) ⁽²⁾	(930)	970	(2,160)	330	(300)	160	(140)
3) Others	1,490	0	0	480	(40)	(590) ⁽³⁾	1,900 ⁽⁴⁾

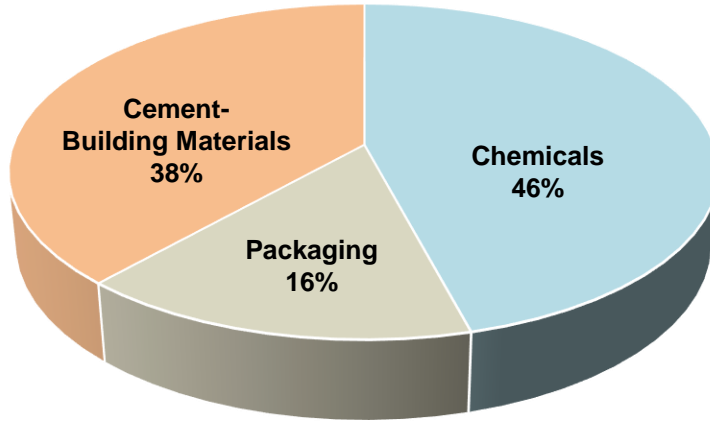
Note: (1) after reviewed.
 (2) SCG Chemicals (Sub + Asso.)
 (3) BOI Tax.
 (4) includes the approximate 1,800 MB deferred tax assets.

- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

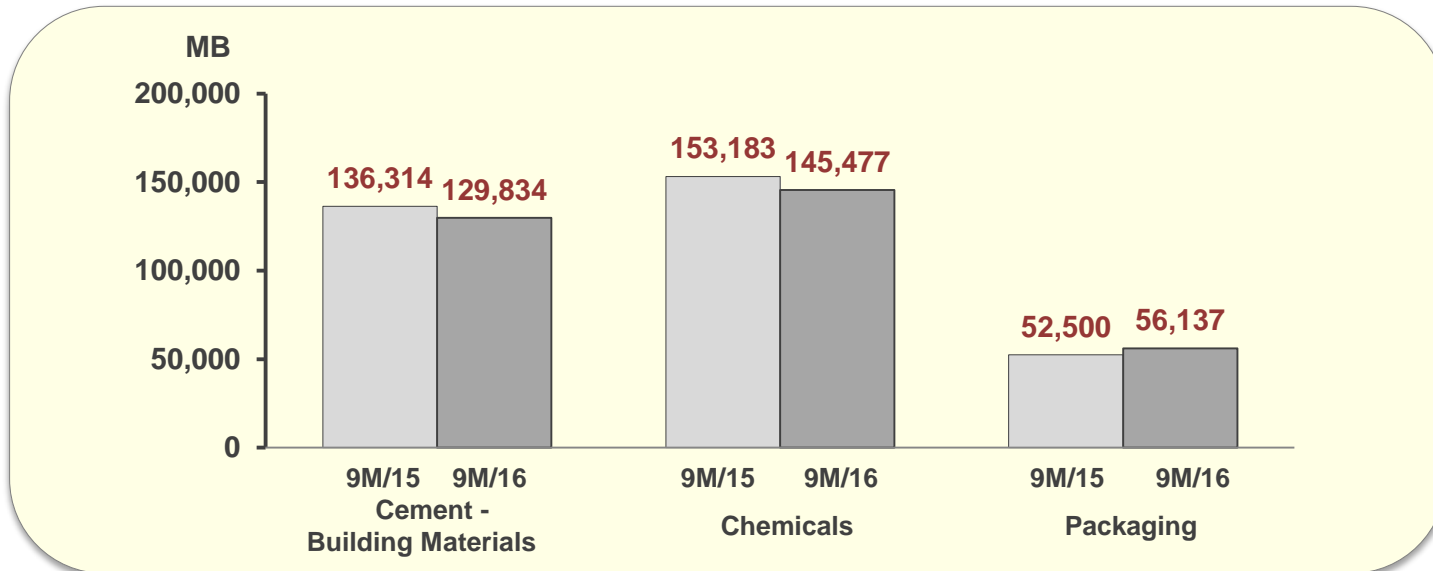
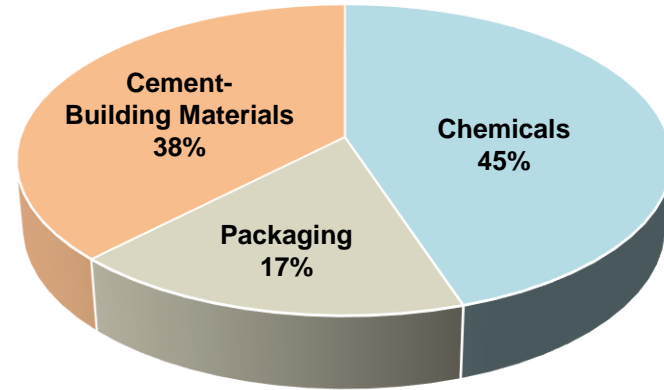
Segmented Revenue from Sales

Chemicals sales were 45%, and non-chemicals sales were 55%.

9M/15
333,992 MB

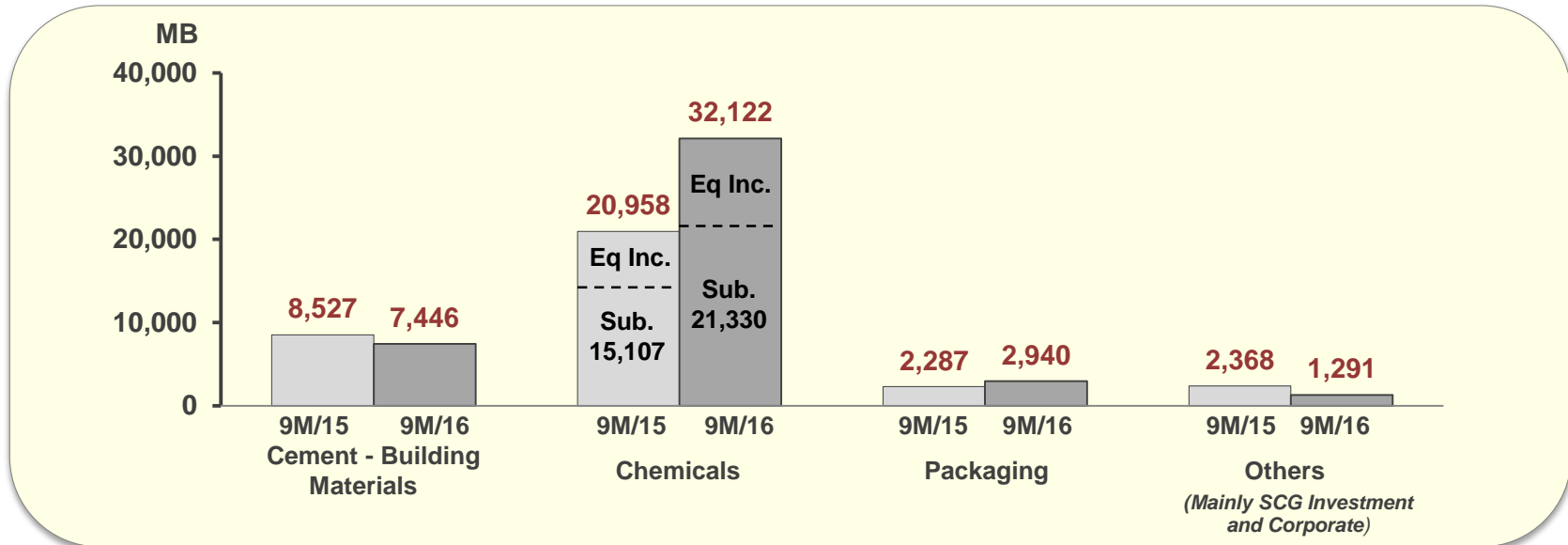
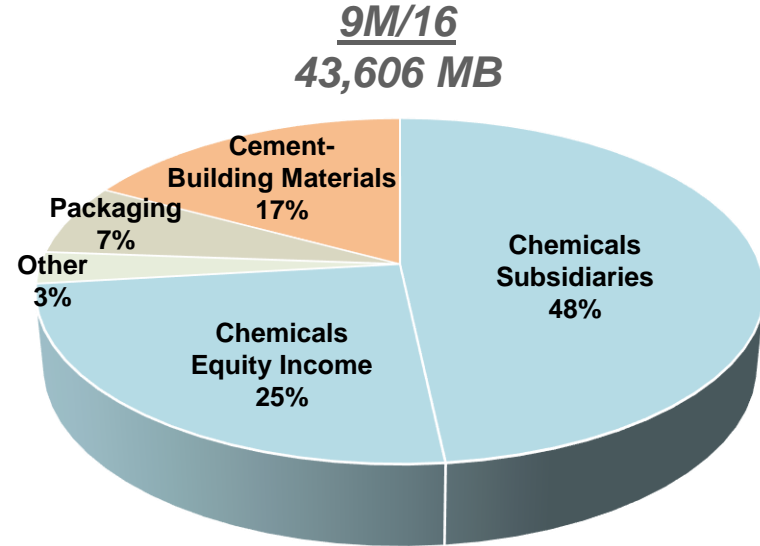
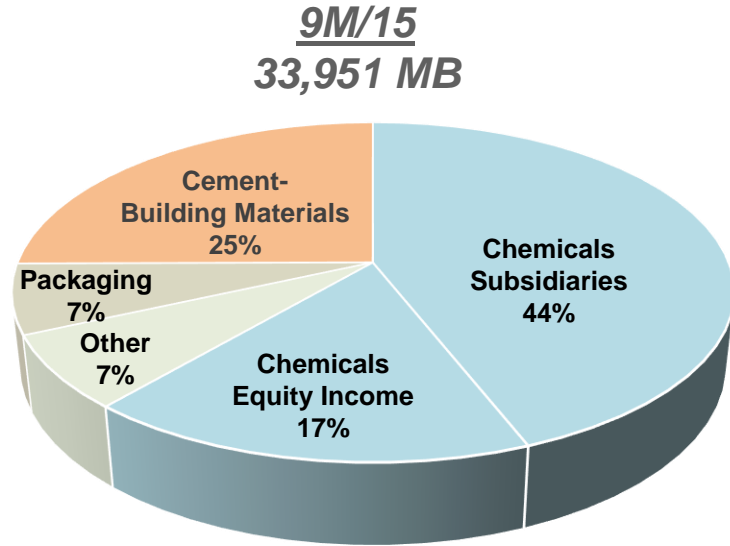


9M/16
323,829 MB



Segmented Profit for the Period

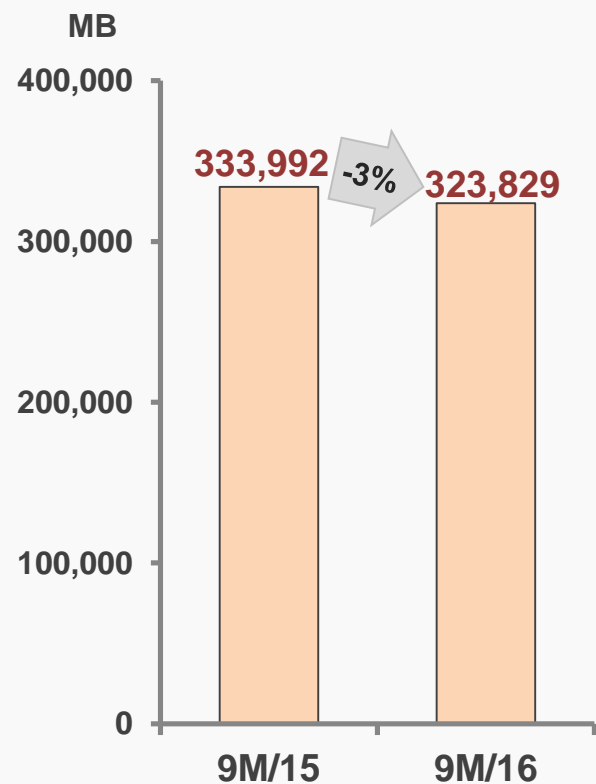
Chemicals profitability increased to 73% from 61% a year ago.



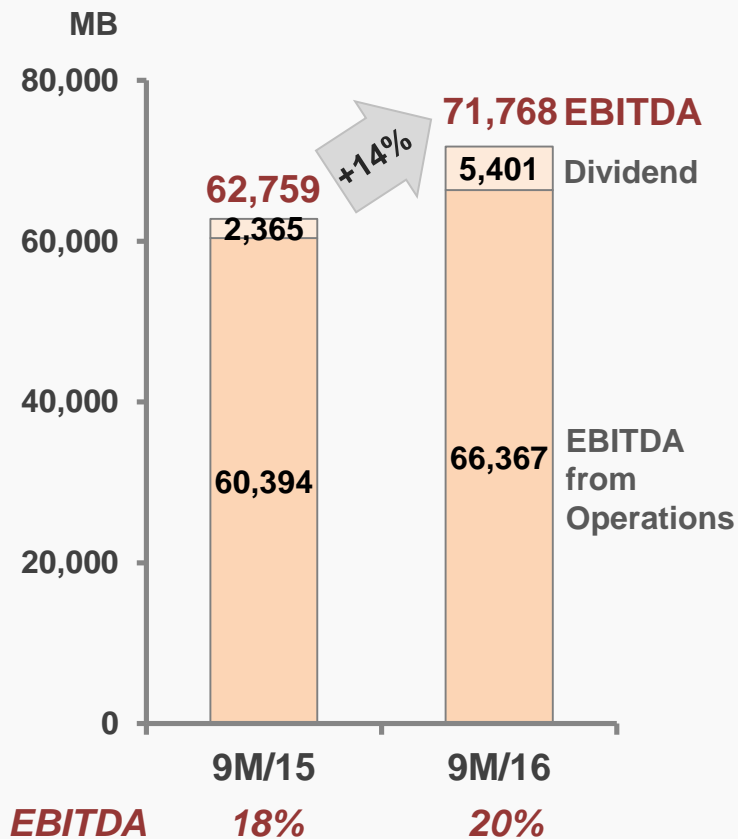
9M/16 Revenue from Sales & EBITDA

Sales dropped slightly, while EBITDA and profitability benefitted from the chemicals performance.

