

ดักจับฝุ่น PM2.5 ได้ถึง 89 %

พร้อมเพิ่มมวลอากาศสดชื่น ตลอด 24 ชั่วโมง โดยไม่ต้องใช้ไฟฟ้า

AIR ION

กระเบื้องฟอกอากาศ

# SCG Ceramics “COTTO”

**Thailand Focus 2021**

August 27, 2021



# Agenda

**I. H1/21 Market Highlight**

**II. H1/21 Financial Result**

**III. Company Update & Strategic Directions**

**IV. Sustainability**

# H1/21 Market Highlight

- During H1/21, Thailand ceramic tiles demand was still positive, additionally from an upcountry sales volume which has been stronger from agricultural prices.
- In H1/21, sales volume increased all channels especially the Modern Trades. Comparing to Q2/20, the Modern Trades was closed due to Lock Down situation.
- Amid the 3rd wave of the Covid-19 pandemic in the Metropolitan area, construction sites were closed in June-July, resulting in the delay of projects.
- However, energy price increased more than last year, the continuous energy saving project helped to mitigate the impact.
- With the new normal life, launching new product series in H1/21 - **Air Ion Tile** - with negative-ion in glazing, continues to serve customers in the Health & Hygiene trend.

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**I. H1/21 Market Highlight**

**II. H1/21 Financial Result**

**III. Company Update & Strategic Directions**

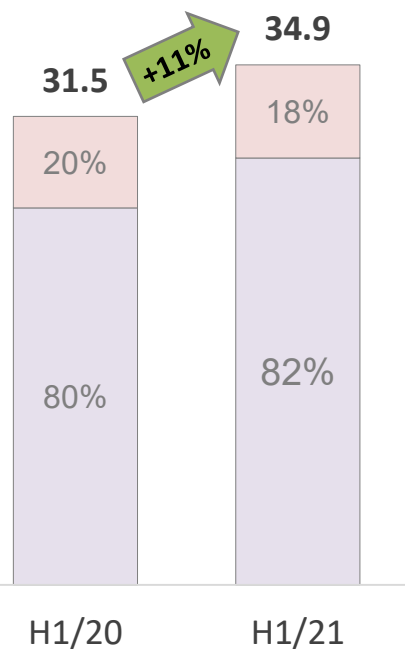
**IV. Sustainability**

# H1/21 Sales volume increased from all channels especially the Modern Trades and positive demand in upcountry

Sales Volume & Price

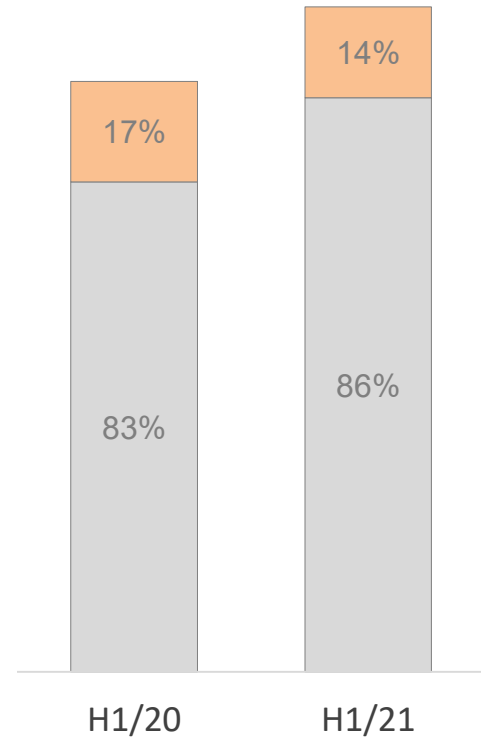
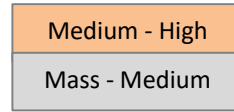


Sales Volume (M.Sq.m.)

