



Analyst Conference Q1/14
Wednesday, April 30, 2014

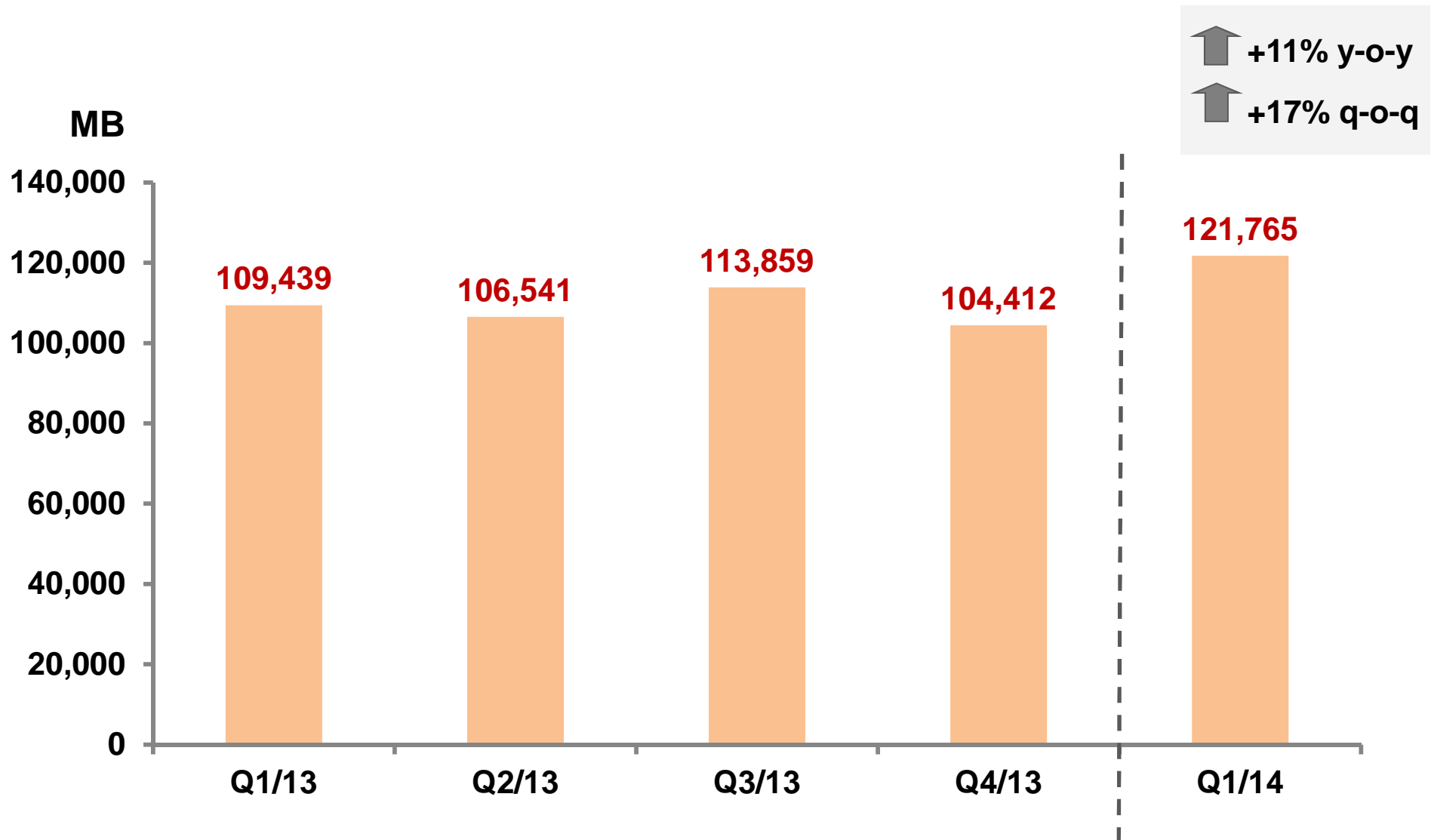
- I. Consolidated Results
 - Q1/14 Consolidated Results
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Revenue from Sales

Gained 11% y-o-y from consolidation in the cement – building materials business, and increased prices of chemicals products.



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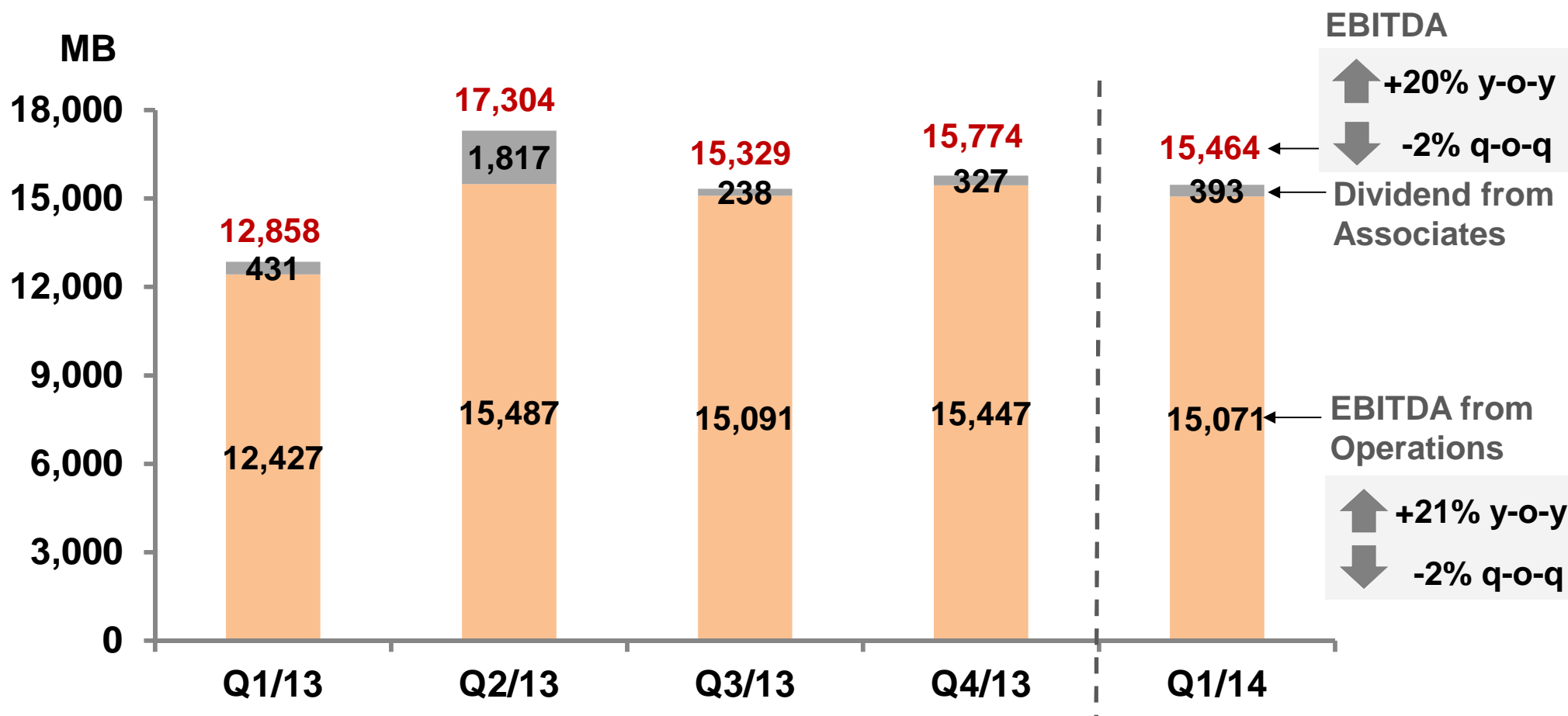


EBITDA

Increased 20% y-o-y, benefiting from the recovery in chemicals margins, but down 2% q-o-q as there was season dividend income from SCG Investments in Q4/13.



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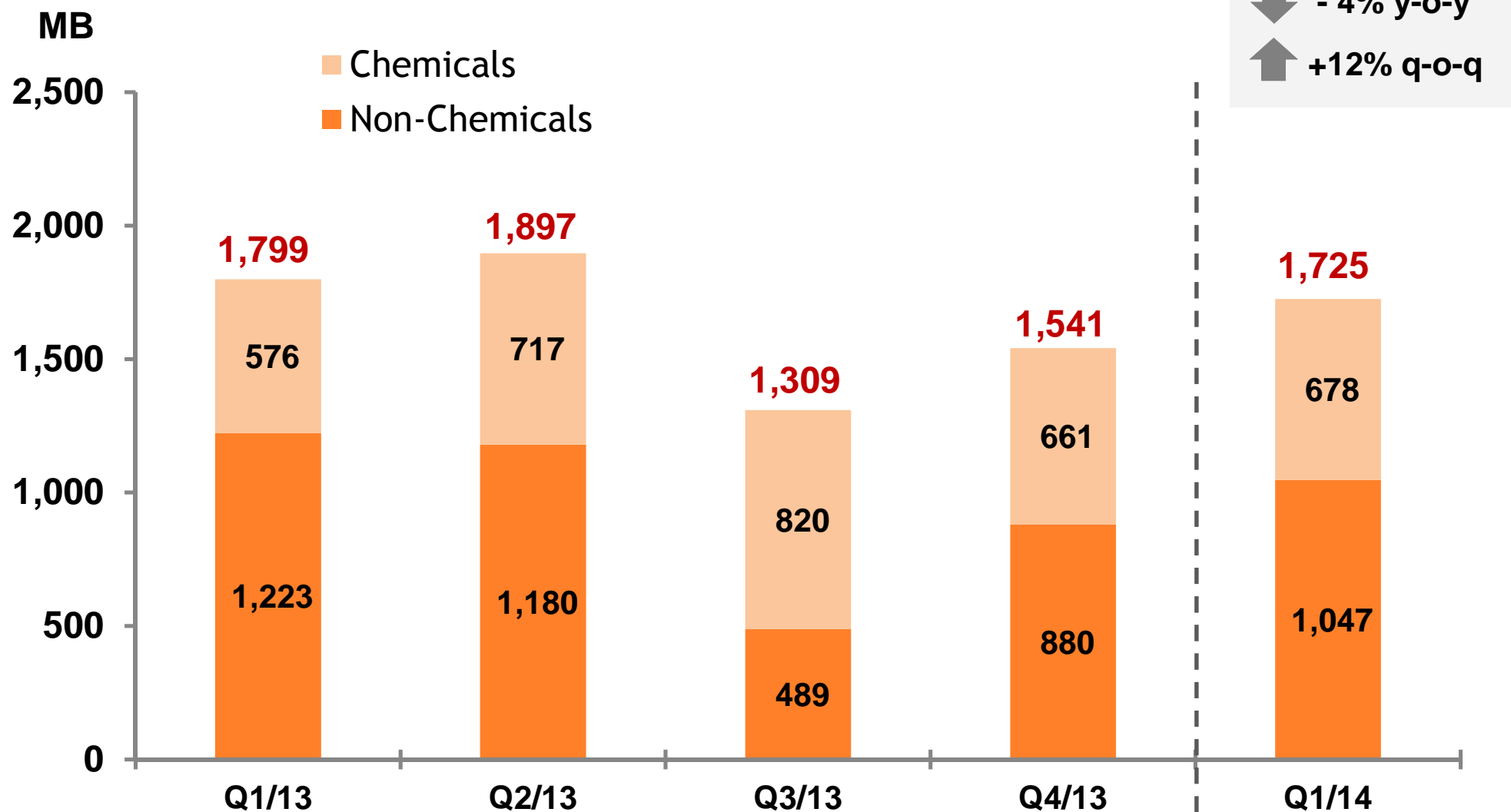
NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

Equity Income

Relatively flat, both y-o-y and q-o-q.

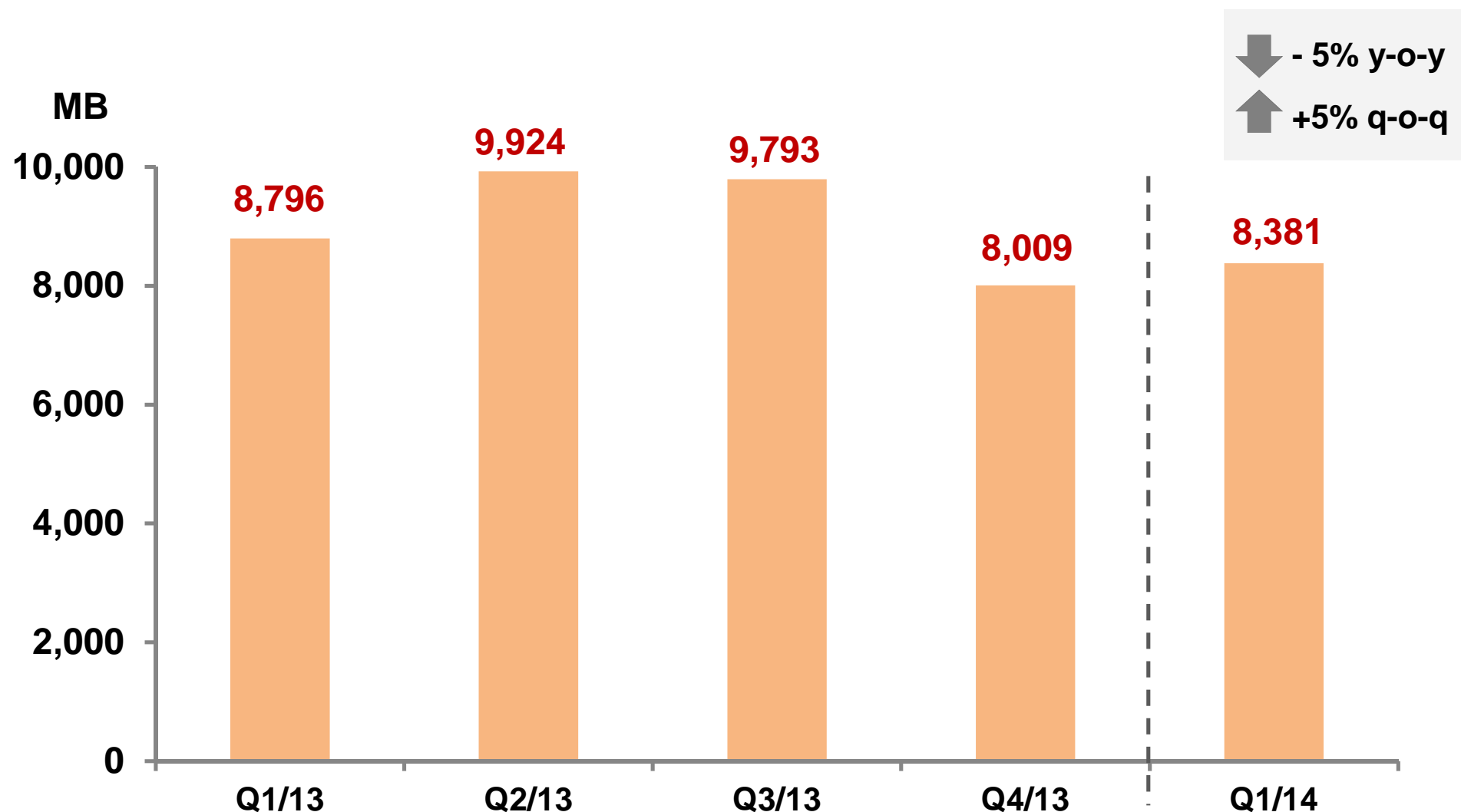


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Profit for the Period

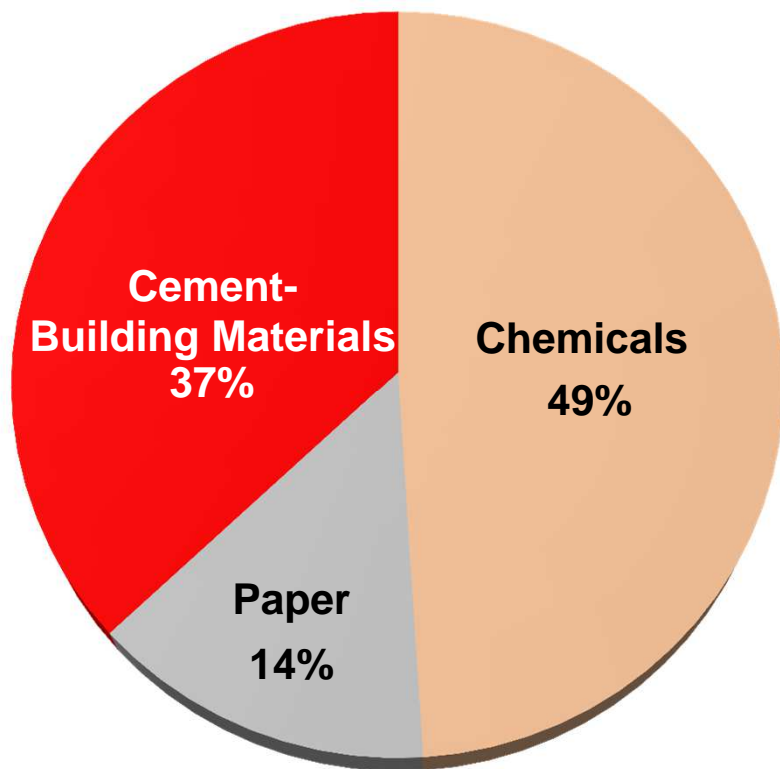
Earnings dropped 5% y-o-y on lower chemicals earnings (lower PVC margins, FX gain in Q1/13, higher minority interest in Q1/14, and lower sales volume), but grew 5% q-o-q on higher profits in the cement – building materials business.



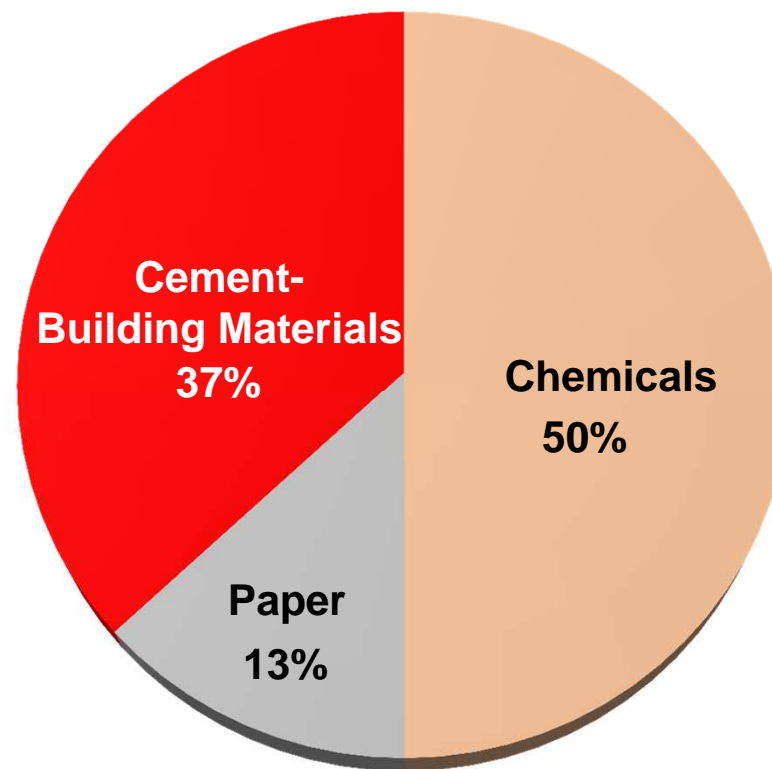
Segmented Revenue from Sales

The chemicals business accounted for 50% of Q1/14 sales, while the cement – building materials business was another 37%.

