**SCG Announces Operating Results for Q1/2022; Maintaining Strength While Staying Afloat Despite Rising Energy and Raw Material Costs, Highlighting 4 Strategies to Move Fast**

**and Tap into Global Markets, Accelerating ESG to Strengthen Business Immunity**

**to Ensure Long-term Growth**

**Bangkok: 28 April 2022 – SCG reported its operating results for Q1/2022, demonstrating a solid performance with strategies to deal with soaring energy and raw materials costs as a result of the Russia-Ukraine conflict. To act proactively and foster sustainable and long-term stability, SCG is emphasizing four strategies: 1.) proactive business management with flexibility, 2.) timely delivery of innovations to capitalize on opportunities during the country's reopening, 3.) accelerate investments to capitalize on global market growth opportunities, including SCGC's IPO filing, the plan to begin LSP’s commercial operations in Vietnam within the first half of 2023, a partnership with Sirplaste in Portugal to expand the production capacity of High Quality Post-Consumer Recycled Resin, and a collaboration with Microsoft to leverage world-class technologies; and 4.) acceleration of ESG (Environmental, Social, Governance) to build business immunity for long-term growth. SCG will also work to reduce inequality, develop professional skills and create jobs for communities to mitigate the impact of the economic crisis.**

**Mr.Roongrote Rangsiyopash, President and CEO of SCG, disclosed, "**The Company's unreviewed Operating Results for Q1/2022 registered Revenue from Sales of 152,494 MB, an increase of 7% q-o-q, due to higher sales across all businesses. Meanwhile, Profit for the Period reached 8,844 MB, an increase of 6% q-o-q, largely owning to the improved business performance of Cement-Building Materials Business and higher non-chemical equity income (agricultural machinery business).

On a y-o-y basis, Revenue from Sales increased 25% from higher sales revenue across all businesses mainly from higher product prices in-line with the market. However, Profit for the Period fell by 41%, mainly due to rising feedstock costs from Chemicals Business in Q1/2022, along with the fact that the Chemicals industry had better performance in Q1/2021 compared to normal business operations from winter freeze which caused supply shortage in the United States.

In Q1/2022, SCG's Revenue from Sales of High Value Added Products and Services (HVA) reached 51,388 MB, accounting for 34% of total Revenue from Sales. Moreover, New Products Development (NPD) and Service Solution amounted to 17% and 5% of total Revenue from Sales.

SCG's Revenue from outside of Thailand together with export from Thailand was 44% of total Revenue from Sales or amounted to 66,541 MB in Q1/2022, an increase of 30% y-o-y.

SCG's total assets as of March 31, 2022 amounted to 889,540 MB, of which 45% represented assets in ASEAN.

**The Q1/2022 operating results by business units are as follows:**

**Chemicals Business or SCGC** recorded Q1/2022 Revenue from Sales of 69,162 MB, up 5% q-o-q and up 34% y-o-y due to higher product prices. Profit for the Period totaled 3,588 MB, decreased 20% q-o-q and decreased 59% y-o-y as a result of rising feedstock cost and the absence of winter freeze’s supply shortage in the United State in Q1/2021, resulting in better performance in petrochemicals industry in Q1/2021 compared to normal business operations.

**Cement-Building Materials Business** recorded Revenue from Sales of 50,890 MB, an increase of 11% q-o-q and 10% y-o-y due to improved Regional demand and ceramic tiles business. Profit for the Period totaled 2,308 MB, increased 67% q-o-q while decreased 18% y-o-y, mainly owing to higher raw material and energy costs.

**SCGP** recorded Revenue from Sales of 36,634 MB, an increase of 4% q-o-q and an increase of 34% y-o-y, attributable to the combined sales revenue of Duy Tan, Intan Group, and Deltalab, as well as the growth of the integrated packaging business in consumer products, export of ready-to-eat food, frozen food, and pet food, and increased demand and higher pulp prices due to supply chain disruption concerns. Profit for the Period totaled 1,658 MB, down 22% q-o-q due to recognition of earn-out provision adjustment which boosted profit in Q4/21, and down 22% y-o-y driven mainly by higher costs of raw materials and energy.

Mr. Roongrote said, "SCG has remained strong both in Thailand and overseas despite rising costs owning to the Russia-Ukraine situation. **To respond proactively in the fast-paced manner and tap into global markets, SCG is accelerating four strategies: 1.) proactive business management, 2.) timely delivery of innovations, 3.) acceleration of investments to seize market growth opportunities, and 4.) acceleration of ESG (Environmental, Social, Governance)** to strengthen business immunity for long-term growth.

