



Analyst Conference Q4/10
Wednesday, January 26, 2011

I. Consolidated Results

- Q4/10 Consolidated Results

- FY2010 Summary

- Financial Updates

II. Cement

III. Chemicals

IV. Paper

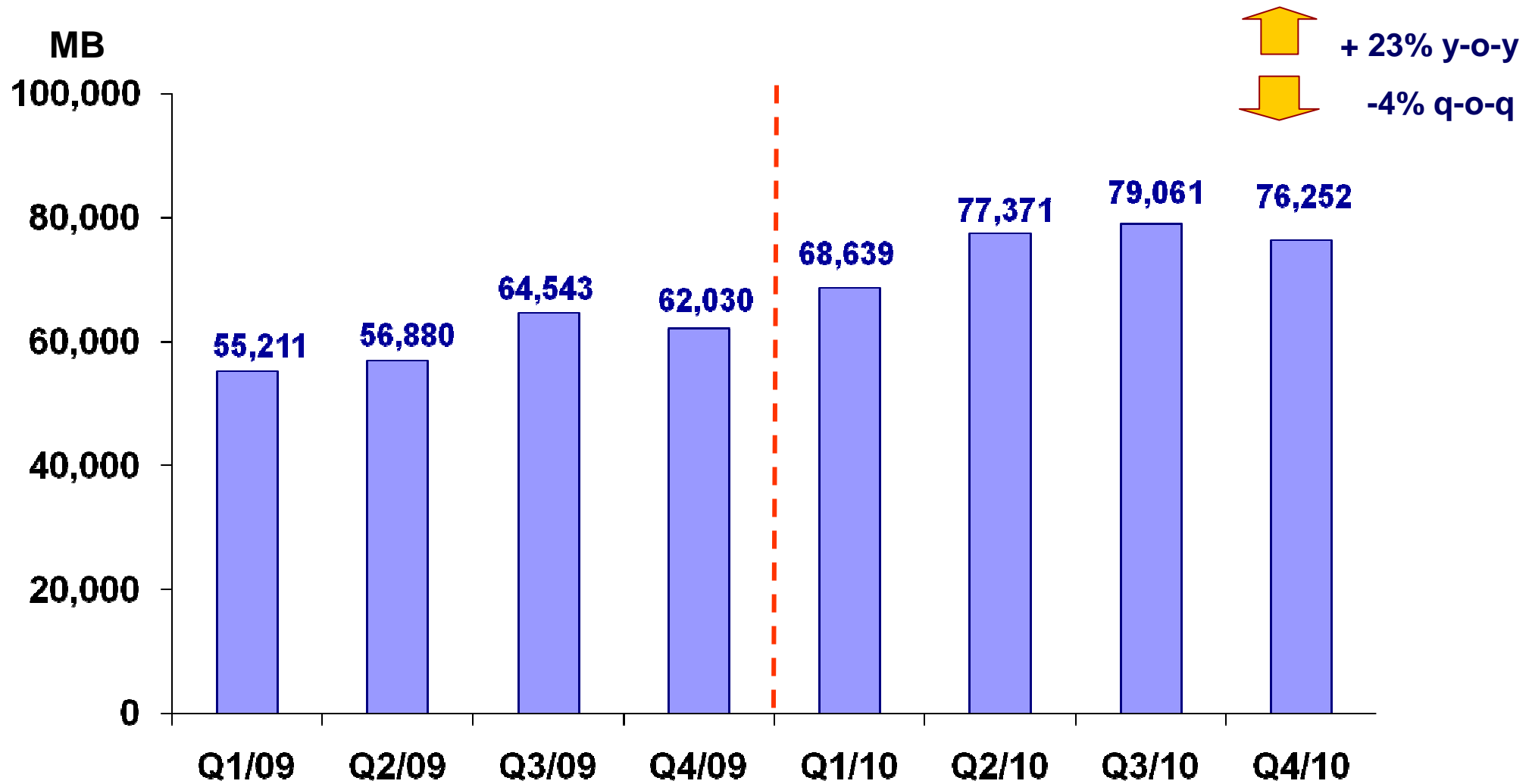
V. Medium Term Strategy

VI. Appendix

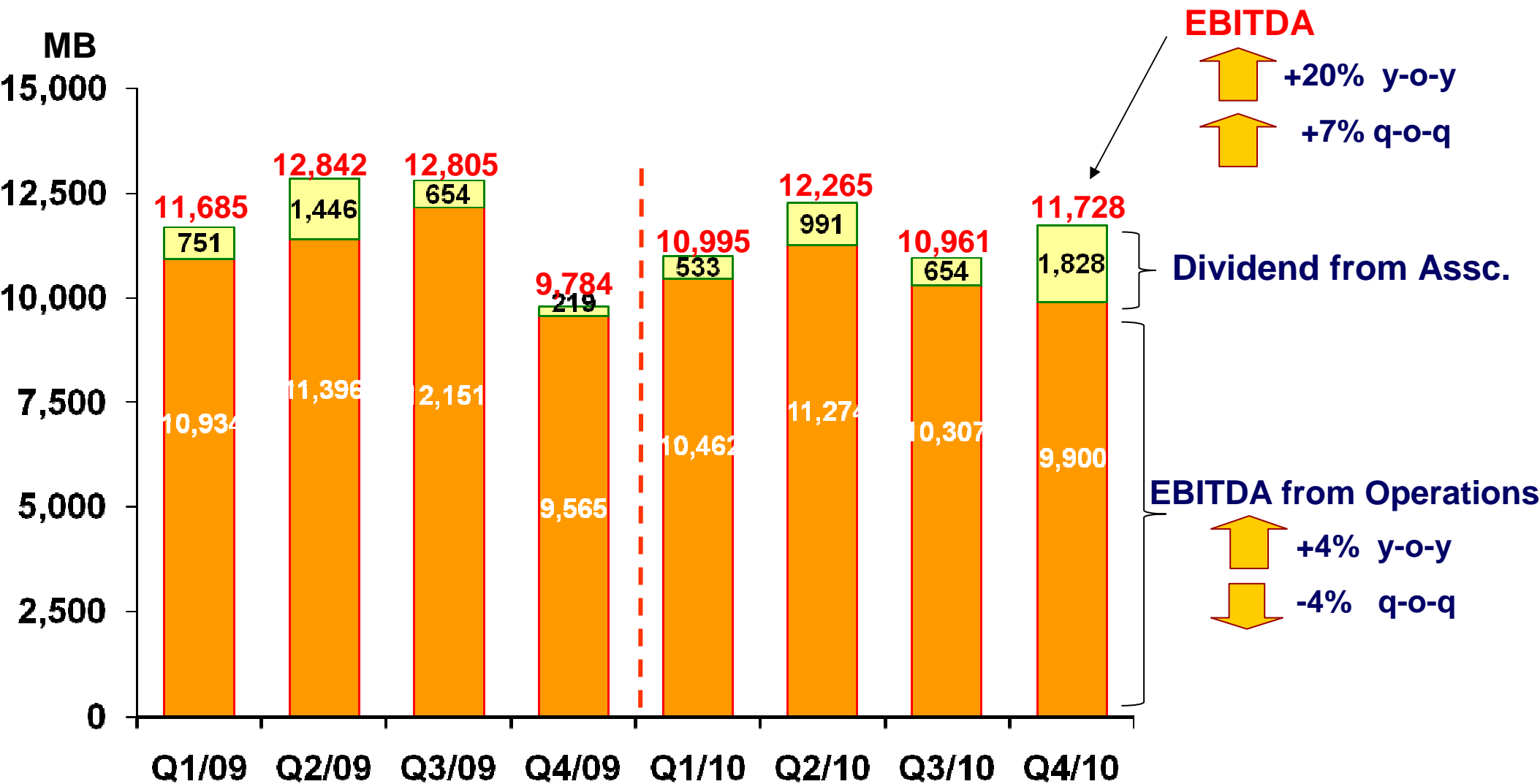
Net Sales: Increased 23% y-o-y with increased sales in all of the business units.



slide 3

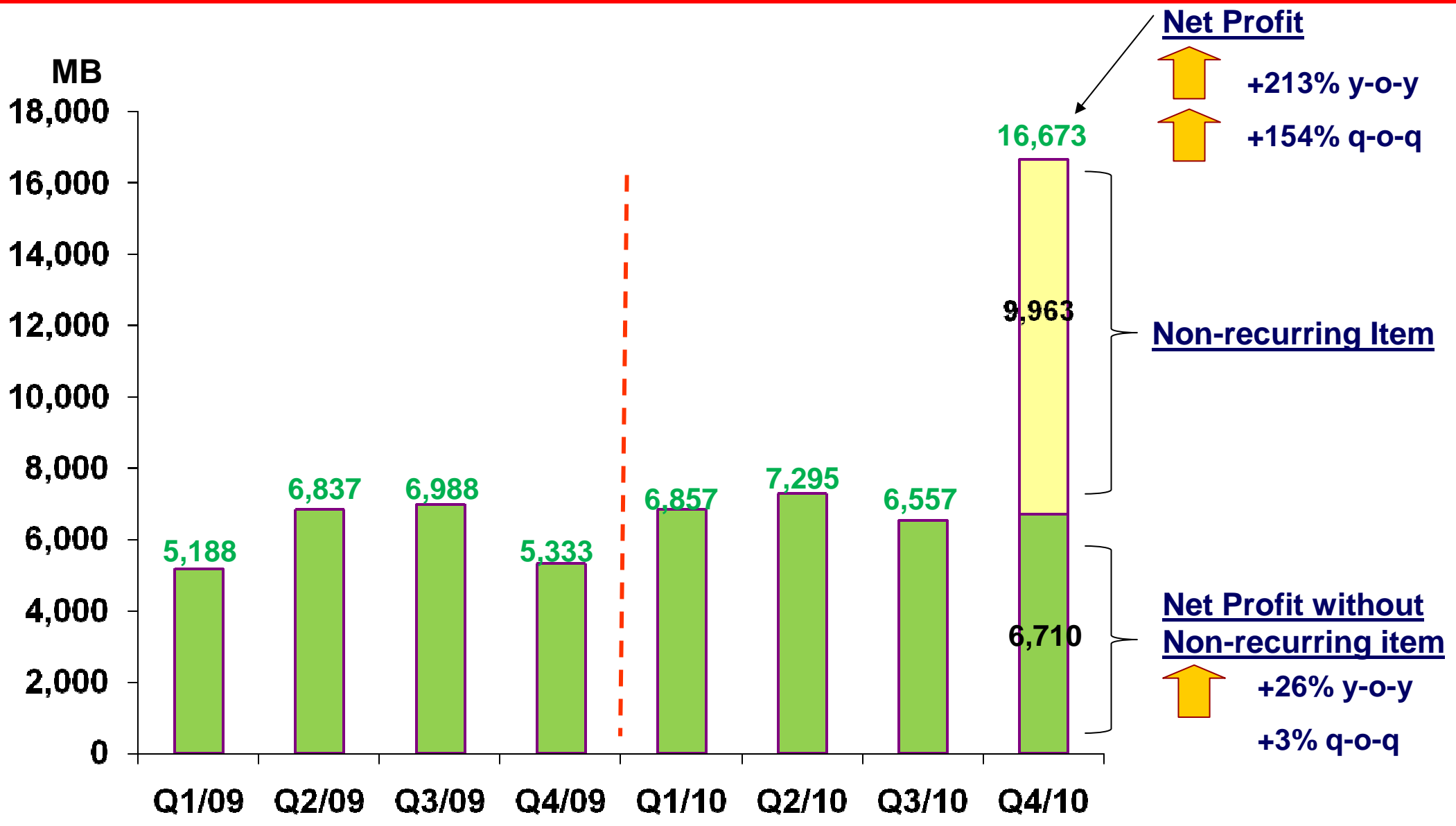


EBITDA: Gained 20% y-o-y and 7% q-o-q, following the start up of the second chemicals complex and increased Other Income from SCG Investment.

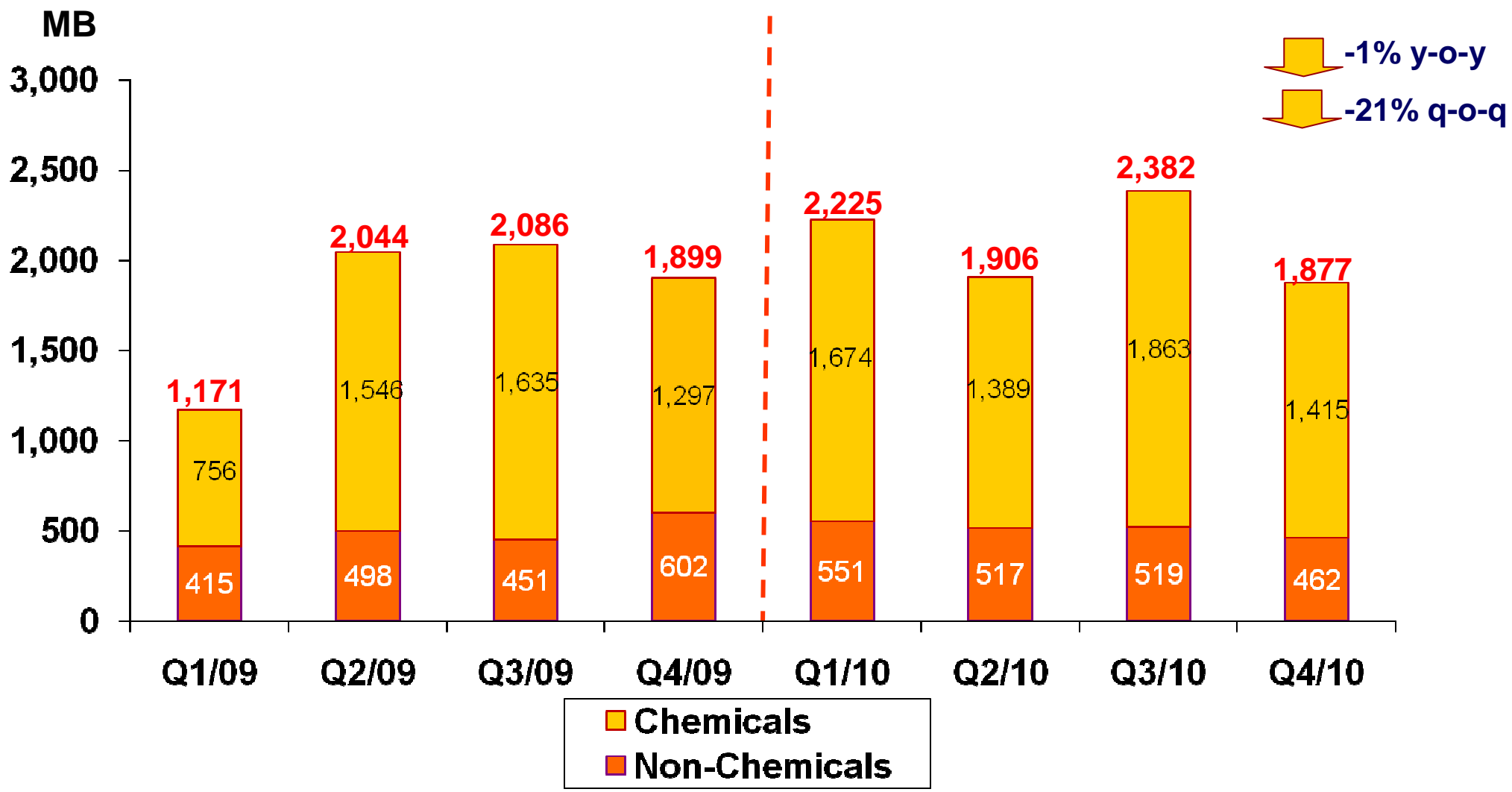


Note: EBITDA = EBITDA from Operations + Dividend from Associates

Net Profit: Net Profit grew to 16,673 MB, following the 9,963 MB non-recurring item by SCG Chemicals.



Equity Income: Dropped slightly by 1% y-o-y, but decreased 21% q-o-q.



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Net Profit without non-recurring items:

Chemicals accounted for 42% in FY2010, while SCG

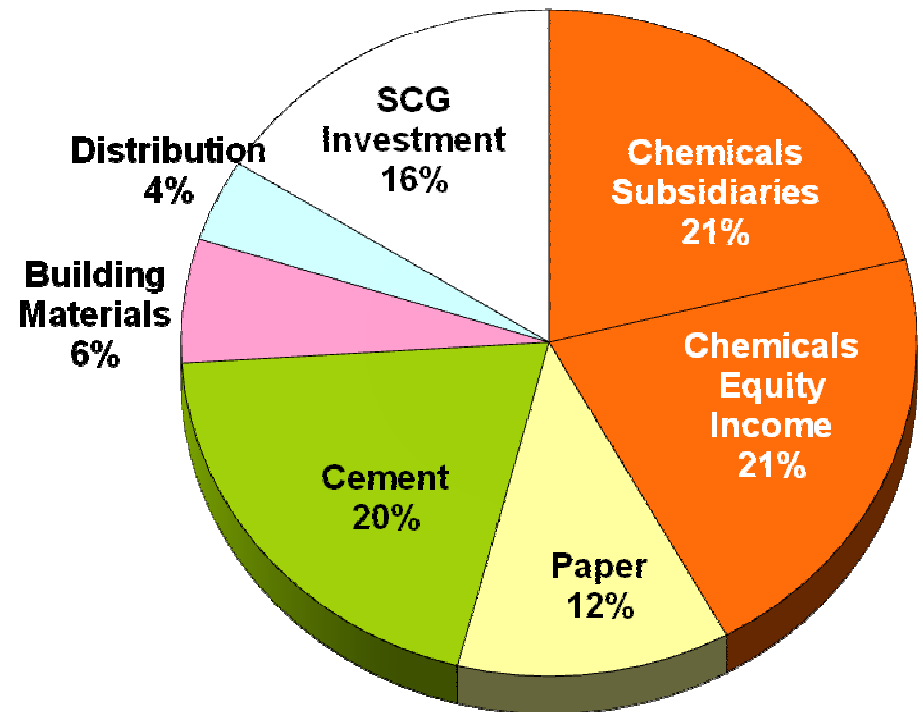
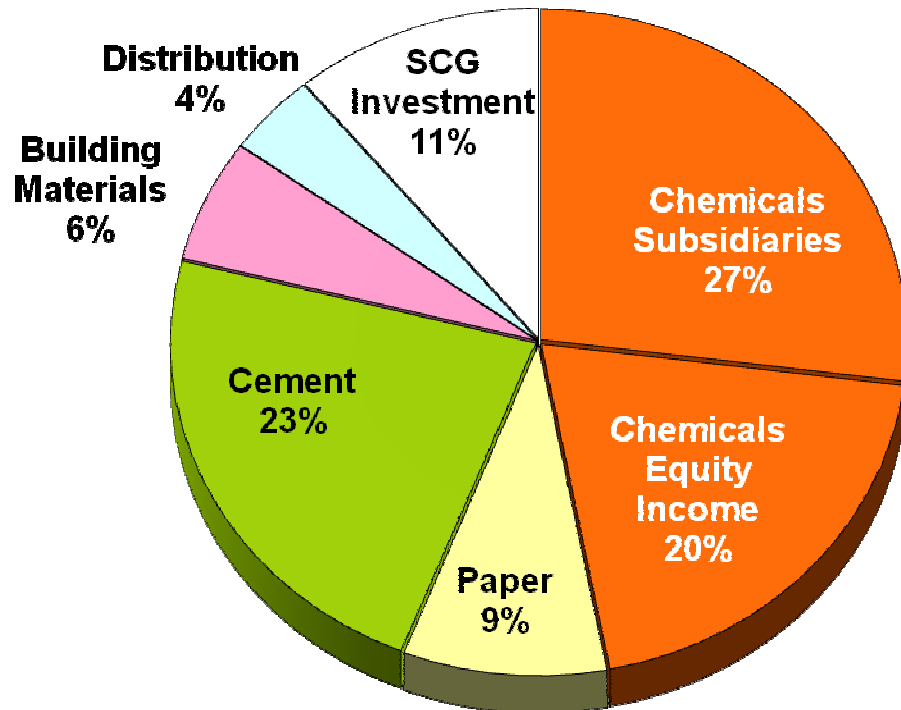
Investment grew to 16% in FY2010 from 11% a year ago.