Q1/13
109,439 MB



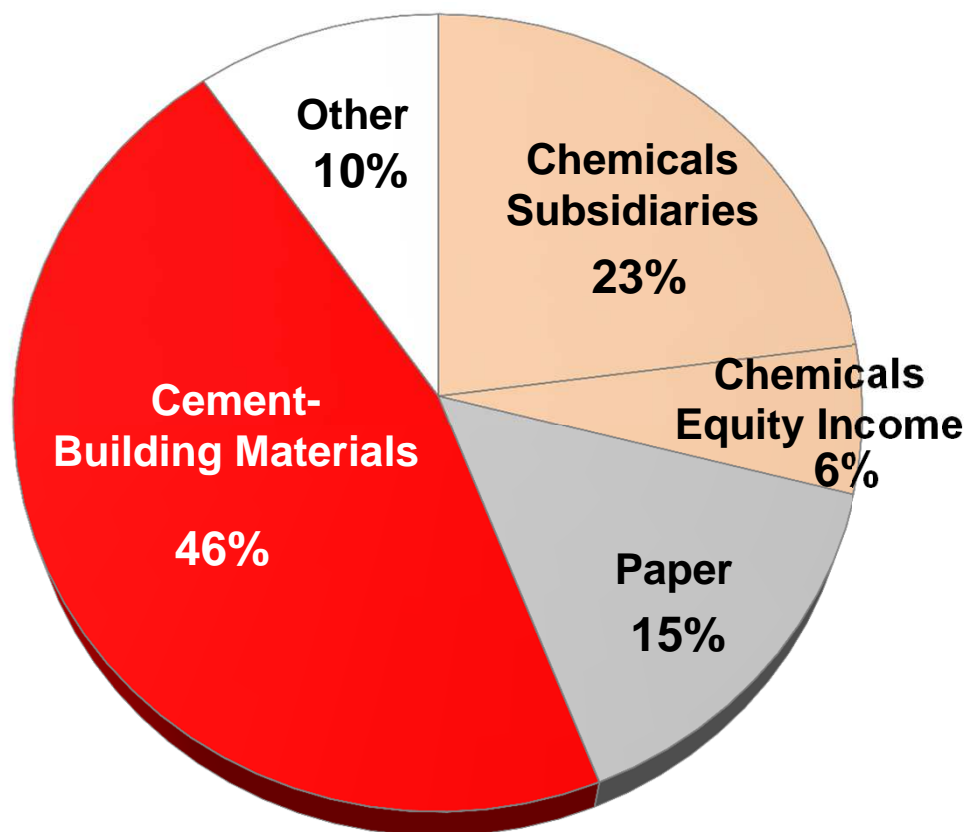
Q1/14
121,765 MB (+11% y-o-y)



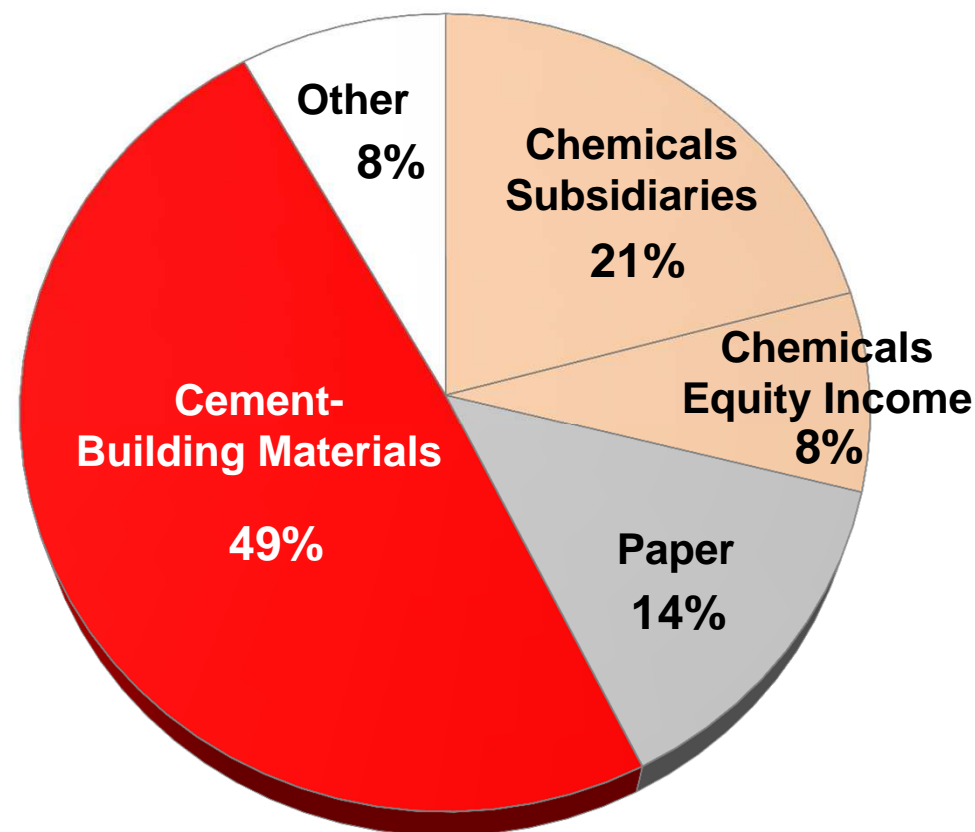
Segmented Profit for the Period

The cement – building materials business accounted for 49% of the Q1/14 earnings up from 46% in Q1/13.

Q1/13
8,796 MB



Q1/14
8,381 MB (-5% y-o-y)

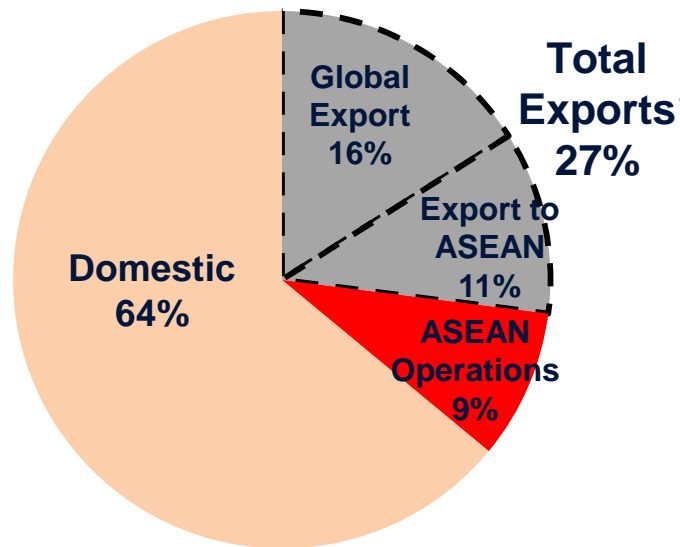


Other = Mainly SCG Investment and Corporate

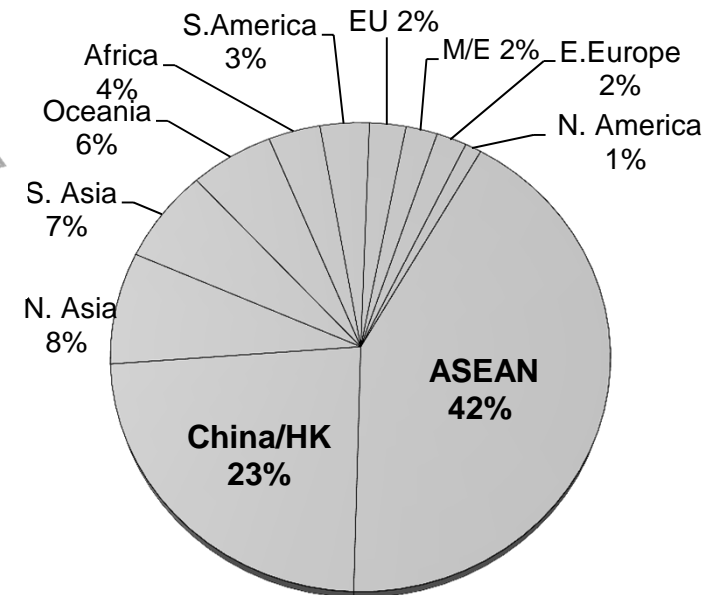
Segments: Export Destinations in Q1/14

ASEAN exports and operations accounted for 20% of sales at 23,686 MB, an increase of 15% y-o-y.

Consolidated Sales

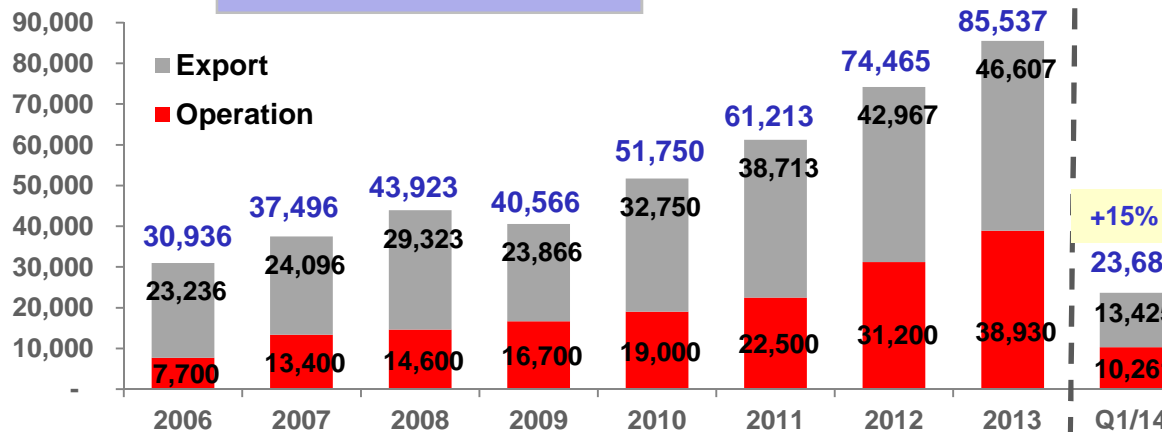


Export Destinations



MB

ASEAN Sales



Percentage of total sales from ASEAN Operations:

3% 5% 5% 7% 7% 7% 8% 9% **9%**

Indonesia 27%
Myanmar 14%
Cambodia 13%
Vietnam 11%
Others 35%

Vietnam 42%
Indonesia 31%
Philippines 12%
Cambodia 10%
Others 5%

Indonesia 6,871
Vietnam 5,870
Cambodia 2,733
Philippines 2,469
Others 5,743

Total 23,686 MB

EBITDA on Assets, and EBITDA Margin

EBITDA on Assets

Percent (%)



EBITDA Margin (%):

23 27 23 22 22 23 26 22 19 16 14 18 14 11 10 13 12

EBITDA on Assets = *EBITDA / Consolidated Assets*

EBITDA margin = *EBITDA from Operations / Consolidated Sales*

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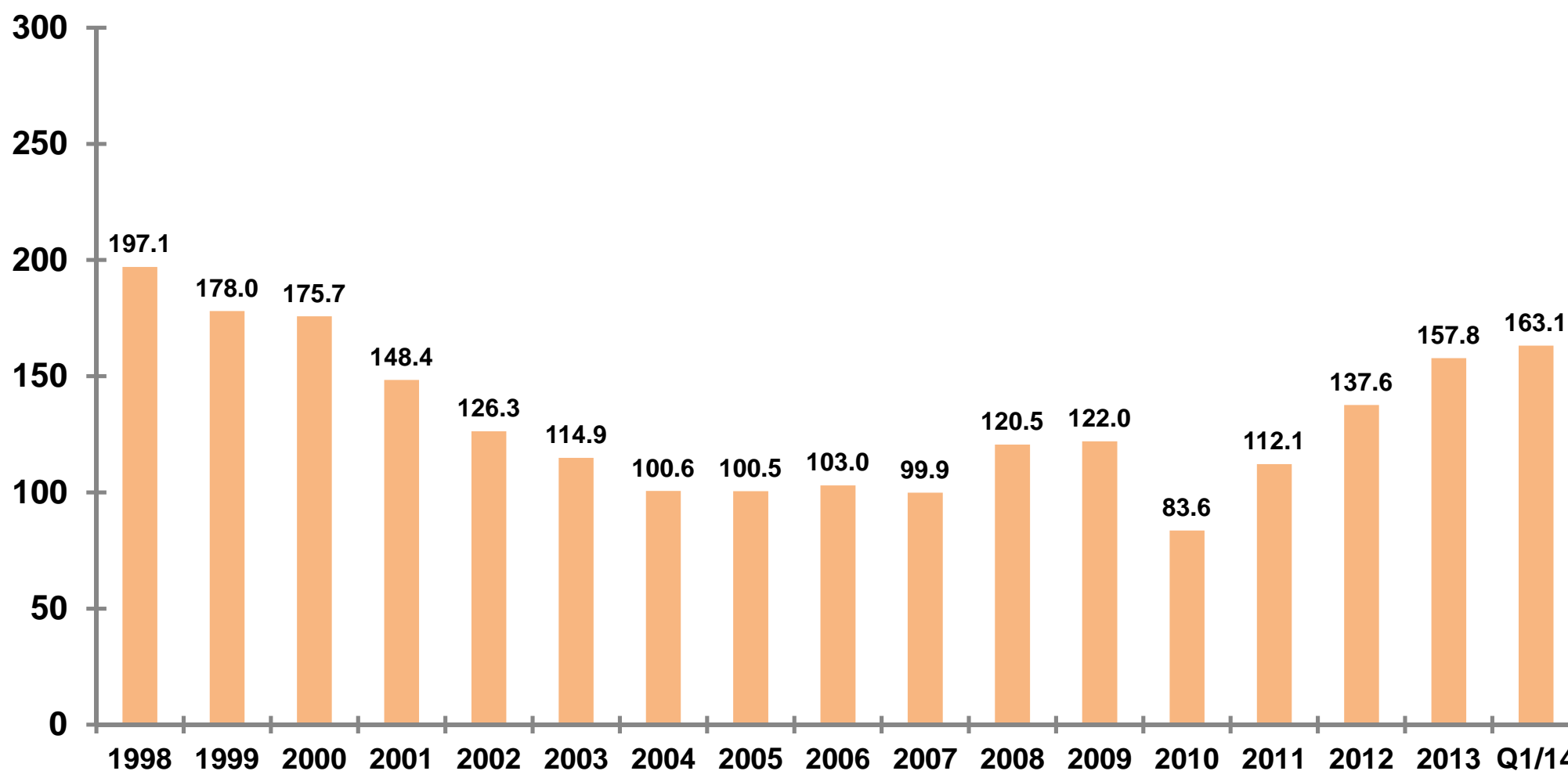
Net Debt

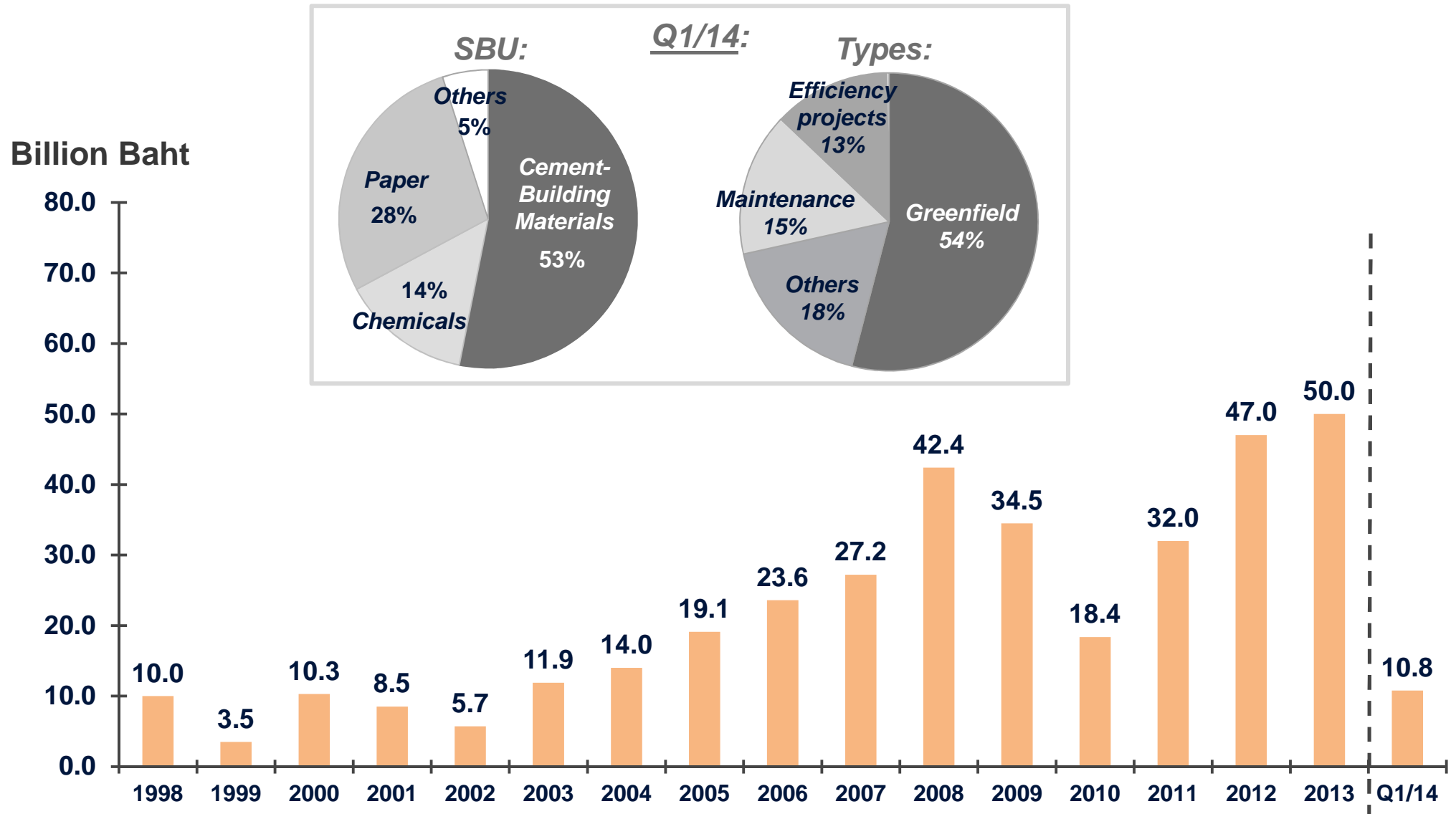
Increased by 5.3 Billion Baht from Q4/13



slide 12

Billion Baht

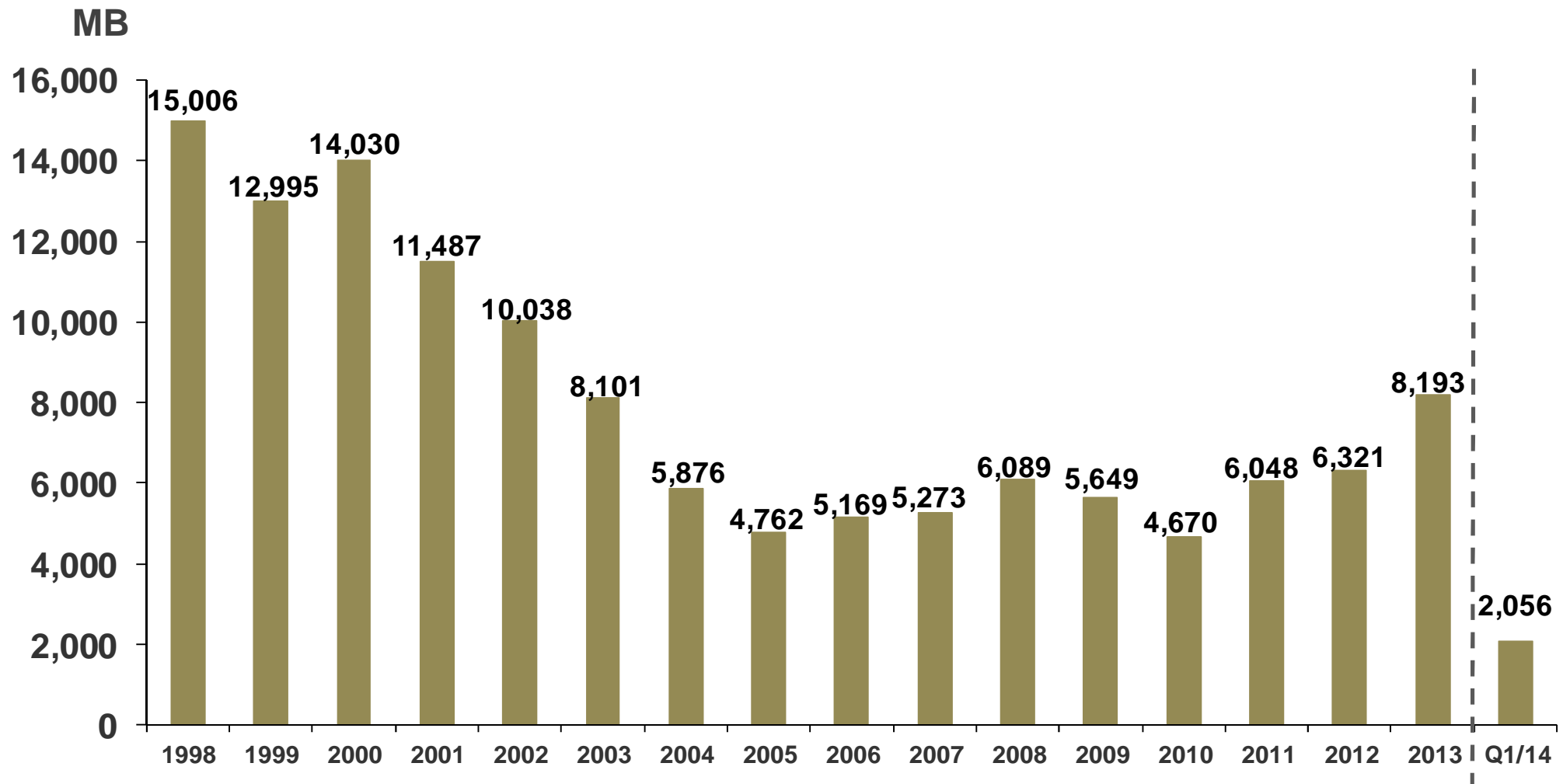




- CAPEX includes debottlenecking, expansion projects, and major turnaround.
- Investments are acquisitions and purchase of shares.

