BUY (From: HOLD)

Change in Recommendation

TP: Bt 63.00 (From: Bt 56.00)

Upside : 15.1%

4 AUGUST 2022

Thanachart Securities

SCG Packaging Pcl (SCGP TB)

A turnaround play

We upgrade SCGP to BUY from Hold and raise our TP to Bt63 from Bt56. We expect a turnaround for the company, driven by improved earnings on the back of falling costs and resilient demand. The valuation of 20x 2023F PE looks attractive in light of the 28x average since its listing and a 28% normalized EPS CAGR in 2023-24F.

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Benefiting from lower OCC costs...

We expect an earnings turnaround to gather pace in 2H22F as the cost of OCC (old corrugated cardboard, a key raw material) continues to come down from high levels. The July OCC price in Asia was around $245/tonne, down more than 10% m-m and well below its peak of over $300/tonne in 3Q21. The lower OCC price will likely gradually impact the P&L as there is typically a one- to two-month lag. We think the declining cost trend will be persistent as prices in the US (a key source of OCC imports for Thailand) have also been coming down. We have therefore lowered our OCC price assumptions in 2023-25F to $245/220/222 per tonne from $250-253/tonne previously. For now, we keep our assumption for 2022F unchanged at $270/tonne.

...and falling freight rates

SCGP has suffered significantly from the sharp rise in freight rates since late 2020. This impacted not only the cost of raw material imports (freight costs make up as much as 50% of the landed cost of OCC) but also SG&A. SCGP derives almost 20% of sales from exports where it has had to shoulder the rising freight costs for its customers. Over the past year, distribution costs have increased by over 30% and are now equivalent to about 6% of sales vs. 5.5% in 2021 and just 4.6% in 2020. However, we believe the trend is reversing with global containerized freight rates having fallen by 30% from their peak. We expect freight cost pressure to continue to ease off, helping to reduce SG&A and improving SCGP's operating margin.

Capacity expansion adding to growth

SCGP recently announced an expansion of its Thai cardboard box capacity. This additional 75k tonnes of capacity should increase its box sales by about 7.5% by mid-2023. It would also help to increase integration between its paper and box-making operations. As such, the impact is not only on volume growth but also on margin expansion as SCGP would be able to sell more paper in the domestic market (to itself) which offers a higher margin than exports. Additionally, SCGP is still ramping up its plants in the Philippines which should lead to growth in 2H22F.

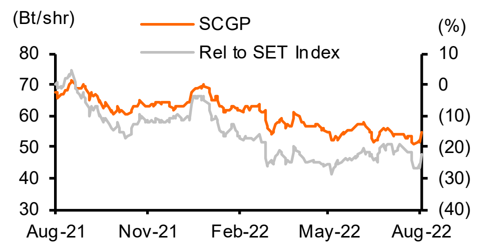
Valuation looks more enticing to us

We think SCGP's valuation looks much more attractive now following the more than 20% share price correction YTD and despite our earnings cut earlier this year. On a forward-looking basis, SCGP's 2023F PE multiple is only 20x, which is well below its 28x average since listing. We also think the valuation looks attractive in light of a 28% earnings CAGR over 2023-24F.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	124,223	144,895	149,482	154,554
Net profit	8,294	7,934	11,637	13,066
Consensus NP	—	8,028	9,389	11,053
Diff frm cons (%)	—	*(1.2)*	*24.0*	*18.2*
Norm profit	7,444	7,934	11,637	13,066
Prev. Norm profit	—	8,635	11,163	12,805
Chg frm prev (%)	—	*(8.1)*	*4.2*	*2.0*
Norm EPS (Bt)	1.7	1.8	2.7	3.0
Norm EPS grw (%)	(12.5)	6.6	46.7	12.3
Norm PE (x)	31.6	29.6	20.2	18.0
EV/EBITDA (x)	14.9	12.1	9.3	8.5
P/BV (x)	2.4	2.3	2.2	2.0
Div yield (%)	1.2	1.7	2.5	2.8
ROE (%)	8.0	8.0	11.1	11.7
Net D/E (%)	28.1	20.7	11.2	2.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 4-Aug-22 (Bt)	54.75
Market Cap (US$ m)	6,525.7
Listed Shares (m shares)	4,292.9
Free Float (%)	26.2
Avg Daily Turnover (US$ m)	16.0
12M Price H/L (Bt)	71.25/51.00
Sector	PKG
Major Shareholder	Siam Cement Pcl. 72.12%

