



PASSION FOR BETTER

Analyst Conference Q4/18
Wednesday, January 30, 2019

I. Consolidated Results

- Q4/18 Consolidated Results

- FY2018 Summary

- Financial Updates

II. Cement - Building Materials Business

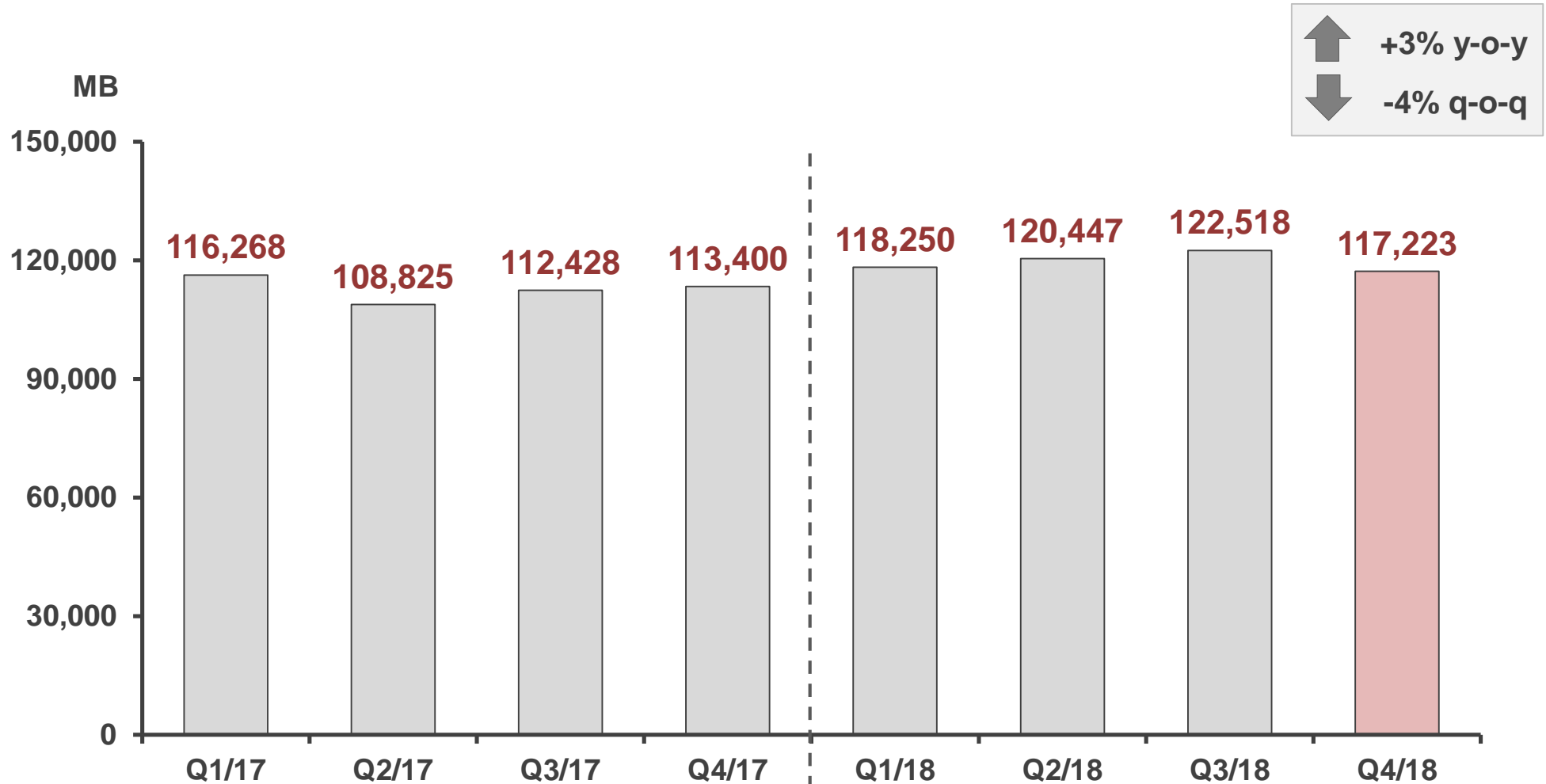
III. Chemicals Business

IV. Packaging Business

V. Summary

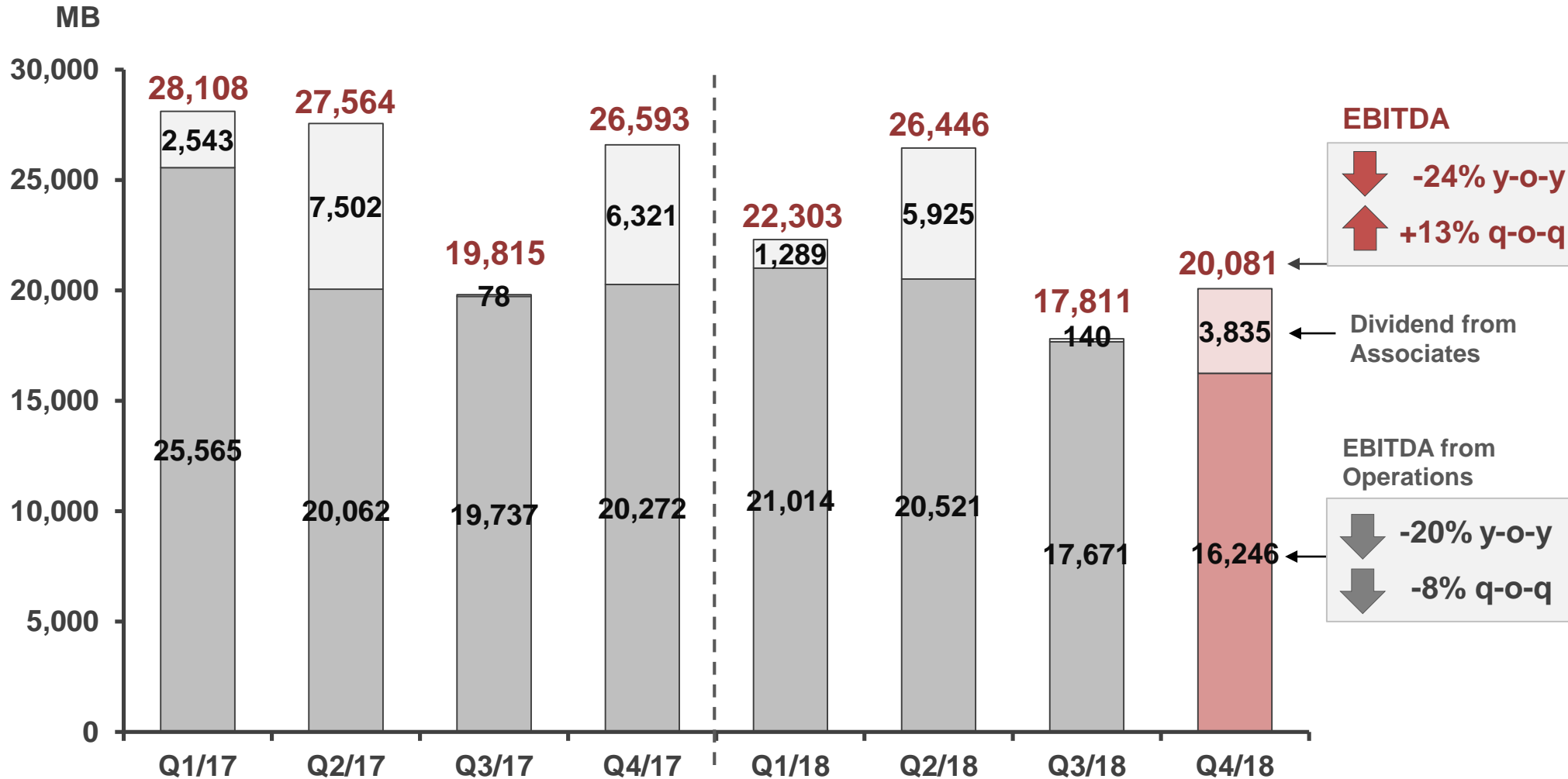
Q4/18 Revenue from Sales

Revenue increased +3% y-o-y from the Cement-Building Materials and the Chemicals businesses, but dropped -4% q-o-q with the lower in chemicals prices.



Q4/18 EBITDA

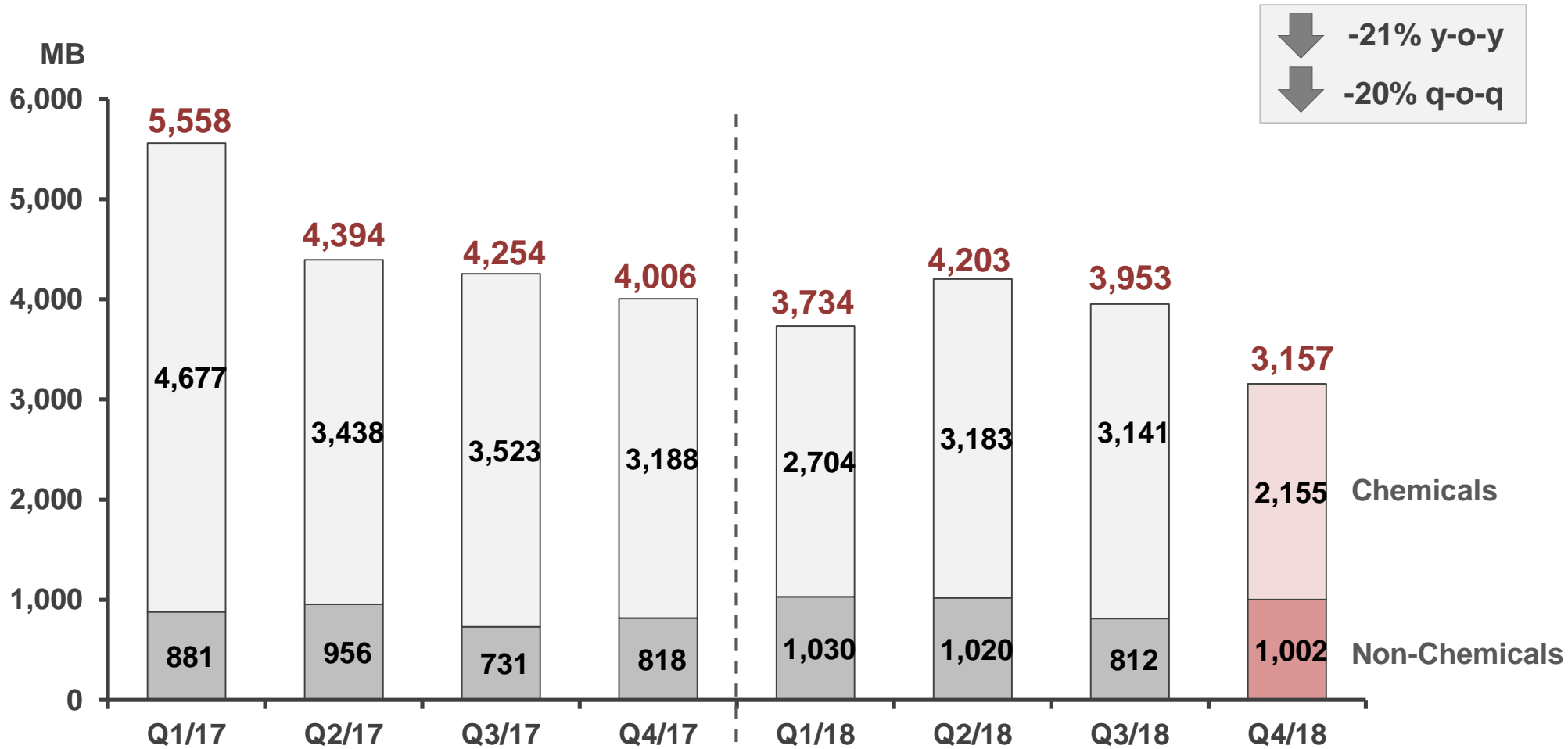
EBITDA dropped -24% y-o-y due to lower chemicals earnings, but grew +13% q-o-q on seasonal dividend contribution from associated companies.



Note: EBITDA = EBITDA from Operations + Dividend from Associates

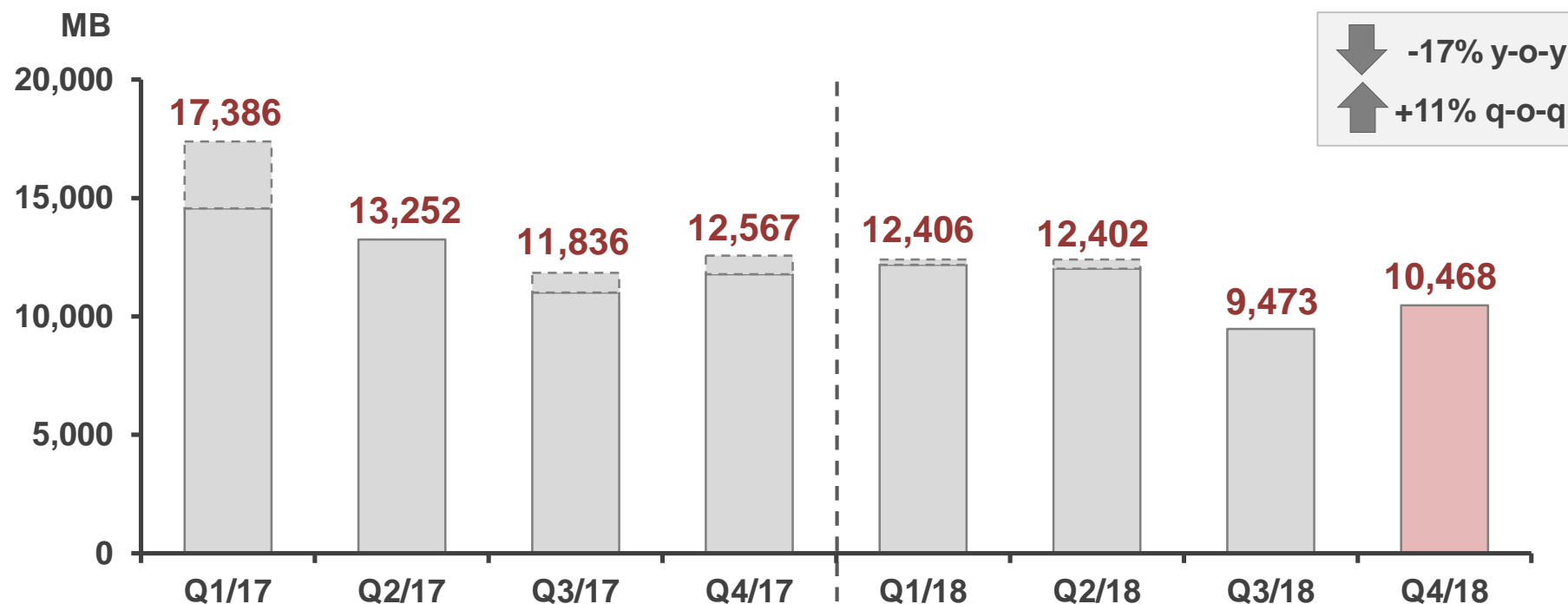
Q4/18 Equity Income

Equity income decreased -21% y-o-y and -20% q-o-q, attributed to lower contribution from chemicals associates.



Q4/18 Profit for the Period

Earnings dropped -17% y-o-y due to lower chemicals earnings, but gained +11% q-o-q on seasonal dividends from the Investment business.



	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Key Non-recurring	2,830	(1,810)	830	870	220	380	(830)	(1,410)
1) Inventory Gain (Loss)*	930	(1,860)	900	140	220	380	110	(2,200)
2) Sale of Investment and assets	1,900	50	310	730	-	-	730	790
3) Impairments	-	-	(380)	-	-	-	(1,670)**	-

Note: *Chemicals Business (Sub + Asso.)

** CBM 1,320 MB and 350 MB from others.

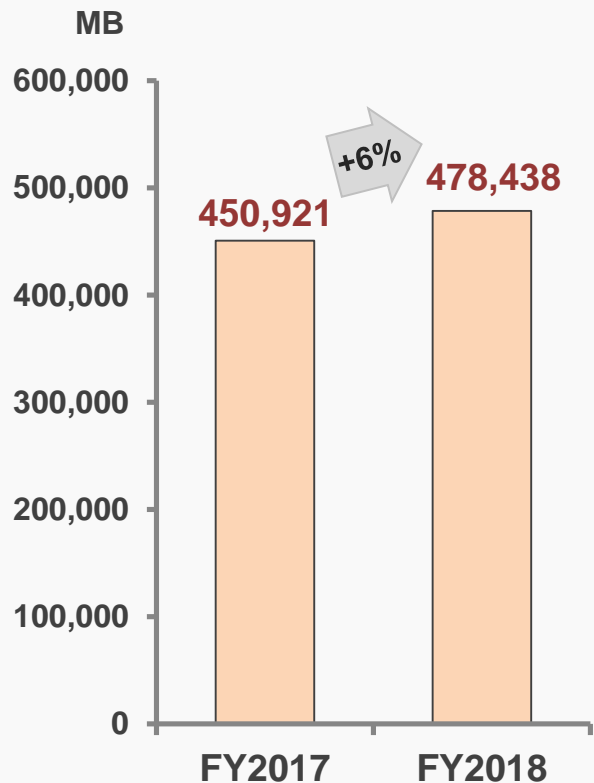
(CBM = 820 MB from Indonesian operations, and 500 MB from Precast Thailand)

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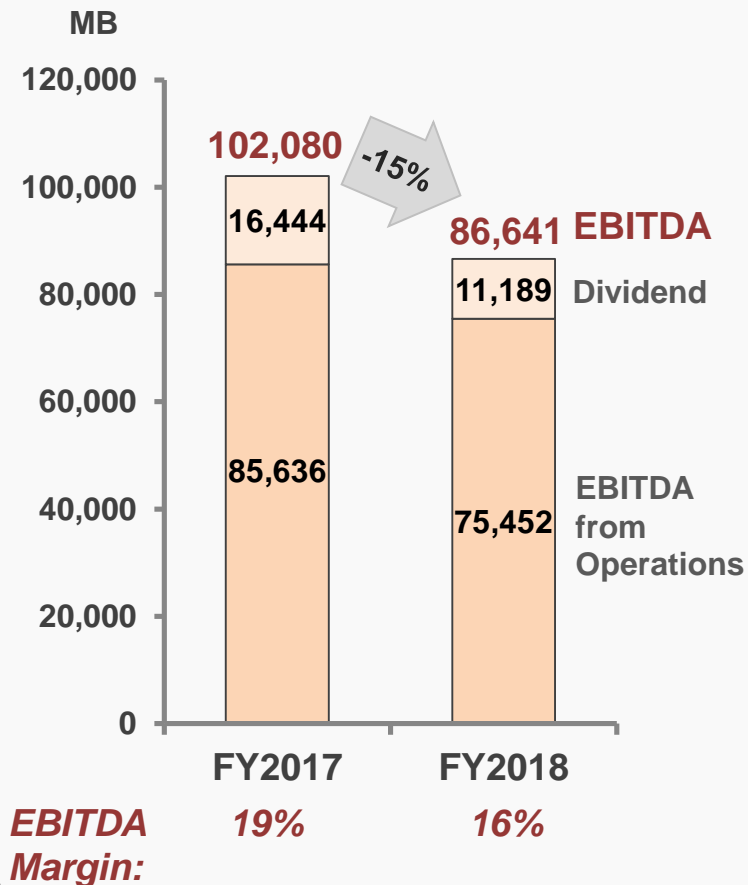
FY2018 Financials

Sales growths of +6% y-o-y, but EBITDA dropped -15% y-o-y and earnings declined -19% y-o-y, due to lower chemicals earnings, the stronger Thai Baht FX, and impairments in Cement-Building Materials.

