INSEE

Q1/2024

Earnings Meeting

14 May 2024

Agenda

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1 Key Highlights

Key Highlights Q1 2024

Business Performance

1. Thailand: Lower variable costs from lower energy and operational efficiencies and lower fixed costs bolstered profitability despite market softening due to delayed government budget approval, high household debt, and intense competition.

2. Vietnam: EBITDA improved YoY, as the demand picking up and both variable and fixed costs remaining lower. QoQ, the EBITDA is lower due to the Tet holidays and annual Kiln shutdown in February and March, respectively. Economic Growth prospects remain solid.

3. Sri Lanka: The market shows gradual recovery with increased sales volume QoQ and YoY amidst economic normalization and positive IMF bailout developments.

Sustainability in Focus

1. This quarter, we are proud to report that our Thermal Substitution Rate (TSR) has reached 27.3%, showing significant progress from 21.2% in 2023 and 16.4% in 2022. Moreover, we have successfully reduced the clinker factor to 71.6% from 72.6% in 2023, aligning with our goal of reducing CO2 emissions.

2. We have now established a new joint venture company with B.Grimm Power Public Company Limited for the renewable solar project, which will increase our renewable energy usage in Thailand to 36% by 2025, with a target of reaching 50% by 2030.

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Key Highlights Q1 2024

Strong earnings, largely driven by the robust overseas operations and reduced costs

- Higher QoQ Net sales, from higher volumes in Thailand and Sri Lanka, while overall selling prices remained under pressure

Total Revenue

10,035 MB

+4% QoQ
-12% YoY

- Robust overseas performance
- Reduced thermal energy and fixed costs from restructuring efforts

EBITDA

2,373 MB

+1% QoQ
+38% YoY

- Enhanced EBITDA
- Gains in exchange rates QoQ

Net Profit

1,147 MB

+39% QoQ
+51% YoY

- Priority on enhancing cash generation performance to improve liquidity
- Q1/24 cash flow margin surged to 24.7%

FOCF

2,354 MB

Improved 2,280% YoY
(from -108 MB in Q1/23)

Key Highlights Q1 2024

Our efforts to mitigate CO2 emissions are aligned with our ambitious objectives

- The ongoing Limestone Separate Grinding project, initiated in early 2023
- Replacement of Portland cement with hydraulic cements

Clinker Factor

71.6%

+100 bps QoQ

- Increase the utilization of waste materials as fuel to mitigate the impact of fluctuations in traditional fuel prices

Thermal Substitution Rate

27.3%

+610 bps QoQ

- Established a new joint venture company with B.Grimm Power Public Company Limited
- 10% replacement of grid power
- Cost savings of around THB 400 million per year on electricity.

ESG Project

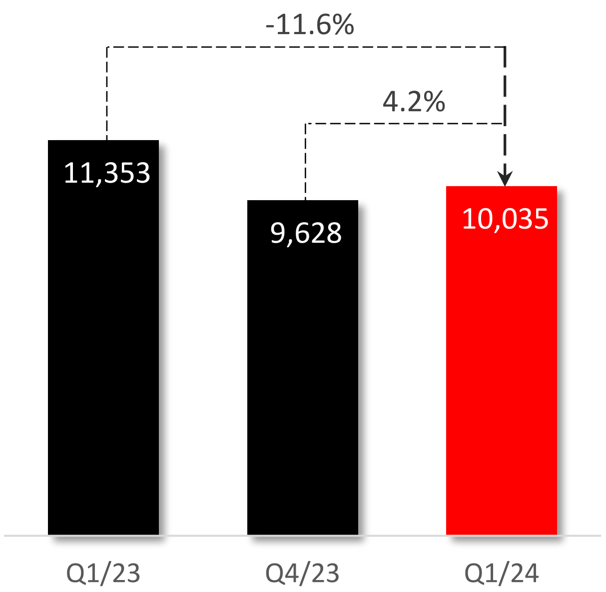
Renewable Solar Project

2 Financial Performance Group

Net Profit improved QoQ and YoY from robust overseas performance and effective internal cost reduction

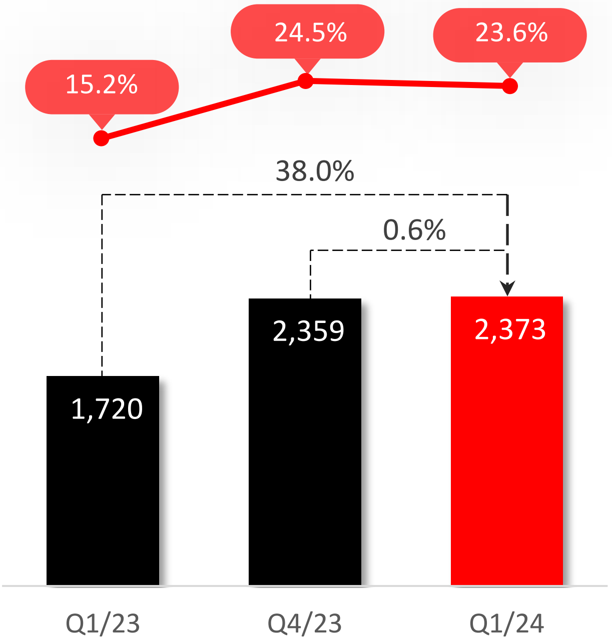
In THB million

Revenue



The increased revenue QoQ can be attributed to higher sales volumes in Sri Lanka, Thailand, and Bangladesh, despite intense price competition in all markets except Sri Lanka.

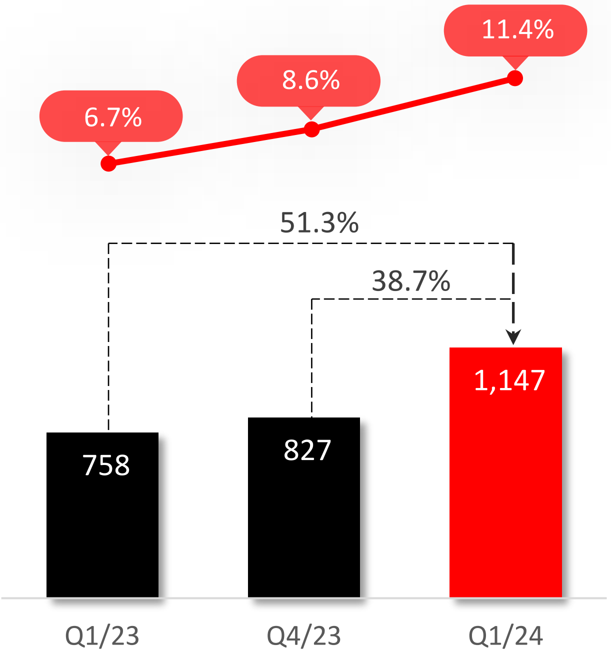
EBITDA and EBITDA Margin



Kiln Shutdowns:

Q1/23 – TH (two), VN (one), LK (one)
Q4/23 – TH (two)
Q1/24 – TH (two), VN (one)

Net Profit and Net Profit Margin



Normalized net profit in Q1/24 amounts to THB 1,015 Mn.

