

**Management Discussion and Analysis**  
**Q2/2023 (Reviewed)**

**SCGP**

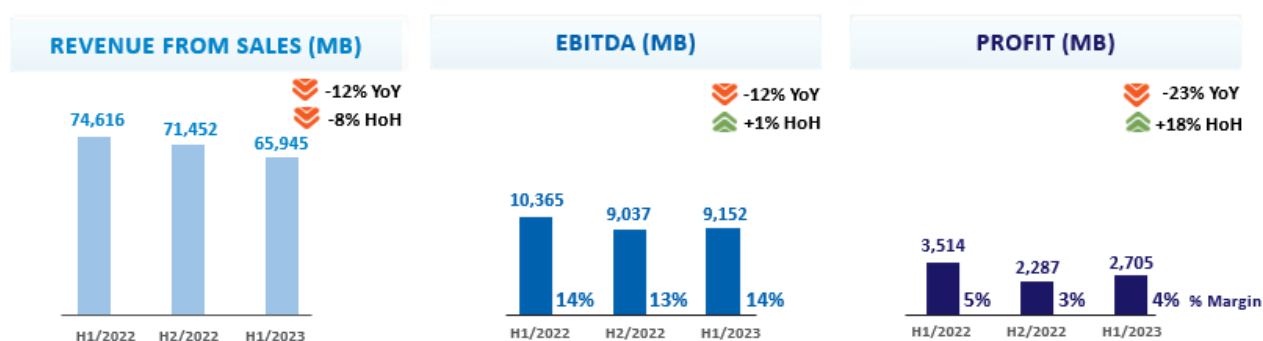


## Executive Summary

During H1/2023, packaging demand continued to improve from countries' reopening (ASEAN and China) especially in daily consumer goods, food and beverages. Weak global trade remained unfavorable factor which affected export sectors amid sluggish consumer spending in export destinations. Meanwhile, all cost elements improved, including shipping costs from higher available supply of freight containers and decrease in raw materials and energy costs due to demand slowdown in several regions.

For packaging industry during Q2/2023, there was QoQ improvement in demand for food, beverages and consumer products driven by domestic consumption and tourism activities. Exports of frozen food, canned food and fresh fruits especially to China market also increased. Nevertheless, the extended high inflation and interest rates particularly in Europe remained the key factor that constrained consumer's spending power which hampered ASEAN export sectors, particularly in durable and non-essential products such as electronic goods, furniture, apparel and footwear. Moreover, long holiday had affected overall demand especially in Indonesia in the midst of weaker support to the economy from softer commodity export prices.

### SCGP's H1/2023 performance highlights



Total revenue from sales was 65,945 MB (-12% YoY and -8% HoH).

- YoY dropped mainly from lower packaging paper product prices and sales volume amid weaker demand in ASEAN and export markets.
- HoH declined from a decrease in packaging paper and pulp prices.

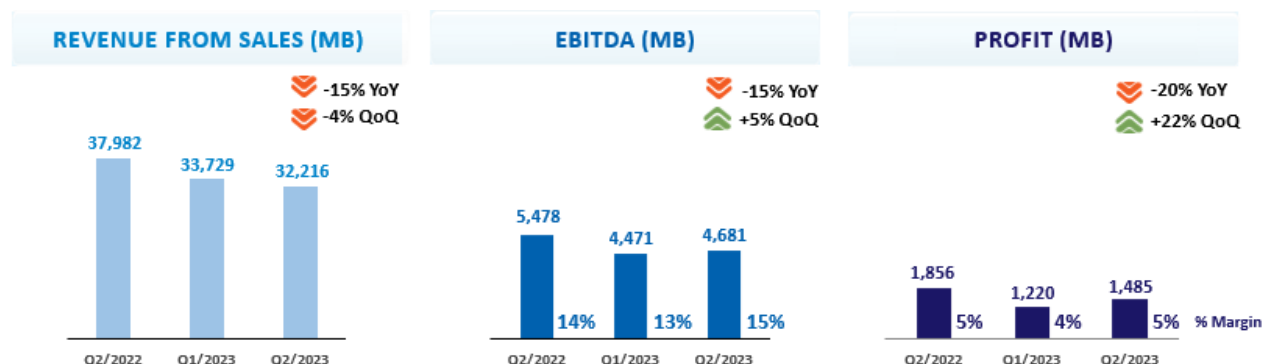
EBITDA recorded at 9,152 MB (-12% YoY and +1% HoH) with EBITDA margin of 14%.

