



Analyst Conference Q4/14
Wednesday, January 28, 2015

I. Consolidated Results

- Q4/14 Consolidated Results

- FY2014 Summary

- Financial Updates

II. SCG Cement - Building Materials

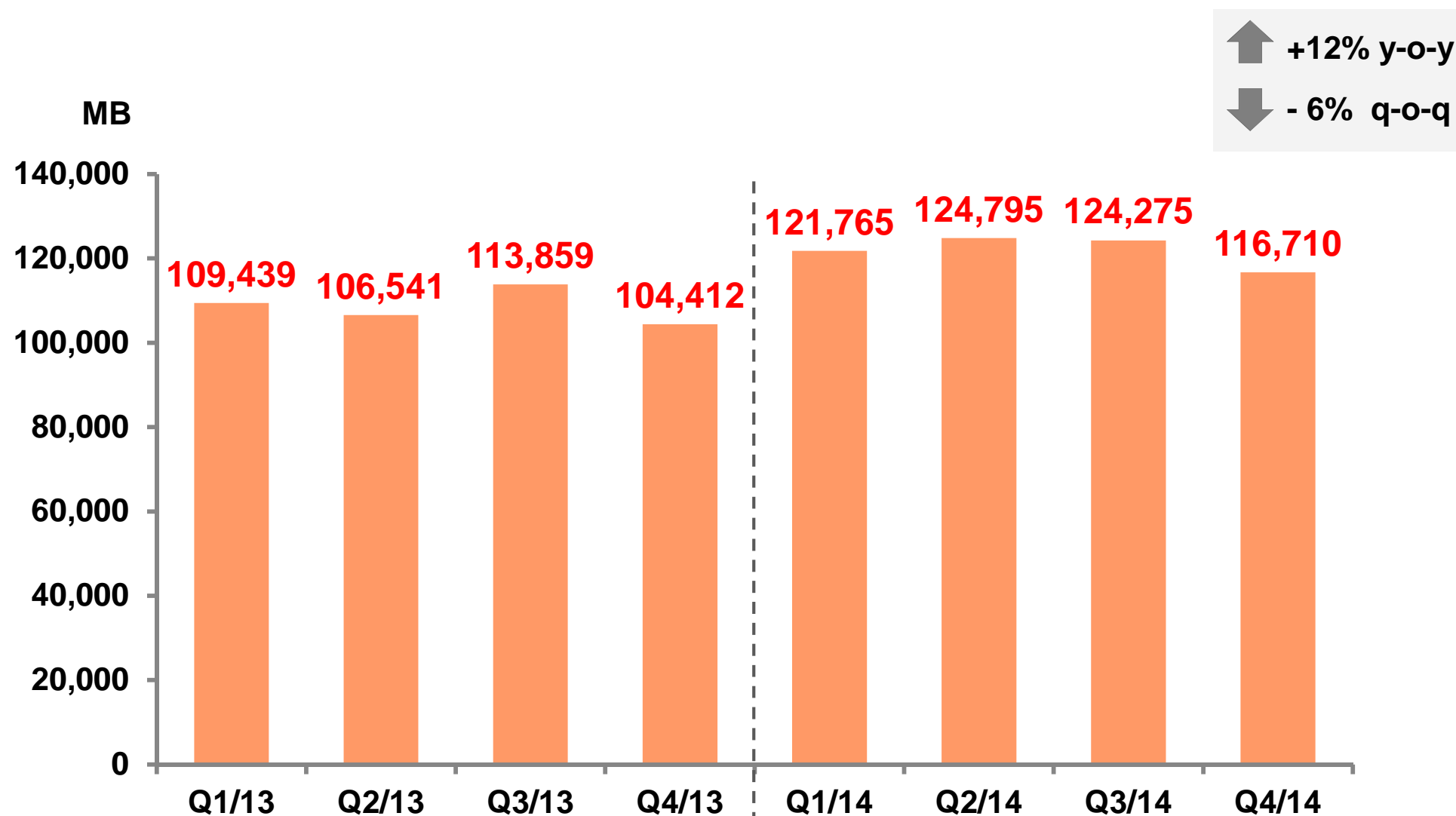
III. SCG Chemicals

IV. SCG Paper

V. Summary

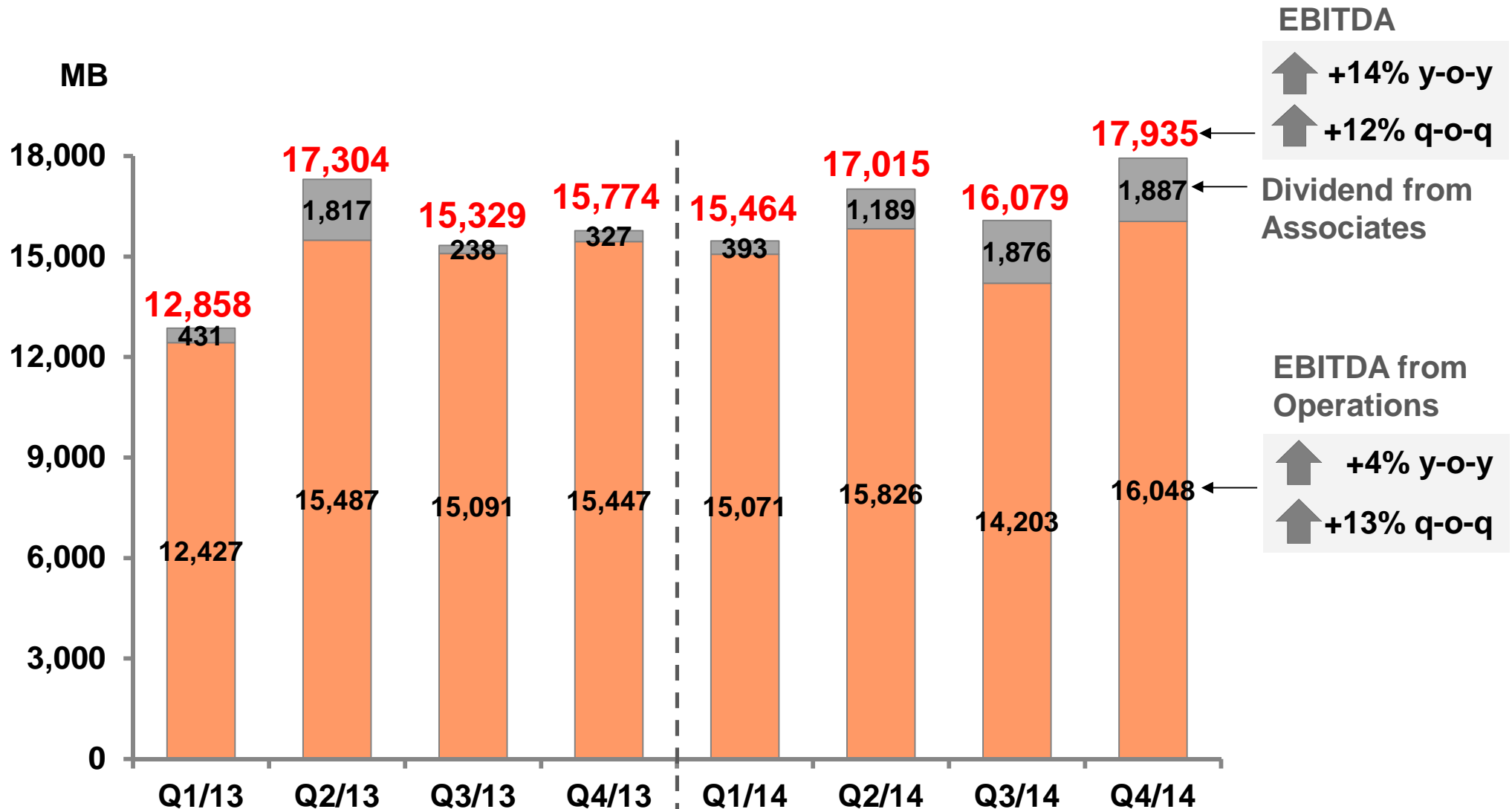
Revenue from Sales

Q4/14 revenue grew 12% y-o-y with increased chemicals sales volume, but dropped 6% q-o-q on lower chemicals selling prices.



EBITDA

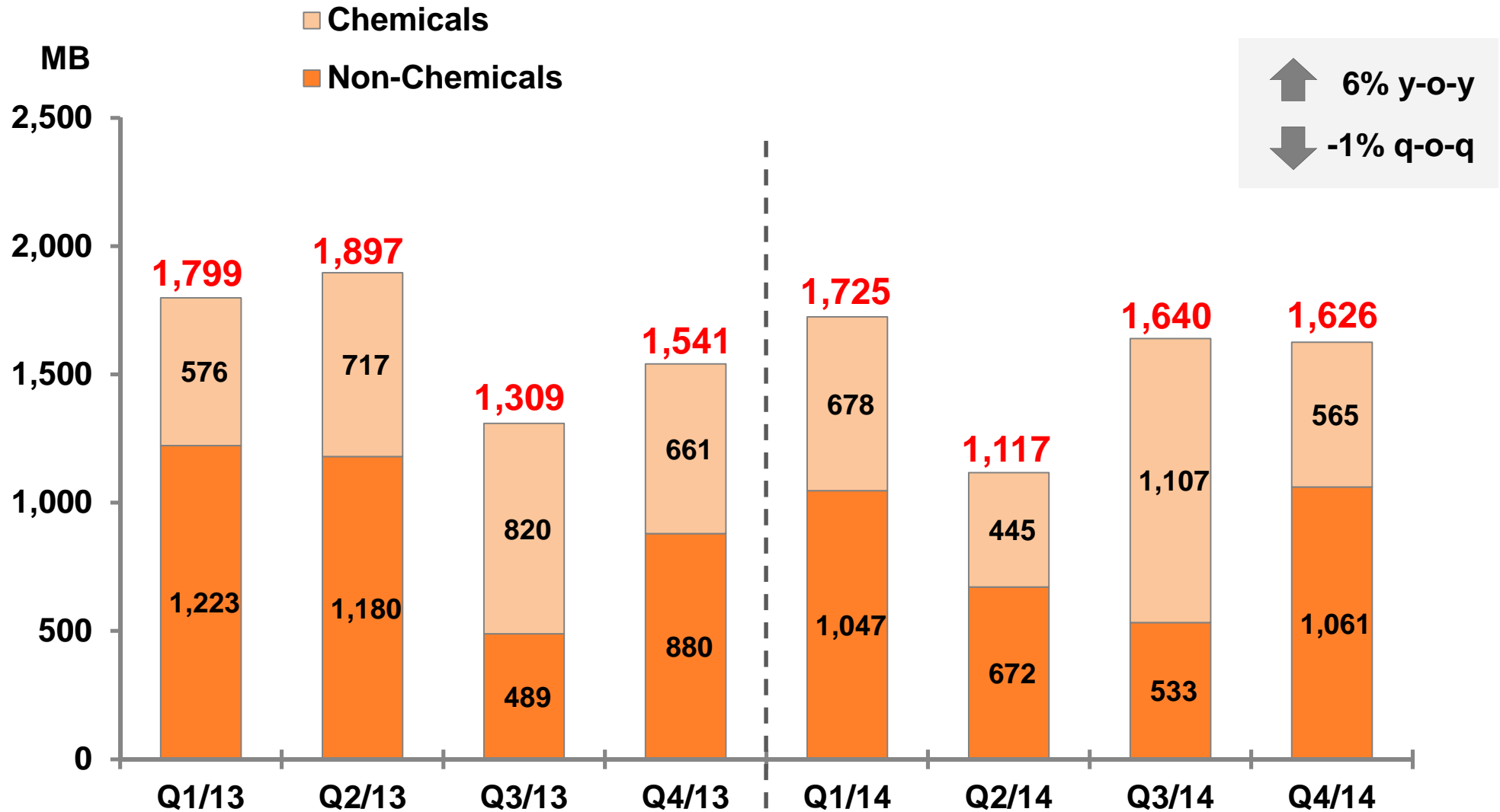
Q4/14 increased 14% y-o-y, benefiting from wider chemicals margins and dividend from associated companies.



NOTE: EBITDA = EBITDA from Operations + Dividend from Associates

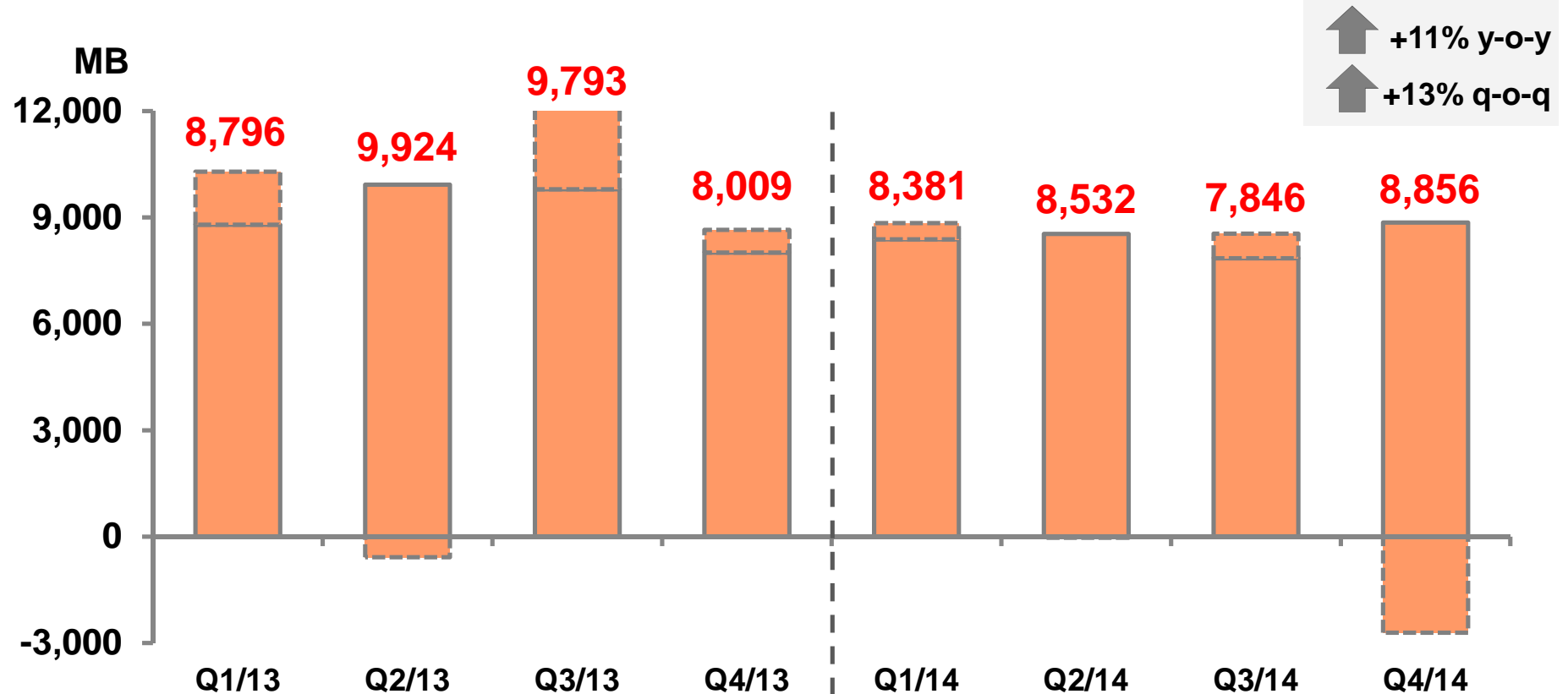
Equity Income

Q4/14 contribution from associates grew 6% y-o-y, driven by the 181 MB increase from non-chemicals associates.



Profit for the Period

Q4/14 profitability gained 11% y-o-y on better chemicals earnings, and improved 13% q-o-q as there was the dividend income from SCG Investment.



	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14
Total Non-recurring	1,490	(580)	2,390	640	460	(30)	700	(2,710)
1) Insurance Claim (Sub + Asso.)	200	580	0	470	450	50	150	120
2) FX Gain (Loss)	1,030	(320)	(160)	(1,240)	(170)	0	680	130
3) Inventory Gain (Loss)*	260	(840)	840	810	180	(80)	(130)	(2,960)
4) Sales of Investment	0	0	170	600	0	0	0	0
5) Fair value adj.(non-cash)	0	0	1,530	0	0	0	0	0

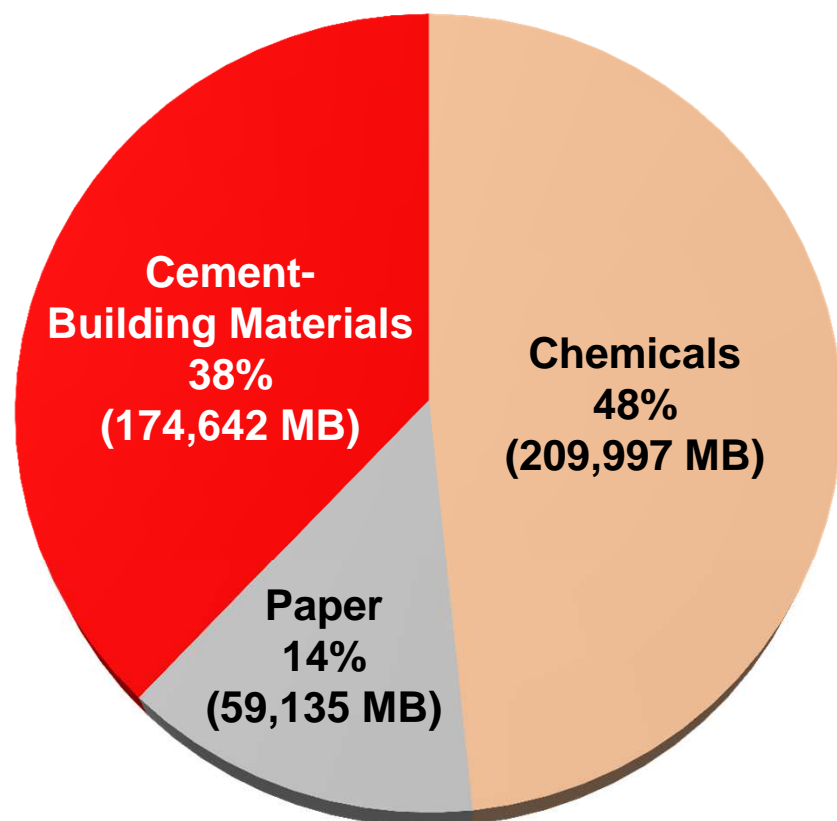
*Note: SCG Chemicals (Sub + Asso.)

- I. Consolidated Results
 - Q4/14 Consolidated Results
 - FY2014 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

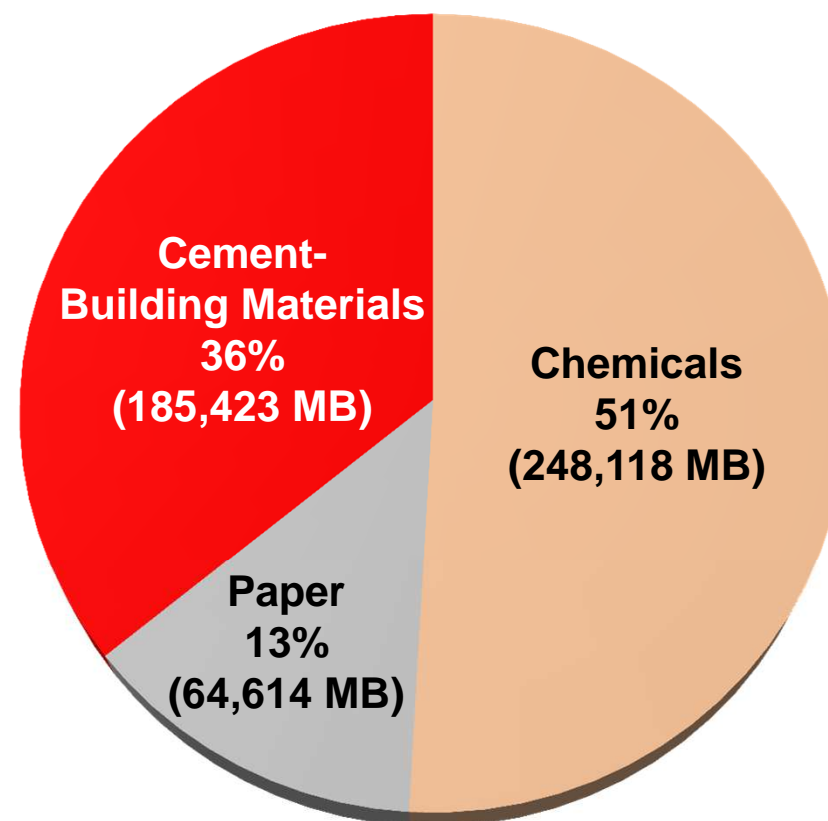
Segmented Revenue from Sales

Driven by higher prices and sales volume growth, 51% of SCG's revenue was from the chemicals business in FY2014, compared to 48% in FY2013.

