



Analyst Conference Q4/16
Wednesday, January 25, 2017

I. Consolidated Results

- Q4/16 Consolidated Results

- FY2016 Summary

- Financial Updates

II. SCG Cement - Building Materials

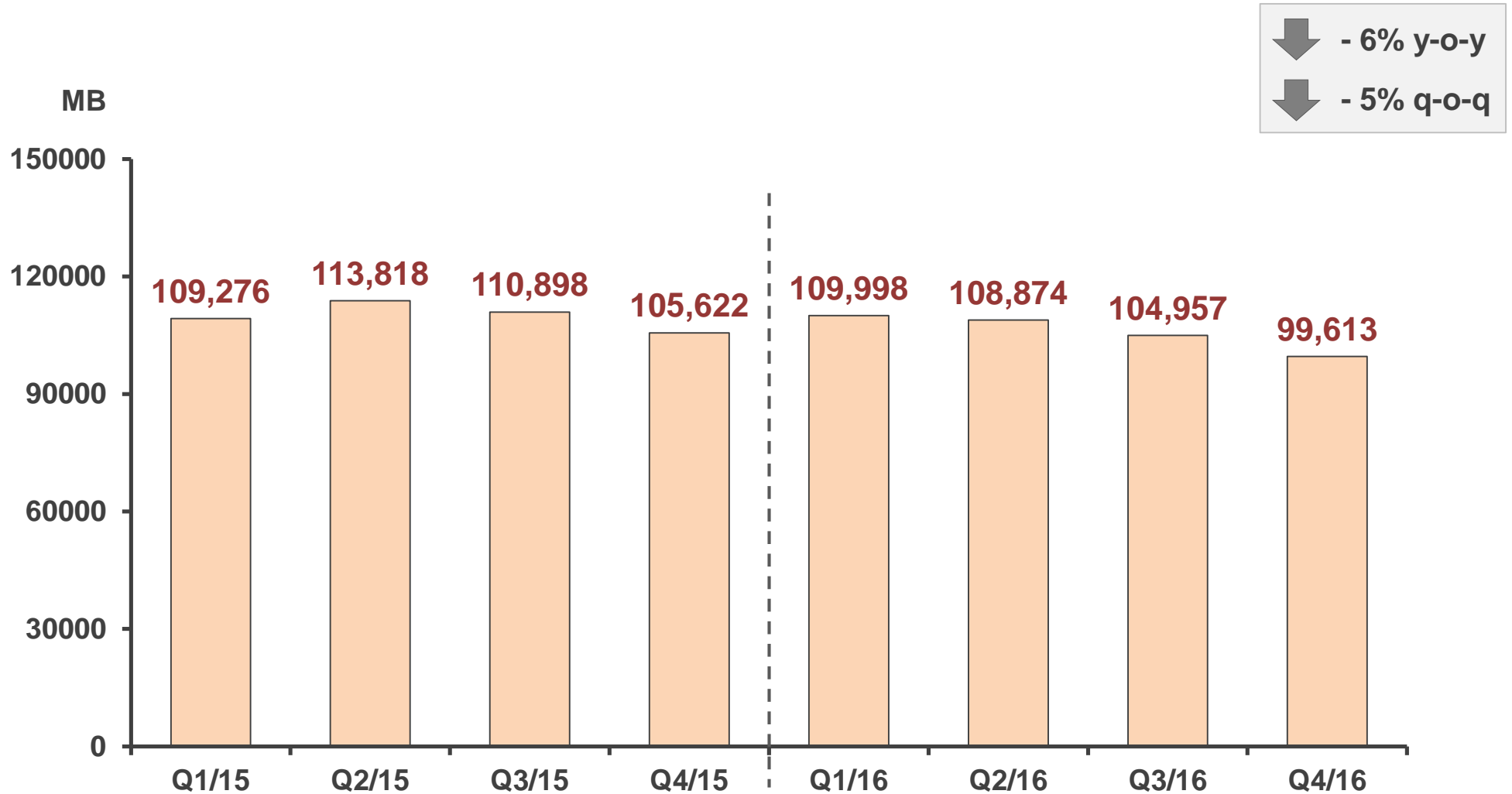
III. SCG Chemicals

IV. SCG Packaging

V. Summary

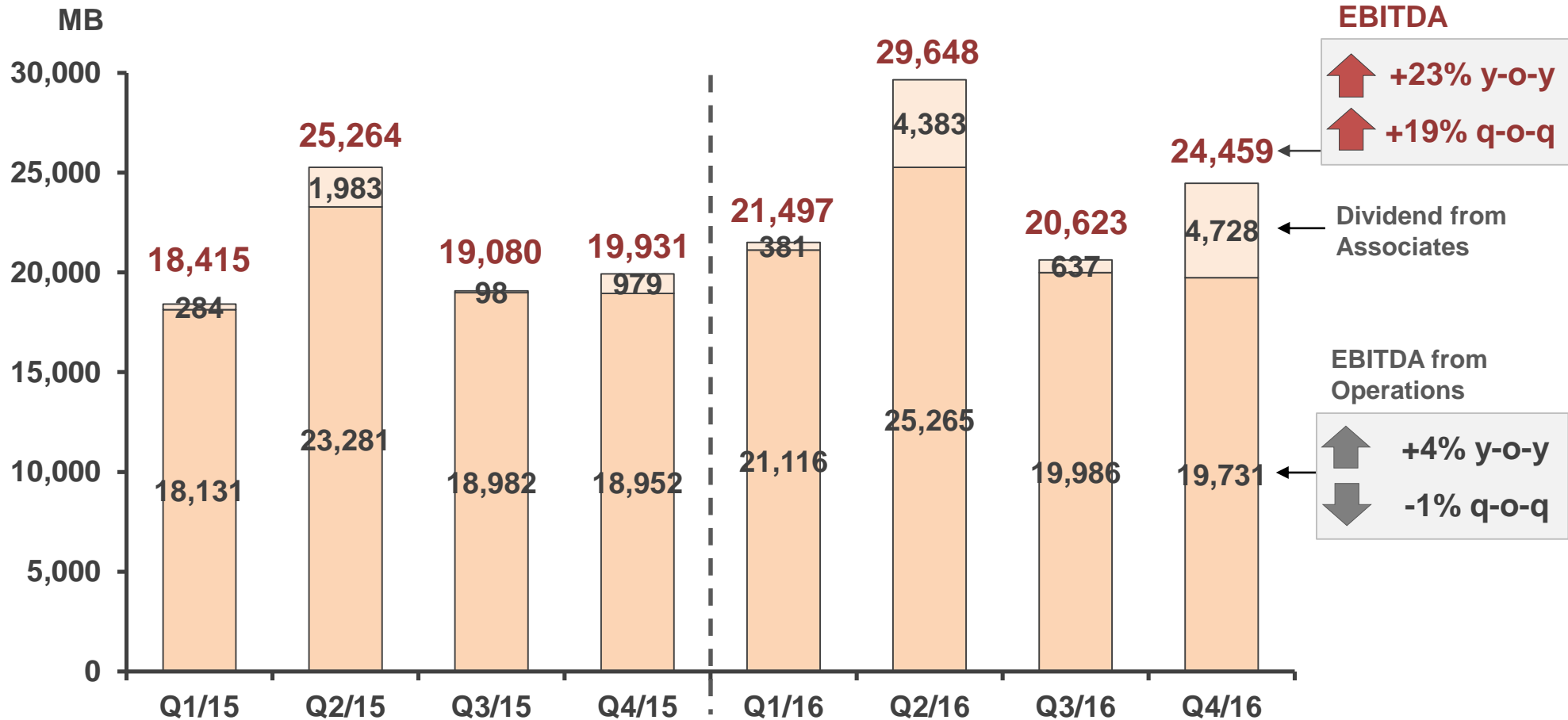
Revenue from Sales

Q4/16 revenue dropped -6% y-o-y and -5% q-o-q on the combination of lower chemicals volume and soft cement sales in Thailand.



EBITDA

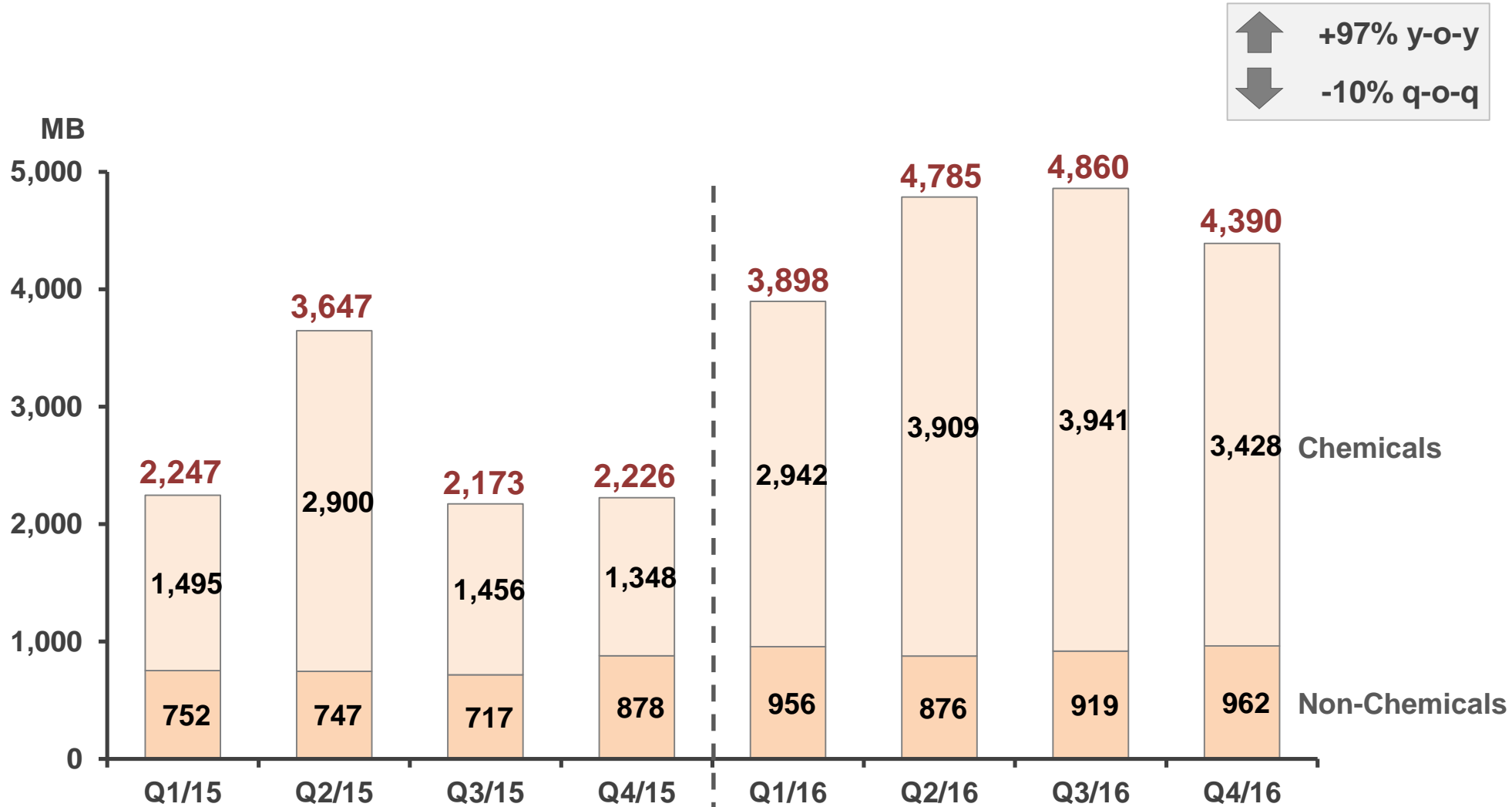
EBITDA increased +23% y-o-y and +19% q-o-q, aided by the dividend income from associated companies.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

Equity Income

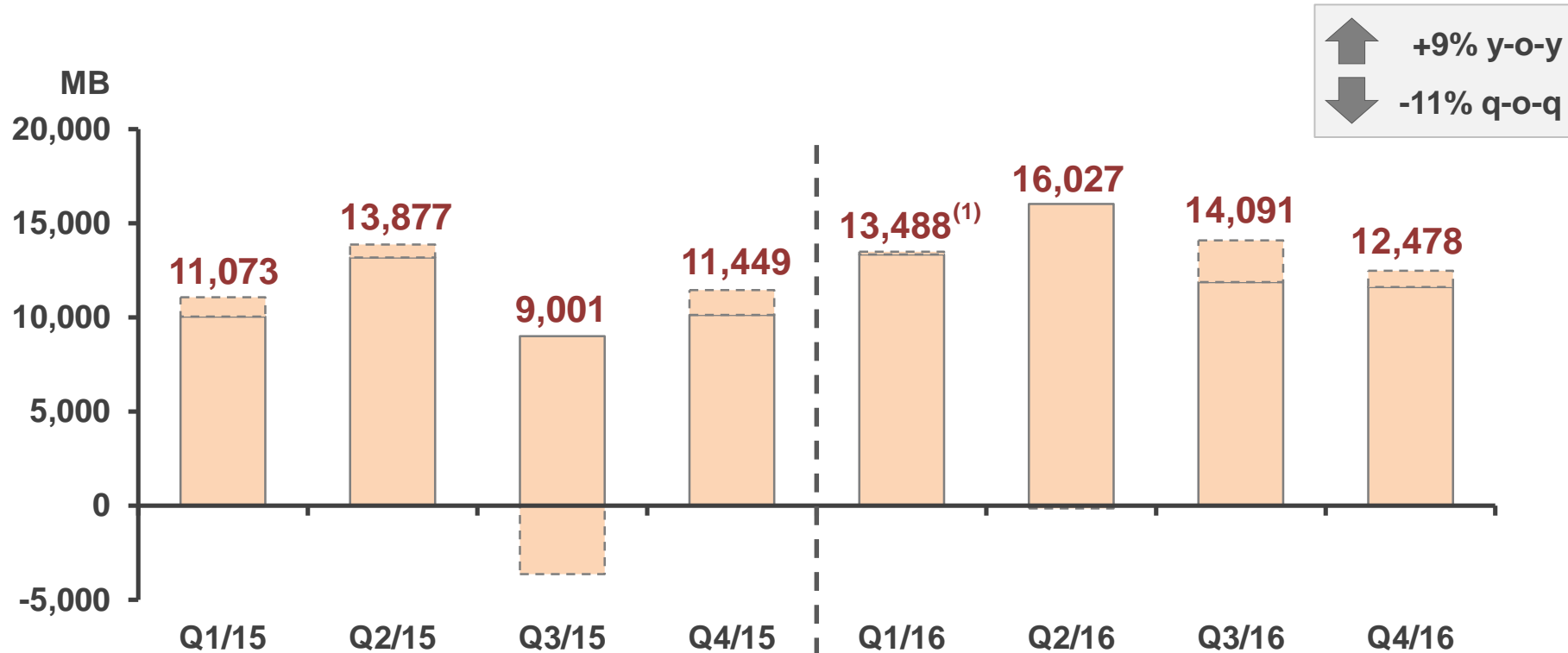
Contributions from associates grew +97% y-o-y which was largely from the chemicals business, while dropping by -10% q-o-q.



Profit for the Period



Profitability registered a healthy 12,478 MB, with continued performance from the chemicals business.



	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16
Key Non-recurring	1,020	700	(3,630)	1,320	150	(140)	2,210	870
1) FX Gain (Loss)	460	(270)	(420) (1,050)	510	490	290	450	330
2) Inventory Gain (Loss) ⁽²⁾	(930)	970	(2,160)	330	(300)	160	(140)	40
3) Others	1,490 ⁽⁵⁾	0	0	480	(40)	(590) ⁽³⁾	1,900 ⁽⁴⁾	500 ⁽⁵⁾

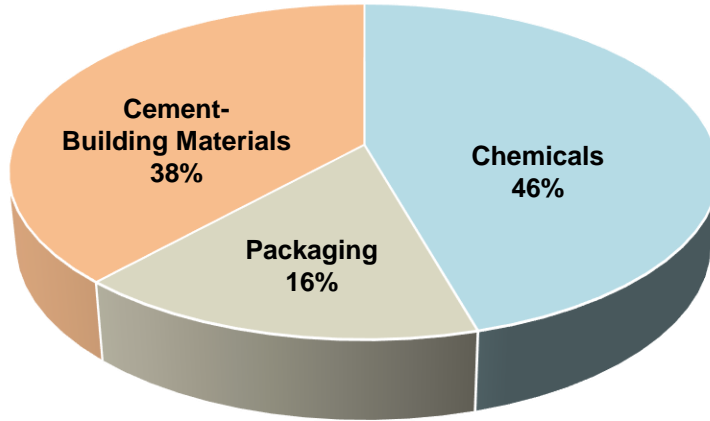
Note: (1) after reviewed.
 (2) SCG Chemicals (Sub + Asso.)
 (3) BOI Tax.
 (4) includes the approximate 1,800 MB deferred tax assets.
 (5) Sale of Investment

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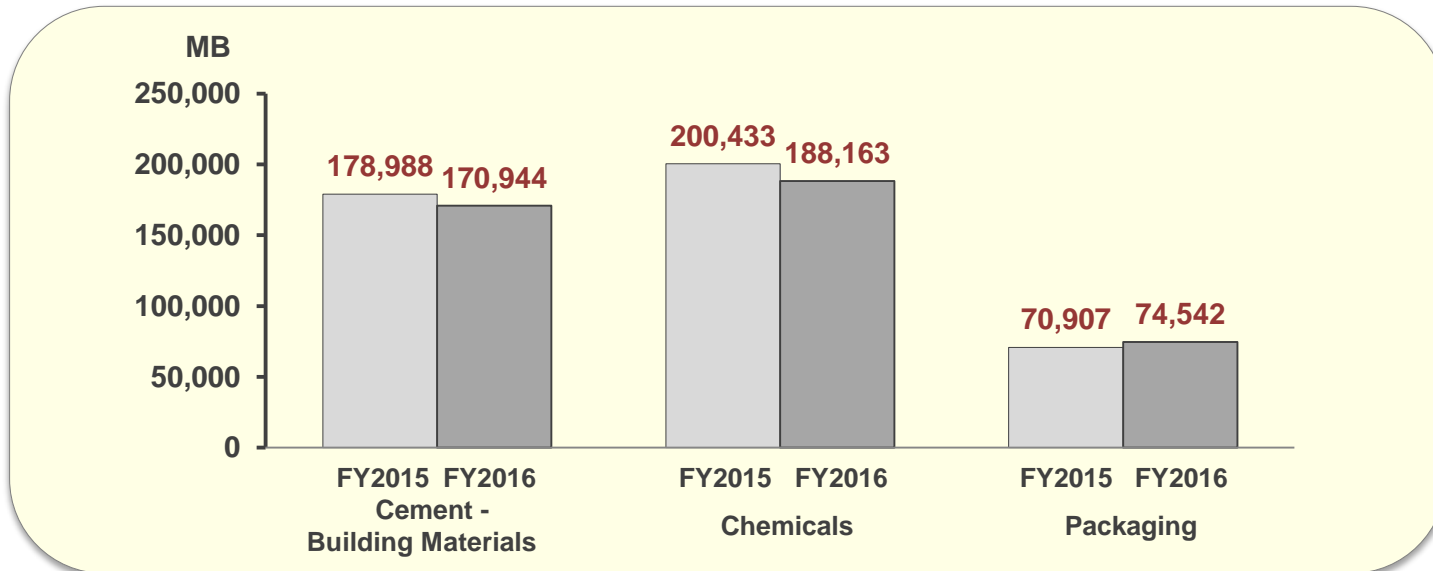
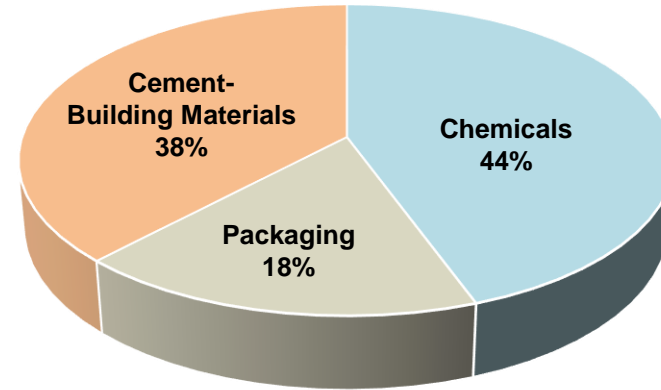
Segmented Revenue from Sales

Chemicals sales amounted to 44% of total sales, while non-chemicals sales were the other 56%.

