

# SCG Ceramics

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***“COTTO” Analyst Conference Q4/19***

*Friday, January 24, 2020*

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# Agenda

## **I. Market Situation and Performance**

## **II. Financial Updates**

## **III. Outlook**

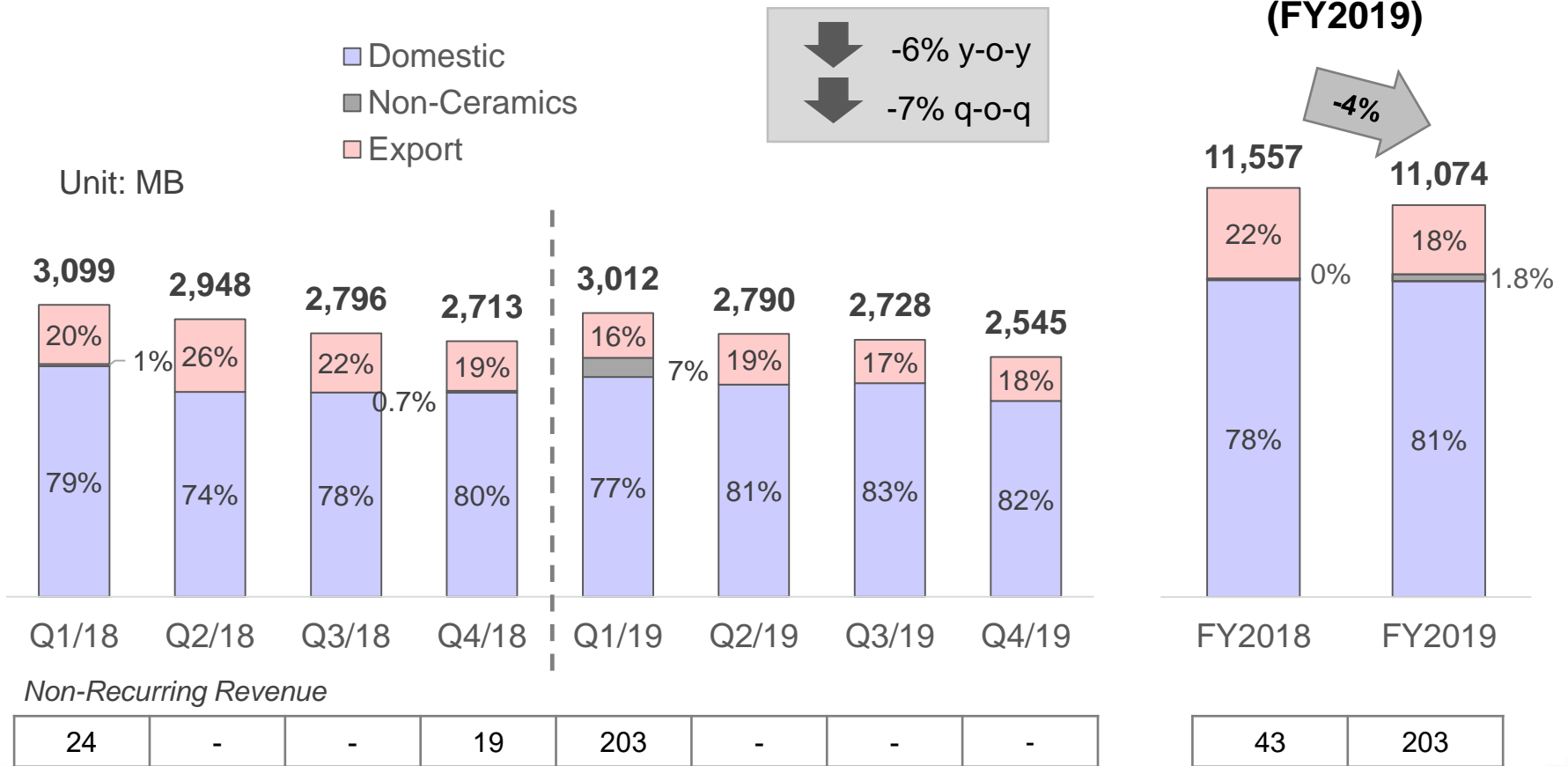
## **IV. Company Updates**

# Market Situation

- Q4/19 ceramic tiles demand in Thailand slightly decreased from last year due to deceleration of Thailand's economy, while FY2019 remained stable from last year
- For export situation, ceramic tiles demand in Myanmar was positive, while Laos and Cambodia were continuously slow down due to depreciation of Kip and slow down investment in Cambodia

