

**SELL** (Unchanged)  
Change in Numbers

**TP: Bt 12.00** (From: Bt 10.00)  
**Downside : 30.6%**

**28 MAY 2025**

# SCG Packaging Pcl (SCGP TB)

## Expensive

We maintain our **SELL** call on SCGP despite its stronger-than-expected 1Q25 results. We still expect the weak industry to limit SCGP's earnings growth. The stock also appears expensive to us at 23.5x 2025F PE for a company with a soft earnings growth outlook.



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### Strong 1Q25 but maintaining SELL

SCGP's 1Q25 results were a beat due to a sharp rebound in packaging EBITDA margins from 4Q24's low base due to lagging cost adjustments. We raise our earnings estimates by 45/26/5% for 2025-27F and lift our DCF-based 12-month TP (2025F base year) to Bt12.0 (from Bt10.0). However, we maintain our **SELL** rating. *First*, we see no change to the industry outlook of ongoing oversupply. We forecast the packaging product spread to remain in the low range of US\$200-215/tonne over the next three years vs. the US\$232 five-year average. *Second*, while we expect Fajar to reach EBITDA breakeven in 2Q25F, significant uncertainty remains regarding potential trade war impacts in 2H25F. Moreover, the benefit from a local competitor's shutdown may be limited, given the persistently weak demand environment. *Third*, at 23.5x 2025F PE against a -19/+6.5/+3.6% EPS growth in 2025-27F and a 4% 2025F ROE, SCGP looks expensive to us.

### Not a recovery outlook

As the industry remains in oversupply, the outlook for packaging paper prices remains flat. Testliner prices remained flat from the previous quarter, at around US\$380/tonne in April and May. Meanwhile, the raw material waste paper AOCC price also stayed flat at US\$179/tonne over the same period. Additionally, China's import demand dropped to 616,000 tonnes in April, down 6% from 1Q25 and 19% from 2Q24.

### Fajar prospects remain uncertain

We expect SCGP's 2Q25F net profit to improve q-q due to Fajar's estimated EBITDA breakeven driven by stronger domestic sales volume and potential restocking demand ahead of the anticipated impact from trade-related tariffs. The increase in domestic volume is largely attributable to the shutdown of its fourth-largest local competitor, which also led to higher domestic prices in May and June. However, we note downside risks in 2H25F from an impact of US tariffs on the region. Additionally, the benefit from the competitor's plant shutdown may be limited for SCGP, as overall industry demand remains weak, and the shutdown involved a relatively small player with only a 3% market share, compared to SCGP's 31%.

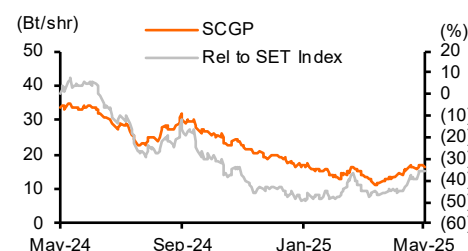
### Valuation still rich, in our view

SCGP's share price surged 30% over the past month after its earnings recovery in 1Q25. The stock now trades at 23.5x 2025F PE against our forecast earnings decline of 19% in 2025F and a mild single-digit recovery over the next two years. Consequently, its 2025F PE looks high to us. SCGP also has a low ROE of only 4.1% in 2025F, which doesn't support its high PE, especially when compared to its peers' 2025F PE average of 14.6x.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	132,784	121,952	122,066	125,278
Net profit	3,699	3,156	3,363	3,483
Consensus NP	—	3,542	4,292	4,919
Diff frm cons (%)	—	(10.9)	(21.7)	(29.2)
Norm profit	3,910	3,156	3,363	3,483
Prev. Norm profit	—	2,179	2,663	3,323
Chg frm prev (%)	—	44.8	26.3	4.8
Norm EPS (Bt)	0.9	0.7	0.8	0.8
Norm EPS grw (%)	(24.3)	(19.3)	6.5	3.6
Norm PE (x)	19.0	23.5	22.1	21.3
EV/EBITDA (x)	8.0	6.8	6.5	5.9
P/BV (x)	1.0	1.0	0.9	0.9
Div yield (%)	3.2	1.7	1.8	1.9
ROE (%)	5.1	4.1	4.3	4.3
Net D/E (%)	51.3	38.7	37.1	28.5

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 28-May-25 (Bt)	17.30
Market Cap (US\$ m)	2,276.7
Listed Shares (m shares)	4,292.9
Free Float (%)	26.4
Avg Daily Turnover (US\$ m)	8.3
12M Price H/L (Bt)	35.00/11.20
Sector	PKG
Major Shareholder	Siam Cement Pcl. 72.12%

Sources: Bloomberg, Company data, Thanachart estimates

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## Weaker 2025F despite strong 1Q25

*We have raised our TP to Bt12.00*

We raise our earnings estimates for SCG Packaging Pcl (SCGP) by 45%/26%/5% in 2025-27F and increase our DCF-based 12-month TP (using 2025F as our base year) to Bt12.0/share from Bt10.0 previously.

*We expect cost benefits to fade in 2Q25F*

SCGP's 1Q25 results came in above our expectations, driven by a sharp rebound in packaging EBITDA margins from the low base in 4Q24. This was primarily due to lagging cost adjustments, though we expect this margin improvement to fade in 2Q25F as American Old Corrugated Container (AOCC) pulp prices have since stabilized. The industry outlook remains unchanged, and we expect a continued oversupply. We estimate that packaging product spreads will remain in the low range of US\$210–215/tonne over the next three years, compared to the five-year average of US\$232/tonne. We have also revised up our utilization rate assumptions, reflecting improved demand prospects amid easing trade war tensions, which appear less severe than we had previously anticipated.