Profit for the period was 2,705 MB (-23% YoY and +18% HoH) with net profit margin of 4%.

- YoY decline in profitability was primarily from lower selling prices especially for packaging paper in alignment with revenue.

- HoH profit improved as major costs such as raw materials, freight and energy decreased. The company has also continuously focused on cost saving, production efficiency improvement along with prudent working capital management.

### SCGP's Q2/2023 performance highlights



Total revenue from sales was 32,216 MB (-15% YoY and -4% QoQ).

- YoY decline was mainly from the impact of global economic slowdown which affected overall packaging demand in both domestic and export markets particularly for durable and non-essential goods.
- QoQ revenue slightly decreased from lower sales of packaging paper including from seasonal effect, especially in Indonesia while there were improvement in revenue from polymer packaging and foodservice packaging.

EBITDA reported at 4,681 MB (-15% YoY and +5% QoQ) with EBITDA margin of 15%.

Profit for the period was 1,485 MB (-20% YoY and +22% QoQ) with net profit margin of 5%.

- YoY profitability dropped mainly as a result of lower regional selling prices of packaging paper and pulp.
- QoQ profit increased from cost improvements primarily from raw materials, freight and energy which led to higher EBITDA margin in both Integrated Packaging Business (IPB) and Fibrous Business (FB). Higher profit was also supported by increased sales volume in foodservice packaging and printing & writing (P&W) paper

### Interim dividend payment

On 25 July 2023, the Board of Directors of SCGP has approved a H1/2023 interim dividend payment of 0.25 Bath/Share (1,073 MB), which is payable on 22 August 2023 (XD-date on 8 August 2023, and record date on 9 August 2023)

Table 1 - SCGP's Consolidated Financial Statements

Unit: MB

	Q2				Jan - Jun		
	2023	2022	%y-o-y	% q-o-q	2023	2022	%y-o-y
<b>Operating Results from Consolidated Financial Statements</b>							
Revenue from sales	32,216	37,982	-15%	-4%	65,945	74,616	-12%
Integrated Packaging Business	24,109	31,790	-24%	-5%	49,520	62,745	-21%
Fibrous Business	6,400	6,192	3%	3%	12,591	11,871	6%
Recycling Business	1,707	-	n.a.	-20%	3,834	-	n.a.
Cost of sales	26,351	31,302	-16%	-5%	54,131	61,648	-12%
Gross profit	5,865	6,680	-12%	-1%	11,814	12,968	-9%
<i>Gross profit margin (%)</i>	18%	18%			18%	17%	
Distribution costs and administrative expenses	3,753	4,202	-11%	-11%	7,973	8,191	-3%
EBITDA	4,681	5,478	-15%	5%	9,152	10,365	-12%
<i>EBITDA Margin (%)</i>	15%	14%			14%	14%	
Profit for the period	1,485	1,856	-20%	22%	2,705	3,514	-23%
<i>Net profit margin (%)</i>	5%	5%			4%	5%	
Earnings per Share (Baht)	0.35	0.43			0.63	0.82	
<b>Core Financials</b>							
Core EBITDA	4,621	5,501	-16%	4%	9,056	10,489	-14%
Core Profit	1,439	1,906	-25%	22%	2,621	3,628	-28%

**Note:**

Revenue from sales by business = Revenue from sales after inter-segment elimination basis

EBITDA = Earnings before finance cost, tax, depreciation and amortization  
(excluded dividend from associates and included FX gain/loss from loans)

In H1/2023 and H1/2022, Dividend from associates were 3 MB and 3 MB, respectively.

