

**BUY** (Unchanged)

**TP: Bt 29.00** (From: Bt 22.00)

**Change in Numbers**
**Upside : 22.9%**

# SCG Packaging Pcl (SCGP TB)

## Recovery continues

Fajar is turning around faster than we'd expected, and it is one of the key drivers of SCGP's earnings turnaround. The strong Fajar turnaround and improving cost management lead us to raise our TP for SCGP to Bt29. We maintain our BUY call on the stock.


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### Raising our earnings; maintaining BUY

We maintain our BUY call on SCGP and raise our DCF-based 12-month TP (2026F base year) to Bt29 (from Bt22). **First**, to reflect the surprisingly strong 1Q26 earnings growth of 73% y-y and 29% q-q, we boost our normalized earnings estimates by an average of 25% p.a. in 2026-28F, reflecting a faster-than-expected turnaround at Fajar Paper and a better-than-expected packaging margin. **Second**, SCGP is a strong turnaround stock, with EPS growth of 40/13/7% in 2026-28F, driven by Fajar's turnaround and solid cost management. **Third**, there has been a limited impact from the Iran war, and higher costs are being passed through to selling prices. **Fourth**, fibrous product prices are also on an improving trend, which supports margin. **Finally**, trading at 18.4x 2026F PE with a robust EPS growth outlook, SCGP looks inexpensive to us.

### Fajar's turnaround ahead of our expectations

SCGP now expects Fajar to reach net profit breakeven as early as 2Q26 vs. our earlier expectation of 2H26F. This follows Fajar's strong 1Q26 performance with only a Bt37m loss, the best quarterly result since 4Q22. The improvement is due to market share gains in Indonesia following the shutdown of the fourth-largest player, a gradual increase in prices, higher downstream integration, and cost-efficiency management. We estimate the utilization rate to rise to 77/82% in 2026-27F from 75% in 2025. We now project Fajar to turn a profit this year vs. our previous expectation of 2027F. We leave further downstream integration and potential new M&A announcements as upsides in 2H26F.

### Rising costs offset by price increases

The higher waste paper (AOCC) cost resulting from the Iran war impact in 2Q26F is being offset by a rising selling product price (benchmark testliner price), and the margin remains stable. We believe 2025 will mark the bottom of the testliner paper price cycle, with prices expected to gradually recover thereafter, supported by limited new capacity additions. Meanwhile, dissolving pulp and short-fiber prices rose 7% and 4% from their 1Q26 averages, respectively, which should provide additional support to SCGP's fibrous business, which accounts for around 25% of total sales.

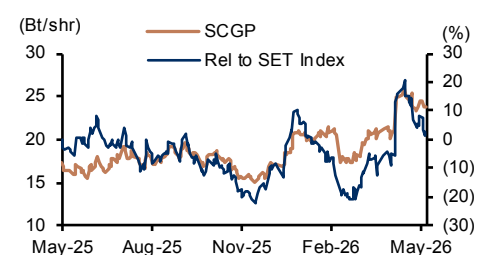
### Continued strong profit in 2Q26F

We expect the strong earnings momentum in 1Q26 to continue into 2Q26F, despite the war's impact on energy prices and freight costs. We estimate 2Q26F normalized profit at Bt1.5bn, up 49% y-y and down 4% q-q. Drivers include higher sales volume in Indonesia, lower paper costs, and Fajar's continued turnaround. Supporting q-q growth are recovering demand in Vietnam and Indonesia after the many public holidays in 1Q26, and no fiber plant maintenance shutdown.

### COMPANY VALUATION

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Sales	124,374	113,072	117,637	121,764
Net profit	4,069	5,508	6,246	6,687
Consensus NP	—	5,208	5,652	6,338
Diff frm cons (%)	—	5.8	10.5	5.5
Norm profit	3,925	5,508	6,246	6,687
Prev. Norm profit	—	4,539	5,026	5,167
Chg frm prev (%)	—	21.4	24.3	29.4
Norm EPS (Bt)	0.91	1.28	1.46	1.56
Norm EPS grw (%)	(4.0)	40.3	13.4	7.1
Norm PE (x)	25.8	18.4	16.2	15.2
EV/EBITDA (x)	9.1	7.5	6.8	6.1
P/BV (x)	1.4	1.3	1.3	1.2
Div yield (%)	2.5	3.4	3.9	4.2
ROE (%)	5.2	7.3	8.0	8.3
Net D/E (%)	53.8	44.1	35.0	25.1

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 29-May-26 (Bt)	23.60
Market Cap (US\$ m)	3,112.2
Listed Shares (m shares)	4,292.9
Free Float (%)	25.9
Avg. Daily Turnover (US\$ m)	9.5
12M Price H/L (Bt)	26.00/15.00
Sector	PKG
Major Shareholder	Siam Cement Pcl. 72.12%

Sources: Bloomberg, Company data, ttb wealth estimates

**ESG Summary Report ..... P10**

## Raising our earnings; maintaining BUY

*Raising our earnings due to a faster Fajar turnaround and higher packaging margin.*

We maintain our BUY rating on SCG Packaging Pcl (SCGP TB) and raise our DCF-based 12-month TP, using a 2026F base year, to Bt29/share from Bt22 previously. We boost our 2026-28F earnings estimates by 21/24/29%, mainly driven by a faster-than-expected turnaround at Fajar Paper and lower costs. The upward revisions are supported by two key factors: first, higher testliner ASP assumptions, mainly from Fajar, as stronger domestic paper prices in Indonesia lead us to raise our testliner ASP assumptions by 3.9/5.1/6.6% for 2026-28F to US\$395/410/420 per tonne, accelerating the earnings recovery; and second, lower OCC cost assumptions in 2026F following the sharp decline this year, with our OCC forecast cut by 3% to US\$160/tonne. Accordingly, we expect spreads to improve to US\$235-245/tonne in 2026-28F.

