

# SCG Ceramics

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***“COTTO” Analyst Conference Q2/19***

*Tuesday, July 23, 2019*

COTTO 

CAMPANA

SOSUCO 

# Agenda

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

## **II. Financial Updates**

## **III. Outlook**

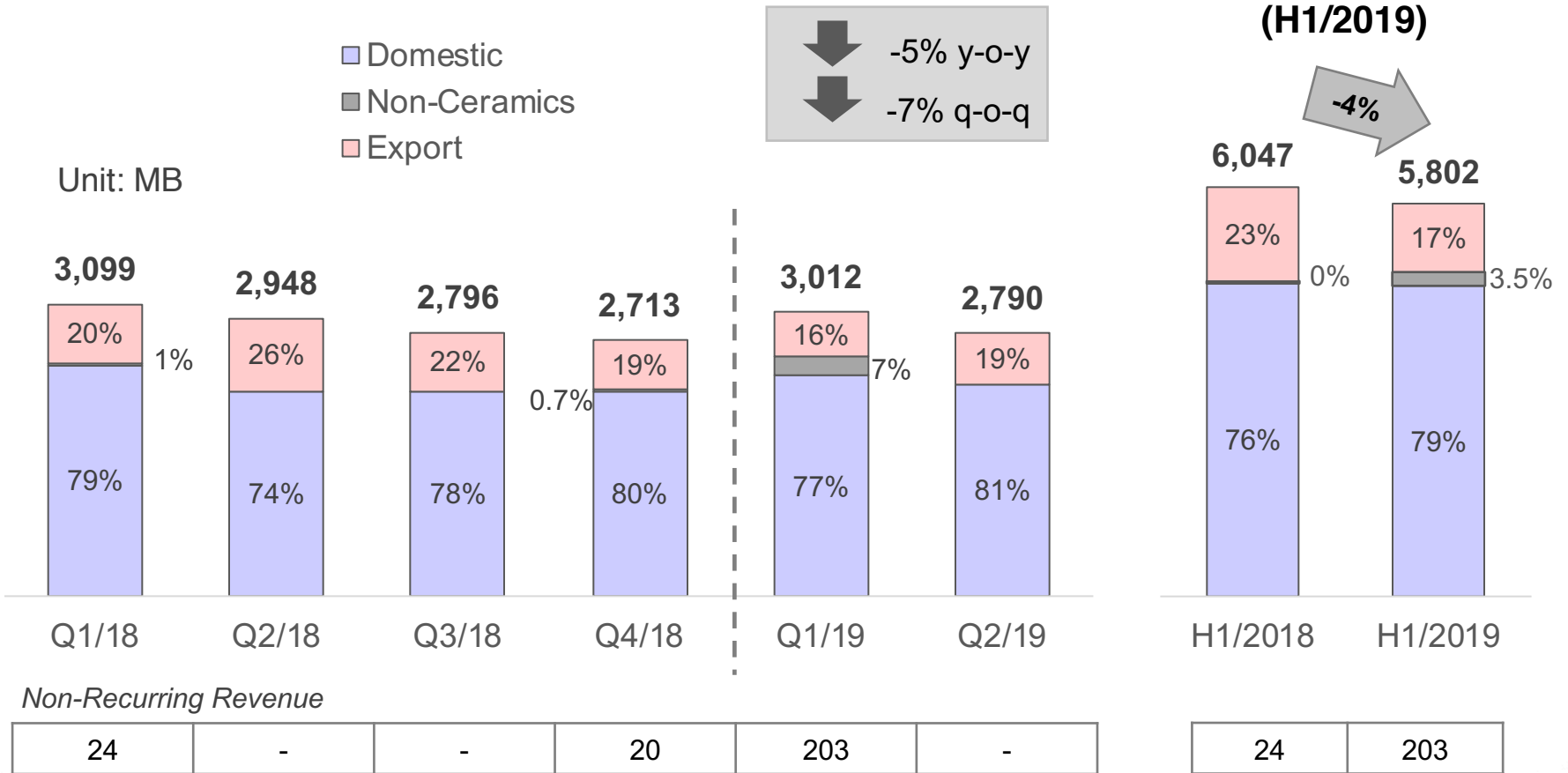
## **IV. Company Updates**

# Market Situation

- Q2/19 ceramic tiles demand in Thailand remained stable from last