

Q&A Summary 4Q22 Analyst Conference

SCGC

Q: Could you provide details on LSP's startup timeline? Will LSP startup as planned regardless of demand recovery in 2023? What is the prospect of demand recovery in 2023?

A: For LSP startup, our key priority is safety. Commercial startup is scheduled to take place in mid-2023. In terms of volume recovery in chemical industry, demand should improve as destocking period has passed. We see supply chain restocking and demand gradually improving as China reopens. Also, we expect economic improvement in Thailand, particularly in service sector. Underpinned by economic improvement, demand should gradually recover in H1/23 and should improve further in H2/23.

Q: Could you provide details on LSP's by-products such as mixed C4 or pygas after its startup?

A: LSP is a flexible-feedstock plant. Products such as butadiene and pygas should be in less proportion compared to typical naphtha crackers.

Q: How should one think about LSP's utilization rate after its startup in 2023?

A: The LSP's key competitive advantages are feedstock flexibility and linkage to HVA products. These advantages can be realized from optimizing product portfolio across SCG's 3 crackers in ASEAN. In the first year of the LSP's operation, our main priority will be on safety. Utilization rate will increase over time as the LSP is the first and only chemicals complex in Vietnam.

Financial

Q: Could you share your view on SCG's energy cost outlook since domestic electricity tariffs is expected to rise while coal cost is expected to trend lower in 2023?

A: We estimate impact from electricity tariffs increase in 2023 to be Bt5-6 bn annually. However, with SCG's proactive energy management strategy including advanced procurement, we have a reasonably good visibility for a lower coal cost in H1/23 vs. Q4/22. This combined with other mitigation measures such as maximizing self-generated power, impact from domestic electricity tariffs increase on SCG should be reduced to approximately Bt3-3.5 bn in 2023. We aim to offset this via other cost savings and pricing strategy.