



**The Siam Cement Public Company Limited
Management's Discussion and Analysis (MD&A)
Consolidated Financial Results: Q1/13**

Profit for the Period of 8,796 MB in Q1/13.

Return of Equity Income, amounting to 1,799 MB in Q1/13, an increase of 1,455 MB y-o-y.

Cash & Cash Under Management of 41,721 MB.

SCG's Consolidated Performance Overview

SCG reported Q1/13 Profit for the Period of 8,796 MB, an increase of 47% y-o-y, with continued growths in all business units, resumption of equity income from associates that were affected by the flood, and a FX gain of approximately 1,000 MB. EBITDA grew 25% y-o-y to 12,858 MB, following the recovery of chemicals margins, and added by volume growth in the paper and cement-building materials businesses. Revenue from Sales increased 6% y-o-y to 109,439 MB on higher sales volume in the paper and cement-building materials businesses.

On a q-o-q basis, Q1/13 Profit for the Period grew 27% q-o-q, benefitting from the volume growths in the cement-building materials business, and recovery of chemicals margins. Similarly, EBITDA and Revenue from Sales both increased 10% q-o-q.

Equity Income in Q1/13 amounted to 1,799 MB, an increase of 1,455 MB y-o-y and 840 MB q-o-q, respectively. The y-o-y growth was attributed primarily to the recovery of the domestic associates which were affected by the flood in Q1/12.

Total dividends received in Q1/13 was 705 MB, down 28% y-o-y, with details as follows: a) 431 MB from "Associated" companies (20%-50% stake), and b) 274 MB from "Other" companies (less than 20% stake).

Continued solid financials, with cash & cash under management of 41,721 MB, while CAPEX and Investment amounted to 5,566 MB. Net Working Capital increased 8,615 MB q-o-q to 59,009 MB as a result of increased receivables, while Inventory to Net Sales dropped to 38 days from 44 days in Q4/12.

Table 1 - Consolidated SCG	Q1/13 MB	%Change y-o-y	%Change q-o-q	FY2012 MB
Revenue from Sales	109,439	6%	10%	407,601
Profit for the Period	8,796	47%	27%	23,580
EBITDA	12,858	25%	10%	45,716
EBITDA from Operations	12,427	26%	8%	42,171
Earnings per Share (EPS)	7.3	47%	27%	19.7

Note: EBITDA = Earnings and dividends, before interest, tax, depre & amortization.
 EBITDA from Operations = Earnings before interest, tax, depre & amortization.
 Profit for the Period = Profit for the period attributable to owners of the parent.

SCG Chemicals
Recovery of margins and sales volume.

SCG's Business Sector Summary

In Q1/13, crude oil price slightly moved up to \$113/bbl while the average Naphtha price increased \$17/ton q-o-q to \$961/ton attributed to improving demands of derivative products and gasoline blending.

Both ethylene and propylene prices ascended 9% and 5% q-o-q to \$1,395/ton and \$1,306/ton respectively, owing to active restocking activities and less supply from Middle East during turnarounds.

Seasonal demand of polyolefins has boosted up prices. HDPE prices increased to \$1,483/ton, up \$90/ton q-o-q and \$87/ton y-o-y, while PP prices moved up to \$1,542/ton, up \$79/ton q-o-q and \$114/ton y-o-y. With polymer prices improving at faster pace than that of feedstock, HDPE-Naphtha margin improved \$73/ton q-o-q and \$147/ton y-o-y to \$521/ton. Similarly, PP-Naphtha gaps expanded \$62/ton q-o-q and \$173/ton y-o-y to \$581/ton.

In Q1/13, the total polyolefins (PE and PP) sales volume registered at 446,000 tons, up 30,000 tons q-o-q following better demand.

PVC margins (PVC-EDC/C2) in Q1/13 declined \$47/ton q-o-q and down \$19/ton y-o-y to \$405/ton level attributed to higher EDC and ethylene prices. For Butadiene, the margin (BD-Naphtha) was still squeezed due to the drop of rubber prices. MMA margin (MMA-Naphtha) remained at the same level as in Q4/12. In PTA, the gap (PTA-PX) continued to be depressed from soft demand.

Revenue from Sales in Q1/13 increased 9% q-o-q and 1% y-o-y to 53,478 MB attributed to higher sales volume as well as product prices. With expanded margins, EBITDA jumped 77% q-o-q and 262% y-o-y to 3,235 MB. Likewise, Profit for the Period increased significantly q-o-q to 2,629 MB as equity income turned positive from the loss in Q4/12. On a y-o-y basis, Profit for the Period gained 112% from better margins.

SCG Paper
Recovery of margins and domestic sales volume.

Total Packaging Paper sales volume increased 2% q-o-q, attributed to seasonally strong demand. Sales revenue of the Packaging chain registered 10,365 MB, up 2% q-o-q and 7% y-o-y. For the Thai-based facilities, export volume accounted for 15% of the total Q1/13 sales volume, similar with that of Q1/12. The average price of wastepaper dropped \$5/ton q-o-q to \$215/ton, mainly due to demand softness from China during the Chinese New Year period. The regional price of Packaging Paper rose \$10/ton q-o-q to \$515/ton.

