

**SELL** (From: BUY)

Change in Recommendation

**TP: Bt 175.00**

(From: Bt275.00)

**4 NOVEMBER 2024**

**Downside : 16.3%**

# The Siam Cement Pcl (SCC TB)

## Bad times

We downgrade our rating on SCC to SELL due to the prolonged downturn in the petrochemical cycle and LSP's competitiveness issue amid growing supply from China. We slash our TP for SCC to Bt175.



**YUPAPAN POLPORNPRASERT**

662-779-9119

yupapan.pol@thanachartsec.co.th

### Bad spreads and more; SELL

This report is a part of Energy sector – *Cheap for a reason*, dated 4 November 2024. We downgrade our rating SCC to SELL from Buy. **First**, the petrochemical outlook is worse than that we had expected earlier, with a prolonged cyclical downcycle and more structurally competitive supply from China. **Second**, as China's supply is more competitive, the Long Son Petrochemical Complex (LSP) is less competitive by comparison, implying a lower investment return. **Third**, the prolonged downcycle resulted in LSP halting operation after a month's commercial run in September this year. Together with overall weaker spread assumptions, we cut our earnings estimates for SCC sharply by 43/39/40% in 2024-26F and slash our DCF-based 12-month TP (2025F base year) to Bt175 (from Bt275). **Fourth**, its building materials and packaging paper businesses remain soft. **Lastly**, SCC looks expensive to us, trading at 17x PE for 2025F.

### LSP faces real challenges

The most important challenge, in our view, for LSP is its competitiveness since China is becoming a more competitive producer. SCC has decided to invest US\$700m (14% of its initial project capex) to increase the project's flexibility to use more ethane feedstock. Ethane is cheaper than naphtha. SCC expects the enhancement project to be completed in 2027. Another challenge is the industry's prolonged cyclical downturn due to weak demand vs. substantial supply in China. Too low spreads have caused LSP to halt its operation for at least six months.

### Other businesses not much help

Both the cement building materials (CBM) and packaging paper businesses are also seeing weak demand. Despite increased government spending, cement demand grew only 0.5% y-y in 3Q24F, hampered by flooding and the weak property market. Meanwhile, the recovery in demand for packaging paper has been slower than we had expected, with sales volume declining y-y since 2Q24 due to falling exports to China.

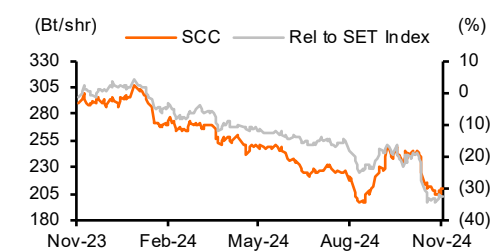
### Focus on balance sheet and costs

With the challenging industry environment, SCC is now focusing more on cost-cutting and a lean balance sheet. It is looking to sell some assets and shut down non-profitable businesses. The guidance is that this could lead to Bt5bn in cost savings in 2025F. We have not yet factored this into our forecasts as we wait for greater clarity on the plans. The company has also reduced its capex guidance by Bt4bn to 37bn in 2024F, which we factor into our model.

### COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	499,646	580,444	615,800	632,222
Net profit	25,915	8,243	14,571	19,916
Consensus NP	—	11,237	17,757	24,889
Diff frm cons (%)	—	(26.6)	(17.9)	(20.0)
Norm profit	14,963	8,243	14,571	19,916
Prev. Norm profit	—	14,414	24,006	33,259
Chg frm prev (%)	—	(42.8)	(39.3)	(40.1)
Norm EPS (Bt)	12.5	6.9	12.1	16.6
Norm EPS grw (%)	(30.0)	(44.9)	76.8	36.7
Norm PE (x)	16.8	30.4	17.2	12.6
EV/EBITDA (x)	14.0	24.0	12.1	9.9
P/BV (x)	0.7	0.7	0.7	0.6
Div yield (%)	2.9	1.6	2.9	4.0
ROE (%)	4.1	2.3	3.9	5.2
Net D/E (%)	58.7	72.3	69.9	67.2

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 1-Nov-24 (Bt)	209.00
Market Cap (US\$ m)	7,397.8
Listed Shares (m shares)	1,200.0
Free Float (%)	66.2
Avg Daily Turnover (US\$ m)	14.6
12M Price H/L (Bt)	306.00/196.50
Sector	CONMAT
Major Shareholder	HM King Maha Vajiralongkorn Bodindradebayavarangkun 33.64%

