



**The Siam Cement Public Company Limited
Management's Discussion and Analysis (MD&A)
Consolidated Financial Results: Q3/23 and 9M/23**

Consolidated Financials

Q3/23 earnings was 2,441 MB, a drop of -70% QoQ attributed mainly to the one-time gain and seasonal dividend in the previous quarter

SCG reported Q3/23 Revenue from Sales of 125,649 MB, an increase of +1% QoQ mainly from increased Chemicals volume, while EBITDA registered 11,096 MB, a decrease of -44% QoQ. Profit for the Period was 2,441 MB which is a decrease of -70% QoQ, which is mainly attributed to the one-time gain from fair value adjustment and seasonal dividend in the previous quarter and compounded by the regional cement asset impairment in Q3/23. Profit for the Period excluding extra itemsⁱ was 3,019 MB, and represents a drop of -42% QoQ.

On a YoY basis, Q3/23 Revenue from Sales decreased -12% YoY due to lower sales in all businesses, mainly resulting from lower Chemicals product prices and regional markets, as well as the deconsolidation of SCG Logistics (changes in the status from subsidiary to associate company following SCGJWD Logistics merger transaction). EBITDA increased +19% YoY mainly from inventory gain and higher sales volume in the Chemicals business. Profit for the Period was relatively flat YoY, while Profit excluding extra items grew +26% YoY.

For the period of 9M/23, Revenue from Sales declined -15% YoY to 379,028 MB as a result of lower sales from all businesses mainly due to situation in regional markets. EBITDA dropped -17% YoY to 43,219 MB resulting from lower sales, decreased Chemicals spreads, and less dividend received. Profit for the Period registered 27,049 MB or +27% YoY, attributed to the gains from the fair value adjustments in H1/23. Profit excluding extra items is 12,805 MB or a decrease of -40% YoY.

In 9M/23, Revenue from Sales of Packaging business (SCGP) reported 97,517 MB, a decrease of -13% YoY. EBITDA registered at 13,390 MB, a drop of -16% YoY and Profit for the Period reported at 4,030 MB, decreasing -25% YoY.

Table 1 - Consolidated financial summary

	<u>Q3/23</u>	<u>% Change</u>	<u>% Change</u>	<u>9M/23</u>	<u>% Change</u>
	<u>MB</u>	<u>YoY</u>	<u>QoQ</u>	<u>MB</u>	<u>YoY</u>
Revenue from Sales	125,649	-12%	1%	379,028	-15%
Profit for the Period	2,441	-0.1%	-70%	27,049	27%
Profit excluding extra items	3,019	26%	-42%	12,805	-40%
EBITDA	11,096	19%	-44%	43,219	-17%
EBITDA from Operations	10,880	19%	-22%	36,876	-14%
Earnings per Share (Baht)	2.0	-0.1%	-70%	22.5	27%

Note : EBITDA = Earnings and dividends, before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.
 EBITDA from Operations = Earnings before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.
 Profit for the Period = Profit for the period attributable to owners of the Company.
 Profit excluding extra items = Profit for the period exclude non-recurring items of business which are non-cash.

Equity Income registered at 6,806 MB in 9M/23, -23% YoY

Equity income in 9M/23 registered at 6,806 MB, a decrease of -23% YoY. The chemicals portion accounted for 43% of the total equity income, or 2,952 MB, decreasing 868 MB YoY, while the non-chemicals portion accounted for the remaining 57% or 3,854 MB, representing a decrease of 1,158 MB YoY.

ⁱ The extra items are non-recurring items which are non-cash.

The extra items in Q3/23 include: regional cement asset impairment in Cement-Building Materials business = 578 MB

**Cash & Cash Under
Management of
99,756 MB**

Total dividends received in 9M/23 amounted to 8,075 MB, decreasing -34% YoY, with details as follows: a) 6,343 MB from “Associated” companies (20% - 50% stake), and b) 1,732 MB from “Other” companies (less than 20% stake).

Continued solid financials, with cash & cash under management of 99,756 MB, compared to 95,576 MB in Q2/23.

