

SCG Ceramics

“COTTO” Analyst Conference Q3/18

Friday, November 9, 2018

Agenda

I. Company Background

II. Market Situation and Performance

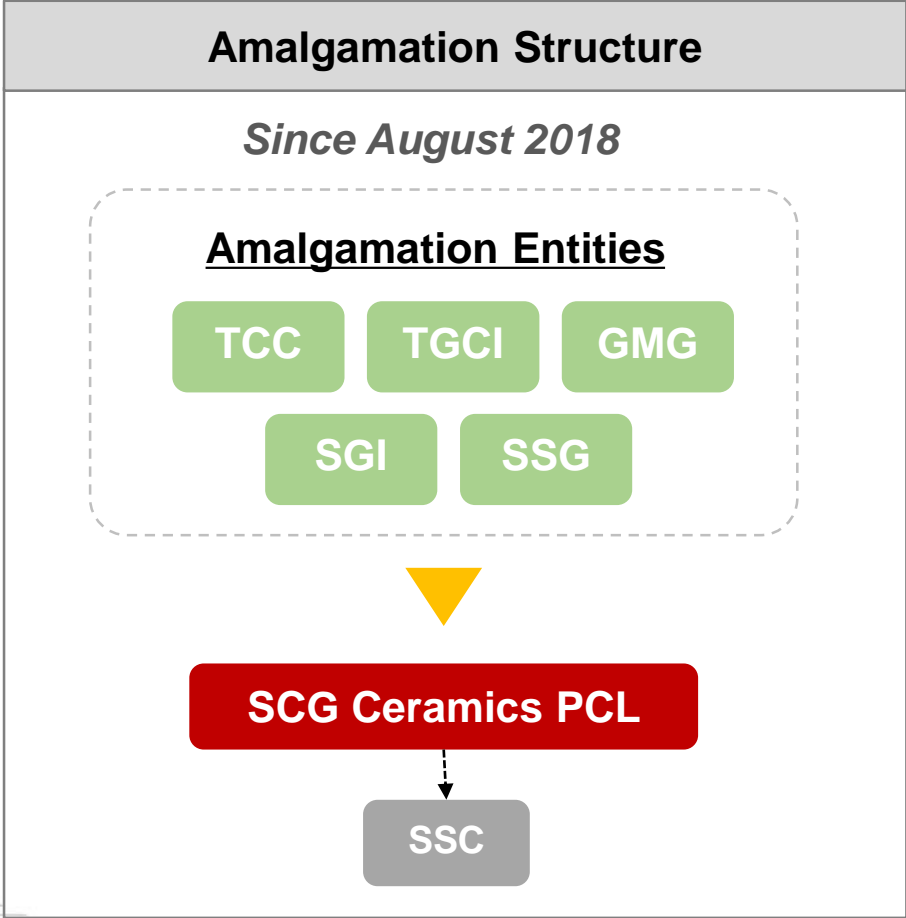
III. Financial Updates

IV. First time's Company Updates

V. Outlook

Company Background

To strengthen our competitive advantages in Thailand market



SCG Ceramics PCL
Ceramic Tile Flagship Company



Company Background

1) Ceramic Tiles Business

Total Capacity 94 M.sq.m. per year

Plant	Capacity
1) Hin Kong	27 M.sq.m.
2) Nong Khae Ind.	24 M.sq.m.
3) Nong Khae1	25 M.Sq.m.
4) Nong Khae2	18 M.Sq.m.

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ได้ใจทุกเรื่อง กระเบื้องใสสุดใจ

2) Industrial Estate Business

- **Location:** Phaholyothin Road kilometer 92, Nongkae District, Saraburi
- **Business :** Land Developer and Infrastructure System Provider including electricity system, water supply system, waste water treatment system, etc.