Sources: Bloomberg, Company data, Thanachart estimates

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**Ex 1: Earning Revisions**

	2021	2022	2023	2024F	2025F	2026F
<b>Reported profit (Bt m)</b>						
- New	47,174	21,382	25,915	8,243	14,571	19,916
- Old				14,414	24,006	33,259
- Change (%)				(42.8)	(39.3)	(40.1)
<b>Normalized profit (Bt m)</b>						
- New	46,967	21,382	14,963	8,243	14,571	19,916
- Old				14,414	24,006	33,259
- Change (%)				(42.8)	(39.3)	(40.1)
<b>HDPE-Naphtha (US\$/tonne)</b>						
- New	531	392	390	330	350	370
- Old				344	400	450
- Change (%)				(4.1)	(12.5)	(17.8)
<b>PP-Naphtha (US\$/tonne)</b>						
- New	637	376	350	320	350	360
- Old				340	370	390
- Change (%)				(5.9)	(5.4)	(7.7)

Sources: Company data, Thanachart estimates

**Ex 2: 12-month DCF-based TP Calculation, Using A Base Year Of 2025F**

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA + other income	47,011	56,949	74,301	71,324	66,562	70,111	70,905	81,662	84,300	88,978	93,825	
Free cash flow	16,080	25,855	37,674	47,879	46,392	48,124	48,499	56,448	58,206	62,107	66,064	881,687
PV of free cash flow	16,036	21,698	28,960	33,704	29,914	28,423	25,461	27,021	25,412	24,730	23,993	320,202
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.1											
Wacc (%)	9.2											
Terminal growth (%)	2.0											
Enterprise value	605,553											
Net debt*	320,147											
Minority interest	75,960											
Equity value	209,446											
# of shares	1,200											
<b>Equity value / share</b>	<b>175</b>											

