

ENGLISH TRANSLATION

SCCC 32/2021

1 November 2021

Subject: Management discussion and analysis of the Quarter 3/2021

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 2021

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 2021 compared to the same period of 2020 with a summary of our operating result as mentioned below:

Q3/2021: Pandemic pressure across the region adversely affected demand; positive trends in some markets on pricing offset by higher material and transportation costs, resulting in softer operating results.

- Strict Covid lockdown in Vietnam as well as renewed pandemic outbreak and flooding in Thailand suppressed construction activities and cement demand resulting in overall lower net sales
- Impact from moderate price increases in some markets were outweighed by continued rises in raw material, energy and transportation costs and leading to lower profitability
- Amidst significant supply chain disruption, product availability was assured through additional coal and material inventories

Group Q3 (3-month)		2021	2020	Change %
Net Sales	THB million	8,848	10,380	-14.8
EBITDA	THB million	2,024	2,558	-20.9
Net Profit	THB million	676	898	-24.7
Earnings per share	THB	2.27	3.01	-24.6

Group YTD (9-month)		2021	2020	Change %
Net Sales	THB million	29,277	31,561	-7.2
EBITDA	THB million	6,733	7,485	-10.1
Net Profit	THB million	3,185	2,748	15.9
Earnings per share	THB	10.69	9.22	15.9

* 9 months 2021 net profit and EPS excluding one-time tax benefits in Sri Lanka amounts to THB 2,456 million and THB 8.24, respectively

SCCC Group Performance Q3

Renewed pandemic-related curfew measures imposed in Thailand and a strict “hard” lockdown in Vietnam adversely affected their construction markets. Although restrictions on business operations have been lifted near the end of the third quarter, demand for cement and other construction material remained weakened. During the quarter moderate cement price increases, where possible, could not offset the negative trend on the topline.

Raw material, energy, packaging and transportation cost pick-up continued to weigh on profitability, despite ongoing fixed cost optimization and stronger results of associated companies and our joint venture in Cambodia. Net profit was also negatively impacted during the quarter but on a year-to-date basis remained above prior year level due to the one-time positive effect from a reduced corporate income tax rate in Sri Lanka which was brought in during the second quarter.

The recovery from the pandemic is expected to be slow and supply chain disruptions are expected to continue and some additional coal and material inventory may have to be maintained. Out of an abundance of caution in the presence of these risks, the Group has therefore secured a further 3 billion Baht of long-term committed credit facility to strengthen its liquidity assurance in this unpredictable economic environment.

SEGMENTAL PERFORMANCE

CEMENT

		YTD (9-month)			Q3 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	19,676	19,940	-1.3	5,743	6,741	-14.8
EBITDA	million baht	5,632	6,091	-7.5	1,764	2,114	-16.6

Remark: EBITDA by segment is presented before intersegment elimination

Thailand domestic cement market: Government infrastructure projects remain the key driver for domestic cement demand amidst decelerated construction activities in residential and commercial sectors. A renewed pandemic outbreak including temporary closure of certain construction sites as well as heavy rainfall and flooding in September resulted in lower cement volumes. Despite a slight recovery of cement prices compared to previous quarter as well as lower distribution and other operating costs, rising input costs and lower production level weighed negatively on overall profitability.

In southern Vietnam, cement demand was hampered greatly by a very strict lockdown during most of the third quarter. Suspension of business activities and construction by the government across most provinces led to a steep drop in sales volumes. Average cement prices were lower due to suppressed demand. In addition to lower net sales, rising clinker and energy costs led to weaker profitability.

In Sri Lanka, cost escalation, supply chain disruption, and currency devaluation led to cement shortages and overall softening of cement demand. In contrast with the overall market development our operations however managed to benefit from an increased market share and modest cement sales price increases. Despite higher net sales and tight control on fixed costs, rising bulk material prices and pressure from a weakening local currency nonetheless negatively impacted profitability.

In Bangladesh, cement demand recovery continued, and sales volumes grew further compared to prior year. Despite various sales price increases during the second and third quarters, profitability remained weak due to a sharp rise in raw material import costs.