Net Working Capital registered at 106,954 MB, close to the previous quarter, while inventory turnover period increased to 75 days, compared to 71 days in the previous quarter (Q2/23).

Table 2 - Segments

	Q3/23	Change	Change	9M/23	Change
Revenue from Sales	MB	% YoY	% QoQ	MB	% YoY
Consolidated SCG	125,649	-12%	1%	379,028	-15%
Cement-Building Materials Business	47,015	-9%	1%	144,247	-7%
SCG Cement and Green Solutions	21,552	-2%	1%	65,730	0.3%
SCG Smart Living	6,245	3%	0.0%	19,201	6%
SCG Distribution & Retail	32,390	-11%	4%	96,415	-6%
Chemicals Business (SCGC)	49,663	-13%	2%	145,223	-25%
Packaging Business (SCGP)	31,572	-17%	-2%	97,517	-13%
Others	299	-3%	-17%	1,085	-4%
EBITDA	Q3/23	% YoY	% QoQ	9M/23	% YoY
Consolidated SCG	11,096	19%	-44%	43,219	-17%
Cement-Building Materials Business	3,440	-19%	-32%	13,544	-16%
SCG Cement and Green Solutions	1,823	-20%	-40%	8,045	-10%
SCG Smart Living	743	40%	-5%	2,198	22%
SCG Distribution & Retail	90	-16%	-80%	637	-48%
Chemicals Business (SCGC)	2,830	N/A	-53%	11,247	-25%
Packaging Business (SCGP)	4,235	-23%	-10%	13,390	-16%
Others	758	2%	-83%	5,457	-17%
EBITDA from Operations	Q3/23	% YoY	% QoQ	9M/23	% YoY
Consolidated SCG	10,880	19%	-22%	36,876	-14%
Cement-Building Materials Business	3,383	-19%	-26%	13,016	-17%
SCG Cement and Green Solutions	1,823	-20%	-40%	8,045	-10%
SCG Smart Living	686	39%	-8%	2,106	23%
SCG Distribution & Retail	90	14%	350%	201	-75%
Chemicals Business (SCGC)	2,726	N/A	2%	7,731	-3%
Packaging Business (SCGP)	4,229	-23%	-10%	13,381	-16%
Others	709	-1%	-67%	3,167	-37%
EBITDA Margins (%)	Q3/23	Q3/22	Q2/23	9M/23	9M/22
Consolidated SCG	9%	6%	11%	10%	10%
Cement-Building Materials Business	7%	8%	10%	9%	10%
SCG Cement and Green Solutions	8%	10%	14%	12%	14%
SCG Smart Living	11%	8%	12%	11%	9%
SCG Distribution & Retail	0.3%	0.2%	0.1%	0.2%	1%
Chemicals Business (SCGC)	5%	-2%	5%	5%	4%
Packaging Business (SCGP)	13%	14%	15%	14%	14%
Profit (loss) for the Period	Q3/23	% YoY	% QoQ	9M/23	% YoY
Consolidated SCG	2,441	-0.1%	-70%	27,049	27%
Cement-Building Materials Business	(176)	N/A	N/A	14,537	179%
Chemicals Business (SCGC)	1,052	N/A	42%	3,149	-55%
Packaging Business (SCGP)	1,325	-28%	-11%	4,030	-25%
Others	676	-12%	-87%	6,609	3%

Note: EBITDA = Earnings and dividends, before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.
EBITDA from Operations = Earnings before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.
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.
FY2022 figures are after restatement of New S-curve business from Cement-Building Materials to Others

Business Segments

Cement-Building Materials Business

In Q3/23, EBITDA and Profit decreased YoY mainly from challenges in regional markets and asset impairment

Q3/23 Revenue from Sales of the Cement-Building Materials Business registered at 47,015 MB, a decrease of -9% YoY mainly due to deconsolidation of SCG Logistics as well as regional markets mainly in Vietnam and Cambodia.

