*Press Release*

**SCG Announces Q2/2023 Results with Recovery and Readiness Amid Volatile Global Economy Through Acceleration of Four Mega-trends - Petrochemical Complex in Vietnam, Bio-based Plastic from Eucalyptus Woodchips, Rapidly Growing Clean Energy Business,   
and Preparations for SCG Decor's Stock Market Entry**

**Bangkok: July 27, 2023 - SCG's Q2/2023 operating results have seen a business recovery due to swift adjustments to operational plans amid a slowing ASEAN and Chinese economy. SCG is primed to seize opportunities from global market recovery, focusing on four business strategies that align with global mega-trends: namely, high-quality plastic resin production by the largest integrated petrochemical complex in Vietnam to feed the regional market, bio-based plastic from eucalyptus woodchips that are biodegradable, thermal media from clean energy for carbon-reducing industries, and SCG Decor which is poised to be the number one in ASEAN.**

**Roongrote Rangsiyopash, President & CEO of SCG**, disclosed, "The global, Chinese, and ASEAN economies experience a slow recovery. SCG has swiftly adjusted its operational plan by reducing costs, transitioning to clean energy, and developing innovative products and services with high value-added (HVA) and green products. This, coupled with a gradually recovering Thai economy driven by tourism, and   
an improving building material market in touristic cities, has led to **more** **robust operating results than   
the previous quarter. In Q2/2023, SCG reported Revenue from Sales of 124,631 MB, Profit for the Period of 8,082 MB, and Profit excluding extra items of 5,216 MB, up 14% q-o-q**, primarily due to increased sales volumes of polyolefin in SCGC, decreased energy costs. **SCG is prepared to seize opportunities from the global market recovery by accelerating four business strategies that address global mega-trends.** These are:

1. **The largest integrated petrochemical complex in Vietnam,** a strategic production base in   
   the ASEAN region with high potential. This complex produces a full range of chemical innovations from upstream to downstream to serve the global market, for which it already has   
   a customer base.
2. **Partnering with global business leaders in sustainable advancements** **to further enhance green innovations** in line with global market demand and ESG trends This **includes the 'Bio-based Plastic from eucalyptus woodchips'** **innovation**, which uses advanced technology to produce raw materials for biodegradable Bio-PET plastic.
3. **Investing in technology for thermal media that stores heat from clean energy and can operate at temperatures above 1,000 degrees Celsius.** This is a main component of the Rondo Heat Battery, addressing the growth of the green industrial sector aiming towards Net Zero targets.
4. **Preparing SCG Decor to enter the stock market** with a focus on leading the ASEAN market in surface decoration materials and sanitary ware. This includes the Smart Bathroom innovation, which has a high ASEAN market value of up to 78,000 MB in 2026"

**Thammasak Sethaudom, Executive Vice President of SCG**, said,"SCG has successfully managed energy costs amid volatile energy prices. Particularly, in the first six months of 2023, domestic cement operations significantly increased the use of alternative energy sources to be 40%. Furthermore, **SCG Cleanergy**, who provides comprehensive electricity trading services for the public sector, businesses, and industry, continues to grow, boasting a production capacity of 231 megawatts in Q2/2023. The company stands out with its operational Smart Grid electrical network at the Saha-Union Group in Bangpakong. Simultaneously, SCG has invested in Rondo Energy, a global clean energy startup from the United States, to jointly produce **thermal media** capable of storing heat at temperatures higher than 1,000 degrees Celsius. This key component of the Rondo Heat Battery stores solar energy as heat for use in industries worldwide, aiming at achieving Net Zero in alignment with the ESG approach. Furthermore, **Thai Beverage (ThaiBev) and Frasers Property has jointly invested in NocNoc**, a Home and Living online marketplace, to expand business in Thailand and ASEAN, with the GMV target of 5,000 MB by 2023."

