

ENGLISH TRANSLATION

SCCC 06/2023

10 February 2023

Subject: Management discussion and analysis yearly ending 31 December 2022

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the financial statements of SCCC for the year ended 31 December 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 year ended 31 December 2022 compared to the same period of 2021 with a summary of our operating result as mentioned below:

Q4/2022: Revenues hold amidst persistent higher raw material, thermal energy, and electricity cost pressures

- **Despite challenging geopolitical environment, supply chain disruptions and inflationary pressure, EBITDA for the full year was maintained above THB 9 billion.**
- **Domestic cement consumption in Thailand further improved owing to solid demand from public infrastructure projects, whereas construction activities in overseas markets slowed from tighter liquidity in the South Vietnam real estate market and the ongoing economic crisis in Sri Lanka.**
- **Persistent cost pressure, including increased domestic electricity tariffs, weaker foreign exchange rates in Thailand and Vietnam coupled with limited industry-wide sales price adjustments negatively weighed on overall profitability.**
- **The quarterly net profit like-for-like was impacted by weaker operating performance, partially offset by lower depreciation and financial expenses.**
- **Annual dividend for 2022 maintained at THB 9 per share.**

SCCC Group Performance

Group performance Q4	in THB million					
	Q4/22	Q4/21	% YoY	2022	2021	% YoY
Net Sales	12,434	12,401	0.3	50,126	41,678	20.3
EBITDA	1,095	2,683	-59.2	9,068	9,416	-3.7
Net Profit Like-for-like	(217)	334	-165.0	2,605*	3,519**	-26.0
Net Profit	(903)	1,063	-184.9	1,857	4,248	-56.3
EPS (THB) Like-for-like	(0.73)	1.12	-165.2	8.74*	11.81**	-26.0
EPS (THB)	(3.03)	3.56	-185.1	6.23	14.25	-56.3

* Excluding one-time tax charge in Sri Lanka of THB 748 million.

** Excluding one-time tax benefit in Sri Lanka of THB 729 million.

Despite a challenging economic environment, the construction market in Thailand continued to improve mainly buoyed by key infrastructure projects but with only moderate activity in other segments. In Vietnam and Sri Lanka demand slowed amidst liquidity controls in the real estate market of South Vietnam and a prolonged economic crisis in Sri Lanka. Overall lower volume but with insufficient market price increases resulted in 0.3% increase in net sales compared to the fourth quarter of prior year. Continued steep cost pressure related to coal, electricity and raw material cost coupled with weakening Southeast Asian currencies as well as planned and unplanned kiln maintenance costs adversely impacted profitability, despite continued fixed cost efficiency measures. In addition, softer results from joint venture company negatively impacted the Group's performance causing EBITDA to decrease by 59.2% compared to the same quarter last year.

Net profit like-for-like was negatively impacted by weaker operating performance and continued foreign currency losses, partially offset by lower depreciation and financial expenses. The bottom-line results like-for-like excludes a one-off charge from income tax rate change from 18% to 30% in Sri Lanka. Prior year net profit for the full year had been positively impacted by a one-time windfall effect from reduced corporate income tax rate in Sri Lanka.

Segmental Performance

Cement

Cement	Q4 (3-month)			YTD (12-month)		
	Q4/22	Q4/21	%YoY	2022	2021	%YoY
Net sales	7,830	7,730	1.3	34,077	27,406	24.3
EBITDA	695	2,274	-69.4	7,531	7,906	-4.7

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 whereas residential and commercial segments remained weak. Private consumption indicators show signs of gradual recovery despite a challenging environment of geopolitical tensions. Additionally, slightly higher cement prices had a positive impact on the topline, albeit insufficient to cover cost-inflation. As a result of weaker clinker exports however, net sales only grew by 1.3% compared to the fourth quarter of prior year. High coal prices coupled with further increase in electricity tariffs (FT) as well as planned kiln shutdown costs could not be offset by sufficiently higher sales pricing and thereby overall profitability dropped.

Southern Vietnam: Market demand slowed after the southern property market started to face liquidity issues linked to tightened lending restrictions. As a result, sales volume trended downwards during the fourth quarter whilst pricing remained at previous quarter levels. Compared to prior year however, this lower sales volume was offset by increased sales prices resulting in a 4.8% higher topline. Continued cost pressure from high coal and purchased clinker prices coupled with some unplanned kiln maintenance cost resulted in overall lower profitability.

Sri Lanka: Cement demand continued to weaken due to the ongoing economic crisis and the decline in consumer buying power owing to a large rise in inflation. Despite higher sales prices realized by our operation to mitigate increased input costs, lower sales volumes negatively impacted the topline and resulted in overall 44.7% lower net sales. Cost escalations and intense market competition with lower demand conditions adversely pressed on operating profits which stayed better than the prior year. On a bottom-line level however, the devaluation of the local currency and the change in local income tax rate overrode the positive operating performance trend.

Bangladesh: Cement demand recovered after slow growth during the preceding quarters and resulted in higher sales volume. In combination with additional price increase implemented during the fourth quarter, overall net sales increased by 23.7%. An improved topline was able to fully offset high bulk material costs as well as the impact from local currency devaluation and resulted in overall higher profitability.

Cambodia: Overall cement demand contracted despite entering peak season and with price intensified competition for market shares. In addition, the increase in coal and diesel prices negatively affected production costs and led to lower profitability.

