



Q2/2023 Earnings Meeting

10 August 2023



AGENDA

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Key Highlights

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Financial Performance

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2023 Outlook and Way Forward

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Q&A

Key Highlights Q2 2023

- Overall sluggish demand and difficulties in raising prices resulted in lower EBITDA and net profit.
- Energy prices are softening and will help improve operating margins in 2H/23.
- Fully committed to decarbonization, circular economy, and Thermal Substitution Rate (TSR) initiatives.
- The focus is on improving performance through implementation of structural cost reduction and optimization initiatives





AGENDA

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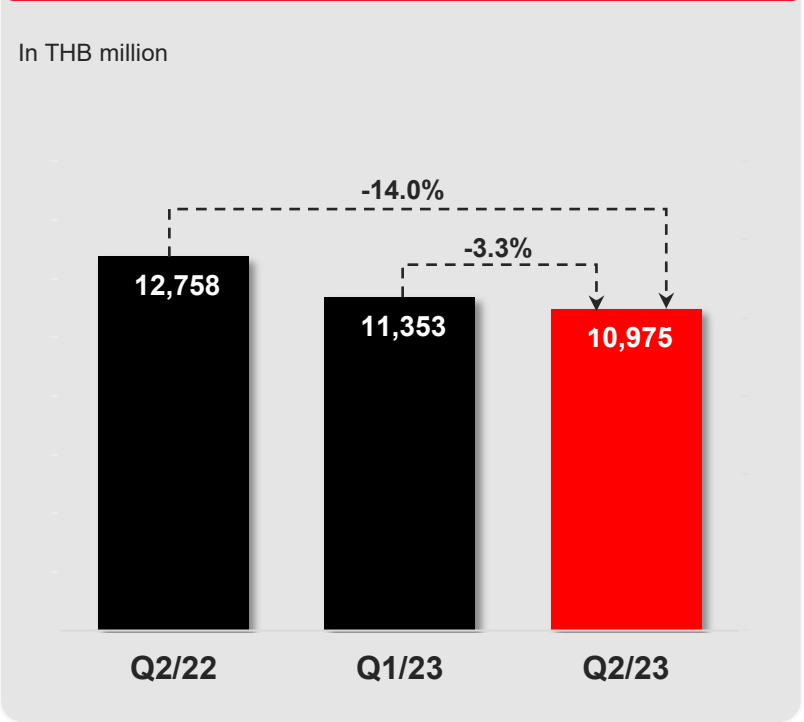
05 **Q&A**

Financial Performance

SCCC Group Performance

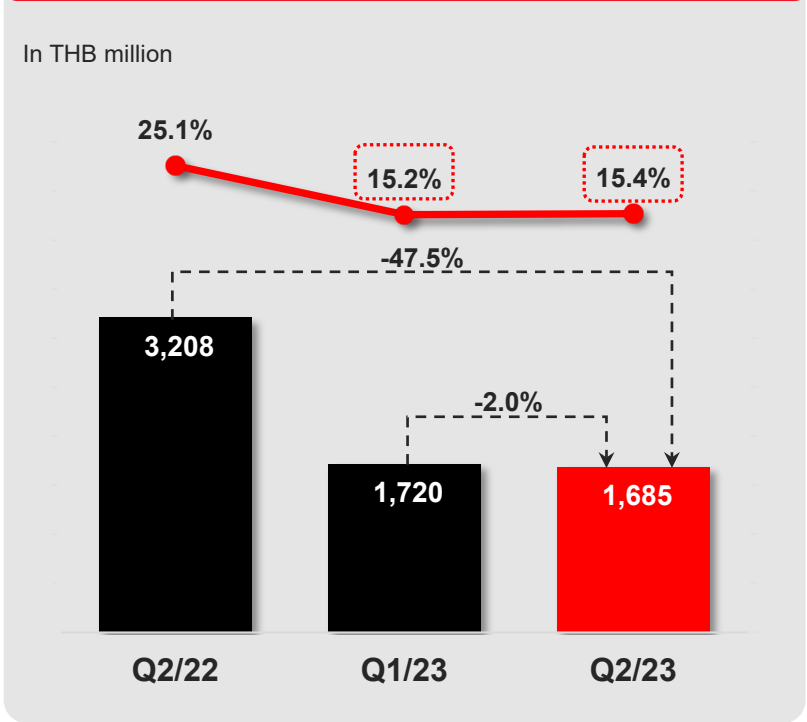
Operation Overview: EBITDA and NP declined due to soft revenues, but EBITDA margin holds with effective cost optimization

Revenue



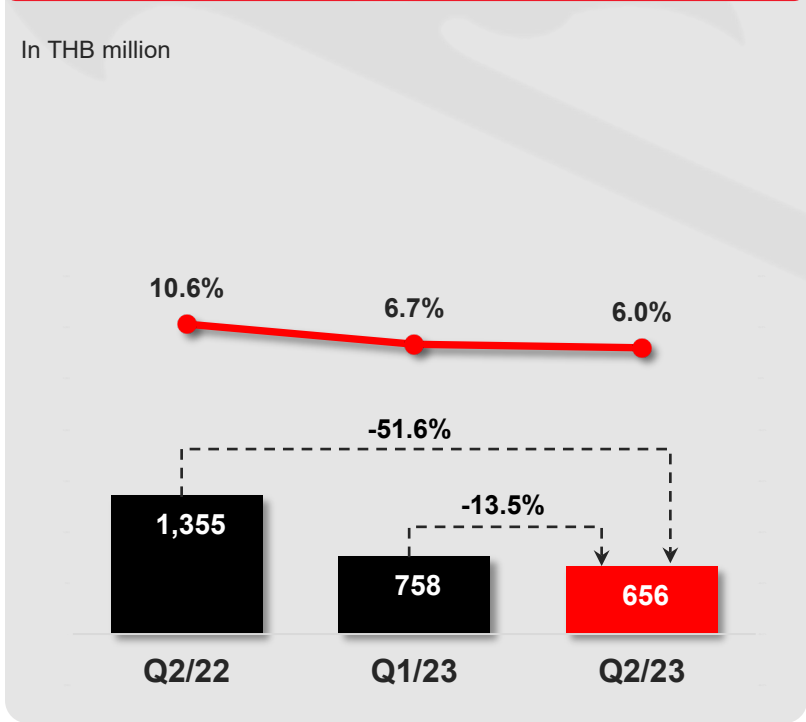
Revenue dropped due to softening demand and price increase difficulties.

EBITDA and EBITDA Margin



Kiln Shutdowns:
Q2/22 – TH (one), VN
Q1/23 – TH (two), VN, LK
Q2/23 – TH (one), LK

