

SCG DECOR x COTTO

: COMBINED FORCES TO WIN
ASEAN OPPORTUNITIES

เอสซีจี เดคคอร์ x คอตโต้
ขยายปีกสู่อาเซียน ผสานพลัง
คว้าโอกาสตลาดใหม่

31 March 2023

Decor Surfaces & Bathroom Business



PRESENTATION TEAM



Khun Numpol Malichai

Managing Director, SCG Ceramics PCL.
and Chief Executive Officer, SCG Decor Co., Ltd.



Khun Smithi Kosicharoen

Chief Financial Officer, SCG Decor Co., Ltd.

*de
cor*

Decor Surfaces
& Bathroom Business

SCG
/decor
CREATE YOUR LIFE PASSION

- Overview of SCG DECOR Business
- Key Strengths
- Key Business Strategies
- SCG DECOR Financial Overview
- Overview of Transformation Plan

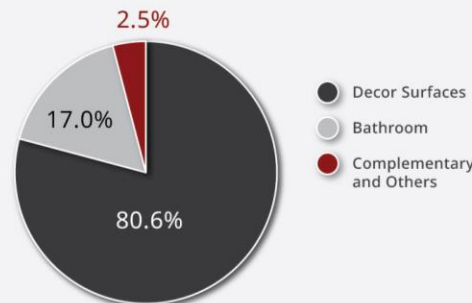


Decor Surfaces & Bathroom Business

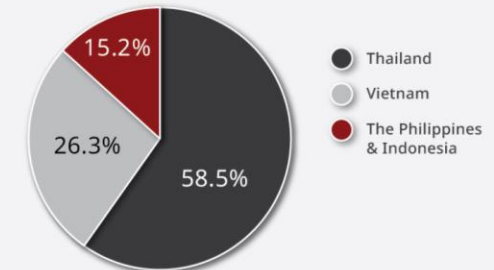
*Overview of
SCG DECOR
Business*



Revenue structure by business (2022) ⁽¹⁾



Revenue structure by geography (2022) ⁽¹⁾



Note: (1) before intersegment elimination

The Future of COTTO : Bigger and Better

COTTO

SCG CERAMICS PUBLIC CO., LTD.

SCG *decor*
CREATE YOUR LIFE PASSION

SCG DECOR CO.,LTD.

Product	Decor Surfaces products			Decor Surfaces and Bathroom product		
Country Presence	ประเทศไทย 71.7 (people mm)			- Thailand - Vietnam - Philippines - Indonesia 560+ (people mm)		
Total Revenue FY22 (THB mm)	Y2020 10,194	Y2021 11,345 (+11.3% y-o-y)	Y2022 13,224 (+16.6% y-o-y)	2.3x →		
EBITDA FY22 (THB mm) / Margin (%)	1,183 / 8.9%			3,731 / 12.1%		
Net Profit FY22 (THB mm) / Margin (%)	449 ⁽¹⁾ / 3.4%			2.6x →		
Total Asset 31st Dec 22 (THB mm)	11,370			3.6x →		
Production Capacity	Decor surfaces Thailand: 80.0 mm sq.m. / year			D�cor surfaces Thailand: 80.0 mm sq.m. / year Overseas: 107.2 mm sq.m. / year Bathroom Thailand: 4.3 mm units / year		
Channel Coverage	1,200 sub distributors			9x →		
No. of Owned Stores	103 stores ⁽²⁾			10,000+ sub distributors		
				142 stores ⁽³⁾		

Note: (1) Net profit attributable to shareholders of the Company excluding extraordinary item; net profit margin calculated from net profit divided by total revenue

(2) Consists of 100 stores of Klang Ceramic and 3 stores of COTTO LiFE

(3) Including 19 stores CTM stores in Philippines and 20 BELANJA stores in Indonesia



REGIONAL
COMPANY

ASEAN
LEADER

We Are Decor Surfaces and Bathroom **Expert**

VISION

เป็นผู้นำในธุรกิจตกแต่งพื้นผิว และสุขภัณฑ์ ที่สร้างแรงบันดาลใจ
และสร้างสรรค์พื้นที่แห่งความสุข ด้วยนวัตกรรมที่ยกระดับ
คุณภาพชีวิตที่ได้อย่างยั่งยืน

TO LEAD DECOR SURFACES AND BATHROOM BUSINESS, INSPIRE,
CREATE SPACE OF HAPPNESS, AND ELEVATE LIVING STANDARDS
WITH DESIGN INNOVATIONS



Decor Surfaces & Bathroom Business

VISION





Mission



MISSION

- 1. มุ่งพัฒนาและออกแบบสินค้าตกแต่งพื้นผิว และสุขภัณฑ์ รวมทั้งอุปกรณ์ที่เกี่ยวข้องแบบครบวงจร เพื่อสร้างความพึงพอใจสูงสุดให้กับลูกค้า ทั้งในด้านความสวยงาม และคุณสมบัติที่เหนือกว่า ในการใช้งานด้วยนวัตกรรมใหม่ๆ**

STRIVE TO DEVELOP AND DESIGN DECOR SURFACES, BATHROOM AND INTEGRATED COMPLIMENTARY PRODUCTS TO ACHIEVE THE HIGHEST CUSTOMER'S SATISFACTION IN AESTHETIC AND FUNCTIONS USING INNOVATIONS
- 2. พัฒนาช่องทางการจัดจำหน่ายให้สอดคล้องกับทุกความต้องการของผู้บริโภค และครอบคลุมทุกพื้นที่ ในการใช้ชีวิต พร้อมปรับตัวให้ทันต่อทุกการเปลี่ยนแปลง**

DEVELOP DISTRIBUTION CHANNEL TO MEET EVERY CUSTOMER NEEDS, COVERING ALL LIVING SPACES AND ADAPTABLE TO MARKET CHANGES
- 3. ขับเคลื่อนความเป็นแบรนด์ที่ครองใจผู้บริโภค ที่ได้รับความไว้วางใจและความนิยมสูงสุดในกลุ่มธุรกิจ ตกแต่งพื้นผิว และสุขภัณฑ์ (The Most Admired & Trusted Brand)**

REINFORCE STATUS AS THE MOST ADMIRER AND TRUSTED BRANDS IN DECOR SURFACES AND BATHROOM BUSINESS
- 4. เสริมสร้างองค์กร และพัฒนาระบบการจัดการที่สนับสนุนให้บุคลากรได้ใช้ศักยภาพของตนเอง อย่างสูงสุด**

STRENGTHEN THE ORGANIZATION AND DEVELOP MANAGEMENT SYSTEM THAT ENCOURAGES EMPLOYEES TO MAXIMIZE POTENTIAL
- 5. ดำเนินธุรกิจตามแนวทาง ESG ที่คำนึงถึงสิ่งแวดล้อม สังคม และบรรษัทภิบาล**

CONDUCT BUSINESS IN ACCORDANCE WITH ESG PRINCIPLES COVERING ENVIRONMENTAL, SOCIAL AND GOVERNANCE ASPECTS



Key Strengths

Key Strengths

01

Dominant ASEAN Decor Surfaces and Bathroom Player

05

Deep Market Penetration, Well Diversified Customer Base with Multiple Distribution Channels Including Own Retail Platform

02

Highly Recognized Brands Across Region Covering All Customer Segments and Product Lines

06

Growing Sustainably Through Green Products and ESG Initiatives

03

Specialized Design and R&D Team with Capability to Develop Award-winning and HVA Products

07

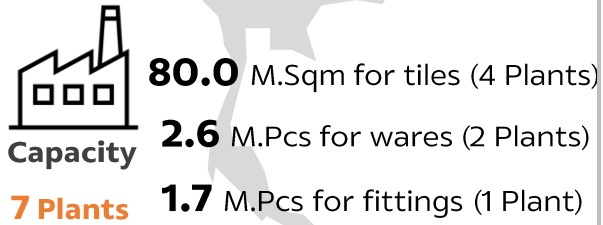
Experienced Board and Management Team with Interdisciplinary Skills

04

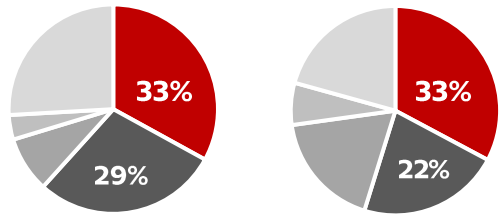
Quality Excellence Underpinned by State-of-the art Technology

1. Dominant ASEAN Decor Surfaces and Bathroom Player

Thailand



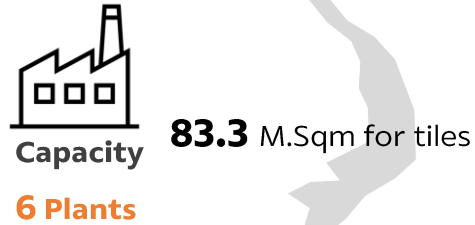
■ **COTTO** (1) ■ **SSW** (2)



