

SCGP



# OPPORTUNITY DAY

Q1/2025

8 May 2025



# AGENDA

- ▶ Executive Summary
- ▶ Business Segment Review
- ▶ Business Update
- ▶ Outlook



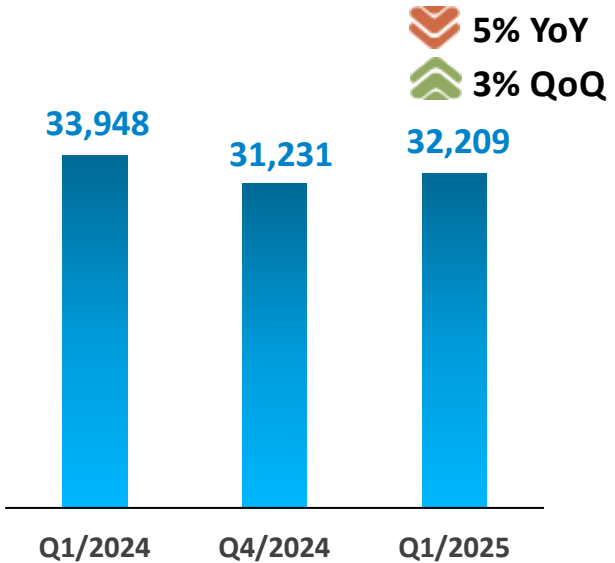


# EXECUTIVE SUMMARY

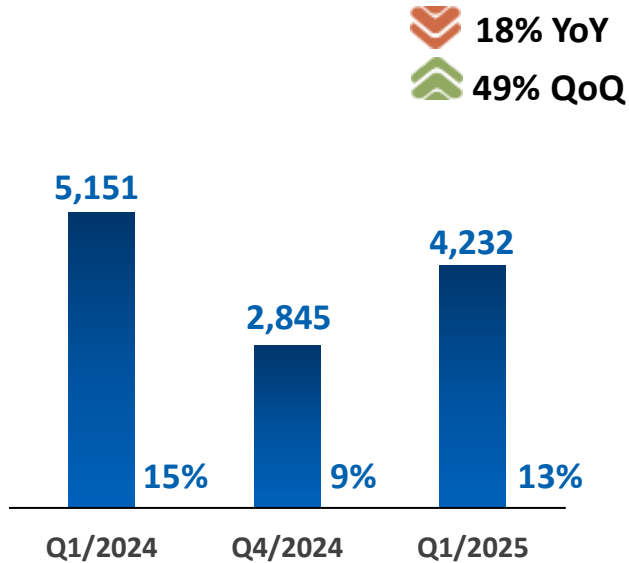
# Consolidated key financials: Q1/2025<sup>1</sup>

Unit: MB

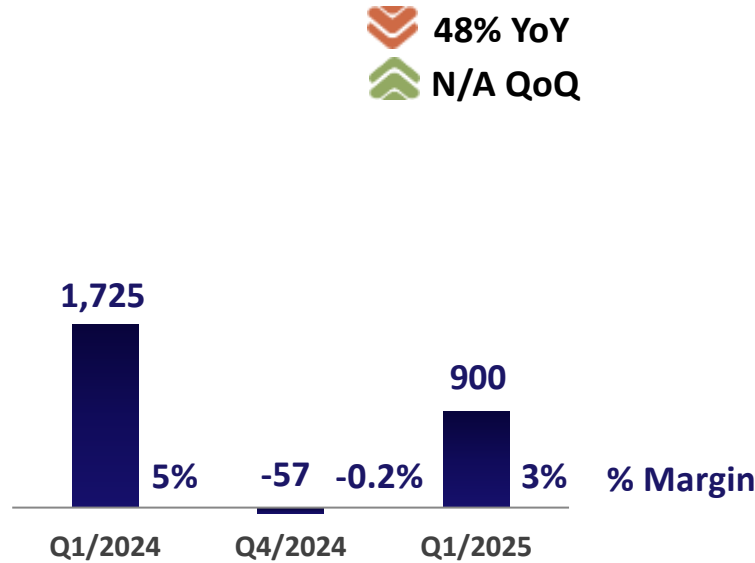
## REVENUE FROM SALES



## EBITDA<sup>2</sup>



## NET PROFIT (LOSS)



**%COGS ON SALES**  
80%      86%      82%

**Core EBITDA<sup>3</sup>**  
5,129      2,964      4,257

**Core Profit<sup>4</sup>**  
1,686      34      916

### Key performances

- Revenue declined YoY primarily due to lower selling prices of IPB & FB, and reduced packaging paper export sales volume, while QoQ revenue increased, driven by improved sales volume in IPB and FB, especially in domestic markets.
- EBITDA & profit dropped YoY, aligned with revenue and higher raw material costs. QoQ margin improved thanks to enhanced production utilization, effective RCP sourcing management, and continuous energy cost-saving effort.