# Revenue from Sales

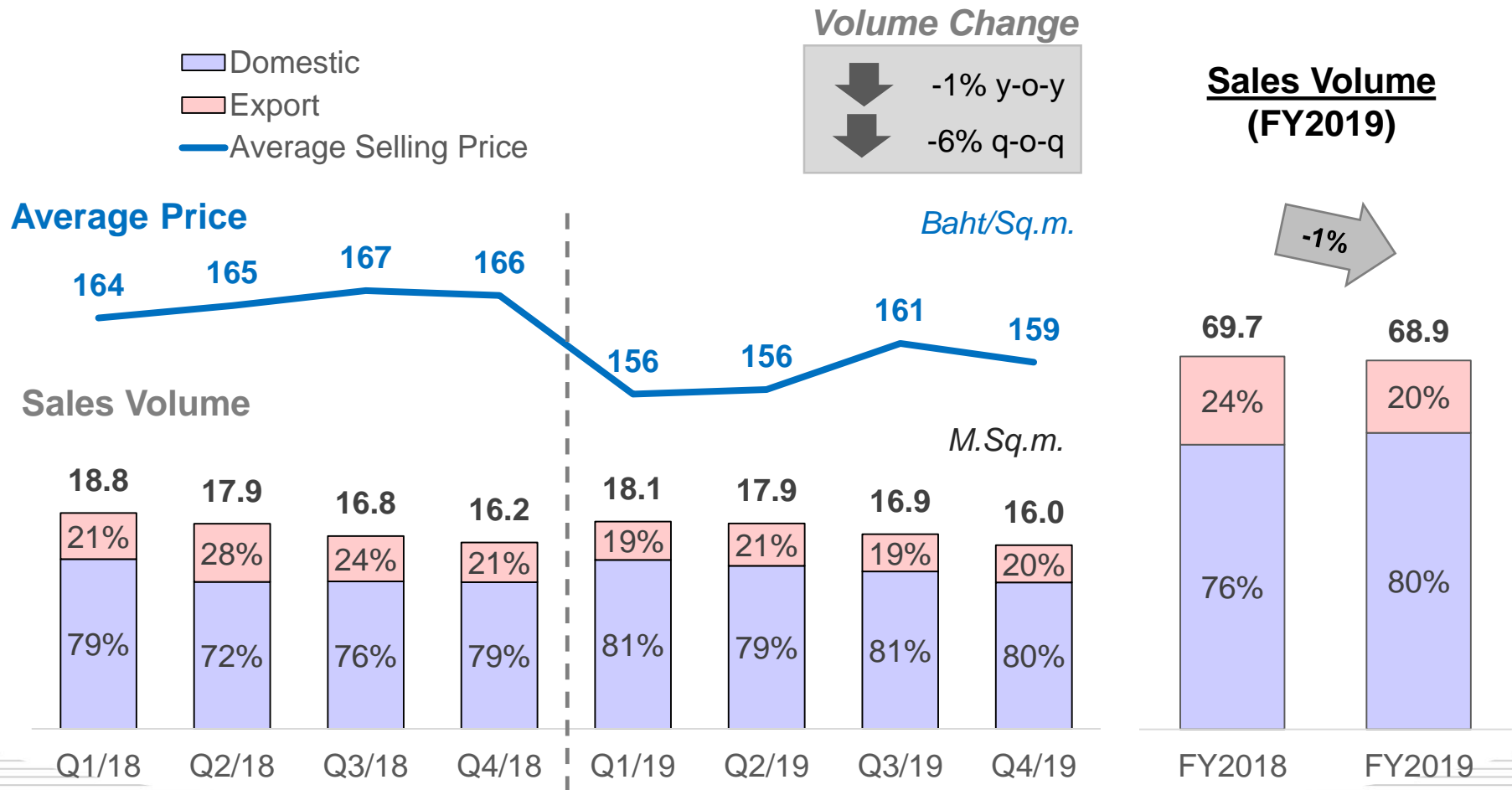
Total revenue Q4/19 decreased -6% y-o-y, -7% q-o-q while FY2019 decreased -4% y-o-y