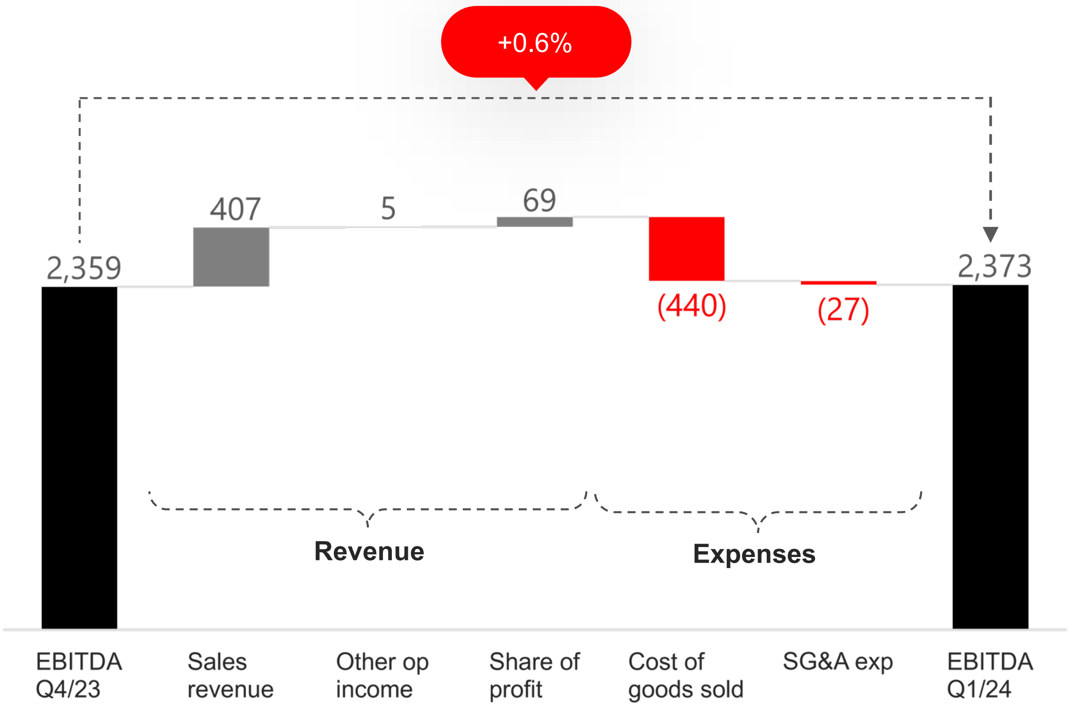
Extraordinary items:

Q1/23 – Significant foreign exchange gain from the Sri Lankan business
Q4/23 – Assets Write-off
Q1/24 – Gain on exchange rate of THB 132 million, mainly from Sri Lanka Rupee currency.

Net profit increased, primarily due to higher sales revenue, cost efficiencies, and gains from foreign exchange, particularly from Sri Lanka.

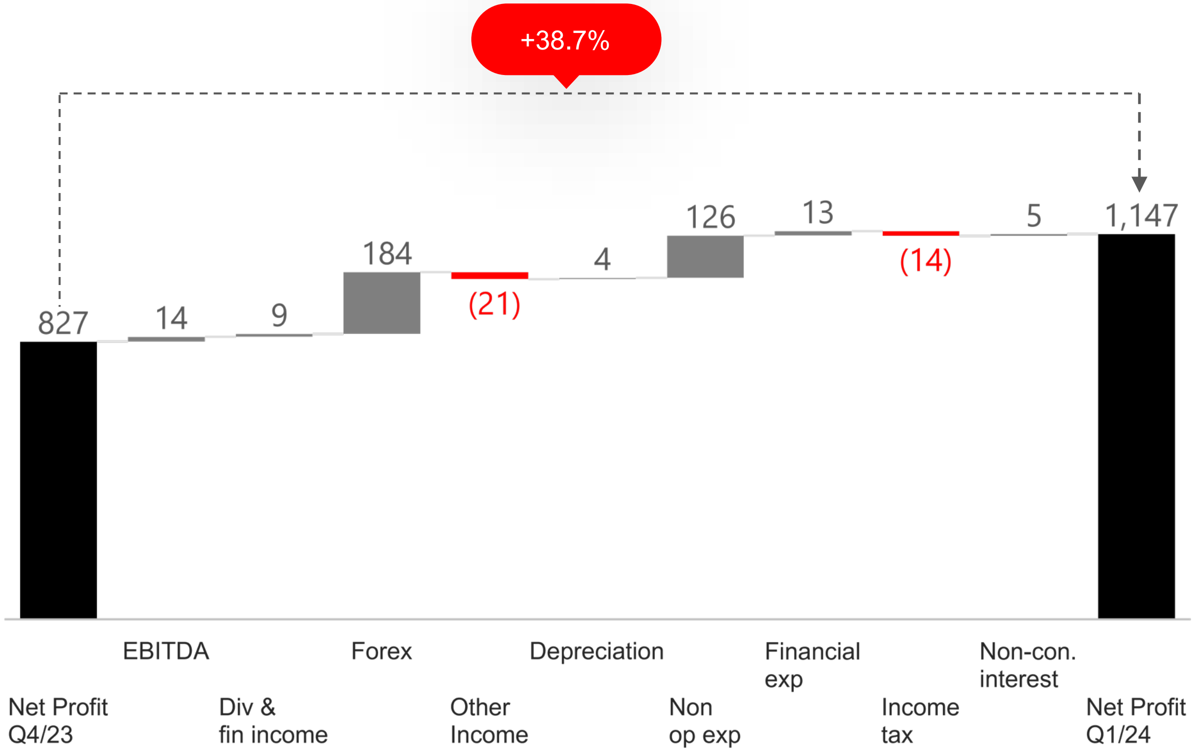
EBITDA: Q4/23 vs Q1/24

In THB million



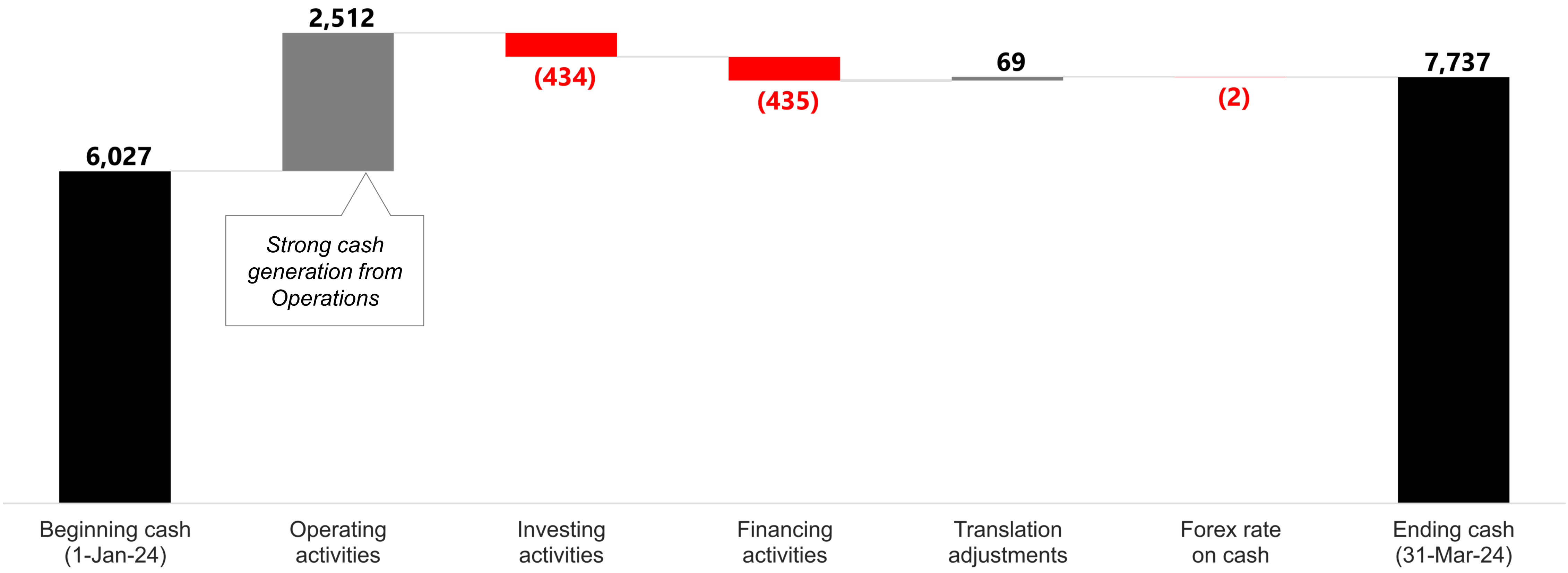
Net Profit: Q4/23 vs Q1/24

In THB million



Operations generated a strong cash flow of THB 2.5 billion in Q1/24.

