

# Pulp & Paper Developments in Thailand and Southeast Asia – Surviving the Recession

By

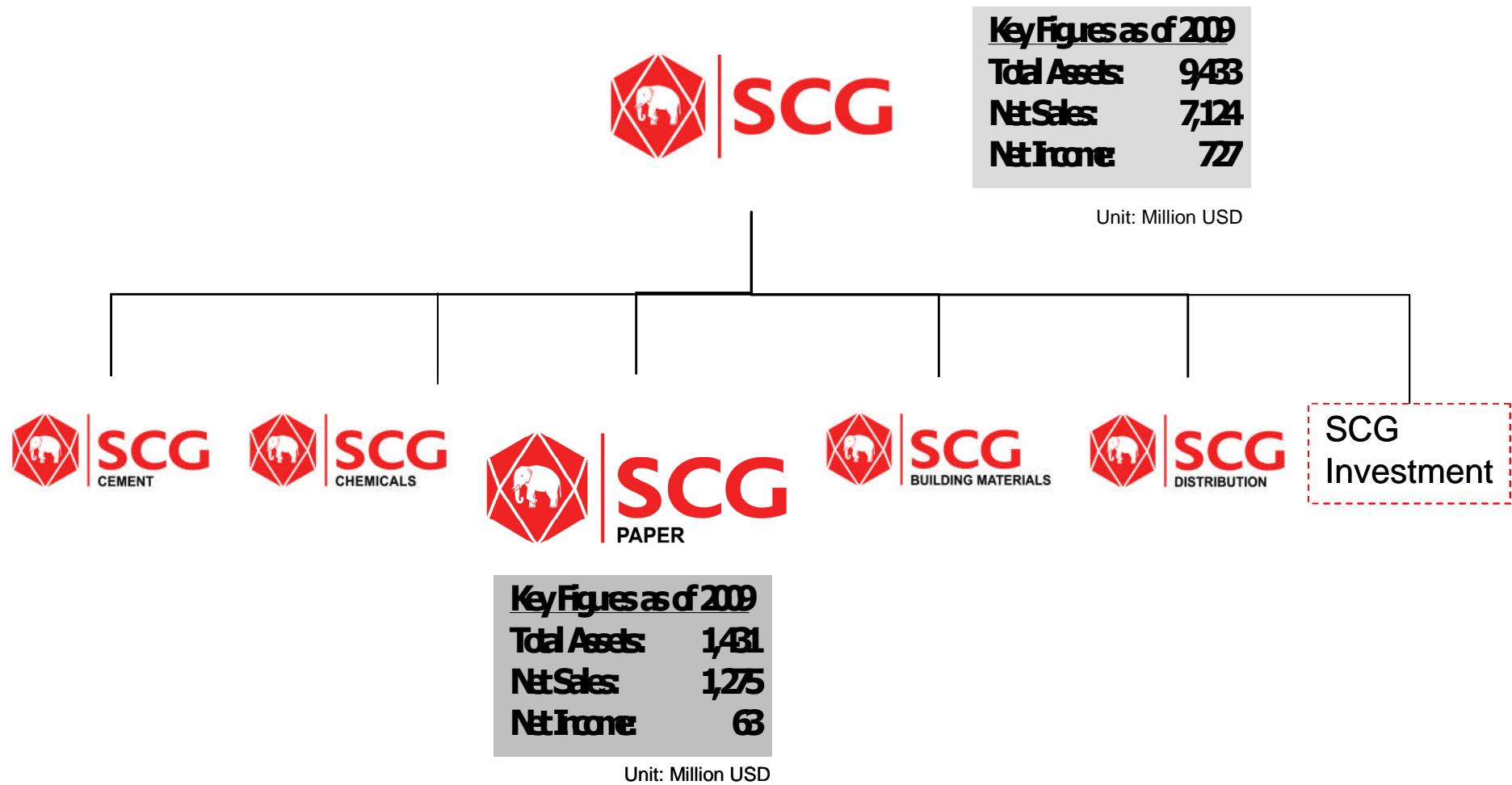
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**President, The Thai Pulp and Paper Industries Association**