Interest and Finance Costs

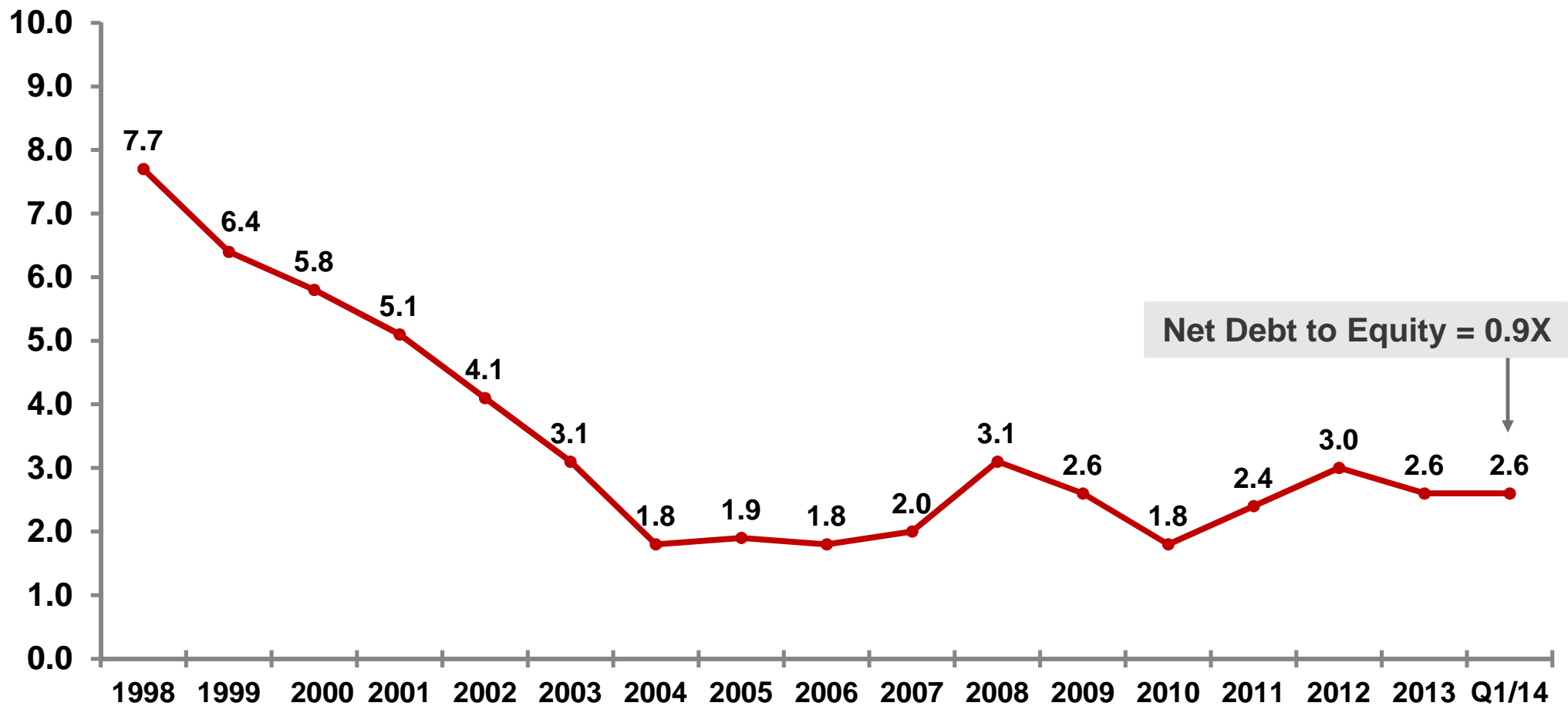
The interest and financing cost of 2,056 MB includes the FX loss of 173 MB, while interest cost in Q1/14 registered 4.0%.



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

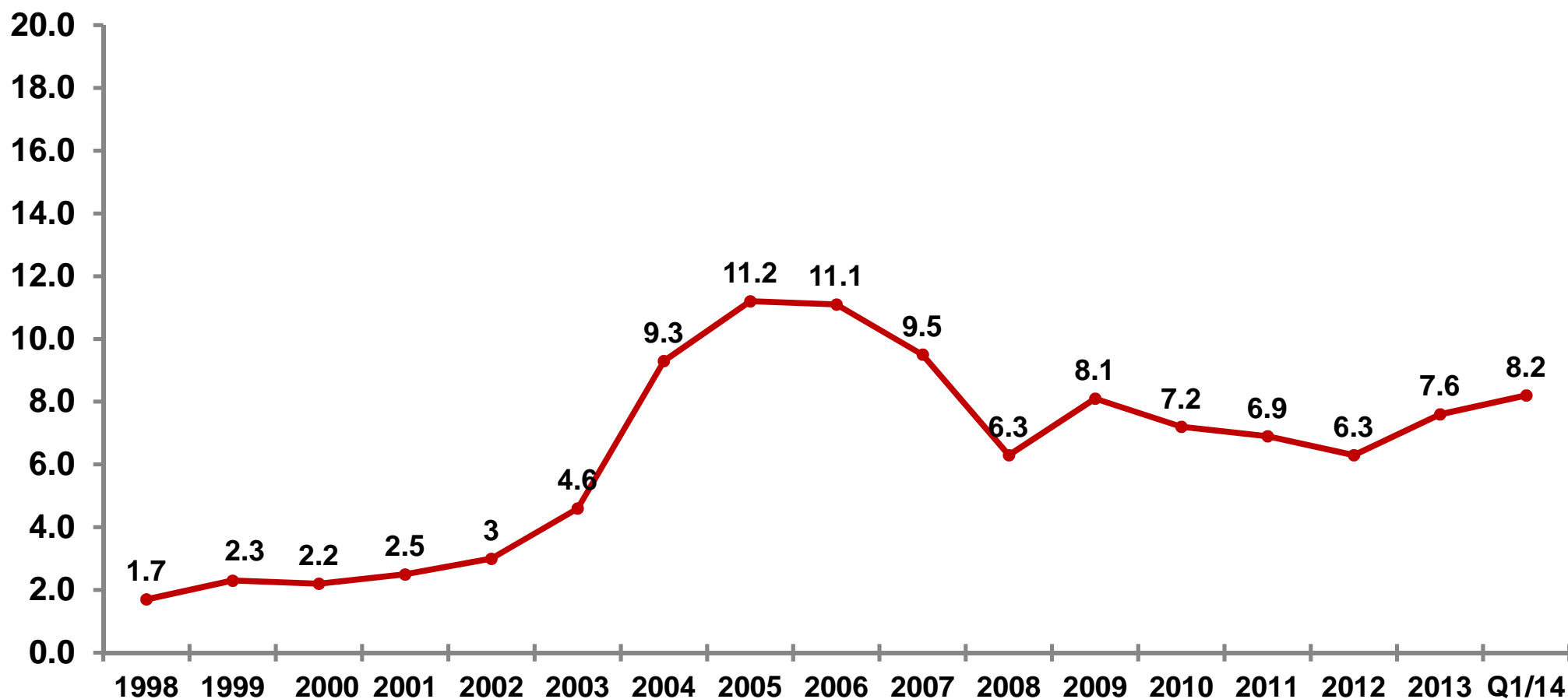
Net Debt on EBITDA

Times (x)



Interest Coverage Ratio

Times (x)



Note: -Interest Coverage Ratio = $EBITDA / \text{Interest Expense}$

-Interest Coverage Ratio excludes the effect of FX gain/loss.

Highlights:

- Net Working Capital increased by 9,967 MB to 65,863 MB (from 55,896 MB), while Inventory to Net Sales registered 43 days (from 48 days).
- Cash & cash under management of 32,633 MB at the end of Q1/14.
- Full subscription to the Apr 1/14 debenture issuance of 15 Billion Baht (4-year, 4.00%) which replaced the 10 Billion Baht matured debenture (4-year, 3.85%).

Outlook:

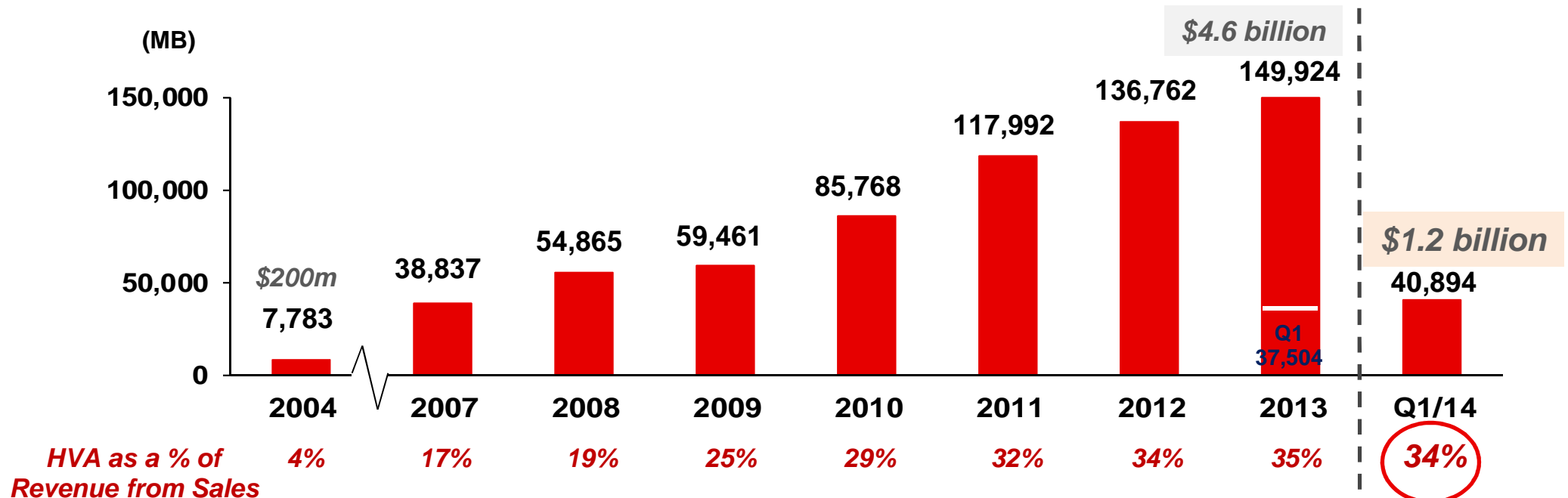
- Solid financial position, with manageable leverage.
- Gradual recovery of chemicals margins, but with weaker outlook for the cement and building materials businesses.
- Continued efforts towards ASEAN growth, with FY2014 CAPEX & Investments of 40,000 – 50,000 MB.
- Budgeted R&D expenditure of 4,000 MB for FY2014.

HVA's Revenue from Sales



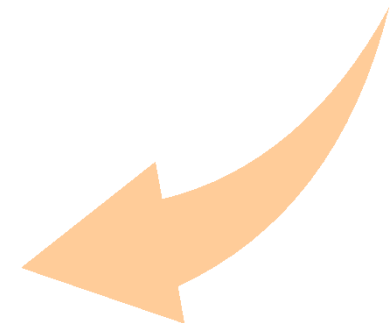
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Consolidated:

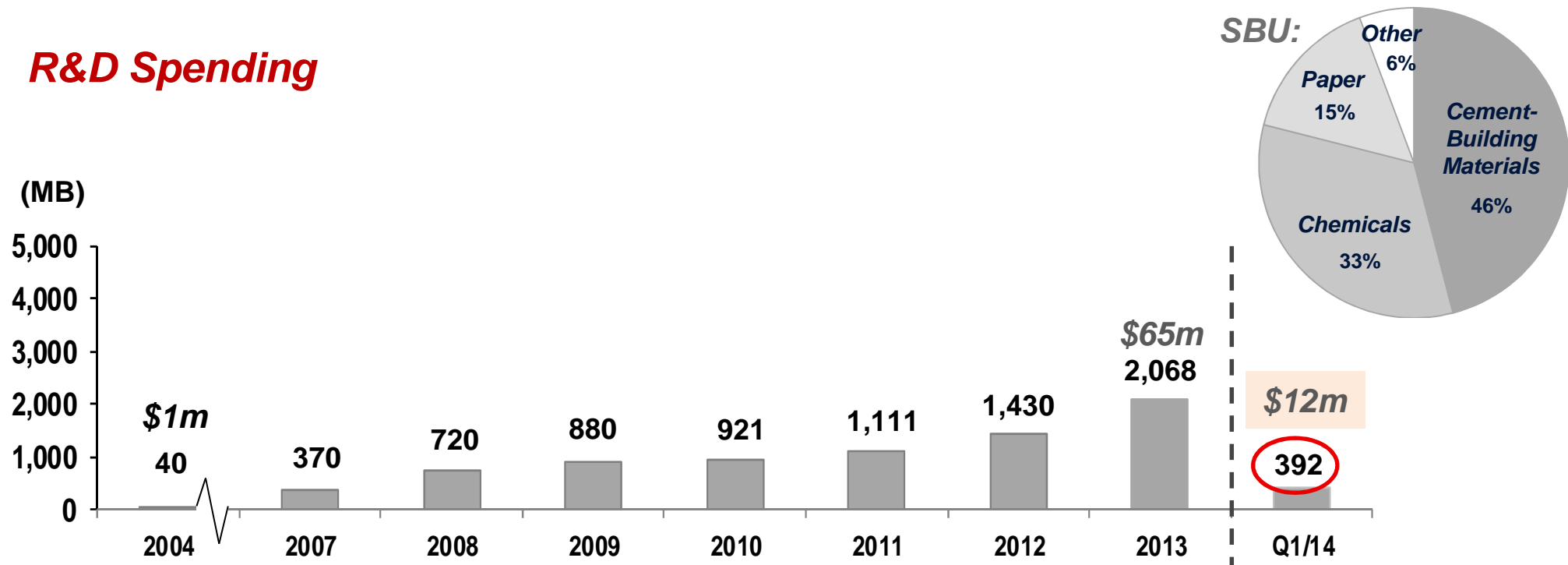


SBU:

	2013	Q1/14
Cement-Building Materials	41%	41%
Chemicals	27%	24%
Chemicals (Includes associates)	50%	49%
Paper	38%	41%

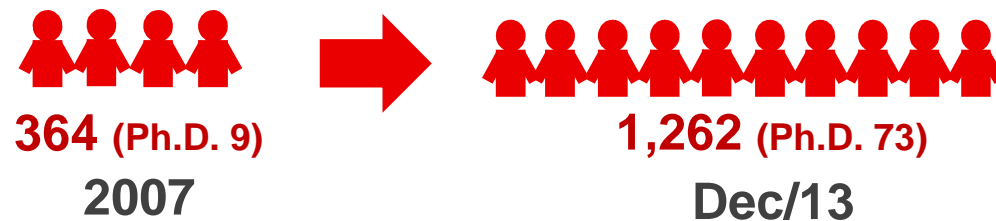


R&D Spending



R&D and Product Design Team

(staffs / Dec/13)



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Domestic:

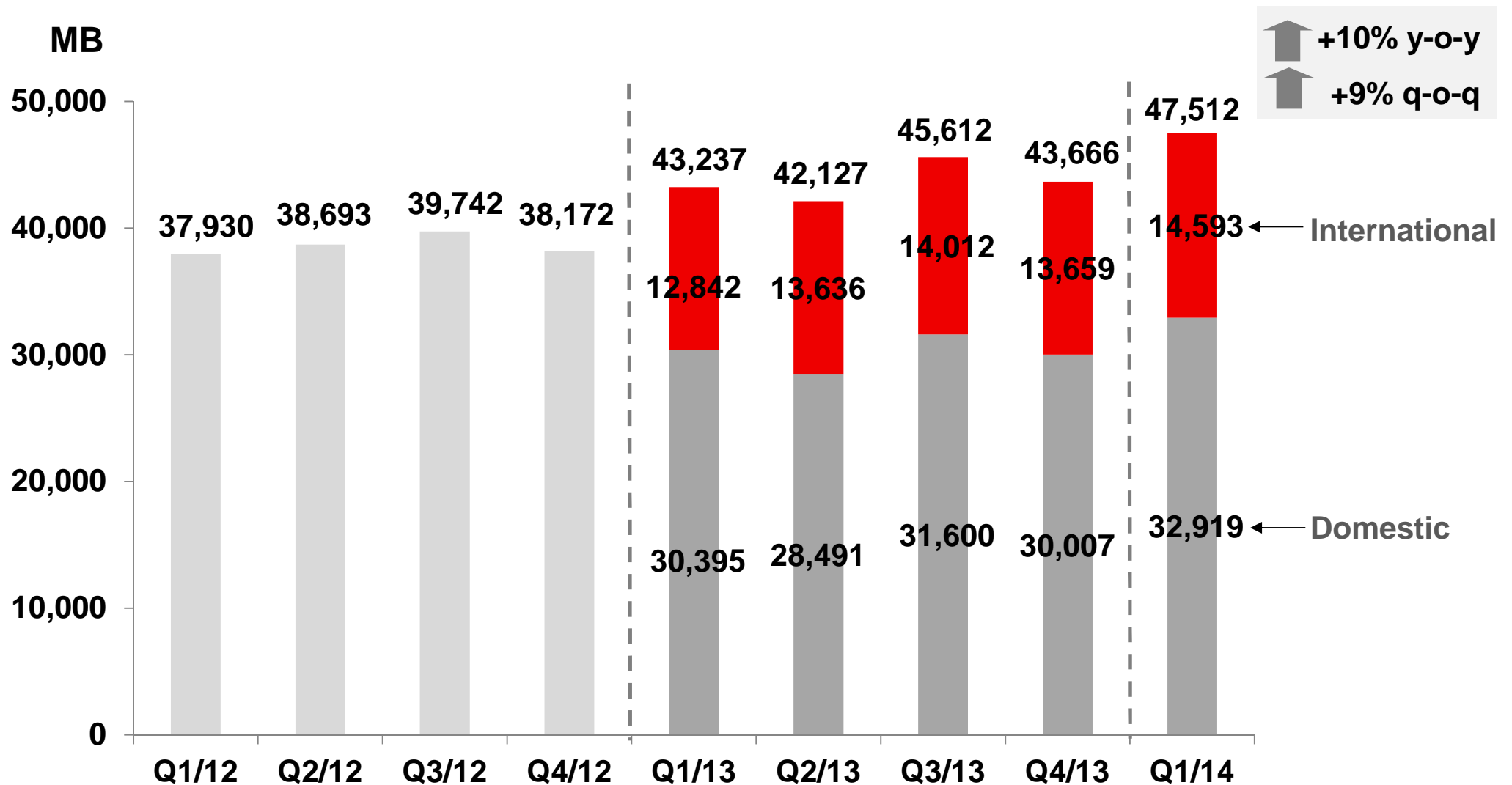
- Cement demand grew +4% y-o-y, with growth in the central areas.
- Ready-mixed concrete (RMC) demand grew +2% y-o-y, with prices averaging 1,750-1,800 baht per cubic meter.
- With economic concerns and low agricultural prices, demand for housing products was negative y-o-y (roofing segment -9% y-o-y, ceiling and wall segment -9% y-o-y), while demand for ceramic tiles dropped -6% y-o-y.