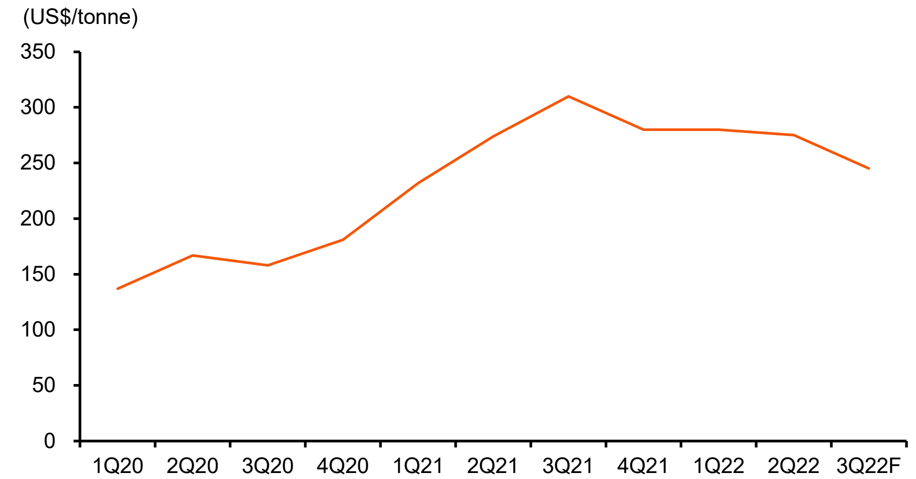
Sources: Bloomberg, Company data, Thanachart estimates

Benefiting from lower OCC costs

We expect the falling cost of OCC (a key raw material) to help drive SCGP's margin improvement

We expect SCG Packaging Pcl (SCGP) to benefit from the falling cost of OCC (old corrugated cardboard), which is the key raw material used in the production of packaging paper and by far the largest cost item (up to 60% of packaging paper COGS). Over the past few years, the Asian OCC price has increased by as much as 100% from late 2019, peaking at over $300/tonne. This has been driven by a number of factors, including limited collections due to COVID disruption as well as high freight costs (as Asia is a net big importer). However, the trend has slowly reversed and the OCC price has continued to decline. As of July 2022, the OCC price in Asia had fallen to $245/tonne, down more than 10% from the 2Q22 level and well off its peak in 3Q21. At the same time, the sales price of packaging paper has continued to increase, particularly in Thailand where there is strong demand growth and hardly any new supply. In the coming quarters, we expect the OCC cost to continue its downward trend which would help improve SCGP's profit margin.

Ex 1: OCC price in Asia coming down

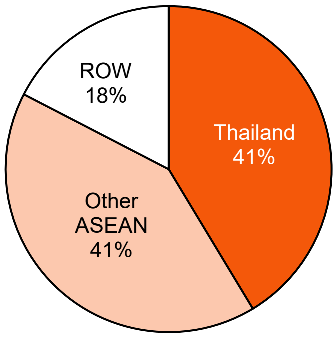


Sources: Company data, Thanachart estimates

Falling freight rate also a boon

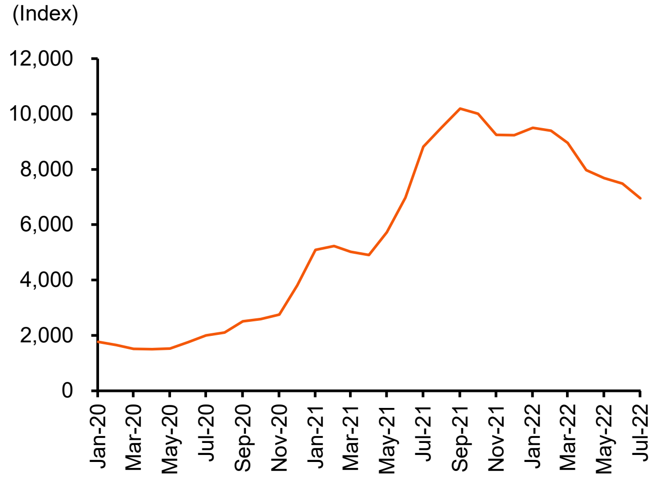
SCGP derives almost 20% of its sales from exports to the rest of the world. These come from production bases in Thailand, Vietnam and Indonesia. However, a significant portion of sales are made on a CIF basis, meaning SCGP has to shoulder the cost of transportation for its customers. The sharp increase in world containerized freight rates over the past two years has meant these transportation costs have become a larger burden on the company, pressuring its profitability, especially in the past few quarters.

