

(Translation)

## **SCG Packaging Public Company Limited**

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### **Part 1**

#### **Executive Summary**

This executive summary is derived from the latest version of registration statement and draft prospectus submitted to the Office of the SEC on September 3, 2020. Investors may study the detailed information in the effective versions of the registration statement and prospectus, which will be later submitted to the Office of the SEC, on the Office of the SEC's website.

**Part 1**  
**Executive Summary**

This executive summary is part of the registration statement and draft prospectus, and contains brief information about the offering, nature, and risks of the securities issuer. Therefore, investors are advised to study the detailed information in the complete versions of the registration statement and draft prospectus that can be obtained from the underwriter and the Company, or that were submitted to the Office of the SEC and can be found on the Office of the SEC's website.

**Executive Summary of the Offering for Sale of Newly Issued Ordinary Shares  
in SCG Packaging Public Company Limited**

Offering period: [•]-[•]

**1. Information on the offering for sale of newly issued ordinary shares**

**Offeror** : SCG Packaging Public Company Limited (the "**Company**").

**Type of business** : The Company operates as a holding company investing in comprehensive packaging solutions companies operating in two main businesses: integrated packaging chain and fibrous chain, and other related businesses.

**Number of offering shares** : Not exceeding 1,127,550,000 shares.  
The total number of these shares will not exceed 26.5 percent of the total issued and paid-up shares in the Company after this initial public offering of ordinary shares (not include shares offered to an over-allotment agent if there is such arrangement).

If there is an over-subscription of the total number of offering shares at the close of the offering period, there may be an over-allotment of shares not exceeding 169,130,000 shares and not exceeding 15.0 percent of the total number of offering shares. However, the final number of offering shares will be at the discretion of the Company, underwriters, and initial purchasers (if any).

**Offering proportions** :

Type of investor	Number of shares offered for sale	Proportion (percent)
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

**Underwriting condition** : Firm underwriting pursuant to the number of shares stipulated in the Underwriting Agreement and International Purchase Agreement (if any).

**Public offering price** : THB [•] per share.

**Offering value** : THB [•] million

**Par value** : THB 1.0 per share.

**Book value** : THB 20.9 per share.

<b>Relationship between the issuer and offeror of securities and the financial advisor and/or the underwriters, such as cross-shareholding; the holding, by a director, executive, or personnel of a financial advisor and/or underwriter, of a directorship position in the issuer and offeror of securities; loans from the financial advisors and/or underwriters; and any other relationship that may cause a financial advisor and/or underwriter to lack independence in performing its duties</b>	<p>: As at 30 June 2020, the Company and subsidiaries borrowed loans from:</p> <p>1) The Siam Commercial Bank Public Company Limited, a financial advisor and a shareholder holding shares representing 99.9 percent of shares in SCB Securities Company Limited, the joint underwriter.</p> <p>The total loan amount is THB 9,763 million with an outstanding amount of THB 2,907 million as at June 30, 2020.</p> <p>2) Bangkok Bank Public Company Limited, a shareholder holding shares representing 99.9 percent of shares in Bualuang Securities Public Company Limited, a joint underwriter.</p> <p>The total loan amount is THB 7,487 million with an outstanding amount of THB 1,375 million as at June 30, 2020.</p>
<b>Offering price determination process and comparable financial statistics for determining offering price</b>	<p>: [•]</p>
<b>Portion of shareholding by strategic shareholders not subject to silent period</b>	<p>[•] shares, equivalent to [•] percent of the total number of issued and paid-up shares in the Company after this initial public offering (the "IPO").</p>
<b>Secondary market</b>	<p>: The Stock Exchange of Thailand ("SET")</p>
<b>Sector</b>	<p>: Packaging Industry</p>
<b>Listing qualification</b>	<p>: Profit Test</p>

We estimate that the net proceeds to us from the offering, after payment of the offering expenses, will be approximately THB [•] - [•] million (excluding any net proceeds from an exercise of the over-allotment option), or approximately THB [•] - [•] million (including any net proceeds from an exercise of the over-allotment option).

We intend to use the net proceed from the offering after payment of the offering expenses (including any net proceeds from an exercise of the over-allotment option) as follows:

Objectives of the use of proceeds	Approximate amount	Approximate period	Details	Remarks
1. To finance business expansion projects for organic growth or inorganic growth such as acquisitions.	[•]	[•]	[•]	[•]
2. To repay debt to SCC and/or financial institutions (which may include the financial institutions having relationship with the financial advisor and/or the underwriters.	[•]	[•]	[•]	[•]
3. To use as working capital.	[•]	[•]	[•]	[•]

However, if we have not used the net proceeds to finance business expansion projects for organic growth or inorganic growth such as acquisitions as intended, we may use the net proceeds for our treasury management as follows:

Objectives of the use of proceeds	Approximate amount	Approximate period	Details	Remarks
1. To repay debt to SCC.	[•]	[•]	[•]	[•]
2. To repay debt to financial institutions (which may include the financial institutions having relationship with the financial advisor and/or the underwriters.	[•]	[•]	[•]	[•]

The foregoing discussion represents the best estimate of our allocation of net proceeds from the offering based on our current business plans and expenditures. In addition, our future plans and actual expenditure may differ from our estimates described above. The final number of offering shares may be less than the maximum number disclosed in the Offering Circular which could affect us less net proceeds from the offering than we estimated. Therefore, our actual use of net proceeds may be different from the use of net proceeds discussed in the foregoing. And an actual allocation of the net proceeds may vary from the foregoing discussion as our management may find it necessary or advisable to reallocate the net proceeds within the categories described above. However, we believe that the reallocation will not significantly affect our investment plan. In this regard, if we have changed the foregoing objectives of the use of proceeds, we will conform to relevant regulations prescribed by the SEC and the SET.

## Dividend policy

### Dividend policy of the Company

The Company will consider dividend payment in compliance with laws, including the PLCA which states a public limited company may only pay dividends if it does not have an accumulated loss.

The current policy of our board of directors is to recommend to our shareholders an annual dividend of not less than 20% of the adjusted profit after corporate income tax as shown in our consolidated financial statements after deduction of all specified reserves, including the legal reserve and other annual reserves as specified by us, and subject to our results of operation, financial condition, liquidity, additional and future investments, including for business expansion, reserves for working capital, loan repayments, terms and conditions and other restrictions under applicable loan agreements and other considerations as our board of directors deems relevant or appropriate, as well as applicable law.

The dividend payment shall not exceed profit as shown in our separate financial statements pursuant to the guideline of the Department of Business Development.

**Dividend policy of the subsidiaries**

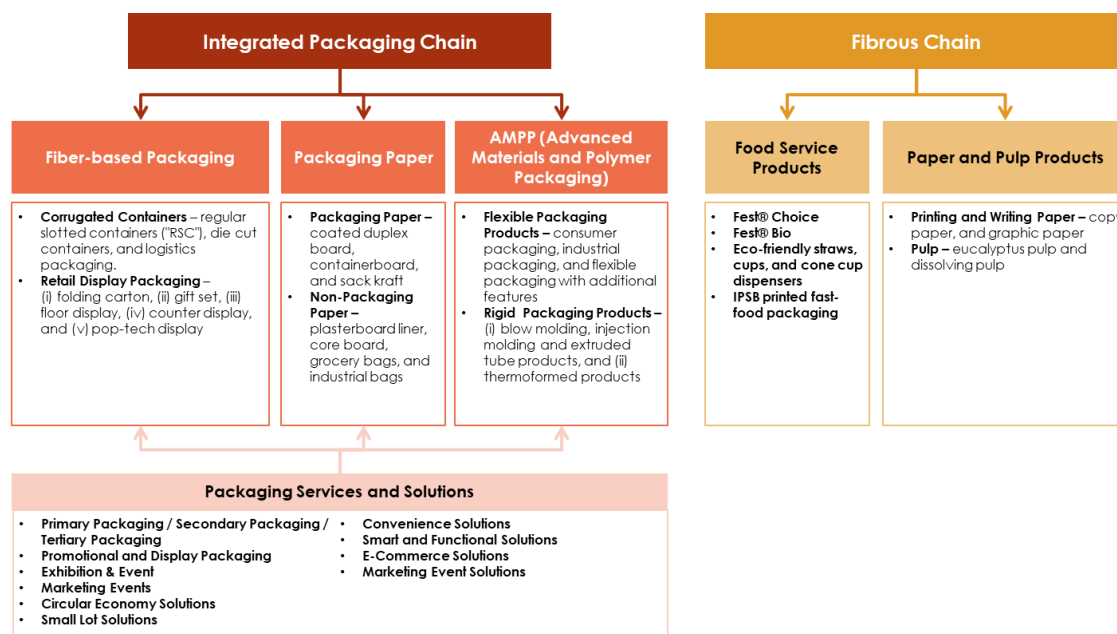
The dividend policy of our subsidiaries will be approved by the board of directors of each subsidiary and by the shareholders of each subsidiary. From time to time, when the board of directors of each subsidiary deems that the relevant subsidiary has sufficient profits to do so, the board of directors of each subsidiary may declare interim dividends and report such payments at the shareholders' meeting for acknowledgment at the next shareholders' meeting in accordance with the laws of the jurisdiction where the relevant subsidiary or associate company is registered. When considering the declaration of dividends, the board of directors of each subsidiary shall make considerations for the interest of the shareholders taking into account factors such as results of operation, financial condition, liquidity, the necessity of making additional investments, business expansion, creating reserves for the repayment of loans or as working capital for the company, terms and conditions and restrictions in loan agreements and other considerations that the board of directors and/or shareholders of each subsidiary deem appropriate. We have a policy to oversee that each subsidiary pay dividend regularly. The current dividend policy of our core subsidiaries is to pay an annual dividend of between 20% and 100% of the its adjusted profit, provided that other factors such as results of operation, financial condition, legal reserve, and conditions under shareholders agreements to which our core subsidiaries are parties are taken into account.