International:

- Indonesian cement demand grew 4% y-o-y, despite flooding and heavy rain in some areas during January.
- Cambodian cement demand grew 11% y-o-y, driven by growths in the commercial and residential segments.
- Myanmar cement demand grew 22% y-o-y, driven by infrastructure and residential projects.

Revenue from Sales

Increased 10% y-o-y as a result of the consolidations of Prime Group (ceramics in Vietnam), and the sanitary ware and fittings businesses, in addition to the growths of domestic cement.

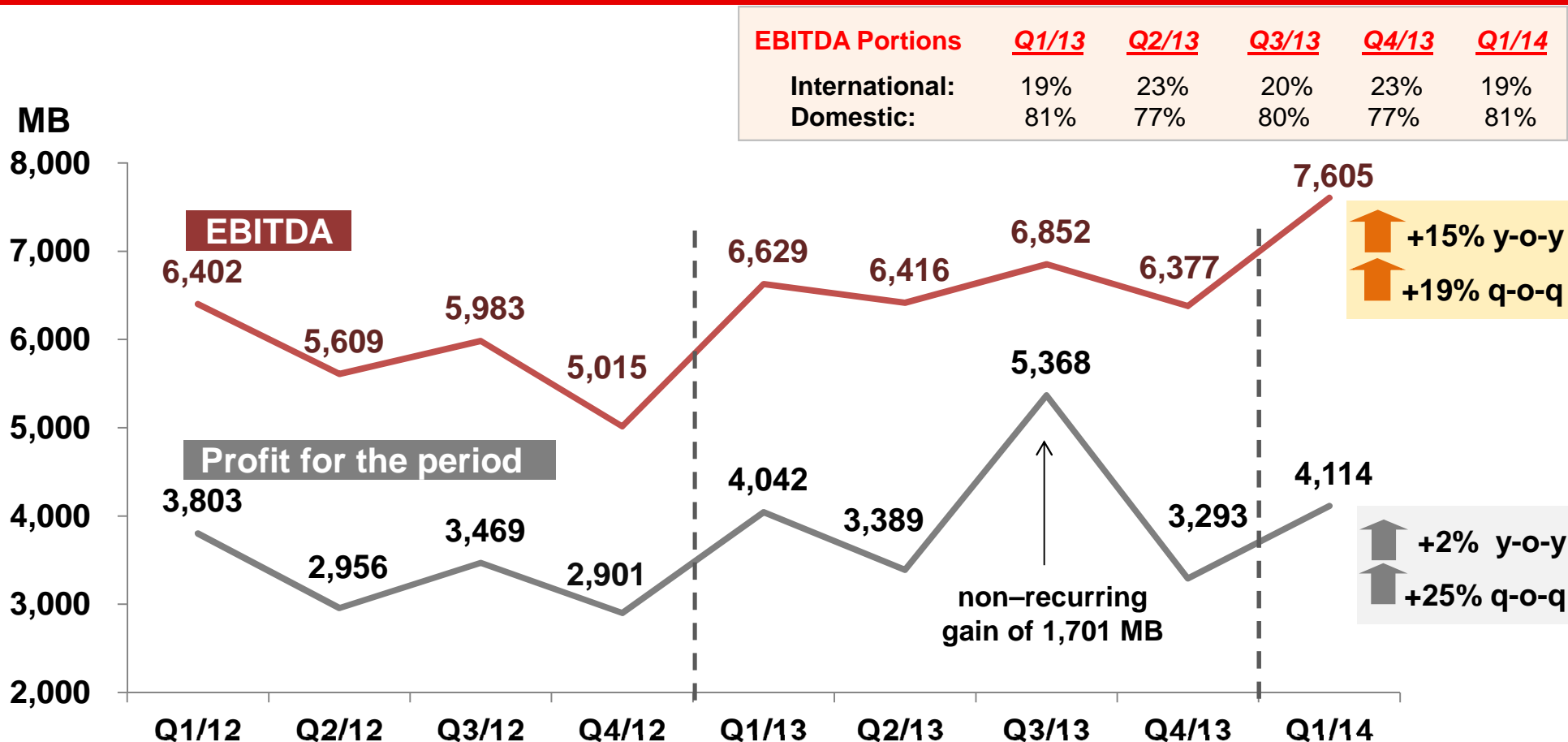


EBITDA and Profit for the Period

Q1/14 EBITDA and profit for the Period increased 15% y-o-y and 2% y-o-y, respectively.



slide 23



EBITDA Margin*:

Total	17%	14%	15%	13%	15%	15%	15%	14%	16%
International:	-	-	-	-	9%	9%	9%	7%	9%
Domestic:	-	-	-	-	17%	17%	18%	16%	18%
Domestic Structural Products	-	-	-	-	28%	27%	28%	25%	28%

* EBITDA margin = EBITDA from Operations / Consolidated Sales

Sales breakdown in Q1/14.

Q1/14 Sales: 47,512 MB

Structural Products: 35%

- Grey cement
- RMC
- Mortar
- White cement
- Lightweight concrete

**Domestic
69%**

Logistics and others: 14%

**International
31%**

International business:

- ASEAN operations*
- Exports from Thailand
- Trading business
- Ceramics

Ceramics International: 8%

Ceramics Domestic: 9%

Housing Products: 11%

- Roofing products
- Board & Wood sub
- Home improvement

Notes: Ceramics includes Sanitary Ware & Fittings

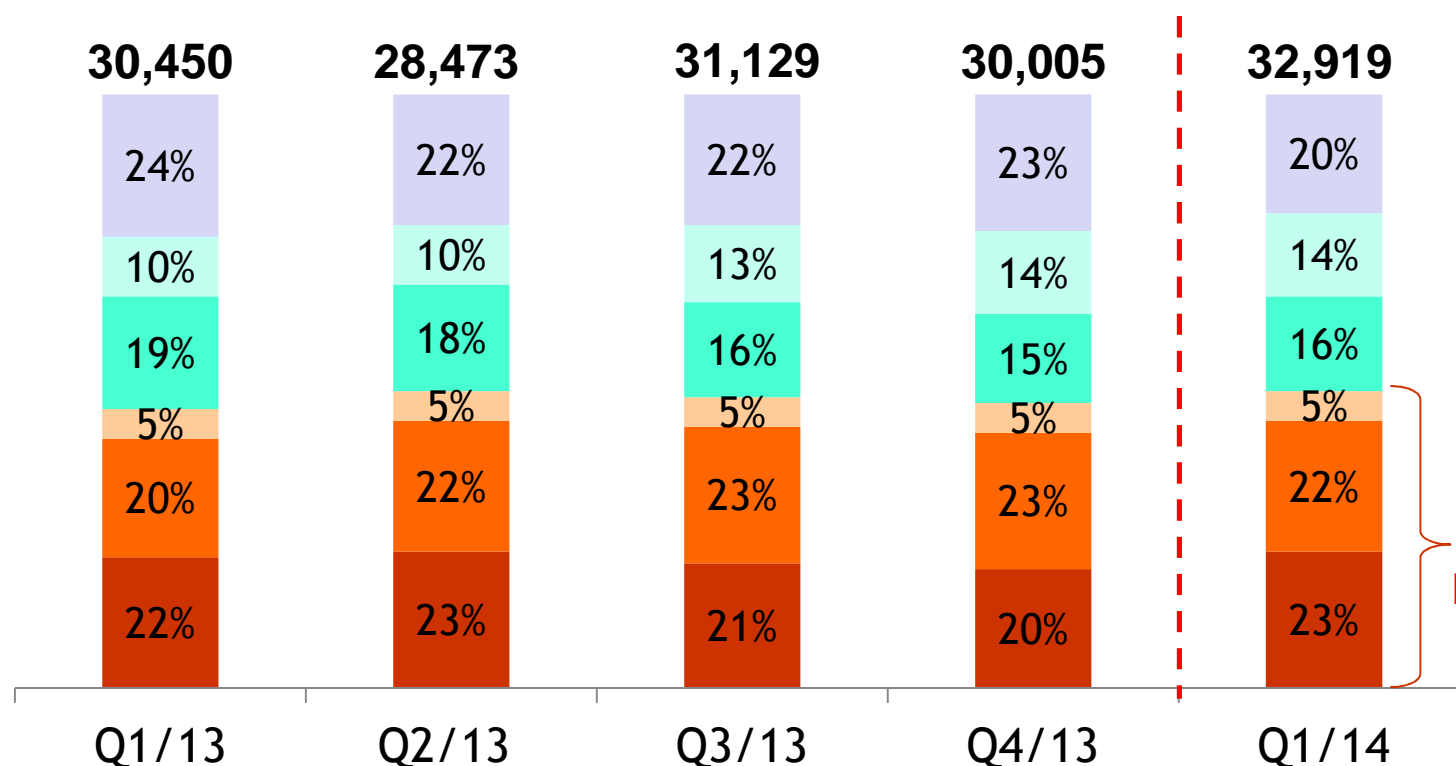
Domestic sales segmentation

Sales grew 8% y-o-y, driven by structural products, and the consolidation of the sanitary ware & fittings business.



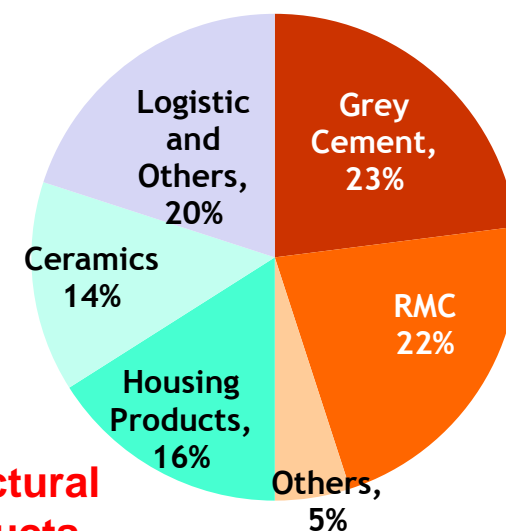
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■ Grey Cement ■ RMC ■ Others ■ Housing Products ■ Ceramics ■ Logistics+Others



Domestic Sales (Q1/14)

32,919 MB



Structural Products

Note: Domestic business: domestic sales from Thai operations

Structural Products: Grey cement, RMC, Others (mortar, white cement, and lightweight concrete blocks).

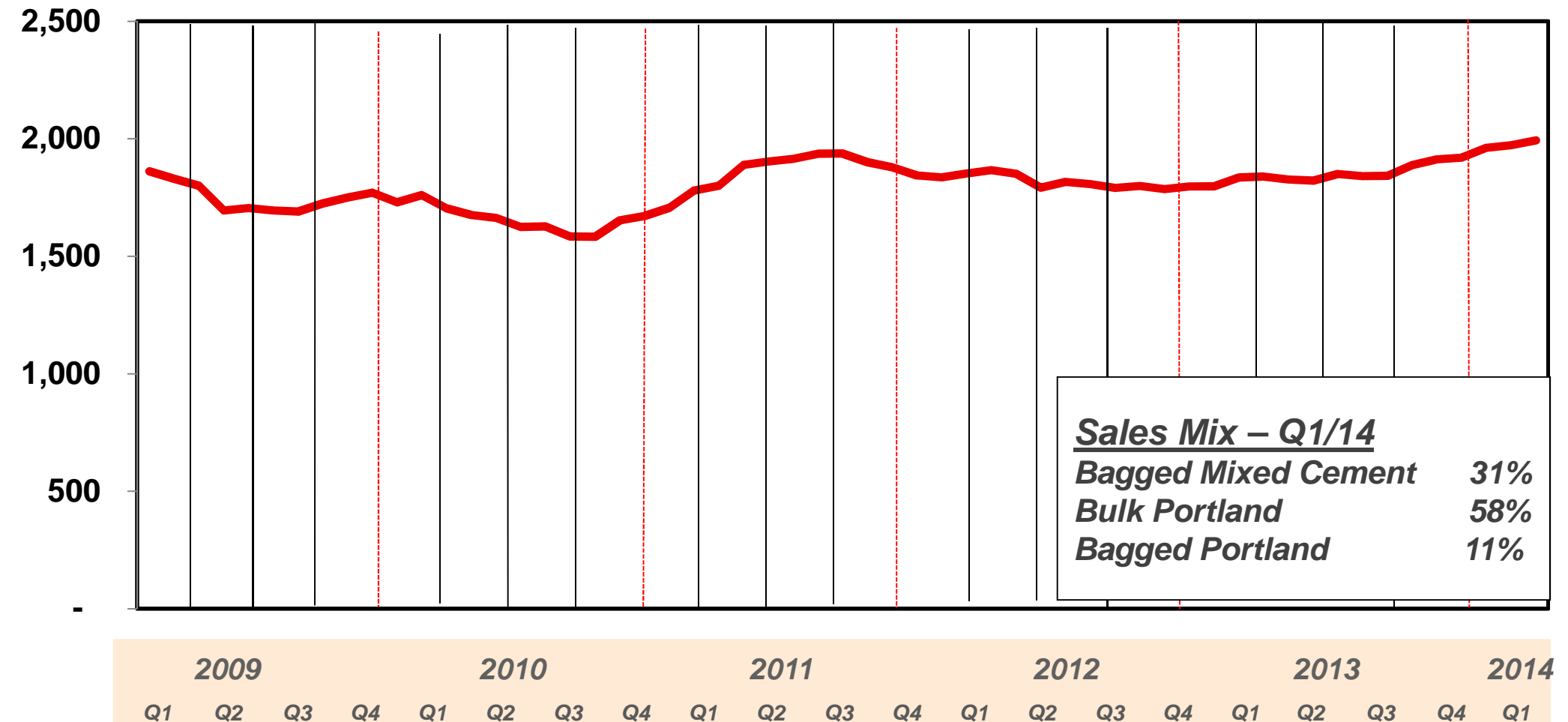
Housing Products: Roofing products, Board & Wood sub, and Home improvement.

Ceramics: includes Sanitary ware and Fittings.

Prices in Q1/14 were in the 1,950 – 2,000 Bt/ton range.



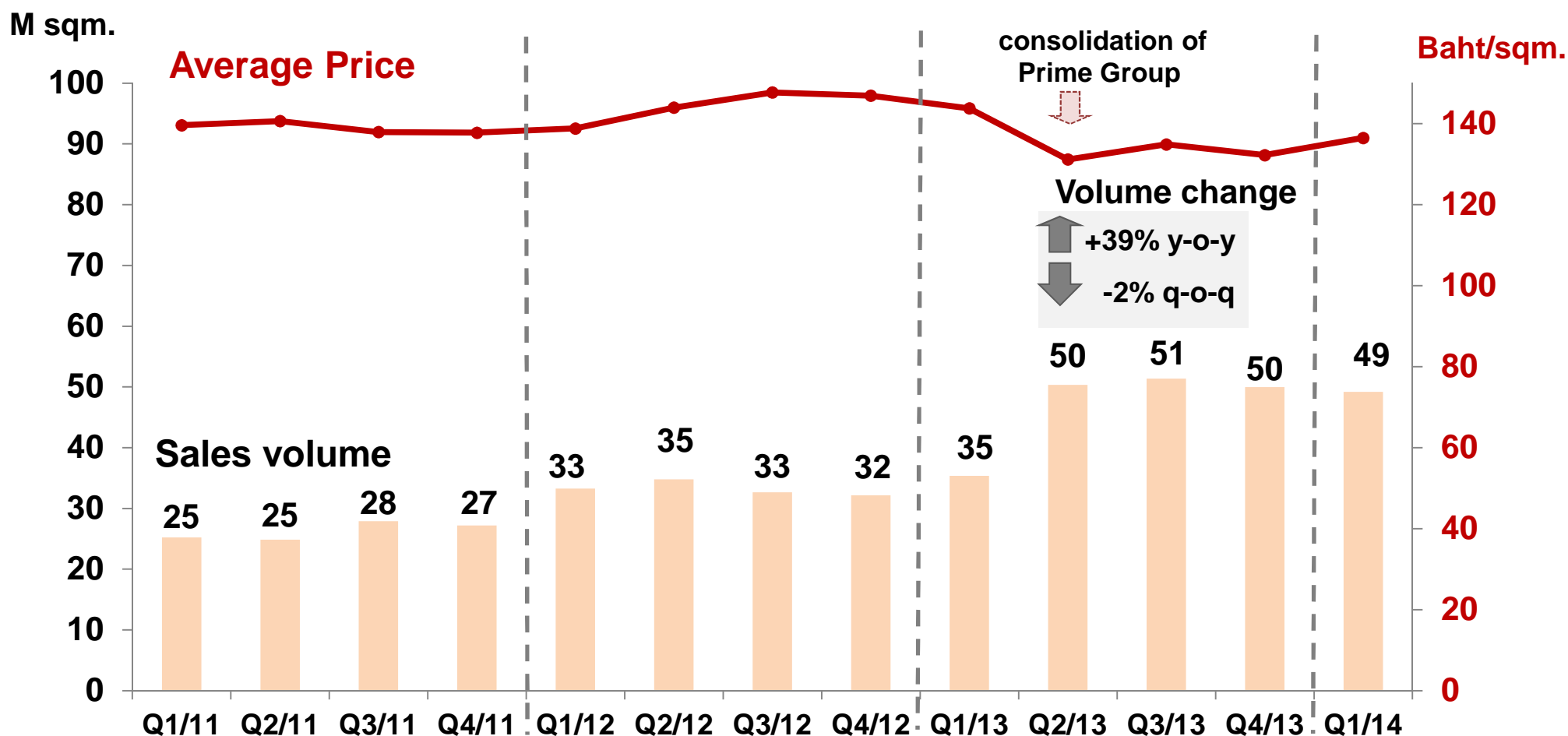
Baht/Ton



Ceramic Tiles

Volume grew 39% y-o-y as a result of the consolidation of the Prime Group in Vietnam.

