

SCG Ceramics “COTTO”

Opportunity Day Q3/22

Nov 3, 2022

Agenda

I. Q3/22 and 9M/22 Market Situation

II. Q3/22 and 9M/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

Agenda

I. Q3/22 and 9M/22 Market Situation

II. Q3/22 and 9M/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

Q3/22 Market Situation

- Thailand ceramic tiles demand in Q3/22 was positive due to low-base last year but slightly decrease from H1/22.
- Natural gas price in Q3/22 continued to increase.
- High inflation and interest rate hikes affecting consumers' purchasing power.
- Flooding situation in some provinces resulted in economy themselves.
- The fluctuation of exchange rate caused the export demand to slow down.

Agenda

I. Q3/22 and 9M/22 Market Situation

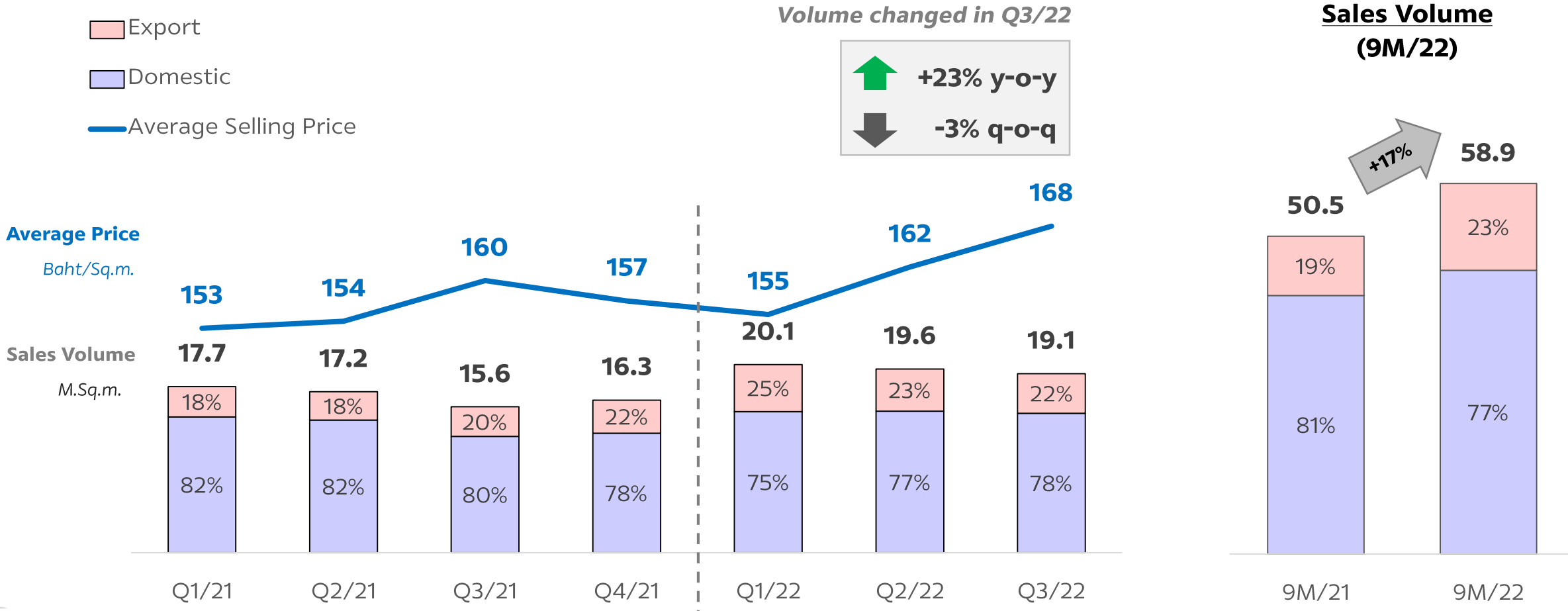
II. Q3/22 and 9M/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

Q3/22 Sales volume and average price

Sales volume increased +23% y-o-y while the average price increased 6 bath/sq.m (+4%) compared to Q2/22

