

November 8, 2018

Subject: Management's Discussion and Analysis (MD&A) of Q3/18 and 9M/18 ending September 30, 2018

To: The President of the stock exchange of Thailand

SCG Ceramics Public Company ("The Company") would like to provide information on the company's operating results for the period Q3/18 and 9M/18 ending September 30, 2018, as follows:

The Company reported Q3/18, Profit for the period of (-109) MB, dropped 147% y-o-y and EBITDA amounted to 45 MB, dropped 90% y-o-y, also affected by (1) Energy cost increased 21% y-o-y (2) Difference of profit from land selling in Nong Khae industrial estate (3) Non-recurring expense, where by 162 MB was from Mutual Separation Plan (MSP) and Consultant fee 11 MB (4) Declining of revenue from sales 18% y-o-y, amounted to 2,797 MB because ceramic tiles demand in Thailand was slow down due to private investment in construction, especially real estate segment. By their nature, main ceramics tiles market 78% of total market relies on domestic market

For the period of 9M/18, Profit for the period registered (-56) MB, dropped 113% y-o-y and EBITDA amounted to 502 MB, dropped 54%, also affected by (1) Increasing in energy cost (2) Difference of profit from land selling in Nong Khae industrial estate (3) Non-recurring expense, mostly from Q3/18 (4) Declining of revenue from sales 13%, amounted to 8,844 MB

For the period of 9M/18, Revenue from land selling 24 MB, dropped 89% y-o-y. However, revenue from public utility service in industrial estate amounted 92 MB, increased 9%

<b>Table1: Consolidated financial Summary</b>				
Unit: Million Baht	Q3	%change	Jan-Sep	%change
	2018	Y-o-Y	2018	Y-o-Y
Revenue from Sales	2,797	-18%	8,844	-13%
Profit for the Period	(109)	-147%	(56)	-113%
EBITDA	45	-90%	502	-54%
Earning per Share (Baht)	(0.02)	-0.02%	(0.01)	-0.02%

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

For the period of 9M/18, Finance costs amounted 21 MB, whereas FY2017 amounted 29 MB. Average interest rate at 1.7%, fixed rate and all in Thai baht.

**Table2: Debt Profile**

Unit: Million Baht	September 2018	December 2017
Short Term	1,030	844
Foreign	-	-
Baht	1,030	844
%of Total Loan	100%	100%
Total Loan	1,030	844
Cash and Cash Under Management	412	912
Cash and cash equivalents	412	912
Total Not Debt	618	(67)

**Financial Ratios**

	September 2018	December 2017
EBITDA on Assets (%)	8%	11%
Current Ratio (times)	2.1	2.5
Quick Ratio (times)	0.7	1.0
Interest Coverage (times)	7.0	46.7
Net Debt to EBITDA (times)	0.7	N/A
Net Debt to Equity (times)	0.1	N/A
Debt to Equity (times)	0.4	0.3
Return on Equity (%)	2%	7%

Note:	Net Debt	= Total debt (interest bearing), less cash and cash under management
	EBITDA	= Earnings and dividends, 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, 2018, Total Assets amounted 11,874 MB, whereas account receivables, inventory and spare parts & consumables decreased.

Total Liabilities amounted 3,041 MB, where current liabilities amounted 2,592 MB and non-current liabilities amounted 449 MB. However, the company had no long term loan with interest.

Total equity attributable to owners of the parent amounted 8,324 MB, which 94.3% of total shareholder's equity

<b>Table3: Statement of Financial Position</b>		
Unit: Million Baht	September	December
	2018	2017
<b>Total Assets</b>	<b>11,874</b>	<b>12,833</b>
Current Assets		
Cash, cash equivalent and short term investment	412	912
Trade and other receivables	1,453	1,575
Inventory	2,878	2,961
Land for selling	586	597
Property, plant and equipment	5,634	5,749
<b>Total Liabilities</b>	<b>3,041</b>	<b>2,881</b>
Trade and other payables	1,481	1,536
Loans	1,030	844
Total Shareholder's equity	8,832	9,953
Total equity attributable to owners of the parent	8,324	8,655
Total equity before amalgamation		760
Non-controlling interests	509	538

Sincerely yours,

(Surasak Kraiwitthaicharoen)

Managing Director