Sales volume & prices for all ASEAN subsidiaries

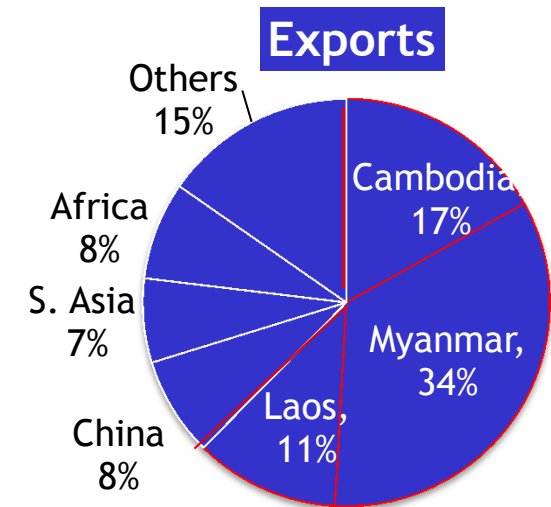
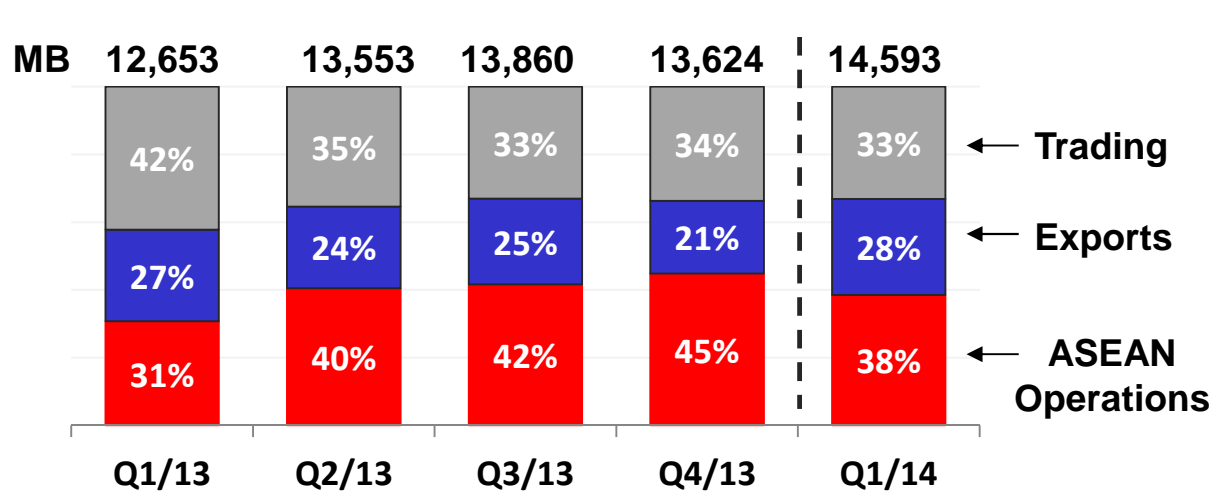


International sales segmentation

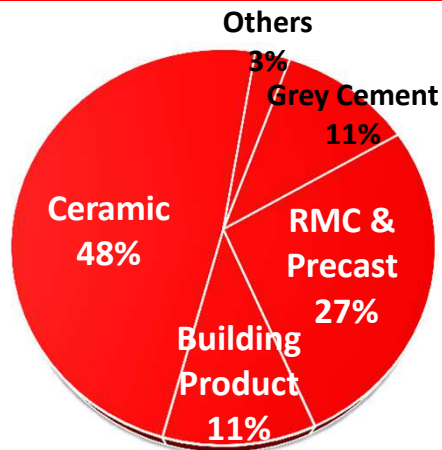
Sales increased 15% y-o-y, mainly from the consolidation of Prime Group and increased export sales.



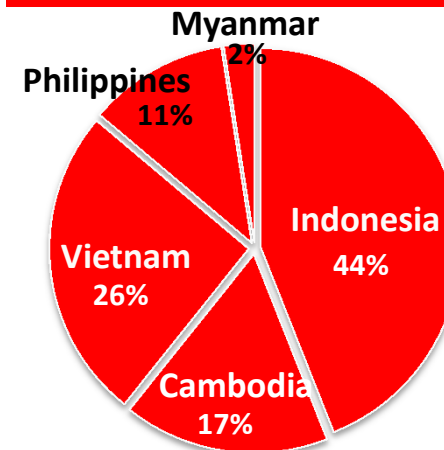
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ASEAN Operations (Products)



ASEAN Operations (Country)



Note: International business = ASEAN Operations, exports from Thailand, and Trading business

Housing - Roofing products, Board & Wood sub, and Home improvement.

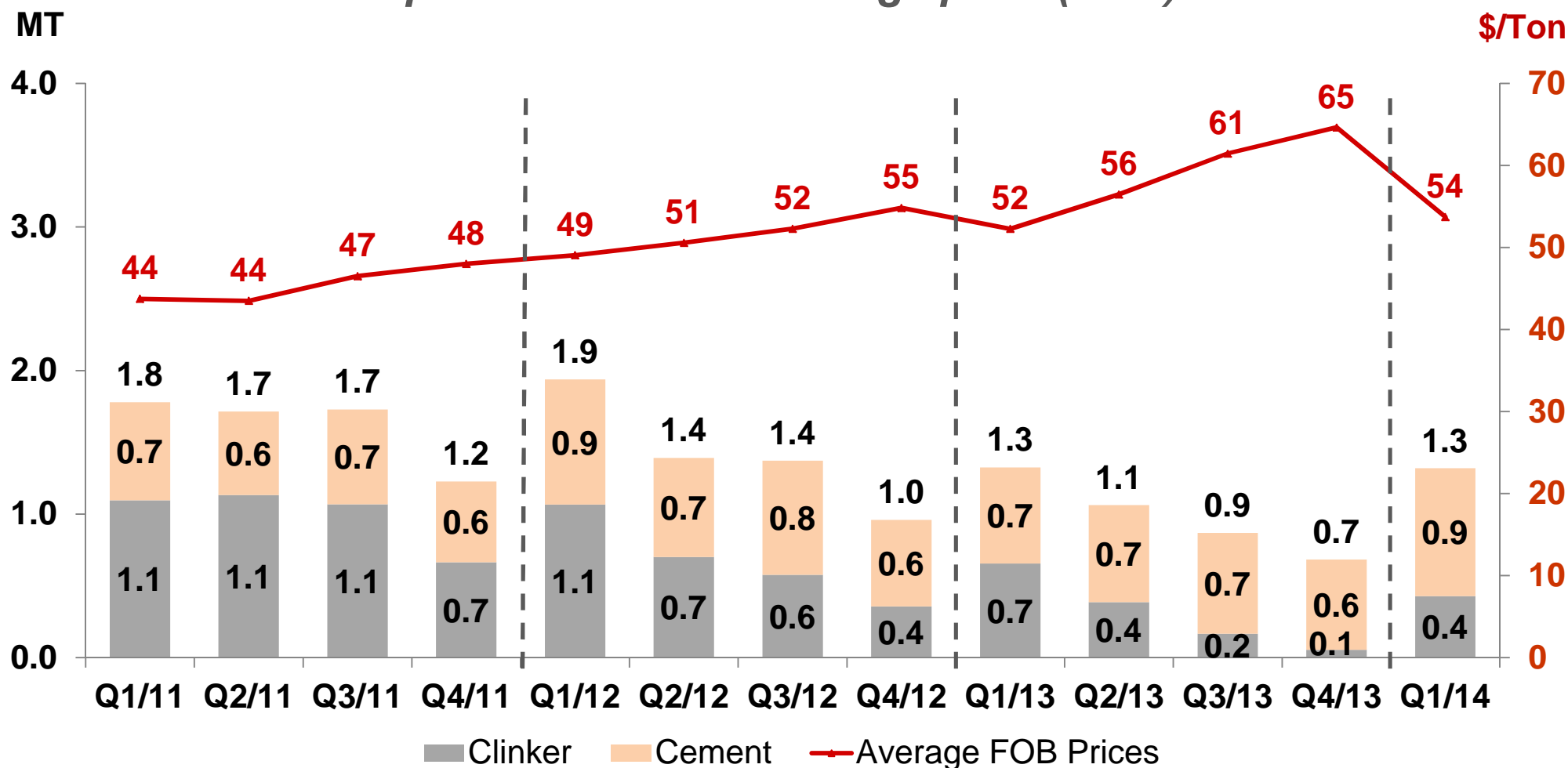
Ceramics - includes Sanitary ware and Fittings.

Trading - are mainly trading of non-SCG products

Cement exports

Exports remained flat y-o-y, while pricing increased \$2/ton y-o-y as a result of the change in product mix.

Export volume and Average price (FOB)



Outlook:

- Domestic cement demand are expected to be softer for the rest of the year.
- Domestic demand growth of housing products and ceramics is forecasted to be negative y-o-y in light of the economic slowdown, and q-o-q due to the holiday season.
- ASEAN cement demand growth outside of Thailand is expected to remain healthy.

Investment updates:

- **Laos cement plant:** 10,000 MB investment, with production by Q2/17.
- **Italian ceramics joint venture:** 506 MB (33% stake) investment, with a capacity of 5 million square meters, and operation beginning in early 2015.
- **Cambodia cement plant:** On schedule with all civil construction and prepare machinery fabrication, with production expected by Q2/15.
- **Indonesia cement plant:** On schedule with preliminary works and access to site construction, with production expected in Q3/15.
- **Myanmar cement plant:** Commenced preliminary works and progressing with access road, with production expected in Q2/16.

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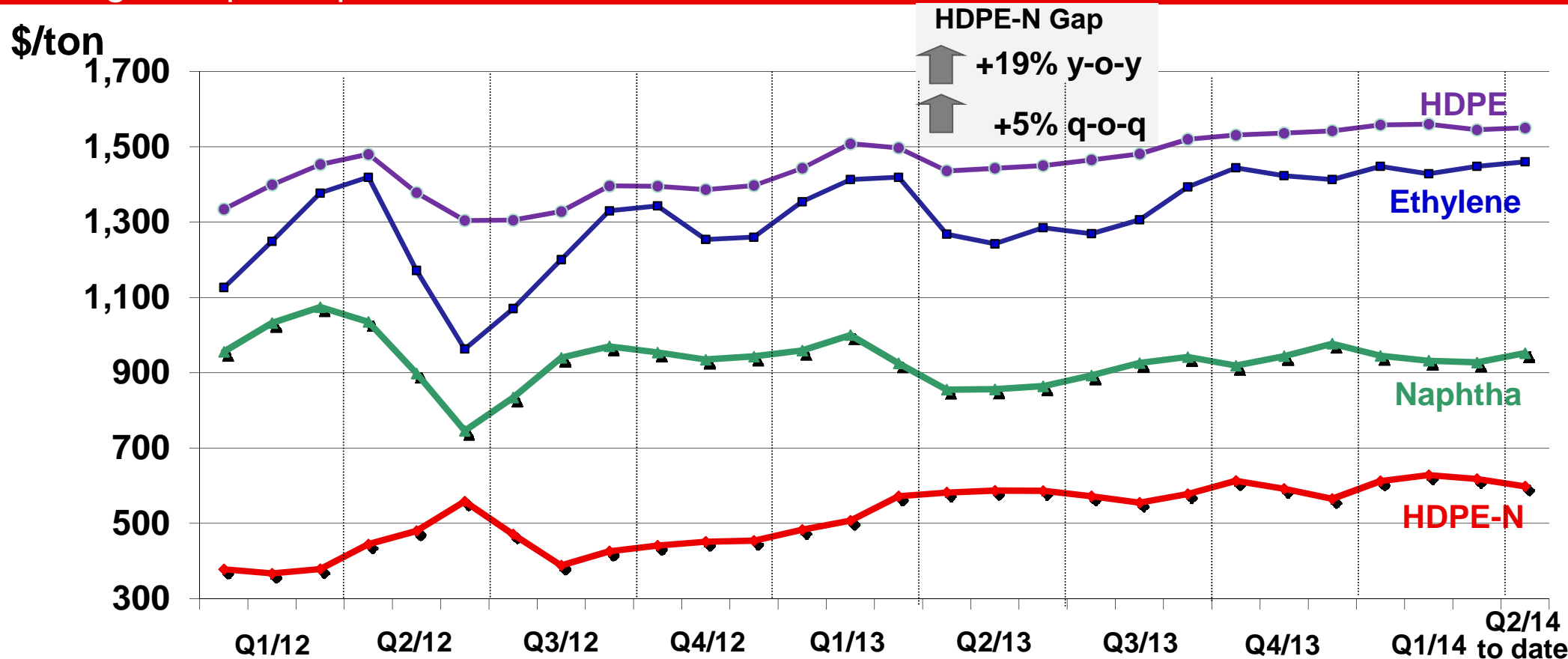
Market Insight:

- **Crude** – decreased \$2/bbl q-o-q to \$108/bbl level, attributed to QE tapering by US Federal Reserve, and relief of sanctions on Iran.
- **Naphtha** – decreased \$11/ton q-o-q to \$935/ton, softening along with crude oil prices.
- **Polyolefin** – Ethylene and Propylene price increased by 1% q-o-q to \$1,441/ton and \$1,369/ton, respectively. HDPE and PP price increased by 1% q-o-q to \$1,554/ton and \$1,561/ton due to restocking activities by producers in China. As a result, HDPE-Naphtha and PP-Naphtha margins improved by 5% q-o-q to \$620/ton and \$626/ton.
- **PVC** – EDC price increased by 24% q-o-q to \$461/ton, pressured by tight supply and ethylene cost push. PVC price increased by 4% q-o-q to \$1,045/ton. PVC-EDC/C2 margin decreased 9% q-o-q to \$336/ton.
- **Other** – BD-Naphtha margin decreased by 26% q-o-q to \$452/ton. MMA-Naphtha margin increased by 2% q-o-q to \$1,120/ton. PTA-PX margin increased 62% q-o-q to \$68/ton

HDPE – Naphtha Price Gaps

HDPE-N increased 5% q-o-q to \$620/ton, particularly at the upstream level. Firm HDPE prices were supported by restocking activities in China and the easing of naphtha prices.

slide 33



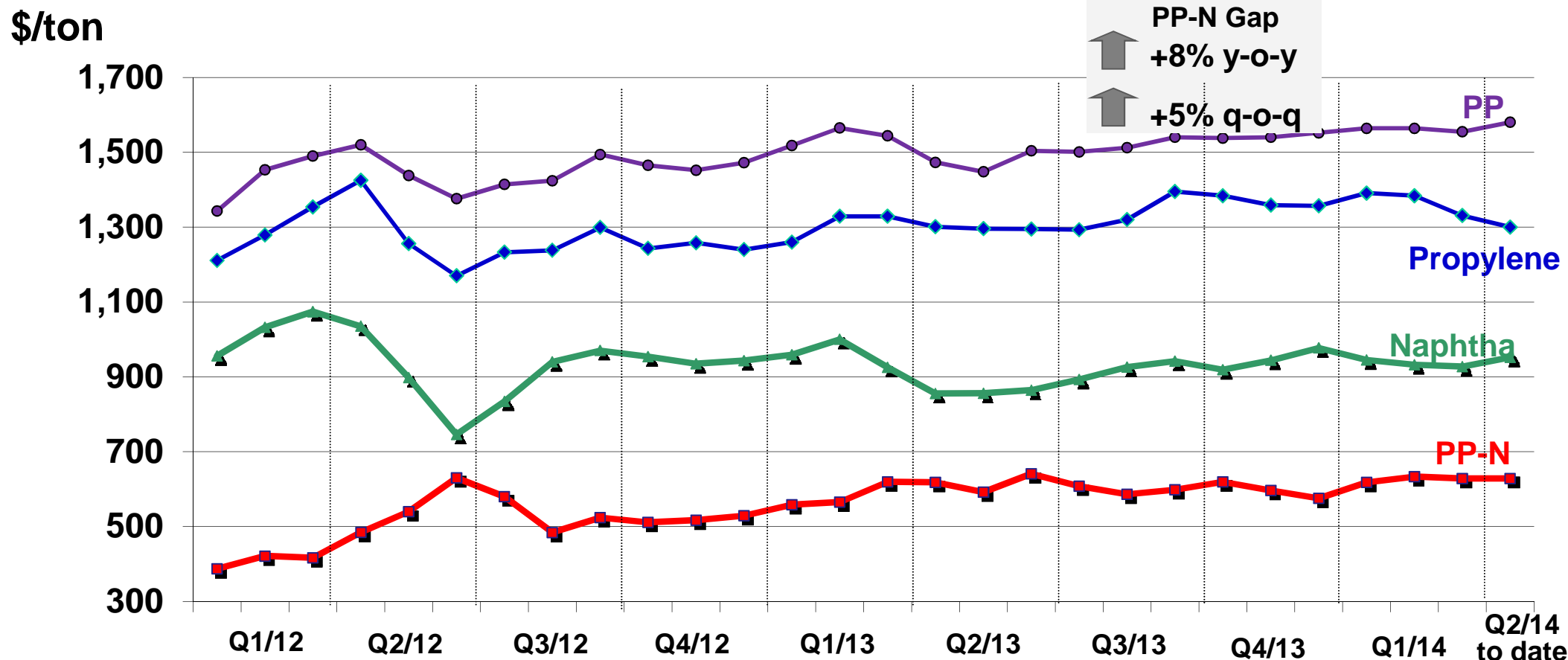
HDPE-Naphtha	374	494	428	449	521	585	568	590	620	598
Spread (\$/ton)	← 437 →				← 566 →					
HDPE-C2	144	203	143	107	87	178	166	110	113	90
C2-Naphtha	230	291	285	342	434	407	402	480	507	508

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

PP-N increased 5% q-o-q to \$626/ton, despite the additional supplies from PDH units. PP prices remained firm, supported by consistent demand.

slide 34

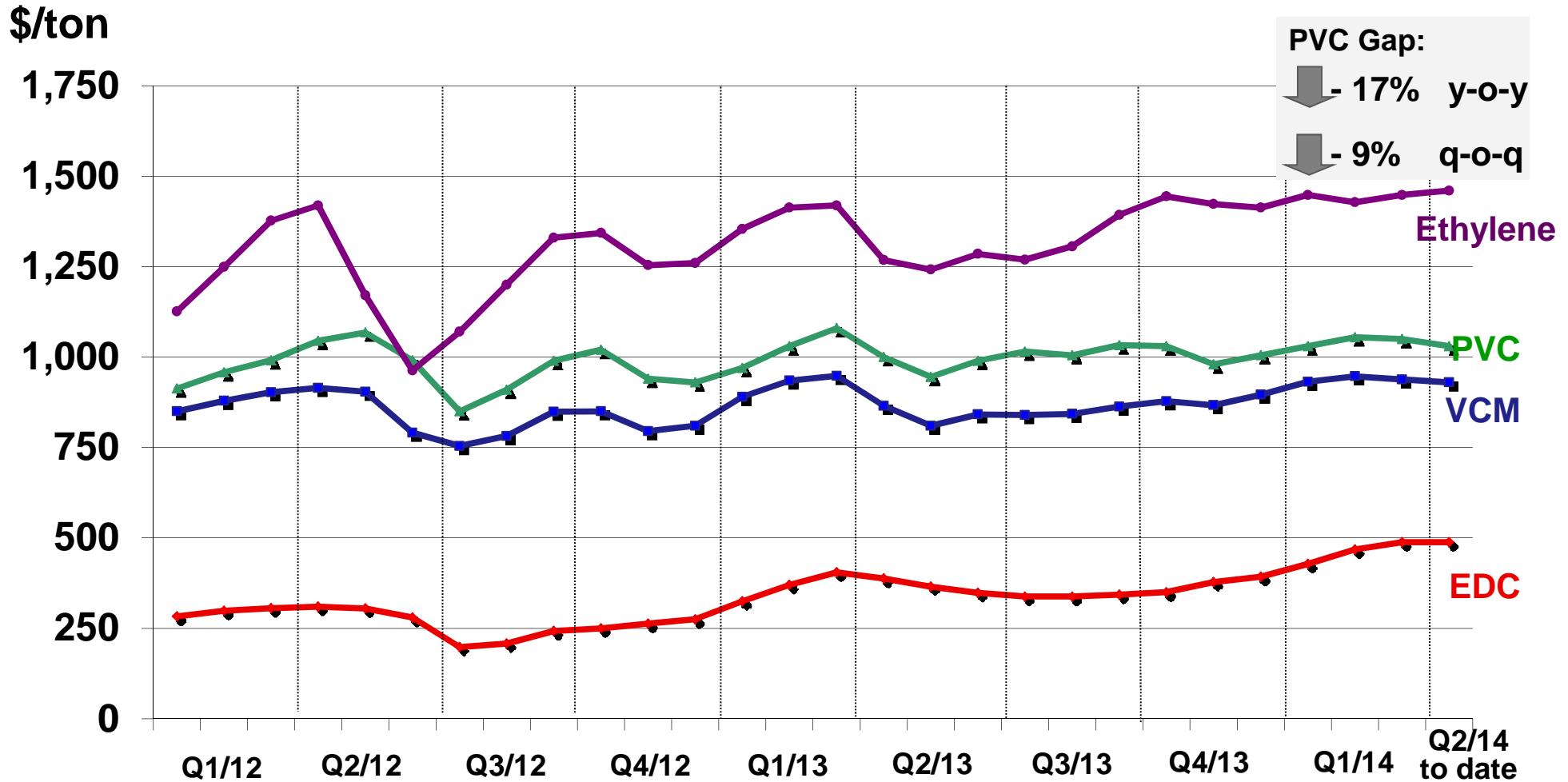


PP-Naphtha	408	551	529	519	581	617	597	597	626	628
Spread (\$/ton)	← 502 →				← 598 →					
PP - C3	147	160	187	216	236	178	182	177	192	280
C3 – Naphtha	261	391	342	303	345	439	415	420	434	348

Note: Prices refer to SEA regional prices

PVC

PVC margin decreased 9% q-o-q to \$336/ton. EDC prices increased 24% q-o-q to \$461/ton, pressured by tight supply and ethylene cost push. PVC prices increased 4% q-o-q to \$1,045/ton.