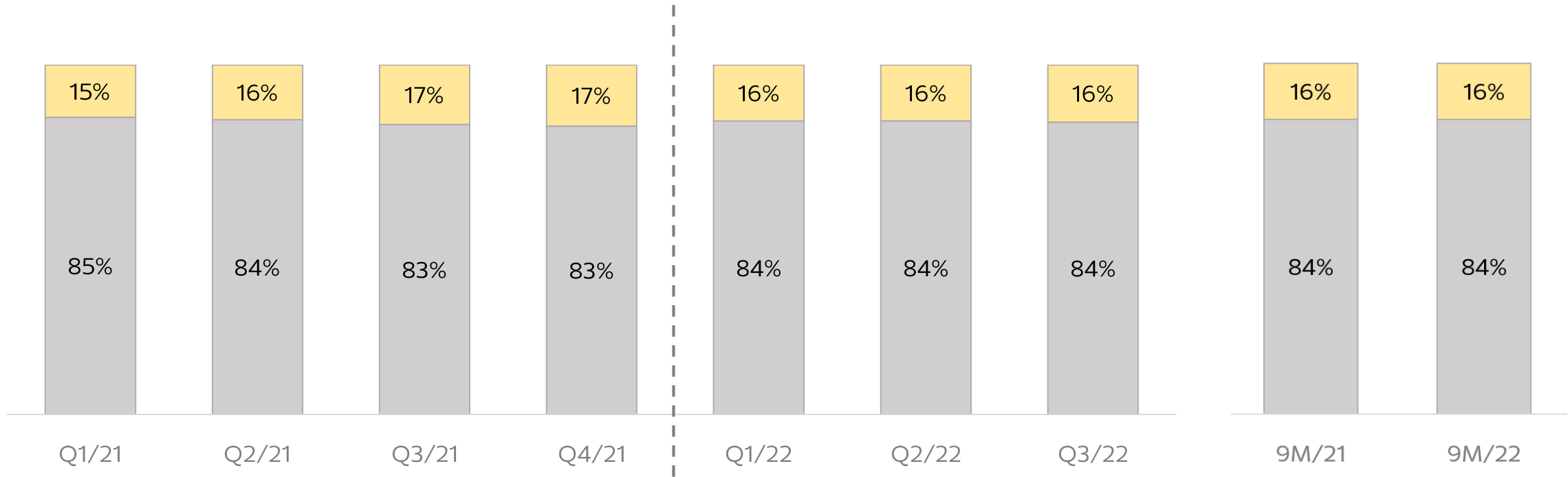


Remark: Only ceramics tiles

Q3/22 Domestic sales volume by segment

Mass-Medium accounted for 84% of sales volume in Q3/22 compared to 84% in Q2/22.

■ Medium-High
■ Mass-Medium



Remark:

(1) Definition of segmentation

Medium – High (portion 20%-50% of total market) – HYG product, Wall Tile (Big size), Glazed Porcelain, Unglazed Porcelain, Mosaic, Glass Tile, Decorative

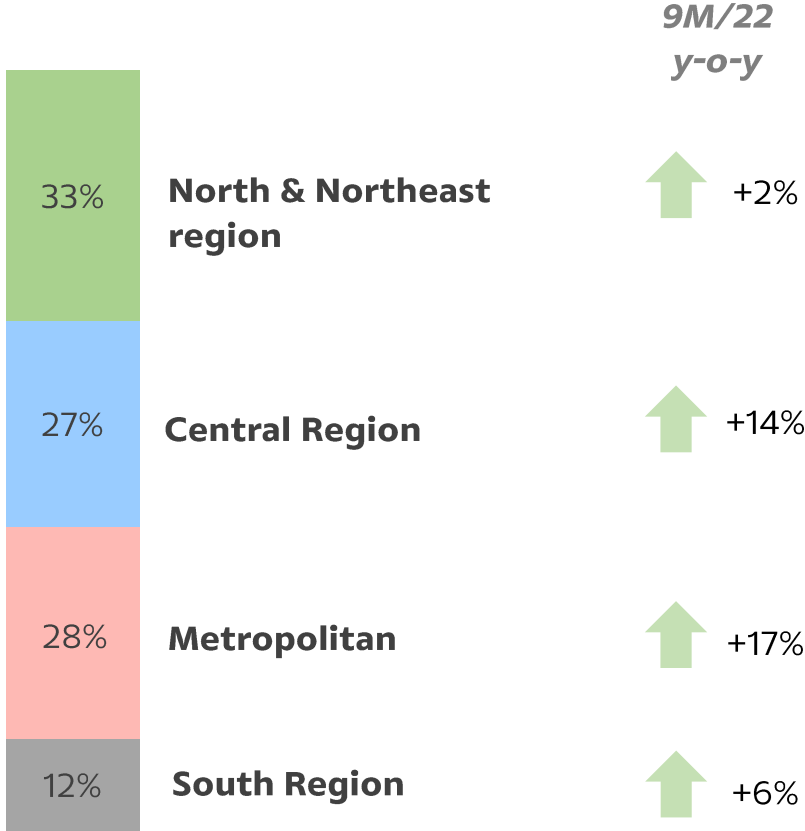
Mass – Medium (portion 70%-80% of total market) – Non HYG product, Floor Tile, Wall Tile (Small size), Outsource unglazed, Glazed Porcelain

(2) Only ceramics tiles

9M/22 Domestic sales volume by region

Sales volume in upcountry accounted for 82% of total domestic sales volume in 9M/22.