Net Profit and Net Profit Margin

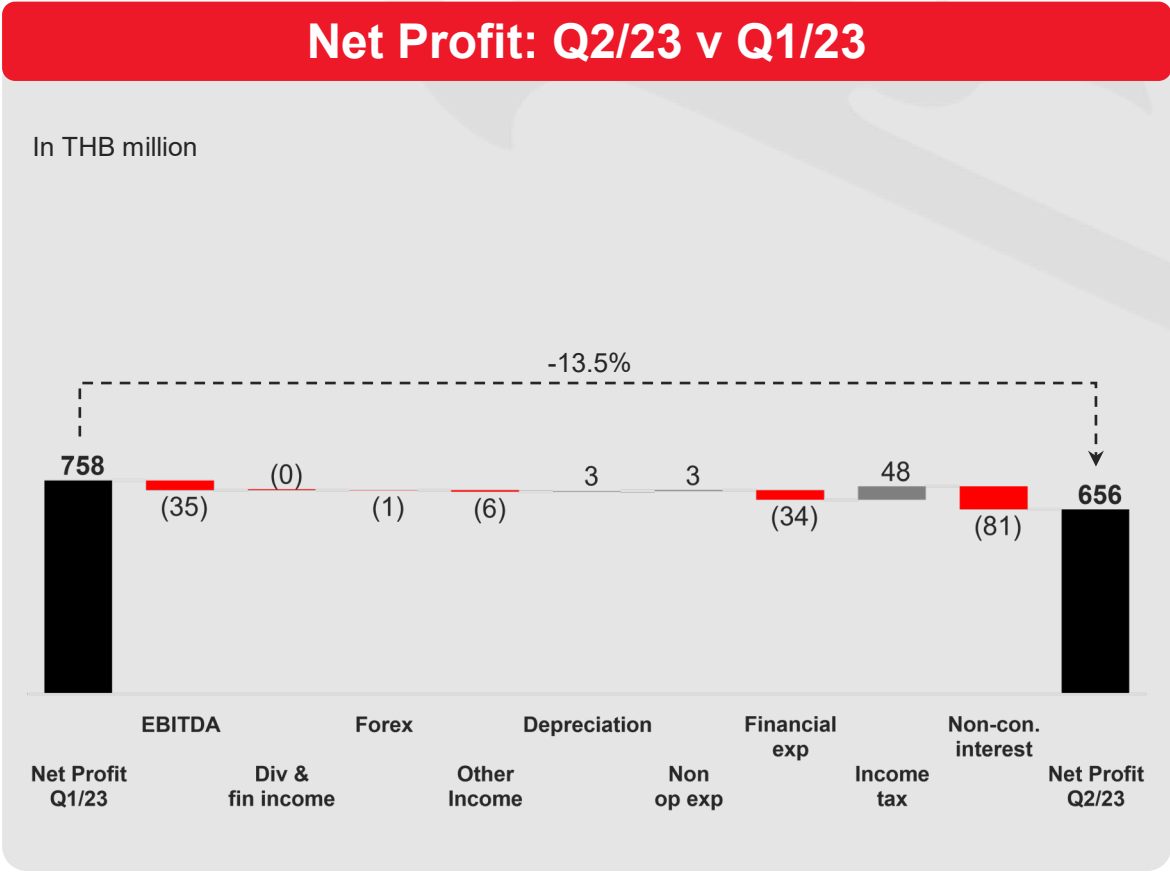
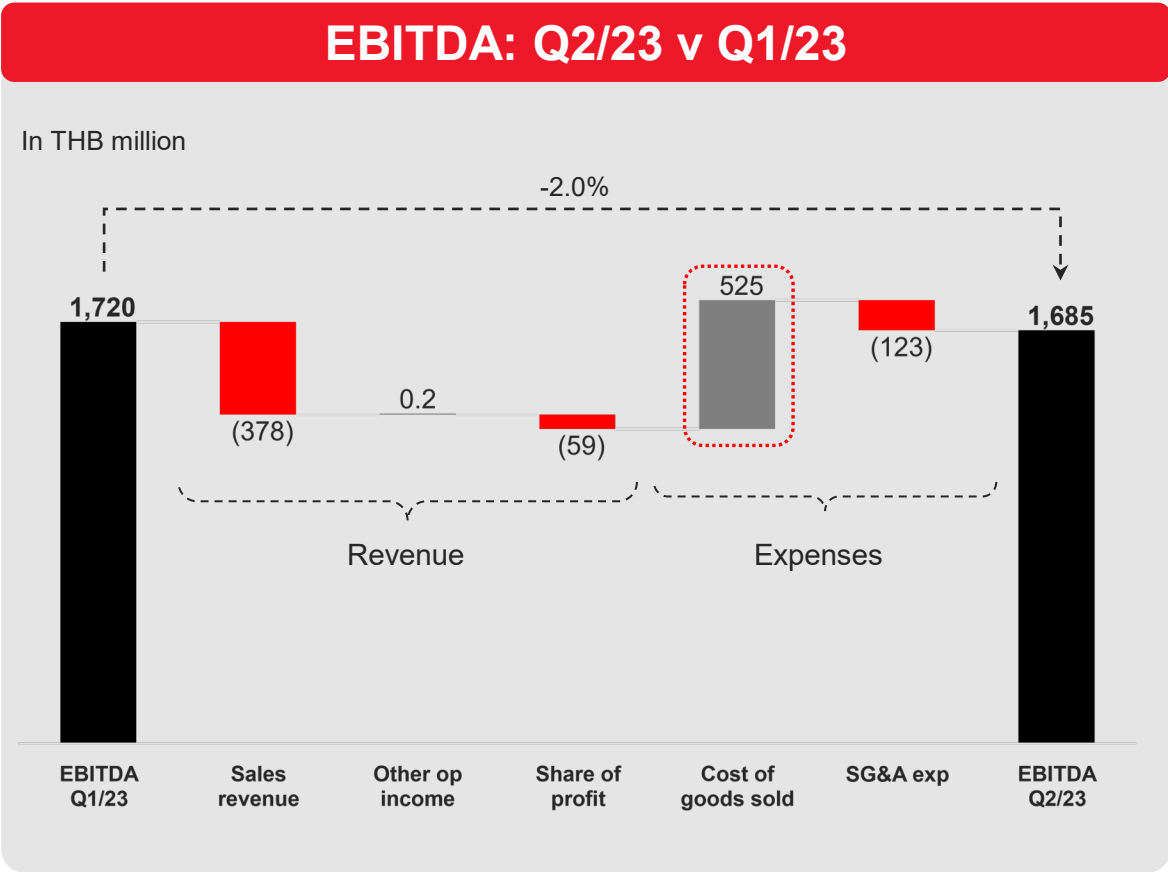


Extraordinary items:
Q2/22 – Surcharge tax imposed in LK.
Q1/23 – Significant foreign exchange gain from the LK business

Financial Performance

SCCC Group Performance

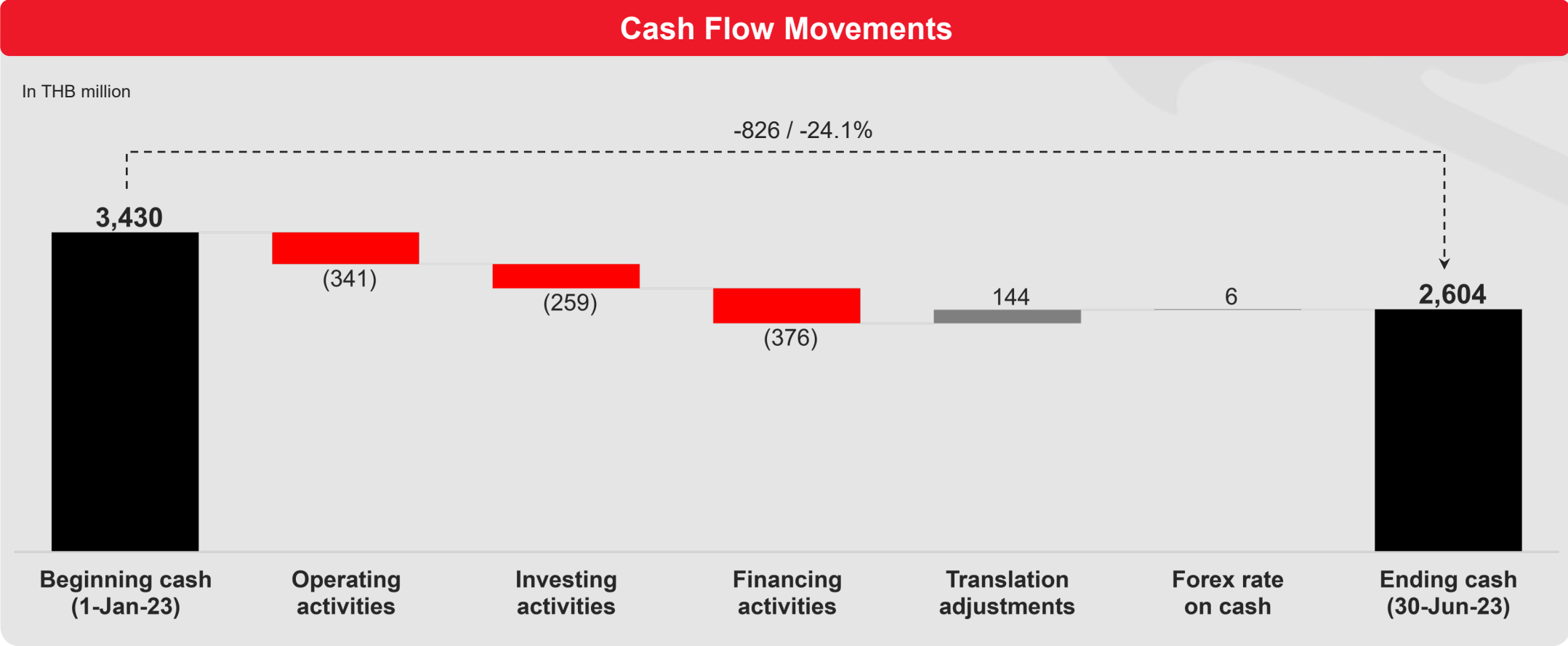
EBITDA & Net Profit waterfall: EBITDA declined on lower revenues, mitigated by reduced expenses.



Financial Performance

SCCC Group Performance

Cash Flow waterfall: Cash flow impacted by soft operating performance, dividend payment and capex.



Financial Performance

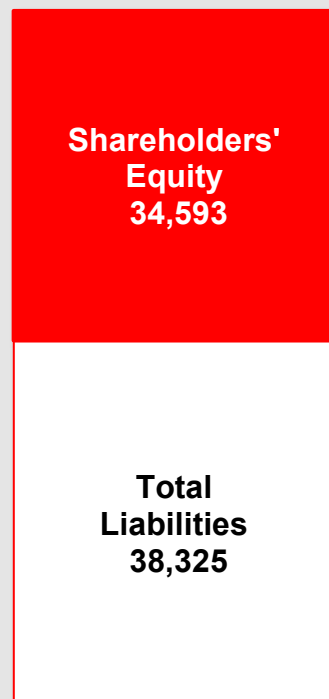
SCCC Group Performance

Key Financial Information: Net DE ratio at 0.65x with additional headroom to support investment opportunities

Financial Position

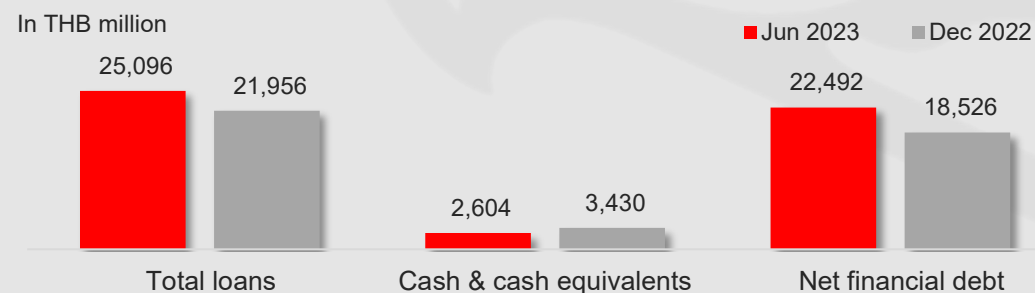


Total Assets



Total Liabilities
& Shareholder's Equity

Debt & Key Ratios



Net Financial Debt

	Jun23	Dec22
Short-term loans	10,549	2,947
Long-term loans	14,547	19,009
Total loans	25,096	21,956
Cash & cash equivalents	2,604	3,430
Net financial debt	22,492	18,526