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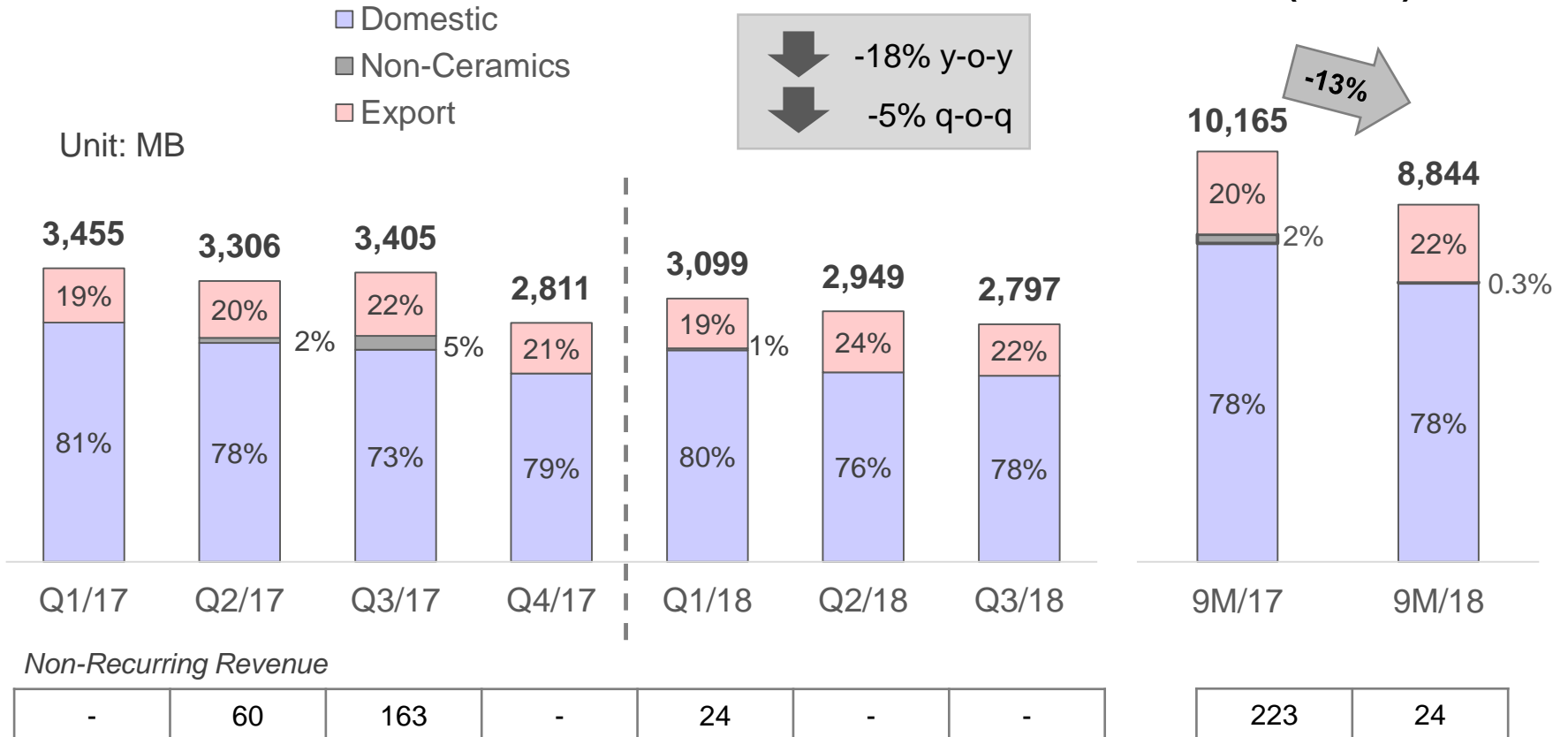
V. Outlook

Market Situation

- Q3/18 ceramic tiles demand in Thailand dropped -3% y-o-y from decreasing in residential market and flood situation in North and Northeast region while increased +2% q-o-q
- For export situation, ceramic tiles demand in Cambodia was positive, although Laos and Myanmar were slowed down

Revenue from Sales

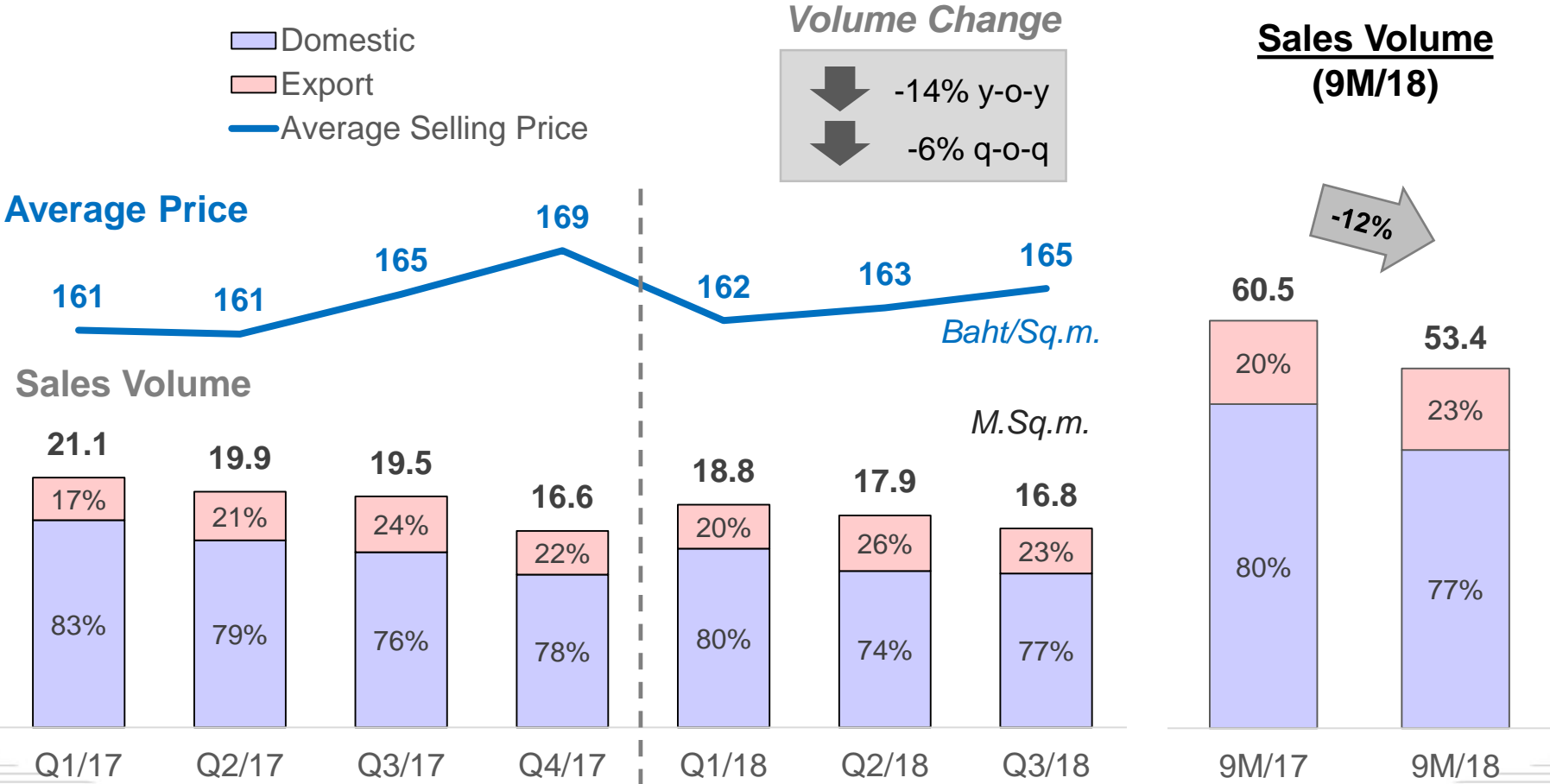
Total revenue decreased -18% y-o-y, -5% q-o-q



