



Management Discussion and Analysis
Q3/2024 (Unreviewed)



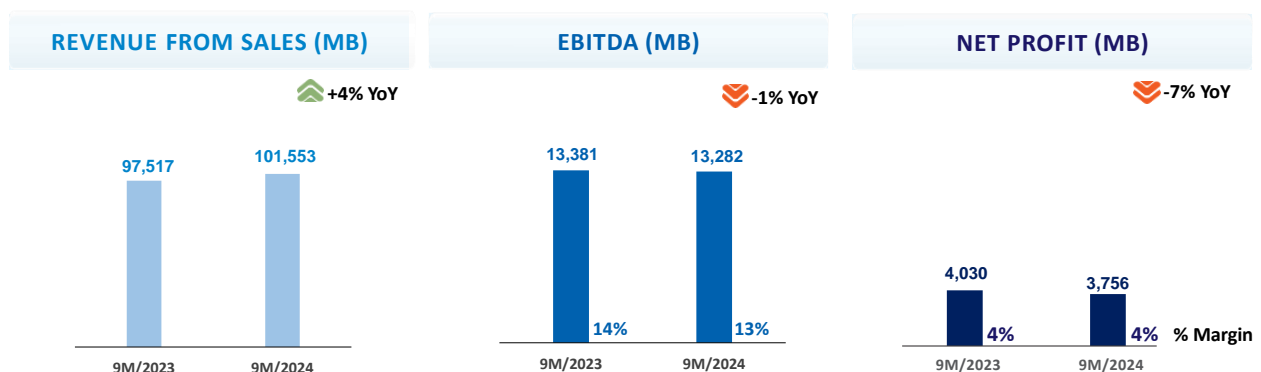
Overview of business operations, economic factors, and industry conditions that affect performance

During the first nine months of 2024, demand for packaging in ASEAN improved compared to the same period of last year, particularly in consumer goods, food and beverage sectors, attributed to increased domestic consumption, improvement in service sector, and the rise in number of tourists. Additionally, export market saw gradual improvement because of the expansion of global trade and easing inflation, especially for products like frozen & canned food, garments and footwear. Despite these trends, the industry faced challenges stemming from the slowdown in China's economic recovery amidst looming geopolitical instability.

In Q3/2024, ASEAN demand for packaging remained stable, supported by resilient domestic consumption and tourism activities. The export sector expanded, particularly in the export of certain products to the US and Europe, including processed food and agricultural products. However, towards the end of this quarter, the appreciation of ASEAN currencies hindered export performance, while flooding in Thailand and Vietnam collectively slowed the pace of economic growth. Furthermore, China's slower-than-expected economic recovery limited packaging demand, resulting in lower regional export volumes and prices for packaging paper. Historical record indicated that China import volume of containerboard has been declining since June 2024, reaching a 20-month low in September 2024. As a key exporter of packaging paper to China, ASEAN was significantly impacted by this downturn. Meanwhile, the prices of recovered paper (RCP) decreased, but the production costs of packaging paper in Q3/2024 remained high mainly due to elevated RCP prices in Q2/2024, leading to eroded profitability of packaging paper industry.

Performance highlights

SCGP's 9M/2024 performance highlights



Total revenue from sales was 101,553 MB (+4% YoY).

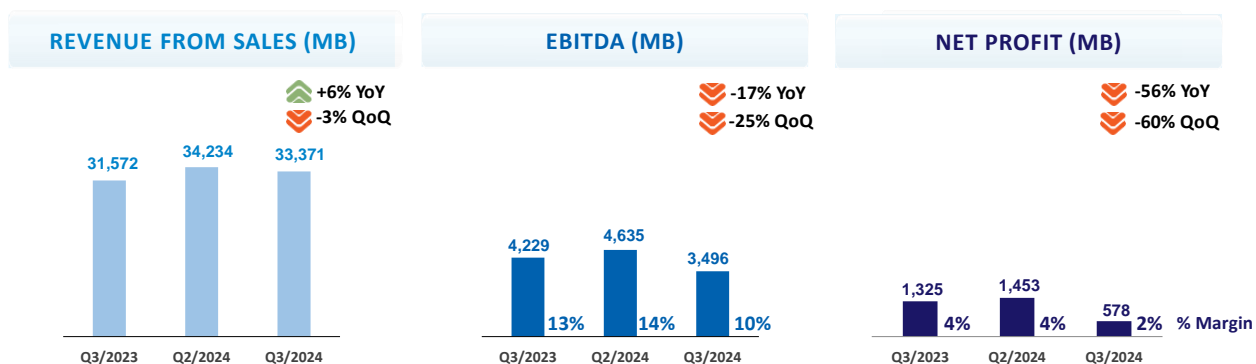
- YoY, revenue growth was mainly due to higher sales volume in both integrated packaging and fibrous businesses. This increase was mainly driven by ongoing growth in domestic demand and export markets, particularly in consumer-related segments. Lower inflation also contributed to improved demand for non-essential goods.

