

# Packaging Business

## Agenda

- Thai Packaging Business : Overview
- Thai Packaging Business : Outlook
- Thai Packaging Business : SMEs Business Opportunities



Business Research  
January 2024

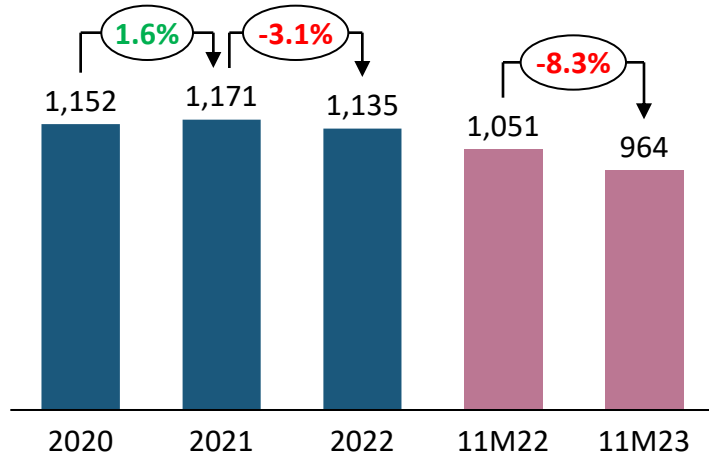
# Thailand Packaging Business : Paper Packaging Supply Chain Overview



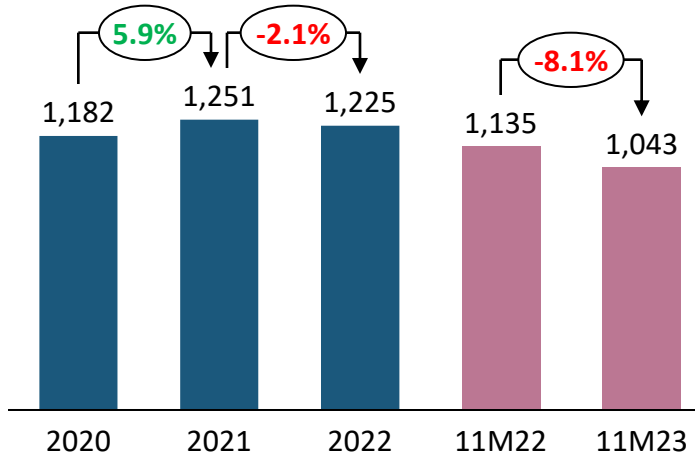
# Thailand Packaging Business : Paper Packaging Outlook

Higher costs of raw materials are resulting in lower profit margins for operators.

Production Of Paper Packaging (Thou Tonnes)



Domestic Sale Of Paper Packaging (Thou Tonnes)

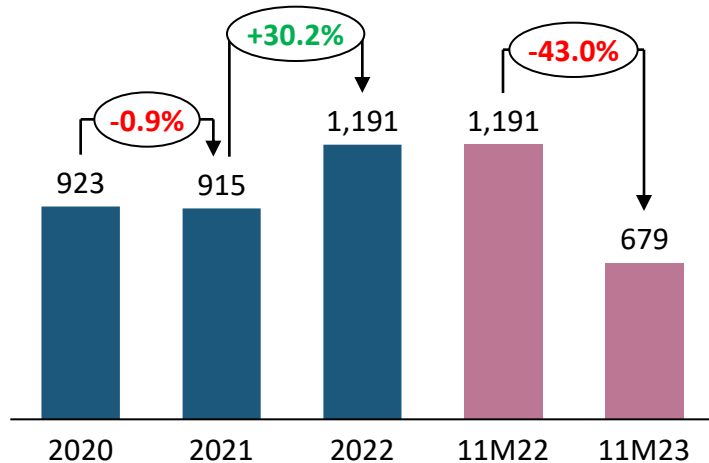


Trend of Paper Packaging

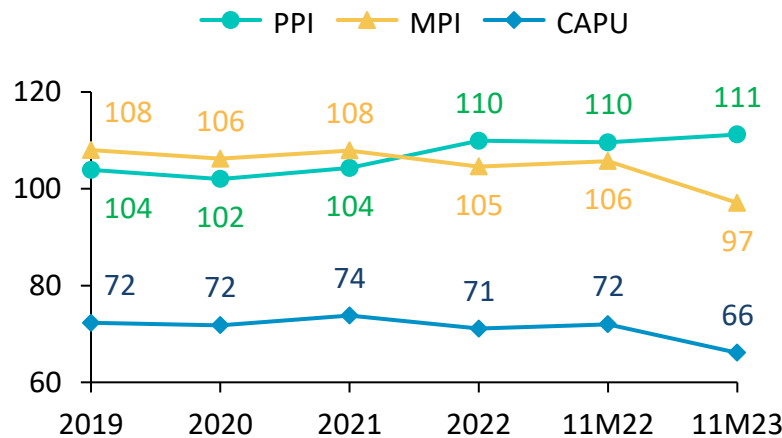


- 1) The cost of producing paper products is still high, which puts pressure on profits.
- 2) Demand for paper packaging tends to decline in line with the decline in exports of Thai manufacturing products.
- 3) E-commerce is expected to slow in 2024 as people become more cautious about spending due to economic uncertainty. Businesses face higher financing costs. Meanwhile, consumers' purchasing power is being pressured by high levels of household debt.
- 4) The business is expected to grow from last year's low base. This is especially the case for the government-promoted group of paper products that are reusable and environmentally friendly.

Export Of Paper Packaging (Tonnes)



Paper Packaging Index (%)

