INSEE

Q3/2023

Earnings Meeting

14 November 2023

Agenda

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- 02 Financial Performance
- 03 2023 Outlook and Way Forward
- 04 ESG
- 05 Q&A

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Key Highlights Q3 2023

1. Thailand: Demand for construction materials remains stable and prices holding up.
2. Vietnam: Demand continues to be lower than last year, but there is early sign of recovery.
3. Sri Lanka: GDP and inflation improving from IMF and government support, resulting in demand recovery amidst strong competition and pressure on selling prices.
4. Lower energy prices enhanced margins, counteracting slow demand and pricing challenges, leading to an improved EBITDA and cash generation.
5. Our "FIT+" initiative, which focuses on strategic restructuring and cost optimization, has trimmed costs and moved towards a leaner organization - a change that will have a lasting impact on our financial performance.
6. Compared to 2020, our TSR has nearly doubled, and our innovative "Hydraulic Cement" contributed to the reduction in clinker factor by 4%. These align with our commitment to decarbonization and reducing fossil fuel consumption.

Agenda

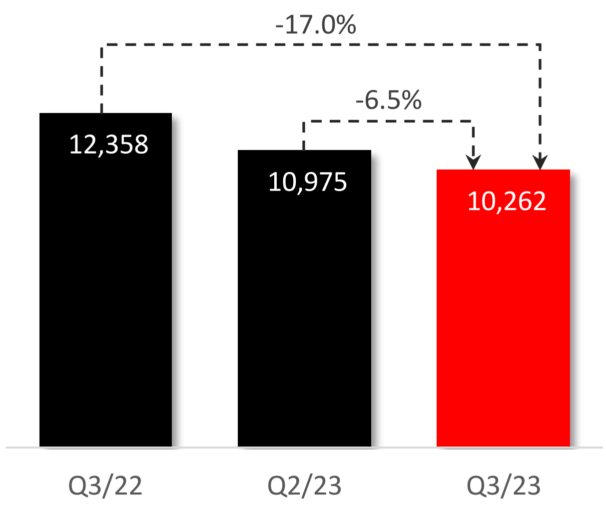
Financial Performance

SCCC Group Performance

Operation Overview: EBITDA and margin improved due to reduced costs despite softer revenues, but one-off charges and FX impacted net profit.

Revenue

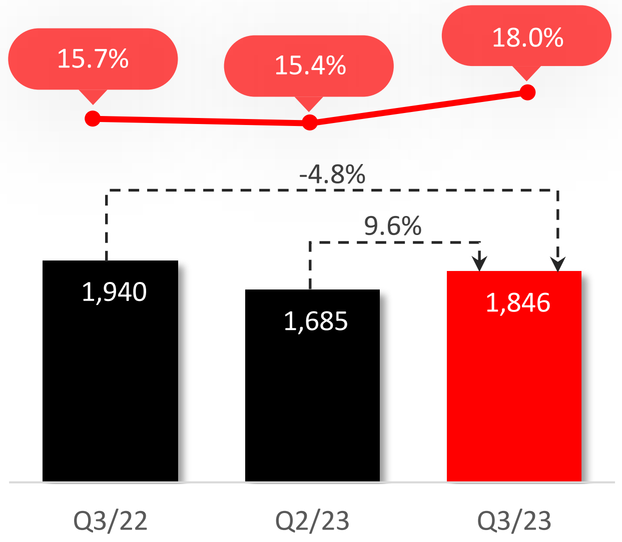
In THB million



The revenue decline is attributed to a decrease in Thai clinker exports, whereas Vietnam faced reduced demand and prices, and Sri Lanka encountered price drops.

EBITDA and EBITDA Margin

In THB million



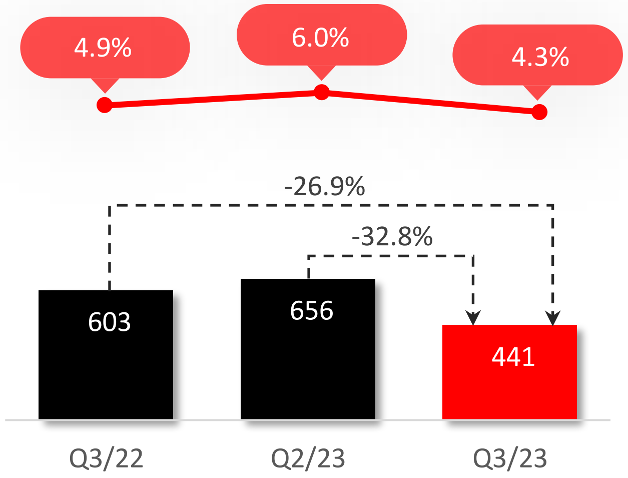
Normalized EBITDA in Q3/23 amounts to THB 2,127 Mn.

Kiln Shutdowns:

Q3/22 – TH (one), LK (one)
Q2/23 – TH (one), LK (one)
Q3/23 – TH (two), LK (one)

Net Profit and Net Profit Margin

In THB million



Normalized net profit in Q3/23 amounts to THB 827 Mn.

Extraordinary items:

Q3/23 – Re-structuring costs and impairment expenses.

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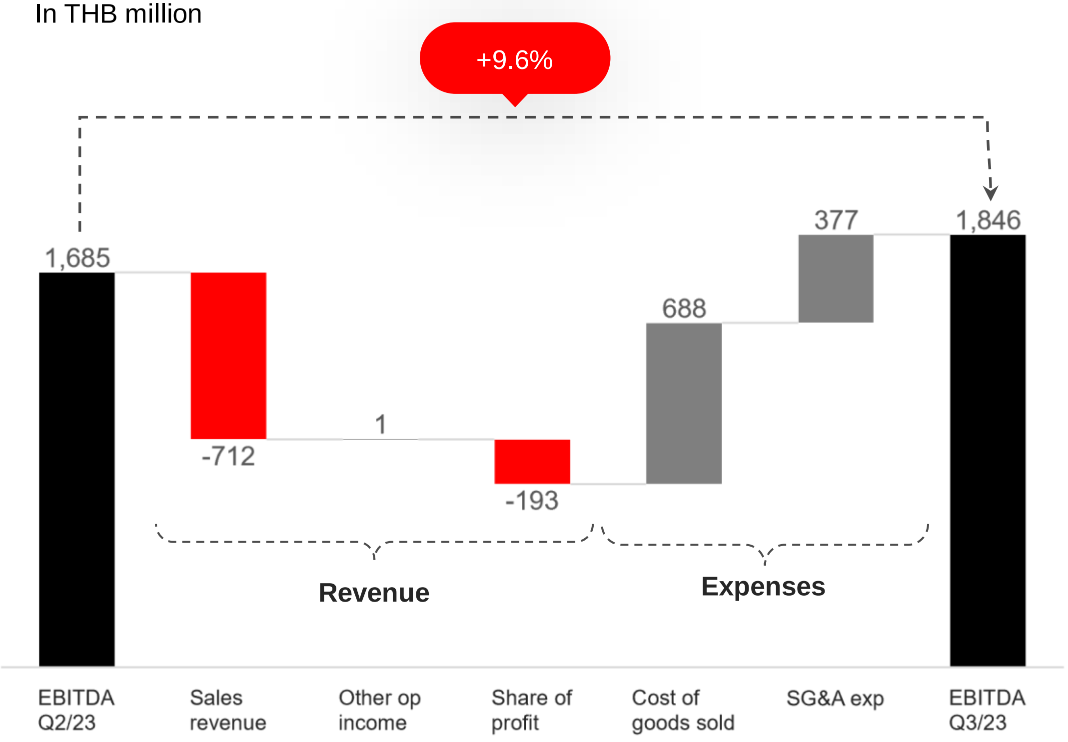
Financial Performance

SCCC Group Performance

EBITDA & Net Profit waterfall: EBITDA improvement attributed to lower energy costs and reduced expenses.