Note:  
1. Figures are "After inter-segment elimination"  
2. EBITDA excludes dividend from associates & includes FX gain/loss from loans

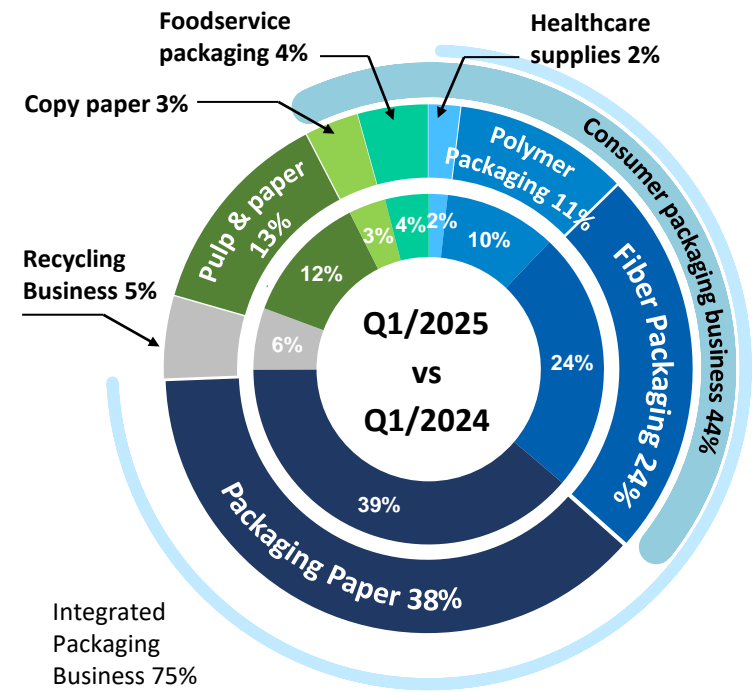
3. Core EBITDA = EBITDA – key items adjustments  
4. Core Profit = Net Profit – Key items adjustments after tax & after NCI basis



# SCGP Business Portfolio: Q1/2025<sup>1</sup>

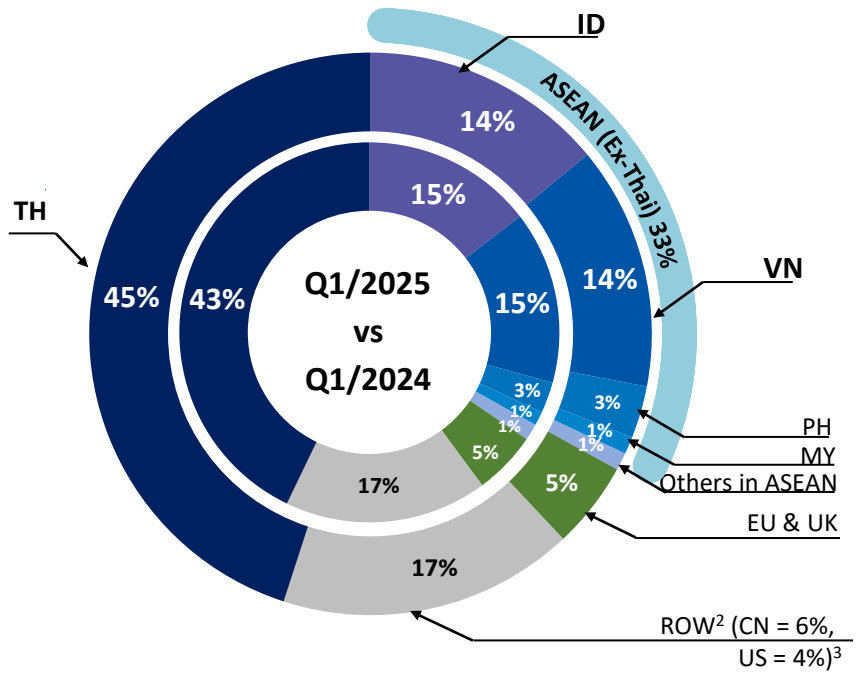
Prioritize expanding consumer packaging business and strengthen topline growth through consumer-focused strategies

REVENUE FROM SALES BY BUSINESS UNITS\*



Consumer packaging increased to 44%, driven by resilient demand across all categories, while packaging paper declined.