FY2015
439,614 MB

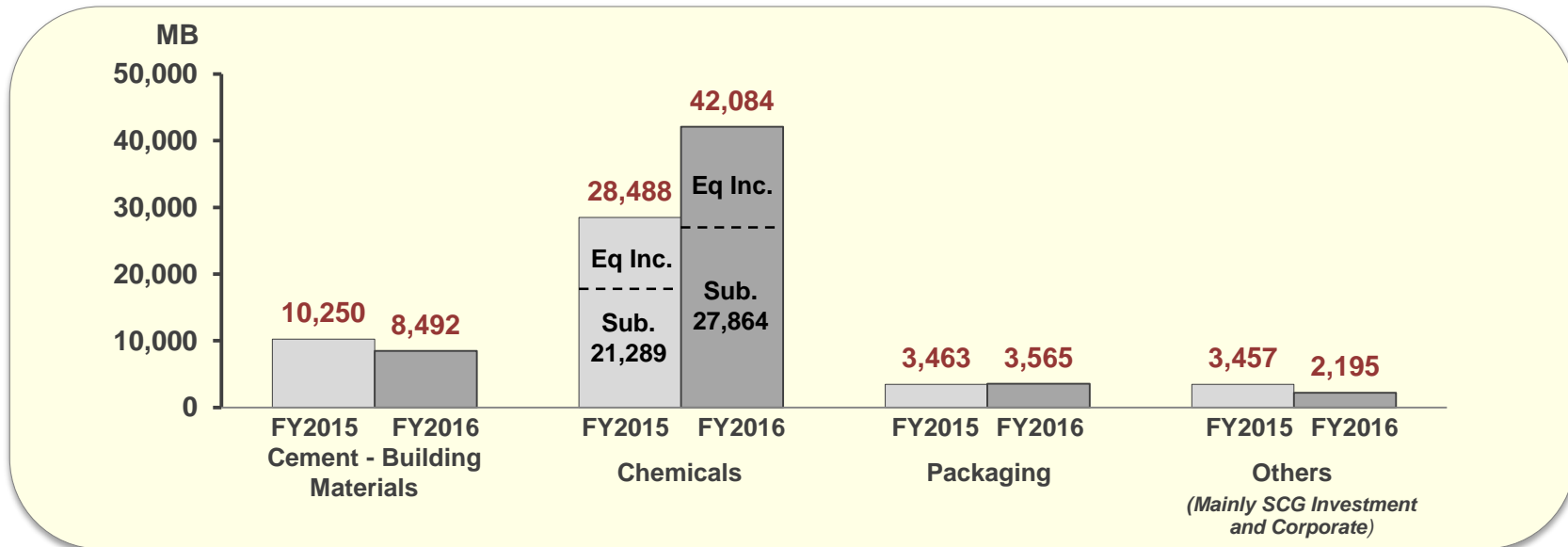
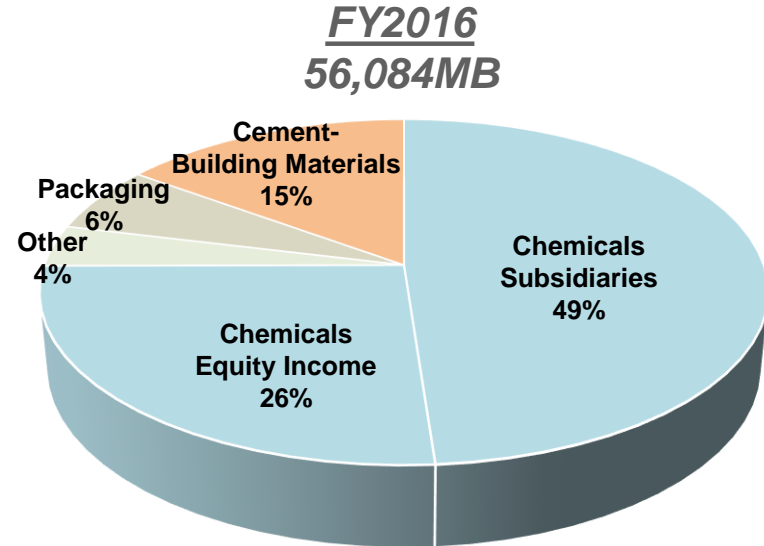
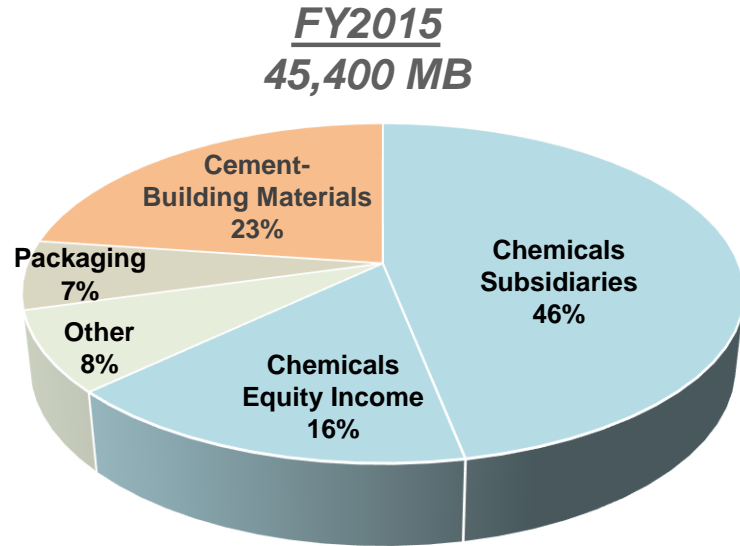


FY2016
423,442 MB



Segmented Profit for the Period

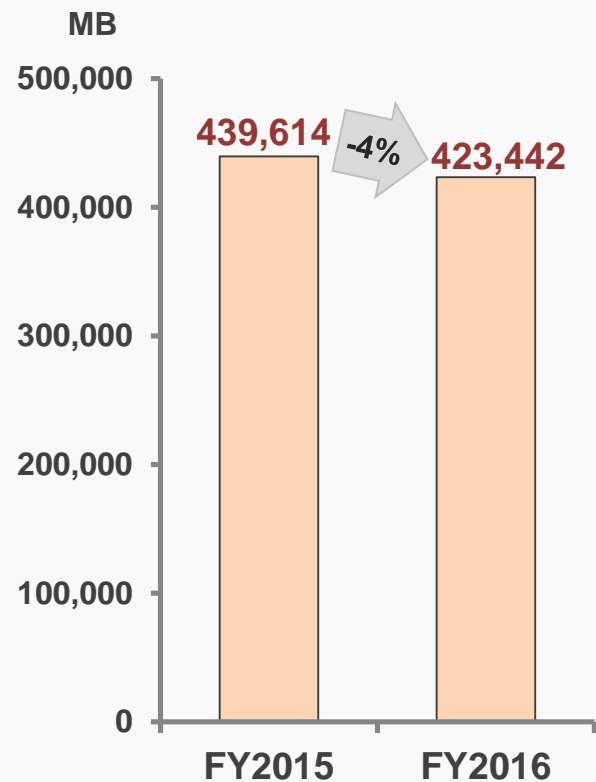
Chemicals profitability increased to 75% of total profitability, from 62% a year earlier.



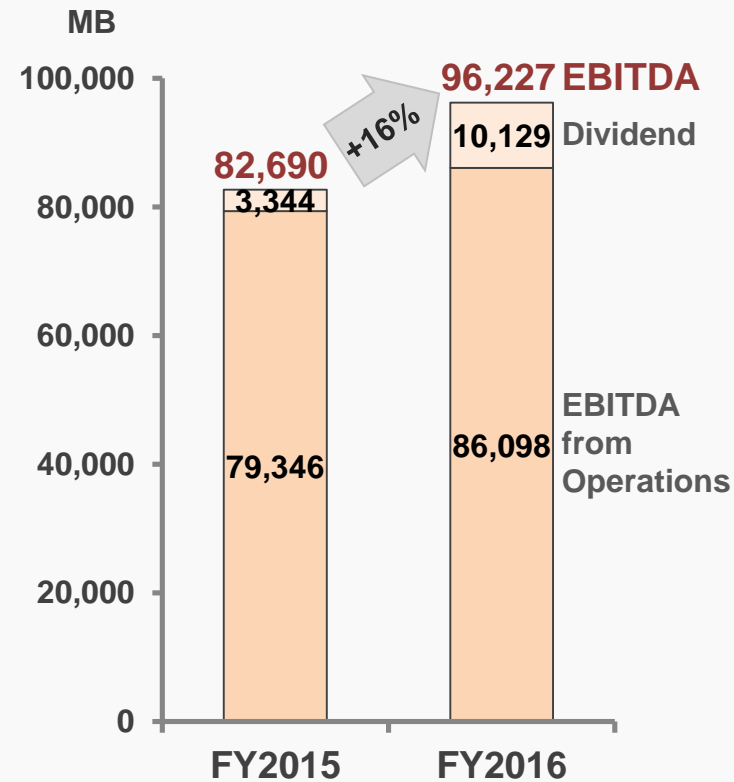
FY2016 Revenue from Sales & EBITDA

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

Revenue from Sales

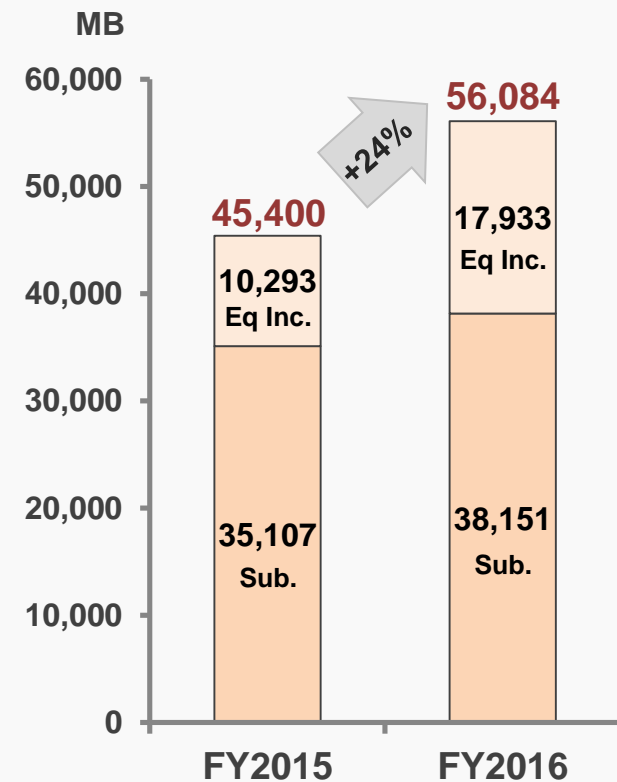


EBITDA



EBITDA Margin: 18% (FY2015) vs 20% (FY2016)

Profit for the Period



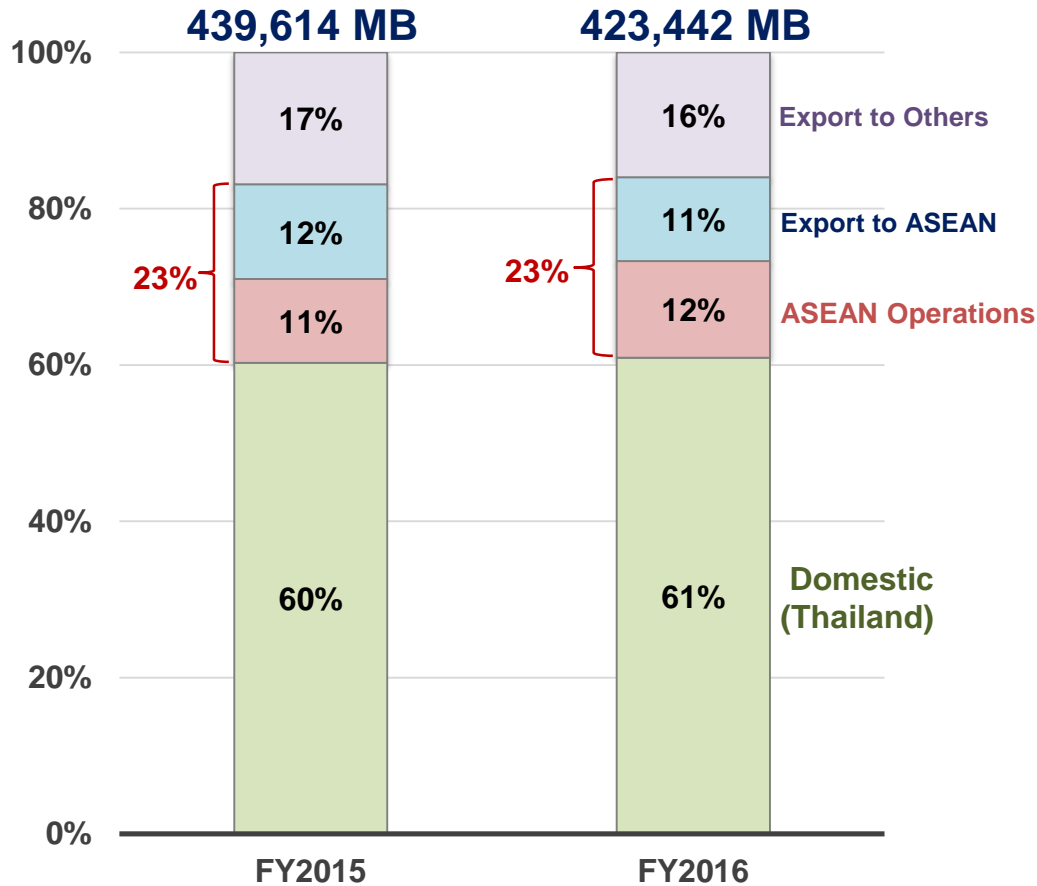
EPS: 38 (FY2015) vs 47 (FY2016)

Segments: Export Sales and ASEAN Operations

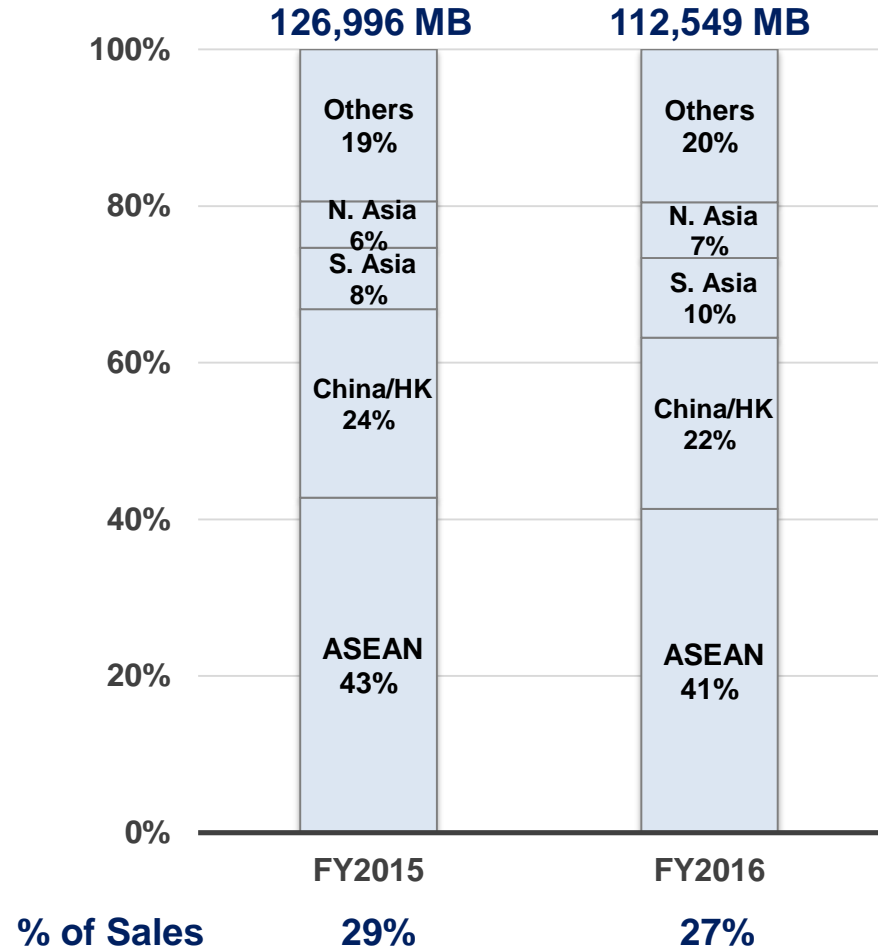


ASEAN exports and operations now account for 23% of total sales in FY2016.

Sales Destinations



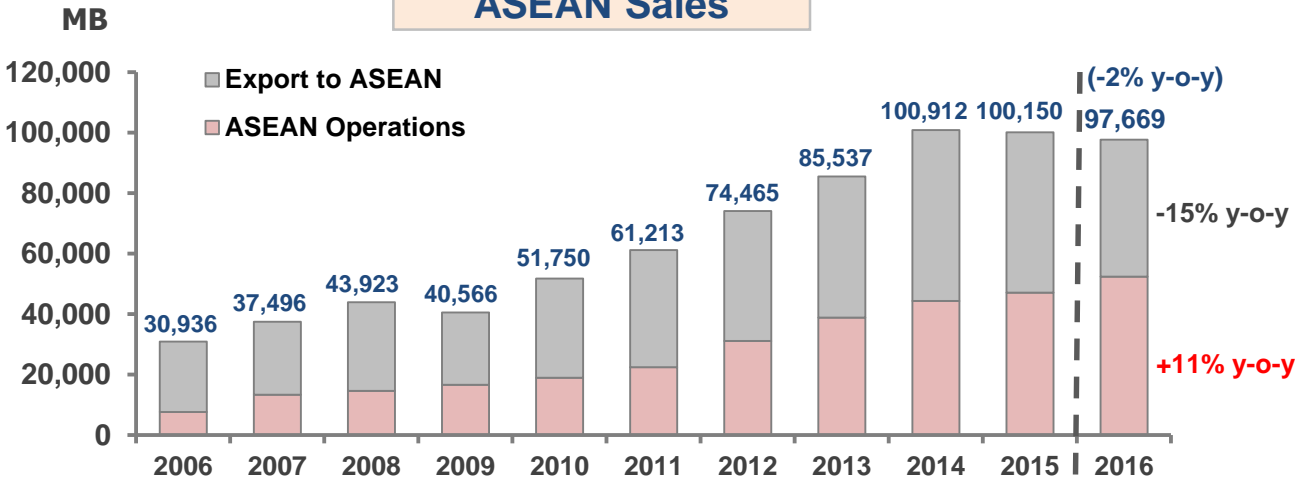
Export Destinations



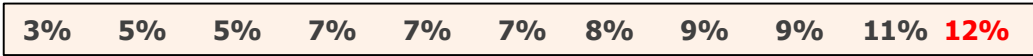
Segments: Export Sale and ASEAN Operation

ASEAN operations increased +11% y-o-y, as regional plants started up.