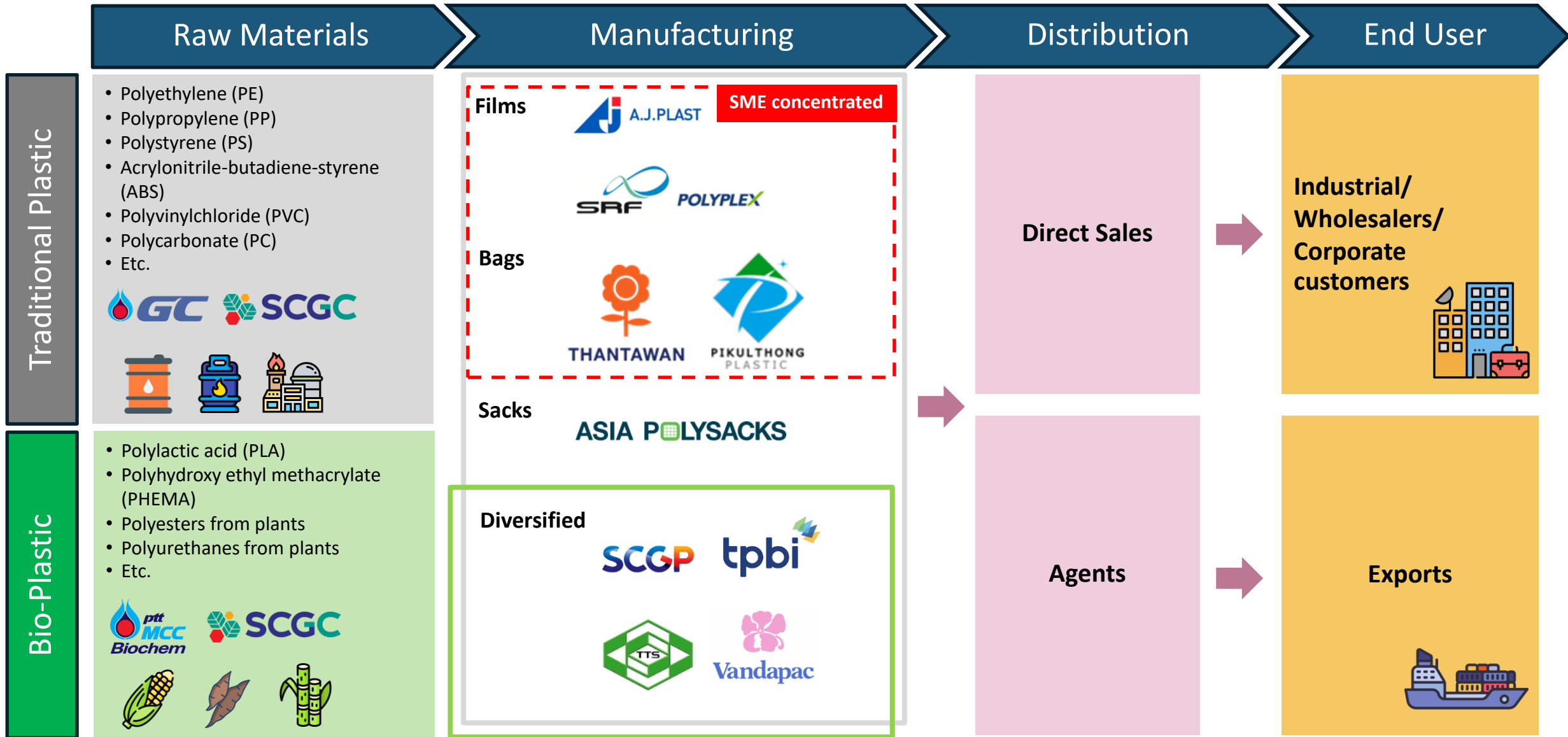


Note:

PPI (Producer Price Index): Paper and paper products  
 MPI (Manufacturing Production Index): Corrugated paper box  
 CAPU (Capacity Utilization Rate): Corrugated paper and paperboard

Source: OIE, Bureau of Trade and Economic Indices

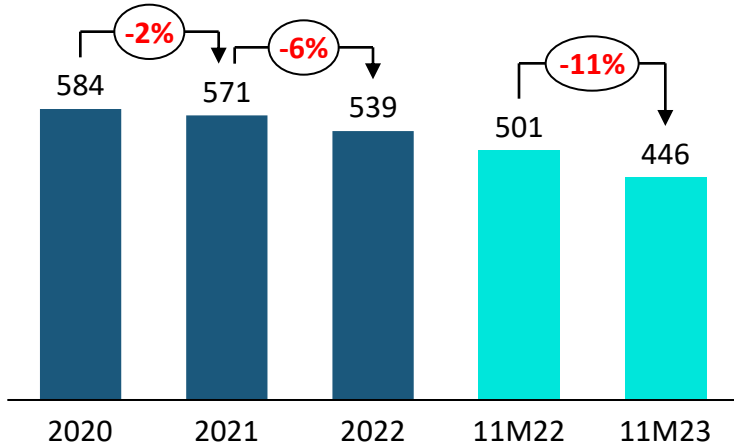
# Thailand Packaging Business : Plastic Packaging Supply Chain



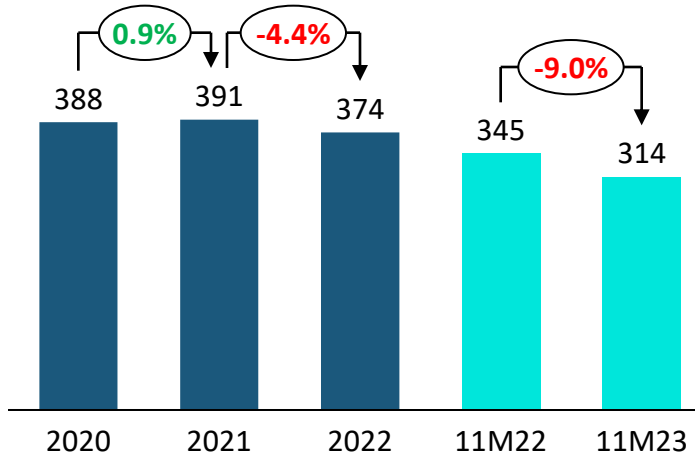
Source: LH Business Research analysis based on data from Speeda