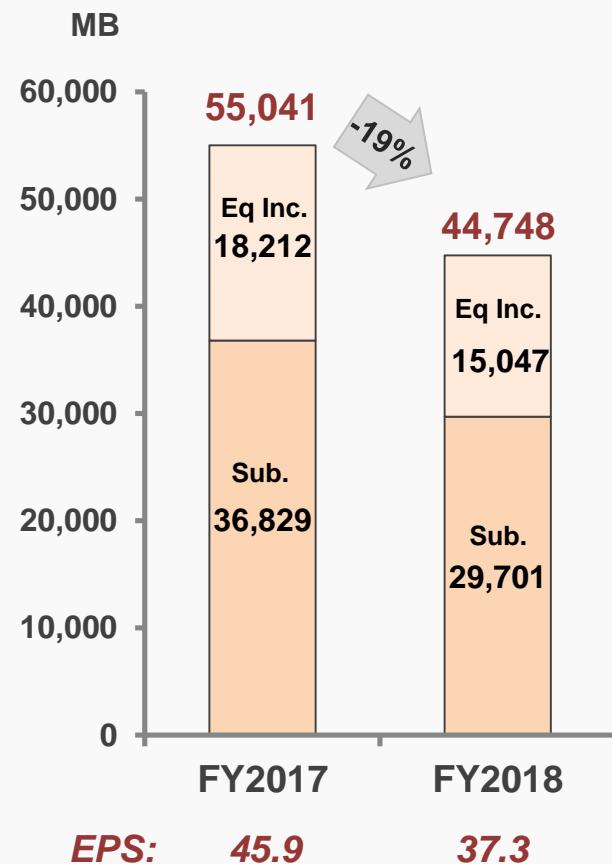
Revenue from Sales



EBITDA



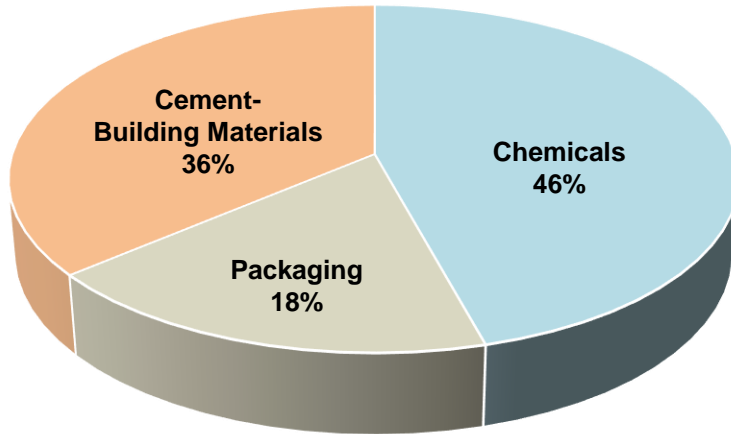
Profit for the Period



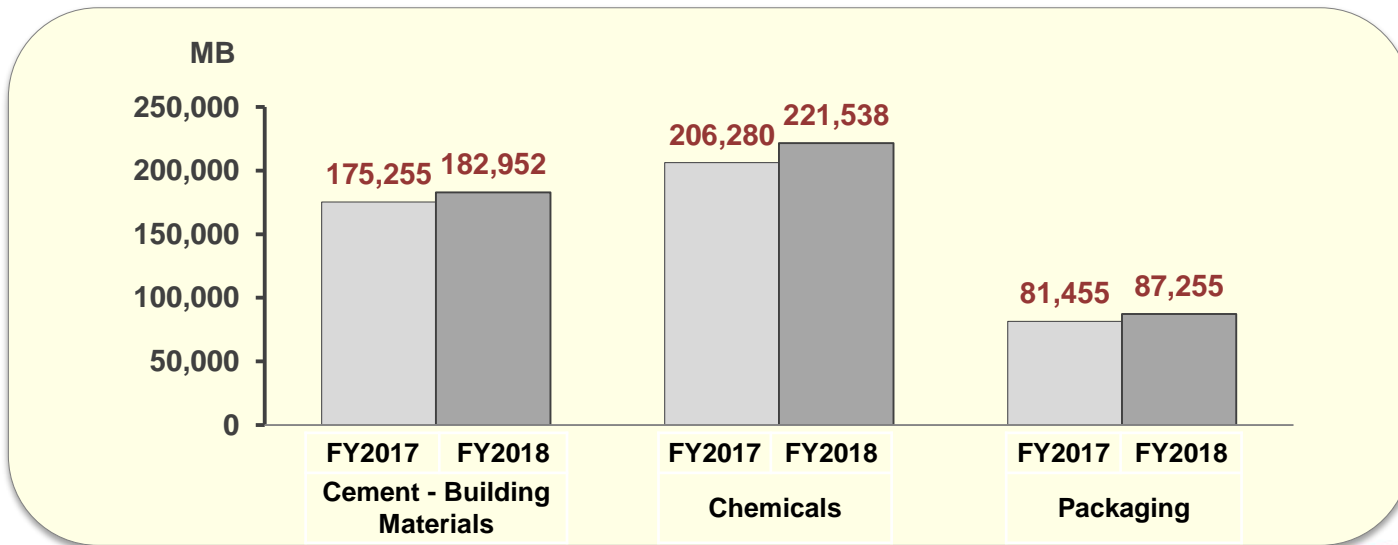
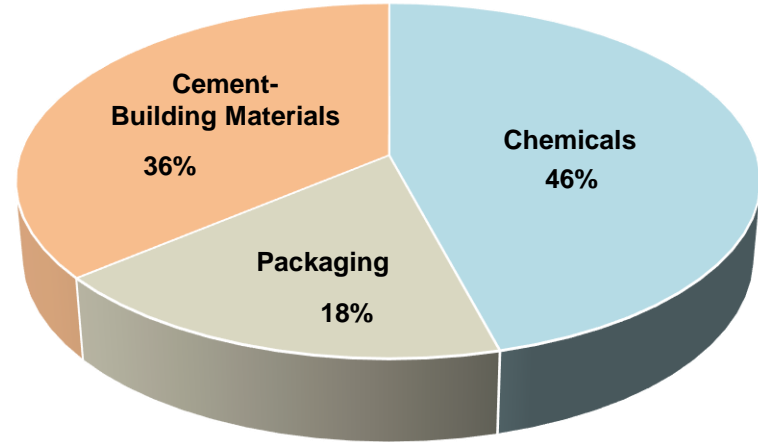
FY2018 Segmented Revenue from Sales

Chemicals and non-Chemicals sales were 46% and 54%, respectively.

FY2017
450,921 MB



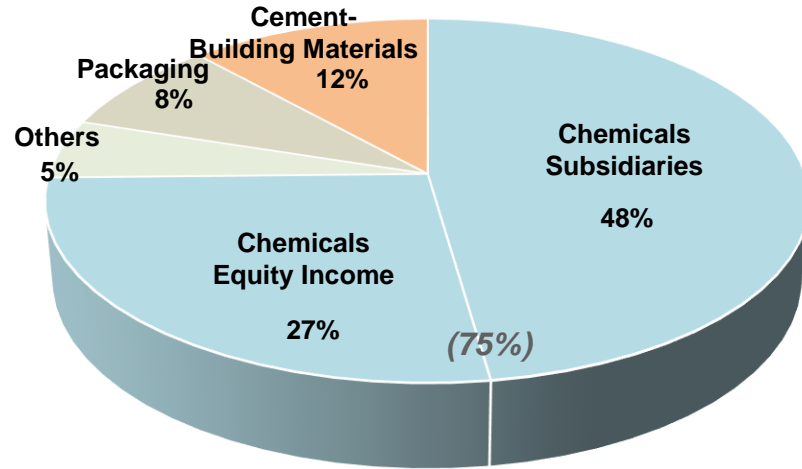
FY2018
478,438 MB (+6% y-o-y)



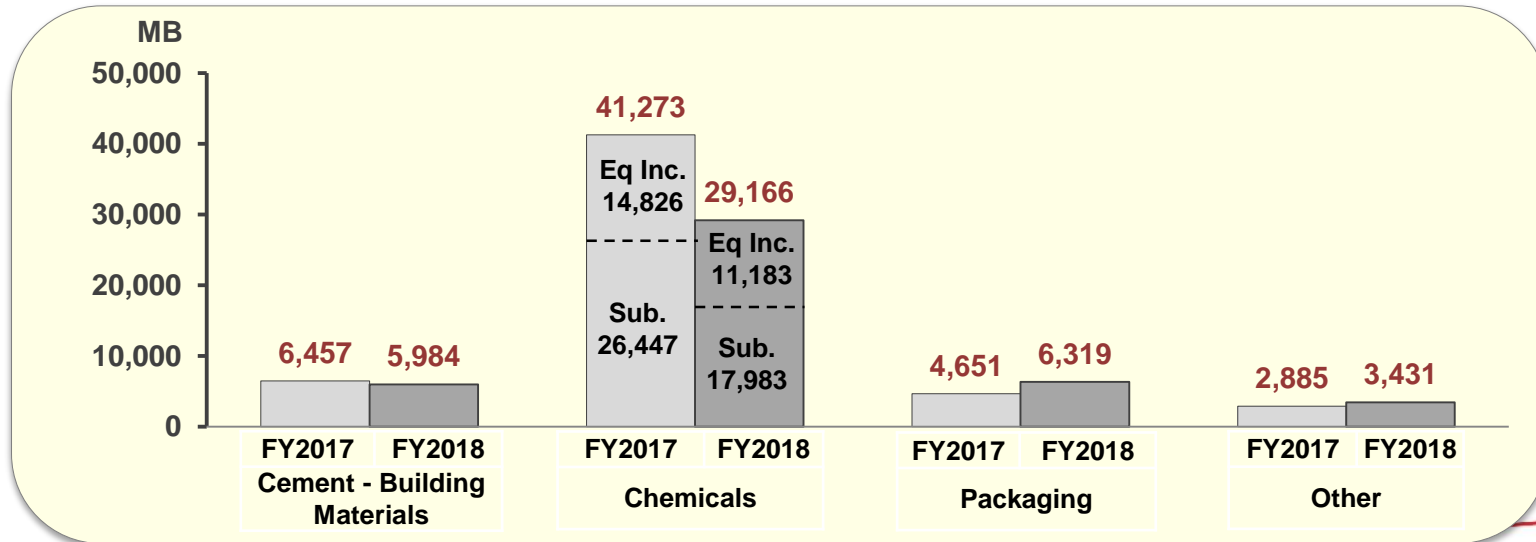
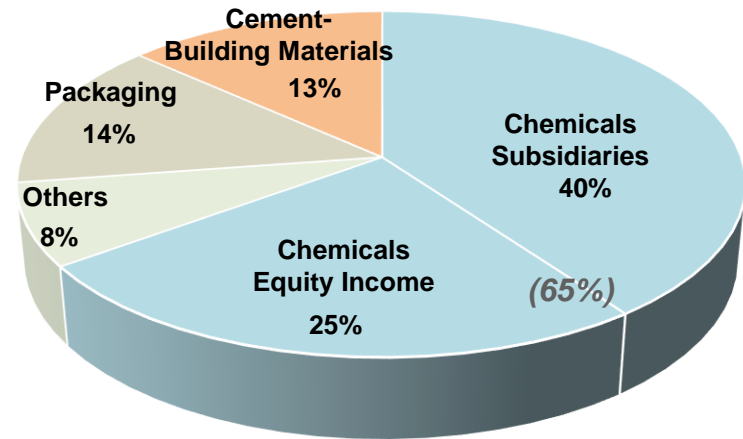
FY2018 Segmented Profit for the Period

Chemicals was 65% of earnings, compared to 75% in FY2017.

FY2017
55,041 MB



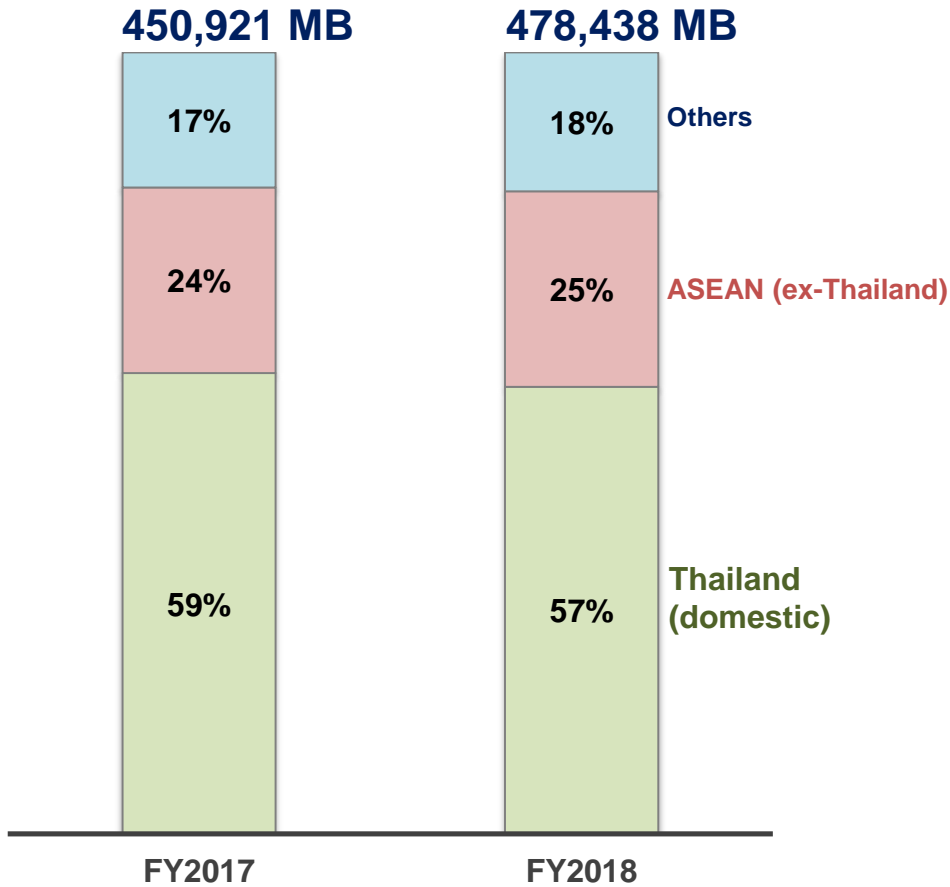
FY2018
44,748 MB (-19% y-o-y)



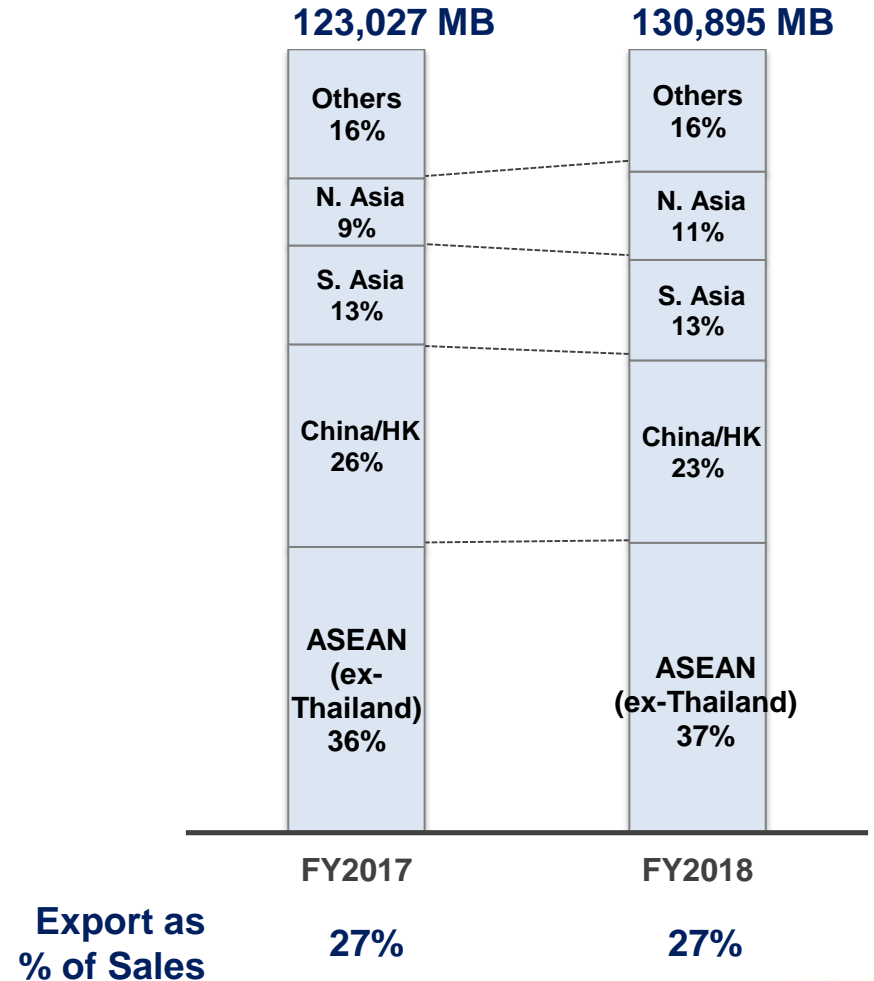
FY2018 Segments: Export Sales and ASEAN Operations

ASEAN exports and operations were 25% of total sales, while Thailand now accounts for 57% of total sales.

Sales Segments (by markets)



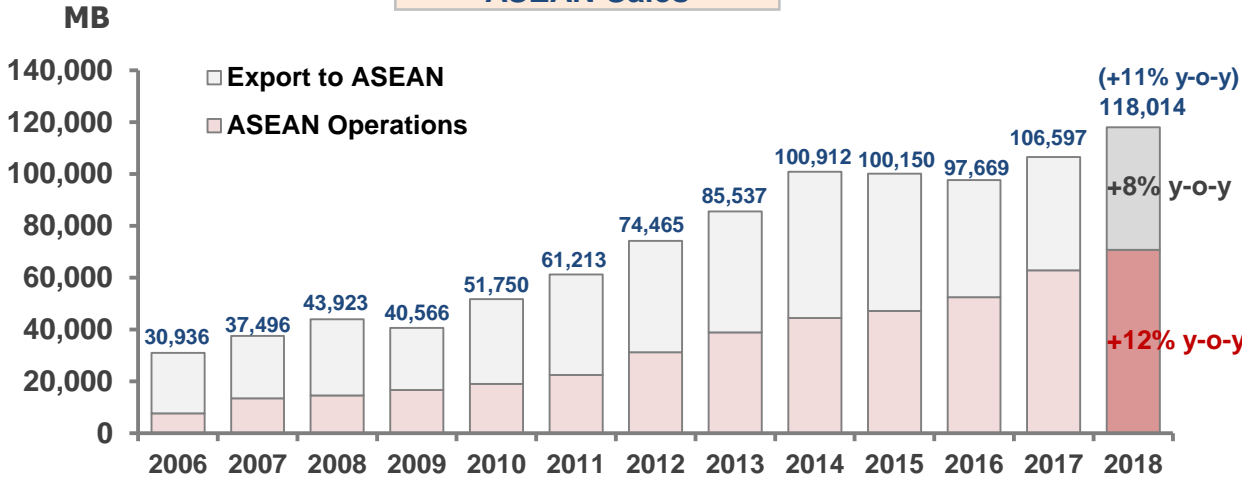
Export Segments (by markets)



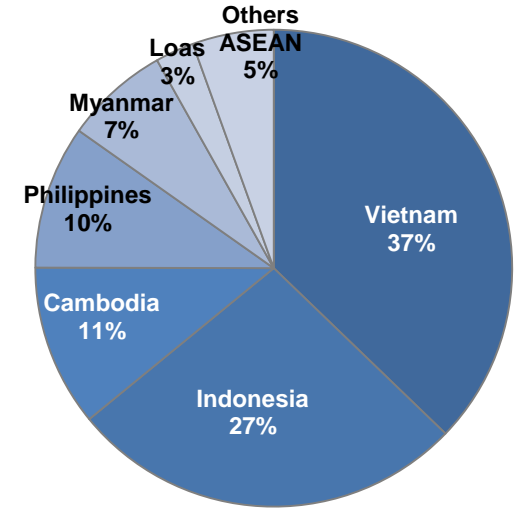
FY2018 Segments: ASEAN operations and exports

ASEAN operations increased +12% y-o-y and export from Thailand increased +8% y-o-y.

