SCG Packaging Pcl (SCGP TB) - BUY, Price Bt30.25, TP Bt29.00

Results Comment

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2Q26 – strong beat on margin

- Net profit came in Bt2.3bn (+128% y-y, +47% q-q), beating consensus by 20%. 1H26 accounts 69% of our 2026F and 63% of consensus.
- Y-Y and Q-Q profit and EBITDA improved in line with revenue growth. This was driven by a turnaround in Indonesia's packaging paper operations, stronger performance in the fibrous business, and ongoing cost optimization.
- Integrated EBITDA went up strongly by 19% q-q and 36% y-y. We see improvement in both non-Fajar and Fajar profit. Growth was primarily attributed to the turnaround in packaging paper operation in Indonesia, and sustained growth across all business in Vietnam.
- Fajr shows a strong improvement with net profit reaching c. Bt200m in 2Q26 vs -Bt37m in 1Q26. This recovery was supported by higher selling prices (+9% q-q, +16% y-y) and seasonally higher sales volume (+12% q-q, +3% y-y).
- Fiber EBITDA up both y-y and q-q on high price and currency tailwinds. There is also an impact from pulp plant shutdown in 1Q26.
- Outlook: SCGP guided 3Q26 to remain resilient while Fajar's earning momentum improvement will continue. Maintain BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	31,557	30,438	30,170	29,295	32,454
Gross profit	**5,737**	**5,470**	**5,249**	**6,164**	**7,704**
SG&A	3,950	3,766	4,369	3,987	4,262
Operating profit	1,787	1,704	880	2,178	3,442
EBITDA	**4,221**	**4,210**	**3,688**	**4,616**	**5,427**
Other income	251	296	1,154	158	186
Other expense	0	0	0	0	0
Interest expense	654	544	504	482	507
Profit before tax	**1,384**	**1,456**	**1,530**	**1,854**	**3,121**
Income tax	283	358	430	333	590
Equity & invest. income	33	33	19	23	43
Minority interests	(94)	(66)	(234)	(75)	(233)
Extraordinary items	(31)	(112)	321	97	(37)
Net profit	**1,010**	**953**	**1,207**	**1,566**	**2,304**
Normalized profit	**1,040**	**1,066**	**885**	**1,469**	**2,341**
EPS (Bt)	0.24	0.22	0.28	0.36	0.54
Normalized EPS (Bt)	0.24	0.25	0.21	0.34	0.55

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	11	3	55	113,072	117,637
Gross profit	**25**	**34**	**61**	**22,714**	**23,875**
SG&A	7	8	58	14,134	14,705
Operating profit	58	93	65	8,580	9,171
EBITDA	**18**	**29**	**53**	**19,041**	**19,838**
Other income	18	(26)	43	800	800
Other expense			na		
Interest expense	5	(22)	37	2,685	2,362
Profit before tax	**68**	**126**	**74**	**6,695**	**7,608**
Income tax	77	108	74	1,245	1,415
Equity & invest. income	90	29	66	101	101
Minority interests	na	na	728	(42)	(48)
Extraordinary items	na	na	na	0	0
Net profit	**47**	**128**	**70**	**5,508**	**6,246**
Normalized profit	**59**	**125**	**69**	**5,508**	**6,246**
EPS (Bt)	47	128	70	1.28	1.46
Normalized EPS (Bt)	59	125	69	1.28	1.46

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	10,674	10,660	10,905	11,594	11,938
A/C receivable	24,130	23,063	22,152	22,721	24,589
Inventory	18,504	17,848	17,356	17,530	19,071
Other current assets	417	370	354	493	432
Investment	1,290	1,311	1,330	1,350	1,379
Fixed assets	87,735	85,799	85,325	85,675	84,283
Other assets	40,064	38,858	39,109	39,767	39,314
Total assets	**182,815**	**177,908**	**176,531**	**179,129**	**181,007**
S-T debt	32,624	25,976	30,669	29,869	30,226
A/C payable	15,445	14,908	14,707	14,273	16,069
Other current liabilities	2,065	1,947	2,056	3,967	2,342
L-T debt	18,669	34,203	28,702	28,575	28,420
Other liabilities	21,725	10,536	10,281	10,401	10,281
Minority interest	15,749	15,635	15,713	15,838	15,797
Shareholders' equity	**76,537**	**74,703**	**74,402**	**76,207**	**77,872**
Working capital	27,190	26,003	24,801	25,977	27,591
Total debt	51,293	60,179	59,371	58,443	58,646
Net debt	**40,619**	**49,519**	**48,466**	**46,850**	**46,708**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(7.8)	(8.8)	(3.4)	(9.0)	2.8
Operating profit growth	(10.7)	63.2	65.2	24.3	92.6
EBITDA growth	(9.9)	18.4	24.4	8.4	28.6
Norm profit growth	(31.8)	36.7	480.9	57.3	125.0
Norm EPS growth	(31.8)	36.7	480.9	57.2	125.0
Gross margin	18.2	18.0	17.4	21.0	23.7
Operating margin	5.7	5.6	2.9	7.4	10.6
EBITDA margin	13.4	13.8	12.2	15.8	16.7
Norm net margin	3.3	3.5	2.9	5.0	7.2
D/E (x)	0.6	0.7	0.7	0.6	0.6
Net D/E (x)	0.4	0.5	0.5	0.5	0.5
Interest coverage (x)	6.5	7.7	7.3	9.6	10.7
Interest rate	4.7	3.9	3.4	3.3	3.5
Effective tax rate	20.5	24.6	28.1	17.9	18.9
ROA	2.2	2.4	2.0	3.3	5.2
ROE	5.5	5.6	4.7	7.8	12.2

Sources: Company data, ttb wealth estimates

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