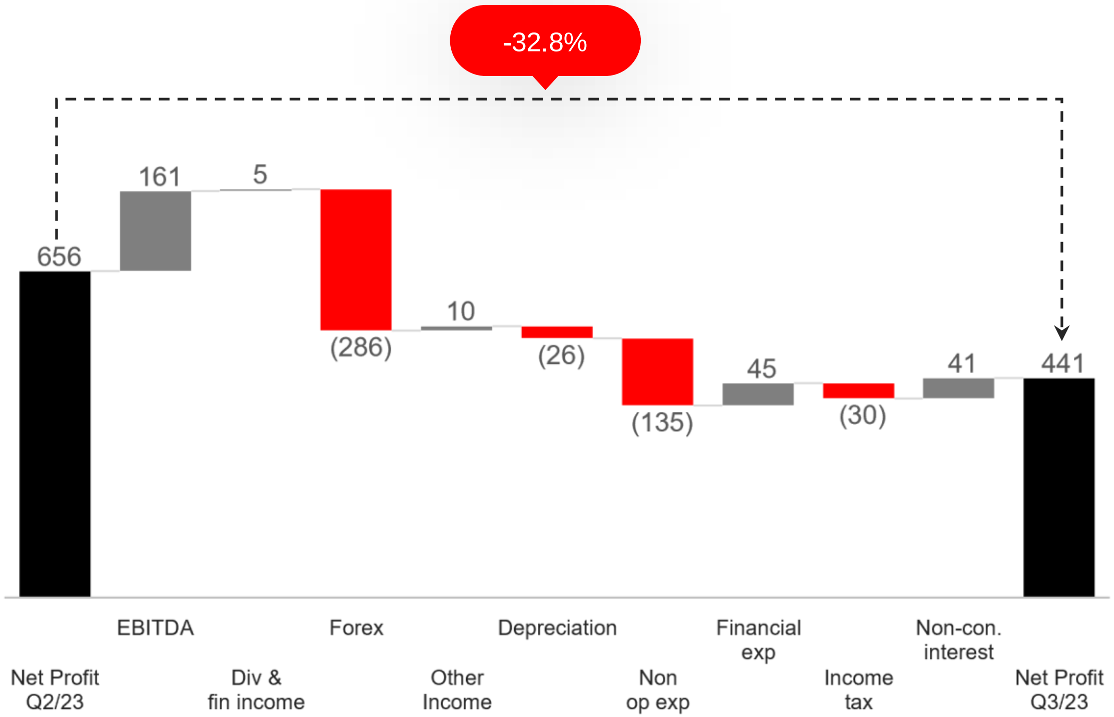
EBITDA: Q3/23 v Q2/23

In THB million



Net Profit: Q3/23 v Q2/23

In THB million



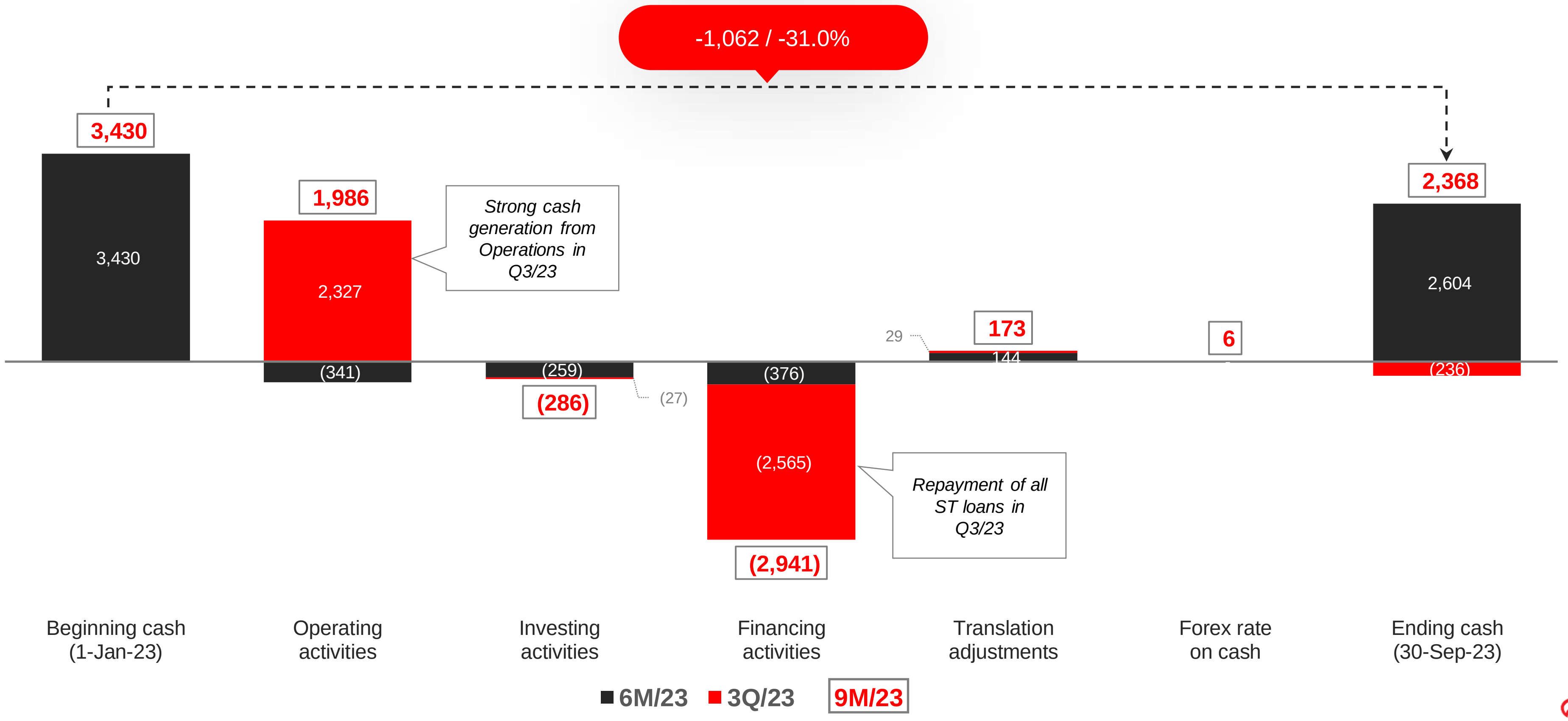
Financial Performance

SCCC Group Performance

Cash Flow: Operations generated cash of THB 2.3 billion in Q3/23, and all short-term loans were repaid during the quarter.

In THB million

Cash Flow Movements



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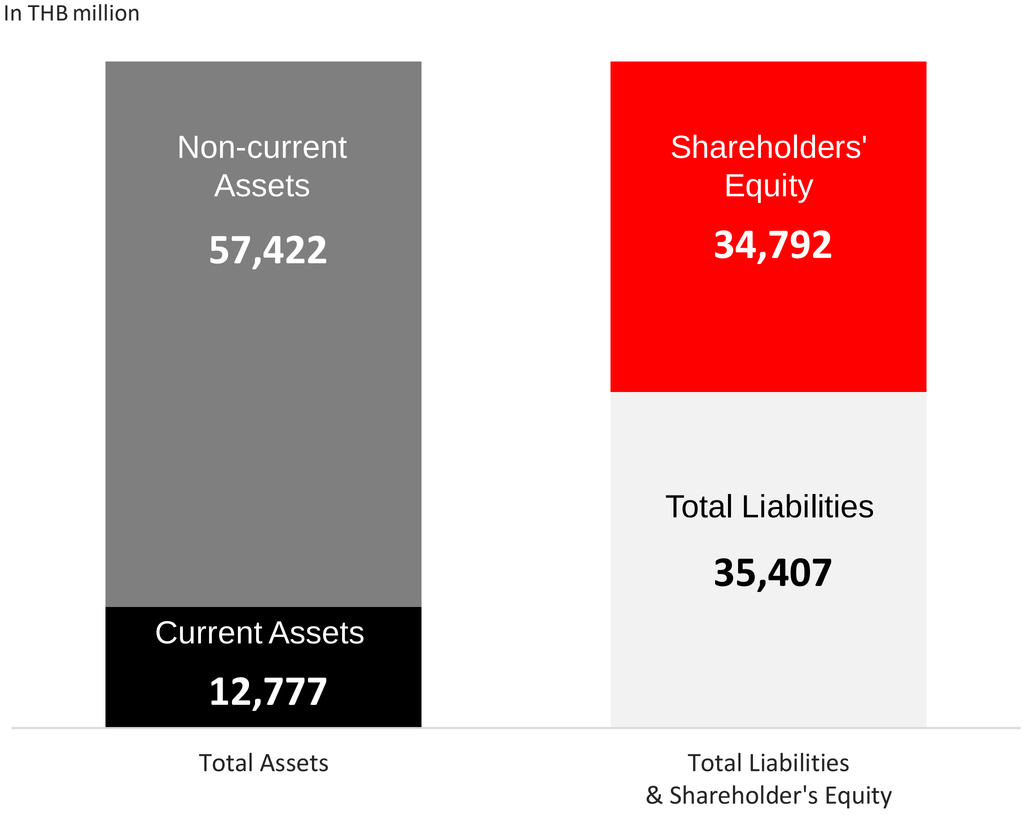
Financial Performance