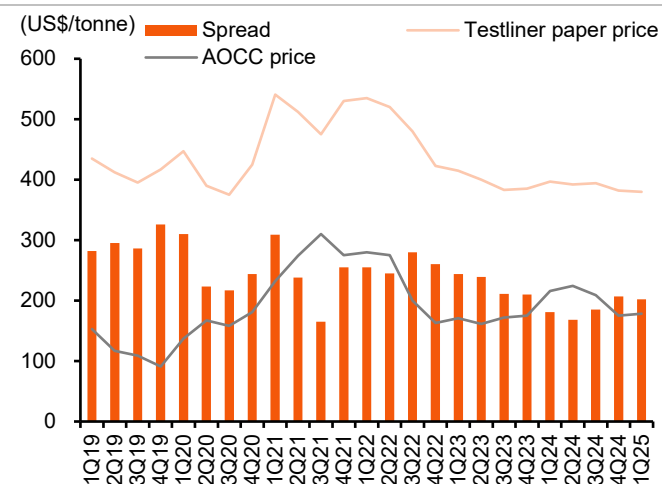
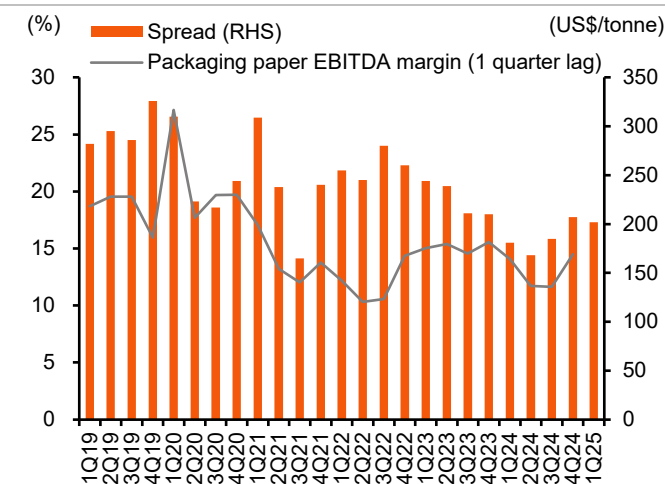
*We foresee a dimmer outlook in 2H25F*

Despite the near-term strength, we still expect SCGP's net profit to decline by 16% in 2025F, before recovering modestly by 7% and 4% in 2026F and 2027F, respectively. We anticipate a weaker 2H25F, as 1Q25 typically marks the seasonal high, while 2Q25F may benefit temporarily from restocking demand ahead of potential tariff impacts.

### Ex 1: Key Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
<b>Reported profit (Bt m)</b>						
- New	5,801	5,248	3,699	3,156	3,363	3,483
- Old				2,179	2,663	3,323
- Change (%)				44.8	26.3	4.8
<b>Normalized profit (Bt m)</b>						
- New	5,768	5,169	3,910	3,156	3,363	3,483
- Old				2,179	2,663	3,323
- Change (%)				44.8	26.3	4.8
<b>Spread (US\$/tonne)</b>						
- New	260	226	185	210	215	225
- Old				195	205	220
- Change (US\$/tonne)				15.0	10.0	5.0
<b>Packaging paper utilization (%)</b>						
- New	99	83	86	87	88	88
- Old				85	87	88
- Change (ppt)				1.7	0.6	0.5

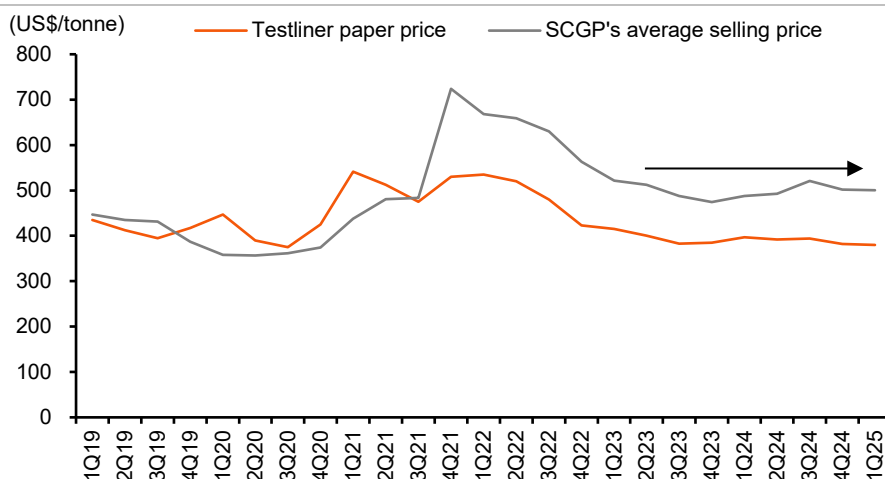
Sources: Company data, Thanachart estimates

**Ex 2: Packaging Paper Vs. Recycled Paper Prices****Ex 3: Spread Vs. EBITDA Margin**

## Not a recovery outlook

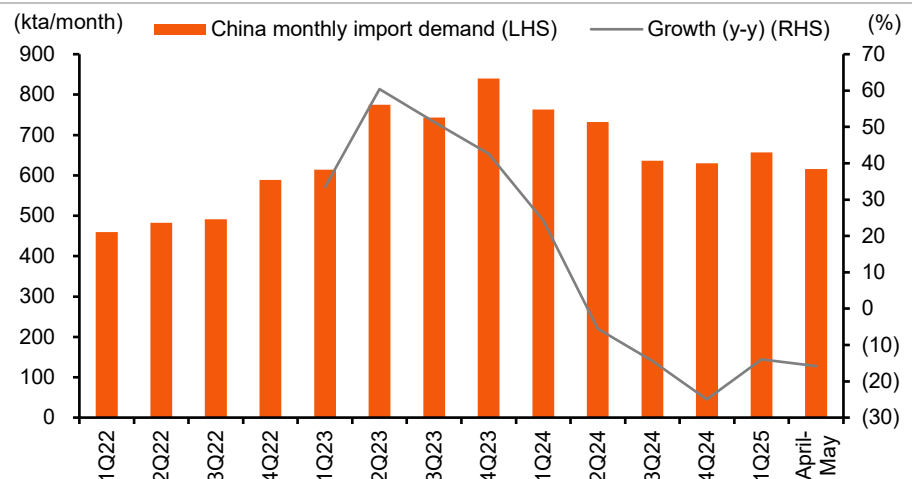
**Testliner price still flat in April and May**

