



Q3/2021 Earnings Meeting

12 November 2021

Agenda



Key Highlights and Business Review

Financial Performance

Markets Outlook 2021 and Way Forward

Key Highlights



Pandemic pressure across the region, positive trends on pricing visible in some markets

Strict Covid lockdown in Vietnam as well as renewed pandemic outbreak and flooding in Thailand suppressed construction activities. Most restrictions were lifted near the end of the third quarter



Cost optimization benefit was outweighed by price pressure and inflation of material and transportation cost

Despite improvements in operational efficiency, continued price pressure and steep increase in raw material, energy and transportation cost led to softer operating results



Strengthening ROIC and balance sheet deleveraging continues

Profitability and Return on Invested Capital continues to be a key focus. Amidst current supply chain disruption, additional coal and material inventory has been maintained. Additional THB 3bn committed credit line has been secured to strengthen liquidity



Committed to sustainable development

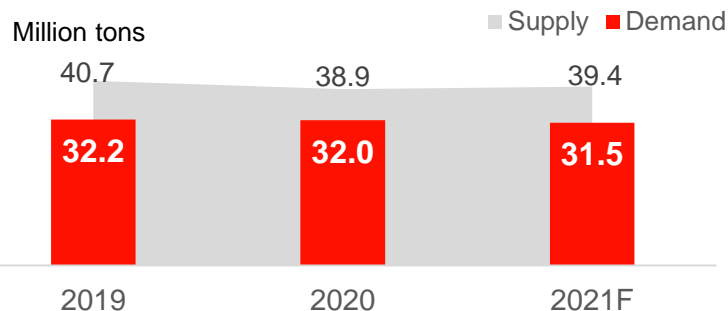
INSEE Group widely recognized in Thailand and overseas with respect to sustainable investments, and top level corporate governance

Thailand: Infrastructure segment remains key driver for cement consumption.

Domestic demand weighted down by lockdown measures

Siam City Cement:
Capacity: 16.0 million tons p.a.

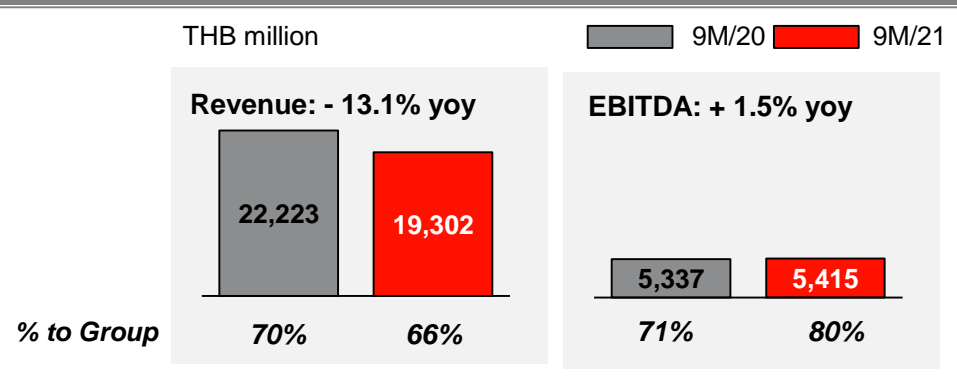
Cement Supply and Demand



Source: SCCC market intelligence/Tradingeconomics.com,/Bank of Thailand



SCCC and TH subsidiaries



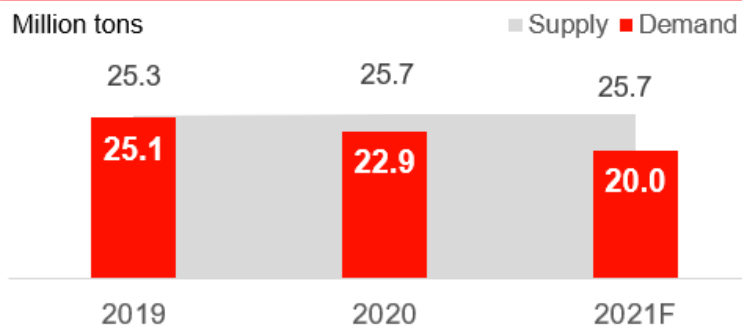
Market Developments and Performance

- Overall domestic cement market was under pressure from renewed pandemic related curfew measures as well as heavy rainfalls and flooding.
- The domestic cement consumption mainly relies on government infrastructure projects. Export market will continue being highly volatile.
- Despite some recovery of cement prices, rising energy and transportation costs weighed negatively on overall profitability.

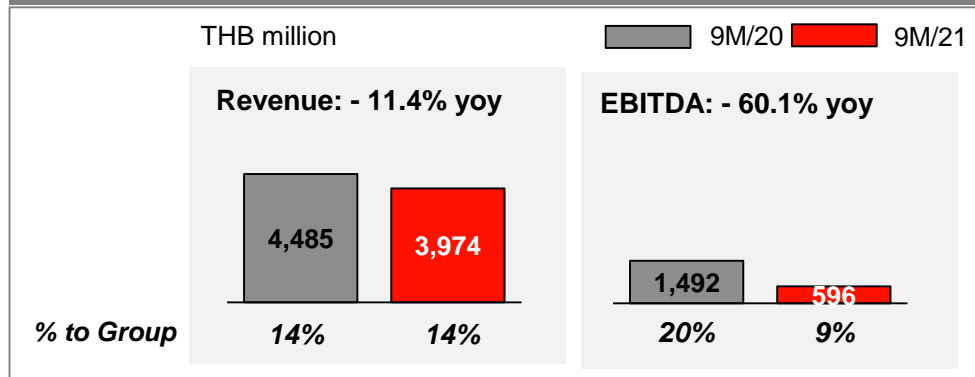
South Vietnam: Lockdown in Q3 has slowed YOY growth. Vaccine program is gaining pace and economy re-opening early October

Siam City Cement Vietnam:
Capacity: 5.2 - 5.5 million tons p.a.