FY2013
434,251 MB



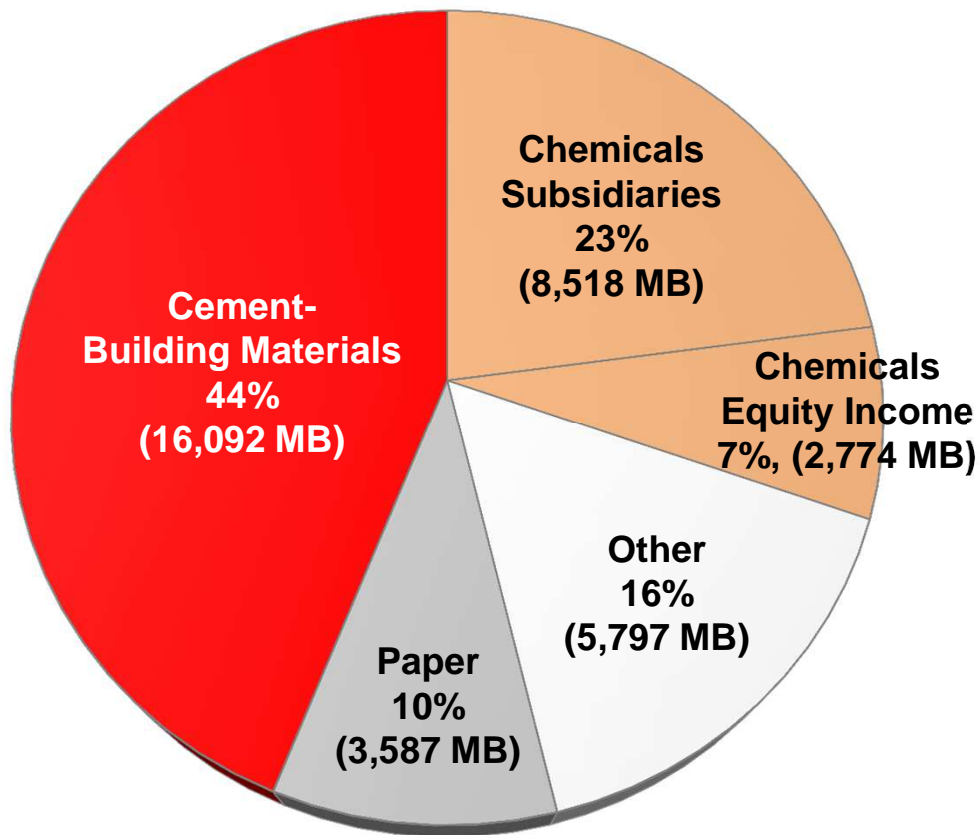
FY2014
487,545 MB (+12% y-o-y)



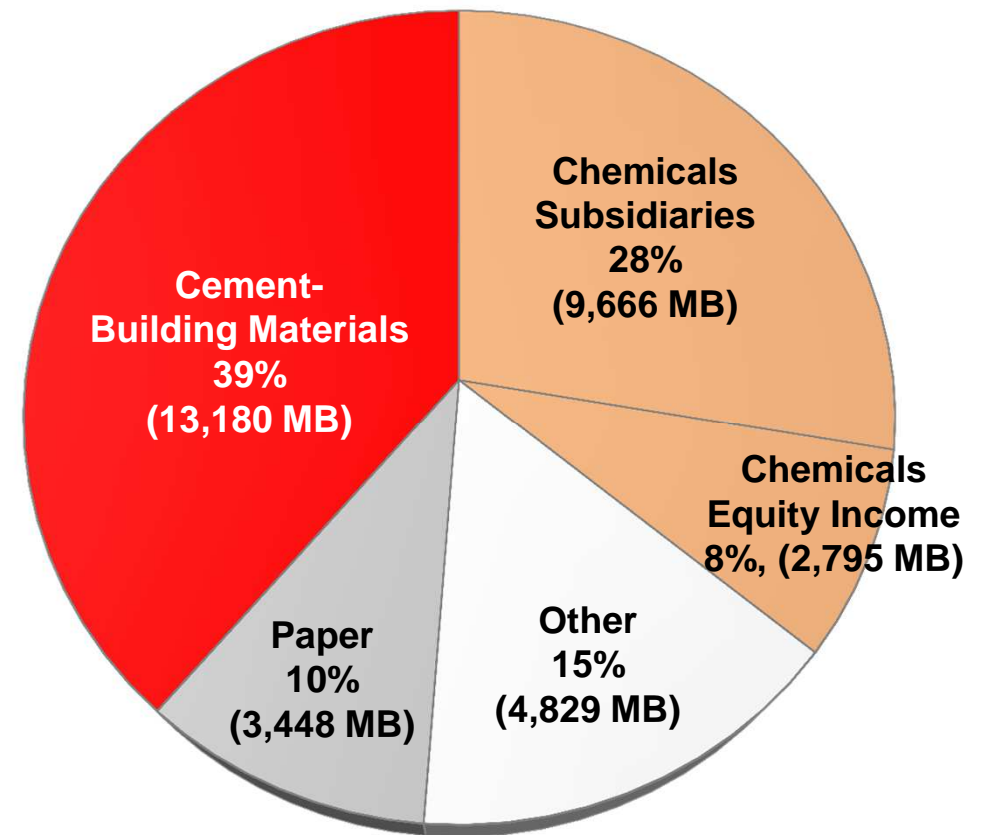
Segmented Profit for the Period

The cement - building materials business was the primary contributor to SCG's FY2014 earnings at 39%, followed by the chemicals business at 36%.

FY2013
36,522 MB



FY2014
33,615 MB (-8% y-o-y)



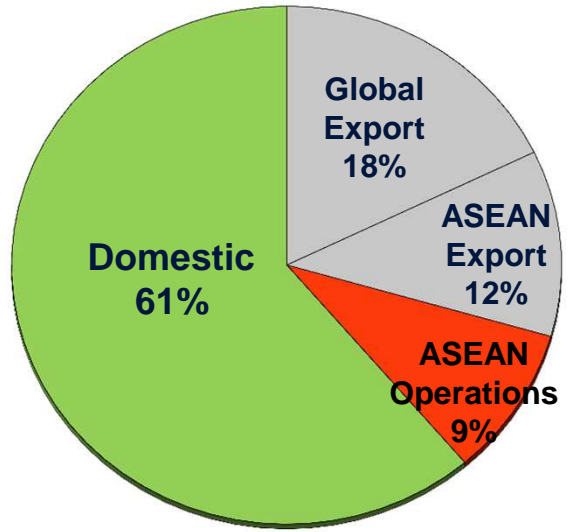
Other = Mainly SCG Investment and Corporate

Segments: Export Sale and ASEAN Operation in FY2014

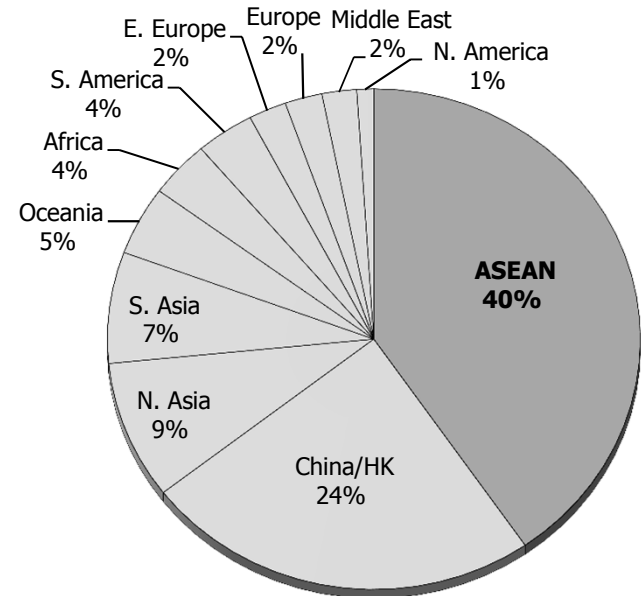


ASEAN exports and ASEAN operations amounted to 100,912 MB or 21% of SCG's FY2014 sales, and representing an growth of 18% y-o-y.

Consolidated Sales



Export Destinations

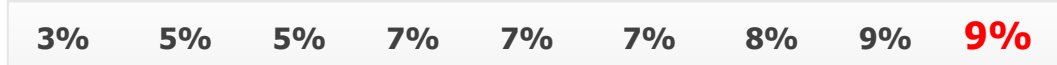


Total Exports 30%

ASEAN Sales



Percentage of total sales from ASEAN Operations:



Country	Percentage
Indonesia	27%
Myanmar	15%
Vietnam	14%
Cambodia	13%
Others	31%

Vietnam	45%
Indonesia	31%
Philippines	11%
Cambodia	9%
Others	4%

Indonesia	29%
Vietnam	28%
Cambodia	11%
Philippines	10%
Others	22%

Total	100,912 MB
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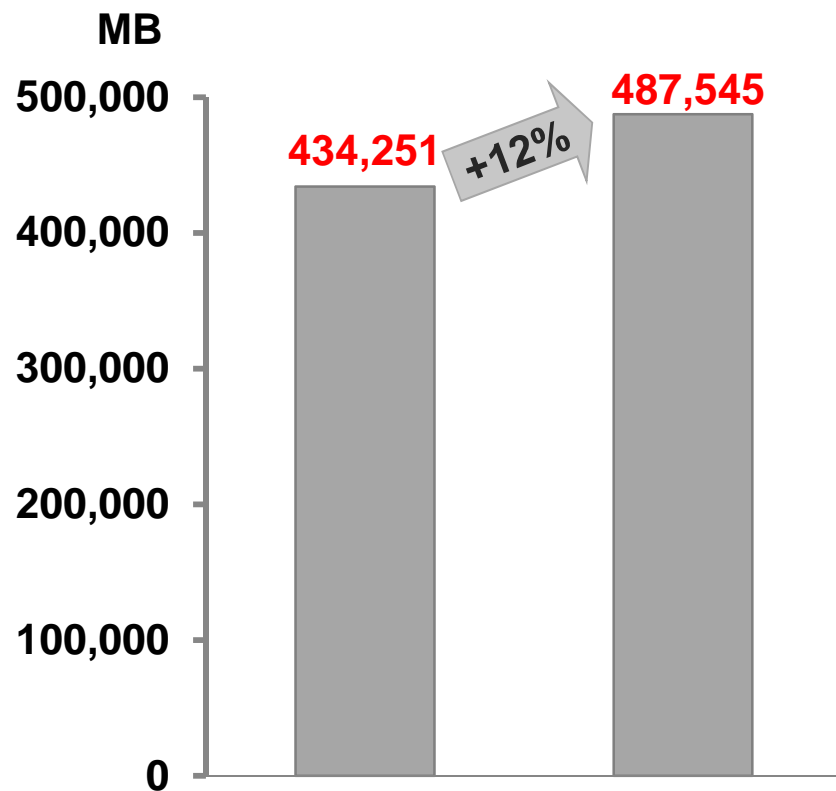
FY2014 Revenue from Sales & EBITDA

Sales increased 12% y-o-y, while EBITDA grew 9% y-o-y, following gains in all business units.

Revenue from sales

FY2013

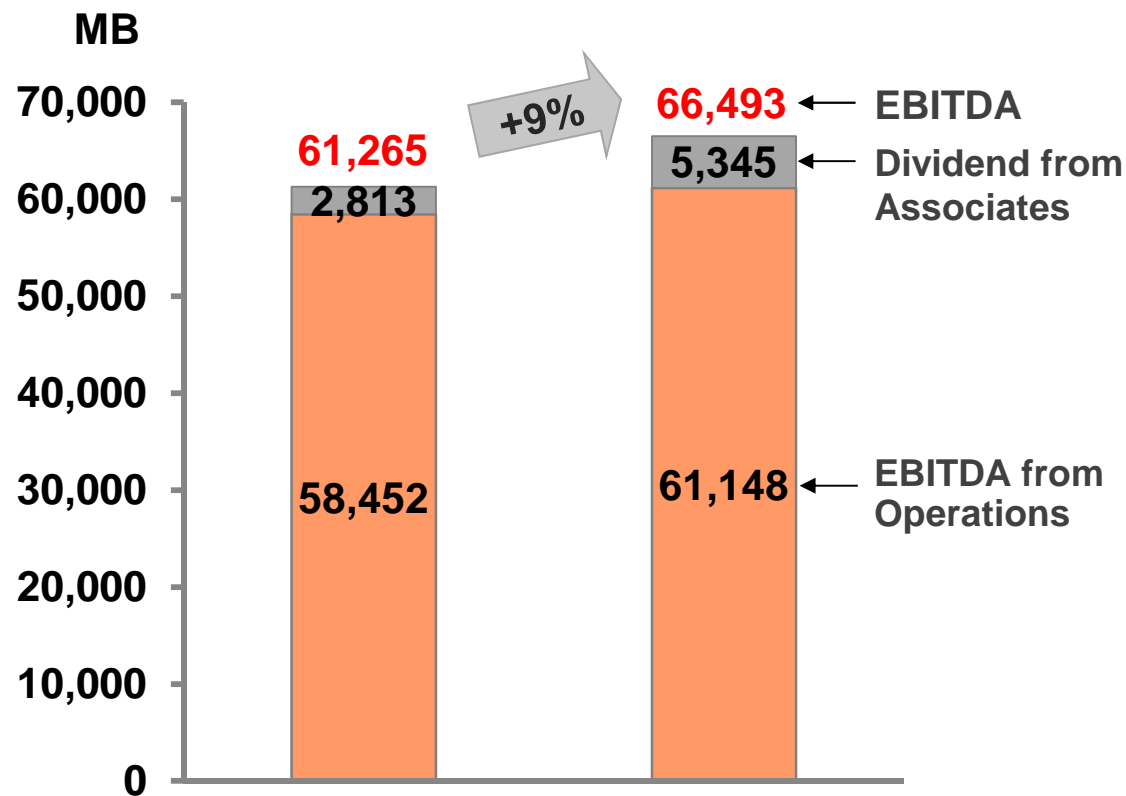
FY2014



EBITDA

FY2013

FY2014



EBITDA Margin: 13.5%

12.5%

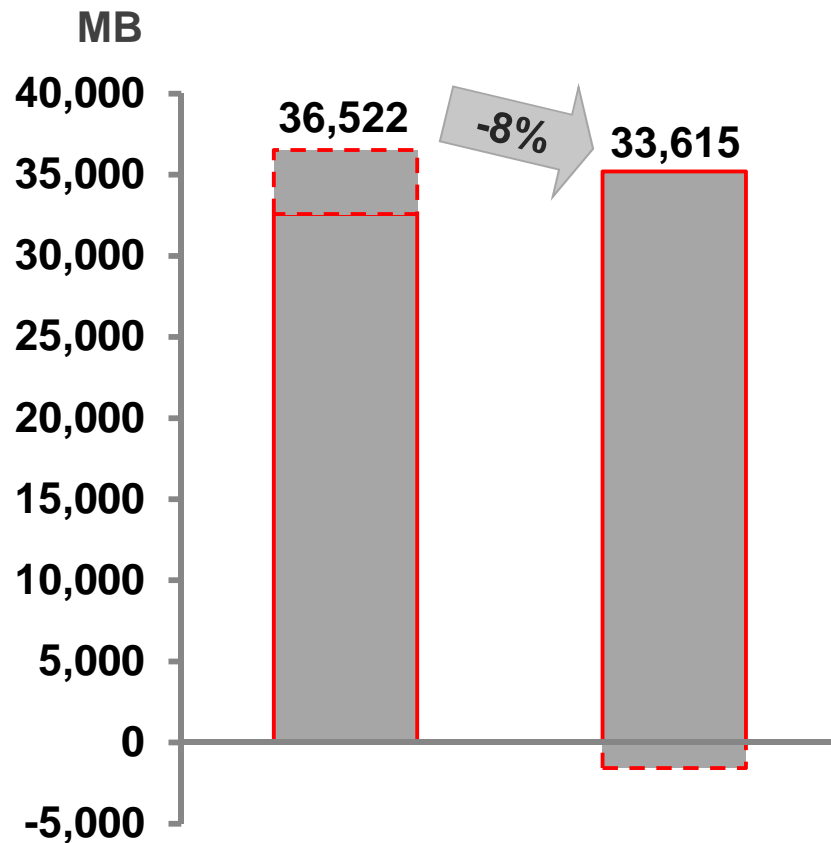
FY2014 Profitability & CAPEX

Earnings decrease 8% y-o-y, attributed to the Q3/13 non-recurring gain of 1,701 MB, lower earnings from the PVC business, and the 2,960 MB inventory loss adjustment.

Profit for the Period

FY2013

FY2014

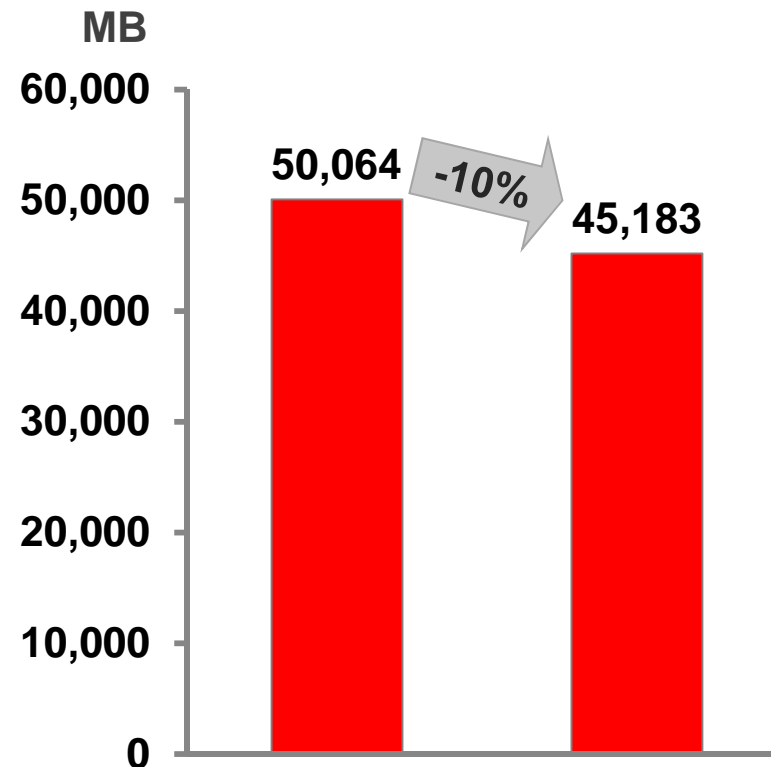


EPS: 30.4 28.0
Non-recurring: 3,940 -1,580

CAPEX & Investments

FY2013

FY2014

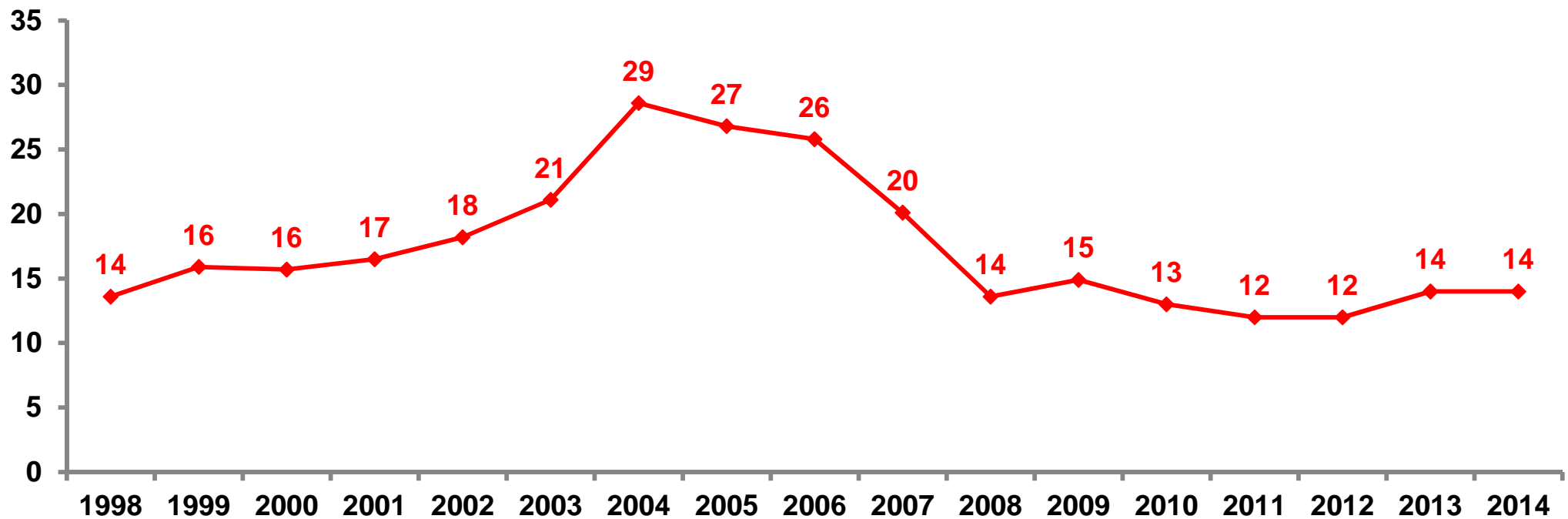


Note:

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

EBITDA on Assets

Percent (%)



EBITDA Margin (%):

