BUY (Unchanged) | **TP: Bt 22.00** (Unchanged) | **23 MARCH 2026**

Change in Numbers | **Upside : 21.5%**

SCG Packaging Pcl (SCGP TB)

Still on a turnaround path

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We maintain our BUY rating on SCGP, with an unchanged TP of Bt22. We see the 13% share price correction in March as a BUYing opportunity, given a manageable impact from the Iran war and a continued earnings turnaround trend.

Maintaining BUY call with a TP of Bt22

We maintain our BUY rating on SCGP. ***First***, we lift our earnings estimates by 1/4/4% in 2026-28F to reflect a new, lower-priced gas supply contract and incorporate the Iran war impact in 2026F. ***Second,*** we continue to expect a 12% y-y increase in net profit in 2026F, driven by improving operations at Fajar. ***Third,*** we estimate strong 1Q26F results of 9% y-y and 22% q-q growth in normalized net profit, driven by recovering product spreads. ***Fourth,*** we see a manageable impact from the Mideast war, since energy costs account for 10-15% of COGS, and the majority of these are at the more stable, low-CV coal price. ***Lastly***, valuation remains attractive, in our view, at 17.1x 2026F PE, against EPS growth of 16/11% in 2026–27F.

Manageable Mideast war impact

Some 80% of SCGP's revenue is generated within ASEAN, with no meaningful exposure to the Middle East. Risk from rising freight costs is also limited as exports account for only 15% of revenue, and freight costs are typically borne by customers. Feedstock risk is also low, as 65% of raw materials are sourced locally, while imports mainly come from Europe and the US, with suppliers bearing the freight costs. Energy costs account for around 10-15% of COGS, and the majority of the energy sourced is coal and domestic gas, whose prices are far more stable than oil. Risks lie in demand: Higher oil prices could lead to plastic shortages or higher plastic prices for customers.

Earnings turnaround

We expect earnings to turn around this year, despite our assumption of continued low packaging paper prices of US$370–390/tonne (vs. the five-year average of US$434). The growth is being driven by an operational turnaround at its wholly owned subsidiary, Fajar, in Indonesia, contributions from MYPAK following the acquisition in 4Q25, and a lower-priced gas supply contract. Fajar's utilization is targeted to rise to 80% in 2026 from 75% in 2025 (vs. 82% in 4Q25) as SCGP expands into new markets, alongside greater downstream integration, which are expected to increase domestic sales volume. SCGP signed a lower-priced gas contract last year that should result in Bt400m p.a. cost savings (c.8% of 2026F profit).

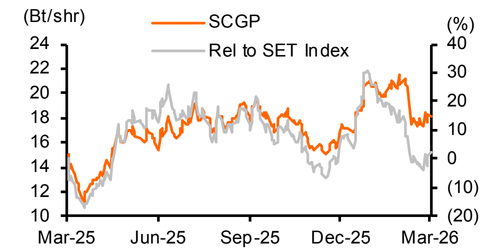
Strong 1Q26F on the cards

We foresee good 1Q26F earnings despite the low season in Vietnam and long holidays in Indonesia. We expect 1Q26 normalized profit to rise to Bt1bn, up 9% y-y and 22% q-q. Strong growth is driven by margin expansion from higher selling prices and lower raw material costs. China's restrictions on low-quality recycled pulp have tightened domestic supply while boosting import demand for packaging paper.

COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	124,374	110,714	113,470	116,291
Net profit	4,069	4,539	5,026	5,167
Consensus NP	—	4,713	5,178	5,664
Diff frm cons (%)	—	*(3.7)*	*(2.9)*	*(8.8)*
Norm profit	3,925	4,539	5,026	5,167
Prev. Norm profit	—	4,509	4,850	4,960
Chg frm prev (%)	—	*0.7*	*3.6*	*4.2*
Norm EPS (Bt)	0.9	1.1	1.2	1.2
Norm EPS grw (%)	(4.0)	15.6	10.7	2.8
Norm PE (x)	19.8	17.1	15.5	15.0
EV/EBITDA (x)	7.7	6.7	6.1	5.5
P/BV (x)	1.0	1.0	1.0	1.0
Div yield (%)	3.3	3.7	4.1	4.2
ROE (%)	5.2	6.0	6.5	6.5
Net D/E (%)	53.8	44.9	36.2	26.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 23-Mar-26 (Bt)	18.10
Market Cap (US$ m)	2,353.0
Listed Shares (m shares)	4,292.9
Free Float (%)	26.4
Avg Daily Turnover (US$ m)	6.8
12M Price H/L (Bt)	21.50/11.20
Sector	PKG
Major Shareholder	Siam Cement Pcl. 72.12%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P7