### Ex 1: Earnings Revisions

	2023	2024	2025	2026F	2027F	2028F
<b>Reported profit (Bt m)</b>						
- New	5,248	3,699	4,069	5,508	6,246	6,687
- Old				4,539	5,026	5,167
- Change (%)				21.4	24.3	29.4
<b>Normalized profit (Bt m)</b>						
- New	5,248	3,699	4,069	5,508	6,246	6,687
- Old				4,539	5,026	5,167
- Change (%)				21.4	24.3	29.4
<b>Testliner ASP (US\$/tonne)</b>						
- New	396	391	377	395	410	420
- Old				380	390	394
- Change (%)				3.9	5.1	6.6
<b>OCC price (US\$/tonne)</b>						
- New	170	206	167	160	170	175
- Old				165	170	175
- Change (%)				(3.0)	-	-
<b>Spread (US\$/tonne)</b>						
- New	226	185	211	235	240	245
- Old				215	220	219
- Change (US\$/t)				20	20	26
<b>Fajar's profit (Bt m)</b>						
- New	(1,385)	(2,424)	(2,227)	113	645	940
- Old				(21)	409	781
- Change (%)				na	57.7	20.3

Sources: Company data, ttb wealth estimates

## Fajar's turnaround ahead of our expectations

*Fajar expects to break even by 2Q26 vs. our previous 2H26F estimate*

Fajar's earnings recovery is accelerating ahead of expectations, supported by improving industry conditions in Indonesia, higher utilization rates, stronger downstream integration, and continued cost-efficiency improvements. Management now expects Fajar to reach net profit breakeven as early as 2Q26, vs. our previous expectation of 2H26F, marking a key earnings inflection point after several years of weak profitability.

Key drivers behind the turnaround include:

*Higher Indonesia paper prices*

1) **Stronger domestic paper prices in Indonesia.** Domestic testliner prices have continued to improve, supported by tighter industry supply-demand conditions following new capacity coming online in 2025 and the shutdown of the fourth-largest player in 2025.

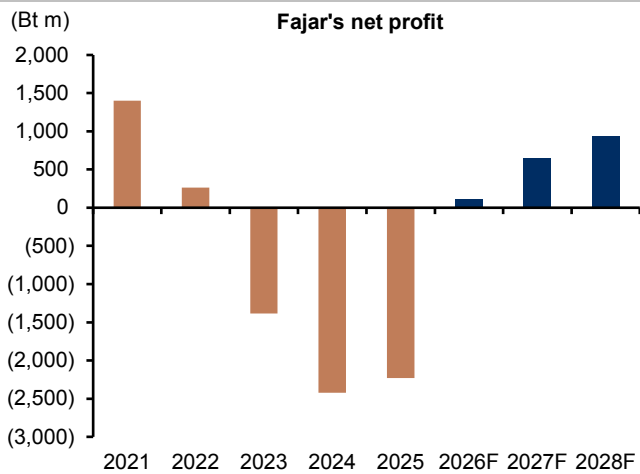
*Lower energy and interest costs*

2) **Better cost structure through energy optimization and lower financing costs.** Fajar continues to improve its cost competitiveness through an ongoing energy mix optimization, which generated around IDR60bn (approximately Bt130m) in savings in 1Q26. We recap here that the company terminated a gas contract in 4Q25, which should result in Bt400m p.a. in cost savings. The company has also secured more RCP supply from domestic sources, helping reduce raw material costs. In addition, the recent capital increase should have helped lower interest expenses since 2H25.

*Stronger MYPAK integration and domestic sales*

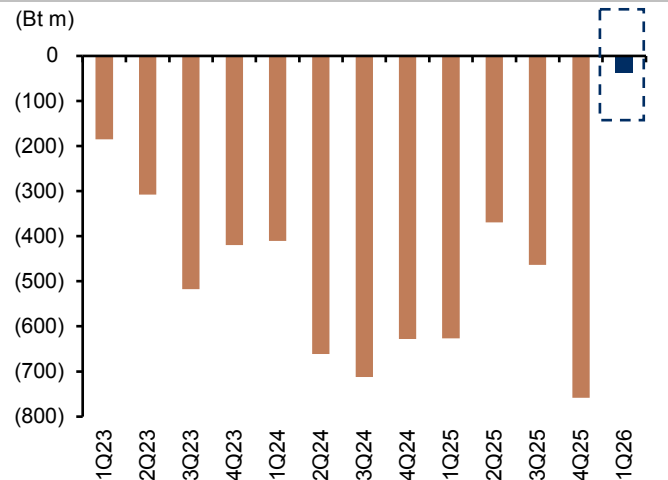
3) **Greater focus on domestic and integrated downstream sales.** The company is prioritizing domestic sales over exports, as the local market offers stronger pricing, better margins, and lower exposure to volatile export conditions. This strategy is further supported by the acquisition of MYPAK, which has strengthened SCGP's downstream integration to 26% from 16% previously. Management expects the integration level to improve further through additional M&P deals, with more announcements anticipated in 2H26F.

