

## ENGLISH TRANSLATION

SCCC 14/2022

6 May 2022

Subject: Management discussion and analysis of the Quarter 1/2022

Attention: Managing Director,  
The Stock Exchange of Thailand

Attachment: A copy of the interim financial statements of SCCC for the three-month period ended 31 March 2022

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 period ended 31 March 2022 compared to the same period of 2021 with a summary of our operating result as mentioned below:

### **Q1/2022: Positive signs of demand recovery in both domestic and overseas markets; geopolitical and inflation lead energy and bulk material costs hike mitigated through strong topline performance**

- Strong demand and volume increase in most markets resulted in a higher Group topline.
- Intensified push to increase cement prices helped partially offset higher energy, raw material, and transportation costs, especially in overseas markets.
- Record operating result achieved in Sri Lanka despite challenging macro-economic environment; currency devaluation however led to foreign exchange loss and reduced net income

### **SCCC Group performance**

Group performance Q1 (3-month)	in THB million		
	Q1/22	Q1/21	%YoY
Net Sales	12,576	10,378	21.2
EBITDA	2,825	2,554	10.6
Net Profit	802	1,063	-24.6
Earnings per share (THB)	2.69	3.57	-24.6

The overall construction market continues to improve steadily, with most sectors returning to moderate and, in the case of Vietnam, to strong demand. Construction activities also accelerated prior to the April holidays in Thailand, Cambodia, and Sri Lanka. This positive market momentum resulted in solid sales volume growth in all markets. Coupled with initiatives to pass-through increased material and energy costs to cement prices, overall net sales increased by 21% compared to prior year. In an environment of geopolitical tensions and rising input cost, the Group recorded a solid operating performance, driven by overseas market particularly Sri Lanka and Vietnam. The Group's performance was also positively impacted by the stronger results of associated companies. As a result, EBITDA increased 11% compared to prior year. Despite lower depreciation and financial expenses, net profit was negatively impacted by foreign exchange losses as a result of the significant currency devaluation in Sri Lanka.

## Segmental performance

### Cement

Cement	in THB million		
	Q1/22	Q1/21	%YoY
<b>Net sales</b>	<b>8,889</b>	<b>6,908</b>	<b>28.7</b>
<b>EBITDA</b>	<b>2,428</b>	<b>2,059</b>	<b>17.9</b>

Remark: EBITDA by segment is presented before intersegment elimination

**Thailand domestic cement market:** Infrastructure projects continued to support domestic cement consumption and higher market demand. This positive momentum led to higher cement sales volume for the first quarter and coupled with cement price improvement in all segments, led to a solid net sales growth of 14%. However, increased pricing was not sufficient to offset steep increases in energy and transportation costs and overall profitability dropped.

**In southern Vietnam,** cement demand recovered further during the first quarter with some construction projects starting after the extended holiday period. Despite an intense competitive environment, robust cement volume growth and higher sales price realization resulted in a 38% increased topline. Continued pressures from raw material and energy costs were fully offset by higher net sales and resulted in increased overall profitability. An additional price increase has already been announced at the end of the first quarter and will protect this strong performance going forward.

**In Sri Lanka,** foreign currency liquidity issues continued to exacerbate the cement supply situation and resulted in overall moderate demand growth. Despite these challenging circumstances, our operations managed to further expand its market share. Higher sales volume combined with significant price increases resulted in 61% higher net sales. This strong topline performance fully

mitigated the negative impacts of higher bulk material and energy costs and led to significantly higher operating profitability. On a bottom-line level however, the devaluation of the local currency overrode a positive operating performance trend.

In **Bangladesh**, cement demand was slower than expected because of the high prices of other construction materials, particularly steel. Depressed construction activity resulted in softer cement sales volume and contributed to intensifying price competition. Nevertheless, some price increases could be realized during the latter part of the first quarter and resulted in 11% higher net sales. The steep increase of bulk material prices, however, negatively weighed on overall profitability.

In **Cambodia**, overall cement demand remained sluggish, with more subdued infrastructure activity compared with previous years. As a result, sales volume was soft compared to last year and pricing remained under pressure in a more competitive environment. A further upswing of coal prices inevitably affected higher production cost and added additional pressure on profitability.

### Concrete and Aggregates

	in THB million		
Concrete and Aggregates	Q1/22	Q1/21	%YoY
Net sales	1,454	1,502	-3.2
EBITDA	89	141	-36.9

Remark: EBITDA by segment is presented before intersegment elimination

**Concrete and Aggregates:** Thailand's construction market continued to improve with the commencement of some high-speed rail projects, but remained subdued, particularly within the Bangkok area, where Covid-driven labor shortages were reported across many construction sites. Despite continued market competition, the company has successfully implemented price increases for concrete. These have partially mitigated rising input costs. Due to softer volume however, net sales decreased by 3% and profitability remained well below a strong prior year.

### Trading

	in THB million		
Trading	Q1/22	Q1/21	%YoY
Net sales	1,263	1,074	17.6
EBITDA	64	43	48.8

Remark: EBITDA by segment is presented before intersegment elimination

**Trading:** International trading activities continued to improve but intensifying pandemic-related controls in China and higher prices for bulk materials and shipping negatively weighed on market demand. Overall higher cost of bulk material resulted in an 18% rise in net sales and profitability increased due to higher gross margins on clinker and slag transactions.

