



**The Siam Cement Public Company Limited  
Management's Discussion and Analysis (MD&A)  
Consolidated Financial Results: Q1/24**

**SCG: Q1/24 EBITDA grew +16% QoQ at 12,623 MB, mainly from businesses related to cement and construction**

**Consolidated Financial Performance**

SCG reported Q1/24 Revenue from Sales of 124,266 MB, an increase of +3% QoQ from higher Revenue from Sales from most businesses. EBITDA registered 12,623 MB, increasing +16% QoQ, attributed to the better performance of the businesses related to cement and construction which had green product offering and efficiency initiatives. Similarly, Profit for the Period was 2,425 MB, a growth of 3,559 MB QoQ mainly due to improve profitability in most businesses.

On a YoY basis, SCG reported Q1/24 Revenue from Sales decreasing -3% YoY mainly from the businesses related to cement and construction and lower volume in the Chemicals business. However, EBITDA increased +4% YoY, mainly from higher contribution of the businesses related to cement and construction. Profit for the Period declined -85% YoY due to a non-recurring gain from fair value adjustment of investment in SCG Logistics of 11,956 MB in Q1/23, which was a non-cash transaction, as well as lower Chemicals performance.

**Table 1 - Consolidated financial summary**

	<u>Q1/24</u> MB	% Change YoY	% Change QoQ	<u>FY2023</u> MB
<b>Revenue from Sales</b>	<b>124,266</b>	-3%	3%	<b>499,646</b>
<b>Profit for the Period</b>	<b>2,425</b>	-85%	N/A	<b>25,915</b>
<b>Profit excluding extra items</b>	<b>2,425</b>	-47%	383%	<b>13,307</b>
<b>EBITDA</b>	<b>12,623</b>	4%	16%	<b>54,143</b>
<b>EBITDA from Operations</b>	<b>12,509</b>	4%	38%	<b>45,939</b>
<b>Earnings per Share (Baht)</b>	<b>2.0</b>	-85%	N/A	<b>21.6</b>

Note : EBITDA = Profit before finance costs, income tax expense, depreciation and amortization including dividends from associates, thus, EBITDA for the year 2023 is excluding gain from fair value adjustment of investments.  
EBITDA from Operations = Profit before finance costs, income tax expense, depreciation and amortization, thus, EBITDA for the year 2023 is excluding 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 1,786 MB in Q1/24, +11% QoQ**

Equity income in Q1/24 registered at 1,786 MB, an increase of 173 MB or +11% QoQ. The chemicals portion accounted for 26% of the total equity income, or 458 MB, decreasing 182 MB QoQ, while the non-chemicals portion accounted for the remaining 74% or 1,328 MB, representing an increase of 355 MB QoQ.

Total dividends received in Q1/24 amounted to 207 MB, increasing 64 MB YoY, with details as follows: a) 114 MB from "Associated" companies (20% - 50% stake), and b) 93 MB from "Other" companies (less than 20% stake).

**Cash & Cash Under Management of 78,585 MB**

Continued solid financials, with cash & cash under management of 78,585 MB, compared to 68,064 MB in Q4/23.

Net Working Capital registered at 106,805 MB, an increase of +10% QoQ, while inventory turnover period 70 days, compared to 75 days in the previous quarter (Q4/23).