Q3/23 EBITDA registered at 3,440 MB, a decrease of -19% YoY. Loss for the Period reported at 176 MB while Q3/22 reported Profit for the Period at 793 MB. The decline in Q3/23 performance was attributed to challenges in regional markets (Vietnam and Cambodia), and the regional cement asset impairment. Excluding the asset impairment, EBITDA would have been 3,957 MB or -7% YoY, and Profit for the Period would have registered at 402 MB or -49% YoY.

For the Period of 9M/23, Revenue from Sales registered at 144,247 MB, a drop of -7% YoY mainly attributable by deconsolidation of SCG Logistics as well as regional demand. EBITDA reported at 13,544 MB, -16% YoY. Profit for the Period registered at 14,537 MB, +179% YoY largely driven by the gains from fair value adjustments of 11,956 MB in Q1/23. Profit excluding extra items would be 3,159 MB or -39% YoY.

By business segments, the results are as follows:

Domestic grey cement demand slightly increased in Q3/23

- Revenue from Sales of **SCG Cement and Green Solutions** business in Q3/23 registered 21,552 MB or -2% YoY. EBITDA registered 1,823 MB or -20% YoY. Thailand's total domestic grey cement demand gradually increased +0.2% YoY, where infrastructure projects are the key engine to drive market growth. Cement demand from the government sector (accounting for 42% of total demand volume) was still the key driver for Q3/23 market growth, while demand from residential and commercial sectors (accounting for 58% of total demand volume) were stable. Meanwhile, the average grey cement price in Q3/23 was relatively stable in the range of 2,100 - 2,150 Bt/ton. In 9M/23, Revenue from Sales was 65,730 MB which is relatively close to last year. However, EBITDA was 8,045 MB or -10% YoY.
- In Q3/23, Revenue from Sales of **SCG Smart Living** business registered at 6,245 MB or +3% YoY. EBITDA was 743 MB or +40% YoY due to higher margin from product portfolio rebalance and strong cost competitiveness despite slight drop in overall market. Thailand's building materials market dropped -1% YoY from the medium-to-low-income segment, while project segment was active, especially in the area of tourism destinations. In 9M/23, Revenue from Sales registered at 19,201 MB or +6% YoY, and EBITDA was 2,198 MB or +22% YoY.
- In Q3/23, Revenue from Sales of **SCG Distribution & Retail** business registered at 32,390 MB or -11% YoY. EBITDA registered at 90 MB or -16% YoY mainly due to regional markets. In 9M/23, Revenue from Sales registered at 96,415 MB or -6% YoY. EBITDA was 637 MB or -48% YoY.

Chemicals Business (SCGC)

Higher polyolefins and PVC sales volume in Q3/23 compared to the previous quarter

In Q3/23, global uncertainties factors including high inflation and rising oil price affecting the slow demand recovery. As a result, petrochemicals market squeezed from cost push, soft demand and inflow of supply additions causing lower product prices and spread.

Prices of Brent crude oil in Q3/23 increased \$8/bbl to \$86/bbl or +10% QoQ due to OPEC+ cut massive production quotas to manage the market amidst slow economic growth. Naphtha price increased by \$47/ton to \$648/ton, or +8% QoQ following to crude price while the upside is limited by weak petrochemical margins.

In the Olefins chain in Q3/23, the average HDPE price decreased by \$4/ton or -0.4% QoQ to \$1,032/ton, and HDPE-Naphtha spread decreased by \$50/ton or -12% QoQ to \$384/ton due to rising in naphtha, while product prices held steady due to increased demand during peak demand season amid limited overseas and regional supplies. Average PP price decreased by \$25/ton or -3% QoQ to \$952/ton, and the average PP-Naphtha spread decreased by \$71/ton or -19% QoQ to \$305/ton as a result of stronger naphtha amid softened PP price. Despite gradually improved demand, ample supply and persistently weak finished goods demand.

SCGC (SCG Chemicals) sold approximately 451,000 tons of polyolefin products (PE and PP), sales volume increased by +8% QoQ and +7% YoY. In 9M/23, sales volume decreased to 1,257,000 tons or -6% YoY.

