



**The Siam Cement Public Company Limited  
Management's Discussion and Analysis (MD&A)  
Consolidated Financial Results: Q3/22 and 9M/22**

**Consolidated Financial Performance**

**Q3/22 earnings of  
2,444 MB, -75% q-o-q**

SCG reported Q3/22 Revenue from Sales of 142,391 MB, a decline of -7% q-o-q mainly from lower chemical's product prices driven by softer petrochemical's demand due to the trough of Chemicals business. EBITDA registered at 9,322 MB, decreased -62% q-o-q and Profit for the Period reported at 2,444 MB, decreased -75% q-o-q largely attributable to lower chemical's spreads, higher energy cost, together with lower seasonal dividend.

On a y-o-y basis, SCG reported Q3/22 Revenue from Sales increased +8% y-o-y driven by higher product prices in-line with the market of Cement-Building Material and Packaging businesses. EBITDA declined -37% y-o-y and Profit for the Period dropped -64% y-o-y attributed to lower chemical's spreads as well as lower equity income.

For the period of 9M/22, Revenue from Sales registered at 447,419 MB, an increase of +15% y-o-y due to higher sales across all businesses mainly from higher product prices in-line with the market. EBITDA dropped -26% y-o-y to 51,790 MB and Profit for the Period registered at 21,225 MB, a decline of -45% y-o-y largely driven by higher feedstock and energy cost, as well as lower equity income at Chemicals business.

For the period of 9M/22, Packaging business reported Revenue from Sales of 112,559 MB, an increase of +26% y-o-y. EBITDA registered at 15,859 MB, an increase of +1% y-o-y and Profit for the Period registered at 5,351 MB, declined -13% y-o-y.

**Table 1 - Consolidated financial summary**

	<u>Q3/22</u>	<u>% Change</u>	<u>% Change</u>	<u>9M/22</u>	<u>% Change</u>
	<u>MB</u>	<u>Y-o-Y</u>	<u>Q-o-Q</u>	<u>MB</u>	<u>Y-o-Y</u>
Revenue from Sales	142,391	8%	-7%	447,419	15%
Profit for the Period	2,444	-64%	-75%	21,225	-45%
EBITDA	9,322	-37%	-62%	51,790	-26%
EBITDA from Operations	9,122	-38%	-47%	42,652	-34%
Earnings per Share (Baht)	2.0	-64%	-75%	17.7	-45%

Note : EBITDA = Earnings and dividends, before interest, tax, depreciation & amortization.  
EBITDA from Operations = Earnings before interest, tax, depreciation & amortization.  
Profit for the Period = Profit for the period attributable to owners of the Company.

**Equity Income  
registered at 8,832 MB  
in 9M/22, decreased by  
6,463 MB y-o-y**

Equity Income in 9M/22 registered at 8,832 MB, decreased 6,463 MB or -42% y-o-y. The chemicals portion accounted for 43% of the total equity income, or 3,820 MB, decreased 6,042 MB y-o-y. The non-chemicals portion accounted for the remaining 57% or 5,012 MB, decreased 421 MB y-o-y.

Total dividends received in 9M/22 amounted to 12,325 MB, an increase of +65% y-o-y or 4,862 MB, with details as followed: a) 9,138 MB from "Associated" companies (20%-50% stake), and b) 3,187 MB from "Other" companies (less than 20% stake).

**Cash & Cash Under  
Management of  
69,284 MB**

Continued solid financials, with cash & cash under management of 69,284 MB, compared to 69,389 MB in Q2/22 and 68,323 MB in Q4/21.

Net Working Capital registered at 122,832 MB, an increase of +7% q-o-q, while Inventory turnover period was 67 days, compared to 60 days in the previous quarter (Q2/22).