**Ex 2: Fajar's Profit (Yearly)**



Sources: Company data, ttb wealth estimates

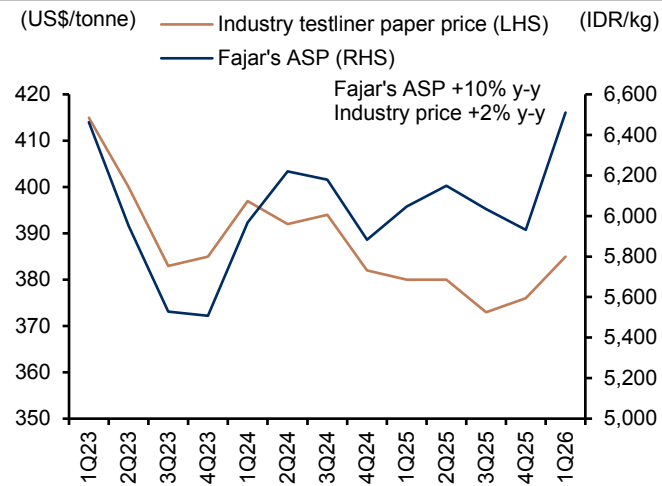
**Ex 3: Fajar's Profit (Quarterly)**



Sources: Company data, ttb wealth estimates

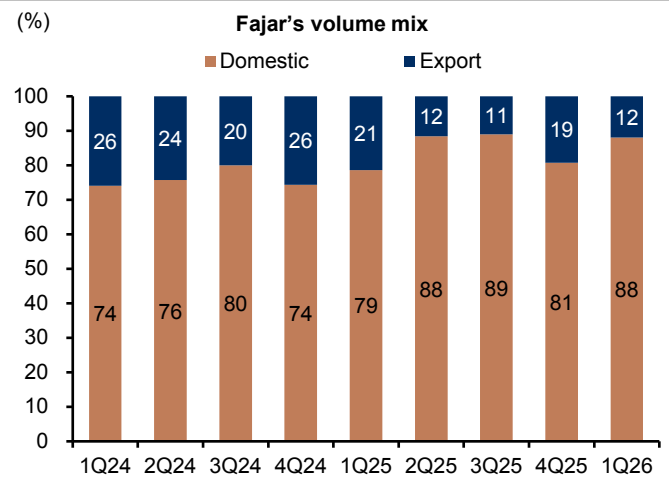
Fajar's ASP growth outpaced the industry in 1Q26, rising 10% y-y vs. industry growth of 2% y-y. We attribute the stronger performance to a better demand/supply dynamic and a higher domestic sales mix, which increased to 88% in 1Q26 from 76% in 2024.

**Ex 4: Fajar's ASP Has Outpaced The Industry Price ...**



Sources: Company data, ttb wealth estimates

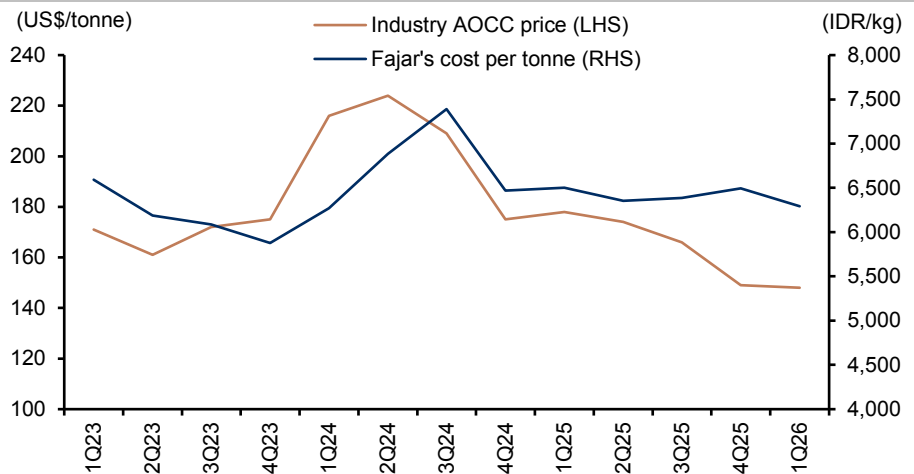
**Ex 5: ... Partly Due To Stronger Domestic Sales**



Sources: Company data, ttb wealth estimates

Fajar's unit cost also declined in 1Q26, driven by a new gas contract and lower industry benchmark OCC costs.

**Ex 6: Fajar's ASP Vs. Cost Per Tonne**

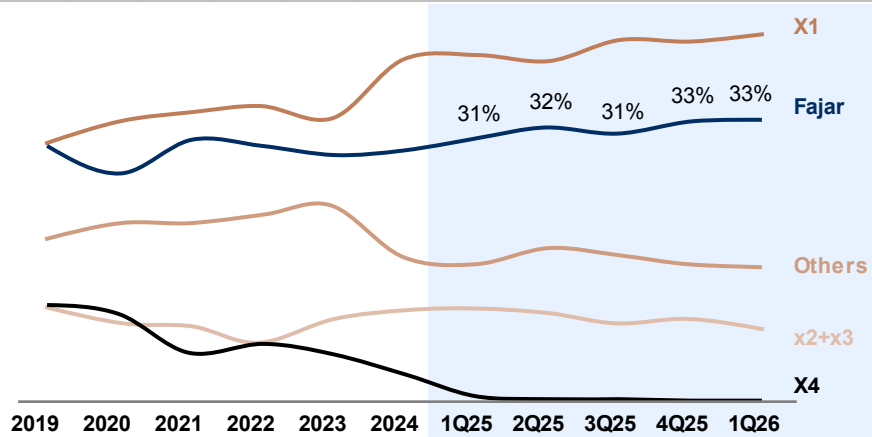


Sources: Company data, ttb wealth estimates

**Fajar is gaining market share**

Fajar has steadily strengthened its position in Indonesia's packaging paper market, with its market share increasing from around 28% in 2019 to 33% by 1Q26, narrowing the gap with the market leader (X1), whose share remains stable at around 40%. In contrast, smaller players continued to lose share, reflecting ongoing industry consolidation. Management attributed the gain to its strong domestic focus supported by deeper penetration among alliance customers and stronger integration with SCGP's packaging business.