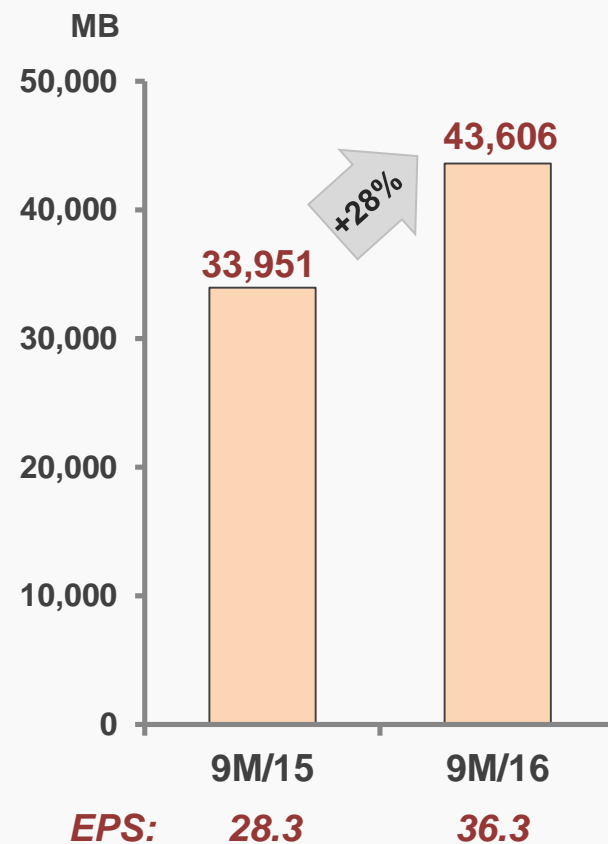
Revenue from Sales



EBITDA



Profit for the Period

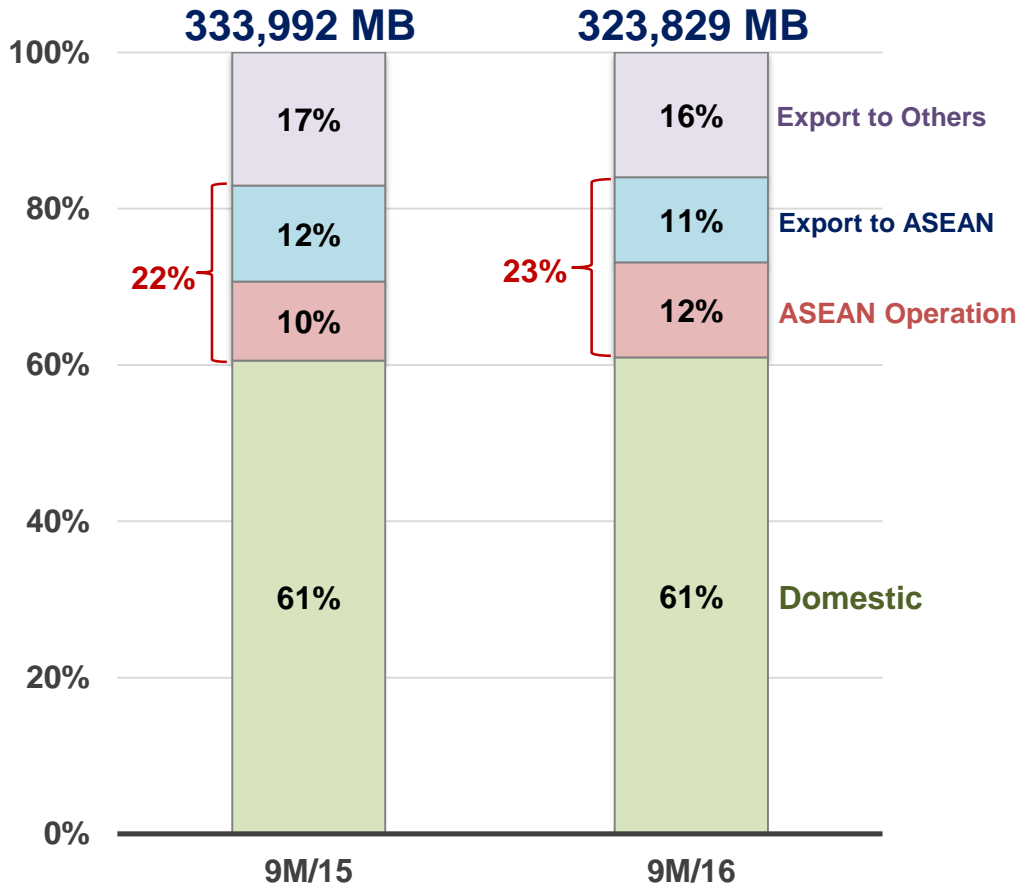


Segments: Export Sales and ASEAN Operation

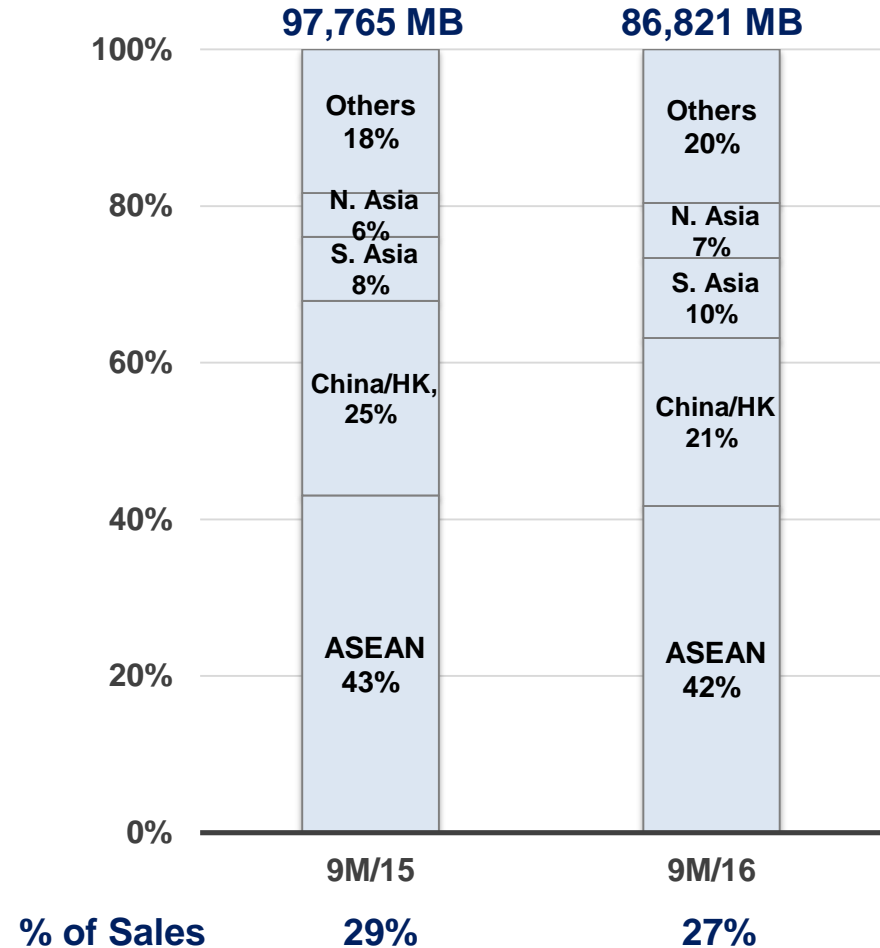


ASEAN exports and operations now account for 23% of sales in 9M/16.

Sales Destinations



Export Destinations

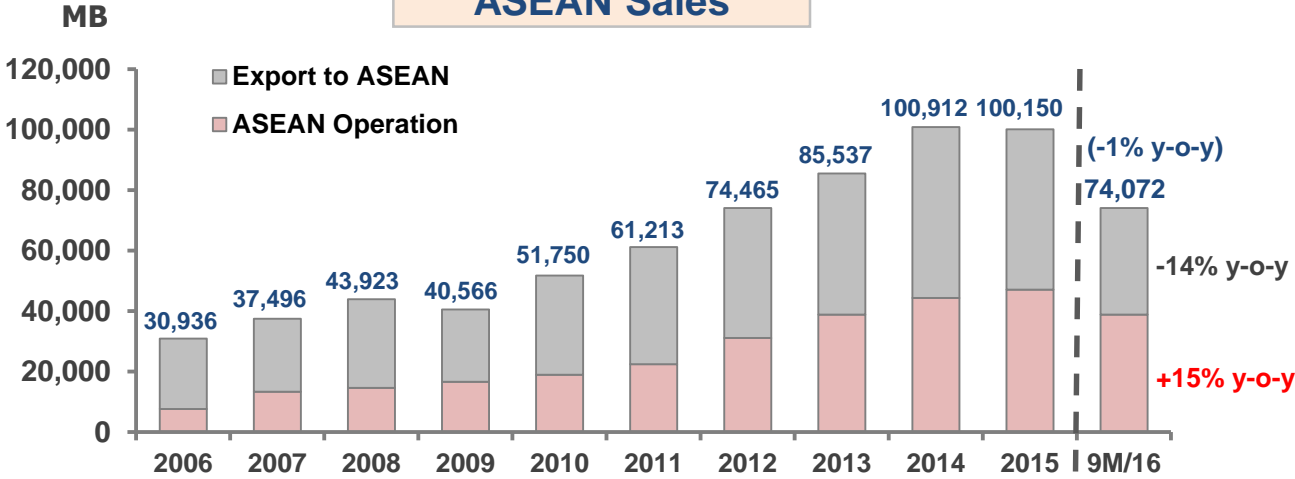


Segments: Export Sale and ASEAN Operation



ASEAN operations increased +15% y-o-y, as regional plants started up.

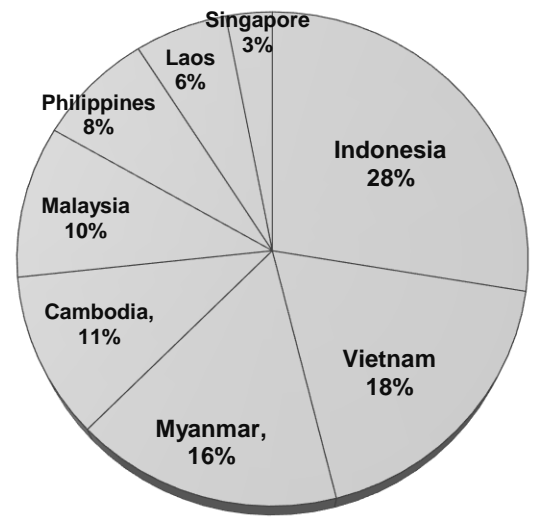
ASEAN Sales



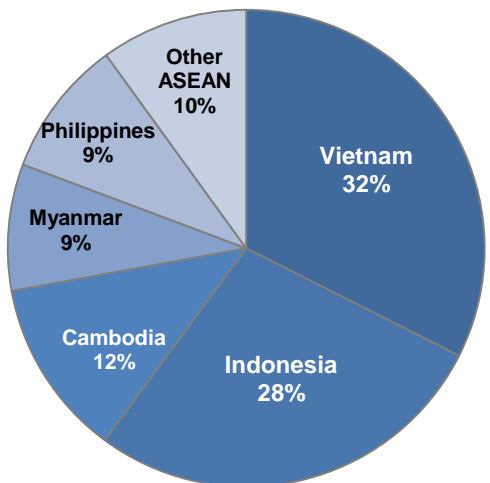
Percentage of total sales from ASEAN Operations:



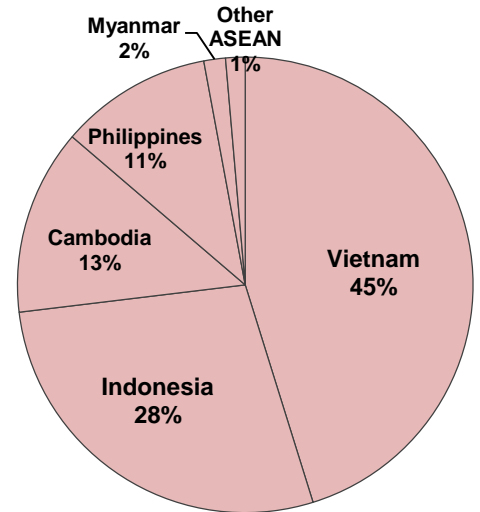
Export to ASEAN by countries



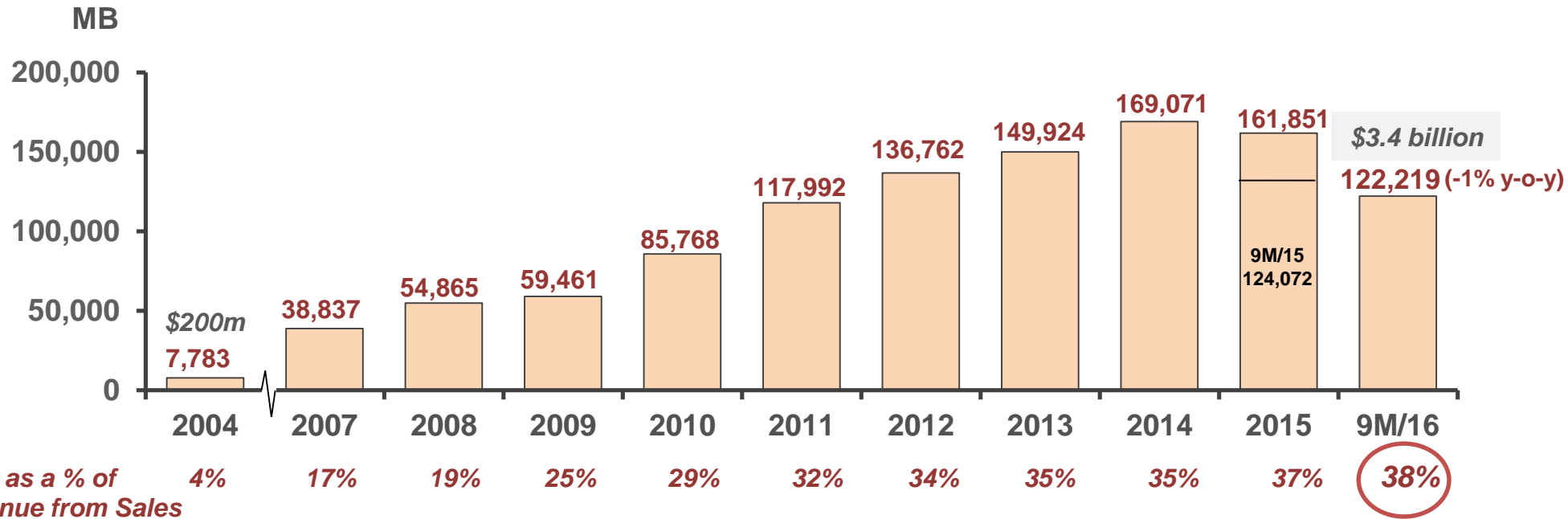
ASEAN Sales by countries



ASEAN Operation by countries

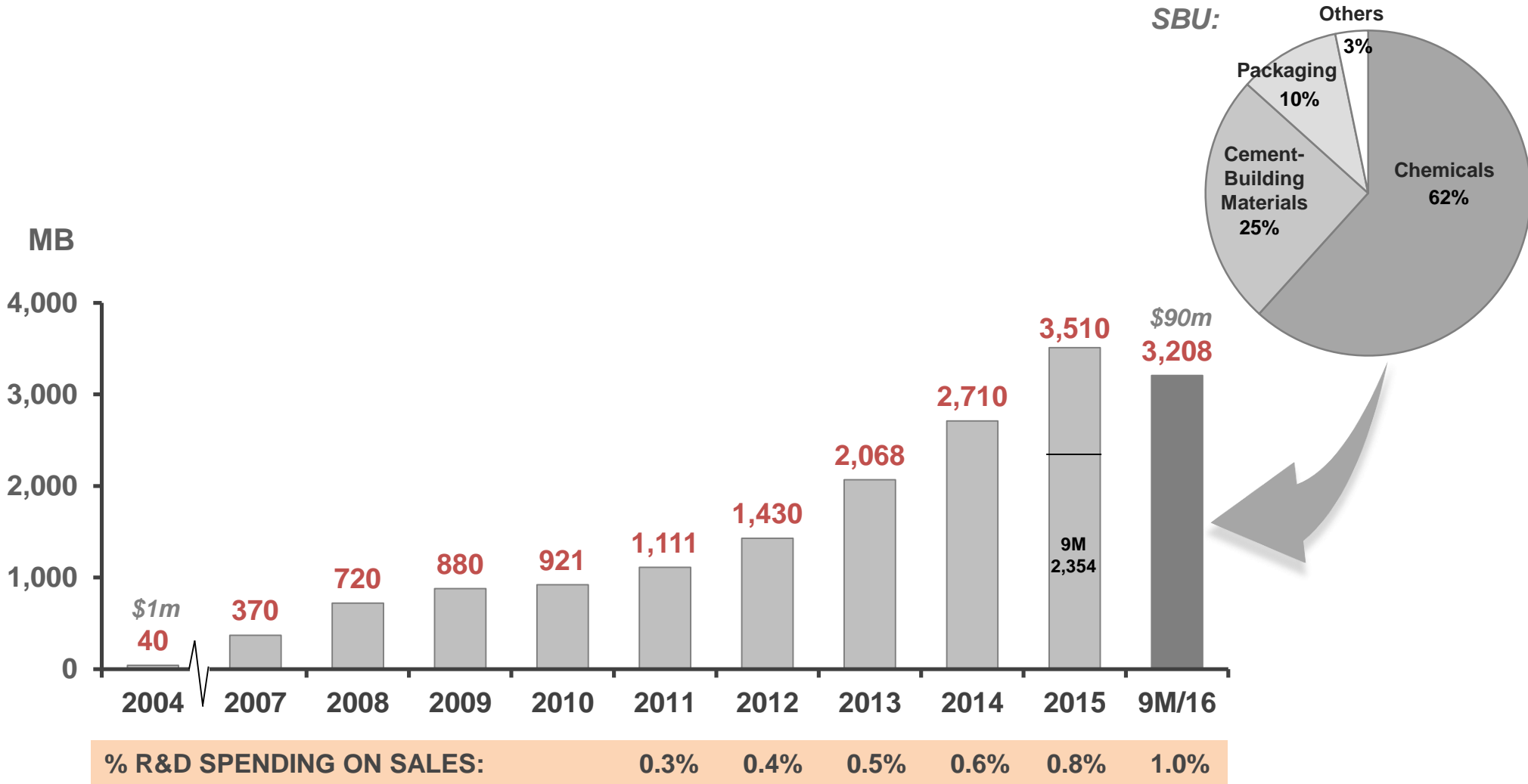


HVA's Revenue from Sales



Business	2013	2014	2015	9M/16
Cement-Building Materials	41%	42%	41%	41%
Chemicals	27%	27%	31%	31%
Chemicals (Includes associates)	50%	50%	53%	54%
Packaging	38%	39%	39%	43%

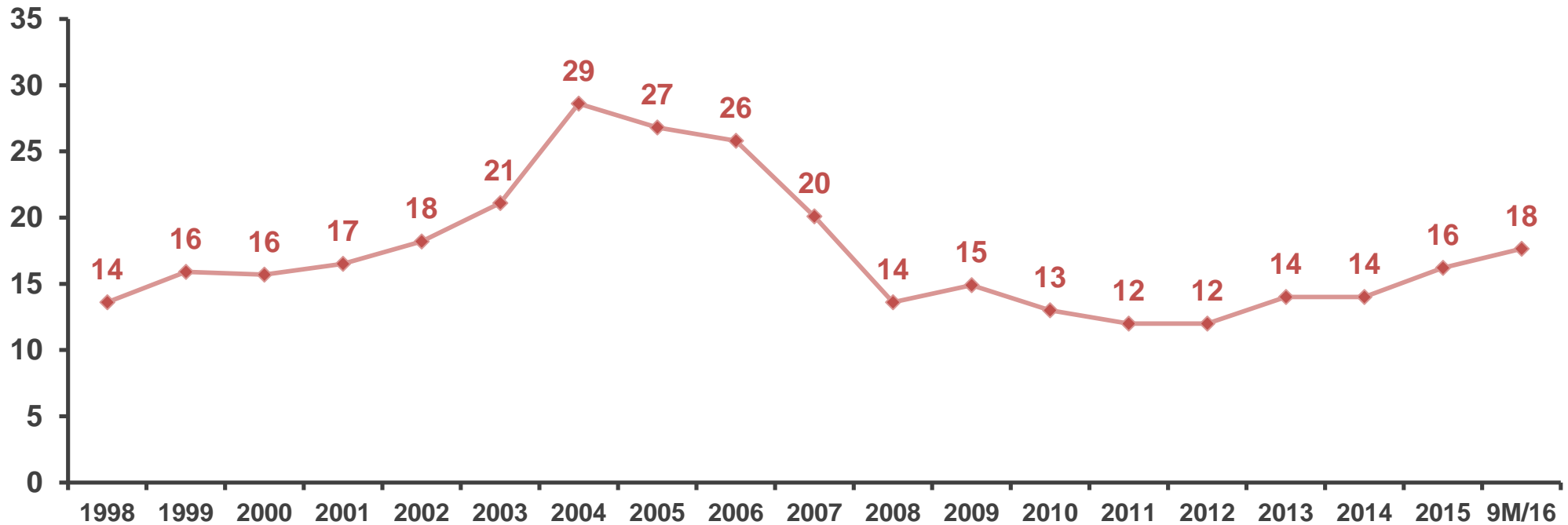




- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

EBITDA on Total Assets

Percent (%)



EBITDA Margin (%):

