



Management Discussion and Analysis
Q2/2024 (Unreviewed)

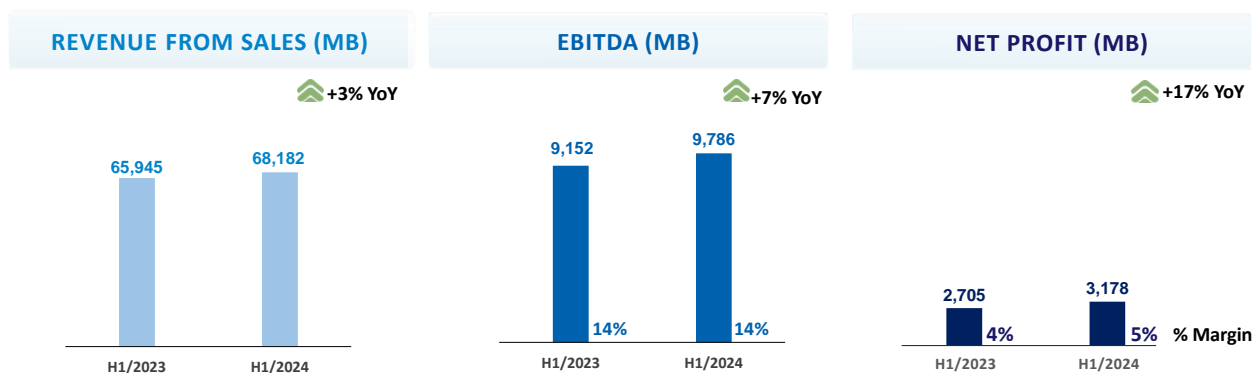


Executive Summary

During H1/2024, ASEAN packaging demand continued to improve comparing to the same period of last year particularly in the segment of consumer goods, food and beverage, driven by rising number of tourists and continued improvement of export markets. Favorable performance of certain export products such as frozen & canned food, garment and footwear was fostered by the expansion of global trade and the deceleration of inflation which contributed to the growing regional packaging demand. Nonetheless, challenges remained due to the increase in raw material and freight costs from rising demand amidst ongoing geopolitical issues.

For packaging industry in Q2/2024, regional consumers' demand has improved, supported by domestic consumption and tourism activities. This growth was also attributed to the expansion of export sector, specifically in fresh fruit, frozen food, clothing and footwear export to China, US and European markets. However, domestic demand in Thailand and Indonesia was affected by national long holidays. On cost side, raw materials costs, particularly recovered paper (RCP) have been gradually increasing in line with the rise of packaging demand both regionally and globally. Energy costs remained stable while freight costs experienced an upward trend since the beginning of the year amidst geopolitical issues in the Middle East and container shortage late in the quarter.

SCGP's H1/2024 performance highlights



Total revenue from sales was 68,182 MB (+3% YoY).

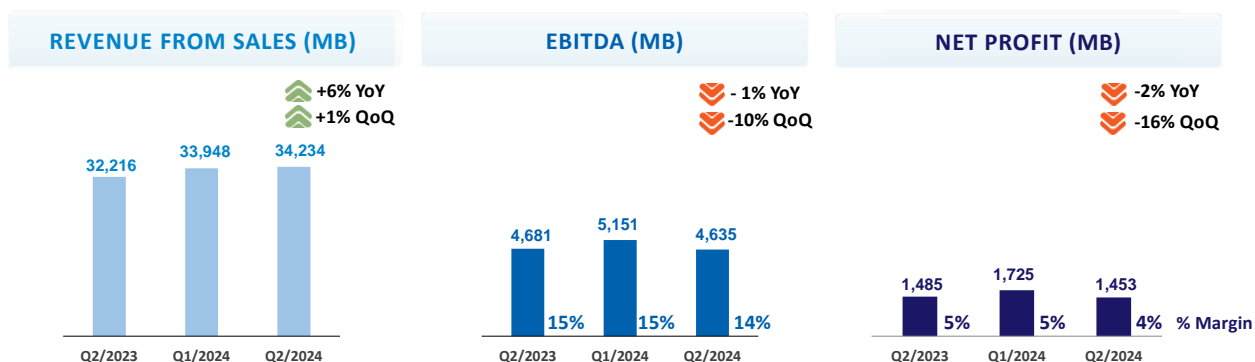
- YoY growth attributed to increased sales volume in both integrated packaging and fibrous businesses. This was supported by enhanced demand from domestic economic activities as well as a recovery in export markets. In addition, the gradual pick up of consumer purchasing power, aligned with lower inflation has led to an improved demand for non-essential goods.

