*Press Release*

**SCG Announces FY2023 Operating Results: Unyielding in Facing Challenges,**

**Accelerates Green Businesses, Exports Low Carbon Cement to the USA;**

**Vietnam’s Petrochemical Complex Sets to Supply Polymers to Global Market**

**Bangkok, January 25, 2024 – SCG announced its operating results for FY2023, demonstrating robustness and resilience despite a decrease in sales due to the global economic slowdown. SCG revealed plans to accelerate its business in 2024, ready to tackle all challenges and aggressively pursue green businesses aimed at fostering growth alongside a net zero society. With an investment budget of 40,000 MB, SCG is pushing for green innovations, advancing clean energy, and reducing greenhouse gas emissions. SCG has exported Low Carbon Cement to the US market. Long Son Petrochemicals Complex in Vietnam plans to feed high-quality polymer innovations to the global market. SCG is marking its presence in Saudi Arabia, connecting global trade. SCG is moving forward with a business structure transformation to enhance agility, resilience, and extensive growth. Most recently, SCG has achieved the No.1 position in the global ESG index by Morningstar Sustainalytics.**

**Thammasak Sethaudom, President and CEO of SCG**, said, "SCG's operating results for FY2023 remained robust, despite the impact of the global economic downturn, including slowdowns in China and ASEAN. The petrochemical market was weak, and the demand for cement declined. The Revenue from Sales was 499,646 MB, a decrease of 12% y-o-y. The primary reason for this decline was the downturn in chemical product prices and the exclusion from SCG Logistics Sales. The profit was 25,915 MB, an increase of 21% y-o-y. This increase was mainly due to the profit from the fair value adjustment of investments in the first half of 2023.

In Q4/2023, SCG reported Revenue from Sales of 120,618 MB, marking a decrease of 4% q-o-q. This decline was due to lower sales volumes in Chemicals Business and Cement-Building Materials Business. Operating profit, excluding extra items, was 502 MB. However, Loss for the Period stood at 1,134 MB due to the cement asset impairment in Myanmar and Long Son Petrochemicals Complex performance, which was mainly fixed cost, ending the year 2023 with a cash balance of 68,000 MB.

In 2024, SCG is gearing up for full-scale growth in both Thailand and the ASEAN markets across all business groups. This includes the introduction of Low Carbon Cement innovations, smart living solutions, green polymers, sustainable packaging solutions that are reusable and recyclable, end-to-end clean energy solutions, as well as high-quality polymers from the Long Son Petrochemicals Complex. SCG is focused on efficient cost management and seizes opportunities from the recovery of Thailand's tourism and service sectors. The ASEAN market is expected to gradually improve, especially in Indonesia and Vietnam. Aiming to lead in green business that fosters growth while creating a net zero society that is livable for everyone, SCG has set an investment budget of 40,000 MB. This investment is primarily in green innovations, clean energy, and greenhouse gas emission reduction, which have significant potential for demand and growth, as reflected in the sales of SCG Green Choice products in 2023, which accounted for 54% of total sales. Furthermore, SCG is accelerating the development of High-Value Added Products & Services (HVA) to diversify and meet customer needs promptly. SCG is also committed to transforming its business structure in line with the strategy to enhance agility, strength, and long-term growth, to effectively meet challenges in a timely manner, such as international conflicts leading to fluctuating energy costs and transportation expenses or the global economy yet to fully recover.

**SCGC (Chemicals Business)** expects a recovery of the petrochemical market in the second half of 2024, driven by improving demand and lower new supply additions. SCGC is set to accelerate the development of green products and High-Value Added Products & Services (HVA), aiming to increase market share in response to the high demand experienced recently. As a result, HVA sales increased to 39% compared to last year, which is expected to substantially support the company's competitive capability as the market recovers. The recent development of **‘the** **Long Son Petrochemicals Complex**’ includes a successful start-up as planned and within budget, while the machinery operations and comprehensive plant performance test runs have been proceeding smoothly and are planned to be completed in Q1/2024. In 2023, 'SCGC GREEN POLYMERTM' showed satisfactory growth, achieving sales of 218,000 tons of green polymers, an increase of 56% from the previous year. SCGC set the target to produce 1 million tons of green polymers by 2030. Additionally, the business is rapidly expanding into the ‘**Electric Vehicle Manufacturing Industry Value Chain’** with innovative lightweight plastic components for energy saving. For Denka JV, SCGC invested in manufacturing Acetylene black, a conductive material used in EV batteries, which are in high demand.