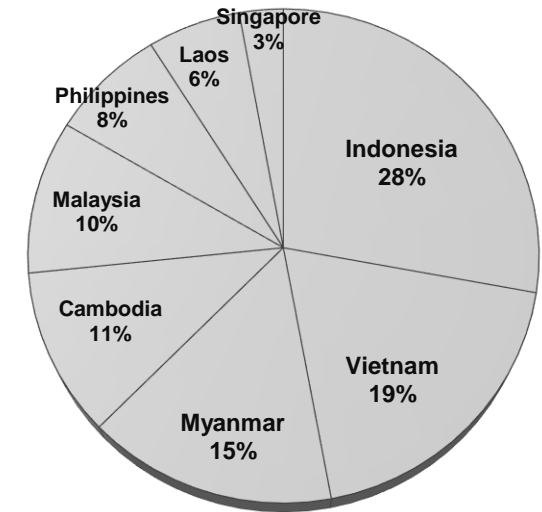
ASEAN Sales



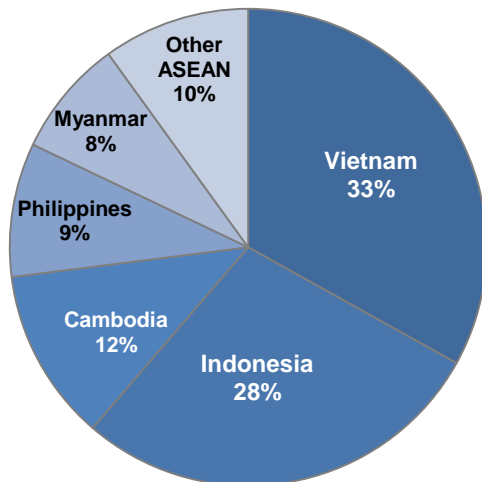
Percentage of total sales from ASEAN Operations:



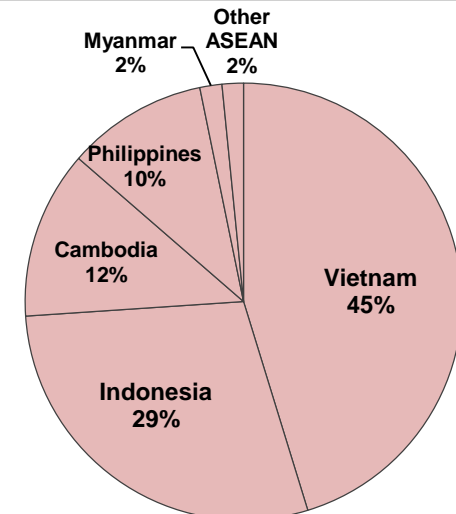
Export to ASEAN by countries



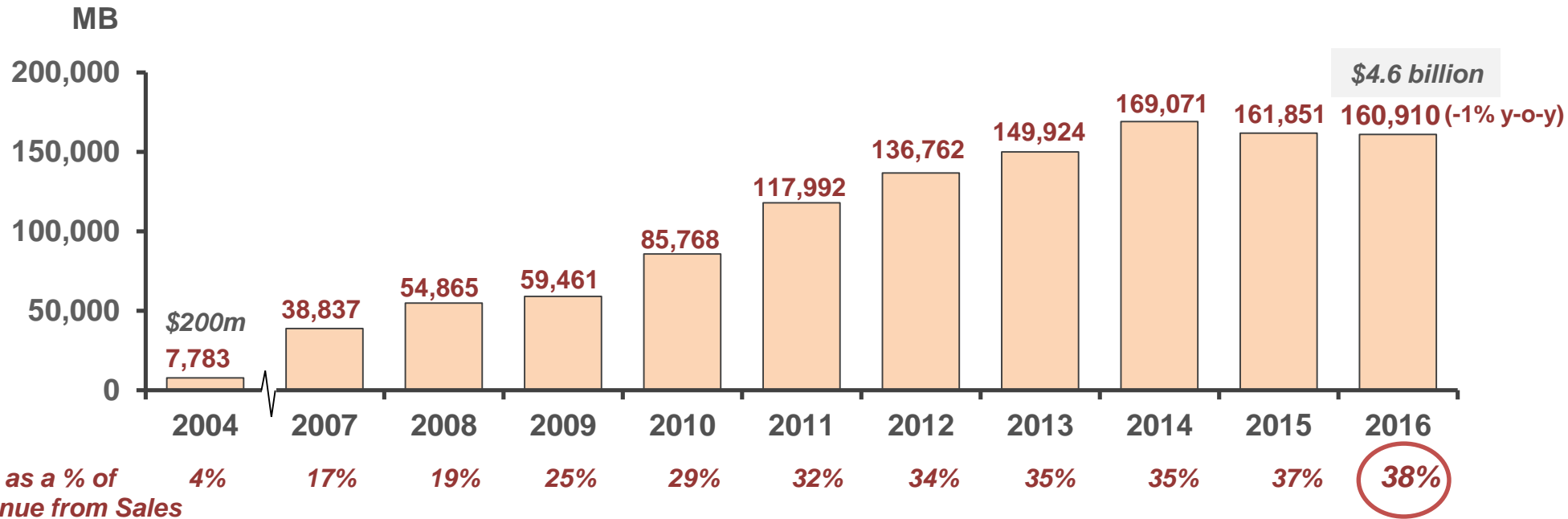
ASEAN Sales by countries



ASEAN Operation by countries

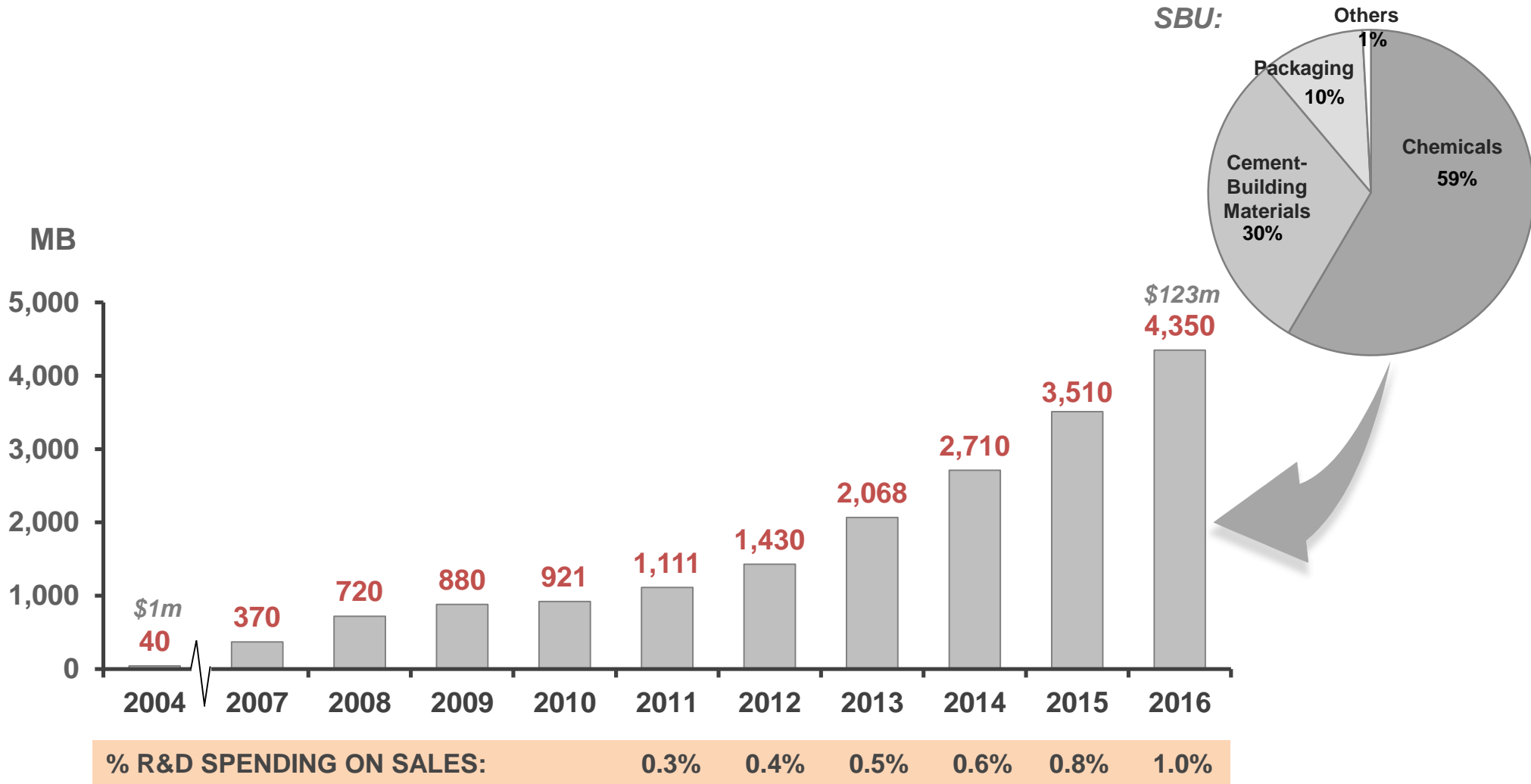


HVA's Revenue from Sales



Business	2013	2014	2015	2016
Cement-Building Materials	41%	42%	41%	41%
Chemicals	27%	27%	31%	31%
Chemicals (Includes associates)	50%	50%	53%	54%
Packaging	38%	39%	39%	43%

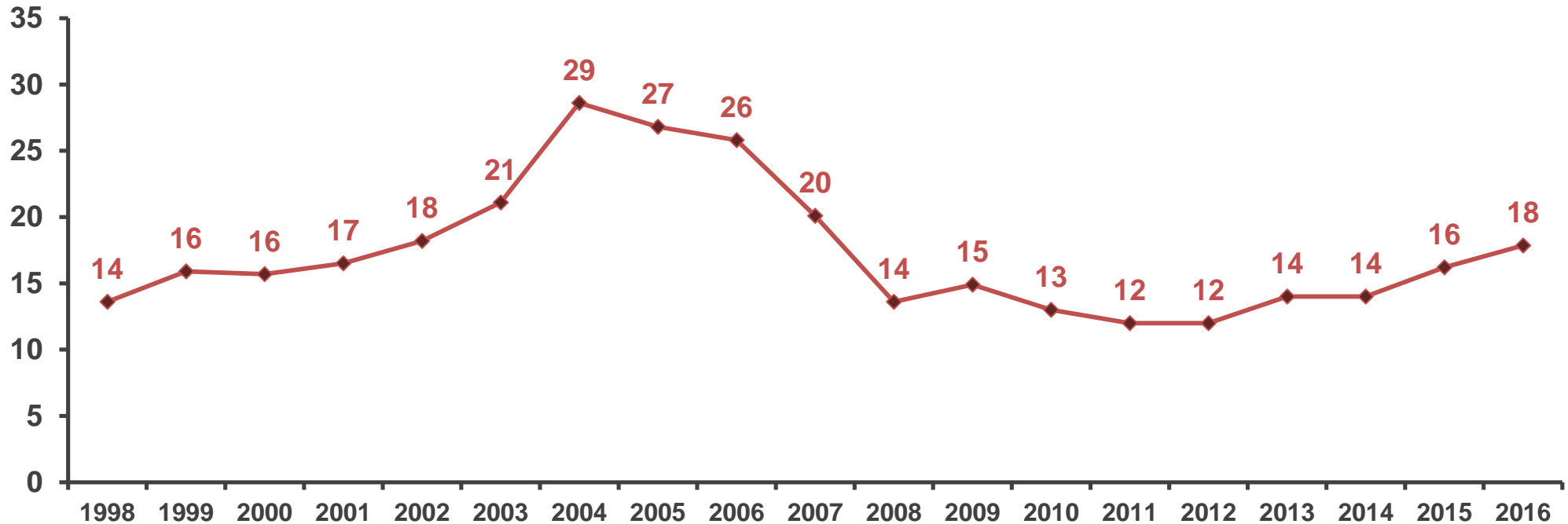




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EBITDA on Total Assets

Percent (%)



EBITDA Margin (%):

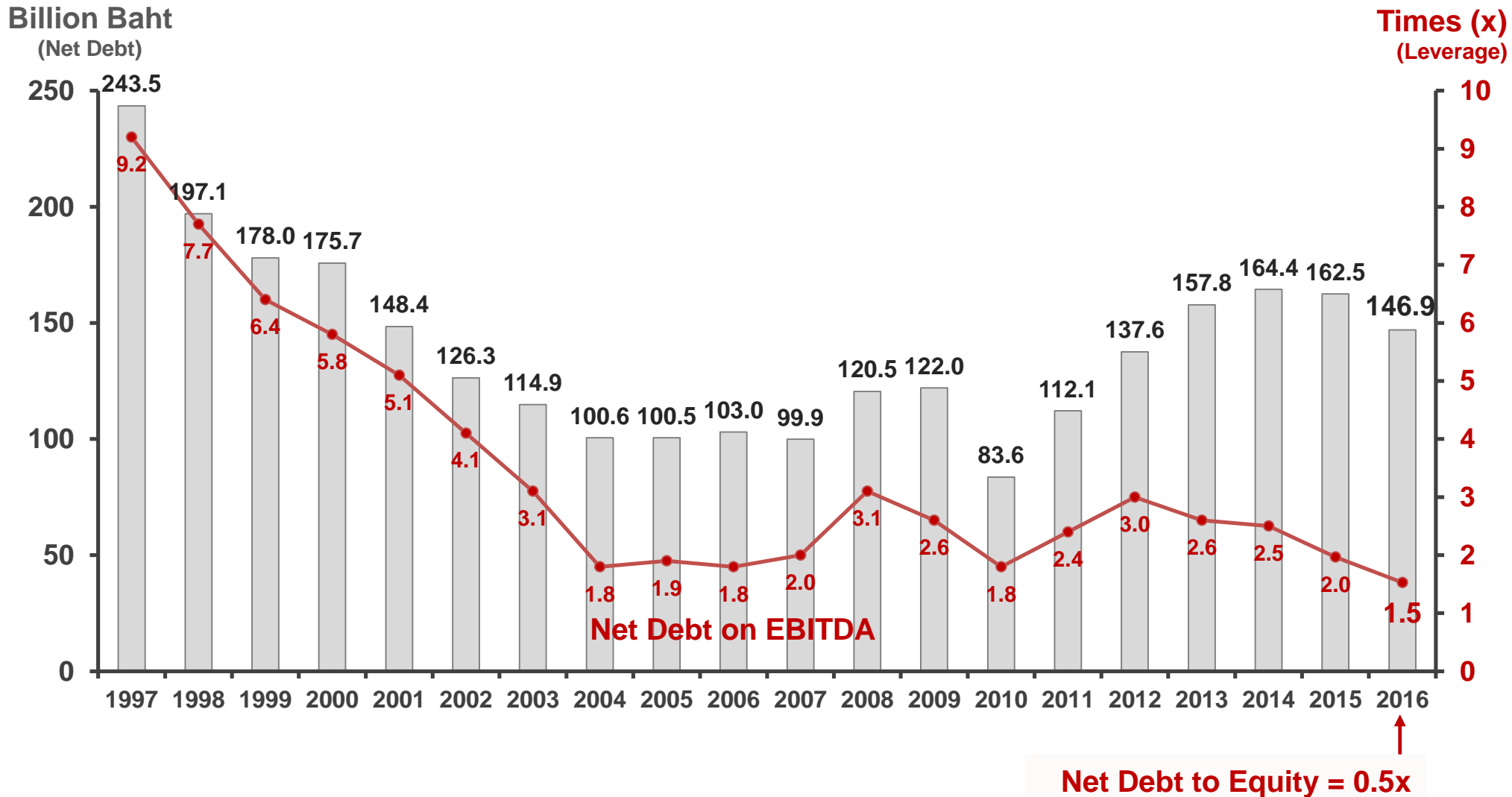
23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13	18	20
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EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

Net Debt

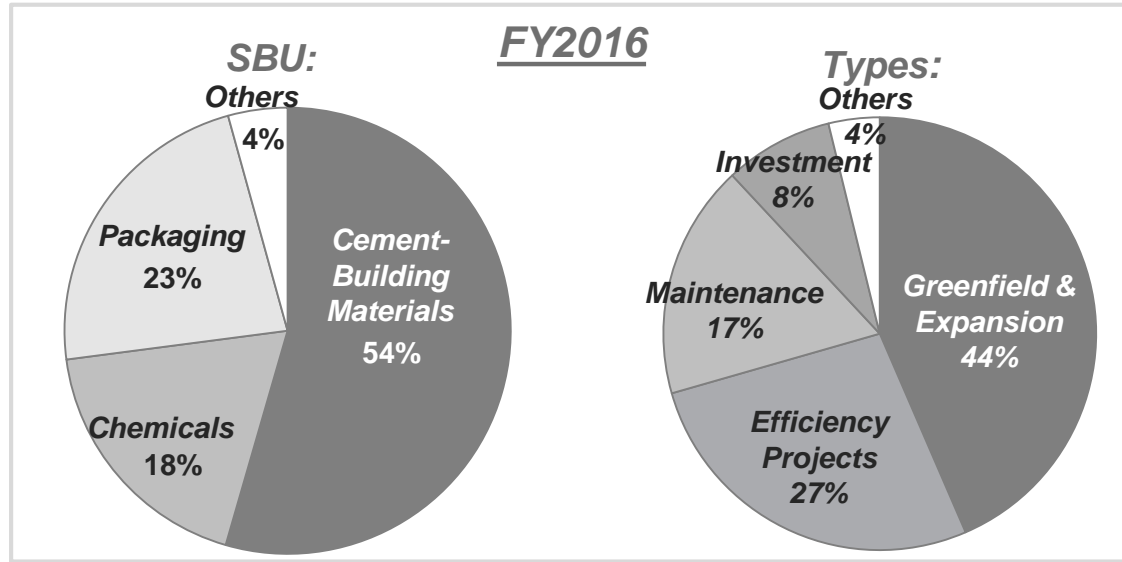
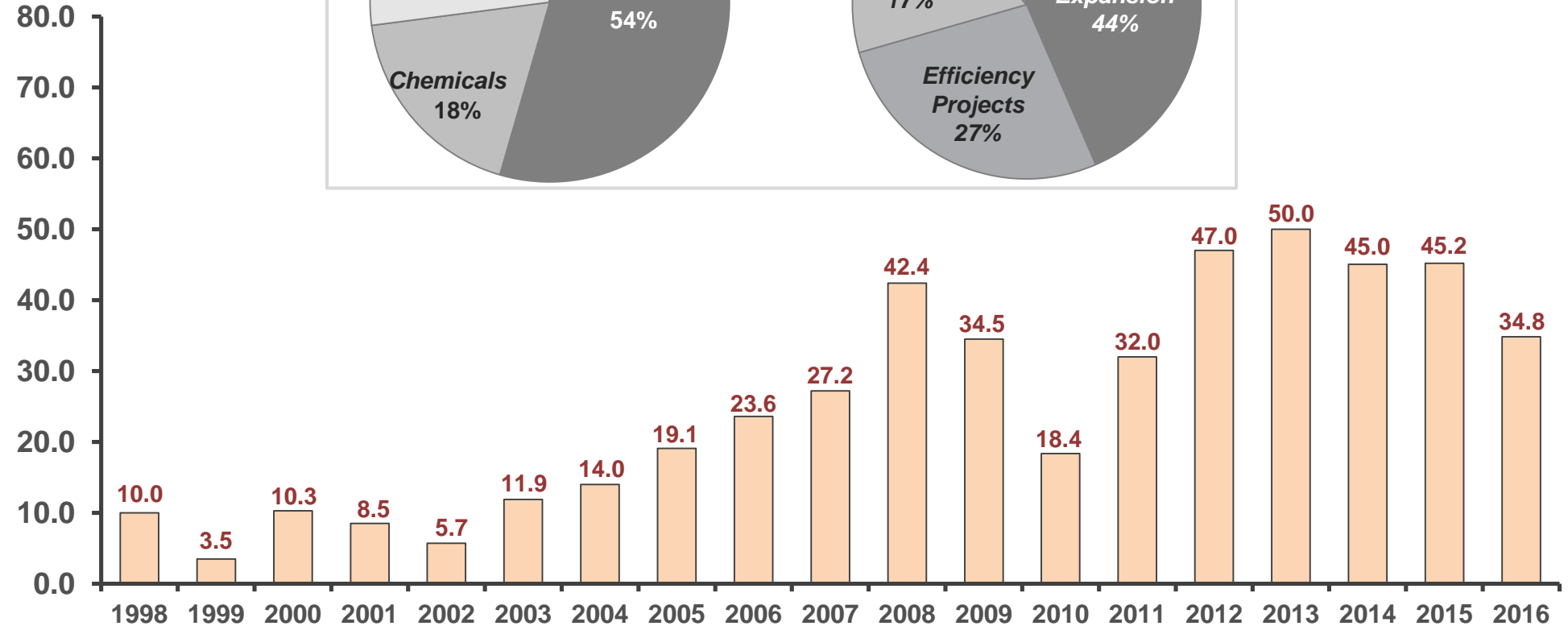
Leverage registered 1.5 times (x), on healthy EBITDA and lower net debt.



CAPEX & Investments

Amounted to 34,845 MB in FY2016, as some investment projects were shifted to FY2017.

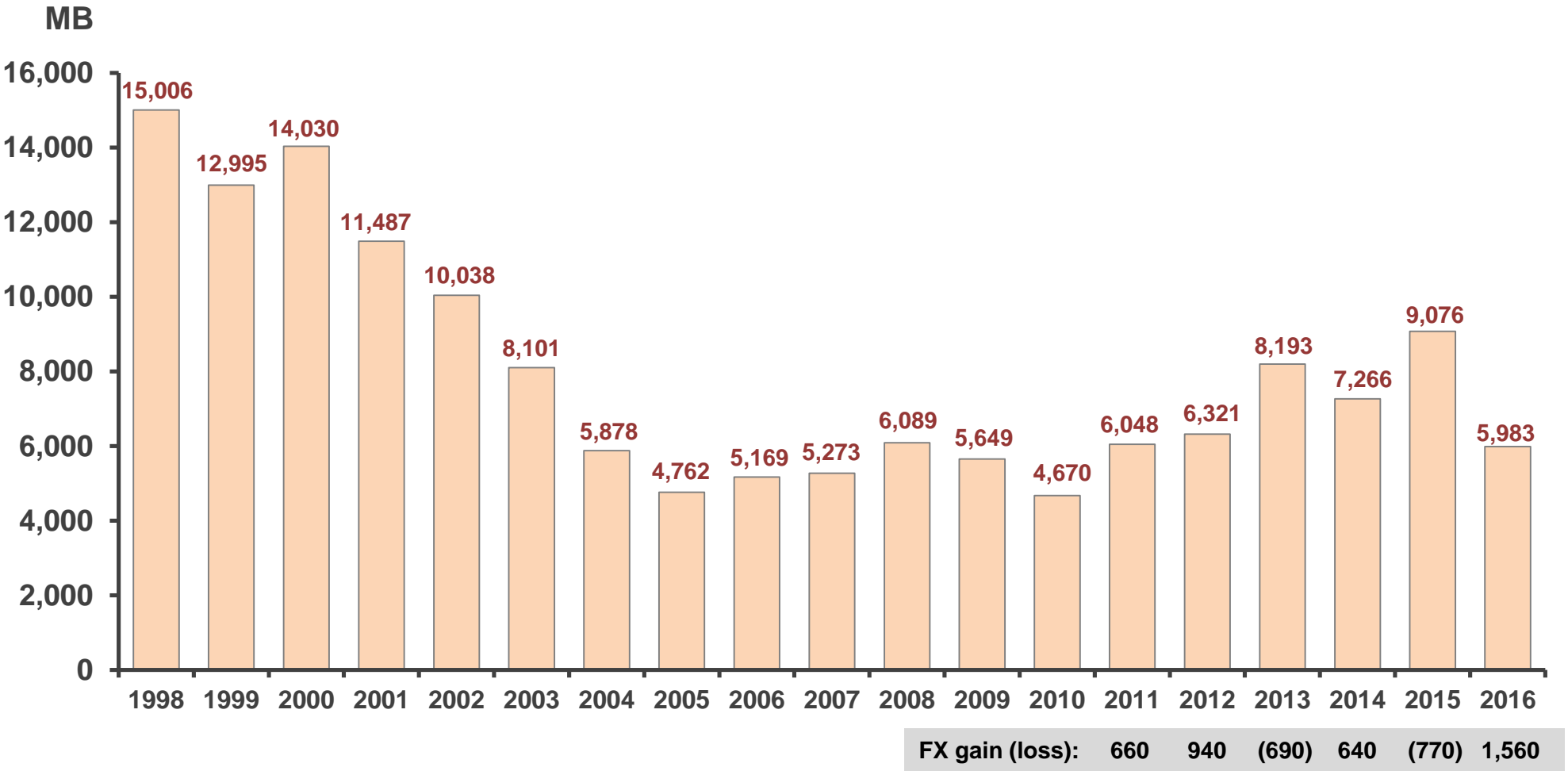
Billion Baht



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

Interest and Finance Costs

Amounted to a total of 5,983 MB, which includes a FX gain of 1,560 MB, while interest cost was 3.8% at the end of 2016.