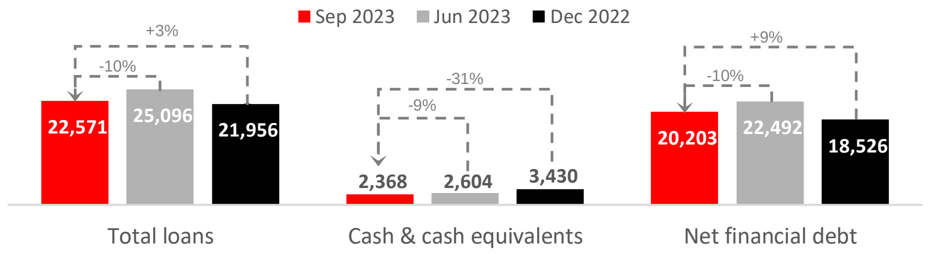
SCCC Group Performance

Key Financial Information: Gearing improved from 65% in Q2/23 to 58% in Q3/23, moving closer to our strategic goal of 50%.

Financial Position



Debt & Key Ratios



Net Financial Debt (THB million)	Sep23	Jun23	Dec22
Short-term loans	8,050	10,549	2,947
Long-term loans	14,521	14,547	19,009
Total loans	**22,571**	**25,096**	**21,956**
Cash & cash equivalents	2,368	2,604	3,430
Net financial debt	**20,203**	**22,492**	**18,526**

Key Ratios	Sep23	Jun23	Dec22
RONOA	7.2%	3.9%	9.8%
ROIC	5.6%	4.3%	5.6%
ROE	5.4%	3.3%	5.2%
Gearing	58.1%	65.0%	53.7%
NWC (MTHB)	3,270	4,573	2,096

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Financial Performance

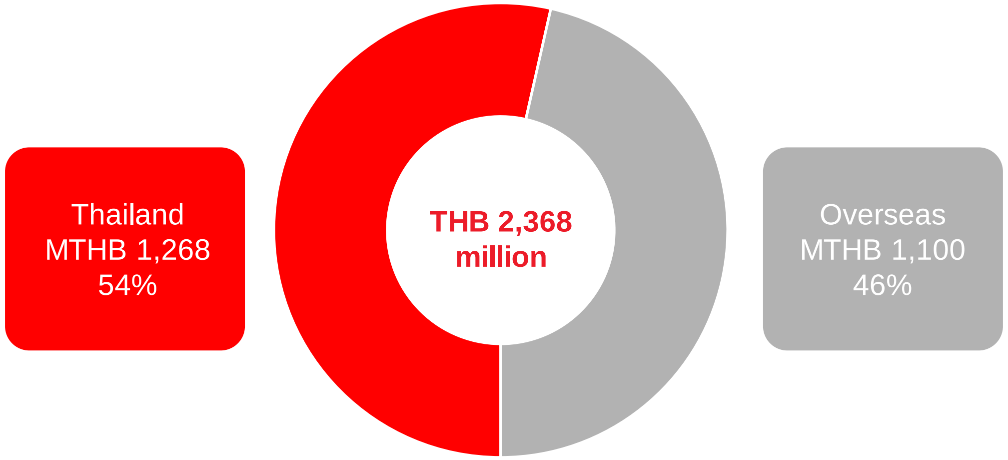
SCCC Group Performance

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

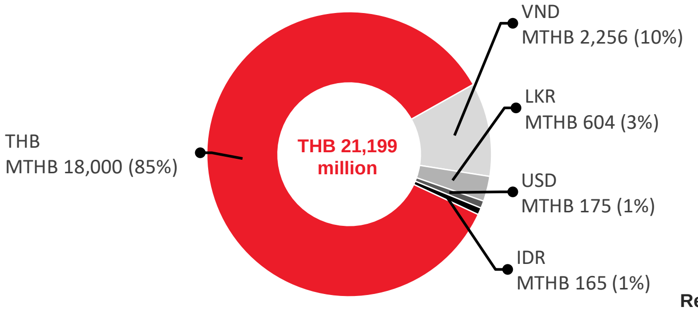
Group Liquidity Management (THB equivalent)

Unused committed credit facilities of 9 THB billion are available to secure liquidity and no outstanding short-term bank loans as of the end of Q3/2023.

Group Cash Balance



Group Debt Profile (THB equivalent)

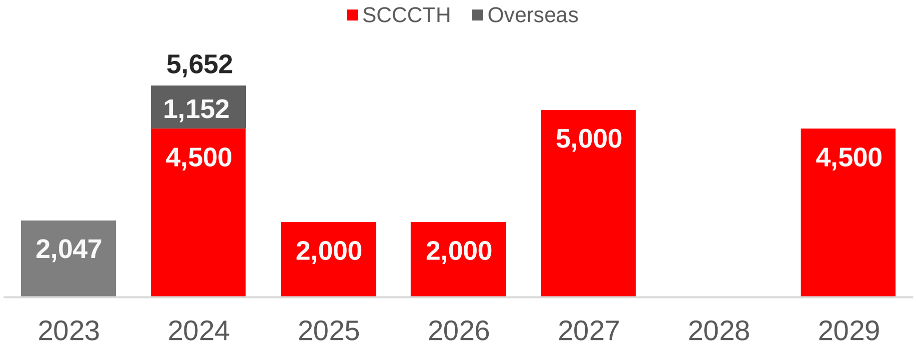


- 79% of the Group debt is at fixed interest rates.
- The average interest rate of the Group financing is at 3.9% p.a.