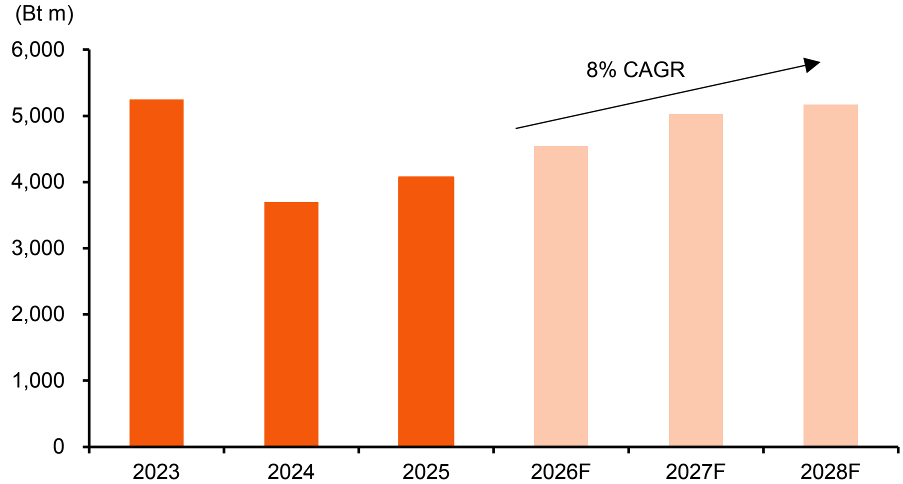
Still on a turnaround path

We maintain our BUY rating on SCG Packaging (SCGP TB) due to the following reasons:

Still expecting an earnings turnaround from an operational improvement

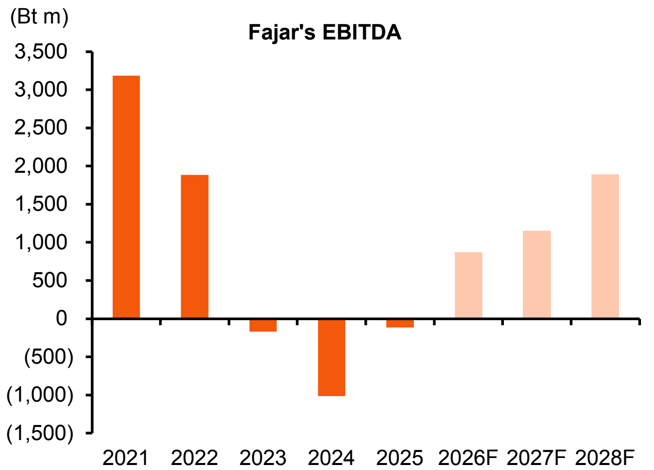
First, we expect SCGP's earnings to recover in 2026F, supported mainly by operational improvements and cost savings. We estimate 16% earnings growth in 2026F, even though we assume packaging paper prices remain relatively soft at US$370–390/tonne, below the five-year average of US$434/tonne. The recovery should be driven primarily by the operational turnaround at its wholly owned Indonesian subsidiary, Fajar. Utilization is targeted to increase to 80% in 2026 from 75% in 2025 (vs. 82% in 4Q25) as the company expands into new markets and increases downstream integration following the Mypak acquisition in 4Q25, which should help lift domestic sales volumes. Additional support should come from a full-year contribution of interest savings and lower energy costs after SCGP secured a new gas supply contract last year. This contract is expected to generate around Bt400m in annual savings, equivalent to roughly 8% of our 2026F profit estimate.

Ex 1: We Still Expect SCGP's Earnings To Rise



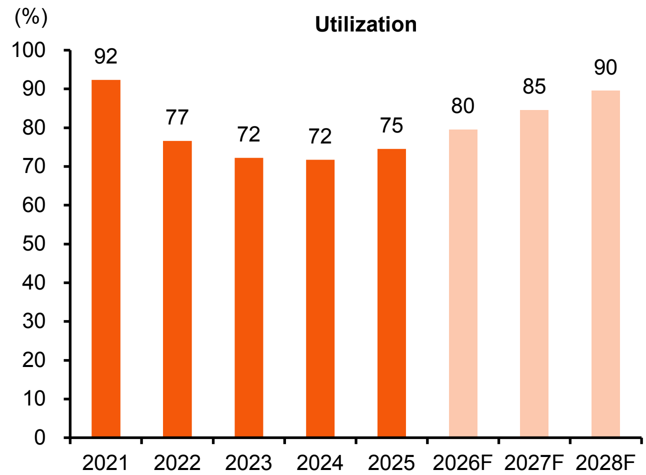
Sources: Company data, Thanachart estimates