In THB million



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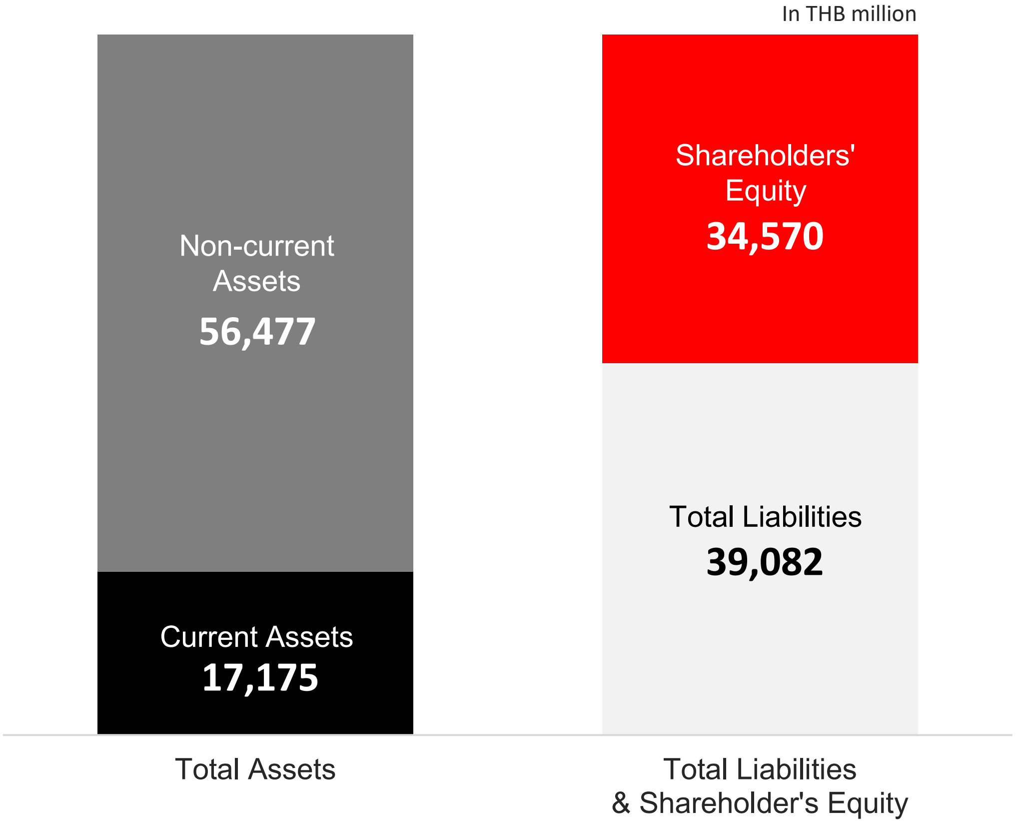
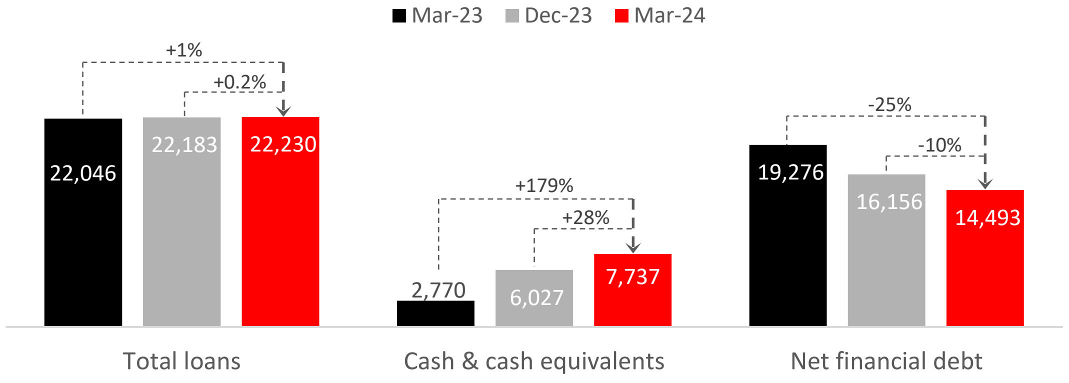
Gearing reduced by 17.4 percentage points in Q1/24 compared to Q1/23, as cash reserves improve.

Financial Position



Debt & Key Ratios



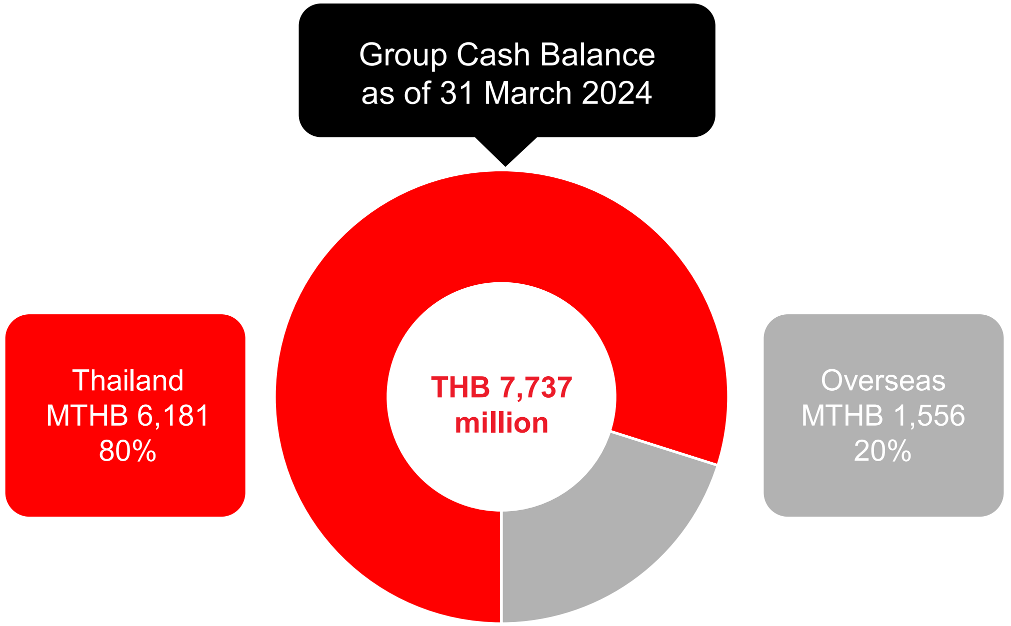
Net Financial Debt (THB million)	Mar 23	Dec 23	Mar 24
Short-term loans	3,113	7,674	7,676
Long-term loans	18,933	14,509	14,554
Total loans	**22,046**	**22,183**	**22,230**
Cash & cash equivalents	2,770	6,027	7,737
Net financial debt	**19,276**	**16,156**	**14,493**

Key Ratios	Mar 23	Dec 23	Mar 24
RONOA	7.1%	8.1%	10.5%
ROIC	5.5%	6.1%	6.9%
ROE	5.6%	8.1%	9.3%
Gearing	59.3%	47.7%	41.9%
NWC (MTHB)	3,369	966	622

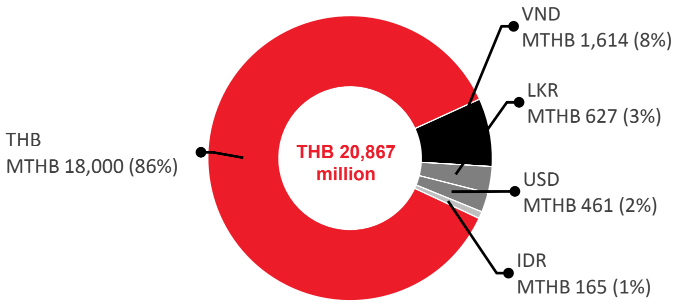
Stringent debt control continues with sufficient committed credit facilities for liquidity

Group Liquidity Management (THB equivalent)

High ending cash balance at THB 7.7 billion with unused committed loan facilities of THB 9 billion is available to secure liquidity; no outstanding short-term bank loan borrowing by TH legal entities as of the end of Q1/2024.