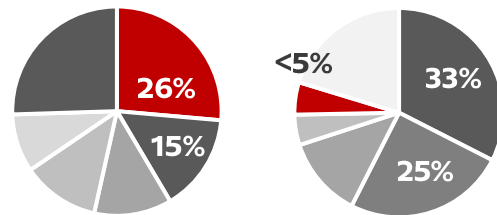
Ceramic tiles market share Sanitary ware market share



Vietnam



■ **Prime** (3)



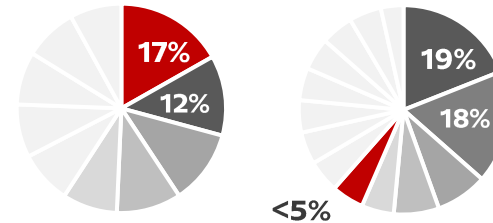
Ceramic tiles market share Sanitary ware market share



Philippines



■ **Mariwasa** (4)



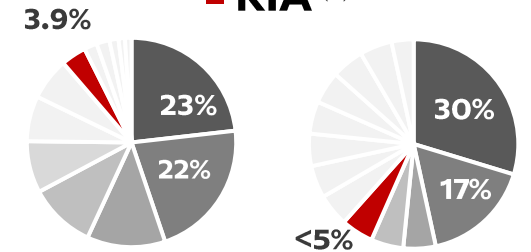
Ceramic tiles market share Sanitary ware market share



Indonesia



■ **KIA** (5)



















Ceramic tiles market share Sanitary ware market share



Remark : (1) SCG Ceramics PCL (2) Siam Sanitary Ware Co., Ltd. (3) Prime Group Joint Stock Company
(4) Mariwasa-Siam Ceramics, Inc. (5) PT Keramika Indonesia Assosiasi, Tbk. (6) GDP Growth 2022-2026 CAGR by Euromonitor

2. Highly Recognized Brands Across Region Covering All Customer Segments and Product Lines

 Brand with No.1 Market Share*

Segments	Brands			
High	 <p>Italia España Italian and Spanish tiles</p>	 <p>Sanitary Ware & Fittings</p>		
Medium - High	 <ul style="list-style-type: none"> • Tiles • Sanitary Ware & Fittings • Adhesive & Grout 	 <p>LT by COTTO® SPC / LVT</p>	 <ul style="list-style-type: none"> • Tiles • Sanitary Ware & Fittings • Adhesive & Grout 	 <ul style="list-style-type: none"> • Tiles • Sanitary Ware & Fittings • Adhesive & Grout
Mass - Medium	 <p>CAMPANA Tiles with Natural Designs</p>		 <ul style="list-style-type: none"> • Tiles • Sanitary Ware & Fittings • SPC / LVT 	 <p>KIA^{HD} PIONEER IN QUALITY Aesthetic Tiles</p>
	 <ul style="list-style-type: none"> • Tiles with Mix & Match Style • Sanitary Ware & Fittings 	 <p>PRIME 1st Market Share Tiles</p>		 <p>KIA PIONEER IN QUALITY Leading Brand • Tiles • Sanitary Ware & Fittings • SPC / LVT</p>
Mass	 <p>Tiles</p>	 <p>prema Sanitary Ware & Fittings</p>	 <p>PREMIER • Sanitary Ware & Fittings • SPC / LVT</p>	 <p>Impresso CERAMICS Tiles</p>

*Thailand : COTTO, CAMPANA, SOSUCO and Other Brands combined

3. Specialized Design and R&D Team with Capability to Develop Award-Winning and HVA Products



40 Expert designers
Collaborating with leading designers in Europe and Asia



250 R&D professionals
More than 300 MB R&D spending in the last 3 years



21% HVA products
Revenues contribution FY2022

Design Awards



reddot award winner



GOOD DESIGN



product design award



Design Excellence Award



PRIME MINISTER'S 2012



TSGA AWARDS 2017



Product Innovation Awards 2022

Award winning products

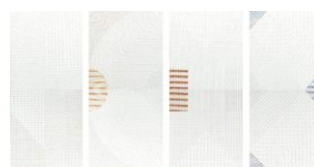
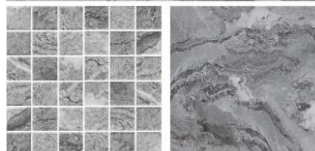


Terra Series

80% ECO-FRIENDLY MATERIAL FROM SLUDGE WASTE CERAMIC TILES



GP HIDEAWAY SHUFFLE SERIES



PETITO SERIES



VERZO SERIES



When aesthetic meets technology
ที่ตอบโจทย์ความชอบของคุณและผสานเทคโนโลยีล้ำสมัย



COTTO

OVAL COLLECTION BY NAOTO FUKASAWA

HVA products



COTTO

มากกว่าความคุ้มค่าด้วย
นวัตกรรม
แห่งสุขอนามัย

Cotto
Smart Toilet

4. Quality Excellence Underpinned by State-of-the-art Technology

Advanced Manufacturing



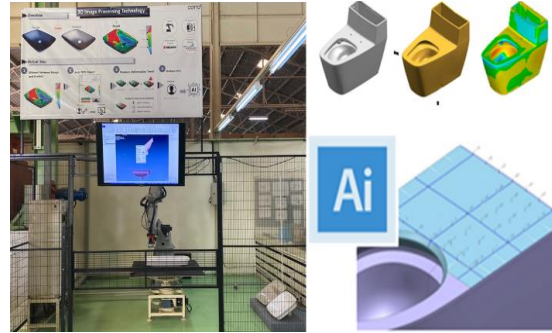
Robotization



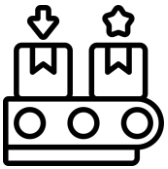
- Automated production for Bathroom products



Image processing quality control



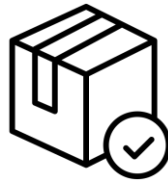
- AI analytic improving quality control



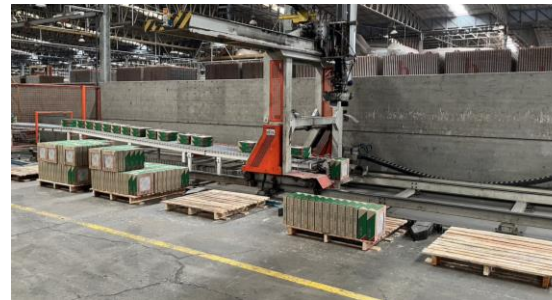
Automatic Transfer system



- Fully automated transfer cars moving work-in-process



Automatic Packing



- Fully automated packing and stacking

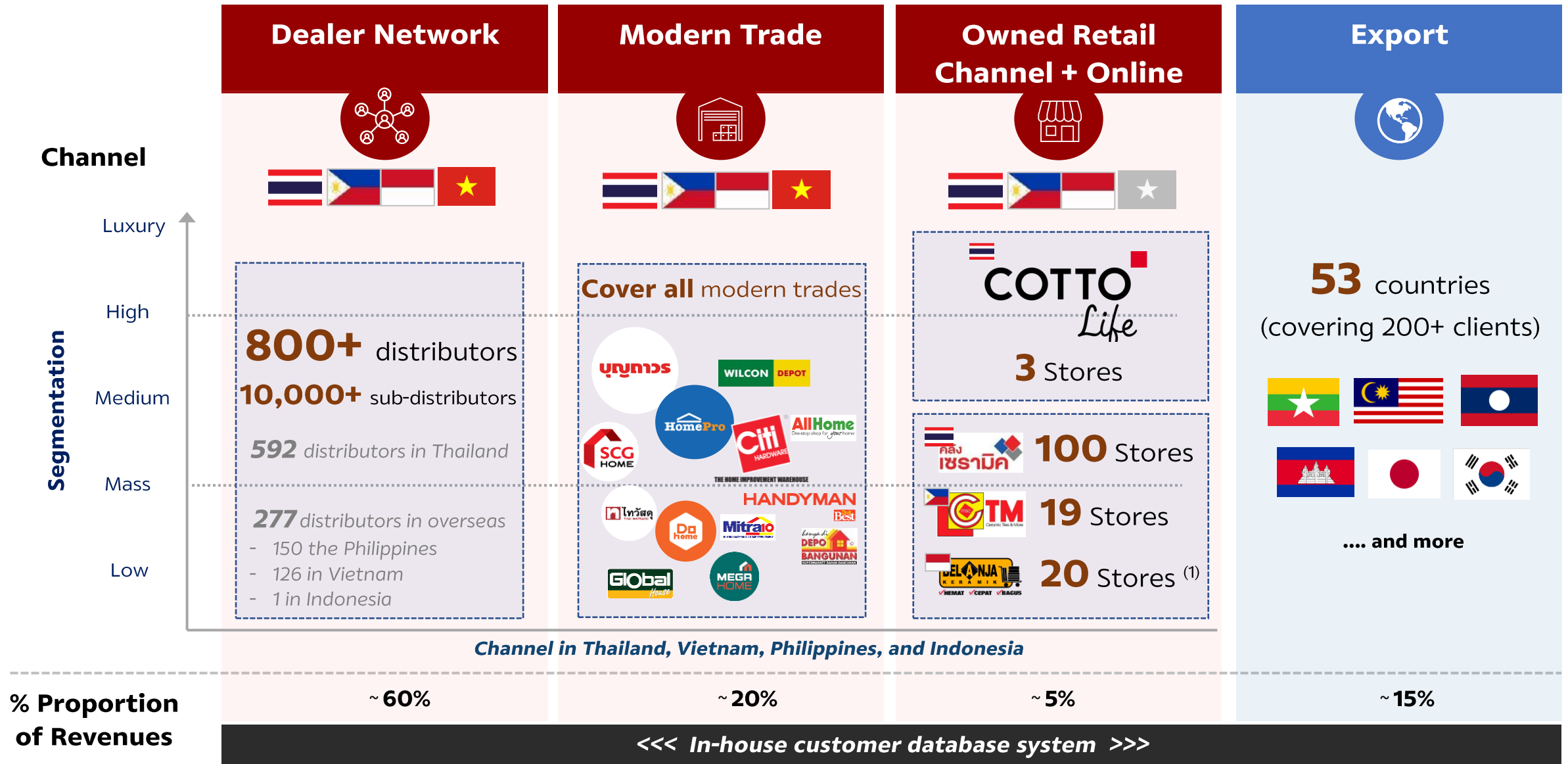
Standards & Awards



Eco - Friendly Production



5. Deep Market Penetration, Well Diversified Customer Base with Multiple Distribution Channels including Own Retail Platform