# Thailand Packaging Business : Plastic Packaging Outlook

## Production Of Plastic Packaging (Thou Tonnes)



## Domestic Sale Of Plastic Packaging (Thou Tonnes)

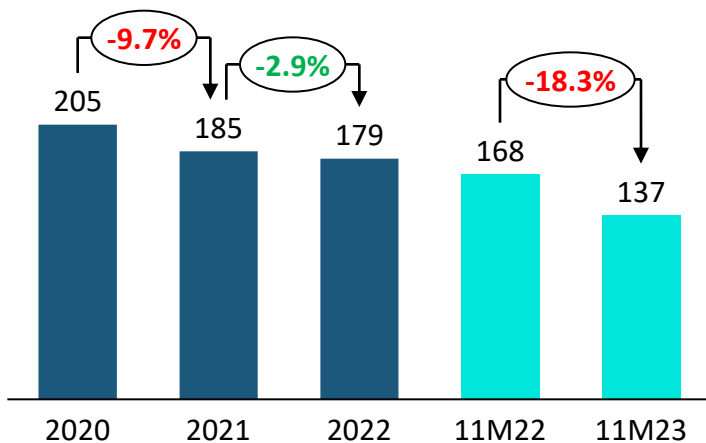


## Trend of Plastic Packaging

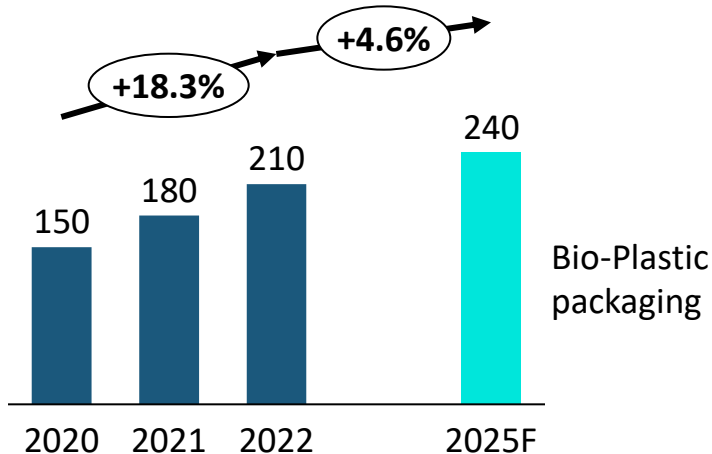


- 1) Production costs are high**, including the cost of raw materials, electricity & labor.
- 2) Demand for packaging and plastic products is likely to continue to decline.** In particular, single-use plastics will be affected by the trend towards environmental concerns among both businesses and consumers.
- 3) Plastic products for export, There is a growing trend towards switching to bioplastics.** Especially in Europe, which has introduced measures to regulate plastic packaging to the use of bioplastics since 2021, while the US is preparing the bill.
- 4) The government introduced tax measures to promote bioplastic products**, which provided for exemption from income tax for companies of 25% of the expenditure paid for the bioplastic products.

## Export Of Plastic Packaging (Thou Tonnes)



## Production of Bio-Plastic Packaging (Thou Tonnes)



Bio-Plastic packaging

# Thailand Packaging Business : Glass Packaging Supply Chain Overview



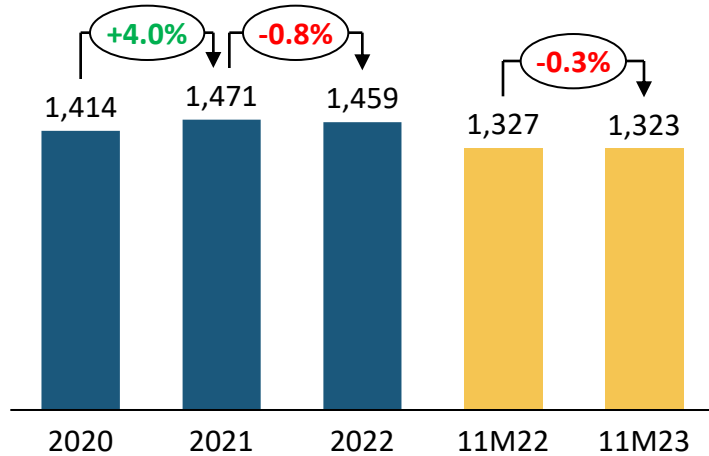


# Thailand Packaging Business : Glass Packaging Outlook

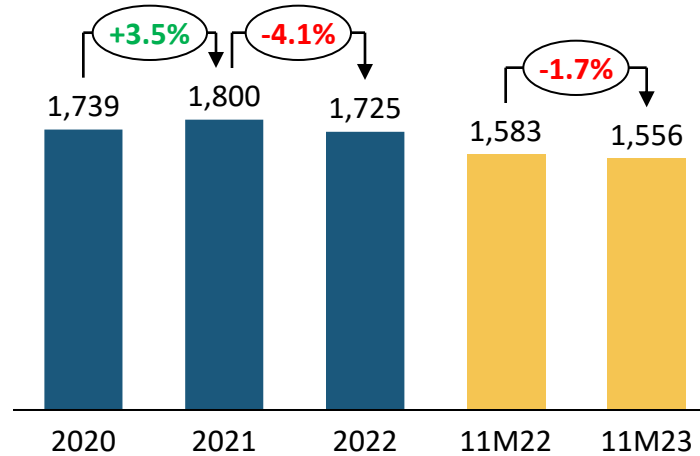
The glass bottle business still has growth potential due to the variety of new beverages and food.



Production of Glass Packaging (Thou Tonnes)



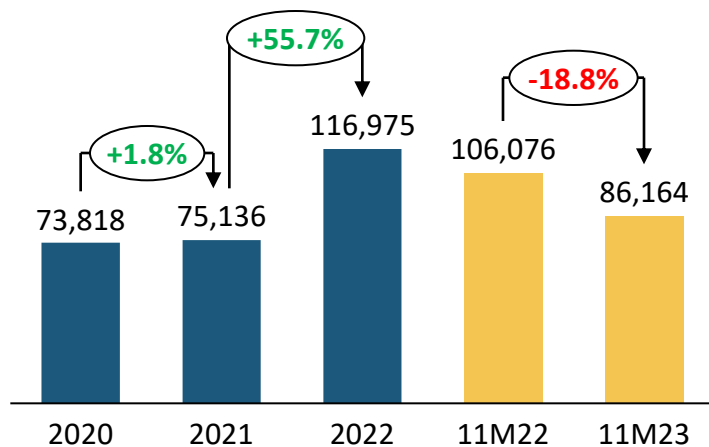
Domestic Sale of Glass Packaging (Thou Tonnes)



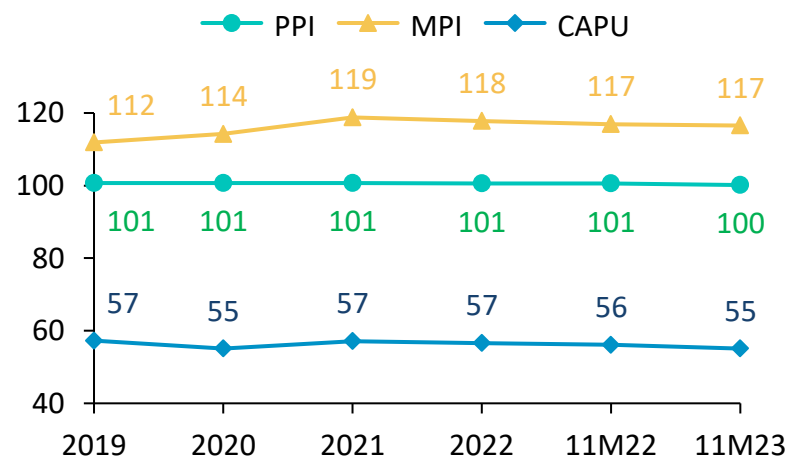
Trend of Glass Packaging

- 1) Demand for glass bottle packaging is higher than before COVID-19, but lower than in 2022.
- 2) Some beverage companies have switched packaging from plastic to glass bottles, in line with the trend to save the world and the environment and to add value to premium products.
- 3) The strength of glass packaging is its ability to keep products in good condition. But the business is still challenged by high production costs and intense competition from alternative packaging such as PET bottles and aluminum cans.