Ex 7: Market Share By Player In Indonesia



Source: Company data

### Rising costs offset by higher selling prices

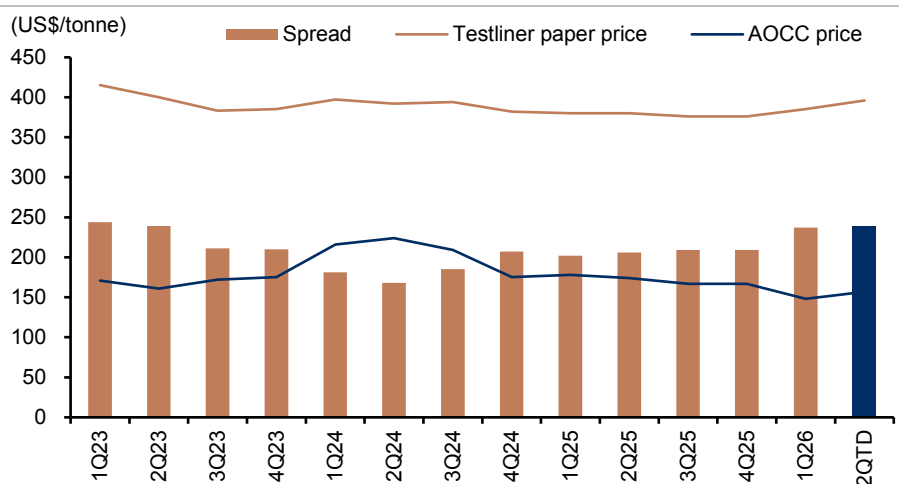
*Higher costs reflected in prices*

The higher waste paper (AOCC) cost as a result of the Iran war impact in 2Q26F is being offset by rising selling product prices (benchmark testliner price) and that margin is stable. Industry testliner paper price up by US\$11/t to US\$396/t 2QTD while OCC price up by US\$9/t.

*2025 should mark the bottom for testliner prices*

We believe 2025 will mark the bottom of the testliner paper price cycle, with prices expected to gradually recover thereafter, supported by limited new capacity additions. Most large-scale expansions already entered the market during 2023-25, particularly in Indonesia, while new greenfield projects scheduled over 2026-28 appear relatively limited. At the same time, regional demand for corrugated packaging should continue to gradually improve alongside a recovery in consumer spending and manufacturing activity across ASEAN.

Ex 8: Industry Price Vs AOCC

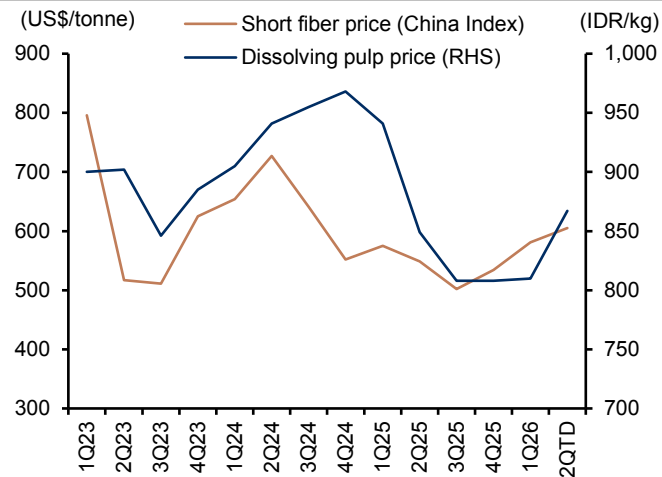


Sources: Company data

*Fibrous prices have also risen*

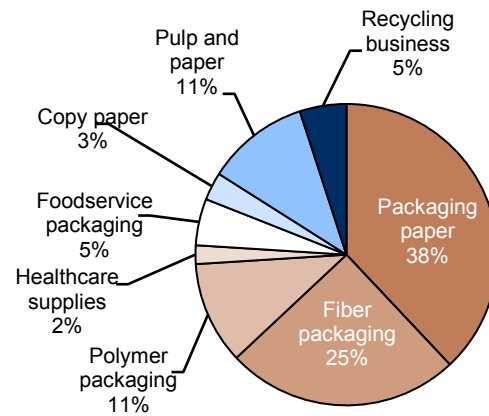
Additionally, dissolving pulp and short-fiber prices rose 7% and 4% from their 1Q26 averages, respectively, which should provide additional support to SCGP's fibrous business, which accounts for around 25% of total sales.