Remark: excluded amortization expenses

Group Debt Maturity Profile

In THB million



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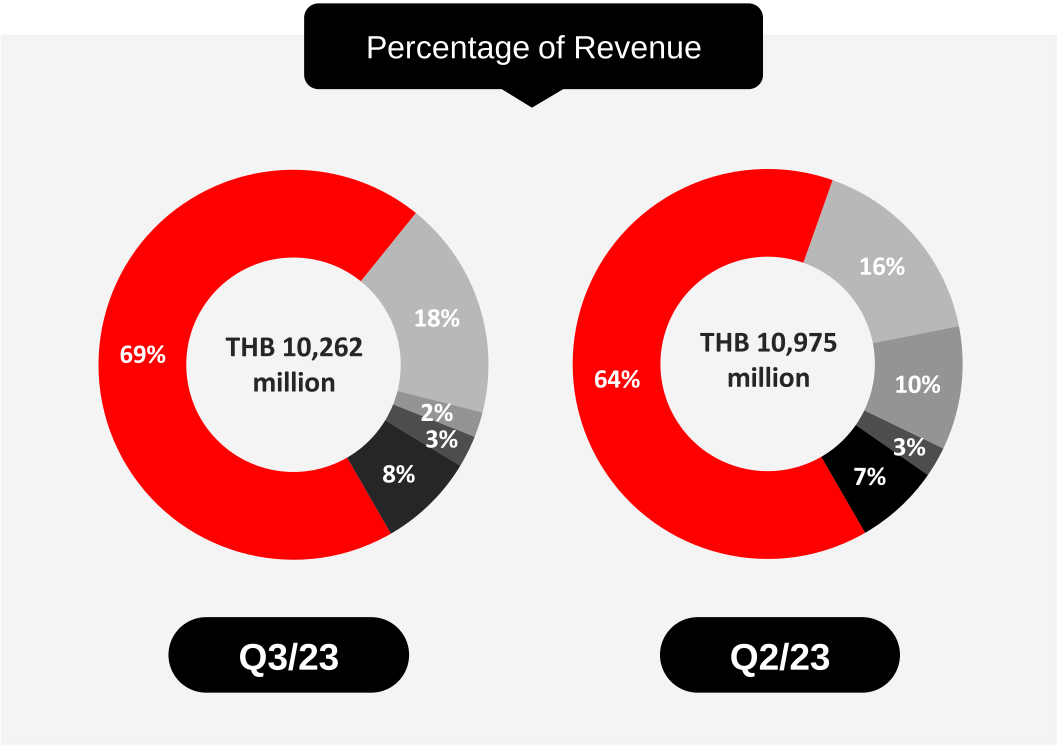
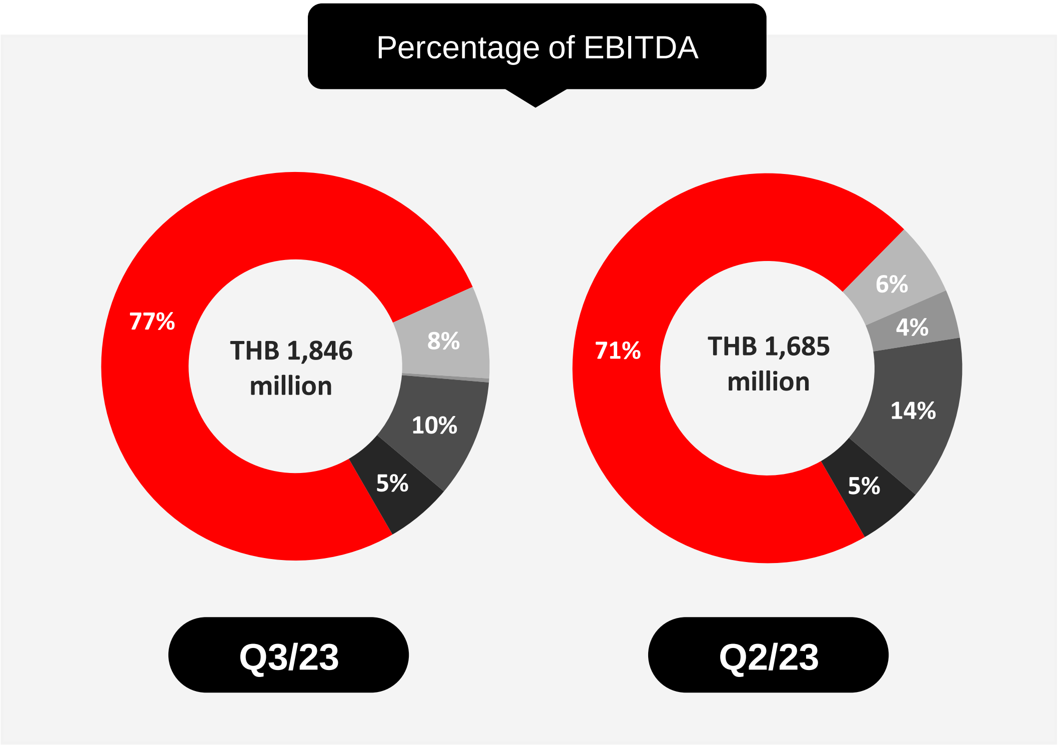
Financial Performance

SCCC Group Performance by Segment

Revenue by Segment Q3/23 vs Q2/23



EBITDA by Segment Q3/23 vs Q2/23



Remark: EBITDA by segment is presented before intersegment elimination

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

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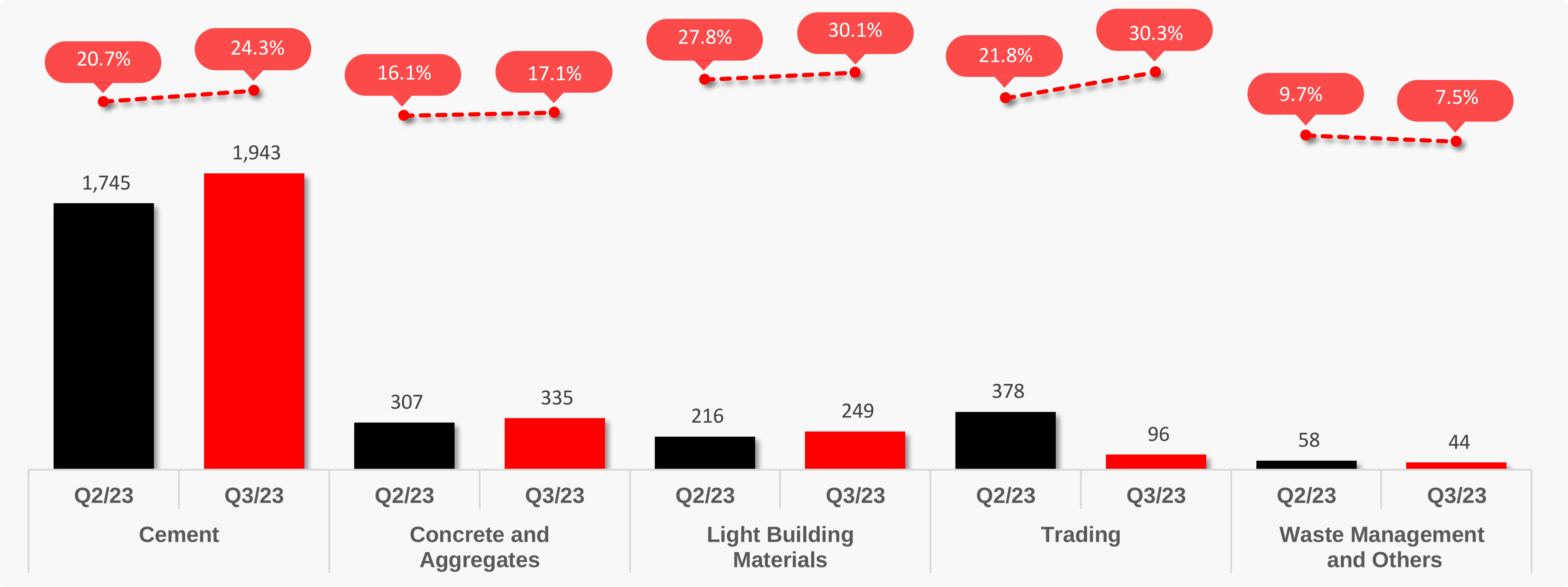
Financial Performance

