The Siam Cement Public Company Limited
Management's Discussion and Analysis (MD&A)
Consolidated Financial Results: Q4/13 and FY2013

SCG's Consolidated Performance Overview

Profit for the Period of 8,009 MB in Q4/13, and 36,522 MB for FY2013.

SCG reported Q4/13 Profit for the Period of 8,009 MB, an increase of 16% y-o-y, following the continued recovery of chemicals margins, and growths in the domestic cement demand. Similarly, EBITDA grew 35% y-o-y to 15,774 MB. Revenue from Sales increased 5% y-o-y to 104,412 MB, with growths in most business units.

On a q-o-q basis, the Q4/13 Profit for the Period dropped 18% q-o-q, which was attributed to the seasonal weakness in the cement and building materials sectors, in addition to the 45-day maintenance of MOC (second cracker). However, with the seasonal dividend contribution from SCG Investment (in "Other" segment), EBITDA increased 3% q-o-q, while Revenue from Sales dropped 8% q-o-q as a result of the 45-day maintenance of MOC and seasonal weakness in the cement and building materials sectors.

In FY2013, Profit for the Period registered 36,522 MB, an increase of 55% y-o-y, benefiting from the continued recovery of chemicals margins, and higher domestic demand of cement products. Similarly, EBITDA increased 34% y-o-y to 61,265 MB, while Revenue from Sales grew 7% y-o-y to 434,251 MB with growths in all business units.

Equity Income registered 6,546 MB in FY2013, an increase of 4,985 MB y-o-y.

Equity Income in FY2013 amounted to 6,546 MB, an increase of 4,985 MB y-o-y, of which 58% was from the non-chemicals associates and 42% was from the chemicals associates. The y-o-y recovery is attributed to better margins from the chemicals associates, while the non-chemicals associates were affected by the flood in H1/12.

Total dividends received in FY2013 was 7,707 MB, down 3% y-o-y, with details as follows: a) 2,813 MB from "Associated" companies (20%-50% stake), and b) 4,894 MB from "Other" companies (less than 20% stake).

Cash & Cash Under Management of 29,667 MB.

Continued solid financials, with cash & cash under management of 29,667 MB, which has decreased 8,866 MB from Q4/12, following continued CAPEX and Investments of 50,064 MB in FY2013.

Net Working Capital registered 55,896 MB, a decrease of 9% q-o-q, with Inventory to Sales of 48 days.

7.0 Bt year-end dividend, totaling 15.5 Bt for FY2013.

The Board of Directors of SCC has approved a year-end 2013 dividend of 7.0 Bt (47% of H2/13 earnings) that is payable on Apr 24/14. This results in the total FY2013 dividend of 15.5 Bt (18,600 MB), which is comprised of the H1/13 interim of 5.5 Bt, Q3/13 interim of 3.0 Bt, and the year-end of 7.0 Bt. If excluding SCG's 100 Year Anniversary Q3/13 interim of 3.0 Bt, the FY2013 dividend amounts to 12.5 Bt and represents 41% of the FY2013 earnings.

Table 1 - Consolidated SCG	Q4/13 MB	% Change y-o-y	% Change q-o-q	FY2013 MB	% Change y-o-y
Revenue from Sales	104,412	5%	-8%	434,251	7%
Profit for the Period	8,009	16%	-18%	36,522	55%
EBITDA	15,774	35%	3%	61,265	34%
EBITDA from Operations	15,447	35%	2%	58,452	39%
Earnings per Share (EPS)	6.7	16%	-18%	30.4	55%
Dividend Summary	**H1/13**	**H2/13**	**Q3/13**	**FY2013**	**FY2013***
Baht Per Share	5.5	7.0	3.0	15.5	12.5
Payout Ratio (% of Net Profit)	35%	47%	-	51%	41%

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.

*excluding SCG's 100 Year Anniversary Q3/13 interim of 3.0 Bt

SCG's Business Segments Summary

SCG Cement–Building Materials
FY2013 domestic cement volume growth of 7% y-o-y.

In Q4/13, Thailand's total domestic cement demand grew approximately 6% y-o-y attributed mainly to the growths in the central area especially from commercial sector. This has resulted in the 2013 domestic cement market sales volume growth of 7% y-o-y. The Q4/13 domestic cement sales volume of SCG Cement-Building Materials was relatively in line with that of the industry, with a realized domestic grey cement price at the 1,950 Baht/ton level.

In the export market of grey cement, sales volume in Q4/13 was 0.7 MT, a decrease of 0.3 MT y-o-y and 0.2 MT q-o-q, as a result of the growths in the domestic market, while the average FOB export price increased to $65/ton, up $4/ton q-o-q, as a result of the change in product mix.