**Tanawong Areeratchakul, CEO and President of SCG Chemicals Public Company Limited or SCGC, said,** "The total sales of SCGC have improved from the previous quarter due to an increase in   
the sales volume of polyolefins and the spreads of some chemical products have increased. Moreover,   
**The** **LSP petrochemical complex plant** **in Vietnam** is currently testing systems within the plant in preparation for future commercial operations. Simultaneously, we have partnered with two global green plastics leaders, **Avantium N.V. from** **the Netherlands** and **IHI from Japan to build a pilot plant to convert CO2 into eco-friendly petrochemical products** and develop it into other alternative raw materials based the principles of a circular economy. This will also contribute to the reduction of carbon dioxide emissions into the atmosphere."

**Nithi Patarachoke, President of Cement-Building Materials Business of SCG, said**, " The ASEAN economy has slowed down, impacting total sales across core businesses. This effect is further compounded by the exclusion of SCG Logistics' sales figures due to its merger with JWD in the first quarter. However, demand is expected to rebound, especially for innovative products and services that meet the requirements of a new lifestyle prioritizing cost-effectiveness, convenience, safety, and environmental friendliness. With ASEAN's population of over 560 million people, SCG is poised to seize the opportunity to take **SCG Decor** **to the stock market**, aiming to be number one in ASEAN. The Smart Bathroom innovation has a ASEAN market value of up to 78,000 MB in 2026.

**Wichan Jitpukdee, Chief Executive Officer of SCG Packaging Public Company Limited or SCGP,** said,"The Q2/2023 operating results have demonstrated robust profit growth, stemming from ongoing effective cost management strategy. Simultaneously, SCGP is investing in the development of innovations and solutions to cater to consumer needs. Currently, we are developing bio-based plastic from eucalyptus woodchips in collaboration with Origin Materials. The latest test results have successfully completed stage 1, the laboratory testing, and stage 2, the production optimization. We are now ready to proceed to stage 3, which involves the pilot plant and selecting partners to further technology development. Additionally, SCGP is researching and developing the biodegradable wooden foodservice packaging made from eucalyptus, in line with the trend of using eco-friendly foodservice packaging. This adds value to eucalyptus wood and benefits all stakeholders, from the planting to the processing of eucalyptus wood, contributing to the creation of sustainable income and environment."

**The Company's unreviewed operating results for Q2/2023 are as follows:**

SCG registered Revenue from Sales of 124,631 MB, down 3% q-o-q. The Cement–Building Materials Business and SCGP saw a decline in sales revenue. Meanwhile, SCGC recorded an increase in Revenue from Sales q-o-q due to an upsurge in sales volume. SCG's Profit for the Period stood at 8,082 MB, a drop of 51% q-o-q, mainly attributable to the one-time gain from fair value adjustment of investment in SCG Logistics, following SCGJWD Logistics merger transaction in the previous quarter. Profit excluding extra items reached 5,216 MB, an increase of 14% q-o-q, largely due to seasonal dividend income from the investment business (automotive business).

**For the H1/2023,** SCG reported Revenue from Sales of 253,379 MB, down 17% y-o-y.   
This decrease was attributed to a reduction in all business groups' sales due to softened demand. Despite this, Profit for the Period increased by 31% y-o-y to 24,608 MB, primarily due to the one-time gain from fair value adjustment of investment. Profit excluding extra items was 9,786 MB, a decrease of 49% y-o-y.

SCG's Revenue from Sales of High–Value Added Products & Services (HVA) for H1/2023 reached 86,411 MB or 34% of total Revenue from Sales. Revenue from Sales of environmentally friendly products, Green Choice, amounted to 137,258 MB, accounting for 54% of total sales.

SCG's Revenue from operations outside of Thailand together with export sales from Thailand for H1/2023 registered 108,672 MB. This constituted 43% of total Revenue from Sales.