23	27	23	22	22	23	26	22	19	16	14	18	14	11	10	13	13
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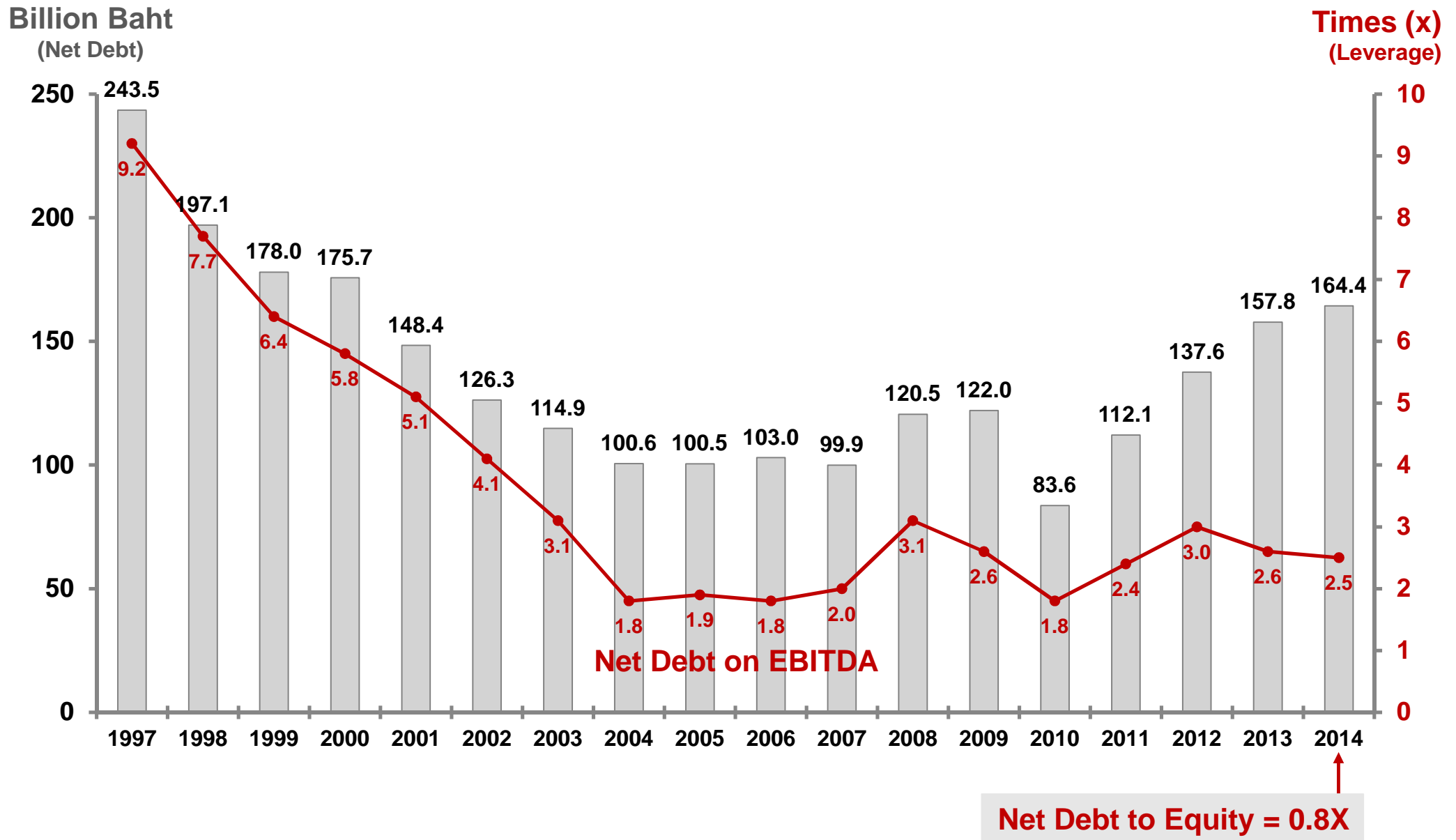
EBITDA on Assets = EBITDA / Consolidated Assets

EBITDA margin = EBITDA from Operations / Consolidated Sales

- I. Consolidated Results
 - Q4/14 Consolidated Results
 - FY2014 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

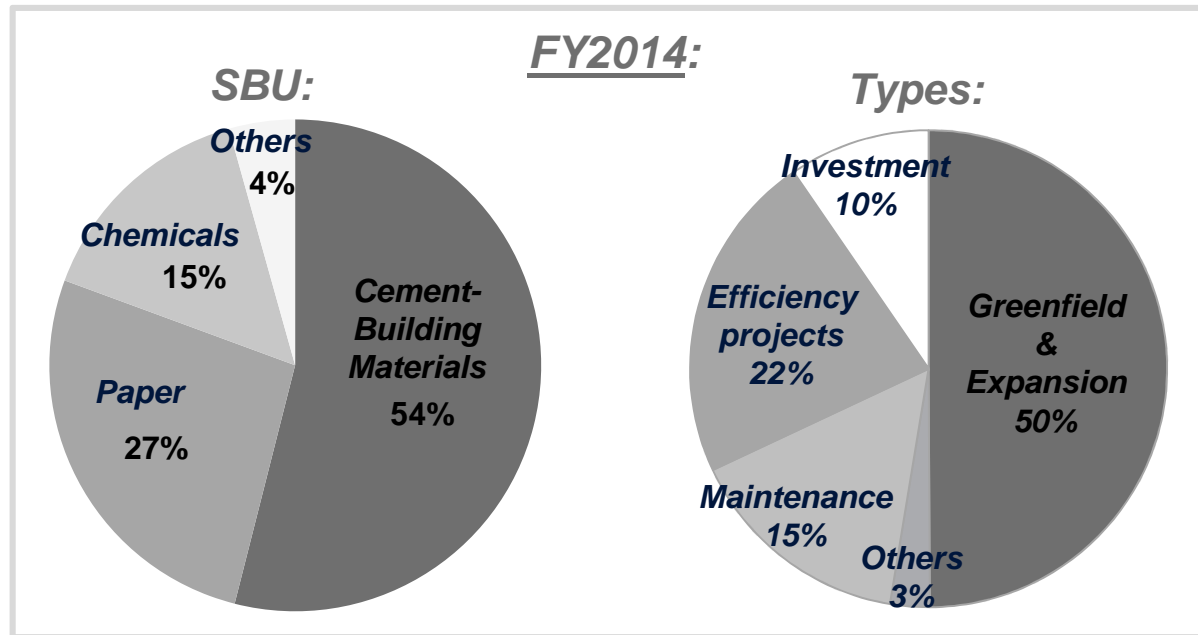
Net Debt

Leverage remains manageable at 2.5 times (x), despite the 6,642 MB increased in debt from the end of Q4/13.

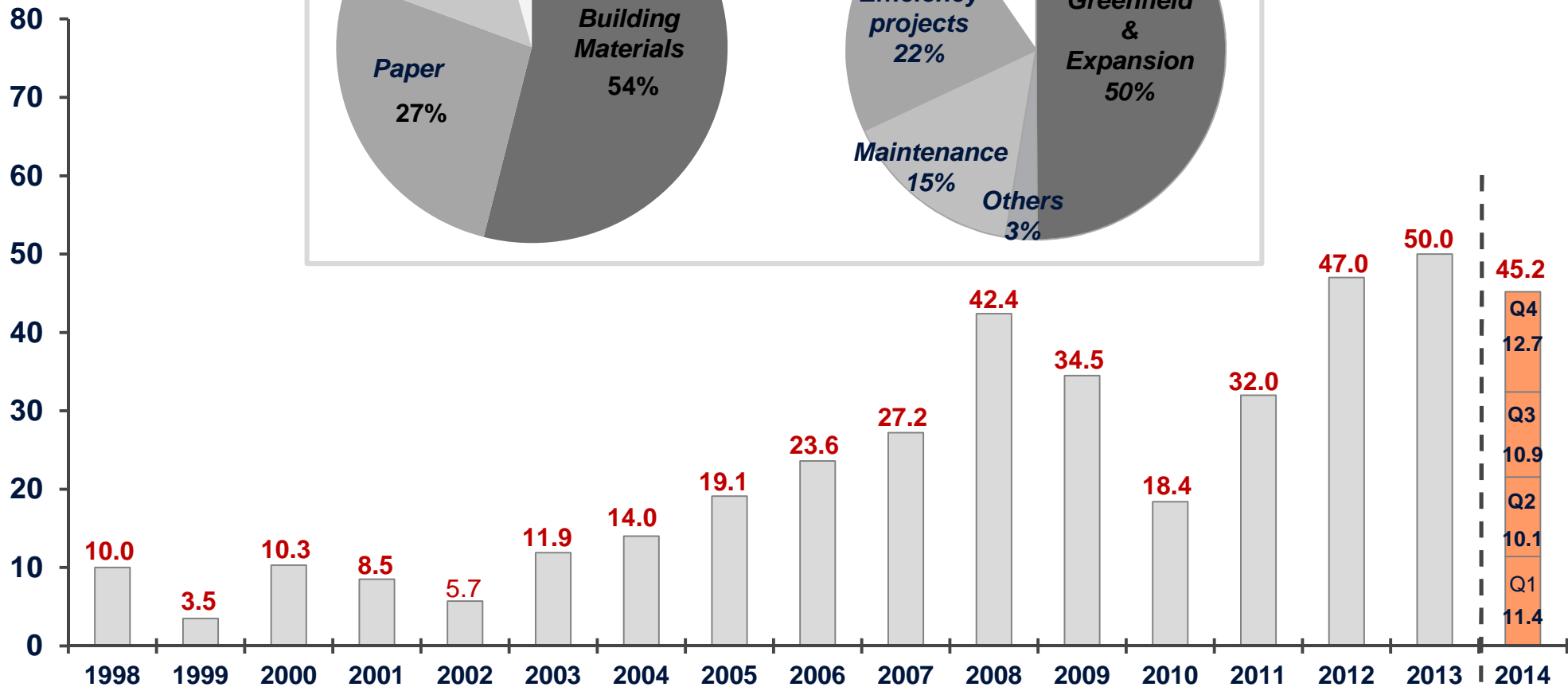


CAPEX & investments

Amounted to 12,777 MB in Q4/14, and totaling 45,183 MB in FY2014 of which 54% was from the cement – building materials business.



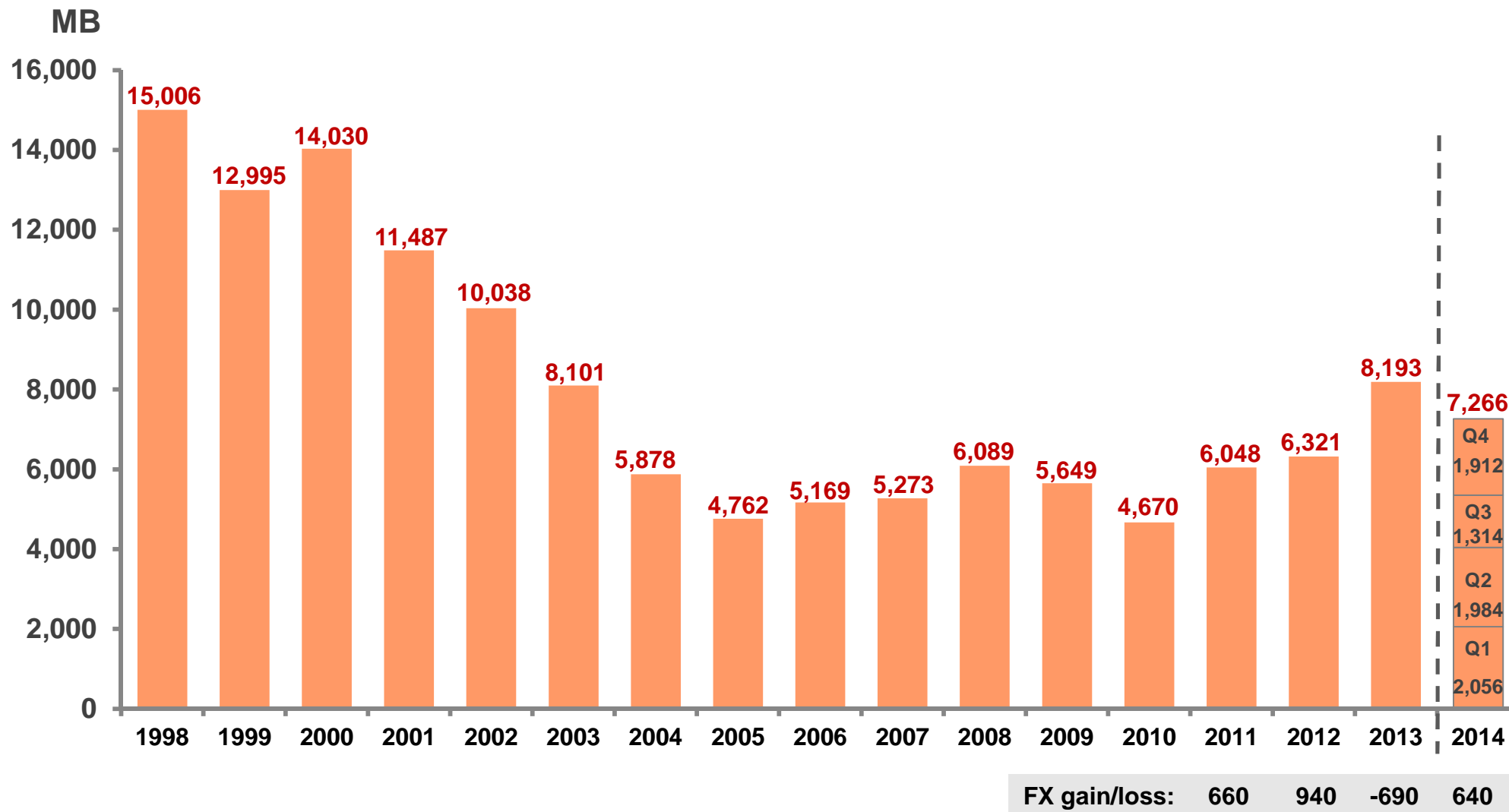
Billion Baht



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

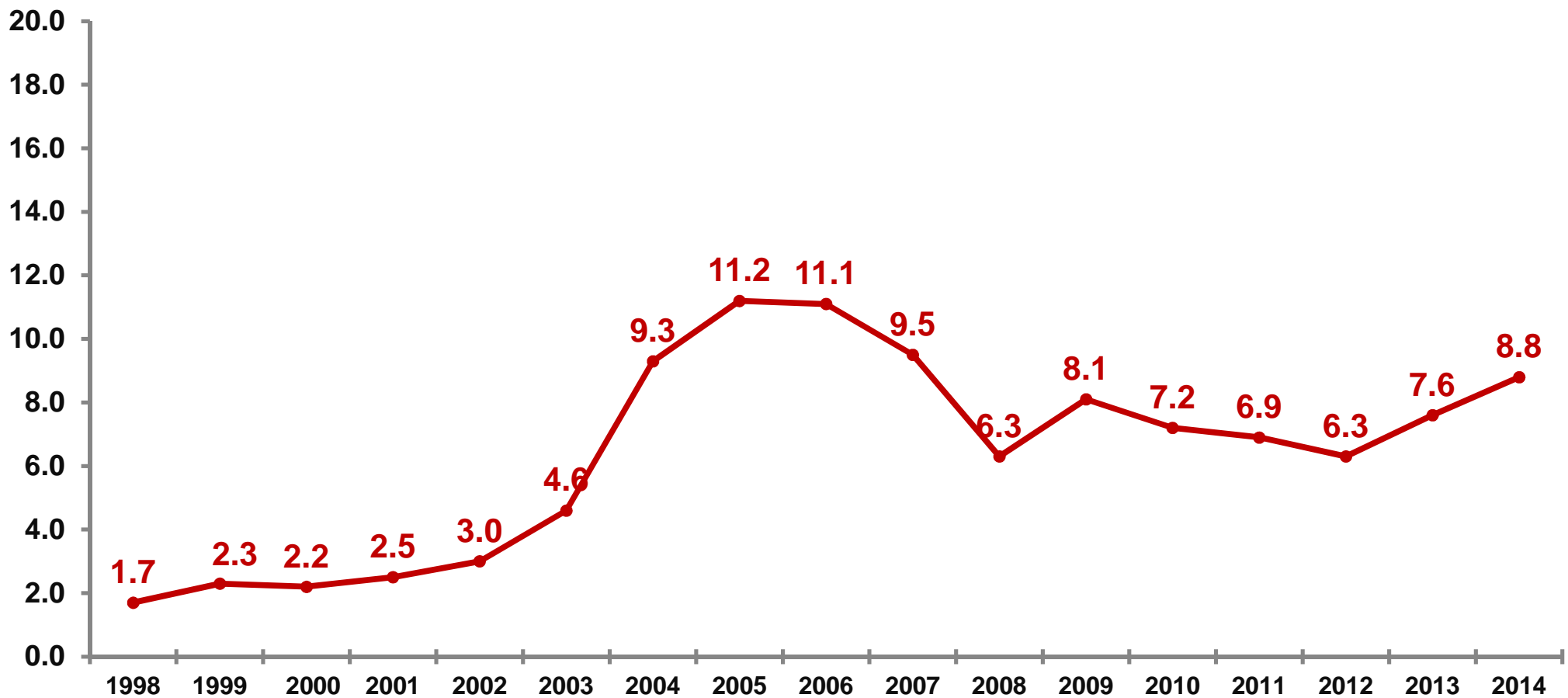
Interest and Finance Costs

The FY2014 total of 7,266 MB includes a FX gain of 640 MB, while interest cost registered 4.0%.



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

Times (x)



Note: - Interest Coverage Ratio = EBITDA / Interest Expense

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

Highlights:

- FY2014 dividend of 12.5 Bt/share (45% payout) or 15,000 MB. This is comprised of the H1/14 interim of 5.5 Bt, and the H2/14 year-end of 7.0 Bt.
- Net Working Capital decreased 12% q-o-q to 59,712 MB, with Inventory to Net Sales of 41 days from 45 days in Q3/14.
- Cash & cash under management of 31,643 MB at the end of Q4/14.

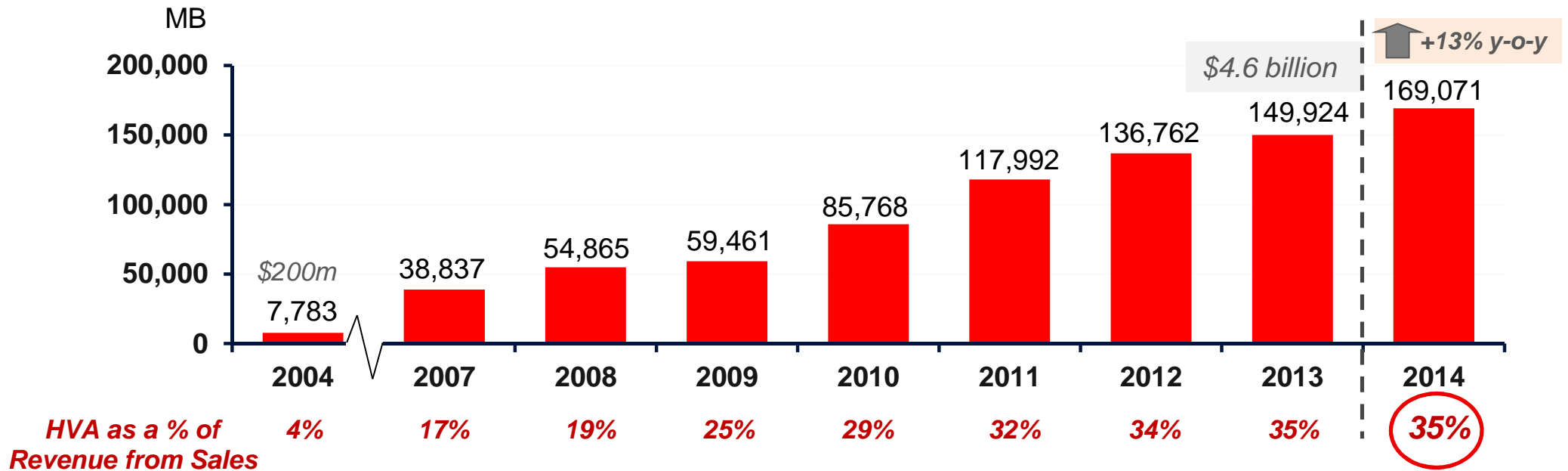
Outlook:

- Forecasted FY2015 CAPEX & Investments of 50,000 – 60,000 MB.
- Estimated FY2015 depreciation of 22,000 MB, up from 18,062 MB in FY2014.
- Q1/15 non-recurring gain of 1,600 MB (proceeds of 2,300 MB), following the divestment of the remaining 10% stake in Michelin (Thailand).
- FY2015 maturing debenture of 25 Billion Baht (Apr 1/15 = 15,000 MB @ 4%, and Nov 1/15 = 10,000 MB @ 4.5%). The Apr 1/15 maturity will be refinanced with an 30,000 MB issuance (15,000 MB with 3 year tenure, and 15,000 MB with 4 year tenure).
- Debenture ceiling of 250 billion Baht (previously 200 billion Baht) to be approved by shareholders.