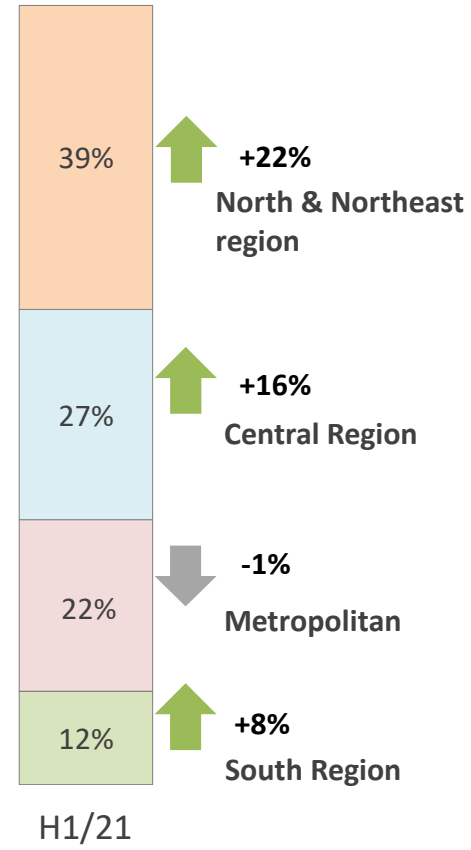


Average Price Baht/Sq.m.  
**H1/20: 156**  
**H1/21: 153**

Sales Volume by segment



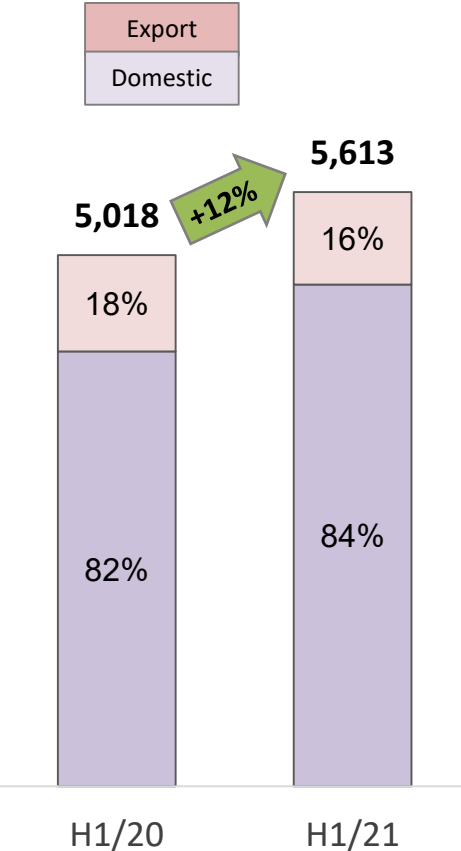
Sales portion by region



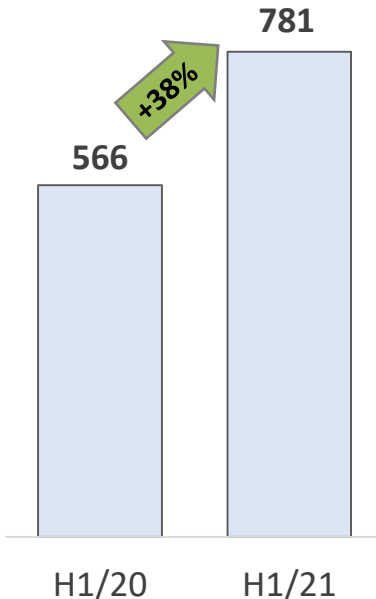
Remark: Only ceramics tiles

# Revenue, EBITDA, and Net Profit all increased in H1/21, driven by rising upcountry market demand

Revenue from Sales

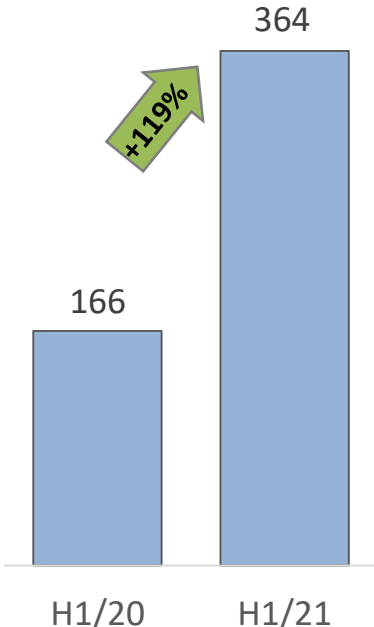


EBITDA



**EBITDA Margin**      11.3%      13.9%

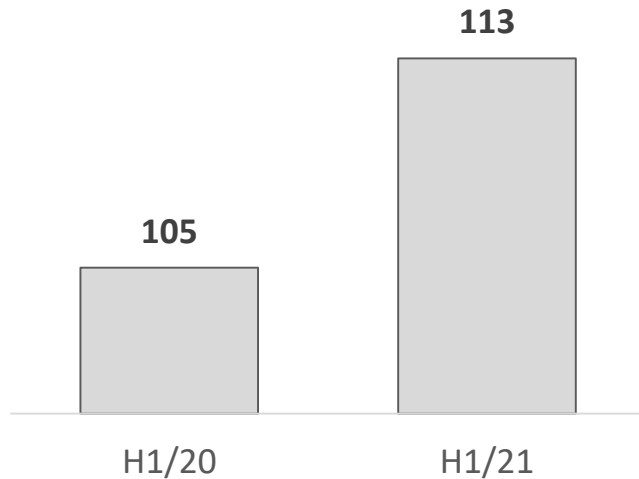
Net Profit



# H1/21 CAPEX and Interest & Financial Costs

## CAPEX

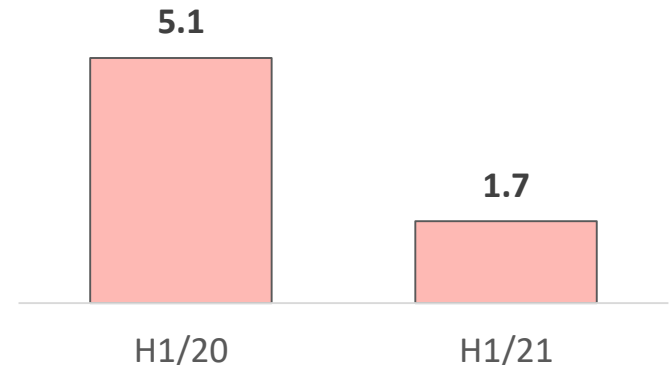
Unit: MB



- Amounted to 113 MB for H1/21, mainly upgrade machine, maintenance, cost and energy saving project, retail outlet expansion and channel expansion.
- For CAPEX in FY2021 approx. 300-400 MB. (Depending on COVID-19 situation on H2/21)

## Interest and Financial Costs

Unit: MB



- Amounted to 1.7 MB for H1/21, mainly from TFRS 16 adoption