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

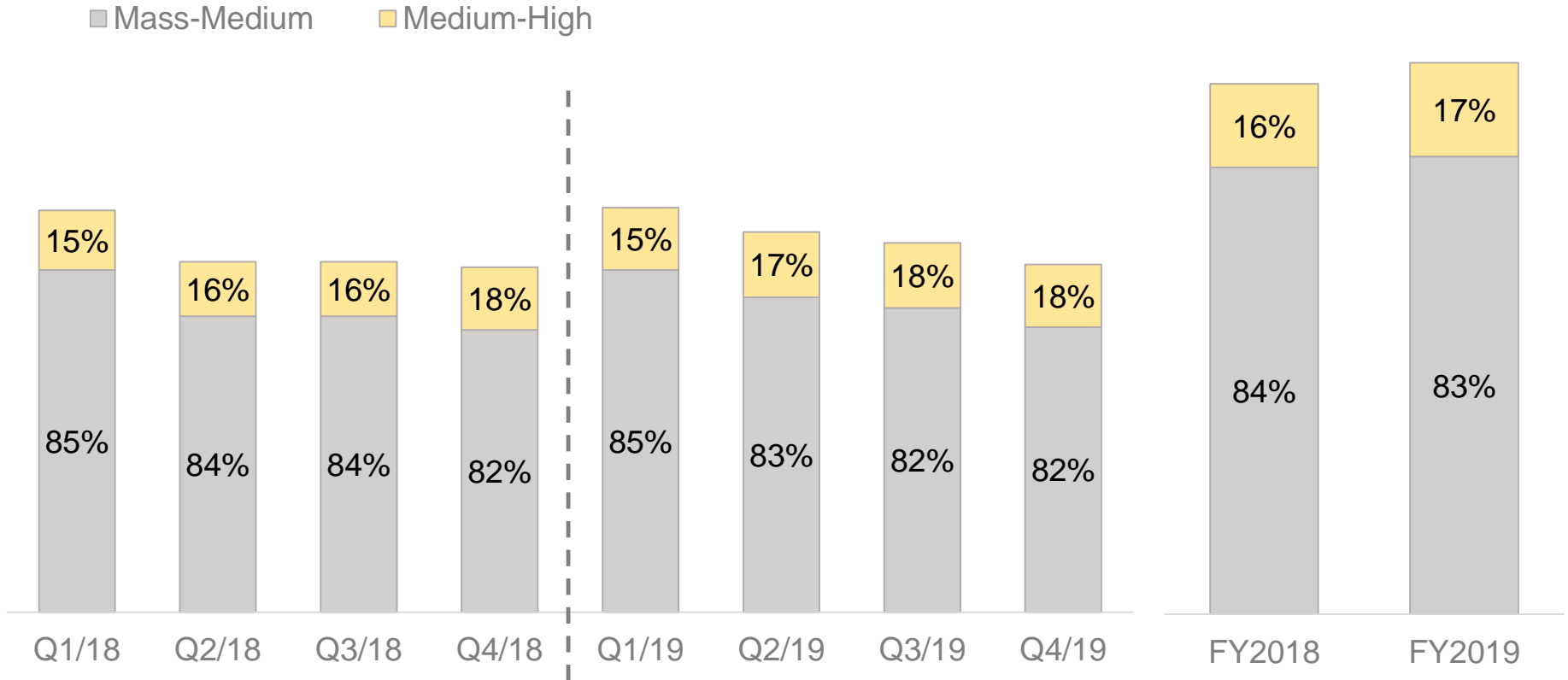
# Sales Volume and Average Price

Q4/19 SCG Ceramics' sales volume slightly dropped -1% y-o-y while the average price -4% y-o-y and -1% q-o-q



