***Press Release***

**SCG Announces 2019 Operating Results,**

**Setting Forth Strategies to Overcome 2020 Challenges;**

**Business and People Transformation Underway to Better Serve Customer Demand with Solution-Innovation and Maintain Sustainable Growth**

**BANGKOK: January 29, 2020 – SCG announced Operating Results for 2019 and unveiled business strategies to overcome disruptions spawned by uncontrollable external factors in 2020 with the accelerated transformation of internal factors. It is set to revamp three core businesses and equip human resource development to effectively shift from being a manufacturer to a solution & service provider, winning the customer's hearts throughout ASEAN and maintaining sustainable business growth.**

**Mr. Roongrote Rangsiyopash, President and CEO of SCG,** disclosed the company’s unaudited Operating Results for FY2019, with registered Revenue from Sales decrease 8% y-o-y to 437,980 MB due to the drop in Chemical prices. Without the recognition of the severance pay adjustment, SCG would have recorded 34,049 MB in Profit for the year, a drop of 24% y-o-y. Factoring in the severance pay adjustment of 2,035 MB, SCG’s Profit for the year will stand at 32,014 MB, a decrease of 28% y-o-y from the lower chemicals earnings.

In 2019, SCG’s Revenue from Sales of High Value Added (HVA) Products & Services reached 179,181 MB, representing a decrease of 3% y-o-y and accounting for 41% of total Revenue from Sales. Spending on Innovation Research & Development totaled 5,663 MB or 1% of total Revenue from Sales.

SCG’s Revenue from Sales of Q4/2019 dropped by 4% q-o-q to 106,177 MB from lower chemicals and packaging paper prices and decreased 9% y-o-y mainly from decreased chemicals prices. Profit for the Period rose 15% q-o-q to 7,104 MB, attributed mainly from seasonal dividend contributions from the investment business, but decreased 32% y-o-y, mainly due to the decline in performance from the Chemicals business in light of continued trade war concerns and market volatility which resulted in decreased margins. There was an inventory loss of 1,060 MB in Q4/2019. SCG’s

Besides, **SCG’s Revenue from performance businesses outside of Thailand including with export sales from Thailand** in 2019 registered 180,004 MB or 41% of total Revenue from Sales, a decline of 12% y-o-y, of which, Revenue from export sales from Thailand registered 102,152 MB or 23% of total Revenue from Sales, a decline of 22% y-o-y.

**The total assets of SCG as of December 31, 2019 amounted to 634,733 MB, while 36% representing assets in ASEAN.**

**The 2019 operating results by business units are as follows:**

**Cement - Building Materials Business** recorded FY2019 Revenue from Sales increased 1% y-o-y to 184,690 MB, mostly driven by the growth of distribution and retail businesses. Profit for the year stood at 5,455 MB, a rise of 3% y-o-y.

Revenue from Sales of Cement - Building Materials Business in Q4/19 was flat q-o-q to 45,135 MB but decrease 1% y-o-y, attributed to lower sales in non-ASEAN market. Profit for the Period recorded at 1,305 MB, up 90% q-o-q, but decrease of 6% y-o-y.

**Packaging Business** recorded FY2019 Revenue from Sales increased 2% y-o-y to 89,070 MB. The business unit registered Profit for the year decreased 13% y-o-y to 5,268 MB due to lower margin of Fibrous chain, higher financial cost, and higher depreciation expense.

Revenue from Sales in Q4/2019 of Packaging Business registered at 23,096 MB, a decrease of 6% q-o-q to but increased 9% y-o-y owing to the consolidation of the performance of the newly acquired companies (Fajar and Visy Thailand). Profit for the Period in Q4/2019 registered 1,196 MB, a decrease of 19% q-o-q and 16% y-o-y.

**Chemicals Business** recorded FY2019 Revenue from Sales declined 20% y-o-y to 177,634 MB due to lower product prices. Profit for the year stood at 15,480 MB, a decline of 46% y-o-y as a result of lower product margins as well as lower equity income from Associates.

Meanwhile, Q4/2019’s Revenue from Sales declined 6% q-o-q and 23% y-o-y to 41,351 MB, from lower product prices and FX appreciation. Profit for the Period in Q4/2019 recorded 2,801 MB, dropped 8% q-o-q and 46% y-o-y due to lower product margins.