**The total assets of SCG, as of June 30, 2023, amounted to 942,018 MB, of which 45% represented assets in ASEAN (excluding Thailand).**

**The Q2/2023 and H1/2023 operating results by business units are as follows:**

**Chemicals Business (SCGC)** recorded Q2/2023 Revenue from Sales of 48,755 MB, up 4% q-o-q, mainly due to the increased sales volume of polyolefins. Profit for the Period totaled 741 MB, decreased 45% q-o-q from lower product spread.

 The H1/2023's Revenue from Sales of SCGC reached 95,560 MB, a dip of 30% y-o-y due to lower product prices. Profit for the Period was 2,097 MB, decreased 71% y-o-y, largely because of the lower equity income from associates, combined with a decrease in sales volume and margins.

**Cement-Building Materials Business** recorded Q2/2023 Revenue from Sales of 46,432 MB,   
a decrease of 12% y-o-y thanks to change in the status of SCG Logistics from subsidiary to associate company following SCGJWD Logistics merger transaction in the previous quarter and the declining economic situation in ASEAN region outside Thailand. Profit for the Period was 1,250 MB, a decrease of 35% y-o-y, largely attributable to the regressive regional economic situation.

The H1/2023's Revenue from Sales of Cement-Building Materials Business reached 97,232 MB,   
a decrease of 6% y-o-y. Profit for the Period was 14,731 MB rose 10,320 MB y-o-y. A breakdown of the performance of each business segment is as follows:

* **SCG Cement and Green Solutions** recorded Q2/2023 Revenue from Sales of 21,340 MB, down 2% y-o-y. In H1/ 2023, Revenue from Sales was 44,178 MB, an increase of 1% y-o-y.
* **SCG Smart Living** recorded Q2/2023 Revenue from Sales of 6,247 MB, up 4% y-o-y.   
  In the first half of 2023, the Revenue from Sales was 12,956 MB, an increase of 8% y-o-y.
* **SCG Distribution & Retail** recorded Q2/2023 Revenue from Sales of 31,049 MB,   
  down 8% y-o-y. In H1/2023, Revenue from Sales was 64,025 MB, a decrease of 3% y-o-y.

**SCGP** recorded Q2/2023 Revenue from Sales of 32,216 MB, a drop of 4% q-o-q primarily due to   
a decrease in sales volume of packaging paper, particularly impacted by holiday periods, especially in Indonesia.On the other hand, Revenue from Sales of performance and polymer packaging increased. Overall, Revenue from Sales decreased by 15% y-o-y mainly due to the global economic slowdown affecting domestic and export packaging demand, particularly durable goods and non-essential items. Profit for the Period registered 1,485 MB, a drop of 20% y-o-y, mainly due to decreased sales prices of packaging paper and pulp. However, Profit for the Period increased by 22% q-o-q, mainly due to lower costs such as raw materials, freight, energy, and efficient cost management.

The H1/2023's Revenue from Sales of SCGP reached 65,945 MB or decreased 12% y-o-y.   
This decrease is primarily due to a reduction in the volume and sales price of packaging paper during   
a period when the demand for packaging in the ASEAN region and export markets was slowing. Profit for the Period recorded 2,705 MB, down 23% y-o-y mainly due to a decrease in sales price, especially packaging paper, which is consistent with Revenue from Sales.

In addition, The Board of Directors of SCG has approved H1/2023 interim dividend payment of 2.5 Baht per share (3,000 MB), which is payable on August 25, 2023, with XD-date on August 9, 2023, and record date on August 10,2023.

"Apart from the global economic slowdown, Thailand must remain vigilant against the threat of   
El Niño-induced drought which is expected to occur from August this year until the end of next year. However, the Hydro Informatics Institute (Public Organization) or HII anticipates heavy rainfall and potential flooding in some areas from August to October this year. All sectors are advised to prepare by   
storing as much water as possible and promoting conservative water use. This is because a severe El Niño is predicted next year, which may lead to water scarcity affecting all sectors, including agriculture, tourism, and industry," Mr. Roongrote concluded.

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