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

Highlights:

- FY2016 dividend of 19.0 Bt/share (41% payout) or 22,800 MB. This is comprised of the H1/16 interim of 8.5 Bt, and the H2/16 year-end of 10.5 Bt.
- Cash & cash under management of 47,251 MB at the end of Q4/16.
- Net Working Capital was sideways q-o-q at 62,416 MB, with Inventory to Sales at 48 days (from 44 days).
- Issued 25 Billion Baht (4 years, 3.00% fixed) debenture on Nov 1/16 to replace the matured 25 Billion Baht tranche (4-years, 4.15% fixed).
- Tender offer of TPC has increased SCG's stake to 99.7% (from 90.1%), the equivalent to approx. 3,000 MB. The delisting of TPC is expected to be completed on Jan 30/17.

Outlook:

- Forecasted FY2017 CAPEX & Investments of 60,000 MB to 70,000 MB.
- FY2017 maturing debentures total 45 Billion Baht (Apr 1/17 = 25 Billion Baht at 4.0%, and Nov 1/16 = 20 Billion Baht at 4.25%). The Apr 1/17 maturity will be refinance with a 25 Billion Baht issuance (4 year tenure).
- Increase debenture ceiling to 300,000 million Baht, from 250,000 million Baht, pending shareholders' approval.

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ASEAN markets:

- Cement demand in ASEAN markets remain positive (details in page 25).

Thai market:

- Cement demand dropped -3% y-o-y in Q4/16 following softness in the non-government sectors, resulting in FY2016 growth dropped -2% y-o-y.
- Similarly, ready-mixed concrete (RMC) demand decreased -2% y-o-y in Q4/16, resulting in FY2016 demand decreased -1% y-o-y.
- Housing products demand (roof ceiling & wall) increased +1% y-o-y in Q4/16, resulting in FY2016 was flat y-o-y. Ceramic tiles demand dropped -11% y-o-y in Q4/16, resulting in FY2016 growth dropped -6% y-o-y.

Cement Demand Growth (y-o-y)

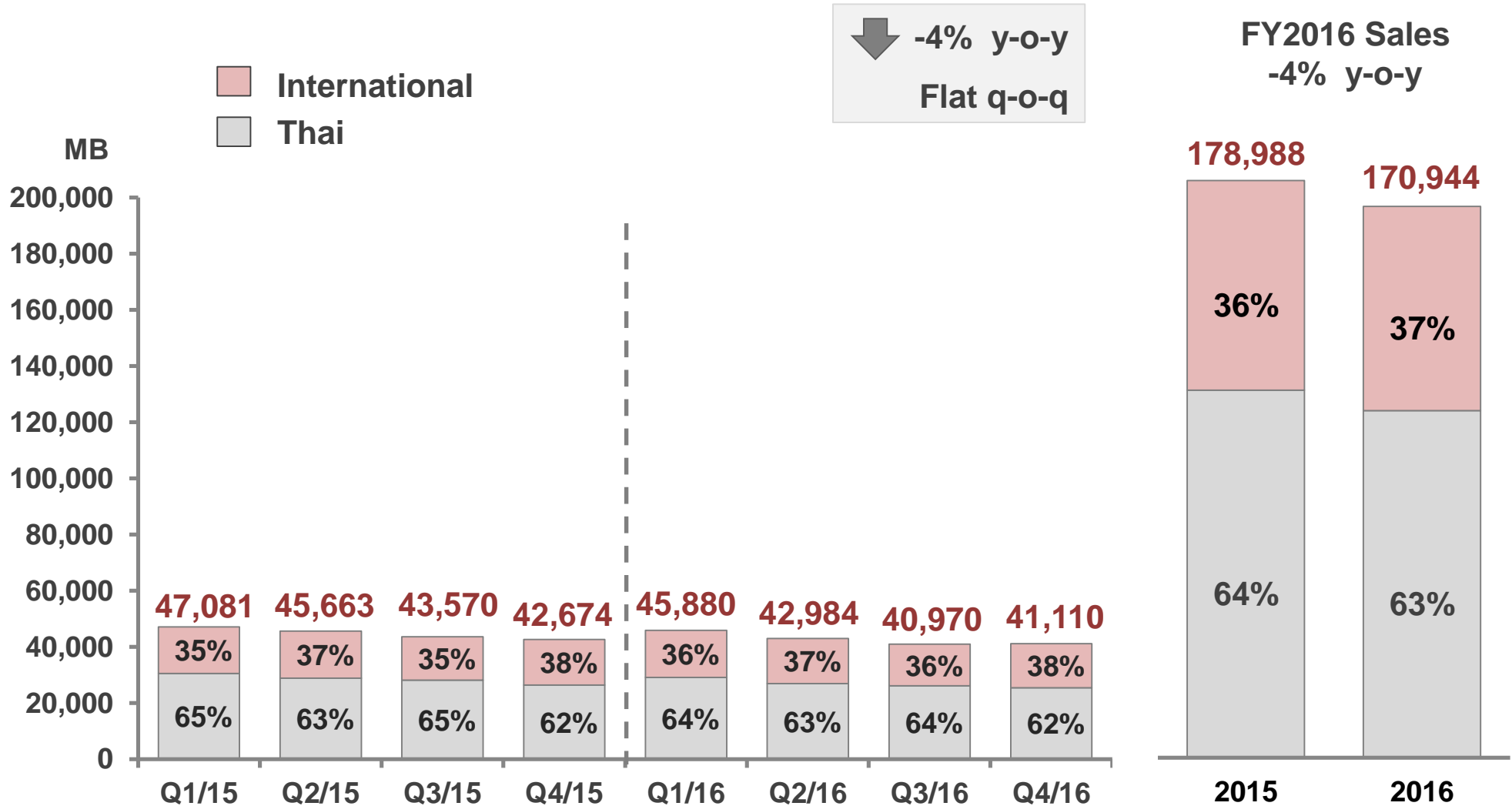
	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
Cambodia	+8%	+12%	+17%	+0%	+9%	+16%	+18%	+13%	+8%	+14%
Indonesia	-1%	-2%	+4%	+6%	+2%	+5%	+2%	+2%	-7%	+0%
Myanmar	+17%	+19%	+7%	+2%	+11%	+6%	-3%	+3%	-1%	+2%
Vietnam	-1%	+11%	+6%	+14%	+8%	+20%	+11%	+6%	+2%*	+9%*
Thailand	-2%	+2%	-1%	+2%	0%	+5%	-3%	-5%	-3%	-2%

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

* Vietnam's cement demand in Q4/16 included only Oct-Nov, 2016 included only the first eleven month of 2016.

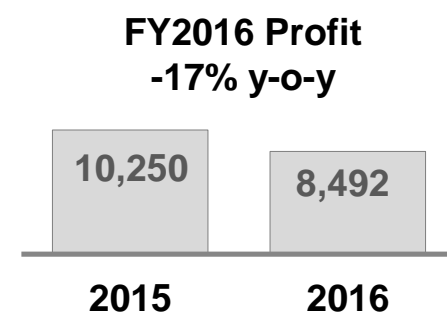
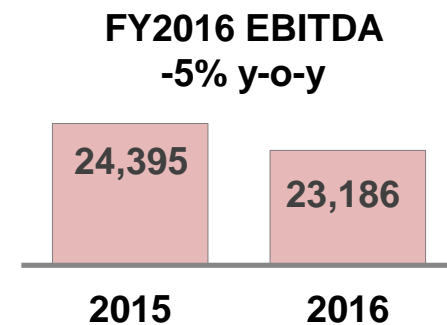
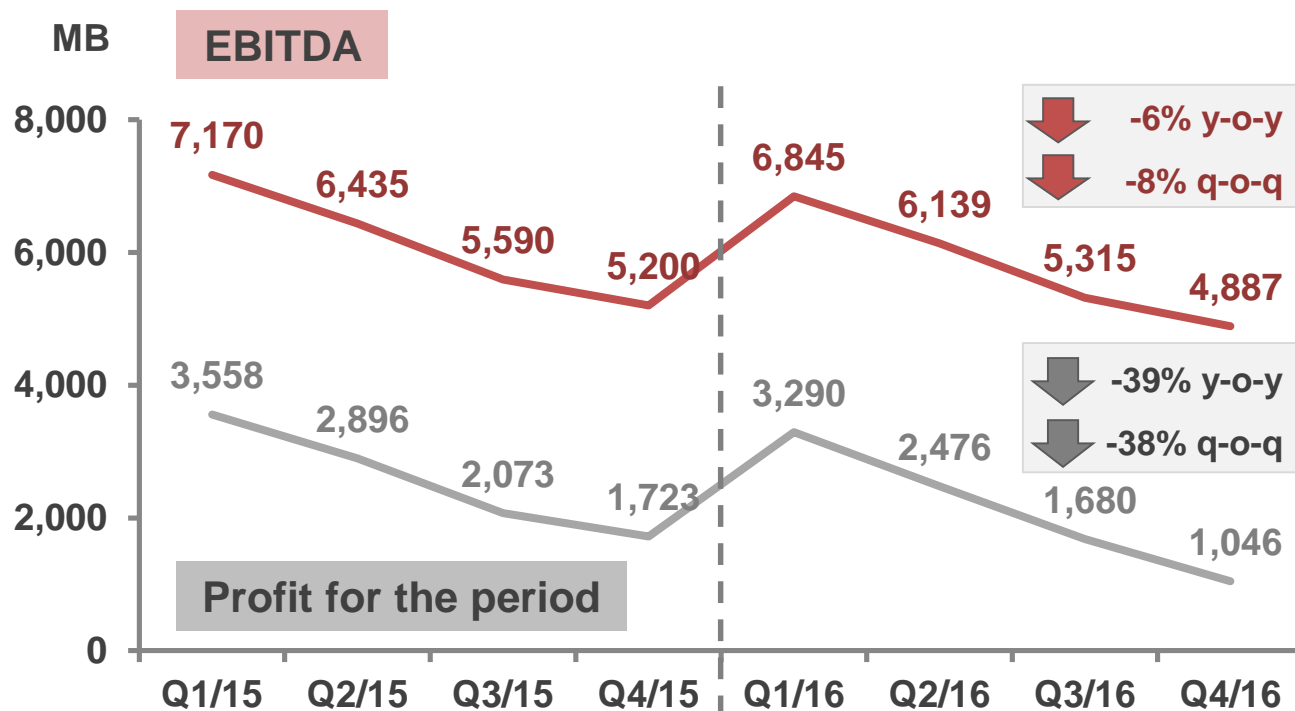
Revenue from Sales

Sales in Q4/16 down y-o-y due to weak demand and prices.



EBITDA and Profit for the Period

Q4/16 EBITDA down y-o-y due to weak demand and prices, while profitability decreased 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	Q4/16	2015	2016
Total	15%	14%	13%	12%	15%	14%	13%	12%	14%	13%
International	10%	11%	10%	8%	10%	13%	12%	8%	10%	11%
Thai	18%	16%	14%	15%	17%	15%	13%	14%	16%	15%
Thai Structural Prod.	27%	24%	22%	21%	25%	20%	18%	16%	23%	20%

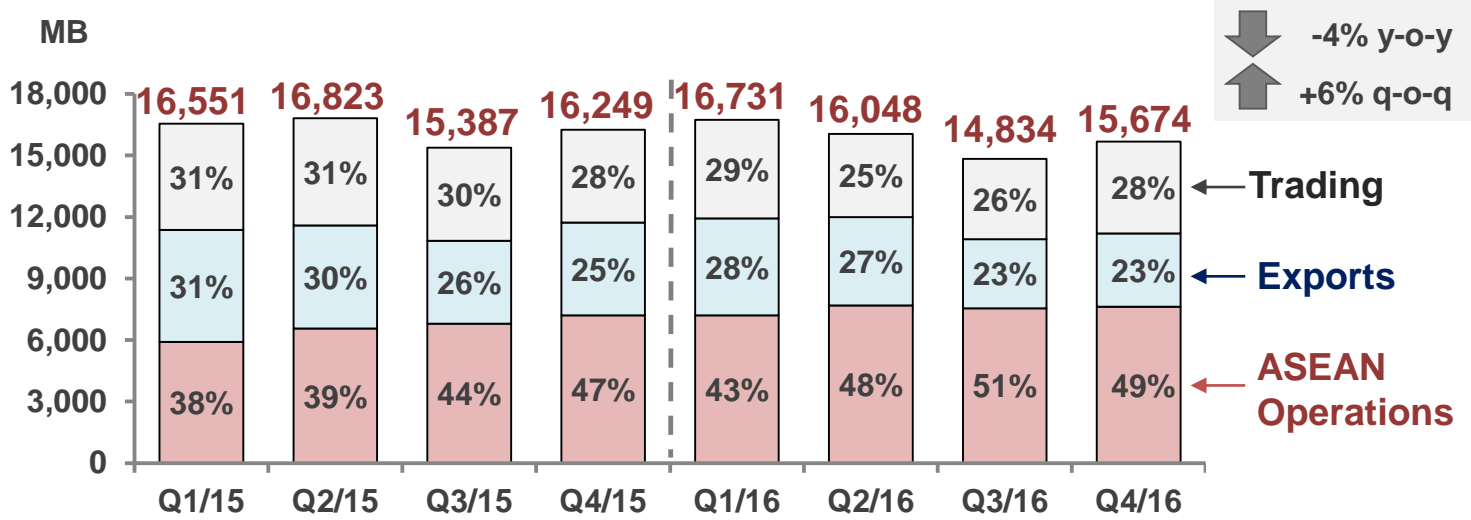
EBITDA Portion

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	2015	2016
International	24%	29%	28%	24%	24%	34%	34%	26%	26%	30%

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

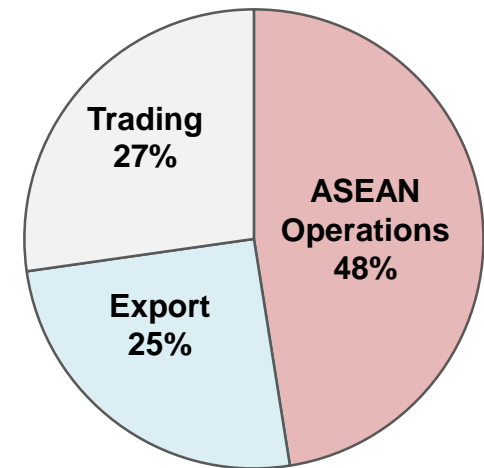
International sales segmentation

Q4/16 International sales decreased -4% y-o-y, due to lower exports and trading of non-SCG products.

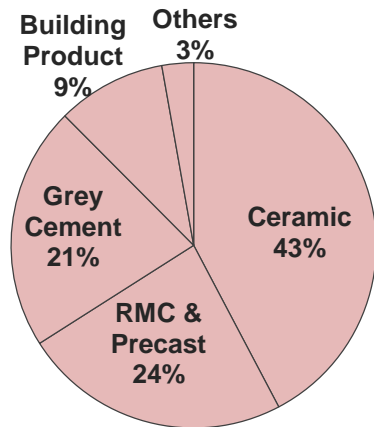


International Sales (FY2016)

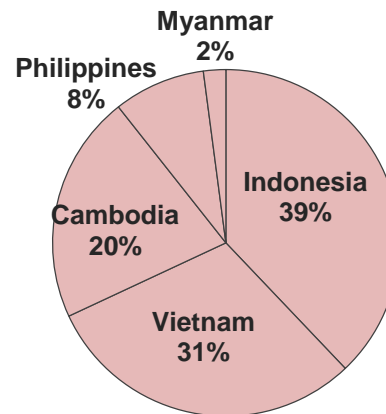
63,287 MB
(-3% y-o-y)



FY2016 ASEAN Operations (Products)



FY2016 ASEAN Operations (Country)

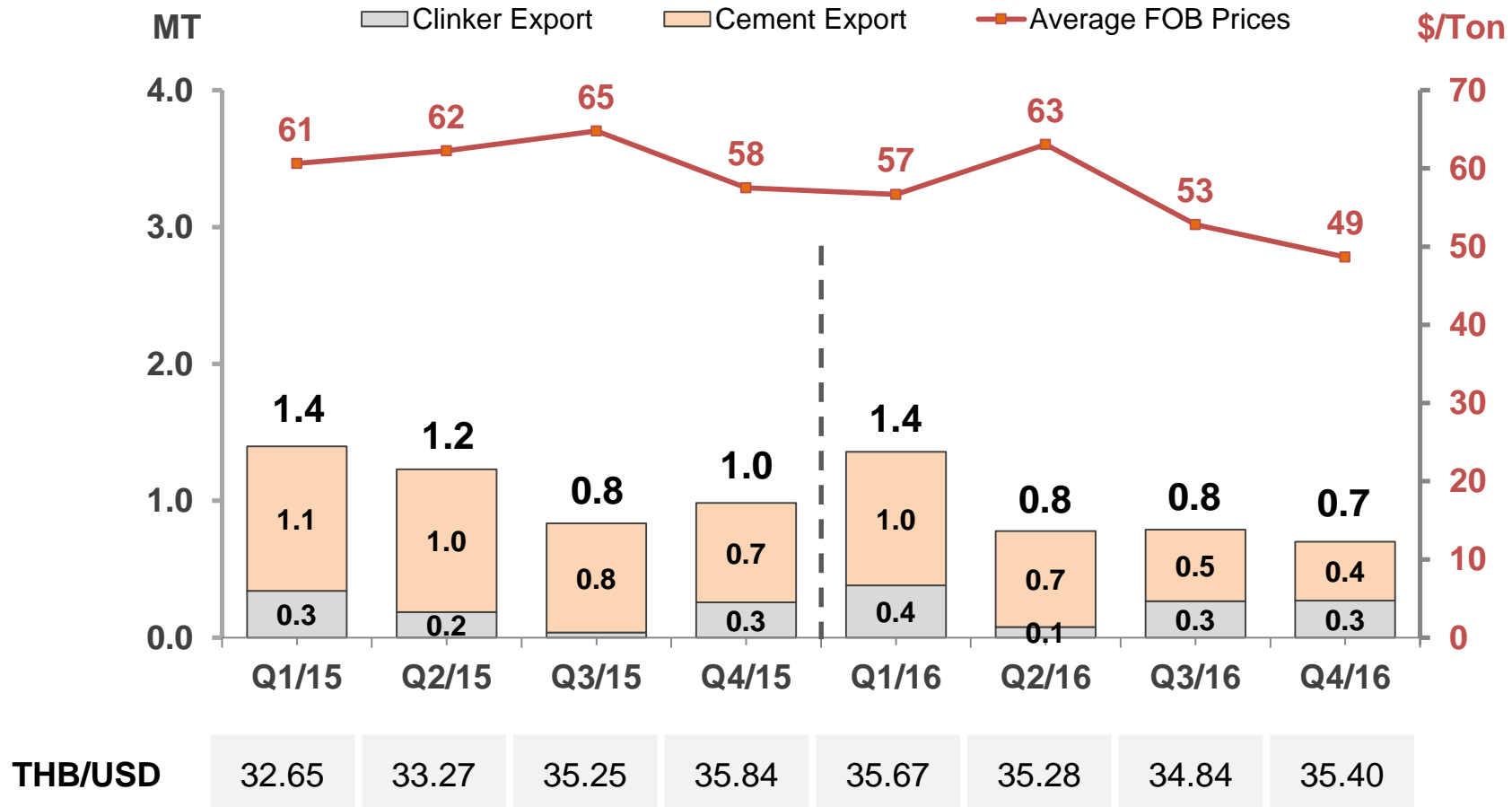


Note: International business = ASEAN Operations, exports from Thailand, and Trading business
 Housing - Roofing products, Board & Wood sub, and Home improvement.
 Ceramics - includes Sanitary ware and Fittings.
 Trading - are mainly trading of non-SCG products

Cement exports

Exports volume register 0.7 MT in Q4/16, while export prices dropped y-o-y as a result of the change in product mix.