**Details about the offeror**

We are a leading comprehensive packaging solutions provider in ASEAN offering fiber-based packaging, performance and polymer packaging ("**PPP**"), food service products, design, printing and other diversified solutions to address our customers' various needs. According to the report prepared by Frost & Sullivan dated August 2020, in 2019, based on production capacity, we were also the largest packaging paper producer with a combined production capacity of 4.0 million tons ("**MT**") per year (including Fajar's combined production capacity) and the largest corrugated container producer with a combined production of 1.1 MT per year in ASEAN. In terms of sales volume, we were also the largest integrated paper packaging solution provider in ASEAN in 2019, according to Frost & Sullivan.

In addition, we are one of the leading comprehensive packaging solutions providers with vertically integrated operations in ASEAN. We also have our own source of raw materials, such as recovered paper ("**RCP**"), wood, pulp and paper. Having direct access to key raw materials and upstream products is essential to consistently strengthen the reliability and quality of our downstream products and the reliability of our delivery, while it also helps us maintain our cost-competitive position. As such, our integrated packaging business structure is difficult to replicate. Our goal is to maintain and reinforce our position as the leading regional packaging service provider in ASEAN, being one of the first movers who offer comprehensive packaging solutions to our customers through innovative products and in accordance with the principles of the Circular Economy.

Our operations are divided into two main operating businesses: integrated packaging chain and fibrous



- **Integrated Packaging Chain:** We offer fiber-based packaging, packaging paper, and PPP products. For fiber-based packaging, we produce and sell corrugated containers, retail display packaging, and grocery and industrial bags. To complement our already strong and responsive fiber-based packaging offering to our customers and to serve customers' needs, we have been developing our PPP business line since 2015, which produces flexible and rigid packaging solutions suitable to our customers that operate in the fast-moving consumer goods ("**FMCG**") industry such as food and consumer products. As of June 30, 2020, we had a comprehensive and diversified portfolio of more than 120,000 SKUs in our integrated packaging chain business to serve diversified end-markets. To complement our integrated packaging offerings, our design solutions department, Inspired Studio, (our comprehensive product design and development center), offers award-winning design services for packaging products, point-of-sale systems and other marketing and promotional events for customers.
- **Fibrous Chain:** We offer food service products, paper and pulp products consisting of mainly printing and writing paper, and pulp.

## Our Revenue Structure

The following table sets forth our revenue from sales, and gross percentages for each of our integrated packaging chain and fibrous chain business segments (expressed as percentage of our consolidated revenue from sales) for the years/periods indicated therein:

	Year Ended December 31,						For the Six Months ended June 30,	
	2017	(%)( <sup>(1)</sup> )	2018	(%)( <sup>(1)</sup> )	2019	(%)( <sup>(1)</sup> )	2020	(%)( <sup>(1)</sup> )
<i>(THB million, except percentages)</i>								
<i>Integrated packaging chain<sup>(2)</sup></i>								
Fiber-based packaging.....	24,233	29.7	25,376	29.1	24,615	27.7	11,649	25.4
Packaging paper.....	35,645	43.8	38,135	43.7	41,725	46.8	23,294	50.7
Performance and polymer packaging....	3,824	4.7	4,723	5.4	5,285	5.9	3,491	7.6
<b>Revenue from external sales from integrated packaging chain<sup>(3)</sup> ...</b>	<b>63,702</b>	<b>78.2</b>	<b>68,234</b>	<b>78.2</b>	<b>71,625</b>	<b>80.4</b>	<b>38,434</b>	<b>83.7</b>
<i>Fibrous chain<sup>(2)</sup></i>								
<b>Revenue from external sales from fibrous chain<sup>(3)</sup> .....</b>	<b>17,753</b>	<b>21.8</b>	<b>19,021</b>	<b>21.8</b>	<b>17,445</b>	<b>19.6</b>	<b>7,469</b>	<b>16.3</b>
<b>Revenue from sales</b>	<b>81,455</b>	<b>100.0</b>	<b>87,255</b>	<b>100.0</b>	<b>89,070</b>	<b>100.0</b>	<b>45,903</b>	<b>100.0</b>

### Notes:

- (1) Computed as percentage of revenue from sales.
- (2) Data for the integrated packaging chain is extracted from our unaudited and unreviewed management accounts.
- (3) Net of intersegment elimination.

## Major shareholders

The table below summarizes Company's shareholding structures as of March 24, 2020, after the IPO of newly issued ordinary shares.