EBITDA reported at 9,786 MB (+7% YoY) with EBITDA margin of 14%.

Profit for the period was 3,178 MB (+17% YoY) with net profit margin of 5%

- YoY profitability improved from higher sales volume with ongoing price adjustment and increased production utilization across all major product categories, coupled with effective cost management along the value chain.

SCGP's Q2/2024 performance highlights



Total revenue from sales was 34,234 MB (+6% YoY and +1% QoQ).

- YoY growth attributed to improved sales volume from all product categories. This was supported by resilient demand in domestic consumption, export, and favorable demand of non-essential goods in alignment with improved consumer spending.
- QoQ increase driven by ongoing price adjustments especially for packaging paper despite a slight drop in sales volume due to long holidays in Thailand and Indonesia. However, ASEAN export also improved particularly for food products, FMCG, garment and footwear.

EBITDA reported at 4,635 MB (-1% YoY and -10% QoQ) with EBITDA margin of 14%.

Profit for the period was 1,453 MB (-2% YoY and -16% QoQ) with net profit margin of 4%

- YoY profitability slightly declined primary from weaker selling price amid the upward trend of global recovered paper (RCP) and freight costs.
- QoQ profitability dropped from lower sales volume, especially in packaging paper in Indonesia and Thailand during Hari Raya and Songkran festivals, along with annual maintenance activities of paper & pulp production. Meanwhile, there was a lag of selling price increase to cover the rising raw material costs.

Interim dividend payment

On 23 July 2024, the Board of Directors of SCGP has approved a H1/2024 interim dividend payment of 0.25 Baht/Share (1,073 MB), which is payable on 21 August 2024 (XD-date on 6 August 2024 and record date on 7 August 2024).

Table 1 - SCGP's Consolidated Financial Statements

Unit: MB

	Q2		%y-o-y	% q-o-q	Jan - Jun		
	2024	2023			2024	2023	%y-o-y
Operating Results from Consolidated Financial Statements							
Revenue from sales	34,234	32,216	6%	1%	68,182	65,945	3%
Integrated packaging business	25,494	24,109	6%	0%	50,944	49,520	3%
Fibrous business	6,606	6,400	3%	1%	13,175	12,591	5%
Recycling business	2,134	1,707	25%	11%	4,063	3,834	6%
Cost of sales	28,114	26,351	7%	4%	55,260	54,131	2%
Gross profit	6,120	5,865	4%	-10%	12,922	11,814	9%
<i>Gross profit margin (%)</i>	18%	18%			19%	18%	
Distribution cost & administrative expense	4,119	3,753	10%	-4%	8,414	7,973	6%
EBITDA	4,635	4,681	-1%	-10%	9,786	9,152	7%
<i>EBITDA margin (%)</i>	14%	15%			14%	14%	
Profit for the period	1,453	1,485	-2%	-16%	3,178	2,705	17%
<i>Net profit margin (%)</i>	4%	5%			5%	4%	
Earnings per share (Baht)	0.34	0.35			0.74	0.63	
Core Financials							
Core EBITDA	4,687	4,621	1%	-9%	9,816	9,056	8%
Core profit	1,479	1,439	3%	-12%	3,165	2,621	21%

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 H1/2024 and H1/2023, dividend from associates were 1 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	
	2024	2023	2024	2023
	1,479	1,439	4,687	4,621
Key Items				
1) FX gain/loss from loans, derivatives and investments	(21)	41	(53)	46
2) Company restructurings	(5)	-	-	-
3) Changes to local regulations	-	-	-	-
4) Expenses related to M&Ps transactions	(5)	(2)	(5)	(2)
5) Others	5	7	6	16
Total	(26)	46	(52)	60
Profit for the period and EBITDA	1,453	1,485	4,635	4,681

Key analysis on Core profit and Core EBITDA

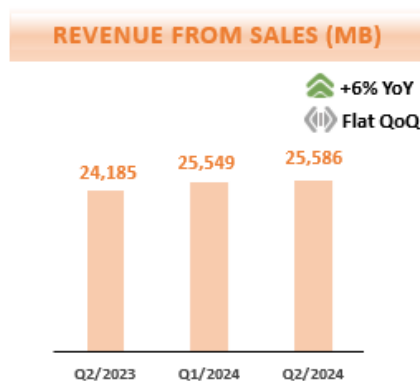
In Q2/2024, SCGP's Core EBITDA was at 4,687 MB (+1% YoY and -9% QoQ), and Core profit was 1,479 MB (+3% YoY and -12% QoQ). The above adjustment shows key non-operating items that affected SCGP's EBITDA and profit for the period. Key items for Q2/2024 came mainly from FX gain/loss from loans and investments.