EBITDA reported at 13,282 MB (-1% YoY) with EBITDA margin of 13%.

Profit for the period was 3,756 MB (-7% YoY) with net profit margin of 4%

- YoY, EBITDA and profitability declined primarily from weaker performance of packaging paper operations and the appreciation of Thai Baht, especially in Q3/2024. The reduction in margin was accompanied by efforts to enhance production utilization in major product categories, as well as effective cost management across the value chain.

SCGP's Q3/2024 performance highlights



Total revenue from sales was 33,371 MB (+6% YoY and -3% QoQ).

- YoY, revenue growth attributed to improved sales volume of polymer and fiber packaging, and higher dissolving pulp sales. This growth was mainly supported by resilient demand in domestic consumption.
- QoQ, there was a decrease in sales volume of packaging paper mainly from a drop in export to key markets.

EBITDA reported at 3,496 MB (-17% YoY and -25% QoQ) with EBITDA margin of 10%.

Profit for the period was 578 MB (-56% YoY and -60% QoQ) with net profit margin of 2%

- YoY, profitability declined mainly due to higher raw material costs that affected packaging paper margin. Furthermore, additional stake in Fajar from September 2024 onward impacted net profit.
- QoQ, profitability dropped as a result of lower margin of packaging paper, driven by rising raw material costs (RCP) across operations, along with the effect of Thai Baht's appreciation.

Table 1 - SCGP's Consolidated Financial Statements

Unit: MB

| | Q3 | | | | Jan - Sep | | |
|---|--------|--------|--------|--------|-----------|--------|--------|
| | 2024 | 2023 | %y-o-y | %q-o-q | 2024 | 2023 | %y-o-y |
| Operating Results from Consolidated Financial Statements | | | | | | | |
| Revenue from sales | 33,371 | 31,572 | 6% | -3% | 101,553 | 97,517 | 4% |
| Integrated packaging business | 24,612 | 23,573 | 4% | -3% | 75,556 | 73,093 | 3% |
| Fibrous business | 6,697 | 6,184 | 8% | 1% | 19,872 | 18,775 | 6% |
| Recycling business | 2,062 | 1,815 | 14% | -3% | 6,125 | 5,649 | 8% |
| Cost of sales | 28,187 | 25,964 | 9% | 0% | 83,447 | 80,095 | 4% |
| Gross profit | 5,184 | 5,608 | -8% | -15% | 18,106 | 17,422 | 4% |
| <i>Gross profit margin (%)</i> | 16% | 18% | | | 18% | 18% | |
| Distribution cost & administrative expense | 4,140 | 3,824 | 8% | 1% | 12,554 | 11,797 | 6% |
| EBITDA | 3,496 | 4,229 | -17% | -25% | 13,282 | 13,381 | -1% |
| <i>EBITDA margin (%)</i> | 10% | 13% | | | 13% | 14% | |
| Profit for the period | 578 | 1,325 | -56% | -60% | 3,756 | 4,030 | -7% |
| <i>Net profit margin (%)</i> | 2% | 4% | | | 4% | 4% | |
| Earnings per share (Baht) | 0.13 | 0.31 | | | 0.87 | 0.94 | |
| Core Financials | | | | | | | |
| Core EBITDA | 3,557 | 4,208 | -15% | -24% | 13,373 | 13,264 | 1% |
| Core profit | 677 | 1,310 | -48% | -54% | 3,842 | 3,931 | -2% |

