



SCG Packaging Public Company Limited and Subsidiaries (“SCGP”)

Management Discussion and Analysis

Q4 2021 and Fiscal Year 2021 (Unaudited)

Executive Summary

Continuous Growth of Business Performance

In 2021, global economy continued to be sluggish due to Covid-19 pandemic and the effects of supply chain disruption. Shortage of global container supply remained and led to heightened freight cost while raw material and energy costs were on an upward trend. SCGP continued our strategic business expansions while operated with prudent plans to cope with economic volatility. The Company put high emphasis on proactive cost management throughout the supply chain and continued to offer value through innovative products and services in order to maintain a leading position in ASEAN as a comprehensive packaging solution provider. Consequently, SCGP's FY2021 revenue from sales reported at 124,223 MB or increased by 34% YoY driven by growth of consumer packaging products in the integrated packaging chain, an increase of revenue portion from foodservice packaging, and continuous business expansion from organic and merger & partnership (M&P) investments. EBITDA delivered at 21,150 MB (+25% YoY) with EBITDA margin of 17%. Profit for the year recorded at 8,294 MB (+28% YoY) with net profit margin of 7%.

For the performance of Q4 2021, SCGP's revenue from sales increased to 35,145 MB (+49% YoY and +10% QoQ) amid an overall improved regional demand due to the easing of pandemic control measures of ASEAN governments which helped revive economic activities. Revenue growth was also a contribution of the purchasing orders of consumer products and frozen food, as preparation for New Year's holiday, as well as the financial consolidation of latest M&Ps (SOVI, Go-Pak, Duy Tan, Intan Group, and Deltalab). EBITDA was booked at 5,409 MB (+28% YoY and +10% QoQ) with EBITDA margin of 15%. Profit for the period registered at 2,115 MB (+42% YoY and +19% QoQ) and net profit margin recorded at 6%, including the adjustment of Go-pak's earn-out provision in accordance with the share purchase agreement.

In consideration of the FY2021 financial performance, the Board of Directors has proposed for shareholder approval at the Annual General Meeting (AGM), a full year 2021 annual dividend payment of 0.65 Baht per share, of which 0.25 Baht per share was previously paid as an interim dividend on 25 August 2021. The final dividend payment of 0.40 Baht per share will be on 25 April 2022, record date of 7 April 2022, and XD-date of 5 April 2022.

Business expansions to capture growing consumer demand with merger and partnership that strengthen business model

SCGP proceeded on building a robust growth with M&P which focus on mutual synergy creation with business partners and organic growth via production capacity expansion. Both approaches were executed in multiple countries including Vietnam, Indonesia, Philippines, Thailand, United Kingdom, and Spain with details as follow.

1) Integrated Packaging Chain (IPC)

Vietnam - SCGP continuously expanded our business operation in Vietnam by acquiring 70% share Duy Tan Plastics Manufacturing Corporation (Duy Tan), a leading rigid plastic packaging manufacturer for both multinational and local clients. With the completion of this deal, SCGP's offerings in Vietnam cover full ranges of polymer and fiber based packaging providing customers with a preferred choice of packaging material that fit with their usage. Additionally, the company has announced a major investment in a new production base in Northern Vietnam under Vina Kraft Paper Company Limited (VKPC) to serve the growing domestic and export-oriented industries and foreign direct investment.

Indonesia - SCGP completed an M&P by acquiring 75% share of PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box and PT Rapipack Asritama (Intan Group), a corrugated carton producer with 4 production facilities in Indonesia. This M&P served the growing Indonesian packaging demand, improved market share of overall corrugated carton business while created synergy with the existing and new operations. SCGP has also completed the production capacity expansion of packaging paper and duplex paper at Fajar plant in Surabaya to broaden customer base in the eastern part of Java Island and improve the service level to customers.

Philippines - Production capacity expansion of packaging paper was ongoing. The project would strengthen market leading position of SCGP while support the increased domestic purchasing power and overall economic growth.

Thailand - An expansion of flexible and rigid packaging capacity was completed to serve a growing demand of consumer products, frozen food, and ready-to-eat meals in consonance with consumer trends that prioritize convenient lifestyle.

