

ENGLISH TRANSLATION

SCCC 02/2022

11 February 2022

Subject: Management discussion and analysis yearly ending 31 December 2021

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the financial statements of SCCC for the year ended 31 December 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 year ended 31 December 2021 compared to the same period of 2020 with a summary of our operating result as mentioned below:

Q4/2021: Evident cement demand rebound across the region; cost inflation mitigation resulting in improved operating performance

- Easing of lockdown measures in Thailand and Vietnam positively impacted construction activities and cement demand rebound leading to higher sales volume
- Implementation of cement prices increases, especially in overseas markets, helped to partially pass-through higher raw material, energy and transportation costs
- Additional coal and material inventory, albeit at lower level than during the previous quarter, was maintained to assure continuous product availability

Group Q4 (3-month)		2021	2020	Change %
Net Sales	THB million	12,401	10,439	18.8
EBITDA	THB million	2,683	2,619	2.4
Net Profit	THB million	1,063	932	14.1
Earnings per share	THB	3.56	3.13	13.7

Group YTD (12-month)		2021	2020	Change %
Net Sales	THB million	41,678	42,000	-0.8
EBITDA	THB million	9,416	10,104	-6.8
Net Profit	THB million	4,248	3,680	15.4
Earnings per share	THB	14.25	12.35	15.4

* 12 months 2021 net profit and EPS excluding one-time tax benefits in Sri Lanka amounts to THB 3,519 million and THB 11.81, respectively.

SCCC Group Performance Q4

Pandemic pressure eased towards the end of the third quarter with construction sites reopening and swiftly ramping up activities in Thailand and strict “hard” lockdown measures lifting in Vietnam. As a result, fourth quarter demand for cement and other construction material, most notably in Vietnam, quickly rebounded to prior year levels. Most markets showed a solid improvement on product pricing to pass-through cost inflation as far as possible, with Sri Lanka realizing a full offset of higher input cost. Higher volume and positive momentum on pricing resulted, in Q4, in an overall strong performance on the topline.

Increased energy, raw material and transportation cost as well as kiln scheduled maintenance expenses in Thailand weighed on profitability, despite ongoing fixed cost optimization. Solid results delivered by associated companies coupled with lower financial expenses resulted in overall higher net income for the quarter. A one-time positive effect from a reduced corporate income tax rate in Sri Lanka which was brought in during the second quarter resulted in a higher net income on a year-to-date basis.

Pandemic related disruption and supply chain bottlenecks are expected to continue during the upcoming quarters. Managing availability of products is critical and therefore additional coal and clinker inventory is maintained.

SEGMENTAL PERFORMANCE

CEMENT

		YTD (12-month)			Q4 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	27,406	26,610	3.0	7,730	6,670	15.9
EBITDA	million baht	7,906	8,223	-3.9	2,274	2,132	6.7

Remark: EBITDA by segment is presented before intersegment elimination.

Thailand domestic cement market: Cement sales growth was driven by the infrastructure sector whereas residential and industrial sector demand remain weak. However, positive momentum was partially offset by heavy rainfall and flooding in October. Cement prices, mainly in the retail segment, increased from previous quarter despite ongoing competitive pressure. Higher coal and diesel prices as well as incremental maintenance expenses from regular scheduled kiln maintenance negatively impact on overall profitability. Other operating fixed costs were managed to remain at prior year level

In southern Vietnam, cement demand steadily recovered after a very strict lockdown during most of the third quarter with overall sales volume exceeding prior year level. Pending construction projects resumed but new constructions were largely postponed to the next year. Average cement prices increased after an industry-wide price change in November to pass-through higher input cost. Market competition as well as rising clinker and energy costs could not be fully offset leading to overall weaker profitability.

In Sri Lanka, overall cement demand was softer amidst adverse weather conditions from heavy monsoon. Supply chain disruption and foreign currency liquidity issues led to cement shortages in the market. Despite a challenging market environment, our operations managed to further expand its market share and realized substantial price increases. Higher net sales and well managed fixed costs were able to fully offset rising bulk material prices and resulted in increased profitability.