**Table 2 - Segments**

	Q3/22	Change	Change	9M/22	Change
Revenue from Sales	MB	% Y-o-Y	% Q-o-Q	MB	% Y-o-Y
Consolidated SCG	142,391	8%	-7%	447,419	15%
Cement-Building Materials Business	51,558	17%	-3%	155,329	14%
Chemicals Business	57,351	-5%	-14%	193,302	12%
Packaging Business	37,943	19%	0%	112,559	26%
Others	213	433%	-13%	684	528%
<b>EBITDA</b>	<b>Q3/22</b>	<b>% Y-o-Y</b>	<b>% Q-o-Q</b>	<b>9M/22</b>	<b>% Y-o-Y</b>
Consolidated SCG	9,322	-37%	-62%	51,790	-26%
Cement-Building Materials Business	4,014	288%	-29%	15,575	10%
Chemicals Business	(954)	N/A	N/A	14,921	-55%
Packaging Business	5,491	12%	0%	15,859	1%
Others	967	-63%	-81%	7,164	-11%
<b>EBITDA from Operations</b>	<b>Q3/22</b>	<b>% Y-o-Y</b>	<b>% Q-o-Q</b>	<b>9M/22</b>	<b>% Y-o-Y</b>
Consolidated SCG	9,122	-38%	-47%	42,652	-34%
Cement-Building Materials Business	3,952	286%	-24%	15,033	9%
Chemicals Business	(1,060)	N/A	N/A	7,947	-73%
Packaging Business	5,483	12%	0%	15,848	1%
Others	943	-64%	-73%	5,553	-5%
<b>EBITDA Margins (%)</b>	<b>Q3/22</b>	<b>Q3/21</b>	<b>Q2/22</b>	<b>9M/22</b>	<b>9M/21</b>
Consolidated SCG	6%	11%	11%	10%	17%
Cement-Building Materials Business	8%	2%	10%	10%	10%
Chemicals Business	-2%	10%	7%	4%	17%
Packaging Business	14%	15%	14%	14%	18%
<b>Profit (loss) for the Period</b>	<b>Q3/22</b>	<b>% Y-o-Y</b>	<b>% Q-o-Q</b>	<b>9M/22</b>	<b>% Y-o-Y</b>
Consolidated SCG	2,444	-64%	-75%	21,225	-45%
Cement-Building Materials Business	530	N/A	-68%	4,506	57%
Chemicals Business	(339)	N/A	N/A	6,953	-72%
Packaging Business	1,837	3%	-1%	5,351	-13%
Others	1,034	-62%	-76%	7,124	0%

Note: EBITDA = Earnings (loss) and dividends, before interest, tax, depreciation & amortization.  
EBITDA from Operations = Earnings (loss) before interest, tax, depreciation & amortization.  
EBITDA Margins = Operating EBITDA, to Revenue from Sales.  
Profit (loss) for the Period = Profit (loss) for the period attributable to owners of the Company.  
Consolidated SCG's financial statement is presented after the intersegment elimination.

## Business Segments

### Cement-Building Materials Business

**Sales increase  
17% y-o-y in Q3/22  
resulting from product  
price adjustment to  
reflect cost  
increase**

In Q3/22, Thailand's total domestic grey cement demand increased +6% y-o-y largely attributable to last year's construction site shut down. Cement demand from the government sector (accounting for 40% of total demand volume) increased +6% y-o-y, and that of residential and commercial sectors (accounting for 60% of total demand volume) increased +5% y-o-y and +8% y-o-y respectively. Meanwhile, the average grey cement price in Q3/22 increased to the average of 1,950 – 2,000 Bt/ton.

In terms of Non-cement products in Q3/22, housing products (applications for roof and ceiling & wall) showed an upward demand trend of +8% y-o-y. In addition, demand for ceramic tiles also registered a positive growth of +8% y-o-y thanks to demand for renovation projects.

For SCG ceramic tiles business (floor and wall tiles), total sales volume in all markets (Thailand, Vietnam, Indonesia, Philippines) in Q3/22 registered at 42 million sqm., representing an increase of +21% y-o-y. The average price of ceramic tiles for all of SCG's ASEAN operations increased +9% y-o-y.

In Q3/22, Revenue from Sales of the Cement-Building Materials Business registered at 51,558 MB, increased +17% y-o-y thanks to commercial strategy which lead to higher sales in both domestic and regional markets. EBITDA registered at 4,014 MB, an increase of 2,979 MB y-o-y and Profit for the Period reported at 530 MB, increased 2,930 MB y-o-y. Excluding the asset impairment and key items, normalized EBITDA would register at 4,342 MB, dropped -9% y-o-y and normalized Profit for the Period would have been 851 MB, a decline of -29% y-o-y mainly due to higher raw material and energy cost.

In 9M/22, Revenue from Sales registered at 155,329 MB or +14% y-o-y. EBITDA was 15,575 MB or +10% y-o-y while Profit for the Period registered at 4,506 MB or +57% y-o-y. Excluding the asset impairment and key items, normalized EBITDA would register at 15,903 MB or -11% y-o-y and normalized Profit for the Period would have been 4,827 MB or -25% y-o-y.