Profit for the period = Profit for the period attributable to owners of the Company

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

Unit: MB

	Core Profit		Core EBITDA	
	Q2		Q2	
	2023	2022	2023	2022
	1,439	1,906	4,621	5,501
<b>Key Items</b>				
1) FX Gain/Loss from Loan, Derivatives and Investment	41	346	46	378
2) Company restructurings	-	-	-	-
3) Changes to local regulations	-	-	-	-
4) Expenses related to M&Ps Transactions	(2)	(10)	(2)	(14)
5) Others	7	(386)	16	(387)
<b>Total</b>	<b>46</b>	<b>(50)</b>	<b>60</b>	<b>(23)</b>
<b>Profit for the period and EBITDA</b>	<b>1,485</b>	<b>1,856</b>	<b>4,681</b>	<b>5,478</b>

#### Key analysis on Core profit and Core EBITDA

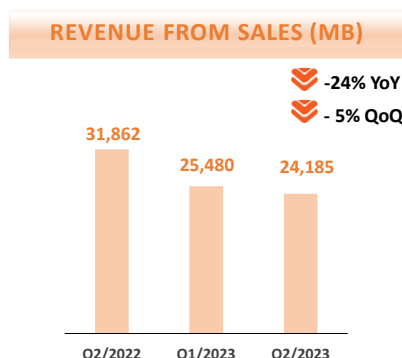
In Q2/2023, SCGP's Core EBITDA was at 4,621 MB (-16% YoY and +4% QoQ), and Core Profit was 1,439 MB (-25% YoY and +22% QoQ). The above adjustment shows key non-operating items that affected SCGP's EBITDA and profit for the period. Key item for Q2/2023 come mainly from FX gain from mark to market of loan and derivatives.

## Operating Results by Key Business Segments

### Integrated Packaging Business (IPB)

Q2/2023 performance (before inter-segment elimination)

Revenue from sales recorded at 24,185 MB

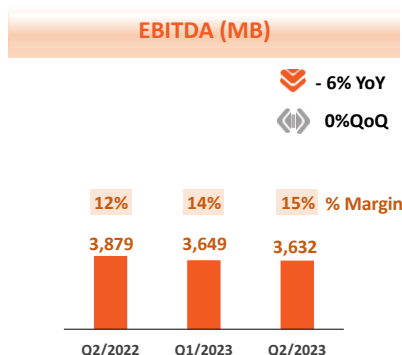


- YoY, IPB revenue decreased by 24%. This was mainly owing to lower regional market price of packaging paper amid weaker demand in ASEAN and China. Domestic consumption of consumer packaging remained fairly resilient while export sectors faced with soft demand at the destination markets.

- QoQ, IPB revenue declined 5% from the decrease in domestic sales volume of Packaging paper in Indonesia amid long holiday related to Hari Raya. Meanwhile, consumer packaging related to

frozen and canned foods and fresh fruits, especially export to China market were among top performing sectors along with rise in food and beverage products demand in alignment with higher traveling activities. ASEAN and global export of non-essential goods remained weak under high inflation and interest rate situation.

EBITDA recorded at 3,632 MB with EBITDA margin of 15%. Profit for the period was 1,284 MB.



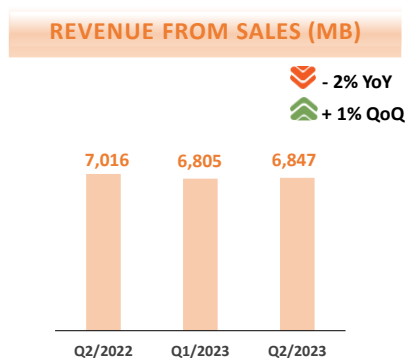
- YoY, EBITDA decreased by 6% mainly from weaker performance of packaging paper business while profit for the period increased by 8% from lower prices in key raw materials, freight and energy. Moreover, profit for Q2/2022 was inclusive of a non-recurring adjustment related to Duy Tan's earn-out provision.

- QoQ, EBITDA remained flat while profit for the period was up 6%. Profitability and margin improvements were attributed to cost improvement.