# H1/21 Net Debt and EBITDA on Assets

## Net Debt

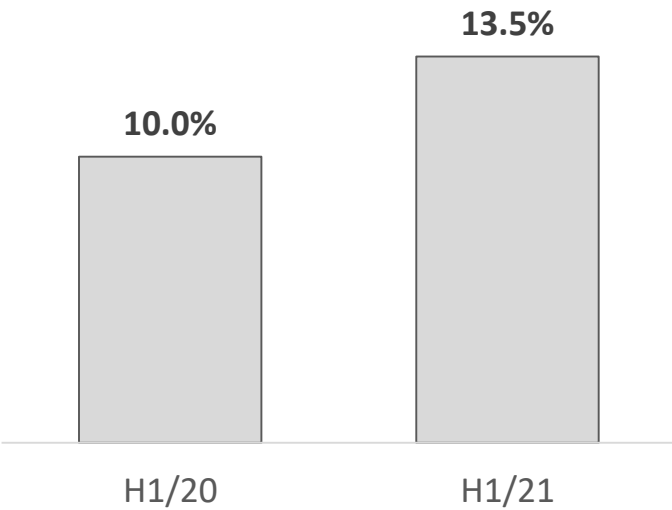
Unit: MB



**Net debt on EBITDA**



## EBITDA on Assets



**EBITDA margin**



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



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# Company Overview

To strengthen our competitive advantages in Thailand market

## Amalgamation Structure

*Since August 2018*

### Amalgamation Entities

TCC

TGCI

GMG

SGI

SSG

**SCG Ceramics PLC**

SSC



**SCG Ceramics PLC**

**Ceramic Tile Flagship Company**

**COTTO**

**CAMPANA**

**SOSUCO**

# Strategic Directions



## A. Optimization Value of core business

- Production Allocation
- Cost Reduction
- Production Improvement



**Hygienic Tile**  
Silver Nano inhibits the bacterial growth throughout the lifetime use of products

**#CLEAN SPACE**

อยู่บ้าน หยุดเชื้อ ไม่หยุดอาชีพ  
กระเบื้องยับยั้ง การเจริญเติบโต  
ของเชื้อแบคทีเรีย



## B. Accretive Value Creation

- HVA Product
- Own ceramic outlet expansion
- ONE-Stop Service Solution
- Solar Business



