

SCG Ceramics

“COTTO” Analyst Conference Q2/20

Wednesday, July 22, 2020

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Agenda

I. Market Situation and Performance

II. Financial Updates

III. Outlook

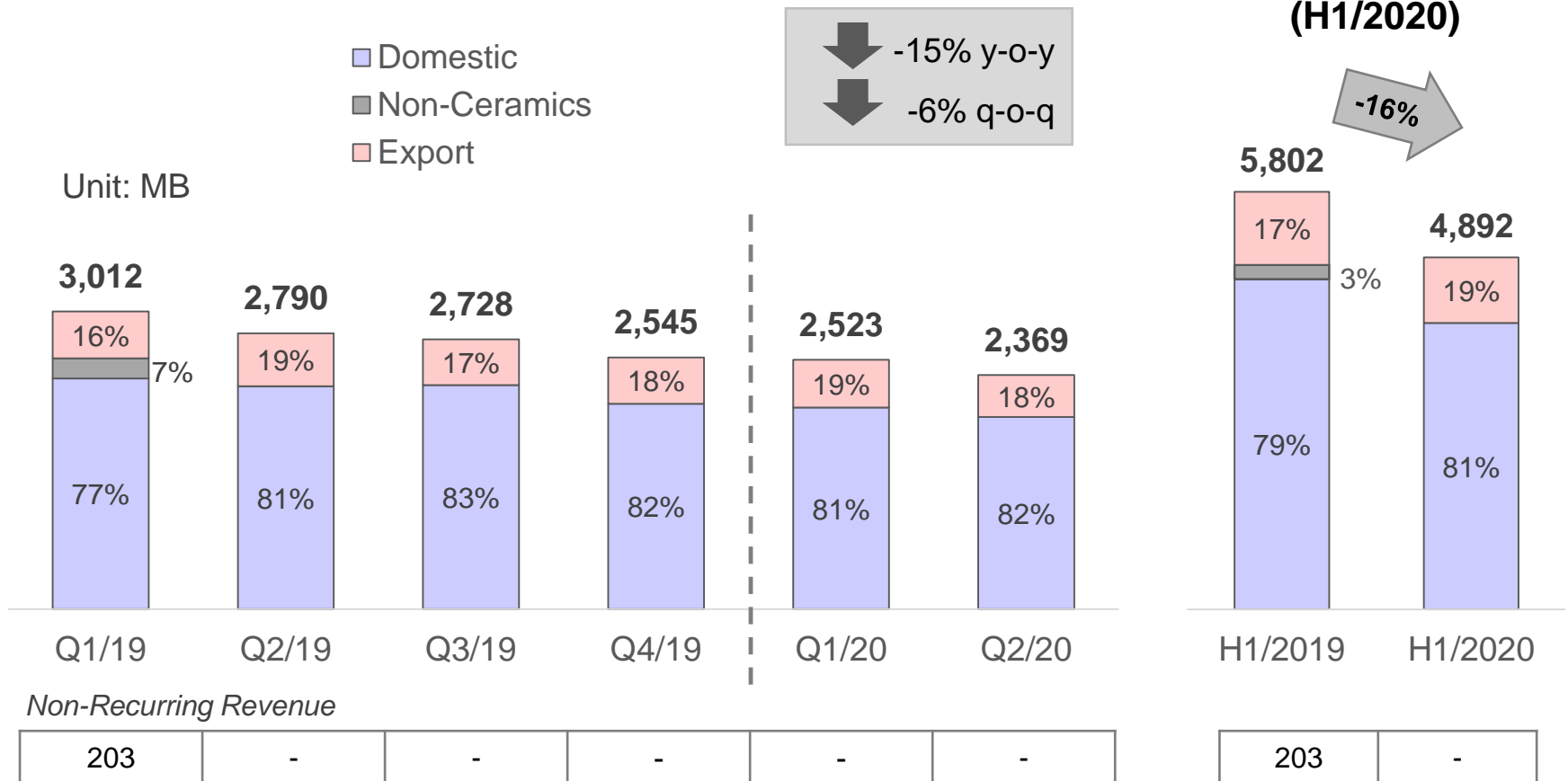
IV. Company Updates

Market Situation

- H1/2020 ceramic tiles demand in Thailand decreased from lockdown period due to the pandemic of COVID-19 and drought situation, which effected deceleration of world's economy
- Export demand decelerated especially countries which border and port were blockaded from COVID-19 situation, e.g. Myanmar, Laos, Cambodia, Philippines, Malaysia