Remark: (1) in the process of entering into an agreement to acquire shares and/or assets of BELANJA in Indonesia

6. Growing Sustainably through Green Products and ESG Initiatives



**Sustainability
Production
Processes**



**Eco-friendly
Products**



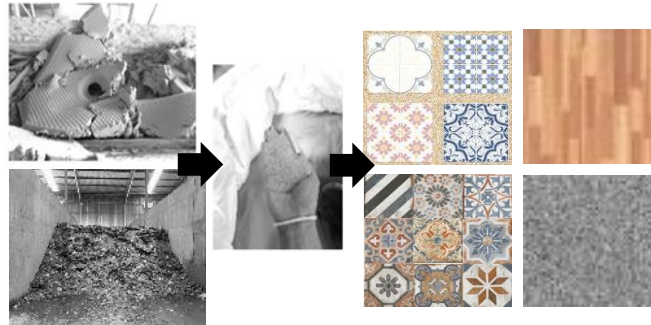
**Sustainability
Recognitions**



Solar Cell : 13 MW
as of Dec 2022



Biomass for Hot Air
Generator



Recycle non-hazardous waste as raw materials



In-House Machine
Development



EV Forklifts



“SCG Green Choice” label for
products that help reduce
energy and water
consumption



“COTTO ECO Collection”
reduces water consumption
by at least 25%



Label for product
adopting circular
economy



“Water-Saving” label for
Ware & Fitting products

7. Experienced Board and Management Team with Interdisciplinary Skills



Mr. Roongrote Rangsiyopash

Chairman of the Board of Directors



Mr. Lucksananoi Punkrasamee

Lead Independent Director,
Chairman of the Audit and Risk
Management Committee



Mrs. Sirivipa Supantanet

Independent Director, and
Member of the Audit and Risk
Management Committee



Mr. Pakorn Matrakul

Independent Director,
Member of the Audit and Risk Management
Committee, and Member of the Nomination,
Remuneration, and Corporate Governance Committee



Mr. Chaovalit Ekabut

Director, and Member of the
Nomination, Remuneration, and Corporate
Governance Committee



Mr. Thammasak Sethaudom

Director, and Member of
the Executive Committee



Mr. Nithi Patarachoke

Vice Chairman of the Board of Directors,
Chairman of the Nomination, Remuneration, and
Corporate Governance Committee, and Member
of the Executive Committee



Mr. Wiroat Rattanachaisit

Director, Chairman of the Executive Committee,
and Member of the Nomination, Remuneration,
and Corporate Governance Committee



Mr. Numpol Malichai

Director, Member of the Executive
Committee, and Chief Executive Officer
and President

7. Experienced Board and Management Team with Interdisciplinary Skills



Mr. Numpol Malichai

Chief Executive Officer

Experience / Expertise

- 11-Year Experience in Ceramics Industry
- Manage organizations in Thailand and Overseas (Indonesia, Philippines)
- Expertise in Marketing and Sales , Organization Management



Mr. Kittipong Phocharanon

Chief Operation and Technology

Experience / Expertise

- 19-Year Experience in Ceramics Industry
- Expertise in operation of ceramics tiles and sanitary ware & fittings business



Mr. Jakkrit Suwansilp

Chief Marketing Officer

Experience / Expertise

- 24-Year Experience in Ceramics Industry
- Manage organizations in Philippines (Mariwasa Siam Ceramics Inc.) Since 2010
- Expertise in Marketing and Sales



Mr. Chaiyaporn Supanya

Chief People Officer

Experience / Expertise

- 22-Year Experience in Ceramics Industry
- Expertise in Human Resource Management and Workforce Management in Thailand and Overseas (Indonesia, Philippines)



Mr. Smithi Kosicharoen

Chief Financial Officer

Experience / Expertise

- Deputy Chief Restructuring and Performance, SCG Cement-Building Materials Company Limited (2020-2023)
- CFO and DGD, Long Son Petrochemicals Company Limited in Vietnam (2010-2020)
- Expertise in Business Planning and Finance



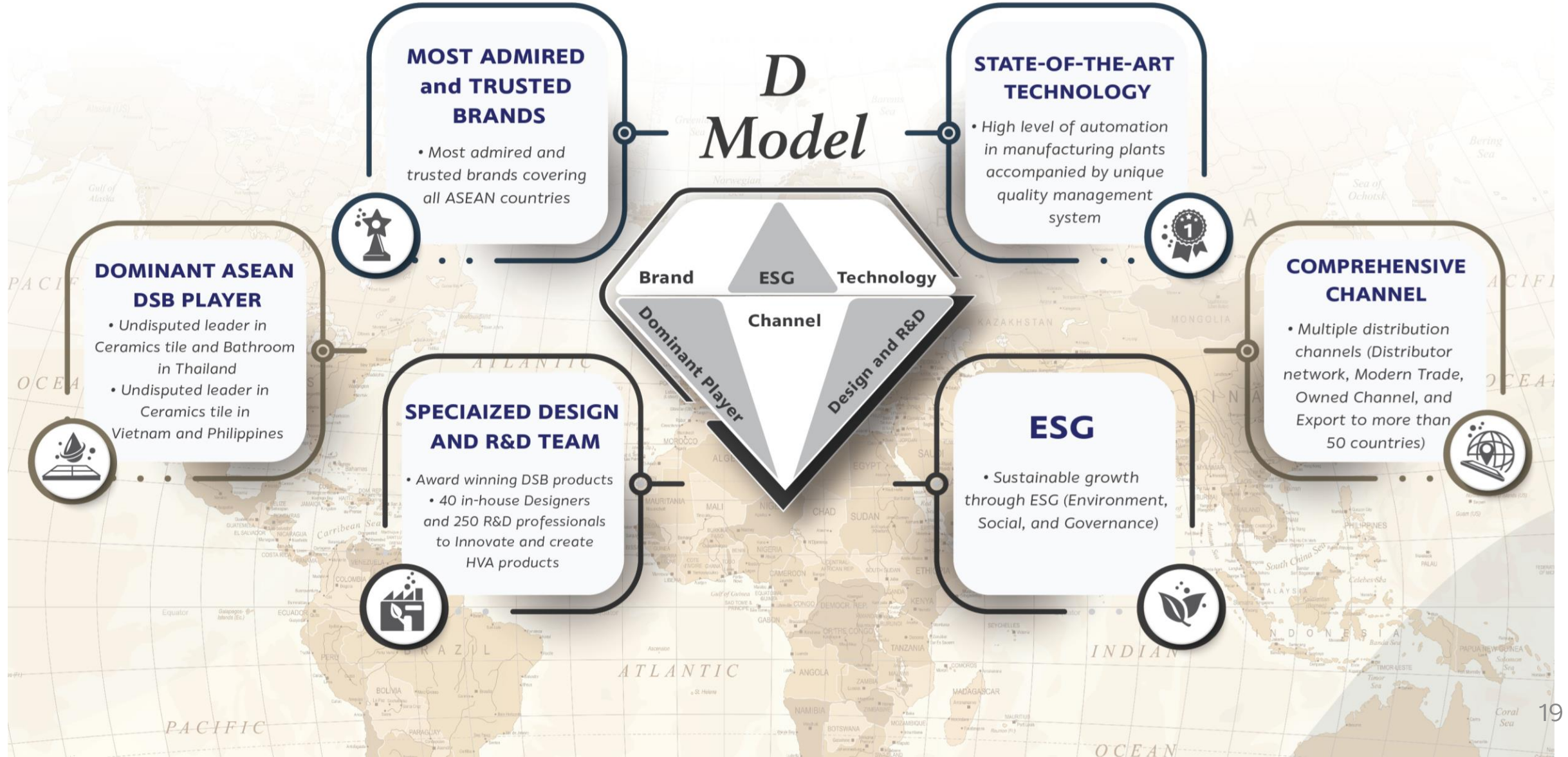
Mrs. Voranun Sodanin

Chief Accounting Officer

Experience / Expertise

- 6-Year Experience in Ceramics Industry
- Expertise in Finance and Accounting Management of Listed Company in SCG