year due to LTV policy and political situation, while H1/19 slightly increased +1% y-o-y due to government investment projects
- For export situation, ceramic tiles demand in Cambodia and Myanmar was positive, while Laos was continuous slow down due to trade deficit and depreciation of Kip

# Revenue from Sales

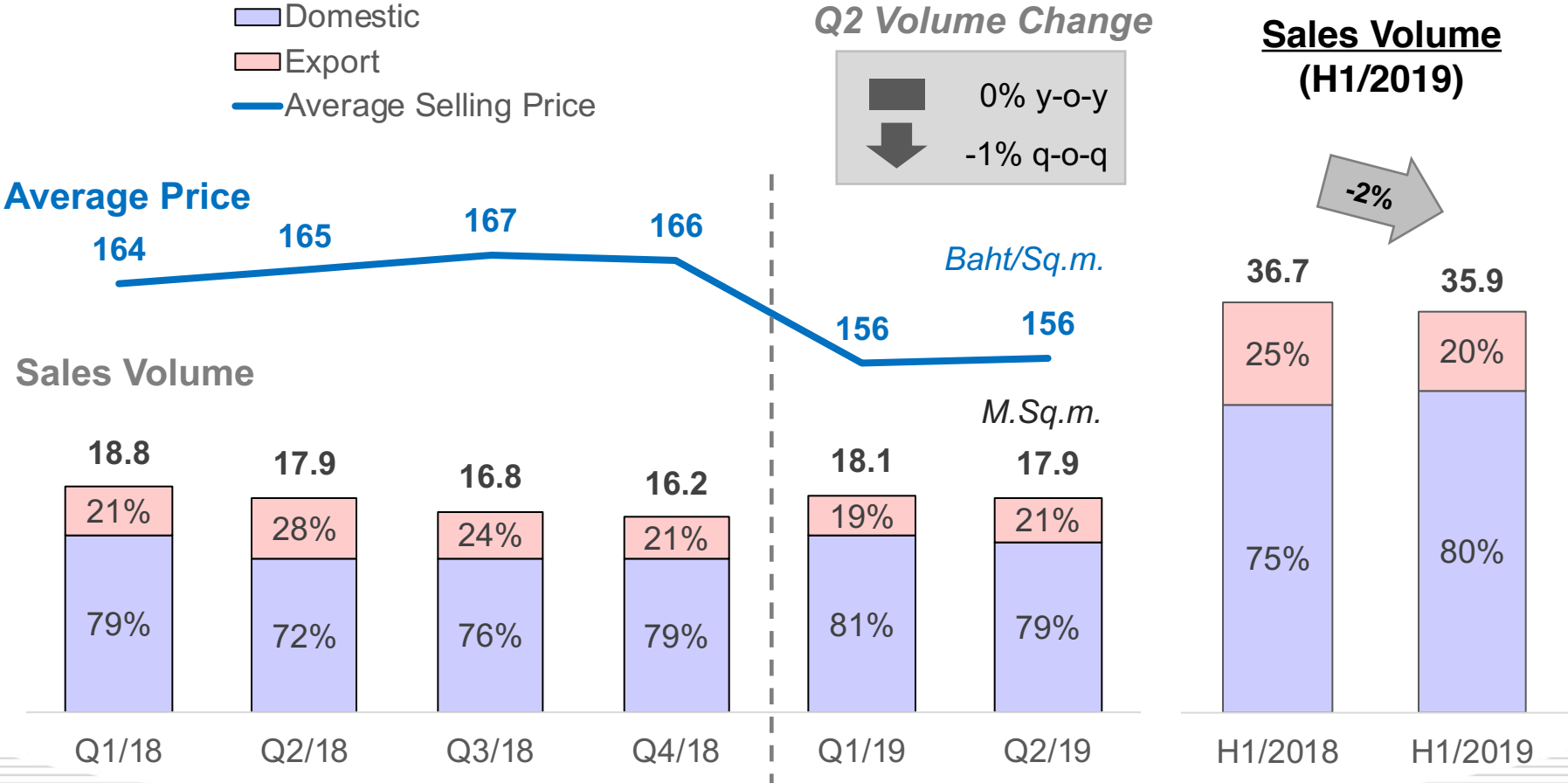
Total revenue Q2/19 decreased -5% y-o-y, -7% q-o-q while H1/19 dropped -4% y-o-y