### **Chemicals Business**

***Q3/22 witnessed weakened global demand, resulting a plunge in product prices, influx of new supply addition, and continuing of China's COVID-19 lockdowns***

Q3/22 witnessed weakened global demand, and the resulting plunge in product prices. This was result of the combination of expected and unexpected factors. The expected factor was the influx of new global supply, while the unexpected factors included China's reoccurring COVID-19 lockdowns, escalating interest rates from higher inflationary pressure, EU's energy supply crisis, as well as the proliferation of the Russia-Ukraine conflict.

In Q3/22, Brent crude oil price decreased by \$14/bbl to \$98/bbl or -13% q-o-q and Naphtha price decreased by \$161/ton to \$714/ton or -18% q-o-q. Crude oil price weakened globally on rising concerns of recession and Naphtha price softened from crackers cut run.

In the Olefins chain in Q3/22, the average HDPE price dropped more than the price of naphtha, decreased by \$239/ton or -18% q-o-q to \$1,104/ton. Similar to PP, where the average price decreased by \$249/ton or -19% q-o-q to \$1,072/ton. A decrease of product prices was due to global economic slowdown and China's lockdown, while excess supply entered the region. The resulting margins were much lower q-o-q, as the average HDPE-Naphtha spread decreased \$78/ton or -17% q-o-q to \$390/ton and the average PP-Naphtha spread dropped by \$87/ton or -20% q-o-q to \$358/ton.

In Q3/22, SCGC (SCG Chemicals) sold approximately 422,000 tons of polyolefin products (PE and PP), which is a slight drop of -1% q-o-q and down -16% y-o-y. In 9M/22, sales volume decreased to 1,344,000 tons or -9% y-o-y.

In the Vinyl chain in Q3/22, the average PVC-EDC/C2 spread dropped by \$155/ton or -29% q-o-q to \$375/ton due to soft construction demand during monsoon season in Asia and prolonged lockdown in China, while more supply from China and U.S. flowed into the region. SCGC's PVC sales volume in Q3/22 slightly increased by 2,000 tons or +1% q-o-q to 198,000 tons, despite VCM1 plant turnaround. In 9M/22, sales volume decreased to 617,000 tons or -2% y-o-y.

In Q3/22, SCGC's Revenue from Sales registered at 57,351 MB, a drop of -14% q-o-q and -5% y-o-y due to dismal demand, resulting in lower product prices. EBITDA reported a loss of 954 MB, decreased 10,926 MB q-o-q and 7,225 MB y-o-y. EBITDA from Operations loss was 1,060 MB, a decline of 5,412 MB q-o-q and 7,280 MB y-o-y from lower margins due to demand downturn and supply addition. Loss for the Period registered at 339 MB, dropped 4,043 MB q-o-q and 5,549 MB y-o-y due to lower margins and equity income from associates as well as there was recorded gain of 978 MB from land sales in Q2/22. Equity income from associates was 823 MB, dropped -43% q-o-q and -65% y-o-y. Besides, there was an inventory loss of 1,080 MB in Q3/22. Core EBITDA loss was 364 MB and core profit was 608 MB, with the exclusion of inventory gain/loss, FX gain/loss, commodity hedging and non-recurring items.

In 9M/22, Revenue from Sales was 193,302 MB, increased +12% y-o-y from higher product prices. EBITDA decreased -55% y-o-y to 14,921 MB and EBITDA from Operations was 7,947 MB or decreased -73% y-o-y from lower margins. Profit for 9M/22 was 6,953 MB or decreased -72% y-o-y due to higher feedstock cost and lower equity income.

### **Net Debt**

***Registered at 281,849 MB in Q3/22, an increase of 23,543 MB from Q2/22***

### **Financials**

Net debt registered at 281,849 MB in Q3/22, an increase of 23,543 MB from Q2/22. Relative to the 12-month trailing EBITDA, Q3/22's the Net Debt / EBITDA ratio stood at 3.9 times (x) compared to 3.3 times (x) in Q2/22. Net Debt / EBITDA (not including project CAPEX under construction) ratio slightly increased to 1.7 times.

Net finance and interest cost in 9M/22 amounted to 5,261 MB compared to 5,067 MB in 9M/21 and 6,758 MB in FY2021. This corresponded to the average cost of interest in 9M/22 which was 2.7%, similar to FY2021 and approximate to 9M/21.