Spain - SCGP set a significant footprint in the healthcare and medical supply market by investing 85% share in Deltalab, S.L. (Deltalab), a specialized manufacturer and distributor of high quality medical supplies and labware. This endeavor aligns with a growing trend of healthcare and wellbeing and build on current portfolio which SCGP already offers tertiary packaging, secondary packaging, and shelf-ready packaging for this particular segment. The technology and innovation of Deltalab would enable SCGP's further exploration to expand in Asia Pacific market.

2) Fibrous Chain (FC)

United Kingdom - An M&P acquired 100% share of Go-Pak UK Limited (Go-Pak), a leading foodservice packaging solution provider with global customer network in the United Kingdom, Europe, and North America, helped boost foodservice packaging growth potential and elevated international customer network and service capabilities.

Thailand and Vietnam - SCGP enhanced production capacity for foodservice packaging from paper and natural pulp to deliver high quality food grade products for domestic demand as well as purchasing orders from global customers.

SCGP's dedication to develop innovative products, services, and solutions to fulfill the diverse needs of customers

SCGP has been developing variety of innovations and outstanding packaging design through systematic process with account executives and researchers who work closely with clients in each industry. Moreover, we set up the comprehensive product design and development center (Inspired Solutions Studio) at our facilities in Pathumthani and Ratchaburi. At the studios, we exhibit a mockup of small supermarket so that customers can directly experience with sample products and select the ones that are suitable for their requirements and usage. SCGP also supports "Dezpax", a startup project, which is a one-stop service solutions for food packaging for delivery. The service includes design and printing with various product offerings by using foodservice packaging from "Fest", a reputable brand renowned for food grade paper and packaging.

Furthermore, SCGP organized 2 activities called "SCGP Packaging Speak Out Thailand" and "SCGP Packaging Design Challenge Vietnam 2021" to provide a platform for new generation to design, broaden knowledge, and help raise the quality of ASEAN packaging industry.

Table 1 – Consolidated Financial Summary of SCGP

Unit : MB	Q4/2021	Q4/2020	%y-o-y	%q-o-q	2021	2020	%y-o-y
Reported Financials							
Revenue from sales	35,145	23,596	49%	10%	124,223	92,786	34%
Integrated packaging chain	30,339	20,334	49%	12%	105,563	78,903	34%
Fibrous chain	4,806	3,262	47%	2%	18,660	13,883	34%
Cost of sales	29,976	19,078	57%	13%	101,345	73,333	38%
Gross profit	5,169	4,518	14%	-6%	22,878	19,453	18%
<i>Gross profit margin (%)</i>	<i>15%</i>	<i>19%</i>			<i>18%</i>	<i>21%</i>	
SG&A	3,312	2,619	26%	-2%	12,575	10,141	24%
EBITDA	5,409	4,211	28%	10%	21,150	16,876	25%
<i>EBITDA margin (%)</i>	<i>15%</i>	<i>18%</i>			<i>17%</i>	<i>18%</i>	
Profit for the period	2,115	1,486	42%	19%	8,294	6,457	28%
<i>Net profit margin (%)</i>	<i>6%</i>	<i>6%</i>			<i>7%</i>	<i>7%</i>	
Earnings per Share (Baht)	0.49	0.38			1.93	1.95	
Core Financials							
Core EBITDA	4,595	4,315	6%	-2%	20,337	17,537	16%
Core profit	1,358	1,630	-17%	-12%	7,444	6,638	12%
Note :	Revenue from sales by chain = Revenue from sales after inter-segment elimination basis EBITDA = Earnings before finance cost, tax, depreciation & amortization (excluded dividend from associates and included FX gain/loss from loans) In 2021 and 2020, Dividend from associates were 14 MB and 8 MB, respectively. Profit for the period = Profit for the period attributable to owners of the parent						

Key Analysis of Core Profit and Core EBITDA

In FY2021, SCGP's Core profit amounted to 7,444 MB which was an increase of 12% YoY while Core EBITDA reported at 20,337 MB or an increase of 16% YoY. For Q4 2021, Core profit recorded at 1,358 MB (-17% YoY and -12% QoQ). Core EBITDA registered at 4,595 MB (+6% YoY and -2% QoQ). The following table showed key non-operating items that affected SCGP's profit for the period and EBITDA. The main item in Q4 2021 came from the adjustment of Go-Pak's earn-out provision in accordance with the share purchase agreement.