Key ratios

	Jun23	Dec22
RONOA	3.9%	9.8%
ROIC	4.3%	5.6%
ROE	3.3%	5.2%
Gearing	65.0%	53.7%
NWC (MTHB)	4,573	2,096

Financial Performance

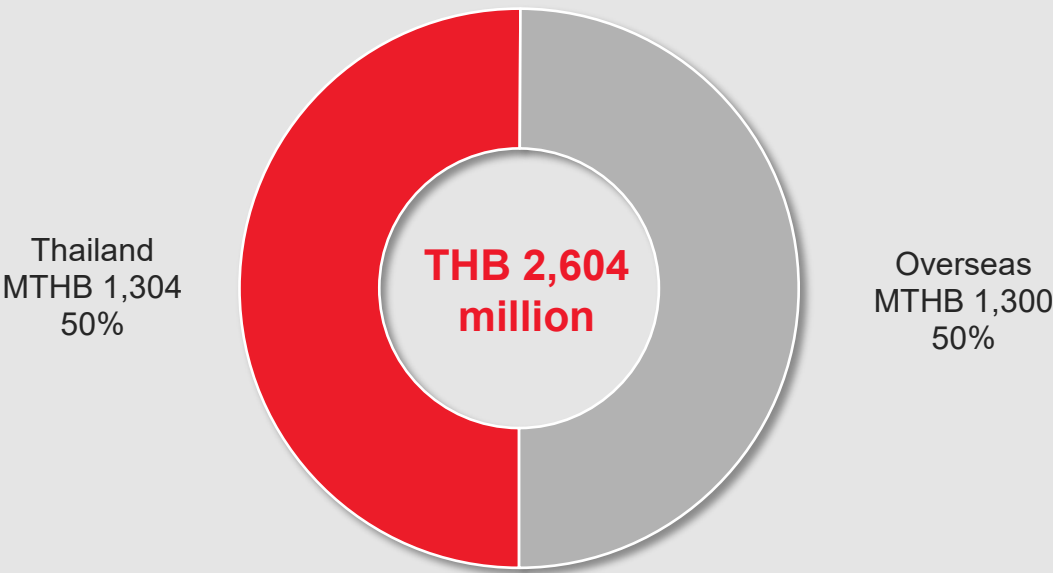
SCCC Group Performance

Group Liquidity Management and Debt Profile: Stringent debt control continues; sufficient committed credit facilities to secure liquidity.

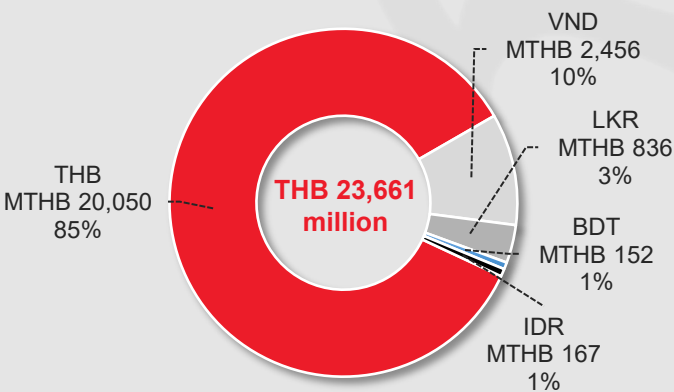
Group Liquidity Management (THB equivalent)

- Unused committed credit facilities of 9 THB billion available to secure liquidity.

Group Cash Balance



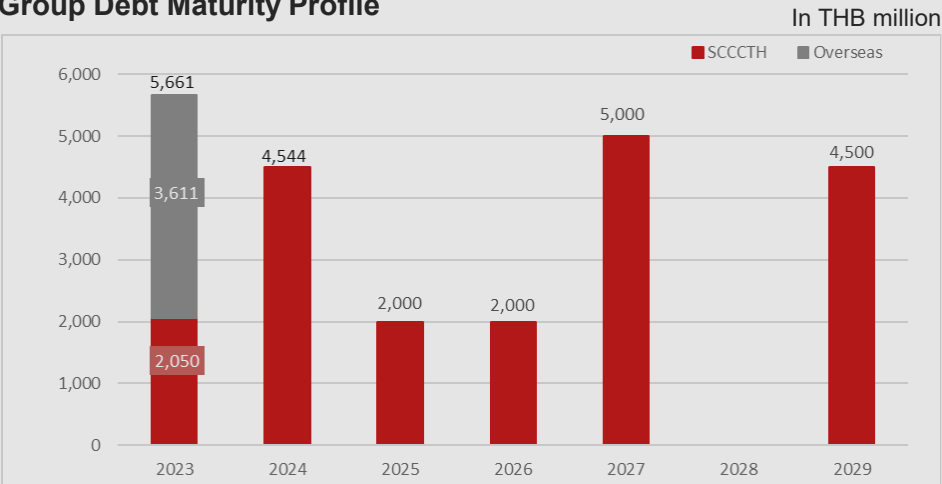
Group Debt Profile (THB equivalent)



- 78% of the Group debt is at fixed interest rates.
- Average interest rate of the Group financing is at 4.26% p.a.

Remark: excluded amortization expenses

Group Debt Maturity Profile





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**Financial Performance –
Segmental**

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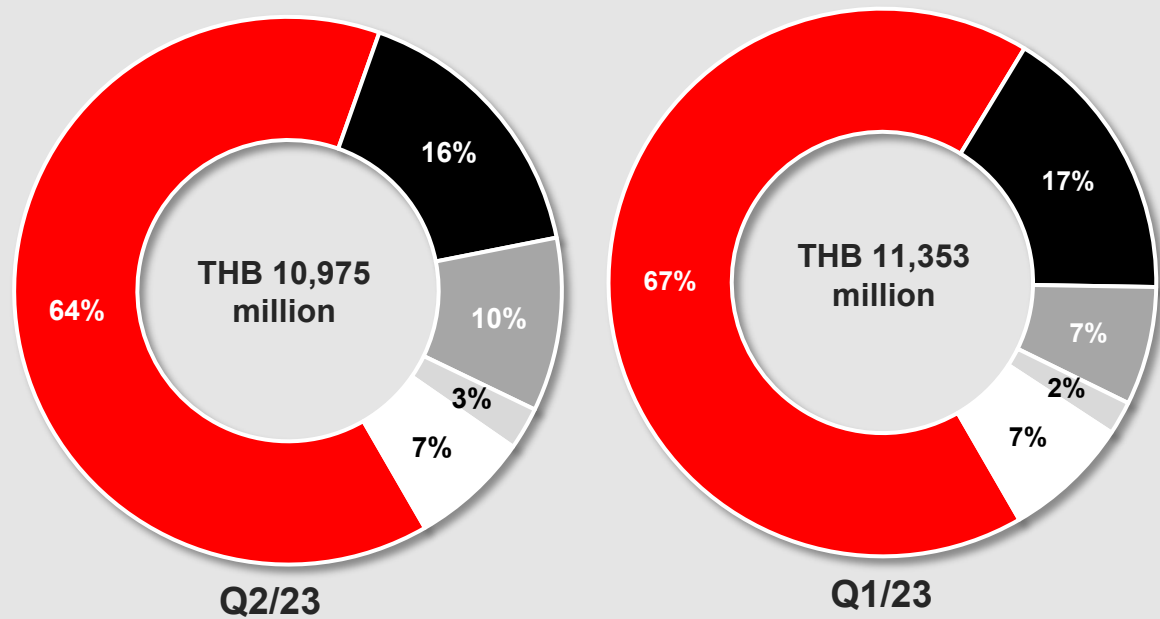
Q&A