Overall, the ASEAN market for building products (ceramics, roofing, board & wood substitute, etc) continues to experience growth in general. However, in Thailand, the demand for building materials products was lower q-o-q, from the seasonality of the residential market in the central area, while y-o-y demand dropped slightly due to the base-effect.

In terms of ceramic tiles, total sales volume (floor and wall tiles) throughout SCC's ASEAN operations (Thailand, Indonesia, Philippines, Vietnam) grew 55% y-o-y, attributed to the consolidation of the recently acquired Vietnamese ceramics tile producer Prime Group. The total average price of ceramic tiles for all of SCC's ASEAN operations decreased q-o-q, due to seasonal factors.

SCG Cement–Building Materials' Q4/13 Revenue from Sales increased 14% y-o-y to 43,666 MB due to consolidating sanitary ware and fittings which had sales of approximately 1,500 MB. However, revenue from sales was softer 4% q-o-q due to the seasonal effect. Similarly, EBITDA increased 27% y-o-y but dropped 7% q-o-q to 6,377 MB, while Profit for the Period grew 14% y-o-y but dropped 39% q-o-q as there was a non-recurring gain of 1,701 MB in Q3/13. On a full-year basis, Revenue from Sales increased 13% y-o-y to 174,642 MB on volume growth, which resulted in a corresponding EBITDA growth of 14% y-o-y to 26,274 MB, and Profit for the Period registered 16,092 MB, a gain of 23% y-o-y.

SCG Chemicals
Mid-cycle margins.

In Q4/13, crude oil prices hovered around the $110/bbl level, pressured by increasing non-OPEC supply. While market prices of naphtha increased $26/ton q-o-q or 3% q-o-q to $946/ton, due to firm demand from higher naphtha crackers run rate. Furthermore, the rise in LPG prices, as a result of its increased winter demand of heating fuel, made it uneconomical as an alternative chemicals feedstock.

The market prices of HDPE and PP both increased 3% q-o-q to $1,536/ton and 2% q-o-q to $1,543/ton, respectively, attributed to solid downstream products demand. As a result, the Q4/13 average HDPE-Naphtha margin increased $22/ton q-o-q to $590/ton, while the average PP-Naphtha margin was maintained at $597/ton.

In Q4/13, SCG Chemicals sold a total of 372,000 tons of polyolefin products (PE and PP), a decrease of 91,000 tons q-o-q, which was attributed to the scheduled maintenance turnaround of MOC (second naphtha cracker) in Q4/13. For FY2013, polyolefins sales volume amounted to 1,738,000 tons, representing an increase of 2% y-o-y.

The market PVC margin (PVC-EDC/C2) decreased 15% q-o-q and 18% y-o-y to $370/ton, attributed to rising EDC and ethylene costs, while PVC prices decreased slightly. The BD-Naphtha margin increased 177% q-o-q to $609/ton, helped by the demand recovery for synthetic rubber in China. The MMA margin (MMA-Naphtha) remained stable, increasing 1% q-o-q to $1,093/ton. In the PTA business, the PTA-PX margin decreased 53% q-o-q to $42/ton, resulting from slow demand from textile industry, and capacity expansion.

SCG Chemicals' Revenue from Sales in Q4/13 decreased 13% q-o-q to 48,329 MB as a result of MOC's maintenance turnaround, and similarity, EBITDA decreased 11% q-o-q to 5,457 MB. On a y-o-y basis, Revenue from Sales decreased slightly by 2% y-o-y, while EBITDA increased 198% y-o-y, attributed to increasing global demand which has helped the recovery of margins overall. Likewise, Profit for the Period decreased 1,559 MB q-o-q but increased 2,047 MB y-o-y to 2,232 MB. For FY2013, despite the 45-day maintenance shutdown of MOC, Revenue from Sales increased 3% y-o-y to 209,997 MB. With increased chemicals margins, EBITDA gained 136% y-o-y to 20,342 MB, while Profit for the period gained 320% y-o-y to 11,292 MB.

SCG Paper
Squeezed margins.

SCG Paper's Packaging Chain is comprised of Packaging Paper and Packaging Business (primarily Corrugated Containers) with capacity integration of 51% at year-end.

In Q4/13, the average price of wastepaper dropped $5/ton q-o-q to $220/ton, due to sluggish demand from China. The regional price of Packaging Paper was flat q-o-q at $495/ton. Thailand's domestic demand of Packaging Paper decreased 7% q-o-q from seasonal demand softness at year-end, but increased 2% y-o-y. Export from Thailand experienced q-o-q demand growth. In terms of Packaging Business, Thailand's domestic demand was lower q-o-q from seasonal slowdown especially electrical appliances & electronics segment and consumer products segment, while y-o-y demand increased slightly. Demand in Vietnam and Indonesia markets remained high both q-o-q and y-o-y especially in food and beverage segment, while Singapore market showed slow demand.