REVENUE FROM SALES BY END DESTINATIONS\*



Enlarged revenue portion in TH, driven by consumer packaging and government stimulus policies, while export remained stable in strategic markets

\*Note  
Outer pie chart: Q1/2025 (Revenue 32,209 MB)  
Inner pie chart: Q1/2024 (Revenue 33,948 MB)

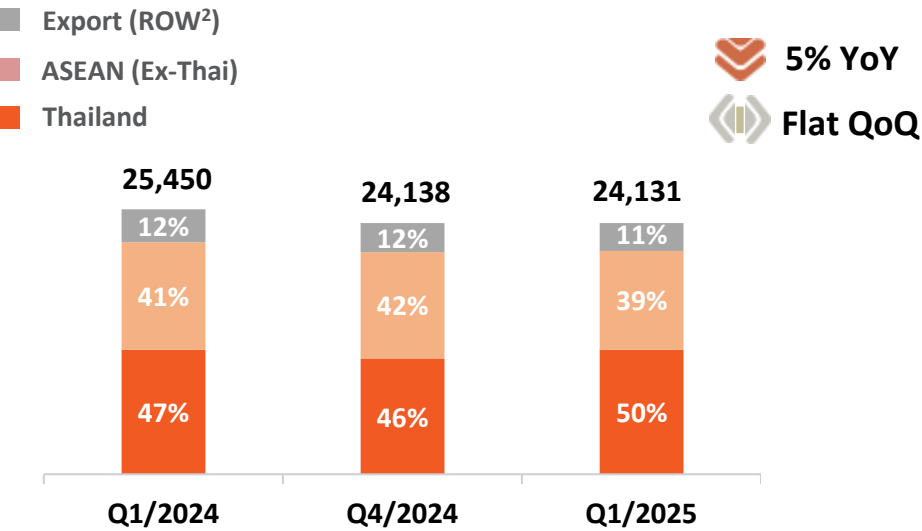


# BUSINESS SEGMENT REVIEW

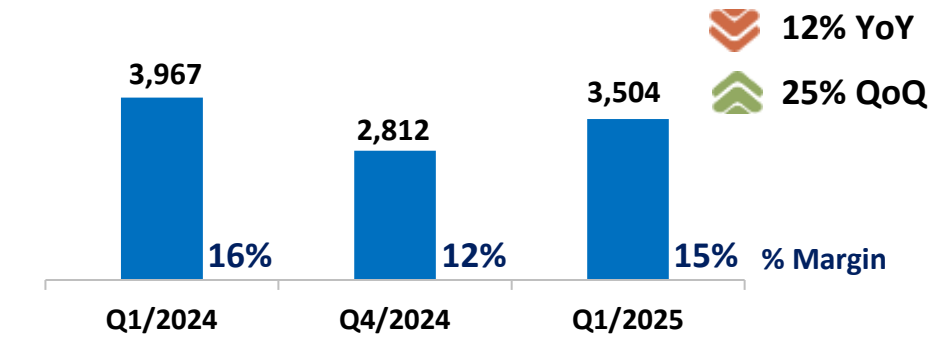
# Integrated packaging business

Unit: MB

## REVENUE BY END DESTINATIONS<sup>1</sup>



## EBITDA<sup>3</sup>



**Revenue: YoY decreased due to lower selling price and a reduction in packaging paper sales volume**

### Polymer packaging:

- QoQ revenue declined from soft demand in VN during Tet holiday, while F&B, personal care and pet food portfolio in TH remained stable.
- Medical supplies & labware sales volume improved by resilient demand

### Fiber packaging:

- QoQ revenue slightly decreased due to limited price adjustment and a decline in sales volume from soft demand in durable goods segment. However, demand for essential goods remained stable, supported by domestic consumption.

