



**The Siam Cement Public Company Limited
Management's Discussion and Analysis (MD&A)
Consolidated Financial Results: Q4/23 and FY2023**

Consolidated Financial Performance

**Q4/23 earnings
of -1,134 MB,
-3,575 MB QoQ**

SCG reported Q4/23 Revenue from Sales of 120,618 MB, which was down -4% QoQ mainly from lower sales volume in Chemicals and Cement-Building Material businesses. Similarly, EBITDA declined -2% QoQ to 10,924 MB, despite the seasonal dividend received. Loss for the Period was reported at 1,134 MB. This includes the Long Son Petrochemicals Complex (LSP) performance which was mainly fixed cost and the cement asset impairment in Myanmar (non-cash). Meanwhile, Profit excluding extra itemsⁱ would have been 502 MB, representing a drop of 2,517 MB QoQ.

On a YoY basis, Q4/23 Revenue from Sales decreased -1% YoY, which is attributed to the deconsolidation of SCG Logistics (Cement-Building Material business). However, EBITDA increased +8% YoY, mainly due to efficiency improvement initiatives in all businesses, while Profit for the Period decreased 1,291 MB YoY largely due to the cement asset impairment and the fixed cost at LSP.

**FY2023 Profit for the
year of 25,915 MB,
+21% YoY**

For FY2023, Revenue from Sales registered at 499,646 MB, declining -12% YoY mainly from decrease of Chemicals product prices and the deconsolidation of SCG Logistics. Similarly, EBITDA dropped -13% YoY to 54,143 MB. However, Profit for the year registered at 25,915 MB, increasing +21% YoY, as it includes the gains from the fair value adjustments in H1/23 totaling 14,822 MB.

Packaging business (SCGP) reported FY2023 Revenue from Sales at 129,398 MB, decreasing -11% YoY. EBITDA registered at 17,778 MB, a decrease of -8% YoY, and Profit for the year reported at 5,248 MB, a decrease of -10% YoY.

Table 1 - Consolidated financial summary

	<u>Q4/23</u>	<u>% Change</u>	<u>% Change</u>	<u>FY2023</u>	<u>% Change</u>
	<u>MB</u>	<u>YoY</u>	<u>QoQ</u>	<u>MB</u>	<u>YoY</u>
Revenue from Sales	120,618	-1%	-4%	499,646	-12%
Profit (loss) for the Period	(1,134)	N/A	N/A	25,915	21%
Profit excluding extra items	502	-38%	-83%	13,307	-40%
EBITDA	10,924	8%	-2%	54,143	-13%
EBITDA from Operations	9,063	51%	-17%	45,939	-6%
Earnings (loss) per Share (Baht)	(0.9)	N/A	N/A	21.6	21%
Dividend Summary	<u>H1/23</u>	<u>H2/23</u>	<u>FY2023</u>	<u>FY2022</u>	
Baht Per Share	2.5	3.5	6.0	8.0	
Payout Ratio (% of Profit excluding extra items)	31%	119%	54%	43%	
Payout Ratio (% of Profit for the period)	12%	321%	28%	45%	
<p>Note : EBITDA = Earnings and dividends, before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.</p> <p>EBITDA from Operations = Earnings before interest, tax, depreciation & amortization exclude gain from fair value adjustment of investments.</p> <p>Profit (loss) for the Period = Profit (loss) for the period attributable to owners of the Company.</p> <p>Profit excluding extra items = Profit for the period exclude non-recurring items of business which are non-cash.</p>					

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

The extra items in Q4/23 include: cement asset impairment in Myanmar in Cement-Building Materials business = 1,636 MB

Equity Income registered at 8,419 MB in FY2023, decreasing -21% YoY

Equity Income in FY2023 registered at 8,419 MB, representing a decrease of 2,284 MB or -21% YoY. The chemicals portion accounted for 43% of the total equity income, or 3,592 MB, a decrease of 1,336 MB YoY. The non-chemicals portion accounted for the remaining 57% or 4,827 MB, a decrease of 948 MB YoY.

Total dividends received in FY2023 amounted to 11,536 MB, a decrease of -35% YoY or 6,283 MB, with details as followed: a) 8,204 MB from “Associated” companies (20% - 50% stake), and b) 3,332 MB from “Other” companies (less than 20% stake).

Cash & Cash Under Management of 68,064 MB

Continued solid financials, with cash & cash under management of 68,064 MB, decreasing from 95,402 MB in Q4/22 mainly attributed to proactive loan repayment to minimize interest cost.