# SCG Paper at a glance:

- Established in 1975 as one of the SCG business units



# SCG Paper: the largest integrated paper manufacturer in Thailand and ASEAN

## Forestry



## Pulp and Printing & Writing Paper

Pulp Capacity: 430,000 TPY  
P&W Capacity: 570,000 TPY



## Containerboard

Capacity: 1,720,000 TPY



## Corrugated Containers

Capacity: 686,000 TPY

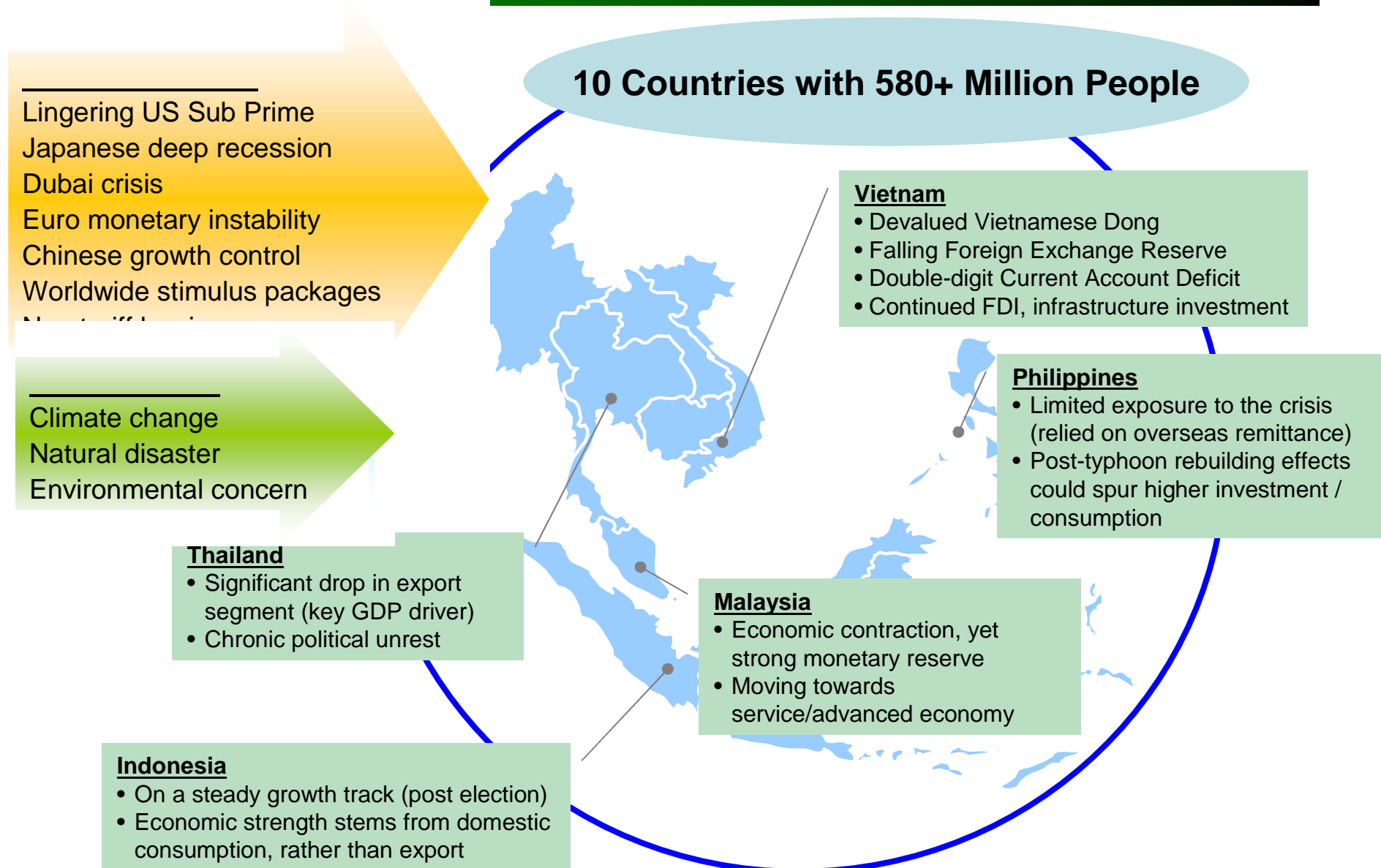


## Paperboard

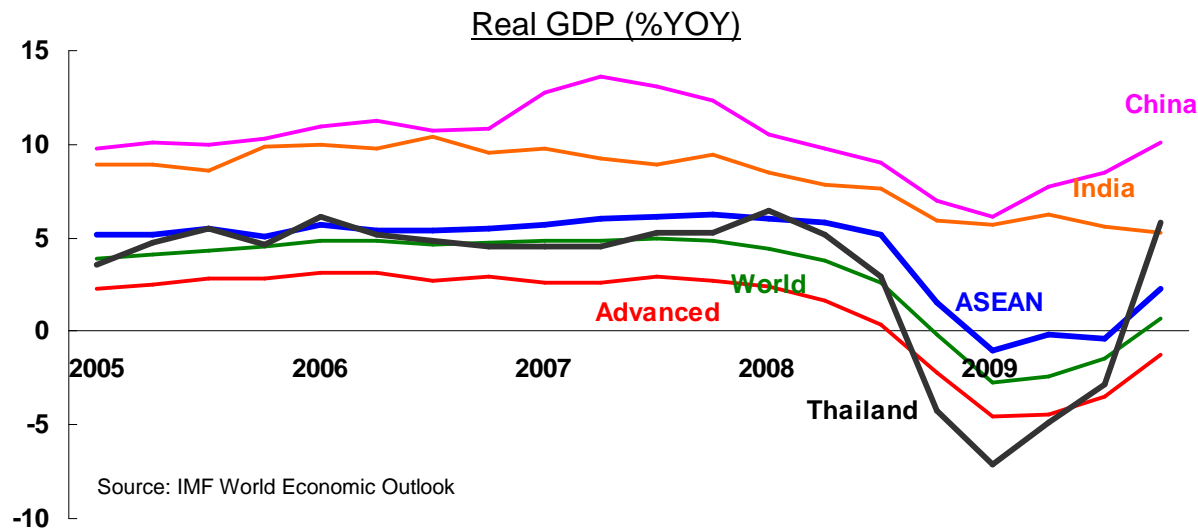
Capacity: 160,000 TPY



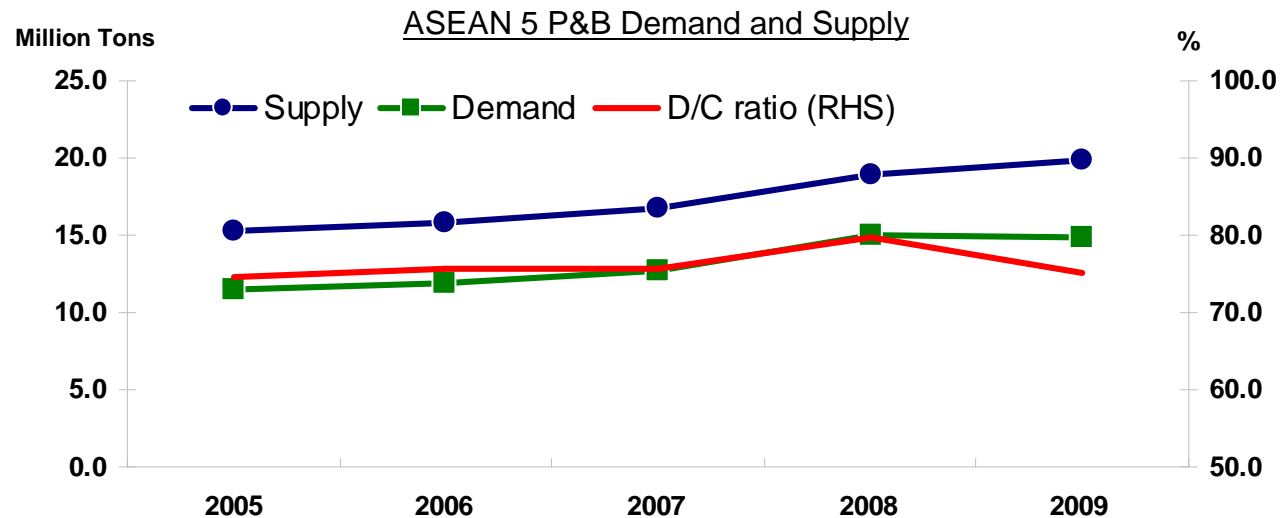
# Developments in ASEAN countries in the midst of global recession



