Q&A Summary 2Q21 Analyst Conference

Chemicals

Q: Could you comment on the differences between Green HDPE and Commodity HDPE in terms of pricing and value to customers?

A: We cannot comment on pricing at this stage but would be happy to discuss value proposition to customers. When buying Green HDPE, customers will get not only good physical property but also achieve overall reduction in energy consumption from the use of Green HDPE vs. conventional HDPE. The other value proposition to customers is environmental friendliness and alignment with circular economy trend.

Q: As a flexible-feed cracker. LSP is unique compared to other assets that SCG has, how challenging is it to operate this type of asset and is there a risk that the startup of this project could take longer time than expected?

A: To start a big complex like LSP, we need to follow several steps. First is the commissioning of the utility and electricity, followed by the commissioning of downstream plants. After ensuring everything is working properly, final step will be to start the crackers.

LSP is not the first flexible feedstock cracker in the world. There are other plants in the U.S. and Europe that use flexible feedstock. Our staffs have undergone and will have completed all trainings necessary to ensure a smooth startup and commercial operations of the LSP.

Q: With thermal coal price having surged past US$140/ton, will the carbide-based PVC or coal-based PVC lose their competitive advantage as they may have to cut production run due to higher cost and given the ongoing environmental concerns in China?

A: Yes. Higher coal prices and stricter environmental policy in China could affect the production of Carbide-based PVC and Coal-based PVC, adding to supply limitation.

Q: Outlook on the Naphtha dynamic? Will Naphtha supply be impacted by low gasoline demand and less refinery capacity addition in the long term?

A: In the near term, if the Covid-19 situation were to improve, there would be gasoline demand recovery which would consequently drive the oil price. Naphtha price should move up in-line with crude oil price.

In the medium, as we foresee that EV demand will increase on the back of global climate concerns and efforts to reduce carbon emission, gasoline demand should gradually decline while naphtha production should rise.

Q: What is the net impact to Chemicals operation from high freight rates?

A: At SCG, we try to optimize the freight cost by leveraging our wide distribution and logistics network.

Q: Do you expect additional Chemicals supply from US to Asia despite the high oil prices and freight rates?

A: Due to the rising in freight cost, sending product to destinations that are further away will create additional cost. We believe the current situation makes it difficult to move volume from other regions to this region.

Q: Do you expect the export of Polyolefin to rise in the near-term and are there any other destinations SCG can export to apart from Asia?
A: During the Covid-19 pandemic last year and this year, the Chemicals business has optimized its sales channels as well as proactively identified market opportunities for the new export destinations. This has allowed our sales volume to continue growing.

Q: Could you comment on Chemicals Business' target for revenue contribution from the green business over the next 5 years?
A: By 2025, we aim to produce and sell 200,000 tons of green polymer per annum.
Q: Are there any updates on the Chemicals Business restructuring you announced in late April 2021?
A: We are taking a closer look at all businesses within Chemicals unit. This will take some time as we also need to discuss with our JV partners. At the same time, we have to ensure business continuity and deliver on operational excellence during this challenging period. We can confirm that the study remains on track, and we should be able to update on the key milestone of the study around the end of this year.

Q: Are there any updates on the Chemicals recycling demonstration plant? Do you plan to do more M&A of mechanical recycling business?
A: We are currently testing the use of several kinds of plastic waste. Next step is to get process certification like the ISCC Plus.
For mechanical recycling M&A, we recently announced the acquisition of Sirplaste in Portugal.

Q: Where do you see PE and PP spreads stabilizing? And if oil prices continued to move higher, could you pass higher Naphtha cost to buyers?
A: In the scenario where oil prices continued to move higher, there would be pressure from higher naphtha cost. That said, we also believe the ongoing global recovery is also pushing the demand for petrochemicals higher, which should afford some room for price increase. At SCG, we will need to focus on increasing our competitiveness by improving the properties of our products via the expansion of HVA portfolio as well as growing HVA sales.

<u>CBM</u>
Q: Could you elaborate on the flexibility to use more alternative fuel in light of your ability to raise the proportion of alternative fuel use to 27% in Q2/21 from 23% in Q1/21? Can it be increased further given that coal price has gone significantly and will likely begin to hit company's coal cost next year?

A: We have 2 main alternative fuels

1) Selected RDF (Refuse Derived Fuel): This type of alternative fuel is cleaner and has higher calorific value
2) Energy pellets: Turn agricultural wastes (such as corn and rice husk) into pellet used in the Cement plant

Our long-term aspiration is Zero Coal, thus in the near to medium-term, we intend to continue to increase the use of alternative fuel where possible.

Q: What was the coal price level locked by SCG this year? What is your plan for the next year?
A: This year, we locked our coal cost at 10-20% lower than market price. In 4Q21 and 2022, the coal price is expected to go up. We plan step up the use of using alternative fuel, monitor coal price situation, and proactively work to lock in our 2022 coal consumption at competitive prices.

Q: Do you see the cost push situation that will bring the cement price up?

A: Higher cost typically pushes the price of cement up in normal market situation. However, the resurgence of Covid-19 cases has exerted pressure on the cement market given the recent lockdown of 450 construction sites in Thailand. In this environment, we try to mitigate the challenge by channeling more sales to Northern, Southern, and other parts of Thailand where there is no lockdown. We also increase export to other markets outside Thailand such as Oceania and USA, as shown in Q2/21.