As industry oversupply persists, the outlook for packaging paper prices remains flat, and SCGP continues to face challenges in raising its selling prices. Testliner prices were stable at around US\$380/tonne in April and May, unchanged from the previous quarter. Similarly, the cost of its key raw material — AOCC (waste paper) — also held steady at US\$179/tonne over the same period. Our estimated average selling price for SCGP has followed a similar trend, moving in line with testliner prices.

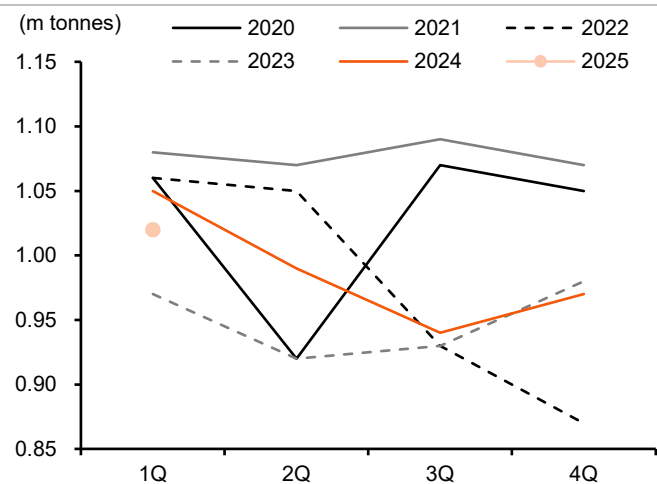
**Ex 4: Muted Price Recovery**

**China import demand declined y-y in April-May**

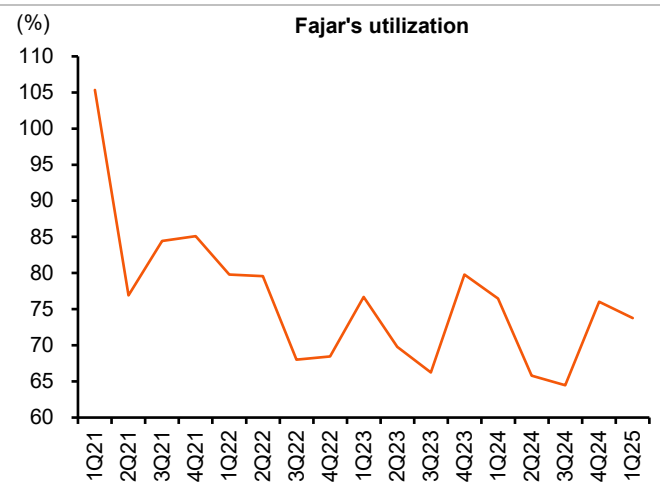
Additionally, overall demand remains subdued. China's import volume fell to 616,000 tonnes in April, marking a 6% decline from 1Q25 and a 19% drop y-y from 2Q24. For SCGP, sales volume declined by 3% y-y in 1Q25, reflecting continued softness in demand. We anticipate a potential recovery in 2Q25F sales volume, supported by two key factors: exporters ramping up shipments ahead of the expiration of the 90-day tariff waiver granted by the US to ASEAN countries, and Fajar's higher domestic sales volume, following the shutdown of the fourth-largest producer in Indonesia. That said, we expect packaging sales volume to decline in 3Q25-4Q25F due to the potential impact of trade tariffs, which will likely lead to a global economic slowdown.

