*Press Release*

**SCG Announces Q3 and 9M/2024 Results; Implements Short-Term Strategies by Reducing Organizational Costs, Shutting Down Unprofitable Businesses; While Pursuing Long-Term Strategies by Progressing Ethane Petrochemical Project in Vietnam, Promoting High-Value Low Carbon Cement and Green Polymer Growth   
Under Inclusive Green Growth Approach**

**Bangkok, 31 October 2024 – SCG announced its Q3 and 9M/2024 results, addressing ongoing economic challenges. The company has set key targets, including 1) reducing overall organizational costs by 5,000 MB by 2025, 2) lowering working capital by 10,000 MB by Q1/2025, 3) discontinuing unprofitable businesses, and 4) executing asset divestments. SCG is also focused on reducing production costs and accelerating the use of alternative fuels, with a target of 50% usage in cement plants in Thailand. As part of its long-term strategy, SCG is increasing flexibility in its petrochemical operations in Vietnam by investing an additional 700 million USD to enable the use of ethane, thereby reducing raw material costs. This project is expected to be completed by 2027. SCG is also accelerating the development and export of Low Carbon Cement and high-demand green polymers. The ASEAN market continues to grow, strengthening in line with the Inclusive Green Growth approach. SCG is preparing to navigate escalating conflicts, heightened global economic volatility, a prolonged global petrochemical downturn that is lasting longer than expected, and fluctuations in the Thai baht.**

**Thammasak Sethaudom, President and CEO of SCG**, said, "For the period of 9M/2024, SCG achieved revenue of 380,660 MB, close to the previous year, driven by sales volumes from SCG Chemicals and SCGP. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization, including dividends received from associates) amounted to 38,768 MB, a decrease of 10% compared to the same period last year. Profit for the Period was 6,854 MB, down 75% from the same period last year due to operational expenses for the Long Son Petrochemicals (LSP) project, reduced chemical product price spreads, and a decrease in the share of profits from associates. Excluding extraordinary items, profit decreased by 46% compared to the same period last year. In Q3/2024, revenue was 128,199 MB, with EBITDA at 9,879 MB. Profit stood at 721 MB, down 81% from the previous quarter, which was attributed to the foreign exchange effect from the Baht appreciation, the downwards chemicals inventory price adjustment, decreased equity income from associate companies, and seasonal dividend.

SCG expects its revenue for 2024 to increase by 3% from the previous year, despite severe global economic volatility, a prolonged global petrochemical downturn, the Middle East conflict, increased competition from Chinese products in the domestic market, and fluctuations in the Thai baht. These challenges pose obstacles to business operations and are likely to persist for an extended period. As a result, SCG is focusing on conducting its business with increased caution and prudence. The company has set key targets, including: 1) reducing overall organizational costs by 5,000 MB by 2025,   
2) lowering working capital by 10,000 MB by Q1/2025, 3) discontinuing unprofitable businesses, such as SCG Express and the digital technology business OITOLABS in India, with other operations also under review for potential discontinuation, and 4) executing asset divestments to enhance agility and focus on maintaining financial stability. Additionally, SCG is improving production efficiency to sustain a competitive EBITDA level, including initiatives to increase the proportion of alternative fuel usage in its Thai cement plants to 50% within this year and employing automation in tile production to achieve greater precision, speed, and reduced material waste. However, SCG continues to invest in ASEAN countries. Over the past nine months, sales have grown by 10% compared to the previous year, driven by contributions from Vietnam and Indonesia.

In the long term, green initiatives and Inclusive Green Growth approach present business opportunities and advantages. Therefore, the company is accelerating investment in the ethane project at Long Son Petrochemicals (LSP) to reduce raw material costs, with an investment budget of 700 million USD. This move enhances competitiveness within the global petrochemical industry and helps reduce carbon dioxide emissions in the production process. SCG is also promoting high-value green innovations such as Generation 2 Low Carbon Cement, which has been continuously well-received, achieving an 86% replacement rate of conventional cement with Low Carbon Cement. Additionally, the company is advancing green polymers under the SCGC GREEN POLYMER™ brand which shows consistent growth.