SCCC Group Performance by Segment

Segmental Gross Profit (THB Mn) and Gross Profit Margin (%) Q3/23 vs Q2/23



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

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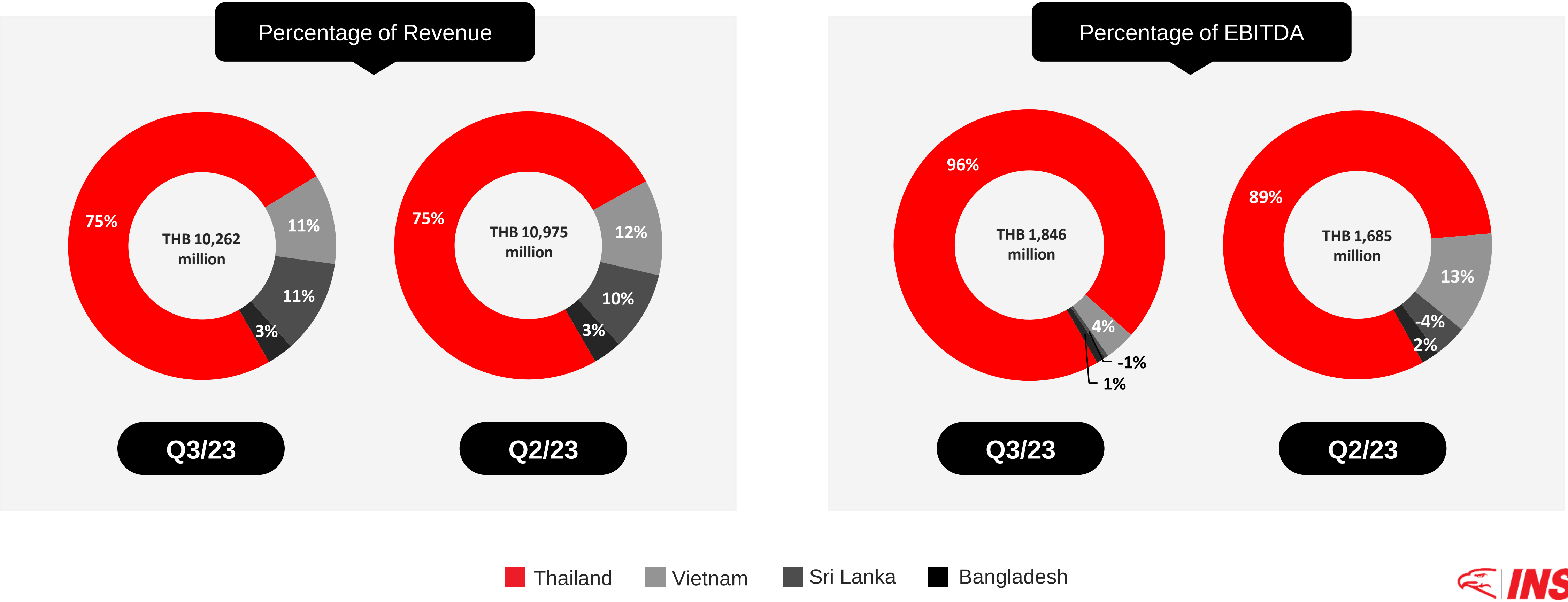
Financial Performance

SCCC Group Performance by Country

Revenue by Country Q3/23 vs Q2/23

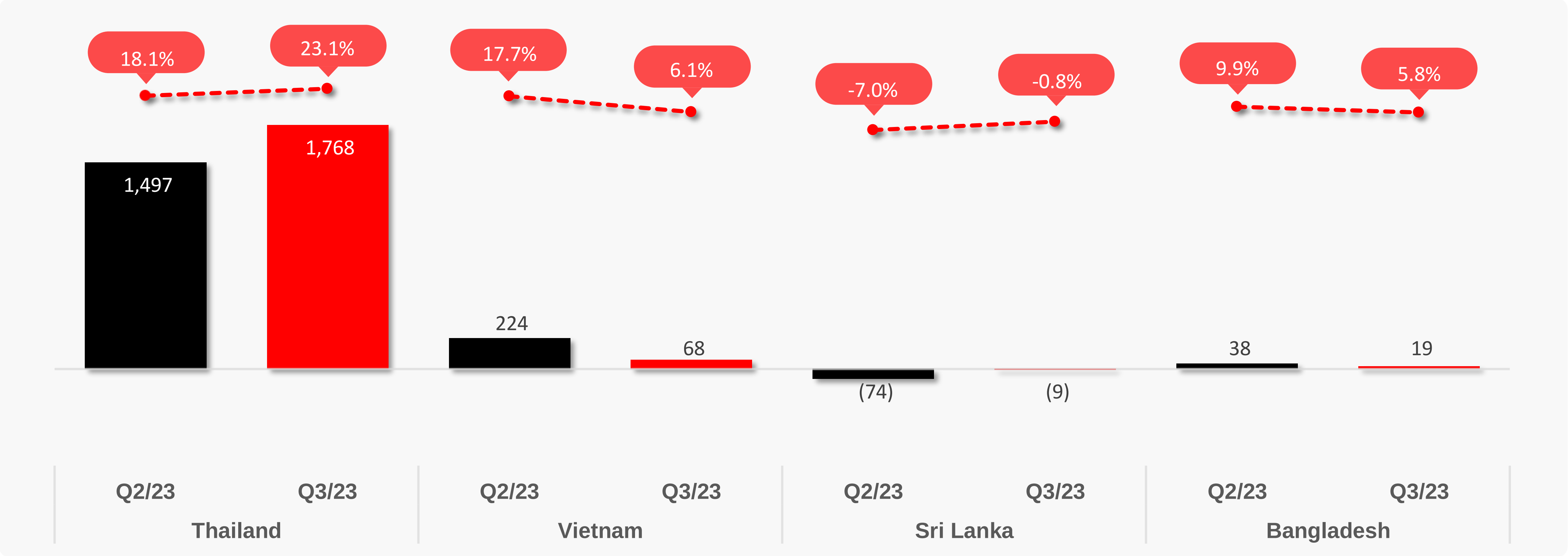
EBITDA by Country Q3/23 vs Q2/23



Financial Performance

SCCC Group Performance by Country

EBITDA (THB Mn) and EBITDA Margin (%) by Country Q3/23 vs Q2/23

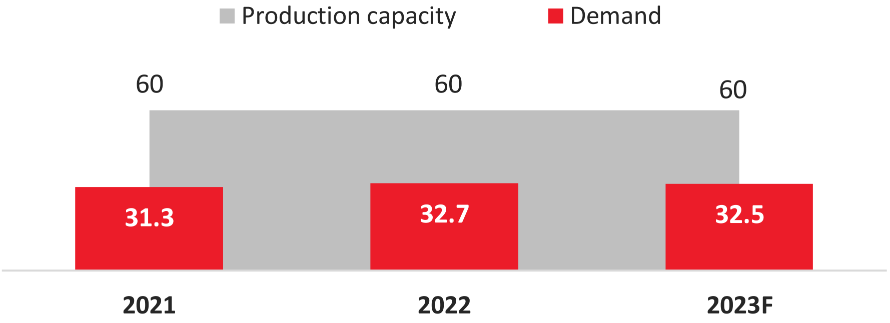


Financial Performance

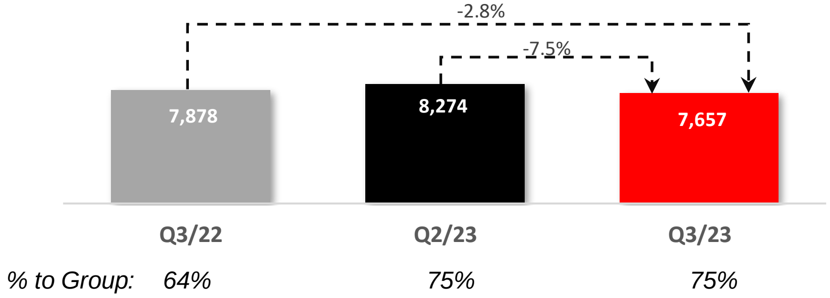
SCCC Group Performance by Country

Thailand: Demand for cement, ready-mixed, and light building materials improved along with an increase in cement prices and overall cost improvement, but results impacted by lower clinker exports.