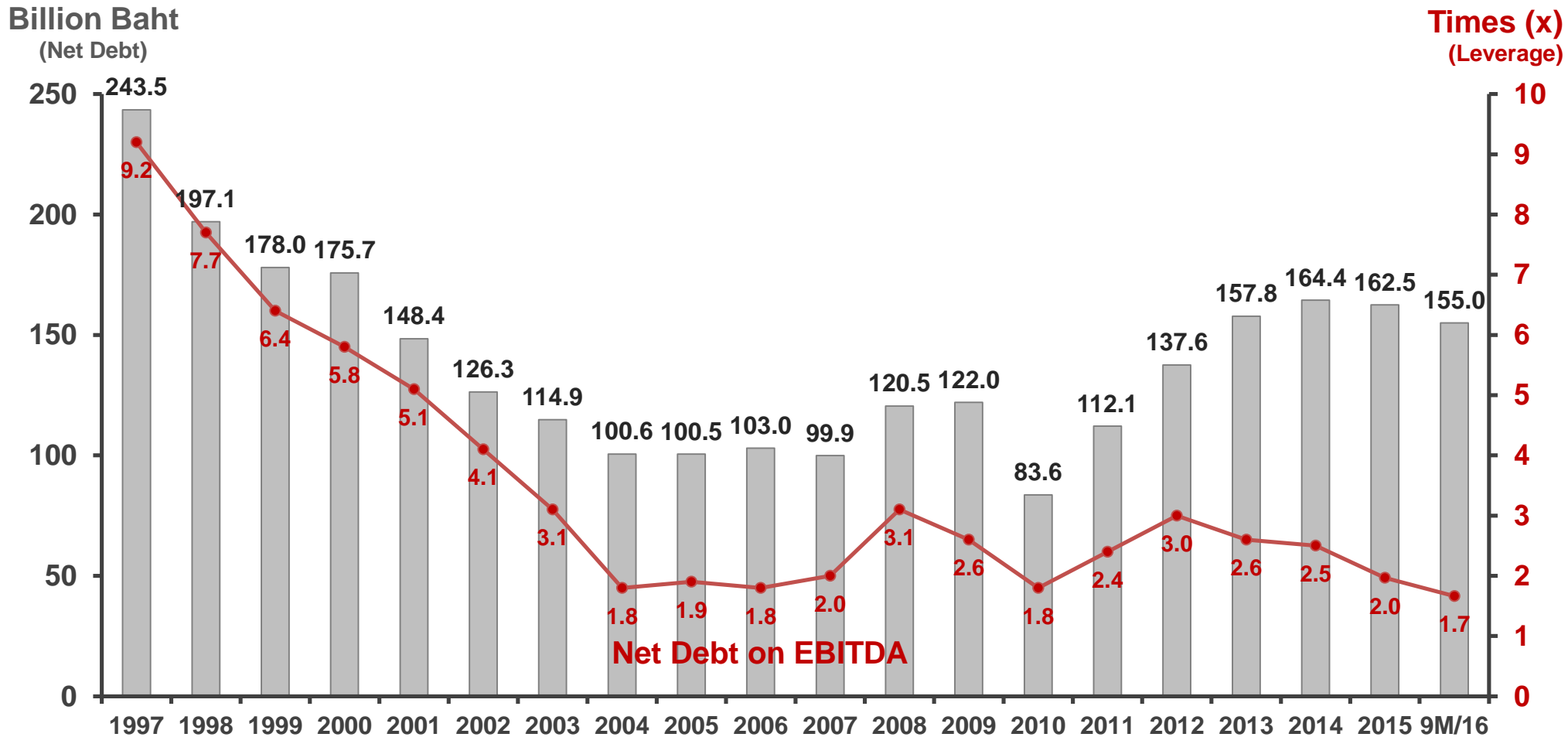
23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13	18	20
----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

Net Debt

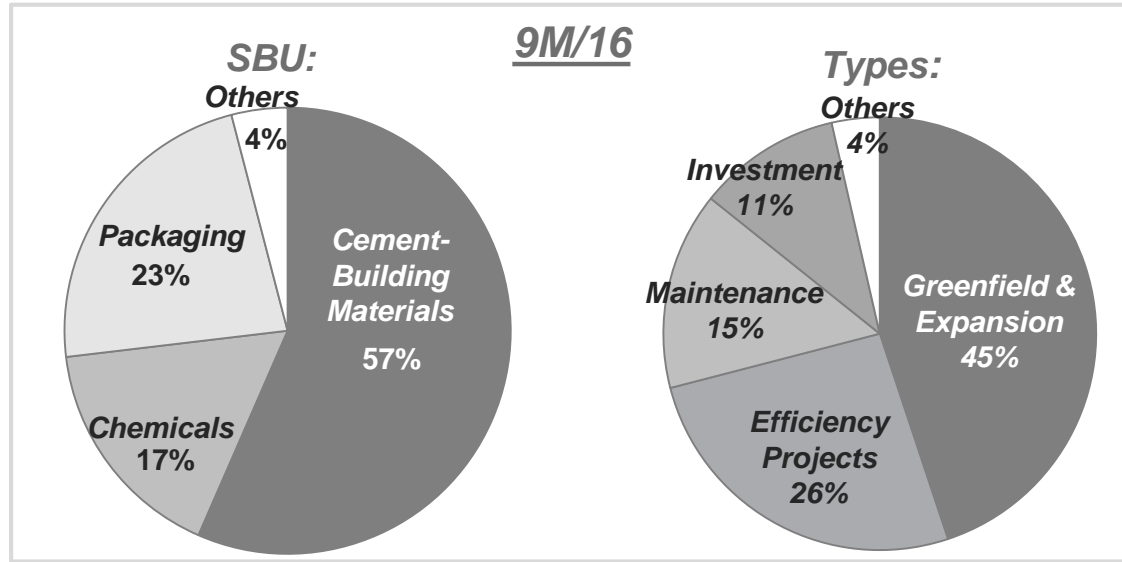
Leverage registered 1.7 times (x), on healthy EBITDA and lower net debt.



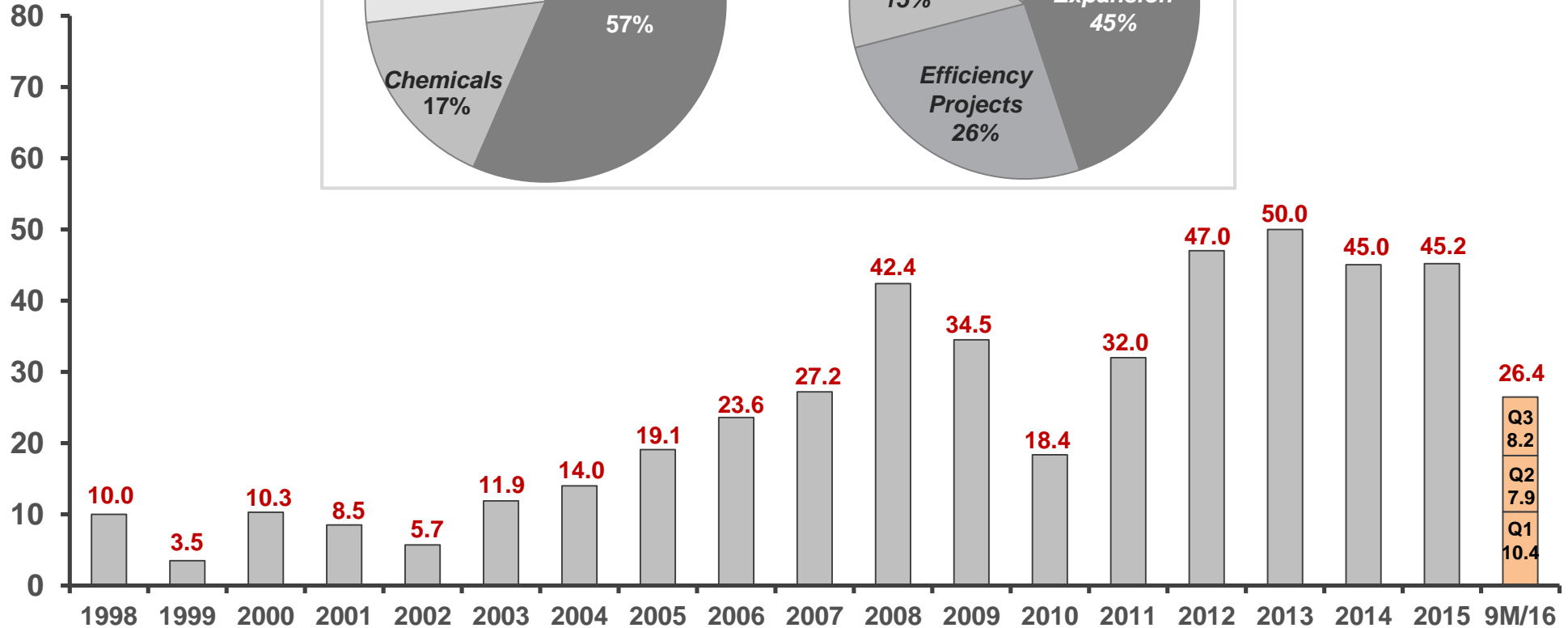
Net Debt to Equity = 0.6x

CAPEX & Investments

Amounted to 26,402 MB in 9M/16, which was mainly from the Cement-Building Materials business.



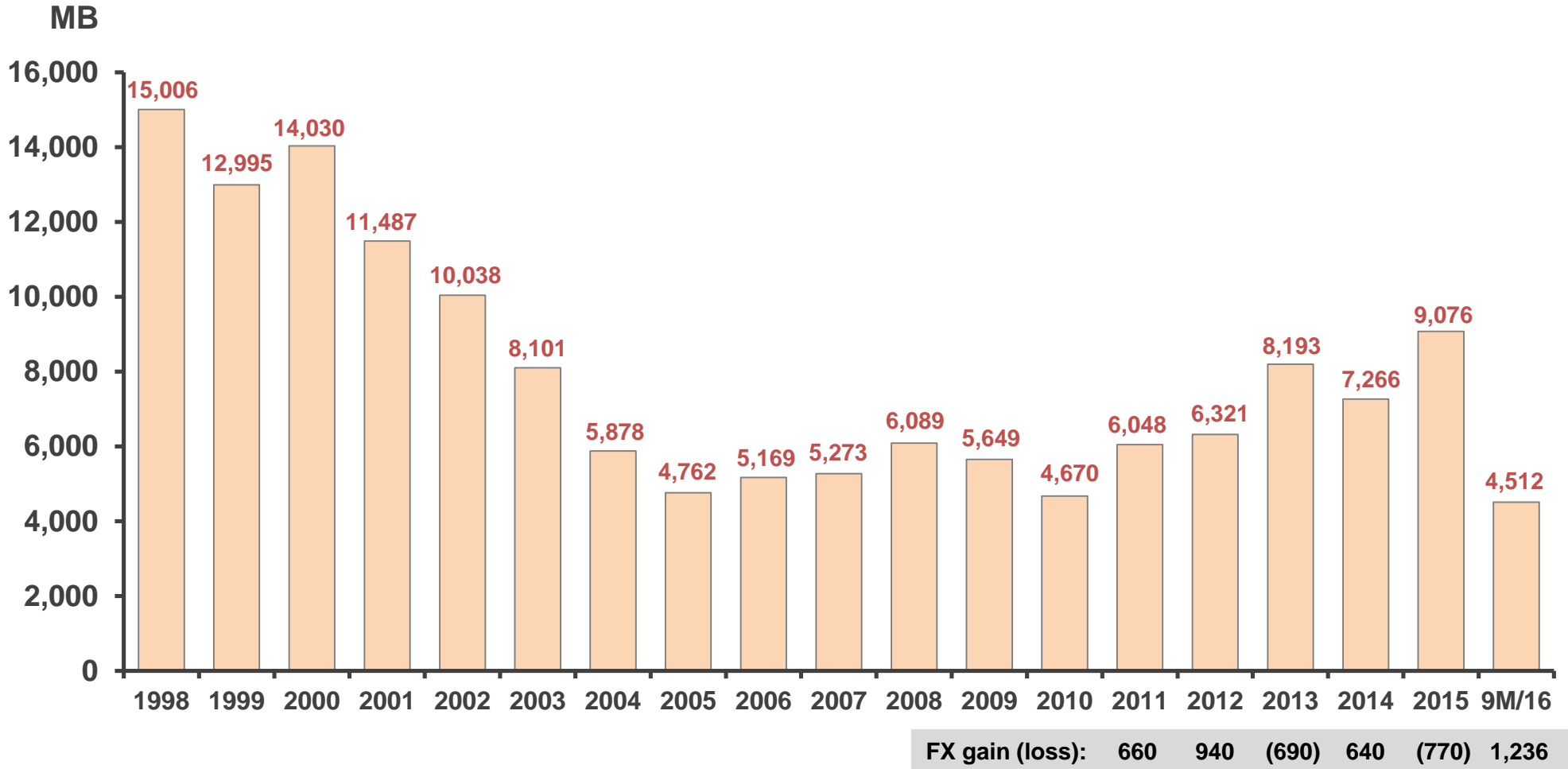
Billion Baht



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

Interest and Finance Costs

Amounted to a total of 4,512 MB which includes a FX gain of 1,236 MB, while interest cost was 3.8% at the end of 9M/16.



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

Highlights:

- Cash & cash under management of 38,488 MB at the end of Q3/16.
- Net Working Capital was sideways q-o-q at 62,865 MB, with Inventory to Sales at 44 days (from 41 days).
- 25 Billion Baht (4 years, 3.00% fixed) debenture to be issued on Nov 1/16 to replace the matured 25 Billion Baht tranche (4-years, 4.15% fixed).

Outlook:

- Continued chemicals peak cycle, but accompanied by softness in the domestic cement and packaging businesses.
- FY2016 CAPEX & Investments remain relatively the same.
- FY2016 depreciation of approximately 23,000 MB, up 2,500 MB y-o-y.
- Estimated details for FY2017 will be forthcoming.

- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

Domestic market:

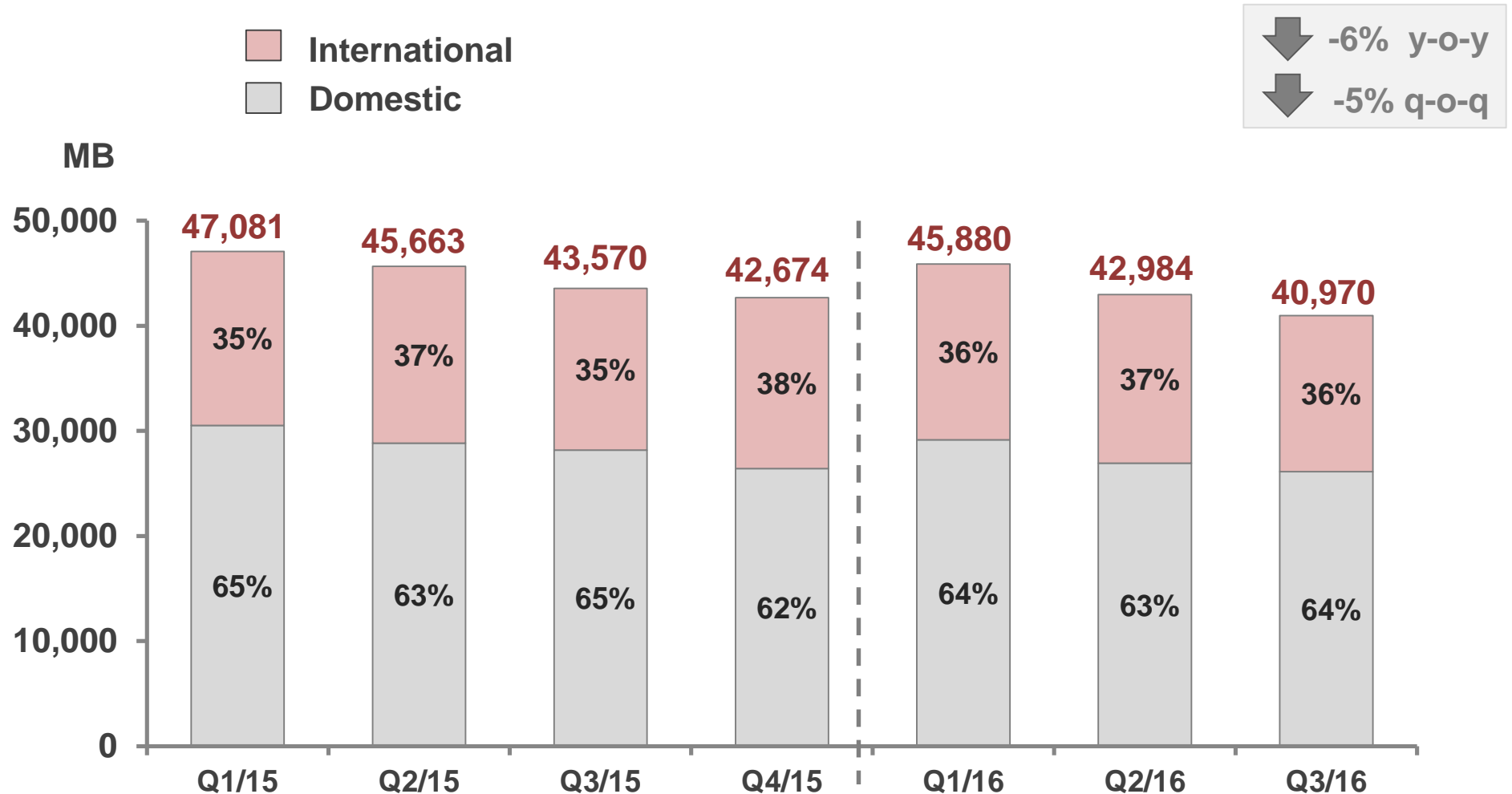
- Cement demand dropped -5% y-o-y in Q3/16 following softness in the non-government sectors, and -4% q-o-q on seasonal factors.
- Similarly, ready-mixed concrete (RMC) demand decreased -6% y-o-y and -1% q-o-q in Q3/16, while prices dropped y-o-y and q-o-q to the range of 1,650 – 1,700 baht per cubic meter.
- Demand of housing products (roof ceiling & wall) in Q3/16 increased +1% y-o-y but decreased -8% q-o-q, while demand for ceramic tiles dropped -8% y-o-y and -10% q-o-q.