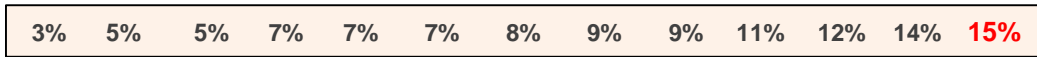
ASEAN Sales



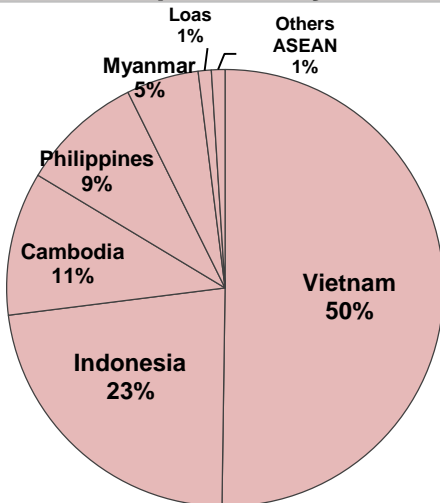
ASEAN Sales by countries



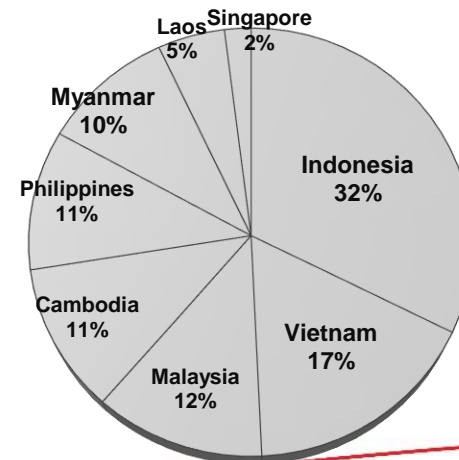
Percentage of total sales from ASEAN Operations:

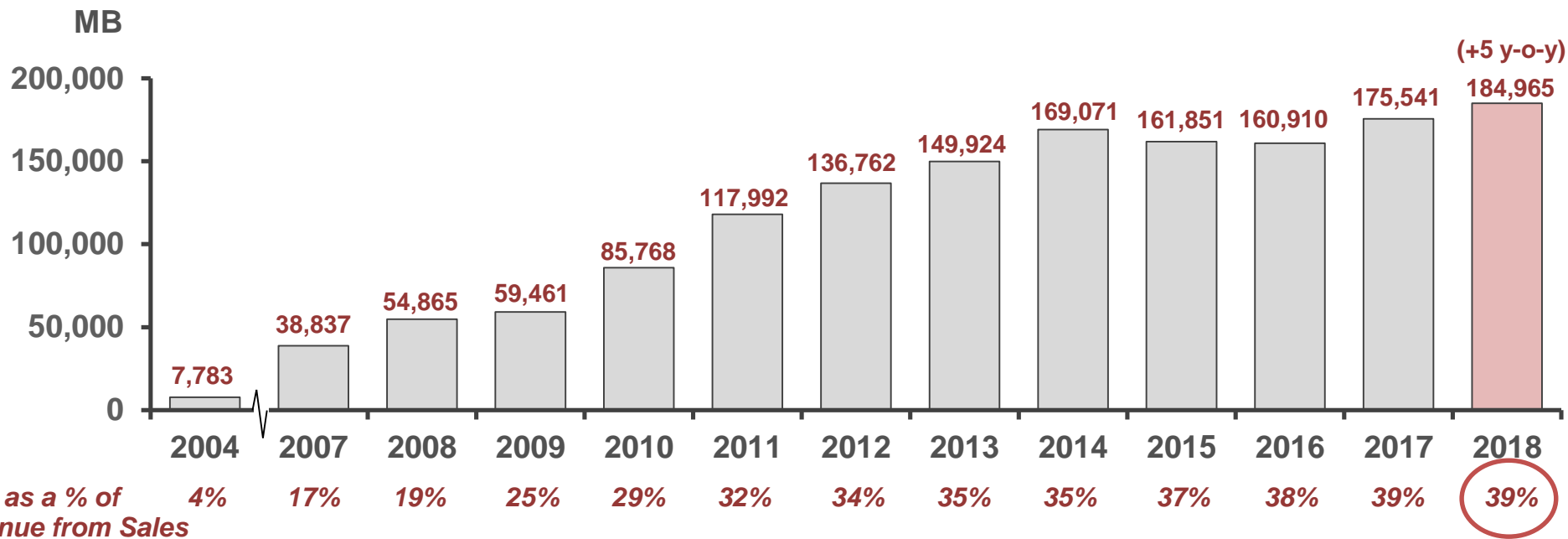


ASEAN Operation by countries

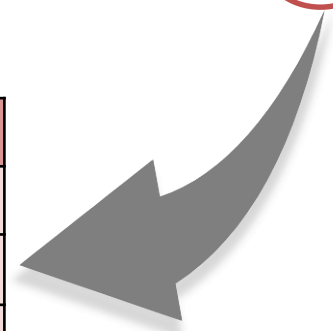


Export to ASEAN by countries

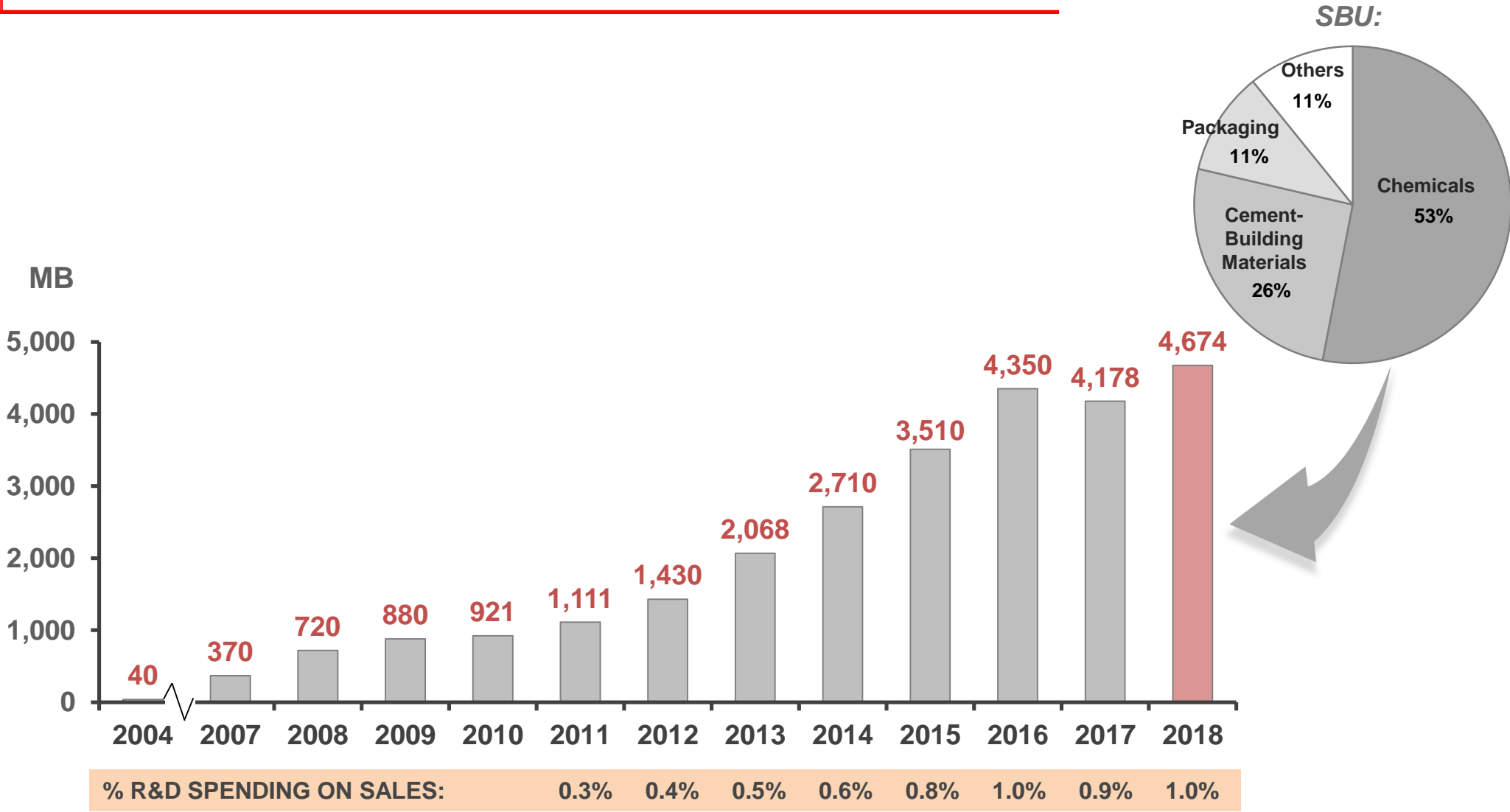




Business	2014	2015	2016	2017	2018
Cement-Building Materials	42%	41%	41%	43%	40%
Chemicals	27%	31%	31%	30%	30%
Chemicals (Includes associates)	50%	53%	54%	54%	53%
Packaging	39%	39%	43%	47%	51%



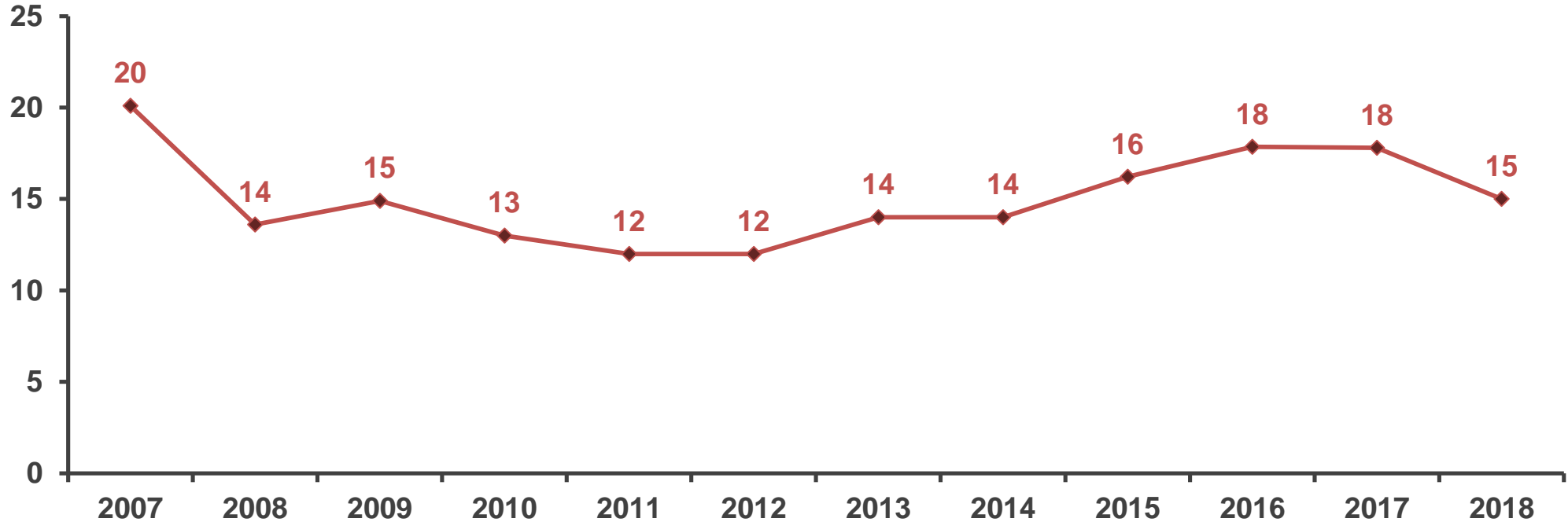
FY2018 R&D and Innovation Spending



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EBITDA on Assets

Percent (%)



EBITDA Margin (%):

16	14	18	14	11	10	13	13	18	21	19	16
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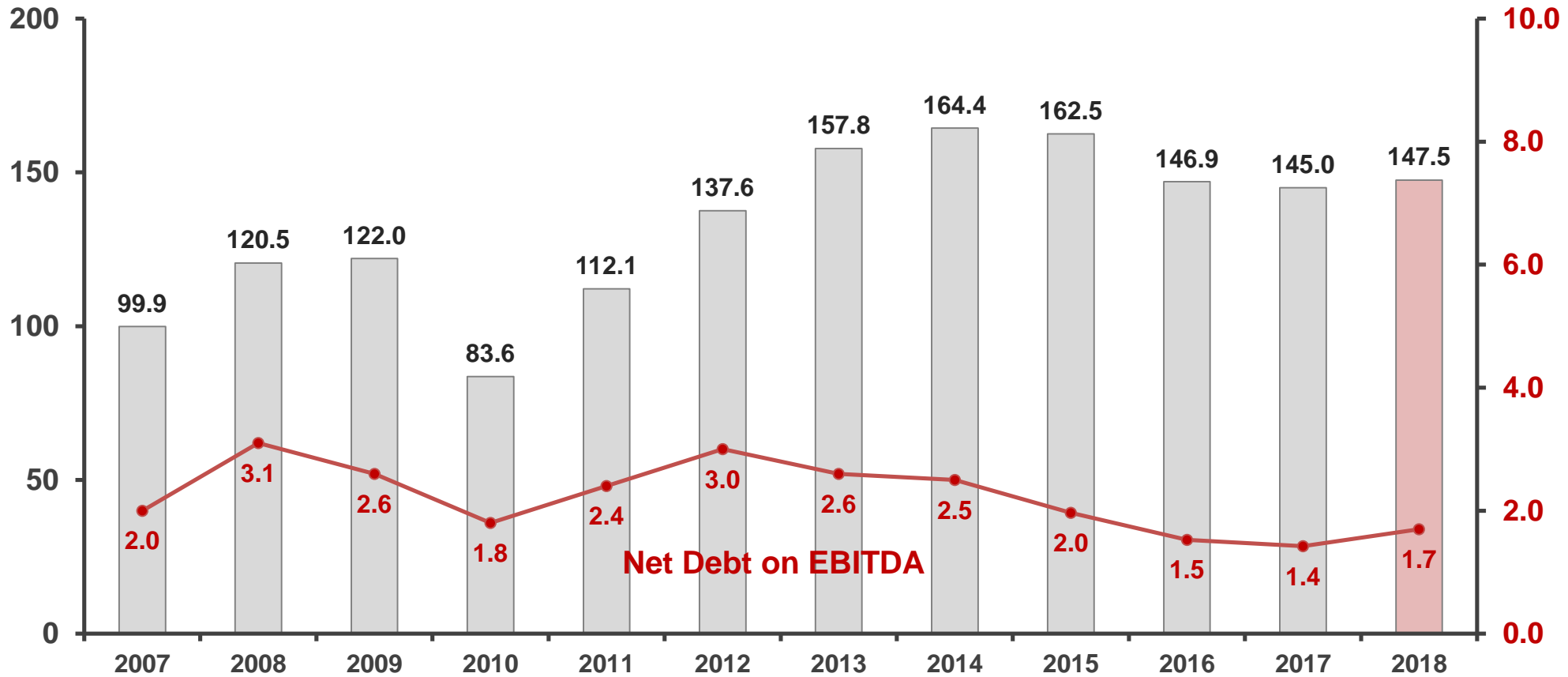
Note: *EBITDA on Assets* = $EBITDA / Consolidated Assets$
EBITDA margin = $EBITDA from Operations / Consolidated Sales$

FY2018 Net Debt

Leverage rose to 1.7 times (x).

Billion Baht
(Net Debt)

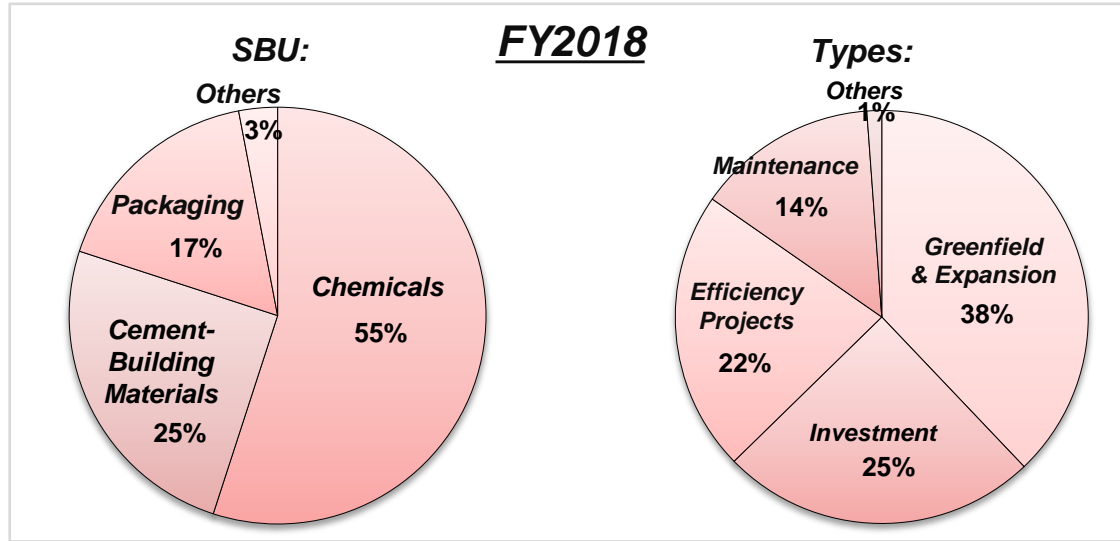
Times (x)
(Leverage)



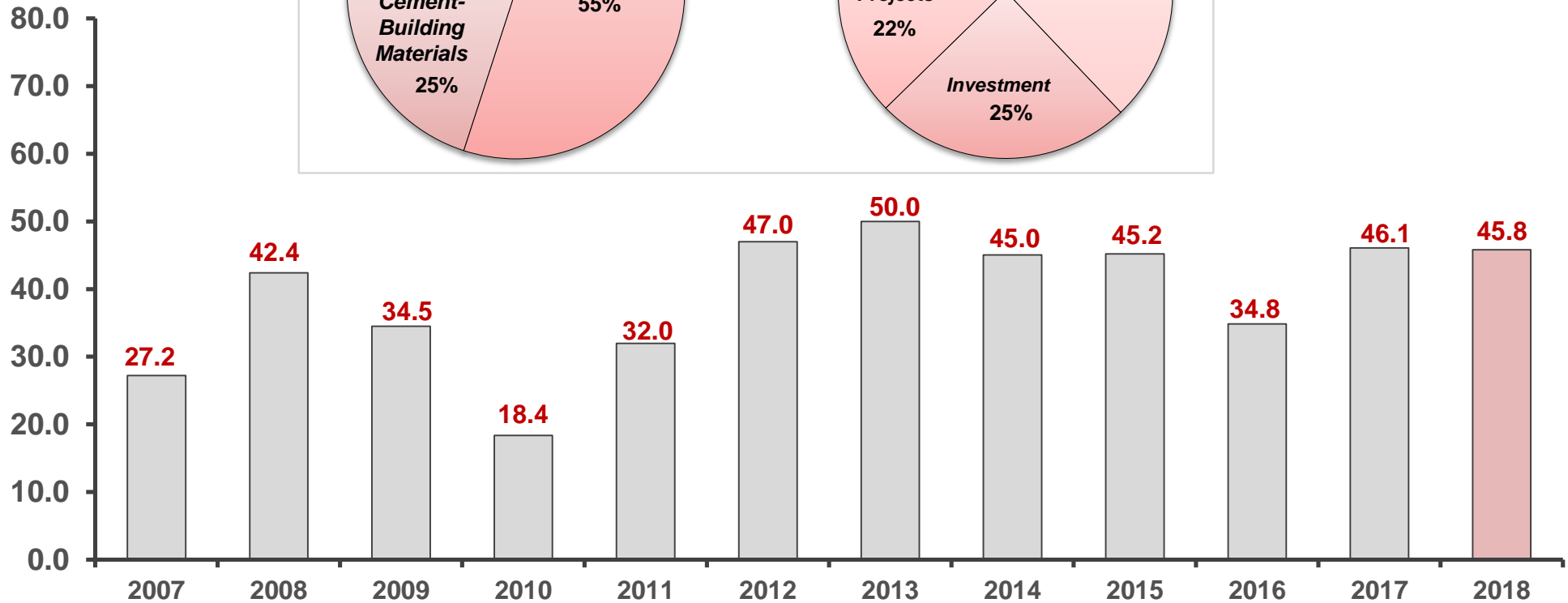
↑
Net Debt to Equity = 0.5

FY2018 CAPEX & Investments

Amounted to 45,817 MB in FY2018, as greenfield and expansion projects accounted for 38% of the total.



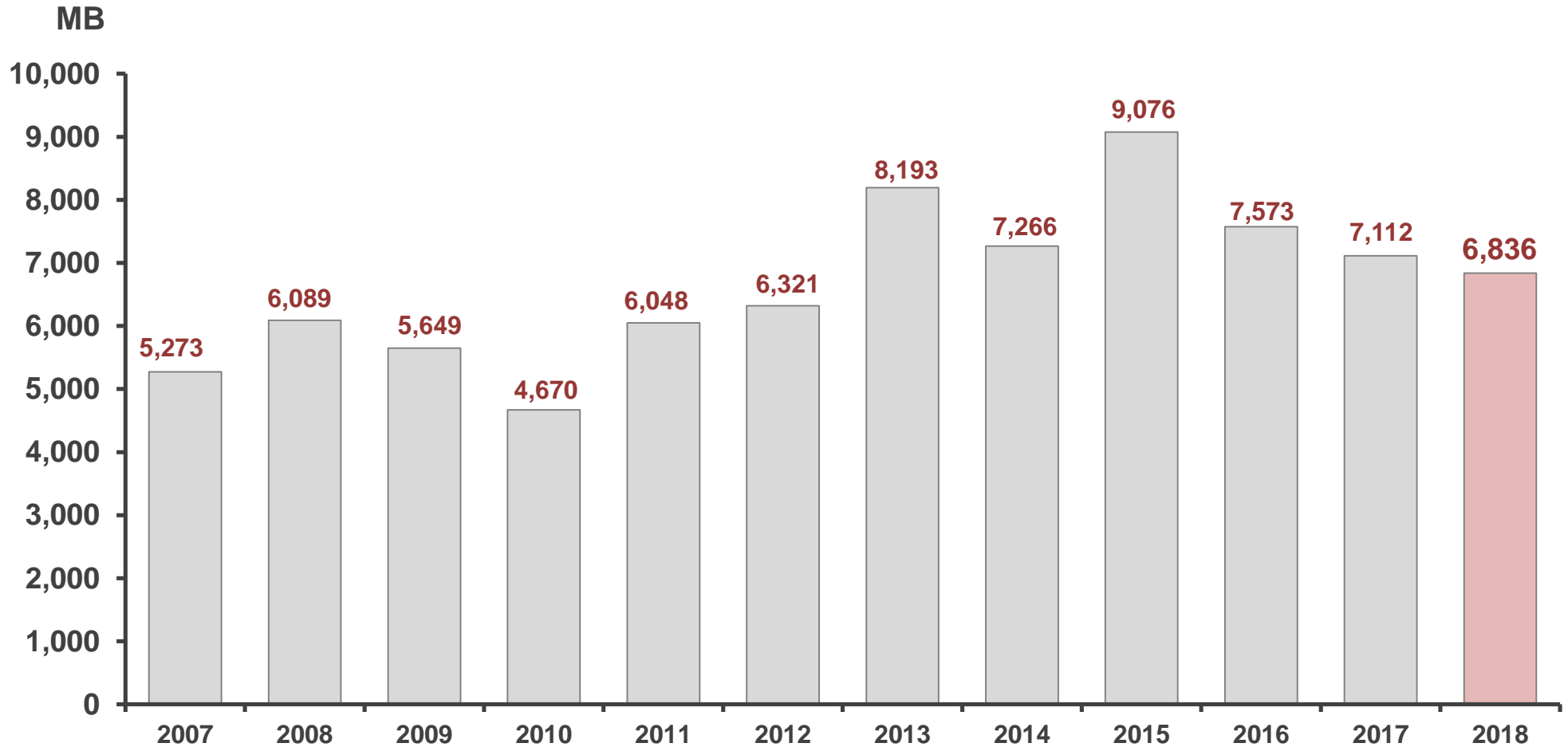
Billion Baht



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

FY2018 Interest and Finance Costs

Amounted to a total of 6,836 MB, while interest cost stood at 3.2% (98% fixed rate).