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

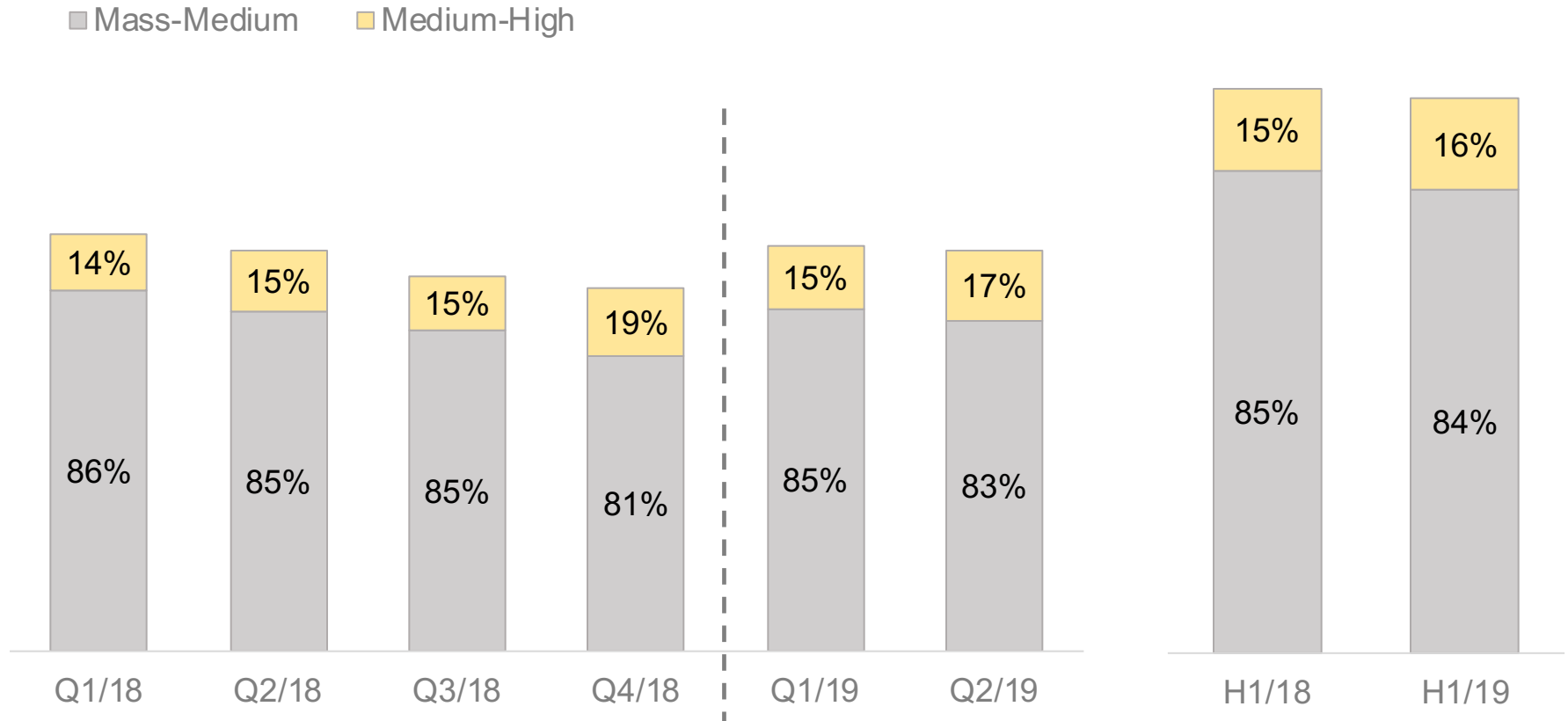
# Sales Volume and Average Price

Q2/19 SCG Ceramics' sales volume remained stable while the average price -5% y-o-y and remained stable from last quarter



Remark: Only ceramics tiles

# Sales 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

# Domestic Sales volume by region

## Sales Volume portion

		Q2/19 y-o-y	H1/19 y-o-y
30%	<b>North &amp; Northeast region</b>	↑ +22%	↑ +17%
10%	<b>Central Region</b>	↑ +22%	↑ +9%
50%	<b>Metropolitan</b>	↑ +7%	↑ +2%