Remark: Only ceramics tiles

# Sales Volume Portion by Segment



\*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

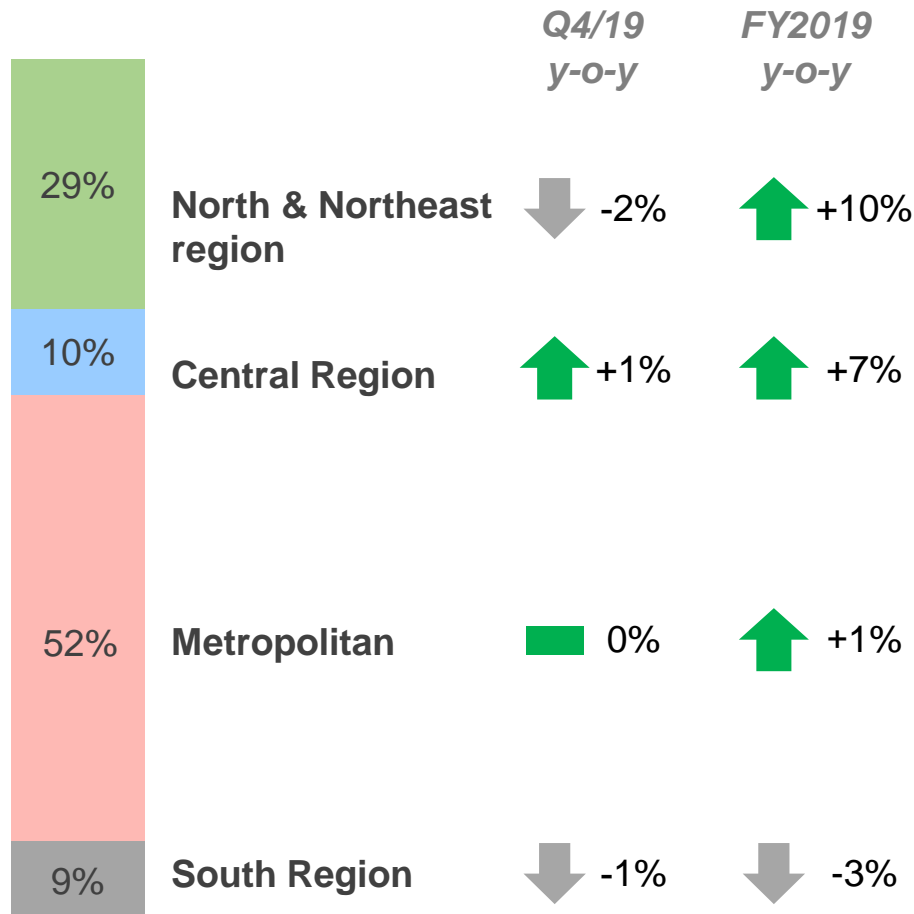
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# Domestic Sales volume by region

## Sales Volume portion



## Market Situation FY2019

Demand grew in H1/2019 and dropped in H2/2019 due to lower consumer confidence as well as drought expectation particularly in Q4/19 while sales volume outperformed by gaining shares of imported tiles in key dealers and improving sales of Klang Ceramic stores.

Mainly increasing demand in eastern area from residential projects around Eastern Economic Corridor (EEC). Besides, better performance of Klang Ceramic stores supported sales volume growth.

Impacted by LTV policy, demand for residential project was slow down especially in Q4/19

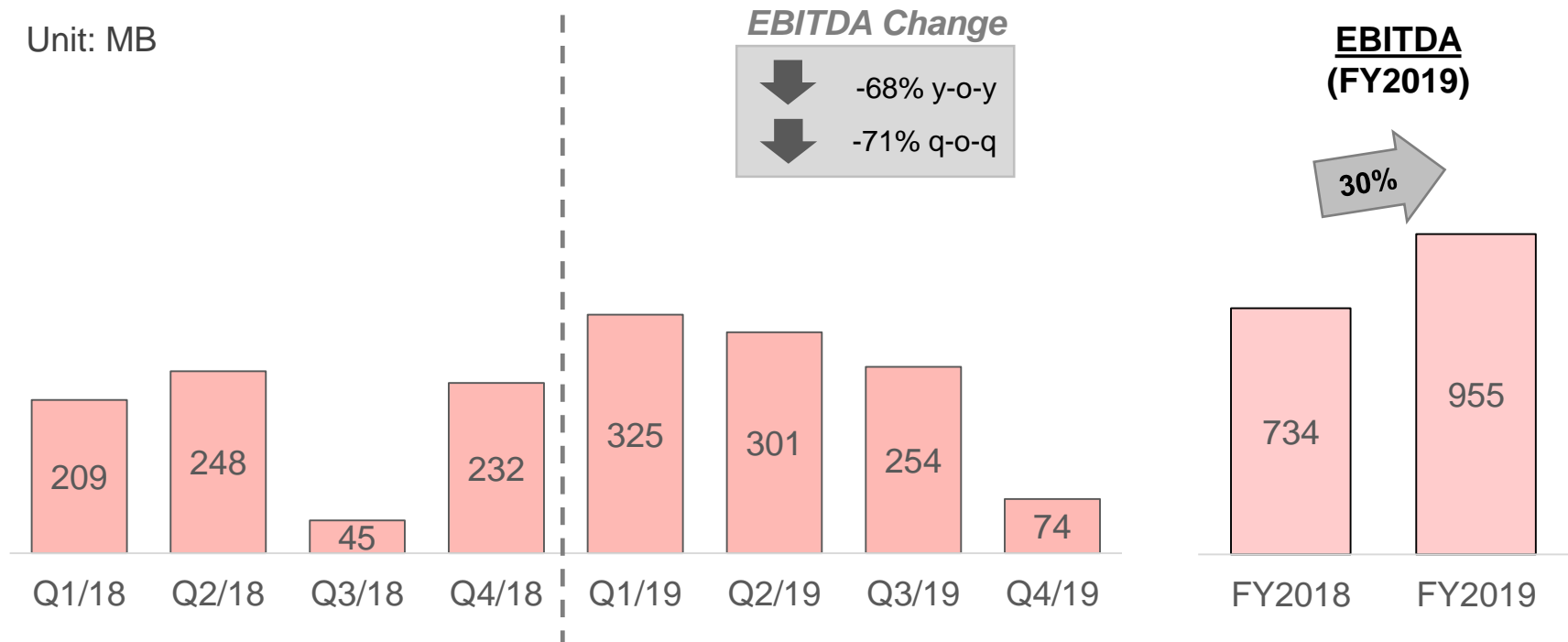
Lower number of tourists and low rubber price made demand in South drop from last year

