Press release SCGP April 23, 2024

**SCGP Announces Q1/2024 Operating Results with Profit of Baht 1,725 Million,**

**Driving strategy for Quality Growth**

**SCGP announced its Q1/2024 operating results, with total revenue from sales of Baht 33,948 million, marking a 1% growth, and profit of Baht 1,725 million, surging by 41% compared to the same period of last year. This growth was fueled by improved production efficiency, effective cost management, product portfolio alignment with market dynamics, and increased sales volume. SCGP is set to foster further growth with investments in M&P, packaging solutions innovation, and continuous improvement in production efficiency.**

**Wichan Jitpukdee, Chief Executive Officer of SCG Packaging Public Company Limited or SCGP,** said that overall packaging industry in ASEAN continues its steady recovery, propelled by favorable economic factors, manufacturing sector growth, improvement in exports, and Thailand's thriving tourism. These have led to increased usage of packaging across industries. For the integrated packaging business, sales volumes have surged across all product categories. Meanwhile, further signs of recovery are emerging for durable goods packaging such as apparel and footwear, thanks to decelerating global inflation. In addition, the packaging paper industry has seen a boost in demand both domestically and for exports to certain areas, particularly South Asian countries, while the fibrous business has experienced increased sales of foodservice packaging amidst recovery of tourism. Nonetheless, there were seasonal effects from the Lunar New Year holiday in China and Vietnam, and soft demand in the automotive segment during this quarter. On cost side, raw materials costs have been gradually increasing in line with the rise of packaging demand. Energy cost was moving sideways while freight cost went up at the beginning of the year amid geopolitical issues in the Middle East and started to subside in latter part of the quarter. Amidst abovementioned factors, SCGP has demonstrated resiliency while adjusted the product portfolios to align with market situations and capitalized on opportunities to effectively sustain the strategic supply chains.

In Q1/2024, revenue from sales amounted to Baht 33,948 million, up by 1% YoY, driven by improved sales volumes across both integrated packaging business and fibrous business. EBITDA reached Baht 5,151 million, marking a 15% increase YoY, while the profit for the period surged to Baht 1,725 million, up by 41% YoY. These results stem from strategic growth initiatives, continuous improvement in production efficiency to reduce costs through Machine Learning and the application of Artificial Intelligence (AI) in packaging paper production, and efficient management of recovered paper sources in the region, amidst rising raw material prices, through a diversified network covering Thailand, Vietnam, the Philippines, and Indonesia, totaling 155 locations (doubled in number in the past three years).

SCGP has allocated a budget of Baht 10,000 million for Merger & Partnership (M&P) investments in high-growth potential sectors such as consumer packaging, fiber packaging, healthcare-related businesses, and medical supplies & labware for packaging demand that is expected to continue improving due to the positive development in manufacturing sector and export performance. This is part of the total CAPEX budget for this year amounting to Baht 15,000 million. On M&Ps, negotiations are currently progressing well, with expected conclusion in certain deals within this year.

For growth through production capacity expansion, in March, SCGP has successfully completed its organic expansion of corrugated containers production capacity in Samutsakorn and Samutprakan provinces. This project adds 75,000 tons per year, which is equal to 9% of the total production capacity in Thailand. The project utilizes modern production and printing technologies such as robotics, automation, and printing applications. The new production base is strategically located close to the export-oriented frozen product manufacturing hub, enabling the company to better accommodate and meet customers’ needs while enhancing cost competitiveness in transportation.

SCGP continues to innovate its packaging to meet customers’ demand and strategizes to enhance production efficiency to cope with volatility in raw material and energy prices. The implementations of Machine Learning and Artificial Intelligence (AI) in packaging paper production processes are being rolled-out further to plants in Indonesia and Vietnam. Furthermore, efficient utilization of resources is under focused along with the continuous reduction of net greenhouse gas emissions to zero (Net Zero) by 2050, in line with ESG framework.

SCGP has also recently received an ESG performance evaluation score of 85 from S&P Global Corporate Sustainability Assessment (CSA), maintaining its position within the top 1% globally for the second consecutive year. This recognition stems from resolute commitment to conducting business sustainably. Additionally, SCGP was honored with Best Green Loan award in Sustainable Finance category at The Asset Triple A Awards 2024 by The Asset, a leading finance magazine in Asia. This accolade was received for Green Loan, with support from Bank of Ayudhya Public Company Limited, that will be used in investment in environmental projects in line with ESG Framework.

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