Financials:

- FY2018 dividend payment of 18.0 Bt/share (48% payout) or 21,600 MB, comprised of the 8.5 Bt/share H1/18 interim, and the 9.5 Bt/share H2/18 year-end.
- Cash & cash under management of 57,937 MB at the end of Q4/18.
- Net Working Capital increased 679 MB q-o-q to 76,687 MB, with Inventory to Sales at 47 days (from 49 days).

2019 Outlook:

- “Growth with Financial Stability”
- CAPEX & investments of +60,000 MB (LSP project is 45%, brownfield expansions is 25%, maintenance + efficiency + investments is 30%).
- One-time provisions impact to earnings of approx. 2,000 MB upon the enactment of Thailand’s new labor law, whereby staffs with +20 service years are entitled to severance pay of 400 days (previously 300 days) upon termination / retirement.

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ASEAN (ex-Thailand) markets in Q4/18:

- The demand of grey cement were generally positive.
- Continued high competition across ASEAN, less in Cambodia.

Thailand market in Q4/18:

- Grey cement demand increased +4% y-o-y in Q4/18 from the continuous growth of megaprojects, resulting in FY2018 growth +3% y-o-y.
- Ready-mixed concrete (RMC) demand increased +3% y-o-y, the average prices also went up to the range of 1,650 – 1,700 Baht per cubic meter in Q4/18, resulting in FY2018 +4% y-o-y.
- Housing products demand (roof ceiling & wall) increased +4% y-o-y in Q4/18 resulting in FY2018 demand +3% y-o-y.
- Ceramic tiles demand slightly increased +1% y-o-y in Q4/18, resulting in FY2018 demand decreased -2% y-o-y.

Grey Cement Demand Growth (y-o-y)

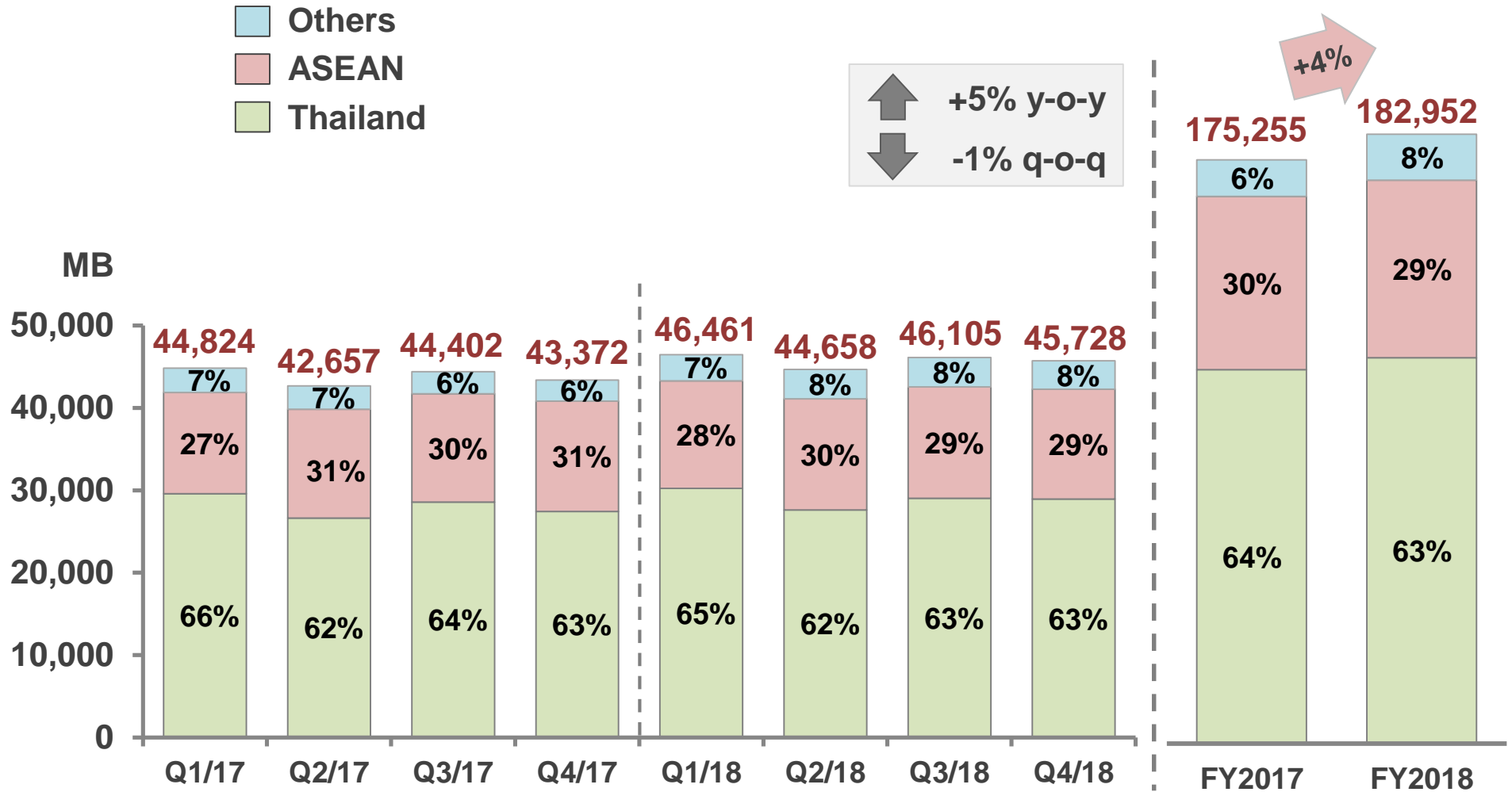
	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
Cambodia	+5%	+5%	+7%	+16%	+8%	+14%	+15%	+37%	+22%	+22%
Indonesia	+1%	-3%	+22%	+10%	+8%	+6%	+1%	+7%	+4%	+5%
Myanmar	0%	+1%	-6%	-6%	-3%	+1%	-2%	-6%	-8%	-3%
Vietnam	+4%	-4%	-6%	-2%	-1%	+5%	+1%	0%*	+5%*	+4%*
Thailand	-7%	-7%	-2%	-3%	-5%	0%	+2%	+7%	+4%	+3%

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

* Vietnam's grey cement demand in Q4/18 included only Oct-Nov, 2018 included only the first eleven months of 2018.

Revenue from Sales

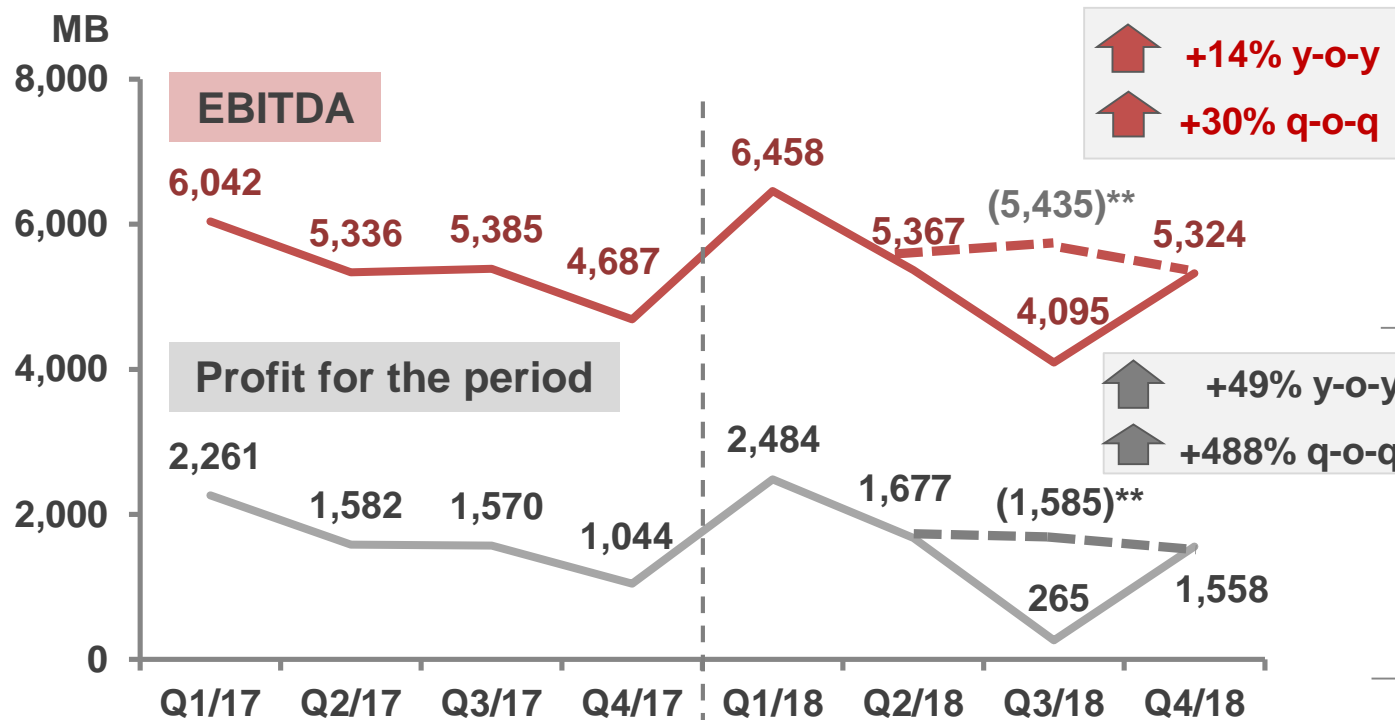
Sales in Q4/18 increased +5% y-o-y from operational expansion in Thailand and international.



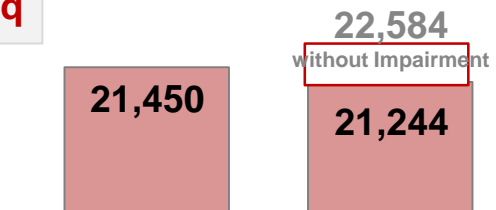
Note: Thailand : Revenue from sales in Thailand market
 ASEAN : Revenue from sales in ASEAN market (ex Thailand)
 Others : Revenue from sales in Non-ASEAN market

EBITDA and Profit for the Period

EBITDA increased +14% y-o-y, profitability increased +49% y-o-y from sales in Thailand, ASEAN and Others.



EBITDA FY2018
(-1% y-o-y)



Profit FY2018
(-7% y-o-y)



EBITDA Margin *

	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	FY2017	FY2018
Total	13%	12%	12%	11%	13%	12%	9%	11%	12%	11%
ASEAN and Others	13%	14%	12%	11%	11%	12%	7%	12%	12%	11%
Thailand only	12%	12%	12%	11%	14%	12%	10%	11%	12%	12%
Thai Structural Prod.	18%	16%	17%	16%	22%	20%	15%	16%	17%	18%

EBITDA Portion

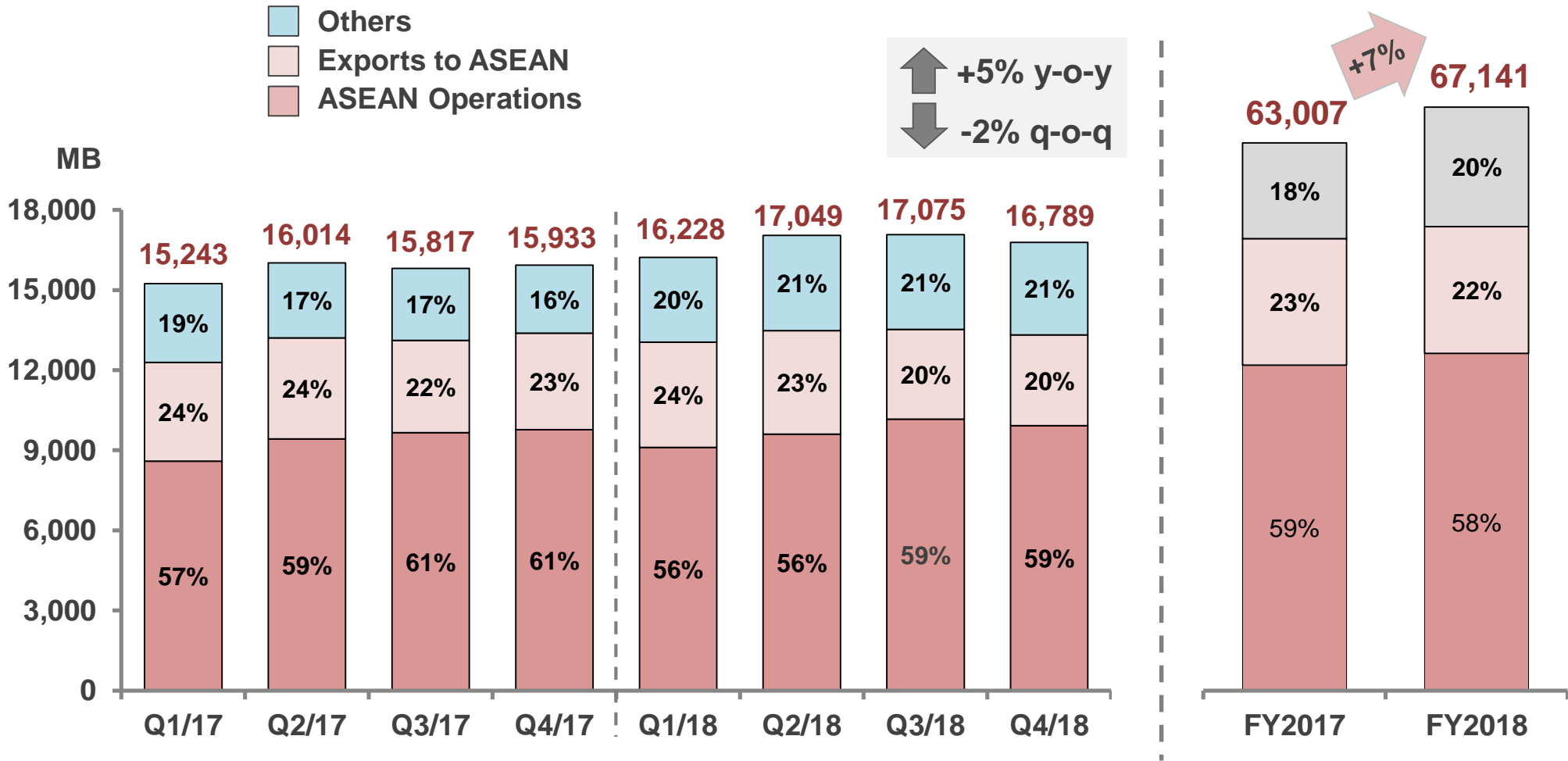
	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	FY2017	FY2018
ASEAN and Others	35%	41%	37%	37%	29%	38%	31%	39%	37%	34%

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

**without impairment

ASEAN and others sales segmentation

Q4/18 sales in ASEAN and others increased +5% y-o-y, attributed to export to new markets.

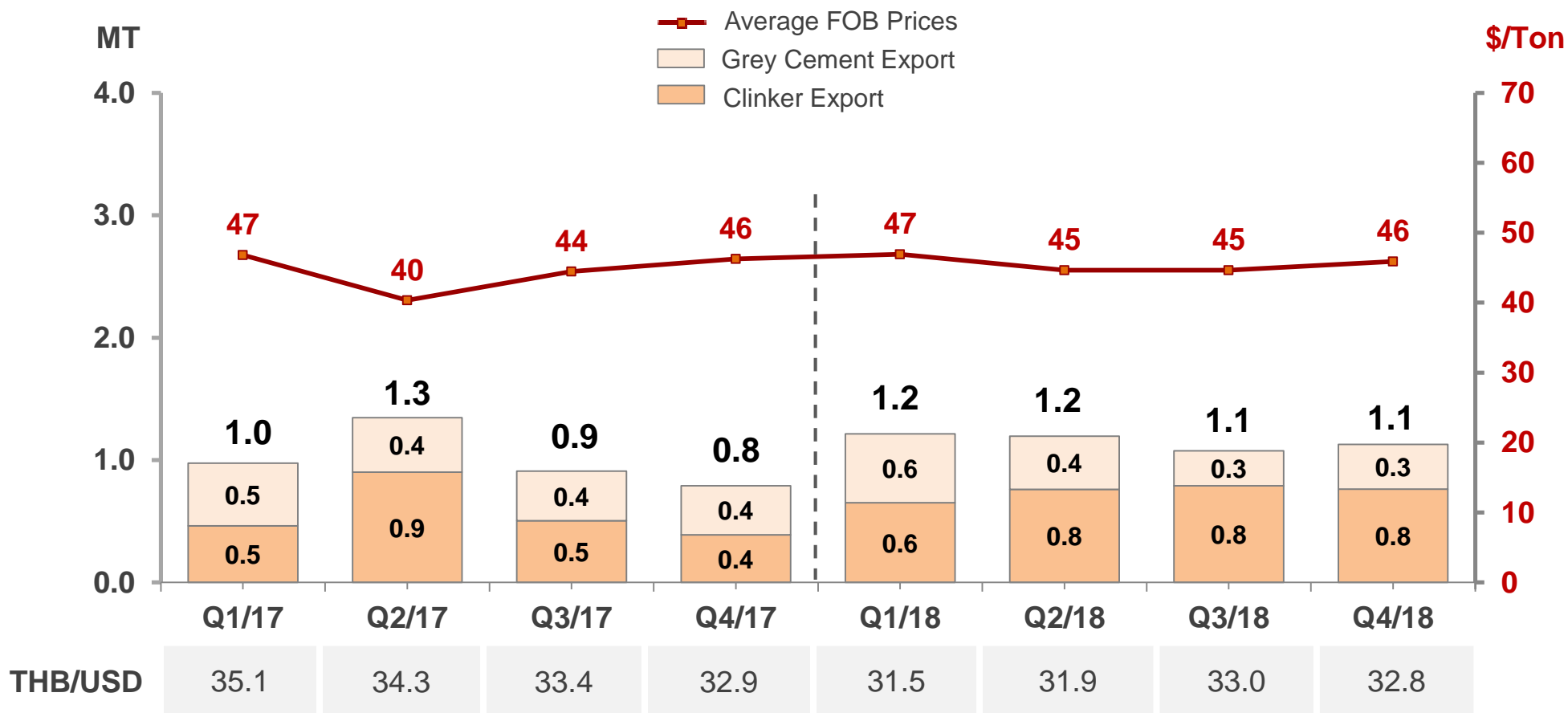


Note: ASEAN = ASEAN Operations, exports from Thailand to ASEAN, and Trading business in ASEAN market
 Others = Exports from Thailand to Non-ASEAN, and Trading business in Non-ASEAN market

Grey cement exports

Export volume from the Thai operations increased y-o-y in Q4/18, the average prices slightly increased q-o-q as world cement and clinker prices increased.

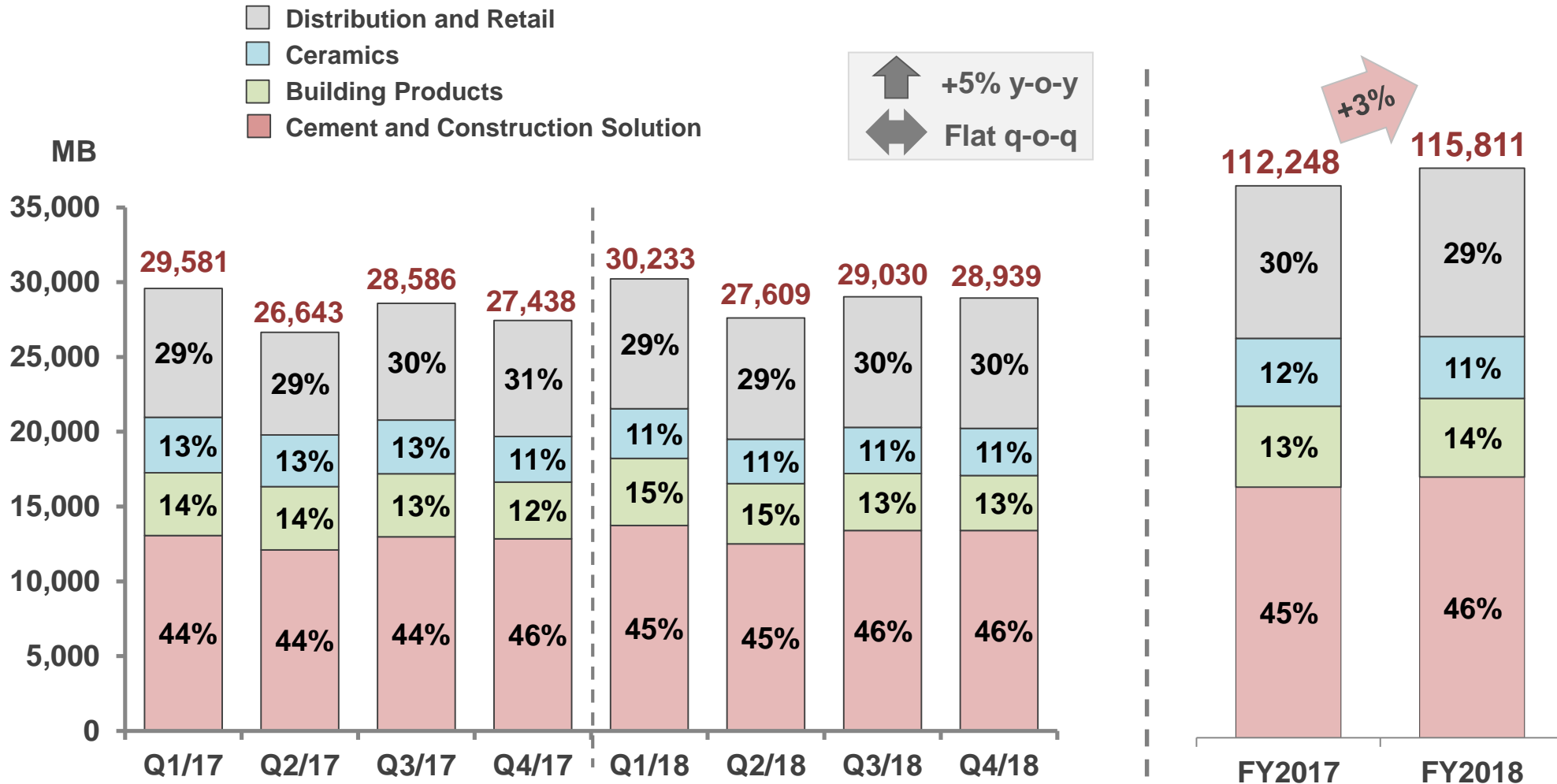
Sales volume and Average prices (FOB)



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

Thailand sales segmentation

Q4/18 sales in Thailand improved +5% y-o-y, from volume cement sales and building products.