Group Debt Profile (THB equivalent)

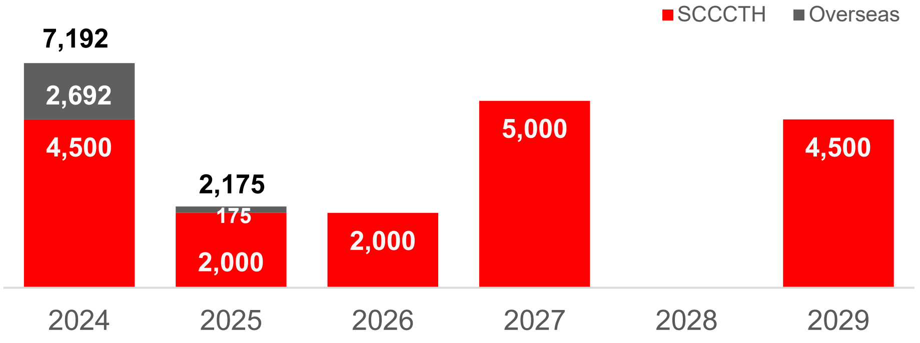


- 85% of the Group debt is at fixed interest rates.
- The average interest rate of the Group financing is at 4.0% p.a.

Remark: The amount excludes amortization expenses

Group Debt Maturity Profile

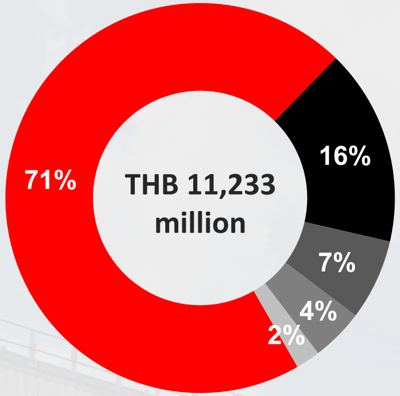
In THB million



The THB 4.5 billion debenture due in 2024 is fully secured through a long-term bank loan and internal cash.

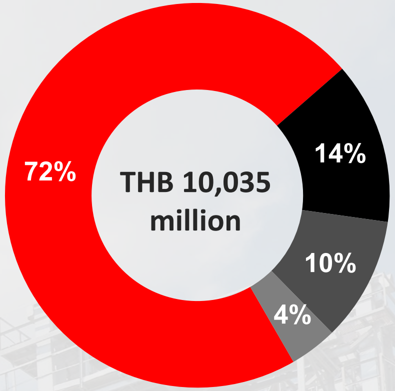
Revenue and EBITDA Breakdown for 3M/24

Revenue by Segment

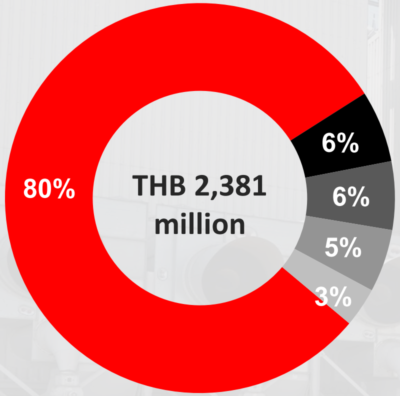


*before intersegment elimination

Revenue by Country

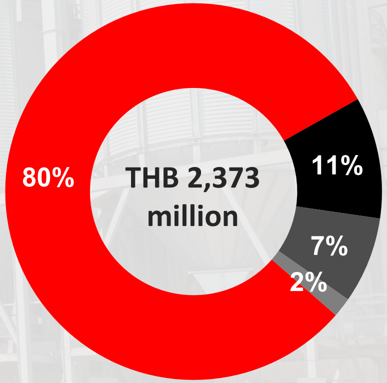


EBITDA by Segment



*before intersegment elimination

EBITDA by Country



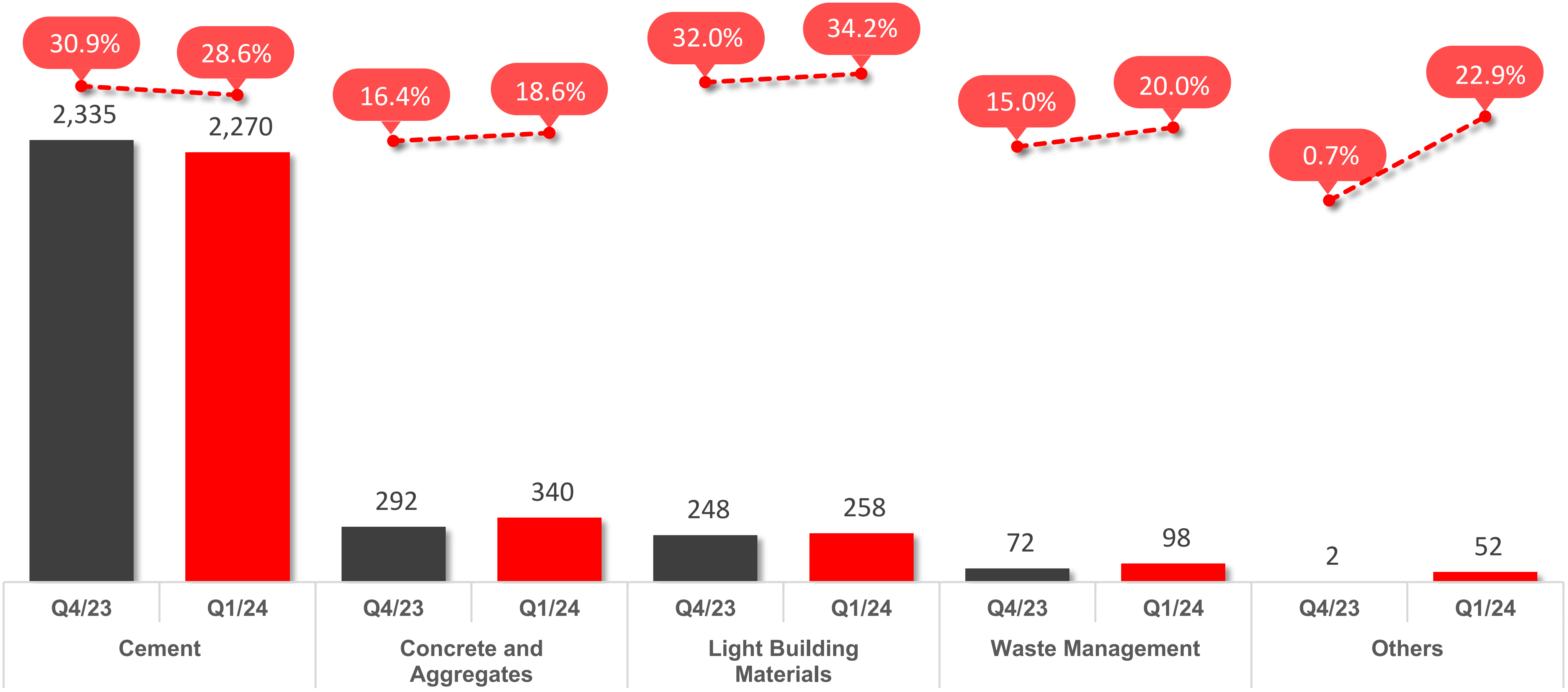
Cement | Concrete and Aggregates | Light Building Materials | Waste Management | Others

Thailand | Sri Lanka | Vietnam | Bangladesh

2 Financial Performance Segmental

All segments saw a rise in gross profit margin, except for cement, which experienced a slight decline.