Ex 2: Fajar's EBITDA Turnaround



Sources: Company data, Thanachart estimates

Ex 3: Fajar's Utilization Rate To Rise

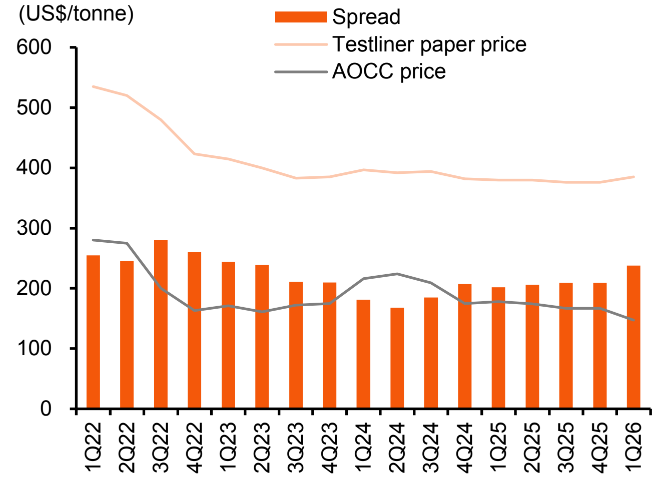


Sources: Company data, Thanachart estimates

Strong 1Q26F outlook

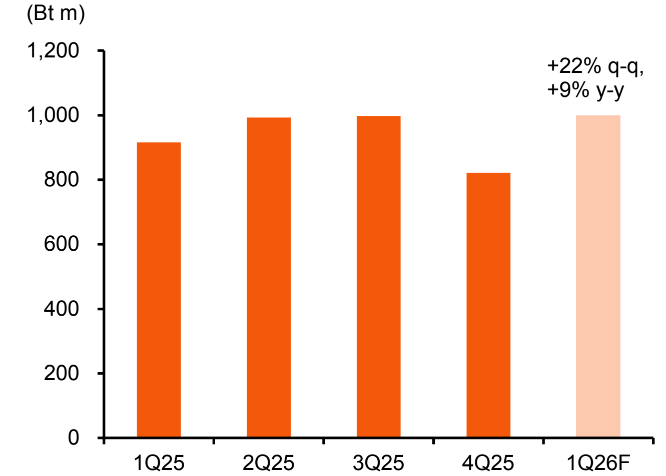
Second, we expect 1Q26F normalized profit to rise to Bt1bn, up 9% y-y and 22% q-q, driven by recovering product spreads. The strong growth is driven by margin expansion from higher selling prices and lower raw material costs. AOCC prices have fallen 1% q-q, while the testliner benchmark has risen 2% q-q. China's restrictions on low-quality recycled pulp have resulted in tightened domestic supply while boosting import demand for packaging paper. The decent 1Q26F earnings are despite the low season in Vietnam and long holidays in Indonesia.

Ex 4: Expanding Packaging Paper Spread



Sources: Company data, Thanachart estimates

Ex 5: We Expect Strong 1Q26F Core Profit

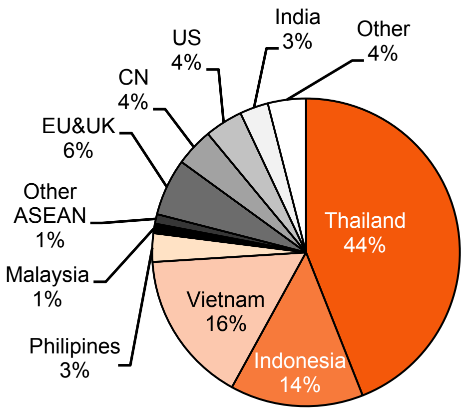


Sources: Company data, Thanachart estimates

Manageable Middle East conflict impact

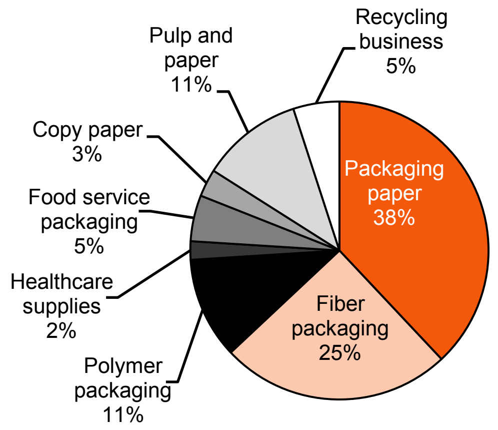
Finally, we see a limited direct impact from the Middle East conflict on SCGP. Around 80% of revenue is generated within ASEAN, leaving the company with minimal exposure to the Middle East. The risk from higher freight costs is also limited as exports account for only about 15% of revenue, with shipping costs typically borne by customers. Feedstock exposure remains manageable as around 65% of raw materials are sourced locally, while most imported inputs come from Europe and the US, with freight costs largely absorbed by suppliers. Energy costs account for 10–15% of COGS, and the majority come from coal and domestic gas, whose prices tend to be more stable than oil prices. SCGP uses low-CV coal referenced to the ICI3 index, which has lower energy content than higher-grade coal like Newcastle coal price. Newcastle coal prices have risen more sharply due to expected demand from Japan, Korea, and Taiwan, which mainly use high-quality coal and may switch from LNG during periods of price volatility. In contrast, ICI coal mainly serves India and China where domestic supply is available, limiting price pressure. As a result, the ICI3 price increased only modestly to US$73/t from US$68/t in February 2026, implying limited impact on SCGP's energy costs. The main risk would be indirect demand pressure if higher oil prices lead to plastic shortages or increased plastic costs for customers.

