

August 4, 2020

No.: KT/PB (COTTO) 017/2020  
To: Director and Manager  
The Stock Exchange of Thailand  
Subject: Management's Discussion and Analysis (MD&A) of Q2/20 and 6M/20 ending June 30, 2020  
(Reviewed)

SCG Ceramics Public Company ("The Company") would like to provide operating results information of the company and its subsidiary for the period Q2/20 and 6M/20 ending June 30, 2020, as follows:

The Company reported Q2/20, revenue from sales amounted to 2,369 MB, decreased 15% y-o-y due to decreasing in average sales volume from pandemic of COVID-19 and slightly decreasing in selling price, while profit for the period amounted to 41 MB, increased 95% y-o-y due to (1) significantly lower cost of natural gas (2) efficiency increasing in management and operation. There were major non-recurring items, there was new labor law in Q2/19, changed from 300 days to 400 days severance pay for staffs with more than 20 service years, amounted to 124 MB, and MSP expense (Mutual Separation Plan) in Q2/20 amounted to 27 MB. EBITDA Q2/20 amounted to 227 MB, decreased 25% y-o-y, while EBITDA decreased 16% without MSP.

For the period of 6M/20, revenue from sales amounted to 4,892 MB, decreased 16% y-o-y due to decreasing in average sales volume and selling price. Profit for the period amounted to 166 MB, increased 10% y-o-y and EBITDA amounted to 566 MB, decreased 10% y-o-y. There were major non-recurring items, for the period 6M/19, revenue from land selling amounted 203 MB and 6M/20 MSP expense amounted to 27 MB. Without non-recurring items, revenue decreased 13% y-o-y, profit for period increased 13% y-o-y and EBITDA increased 12% y-o-y

**Table1: Consolidated financial Summary**

Unit: Million Baht	Q2	%change	%change	Jan-Jun	%change
	2020	Y-o-Y	Q-o-Q	2020	Y-o-Y
Revenue from Sales	2,369	-15%	-6%	4,892	-16%
Profit(Loss) for the Period	41	95%	-67%	166	10%
EBITDA	227	-25%	-33%	566	-10%
Earning per Share (Baht)	0.01	95%	-67%	0.03	10%

Note: EBITDA = Earnings before interest, tax, depre.& amortization  
Profit for the Period = Profit for the Period attributable to owners of the parent

For the period of Q2/20, finance costs amounted to 3 MB, while Q2/19 amounted to 2 MB. Average interest rate at 0.92% which is fixed rate and all in Thai Baht.

<b>Table2: Debt Profile</b>				
Unit: Million Baht	Q2	Q1	Q4	Q2
	2020	2020	2019	2019
Short-Term Loan	500	950	160	370
Baht	500	950	160	370
Foreign	-	-	-	-
%of Total Loan	100%	100%	100%	100%
Total Loan	500	950	160	370
Cash and cash equivalents	572	845	631	379
Total Net Debt	(72)	105	(471)	(9)
<b><u>Financial Ratios</u></b>	Q2	Q1	Q4	Q2
	2020	2020	2019	2019
EBITDA on Assets (%)	10%	12%	8%	11%
Current Ratio (times)	2.5	2.1	2.9	2.5
Quick Ratio (times)	1.0	0.8	1.0	0.9
Interest Coverage (times)	76.1	157.8	409.4	159.1
Net Debt to EBITDA (times)	n/a	0.1	n/a	0.0
Net Debt to Equity (times)	n/a	0.0	n/a	0.0
Debt to Equity (times)	0.3	0.4	0.3	0.3
Return on Equity (%)	4%	6%	2%	4%
Note:	Net Debt	= Total debt (interest bearing), less cash and cash equivalents		
	EBITDA	= Earnings before interest, tax, depre.& amortization		
	EBITDA on Assets	= Annualized EBITDA, to Total Consolidated Assets		
	Current Ratio	= Current Assets, to current liabilities		
	Quick Ratio	= Cash+short term investments+receivable, to current liabilities		
	Interest Coverage	= EBITDA, to interest expense		
	Net Debt to EBITDA	= Net debt, to annualized EBITDA		
	Net Debt to Equity	= Net debt, to equity & non-controlling interest		
	Debt to Equity	= Total Liabilities, to equity & non-controlling interest		
	Return on Equity	= Annualized Net profit, to average total shareholder's equity (not including non-controlling interest)		

As of June 30, 2020, total assets amounted to 11,294 MB, where current assets amounted to 5,050 MB, property, plant and equipment amounted to 5,326 MB and others non-current assets amounted to 918 MB.

Total Liabilities amounted to 2,741 MB, which is short term loan amounted to 500 MB for investment and operation, and other current liabilities amounted to 1,548 MB. Non-current liabilities amounted to 693 MB. However, the company had no long term loan with interest.

Total equity attributable to owners of the parent amounted to 8,553 MB, which 100% of total shareholder's equity.

<b>Table3: Statement of Financial Position</b>			
Unit: Million Baht	June	December	June
	2020	2019	2019
<b>Total Assets</b>	<b>11,294</b>	<b>11,395</b>	<b>11,730</b>
Current Assets	5,050	5,124	5,355
Cash, cash equivalent and short term investment	572	631	379
Trade and other current receivables	1,394	1,163	1,440
Inventories	2,598	2,844	3,050
Land development for sale	486	486	486
Property, plant and equipment	5,326	5,323	5,464
Others non-current Assets	918	948	911
<b>Total Liabilities</b>	<b>2,741</b>	<b>2,363</b>	<b>2,664</b>
Current Liabilities	2,048	1,763	2,107
Trade and other current payables	1,363	1,417	1,639
Loans	500	160	370
Others	185	186	98
Others non-current Liabilities	693	600	558
<b>Total Shareholders' equity</b>	<b>8,553</b>	<b>9,032</b>	<b>9,066</b>
Total equity attributable to owners of the parent	8,553	8,505	8,549
Non-controlling interests	-	527	517

Sincerely yours,

(Numpol Malichai)

Managing Director