Cement Supply and Demand (South Vietnam)



Siam City Cement Vietnam



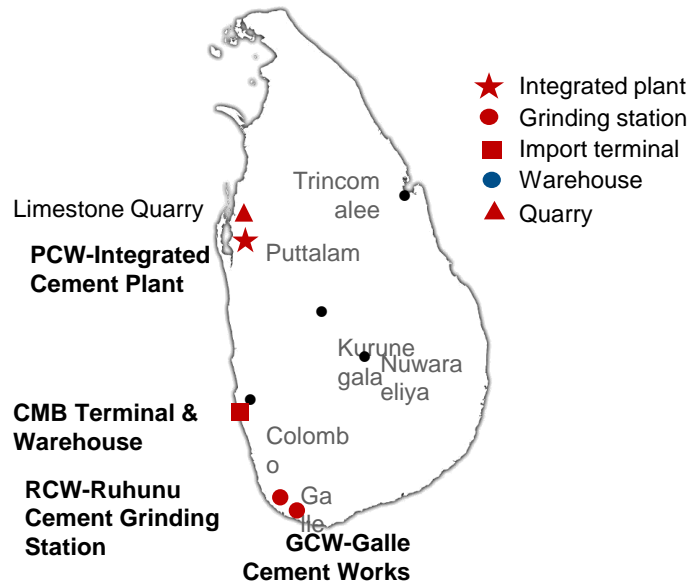
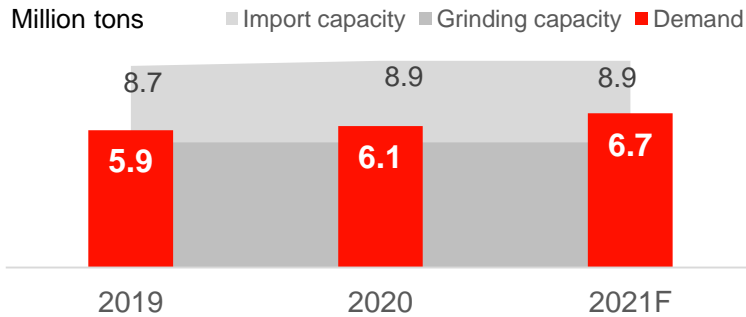
Market Developments and Performance

- Cement demand greatly hampered by very strict lockdown during most of the third quarter. Suspension of business activities and construction by the government across most provinces led to a steep drop in sales volume.
- Pricing pressure from continued local competition.
- Lower topline, higher materials and freight costs as well as scheduled kiln maintenance shutdown resulted in weaker profitability.

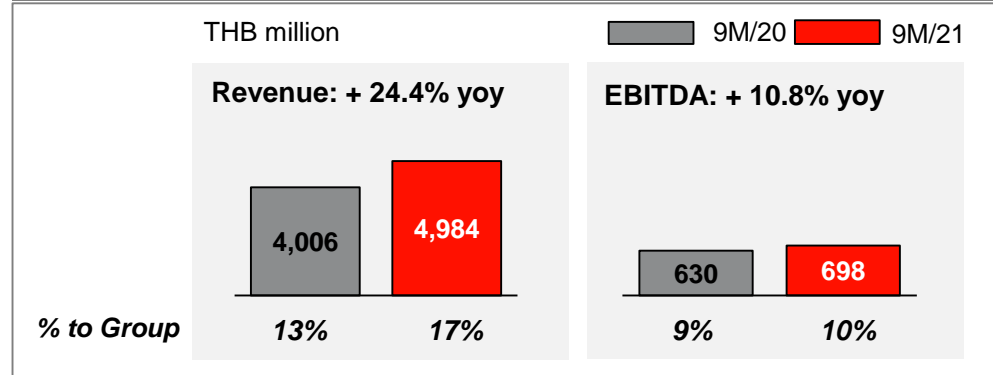
Sri Lanka: Cement industry demonstrates resilience to the effects of the third wave of COVID-19 pandemic

Siam City Cement Sri Lanka:
Capacity: 2.7 million tons p.a.

Cement Supply and Demand



Siam City Cement Sri Lanka



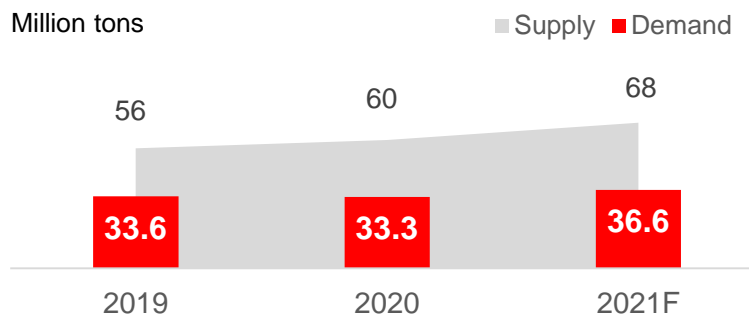
Market Developments and Performance

- Strong cement demand was observed despite of Nation-wide lockdown imposed to contain the spread of COVID-19.
- Local cement production has surged to compensate the decline in cement imports.
- Despite higher bulk material and transportation cost as well as currency devaluation, higher topline resulted in overall increased profitability.

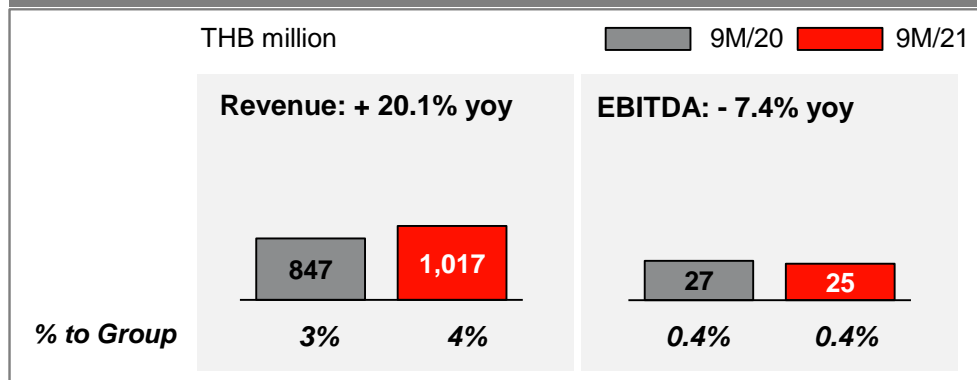
Bangladesh: Economy resumes at full pace after lockdown driven by public investment

Siam City Cement Bangladesh:
Capacity: 0.5 million tons p.a.