Revenue from Sales

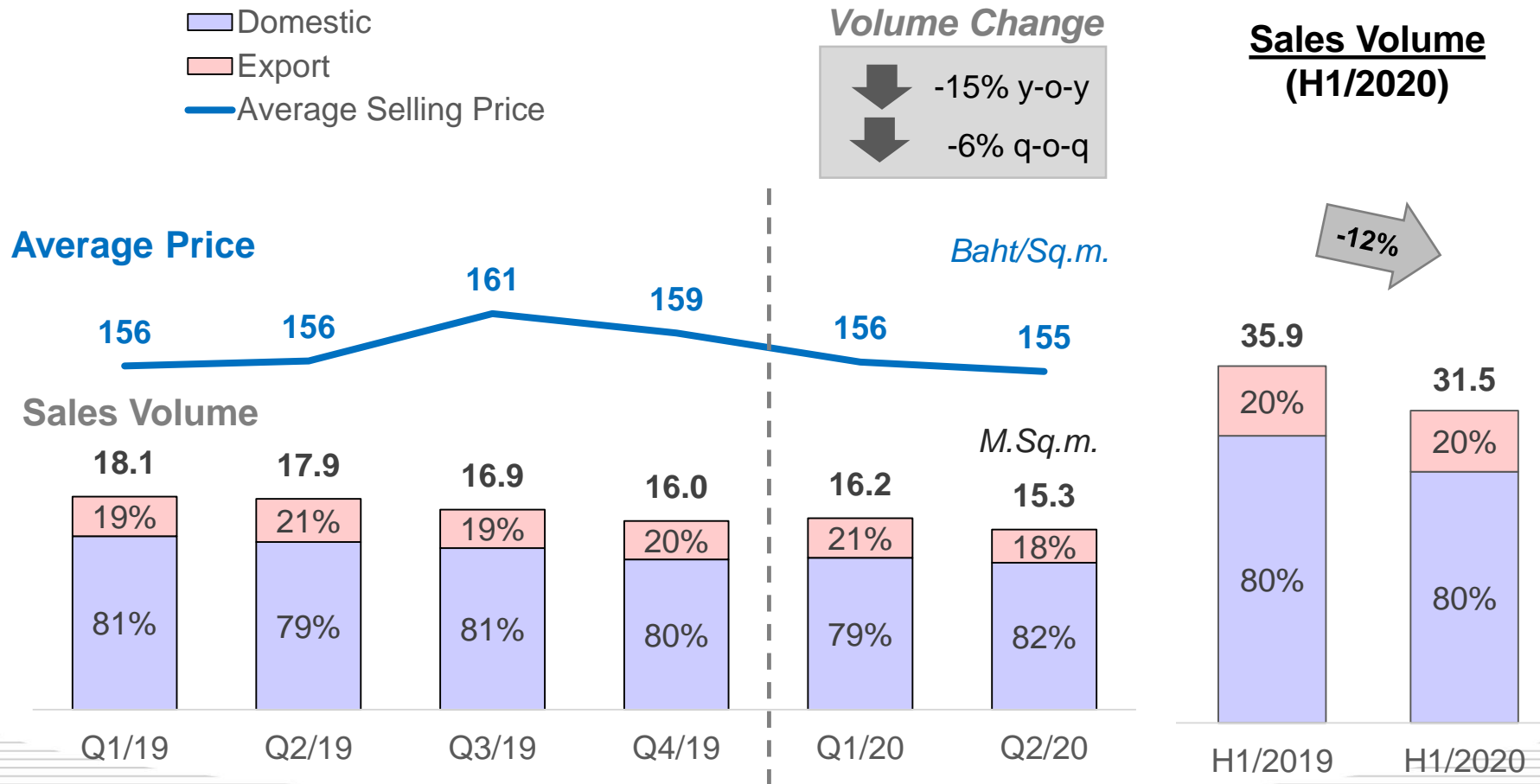
Total revenue Q2/20 decreased -15% y-o-y, -6% q-o-q while H1/2020 decreased -16% y-o-y