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FY2009
24,408 MB

FY2010
27,387 MB (+12% y-o-y)



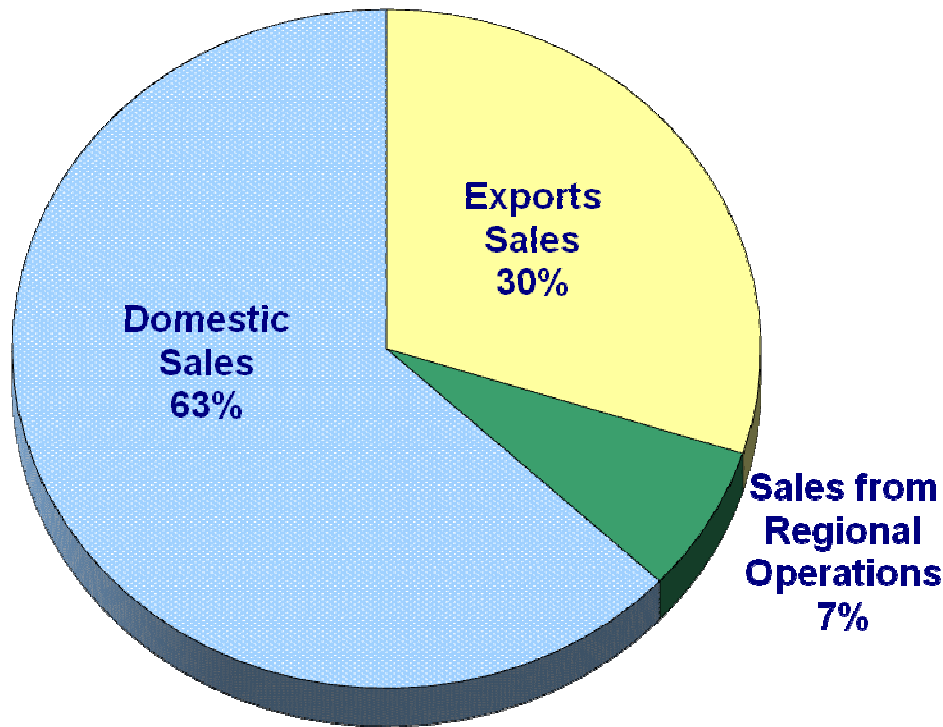
SCG Investment's net profit is comprised of equity income and dividend received from companies whereby SCG's stakes is less than 20%.

Export Destinations: Export sales and sales from SCG's regional operations were 37% of Net Sales, while exports to ASEAN grew to 40% from 37% (FY2009).

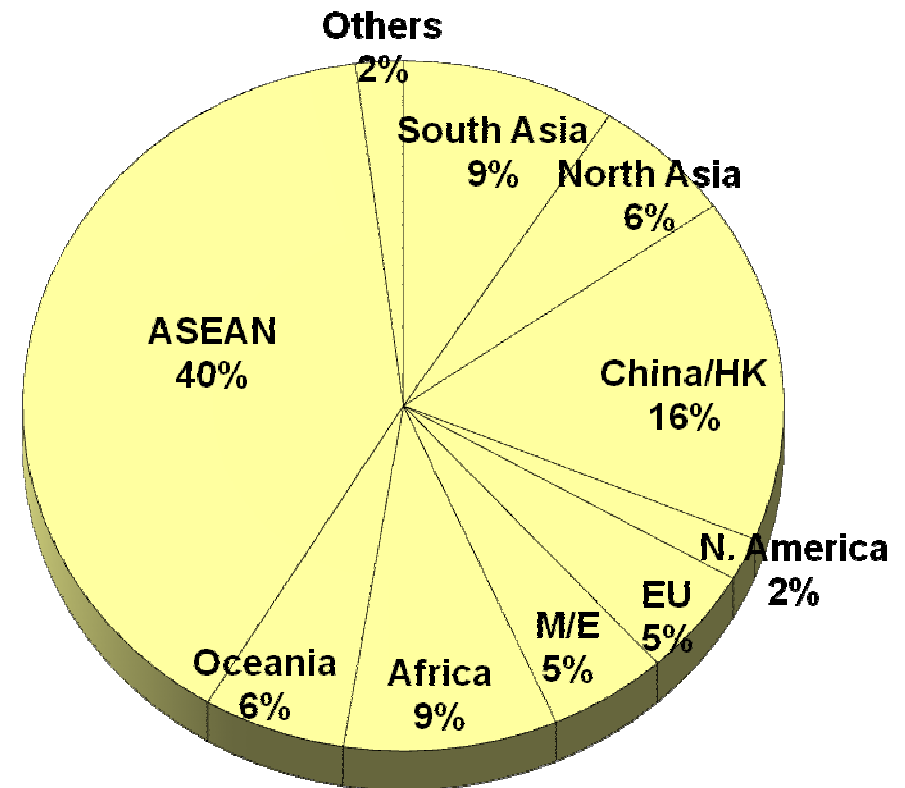


slide 9

Net Sales
FY2010



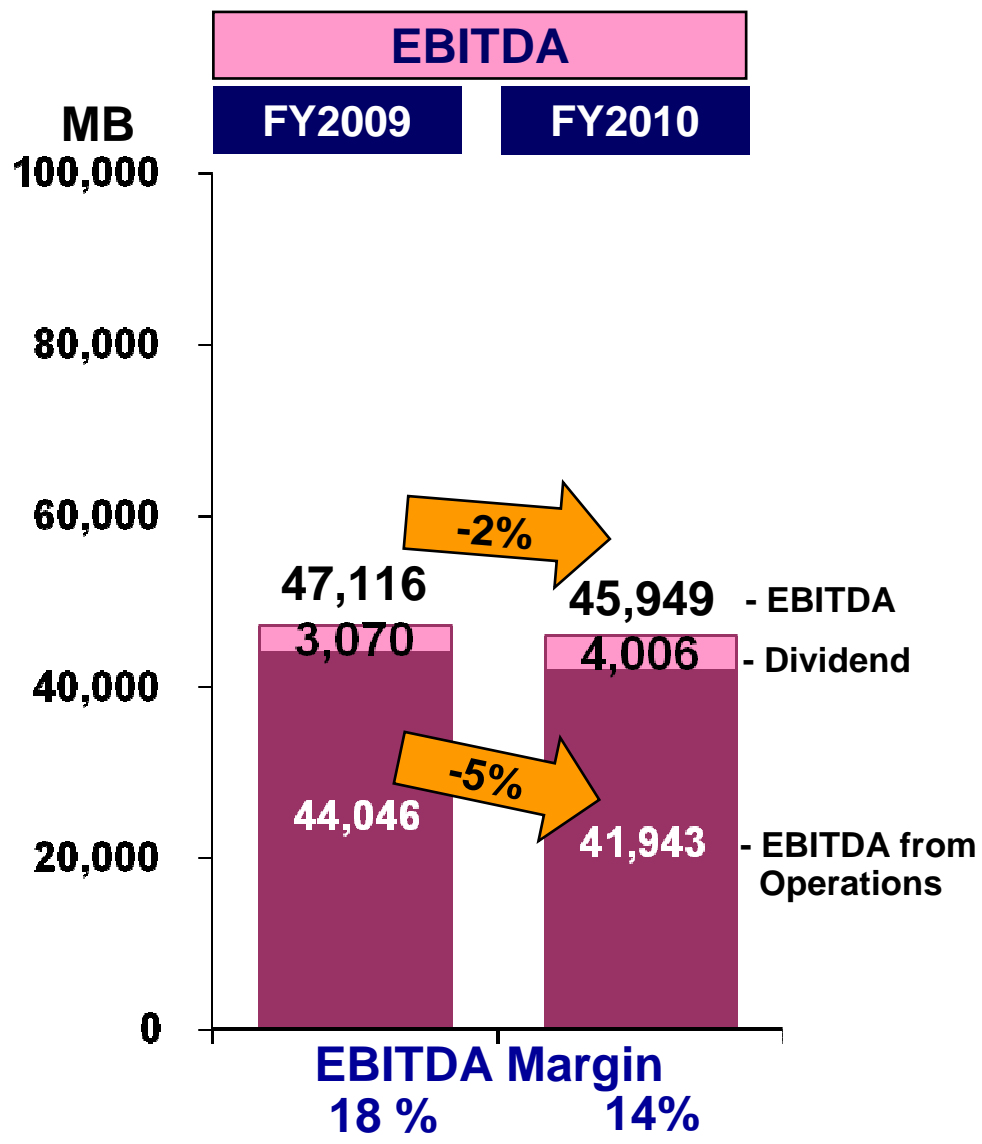
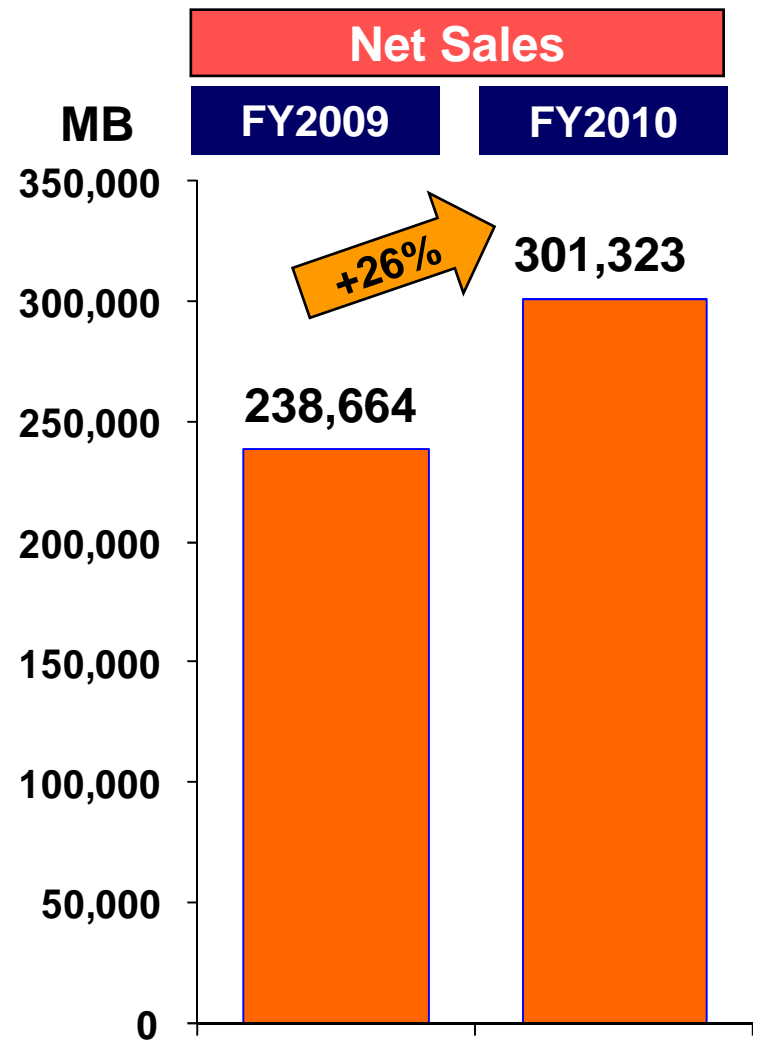
Export Destinations
FY2010



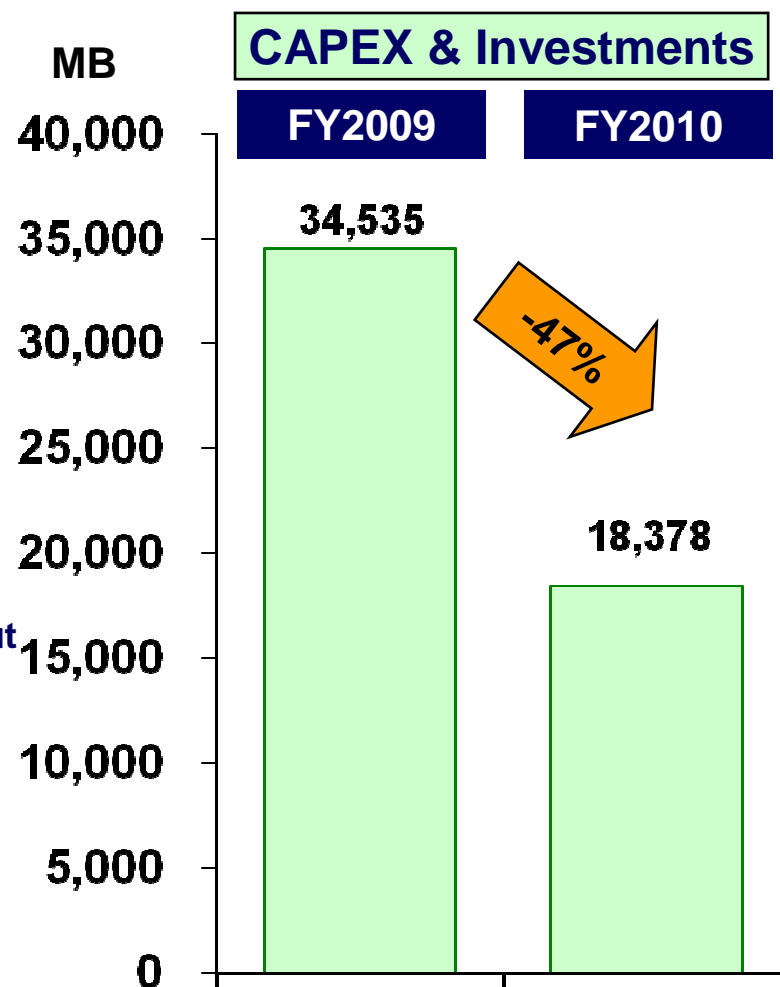
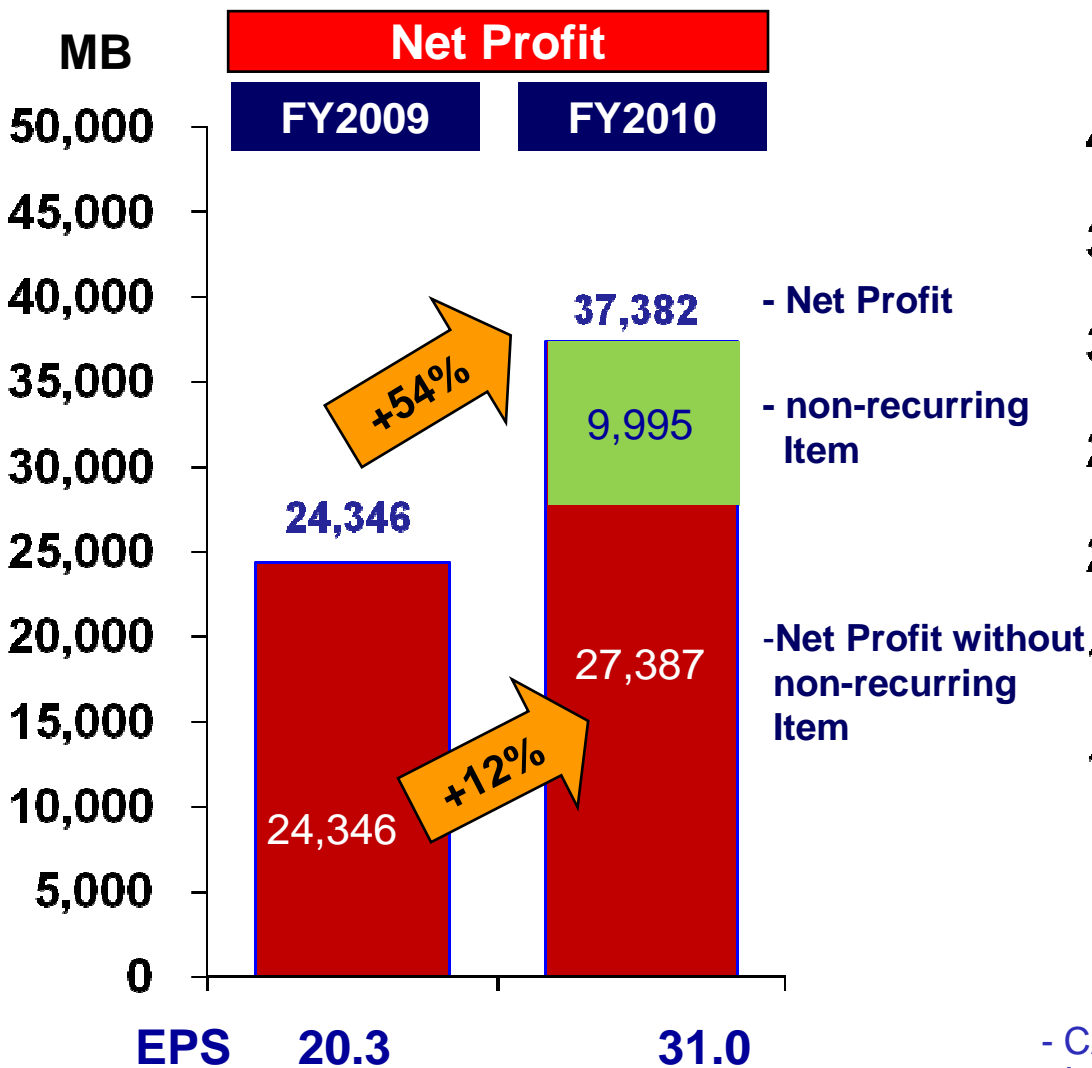
Regional Operations - subsidiaries in Vietnam, Indonesia, Philippines, Cambodia, Singapore and Malaysia.

