

Unpolished gems in SCG group

- SCGD is one of the most undervalued, overlooked stocks in SET
- 2025E-26E net profit growth are significant, certain, and speedy
- Maintain BUY and a TP of THB6.0, based on 9x 2025E P/E

Divergence of share price and profit growth warrants high alpha

Despite its strong and highly visible net profit growth momentum in 2025E-27E, SCGD's share price has collapsed by 52% since 2 Oct-24 from THB7.75 to THB3.74 on 17 Jun-25, greatly underperforming local peers DRT (-39%) and DCC (-27%), SET (-23%), and SCGD's sibling companies SCC (-32%), SCGP (-45%), and SJWD (-30%). The only related peers that SCGD's share price has outperformed are the hardline retailer sector – HMPRO (-37%), GLOBAL (-68%), DOHOME (-68%). Why??

Standing out: superior to hardline retailers/ ceramics producers

We believe SCGD's significant share price underperformance thus far was due to investors' perception of SCGD as one of hardline retailers (HMPRO, GLOBAL, DOHOME) whose net profit outlooks are mediocre at best as a result of collapsing demands for construction materials. In contrast, SCGD's net profits are projected to jump markedly by 35% y-y in 2025E and 18% y-y in 2026E, thanks to SCGD's timely improving strategic direction to focus on cost reductions, asset optimization in ASEAN market, business restructuring, and WC reduction.

Net profit growth: Significance, Certainty, and Speediness

Our projected net profit increase of +THB285m y-y (+35.2% y-y) in 2025E and +THB195m (+17.8% y-y) in 2026E are highly achievable, given SCGD's proven track record to achieve its targets of cost reduction (+THB50m in 2025E), profit optimization (+THB20m), and business restructuring and WC reduction (+THB30m), all undeniably stacking up to boost net profit growth in 2025E-26E.

Three winning strategies underscore growth visibility

SCGD's three growth strategies are 1) profitability optimization strategy is mainly to add capacities of high-margin, secured-demand product of glazed porcelain tile in Vietnam (Pho Yen 1 & 2), ensuring not only higher net profit but also a more solid competition against competitors in Vietnam's market; 2) doubling revenue from sanitary by expanding products of bathroom, decorative surface, and complementary (adhesive & grout, kitchen top) via distribution channel expansions.

One of the most compellingly attractive stocks in SET

We think SCGD is one of Thailand's most compellingly attractive stocks against its visible and strong net profit growth outlook. Trading at only 5.7x 2025E P/E and 4.8x 2026E P/E, SCGD is now highly attractive against its local ceramics peers (8.8x-9.9x 2025E-26E P/E for DRT and DCC), Thai hardline retailers (9.2x-13.8x for HMPRO, GLOBAL, DOHOME), SET (14.7x-15.1x 2025E-26E P/E), and SCG sibling (14x-26x 2025E-26E P/E SCC, 15x-18x SCGP, 14x-15x SJWD).

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

ESG Rating : A

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	6.00
VS. BB Consensus TP (%)	-8.7%
Share Price (THB)	4.02
Upside/Downside	+60.4%

Share Data

Market Cap (THB m)	6,171.00
Par (THB)	10.00
Free Float (%)	26.60
Issued shares (m shares)	1,650

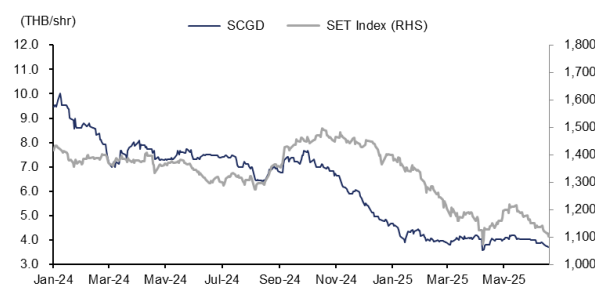
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	25,563	27,514	29,010	30,316
Net profit	810	1,095	1,290	1,475
Core net profit	810	1,095	1,290	1,475
vs Consensus (%)	-	6.5	10.8	11.0
Net profit growth (%)	147.1	35.2	17.8	14.3
Core net profit growth (%)	147.1	35.2	17.8	14.3
EPS (THB)	0.49	0.66	0.78	0.89
Core EPS (THB)	0.49	0.66	0.78	0.89
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.38	0.51	0.60	0.68
P/E (x)	9.78	5.64	4.78	4.19
P/BV (x)	0.41	0.31	0.31	0.30
ROE (%)	4.17	5.65	6.51	7.26
Dividend yield (%)	12.78	7.37	6.25	5.47