**SCG Cement and Green Solution** has effectively managed its energy costs. In 2023, it increased the proportion of alternative fuel usage to 40%. For 2024, the business is poised to advance production and delivery of solutions in response to the recovery of the Thai market, including both real estate and construction projects. This effort is coupled with meeting the demands of the ASEAN markets, which shows signs of improvement. The business is focusing on offering building design solutions that enable the calculation of carbon dioxide emissions in construction through the **‘KITCARBON’** platform. Additionally, it is progressing with **‘Low Carbon Cement,’** which has gained recognition both domestically and internationally for its quality, strength, durability, and particularly smooth finish. Sales have increased by 15% from the previous year. Most recently, the business expanded exports to the United States and Malaysia. This year, it is preparing to launch the second generation of Low Carbon Cement, which reduces carbon dioxide emissions by an additional 5% compared to the first generation.

**SCG Smart Living** has shown continuous growth, focusing on cost efficient management by integrating clean energy into its production processes. It has also developed smart solutions tailored to meet modern lifestyles that prioritize energy savings, good hygiene, protection from PM 2.5, and safety. Innovations include **‘SCG Active Air Quality,’** which improves indoor air by preventing pollution, dust, PM 2.5, germs, bacteria, and viruses; **‘SCG Metal Roof - Comfort Snap Lock series,’** a roofing innovation that reduces outside noise and provides heat protection, thus saving energy inside the home; and **‘SCG Solar Roof Solutions,’** which has seen a remarkable sales increase of 105% from the previous year. The business is also expanding its smart solutions to new markets, such as installing the energy-saving & improves indoor air quality **‘SCG Air Scrubber’** in Keppel Bay Tower, Singapore's largest global real estate project and the first building in Singapore to obtain the Green Mark Platinum (Zero Energy) award for energy-efficient building. This innovation can save up to 30% of energy from air conditioning systems.

**SCG Distribution & Retail** is rapidly expanding its strength into high-growth economic markets, specifically the SAMEA region (South Asia, Middle East, and Africa). SCG International has officially established an office in Riyadh, Saudi Arabia, and is ready to serve as an International Supply Chain Partner, managing everything from sourcing products to creating markets for partners from around the world. The goal is to expand business opportunities and penetrate large-scale construction projects (Giga Project), contributing to the creation of a net zero society through a portfolio of green cement and building material products, along with raw materials, industrial components, paper, and packaging.

**SCG Cleanergy, the end-to-end Clean Energy Business**, is experiencing continuous growth with significant potential for further expansion, driven by the increasing demand for clean energy in alignment with global carbon reduction initiatives. Its reliability in service offerings is a key strength, notably highlighted by the smart grid system that enhances accessbility to electricity trading from clean energy sources. In 2023, the business had an operational capacity of 450 megawatts. The latest installations include solar energy facilities in various locations, including the industrial estate groups such as Saha-Union Group in Bang Pakong and the Amata City Industrial Estate Group, as well as the healthcare group such as Phyathai-Paolo Hospital Group. Furthermore, SCG Cleanergy is gearing up for expansion into the ASEAN market, targeting Vietnam, the Philippines, and Indonesia in 2024.

**SCGP (Packaging Business**) witnessed a rebound in packaging demand in Vietnam, while Indonesia began showing signs of recovery, especially in the export sectors of frozen food and pet food in Q4/2023. Looking ahead to 2024, the packaging industry is showing signs of improvement, including plans to stimulate tourism and exports. SCGP is focusing on offering packaging solutions for the food and beverage sector, expanding on its production capacity and Merger & Partnership (M&P) in the medical supplies & labware business, foodservice packaging, and bio-solutions, a high-growth megatrend. Alongside cost management and efficient production, SCGP is integrating technologies into its manufacturing processes and increasing its use of alternative energy to 35% of its total energy consumption. SCGP is driving its business forward with ESG (Environmental, Social, Governance) framework and people development, continuously strengthening the business.

**Thammasak concluded,** "The Thai economy is showing good signs of recovery, presenting great opportunities for further growth. This can be accelerated by pushing for the development of infrastructure projects, along with expedited budget disbursement by the government and facilitating investment to attract foreign capital. These efforts will help propel the Thai economy forward and enhance its competitiveness. Furthermore, promoting business operations in line with ESG principles, which are widely recognized by global investors, will foster long-term growth. Recently, SCG was ranked No. 1 in the ESG Industry Top Rated out of 125 companies in the global Industrial Conglomerate group by Morningstar Sustainalytics. This reflects the company's strong growth, coupled with fostering a sustainable society and environment. This achievement is the result of operating under the ESG 4 Plus strategy (Net Zero – Go Green – Reduce Inequality – Enhance Collaboration Plus Trust through Transparency)."

The Board of Directors of SCC approved to submit for approval at the Annual General Meeting of Shareholders a full year 2023 dividend payment of 6.0 baht per share for a total amount of 7,200 MB, or 54% of Profit excluding extra items. Of this, 2.5 baht per share had been paid as an interim dividend on August 25, 2023. The final payment of the dividend will be 3.5 Baht per share.

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 April 5, 2024. (The XD, or the date on which a purchaser will not be entitled to receive the dividend, will be on April 4, 2024) The dividend will be paid on April 23, 2024. The receipt of such dividends shall be made within 10 years.