*Non-Ceramics: Revenue from land selling at Nong Khae Industrial Estate

Sales Volume and Average Price

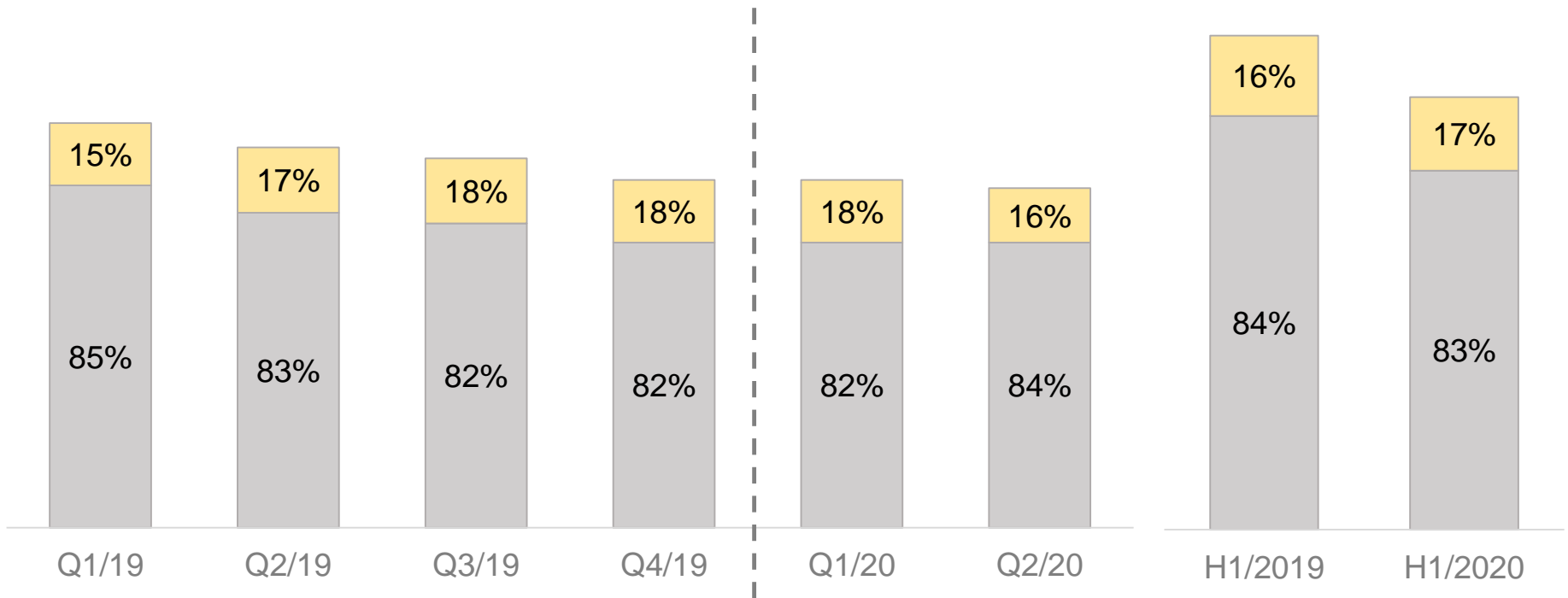
Q2/20 SCG Ceramics' sales volume dropped -15% y-o-y while the average price slightly decreased from last year and quarter