### Packaging paper:

- Sales volume increased 4% QoQ, mainly from domestic and strategic export markets (South Asia) with utilization rate improvement
- Selling prices remained flat QoQ amidst softened regional market price

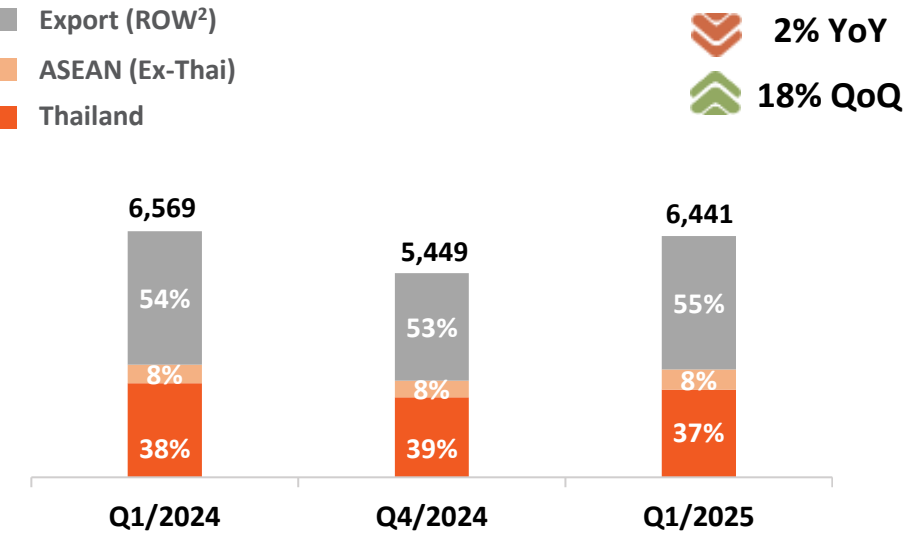
**EBITDA: YoY decreased affected by higher raw material costs and lower selling price in the region**

- QoQ margin growth from sales volume enhancement in packaging paper and continued costs improvement of all key elements: RCP, energy, and freight

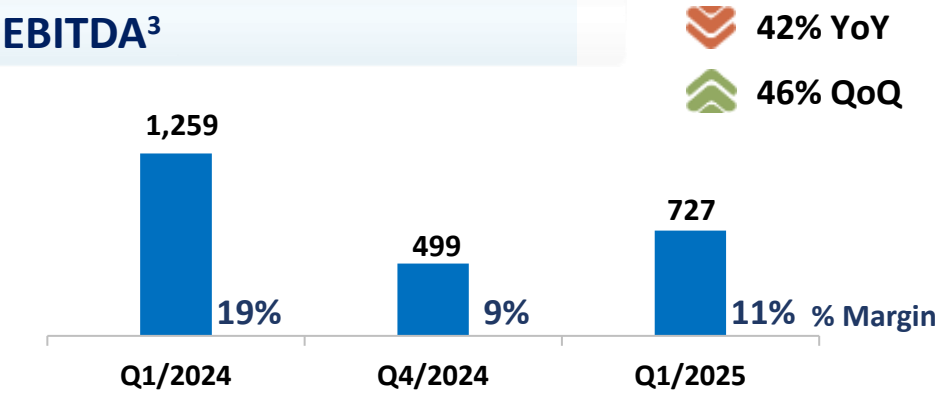
# Fibrous business

Unit: MB

## REVENUE BY END DESTINATIONS<sup>1</sup>



## EBITDA<sup>3</sup>



**Revenue:** YoY slightly decreased mainly from lower selling price and sales volume of fine paper

### Foodservice packaging:

- QoQ revenue rose, mainly due to sales volume driven by tourism and promotional campaigns for QSR amidst price competition in TH market. Demand in EU and UK remained stable.

### Fine paper & specialty:

- QoQ revenue grew from increased sales volume and export expansion to new customers in South Asia.

### Pulp:

- QoQ sales volume increased from both short fiber pulp and dissolving pulp (annual maintenance of dissolving pulp operation in Q4/2024)
- Pulp selling prices increased despite a downward trend of dissolving pulp at the end of Q1/2025.