**Mr. Roongrote said,**"Fluctuations driven by uncontrollable external factors has made a significant impact on businesses globally over the past year. As a result, in 2020, SCG is necessitated to develop comprehensive business strategies aiming at conquering disruptions promptly and maintaining sustainable business growth. With a business transformation plan, the three core businesses will shift from being a manufacturer to a solution & service provider that truly and holistically respond to the diversified and ever-changing customer demand as well as creating high value for the business. People Transformation is also a crucial force to drive change. SCG will strive to empower our people with essential skills, enabling them to insightfully access and understand markets across the region coupled with leveraging digital technologies to respond swiftly to the competitive environment and meet those needs timely.

**Cement-Building Materials Business** aims to comprehensively enhance the industry and living sector with products and services incorporating digital technologies. A wide array of solutions includes Construction Solution that provides better performance, faster process and improved cost-saving construction solutions for technician and contractors such as BIM (Building Information Modelling) which helps enhance planning and construction quality through 3D model system, minimizing construction waste; and Living Solution that provide energy-saving, increased comfort, and safety for all ages. Besides, the business has upgraded its Retail Business by integrating physical stores with an online store: scghome.com, giving home builders and renovators access to construction products anywhere, anytime, on top of wide-ranging consultation services from design, installation to warranty with distribution network up to 840 service points nationwide. To transform the manufacturing process toward Industry 4.0, SCG has recently partnered with AIS to harness the 5G network in the remote forklift experiment. Such operation will be further utilized to increase business and industrial capabilities in other aspects, along with staff upskilling.

**Packaging Business** foresees an excellent opportunity to build high growth, especially in ASEAN as it has emerged as one of the world's highest growing regions. SCG will accelerate the path to become the packaging solutions provider and be part of customers' daily lives, coupled with augmenting packaging sales of industrial customers that have substantial growth and demand for packaging materials such as food and beverage, frozen food, canned food, consumer product, electronic product, and e-commerce business. Moreover, SCG also provides solutions catered to meet special needs, i.e., design and printing solution, smart packaging solution, exhibition and market promotion solutions, and eco-friendly and sustainably sourced products and services, in line with the Circular Economy. The efforts are to hone the competitive edge and maintain the position at the forefront of the region in total packaging solutions.

**Chemicals Business has been focusing on increasing portion of High Value-Added (HVA) products and services to gain competitive capability. For example, a special HDPE grade PE112 produced from patent pending technology which provides superior pressure resistance, making it the perfect choice for submarine fresh water pipeline from mainland to Koh Samui, Surat Thani, and special grades HDPE using SCG’s SMXTM Technology with many applications i.e. enhancement in properties for Post-Consumer Recycled (PCR) plastic resin supporting Circular Economy principle. Moreover, Chemicals Business has established partnerships in Research and Development (R&D) with global institutes such as Norner AS in Norway and University of Oxford in the United Kingdom. The Business also opened I2P (Ideas to Products) innovation center in Rayong province, Thailand, to accelerate process of creating innovations and products that respond to customer’s needs. Moreover, Chemicals Business has also applied digital technologies to improve work processes along the value chain e.g. a product price predicting system and production planning program which also prioritizes sources of feedstocks in order to maximize profit of the Olefins business.**

For **investment**, SCG will continue delivering solutions, products, and services of 3 core businesses to satisfy customers throughout ASEAN, especially in Thailand, Vietnam and Indonesia which show high potential and sizeable growth, plus seeking opportunities in emerging market in other regions through collaboration with groups, organizations, institutes, and other sectors at home and aboard to generate business opportunities and enhance the living quality of people, community, society, and environment in line with the commitment of "Passion for Better," better and faster.”

In addition, the Board of Directors of SCC approved to submit for approval at the Annual General Meeting of Shareholders a full year 2019 dividend payment of 14.0 Baht per share for a total amount of 16,800 million Baht, or 52% of profit for the year on consolidated financial statements, of which 7.0 Baht per share totaling 8,400 million Baht was paid as an interim dividend on August 23, 2019. The final payment of dividend will be 7.0 Baht per share, totaling 8,400 million Baht.

The above dividend distribution shall be paid to the shareholders entitled to receive the dividend according to the Company’s Articles of Association and who are listed in the record date on Friday April 10, 2020 (The XD, or the date on which a purchaser will not be entitled to receive the dividend, will be on Thursday April 9, 2020). The dividend will be paid on Monday April 27, 2020. The receipt of such dividends shall be made within 10 years.

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