## Fibrous Business (FB)

Q2/2023 performance (before inter-segment elimination)

Revenue from sales recorded at 6,847 MB

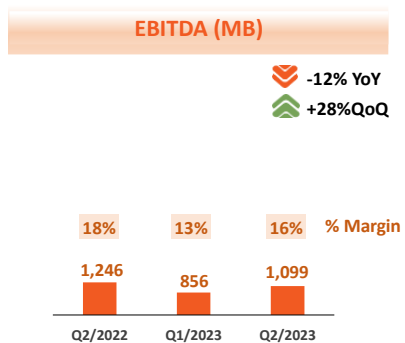


- YoY, FB revenue from sales slightly decreased by 2% mainly from soften pulp market price.

- QoQ, FB revenue from sales increased by 1% from rising demand of foodservice packaging especially in export destination (EU&US) as preparation for consumption during summer. For quick service restaurants (QSRs), consumers demand for value - meal category increased in the midst of cautious spending. Additionally, sales volume of printing and writing (P&W) paper was also improved with new school term

and election related activities in Thailand. Meanwhile, SCGP has switched pulp sales more toward dissolving pulp which can contribute higher margin during downturn of pulp market price.

EBITDA recorded at 1,099 MB with EBITDA margin of 16%. Profit for the period was 425 MB.



- YoY, EBITDA and profit for the period were down 12% and 21% respectively mainly due to weaker pulp market price as per abovementioned.

- QoQ, EBITDA and profit for the period increased by 28% and 97% respectively with favorable factors from lower production cost of P&W paper along with normalization of freight rate which improved foodservice packaging operation.

Table 3 - Operating Results by Business Segment (Before inter-segment elimination)

Unit: MB

	Q2				Jan - Jun		
	2023	2022	% y-o-y	% q-o-q	2023	2022	%y-o-y
<b>Revenue from Sales</b>							
<b>Consolidated SCGP</b>	<b>32,216</b>	<b>37,982</b>	<b>-15%</b>	<b>-4%</b>	<b>65,945</b>	<b>74,616</b>	<b>-12%</b>
Integrated Packaging Business	24,185	31,862	-24%	-5%	49,665	62,884	-21%
Fibrous Business	6,847	7,016	-2%	1%	13,652	13,224	3%
Recycling Business and Others	2,044	-	n.a.	-16%	4,476	-	n.a.
Intersegment Elimination	(860)	(896)	4%	13%	(1,848)	(1,492)	-24%

	Q2				Jan - Jun		
	2023	2022	% y-o-y	% q-o-q	2023	2022	%y-o-y
<b>EBITDA</b>							
<b>Consolidated SCGP</b>	<b>4,681</b>	<b>5,478</b>	<b>-15%</b>	<b>5%</b>	<b>9,152</b>	<b>10,365</b>	<b>-12%</b>
Integrated Packaging Business	3,632	3,879	-6%	0%	7,281	8,148	-11%
Fibrous Business	1,099	1,246	-12%	28%	1,955	1,883	4%
Recycling Business and Others	1,470	2,214	-34%	-13%	3,167	3,618	-12%
Intersegment Elimination	(1,520)	(1,861)	18%	12%	(3,251)	(3,284)	1%

	Q2		Jan - Jun	
	2023	2022	2023	2022
<b>EBITDA Margin (%)</b>				
<b>Consolidated SCGP</b>	<b>15%</b>	<b>14%</b>	<b>14%</b>	<b>14%</b>
Integrated Packaging Business	15%	12%	15%	13%
Fibrous Business	16%	18%	14%	14%

	Q2				Jan - Jun		
	2023	2022	% y-o-y	% q-o-q	2023	2022	%y-o-y
<b>Profit for the period</b>							
<b>Consolidated SCGP</b>	<b>1,485</b>	<b>1,856</b>	<b>-20%</b>	<b>22%</b>	<b>2,705</b>	<b>3,514</b>	<b>-23%</b>
Integrated Packaging Business	1,284	1,184	8%	6%	2,490	2,679	-7%
Fibrous Business	425	538	-21%	97%	641	570	12%
Recycling Business and Others	1,231	2,015	-39%	-14%	2,656	3,450	-23%
Intersegment Elimination	(1,455)	(1,881)	23%	11%	(3,082)	(3,185)	3%