Remark: Only domestic ceramics tiles

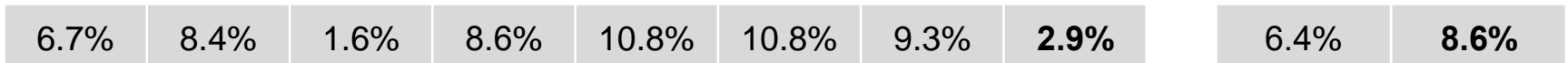
# EBITDA

EBITDA Q4/19 decreased -68% y-o-y whereas FY2019 increased +30% y-o-y

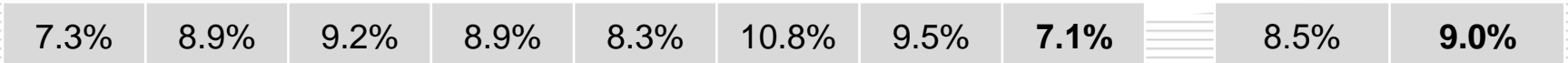
Unit: MB



## EBITDA Margin



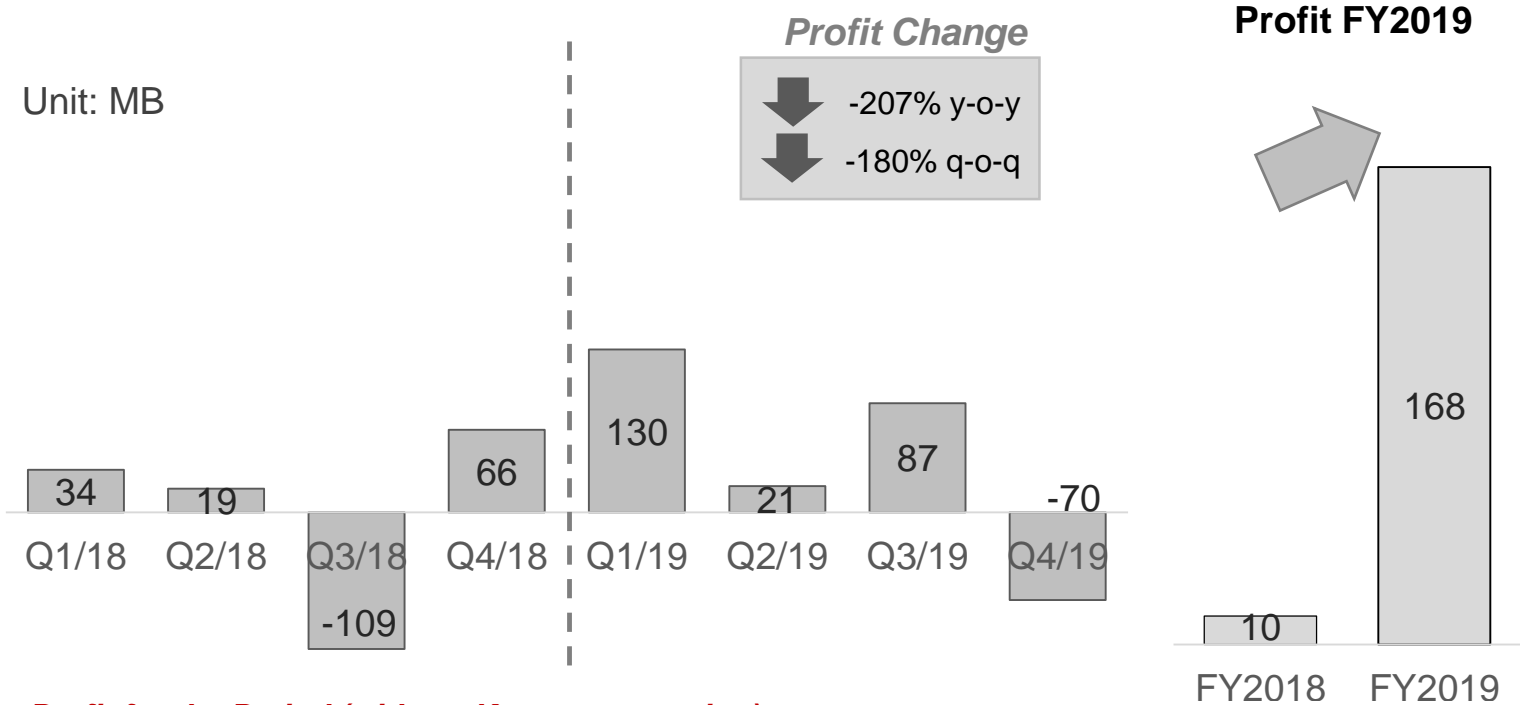
## EBITDA Margin without non-recurring





# Profit for the Period

Profit for the period Q4/19 decreased -207% y-o-y while FY2019 increased



## Profit for the Period (without Key non-recurring)

	47	30	60	72	56	113	92	15	208	277