ASEAN market:

- Cement demand in ASEAN market remains positive. (details in page 28)

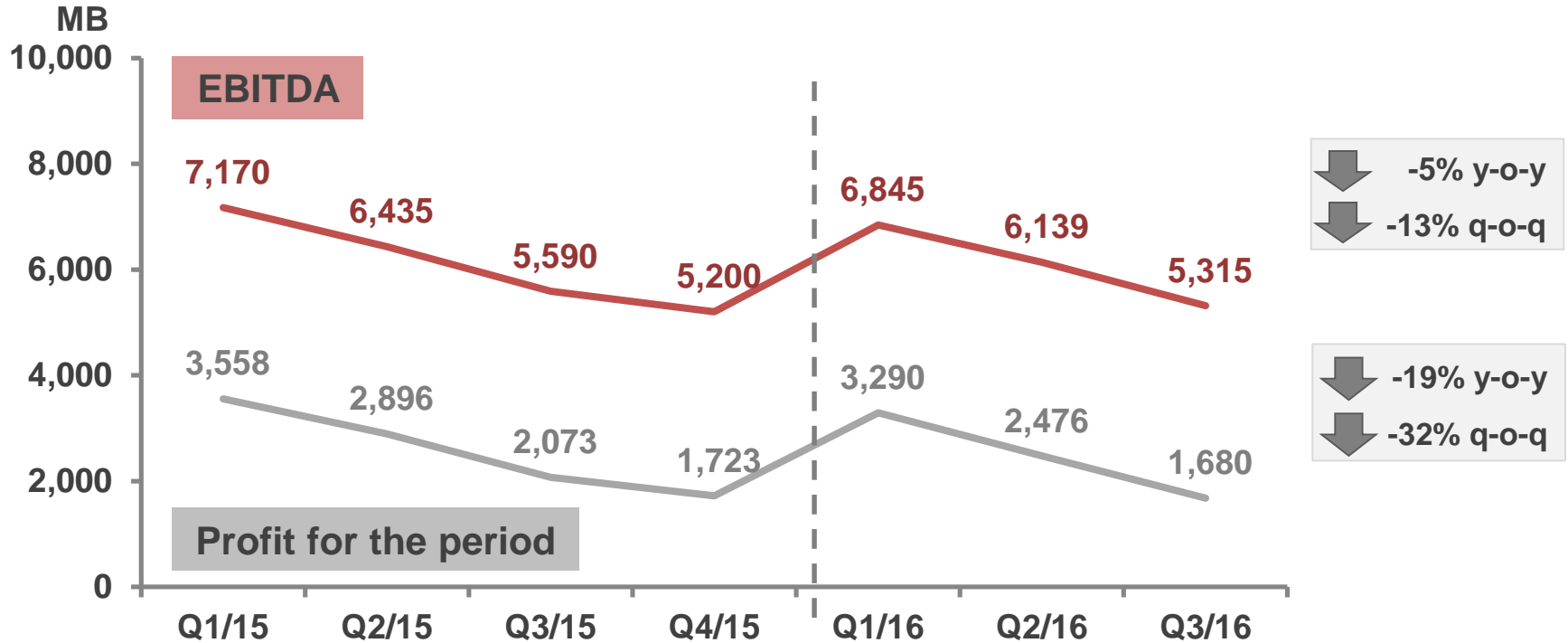
Revenue from Sales

Sales in Q3/16 down q-o-q due to seasonality and weak demand, down y-o-y due to weak demand and prices.



EBITDA and Profit for the Period

Q3/16 EBITDA down q-o-q due to seasonality and weak demand, while profitability down y-o-y due to lower EBITDA and increased depreciation.



EBITDA Margin *

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
Total	15%	14%	13%	12%	15%	14%	13%
International	10%	11%	10%	8%	10%	13%	12%
Domestic	18%	16%	14%	15%	17%	15%	13%
Domestic Structural Prod.	27%	24%	22%	21%	25%	20%	18%

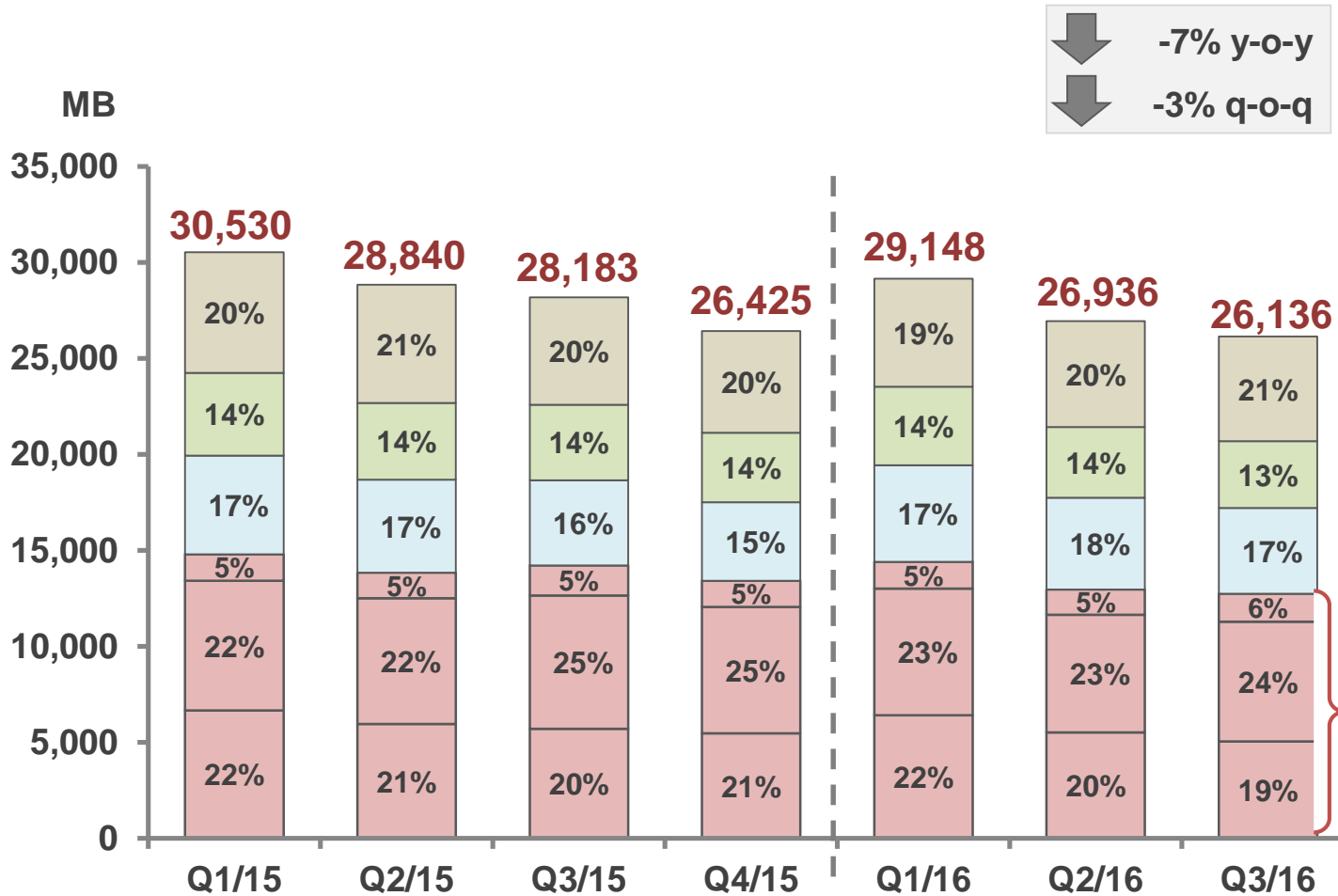
EBITDA Portion

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
International	24%	29%	28%	24%	24%	34%	34%

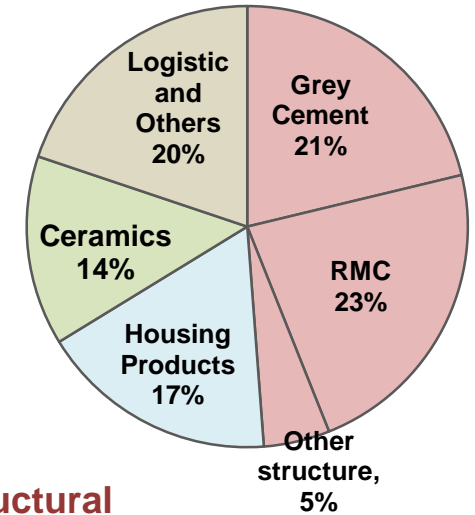
Note: * EBITDA margin = EBITDA from Operations, excludes divided from associates.

Domestic sales segmentation

Q3/16 domestic sales in Thailand declined -7% y-o-y, due to strong competition and soft market.



Domestic Sales (9M/16)
82,220 MB
 (-6% y-o-y)



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.

Domestic cement segments

Cement demand dropped -5% y-o-y in Q3/16, due to the soft demand from the non-government sectors.

% Growth (y-o-y)

	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	9M/16
Total Market* (100%)	-2%	+2%	-1%	+2%	0%	+5%	-3%	-5%	-1%
Commercial (Approximately 20%)	-6%	+1%	-3%	0%	-2%	0%	-7%	-7%	-4%
Gov't (Approximately 30%)	+10%	+11%	+11%	+12%	+11%	+21%	+9%	+1%	+10%
Residential (Approximately 50%)	-7%	-3%	-7%	-4%	-5%	-2%	-10%	-8%	-6%

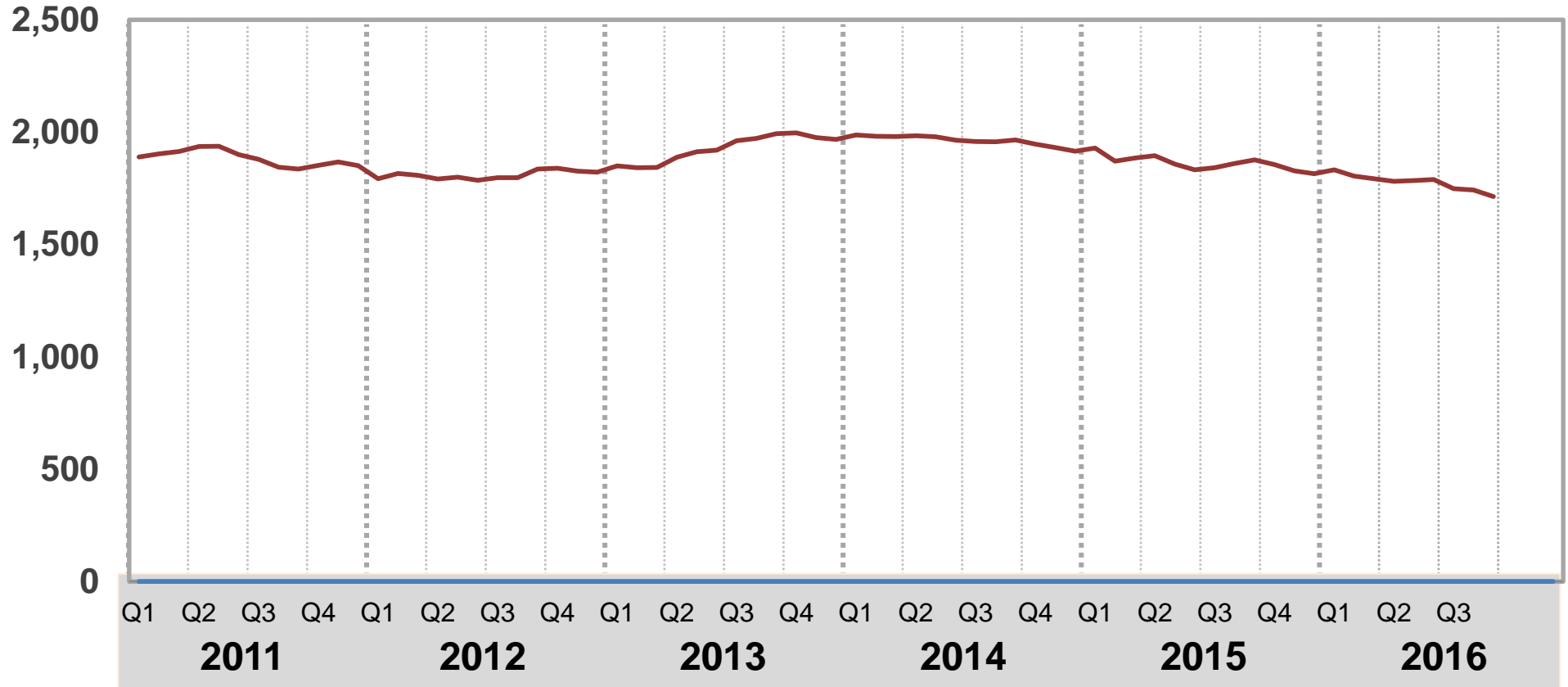
*Note: * Estimated volume market distribution*

Domestic cement price

The average cement price in Q3/16 dropped y-o-y to the range of 1,700-1,750 Baht/ton.

Baht/Ton

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



Sale Mix

- Bagged Cement (%)	45	44	40	38	41	40	37	37	39	39	35	35	37	36	36
- Bulk Cement (%)	55	56	60	62	59	60	63	63	61	61	65	65	63	64	64

Cement Demand Growth (y-o-y)

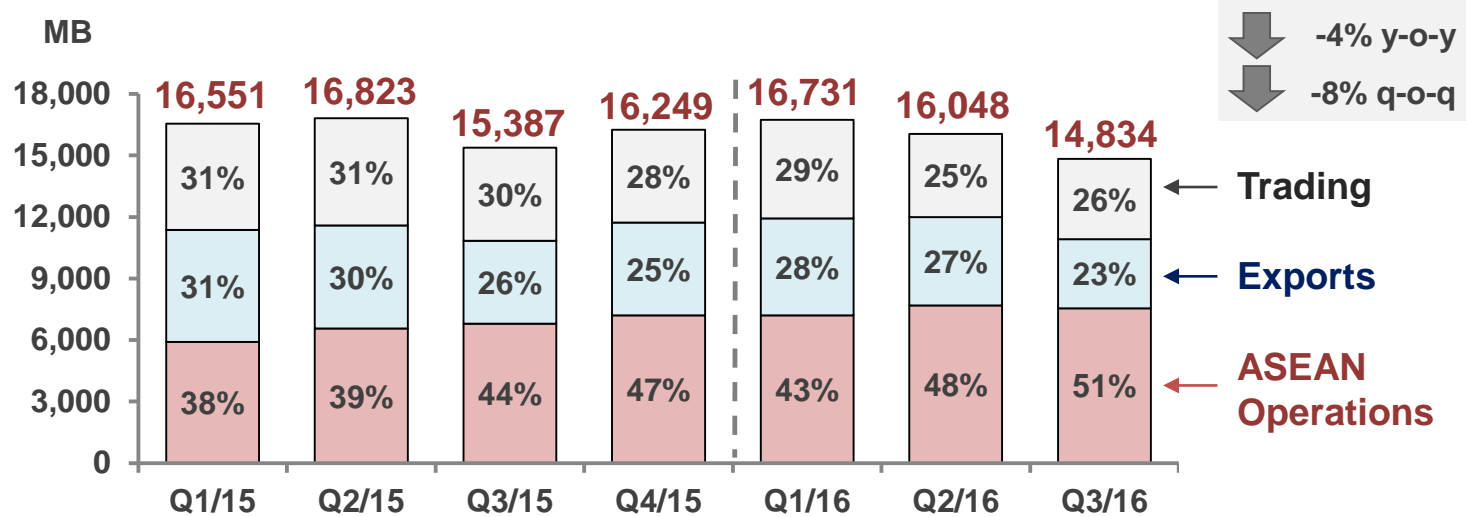
	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	9M/16
Cambodia	+8%	+12%	+17%	+0%	+9%	+16%	+18%	+13%	+16%
Indonesia	-1%	-2%	+4%	+6%	+2%	+5%	+2%	+2%	+3%
Myanmar	+17%	+19%	+7%	+2%	+11%	+6%	-3%	+3%	+2%
Vietnam	-1%	+11%	+6%	+14%	+8%	+20%	+11%	+3%	+11%*
Thailand	-2%	+2%	-1%	+2%	0%	+5%	-3%	-5%	-1%

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

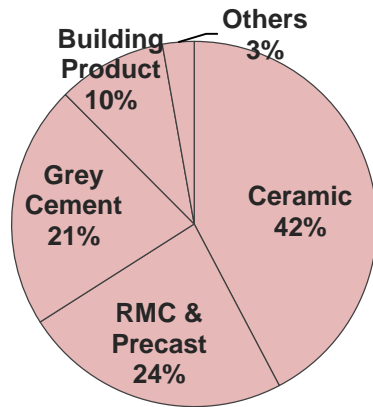
* Vietnam's cement demand in Q3/16 included only Jul- Aug, 9M/16 included only the first eight month of 2016.

International sales segmentation

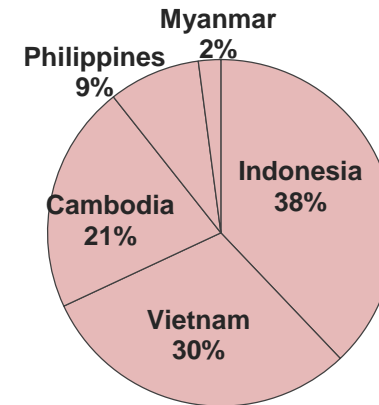
Q3/16 International sales dropped -4% y-o-y, mainly due to the drop in the trading of non-SCG products.



9M/2016 ASEAN Operations (Products)



9M/2016 ASEAN Operations (Country)

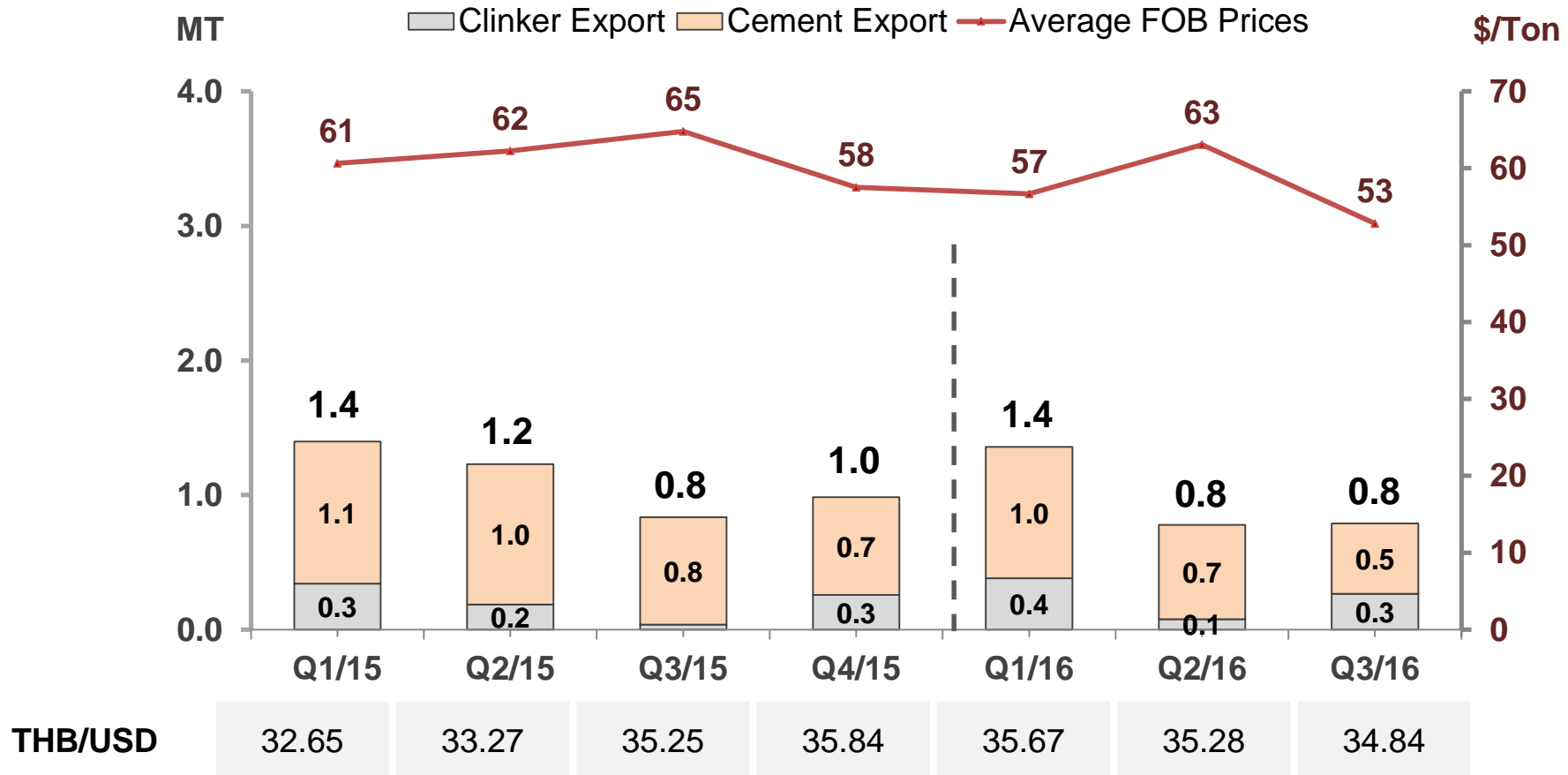


Note: International business = ASEAN Operations, exports from Thailand, and Trading business
 Housing - Roofing products, Board & Wood sub, and Home improvement.
 Ceramics - includes Sanitary ware and Fittings.
 Trading - are mainly trading of non-SCG products

Cement exports

Exports volume register 0.8 MT in Q3/16, while export prices dropped \$12/ton y-o-y as a result of the change in product mix.