Shareholder	Before the IPO of newly issued ordinary shares (as of March 24, 2020)		After the IPO of newly issued ordinary shares (Over-Allotment Option <u>not</u> exercised)		After the IPO of newly issued ordinary shares (Over-Allotment Option entirely exercised) <sup>(3)</sup>	
	Number of shares (shares)	%	Number of shares (shares)	%	Number of shares (shares)	%
SCC <sup>(1)</sup>	3,095,882,660	99.04	3,095,882,660	72.78	3,095,882,660	70.00 <sup>(2)</sup>
Mr. Taewan Tantichattanont	2,320,000	0.07	2,320,000	0.05	2,320,000	0.05
Randery Burahmakan Company Limited	1,872,000	0.06	1,872,000	0.04	1,872,000	0.04
Ms. Orapin Thidararat	1,634,000	0.05	1,634,000	0.04	1,634,000	0.04
Mr. Man Nana	1,563,200	0.05	1,563,200	0.04	1,563,200	0.04
Roman Catholic Mission of Bangkok	1,068,960	0.03	1,068,960	0.03	1,068,960	0.02
Mr. U-thane Tantichattanont	1,000,000	0.03	1,000,000	0.02	1,000,000	0.02
Mr. Somsak Nana	931,440	0.03	931,440	0.02	931,440	0.02
Mr. Pipatpong Israsena Na Ayudhya	528,880	0.02	528,880	0.01	528,880	0.01
Mr. Yuph Nana	499,440	0.02	499,440	0.01	499,440	0.01
Other shareholders	18,699,420	0.60	18,699,420	0.45	18,699,420	0.43
General public	-	-	1,127,550,000	26.51	1,296,680,000	29.32
<b>Total</b>	<b>3,126,000,000</b>	<b>100.00</b>	<b>4,253,550,000</b>	<b>100.00</b>	<b>4,422,680,000</b>	<b>100.00</b>

Notes:

(1) The major shareholder of the Company, listed on the Stock Exchange of Thailand, a holding company investing in other companies operating in three different industries: packaging and paper industry, petro chemicals product business, and cement and building materials industry.

(2) The number of offering shares in IPO will not exceed 30.0 percent of the total number of the issued and paid-up shares in the Company after the IPO. SCC will continue to be the major shareholder of the Company with shareholding proportion of not less than 70.0 percent of the issued and paid-up shares in the Company after the IPO.

(3) In case the over-allotment option is exercised, an over-allotment agent shall borrow the Company's share up to 169,130,000 shares from SCC.



## Board of directors

As of June 30, 2020, the Company's board of directors consists of twelve directors with details as follows.

	<b>Name</b>	<b>Position</b>
1.	Mr. Prasarn Triratvorakul	Chairman, Independent Director
2.	Mr. Chonlanat Yanaranop	Vice Chairman, Member of the Compensation Committee
3.	Mr. Chumpol NaLamlieng	Independent Director, Chairman of the Compensation Committee
4.	Mrs. Kaisri Nuengsigkapan	Independent Director, Chairman of the Audit Committee
5.	Mr. Chalee Chantanayingyong	Independent Director, Member of the Audit Committee, Chairman of the Corporate Governance and Nomination Committee
6.	Mrs. Pongpen Ruengvirayudh	Independent Director, Member of the Audit Committee
7.	Professor Kitipong Uraeepatanapong	Independent Director, Member of the Corporate Governance and Nomination Committee
8.	Mr. Tanawong Areeratchakul	Director
9.	Mr. Thammasak Sethaudom	Director
10.	Mr. Wichan Jitpukdee	Director, Chief Executive Officer
11.	Mr. Vanus Taepaisitphongse	Independent Director, Member of the Compensation Committee
12.	Mr. Viboon Tuangsitthisombat	Director, Member of the Corporate Governance and Nomination Committee

## Summary of risk factors

### 1. Risks relating to the Company's business and operations

- Our industry is competitive and increased competition could put downward pressure on our sales volumes and selling prices.
- Our businesses depend on a reliable supply of raw materials and energy, and any shortages in supply, delays in delivery or increased costs of raw materials (such as wood, wood chips and recovered paper ("RCP")) or energy could have a material adverse effect on our business, financial condition, results of operations and prospects.
- The price volatility of key material supplies and energy, together with our potential inability to adjust our prices to reflect increased cost of sales, in whole or in part, could negatively affect our cost efficiencies and profit margins.
- A pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, may materially and adversely affect our business, operations, prospects and results of operations.
- If we cannot effectively anticipate technology trends, develop and market innovative products to respond to changing customer preferences, our business, financial condition, results of operations and prospects could be materially and adversely affected.
- If we are unable to grow our business in other emerging markets in ASEAN or if we experience difficulties in managing our future growth, it could have a material adverse impact on our business, financial condition, results of operations and prospects.
- We may be unsuccessful in making strategic investments or integrating acquired companies and businesses.
- We may need to recognize impairment charges related to goodwill and other assets.
- Our operations could expose us to substantial environmental expenses and liabilities.

