

SCGP Reports Q1 Growth, Expands ASEAN Domestic Markets, Strengthens Consumer Packaging, and Enhances Cost Management with Agile Strategy for Reciprocal Tariff

SCGP announced its operating results for the first quarter of 2025, reporting total revenue from sales of Baht 32,209 million, EBITDA of Baht 4,232 million, and profit for the period of Baht 900 million, an increase from the previous quarter. The performance was driven by the company's agile adaptation strategy and expansion into the ASEAN market to capture domestic consumer demand. SCGP is advancing its medical supplies business, establishing a production base for syringes and needles. Furthermore, efficiency has been enhanced to reduce energy costs through artificial intelligence (AI) and machine learning, alongside effective cost management for recovered paper (RCP). The company outlined plans to address upcoming tariff by leveraging the strengths of its extensive regional production network, diverse product portfolio, access to high-potential export markets, and flexible for productions and raw materials management.

Wichan Jitpukdee, Chief Executive Officer of SCG Packaging Public Company Limited or SCGP, said that the overall ASEAN packaging industry continued to grow during the first quarter of 2025, particularly in food and beverage and consumer packaging segments. This growth benefited from government economic stimulus measures, inventory preparation ahead of holidays in Thailand and Indonesia, the recovery of tourism, and export activities preceding tariff measures. However, packaging demand in certain segments within China and Vietnam was impacted by the New Year holiday period, combined with a slowdown in demand for durable goods resulting from increasingly constrained consumer purchasing power.

SCGP is focusing on domestic sales within the ASEAN region to meet the increasing demand for packaging. This includes increasing the proportion of consumer packaging and adjusting the export strategy for packaging paper to countries in ASEAN, South Asia, and the Middle East. In addition, SCGP has successfully enhanced cost efficiency through the implementation of artificial intelligence (AI) and machine learning, as well as effective management of energy and recovered paper (RCP) costs. As a result, SCGP reported total revenue from sales of Baht 32,209 million in the first quarter of 2025, an increase of 3% compared to the previous quarter. EBITDA amounted to Baht 4,232 million, representing an increase of 49% from the previous quarter, and profit for the period was Baht 900 million, an increase compared to the previous quarter.

The outlook for the packaging industry is anticipated to continue growing in ASEAN in the second quarter of 2025. Demand within the consumer packaging segment is expected to keep growing, driven by domestic stimulus policies. GDP growth across the region is projected to average between 2-7%; while varying by country, this rate is anticipated to remain higher than that in other regions. Additionally, an increase in demand for packaging for export goods is



anticipated ahead of the enforcement of tariff measures. Regarding cost factors, raw material costs for recovered paper and transportation expenses are expected to trend slightly upward due to regional demand. Energy costs are expected to remain stable. Nevertheless, challenges remain, particularly concerning the export sector, which requires close monitoring.

To address the impact of the tariff measures, SCGP has prepared a proactive plan aimed at adapting rapidly, enhancing competitive advantages through product quality, collaborating, and developing marketing excellence initiatives. This strategy focuses on delivering products, services, and solutions responded to meet customer requirements. Furthermore, SCGP plans to leverage its extensive network of production bases across multiple countries and its diverse product portfolio, enabling SCGP to respond with speed and execution to evolving customer needs. The plan also includes exporting products to high-potential new markets and integrating the supply chain to effectively manage customer demand. Additionally, SCGP is exploring contract manufacturing arrangements to ensure competitive cost structures, such as foodservice packaging production in Eastern Europe.

The company is advancing its growth strategy by focusing on market expansion within ASEAN and exploring new opportunities in the consumer packaging segment, with the goal of offering comprehensive packaging solutions. SCGP has entered into a joint venture, holding a 25% stake in Howa Packaging (Thailand) Company Limited, alongside Howa Sangyo Company Limited, to produce flexible packaging for wet pet food, with a production capacity of 6,000 tons per year. Commercial production is expected to commence in June this year. SCGP is also progressing its growth strategy for growth in the healthcare supplies market by collaborating with Once Medical Company Limited (Once) to leverage expertise in the production of syringes and needles at VEM (Thailand) Company Limited (VEM-TH) in Thailand. The investment is approximately Baht 142.3 million, with commercial production anticipated to begin in January 2026. This initiative will help reduce Thailand's reliance on imported syringes and needles and expand sales opportunities through Deltalab, S.L. in Spain.

The company has focused on developing sustainable packaging innovations, with revenue from the innovation and solutions segment accounting for 39% of total sales revenue in the first quarter of 2025, up from 37% in 2024. Recently, paper cutlery, an innovation comprising spoons, forks, and knives made from paper under the "Fest by SCGP" brand, received the top prize at the THAIFEX-HOREC Innovation Awards during the THAIFEX-HOREC Asia 2025. In addition, SCGP continues to drive its ESG initiatives to reduce greenhouse gas emissions. In the first quarter, the company increased the proportion of biomass fuel usage to 42%, up from 38% last year, exceeding its targeted goal.

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