**Table 2 - Segments**

	Q1/24	Change	Change	FY2023
Revenue from Sales	MB	% YoY	% QoQ	MB
Consolidated SCG	124,266	-3%	3%	499,646
SCG Cement and Green Solutions Business	21,399	-6%	6%	85,845
SCG Smart Living Business and				
SCG Distribution and Retail Business	38,402	-3%	6%	151,838
SCG Decor (SCGD)	6,784	-7%	-0.3%	28,312
Chemicals Business (SCGC)	45,376	-3%	-2%	191,482
Packaging Business (SCGP)	33,948	1%	6%	129,398
Others	397	-82%	-13%	3,758
<b>EBITDA</b>	<b>Q1/24</b>	<b>% YoY</b>	<b>% QoQ</b>	<b>FY2023</b>
Consolidated SCG	12,623	4%	16%	54,143
SCG Cement and Green Solutions Business	3,591	14%	285%	8,978
SCG Smart Living Business and				
SCG Distribution and Retail Business	1,025	34%	45%	3,541
SCG Decor (SCGD)	854	2%	8%	3,263
Chemicals Business (SCGC)	1,289	-47%	-47%	13,696
Packaging Business (SCGP)	5,152	15%	17%	17,778
Others	775	90%	-57%	7,369
<b>EBITDA from Operations</b>	<b>Q1/24</b>	<b>% YoY</b>	<b>% QoQ</b>	<b>FY2023</b>
Consolidated SCG	12,509	4%	38%	45,939
SCG Cement and Green Solutions Business	3,591	14%	285%	8,978
SCG Smart Living Business and				
SCG Distribution and Retail Business	1,025	34%	45%	3,013
SCG Decor (SCGD)	854	2%	8%	3,263
Chemicals Business (SCGC)	1,176	-50%	96%	8,332
Packaging Business (SCGP)	5,151	15%	17%	17,769
Others	775	90%	-57%	5,066
<b>EBITDA Margins (%)</b>	<b>Q1/24</b>	<b>Q1/23</b>	<b>Q4/23</b>	<b>FY2023</b>
Consolidated SCG	10%	9%	8%	9%
SCG Cement and Green Solutions Business	17%	14%	5%	10%
SCG Smart Living Business and				
SCG Distribution and Retail Business	3%	2%	2%	2%
SCG Decor (SCGD)	13%	12%	12%	12%
Chemicals Business (SCGC)	3%	5%	1%	4%
Packaging Business (SCGP)	15%	13%	14%	14%
<b>Profit (loss) for the Period</b>	<b>Q1/24</b>	<b>% YoY</b>	<b>% QoQ</b>	<b>FY2023</b>
Consolidated SCG	2,425	-85%	N/A	25,915
SCG Cement and Green Solutions Business	1,191	46%	N/A	(192)
SCG Smart Living Business and				
SCG Distribution and Retail Business	582	46%	526%	910
SCG Decor (SCGD)	258	285%	77%	577
Chemicals Business (SCGC)	(1,866)	N/A	27%	589
Packaging Business (SCGP)	1,725	41%	42%	5,248
Others	1,066	-92%	-38%	20,315

Note: EBITDA

= Profit before finance costs, income tax expense, depreciation and amortization including dividends from associates, thus, EBITDA for the year 2023 is excluding gain from fair value adjustment of investments.

EBITDA from Operations

= Profit before finance costs, income tax expense, depreciation and amortization, thus, EBITDA for the year 2023 is excluding gain from fair value adjustment of investments.

EBITDA Margins

= EBITDA from Operations divided by 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.

### **Listed Subsidiaries**

#### **SCGP: Q1/24 EBITDA grew +15% YoY**

Packaging business (SCGP, 72% stake) reported improved Q1/24 Revenue from Sales of 33,948 MB, which rose 219 MB YoY. EBITDA reported at 5,152 MB, increasing +15% YoY and Profit for the Period registered at 1,725 MB, a growth of +41% YoY.

#### **SCGD: Q1/24 EBITDA improved +2% YoY**

SCG Decor (SCGD, 73% stake) reported Revenue from Sales registered at 6,784 MB or -7% YoY. However, EBITDA registered at 854 MB, or +2% YoY, and Profit for the Period reported at 258 MB or increased 191 MB YoY.

### **Non-Listed Subsidiaries**

#### **SCG Cement and Green Solutions improved earnings YoY from green initiatives, despite volume softness**

Revenue from Sales in Q1/24 registered 21,399 MB or -6% YoY from lower volume, but EBITDA grew to 3,591 MB or +14% YoY, attributed to the green initiatives and increase sales of Low Carbon Cement, and Profit for the Period registered 1,191 MB or +46% YoY. This compared to the backdrop of Thailand's total domestic market of grey cement demand in Q1/24 which decreased -10.4% YoY, attributed to the expected delay in the government budget (accounting for 40% of total demand), which has since been approved, as well as soft demand from the residential and private sectors (accounting for 60% of total demand). Regardless, improvements are expected in the latter half of the year. The average grey cement price in Q1/24 remained unchanged from the previous quarter in the range of 2,050 – 2,100 Bt/ton.