Ex 2: SCGP's Sales Mix By Location (1H22)



Sources: Company data, Thanachart estimates

Ex 3: World Container Index

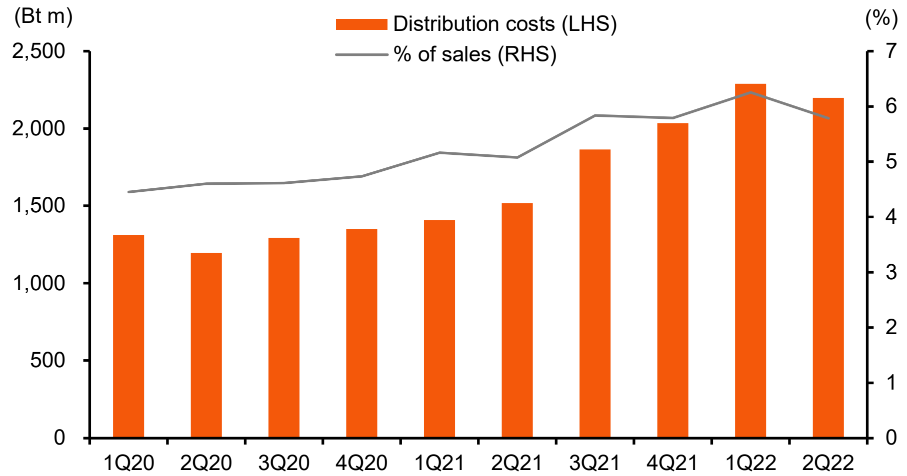


Source: Bloomberg

In fact, distribution costs have grown to over Bt2.2bn per quarter and are now equivalent to about 6% of sales. This has increased from about Bt1.3bn per quarter in 2020 which was then equivalent to just 4.6% of sales. Going forward, however, we think distribution costs will continue to come down gradually given falling global freight rates. This could translate to as much as a 0.5-1.0pp increase in operating margin by 2023F.

