



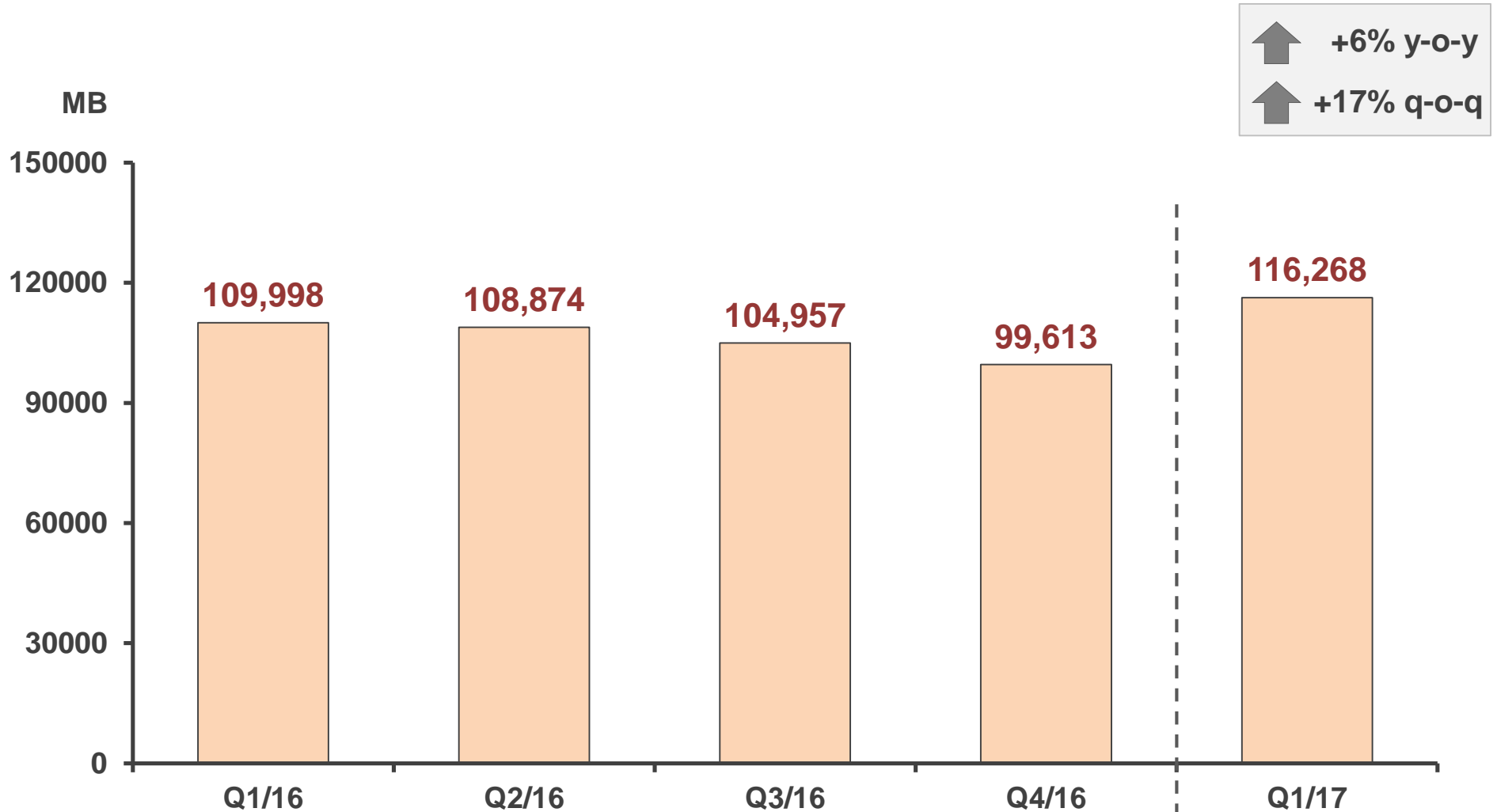
---

***Analyst Conference Q1/17***  
***Wednesday, April 26, 2017***

- I. Consolidated Results
  - Q1/17 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

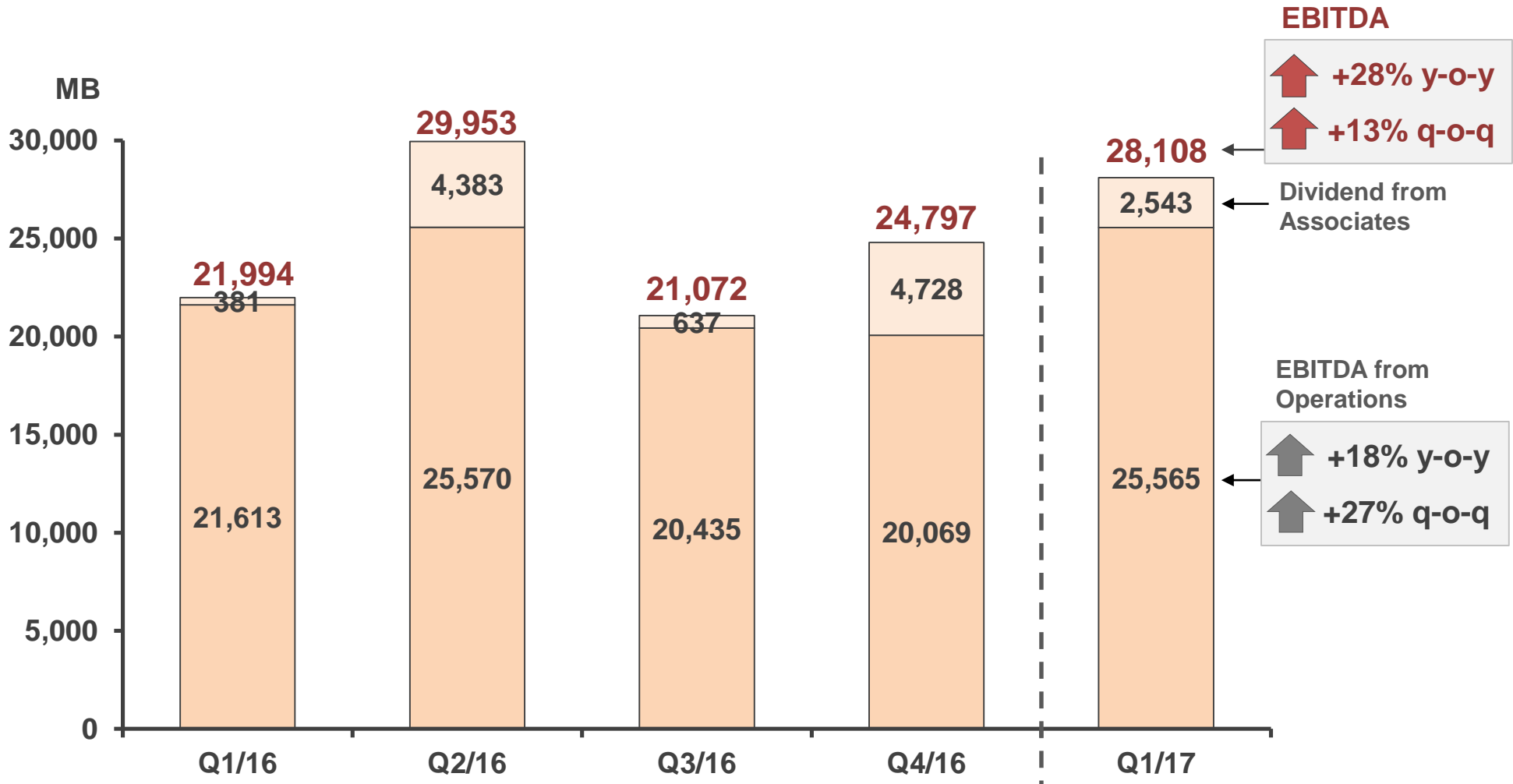
# Revenue from Sales

Q1/17 revenue increased +6% y-o-y on Chemicals prices and +17% q-o-q on higher sales from all business units.



# EBITDA

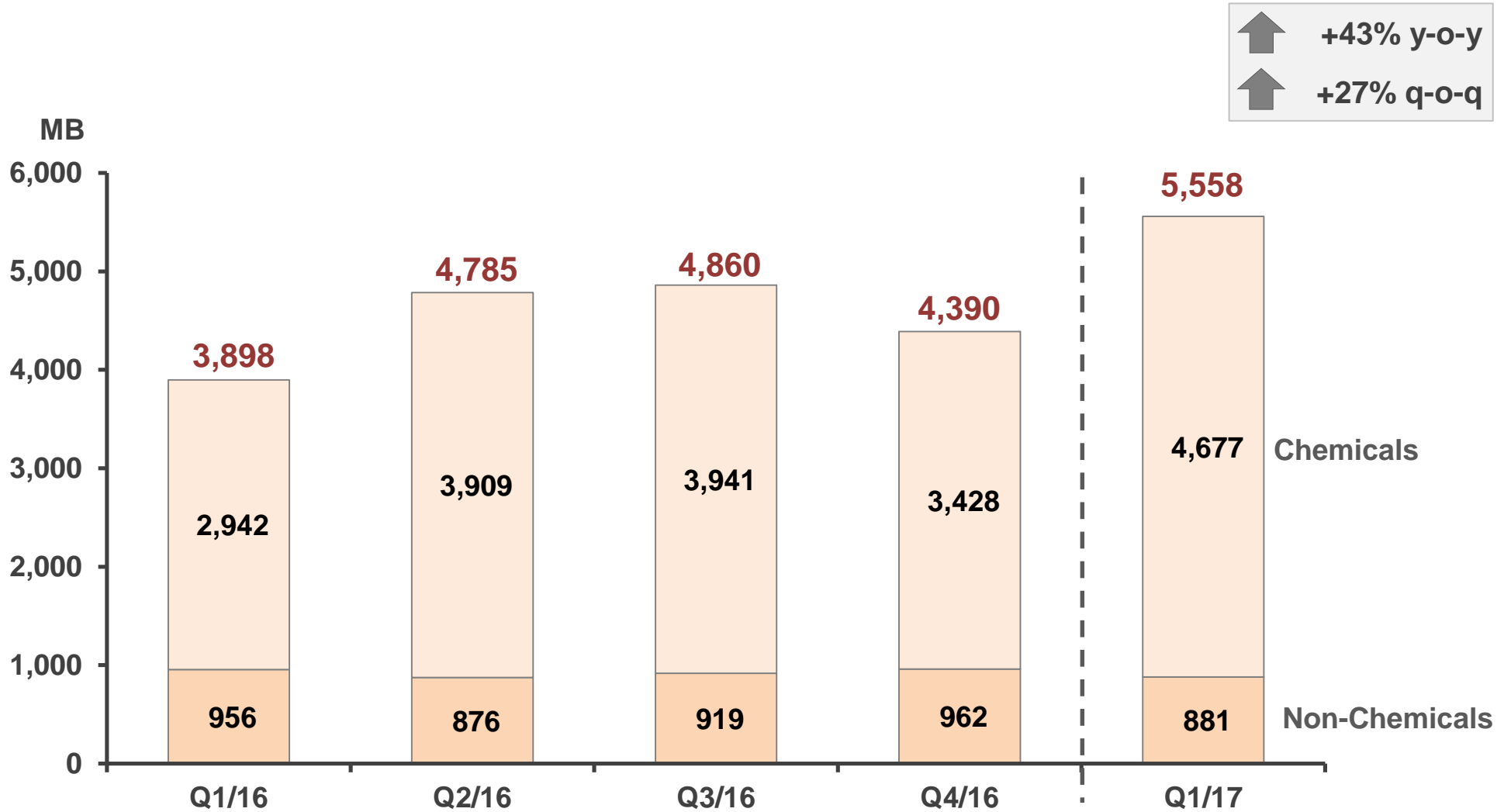
Gain of +28% y-o-y on Chemicals earnings (PP and by-product margins and divestment gain), and grew +13% q-o-q from increased Chemicals volume.



Note: *EBITDA = EBITDA from Operations + Dividend from Associates*  
*EBITDA is in accordance to Department of Business Development.*

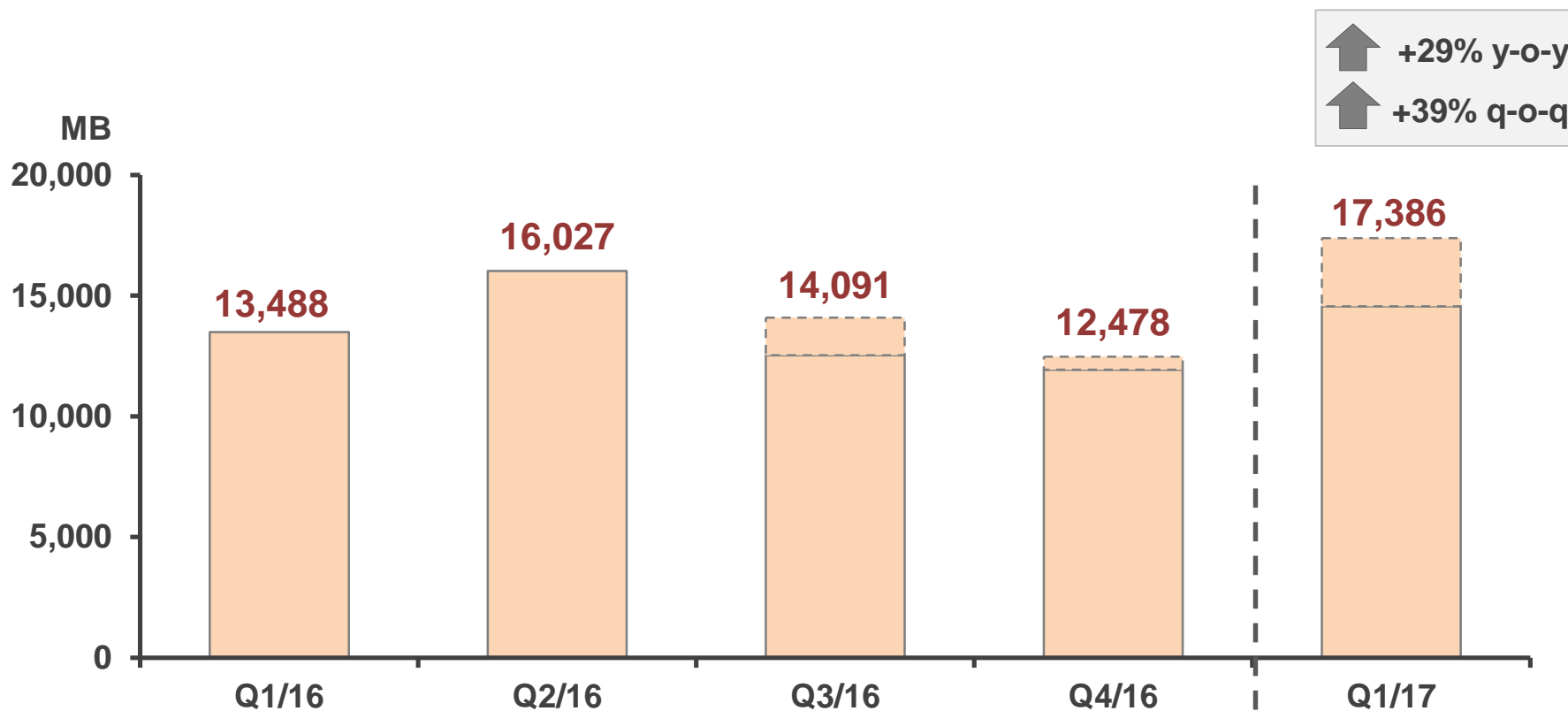
# Equity Income

Contributions from associates grew +43% y-o-y and +27% q-o-q which was largely from the chemicals business.



# Profit for the Period

Profitability registered a healthy 17,386 MB, with continued Chemicals performance, and divestment gains in the Chemicals and Packaging businesses.



	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
<b>Key Non-recurring</b>	<b>(340)</b>	<b>(430)</b>	<b>1,560</b>	<b>540</b>	<b>2,830</b>
1) Inventory Gain (Loss) <sup>(1)</sup>	(300)	160	(140)	40	930
2) Sale of Investment and assets	0	0	(100)	500	1,900
3) Others	(40)	(590) <sup>(2)</sup>	1,800 <sup>(3)</sup>	0	0

Note: (1) SCG Chemicals (Sub + Asso.)

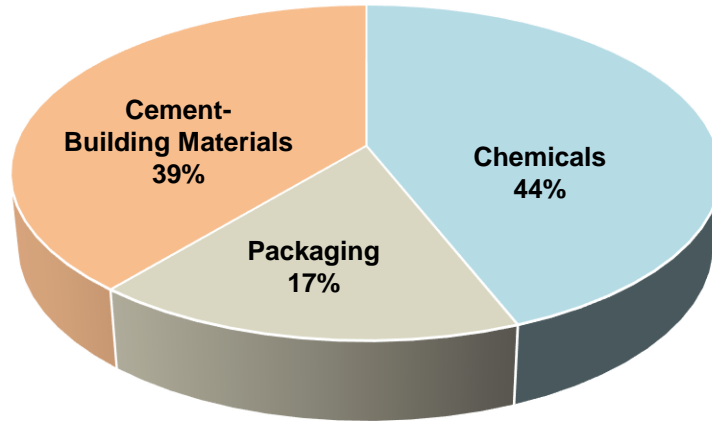
(2) BOI Tax.

(3) approximate 1,800 MB deferred tax assets.

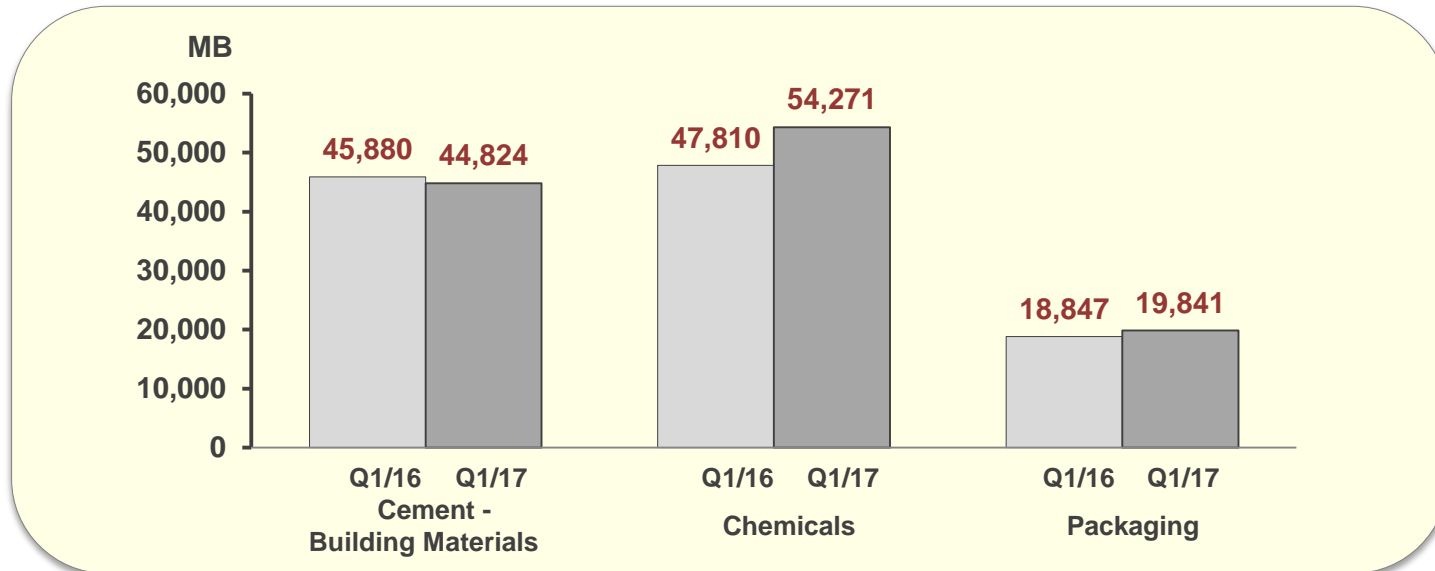
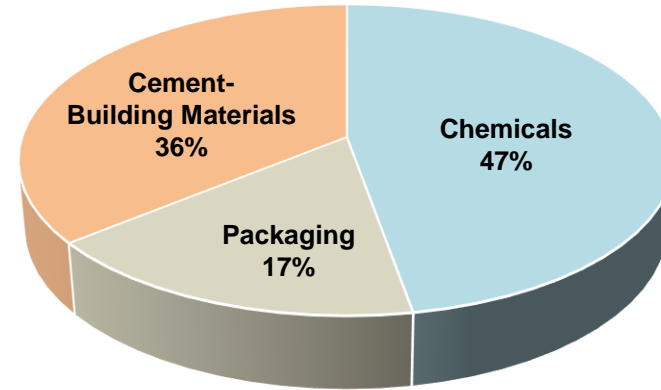
# Segmented Revenue from Sales

Chemicals and non-Chemicals sales amounted to 47% and 53%, respectively.