10%	<b>South Region</b>	↑ +3%	↓ -3%

## Market Situation H1/19

Vertical residential was popular align with urban sprawl, while market was stable due to LTV policy.

Demand from residential segment continuous growth and Eastern Economic Corridor (EEC) urged demand.

Demand from residential and government segment continuous growth align with sky train & subway route, while high-rise dropped.

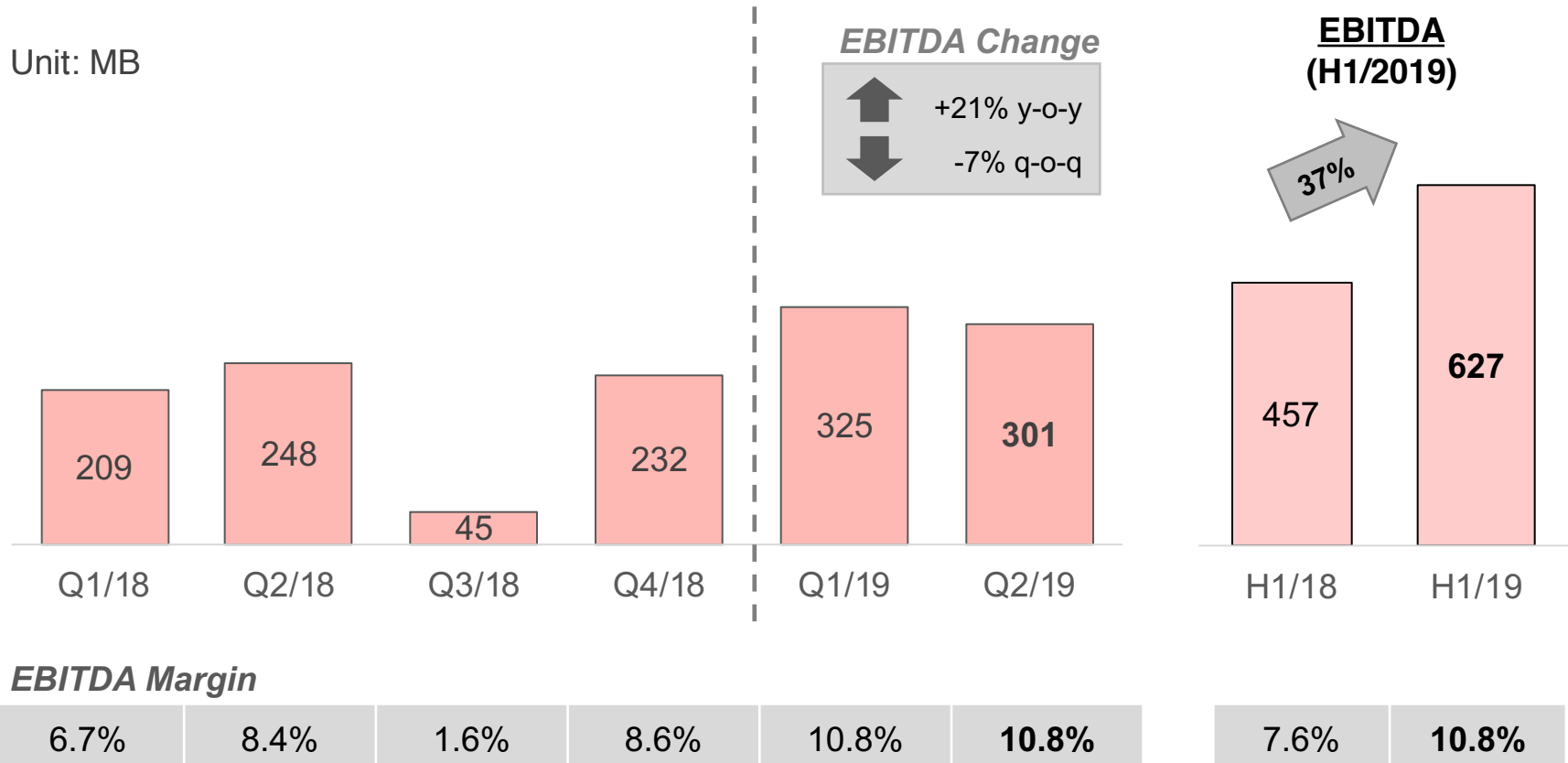
In general, demand decelerated due to low rate in rubber and palm price. While high rise project slightly increased in tourist area.