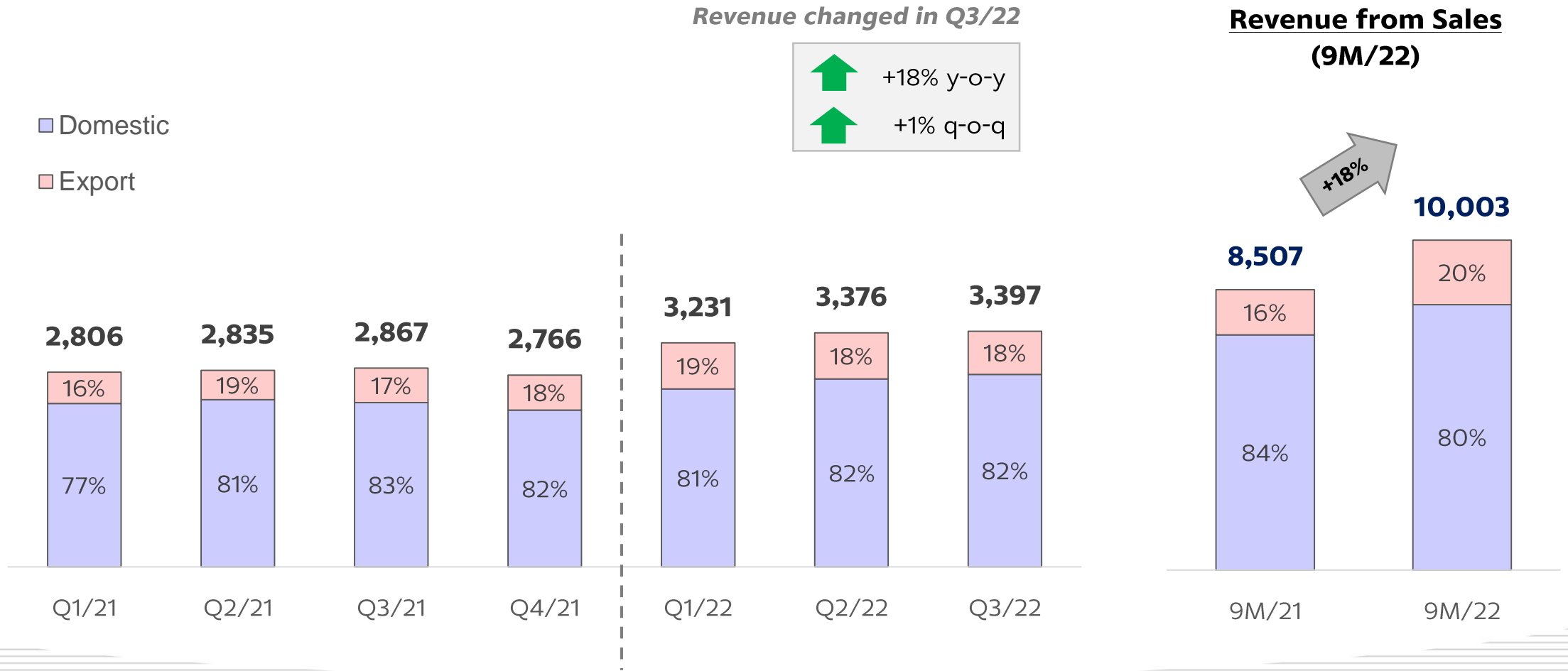
Sales Volume portion by sector



Remark: Only domestic ceramics tiles

Q3/22 Revenue from Sales

Revenue increased +18% y-o-y in Q3/22 and there was revenue from land selling in Nong Khae industrial estate amounted 131 MB in Q3/21. Excluding this item, revenue in Q3/22 increased 24% y-o-y.

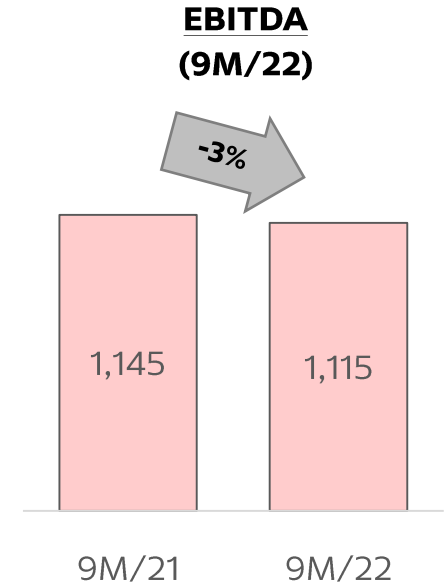
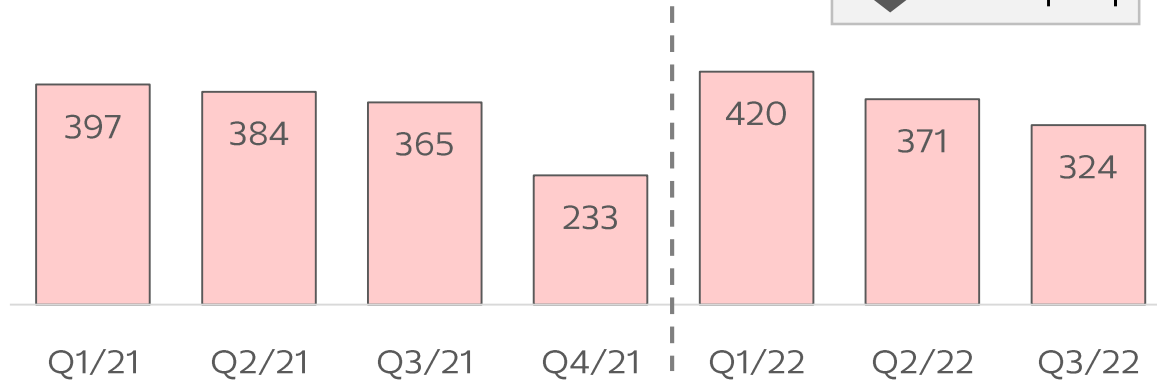


Q3/22 EBITDA

EBITDA decreased -11% y-o-y and -12% q-o-q and there was EBITDA from land selling in Nong Khae industrial estate amounted 64 MB in Q3/21. Excluding this item, EBITDA in Q3/22 increased +8% y-o-y.