## ASEAN P&B industry inevitably affected by the recession



- GDP dropped worldwide
- Global consumption declined sharply and the world trade tumbled
- ASEAN, as an export-oriented region, affected unavoidably



- As a result of crisis, Paper demand stagnated
- Investment & expansion halted or cancelled, witnessed some on stream, however
- D/C ratio dropped, implying squeezed margin and tough competition

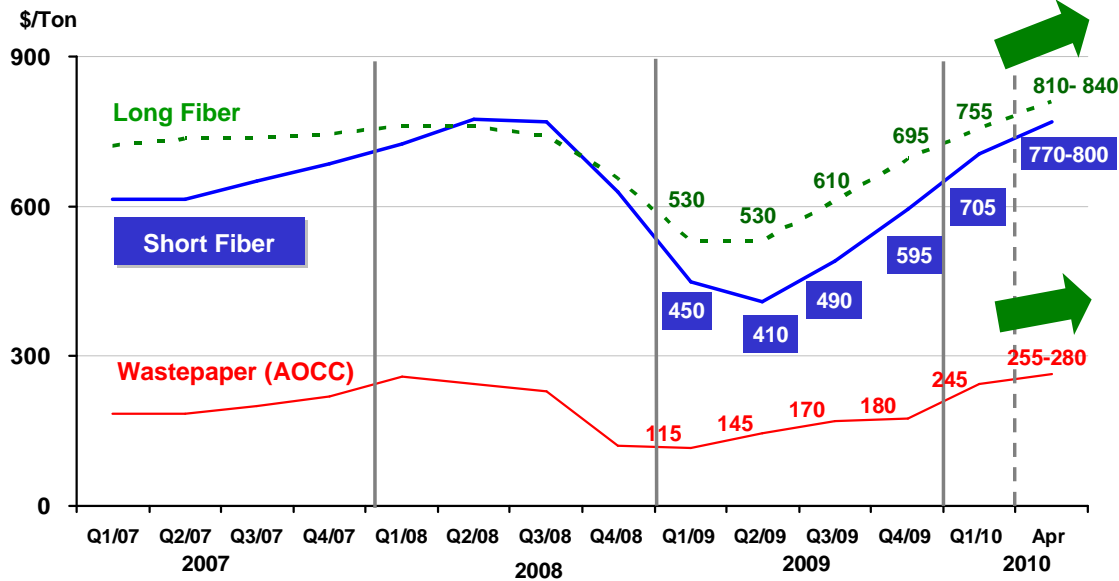
Source: RISI

Note: 1. ASEAN 5 covers Indonesia, Malaysia, Philippines, Thailand, and Vietnam (including Vietnam's figures in 2008 and 2009) 2. P&B covers Containerboard, Boxboard, Packaging & Industrial paper, P&W, and Newsprints