**Ex 9: Fibrous Prices Is Bottoming Out**



Sources: Company data

**Ex 10: Revenue Breakdown (2025)**

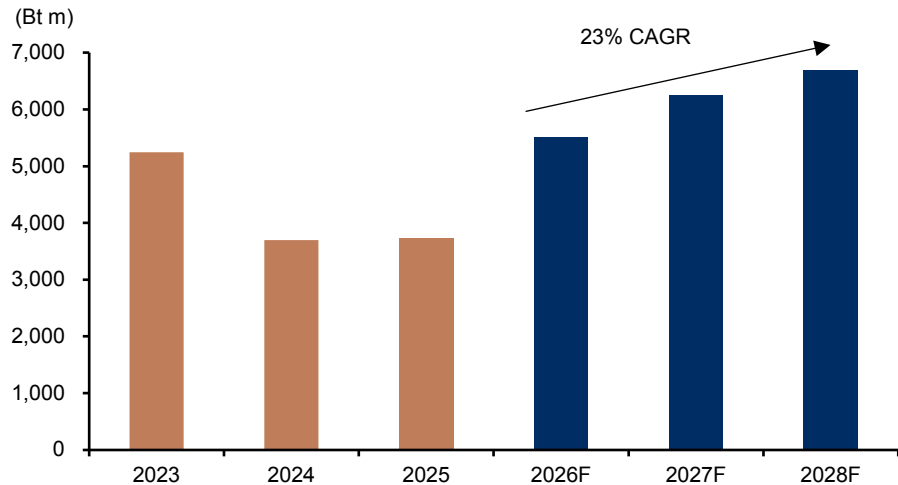


Sources: Company data

### Strong profit turnaround

We view SCGP as a strong turnaround stock, offering EPS growth of 40/13/7% in 2026-28F with key drivers of Fajar's turnaround, a gradual improvement in industry prices, and good cost management.

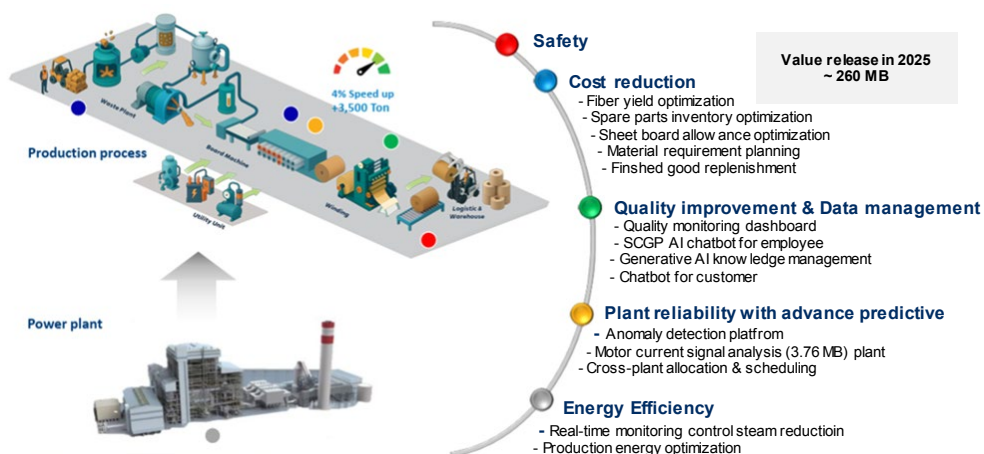
**Ex 11: Earnings Growth**



Sources: Company data, ttb wealth estimates

Additionally, SCGP is using AI and machine learning across its production process and power plants to improve efficiency, reduce costs, and enhance product quality. The initiatives focus on fiber yield optimization, inventory management, predictive maintenance, and energy efficiency, while also supporting quality monitoring and data management. These projects have already improved production speed by 4% and generated cost savings of around Bt260m in 2025, with management targeting further savings of Bt450m in 2026.

Ex 12: AI Automation



Source: Company data

Ex 13: 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	19,041	19,838	20,530	21,620	22,663	23,082	23,511	23,948	24,393	24,848	25,311	25,783	
Free cash flow	16,096	13,565	14,252	15,344	16,232	16,736	17,105	17,481	17,863	18,251	18,646	19,047	262,363
PV of free cash flow	16,052	11,336	10,883	10,710	10,356	9,760	9,115	8,515	7,953	7,427	6,934	6,474	89,175
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	9.4												
Terminal growth (%)	2.0												
Enterprise value - add investments	188,636												
Net debt / (cash)	48,466												
Minority interest	15,713												
Equity value	124,457												
# of shares (m)	4,293												
<b>Equity value/share (Bt)</b>	<b>29.0</b>												

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 14: Comparison With Regional Peers

