

PART 3

Financial Statements and Operating Results

13. Significant Financial Information

(A) Report of Independent Auditor and Opinions

Report of independent auditor certified by EY Office Limited of the Company and its subsidiaries for the years ended 31 December 2019, 2018 and 2017 was expressed an unqualified opinion on the financial position of Siam City Cement Public Company Limited and its subsidiaries and the results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

(B) Financial Statements

- Consolidated Statements of Financial Position
- Consolidated Income Statements and Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Consolidated Financial Ratios

(B) Consolidated Statements of Financial Position

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	4,821	6%	2,647	3%	1,707	2%
Trade and other receivables	5,456	7%	5,433	7%	5,828	8%
Derivative receivables	1	-	5	-	-	-
Inventories	4,608	6%	4,873	6%	3,901	5%
Advance payments for purchases of goods	80	-	303	-	334	-
Non-current assets held for sale	65	-	-	-	-	-
Other current assets	394	1%	361	-	238	-
TOTAL CURRENT ASSETS	15,424	20%	13,622	16%	12,008	15%
NON-CURRENT ASSETS						
Restricted bank deposits	17	-	12	-	13	-
Investment in joint venture	1,973	3%	1,985	2%	1,912	2%
Investments in associated companies	2,069	3%	2,041	4%	2,030	3%
Investment properties	315	-	315	-	352	-
Property, plant and equipment	32,523	42%	35,459	45%	37,463	46%
Assets not used in operations	65	-	65	-	61	-
Goodwill	13,594	17%	14,585	19%	15,058	19%
Intangible assets	10,844	14%	10,309	13%	11,486	14%
Deferred tax assets	1,064	1%	882	1%	797	1%
Other non-current assets	317	-	288	-	286	-
TOTAL NON-CURRENT ASSETS	62,782	80%	65,941	84%	69,458	85%
TOTAL ASSETS	78,206	100%	79,563	100%	81,466	100%

(B) Consolidated Statements of Financial Position (continued)

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short-term loans from related financial institution	100	-	160	-	140	-
Bank overdrafts and short-term loans from other financial institutions	2,588	3%	3,968	5%	4,740	6%
Trade and other payables	5,684	7%	5,626	7%	4,510	6%
Current portion of long-term loans from related financial institution	-	-	90	-	180	-
Current portion of long-term loans from other financial institutions	539	1%	342	-	318	-
Current portion of liabilities under finance lease agreements	12	-	10	-	27	-
Current portion of debentures	2,999	4%	-	-	-	-
Current portion for long-term liabilities for concession and license fee	28	-	-	-	-	-
Derivative payables	-	-	16	-	36	-
Income tax payable	770	1%	613	1%	685	1%
Deferred revenue	901	1%	781	1%	832	1%
Accrued electricity	243	-	254	-	238	-
Other accrued expenses	1,330	2%	1,476	2%	1,716	2%
Other current liabilities	219	-	244	-	205	-
TOTAL CURRENT LIABILITIES	15,414	19%	13,580	16%	13,627	16%
NON-CURRENT LIABILITIES						
Long-term loans from related financial institution - net of current portion	-	-	-	-	90	-
Long-term loans from other financial institution - net of current portion	7,437	10%	7,371	9%	7,359	9%
Liabilities under finance lease agreements - net of current portion	37	-	17	-	26	-
Debentures - net of current portion	15,971	20%	18,966	24%	18,961	23%
Long-term liabilities for concession and license fee - net of current portion	1,072	1%	-	-	-	-
Provision for long-term employee benefits	2,810	4%	2,150	3%	2,142	3%
Provision for site restoration and decommissioning costs	160	-	128	-	128	-
Deferred tax liabilities	2,507	3%	2,669	4%	3,180	5%
Other non-current liabilities	127	-	140	-	14	-
TOTAL NON-CURRENT LIABILITIES	30,121	38%	31,442	40%	31,900	40%
TOTAL LIABILITIES	45,535	58%	45,022	56%	45,527	56%

(B) Consolidated Statements of Financial Position (continued)