**SCG Chemicals (SCGC)** continues to face challenges from the petrochemical trough, product oversupply, and a global slowdown in demand for chemicals. To address this, SCGC is working to strengthen its long-term competitive edge by investing in upgrades to its LSP plant to enable the use of U.S.-sourced ethane. This move will help lower production costs, as ethane is a competitively priced raw material in the global petrochemical industry, and it will also increase raw material flexibility in production. The project involves an investment of approximately 700 million USD, primarily allocated for constructing ethane storage tanks and supporting facilities for raw material reception. The project is expected to be completed by the end of 2027.

The LSP project began commercial operations on September 30, with an initial production output of 74,000 tons during the trial phase. SCGC is focused on managing the production of all three plants—Rayong Olefins (ROC), Map Ta Phut Olefins (MOC), and LSP—to align with raw material prices, product demand, and the global economic situation, maximizing competitiveness. The LSP plant has temporarily halted operations to manage overall business costs, with plans to reassess operations when conditions are more favorable.

In terms of green innovation, SCGC GREEN POLYMER™ is progressing well. Recent milestones include partnerships with industry leaders such as Bangchak and Panjawattana Plastic to produce the eco-friendly "FURiO Ultra HD diesel additive packaging" made from post-consumer materials. This packaging has been specially formulated for strength,

durability, and safety, with certification from the Global Recycled Standard (GRS). Additionally, SCGC has collaborated with Kao Industrial, a leading Japanese company, to develop sustainable shampoo bottles made from high-quality recycled plastic, which are 100% recyclable.

**Cement and construction related businesses** shows continued growth driven by the government’s acceleration in budget disbursement for infrastructure projects. Meanwhile, Thailand's building materials market remains sluggish due to a slowdown in project activity and high household debt.

**SCG Cement and Green Solutions** is advancing its construction technology, particularly in 3D printing, by developing special cementitious materials that harden and provide compressive strength to meet global market demand. Recently, it signed an agreement with Samsung E&A from South Korea to integrate innovative technologies that enhance efficiency, speed, accuracy, reduce costs and construction waste, and address the skilled labor shortage in the construction industry. This collaboration emphasizes the use of high-quality, patented 3D Printing Mortar, which has been developed over the past decade. The technology consultation provided supports the construction of highly complex structures, including multi-storey buildings, especially in Saudi Arabia. SCG International has already delivered its first batch of 3D Printing Mortar to Saudi Arabia, with plans to expand into South Asia, the Middle East, and Africa (SAMEA) to support business and construction growth in these regions. Additionally, SCG promotes eco-friendly housing solutions, such as the “CPAC Small Concrete Mixer Trucks” for small areas, which reduce noise pollution, and the “CPAC Low Carbon Concrete,” which helps reduce PM 2.5 issues. In collaboration with AP Thailand, this Low Carbon Concrete will be used in over 56 housing projects by 2024, reducing carbon dioxide emissions by 1,112,600 kg CO2, equivalent to planting 117,116 trees.

For cement products, SCG has received the international Environmental Product Declaration (EPD) across all product groups. Notably, the Tiger Mortar ready-mixed cement products are the first to receive this recognition, covering 10 mortar products, 8 SCG and Tiger cement products, and 27CPAC Ready-Mixed concrete products. (The Ready-Mixed concrete certification is expected to be granted in November 2024.)

**SCG Distribution and Retail** is actively expanding into the high-potential retail market for home products and services, which continues to experience growth. The company has recently accelerated the expansion of Mitra 10, a modern trade store in Indonesia, by opening two additional branches in Jababeka and Samarinda, with plans to open four more branches by 2024. The expansion will also include a wide range of affordable house brand products through domestic distribution channels. These include the UNIX brand for decorative products, TOPSTEEL for steel products, and TOPPRO for tools and equipment. Additionally, Q-Chang, the platform that connects customers with skilled handymen and offers comprehensive home care services, continues to grow steadily. Currently, the platform has a network of over 10,000 expert handymen, serving more than 300,000 customers nationwide. The company is strengthening its service capabilities with cutting-edge technology to meet all customer needs, while also welcoming strategic partnerships to enhance business expansion and drive efficient growth in the future.

