SCG Packaging Pcl (SCGP TB) - BUY

News Update

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Plasterboard liner expansion

- **Bt9.85bn capacity expansion**
- **Competitive cost, flexible production**
- **~5% EBITDA upside**
- **Positive on investment**

SCGP will invest Bt9.85bn through its Thai subsidiary, Kraft Industry Company Limited (SKIC), to add 400ktpa of plasterboard liner capacity, with commercial operations targeted for 4Q28. The expansion should capture growing regional demand while strengthening SCGP's position in high-value specialty paper. Maintain BUY.

- **400ktpa capacity addition:** SCGP plans to add 400ktpa of plasterboard liner capacity in Thailand, equivalent to c 22% of its existing upstream packaging paper capacity. Plasterboard liner is the specialized paper used to cover both sides of gypsum boards for walls and ceilings.
- **Competitive cost:** Management expects lower capex per tonne than its existing machines and peers, despite adopting more advanced technology.
- **Flexible production:** The new machine can produce both plasterboard liner and premium liner board (high-quality paper used for corrugated boxes), giving SCGP flexibility to optimize its product mix and maximize capacity utilization.
- **Earnings upside:** Based on historical average prices, the project could generate cBt6.2bn in annual revenue, or c5% of our 2027F revenue forecast. Assuming a mid-to-high teens EBITDA margin, we estimate a 5% uplift to our 2027F EBITDA forecast.
- **Our take:** We see the expansion positively as it positions SCGP to capture growing regional plasterboard liner demand and strengthen its leadership in this specialized market, where the number of producers remains limited. Existing operations in Thailand and Vietnam are running at full utilization, supporting the need for additional capacity.

Key Valuations

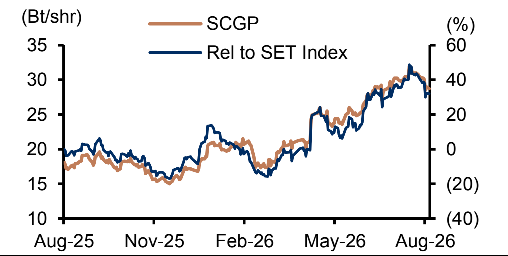
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	124,374	130,409	134,870	138,870
Net profit	4,069	6,942	7,984	8,461
Norm net profit	3,925	6,942	7,984	8,461
Norm EPS (Bt)	0.9	1.6	1.9	2.0
Norm EPS gr (%)	(4.0)	76.8	15.0	6.0
Norm PE (x)	31.4	17.8	15.5	14.6
EV/EBITDA (x)	10.5	7.9	7.1	6.5
P/BV (x)	1.7	1.6	1.5	1.5
Div. yield (%)	2.1	3.6	4.1	4.3
ROE (%)	5.2	9.1	10.0	10.2
Net D/E (%)	53.8	44.8	34.8	24.2

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	28.75
Target price (Bt)	39.00
Market cap (US$ m)	3,776
Avg daily turnover (US$ m)	11.3
12M H/L price (Bt)	32.00/15.00

Price Performance



Source: Bloomberg

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