HVA's Revenue from Sales

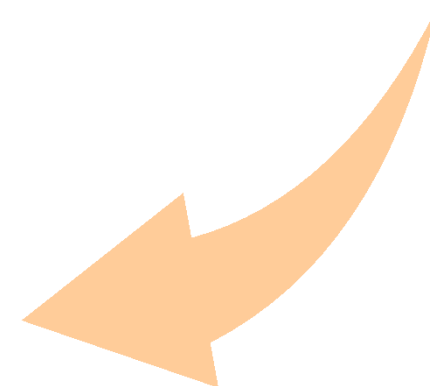
Increase 13% y-o-y in FY2014

Consolidated:



SBU:

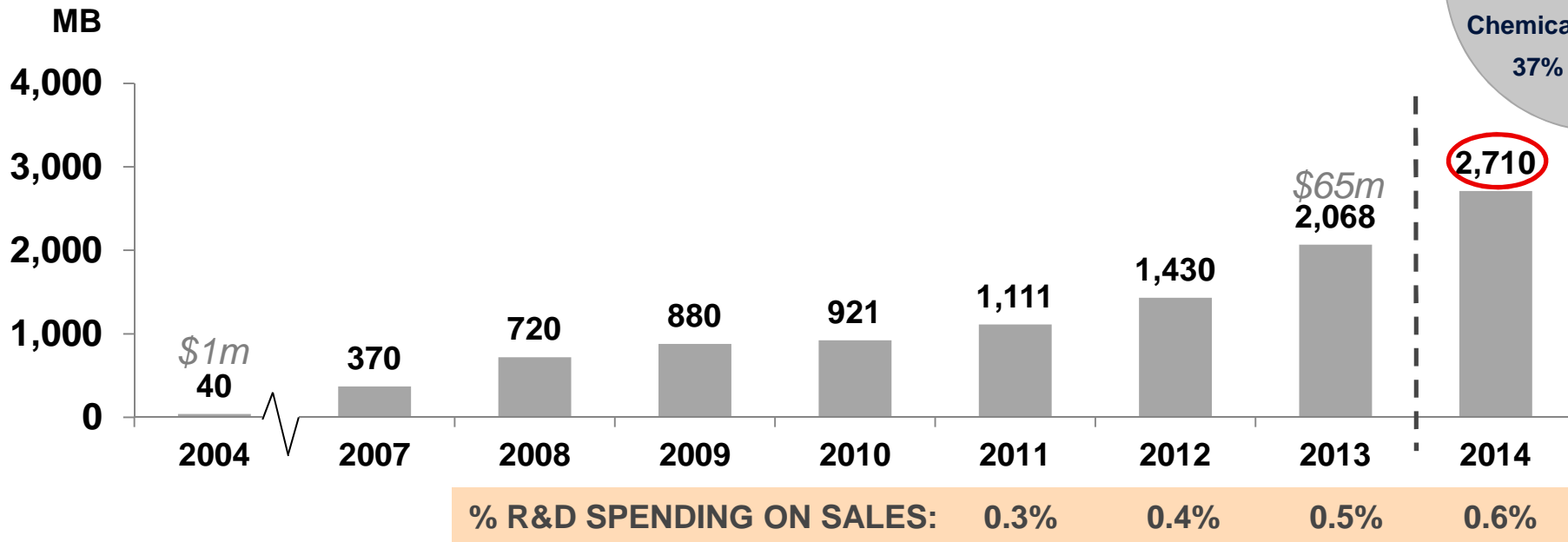
	2013	2014
Cement-Building Materials	41%	42%
Chemicals	27%	27%
Chemicals (Includes associates)	50%	50%
Paper	38%	39%



R&D and Product Design Team

FY2014 R&D spending was 0.6% of revenue from sales.

R&D Spending



R&D and Product Design Team

(staff / Jan/15)



364 (Ph.D. 9)
2007



1,474 (Ph.D. 92)
Jan/15

- I. Consolidated Results
 - Q4/14 Consolidated Results
 - FY2014 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Domestic:

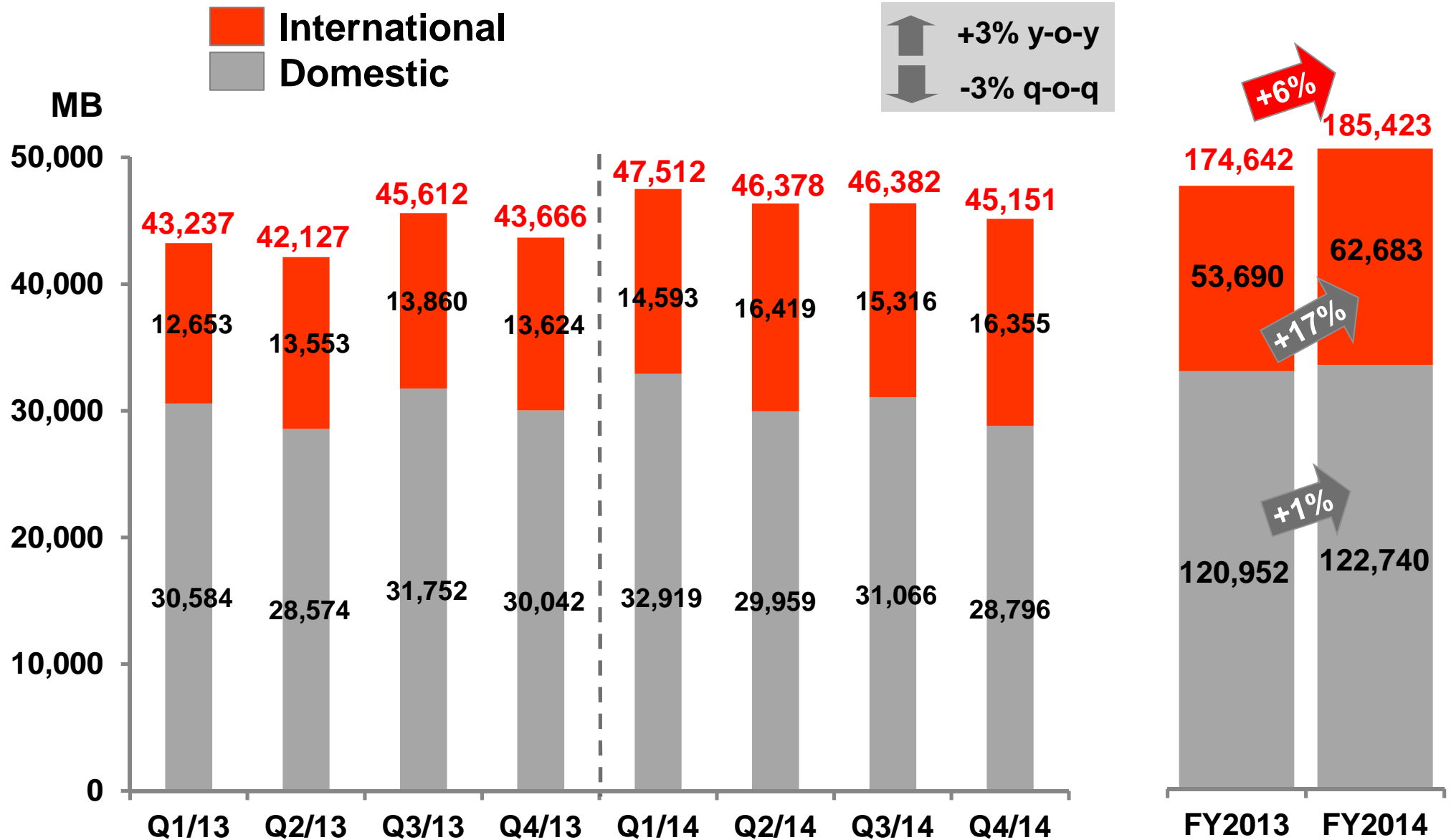
- Cement demand dropped 3% y-o-y in Q4/14, and -1% in FY2014.
- Ready-mixed concrete (RMC) demand dropped 4% y-o-y in Q4/14, with flat growth in FY2014. Prices in Q4/14 were stable at 1,800-1,850 baht per cubic meter.
- Demand for housing products (roof ceiling & wall) in Q4/14 dropped 12% y-o-y, while demand for ceramic tiles dropped 4% y-o-y, resulting in the FY2014 declines of -9%, and -5%, respectively.

International:

- Indonesian Q4/14 cement demand grew 3% y-o-y, with FY2014 growth of 3% y-o-y, as there was limited infrastructure projects and private investment during the election year.
- Cambodian Q4/14 cement demand accelerated 22% y-o-y, with FY2014 growth of 10% y-o-y, driven by growths in the commercial and residential segments.
- Myanmar Q4/14 cement demand gained 5% y-o-y, with FY2014 growth of 11% y-o-y, due to residential and infrastructure projects in the main cities.

Revenue from Sales

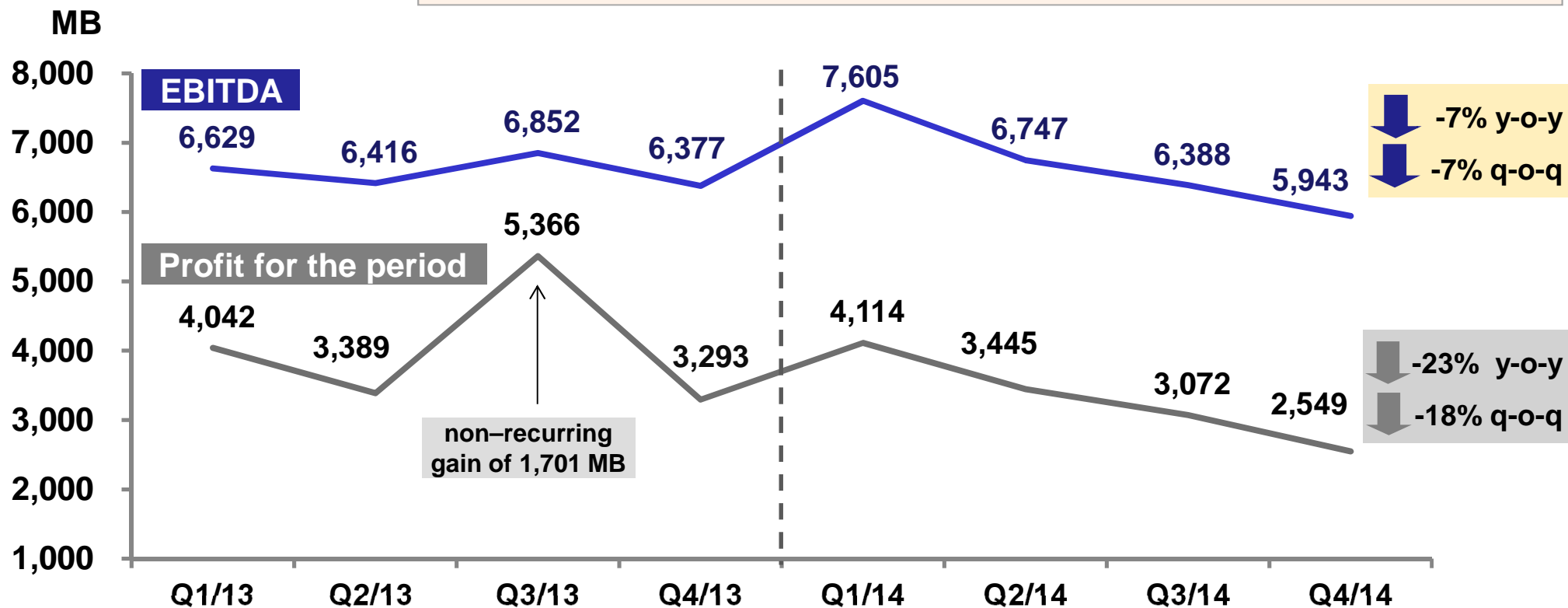
Sales in Q4/14 grew 3% y-o-y, driven by the growths of the international business operations, which is mostly ASEAN.



EBITDA and Profit for the Period

Q4/14 EBITDA dropped 7% y-o-y due to weaker domestic volume and prices, while profitability declined 23% y-o-y as a result of increased depreciation.

EBITDA Portions	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14
International:	19%	24%	23%	20%	19%	25%	23%	28%
Domestic:	81%	76%	77%	80%	81%	75%	77%	72%



EBITDA Margin*:

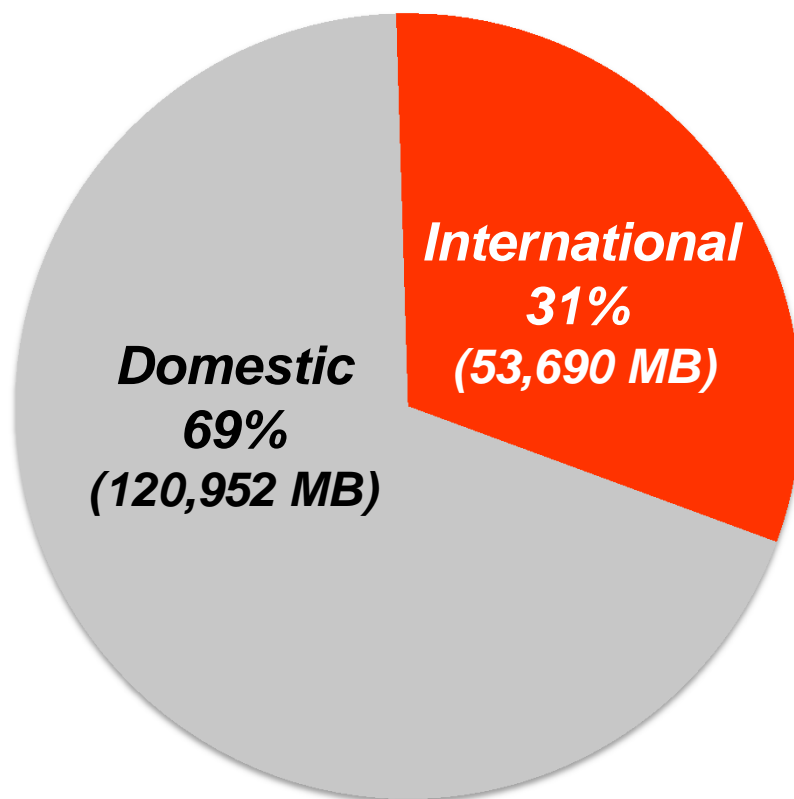
Total	15%	15%	15%	14%	16%	15%	14%	13%
International:	9%	9%	9%	7%	9%	9%	9%	10%
Domestic:	17%	17%	18%	16%	18%	16%	16%	15%
Domestic Structural Pro	28%	27%	28%	25%	28%	26%	25%	21%

* EBITDA margin = EBITDA from Operations / Consolidated Sales

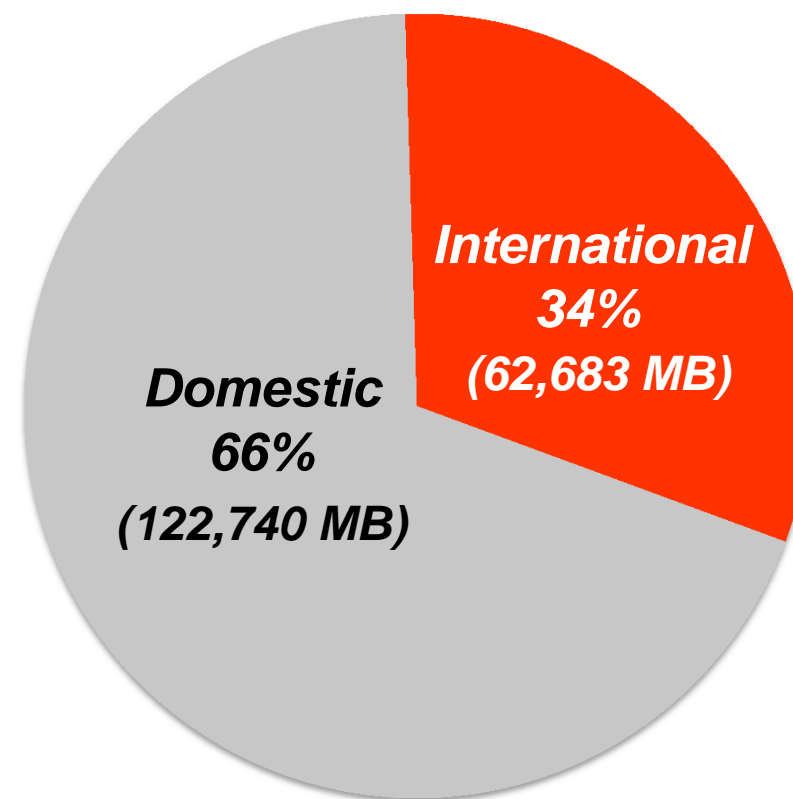
Sales breakdown

The international business grew 17% y-o-y to account for 34% of the FY2014 sales, up from 31% in FY2013.

FY2013
174,642 MB

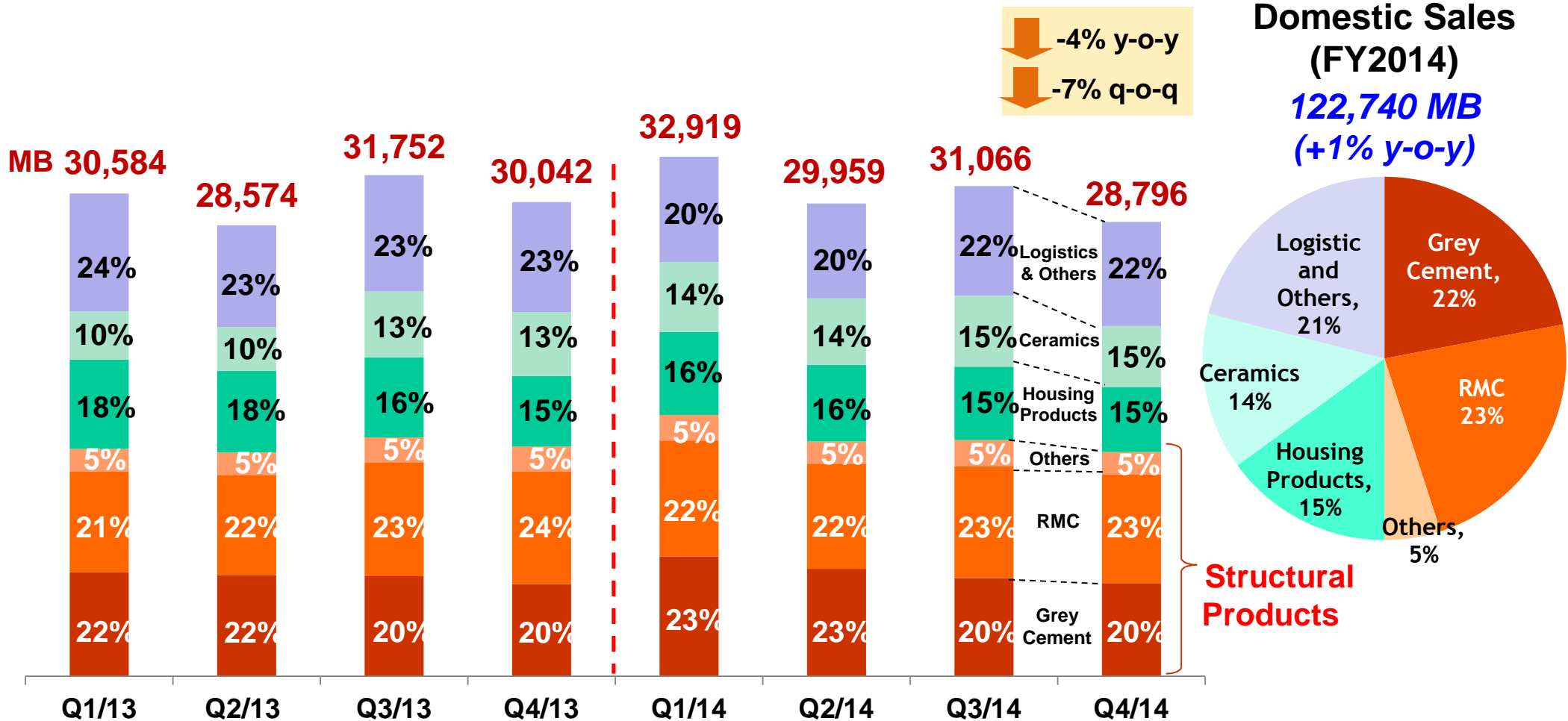


FY2014
185,423 MB (+6% y-o-y)



Domestic sales segmentation

Q4/14 sales in Thailand remained soft, dropping 4% y-o-y, while reasonability also contributed to the 7% q-o-q decline.



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.

	%Growth (y-o-y)					
	FY2013	FY2014	Q1/14	Q2/14	Q3/14	Q4/14
Total Market* (100%)	7%	-1%	4%	0%	-3%	-3%
Commercial Retail (18-20%)	20%	+1%	14%	5%	-4%	-8%
Gov't (28-30%)	3%	-1%	1%	-2%	-3%	0%
Residential (50-52%)	6%	-1%	1%	-1%	-2%	-3%

Note: * Volume market distribution

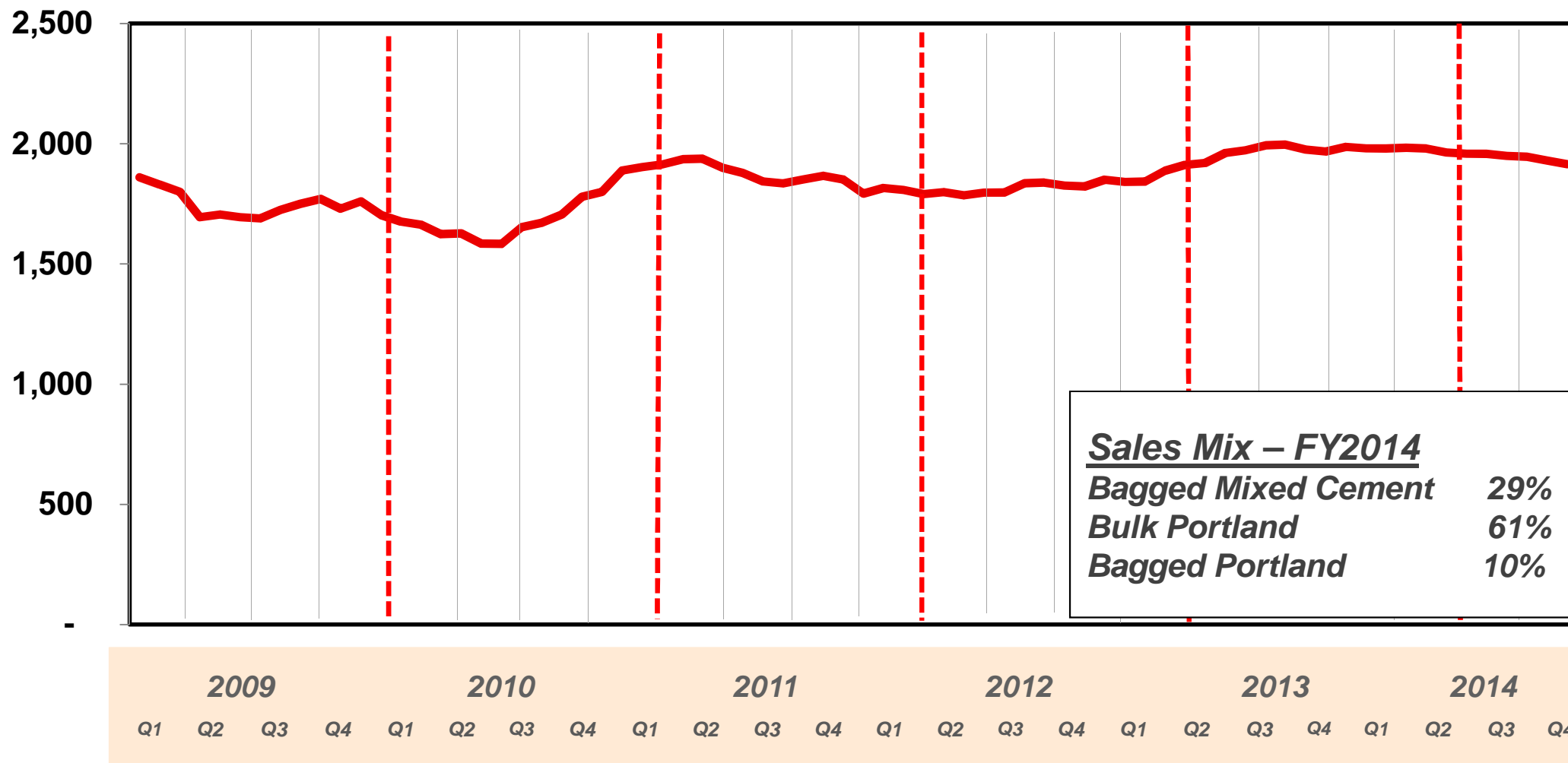
Domestic cement price

Average prices in Q4/14 softened to the 1,900-1,950 Bt/ton level (from 1,950 Bt/ton in Q4/13), due to the 3% y-o-y drop in volume.