Note:

EBITDA = Earnings before finance cost, tax, depreciation and amortization (excluded dividend from associates and included FX gain/loss from loans)

EBITDA Margin = EBITDA / Revenue from Sales

Profit for the Period = Profit for the period attributable to owners of the Company

Consolidated SCGP's financial statement is presented after the intersegment elimination.



## Cost of Sales

In H1/2023, SCGP's cost of sales was 54,131 MB (-12% YoY) comprising of integrated packaging business (IPB) of 41,298 MB, fibrous business (FB) of 11,593 MB and recycling business of 3,226 MB. The decrease in cost of sales was attributed to the continued improvement in raw material prices, freight and energy costs.

**Supply chain:** SCGP has expedited synergy and optimization with cross-selling, pool-purchasing and production rationalization across its operations. Proactive cost management and improvement in manufacturing efficiency also led to lower production cost.

**Raw materials:** With unique sourcing model for key raw materials that come from diversified sources, both domestic and import, SCGP regularly tries to improve competitive advantage with strategies as follows:

- Increase the number of recycling stations, with current total of 86 captive recycling stations across ASEAN (Indonesia, the Philippines, Thailand and Vietnam)
- Enhance raw material collection rate by collaborating with large wholesalers and retailers, as well as industrial facilities while also regularly launch campaigns with partner organizations to provide more channels which are convenient for customers and consumers to bring recyclable waste back into production processes.
- Secure imports from multiple regions including USA, Europe, Japan and Oceania
- Continually pursue strategic investment in packaging materials recycling business to enhance long-term sourcing capability and support strategic growth of packaging business.

**Energy:** The company also aims to stabilize energy costs and pursue GHG emission reduction by increase the use of alternative fuel (AF). This is part of SCGP's effort to achieve NET ZERO target in 2050.

**Table 4 - Cost of Sales by Business Segment**

Unit: MB

	Q2				Jan - Jun		
	2023	%	% y-o-y	% q-o-q	2023	%	%y-o-y
Integrated Packaging Business	20,046	76%	-24%	-6%	41,298	76%	-21%
Fibrous Business	5,685	22%	-1%	-4%	11,593	21%	3%
Recycling Business	1,543	6%	n.a.	-8%	3,226	6%	n.a.
Intersegment Elimination	(923)	-4%	3%	-13%	(1,986)	-3%	25%
<b>Consolidated SCGP</b>	<b>26,351</b>	<b>100%</b>	<b>-16%</b>	<b>-5%</b>	<b>54,131</b>	<b>100%</b>	<b>-12%</b>

## Summary of Financial Positions as of 30 June 2023

Total assets were equal to 200,998 MB or an increase of 3,718 MB (+2% from December 2022) mainly due to

1. The increase in property, plant and equipment, goodwill and other assets of 5,900 MB, mainly due to foreign exchange translation.
2. Net increase in cash, cash equivalents and short-term investments of 1,159 MB, mainly attribute to cash from operation.
3. Decrease in inventory of 1,630 MB, both in raw materials and finished products.

Total liabilities were equal to 96,612 MB or an increase of 22,299 MB (+30% from December 2022). In preparation for potential CAPEX investment in 2024 for the additional share acquisition in PT Fajar Surya Wisesa Tbk. (Fajar), SCGP has recorded 23,204 MB in balance sheet (Liabilities related to put options) in Q2/2023. The amount is associated with potential acquisition of 44.48% shares in Fajar from SCGP's partner with possible transaction in the middle of 2024. The put/call options are part of the original transaction package. There is no effect to income statement. Change in NCI portion will be in effect after transaction is completed.

Total shareholders' equity reported at 104,386 MB or a decrease of 18,581 MB from December 2022. The change was mainly from other equity interest of 23,204 MB as a result of the record of liabilities related to Fajar's put option (above).