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		—EV/EBITDA—		— Div yield —	
			26F (%)	27F (%)	26F (x)	27F (x)	26F (x)	27F (x)	26F (x)	27F (x)	26F (%)	27F (%)
<b>Developed country focus on polymer packaging</b>												
Amcor	AMC AU	Australia	10.1	8.2	9.9	9.1	1.5	1.5	9.1	8.5	6.6	6.6
Huhtamaki	HUH1V FH	Europe	(0.9)	9.4	11.4	10.5	1.5	1.4	7.0	6.6	4.2	4.4
Aptar Group	ATR US	USA	0.6	8.5	20.2	18.6	2.8	2.7	10.2	9.6	1.7	1.8
Sonoco	SON US	USA	2.8	10.5	8.5	7.7	1.3	1.2	7.3	6.9	4.3	4.4
<b>Average</b>			<b>3.2</b>	<b>9.1</b>	<b>12.5</b>	<b>11.5</b>	<b>1.8</b>	<b>1.7</b>	<b>8.4</b>	<b>7.9</b>	<b>4.2</b>	<b>4.3</b>
<b>Developed country focus on paper packaging</b>												
BillerudKorsnas	BILL SS	Europe	(82.1)	na	95.6	14.1	0.6	0.6	6.7	4.8	3.2	4.4
Int. Paper	IP US	USA	na	90.6	24.2	12.7	1.2	1.2	8.6	6.6	5.6	5.7
PCA	PKG US	USA	4.8	18.1	20.9	17.7	3.9	3.5	10.9	9.8	2.4	2.4
Mondi	MNDI LN	Europe	(43.6)	94.2	24.3	12.5	0.8	0.8	7.9	6.5	2.5	3.4
<b>Average</b>			<b>(40.3)</b>	<b>67.6</b>	<b>41.3</b>	<b>14.3</b>	<b>1.6</b>	<b>1.5</b>	<b>8.5</b>	<b>6.9</b>	<b>3.4</b>	<b>4.0</b>
<b>Packaging paper in Asia</b>												
Nine Dragons Paper	2689 HK	Hong Kong	153.2	14.6	8.4	7.3	0.6	0.5	9.1	8.5	1.1	2.0
Lee & Man Paper	2314 HK	Hong Kong	31.6	6.0	6.1	5.7	0.4	0.4	8.0	7.7	5.9	6.1
SCG Packaging Pcl	SCGP TB*	Thailand	40.3	13.4	18.4	16.2	1.3	1.3	7.5	6.8	3.4	3.9
<b>Average</b>			<b>75.0</b>	<b>11.3</b>	<b>10.9</b>	<b>9.7</b>	<b>0.8</b>	<b>0.7</b>	<b>8.2</b>	<b>7.7</b>	<b>3.5</b>	<b>4.0</b>
<b>Total average</b>			<b>12.6</b>	<b>29.4</b>	<b>21.6</b>	<b>11.8</b>	<b>1.4</b>	<b>1.3</b>	<b>8.4</b>	<b>7.5</b>	<b>3.7</b>	<b>4.1</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 29 May 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 of the market share 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: ttb wealth

## TTB WEALTH'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.

### 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.

## CONSENSUS COMPARISON

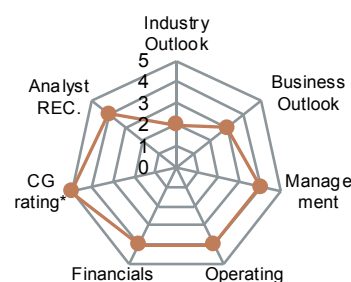
	Consensus	ttb wealth	Diff
Target price (Bt)	26.19	29.00	11%
Net profit 26F (Bt m)	5,208	5,508	6%
Net profit 27F (Bt m)	5,652	6,246	11%
<b>Consensus REC</b>	<b>BUY: 16</b>	<b>HOLD: 5</b>	<b>SELL: 3</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit estimates for 2026-27F are higher than the Bloomberg consensus numbers, likely as we factor in a strong Fajar turnaround.
- Consequently, our DCF-based TP is higher than the Street's.

Sources: Bloomberg consensus, ttb wealth estimates

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Wea</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: ttb wealth; \*CG Rating

### 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.

### T — Threat

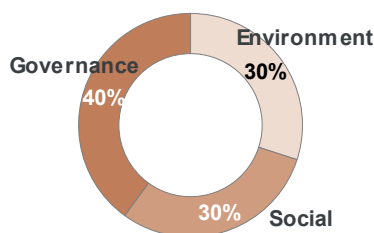
- Higher threat of competition amid slower demand growth.
- Threat of new entrants in fast-growing markets (such as Vietnam), especially from China-based players.

## RISKS TO OUR INVESTMENT CASE

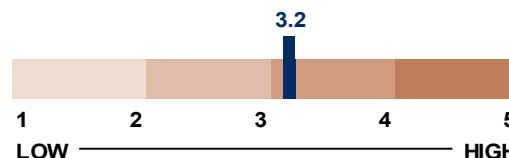
- A lower-than-expected ASP and/or higher-than-expected OCC costs would represent the key downside risks to our call.
- A weaker-than-expected economic recovery, especially in China, would present a secondary downside risk to our call.

Source: ttb wealth

**ESG Weighting**



**ESG Rating**



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	ttb wealth ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
<b>SCGP</b>	<b>YES</b>	<b>AAA</b>	<b>YES</b>	<b>3.24</b>	<b>0</b>	<b>71.31</b>	<b>5.0</b>

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.

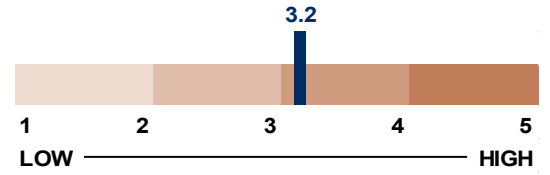


**ESG Summary**

- 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 view SCGP as a strong ESG player due to its exposure to coal. 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 total energy use, alternative fuels for ~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.

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.

Environment (E) Rating



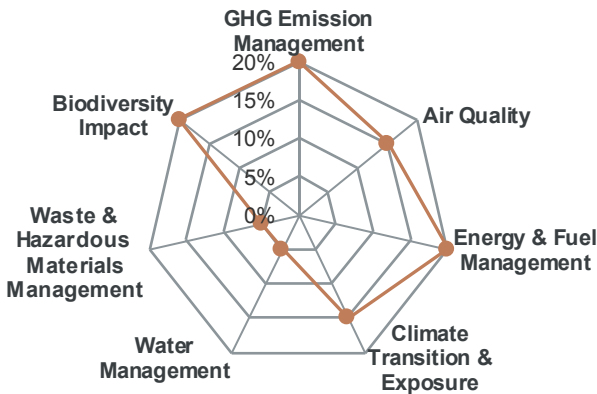
ENVIRONMENT

Our Comments

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

- 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 ambitions, 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 63MW across 27 sites in Thailand and Vietnam, reducing 51,497 tCO<sub>2</sub> 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.