In Q4/13, Revenue from Sales in the Packaging Chain amounted to 10,768 MB, up 1% q-o-q and 6% y-o-y. The y-o-y increase in Revenue from Sales was mainly attributed to higher sales volume of Packaging Business. Total sales volume in the Packaging Chain dropped 6% q-o-q while flat y-o-y. Domestic sales volume of Packaging Paper dropped 2% q-o-q from seasonal demand softness, but increased 6% y-o-y as a result of higher demand in food and beverage segment. Export volume accounted for 19% of the total Q4/13 sales volume, similar with that of in Q4/12. Domestic sales volume of the Packaging Business decreased 2% q-o-q from slow seasonal demand at year-end, but increased 14% y-o-y attributed to the acquisition of Dyna Packs and Orient Containers, coupled with rising packaging demand from the food & beverage segment.

In FY2013, total sales volume of Packaging Paper in 2013 increased 3% y-o-y mainly from ASEAN operations. Total sales volume of Packaging Business in 2013 increased 13% y-o-y mainly attributed to the acquisition of Dyna Packs and Orient Containers and PT Primacorr Mandiri (Indonesia).

SCG Paper's Fibrous Chain (previously known as Printing & Writing Business) is comprised of Forestry, Pulp, and P&W Paper. In Q4/13, the average price of short-fiber pulp maintained at $625/ton. Long-fiber pulp price increased $35/ton q-o-q to $720/ton, attributed to stock replenishment by paper producers. The regional price of P&W Paper decreased $20/ton q-o-q to $790/ton from slow seasonal demand at year-end. Revenue from Sales in the Fibrous Chain registered 4,082 MB, down 2% q-o-q and y-o-y. Domestic sales volume of P&W Paper decreased 7% y-o-y mainly due to increased import penetration. Export sales volume of P&W Paper in Q4/13 amounted to 22% of the total sales volume, compared to 23% in Q4/12.

In FY2013, total sales volume of P&W Paper dropped 5% y-o-y, due to domestic and regional demand softness. Within the Fibrous Chain, sales volume of Dissolving Pulp commenced from Aug/13, representing approximately 25% of average monthly pulp production.

Financially, SCG Paper posted Q4/13 Revenue from Sales of 14,850 MB, flat q-o-q, but increased 3% y-o-y, following the acquisition of Dyna Packs and Orient Containers, and PT Primacorr Mandiri (Indonesia). EBITDA in Q4/13 amounted to 1,947 MB, down 13% q-o-q and 2% y-o-y. The decline in EBITDA q-o-q was mainly from margin pressure in both the Packaging Chain and the Fibrous Chain. SCG Paper's Q4/13 EBITDA contributions from the Packaging Chain and the Fibrous Chain were 93% and 7%, respectively. Similarly, Profit for the Period registered 422 MB, down 47% q-o-q and 29% y-o-y.

In FY2013, Net Sales were a record high of 59,135 MB, up 3% y-o-y. EBITDA increased 7% y-o-y to 9,473 MB, mainly attributed to higher sales volume and improved efficiency in the Packaging Chain. Profit for the Year rose 1% y-o-y to 3,587 MB. Improved performance can be attributed to growth in the business of Packaging Chain whereas Fibrous Chain suffered from regional sluggish demand and price competition.

Table 2 - SCG's Segments **REVENUE FROM SALES (MB)**	**Q4/13**	**Change %y-o-y**	**Change %q-o-q**	**FY2013**	**Change %y-o-y**
Consolidated SCG	**104,412**	**5%**	**-8%**	**434,251**	**7%**
SCG Cement-Building Materials	43,666	14%	-4%	174,642	13%
SCG Chemicals	48,329	-2%	-13%	209,997	3%
SCG Paper	14,850	3%	0%	59,135	3%
Other	22	-39%	10%	94	-36%
EBITDA (MB)	**Q4/13**	**%y-o-y**	**%q-o-q**	**FY2013**	**%y-o-y**
Consolidated SCG	**15,774**	**35%**	**3%**	**61,265**	**34%**
SCG Cement-Building Materials	6,377	27%	-7%	26,274	14%
SCG Chemicals	5,457	198%	-11%	20,342	136%
SCG Paper	1,947	-2%	-13%	9,473	7%
Other	1,970	-33%	n.a.	5,231	-4%
EBITDA from Operation (MB)	**Q4/13**	**%y-o-y**	**%q-o-q**	**FY2013**	**%y-o-y**
Consolidated SCG	**15,447**	**35%**	**2%**	**58,452**	**39%**
SCG Cement-Building Materials	6,272	27%	-8%	25,909	14%
SCG Chemicals	5,235	192%	-12%	18,321	235%
SCG Paper	1,947	-2%	-13%	9,470	7%
Other	1,970	-30%	n.a.	4,807	-8%
EBITDA MARGINS (%)	**Q4/13**	**Q4/12**	**Q3/13**	**FY2013**	**FY2012**
Consolidated SCG	**15%**	**11%**	**13%**	**13%**	**10%**
SCG Cement-Building Materials	14%	13%	15%	15%	15%
SCG Chemicals	11%	4%	11%	9%	3%
SCG Paper	13%	14%	15%	16%	15%
Profit for the Period (MB)	**Q4/13**	**%y-o-y**	**%q-o-q**	**FY2013**	**%y-o-y**
Consolidated SCG	**8,009**	**16%**	**-18%**	**36,522**	**55%**
SCG Cement-Building Materials	3,293	14%	-39%	16,092	23%
SCG Chemicals	2,232	n.a.	-41%	11,292	320%
SCG Paper	422	-29%	-47%	3,587	1%
Other	2,109	-36%	n.a.	5,797	29%