## Capital Structure

In Q2/2023, total debt to equity ratio was at 0.9 times which was higher than 0.6 times from Q2/2022 due to the recording of liabilities related to put options above. Net debt to EBITDA was at 1.9 times which was slightly higher than 1.8 times in Q2/2022. Interest-bearing debt to equity ratio was at 0.5 times which was higher than 0.4 times in Q2/2022.

Table 5 - Summary of SCGP's Consolidated Statement of Financial Position

Unit: MB

	June	December	Change	
	2023	2022	MB	%
<b>Total Assets</b>	<b>200,998</b>	<b>197,280</b>	<b>3,718</b>	<b>2%</b>
Current Assets	60,619	60,154	465	1%
Cash and cash equivalents	5,331	9,966	(4,635)	-47%
Short-term investments	8,175	2,378	5,797	244%
Trade and other current receivables	23,948	23,254	694	3%
Inventories	21,651	23,281	(1,630)	-7%
Investments in associates	1,019	1,034	(15)	-1%
Property, plant and equipment	95,655	94,585	1,070	1%
Goodwill	29,729	28,233	1,496	5%
Other intangible assets	10,734	10,574	160	2%
<b>Total Liabilities</b>	<b>96,612</b>	<b>74,313</b>	<b>22,299</b>	<b>30%</b>
Trade and other current payables	14,471	14,282	189	1%
Loans	48,466	50,169	(1,703)	-3%
Liabilities related to put options	23,204	-	23,204	n.a.
<b>Total Shareholders' Equity</b>	<b>104,386</b>	<b>122,967</b>	<b>(18,581)</b>	<b>-15%</b>
Total equity attributable to owners of the company	78,294	97,201	(18,907)	-19%
Non-controlling interests	26,092	25,766	326	1%

Table 6 - SCGP's Net Debt

	Unit: MB	
	June 2023	December 2022
<b>Short-term Loans</b>	<b>14,986</b>	<b>16,155</b>
Foreign	14,543	12,988
Baht	443	3,167
% of Total Loans	31%	32%
<b>Long-term Loans</b>	<b>33,480</b>	<b>34,014</b>
Foreign	6,698	7,407
Baht	26,782	26,607
% of Total Loans	69%	68%
<b>Total Loans</b>	<b>48,466</b>	<b>50,169</b>
<b>Average cost of debt (%)<sup>1</sup></b>	<b>4.1%</b>	<b>2.7%</b>
<b>Cash and Cash Under Management</b>	<b>13,506</b>	<b>12,347</b>
Cash and cash equivalents	5,331	9,966
Short-term investments	8,175	2,381
<b>Net Debt</b>	<b>34,960</b>	<b>37,822</b>

Note:

1. Average cost of debt is for the period of Jan – Jun 2023 and Jan – Dec 2022



Table 7 - Key Financial Ratio

			Q2	
			2023	2022
<b>Profitability Ratio</b>				
1	Gross Profit Margin	(%)	18.2	17.6
2	EBITDA Margin	(%)	14.5	14.4
3	Net Profit Margin	(%)	4.6	4.9
4	Core EBITDA Margin	(%)	14.3	14.5
5	Core Profit Margin	(%)	4.5	5.0
6	Return on Assets	(%)	2.7	4.4
7	Return on Equity	(%)	5.6	7.7
8	Return on Invested Capital	(%)	4.8	6.6
<b>Liquidity Ratio</b>				
9	Current Ratio	(times)	1.1	1.4
10	Quick Ratio	(times)	0.6	0.8
<b>Activity Ratio</b>				
11	Account Receivable Turnover	(times)	6.0	6.4
12	Account Payable Turnover	(times)	10.4	11.0
13	Cash Cycle	(days)	100	90
14	Total Asset Turnover	(times)	0.7	0.7
15	Inventory Turnover	(times)	4.9	5.5
<b>Leverage Ratio</b>				
16	Net Debt to EBITDA	(times)	1.9	1.8
17	Net Debt to Equity	(times)	0.3	0.3
18	Debt to Equity	(times)	0.9	0.6
19	Interest-bearing Debt to Equity	(times)	0.5	0.4