**SCG Smart Living** advances landscape decoration innovations by contributing to a new landmark in Roi Et province, establishing a distinctive identity in the northeastern region of Thailand. The design incorporates cultural elements and emphasizes eco-friendly materials, with paving blocks and concrete tiles made from 40% recycled materials. These products are certified by SCG Green Choice and have a Carbon Footprint certification from the Thailand Greenhouse Gas Management Organization (Public Organization). Examples include Pavement series, Serena series, as well as the latest concrete floor tiles: UVT series. SCG also promotes prefabricated products and quick installation systems to meet the needs of customers repairing flood-damaged homes, offering items like fascia boards, pre-colored siding and decorative panels, and durable, moisture-resistant materials like SCG Smartboard panels.

**SCG Decor (SCGD)** focuses on reducing costs and increasing the use of clean energy. The installation of a hot air generator at the Nong Khae Industrial Estate has resulted in annual cost savings of 16.8 MB. SCGD is also aggressively expanding into the Vietnamese market, driving continuous growth. Recently, it has upgraded its ceramic tile production line to manufacture large-sized glazed porcelain tiles, with a production capacity of 2.5 million square meters. In addition, SCGD has expanded distribution channels and offered a variety of products. Notably, SCGD has launched the first V-Ceramic store in Southern Vietnam to cater ceramic tiles and sanitary ware.

**SCG Cleanergy** has seen steady growth due to increasing demand and the promotion of clean energy in the country. The company now boasts a total production capacity of 526 megawatts from both public and private sector projects. Recently, SCG Cleanergy, in collaboration with Kasikornbank, signed an agreement for a 1,500 MB for green loan to invest in various Solar Private Power Purchase Agreement (PPA) projects. These projects will involve the installation of solar systems for organizations and companies, with a combined production capacity of 88.5 megawatts. Additionally, the implementation of Smart Microgrid technology is underway, with plans to expand this solution to Toyota plants in the Amata City Industrial Estate in Chonburi Province. Progress on the installation of the Rondo Heat Battery, which stores heat from clean energy, at the SCG Cement Plant in Saraburi Province has reached over 45%. The project’s design has been completed, and production of the thermal media for heat storage has begun, with machinery expected to start operating around the second quarter of 2025.

**SCGP** continues to actively expand consumer packaging and solutions business, such as foodservice packaging and medical supplies and labware. SCGP has recently partnered with Once Medical Company Limited to develop syringes and other high-quality medical supplies. This collaboration aims to enhance the production capabilities of VEM Thailand while strengthening and expanding its customer network. Additionally, SCGP is focused on cost management and increasing profitability by adjusting portfolio to boost sales of high-value products. This includes increasing exports of packaging paper to high-demand markets, optimizing transportation costs, increasing of domestically recovered paper usage, and growing its recovered paper sourcing network. SCGP is also improving production efficiency by utilizing advanced technology and artificial intelligence to maximize resource use and continuously reducing energy costs.

**Thammasak concluded, “**In these challenging times, all sectors must come together to support one another. In the wake of recent floods, SCG has partnered with many networks to provide relief to those affected, distributing 1,140 survival bags, 3,600 paper toilets, 20 paper beds, and six prefabricated toilets, while setting up community kitchens in eight areas. SCG has also supported the repair of 15 schools in disaster-hit areas. For businesses, adapting to climate-related regulations is essential. Beyond our collaboration with the Federation of Thai Industries on the Go Together project to enhance SMEs' capabilities through eco-friendly innovation and technology, SCG has launched the NET ZERO Accelerator Program (NZAP) for small and medium enterprises, as well as young government executives. This program aims to equip participants with knowledge of public policies, trade mechanisms, and access to low-carbon business financing with the goal of reducing costs, increasing profitability, and fostering a green industry alongside a transition to a low-carbon society."

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**Attached Document: Key Financial Information of SCG**

SCG’s Operating Results of Q3/2024 Profit for the Period was 721 MB, which included the 2,183 MB cash gain from Interest Rate Swap (IRS) instrument from SCGC. Profit for the Period decreased 81% QoQ and was attributed to the foreign exchange effect from the Baht appreciation, the downwards chemicals inventory price adjustment, decreased equity income from associate companies, and seasonal dividend.  Without the IRS, the reported Q3/2024 Loss for the Period would have been 1,462 MB. Revenue from Sales was 128,199 MB, which was flatted QoQ, resulting from an increasing SCG Chemicals’ sales volume offset with weakened SCGP sales. Meanwhile, EBITDA registered at 9,879 MB, decreasing 39% QoQ.

