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***Press Release***

**SCG Announces Operating Results for Q3 and 9M 2019; Reports Lower Profits following the low cycle in the Chemicals Business, while the Cement-Building Materials Business saw gains in profitability, and Revelation of the Growth Strategy to Accelerate and Increase the Capabilities in the Packaging Business.**

**BANGKOK: October 28 2019 – SCG's operating results for Q3/2019 and the first 9 months of 2019 recorded a lower profits compared to the same period of last year, primarily driven by the drop in profitability in the Chemicals Business due to the existing low cycle, the global economic slowdown which was exacerbated by the trade war, and the appreciation of Thai Baht. Meanwhile, Cement – Building Materials Business reported increased profit with the emergence of sales growth in the Distribution and Retail Businesses. Moreover, SCG reveals its growth strategy to accelerate the increase in the capabilities of its Packaging Business.**

**Mr. Roongrote Rangsiyopash, President and CEO of SCG**, disclosed, “The Company's unreviewed Operating Results for Q3/2019 registered the Revenue from Sales of 110,330 MB, decreased by 10% y-o-y primarily due to lower chemicals product prices but a 1% increase q-o-q. Meanwhile, Profit for the Period totaled 6,204 MB, a drop of 35% y-o-y and 12% q-o-q resulted from the lower performance of Chemicals Business due to the lower product margins, Deferred Tax Assets reversal amounted to 1,063 MB and reduced equity income from the major turnaround of an associated company, the global economic slowdown spawned by trade war tensions and Thai Baht appreciation combined with the Company realized an assets impairment of 762 MB, of which 640 MB impairment was from the Cement-Building Materials Business which mainly from the regional non-Thai Ceramics Business. Without the recognition of the Deferred Tax Assets reversal, SCG would have recorded 7,267 MB in Profit for the Period, a drop of 23% y-o-y but an increase of 3% q-o-q.

As for Operating Results for the first 9 months of 2019, SCG registered Revenue from Sales of 331,803 MB, a decrease of 8% y-o-y, due to lower chemicals prices. Profit for the Period totaled 24,910 MB, a drop of 27% y-o-y. In this regard, the notable transactions during the first 9 months of 2019 were the Q2/19 Severance Pay Adjustment (Labour Law) of 2,035 MB, the Q3/19 Deferred Tax Assets Reversal of 1,063 MB, the Q3/19 assets impairment of 762 MB mainly from the regional non-Thai Ceramics Business, and the global trade war concerns which continues to affect the chemicals margins of both subsidiaries and associated companies.

**SCG's Revenue of High Value-Added Products & Services (HVA) Sales** for Q3/2019 reached 44,450 MB, accounting for 40% of the total Revenue from Sales, down 8% y-o-y and 6% q-o-q. As a result, the Revenue from Sales of HVAs for the first 9 months of 2019 amounted to 137,077 MB or 41% of total Revenue from Sales, declining 2% y-o-y.

Besides, SCG’s **Revenue from performance businesses outside of Thailand including with export sales** **from Thailand**in the first 9 months of 2019 registered 134,522 MB or 41% of total Revenue from Sales, a dip of 12% y-o-y.

**The total assets of SCG, as of September 30, 2019, amounted to 611,503 MB, while 35% represented assets in ASEAN.**

**The Q3/2019 and the first 9 months of 2019 Operating Results by business unit are as follows:**

**Chemicals Business** recorded Q3/2019 Revenue from Sales of 44,048 MB, down 24% y-o-y and 4% q-o-q, owning to lower product prices. Profit for the Period totaled 3,247 MB, fell by 57% y-o-y and 18% q-o-q due to lower product margins and lower equity income mainly from the major turnaround of an associated company coupled with the Deferred Tax Assets reversal.

In the first 9 months of 2019, Chemicals Business recorded Revenue from Sales of 136,283 MB, a decrease of 19% y-o-y, attributable to lower product prices. Profit for the Period totaled 13,295 MB, a drop of 44% y-o-y, due to lower product margins.

**Cement-Building Materials Business** recorded Q3/2019 Revenue from Sales of 45,317 MB, down 2% y-o-y and 1% q-o-q, as a result of weak demand of regional ceramics market. Profit for the Period totaled 888 MB, up 235% y-o-y and 2% q-o-q due to the severance pay adjustment in Q2/2019.

In the first 9 months of 2019, Cement-Building Materials Business recorded Revenue from Sales of 139,555 MB, an increase of 2% y-o-y, owing to the growth of the distribution and retail businesses. Profit for the Period totaled 4,801 MB, representing an upturn of 8% y-o-y.

**Packaging Business** recorded Q3/2019 Revenue from Sales of 24,445 MB, a rise of 10% y-o-y and 20% q-o-q, mainly from the consolidated performance of the newly acquired companies (PT Fajar Surya Wisesa Tbk and Visy Packaging (Thailand) Limited). Profit for the Period stood at 1,527 MB, a drop of 11% y-o-y resulting from higher financial costs but a growth of 47% q-o-q.

In the first 9 months of 2019, Packaging Business recorded Revenue from Sales of 65,974 MB, similar to the same period of last year. Profit for the Period totaled 4,245 MB, a decrease of 12% y-o-y.

Mr. Roongrote said, "Even though the SCG's operating results of Q3/2019 and the first 9 months of 2018 were affected by the reduced profits of Chemicals Business due to the impact of petrochemical low cycle, lower product margins and profits from the major turnaround of an associated company, Chemicals Business has placed a considerable emphasis on research and development of innovative and High Value-Added Products & Services, especially the products developed to fit the Circular Economy principles to support the global market demands. SCG recently showcased its plastic innovations for sustainability, themed under "Passion for a Better World," at K2019, the world's largest trade fair for plastic and rubber held in Germany. The exhibited innovations include superior strength polyethylene resins by SCG's breakthrough SMXTM technology which minimizes material consumption, the eco-friendly recyclability "Mono-Material Packaging," and plastic resins made of the mixture of special-grade SCG plastic resins and the Post-Consumer Recycled Resin (PRC), along with SCG service solutions offering cost management and operational efficiency enhancement to boost business's capabilities and competitiveness.

Meanwhile, Cement-Building Materials Business has remained instrumental in generating revenue for SCG despite relatively regional weaker ceramics markets. However, SCG instills a heightened focus on accelerating retail and distribution businesses, providing customers with greater access to innovative products and services and diverse solutions effortlessly. In addition, SCG also develops Construction Solutions to enhance efficiency and provide comprehensive solutions to construction needs as well as strengthening Thailand’s construction industry.

Packaging Business has a significant potential growth particularly in ASEAN. In order to capture market opportunities and strengthen the growth potentials of our Packaging Business, SCG approves of SCGP’s plans to list its newly issued ordinary shares on the SET. The portion of the shares to be offered for sale in the IPO will not exceed 30% of SCGP's paid-up capital after its capital increase, whereby the proceeds from the contemplated offering will be primarily used by SCGP for investment in business expansions domestically and internationally, as well as for capital structure improvements. Following the IPO, SCG will remain the major and controlling shareholder of SCGP, holding not less than 70% of SCGP's paid-up capital, after its capital increase, while SCGP will remain SCG's subsidiary. This transformative transaction for SCGP is also expected to generate benefits and maximize value for SCG in the long run.” Mr. Roongrote concluded.

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