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 9M/2024 and 9M/2023, dividend from associates were 11 MB and 9 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 | |
|---|-------------|--------------|--------------|--------------|
| | Q3 | | Q3 | |
| | 2024 | 2023 | 2024 | 2023 |
| | 677 | 1,310 | 3,557 | 4,208 |
| Key Items | | | | |
| 1) FX gain/loss from loans, derivatives and investments | (22) | 50 | 25 | 45 |
| 2) Company restructurings | - | - | - | - |
| 3) Changes to local regulations | - | - | - | - |
| 4) Expenses related to M&Ps transactions | (76) | (11) | (82) | (11) |
| 5) Others | (1) | (24) | (4) | (13) |
| Total | (99) | 15 | (61) | 21 |
| Profit for the period and EBITDA | 578 | 1,325 | 3,496 | 4,229 |

Key analysis on Core profit and Core EBITDA

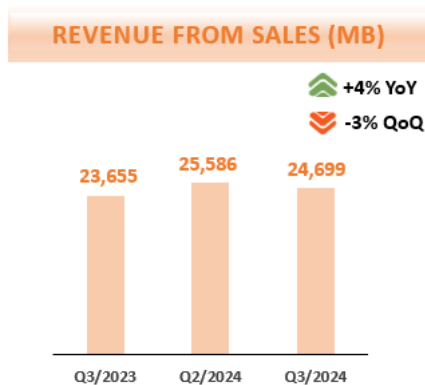
In Q3/2024, SCGP's Core EBITDA was at 3,557 MB (-15% YoY and -24% QoQ), and Core profit was 677 MB (-48% YoY and -54% QoQ). The above adjustment shows key non-operating items that affected SCGP's EBITDA and profit for the period. Key items for Q3/2024 came mainly from expenses related to Fajar share acquisition and FX gain/loss from loans and investments.



Operating Results by Key Business Segments

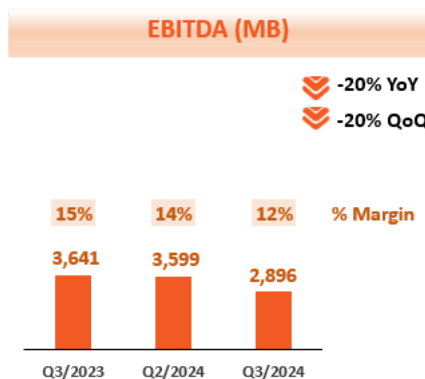
Integrated Packaging Business (IPB)

Q3/2024 performance (before inter-segment elimination)



Revenue from sales recorded at 24,699 MB.

- YoY, revenue increased by 4% from higher sales volume of polymer and fiber packaging, especially in Vietnam and Thailand.
- QoQ, revenue decreased by 3%, mainly from lower packaging paper export sales volume, particularly to China market. Medical supplies and labware sales saw a slight decline during summer in Europe. Meanwhile, consumer packaging, both in polymer and fiber packaging, performed well, supported by resilient domestic consumption in ASEAN for food-related and agriculture products in Thailand and Vietnam. However, demand slowed in certain segments such as alcoholic beverages and durable goods.



EBITDA recorded at 2,896 MB with EBITDA margin of 12%. Profit for the period amounted to 690 MB.

- YoY, EBITDA dropped by 20%, and profit for the period decreased by 51% from increased costs of recovered paper (RCP).
- QoQ, EBITDA and profit for the period decreased by 20% and 48%, respectively, primarily due to lower packaging paper volume from weak regional demand along with higher RCP costs.

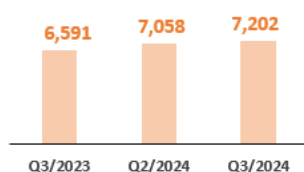
Fibrous Business (FB)

Q3/2024 performance (before inter-segment elimination)

REVENUE FROM SALES (MB)

+9% YoY

+2% QoQ



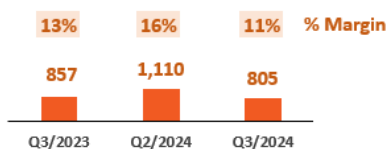
Revenue from sales recorded at 7,202 MB.

- YoY, revenue increased by 9% due to improved sales volume mainly from increasing of dissolving pulp volume and price.
- QoQ, revenue grew by 2% mainly driven by increased sales volume of dissolving pulp, while fine paper sales remained stable. However, foodservice packaging experienced a decline in EU market while efforts were made to optimize the product portfolio, enhancing revenue in the US and B2B segments in Thailand.