Remark: Only ceramics tiles

Sales Volume Portion by Segment

■ Mass-Medium ■ Medium-High



*Remark:

(1) Definition of segmentation

Medium – High (portion 20%-30% of total market) – Wall Tile (Big size), Glazed Porcelain, Unglazed Porcelain, Mosaic, Glass Tile
 Mass – Medium (portion 70%-80% of total market) – Floor Tile, Wall Tile (Small size), Outsource unglazed

(2) Only ceramics tiles

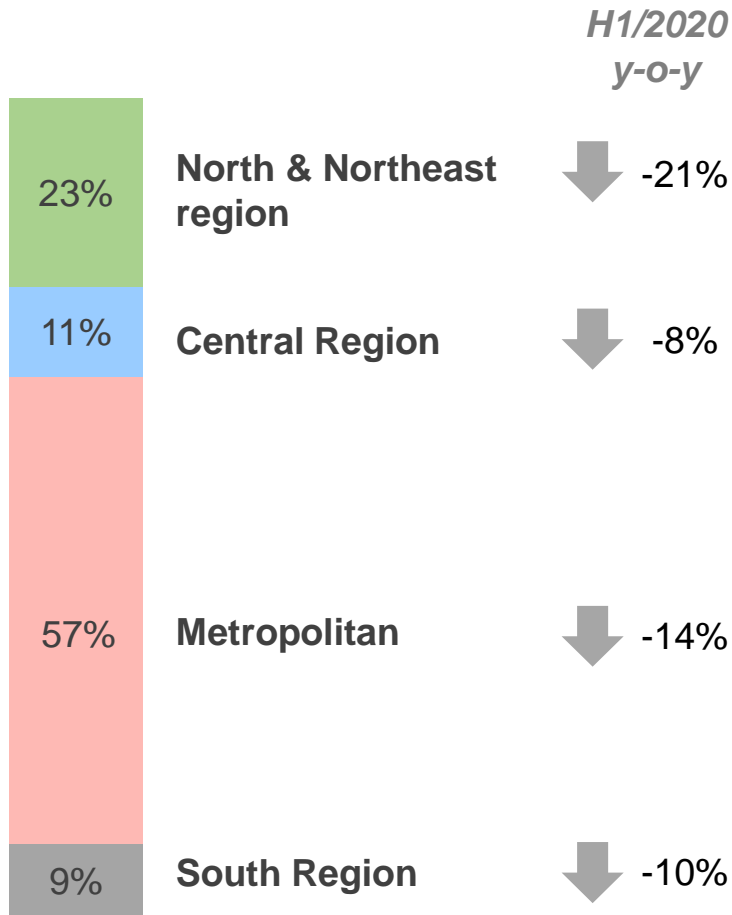
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H1/2020 Domestic Sales volume by region

SCG Ceramics Sales Volume portion



Market Situation

Retail market and project dramatic decreased from economy slowdown and drought situation.

Residential demand decreased due to the economy, but there was demand from government project; EEC project.

Overall construction market decreased due to the economy slowdown. Affect demand diminished and rising in price war situation.