Net Working Capital registered at 97,529 MB, a decrease of -10% QoQ, while inventory turnover period remained at 75 days, similar to the previous quarter (Q3/23).

3.5 Bt/sh final dividend, totaling 6.0 Bt/sh for FY2023

The Board of Directors of SCC has resolved to propose the Shareholder’s Meeting to approve FY2023 dividend with the amount of 6.0 Bt/sh, totaling 7,200 MB, or 54% of Profit excluding extra items. This is comprised of the H1/23 interim dividend of 2.5 Bt/sh, and the final dividend of 3.5 Bt/sh at the amount of 4,200 MB, which is payable on 23 April 2024.

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Table 2 - Segments

	Q4/23	Change	Change	FY2023	Change
Revenue from Sales	MB	% YoY	% QoQ	MB	% YoY
Consolidated SCG	120,618	-1%	-4%	499,646	-12%
Cement-Building Materials Business	45,101	-8%	-4%	189,348	-7%
SCG Cement and Green Solutions	20,115	-7%	-7%	85,845	-2%
SCG Smart Living	5,696	-1%	-9%	24,897	4%
SCG Distribution & Retail	30,526	-5%	-6%	126,941	-6%
SCG Decor	6,802	-8%	-5%	28,312	-6%
Chemicals Business (SCGC)	46,259	7%	-7%	191,482	-19%
Packaging Business (SCGP)	31,881	-5%	1%	129,398	-11%
Others	283	-25%	-5%	1,368	-9%
EBITDA	Q4/23	% YoY	% QoQ	FY2023	% YoY
Consolidated SCG	10,924	8%	-2%	54,143	-13%
Cement-Building Materials Business	2,334	-2%	-32%	15,878	-14%
SCG Cement and Green Solutions	933	-57%	-49%	8,978	-19%
SCG Smart Living	645	32%	-13%	2,843	24%
SCG Distribution & Retail	61	74%	-32%	698	-44%
SCG Decor	790	N/A	-8%	3,263	18%
Chemicals Business (SCGC)	2,449	-13%	-13%	13,696	-23%
Packaging Business (SCGP)	4,388	23%	4%	17,778	-8%
Others	1,818	20%	140%	7,275	-10%
EBITDA from Operations	Q4/23	% YoY	% QoQ	FY2023	% YoY
Consolidated SCG	9,063	51%	-17%	45,939	-6%
Cement-Building Materials Business	2,334	-2%	-31%	15,350	-15%
SCG Cement and Green Solutions	933	-57%	-49%	8,978	-19%
SCG Smart Living	645	32%	-6%	2,751	25%
SCG Distribution & Retail	61	85%	-32%	262	-69%
SCG Decor	790	N/A	-8%	3,263	18%
Chemicals Business (SCGC)	601	N/A	-78%	8,332	24%
Packaging Business (SCGP)	4,388	23%	4%	17,769	-8%
Others	1,805	23%	155%	4,972	-23%
EBITDA Margins (%)	Q4/23	Q4/22	Q3/23	FY2023	FY2022
Consolidated SCG	8%	5%	9%	9%	9%
Cement-Building Materials Business	5%	5%	7%	8%	9%
SCG Cement and Green Solutions	5%	10%	8%	10%	13%
SCG Smart Living	11%	9%	11%	11%	9%
SCG Distribution & Retail	0.2%	0.1%	0.3%	0.2%	1%
SCG Decor	12%	-4%	12%	12%	9%
Chemicals Business (SCGC)	1%	-3%	5%	4%	3%
Packaging Business (SCGP)	14%	11%	13%	14%	13%
Profit (loss) for the Period	Q4/23	% YoY	% QoQ	FY2023	% YoY
Consolidated SCG	(1,134)	N/A	N/A	25,915	21%
Cement-Building Materials Business	(1,127)	-362%	-540%	13,410	170%
Chemicals Business (SCGC)	(2,560)	-143%	N/A	589	-90%
Packaging Business (SCGP)	1,218	171%	-8%	5,248	-10%
Others	1,728	44%	156%	8,337	9%

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 Q4/23, EBITDA and Profit declined from challenges in regional markets and asset impairment

Q4/23 Revenue from Sales of the Cement-Building Materials Business registered at 45,101 MB, a decrease of -8% YoY mainly due to deconsolidation of SCG Logistics as well as softer demand in regional markets mainly in Vietnam and Cambodia.