SCG DECOR's Strengths Summary: D Model





*Key
Business
Strategies*

Key Business Strategies

01

**Expand Bathroom
Business to ASEAN**

04

**Maximize Profit through
Regional Optimization
and Global Sourcing**

02

**Fortify Leading Position
in ASEAN Decor Surfaces**

05

**Grow Sustainably
with Green Products
and Processes**

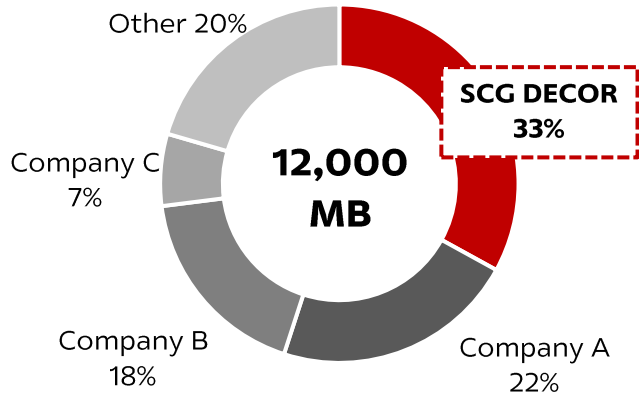
03

**Expand to
Complementary
Products and Services**

1. Expand Bathroom Business to ASEAN

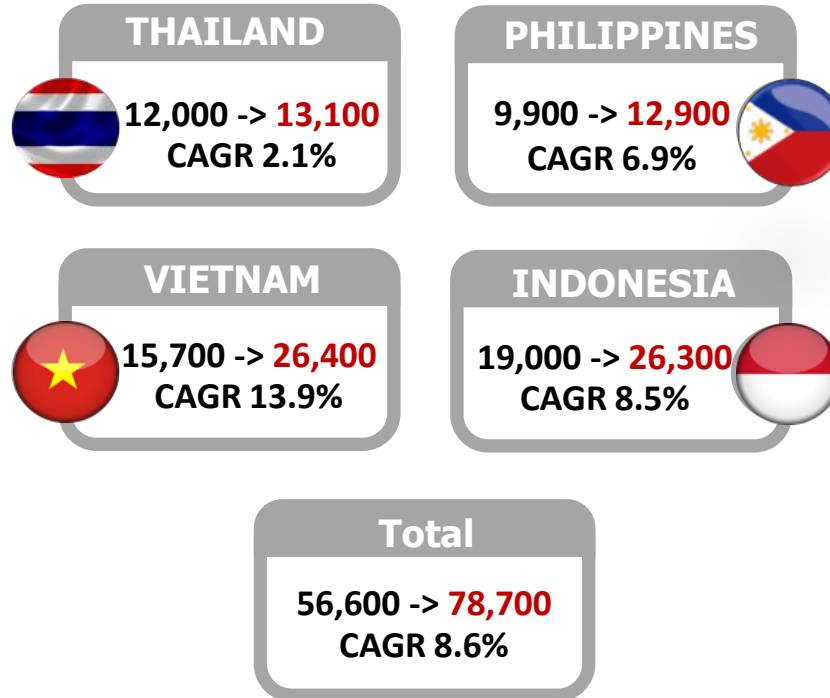
“Capture ASEAN high growth by leveraging mainstream and smart products”

**Ware & Fitting: No. 1
Market Share in Thailand (2022)**

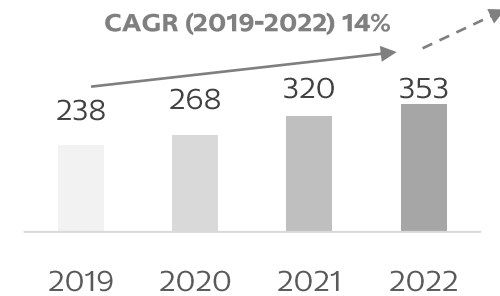


Source: Euromonitor and Company estimates

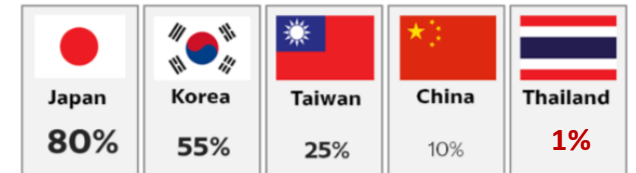
**Ware & Fitting Market Size 2022-2026
by Euromonitor (MB)**



**SCG DECOR Sales of Smart & Hygiene
Products in Thailand 2019-2022 (MB)**



Proportion of smart products by country



“Consumer awareness of hygiene, lead to demand for innovative products with features such as *touchless faucets, smart toilets* for better hygiene...” -Euromonitor

2. Fortify leading position in Decor Surfaces in ASEAN

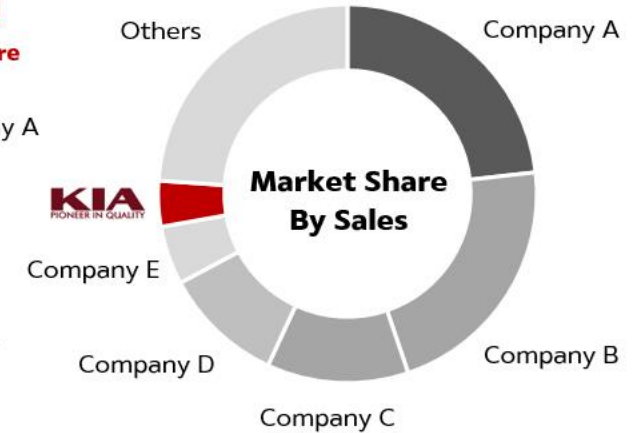
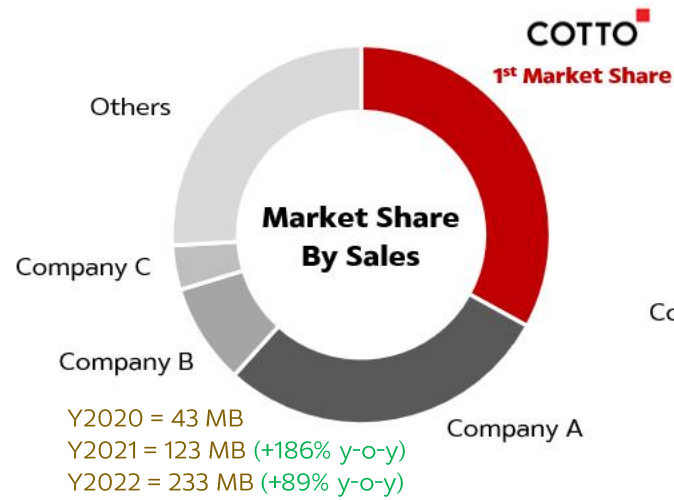
“Go Beyond Ceramics” to become the leader in ASEAN Decor Surfaces Business

 **Thailand**

 **Vietnam**

 **Philippines**

 **Indonesia**



Opportunity			
Ceramic Tiles		SPC / LVT*	
28,500 M. Baht	29,950 M. Baht	3,922 M. Baht	4,328 M. Baht
1.2% (CAGR 2022-26)		2.5% (CAGR 2022-26)	

Opportunity			
Ceramic Tiles		SPC / LVT*	
26,850 M. Baht	45,764 M. Baht	1,611 M. Baht	2,489 M. Baht
14.3% (CAGR 2022-26)		11.5% (CAGR 2022-26)	