In Bangladesh, cement demand softened during the final quarter after double digit market growth during the preceding quarters. Lower cement volume sold, with flat sales prices driven by intense competition as well as higher raw material import costs, negatively impacted overall profitability.

In **Cambodia**, lackluster construction activities of government infrastructure projects and private investment as well as adverse weather conditions negatively impacted cement demand. Despite our Joint Venture increasing cement prices during October and solid plant performance, lower sales volume and continuously rising energy cost resulted in slightly lower profitability for the quarter.

READY-MIXED CONCRETE AND AGGREGATE

		YTD (12-month)			Q4 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	5,388	6,632	-18.8	1,443	1,629	-11.4
EBITDA	million baht	327	697	-53.1	81	178	-54.5

Remark: EBITDA by segment is presented before intersegment elimination.

Ready-mixed concrete and Aggregates: After lifting pandemic related curfew measures at the end of the third quarter, demand for ready-mix concrete and aggregates improved with construction sites ramping up activities and most projects returning to normalized work schedule. However, sales volume remained below prior year level and intense market competition only allowed for modest price increases on new projects. Pressure on the topline as well as higher cement prices could not be fully offset by optimized fixed costs and weighed on profitability.

TRADING

		YTD (12-month)			Q4 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	5,389	5,167	4.3	2,270	1,258	80.4
EBITDA	million baht	245	248	-1.2	92	73	26.0

Remark: EBITDA by segment is presented before intersegment elimination.

Trading: Amidst turbulent supply chain conditions affecting shipping costs and FOB's, demand for clinker and other cementitious materials further improved during the fourth quarter. Delayed clinker and cement shipments (which had been shifted into Q4 due to adverse weather conditions) positively impacted net sales and overall profitability.

LIGHT BUILDING MATERIALS

		YTD (12-month)			Q4 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	2,382	2,391	-0.4	643	610	5.4
EBITDA	million baht	326	276	18.1	78	101	-22.8

Remark: EBITDA by segment is presented before intersegment elimination.

The easing of lockdown measures resulted in a slow but steady positive impact on demand, despite an ongoing contraction of residential construction and resulted in higher Q4 sales in the light building materials segment

Mortar net sales increased and led to an improved 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, and improved profitability for the period by improved costs management.

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

WASTE MANAGEMENT SERVICES AND OTHERS

		YTD (12-month)			Q4 (3-month)		
		2021	2020	Change %	2021	2020	Change %
Net Sales	million baht	1,113	1,200	-7.3	315	272	15.8
EBITDA	million baht	657	690	-4.8	152	144	5.6

Remark: EBITDA by segment is presented before intersegment elimination.

Waste Management Services: Lower prevailing waste management fees in the market was offset by pick-up of industrial cleaning projects which positively impacted net sales. Improved topline coupled with better cost management resulted in stronger profitability.

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

Mr. Aidan John Lynam
Group Chief Executive Officer

(Unit: THB million)			
<u>Financial Position</u>	Dec2021	Dec2020	Sep2021
Current Assets	19,544	16,567	16,475
Non-current Assets	62,468	61,103	63,590
Total Assets	82,012	77,670	80,065
Current Liabilities	19,848	11,962	18,369
Non-current Liabilities	22,937	30,996	23,067
Total Liabilities	42,785	42,958	41,436
Equity attributable to owners of the Company	37,713	33,364	37,141
Non-controlling interests of the subsidiaries	1,514	1,348	1,487
Total Shareholders' Equity	39,227	34,712	38,628
<u>Debt Profile</u>			
Short-term Loans	10,690	4,219	11,207
Long-term Loans	17,368	24,474	17,419
Total Loans	28,058	28,693	28,626
Cash & Cash Equivalents	9,662	7,676	6,670
Total Net Debt	18,396	21,017	21,956
<u>Key Ratio</u>			
RONOA (%)	10.0	11.9	10.2
ROE (%)	12.0	11.4	11.7
Total Net Debt/EBITDA (times)	1.95	2.08	2.35
Total Net Debt/Shareholders' Equity (times)	0.47	0.61	0.57

* December 2021 ROE (%) excluding one-time tax benefit in Sri Lanka amounts to 9.9%.