EBITDA (MB)

-6% YoY

-27% QoQ



EBITDA recorded at 805 MB with EBITDA margin of 11%. Profit for the period was 155 MB.

- YoY, EBITDA and profit for the period decreased by 6% and 32%, respectively, attributed to a reduction in paper and foodservice selling prices.
- QoQ, EBITDA and profit for the period declined by 27% and 64%, respectively, primarily attributed to the impact of Thai Baht's appreciation, and lower selling price of foodservice packaging and dissolving pulp.

Table 3 - Operating Results by Business Segment

Unit: MB

| | Q3 | | | | Jan - Sep | | |
|-------------------------------|---------------|---------------|-----------|------------|----------------|---------------|-----------|
| | 2024 | 2023 | %y-o-y | %q-o-q | 2024 | 2023 | %y-o-y |
| Revenue from sales | | | | | | | |
| Consolidated SCGP | 33,371 | 31,572 | 6% | -3% | 101,553 | 97,517 | 4% |
| Integrated Packaging Business | 24,699 | 23,655 | 4% | -3% | 75,834 | 73,320 | 3% |
| Fibrous Business | 7,202 | 6,591 | 9% | 2% | 21,287 | 20,243 | 5% |
| Recycling Business | 2,212 | 2,059 | 7% | -5% | 6,730 | 6,535 | 3% |
| Intersegment Elimination | (742) | (733) | -1% | -1% | (2,298) | (2,581) | 11% |

| | Q3 | | | | Jan - Sep | | |
|----------------------------------|--------------|--------------|-------------|-------------|---------------|---------------|------------|
| | 2024 | 2023 | %y-o-y | %q-o-q | 2024 | 2023 | %y-o-y |
| EBITDA | | | | | | | |
| Consolidated SCGP | 3,496 | 4,229 | -17% | -25% | 13,282 | 13,381 | -1% |
| Integrated Packaging Business | 2,896 | 3,641 | -20% | -20% | 10,468 | 10,922 | -4% |
| Fibrous Business | 805 | 857 | -6% | -27% | 3,173 | 2,812 | 13% |
| Recycling Business and Corporate | 133 | (8) | n.a. | -93% | 3,272 | 3,159 | 4% |
| Intersegment Elimination | (338) | (261) | -30% | 82% | (3,631) | (3,512) | -3% |

| | Q3 | | Jan - Sep | |
|-------------------------------|------------|------------|------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| EBITDA margin (%) | | | | |
| Consolidated SCGP | 10% | 13% | 13% | 14% |
| Integrated Packaging Business | 12% | 15% | 14% | 15% |
| Fibrous Business | 11% | 13% | 15% | 14% |

| | Q3 | | | | Jan - Sep | | |
|-------------------------------------|------------|--------------|-------------|-------------|--------------|--------------|------------|
| | 2024 | 2023 | %y-o-y | %q-o-q | 2024 | 2023 | %y-o-y |
| Profit (loss) for the period | | | | | | | |
| Consolidated SCGP | 578 | 1,325 | -56% | -60% | 3,756 | 4,030 | -7% |
| Integrated Packaging Business | 690 | 1,422 | -51% | -48% | 3,534 | 3,912 | -10% |
| Fibrous Business | 155 | 228 | -32% | -64% | 1,144 | 869 | 32% |
| Recycling Business and Corporate | (165) | (204) | 19% | -111% | 2,413 | 2,452 | -2% |
| Intersegment Elimination | (102) | (121) | 16% | 94% | (3,335) | (3,203) | -4% |

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 9M/2024, SCGP's cost of sales was 83,447 MB (+4% YoY): integrated packaging business (IPB) accounted for 62,963 MB, fibrous business (FB) accounted for 17,508 MB, and recycling business accounted for 5,519 MB, with the details as follows:

Rising costs of recovered paper (RCP): Packaging paper industry encountered challenges due to the rising costs of its primary raw material, recovered paper (RCP), which saw a significant price increase in Q2/2024. Typically, the impact of RCP prices is felt with a lag of approximately one quarter. Consequently, SCGP's consumption costs remained elevated in Q3/2024.

Coal costs and alternative fuels: Coal costs showed a slight downward trend quarter-on-quarter (QoQ) due to the slow recovery of China's economy, which is the largest consumer of coal. SCGP has increasingly adopted alternative fuels, such as biomass from agricultural waste and wood, to reduce coal consumption and optimize production costs. This strategic shift has resulted in an increase in the proportion of alternative fuels to 39.9% of total energy sources in Q3/2024, up from 38.1% at the end of Q2/2024.

