



The Siam Cement Public Company Limited
Summary of Q&A – Q1/19 SCC Analyst Conference

Cement – Building Materials Business

1) What is the outlook of the domestic cement industry in 2019?

We expect continued stable growth in H1/19 and will monitor for progress in H2/19. In the government infrastructure related projects, we expect demand to continue for committed project. For the non-government projects, we expect positive trends to follow towards the end of the year for both cement and building materials.

2) Margin of CBM is from domestic cement or building material product?

Margin mainly comes from cement due to better cement price and volume plus cost efficiency such as solar power.

Chemicals Business

3) When will demand for PE recover?

China is the major driver and has been weak due to the trade war. We are looking at better demand towards the end of Q2/19 or in early Q3/19. The market is still consuming but buying cautiously, so it is just a matter of time for when the market recovers.

4) Why have prices of C2 drop so rapidly in Q2/19?

In the US, we saw that there was better margins selling C2, rather than processing PE. Hence, excess sales of C2 resulted in lower prices.

5) Please comment on the news of the increase in Chinese PE capacity in the next few years?

There is high possibility that this supply will start up faster than expected, due to the good track record.

6) Why was there a pickup in exports to N. Asia versus China?

In light of the weak Chinese market, export sales were diverted to N. Asia where margins were better.

7) Any comments on the current price level of LPG?

LPG prices are low in light of the abundant supply, and we expect this to continue for the next foreseeable future.

Packaging Business

8) The EBITDA margin is very competitive. Will this be sustainable?

All efforts will remain for competitiveness domestically, while this remains to be seen in the export market as demand is very low. Other measures to remain competitive will be through cost optimization and data analysis in order to be leaner.

Corporate

9) What led to the increase in non-chemicals equity income?

This was attributed to the increase in seasonal sales from our agricultural farming machinery JV.