Cement Supply and Demand



Siam City Cement Bangladesh



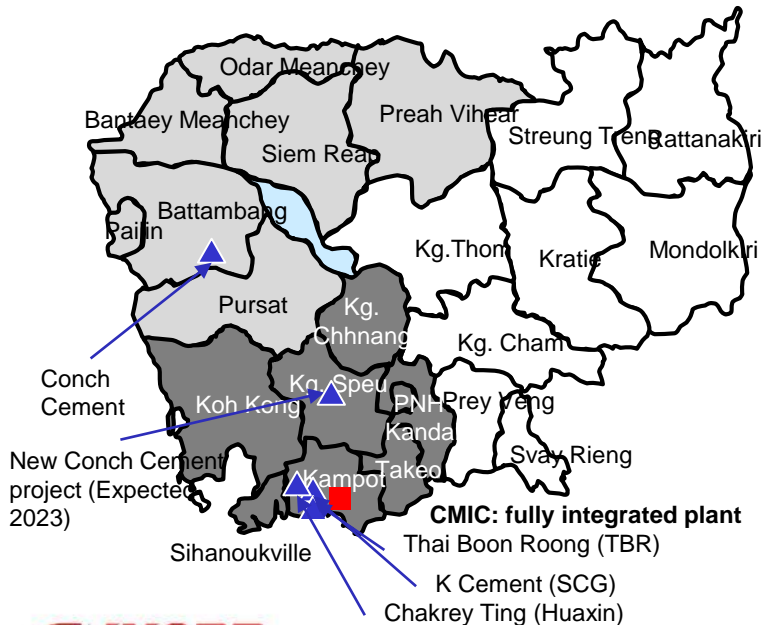
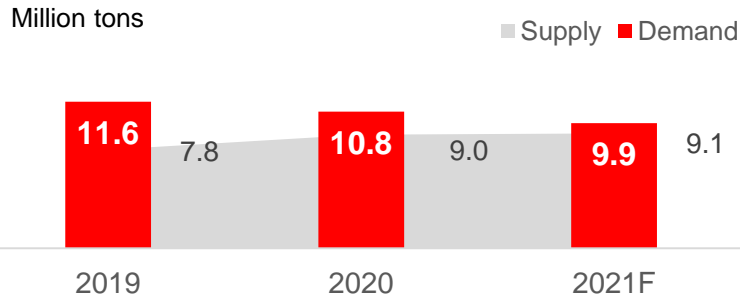
Market Developments and Performance

- Lockdown was lifted in August, economy resuming in full swing.
- Residential construction and public investment continued to generate higher cement demand.
- Despite various sales price increase during the second quarter, profitability remained weak due to a sharp rise in raw material import cost.

Cambodia: Overall market continue contracting and local producers keep increasing their production to capture the share from imports

Chip Mong Insee Cement:
Capacity: 2.1 million tons p.a.

Cement Supply and Demand



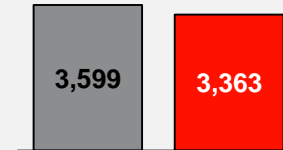
Chip Mong Insee Cement

THB million

9M/20 9M/21

Revenue: - 6.6% yoy

EBITDA: + 3.8% yoy



Market Developments and Performance

- Slowdown of FDI for Chinese investment lowered demand; negative impact from recent COVID-19 outbreak and lockdown in some provinces.
- Imports continue to drop as local prices go down. Local producers continue taking share from imports to maximize utilization.
- Despite topline pressure and increasing energy cost, the company managed to outperform EBITDA driven by strong cost efficiency gains.

Remark: associated company 40%, not consolidated

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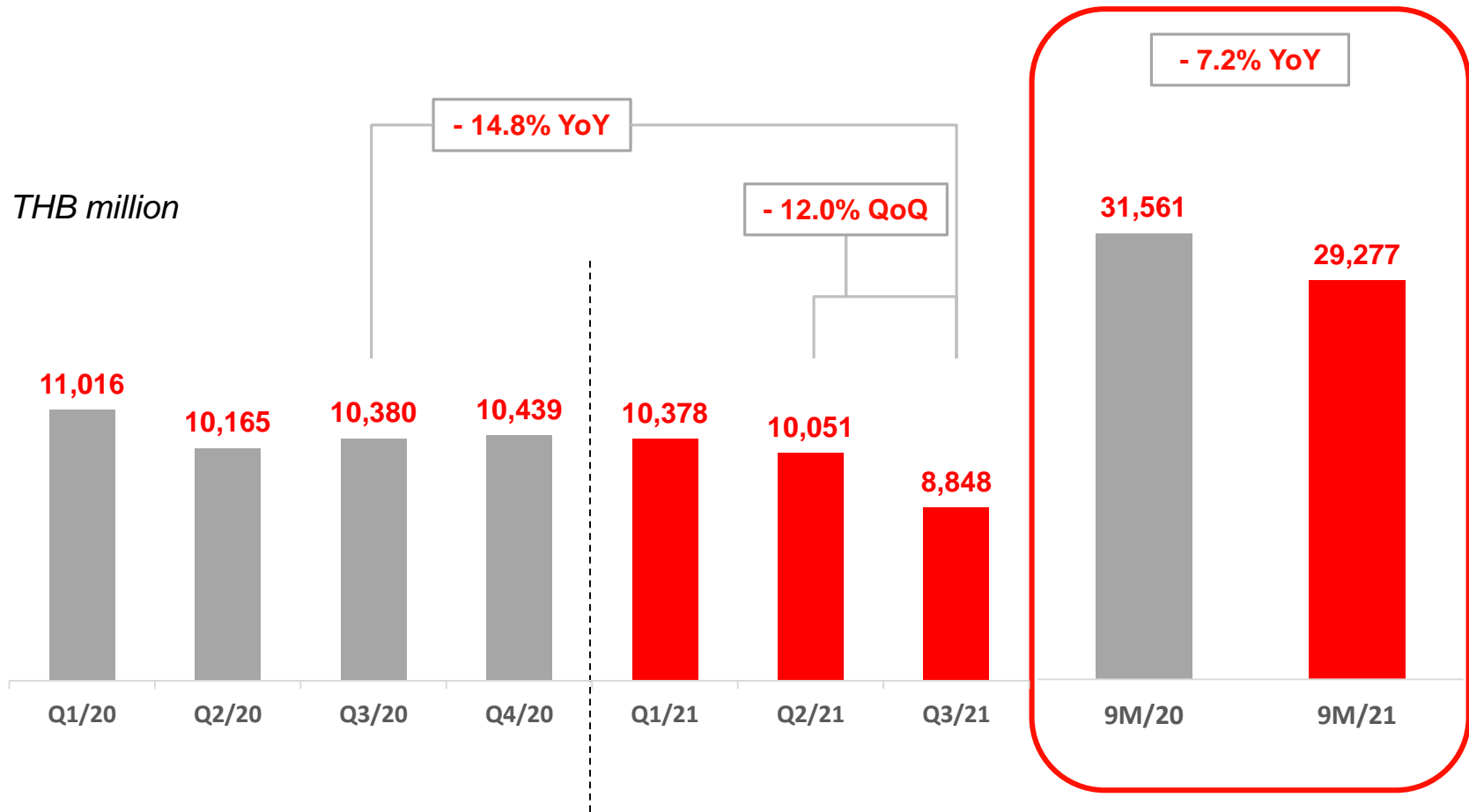
Key Highlights and Business Review