Table 4 - Cost of Sales by Business Segment

Unit: MB

| | Q3 | | | | Jan - Sep | | |
|-------------------------------|---------------|-------------|-----------|-----------|---------------|-------------|-----------|
| | 2024 | % | %y-o-y | %q-o-q | 2024 | % | %y-o-y |
| Integrated Packaging Business | 21,013 | 74% | 5% | -1% | 62,963 | 75% | 4% |
| Fibrous Business | 6,105 | 22% | 7% | 5% | 17,508 | 21% | 2% |
| Recycling Business | 1,908 | 7% | 24% | -2% | 5,519 | 7% | 11% |
| Intersegment Elimination | (839) | -3% | -9% | 6% | (2,543) | -3% | -8% |
| Consolidated SCGP | 28,187 | 100% | 7% | 0% | 83,447 | 100% | 4% |

Summary of Financial Positions as of 30 September 2024

Total assets were equal to 187,987 MB or a decrease of 10,574 MB (-5% from last year) which was mainly attributed to

1. Net decrease in cash and short-term investments of 6,464 MB, mainly due to the acquisition of additional 44.48% shares in Fajar on 30 August 2024. The total transaction amount was 652.42 MUS\$ or equivalent to 22,802 MB.
2. Decrease from foreign exchange impact (strong Thai Baht) 5,029 MB primarily on property, plant and equipment coupled with goodwill, trade receivables, and inventories.
3. Increase in trade receivables of 1,630 MB as a result of higher revenue from sales, and inventories increase of 692 MB.

Total liabilities were equal to 92,608 MB or a decrease of 3,504 MB (-4% from last year). This was primary due to

1. Net decrease in liabilities related to put options 19,794 MB
2. Net increase in loans of 16,855 MB mainly due to additional share acquisition in Fajar totaling 14,400 MB, from short-term borrowings from financial institutions and debenture No. 1/2024 amounting to 5,000 MB, tenor 3 years 8 months, coupon rate 3.4% per annum.

Total shareholders' equity reported at 95,379 MB or a decrease of 7,070 MB (-7% from last year). The change was mainly from the decline due to foreign exchange translation of 4,215 MB and other equity interest of 3,760 MB, while net increase in retained earnings of 1,396 MB was from profit for the period net of dividend.

Capital Structure

In 9M/2024, total debt to equity ratio was at 1.0 times, which was higher than 0.9 times in 9M/2023. Net debt to EBITDA was at 3.1 times, which was higher than 1.9 times in 9M/2023 due to increased borrowings from additional share acquisition in Fajar. Interest-bearing debt to equity ratio was at 0.7 times, which was higher than 0.5 times in 9M/2023.

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

Unit: MB

| | September | December | Change | |
|--|----------------|----------------|-----------------|------------|
| | 2024 | 2023 | MB | % |
| Total Assets | 187,987 | 198,561 | (10,574) | -5% |
| Current Assets | 54,223 | 60,272 | (6,049) | -10% |
| Cash and cash equivalents | 7,204 | 9,889 | (2,685) | -27% |
| Short-term investments | 3,092 | 7,292 | (4,200) | -58% |
| Trade and other current receivables | 24,018 | 23,331 | 687 | 3% |
| Inventories | 19,501 | 19,253 | 248 | 1% |
| Investments in associates | 1,129 | 1,063 | 66 | 6% |
| Property, plant and equipment | 92,089 | 94,279 | (2,190) | -2% |
| Goodwill | 28,480 | 29,374 | (894) | -3% |
| Other intangible assets | 9,235 | 10,051 | (816) | -8% |
| Total Liabilities | 92,608 | 96,112 | (3,504) | -4% |
| Trade and other current payables | 14,536 | 14,808 | (272) | -2% |
| Loans | 64,974 | 49,113 | 15,861 | 32% |
| Liabilities related to put options | 3,760 | 22,313 | (18,553) | -83% |
| Total Shareholders' Equity | 95,379 | 102,449 | (7,070) | -7% |
| Total equity attributable to owners of the Company | 76,788 | 77,322 | (534) | -1% |
| Non-controlling interests | 18,591 | 25,127 | (6,536) | -26% |