Sources: Company data, Thanachart estimates

Note: \*Includes liquid assets held under current and non-current assets

## Valuation Comparison

### Ex 3: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			24F	25F	24F	25F	24F	25F	24F	25F	24F	25F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
<b>Chemical peers</b>												
Petronas Chemicals Group	PCHEM MK	Malaysia	11.3	13.2	18.2	16.1	1.0	1.0	8.6	7.7	3.0	3.4
LG Chem	051910 KS	South Korea	(60.8)	na	40.6	12.8	0.7	0.7	8.2	5.5	1.0	1.6
Kumho Petrochemical	011780 KS	South Korea	5.0	16.2	9.0	7.7	0.7	0.6	5.6	4.8	2.2	2.5
Lotte Chemical	011170 KS	South Korea	na	na	na	33.0	0.3	0.3	17.3	9.7	3.3	3.8
Formosa Chemicals & Fibre	1326 TT	Taiwan	(24.2)	63.5	31.6	19.3	0.7	0.7	16.2	12.1	2.6	4.1
Formosa Plastics	1301 TT	Taiwan	(57.2)	119.1	58.4	26.6	0.9	0.9	26.1	21.6	2.0	2.3
Nan Ya Plastics	1303 TT	Taiwan	4.5	70.9	35.9	21.0	0.9	0.9	14.9	13.3	2.2	3.8
Formosa Petrochemical	6505 TT	Taiwan	(21.2)	38.8	26.3	19.0	1.4	1.3	12.4	9.7	3.3	3.9
Siam Cement	SCC TB *	Thailand	(44.9)	76.8	30.4	17.2	0.7	0.7	24.0	12.1	1.6	2.9
Indorama Ventures	IVL TB *	Thailand	298.1	28.1	22.7	17.7	1.0	0.9	7.4	6.7	0.0	1.7
PTT Global Chemical	PTTGC TB *	Thailand	na	na	na	24.1	0.4	0.4	11.8	9.2	2.8	1.5
IRPC	IRPC TB *	Thailand	na	na	na	na	0.4	0.4	20.2	15.2	0.0	0.0
<b>Average</b>			<b>12.3</b>	<b>53.3</b>	<b>30.3</b>	<b>19.5</b>	<b>0.7</b>	<b>0.7</b>	<b>14.4</b>	<b>10.6</b>	<b>2.0</b>	<b>2.6</b>
<b>Cement peers</b>												
Indocement	INTP IJ	Indonesia	(21.1)	9.8	16.5	15.0	1.2	1.1	7.4	6.9	1.7	2.0
Semen Indonesia	SMGR IJ	Indonesia	(24.2)	15.2	13.2	11.4	0.6	0.5	5.0	4.8	3.3	4.4
Asia Cement	1102 TT	Taiwan	(0.9)	(4.0)	13.8	14.4	1.0	1.0	21.0	18.1	4.3	4.5
Taiwan Cement	1101 TT	Taiwan	19.0	12.9	21.8	19.3	1.0	1.0	15.1	10.5	3.3	3.4
Siam City Cement	SCCC TB	Thailand	44.6	7.8	12.8	11.9	1.4	1.4	8.1	7.8	5.5	5.7
TPI Polene	TPIPL TB	Thailand	na	na	na	na	na	na	na	na	na	na
<b>Average</b>			<b>3.5</b>	<b>8.4</b>	<b>15.6</b>	<b>14.4</b>	<b>1.0</b>	<b>1.0</b>	<b>11.3</b>	<b>9.6</b>	<b>3.6</b>	<b>4.0</b>
<b>Packaging paper peers</b>												
Amcor	AMC AU	Britain	(4.3)	6.3	15.1	14.2	3.7	3.7	11.1	10.7	4.8	4.9
Huhtamaki	HUH1V FH	Finland	7.4	10.9	14.8	13.4	1.9	1.8	8.4	7.9	3.1	3.3
Mondi	MNDI LN	EU	(20.4)	37.1	16.4	11.9	1.3	1.3	8.0	6.5	6.0	4.7
Leeman	2314 HK	Hong Kong	40.0	14.3	6.8	6.0	0.4	0.3	8.9	8.2	5.2	6.0
Nine Dragon Paper	2689 HK	Hong Kong	138.6	121.5	19.7	8.9	0.3	0.3	12.9	10.6	0.3	1.1
BillerudKorsnas	BILL SS	EU	95.4	39.6	16.4	11.7	0.8	0.8	6.0	5.2	3.2	4.3
Int. Paper	IP US	US	(34.5)	119.0	40.6	18.5	2.3	2.1	12.2	9.3	3.3	3.4
PCA	PKG US	US	8.5	23.6	25.3	20.5	4.8	4.3	13.5	11.6	2.2	2.2
Mondi	MNDI LN	EU	(20.4)	37.1	16.4	11.9	1.3	1.3	8.0	6.5	6.0	4.7
SCG Packaging	SCGP TB *	Thailand	4.1	18.8	20.3	17.1	1.4	1.3	9.4	7.5	2.0	2.3
United Paper	UTP TB	Thailand	10.0	9.1	7.5	6.9	1.4	1.3	4.7	4.3	6.6	7.3
<b>Average</b>			<b>20.4</b>	<b>39.8</b>	<b>18.1</b>	<b>12.8</b>	<b>1.8</b>	<b>1.7</b>	<b>9.4</b>	<b>8.0</b>	<b>3.9</b>	<b>4.0</b>
<b>Average</b>			<b>14.1</b>	<b>37.7</b>	<b>22.0</b>	<b>15.8</b>	<b>1.2</b>	<b>1.1</b>	<b>11.9</b>	<b>9.4</b>	<b>3.0</b>	<b>3.4</b>

Sources: Bloomberg, \* Thanachart estimates

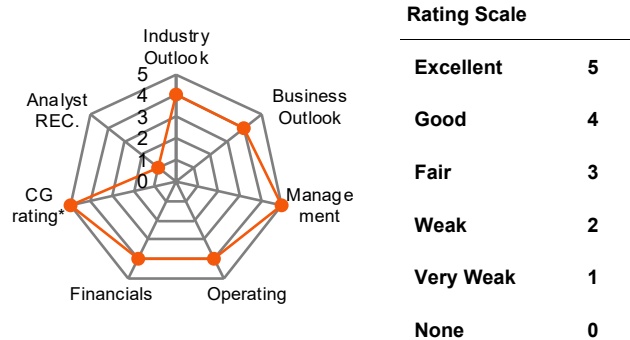
Based on 1 November 2024 closing prices

## COMPANY DESCRIPTION

The Siam Cement Pcl (SCC) is one of Thailand's largest industrial conglomerates. The company's operations comprise three main divisions: cement and building materials, petrochemicals, and packaging. Approximately two-thirds of earnings are now derived from chemicals, although the company is focusing on growing its cement and building material businesses in ASEAN.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Very strong market position in most of its businesses and products.
- Strong track record of operational and distribution excellence.
- Robust financial position.
- Experienced and prudent management team.

