

SCC's 2Q25 Earnings Set to Impress

- SCC's core earnings are set to strengthen in 2Q25, driven by higher sales volumes, improved margins, and strategic cost efficiencies.
- Debt reduction and ethane supply improvements support stronger financial stability and growth.
- Maintain BUY and a TP of THB6.0; trading at only 5.0x 2025E P/E

Solid core, Stronger story

We project 2Q25E core net profit (NP) at THB5.3b, improving from THB4.0b in 1Q25 and THB3.7b in 2Q24. Key drivers include: 1) a q-q higher sales volume and improving product margins, supported by higher product prices amid limited new capacity additions; 2) improved performance in the cement business, driven by price increases since Mar-25 and lower cost on coal price drop and higher usage of biomass; 3) stable sales volume in the packaging segment, with higher margin supported by cost efficiencies, stronger average selling prices, and improved performance at Fajar; and 4) a softer NP from SCGD due to weaker domestic demand, higher energy costs, and FX losses.

Behind the bump

Including non-recurring items, we estimate SCC to report 2Q25E net profit at THB8.1b, sharply up from THB1.1b in 1Q25 and THB3.7b in 2Q24, mainly due to the net loss contribution from LSP, stock losses and a negative goodwill from the Chandra Arsri acquisition of Shell Singapore (SSPL).

Trimming the fat

SCC plans to reduce its stake in loss-making Chandra Asri from 30.57% to 20%. We expect the proceeds from this divestment to be allocated toward debt repayment, which should significantly strengthen the balance sheet. As of 2024, SCC's net debt stands at THB290b, with a net debt-to-EBITDA ratio of 5.5x. Post-transaction, we estimate the net debt-to-EBITDA could improve to around 3.0x, enhancing SCC's financial flexibility and reducing interest burden going forward.

Ethane flow boosts LSP outlook

We expect LSP to restart production by Aug-Sep 2025, supported by rising polyolefins-naphtha margins, which improved from USD326/t in 1Q25 to USD385/t as of 2 May-25. The US ban on ethane exports to China (effective 1 Jun-25) should benefit SCC by easing ethane prices and increasing supply for non-China users. This shift is likely to support near-term chemical margins. Longer term, SCC's plan to import 1mtpa of ethane by end-2027, via a USD0.5b investment, is expected to improve LSP's cost competitiveness by up to 30%.

Maintain our BUY with SoTP at THB252

We maintain our BUY with SoTP at THB252, reflecting the stronger outlook across core businesses, particularly in chemicals and cement, as well as improved margin in packaging. The upward revision also factors in the potential balance sheet improvement following the planned partial divestment of Chandra Asri, which should enhance SCC's financial flexibility and unlock capital for future growth.

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	252.00
VS. BB Consensus TP (%)	+40.3%
Share Price (THB)	170.00
Upside/Downside	+48.2%

Share Data

Market Cap (THB m)	204,000.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

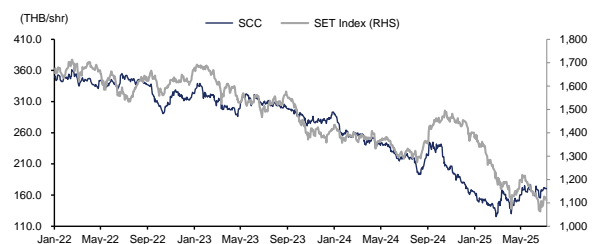
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	511,172	549,680	592,461	651,472
Net profit	6,342	8,876	14,835	16,693
Core net profit	6,342	8,876	14,835	16,693
vs Consensus (%)		8.7	14.9	1.1
Net profit growth (%)	(75.5)	40.0	67.1	12.5
Core net profit growth (%)	(75.5)	40.0	67.1	12.5
EPS (THB)	5.28	7.40	12.36	13.91
Core EPS (THB)	5.28	7.40	12.36	13.91
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	5.00	2.96	4.95	5.56
P/E (x)	31.79	22.98	13.75	12.22
P/BV (x)	0.57	0.57	0.56	0.54
ROE (%)	1.77	2.50	4.10	4.48
Dividend yield (%)	2.98	1.74	2.91	3.27