Unit: MB

EBITDA changed in Q3/22



EBITDA Margin

Q1/21	14.2%	Q2/21	13.7%	Q3/21	12.8%	Q4/21	8.5%	Q1/22	13.0%	Q2/22	11.0%	Q3/22	9.6%
-------	-------	-------	-------	-------	-------	-------	------	-------	-------	-------	-------	-------	------

9M/21	13.5%	9M/22	11.1%
-------	-------	-------	-------

EBITDA Margin w/o non-recurring

Q1/21	14.2%	Q2/21	13.9%	Q3/21	11.1%	Q4/21	8.7%	Q1/22	13.1%	Q2/22	11.0%	Q3/22	9.6%
-------	-------	-------	-------	-------	-------	-------	------	-------	-------	-------	-------	-------	------

9M/21	12.8%	9M/22	11.2%
-------	-------	-------	-------

EBITDA w/o Key non-recurring

Q1/21	397	Q2/21	390	Q3/21	301	Q4/21	237	Q1/22	422	Q2/22	372	Q3/22	324
-------	-----	-------	-----	-------	-----	-------	-----	-------	-----	-------	-----	-------	-----

9M/21	1,087	9M/22	1,118
-------	-------	-------	-------

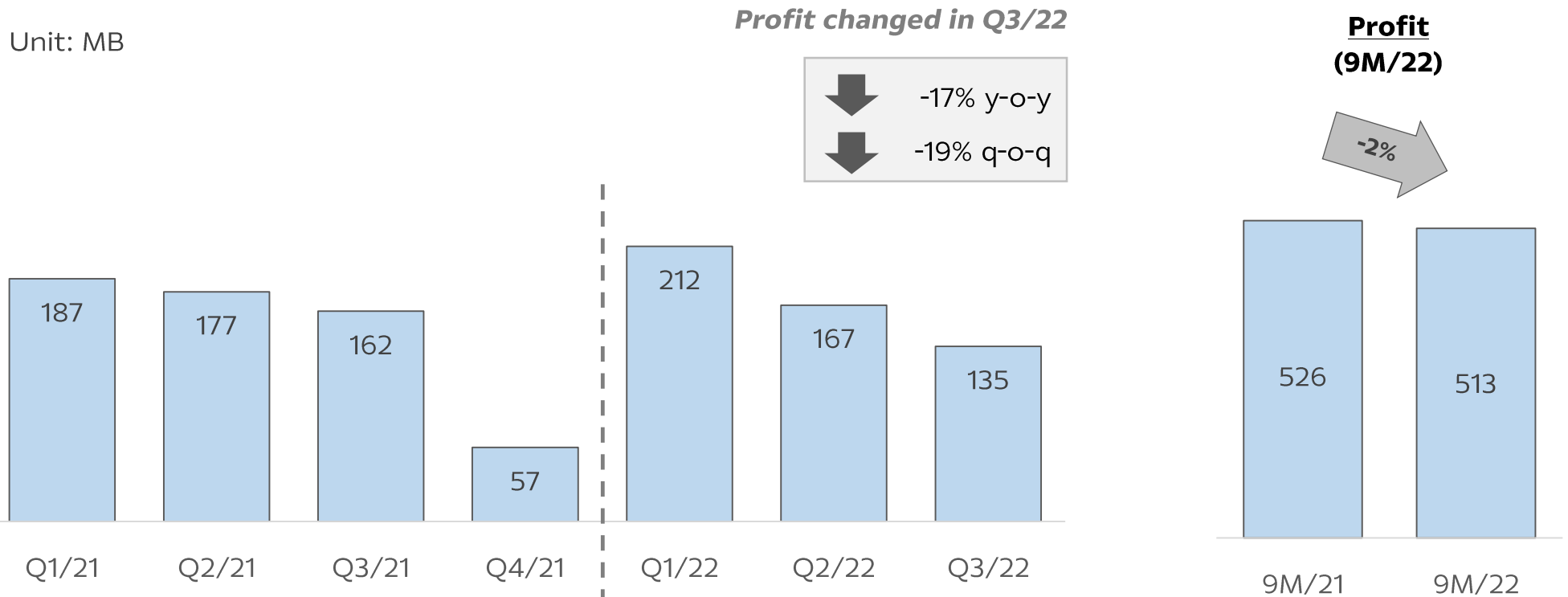
Key Non-Recurring

Q1/21	-	Q2/21	(6)	Q3/21	64	Q4/21	(4)	Q1/22	(2)	Q2/22	(1)	Q3/22	-
1) Profit from land selling	-	-	64	-	-	-	-	-	-	-	-	-	-
2) MSP (Loss)	-	(6)	-	(4)	(2)	(1)	-	-	-	-	-	-	-
3) Consultant Fee (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-

9M/21	(6)	9M/22	(3)
9M/21	64	9M/22	-
9M/21	(6)	9M/22	(3)
9M/21	-	9M/22	-

Q3/22 Profit for the Period

Earning decreased -17% y-o-y and -19% q-o-q and there was profit from land selling in Nong Khae industrial estate amounted 51 MB in Q3/21. Excluding this item, Profit in Q3/22 increased +22% y-o-y.



Profit for the Period (without Key non-recurring)