Operating Results by Key Business Segments

Integrated Packaging Business (IPB)

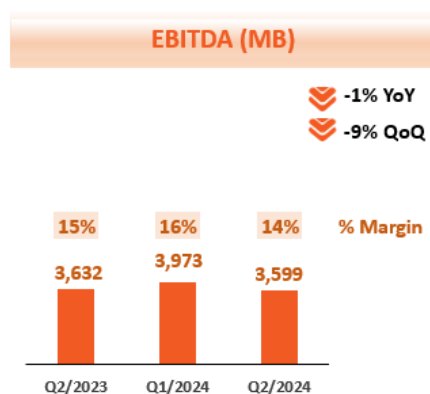
Q2/2024 performance (before inter-segment elimination)



Revenue from sales recorded at 25,586 MB.

- YoY, revenue increased by 6% due to higher sales volume across all product categories supported by overall demand improvement.
- QoQ, revenue remained flat despite positive factors, including strong domestic demand in consumer-linked product segment and improved exports in certain sectors such as food and durable goods. Efforts to enhance cross-selling synergy with

Law Print & Packaging Management Limited, the UK, in the pet food market and sales growth in medical supplies and labware also helped enhance sales. Nevertheless, revenue was impacted by slow demand during long holidays related to Songkran in Thailand and Hari Raya in Indonesia.



EBITDA recorded at 3,599 MB with EBITDA margin of 14%. Profit for the period amounted to 1,321 MB.

- YoY, EBITDA was nearly unchanged, while profit for the period increased 3% supported by continued cost improvement with impact from lower regional packaging paper prices.
- QoQ, EBITDA and profit for the period decreased by 9% and 13%, respectively, primarily from higher costs of recovered paper (RCP). Nonetheless, selling prices of packaging paper

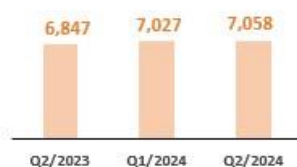
continued to increase across the region, while margin of polymer packaging and fiber packaging remained intact.

Fibrous Business (FB)

Q2/2024 performance (before inter-segment elimination)

REVENUE FROM SALES (MB)

+3% YoY
Flat QoQ



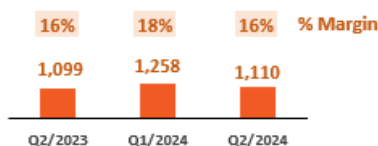
Revenue from sales recorded at 7,058 MB.

- YoY, revenue increased by 3% mainly from higher sales volume of foodservice packaging and paper.
- QoQ, revenue remained flat. Revenue from foodservice packaging improved, enhanced by sales expansion into B2B segment such as packaging for ready meals, chilled and fresh meat, and vending machines. Quick-service restaurant (QSR)

revenue also rose, driven by value meal promotions and favorable demand for travel-friendly packaging during summer in the US and Europe. Additionally, exports of specialty paper grades to India saw an uptick, and market pulp prices remained high with positive impact on dissolving pulp from recovered demand in apparel and textiles sector. Nevertheless, revenue from fine paper and short fiber pulp slightly decreased as a result of planned maintenance activities.

EBITDA (MB)

+1% YoY
-12% QoQ



EBITDA recorded at 1,110 MB with EBITDA margin of 16%. Profit for the period was 434 MB.

- YoY, EBITDA and profit for the period increased by 1% and 2%, respectively, from sales volume of foodservice packaging and paper coupled with a price hike in regional pulp prices.
- QoQ, EBITDA and profit for the period declined by 12% and 22%, respectively, mainly from reduced fine paper sales volume in alignment with revenue.