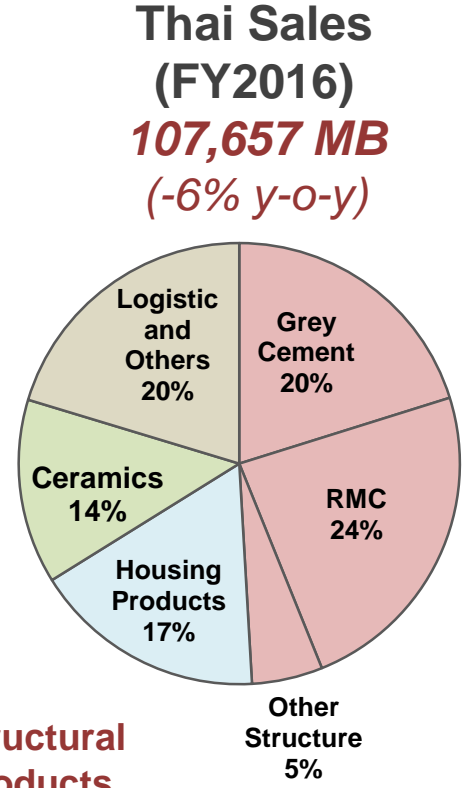
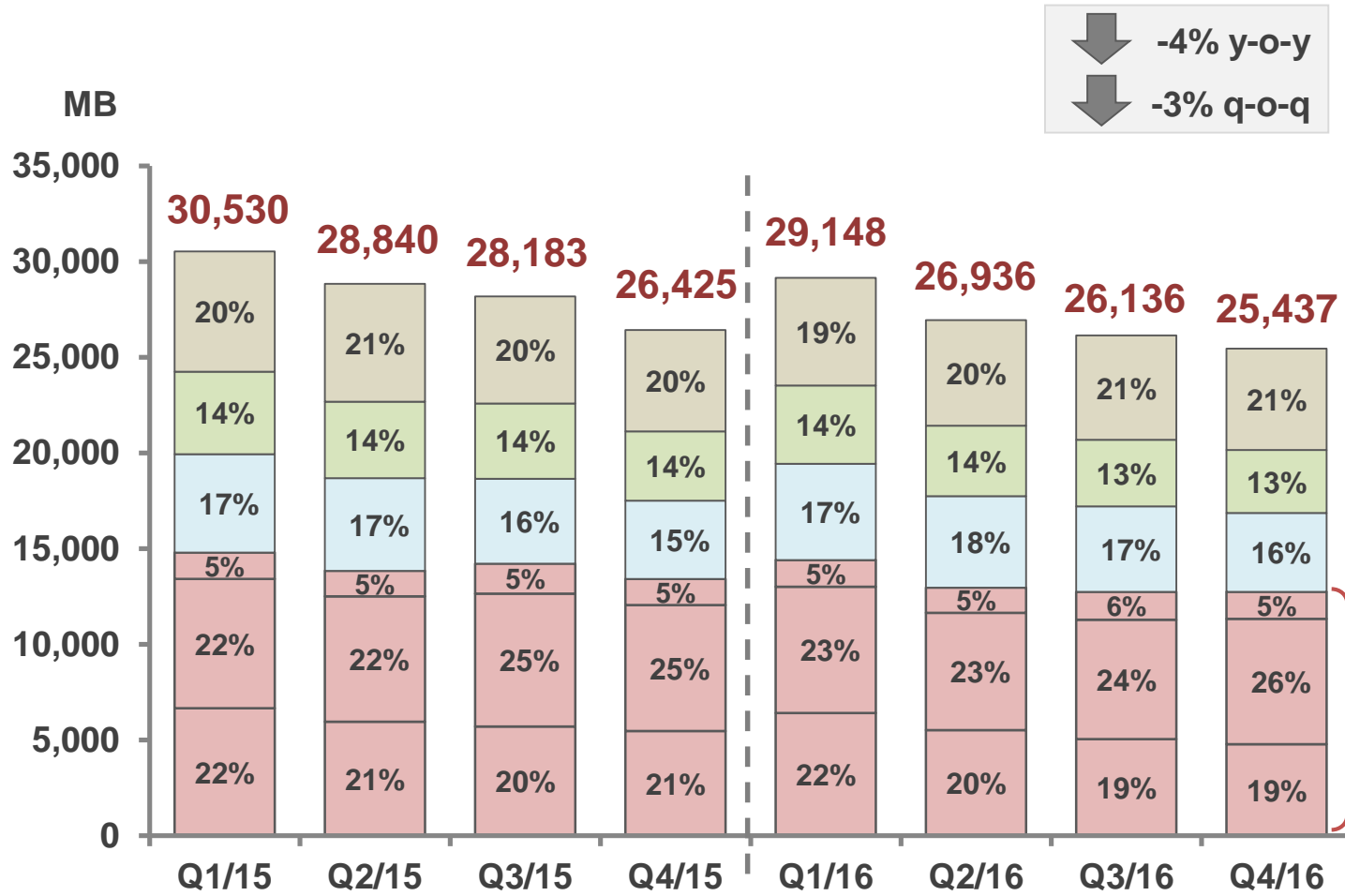
Sales volume and Average prices (FOB)



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

Thai sales segmentation

Q4/16 Thai sales declined -4% y-o-y, due to strong competition and soft market.



Note: Thai business: 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.

Thai cement segments

Cement demand dropped -3% y-o-y in Q4/16, due to the soft demand from the non-government sectors.

% Growth (y-o-y)

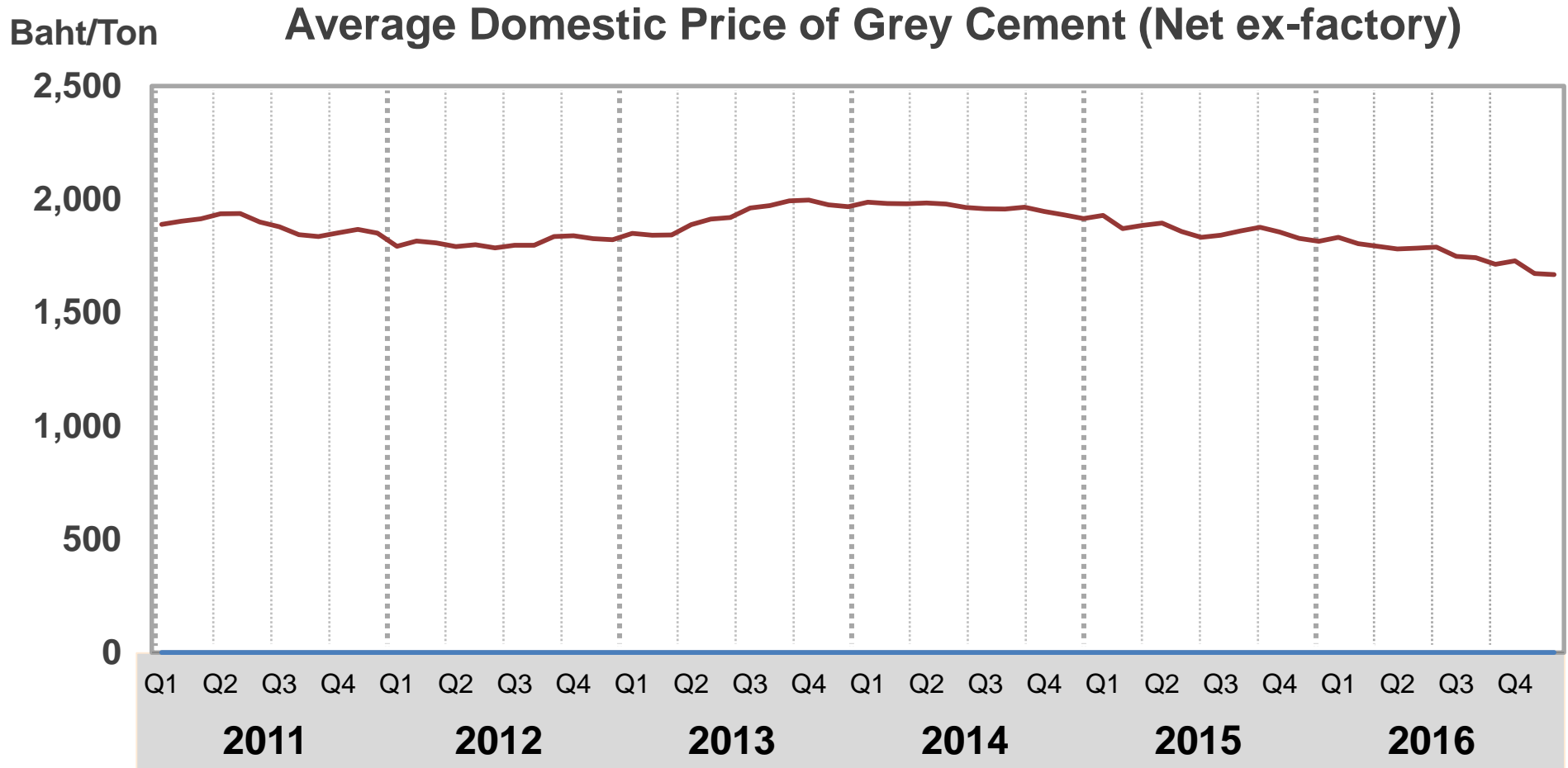
	Q1/15	Q2/15	Q3/15	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16	2016
Total Market* (100%)	-2%	+2%	-1%	+2%	0%	+5%	-3%	-5%	-3%	-2%
Commercial (Approximately 20%)	-6%	+1%	-3%	0%	-2%	0%	-7%	-7%	-2%	-4%
Gov't (Approximately 30%)	+10%	+11%	+11%	+12%	+11%	+21%	+9%	+1%	+4%	+9%
Residential (Approximately 50%)	-7%	-3%	-7%	-4%	-5%	-2%	-10%	-8%	-8%	-7%

*Note: * Estimated volume market distribution*

Thai cement price



The average cement price in Q4/16 dropped y-o-y to the range of 1,650-1,700 Baht/ton.



Sale Mix

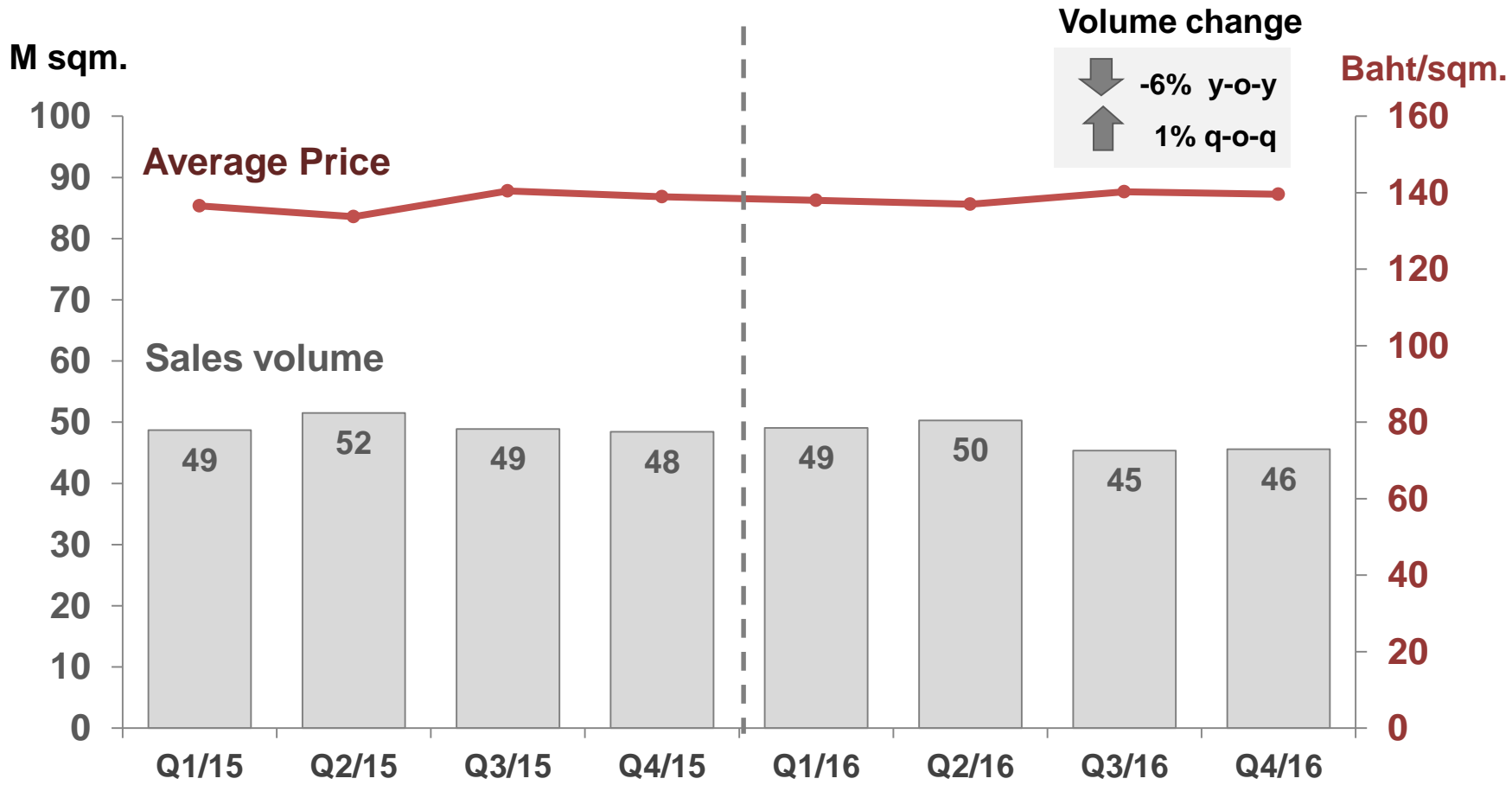
- Bagged Cement (%)	45	44	40	38	41	40	37	37	39	39	35	35	37	36	36	35
- Bulk Cement (%)	55	56	60	62	59	60	63	63	61	61	65	65	63	64	64	65

Ceramic Tiles



Q4/16 Sales volume was dropped by -6% y-o-y, due to Thai market situation.

Sales volume & prices for all ASEAN subsidiaries



Outlook:

- ASEAN (ex-Thailand) demand for cement and building materials products are forecasted to see continued positive growths.
- Cement demand in Thailand for FY2017 is expected to be marginally positive, with emphasis on the government's infrastructure works later in the year.
- Demand for housing products and ceramic tiles in Thailand are projected to remain soft in FY2017.

Plants startup :

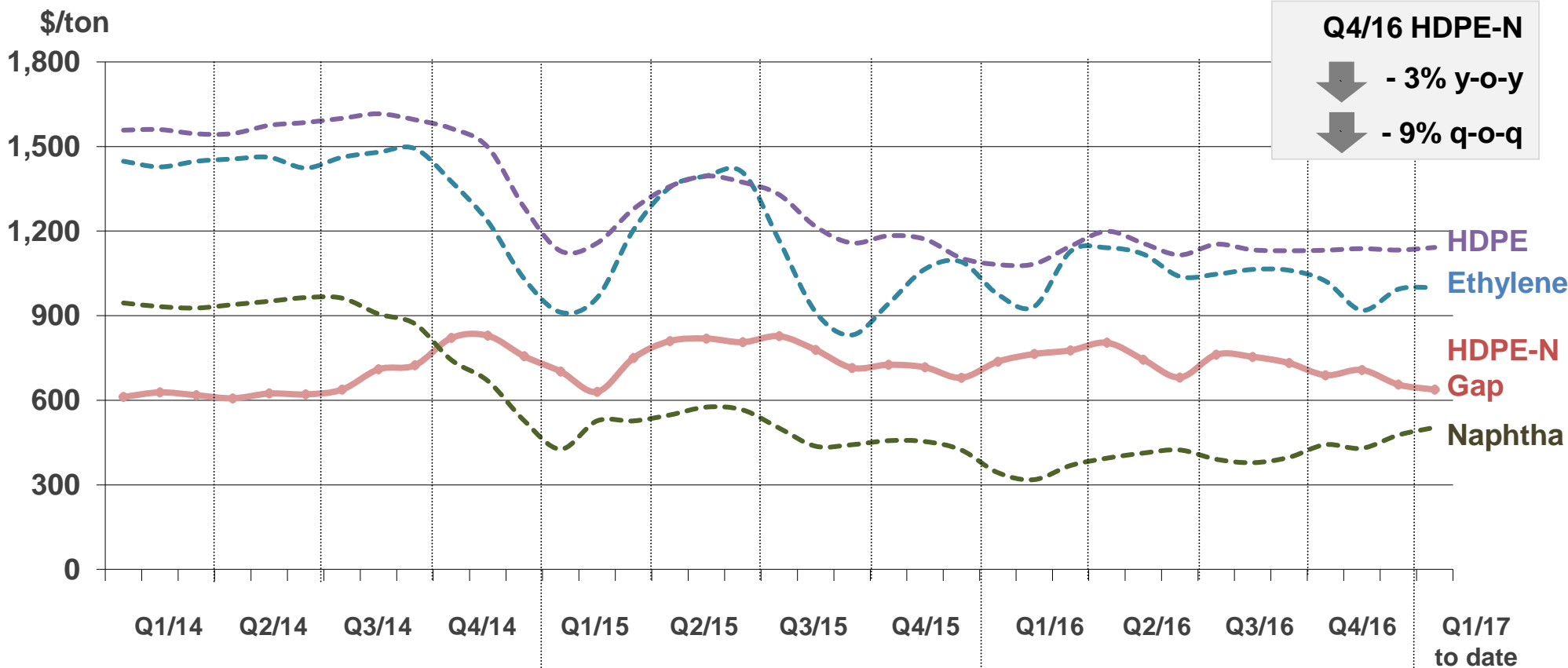
- **Myanmar cement plant** : commercial operation has begun in Jan/17
- **Laos cement plant** : under commissioning with commercial operation within Q1/17.

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	FY 16	Q4/16	Q-o-Q Change	Notes
Crude (Brent)	\$45/bbl	\$51/bbl	+\$5/bbl (10%)	Oil price climbed up from decision of OPEC and non-OPEC to cut production
Naphtha	\$398/ton	\$450/ton	+\$61/ton (16%)	Naphtha price increased following higher oil price trend and tight gasoline supply in US
Ethylene	\$1,037/ton	\$978/ton	-\$79/ton (-7%)	C2 prices dropped due to return of crackers and more supply from West
Propylene	\$704/ton	\$722/ton	-\$6/ton (-1%)	C3 prices dropped due to return of crackers
HDPE	\$1,132/ton	\$1,134/ton	-\$5/ton (-0.4%)	Price quite stable due to slow demand at year end amid tight market
PP	\$1,051/ton	\$1,086/ton	-\$8/ton (-1%)	
HDPE-Naphtha	\$734/ton	\$684/ton	-\$65/ton (-9%)	Margin dropped following higher naphtha price
PP-Naphtha	\$653/ton	\$636/ton	-\$68/ton (-10%)	
EDC	\$254/ton	\$258/ton	+\$2/ton (+1%)	Stable price from balanced demand and supply
PVC	\$816/ton	\$930/ton	+\$123/ton (+15%)	PVC prices increased from price adjustment following high coal prices in China
PVC-EDC/C2	\$369/ton	\$494/ton	+\$140/ton (+40%)	Spread widened from higher PVC prices and lower C2 prices from slowing demand
MMA-Naphtha	\$1,182/ton	\$1,398/ton	+\$75/ton (+6%)	Margin continued to increase from MMA plant turnaround
BD-Naphtha	\$753/ton	\$1,158/ton	+\$456/ton (+65%)	Gap widened significantly from strong demand in China and surge of natural rubber prices
PTA-PX	\$68/ton	\$66/ton	-\$1/ton (-1%)	Gap slightly dropped from delayed startup of new PX plant

HDPE – Naphtha Price Gaps

HDPE spread dropped q-o-q to \$684/ton from higher naphtha prices.