### O — Opportunity

- M&A opportunities, especially for its construction materials businesses in ASEAN.
- Significant potential to expand its chemical businesses, especially in Vietnam and Indonesia.

### W — Weakness

- Still heavily reliant on Thailand as its key market.
- Petrochemical is a highly cyclical business that can cause high earnings volatility for the company.

### T — Threat

- Threat from competition in the local cement market.
- Potential holding discount after its Chemical IPO.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	242.29	175.00	-28%
Net profit 24F (Bt m)	11,237	8,243	-27%
Net profit 25F (Bt m)	17,757	14,571	-18%
Consensus REC	BUY: 9	HOLD: 15	SELL: 2

## HOW ARE WE DIFFERENT FROM THE STREET?

- We are lower than the Bloomberg consensus with our 2024-25F profits, likely due to us assuming lower chemical spreads while we also incorporate a loss from the LSP plant.
- Our DCF-based TP is lower than the consensus number, which we attribute to us being less positive on a chemical spread recovery from 2025F.

Sources: Bloomberg consensus, Thanachart estimates

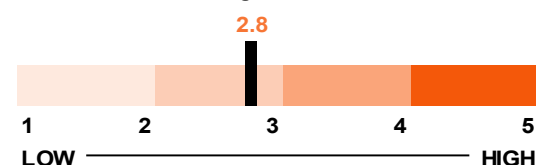
## RISKS TO OUR INVESTMENT CASE

- The key upside risk to our call would be an increase in chemical spreads due to a sudden increase in demand or less new supply.
- A secondary upside risk would be falling energy costs that would increase margins.

Source: Thanachart

SCC has three core businesses: petrochemicals, building materials, and packaging paper, all with high carbon emission levels. We assign SCC an ESG score of 2.8, which is about the average for the Thai energy sector. The score reflects high carbon emissions but a strong commitment to cutting these and improving in other ESG areas.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
SCC	YES	YES	YES	AA	68.41	74.88	83.00	48.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
Note: Please see third party on "terms of use" toward the back of this report.

## Factors

## Our Comments

### ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- SCC released 27m tonnes of CO2 equivalent in 2023, the second-highest level in the energy sector following PTT. However, this is a reduction of 10% from 2022 and 20.5% lower from base year 2020 by increasing the proportion of low-carbon energy use such as biomass from agricultural wastes, refuse-derived fuel (RDF) for cement productions, and solar energy. While the petrochemical business uses naphtha, which is an oil-based feedstock, its cement and packaging businesses use a lot of coal. Its ceramic production also uses natural gas as fuel. Its carbon-emission intensity is at 296kg/BOE (barrel of oil equivalent) of CO2 vs. the Thai energy space average of 280kg/BOE.
- SCC has committed to net-zero greenhouse gas (GHG) emissions by 2050, with at least a 25% GHG reduction in 2030 from 2020.
- SCC has implemented various strategies to cut its coal usage and increase its non-coal feedstock to 36% in 2023 from 18% in 2020.

### SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- SCC considers occupational health and safety as its core value and top priority. The lost-time/injury frequency rate for employees and contractors is only 0.276 cases/1 million hours of work. All companies under SCC have passed the Safety Performance Assessment Program (SPAP) at the Standard level or higher.
- SCC promotes equality and well-being among communities and in the workplace. It has undertaken several initiatives to this end. For example, SCC provides training programs to inspire communities to create value-added products.

### GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- Nine of SCC's 15-member board of directors (BOD) are independent. Air Chief Marshal Satitpong Sukvimol is the chairman of the BOD. He is also currently His Majesty the King's Principal Private Secretary, Bureau of the Royal Household.
- SCC's results announcements and analyst meetings are punctual with comprehensive information disclosure. The CEO and top management of all key business lines are present at analyst meetings and take questions.
- SCC also values sustainable investing and energy efficiency, investing in renewable energy projects, and conducting R&D in so-called "deep technology".