- If we are unable to maintain or enhance our reputation and successfully implement our sales and marketing strategy, our business may suffer.
- Failure of quality control measures and systems resulting in faulty or contaminated products could have a material adverse effect on our business and reputation.
- Macroeconomics factors and external shocks affect demand for packaging products and solutions, which could have a material adverse effect on our business and results of operations.
- Substantial disruption to production at our facilities could occur.
- Our business and our expansion plans are capital intensive and subject to a number of risks and uncertainties, may not be completed as anticipated, may exceed our original budget and may not achieve the intended economic or commercial results.
- Expansion of our plantations may subject us to new risks applicable to forestry assets.
- Our associate companies and joint business ventures with business partners involve numerous risks that could adversely affect our financial results.
- Litigation, legal proceedings, government and regulatory inquiries and/ or proceedings could expose us to significant liabilities, suspension of operations, and thus negatively affect our financial results.
- Changes in laws and regulations, or failure to comply with existing laws and regulations, could materially and adversely affect our business, financial condition, results of operation and prospects.
- Licenses and permits required in the operations of, or the construction of our manufacturing facilities or the operations of certain equipment are varied and may be difficult to obtain, and once obtained, may be amended, restricted or revoked and may not be renewed.
- We may be subject to liability in connection with industrial accidents at our production sites.
- We may not have adequate insurance to cover all losses that we may incur in our business operations or otherwise.
- Our success and ability to operate effectively depend on our ability to recruit and retain key executives and other key personnel.
- We must continually maintain, protect and/or upgrade our information technology systems.
- The sufficiency of our cash flow and our ability to meet our financial obligations substantially depend on dividends received from our subsidiaries and associate companies as we operate as a holding company.
- Our hedging activities may not efficiently protect us against fluctuations in foreign currency exchange rates and may result in significant losses and period-to-period earnings volatility.
- If we are unable to maintain satisfactory relationships with our customers, our results of operations could be adversely affected.
- Interest rate fluctuations may have an impact on our financial results and condition.
- We may be adversely affected by work stoppages, slowdowns, increased labor costs and other labor issues.
- This Offering Circular contains certain unaudited pro forma financial information.

- We are subject to risks relating to competition law and other economic and administrative regulations.
- We may have to rely on support services provided by SCC for certain of our business functions.

## **2. Risks relating to Thailand**

- Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect our business, financial conditions, results of operations and prospects, and the market price of our shares.
- Adverse changes in general economic or political conditions in Thailand could materially and adversely affect our business, financial condition, results of operations and prospects.
- Political conditions and continued violence in Thailand may have a direct impact on our business.
- Thailand and other countries where we carry out our operations are subject to potential sanctions from other countries, which may affect their economies.
- Thailand is prone to floods, which may have a significant adverse impact on the Thai economy.
- Public health epidemics in Thailand and other countries could have a negative impact on Thailand's economy and the global economy and cause our business to suffer.
- Credit rating agencies could lower their ratings of or outlook for Thailand's creditworthiness.
- Non-enforceability of non-Thai judgments may limit your ability to recover damage from us in Thai courts.

## **3. Risks relating to other jurisdictions in which we operate**

- Our operations outside of Thailand subject us to risks inherent to these jurisdictions.
- The continuing inability of our subsidiary, PT Fajar Surya Wisesa Tbk ("Fajar"), to meet the IDX's free float requirements may result in further administrative warnings, fines, the suspension of the trading of shares of Fajar on the IDX and could result in the delisting of the shares of Fajar from the IDX, which in turn might negatively impact Fajar's and our reputation.
- We are in the process of completing the acquisition of a company listed on the Ho Chi Minh Stock Exchange (HOSE) which may be unable to meet the HOSE's public float requirements. Failure to meet such requirements could result in administrative warnings and the delisting of this company's shares from the HOSE, which in turn might negatively impact this company's and our reputation.
- Additional Risks Relating to Indonesia
  - Current political and social events in Indonesia may adversely affect our business in Indonesia.
  - Terrorist activities in Indonesia could destabilize Indonesia, which would adversely affect our business, financial condition and results of operations.
  - We may be affected by uncertainty in the balance of power between local governments and the central government in Indonesia.
- Additional Risks Relating to Vietnam
  - Uncertainties relating to the economic and legal system in Vietnam.

- The Vietnamese government may take over our business in Vietnam in the event of war, insurrection, public calamity or national emergency.
- We may face challenges of title to the land on which our facilities of future projects are or may be located.
- Tax laws in Vietnam are subject to change.
- Additional Risks Relating to the Philippines
  - Political instability in the Philippines.
  - Acts of terrorism and violent crimes could destabilize the Philippines.