For the period of 9M/2024, Revenue from Sales remained flattered YoY at 380,660 MB, as a consequence of increasing sales volume in SCG Chemicals and SCGP offset dipped sales in the businesses related to construction materials. However, EBITDA dropped 10% YoY to 38,768 MB. Profit for the Period and Profit excluding extra item[[1]](#footnote-1) registered 6,854 MB or -75% YoY and -46% YoY, respectively, due to the expenses from the startup of the Long Son Petrochemicals (LSP) complex (ie: startup cash expenses and non-cash depreciation), squeezed chemicals spread and decreased equity income from associate companies.

SCG’s total assets as of September 30, 2024, amounted to 867,046 MB, of which 45% represented assets in ASEAN (excluding Thailand).

**For the period of 9M/2024**, **Revenue from Sales of High Value-Added Products & Services (HVA)** amounted to 115,712 MB, accounting for 39% of total sales. **Revenue from Sales of SCG Green Choice** totaled **207,113** MB or 54% of total Revenue from Sales.

**Revenue from Operations outside of Thailand, including export sales from Thailand**, For the period of 9M/2024registered 169,682 MB, or 45% of total Revenue from Sales.

**Operating results by business units are as follows:**

* SCG Chemicals (SCGC): In Q3/2024, SCGC’s Revenue from Sales registered 53,449 MB, representing an increase of 2% QoQ from higher sales volume. EBITDA was 1,540 MB, dropped by 50% QoQ. EBITDA from Operations was 1,340 MB, a decrease of 1% QoQ. Loss for the Period was 1,480 MB, increased 19% QoQ resulting from attributed to the foreign exchange effect from the Baht appreciation, and decreased equity income from associate companies. In addition, inventory loss in Q3/2024 was 1,302 MB. On a YoY basis, Q3/2024 Revenue from Sales increased 8% YoY from Polyolefins price while EBITDA decreased 46% YoY and EBITDA from Operations dropped 51% YoY. Loss for the Period increased 2,532 MB YoY attributed to the foreign exchange effect from the Baht appreciation, and downward inventory price adjustment.
* SCG Cement and Green Solutions: For Q3/2024, Revenue from Sales registered 20,799 MB or +5% QoQ attributed to revving up government disbursements and low carbon cement penetration than that in Q2/2024. Meanwhile, EBITDA dropped to   
  2,479 MB or -18% QoQ. Profit for the Period registered 225 MB or -71% QoQ from seasonal maintenance expenses. On a YoY basis, Q3/2024 Revenue from Sales decreased 3% YoY due to delay government disbursement. EBITDA increased 36% YoY and Profit for the Period increased 690 MB YoY mainly from better managing production costs and energy costs effectively, which Q3/2023 included the regional cement asset impairment of 578 MB.
* **SCG Smart Living & SCG Distribution and Retail**: In Q3/2024, Revenue from Sales registered 33,593 MB or -5% QoQ. Likewise, EBITDA dropped to 899 MB or -38% QoQ. Profit for the Period registered 314 MB or -45% QoQ, attributed to lower sales volume from seasonal demand and heavy flood in Thailand and regional countries together with seasonal dividend. On a YoY basis, Q3/2024 Revenue from Sales decreased 13% YoY due to heavy flood in Thailand and regional countries. EBITDA increase 8% YoY. Profit for the Period was 214% YoY, attributed to efficient cost saving programs and the foreign exchange effect from the Baht appreciation.
* **SCG Decor (SCGD):** For the period of 9M/2024, reported Revenue from Sales registered at 19,585 MB or -9% YoY. However, EBITDA registered at 2,530 MB or +2% YoY, and Profit for the Period reported at 730 MB or +69% YoY.
* **SCGP**: For the period of 9M/2024, reported improved Revenue from Sales of 101,553 MB, which rose 4% YoY. EBITDA reported at 13,293 MB, decreasing 1% YoY and Profit for the Period registered at 3,756 MB, a decline of 7% YoY.

1. The extra items are non-recurring items which are non-cash.

   The extra items in 9M/23 include:

   1.Regional cement asset impairment in SCG Cement and Green Solutions = - 578 MB

   2.Gain from Fair value adjustment of investment = 14,822 MB [↑](#footnote-ref-1)