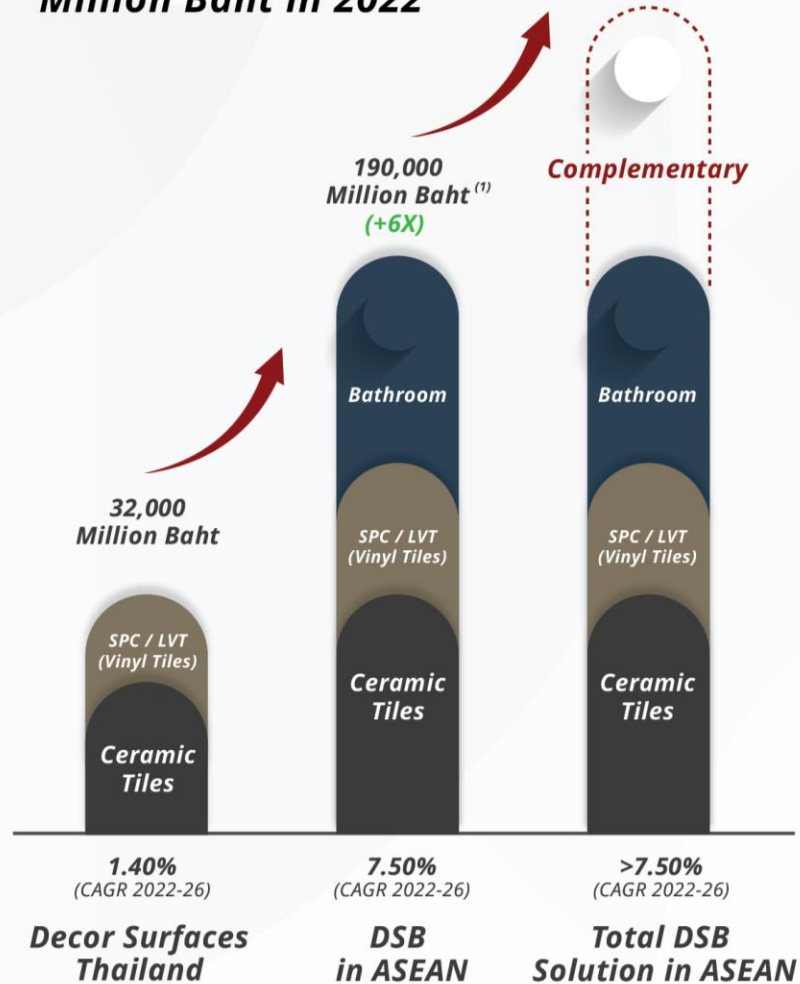
Opportunity			
Ceramic Tiles		SPC / LVT*	
17,403 M. Baht	20,652 M. Baht	1,265 M. Baht	1,935 M. Baht
4.4% (CAGR 2022-26)		11.2% (CAGR 2022-26)	

Opportunity			
Ceramic Tiles		SPC / LVT*	
50,184 M. Baht	65,468 M. Baht	943 M. Baht	1,082 M. Baht
6.9% (CAGR 2022-26)		3.5% (CAGR 2022-26)	

*Vinyl Tiles
Source: Euromonitor

3. Expand to Complementary Products and Services

**Market Size (DSB)
Million Baht in 2022**



Note: (1) Market size includes only 4 countries in ASEAN which are Thailand, Vietnam, The Philippines, & Indonesia

Source: Euromonitor

"Fulfill customer needs via portfolio optimization"

**Bathroom
In ASEAN**

**Decor Surfaces
In ASEAN**

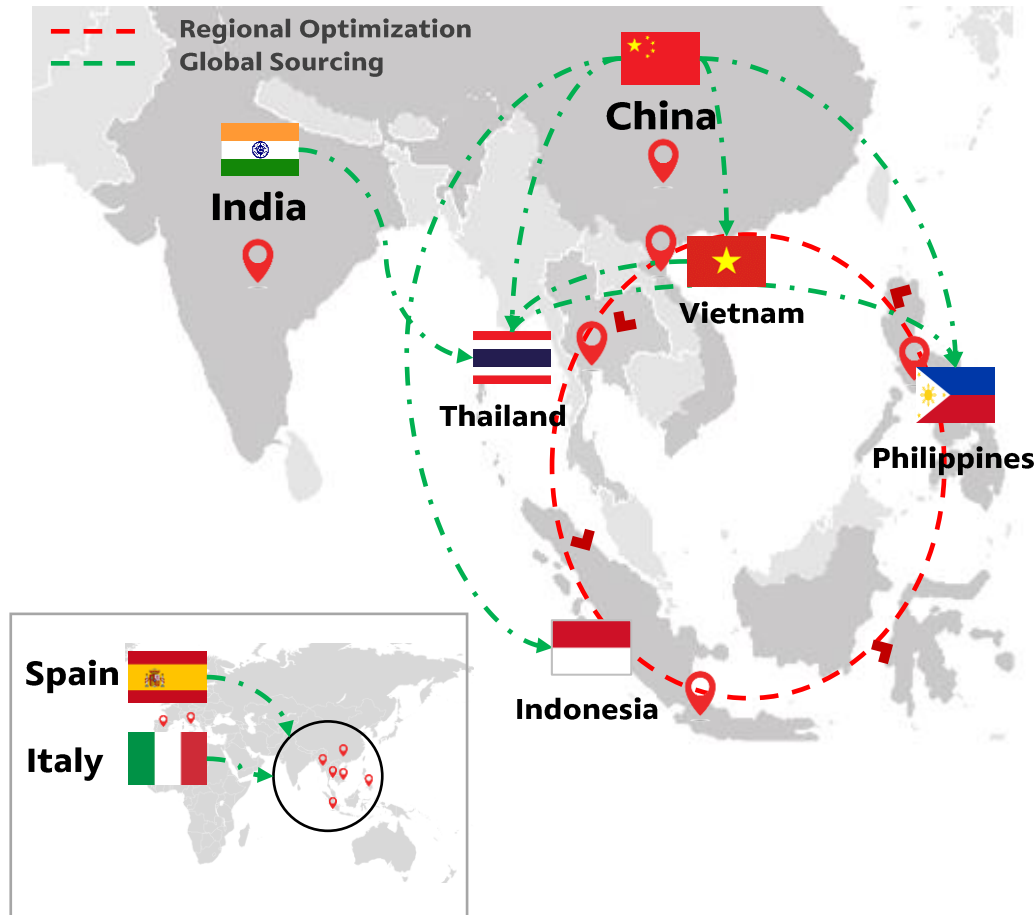
**Complementary
And Services**



4. Maximize Profit through Regional Optimization and Global Sourcing

Regional Optimization

- **Completed:** SCG CERAMICS' significant savings from optimization between 4 plants in Thailand (80 M.SQM)
- **To be done:** SCG DECOR to expand optimization scope from 4 to 12 plants (187.2 M.SQM) across ASEAN
- **To be done:** SCG DECOR's margin improvement by switching from external sourcing to in-house production



Global Sourcing “Powerhouse”

- **Completed:** SCG CERAMICS sources **12 M.SQM/Year** of ceramics tiles
- **To be done:** SCG DECOR to source **20+ M.SQM/Year** of ceramics tiles in 2024
- **To be done:** SCG DECOR to expand sourcing activities to sanitary ware and fittings

5. Grow Sustainably with Green Products and Processes

“Pathway towards Net Zero 2050”

Green Product



Target: SCG Green Choice Products making up 80% of sales by 2030

Green Process



Target: Reduce GHG emissions by 21% within 2030 (from 2022)

Well-Being

- Health & Clean Category
- Air Ion Tiles



Circular Economy

- Products with 5% - 80% in recycled content
- Sanitary products with 20% - 37% reduced water usage



Low VOCs

- Tiles & Vinyl Tiles with low VOCs (less than 0.5 mg/m3)



Alternative Fuel

- Increase Biomass use from 12% to 46% in FY2030



Change source of Energy

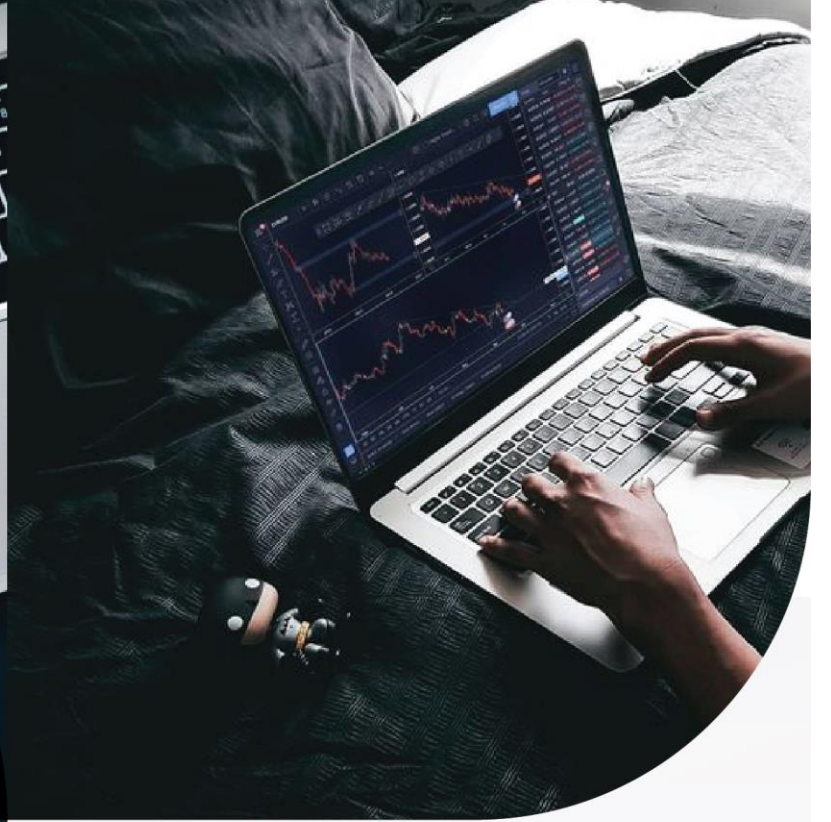
- Increase solar power proportion to 15% within FY2030
- Increase EV vehicle proportion to 55% within 2030



