

## Summary of questions post-Q3/11 earnings

### **Why were Q3/11 core earnings soft?**

On a y-o-y basis, core earnings were softer, primarily as the chemicals margins are currently in a trough.

On a q-o-q basis, core earnings are softer, primarily as a result of higher fuel expenses and lower domestic prices in the cement business, lower, and decreased by-product credits in the chemicals business.

### **What is the outlook for the cement and building materials businesses in Q4/11?**

In light of the heavy flood, demand for cement and building materials are expected to be very soft in Q4/11, following by high demand in Q1/12 from reconstruction efforts

### **How much was the inventory loss in the chemicals business in Q3/11?**

The inventory loss for the chemicals subsidiaries was approx 300 MB in Q3/11.

### **Has SCG finalized the Chandra Asri transaction? When will it be equity accounted? Why did SCG pay a high earnings multiple for it? What are the plans going forward?**

The Chandra Asri transaction has already completed and SCG is accounted for in the Q3/11 CAPEX and Investment.

Chandra Asri will be equity accounted in SCG's earnings beginning Q4/11.

The Chandra Asri transition is a fair transaction prices, relative to replacement cost and there are numerous future synergies expected for both parties. Most the details are expected to be disclosed by Chandra Asri.

### **What is the equity income breakdown of chemicals associated companies?**

As the chemicals joint ventures are private companies, we are not able to disclose the jv's quarterly earnings contribution. Moreover, SCG's partners in these joint venture companies have yet to disclose their quarterly results.

### **How did SCG's HVA products perform in Q3/11? What are HVA margins like?**

In Q3/11, HVA contributed to 33% of the revenue, or 31% for 9M/11. Usually, HVA have higher margins than commodity grade products by approximately 5%-10%.

### **As SCG is net short of propylene, what is the strategy to address this issue?**

SCG is balanced to short of propylene, and is addressing this issue via fine tuning the metathesis production process to maximize propylene production. Further, Thailand not net short of propylene002E

### **What is the Q3/11 utilization rate of SCG's crackers, the Mitsui PTA joint venture, and Dow joint venture?**

SCG's second cracker is operating at the mid-80's utilization rate. The Mitsui PTA jv is operating at full utilization rate. Dow's joint ventures are operating at almost full utilization rate, as the recently completed plants have just finished capacity ramp up.

### **How severe is the water damage and does SCG have any water insurance?**

Sales are expected to drop approximately 10-15% in Q4/2010, but are forecasted to rebound in Q1/11. Furthermore, the revenue for FY2011 is estimated at approximately 350 billion Baht.

The chemicals' business will see increased exports sales to compensate for weaker domestic sales that have been affected by disrupted automotive sales (supply chain).

In the cement business, Q4/11 domestic demand will definitely be soft due to the heavy flooding, leading to flat y-o-y domestic demand in FY2011. For FY2012, domestic demand should grow at least +5% y-o-y, led by strong economic stimulus, and flood repair.

SCG has all insurance coverage, including damage from floods for the company and its subsidiaries. Furthermore, the large majority of SCG's subsidiaries are located outside the flooded regions.

However, SCG's subsidiaries which have temporarily ceased production of some of its plants, due to flooding are as follows:

- Q-CON (Bang Pa-in Industrial Estate, Ayutthaya), which produces light-weight concrete, ceased production since Oct 12/11.
- Thai Containers Group (Nava Nakorn Industrial Estate, Ayutthaya Province and in Pratumthani), producers of corrugated boxes, ceased production since Oct 18/11.

Subsidiaries which have temporarily ceased production on Oct 12/11 due to shortage of raw materials, but have since re-started production again as of Oct 26/11 includes:

- The Siam Fibre-Cement (Ta Luang, Saraburi), and The Cement Products (Lampang), produces of fiber cement roof.
- The Siam Cement (Ta Luang, Saraburi), which produces cement.

Plants of associated companies located in the flooded Nava Nakorn Industrial Estate, and have since ceased production include:

- The Siam Sanitary Fittings (faucets and fittings).
- Siam Kubota Corporation (agricultural machinery).
- Thai Engineering Products (automotive parts).
- Musashi Auto Parts (motorcycle transmission parts).