ENGLISH TRANSLATION

SCCC 06/2021

11 February 2021

Subject: Management discussion and analysis yearly ending 31 December 2020

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the financial statements of SCCC for the year ended 31 December 2020

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 2020 compared to the same period of 2019 with a summary of our operating result as mentioned below:

Revenues reduced amidst some volume recoveries but dull prices, profitability improved by effective cost-side management

- **Cement consumption somewhat recovered with varied pace across markets, while cement prices stayed pressured from intense competition, resulting in declined revenue.**
- **Improved plant efficiencies and operating cost reductions, underpinned by favorable energy prices, led to higher profitability.**
- **Net profit expanded by over 16%, whilst improved cash management and debt control sustained improvements in key financial ratios.**
- **As a result, a 13% increase of full-year dividend to 9 Baht/share is to be proposed to the Shareholders.**

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Group Q4 (3-month)		2020	2019	Change %
Net Sales	THB million	10,439	11,860	-12.0
EBITDA	THB million	2,619 *	2,253	16.2
Net Profit	THB million	932	479	94.6
Earnings per share	THB	3.13	1.61	94.4

Group YTD (12-month)		2020	2019	Change %
Net Sales	THB million	42,000	47,593	-11.8
EBITDA	THB million	10,104 *	8,929	13.2
Net Profit	THB million	3,680	3,157	16.6
Earnings per share	THB	12.35	10.59	16.6

* Remark: EBITDA for FY 2020 were according to the new accounting standard (TFRS 16). The EBITDA pre-TFRS 16 for FY 2020 for Q4 (3-month) and YTD (12-month) were THB 2,484 million and THB 9,569 million respectively.

SCCC Group Performance Q4

During the fourth quarter, cement demand in overseas markets gradually rebounded compared with pre-COVID-19 levels suggesting signs of bottoming out while in Thailand demand for the period was negatively affected by heavy rainfall and flooding in several provinces across the country. Cement prices remained weak compared to prior year resulting in lowered Group net sales.

Improved plant operational efficiency resulting in lowered maintenance cost, optimized thermal energy consumption compounding with favorable energy price, substantially brought down cement production costs. Logistic and cartage costs benefited from lowered diesel price along with optimizing procurement initiatives and fixed cost rationalization reduced operating costs.

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SEGMENTAL PERFORMANCE

CEMENT

		YTD (12-month)			Q4 (3-month)		
		2020	2019	Change %	2020	2019	Change %
Net Sales	THB million	26,610	28,722	-7.4	6,670	6,737	-1.0
EBITDA	THB million	8,279 *	7,290	13.6	2,160 *	1,792	20.5

* Remark: 2020 EBITDA included favorable impact from TFRS16 amounting to THB 248 million and THB 62 million for YTD (12-month) and for Q4 (3-month) respectively.

Thailand domestic cement market: Construction in public infrastructure sector supported cement consumption and continued to be a key volume driver amidst a deflated property development sector. Cement demand for the period was also adversely affected by heavy rainfall, landslides and flooding in East, Northeastern and Southern areas. Cement prices remained weak as a result of intense market competition.

In southern Vietnam, an uptick in construction activities, mainly driven by infrastructure construction projects, supported some volume rebound. Cement prices remained soft compared to the same period of prior year.

Demand in **Sri Lanka** upturned positively from pent-up construction demand since Q3, resulting in full year volume growth over prior year. Cement prices remained reasonably flat over the period.

In **Bangladesh**, cement volumes grew further compared to the previous quarter and same period of prior year. Cement prices were stable despite intense market competition.

During the fourth quarter, project-based construction activity declined, lowering cement demand and prices in **Cambodia**. However, our joint venture increased manufacturing and costs efficiencies and aided by favorable energy price were able to grow profitability.

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READY-MIXED CONCRETE AND AGGREGATE

		YTD (12-month)			Q4 (3-month)		
		2020	2019	Change %	2020	2019	Change %
Net Sales	THB million	6,632	8,477	-21.8	1,629	2,061	-21.0
EBITDA	THB million	686 *	385	78.2	169 *	107	57.9

* Remark: 2020 EBITDA included favorable impact from TFRS16 amounting to THB 165 million and THB 43 million for YTD (12-month) and for Q4 (3-month) respectively.