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
SHAREHOLDERS' EQUITY						
Share capital						
Registered						
298,000,000 ordinary shares of Baht 10 each	2,980	-	2,980	-	2,980	-
Issued and fully paid up						
298,000,000 ordinary shares of Baht 10 each	2,980	4%	2,980	4%	2,980	4%
Share premium	26,413	34%	26,413	33%	26,413	32%
Retained earnings						
Appropriated - statutory reserve	300	-	300	-	300	-
Unappropriated	8,973	11%	8,426	11%	7,768	10%
Other components of shareholders' equity	(7,272)	(9%)	(5,088)	(6%)	(2,997)	(4%)
Equity attributable to owners of the Company	31,394	40%	33,030	42%	34,464	42%
Non-controlling interests of the subsidiaries	1,277	2%	1,511	2%	1,475	2%
TOTAL SHAREHOLDERS' EQUITY	32,671	42%	34,541	44%	35,939	44%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	78,206	100%	79,563	100%	81,466	100%

(B) Consolidated Income Statements and Consolidated Statements of Comprehensive Income

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Revenues						
Revenue from contract with customers	47,593	99%	44,764	99%	43,634	99%
Gain on exchange	141	-	-	-	50	-
Other income	257	1%	276	1%	201	1%
Total Revenues	47,991	100%	45,040	100%	43,885	100%
Expenses						
Cost of sales and services	32,463	68%	29,300	64%	29,187	66%
Selling and distribution expenses	8,120	17%	8,248	18%	7,470	17%
Administrative expenses	2,071	4%	2,150	5%	2,461	6%
Loss on exchange	-	-	62	-	-	-
Other expenses	389	1%	270	1%	514	1%
Total expenses	43,043	90%	40,030	88%	39,632	90%
Profit before share of profit from investments in joint venture and associated companies, finance cost and income tax expenses	4,948	10%	5,010	12%	4,253	10%
Share of profit from investments in joint venture and associated companies	536	1%	330	1%	126	-
Profit before finance cost and income tax expenses	5,484	11%	5,340	13%	4,379	10%
Finance cost	(1,459)	(3%)	(1,350)	(3%)	(1,295)	(3%)
Profit before income tax expenses	4,025	8%	3,990	10%	3,084	7%
Income tax expenses	(698)	(1%)	(569)	(2%)	(852)	(2%)
Profit for the year	3,327	7%	3,421	8%	2,232	5%
Profit attributable to:						
Equity holders of the Company	3,157	7%	3,022	7%	1,818	4%
Non-controlling interests of the subsidiaries	170	-	400	1%	414	1%
	3,327	7%	3,421	8%	2,232	5%
Basic earnings per share						
Profit attributable to equity holders of the Company	10.59		10.14		6.59	
Weighted average number of ordinary shares (Million shares)	298		298		276	

(B) Consolidated Income Statements and Consolidated Statements of Comprehensive Income (continued) (Unit : Million Baht)

	2019	2018	2017
Profit for the year	3,327	3,421	2,232
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of financial statements in foreign currency	(2,376)	(2,102)	(3,179)
Share of other comprehensive income of associated company - exchange differences on translation of financial statements in foreign currency	-	-	(27)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	(2,376)	(2,102)	(3,206)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain (loss) - net of tax	(225)	20	(31)
Share of other comprehensive income of associated companies - actuarial gain (loss)	-	-	(2)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(225)	20	(33)
Other comprehensive income for the year	(2,602)	(2,083)	(3,239)
Total comprehensive income for the year	726	1,339	(1,007)
Total comprehensive income attributable to:			
Equity holders of the Company	747	951	(1,241)
Non-controlling interests of the subsidiaries	(22)	388	234
	726	1,339	(1,007)