**Ex 5: China Import Demand Continued To Decline Y-Y In April-May**

Source: Company data

**Ex 6: SCGP's Sales Volume**

Source: Company data

**Ex 7: Fajar's Utilization**

Sources: Company data, Thanachart

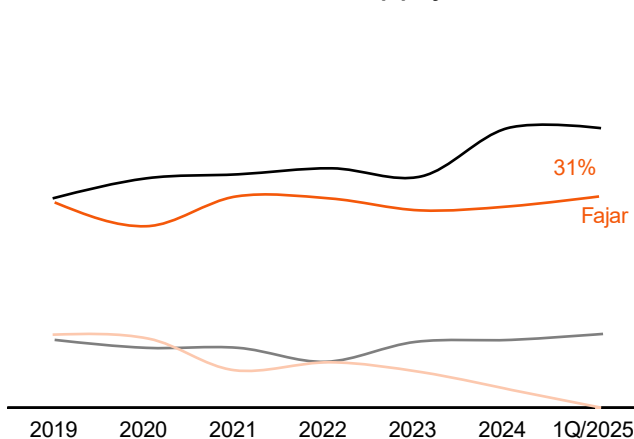
## Fajar prospects remain uncertain

**Fajar looks set to reach EBITDA breakeven in 2Q25F**

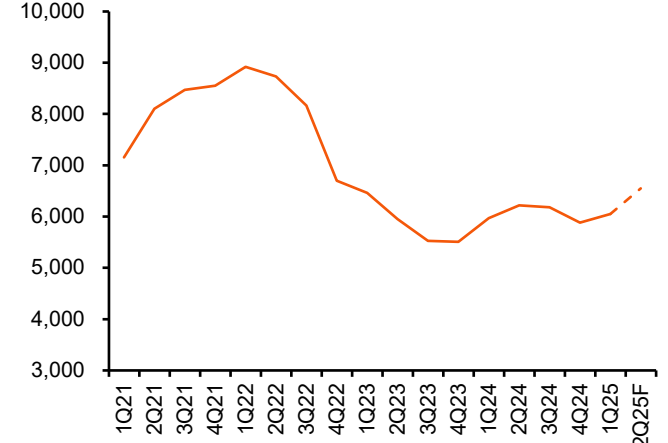
We expect 2Q25F net profit to continue recovering q-q, driven primarily by Fajar, although the outlook for 2H25F remains softer. SCGP anticipates Fajar to reach EBITDA breakeven in 2Q25, supported by three key factors: 1) higher domestic volume following the shutdown of the fourth-largest domestic player, 2) reduced exports to China with volume redirected to markets like Vietnam, Thailand, and the Middle East, which offer better margins, and 3) lower costs driven by declining coal prices.

**Local player's shutdown unlikely to significantly alter the market landscape**

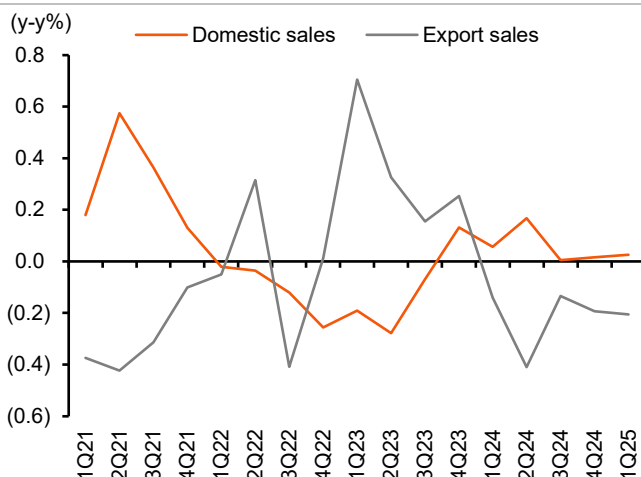
The shutdown has led to improved domestic pricing, with the largest player announcing a price increase of IDR 500/kg in May and June — equivalent to approximately 8% above the 1Q25 price. However, this price remains significantly below levels seen in 2021, and we do not expect Fajar to realize the price hike fully. Additionally, the benefit from the competitor's plant shutdown may be limited for SCGP, as overall industry demand remains weak, and the shutdown involved a relatively small player with only a 3% market share, compared to SCGP's 31%.

**Ex 8: 4<sup>th</sup> Largest Producer Shut Down In Indonesia****Market shares of top players**

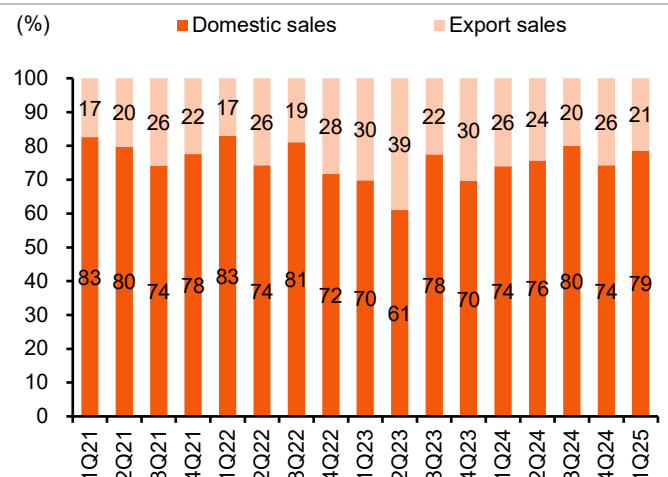
Source: Company data

**Ex 9: We Expect Fajar's ASP To Remain Low****(IDR/Kg)**

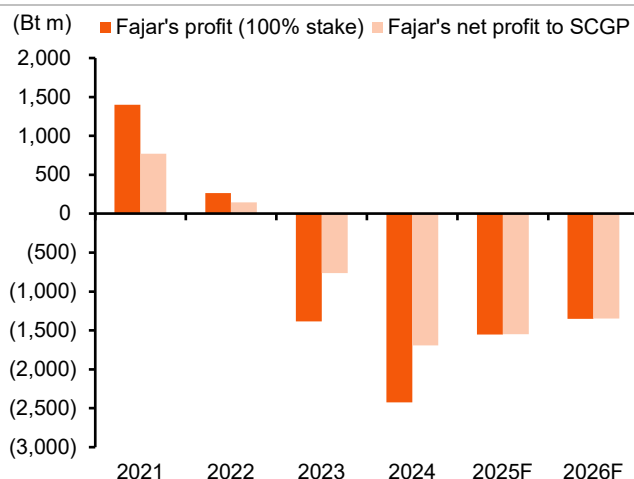
Sources: Company data, Thanachart estimates

