

SCG Ceramics “COTTO”

Analyst Conference Q2/22

July 27, 2022

Agenda

- I. Q2/22 Market Situation**
- II. Q2/22 Key Financials**
- III. Strategy Update & Sustainability**
- IV. Market Outlook**
- V. Summary in H1/2022**

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I. Q2/22 Market Situation

II. Q2/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

V. Summary in H1/2022

Q2/22 Market Situation

- The global economic uncertainties amid high energy price and inflation.
- Energy price surged in Q2/22 including natural gas price, diesel price and electricity price (Ft) as well.
- Thailand ceramic tiles demand in Q2/22 remained stable.
- Export demand continued to improve due to demand recovery.

Agenda

I. Q2/22 Market Situation

II. Q2/22 Key Financials

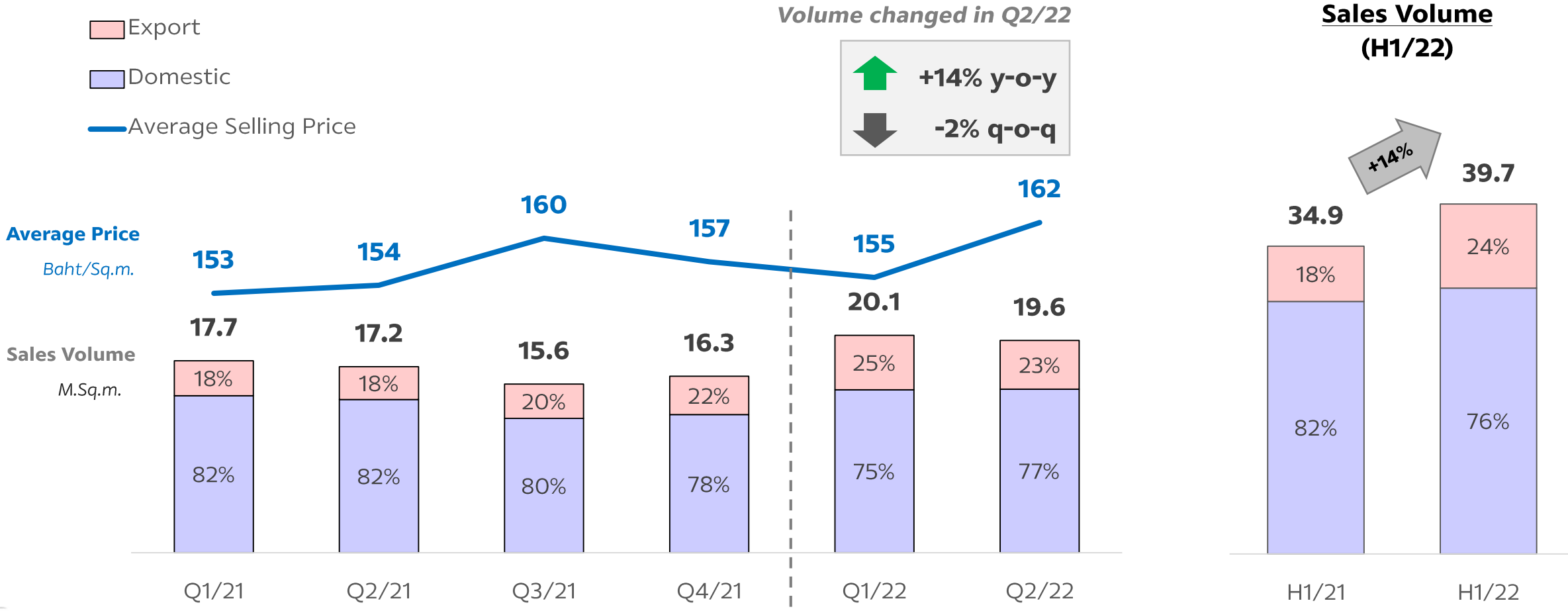
III. Strategy Update & Sustainability

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V. Summary in H1/2022

Q2/22 Sales volume and average price

Sales volume increased +14% y-o-y while the average price increased 7 bath/sq.m (+5%) compared to Q1/22

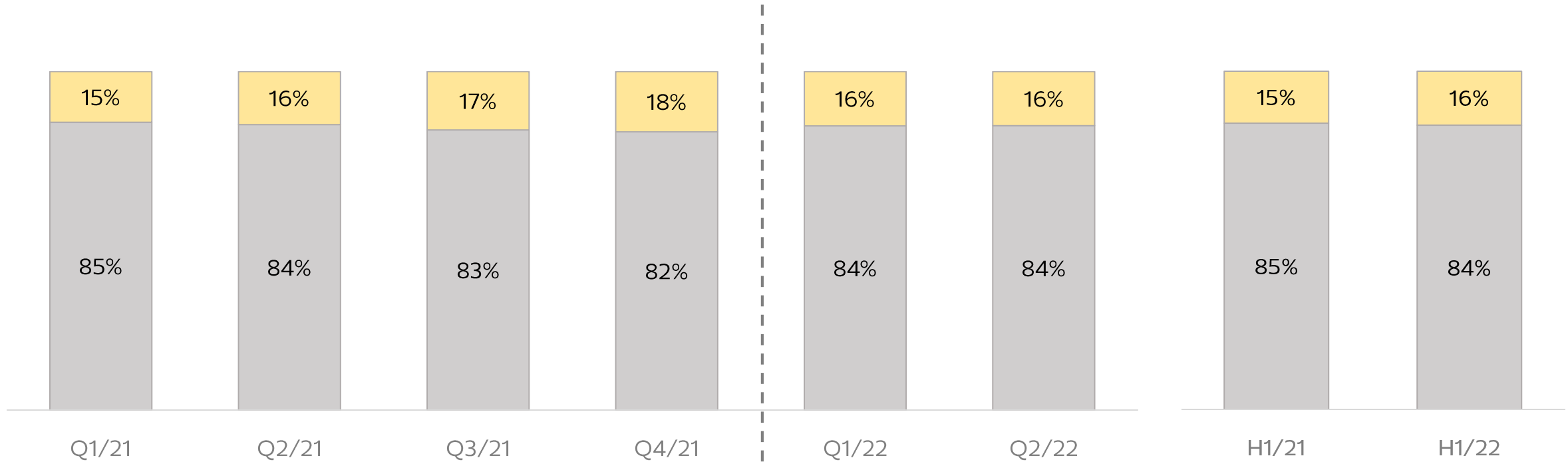


Remark: Only ceramics tiles

Q2/22 Domestic sales volume by segment

Mass-Medium accounted for 84% of sales volume in Q2/22 compared to 84% in Q1/22.