Table 2 – Non-operating Items Adjustment for Core Profit and Core EBITDA

Unit : MB	Core profit ¹		Core EBITDA ²	
	Q4/21	Q4/20	Q4/21	Q4/20
	1,358	1,630	4,595	4,315
Key Items				
1) FX Gain/Loss from Loan, Derivatives and Investment	(99)	31	(134)	73
2) Company restructurings	7	(14)	11	-
3) Changes to local regulations	(107)	-	-	-
4) Expenses related to M&Ps Transactions	(115)	(160)	(134)	(176)
5) Impairments and Others	1,071*	(1)	1,071*	(1)
Total	757	(144)	814	(104)
Profit for the period and EBITDA	2,115	1,486	5,409	4,211

Remark: *The adjustment of earn-out provision

Revenue from Sales by Key Business Segments

Integrated Packaging Chain: IPC¹

In FY2021, IPC revenue registered at 105,834 MB (before inter-segment elimination) increasing 34% YoY. Growth drivers were from 1) increased demand of consumer goods, food and beverage, and personal hygiene products, 2) commercial operation of new containerboard and duplex paper plant in Surabaya, Indonesia and incremental capacity of flexible polymer packaging in Thailand, and 3) financial consolidation of completed M&Ps (SOVI, Duy Tan, Intan Group, and Deltalab). EBITDA recorded at 16,078 MB (+2% YoY) with EBITDA margin of 15%. Profit for the year reported at 5,913 MB which was an 18% YoY decline affected by the higher in freight and raw material costs across the industry.

For the performance of Q4 2021, IPC revenue reported at 30,422 MB (before inter-segment elimination) increasing by 49% YoY and 12% QoQ from the following reasons: 1) latest M&Ps of rigid plastic packaging manufacturer (Duy Tan), corrugated carton producer (Intan Group), and medical supplies and labware specialist (Deltalab) and 2) lifted demand of food, home appliances, and export-related industries in Vietnam. EBITDA recorded at 3,657 MB (-9% YoY and +2% QoQ) while EBITDA margin closed at 12%. Profit for the period registered at 950 MB which was a drop of 46% YoY and 18% QoQ from higher freight and raw material costs across the industry. Furthermore, regional demand of electrical and electronic equipment segment was disrupted by semiconductor shortage while there was lower packaging paper export as a result of economic slowdown in China.

Fibrous Chain: FC

In FY2021, FC revenue delivered at 20,656 MB (before inter-segment elimination) which was a 34% YoY increase due to 1) growth of foodservice packaging revenue and 2) overall upward trend of pulp and dissolving pulp price. EBITDA reported at 4,526 MB (+ 341% YoY) with EBITDA margin of 22%. Profit for the year recorded at 2,084 MB (+418% YoY).

For the performance of Q4 2021, FC revenue was booked at 5,261 MB (before inter-segment elimination) or +45% YoY due to recovered demand of printing and writing paper following school and workplace reopening. Meanwhile, there was a slight 1% QoQ drop mainly from a contraction of pulp price and demand from major importing countries such as China in Q4. EBITDA recorded at 1,795 MB (+1,182 % YoY and +86% QoQ) with EBITDA margin of 34%. Profit for the period increased to 1,205 MB (+478% YoY and +313% QoQ). Major factor for EBITDA and profit improvement was from the adjustment of Go-Pak's earn-out provision in accordance with the share purchase agreement.

Revenue from foodservice packaging in Q4 2021 closed at 1,140 MB which was an increase of +193% YoY and +1% QoQ in accordance with SCGP's strategy to increase the proportion of foodservice packaging in the portfolio. In conclusion, revenue from foodservice packaging progressed from 12% of FC revenue in Q4 2020 to 24% in Q4 2021.