Note: *Cement and Construction Solution: Grey cement, RMC and Others (mortar and white cement).
 Building Products: Roofing products, Board & Wood sub and Lightweight concrete blocks.
 Ceramics: includes Sanitary ware and Fittings.
 Distribution and Retail: including Home improvement.*

Thailand grey cement segment

Grey cement demand increased +4% y-o-y in Q4/18, +3 y-o-y in FY2018.

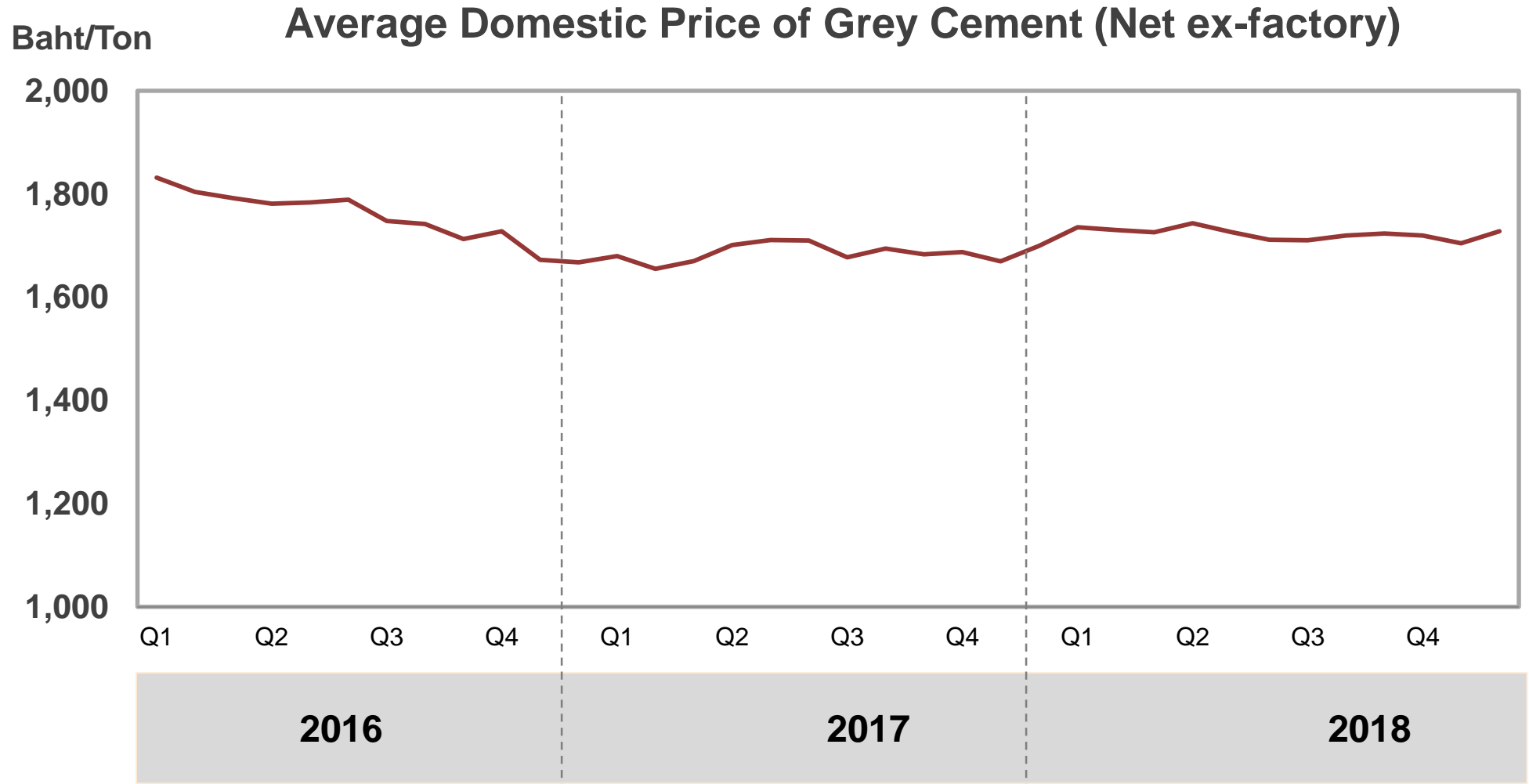
% Growth (y-o-y)

	Q1/17	Q2/17	Q3/17	Q4/17	2017	Q1/18	Q2/18	Q3/18	Q4/18	2018
Total Market* (100%)	-7%	-7%	-2%	-3%	-5%	0%	+2%	+7%	+4%	+3%
Commercial (Approximately 15%)	-7%	-9%	-3%	-6%	-6%	-3%	0%	+5%	+3%	+1%
Gov't (Approximately 35%)	-4%	-3%	+6%	+1%	0%	+6%	+8%	+12%	+6%	+8%
Residential (Approximately 50%)	-9%	-9%	-8%	-5%	-8%	-3%	-1%	+3%	+2%	0%

*Note: * Estimated volume market distribution*

Thailand grey cement price

The average price in Q4/18 improved y-o-y in the range of 1,700-1,750 Baht/ton.

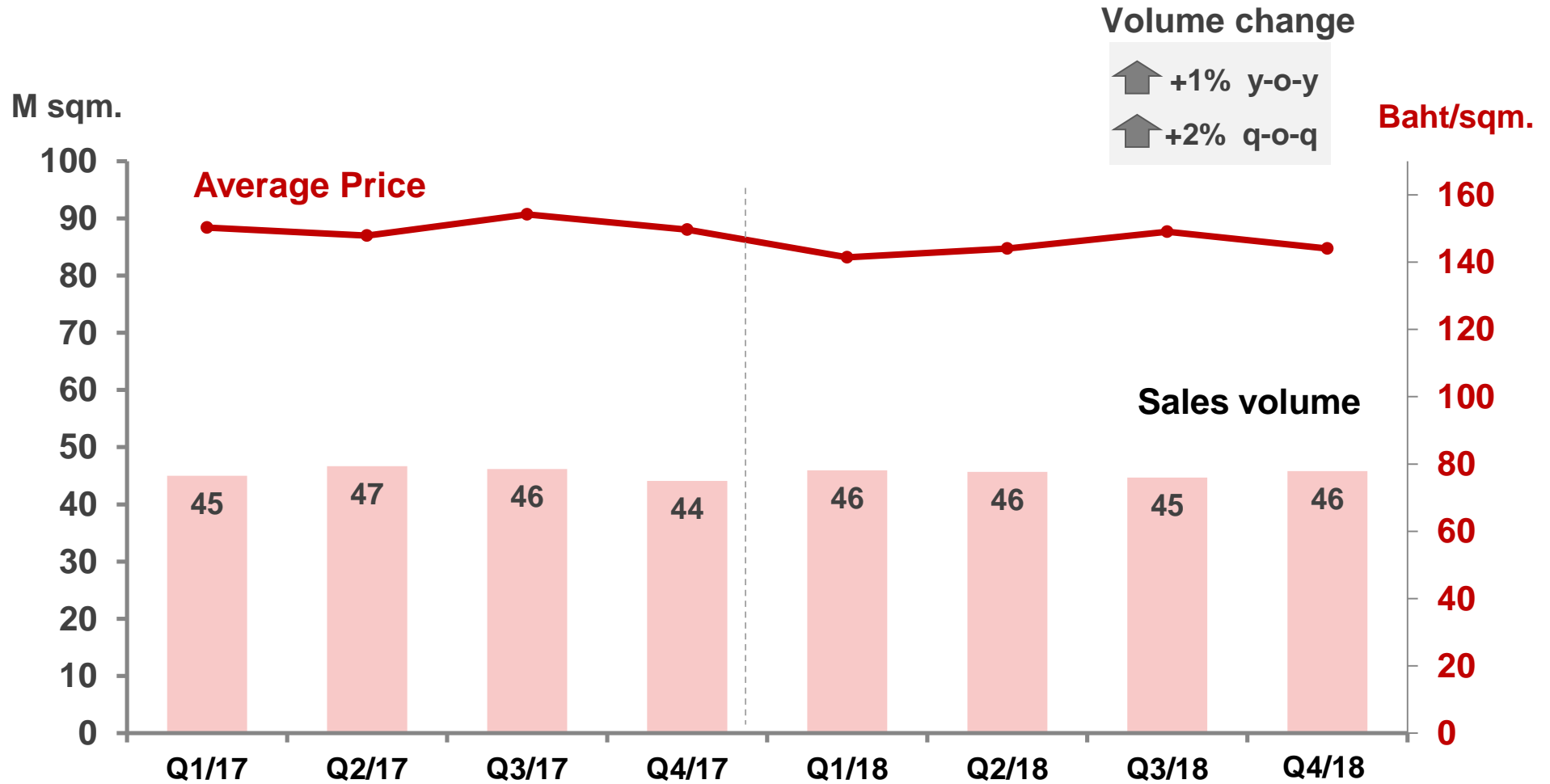


Bulk cement portion in Q4/18 was in the range of 65 - 70%

Ceramic Tiles

Sales volume slightly increased y-o-y caused by continuous growth in Vietnam, while average prices dropped due to high competition.

Sales volume & prices for all ASEAN subsidiaries



Outlook:

- ASEAN (ex-Thailand) demand for grey cement and building materials products in 2019 is expected to see growths in most markets.
- Thailand's domestic demand of grey cement in 2019 is forecasted to grow 3%-4% from the general positive domestic sentiment and continued demand from government projects.
- Thailand's domestic demand of housing products and ceramics in 2019 is expected to follow the same positive trend of grey cement.
- Expected further energy cost pressure, while SCG will continue to invest in cost efficiency improvement projects.

Investment updates:

- SCG Home Solution: additional launch approx. up to 10 branches in 2019, the first outlet will be launched in Feb 2019.
- SCG Home Boonthavorn: launch opening approx. 10 branches in 2019, with plans to double within a couple of years.
- Jumbo Barges and Tugs or "JBT" bought total stocks of Jumbo Barges (Cambodia) or "JBC" for 17 million Baht.
- Increase 100% stake in Thai Prosperity Terminal Company Limited (or "TPT") and Bangkok Interfreight Forwarding Company Limited (or "BIFC").

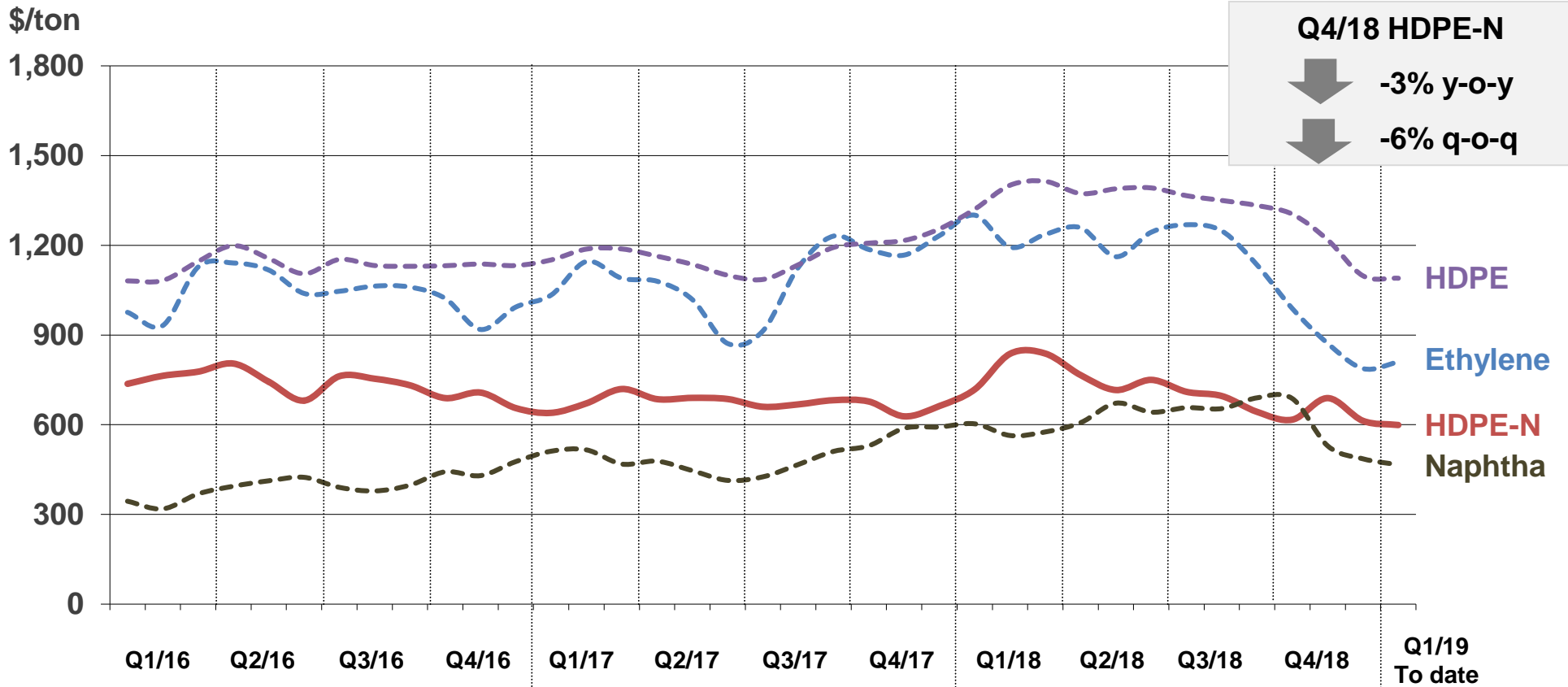


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	FY/18	Q4/18	Q-o-Q Change	Notes
Crude (Brent)	\$72/bbl	\$68/bbl	-\$8/bbl (-11%)	Crude and naphtha prices decreased from U.S. granting Iran sanction waivers to 8 countries and concern over weakening global economy.
Naphtha	\$614/ton	\$567/ton	-\$100/ton (-15%)	
Ethylene	\$1,141/ton	\$883/ton	-\$334/ton (-27%)	Ethylene price dropped following oil price and lower demand due to unprofitable derivatives.
Propylene	\$988/ton	\$936/ton	-\$91/ton (-9%)	Propylene price dropped following oil price.
HDPE	\$1,330/ton	\$1,207/ton	-\$143/ton (-11%)	Market subdued from ongoing trade disputes and lean inventory policy by producers during year end.
PP	\$1,269/ton	\$1,218/ton	-\$72/ton (-6%)	
EDC	\$312/ton	\$388/ton	+\$32/ton (+9%)	Limited EDC supply caused tight sentiment in the region.
PVC	\$906/ton	\$853/ton	-\$89/ton (-9%)	Demand in India hampered by delayed government spending for infrastructure and construction projects.
PVC-EDC/C2	\$388/ton	\$332/ton	-\$38/ton (-10%)	Gap squeezed due to slowdown PVC demand and destocking activities during year end.
MMA-Naphtha	\$1,979/ton	\$1,911/ton	-\$159/ton (-8%)	Spread reduced from weak demand due to trade war concerns despite suppliers' production rate optimization.
BD-Naphtha	\$800/ton	\$551/ton	-\$394/ton (-42%)	Spread significantly dropped following poor downstream demand.

HDPE-Naphtha Price Gap

HDPE was volatile due to ongoing trade disputes while some LLDPE producers switched to HDPE.



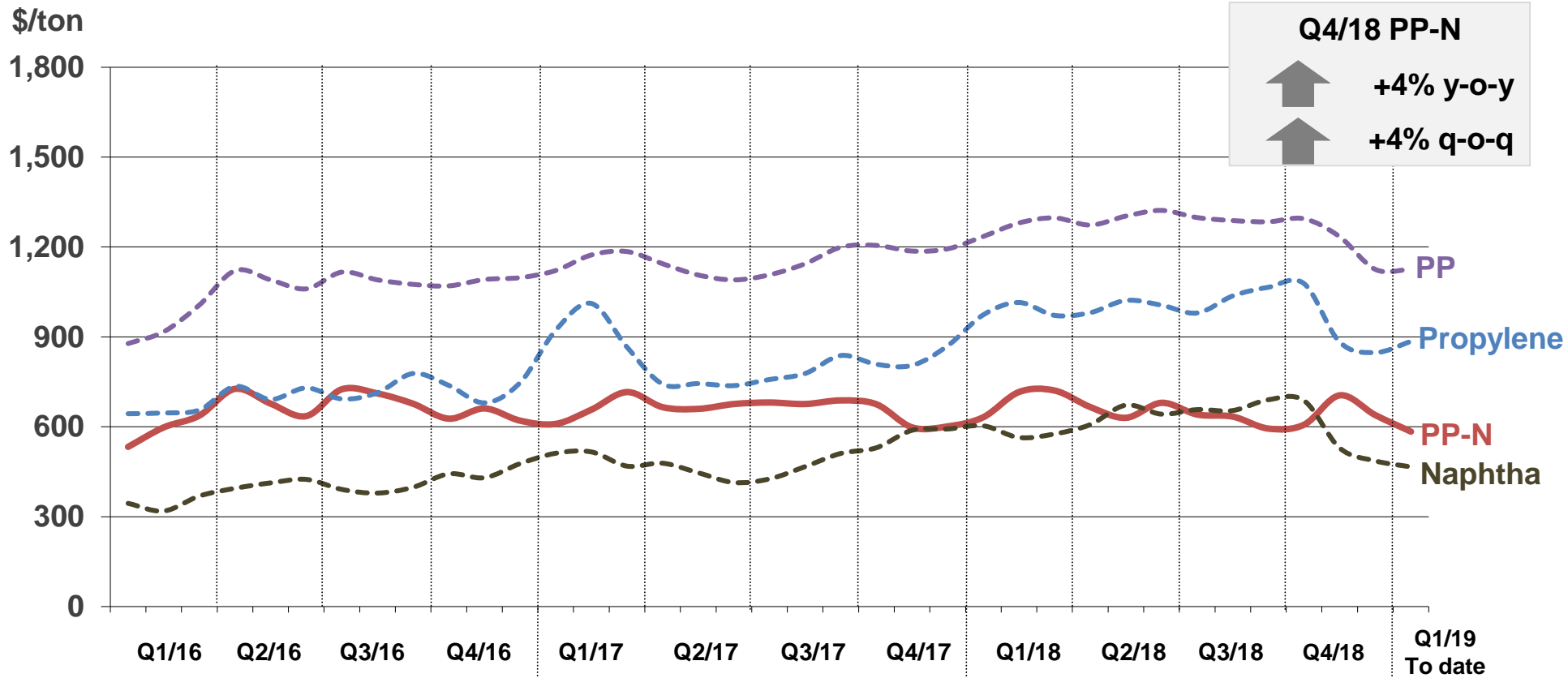
Q4/18 HDPE-N
 ↓ -3% y-o-y
 ↓ -6% q-o-q

HDPE-Naphtha	759	743	749	684	677	687	670	656	798	743	683	639	604
Spread (\$/ton)	← 734 →			← 673 →				← 716 →					
HDPE-C2	91	54	82	156	86	143	48	31	135	162	133	324	278
C2-Naphtha	668	689	668	528	591	544	622	625	663	581	550	315	326

Note: Prices refer to SEA regional prices

PP-Naphtha Price Gap

Gap received support from tight supply in Middle East despite uncertainties created by US-China trade war.

