The Siam Cement Pcl (SCC TB) - SELL

Earnings Preview

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2Q25F likely to be 2025 peak

- **2Q25F profit up q-q, mainly from dividend income**
- **Non-cash CAP gains unlikely to boost dividends**
- **Likely lower profit in 2H25F**
- **Maintain SELL**

Following SCC's recent company update, we forecast 2Q25F net profit at Bt3bn (+177% q-q, -18% y-y), supported by seasonal dividend income and improved chemical margins. Our estimate excludes any potential non-cash gains from the Chandra Asri. We believe 2Q25F will mark the peak quarter for the year, as petrochemical spreads may soften in 2H25 due to fading restocking demand and seasonally lower CBM volumes. Maintain SELL.

- **Chemical loss narrows q-q**. We expect SCC's chemical segment to report a narrowed loss of Bt2bn in 2Q25F (vs a Bt2.9bn loss in 1Q25), supported by higher product spreads driven by lower oil prices and restocking demand ahead of anticipated tariffs. Inventory loss is estimated at ~Bt700m in 2Q25F, vs a loss of Bt88m in 1Q25.
- **CBM profit lower q-q on seasonality**. CBM profit is projected at Bt1.8bn, down 24% q-q but up 12% y-y. The q-q decline reflects seasonally weaker cement demand, while the y-y gain is driven by a cement price hike of Bt400–600/tonne announced in Mar-25, with an estimated net benefit of Bt100/tonne to SCC.
- **Chandra Asri potential non-cash gains not included yet.** Our 2Q25F estimates do not include potential non-cash gains from SCC's 30.57% stake in Chandra Asri. These gains are expected to come from two sources: (i) a goodwill adjustment related to CAP's Aster project in Singapore, and (ii) a gain or loss from the reclassification of Chandra Asri from an associated company to other investments, as SCC plans to sell its stake by 10.57%. Both items are non-cash, and therefore are unlikely to support a higher dividend.
- **LSP update**. HDPE–naphtha spreads have improved to US$373/tonne in July 25, up from US$320/tonne in 1Q25, increasing the likelihood of restarting the Long Son Petrochemical (LSP) plant. SCC aims to begin operations in Sep-25 and is already securing feedstock.
- **Strengthening the balance sheet remains a priority**. SCC continues to focus on deleveraging, targeting a reduction in net debt/EBITDA to below 3x (from 5.4x in 1Q25), supported by a cut in 2025 capex to Bt30bn (from Bt55bn in 2024) and asset sale. Management also reaffirmed their commitment to maintaining a competitive dividend yield.

Key Valuations

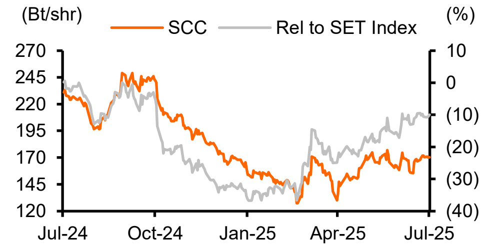
Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	511,172	557,086	565,159	608,113
Net profit	6,342	4,697	6,655	13,439
Norm net profit	8,054	4,697	6,655	13,439
Norm EPS (Bt)	6.7	3.9	5.5	11.2
Norm EPS gr (%)	(46.2)	(41.7)	41.7	101.9
Norm PE (x)	25.4	43.6	30.7	15.2
EV/EBITDA (x)	15.9	18.4	16.0	13.1
P/BV (x)	0.6	0.6	0.6	0.6
Div. yield (%)	2.9	2.9	3.5	4.1
ROE (%)	2.2	1.3	1.9	3.8
Net D/E (%)	67.0	71.7	73.7	72.6

Source: Thanachart estimates

Stock Data

Closing price (Bt)	170.50
Target price (Bt)	110.00
Market cap (US$ m)	6,257
Avg daily turnover (US$ m)	19.9
12M H/L price (Bt)	249.00/127.50

Price Performance



Source: Bloomberg

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