Ex 6: Revenue Breakdown By Destination (2025)



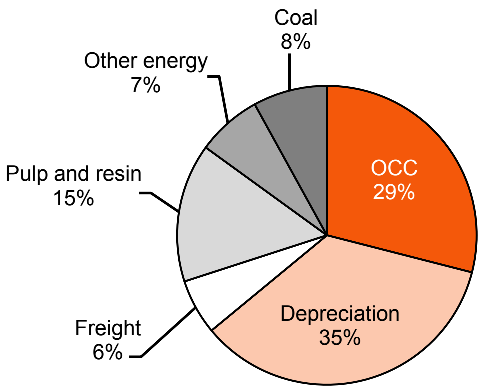
Sources: Company data

Ex 7: Revenue Breakdown By Business (2025)



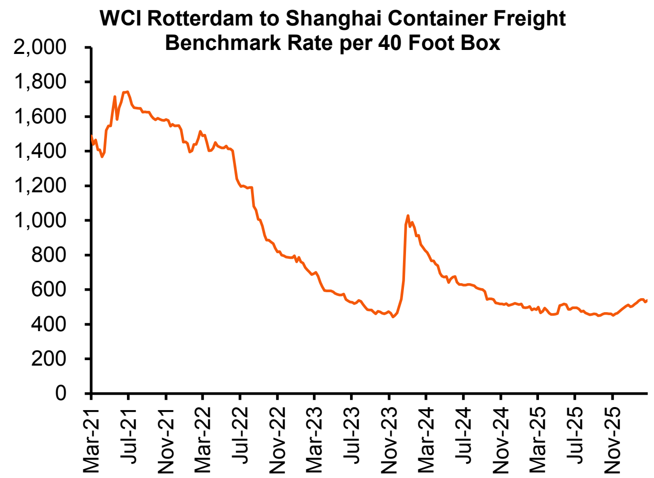
Sources: Company data

Ex 8: COGS



Source: Company data

Ex 9: Container Rate Is Still Low Compared To 2021



Source: Bloomberg

Ex 10: 12-month DCF-based Valuation, Using a Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	Terminal Value
EBITDA	17,850	18,349	18,690	19,570	19,710	19,862	20,025	20,198	20,380	20,569	20,764	20,964	
Free cash flow	15,569	12,708	13,007	13,910	14,177	14,313	14,460	14,616	14,780	14,950	15,126	15,307	210,843
PV of free cash flow	15,527	10,620	9,933	9,709	9,045	8,347	7,706	7,119	6,580	6,084	5,625	5,203	71,664

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.2
WACC (%)	9.4
Terminal growth (%)	2.0
Enterprise value - add investments	157,632
Net debt / (cash)	48,466
Minority interest	15,713
Equity value	93,453
# of shares (m)	4,293
Equity value/share (Bt)	**22.0**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Comparison With Regional Peers

Name	BBG code	Market	EPS growth 26F (%)	EPS growth 27F (%)	PE 26F (x)	PE 27F (x)	P/BV 26F (x)	P/BV 27F (x)	EV/EBITDA 26F (x)	EV/EBITDA 27F (x)	Div yield 26F (%)	Div yield 27F (%)
Developed country focus on polymer packaging												
Amcor	AMC AU	Australia	11.1	9.8	9.5	8.7	1.5	1.4	8.7	8.1	6.8	6.9
Huhtamaki	HUH1V FH	Europe	2.3	7.1	10.6	9.9	1.4	1.3	6.5	6.2	4.4	4.6
Aptar Group	ATR US	USA	(3.2)	15.2	21.9	19.0	2.9	2.7	10.6	9.8	1.6	1.7
Sonoco	SON US	USA	5.1	10.0	8.5	7.7	1.3	1.2	6.8	6.5	4.3	4.4
Average			**3.8**	**10.5**	**12.6**	**11.3**	**1.8**	**1.7**	**8.2**	**7.7**	**4.3**	**4.4**
Developed country focus on paper packaging												
BillerudKorsnas	BILL SS	Europe	(2.0)	85.0	18.5	10.0	0.6	0.6	5.3	4.4	4.6	5.5
Int. Paper	IP US	USA	na	73.9	20.0	11.5	1.2	1.2	8.1	6.5	5.5	5.7
PCA	PKG US	USA	10.6	13.4	18.5	16.3	3.5	3.2	10.0	9.1	2.5	2.5
Mondi	MNDI LN	Europe	(17.3)	51.0	17.0	11.2	0.8	0.8	7.2	6.1	2.8	4.0
Average			**(2.9)**	**55.8**	**18.5**	**12.2**	**1.5**	**1.4**	**7.7**	**6.5**	**3.9**	**4.4**
Packaging paper in Asia												
Nine Dragons Paper	2689 HK	Hong Kong	146.5	15.6	8.8	7.6	0.6	0.6	9.4	8.7	1.3	2.0
Lee & Man Paper	2314 HK	Hong Kong	23.7	12.8	7.2	6.4	0.5	0.4	8.5	8.1	4.9	5.5
SCG Packaging Pcl	SCGP TB*	Thailand	15.6	10.7	17.1	15.5	1.0	1.0	6.7	6.1	3.7	4.1
Average			**61.9**	**13.0**	**11.0**	**9.8**	**0.7**	**0.7**	**8.2**	**7.6**	**3.3**	**3.9**
Total average			**21.0**	**26.5**	**14.0**	**11.1**	**1.3**	**1.3**	**8.0**	**7.3**	**3.8**	**4.2**

Source: Bloomberg

Note: * Thanachart estimates, using Thanachart normalized EPS

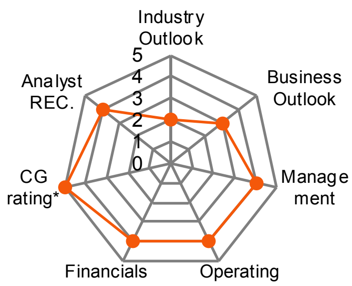
Based on 23 March 2026 closing prices

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	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

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.