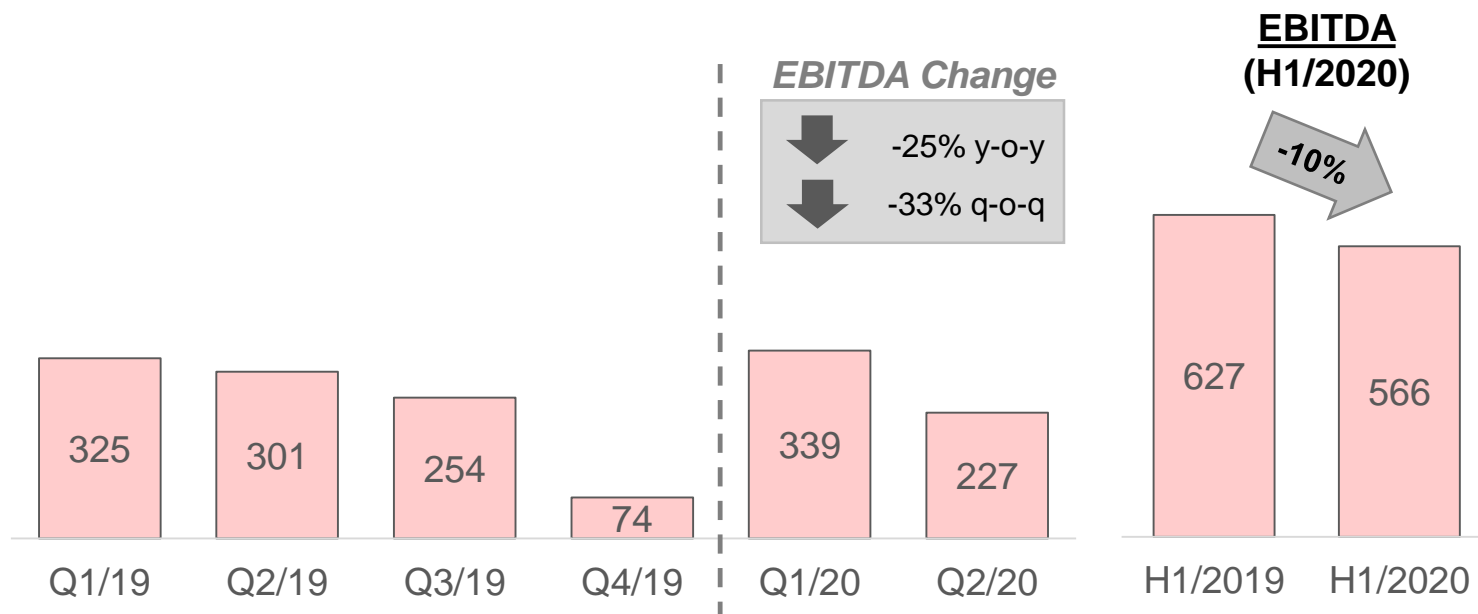
Quarantine and lockdown affected demand decreasing.

Remark: Only domestic ceramics tiles

EBITDA

EBITDA Q2/20 decreased -25% y-o-y and H1/20 decreased -10% y-o-y

Unit: MB



EBITDA Margin

10.8%	10.8%	9.3%	2.9%	13.4%	9.6%	10.8%	11.6%
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EBITDA Margin w/o non-recurring

8.3%	10.8%	9.5%	7.1%	13.6%	10.8%	9.5%	12.2%
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EBITDA without Key non-recurring

233	300	260	181	324	256	533	598
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Key Non-Recurring

(93)	(1)	6	107	3	28	(94)	31
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1) Profit from land selling

(96)	-	-	-	-	-	(96)	-
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2) MSP (Loss)