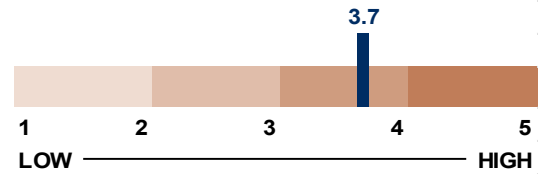
SCALE WEIGHTING



Sources: ttb wealth, 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.

Social (S) Rating



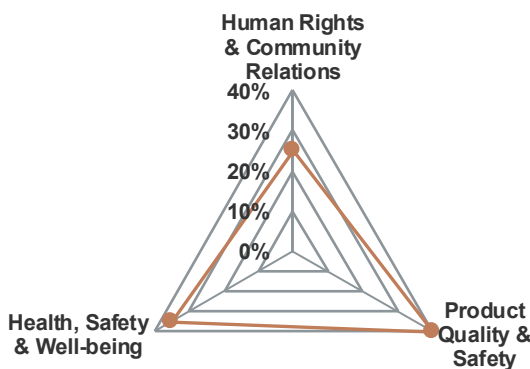
SOCIAL

Our Comments

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

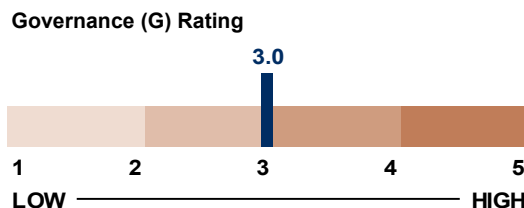
- We assign SCGP a good Social (S) score of 3.7, reflecting its strong commitment to employee welfare, community development, and ethical business practices.
- The company runs a range of social initiatives, including community development programs and customer-focused product support, while upholding 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 1m 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.

SCALE WEIGHTING



Sources: ttb wealth, 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.



GOVERNANCE & SUSTAINABILITY

Our Comments

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

- 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.

SCALE WEIGHTING



Sources: ttb wealth, Company data

## INCOME STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Sales	132,784	124,374	113,072	117,637	121,764
Cost of sales	110,381	102,120	90,358	93,761	96,888
<b>Gross profit</b>	<b>22,403</b>	<b>22,254</b>	<b>22,714</b>	<b>23,875</b>	<b>24,876</b>
% gross margin	16.9%	17.9%	20.1%	20.3%	20.4%
Selling & administration expenses	16,318	16,131	14,134	14,705	15,220
<b>Operating profit</b>	<b>6,085</b>	<b>6,123</b>	<b>8,580</b>	<b>9,171</b>	<b>9,655</b>
% operating margin	4.6%	4.9%	7.6%	7.8%	7.9%
Depreciation & amortization	9,259	10,253	10,460	10,668	10,875
<b>EBITDA</b>	<b>15,343</b>	<b>16,376</b>	<b>19,041</b>	<b>19,838</b>	<b>20,530</b>
% EBITDA margin	11.6%	13.2%	16.8%	16.9%	16.9%
Non-operating income	1,174	1,975	800	800	800
Non-operating expenses	0	0	0	0	0
Interest expense	(2,429)	(2,347)	(2,685)	(2,362)	(2,301)
<b>Pre-tax profit</b>	<b>4,829</b>	<b>5,751</b>	<b>6,695</b>	<b>7,608</b>	<b>8,154</b>
Income tax	825	1,373	1,245	1,415	1,516
<b>After-tax profit</b>	<b>4,004</b>	<b>4,378</b>	<b>5,450</b>	<b>6,194</b>	<b>6,638</b>
% net margin	3.0%	3.5%	4.8%	5.3%	5.5%
Shares in affiliates' Earnings	113	101	101	101	101
Minority interests	(28)	(553)	(42)	(48)	(52)
Extraordinary items	(390)	144	0	0	0
<b>NET PROFIT</b>	<b>3,699</b>	<b>4,069</b>	<b>5,508</b>	<b>6,246</b>	<b>6,687</b>
<b>Normalized profit</b>	<b>4,089</b>	<b>3,925</b>	<b>5,508</b>	<b>6,246</b>	<b>6,687</b>
EPS (Bt)	0.86	0.95	1.28	1.46	1.56
Normalized EPS (Bt)	0.95	0.91	1.28	1.46	1.56

*Fajar's turnaround looks set to drive a profit recovery in 2026-27F*

## BALANCE SHEET

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
<b>ASSETS:</b>					
Current assets:	55,304	50,766	55,259	61,663	63,141
Cash & cash equivalent	12,282	10,905	19,441	24,441	24,641
Account receivables	23,551	22,152	20,139	20,952	21,687
Inventories	19,027	17,356	15,357	15,935	16,467
Others	443	354	322	335	346
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
<b>Total assets</b>	<b>188,580</b>	<b>176,531</b>	<b>175,128</b>	<b>175,429</b>	<b>170,597</b>
<b>LIABILITIES:</b>					
Current liabilities:	56,603	47,432	46,541	45,212	41,622
Account payables	15,678	14,707	13,013	13,503	13,954
Bank overdraft & ST loans	24,493	24,387	24,775	23,740	20,227
Current LT debt	11,370	6,281	6,381	6,114	5,210
Others current liabilities	5,062	2,056	2,372	1,854	2,232
<b>Total LT debt</b>	<b>25,320</b>	<b>28,702</b>	<b>29,159</b>	<b>27,941</b>	<b>23,806</b>
Others LT liabilities	11,370	10,281	6,792	7,066	7,314
<b>Total liabilities</b>	<b>93,293</b>	<b>86,415</b>	<b>82,492</b>	<b>80,219</b>	<b>72,742</b>
Minority interest	18,608	15,713	15,756	15,804	15,855
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)
<b>Retained earnings</b>	<b>59,600</b>	<b>61,293</b>	<b>63,771</b>	<b>66,297</b>	<b>68,891</b>
Shareholders' equity	76,678	74,402	76,880	79,406	82,000
<b>Liabilities &amp; equity</b>	<b>188,580</b>	<b>176,531</b>	<b>175,128</b>	<b>175,429</b>	<b>170,597</b>