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.

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.

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
Target price (Bt)	21.09	22.00	4%
Net profit 26F (Bt m)	4,713	4,539	-4%
Net profit 27F (Bt m)	5,178	5,026	-3%
Consensus REC	**BUY: 12**	**HOLD: 7**	**SELL: 5**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit forecasts for 2026-27F are slightly lower than the Bloomberg consensus estimates as we factor in the impact from the Iran conflict.
- Our DCF-based TP is higher than the Street's. We think we are more positive on Fajar's turnaround.

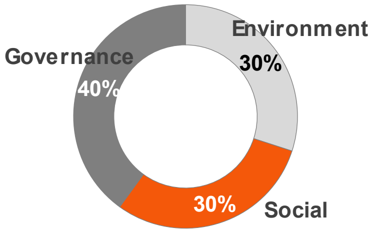
Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

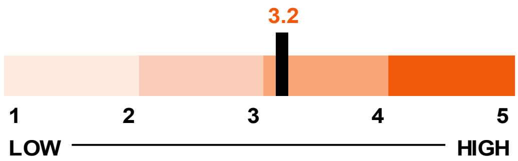
- A lower-than-expected ASP and/or higher-than-expected OCC costs would represent the key downside risks to our call.
- A weaker-than-expected economic recovery, especially in China, would present a secondary downside risk to our call.

Source: Thanachart

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
SCGP	YES	AAA	YES	3.24	0	71.31	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.

ESG Summary

- SCGP is a leading integrated packaging paper producer in ASEAN, operating across Thailand, Vietnam, Indonesia, and other regional markets, with end-to-end capabilities from upstream pulp to downstream consumer packaging.

- We assign a decent 3.2 ESG score to SCGP with a 3.7 Social score, followed by Environmental at 3.2 and Governance at 3.0. Despite its decent score, we do not yet see SCGP as a strong ESG player due to its coal fuel exposure. Also, despite being part of the largest building materials conglomerate, Siam Cement Group (SCG), which benefits SCGP through strong management, financial support, and a professional-level focus on ESG, SCGP's Governance score is not outstanding due to low returns on its Fajar investment.

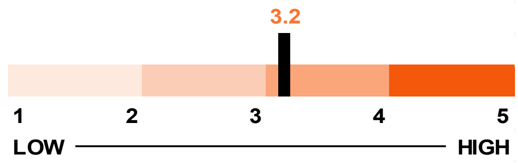
- A recent ESG-related event was the termination of a gas contract. It was replaced by cheaper coal usage. However, coal consumption is expected to decline over time as renewable energy use and electrification expand. Currently, coal accounts for ~40% of the total energy use, alternative fuels 38%, while oil and gas together represent ~10–15%.

- Governance remains the key weakness, mainly reflected by lower returns from Fajar Paper. However, SCGP continues to enhance its assets and strengthen its governance practices. The company has also consistently focused on sustainable product innovation; since 2010, its in-house R&D has developed technologies that reduce raw material use while creating greater value for customers and the environment.

Sector: Industrials | Packaging

SCGP has a solid environmental profile, with a decent score of 3.2 and a clear path to net-zero emissions by 2050. Emissions were already down 17.5% by 2024, supported by renewable fuels, solar expansion, AI-driven efficiency, and electrification, thus positioning SCGP as a regional ESG leader despite near-term coal use.

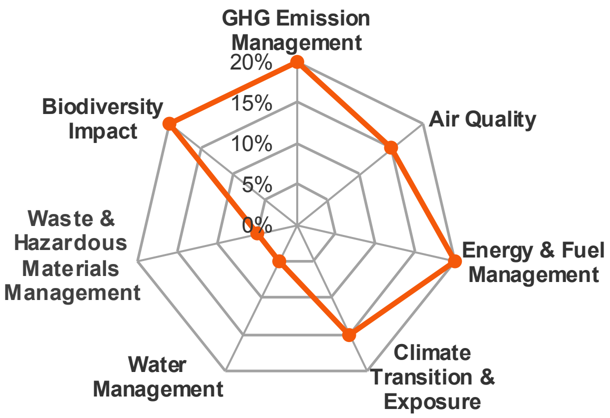
Thanachart Environment (E) Rating



ENVIRONMENT

- **GHG Emission Management**
- **Air Quality**
- **Energy & Fuel Management**
- **Climate Transition & Exposure**
- **Water Management**
- **Waste & Hazardous Materials Management**
- **Biodiversity Impact**