In Cambodia, rainfall and heavy flooding negatively impacted cement demand. Our Joint Venture reported lower sales volume and cement prices remained below prior year level, but costs efficiency gains largely offset ongoing rises in energy costs.

READY-MIXED CONCRETE AND AGGREGATE

		YTD (9-month)			Q3 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	3,945	5,003	-21.1	1,114	1,548	-28.0
EBITDA	million baht	246	519	-52.6	20	159	-87.4

Remark: EBITDA by segment is presented before intersegment elimination

Ready-mixed concrete and Aggregates: Pandemic related curfew measures and infections at construction site labor camps coupled with weaker demand in all construction sectors adversely affected demand for ready-mixed concrete for the period. Continued market competition to gain volume shares during the period weighed on prices. Pressure on the topline as well as sales with higher cement content could not be fully offset by strict control on fixed costs.

TRADING

		YTD (9-month)			Q3 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	3,119	3,909	-20.2	1,190	1,126	5.7
EBITDA	million baht	153	176	-13.1	67	56	19.6

Remark: EBITDA by segment is presented before intersegment elimination

Trading: Demand for clinker and other cementitious materials gradually improved during the third quarter. Higher freight costs and adverse weather conditions resulted in delays of some clinker and cement shipments but the effects of these were offset by other cementitious materials transactions leading to overall better operating results.

LIGHT BUILDING MATERIALS

		YTD (9-month)			Q3 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	1,739	1,781	-2.4	512	612	-16.3
EBITDA	million baht	248	175	41.7	50	80	-37.5

Remark: EBITDA by segment is presented before intersegment elimination

The renewed outbreak of the pandemic as well as contraction of the residential construction sector adversely affected demand and intensified market competition in the light building materials segment. **Mortar** net sales declined and led to softened profitability for the period

In modern as well as traditional trade, decorative **Fiber Cement** materials sales slightly recovered, however, from a weak demand in prior year. In addition, continued fixed cost reduction actions helped further improve profit for the period.



Lower lightweight wall panel sales due construction delays for high-rise buildings as well as site lockdowns negatively impacted net sales of **Aerated Concrete Products**. Improved operational efficiency could however not fully offset the impact from a weaker topline and resulted in lower profitability.

WASTE MANAGEMENT SERVICES AND OTHERS

		YTD (9-month)			Q3 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	798	928	-14.0	289	353	-18.1
EBITDA	million baht	505	546	-7.5	147	184	-20.1

Remark: EBITDA by segment is presented before intersegment elimination

Waste Management Services: Industrial cleaning customers deferring projects and lower prevailing waste management fees in the market weighed on net sales compared to the same period in the prior year. Better cost management could not adequately offset the negative topline trend.

Yours sincerely,

On behalf of Siam City Cement Public Company Limited

Mr. Aidan John Lynam

Group Chief Executive Officer

(Unit: THB million)

Financial Position	Sep2021	Dec2020	Sep2020
Current Assets	16,475	16,567	17,010
Non-current Assets	63,590	61,103	63,819
Total Assets	80,065	77,670	80,829
Current Liabilities	18,369	11,961	11,290
Non-current Liabilities	23,067	30,996	34,217
Total Liabilities	41,436	42,958	45,507
Equity attributable to owners of the Company	37,141	33,364	33,932
Non-controlling interests of the subsidiaries	1,487	1,348	1,390
Total Shareholders' Equity	38,628	34,712	35,322
Debt Profile			
Short-term Loans	11,207	4,219	3,809
Long-term Loans	17,419	24,474	27,612
Total Loans	28,626	28,693	31,421
Cash & Cash Equivalents	6,670	7,676	7,766
Total Net Debt	21,956	21,017	23,655
Key Ratio			
RONOA (%)	10.2	11.9	11.2
ROE (%)	11.7	11.4	11.2
Total Net Debt/EBITDA (times)	2.35	2.08	2.41
Total Net Debt/Shareholders' Equity (times)	0.57	0.61	0.67

* September 2021 ROE (%) excluding one-time tax benefit in Sri Lanka amounts to 9.6%