Process Improvement

- Continue reducing energy consumption

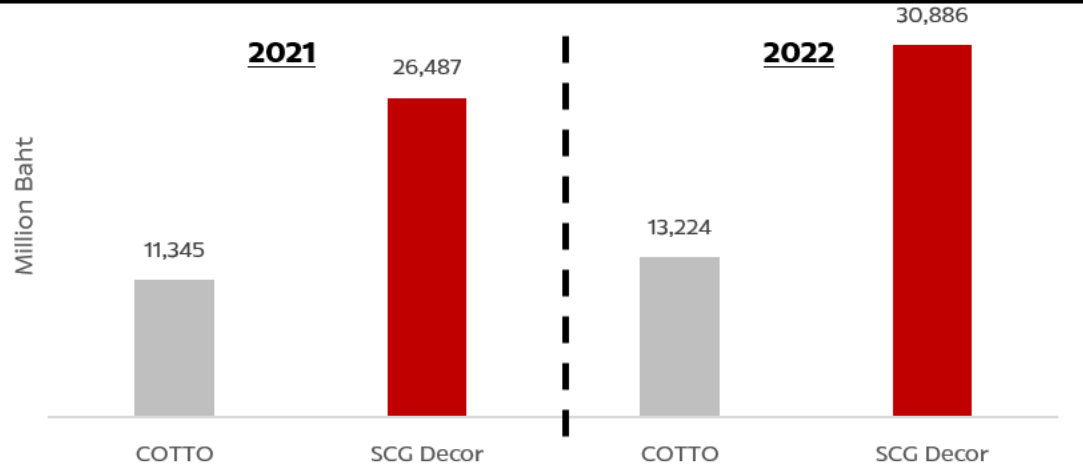




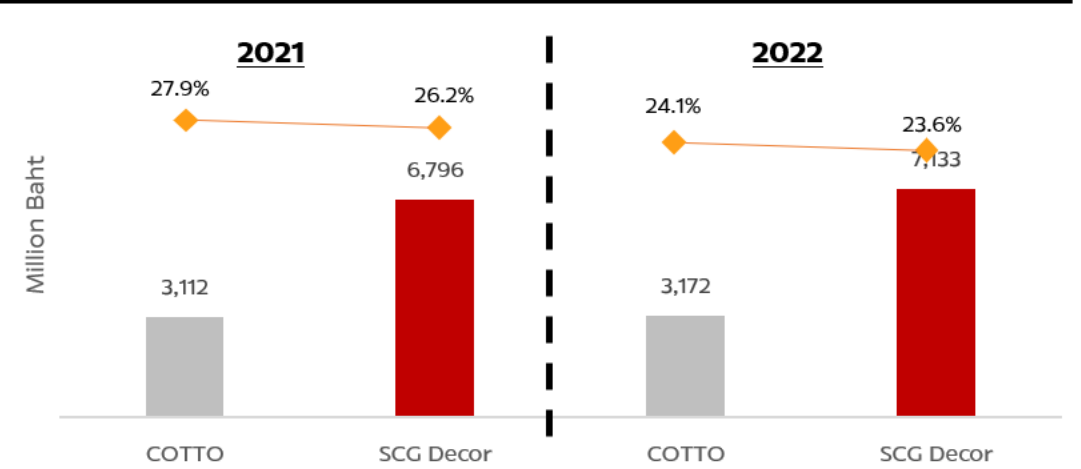
SCG DECOR
*Financial
Overview*

SCG DECOR Pro-forma Financial Statements: Significant Growth and Higher Margin vs COTTO

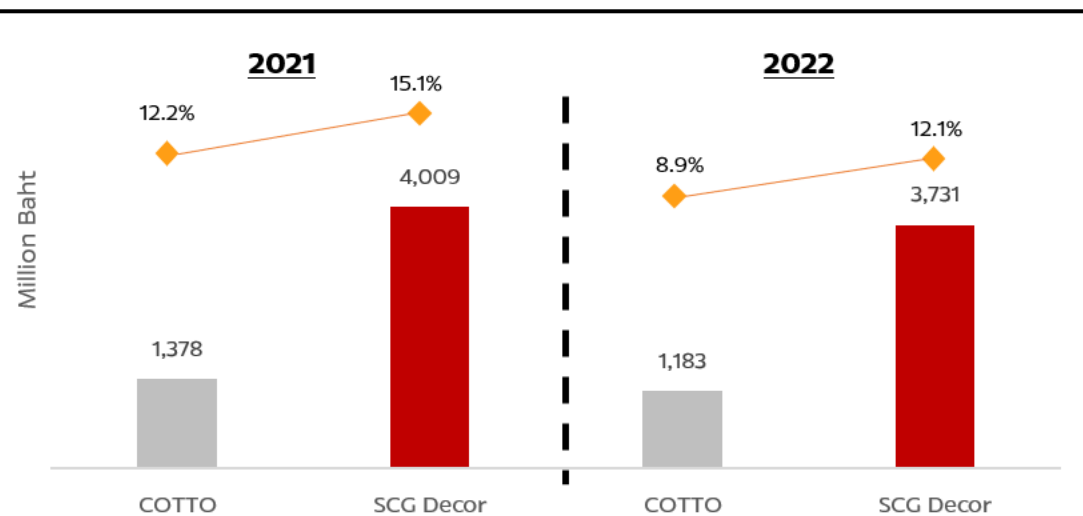
Total revenues



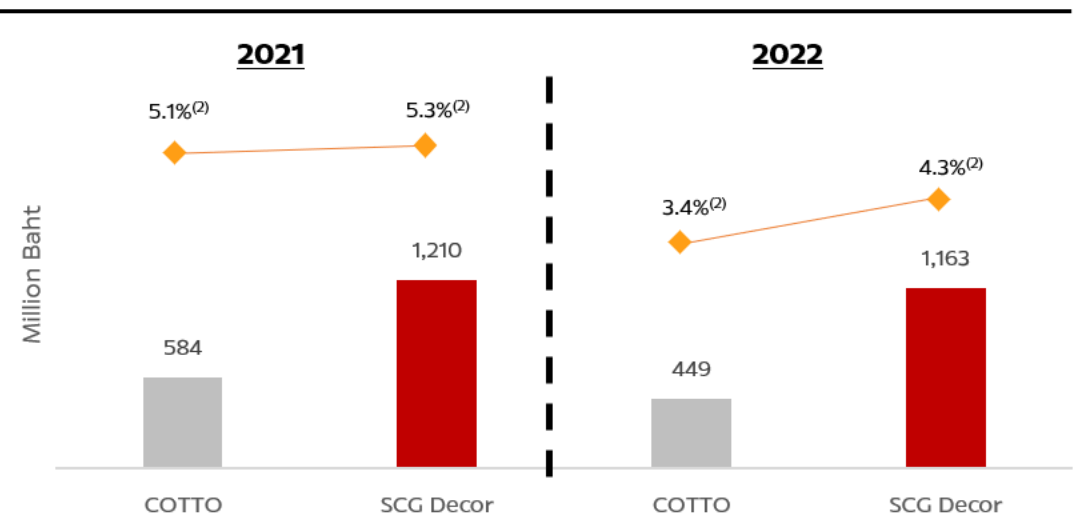
Gross profit



EBITDA



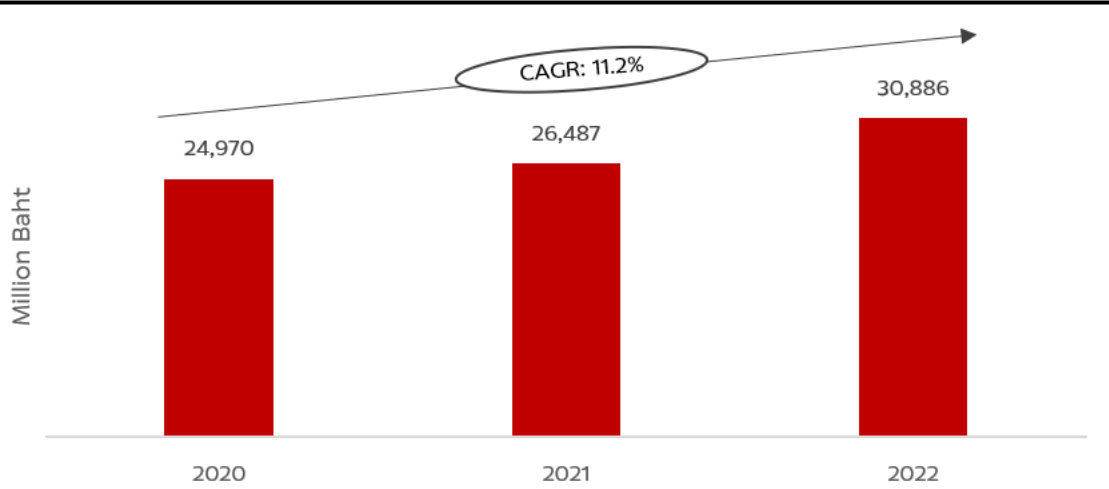
Net profit attributable to shareholders of the company⁽¹⁾