<b>Key Non-Recurring</b>	(12)	(11)	(170)	(6)	74	(92)	(5)	(86)	(198)	(109)
1)Severance pay adjustment (Labor law)	-	-	-	-	-	(93)	-	-	-	(93)
2)Profit from land selling	9	-	-	11	77	-	-	-	20	77
3)MSP (Loss)	-	-	(162)	-	-	-	-	(85)	(162)	(85)
4)Consultant Fee (Loss)	(21)	(11)	(8)	(17)	(3)	1	(5)	(1)	(57)	(8)

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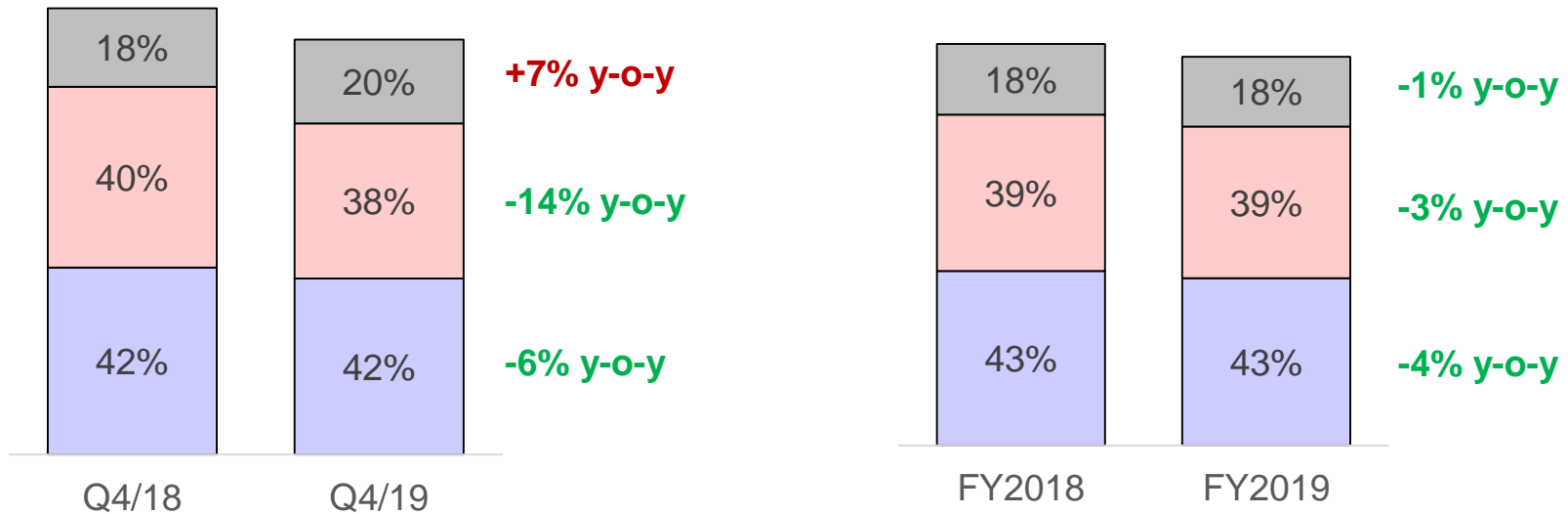
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# Operating Variable Cost