Falling freight rates will help lower SG&A and improve operating margin

Ex 4: SCGP's Distribution Costs Have Ballooned In Recent Quarters

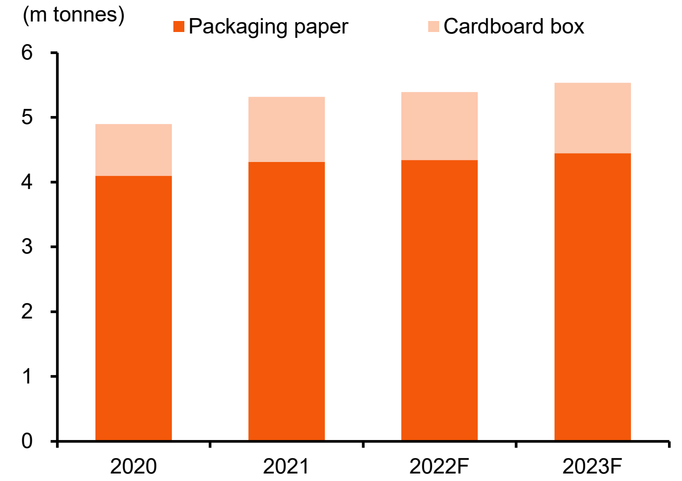


Source: Company data

Capacity expansion adding to growth

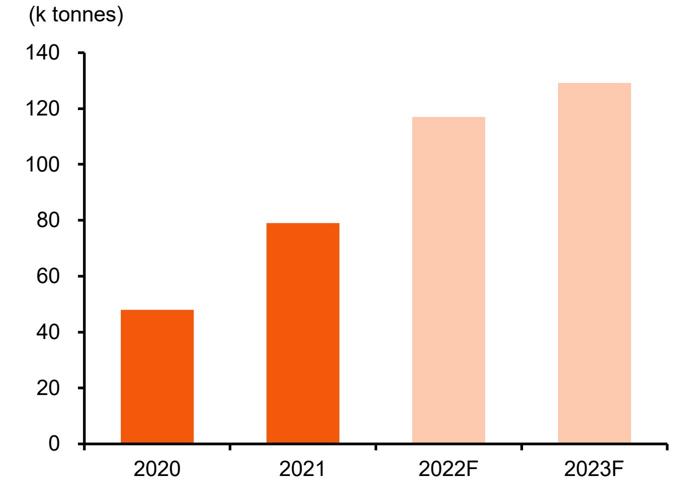
SCGP recently announced an expansion of its Thai cardboard box capacity. This additional 75k tonnes of capacity would increase its box sales by about 7.5% by mid-2023. It would also help increase the integration between its paper and box-making operations. As such, the impact is not only on volume growth but also on margin expansion as SCGP would be able to sell more paper in the domestic market (to itself) which offers a higher margin than export sales. Additionally, SCGP is still ramping up its plants in the Philippines (220ktpa capacity).

Ex 5: Packaging Paper And Box Sales Volumes



Sources: Company data, Thanachart estimates

Ex 6: Polymer-based Packaging Sales Volume



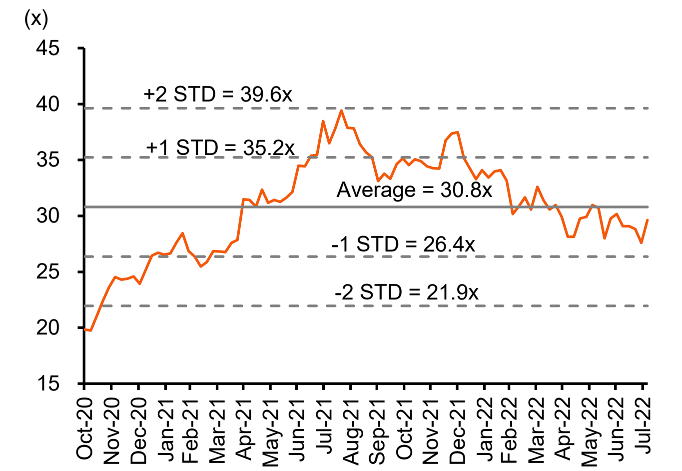
Sources: Company data, Thanachart estimates

Valuation looks more enticing to us

SCGP is trading well below its historical average and despite the 28% normalized EPS CAGR in 2023-24F

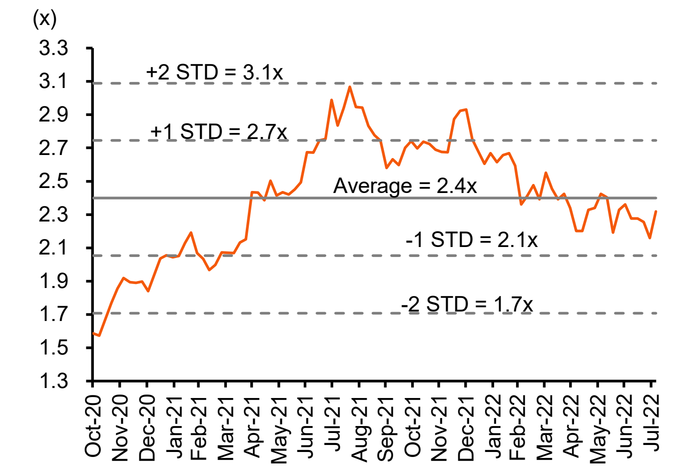
We think SCGP's valuation looks much more attractive now following the more than 20% share price correction YTD and despite our earnings cut earlier this year. On a forward-looking basis, SCGP's 2023F PE multiple is only 20x, which is well below its 28x average since listing. We also think the valuation looks attractive in light of a 28% earnings CAGR over 2023-24F.

Ex 7: Forward PE



Sources: Bloomberg, Thanachart estimates

Ex 8: Forward P/BV



Sources: Bloomberg, Thanachart estimates

We have revised down our assumptions for OCC prices in Asia to $240/220/222 per tonne in 2023-25F from $250-253/tonne previously. This reflects the downward trend in OCC costs at the source of import (i.e., the US, Europe) as well as falling freight rates embedded in the landed cost. We have also revised down our SG&A assumptions by 4-5% in 2023-25F to reflect lower distribution costs (mostly from freight rates but also from falling oil prices). Our assumption for 2022F is kept largely unchanged.