**CAPEX & Investment**  
**39,027 MB in 9M/22**

CAPEX & Investment in 9M/22 amounted to 39,027 MB, of which 47% was from Chemicals, 29% was from Packaging, 19% was from Cement-Building Materials, and 5% was from others. The spending was mainly due to on-progress construction of Long Son Petrochemicals Complex. CAPEX & Investment in FY2022 is expected to be 55,000 MB, decreased from previous estimate due to prioritization of investment projects.

The 9M/22 EBITDA generation of 51,790 MB compares to the cash outflow of 75,127 MB (CAPEX & Investments of 39,027 MB, dividend payment of 21,834 MB, interest payment of 6,887 MB and corporate tax of 7,379 MB).

<b>Table 3 - SCG's Debt Profile (MB)</b>				
	<b>Q3/22</b>	<b>Q2/22</b>	<b>Q4/21</b>	<b>Q3/21</b>
<b>Short Term</b>	<b>44,805</b>	<b>62,199</b>	<b>39,586</b>	<b>33,839</b>
Foreign	18,212	18,136	14,574	14,814
Baht	26,593	44,063	25,012	19,025
% of Total Loan	13%	19%	13%	12%
<b>Long Term</b>	<b>306,328</b>	<b>265,496</b>	<b>263,528</b>	<b>259,747</b>
Foreign	69,021	62,331	60,133	56,295
Baht	237,307	203,165	203,395	203,452
% of Total Loan	87%	81%	87%	88%
<b>Total Loan</b>	<b>351,133</b>	<b>327,695</b>	<b>303,114</b>	<b>293,586</b>
<b>Cash &amp; Cash Under Management</b>	<b>69,284</b>	<b>69,389</b>	<b>68,323</b>	<b>69,537</b>
Cash and cash equivalents	43,508	44,447	35,993	34,262
Investment in short-term debt securities	23,264	22,725	31,617	30,434
Investment in debt securities (Private funds) and fixed deposit more than 12 months	2,512	2,217	713	4,841
<b>Total Net Debt</b>	<b>281,849</b>	<b>258,306</b>	<b>234,791</b>	<b>224,049</b>
<b>SCG's Financial Ratios</b>	<b>Q3/22</b>	<b>Q2/22</b>	<b>Q4/21</b>	<b>Q3/21</b>
EBITDA on Assets (%)	8%	9%	11%	11%
EBITDA on Assets (%) (excluding projects under construction)	10%	11%	14%	14%
Current Ratio (times)	1.7	1.4	1.4	1.2
Quick Ratio (times)	0.9	0.8	0.8	0.7
Interest Coverage (times)	4.9	14.5	12.7	8.8
Net Debt to EBITDA (times)	3.9	3.3	2.6	2.5
Net Debt to EBITDA (times) (excluding projects under construction)	1.7	1.5	1.1	1.3
Net Debt to Equity (times)	0.6	0.6	0.5	0.5
Debt to Equity (times)	0.9	0.9	0.9	0.9
Return on Equity (%)	8%	9%	14%	14%
<i>Note:</i>	<i>Net Debt</i>	<i>= Total debt (interest bearing), less cash and cash under management</i>		
	<i>EBITDA</i>	<i>= Earnings before interest, tax, depreciation &amp; amortization, plus dividends</i>		
	<i>EBITDA on Assets</i>	<i>= Trailing-12-month EBITDA, to average Total Consolidated Assets</i>		
	<i>Current Ratio</i>	<i>= Current assets, to current liabilities</i>		
	<i>Quick Ratio</i>	<i>= Cash + short term investments + receivable, to current liabilities</i>		
	<i>Interest Coverage</i>	<i>= EBITDA, to interest expense</i>		
	<i>Net Debt to EBITDA</i>	<i>= Net debt, to Trailing-12-month EBITDA</i>		
	<i>Net Debt to Equity</i>	<i>= Net Debt, to equity &amp; non-controlling interest</i>		
	<i>Debt to Equity</i>	<i>= Total Liabilities, to equity &amp; non-controlling interest</i>		
	<i>Return on Equity</i>	<i>= Trailing-12-month Net profit, to average total shareholders' equity (not including non-controlling interest)</i>		