Financial Performance

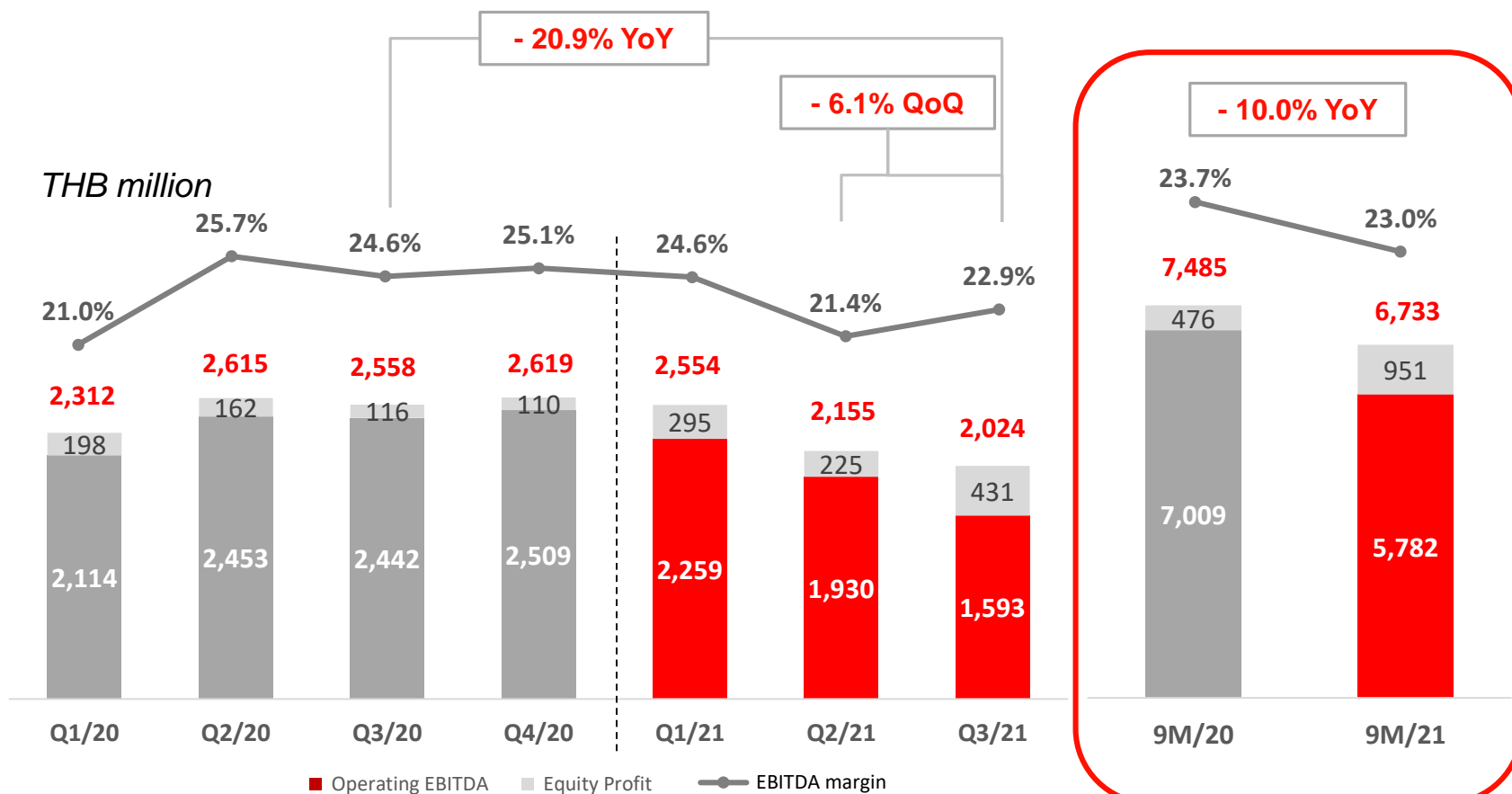
Markets Outlook 2021 and Way Forward



Net Revenue: Strict Covid lockdown in Vietnam as well as renewed pandemic outbreaks and flooding in Thailand suppressed demand for building materials



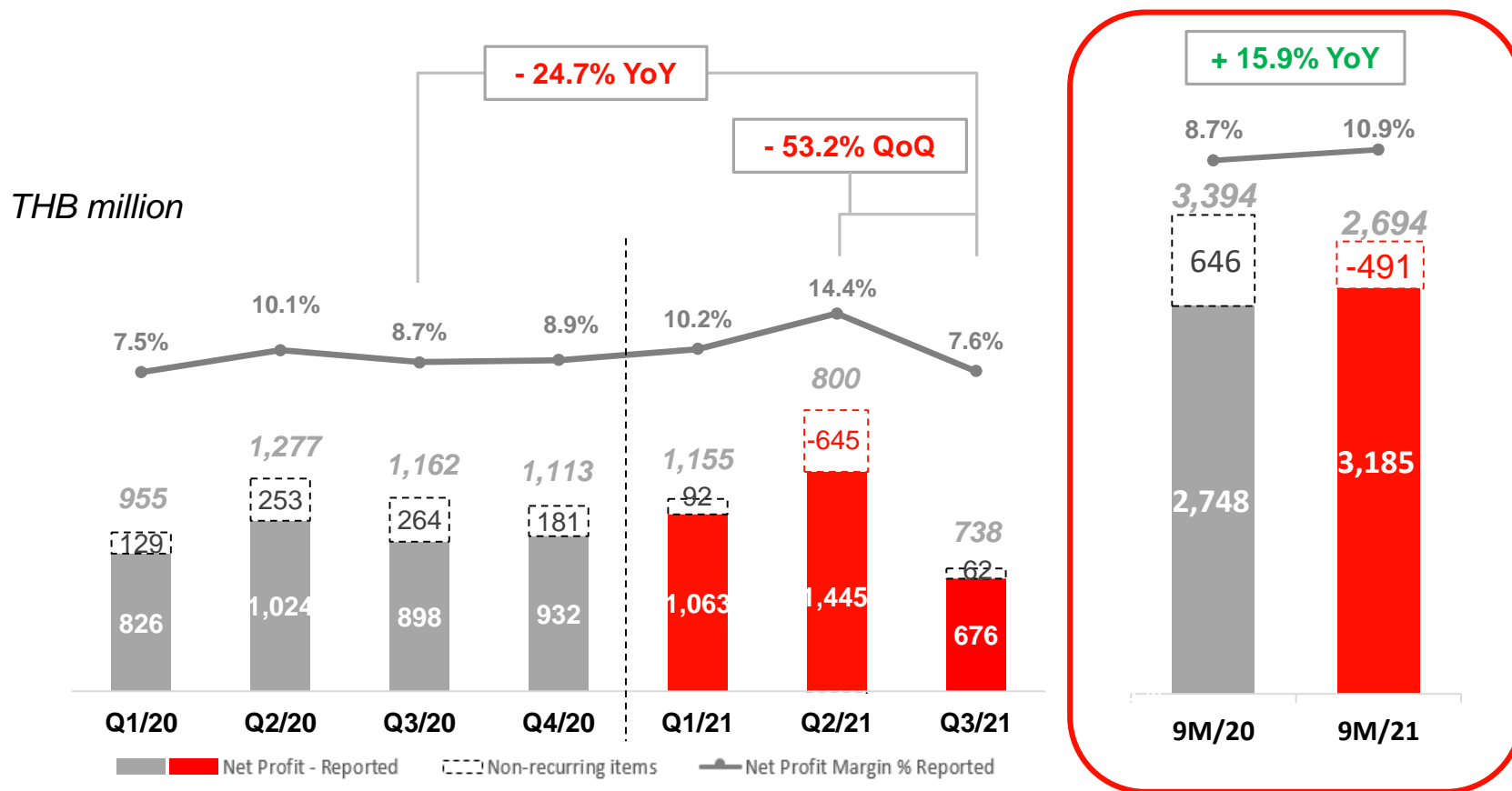
EBITDA: Impact from moderate price increases in some markets were outweighed by continued rise of raw material, energy and transportation costs



