

ENGLISH TRANSLATION

SCCC 023/2019

15 May 2019

Subject: Management discussion and analysis of the operating result of change more than 20 percent of the Quarter 1/2019

Attention: Managing Director,
The Stock Exchange of Thailand

Attachment: A copy of the interim financial statements of SCCC for the three-month periods ended 31 March 2019

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 three-month periods ended 31 March 2019 compared to the same period of 2018 with a summary of our operating result as mentioned below:

Improved domestic demand underpins SCCC Group Q1 performance

- **Positive signs of recovery for domestic cement volume and expanded international trading activities resulted in a higher topline of the Group.**
- **Soft demand and higher cost of imported materials in key overseas markets undermined performance in overseas businesses.**
- **Net profit increased 33%**

Group		2019	2018	Change %
Net Sales	million baht	11,879	10,904	9
Net Profit	million baht	1,105	833	33
Earnings per share	Baht	3.71	2.80	32

SCCC Group Performance

Net sales grew 9% driven by solid performance in the domestic markets offset partially by weakened performance of overseas businesses. Thailand's cement market demand exhibited positive signs of recovery which resulted in good growth of domestic sales volumes. Ready-mix concrete, aggregate and other construction materials businesses generated net sales improvements from higher construction activities during the period. Key overseas markets, however, in Vietnam and Sri Lanka encountered weak demand which unfavorably impacted overall net sales.

The international trading business benefited from the continued clinker supply shortage situation in China and the growth of trading activities of cement, clinker, mineral components and solid fuel trading around the Asia Pacific region.

Lower energy costs as well as several operational excellence initiatives brought down overall production and fixed costs. Overseas businesses, on the other hand, experienced increased cost for imported raw material due to a tightening supply situation which offset the achievements in cost optimizations.

SEGMENTAL PERFORMANCE

CEMENT

		2019	2018	Change %
Net Sales	million baht	7,689	7,897	-3

Domestic cement market recovered as volumes grew at a positive rate of 3% YoY while prices remained at the level of prior year. Neighboring countries, like Laos and Myanmar, experienced an oversupply situation from increasing in-country production capacity, and border sales from Thailand into those countries contracted as a result.

Regional cement markets: In southern **Vietnam**, the cement market demand for the first quarter was generally soft as a result of a long holiday festive season, but net sales were on the same level as prior year.

In **Sri Lanka**, cement market has contracted due to a slowing economy. However, as government provided some relief on price control, higher prices during the period outweighed the negative impact from lower volumes.

In **Bangladesh**, the cement market softened due to slow progress of large infrastructure projects after the national election.

Where **Cambodia** is concerned, volumes sold in the first quarter grew over 20% YoY.

READY-MIXED CONCRETE AND AGGREGATE

		2019	2018	Change %
Net Sales	million baht	2,175	1,875	16

Ready-mixed concrete and Aggregate: Sales growth were driven by an increase in construction activities of existing residential and commercial construction projects. Tighter mortgage regulations and increasing interest rates by the Bank of Thailand, however, pose a challenge for property developers which is expected to result in slower growth for incoming waves of new projects.

TRADING

		2019	2018	Change %
Net Sales	million baht	1,213	460	164

Trading: The international trading business expanded through an increased demand for clinker, coal, gypsum and slag in regional markets and continued clinker supply tightening caused by implantation of pollution control policies in China.

FIBER CEMENT, AERATED CONCRETE, WASTE MANAGEMENT SERVICES AND OTHERS

		2019	2018	Change %
Net Sales	million baht	802	672	19

Fiber Cement: Reported net sales on level of prior year despite decelerating growth in residential construction which negatively impacted demand for decorative materials.



Aerated Concrete Products: Net sales grew 47% over prior year bolstered by securing wall panel solutions to big projects.

Waste Management Services: Delivered solid performance growth of 30% over prior year mainly driven by Thailand business unit's ability to secure industrial non-hazardous solid waste and additional revenue from overseas industrial cleaning projects.

Yours sincerely,

On behalf of Siam City Cement Public Company Limited

(Kasem Makrailert)

Head of Group Accounting, IR and Shared Services