Q4/23 EBITDA registered at 2,334 MB, a decrease of -2% YoY. Loss for the Period reported at 1,127 MB while Q4/22 reported Loss for the Period at 244 MB. The decline in Q4/23 performance was attributed to challenges in regional markets and the cement asset impairment in Myanmar. Excluding the asset impairment, EBITDA would have been 4,039 MB or +25% YoY, and Profit for the year would have registered at 509 MB or +193 MB YoY.

For FY2023, Revenue from Sales registered at 189,348 MB, a drop of -7% YoY mainly attributable to deconsolidation of SCG Logistics as well as regional demand. EBITDA reported at 15,878 MB, -14% YoY. Profit for the Period registered at 13,410 MB, +170% YoY mainly from the gains from fair value adjustments of 11,956 MB in Q1/23. Profit excluding extra items would be 3,668 MB or -34% YoY.

By business segments, the results are as follows:

Domestic grey cement demand -4.6 %

- Revenue from Sales of **SCG Cement and Green Solutions** business in Q4/23 registered 20,115 MB or -7% YoY. EBITDA registered 933 MB or -57% YoY. Thailand's total domestic grey cement demand in Q4/23 decreased -4.6% YoY as a result of high household debt and interest rate, resulting in flat total year demand. In addition, cement demand from the government sector (accounting for 41% of total demand volume) and that from residential and commercial sectors (accounting for 59% of total demand volume) also declined compared to demand of the previous year. Meanwhile, the average grey cement price in Q4/23 remained unchanged from the previous quarter in the range of 2,100 – 2,150 Bt/ton. In FY2023, Revenue from Sales was 85,845 MB, decreasing -2% YoY, when EBITDA was 8,978 MB or -19% YoY.
- In Q4/23, Revenue from Sales of **SCG Smart Living** business registered at 5,696 MB or -1% YoY. EBITDA was 645 MB or +32% YoY due to higher margin from effective product portfolio rebalancing and cost management despite a decline in overall market. Thailand's building materials market dropped -6% YoY, making demand for total year slightly declined -2% YoY from the medium-to-low-income residential segment from drought impact, while industrial segment was active. In FY2023, Revenue from Sales registered at 24,897 MB or +4% YoY, and EBITDA was 2,843 MB or +24% YoY.
- In Q4/23, Revenue from Sales of **SCG Distribution & Retail** business registered at 30,526 MB or -5% YoY. EBITDA registered at 61 MB or +74% YoY mainly from Distribution business. In FY2023, Revenue from Sales registered at 126,941 MB or -6% YoY, and EBITDA was 698 MB or -44% YoY.
- In Q4/23, Revenue from Sales of **SCG Decor** business registered at 6,802 MB or -8% YoY. EBITDA registered at 790 MB, increasing 1,057 MB YoY. In FY2023, Revenue from Sales registered at 28,312 MB or -6% YoY, while EBITDA was 3,263 MB or +18% YoY.

Chemicals Business (SCGC)

In Q4/23, Petrochemicals industry demand remained weak leading to lower product prices and spreads

In Q4/23, Petrochemicals industry demand remained weak. This was due to the global market volatilities and slowing economic growth in most major markets. Additionally, the Red Sea disruptions would cause the freight rates, affecting shipping costs, global trade and inflation concerns.

Prices of Brent crude oil in Q4/23 decreased \$3/bbl to \$83/bbl or -3% QoQ due to the slowing demand in major economies. Naphtha price increased by \$11/ton to \$659/ton, or +2% QoQ due to the delayed Russian supply, Red Sea disruptions, and Middle East refinery maintenance, while petrochemical demand was subdued.

In the Olefins chain in Q4/23, the average HDPE price decreased by \$9/ton or -1% QoQ to \$1,023/ton, and HDPE-Naphtha spread decreased by \$21/ton or -5% QoQ to \$363/ton due to rising in naphtha price, while PE prices dropped due to slowing demand from limited activities during year-end. Average PP price decreased by \$2/ton or -0.2% QoQ to \$950/ton, and the average PP-Naphtha spread decreased by \$14/ton or -5% QoQ to \$291/ton as a result of weak finished goods demand and subdued trading activities ahead of year-end long holidays amid ample supply from new capacities.

SCGC (SCG Chemicals) sold approximately 347,000 tons of polyolefin products (PE and PP), sales volume decreased by -23% QoQ due to the ROC olefins plant scheduled maintenance, while increased by +5% YoY. In 2023, sales volume decreased to 1,604,000 tons or -4% YoY.