Q1/16  
109,998 MB

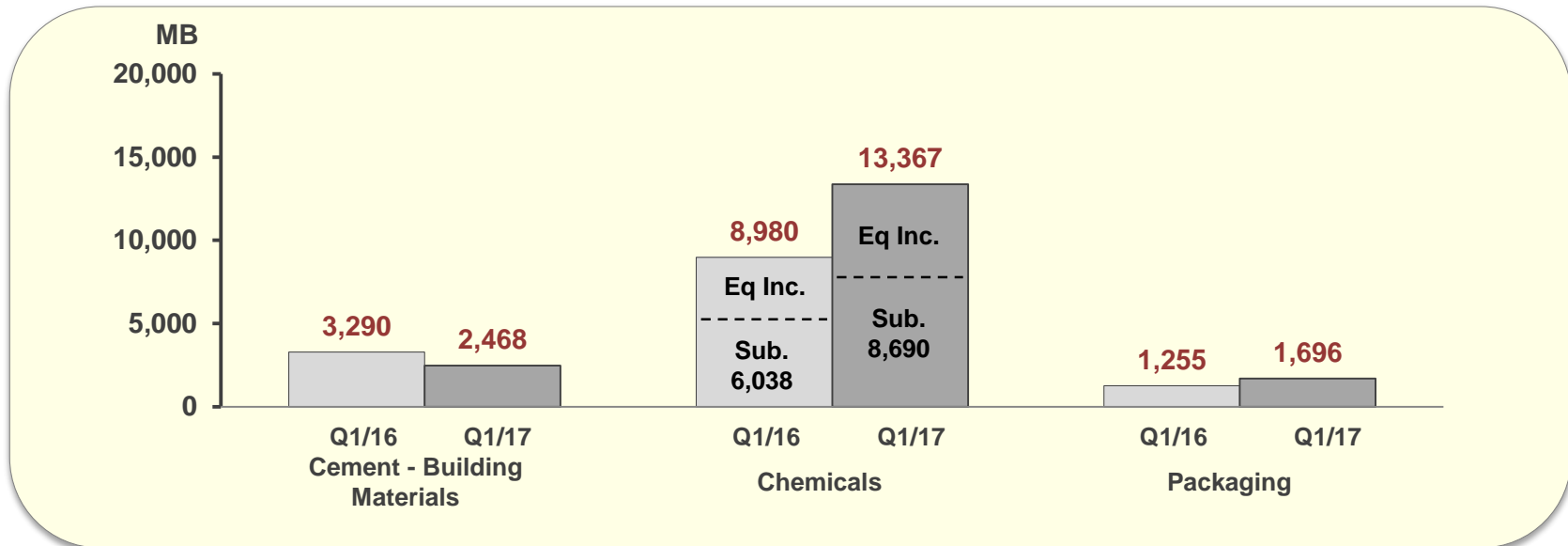
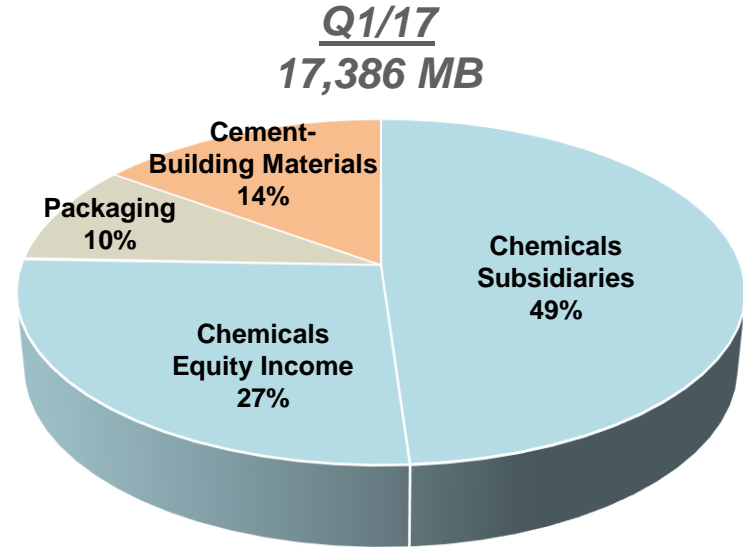
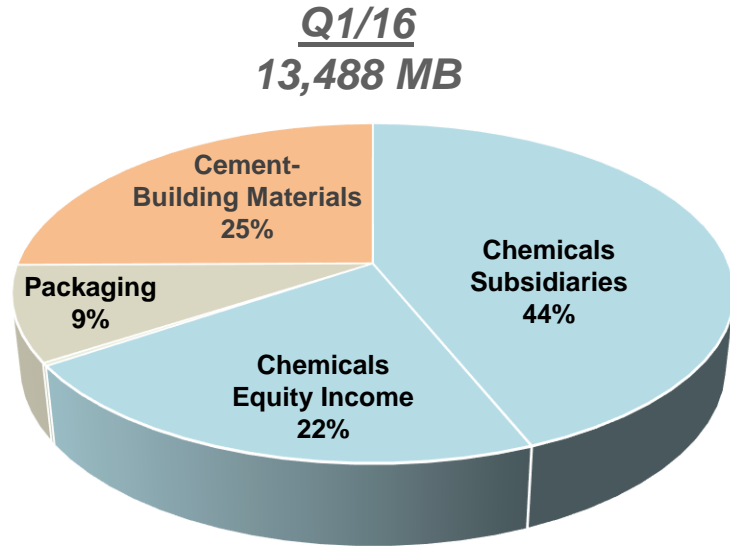


Q1/17  
116,268 MB



# Segmented Profit for the Period

Chemicals profitability increased to 76% of total earnings, from 66% a year earlier.



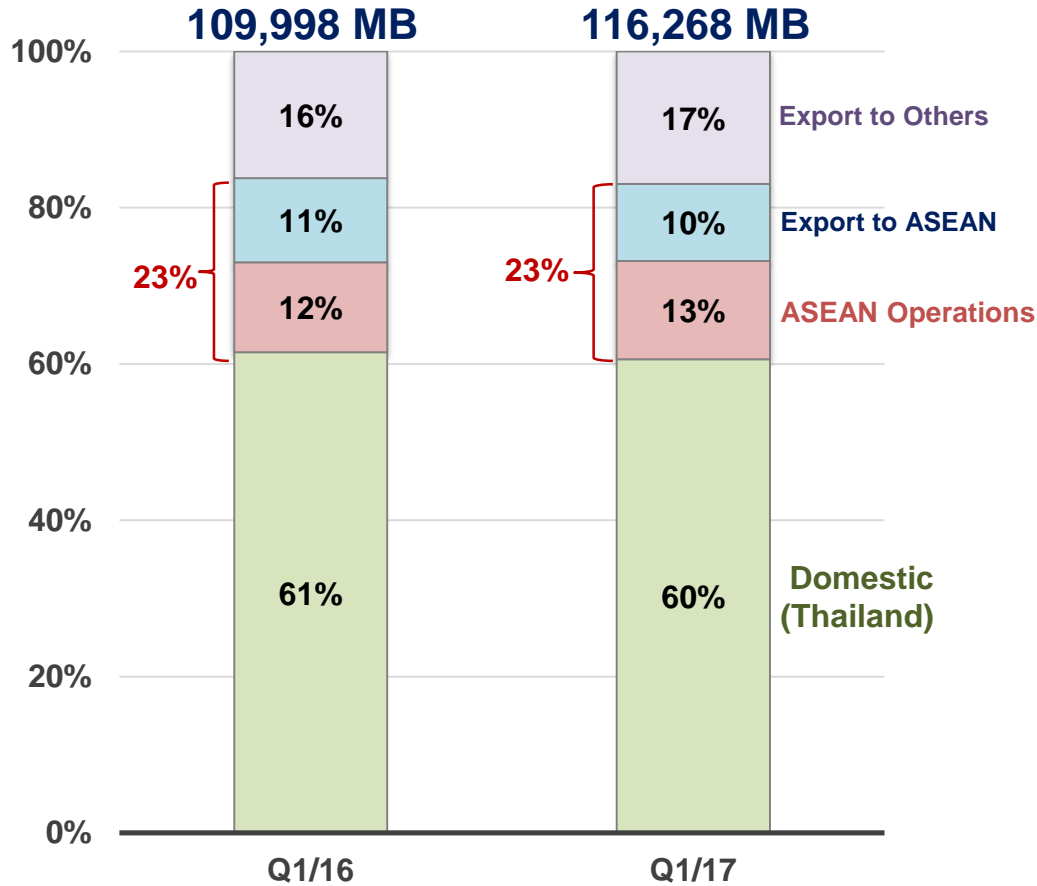


# Segments: Export Sales and ASEAN Operations

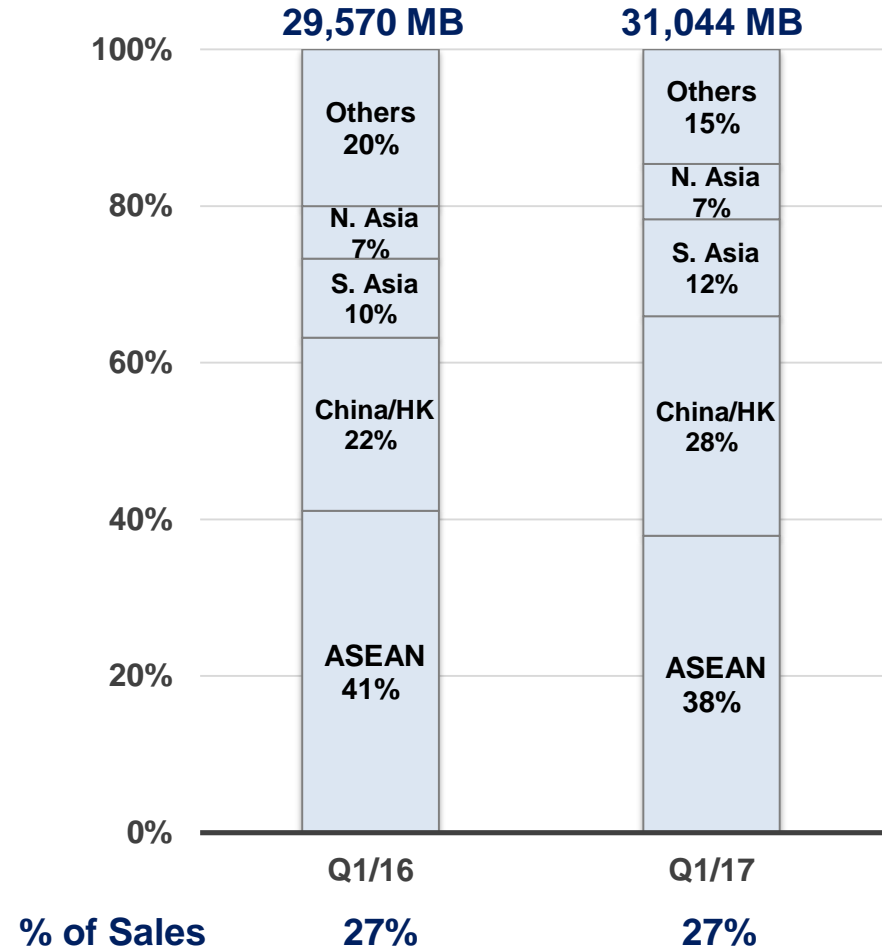


ASEAN exports and operations now account for 23% of total sales in Q1/17.

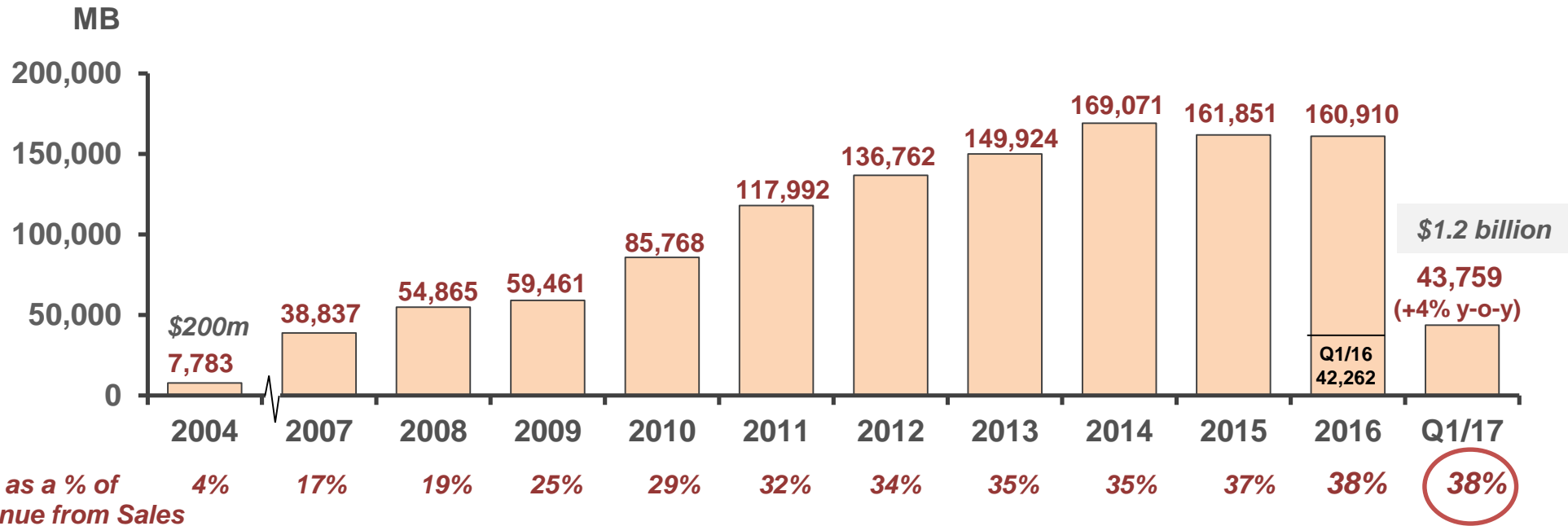
## Sales Segments



## Export Segments



# HVA's Revenue from Sales



Business	2013	2014	2015	2016	Q1/17
Cement-Building Materials	41%	42%	41%	41%	44%
Chemicals	27%	27%	31%	31%	29%
Chemicals (Includes associates)	50%	50%	53%	54%	52%
Packaging	38%	39%	39%	43%	45%

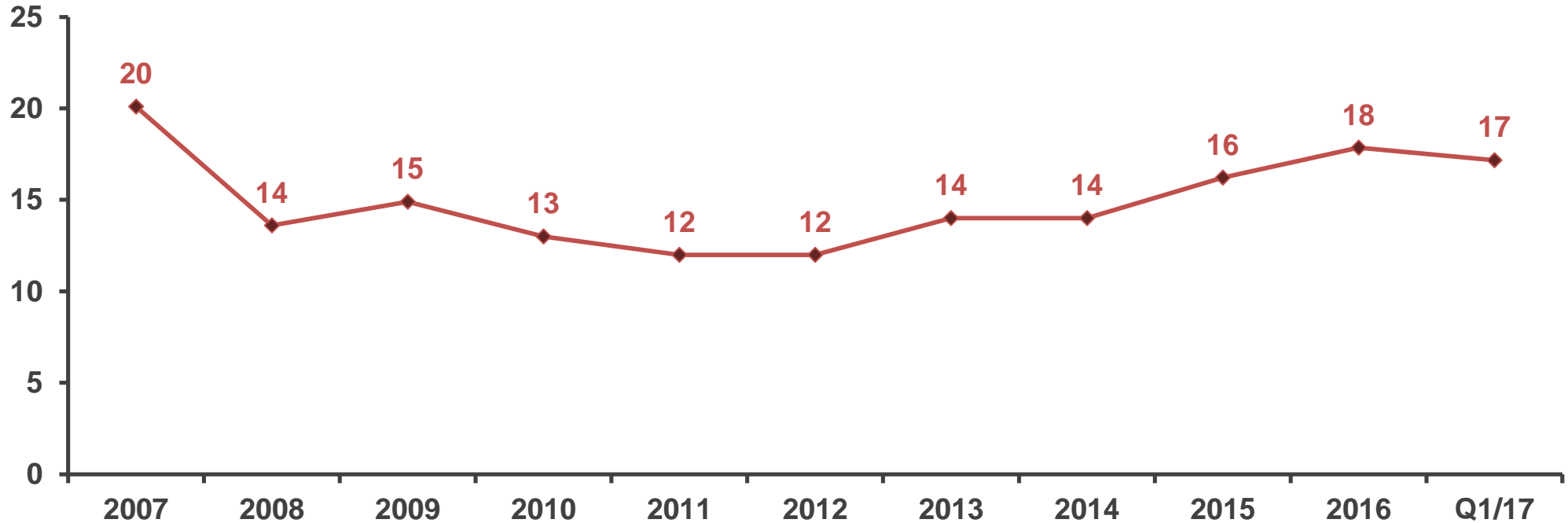


- I. Consolidated Results
  - Q1/17 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

- 1) SCG has adopted the updated definitions of the accounting standards by the Ministry of Commerce, which reflects the changes to the Financial Statements, effective Jan 1/17. Specifically, FX gain/loss that are related to operations (AR/ AP) are now recognized as ***other income or other expenses*** and are no longer ***finance costs***. The net effect of this is that the ***FY2016 EBITDA from Operations has been restated to 87,687 MB***, from 86,098 MB.
- 2) SCG has systematically ***reviewed the useful life of its assets*** (plant, property, and equipment). This is accomplished by both independent third party, and internally, in order to better reflect the existing condition of the assets. The net effect of this is an approximate ***470 MB per quarter decrease in depreciation expense***.