Export of Glass Packaging (Tonnes)



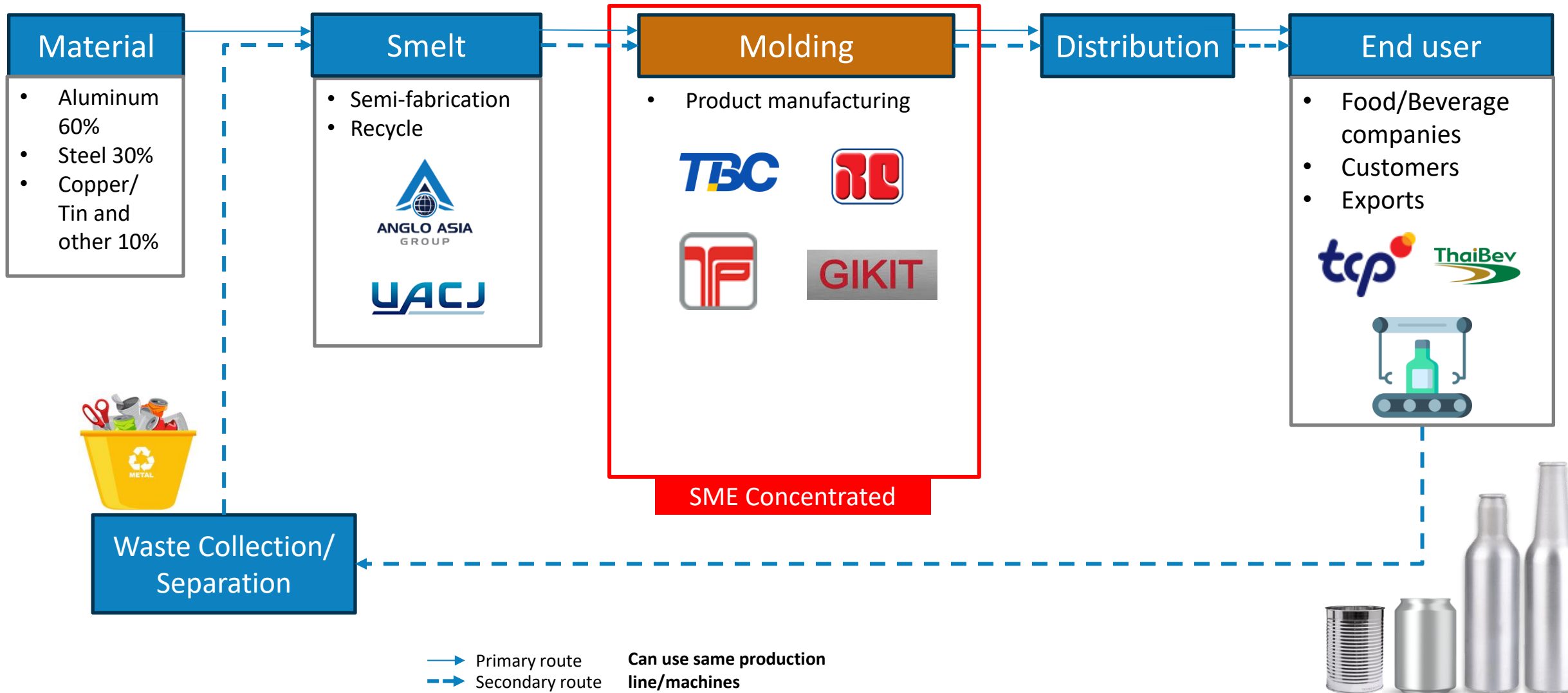
Glass Packaging Index (%)



Note:

PPI (Producer Price Index): Glass and glass products  
 MPI (Manufacturing Production Index): Glass bottles  
 CAPU (Capacity Utilization Rate): Container and tableware made from glass

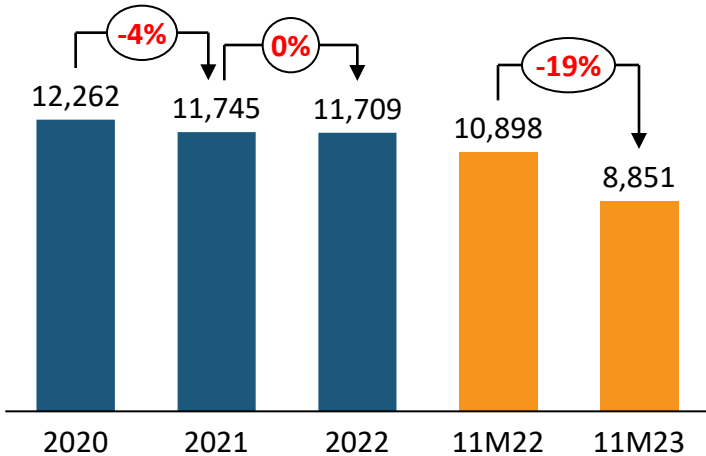
# Thailand Packaging Business : Aluminum Packaging/ Can Supply Chain