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

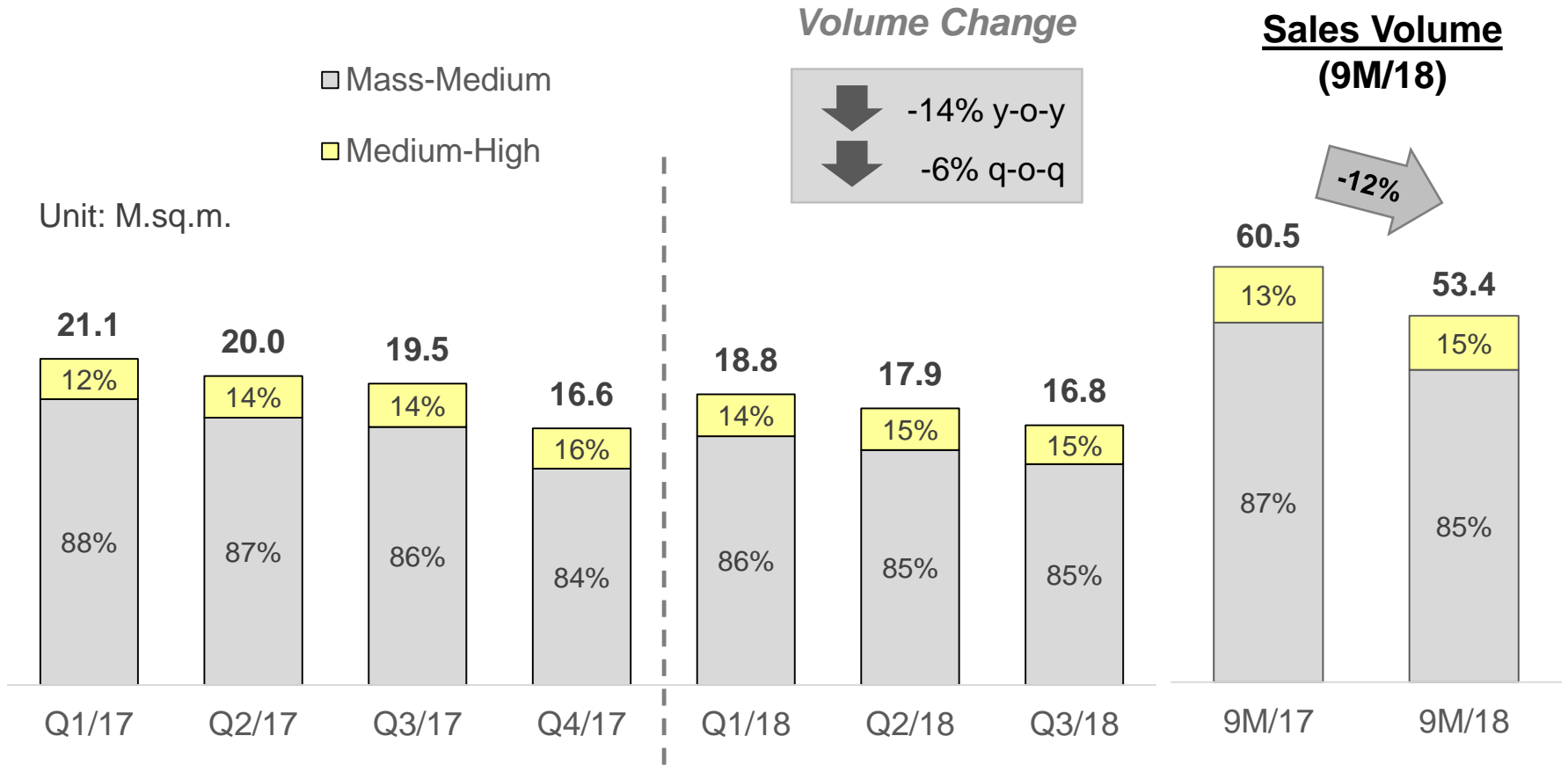
Sales Volume and Average Price

Q3/18 SCG Ceramics's sales volume decreased -14% y-o-y while the average price slightly increased due to enhance product mixed



Remark: Only ceramics tiles

Sales Volume by Segment



*Remark: (1) Definition of segmentation