Export Destinations - from Thailand.

FY2010 Sales & EBITDA: Sales grew 26% y-o-y with additional chemicals and paper capacity, while EBITDA dropped 2% y-o-y as a result of the chemicals trough.



FY2010 Net Profit & CAPEX: Earnings increased 54% y-o-y with the non-recurring item, while CAPEX and Investment decreased to 18,378 MB.



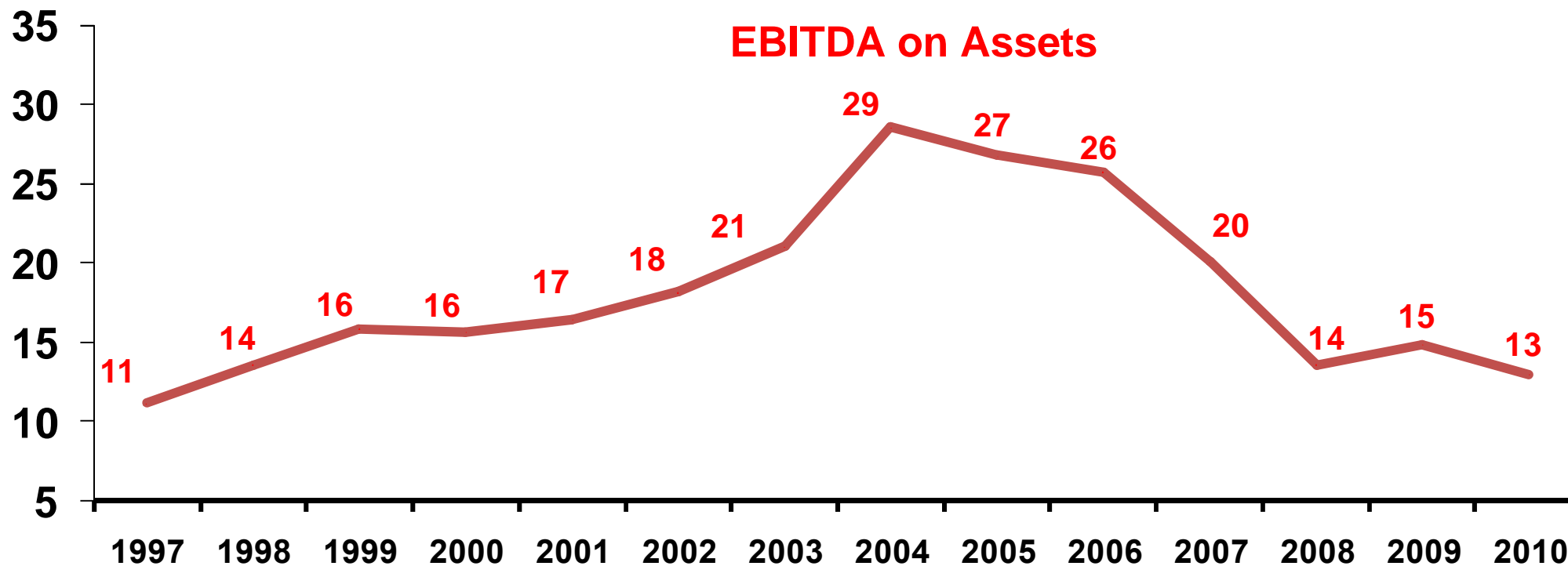
- CAPEX includes debottlenecking and expansion projects.
- Investments are acquisitions and purchase of shares.
- Maintenance CAPEX spending is expensed and is included in EBITDA figure (as per Thai-GAAP).

EBITDA on Assets, and EBITDA Margin



slide 12

Percent (%)



EBITDA Margin

24%	23%	27%	23%	22%	22%	23%	26%	22%	19%	16%	14%	18%	14%
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EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

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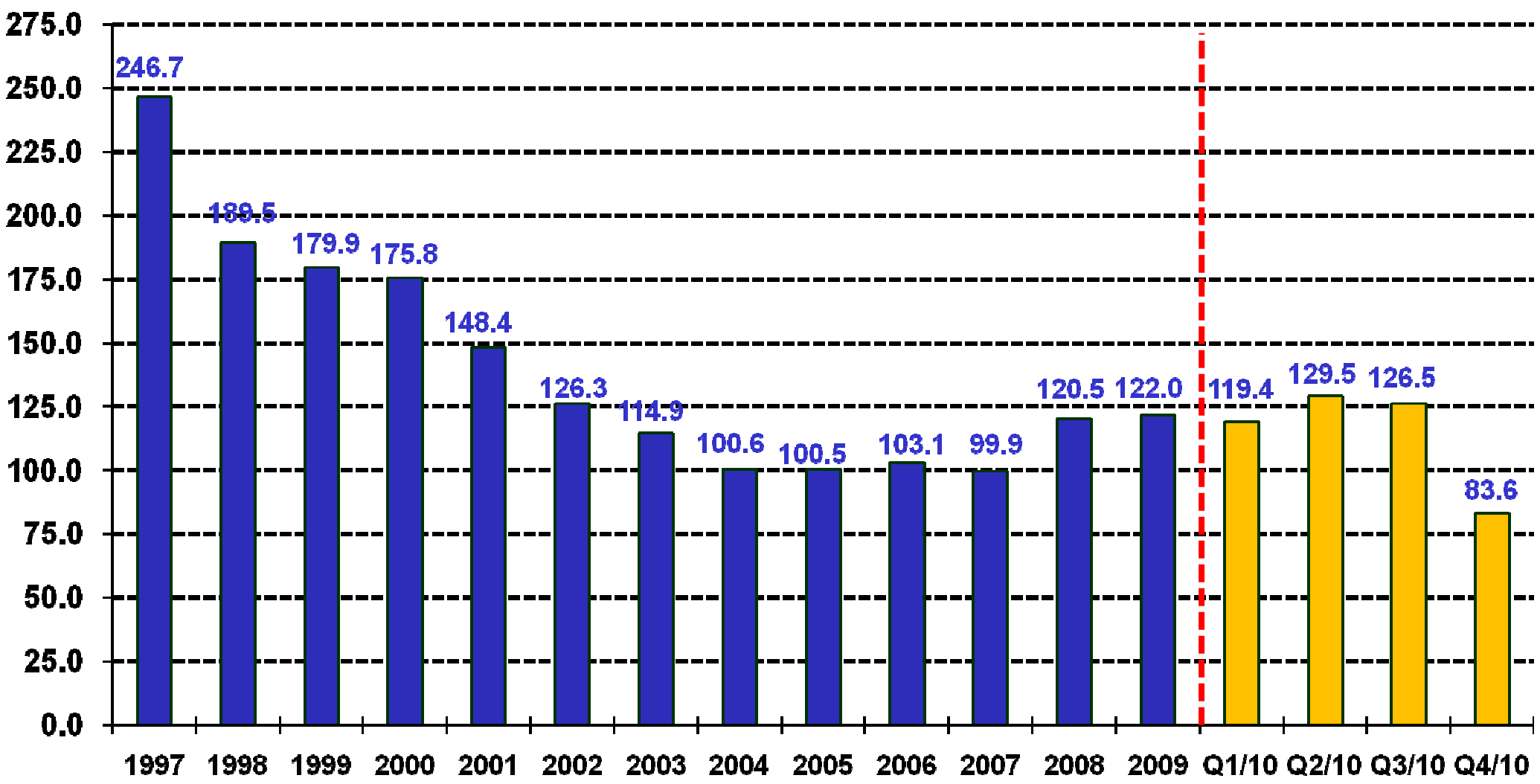
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Net Debt: Decreased 42.9 Billion Baht from Q3/10.



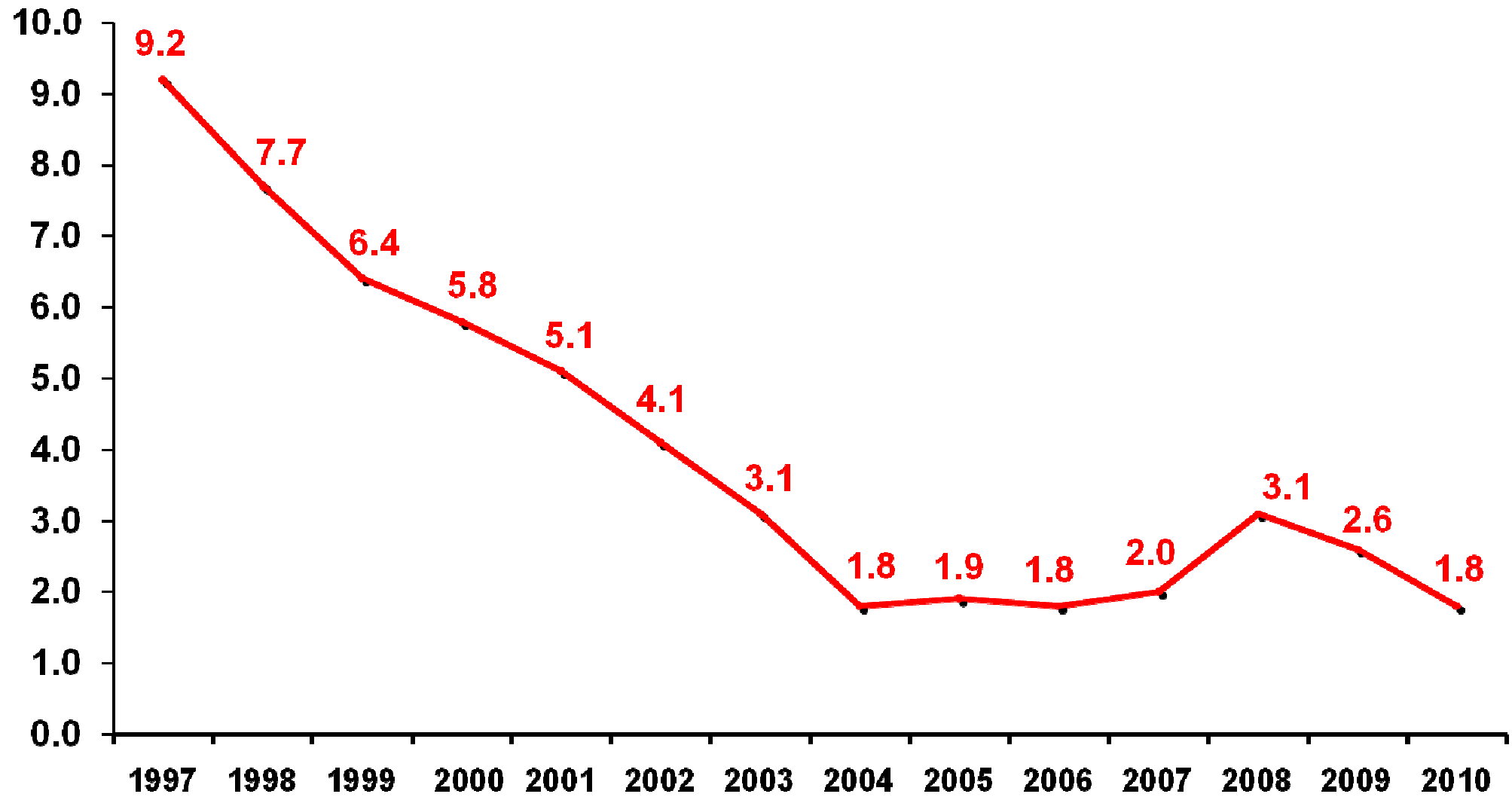
Billion Baht



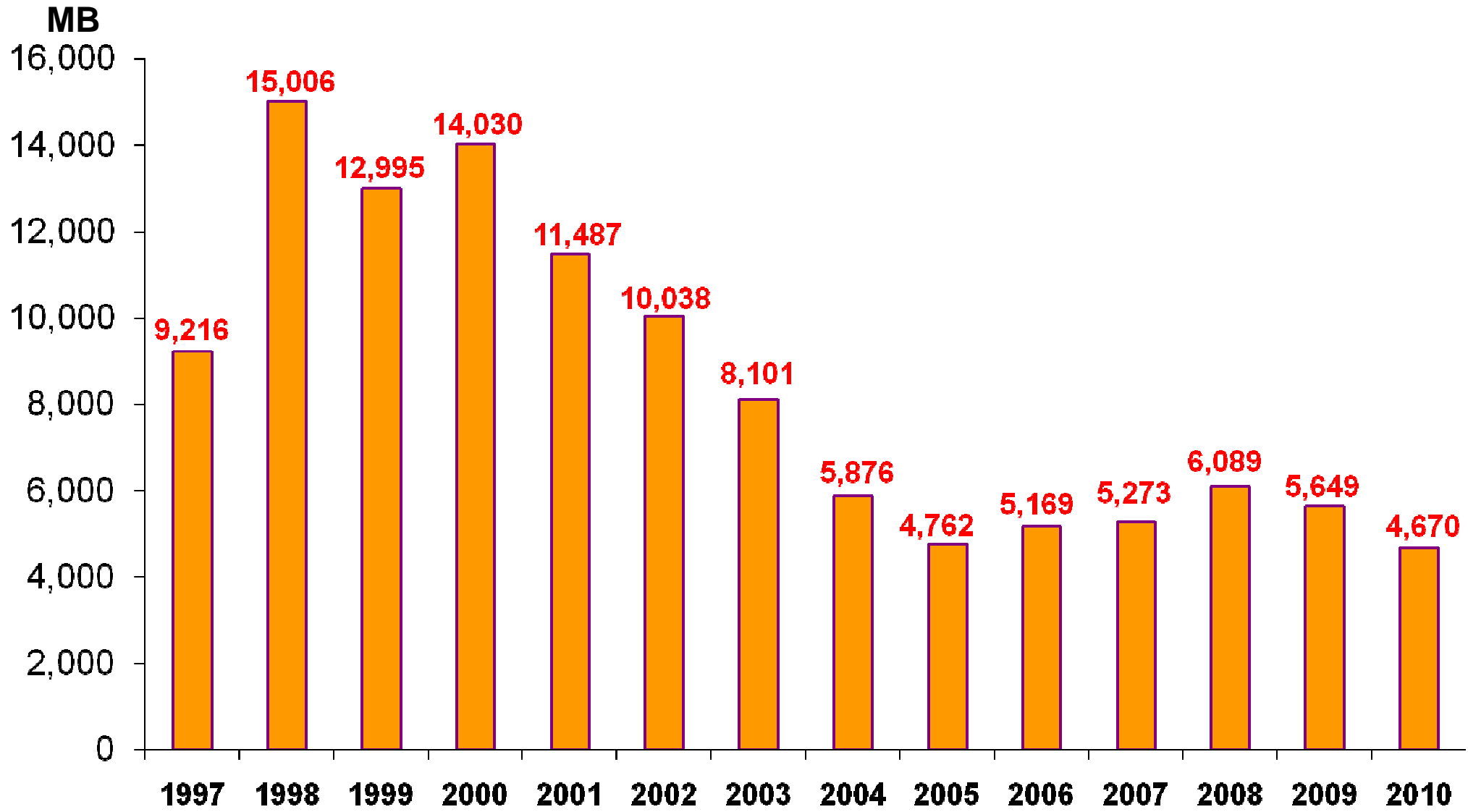
Net Debt on EBITDA Ratio



Times (x)

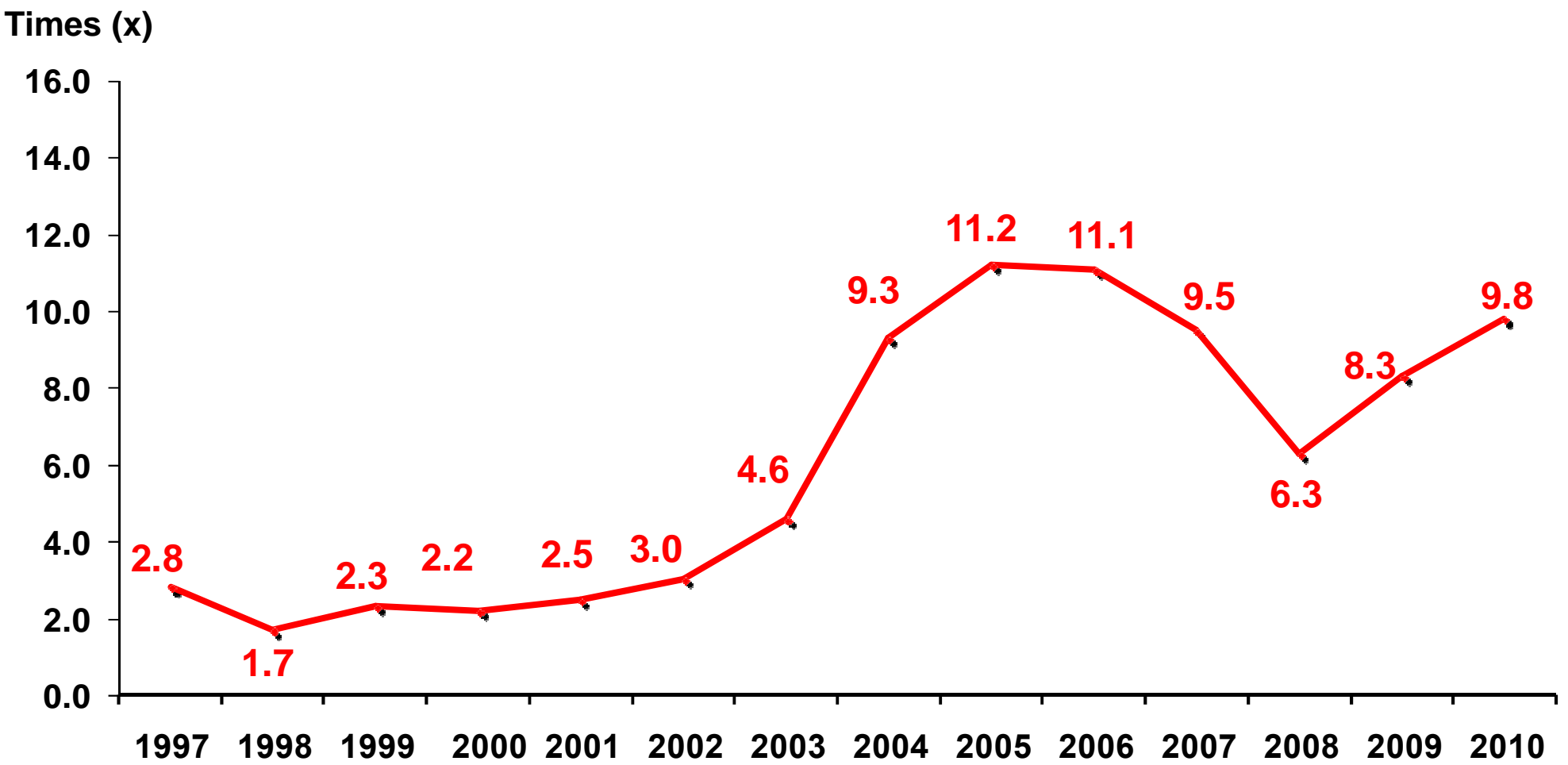


Finance Costs: amounted to 4,670 MB with average interest cost of 4.5% at the end of Q4/10.