#### **SCG Smart Living and SCG Distribution and Retail increased earnings YoY from operational competitiveness**

In Q1/24, Revenue from Sales registered at 38,402 MB or -3% YoY. EBITDA was 1,025 MB or +34% YoY, driven by the company's operational competitiveness in building materials and better performance of Distribution business. Profit for the Period reported at 582 MB or +46% YoY. Thailand's building materials market dropped -6.5% YoY from the residential segment and global economic situation, while industrial segment has a large amount of stockpile built up, resulting in a slower pace for the construction project compared to last year.

#### **Chemicals business (SCGC) In Q1/24, decrease in supply caused the product price improvement despite weak industry demand**

In Q1/24, Petrochemicals industry demand remained weak due to ongoing geopolitical tensions and global economic conditions. Despite these challenges, the decrease in supply during the maintenance season has contributed to an improvement in chemicals prices.

Prices of Brent crude oil in Q1/24 decreased \$1/bbl to \$82/bbl or -1% QoQ due to concern about stable economy, amid geopolitical conflicts prolonged. Naphtha price increased by \$27/ton to \$686/ton, or +4% QoQ as a result of the regional naphtha availability was reduced due to tensions in the Red Sea and attacks on Russian facilities.

In the Olefins chain in Q1/24, the average HDPE price increased by \$18/ton or +2% QoQ to \$1,041/ton, while HDPE-Naphtha spread decreased by \$9/ton or -2% QoQ to \$354/ton due to rising in naphtha price and slower-than-expected demand recovery amid limited overseas and regional supplies from planned maintenance and outages. Average PP price increased by \$62/ton or +7% QoQ to \$1,012/ton, and the average PP-Naphtha spread increased by \$35/ton or +12% QoQ to \$326/ton following improved product price amid delayed new plant start-ups, mainly in China.

SCGC sold approximately 306,000 tons of polyolefin products (PE and PP), sales volume decreased by -12% QoQ and -22% YoY following the ROC olefins plant shutdown.

In the Vinyl chain in Q1/24, average PVC prices decreased by \$9/ton or -1% QoQ to \$784/ton, and average PVC-EDC/C2 spread decreased by \$63/ton or -19% QoQ to \$270/ton due to higher EDC prices from limited supply from Middle East producers, while PVC price slightly dropped amid ongoing real estate crisis in China. PVC sales volume in Q1/24 decreased by -9% QoQ to 154,000 tons following VCM plant optimization.

***SCGC's earnings improved QoQ mainly from inventory gain and better olefins gap***

In Q1/24, SCGC's Revenue from Sales registered 45,376 MB, decreased by -2% QoQ and -3% YoY from lower sales volume. EBITDA was 1,289 MB, decreased by -47% QoQ from lower dividend from associates and decreased by -47% YoY. EBITDA from Operations was 1,176 MB, an increase of 575 MB QoQ supported by inventory gain and better olefins gap, while dropped by 1,160 MB YoY due to lower sales volume and margins. Loss for the Period registered at 1,866 MB, compared to Loss of 2,560 MB in the previous quarter. When compared to the Profit of 1,356 MB in the same period of last year, the decrease resulted from lower equity income from associates and recorded Long Son Petrochemicals Complex (LSP) start-up expenses which mainly from depreciation. Equity income from associates registered 458 MB, decreased by 182 MB QoQ and 497 MB YoY. In addition, inventory gain in Q1/24 was at 959 MB.

**Financials**

**Net Debt**  
***Registered at 283,681 MB in Q1/24, increasing 14,160 MB from Q4/23***

Net debt registered at 283,681 MB in Q1/24, an increase of 14,160 MB from Q4/23. Net Debt/Equity ratio was 0.6 times (x) in Q1/24, which was similar to Q4/23 and Q1/23.

Net finance and interest cost in Q1/24 amounted to 2,611 MB compared to 2,241 MB in Q1/23 and 3,041 MB in Q4/23. The average cost of interest in Q1/24 was 3.3%, which was lower than 3.6% in Q4/23 and 3.4% in Q1/23.