Table 6 - SCGP's Net Debt

| | Unit: MB | |
|---------------------------------------|-------------------|------------------|
| | September 2024 | December 2023 |
| Short-term Loans | 25,199 | 15,337 |
| Foreign | 15,564 | 15,067 |
| Baht | 9,635 | 270 |
| % of Total Loans | 39% | 31% |
| Long-term Loans | 39,775 | 33,776 |
| Foreign | 7,616 | 6,768 |
| Baht | 32,159 | 27,008 |
| % of Total Loans | 61% | 69% |
| Total Loans | 64,974 | 49,113 |
| Average cost of debt (%) | 4.1% | 4.1% |
| Cash and Cash Under Management | 10,296 | 17,180 |
| Cash and cash equivalents | 7,204 | 9,889 |
| Investments in debt instruments | 3,092 | 7,291 |
| Net Debt | 54,678 | 31,933 |



Table 7 - Key Financial Ratio

| | | Jan - Sep | | |
|----------------------------|---------------------------------|-----------|------|------|
| | | | 2024 | 2023 |
| Profitability Ratio | | | | |
| 1 | Gross profit margin | (%) | 17.8 | 17.9 |
| 2 | EBITDA margin | (%) | 13.1 | 13.7 |
| 3 | Net profit margin | (%) | 3.7 | 4.1 |
| 4 | Core EBITDA margin | (%) | 13.2 | 13.6 |
| 5 | Core profit margin | (%) | 3.8 | 4.0 |
| 6 | Return on assets | (%) | 2.5 | 2.2 |
| 7 | Return on equity | (%) | 6.4 | 5.0 |
| 8 | Return on invested capital | (%) | 5.0 | 4.2 |
| Liquidity Ratio | | | | |
| 9 | Current ratio | (times) | 0.9 | 1.0 |
| 10 | Quick ratio | (times) | 0.5 | 0.6 |
| Activity Ratio | | | | |
| 11 | Account receivable turnover | (times) | 6.4 | 5.9 |
| 12 | Account payable turnover | (times) | 10.6 | 9.9 |
| 13 | Cash cycle | (days) | 88 | 101 |
| 14 | Total asset turnover | (times) | 0.7 | 0.6 |
| 15 | Inventory turnover | (times) | 5.6 | 4.8 |
| Leverage Ratio | | | | |
| 16 | Net debt to EBITDA | (times) | 3.1 | 1.9 |
| 17 | Net debt to equity | (times) | 0.6 | 0.3 |
| 18 | Debt to equity | (times) | 1.0 | 0.9 |
| 19 | Interest-bearing debt to equity | (times) | 0.7 | 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 September 2024

In 9M/2024, SCGP's net cash flows provided by operating activities amounted to 9,271 MB, including the operating cash flows of 11,067 MB and tax payment of 1,796 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 126 MB, with the main contributions from net proceeds from short-term investments of 4,314 MB, while there was capital expenditure amounted to 4,206 MB.

Net cash flows used in financing activities amounted to 11,911 MB, including payments of 22,919 MB from changes in ownership interests in subsidiaries, along with dividend payment of 3,329 MB and interest payment and other finance costs of 1,785 MB. Nevertheless, there was an increase in net borrowings amounted to 16,122 MB.

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

| | Unit: MB | | |
|--|----------------|----------------|----------------|
| | Jan – Sep | | |
| | 2024 | 2023 | Change |
| Cash flows from operating activities | 9,271 | 16,348 | (7,077) |
| Cash flows from investing activities | 126 | (10,343) | 10,469 |
| Cash flows from financing activities | (11,911) | (8,708) | (3,203) |
| Net decrease in cash and cash equivalents | (2,514) | (2,703) | 189 |
| Free cash flows | 5,065 | 11,152 | (6,087) |

Major events and business updates


SCGP continues to drive growth through investment in Indonesia and joint development with strategic partners to expand its presence in ASEAN and enhance medical supplies and labware solutions in Thailand. Details are as follows:

1. Indonesia (Packaging paper, Jakarta) - The completion of an additional 44.48% share acquisition in PT Fajar Surya Wisesa Tbk. (Fajar) on 30 August 2024 through SCGP Solutions (Singapore) Pte. Ltd. (SCGPSS), a wholly owned subsidiaries of SCGP, with total transaction amount of 652.42 MUSD or equivalent to 22,802 MB. After the transaction, SCGP's stake in Fajar has increased to 99.71%, from 55.23% previously. Meanwhile, the remaining 0.29% shares are held by the public.