**EBITDA:** YoY dropped primarily from lower selling prices across all categories

- QoQ improved in line with revenue growth, and lower raw material costs



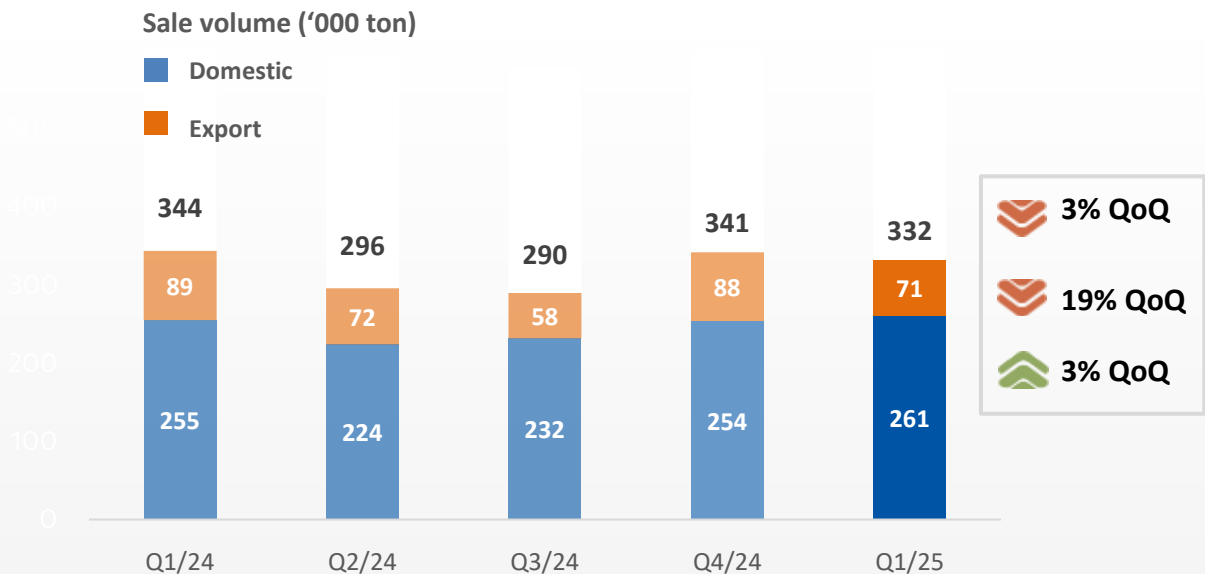


# BUSINESS UPDATE

# Indonesia: Packaging paper operation

Q1 EBITDA improved QoQ, driven by strategic price adjustment, and increased domestic volume

## KEY PERFORMANCE<sup>1</sup>



- Broad domestic consumption remained resilient, seen in pre and post Hari Raya
- Continued growth in domestic demand, while QoQ decrease in export sales volume.
- Improved EBITDA, driven by price adjustments and cost savings achieved through local RCP sourcing and enhanced energy efficiency.

## PROGRESS UPDATE

### 1. Strategically increase sales volume

- Boosted chain integration to optimize packaging paper production by expanding into new segments
- Diversified to new export markets in the Middle East, apart from China

### 2. Operation improvement

- Cost improvement: Secured RCP supply via SCGP network, local RCP prioritized at 55% & improved efficiency
- Quality rationalization: Focused on profitable segments e.g. E&E and F&B, and enhanced quality to meet demand and ensure stable supply in TH & VN

### 3. Capital increase through a rights issue to improve finance costs (~250 B.IDR/year at Fajar level), expected to be completed by Jun/Jul 2025.

# Business update

Advance growth strategy in healthcare supplies and enhance consumer packaging with strategic focus on wet pet food

