

ENGLISH TRANSLATION

SCCC 005/2019

20 February 2019

Subject: Management discussion and analysis of the operating result of change more than 20 percent of the year ended 31 December 2018

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the financial statements of SCCC for the year ended 31 December 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 year ended 31 December 2018 compared to the same period of 2017 with a summary of our operating result as mentioned below:

- **The solid performance is underpinned by the domestic cement demand growth driven by the initiation of the infrastructure projects, coupled with the improving private investment.**
- **The Business Recovery Plan executed since 2017 has positively contributed to the results.**
- **Our overseas operations together with the newly established international trading operation continue contributing to the Group.**

Group YTD (12-month)		2018	2017	Change %
Net Sales	million baht	44,764	43,634	3
Net Profit	million baht	3,022	1,818	66
Earnings per share	Baht	10.14	6.59	54
Group Q4 (3-month)		2018	2017	Change %
Net Sales	million baht	11,018	11,119	(1)
Net Profit	million baht	280	405	(31)
Earnings per share	Baht	0.94	1.36	(31)

SCCC Group Performance

The net sales of the group increased as a result of the commercial excellence programs which delivered topline growth. Profit was further uplifted by the diligent execution of the business recovery plan achieving margin improvement through operational excellence. The commercial excellence and operational transformation led to 66 percent increase in net profit for the year 2018.

The results for the fourth quarter was relatively softer due to the number of plant shutdowns fallen into the quarter.

SEGMENTAL PERFORMANCE

CEMENT

		YTD (12-month)			Q4 (3-month)		
		2018	2017	Change %	2018	2017	Change %
Net Sales	million baht	30,419	32,971	(8)	7,421	8,539	(13)

Domestic cement market was sluggish during the first half but recovered during the latter half of the year, finishing the year with year-on-year growth of about 3%. The net sales were lower mainly due to the higher mix of clinker exports and the volume shift to JV Company in Cambodia.

Regional cement markets: South Vietnam cement market demand grew strongly at 10% year-on-year. SCCC Vietnam has achieved highest ever sale volume since establishment.

Sri Lanka, cement market declined by 5% year-on-year due to political disruptions and markets affected by natural disaster during the year. In addition, the Construction industry was negatively impacted by the slow progress of key infrastructure projects, economic slowdown and massive depreciation of Sri Lankan Rupee.

Bangladesh, cement market recorded a remarkable growth of 15% year-on-year, primarily driven by the progress of large infrastructure construction along with solid increase in residential construction from higher rate of urbanization. SCCC Bangladesh reported sales volume growth of 24% year-on-year with good market penetration into premium segment.

Cambodia, cement market grew by 10% year-on-year and our JV running at its full production capacity.

READY-MIXED CONCRETE AND AGGREGATE

	million baht	YTD (12-month)			Q4 (3-month)		
		2018	2017	Change %	2018	2017	Change %
Net Sales		8,045	7,933	1	2,091	1,943	8

Ready-mixed concrete: With the recovery of demand in the second half of the year, domestic operation archived growth in both volume and net sales in the fourth quarter. Vietnam ready-mixed concrete volume also significantly grew by 17% on year-on-year basis.

Aggregates: Sales volume increased by 19% year-on-year supported by newly added production capacity at Suphanburi plant which started operation in Q2.

TRADING

	million baht	YTD (12-month)			Q4 (3-month)		
		2018	2017	Change %	2018	2017	Change %
Net Sales		3,461	-	n/a	733	-	n/a

Trading: Net sales reported a strong performance on the back of growing demand in regional markets and tightening supply from the pollution control policies in China. The international trading business is expanding with export of clinker, import and export of mineral components and solid fuels among customers in Asia Pacific and West Africa regions.

FIBER CEMENT, AERATED CONCRETE, WASTE MANAGEMENT SERVICES AND OTHERS

	million baht	YTD (12-month)			Q4 (3-month)		
		2018	2017	Change %	2018	2017	Change %
Net Sales		2,839	2,730	4	733	637	21

Fiber Cement: Residential construction sector remained weaker deflating demand for decorative materials. YTD net sales was 1,277 million Baht, a 9% decline from prior year.



Aerated Concrete Products: Intense competition due to the oversupply of Light Weight Block continued. Wall panel solutions were added to our products and services portfolio to expand top line, resulting the improved net sales of 366 million Baht, a 8% increase from prior year.

Waste Management Services: During the period, the Group acquired an industrial cleaning service company to expand our business coverage to industrial and chemical cleaning. Net sales reached 1,158 million Baht, registering a solid growth of 26% from prior year.

Yours sincerely,

On behalf of Siam City Cement Public Company Limited

(Siva Mahasandana)
Chief Executive Officer