Medium – High (portion 70%-80% of total market) – Wall Tile (Big size), Glazed Porcelain, Unglazed Porcelain, Mosaic, Glass Tile

Mass – Medium (portion 20%-30% of total market) – Floor Tile, Wall Tile (Small size), Outsource unglazed

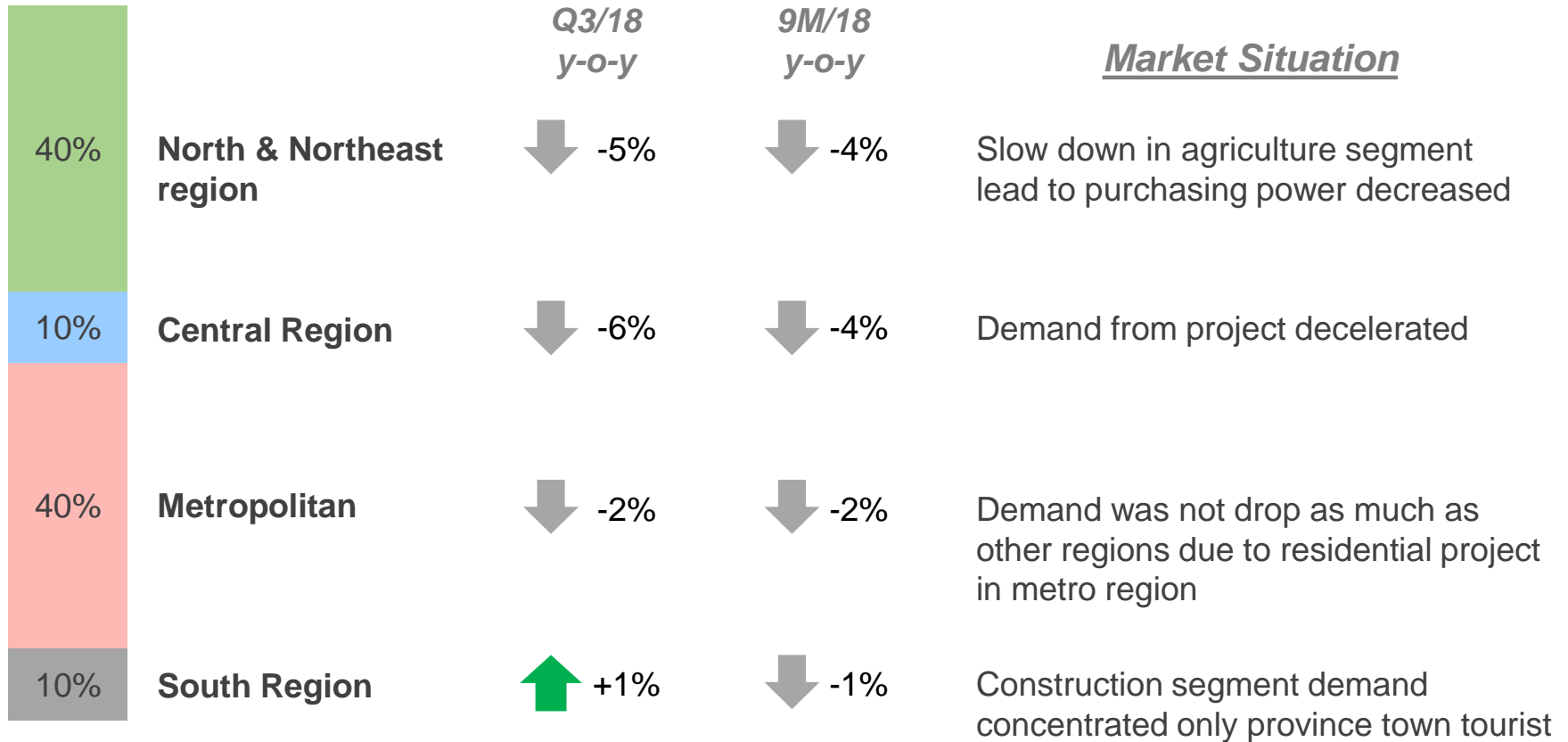
(2) Only ceramics tiles

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9M/18 Domestic Sales volume portion



