

Q&A Summary 4Q21 Analyst Conference

Chemicals

Q: Could the company explain the lower Q4/21's equity income in Chemicals Business? Is that because of butadiene margin?

A: The lower equity income was partly due to the lower butadiene margin resulted from additional supply in South Korea.

Q: Based on Chemicals Business' growth strategy, how can the company realize benefits from plant synergy between LSP2 and CAP2 and other assets in the region? Are there any related benefits between these crackers or economies of scales that the company could achieve?

A: Since LSP2 will not be a Green-field project, the plan is for the plant to share common infrastructure and land with the LSP which is nearing completion. In terms of synergy between SCG Chemicals' crackers in the region, this can be had through feedstock procurement and supply management, as well as products rationalization.

Q: Could you please elaborate more on Green Polymers CAPEX as Chemicals Business has a target to achieve Sales volumes of 1,000,000 TPA by 2030?

A: At this moment, Green Polymers CAPEX cannot be provided as SCG Chemicals is in the process of preparing for IPO filing. However, indicative CAPEX can be assessed using public industry information on the price of different green technologies such as mechanical recycling, advanced-recycling, and bioplastic.

Q: Can it be assumed that LSP2 will require a lower amount of CAPEX compared with LSP1?

A: Given the existence of common infrastructures such as Jetty which can be shared between LSP1 and LSP2 complexes, considerable savings can be expected for LSP2. That said, other factors such as technology and design will have to be considered to determine the final capex figure for LSP2. We cannot comment on this at this point in time.

Q: Is Bangkok Synthetics Co., Ltd still equity accounted or consolidated in SCG's financial statement?

A: Bangkok Synthetics Co., Ltd. (BST) has been SCG's joint venture for long time. Despite having acquired additional stake in BST, due to the original arrangement with our JV partner, SCG still treats BST as Associate.

Q: Can the company elaborate on which scope of GHG emission that Advanced Recycling can address compared to conventional production?

A: Advanced recycling would save the company from scope 3 emission as the company would be able to produce green feedstock from waste and deliver low-carbon resin to customers. The green feedstock would also help reduce Scope 1 emission from the use of recycled content.

ESG

Q: As SCG's ESG strategy emphasizes on Recycling Business and Green Polymers, would there be financial return from exercising ESG strategy?

A: Base on Chemicals Business's strategy, there are 4 platforms allowing business to accelerate growth in Green Polymers.

- SMX Technology: Focus on lower carbon footprint materials. The technology lets business reduces up to 20% in resource used which results in GHG reduction.
- PCR (Post-Consumer Recycled Resin): SCG Green Polymer PCR Resin for consumer-packaging in collaboration with global brand owners. Also, SCG Chemicals has entered into acquisition of 70% stake in EU's leading PCR producers (Sirplaste).
- Advanced Recycling: Thailand's first advanced recycling demonstration plant.
- Bioplastic: MOU with Braskem to jointly assess bio-polyethylene.

These 4 key platforms allow SCG Chemicals to reduce material use which leads to energy consumption reduction. SCG sees opportunities in growing demand as well as robust return for advanced recycling, especially in the EU.

In terms of ESG strategy, SCG aims to reduce GHG emission by enhancing energy efficiency, increasing low GHG energy sources, and accelerating low carbon products. Through this ESG strategy, customers will get benefits from low carbon use. The transition is ongoing and results will be seen.

FINANCIAL and HVA

Q: Would you please provide an update the HVA portion of each Business Unit which makes up the overall HVAs volume?

A: HVA portion for Chemicals Business accounted for approximately 45%, Packaging Business 32%, with the remaining portion coming from Cement-Building Materials Business (CBM). For Chemicals Business, HVAs products relate to plastic resin such as pipe-compound PE-112 and PP co-polymer. HVAs products from CBM relate to unique property and function such as certain ceramic tiles, air cleansing products, and energy saving products.

Q: Would you please touch on capital allocation after subsidiaries spin-off? And what will be the dividend policy for SCC as a holding company?

A: Our listed subsidiaries will manage their own capital allocation and dividend policy. The parent company will manage its privately held subsidiaries. Apart from SCGP which is listed and SCG Chemicals which will be listed, SCG will continue to do capital allocation for the Cement-Building Materials business and other Investment businesses it wholly owns. We do not foresee a change to SCG's dividend policy at this time.