***Press Release***

# SCG Announces Operating Results for Q1/2021, Recovering from Global Economic Downturn,

# Leads the market in Innovative Chemical Products-Home Solutions-Integrated Packaging Chain,

# Emphasizes ESG Business Model to ensure Sustainable Growth in the Long Run

***Bangkok: April 29, 2021 – SCG reported its operating results for Q1/2021 with profit rising from HVA chemical products in-line with global markets recovery, the commencement of Map Ta Put Olefins Debottleneck phase 2’s operations, and sales of service solutions for Work-from-Home renovation demands. F&B packaging and E-commerce experienced consistent growth. The results were also aided by efficiency improvements which enabled cost savings. With a goal to embrace ESG as a business model, SCG announced the acquisition of a stake in Portugal’s recycled plastic business, Medical & Healthcare and EV Solution development in pursuit of  
 long-term growth and sustainability.***

**Mr. Roongrote Rangsiyopash, President and CEO of SCG**, disclosed, “The Company’s unreviewed Operating Results for Q1/2021 registered Revenue from Sales of 122,066 MB, an increase of 26% q-o-q, due to better performances in all businesses. Meanwhile, Profit for the Period reached 14,914 MB, an increase of 85%   
q-o-q from all businesses. This was driven by Chemicals Business’ higher sales volume from the completion of Map Ta Phut Olefins (MOC) turnaround in Q4/20, the start-up of MOC Debottleneck phase 2’s operations, healthy global demand and higher equity income. The quarterly growth was also driven by seasonal improvements in Cement-Building Materials Business as well as higher contribution from the Packaging Business by active downstream portfolio expansion and existence of a diverse customer base.

On a y-o-y basis, Revenue from Sales increased 15%. Profit for the Period increased 114%, largely attributable to improved Chemicals product spreads and higher equity income.

**In Q1/2021, SCG’s Revenue from Sales of High Value-Added Products & Services (HVA)** reached 41,475 MB, accounting for 34% of total Revenue from Sales. Moreover, **New Products Development (NPD) and Service Solution** such as Solar Energy Solution and Smart and Functional Solutions, amounted to 13% and 5% of total Revenue from Sales.

**SCG’s Revenue from outside of Thailand together with export from Thailand** registered 51,104 MB in Q1/2021, or 42% of total Revenue from Sales, an increase of 14% y-o-y.

**SCG’s total assets at the end of Q1/2021 amounted to 800,932 MB, of which 38% represented assets in ASEAN.**

**The Q1/2021 operating results by business units are as follows.**

**Chemicals Business** recorded Revenue from Sales of 51,607 MB, an increase of 43% q-o-q from sales volume as there was MOC turnaround in Q4/2020 as well as and MOC Debottleneck started up in Q1/2021, and increase 35% y-o-y. Profit for the Period totaled 8,829 MB or increased 51% q-o-q mainly from higher sales volume and equity income from associates, and grew 397% y-o-y from higher product spreads and equity income from associates including those from Bangkok Synthetics Co., Ltd. (BST), the only producer of synthetic nitrile latex in Thailand producing Nitrile rubber gloves for medical personnel.

**Cement-Building Materials Business** recorded Revenue from Sales of 46,185 MB, an increase of 15%   
q-o-q and flat y-o-y due to regional demand weakness and the planned maintenance of Cambodia cement plant during the quarter. Profit for the Period totaled 2,809 MB, increased y-o-y from cost-efficiency management and increased q-o-q from seasonal improvements**.**

**Packaging Business** recorded a Revenue from Sales 27,253 MB, an increase 15% q-o-q and 12% y-o-y. Profit for the Period stood at 2,135 MB, a rise 44% q-o-q and 23% y-o-y driven mainly by ASEAN consumer demand growth, regional paper price improvement, active downstream portfolio expansion particularly in daily consumer goods such as F&B packaging and health products, existence of a diverse customer base, and well as the Merger & Partnership (M&P) strategy. The business invested in Bien Hoa Packaging Joint Stock Company (SOVI), Vietnam, and Go-Pak UK Limited to expand food packaging markets across the region, in-line with the megatrends.

**Mr. Roongrote said**, “The operating results for Q1/2021 is the testament to the global economic recovery. Nevertheless, there remains high degree of uncertainties, particularly in the second half of 2021, and SCG is committed to building **resiliency via driving higher sales from High Value-Added Products & Services (HVA) and adopting digital technology to enhance production line and cost management**. Meanwhile, SCG continues to prioritize safety and has implemented strict COVID-19 preventive measures for employees, customers, and stakeholders. Business Continuity Management (BCM) enables the company to continue delivering products and services as well as providing solutions to customers.

Additionally, SCG **is committed to doing business in ways that are aligned with the Environmental, Social, and Governance (ESG) framework**. We seek to develop **innovative products, services, and solutions catering to circular economy, medical and healthcare, and Electric Vehicles (EV) industries. Recently, SCG signed an agreement to purchase a stake in Portugal’s** **recycled plastic business** in order to pursue longer-term business opportunities in these aforementioned segments.

At present, there are 103 products classified as **SCG Green Choice,** and are expected to increase to 135 products in this year. These products reduce natural resource use and energy consumption, as well as has extended shelf life, providing viable alternatives to environmentally conscious consumers. In Q1/2021, Revenue from Sales of SCG Green Choice products accounted for 45,635 MB, or 37% of the total Revenue from Sales,

Furthermore, SCG increased the use of solar energy in its production processes. In 2020, solar energy use amounted to 88,125 MWh. For January to February 2021, the amount totaled 14,769 MWh. Similarly, SCG’s use of alternative fuel increased in-line with our Zero Coal Initiative. In 2020, coal use amounted to 14.3 %. For January to February 2021, the proportion grew to 16.0%.