In the Vinyl chain in Q3/23, average PVC prices increased by \$3/ton or +0.4% QoQ to \$822/ton, and average PVC-EDC/C2 spread increased by \$83/ton or +26% QoQ to \$400/ton due to tight PVC supply from producer's maintenance, while EDC price softened resulting from increased EDC availability from US and NEA due to prolonged technical problems of VCM plants. PVC sales volume in Q3/23 increased by +7% QoQ to 191,000 tons. In 9M/23, sales volume decreased to 567,000 tons or -8% YoY.

In Q3/23, SCGC's Revenue from Sales registered 49,663 MB, representing an increase of +2% QoQ from higher sales volume while dropped by -13% YoY from lower product price. EBITDA was 2,830 MB, dropped by 3,142 MB QoQ from lower dividend from associates while increased by 3,784 MB YoY. EBITDA from Operations was 2,726 MB, an increase of 57 MB QoQ and 3,786 MB YoY from inventory gain and higher sales volume. Profit for the Period was 1,052 MB, an increase of 311 MB QoQ and 1,391 MB YoY following EBITDA from Operations and higher equity income. Equity income from associates registered 1,139 MB, an increase of 281 MB QoQ and 316 MB YoY. In addition, inventory gain in Q3/23 was at 698 MB.

In 9M/23, Revenue from Sales was 145,223 MB, a decline of -25% YoY from lower product prices and lower sales volume. EBITDA decreased by -25% YoY to 11,247 MB and EBITDA from Operations was 7,731 MB or decreased -3% YoY from lower margins. Profit for the Period was 3,149 MB or decreased -55% YoY from lower equity income and margins.

Financials

Net Debt
Registered at
275,602 MB in Q3/23,
increasing by 5,771 MB
from Q2/23

Net debt registered at 275,602 MB in Q3/23, an increase of 5,771 MB from Q2/23. Net Debt/Equity ratio was 0.6times (x) in Q3/23, which was similar to Q2/23 and last year.

Net finance and interest cost in 9M/23 amounted to 7,256 MB, compared to 5,261 MB in 9M/22 and 7,523 MB in FY2022. This mainly corresponded to the average cost of interest in 9M/23 which was 3.4%, higher than 2.7% in 9M/22 and 3.0% in FY2022 amid rising interest rates environment. Approximately 4/5 of SCG's long-term loan has fixed rates.

CAPEX & Investment
27,447 MB in 9M/23

CAPEX & Investment in 9M/23 amounted to 27,447 MB, of which 49% was from Chemicals, 20% was from Cement-Building Materials, 19% was from Packaging, and 12% was from Others. The spending was mainly due to on-progress construction of Long Son Petrochemicals Complex. CAPEX & Investment in FY2023 is expected to be approximately 40,000 MB.

The 9M/23 EBITDA generation of 43,219 MB compares to cash outflow of 49,950 MB (CAPEX & Investments of 27,447 MB, dividend payment of 7,687 MB, interest payment of 10,278 MB and corporate tax of 4,538 MB).

Table 3 - SCG's Debt Profile (MB)