Remark: Only domestic ceramics tiles

# EBITDA

EBITDA Q2/19 increased 21% y-o-y and H1/19 increased 37%

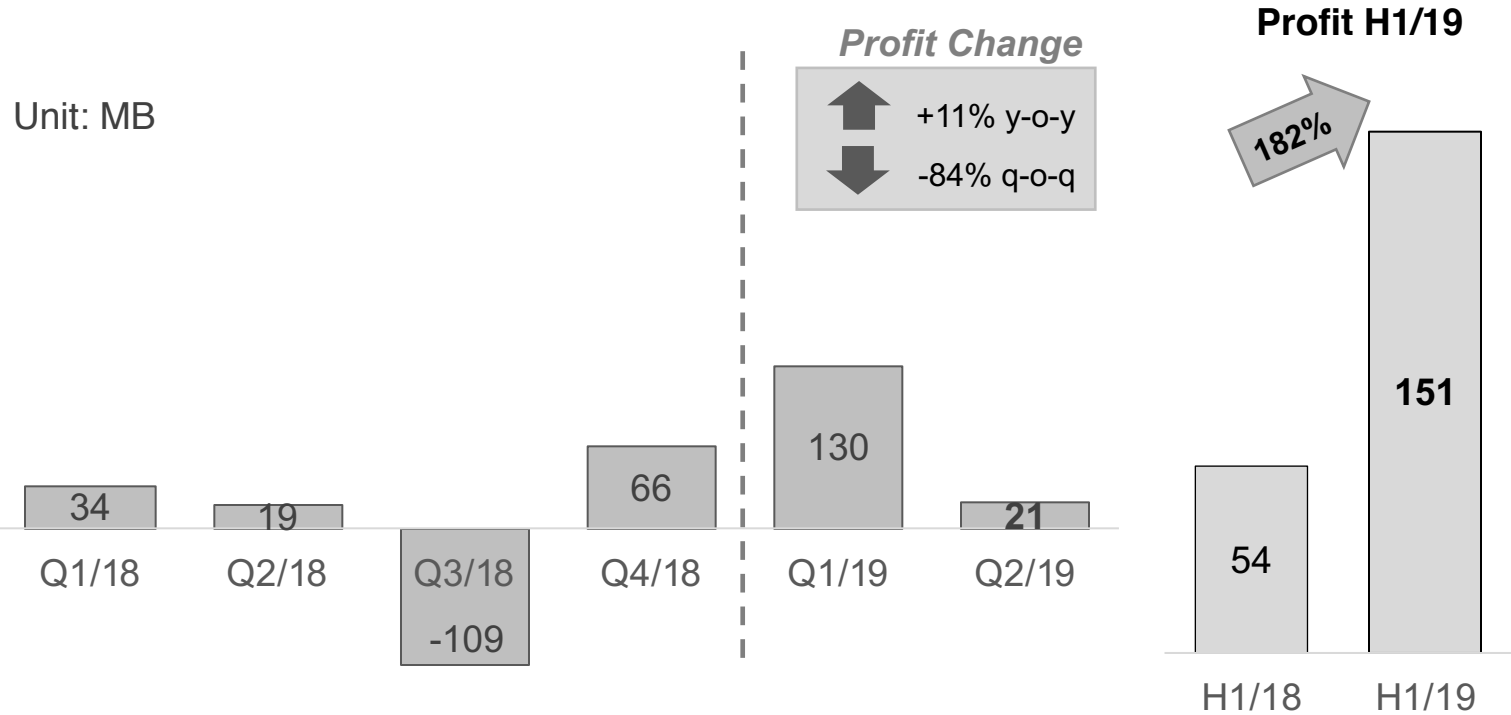
Unit: MB





# Profit for the Period

Profit for the period Q2/19 increased +11% y-o-y, H1/19 increased +182%