Financial Performance

SCCC Group Performance by Segment

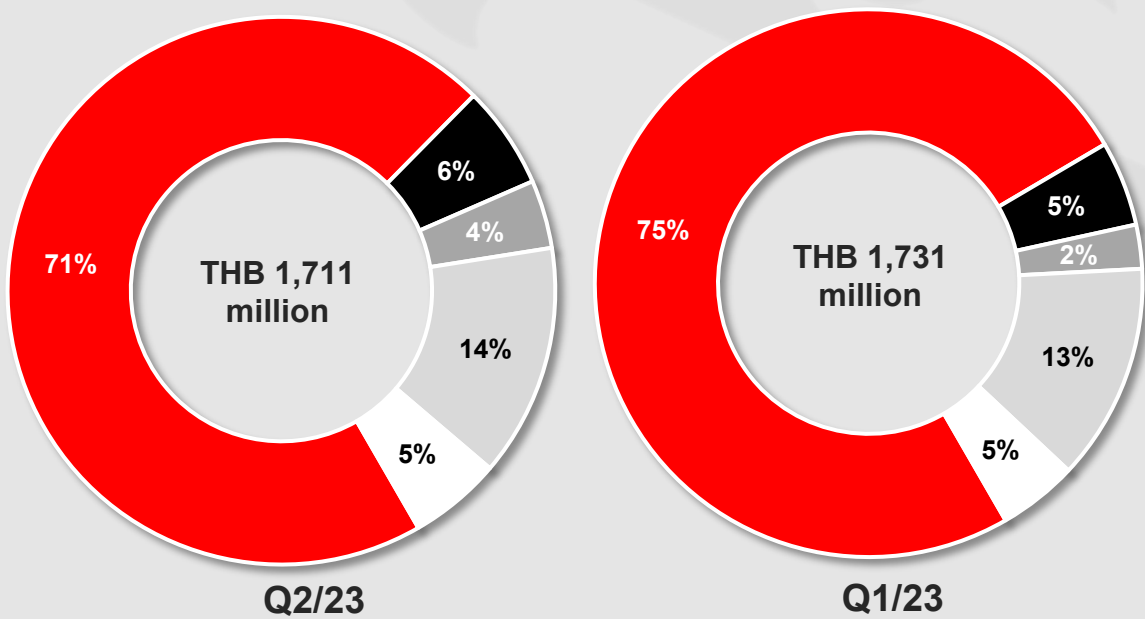
Revenue by Segment Q2/23 vs Q1/23

Percentage of revenue



EBITDA by Segment Q2/23 vs Q1/23

Percentage of EBITDA

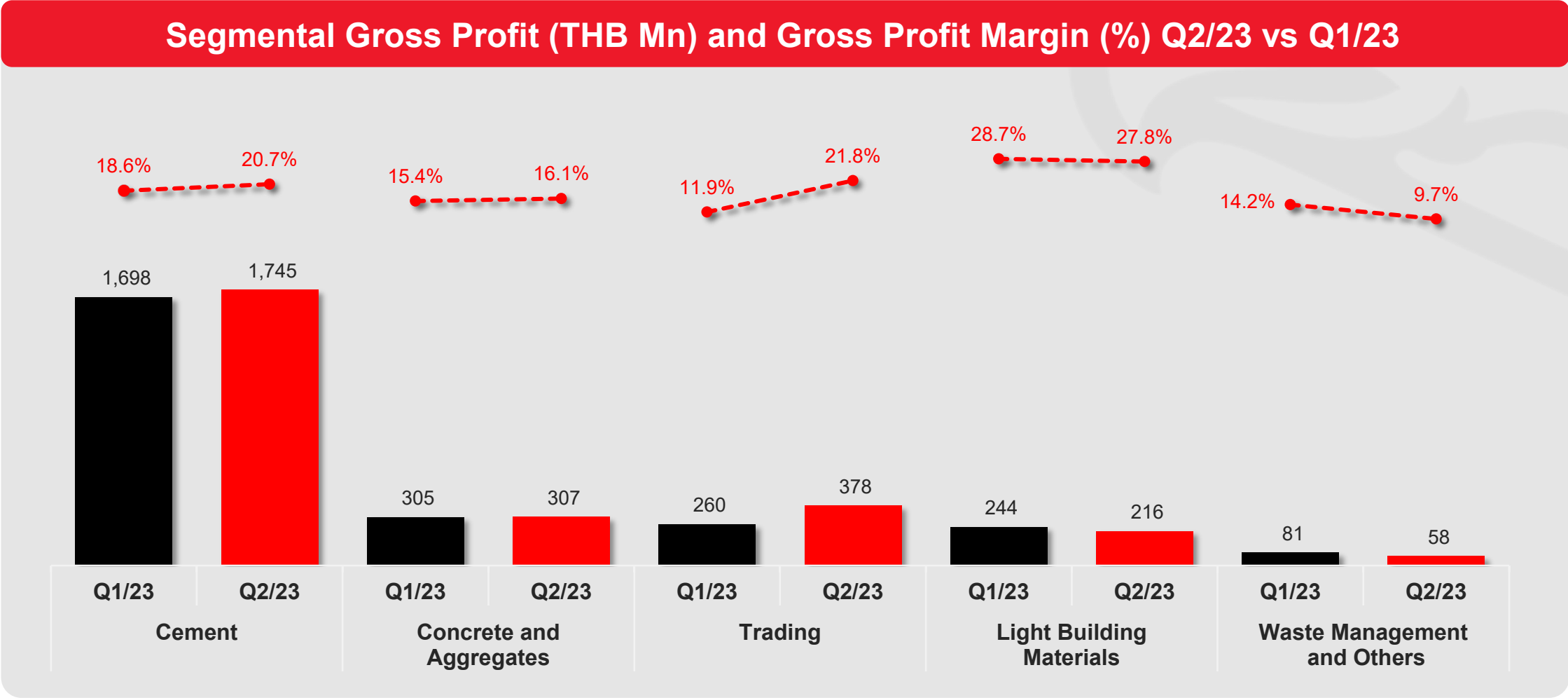


Remark: EBITDA by segment is presented before intersegment elimination

Cement Concrete and Aggregates Trading Waste Management and Others Light Building Materials

Financial Performance

SCCC Group Performance by Segment



Remark: Gross Profit and Gross Profit Margin is presented before intersegment elimination



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**Financial Performance –
Geographical**

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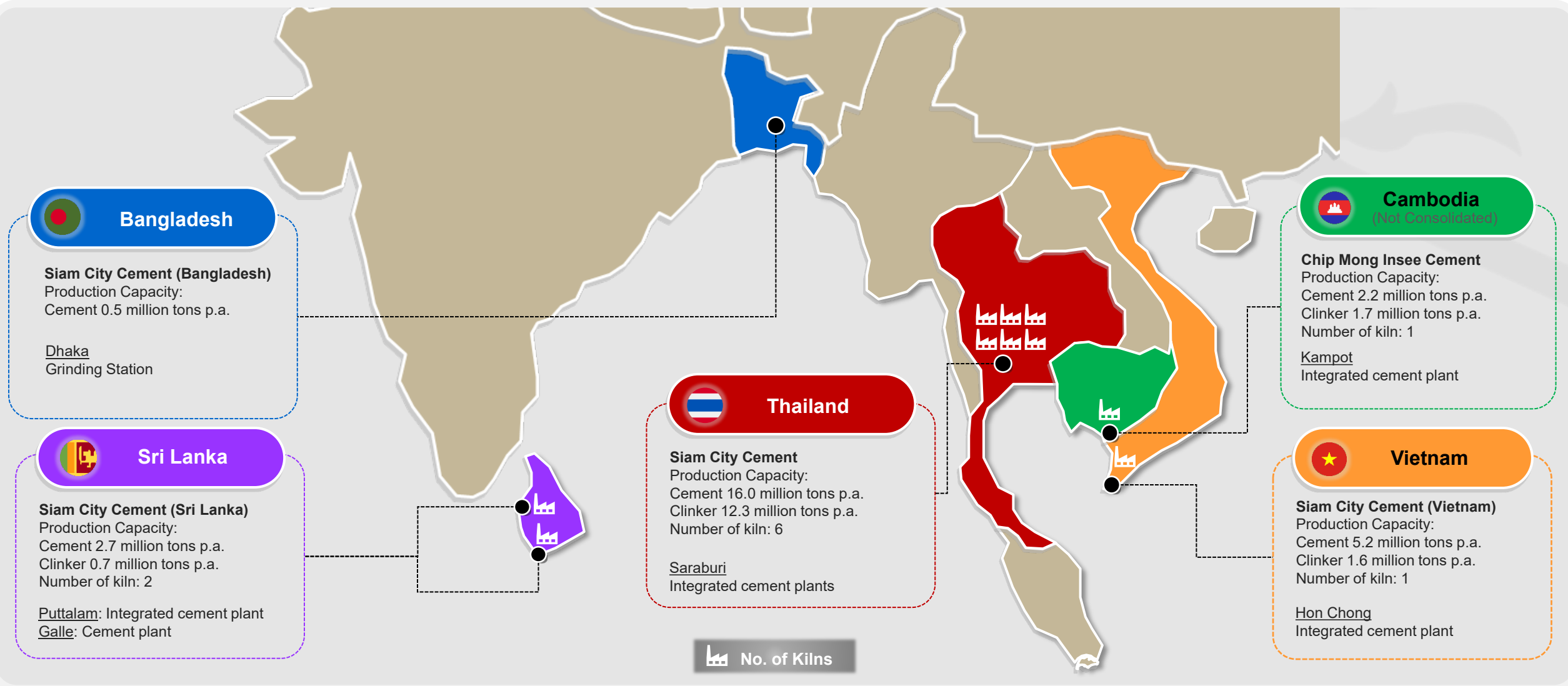
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Financial Performance

