



SCGM Berhad - once a pivotal company, continues to grow from the accelerated use of plastics. But there is a need to address the impact of plastics pollution on marine life and the environment. In rising to meet this environmental challenges, SCGM Berhad initiated ESG practices four years ago which are integrated into its reporting. Bursa Malaysia together with Kenanga has invited SCGM Berhad to give some insights on how the company practises ESG in production and how forward thinking it is in addressing the environmental challenges. Key takeaways below.

NEW PRODUCTION FACILITY - Company has moved to its new state-of-the-art production facility since 2019. With land area of 658,365 sqft and built-up area of 600,084 sqft, the new plant is equipped with vertical integrated manufacturing capabilities with a thermoform capacity of more than 30m kg of plastics per annum.

Newly built production facility, equipped with high quality and well maintained machines

Key Manufacturing Equipment	# Units
Extrusion Machines	15
High Speed Forming Machines	34
Semi-Auto Forming Machines	23
Hydraulic Die-Cut Machines	20
Auto Cup Forming-Punching Machines	3
Face Mask Machines	6

End-to-end manufacturing from sheet extrusion to final products

- Sheet Extrusion: In-house sheet extrusion enable cost savings, higher quality control and manufacturing flexibility.
- Vacuum-Forming: Elimination of waste by recycling of leftover die cut materials and production rejects as feedstock for sheet extrusion.
- Die-Cutting: In-house delivery capabilities with wide distribution network in Malaysia to ensure on-time delivery to meet customer demands.
- Packing & Storage
- Distribution

INDUSTRY OUTLOOK - Malaysian rigid plastic packaging industry is expected to grow at a CAGR of 3.5% to reach 3.916 million units by 2024, while global food thermoform packaging market is estimated to grow at a CAGR of 6% to reach USD37.3 billion by 2027.



<p>FOOD AND BEVERAGE PACKAGING</p> <ul style="list-style-type: none"> 80% of total Group revenue CAGR of 14.7% for the past five years Flagship in-house brand Benxon® 	<p>EXTRUSION SHEET</p> <ul style="list-style-type: none"> CAGR of 8.4% for the past five years. 13% of total Group revenue
<p>NON-CORE PACKAGING</p> <ul style="list-style-type: none"> medical packaging, electronics and others 5% of total Group revenue 	<p>PROTECTIVE EQUIPMENT</p> <ul style="list-style-type: none"> introduced in 2020 in response to the Covid-19 pandemic. Products include medical face shield and surgical face masks

Business Segment

FINANCIAL HIGHLIGHTS

- Revenue grew by 21.1% on quarterly basis (3Q2021) on the back of higher F&B packaging sales and PPE contribution
- EBITA expanded by 44.8% on quarterly basis (3Q2021). EBITA margin at 19.7% for 3Q2021.
- PAT rose 93.8% on quarterly basis (3Q2021), attributed to higher revenue, favourable sales mix, lower interest rate, reduced operating expenses after plant consolidation, as well as lower resin price
- Dividend policy of 40%. Recently declared third interim dividend of 2.20 sen in respect of FY2021

ESG IN PRACTISE

- SUSPI
- Women Diversity on board
- Anti-corruption Awareness
- Supplier ESH Compliance
- Human Rights - Labour Practises

REDUCE-REUSE-RECYCLE

First degradable plastic trays using Oxium for SEA Games 2017. Patented Technology from Greenhope Sugianto Tandio. Degradable within 5 years.

SIRIM ECO Labelling Mark

SUSTAINABILITY FOR FUTURE

- Collaboration with University of Nottingham to develop patentable solutions to address microplastics and repurpose of plastic waste in country
- Existing infrastructure convertible to biodegradable and compostable raw materials without heavy capex
- Increase use of technology to reduce labour
- Explore use of alternative energy
- Explore use of large SILO tanks to reduce dependency on singular intake thus reducing energy, increase output