Ex 9: Key Assumption Changes (Lower SG&A Reflects Lower Freight Costs)

Assumption	Unit	2022F	2023F	2024F	2025F
New					
OCC	(US$/tonne)	270	245	220	222
SG&A	(Bt m)	15,516	16,022	16,291	16,143
Old					
OCC	(US$/tonne)	270	250	250	253
SG&A	(Bt m)	15,834	16,700	17,160	16,949
Change					
OCC	*(%)*	*0.0*	*(2.0)*	*(12.0)*	*(12.0)*
SG&A	*(%)*	*(2.0)*	*(4.1)*	*(5.1)*	*(4.8)*

Sources: Company data, Thanachart estimates

We upgrade our rating on SCGP to BUY with a new TP of Bt63

As we forecast lower OCC costs and declining freight rates, we have raised our earnings estimates for 2023-25F by 2-8%. We cut our earnings in 2022F mostly as a result of our higher depreciation assumption. In addition to these earnings upgrades, we roll forward our valuation base year to end-2023F. This results in a higher DCF-based 12-month TP of Bt63/share compared to Bt56 previously.

Ex 10: Earnings And TP Revisions

	Norm profit (Bt m)						TP
	2020	2021	2022F	2023F	2024F	2025F	(Bt/shr)
New/Actual	6,638	7,444	7,934	11,637	13,066	14,958	63.00
Old			8,635	11,163	12,805	13,847	56.00
Change (%)			*(8.1)*	*4.2*	*2.0*	*8.0*	*12.5*

Sources: Company data, Thanachart estimates

Ex 11: 12-month DCF-based Valuation, Using a Base Year Of 2023F

(Bt m)		2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA		26,871	28,222	30,294	30,824	30,666	30,500	30,325	30,141	29,948	29,746	29,535	
Free cash flow		16,649	18,475	21,207	21,763	21,915	22,082	22,267	22,470	22,694	22,941	23,212	355,239
PV of free cash flow		16,649	17,148	18,113	17,181	15,991	14,890	13,878	12,944	11,668	10,852	10,105	154,642
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	0.0												
Terminal growth (%)	2.0												
Enterprise value - add investments	314,061												
Net debt / (cash)	15,362												
Minority interest	29,046												
Equity value	**269,653**												
# of shares (m)	4,293												
Equity value/share (Bt)	**62.8**												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 12: Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div yield 22F (%)	Div yield 23F (%)
Intl Paper Co	IP US	USA	11.9	1.1	9.4	9.3	1.7	1.6	6.2	6.1	4.7	4.4
Westrock Co	WRK US	USA	50.0	10.8	8.5	7.6	0.9	0.8	5.3	5.1	2.1	2.4
Packaging Corp	PKG US	USA	32.1	(0.9)	12.1	12.2	3.1	2.7	7.5	7.7	2.9	3.2
Domtar Corp	UFS US	USA	na	na	na	na	na	na	na	na	na	na
Graphic Packaging	GPK US	USA	89.3	13.3	10.3	9.1	3.0	2.3	8.0	7.4	1.4	1.4
Mondi Plc	MNDI LN	Europe	41.8	(8.0)	7.5	8.1	1.5	1.3	6.0	6.4	4.3	5.2
Stora Enso Oyj-R	STERV FH	Europe	25.2	(21.6)	8.9	11.4	1.0	1.0	6.0	7.0	3.2	4.1
Smurfit Kappa Gr	SKG LN	Europe	40.0	(5.2)	8.2	8.6	1.5	1.4	5.7	6.0	3.9	4.6
Ds Smith Plc	SMDS LN	Europe	26.8	15.8	9.7	8.4	1.1	0.9	5.9	5.5	4.1	5.1
Billerudkorsnas	BILL SS	Europe	143.7	124.7	7.3	3.3	1.2	0.5	5.0	5.5	3.2	5.7
Holmen Ab-B Shs	HOLMB SS	Europe	46.4	(30.9)	15.2	22.0	1.4	1.3	10.3	13.5	2.2	2.3
Reno De Medici Spa	RM IM	Europe	25.4	16.6	na	na	na	na	na	na	na	na
Mayr-Melnhof Karton Ag	MMK AV	Europe	8.5	29.5	14.3	11.1	1.7	1.5	7.4	7.0	2.2	2.7
Oji Holdings Cor	3861 JP	Japan	0.7	7.8	7.0	6.5	0.6	0.6	6.6	6.2	2.6	2.6
Nippon Paper Ind	3863 JP	Japan	38.1	na	40.1	12.9	0.3	0.1	12.3	10.9	4.2	4.2
Hokuetsu Corp	3865 JP	Japan	na	10.1	10.5	9.6	0.5	0.5	8.2	7.7	2.0	3.4
Rengo Co Ltd	3941 JP	Japan	(1.1)	16.8	7.0	6.0	0.5	0.5	6.6	6.0	3.1	3.1
Nine Dragons Paper	2689 HK	Hong Kong	(24.0)	(0.3)	5.5	5.5	0.6	0.6	6.2	5.3	8.1	4.1
Lee & Man Paper	2314 HK	Hong Kong	(49.7)	28.7	6.1	4.7	0.4	0.4	5.5	5.0	11.2	6.6
Shandong Chen - A	000488 CH	China	(50.5)	12.3	11.3	10.1	0.8	0.7	9.4	9.2	4.8	1.3
Shandong Sun - A	002078 CH	China	(3.8)	12.9	9.9	8.8	1.4	1.2	7.3	6.7	1.6	1.5
Shanying Intl – A	600567 CH	China	(16.1)	26.5	7.8	6.2	0.7	0.6	10.7	9.4	1.6	3.1
SCG Packaging Pcl	SCGP TB *	Thailand	6.6	46.7	29.6	20.2	2.3	2.2	12.1	9.3	1.7	2.5
United Paper Pcl	UTP TB*	Thailand	23.5	21.4	9.7	8.0	2.5	2.2	6.9	5.7	6.7	8.1
Average			**21.1**	**14.9**	**11.6**	**9.5**	**1.3**	**1.1**	**7.5**	**7.2**	**3.7**	**3.7**