Geographical Locations of SCCC's Operations

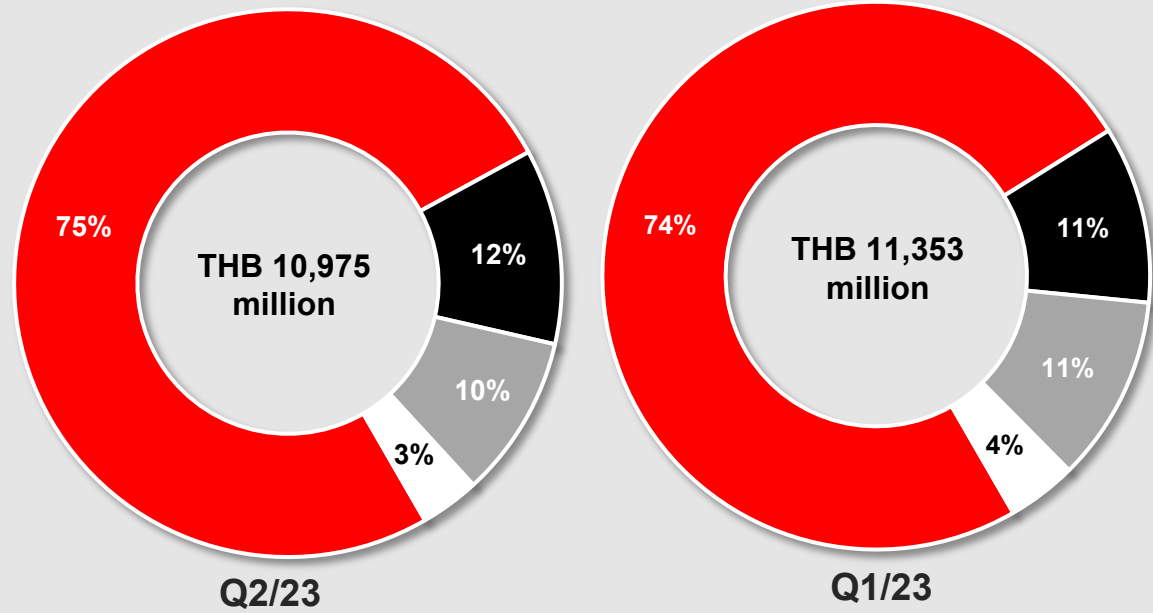


Financial Performance

SCCC Group Performance by Country

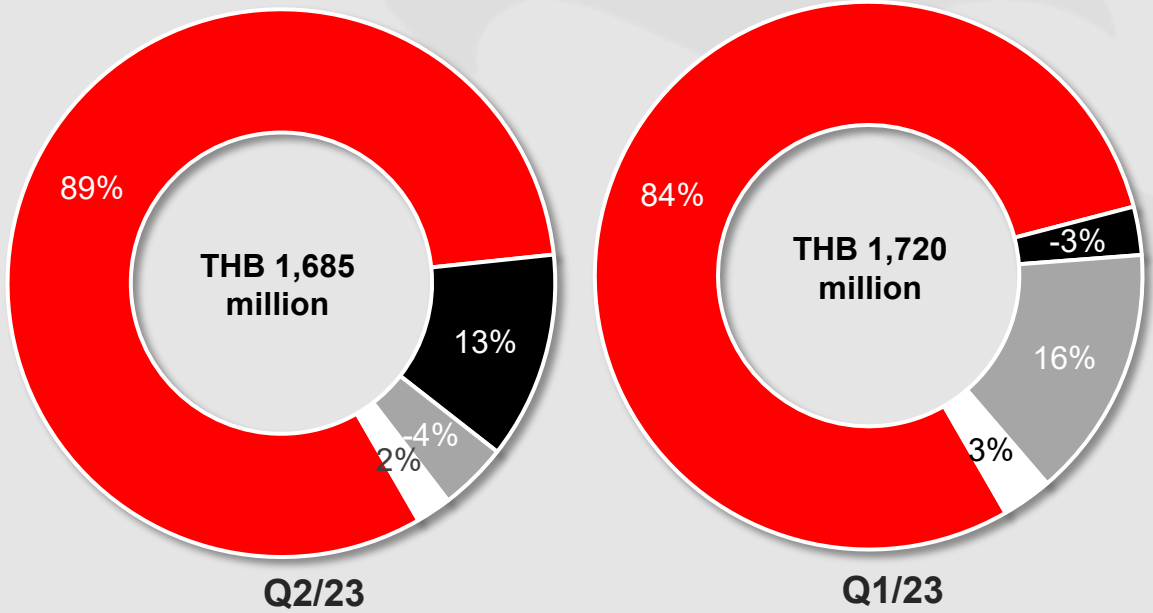
Revenue by Country Q2/23 vs Q1/23

Percentage of revenue



EBITDA by Country Q2/23 vs Q1/23

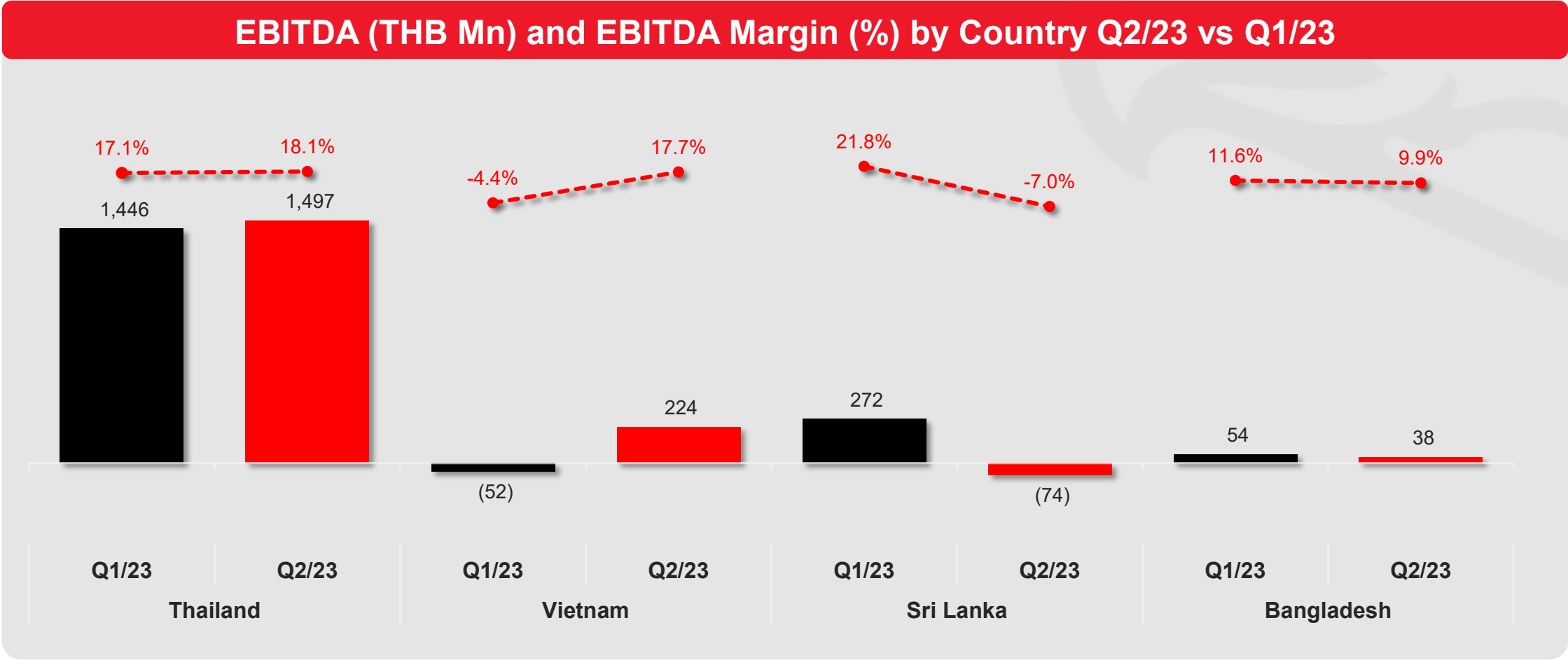
Percentage of EBITDA



Thailand Vietnam Sri Lanka Bangladesh

Financial Performance

SCCC Group Performance by Country

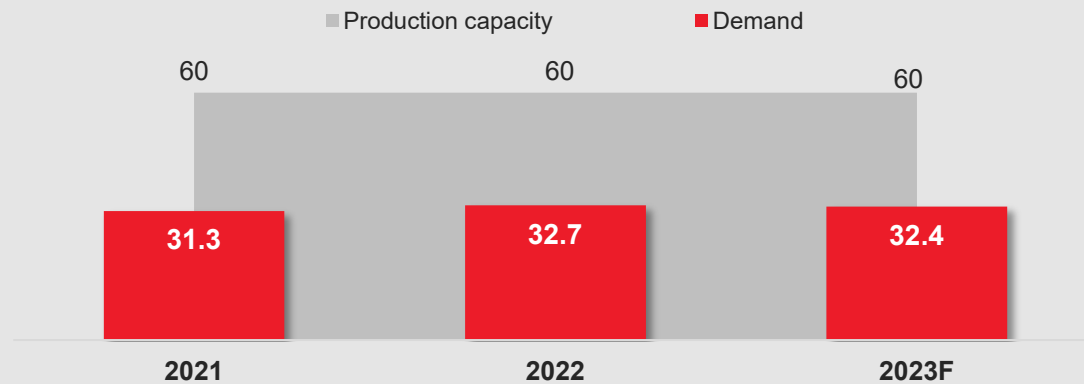


Financial Performance

SCCC Group Performance by Country

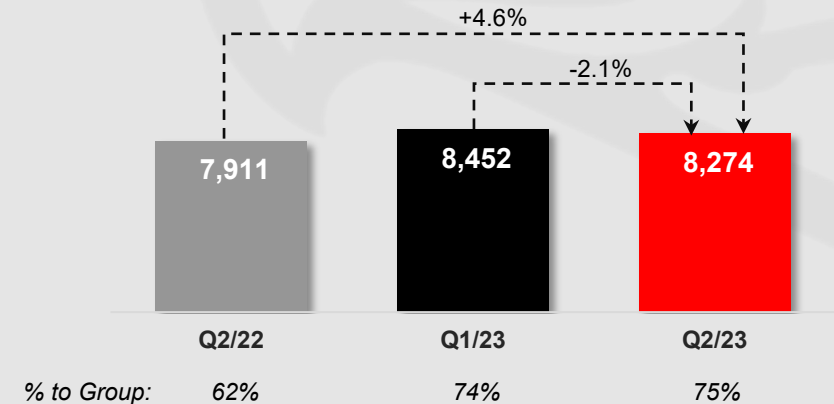
Thailand: Demand adversely impacted by political uncertainties and the long holidays in April.