Sources: Thanachart, Company data

## INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	569,609	499,646	580,444	615,800	632,222
Cost of sales	491,339	424,543	503,809	513,633	519,214
<b>Gross profit</b>	<b>78,269</b>	<b>75,103</b>	<b>76,635</b>	<b>102,167</b>	<b>113,008</b>
% gross margin	13.7%	15.0%	13.2%	16.6%	17.9%
Selling & administration expenses	69,773	68,300	84,085	87,801	89,982
<b>Operating profit</b>	<b>8,497</b>	<b>6,803</b>	<b>(7,449)</b>	<b>14,366</b>	<b>23,027</b>
% operating margin	1.5%	1.4%	-1.3%	2.3%	3.6%
Depreciation & amortization	29,461	29,740	31,219	32,645	33,922
<b>EBITDA</b>	<b>37,958</b>	<b>36,543</b>	<b>23,769</b>	<b>47,011</b>	<b>56,949</b>
% EBITDA margin	6.7%	7.3%	4.1%	7.6%	9.0%
Non-operating income	12,684	16,278	16,455	15,503	15,559
Non-operating expenses	(1,985)	0	0	0	0
Interest expense	(7,523)	(10,297)	(10,883)	(14,560)	(14,710)
<b>Pre-tax profit</b>	<b>11,672</b>	<b>12,784</b>	<b>(1,878)</b>	<b>15,309</b>	<b>23,876</b>
Income tax	4,650	8,045	(2,485)	4,749	7,838
<b>After-tax profit</b>	<b>7,021</b>	<b>4,739</b>	<b>607</b>	<b>10,560</b>	<b>16,037</b>
% net margin	1.2%	0.9%	0.1%	1.7%	2.5%
Shares in affiliates' Earnings	10,703	8,419	5,961	5,006	6,182
Minority interests	3,658	1,805	1,674	(995)	(2,303)
Extraordinary items	0	10,952	0	0	0
<b>NET PROFIT</b>	<b>21,382</b>	<b>25,915</b>	<b>8,243</b>	<b>14,571</b>	<b>19,916</b>
<b>Normalized profit</b>	<b>21,382</b>	<b>14,963</b>	<b>8,243</b>	<b>14,571</b>	<b>19,916</b>
EPS (Bt)	17.8	21.6	6.9	12.1	16.6
Normalized EPS (Bt)	17.8	12.5	6.9	12.1	16.6

*A lower earnings based on a weak chemical cycle and losses from LSP*

## BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
<b>ASSETS:</b>					
Current assets:	250,049	217,214	230,274	247,003	255,449
Cash & cash equivalent	89,859	63,874	50,272	60,000	65,000
Account receivables	74,459	70,559	81,969	86,962	89,281
Inventories	83,162	80,631	95,686	97,551	98,611
Others	2,570	2,151	2,347	2,490	2,556
Investments & loans	144,274	166,241	166,241	166,241	166,241
Net fixed assets	425,052	424,344	438,125	441,980	444,558
Other assets	87,115	85,802	99,677	105,748	108,568
<b>Total assets</b>	<b>906,490</b>	<b>893,601</b>	<b>934,317</b>	<b>960,972</b>	<b>974,815</b>
<b>LIABILITIES:</b>					
Current liabilities:	132,316	202,245	218,682	229,721	227,867
Account payables	59,783	59,691	70,836	72,217	73,002
Bank overdraft & ST loans	36,252	35,414	40,576	41,217	41,418
Current LT debt	29,423	77,376	88,654	90,054	90,494
Others current liabilities	6,858	29,764	18,616	26,233	22,953
<b>Total LT debt</b>	<b>284,661</b>	<b>210,506</b>	<b>241,189</b>	<b>244,997</b>	<b>246,194</b>
Others LT liabilities	37,088	39,253	31,942	33,887	34,791
<b>Total liabilities</b>	<b>454,065</b>	<b>452,004</b>	<b>491,812</b>	<b>508,605</b>	<b>508,851</b>
Minority interest	78,169	77,635	75,960	76,955	79,258
Preferreds shares	0	0	0	0	0
Paid-up capital	1,200	1,200	1,200	1,200	1,200
Share premium	3,179	1,705	1,705	1,705	1,705
Warrants	0	0	0	0	0
Surplus	6,380	(23,214)	(23,214)	(23,214)	(23,214)
<b>Retained earnings</b>	<b>363,496</b>	<b>384,271</b>	<b>386,853</b>	<b>395,721</b>	<b>407,016</b>
Shareholders' equity	374,255	363,962	366,544	375,412	386,706
<b>Liabilities &amp; equity</b>	<b>906,490</b>	<b>893,601</b>	<b>934,317</b>	<b>960,972</b>	<b>974,815</b>