(B) Consolidated Statements of Cash Flows

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Cash flows from operating activities						
Profit before tax	4,025	100%	3,990	100%	3,084	100%
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:						
Share of profit from investment in joint venture and associated companies	(536)	(13%)	(330)	(8%)	(126)	(4%)
Depreciation and amortization	3,330	83%	3,268	82%	2,964	96%
Increase (decrease) in allowance for doubtful accounts and reduction of inventory to net realisable value	123	3%	67	2%	(21)	(1%)
Gain on disposal of non-current asset held for sale	(87)	(2%)	-	-	-	-
Allowance for impairment loss of non-current assets held for sale	8	-	-	-	-	-
Increase in allowance for impairment loss on property, plant and equipment and assets not used in operation	134	3%	2	-	164	5%
Loss on disposals/write-off of property, plant and equipment, assets not used in operation and intangible assets	183	5%	258	6%	201	7%
Provision for long-term employee benefits and other provisions	517	13%	218	5%	179	6%
Amortisation of deferred income from grants related to assets	(9)	-	(6)	-	-	-
Unrealised loss (gain) on exchange	(20)	-	(19)	-	(77)	(2%)
Interest income	(59)	(1%)	(39)	(1%)	(56)	(2%)
Interest expenses	1,298	32%	1,212	30%	1,162	38%
Profit from operating activities before changes in operating assets and liabilities	8,907	223%	8,623	216%	7,474	243%
Operating assets (increase) decrease :						
Trade and other receivables	(79)	(2%)	357	9%	(319)	(10%)
Inventories	199	5%	(1,002)	(25%)	(150)	(5%)
Advance payments for purchases of goods	223	6%	31	1%	(132)	(4%)
Other current assets	(70)	(2%)	(85)	(2%)	270	9%
Operating liabilities increase (decrease) :						
Trade and other payables	188	5%	1,218	31%	(413)	13%
Accrued expenses and other current liabilities	(12)	-	(289)	(7%)	(768)	(25%)
Provision for long-term employee benefits	(88)	(2%)	(129)	(3%)	(142)	-
Provision for site restoration	(4)	-	(4)	-	(2)	-
Other non-current liabilities	(5)	-	(2)	-	-	-
Cash from operating activities	9,259	233%	8,718	220%	5,818	195%
Cash received from interest income	58	1%	37	1%	55	2%
Cash paid for interest expenses	(1,079)	(27%)	(964)	(24%)	(857)	(28%)
Cash paid for income tax	(653)	(16%)	(802)	(20%)	(1,066)	(35%)
Net cash from operating activities	7,586	191%	6,989	177%	3,950	134%

(B) Consolidated Statements of Cash Flows (continued)

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Cash flows from investing activities						
Increase in restricted bank deposits	(6)	-	-	-	-	-
Proceeds from disposals of non-current asset held for sale	99	2%	-	-	-	-
Proceeds from disposal of property, plant and equipment and assets not used in operation	14	-	62	2%	62	2%
Cash paid for business acquisition	-	-	(204)	(5%)	-	-
Net cash paid for acquisitions of subsidiaries	-	-	-	-	(13,441)	(436%)
Increase in investment in joint venture	-	-	-	-	(627)	(20%)
Cash received from land deposit	-	-	25	1%	-	-
Cash received from grants related to assets	-	-	129	3%	-	-
Acquisitions of property, plant and equipment	(1,476)	(37%)	(2,217)	(56%)	(3,022)	(98%)
Increase in intangible assets	(195)	(5%)	(237)	(6%)	(378)	(12%)
Decrease (increase) in other non-current assets	(29)	(1%)	(2)	-	5	-
Cash paid for liabilities in relation to acquisition of subsidiary	-	-	-	-	(3,802)	(123%)
Dividend received	158	4%	224	6%	170	6%
Net cash used in investing activities	(1,435)	(37%)	(2,220)	(55%)	(21,033)	(681%)
Cash flows from financing activities						
Net increase (decrease) in short-term loans from related financial	(60)	(1%)	20	1%	(10,459)	(339%)
Net increase (decrease) in bank overdrafts and short-term loans from other financial institutions	(1,181)	(29%)	(756)	(19%)	(2,391)	(78%)
Repayment of long-term loans from related financial institution	(90)	(2%)	(180)	(5%)	(239)	(8%)
Increase in long-term loans from other financial institution	605	15%	398	10%	7,163	232%
Repayment of long-term loans from other financial institutions	(302)	(8%)	(328)	(8%)	(443)	(14%)
Cash paid for liabilities under finance lease agreements	(13)	-	(52)	(1%)	(24)	(1%)
Net cash received from issuance of debentures	-	-	-	-	12,969	421%
Cash paid for redemption of debentures	-	-	-	-	(4,000)	(130%)
Net cash received from issuance of new ordinary shares	-	-	-	-	16,986	551%
Dividend paid	(2,596)	(64%)	(2,737)	(69%)	(3,922)	(127%)
Cash paid for interest expenses	(218)	(5%)	(212)	(5%)	(299)	(10%)
Net cash from (used in) financing activities	(3,855)	(94%)	(3,847)	(96%)	15,341	497%
Increase (decrease) in translation adjustments	(123)	(3%)	18	-	(80)	(3%)
Net increase (decrease) in cash and cash equivalents	2,173	54%	939	24%	(1,822)	(59%)
Cash and cash equivalents at beginning of year	2,647	66%	1,707	42%	3,530	114%
Effect of change in foreign exchange rate on cash at banks	1	-	1	-	(2)	-
Cash and cash equivalents at end of year	4,821	120%	2,647	66%	1,706	55%