Q1/20 – TH two kilns shut down, LK kiln shut down
 Q2/20 – TH one kiln shutdown, K1 mothballing and restructuring
 Q3/20 – TH two kilns shut down
 Q1/21 – TH one kiln shutdown, LK kiln shut down
 Q2/21 – TH one kiln shutdown, VN kiln shut down
 Q3/21 – TH one kiln shutdown, LK kiln shut down

Note :
 TH – Thailand
 LK – Sri Lanka
 VN – Vietnam
 BD – Bangladesh
 CB – Cambodia

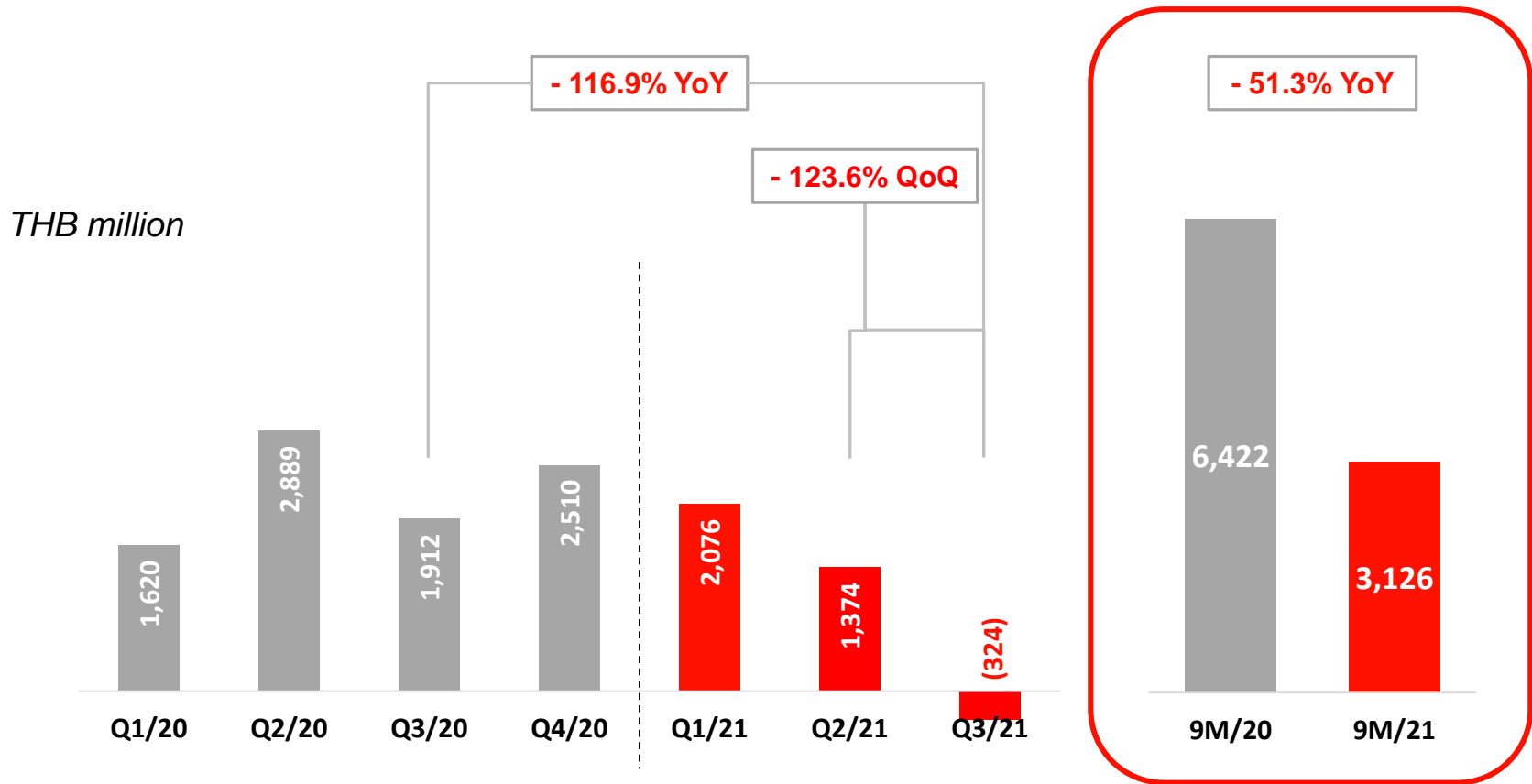
Net Profit: Positive one-time effect from reduction of income tax rate in Sri Lanka during second quarter



Q2/20 – Severance payment 89MB from mothballing of one kiln at Saraburi plant
 Q3/20 – Accelerated depreciation of mothballed plant 1 machineries and equipment
 Q2/21 – Corporate income tax in LK reduced from 28 percent to 18 percent with effect from 1 January 2020

Note :
 TH – Thailand
 LK – Sri Lanka
 VN – Vietnam
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Net Cash Flow from Operating Activities: Lower cash flow due to additional coal and material inventory maintained during Q3



