

ENGLISH TRANSLATION

SCCC 049/2018

1 November 2018

Subject: Management discussion and analysis of the operating result of change more than 20 percent of the Quarter 3/2018

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the interim financial statements of SCCC for the three-month and nine-month periods ended 30 September 2018

We hereby submit to you the separate financial statements and consolidated financial statements of Siam City Cement Public Company Limited and its subsidiaries for the three-month and nine-month periods ended 30 September 2018 and 2017 with a summary of our operating result as mentioned below:

- **Group net profit for 9 months was bolstered by improved product portfolio, effective margin and cost management in our core business in Thailand**
- **Solid performances in Vietnam and Bangladesh markets from strong volume growth and effective pricing continued to strengthen the bottom line**

Group Q3 (3-month)		2018	2017	Change %
Net Sales	million baht	11,727	11,073	6
Net Profit	million baht	887	617	44
Earnings per share	Baht	2.98	2.07	44
Group YTD (9-month)		2018	2017	Change %
Net Sales	million baht	33,746	32,515	4
Net Profit	million baht	2,742	1,413	94
Earnings per share	baht	9.20	5.27	75

SCCC Group Performance

Despite the recovery of the cement demand in Thailand, the Group continued enhancing revenue by optimizing product portfolio, effective margin management, realizing full effect of Vietnam acquisition and increasing export revenue. Accordingly, Group net sales improved to 33.7 billion Baht, a 4% increase from prior year, which was also supported by solid volume growth in Vietnam and Bangladesh.

Through a rigorous business portfolio rationalization and effective cost reduction program, the Group could achieve higher operational efficiency. The lower operating cost could contribute net profit of 2.7 billion Baht, a 94% improvement compared to prior year (Note: Net profit of 2017 was also impacted by one-time charges of 0.8 billion Baht).

The operational performance continued in Quarter 3 with 6% Y-o-Y growth in net sales on volume recovery, while 44% Y-o-Y growth in net profit was also contributed by continuously harnessing the cost savings.

SEGMENTAL PERFORMANCE

CEMENT

Domestic cement market recovered with 2% to 3% demand growth during Q3. However, the growth of our net sales was lower due to the shift of production to Cambodia JV which commencing operation at full capacity.

Regional cement markets: The demand growth in **South Vietnam** market was strong, i.e. at 6% to 8%. SCCC Vietnam reported sales volume growth in line with the market growth.

Sri Lanka: Cement market declined by 3% YoY. Construction market was affected by slow progress of key infrastructure projects, economic slowdown and the depreciation of the Sri Lankan Rupee.

Bangladesh: Cement market grew at 11% YoY from infrastructure projects and residential construction due to higher rate of urbanization. SCCC Bangladesh reported sales volume growth at 35% YoY with good market penetration in premium segment.

The **Cambodian JV**, cement market grew at double digit and the sales volume of our JV Company already reached 1 million tons.

READY-MIXED CONCRETE AND AGGREGATE

Ready-mixed concrete: Domestic sales volume suffered from intense competition, however, the Vietnam ready-mixed concrete grew with sales volume improve by 17%.

Aggregates: Market demand recovered, supported by government infrastructure projects in greater Bangkok area although the selling price remained a challenge due to stiff competition.

TRADING

Trading: Net sales reported a strong performance on the back of growing regional markets and tightening raw material supply with the pollution control policy of China. The international trading business expanded, driven by export and import of cement, clinker, mineral components and solid fuels among Asia Pacific and West Africa regions.

FIBER CEMENT, AERATED CONCRETE, WASTE MANAGEMENT SERVICES AND OTHERS

Fiber Cement: The weak residential construction sector deflated the demand for decorative materials. YTD net sales was 978 million Baht, a 9% decline from prior year.

Aerated Concrete Products: Intense market competition from the oversupply situation continued, net sales for the period was 248 million Baht, a 6% decline from prior year.

Waste Management and Industrial Cleaning Services: Continue growing with comprehensive waste management solutions and industrial, chemical and mechanical cleaning services. Net sales reached 811 million Baht, representing a substantial growth of 13% from prior year.

Yours sincerely,

On behalf of Siam City Cement Public Company Limited

(Siva Mahasandana)
Chief Executive Officer