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

47	30	60	72	56	113	77	169
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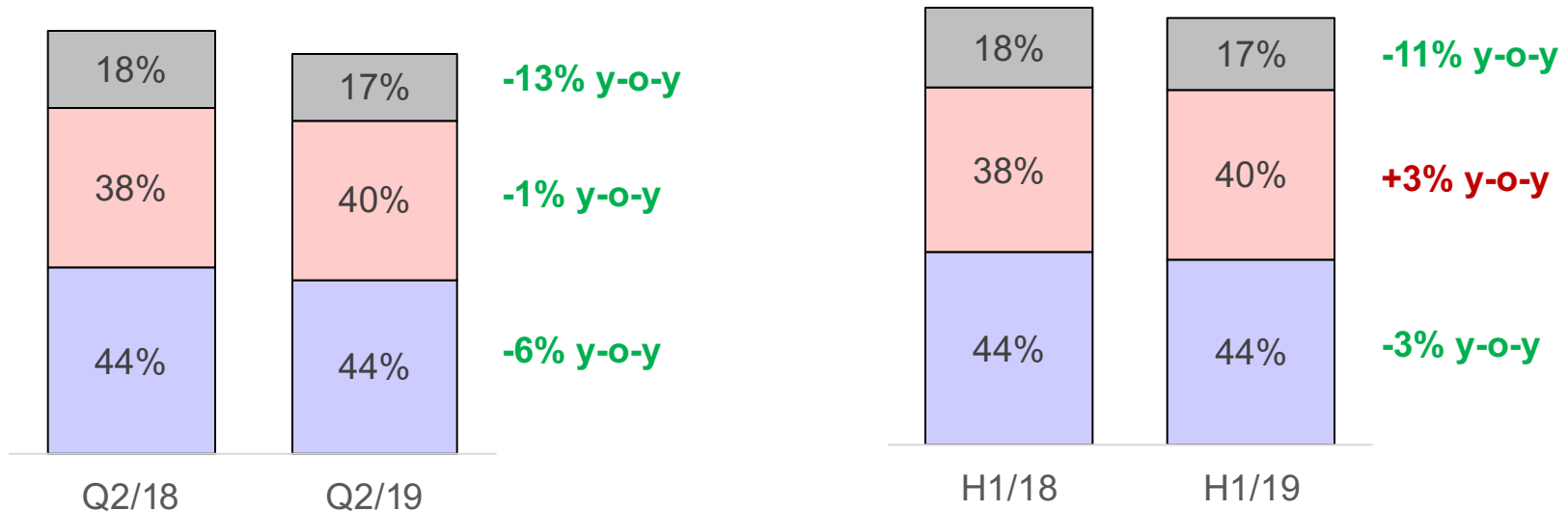
### Key Non-Recurring