**Ex 10: Fajar's Sales Volume Growth By Market**

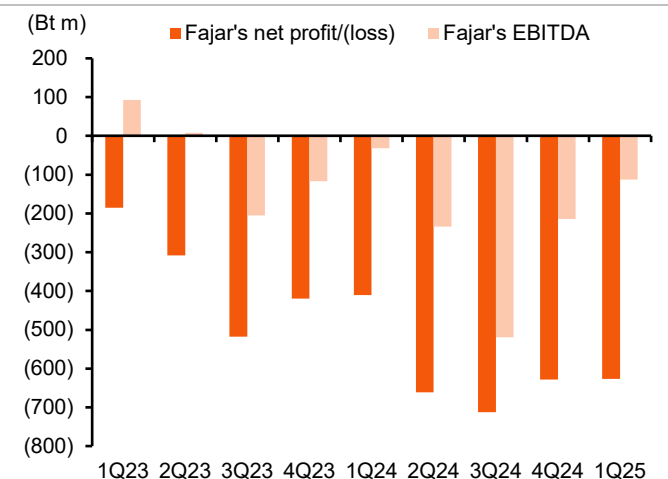
Source: Company data

**Ex 11: Fajar's Sales Volume Breakdown**

Source: Company data

**Ex 12: Fajar's Net Profit – Yearly**

Sources: Company data, Thanachart estimates

**Ex 13: Fajar's Net Profit And EBITDA – Quarterly**

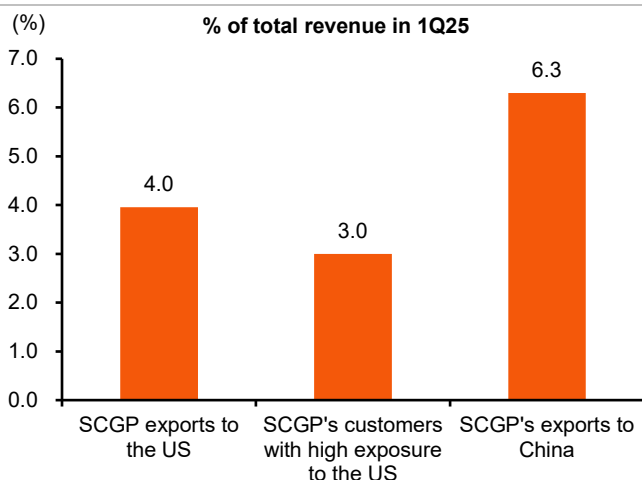
Source: Company data

## Tariff impact remains a key risk

*US tariff measures may trigger a slowdown in economic growth in 2H25F*

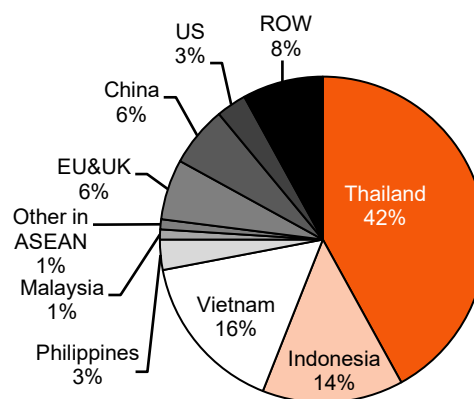
We believe uncertainty remains regarding the potential impact of the trade war in 2H25F. According to SCGP, 13% of its 1Q25 revenue is exposed to US tariffs, comprising 4% from exports to the US, 3% from customers highly exposed to the US market, and 6.3% from exports to China. However, the greater concern lies with the indirect effects of a possible global economic slowdown and the fact that SCGP's production bases are located in countries expected to face US import tariffs ranging from 32% to 46%. With revenue heavily concentrated in Thailand (42%), Vietnam (16%), and Indonesia (14%), the steep tariffs could negatively impact local economies, reduce consumer spending, and ultimately weaken demand in SCGP's key markets.

**Ex 14: Impact Of US Tariffs On SCGP**



Sources: Company data, Thanachart estimates

**Ex 15: SCGP's Revenue Breakdown (2024)**



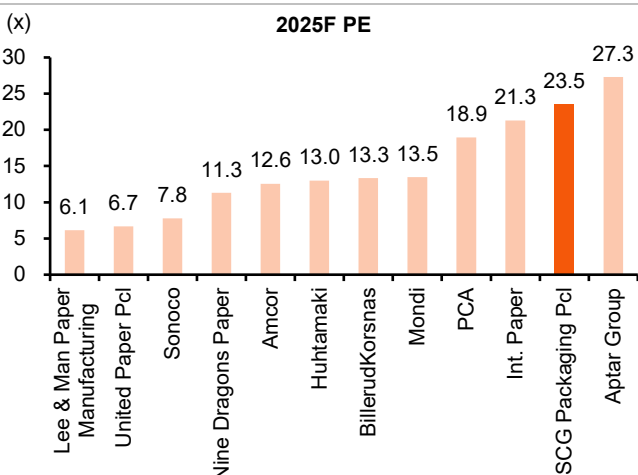
Source: Company data

## Valuation remains rich, in our view

*23.5x 2025F PE looks rich given SCGP's likely weaker profits in 2025F*

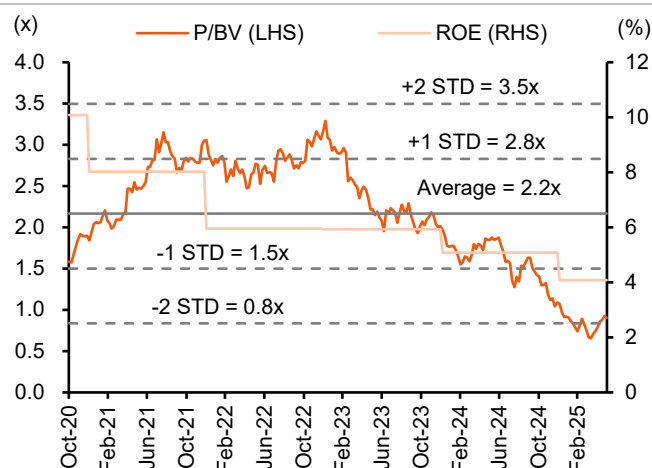
SCGP's valuation appears unattractive to us, trading at a 23.5x PE multiple in 2025F, alongside a declining profit outlook for the year. The company's 2025F PE is the second-highest in the sector, while its 2025F P/BV ratio of 0.9x offers little appeal, with an ROE of just 4% in that year.