NOTE: Interest & financial charges includes FX gain/loss transactions

Interest Coverage Ratio



Note: Interest Coverage Ratio = EBITDA / Interest Expense

- H2/10 dividend of 8.0 Bt/share (9,600 MB), and is payable on Apr 27/11. In total, the FY2010 dividend amounted to 12.5 Bt/sh or 40% of FY2010 net profit.
- Net Working Capital decreased to 39,356 MB, from 40,663 MB in Q3/10.
- Cash on hand of 69,827 MB at the end of Q4/10.
- Solid base of debenture holders, with full subscription to the 5,000 MB debenture (4 yr, 3.85%) issued on Oct 1/10 to refinance the matured 5,000 MB tranche (4 yr, 6.25%).

- Solid financial position, and continued efforts on regional business expansion and M&A activities.
- Active management of cash-on-hand, with secured return guarantees, in order to minimize the carrying cost.
- Continued FX hedging management which currently accounts for approximately half of the net FX exposure.
- Maturing debenture for FY2011 of 25,000 MB, compared to 15,000 MB in FY2010. These maturing debentures carry average coupon of 5.25% (Apr/11 15,000 MB @ 5.75%, and Oct/11 10,000 MB @ 4.5%). The Apr/11 will be retired with a new four year 15,000 MB issuance, and at a coupon to be finalized.

Accounting Updates:

Changes to SCG's accounts in 2011 following the adoption of IFRS in Thailand.



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Statement of Financial Position (Balance Sheet)

- One-time provision to recognize employees' past service benefits, as reflected by the approx 3,300 MB increase to the total liabilities, and the approx 2,300 MB charge to retained earnings.

Statement of Comprehensive Income (Statement of Income)

- On going recognition of future employee benefits of approx 350 MB per annum, and is considered non-cash.

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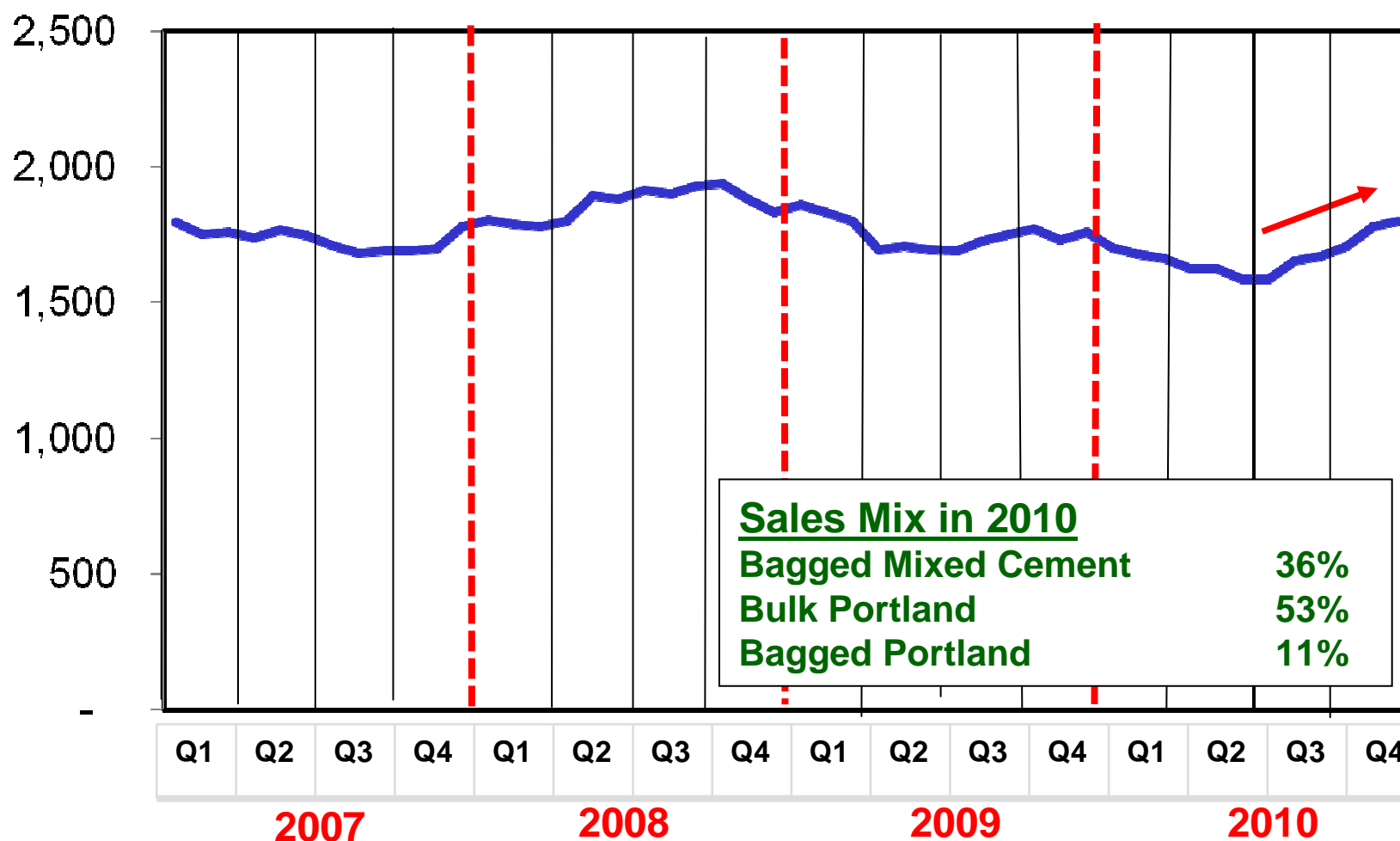
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SCG's average domestic cement price increased to 1,700-1,800 baht/ton as the domestic demand increased 4% y-o-y. Total demand in FY 2010 grew 10% y-o-y



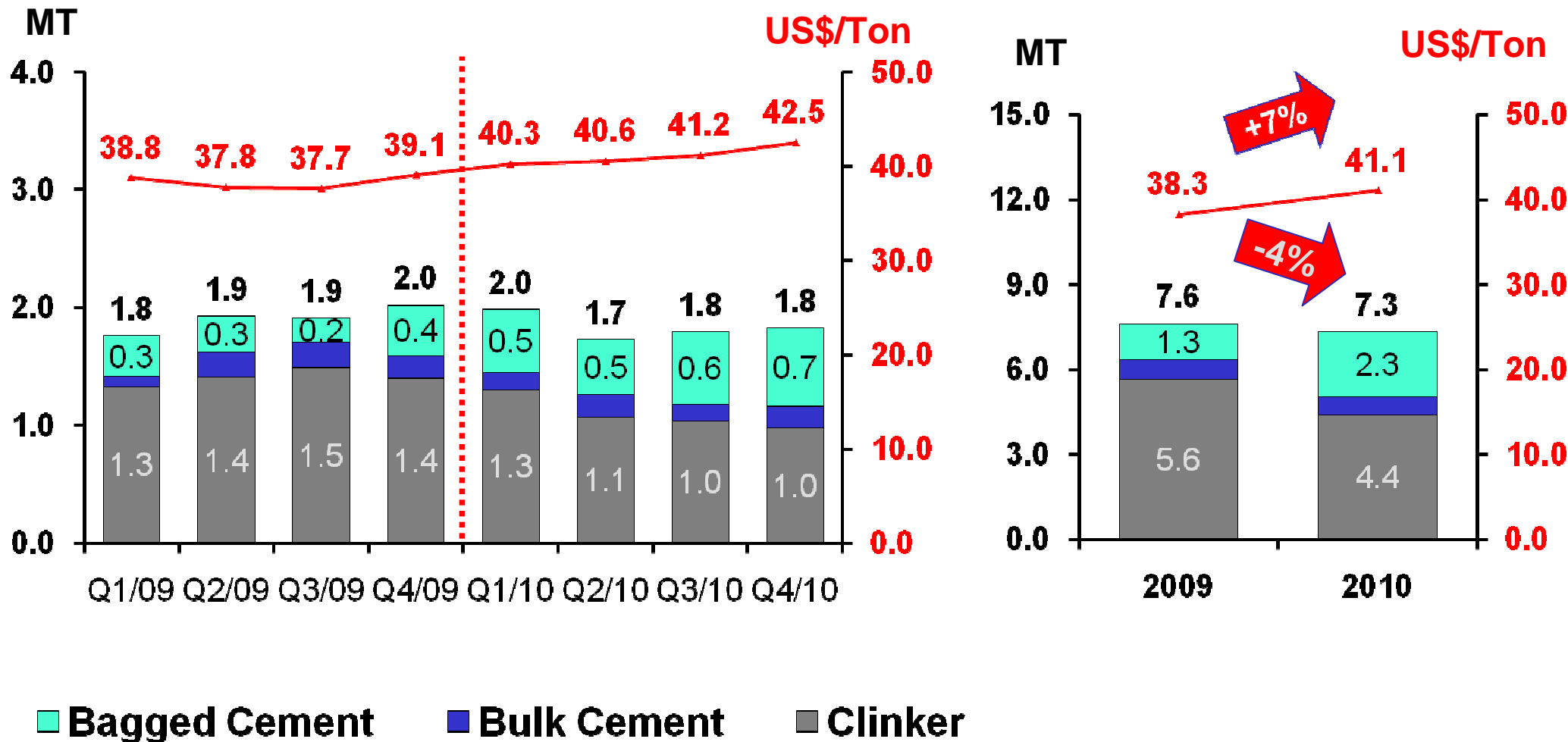
Average Domestic Price of Grey Cement (Net ex-factory)

Baht/Ton



Q4/10 export sales volume remained stable q-o-q while the average FOB price was increased to \$42.5/ton

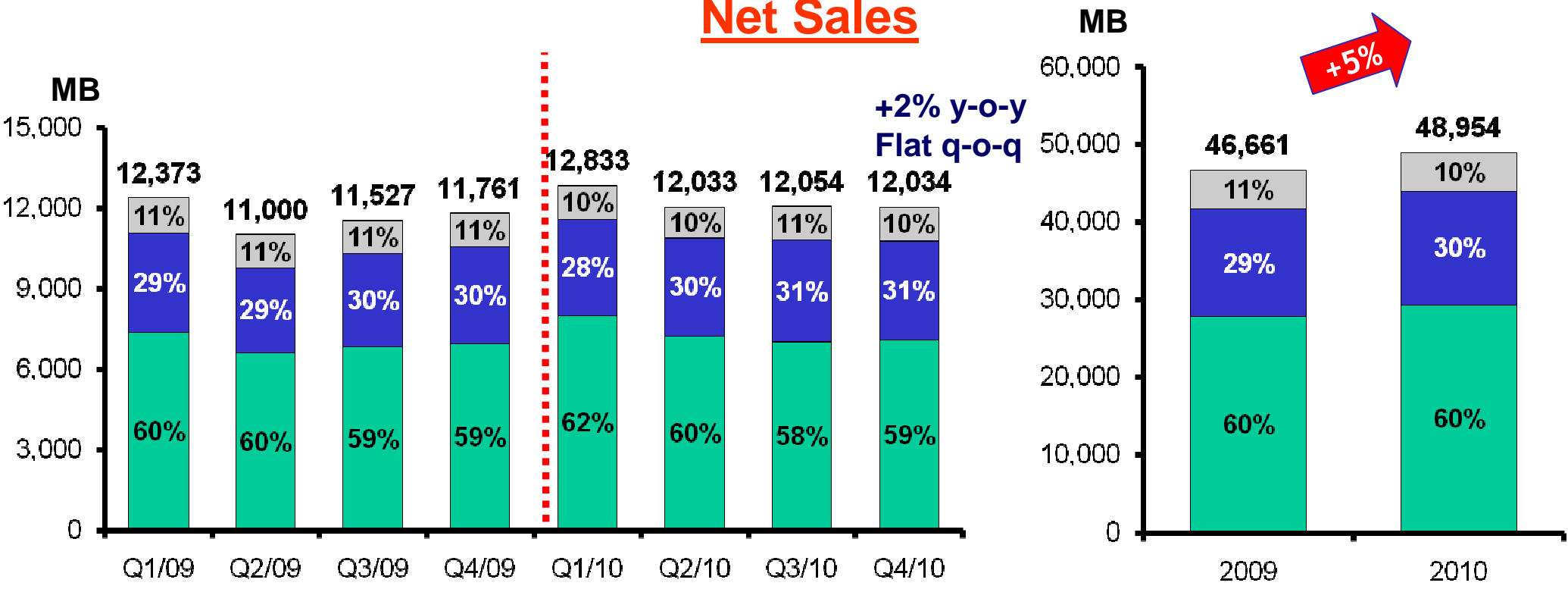
Export Volume and Avg FOB Prices



Q4/10 Net Sales increased 2% y-o-y from price increase and higher domestic sales volume



Net Sales



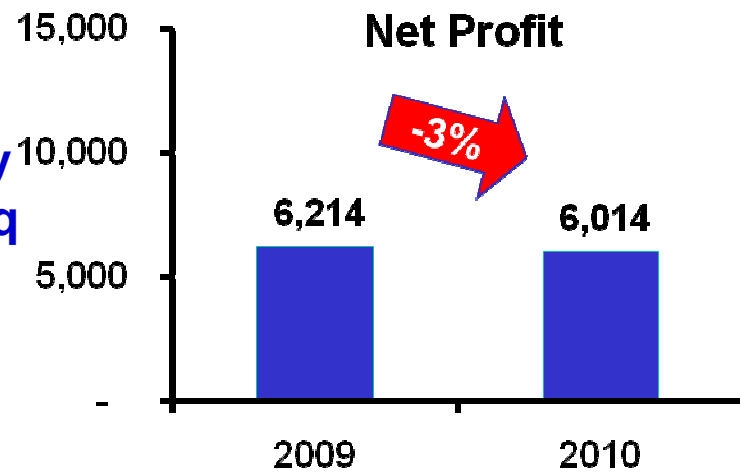
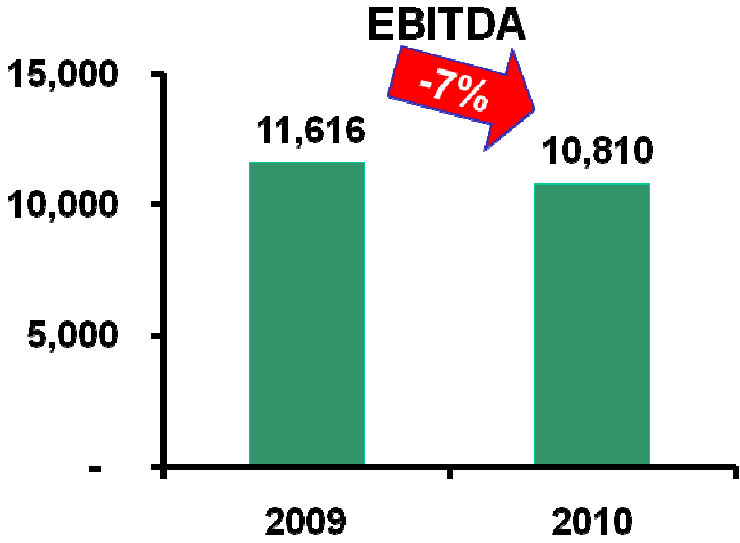
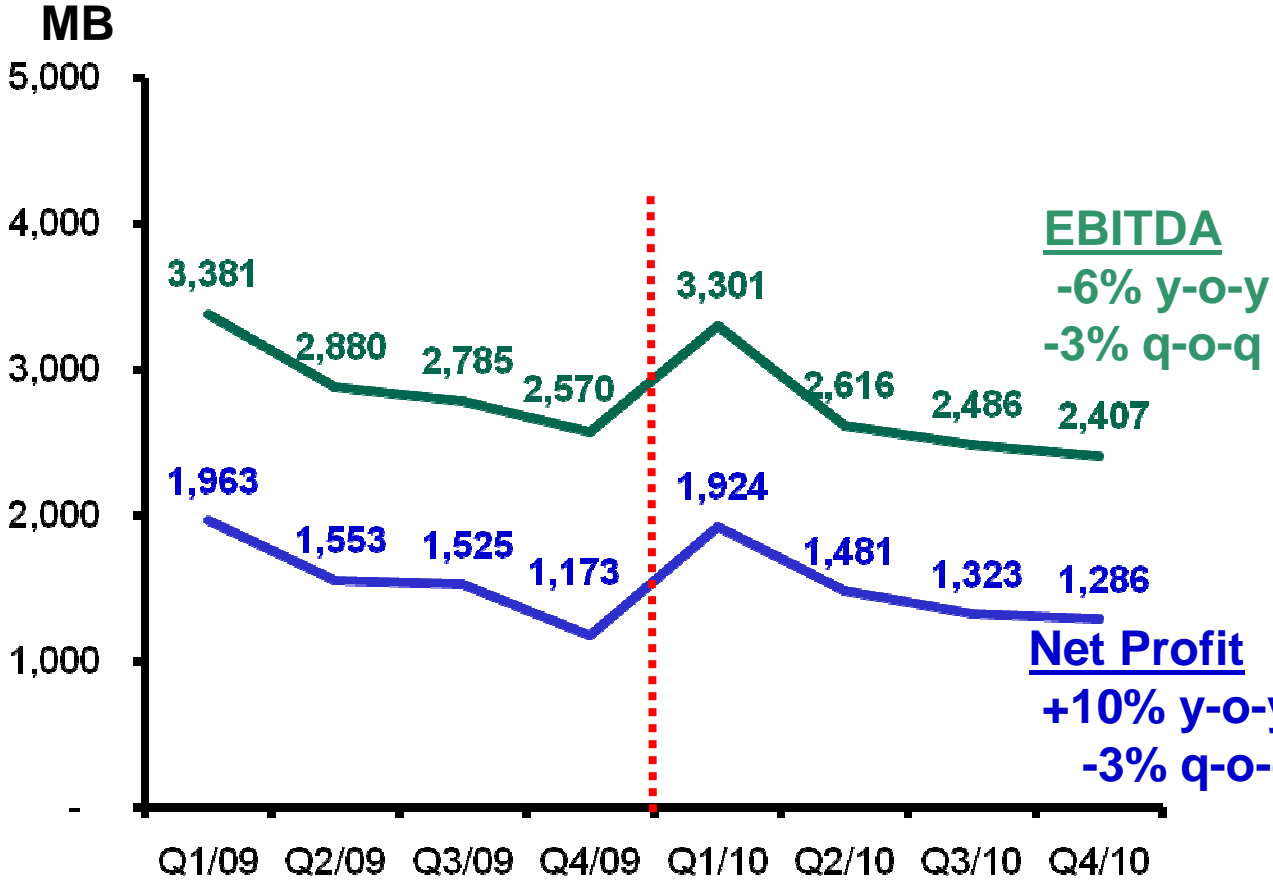
SUM ■ Other ■ RMC & Precast

20	22	20	22	21	19	19	18	21	19
Export Sales, as a % of Net Sales									

Q4/10 EBITDA decreased 6% y-o-y, due to higher power cost and increased maintenance expenses



EBITDA & Net Profit



EBITDA Margin (%)	27	26	24	22	26	22	21	20
	← 25				← 22			

- FY2011, domestic demand is expected to continue to grow at a slower rate of at least 5%.
- The contributing factor is the sign of recovery in commercial sector, couple with ongoing moderate expansion in residential and infrastructure sector.
- FY2011 export volume is anticipated to remain at the same level of that of last year.