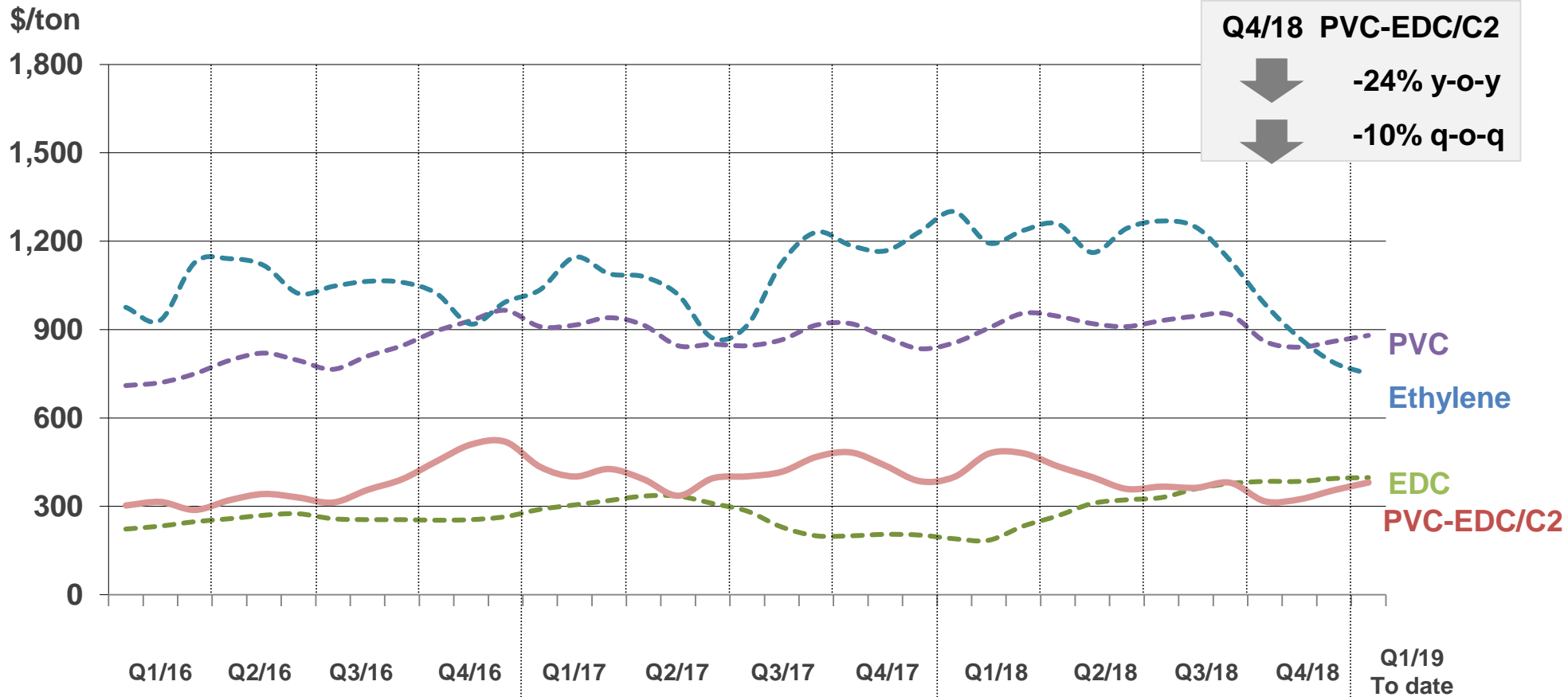


PP-Naphtha	589	680	704	636	661	667	682	625	690	658	623	650	641
Spread (\$/ton)	← 652 →		← 659 →				← 655 →						
PP-C3	285	372	365	364	226	372	359	367	284	296	262	281	249
C3-Naphtha	305	308	339	272	435	295	323	258	406	362	360	369	391

Note: Prices refer to SEA regional prices

PVC

PVC-EDC/C2 gap squeezed due to slowdown PVC demand and destocking activities during year end.



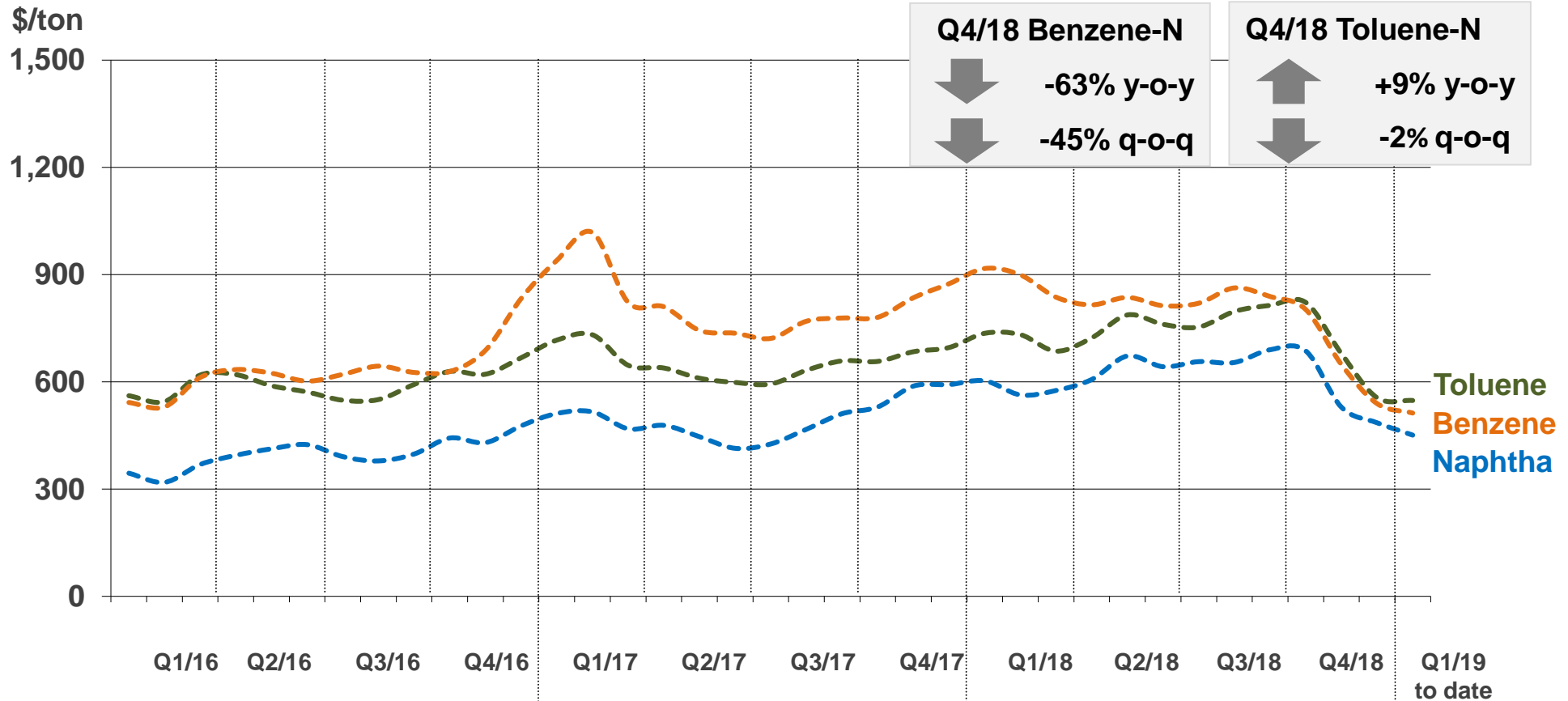
PVC-EDC/C2	302	331	354	494	421	374	429	436	453	398	370	332	368
Spread (\$/ton)	← 370			← 415				← 388					

Note: Prices refer to CFR ASIA

Benzene & Toluene

BZ-N: Ample BZ supply from capacity addition in Asia reduced spread.

TL-N: Gap was stable from high TDP run rate balanced with abundant supply.

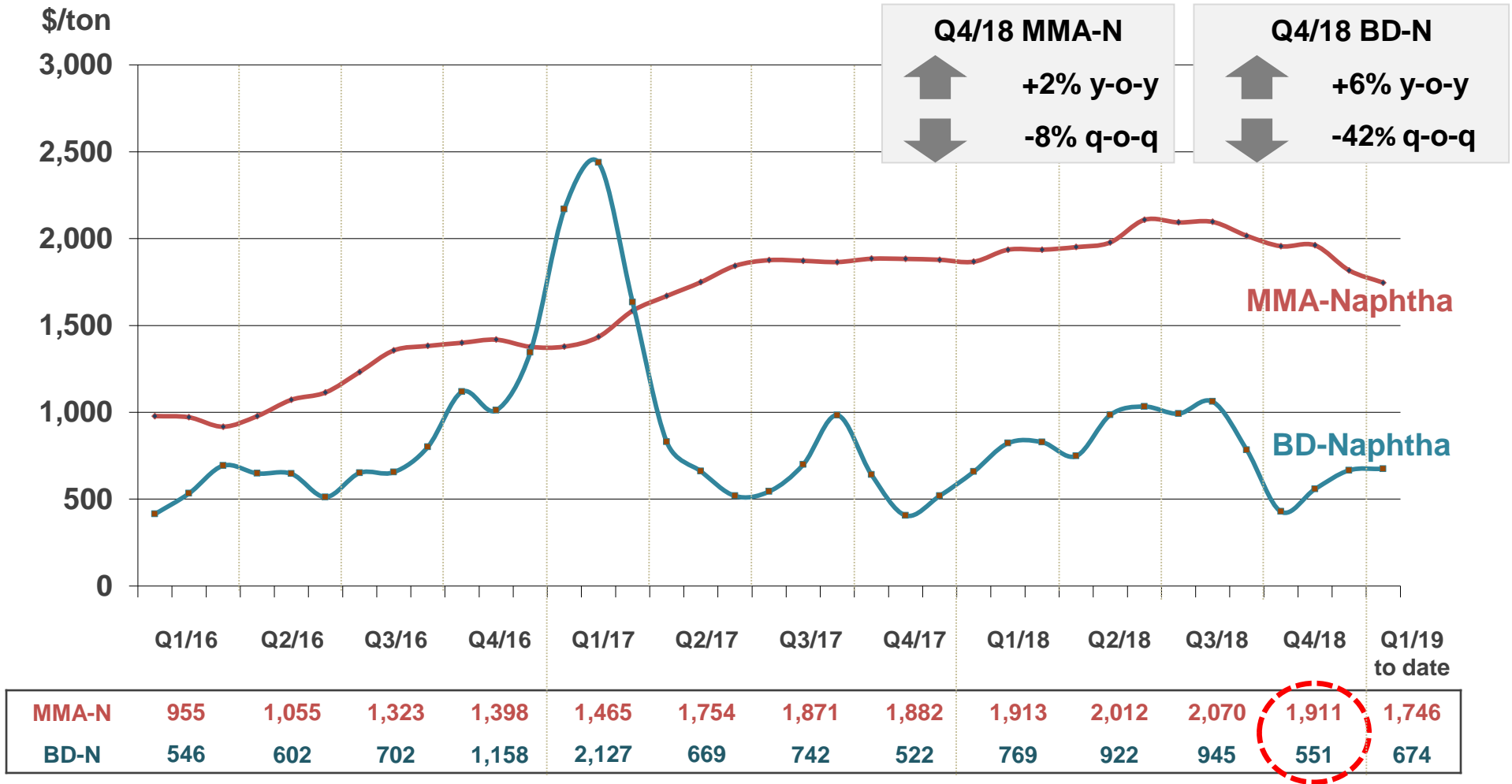


	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19 to date
BZ-Naphtha	218	211	241	267	428	317	289	260	304	181	174	96	51
TL-Naphtha	231	184	175	190	200	170	160	109	137	117	122	119	92
BZ-Spread	← 234 →		← 324 →		← 189 →								
TL-Spread	← 195 →		← 160 →		← 124 →								

Note: Benzene prices refer to SEA regional prices, toluene prices refer to NEA regional prices

Price Gaps of Associates

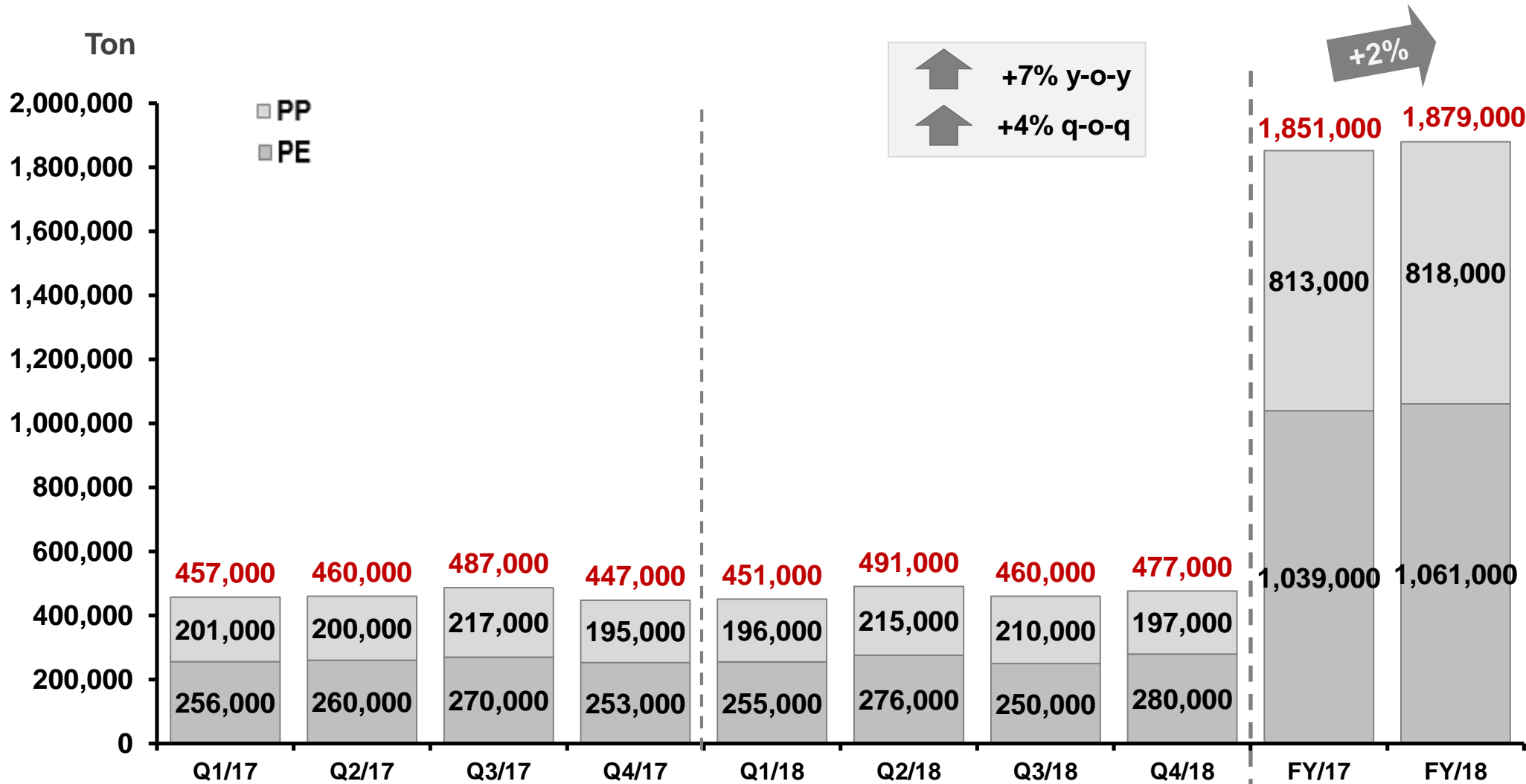
MMA-N: Gap reduced from weak demand from trade war concerns despite suppliers' production rate optimization.
 BD-N: Spread significantly dropped following poor downstream demand.



Note: MMA price refers to SEA regional prices
 BD prices refer to Asian regional prices

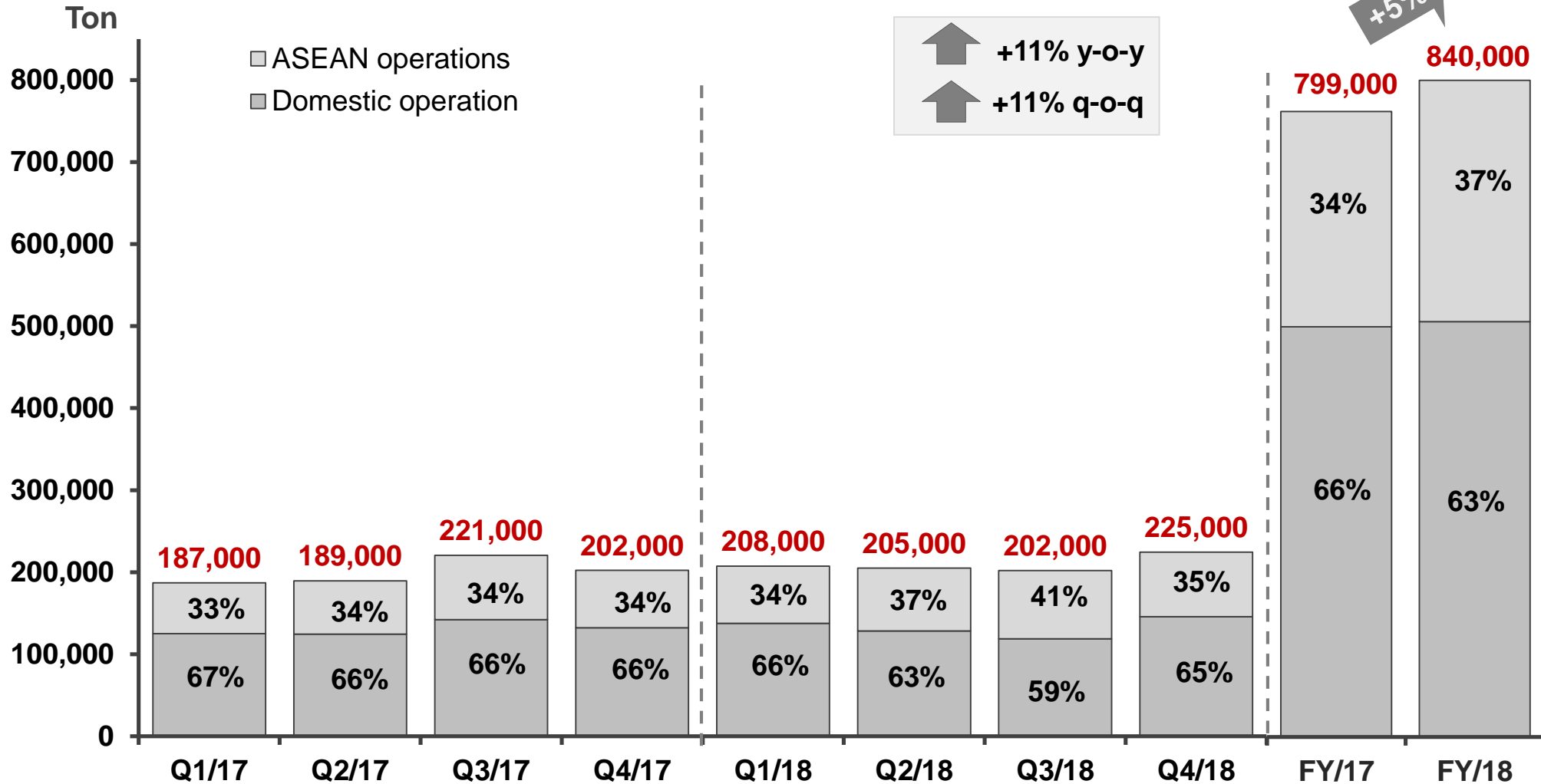
Polyolefin Sales Volume

Q4/18 sales volume increase attributed to increased olefins import.



PVC Sales Volume

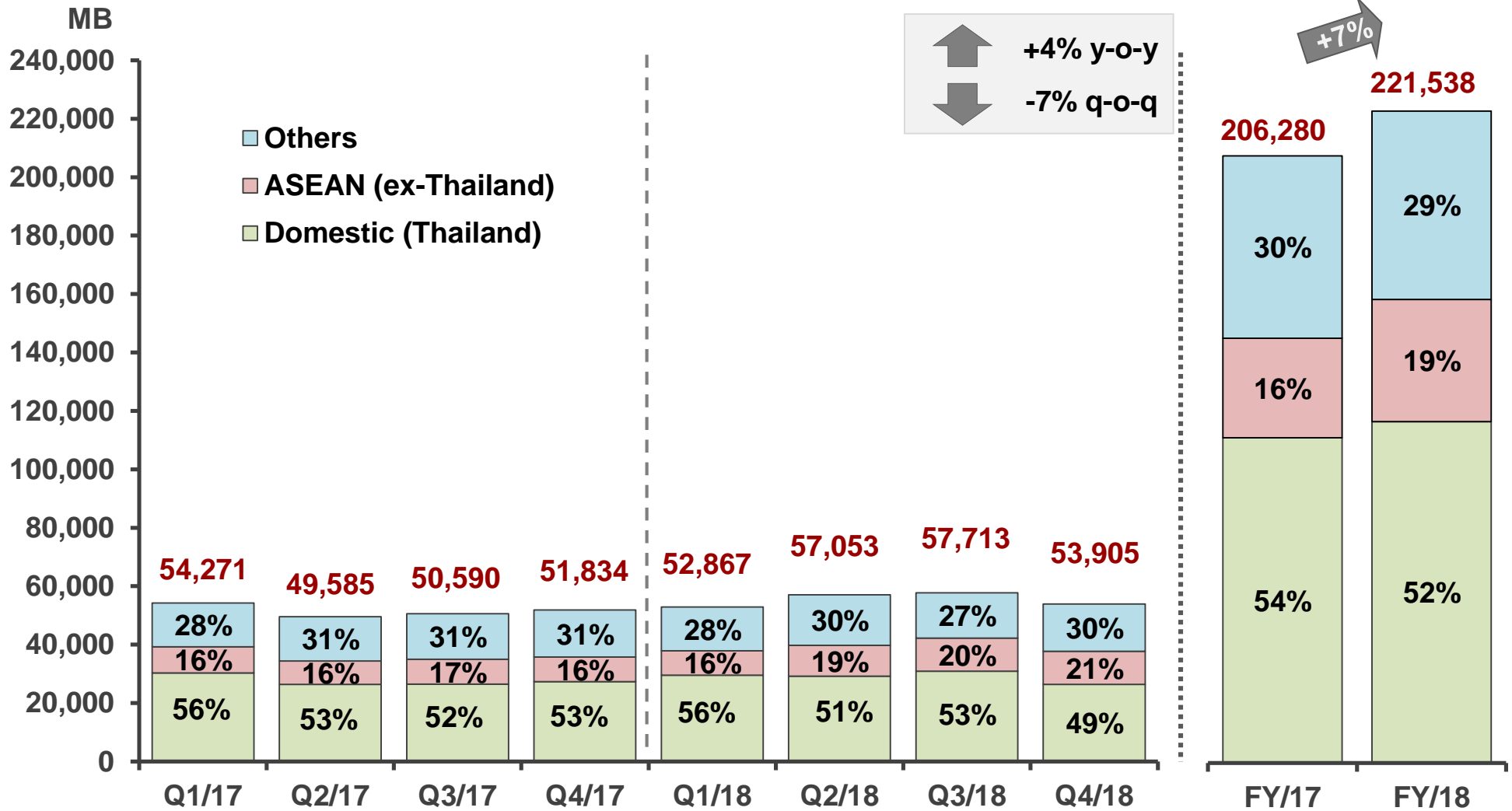
Sales volume increased 11% q-o-q as VCM plant resumed production after turnaround, supporting PVC export volume from domestic operation to increase.