## *EBITDA on Total Assets*

Percent (%)



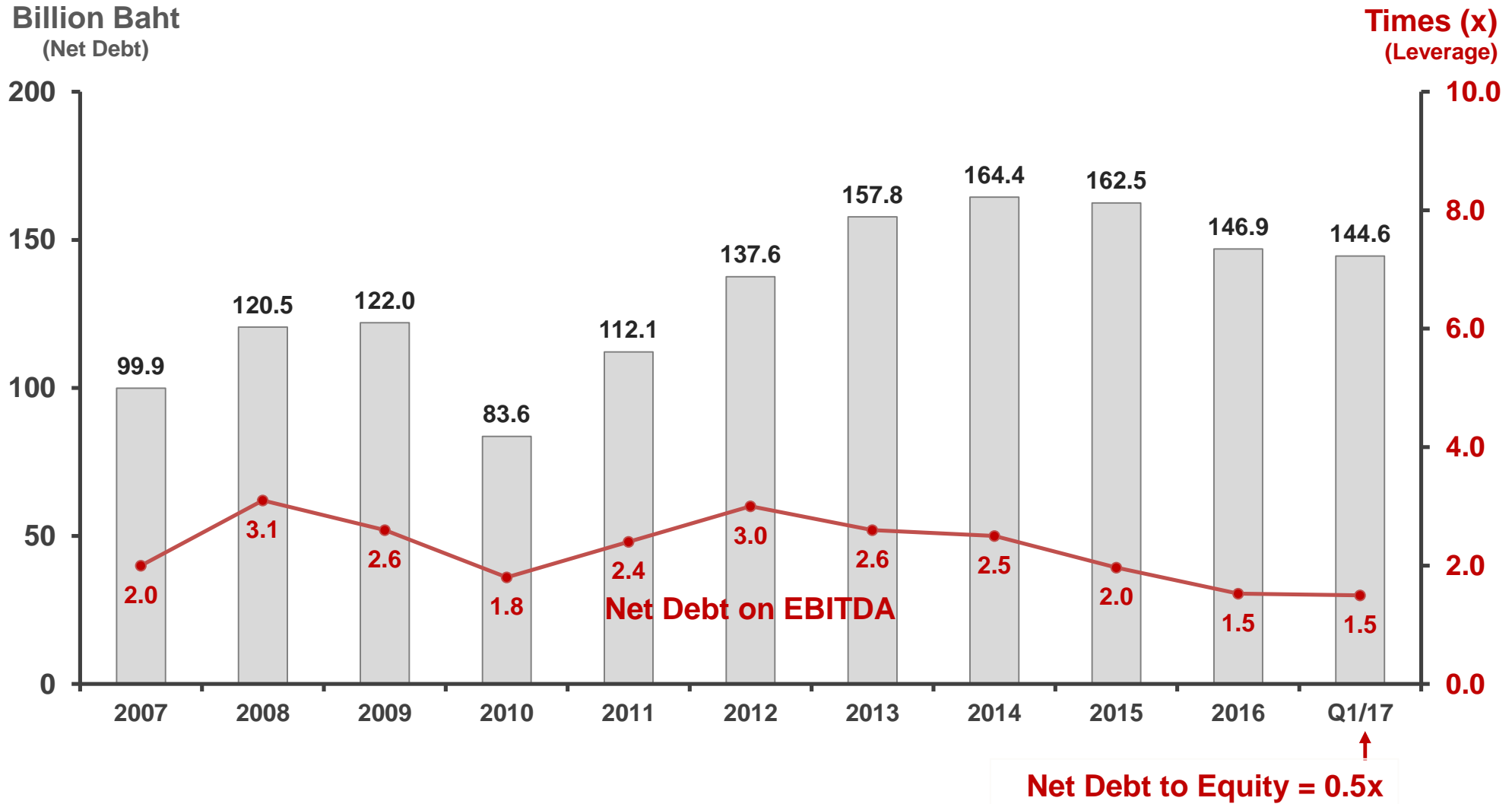
*EBITDA Margin (%):*

16	14	18	14	11	10	13	13	18	21	22
----	----	----	----	----	----	----	----	----	----	----

*Note: EBITDA on Assets = EBITDA / Consolidated Assets  
 EBITDA margin = EBITDA from Operations / Consolidated Sales  
 EBITDA is in accordance to Department of Business Development.*

# Net Debt

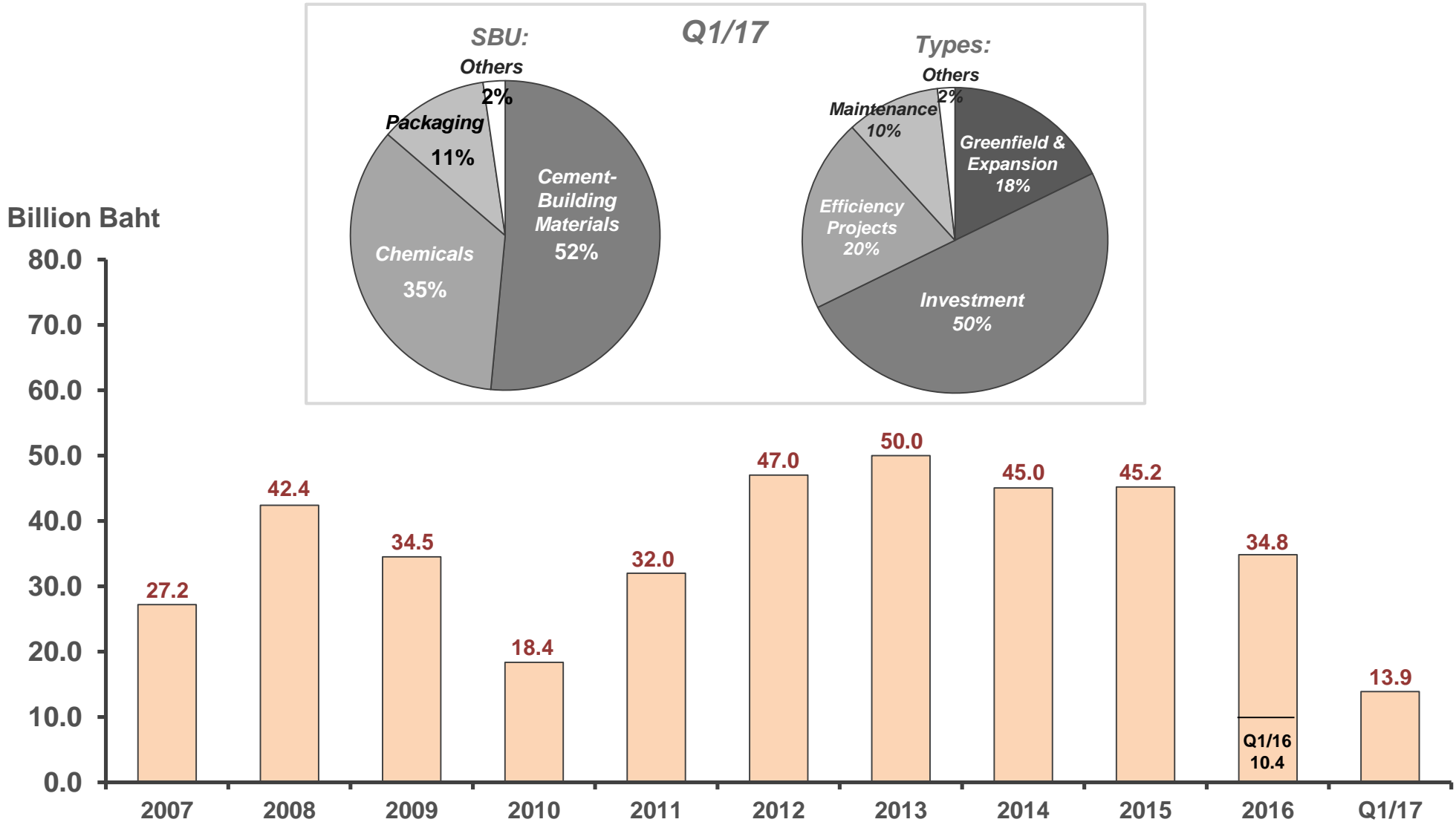
Leverage registered 1.5 times (x), on healthy EBITDA and lower net debt.



Note: EBITDA is in accordance to Department of Business Development.

# CAPEX & Investments

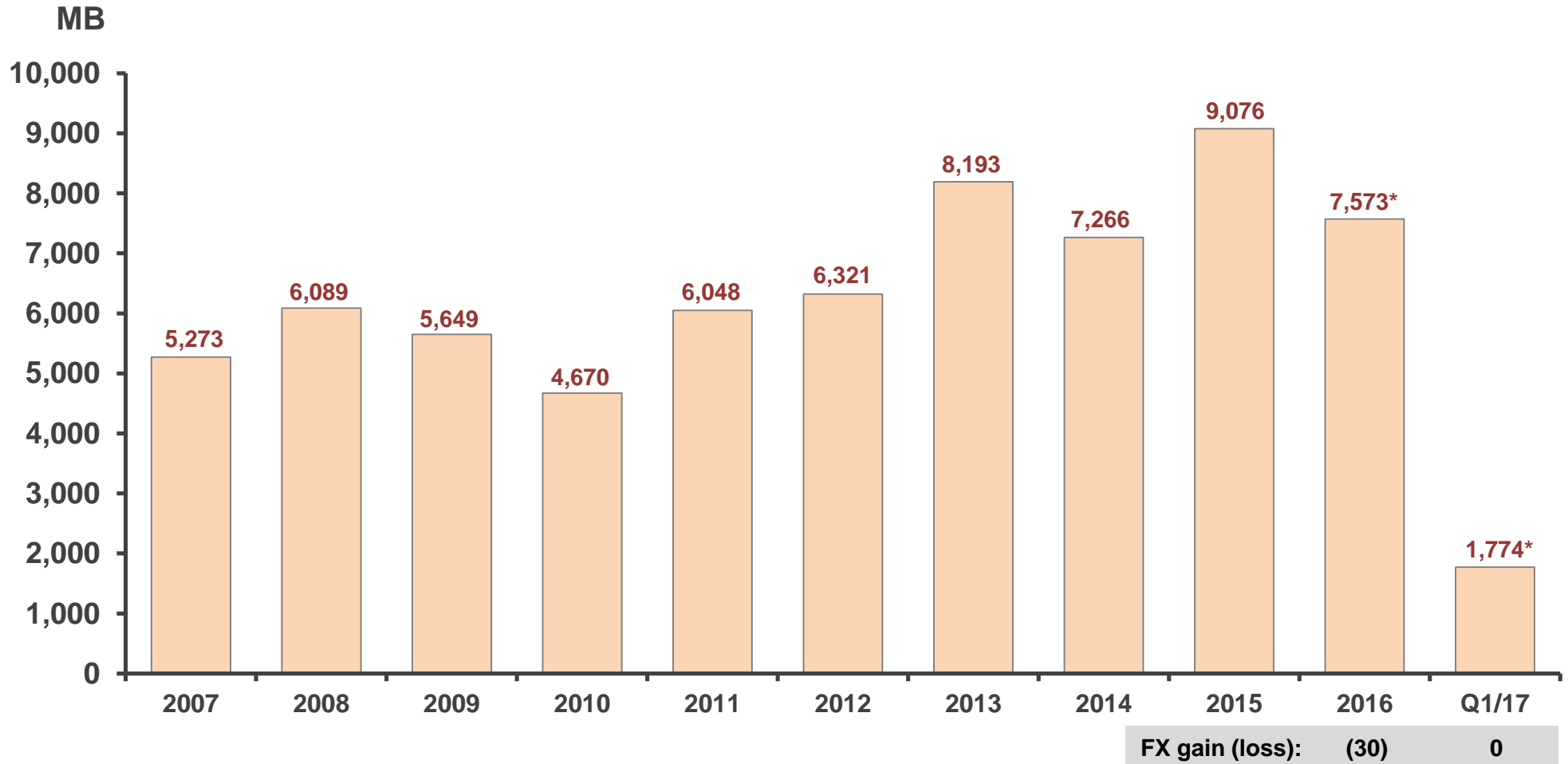
Amounted to 13,900 MB in Q1/17, which does not include the total debt of approx. 8,000 MB from the recently acquired cement plant in central Vietnam.



- CAPEX includes debottlenecking, expansion projects, and major turnaround.  
 - Investments are acquisitions and purchase of shares.

# Interest and Finance Costs

Amounted to a total of 1,774 MB, while interest cost was 3.7% at the end of Q1/17



Note: Interest & financial charges include FX gain/loss transactions.

\*Interest and Finance Costs is in accordance to Department of Business Development.



## Highlights:

- Net Working Capital registered 70,126 MB, an increase of 7,619 MB q-o-q from higher accounts receivables, while Inventory to Net Sales decreased to 42 days, from 48 days in Q4/16.
- Cash & cash under management of 53,143 MB at the end of Q1/17, from 47,252 MB in Q4/16.
- Full subscription to the Apr 1/17 debenture issuance of 25 Billion Baht (4-year, 3.25%) which replaced the 25 Billion Baht matured debenture (4-year, 4.00%).
- Mar 29/17 shareholders approval of the 300,000 MB debenture ceiling, up from 250,000 MB.
- Jan 30/17 delisting of Thai Plastic and Chemicals (TPC), with SCG's stake of 99.78%.

## Outlook:

- Solid financial position.
- Forecasted FY2017 CAPEX & Investments of 60,000 MB to 70,000 MB.
- FY2017 depreciation and amortization is forecasted to increase by 1,900 MB from FY2016.

- I. Consolidated Results
  - Q1/17 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

## **ASEAN markets in Q1/17:**

- Cement demand in ASEAN markets were generally positive. (details in page 25)

## **Thailand market in Q1/17:**

- Cement demand dropped -7% y-o-y, affected by the flood in southern Thailand where demand dropped -20% y-o-y, while Thailand's overall residential sector witnessed a -9% y-o-y reduction in demand.
- Ready-mixed concrete (RMC) demand dropped -5% y-o-y, while the average prices decreased y-o-y and q-o-q to the range of 1,650 – 1,700 baht per cubic meter.
- Housing products demand (roof ceiling & wall) decreased -8% y-o-y, while ceramic tiles demand dropped -12% y-o-y.

## Cement Demand Growth ( y-o-y )

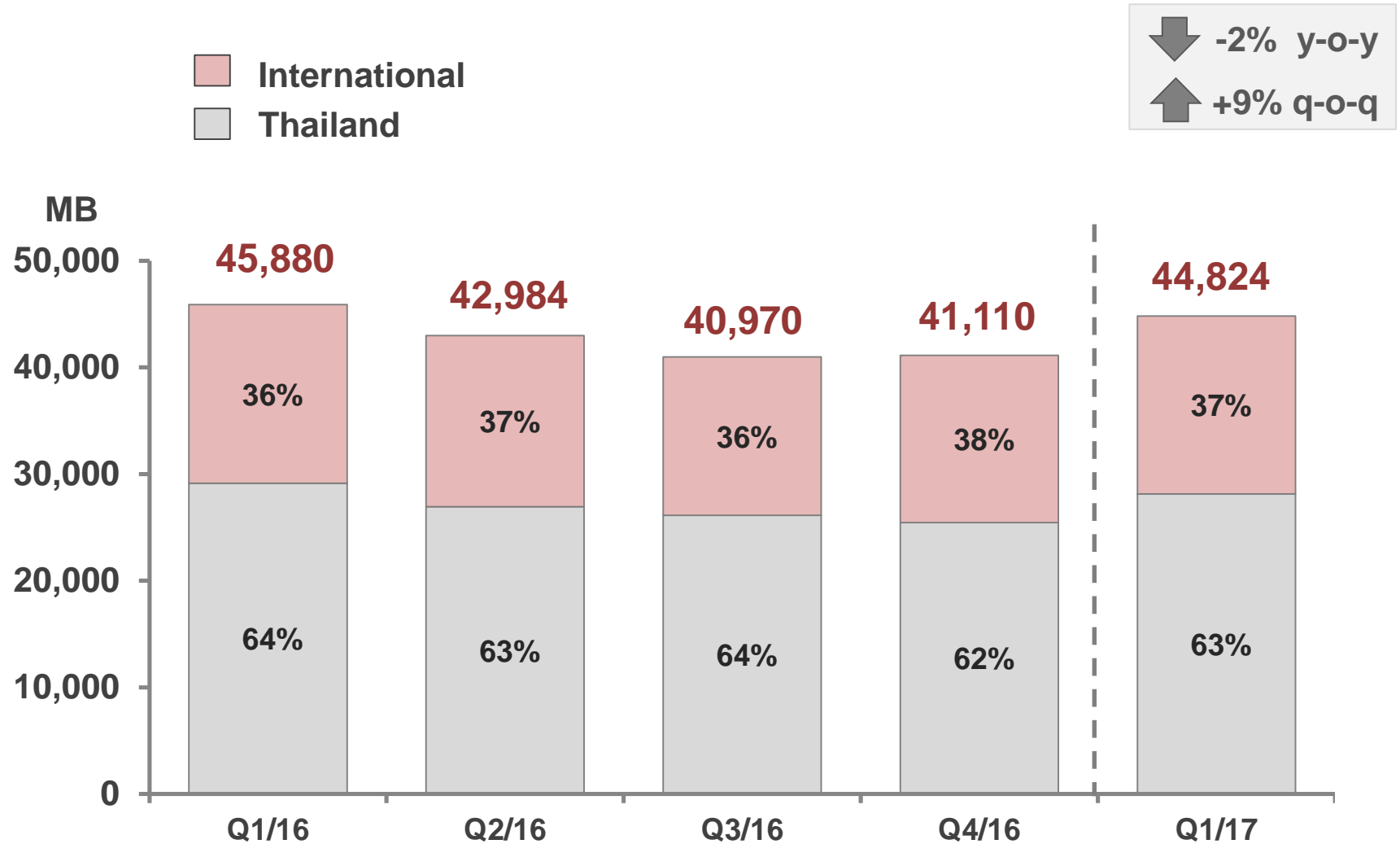
	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
<b>Cambodia</b>	+16%	+18%	+13%	+8%	<b>+14%</b>	+5%
<b>Indonesia</b>	+5%	+2%	+2%	-7%	<b>0%</b>	+1%
<b>Myanmar</b>	+6%	-3%	+3%	-1%	<b>+2%</b>	0%
<b>Vietnam</b>	+20%	+11%	+6%	+1%	<b>+9%</b>	+1%*
<b>Thailand</b>	+5%	-3%	-5%	-3%	<b>-2%</b>	-7%

*Note: Indonesia's cement demand is based on the data from Indonesian cement association (ASI).*

*\*Vietnam's cement demand in Q1/17 included only Jan-Feb.*

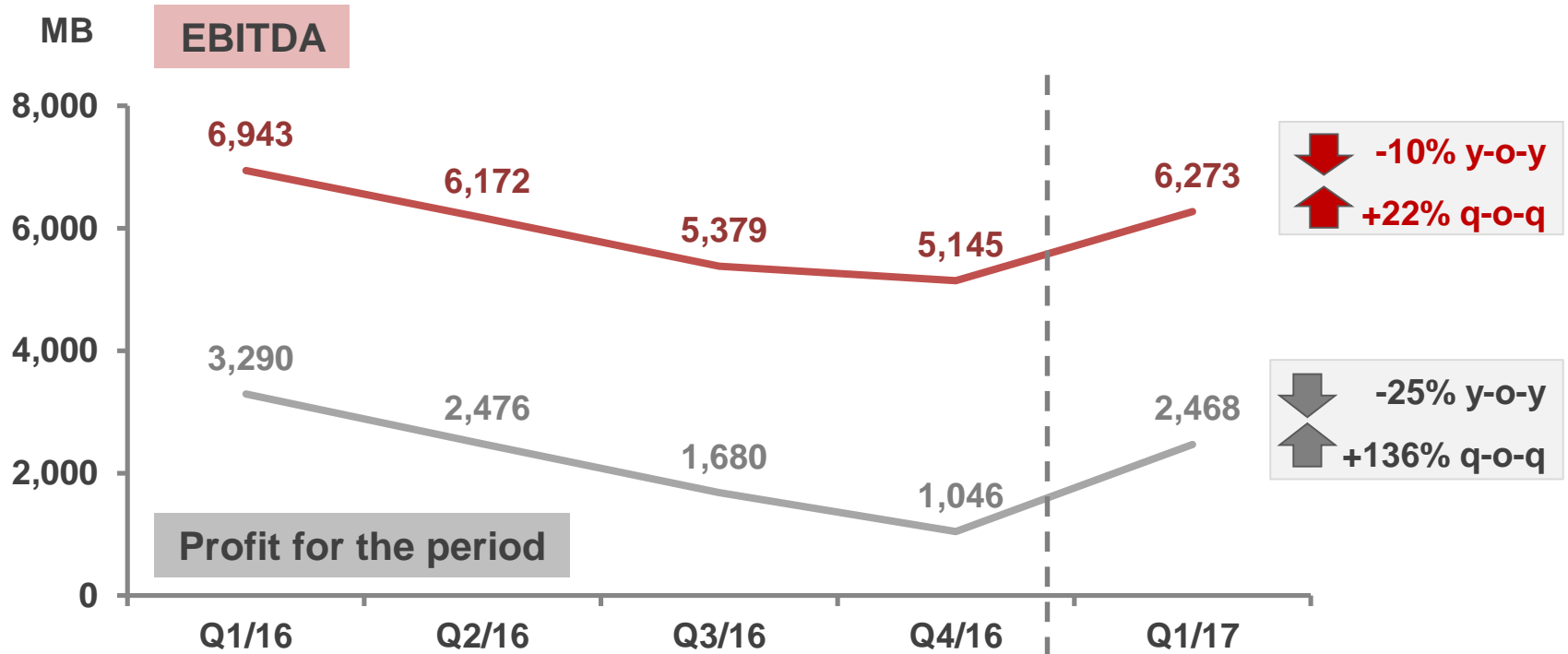
# Revenue from Sales

Sales in Q1/17 were down y-o-y due to weak demand and prices in Thailand.