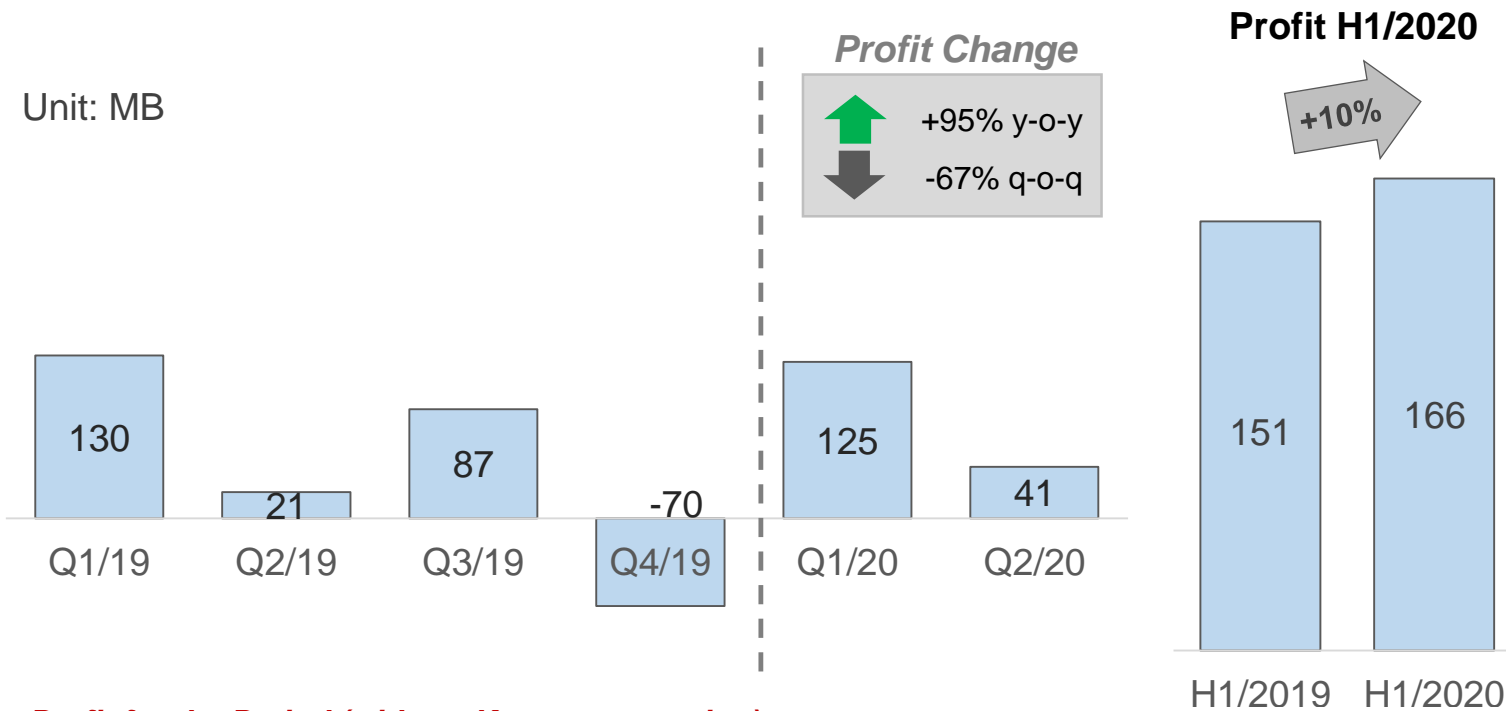
-	-	-	106	-	27	-	27
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3) Consultant Fee (Loss)

3	(1)	6	1	3	1	2	4
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Profit for the Period

Profit for the period Q2/20 increased 95% y-o-y and H1/20 increased 10%



Profit for the Period (without Key non-recurring)

	56	113	92	15	128	64	169	192
Key Non-Recurring	74	(92)	(5)	(86)	(3)	(23)	(18)	(26)
1) Severance pay adjustment (Labor law)	-	(93)	-	-	-	-	(93)	-
2) Profit from land selling	77	-	-	-	-	-	77	-
3) MSP (Loss)	-	-	-	(85)	-	(21)	-	(21)
4) Consultant Fee (Loss)	(3)	1	(5)	(1)	(3)	(1)	(2)	(4)