Medium-High
Mass-Medium



Remark:

(1) Definition of segmentation

Medium – High (portion 20%-50% of total market) – HYG product, Wall Tile (Big size), Glazed Porcelain, Unglazed Porcelain, Mosaic, Glass Tile, Decorative

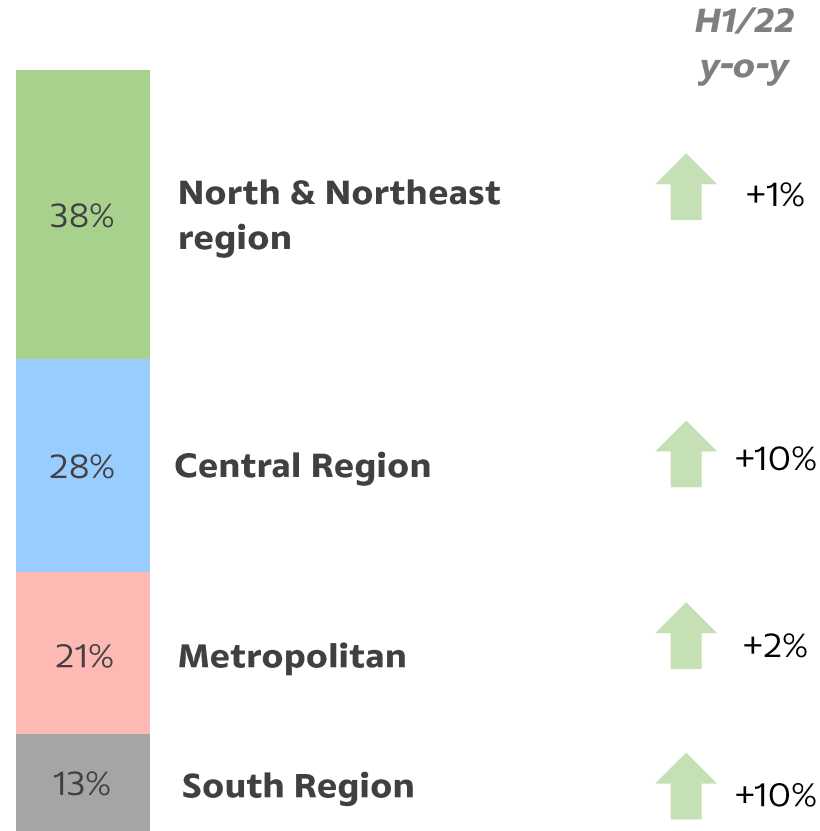
Mass – Medium (portion 70%-80% of total market) – Non HYG product, Floor Tile, Wall Tile (Small size), Outsource unglazed, Glazed Porcelain

(2) Only ceramics tiles

H1/22 Domestic sales volume by region

Sales volume in upcountry accounted for 79% of total domestic sales volume in H1/22.