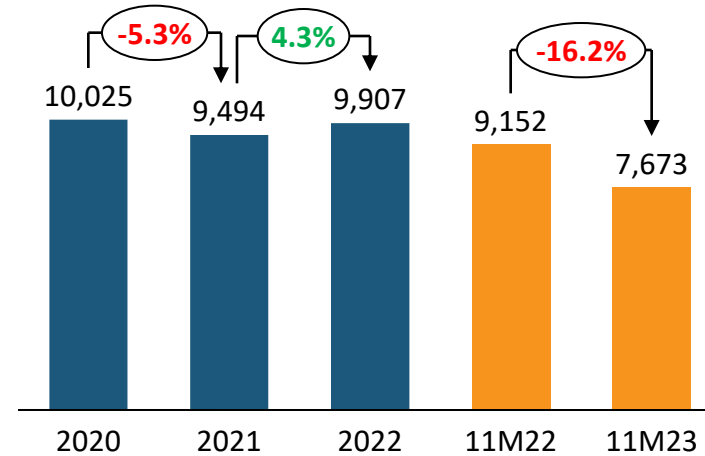


# Thailand Packaging Business : Can packaging Outlook

## Production of Can Packaging (Million Units)



## Domestic Sale Of Can Packaging (Million Units)



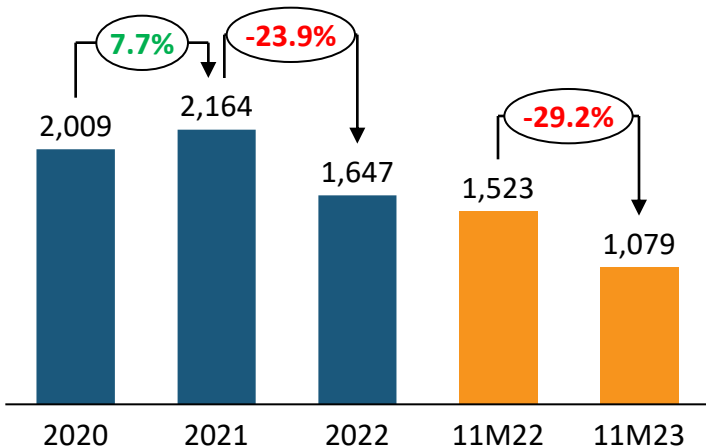
## Trend of Can Packaging



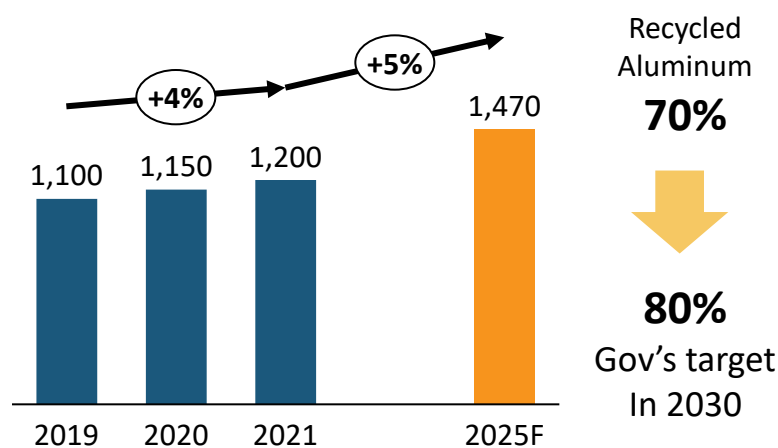
Overall can packaging production 2023/2024 is expected to decline

- 1) **Aluminum/Steel costs for can production remain high** due to the Russia-Ukraine situation and caused to aluminum shortage.
- 2) **Demand for canned goods is likely to continue to remain low** as Thai exports of canned agricultural products not yet fully recovered.
- 3) **From sustainability trend, packaging for beverages are redesigned to aluminum bottle or can** that can be 100% recycled and use 90% less energy than mining pure aluminum.
- 4) **The Government tries to promote the use of recycled aluminum packaging from 70% to 80% in 2030** under the BCG economy scheme.

## Export Of Can Packaging (Million Units)



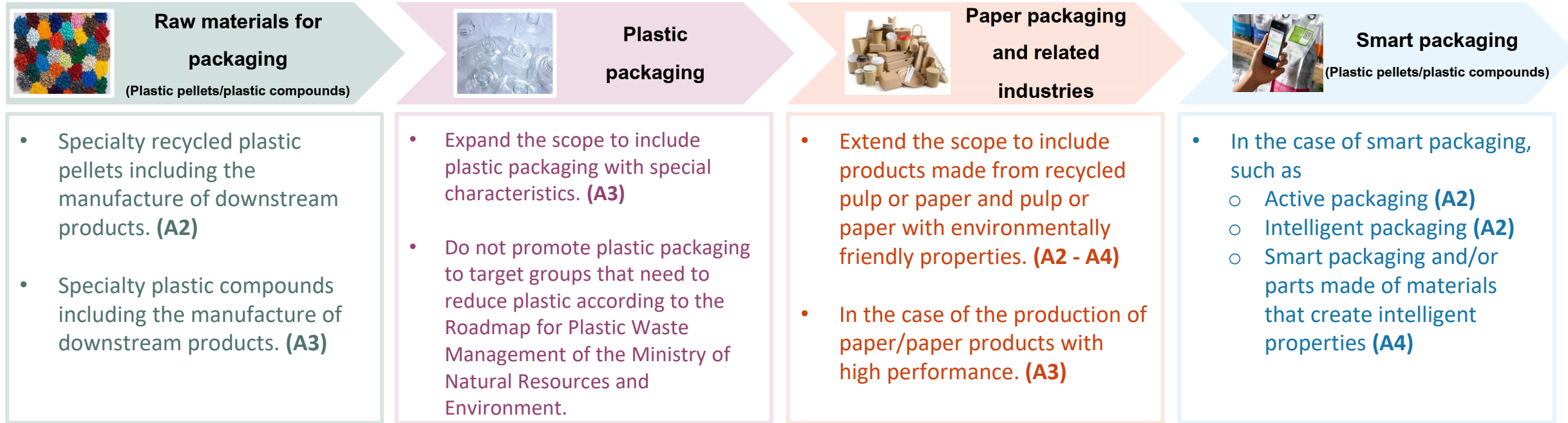
## Production of Recycled Aluminum Packaging (Mn Tonnes)



Recycled Aluminum  
**70%**  
  
**80%**  
 Gov's target  
 In 2030

# Thailand Packaging Business : Policy Support

## Packaging industry rights and benefits under BCG concept and new technology support



Business group	Exemption from corporate income tax	Exemption from import duties on machinery	Exemption from import duties for research purposes	Exemption of duties on raw materials produced for export.	*Non-tax rights and benefits
A2	8 Years	✓	✓	✓	✓
A3	5 Years	✓	✓	✓	✓
A4	3 Years	✓	✓	✓	✓

\*Non-tax rights and benefits include land ownership. Import of craftsmen and experts Visa and work permit Import of foreigners to study investment opportunities and export of foreign currency

# Factors influencing Thailand Packaging Business

## Tailwind



- **The industrial sector produces many different products that require packaging in the supply chain.** From production to transportation and distribution, service sectors such as food and beverage, retail and tourism require packaging to provide services to customers.



- **Digital printing technology allows packaging manufacturers to print packaging in a wide range of attractive designs and colors.** Packaging coating technology allows packaging manufacturers to coat their packaging with properties such as waterproof, oil-proof, impact-resistant and UV-resistant.



- **Packaging recycling technology allows packaging manufacturers to recycle used packaging into new packaging.** This helps to reduce waste and pollution.



- **Consumers tend to be more environmentally conscious.** As a result, there is an increased demand for packaging that is environmentally friendly. Environmentally friendly packaging includes packaging made from natural materials. Biodegradable and recyclable packaging

## Headwind



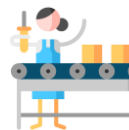
- **The cost of the main raw materials used in packaging production, including paper, plastic, metal and glass, tends to rise steadily.** As a result, the cost of packaging production is also increasing.



- **The Thai packaging industry is facing fierce competition from foreign companies.** Especially from China, which has lower production costs.



- **The government is likely to introduce stricter environmental regulations to reduce the environmental impact of packaging waste.** As a result, operators will have to invest more to comply.



- **Skills shortages affect the packaging industry because it is a highly skilled industry.** The skills shortage is forcing companies to adapt to increase production efficiency, such as using modern machinery and production technology.

