

## Summary of Q&A – Q4/17 SCC Analyst Conference

### Cement – Building Materials

**1) What is the outlook for the Thai cement business?**

We are expecting a slight recovery of the Thai cement demand in 2018, driven by the government sector, while there is potential for growth in the residential sector as developers are seeing lower housing inventory levels.

**2) In light of the higher coal cost, what is SCG's position, and what is the expected domestic cement price movement?**

We have secured approximately 70% of the 2018 coal volume (5MT for the cement and packaging business). For every \$10/ton increase in coal price, domestic cement prices would need to increase by 50 Baht/ton to compensate.

### Chemicals

**3) There is news that SCG will take a 100% position in LSP? How about the update on CAP's expansion project?**

On LSP, we are discussing all possible options, and will provide updates once available. On CAP's expansion, the total investment cost and shareholder structure will need to be finalized, and this is expected towards the end of 2018.

**4) Could you provide further details on why the PE/PP volume was low in Q4/17?**

Since the downstream margins were low, it made more sense to sell some of the C2 into the market. However, we are revisiting the option of producing more piping grade PE, as the construction market for the PE112 which is a pipe grade for gas and mining application in China is increasing.

**5) In general, why has there been an increase in the construction cost for chemicals plants?**

Firstly, there is the requirement for land, whereby supply is limited, and this drives up the cost. Further, we are seeing cost escalations from plant designs, tight labor for construction, and equipment vendors.

**6) SCG's HVA products are doing well. How much of the total sales are from HVA?**

On a consolidated basis, it is about 30%, and if we included the contribution from the associates, it is approximately 54%.

### Packaging and Others

**7) Any change in SCG's FX hedging position, following the stronger Thai Baht?**

We have taken a hedge position for 15% of our 2,000 MB net exposure to the US\$.

**8) Is the earnings for the Packaging business sustainable?**

The effort is there, but the challenge will be from higher AOCC prices for 2018.