Local Cement Production Capacity and Demand (Mn Tons)



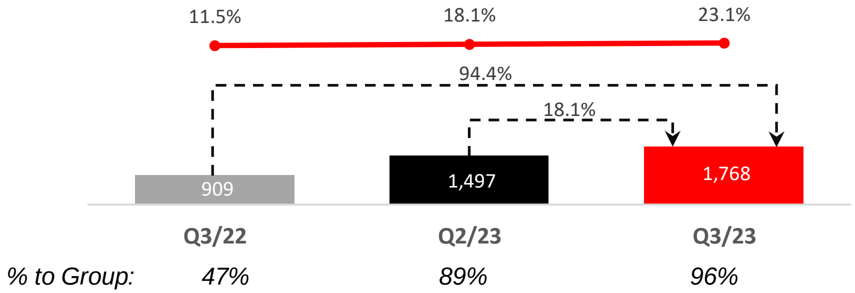
Revenue (THB Mn)



Market Developments and Performance

- The formation of the new government eased tensions in the market.
- The Thai market is transitioning to hydraulic cement for reduced CO2 emissions. SCCC leads in this conversion, with 100% bag cement and a planned 80% conversion for bulk cement by year-end.
- More players have attempted to penetrate the North and East areas.

EBITDA and EBITDA Margin (THB Mn)



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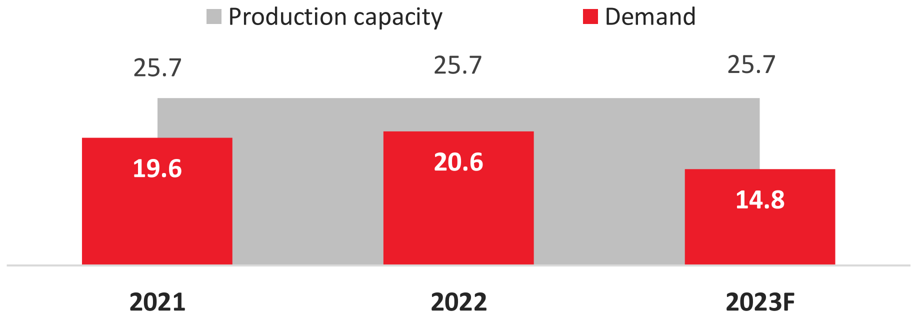
Financial Performance

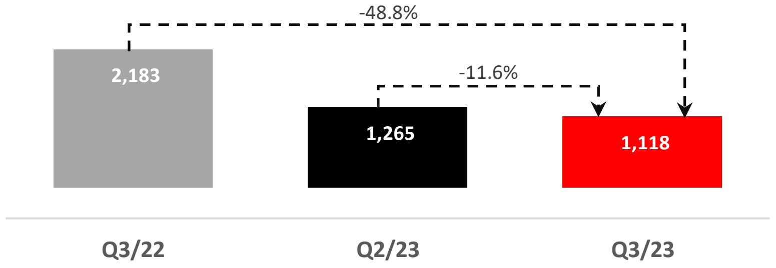
SCCC Group Performance by Country

Southern Vietnam: Demand continues to be lower than last year, but there are early signs of recovery towards the end of Q3/23.

Local Cement Production Capacity and Demand (Mn Tons)



Revenue (THB Mn)

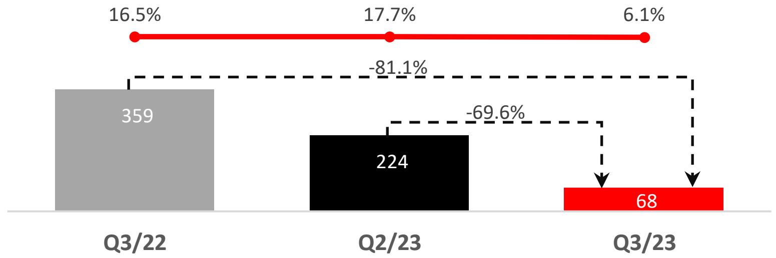


% to Group:	18%	12%	11%

Market Developments and Performance

- Q3/23 demand lower than PY due to bank lending constraints and inflation.
- Slow-down in price increases as competitors use price leverage to achieve volume.
- Moderate growth expected for the next 12 months pending resolution of lending restrictions; continue cost reduction initiatives.

EBITDA and EBITDA Margin (THB Mn)



% to Group:	18%	13%	4%

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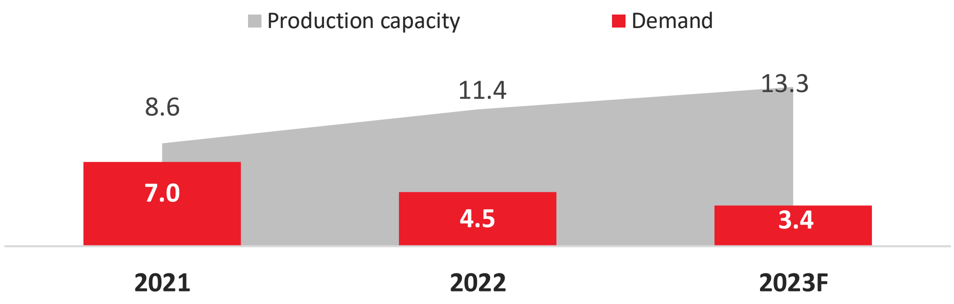
Financial Performance

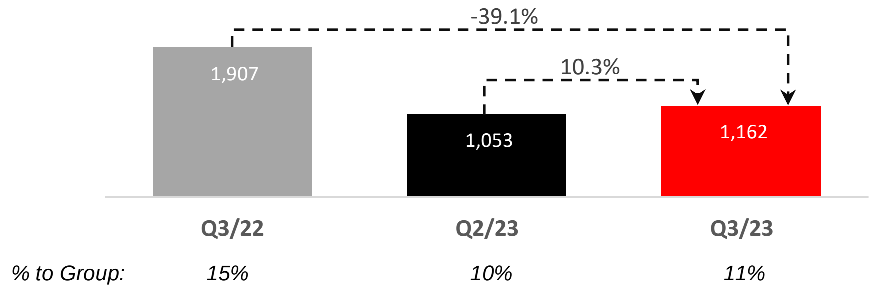
SCCC Group Performance by Country

Sri Lanka: Despite exceptionally heavy rain, volume improved Q-on-Q but impacted by lower prices and one-off restructuring expenses.

Local Cement Production Capacity and Demand (Mn Tons)



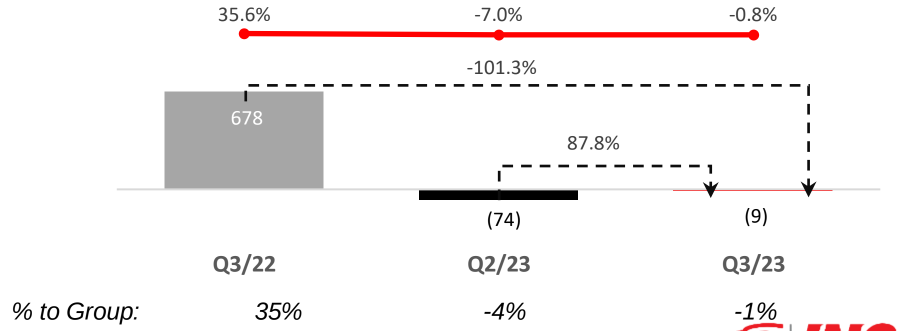
Revenue (THB Mn)



Market Developments and Performance

- The cement market showed a 12% and 22% growth compared to Q3/22 and Q2/23, respectively.
- Fierce price competition emerged due to underutilized capacity, with competitors implementing price cuts and rebates to boost sales, resulting in a gradual decline in overall cement prices.