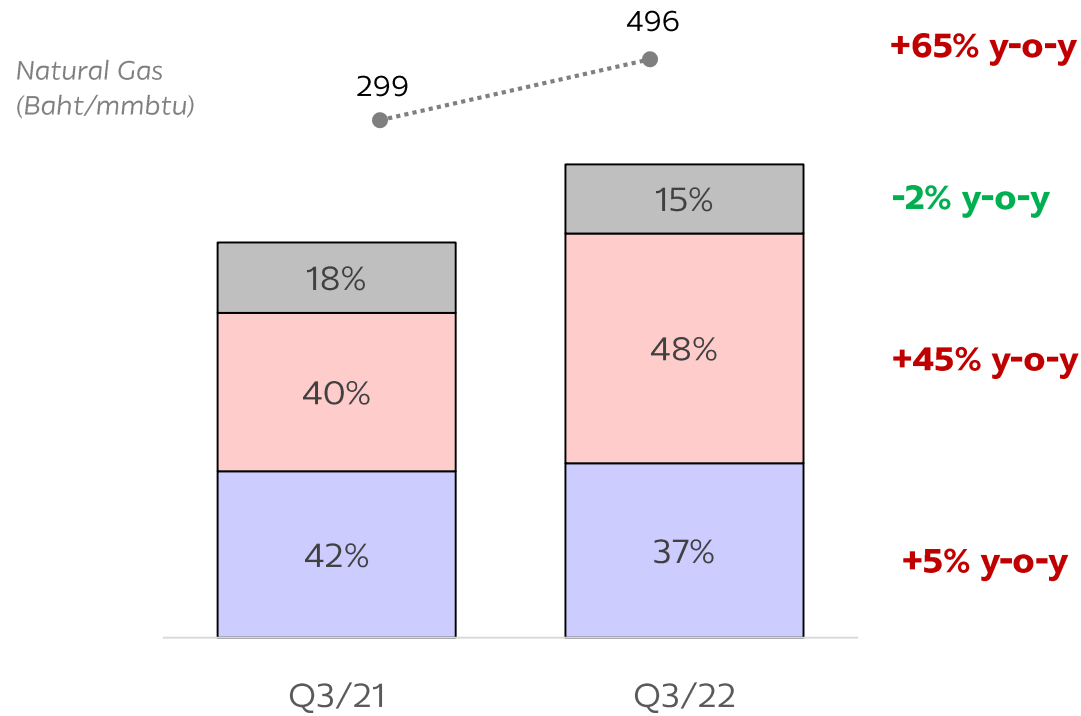
	187	181	111	60	213	168	135
Key Non-Recurring	-	(4)	51	(3)	(1)	(1)	-
1) Profit from land selling	-	-	51	-	-	-	-
2) MSP (Loss)	-	(4)	-	(3)	(1)	(1)	-
3) Consultant Fee (Loss)	-	-	-	-	-	-	-

	479	516
	(4)	(2)
	51	-
	(4)	(2)
	-	-

Q3/22 Operating Variable Cost

Operating variable cost increased y-o-y, mainly from energy cost.

- **Assign Cost** - Mainly repair & maintenance cost and labor cost
- **Energy Cost** - Mainly natural gas cost
- **Raw Material Cost** - Mainly raw material cost

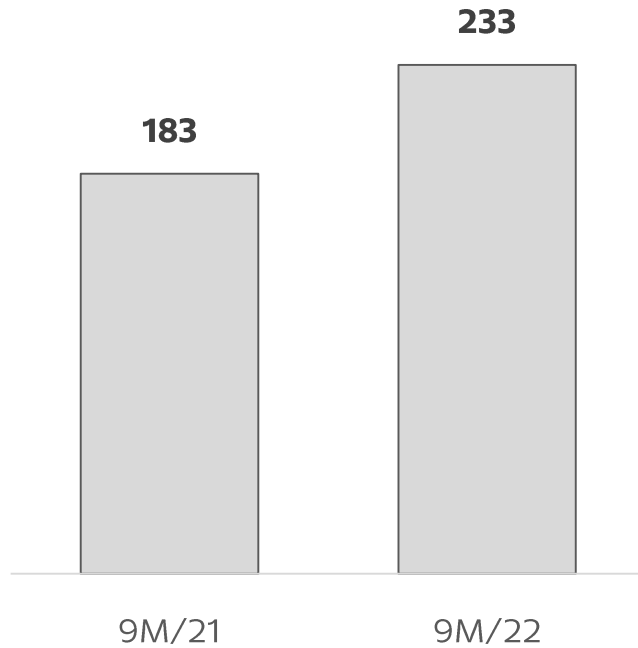


Remark: Only ceramics tiles

9M/22 CAPEX and Interest & Financial Costs

CAPEX

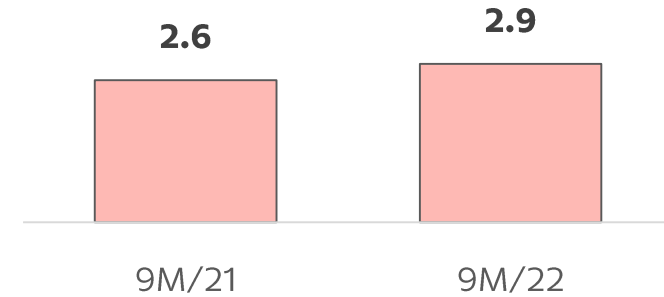
Unit: MB



- Amounted to 233 MB for 9M/22, mainly upgrade machine, maintenance, cost and energy saving project, retail outlet expansion and channel expansion.
- For CAPEX in FY2022 approx. 350 MB