Operating variable cost Q4/19 decreased -7% y-o-y mainly from energy cost decreased -14% y-o-y while operating variable cost FY2019 decreased -3%

- **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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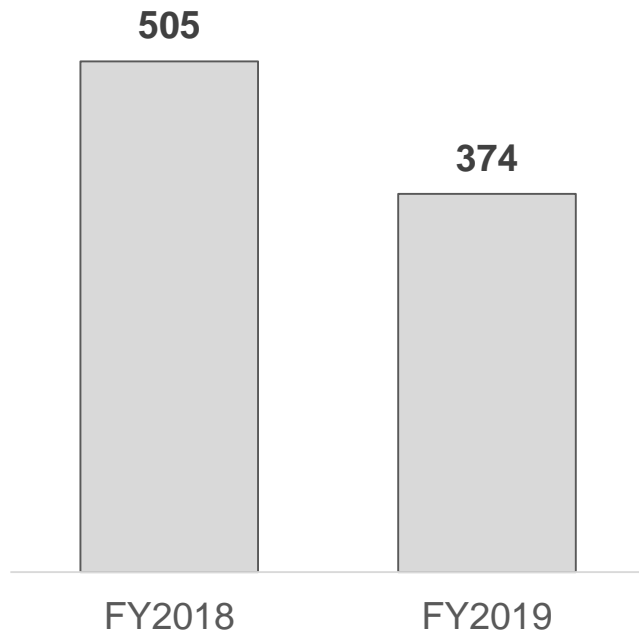
## IV. Company Updates

# FY2019 CAPEX and Interest & Financial Costs

## CAPEX

Amounted to 374 MB for FY2019, mainly cost and energy saving project, upgrade machine, retail outlet expansion and channel expansion

