

SCG Packaging Pcl (SCGP TB) - SELL

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Earnings Preview**3Q25F: flat q-q, but growth y-y**

- **Expect 3Q25F net profit of Bt990m (-2% q-q, +71% y-y)**
- **Softer packaging paper and pulp price**
- **Earnings supported by Duy Tan consolidation**
- **Valuation remains expensive; Maintain SELL**

We expect SCGP's 3Q25F net profit at Bt990m (-2% q-q, +71% y-y). The flat q-q performance is supported by interest savings from Fajar and the acquisition of the remaining 30% stake in Duy Tan Plastics in July 2025, offsetting weaker results from Indonesia and the fibrous business. The y-y growth mainly reflects a low base. With expensive valuation of 24x 2026F PE, we maintain our SELL rating.

- We expect packaging paper EBITDA to soften q-q but improve y-y. The q-q decline reflects lower selling prices, partly offset by higher sales volume and continued cost discipline. Overall volume should edge up slightly q-q, supported by new clients relocating from China. Fajar is expected to maintain positive EBITDA, though weaker than the previous quarter due to price pressure from new domestic supply. The company noted that costs remain low, helping sustain margins in 3Q25.
- Fibrous EBITDA is expected to decline due to lower pulp prices. Short-fiber paper prices fell 9% q-q and 22% y-y to US\$498/tonne, while dissolving pulp prices dropped 5% q-q and 16% y-y to US\$805/tonne, reflecting weaker textile demand. However, SCGP expects dissolving pulp prices to recover in 3Q25 as demand improves.
- The company is expected to announce a new M&A deal within 4Q25.
- Outlook remains uncertain in 4Q25. While management guides for q-q demand recovery, we see lingering risks from potential demand softness following earlier front-loading effect.

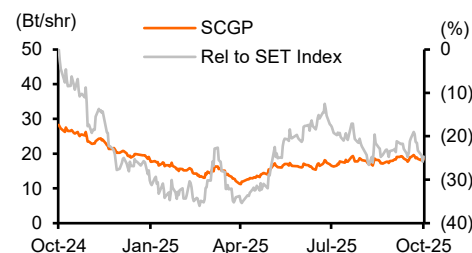
Key Valuations

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)	20.3	25.2	23.6	22.8
EV/EBITDA (x)	8.4	7.1	6.8	6.2
P/BV (x)	1.0	1.0	1.0	1.0
Div. yield (%)	3.0	1.6	1.7	1.8
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)	18.50
Target price (Bt)	12.00
Market cap (US\$ m)	2,438
Avg daily turnover (US\$ m)	7.7
12M H/L price (Bt)	28.25/11.20

Price Performance

Source: Bloomberg

Ex 1: 3Q25F Preview

(Bt m)	3Q24	2Q25	3Q25F	(q-q%)	(y-y%)
Net sales	33,370	31,557	30,926	(2.0)	(7.3)
Cost of sales	(28,186)	(25,820)	(25,244)	(2.2)	(10.4)
Gross margin	5,184	5,737	5,682	(1.0)	9.6
Operating expenses	(4,140)	(3,950)	(3,950)	0.0	(4.6)
Interest expense	(628)	(654)	(474)	(27.5)	(24.5)
Fx gain/loss	(101)	(65)	0	(100.0)	(100.0)
Other income	230	285	285	0.0	23.9
Income tax	(65)	(283)	(217)	(23.3)	232.9
Profit (loss) after income tax	480	1,070	1,041	(2.7)	117.0
Net profit of minority interests in subs	85	(94)	(66)	(29.5)	(177.6)
Share of profits of associates	12	33	15	(55.6)	19.6
Net profit (loss)	577	1,010	990	(2.0)	71.5
(US\$/tonne)					
Packaging paper-new	394	380	376	(1.1)	(4.6)
Waste paper - AOCC-Asia	209	174	167	(4.0)	(20.1)
Spread	185	206	209	1.5	13.0
Short Fiber price (China Index)	641	549	498	(9.3)	(22.3)
Dissolving pulp price	955	849	805	(5.2)	(15.7)
Avg China import volume of containerboard (Thousand ton/month)	636	550	470	(14.5)	(26.1)

Sources: Company data, Thanachart estimates

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