## C. Reinforce Export segment

- Develop Key existing distribution channels

# A. Optimization value of core business: *Production Allocation*

*Transform 'Brand-based' factory to 'Cost-based' factory*

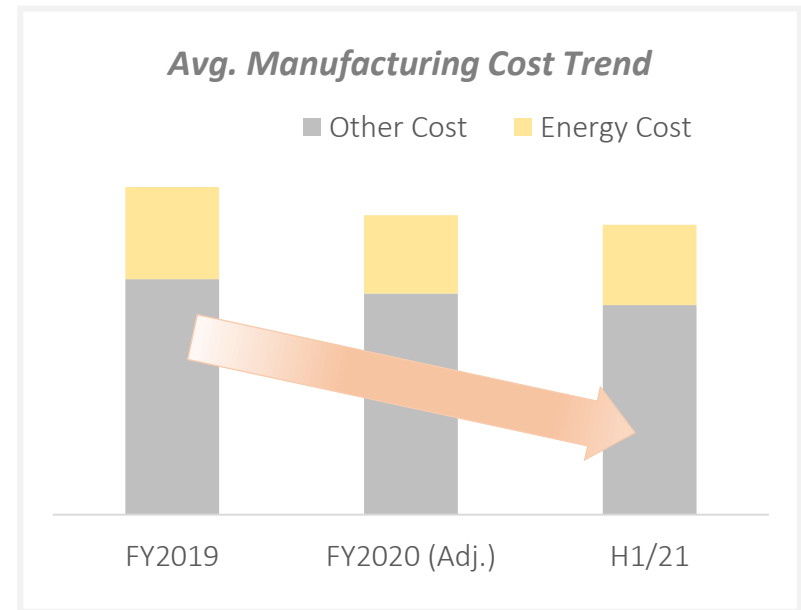
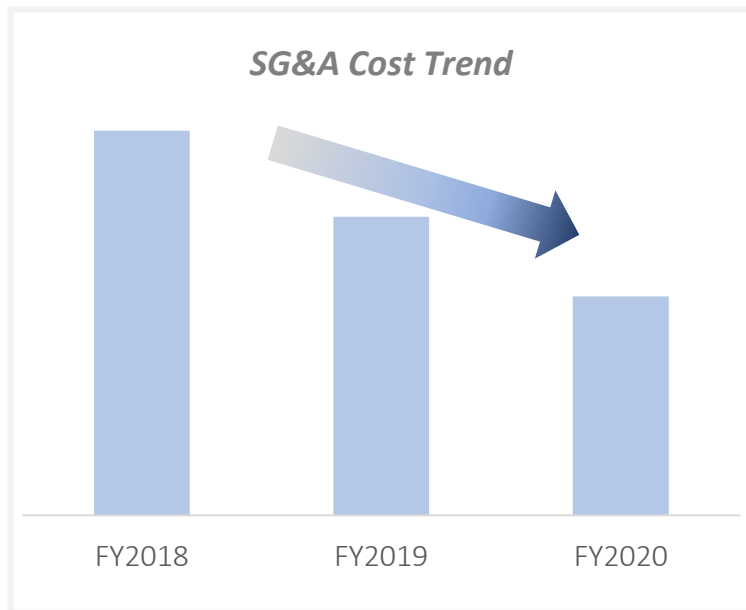
Production Allocation after Amalgamation		
Factory	Pre-merge	Post- merge
HinKong, Saraburi	COTTO	COTTO
NongKhae Industrial Estate, Saraburi	CAMPANA	COTTO CAMPANA SOSUCO
NongKhae, Saraburi	SOSUCO	COTTO CAMPANA SOSUCO

- ✓ Resulting 10%-15% cost saving on production allocation and saving 2%-3% overall
- ✓ As Rationalization of Production, overall capacity change from 94M.Sq.m. to 81M.Sq.m.

## A. Optimization value of core business: *Cost Reduction*

### *Through organization restructuring and product portfolio management*

- Integrate business functions to promote greater efficiency and corporate profitability
- Deduct unnecessary SG&A cost, i.e. optimized product portfolio , which FY2020 decreased -12% (FY2019) and -23% (FY2018)
- H1/21 Avg. manufacturing cost decreased -3% from FY2020 and -5% from FY2020 without energy cost



*FY2020 (Adj.) = excluded abnormal period*

# A. Optimization value of core business: *Production Improvement*

*Utilize knowledge sharing to leverage production technology for reducing energy cost and enhancing capability of producing sophisticated products*

## After the amalgamation until now

## Next move

Cost Saving

### Energy Saving



Dry Grinding for Red Body (since 2014)



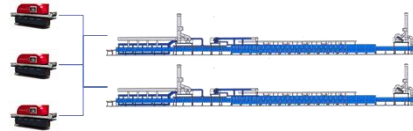
Solar Roof Top (since 2014)  
Heat Recovery (2021)



### Automation

Pallet strapping machine (since 2020) & Automated Shade/Defect Detector

### Efficiency Improvement



Debottleneck Production Process (since 2020)  
Improving Digital Printer (2021)

### Energy Saving



Dry Grinding for GP Product



Continue Solar Roof Top



### Automation

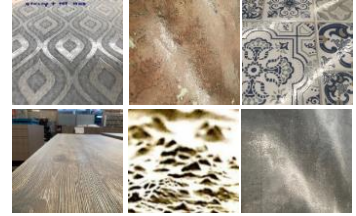
Net chain transport for Mosaic (2021)

Enhancing Capability

### Technology for Health & Hygiene Product Value



### Differentiation by Innovation & HVA products



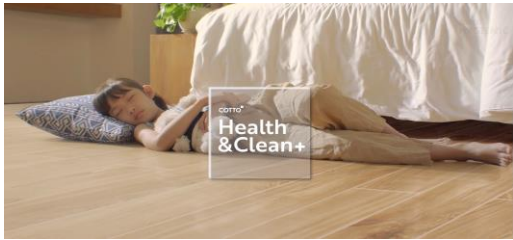
Product value enhancement with effect and function