	Q3/23	Q2/23	Q4/22	Q3/22
Short Term	43,291	40,808	36,635	44,805
Foreign	18,477	17,505	15,522	18,212
Baht	24,814	23,303	21,113	26,593
% of Total Loan	12%	11%	10%	13%
Long Term	332,067	324,599	327,611	306,328
Foreign	88,833	80,704	80,952	69,021
Baht	243,234	243,895	246,659	237,307
% of Total Loan	88%	89%	90%	87%
Total Loan	375,358	365,407	364,246	351,133
Cash & Cash Under Management	99,756	95,576	95,402	69,284
Cash and cash equivalents	51,631	47,850	57,530	43,508
Investment in short-term debt securities	37,351	37,752	32,329	23,264
Investment in debt securities (Private funds) and fixed deposit more than 12 months	10,774	9,974	5,543	2,512
Total Net Debt	275,602	269,831	268,844	281,849
SCG's Financial Ratios	Q3/23	Q2/23	Q4/22	Q3/22
EBITDA on Assets (%)	6%	6%	7%	8%
EBITDA on Assets (%) (excluding projects under construction)	7%	7%	9%	10%
Current Ratio (times)	1.3	1.4	1.9	1.7
Quick Ratio (times)	0.7	0.8	1.1	0.9
Interest Coverage (times)	4.2	8.4	4.5	4.9
Net Debt to EBITDA (times)	5.2	5.2	4.3	3.9
Net Debt to EBITDA (times) (excluding projects under construction)	1.8	2.0	1.9	1.7
Net Debt to Equity (times)	0.6	0.6	0.6	0.6
Debt to Equity (times)	1.1	1.1	1.0	0.9
Return on Equity (%)	7%	7%	6%	8%
Note: <i>Net Debt</i>	= Total debt (interest bearing), less cash and cash under management			
<i>EBITDA</i>	= Earnings before interest, tax, depreciation & amortization, plus dividends			
<i>EBITDA on Assets</i>	= Trailing-12-month EBITDA, to average Total Consolidated Assets			
<i>Current Ratio</i>	= Current assets, to current liabilities			
<i>Quick Ratio</i>	= Cash + short term investments + receivable, to current liabilities			
<i>Interest Coverage</i>	= EBITDA, to interest expense			
<i>Net Debt to EBITDA</i>	= Net debt, to Trailing-12-month EBITDA			
<i>Net Debt to Equity</i>	= Net Debt, to equity & non-controlling interest			
<i>Debt to Equity</i>	= Total Liabilities, to equity & non-controlling interest			
<i>Return on Equity</i>	= Trailing-12-month Net profit, to average total shareholders' equity (not including non-controlling interest)			

Table 4 - Statement of Financial Position (MB)

	Sep/23	Dec/22	Sep/22
Total Assets	960,058	906,490	929,931
Current assets			
Cash, cash equivalent and Investments in short-term debt securities	88,982	89,859	66,772
Trade and other current receivables	76,069	74,459	85,601
Inventory	90,711	83,162	94,625
Long-term investment	171,164	141,915	144,827
Property, plant and equipment	435,865	425,052	441,701
Total Liabilities	499,913	454,066	450,857
Trade and other current payables	67,050	59,783	67,280
Loans	375,358	364,246	351,133
Total Shareholders' Equity	460,145	452,424	479,074
Total equity attributable to owners of the Company	383,640	374,255	395,533
Non-controlling interests	76,505	78,169	83,541

ESG Performance Update

SCG raised commitment to reduce 25% GHG emissions (Scope 1 and 2) by 2030

In Q3/23, SCG raised our commitment of the Near-Term Target according to international standards of the Science Based Target initiative (SBTi) to reduce Scope 1 and 2 GHG emissions by 25% by 2030 from a 2020 base year*. SCG also commits to reduce absolute scope 3 GHG emissions from the use of sold fossil fuels by 25% by 2031 from 2021 base year.

(*The target boundary includes biogenic emissions and removals from bioenergy feedstocks.)

Net Zero

9M/23 figure was 21.41 million-ton CO₂, which is still on track for GHG emissions reduction target in 2030

Regarding total GHG emissions reduction, SCG's absolute GHG emissions (Scope 1+2) in 9M/23 21.41 million-ton CO₂ equivalent to GHG reduction, and estimated that it will release no more than 31.16 million-ton CO₂ equivalent throughout the entire year of 2023. In line with SBTi recommendation to reduce GHG emissions by 2.5% per year in order to limit the increase in global temperature to less than 2 degrees Celsius (Well Below 2 Degrees Celsius).

SCG was able to achieved GHG emissions reduction by increasing the use of alternative fuel such as biomass and Refuse-Derived Fuel (RDF) to substitute fossil fuel which is one of the key levers for Energy Transition. In 9M/23, SCG's use of alternative fuel accounted for 23% of fuel use for all business units and 40% for cement operations in Thailand.