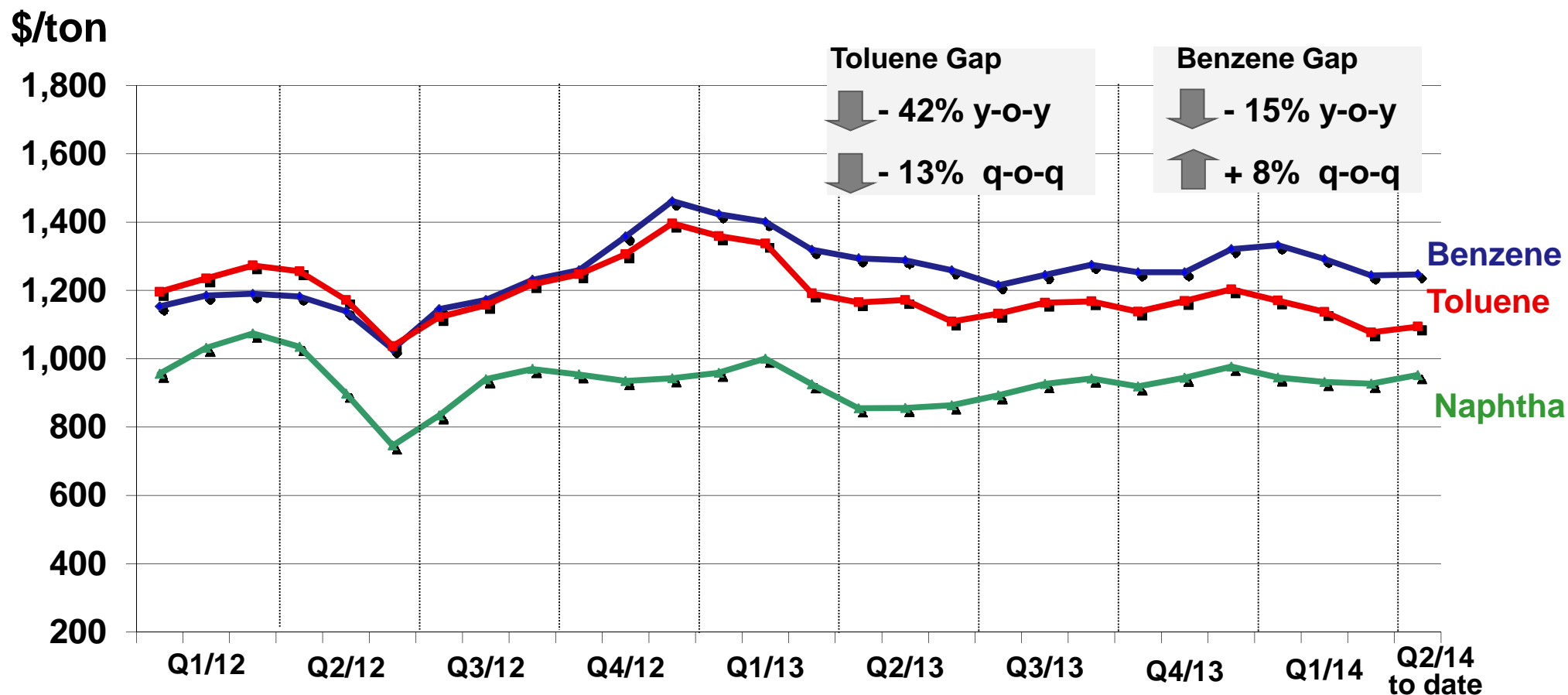
PVC-EDC/C2	424	518	463	452	405	386	435	370	336	294
Spread (\$/ton)	464				399					

Benzene & Toluene

BZ-N margin – up 8% q-o-q on strong US prices, which allowed for arbitrage cargoes movement across regions.

TL-N margin – dropped 13% q-o-q, pressured by lack of demand from on-purpose PX producers.

slide 36



BZ-Naphtha	155	223	268	415	420	422	325	329	355	295
TL-Naphtha	214	262	251	372	333	290	234	223	193	142
BZ-Spread	← 265 →		← 374 →							
TL Spread	← 275 →		← 270 →							

Note: Prices refer to SEA regional prices

Price Gaps of Associates

MMA-Naphtha — up 2% q-o-q on tight supply, due to plant turnaround of key Asian producers.

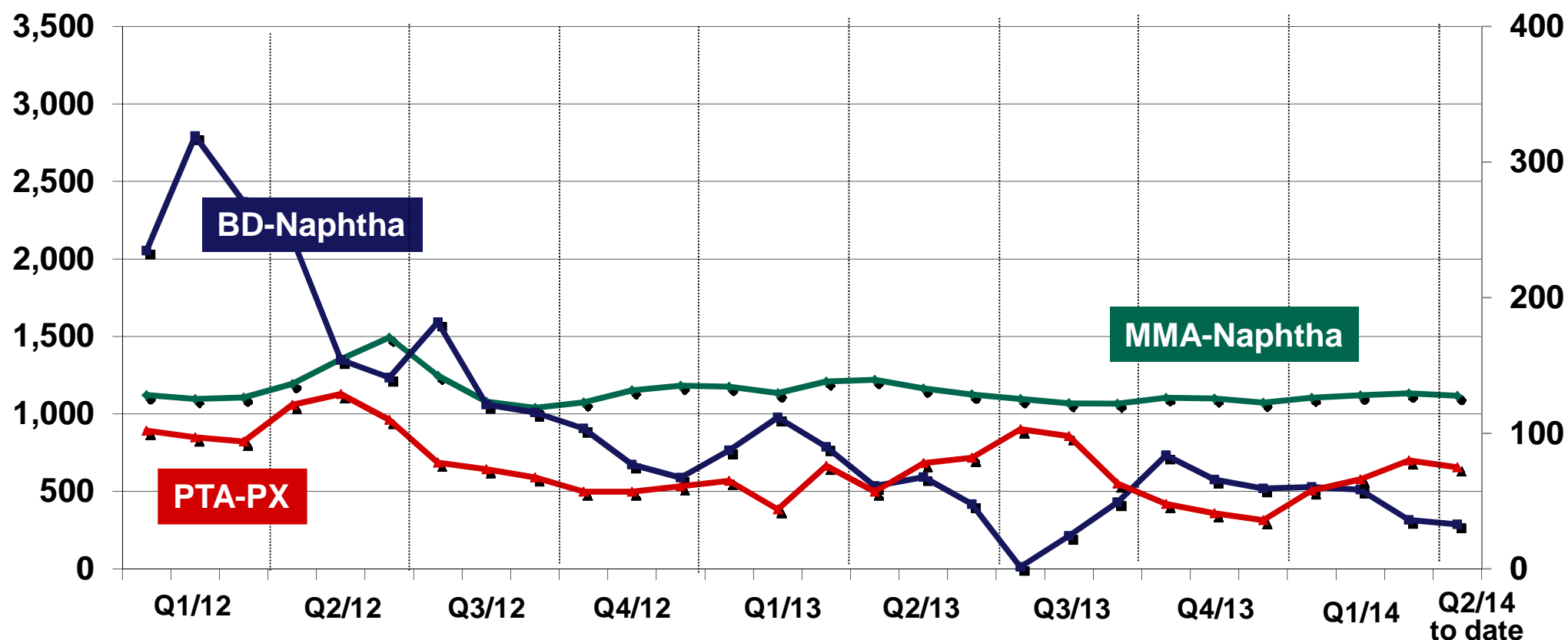
BD-Naphtha — down 26% q-o-q, attributed to weaker Chinese demand.

PTA-PX — up 62% q-o-q due to lower PX prices (weak demand and over supply).

slide 37

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

PTA-PX \$/ton



BD-N	2,405	1,574	1,221	723	844	516	220	609	452	288
PTA-PX	98	120	73	58	62	72	88	42	68	75
MMA-N	1,104	1,346	1,122	1,136	1,174	1,170	1,077	1,093	1,120	1,118

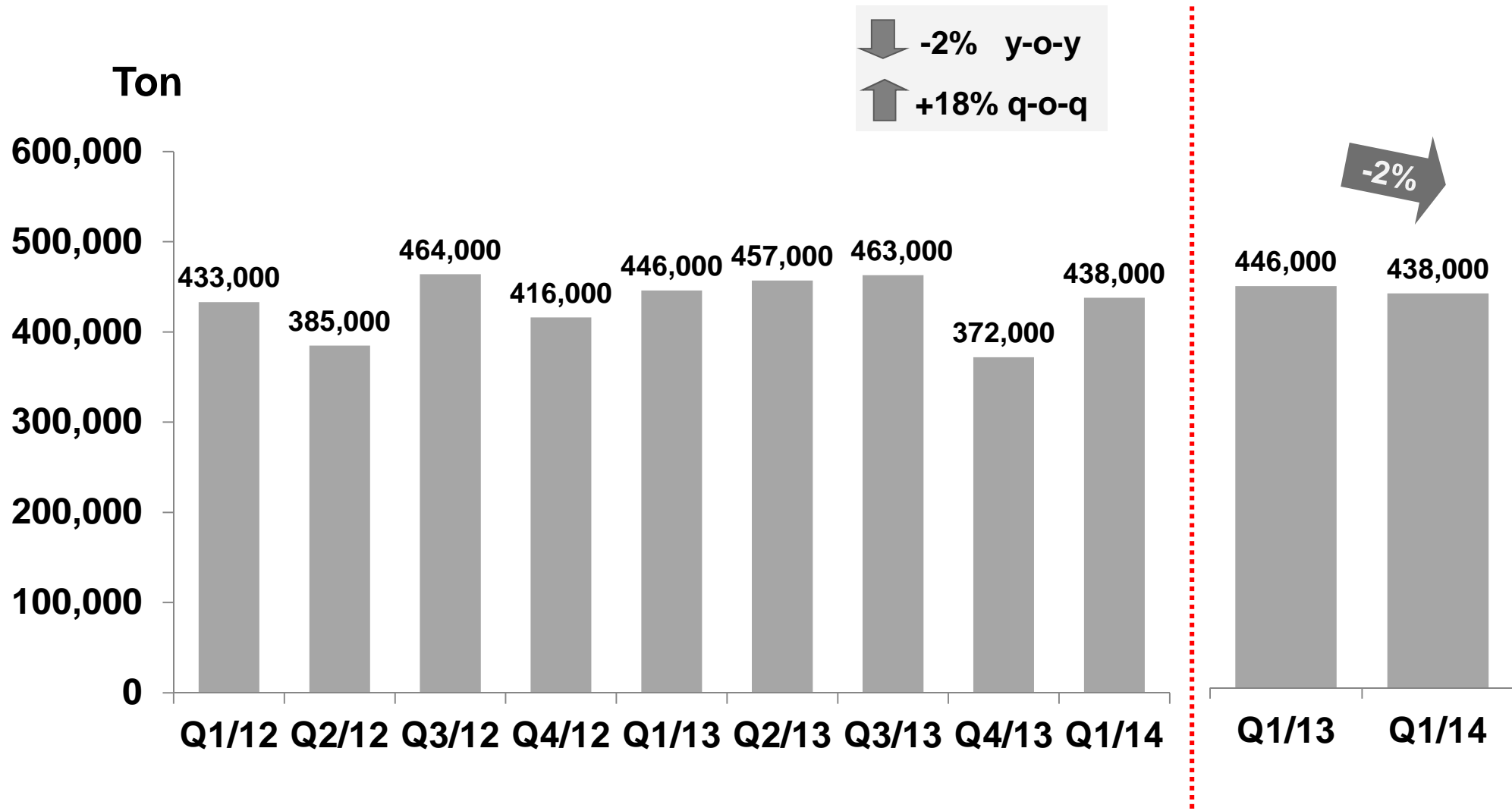
Note: BD and MMA prices refer to SEA regional prices , PTA prices refer to Asian regional prices

Polyolefins Sales Volume

Following the restart of the MOC complex on Dec 25/13 (45-day maintenance in Q4/13), sales volume increased 18% q-o-q, but dropped 2% y-o-y due to the gradual ramp-up effect.

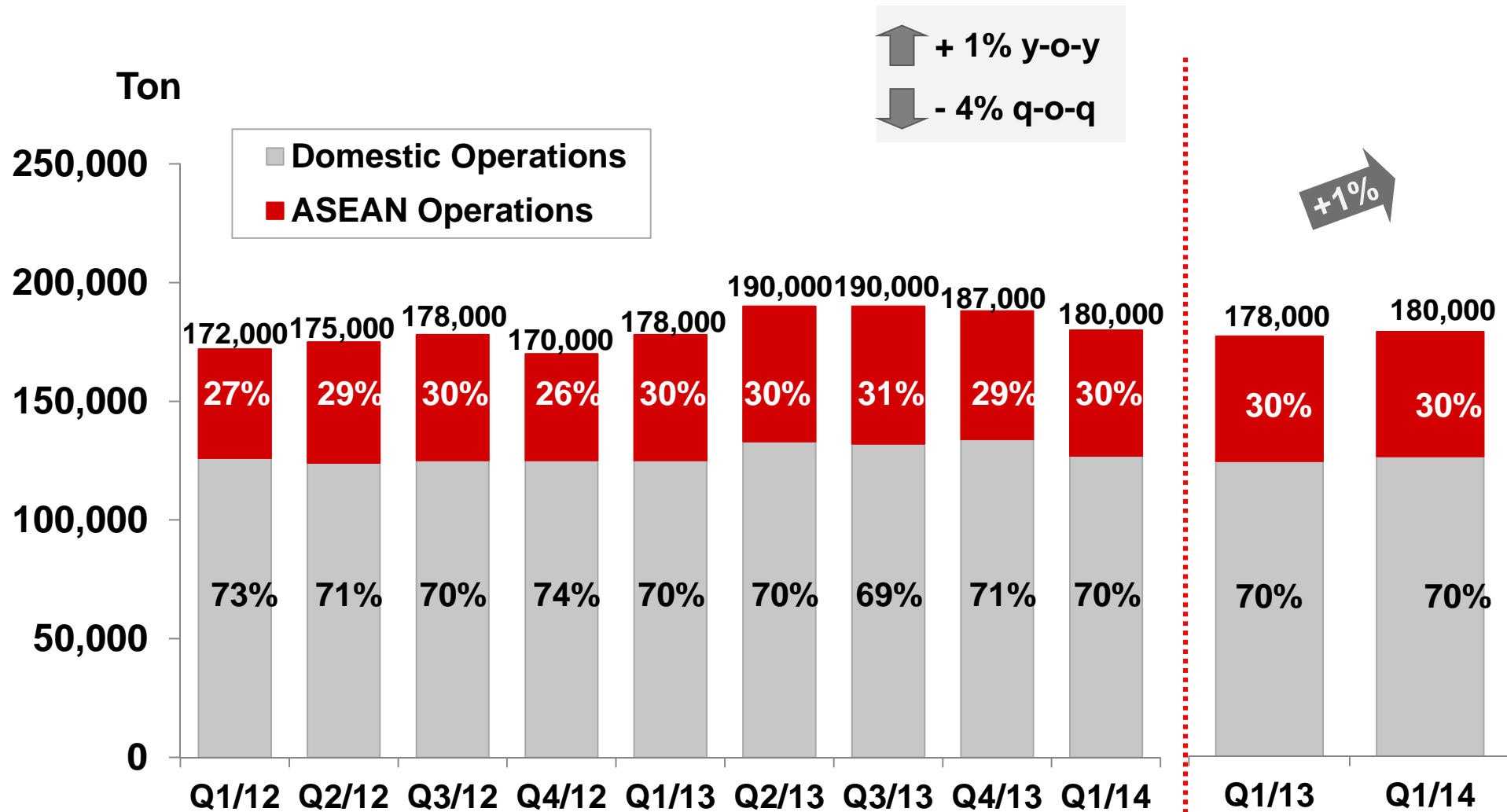


slide 38



PVC Sales Volume

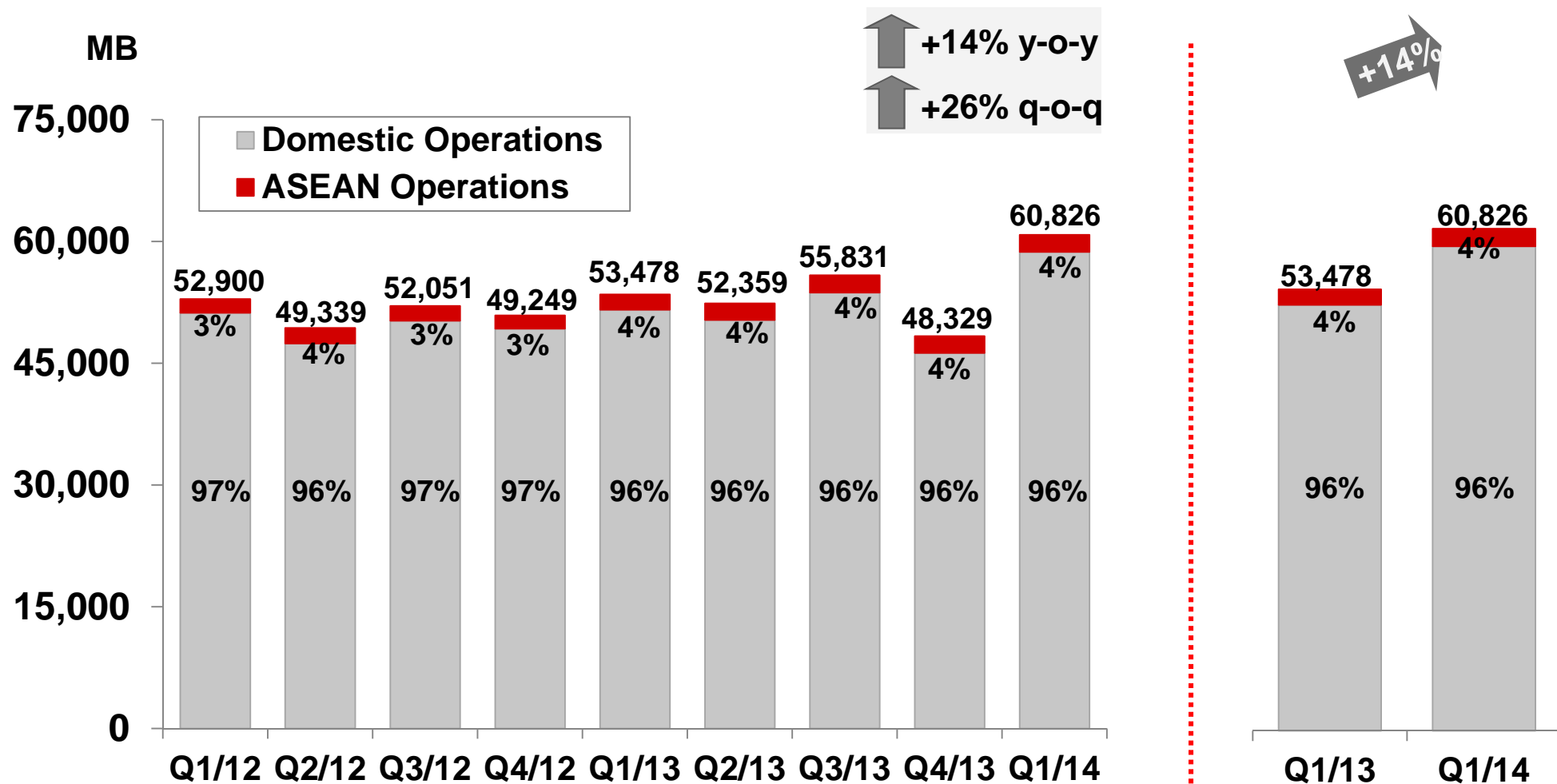
Sales volume decreased 4% q-o-q, due to VCM plant turnaround.