# B. Accretive Value Creation: Innovation & HVA products

H1/21 HVA portion

30%-35%

## A. Health & Hygiene



### Hygienic tile

with anti-bacteria silver nano in glazing



### Air-ion

with negative-ion in glazing

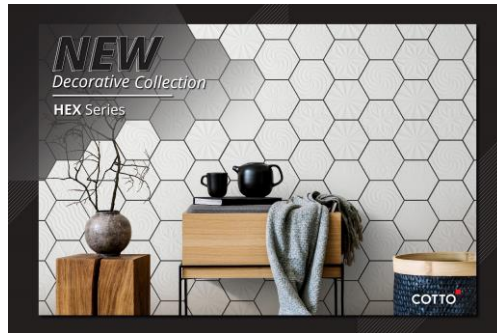


### Anti-slip tile

with slip-resistance rating 11 or R11

Selling price  
200-500 baht/sq.m.

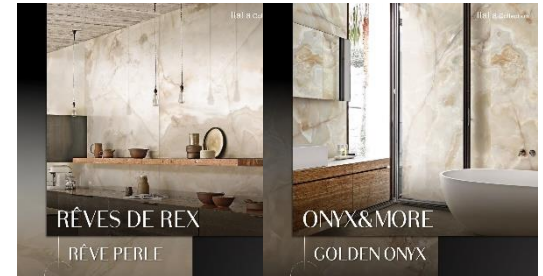
## B. Mosaic Collection



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

## C. Italia & Espana Collection

### Italia Collection



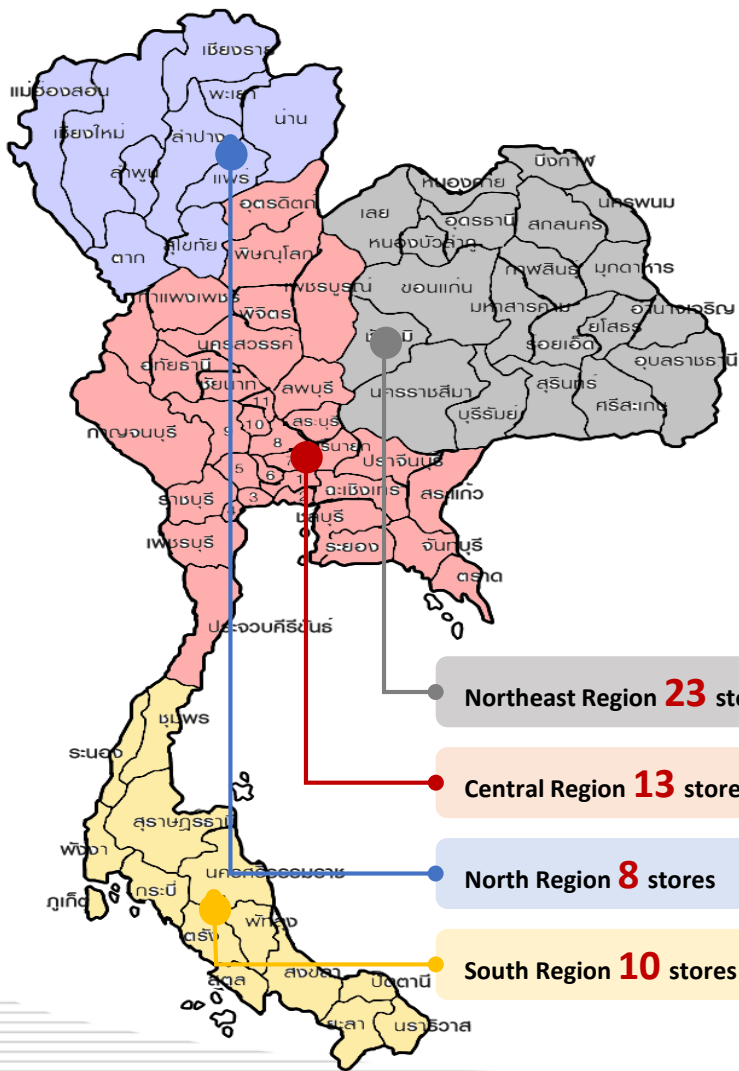
### Espana Collection

TILE TO FILL YOUR HOME  
WITH NATURAL SCENTS



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

## B. Accretive Value Creation: Own ceramic outlet expansion

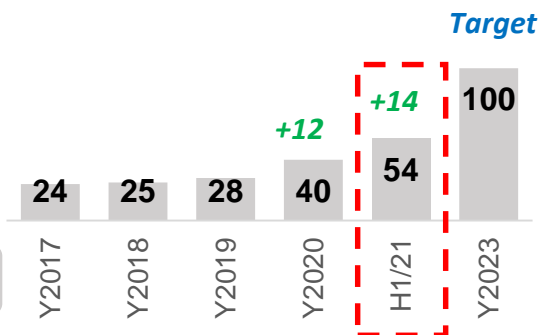


### ค ล ึ่ง เซ รา ม ิ ค แฟ ม ี ล ี (Ceramic Family Outlet)

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



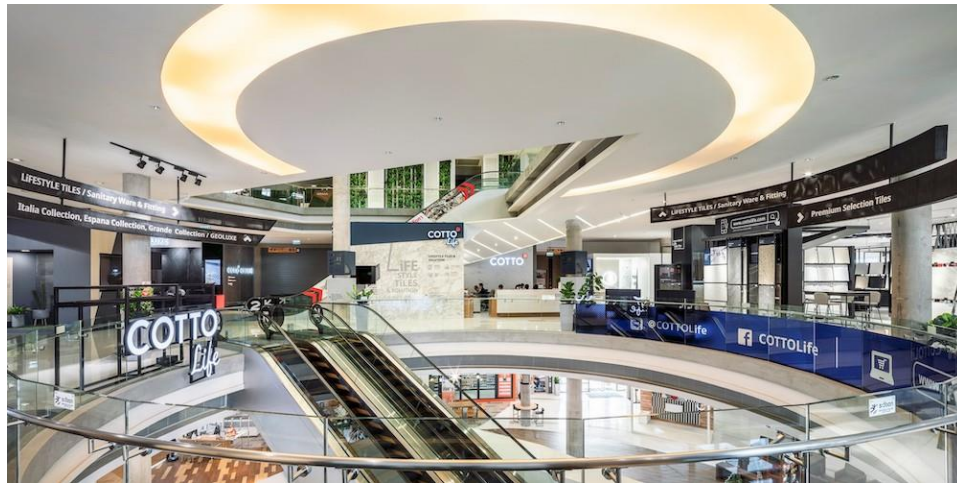