**Chemicals Business** performed well locally and internationally with operations geared towards “**Chemicals Business for Sustainability”**. Aside from focusing on **HVA** such as SMX™ HDPE and HDPE Pipe PE112, the Business also seeks entry into **high-growth markets** such as circular economy businesses. Recently, **the business entered into Europe’s circular economy by signing an agreement to purchase shares of Sirplaste, leading plastic recycling company in Portugal**. This acquisition not only promotes full use of resources in-line with circular economy principles, but also allows SCG to further improve its plastic recycling technology in ASEAN, and expand its sales channel in European market.

The **MOC Debottleneck project**, a collaboration of SCG’s Chemicals Business and DOW, is completed ahead of plan and has started initial production. Production is expected to reach full capacity in May 2021, adding 350,000 tons per year to olefins production. State-of-the-art technology of MOC Debottleneck project enables the production process to have a lower investment cost, promotes energy saving, and is environmentally-friendly (Green Process).

Long Son Petrochemicals Company Limited (LSP) in Vietnam is progressing as planned at 76% completion and will commence commercial operations in the first half of 2023.

For the future growth opportunity in Chemicals business such as a potential to further expand capacity in ASEAN, SCG is in the process of exploring the feasibility of Chemicals business restructuring, including the possibility of a public offering of SCG Chemicals’ shares. This feasibility study and the business restructuring are expected to be completed by the end of 2022.

**Cement-Building Materials Business** pursues growth via products, services, and solutions that empathize sustainable construction, aligned with the ESG framework. Examples include the **Green Construction solution by CPAC that encompasses digital technologies to enrich Thailand’s construction standards** towards becoming   
eco-friendly from end-to-end. This is made possible by CPAC Construction Solutions including CPAC BIM,   
CPAC Drone, CPAC 3D Printing, and CPAC Smart Structure. These solutions should help turn approximately   
10-20% of construction waste into community wealth (waste to wealth concept).

Additionally, the business rolls out the **SCG Solar Roof Solution** to residential segment such as homeowners and non-residential segment such as entrepreneurs who use electricity during the daytime. Targeting total Revenues from Sales of 600 MB in 2021, this helps lessen electricity costs and offer clean energy to consumers. Recently, the **EV Solution Platform,** was also launched to help support the EV demand in Thailand.

Meanwhile, theBusiness introduces **SCG D’COR**, alternative decorative material alongside SCG D’COR Facade Solution, promoting aesthetics as well as functionality. Moreover, **SCG HOME will increase the number of outlets by 33, bringing the total number of branches to 50 nationwide in 2021**. SCGHOME.com will become the super-platform for the end-to-end home solution, integrating storefronts and online channels.The Active   
Omni-channel aims to be the customers’ companion throughout their planning, renovation, and living phases.

**Packaging Business** witnesses continuous growth with sustainable solutions. **The business has continued to focus on downstream packaging business in ASEAN and has continued to advance its investment strategy, encompassing production capacity expansions and merger and partnership (M&P) deals, and synergies among production bases.** The business recently commenced the operations of a new 400,000 tons-per-annum capacity at its packaging plant Fajar in Indonesia. It also expanded production capacity for high-performance and Polymer packaging totaling 347 million pieces a year at Visy Packaging (Thailand) Limited. Packaging business successfully managed risks associated with **raw materials and freight costs**, enabling it to benefit from market recovery.

Meanwhile, the Business **developed innovative packaging solutions in line with circular economy** principle. An innovative film that controls gas and vapor flow, the **OptiBreath®** is a packaging that retains the freshness of fruits and vegetables, lessens food waste, and unlocks logistics limitations. The **Odor LockTM**packaging seals food odor to ease transport and give convenience when placed alongside other items. Sales are available online to assist entrepreneurs and consumers in this upcoming fruit season.

“The third wave of COVID-19 proves to be extensive and has affected the health and economic wellbeing. During this time, the government has accelerated the full efforts in caring for public health. This week has been especially noticeable with the government implementing strict measures. We view this positively and urge everyone to cooperate to strictly practice the preventive measures announced by the Ministry of Public Health and the government. Actions include working from home, wearing masks, hand washing, and respecting social distancing must be practiced. These enable us to overcome the crisis.

The production of the AstraZeneca vaccine by Siam Bioscience is on track. Recently, the Food and Drug Administration issued approval for Siam Bioscience as a high-standard vaccine production base. This allows Thailand to become the center of production and distribution to countries in the Southeast Asian region, thus, promoting equal vaccine access across the region. It is expected that vaccination in the country can begin by June 2021.

Meanwhile, **SCG Foundation, SCG, and SCGP has offered assistance to 77 provinces and 270** **agencies** to assist patients and medical personnel in needs. Approximately 22,000 **SCGP Paper Field Hospital Beds** have been distributed. The beds are made from recycled paper with an ergonomic design, supporting Asian body structure while holding up to 100 kg of weight. With innovative design, they are easily transported and installed. Furthermore, innovations such as the **Bathroom Mobile Units**, **Positive Pressure Rooms**, and other medical equipment have been provided.

Additionally, SCG, the Thai Chamber of Commerce, Board of Trade of Thailand, and leading organizations will firmly collaborate with the government to rapidly distribute the vaccine throughout the country. This includes support in terms of equipment, personnel, budget, and location. SCG is currently preparing the SCG Bangsue headquarters to be the “vaccination unit” for the public which is expected to commence in June. I hope that with the collaborative efforts from various sectors as well as proper self-care, we can control the spread of   
COVID-19 and help position Thailand for a strong economic upturn.”

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