In Q1/13, Sales of Packaging business (Corrugated Containers) accounted for 42% of the total chain. Sales volume rose 7% q-o-q and 20% y-o-y, due to healthy demand in all segments, particularly in food & beverage and consumer products segments. SCG Paper is currently the leading paper-based packaging producer with countrywide market coverage in Thailand, Vietnam and Singapore.

In the Fibrous (Printing & Writing) chain, domestic sales volume increase 8% q-o-q, mainly due to demand recovery from the year-end and improved demand from Book Fair and other key events in Mar/13. Sales revenue of the Fibrous (Printing & Writing) chain was 4,709 MB, up 11% q-o-q and 9% y-o-y. Export sales volume in Q1/13 amounted to 23% of the total sales, compared to 24% in Q1/12. The prices of Short-fiber rose \$35/ton to \$655/ton and Long-fiber Pulp increased \$20/ton to \$670/ton, mainly attributed to tight supply as a result of maintenance downtime of Brazilian short-fiber producers during Q1/13 and Q2/13 (approximately 200,000 tons curtailment), coupled with rising demand after the Chinese New Year holiday. The regional price of Printing & Writing Paper increased \$10/ton q-o-q to \$830/ton, due to rising pulp prices and anticipation of seasonally improved demand in Spring.

PPPC has already fully resumed fired-affected pulp line since early Jan/13.

Financially, SCG Paper posted Q1/13 Revenue from Sales of 15,074 MB, up 5% q-o-q and 8% y-o-y, attributed to strong seasonal demand in both the Packaging and Fibrous (Printing & Writing) chains. EBITDA in Q1/13 registered 2,789 MB, up 40% q-o-q and 26% y-o-y. The q-o-q increase was attributed to stronger seasonal demand and PPPC's recovery from fire at control room. Packaging chain and Fibrous (Printing & Writing) chain accounted for 77% and 23% respectively of Q1/13 EBITDA.

**SCG Cement–Building
Materials**
**Q1/13 domestic cement
volume grew 10% y-o-y.**

Similarly, Profit for the quarter amounted to 1,342 MB, up 124% q-o-q and 33% y-o-y. Packaging chain and Fibrous (Printing & Writing) chain accounted for 80% and 20% respectively of Q1/13 Profit.

In Q1/13, Thailand's total domestic demand of grey cement grew approximately 10% y-o-y and 6% q-o-q to approximately +8 MT. SCG Cement-Building Materials' Q1/13 sales volume was relatively in line with that of the industry, with a realized domestic grey cement price range of 1,800 – 1,850 Baht/ton. This price range is similar to what was achieved in Q4/12.

In the grey cement export market, Q1/13 sales volume was 1.3 MT, a decrease of 0.6 MT y-o-y as a result of the strong growth in the domestic market, while the average FOB export price dipped to \$52/ton. On a q-o-q basis, export volume increased 0.3 MT as the plant maintenance in Q4/12 restricted production output.

The ASEAN market for other building materials products (ceramics, roofing, concrete blocks etc) continue to see strong demand growth, the result of healthy construction activity in the residential construction segment. In Thailand, the y-o-y demand growth of building materials products was lower than that of the grey cement market, due to the Q1/12 base-effect of last year's post-flood renovation activities. Sales volume of ceramic tiles (floor and wall) throughout the region (Thailand, Indonesia, Philippines) grew 6% y-o-y, and 10% q-o-q on seasonal trends. Pricing of ceramic tiles increased slightly y-o-y to compensate for higher energy prices regionally, but dropped slightly q-o-q particularly in Indonesia.

SCG Cement – Building Materials' Q1/13 Revenue from Sales increased 14% y-o-y to 43,237 MB, the result of volume growth of both cement and other building materials products, in addition to the consolidation of the ready-mixed concrete (RMC) operations. On a q-o-q basis, Revenue from Sales increased 13% q-o-q, benefiting from the seasonal trends. EBITDA increased at a slower pace of 4% y-o-y, following higher production costs (electricity, wage) and other expenses, but grew 32% q-o-q on seasonal effects. Similarly, Profit for the Period registered 4,042 MB, an increase of 6% y-o-y and 39% q-o-q.