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	4.62	30.7	5.92	1.19
Market	6.56	25.96	31.75	27.00
12M High/Low (THB)			255.00 / 124.50	



Major Shareholders (%) as of 3 Apr 2025

Maha Vajiralongkorn	33.64
Social Security Office	5.53

Company Profile

The Company operates as holding company engaging in the industrial supplies and construction industries. The Company operates 3 core businesses consists of investments in the Cement-Building Materials business, Chemicals business and Packaging business.

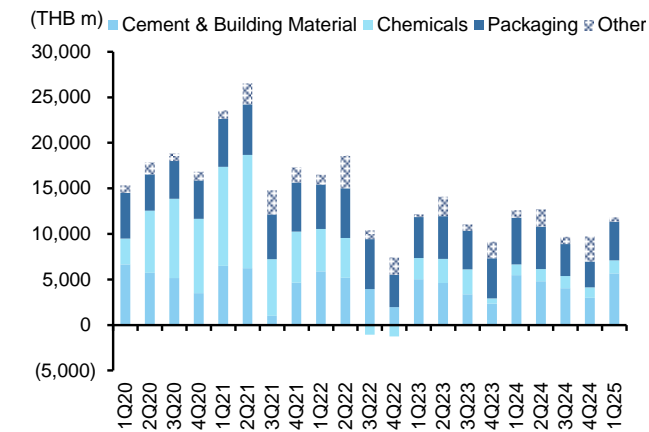
Source: SETSMART, SET

Exhibit 1: Summary of 2Q25E/6M25E operations

	2Q24	1Q25	2Q25E			6M24	6M25E	chg.	2025
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	128,195	124,392	136,832	10.0	6.7	252,461	261,224	3.5	549,680
Operating costs	(114,224)	(112,930)	(121,982)	(8.0)	(6.8)	(227,653)	(234,912)	(3.2)	(512,056)
EBITDA	13,971	11,462	14,850	29.6	6.3	24,808	26,312	6.1	37,624
EBITDA margin (%)	10.9	9.2	10.9	na	na	9.8	10.1	na	6.8
Depn & amort.	(7,688)	(8,291)	(8,320)	(0.3)	(8.2)	(15,323)	(16,611)	(8.4)	(28,916)
EBIT	1,333	1,147	6,530	469.2	389.8	3,437	7,677	123.4	8,708
Interest expense	(2,884)	(2,829)	(2,980)	(5.3)	(3.3)	(5,495)	(5,809)	(5.7)	(11,743)
Interest & invt inc	3,555	2,312	2,450	6.0	(31.1)	6,326	4,762	(24.7)	12,500
Associates' contrib	2,295	1,427	5,560	289.6	142.3	4,081	6,987	71.2	11,481
Exceptionals	0	0	0	nm	nm	0	0	nm	0
Pretax profit	4,299	2,058	11,560	461.8	168.9	8,349	13,618	63.1	20,946
Tax	(1,190)	(1,196)	(3,468)	(189.9)	(191.4)	(2,690)	(4,664)	(73.4)	(1,420)
Tax rate (%)	27.7	58.1	30.0	na	na	32.2	34.3	na	6.8
Minority interests	599	237	0	nm	nm	474	237	(49.9)	(10,651)
Net profit	3,708	1,099	8,092	636.4	118.2	6,133	9,191	49.9	8,876
Non-recurring	0	(2,920)	2,800	195.9	nm	0	(120)	nm	0
Core net profit	3,708	4,019	5,292	31.7	42.7	6,133	9,311	51.8	8,876
EPS (THB)	3.09	0.92	6.74	636.4	118.2	5.11	7.66	49.9	7.40
Core EPS (THB)	3.09	3.35	4.41	31.7	42.7	5.11	7.76	51.8	7.40