EBITDA and EBITDA Margin (THB Mn)

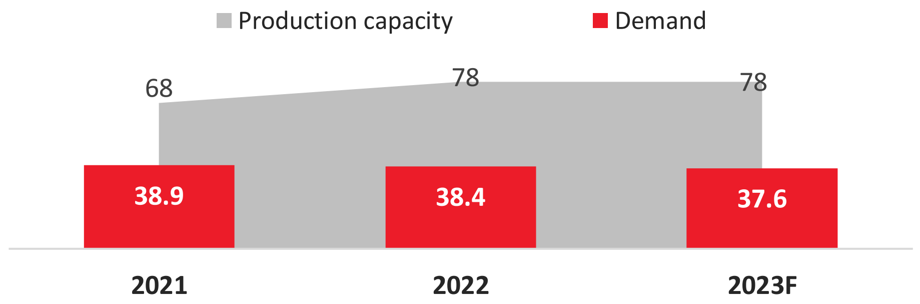


Financial Performance

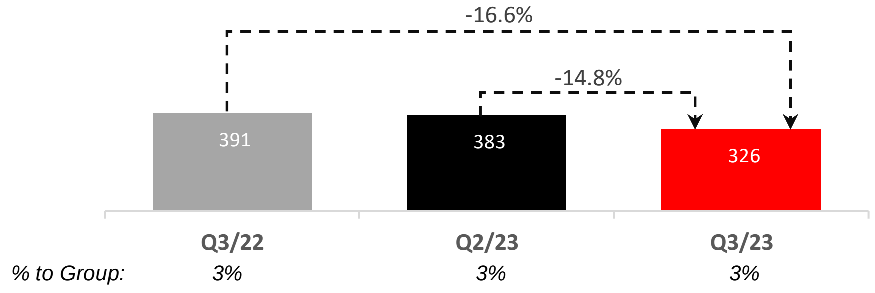
SCCC Group Performance by Country

Bangladesh: Cement consumption is down due to low construction activities owing to high construction material prices, and slow progress of government projects.

Local Cement Production Capacity and Demand (Mn Tons)



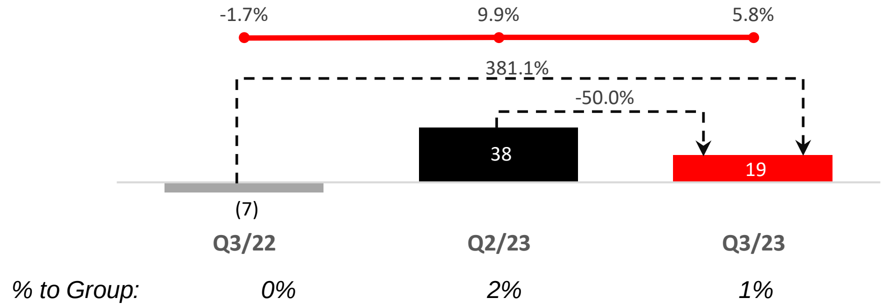
Revenue (THB Mn)



Market Developments and Performance

- Forex reserve stress led to slow government project progress in Q3, impacting overall construction activity.
- High inflation and import restrictions raised construction materials prices (steel, cement, bricks, stone).
- Overall profitability improved riding on minimal price erosion and sourcing raw materials at competitive prices.

EBITDA and EBITDA Margin (THB Mn)

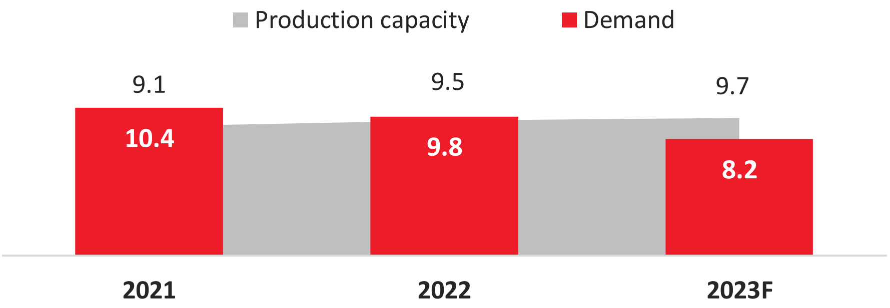


Financial Performance

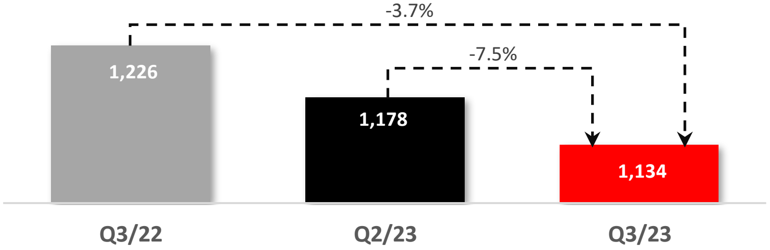
SCCC Group Performance by Country

Cambodia: EBITDA and margin bolstered by reduced costs, partially countering the impact of softer revenues.

Local Cement Production Capacity and Demand (Mn Tons)



Revenue (THB Mn)

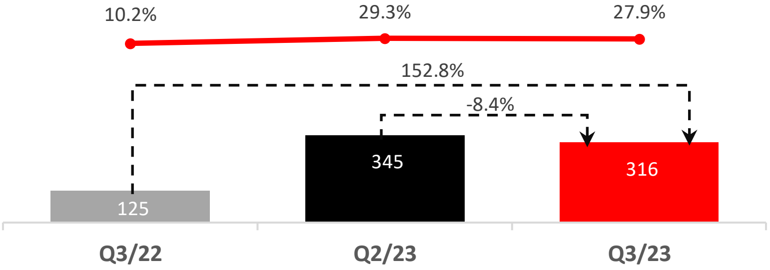


(Not consolidated)

Q3 Market Developments and Performance

- Demand mute as lackluster construction activities on the back of rainy season.
- Price under pressure from demand contraction and high rebate spending by competitors.

EBITDA and EBITDA Margin (THB Mn)



(Not consolidated)

Agenda

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Market Outlook 2023

Thailand

- Recovery of the Thai economy is expected to continue on the back of the improving tourism sector and other government stimulus.
- A decrease in energy costs, retail oil prices, and electricity costs supports economic growth.
- Potential downward pressure on price as energy costs decrease.

Vietnam

- Although the cement industry continues to face challenges, the market is showing some early signs of a rebound.
- Longer-term outlook is positive driven by infrastructure investment, continued urbanization, and strong GDP.
- Softened prices are expected in Q4/23 as cement players continue a volume-driven approach.

Sri Lanka

- Gradual market recovery with downward adjustment in market interest rates and support from the IMF and other government initiatives.
- 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

- Inbound remittances will stay declined placing pressure on the current account balance and the local currency
- Inflation expected to remain stubbornly high
- The General Election towards the end of 2023 might weigh heavily on industry demand.

Cambodia

- Private sector demand to remains subdued due to residential construction slowdown in an oversupplied market
- Government infrastructure projects such as roads and bridges are expected to alleviate cement demand contraction.
- Overall cost performance improved, driven by lower energy prices.

Project FIT+

Focus on transforming end-to-end profitability and cashflow

FIT+
Fitter organization
Improve EBITDA
Transform

"Transform to Perform"

Emphasis on people activism and promoting a culture of sustainable performance improvement.

Growth and Protect Topline

- Sharper pricing strategies
- Brand pull by redesigning the technical structure and service offerings in the market

Variable Cost of Production

- Clinker factor optimization
- TSR improvements
- Thermal and electricity consumption, and waste heat recovery optimization
- Low rank coal utilization maximization

Structural and Fixed Cost

- Fixed cost optimization
- Streamlining of procurement and manufacturing
- Rightsizing of organization

Agenda

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Stretching our Sustainability Ambition 2030 Targets

SCCC Group will deliver a CO_2 emission reduction target.

	1. Specific Net CO_2	2. Processed Waste Volume	3. By Product Absorbed
	Kg/ton cementitious	ton	ton
INITIAL	< 535	> 1,000,000	> 1,400,000
STRETCHED	< 470	> 1,400,000	> 1,700,000

CO_2 Emission Reduction

As part of our commitment to environmental responsibility, we have successfully implemented a diverse range of initiatives.