## Collaboration with Once Medical, syringes & needles production in TH

Own production at VEM-TH



Conventional syringe

Outsource & Assembly



Safety needle



Hypodermic needle

## JV investment in Howa Packaging (Thailand), flexible wet pet food packaging



### Strategic rationale

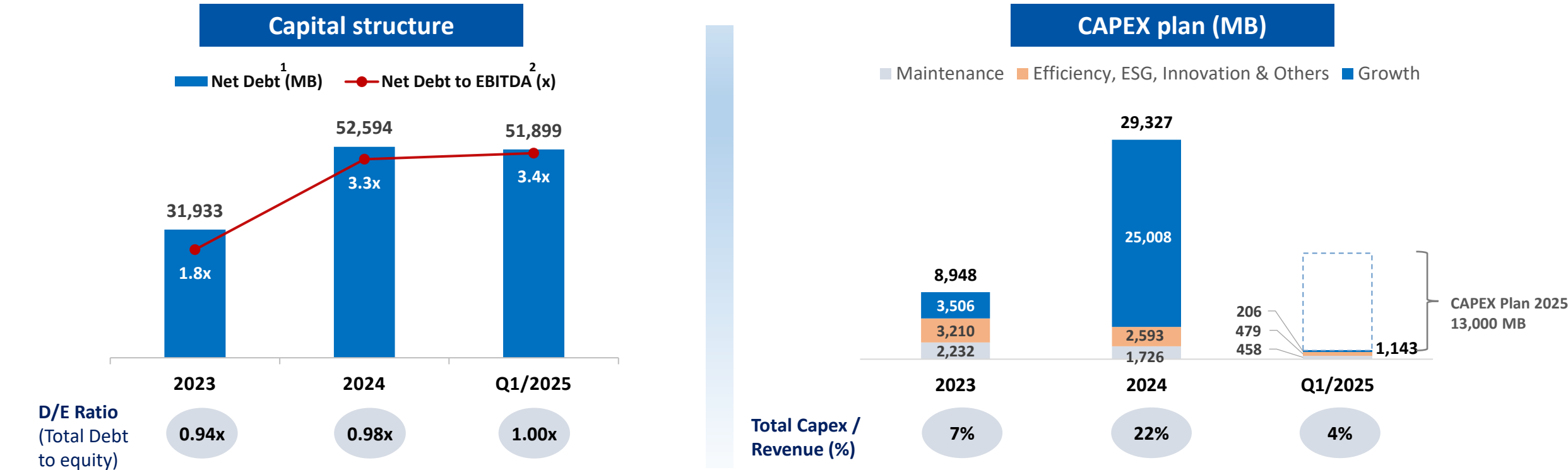
- 1 **Expand portfolio into fast-growing pet food packaging market**, in alignment with the medium-term business plan
- 2 **Gain access to manufacturing capabilities and advanced technology** of retort pouch (4-Layer Dry Lamination) for high functional packaging in TH
- 3 **Leverage SCGP & HOWA's extensive networks** for operational synergies and cross-selling opportunities

### Strategic rationale

- 1 **Elevate capabilities and products portfolio** for healthcare supplies & consumables segment
- 2 **Leverage operational and market synergy** across entire value chain with VEM and Deltalab
- 3 **Establish essential foundation in ASEAN market**, while reducing Thailand's import dependency

# Optimize balance sheet and CAPEX to strengthen future growth

Continued commitment to financial discipline through prudent cash management with stable net debt level



- Cash & cash under management of 12,211 MB, interest-bearing debt of 64,110 MB, average cost of debt at 4.0% (YTD Jan-Mar 2025), and net debt to EBITDA at 3.4x
- CAPEX spending was 1,143 MB in Q1/2025 with 2025 budget plan of 13,000 MB (growth CAPEX of 8,000-10,000 MB and regular maintenance, efficiency, ESG, innovation & others at 3,000-5,000 MB)

# ESG excellence and recognitions

Enhancing competitiveness through cost saving and affirming our path to Net Zero target



## Cost saving & alternative fuel (AF)<sup>1</sup> usage

**Increased AF to 42% in Q1/2025<sup>2</sup>**  
through the installation of new biomass boilers for 2 fiber packaging operations, enhancing biomass consumption in existing power plants

## World Corrugated Award 2025

- **Supply chain management excellence of the year** for the "Development of carbon footprint calculation."
- **Best ESG demonstration of the year** for the "renewable energy system installation in paper packaging factory."

## Thailand's Top Corporate Brand 2024

**Recognition in Packaging Category** with a brand valuation of 100,594 MB, evaluated by Chulalongkorn business school, the Stock Exchange of Thailand, and Manager online

Note: 1. Alternative fuel = Renewable energy (biomass + biogas + black liquor + solar cell) + waste reject + used oil  
2. AF portion in 2024: 38.3%





# OUTLOOK

# Significant milestones achieved in business transformation

Progressive progress through transformation in business operations, platforms, solutions, and sustainability

## Strategy



**Profitability enhancement  
& transition growth**

**People, operational and  
supply chain excellence**

**Innovation, solutions &  
customer experience**

**ESG &  
circular economy**

## Target

**EBITDA 18,000 MB  
CAPEX ~13,000 MB**

**Business opportunity  
& cost saving ~ 600 MB**

**Solutions & services  
> 37% of total sales**

**Alternative fuel<sup>1</sup>  
portion at 39%**



## Q1/2025

**EBITDA: 4,232 MB  
CAPEX: 1,143 MB**

- Capacity expansion
- De-bottleneck

**185 MB**

- Efficiency improvement
- New biomass boilers at corrugating process
- Fiber yield optimization