Table 3 - Business Segments of SCGP

Unit : MB							
Revenue from Sales	Q4/2021	Q4/2020	%y-o-y	%q-o-q	2021	2020	%y-o-y
Consolidated SCGP	35,145	23,596	49%	10%	124,223	92,786	34%
Integrated Packaging Chain	30,422	20,396	49%	12%	105,834	79,175	34%
Fibrous Chain	5,261	3,631	45%	-1%	20,656	15,448	34%
Intersegment Elimination	(538)	(431)	-25%	16%	(2,267)	(1,837)	-23%
EBITDA	Q4/2021	Q4/2020	%y-o-y	%q-o-q	2021	2020	%y-o-y
Consolidated SCGP	5,409	4,211	28%	10%	21,150	16,876	25%
Integrated Packaging Chain	3,657	4,018	-9%	2%	16,078	15,789	2%
Fibrous Chain	1,795	140	1,182%	86%	4,526	1,027	341%
Other	144	228	-37%	-74%	4,897	3,270	50%
Intersegment Elimination	(187)	(175)	-7%	13%	(4,351)	(3,210)	-36%
EBITDA Margins (%)	Q4/2021	Q4/2020			2021	2020	
Consolidated SCGP	15%	18%			17%	18%	
Integrated Packaging Chain	12%	20%			15%	20%	
Fibrous Chain	34%	4%			22%	7%	
Profit (loss) for the period	Q4/2021	Q4/2020	%y-o-y	%q-o-q	2021	2020	%y-o-y
Consolidated SCGP	2,115	1,486	42%	19%	8,294	6,457	28%
Integrated Packaging Chain	950	1,747	-46%	-18%	5,913	7,200	-18%
Fibrous Chain	1,205	(319)	478%	313%	2,084	(655)	418%
Other	38	68	-44%	-92%	4,318	2,388	81%
Intersegment Elimination	(78)	(10)	-680%	33%	(4,021)	(2,476)	-62%
Note: EBITDA	= Earnings before finance cost, tax, depreciation & amortization (excluded dividend from associates and included FX gain/loss from loans)						
EBITDA Margins	= EBITDA / Revenue from Sales						
Profit (loss) for the period	= Profit (loss) for the period attributable to owners of the parent						
Consolidated SCGP's financial statement is presented after the intersegment elimination.							

Cost of Sales

In FY2021, SCGP's cost of sales was at 101,345 MB (+38% YoY). In Q4 2021, cost of sales closed at 29,976 MB increasing by +57% YoY and +13% QoQ as a result of the consolidation of new M&P companies, heightened freight cost and energy cost, and harder access to recycled paper during the height of the COVID-19 pandemic in many countries which impacted raw material prices. Nevertheless, SCGP has been actively managing cost through a diversified raw materials sourcing model including owned recycling stations along with the extensive local and import network which help secure raw materials and maintain the normal utilization rate of packaging paper operations.

Table 4 - Cost of Sales by Segments

Unit : MB	Q4/2021		% y-o-y		% q-o-q		2021		% y-o-y	
Integrated packaging chain	25,847	86%	9,729	60%	3,002	13%	86,724	86%	25,716	42%
Fibrous chain	4,648	16%	1,202	35%	333	8%	17,153	17%	2,731	19%
Intersegment Elimination	(519)	-2%	(33)	7%	224	-30%	(2,532)	-2%	(435)	21%
Total SCGP's cost of sales	29,976	100%	10,898	57%	3,559	13%	101,345	100%	28,012	38%

Summary of Financial Positions as of December 31, 2021

- Total assets were equal to 206,824 MB or an increase of 34,395 MB (+20% from December 2020) which was mainly due to
 1. Asset consolidation from M&Ps (Go-Pak, Duy Tan, Intan Group, and Deltalab) amounted to 30,217 MB including goodwill of 9,200 MB and fair value adjustment of assets amounted to 8,919 MB.
 2. Cash and cash equivalents decreased by 23,946 MB which was mainly used for M&Ps with net total amount of 13,779 MB and invested in short-term note amounted to 11,038 MB.
 3. Trade account receivables and other current receivables increased by 8,576 MB and inventory increased by 10,548 MB which resulted from higher sales as well as the completion of M&Ps.

- Total liabilities were equal to 84,524 MB or an increase of 21,936 MB (+35% from December 2020) which was mainly due to
 1. Total liabilities consolidation after M&Ps with Go-Pak, Duy Tan, Intan Group, and Deltalab amounted to 9,653 MB including accrued investment of 2,925 MB.
 2. Total borrowings increased by 11,843 MB which was mainly from borrowing debt consolidation of M&Ps 3,700 MB, borrowing for using as a working capital of Indonesian business 3,537 MB, and borrowing for business operation 4,180 MB.
- Total shareholders' equity reported at 122,300 MB or an increase of 12,459 MB (+11% from December 2020) which was primarily due to
 1. Profit for the year amounted to 9,647 MB along with 5,005 MB of exchange differences on translating financial statement, and non-controlling interest from M&Ps of 1,208 MB.
 2. Dividend payment amounted to 3,521 MB.