2. Memorandum of Understanding (MOU) between SCGP and Once Medical - The collaboration specifically focuses on the development of syringes, medical supplies, and labware. The primary objective of this partnership is to fortify SCGP's packaging solutions and medical supplies business, while also expanding its customer network.

ESG and sustainability developments

MSCI  SCGP has recently achieved significant milestones in its commitment to excellence and sustainability. The company has been upgraded to A rating from BBB by the prestigious MSCI (Morgan Stanley Capital International), which highlights SCGP's dedication to superior environmental, social and governance practices.

 SCGP has been recognized as an excellence-level Climate Action Leading Organization (CALO) by the Thailand Carbon Neutral Network (TCNN). This prestigious recognition is awarded to companies that exhibit exceptional commitment to managing and reducing greenhouse gas emissions, with clear targets and action plans to achieve NET-ZERO emissions by 2050.

Furthermore, SCGP has made significant progress in carbon footprint certification from Thailand Greenhouse Gas Management Organization (Public Organization) or TGO, which includes the following:

1. **126 products (B2B)** in pulp, printing and writing paper, packaging paper, and plastic packaging
2. **19 products (B2C)** in copy paper and foodservice packaging (Fest) products
3. **16 processes** in printing and paper packaging production processes, covering all paper packaging products

Key factors that may affect future operations and growth

Looking forward to the rest of 2024 and into 2025, the global economy is forecasted to experience gradual growth with steady expansion in the US & EU, underpinned by stabilized inflation and easing of interest rates. These would create a favorable business environment, enhance export performance, and stimulate consumer demand and purchasing power across regions. Nevertheless, geopolitical tension, political leadership transitions in key countries, and exchange rate volatility could potentially disrupt global supply chains and impact energy prices, posting headwinds to sustained economic and demand growth.

ASEAN economy continues to grow with cautious positive momentum, primarily driven by improvement of domestic consumption. Demand for essential goods and daily-use consumer products is anticipated to rise, benefitting from a rebound in service and tourism sectors, along with government's stimulus measures, and relief efforts, especially after recent floods. Moreover, there is potential for higher demand for durable goods in preparation for Christmas and New Year season, as well as Vietnam's Tet Festival 2025, aligned with the ongoing recovery in consumer spending. Meanwhile, the Chinese economy is expected to see modest improvement, coupled

with a temporary boost from recent stimulus measures. Raw material costs, particularly recovered paper (RCP), are likely to decline with normalization of freight rate, while energy prices also remain relatively stable. In garment and textiles industry, global dissolving pulp price is projected to stay on high side due to growing demand.

In the face of geopolitical tensions, changes in trade policy risks, and the uncertain growth of major economies, SCGP remains focused on quality growth with an emphasis on profitability enhancement, particularly in its Indonesia operations. This is being accomplished through seamless synergy across operations, ensuring a cohesive and effective approach. In addition, SCGP continues to make prudent investments, prioritizing the expansion of consumer-related businesses in ASEAN to increase chain integration, and strengthen the service level of packaging solutions. By collaborating with customers and partners, SCGP aims to broaden its network and develop innovative solutions that fulfill the evolving needs of customers.

Cost management is one of the key focuses for SCGP. The company proactively manages raw material by expanding RCP sourcing network with priority on direct and partners' sources to enhance competitiveness and ensure long-term sustainable security of supply. To further improve operational efficiency and production capabilities, SCGP leverages the use of Artificial Intelligence (AI) to optimize resource utilization and reduce energy consumption, particularly in packaging paper facilities, enabling the company to manage cost and meet growing regional demand.

As part of commitment to ESG principles, SCGP continues to increase the Carbon Footprint of Products (CFP) certification. The company's efforts in sustainability have been recognized, with an upgraded ranking to 'A' for the improvement in Social and Governance part by MSCI in September 2024. Additionally, SCGP received a gold rating in excellence level from Climate Action Leading Organization (CALO) for 2023-2024. These achievements highlight SCGP's dedication to ensuring sustainable practices across all business operations.



**SUSTAINABLE SOLUTIONS
FOR A BRIGHTER PLANET**



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