

The Siam Cement Pcl (SCC TB) - SELL

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News Update

Announced force majeure for ROC plant

- **Feedstock shortage due to Strait of Hormuz closure**
- **Remaining two crackers have feedstock until mid-April**
- **Regional production cuts could support spreads**
- **PTTGC and IRPC feedstock unlikely to be disrupted**

SCC has declared force majeure at Rayong Olefins Company (ROC), one of its three crackers. ROC has 800,000 t/yr ethylene and 400,000 t/yr propylene capacity. SCC imports ~50% of its naphtha from the Middle East, which has been disrupted by the Strait of Hormuz closure.

- **Financial support:** SCC said cash flow from other businesses will help keep operations running. LSP's fixed overhead is about Bt600m per quarter after tax, and ROC is expected to face a similar impact. Since ROC has low depreciation and interest expenses, the financial effect is mostly limited to fixed costs.
- **Remaining crackers' feedstock:** Long Son Petrochemicals (950,000 t/yr) and Map Ta Phut Olefins (MOC, ~1mt) have feedstock until mid-April. If the disruption continues beyond that, these crackers may also face shutdowns.
- **Regional force majeure:** Peers including Chandra Asri Petrochemical (30% owned by SCC), Yeochun NCC, and Petrochemical Corporation of Singapore have also declared force majeure, which could support petrochemical margins.
- **PTTGC and IRPC feedstock are unlikely to be disrupted:** Both rely mainly on internal refinery supplies. PTTGC uses internal naphtha and LPG (partly supplied by PTT), while IRPC sources most naphtha internally, limiting exposure to Middle East disruptions.

Key Valuations

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	496,925	583,421	627,127	672,056
Net profit	14,075	8,651	16,173	17,204
Norm net profit	4,962	8,651	16,173	17,204
Norm EPS (Bt)	4.1	7.2	13.5	14.3
Norm EPS gr (%)	(38.4)	74.3	87.0	6.4
Norm PE (x)	45.0	25.8	13.8	13.0
EV/EBITDA (x)	16.9	17.3	13.8	13.2
P/BV (x)	0.7	0.6	0.6	0.6
Div. yield (%)	2.7	3.8	3.8	5.4
ROE (%)	1.4	2.5	4.5	4.7
Net D/E (%)	66.9	73.8	71.9	71.1

Source: Thanachart estimates

Stock Data

Closing price (Bt)	186.00
Target price (Bt)	128.00
Market cap (US\$ m)	6,989
Avg daily turnover (US\$ m)	21.8
12M H/L price (Bt)	230.00/130.00

Price Performance



Source: Bloomberg

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