# EBITDA and Profit for the Period

With weak demand and soft prices in Thailand, Q1/17 EBITDA and profitability decreased y-o-y.



## EBITDA Margin \*

	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
<b>Total</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>12%</b>	<b>13%</b>
International	10%	13%	12%	8%	12%
Thailand	17%	15%	13%	14%	14%
<i>Thai Structural Prod.</i>	25%	20%	18%	16%	19%

## EBITDA Portion

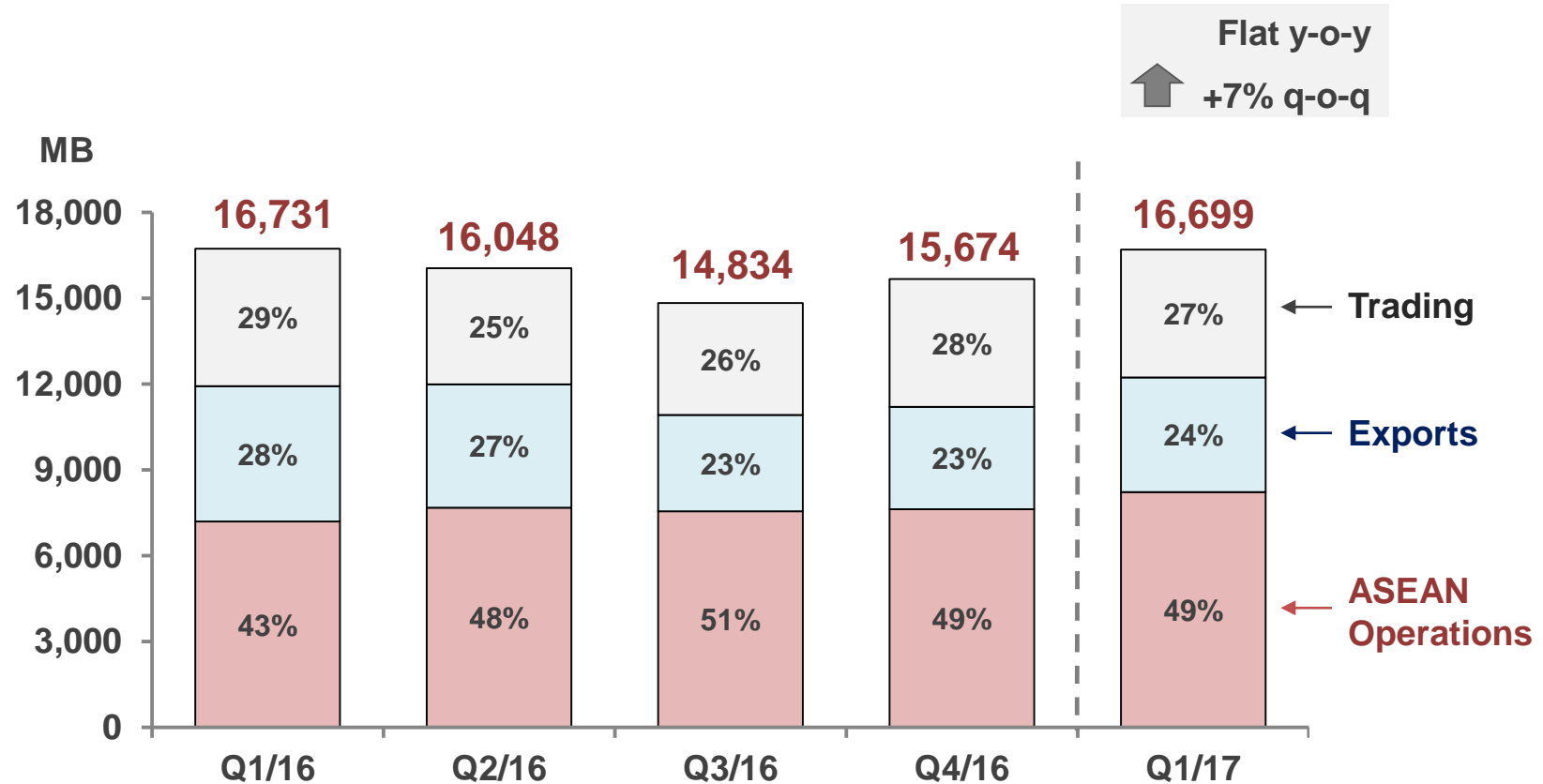
	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
International	24%	34%	34%	26%	34%

*Note:* \* EBITDA margin = EBITDA from Operations, excludes divided from associates.

# International sales segmentation

Despite increased ASEAN operations, Q1/17 International sales were flat y-o-y because of lower exports and trading of non-SCG products.

of non-SCG products due to .

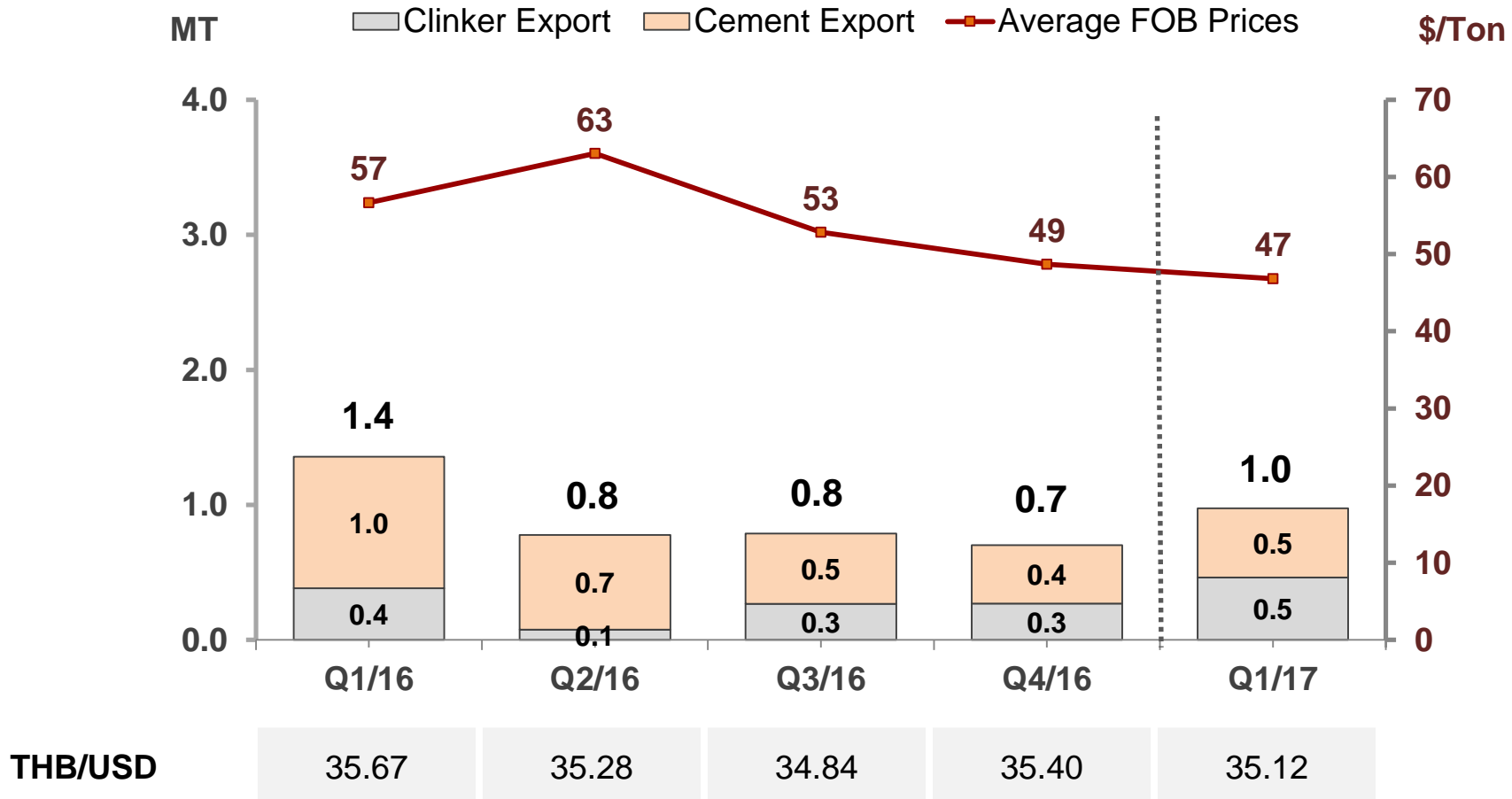


**Note:** International business = ASEAN Operations, exports from Thailand, and Trading business  
 Housing - Roofing products, Board & Wood sub, and Home improvement.  
 Ceramics - includes Sanitary ware and Fittings.  
 Trading - are mainly trading of non-SCG products

# Cement exports

Exports volume register 1.0 MT in Q1/17, while export prices dropped y-o-y as a result of the change in product mix.

## Sales volume and Average prices (FOB)

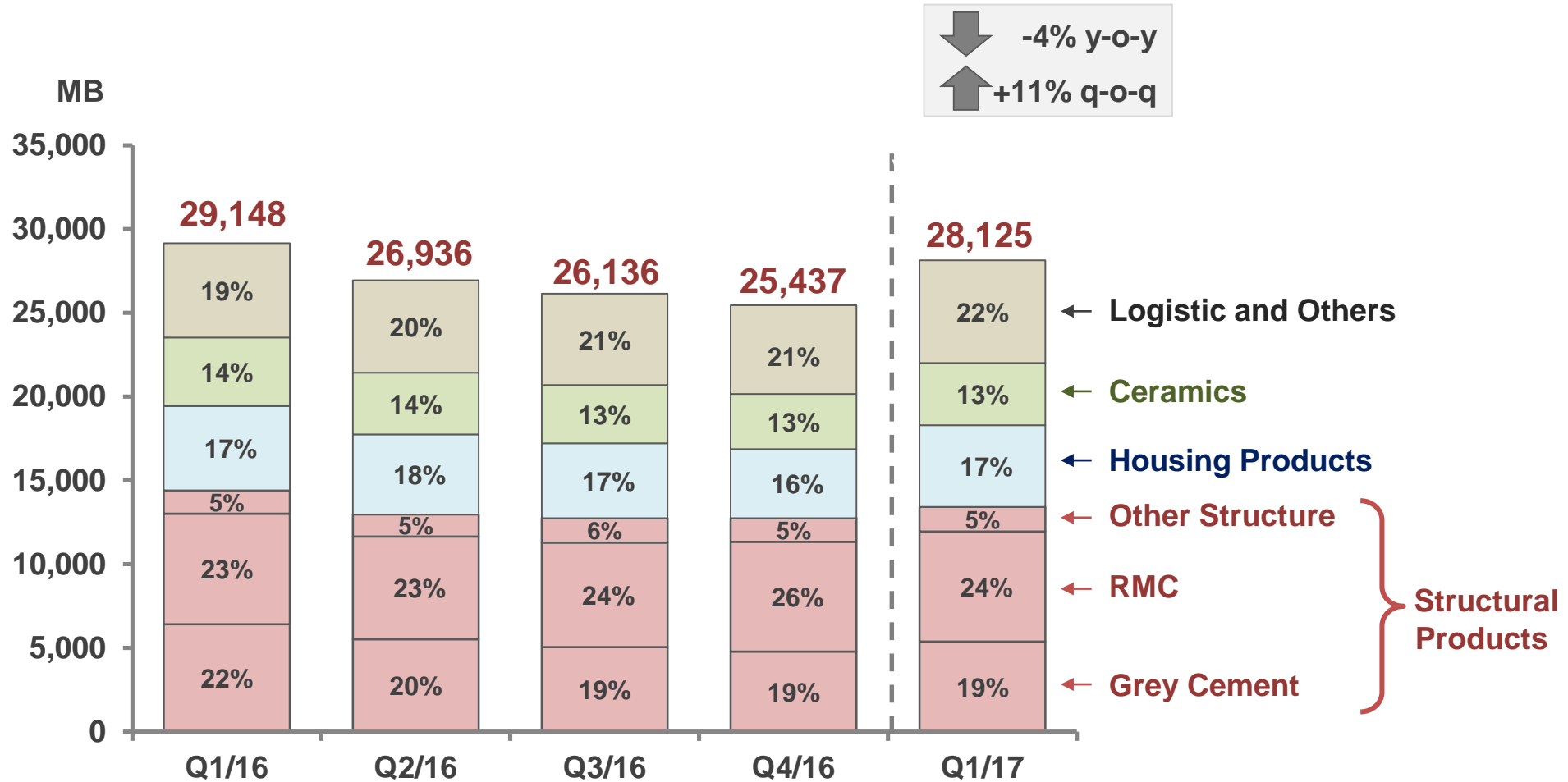


*Note: FOB price does not include handling charges and discount.*



# Thailand sales segmentation

Q1/17 Thailand sales declined -4% y-o-y, due to the flood in southern Thailand, and the soft residential construction market.



**Note:** *Structural Products: Grey cement, RMC, Others (mortar, white cement, and lightweight concrete blocks).  
Housing Products: Roofing products, Board & Wood sub, and Home improvement.  
Ceramics: includes Sanitary ware and Fittings.*

# Thailand cement segments

Cement demand dropped -7% y-o-y in Q1/17, due to the soft demand in residential sector and the flooding in the southern.

## % Growth ( y-o-y )

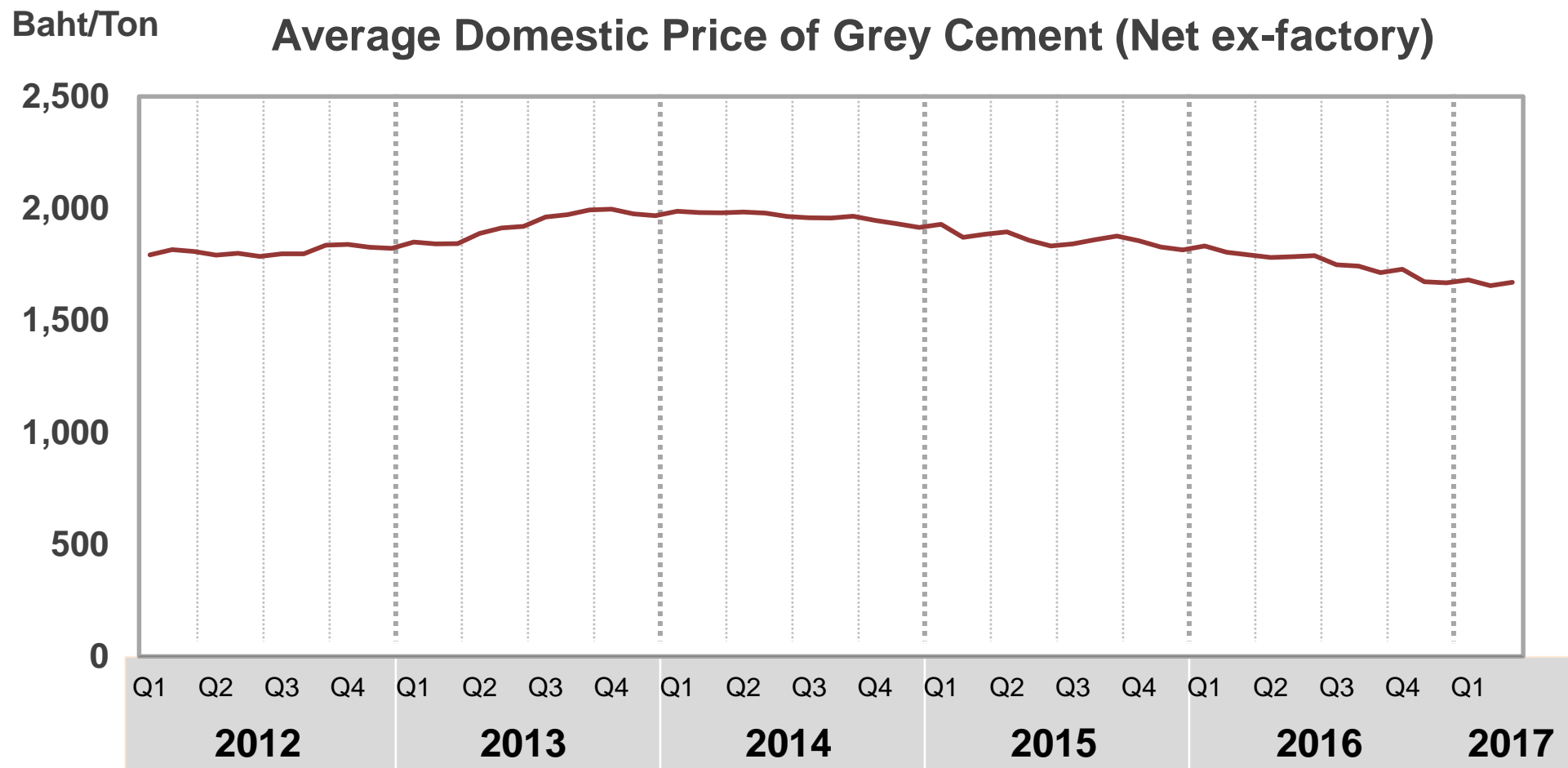
	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17
<b>Total Market*</b> (100%)	+5%	-3%	-5%	-3%	-2%	-7%
<b>Commercial</b> (Approximately 15%)	0%	-7%	-7%	-2%	-4%	-7%
<b>Gov't</b> (Approximately 35%)	+21%	+9%	+1%	+4%	+9%	-4%
<b>Residential</b> (Approximately 50%)	-2%	-10%	-8%	-8%	-7%	-9%

*Note: \* Estimated volume market distribution*

# Thailand cement price



The avg. price in Q1/17 remained in the range of 1,650-1,700 Baht/ton q-o-q, but dropped y-o-y when compared to the Q1/16 price of 1,800 – 1,850 Baht/ton.