Remark: Only domestic ceramics tiles

EBITDA

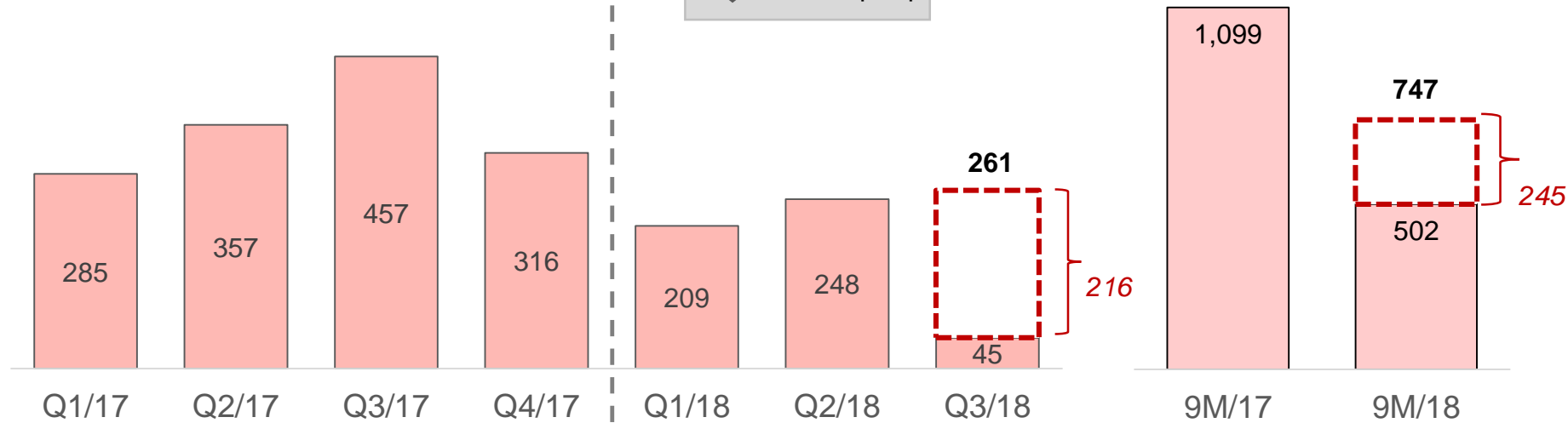
With non-recurring expense, EBITDA dropped -90% y-o-y

 Without non-recurring expense

Unit: MB

EBITDA Change

-90% y-o-y
 -81% q-o-q



EBITDA Margin

8.3%	10.8%	13.4%	11.3%	6.7%	8.4%	1.6%
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EBITDA Margin – Without non-recurring

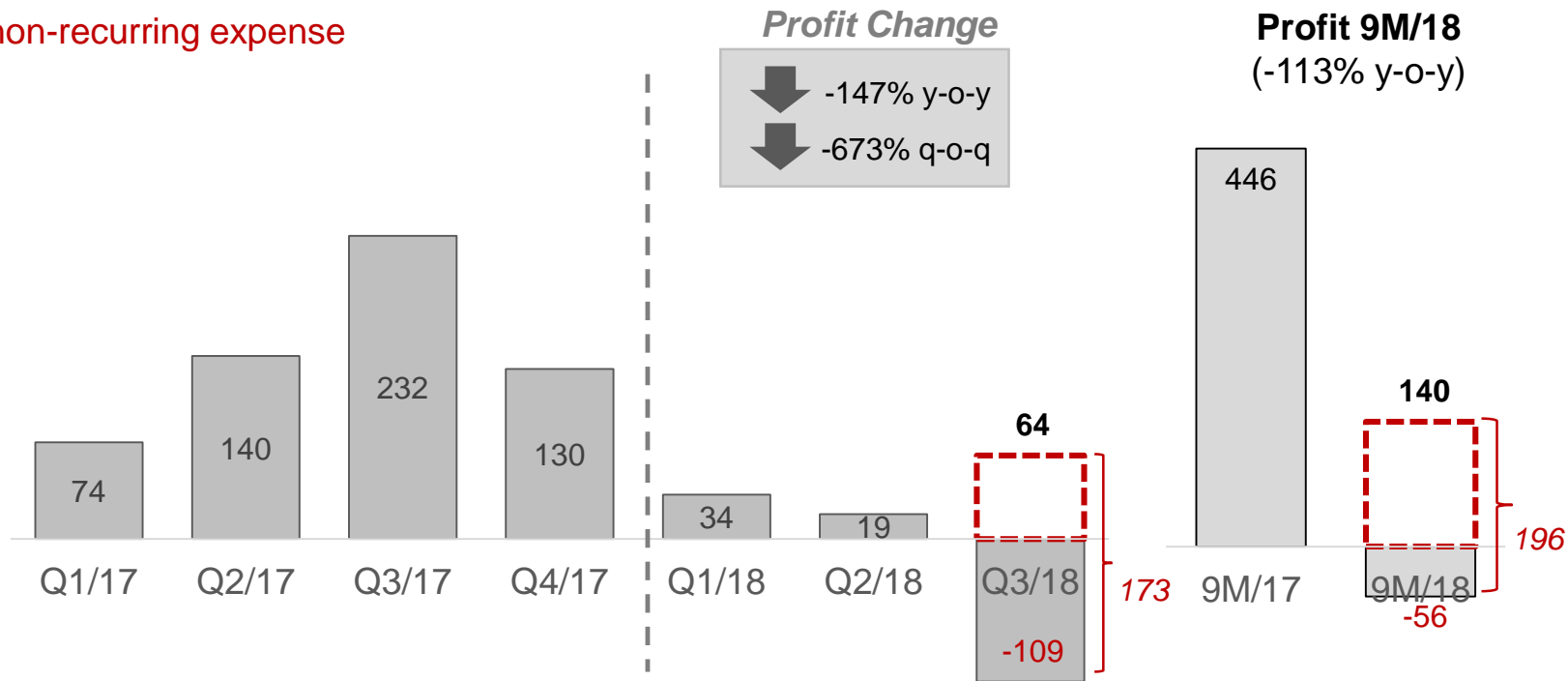
8.3%	9.7%	10.8%	11.5%	7.2%	8.9%	9.3%
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Profit for the Period