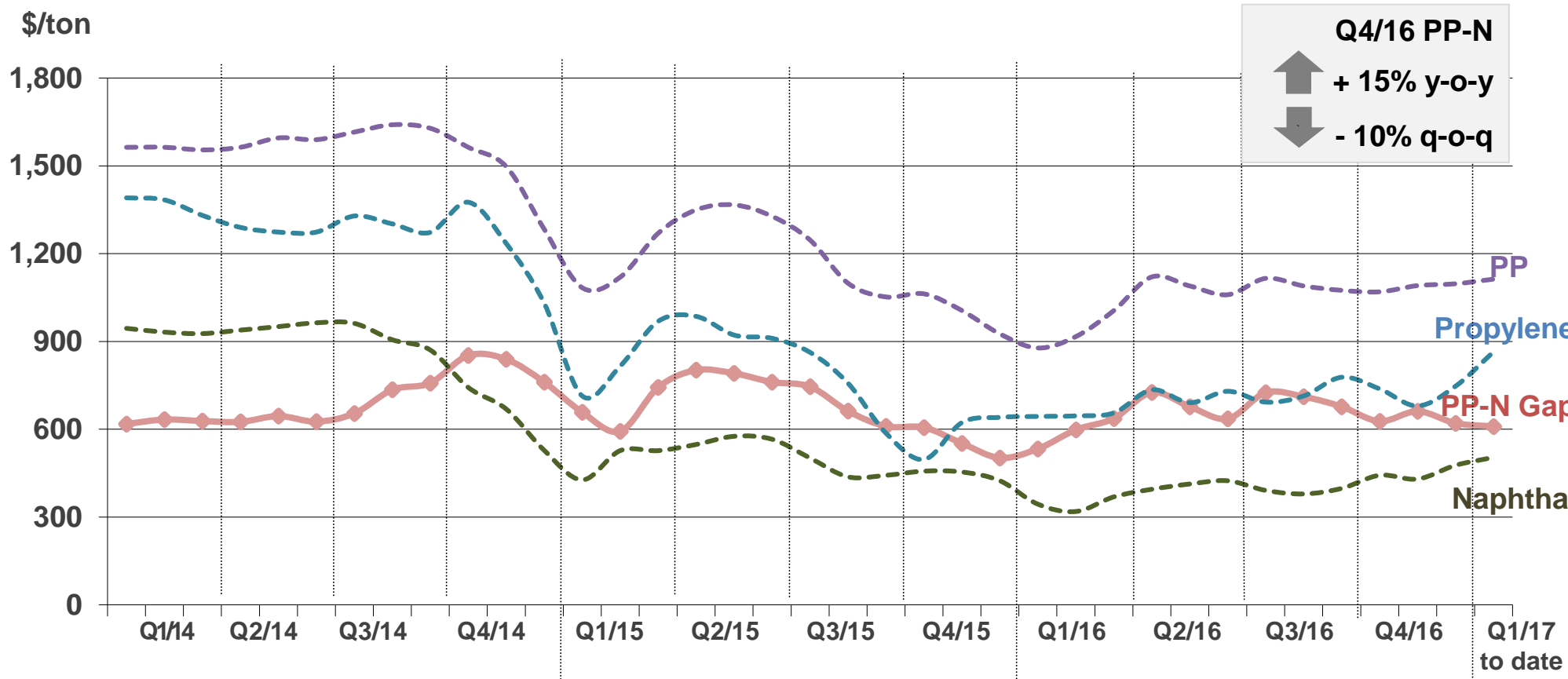


HDPE-Naphtha	620	618	691	802	694	812	774	708	759	743	749	684	638
Spread (\$/ton)	← 682 →			← 747 →			← 734 →						
HDPE-C2	113	121	125	234	161	(11)	264	120	91	54	82	156	142
C2-Naphtha	507	496	565	568	532	823	510	588	668	689	668	528	496

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

PP spread declined q-o-q to \$636/ton as naphtha price increased while PP market relatively strong.

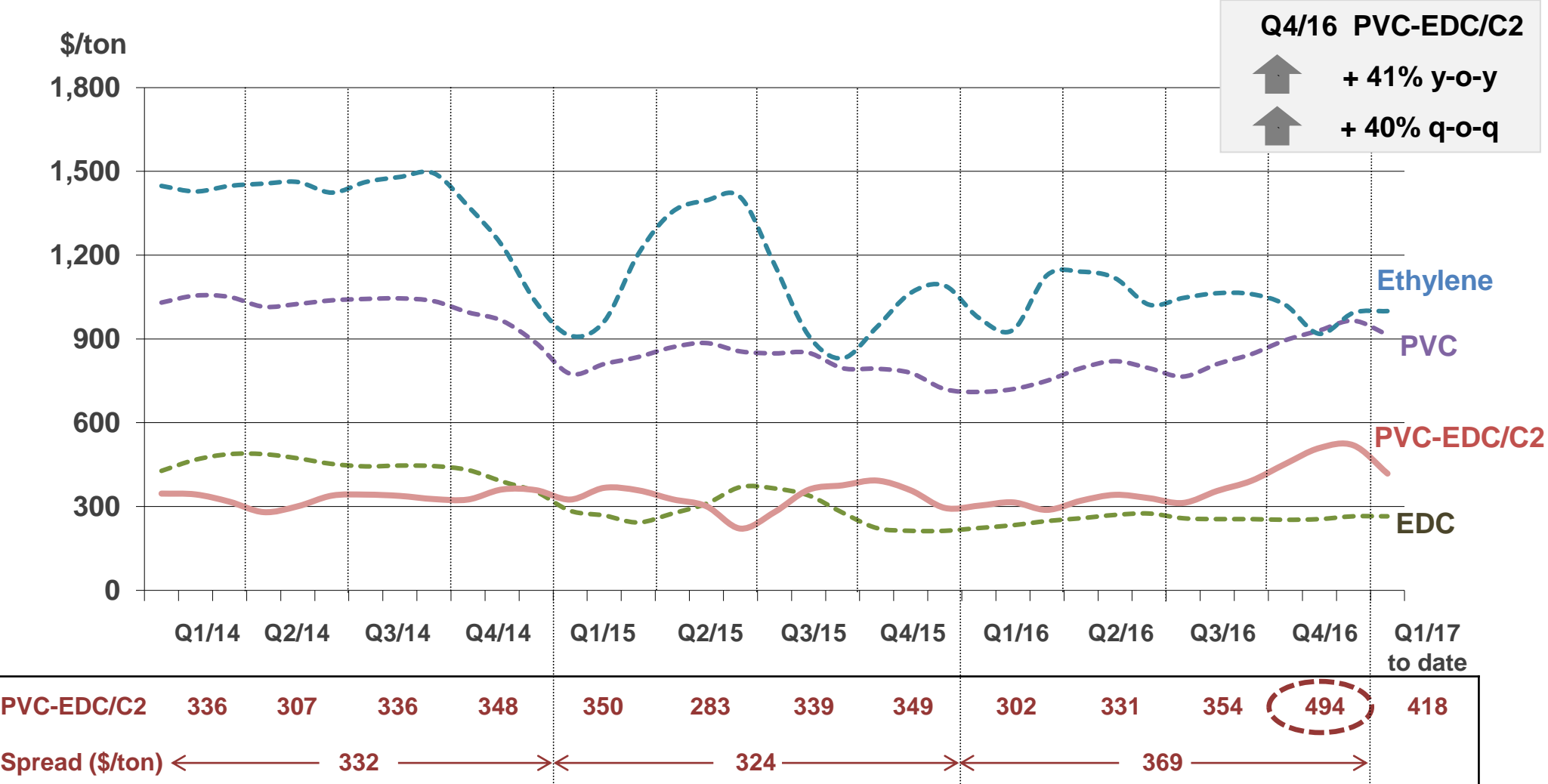


PP-Naphtha	626	632	716	819	664	785	672	554	589	680	704	636	609
Spread (\$/ton)	← 698 →			← 669 →				← 653 →					
PP-C3	192	304	328	433	325	408	397	412	285	372	365	364	248
C3-Naphtha	434	328	388	385	339	376	275	142	305	308	339	272	361

Note: Prices refer to SEA regional prices

PVC

PVC spread widened to \$494/ton mainly from higher PVC price due to high coal prices from policy in China.

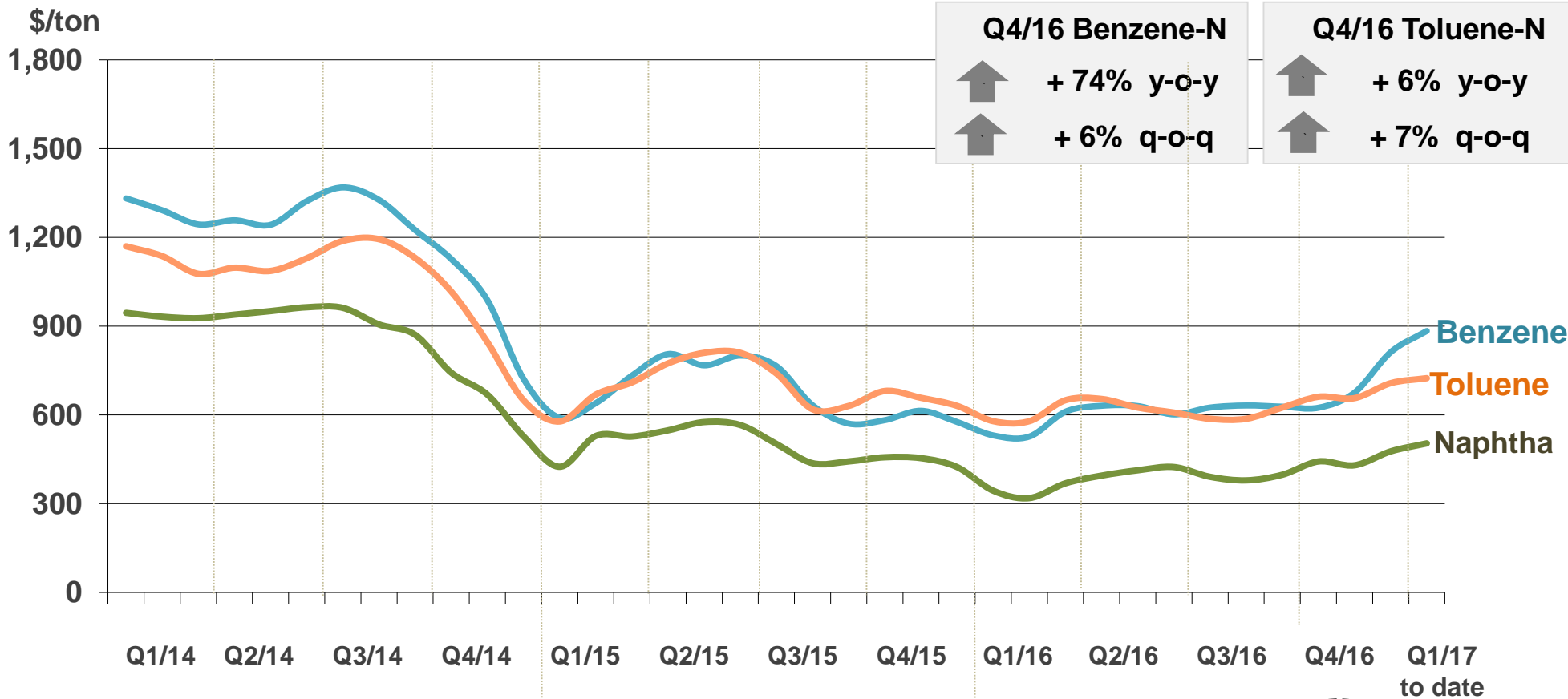


Note: Prices refer to FE regional prices

Benzene & Toluene

BZ-Naphtha: Increased due to tight supply in China.

TL-Naphtha: Tag along higher PX price due to new plant startup delay.



	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17 to date
BZ-Naphtha	355	323	394	299	161	228	196	146	212	210	239	254	380
TL-Naphtha	193	153	258	191	159	235	203	212	260	218	210	225	220
BZ-Spread	← 343 →			← 183 →			← 229 →						
TL Spread	← 199 →			← 202 →			← 228 →						

Note: Prices refer to SEA regional prices

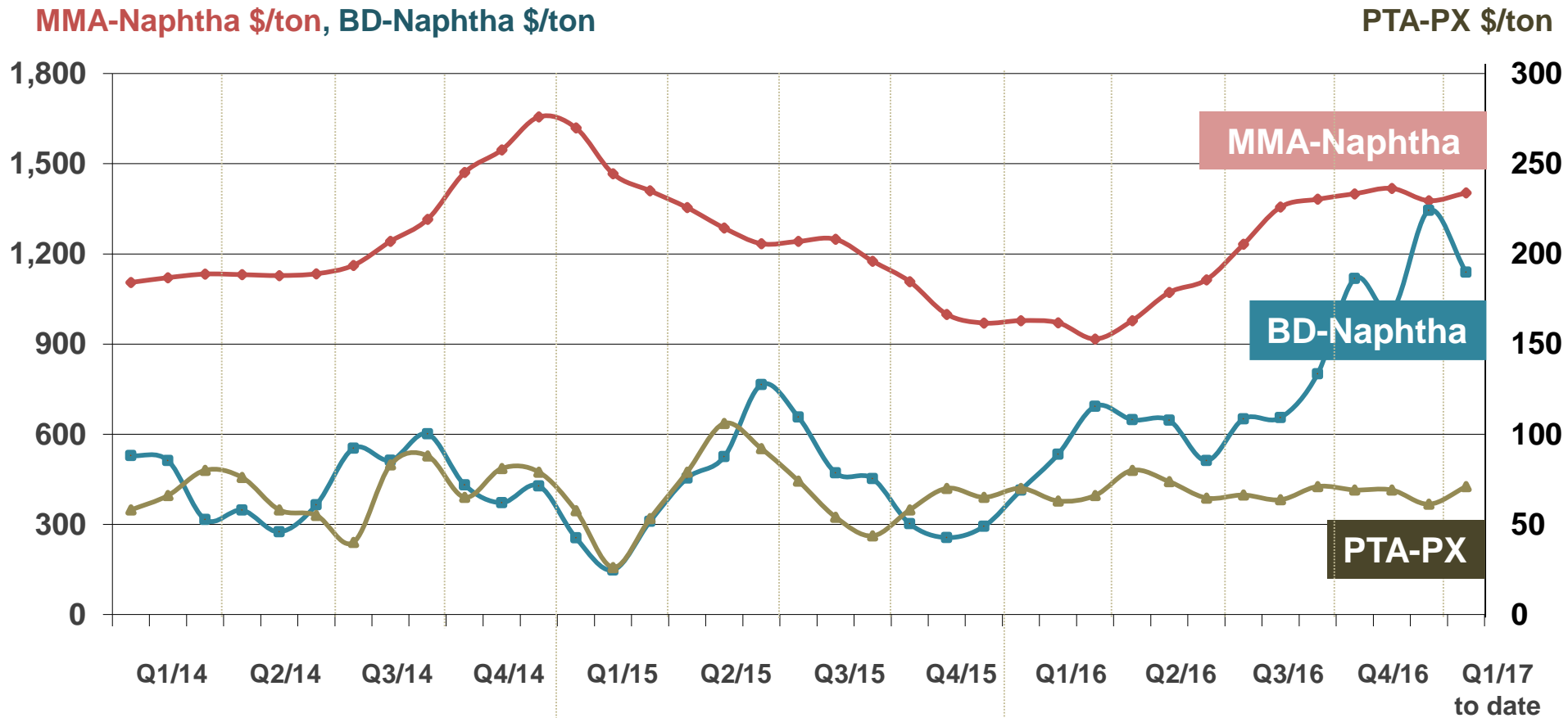
Price Gaps of Associates



MMA-Naphtha: Spread widened due to MMA planned and unplanned outages.

PTA-PX: Gap slightly decreased from increasing of PX from delayed startup of PX plant.

BD-Naphtha: Chinese strong demand from tax incentives on eco car and high natural rubber prices.

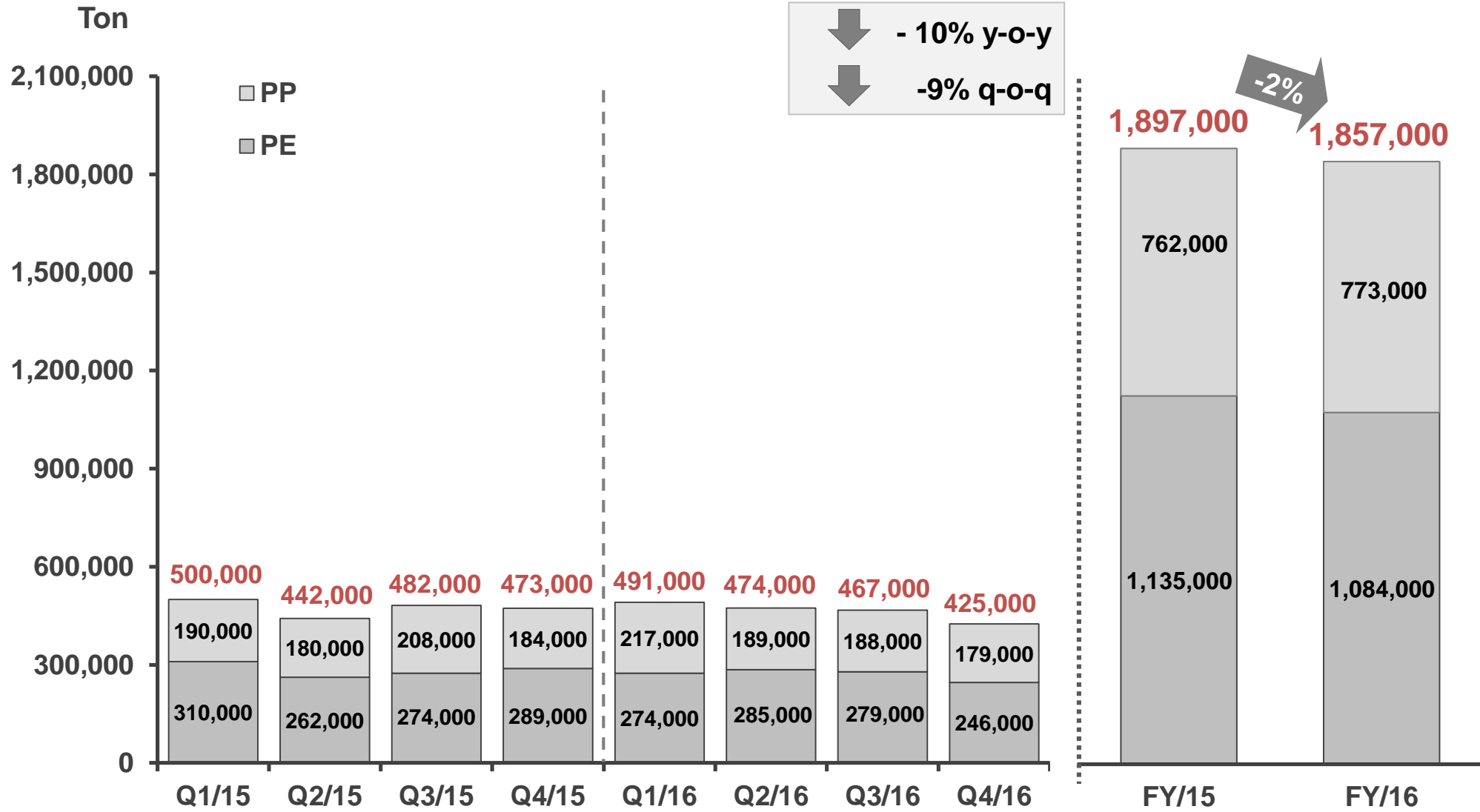


MMA-N	1,120	1,131	1,240	1,558	1,499	1,291	1,222	1,025	955	1,055	1,323	1,398	1,369
PTA-PX	68	63	70	75	46	92	57	64	66	73	67	66	58
BD-N	452	329	556	410	238	581	527	284	546	602	702	1,158	2,014

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

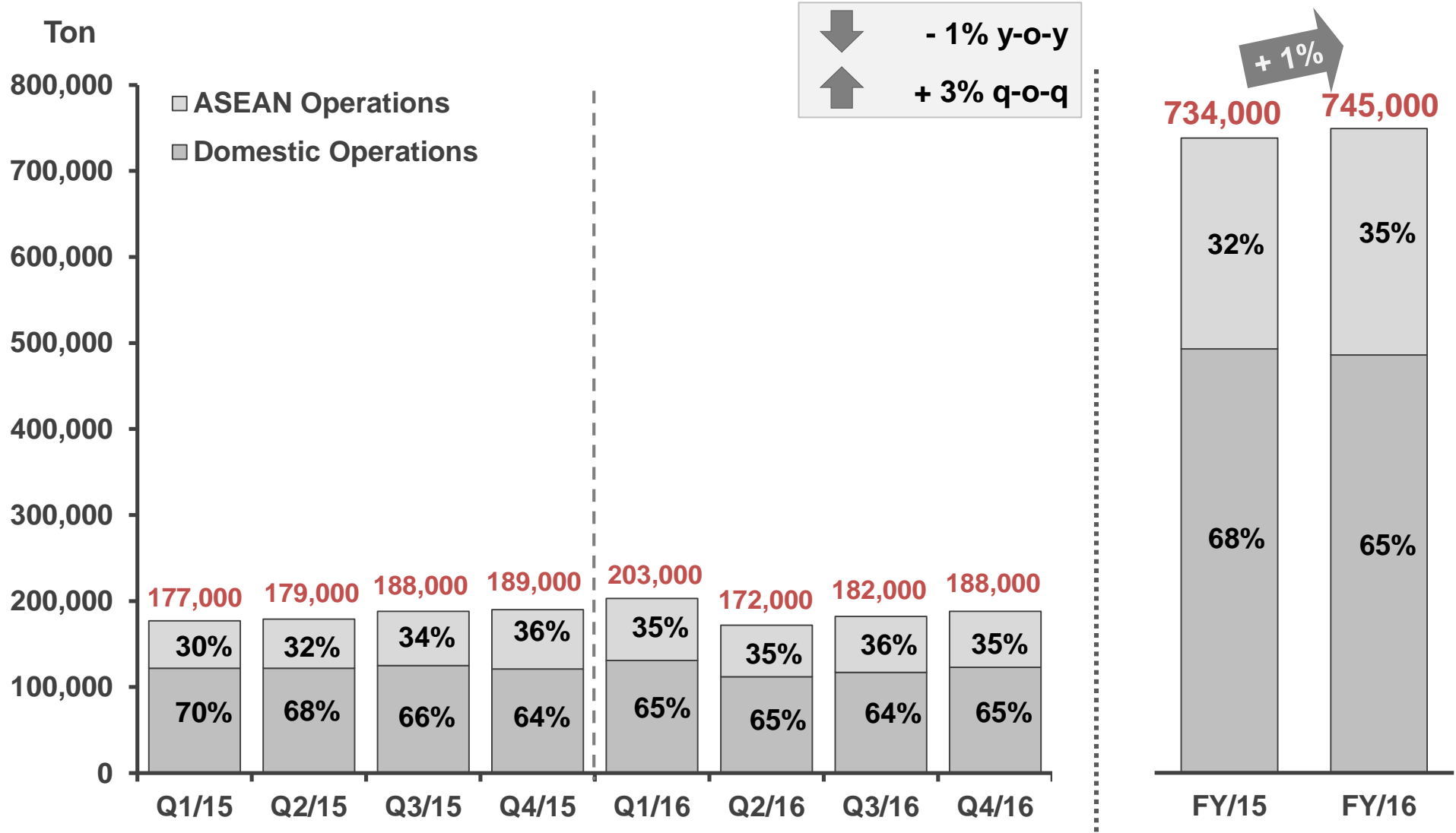
Polyolefin Sales Volume

Q4/16 sales volume decreased 9% q-o-q to 425,000 tons from ROC olefins major turnaround. Impact on sales volume leveraged by built inventory and ethylene import.



