

October 27, 2020

No.: KT/PB (COTTO) 019/2020  
To: Director and Manager, the Stock Exchange of Thailand  
Subject: Management's Discussion and Analysis (MD&A) of Q3/20 and 9M/20 ending September 30, 2020  
(Unreviewed)

SCG Ceramics Public Company ("The Company") would like to provide operating results information of the company and its subsidiary for the period Q3/20 and 9M/20 ending September 30, 2020, as follows:

The Company reported Q3/20, revenue from sales amounted 2,640 MB, decreased 3% y-o-y, due to decreasing in sales volume from the pandemic of COVID-19 which affected world economy and slightly decreased in average selling price. While profit for the period amounted 171 MB, increased 96% y-o-y as of (1) Efficiency increasing in management and operation (2) Declining in energy cost from last year, and EBITDA amounted 386 MB, increased 52% y-o-y.

For the period of 9M/20, revenue from sales amounted 7,532 MB, decreased 12% y-o-y from dropping in sale volume and average selling price. Profit for the period amounted 337 MB, increased 41% y-o-y and EBITDA amounted 952 MB, increased 8% y-o-y. There were major non-recurring items for the period 9M/19; land selling amounted 203 MB and the new labor law (changed from 300 days to 400 days severance pay for staffs with +20 service years) amounted 124 MB. While major non-recurring items for the period 9M/20; Mutual Separation Plan (MSP) amounted 27 MB, without Mutual Separation Plan (MSP) expense, revenue from sales decreased 10% y-o-y, profit for the period increased 38% y-o-y and EBITDA increased 25% y-o-y.

**Table1: Consolidated financial Summary**

Unit: Million Baht	Q3	%change	%change	Jan.-Sep.	%change
	2020	Y-o-Y	Q-o-Q	2020	Y-o-Y
Revenue from Sales	2,640	-3%	11%	7,532	-12%
Profit for the Period	171	96%	312%	337	41%
EBITDA	386	52%	70%	952	8%
Earning per Share (Baht)	0.03	96%	312%	0.06	41%

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 Q3/20, finance costs amounted 1 MB, whereas Q3/19 amounted 0.4 MB. Average interest rate at 0.91% which is fixed rate and all debts are in Thai Baht and no short-term loan from financial institute.

**Table2: Debt Profile**

Unit: Million Baht	Q3 2020	Q2 2020	Q4 2019	Q3 2019
Short-Term Loan	-	500	160	145
Baht	-	500	160	145
Foreign	-	-	-	-
%of Total Loan	n/a	100%	100%	100%
Total Loan	-	500	160	145
Cash and cash equivalents	644	572	631	435
Total Net Debt	(644)	(72)	(471)	(290)
<b><u>Financial Ratios</u></b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>
EBITDA on Assets (%)	11%	10%	8%	10%
Current Ratio (times)	2.8	2.5	2.9	3.0
Quick Ratio (times)	1.0	1.0	1.0	1.0
Interest Coverage (times)	285.6	76.1	409.4	572.4
Net Debt to EBITDA (times)	n/a	n/a	n/a	(0.2)
Net Debt to Equity (times)	n/a	n/a	n/a	0.0
Debt to Equity (times)	0.3	0.3	0.3	0.2
Return on Equity (%)	5%	4%	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 September 30, 2020, total assets amounted 11,243 MB, where current assets amounted 5,129 MB, property, plant and equipment amounted 5,192 MB and others non-current assets amounted 922 MB.

Total Liabilities amounted 2,519 MB, where current liabilities amounted 1,665 MB, others liabilities 149 MB and non-current liabilities amounted 705 MB. However, the company had no short-term and long-term loan with interest.

Total equity attributable to owners of the parent amounted 8,724 MB, which 100% of total shareholder's equity.

<b>Table3: Statement of Financial Position</b>			
Unit: Million Baht	September	December	September
	2020	2019	2019
<b>Total Assets</b>	<b>11,243</b>	<b>11,395</b>	<b>11,444</b>
Current Assets	5,129	5,125	5,130
Cash, cash equivalent and short term investment	644	632	435
Trade and other current receivables	1,260	1,163	1,293
Inventories	2,739	2,844	2,916
Land development for sale	486	486	486
Property, plant and equipment	5,192	5,323	5,384
Others non-current Assets	922	947	930
<b>Total Liabilities</b>	<b>2,519</b>	<b>2,363</b>	<b>2,284</b>
Current Liabilities	1,814	1,763	1,717
Trade and other current payables	1,665	1,417	1,526
Loans	-	160	145
Others	149	186	46
Others non-current Liabilities	705	600	567
<b>Total Shareholders' equity</b>	<b>8,724</b>	<b>9,032</b>	<b>9,160</b>
Total equity attributable to owners of the parent	8,724	8,505	8,636
Non-controlling interests	-	527	524

Sincerely yours,

(Numpol Malichai)

Managing Director