# Thailand Packaging Business : Market Overview

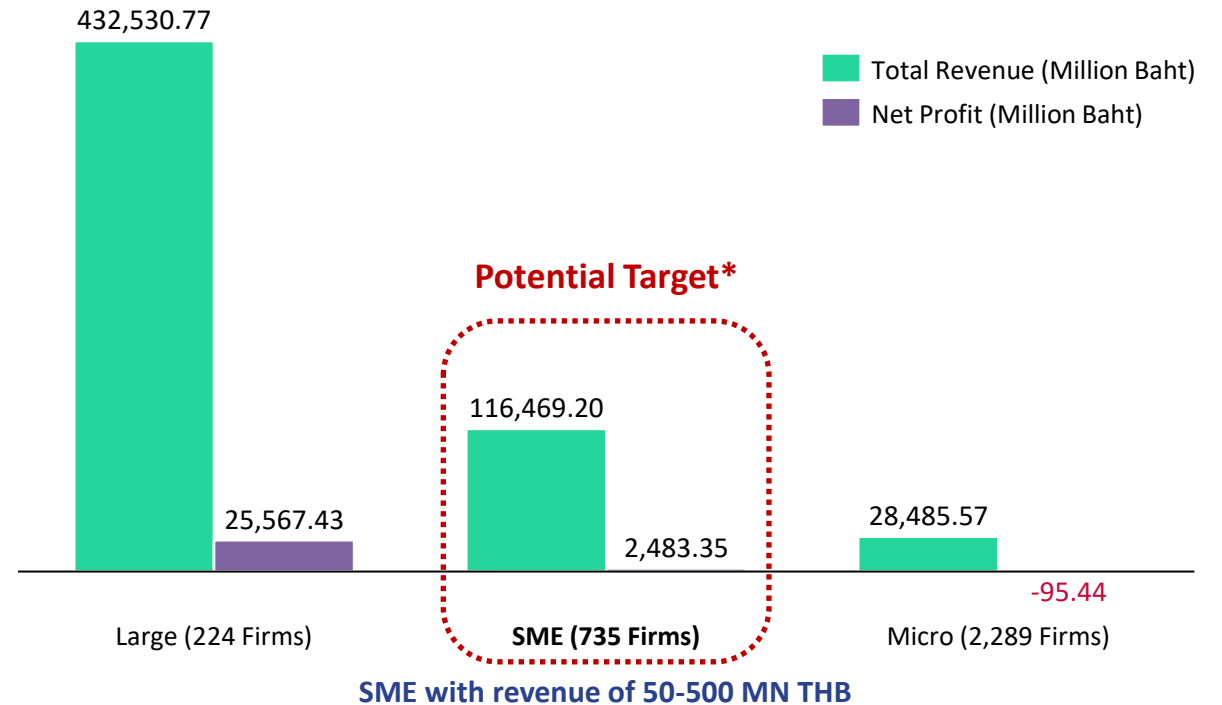
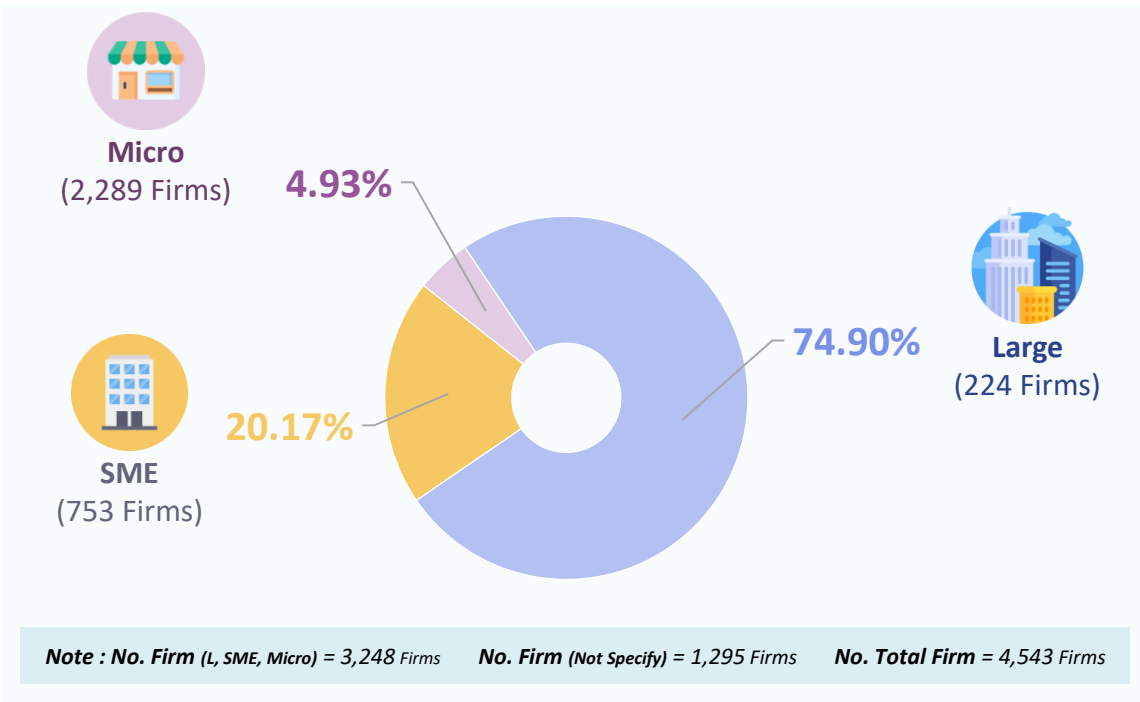
Based on selected TSIC groups (in 2022), Thailand's Packaging Business was valued at 577,485.54 million baht, with large enterprises accounting for 74.90% of the market share. This is followed by SME with 20.17% and micro with 4.93%.

## Share of Packaging Business Value by firm size

(17020, 22220, 23102, 25949, 46694)