Sales volume and Average prices (FOB)

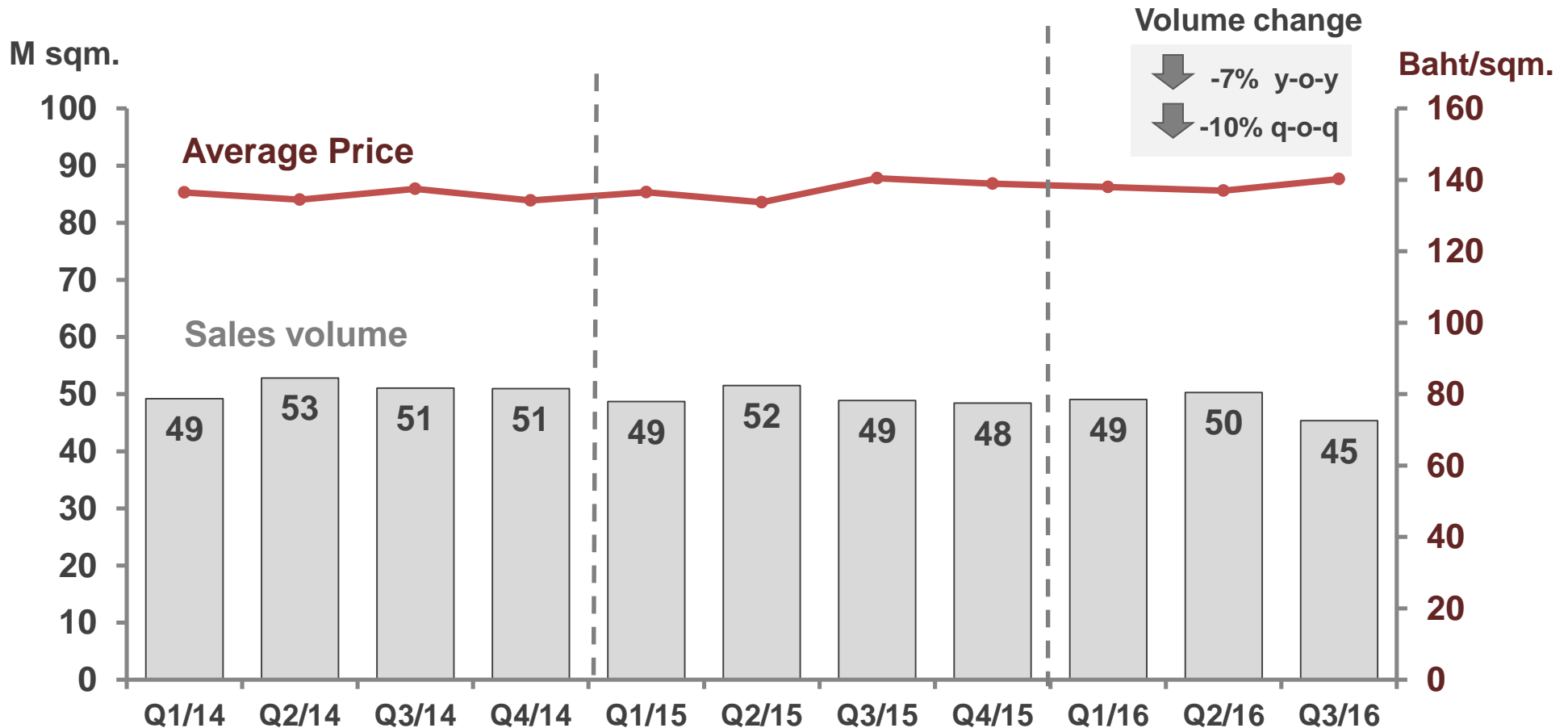


Note: FOB price does not include handling charges and discount.

Ceramic Tiles

Q3/16 Sales volume was dropped by 7% y-o-y , according to the weakness of Thai market

Sales volume & prices for all ASEAN subsidiaries



Outlook:

- Q4/16 domestic demand of cement, housing products and ceramic tiles are expected to remain soft in Q4/16.
- Pricing pressure for domestic cement is forecasted to remain.
- ASEAN (ex-Thailand) demand for cement and building materials products are forecasted to see continued positive growths.

Plants startup :

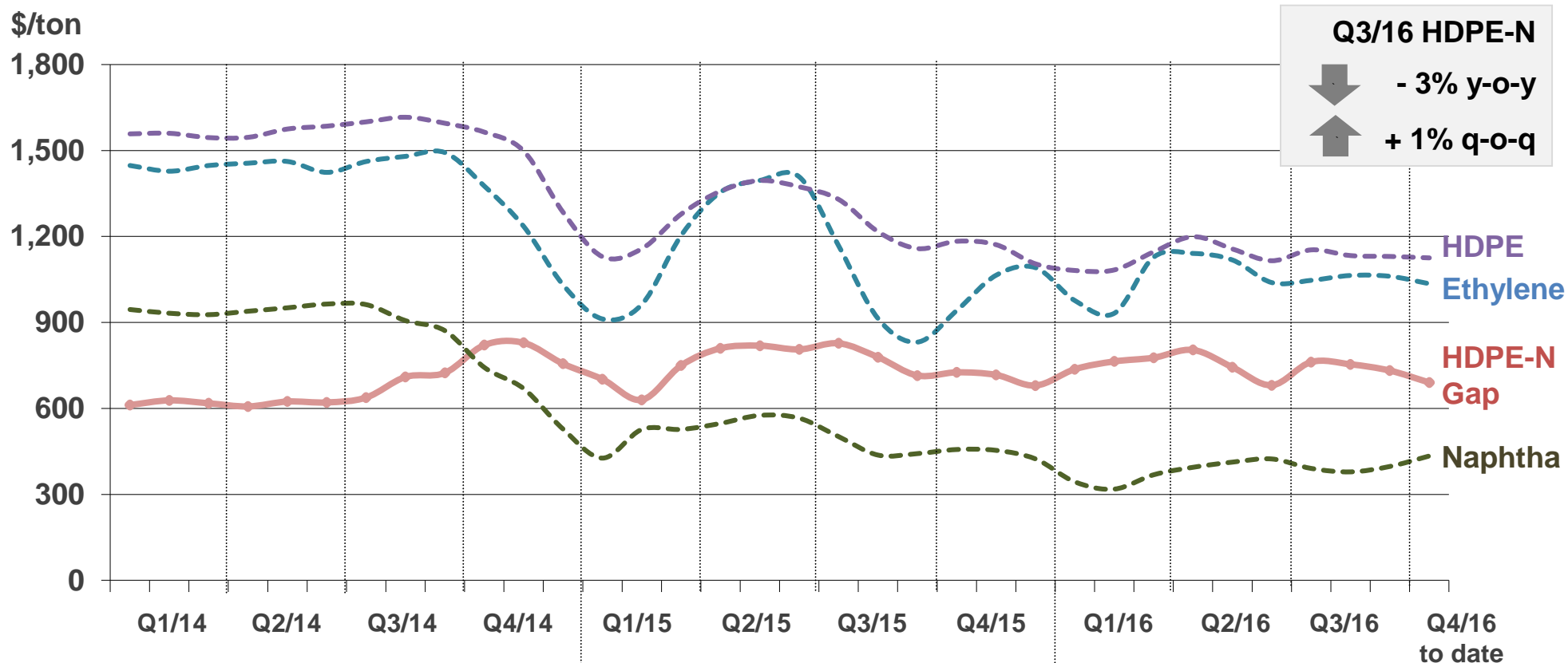
- **Myanmar cement plant** : under commissioning and expects commercial within Q4/16
- **Laos cement plant** : commercial operation is expected within Q1/17.

- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

	Q3/16	Q-o-Q Change	Notes
Crude (Brent)	\$46/bbl	+\$0/bbl (0%)	Oil stable on average as OPEC and non-OPEC attempted to freeze output while Iran boosted its production to pre-sanction level
Naphtha	\$389/ton	-\$21/ton (-5%)	Lower naphtha demand from LPG replacement as alternative feedstock
Ethylene	\$1,057/ton	-\$42/ton (-4%)	End of cracker T/A season and start up of crackers
Propylene	\$728/ton	+\$10/ton (+1%)	Tight supply from on-purposed unit unplanned shutdown in China
HDPE	\$1,139/ton	-\$15/ton (-1%)	Price adjusted to reflect bearish sentiment as customers wait and see on oil price trend. PE dropped amid improved demand in agriculture
PP	\$1,094/ton	+\$4/ton (+0.4%)	
HDPE-Naphtha	\$749/ton	+\$6/ton (+1%)	Margin were strong before declining slightly in Sep on weak trading activities
PP-Naphtha	\$704/ton	+\$24/ton (+4%)	
EDC	\$256/ton	-\$12/ton (-5%)	Price declined with lower C2 price and Asia VCM supplier S/D
PVC	\$807/ton	+\$3/ton (+0.4%)	Price remained high from limited supply and healthy demand in India
PVC-EDC/C2	\$354/ton	+\$23/ton (+6%)	Spread widened from lower EDC and firmed PVC price
MMA-Naphtha	\$1,323/ton	+\$269/ton (+25%)	Tight supply market in Asia from MMA plant S/D
BD-Naphtha	\$702/ton	+\$100/ton (+17%)	Strong market sentiment with tight supply
PTA-PX	\$67/ton	-\$6/ton (-8%)	Slower demand from S/D during the G20 summit and Chinese golden week

HDPE – Naphtha Price Gaps

HDPE spread moved sideways q-o-q to \$749/ton as HDPE sentiment was soft.
 HDPE demand weaken during Chinese long holidays

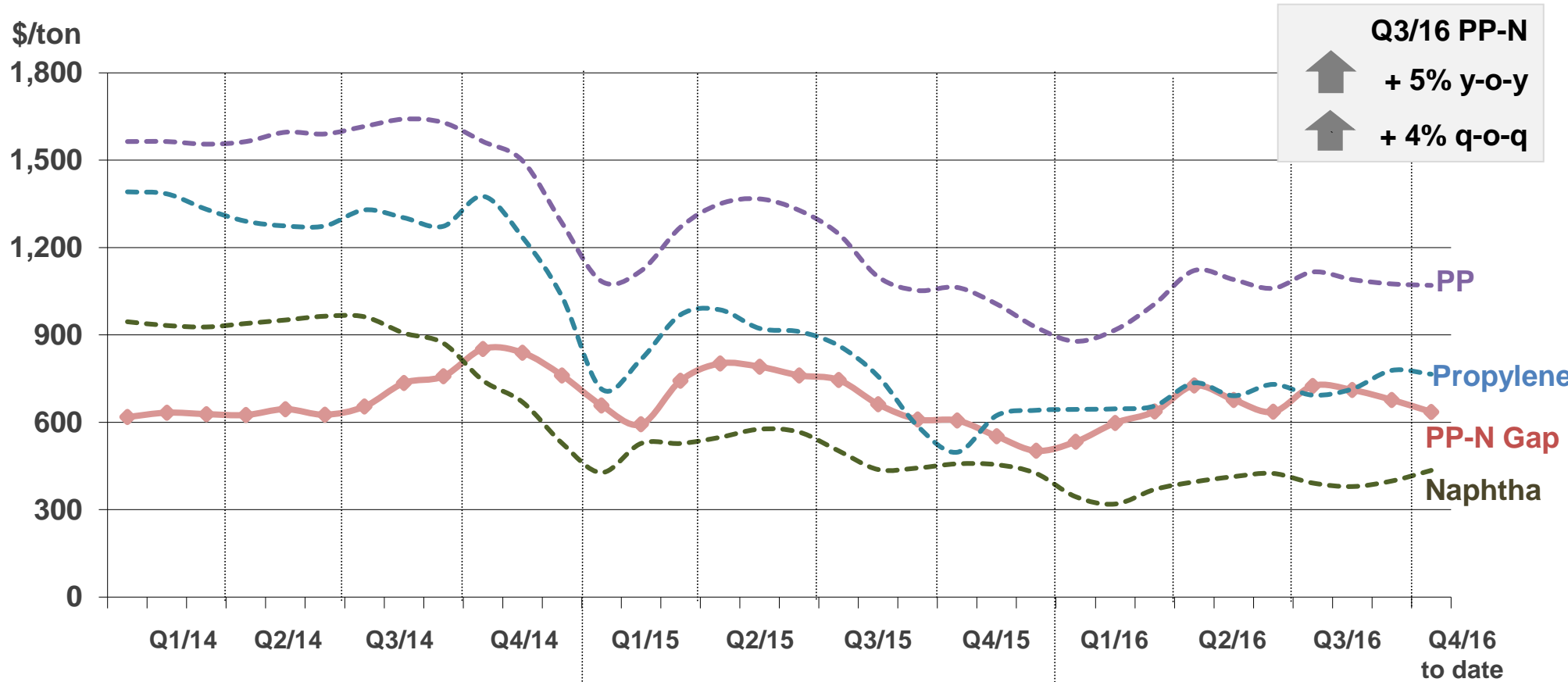


HDPE-Naphtha	620	618	691	802	694	812	774	708	759	743	749	691
Spread (\$/ton)	← 682 →			← 747 →				← 750 →				
HDPE-C2	113	121	125	234	161	(11)	264	120	91	54	82	90
C2-Naphtha	507	496	565	568	532	823	510	588	668	689	668	601

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

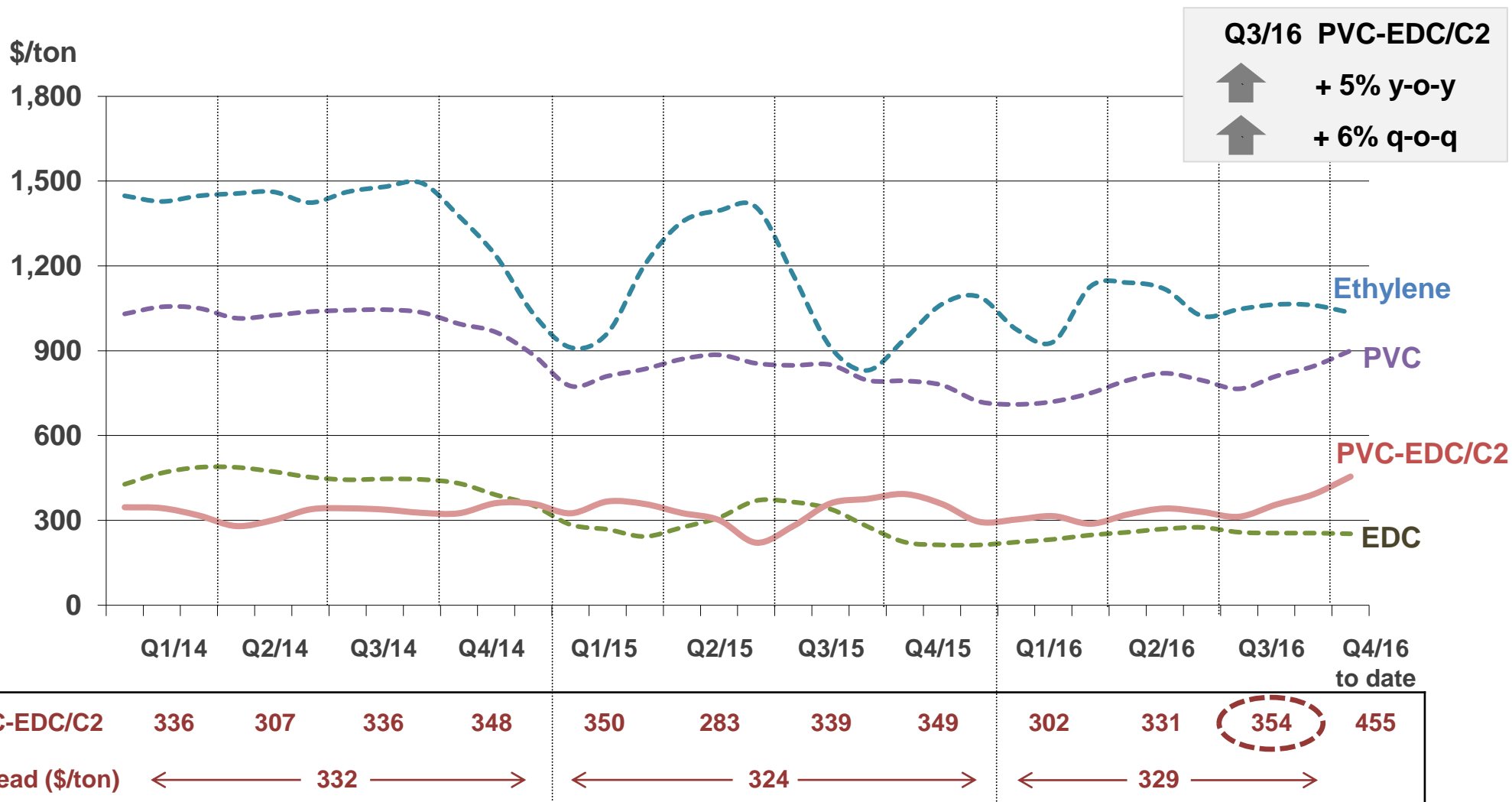
PP spread widened q-o-q to \$704/ton as supply tighten due to unplanned shutdown of propylene producers in Asia