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

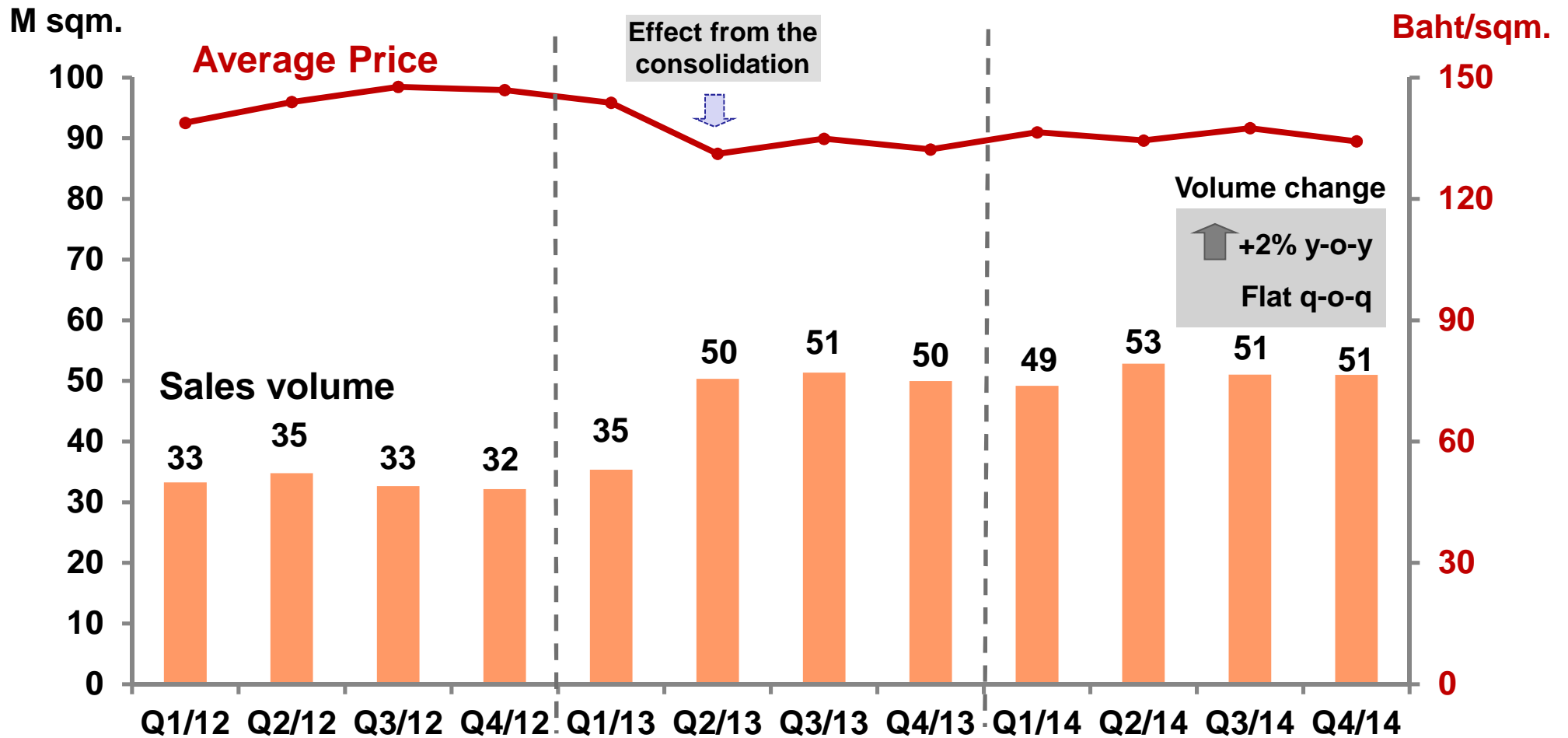
Baht/Ton



Ceramic Tiles

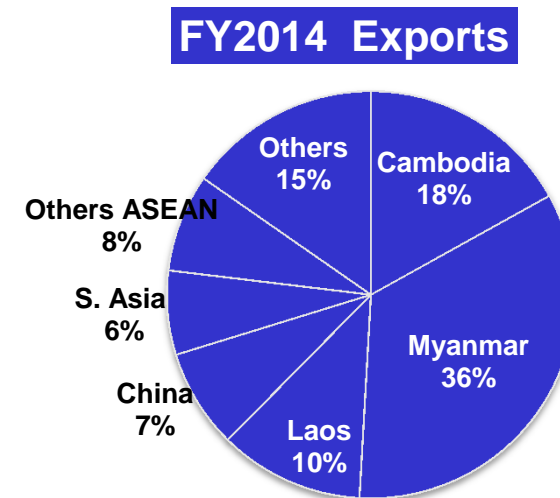
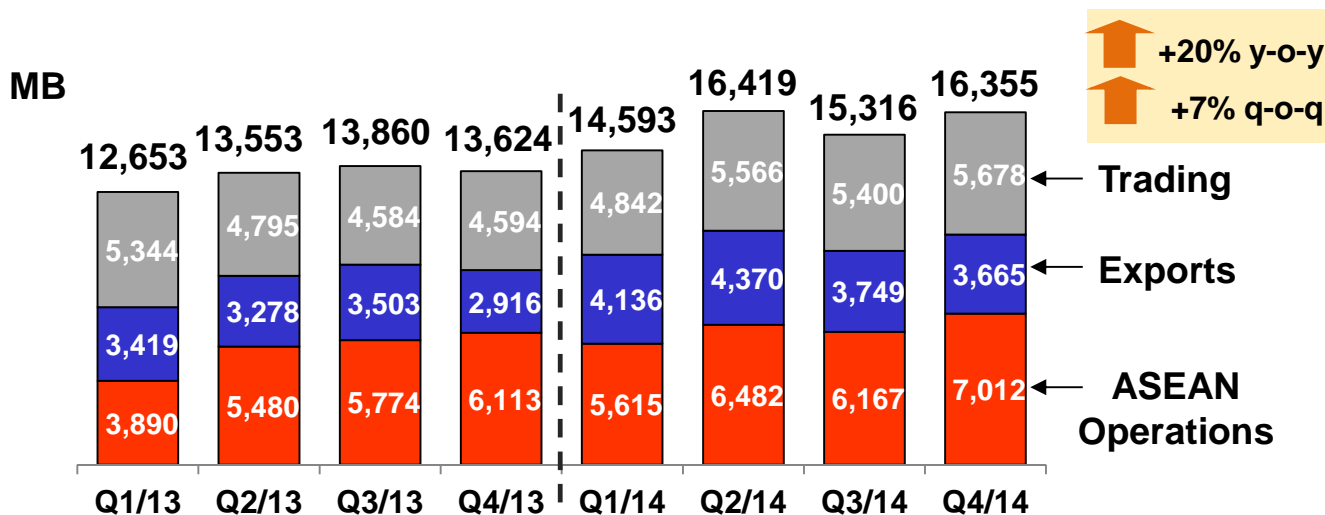
Total volume increased slightly by 2% y-o-y but was flat q-o-q, despite the weak market demand in Thailand.

Sales volume & prices for all ASEAN subsidiaries

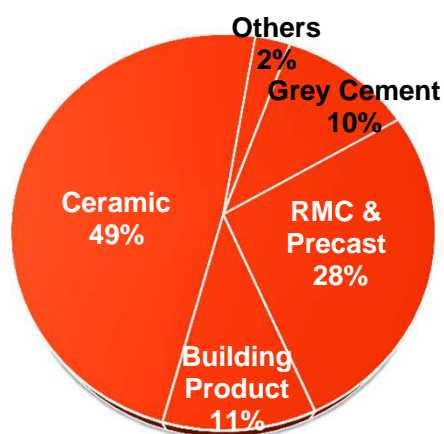


International sales segmentation

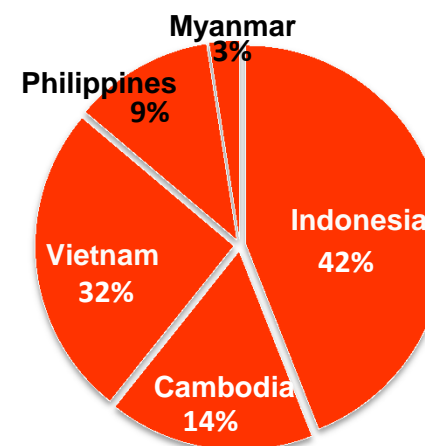
Q4/14 sales grew 20% y-o-y, mainly from increased ASEAN operations and export sales.



FY2014 ASEAN Operations (Products)



FY2014 ASEAN Operations (Country)



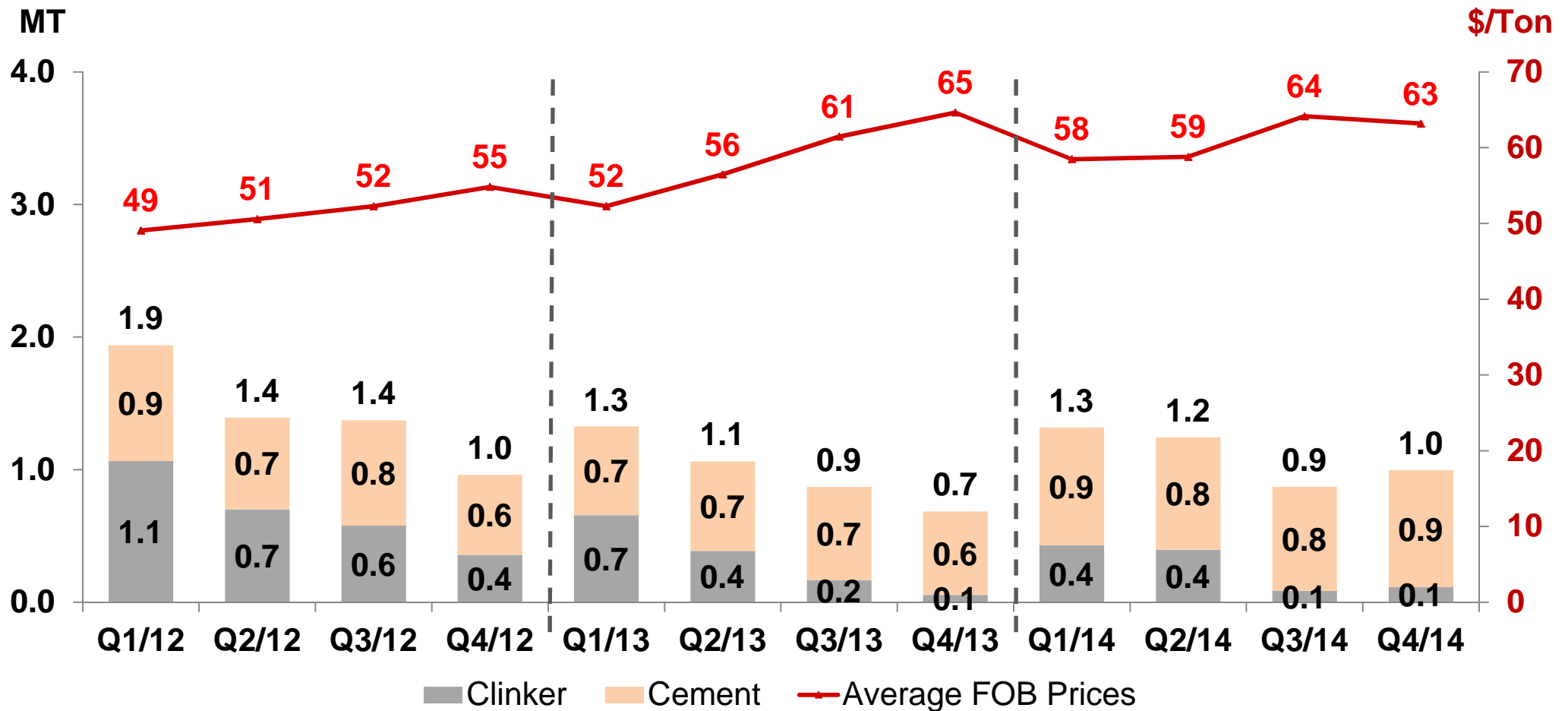
Note: International business = ASEAN Operations, exports from Thailand, and Trading business
 Housing - Roofing products, Board & Wood sub, and Home improvement.
 Ceramics - includes Sanitary ware and Fittings.
 Trading - are mainly trading of non-SCG products

Cement exports

Exports reached 1 MT in Q4/14 with firm pricing of \$63/ton.

FY2014 export volume amounted to 4.4 MT, up from 4.0 MT FY2013 due to the domestic weakness.

Export volume and Average price (FOB)



Outlook:

- FY2015 domestic cement demand growth of 6% y-o-y, while most of the growth will be in H2/15.
- There is an expected time lag for the domestic demand of building materials, which will follow behind the demand growth of cement.
- FY2015 cement export volume is flexible and depends on the domestic volume.
- ASEAN (ex-Thailand) demand for cement and building materials is expected to remain healthy.

Investment updates:

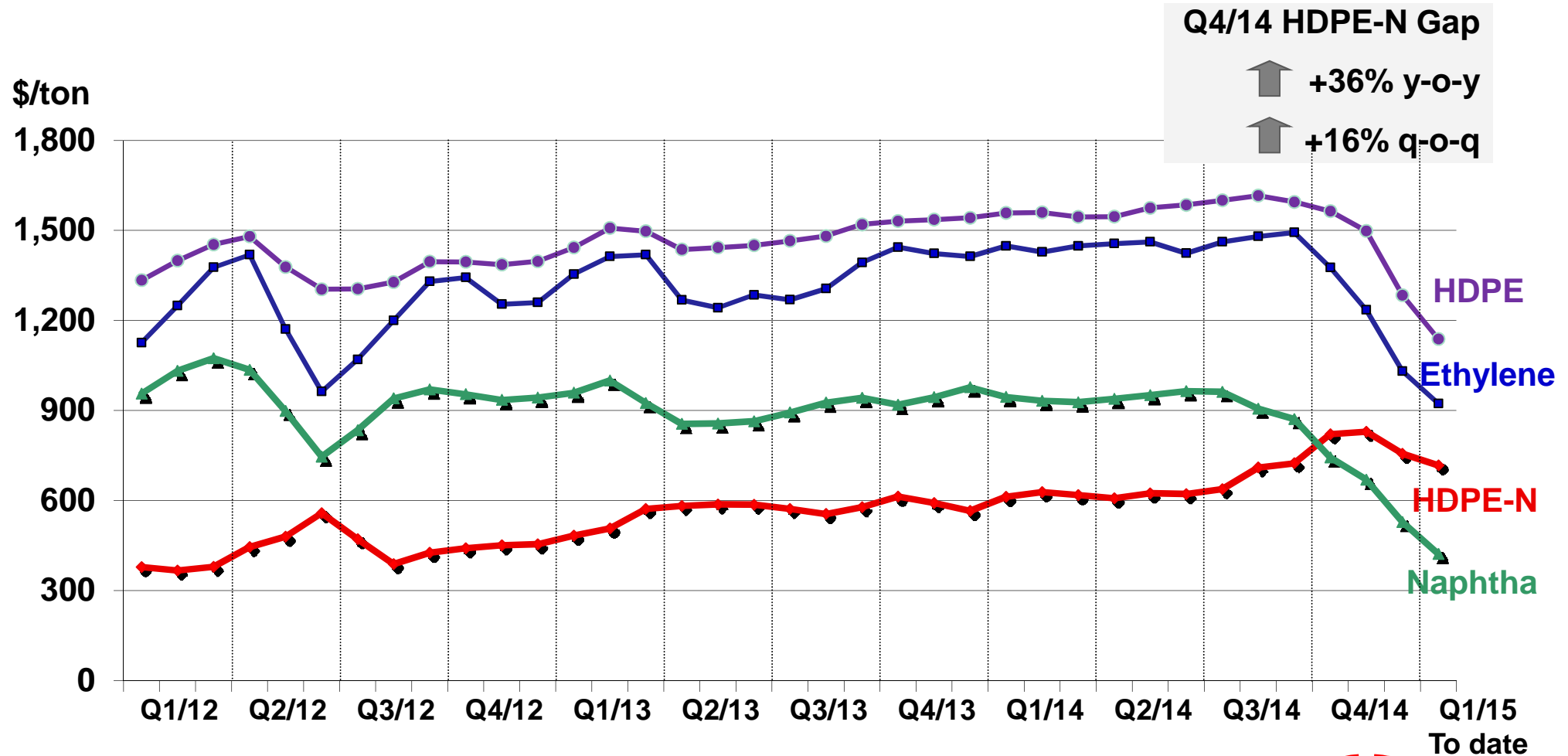
- **Cambodia cement plant (2nd line):** on progress for construction and on process of staff preparation, with production expected by mid-2015.
- **Indonesia cement plant:** commenced civil work with gradual progress on all related works, with production expected in H2/15.
- **Myanmar cement plant:** completed piling work at main buildings and most of buildings are under construction, with production expected in mid-2016.
- **Laos cement plant:** commenced preliminary works and on progress with an access road, with production expected in mid-2017.

- I. Consolidated Results
 - Q4/14 Consolidated Results
 - FY2014 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

- **Crude (Brent):** downward price volatility with the Q4/14 quarterly average of \$77/bbl (down \$27/bbl q-o-q, or 26% q-o-q), with a Dec/14 average of \$63/bbl. The opening Oct 1/14 price was \$93/bbl, while the closing Dec 31/14 price was \$59/bbl.
- **Naphtha:** dropped \$266/ton q-o-q or 29% q-o-q to \$647/ton, as a result of lower oil prices and excess supply from Europe.
- **Polyolefin**
 - HDPE and PP prices decreased 10% q-o-q to \$1,448/ton and \$1,465/ton, respectively, due to a heavy decline in crude oil prices. However, the Q4/14 average HDPE-Naphtha margins and PP-Naphtha margins increased \$111/ton and \$103/ton q-o-q to \$802/ton and \$819/ton, respectively, as polyolefin prices dropped at a lesser extent than naphtha.
- **PVC:** EDC prices declined 12% q-o-q to \$391/ton from lower ethylene prices. PVC prices decreased 9% q-o-q to \$948/ton at a lesser extent, as a result, PVC-EDC/C2 spreads increased 4% q-o-q to \$348/ton.
- **Others:** BD-Naphtha margins decreased 26% q-o-q to \$410/ton. MMA-Naphtha margins increased 26% q-o-q to \$1,558/ton. PTA-PX margins increased 6% q-o-q to \$75/ton.

HDPE – Naphtha Price Gaps

HDPE margins increased to \$802/ton in Q4/14 with firm real demand amidst the sharp drop in naphtha prices.