## Note:

- 1) Gross Profit Margin is calculated by Gross profit divided by revenue from sales
- 2) EBITDA Margin is calculated by EBITDA divided by revenue from sales
- 3) Net Profit Margin is calculated by Profit for the period attributable to owners of the company divided by revenue from sales
- 4) Core EBITDA Margin is calculated by Core EBITDA divided by revenue from sales
- 5) Core Profit Margin is calculated by Core Profit divided by revenue from sales
- 6) Return on Assets is calculated by Profit for the period (LTM) divided by average total assets
- 7) Return on Equity is calculated by Profit for the period attributable to owners of the company (LTM) divided by average shareholders' equity attributable to owners of the company
- 8) Return on Invested Capital is calculated by Profit from operations minus tax expense, divided by the sum of net debt and shareholders' equity  
Net Debt is calculated by Total interest-bearing debt less cash and cash under management
- 9) Current Ratio is calculated by Current assets divided by current liabilities.
- 10) Quick Ratio is calculated by Sum of cash and cash equivalents plus short-term investment and trade and other receivables, divided by current liabilities
- 11) Account Receivable Turnover is calculated by Revenue from sales divided by average trade receivables
- 12) Account Payable Turnover is calculated by Cost of sales divided by average trade payables
- 13) Cash Cycle is calculated by adding collection period and inventory turnover period minus payment period
- 14) Total Asset Turnover is calculated by Revenue from sales divided by average total assets
- 15) Inventory Turnover is calculated by Cost of sales divided by average inventory
- 16) Net Debt to EBITDA is calculated by Net debt divided by EBITDA (LTM)
- 17) Net Debt to Equity is calculated by Net debt divided by total equity
- 18) Debt to Equity is calculated by Total debt divided by total equity
- 19) Interest-bearing Debt to Equity is calculated by Interest-bearing debt divided by total equity



## Summary of Cash Flows Statement Ended 30 June 2023

In H1/2023, SCGP's net cash flows provided by operating activities amounted to 9,920 MB including the operating cash flows of 10,544 MB and tax payment of 624 MB. Cash flows generated from operations were comprised of profit for the period adjusted by items such as depreciation and amortization, tax expense, and change in operating assets and liabilities.

Net cash flows used in investing activities amounted to 8,742 MB with main contributions from regular capital expenditure of 3,206 MB and short-term investments of 5,735 MB.

Net cash flows used in financing activities amounted to 6,403 MB from a decrease in net borrowings of 3,173 MB, dividend payment 2,213 MB and interest & other finance costs payment amounted to 1,018 MB.

Table 8 - Summary of SCGP's Consolidated Statement of Cash Flows

	Unit: MB		
	Jan - Jun		Change
	2023	2022	
Cash flows from operating activities	9,920	6,351	3,569
Cash flows from investing activities	(8,742)	8,760	(17,502)
Cash flows from financing activities	(6,403)	(12,715)	6,312
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,225)</b>	<b>2,396</b>	<b>(7,621)</b>
<b>Free cash flows</b>	<b>6,714</b>	<b>3,260</b>	<b>3,454</b>

## Business expansion to capture growing consumer demand

SCGP has proceeded on building strong growth with merger and partnership (M&P) in Vietnam and joint development with strategic partner to develop world-class sustainable innovation and packaging solutions. The details are as follows:

**1. Joint development agreement (JDA) between SCGP and Origin Materials** - The development of sustainable innovation "Bio-based Plastic" from Eucalyptus woodchip to capture growth in emerging global renewable materials requirement. There are 3 stages of developments which lab trial (stage 1) and condition optimization (stage 2) have been successfully completed. The project is currently heading toward pilot scale (stage 3) at Origin Materials – USA and further partnership selections.