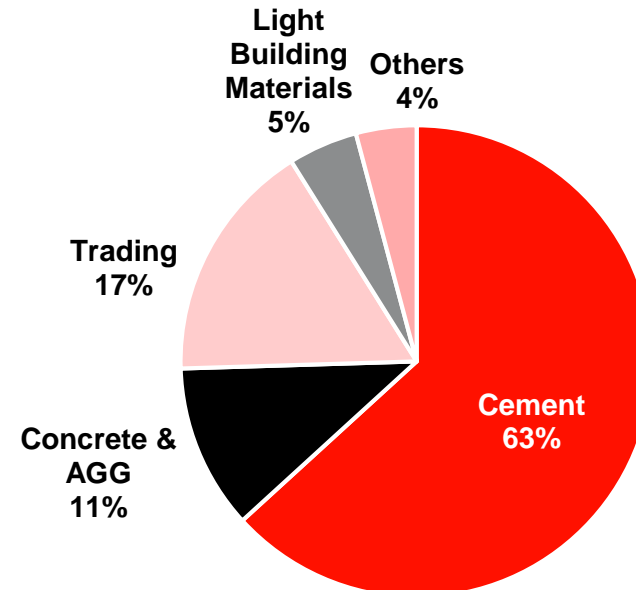
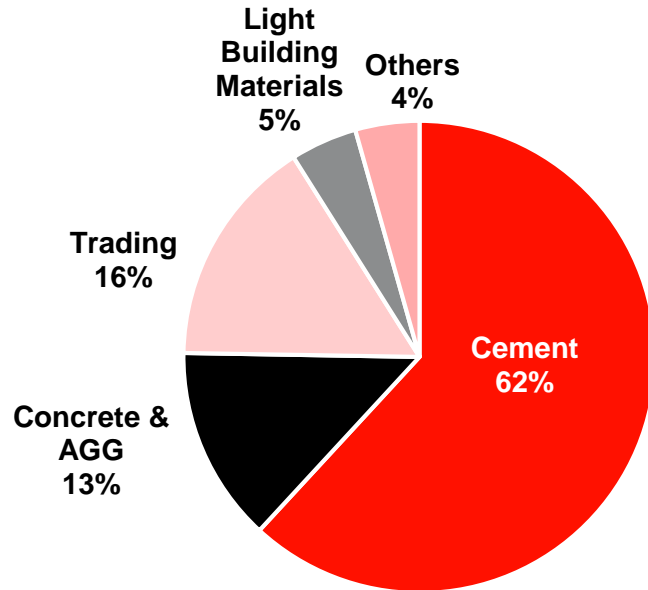
Q2/20 – Improved NWC mainly driven by tightening debt collection and better inventory management
 Q3/20 – Payment of 2019 income tax in Aug and 2020 half year income tax in Sep, combining with SCCLK advance payment to suppliers
 Q3/21 – Increased coal and material inventory (THB 1.1bn) to manage recovery from the pandemic and supply chain disruption

Remark: Cash flow from operating activities excludes cash flow for capital expenditures

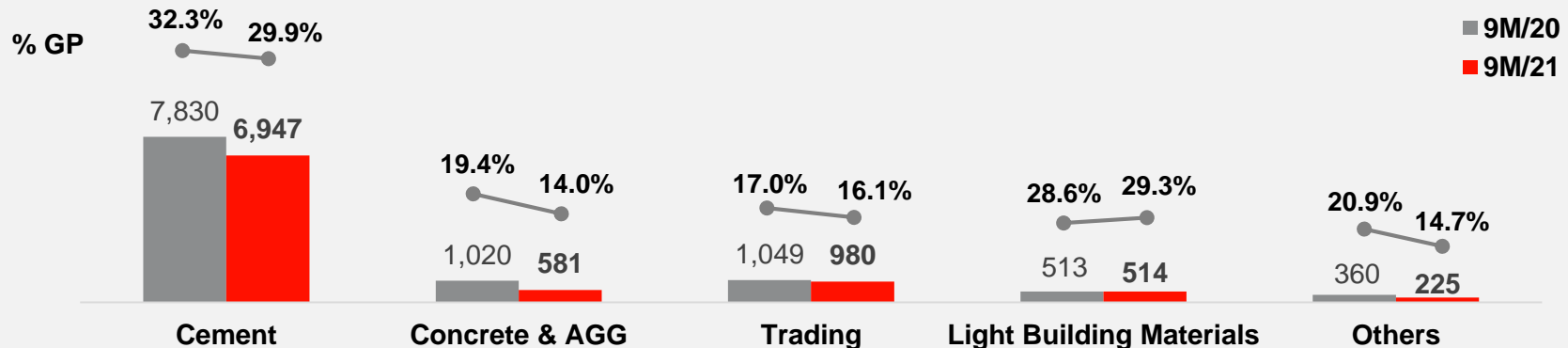
Segmented Revenue: Lower gross profit margin due to higher material and transportation cost, partially offset by modest price increases

9M/20: Rev 31,561 MB, GP 32.6%

9M/21: Rev 29,277 MB, GP 29.9%

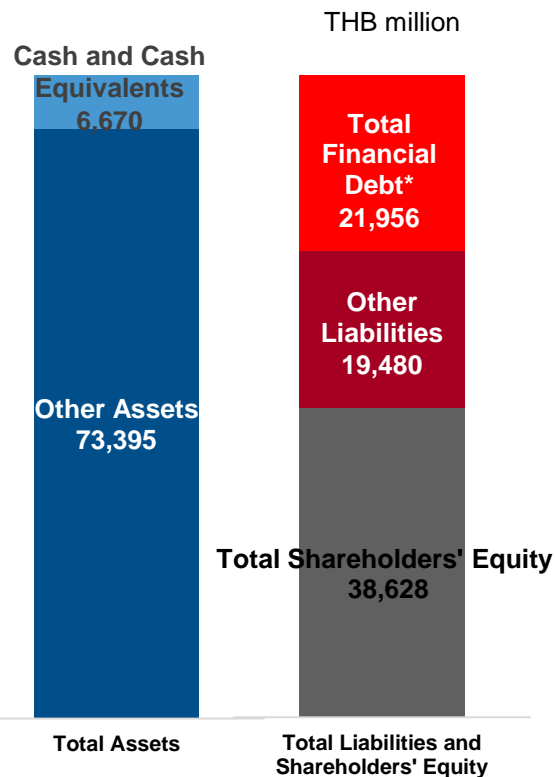


Segmented gross profit (before intersegment elimination)