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.

SCC's Financials

Net Debt Registered 157,263 MB in Q4/13, an increase of 20,220 MB from Q4/12.

Net Debt increased 20,220 MB y-o-y to 157,263 MB in Q4/13. This is relative to the FY2013 EBITDA of 61,265 MB, while the combined cash outflow in FY2013 was approximately 81,100 MB (CAPEX & Investments of 50,064 MB, dividend to shareholders of 18,000 MB for H2/12, interim H1/13 and Q3/13, interest payment of 7,505 MB and corporate tax of 5,502 MB).

The Net Debt / EBITDA ratio remained steady at 2.6x (times) in Q4/13. Not taking into account the approximate CAPEX of 15,000 MB in projects that are under construction, the Net Debt / EBITDA ratio would register 2.3x (times).

Net finance and interest cost for FY2013 amounted to 8,193 MB, compared to 6,321 MB in FY2012. The average cost of interest at the end of Q4/13 remained at 4.2%.

CAPEX & Investment 50,064 MB in FY2013.

CAPEX & Investment in FY2013 amounted to 50,064 MB, with FY2014 forecast of 40,000 - 50,000 MB. Over the period of 2014 to 2018, SCG's strategy remains focused towards the continued expansion into the ASEAN region, in the existing core businesses. The estimated CAPEX and Investments during 2014 to 2018 is estimated at approximately 200,000 MB to 250,000 MB.

Table 3 **SCG's Debt Profile (MB)**	**Q4/13**	**Q3/13**	**Q4/12**
Short Term	**13,005**	**14,164**	**13,876**
Foreign	1,797	2,551	1,227
Baht	11,208	11,613	12,649
% of Total Loan	7%	8%	8%
Long Term	**173,925**	**166,114**	**161,700**
Foreign	2,233	4,267	12,943
Baht	171,692	161,847	148,757
% of Total Loan	93%	92%	92%
Total Loan	**186,930**	**180,278**	**175,576**
Cash & Cash Under Management	**29,667**	**33,719**	**38,533**
Cash and cash equivalents	17,434	21,629	25,064
Short-term investments	6,984	6,293	7,677
Available-for-sale investments	5,249	5,797	5,792
Total Net Debt	**157,263**	**146,559**	**137,043**

SCG's Financial Ratios	**Q4/13**	**Q3/13**	**Q4/12**
EBITDA on Assets (%)	14%	14%	12%
Current Ratio (times)	1.5	1.4	1.3
Quick Ratio (times)	0.7	0.7	0.7
Interest Coverage (times)	7.6	8.3	6.4
Net Debt to EBITDA (times)	2.6	2.5	3.0
Net Debt to Equity (times)	0.8	0.8	0.9
Debt to Equity (times)	1.4	1.4	1.5
Return on Equity (%)	24%	25%	17%

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)**	**Dec/13**	**Dec/12**	**Sept/13**
Total Assets	**440,436**	**395,573**	**426,560**
Current assets			
Cash, cash equivalent and short-term investment	24,418	32,741	27,922
Trade and other receivables	49,453	42,877	49,617
Inventory	55,557	48,890	53,740
Long-term investment	93,804	80,909	83,549
Property, plant, and equipment	183,589	165,292	179,249
Total Liabilities	**253,414**	**234,450**	**246,027**
Trade and other payables	51,211	45,471	52,224
Loans	186,930	175,576	180,278
Total Equity	**187,022**	**161,123**	**180,533**
Total equity attributable to owners of the parent	161,792	143,186	156,363
Non-controlling interests	25,230	17,937	24,170