**Ex 16: SCGP Is The 2<sup>nd</sup> Most Expensive Among Peers**



Sources: Bloomberg, Thanachart estimates (for SCGP)

**Ex 17: Lower P/BV Justified By Lower ROE**



Sources: Bloomberg, Thanachart estimates

Ex 18: 12-month DCF-based Valuation, Using a Base Year Of 2025F

(Bt m)		2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA		16,518	17,011	17,465	16,405	16,736	17,072	17,415	17,765	18,121	18,484	18,854	19,231	
Free cash flow		11,169	8,917	8,725	8,089	8,462	8,799	9,141	9,488	9,840	10,198	10,561	10,930	150,549
PV of free cash flow		11,139	8,153	7,291	6,178	5,907	5,614	5,331	5,057	4,793	4,540	4,298	4,065	55,997
Risk-free rate (%)	2.5													
Market risk premium (%)	8.0													
Beta	1.2													
WACC (%)	9.4													
Terminal growth (%)	2.0													
Enterprise value - add investments	117,223													
Net debt / (cash)	48,901													
Minority interest	18,608													
Equity value	49,714													
# of shares (m)	4,293													
Equity value/share (Bt)	12.0													

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 19: Comparison With Regional Peers

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		—EV/EBITDA—		— Div yield —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Developed country focus on polymer packaging												
Amcor	AMC AU	Australia	4.5	11.4	12.6	11.3	1.9	2.0	13.2	8.2	5.6	5.8
Huhtamaki	HUH1V FH	Europe	5.4	8.9	13.0	11.9	1.6	1.5	7.8	7.4	3.5	3.7
Aptar Group	ATR US	USA	7.6	9.2	27.3	25.0	na	na	13.8	12.9	1.2	1.3
Sonoco	SON US	USA	17.7	9.1	7.8	7.1	1.7	1.5	8.8	8.5	4.5	4.6
Average			8.8	9.6	15.2	13.8	1.7	1.7	10.9	9.2	3.7	3.8
Developed country focus on paper packaging												
BillerudKorsnas	BILL SS	Europe	36.4	9.0	13.3	12.2	0.9	0.9	5.5	5.3	3.6	4.5
Int. Paper	IP US	USA	84.7	48.3	21.3	14.4	1.4	1.4	10.1	8.3	3.8	3.9
PCA	PKG US	USA	12.4	8.8	18.9	17.4	3.6	3.4	10.3	9.7	2.6	2.7
Mondi	MNDI LN	Europe	21.3	26.0	13.5	10.7	1.3	1.2	6.9	6.0	4.7	5.3
Average			38.7	23.0	16.8	13.7	1.8	1.7	8.2	7.3	3.7	4.1
Packaging paper in Asia												
Nine Dragons Paper	2689 HK	Hong Kong	56.4	41.6	11.3	8.0	0.3	0.3	11.7	9.9	0.9	1.6
Lee & Man Paper	2314 HK	Hong Kong	4.5	4.3	6.1	5.9	0.3	0.3	8.7	8.8	6.0	6.8
SCG Packaging Pcl	SCGP TB*	Thailand	(19.3)	6.5	23.5	22.1	1.0	0.9	6.8	6.5	1.7	1.8
United Paper Pcl	UTP TB	Thailand	19.6	13.8	6.7	5.9	1.0	0.9	3.5	3.1	7.5	8.5
Average			15.3	16.6	11.9	10.5	0.6	0.6	7.7	7.1	4.0	4.7
Total average			20.9	16.4	14.6	12.7	1.4	1.3	8.9	7.9	3.8	4.2

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 28 May 2025 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. Its 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). The revenue breakdown as of 1H22 was 47% packaging paper, 25% fiber-based packaging (mostly corrugated cardboard), 16% P&W paper, and the remainder, plastics packaging. By geography, revenues were evenly split between Thailand (41%) and other ASEAN countries (41%), with the rest coming from exports to the rest of the world.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

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

### O — Opportunity

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

### W — Weakness

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

### 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
<b>Target price (Bt)</b>	17.28	12.00	-31%
<b>Net profit 25F (Bt m)</b>	3,542	3,156	-11%
<b>Net profit 26F (Bt m)</b>	4,292	3,363	-22%
<b>Consensus REC</b>	<b>BUY: 9</b>	<b>HOLD: 10</b>	<b>SELL: 6</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit forecasts are lower than the Bloomberg consensus numbers, which we attribute to our having a more conservative outlook on the industry.
- Our TP is lower, which we attribute to our having a lower target multiple to reflect a lower normalized return.

Sources: Bloomberg consensus, Thanachart estimates

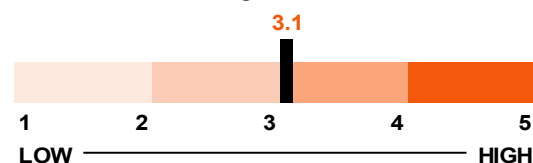
## RISKS TO OUR INVESTMENT CASE

- A higher-than-expected rise in ASP and/or lower-than-expected OCC costs would represent the key upside risks to our call.
- A better-than-expected economic recovery, especially in China, would present a secondary upside risk to our call.

Source: Thanachart

SCGP is the largest packaging company in ASEAN, producing both paper-based and polymer-based packaging. It operates across the region, with key production hubs in Thailand, Indonesia, and Vietnam. We assign SCGP an ESG score of 3.08 — slightly above average — reflecting its comprehensive ESG framework and solid progress in cutting carbon emissions.