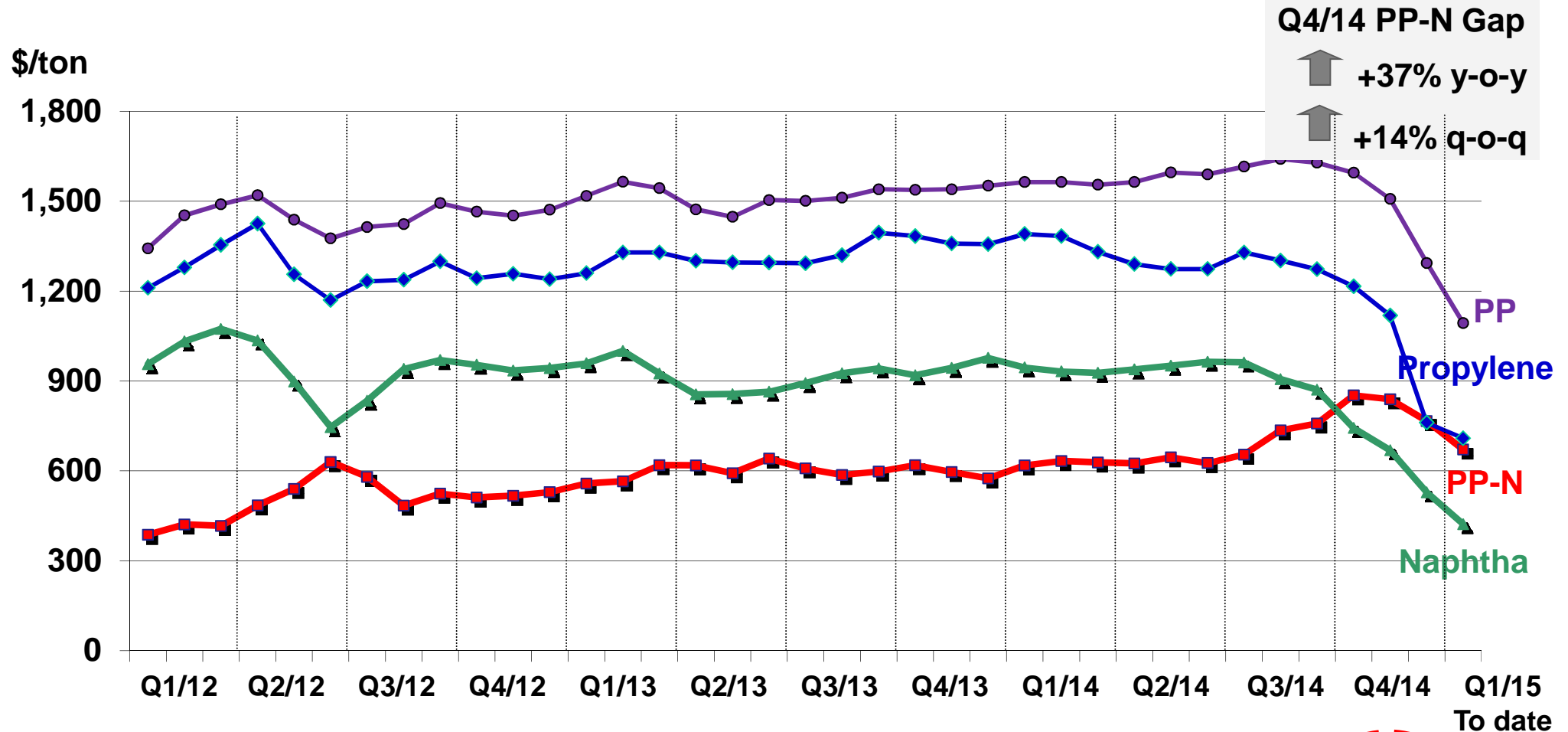


HDPE-Naphtha Spread (\$/ton)	374	494	428	449	521	585	568	590	620	618	691	802	717
HDPE-C2	144	203	143	107	87	178	166	110	113	121	125	234	215
C2-Naphtha	230	291	285	342	434	407	402	480	507	496	565	568	502

Note: Prices refer to SEA regional prices

PP – Naphtha Price Gaps

At the Q4/14 average of \$819/ton, PP margins expanded less than PE margins, attributed to lower buying interest.

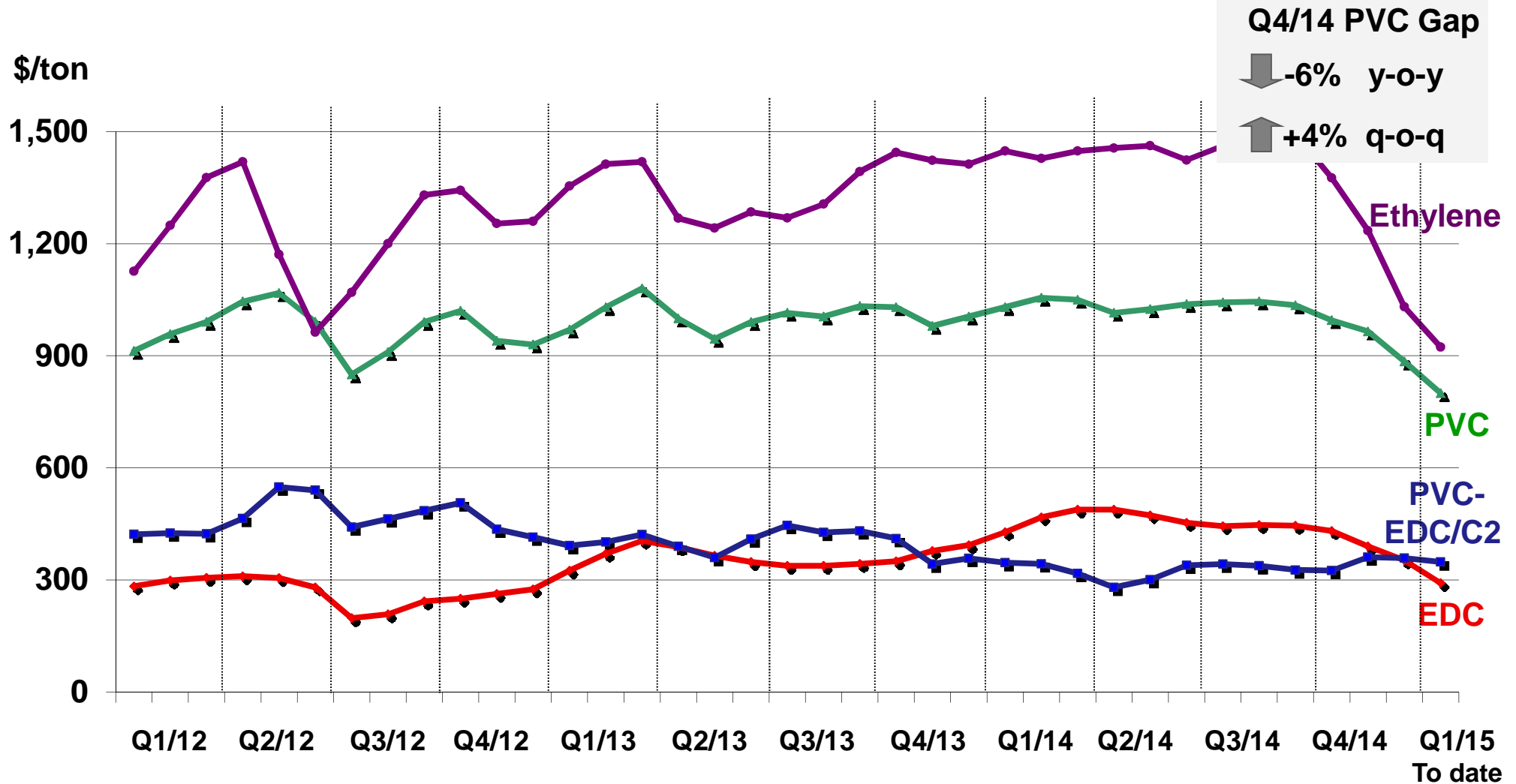


	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15 To date
PP-Naphtha	408	551	529	519	581	617	597	597	626	632	716	819	671
Spread (\$/ton)	← 502 →			← 598 →				← 698 →					
PP - C3	147	160	187	216	236	178	182	177	192	304	328	433	384
C3 – Naphtha	261	391	342	303	345	439	415	420	434	328	388	385	287

Note: Prices refer to SEA regional prices

PVC

PVC margins gained 4% q-o-q to \$348/ton. PVC prices and EDC prices decreased 9% q-o-q and 12% q-o-q, respectively, attributed to the sharp drop in ethylene prices and decreased demand.



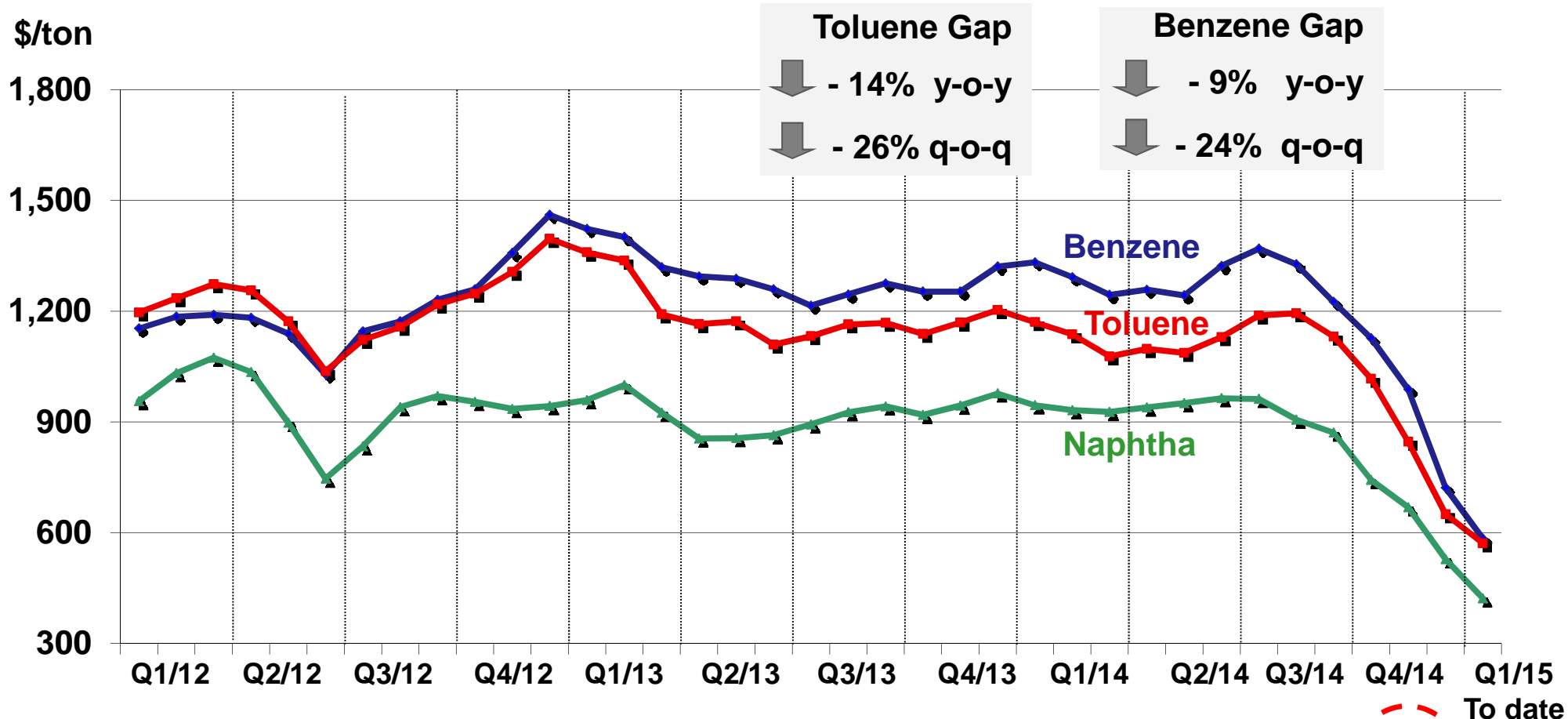
PVC-EDC/C2	424	518	463	452	405	386	435	370	336	307	336	348	348
Spread (\$/ton)	← 464 →		← 399 →			← 332 →							

Prices refer to FE regional prices

Benzene & Toluene

BZ-Naphtha margins: down 24% q-o-q, on lower energy prices and ample supply from cracker start-ups following turnaround season and lower SM demand.

TL-Naphtha margins: decreased 26% q-o-q, due to the poorer demand from gasoline blending during winter season.



	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	To date
BZ-Naphtha	155	223	268	415	420	422	325	329	355	323	394	299	162
TL-Naphtha	214	262	251	372	333	290	234	223	193	153	258	191	149
BZ-Spread	← 265 →			← 374 →			← 343 →						
TL Spread	← 275 →			← 270 →			← 199 →						

Note: Prices refer to SEA regional prices

Price Gaps of Associates

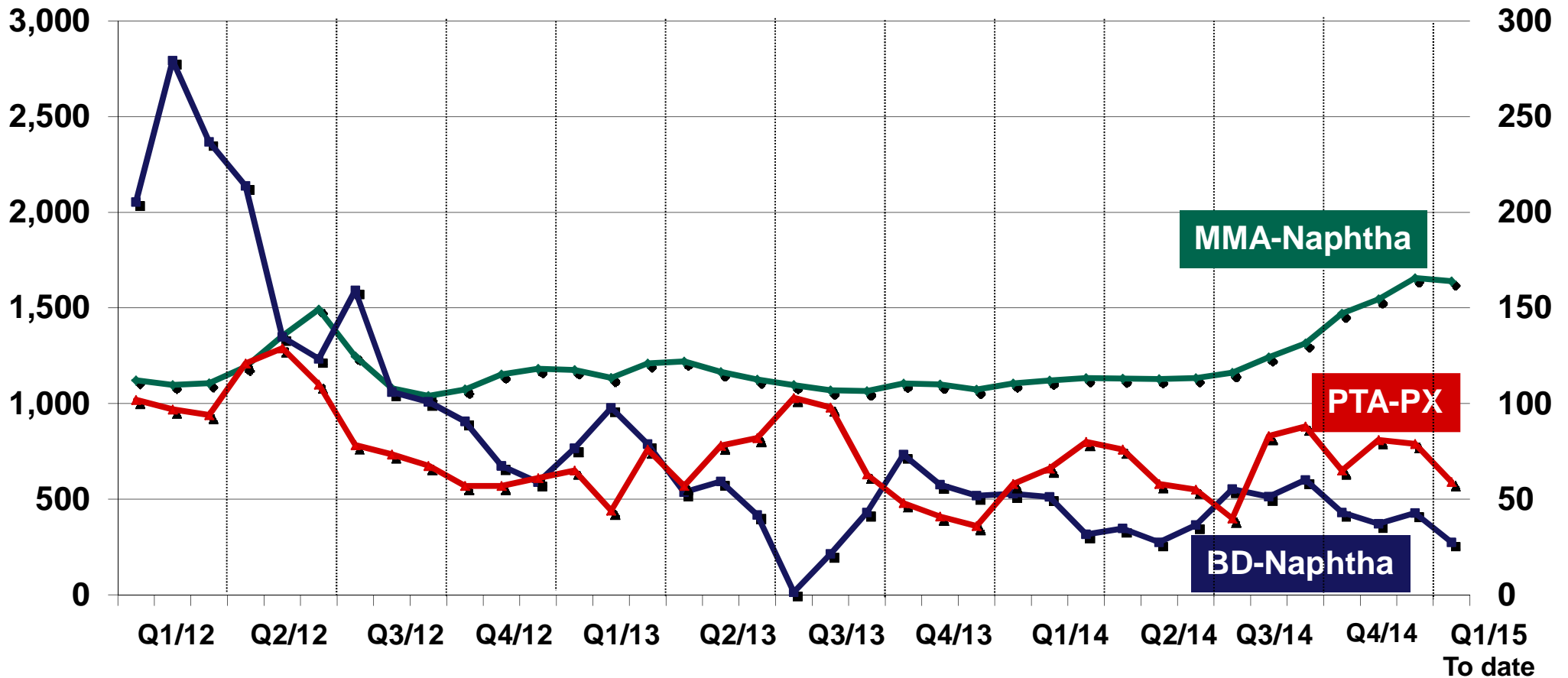
MMA-Naphtha: up 26% q-o-q, from regional tight supply and higher Chinese demand.

PTA-PX: up 6% q-o-q, due to lower PX prices and PTA operating rate cut.

BD-Naphtha: down 26% q-o-q, attributed to lower demand in Asia.

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

PTA-PX \$/ton

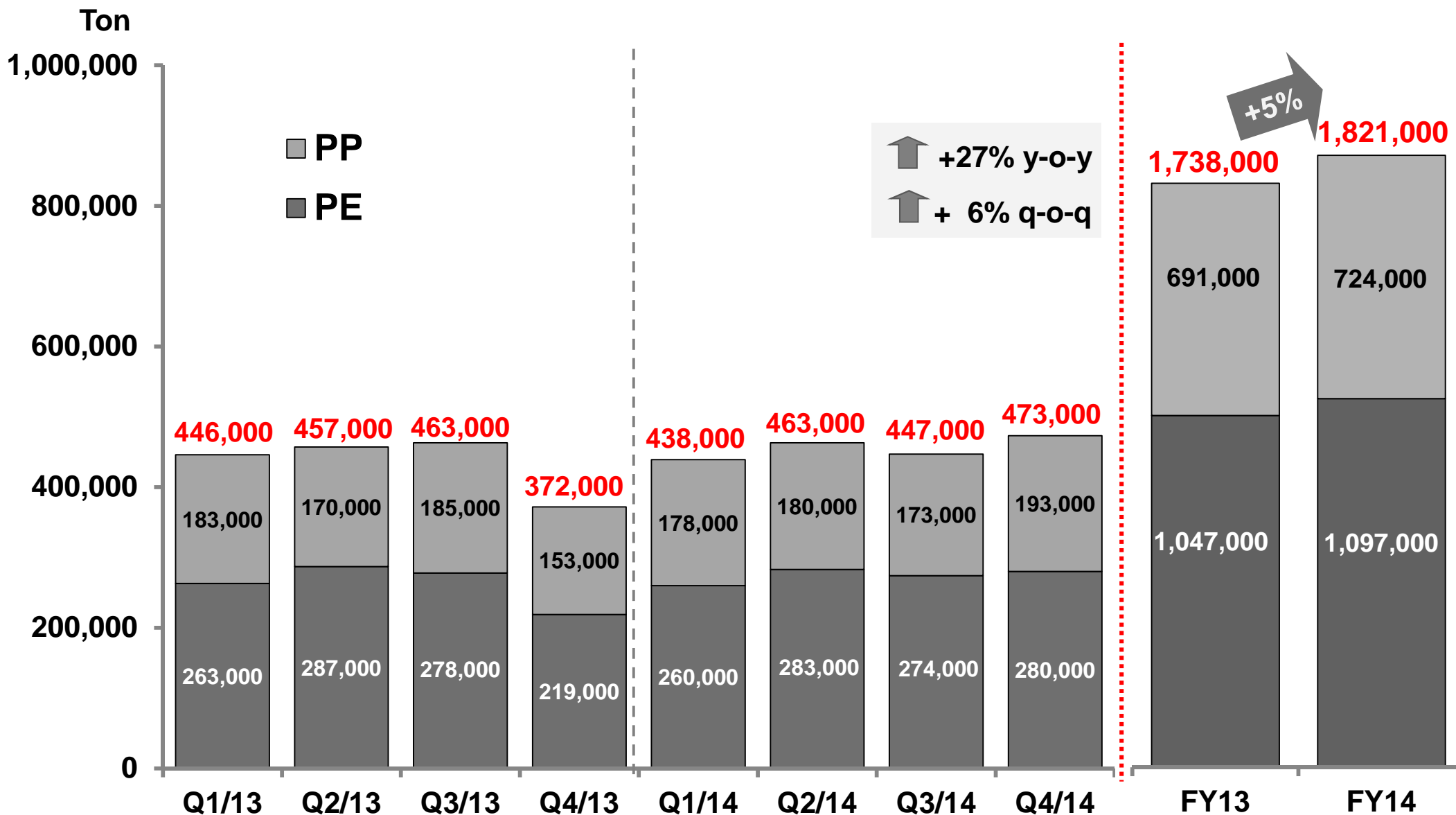


MMA-N	1,104	1,346	1,122	1,136	1,174	1,170	1,077	1,093	1,120	1,131	1,240	1,558	1,640
PTA-PX	98	120	73	58	62	72	88	42	68	63	70	75	59
BD-N	2,405	1,574	1,221	723	844	516	220	609	452	329	556	410	275

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

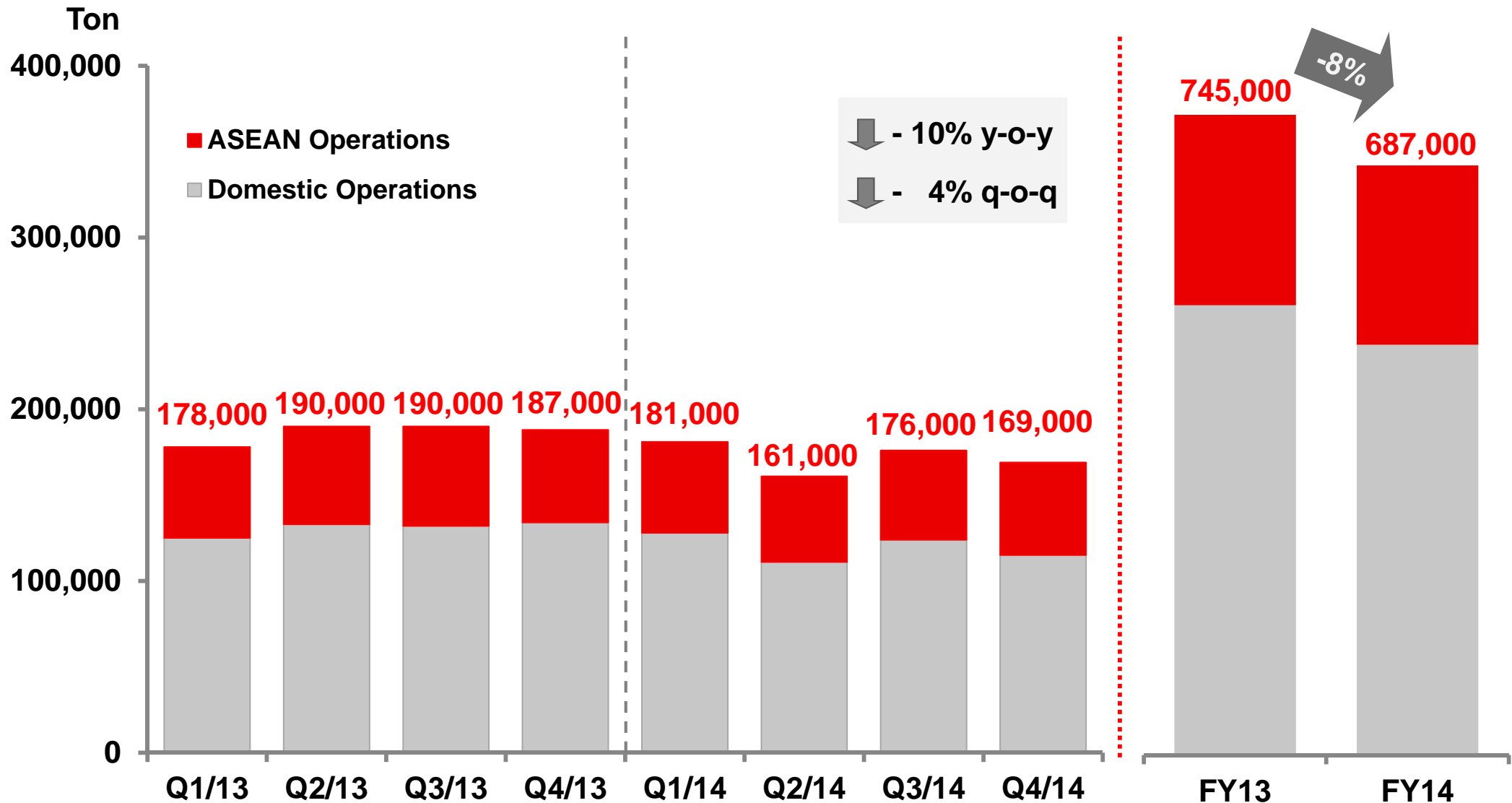
Polyolefin Sales Volume

Q4/14 sales volume registered 473,000 tons, while FY2014 sales volume grew 5% y-o-y, following higher production rates from MOC turnaround in Q4/13.