**2. Vietnam (Fiber packaging, Dong Nai)** – Ongoing M&P project for 70% stake in ordinary shares of Starprint Vietnam JSC (SPV), an eminent folding cartons and rigid box packaging manufacturer in Vietnam with a total enterprise value of not exceeding 1,050 billion Dong or approximately 1,534 million Baht. This M&P will be carried out through strategic partnership with Starflex Public Company Limited

(Starflex), a leading flexible packaging producer in Thailand, who plan to hold a 25% stake in SPV. This transaction is expected to be completed in Q3/2023.

## Continuously pursue sustainable and innovative consumer solutions with distinguished research and development capability

SCGP continues to expand its expertise in research & development (R&D) and regularly come up with new products, which become the solutions that address customers' requirements while also improve users' experiences. Outstanding innovations in the past quarter included:

**1. Wooden foodservice packaging:** The first and one of a kind wooden cutlery and tray made from eucalyptus wood. The result of this ongoing R&D would capture opportunities related to global trend towards sustainable and renewable materials as well as fulfil growing customer needs for recyclable & biodegradable foodservice products.



In addition, the development of wooden cutlery and tray in Thailand will create values for stakeholders related to the cultivating, harvesting & processing of eucalyptus. SCGP also plans to extend this innovation to other type of woods to enhance customer solutions along with enlarge sustainable products portfolio.

**2. Ultramild Foaming Hand Wash** under the brand ALMIND by SCGP: SCGP extends technology in nanocellulose fiber to produce a special substance, called AQUACELLA® and applies to a gentle formula foaming hand wash that helps keep skin's moisture while reduce the accumulation of bacteria. This foam is allergy and irritation tested (Hypoallergenic Tested) by a dermatologist from Dermscan Asia Institute and also poses with special features that will change its color after 30 seconds of cleaning.



**3. Holis by SCGP Probiotic active plus:** This is the fourth series of Holis product family launched in June 2023. SCGP utilizes know how and expertise in tissue cultivation to create new well-being product. The probiotic active plus helps balance the intestinal system as well as improve digestion and absorption of nutrients. Probiotic active plus is available in both online and offline channels. As for offline channel, the Probiotic active plus is exclusively available at Watson Thailand.





## Management Outlook

Looking forward to H2/2023, domestic consumption remains a key driver of ASEAN economy. Recovering of regional traveling activities would also enhance consumer-linked industries. Positive momentum of packaging demand, particularly F&B related products such as frozen food, canned food would continue to support the preparation for year-end consumption and festivities.

Nonetheless, ASEAN export sector still faces with challenge, especially the portion that linked with EU destination amid tight monetary policy, weak industrial activity and stagnation in household spending particularly on durable and non-essential goods such as electronics and electrical appliances (E&E) and automotive products.

With respect to cost factors, energy cost is expected to continually improve prior to winter season whereas raw material cost is on sideway trend.

Under volatile macroeconomics sentiment, SCGP continues to pursue growth with quality. The company focuses on margin optimization initiative through chain integration and synergies including cross-selling, pool-sourcing & product rationalization within and across countries of operation. Cash flow and CAPEX management are carefully planned and executed with target annual capital expenditure budget of 18,000 MB. Further strategic merger & partnership to strengthen business operation will continue with Vietnam and Indonesia as priority market.

Lastly, SCGP continues to extend the result of strong research & development capability and come up with new innovative packaging solutions that fulfil customers' needs while captures opportunity from evolving consumer trends. Meanwhile, ESG is still essential core of the organization. Commitments on ESG leadership and excellence are embedded throughout the supply chain with continual efforts to increase alternative fuel usage as one of the main ESG focus.

The logo for SCGP is prominently displayed in the center of the image. The letters 'S', 'C', and 'G' are in a dark blue color, while the 'P' is in a gradient of orange and red. The background features a futuristic cityscape with white wireframe buildings against a clear blue sky. In the foreground, a group of diverse people is walking on a paved surface, engaged in various activities: a person on a bicycle, a woman carrying boxes, a woman walking a dog, a man on a phone, a man with a tablet, and a family with a shopping cart.

# SCGP

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