(B) Consolidated Statements of Cash Flows (continued)

(Unit : Million Baht)

	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Supplemental disclosures of cash flows information :						
Non-cash related transactions from investing activities:						
Payables from acquisitions of property, plant and equipment and intangible assets	379		506		609	
Long-term liabilities for license fee	81		-		-	
Transferred investment properties to non-current asset held for sale	-		37		-	
Transferred property, plant and equipment to non-current assets held for sale	73		-		-	
Transferred property, plant and equipment to intangible assets	198		199		5	
Transferred property, plant and equipment to assets not used in operations	26		4		-	
Transferred intangible assets to property, plant and equipment	-		6		18	
Increase (decrease) in property, plant and equipment from change in provision for site restoration and decommissioning costs	28		(8)		1	
Transferred assets not used in operations to investment properties	-		-		352	
Non-cash related transactions from financing activities:						
Increase in long-term liabilities from obtaining mining concession	990		-		-	
Acquisitions of equipment under finance lease agreements	33		24		14	

(C) Financial Ratio of Siam City Cement Public Company Limited and its subsidiaries

		2019	2018	2017
		Unit		
Liquidity ratios				
Current ratio	Times	1.00	1.00	0.88
Quick ratio	Times	0.67	0.59	0.55
Cash flows from operating activities to current liabilities ratio	Times	0.52	0.51	0.19
Accounts receivable turnover	Times	8.74	7.95	8.45
Days receivable outstanding	Days	41	45	43
Inventory turnover	Times	6.57	6.43	8.38
Days inventory outstanding	Days	55	56	43
Accounts payable turnover	Times	5.74	5.78	6.90
Days payable outstanding	Days	63	62	52
Profitability ratios				
Gross profit margin	%	32	35	33
Operating profit margin	%	11	12	10
Cash flows from operating activities on net income margin	%	240	231	217
Net income margin	%	7	7	4
Return on shareholders' equity	%	9	9	6
Efficiency ratios				
Return on assets	%	7	7	6
Return on fixed assets	%	25	22	21
Total assets turnover	Times	0.61	0.56	0.61
Financial policy ratios				
Debt - to - equity ratio	Times	1.39	1.30	1.27
Interest coverage ratio	Times	4.23	4.41	3.77
Cash flows from operating activities to capital expenditure ratio	Times	1.43	1.15	0.22

14. Management Discussion and Analysis

The following management discussion and analysis is intended to provide the reader with sufficient business insight to understand the financial position of the Company and should be read in conjunction with our financial statements and the accompanying notes.

Group Performance: The SCCC Group reported a net income of 3,157 million Baht for the year 2019, a slight increase of 4 percent over prior year. Growth was mainly driven by the solid performance of concrete business in Thailand, growth in our trading activities, strong contribution of the joint venture in Cambodia and gain from hedging of foreign currency transactions.