Interest and Financial Costs

Unit: MB



- Amounted to 2.9 MB for 9M/22, mainly from TFRS 16 adoption

9M/22 Net Debt, EBITDA on Assets and EBITDA Margin

Net Debt

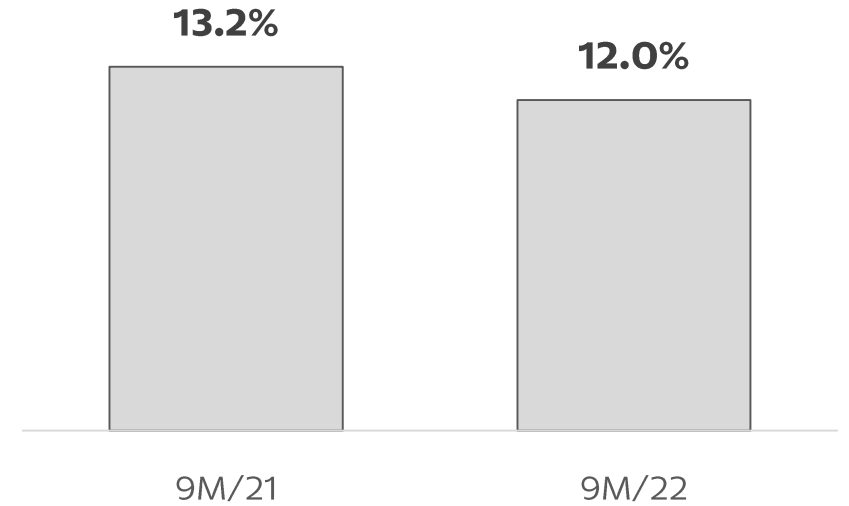
Unit: MB

	0	0
	9M/21	9M/22

Net debt on EBITDA

-	-
----------	----------

EBITDA on Assets



EBITDA margin

13.5%	11.1%
--------------	--------------

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

Agenda

I. Q3/22 and 9M/22 Market Situation

II. Q3/22 and 9M/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

Accretive Value Creation

Q3/22 HVA portion

30%-35%

Continuously improve HVA product to enhance profitability and serve market demand

A. Health & Hygiene



Hygienic tile

with anti-bacteria silver nano in glazing



Air-ion

with negative-ion in glazing



Anti-slip tile

with slip-resistance rating 11 or R11

Selling price
200-500 baht/sq.m.

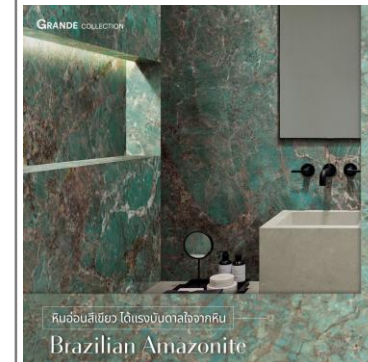
B. Mosaic Collection



Selling price
350-1,100 baht/sq.m.

C. Italia & Espana Collection

Italia Collection



España Collection



Selling price
1,500-4,200 baht/sq.m.

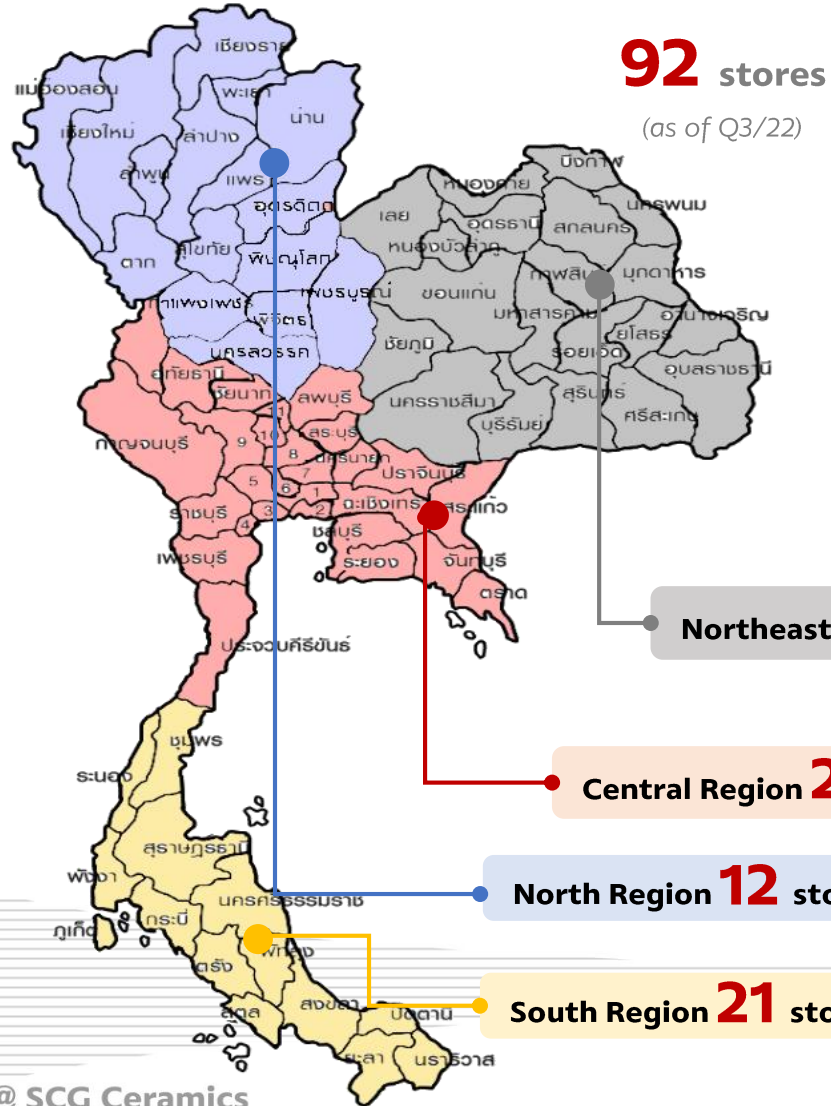
Accretive Value Creation

Own ceramic outlet expansion



คลังเซรามิก แพนาลี

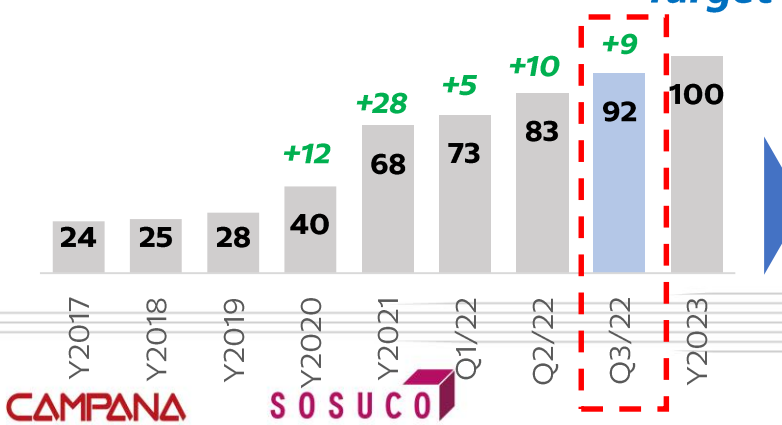
A collaboration between "SCG Ceramics" & "Partners"