**1.) Proactive business management**. SCG adapts rapidly and with the flexibility to eliminate any potential risks associated with rising energy and raw material costs and protracted uncertainty that may persist in the next 3-6 months as a result of the Russia-Ukraine crisis and the Covid-19 pandemic. Among the approaches are to **keep tracking of energy prices and boost alternative energy use** **to reduce costs.** In Q1/2022, biomass energy consumption from agricultural waste materials and RDF fuel waste was 16.4%, and for 30.4% of energy use by domestic cement production. Other approaches also include **inventory management** to adequately meet the demand and **the use of digital technologies to increase energy efficiency and value chain management.** For example, SCGC employs artificial intelligence to manage energy used in production, reduce energy consumption, and analyze cost pricing and purchasing opportunities to efficiently procure feedstock based on market conditions. And last but not least is to **closely** **monitor the situation** to ensure swift adaptability.

**2.) Timely delivery of innovations.** SCG is capitalizing on the country's reopening and economic recovery by offering **High Value Added Products & Services (HVA) to tap into a new and green lifestyle and well-being sector.** Examples include the High Quality Post-Consumer Recycled Resin **"Circular PP"** from Advanced Recycling technology, which has qualities comparable to virgin plastic resins and is suitable for environmentally friendly food packaging; "**SCG Solar Roof Hybrid System"** with hybrid system technology that utilizes batteries to store electric energy for use during the day and night, saving up to 60% on energy costs; “**SCG Bi-ion”** the ion system capable of eliminating up to 99% of airborne pathogens, viruses, and bacteria and reducing PM 2.5 fine particles; **using technology to improve the efficiency of construction services** such as "**CPAC BIM**," a digital technology for precise construction design that helps minimize resource waste and adds investment value; and **"CPAC Low Rise Building Solution,"** a building innovation that utilizes a precast concrete system that enables rapid, precise, and waste-free installation. In addition, **SCG also intends to expand packaging solutions to meet the needs of customers and consumers,** such as offering a diverse range of food packaging designs and consumer goods packaging.

**3.) Acceleration of investments to seize market growth opportunities**. SCGC filed a registration statement and draft prospectus to the Office of the Securities and Exchange Commission for the initial public offering and listing of its shares on the Stock Exchange of Thailand on April 27, 2022. SCGC plans to raise funds to expand businesses, continuing its growth in ASEAN while also catering to global demand and addressing sustainability issues.

Long Son Petrochemicals Company Limited (LSP) has progressed to 93 percent construction completion on its petrochemical complex project in Vietnam as planned. It is readying Manpower in production and sales to prepare for commercial operations within the first half of 2023.

SCGC has recently completed the acquisition of a 70% share in Sirplaste, a leading plastic recycler in Portugal. Together with plans to increase production capacity and enhance the quality of High Quality Post-Consumer Recycled Resin (PCR) to fulfill the global market demand. The approach aligns with SCGC's environmental aims of selling 1 million tons of GREEN POLYMER products per year by 2030.

To attain regional leadership, SCG has recently teamed with Microsoft to apply world-class technologies, such as artificial intelligence and quantum computer to enhance SCG’s innovation and sustainability.

**4.) Acceleration of ESG** (**Environmental, Social, Governance**) **with ESG 4 Plus** (Net-Zero, Go Green, Reduce Inequality, and Embrace Collaboration, plus harness good governance). SCG continues to carry out its efforts to attain its goals of net zero greenhouse gas emissions by 2050 and at least a 20% reduction by 2030 (from base year 2020).

SCG will also strive to deliver green innovations and promote environmental stewardship through **SCG Green Choice** products, whose sales in Q1/2022 was 51% of total Revenue from Sales or 77,214 MB, an increase of 27% q-o-q. SCG also promotes **SCG Cleanergy**, a clean energy provider with cutting-edge technology providing end-to-end solutions from obtaining permission, installing, operating, maintaining, gride connecting, and facilitating power purchase on a virtual trading platform to drive broader use of alternative energy.

SCG is concerned about the economic crisis's impact on the general populace. It has provided in-demand professional skill initiatives to provide communities and the unemployed with a stable source of income. Around 3,000 people participated in the initiatives in 2021, and over 1,500 people engaged in Q1/2022 alone. The initiatives were the Community Power project, which provided product processing and sales training through online and offline channels, and Q-Chang, an online platform that brings together handymen in partnership with the Department of Skill Development, which provided training that has helped generate over 40 MB in revenue for handymen.

Meanwhile, SCG is committed to conducting business in a transparent and fair manner, and SCGP has been approved to join the Thai Private Sector Collective Action Against Corruption (CAC)."

The global economic situation, on the other hand, continues to be volatile. Roongrote concluded, **"Keeping a close eye on the situation, forecasting scenarios in a timely manner, and adapting rapidly can enable businesses to continue operating in the face of a crisis. SCG has prepared for a short-term crisis through proactive risk management and long-term opportunities through a business transformation in accordance with the ESG (Environmental, Social, Governance) approach."**

\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*