Segmental Gross Profit (THB Mn) and Gross Profit Margin (%)



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

2 Financial Performance Geographical

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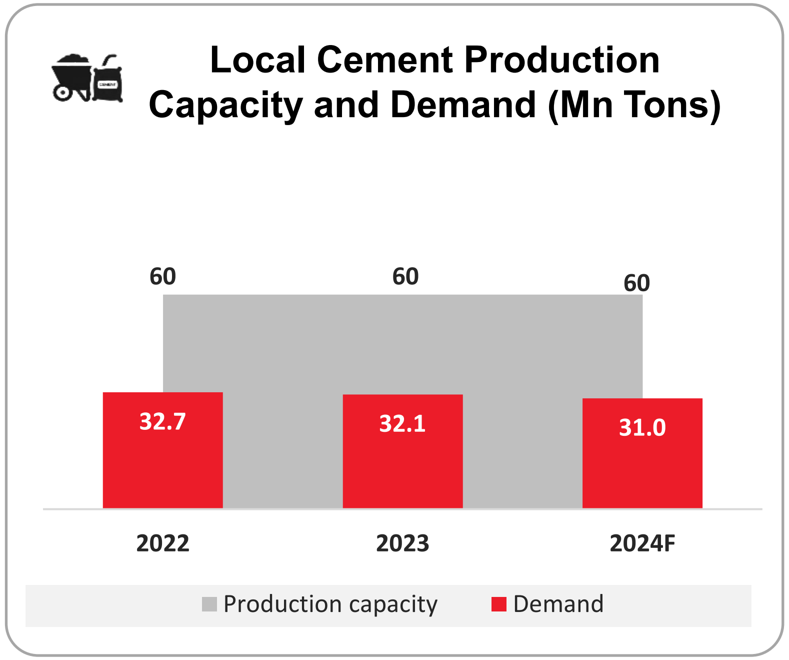
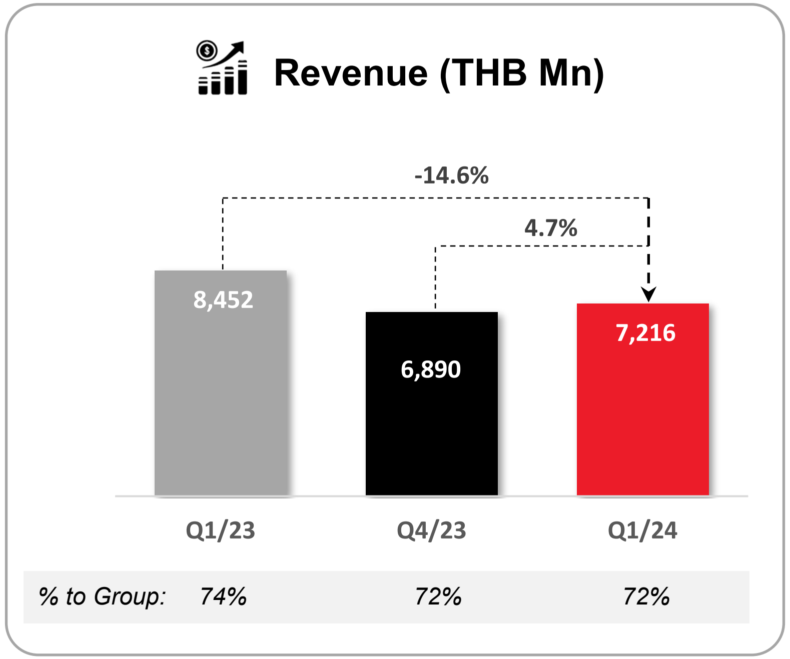
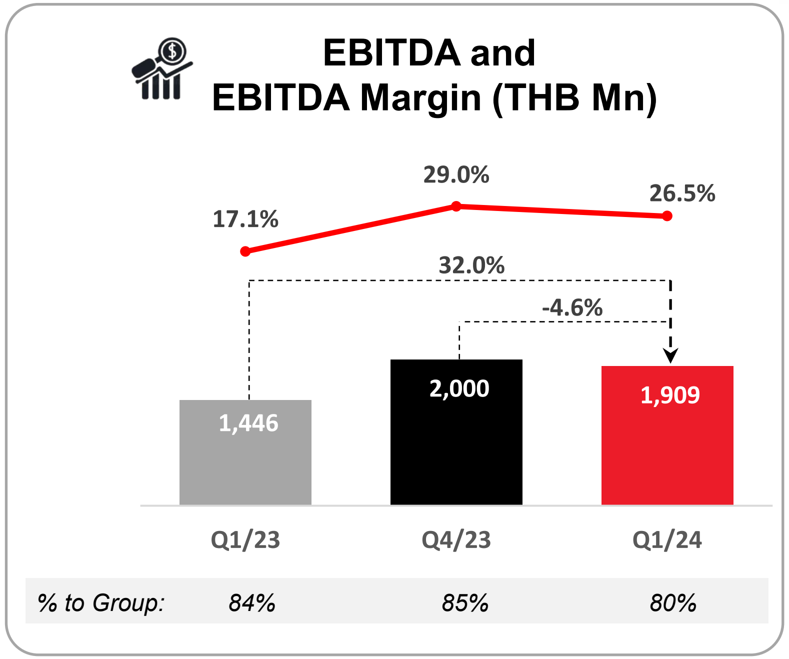
Thailand

Positive factors such as reduced coal costs, clinker factor optimization, and operational efficiencies are offset by delayed government budget approval and persistent high household debt.







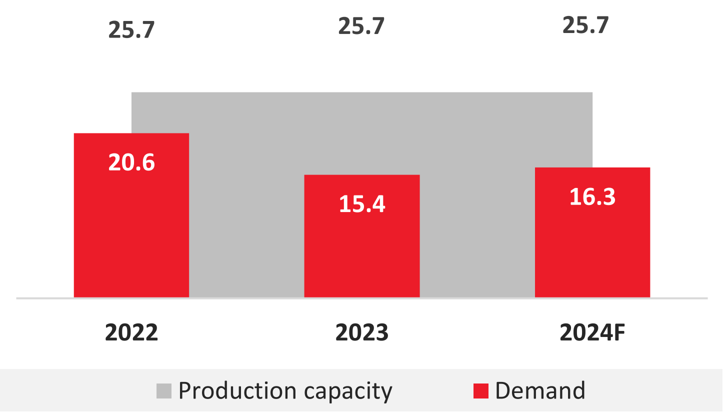
Market Developments and Performance

- Cement: Demand is expected to strengthen following budget approval, primarily driven by a significant rise in government spending.
- Concrete and aggregate: Infrastructure remains a key driver, with positive signs in the commercial and industrial segments, particularly in ESB and the Southern regions.
- Light Building Materials: Implement stringent cost control measures to address lower sales volume during challenging market conditions.

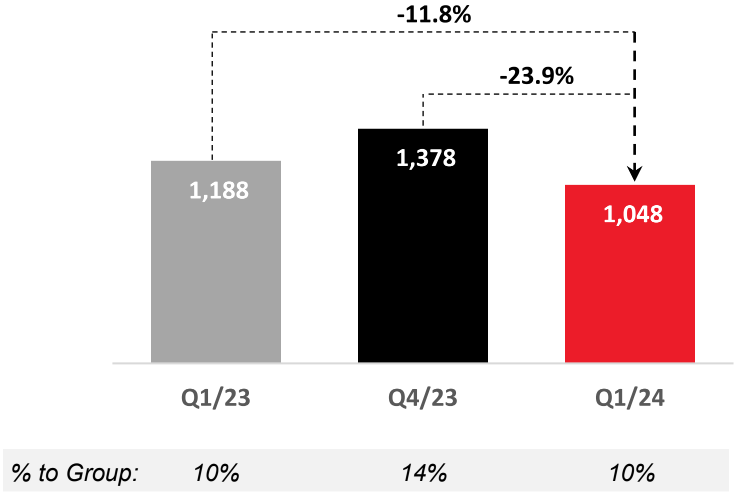
Southern Vietnam

YoY EBITDA improved with cost-saving measures amid the gradual market recovery, but slowdown QoQ from the extended holiday period.