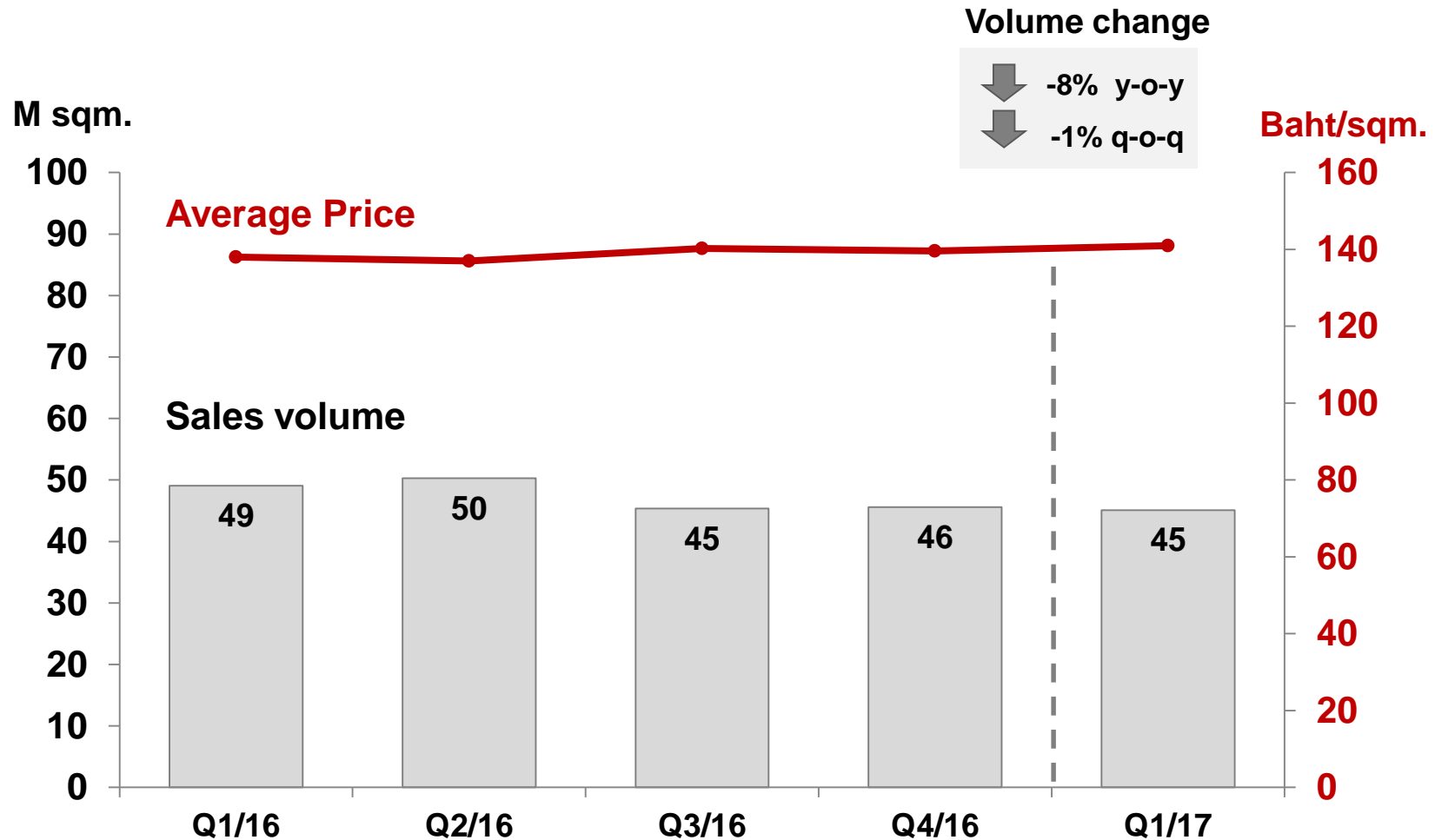
## Sale Mix

- Bagged Cement (%)	41	40	37	37	39	39	35	35	37	36	36	35	36
- Bulk Cement (%)	59	60	63	63	61	61	65	65	63	64	64	65	64

# Ceramic Tiles

Q1/17 Sales volume dropped -8% y-o-y, due to negative demand growths in Thailand.

*Sales volume & prices for all ASEAN subsidiaries*



## Outlook:

- ASEAN (ex-Thailand) demand for cement and building materials products are forecasted to see continued positive growths.
- Thailand cement demand is forecasted to remain negative in Q2/17, while FY2017 has the potential to be marginally positive, with emphasis on the government's infrastructure works later in the year.
- Demand for housing products and ceramic tiles in Thailand are projected to remain soft in FY2017.

## Plants startup :

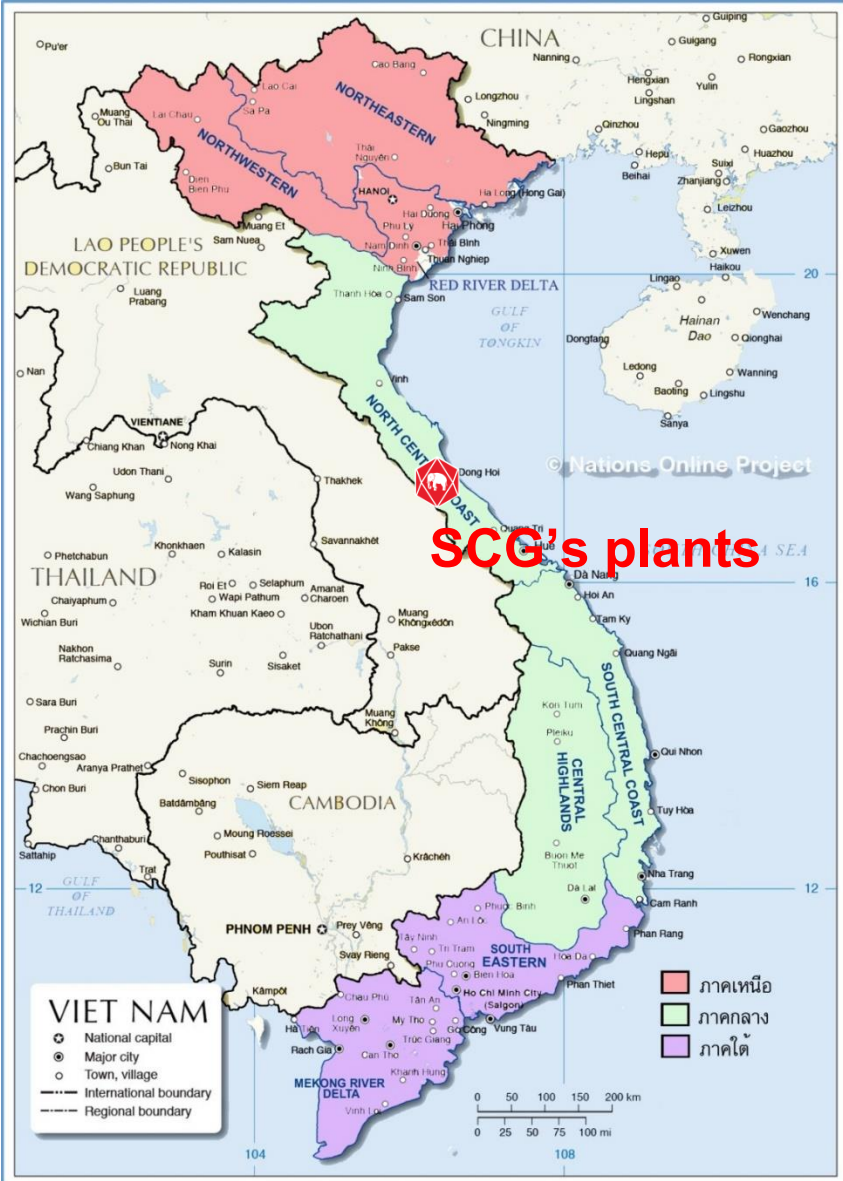
- **Myanmar cement plant** : commercial operation began in Jan/17.
- **Laos cement plant** : commercial operation began in Mar/17.

## Investment update :

- **Vietnam cement plant** : acquired the 100% equity (EV of US\$440 million) in Vietnam Construction Materials JSC, which is an production capacity of 3.1 million tons (OPC-equivalent) in central Vietnam.

# Vietnam investment update : SCG's 15,400 MB cement investment in Central Vietnam

- Investment of 15,400 MB (EV) for 3.1 MT cement capacity in central Vietnam.
- Central Vietnam has balanced supply demand, where sales efforts are focused.
- This \$140/ton investment includes the budget to improve efficiency (waste heat generator, environment, and others) which takes 18-24 months to complete.



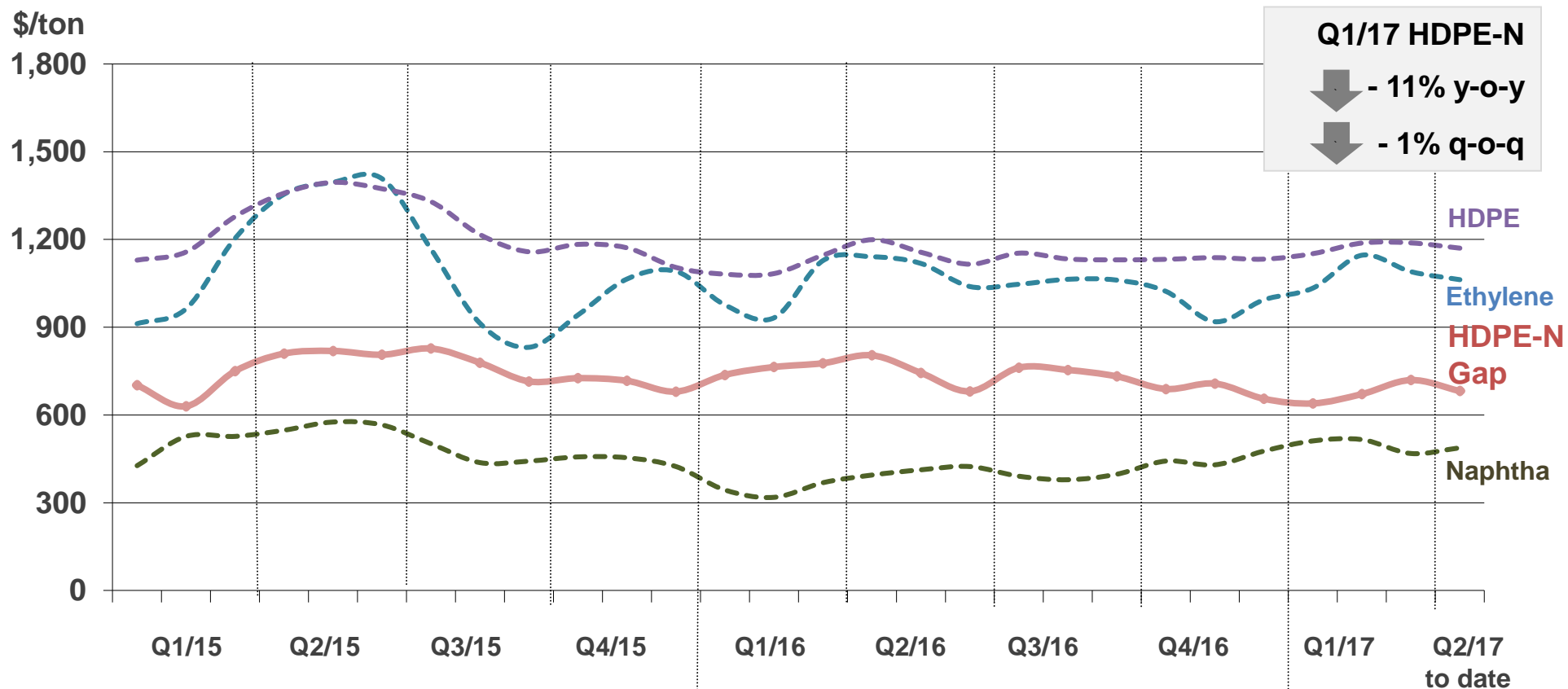
- I. Consolidated Results
  - Q1/17 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

	Q1/17	Q-o-Q Change	Notes
<b>Crude (Brent)</b>	\$55/bbl	+\$4/bbl (7%)	Oil prices increased because OPEC reached the deal to cut production and soften dollar index.
<b>Naphtha</b>	\$499/ton	+\$49/ton (+11%)	Naphtha prices increased following higher oil price trend and tight supply from refineries turnaround.
<b>Ethylene</b>	\$1,090/ton	+\$112/ton (+11%)	C2 prices rose due to upcoming crackers turnaround.
<b>Propylene</b>	\$933/ton	+\$211/ton (+29%)	C3 prices hiked from upcoming crackers maintenance and less propylene supply from refineries turnaround and on-purpose shutdown.
<b>HDPE</b>	\$1,176/ton	+\$42/ton (+4%)	Prices lightly climbed up from restocking activity after new year.
<b>PP</b>	\$1,160/ton	+\$73/ton (+7%)	
<b>HDPE-Naphtha</b>	\$677/ton	-\$7/ton (-1%)	Margin rather stable due to high feedstock cost and high inventory in China.
<b>PP-Naphtha</b>	\$661/ton	+\$25/ton (+4%)	Margin slightly increased owing to restocking demand after new year.
<b>EDC</b>	\$305/ton	+\$48/ton (+18%)	Tight supply from Middle East producers turnaround and firmer price following ethylene uptrend.
<b>PVC</b>	\$922/ton	-\$8/ton (-1%)	PVC prices slightly declined due to soft demand in SEA.
<b>PVC-EDC/C2</b>	\$421/ton	-\$73/ton (-15%)	Spread narrowed mainly from cost-push.
<b>MMA-Naphtha</b>	\$1,465/ton	+\$67/ton (+5%)	Market was tighter from limited supply from plants turnaround and unplanned shutdown.
<b>BD-Naphtha</b>	\$2,080/ton	+\$922/ton (+80%)	Gap widened drastically due to strong Chinese restocking demand, tight supply from EU plants shutdown and low rubber supply from flooding in Thailand.
<b>PTA-PX</b>	\$68/ton	+\$2/ton (+3%)	Gap slightly increased from higher PTA price in Chinese market while PX price increased following higher oil price trend.



# HDPE – Naphtha Price Gaps

HDPE spread quite stable q-o-q to \$677/ton from higher feedstock cost and high inventory in China.

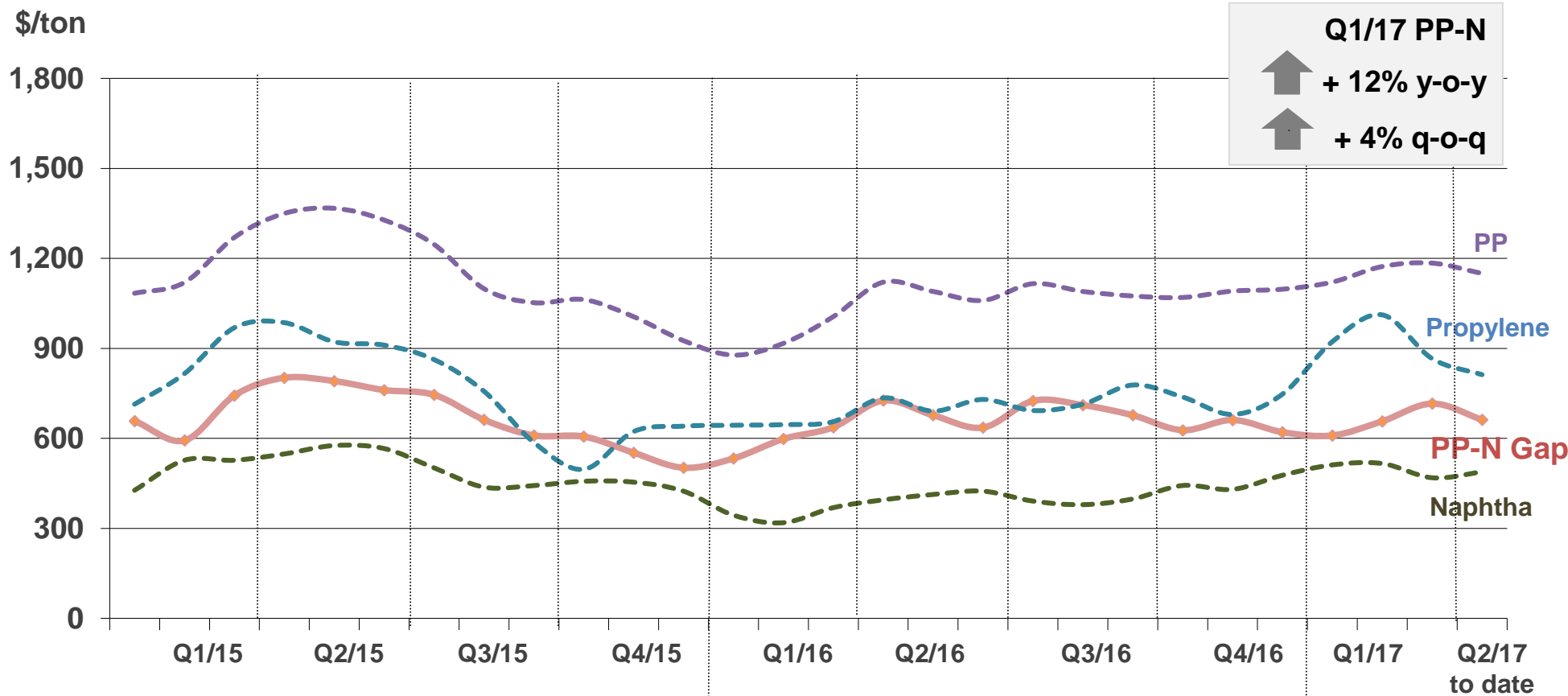


	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17 to date
HDPE-Naphtha	694	812	774	708	759	743	749	684	677	682
Spread (\$/ton)	← 747 →				← 734 →					
HDPE-C2	161	(11)	264	120	91	54	82	156	86	108
C2-Naphtha	532	823	510	588	668	689	668	528	591	574

Note: Prices refer to SEA regional prices

# PP – Naphtha Price Gaps

PP spread slightly increased q-o-q to \$661/ton mainly from restocking activity amid strong PP market.