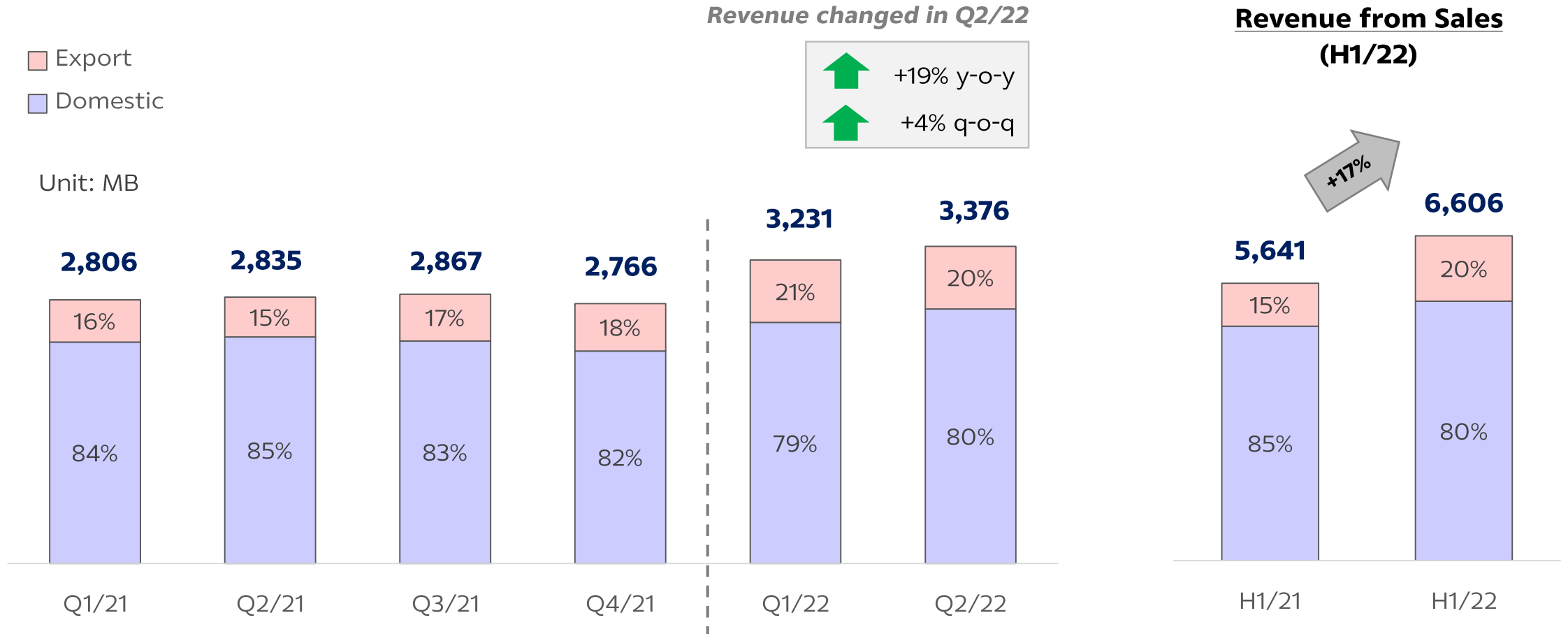
Sales Volume portion by sector



Remark: Only domestic ceramics tiles

Q2/22 Revenue from Sales

Revenue increased +19% y-o-y in Q2/22.

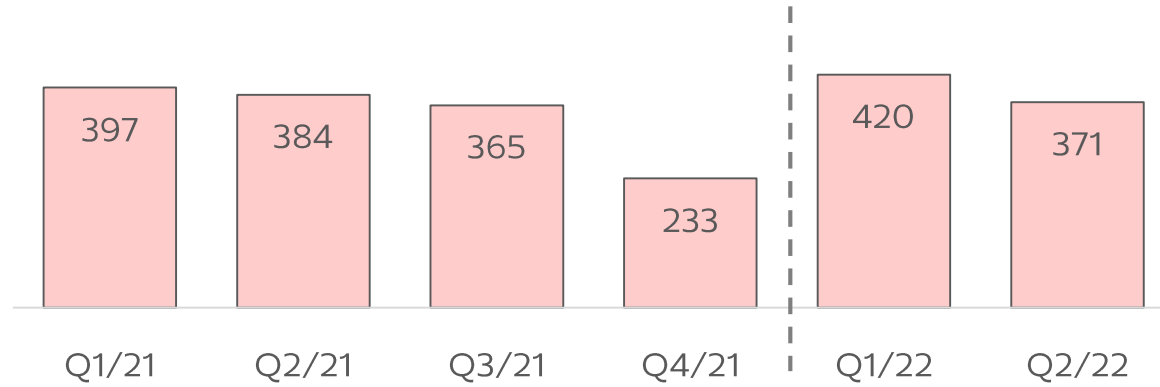


Q2/22 EBITDA

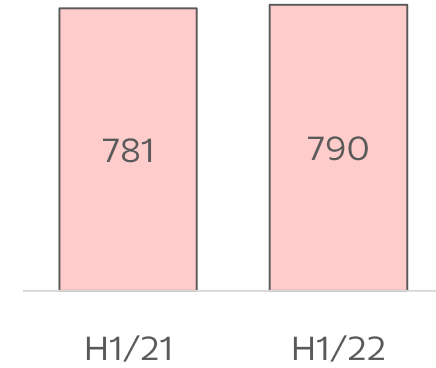
EBITDA decreased -3% y-o-y and -12% q-o-q.

Unit: MB

EBITDA changed in Q2/22



EBITDA (H1/22)



EBITDA Margin

Q1/21	14.2%	Q2/21	13.7%	Q3/21	12.8%	Q4/21	8.5%	Q1/22	13.0%	Q2/22	11.0%
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EBITDA Margin w/o non-recurring

Q1/21	14.2%	Q2/21	13.9%	Q3/21	11.1%	Q4/21	8.7%	Q1/22	13.1%	Q2/22	11.0%
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EBITDA w/o Key non-recurring

Q1/21	397	Q2/21	390	Q3/21	301	Q4/21	237	Q1/22	422	Q2/22	372
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Key Non-Recurring

Q1/21	-	Q2/21	(6)	Q3/21	64	Q4/21	(4)	Q1/22	(2)	Q2/22	(1)
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1) Profit from land selling

Q1/21	-	Q2/21	-	Q3/21	64	Q4/21	-	Q1/22	-	Q2/22	-
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2) MSP (Loss)