Local Cement Production Capacity and Demand (Mn Tons)



Source: SCCC market intelligence/ Tradingeconomics.com/ Bank of Thailand/ thaicma.or.th

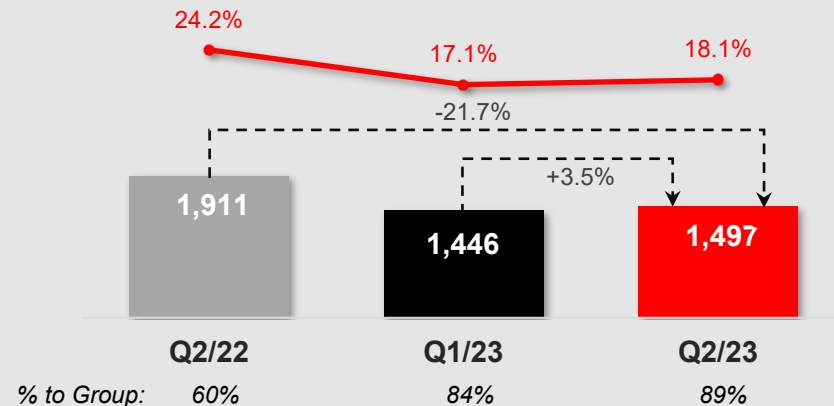
Revenue (THB Mn)



Market Developments and Performance

- Infrastructure investment growth expected to improve demand.
- Expect to benefit from softening energy costs in H2/23.
- Stricter environmental regulations will lead to higher investment costs.

EBITDA and EBITDA Margin (THB Mn)



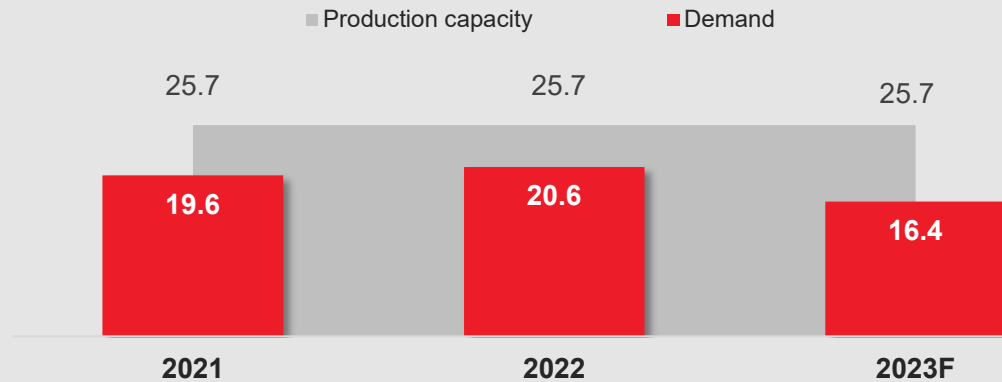
Remark: * SCCC and TH subsidiaries

Financial Performance

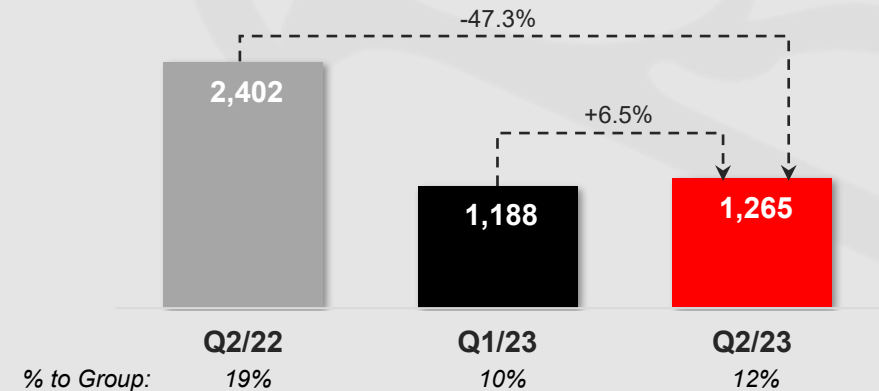
SCCC Group Performance by Country

Southern Vietnam: Cement market demand hampered by price increases and lending constraints.

Local Cement Production Capacity and Demand (Mn Tons)



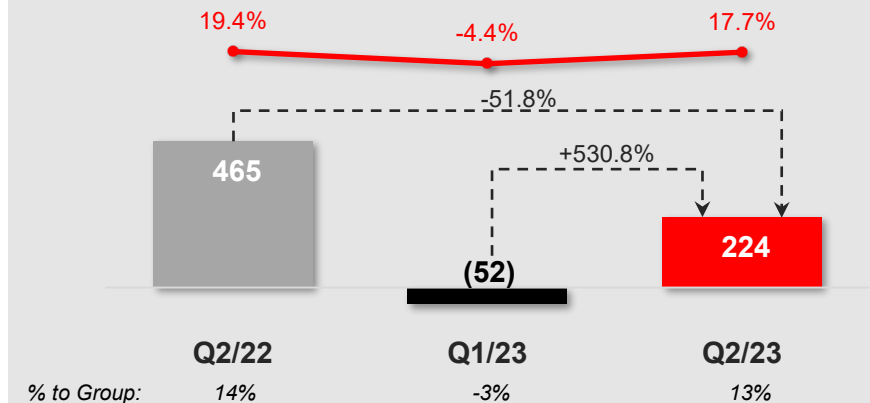
Revenue (THB Mn)



Market Developments and Performance

- Q2/23 demand lower than PY due to bank lending constraints, higher interest rates and inflation.
- Slow-down in price increases as competitors use price leverage to achieve volume.
- Moderate growth expected for next 12 months pending resolution of lending restrictions; continue cost reduction initiatives.

EBITDA and EBITDA Margin (THB Mn)

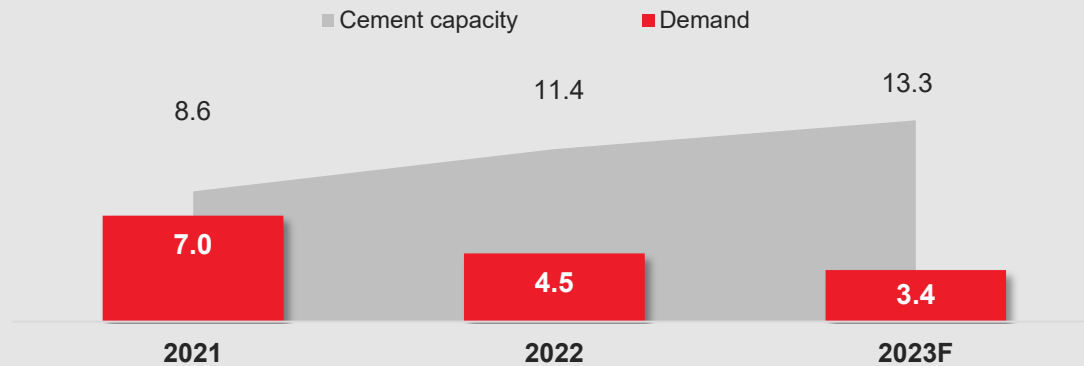


Financial Performance

SCCC Group Performance by Country

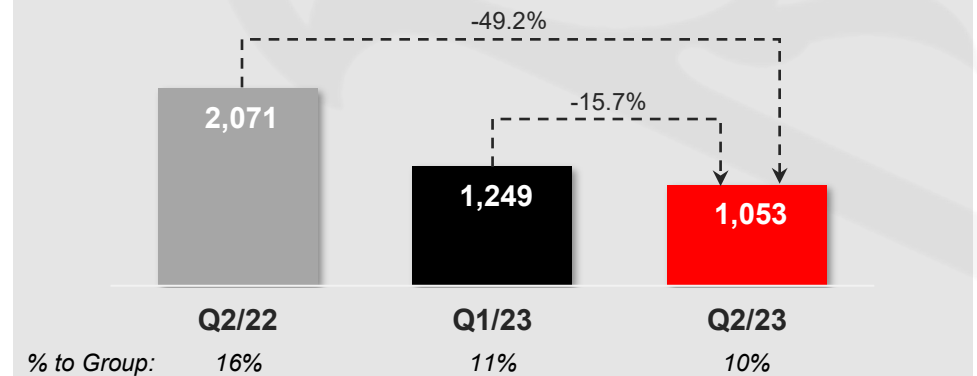
Sri Lanka: Cement demand continued at low rates owing to the prevailing economic conditions.

Local Cement Production Capacity* and Demand (Mn Tons)



Note: Cement capacity* = Local production capacity + Import capacity (import capacity excluding the container imports).

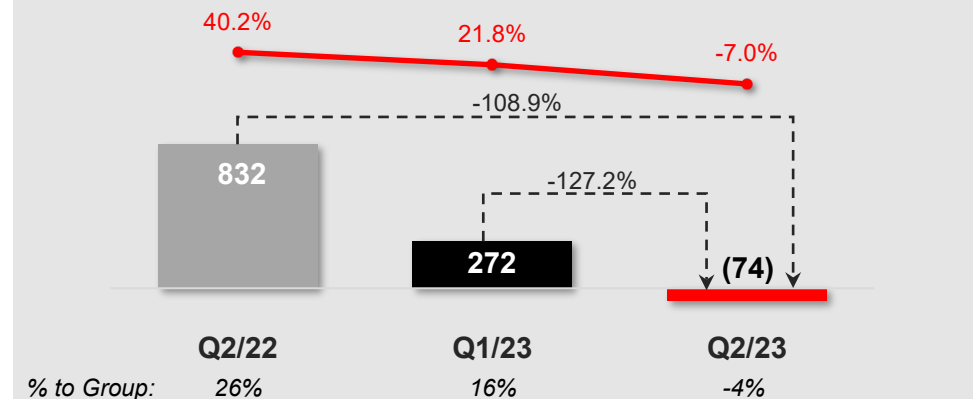
Revenue (THB Mn)



Market Developments and Performance

- The cement market saw a 26% YoY decline due to the economic downturn.
- Demand shifted towards low-price cement as consumers prioritized affordability over brand and quality.
- The overcapacity and decreased demand led to price erosion, prompting SCCLK to introduce new rebates to protect the market share.