Market Value (L, SME, Micro) = 577,485.54 Mn THB

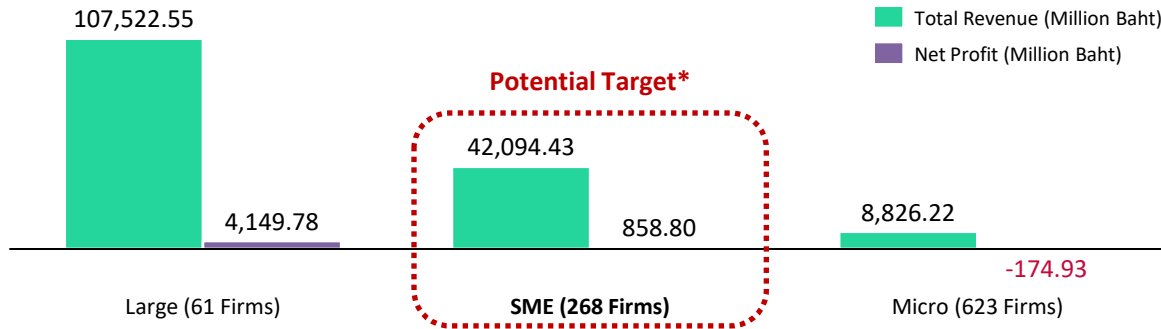
Total Firms = 4,543 Firms



# Thailand Packaging Business : Market Overview

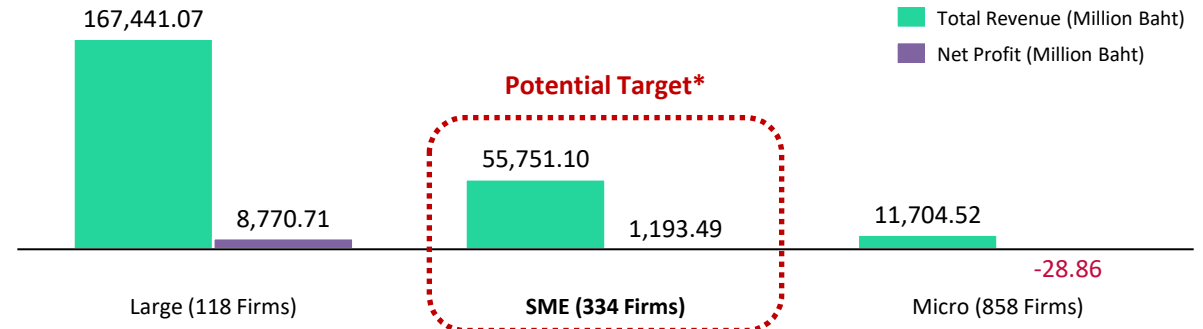
## 17020 : Manufacture of corrugated paper and paperboard and of containers of paper and paperboard

Market Value = 158,443.20 Mn THB  
Total Players = 1,250 Firms



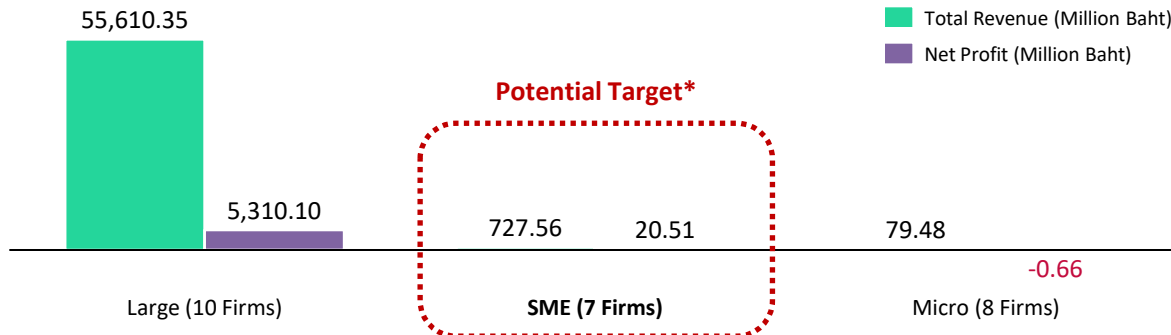
## 22220 : Manufacture of plastics products

Market Value = 234,896.69 Mn THB  
Total Players = 1,742 Firms



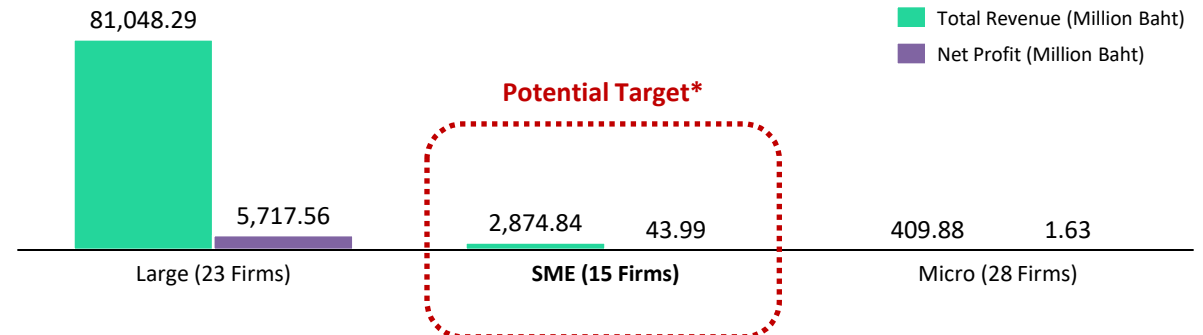
## 23102 : Manufacture of containers and tableware of glass