Sources: Company data, ttb wealth estimates

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2024A	2025A	2026F	2027F	2028F
Earnings before tax	4,829	5,751	6,695	7,608	8,154
Tax paid	(962)	(1,518)	(1,276)	(1,405)	(1,479)
Depreciation & amortization	9,259	10,253	10,460	10,668	10,875
Chg In working capital	192	2,100	2,318	(901)	(816)
Chg In other CA & CL / minorities	(22,313)	(3,772)	480	(440)	429
<b>Cash flow from operations</b>	<b>(8,994)</b>	<b>12,814</b>	<b>18,677</b>	<b>15,531</b>	<b>17,163</b>
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)	(3,489)	274	248
<b>Cash flow from investments</b>	<b>(7,178)</b>	<b>(5,819)</b>	<b>(8,054)</b>	<b>(4,291)</b>	<b>(4,317)</b>
Debt financing	15,617	(2,026)	944	(2,520)	(8,553)
Capital increase	0	0	0	0	0
Dividends paid	(3,329)	(3,228)	(3,031)	(3,720)	(4,093)
Warrants & other surplus	(1,014)	(3,118)	0	0	0
<b>Cash flow from financing</b>	<b>11,274</b>	<b>(8,372)</b>	<b>(2,087)</b>	<b>(6,240)</b>	<b>(12,646)</b>
<b>Free cash flow</b>	<b>(16,172)</b>	<b>6,994</b>	<b>10,623</b>	<b>11,240</b>	<b>12,846</b>

*We expect positive FCF from 2026-28F*

## VALUATION

FY ending Dec	2024A	2025A	2026F	2027F	2028F
Normalized PE (x)	24.8	25.8	18.4	16.2	15.2
Normalized PE - at target price (x)	30.4	31.7	22.6	19.9	18.6
PE (x)	27.4	24.9	18.4	16.2	15.2
PE - at target price (x)	33.7	30.6	22.6	19.9	18.6
EV/EBITDA (x)	9.8	9.1	7.5	6.8	6.1
EV/EBITDA - at target price (x)	11.3	10.6	8.7	8.0	7.3
P/BV (x)	1.3	1.4	1.3	1.3	1.2
P/BV - at target price (x)	1.6	1.7	1.6	1.6	1.5
P/CFO (x)	(11.3)	7.9	5.4	6.5	5.9
Price/sales (x)	0.8	0.8	0.9	0.9	0.8
Dividend yield (%)	2.3	2.5	3.4	3.9	4.2
FCF Yield (%)	(16.0)	6.9	10.5	11.1	12.7
<b>(Bt)</b>					
Normalized EPS	0.95	0.91	1.28	1.46	1.56
EPS	0.86	0.95	1.28	1.46	1.56
DPS	0.55	0.60	0.81	0.92	0.99
BV/share	17.86	17.33	17.91	18.50	19.10
CFO/share	(2.10)	2.98	4.35	3.62	4.00
FCF/share	(3.77)	1.63	2.47	2.62	2.99

Sources: Company data, ttb wealth estimates

## FINANCIAL RATIOS

FY ending Dec	2024A	2025A	2026F	2027F	2028F
<b>Growth Rate</b>					
Sales (%)	2.6	(6.3)	(9.1)	4.0	3.5
Net profit (%)	(29.5)	10.0	35.4	13.4	7.1
EPS (%)	(29.5)	10.0	35.4	13.4	7.1
Normalized profit (%)	(20.9)	(4.0)	40.3	13.4	7.1
Normalized EPS (%)	(20.9)	(4.0)	40.3	13.4	7.1
Dividend payout ratio (%)	63.8	63.3	63.3	63.3	63.3
<b>Operating performance</b>					
Gross margin (%)	16.9	17.9	20.1	20.3	20.4
Operating margin (%)	4.6	4.9	7.6	7.8	7.9
EBITDA margin (%)	11.6	13.2	16.8	16.9	16.9
Net margin (%)	3.0	3.5	4.8	5.3	5.5
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	3.2	3.9	4.2
Interest coverage - EBITDA (x)	6.3	7.0	7.1	8.4	8.9
ROA - using norm profit (%)	2.1	2.2	3.1	3.6	3.9
ROE - using norm profit (%)	5.3	5.2	7.3	8.0	8.3
<b>DuPont</b>					
ROE - using after tax profit (%)	5.2	5.8	7.2	7.9	8.2
- asset turnover (x)	0.7	0.7	0.6	0.7	0.7
- operating margin (%)	5.5	6.5	8.3	8.5	8.6
- leverage (x)	2.5	2.4	2.3	2.2	2.1
- interest burden (%)	66.5	71.0	71.4	76.3	78.0
- 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	5.7	6.3	7.0
NOPAT (Bt m)	5,045	4,661	6,985	7,466	7,860
invested capital (Bt m)	125,579	122,868	117,754	112,760	106,600

Sources: Company data, ttb wealth estimates

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BB - BBB - A	<b>AVERAGE :</b> A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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