#### **4. Risks relating to ownership of our shares**

- We are subject to corporate disclosure and accounting requirements that differ from those in other countries.
- There is no existing market for our Shares and there are risks associated with the trading and delivery of our shares on the SET.
- The Thai securities market is relatively small and may cause the market price of our shares to be more volatile.
- We are controlled by our major shareholder SCC and SCC's interest could conflict with your interests as a holder of our shares.
- The net tangible book value of our shares issued in the offering may be less than the offering price and you may incur immediate and substantial dilution.
- Our financial statements are prepared in accordance with TFRS, which differ in certain respects from IFRS and other accounting principles, with which investors may be more familiar.
- Any depreciation in the value of the Thai baht could adversely affect the equivalent in other currencies of the value of our shares in Thai baht and the amount of any dividends distributed by us and of any gains or losses realized by investors on a sale of our shares.
- Future sales of our shares in large numbers could depress our share price.
- Your ability to participate in any future rights offerings or similar offerings may be limited.
- Thai law and our Articles of Association contain foreign ownership restrictions that could limit a non-Thai investor's ability to transfer Shares and may affect their liquidity and market price.
- The imposition of foreign exchange restrictions may have an adverse effect on foreign investors' ability to acquire Thai securities or repatriate the dividends or sale proceeds from those securities.
- We may not be able to or may elect not to pay dividends and our ability to pay dividends is also subject to compliance with the Public Limited Company Act.
- If securities or industry analysts do not publish research or reports about our business, or if they publish unfavorable or inaccurate research about the Shares, us, our business, performance or prospects, our share price and trading volume could decline.
- The over-allotment agent may engage in stabilization activities and may be required to cease engaging in stabilization activities by applicable law. Under applicable Thai law, stabilization activities may be conducted for a period of up to 30 days from the date on which our Shares

commence trading on the SET. Pursuant to the terms of the securities borrowing and lending agreement, SCB Securities Company Limited, as over-allotment agent, may borrow up to 169,130,000 shares from SCC to cover over-allotments, if any, in connection with the offering. The over-allotment agent may purchase shares on the SET (if the Shares have commenced trading on the SET, if permitted under applicable SET and Thai SEC rules and subject to market conditions) and/or exercise the over-allotment option, in either case, to return all the shares borrowed from SCC. Immediately upon acquiring sufficient shares on the SET in order to return all the shares borrowed from SCC, the over-allotment agent will be required to immediately cease engaging in stabilization activities.

### Summary of financial condition and results of operations for the past three years

	As at December 31,			As at June 30,
	2017	2018	2019	2020
	(THB million)			
<b>Total assets</b> .....	91,312	93,246	139,513	144,360
<b>Total liabilities</b> .....	35,662	39,986	76,697	78,947
<b>Shareholders' equity</b> .....	55,650	53,260	62,816	65,414

#### Total assets

Our total assets were THB 91,312 million, THB 93,246 million, THB 139,513 million, and THB 144,360 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. The significant increase in the total assets as at December 31, 2019 was primarily due to the acquisition of Visy Packaging Thailand in 2019.

The increase in our total assets as at June 30, 2020, was primarily due to an increase in cash and cash equivalent, and land, buildings, and equipment. Such increase was primarily due to the implementation of TFRS 16.

#### Total liabilities

Our total liabilities were THB 35,662 million, THB 39,986 million, THB 76,697 million, and THB 78,947 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. The significant increase in the total liabilities as at December 31, 2019 was primarily due to an increase in loans from SCC and long-term borrowings from financial institutions which were used to finance the Fajar Acquisition, and the consolidation in our Consolidated Financials of loans of companies we acquired in 2019.

The increase in our total liabilities as at June 30, 2020, was primarily due to an increase in the bank overdrafts, short-term borrowings from financial institutions, and current portion of long-term borrowings from financial institutions. Such increase was primarily due to short-term and long-term borrowings from financial institutions for the refinancing of borrowing from SCC.

#### Shareholders' equity

Our total shareholders' equity was THB 55,650 million, THB 53,260 million, THB 62,816 million, and THB 65,414 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. Our shareholders' equity decreased from December 31, 2017 to December 31, 2018, principally caused by an increase in dividend payouts in 2018. Our shareholders' equity increased from December 31, 2018 to December 31, 2019, primarily due to an increase in unappropriated retained earnings and an increase in the non-controlling interest following the Fajar Acquisition.

Our shareholders' equity increased from December 31, 2019 to June 30, 2020, primarily due to an increase in unappropriated retained earnings.

On November 25, 2019, we held an extraordinary meeting of shareholders where the shareholders approved our capital increase of THB 2,937 million, from THB 1,563 million to THB 4,500 million, and the payment of interim dividends of THB 1,737 million. The interim dividends comprised: (i) stock dividends of THB 1,563 million paid by the issuance and allocation of 1,563 million newly issued ordinary shares at a par value of THB 10 per share to our shareholders at a ratio of 1 existing share to 1 stock dividend; and (ii) cash dividends in an amount of THB 1.11111111 per share, totaling THB 174 million. Both stock and cash dividends were paid to our shareholders on December 6, 2019. Afterwards, our paid-up capital increased from THB 1,563 million to THB 3,126 million.