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(8.33)	(10.95)	(24.90)	(22.08)
Market	(1.57)	(6.42)	(5.88)	(2.03)
12M High/Low (THB)				8.00 / 3.56



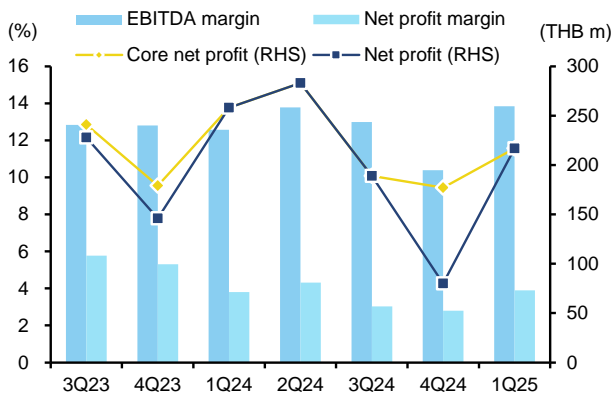
Major Shareholders (%) as of 11 Feb 2025

SCG HERITAGE CO.,LTD	73.39
CPB EQUITY CO.,LTD	4.43
MR. PRATEEP TANGMATITHAM	1.66

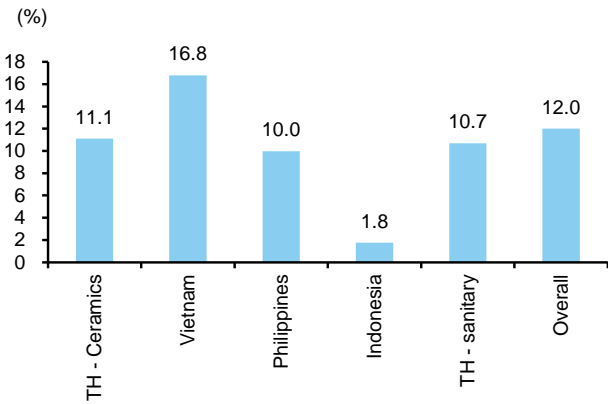
Company Profile

Business of tiles for floors and walls both in Thailand and other countries, Business of bathroom products in Thailand, and Business of industrial estate services.

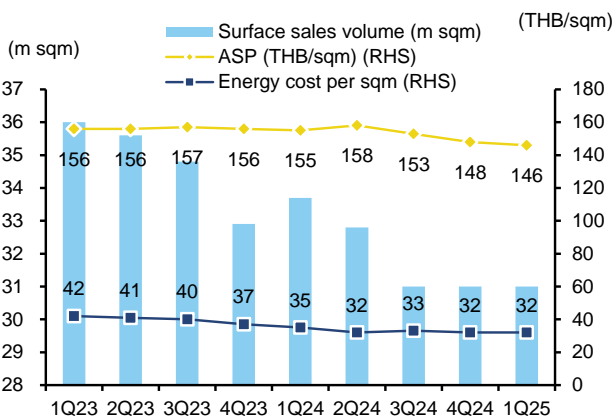
Source: SETSMART, SET

Exhibit 1: Margin and net profit

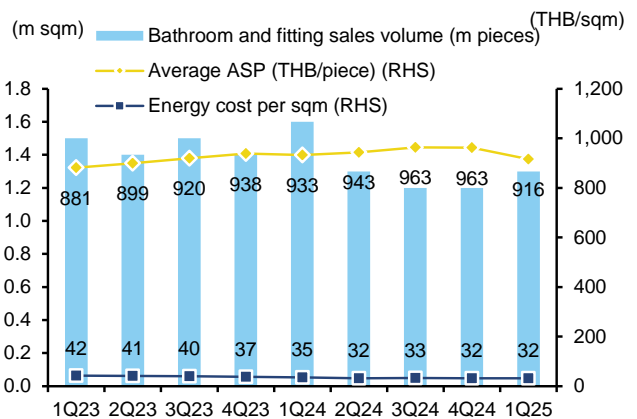
Sources: SCGD

Exhibit 2: Ceramics EBITDA margin (4Q22-4Q24)