- ✓ LIGHT INVESTMENT for both parties:
- ✓ Utilize both parties' STRENGTHS:
- ✓ Solve each parties' PAIN POINTS:
- ✓ Lock-in with "NON-COMPETITION"



Number of Store



For the period Q3/22, Sales revenue increased **17%** y-o-y

Accretive Value Creation



ONE-Stop Service Solution: Demand in M-H segment continuously increased

At **COTTO Life**, we provide an integrated shopping experience of ceramic tiles, sanitary ware & fitting from product selection, 3D design to installation *all needs, all functions, all styles, all at once*



Number of Store:

- Y2019 ▪ Bangkok
- Y2020 ▪ Chiang Mai
▪ Khon Kaen

Sales Revenue Trend:



Q1/21 Q2/21 Q3/21 Q4/21 Q1/22 Q2/22 Q3/22

Same store sales growth

Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22
23%	12%	-24%	-6%	18%	4%	60%



Nakaran Wanakijpaibul (Ken)
CEO & Editor-in-Chief The Standard



Prateep Kanisthachart
- Former Head sommelier

Accretive Value Creation

'New-growth' business (Décor Surfaces and Services)

LT
by COTTO

Smart Flexible Tiles "LT by COTTO"

Limber Technology Flooring



Standard



Premium



Soft Floor+
Collection

Soft Floor+



Deco wall
Collection

Deco Wall

LT
by COTTO

แผ่นปูพื้นเพื่อคุณและครอบครัว

จาก หมู่บ้านนิภาวัน บินเกล้า-ทวายเขต



ขอบคุณรูปภาพจาก แอนด โจนส์ เอ๊าส์

LT
by COTTO



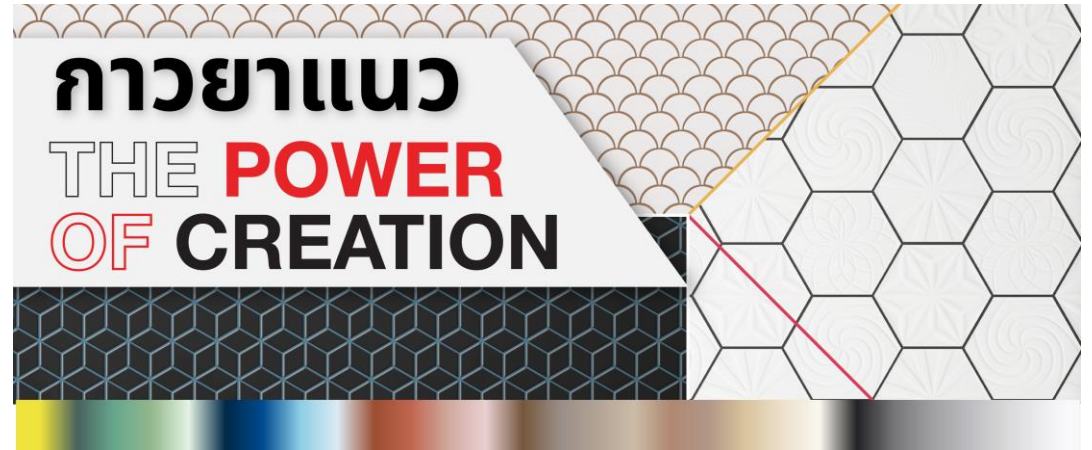
ขอขอบคุณ โรงเรียนนานาชาติแตรเวอริวิทยาลัย
โรงเรียนหญิงล้วนแถวหน้าของประเทศไทย
ที่ไว้วางใจเลือกใช้ LT by COTTO



COTTO
TILE
GROUT

Tile Adhesive & Tile Grout

- Enhance the distinct beauty of your tile with 29 shades of COTTO tile grout



COTTO
ผลิตภัณฑ์ติดตั้ง
และซ่อมแซม
คอตโต้

#คุณภาพที่มืออาชีพเลือกใช้



Contrast

Harmony

ANA

ครบเครื่องเรื่องพื้นผิว ตอบโจทย์ทุกงานติดตั้ง
การันตีด้วยคุณภาพที่มีอาชีพเลือกใช้

Accretive Value Creation

'New-growth' business (Décor Surfaces and Services)



Installation business "C'TIS"
(Certified Tile Installation Service)

- Installation service for both **New-Built and Renovation project** by professional team

✓ บริการรับติดตั้งกระเบื้องเซรามิกและไวเนิล



Sanitary Ware & Fittings "SOSUCO"

- Sanitary ware for Mass segment under **Modern Relaxing concept**



Accretive Value Creation

'New-growth' business, Solar business (SUSUNN Smart Solution Co., Ltd)



SUSUNN SMART SOLUTIONS

SUSUNN ดำเนินธุรกิจให้บริการด้านจัดการพลังงาน การปรับปรุงการใช้พลังงานให้เกิดประสิทธิภาพสูงสุด แบบครบวงจร ในภาคอุตสาหกรรม