PP-Naphtha	626	632	716	819	664	785	672	554	589	680	704	636
Spread (\$/ton)	← 698 →		← 669 →		← 658 →							
PP-C3	192	304	328	433	325	408	397	412	285	372	365	305
C3-Naphtha	434	328	388	385	339	376	275	142	305	308	339	331

Note: Prices refer to SEA regional prices

PVC spread increased to \$354/ton due to lower C2 price and strong demand particularly in India during end of quarter



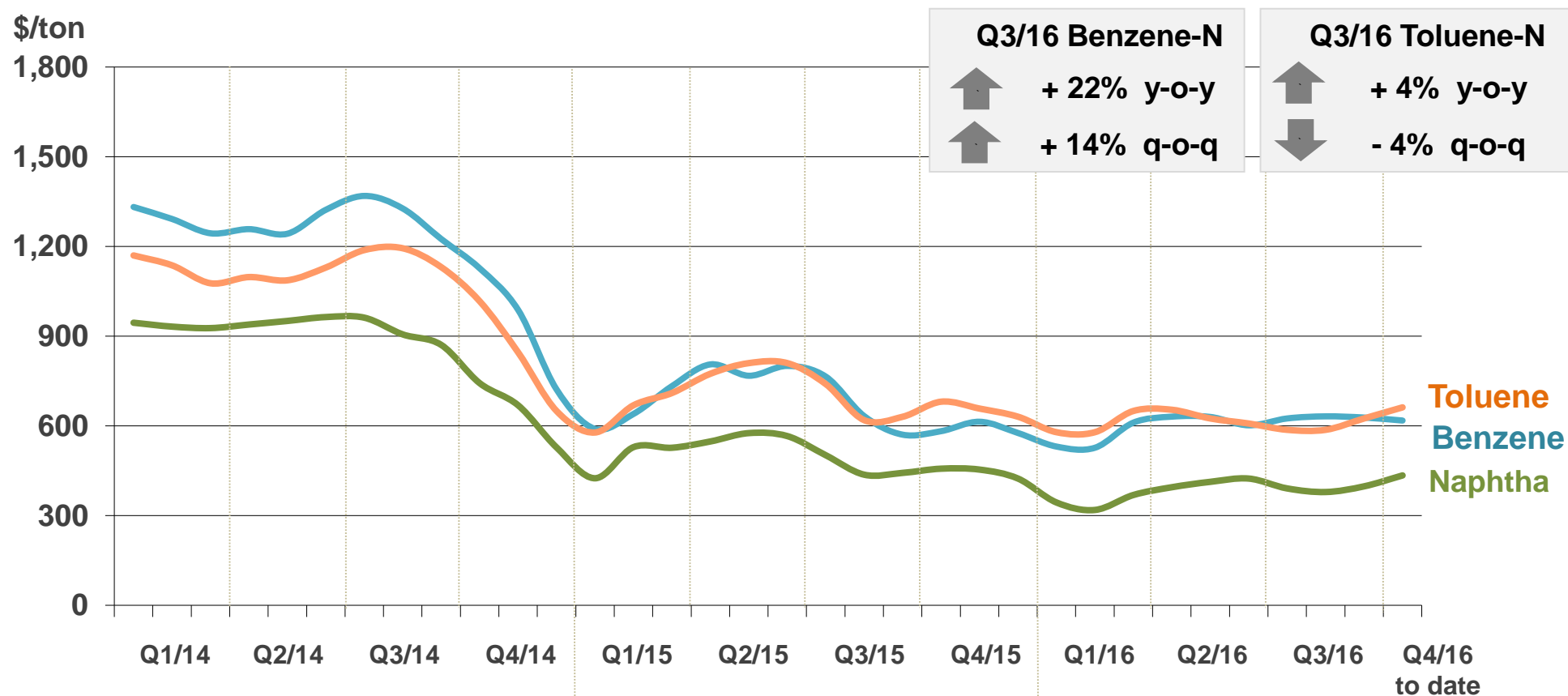
Note: Prices refer to FE regional prices

Benzene & Toluene



BZ-Naphtha: Increased following SM (BZ derivative) seasonal demand

TL-Naphtha: Narrowed from low Chinese blending demand due to high inventory



	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16 to date
BZ-Naphtha	355	323	394	299	161	228	196	146	212	210	239	184
TL-Naphtha	193	153	258	191	159	235	203	212	260	218	210	228
BZ-Spread	← 343 →		← 183 →		← 211 →							
TL Spread	← 199 →		← 202 →		← 239 →							

Note: Prices refer to SEA regional prices

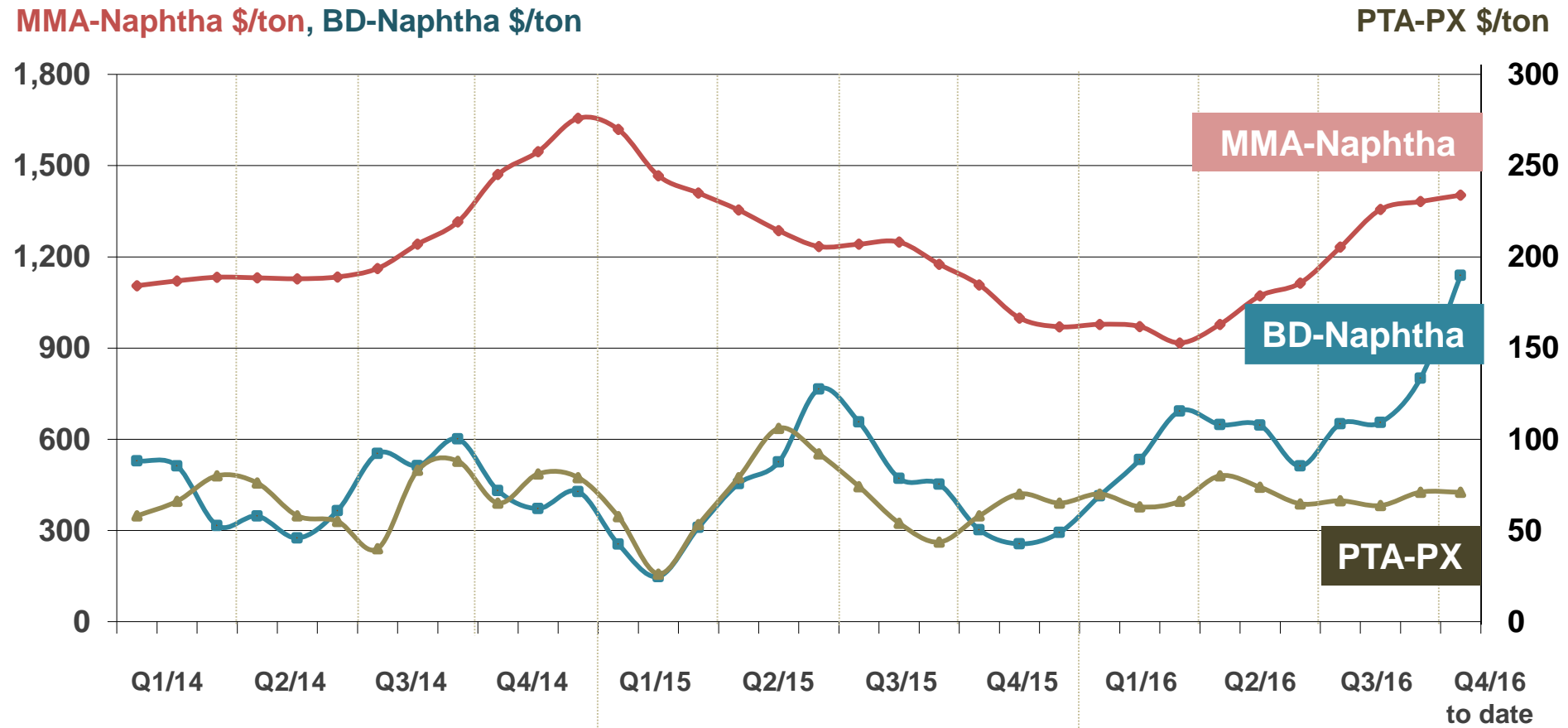
Price Gaps of Associates



MMA-Naphtha: Spread widened due to tight supply and MMA plant unplanned shutdown

PTA-PX: Gap decreased from slow demand during G20 and Chinese national holiday

BD-Naphtha: Tight supply in Asia increased gap sharply



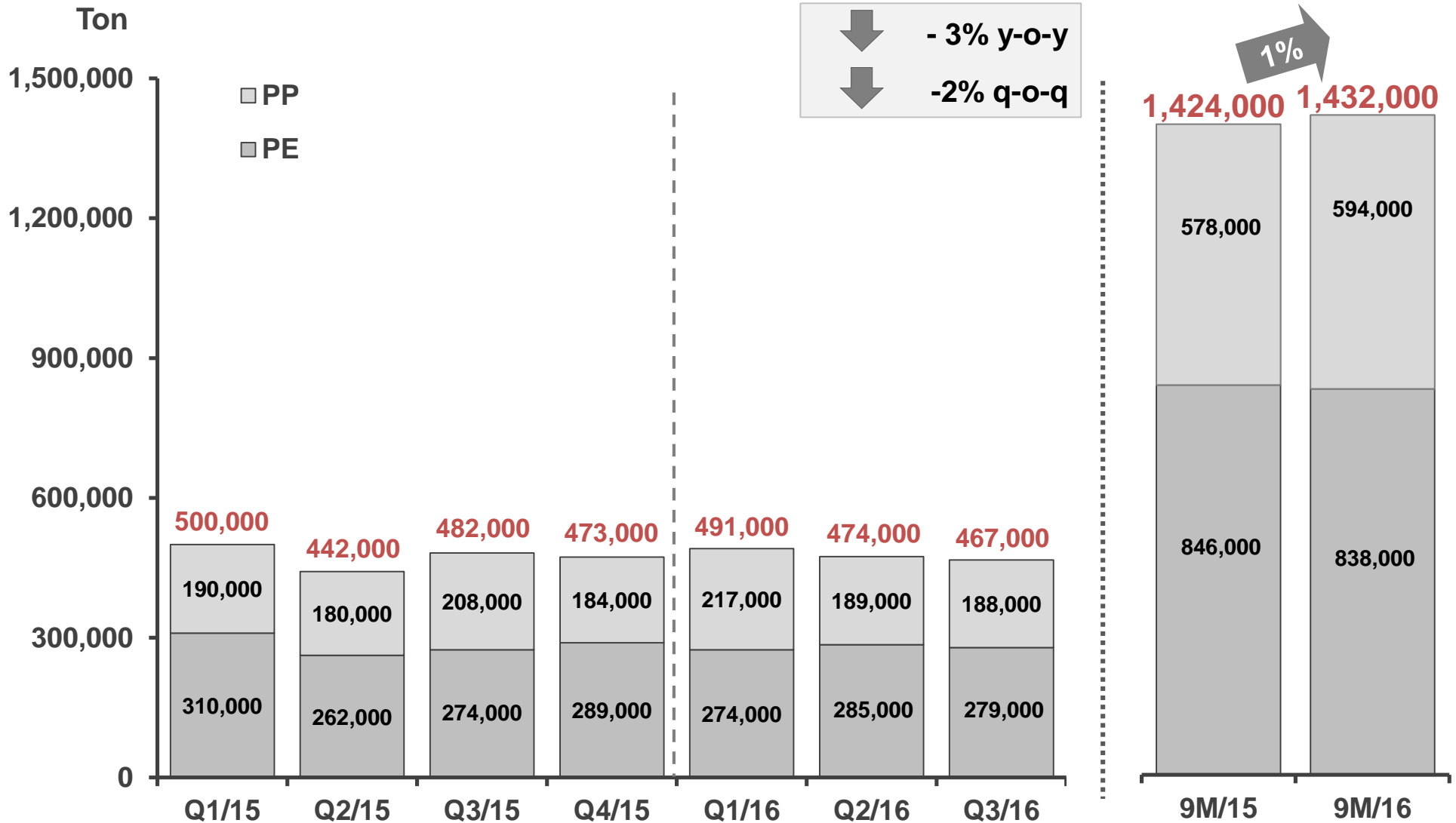
MMA-N	1,120	1,131	1,240	1,558	1,499	1,291	1,222	1,025	955	1,055	1,323	1,403
PTA-PX	68	63	70	75	46	92	57	64	66	73	67	71
BD-N	452	329	556	410	238	581	527	284	546	602	702	1,139

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

Polyolefin Sales Volume

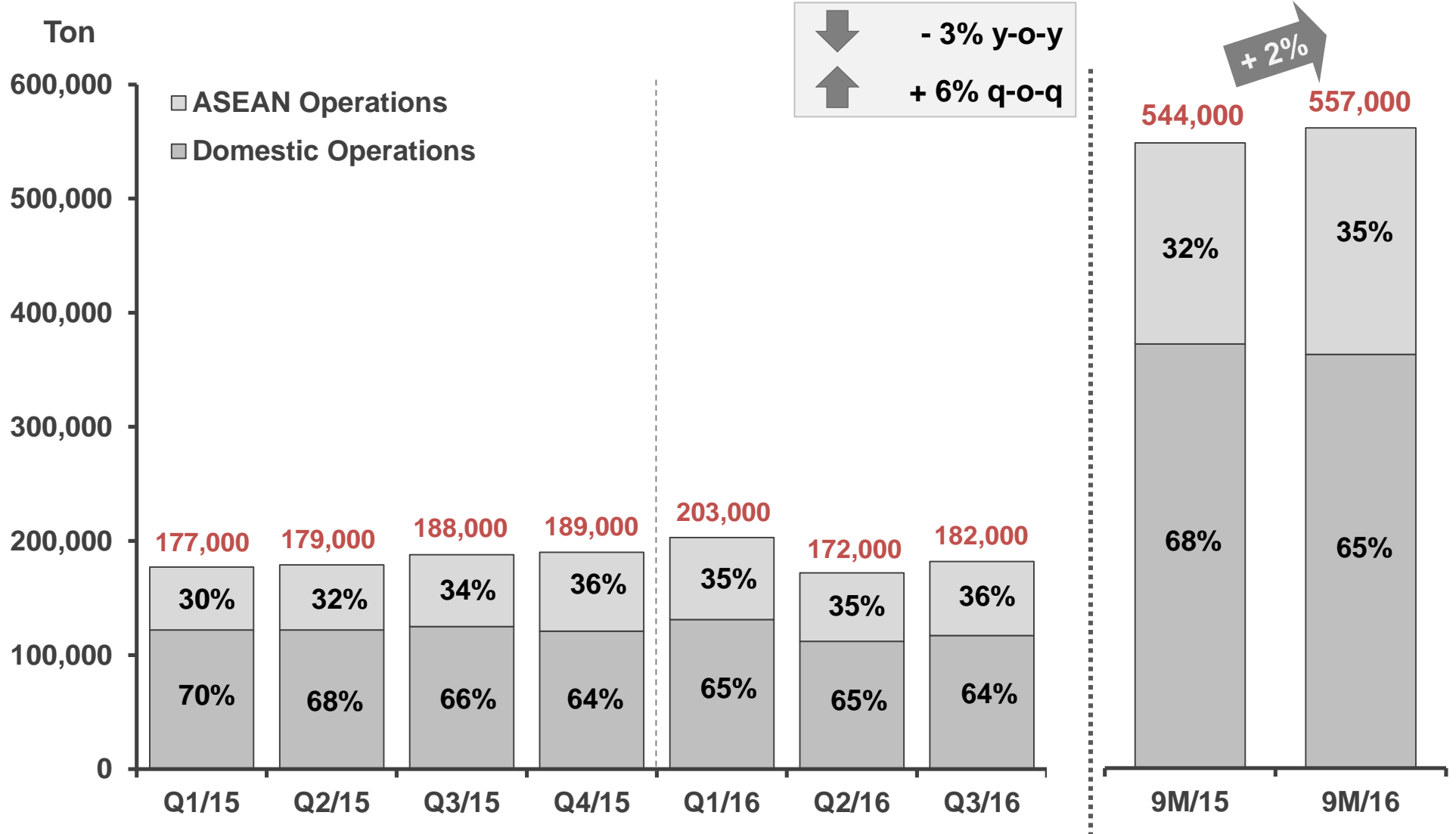


Q3/16 sales volume decreased slightly 2% q-o-q to 467,000 tons as company accumulated inventory to prepare for turnaround in Q4