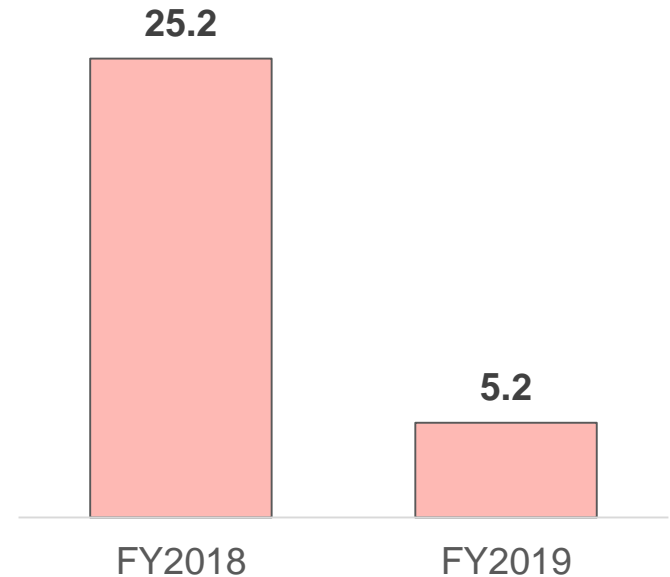
Unit: MB



## Interest and Financial Costs

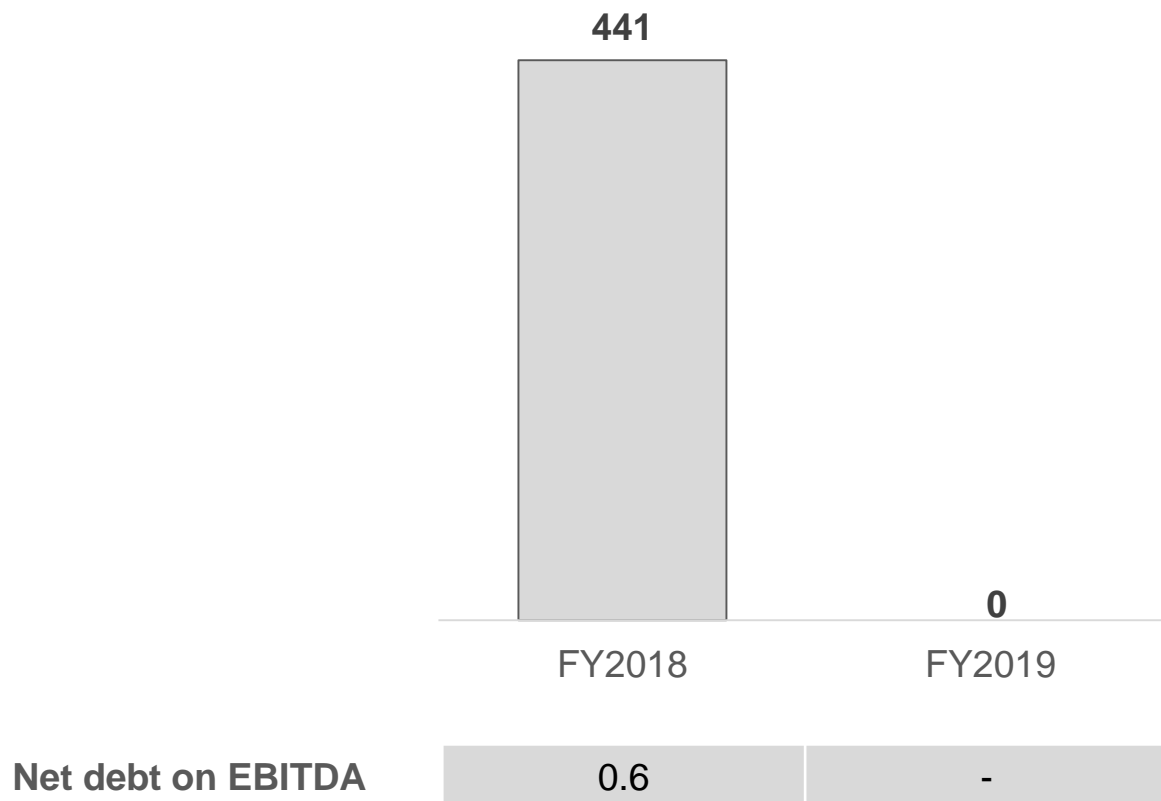
Amounted to 5.2 MB in FY2019

Unit: MB



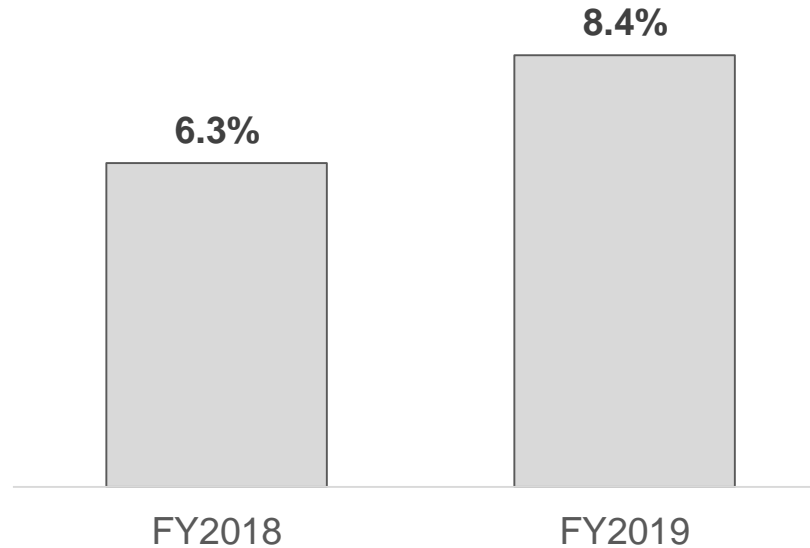
# FY2019 Net Debt

Unit: MB



# FY2019 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 Q1/20 are projected to decrease -1% to -3% from last year due to drought situation, which affect agricultural volume and price
- In the export market, demands in neighbor country continue to be positive



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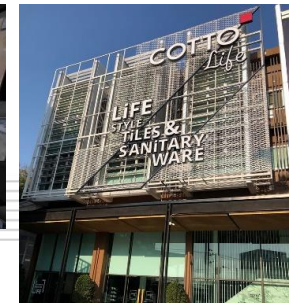
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# Company Updates

- Transformation process, “Brand-based” factory to “Cost-based” factory, completed as plan, also affected FY2019 operating variable cost reduction -3% y-o-y
- SG&A expenses decreased -10% y-o-y due to unnecessary expenses optimization
- Expanded Retail Outlet for Medium-Mass segment, amounted 28 branches as of Y2019 (+8 branches and closed -3 branches as strategic location). One of these is the new collaborative business model with dealer called “Klang Ceramics Family”
- After pilot COTTO Life at SCG XP, launched COTTO Life at Chiangmai province.



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# What's next in 2020

- Reinforce existing export segment to neighbor country, i.e. Myanmar, Cambodia, Laos
- Continuing accretive value by Brand Positioning
- On selection process for alternative energy to risk reduction from external factor
- Continuing to expand retail business for each segment

**End of Presentation**  
*Thank you*