Market Value = 56,417.38 Mn THB  
Total Players = 35 Firms



## 25949 : Manufacture of pails, cans and other containers of metal

Market Value = 84,333.01 Mn THB  
Total Players = 78 Firms

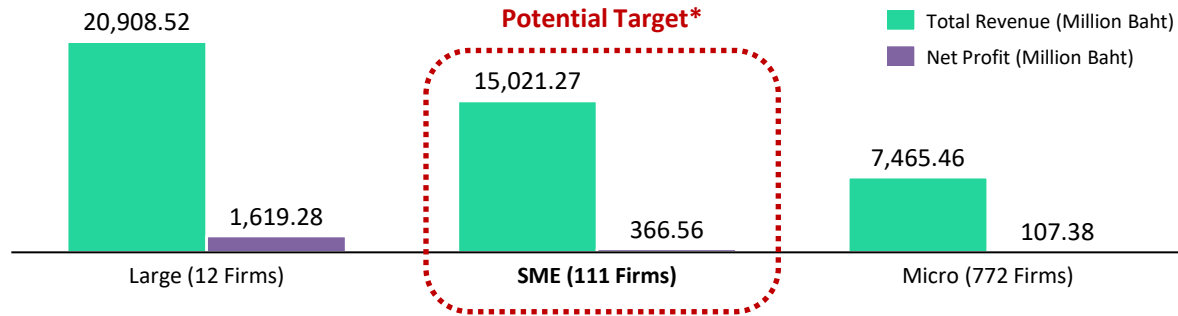


# Thailand Packaging Business : Market Overview

**46694** : Wholesale of industrial or commercial containers

**Market Value** = 43,395.26 Mn THB

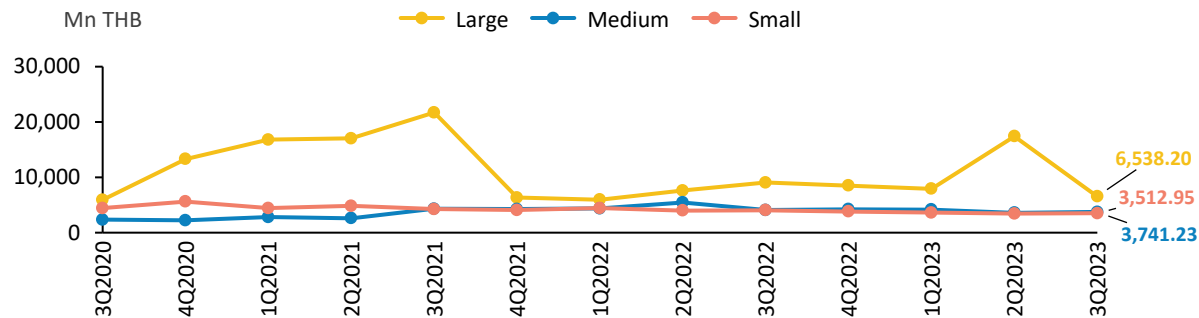
**Total Players** = 1,438 Firms



# Thailand Packaging Business : Loan Outstanding

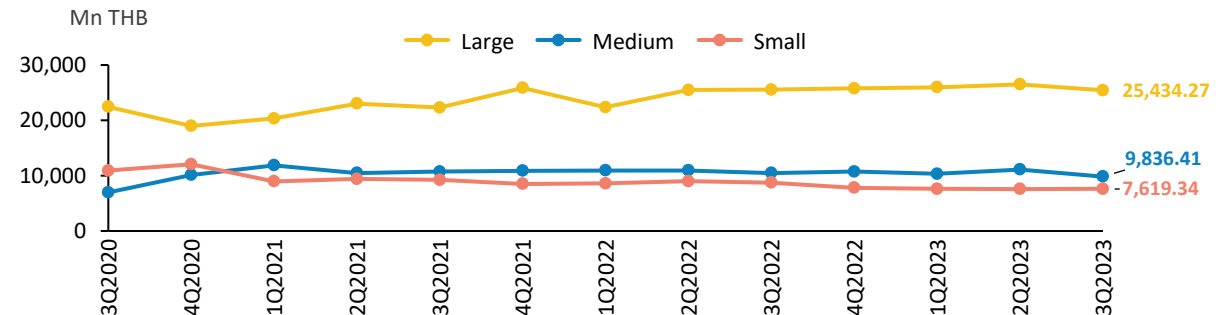
## 17020 : Manufacture of corrugated paper and paperboard and of containers of paper and paperboard

Loan Size\* = 13,792.38 Mn THB



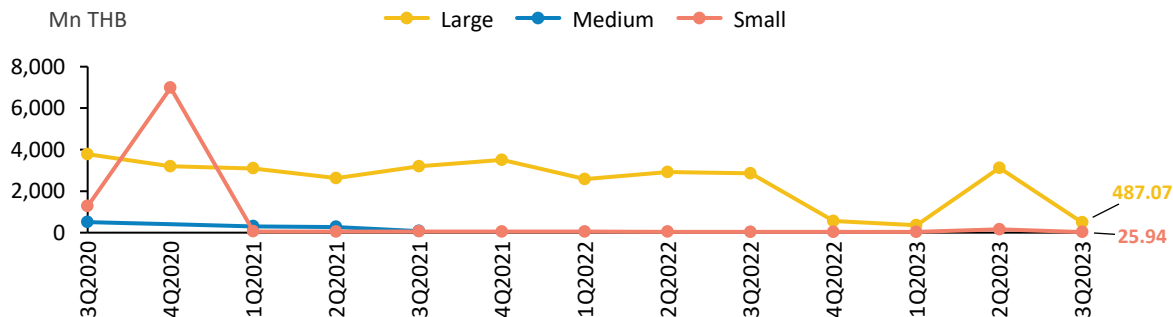
## 22220 : Manufacture of plastics products

Loan Size\* = 42,890.02 Mn THB



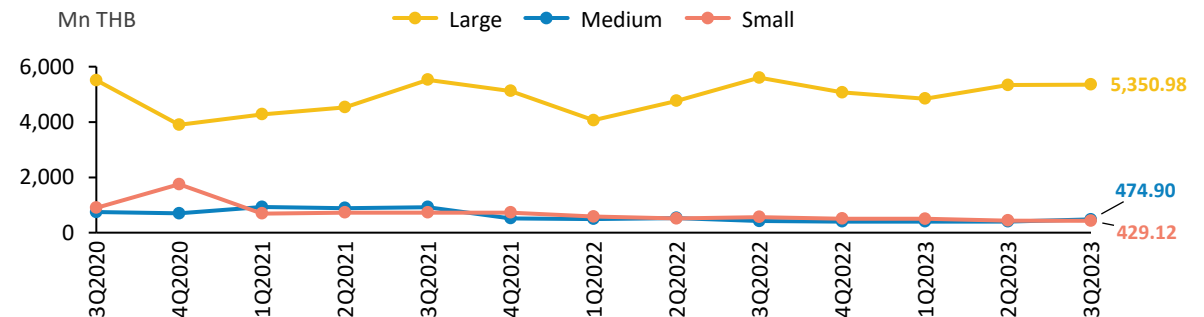
## 23102 : Manufacture of containers and tableware of glass

Loan Size\* = 513.01 Mn THB



## 25949 : Manufacture of pails, cans and other containers of metal

Loan Size\* = 6,255.01 Mn THB



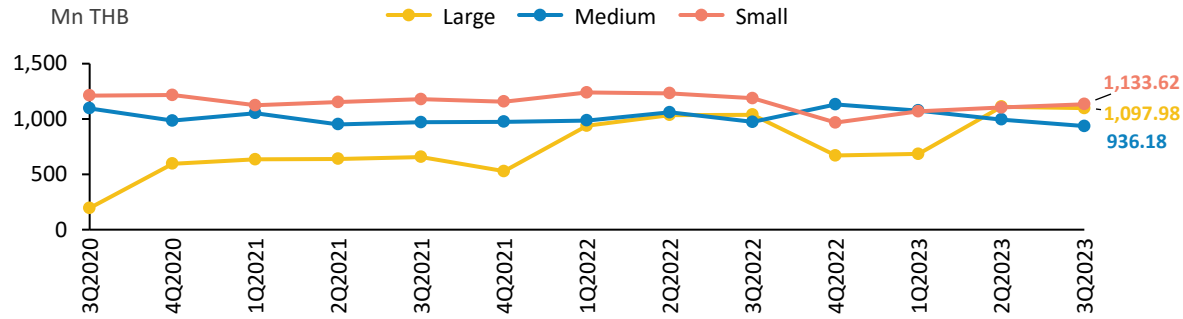
\* Data as of 2Q2023



# Thailand Packaging Business : Loan Outstanding

**46694** : Wholesale of industrial or commercial containers

Loan Size\* = 3,167.78 Mn THB



\* Data as of 2Q2023

# End of Presentation

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## Disclaimer

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