**39%**

- Innovative products offering
- Transition to marketing-oriented company

**42%**

- Renewable energy system installation
- Carbon footprint platform

# US tariff implications: Comprehensive value chain impact analysis

Proactive mitigation strategies for business continuity and adaptation



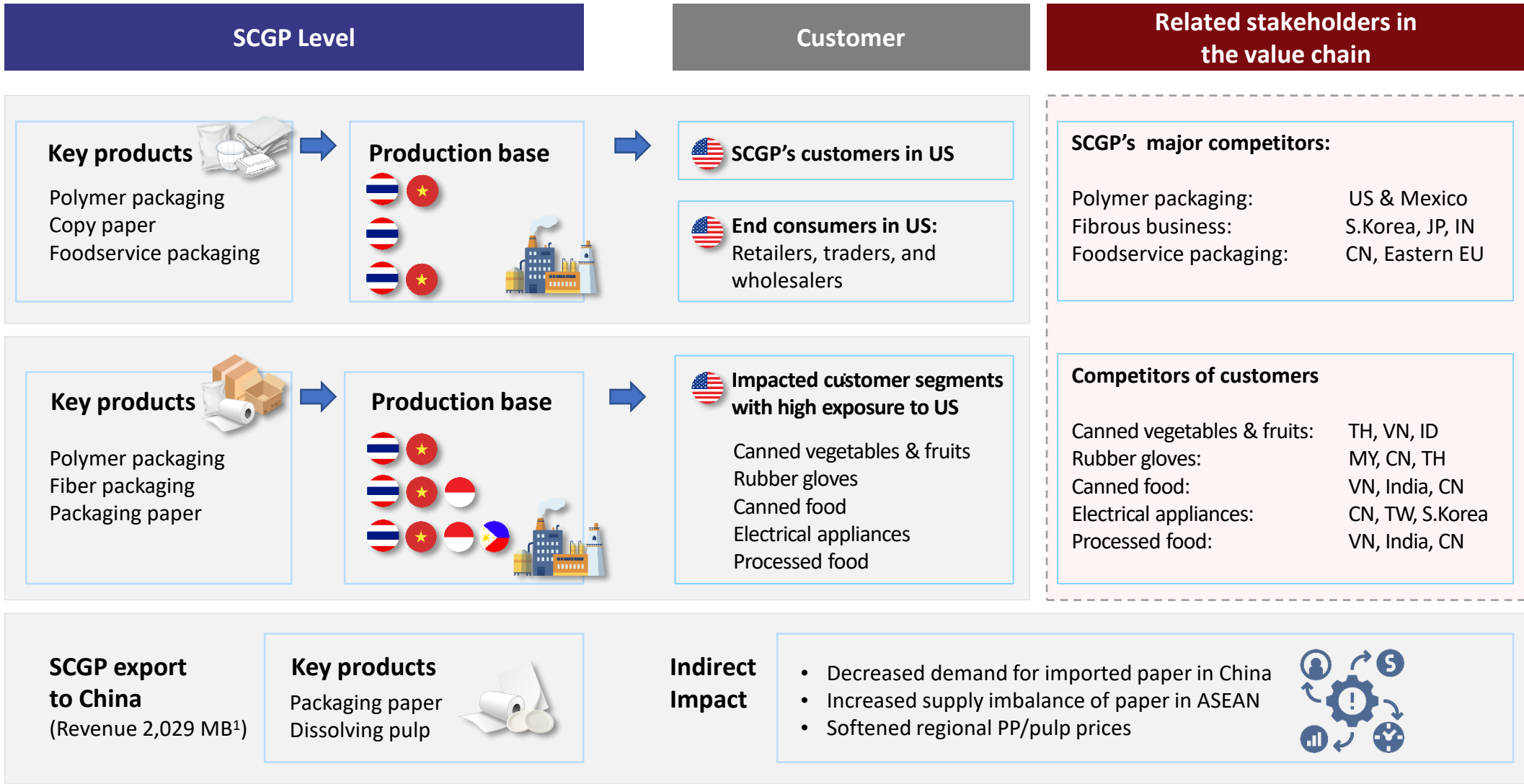
**Level 1:**  
**SCGP export to US**  
(Revenue 1,275 MB<sup>1</sup>)