SCALE WEIGHTING



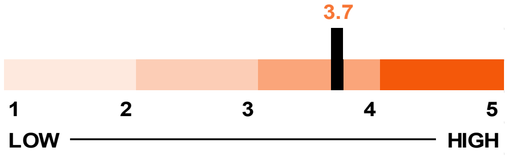
Our Comments

- SCGP has a decent Environmental score of 3.2, which is above the sector average, reflecting strong progress in carbon-emission reduction and a clear ESG commitment.
- Its business model is inherently environmentally supportive, as paper production primarily uses recycled paper as feedstock. SCGP operates recycling centers across Thailand and ASEAN and has strengthened its recycling footprint through the acquisition of a major recycling business in Europe.
- SCGP continues to raise its environmental ambition, targeting net-zero GHG emissions by 2050, with an interim goal to reduce emissions by 25% by 2030 versus the 2020 base year. Execution is already delivering results, with GHG emissions down 17.5% in 2024 compared with the 2020 base year.
- SCGP's Climate Transition Action Plan is anchored by four decarbonization strategies, all of which the company plans to further scale up: (1) increasing renewable fuel usage, which rose from 21% in 2020 to 38% in 2024; (2) an expanding solar capacity, already reaching 63 MW across 27 sites in Thailand and Vietnam, reducing 51,497 tCO_2 per year and generating Bt188m in annual savings; (3) applying AI and machine learning to optimize energy and steam consumption by using over 10 years of operational data; and (4) electrifying thermal processes to replace coal and oil, thus reducing Scope 1 emissions.
- To lower costs, the company recently terminated its gas contract and increased coal usage. However, coal consumption is expected to decline over time as the use of renewable energy increases and electrification expands. Currently, coal accounts for ~40% of the total energy use, alternative fuels 38%, while oil and gas together represent ~10–15%.
- To achieve net zero by 2050 and address residual emissions, SCGP plans to use 5–10% carbon offsets through Natural Climate Solutions and CCUS.
- SCGP is also a first-mover in Thailand in product carbon footprint certification. It uses a proprietary digital Carbon Footprint of Products (CFP) platform to improve emissions tracking, expand certification coverage domestically and overseas, and support customers' demand for lower-carbon packaging solutions.

Sources: Thanachart, Company data

SCGP scores well at 3.7 in Social for its strong commitment to employee welfare, ethical practices, community programs like the Zero Waste Banpong model, sustainable packaging initiatives, diversity, and high workplace and community standards.

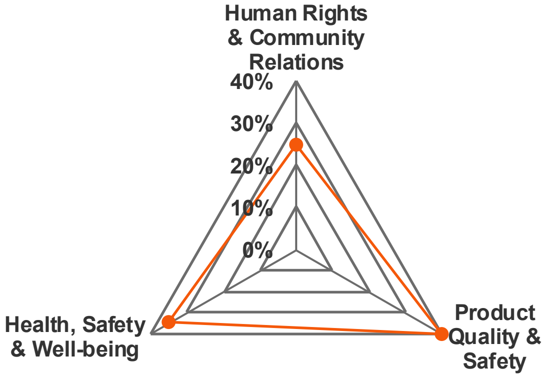
Thanachart Social (S) Rating



SOCIAL

- Human Rights & Community Relations
- Product Quality & Safety
- Health, Safety & Well-being

SCALE WEIGHTING



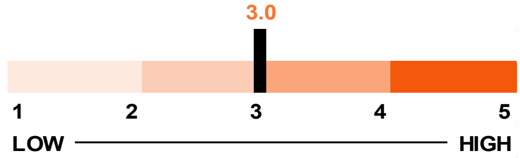
Our Comments

- We assign SCGP a good Social (S) score of 3.7, reflecting its strong commitment to employee welfare, community development, and ethical business practices.
- The company runs a range of social initiatives, including community development programs and customer-focused product support, while upholding high ethical standards through a formal code of conduct and strict human rights policies.
- SCGP embeds circular economy principles across its value chain by actively engaging suppliers, customers, local communities, and other stakeholders.
- A key initiative is the Zero Waste Community Banpong model, SCGP's program in Banpong, Thailand, which helps reduce waste, promote recycling, raise environmental awareness, and support local communities. For example, residents separate plastics, paper, and other recyclables, which are collected and sold, providing extra income. SCGP also uses some of the material in its packaging operations, turning community waste into sustainable products.
- SCGP engineers pack products through close co-creation with customers, targeting 100% recyclable, reusable, or compostable packaging by 2030; progress was already at 99.7% as of December 2024.
- SCGP maintains strong workplace safety standards, reporting a low rate of 0.3 lost-time injuries and 0.289 occupational illness cases per one million hours worked, alongside zero reported human rights violations as of December 2024.
- The company promotes diversity and inclusion, with women holding 23.3% of management positions and targeting 24% by 2025. The company also demonstrates strong community engagement with a Community Satisfaction Index of 97%, well above its 90% target.

Sources: Thanachart, Company data

SCGP's Governance score is decent but lower than its Environmental and Social angles, mainly due to low returns from its investment in Fajar. However, the company is working to improve it. The company has a good board structure and transparency.