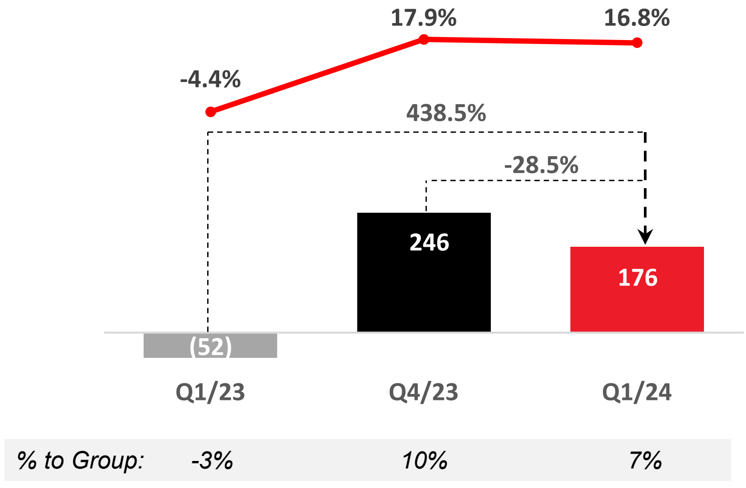
Local Cement Production Capacity and Demand (Mn Tons)



Revenue (THB Mn)



EBITDA and EBITDA Margin (THB Mn)



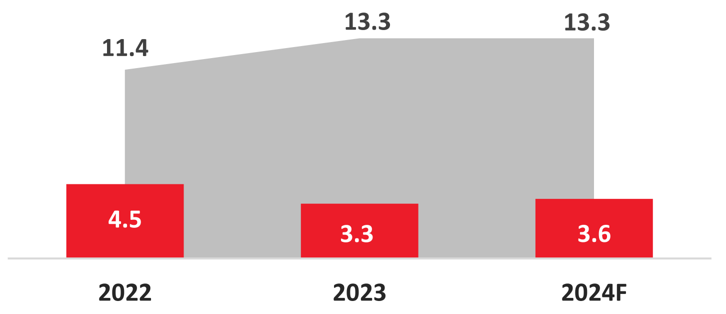
Market Developments and Performance

- Gradual market recovery led by fiscal and monetary easing and public investment, led to a demand recovery in both retail and Bulk segments.
- However, prices are trending lower as competitors utilize pricing strategies to increase volume.
- The economy is expected to grow, especially in H2/24 due to the government's fiscal expansion and infrastructure projects, as well as lower mortgage rates benefitting homebuyers.

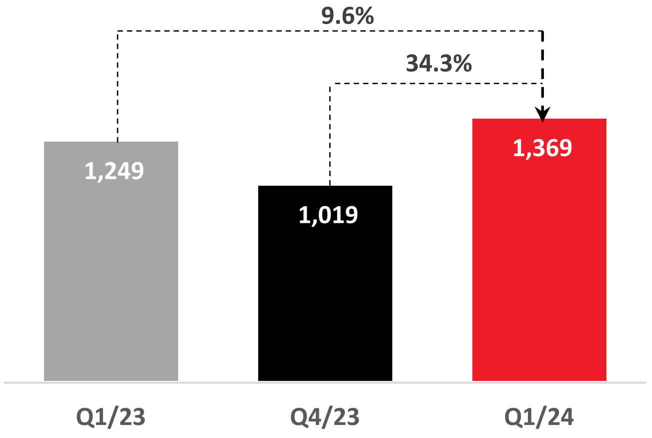
Sri Lanka

Sales volumes and selling prices improved, supported by a gradual market recovery, eased monetary policy measures, and support from the IMF.

Local Cement Production Capacity and Demand (Mn Tons)

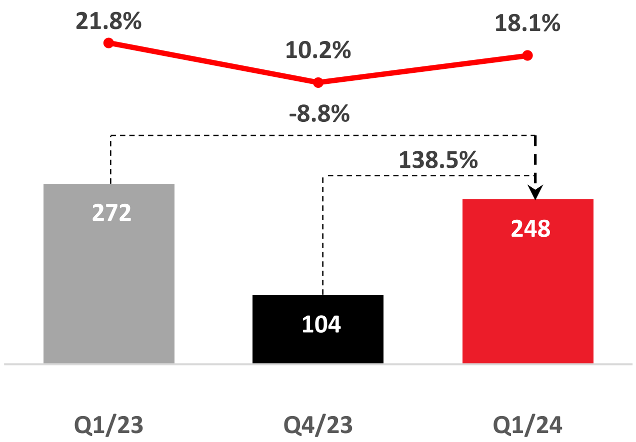


Revenue (THB Mn)



% to Group:	*11%*	*11%*	*14%*

EBITDA and EBITDA Margin (THB Mn)



% to Group:	*16%*	*4%*	*11%*

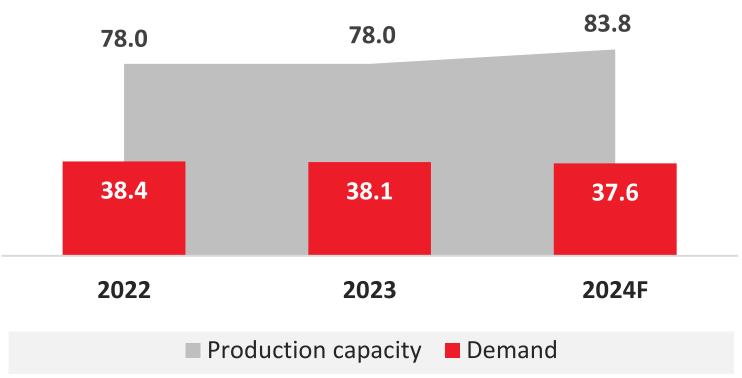
Market Developments and Performance

- The cement market achieved a growth of 21% YoY and 18% QoQ, driven by macroeconomic factors.
- However, price competition remains intense due to the underutilization of installed capacity and oversupply in the market.

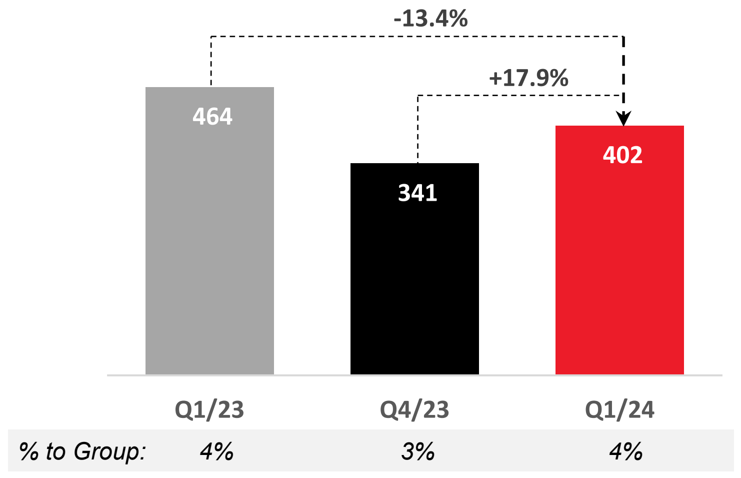
Bangladesh

The higher cement consumption and lower provision contributed to an increase in EBITDA QoQ, while the slow progress of government projects after the general election persisted.

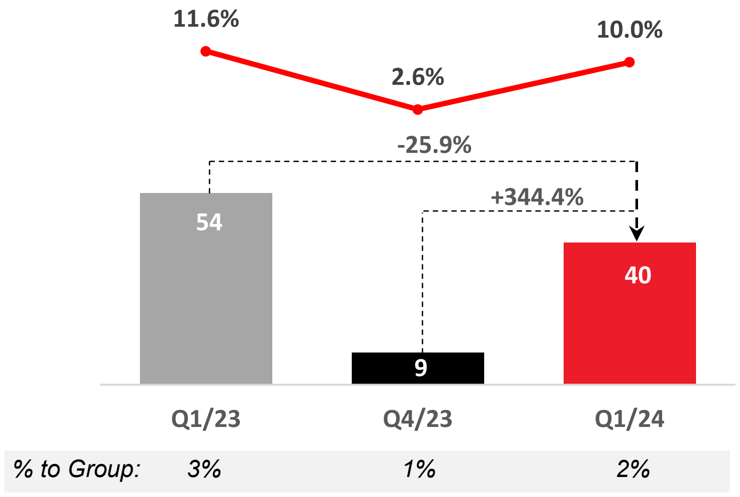
Local Cement Production Capacity and Demand (Mn Tons)



Revenue (THB Mn)



EBITDA and EBITDA Margin (THB Mn)