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

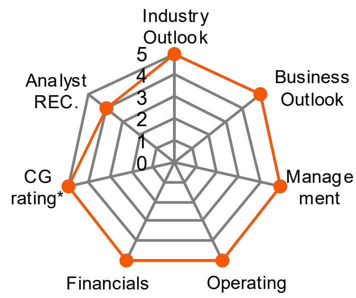
Based on 4 August 2022 closing prices

COMPANY DESCRIPTION

SCG Packaging Pcl (SCGP), is the leading packaging company in ASEAN. The company commands nearly 50% of the packaging paper market in Thailand. It also holds 25% or more market shares in Indonesia, Vietnam and the Philippines. Downstream corrugated cardboard operation allows for 30% integration. The company also produces printing and writing (P&W) paper. Its focus going forward is to be on performance and polymer packaging (PPP). Revenue breakdown as of 1H22 was 47% packaging paper, 25% fiber-based packaging (mostly corrugated cardboard), 16% P&W paper, and the rest plastics packaging. By geography, revenues were evenly split between Thailand (41%) and other ASEAN countries (41%), with the rest coming from export to the rest of the world.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Largest paper packaging company in ASEAN with footprint across nearly all major markets in the region.
- Experienced management with a long track record of delivering growth.

W — Weakness

- Heavy reliance on packaging paper for the majority of revenue and profitability.
- The bulk of revenue and profit still come from Thailand where the growth outlook may be weaker than other ASEAN countries such as Indonesia and Vietnam.

O — Opportunity

- Consumption of packaging materials (paper, plastics) in ASEAN remains well below those of developed countries. This represents significant growth opportunities for the company.
- SCGP is likely to benefit from key mega trends including e-commerce.

T — Threat

- Higher threat of competition amid slower demand growth.
- Threat of new entrants in fast-growing markets (such as Vietnam) especially from China-based players.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	63.02	63.00	0%
Net profit 22F (Bt m)	8,028	7,934	-1%
Net profit 23F (Bt m)	9,389	11,637	24%
Consensus REC	**BUY: 14**	**HOLD: 7**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit is in line with the Bloomberg consensus estimate this year but higher for next year, likely as we expect declining OCC costs and freight rates.
- Our TP is in line with the consensus

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A stronger-than-expected rise in ASP and/or lower OCC costs represent the key upside risks to our call.
- Increased competition in Indonesia and Vietnam could bring down the ASPs in those countries, which would represent the key downside risks to our call.

