

## Q&A Summary 1Q21 Analyst Conference

### Chemicals

**Q: What will be a normal feed mixed between Propane and Naphtha for LSP project? In Vietnam, are there any benefit from domestic HDPE price premium over overseas price?**

A: In terms of feedstock, LSP is designed to have flexible feedstock and can switch between Naphtha and Propane (up to 80% propane) according to the market situation. Historically, propane is cheaper than naphtha about half of the time.

In terms of pricing, we expect demand in Vietnam will grow in-line with its economic growth. LSP has HVA products that can cater to Vietnam's needs, hence some pricing premium over overseas price should be expected.

**Q: LSP Infrastructure specifically on the electricity supply, How much of the proportion between electricity self-generator and the grid?**

A: Electrical supply is essential. We use electricity supply from EVN and we are connected to 2 grids for enhanced reliability. Grid development is progressing according to plan and we do not foresee a problem in this regard. We see the key issue being stability of electricity supply, not so much the availability of power. The LSP is designed with a system that provides backup generation to ensure electrical supply to the plant is stable.

**Q: Could you give more details on the investment in Sirplaste and what will be the revenue contribution from recycle plastic to Chemicals business in the next 3 years?**

A: On Sirplaste, we cannot disclose acquisition price or the financial particulars at this point as the deal is not complete. However, in general, investment in Post Consumer Resin (PCR) industry would be around 1,000-1,500USD/ton of capacity depending on product type, technology and scale.

Portugal is one of the European countries that is active in waste management. They have a lot of advance platforms and technologies such as the sorting and washing technology. Entry into Europe will enable SCG to better understand policies and regulations, connect with customers, and allow SCG to leverage advanced technologies back to ASEAN. On the other hand, SCG could supply HVA products back to Europe.

By 2025, we target sales volume of monomaterial, mechanical recycling, chemical recycling, and bio plastics totaling 200,000 tons per annum.

**Q: Will SCG be the owner of the technologies of Sirplaste?**

A: Sirplaste will be jointly-operated and controlled with our partner. The technology will belong to the company in which we will hold a 70% stake post-deal completion.

**Q: The objective of the chemicals' IPO proceed will be used for the traditional green field expansion, M&A in other chemicals chain or new businesses related to the new economy like batteries?**

A: We are working on the study of growth plan for the Chemicals business. We will inform the market when there is development on this front.

**Q: Progress of Chemical recycling plant and the CAPEX for this project?**

A: We are currently in the process of testing the plant and have produced products from the process. The Next step is to apply for the ISCC certification.

## **CBM**

### **Q: The optimal level of alternative fuel vs coal?**

A: With the current technologies, Cement-Building Materials business can replace coal by up to 80% using biomass from energy pallets. The problem is on supply side involving the gathering of biomass from remote areas to our production facilities.

### **Q: What will be the factors that drive CBM margins amid rising coal cost?**

A: We strive to maintain or enhance the business' profitability margin by being proactive on cost optimization programs including ID4, Lean and automation in the factories, Digitalization in supply chain process, and Business restructuring to reduce SG&A expenses.

With regards to coal cost, 80% of the business' total coal requirement for 2021 has already been locked in and priced. We also develop and target increase use of renewable energy to replace coal consumption.

### **Q: Collaboration on EV? Is it from the materials side?**

A: We plan to build the ecosystem platform for electric vehicles. This is a business model that we can expand on.

## **FINANCE**

### **Q: Are there any needs for cash to support the idea of Chemicals business IPO?**

A: We first need to address the issue of business growth. After growth plan is identified and finalized, the issue of financing will come in. Decision will then be made whether we will use existing or new capital.

### **Q: There is a potential for the IPO of the Chemicals business, while Cement-Building Materials business does not appear to need a lot of CAPEX. How should investors think about the growth and capital management of the parent company?**

A: This is subject to the study which will dictate how we approach the capital structure of SCG. We will inform the market on this in the future. SCG's key focus is on growth and sustainability. Financing strategy will come later to support the overall business strategy.

### **Q: Are you considering for the potential partners if the chemicals expansion project is feasible?**

A: This will depend upon the growth strategy and opportunities we determine.

### **Q: Is it possible for SCG to do a stock split to make it easier for retail investors to purchase SCC shares?**

A: We already have close to 30,000 retail investors at present.

### **Q: Are there any potential impacts from major legislative changes in Indonesia (OMNIBUS Laws) and Philippines (Liberalization Laws: more foreign investors can come in) on SCG's operations?**

A: These 2 laws are quite positive for the business which should help improve business fundamentals and competitiveness both in Indonesia and the Philippines in the long run.