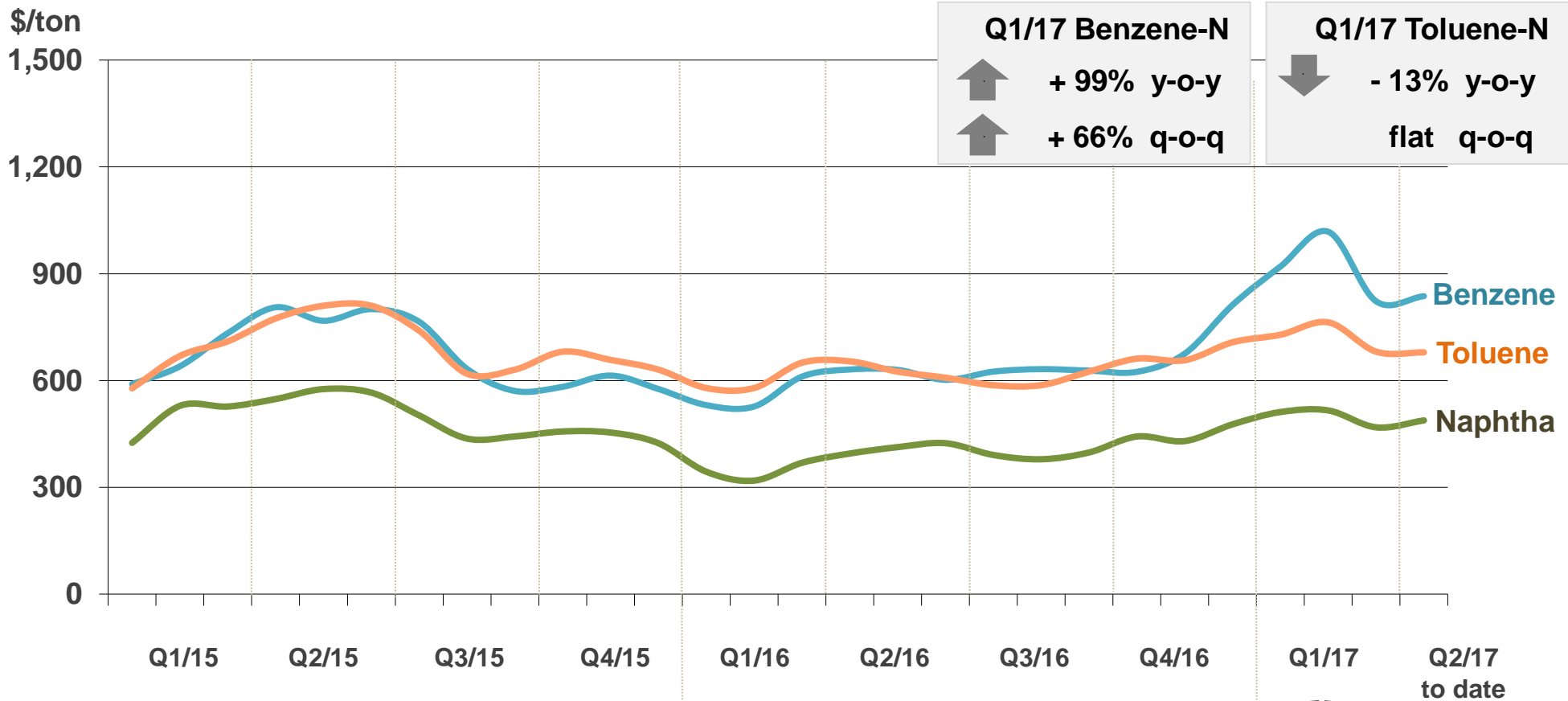
PP-Naphtha	664	785	672	554	589	680	704	636	<b>661</b>	662
Spread (\$/ton)	← 669 →		← 653 →							
PP-C3	325	408	397	412	285	372	365	364	226	338
C3-Naphtha	339	376	275	142	305	308	339	272	435	324

Note: Prices refer to SEA regional prices

# Benzene & Toluene

**BZ-Naphtha:** Gap widened due to strong benzene demand in U.S. market.

**TL-Naphtha:** Stable spread from high BZ price offset by low solvent demand.



**Q1/17 Benzene-N**  
 ↑ + 99% y-o-y  
 ↑ + 66% q-o-q

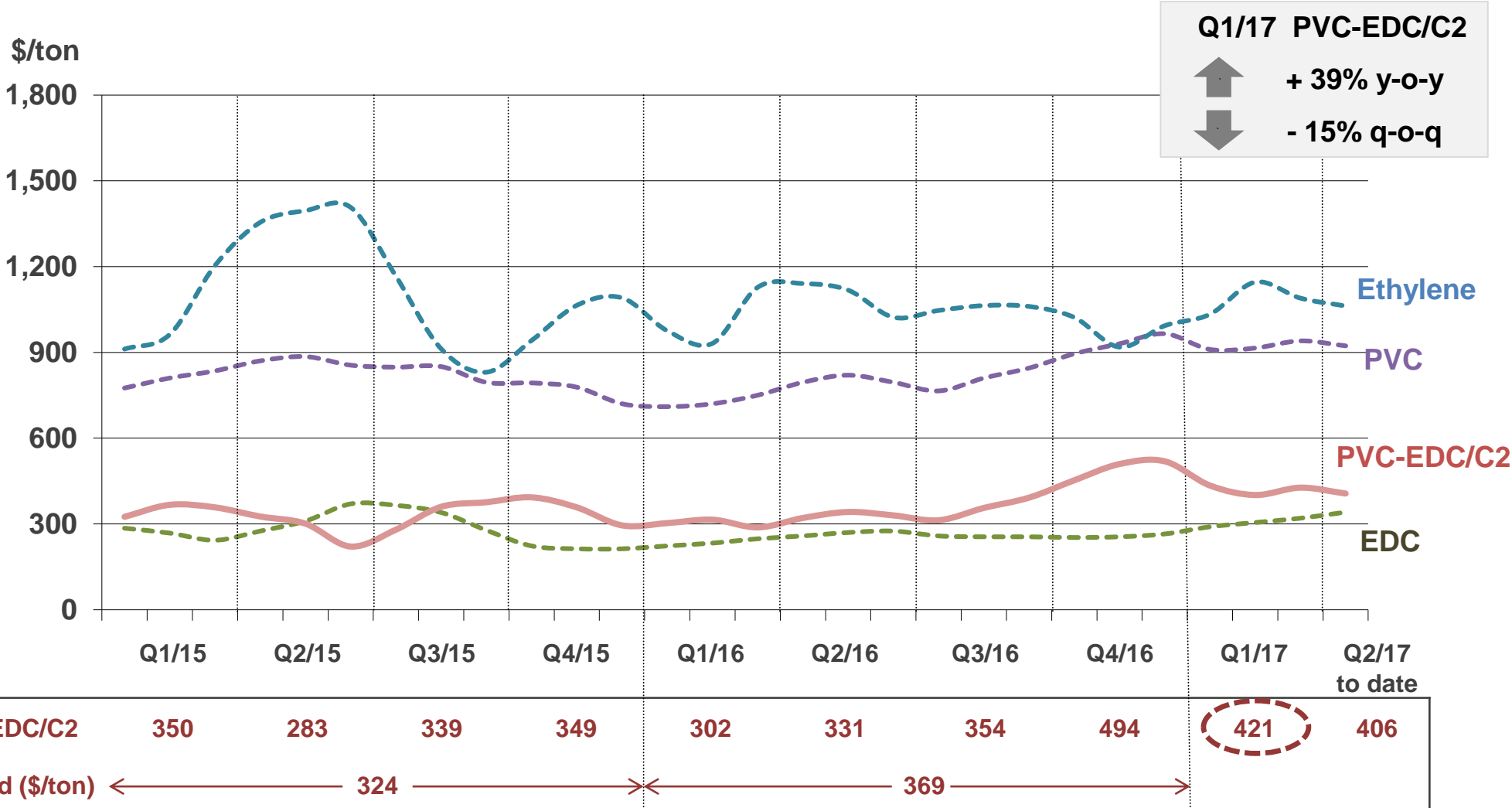
**Q1/17 Toluene-N**  
 ↓ - 13% y-o-y  
 flat q-o-q

	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17 to date
<b>BZ-Naphtha</b>	161	228	196	146	212	210	239	254	422	349
<b>TL-Naphtha</b>	159	235	203	212	260	218	210	225	226	191
<b>BZ-Spread</b>	← 183 →		← 229 →			← 229 →				
<b>TL Spread</b>	← 202 →				← 228 →					

*Note:* Prices refer to SEA regional prices

# PVC

PVC spread narrowed to \$421/ton from higher cost due to tight supply of feedstock



*Note:* Prices refer to FE regional prices

# Price Gaps of Associates



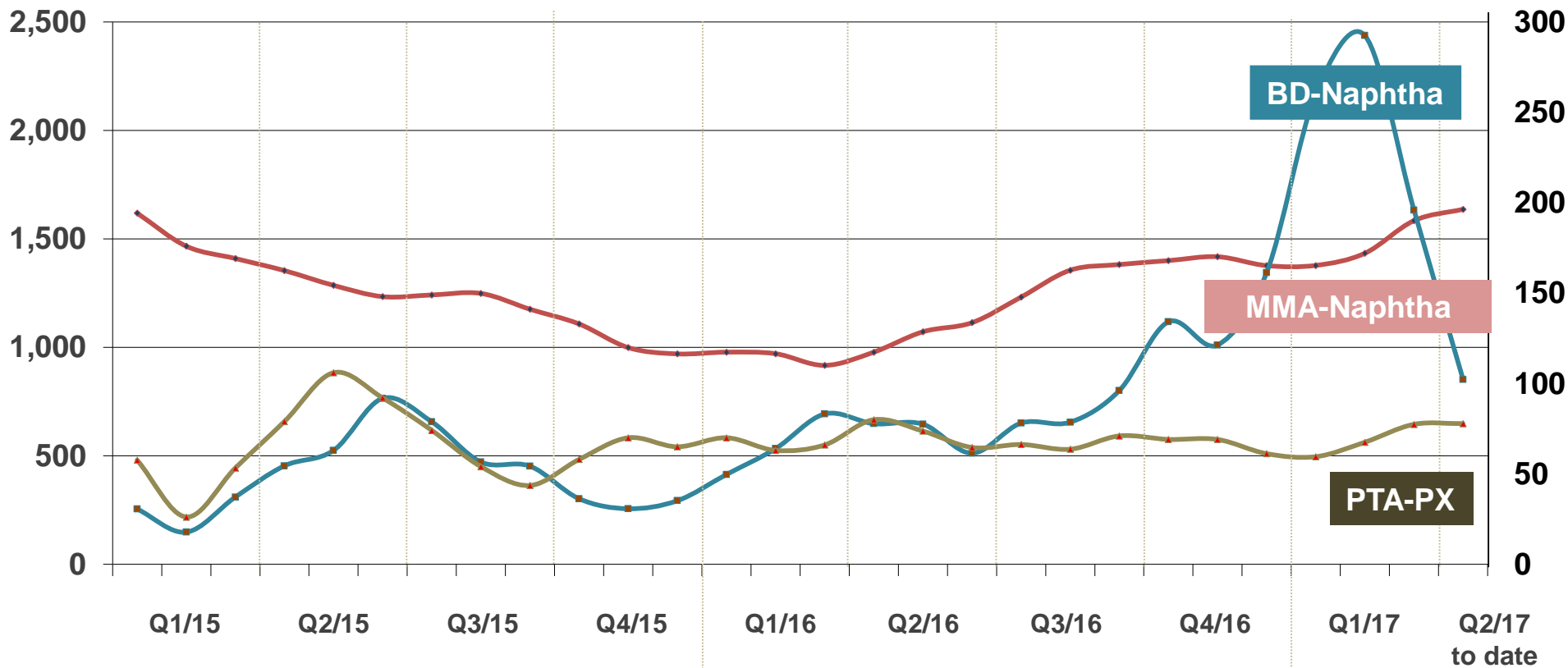
**MMA-Naphtha:** Spread widened due to tight supply from plants turnaround.

**PTA-PX:** Gap slightly rose from higher PTA price in China while PX price followed the oil price uptrend.

**BD-Naphtha:** Gap peaked from restocking demand with tight NR supply and EU BD plants shutdown.

MMA-Naphtha \$/ton, BD-Naphtha \$/ton

PTA-PX \$/ton

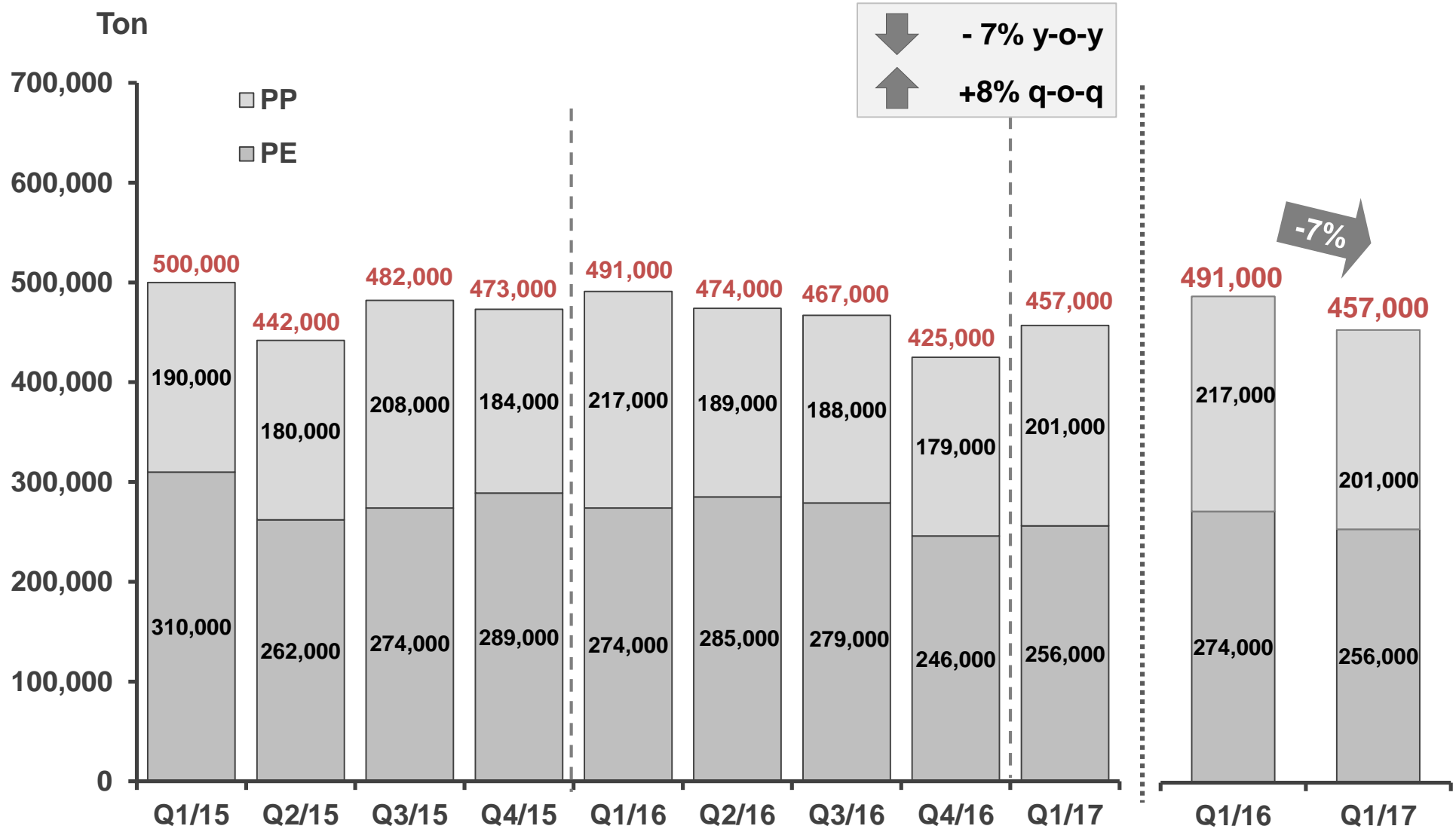


<b>MMA-N</b>	1,499	1,291	1,222	1,025	955	1,055	1,323	1,398	1,465	1,637
<b>PTA-PX</b>	46	92	57	64	66	73	67	66	68	78
<b>BD-N</b>	238	581	527	284	546	602	702	1,158	2,080	852

*Note:* BD and MMA prices refer to SEA regional prices, PTA prices refer to Asian regional prices

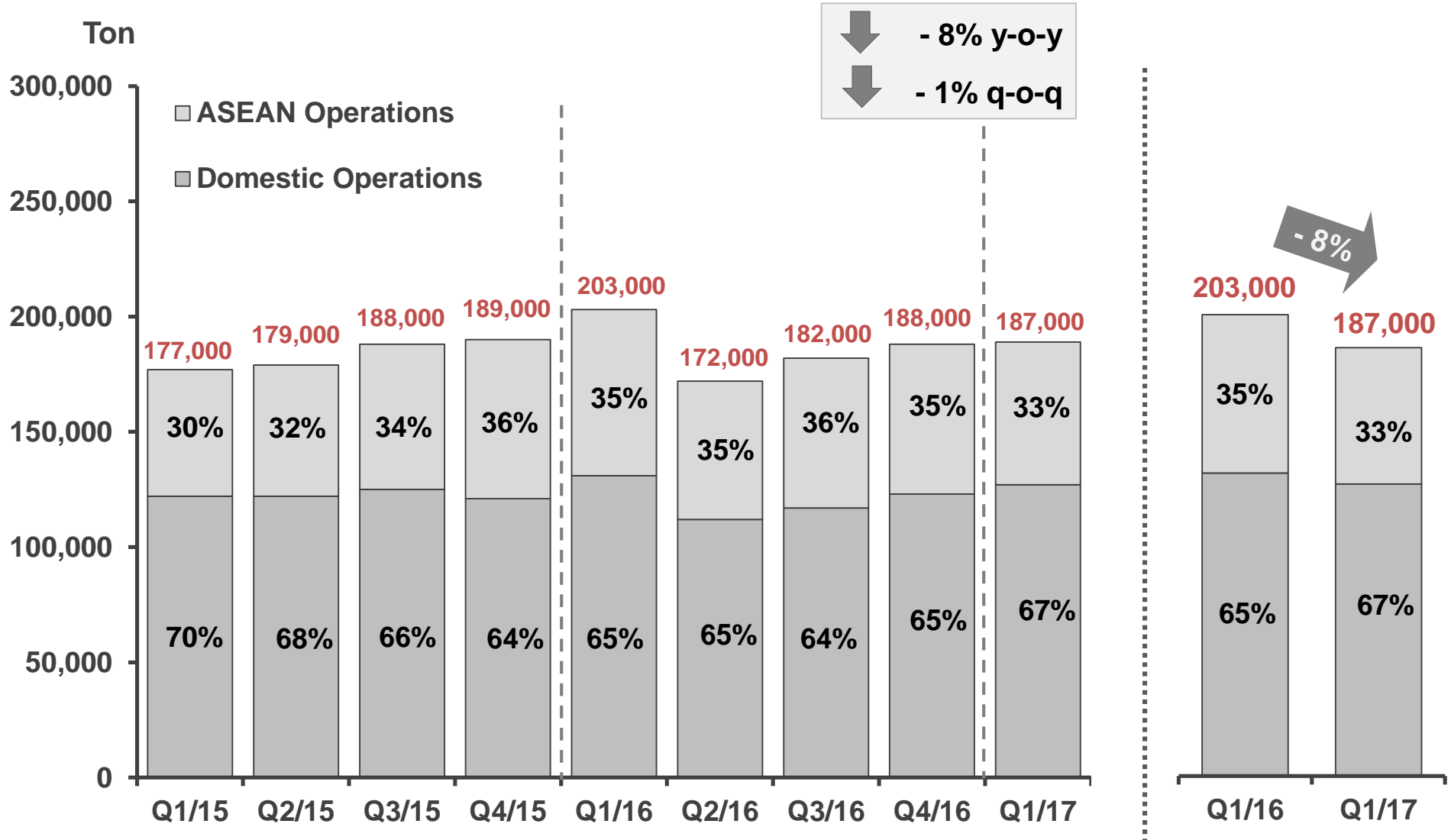
# Polyolefin Sales Volume

Q1/17 sales volume increased 8% q-o-q to 457,000 tons because ROC olefins returned from major turnaround in Q4/16.