PVC Sales Volume

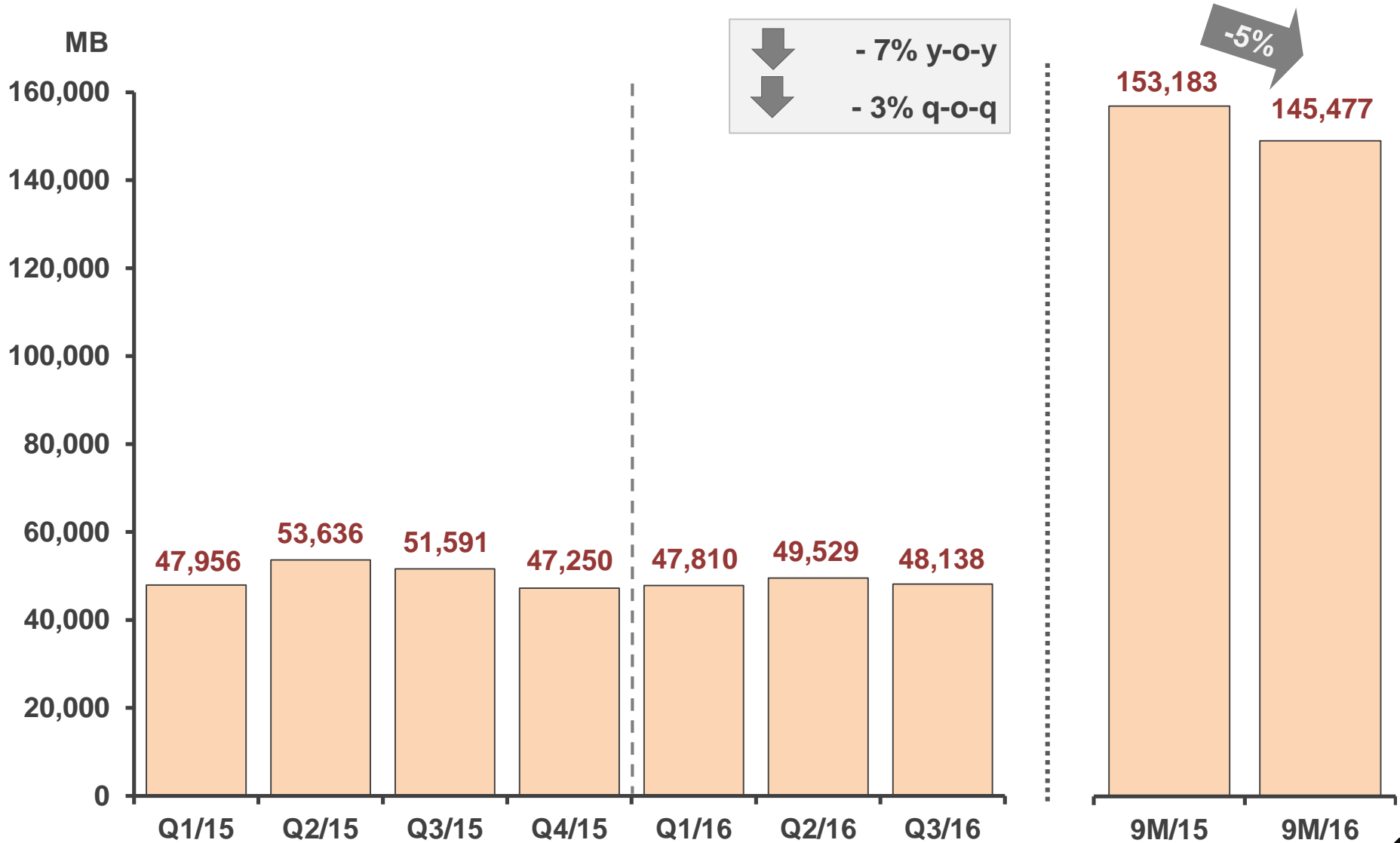
Q3/16 sales volume increased 6% q-o-q from supply tight in domestic market and firm demand in Vietnam and Indonesia



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

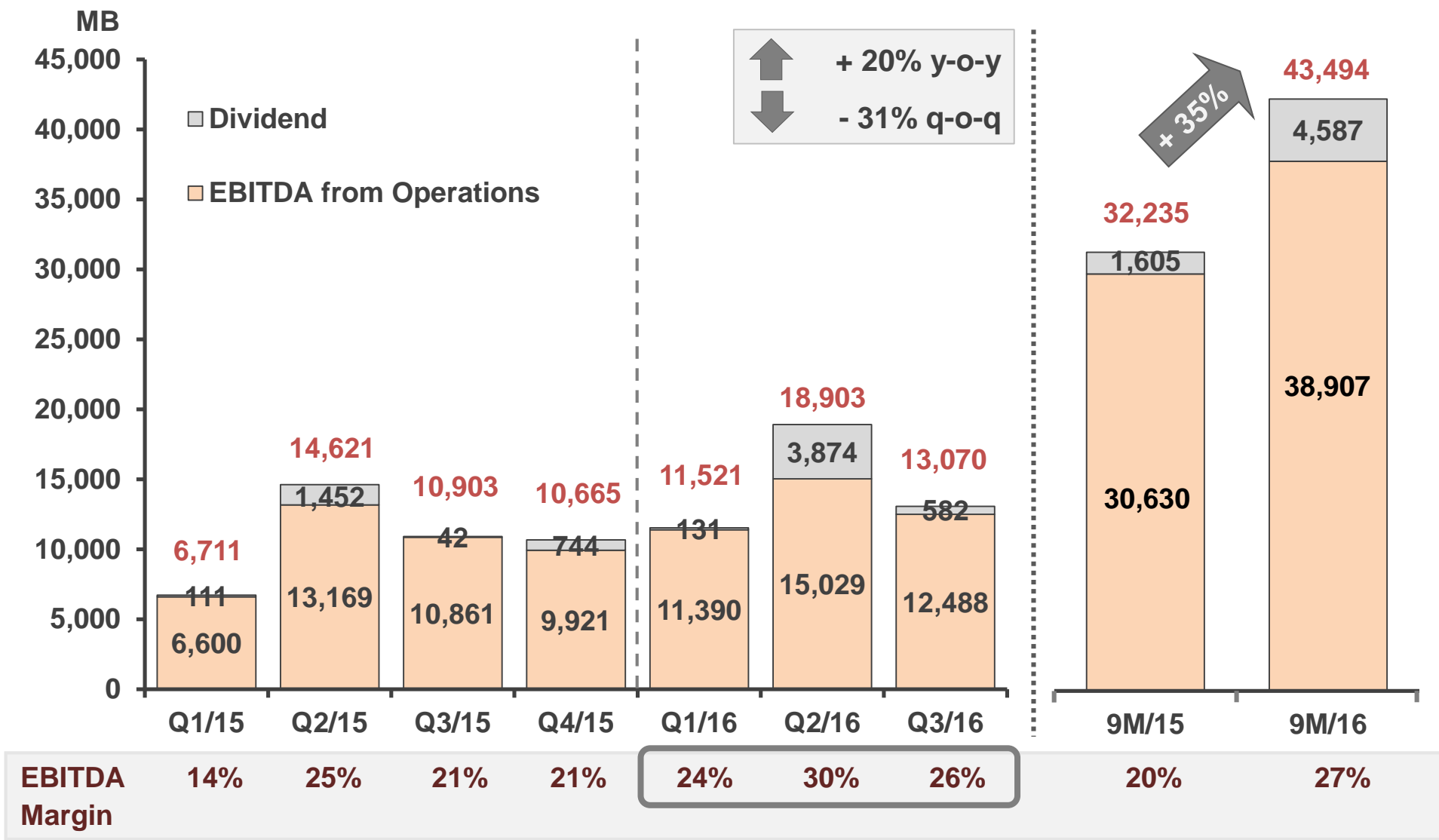
Revenue from Sales

Q3/16 revenue slightly dropped at 48,138 MB q-o-q as a result of lower end-product price



EBITDA

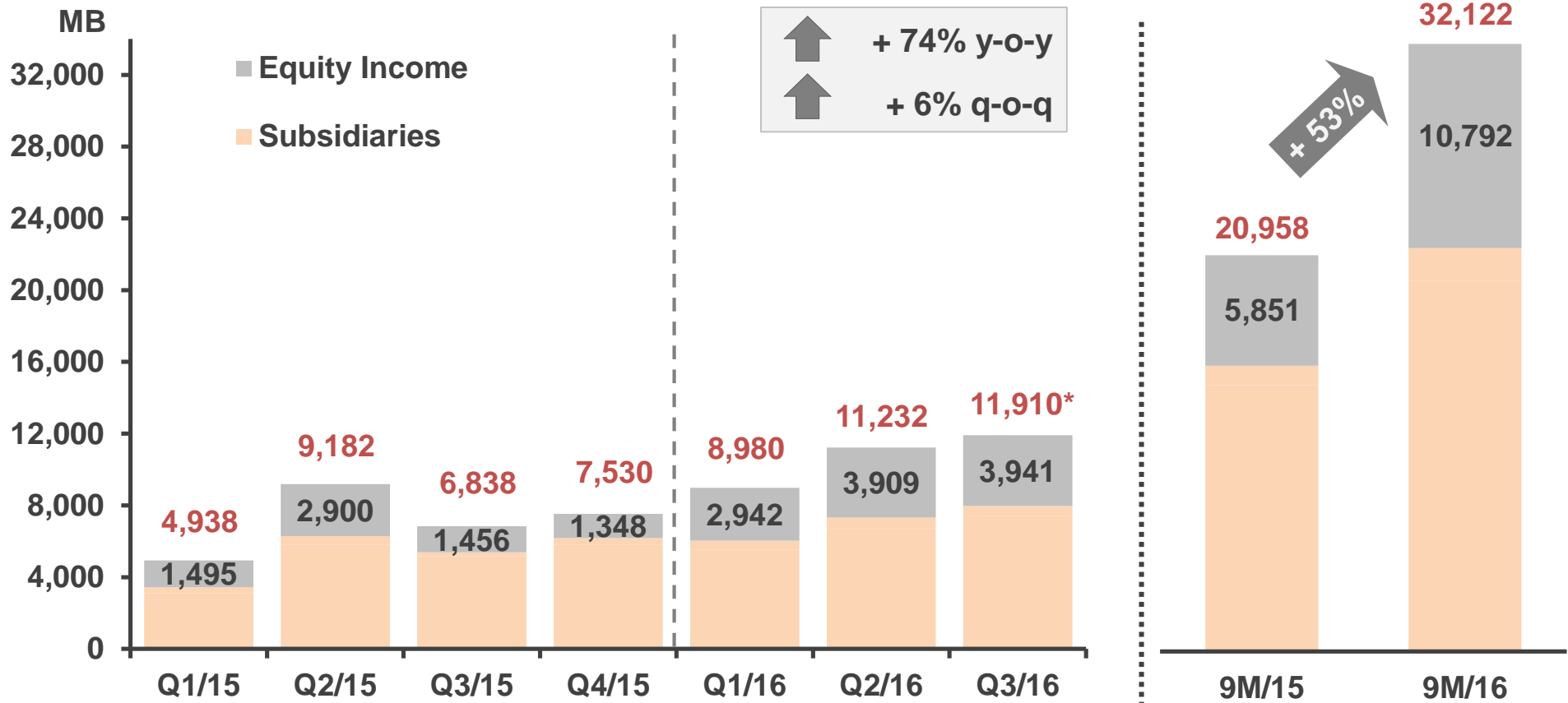
Q3/16 EBITDA from operation declined to 12,488 MB due to contracted overall margin



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

Profit for the Period

Q3/16 Profit increased to 11,910 MB as strong performance continued



NCI (Non controlling interest)	(680)	(3,600)	(1,540)	(1,140)	(2,820)	(4,000)	(4,600)	(5,820)	(11,420)
Inventory Gain (Loss)**	(930)	970	(2,160)	330	(300)	160	(140)	(2,120)	(280)

Note: *includes the approximate 1,800 MB deferred tax assets.

**Sub/Asso : 105%/-5%

- **Crude** – Upward trend owing to higher heating demand for the winter and positive sentiment of OPEC and non-OPEC's agreement to freeze output
- **Naphtha** – Corresponds to crude oil price increase, less competitive LPG price and resuming demand of regional cracker
- **Polyolefin** – Chemical margin peak remains intact. Strong trend in polyolefin margin.
- **PVC** – Healthy seasonal demand continues from Q3 despite year-end inventory destocking




Company highlight:

- **Vietnam project:** Final shareholding structure expected within 2016
- **Rayong Olefins (ROC):** 40-day cracker shutdown for scheduled maintenance (early Nov – mid Dec 2016)
- **Thai Plastic and Chemicals (TPC):** Delisting from the Stock Exchange of Thailand

- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

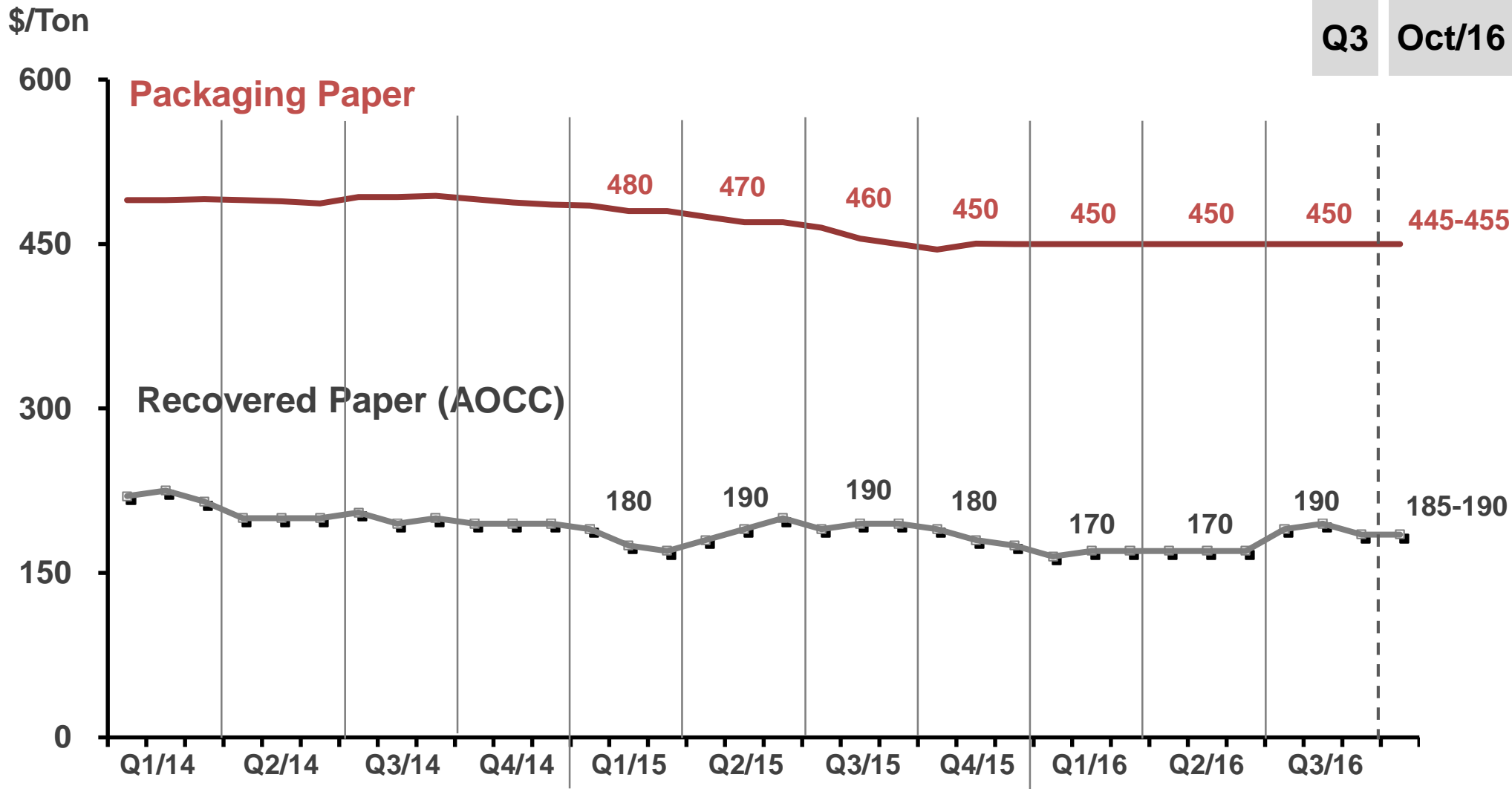
Q3/16 Domestic market situation

Packaging chain demand in key segments

Market Segment	Situation (Q-o-Q)	Market situation
Food & Beverage		<ul style="list-style-type: none"> Overall food and beverage market demand dropped as a result of slow consumption and lower production in beverage segment (Buddhist lent period).
Consumer		<ul style="list-style-type: none"> Domestic demand for consumer goods improved thanks to increasing promotional campaigns and new products launches.
E & E		<ul style="list-style-type: none"> Electronics & electrical appliances (E&E) overall demand decline as low season period.

Packaging Paper

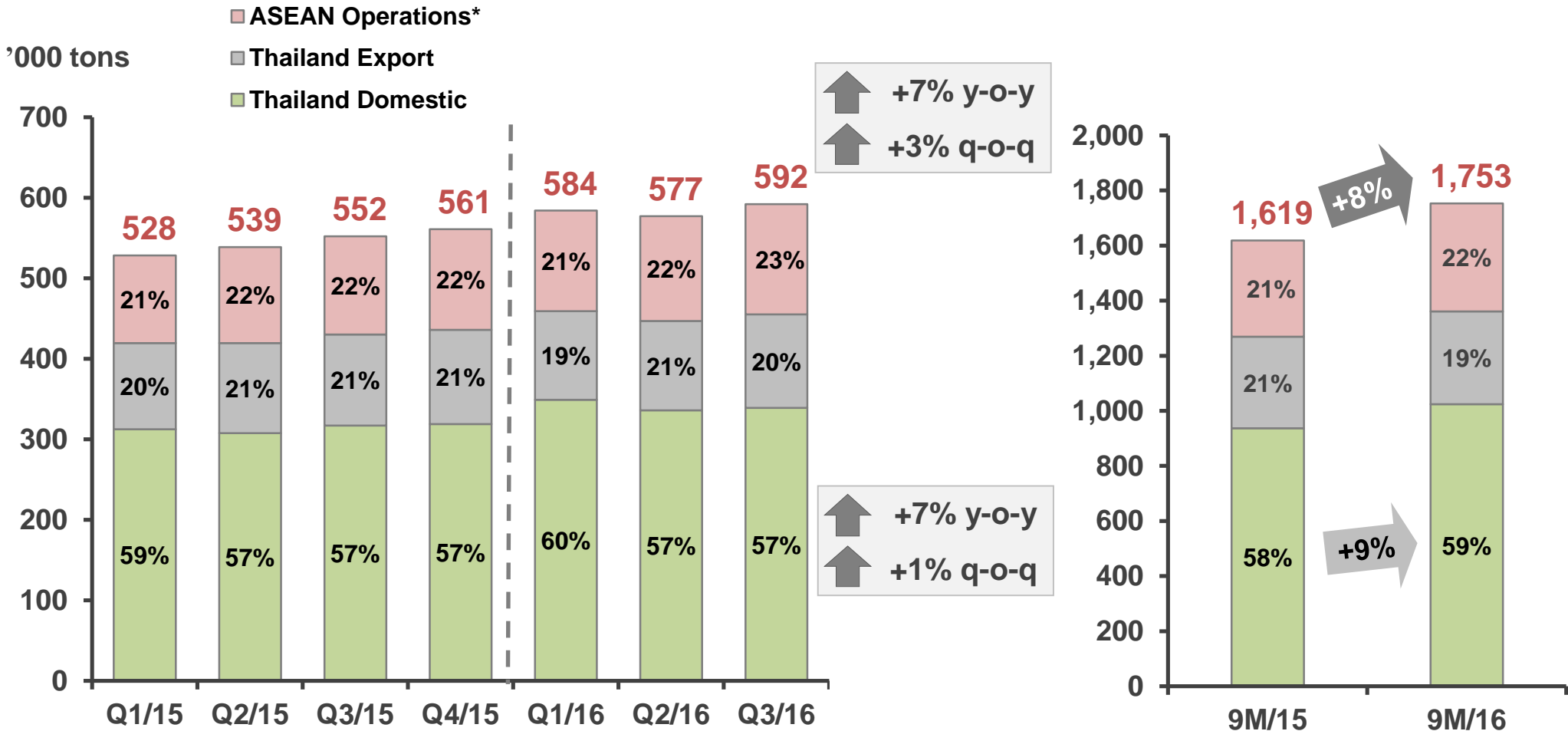
Packaging paper prices remain unchanged as no new demand. AOCC prices increased due to stock replenishment in China.