With non-recurring expense, Profit for the period decreased -147%

 Without non-recurring expense

Unit: MB



Profit for the Period (without Key non-recurring)

74	111	160	137	46	30	64	345	140
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Key Non-Recurring	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18	9M/17	9M/18
1)MSP (Loss)	-	-	-	-	-	-	(162)	-	(162)
2)Consultant Fee (Loss)	-	-	-	(7)	(21)	(11)	(11)	-	(43)
3)Profit from land selling	-	29	72	-	9	-	-	101	9

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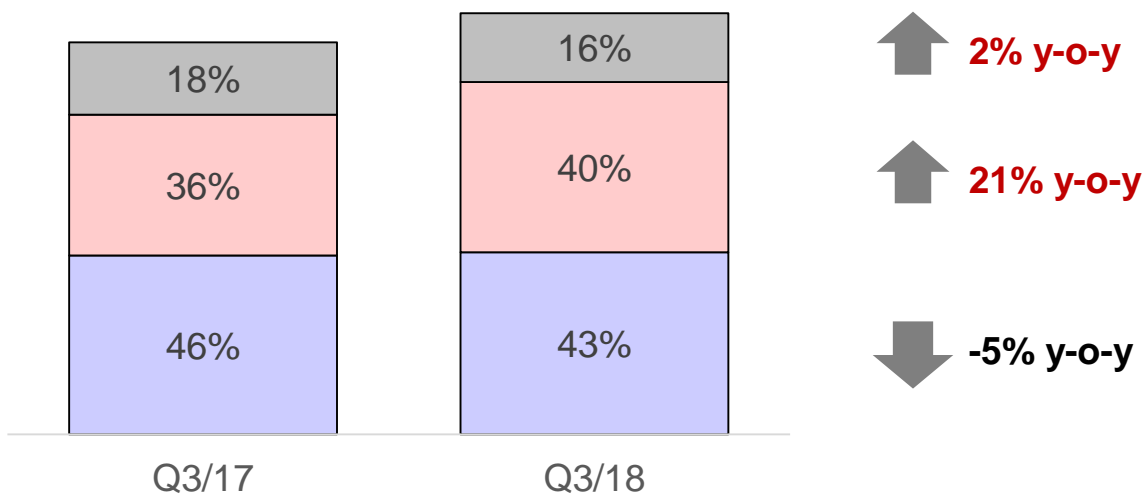
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Operating Variable Cost

Operating variable cost climbed 7% y-o-y mainly from natural gas cost increased 29% 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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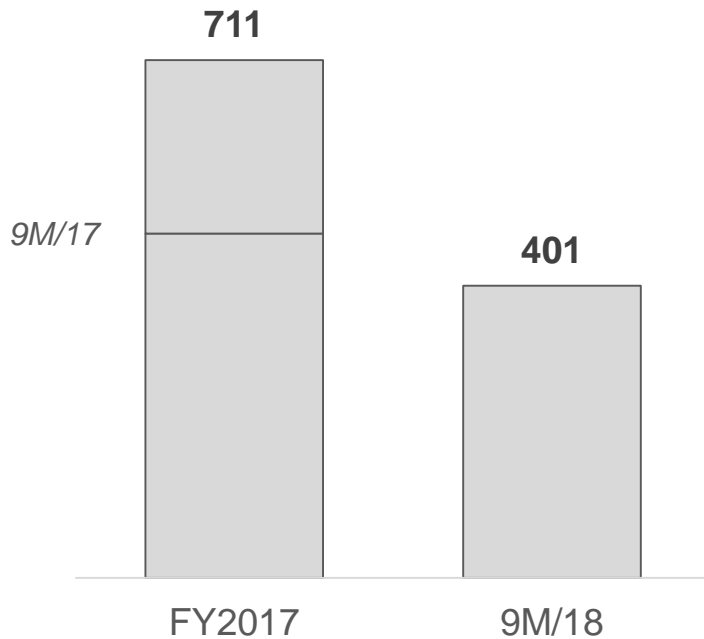
V. Outlook