# PVC Sales Volume

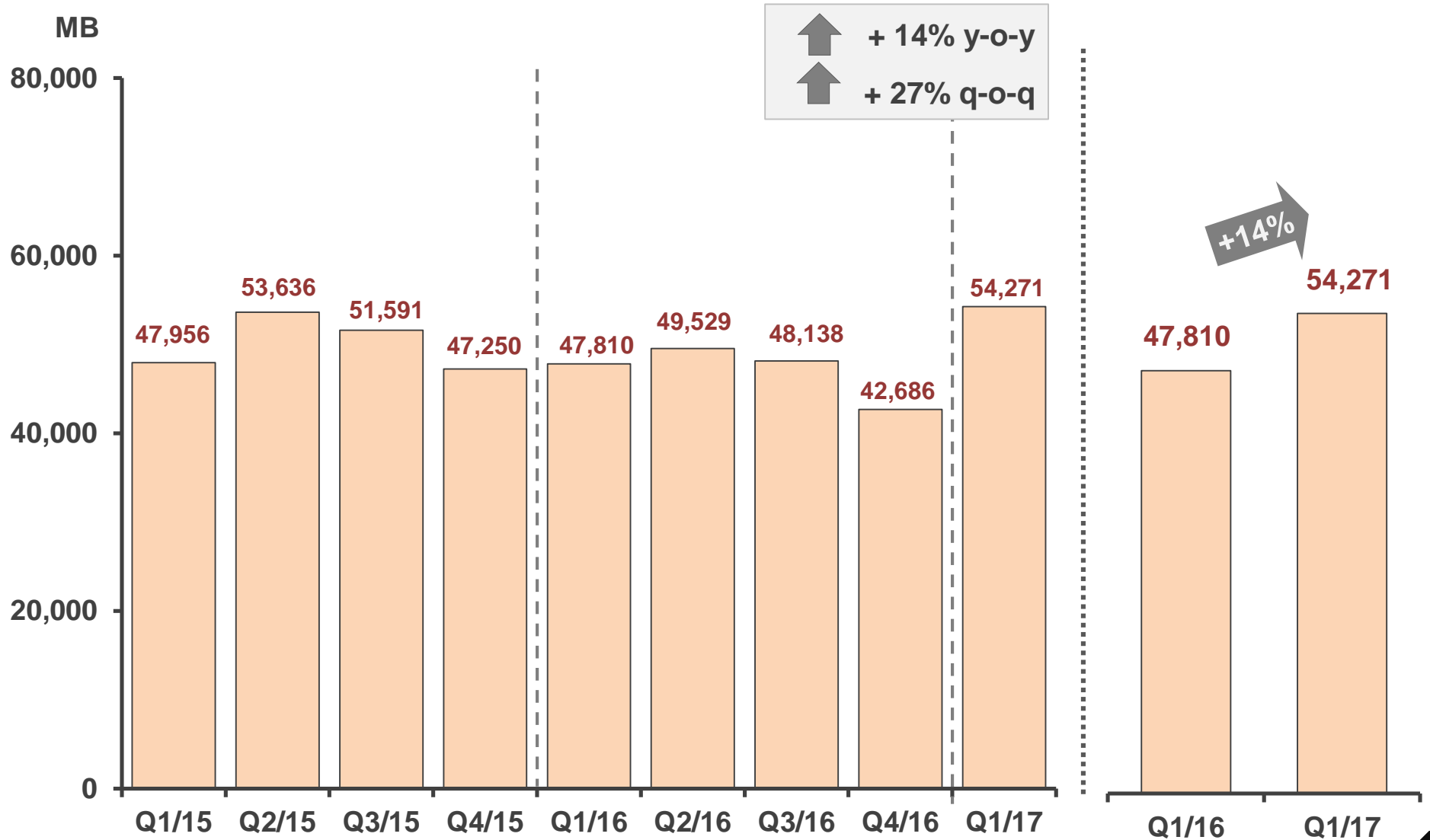
Q1/17 sales volume rather stable q-o-q caused by more APVC supply neutralized by high demand in India.



Note: \*ASEAN Operations = Sales volume from PVC operations in Vietnam and Indonesia

# Revenue from Sales

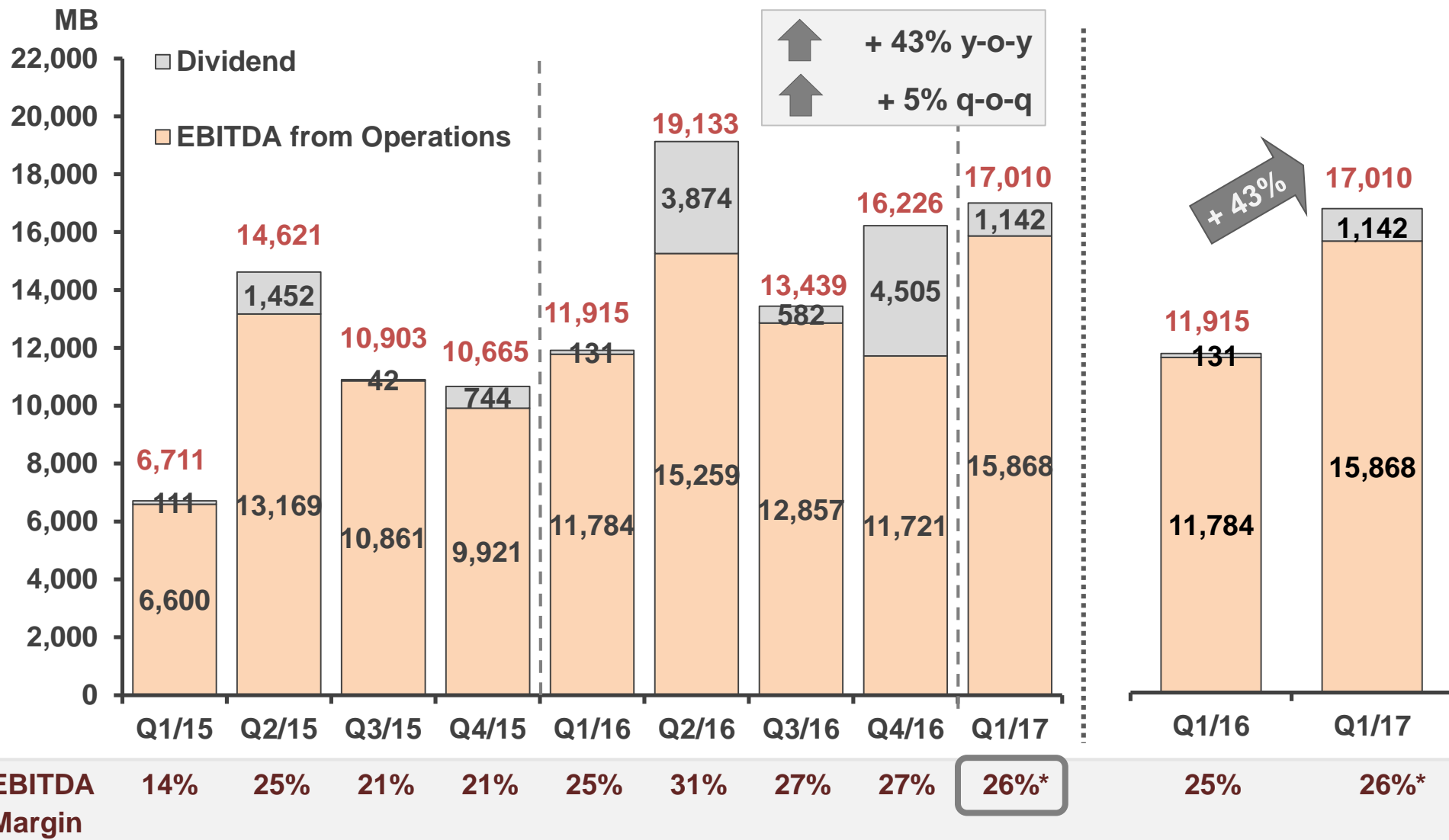
Q1/17 revenue increased 27% q-o-q to 54,271 MB due to recovery volume from ROC major turnaround in Q4/16 and higher product prices.





# EBITDA

Q1/17 EBITDA from operation hiked because of ROC major turnaround in Q4/16 and non-recurring gain from the sale of investment.

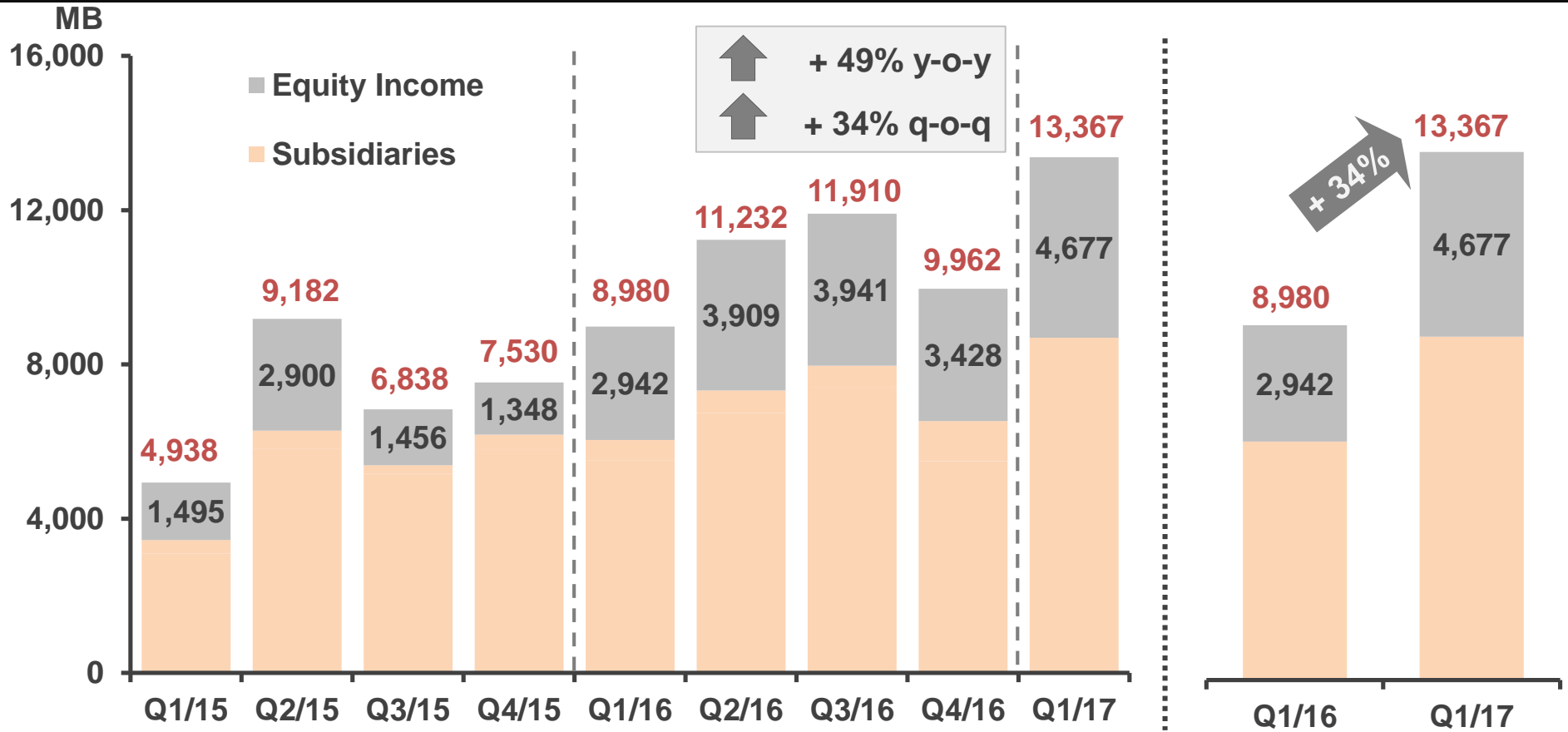


Note: EBITDA = EBITDA from Operations + Dividend from Associated Companies

\* EBITDA margin excluded sale of investment

# Profit for the Period

Q1/17 Profit increased to 13,367 MB q-o-q from ROC major turnaround in Q4/16 and non-recurring after tax gain from sale of investment 1,400 MB in Q1/17.



NCI (Non controlling interest)	(680)	(3,600)	(1,540)	(1,140)	(2,820)	(4,000)	(4,600)	(2,300)	(3,700)	(2,820)	(3,700)
Inventory Gain (Loss)*	(930)	970	(2,160)	330	(300)	160	(140)	40	930	(300)	930

Note: \*Sub/Asso : 71% / 29%

- **Crude** – Crude gradually increases due to refineries return from turnaround.
- **Naphtha** – Naphtha prices decline because of low demand from crackers turnaround season and competitive LPG during summer.
- **Polyolefin** – Increased margin from seasonal Asian agricultural demand.
- **PVC** – Prices drop from weak demand in China and India.




## Company highlight:

- **Vietnam project:** Increasing direct and indirect stake in LSP to 71%, FID around mid-2017.
- **Thai Plastic and Chemicals (TPC):** Delisted from The Stock Exchange of Thailand (SET) on Jan 30/17. SCG is a stake 99.78% shareholder.

- I. Consolidated Results
  - Q1/17 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

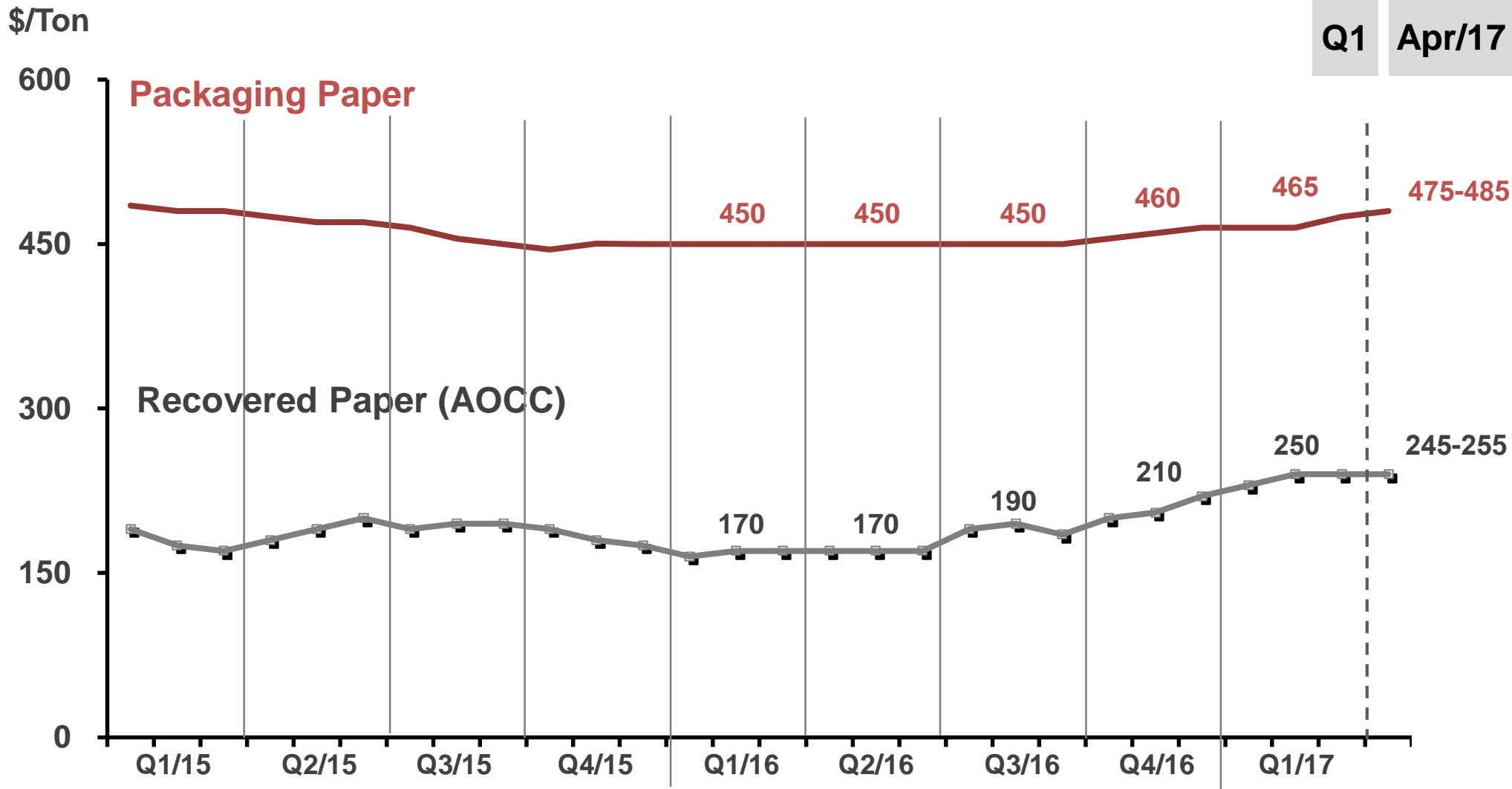
# Q1/17 Domestic market situation

Overall demand grew moderately.

Market Segment	Situation (Q-o-Q)	Market situation
Food & Beverage		<ul style="list-style-type: none"><li>Overall demand grew more than expected owing to higher production of beverage and strong export orders of frozen chicken.</li></ul>
Consumer		<ul style="list-style-type: none"><li>Healthy domestic demand from promotional campaigns and new products launch.</li></ul>
E & E		<ul style="list-style-type: none"><li>Electronics &amp; electrical appliances (E&amp;E) demand improved as a result of stock replenishment to serve summer sales.</li></ul>

# Packaging Chain

AOCC prices increased as a result of strong demand in China and USA.  
Packaging paper prices were up following raw materials prices hike.

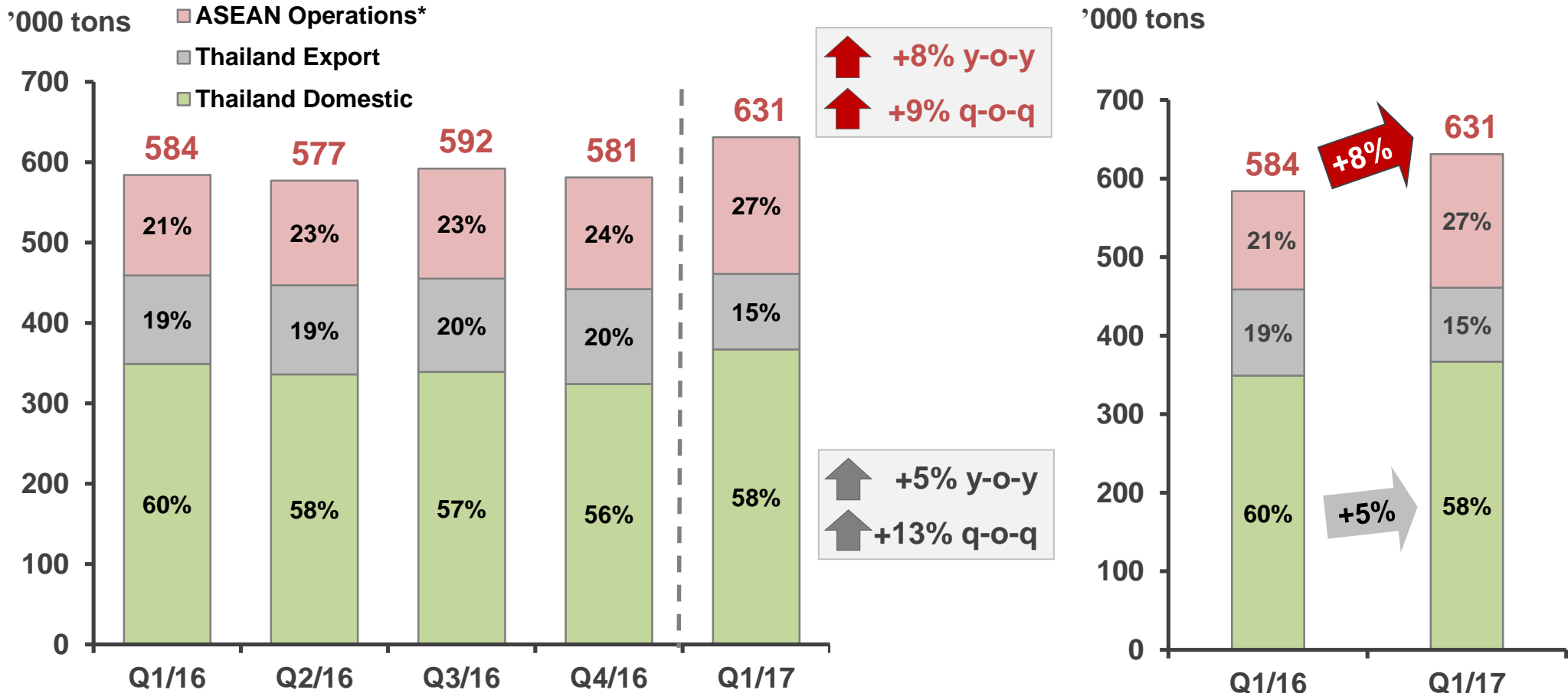


*Note: regional prices*

# Packaging Chain

Total sales volume in Q1/17 was up 9% q-o-q and 8% y-o-y thanks to strong domestic sales, and higher ASEAN operations as a result of new capacity expansion in Vietnam.