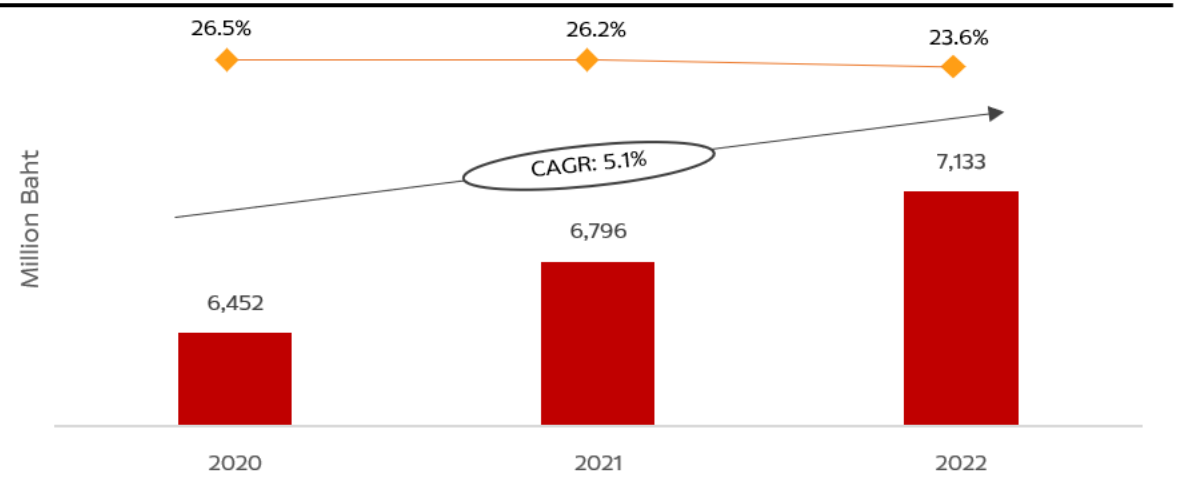
Remark: (1) excluding extraordinary items in 2022

(2) Net profit margin, calculated from net profit divided by total revenues

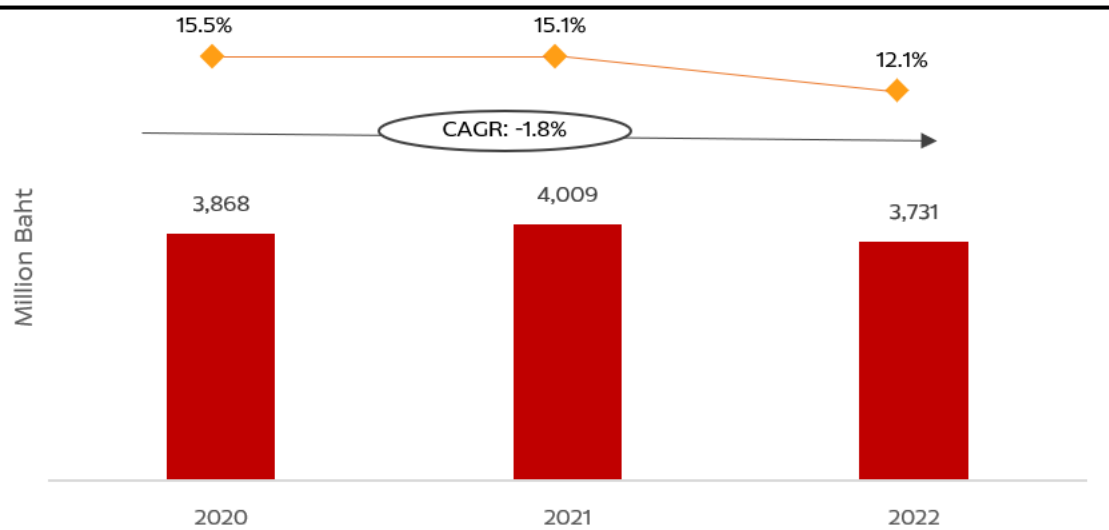
Total revenues



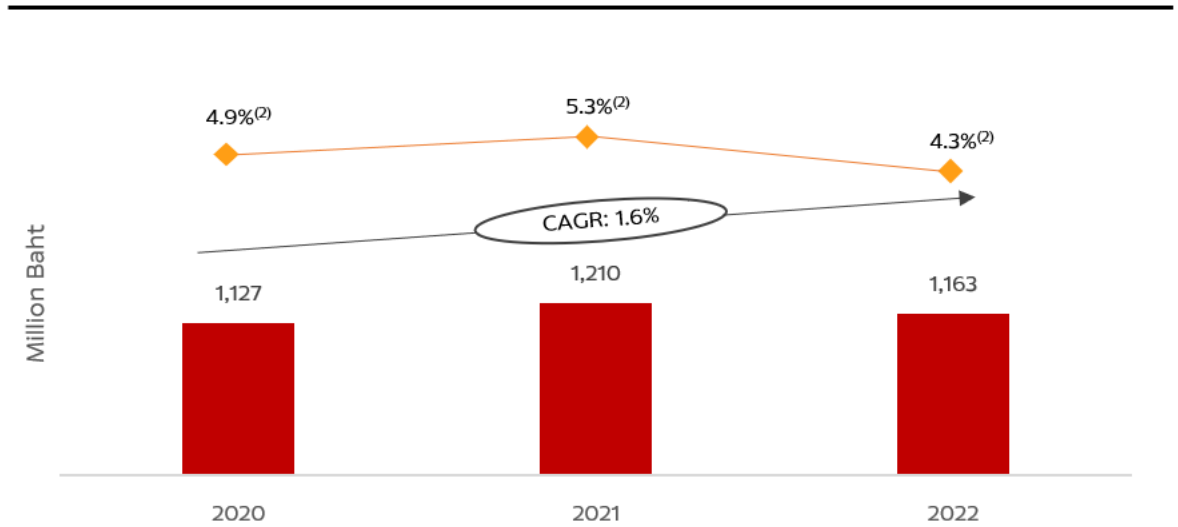
Gross profit



EBITDA



Net profit attributable to shareholders of the company⁽¹⁾



Remark : (1) excluding extraordinary items in 2022

(2) Net profit margin, calculated from net profit divided by total revenues

Strong Balance Sheet & Growth in Revenues

Million Baht

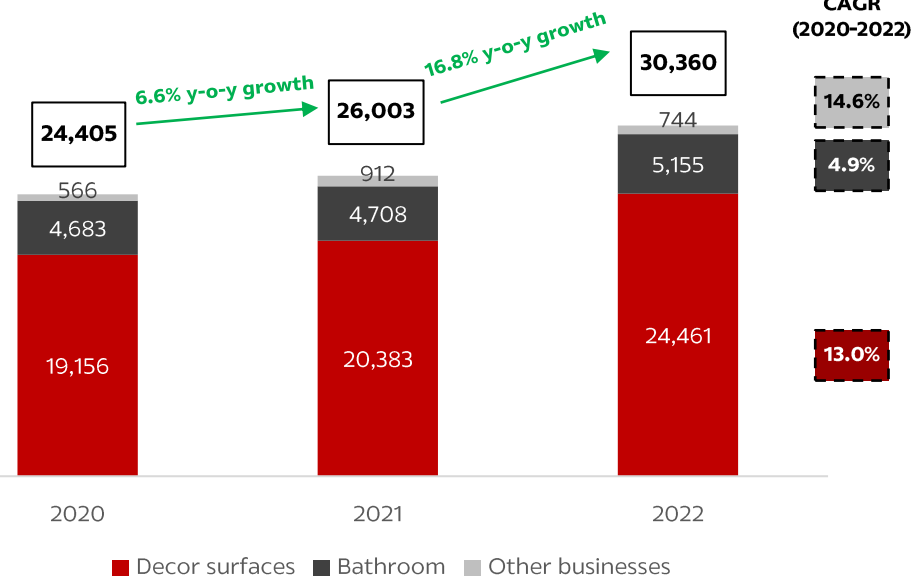
As of 31 st December 2022	COTTO	SCG Decor
Total Assets	11,310	40,576
Total Liabilities	2,493	21,264
Total Equity	8,817	19,312
Leverage		
Total Debt	223	14,425
Cash and Cash Equivalent and short-term debt instrument	713	7,118
Net Debt (3)	(990)	7,307
Net Debt / Equity	(0.11x)	0.38x
Net Debt / LTM EBITDA	(0.84x)	1.96x