EBITDA and EBITDA Margin (THB Mn)

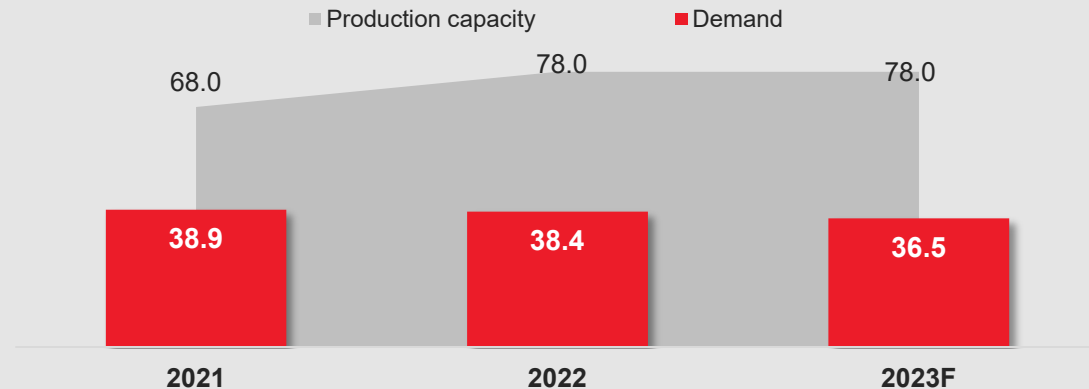


Financial Performance

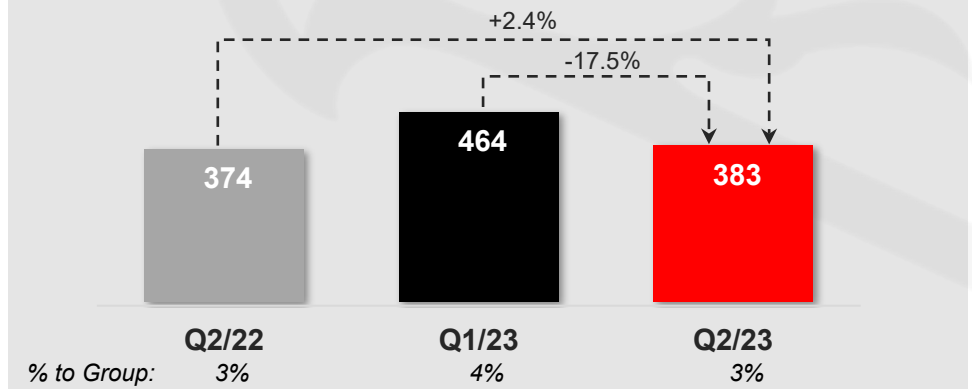
SCCC Group Performance by Country

Bangladesh: Domestic consumption impacted by inflation.

Local Cement Production Capacity and Demand (Mn Tons)



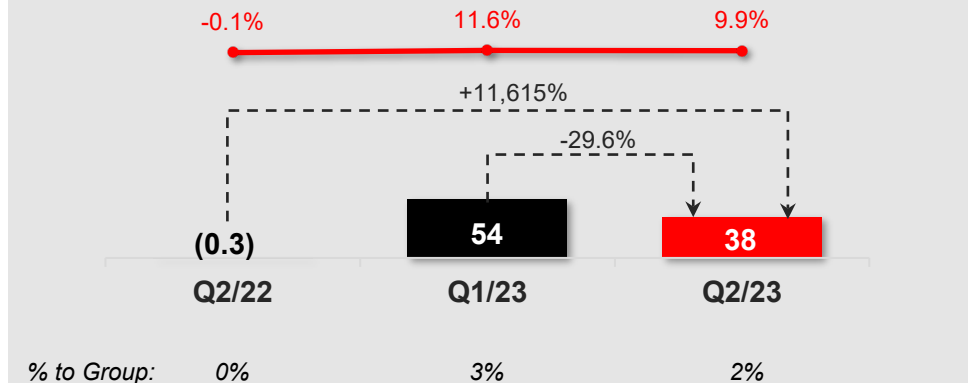
Revenue (THB Mn)



Market Developments and Performance

- Construction materials prices in Q2/23 remained high and construction activities impacted by low government projects.
- Strong price reduction initiatives reduced price erosion in H1/23 and maintained overall profitability.

EBITDA and EBITDA Margin (THB Mn)



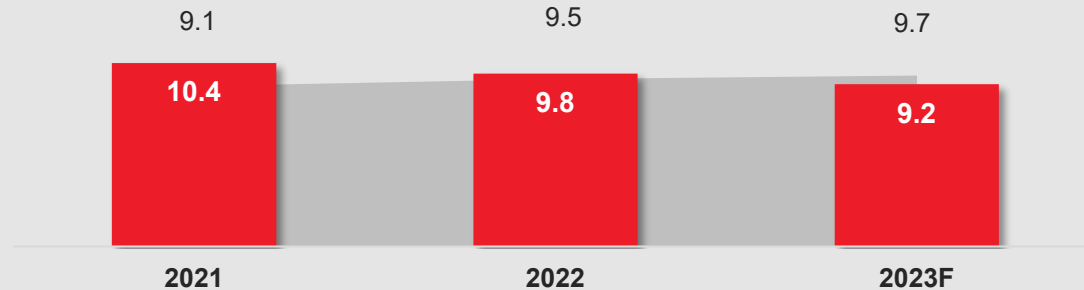
Financial Performance

SCCC Group Performance by Country

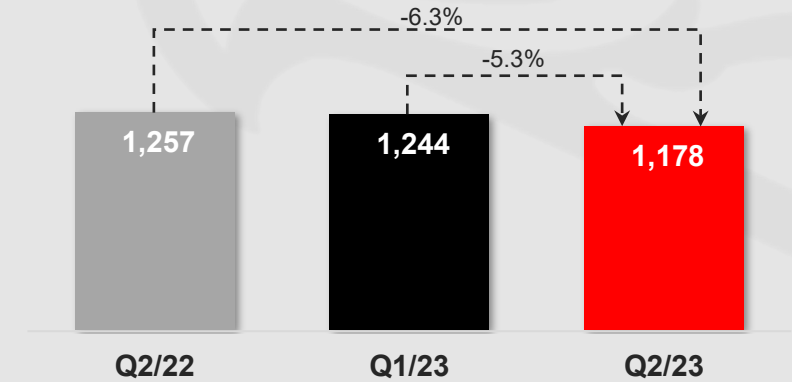
Cambodia: Demand further dropped with downward pressure on price.

Local Cement Production Capacity and Demand (Mn Tons)

■ Production capacity ■ Demand



Revenue (THB Mn)

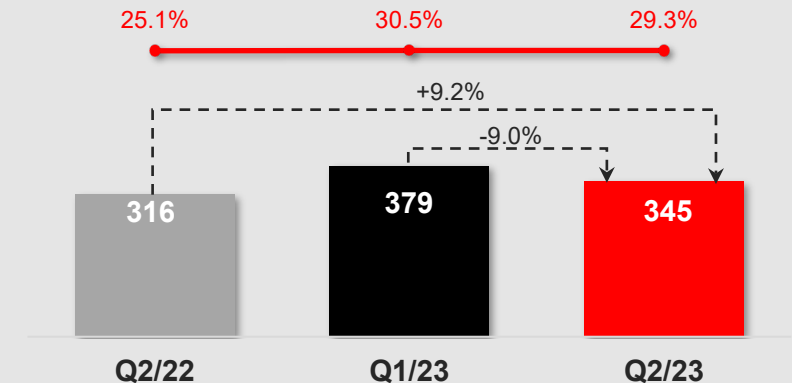


(Not Consolidated)

Market Developments and Performance

- Negative growth in bulk segment due to fewer construction projects.
- Price under pressure from lower demand and growth of economic brands.
- Defended market position and profitability via a revised commercial strategy and cost optimization initiatives.

EBITDA and EBITDA Margin (THB Mn)



(Not Consolidated)



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Market Outlook 2023



Thailand

- Economy driven by tourism and private sectors, while manufacturing and export are weighted down.
- Headline inflation decline from lower energy costs, retail oil prices, and electricity cost.
- Uncertainty over new government and economic policy direction.



Vietnam

- Vietnam's demand decline, linked to real estate crisis, could need 12-18 months to rebound.
- Cement industry continues to face challenges, with significant decline in core market demand, amid intense competition.
- Softened prices expected in H2/23 as cement players continue volume driven approach.



Sri Lanka

- Gradual market recovery is expected with the downward adjustment in market interest rates.
- Exchange rates are expected to depreciate further due to the relaxation of import restrictions.
- Other construction material prices came down due to a decline in demand.



Bangladesh

- Growth in export and remittance in current fiscal year (Jul '22-Jun '23). Current account balance in temporary control due to import restrictions.
- High inflation as of June 2023.
- General Election towards end 2023 might heavily weigh on industry demand.



Cambodia

- Demand will remain stagnant due to the slower construction sector.
- Overall cost expected to remain high, but energy prices are estimated to fall due to lower coal price.
- Price will be under pressure due to shrinking demand and increased economic brands.

