

Summary of Q&A – Q3/19

Cement – Building Materials

- 1) **The cement demand saw positive growth for the past 6 quarters, but is started to see negative demand in Q3/19. What should we expect for the future demand in 2020?**

In Q3/19, there was effect from flooding and there is no positive sign of improving Building Materials demand. Moreover, the government stimulus instead turned to consumption increase. However, expect the growth to be slightly positive in Q4/19

- 2) **Are there any impairment after Ceramic restructuring in 3Q/19?**

The ceramics asset impairment was already factored in for 3Q/19.

Chemicals

- 3) **How long for the down cycle would be?**

There is visibility for the next 3-4 years in terms of supply, but the turning point will depend on the trade war settlement. At the same time, it is believed that the market will see a turning point soon, as product spread have hit cash cost level, and producers should start to turn down the production or delay expansion plan.

- 4) **What would be the marginal cash cost on Naphtha base producer, taking into account LPG price quite low into cycle?**

Naphtha producers are quite competitive, as we are now seeing seasonal cost increase for LPG.

- 5) **How significant is the freight cost, compared to the total naphtha cost?**

The freight cost has come down, and should normalized.

- 6) **What can be the most affordable naphtha cost as there was the spike freight rate recently**

After the US sanction China's COSCO Dalian shipping, the crude oil freight as well as naphtha freight rate had spike up which relatively affect to SCG naphtha price. However, the company tried to optimize and minimize the feed cost by using more gas feed.

- 7) **From this low PE-Naphtha price, when will be the start to see the cracker production cut?**

There is no official announcement yet for the industry peers, while SCG will continue to operate at full capacity.

- 8) **How much is the portion for overall PE for single use plastic?**

It is approximately 10%, and the company is geared towards producing durables and HVAs.

- 9) **MOC expansion and LSP will be HVA?**

Depend on the market and requirement.

Packaging

10) What to expect the efficiency improvement to Fajar after acquisition

More details will be made available following the IPO filing.

11) Would it be possible to share EBITDA of Fajar?

As a listed company, please refer to Fajar's financial statement.

12) Timeline for the IPO listing?

SCC cannot comments during IPO period.