Note: regional prices

Packaging Paper

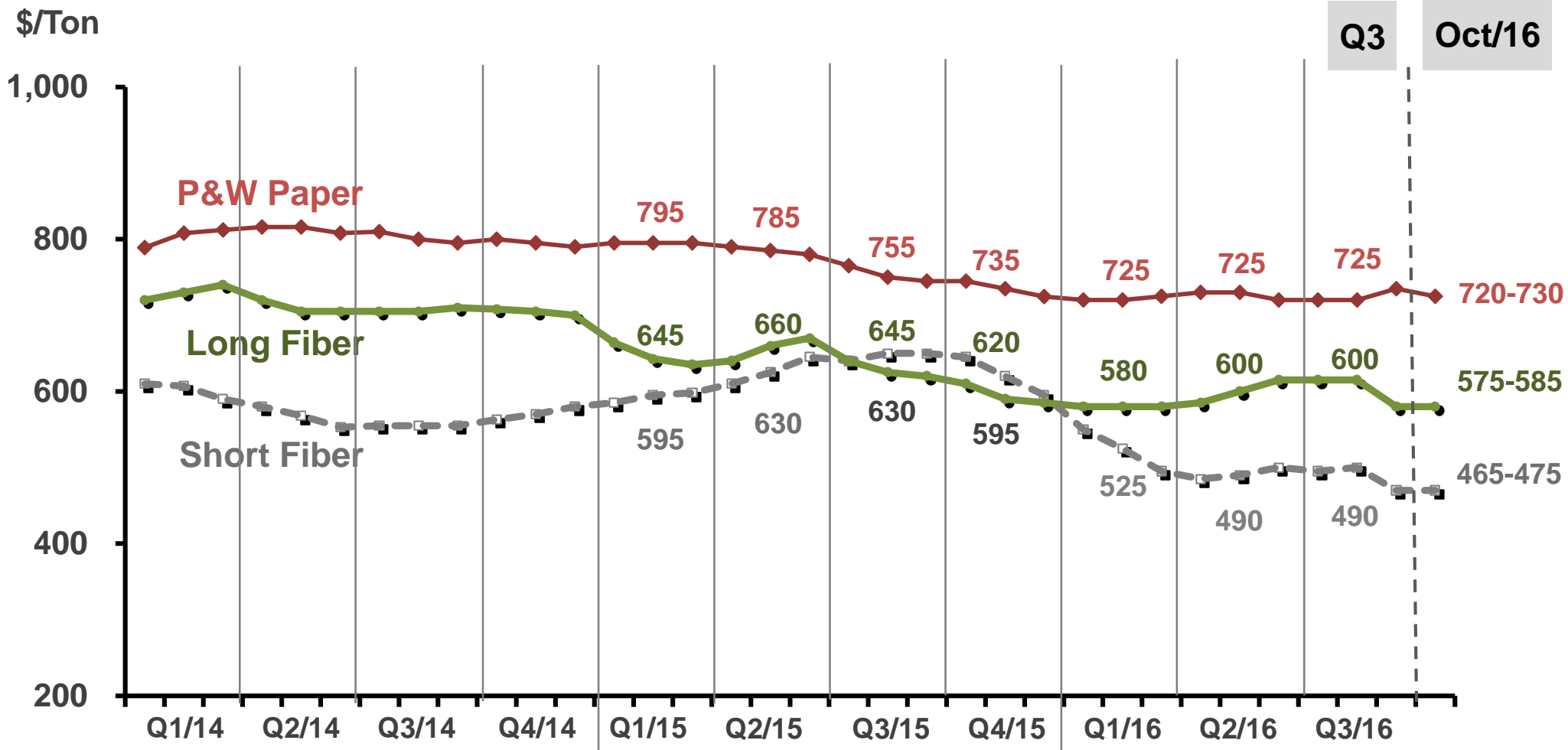
Total sales volume improved 3% q-o-q and 7% y-o-y mainly from higher domestic sales and ASEAN operations.



Note: *Sales Volume from Philippines and Vietnam

Fibrous chain

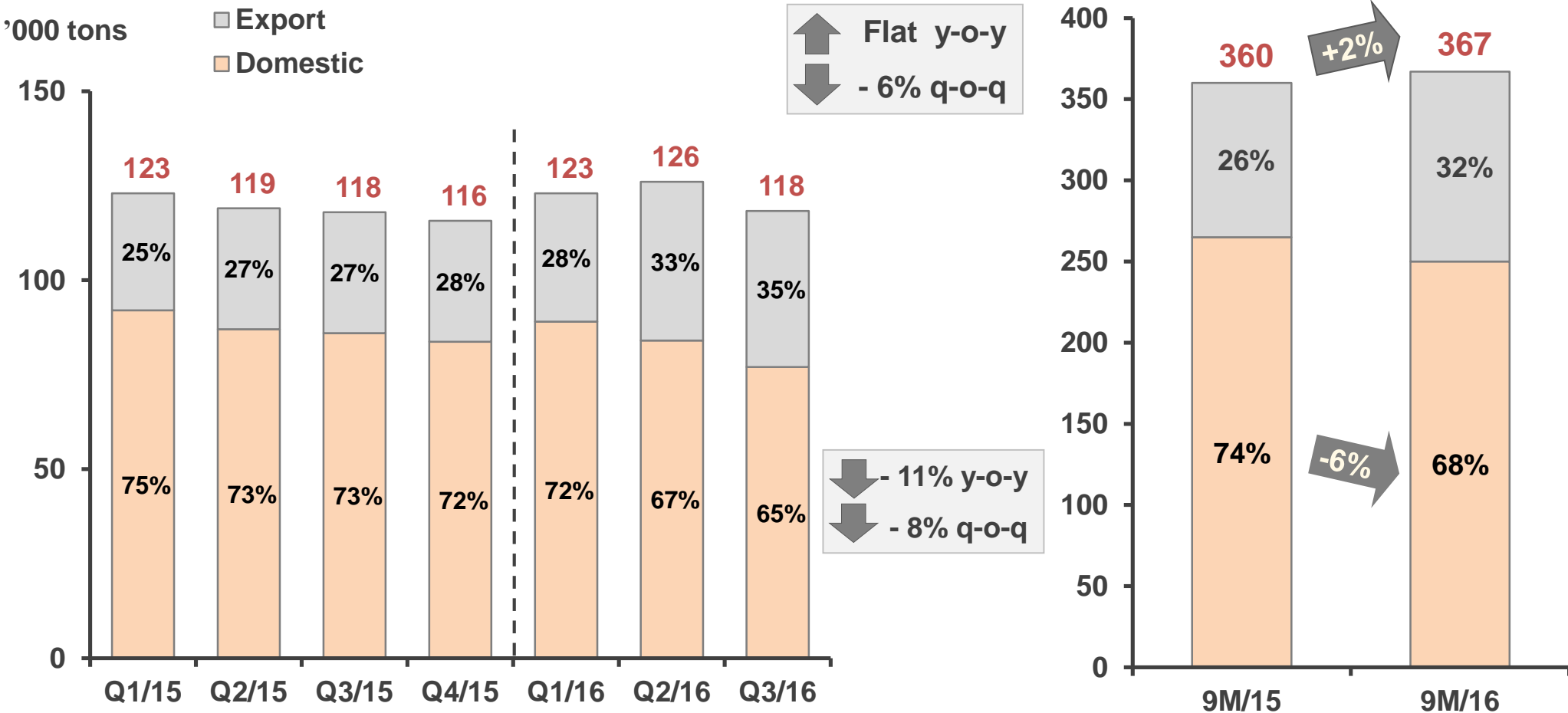
Printing & Writing paper prices maintained. Similarly, short fiber and long fiber pulp prices dropped toward the end of quarter due to new capacity.



Note: regional prices

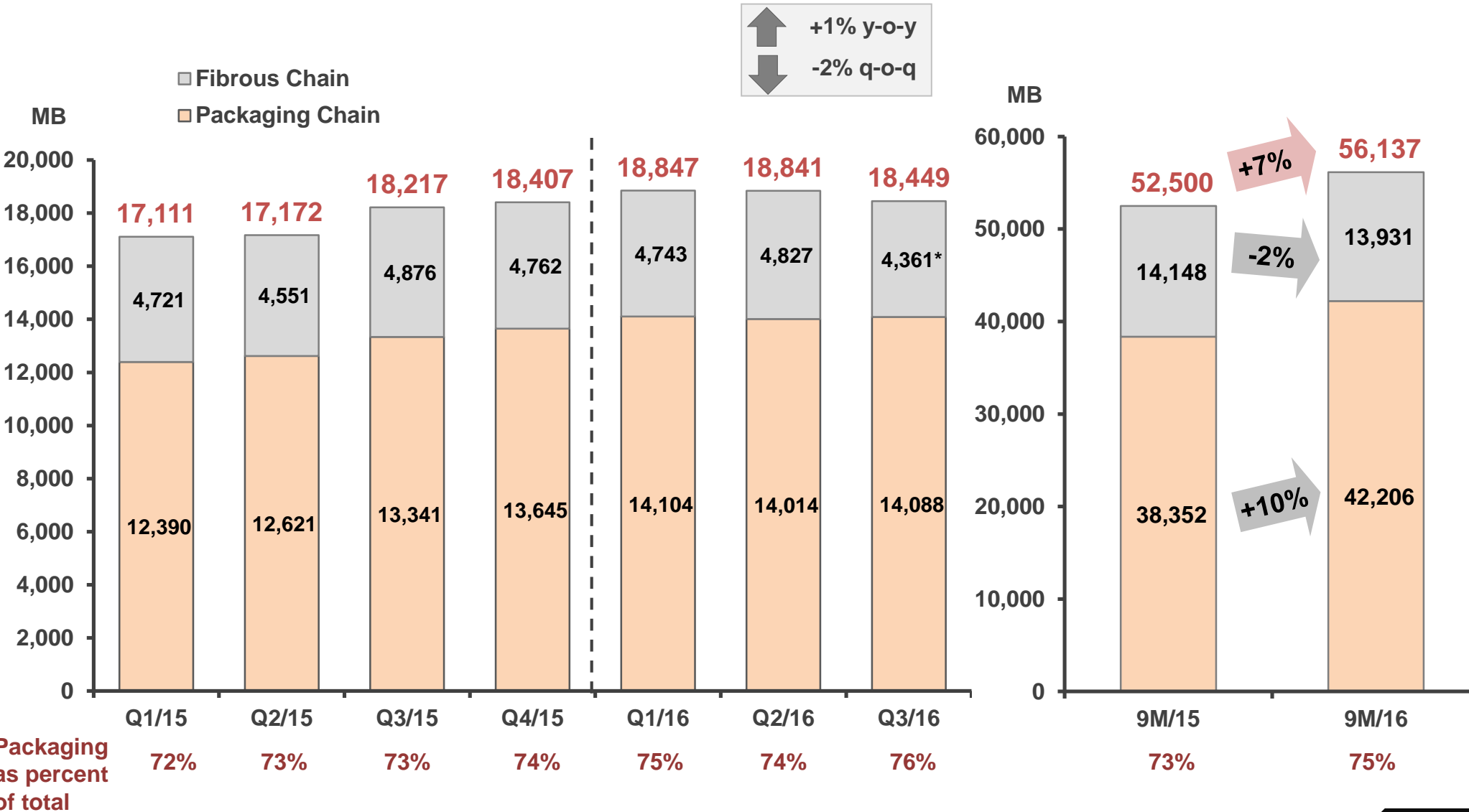
Printing & Writing Paper

Total sales volume declined 6% q-o-q as a result of demand softness while flat y-o-y.



Revenue from Sales

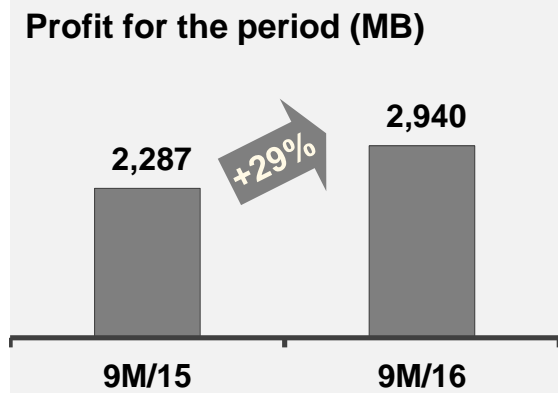
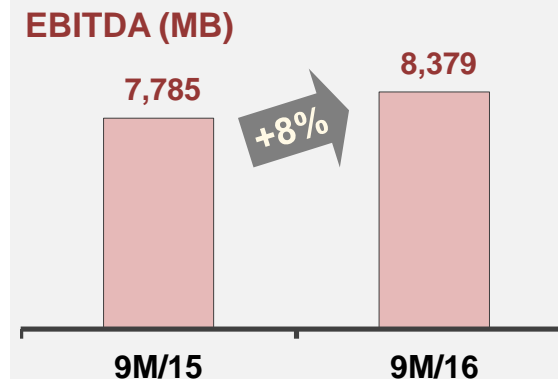
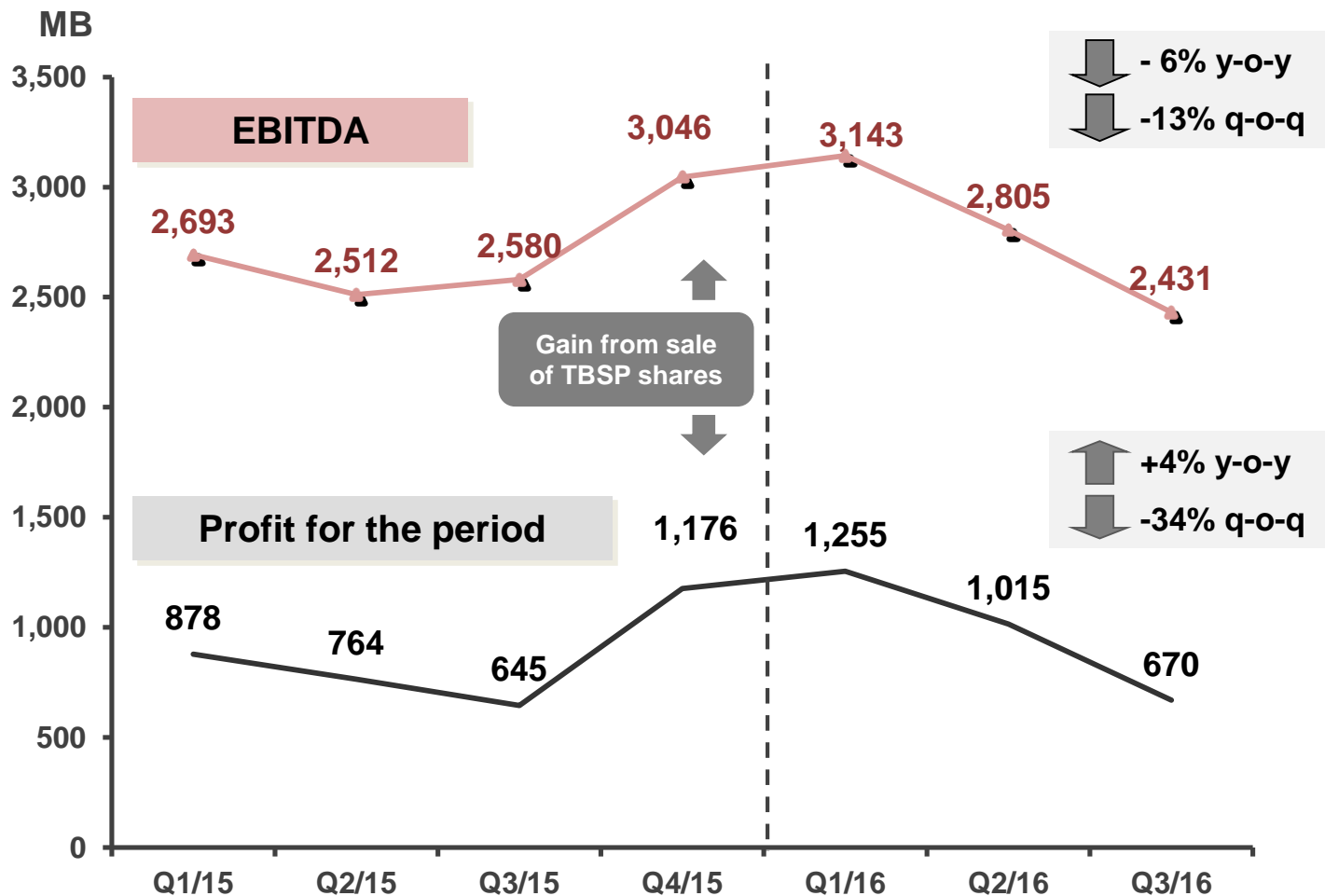
Revenue from Sales in Q3/16 dropped 2% q-o-q but increased 1% y-o-y attributed to higher sales volume in Packaging chain.



*Note : Q3/16 Revenue of Fibrous chain excluded consolidation of TBSP which was 290MB in Q3/15.

EBITDA and Profit for the Period

EBITDA in Q3/16 declined 13% q-o-q and 6% y-o-y mainly due to lower sales revenue of Fibrous chain and impairment loss on assets from the cease of operation of Thai Union Paper. Profit dropped 34% q-o-q but increased 4% y-o-y.



EBITDA Margin

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
Total	16%	15%	14%	17%*	17%	15%	13%
Packaging	17%	16%	15%	15%	18%	17%	16%
Fibrous	13%	11%	12%	12%	14%	8%	5%

15% 15%
EBITDA Margin

*Remark : Include gain from sale of TBSP shares.

Outlook:

- Domestic packaging chain demand remain soft as a result of slow consumption especially beverage segment.
- Regional packaging paper prices expect to maintain as no new catalyst to push up prices.
- Recovered paper prices (AOCC) expect to be stable due to import slowdown in China.
- Long fiber and Short fiber pulp prices expect to decrease slightly due to pressure from new capacity in 2016-2017.

- I. Consolidated Results
 - Q3/16 Consolidated Results
 - 9M/16 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

Thank You

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