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Market Insight

- Naphtha prices increased to \$803/ton (up 21% q-o-q and 18% y-o-y) along with the rise of crude oil prices from winter season and naphtha shortage situation in China.
- In line with high feedstock cost, monomer and polymer prices rose on the back of strong demand in China from cracker turndown and major M/E olefins plants turnaround.

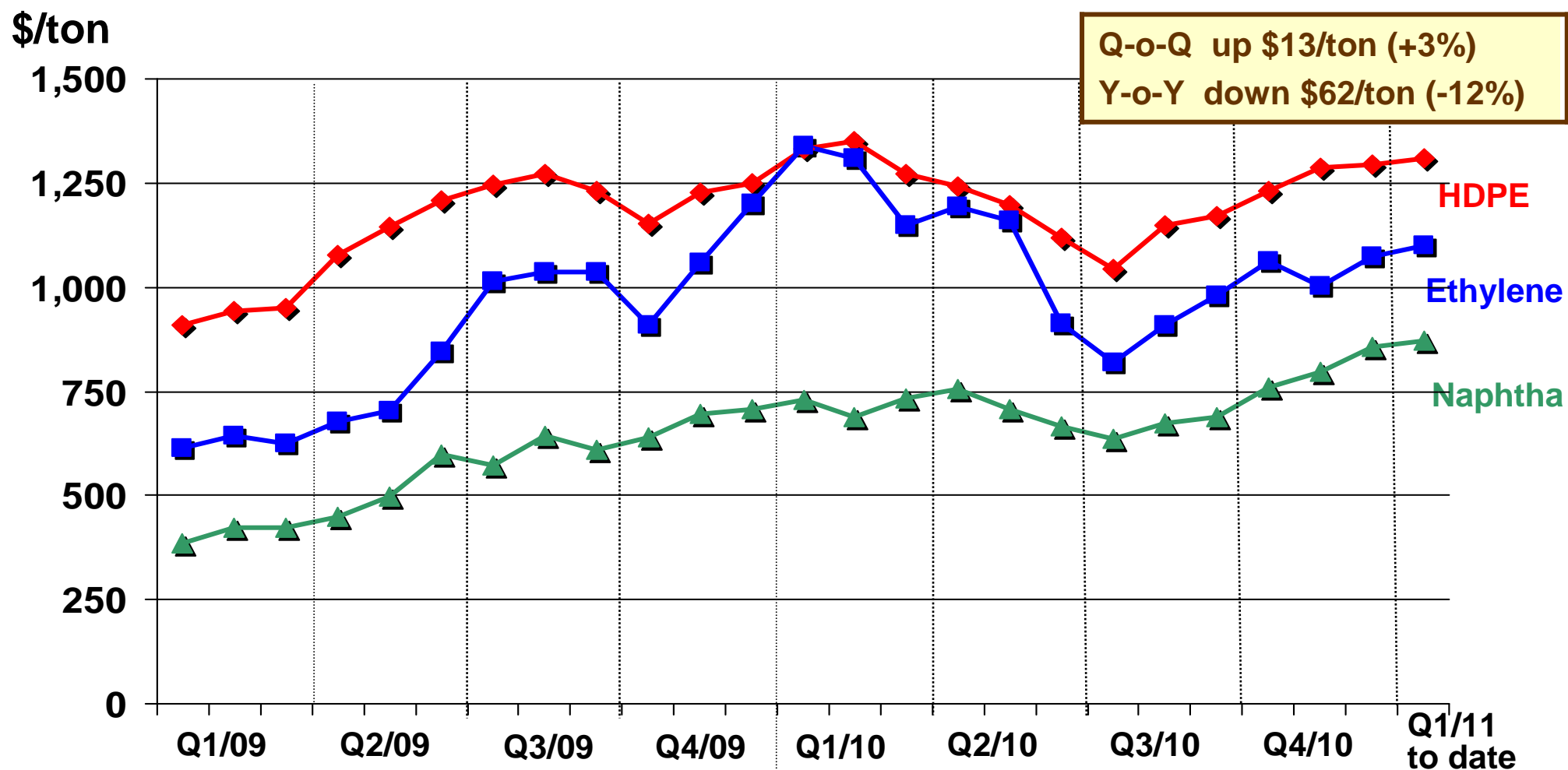
SCG's Activities

- Completion of ROC's maintenance shutdown ahead of schedule with new maintenance process that reduced 50% GHG emission and 10% water consumption.
- Start up of new plants: LLDPE (350 KTA) and MMA (90 KTA).

HDPE – Naphtha Price Gap



...increased 3% q-o-q to \$467/MT following cracker turndown in China due to naphtha shortage



Q-o-Q up \$13/ton (+3%)
Y-o-Y down \$62/ton (-12%)

HD-Naphtha Spread (\$/T)	523	630	640	529	602	477	455	467	→
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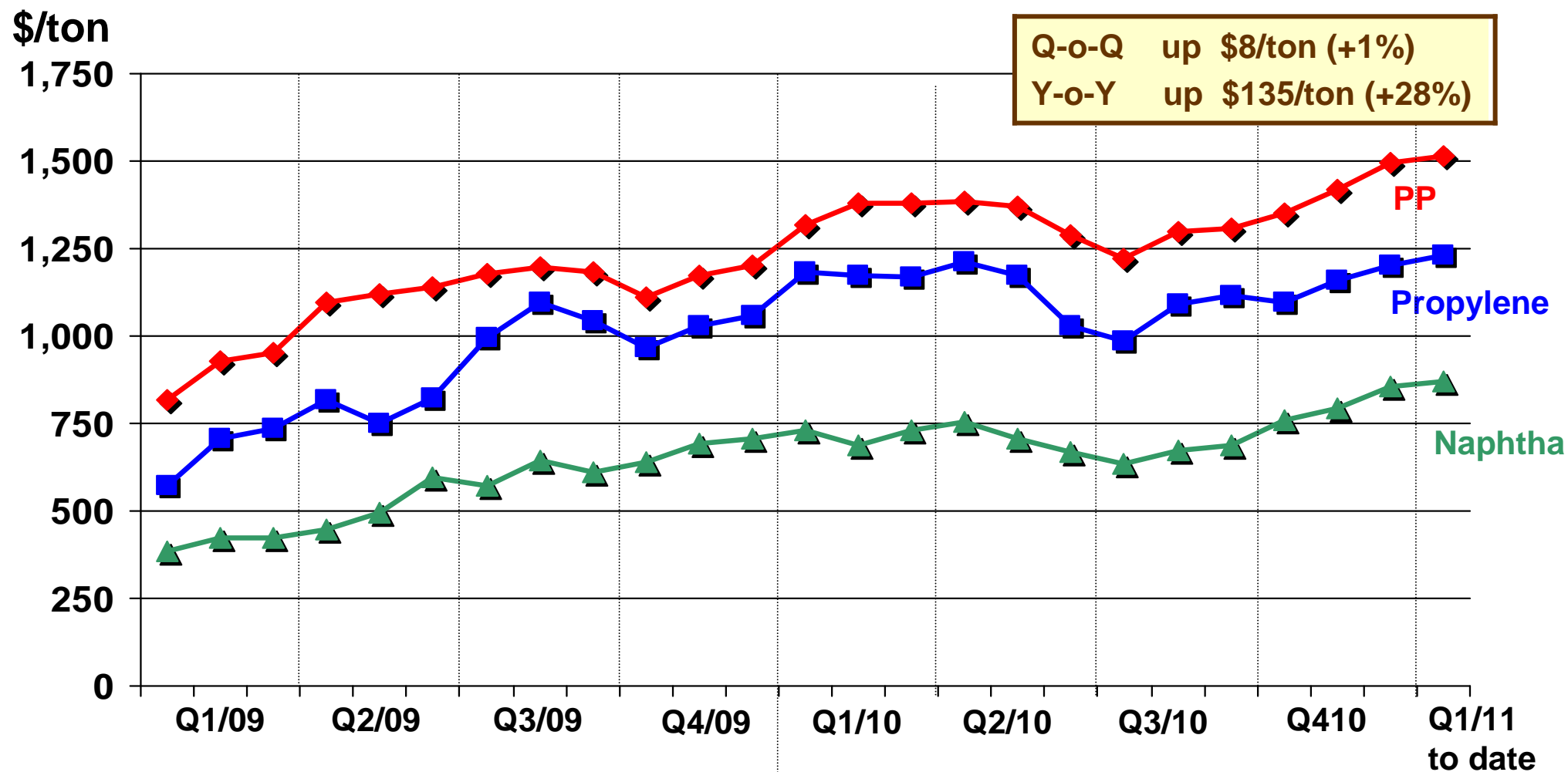
Note: Prices refer to SEA regional prices

PP – Naphtha Price Gap



slide 30

...regional demand remained strong as margin maintained firm above \$600/ton level



PP-Naphtha
Spread (\$/ton)

488

604

576

483

643

638

611

619

538

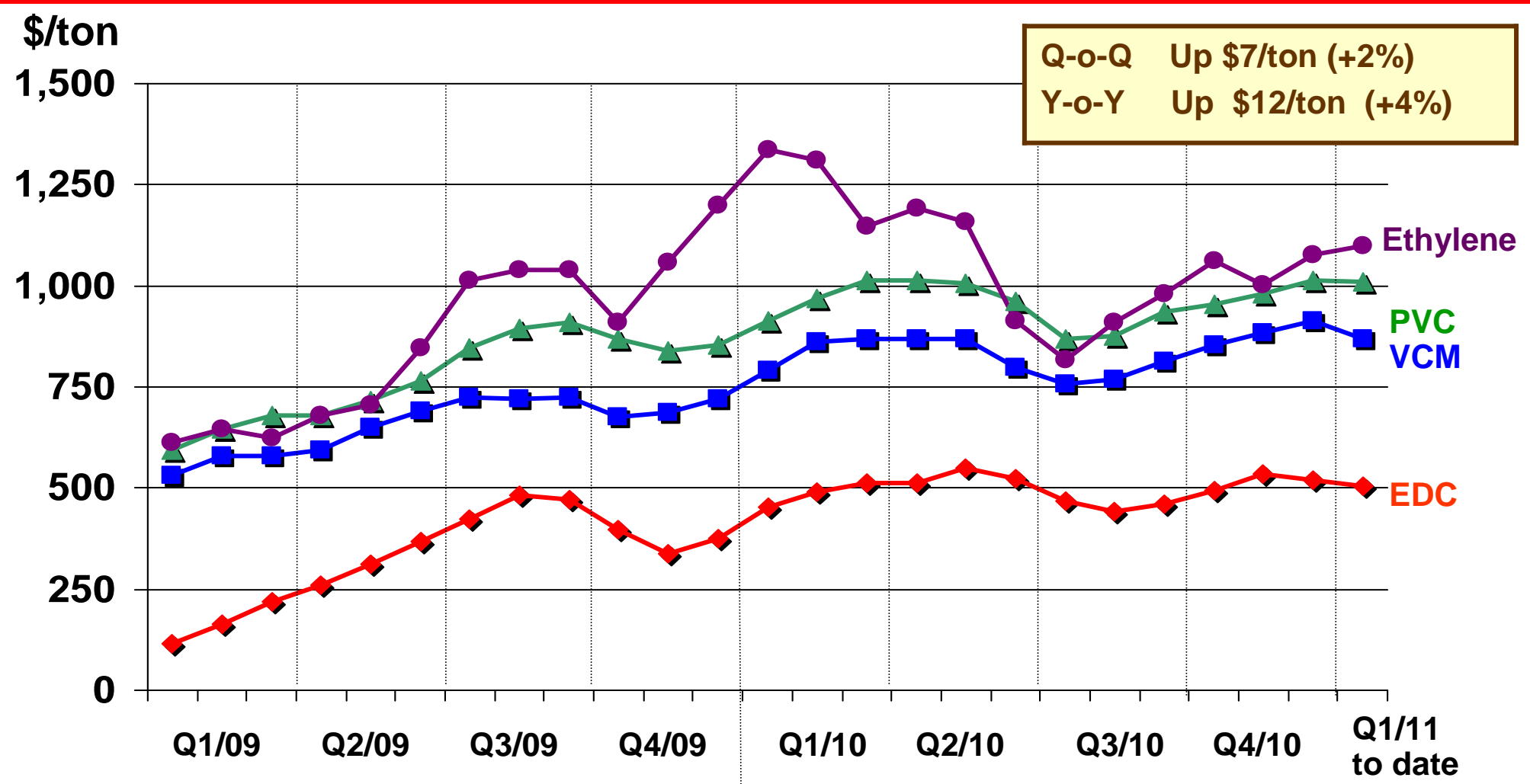
627

Note: Prices refer to SEA regional prices

PVC



...PVC margin was stable q-o-q, amid tight regional supply following production slow down of Chinese producers slide 31



PVC-EDC/C2	358	292	269	307	277	310	311	319	
Spread (\$/ton)	← 307 →			← 304 →		→			

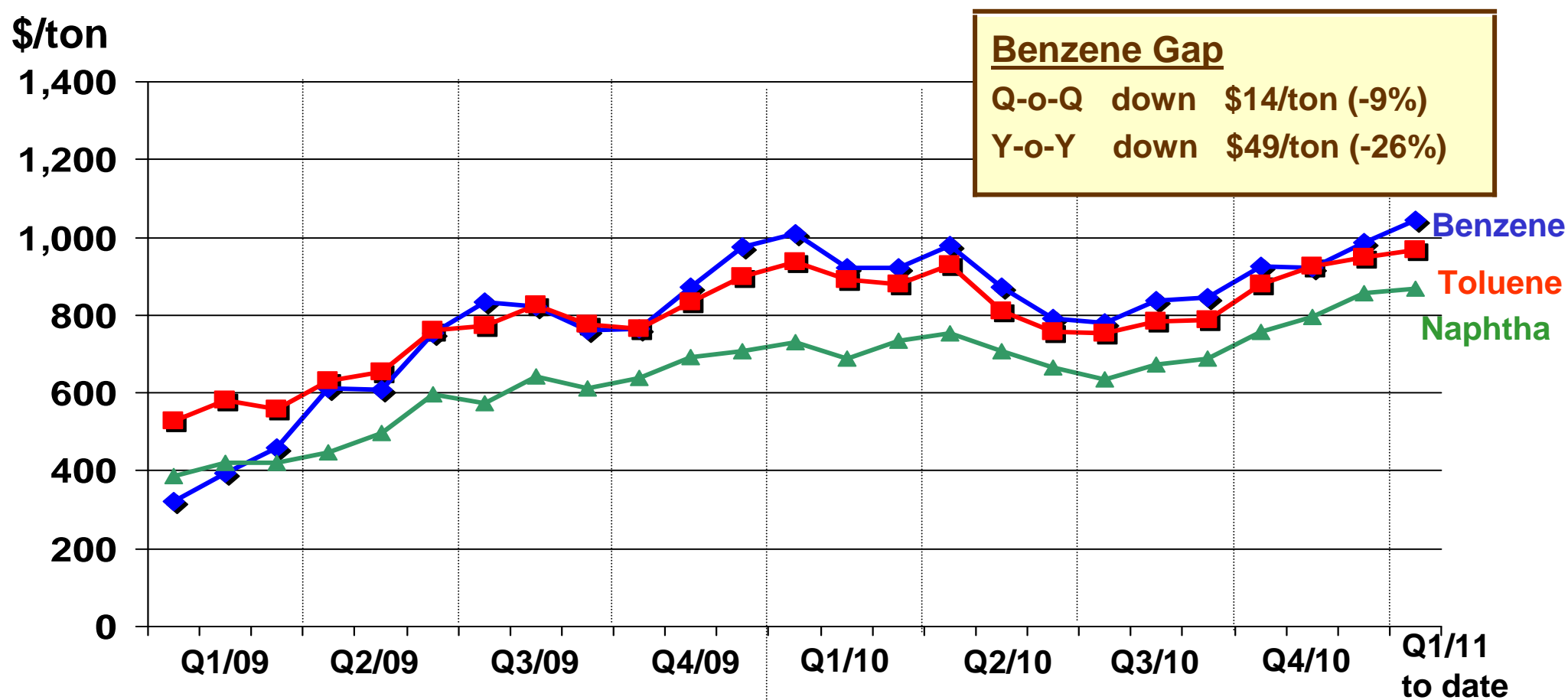
Prices refer to FE regional prices

Benzene & Toluene



...Benzene-Naphtha gap decreased 9% q-o-q to \$142/ton from surplus supply and rising feedstock price