1)Severance pay adjustment (Labor law)	(12)	(11)	(170)	(6)	74	(92)	(23)	(18)
2)Profit from land selling	-	-	-	-	-	(93)	-	(93)
3)MSP (Loss)	9	-	-	11	77	-	9	77
4)Consultant Fee (Loss)	-	-	(162)	-	-	-	-	-
	(21)	(11)	(8)	(17)	(3)	1	(32)	(2)

# Operating Variable Cost

Operating variable cost H1/19 decreased -2% y-o-y mainly from assign cost decreased -11% y-o-y

- **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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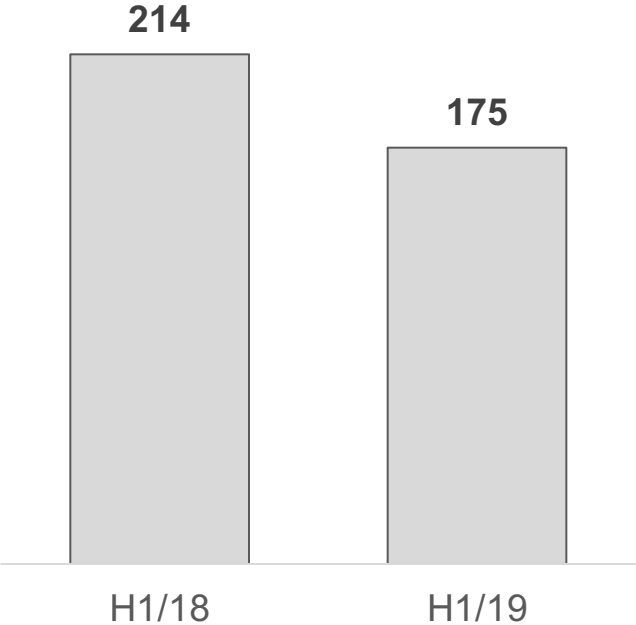
## IV. Company Updates

# H1/19 CAPEX and Interest & Financial Costs

## CAPEX

Amounted to 175 MB for H1/19, mainly upgrade machine, cost and energy saving project , and retail outlet expansion