# Rebounding input cost, affecting availability and price

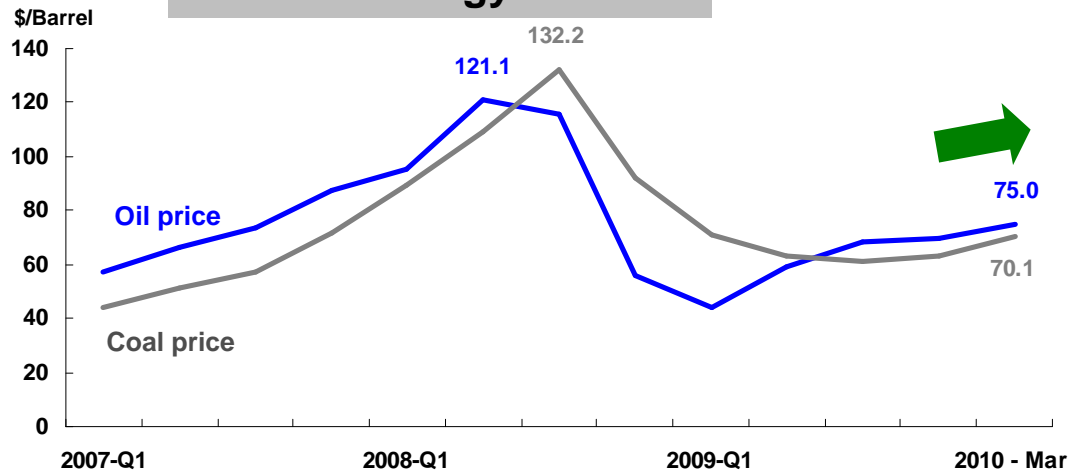
## Fibrous

Source: Company Analysis



## Energy

Source: IMF, Platt Index



- Growing demand, but limited sustainable Supply
- New containerboard capacities in China
- ASEAN high dependency on imported AOCC
- Emerging economies drive energy consumption