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

Revenue from Sales

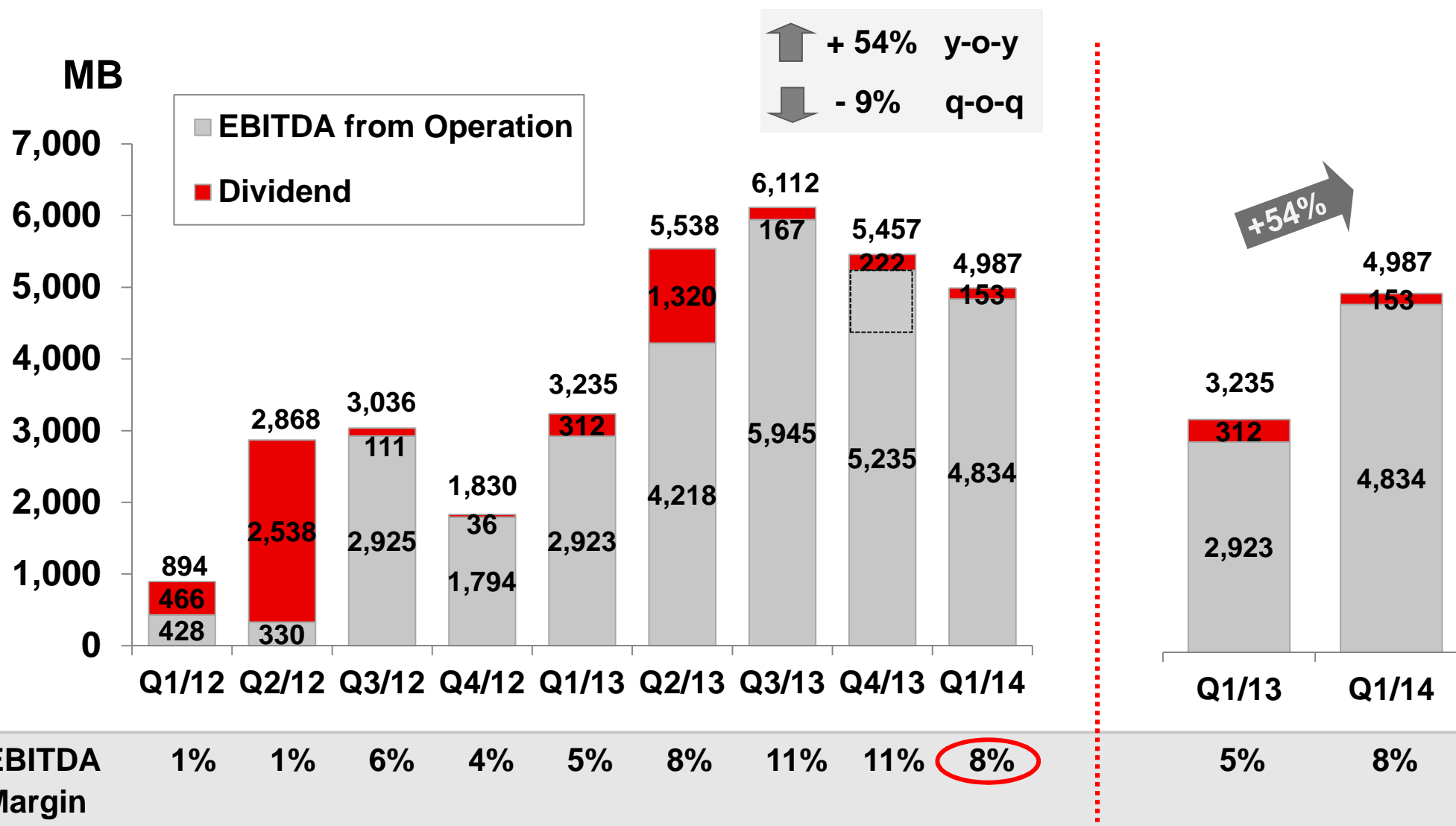
Revenue increased 26% q-o-q, supported by higher sales volume from MOC complex and higher product prices.



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

EBITDA

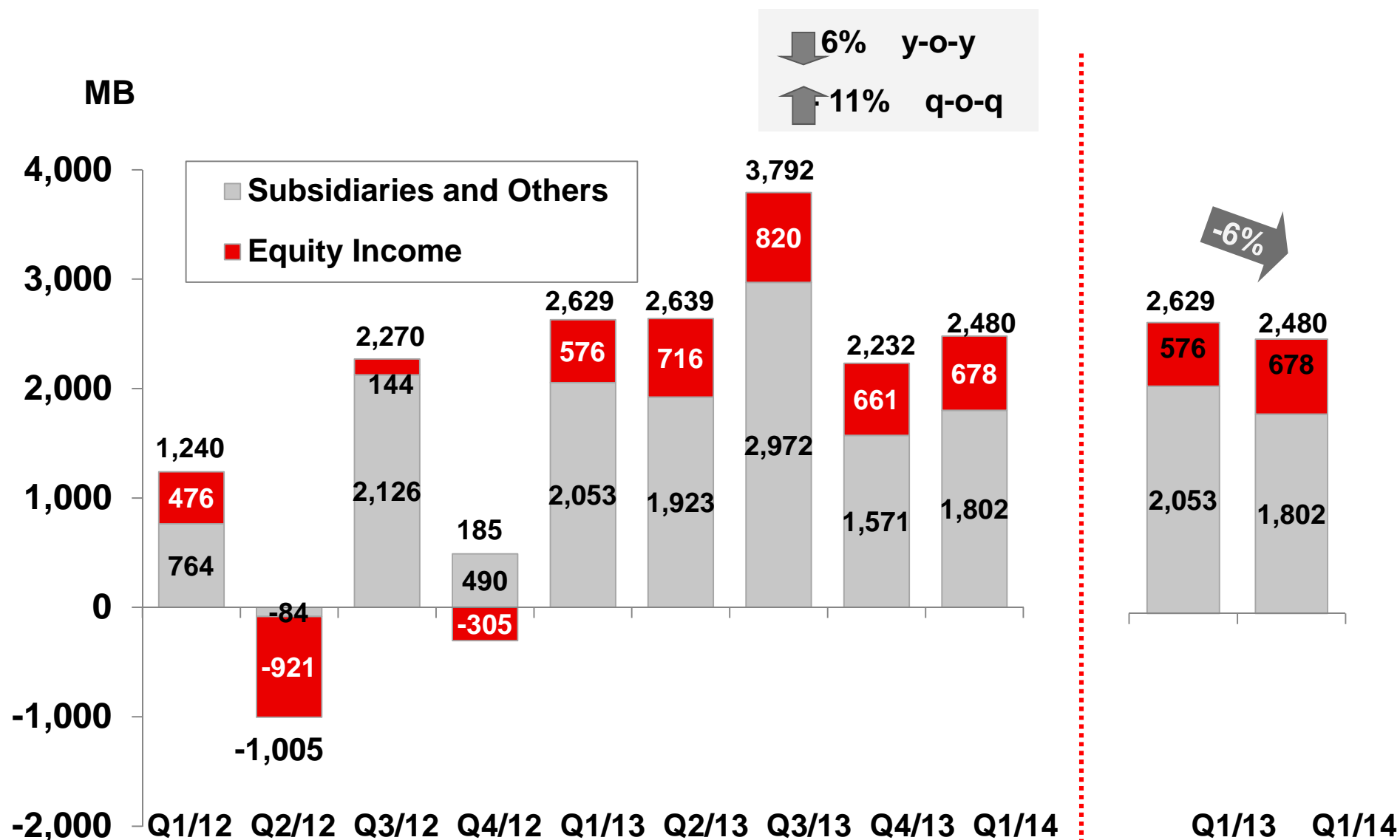
EBITDA decreased 9% q-o-q, attributed to lower PVC margin and the one-time gains of 1,400 MB in Q4/13 (divestment and inventory gain).



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

Profit for the Period

Profit for the Period increased 11% q-o-q, attributed to better margins and higher sales volume.

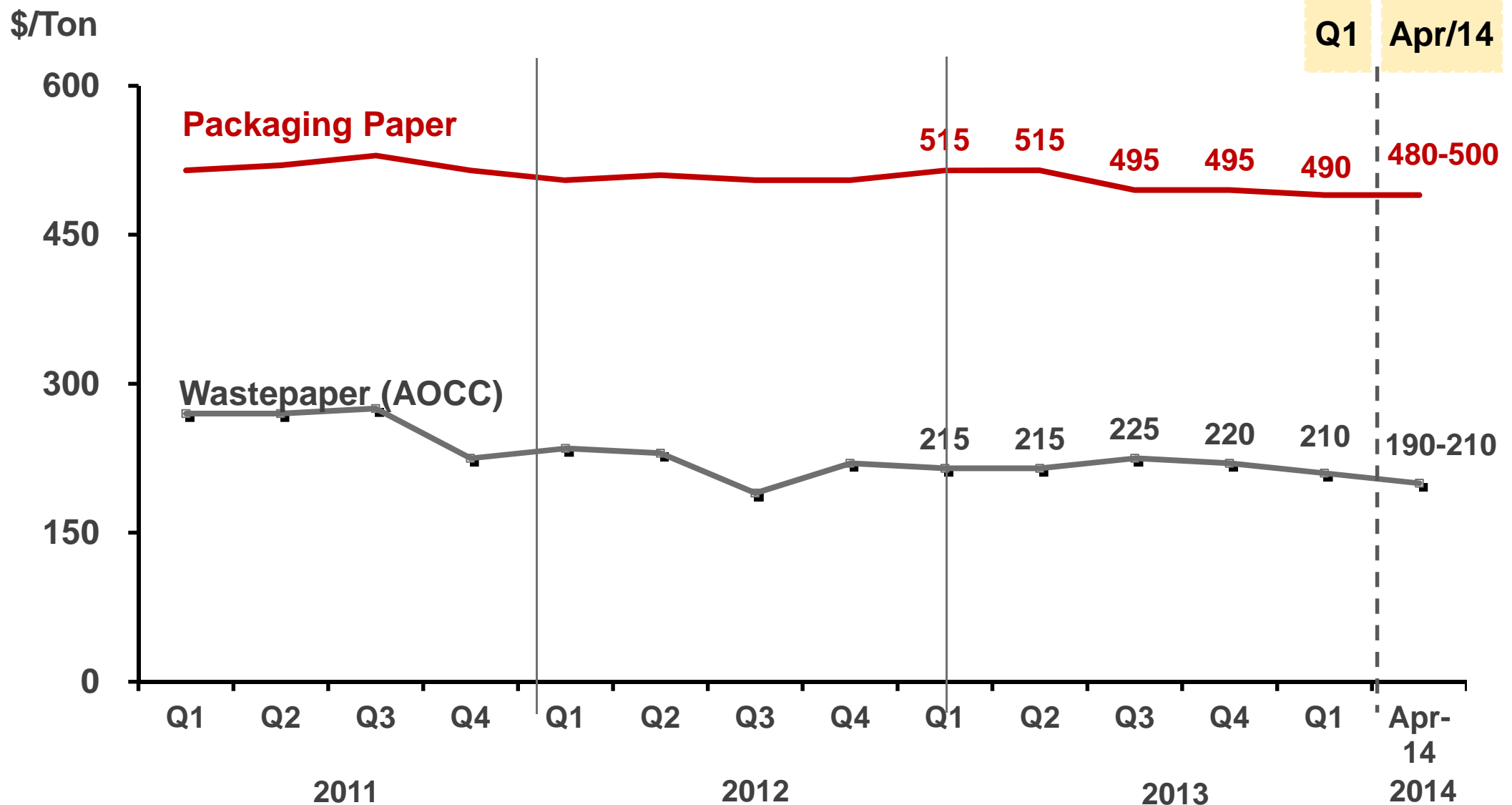


- **Crude** – Uncertainties lie ahead for crude prices. The situation in the Ukraine could fuel prices further, while the Libyan situation remains unsolved.
- **Naphtha** – Demand remains healthy, due to increasing naphtha cracker run-rates.
- **Polyolefin** – Downstream demand remains intact. Chinese and ASEAN markets have firm buying sentiment as more trading volume are seen in the markets.
- **PVC** – Demand trend continue to be strong, but escalating feedstock cost will place further pressure on PVC margins.
- **Subsidiaries level** – in line with the gradual increase in global cracker run-rates.
- **Associates level** – fundamentals remain weak.

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Packaging Paper

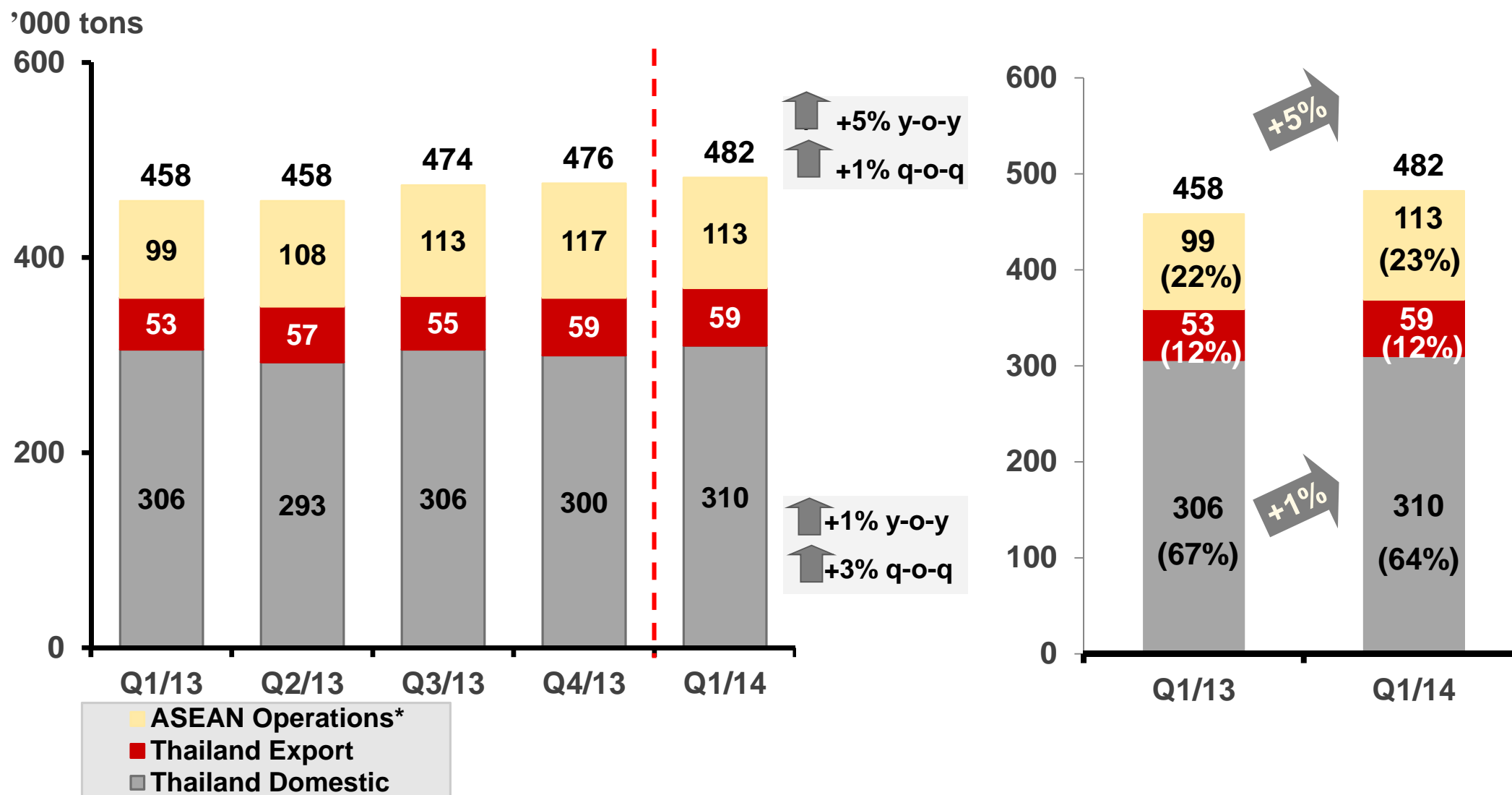
AOCC prices decreased due to demand softness from China during the Chinese New Year, while packaging paper prices remained stable.