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

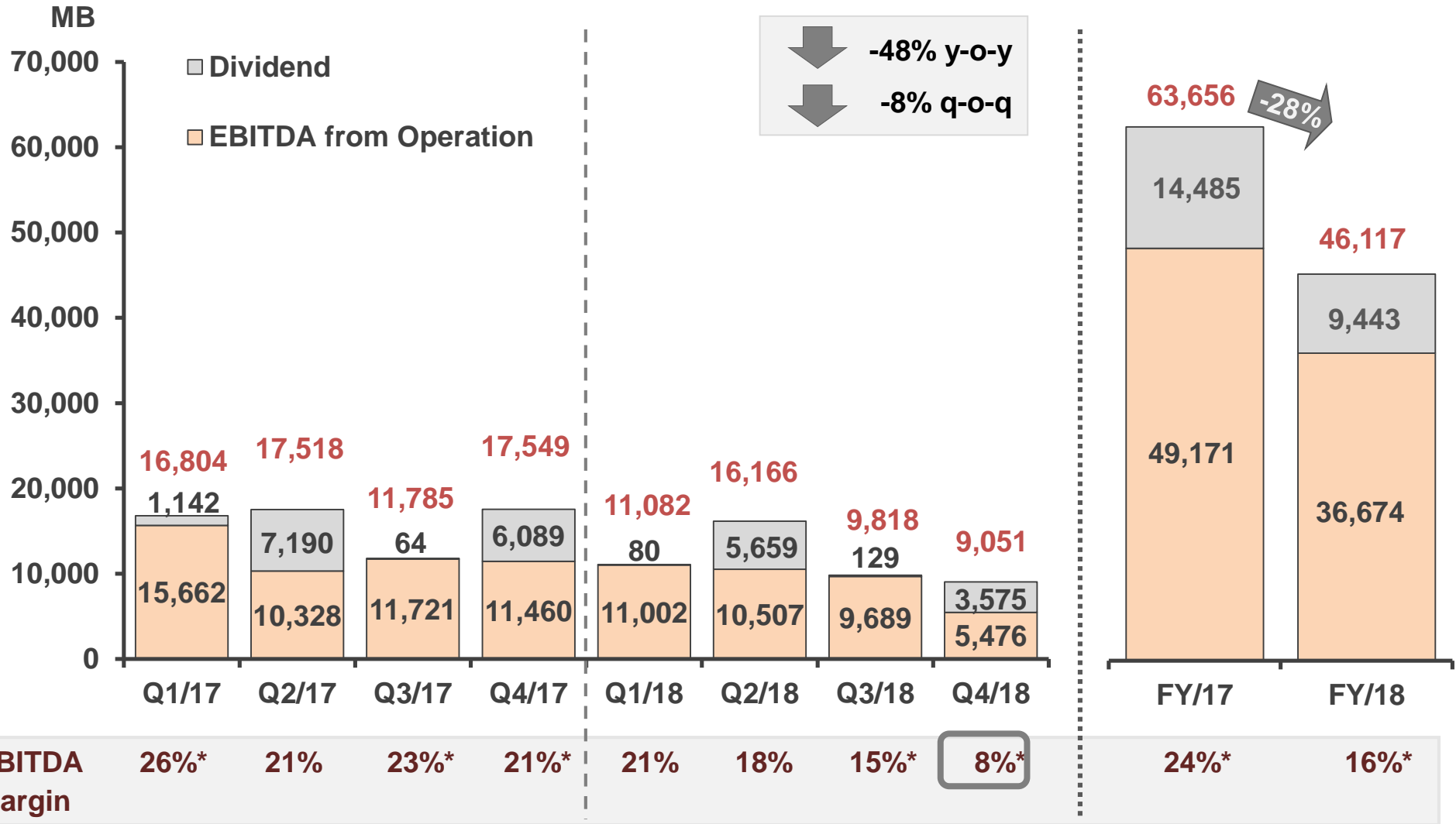
Revenue from Sales

Although Q4/18 revenue decreased 7% q-o-q from lower product prices, FY2018 revenue rose 7% y-o-y from higher product prices and greater sales volume.



EBITDA

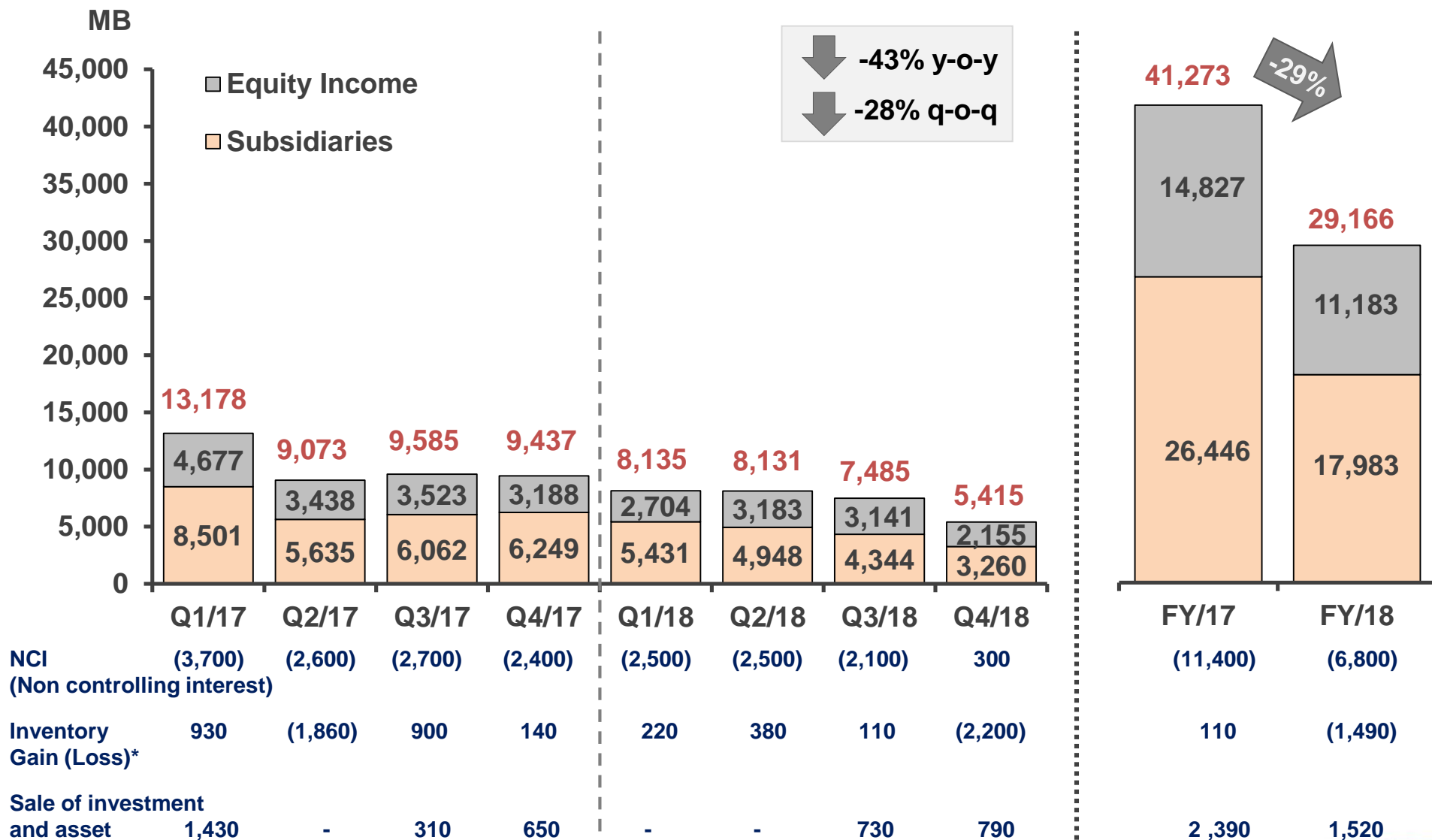
Q4/18 EBITDA dropped by 8% q-o-q from squeezed gap and stock loss due to price volatility amid low demand towards year end.



Note: *EBITDA margin excluded sale of investment.

Profit for the Period

Q4/18 earnings decreased 28% q-o-q, following lower price gaps and inventory adjustment.



Note: *Sub/Asso: 70% / 30%

- **Crude** – Price volatility continues with concerns over the weakening global economy and geopolitical risk.
- **Naphtha** – Stable Q-o-Q with demand recovery from upcoming refinery turnaround season.
- **Ethylene** – Price rebound is expected, while regional supply will increase from new capacity.
- **Polyolefin** – Demand is expected slowly rebound from restocking activity after year end and preparation for the agricultural season.
- **PVC** – Market is expected to rebound due to seasonal construction demand.

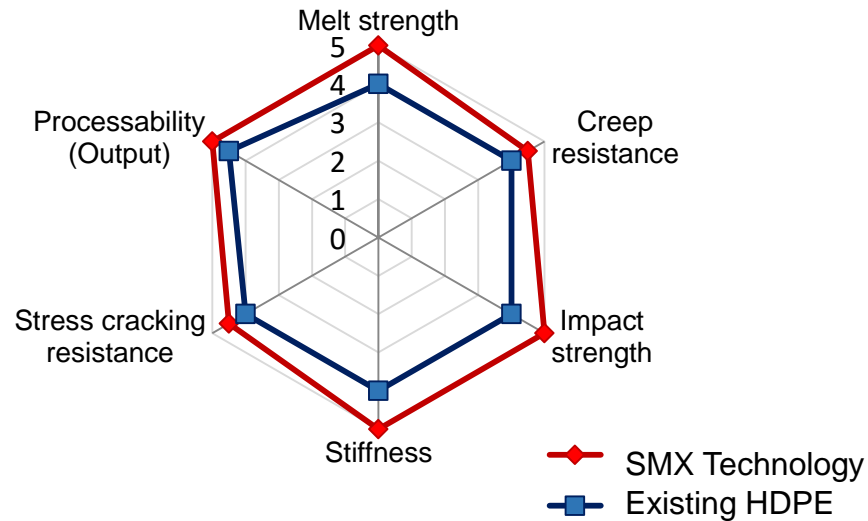
Company Updates:

- **Long Son Petrochemicals in Vietnam (LSP)** – Land development has started and engineering design is on track.
- **New HVA Products** – Successful started up in September and achieved quality specification of new HDPE by SMX Technology™ targeted for improved durability.



New HDPE by **SMX Technology™**




- **New HDPE with SCG's** internally developed technology.
- Stronger, lighter, more durable, ...
- Aligned with **“Circular Economy”** which emphasizes reduced plastic usage.





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Overall domestic demand dropped q-o-q mainly from lower production of E&E segment.

Domestic market

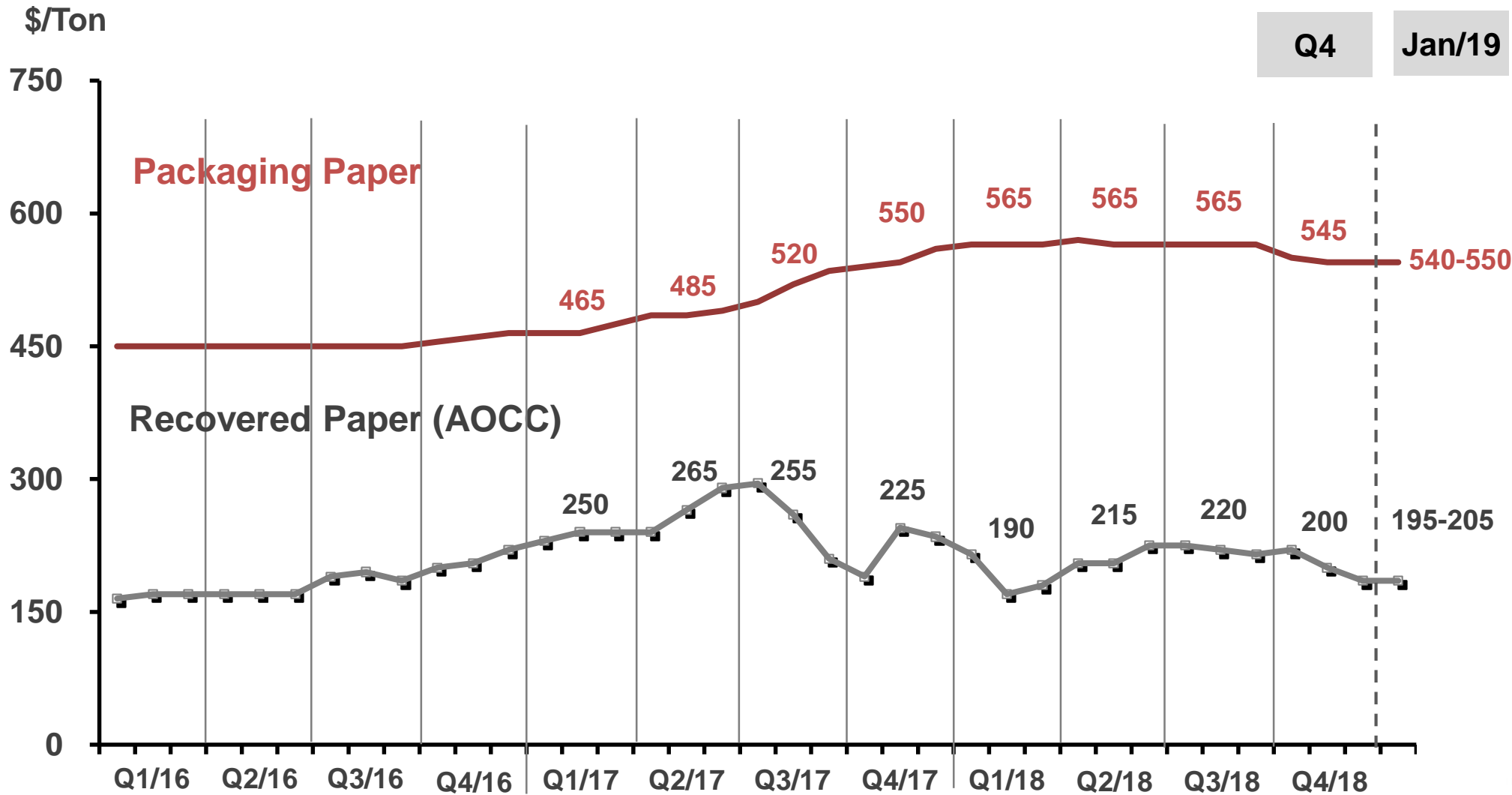
Market Segment	Situation (Q-o-Q)	Market situation
Food & Beverage		<ul style="list-style-type: none"> Demand increased from high production to serve New Year festival.
Consumer		<ul style="list-style-type: none"> Demand remained stable.
E & E		<ul style="list-style-type: none"> Overall demand dropped due to lower production and export order.

ASEAN market

Country	Situation (Q-o-Q)	Market situation
Vietnam		<ul style="list-style-type: none"> Overall demand was flat, Food & beverage and Footwear segment increased slightly, but lower production in E&E and seafood segment.
Philippines		<ul style="list-style-type: none"> Overall demand dropped slightly due to long holiday.

Packaging Chain

Packaging paper prices decreased due to Chinese and regional demand slowdown.
 AOCC prices dropped due to weak demand among key Chinese players.

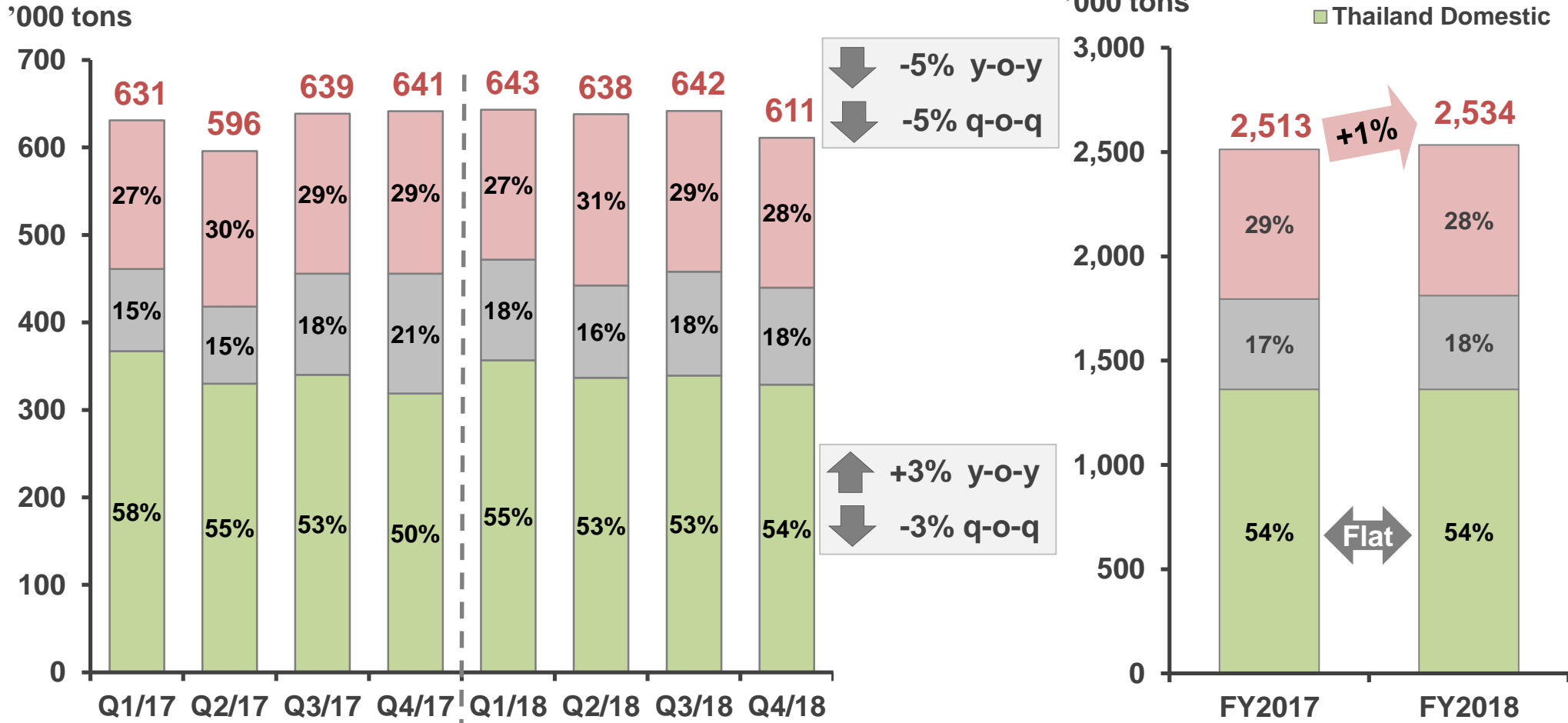


Note: Based on published regional prices

Packaging Chain

Total sales volume in Q4/18 dropped -5% q-o-q and -5% y-o-y mainly from Chinese and regional demand softness.