slide 32



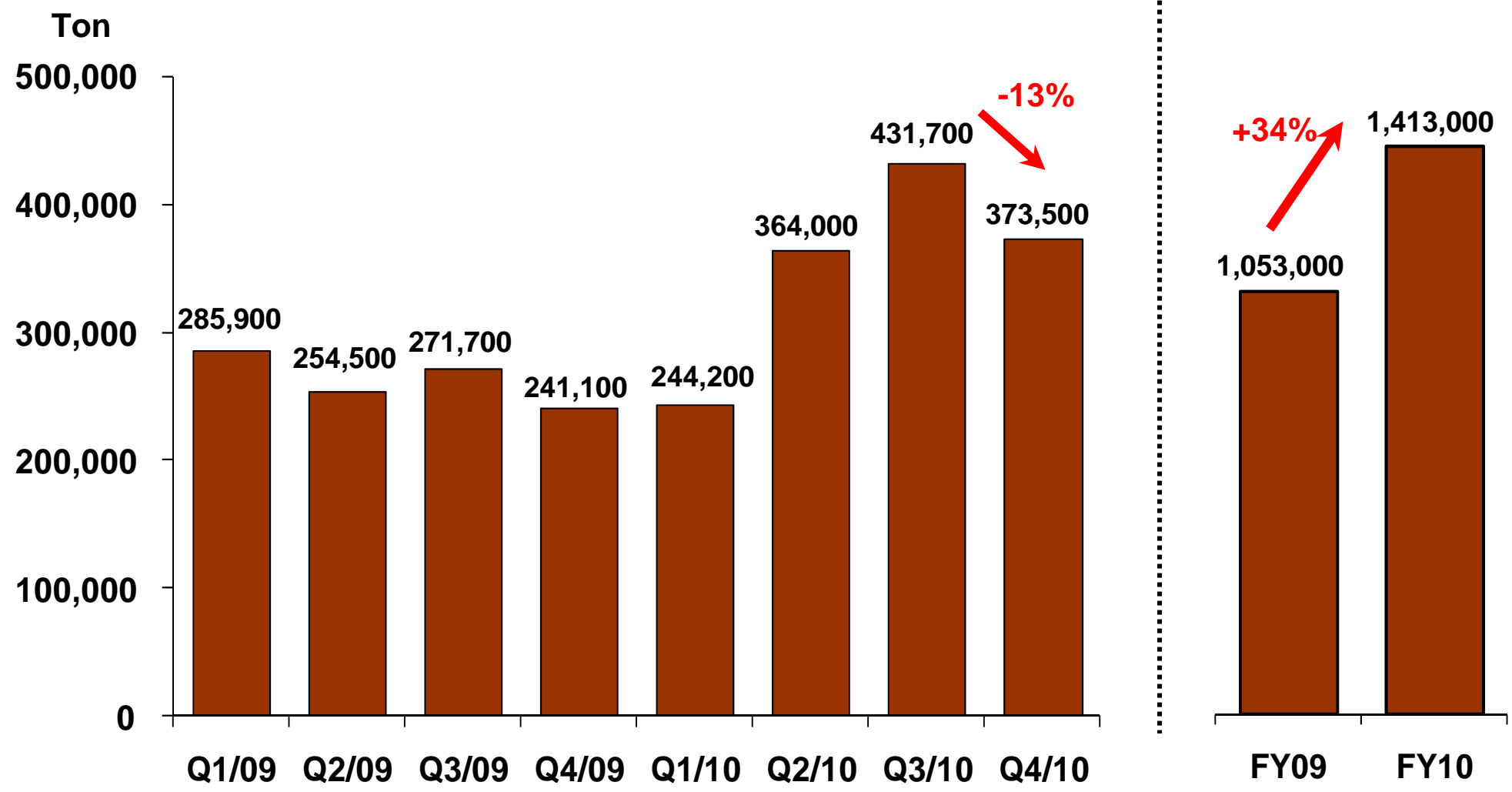
BZ-Naphtha	-18	144	197	191	234	171	156	142	→
TL-Naphtha	145	170	182	153	186	123	110	114	
BZ Spread (\$/ton)	←		126	→	←		176	→	
TL Spread (\$/ton)	←		160	→	←		133	→	

Note: Prices refer to SEA regional prices

Polyolefins Sales Volume



...Q4/10 dropped 13% q-o-q from ROC's maintenance shutdown, but FY2010 volume grew 34% y-o-y, supported by the increased capacity of the second complex

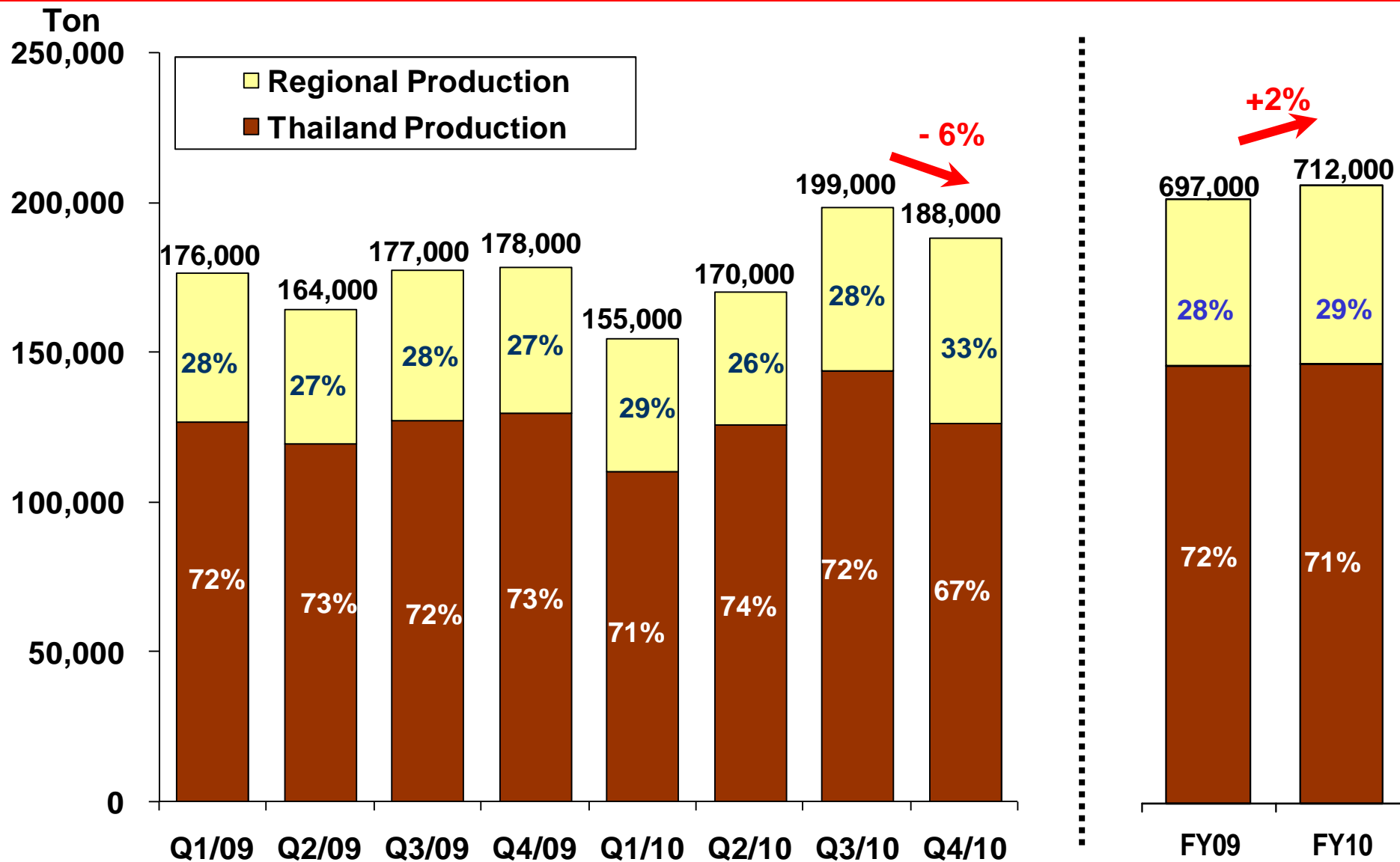


PVC Sales Volume



...Q4/10 dropped 6% q-o-q, due to the VCM plant maintenance shutdown, but FY2010 grew 2% y-o-y following the start-up of the new PVC plant in Vietnam

slide 34

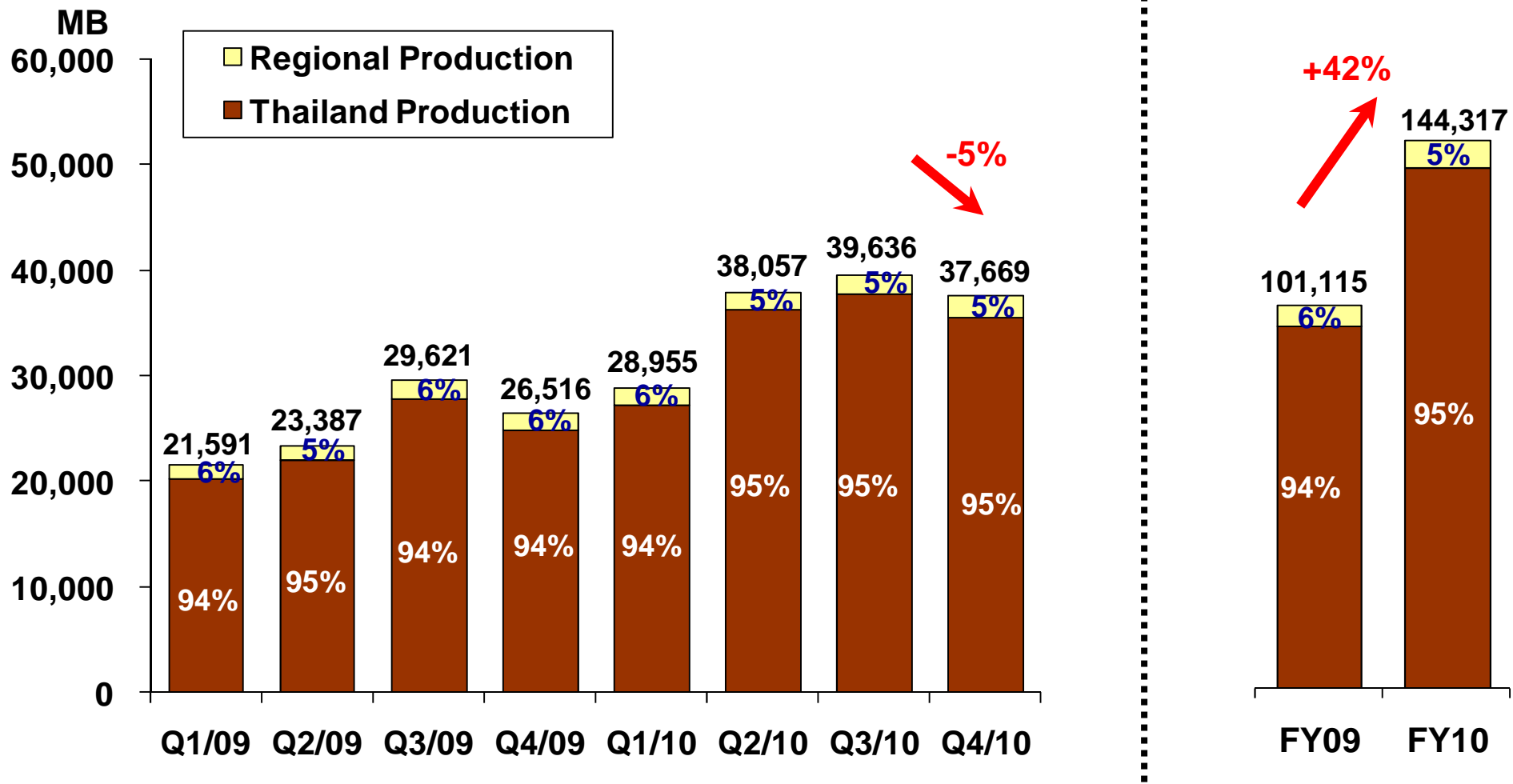


Note: *Regional Sales = Sales volume from PVC operations in Vietnam and Indonesia

Net Sales



...Q4/10 dropped 5% q-o-q from ROC maintenance shutdown, but rose 42% y-o-y in FY2010, driven by growth from additional sales volume



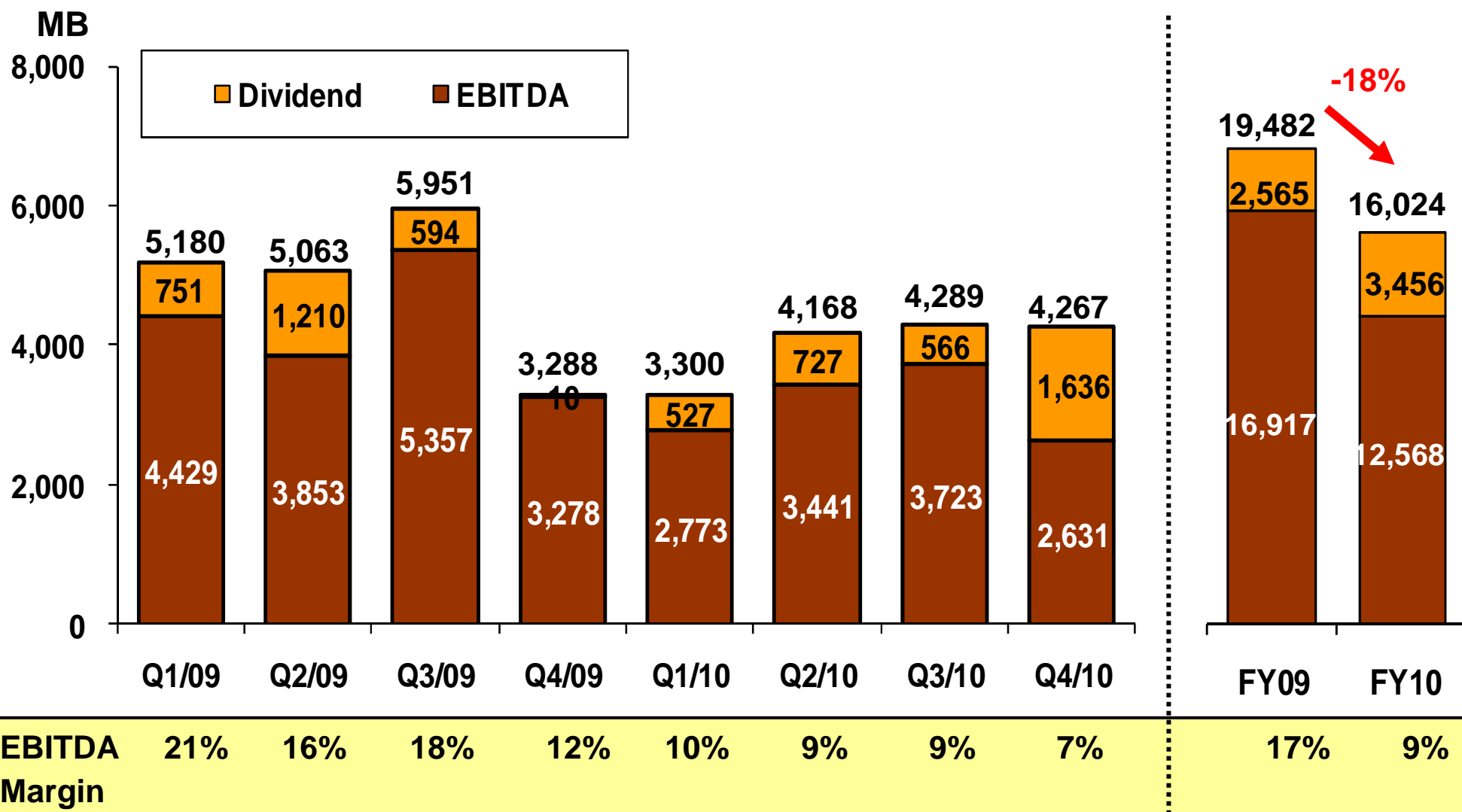
Note: * Regional = Sales revenue from PVC operations in Vietnam and Indonesia

EBITDA

...down 18% y-o-y due to squeezed margin from rising feedstock price and supply addition from China and M/E



slide 36



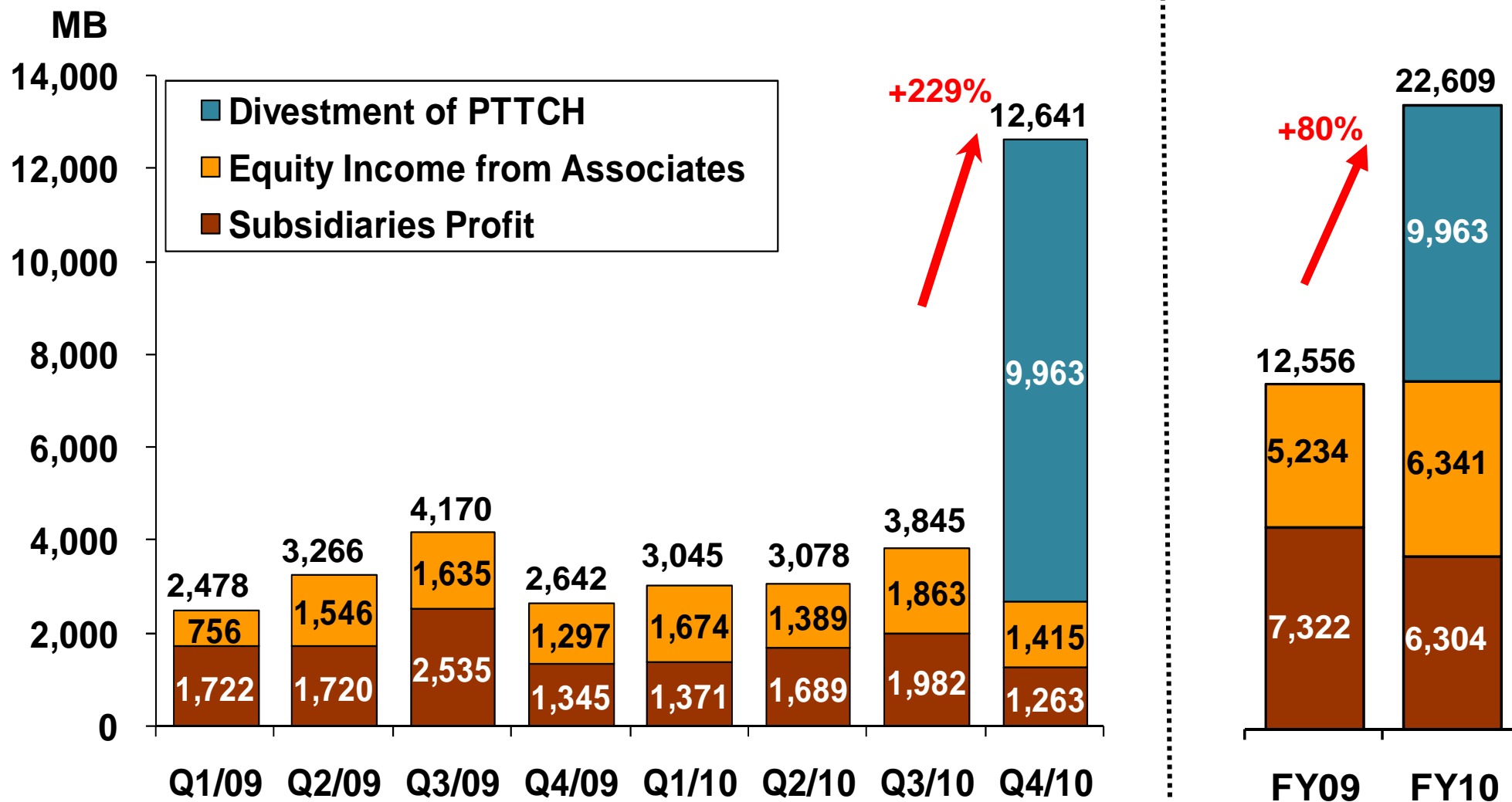
Note: EBITDA = EBITDA from Operations + Dividend from Associated Companies

Net Profit

...net profit increased q-o-q from the divestment of PTTCH, but operating profit dropped q-o-q from ROC maintenance shutdown and rising feedstock costs



slide 37



- Increased naphtha price from continued high oil prices, coupled with M/E major refineries maintenance shutdown.
- More polyolefins supply from ramp-up capacity of new chemicals complex in China and M/E, and Chinese crackers resume normal operation.
- Weak demand during Chinese Lunar New Year and unclear demand outlook from Chinese economics tightening policy.
- Improved PVC supply in China as Chinese government relax power rationing measures increase PVC production, and weak PVC demand during Chinese Lunar New Year.