1. Green Portfolio

Environmental-friendly products i.e., Hydraulic cement to replace Portland cement

2. Green Energy

Co-processing of municipal and agricultural waste in our cement plants, mixing with fossil fuel

3. Green Innovation

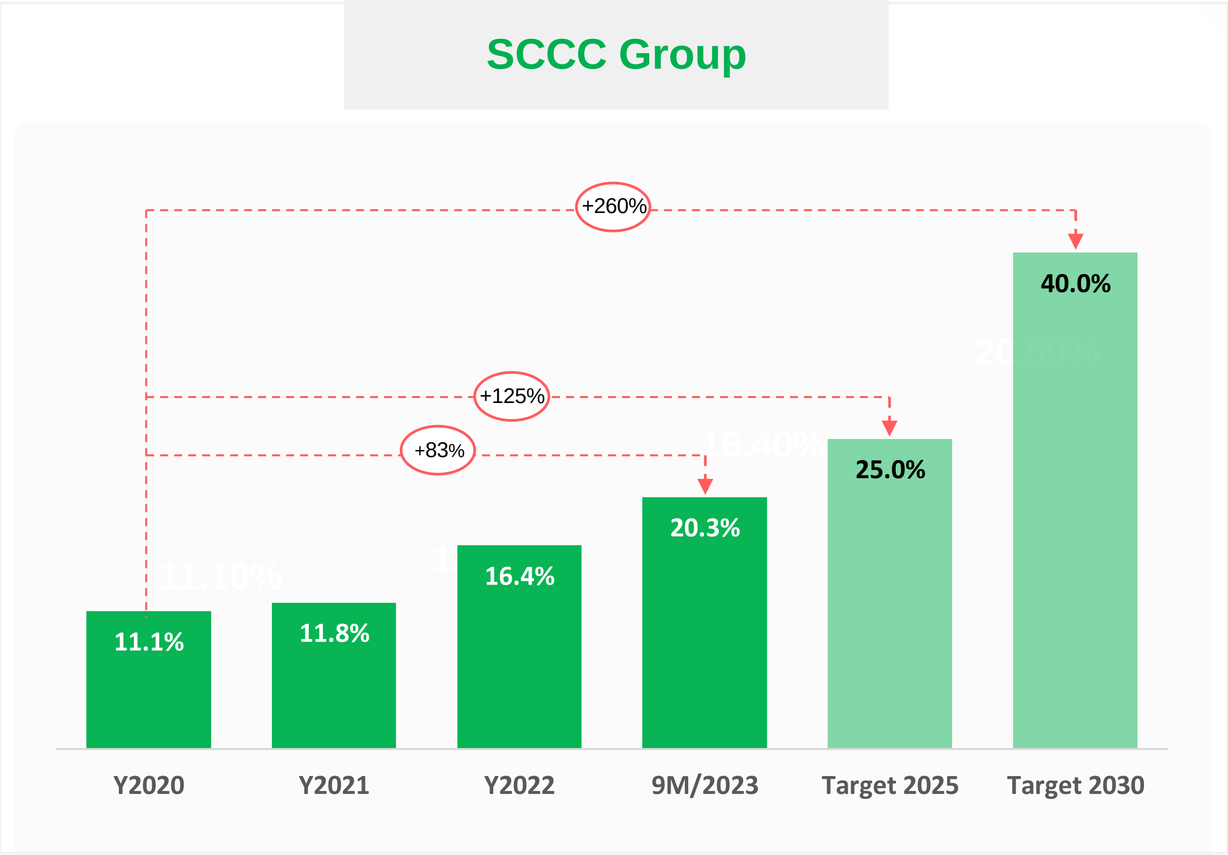
Applying ESG-driven cement manufacturing process i.e., cement grinding technology

Thermal Substitution Rate (TSR)

Our thermal substitution rate has also almost doubled from 2020 and we remain dedicated to continuous improvement.

Key points

- Good progress since 2020, achieving a TSR of 20.3% in Q3/23, close to our 2030 original target of 20.9%. Consequently, we stretch our long-term target for 2030 to 40%.
- Our focus is on increasing the utilization of biomass and the percentage of alternative fuel usage.

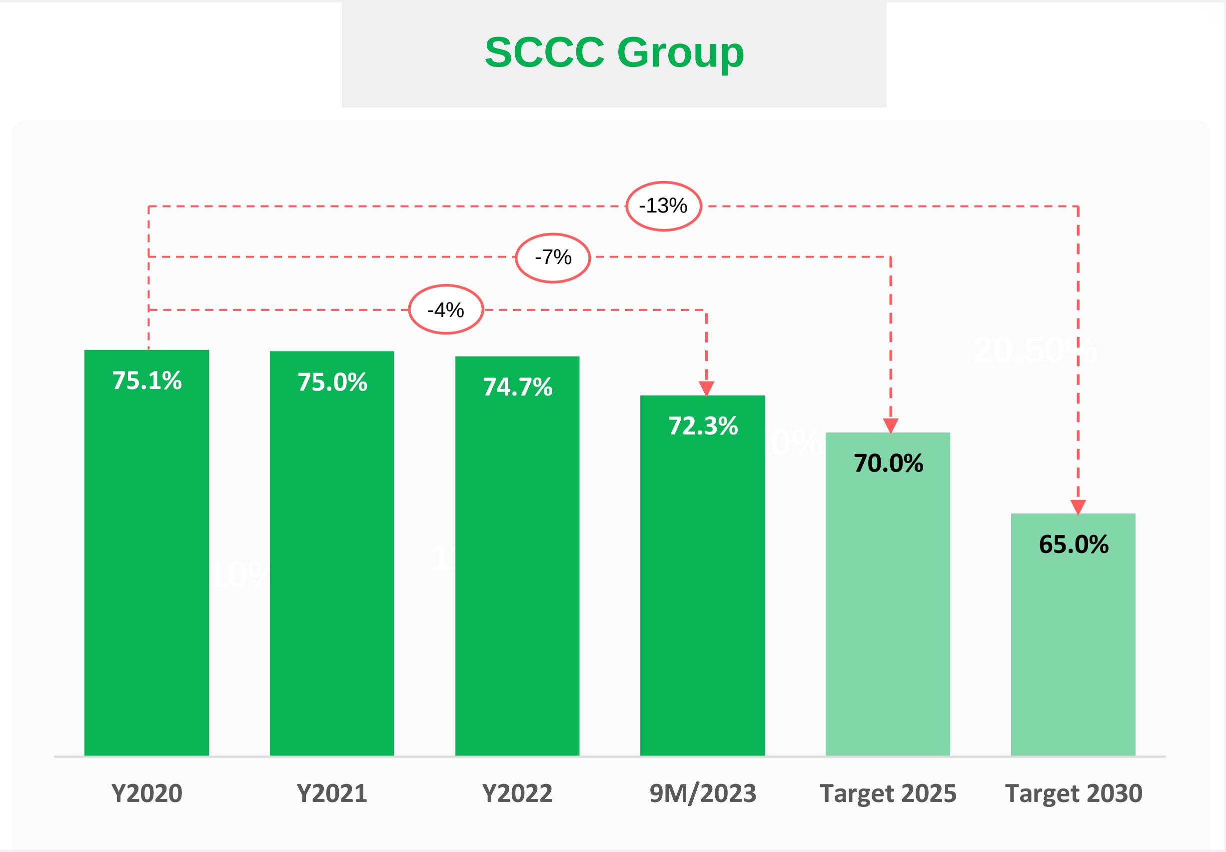


Clinker Factor

Currently a 4% reduction from the 2020 baseline and aiming for 13% by 2030. We are committed to clinker factor reduction and are unwavering in our pursuit of ongoing enhancements.

Key points

- Achieved a 4% decrease in clinker factor for 9M/23 compared to 2020.
- Our innovative product, "Hydraulic cement“, utilizes less clinker which significantly reduces CO_2 emission.



Q&A

Earnings Meeting for Quarter 3, 2023
Feedback Questionnaire