The following table sets out data from our consolidated statement of income for each of the years/periods indicated therein:

	Year Ended December 31,			Six months Ended June 30,	
	2017	2018	2019	2019	2020
<i>(THB million, except percentages and earnings per share)</i>					
Revenue from sales..	81,455	87,255	89,070	41,529	45,903
Gross profit .....	14,165	18,181	17,419	8,368	10,349
Profit from operations	6,856	9,148	8,506	3,830	5,437
Profit for the year/period .....	5,374	6,826	5,891	2,884	4,198
Adjusted EBITDA <sup>(1)</sup> ...	12,082	14,566	15,036	7,114	8,994

Notes:

- (1) Adjusted EBITDA for any year/period is defined as EBITDA plus/minus dividend income from associates, legal compensation for severance, share of profit (loss) of associates and other adjustments. Neither EBITDA nor Adjusted EBITDA is a measure of financial performance under either TFRS, IFRS or US GAAP.

The table below sets forth our financial ratios for each of the years/periods indicated therein:

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2017	2018	2019	2020
Gross Profit Margin <sup>(1)</sup> (%) ....	17.4%	20.8%	19.6%	22.5%
Operating Profit Margin <sup>(2)</sup> (%) .....	6.7%	9.9%	8.6%	11.4%
Adjusted EBITDA Margin <sup>(3)</sup> (%) .....	14.6%	16.6%	16.7%	19.5%
Net Profit Margin <sup>(4)</sup> (%) .....	6.5%	7.8%	6.6%	9.1%
Return on Equity <sup>(5)</sup> (%).....	9.9%	12.5%	10.2%	11.0% <sup>(8)</sup>
Return on Assets <sup>(6)</sup> (%).....	6.1%	7.4%	5.1%	5.0% <sup>(8)</sup>
Net Liability to Equity Ratio <sup>(7)</sup> (times) .....	0.6	0.7	1.2	1.1

Notes:

- (1) Gross profit margin is calculated as gross profit divided by revenue from sales.
- (2) Operating profit margin is calculated as profit from operations minus other income and gain on exchange rate divided by revenue from sales.
- (3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenue.
- (4) Net profit margin is calculated as profit for the year/period divided by revenue.
- (5) Return on equity is calculated as profit for the year/period divided by average shareholders' equity.
- (6) Return on total assets is calculated as profit for the year/period divided by average total assets.
- (7) Net liability to equity ratio is calculated as total liabilities minus cash and cash equivalents, divided by shareholders' equity.
- (8) This ratio was calculated using data from the income statement for the 12 months ended June 30, 2020, and the balance sheet as at June 30, 2020, without averaging.

### Revenue from sales from integrated packaging chain

Revenue from sales from our integrated packaging chain increased by THB 6,295 million, or 19.6%, to THB 38,433 million for the six months ended June 30, 2020 from THB 32,139 million for the six months ended June 30, 2019, primarily due to the positive impact of the consolidation of Fajar's and Visy Packaging Thailand's operating results from July 1, 2019 and September 1, 2019, respectively.

Revenue from sales from our integrated packaging chain increased by THB 3,391 million, or 5.0%, to THB 71,625 million for 2019 from THB 68,234 million for 2018, primarily due to the positive impact of the consolidation of Fajar's and Visy Packaging Thailand's operating results from July 1, 2019 and September 1, 2019, respectively.

Revenue from sales from our integrated packaging chain increased by THB 4,532 million, or 7.1%, to THB 68,234 million for 2018 from THB 63,702 million for 2017, primarily due to overall higher selling prices.

### Revenue from sales from fibrous chain

Revenue from sales from our fibrous chain decreased by THB 1,921 million, or 20.5%, to THB 7,469 million for the six months ended June 30, 2020 from THB 9,390 million for the six months ended June 30, 2019, primarily due to lower sales volume and lower average realized selling prices of our pulp and printing and writing paper products.

Revenue from sales from our fibrous chain decreased by THB 1,576 million, or 8.3%, to THB 17,445 million for 2019 from THB 19,021 million for 2018, primarily due to lower selling prices of food-service products, printing and writing paper products and pulp.

Revenue from sales from our fibrous chain increased by THB 1,268 million, or 7.1%, to THB 19,021 million for 2018 from THB 17,753 million for 2017, primarily due to higher selling prices and the acquisition of IPSB in January 2018.

### **Revenue from sales**

Our revenue from sales increased by THB 4,374 million, or 10.5%, to THB 45,903 million for the six months ended June 30, 2020 from THB 41,529 million for the six months ended June 30, 2019. The revenue from sales generated by our integrated packaging chain business increased, while revenue from sales generated by our fibrous chain business decreased.