Cement business was adversely affected by challenging market conditions in the region and geopolitical uncertainties. Domestic cement demand was expected to be on level with prior year on the back of contracted residential construction activities of -5 percent. Government infrastructure projects were the key volume driver. The Group managed to increase penetration in Greater Bangkok and Eastern Seaboard projects which bolstered sales growth of 5 percent. The positive impact from revenue growth were partially offset by higher plant maintenance and electricity consumption during the period.

For Southern Vietnam market, cement demand was stagnant following government temporary measure on restricted construction license issuance in Ho Chi Minh City, a key growth market in which we operate. Net sales of Vietnam subsidiaries in Vietnam Dong (VND) contracted by -5 percent driven mainly by deflated sales volume (decrease by -9 percent when converted into THB due to VND currency depreciation). Imported material cost increase during the first half year coupled with higher maintenance cost linked to capacity upgrade and escalated electricity tariff negatively impacted profitability further.

Sri Lanka market was not only affected by adverse global economic conditions but also from local political instability, delayed infrastructure project spending and unusually heavy rainfall. Consequently, cement demand contracted by -3 percent, intensifying market competition. Sri Lanka subsidiaries net sales in Sri Lanka Rupee (LKR) was on level with prior year (decrease by -14 percent when converted into THB due to LKR currency depreciation). Production cost escalated due to higher import cost as well as lower production volume as a result of weak demand.

Bangladesh cement demand recovered and reported growth of over 8 percent. Bangladesh subsidiary reported net sales in Bangladesh Taka growth at 4 percent (on level with prior year when converted into THB due to BDT currency depreciation). Apart of recent changes in income tax which was imposed on imported materials, Bangladesh subsidiary's profitability was also impacted by sharp increase of imported clinker and other raw materials cost.

Ready-mixed concrete and aggregate businesses in Thailand reported growth of 7 percent supported by higher volume concentrated in Bangkok, suburban and Eastern Seaboard areas. Selling price of concrete, rock and sand improved and coupled with lower cartage cost, profitability improved and contributed to the Group profit for the period. The Group discontinued its ready-mixed concrete business in Vietnam by the end of 2019 to efficiently reallocate its capital and resources.

Fiber cement business' net sales contracted following the deflating residential construction activities in Thailand. Net sales decreased mainly due to lower selling price affected by intense market competition. Several cost reduction initiatives including the use of alternative lower cost raw material helped alleviate its profit margin. Indonesia housing demand showed sign of recovery which contributed to higher net sales and combined with the extensive cost saving initiatives improved the performance of the Indonesian subsidiary.

Accelerated demand of light-weight concrete coupled with growing panel and wall solutions supported the recovery of autoclaved aerated concrete products' net sales by almost 20 percent compared to prior year. The Group focused on driving higher machine utilization, reducing waste from production to improve cost efficiency which contributed to an improved profitability.

Waste management and industrial cleaning services reported growth of over 13 percent compared to prior year. The Group participated in projects which require a high level of safety and regulatory compliance and specific industrial knowledge such as chemical cleaning in the oil and gas as well as petrochemical sectors.

Trading business generated strong net sales growth of 86 percent following higher demand of clinker, cementitious materials and solid fuels among countries in Asia and Oceania regions. The growth in trading activities and expanded trading product portfolio contributed to the Group's higher profitability.

Analysis of Financial Performance

Revenues

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
Revenues				
Net sales	47,593	44,764	2,829	6%
Gain on exchange	141	-	141	-
Other income	257	276	(19)	(7%)
Total Revenues	47,991	45,040	2,951	7%

The suppressed regional and local economic factors remained key challenges for cement demand on the back of the subdued construction activities in key markets. Net sales of cement business contracted by -3 percent from prior year and contributed to 62 percent of total Group net sales (2018: contributed 68 percent of the Group net sales). For the ready-mixed concrete and aggregate businesses, despite adverse impact from deflating residential construction, the strong foothold and penetration into key volume contributing sectors like government infrastructure projects led to net sales growth of 5 percent compared to prior year. Ready-mixed concrete and aggregate businesses contributed to the Group net sales at 18 percent, a similar rate compared with prior year. Trading business reported net sales to 3rd parties increase by 3 billion Baht, reaching the net sales of over 6 billion Baht, contributing to 14 percent of the Group net sales (2018: contributed 8 percent of the Group net sales).