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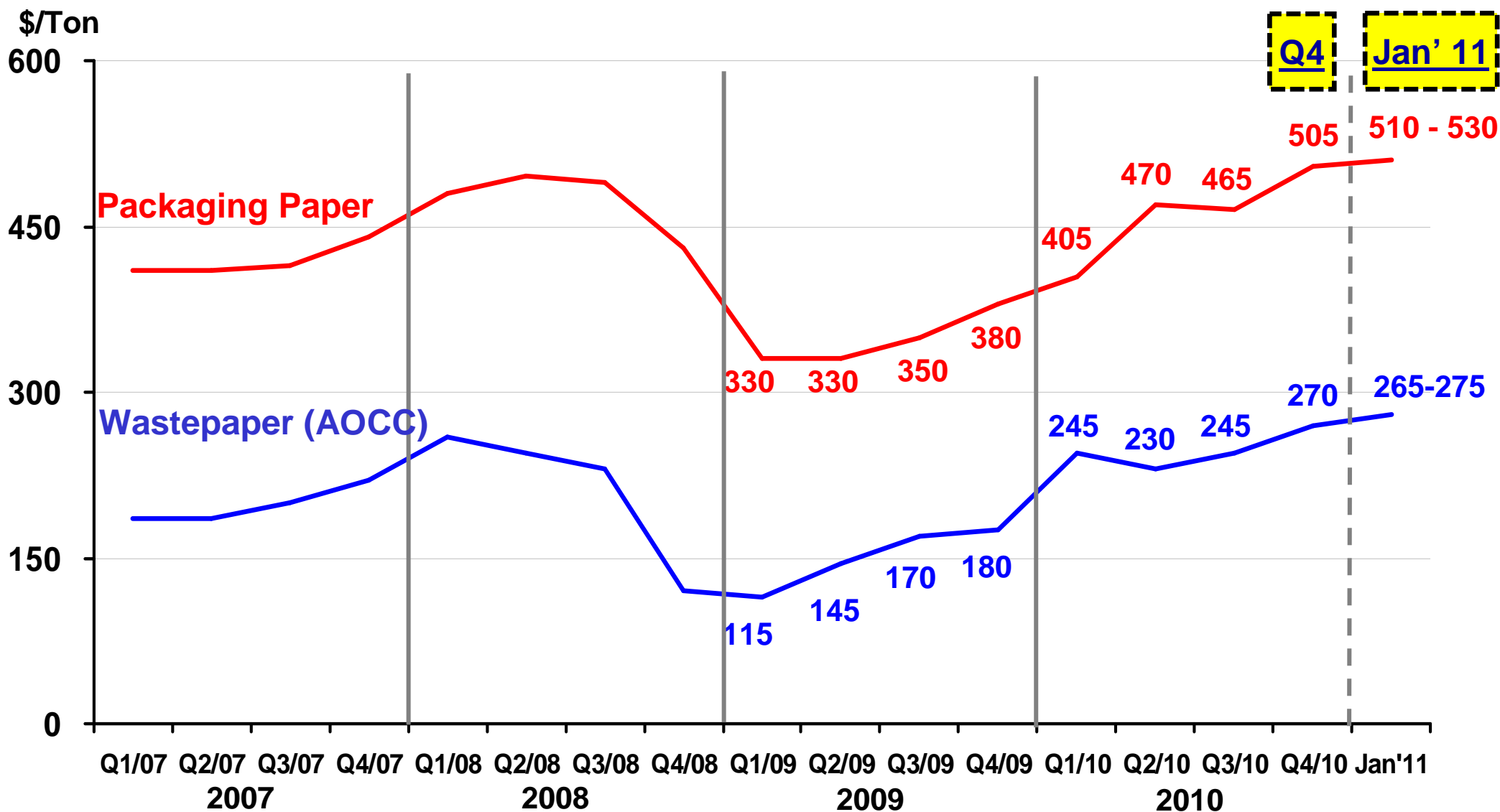
Packaging Paper:

Wastepaper prices moved up in Q4/10 due to low collection in the USA amidst the strong demand to secure tonnage ahead of winter.



SCG

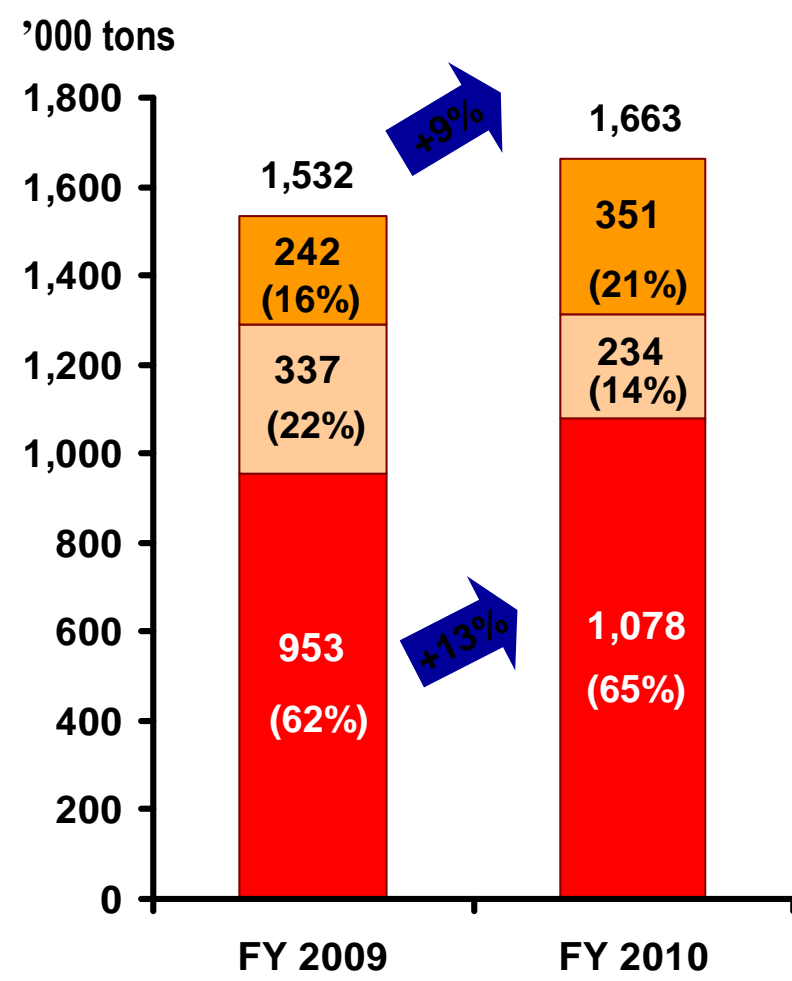
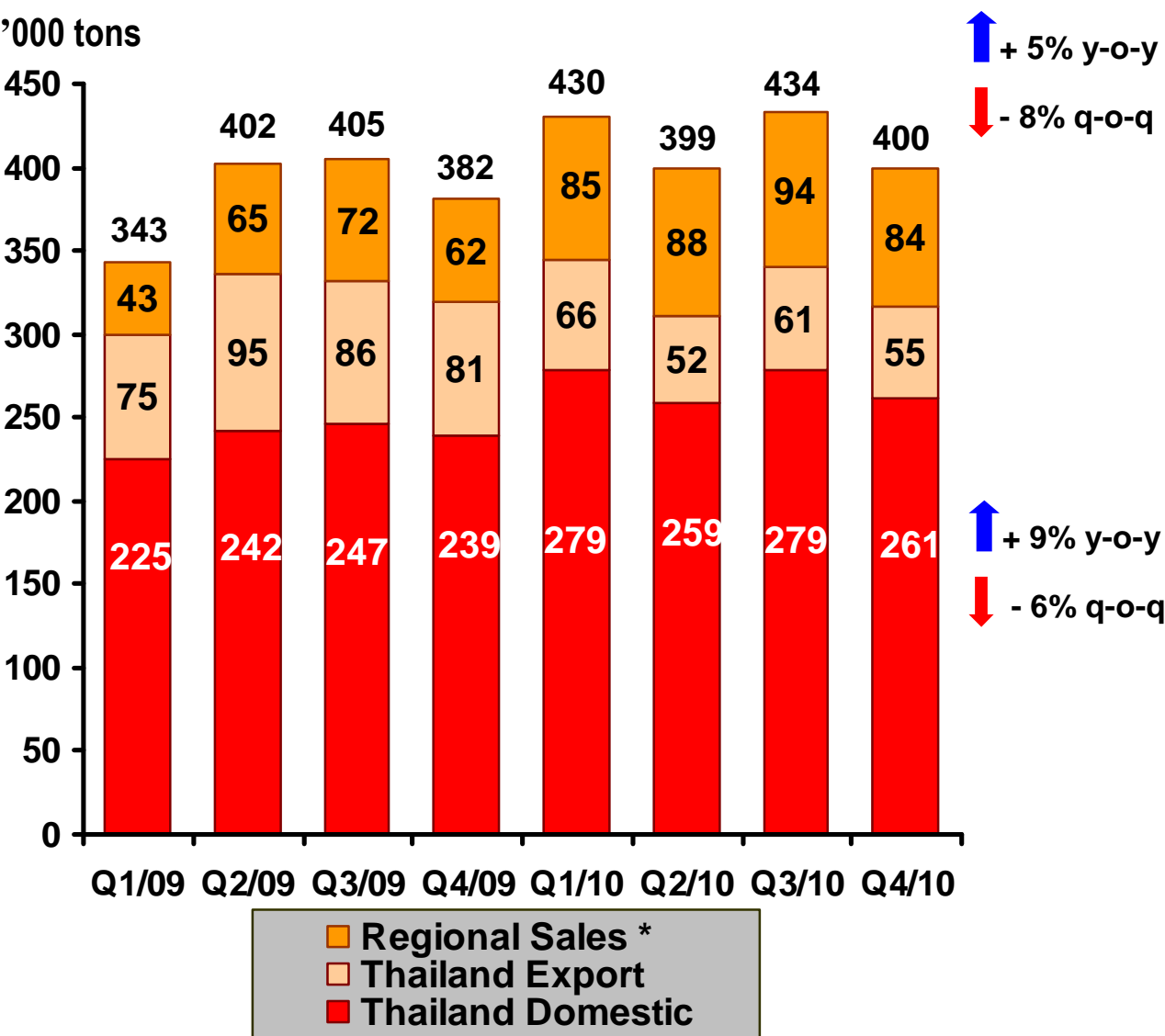
slide 40



Note: regional prices

Packaging Paper:

Total sales volume increased 5% y-o-y from higher domestic demand in consumer product and electrical appliance segments, coupled with regional sales improvement.



■ Regional Sales *
■ Thailand Export
■ Thailand Domestic

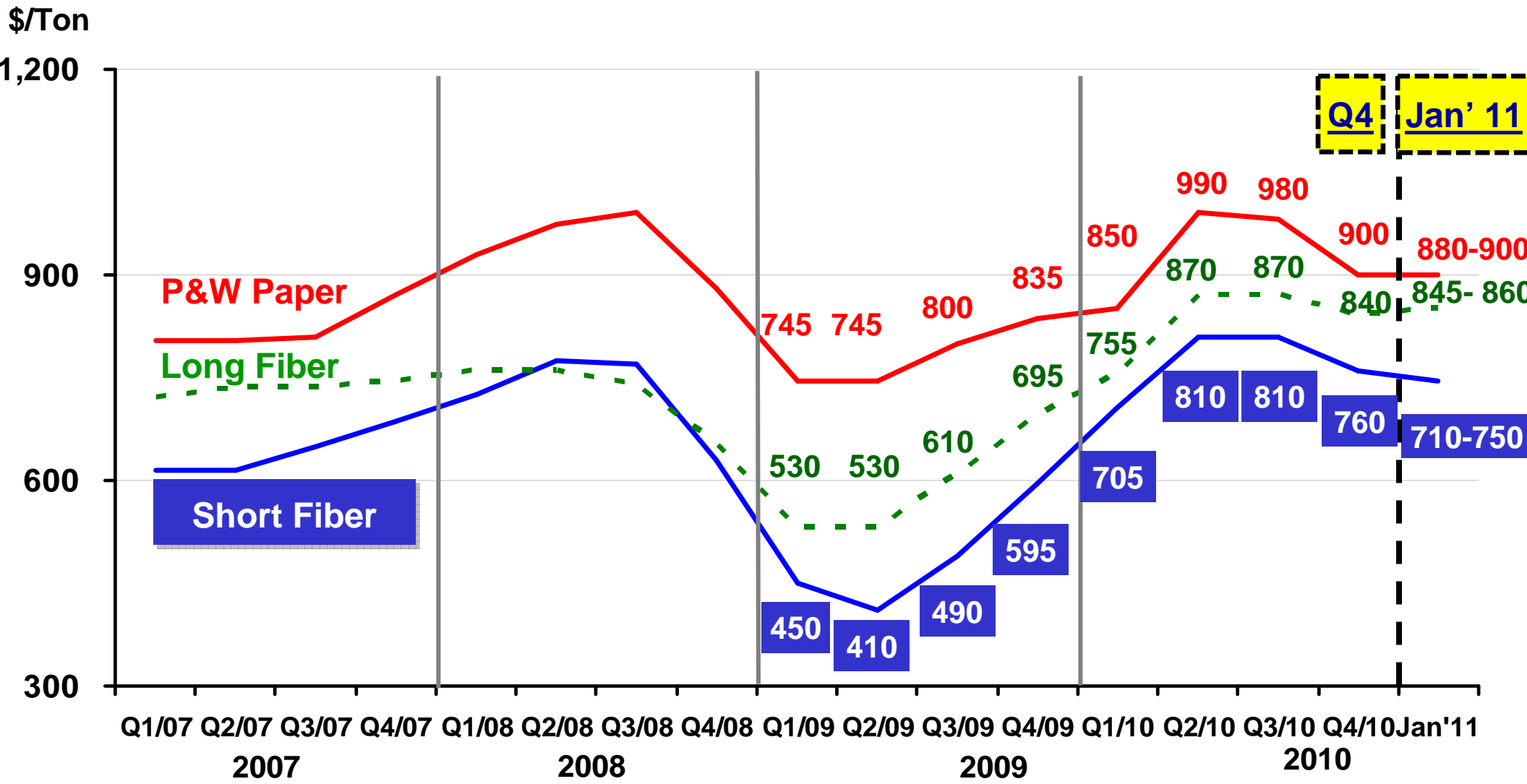
Note: * Sales Volume from Philippines and Vietnam

Printing & Writing Paper:



Paper prices continued to decline in-line with weak pulp prices as new capacity from China has started to come out.

