

## Q&A

**Q: How would you picture the outlook of cement demand to be in Q2/20, and for the rest of the year?**

A: We are monitoring the market demand closely. In the Thai market reckon the market is likely to be softer with no new constructions on condominiums or large-scale residential projects in the near-term. However, smaller-size projects such as single houses and townhouses in the rural area should continue to be built. In commercial segment, ongoing commercial projects will likely continue while there are signs of delay in government projects. A key mitigating factor for us is our ability to export unsold tonnage. Demand for export to regional markets continue to be quite resilient and should pick up after the easing of countries' lock down. Amid the drop in cement demand caused by the COVID-19 pandemic, our strategy continues to be the same, which is to add more value by offering services and solutions to the customers. This should help differentiate us in the marketplace.

**Q: What is the petrochemicals demand outlook in 2<sup>nd</sup> quarter of 2020?**

The COVID-19 pandemic has caused the demand some in petrochemicals segment to drop. This is particularly true for durable goods and automotive sector. However, we see demand recovery from the easing of lockdown in several countries in the region such as China and Vietnam. Compared to Q1/20 where China was practically closed for business, we expect that the petrochemicals demand will be healthier in Q2/20, especially in ASEAN.

**Q: Since SCG has decided to postpone the scheduled turnaround of Map Ta Phut Olefins cracker from Q2/20 to Q4/20,**

- **How will you manage or plan to sell the inventory volume?**
- **Is it possible to postpone the turnaround further from Q4/20? Does this have any effect on the efficiency of the plant?**

A: Decreased polyolefin sales volume in Q1/20 is mainly attributable to the build-up of inventory to be sold during our originally planned cracker turnaround in Q2/20. However, as we decided to postpone the turnaround of Map Ta Phut olefins to Q4/20 to minimize the risk of COVID-19 spread, we should be able to sell our inventory in Q2/20. In assessing how long a turnaround can be postponed, we have to take into consideration the timing of the previous turnaround. We also have to make sure all equipment can still run efficiently.

**Q: With refineries facing increased likelihood of having to lower their operating rates, how will SCG be impacted and how does the company ensure its naphtha availability?**

A: During this timing, gasoline demand is weak, causing gasoline spread to be low. Low gasoline crack spread should drive refiners to produce less gasoline and more naphtha. Given this, naphtha availability should not be an issue. Additionally, we source our naphtha supply months in advance. We do not currently anticipate naphtha shortage in our operations.

**Q: Since the crude price went down recently as well as the Naphtha price, how does this affect SCG's feedstock cost.**

A: Our naphtha cost in Q1/20 decreased more slowly than market price due to some inventory carried over. However, at some point, our naphtha cost should reflect the market price.

**Q: How would you describe PVC exposure in India?**

A: India's lockdown has caused PVC demand to be weak. We have worked to mitigate this by diverting our PVC to other destinations

**Q: Q1/20 saw Packaging Business reporting higher EBITDA margin q-o-q,**

- **What explains this improvement?**
- **Will this be sustained into Q2/20 or longer-term?**

A: The majority of the improvement stemmed from managing in raw materials and end products supply chain that resulted in business stabilization, efficiency improvements made to our machines, and higher demand for our products. During the COVID-19 outbreak, we received higher sales from food & beverage segment, as well as from fast-moving consumer goods. Packaging demand in Thailand, Vietnam and Philippines continued to be solid. In the near terms, we see challenge in the form of cost-push from supply chain imbalance and potentially higher freight cost. We are making efforts to cope with these challenges.