PVC Sales Volume

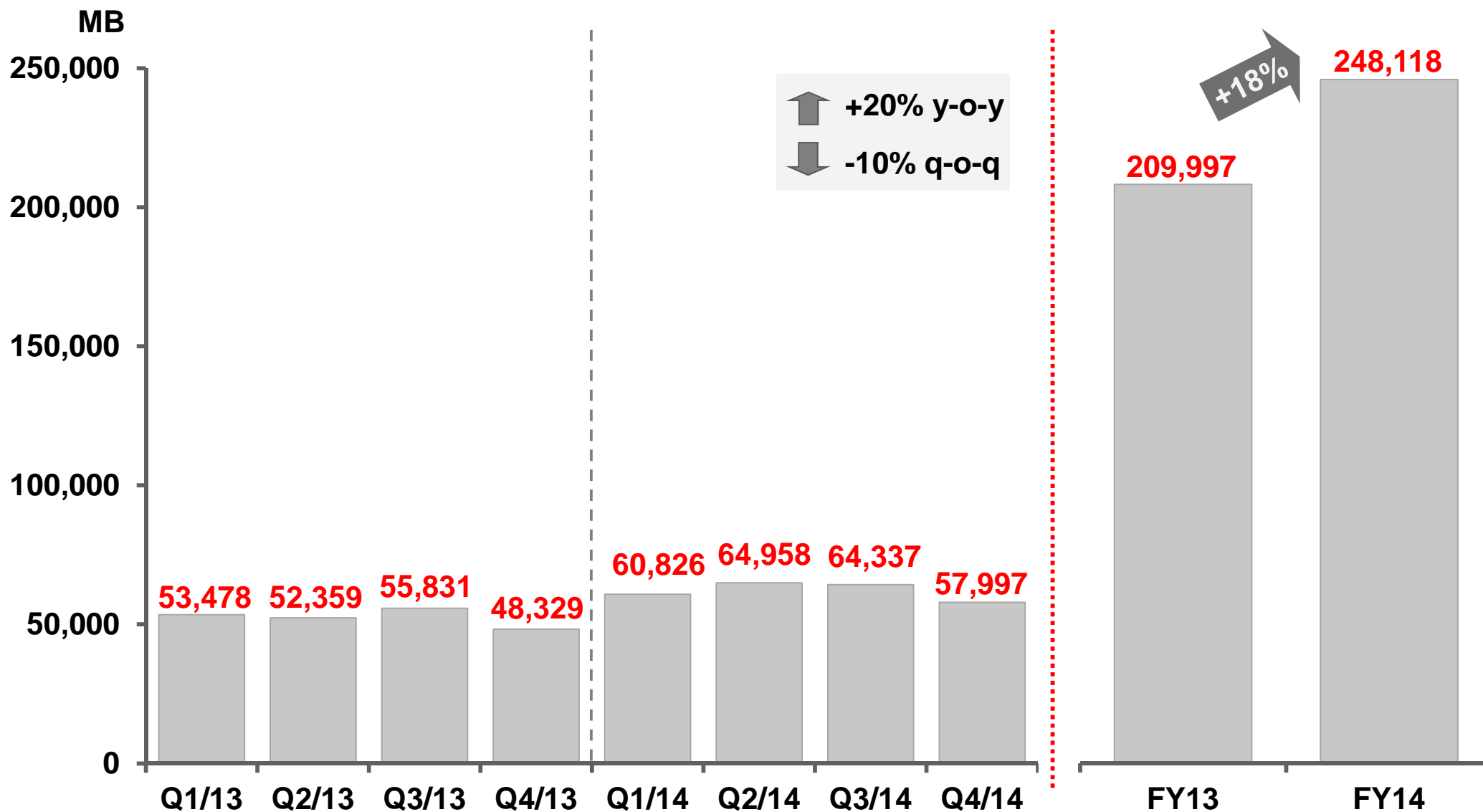
Q4/14 sales volume was down by 4% q-o-q on softer demand at year's end. FY2014 sales volume dropped 8% y-o-y, due to Thai Plastic and Chemicals' unplanned VCM outages.



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

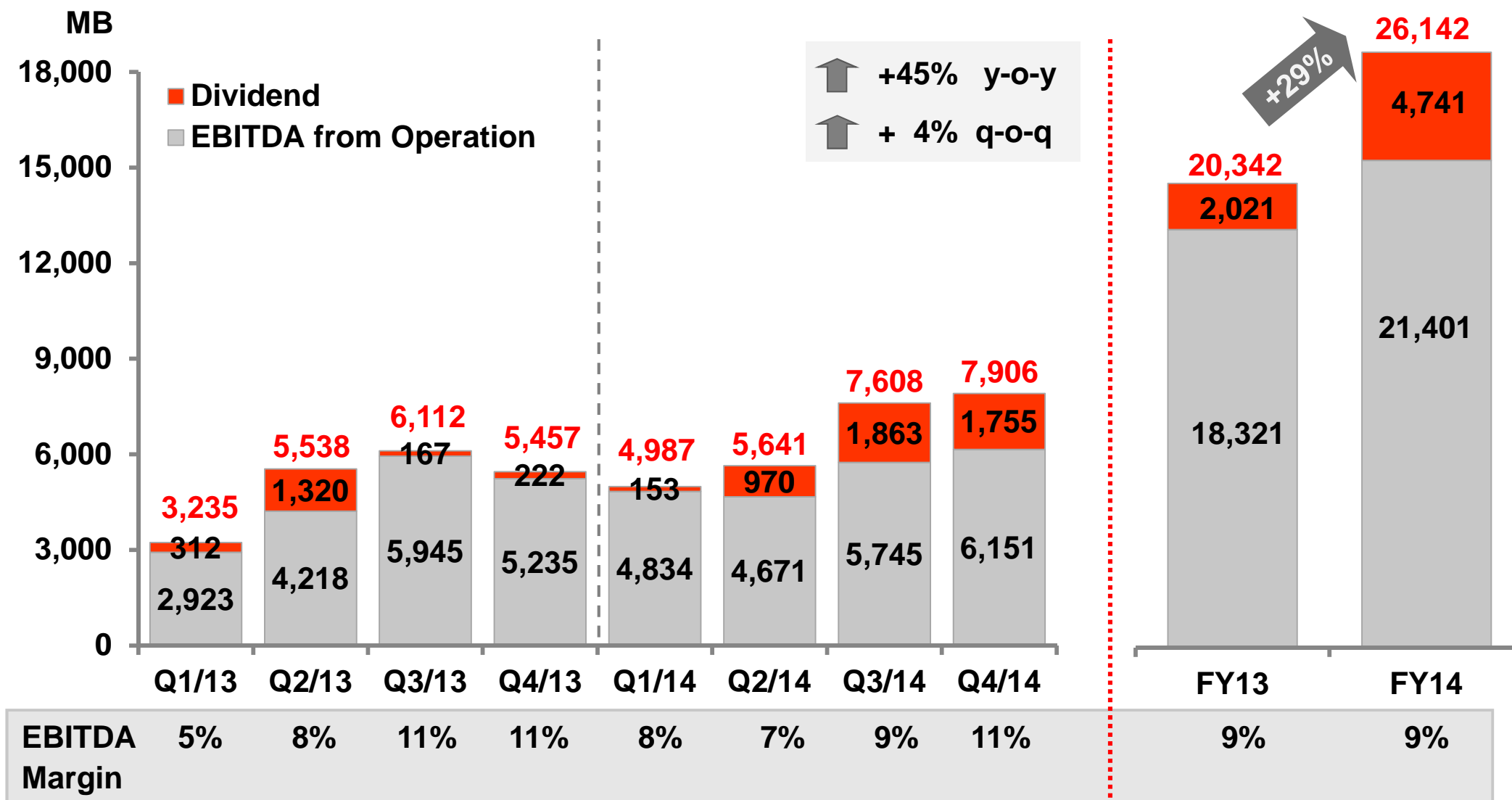
Revenue from Sales

Q4/14 revenue decreased 10% q-o-q to 57,997 MB, attributed to lower product prices. FY2014 revenue grew 18% y-o-y on increased sales volume of polyolefin.



EBITDA

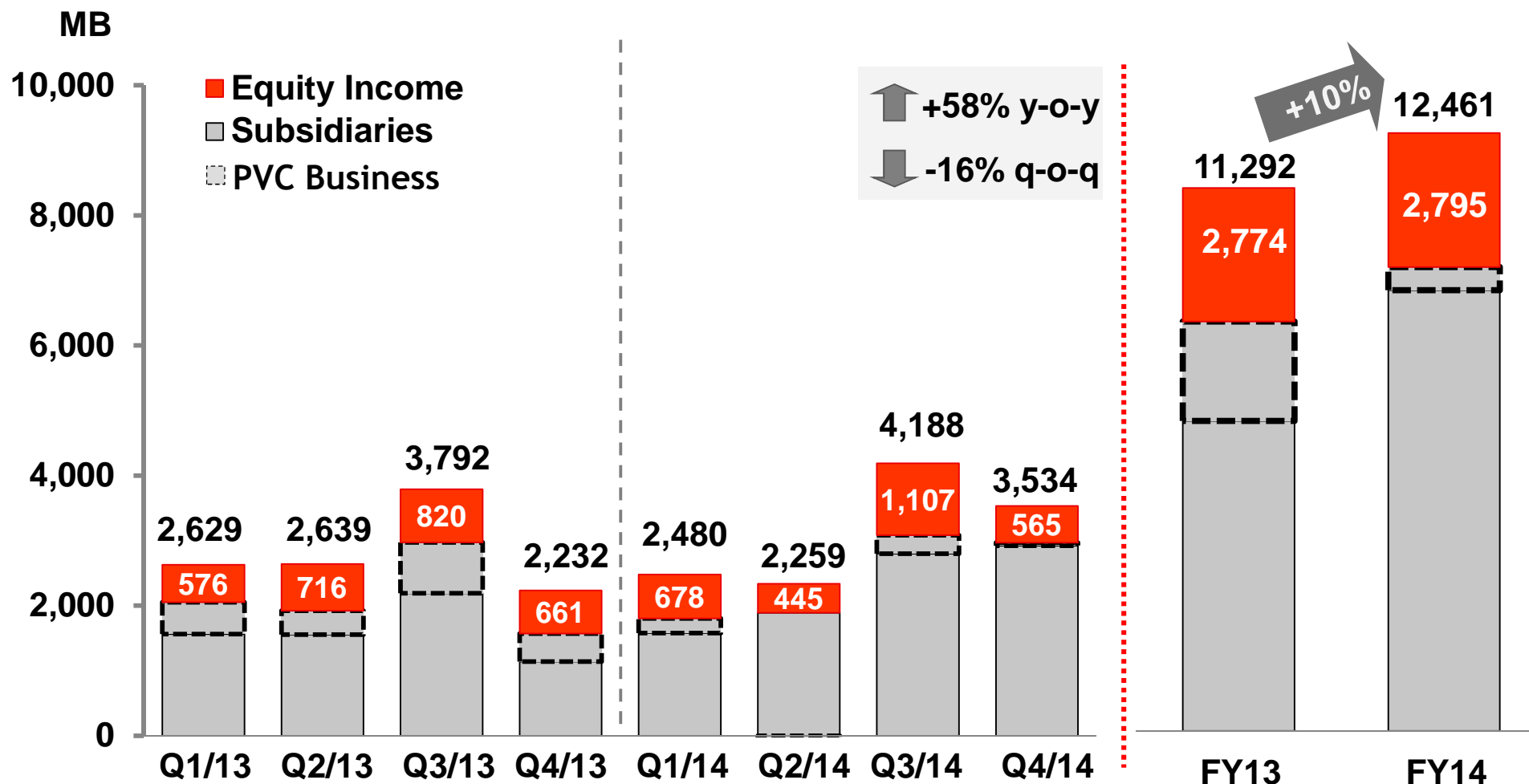
EBITDA increased 4% q-o-q to 7,906 MB, owing to improved polyolefin margins and healthy dividend from associated companies.



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

Profit for the Period

Profitability registered 3,534 MB, despite the stock loss of 2,960 MB. The FY2014 performance improved 10% y-o-y, attributed to higher margins.



Non-Controlling Interest	630	110	(310)	(340)	(330)	(240)	(650)	(740)	90	(1,960)
Inventory Gain(Loss)**	260	(840)	840	810	180	(80)	(130)	(2,960)*	1,070	(2,990)

* Sub/Asso : 70%/30%

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

- **Crude** – uncertainty remains, amid no sign of production cut from OPEC.
- **Naphtha** – directly corresponds to crude oil prices.
- **Polyolefin** – demand recovery, due to restocking activity from customers.
- **PVC** – demand pick up, post-New Year holidays.

Company highlight:

- Thai Plastic and Chemicals (TPC) – Q1/15 VCM planned turnaround for maintenance and debottlenecking 60 days with additional capacity 90,000 tons.

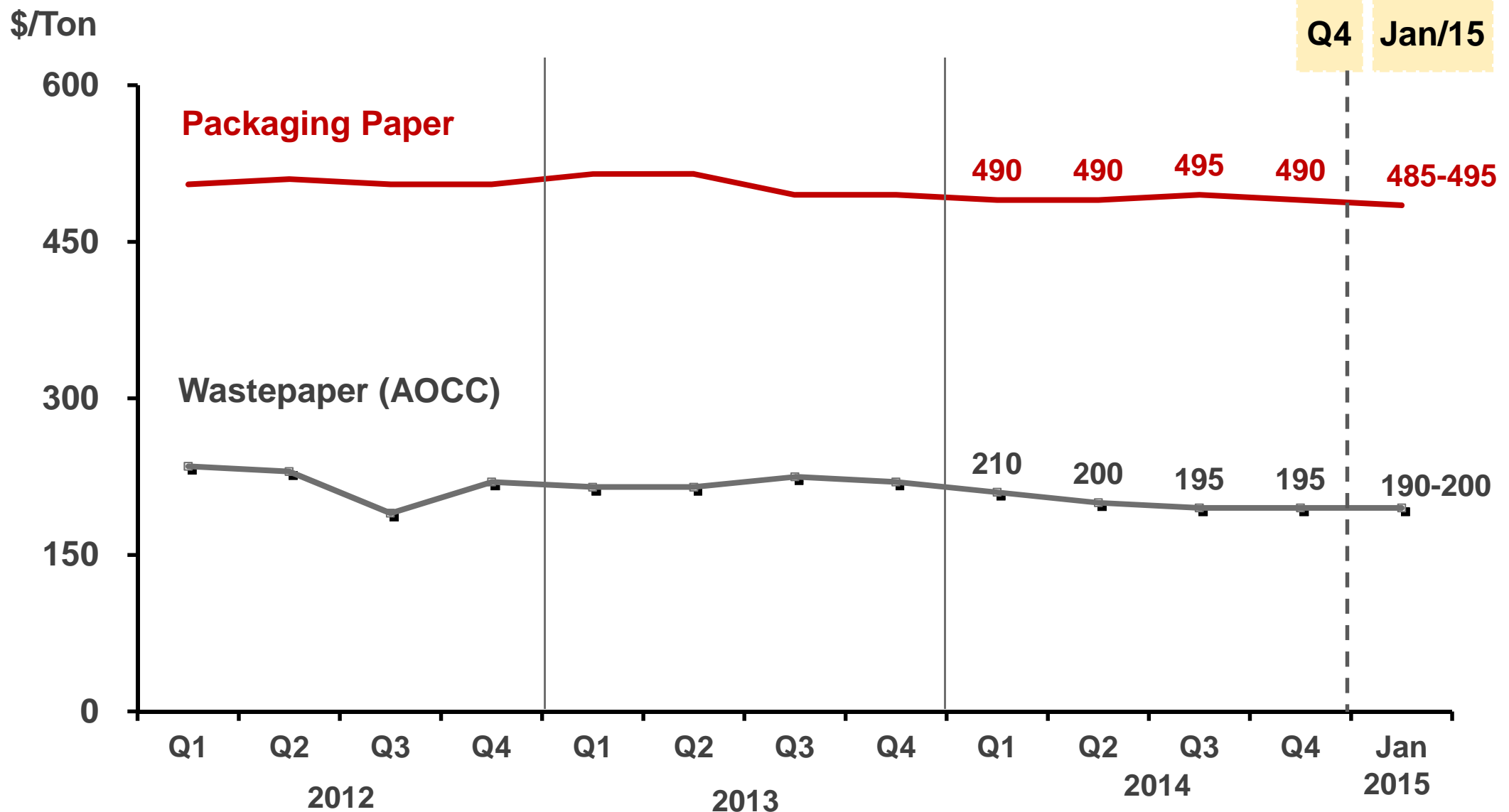
Acquisition highlight:

- purchased an initial 51% stake in Norner Group which specializes in the materials and polymer industries, with facilities located in Stathelle, Norway. The remaining 49% stake will be acquired by Sept/15. The entire transaction is valued at 340 MB.

- I. Consolidated Results
 - Q4/14 Consolidated Results
 - FY2014 Summary
 - Financial Updates
- II. SCG Cement - Building Materials
- III. SCG Chemicals
- IV. SCG Paper
- V. Summary

Packaging Paper

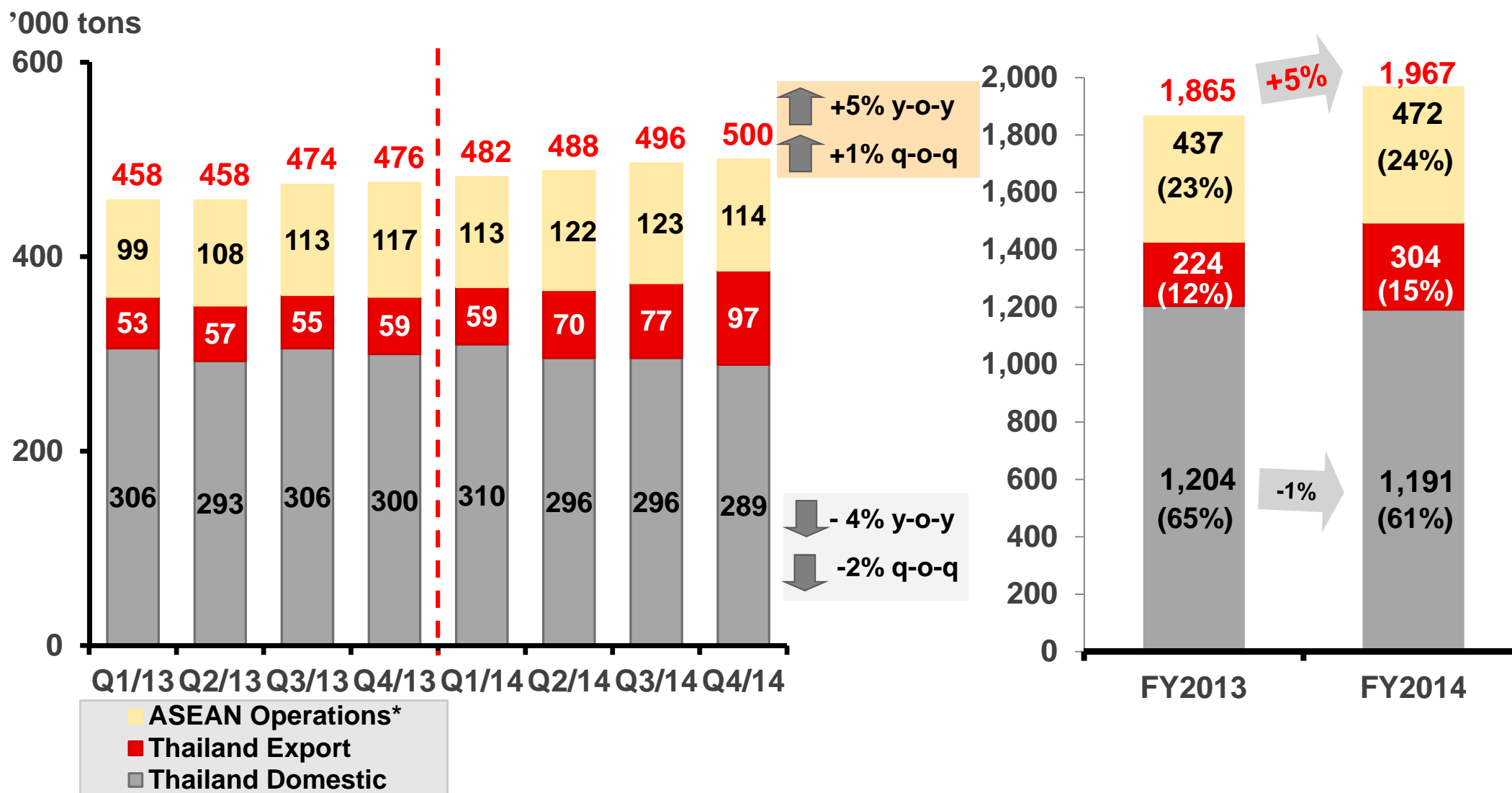
AOCC and packaging paper prices remained stable due to flat demand in the region, while LOCC prices increased due to tight supply