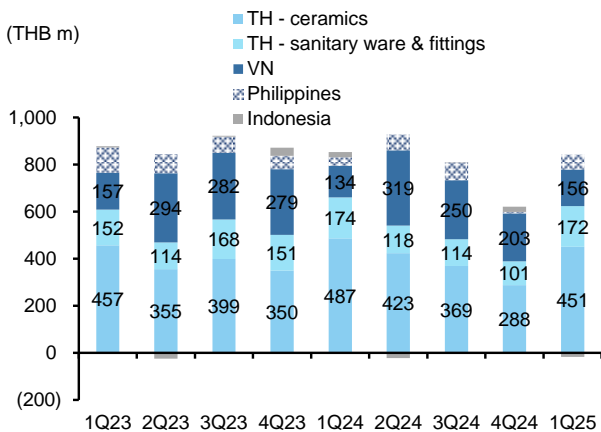
Sources: SCGD

Exhibit 3: Surface: ASP, energy cost, sales volume

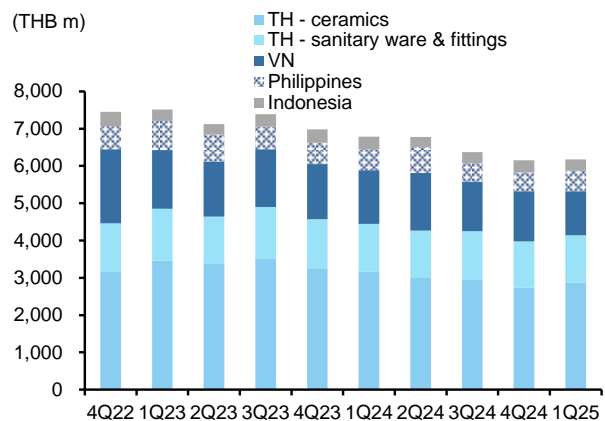
Sources: SCGD

Exhibit 4: Bathroom: ASP, energy cost, sales volume

Sources: SCGD

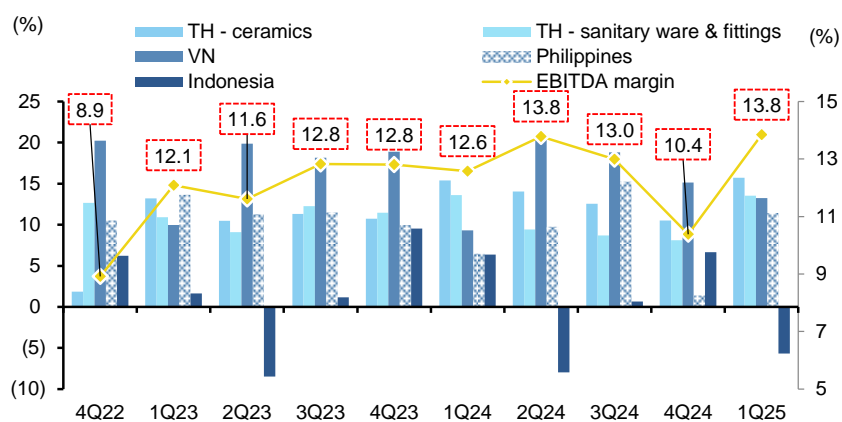
Exhibit 5: EBITDA breakdown by segment/market

Sources: SCGD

Exhibit 6: Revenue breakdown by segment/market

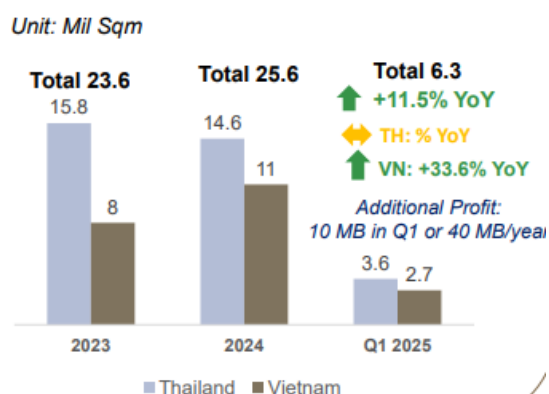
Sources: SCGD

Exhibit 7: Net profit margin by segment/market



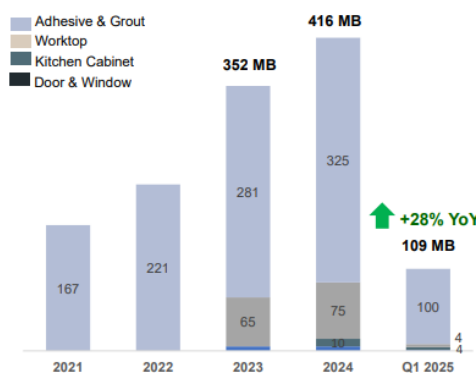
Sources: SCGD

Exhibit 8: Glazed porcelain sales growth (TH, VN)