Note: regional prices

Packaging Paper:

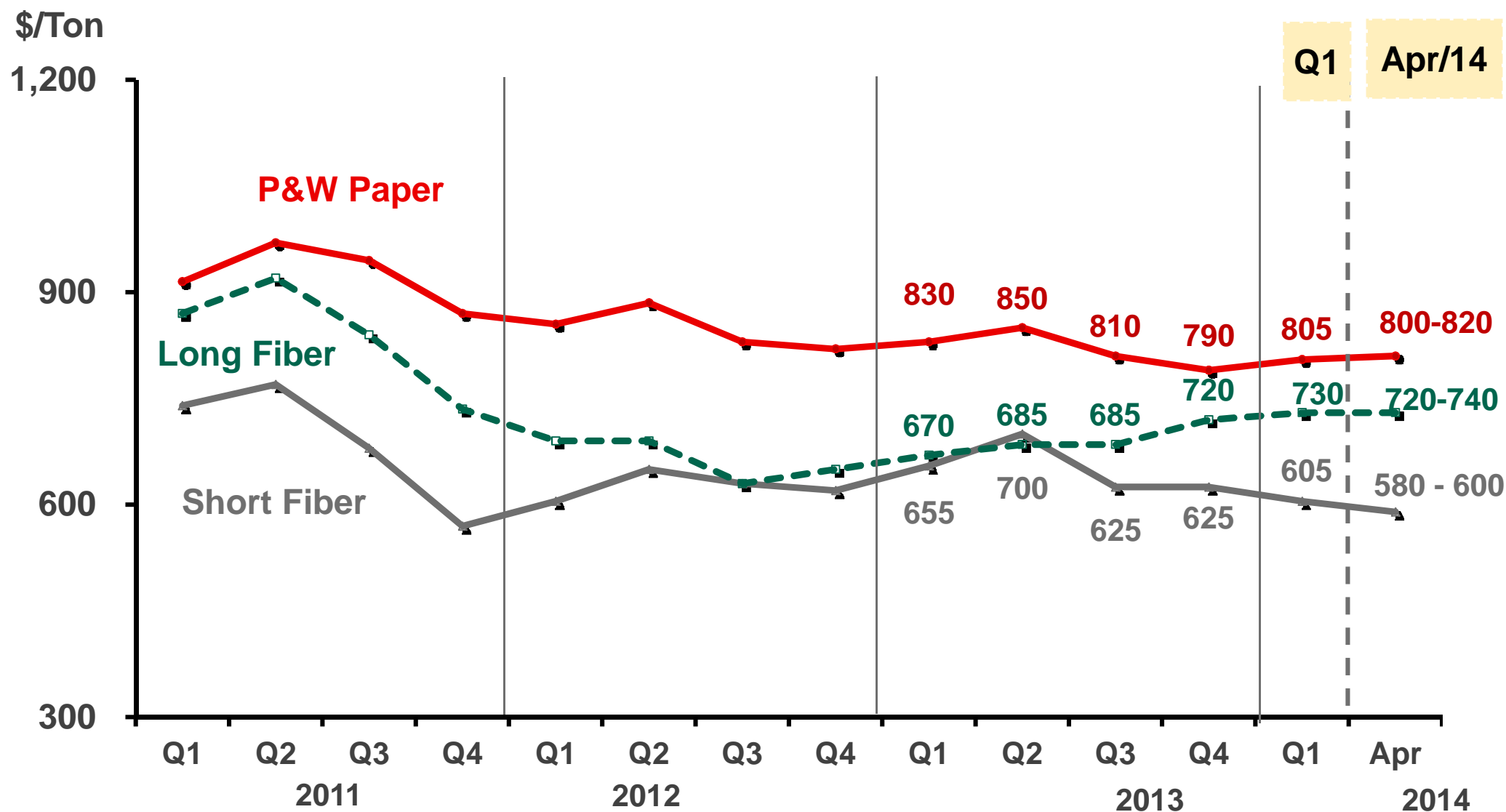
Total sales volume increased 5% y-o-y owing to higher demand in consumer products segment.



Note: *Sales Volume from Philippines and Vietnam

Fibrous (Printing & Writing Paper)

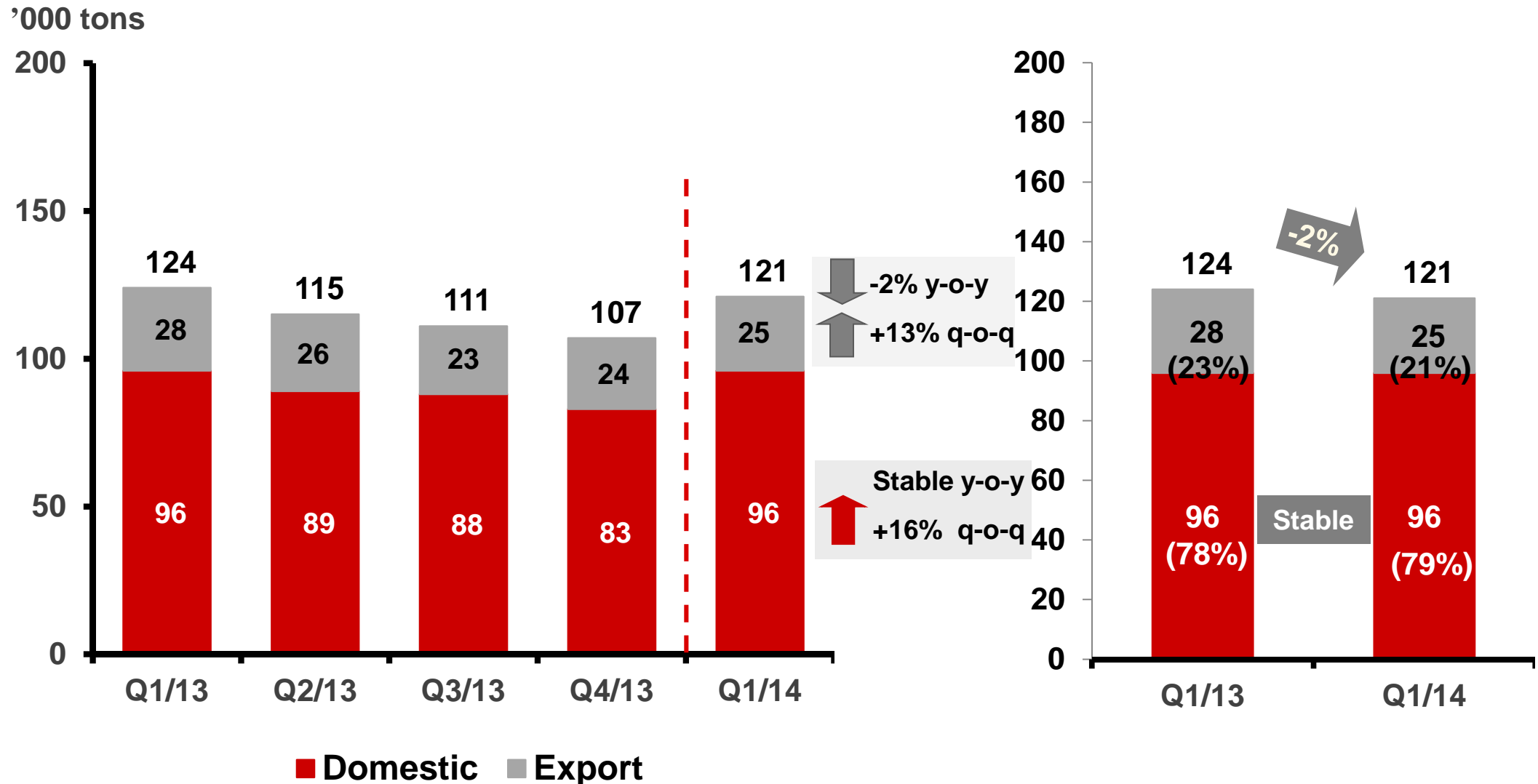
Long-fiber pulp prices increased owing to tight supply, while short-fiber prices decreased due to oversupply situation from new capacity startup. Dissolving pulp prices maintained at \$880/ton.



Note: regional prices

Fibrous (Printing & Writing Paper)

Domestic sales volume increased 16% q-o-q mainly due to seasonal demand recovery from year-end. Total sales volume dropped 2% y-o-y from demand softness.

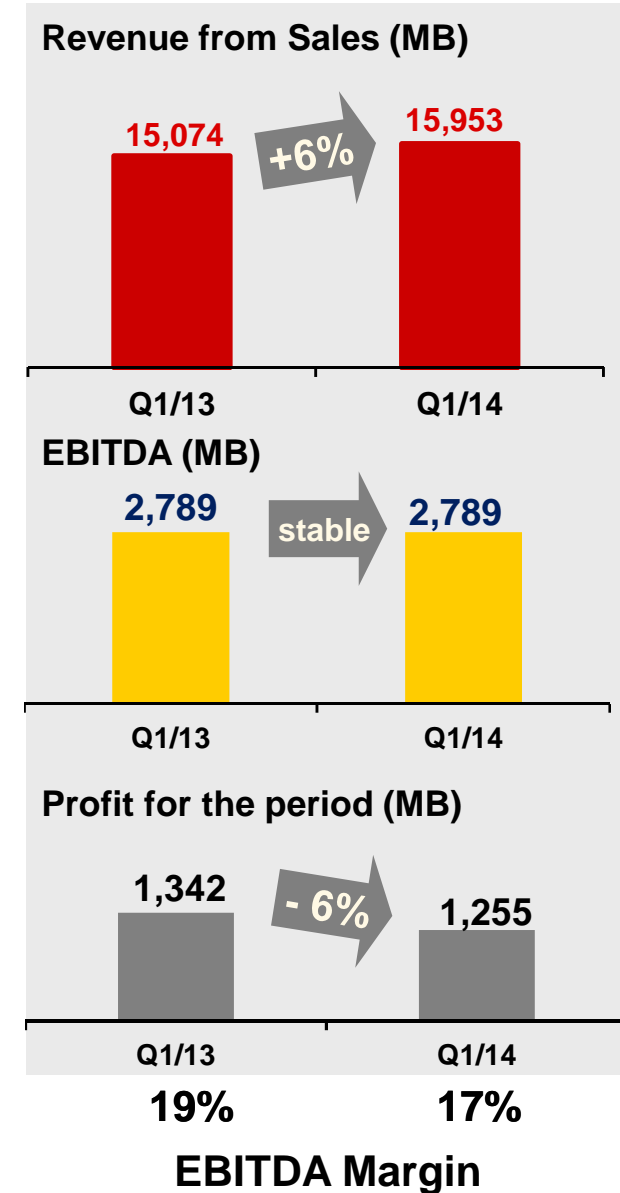
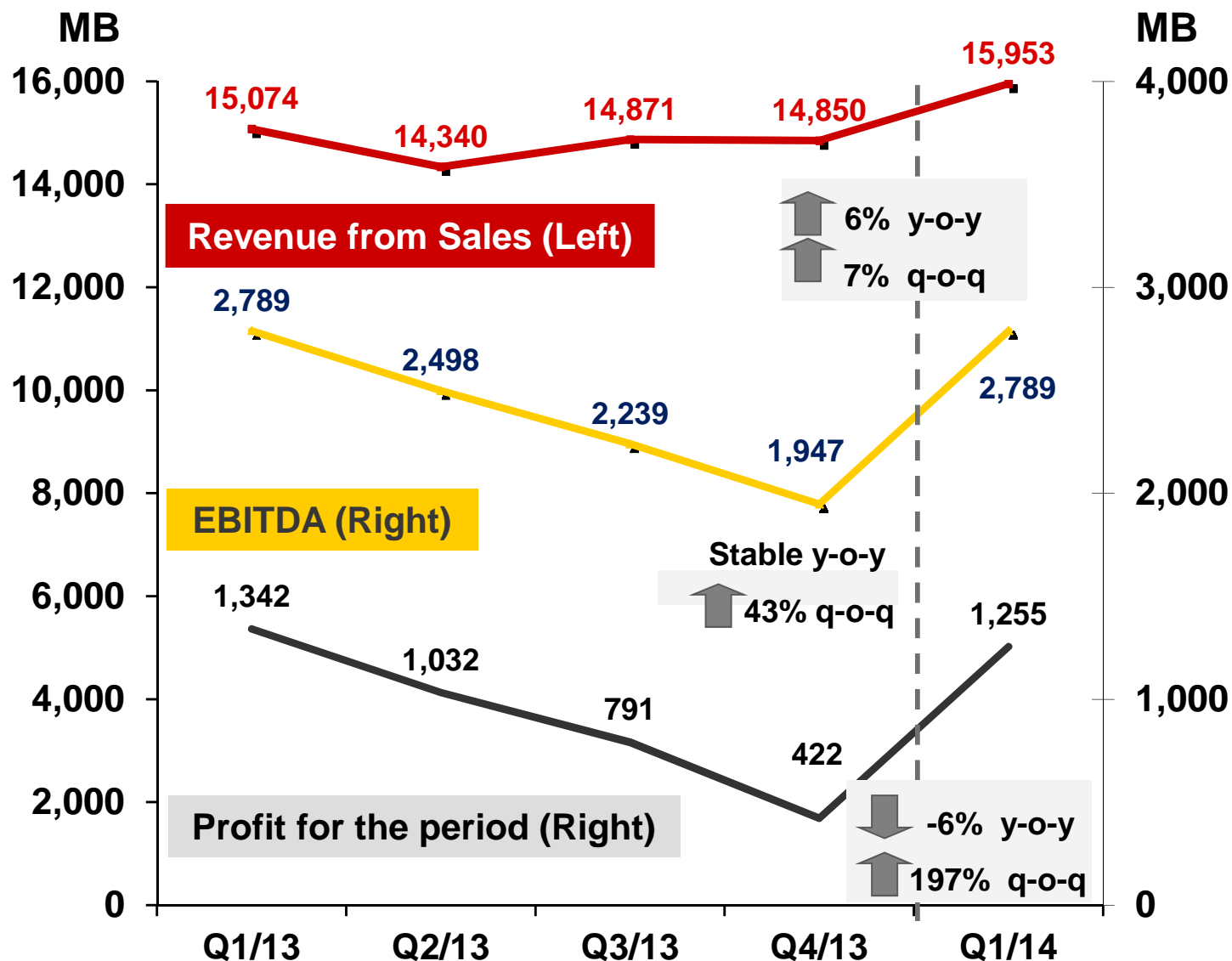


Financials

Improved financials q-o-q, mainly due to higher sales volume in both chains.
The y-o-y results declined from higher depreciation and interest expenses
(associated with project investments).



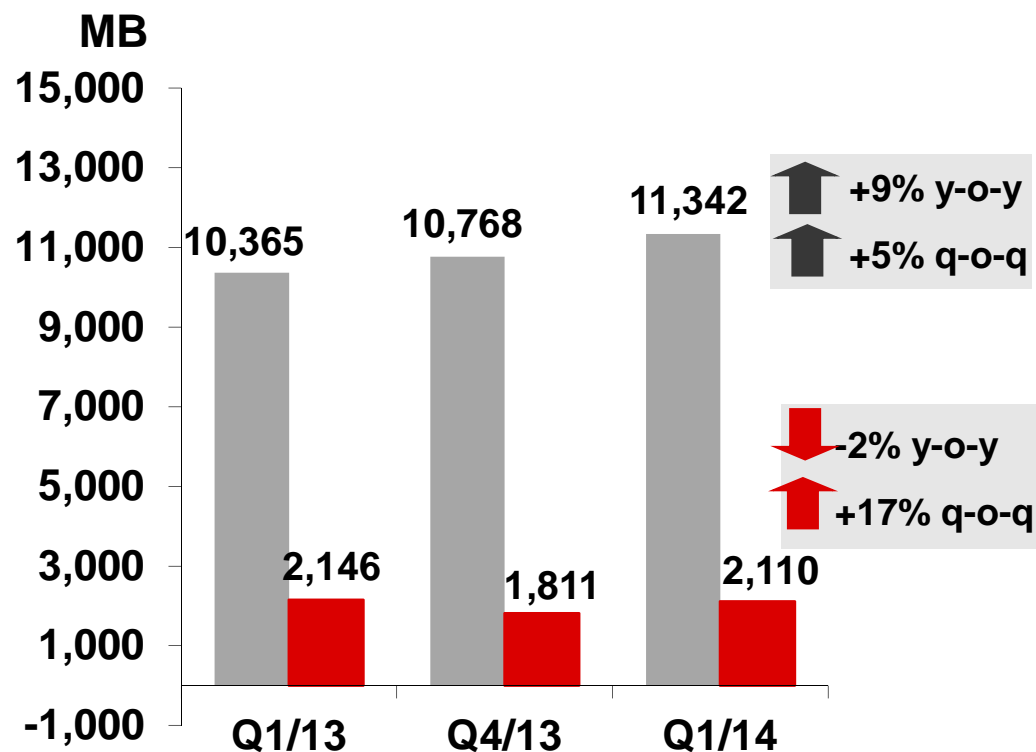
slide 49



Business Segments

Financial performance improved q-o-q in the Packaging chain and the Fibrous chain.

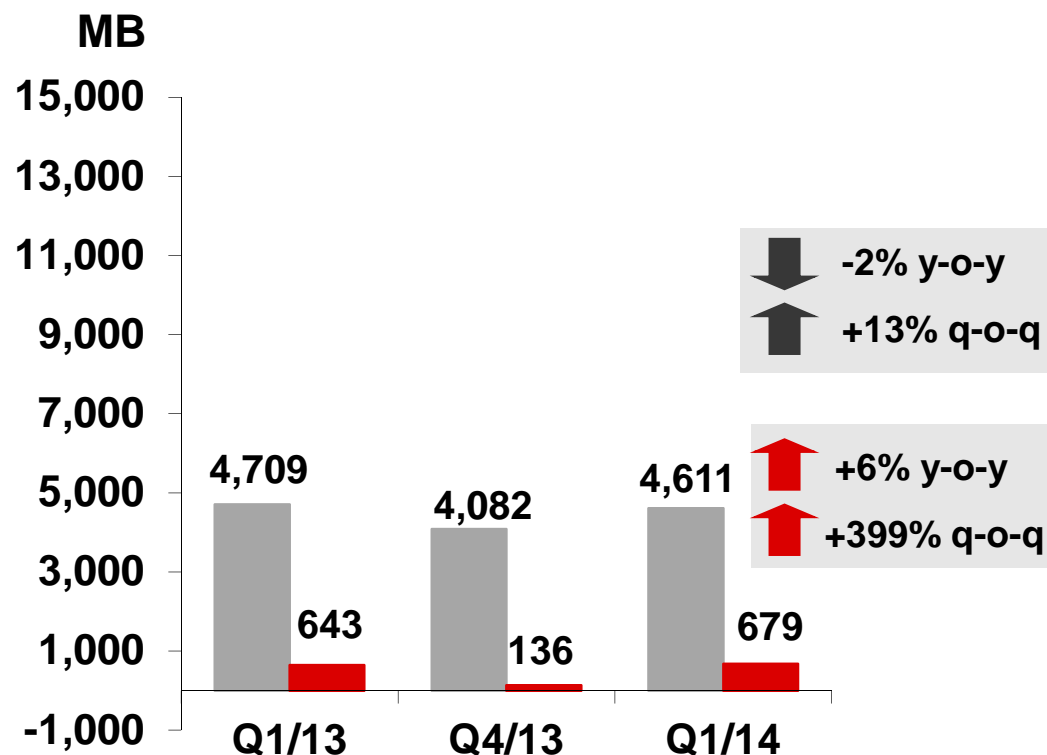
Packaging Chain



EBITDA Margin
21% 17% 19%

■ Revenue from Sales ■ EBITDA

Fibrous Chain



EBITDA Margin
14% 3% 15%

Packaging Chain

- Regional prices of wastepaper are expected to decrease from demand softness in China coupled with planned maintenance downtime of some Chinese board mills.
- Packaging (Corrugated Containers): Regional demand continues to grow with the exception of Thai market.

Fibrous Chain

- P&W paper prices is expected to firm up slightly due to seasonal demand from educational materials.
- Long-fiber pulp prices are expected to be flat, from slow paper and board manufacturing in China, while short-fiber pulp prices will likely decline due to oversupply from new capacity startup.
- Dissolving pulp (DP) prices are expected to remain stable.

Project updates:

- Completed delisting of Thai Cane Paper, with 93% shares (from 86% before tender offer)
- Fibrous Chain's 1,825 MB investment to upgrade paper machine for 60,000 tons/yr glassine paper (HVA), expected startup in early 2016

- I. Consolidated Results
 - Q1/14 Consolidated Results
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Thank You

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