In the Vinyl chain in Q4/23, average PVC prices decreased by \$29/ton or -4% QoQ to \$793/ton, and average PVC-EDC/C2 spread decreased by \$67/ton or -17% QoQ to \$333/ton due to oversupply from overseas and weaken demand on the real estate sector, while EDC price increased as limited availability from the Middle East and lower production of Chlor-Alkali plants. PVC sales volume in Q4/23 decreased by -11% QoQ to 169,000 tons following VCM plant optimization. In 2023, sales volume decreased to 736,000 tons or -10% YoY.

In Q4/23, SCGC's Revenue from Sales registered 46,259 MB, decreased by -7% QoQ from lower sales volume while increased by +7% YoY from higher sales volume. EBITDA was 2,449 MB, decreased by -13% QoQ from lower dividend from associates and decreased by -13% YoY. EBITDA from Operations was 601 MB, a decline of 2,125 MB QoQ due to lower sales volume and margins, while an increase of 1,843 MB YoY from higher sales volume. Loss for the Period registered at 2,560 MB, compared to Profit of 1,052 MB in the previous quarter and Loss of 1,052 MB in the same period of last year, due to lower equity income from associates and recorded Long Son Petrochemicals Complex (LSP) start-up expenses which mainly from depreciation in Q4/23. Equity income from associates registered 640 MB, the decrease of 499 MB QoQ and 468 MB YoY. In addition, inventory loss in Q4/23 was at 492 MB.

In FY2023, Revenue from Sales was 191,482 MB, a decline of -19% YoY from lower product prices. EBITDA decreased by -23% YoY to 13,696 MB, whereas EBITDA from Operations was 8,332 MB or increased +24% YoY from product optimization. Profit for the year was 589 MB or decreased -90% YoY from lower product spread and lower equity income.

Financials

Net Debt

Registered at 269,521 MB in Q4/23, decreasing 6,081 MB from Q3/23

Net debt registered at 269,521 MB in Q4/23, decreasing 6,081 MB from Q3/23. Net Debt/Equity ratio stood at 0.6 times (x) which was the same as Q3/23 and Q4/22.

Net finance and interest cost in FY2023 amounted to 10,297 MB compared to 7,523 MB in FY2022. This corresponded to the average cost of interest in FY2023 which was 3.5%, higher than FY2022 which was 3.0%.

CAPEX & Investment **38,555 MB in FY2023**

CAPEX & Investment in FY2023 amounted to 38,555 MB, of which 48% was from Chemicals, 22% was from Packaging, 19% was from Cement-Building Materials, and 11% was from others. The spending was mainly due to near completion of Long Son Petrochemicals Complex.

The expected FY2024 CAPEX plan would be approximately 40,000 MB, with emphasis on Green.

The FY2023 EBITDA generation was 54,143 MB, compared to the cash outflow of 65,042 MB (CAPEX & Investments of 38,555 MB, dividend payment of 8,089 MB, interest payment of 13,306 MB and corporate tax of 5,092 MB).

Table 3 - SCG's Debt Profile (MB)

	Q4/23	Q3/23	Q4/22
Short Term	35,721	43,291	36,635
Foreign	17,438	18,477	15,522
Baht	18,283	24,814	21,113
% of Total Loan	11%	12%	10%
Long Term	301,864	332,067	327,611
Foreign	54,068	88,833	80,952
Baht	247,796	243,234	246,659
% of Total Loan	89%	88%	90%
Total Loan	337,585	375,358	364,246
Cash & Cash Under Management	68,064	99,756	95,402
Cash and cash equivalents	43,602	51,631	57,530
Investment in short-term debt securities	20,272	37,351	32,329
Investment in debt securities (Private funds) and fixed deposit more than 12 months	4,190	10,774	5,543
Total Net Debt	269,521	275,602	268,844
SCG's Financial Ratios	Q4/23	Q3/23	Q4/22
EBITDA on Assets (%)	6%	6%	7%
EBITDA on Assets (%) (excluding projects under construction)	7%	7%	9%
Current Ratio (times)	1.1	1.3	1.9
Quick Ratio (times)	0.6	0.7	1.1
Interest Coverage (times)	3.6	4.2	4.5
Net Debt to EBITDA (times)	5.0	5.2	4.3
Net Debt to EBITDA (times) (excluding projects under construction)	1.9	1.8	1.9
Net Debt to Equity (times)	0.6	0.6	0.6
Debt to Equity (times)	1.0	1.1	1.0
Return on Equity (%)	7%	7%	6%
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)