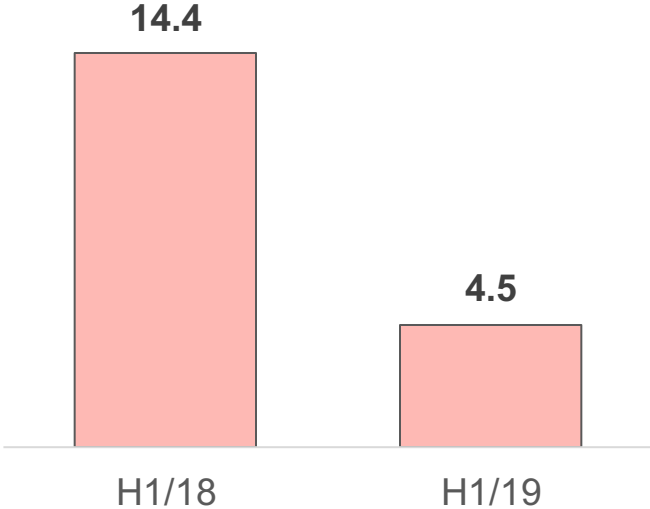
Unit: MB



## Interest and Financial Costs

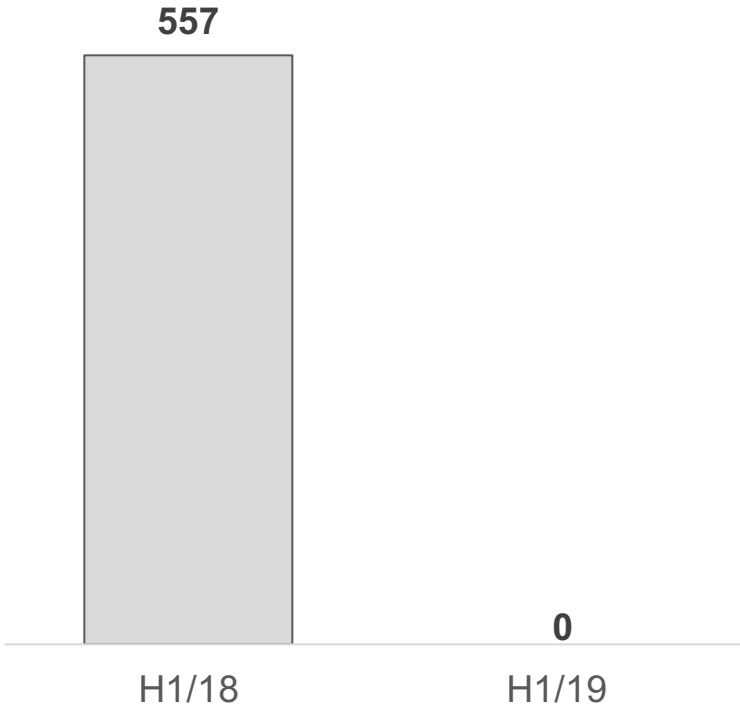
Amounted to 4.5 MB in H1/19

Unit: MB



# H1/19 Net Debt

Unit: MB

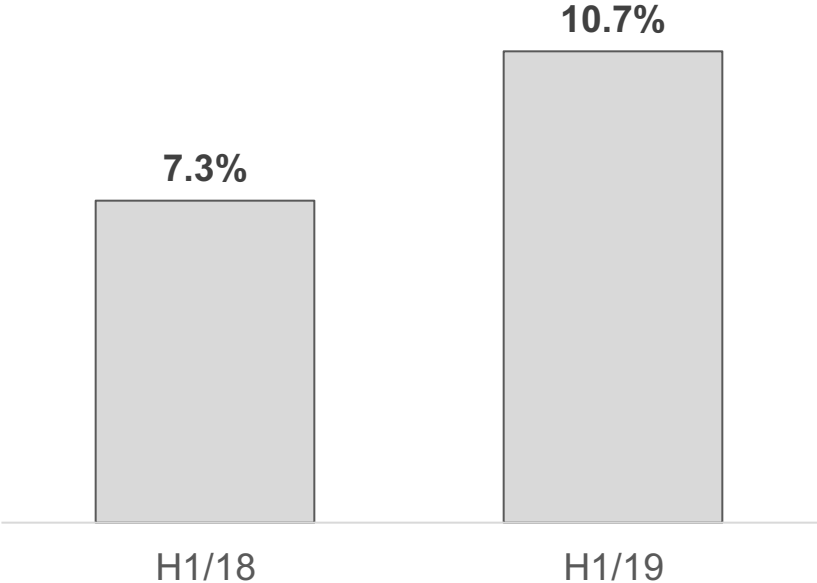


Net debt on EBITDA



# H1/19 EBITDA on Assets and EBITDA Margin

## EBITDA on Assets



## EBITDA margin



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

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# Outlook

- Thailand's ceramic tiles demand Q3/19 are projected to remain soft due to drought situation, which affect agricultural price
- In the export market, demands in neighbor country continue to be positive



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# Company Updates

- Transformation process, “Brand-based” factory to “Cost-based” factory, has progressed according to the plan, also affected Q2/19 operating variable cost reduction 6%.
- Employee cost decreased 7% due to organization restructuring
- Expanded Retail Outlet for Medium-Mass product, amounted 26 branch as of H1/19 (+6 branch and closed (-5) branch as strategic location)
- Launched COTTO Life at SCG XP, retail business for Medium-High segment, will expand to other regions within 2019

**End of Presentation**  
***Thank you***