Capital structure

In 2021, total debt to equity ratio was at 0.7 times which was slightly higher than 0.6 times in Q4 2020. Net debt to EBITDA was at 1.7 times which was higher than 0.7 times in Q4 2020. Interest-bearing debt to equity ratio was at 0.3 times which was also slightly higher than 0.1 times in Q4 2020. Higher debt ratios were resulted of an increase in borrowings for business expansion.

Table 5 – Consolidated Statement of Financial Position of SCGP

Unit : MB	Dec-2021	Dec-2020	Change	
			MB	%
Total Assets	206,824	172,429	34,395	20%
Current assets	69,186	62,919	6,267	10%
Cash and cash equivalents	7,310	31,256	(23,946)	-77%
Short-term investments	12,912	1,630	11,282	692%
Trade and other receivables	24,910	16,334	8,576	53%
Inventories	23,308	12,760	10,548	83%
Long-term investments	967	829	138	17%
Property, plant and equipment	97,181	87,271	9,910	11%
Goodwill	29,483	18,624	10,859	58%
Other intangible assets	7,750	813	6,937	853%
Total Liabilities	84,524	62,588	21,936	35%
Trade and other payables	15,261	10,365	4,896	47%
Loans	56,771	44,928	11,843	26%
Total Shareholders' Equity	122,300	109,841	12,459	11%
Total equity attributable to owners of the parent	96,837	88,738	8,099	9%
Non-controlling interests	25,463	21,103	4,360	21%

Table 6 - Debt profile of SCGP

Unit : MB	Dec-2021	Dec-2020
Short Term	30,547	15,080
Foreign	12,711	5,769
Baht	17,836	9,311
% of Total Loan	54%	32%
Long Term	26,224	29,848
Foreign	9,706	8,630
Baht	16,518	21,218
% of Total Loan	46%	66%
Average cost of debt (%)	2.3%	2.8%
Total Loan	56,771	44,928
Cash & Cash Under Management	20,242	32,886
Cash and cash equivalents	7,310	31,256
Investments in debt instruments	12,932	1,630
Total Net Debt	36,529	12,042

Table 7 - Key Financial Ratio

	<u>2021</u>	<u>2020</u>
Profitability ratio		
Gross Profit Margin (%)	18%	21%
EBITDA margin (%)	17%	18%
Net Profit margin (%)	7%	7%
Core EBITDA margin (%)	16%	19%
Core Profit margin (%)	6%	7%
Return on Assets (%)	5%	5%
Return on Equity (%)	9%	10%
Return on Invested Capital (%)	8%	7%
Liquidity ratio		
Current ratio (times)	1.3	1.5
Quick ratio (times)	0.8	1.1
Activity Ratios		
Account Receivable Turnover (times)	6.7	6.6
Account Payable Turnover (times)	10.4	9.7
Cash cycle (days)	84	82
Total Asset Turnover (times)	0.7	0.6
Inventory Turnover (times)	5.6	5.6
Leverage ratio		
Net Debt to EBITDA (times)	1.7	0.7
Net Debt to Equity (times)	0.3	0.1
Debt to Equity (times)	0.7	0.6
Interest-bearing liabilities to equity ratio (times)	0.5	0.4

Note: Gross Profit Margin (%)	= Gross profit divided by revenue from sales
EBITDA margin (%)	= EBITDA divided by revenue from sales
Net Profit margin (%)	= Profit for the period attributable to owners of the parent divided by revenue from sales
Core EBITDA margin (%)	= Core EBITDA divided by revenue from sales
Core Profit margin (%)	= Core Profit divided by revenue from sales
Return on Assets (%)	= Profit for the period (LTM) divided by average total assets
Return on Equity (%)	= Profit for the period (LTM) divided by average shareholders' equity attributable to owners of the parent
Return on Invested Capital (%)	= Profit from operations minus tax expense, divided by the sum of interest-bearing debt minus cash and shareholders' equity
Current ratio (times)	= Current assets divided by current liabilities.
Quick ratio (times)	= Sum of cash and cash equivalents plus short-term investment and trade and other receivables, divided by current liabilities
Account Receivable Turnover (times)	= Revenue from sales divided by average trade receivables
Account Payable Turnover (times)	= Cost of sales divided by average trade payables
Cash cycle (days)	= Sum of average collection period plus inventory days minus accounts payable day
Total Asset Turnover (times)	= Revenue from sales divided by average total assets
Inventory Turnover (times)	= Cost of sales divided by average inventory
Net Debt	= Total debt (interest bearing), less cash and cash under management
Net Debt to EBITDA (times)	= Net Debt divided by EBITDA (LTM)
Net Debt to Equity (times)	= Net Debt divided by Equity
Debt to Equity (times)	= Total debt divided by total equity
Interest-bearing liabilities to equity ratio (times)	= Interest bearing debt divided by total equity