**Table 4 - Statement of Financial Position (MB)**

	<b>Sep/22</b>	<b>Dec/21</b>	<b>Sep/21</b>
<b>Total Assets</b>	<b>929,931</b>	<b>861,101</b>	<b>850,339</b>
Current assets			
Cash, cash equivalent and			
Investments in short-term debt securities	66,772	67,610	64,696
Trade and other receivables	85,601	78,951	75,890
Inventory	94,625	83,121	78,908
Long-term investment	144,827	137,579	141,730
Property, plant and equipment	441,701	410,708	406,773
<b>Total Liabilities</b>	<b>450,857</b>	<b>411,093</b>	<b>407,151</b>
Trade and other payables	67,280	75,026	79,469
Loans	351,133	303,114	293,586
<b>Total Shareholders' Equity</b>	<b>479,074</b>	<b>450,008</b>	<b>443,188</b>
Total equity attributable to owners of the Company	395,533	365,691	359,030
Non-controlling interests	83,541	84,317	84,158

## **ESG Performance Update**

### **Net Zero**

**Annualizing our 9M/22 figure would land SCG's full-year 2022 GHG emissions which is within full-year target of 32.2 million ton CO<sub>2</sub>**

SCG's absolute GHG emissions (scope 1+2) in 9M/22 was 23.7 million ton CO<sub>2</sub> equivalent to GHG reduction, Annualizing our 9M/22 figure would land SCG's full-year 2022 GHG emissions within full-year target of 32.2 million ton CO<sub>2</sub>. Compared to 33.9 million ton CO<sub>2</sub> in 2020, accumulated GHG emissions reduction puts SCG on track to achieve our 2030 target with better progress than The Science Based Target initiatives (SBTi)'s suggested GHG emissions reduction of 2.5% per year to be within well-below 2 degrees Celsius scenario. We achieved this by increasing the use of alternative fuel such as biomass and Refuse-Derived Fuel (RDF) to substitute fossil fuel. In Q3/22, cement operation in Thailand has been ramped up its alternative fuel used to reach our target this year at 40%. For 9M/22, the use of alternative fuel is 34% by cement operation in Thailand and 18% by all businesses.

### **Go Green**

**SCG Green Choice products accounted for 50% of total Revenues in 9M/22**

With regards to Go Green, the 9M/22 Revenue from Sales of SCG Green Choice products increased to 223,019 MB, accounting for 50% of total Revenue from Sales. One of the key highlight products is SCG Hybrid Cement, which can reduce 184,000 tons of GHG in 9M/22. SCG has created "SCG Green Choice" eco label to offer options to eco-conscious consumers, giving them the assurance that these certified items have lower impact on the environment while also providing a better quality of living. SCG has set a target for the sales of SCG Green Choice products to reach 2/3 of total Revenue from Sales by 2030.

### **Reduce Inequality**

**More than 8,000 workers benefited from SCG's job creating, skills enhancement, and capabilities development in 9M/22**

As part of our drive to "Reduce Inequality", more than 8,000 workers in 9M/22 were supported in terms of job creation, skills enhancement, and capabilities development to match market's demand. SCG aims to empower communities and create jobs for 50,000 workers by 2030. Examples of projects we implemented include short course scholarships for careers in demand, SCG Skills Development to strengthen driving skills for truck drivers; Q-Chang, the online platform for housing service and solution to promote housing maintenance jobs; SCG's Power of Community project to provide training and knowledge to empower communities for self-development and sustainable income, and vocational training for disabilities.

## **Enhance Collaboration**

### **Partnership for Fostering Green Innovation from R&D to the Market**

***SCG joined hands with other external partners including academic departments, research institute, startups as well as public and private sectors to accelerate green innovations for low carbon transition***

SCG joined hands with other external partners including academic departments, research institute, startups as well as public and private sectors to accelerate green innovations for low carbon transition.

Highlighted collaborative innovation activities in Q3/22:

- Ministry of Foreign Affairs of Thailand, Thailand Board of Investment (BOI), National Innovation Agency (NIA), Chulalongkorn University and SCG launched Thailand-Nordic Countries Innovation Unit (TNIU) with the vision to strengthen collaborations with Nordic counterparts on green innovation and sustainability.
- The collaboration of Thailand Greenhouse Gas Management Organization (TGO), BIM Object, and Concrete Product and Aggregate Co., Ltd. (CPAC) to develop carbon footprint assessment platform for object, module and solution, which contain greenhouse gas

### **For additional information**

#### ***SCG Sustainability***

<http://www.scgsustainability.com/en/>

#### ***Corporate governance***

<https://scc.listedcompany.com/cg.html>

#### ***Link to ESG Profile (New)***

<https://bit.ly/3dLEVVV>