Ready-mixed concrete and Aggregates: Residential construction activities weighed on consumption of ready-mixed concrete and aggregates. Demand from the property development sector declined with only a slight rebound in low-rise residential housing coming through. However, efforts on cost optimization combined with benefits from lower raw materials cost and diesel price supported an increase in EBITDA.

TRADING

		YTD (12-month)			Q4 (3-month)		
		2020	2019	Change %	2020	2019	Change %
Net Sales	THB million	5,167	6,428	-19.6	1,258	2,028	-38.0
EBITDA	THB million	243	384	-36.7	74	118	-37.3

Remark: No material impact of TFRS16 over EBITDA of Trading segment.

Trading: Although the fourth quarter saw an improvement in international trade activities across the Asia-Pacific region, demand for clinker and other cementitious materials still remained at levels below prior year, and with decreased pricing levels. However, although net sales declined, EBITDA margins during the period were maintained at pre-pandemic levels.

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INSEE

LIGHT BUILDING MATERIALS

		YTD (12-month)			Q4 (3-month)		
		2020	2019	Change %	2020	2019	Change %
Net Sales	THB million	2,391	2,630	-9.1	610	662	-7.9
EBITDA	THB million	272 *	241	12.9	83 *	61	36.1

* Remark: 2020 EBITDA included favorable impact from TFRS16 amounting to THB 25 million and THB 7 million for YTD (12-month) and for Q4 (3-month) respectively.

Light Building Materials: Sustained sluggish demand in residential construction negatively affected demand for light building materials. Whilst **Aerated Concrete Products** posted improved sales growth and increased profitability, the **Mortar** business only maintained EBITDA levels similar to the prior year, in difficult market conditions. However, sales in the decorative materials **Fiber Cement** subsegment suffered and fixed cost reductions only partially offset the adverse impact.

WASTE MANAGEMENT SERVICES AND OTHERS

		YTD (12-month)			Q4 (3-month)		
		2020	2019	Change %	2020	2019	Change %
Net Sales	THB million	1,200	1,336	-10.2	272	372	-26.9
EBITDA	THB million	624 *	629	-1.0	133 *	175	-24.0

* Remark: 2020 EBITDA included favorable impact from TFRS16 amounting to THB 102 million and THB 29 million for YTD (12-month) and for Q4 (3-month) respectively.

Waste Management Services in Thailand: Service fee incomes declined from waste management activities, whilst project pipelines for industrial services remained thin as a result of Covid-19 related subdued activity.

Yours sincerely,
On behalf of Siam City Cement Public Company Limited

(Mr. Aidan John Lynam)
Group Chief Executive Officer

(Unit: THB million)

Financial Position	**Dec2020**	**Dec2019**	**Sep2020**
Current Assets	16,567	15,424	17,010
Non-current Assets	61,103	62,782	63,819
Total Assets	**77,670**	**78,206**	**80,829**
Current Liabilities	11,961	15,414	11,290
Non-current Liabilities	30,996	30,121	34,217
Total Liabilities	**43,088**	**45,535**	**45,507**
Equity attributable to owners of the Company	33,364	31,394	33,932
Non-controlling interests of the subsidiaries	1,348	1,277	1,390
Total Shareholders' Equity	**34,712**	**32,671**	**35,322**

Debt Profile	**Dec2020**	**Dec2019**	**Sep2020**
Short-term Loans	4,219	6,238	3,809
Long-term Loans	24,474	23,446	27,612
Total Loans	**28,693**	**29,684**	**31,421**
Cash & Cash Equivalents	7,675	4,821	7,766
Total Net Debt	**21,018**	**24,863**	**23,655**

Key Ratio	**Dec2020**	**Dec2019**	**Sep2020**
RONOA (%)	11.9	11.4	11.2
ROE (%)	11.4	9.8	11.2
Total Net Debt/EBITDA (times)	2.08	2.78	2.41
Total Net Debt/Shareholders' Equity (times)	0.61	0.76	0.67

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