For the period H1/21,  
Sales revenue increased  
**28%** y-o-y





## B. Accretive Value Creation: *ONE-Stop Service Solution*

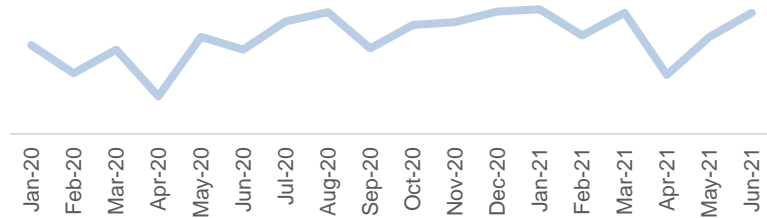
At **COTTO Life**, we provide an integrated shopping experience of ceramic tiles, sanitary ware & fitting from product selection, 3D design to installation *all needs, all functions, all styles, all at once*



### Number of Store:



### Sales Revenue Trend:



### Same store sales growth

Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21
179%	123%	49%	16%	23%	<b>12%</b>



[www.cottolife.com](http://www.cottolife.com)

### ONE stop solution



## B. Accretive Value Creation: **ONE-Stop Service Solution**

**Smart Flexible Tiles “LT by COTTO” >> “New-growth” business with high potential market growth**

- **Design Technology** - Feel the surface
- **Smart Installation** - Rapid installation within 1 day
- **World Class Quality** - Premium healthy grade and eco friendly raw material