Go Green

Green Choice products accounted for 54% of total Revenue from Sales in 9M/23

Accelerating the development of Low Carbon products under the SCG Green Choice label is one of the key drivers to achieve SCG's net zero target. SCG targets revenue from SCG Green Choice products to account for 2/3 of total sales revenue by 2030. In 9M/23, Revenue from Sales of SCG Green Choice products increased to 206,048 MB, accounting for 54% of total Revenue from Sales.

Increasing a variety of environmentally friendly products is a priority for SCG. In addition to providing consumers with more direct benefits, it enables them to actively participate in caring for the environment and reducing its negative impacts through SCG products.

Reduce Inequality

SCG has created jobs for over 7,400 persons in 9M/23

Since 2022, SCG has been committed to generating employment and income stability by enhancing skills and capabilities, offering educational opportunities, and enhancing overall well-being. This endeavor aims to positively influence the lives of 50,000 individuals, with a target of reaching 5,600 people by the end of 2023. As of Q3/23, SCG has successfully impacted 25,462 individuals, contributing to the reduction of inequality.

In 9M/23, SCG, in collaboration with various organizations and communities, has successfully generated a total of 7,441 job opportunities. This achievement was made possible by enhancing the workforce's skills and capabilities to meet market demands and by creating expanded business prospects for entrepreneurs and SMEs. Notable projects include The "Q-Chang" platform, which has led to the creation of jobs and skill development for 1,547 technicians and households, resulting in a total income generation of 4.8 million baht; "Siam Saison" funding, which supported 165 construction materials store owners, contractors, and SMEs in expanding their operations and improving their flexibility; "Siam Validus" Crowd Fund, which has enabled 972 SMEs in Thailand to access funding sources for enhancing liquidity and fostering business growth; and The "Power of Community" project, contributing to income generation and employment opportunities for 1,705 communities through the promotion of 1,235 community products.

In the realm of Wellness, SCG joined forces with the Reoriented Holistic Health Service Delivery Institution (RHHHDI) and Yuenyen Social Enterprise to implement telemedicine solutions to offer remote medical care to patients, by providing support for the DoCare Tele-monitoring system and Telemedicine health tracking system. This approach significantly improved access to public health services, benefiting a total of 1,208 patients. Furthermore, SCG extended its support to the "Happy Citizens, Good Health, Royal Doctor Project," which focused on providing cataract surgery and dental services to 6,275 patients.

SCG coordinates with various sectors to hold ESG Symposium 2023 accelerating changes towards “Low Carbon Society”

Enhance Collaboration

Thailand's Foreign Joint Chamber of Commerce works in partnership with SCG, Thai Chamber of Commerce, the Federation of Thai Industries, and its partners brought together the 11th yearly ESG Symposium 2023 “ESG Symposium 2023: Accelerating Changes towards Low Carbon Society” on October 5, 2023. More than 2,300 people participated the main event and more than 500 individuals gathered opinions from all relevant sectors, including the government, private sector, and civil society in ESG Symposium Pre-Session on four topics: 1) NDC Accelerator, 2) Energy Transition, 3) Circular Economy Acceleration, and 4) Just Transition throughout last September. As a result of the opinions generated during the event, the action plan "Accelerating Changes Towards a Low Carbon Society" was formulated and presented to the Prime Minister in four directions: 1) Participation in the development of the Saraburi Sandbox to establish the first low-carbon model city in Thailand, 2) Accelerating efforts for circular economy, 3) Transition to clean energy, and 4) Leave no one behind. Especially vulnerable groups lacking resources, knowledge, and an understanding of adaptation.

In addition, the implementation of the "PPP-Saraburi Sandbox: Low Carbon City" is regarded the simulation model for reducing greenhouse gases in a specific area (Area base approach). Saraburi province is as the representative of Thailand to learn both success factors and limitations by integrating cooperation between the public and private sectors (Public-Private Partnership: PPP) to: 1) Establish a green logistics and energy transition, 2) Generate value by the circular economy, 3) Develop a low carbon industry, 4) Establish sustainable agricultural communities, 5) Utilization of space and create sustainable tourist destinations, and 6) Integrating responsibility.

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>