Source: Thanachart

We forecast 28% EPS CAGR in 2023-24F

Balance sheet likely to strengthen given high cash flows and limited capex

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	92,786	124,223	144,895	149,482	154,554
Cost of sales	73,375	101,878	117,530	116,458	119,962
Gross profit	**19,411**	**22,345**	**27,365**	**33,023**	**34,592**
% gross margin	20.9%	18.0%	18.9%	22.1%	22.4%
Selling & administration expenses	10,141	12,575	15,516	16,022	16,291
Operating profit	**9,271**	**9,771**	**11,850**	**17,001**	**18,301**
% operating margin	10.0%	7.9%	8.2%	11.4%	11.8%
Depreciation & amortization	7,183	8,315	9,818	9,869	9,921
EBITDA	**16,454**	**18,086**	**21,668**	**26,871**	**28,222**
% EBITDA margin	17.7%	14.6%	15.0%	18.0%	18.3%
Non-operating income	602	2,214	1,159	1,196	1,236
Non-operating expenses	0	0	0	0	0
Interest expense	(1,452)	(1,180)	(1,700)	(1,609)	(912)
Pre-tax profit	**8,421**	**10,805**	**11,309**	**16,588**	**18,625**
Income tax	1,002	2,065	1,922	2,820	3,166
After-tax profit	**7,420**	**8,740**	**9,386**	**13,768**	**15,459**
% net margin	8.0%	7.0%	6.5%	9.2%	10.0%
Shares in affiliates' Earnings	66	57	0	0	0
Minority interests	(848)	(1,353)	(1,453)	(2,131)	(2,393)
Extraordinary items	(180)	850	0	0	0
NET PROFIT	**6,457**	**8,294**	**7,934**	**11,637**	**13,066**
Normalized profit	**6,638**	**7,444**	**7,934**	**11,637**	**13,066**
EPS (Bt)	1.9	1.9	1.8	2.7	3.0
Normalized EPS (Bt)	2.0	1.7	1.8	2.7	3.0

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	62,919	69,186	86,815	77,517	69,366
Cash & cash equivalent	32,886	20,222	30,000	20,000	10,000
Account receivables	16,334	24,910	29,056	29,975	30,992
Inventories	12,760	23,308	26,889	26,644	27,445
Others	939	746	871	898	929
Investments & loans	829	873	873	873	873
Net fixed assets	87,271	97,181	96,109	93,929	90,583
Other assets	21,410	39,583	31,833	31,833	31,833
Total assets	**172,429**	**206,824**	**215,631**	**204,152**	**192,655**
LIABILITIES:					
Current liabilities:	43,237	51,977	54,590	42,397	29,834
Account payables	10,365	15,261	17,606	17,445	17,970
Bank overdraft & ST loans	15,080	30,547	28,283	17,681	6,968
Current LT debt	16,302	1,865	5,657	3,536	1,394
Others current liabilities	1,489	4,303	3,044	3,735	3,503
Total LT debt	**12,052**	**22,164**	**22,626**	**14,145**	**5,574**
Others LT liabilities	7,300	10,383	10,107	10,427	10,781
Total liabilities	**62,588**	**84,524**	**87,323**	**66,969**	**46,189**
Minority interest	21,103	25,463	26,915	29,046	31,439
Preferreds shares	0	0	0	0	0
Paid-up capital	4,293	4,293	4,293	4,293	4,293
Share premium	40,860	40,860	40,860	40,860	40,860
Warrants	0	0	0	0	0
Surplus	(3,592)	(875)	(875)	(875)	(875)
Retained earnings	**47,177**	**52,559**	**57,114**	**63,859**	**70,750**
Shareholders' equity	88,738	96,837	101,392	108,137	115,027
Liabilities & equity	**172,429**	**206,824**	**215,631**	**204,152**	**192,655**