### Project Reference:

#### LAND & HOUSES



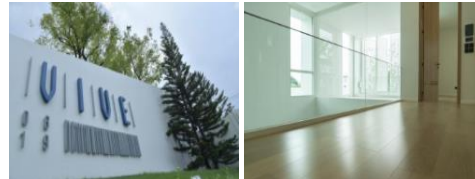
นันทวัน พระราม 9 – ศรีนครินทร์



มันทนา บางนา-วงแหวน



ANYA บางนา – งามคำแหง 2



VIVE เอกมัย-รามอินทรา



#### PRUKSA



PATIO กัลปพฤกษ์ - สาทร



PATIO งามวงศ์วาน - ประชาชื่น

#### PROPERTY PERFECT



เลค ฟอเรสต์ ถนนราชพฤกษ์ตัดใหม่



#### มันคง



ชวนชื่น พาร์ค ปิ่นเกล้า-กาญจนา



ETON รามอินทรา

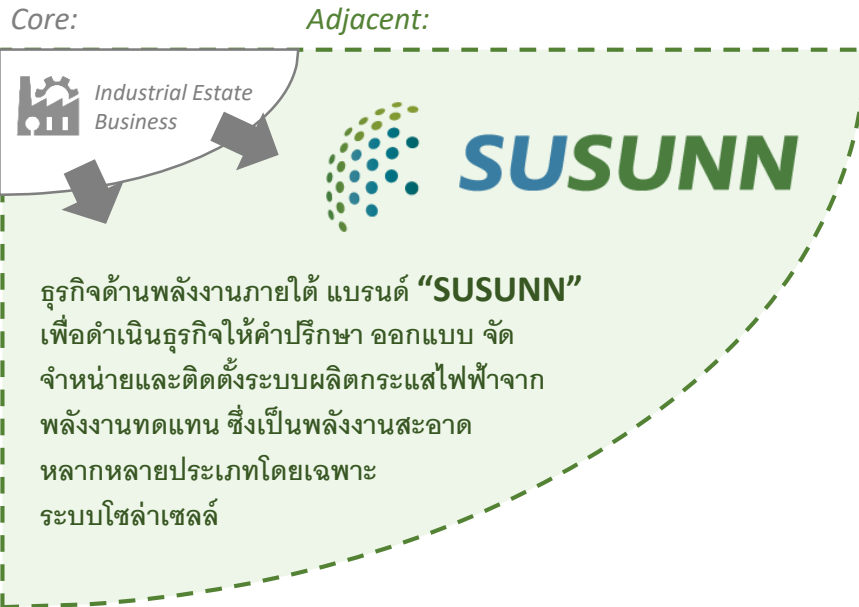


โทร 152788 โทรสาร 051  
158297 รัตนาธิเบศร์

“รายการตกแต่ง-รีโนเวทบ้าน @ Social Media”  
กลุ่มเป้าหมาย | เจ้าของบ้าน 80% ช่าง-ผู้รับเหมา 20%



## B. Accretive Value Creation: *Solar business*



### Our Services:

#### 1) Engineering Procurement Construction

- Consultation
- Site survey
- License and permits
- System installation and testing



Solar rooftop



Solar floating



#### Thailand Energy Awards

- 2010 : Excellent Award Designed Factory
- 2014 : Excellent Award Executive of Designed Factory
- 2015 : Excellent Award Energy Management for Designed factory
- 2019 : Excellent Award Off-Grid Alternative Energy Project
- 2020 : Excellent Award Creative Energy (General Group)



#### ASEAN Energy Awards

- 2010 : Excellent Award Energy Management in Industry
- 2012 : Excellent Award Energy Management in Industry
- 2014 : Winner Energy Management (Special Submission)
- 2019 : 2<sup>nd</sup> runner-up Renewable Energy Project (Off-Grid)

#### 2) Operation and Maintenance

- Real-time monitoring system
- Maintenance
- Application



Solar monitoring



Solar O&M

# B. Accretive Value Creation: Solar business

## Development and Achievements (with Strategic Partnerships)



**18 June 2021**  
**MOU with PTT**

- To collaborate on studying the feasibility of Solar energy generation system for industrial plants and buildings.



**8 July 2021**  
**MOU with TGO**

- To promote and support implementation of greenhouse gas reduction project (Carbon Credit platform by SUSUNN)



**10 July 2021**  
**MOU with OSP (Osotspa)**

- To study and provide Energy saving solutions e.g. Solar PV, Energy audit.  
- SUSUNN Platform (Electricity and Carbon Trading)