Sources: SCGD

Exhibit 9: Sales of complementary products 2021-25



Sources: SCGD

Exhibit 10: Comparisons of share price performance, valuation, free float, net profit growth, EPS, trading volume

	Share price		Price chage	Volume traded	Net profit growth (%)		P/E (x)		EPS (THB/share)		% trading volume	Free float	No of shares	Share buyback
	(THB/share)		(%)	(m shares)	2025	2026	2025	2026	2025	2026	(%)	(%)	(m shares)	(m shares)
Date	2-Oct-24		17-Jun-25										17-Jun-25	
Hardline retailers														
HMPRO	10.60	6.70	(36.8)	48.1	4.8	7.3	12.9	12.0	0.52	0.56	0.37	41.3	13,009	143
GLOBAL	15.22	4.86	(68.1)	13.86	6.2	8.4	9.9	9.2	0.49	0.53	0.26	31.0	5,402	0
DOHOME	10.69	3.44	(67.8)	14.2	19.1	36.2	13.8	10.4	0.25	0.33	0.42	29.8	3,383	0
Construction Materials Producers														
DRT	8.00	4.88	(39.0)	152,094	3.5	4.7	9.4	8.8	0.52	0.55	0.02	38.6	812.0	43.0
DCC	1.99	1.46	(26.6)	8.43	3.1	1.1	9.9	9.7	0.15	0.15	0.09	39.5	9,075.6	50.0
SCGD	7.75	3.74	(51.7)	572,757	35.2	17.8	5.7	4.8	0.66	0.78	0.03	26.6	1,650.0	0.0
SCC	245.0	167.5	(31.6)	2.256	40.0	67.1	22.6	13.6	7.40	12.36	0.19	66.3	1,200	0
SCGP	29.75	16.3	(45.2)	6.54	3.4	23.1	18.3	14.8	0.89	1.10	0.15	26.4	4,293	0
SJWD	11.70	8.25	(29.5)	2.72	(11.9)	10.8	15.3	13.8	0.54	0.60	0.15	26.3	1,782	29
SET	1,451.4	1,113.6	(23.3)				15.1	14.7	73.75	75.75				

Sources: Bloomberg; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	5,203	4,204	6,631	9,179	11,835
Account receivable	4,449	3,760	3,018	2,236	1,419
Inventories	7,542	7,091	7,696	8,101	8,438
Others	5,524	5,473	5,511	5,541	5,566
Non-current assets					
Net fixed assets	11,621	12,147	10,632	9,118	7,604
Others	7,313	7,149	7,149	7,149	7,149
Total Assets	41,651	39,823	40,638	41,324	42,011
Current liabilities					
Account payable	3,768	3,578	3,883	4,087	4,257
ST borrowing	14,395	13,292	13,292	13,292	13,292
Others	286	324	348	367	384
Long-term liabilities					
Long-term debts	609	578	578	578	578
Others	1,280	1,346	1,346	1,346	1,346
Total liabilities	20,339	19,117	19,447	19,670	19,857
Paid-up capital	16,500	16,500	16,500	16,500	16,500
Retained earnings	11,281	11,556	12,031	12,484	12,971
Others	(8,084)	(8,926)	(8,926)	(8,926)	(8,926)
Minority interest	1,615	1,576	1,585	1,596	1,608
Shareholders' equity	21,312	20,706	21,190	21,654	22,154