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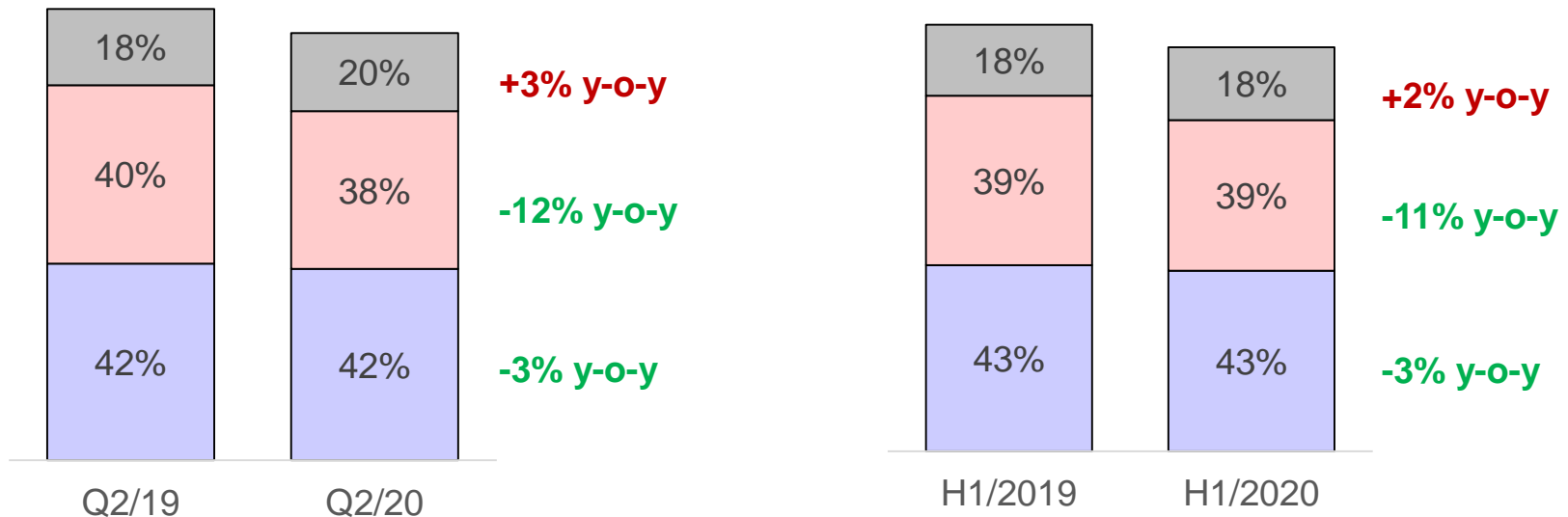
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Operating Variable Cost

Operating variable cost Q2/20 decreased -5% y-o-y mainly from energy cost decreased -12% y-o-y

- **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

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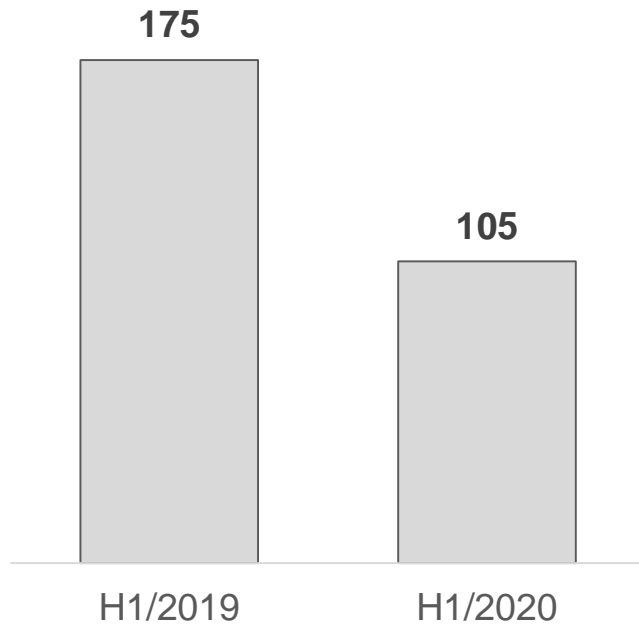
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H1/2020 CAPEX and Interest & Financial Costs

CAPEX

Amounted to 105 MB for H1/2020, mainly upgrade machine, cost and energy saving project, retail outlet expansion and channel expansion

