

**SCG Packaging Pcl (SCGP TB) - SELL**

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**Earnings Preview****2Q25F: Soft Rebound, Weak y-y**

- **Expect 2Q25F profit of Bt945m (+5% q-q, -35% y-y)**
- **Marginal improvement in packaging paper EBITDA**
- **Fibrous EBITDA drop due to price decline**
- **Uncertain 2H25F outlook; maintain SELL**

We expect SCGP's 2Q25F net profit at Bt945m (+5% q-q, -35% y-y). The q-q improvement is mainly supported by better performance from Fajar, while the sharp y-y decline reflects the full consolidation of Fajar and weaker pulp prices. Looking ahead, we see continued uncertainty in 2H25F, as the short-term boost from restocking ahead of tariff implementation fades. Maintain SELL.

- **Marginal improvement in packaging paper EBITDA.** We expect packaging paper EBITDA to reach Bt3.8bn, up 7% q-q and 4% y-y. The quarterly improvement is mainly driven by Fajar, which benefited from higher domestic prices following the shutdown of the fourth-largest local competitor. This supply disruption allowed key players to raise prices, lifting domestic market levels in 2Q25. Management also expects the overall EBITDA margin to remain flat q-q, as higher sales volume offsets a marginal increase in OCC (old corrugated container) costs.
- **Lower fibrous EBITDA due to price decline.** Short fiber paper prices declined by 5% q-q and 24% y-y to US\$549/tonne, while dissolving pulp prices fell 10% q-q and y-y to US\$849/tonne, reflecting a slowdown in the textile market. Demand for textiles remains soft, with the VSF (viscose staple fiber) operating rate dropping to 81–82%, down from 87%. Inventory days have also increased since 2Q, indicating weaker offtake. Both dissolving pulp and paper pulp prices remain under pressure.
- **Uncertain outlook in 2H25F.** Management expects overall 2H25 performance to be similar to 1H25, supported by interest savings following Fajar's capital increase and healthy demand from Vietnam (15% of revenue in 1Q25). The company guides for a full-year utilization rate of 90%, slightly up from 89% in 1Q25 and 86% in 2024. However, we remain cautious, as the sustainability of this outlook depends on how demand holds up once the restocking effect ahead of tariffs fades

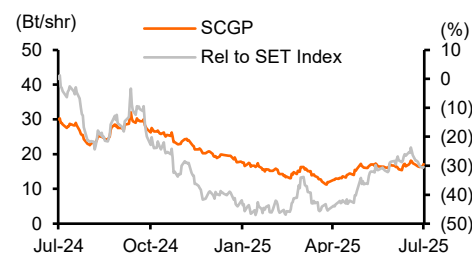
**Key Valuations**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	132,784	121,952	122,066	125,278
Net profit	3,699	3,156	3,363	3,483
Norm net profit	3,910	3,156	3,363	3,483
Norm EPS (Bt)	0.9	0.7	0.8	0.8
Norm EPS gr (%)	(24.3)	(19.3)	6.5	3.6
Norm PE (x)	18.8	23.3	21.8	21.1
EV/EBITDA (x)	8.0	6.7	6.5	5.8
P/BV (x)	1.0	0.9	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

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	17.10
Target price (Bt)	12.00
Market cap (US\$ m)	2,265
Avg daily turnover (US\$ m)	7.5
12M H/L price (Bt)	32.00/11.20

**Price Performance**

Source: Bloomberg

## Ex 1: 2Q25F Preview

(Bt m)	2Q24	1Q25	2Q25F	(q-q%)	(y-y%)
Net sales	34,235	32,209	35,078	8.9	2.5
Cost of sales	(28,114)	(26,411)	(29,164)	10.4	3.7
<b>Gross margin</b>	<b>6,121</b>	<b>5,798</b>	<b>5,914</b>	<b>2.0</b>	<b>(3.4)</b>
<b>Profit (loss) from operations</b>	<b>2,001</b>	<b>1,752</b>	<b>1,868</b>	<b>6.6</b>	<b>(6.6)</b>
Interest expense and financial charges	(611)	(645)	(667)	3.4	9.2
Fx gain/loss	(46)	(18)		(100.0)	(100.0)
Other income	349	259	259	0.0	(25.8)
<b>Profit (loss) before income tax</b>	<b>1,693</b>	<b>1,347</b>	<b>1,201</b>	<b>(10.9)</b>	<b>(29.1)</b>
Income tax	(354)	(303)	(207)	(31.5)	(41.5)
<b>Profit (loss) after income tax</b>	<b>1,339</b>	<b>1,045</b>	<b>993</b>	<b>(4.9)</b>	<b>(25.8)</b>
Net profit of minority interests in subs	76	(160)	(63)	(60.5)	(182.6)
Share of profits of associates	38	15	15	0.0	(61.4)
<b>Net profit (loss)</b>	<b>1,454</b>	<b>900</b>	<b>945</b>	<b>5.0</b>	<b>(35.0)</b>

(US\$/tonne)	2Q24	1Q25	2Q25F	(q-q%)	(y-y%)
Testliner paper price	392	380	380	0.0	(3.1)
AOCC price	224	178	174	(2.2)	(22.3)
Spread	168	202	206	2.0	22.6
Short fiber pulp price	727	575	549	(4.5)	(24.5)
Dissolving pulp price	941	941	849	(9.8)	(9.8)
Avg China import volume of containerboard (Thousand ton/month)	732	657	595	(9.4)	(18.7)

Sources: Company data, Thanachart estimates

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