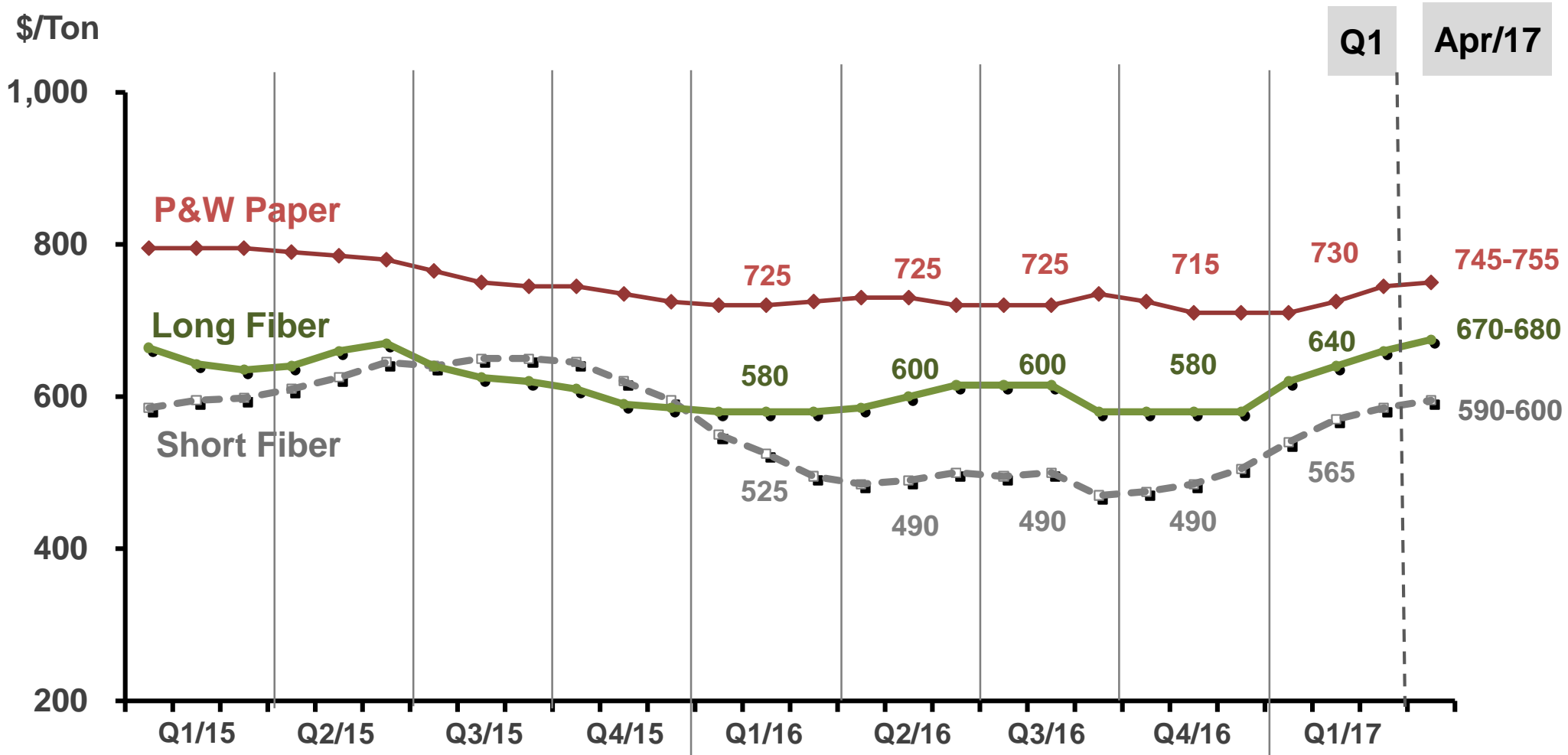
## Packaging Paper volume



Note: \*Sales Volume from Philippines and Vietnam

# Fibrous Chain

Short fiber pulp prices increased due to Chinese buyers' low inventories. Similarly, long fiber pulp prices increased as major producers push up price.



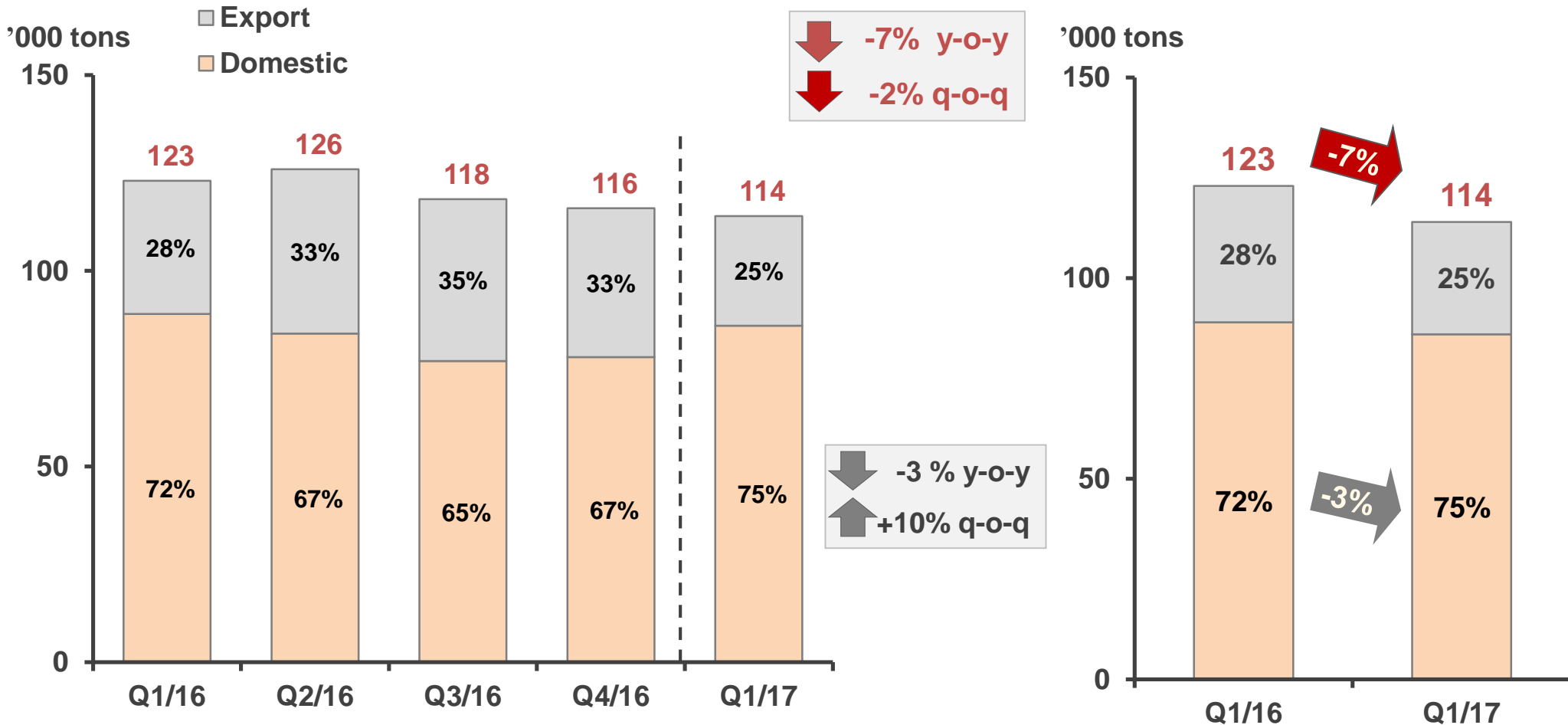
*Note: regional prices*



# Fibrous Chain

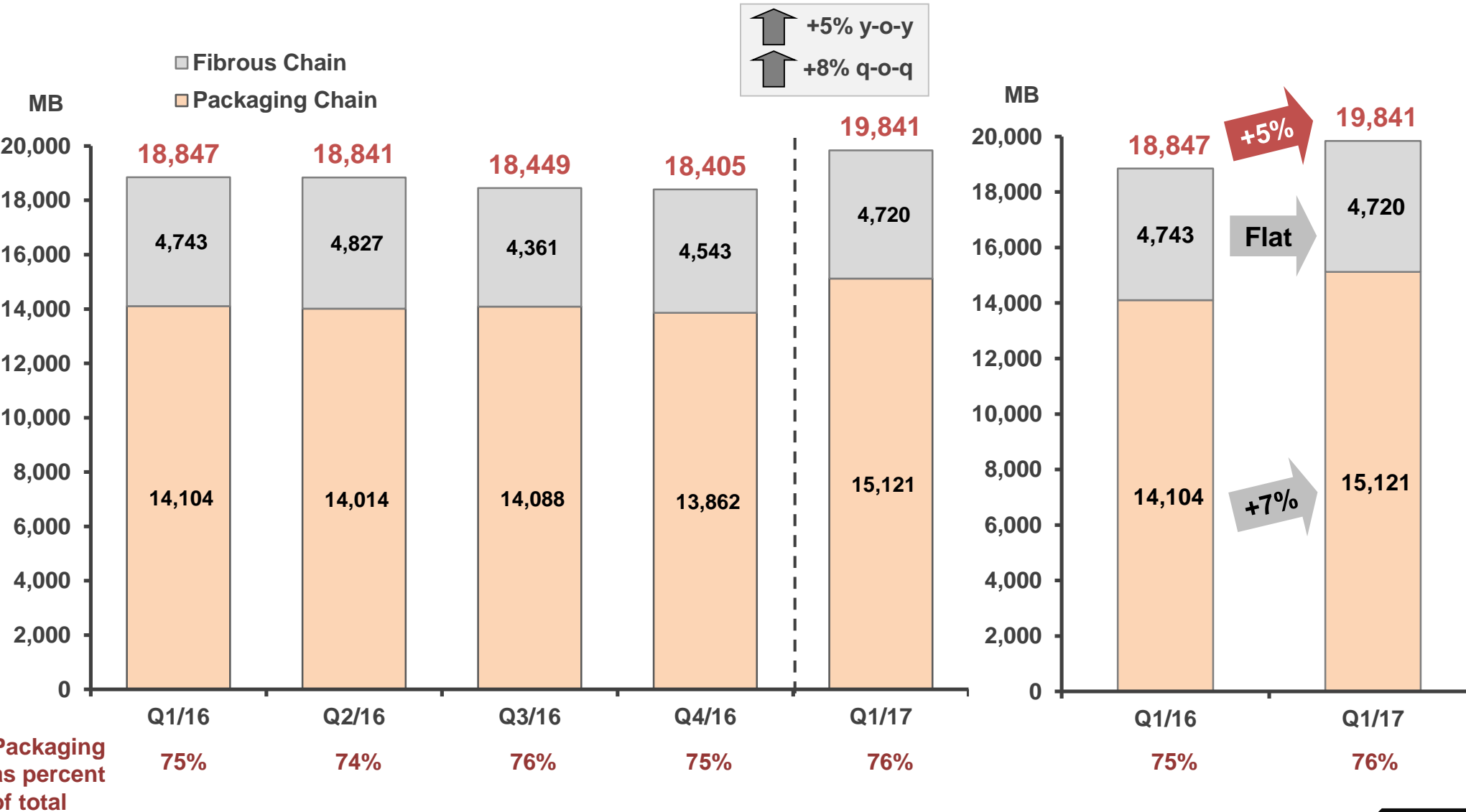
Total sales volume dropped 2% q-o-q and 7% y-o-y mainly due to lower export. For domestic, sales volume increased 10% q-o-q owing to seasonal demand, but declined 3% y-o-y.

## Printing & Writing Paper volume



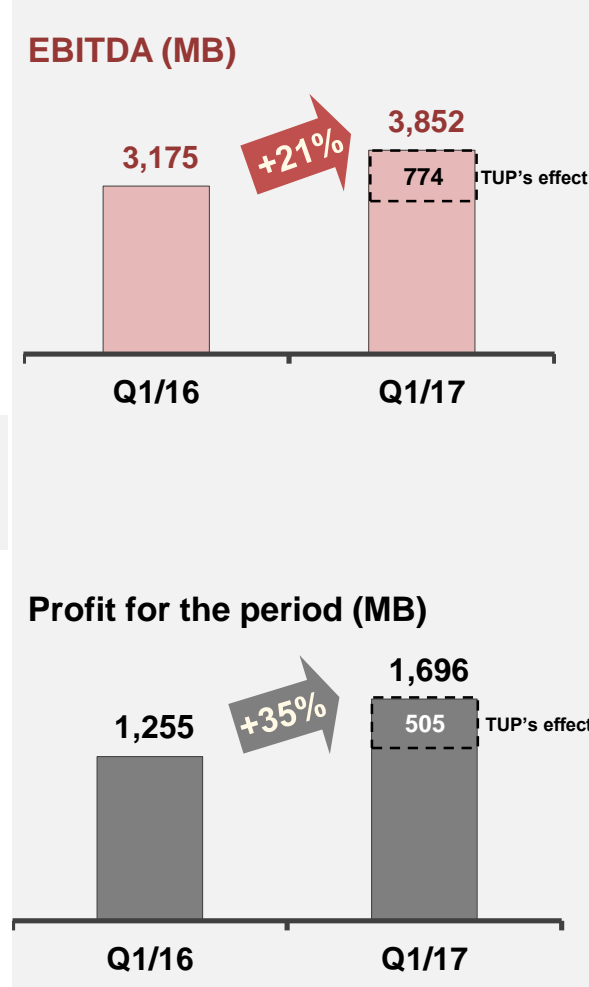
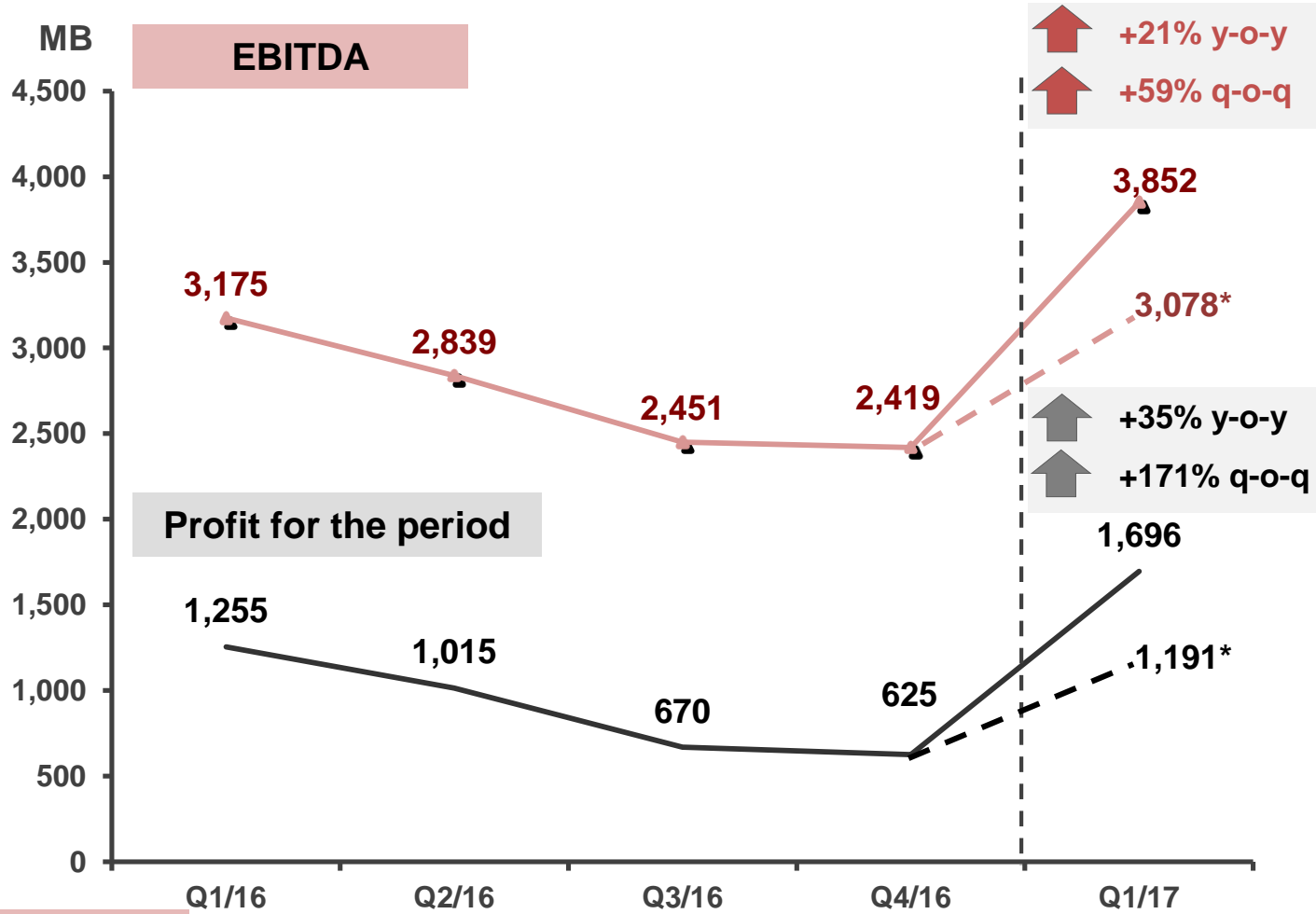
# Revenue from Sales

Revenue from sales in Q1/17 grew 8% q-o-q and 5% y-o-y attributed to new capacity expansion of Packaging chain in Vietnam and healthy domestic demand.



# EBITDA and Profit for the Period

For Q1/17, EBITDA increased 59% q-o-q and 21% y-o-y mainly from TUP's land and machinery sale. Similarly, Profit improved 171% q-o-q and 35% y-o-y.



## EBITDA Margin

	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
Total	17%	15%	14%*	13%	15%*
Packaging	18%	17%	16%	15%	16%
Fibrous	14%	9%	8%*	9%	15%*

\*Note : excluded effect from the cease of TUP's operation.

## **Outlook:**

- Domestic packaging chain demand expects to be softened q-o-q on seasonal effect (long holiday), especially food and beverage segment.
- Recovered paper prices (AOCC) expect to remain unchanged as no new catalyst to push up prices.
- Short fiber pulp prices expect to increase further as a result of tight supply from maintenance shutdown and delayed startup of new capacity.

## **Update:**

- Following the cease of Thai Union Paper (TUP)'s operation, TUP's land and machinery were sold in Q1/17.
- Thai Containers Group (TCG) has acquired 80% stake in PT Indocorr Packaging Cikarang, a producer of corrugated containers (32,000 tons/year) in Bekasi Regency, Indonesia valued at 382 MB (EV).

- I. Consolidated Results
  - Q4/16 Consolidated Results
  - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Packaging
- V. Summary

***Thank You***

For further details, please contact [invest@scg.co.th](mailto:invest@scg.co.th)