Bigger Balance Sheet than COTTO

Ample Headroom for Leverage and access to Lower Cost of Capital

Revenues from sales by Businesses (before intersegment elimination) ⁽¹⁾⁽²⁾

Million Baht



Robust revenues growth in DSB businesses

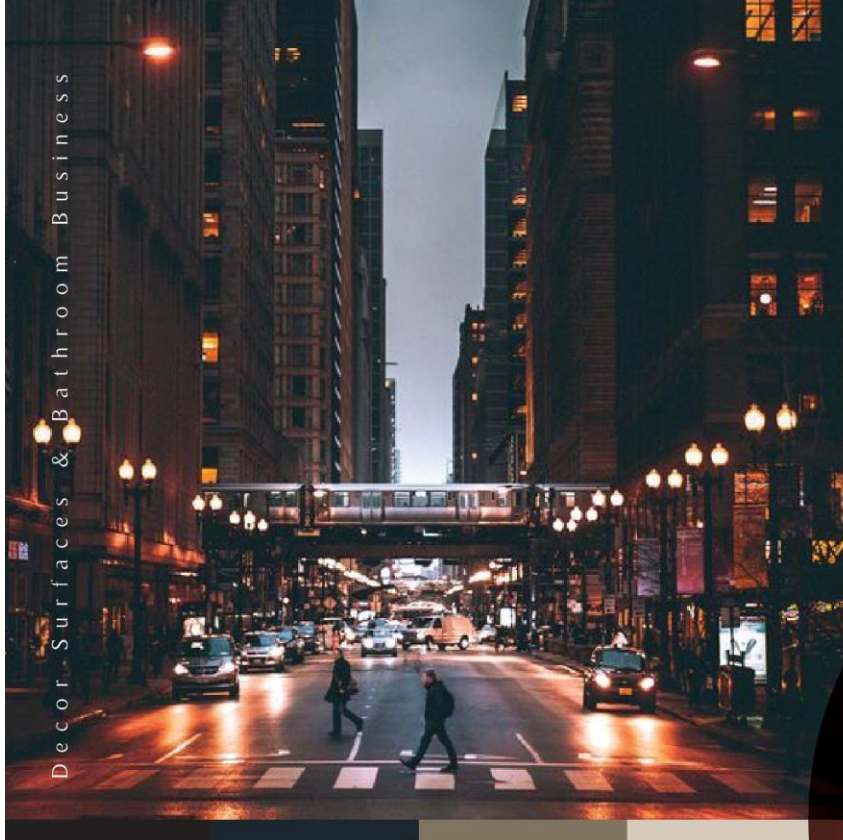
Strong Support from SCC Group

Solid Base for Future Expansion

Notes:

- (1) Revenue of decor surfaces include revenue from bathroom business in Vietnam and the Philippines in which equal to 148.2 Million Baht, 200.9 Million Baht, and 264.3 Million Baht for 2020, 2021, and 2022 respectively
- (2) Other businesses include industrial estate and solar business
- (3) Net debt is calculated by sum of Bank overdrafts and short-term borrowings from financial institutions, Short-term borrowings and Lease liabilities minus the sum of cash and cash equivalents and Investments in short-term debt instruments

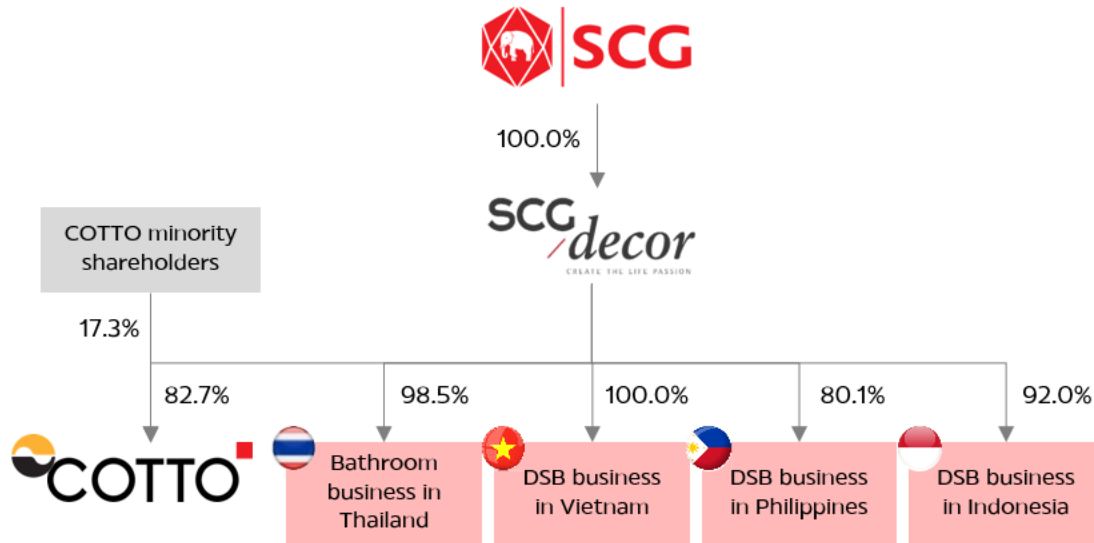
Decor Surfaces & Bathroom Business



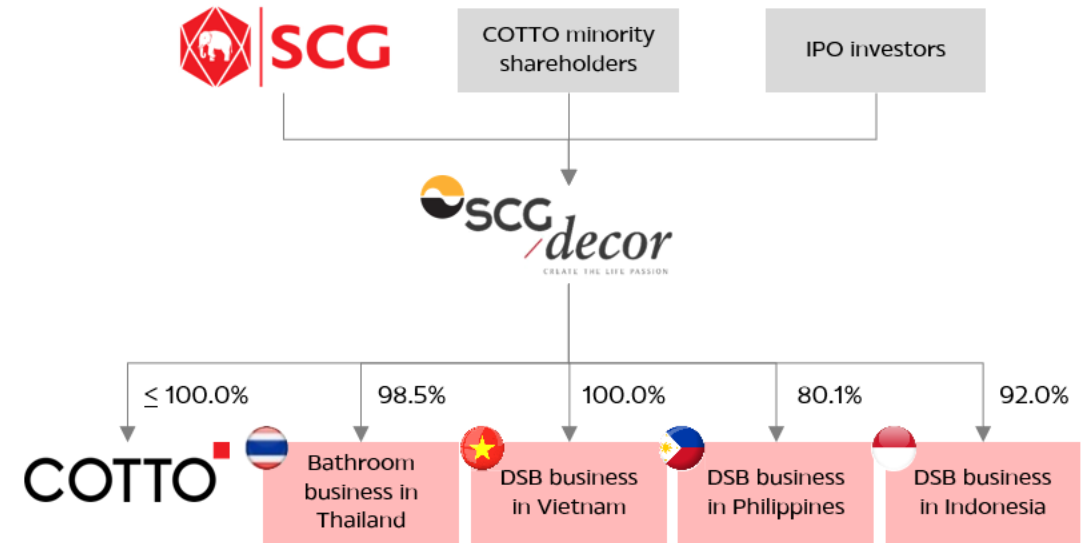
Overview of Transformation Plan

Transformation plan involves 2 concurrent transactions: (1) Share swap of COTTO shares into SCG DECOR shares and delisting of COTTO and (2) IPO of SCG DECOR

Current Shareholding Structure



Shareholding Structure Post-Transformation



In this transformation process, SCG DECOR will offer newly issued shares to:

- 1 COTTO minority shareholders** as a consideration for the tender offer of COTTO shares (Share swap)
- 2 IPO investors**

Key Terms of Delisting Tender Offer

COTTO's shareholders' meeting to approve delisting, which including the key terms of delisting tender offer as follows:

Tender offer method	<ul style="list-style-type: none"> Delisting tender offer of COTTO's shares by SCG DECOR in exchange for SCG DECOR's newly issued shares
Tender offer price	<ul style="list-style-type: none"> THB 2.40 per share
Swap ratio	<ul style="list-style-type: none"> Swap ratio will be determined at a later stage when SCG DECOR's IPO price has been announced
Tender offer period	<ul style="list-style-type: none"> A period of not less than 25 business days
Voting condition	<ul style="list-style-type: none"> Not less than 3/4 of the total issued shares of COTTO approve the delisting, and not more than 10% of the total issued shares of COTTO object the delisting
Conditions of cancellation of the tender offer	<ul style="list-style-type: none"> Event occurring after the submission of the delisting tender offer but before end of the offer period that may have a material adverse effect on COTTO' status/assets Event that causes application for delisting to terminate Incompletion of the IPO SCG DECOR's failure to comply with the SET's conditions for its preliminary listing approval on the SET

Preliminary Timeline

COTTO Delisting

2.40 THB/share

ชำระค่าหุ้นเป็นหุ้นสามัญเพิ่มทุน
ของ SCG Decor เท่านั้น

30 Mar 23 ★

COTTO BOD
approves to
propose the
delisting to EGM

23 May 23 ★

COTTO EGM is
held to consider
the delisting

Announce commencement
of tender offer and
preliminary swap ratio range

Announce
final swap
ratio range

Announce
final swap
ratio ★

Settlement
date

Delist COTTO
shares

Tender offer period

Book
building

SCG DECOR submits IPO
application to SEC and
listing application to SET ★

SEC approves IPO
application and filing
becomes effective
with preliminary IPO
price range

Final IPO
price range

Final IPO
price

Closing IPO
shares and
register capital
increase with
MOC

SCG DECOR
first trading
day

SCG DECOR IPO



SCG
decor
CREATE YOUR LIFE PASSION

SCG DECOR x COTTO
: COMBINED FORCES TO WIN
ASEAN OPPORTUNITIES

เอสซีจี เดคคอร์ x คอตโต้
ขยายปีกสู่อาเซียน พานพลังคว้าโอกาสตลาดใหม่

SCG / *decor*
CREATE YOUR LIFE PASSION