### Project Reference (H1/21) :



M.J. Bangkok Valve & Fitting Co., Ltd  
56 Kwp



Quality Construction Products  
Public Co., Ltd. (Q-Con)  
265.44 kWp

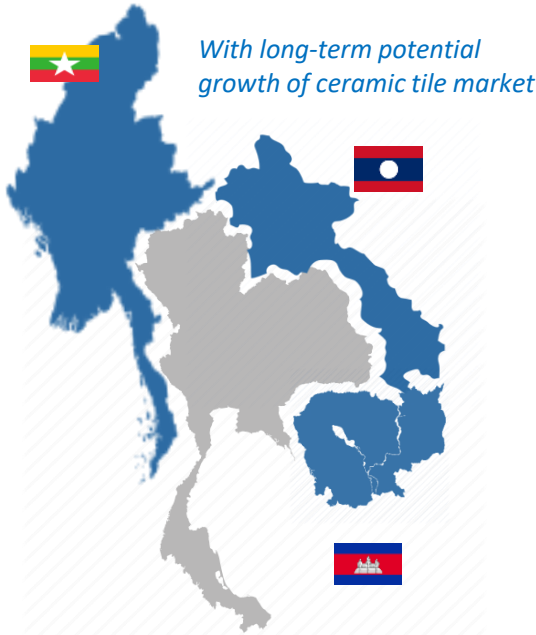


Multibax Public Company Limited  
265.44 kWp

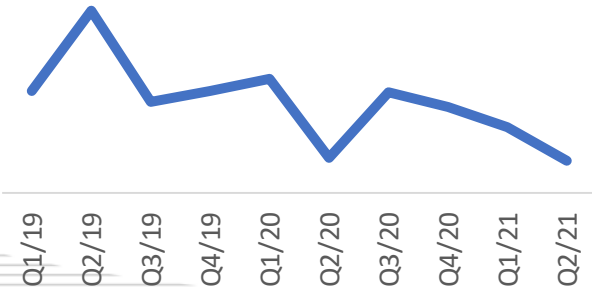


Southern Industrial Estate  
Songkhla Provincial (SEZ)  
42 Kwp

# C. Reinforce Export segment



SCG Ceramics Export Revenue Trend



## A. Develop key existing distribution channels

Traditional dealer & Wholesaler



Modern trade



Project sales



COTTO Showroom at Yangon

## B. Explore new biz opportunities

Logistics & supply chain improvement

Retail business study

Direct sourcing from other suppliers

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# Environmentally-Friendly Product

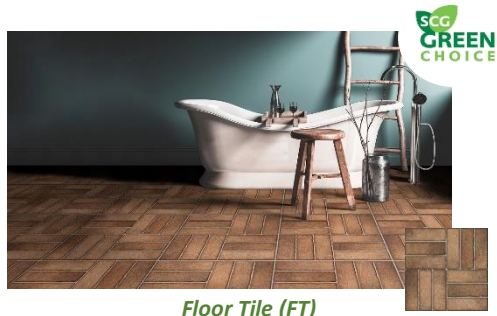
**Aim to achieve 80% of revenue from sales of SCG Green Choice products in 2025**

To help improve quality of life of the communities, SCG Green choice Label, established by SCG, is “environmentally friendly labels for products and services by setting the criteria for consideration in accordance with ISO14021”



**COTTO Hygienic Tile**

Inhibit bacteria on ceramic surface by 90%



**Floor Tile (FT)**

Reduce water consumption at least 25% in production



**Glazed Porcelain Tile**

Reduce water consumption at least 25% in production



**COTTO Mosaic**

Reduce water consumption at least 25% in production



**Wall Tile (WT)**

Reduce water consumption at least 25% in production



**COTTO Tile Grout Acid**

2X acid resistance



**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



**SUSUNN electricity produced by PV system**

Electricity produced by a PV system with capacity 1,387 kWh/kWp/year and reduce Greenhouse gas at least 960 TON CO2eq/kWp/year

# ESG: Building resilience for Sustainable Growth

## Environment

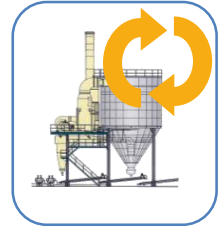


**1.25%**  
Kg CO<sub>2</sub>/Ton product  
**GHGs reduction emission**  
(FY2020)

- Reduce the impact of using NG (Fossil)
- Increase energy efficiency
- Increase the capacity of using renewable energy (Solar)



Solar Roof



Waste Heat Recovery



**15.21%**  
M<sup>3</sup>/Ton product  
**Water withdrawal reduction**  
(FY2020)

- Reduce risks from raw water sources issues
- Increase efficiency of water consumption in production processes
- Water reuse (Water Treatment)



Water Treatment & Water reuse

## Social

### Social contribution to Society

- Provide food and drinking water to people under quarantine in SARABURI.



## Governance

A Certified Company by Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) Since 2020.





# 2021 Outlook and Business Prospect

## Outlook :

- Amid the 3<sup>rd</sup> wave of the Covid-19 pandemic, the government allows the construction sites to resume within Bubble and Seal measure in August.
- Agricultural sector is still positive, as a result, the farm incomes are expected to improve. However, the pandemic situation needs to be closely monitored especially in the upcountry.
- Energy price are expected to increase from the Global demand recovery.
- Export demand decelerated from the 3<sup>rd</sup> wave of the COVID-19 pandemic especially in Cambodia and Laos, including uncontrollable factors in Myanmar.

## Business Prospect :

- Continuous efficiency improvement to sustain competitiveness.
- Strong collaboration with all sales channel to encourage sales volume.
- Accelerate own ceramic outlet expansion in strategic locations to increase more channels, responding to customer demand.
- Developing product with innovation and continuously accrete value by launching new product, service & solution to satisfy customer needs in term of Health & Hygiene.

# *Thank you*

For any information please contact  
Email : [Cotto\\_ir@scg.com](mailto:Cotto_ir@scg.com)