Note: regional prices

Packaging Paper:

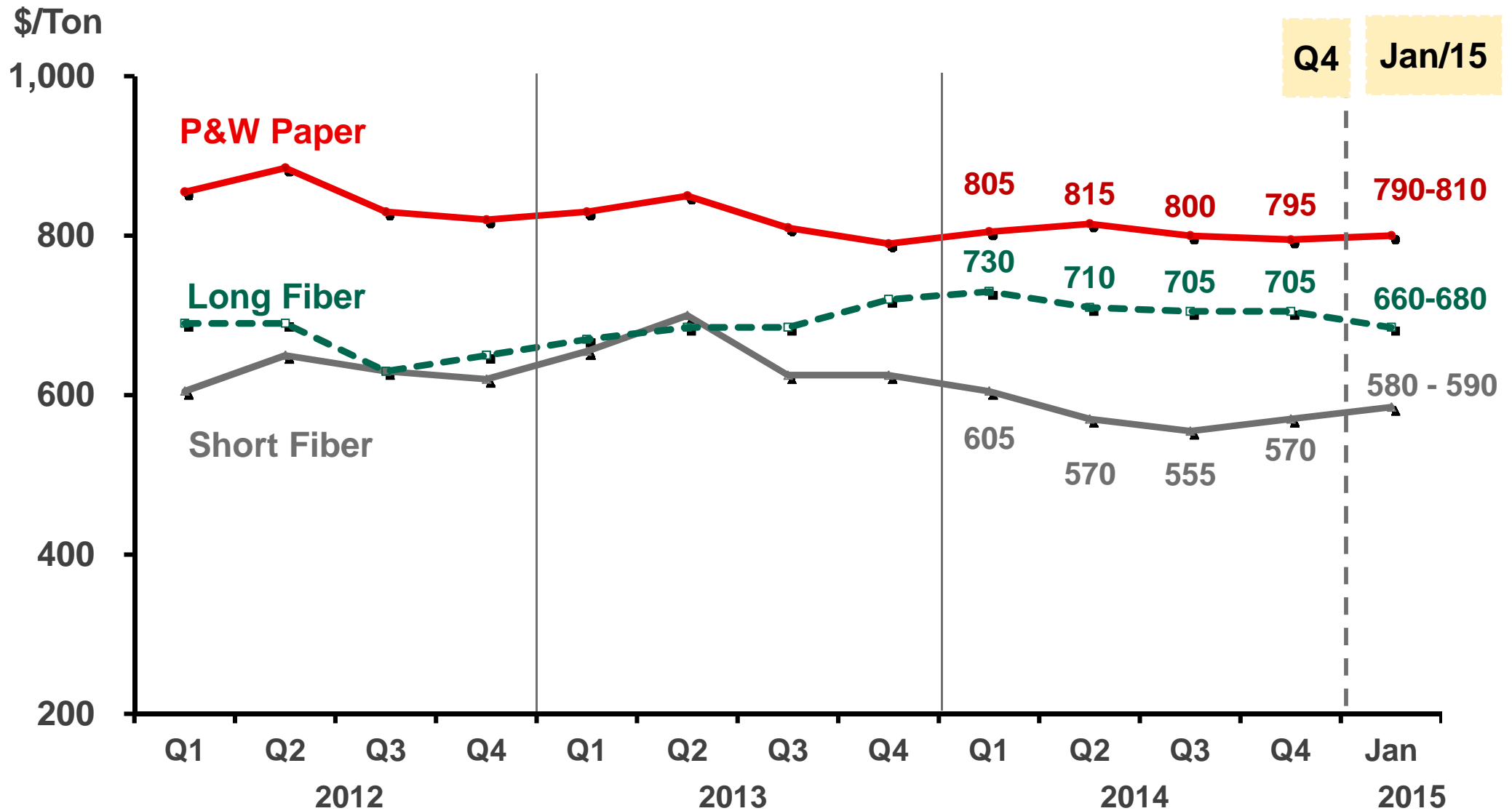
Total FY2014 sales volume increased 5% y-o-y owing to higher export sales and ASEAN operations.



Note: *Sales Volume from Philippines and Vietnam

Fibrous (Printing & Writing Paper)

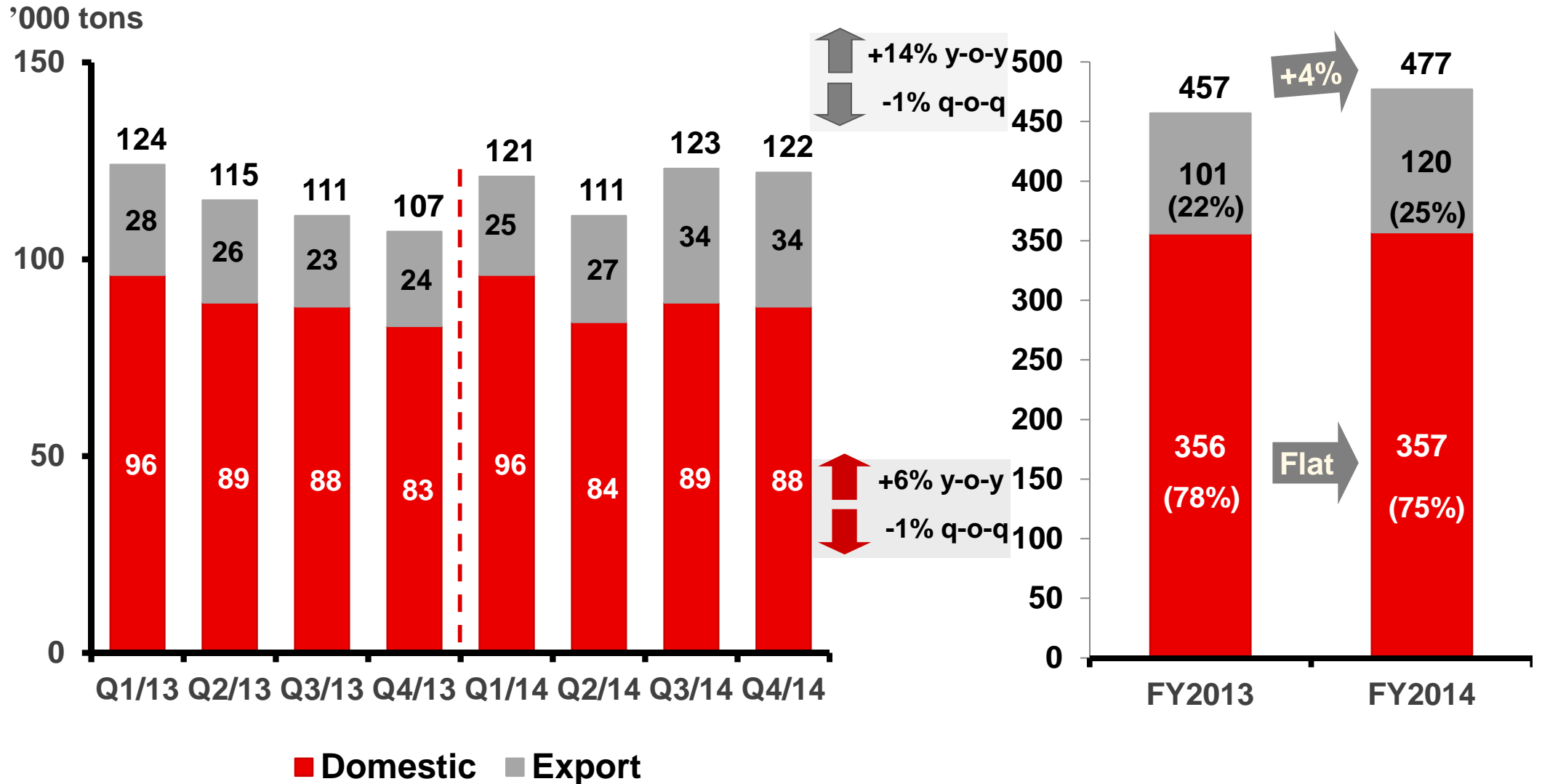
Short-fiber pulp prices increased as major producers pushed for price hikes, while long-fiber prices maintained. Dissolving pulp prices dropped to \$810/ton range



Note: regional prices

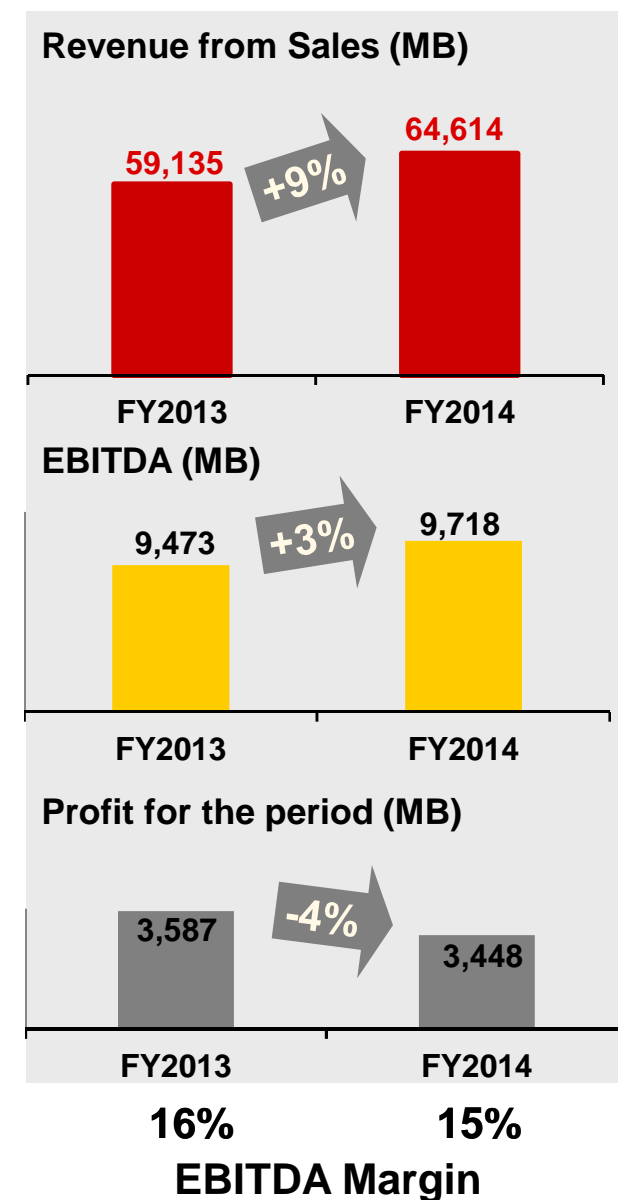
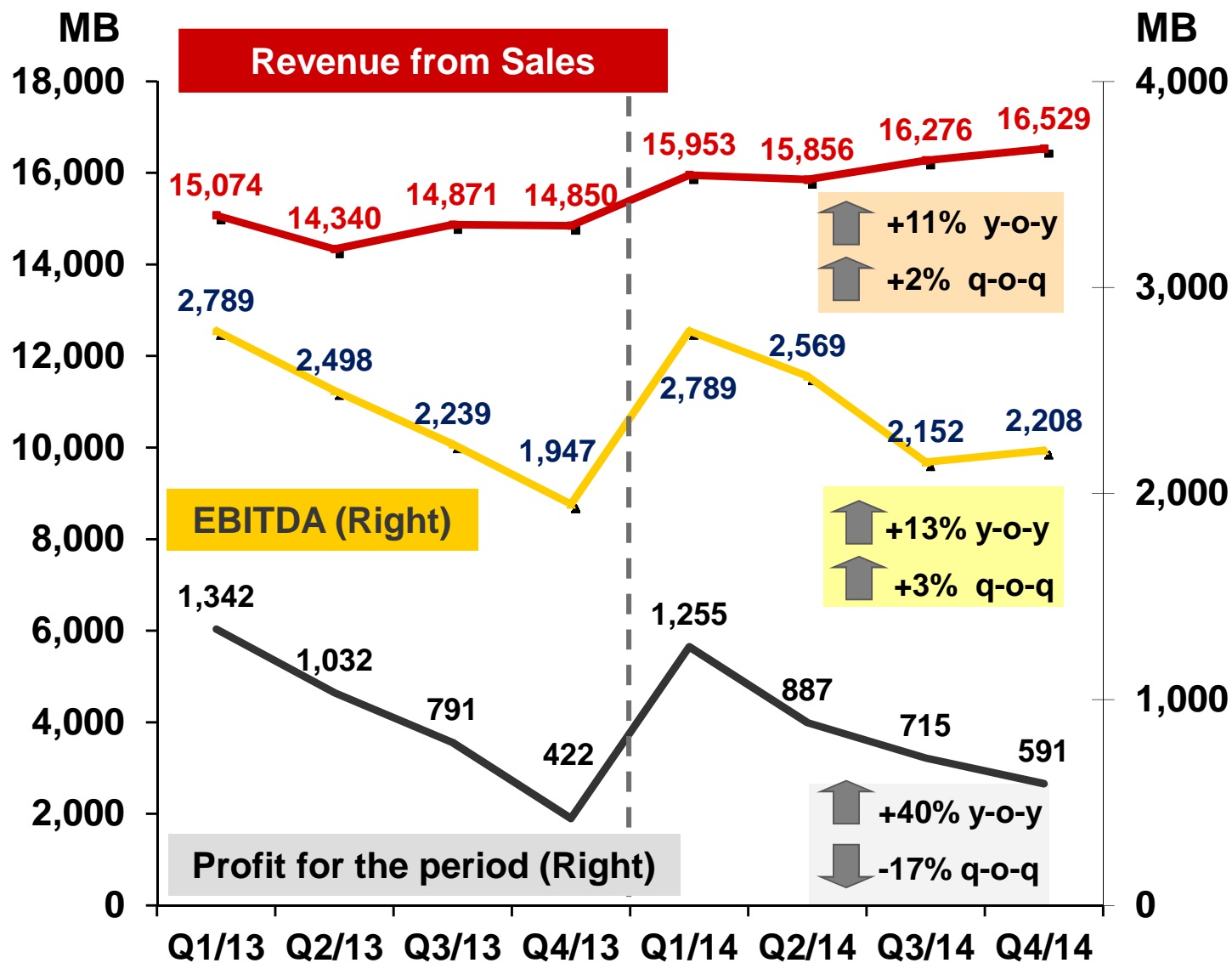
Fibrous (Printing & Writing Paper)

For FY2014 domestic sales volume maintained despite declining demand, while overall sales volume increased 4% mainly from exports.



Financials

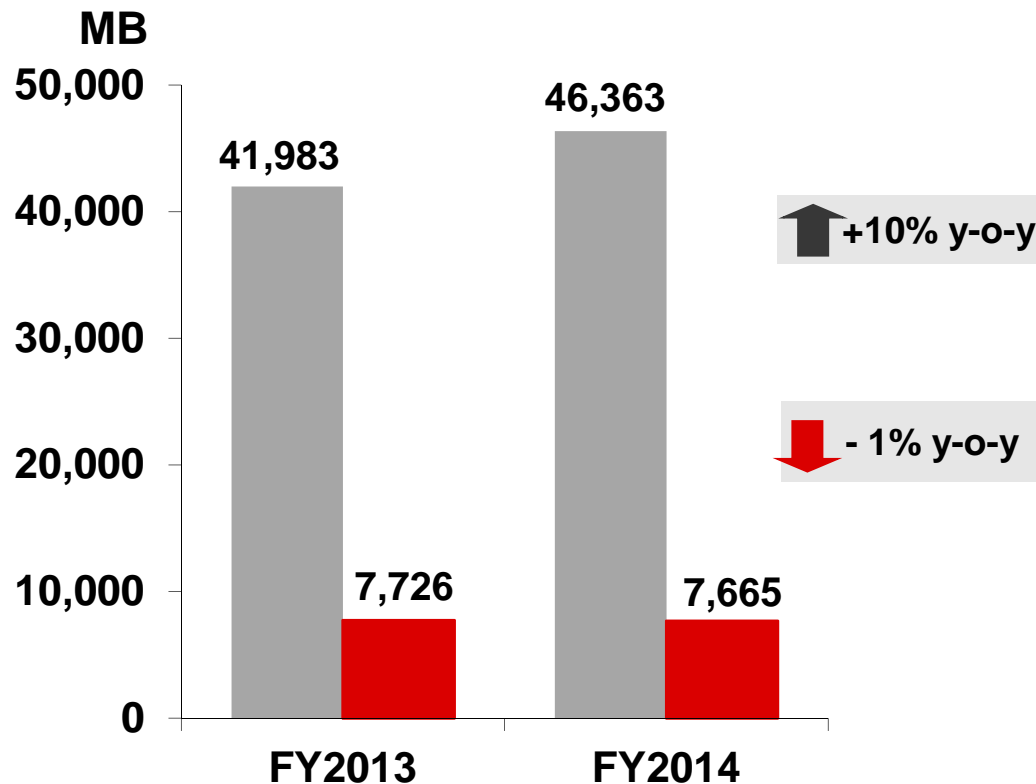
FY2014 EBITDA increased 3 % from higher sales volume, while Profit decreased 4% due to higher depreciation and financial cost.



Business Segments

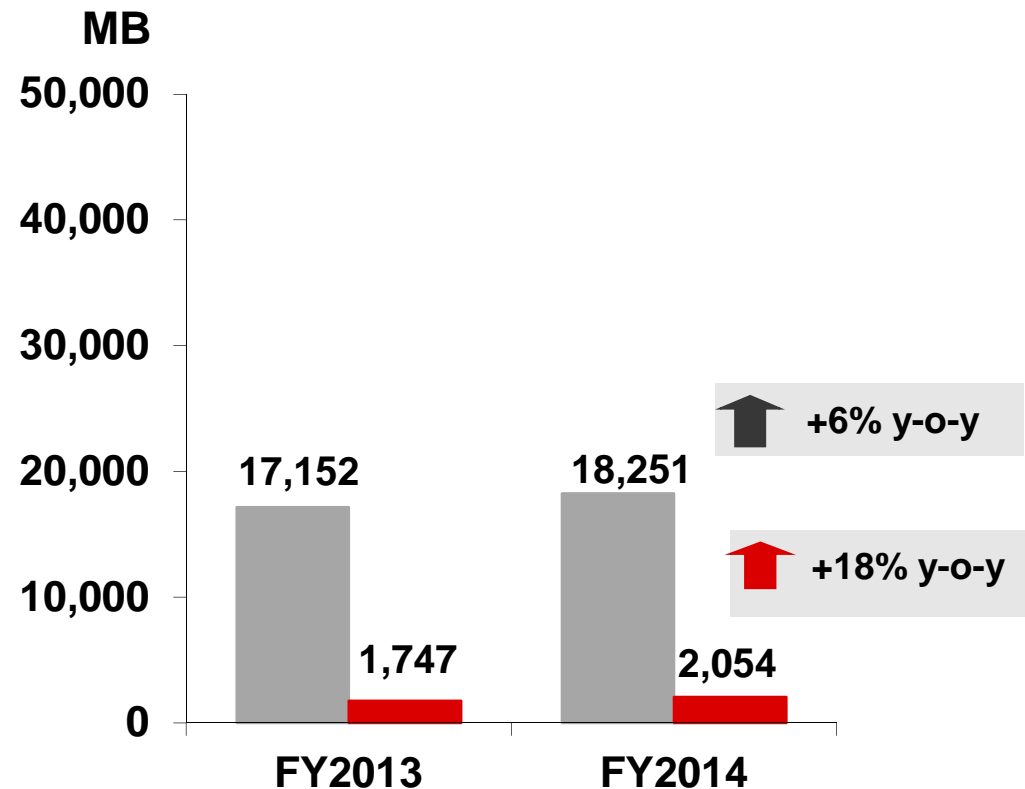
Full year performance in Packaging Chain decreased mainly from tighter margin. Fibrous Chain results increased due to higher sales volume and better efficiency.

Packaging Chain



EBITDA Margin	FY2013	FY2014
EBITDA Margin	18%	17%

Fibrous Chain



EBITDA Margin	FY2013	FY2014
EBITDA Margin	10%	11%

■ Revenue from Sales ■ EBITDA

Packaging Chain

- Regional prices of wastepaper to maintain due to soft demand from China, while local wastepaper prices to slightly increase from continued tight supply.
- Paper prices to maintain due to stable demand in the region.
- Overall domestic demand to stay flat from weak agricultural sector and muted consumer segment.

Fibrous Chain

- P&W paper prices to maintain due to flat demand.
- Long-fiber pulp prices to decrease due to heavy pressure from EU and Russian producers.
- Short-fiber pulp prices to maintain despite major sellers attempt to raise prices, due to resistance from Chinese buyers.

Updates

- Acquired additional 50% share (resulting in 72% total) in Prepack Thailand, a producer of flexible packaging products (14,000 tons/year and additional 2,000 tons/year by Q4 2015) valued at 1,500 MB (EV).
- Acquired 90% stake in PT Indoris Printingdo, a producer of HVA packaging products (8,000 tons/year) in Tangerang, Indonesia valued at 290 MB (EV).
- Acquired 100% stake in D-In-Pack Company Limited, a box plant (15,000 tons/year) in Nakorn Pathom valued at 50 MB (EV).

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- V. Summary

Thank You

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