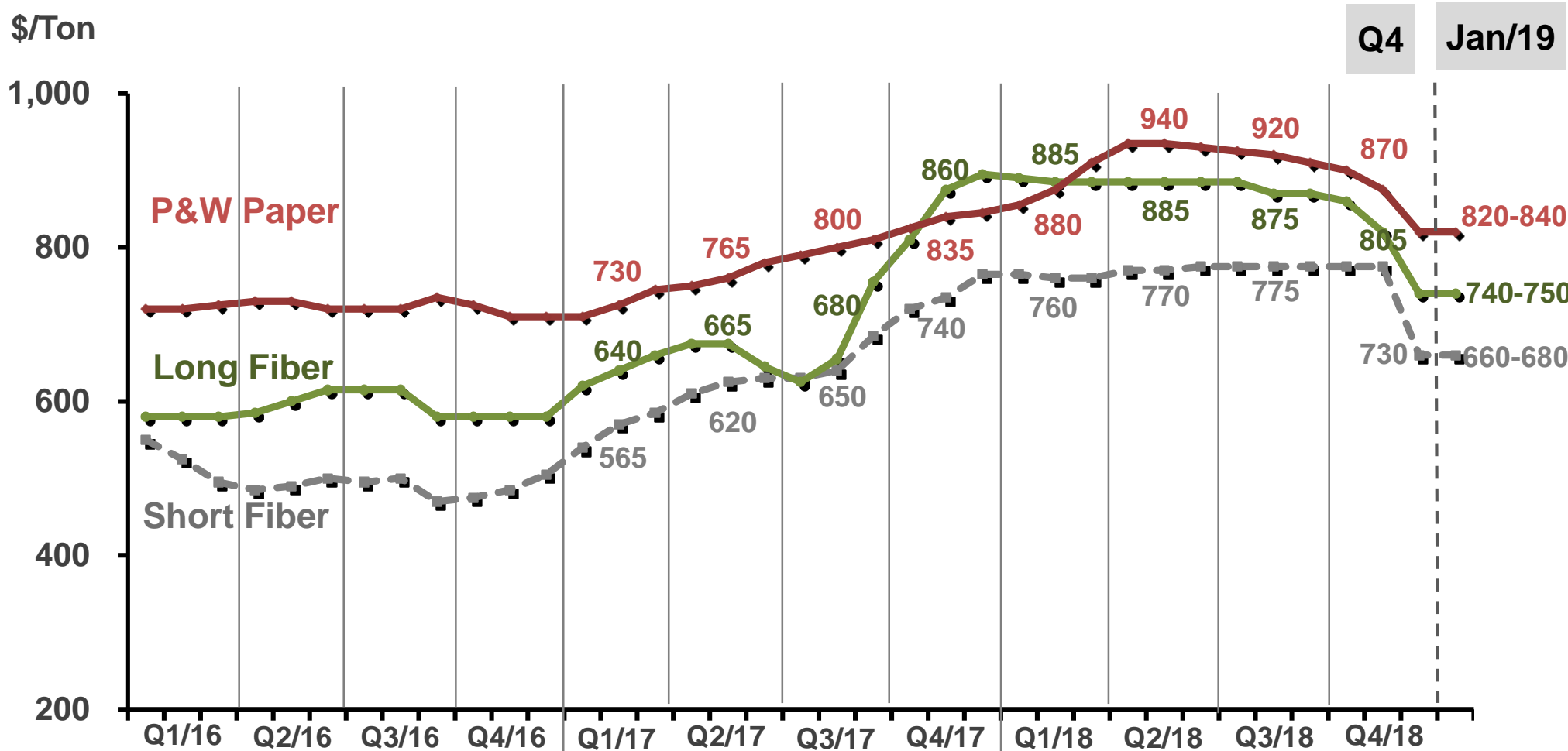
Packaging Paper Volume



Note: *Sales Volume from Philippines and Vietnam

Fibrous Chain

Short Fiber and Long Fiber Pulp prices decreased due to lower Chinese demand. P&W paper prices dropped as pulp costs down.

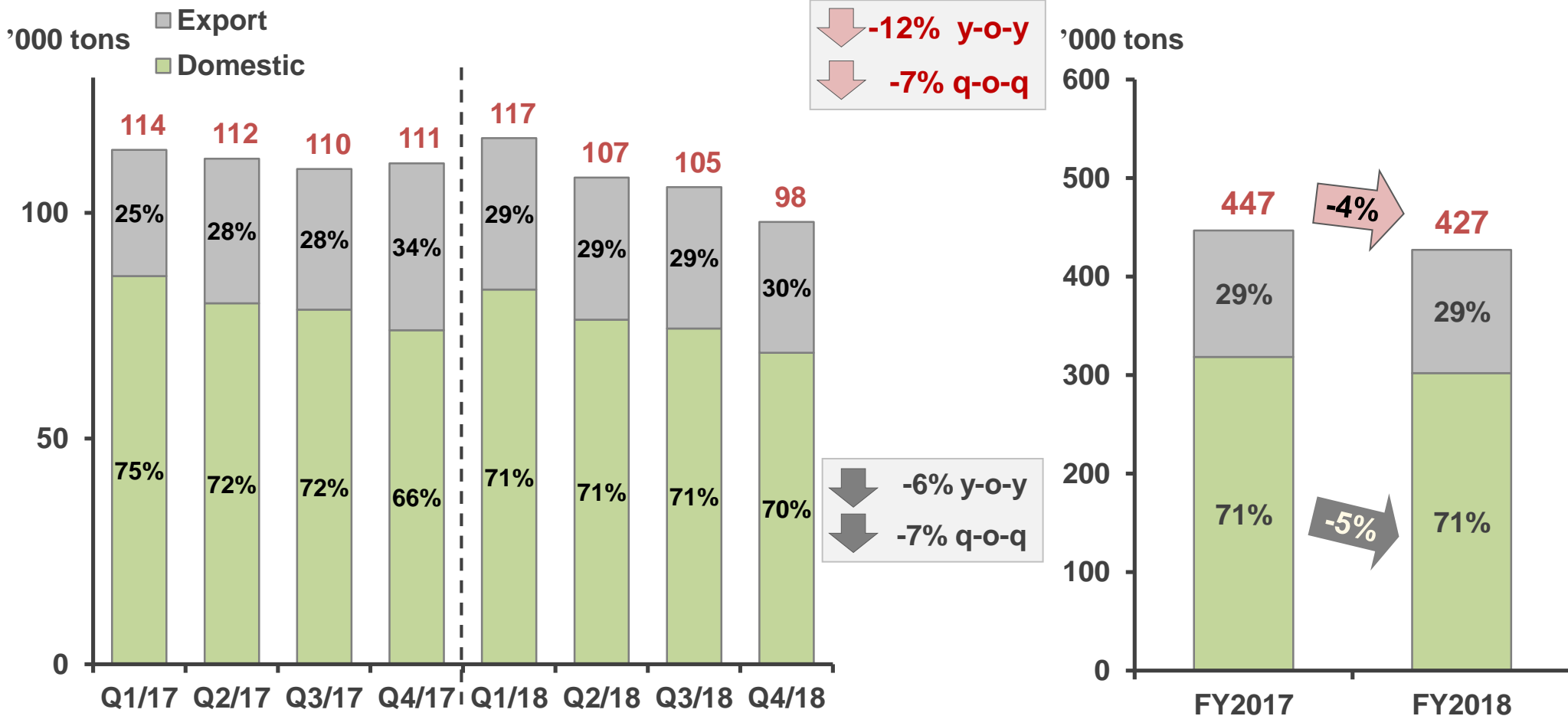


Note: Based on published regional prices

Fibrous Chain

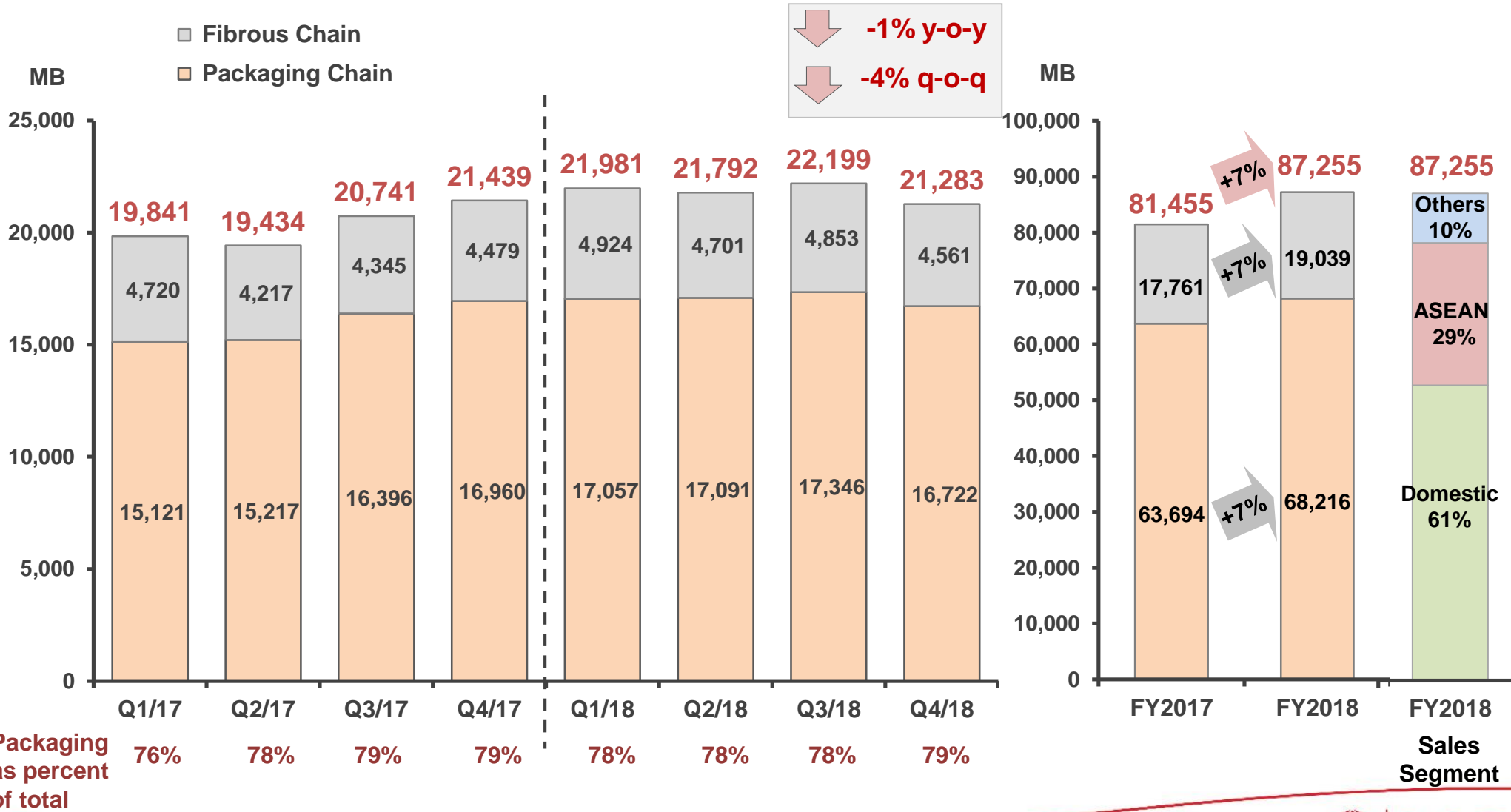
Total sales volume decreased -7% q-o-q and -12% y-o-y due to overall demand declined.

Printing & Writing Paper volume



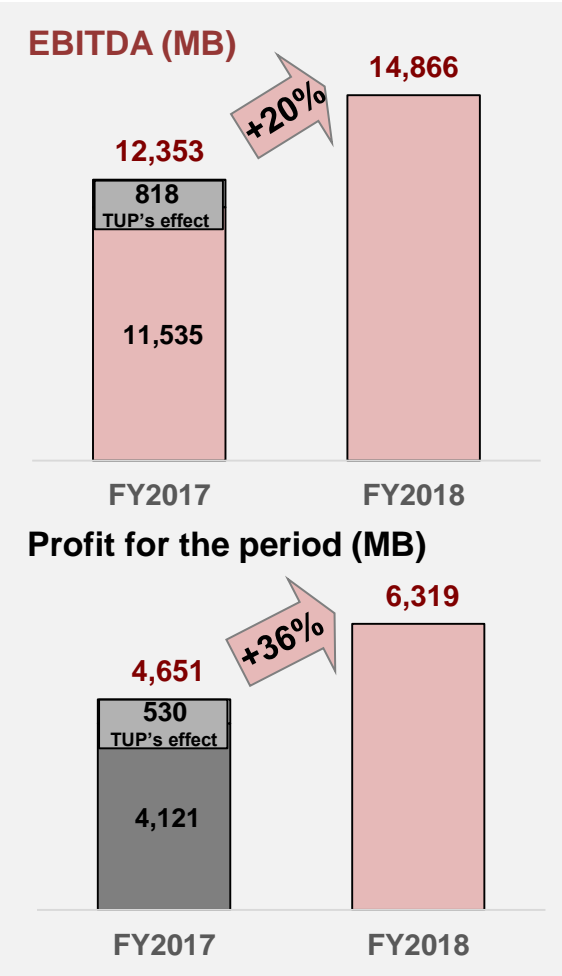
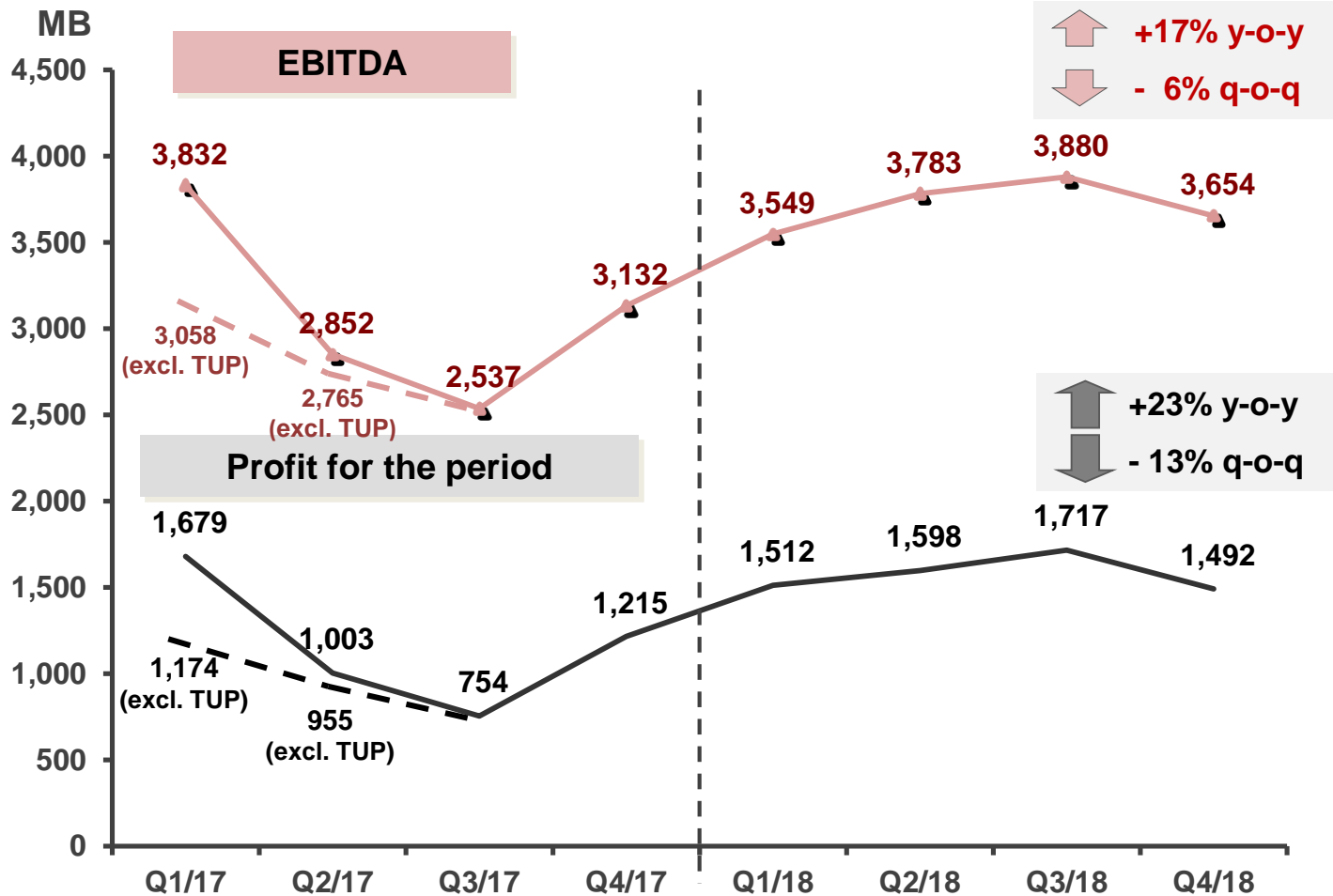
Revenue from Sales by Business chain

In Q4/18, Revenue from sales decreased -4% q-o-q and -1% y-o-y as a result of lower sales volume both Packaging Chain and Fibrous Chain.



EBITDA and Profit for the Period

EBITDA and Profit in Q4/18 declined -6% and -13% q-o-q from lower sales volume. FY2018 EBITDA and Profit increased +20% and +36% y-o-y due to better margin and cost saving initiatives.



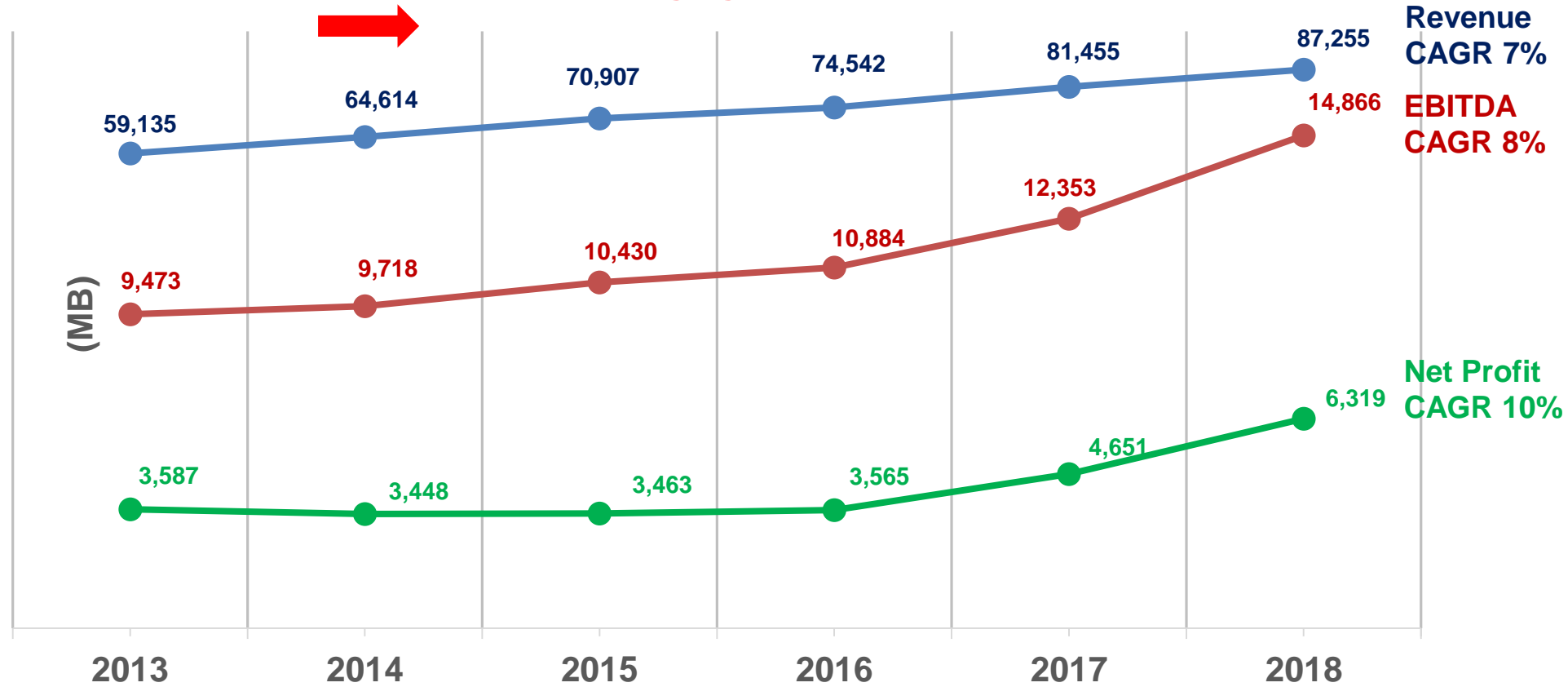
EBITDA Margin

	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Total	15%*	14%*	12%*	15%	16%	17%	17%	17%
Packaging	16%	14%	14%	16%	18%	19%	19%	18%
Fibrous	15%*	15%*	8%*	12%*	9%	13%	12%	14%

14%* **17%**
EBITDA Margin

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

2014 decision: Packaging Focused



EBITDA Margin

	2013	2014	2015	2016	2017	2018
Packaging Chain	18%	17%	16%	16%	15%	18%
Fibrous Chain	10%	11%	12%	9%	12%	12%

Outlook:

- Domestic packaging demand is expected to grow moderately mainly from Food & Beverage segment.
- Regional packaging demand is expected to maintain due to demand drop in Vietnam during long holiday (TET) while Indonesia is expected to increase from Food & Beverage and E&E segment.
- Recovered paper prices (AOCC) is expected to rebound slightly after Chinese New Year.

Investment Highlight:

- Approval to invest 5,115 MB to expand packaging paper in Philippines (UPPC) with 230,000 tons/year additional capacity (becoming 2.8 million tons/year across ASEAN), expected to start up by Q4/2020.

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Key Challenges:

- Energy (naphtha and coal) price volatility.
- Demand uncertainty from the slowing global economy.
- FX fluctuations.
- Thailand's domestic recovery.

Measures Taken:

- New export markets.
- Give full attention to project execution.
- Adjustments to prices, and introduce new products & services with innovative solutions.
- Proactive disciplinary working capital management, especially inventory and receivables.
- Usage of technology for efficiency improvements.

Thank You

For further details, please contact invest@scg.com