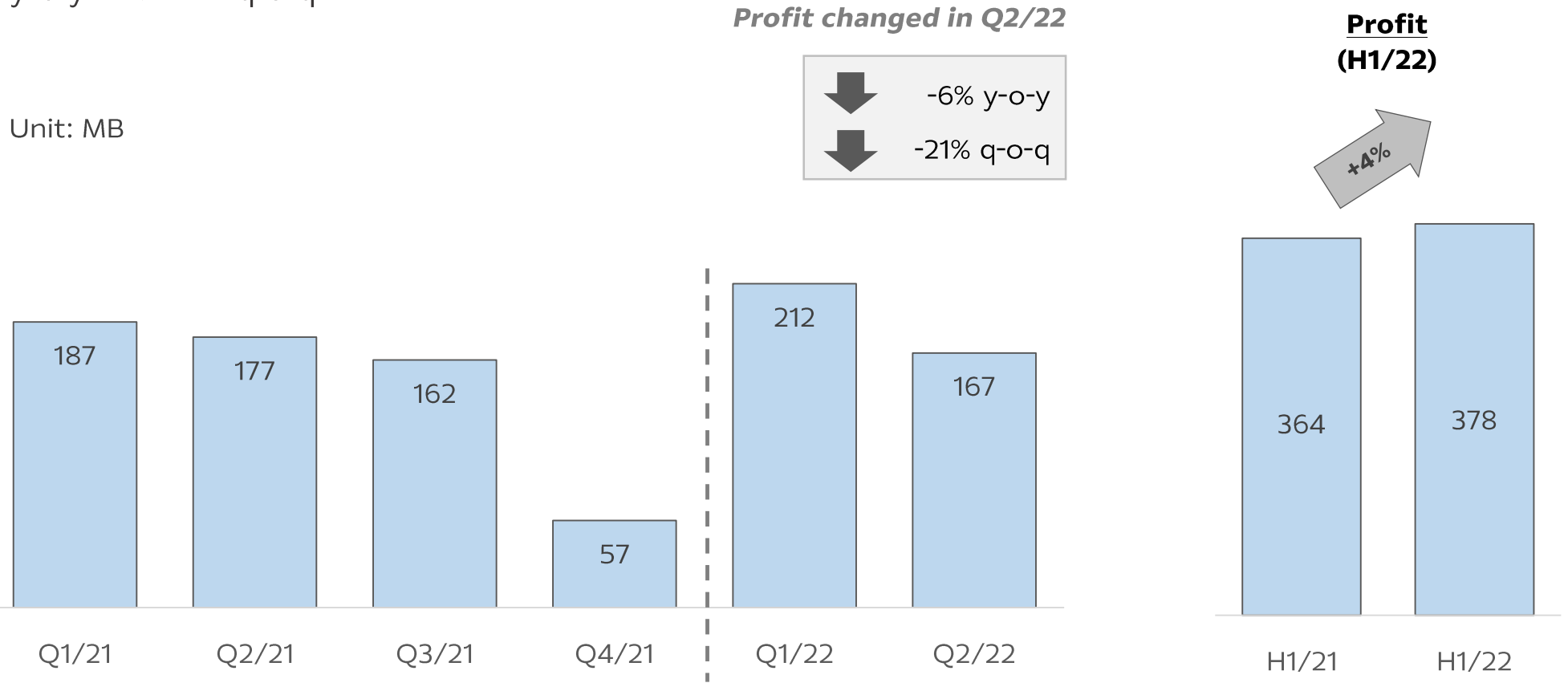
Q1/21	-	Q2/21	(6)	Q3/21	-	Q4/21	(4)	Q1/22	(2)	Q2/22	(1)
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3) Consultant Fee (Loss)

Q1/21	-	Q2/21	-	Q3/21	-	Q4/21	-	Q1/22	-	Q2/22	-
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Q2/22 Profit for the Period

Earning increased -6% y-o-y and -21% q-o-q.



Profit for the Period (without Key non-recurring)

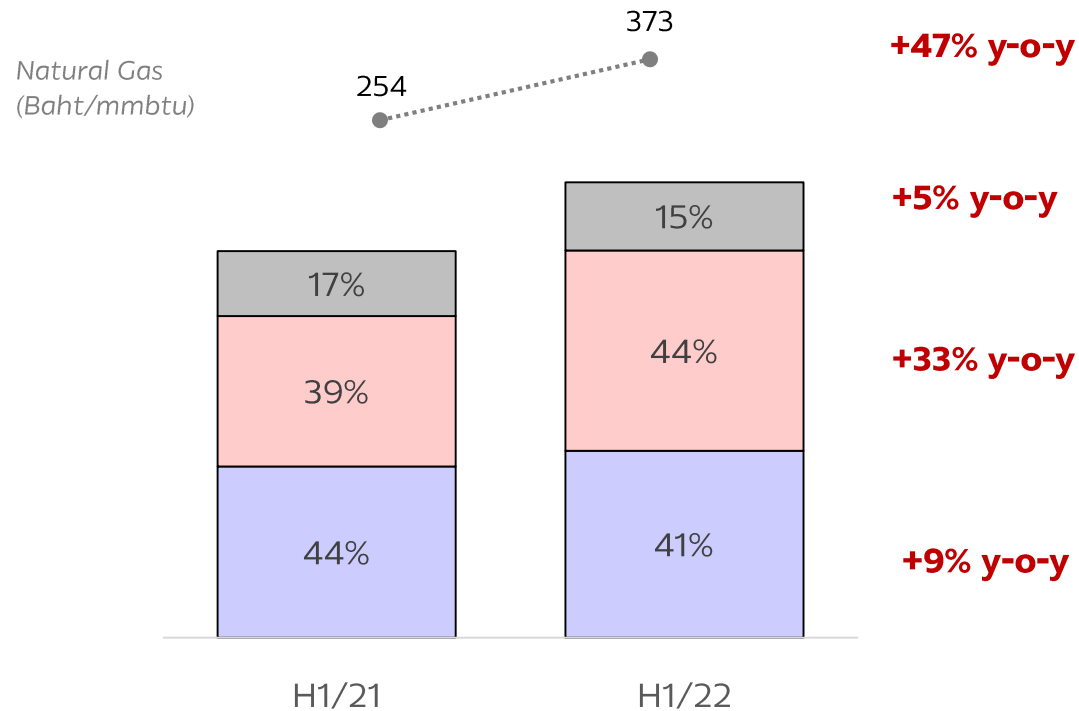
	187	181	111	60	213	168
Key Non-Recurring	-	(4)	51	(3)	(1)	(1)
1) Profit from land selling	-	-	51	-	-	-
2) MSP (Loss)	-	(4)	-	(3)	(1)	(1)
3) Consultant Fee (Loss)	-	-	-	-	-	-

	368	380
Key Non-Recurring	(4)	(2)
1) Profit from land selling	-	-
2) MSP (Loss)	(4)	(2)
3) Consultant Fee (Loss)	-	-

H1/22 Operating Variable Cost

Operating variable cost increased y-o-y, mainly from energy cost.