Table 3 - Operating Results by Business Segment

Unit: MB

	Q2				Jan - Jun		
	2024	2023	% y-o-y	% q-o-q	2024	2023	%y-o-y
Revenue from sales							
Consolidated SCGP	34,234	32,216	6%	1%	68,182	65,945	3%
Integrated Packaging Business	25,586	24,185	6%	0%	51,135	49,665	3%
Fibrous Business	7,058	6,847	3%	0%	14,085	13,652	3%
Recycling Business	2,327	2,044	14%	6%	4,518	4,476	1%
Intersegment Elimination	(737)	(860)	14%	10%	(1,556)	(1,848)	16%

	Q2				Jan - Jun		
	2024	2023	% y-o-y	% q-o-q	2024	2023	%y-o-y
EBITDA							
Consolidated SCGP	4,635	4,681	-1%	-10%	9,786	9,152	7%
Integrated Packaging Business	3,599	3,632	-1%	-9%	7,572	7,281	4%
Fibrous Business	1,110	1,099	1%	-12%	2,368	1,955	21%
Recycling Business and Corporate	1,837	1,470	25%	41%	3,139	3,167	-1%
Intersegment Elimination	(1,911)	(1,520)	-26%	-38%	(3,293)	(3,251)	-1%

	Q2		Jan - Jun	
	2024	2023	2024	2023
EBITDA margin (%)				
Consolidated SCGP	14%	15%	14%	14%
Integrated Packaging Business	14%	15%	15%	15%
Fibrous Business	16%	16%	17%	14%

	Q2				Jan - Jun		
	2024	2023	% y-o-y	% q-o-q	2024	2023	%y-o-y
Profit for the period							
Consolidated SCGP	1,453	1,485	-2%	-16%	3,178	2,705	17%
Integrated Packaging Business	1,321	1,284	3%	-13%	2,844	2,490	14%
Fibrous Business	434	425	2%	-22%	989	641	54%
Recycling Business and Corporate	1,537	1,231	25%	48%	2,578	2,656	-3%
Intersegment Elimination	(1,839)	(1,455)	-26%	-32%	(3,233)	(3,082)	-5%

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 H1/2024, SCGP's cost of sales was 55,260 MB (+2% YoY): integrated packaging business (IPB) accounted for 41,950 MB, fibrous business (FB) accounted for 11,403 MB, and recycling business accounted for 3,611 MB.

Despite the upward trend in raw material costs, SCGP has effectively managed its sourcing network and bolstered its competitiveness through various strategies;

- 1. Distinctive supply chain networks for recovered paper (RCP)**, which ensure a secure supply and maintain a competitive cost position. SCGP has expanded its recycling infrastructure across ASEAN, with a total of 158 recycling stations and partners as of H1/2024. By prioritizing primary source collection, SCGP gains access to RCP and can seamlessly switch between imported and locally sourced materials, thereby enhancing operational efficiency in response to market fluctuations.
- 2. Adoption of alternative fuels:** SCGP has increasingly adopted alternative fuels, such as biomass from agricultural waste and wood, to reduce coal usage and improve production costs. This practice has led to an increase in the proportion of alternative fuels to 38.1% of total energy sources in Q2/2024, up from 37.8% at the end of Q1/2024.

Table 4 - Cost of Sales by Business Segment

Unit: MB

	Q2				Jan - Jun		
	2024	%	% y-o-y	% q-o-q	2024	%	%y-o-y
Integrated Packaging Business	21,160	75%	6%	2%	41,950	76%	2%
Fibrous Business	5,803	21%	2%	4%	11,403	21%	-2%
Recycling Business	1,942	7%	26%	16%	3,611	7%	12%
Intersegment Elimination	(791)	-3%	-14%	-13%	(1,704)	-4%	-14%
Consolidated SCGP	28,114	100%	7%	4%	55,260	100%	2%

Summary of Financial Positions as of 30 June 2024

Total assets were equal to 211,754 MB or an increase of 13,193 MB (+7% from last year) which was mainly attributed to

1. Net increase in cash and short-term investments of 6,636 MB, mainly due to proceeds from debenture No. 1/2024 in the amount of 5,000 MB issued on 1 April 2024
2. Increase in trade and other current receivables 2,511 MB as a result of higher revenue from sales
3. Increase in foreign exchange translation of 2,918 MB from Thai baht depreciation
4. Additional assets from M&P - VEM (Thailand) Company Limited 486 MB

Total liabilities were equal to 108,040 MB or an increase of 11,928 MB (+12% from last year). This was primary due to

1. Net increase in loans of 5,962 MB from debenture No. 1/2024 amounting to 5,000 MB, tenor 3 years 8 months, coupon rate 3.4% per annum
2. Increase in trade and other current payables of 2,231 MB
3. Foreign exchange differences of 2,561 MB from Thai baht depreciation
4. Additional liabilities from M&P 284 MB

Total shareholders' equity reported at 103,714 MB or an increase of 1,265 MB (+1% from last year). The change was mainly due to profit for the period of 3,221 MB, along with 357 MB of foreign exchange translation, while the decrease was from dividends of 2,256 MB.