PVC Sales Volume

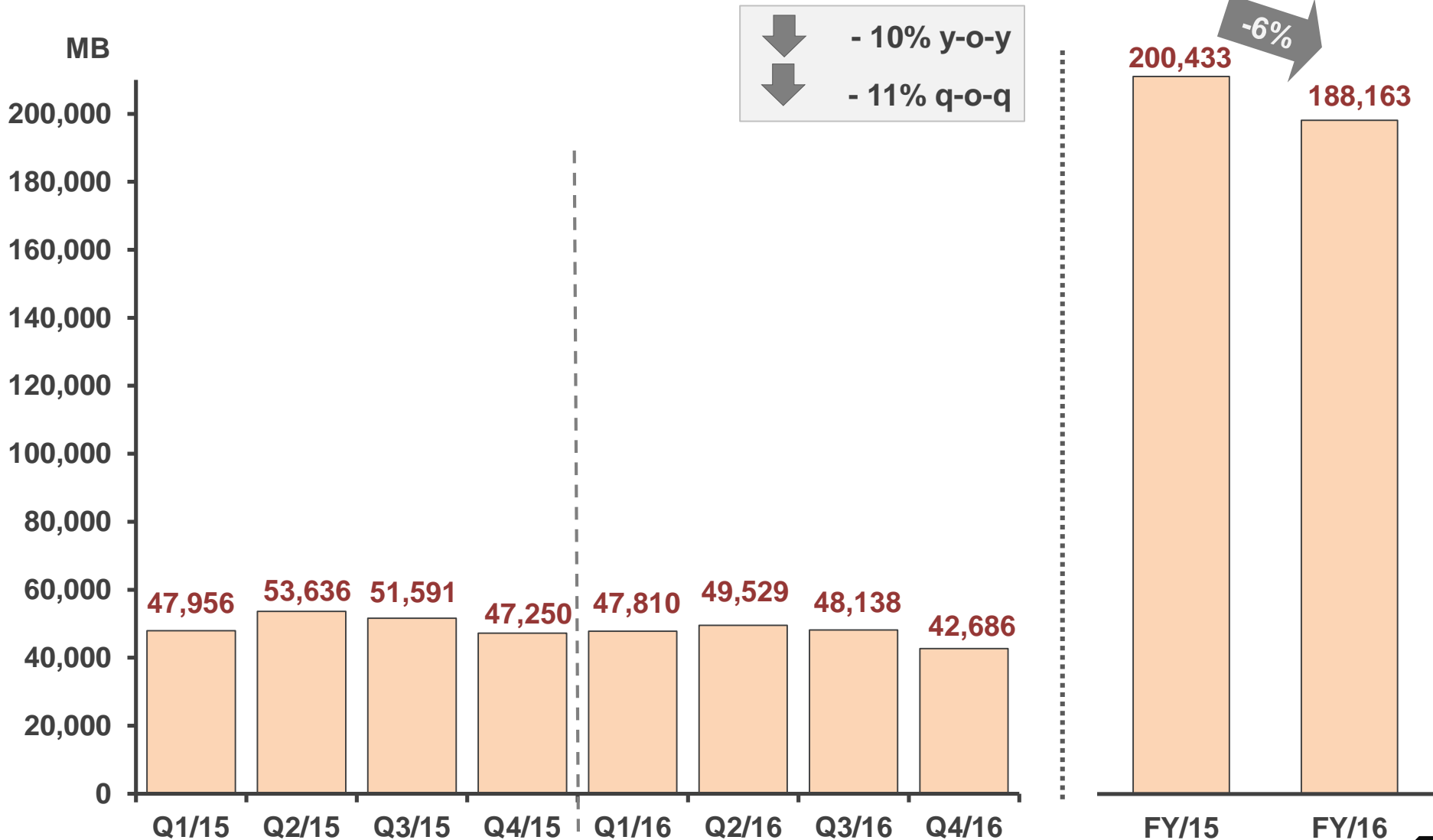
Q4/16 sales volume slightly increased 3% q-o-q supported by South Asia demand after monsoon season.



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

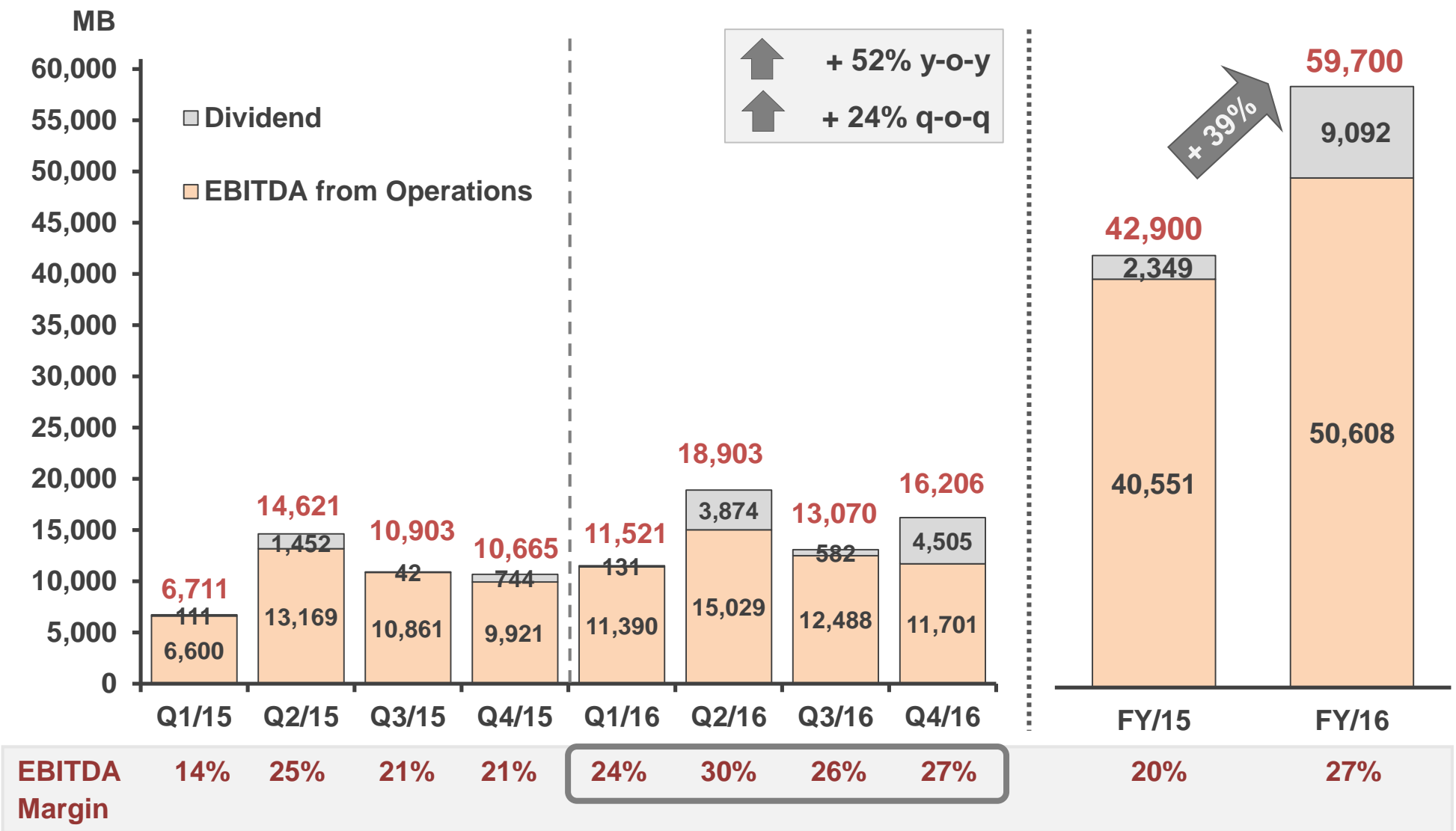
Revenue from Sales

Q4/16 revenue dropped by 11% q-o-q to 42,686 MB due to volume loss from ROC's major turnaround.



EBITDA

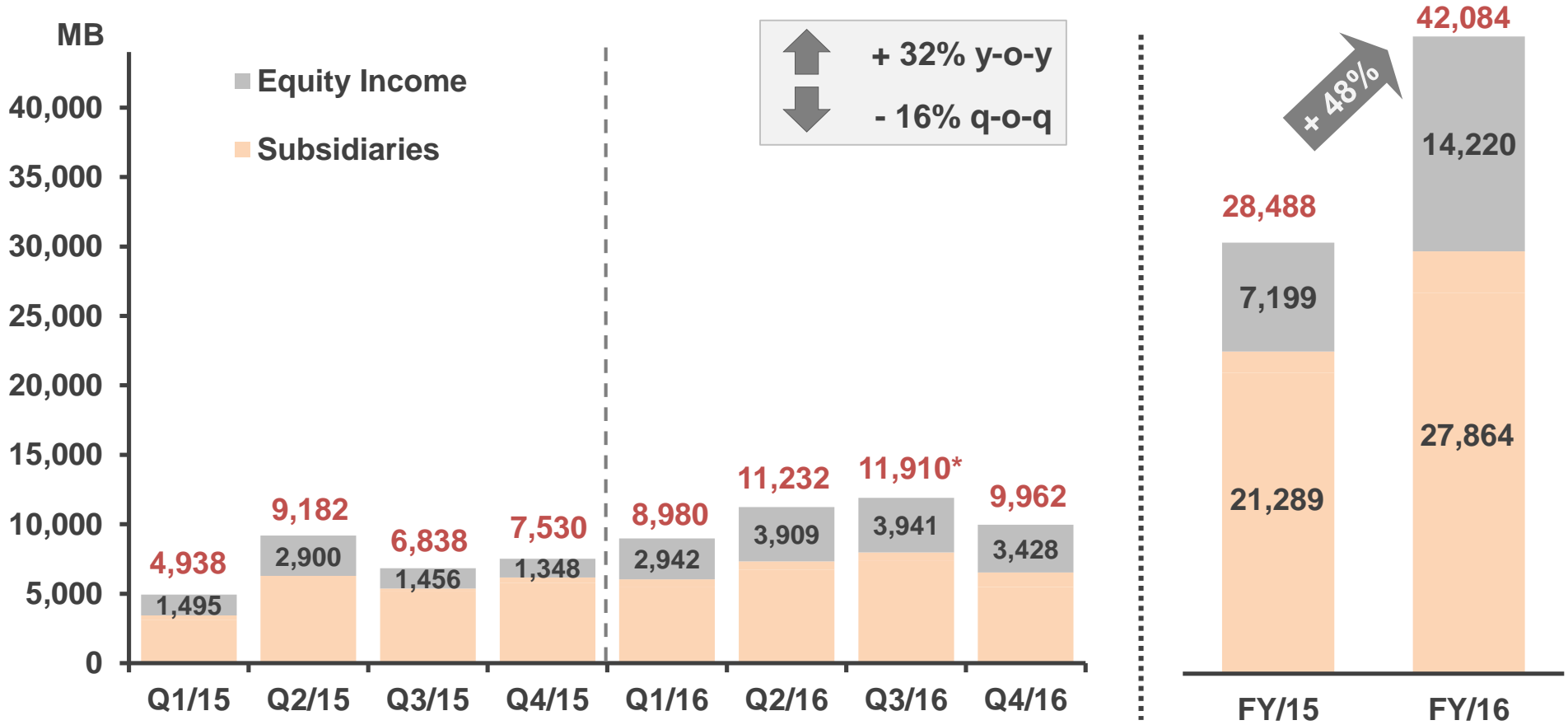
Despite the ROC turnaround, Q4/16 EBITDA registered 16,206 MB, as a result of the healthy PVC business and dividend income from associated companies.



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

Profit for the Period

Q4/16 Profit decreased to 9,962 MB from ROC's major turnaround.



NCI (Non controlling interest)	(680)	(3,600)	(1,540)	(1,140)	(2,820)	(4,000)	(4,600)	(2,300)	(6,960)	(13,720)
Inventory Gain (Loss)**	(930)	970	(2,160)	330	(300)	160	(140)	40	(1,790)	(240)

Note: *includes the approximate 1,800 MB deferred assets on loss carry forward (from the 2011-2012 chemicals trough).

**Sub/Asso : 445%/-345%

- **Crude** – Crude stable around \$52-56/bbl because OPEC production cut agreement offset by higher US shale production.
- **Naphtha** – Firm crack spread due to strong demand from crackers fully run.
- **Polyolefin** – Margin increase from recovery in demand after new year.
- **PVC** – Indian demonetization impacts demand. Margin squeezed from higher EDC/VCM prices.

Company highlight:

- **Vietnam project:** Finalizing shareholding structure expected within Q1/17, with FID in H1/17.
- **Thai Plastic and Chemicals (TPC):** Increased stake to 99.73%, with being delisted on Jan 30/17.
- **Rayong Olefins (ROC):** Successful completion of the cracker turnaround, with capacity creep to 900 KTA.

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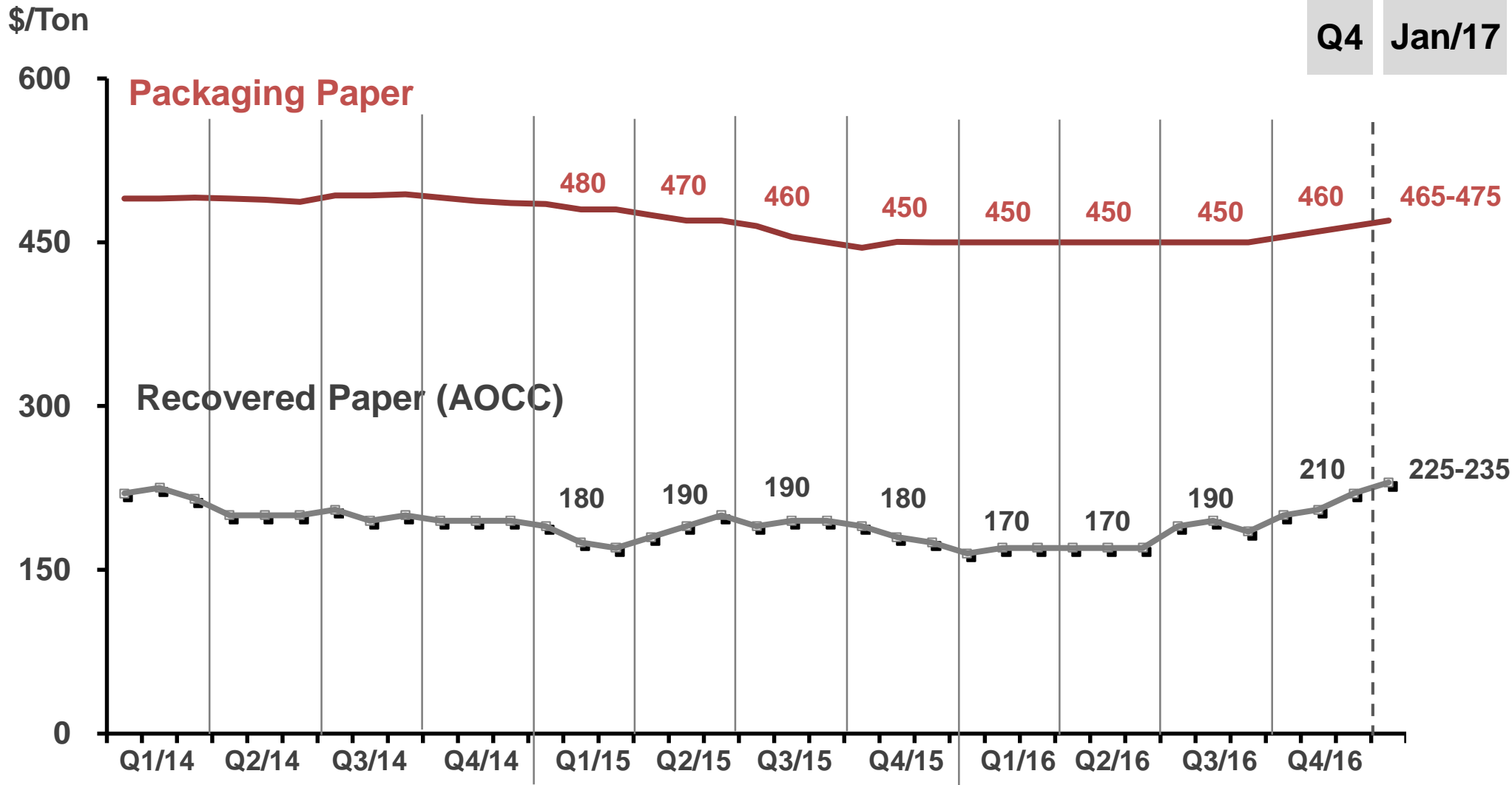
Q4/16 Domestic market situation

Overall demand dropped, but Consumer segment grew moderately.

Market Segment	Situation (Q-o-Q)	Market situation
Food & Beverage		<ul style="list-style-type: none"> Overall demand remain soft due to no promotion campaign in beverage segment, and lower production in canned food.
Consumer		<ul style="list-style-type: none"> Domestic demand for consumer goods continued to grow mainly from sales promotions.
E & E		<ul style="list-style-type: none"> Electronics & electrical appliances (E&E) overall demand decreased from lower export orders.

Packaging Chain

AOCC prices increased mainly due to tight supply and freight rate increase.
Packaging paper prices were up following raw materials prices hike.

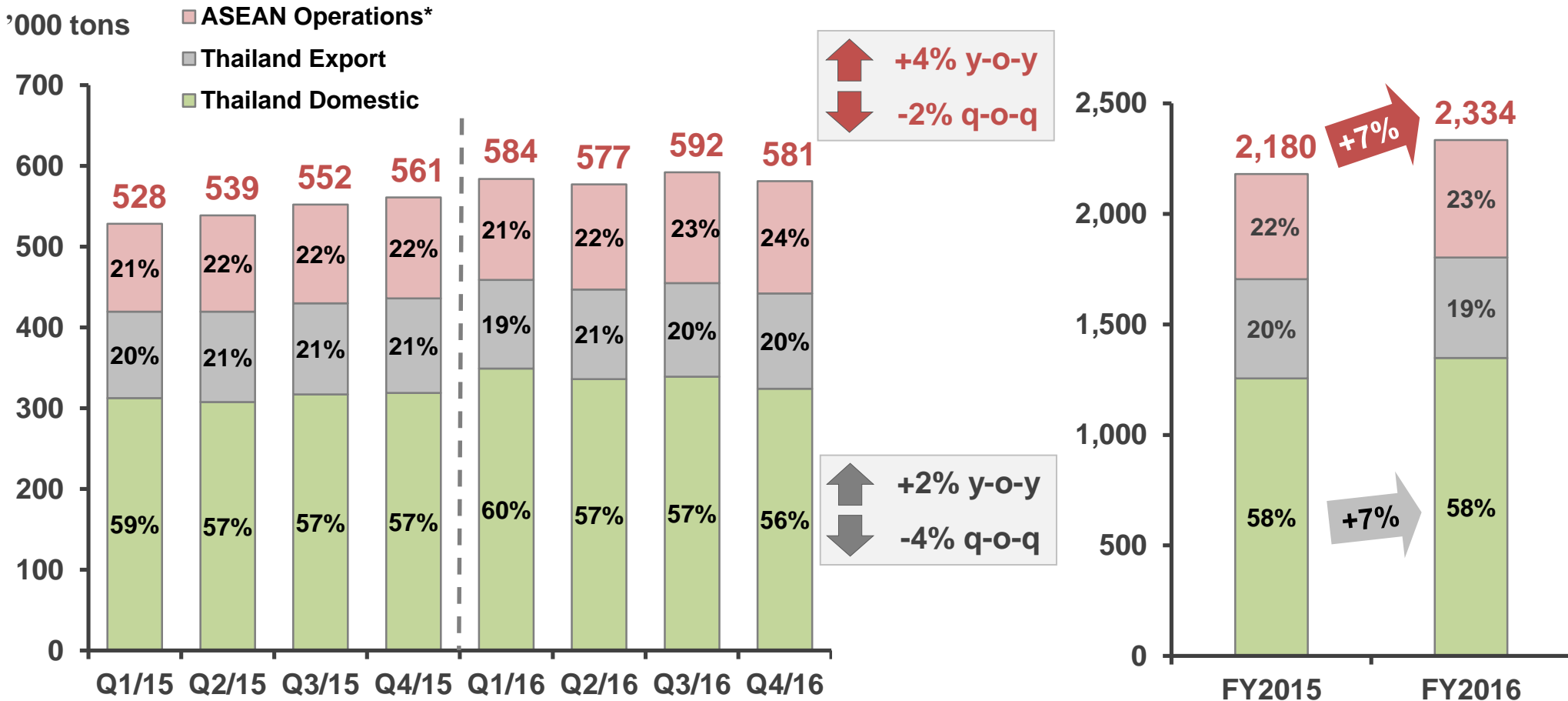


Note: regional prices

Packaging Chain

Total sales volume dropped 2% q-o-q mainly from domestic demand softness while improved 4% y-o-y.