Secure fibrous sources by backward integration

Increase pulp substitutes content

Promote green energy, e.g. Biomass boiler, and upgrade power efficiency

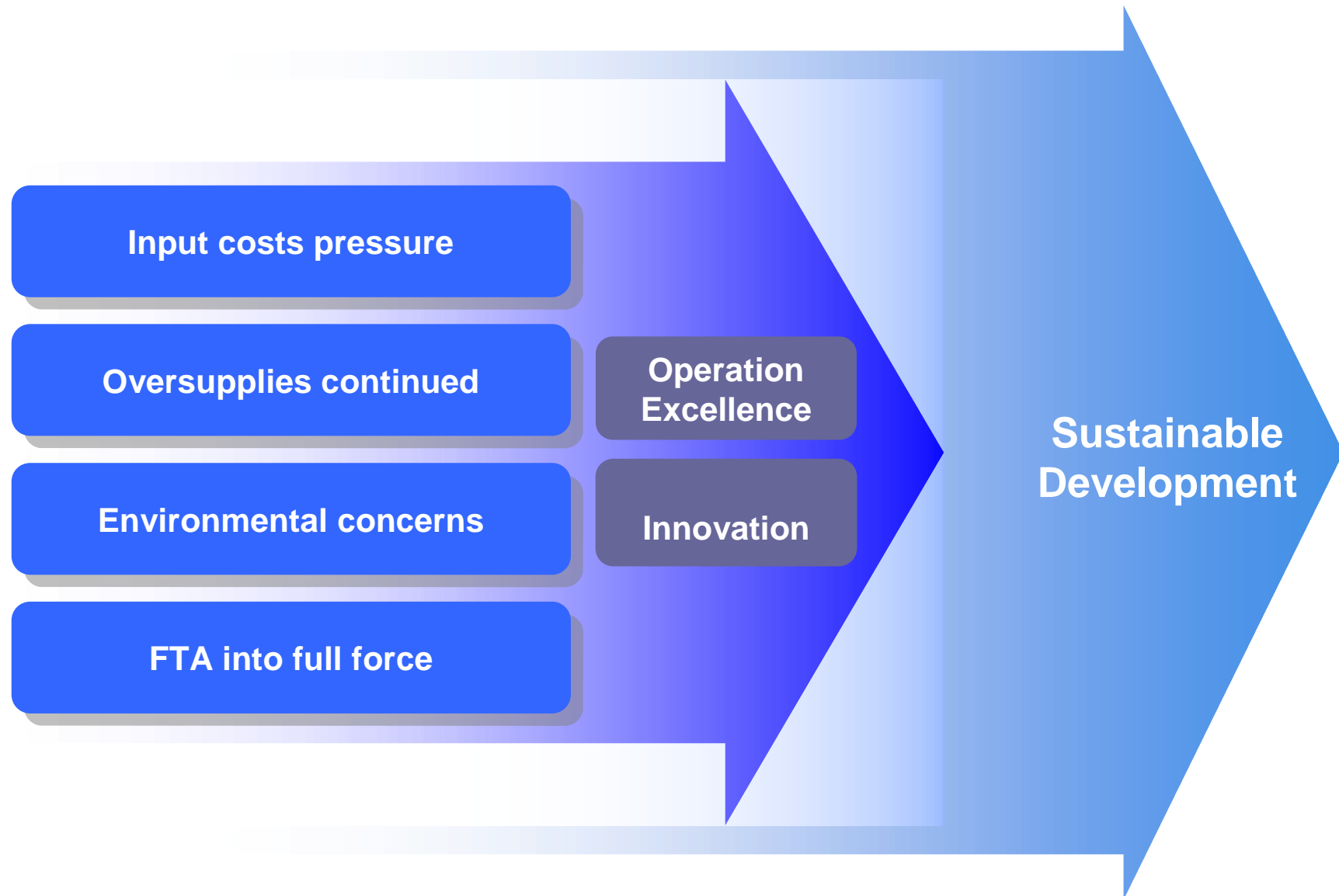
Encourage recycling system

## Threat from announced capacities, both in ASEAN and China

### Major Capacity Expansion during 2010-2011 ('000 Tons)

ASEAN	Unit	Start up	CHINA	Unit	Start up
<b>Bleached Hardwood Kraft Pulp</b>	<b>+ 530</b>		<b>Printing &amp; Writing Paper</b>	<b>+ 3,500</b>	
Vietnam Paper Corp - Vietnam	250	2011	APP China - Jinghai Paper & Pulp	1,000	Q1 2010
Lee & Man - Vietnam	150	2H 2010	Shandong Chenming	800	2011
An Hoa Paper - Vietnam	130	Q4 2010	Shandong Huatai	500	Q4 2010
			APRIL	450	2011
<b>BCTMP</b>	<b>+230</b>		Oji Paper	400	Q2 2010
Tan Mai Paper - Vietnam	230	2010	Sun Paper	350	Q1 2010
<b>Printing &amp; Writing Paper</b>	<b>+ 560</b>		<b>Packaging Paper</b>	<b>+ 3,650</b>	
Advanced Agro - Thailand	220	2011	Nine Dragon	1,750	Q4 2010
Tan Mai - Vietnam	200	2010	Chenming Paper	600	Q1 2011
An Hoa - Vietnam	140	Q4 2010	Sunshine Paper	500	Q3 2010
<b>Containerboard</b>	<b>+ 720</b>		Lee & Man	400	Q4 2010
Lee & Man - Vietnam	420	Q4 2010	Wanlida Paper	400	Q1 2010
Muda - Malaysia	150	Q2 2011			
GS Paper & Packaging - Malaysia	150	Q3 2011			

In the wake of increased pressure, integrated approaches needed for driving to sustainable development