Capital Structure

In H1/2024, total debt to equity ratio was at 1.0 times which was higher than 0.9 times in H1/2023. Net debt to EBITDA was at 1.7 times which was lower than 1.9 times in H1/2023. Interest-bearing debt to equity ratio was at 0.5 times with no change from H1/2023.

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

Unit: MB

	June	December	Change	
	2024	2023	MB	%
Total Assets	211,754	198,561	13,193	7%
Current Assets	71,703	60,272	11,431	19%
Cash and cash equivalents	20,787	9,889	10,898	110%
Short-term investments	3,316	7,292	(3,976)	-55%
Trade and other current receivables	26,257	23,331	2,926	13%
Inventories	20,904	19,253	1,651	9%
Investments in associates	1,127	1,063	64	6%
Property, plant and equipment	95,854	94,279	1,575	2%
Goodwill	30,012	29,374	638	2%
Other intangible assets	10,156	10,051	105	1%
Total Liabilities	108,040	96,112	11,928	12%
Trade and other current payables	17,350	14,808	2,542	17%
Loans	56,289	49,113	7,176	15%
Liabilities related to put options	24,139	22,313	1,826	8%
Total Shareholders' Equity	103,714	102,449	1,265	1%
Total equity attributable to owners of the Company	79,087	77,322	1,765	2%
Non-controlling interests	24,627	25,127	(500)	-2%

Table 6 - SCGP's Net Debt

	Unit: MB	
	June 2024	December 2023
Short-term Loans	15,448	15,337
Foreign	15,054	15,067
Baht	394	270
% of Total Loans	27%	31%
Long-term Loans	40,841	33,776
Foreign	8,585	6,768
Baht	32,256	27,008
% of Total Loans	73%	69%
Total Loans	56,289	49,113
Average cost of debt (%)	4.3%	4.1%
Cash and Cash Under Management	24,102	17,180
Cash and cash equivalents	20,787	9,889
Investments in debt instruments	3,315	7,291
Net Debt	32,187	31,933



Table 7 - Key Financial Ratio

		Jan - Jun		
			2024	2023
Profitability Ratio				
1	Gross profit margin	(%)	19.0	17.9
2	EBITDA margin	(%)	14.4	13.9
3	Net profit margin	(%)	4.7	4.1
4	Core EBITDA margin	(%)	14.4	13.7
5	Core Profit margin	(%)	4.6	4.0
6	Return on assets	(%)	2.8	2.7
7	Return on equity	(%)	7.3	5.6
8	Return on invested capital	(%)	5.7	4.8
Liquidity Ratio				
9	Current ratio	(times)	0.9	1.1
10	Quick ratio	(times)	0.6	0.6
Activity Ratio				
11	Account receivable turnover	(times)	6.0	6.0
12	Account payable turnover	(times)	9.2	10.4
13	Cash cycle	(days)	93	100
14	Total asset turnover	(times)	0.6	0.7
15	Inventory turnover	(times)	5.0	4.9
Leverage Ratio				
16	Net debt to EBITDA	(times)	1.7	1.9
17	Net debt to equity	(times)	0.3	0.3
18	Debt to equity	(times)	1.0	0.9
19	Interest-bearing debt to equity	(times)	0.5	0.5

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 2024

In H1/2024, SCGP's net cash flows provided by operating activities amounted to 6,507 MB including the operating cash flows of 7,603 MB and tax payment of 1,096 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 provided by investing activities amounted to 1,265 MB with main contributions from net proceeds from short-term investments of 4,156 MB, while there was capital expenditure of 2,909 MB.

Net cash flows provided by financing activities amounted to 2,912 MB from an increase in net borrowings of 5,962 MB, while there were dividend payment of 1,929 MB, and interest payment of 1,121 MB.