Sources: Company data, Thanachart estimates

SCGP generates high FCF from operations

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	8,421	10,805	11,309	16,588	18,625
Tax paid	(719)	(2,343)	(1,483)	(2,961)	(3,045)
Depreciation & amortization	7,183	8,315	9,818	9,869	9,921
Chg In working capital	(313)	(14,228)	(5,382)	(835)	(1,294)
Chg In other CA & CL / minorities	3,308	7,529	(1,822)	804	(383)
Cash flow from operations	**17,881**	**10,078**	**12,440**	**23,466**	**23,824**
Capex	(11,591)	(18,225)	(8,746)	(7,689)	(6,575)
Right of use	0	0	0	0	0
ST loans & investments	5	0	0	0	0
LT loans & investments	(42)	(44)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,405)	(15,737)	7,474	320	354
Cash flow from investments	**(13,034)**	**(34,006)**	**(1,273)**	**(7,369)**	**(6,221)**
Debt financing	(16,249)	11,460	1,990	(21,204)	(21,427)
Capital increase	40,092	0	0	0	0
Dividends paid	(1,979)	(3,522)	(3,379)	(4,893)	(6,176)
Warrants & other surplus	1,216	3,327	0	0	0
Cash flow from financing	**23,079**	**11,265**	**(1,389)**	**(26,097)**	**(27,603)**
Free cash flow	**6,290**	**(8,147)**	**3,693**	**15,777**	**17,249**

Valuation remains attractive and well below its historical average

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	27.6	31.6	29.6	20.2	18.0
Normalized PE - at target price (x)	31.8	36.3	34.1	23.2	20.7
PE (x)	28.4	28.3	29.6	20.2	18.0
PE - at target price (x)	32.7	32.6	34.1	23.2	20.7
EV/EBITDA (x)	11.8	14.9	12.1	9.3	8.5
EV/EBITDA - at target price (x)	13.5	16.9	13.7	10.6	9.7
P/BV (x)	2.6	2.4	2.3	2.2	2.0
P/BV - at target price (x)	3.0	2.8	2.7	2.5	2.4
P/CFO (x)	10.3	23.3	18.9	10.0	9.9
Price/sales (x)	2.5	1.9	1.6	1.6	1.5
Dividend yield (%)	0.8	1.2	1.7	2.5	2.8
FCF Yield (%)	3.4	(3.5)	1.6	6.7	7.3
(Bt)					
Normalized EPS	2.0	1.7	1.8	2.7	3.0
EPS	1.9	1.9	1.8	2.7	3.0
DPS	0.5	0.7	0.9	1.4	1.5
BV/share	20.7	22.6	23.6	25.2	26.8
CFO/share	5.3	2.3	2.9	5.5	5.5
FCF/share	1.9	(1.9)	0.9	3.7	4.0

Sources: Company data, Thanachart estimates

We expect ROE improvement from 2023F onwards

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	4.2	33.9	16.6	3.2	3.4
Net profit (%)	22.6	28.4	(4.4)	46.7	12.3
EPS (%)	14.4	0.2	(4.4)	46.7	12.3
Normalized profit (%)	32.3	12.1	6.6	46.7	12.3
Normalized EPS (%)	23.4	(12.5)	6.6	46.7	12.3
Dividend payout ratio (%)	29.9	33.6	50.0	50.0	50.0
Operating performance					
Gross margin (%)	20.9	18.0	18.9	22.1	22.4
Operating margin (%)	10.0	7.9	8.2	11.4	11.8
EBITDA margin (%)	17.7	14.6	15.0	18.0	18.3
Net margin (%)	8.0	7.0	6.5	9.2	10.0
D/E (incl. minor) (x)	0.4	0.4	0.4	0.3	0.1
Net D/E (incl. minor) (x)	0.1	0.3	0.2	0.1	0.0
Interest coverage - EBIT (x)	6.4	8.3	7.0	10.6	20.1
Interest coverage - EBITDA (x)	11.3	15.3	12.7	16.7	30.9
ROA - using norm profit (%)	4.3	3.9	3.8	5.5	6.6
ROE - using norm profit (%)	10.1	8.0	8.0	11.1	11.7
DuPont					
ROE - using after tax profit (%)	11.3	9.4	9.5	13.1	13.9
- asset turnover (x)	0.6	0.7	0.7	0.7	0.8
- operating margin (%)	10.6	9.6	9.0	12.2	12.6
- leverage (x)	2.4	2.0	2.1	2.0	1.8
- interest burden (%)	85.3	90.2	86.9	91.2	95.3
- tax burden (%)	88.1	80.9	83.0	83.0	83.0
WACC (%)	7.7	7.7	7.7	7.7	7.7
ROIC (%)	8.4	8.0	7.5	11.0	12.3
NOPAT (Bt m)	8,168	7,903	9,835	14,111	15,190
invested capital (Bt m)	99,286	131,191	127,958	123,499	118,962

Sources: Company data, Thanachart estimates

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