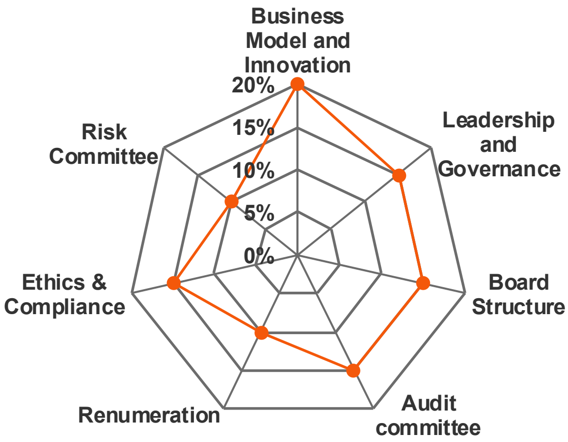
Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

- **Business Model and Innovation**
- **Leadership and Governance**
- **Board Structure**
- **Audit committee**
- **Renumeration**
- **Ethics & Compliance**
- **Risk Committee**

SCALE WEIGHTING



Our Comments

- We assign SCGP a decent Governance (G) score of 3.0, mainly reflecting its investment in Fajar Paper, which has delivered relatively low returns. This is offset by SCGP's strong board structure and ongoing commitment to sustainable product development.
- On a positive note, SCGP's board structure is sound, with an independent director serving as chairman and ~2/3 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 perspective, SCGP shows long-term commitment, with its in-house R&D team having developed resource-efficient technologies since 2010. SCG Green Choice-labeled products now account for 59% of revenue, moving toward a 66.7% target by 2030.
- SCGP leverages AI to enhance competitiveness and operational efficiency, including predictive maintenance, energy optimization, quality monitoring, inventory and production planning, and employee and customer support through chatbots. These initiatives delivered ~Bt175m in value in 9M25, improving cost efficiency, quality, and data-driven decision-making.

Sources: Thanachart, Company data

Fajar turnaround to drive a profit recovery in 2026-27F

INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	132,784	124,374	110,714	113,470	116,291
Cost of sales	110,381	102,120	89,486	91,605	93,940
Gross profit	**22,403**	**22,254**	**21,228**	**21,865**	**22,351**
% gross margin	16.9%	17.9%	19.2%	19.3%	19.2%
Selling & administration expenses	16,318	16,131	13,839	14,184	14,536
Operating profit	**6,085**	**6,123**	**7,389**	**7,682**	**7,815**
% operating margin	4.6%	4.9%	6.7%	6.8%	6.7%
Depreciation & amortization	9,259	10,253	10,460	10,668	10,875
EBITDA	**15,343**	**16,376**	**17,850**	**18,349**	**18,690**
% EBITDA margin	11.6%	13.2%	16.1%	16.2%	16.1%
Non-operating income	1,174	1,975	800	800	800
Non-operating expenses	0	0	0	0	0
Interest expense	(2,429)	(2,347)	(2,694)	(2,384)	(2,342)
Pre-tax profit	**4,829**	**5,751**	**5,495**	**6,098**	**6,273**
Income tax	825	1,373	1,022	1,134	1,166
After-tax profit	**4,004**	**4,378**	**4,473**	**4,964**	**5,106**
% net margin	3.0%	3.5%	4.0%	4.4%	4.4%
Shares in affiliates' Earnings	113	101	101	101	101
Minority interests	(28)	(553)	(35)	(39)	(40)
Extraordinary items	(390)	144	0	0	0
NET PROFIT	**3,699**	**4,069**	**4,539**	**5,026**	**5,167**
Normalized profit	**4,089**	**3,925**	**4,539**	**5,026**	**5,167**
EPS (Bt)	0.9	0.9	1.1	1.2	1.2
Normalized EPS (Bt)	1.0	0.9	1.1	1.2	1.2

Stronger balance sheet with higher profit

BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
ASSETS:					
Current assets:	55,304	50,766	54,684	60,543	61,650
Cash & cash equivalent	12,282	10,905	19,441	24,441	24,641
Account receivables	23,551	22,152	19,719	20,210	20,712
Inventories	19,027	17,356	15,209	15,569	15,966
Others	443	354	315	323	331
Investments & loans	1,193	1,330	1,330	1,330	1,330
Net fixed assets	91,014	85,325	79,430	73,327	67,016
Other assets	41,069	39,109	39,109	39,109	39,109
Total assets	**188,580**	**176,531**	**174,553**	**174,309**	**169,106**
LIABILITIES:					
Current liabilities:	56,603	47,432	46,588	45,211	41,744
Account payables	15,678	14,707	12,888	13,193	13,529
Bank overdraft & ST loans	24,493	24,387	24,937	24,028	20,725
Current LT debt	11,370	6,281	6,423	6,188	5,338
Others current liabilities	5,062	2,056	2,340	1,802	2,153
Total LT debt	**25,320**	**28,702**	**29,349**	**28,279**	**24,392**
Others LT liabilities	11,370	10,281	6,651	6,816	6,986
Total liabilities	**93,293**	**86,415**	**82,588**	**80,306**	**73,122**
Minority interest	18,608	15,713	15,748	15,787	15,826
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	(28,075)	(32,044)	(32,044)	(32,044)	(32,044)
Retained earnings	**59,600**	**61,293**	**63,108**	**65,107**	**67,048**
Shareholders' equity	76,678	74,402	76,217	78,216	80,157
Liabilities & equity	**188,580**	**176,531**	**174,553**	**174,309**	**169,106**