SUSUNN
by SCG CERAMICS

Project update (Q3/22) :



1 Solar Solutions



2 Solar Monitoring System



3 Operation & Maintenance



4 Solar Carport Solution and EV charger



Accretive Value Creation

Solar business (SUSUNN Smart Solution Co., Ltd)

14-16 September 2022 @QSNCC, Bangkok, Thailand



20-22 September 2022 @BITEC, Bangkok, Thailand



Sustainability

Go Green – SCG Green choice product

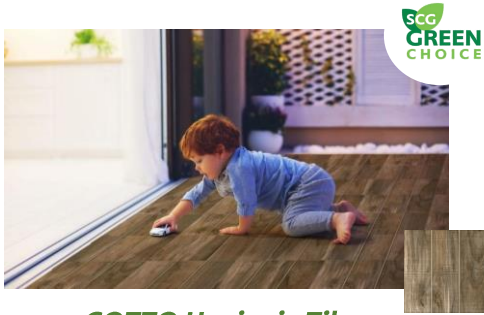


Aim to achieve **80%** of revenue from sales of SCG Green Choice products in 2025



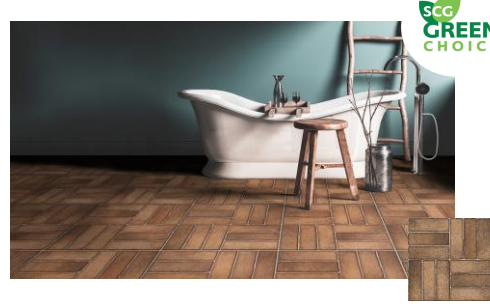
Portion on sales Q3/22

75%



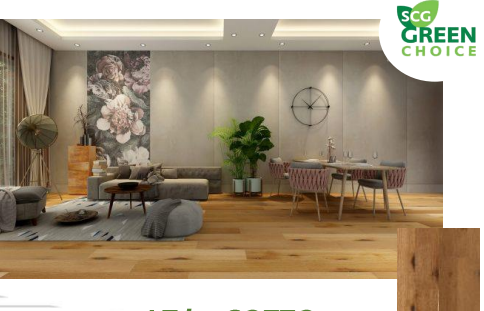
COTTO Hygienic Tile

Inhibit bacteria on ceramic surface by 90%



Floor Tile (FT), Wall Tile (WT)

Reduce water consumption at least 25% in production



LT by COTTO

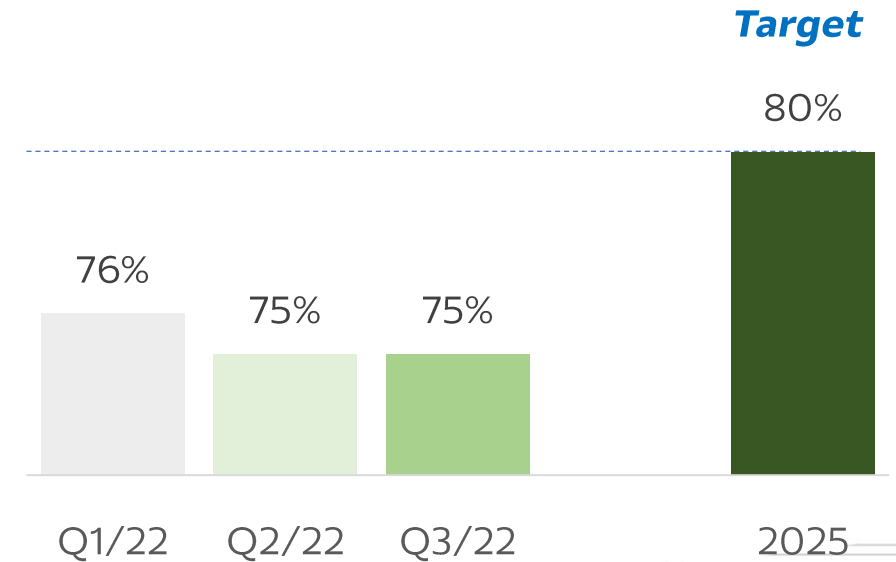
Releases Volatile Organic Compounds (VOCs) not more than 0.5 mg/m³. It does not contain toxins that are harmful to health



COTTO ECO Collection

Reduce water consumption at least 25% in production
Reduce CO₂ emissions from transportation by 75%

Q3/22 Revenue from sales of SCG Green choice product **remained stable at 75%**



Agenda

I. Q3/22 and 9M/22 Market Situation

II. Q3/22 and 9M/22 Key Financials

III. Strategy Update & Sustainability

IV. Market Outlook

Company update in Q3/22 :

Getting 6 awards and recognitions



Brand Number #1 in Thailand 2021-2022 (Ceramic Tile), Marketeer



“Rising Star Sustainability Awards” from SET Awards in 2022 (Sustainability Excellence)



A member of Thailand Sustainability Investment (THSI) for the year 2022



Honor Award for being an Eco Factory



Certified with the top-tier Eco-World Class status by the Industrial Estate Authority of Thailand (IEAT)



The Prime Minister's Export Award 2022 with "Best of the Best"

Market Outlook :

- Thailand ceramic demand in Q4/22 is expected to slow down due to rising inflation could lower consumers' purchasing power. However, some provinces might be improved from domestic tourism.
- Energy price is expected to increase in Q4/22.

Thank you

For any information please contact
Email : Cotto_ir@scg.com
Tel : 02-5865474