The Group hedged its net exposure in foreign currencies, mainly from export to 3rd parties in USD currency, to mitigate foreign exchange exposure and risk thereof. Gain on exchange of 141 million Baht mainly reflects benefits from the hedging of foreign currencies transactions realized during the year.

Other income mainly comprised of revenue from selling of byproducts, gain from assets disposal and interest earned from short term investment as part of liquidity management.

Expenses

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
Expenses				
Cost of sales and services	32,463	29,300	3,163	11%
Selling and distribution expenses	8,120	8,248	(128)	(2%)
Administrative expenses	2,071	2,150	(79)	(4%)
Loss on exchange	-	62	(62)	-
Other expenses	389	270	119	(44%)
Total expenses	43,043	40,030	3,013	8%

Cost of sales and services increased 11 percent from prior year, mainly driven by maintenance activities and the higher electricity cost in key markets, coupling with effects from imported material cost hike in key overseas markets. Thailand had an increased level of shut downs for maintenance during the period which resulted in higher maintenance cost and electricity consumption. The Vietnam subsidiary had a major kiln shut down for maintenance and capacity upgrading while the escalated electricity tariff rate, the lower utilization of alternative fuel and alternative raw materials (AFR) and the imported purchase clinker cost hike affected higher production cost for the period. The Sri Lanka subsidiary, in responding to the contracted cement demand, reduced its cement production. The lower production resulted in higher total production cost per ton from lower kiln feed and higher fixed cost absorption. Bangladesh subsidiary was adversely affected by the government's new income tax regime imposed on imported clinker and raw materials which resulted in an additional increase of raw materials cost.

Selling and distribution expenses were lower mainly due to smart spending on sales and marketing activities. In addition, the downward trend of diesel prices benefitted the distribution cost.

Selling and distribution expenses were lower mainly due to smart spending on sales and marketing activities. In addition, the downward trend of diesel prices benefitted the distribution cost.

Administrative expenses decreased further because of additional fixed cost initiatives launched during the year.

Other expenses increased mainly due to closing of certain business activities. Vietnam subsidiary discontinued its ready-mixed concrete business in 2019 and is in the process to sell the remaining assets. Globe, a Thai subsidiary undertaking white cement business, ceased its business activities in January 2020. The Group assessed the fair value of assets under the two subsidiaries and recognized impairment of certain assets in the period.

Depreciation, Interest and Tax

(Unit: Million Baht)

	For the year ended December 31			
	2019	2018	+/-	+/- (%)
Depreciation, Interest and Tax				
Depreciation and amortization	3,330	3,268	62	2%
Finance cost	1,459	1,350	109	8%
Income tax expenses	698	569	129	23%

The depreciation and amortization expenses increased due to the finalization of some capital expenditure projects as well as the renewal of certain concession permits

Finance cost reflected interest expenses incurred from the loan from financial institutions and debenture, and fees related to trade financing to support growing international trading activities.

Income tax expenses increased due to the cessation of Thailand tax privilege for International Trading Center (ITC), the expiration of income tax exemption privilege for one of the waste heat recovery system at Saraburi plant and the new tax regime in Bangladesh on imported materials irrespective of the annual taxable profit.

Analysis of Financial Position

Net Working Capital

	Unit	2019	2018
Accounts receivable turnover	Times	8.74	7.95
Days receivable outstanding	Days	41	45
Inventory turnover	Times	6.57	6.43
Days inventory	Days	55	56
Accounts payable turnover	Times	5.74	5.78
Days payable outstanding	Days	63	62

The Group Net Working Capital amounted to 4.9 percent of net sales as compared to 6.3 percent in last year. While days inventory and days payable outstanding remained at almost the same level as prior year, the decrease of days receivable outstanding reflected efforts of the Group to collect due receivables on time despite difficult economic conditions.