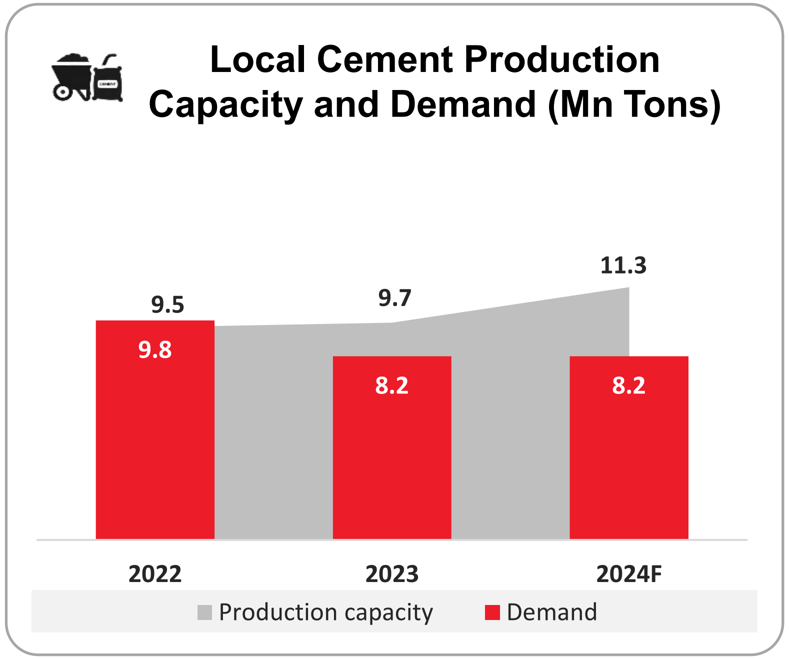


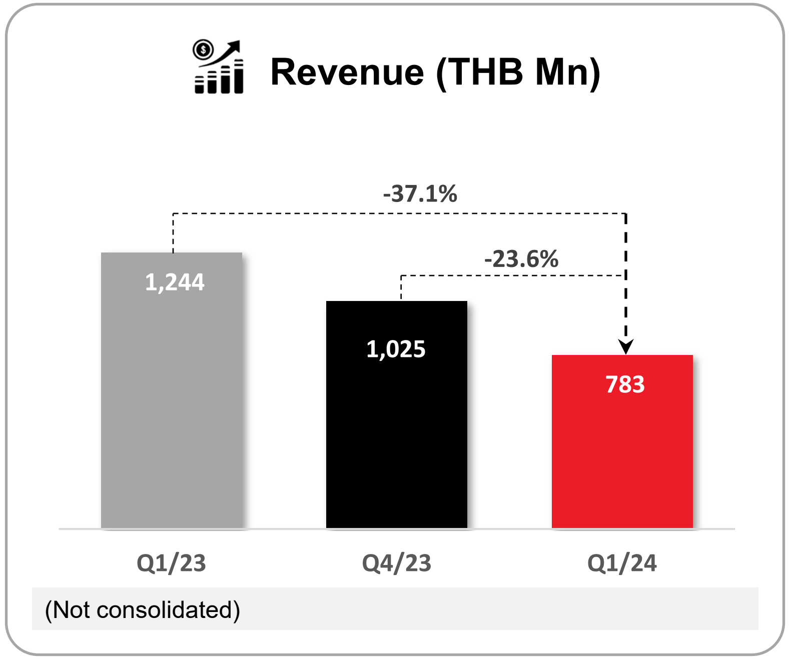
Market Developments and Performance

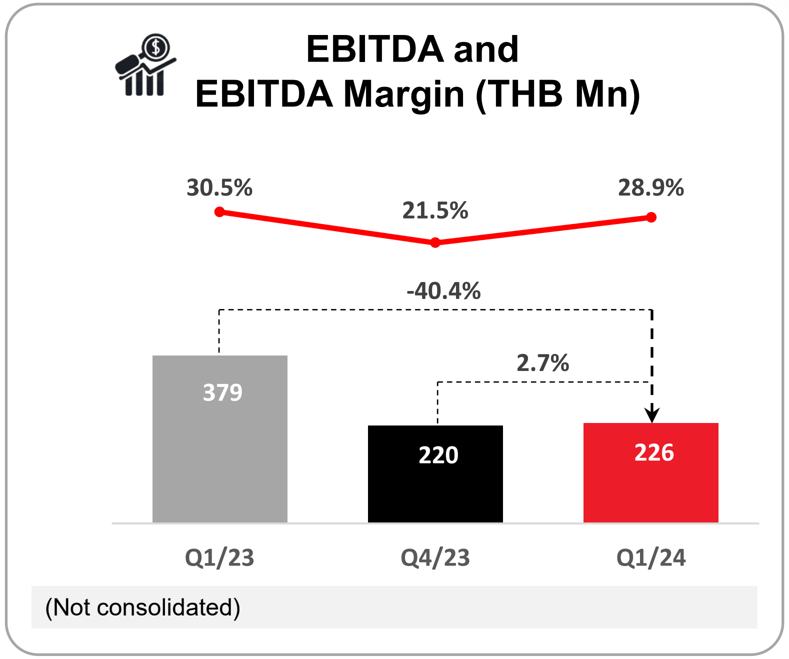
- Cement consumption declined YoY, due to high inflation, the general election, and slow progress of government projects.
- The prices of construction materials, such as steel, cement, bricks, and stone, remained high, contributing to the decrease in demand.

Cambodia

EBITDA improved slightly QoQ, supported by lower coal and diesel prices, although the softened cement demand resulted in intensified competition.







Market Developments and Performance

- Demand in Q1/24 slowed down amid a subdued market.
- Selling price fell due to heightened competition, affecting profitability.
- Imported cement saw a decline as reduced prices made profitability less attractive.

3 Environment Social Governance

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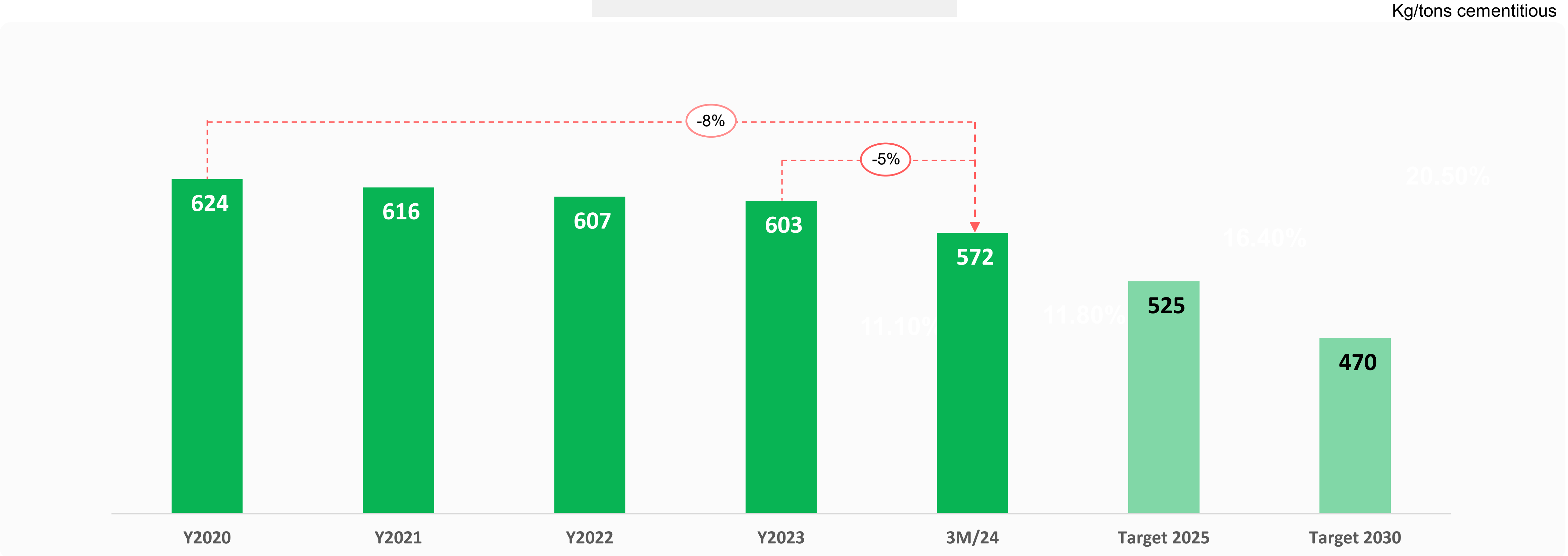
Group CO2 Emission

We have made strides with a 5% reduction since the end of 2023, bringing us closer to our 2025 target of 525 kg/tons cementitious.