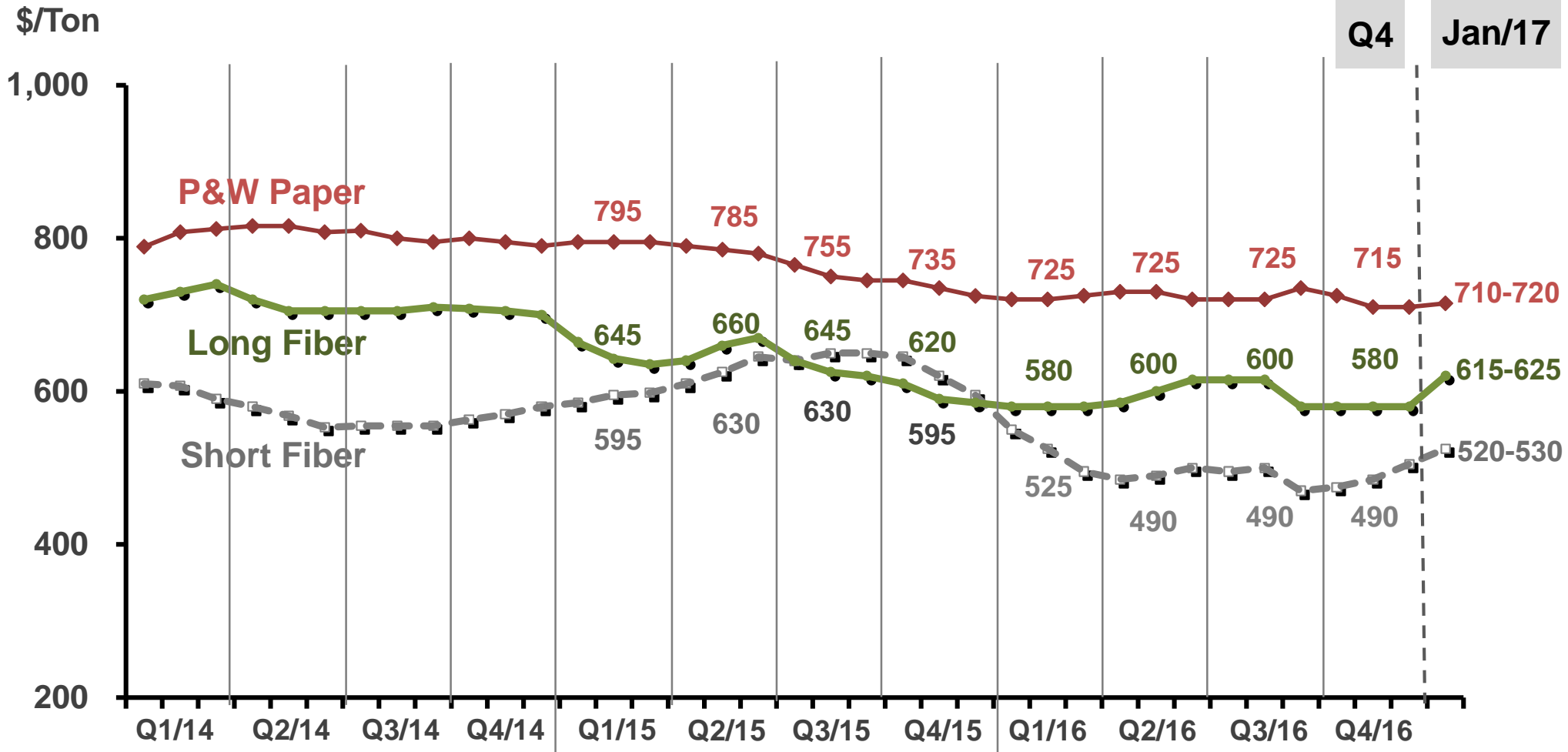
Packaging Paper volume



Note: *Sales Volume from Philippines and Vietnam

Fibrous chain

Printing & Writing paper prices dropped from high competition. Short fiber pulp prices maintained while Long fiber pulp prices dropped due to new capacity.

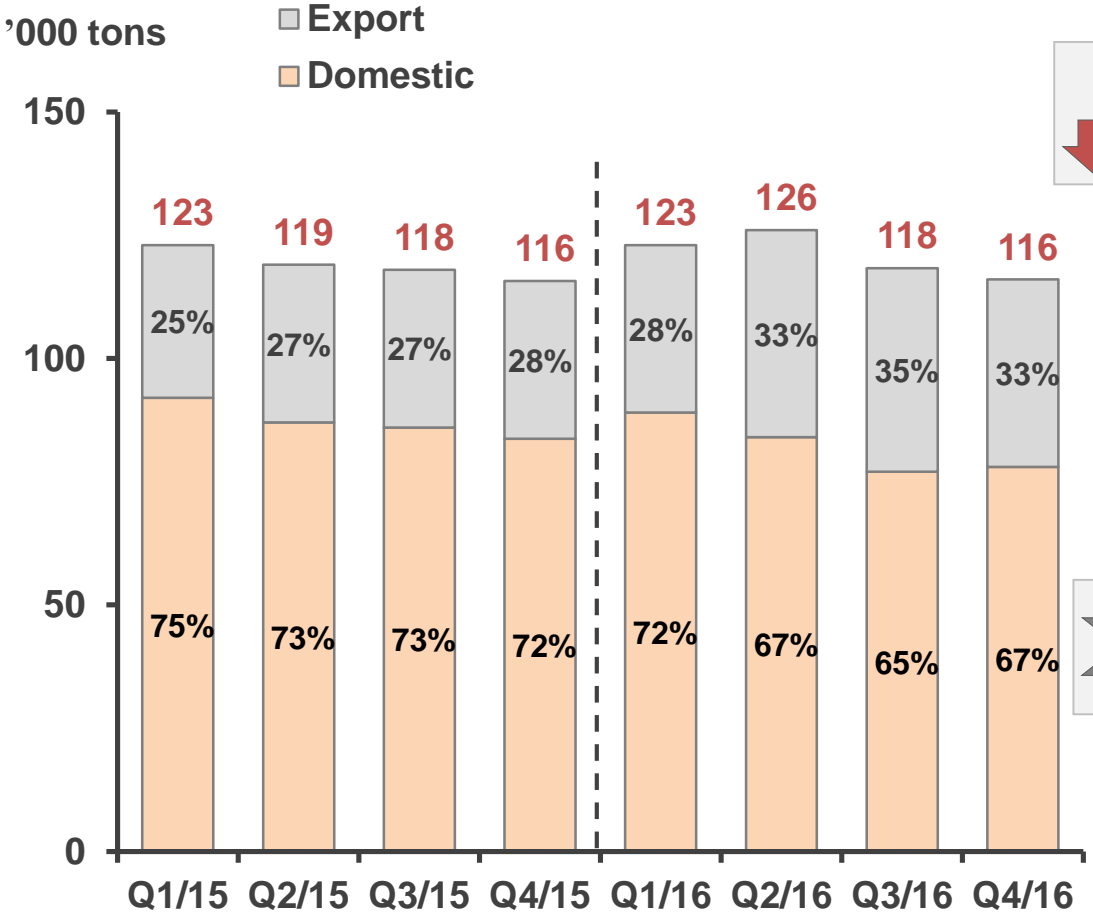


Note: regional prices

Fibrous Chain

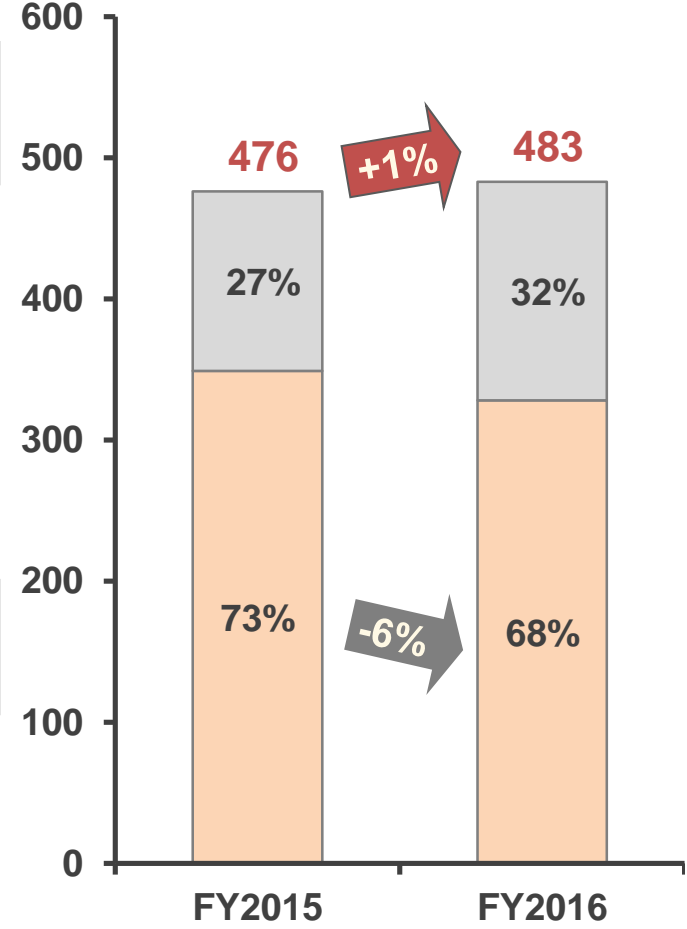
Total sales volume dropped 1% q-o-q from lower export sales while flat y-o-y. For domestic, sales volume increased 2% q-o-q but declined 7% y-o-y due to demand softness.

Printing & Writing Paper volume



Flat y-o-y
 ↓ - 1% q-o-q

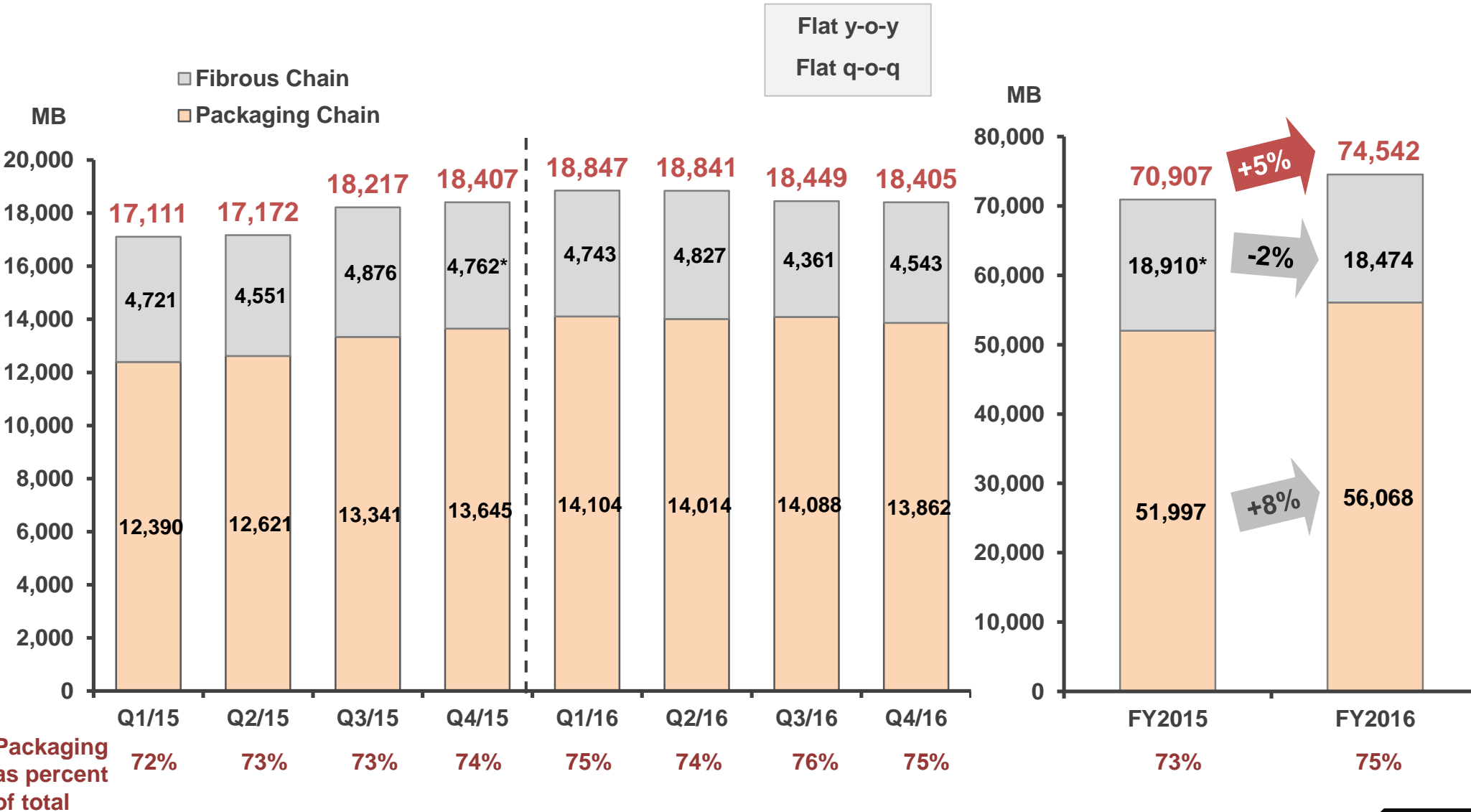
↓ -7% y-o-y
 ↑ 2% q-o-q



Revenue from Sales



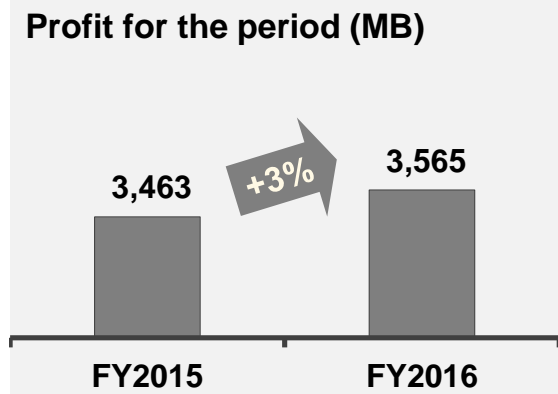
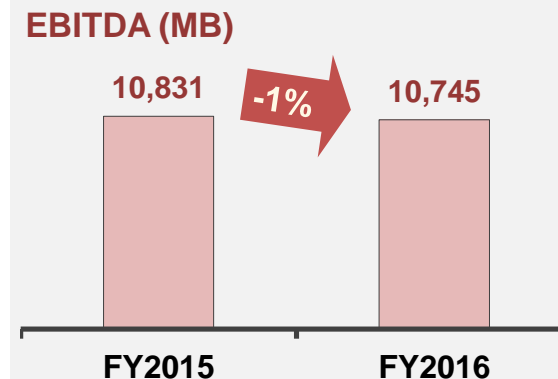
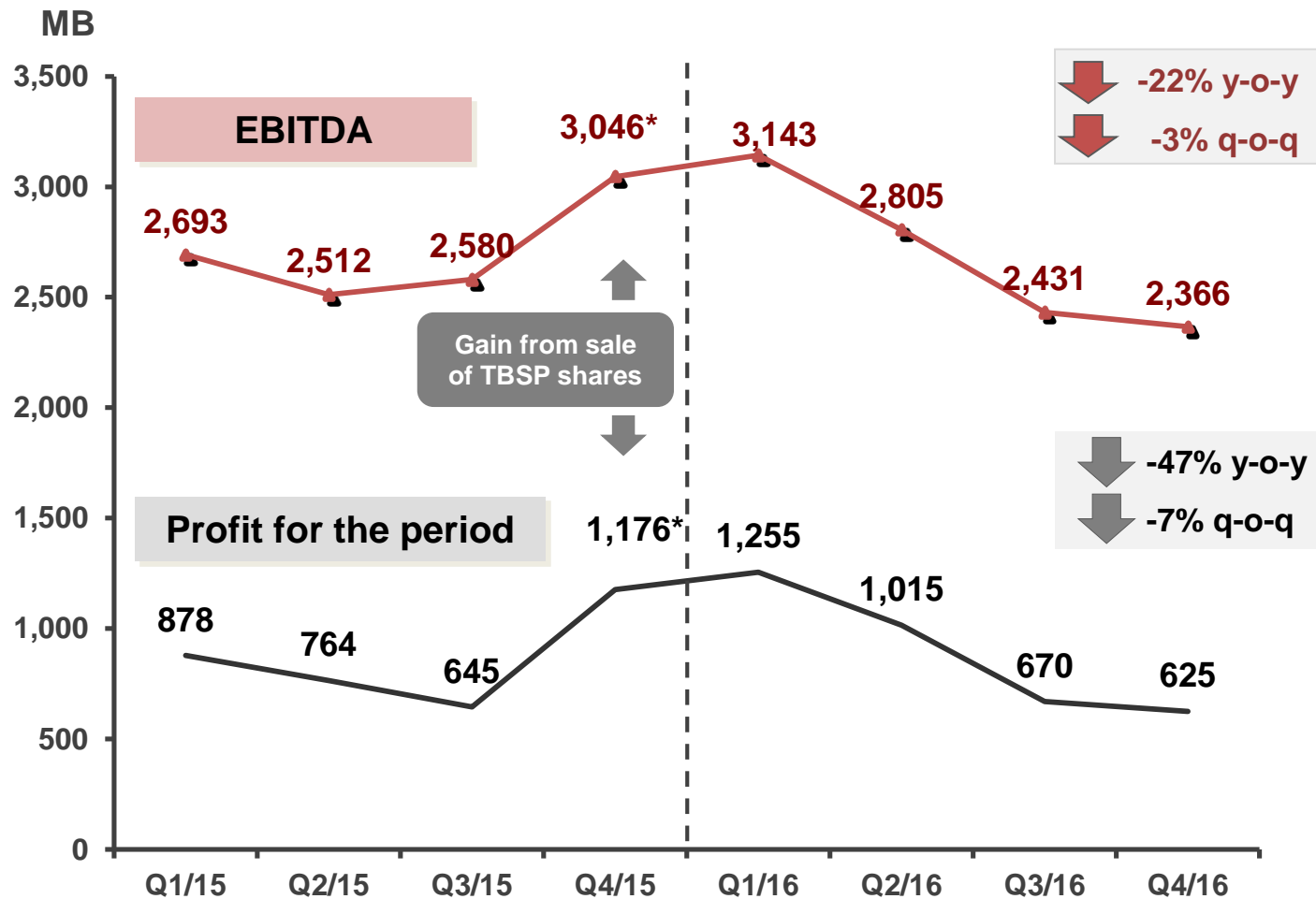
FY2016 Revenue from sales grew 5% mainly from higher sales volume in Packaging chain.



*Note : Q4/15 and FY2015 Revenue of Fibrous chain included consolidation of TBSP which were 200MB and 970MB, respectively.

EBITDA and Profit for the Period

FY2016 EBITDA declined slightly, despite the Q4/15 divestment gain of TBSP. Profitability improved 3%, owing to lower financial costs.



15% EBITDA Margin FY2015
14% EBITDA Margin FY2016

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

*Remark : Include gain from sale of TBSP shares.

Outlook:

- Domestic packaging chain demand is expected to grow moderately, mainly from the food and beverage segments.
- Recovered paper prices (AOCC) is expected to increase further, due to strong demand from China and USA.
- Long fiber and Short fiber pulp prices are expected to increase as a result of Chinese buyers' low inventories.
- Regional packaging paper prices are expected to increase, following higher raw materials prices.

Update:

- Vina Kraft Paper (VKPC) has started commercial run of the 243,000 tons additional capacity in Jan/17, which is ahead of schedule, and results in the total capacity of 489,000 tons.

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Thank You

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