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(19.6)	(9.7)	7.6	5.4	4.5
Operating profit	20.9	(3.1)	10.0	7.7	6.8
EBITDA	20.9	(3.1)	10.0	7.7	6.8
Net profit	177.8	147.1	35.2	17.8	14.3
Core net profit	177.8	147.1	35.2	17.8	14.3
EPS	137.3	147.1	35.2	17.8	14.3
Core EPS	137.3	147.1	35.2	17.8	14.3
Profitability (%)					
Gross margin	29.0	31.7	31.1	31.2	31.4
Operation margin	9.3	10.0	10.2	10.4	10.6
EBITDA margin	9.3	10.0	10.2	10.4	10.6
Net margin	1.2	3.2	4.0	4.4	4.9
ROE	1.8	4.2	5.7	6.5	7.3
ROA	0.8	2.0	2.7	3.1	3.5
Stability					
Interest bearing debt/equity (x)	0.7	0.7	0.7	0.6	0.6
Net debt/equity (x)	0.5	0.5	0.3	0.2	0.1
Interest coverage (x)	2.0	2.0	2.7	3.2	3.6
Interest & ST debt coverage (x)	0.1	0.1	0.1	0.1	0.1
Cash flow interest coverage (x)	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	1.2	1.2	1.3	1.4	1.5
Quick ratio (x)	0.5	0.5	0.6	0.6	0.7
Net debt (THB m)	9,801.4	9,666.0	7,239.1	4,690.4	2,035.1
Activity					
Asset turnover (X)	0.7	0.6	0.7	0.7	1.4
Days receivables	57.3	53.7	40.0	28.1	0.0
Days inventory	137.0	148.2	148.2	148.2	0.0
Days payable	68.4	74.8	74.8	74.8	0.0
Cash cycle days	125.9	127.1	113.5	101.6	0.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	28,312	25,563	27,514	29,010	30,316
Cost of goods sold	(20,094)	(17,466)	(18,956)	(19,953)	(20,782)
Gross profit	8,219	8,097	8,558	9,057	9,534
Operating expenses	(5,584)	(5,544)	(5,750)	(6,034)	(6,306)
Operating profit	2,634	2,553	2,807	3,023	3,228
EBIT	1,095	979	1,293	1,509	1,714
Depreciation	(1,540)	(1,574)	(1,514)	(1,514)	(1,514)
EBITDA	2,634	2,553	2,807	3,023	3,228
Non-operating income					
Other incomes	380	578	550	580	606
Other non-op income	0	0	0	0	0
Non-operating expense	(548)	(493)	(473)	(473)	(473)
Interest expense	(548)	(493)	(473)	(473)	(473)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	1	4	4	4	4
Pre-tax Profit	928	1,068	1,374	1,619	1,850
Extraordinary items	(454)	(249)	(270)	(318)	(363)
Current taxation	(147)	(8)	(9)	(11)	(12)
Minorities	(147)	(8)	(9)	(11)	(12)
Net Profit	328	810	1,095	1,290	1,475
Core net profit	328	810	1,095	1,290	1,475
EPS (THB)	0.20	0.49	0.66	0.78	0.89
Core EPS (THB)	0.20	0.49	0.66	0.78	0.89

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Operating cash flow	1,883	2,620	2,309	2,550	2,714
Net profit	328	810	1,095	1,290	1,475
Depre. & amortization	1,540	1,574	1,514	1,514	1,514
Change in working capital	1,142	932	428	571	641
Others	(1,126)	(696)	(728)	(825)	(916)
Investment cash flow	(3,485)	(560)	2,996	3,336	3,592
Net CAPEX	(1,726)	(2,099)	(50)	(50)	(50)
Change in LT investment	(1,760)	1,539	3,046	3,386	3,642
Change in other assets	0	0	0	0	0
Free cash flow	(1,602)	2,059	5,305	5,887	6,306
Financing cash flow					
Financing cash flow	4,989	(3,059)	(2,878)	(3,338)	(3,651)
Change in share capital	8,146	(13)	0	0	0
Net change in debt	(1,356)	(39)	9	11	12
Dividend paid	(247)	(986)	(620)	(838)	(987)
Others	(1,553)	(2,021)	(2,268)	(2,511)	(2,676)
Net cash flow	3,387	(1,000)	2,427	2,549	2,655

Per share (THB)					
EPS	0.20	0.49	0.66	0.78	0.89
Core EPS	0.20	0.49	0.66	0.78	0.89
CFPS	2.55	1.45	1.59	1.71	1.82
BVPS	24.90	11.59	11.88	12.16	12.45
Sales/share	35.80	15.49	16.68	17.58	18.37
EBITDA/share	3.33	1.55	1.70	1.83	1.96
DPS	0.15	0.38	0.51	0.60	0.68
Valuation					
P/E (x)	50.34	9.78	5.64	4.78	4.19
P/BV (x)	0.84	0.41	0.31	0.31	0.30
Dividend yield (%)	66.68	12.78	7.37	6.25	5.47
Dividend payout ratio (%)	75.50	76.50	76.50	76.50	76.50

GENERAL DISCLAIMER

Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.