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)
SCGP	YES	AAA	YES	A	65.81	74.86	87.00	-	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

- We assign SCGP an Environmental (E) score of 3.7, which is relatively high.
- This strong rating reflects the nature of its business – SCGP primarily uses recycled paper as the feedstock for its paper production, making its operations inherently environmentally friendly. The company operates recycling centers across Thailand and ASEAN, and recently expanded its footprint by acquiring a major recycling business in Europe.
- SCGP announced its intention to achieve net-zero greenhouse gas (GHG) emissions by 2050. In the medium term, SCGP targets reducing GHG emissions by 25% in 2030 compared to the 2020 base year.
- The company already made solid progress in 2023, with a 17.5% reduction in GHG emissions compared to the 2020 base year.

## SOCIAL

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

- We assign SCGP a Social (S) score of 3.0
- The company runs a broad range of social initiatives, including community development and product support. It conducts regular community satisfaction surveys and achieved a 97% satisfaction score in 2024, exceeding its 90% target.
- SCGP integrates circular economy principles across its entire value chain – engaging suppliers, customers, local communities, and other stakeholders.
- SCGP reported a low rate of 0.3 lost-time injuries and 0.289 occupational illness cases per one million hours worked, reflecting strong workplace safety.
- SCGP also upholds strong ethical standards, with a formal code of conduct and policies to prevent human rights violations.

GOVERNANCE &  
SUSTAINABILITY

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

- We assign SCGP a score of 2.7 for G (Governance), which is below the average of 3.08. This lower score is primarily due to its investment in Fajar Paper, an Indonesian packaging company with relatively low returns.
- On a positive note, SCGP's board structure is sound, with an independent director serving as chairman and approximately two-thirds of the board comprising independent directors.
- The company also demonstrates strong transparency and disclosure practices. Analyst meetings are well-organized, with active participation from the CEO and key business leaders.
- From a sustainability standpoint, SCGP shows a long-term commitment to responsible operations. SCGP's in-house R&D team has developed resource-efficient technologies since 2010, supporting its sustainability efforts – 59% of revenue now comes from SCG Green Choice-labeled products.

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	129,398	132,784	121,952	122,066	125,278
Cost of sales	106,274	110,381	101,097	101,077	103,816
<b>Gross profit</b>	<b>23,124</b>	<b>22,403</b>	<b>20,854</b>	<b>20,989</b>	<b>21,461</b>
% gross margin	17.9%	16.9%	17.1%	17.2%	17.1%
Selling & administration expenses	15,684	16,318	15,244	15,258	15,660
<b>Operating profit</b>	<b>7,440</b>	<b>6,085</b>	<b>5,610</b>	<b>5,731</b>	<b>5,801</b>
% operating margin	5.8%	4.6%	4.6%	4.7%	4.6%
Depreciation & amortization	9,206	9,259	10,907	11,279	11,663
<b>EBITDA</b>	<b>16,646</b>	<b>15,343</b>	<b>16,518</b>	<b>17,011</b>	<b>17,465</b>
% EBITDA margin	12.9%	11.6%	13.5%	13.9%	13.9%
Non-operating income	1,043	995	995	995	995
Non-operating expenses	0	0	0	0	0
Interest expense	(2,020)	(2,429)	(2,697)	(2,563)	(2,484)
<b>Pre-tax profit</b>	<b>6,464</b>	<b>4,650</b>	<b>3,908</b>	<b>4,163</b>	<b>4,312</b>
Income tax	1,153	825	726	774	802
<b>After-tax profit</b>	<b>5,310</b>	<b>3,825</b>	<b>3,181</b>	<b>3,389</b>	<b>3,510</b>
% net margin	4.1%	2.9%	2.6%	2.8%	2.8%
Shares in affiliates' Earnings	39	113	0	0	0
Minority interests	(180)	(28)	(25)	(26)	(27)
Extraordinary items	80	(211)	0	0	0
<b>NET PROFIT</b>	<b>5,248</b>	<b>3,699</b>	<b>3,156</b>	<b>3,363</b>	<b>3,483</b>
<b>Normalized profit</b>	<b>5,169</b>	<b>3,910</b>	<b>3,156</b>	<b>3,363</b>	<b>3,483</b>
EPS (Bt)	1.2	0.9	0.7	0.8	0.8
Normalized EPS (Bt)	1.2	0.9	0.7	0.8	0.8

Earning turnaround did not materialize in 2024

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	60,272	55,304	56,897	61,914	63,167
Cash & cash equivalent	17,181	12,282	17,433	22,433	22,633
Account receivables	22,648	23,551	21,630	21,650	22,220
Inventories	19,253	19,027	17,427	17,423	17,895
Others	1,191	443	407	407	418
Investments & loans	1,063	1,193	1,193	1,193	1,193
Net fixed assets	94,279	91,014	87,606	84,327	80,663
Other assets	42,947	41,069	41,069	41,069	41,069
<b>Total assets</b>	<b>198,561</b>	<b>188,580</b>	<b>186,765</b>	<b>188,503</b>	<b>186,092</b>
<b>LIABILITIES:</b>					
Current liabilities:	66,390	56,603	59,670	57,547	55,998
Account payables	14,808	15,678	14,359	14,356	14,745
Bank overdraft & ST loans	15,337	24,493	21,943	23,653	20,550
Current LT debt	11,991	11,370	10,187	10,980	9,540
Others current liabilities	24,254	5,062	13,181	8,557	11,162
<b>Total LT debt</b>	<b>18,027</b>	<b>25,320</b>	<b>22,684</b>	<b>24,452</b>	<b>21,244</b>
Others LT liabilities	11,694	11,370	7,756	7,763	7,968
<b>Total liabilities</b>	<b>96,111</b>	<b>93,293</b>	<b>90,110</b>	<b>89,762</b>	<b>85,210</b>
Minority interest	25,127	18,608	18,633	18,659	18,686
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	(26,277)	(28,075)	(28,075)	(28,075)	(28,075)
<b>Retained earnings</b>	<b>58,446</b>	<b>59,600</b>	<b>60,945</b>	<b>63,004</b>	<b>65,118</b>
Shareholders' equity	77,322	76,678	78,023	80,082	82,196
<b>Liabilities &amp; equity</b>	<b>198,561</b>	<b>188,580</b>	<b>186,765</b>	<b>188,503</b>	<b>186,092</b>