	Dec/23	Dec/22	Sep/23
Total Assets	893,601	906,490	960,058
Current assets			
Cash, cash equivalent and			
Investments in short-term debt securities	63,874	89,859	88,982
Trade and other current receivables	70,559	74,459	76,069
Inventory	80,631	83,162	90,711
Long-term investment	161,616	141,915	171,164
Property, plant and equipment	424,344	425,052	435,865
Total Liabilities	452,004	454,066	499,913
Trade and other current payables	59,691	59,783	67,050
Loans	337,585	364,246	375,358
Total Shareholders' Equity	441,597	452,424	460,145
Total equity attributable to owners of the Company	363,962	374,255	383,640
Non-controlling interests	77,635	78,169	76,505

ESG Performance Update

Net Zero

FY2023 figure was 27.45 million-ton CO₂, which is on track for GHG emissions reduction target in 2030

In FY2023, SCG's absolute GHG emissions (scope 1+2) was 27.45 million-ton CO₂, compared to 34.24 million-ton CO₂ in 2020 accounting for 20% reduction, which accumulated GHG emissions reduction puts SCG on track to achieve our 2030 target with better progress than the Science Based Target initiatives (SBTi)'s suggestion of GHG emissions reduction of 2.5% per year. Assuming normalized capacity utilization, the annual GHG emissions would have been approximately 30.67 million-ton CO₂.

SCG promptly transformed its business strategy in order to continue growth and increase new opportunities by focusing on increasing the proportion of using wider range of alternative fuel such as biomass and Refuse-Derived Fuel (RDF), also renewable energy. As a result, in FY2023, SCG has reached alternative energy utilization at 24% by all businesses and 40% by cement operations in Thailand along with achieved internal renewable power capacity of 229 megawatts.

Go Green

Green Choice products accounted for 54% of total Revenue from Sales in FY2023

SCG has consistently developed low-carbon products under Green Choice label that are environmentally friendly as well as helps reduce greenhouse gas emissions. This enables consumers to select products that not only meet their concerns but also ensure good for quality of life. SCG targets revenue from Green Choice products to account for 2/3 of total sales revenue by 2030. In FY2023, Revenue from Sales of Green Choice products was 270,716 MB, accounting for 54% of total Revenue from Sales and can reduce 950,000 ton CO₂.

Reduce Inequality

Up to 32,743 individuals have benefited from SCG's job creating, healthcare access enhancement, and educational provision

Since 2022, SCG has been committed to generate 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 end of 2023, SCG has successfully impacted 32,743 individuals, contributing to the reduction of inequality.

In FY2023, SCG has generated a total of 8,934 job opportunities. This achievement was made by collaboration with various organizations and communities to enhance the workforce's skills and capabilities to meet market demands and supporting access to funding sources for enhancing liquidity and fostering business growth for entrepreneurs and SMEs. Besides, SCG has contributed to uplift the health well-being by supporting the access to healthcare services for 7,586 individuals as well as the provision of educational opportunities to children and youths totaling 4,477 persons.

Enhance Collaboration

SCG joined hands with other external partners for collaborative efforts developed as a strategy to reduce GHG emissions

SCG has collaborated with the Thai Cement Manufacturers Association (TCMA) in Saraburi province, along with various partners from different sectors, to showcase the potential at the 28th United Nations Climate Change Conference (COP28) held in Dubai, United Arab Emirates, from November 30 to December 12, 2023. With approximately 70,000 attendees, the event featured a model of collaborative efforts developed as a key strategy to reduce greenhouse gas emissions effectively. A detailed action plan was presented, focusing on innovative environmental initiatives under the Public-Private-People Partnership (PPP) framework, specifically employing an area-based approach in Saraburi province. This approach serves as a miniature model for Thailand, providing insights into both the factors contributing to success and the challenges in reducing greenhouse gas emissions. The collaboration aims to transform Saraburi into Thailand's first low-carbon city, led by the provincial governor. The initiative emphasizes collaborative efforts and mutual supervision, promoting active participation from all stakeholders at every level, including public, private, and people.

The project aims to establish connections between relevant industries through pilot programs, facilitating the success of the Thailand NET ZERO Cement and Concrete Roadmap by 2050, aligning with Thailand's Nationally Determined Contributions (NDC) for reducing greenhouse gas emissions. Under the PPP-Saraburi Sandbox, the project is divided into five aspects: Accelerating Energy Transition, Fostering Green Industry & Green Product, Turning Waste to Value, Promoting Green Agriculture, and Increasing Green Space.

For additional information

SCG Sustainability

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

Corporate governance

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

Link to ESG Profile (New)

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