Our revenue from sales remained relatively stable, showing an increase by THB 1,815 million, or by 2.1%, to THB 89,070 million for 2019 from THB 87,255 million for 2018. The revenue from sales generated by our integrated packaging chain business increased, while revenue from sales generated by our fibrous chain business decreased.

Our revenue from sales increased by THB 5,800 million, or 7.1%, to THB 87,255 million for 2018 from THB 81,455 million for 2017. This increase reflected increased revenue from sales generated by both our integrated packaging chain and fibrous chain businesses.

### **Gross Profit and Gross Profit Margin**

Our Gross Profit was THB 14,165 million, THB 18,181 million, THB 17,419 million, and THB 10,349 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. Our Gross Profit Margin was 17.4%, 20.8%, 19.6% and 22.5% for 2017, 2018, 2019, and in the six months ended June 30, 2020, respectively. The increase in Gross Profit Margin from 2017 to 2018 was primarily due to an increase in selling prices. The decrease in Gross Profit Margin from 2018 to 2019 was primarily due to decreases in the average realized selling prices of packaging paper and printing and writing paper.

The increase in Gross Profit Margin from 2019 to the six months ended June 30, 2020 was primarily due to an increase in the proportion of revenue from our integrated packaging chain. As the Gross Profit Margin from our integrated packaging chain was higher than the Gross Profit Margin from our fibrous chain in the six months ended June 30, 2020, an increase in the proportion of revenue from our integrated packaging chain resulted in an increase in our Gross Profit Margin.

### **Profit from operations and Operating Profit Margin**

Our Profit from operations was THB 6,857 million, THB 9,148 million, THB 8,506 million, and THB 5,437 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. Our Operating Profit Margin, to a certain extent, followed the same trend as our Gross Profit Margin and was 6.7%, 9.9%, 8.6% and 11.4% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. This was primarily due to an increase in other income from the divestment of TUP, which increased our profit from operations for 2018. The decrease in our Operating Profit Margin in 2019 and the increase in our Operating Profit Margin for the six months ended June 30, 2020 also resulted from the payment of non-recurring employee benefit expenses in the amount of THB 527 million incurred in 2019.

### **Profit for year/period and Net Profit Ratio**

Our Profit for year/period was THB 5,374 million, THB 6,826 million, THB 5,891 million, and THB 4,198 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. Our Net Profit Margin was 6.5%, 7.8%, 6.6% and 9.1% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

The decrease in our Net Profit Margin in 2019 was primarily due to increased interest payments due on a loan from SCC and long-term borrowings from financial institutions which were used to finance the Fajar Acquisition, and the consolidation in our Consolidated Financials of loans of companies we acquired. The increase in our Net Profit Margin in the six months ended June 30, 2020 was primarily due to a decrease in the actual tax rate, which primarily reflected a decrease in deferred tax liabilities resulting from a change in Indonesia's corporate income tax.



### **Adjusted EBITDA and Adjusted EBITDA Margin**

Our Adjusted EBITDA was THB 12,082 million, THB 14,566 million, THB 15,036 million, and THB 8,994 million as at December 31, 2017, 2018 and 2019, and June 30, 2020, respectively. Our Adjusted EBITDA margin was 14.6%, 16.6%, 16.7% and 19.5% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively.

### **Total Liabilities to Equity Ratio**

Our Total Liabilities to Equity Ratio was 0.6 times, 0.8 times, 1.2 times and 1.2 times as at December 31, 2017, 2018, 2019 and June 30, 2020, respectively. In 2018, the increase in Total Liabilities to Equity Ratio was due to a decrease in Shareholders' Equity and an increase in Total Liabilities. The decrease in Shareholders' Equity as of December 31, 2018, primarily reflected dividend payouts that were higher than our net profit in 2018.

The increase in Total Liabilities to Equity Ratio as of December 31, 2019 was primarily due to an increase in intragroup borrowings from SCC to finance the Fajar Acquisition and the consolidation of Fajar's liabilities in our 2019 Consolidated Financials after completion of the acquisition.

### **Return on Total Assets**

Our Return on Total Assets was 6.1%, 7.4%, 5.1% and 5.0% for 2017, 2018, 2019 and the six months ended June 30, 2020, respectively. This ratio increased from 2017 to 2018, due to a 27% growth rate of our profits in 2018 that was higher than the growth rate our assets in 2018 (4.5%).

The decrease from 2018 to 2019 was due to a 13.7% decrease in our profit for the year in 2019 while our average total assets increased by 26.1%. This was primarily due to the impact of the Fajar Acquisition on Total Assets while Net Profit only captured six months of Fajar operating performance.

### **Event after the reporting period**

On March 24, 2020, the board of directors approved a plan to acquire, through TCG, equity in SOVI, a corrugated box manufacturer listed on the HOSE in Vietnam. In May 2020, TCG signed a share purchase agreement with the existing shareholders of SOVI. The existing shareholders are under the process to fulfil condition precedent under the share purchase agreement.

### **Investor relations**

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