

ENGLISH TRANSLATION

SCCC 20/2021

13 May 2021

Subject: Management discussion and analysis of the Quarter 1/2021

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 2021

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 2021 compared to the same period of 2020 with a summary of our operating result as mentioned below:

Q1/2021: Solid cement demand in all markets but prices remain under pressure; sustained cost efficiency measures in place

- Despite cement demand increase in key markets, topline remained under pressure due to weakening price from intense market competition.
- Improved operational efficiency combined with benefits from lower energy and raw material cost led to higher profitability
- Resurgence of pandemic outbreaks in different markets and limited shipping capacities put additional pressure on weak international trading activities

Group Q1 (3-month)		2021	2020	Change %
Net Sales	THB million	10,378	11,016	-5.8
EBITDA	THB million	2,554	2,312	10.5
Net Profit	THB million	1,063	826	28.7
Earnings per share	THB	3.57	2.77	28.9

SCCC Group Performance Q1

Thailand's cement market demand exhibited positive signs of recovery during the first quarter, fueled by government infrastructure projects and key existing commercial and industrial projects. Amidst some increased lockdown measures, overseas business units also benefited from a solid demand for construction materials. Group net sales however continued to suffer from lower average selling price compared to prior year.

Increased operational efficiency from improved plant operation, benefits from lower energy and raw material costs as well as fixed cost optimization initiatives continued to support the Group's profitability. Part of the Group's profitability increase is also impacted by the stronger results of associated companies and joint ventures as well as lower financial expenses.

SEGMENTAL PERFORMANCE

CEMENT

		2021	2020	Change %
Net Sales	million baht	6,908	6,699	3.1
EBITDA	million baht	2,059	1,807	13.9

Remark: EBITDA by segment is presented before intersegment elimination

Thailand domestic cement market: Cement sales growth was driven by construction in the public infrastructure sector whereas residential and industrial sector remained weak. Under intense market competition however, the average sales price declined and resulted in overall lower net sales. Whilst energy costs stayed low during the quarter, reduced distribution and operating expenses continued to improve profit margins, and higher kiln scheduled maintenance expenses partially offset the improved profit for the period.

In southern Vietnam, cement market demand recovered during the first quarter, mainly driven by infrastructure construction projects and led to higher sales volume. Average cement prices were on a downward trend and remained soft compared to the same period of prior year. Lower landed raw material costs, higher utilization of locally produced clinker and higher sales volume however could not offset the impact from weaker price and led to overall lower profitability.

In **Sri Lanka**, the positive sentiment of demand recovery, fueled by some long-awaited infrastructure projects, resulted in a double-digit volume growth over a pandemic-impacted prior year. Amidst softened cement prices and rising bulk material prices, performance increased significantly due to the higher volumes and well managed fixed cost.

In **Bangladesh**, cement demand recovery continued, and sales volume grew further compared to prior year. Profitability increased due to higher volume and lowered raw material import costs, while sales prices remained almost flat.

The **Cambodian** Joint Venture continued to deliver strong performance supported by solid market demand. Favorable energy prices and improved plant performance underpinned profitability growth.

READY-MIXED CONCRETE AND AGGREGATE

		2021	2020	Change %
Net Sales	million baht	1,502	1,905	-21.2
EBITDA	million baht	141	176	-19.9

Remark: EBITDA by segment is presented before intersegment elimination

Ready-mixed concrete and Aggregates: Subdued demand in residential construction activities adversely affected demand for ready-mixed concrete for the period. Aggressive market competition to gain share of volume during the period weighed on prices. Strict cost management and benefits from lower raw material cost could not offset the pressure on the topline.

TRADING

		2021	2020	Change %
Net Sales	million baht	1,074	1,438	-25.3
EBITDA	million baht	43	74	-41.9

Remark: EBITDA by segment is presented before intersegment elimination

Trading: Demand for clinker and other cementitious materials gradually improved yet remained at levels below prior year amidst some set-backs due to higher freight cost. As a result, profitability was below pre-pandemic levels.

LIGHT BUILDING MATERIALS

		2021	2020	Change %
Net Sales	million baht	655	647	1.2
EBITDA	million baht	121	77	57.1

Remark: EBITDA by segment is presented before intersegment elimination

The economic slowdown has led to reduction in consumer spending causing contraction of the residential construction sector adversely. This affected demand and intensified market competition in the light building materials segment. **Mortar** net sales declined and led to softened profitability for the period.

Decorative materials under the **Fiber Cement** segment slightly recovered, however, from a weak demand in prior year. In addition, continued fixed cost reduction actions helped further improve profit for the period.

Penetration in retail customer and geographical focus strategy rose net sales of **Aerated Concrete Products**, combining with improved operational efficiency to result in increased profitability.

WASTE MANAGEMENT SERVICES AND OTHERS

		2021	2020	Change %
Net Sales	million baht	239	327	-26.9
EBITDA	million baht	187	184	1.6

Remark: EBITDA by segment is presented before intersegment elimination

Waste Management Services: Net sales declined because of industrial cleaning customers deferring projects as a consequence of economic slowdown impacts. Profitability declined mainly due to lower prevailing waste management fees in the market, but was partially offset by better cost management.

Yours sincerely,
On behalf of Siam City Cement Public Company Limited

Mr. Aidan John Lynam
Group Chief Executive Officer

(Unit: THB million)

Financial Position

	Mar2021	Dec2020	Mar2020
Current Assets	18,009	16,567	16,569
Non-current Assets	61,287	61,103	66,240
Total Assets	79,295	77,670	82,809
Current Liabilities	22,044	11,961	17,153
Non-current Liabilities	23,517	30,996	31,879
Total Liabilities	45,561	42,958	49,032
Equity attributable to owners of the Company	32,456	33,364	32,410
Non-controlling interests of the subsidiaries	1,278	1,348	1,367
Total Shareholders' Equity	33,734	34,712	33,777

Debt Profile

Short-term Loans	11,119	4,219	8,271
Long-term Loans	17,437	24,474	24,920
Total Loans	28,556	28,693	33,191
Cash & Cash Equivalents	9,089	7,676	6,131
Total Net Debt	19,467	21,017	27,061

Key Ratio

	Mar2021	Dec2020	Mar2020
RONOA (%)	12.7	11.9	10.4
ROE (%)	11.9	11.4	10.4
Total Net Debt/EBITDA (times)	1.88	2.08	3.03
Total Net Debt/Shareholders' Equity (times)	0.58	0.61	0.80