## SCG Paper: Surviving the recession and striving for sustainable growth

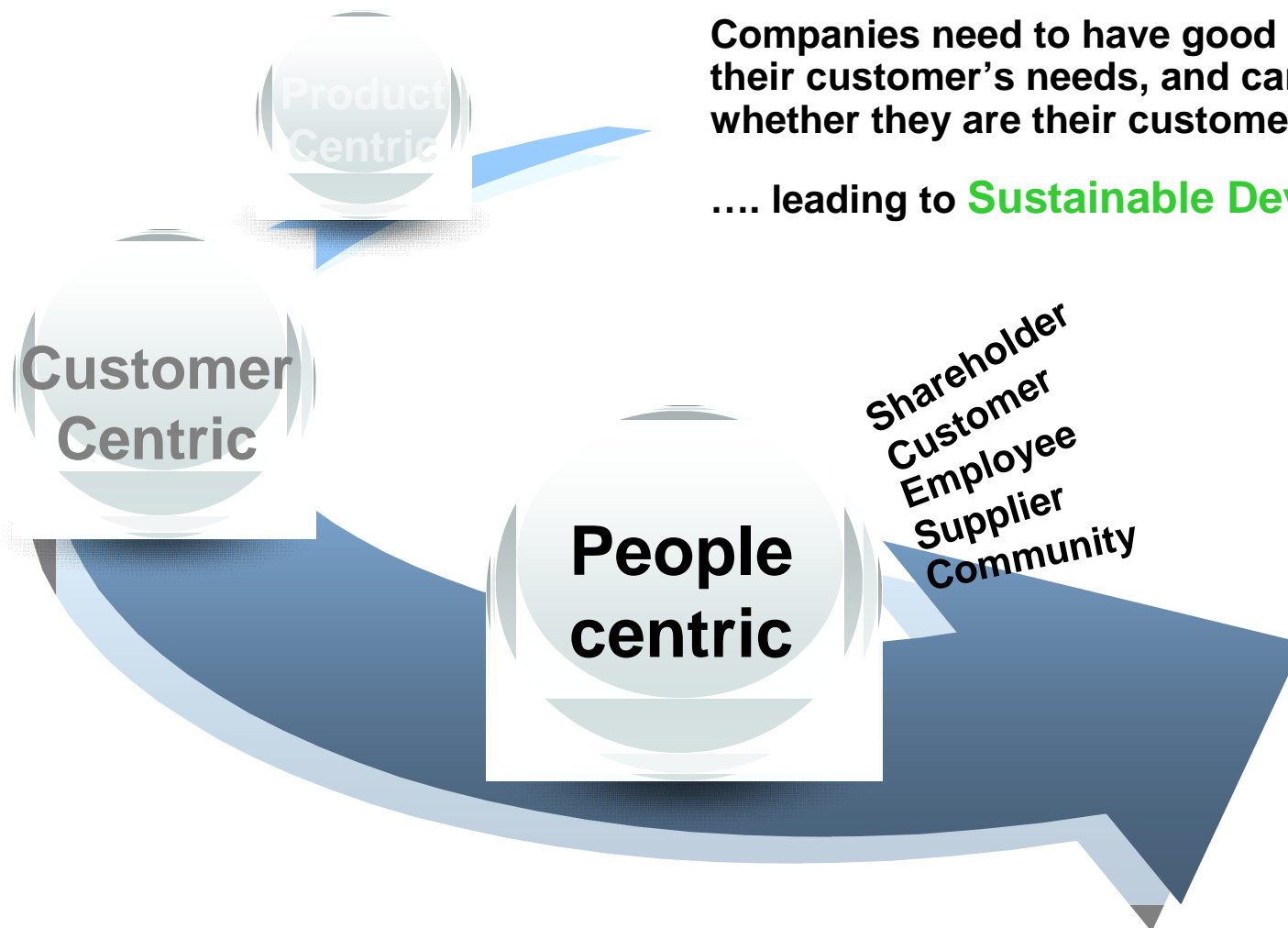
- Innovation
  - Eco-fiber (reduce virgin wood pulp)
  - Textpro (eye-cared shade paper for textbook)
  - Innovative Eucalyptus breed : H4 (conserves soil surface)
- Green Product, Green Process, and Green Mind
  - Idea Green, Green Series
  - 3R (Reduce, Reuse, Recycle)
  - Infozafe (Shred2Share)
  - SCG Eco Value (Environmental Conservation)
- Partnership
  - Jointed Projects with Customers, Governments, Corporations, etc.
  - Network of good practices (WBCSD, ICFPA, FAO, etc.)
- Capitalize on company's competitive position to exploit the benefit of the ASEAN integration into a single market

# Marketing Shift : From Products to Customers to People

In “People Centric” dynamic.....

Companies need to have good products, serve their customer’s needs, and care for people whether they are their customers or not....

.... leading to **Sustainable Development**



End of Presentation – Thank you