**CAPEX & Investment**  
***9,375 MB in Q1/24***

CAPEX & Investment in Q1/24 amounted to 9,375 MB, of which 60% was from Chemicals, 19% was from the businesses related to cement and construction, 16% was from Packaging, and 5% was from Others. The spending was mainly on green initiative projects. CAPEX & Investment in FY2024 is expected to be approximate 40,000 MB.

The Q1/24 EBITDA generation of 12,623 MB compares to cash outflow of 13,643 MB (CAPEX & Investments of 9,375 MB, interest payment of 3,244 MB, and corporate tax and others of 1,024 MB).

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**Table 3 - SCG's Debt Profile (MB)**

	Q1/24	Q4/23	Q1/23
<b>Short Term</b>	<b>55,056</b>	<b>35,721</b>	<b>39,410</b>
Foreign	26,285	17,438	15,713
Baht	28,771	18,283	23,697
% of Total Loan	15%	11%	11%
<b>Long Term</b>	<b>307,210</b>	<b>301,864</b>	<b>322,232</b>
Foreign	59,077	54,068	77,775
Baht	248,133	247,796	244,457
% of Total Loan	85%	89%	89%
<b>Total Loan</b>	<b>362,266</b>	<b>337,585</b>	<b>361,642</b>
<b>Cash &amp; Cash Under Management</b>	<b>78,585</b>	<b>68,064</b>	<b>94,100</b>
Cash and cash equivalents	55,968	43,602	38,743
Investment in short-term debt securities	19,128	20,272	47,230
Investment in debt securities (Private funds) and fixed deposit more than 12 months	3,489	4,190	8,127
<b>Total Net Debt</b>	<b>283,681</b>	<b>269,521</b>	<b>267,542</b>

**SCG's Financial Ratios**

	Q1/24	Q4/23	Q1/23
EBITDA on Assets (%)	6%	6%	6%
EBITDA on Assets (%) (excluding projects under construction)	7%	7%	8%
Current Ratio (times)	1.1	1.1	1.8
Quick Ratio (times)	0.6	0.6	1.0
Interest Coverage (times)	4.8	3.6	5.4
Net Debt to EBITDA (times)	5.2	5.0	4.7
Net Debt to EBITDA (times) (excluding projects under construction)	1.8	1.9	2.1
Net Debt to Equity (times)	0.6	0.6	0.6
Debt to Equity (times)	1.1	1.0	1.0
Return on Equity (%)	3%	7%	8%

Note: *Net Debt*  
*EBITDA*

= Total debt (interest bearing), less cash and cash under management  
= Profit before finance costs, income tax expense, depreciation and amortization including dividends from associates, thus, EBITDA for the year 2023 is excluding gain from fair value adjustment of investments.  
= Trailing-12-month EBITDA, to average Total Consolidated Assets  
= Current assets, to current liabilities  
= Cash + short term investments + receivable, to current liabilities  
= EBITDA, to interest expense  
= Net debt, to Trailing-12-month EBITDA  
= Net Debt, to equity & non-controlling interest  
= Total Liabilities, to equity & non-controlling interest  
= Trailing-12-month Net profit, to average total shareholders' equity (not including non-controlling interest)

*EBITDA on Assets*  
*Current Ratio*  
*Quick Ratio*  
*Interest Coverage*  
*Net Debt to EBITDA*  
*Net Debt to Equity*  
*Debt to Equity*  
*Return on Equity*

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

	Mar/24	Dec/23	Mar/23
<b>Total Assets</b>	<b>939,396</b>	<b>893,601</b>	<b>923,725</b>
Current assets			
Cash, cash equivalent and			
Investments in short-term debt securities	75,096	63,874	85,973
Trade and other current receivables	79,281	70,559	78,790
Inventory	84,111	80,631	81,624
Long-term investment	166,808	161,616	166,125
Property, plant and equipment	440,512	424,344	419,233
<b>Total Liabilities</b>	<b>484,202</b>	<b>452,004</b>	<b>459,996</b>
Trade and other current payables	64,527	59,691	65,280
Loans	362,266	337,585	361,642
<b>Total Shareholders' Equity</b>	<b>455,194</b>	<b>441,597</b>	<b>463,729</b>
Total equity attributable to owners of the Company	377,084	363,962	387,446
Non-controlling interests	78,110	77,635	76,283

## ESG Performance Update

### **Net Zero**

***Q1/24 figure was 5.99 million-ton CO<sub>2</sub>, which is still on track for GHG emissions reduction target in 2030***

In Q1/24, SCG's absolute GHG emissions (scope 1+2) was 5.99 million-ton CO<sub>2</sub>, 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 to be within well-below 2 degrees Celsius scenario.