SCCC Group

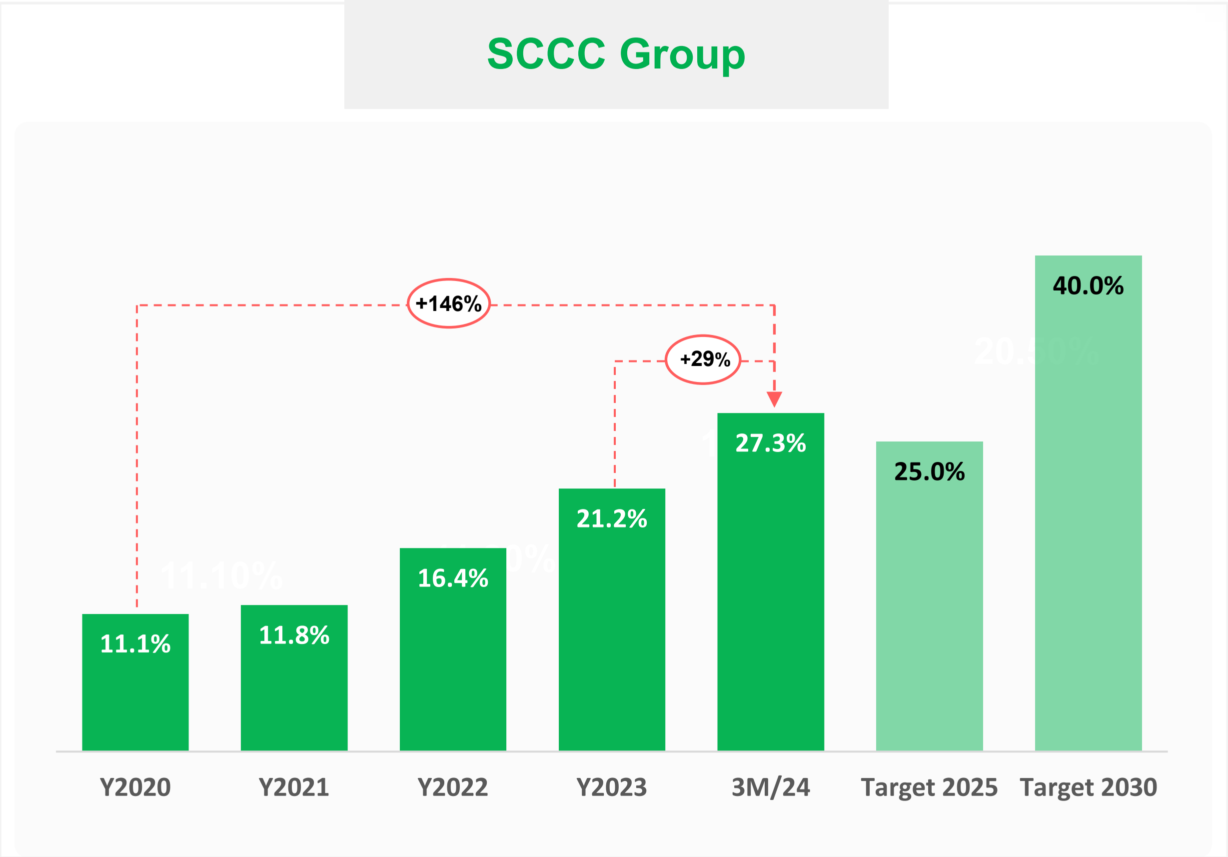


Thermal Substitution Rate (TSR)

"In just three months since the end of 2023, we have achieved a remarkable 29% increase in TSR, exceeding our 2025 target of 25%."

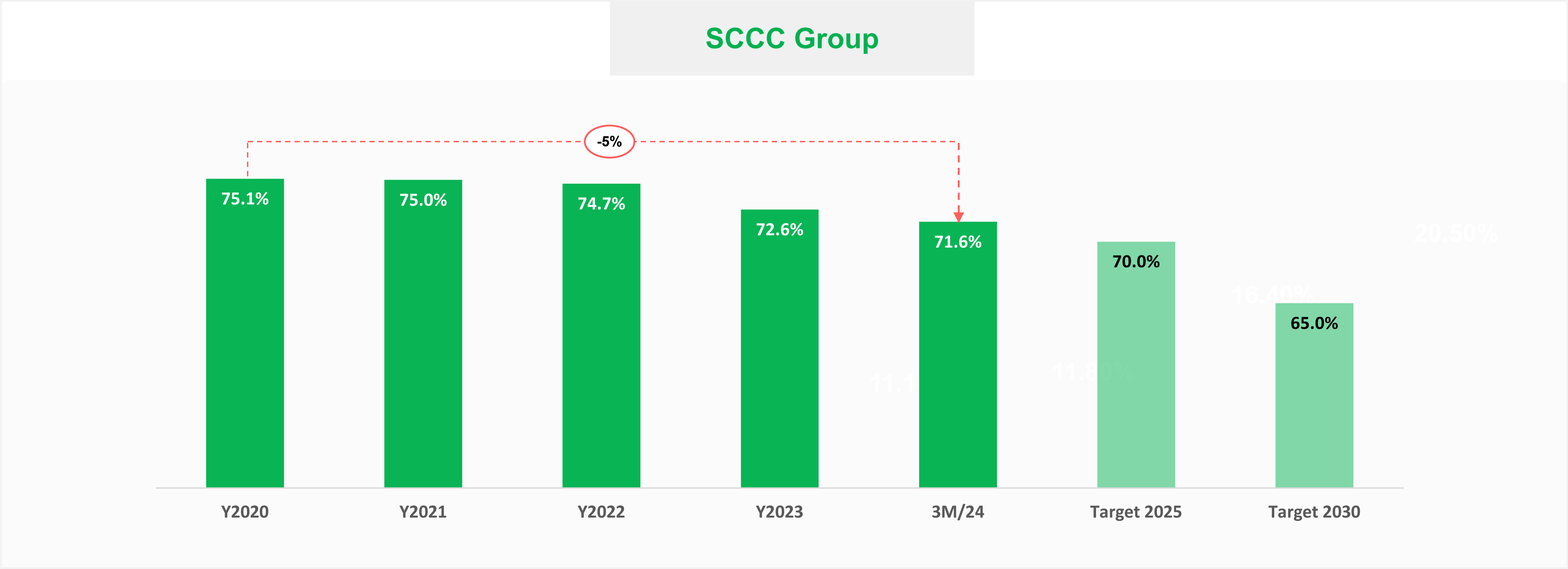
Key points

- We have accomplished an impressive 146% increase from the baseline in 2020, perfectly in line with our ultimate goal of reaching 40% by 2030.
- Our ongoing efforts include a dedicated focus on boosting biomass utilization, aiming to minimize margin effects from fluctuations in traditional fuel prices



Clinker Factor

We are steadily reducing our clinker factor in production, aiming to reach our ambitious 2030 target of 65%.



4 2024 Outlook and Way Forward

Market Outlook 2024

Thailand

- Government spending is expected to grow YoY, signaling a positive outlook for construction, especially in the public sector.
- The government's decision to discontinue diesel price subsidies will pose challenges for construction and material expenses, while FT prices will require quarterly updates.
- Price competition has intensified as key players vie for volume and market share.

Vietnam

- The market is showing positive signs of recovery driven by infrastructure-led investment.
- The long-term outlook is positive driven by infrastructure investment, continued urbanization, and strong GDP.
- Softened prices are expected in 2024 as cement players continue a volume-driven approach.

Sri Lanka

- Anticipated domestic economic recovery is expected to continue in the short to medium term, especially with upcoming pre-election campaigns.
- Market recovery is anticipated as market interest rates decrease alongside a gradual economic rebound in 2024, albeit with lingering risks.
- Cement prices remain under pressure due to oversupply, exacerbated by the emergence of a price-conscious consumer segment.

Bangladesh

- Remittance and export earnings are expected to trend upward.
- Lower imports may reduce foreign exchange reserves, potentially affecting the macroeconomic situation and hindering industrial consumption.
- The depreciation of the BDT and the limited availability of USD continue to pose challenges.

Cambodia

- Anticipated demand remains stagnant due to an oversupply of residential and condominium projects.
- Cambodia's economy is heavily reliant on Foreign Direct Investment (FDI), primarily from China, and is dictated by global economic conditions, which remain uncertain and volatile.

5 Question & Answer

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