- **Assign Cost** - Mainly repair & maintenance cost and labor cost
- **Energy Cost** - Mainly natural gas cost
- **Raw Material Cost** - Mainly raw material cost

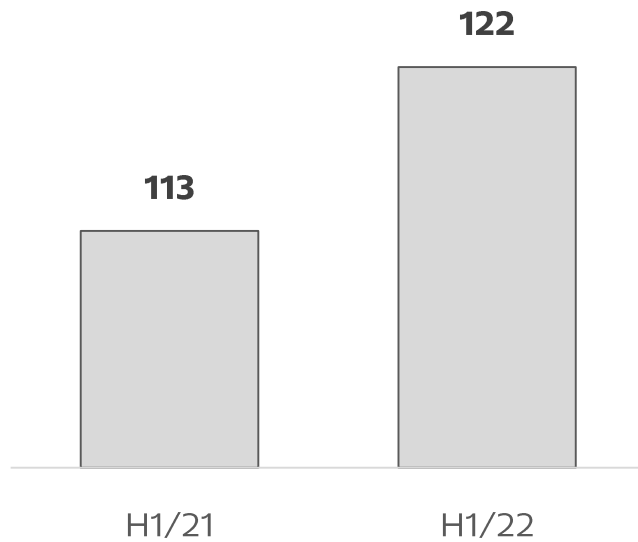


Remark: Only ceramics tiles

H1/22 CAPEX and Interest & Financial Costs

CAPEX

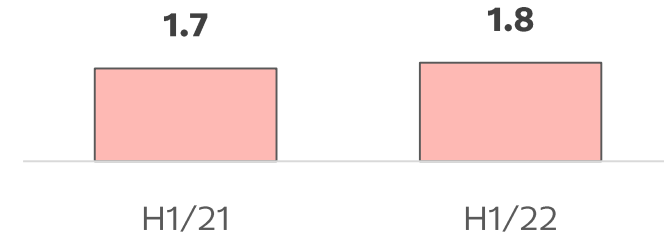
Unit: MB



- Amounted to 122 MB for H1/22, mainly upgrade machine, cost and energy saving project, maintenance, retail outlet expansion and channel expansion.
- For CAPEX in FY2022 approx. 350-400 MB

Interest and Financial Costs

Unit: MB



- Amounted to 1.8 MB for H1/22, mainly from TFRS 16 adoption

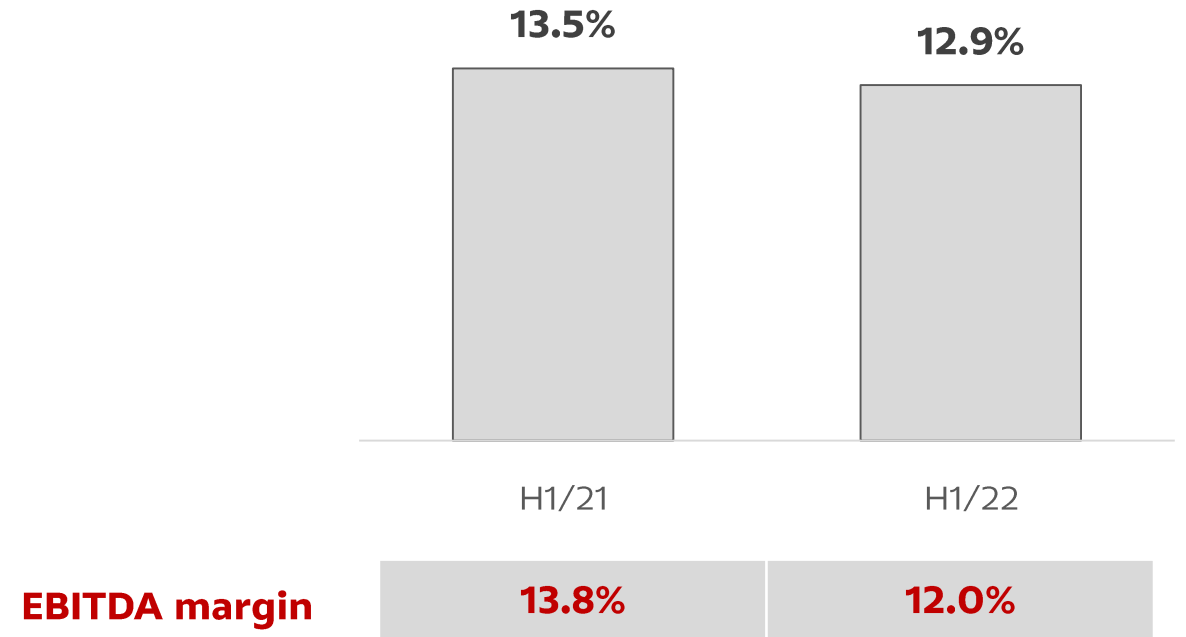
H1/22 Net Debt, EBITDA on Assets and EBITDA Margin

Net Debt

Unit: MB

	H1/21	H1/22
Net debt on EBITDA	-	-
	0	0

EBITDA on Assets



*Remark: EBITDA on Assets = EBITDA/ Consolidated assets
 EBITDA margin = EBITDA/ Consolidated sales

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Accretive Value Creation

HVA Product

Q2/22 HVA portion

30%-35%

A. Health & Hygiene



Hygienic tile

with anti-bacteria silver nano in glazing



Air-ion

with negative-ion in glazing

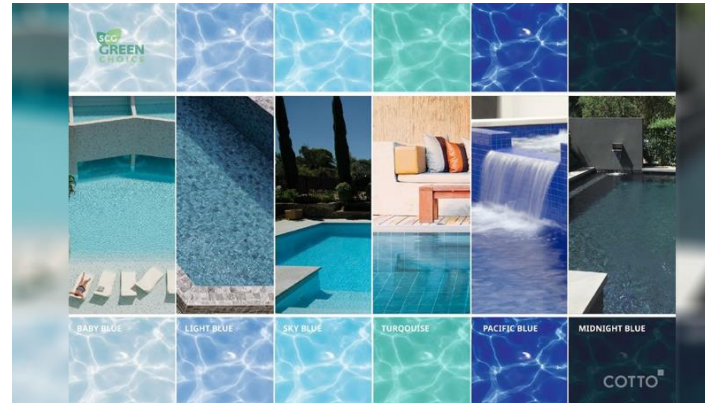


Anti-slip tile

with slip-resistance rating 11 or R11

Selling price
200-500 baht/sq.m.