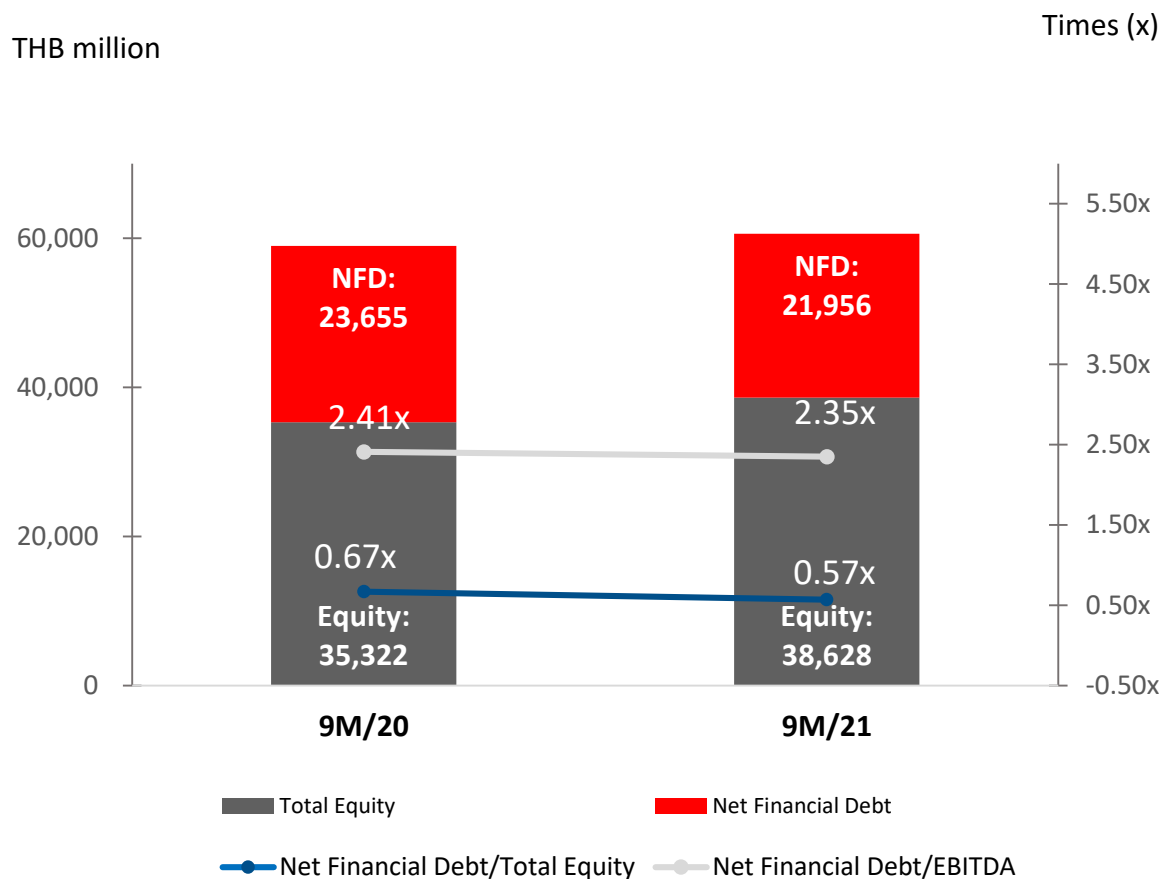
Financial Gearing: Continued reduction of net financial debt

Q3/21 Balance Sheet



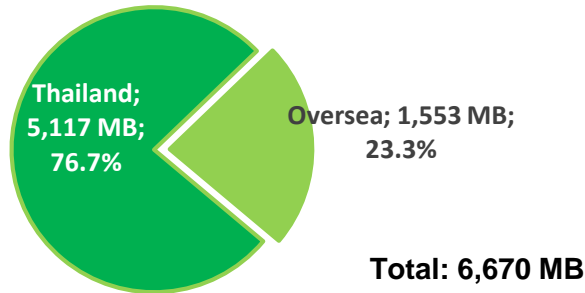
* Net of amortized cost

Leverage Ratio



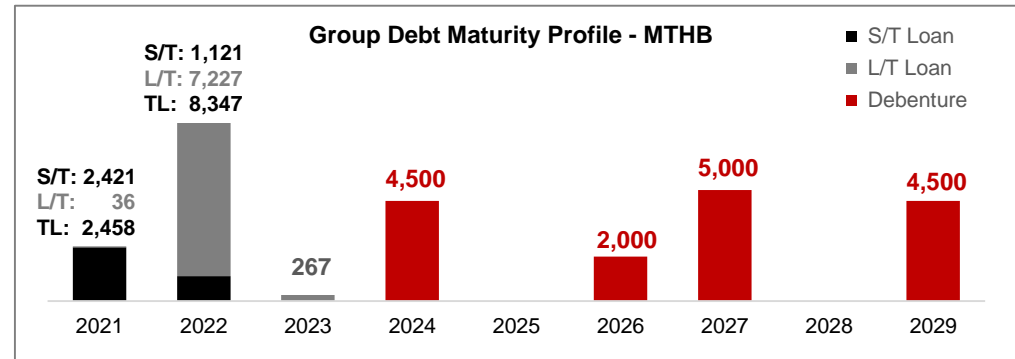
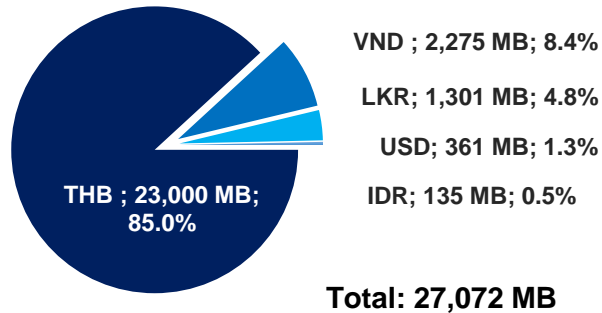
Group Liquidity Management and Debt Profile: Stringent debt control and reserve committed loan facilities to strengthen its liquidity

Group Liquidity Management (THB equivalent)



- At end of Q3/2021, Group cash balance was THB 6.7 bn .
- SCCC reserves cash and available committed loans to secure its L/T Loan repayment THB 7.0 bn due in Jan 2022 and to support Group's business operations during COVID-19.
- The Group secures its liquidity position with the current available committed loan facilities of THB 9.75 bn.

Group Debt Profile (THB equivalent)



Remark: excluded amortization expenses

- 85% of the Group debt is dominated in THB held by Thai legal entities.
- 85% of the Group debt is at fixed interest rates.
- Average interest rate of the Group long-term financing is at 3.5% p.a.

Agenda



Market and Business Review

Financial Highlights

Markets Outlook 2021 and Way Forward

Markets Outlook 2021 and Way Forward:

Continued recovery from pandemic, price increases needed to offset steep cost inflation



THAILAND

- Large infrastructure projects continually drive construction sector.
- Plenty of uncertainties, some economic recovery, continued pandemic effects and increasing household debt.
- Some cement price increases in some markets to pass-through costs inflation.