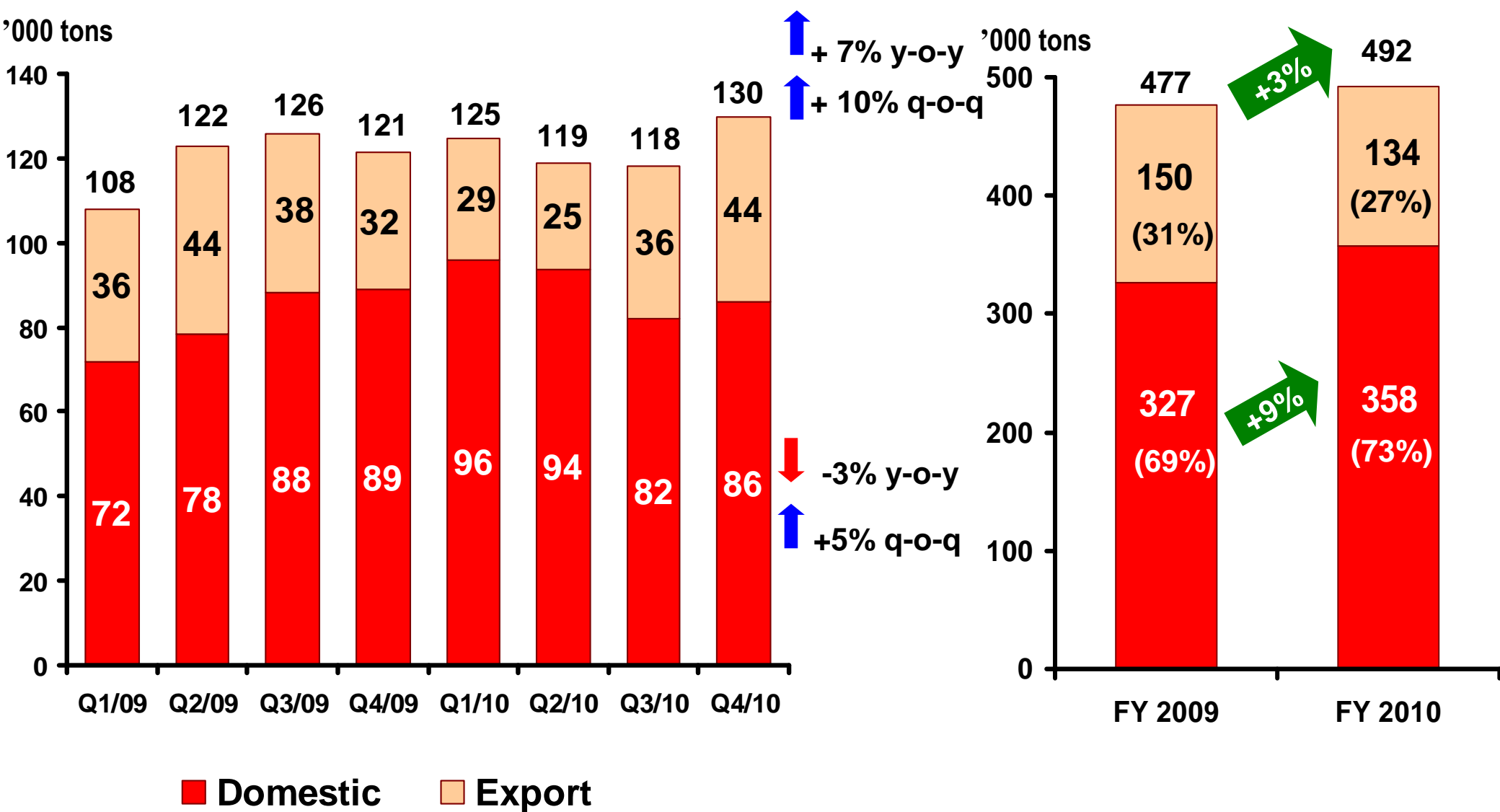
slide 42



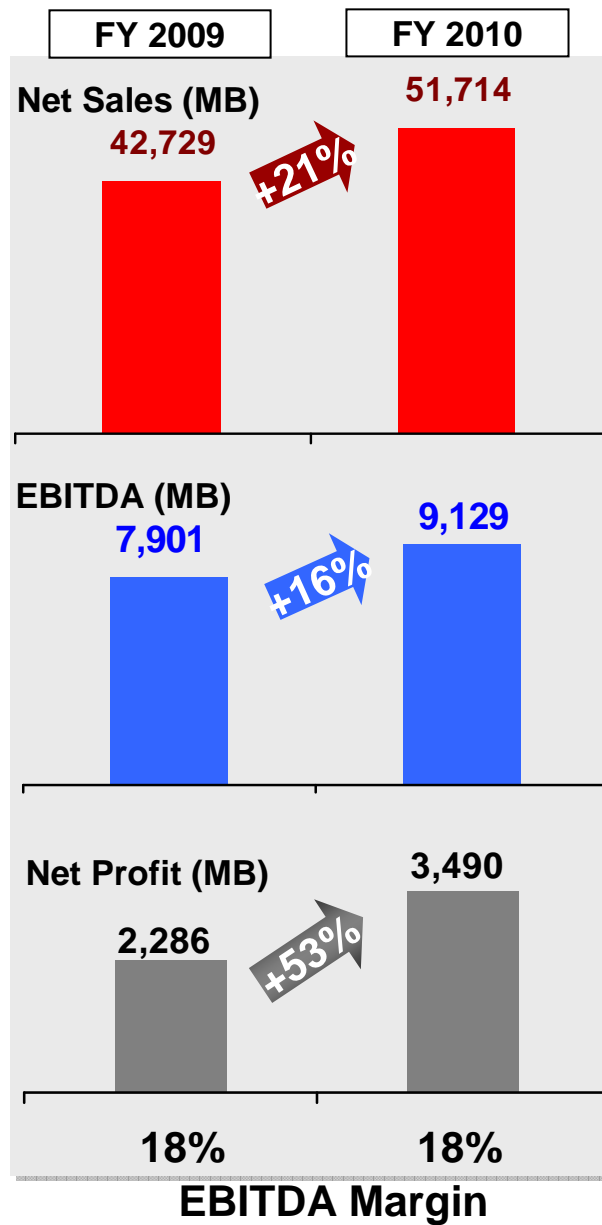
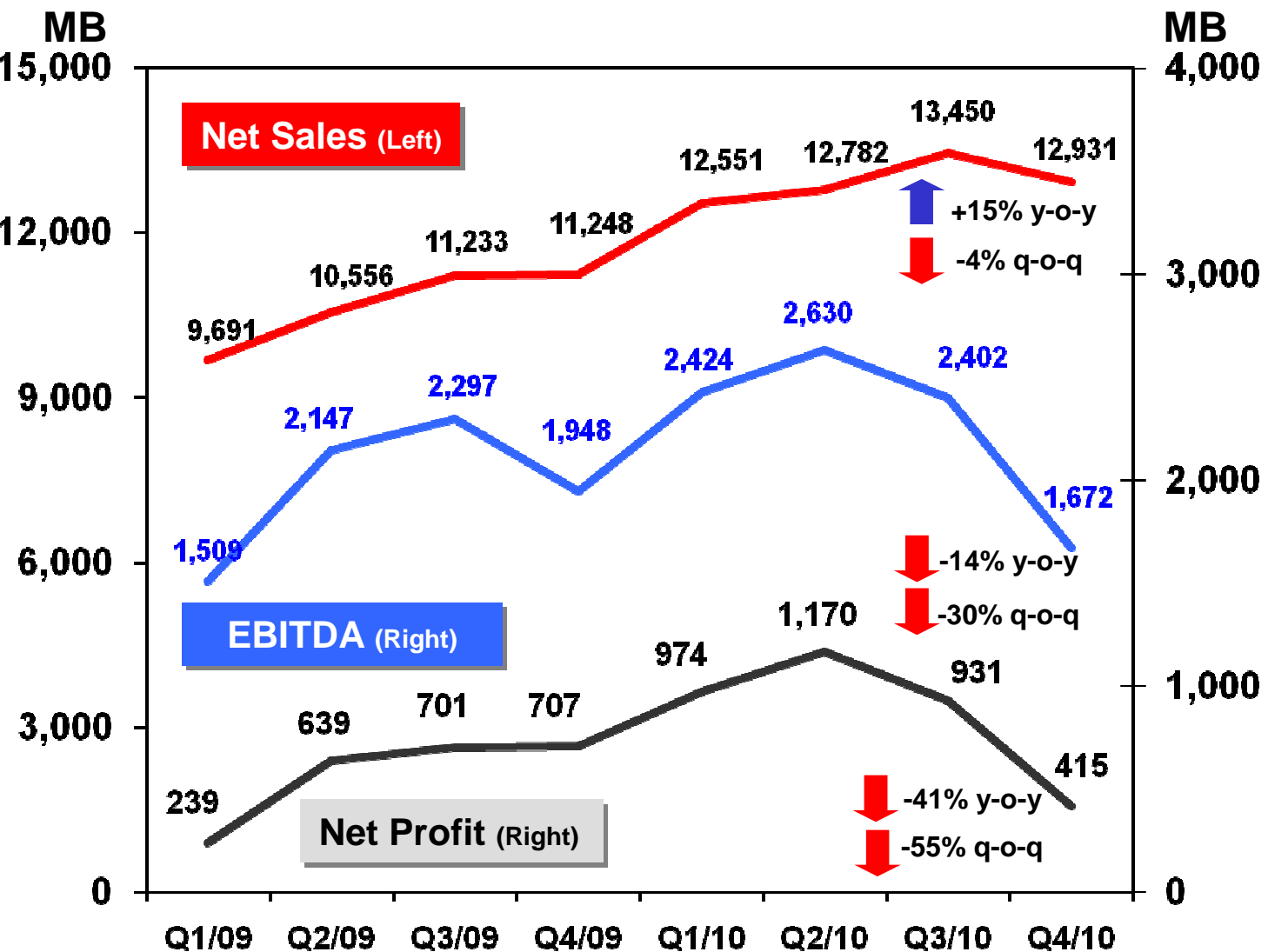
Note: regional prices

Printing & Writing Paper:

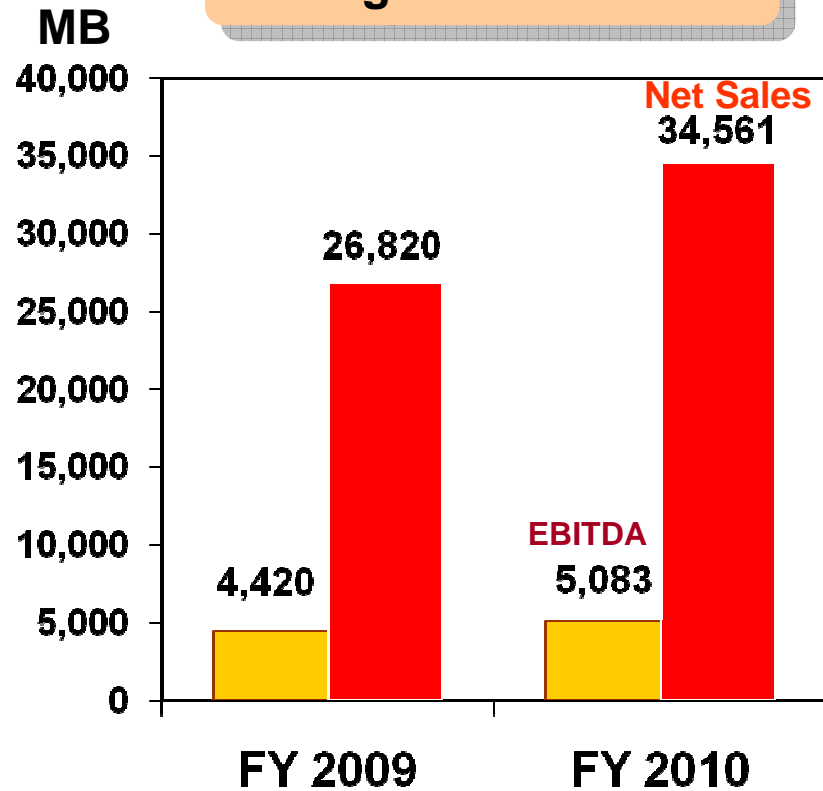
Sales volume increased 7% y-o-y and 10% q-o-q mainly from higher export sales volume.



EBITDA dropped 30% q-o-q from lower seasonal sales volume of packaging paper and maintenance expenses.

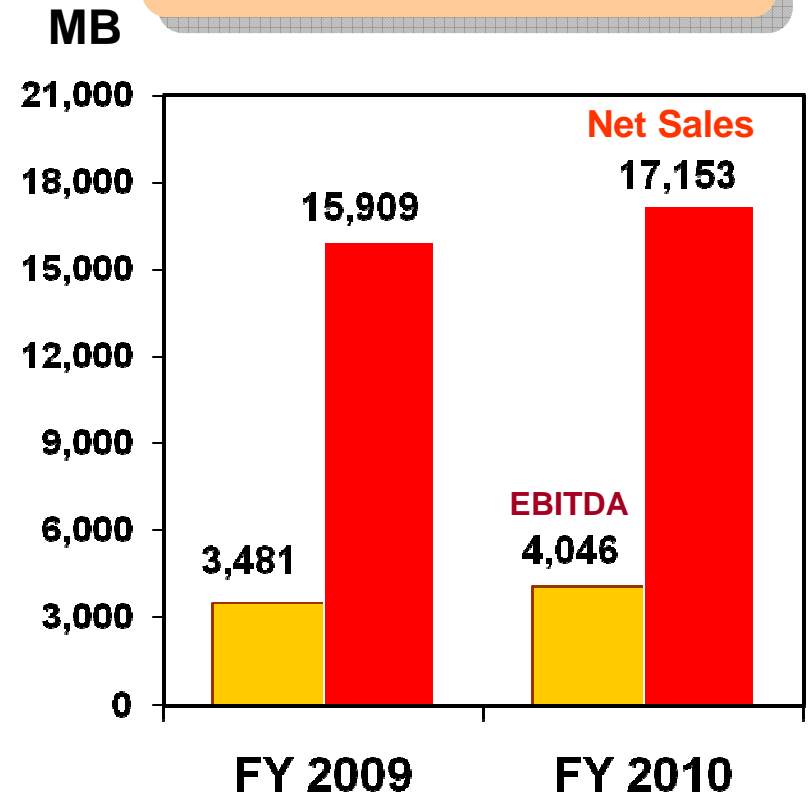


Packaging Paper & Corrugated Containers



EBITDA Margin 16% 15%

Pulp and P&W Paper



EBITDA Margin 22% 24%

PROJECT UPDATE

- Early January 2011, Thai Containers Group has agreed to acquire 100% stake of box producer (Alcamax) in Vietnam, with capacity of 53,000 tons per year. Total Enterprise Value is approximately \$25 million.

OUTLOOK

Packaging Paper & Corrugated Containers

- Cost pressure from rising wastepaper prices, following strong demand from new Chinese capacity.
- Limited volume growth, as the strong Baht has diminished the export sector's competitiveness.

Printing and Writing Paper

- Lower margins, as the drops in paper prices may outpace the drop in pulp prices.
- The deterioration in paper prices is as a result of higher competition from imported paper (stronger Baht).

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- Enhanced ability to pursue both regional and domestic business expansion in its core businesses with cash on hand of 69,827 MB.
- Increase the portion of high value added products and services (HVA), which currently accounts for 29% of the FY2010 Net Sales.
- Continued R&D efforts with FY2010 spending of 921 MB, and FY2011 estimate of 1,500 MB.

SCG's Incremental Capacity



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(Capacity at year end = '000 tons)	2007	2008	2009	2010	2011	Incremental 2007 - 2011	
						<u>Nominal</u>	<u>Times (x)</u>
Chemicals Upstream							
Ethylene (subsidiary)	800	800	800	1,700	1,700	900	2.1 x
Propylene (subsidiary)	400	400	400	1,200	1,200	800	3.0 x
Chemicals Downstream							
PE (subsidiary)	780	780	780	1,180	1,180	400	1.5 x
PP (subsidiary)	320	320	320	720	720	400	2.3 x
PVC (45% stake in TPC)	820	790	870	940	940	120	1.2 x
LLDPE (Dow JV)	300	300	300	650	650	350	2.2 x
Specialty Elastomers (Dow JV)	-	-	-	-	220	220	-
Propylene Oxide (Dow JV)	-	-	-	-	390	390	-
MMA (Mitsubishi Rayon JV)	85	85	85	175	175	90	2.1 x
Cast Sheets (Mitsubishi Rayon JV)	-	-	20	20	20	20	-
Paper							
Packaging Paper	1,660	1,660	1,880	1,880	1,880	220	1.1 x
Printing & Writing Paper	365	565	565	565	565	200	1.5 x
Box	550	637	692	741	741	191	1.3 x
Cement							
Grey Cement (million ton)	23	24	24	24	24	1	1.04x
Building Products							
Ceramic Tiles (M sqm)	95	122	122	122	122	27	1.3 x
Ceiling & Wall product (M sqm)	34	50	57	57	65	31	1.9 x
Lightweight concrete (M sqm)	3	3	3	15	15	12	4.0 x

Note: HVA investment is present in all business units.

Thank You

For further details, please contact invest@scg.co.th

Sales (MB)	2007	2008	2009	2010	Assets (MB)	2007	2008	2009	2010
Consolidated	267,737	293,230	238,664	45,949	Consolidated	248,256	285,776	315,986	359,219
Chemicals	130,223	136,527	101,115	16,024	Chemicals	123,205	138,504	165,947	165,087
Paper	43,890	47,110	42,729	9,129	Paper	46,454	51,089	48,271	50,127
Cement	44,087	49,999	46,661	10,810	Cement	60,132	60,770	60,680	61,018
Building Materials	21,281	23,351	26,873	5,489	Building Materials	19,863	22,654	22,992	24,796
EBITDA (MB)	2007	2008	2009	2010	Net Profit (MB)	2007	2008	2009	2010
Consolidated	50,008	38,783	47,116	41,943	Consolidated	30,352	16,771	24,346	37,382
Chemicals	22,611	12,598	19,482	12,568	Chemicals	16,982	6,136	12,556	22,609
Paper	7,943	6,660	7,901	9,118	Paper	2,353	1,658	2,286	3,490
Cement	10,198	11,272	11,616	10,810	Cement	5,463	6,006	6,214	6,014
Building Materials	3,928	4,085	4,907	5,313	Building Materials	950	778	1,617	1,872
EBITDA Margin (%)	2007	2008	2009	2010	EBITDA on Assets (%)	2007	2008	2009	2010
Consolidated	16%	12%	18%	14%	Consolidated	20%	14%	15%	13%
Chemicals	13%	7%	17%	9%	Chemicals	18%	9%	12%	12%
Paper	18%	14%	18%	18%	Paper	17%	13%	16%	16%
Cement	23%	23%	25%	22%	Cement	17%	19%	19%	19%
Building Materials	16%	16%	18%	17%	Building Materials	20%	18%	21%	20%

SCG's Capacity (end of 2011)



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Chemicals - Naphtha Cracker (consolidated)		Chemicals - Associates (equity accounting)	
Ethylene	1,700,000 tons	<u>Mitsui Chemicals JV</u>	
Propylene	1,200,000 tons	- PTA (1.44 million tons)	50%
Chemicals - Downstream (consolidated)		- PET (100,000 tons)	20%
HDPE	1,180,000 tons	- PP Compound 86,000 tons	46%
LDPE + LLDPE	200,000 tons	<u>Dow Chemicals JV</u>	
PP	720,000 tons	- LLDPE (650,000 tons)	50%
PVC (Thailand, Indo, Vietnam)	940,000 tons	- SM (300,000 tons)	50%
Paper (consolidated)		- PS (100,000 tons)	50%
Packaging Paper (Thai, Phil, Viet)	1.88 million tons	- Specialty Elastomer (220,000 tons)	50%
Box (Thai, Malay, Sing, Viet)	795,000 tons	- Propylene Oxide (390,000 tons)	50%
Printing & Writing Paper	565,000 tons	<u>Mitsubishi Rayon JV</u>	
Short Fibre Pulp	425,000 tons	- MMA (175,000 tons)	46%
Cement (consolidated)		- Cast Sheets (20,000 tons)	46%
Grey Cement (Thai + Cambodia)	24 million tons	Building Products (consolidated)	
Ready-Mixed Concrete	19 million metre ³	Ceramic Tiles (Thai, Indo, Phil)	122 M sqm
		Roofing Products (Thai, Cambodia, Phil, Viet)	87 M sqm
		Ceiling & Wall Products	65 M sqm
		Autoclaved Lightweight Concrete	15 M sqm