Table 2 - SCG's Sectors				
REVENUE FROM SALES (MB)	Q1/13	Change %y-o-y	Change %q-o-q	FY2012 MB
Consolidated SCG	109,439	6%	10%	407,601
SCG Chemicals	53,478	1%	9%	203,539
SCG Paper	15,074	8%	5%	57,430
SCG Cement - Building Materials	43,237	14%	13%	154,537
Other	24	-35%	-33%	146
EBITDA (MB)	Q1/13	%y-o-y	%q-o-q	FY2012
Consolidated SCG	12,858	25%	10%	45,716
SCG Chemicals	3,235	262%	77%	8,628
SCG Paper	2,789	26%	40%	8,844
SCG Cement - Building Materials	6,629	4%	32%	23,009
Other	249	-70%	-91%	5,441
EBITDA from Operation (MB)	Q1/13	%y-o-y	%q-o-q	FY2012
Consolidated SCG	12,427	26%	8%	42,171
SCG Chemicals	2,923	n.a.	63%	5,477
SCG Paper	2,789	26%	40%	8,843
SCG Cement - Building Materials	6,510	2%	32%	22,823
Other	249	-70%	-90%	5,235
EBITDA MARGINS (%)	Q1/13	Q1/12	Q4/12	FY2012
Consolidated SCG	11%	10%	11%	10%
SCG Chemicals	5%	1%	4%	3%
SCG Paper	19%	16%	14%	15%
SCG Cement - Building Materials	15%	17%	13%	15%
Profit for the Period (MB)	Q1/13	%y-o-y	%q-o-q	FY2012
Consolidated SCG	8,796	47%	27%	23,580
SCG Chemicals	2,629	112%	n.a.	2,690
SCG Paper	1,342	33%	124%	3,560
SCG Cement - Building Materials	4,042	6%	39%	13,129
Other	851	n.a.	-71%	4,293

Note: EBITDA = Earnings and dividends, before interest, tax, depre & amortization.
EBITDA from Operation = Earnings before interest, tax, depre & amortization.
EBITDA Margin = Operating EBITDA, to Revenue from Sales.
Profit for the Period = Profit for the period attributable to owners of the parent.

SCG's Financials

Net Debt
141,033 MB, an increase of
3,990 MB q-o-q.

Net Debt increased 3,990 MB from the end of Q4/12 to 141,033 MB. The Net Debt / EBITDA ratio improved to 2.7x times in Q1/13, with increased EBITDA contribution from the chemicals business, while the net finance and interest cost was 685 MB following the FX gain of approximately 1,000 MB in Q1/13. The average cost of interest at the end of Q1/13 was 4.1%.

CAPEX & Investment
5,566 MB in Q1/13.

CAPEX & Investment in Q1/13 amounted to 5,566 MB, but is expected to amount to approximately 40,000 – 50,000 MB in FY2013. With continued cash generation from the operations and availability of cash and cash under management, SCG is eager to continue to pursue its strategy of ASEAN expansion in the existing key businesses.

Table 3			
SCG's Debt Profile (MB)			
	Q1/13	Q4/12	Q1/12
Short Term	23,140	13,876	29,421
Foreign	1,715	1,227	1,090
Baht	21,425	12,649	28,331
% of Total Loan	13%	8%	17%
Long Term	159,614	161,700	140,940
Foreign	11,236	12,943	13,768
Baht	148,378	148,757	127,172
% of Total Loan	87%	92%	83%
Total Loan	182,754	175,576	170,361
Cash & Cash Under Management	41,721	38,533	44,827
Cash and cash equivalents	28,050	25,064	31,271
Short-term investments	7,627	7,677	7,735
Available-for-sale investments	6,044	5,792	5,821
Total Net Debt	141,033	137,043	125,534
SCG's Financial Ratios			
	Q1/13	Q4/12	Q1/12
EBITDA on Assets (%)	13%	12%	11%
Current Ratio (times)	1.2	1.3	1.0
Quick Ratio (times)	0.7	0.7	0.6
Interest Coverage (times)	7.5	6.3	5.9
Net Debt to EBITDA (times)	2.7	3.0	3.0
Net Debt to Equity (times)	0.9	0.9	0.8
Debt to Equity (times)	1.6	1.5	1.6
Return on Equity (%)	25%	17%	18%

Note: Net Debt	= Total debt (interest bearing), less cash and cash under management
EBITDA	= Earnings before interest, tax, depreciation, and amortization, plus dividends.
EBITDA on Assets	= Annualized EBITDA, to Total Consolidated Assets
Current Ratio	= Current assets, to current liabilities
Quick Ratio	= Cash + short term investments + receivable, to current liabilities
Interest Coverage	= EBITDA, to interest expense
Net Debt to EBITDA	= Net debt, to annualized EBITDA
Net Debt to Equity	= Net Debt, to equity & non-controlling interest
Debt to Equity	= Total Liabilities, to equity & non-controlling interest
Return on Equity	= Annualized Net profit, to average total shareholders' equity (not including non-controlling interest)

Table 4			
SCG's Statement of Financial Position (MB)			
	Mar/13	Dec/12	Mar/12
Total Assets	407,940	395,573	386,780
Current assets			
Cash, cash equivalent and short-term investment	35,677	32,741	39,006
Trade and other receivables	49,334	42,877	46,757
Inventory	46,679	48,890	45,661
Long-term investment	82,518	80,909	72,177
Property, plant, and equipment	165,812	165,292	159,029
Total Liabilities	248,306	234,450	238,865
Trade and other payables	43,527	45,471	45,556
Loans	182,754	175,576	170,361
Total Equity	159,634	161,123	147,915
Total equity attributable to owners of the parent	142,570	143,186	132,502
Non-controlling interests	17,064	17,937	15,413