Concrete and Aggregates

Concrete and Aggregates	Q4 (3-month)			YTD (12-month)		
	Q4/22	Q4/21	%YoY	2022	2021	%YoY
Net sales	1,695	1,443	17.5	6,400	5,388	18.8
EBITDA	84	81	3.7	310	327	-5.2

Remark: EBITDA by segment is presented before intersegment elimination

Concrete and Aggregates: Overall construction market remained solid after the rainy season with continued performance coming from infrastructure and low-rise residential sector. Construction sites accelerated schedules to close jobs before year-end. As a result of higher volume and improved pricing, net sales increased 17.5% during the fourth quarter. Cost inflation could be fully passed through to customers and led to overall higher profitability in Q4.

Trading

Trading	Q4 (3-month)			YTD (12-month)		
	Q4/22	Q4/21	%YoY	2022	2021	%YoY
Net sales	1,810	2,270	-20.3	5,634	5,389	4.5
EBITDA	64	92	-30.4	254	245	3.7

Remark: EBITDA by segment is presented before intersegment elimination

Trading: Demand for clinker and other cementitious material was reduced due to depressed demand from China, partially offset by solid demand for coal. Some customers delayed their clinker shipments to 2023 which resulted in 20.3% lower net sales during the fourth quarter and negatively impacted overall profitability.

Waste Management and Industrial Services and Others

in THB million

Waste Management and Industrial Services and Others	Q4 (3-month)			YTD (12-month)		
	Q4/22	Q4/21	%YoY	2022	2021	%YoY
Net sales	338	315	7.3	1,155	1,113	3.8
EBITDA	210	152	38.2	751	657	14.3

Remark: EBITDA by segment is presented before intersegment elimination

Waste Management and Industrial Services: The Ecocycle business continued to offer customized and sustainable solutions to a wide range of customers. The company strengthened its position in waste management and, with rescheduling of industrial cleaning services from previous quarter, overall net sales increased by 7.3%. Profitability further improved due to increased business activities with higher margins as well as improved operational cost management.

Light Building Materials

in THB million

Light Building Materials	Q4 (3-month)			YTD (12-month)		
	Q4/22	Q4/21	%YoY	2022	2021	%YoY
Net sales	761	643	18.4	2,860	2,382	20.1
EBITDA	23	78	-70.5	222	326	-31.9

Remark: EBITDA by segment is presented before intersegment elimination

The demand of residential and housing segment showed some improvement during the fourth quarter, and overall net sales increased by 18.4%, mainly due to higher sales prices but were not sufficient to fully cover increased input costs resulting in lower profitability.



Sustainability

We remain on track with our “Sustainability Ambition” commitments and continue efforts to continuously reduce carbon intensity in our products in alignment with guidelines given by the Global Cement and Concrete Association (GCCA). As part of ESG-based investments across the Group in 2022, our large modified-manufacturing investment at the Saraburi facility in Thailand has been commissioned on schedule in Q4 of 2022, as well as GGBFS and Fly Ash Feeding project at Thi Vai plant in Vietnam and at RCW and PCW plants in Sri Lanka. All projects are already delivering lowered CO2 intensity products to our customers. The Group remains focused on social responsibility towards both our employees and neighboring communities, whilst simultaneously continuing to adhere to the highest international standards of corporate governance and of industry occupational health and safety practices.

We maintain top management focus on our governance approaches and are recognized for our ESG efforts by the likes of leading organizations in the region i.e. Stock Exchange of Thailand, as well as Vietnam Confederation of Commerce and Industry (VCCI), and the Vietnam Business Council for Sustainable Development (VBCSD).

Outlook

With continuing geopolitical and economic uncertainty, substantial inflationary pressures remain a key challenge for managing input costs, which will require more pricing adjustments into the markets. The demand outlook is for Thailand demand to be buoyed by ongoing infrastructure project activity whilst industrial and commercial segments are expected to improve slightly. In our overseas markets demand is expected to increase moderately over prior year with opportunities for pricing adjustments to yield improved offsetting of inflated input costs. Operations will be focused on our unrelenting sustainable cost efficiency investments and improvements.

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	Dec22	% of total assets	Dec21	% of total assets	% Change	Sep22	% of total assets
Statements of financial position							
Current assets	16,525	22.5	19,544	23.8	-15.4	16,679	22.0
Non-current assets	56,828	77.5	62,468	76.2	-9.0	59,259	78.0
Total assets	73,353	100.0	82,012	100.0	-10.6	75,938	100.0
Current liabilities	14,491	19.8	19,848	24.2	-27.0	16,097	21.2
Non-current liabilities	24,360	33.2	22,937	28.0	6.2	22,059	29.0
Total liabilities	38,851	53.0	42,785	52.2	-9.2	38,156	50.2
Equity attributable to owners of the Company	33,240	45.3	37,713	46.0	-11.9	36,279	47.8
Non-controlling interests of the subsidiaries	1,262	1.7	1,514	1.8	-16.6	1,503	2.0
Total shareholders' equity	34,502	47.0	39,227	47.8	-12.0	37,782	49.8
Debt profile							
Short-term loans	2,947	4.0	10,690	13.0	-72.4	6,844	9.0
Long-term loans	19,009	25.9	17,368	21.2	9.4	17,057	22.5
Total loans	21,956	29.9	28,058	34.2	-21.7	23,901	31.5
Cash & cash equivalents	3,430	4.7	9,662	11.8	-64.5	3,983	5.2
Total net debt	18,526	25.3	18,396	22.4	0.7	19,918	26.2
Key ratio							
RONOA (%)	9.8		10.0			13.2	
ROE (%)	5.2*		12.0**			10.3	
Total net debt/EBITDA (times)	2.04		1.95			1.87	
Total net debt/shareholders' equity (times)	0.54		0.47			0.53	

* December 2022 ROE (%) excluding one-time tax impact in Sri Lanka amounts to 7.3%

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