**Level 2:**  
**SCGP's customer**  
(Revenue 966 MB<sup>1</sup>)



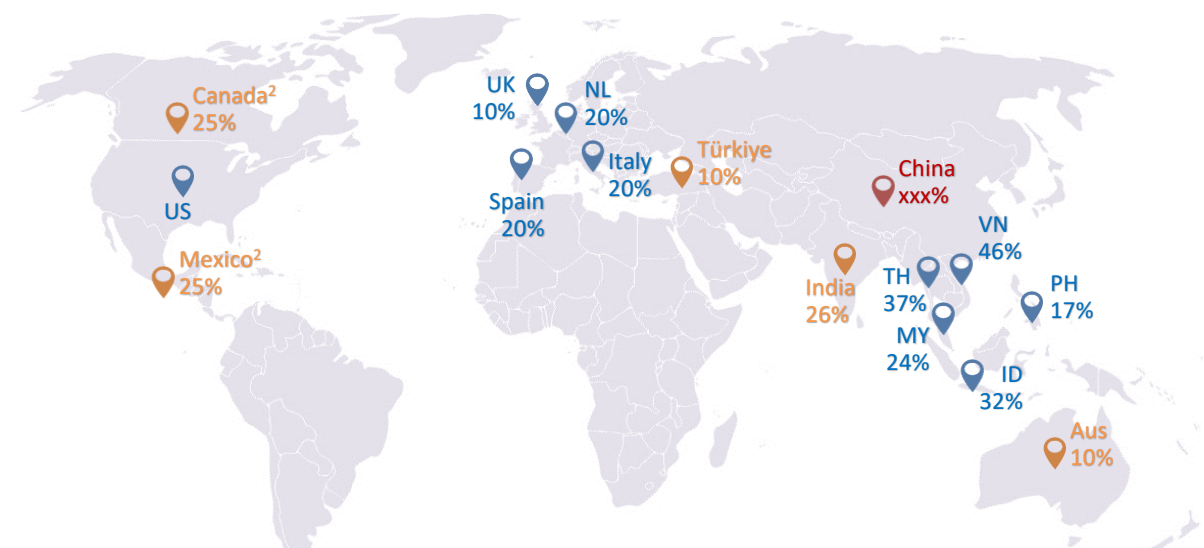
**Level 3: Threat from China's & global demand slowdown**



# Strategic execution amidst broader economic realignment

Execute cross-functional solutions in a changing competitive landscape

## SCGP Business Portfolio (aligned with US Reciprocal Tariff Rates<sup>1</sup>)



**SCGP's Business Units**

Packaging paper

Fiber packaging

Polymer packaging

Medical supplies & labware

Fibrous business

Foodservice packaging

Packaging materials recycling

**Potential outsourcing & new markets**

TH, VN, PH, MY

Türkiye, Aus

Spain, Italy, NL

UK

US, Canada

India

China

## SCGP's ASEAN operations: Tariff rates 24-46%

- Enhance topline diversification by focusing on ASEAN and other potential markets e.g. South Asia, Middle East, Oceania
- Collaborate with customers and OEMs to streamline relocations and production transitions e.g. ID, MY

## SCGP's EU operations: Tariff rates 10-20%

- Consider outsourcing foodservice packaging with competitive prices, e.g. Türkiye, Eastern EU
- Leverage technology from EU to ASEAN operation to enhance operational & market synergy with Deltalab & Bicappa

## Other business opportunities & strategic implications

- Sales & Marketing:** Improve chain integration for customer supply chain reconfiguration; onshoring, offshoring & nearshoring to lower tariff areas
- Raw Material:** Increased supply from China & India to ASEAN may lower purchasing cost of machinery, electrical parts, and plastic resin.
- Consider exploring setting up business operation in US



# Further into 2025

## Internal

### Speed of execution for all aspects



Capturing **ASEAN domestic growth**, alongside expanding **consumer packaging business** and pursuing opportunities in new growth areas, healthcare supplies & consumables



Enhancing competitiveness via **cost saving** to sustain growth and increased profitability



Expanding solutions and services - shifting from product-centric to **customer-focused initiatives**

## External

### Transformative transformation



Amidst trade uncertainty and economic challenges, ASEAN remains a relatively outperforming region, supported by domestic demand



South East Asia remains most competitive manufacturing sector with established supply chain infrastructure



Financial market fluctuation affecting foreign exchange and interest rates



# Q & A



# SCGP



# THANK YOU

For more information,  
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