B. Mosaic Collection



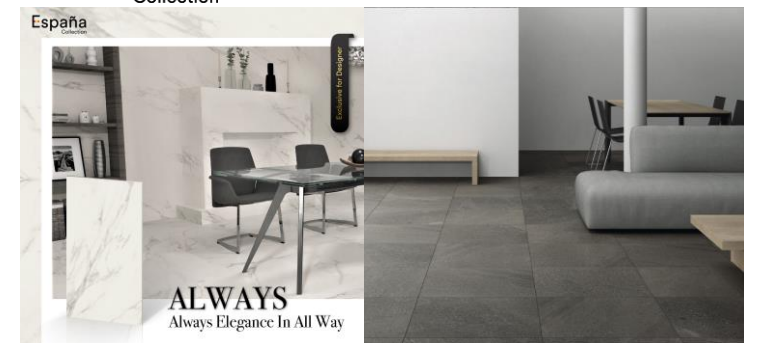
Selling price
350-1,100 baht/sq.m.

C. Italia & Espana Collection

Italia Collection



España Collection



Selling price
1,500-4,200 baht/sq.m.

Accretive Value Creation

Own ceramic outlet expansion



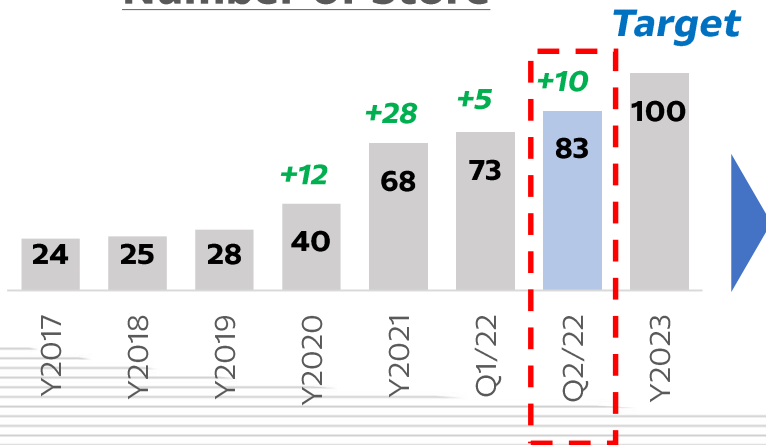
คลังเซรามิก เฟมิลี

A collaboration between “SCG Ceramics” & “Partners”

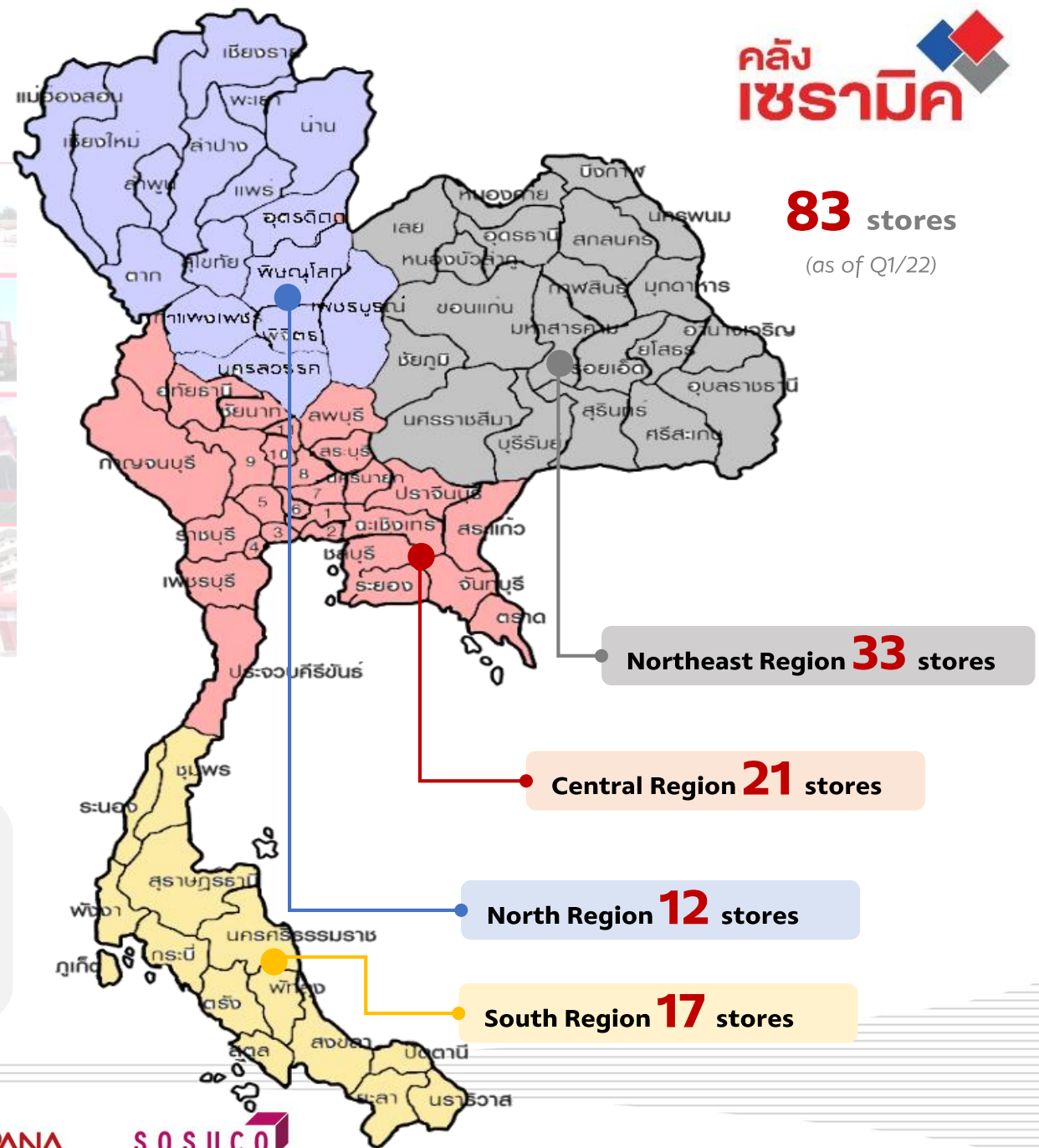
- ✓ LIGHT INVESTMENT for both parties:
- ✓ Utilize both parties’ STRENGTHS:
- ✓ Solve each parties’ PAIN POINTS:
- ✓ Lock-in with “NON-COMPETITION”