Driven by rising energy costs due to fluctuating oil prices and government policies promoting greenhouse gas reduction, SCG is accelerating Energy Transition to renewable energy along with increasing the use of alternative energy sources such as biomass and Refuse-Derived Fuel (RDF) to continuously raise the proportion of alternative energy sources in operations. As a result, in Q1/24, SCG was able to achieve penetration of alternative fuels such as biomass and RDF, which accounted 25% for all business units and 47% for cement operations in Thailand.

### **Go Green**

***Green Choice products accounted for 53% of total Revenue from Sales in Q1/24***

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 Q1/24, Revenue from Sales of Green Choice products, totaling approximately 300 items, was 65,782 MB, accounting for 53% of total Revenue from Sales and can reduce 230,000 ton CO<sub>2</sub>.

The highlight Green Choice products include SCGC Green Polymers, the innovative polymer solutions that tackle global warming challenges and advance environmental stewardship across four pillars (4R): Reduce, Recyclable, Recycle, and Renewable. Additionally, Low Carbon Cement and CPAC Low Carbon Concrete, which utilizes low carbon cement instead of Portland cement, have made significant reduction in greenhouse gas (CO<sub>2</sub>) emissions compared to conventional OPC cement and concrete with the same compressive strength. Furthermore, SCGP's Green Carton, is an eco-friendly corrugated container that resources usage in the production at least 25 g/sq.m., while remains the same strength.

### **Reduce Inequality**

***In Q1/24, up to 2,182 individuals have benefited from SCG's job creating, healthcare access enhancement, and educational provision***

SCG aims to create jobs and income security by developing skills and capabilities, providing education opportunities, and improving well-being starting from 2022. The target is to reach accumulated 50,000 by 2030, with a target of reaching 5,600 people by the end of 2024. In Q1/24, SCG actively contributed to reducing inequality in society for a total of 2,182 individuals.

In Q1/24, SCG has generated a total of 332 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. Furthermore, SCG has contributed to improving public health by facilitating access to healthcare services for a total of 1,850 people through the several projects including "Happy and Healthy Citizen Project" led by The Royal Medical Team, providing sight-restoring surgery, offering dental services, and safe driving training for emergency medical service and ambulance drivers. Regarding the provision of educational opportunities, SCG will launch the projects from May 2024 onwards.



***SCG is determined to drive ESG with collaborations with partners from various sectors for Saraburi Sandbox, a low-carbon city project***

### **Enhance Collaboration**

SCG has collaborated with partners from various sectors in Saraburi province for the project called Saraburi Sandbox, which is a provincial pilot project striving to establish a blueprint for transitioning to low-carbon city, aligning with the Nationally Determined Contribution: NDC. It targets reducing greenhouse gas emissions across energy, industry, waste management, agriculture, and land use sectors. This initiative supports Thailand's long-term goals to reach carbon neutrality by 2050 and net-zero GHG emissions in 2065.

The progress in Q1/24 is as follows.

- Implemented a 400 MW solar rooftop project in the parking area around the Saraburi Provincial Government Center building in collaboration with the Provincial Electricity Authority. Expand clean energy initiatives with solar floating in the Klong Prio area, enhancing grid modernization to overcome limitations and promote clean energy adoption.
- Collaborated with Siam Kubota Corporation to educate 33 farmer groups in Saraburi province, focusing on alternate wetting and drying rice farming in Nong Don and Sao Hai districts. Also, gathered insights post-project completion.
- Collaborated with the Thailand Institute of Scientific and Technological Research (TISTR) to deploy technology including a plastic bottle sorting machine and a Biogas production unit in the "Bowon" project (residences, temples, schools) for community waste separation."
- Exploring Green Funding opportunities from the Government of Canada through United Nations Industrial Development Organization: UNIDO for industrial decarbonization initiatives."

### **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>