Sources: Company data, Thanachart estimates

We expect positive FCF from 2026-28F

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	4,829	5,751	5,495	6,098	6,273
Tax paid	(962)	(1,518)	(1,069)	(1,135)	(1,138)
Depreciation & amortization	9,259	10,253	10,460	10,668	10,875
Chg In working capital	192	2,100	2,761	(546)	(563)
Chg In other CA & CL / minorities	(22,313)	(3,772)	471	(444)	415
Cash flow from operations	**(8,994)**	**12,814**	**18,118**	**14,640**	**15,861**
Capex	(5,993)	(4,565)	(4,565)	(4,565)	(4,565)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	(131)	(137)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,054)	(1,118)	(3,630)	166	169
Cash flow from investments	**(7,178)**	**(5,819)**	**(8,195)**	**(4,399)**	**(4,395)**
Debt financing	15,617	(2,026)	1,338	(2,214)	(8,040)
Capital increase	0	0	0	0	0
Dividends paid	(3,329)	(3,228)	(2,724)	(3,027)	(3,226)
Warrants & other surplus	(1,014)	(3,118)	0	0	0
Cash flow from financing	**11,274**	**(8,372)**	**(1,386)**	**(5,241)**	**(11,266)**
Free cash flow	**(16,172)**	**6,994**	**9,923**	**10,241**	**11,466**

We see SCGP's valuation as attractive against its profit growth

VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	19.0	19.8	17.1	15.5	15.0
Normalized PE - at target price (x)	23.1	24.1	20.8	18.8	18.3
PE (x)	21.0	19.1	17.1	15.5	15.0
PE - at target price (x)	25.5	23.2	20.8	18.8	18.3
EV/EBITDA (x)	8.3	7.7	6.7	6.1	5.5
EV/EBITDA - at target price (x)	9.3	8.7	7.6	7.0	6.4
P/BV (x)	1.0	1.0	1.0	1.0	1.0
P/BV - at target price (x)	1.2	1.3	1.2	1.2	1.2
P/CFO (x)	(8.6)	6.1	4.3	5.3	4.9
Price/sales (x)	0.6	0.6	0.7	0.7	0.7
Dividend yield (%)	3.0	3.3	3.7	4.1	4.2
FCF Yield (%)	(20.8)	9.0	12.8	13.2	14.8
(Bt)					
Normalized EPS	1.0	0.9	1.1	1.2	1.2
EPS	0.9	0.9	1.1	1.2	1.2
DPS	0.6	0.6	0.7	0.7	0.8
BV/share	17.9	17.3	17.8	18.2	18.7
CFO/share	(2.1)	3.0	4.2	3.4	3.7
FCF/share	(3.8)	1.6	2.3	2.4	2.7

Sources: Company data, Thanachart estimates

Despite soft ASP, several initiatives have helped margins turn around

FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Growth Rate					
Sales (%)	2.6	(6.3)	(11.0)	2.5	2.5
Net profit (%)	(29.5)	10.0	11.5	10.7	2.8
EPS (%)	(29.5)	10.0	11.5	10.7	2.8
Normalized profit (%)	(20.9)	(4.0)	15.6	10.7	2.8
Normalized EPS (%)	(20.9)	(4.0)	15.6	10.7	2.8
Dividend payout ratio (%)	63.8	63.3	63.3	63.3	63.3
Operating performance					
Gross margin (%)	16.9	17.9	19.2	19.3	19.2
Operating margin (%)	4.6	4.9	6.7	6.8	6.7
EBITDA margin (%)	11.6	13.2	16.1	16.2	16.1
Net margin (%)	3.0	3.5	4.0	4.4	4.4
D/E (incl. minor) (x)	0.6	0.7	0.7	0.6	0.5
Net D/E (incl. minor) (x)	0.5	0.5	0.4	0.4	0.3
Interest coverage - EBIT (x)	2.5	2.6	2.7	3.2	3.3
Interest coverage - EBITDA (x)	6.3	7.0	6.6	7.7	8.0
ROA - using norm profit (%)	2.1	2.2	2.6	2.9	3.0
ROE - using norm profit (%)	5.3	5.2	6.0	6.5	6.5
DuPont					
ROE - using after tax profit (%)	5.2	5.8	5.9	6.4	6.4
- asset turnover (x)	0.7	0.7	0.6	0.7	0.7
- operating margin (%)	5.5	6.5	7.4	7.5	7.4
- leverage (x)	2.5	2.4	2.3	2.3	2.2
- interest burden (%)	66.5	71.0	67.1	71.9	72.8
- tax burden (%)	82.9	76.1	81.4	81.4	81.4
WACC (%)	9.4	9.4	9.4	9.4	9.4
ROIC (%)	4.8	3.7	4.9	5.3	5.7
NOPAT (Bt m)	5,045	4,661	6,015	6,253	6,362
invested capital (Bt m)	125,579	122,868	117,485	112,270	105,971

Sources: Company data, Thanachart estimates

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