VIETNAM

- Stable political structures / FDI inflow with drive on infrastructure projects.
- Uncertain pace of recovery after hard lockdown during Q3.
- Announced price increases in November to partially cover cost inflation.



SRI LANKA

- Steady demand is supported by residential and infrastructure projects.
- Maximum Retail Price (MRP) ceiling has been lifted in October and significant price increases announced to cover cost inflation.



BANGLADESH

- Economy resumed resiliently in August after lockdown. Strong international trade, increased demand with higher public investment.
- Challenge to offset sharp increase in raw material costs with corresponding cement price increases.

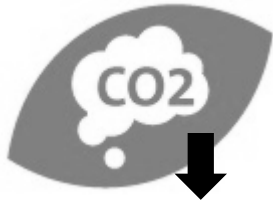


CAMBODIA

- Slowdown of FDI for Chinese investment expected to continue and could cool demand.
- Announced price increases expected to mostly cover for steep cost inflation.

ESG Intent: INSEE stays committed to accomplish solid performance whilst reducing CO₂ footprints and practicing top class governance, everywhere

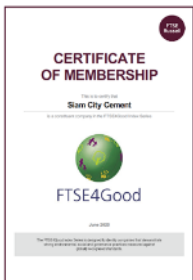
Key cornerstones of our framework includes the following:



We continue to lower our CO₂ footprints and delivering on our targets for sustainable water and biodiversity management



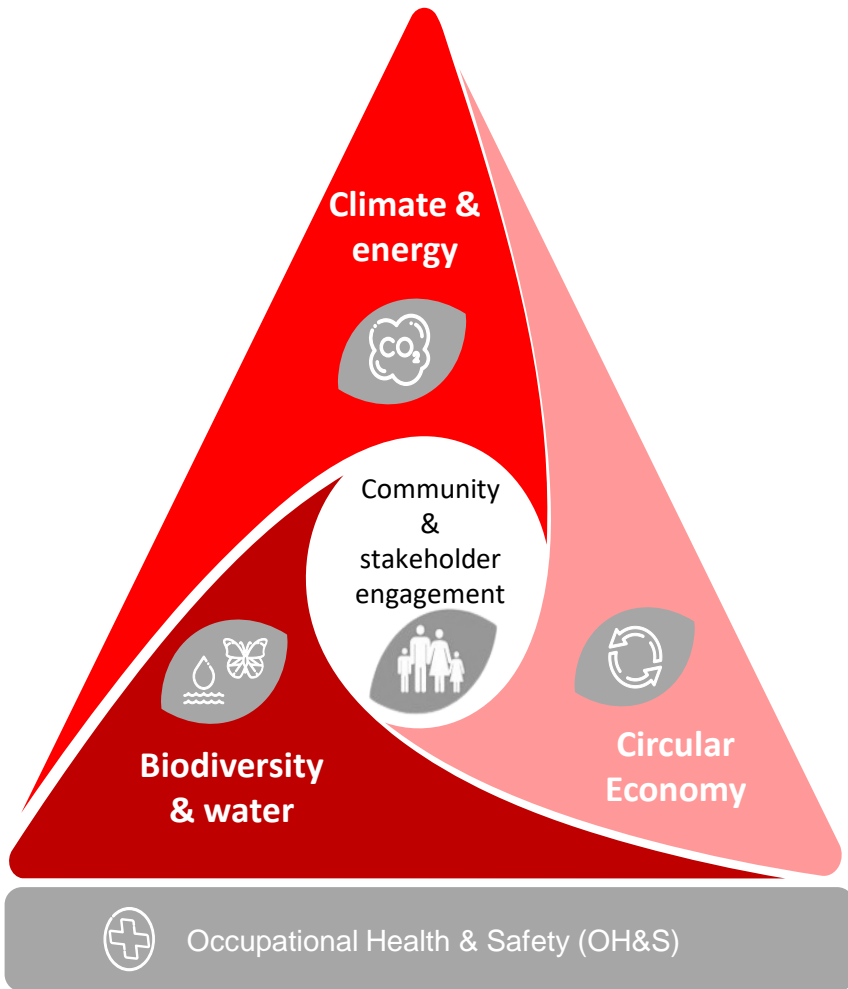
We continue to prioritize health and safety protection for our employees and also our focused CSR efforts in the communities around our facilities



We maintain top management focus on our governance approaches and are recognized for our ESG efforts by the likes of the Stock Exchange of Thailand and Thaipat Institute, and with FTSE4Good

INSEE Sustainability Ambition 2030

Actionable planned targets; aligned with the business needs, actions are in motion



Climate & Energy

- ✓ Reduce CO2 emissions by a further 15% to < 530 kg net CO2/ton (20% reduced since 1990)
- ✓ Reduce electricity consumption (by > -10%) with at least 20% coming from alternative electrical energy usage



Circular Economy

- ✓ Double use of waste derived fuels to >1.0 mio tons)
- ✓ Increase (> +65%) use of byproducts (fly ash, slag etc.) to >1.4 mio tons per annum



Biodiversity and Water

- ✓ Assure net-positive impacts on biodiversity
- ✓ Lower water consumption (by > -20%) with enhanced use of surface water (to > +40% of all water used)



Community and stakeholder engagement

- ✓ Continue solid engagement reputation



OH&S

- ✓ Continue journey to ZERO HARM across all our business

Way Forward: Actively protecting our staff

Vaccination Progress (end October 2021)

FTE	Total number of employee	At least 1 dose	Fully vaccinated	Completion percentage (at least 1 dose)	Completion percentage (fully vaccinated)
Cambodia	409	408	408	99.8%	99.8%
Vietnam	934	932	870	99.8%	93.1%
Bangladesh	106	99	91	93.4%	85.8%
Thailand	2,984	2,916	2,687	97.7%	90%
Sri Lanka	561	554	528	98.8%	94.1%
Indonesia	127	125	124	98.4%	97.6%
Total	5,121	5,034	4,708	98.3%	91.9%

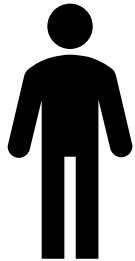
Way Forward during fourth quarter 2021:



- i. **Profitability:** We will seek to raise product and service pricing in line with cost inflation and concentrate on enhancing commercial and cost-side competitiveness



- ii. **Cash:** Keep up the relentless focus on cash flow efficiency with a view to continued reduction of net financial debt, strengthening our balance sheet even further



- iii. **ESG & Health:** As we continue to safeguard the health and safety of our employees we press ahead with actioning our Sustainability Ambition commitments