Number of Store



For the period Q2/22, Sales revenue increased **15%** y-o-y



Accretive Value Creation

ONE-Stop Service Solution



At **COTTO Life**, we provide an integrated shopping experience of ceramic tiles, sanitary ware & fitting from product selection, 3D design to installation
all needs, all functions, all styles, all at once



www.cottolife.com

ONE stop solution



Number of Store:

Y2019



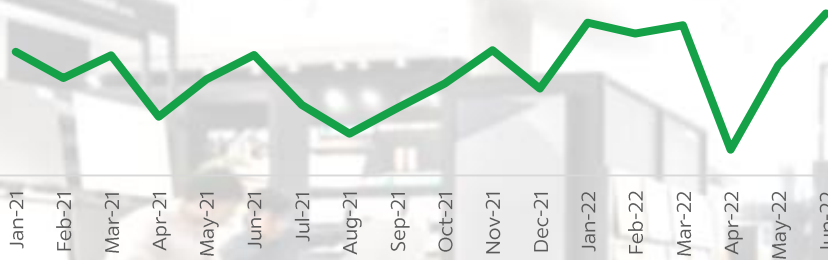
- Bangkok

Y2020



- Chiang Mai
- Khon Kaen

Sales Revenue Trend:



Same store sales growth

Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22
23%	12%	-24%	-6%	18%	4%



The Next Bathroom Design Contest 2022

Accretive Value Creation

Smart Flexible Tiles “LT by COTTO”

- **Design Technology** – Feel the surface
- **Smart Installation** - Rapid installation within 1 day
- **World Class Quality** - Premium healthy grade and eco friendly raw material



UNIQUE DESIGN
สัมผัสกับความสวยงามจริง เหมือนธรรมชาติ



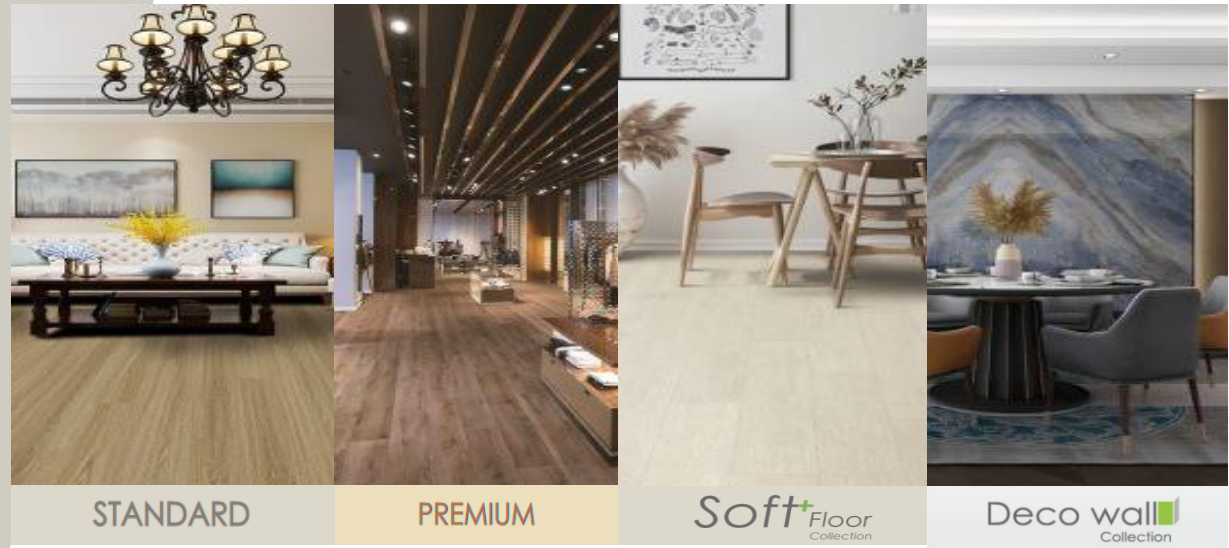
SMART INSTALLATION
ง่าย ตอบโจทย์การอยู่อาศัยที่ลงตัว



LIFE QUALITY
ด้วยวัสดุ PREMIUM HEALTHY GRADE



Product category:



Project Reference:



Single House, Detached House project

Residential, Home owner



Accretive Value Creation

Solar business (SUSUNN Smart Solution Co., Ltd)



Project update (H1/22) :



Ongoing Project:



Customer References:

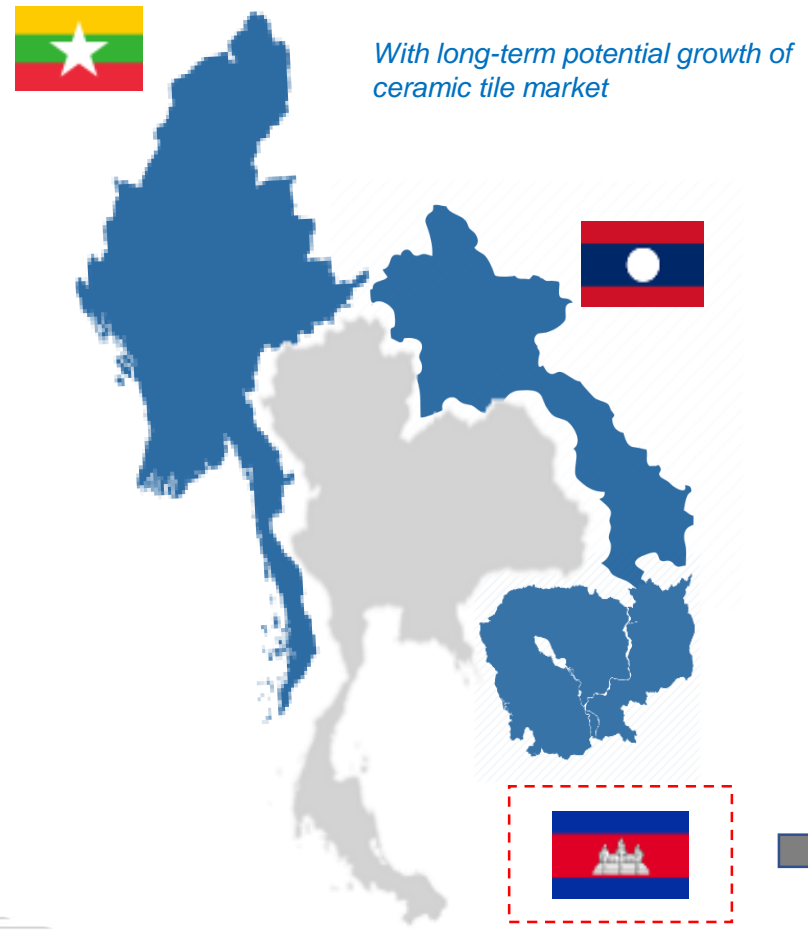


Reinforce Export segment

To neighbour country - CLM

CLM sales portion

5%-10%



Key Strategy is to develop key existing distribution channels

- 1 Traditional dealer & Wholesaler
- 2 Modern trade
- 3 Project sales

A Joint venture to conduct wholesale and retail business in Cambodia



expected to be completed in the second quarter of 2022 and **commence business by the end of 2022**

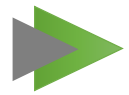
In Q2/22, Establish a joint venture company between **SOSUCO Ceramic Co., Ltd and LHCG Construction Store Co., Ltd** to conduct wholesale and retail business for distribution of ceramic tiles, sanitary ware and related products in Banteay Meanchey and Siem Reap provinces, Cambodia

Sustainability

Building climate resilience and circular economy



Aim to achieve **80%** of revenue from sales of SCG Green Choice products in 2025



Portion on sales H1/22
75%



Why ECO COLLECTION...

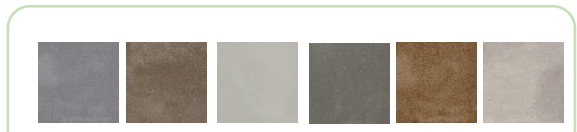
- 1) Reduce the use of new material by using waste in production process, recycled 80%
- 2) Reduce CO2 emissions from transportation by 75%
- 3) Reduce water consumption at least 25% in production
- 4) Reduce Carbon dioxide equivalent to planting 944 bigger trees.
- 5) Free from volatile organic compounds (VOCs)

80% ลดการใช้ทรัพยากรธรรมชาติใหม่
 75% ลดการปล่อยก๊าซ CO2 จากการขนส่ง
 25% ลดการใช้น้ำใหม่
 เทียบเท่ากับเราปลูกต้นไม้ใหญ่กว่า 944 ต้น
 ปราศจากสารอินทรีย์ระเหย ปราศจากสารเคมีโลหะหนัก

ECO COLLECTION Products



ECO-TERRA VISTA (MIX)



ECO-TERRA



ECO-TERRA BOHO

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Market Outlook

Market Outlook :

- Overall market might still concern about economic growth recovery.
- Thailand ceramic demand expects to increase from low-base last year but slightly decrease from H1/22. However, some provinces might be improved due to the travel easing restrictions.
- CLM market is expected to remain stable. However the economy has some risks to concern including foreign exchange market which will impact the financial situation.
- High energy price will still push production cost together with inflationary pressure, which lower consumers' purchasing power, affecting overall demand.

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Summary in H1/2022

1 COTTO[®] CAMPANA SOSUCO

Revenue from sales **6,606 MB** (+19% y-o-y)

Sales Volume **39.7 M.m²** (+14% y-o-y)

(amid the uncertainties of economic growth and rising of inflation)

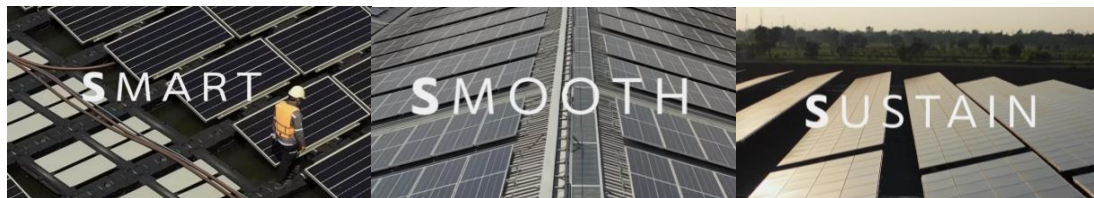
2 **15 NEW BRANCHES OPENED IN H1/2022**
(TOTAL 83 BRANCHES)



3 **Establish SUSUNN Smart Solution Co., Ltd**

to operate service solution business.

(Renewable energy solution and Utility solution)



4 **A JOINT VENTURE COMPANY in CAMBODIA**



expected to be completed in the second quarter of 2022 and

commence business by the end of 2022

5 **Getting award and recognitions**



“Thailand’s Most Admired Brand 2022 (Ceramic Tile), BrandAge”

CAMPANA SOSUCO

Q&A session

Thank you

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