Sources: Company data, Thanachart estimates

We see balance sheet risk from Fajar

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	6,464	4,650	3,908	4,163	4,312
Tax paid	(665)	(962)	(727)	(811)	(759)
Depreciation & amortization	9,206	9,259	10,907	11,279	11,663
Chg In working capital	5,161	192	2,203	(20)	(653)
Chg In other CA & CL / minorities	23,617	(22,313)	8,155	(4,588)	2,552
<b>Cash flow from operations</b>	<b>43,783</b>	<b>(9,173)</b>	<b>24,447</b>	<b>10,025</b>	<b>17,115</b>
Capex	(8,900)	(5,993)	(7,500)	(8,000)	(8,000)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(28)	(131)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,666)	(875)	(3,613)	7	204
<b>Cash flow from investments</b>	<b>(11,594)</b>	<b>(6,999)</b>	<b>(11,113)</b>	<b>(7,993)</b>	<b>(7,796)</b>
Debt financing	(2,226)	15,617	(6,370)	4,272	(7,750)
Capital increase	0	0	0	0	0
Dividends paid	(3,286)	(3,329)	(1,812)	(1,304)	(1,369)
Warrants & other surplus	(21,840)	(1,014)	0	0	0
<b>Cash flow from financing</b>	<b>(27,353)</b>	<b>11,274</b>	<b>(8,182)</b>	<b>2,968</b>	<b>(9,119)</b>
<b>Free cash flow</b>	<b>34,883</b>	<b>(15,166)</b>	<b>16,947</b>	<b>2,025</b>	<b>9,115</b>

SCGP likely to inject more capex into its Indonesia operations

## VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	14.4	19.0	23.5	22.1	21.3
Normalized PE - at target price (x)	10.0	13.2	16.3	15.3	14.8
PE (x)	14.2	20.1	23.5	22.1	21.3
PE - at target price (x)	9.8	13.9	16.3	15.3	14.8
EV/EBITDA (x)	6.2	8.0	6.8	6.5	5.9
EV/EBITDA - at target price (x)	4.8	6.5	5.4	5.2	4.6
P/BV (x)	1.0	1.0	1.0	0.9	0.9
P/BV - at target price (x)	0.7	0.7	0.7	0.6	0.6
P/CFO (x)	1.7	(8.1)	3.0	7.4	4.3
Price/sales (x)	0.6	0.6	0.6	0.6	0.6
Dividend yield (%)	3.2	3.2	1.7	1.8	1.9
FCF Yield (%)	47.0	(20.4)	22.8	2.7	12.3
<b>(Bt)</b>					
Normalized EPS	1.2	0.9	0.7	0.8	0.8
EPS	1.2	0.9	0.7	0.8	0.8
DPS	0.6	0.6	0.3	0.3	0.3
BV/share	18.0	17.9	18.2	18.7	19.1
CFO/share	10.2	(2.1)	5.7	2.3	4.0
FCF/share	8.1	(3.5)	3.9	0.5	2.1

Sources: Company data, Thanachart estimates

SCGP's 2025F PE looks unattractive to us at 23.5x against declining profit

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(11.4)	2.6	(8.2)	0.1	2.6
Net profit (%)	(9.5)	(29.5)	(14.7)	6.5	3.6
EPS (%)	(9.5)	(29.5)	(14.7)	6.5	3.6
Normalized profit (%)	(10.4)	(24.3)	(19.3)	6.5	3.6
Normalized EPS (%)	(10.4)	(24.3)	(19.3)	6.5	3.6
Dividend payout ratio (%)	45.0	63.8	40.0	40.0	40.0
<b>Operating performance</b>					
Gross margin (%)	17.9	16.9	17.1	17.2	17.1
Operating margin (%)	5.8	4.6	4.6	4.7	4.6
EBITDA margin (%)	12.9	11.6	13.5	13.9	13.9
Net margin (%)	4.1	2.9	2.6	2.8	2.8
D/E (incl. minor) (x)	0.4	0.6	0.6	0.6	0.5
Net D/E (incl. minor) (x)	0.3	0.5	0.4	0.4	0.3
Interest coverage - EBIT (x)	3.7	2.5	2.1	2.2	2.3
Interest coverage - EBITDA (x)	8.2	6.3	6.1	6.6	7.0
ROA - using norm profit (%)	2.6	2.0	1.7	1.8	1.9
ROE - using norm profit (%)	5.9	5.1	4.1	4.3	4.3
<b>DuPont</b>					
ROE - using after tax profit (%)	6.1	5.0	4.1	4.3	4.3
- asset turnover (x)	0.7	0.7	0.6	0.7	0.7
- operating margin (%)	6.6	5.3	5.4	5.5	5.4
- leverage (x)	2.3	2.5	2.4	2.4	2.3
- interest burden (%)	76.2	65.7	59.2	61.9	63.4
- tax burden (%)	82.2	82.3	81.4	81.4	81.4
WACC (%)	9.4	9.4	9.4	9.4	9.4
ROIC (%)	4.6	4.7	3.6	4.0	4.0
NOPAT (Bt m)	6,113	5,005	4,567	4,666	4,723
invested capital (Bt m)	105,497	125,579	115,403	116,734	110,897

Sources: Company data, Thanachart estimates

*Margins will likely  
continue to be pressured  
by weak selling prices  
and demand*

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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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