Sources: Company data, Thanachart estimates

*Asset growth to continue with investment in Vietnam petrochemical complex*

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	11,672	12,784	(1,878)	15,309	23,876
Tax paid	(5,211)	(7,612)	2,502	(4,371)	(7,869)
Depreciation & amortization	29,461	29,740	31,219	32,645	33,922
Chg In working capital	(10,791)	6,339	(15,320)	(5,477)	(2,594)
Chg In other CA & CL / minorities	9,450	37,997	(5,530)	12,102	2,866
<b>Cash flow from operations</b>	<b>34,580</b>	<b>79,249</b>	<b>10,993</b>	<b>50,208</b>	<b>50,201</b>
Capex	(43,805)	(29,032)	(45,000)	(36,500)	(36,500)
Right of use	0	0	0	0	0
ST loans & investments	39	31	130	0	0
LT loans & investments	(4,465)	(21,967)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(11,515)	8,982	(21,186)	(4,126)	(1,916)
<b>Cash flow from investments</b>	<b>(59,747)</b>	<b>(41,986)</b>	<b>(66,056)</b>	<b>(40,626)</b>	<b>(38,416)</b>
Debt financing	60,233	(27,040)	47,122	5,849	1,838
Capital increase	(288)	(1,475)	0	0	0
Dividends paid	(19,199)	(5,400)	(5,661)	(5,703)	(8,622)
Warrants & other surplus	6,669	(29,334)	0	0	0
<b>Cash flow from financing</b>	<b>47,415</b>	<b>(63,248)</b>	<b>41,462</b>	<b>146</b>	<b>(6,784)</b>
<b>Free cash flow</b>	<b>(9,225)</b>	<b>50,217</b>	<b>(34,007)</b>	<b>13,708</b>	<b>13,701</b>

SCC has to spend more capex on LSP

## VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	11.7	16.8	30.4	17.2	12.6
Normalized PE - at target price (x)	9.8	14.0	25.5	14.4	10.5
PE (x)	11.7	9.7	30.4	17.2	12.6
PE - at target price (x)	9.8	8.1	25.5	14.4	10.5
EV/EBITDA (x)	13.5	14.0	24.0	12.1	9.9
EV/EBITDA - at target price (x)	12.4	12.8	22.3	11.2	9.2
P/BV (x)	0.7	0.7	0.7	0.7	0.6
P/BV - at target price (x)	0.6	0.6	0.6	0.6	0.5
P/CFO (x)	7.3	3.2	22.8	5.0	5.0
Price/sales (x)	0.4	0.5	0.4	0.4	0.4
Dividend yield (%)	3.8	2.9	1.6	2.9	4.0
FCF Yield (%)	(3.7)	20.0	(13.6)	5.5	5.5
<b>(Bt)</b>					
Normalized EPS	17.8	12.5	6.9	12.1	16.6
EPS	17.8	21.6	6.9	12.1	16.6
DPS	8.0	6.0	3.4	6.1	8.3
BV/share	311.9	303.3	305.5	312.8	322.3
CFO/share	28.8	66.0	9.2	41.8	41.8
FCF/share	(7.7)	41.8	(28.3)	11.4	11.4