Way Forward

2H/2023: Navigating Challenges and Driving Growth

Financial Discipline

Prudent financial management: Monitor cash flow, wise investments, responsible debt management for sustainable growth.

Risk Management and Contingency Plans

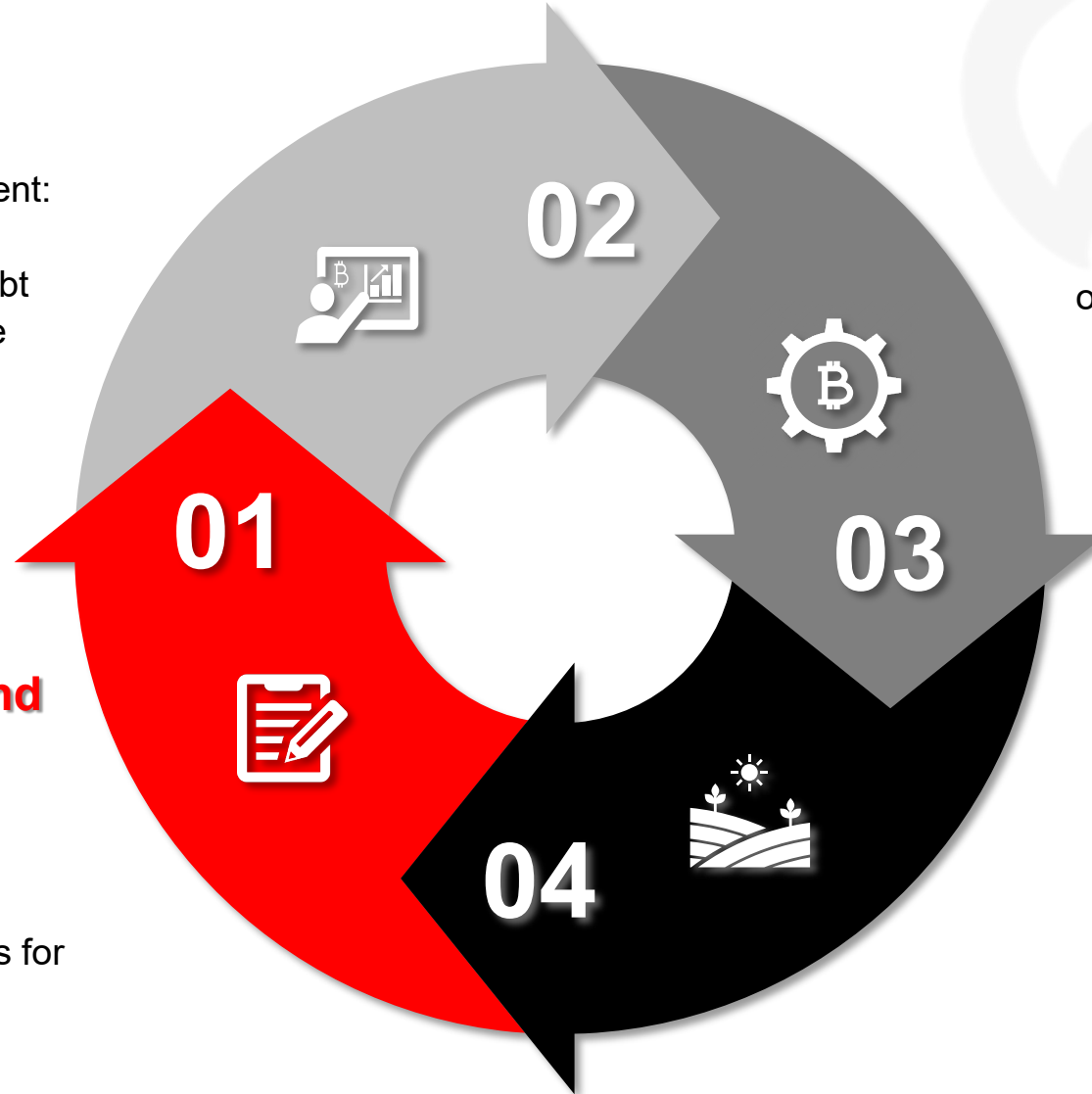
Robust risk management to address geopolitical uncertainties, adverse economy. Contingency plans for business continuity.

Efficiency and Cost Optimization

Continuous process optimization and streamlining of operations for cost-effectiveness and profitability.

ESG Performance

Enhance ESG commitment, advance decarbonization, and adopt eco-friendly practices to align with market demands for sustainability





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Environmental Product Declaration (EPD)

SCCC is the first cement producer in Thailand to receive EPD label¹

- EPD is an ISO type III Environmental Declaration as per ISO 14025.
- Based on a life cycle assessment (LCA), evaluating a product's environmental impact across its entire life cycle, including material extraction, manufacturing, usage, and disposal stages.
- Transparent way to declare CO₂ emissions and CO₂ footprint.
- All calculations done with a tool developed by Global Cement and Concrete Association (GCCA) and then reviewed and published by EPD International.
- Currently available in Thailand and Vietnam, with the goal of having ALL Insee cement calculated and certified by EPD International by Q4 2023.



¹ EBD label for 11 products:

- **Clinker:** Clinker INSEE Thailand
- **Bag cement:** INSEE Petch, INSEE Petch Plus, INSEE Dang, INSEE Poon Keaw, INSEE Super, and INSEE Tong
- **Bulk cement:** INSEE Petch, INSEE Petch (Easy Flow), INSEE Petch (Quick Cast), and INSEE Dum

Separate line grinding (SLG) to reduce CO₂ emissions

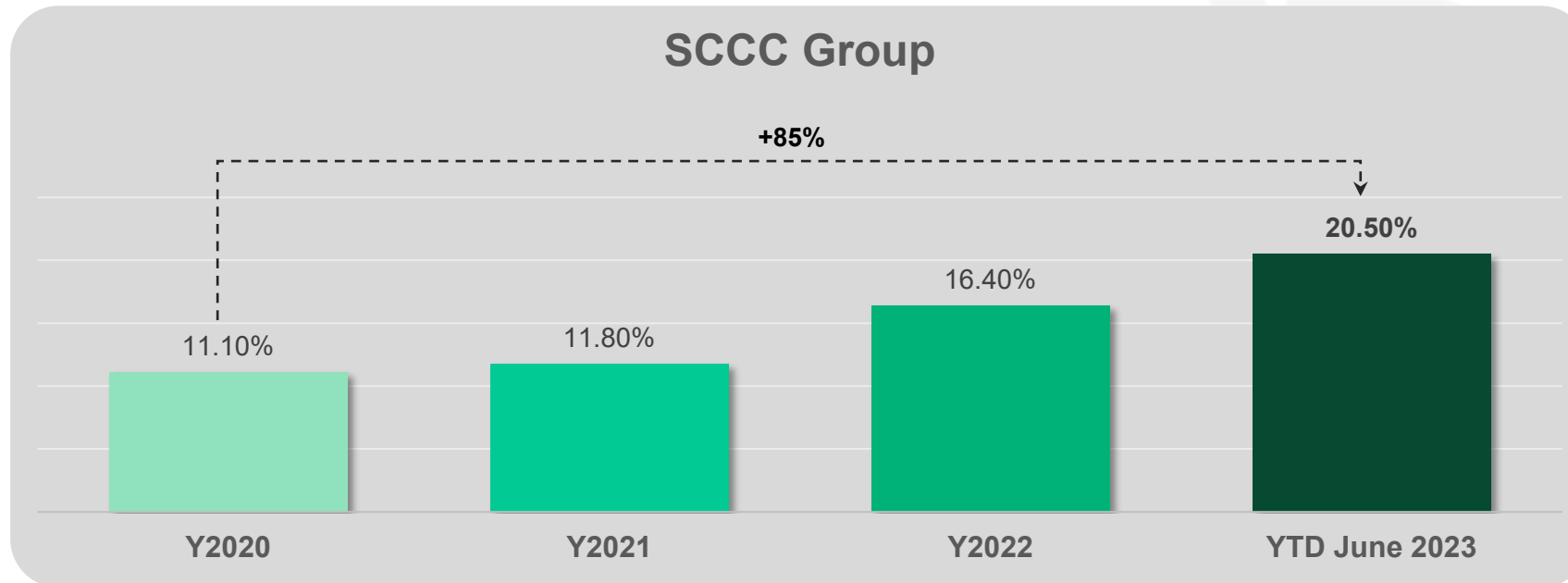
Annual CO₂ tons reduced: 260 kt

- 🌱 SLG allows more efficient grinding of separate cement components which reduces CO₂ by optimizing clinker, lowering energy consumption, and incorporating waste materials.
- 🌱 Currently used in Saraburi facility, with a result of 5% clinker reduction in most products which directly reduces CO₂ emission.
- 🌱 Building on Saraburi's success, the group will roll out this technology to other countries, commencing with Cambodia.



Thermal Substitution Rate (TSR)

We have achieved a greater increase in thermal substitution rates ahead 2022 and are committed to continuous improvement.



Key points

- 🌱 Good progress with focus to increase thermal substitution rates by 85% from 11.1% in 2020 to 20.5% at the end of June.
- 🌱 The increased TSR mainly due to the use of alternative fuels such as Refuse-Derived Fuel (RDF) and biomass.

Solar Farm Project



Strategic direction

Actively pursuing opportunities to establish solar farms in Thailand and Sri Lanka, aiming to significantly decrease reliance on fossil fuels and promote sustainable energy alternatives



INSEE Ecocycle Fuel Preparation Plant in Saraburi



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Feedback Questionnaire