Summary of Cash Flow Statement Ended December 31, 2021

In FY2021, SCGP's net cash flow generated from operating activities amounted to 7,501 MB including the operating cash flows of 9,748 MB and tax payment of 2,247 MB. Cash flows generated from operations were comprised of profit for the year adjusted by items such as depreciation and amortization, tax expense, and change in operating assets and liabilities.

Net cash flow used in investing activities amounted to 30,996 MB which was mainly from investment in M&Ps of 13,779 MB, investment in short-term note of 11,038 MB, and acquisition of project investments of 6,415 MB.

Net cash flows used in financing activities amounted to 1,042 MB with an increase in net borrowings of 5,070 MB, dividend payment of 3,521 MB, interest payment and other finance costs of 1,180 MB.

Table 8 - Summary of Cash Flow Statement

Unit : MB	2021	2020	Change
Cash flows from operating	7,501	15,728	(8,227)
Cash flows from investing	(30,996)	(10,672)	(20,324)
Cash flows from financing	(1,042)	21,790	(22,832)
Net increase (decrease) in cash and cash equivalents	(24,537)	26,846	(51,383)
Free cash flows	1,086	8,002	(6,916)

Business Development - Key Project Progress

At the end of Q4 2021, SCGP has 3 ongoing expansion projects in Thailand, Vietnam, and Philippines with more details as follows.

1. **Vietnam (VKPC, North Vietnam)** - This project added packaging paper capacity of 370,000 tons per year or an increase of 75% from existing capacity with capital expenditures amounted to 11,793 MB. Commercial start is expected to be in early 2024.
2. **Thailand and Vietnam (Foodservice Packaging)** - The expansion added global foodservice packaging capacity of 1,838 million pieces per year or 25% from existing capacity to serve new customer demand beyond ASEAN.
 - 2.1 **Pressboard foodservice packaging:** This expansion added additional capacity of 1,615 million pieces per year at Banpong plant, Thailand and at Binh Duong plant, Vietnam. Commercial start is expected to be in Q1 2022.
 - 2.2 **Molded pulp packaging:** This expansion added additional capacity of 223 million pieces per year at Wangsala plant, Thailand. Commercial start is expected to be in Q2 2022.
3. **Bulacan, Philippines (UPPC #3)** – The project is expected to add packaging paper capacity of 220,000 tons per year or an increase of 95% from existing capacity. Capital expenditure is amounted to 5,388 MB and commercial start is expected to be in early 2022.

Management Outlook

With respect to 2022 outlook, ASEAN countries are moving toward a gradual economic recovery after the easing of protective measures to control the pandemic that has been implemented since Q3 2021 in many countries. In 2022, export sector would be the main economic driver but the freight rate would remain to be heightened as a result of container shortage. In addition, inflationary pressure and logistics bottleneck are to be monitored since they would affect economy in every region. Furthermore, with the on and off surge of infected cases from the ongoing pandemic, demand fluctuation would persist. Still, packaging would continue to be a vital part of supply chain continuity to serve the growing consumer consumption in ASEAN.

SCGP continues to expand business operation through organic and M&Ps investment. In 2022, the financial consolidation of latest completed M&P deals would be in a full year basis while the Company is pursuing gradual ramping up of organic expansions that were completed in 2021. At the same time, SCGP relentlessly develops and offers unique packaging solutions and services for customers and the evolving consumer trends.

Under a volatile economic and business environment, SCGP commits to a proactive business continuity management to minimize risk by focusing on operational excellence and prudent cost management along the supply chain. Lastly, SCGP maintains our emphasis on the elevated ESG target - moving toward net zero by 2050.