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

	Unit: MB		
	Jan - Jun		
	2024	2023	Change
Cash flows from operating activities	6,507	9,920	(3,413)
Cash flows from investing activities	1,265	(8,742)	10,007
Cash flows from financing activities	2,912	(6,403)	9,315
Net increase (decrease) in cash and cash equivalents	10,684	(5,225)	15,909
Free cash flows	3,598	6,714	(3,116)

Business Development - Key Project Progress

During Q2/2024, SCGP successfully completed 1 merger and partnership (M&P) deal in Thailand with details as follows:

Thailand (Polymer packaging, Rayong) - SCGP has acquired a 90% stake in VEM (Thailand) Company Limited or "VEM-TH" with an investment of approximately 146 MB. This acquisition is a part of SCGP's strategy to expand its healthcare packaging and supplies business and meet the increasing demand for such products. Current capacity of VEM-TH is 30 plastic injection mold production lines that comply with ISO 13485 (The global standard for medical device quality management system) and also has certified cleanrooms of class 8 and class 7, producing over 59 million pieces of premium quality products annually. VEM-TH currently serves clients in the medical, aircraft, electrical parts, and automotive industries, with a market coverage including Thailand, US, China, and other countries. VEM-TH will enhance and add production capabilities of Deltalab S.L. and Bicappa Lab S.r.L. This transaction will also allow SCGP to expand its international customer network more robustly and effectively. VEM-TH's financial performance will be consolidated from July 2024 onward.

ESG and sustainability as the core of SCGP's operation

Recently, SCGP has received carbon footprint certification for various products manufactured in Thailand from Thailand Greenhouse Gas Management Organization (Public Organization) or TGO includes the following:

1. 109 products in pulp, printing and writing paper, packaging paper, and plastic packaging
2. 16 processes involved in printing and paper packaging producing processes, covering all paper packaging products
3. 19 products in copy paper and foodservice packaging (Fest) products

By obtaining carbon footprint certification, SCGP collaborates with customers to develop packaging solutions that reduce greenhouse gas emissions in the supply chain. This aligns with increasing environmental regulations, such as in the European Union. Additionally, the transparent identification of greenhouse gas emissions enables consumers to make well-informed choices when selecting products that help address environmental concerns.

By the end of Q2/2024, usage of alternative fuel (AF) increased to 38.1% of the total energy sources from 37.8% at the end of Q1/2024. This further showcases SCGP's dedication to sustainability and commitment to relevant measures to address climate change.

Management Outlook

Looking ahead to H2/2024, the global economy is expected to continue its recovery, bolstered by stabilization of inflation rates. This has created a favorable environment for growth in both developed and emerging markets, leading to enhanced consumers' purchasing power, improved business confidence, and a boost in export sector. Nevertheless, challenges still persist, particularly due to the uncertainties arising from ongoing geopolitical conflicts e.g. the tension situation in the Middle East, and the strategic competition between the US and China, which potentially impact energy prices, global trade, and overall economic landscape.

ASEAN economy continues positive momentum driven by strong domestic consumption. Demand for essential goods and consumer products, particularly those related to daily consumption is anticipated to grow, benefitting from a rebound in service and tourism sectors within the region amid government's stimulus effort. Furthermore, demand for durable goods is recouping in line with the ongoing improvement in consumer spending. However, raw material and freight costs, as well as product prices, are expected to remain high due to demanding and preparation for year-end festival since late Q3, while energy costs are trending sideways. Global pulp price is expected to remain stable on high side, supported by growing demand in garment and textiles industry.

In light of emerging geopolitical and global trade risks ahead of the major elections, SCGP continues to pursue a quality growth with a focus on enhancing chain integration and overall profitability, especially in its Indonesia operations. The company has allocated CAPEX budget of 15,000 MB, prioritizing programmatic M&Ps and organic expansions. Additionally, SCGP has been progressing strategic enhance and grow fast-growing segment, healthcare packaging and supplies business, in response to rising awareness in healthcare and wellness that align with the company's strategic direction.

To enhance competitiveness, SCGP applies data analytics to accelerate operational excellence and optimize the utilization of packaging paper facilities, fulfilling the growing demand in the region. Currently, SCGP has obtained Carbon Footprint of Products (CFP) certification manufactured in Thailand. This certification, which is issued by The Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), covers a wide range of products and production process including all paper packaging SKUs, polymer packaging, pulp & fine paper, and foodservice packaging. Moreover, SCGP actively collaborates with customers in Research, Development & Innovation with a focus on developing sustainable packaging solutions. In recognition of its efforts, SCGP achieved a Gold medal from EcoVadis Sustainability Ratings in June 2024, demonstrating its commitment to ESG principles and ensuring long-term sustainability. This dedication reinforces SCGP's aim to solidify sustainable practices across all business operations.



**SUSTAINABLE SOLUTIONS
FOR A BRIGHTER PLANET**



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