9M/18 CAPEX and Interest & Financial Costs

CAPEX

Amounted to 401 MB in 9M/18, mainly upgrade machine, cost saving project and retail outlet expansion

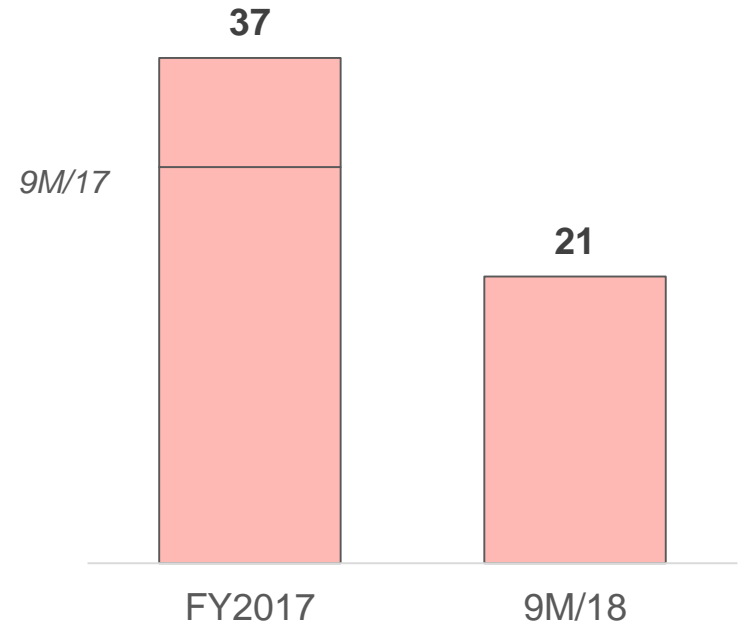
Unit: MB



Interest and Financial Costs

Amounted to 21 MB in 9M/18

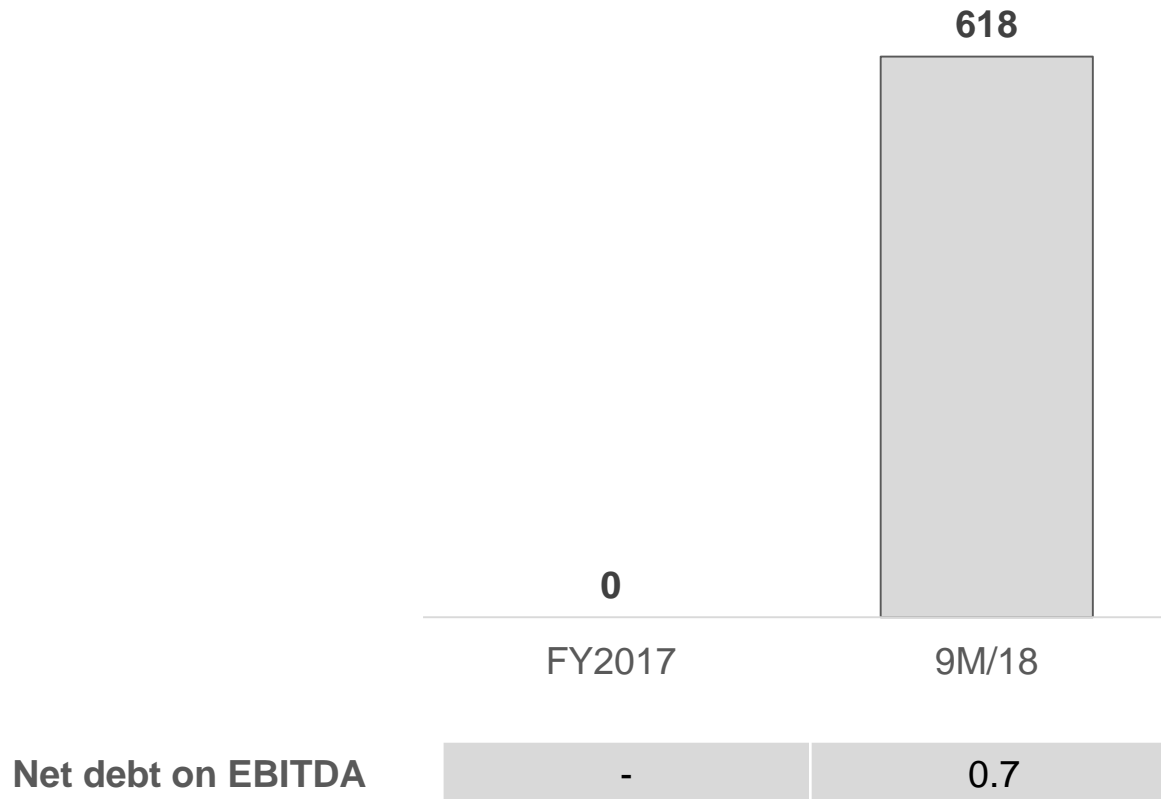
Unit: MB



9M/18 Net Debt

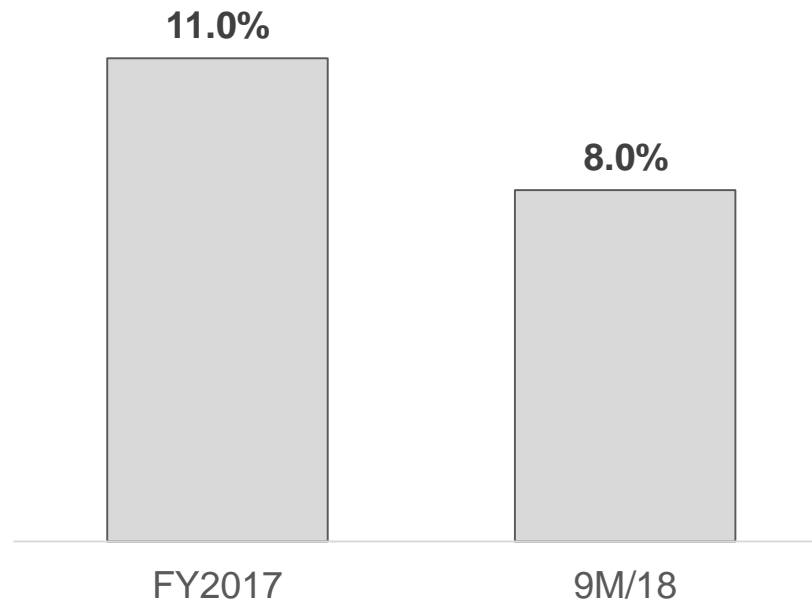
Leverage rose to 0.7 times (x)

Unit: MB



9M/18 EBITDA on Assets and EBITDA Margin

EBITDA on Assets



EBITDA margin



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

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First time's Company Updates

- Transformation process, “Brand-based” factory to “Cost-based” factory, has progressed according to the plan
- Expanded Retail Outlet for Medium-Mass product to reduce distribution cost, to be 29 branch within 2018 (+4 branch from last year)
- Roll out pilot model of retail business in Medium-High segment at SCG XP (2nd floor). The operation is expected to be started in Q1/19