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**Attached Document**

**Key Financial Information of SCG**

**2023 Overall Performance**

SCG's unaudited Operating Results for FY2023 registered the Revenue from Sales of 499,646 MB, a decrease of 12% y-o-y. The primary reasons for this decline were the downturn in chemical product prices and the deconsolidation of SCG Logistics Sales. Profit for the Year amounted to 25,915 MB, up 21% y-o-y, mainly due to the profit from the fair value adjustment of investments in the first half of 2023.

Revenue from Sales totaled 120,618 MB in Q4/2023, a drop of 4% q-o-q primarily due to decreased sales volumes in Chemicals Business and Cement–Building Materials Business. Operating profit, excluding extra items, was 502 MB. However, Loss for the Period stood at 1,134 MB due to the cement asset impairment in Myanmar and Long Son Petrochemicals Complex performance, which was mainly fixed cost.

Revenue from Sales of High Value-Added Products & Services (HVA) in 2023 was 167,691 MB or 34% of total Revenue from Sales.

Revenue from Sales of SCG Green Choice in 2023 reported 270,716 MB or 54% of total Revenue from Sales.

Revenue from operations outside of Thailand, including export sales from Thailand, registered 215,630 MB in FY2023, or 43% of total Revenue from Sales.

SCG’s total assets as of December 31, 2023, amounted to 893,601 MB, of which 46% represented assets in ASEAN. (Excluding Thailand)

**The 2023 operating results by business units are as follows:**

* **SCGC (Chemicals Business)** recorded Revenue from Sales decreased by 19% y-o-y to 191,482 MB from lower product prices. Profit for the Year dropped 90% y-o-y to 589 MB from lower product spread and lower equity income from associates.

**Meanwhile, in Q4/2023,** Revenue from Sales was 46,259 MB, down 7% q-o-q due to lower sales volumes but up 7% y-o-y, attributed to higher sales volumes. Loss for the Period was 2,560 MB due to lower equity income from associates and recorded Long Son Petrochemicals Complex start-up expenses, which mainly came from depreciation.

* **Cement – Building Materials Business** recorded Revenue from Sales of 189,348 MB, down 7% y-o-y, primarily due to the exclusion of sales from SCG Logistics and the market situation in the region. Profit for the Year totaled 13,410 MB, up 170% y-o-y, mainly resulting from the profit from fair value adjustments in Q1/2023. However, the operating profit, excluding extra items, was 3,668 MB, a decrease of 34% y-o-y.

**Meanwhile, in Q4/2023,** Revenue from Sales was 45,101 MB, down 8% y-o-y, due to the deconsolidation from SCG Logistics Sales and the impact of the ASEAN markets, particularly in Vietnam and Cambodia. Loss for the period stood at 1,127 MB, because of market challenges in ASEAN and the cement asset impairment in Myanmar. The operating profit, excluding special items, was 509 MB.

* + **SCG Cement and Green Solution**: Revenue from Sales in 2023 was 85,845 MB, a decrease of 2% y-o-y. In Q4/2023, Revenue from Sales stood at 20,115 MB, down 7% y-o-y.
  + **SCG Smart Living**: Revenue from Sales in 2023 was 24,897 MB, an increase of 4% y-o-y. In Q4/2023, Revenue from Sales stood at 5,696 MB, similar to the previous year.
  + **SCG Decor:** Revenue from Sales in 2023 was 28,312 MB, a decrease of 6% y-o-y. In Q4/2023, Revenue from Sales stood at 6,802 MB, down 8% y-o-y.
  + **SCG Distribution and Retail:** Revenue from Sales in 2023 was 126,941 MB, a decrease of 6% y-o-y. In Q4/2023, Revenue from Sales stood at 30,526 MB, down 5% y-o-y.
* **SCGP (Packaging Business)** recorded Revenue from Sales of 129,398 MB, down 11% y-o-y primarily due to lower volume and prices of sales, particularly in the packaging paper and pulp segments. Profit for the Year decreased 10% y-o-y to 5,248 MB as a result of reduced volume and prices of sales.

**Meanwhile, in Q4/2023,** Revenue from Sales was 31,881 MB, a drop of 5% y-o-y, influenced by the lower prices of packaging paper amid a slow economic recovery, especially in China. Additionally, the export sector in the ASEAN region, particularly non-essential goods, continued to slow down. However, there was an increase of 1% q-o-q due to the recovery in packaging demand in consumer-linked segment during the year-end festivities along with ASEAN export recovery, especially for food products, and sales volume improvement of packaging paper in Indonesia. Profit for the Period was 1,218 MB, up 171% y-o-y as a result of increased sales across all business segment, along with the expansion of production capacity in consumer packaging and effective cost management throughout the value chain. However, there was a decrease of 8% q-o-q due to change in depreciation policy at Duy Tan (Polymer packaging in Vietnam) and UPPC (Packaging paper in The Philippines) along with tax deduction.

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