Key Financial Assets

Non-current assets held for sales

Vietnam subsidiary discontinued its ready-mixed concrete business in December 2019. The subsidiary has entered into a Memorandum of Understanding to sell certain properties, machinery and equipment related to the ready-mixed concrete business to a 3rd party. Those assets were stated at fair value and presented as non-current assets held for sales.

Property, Plant and Equipment and Intangible Assets (Net)

(Unit: Million Baht)

	As of December 31			
	2019	2018	+/-	+/- (%)
Property, plant and equipment	32,523	35,459	(2,936)	(8%)
Intangible assets	10,844	10,309	535	5%
Other non-current assets	317	288	29	10%

Capital expenditures (CAPEX) were made to maintain or to optimize its operation where considered necessary. CAPEX spending for Property, Plant and Equipment during the period was 1,370 million. Some of the key CAPEX projects during 2019 are listed below;

- Grinding mills improvement of 52 million Baht
- Waste-heat recovery system improvement of 26 million Baht
- Kiln capacity upgrade to 5,000 tpd for 133 million Baht in Vietnam
- New palletizer of 75 million Baht in Vietnam
- Cement silo and belt replacement of 27 million Baht in Sri Lanka

Loss on asset disposals, impairment and write-off amounting to 279 million Baht were recorded during the year. Depreciation charges for the year was 2,845 million Baht.

Since the overseas business units operated under different functional currencies, they were subjected to currency translation into Thai Baht. As a result of the Thai Baht appreciation over the year, loss from translation of property, plant and equipment in overseas subsidiaries into Thai Baht was 887 million Baht.

Intangible assets consisted of mining concession, computer software, customer relationship, brands and the right to use of assets. The Group completed renewal of certain concession permits required for quarry operation and recognized future payments obligation to relevant government agencies according to the permits at net present value as incremental value of concession. Amortization charges for the year was 482 million Baht. Loss from translation of intangible assets in overseas subsidiaries into Thai Baht was 457 million Baht.

Funding

As at 31 December 2019, the capital structure of the Group consisted of net financial debt at 24,863 million Baht (gross financial debt amount of 29,684 million Baht, net of cash and cash equivalents amount of 4,821 million Baht) and shareholders' equity of 32,671 million Baht. This represented a net financial debt to equity ratio of 0.76 times which was reduced from prior year (2018: 0.82 times).

Short-Term and Long-Term Debt

The gross financial debt included debentures consisting of a series of unsubordinated and unsecured debentures at varying maturity which are prudently spread across to avoid concentration risk as mentioned below;

Issued date	Amount Million Baht	Due date
14 June 2013	2,000	2020
29 April 2016	4,000	2024, 2026
9 May 2017	13,000	2020, 2024, 2027, 2029

The proceed of debenture was mainly used to finance the acquisitions of overseas business units in the recent years. In addition, the Group carried long term loans from financial institutions amounting 7,437 million Baht and short-term loan including current portion of long-term loan and debenture of 6,226 million Baht. The Group plans to redeem debenture become due in 2020 in full amount.

Shareholder's Equity

As at 31 December 2019, the shareholders' equity amounted to 32,671 million Baht (2018: 34,541 million Baht). The equity consists of accumulated reserves, share premium and retained earnings amounting to 38,666 million Baht. In addition, a negative currency translation adjustment of 7,272 million Baht is recorded which increased by 2,184 million Baht during the year due to the currency depreciation experienced by our overseas subsidiaries.

Analysis of Cash Flow Statement

The Group reported a cash and cash equivalent balance of 4,821 million Baht as at 31 December 2019 which is used to maintain sufficient liquidity for the operations and the upcoming repayment of debenture. Net cash generated from operating activities was 7,586 million Baht (2018: 6,989 million Baht) thanks to the higher profits and cash generated from operating activities and better net working capital management.

Net cash outflows from investing activities amounted to 1,435 million Baht (2018: 2,220 million Baht) which was mainly related to capital expenditure.

Net cash outflows from financing activities of 3,855 million Baht (2018: net cash inflows 3,847 million Baht) was primarily related to the total dividend paid amounting to 2,596 million Baht and repayment of bank overdraft and short-term loans from financial institution at net amount of 1,241 million Baht during the year.