- On process of implementation of lean and automation
- On selection process for alternative energy

First time's Company Updates

Sustainable Development

Resource



Alternative Fuel



Solar Cell

Alternative Raw Material



Ceramic Scrap

Manufacturing



Water Recycle



Energy Reduction

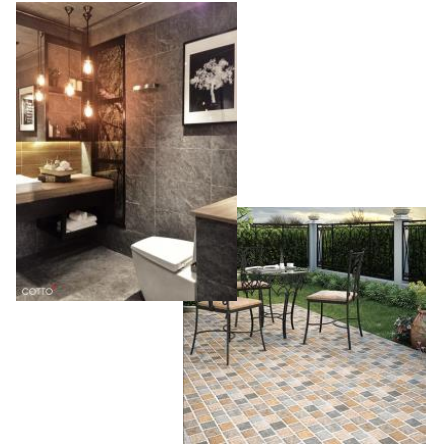
- Waste Heat Recovery
- High Eff. Burner
- Dry Process
- Co-Generation

Waste to Recycle Product



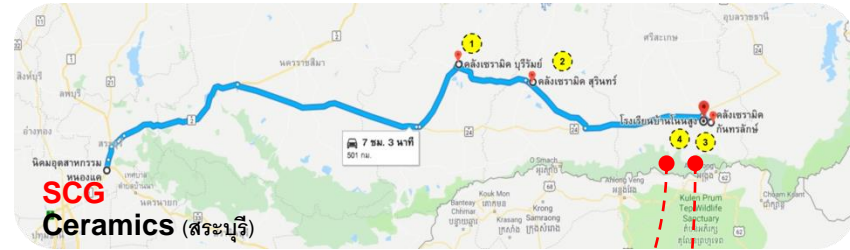
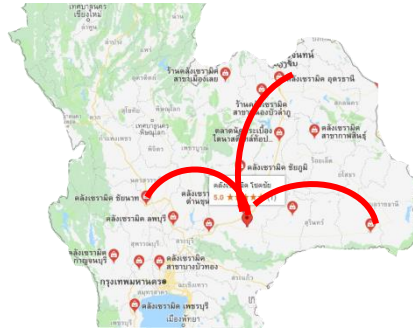
Waste Recycle

- Clay Scrap
- Filter Cake
- Tile Scrap



First time's Company Updates

SCG Ceramics: CSR



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Outlook

- Thailand's ceramic tiles demand FY2018 are forecasted to slightly drop -2% from slow down in residential
- In the export market, demands in neighbor country continue to be positive

End of Presentation
Thank you