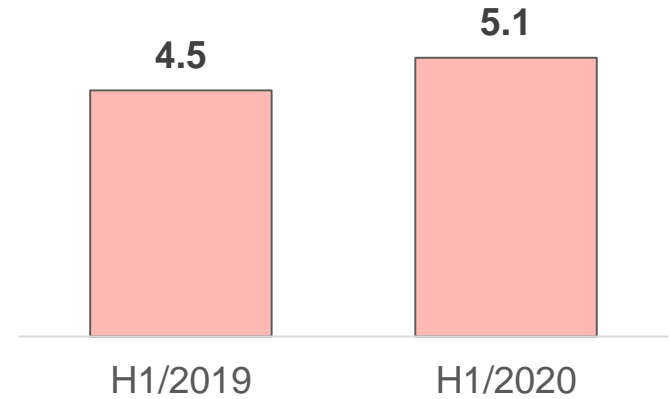
Unit: MB



Interest and Financial Costs

Amounted to 5.1 MB in H1/2020

Unit: MB



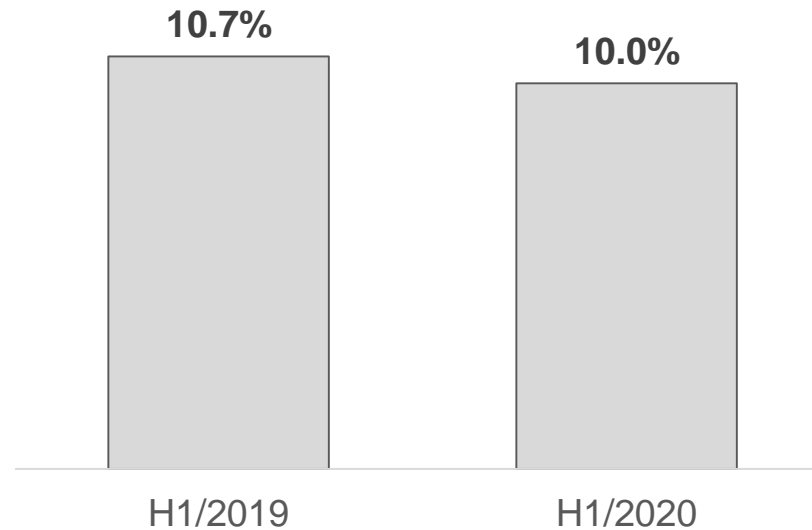
H1/2020 Net Debt

Unit: MB

	0	0
	H1/2019	H1/2020
Net debt on EBITDA	-	-

H1/2020 EBITDA on Assets and EBITDA Margin

EBITDA on Assets



EBITDA margin



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

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Outlook

- Thailand's ceramic tiles demand Q3/20 are projected to continue decreasing, especially tourism sector and exportation which will effect purchasing power and private consumption reduce
- In the export market, demands will slightly increase as border and port blockade ending

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Company Updates

- Optimizing unnecessary SG&A cost such as employee cost, decreased -9% y-o-y due to organization restructuring (H1/2020)
- Expanded Retail Outlet for Medium-Mass segment, amounted to 32 branches as of Q2/2020 (+4 branches from LY). Retail outlet will be expanded by the new collaborative business model with dealer called “Klang Ceramic Family”



- In COVID-19 situation, sale revenue Q2/63 via online channel increased 177% y-o-y via www.cottolife.com

Company Updates

- Launched new product due to changing of consumer behavior “LT by COTTO”, “COTTO Quick”, friendly user products, ease installation without cement glue.



- Established new service business model called “C’TIS” (Certified Tile Installation Service), installation by COTTO standard via dealer channel.



4 ขั้นตอนง่ายๆ

ชำระค่าสำรวจหน้างาน
1,000 บาท

ทีมช่าง
เข้าสำรวจหน้างาน

ชำระเงิน
พร้อมนัดวันติดตั้ง

ทีมช่างเข้าดำเนินการติดตั้ง

พื้นที่บริการเฉพาะกรุงเทพฯและปริมณฑล

** กรณีหน้างานต่างจังหวัด มีค่าใช้จ่ายเพิ่มเติม

End of Presentation
Thank you

Q&A session

Please enter your name in CHAT, if you would like to ask questions and the moderator will go through the namelist and unmute