Sources: Company data, Thanachart estimates

We see SCC's PE as unattractive given its weak earnings outlook

## FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth Rate</b>					
Sales (%)	7.5	(12.3)	16.2	6.1	2.7
Net profit (%)	(54.7)	21.2	(68.2)	76.8	36.7
EPS (%)	(54.7)	21.2	(68.2)	76.8	36.7
Normalized profit (%)	(54.5)	(30.0)	(44.9)	76.8	36.7
Normalized EPS (%)	(54.5)	(30.0)	(44.9)	76.8	36.7
Dividend payout ratio (%)	44.9	27.8	50.0	50.0	50.0
<b>Operating performance</b>					
Gross margin (%)	13.7	15.0	13.2	16.6	17.9
Operating margin (%)	1.5	1.4	(1.3)	2.3	3.6
EBITDA margin (%)	6.7	7.3	4.1	7.6	9.0
Net margin (%)	1.2	0.9	0.1	1.7	2.5
D/E (incl. minor) (x)	0.8	0.7	0.8	0.8	0.8
Net D/E (incl. minor) (x)	0.6	0.6	0.7	0.7	0.7
Interest coverage - EBIT (x)	1.1	0.7	na	1.0	1.6
Interest coverage - EBITDA (x)	5.0	3.5	2.2	3.2	3.9
ROA - using norm profit (%)	2.4	1.7	0.9	1.5	2.1
ROE - using norm profit (%)	5.8	4.1	2.3	3.9	5.2
<b>DuPont</b>					
ROE - using after tax profit (%)	1.9	1.3	0.2	2.8	4.2
- asset turnover (x)	0.6	0.6	0.6	0.6	0.7
- operating margin (%)	3.4	4.6	na	4.9	6.1
- leverage (x)	2.4	2.4	2.5	2.6	2.5
- interest burden (%)	60.8	55.4	(20.9)	51.3	61.9
- tax burden (%)	60.2	37.1	na	69.0	67.2
WACC (%)	8.7	8.7	8.7	9.2	9.2
ROIC (%)	0.9	0.4	0.4	1.4	2.2
NOPAT (Bt m)	5,111	2,522	2,408	9,910	15,467
invested capital (Bt m)	634,732	623,384	686,691	691,680	699,812

Sources: Company data, Thanachart estimates



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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

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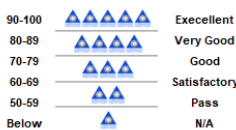
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**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 8/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Euroasia Total Logistics Pcl (ETL TB).

### Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

### Thanachart Securities Pcl.

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: [thanachart.res@thanachartsec.co.th](mailto:thanachart.res@thanachartsec.co.th)

#### Pimpaka Nichgaroon, CFA

Head of Research, Strategy  
[pimpaka.nic@thanachartsec.co.th](mailto:pimpaka.nic@thanachartsec.co.th)

#### Nuttapop Prasitsuksant

Telecom, Utilities  
[nuttapop.pra@thanachartsec.co.th](mailto:nuttapop.pra@thanachartsec.co.th)

#### Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund  
[rata.lim@thanachartsec.co.th](mailto:rata.lim@thanachartsec.co.th)

#### Siriporn Arunothai

Small Cap, Healthcare, Hotel  
[siriporn.aru@thanachartsec.co.th](mailto:siriporn.aru@thanachartsec.co.th)

#### Sittichet Rungrassameephat

Analyst, Retail Market Strategy  
[sittichet.run@thanachartsec.co.th](mailto:sittichet.run@thanachartsec.co.th)

#### Adisak Phupiphathirungul, CFA

Retail Market Strategy  
[adisak.phu@thanachartsec.co.th](mailto:adisak.phu@thanachartsec.co.th)

#### Pattadol Bunnak

Electronics, Food & Beverage, Shipping  
[pattadol.bun@thanachartsec.co.th](mailto:pattadol.bun@thanachartsec.co.th)

#### Saksid Phadthananarak

Construction, Transportation  
[saksid.pha@thanachartsec.co.th](mailto:saksid.pha@thanachartsec.co.th)

#### Yupapan Polpornprasert

Energy, Petrochemical  
[yupapan.pol@thanachartsec.co.th](mailto:yupapan.pol@thanachartsec.co.th)

#### Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy  
[thaloengsak.kuc@thanachartsec.co.th](mailto:thaloengsak.kuc@thanachartsec.co.th)

#### Pattarawan Wangmingmat

Senior Technical Analyst  
[pattarawan.wan@thanachartsec.co.th](mailto:pattarawan.wan@thanachartsec.co.th)

#### Phannarai Tiypittayarut

Property, Retail  
[phannarai.von@thanachartsec.co.th](mailto:phannarai.von@thanachartsec.co.th)

#### Sarachada Sornsong

Bank, Finance  
[sarachada.sor@thanachartsec.co.th](mailto:sarachada.sor@thanachartsec.co.th)

#### Witchanan Tambamroong

Technical Analyst  
[witchanan.tam@thanachartsec.co.th](mailto:witchanan.tam@thanachartsec.co.th)

#### Nariporn Klangpremchitt, CISA

Analyst, Retail Market Strategy  
[nariporn.kla@thanachartsec.co.th](mailto:nariporn.kla@thanachartsec.co.th)