### Waste Management Services and Others

	in THB million		
Waste Management Services and Others	Q1/22	Q1/21	%YoY
Net sales	287	239	20.1
EBITDA	177	187	-5.3

Remark: EBITDA by segment is presented before intersegment elimination

**Waste Management Services:** The Ecocycle business continued to offer customized and sustainable solution to a wide range of industries in various sectors. The company strengthened its position in waste management and benefited from higher volumes of light waste material and carbon black. Industrial services expanded its business activities with additional projects in chemical cleaning. As a result, net sales increased by 20% and profitability improved due to better operational cost management.

### Light building materials

	in THB million		
Light building materials	Q1/22	Q1/21	%YoY
Net sales	683	655	4.3
EBITDA	84	121	-30.6

Remark: EBITDA by segment is presented before intersegment elimination

Despite increased government support and developers starting new projects, the overall residential market remained soft. Intensified market competition limited pricing opportunities. Overall net sales increased by 4%, mainly due to higher sales prices that were not enough to cover increased input costs.

The **mortar** business further expanded its sale of value-added products. Basic product sales however were below the prior year's level and resulted in a lower topline. Raw material and supply chain costs eroded profitability.

The **fiber cement** business was impacted by soft demand, especially in the retail segment. Higher prices positively impacted the topline, but profitability remained below prior year due to elevated variable costs.

Lower lightweight wall panel sales due to construction delays and delivery postponements negatively impacted sales of **aerated concrete products**. Improved operational efficiency and lower fixed costs did not fully offset impacts from a weaker topline.

## Sustainability

We remain committed to delivering our Environmental, Social, and Governance agenda and, with more capital investments, to accelerating reduction of our Group's CO<sub>2</sub> footprint. We have renewed a three-year memorandum of understanding with the International Union for Conservation of Nature (IUCN) for continuation of biodiversity impact minimization in our quarrying activities and we carry on with efforts to lower ground water consumption at our facilities. Simultaneously, we continue to adhere to the highest international standards of corporate governance and of industry occupational health and safety practices. The Group also remains focused on our social responsibility towards both our employees and neighboring communities.

## Outlook

With continuing economic reverberations from the pandemic and new cost inflation fueled by the European situation, we anticipate limited growth across our markets in 2022. Government infrastructure projects will likely continue to be a bright spot whereas general residential, commercial and industrial construction will remain depressed.

Worsening industry oversupply will remain the key threat facing the cement industry during 2022 include additional supply capacities from competitors, which tends to subdue price increase activity needs to pass through significantly increased energy and raw material prices.

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

Mr. Aidan John Lynam  
Group Chief Executive Officer

## Key financial information

in THB million	Mar22	% of total assets	Dec21	% of total assets	% Change	Mar21	% of total assets
<b>Statements of financial position</b>							
Current assets	15,102	20.6	19,544	23.8	-22.7	18,009	22.7
Non-current assets	58,262	79.4	62,468	76.2	-6.7	61,286	77.3
<b>Total assets</b>	<b>73,364</b>	<b>100.0</b>	<b>82,012</b>	<b>100.0</b>	<b>-10.5</b>	<b>79,295</b>	<b>100.0</b>
Current liabilities	17,061	23.3	19,848	24.2	-14.0	22,044	27.8
Non-current liabilities	22,197	30.3	22,937	28.0	-3.2	23,517	29.7
<b>Total liabilities</b>	<b>39,258</b>	<b>53.5</b>	<b>42,785</b>	<b>52.2</b>	<b>-8.2</b>	<b>45,561</b>	<b>57.5</b>
Equity attributable to owners of the Company	32,922	44.9	37,713	46.0	-12.7	32,456	40.9
Non-controlling interests of the subsidiaries	1,184	1.6	1,514	1.8	-21.8	1,278	1.6
<b>Total shareholders' equity</b>	<b>34,106</b>	<b>46.5</b>	<b>39,227</b>	<b>47.8</b>	<b>-13.1</b>	<b>33,734</b>	<b>42.5</b>
<b>Debt profile</b>							
Short-term loans	5,217	7.1	10,690	13.0	-51.2	11,119	14.0
Long-term loans	17,204	23.5	17,368	21.2	-0.9	17,437	22.0
<b>Total loans</b>	<b>22,421</b>	<b>30.6</b>	<b>28,058</b>	<b>34.2</b>	<b>-20.1</b>	<b>28,556</b>	<b>36.0</b>
Cash & cash equivalents	5,511	7.5	9,662	11.8	-43.0	9,089	11.5
<b>Total net debt</b>	<b>16,910</b>	<b>23.0</b>	<b>18,396</b>	<b>22.4</b>	<b>-8.1</b>	<b>19,467</b>	<b>24.6</b>
<b>Key ratio</b>							
RONOA (%)	10.8		10.0			12.7	
ROE (%) *	11.3		12.0			11.9	
Total net debt/EBITDA (times)	1.75		1.95			1.88	
Total net debt/shareholders' equity (times)	0.50		0.47			0.58	

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