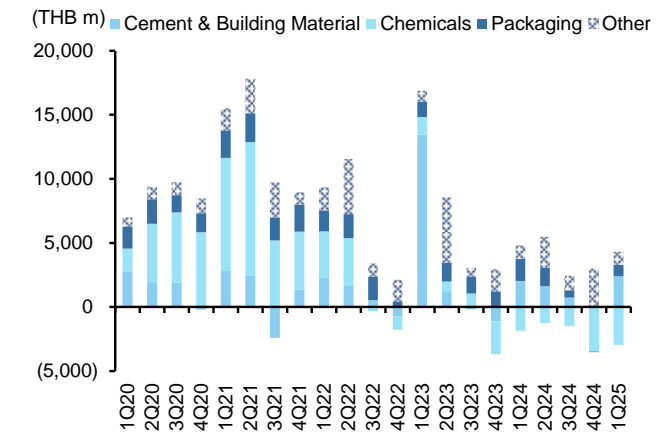
Sources: SCC; Globlex Research

Exhibit 2: EBITDA from operation breakdown



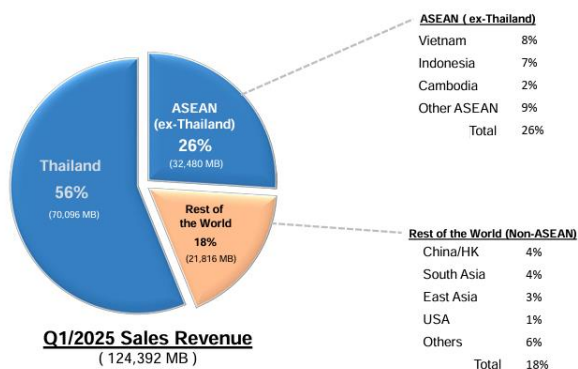
Sources: SCC; Globlex Research

Exhibit 3: Net profit breakdown



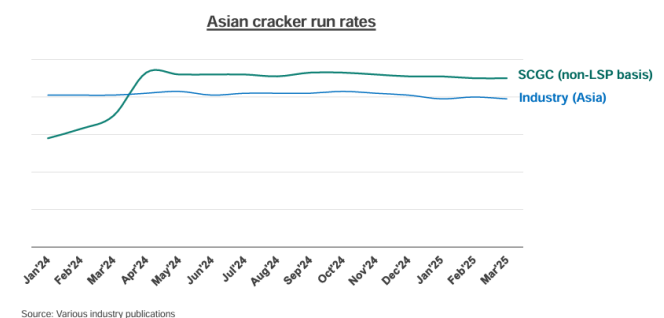
Sources: SCC; Globlex Research

Exhibit 4: Sales by destination as of 1Q25



Sources: SCC

Exhibit 5: Olefins utilization rates continued to be low across Asia



Sources: SCC

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	43,602	36,492	72,172	88,867	108,433
Account receivable	70,559	71,539	77,036	82,960	89,475
Inventories	80,631	73,302	64,398	70,669	77,654
Others	22,423	17,835	8,037	8,663	9,521
Non-current assets					
Net fixed assets	424,344	422,613	413,382	415,004	415,572
Others	252,042	239,722	239,722	239,722	239,722
Total Assets	893,601	861,502	874,746	905,885	940,377

Current liabilities					
Account payable	59,691	58,094	55,038	60,397	66,367
ST borrowing	112,790	149,571	149,571	149,571	149,571
Others	29,764	9,656	6,205	6,693	7,360
Long-term liabilities					
Long-term debts	210,506	183,786	188,786	193,786	198,786
Others	39,253	40,616	40,616	40,616	40,616
Total liabilities	452,004	441,722	440,215	451,063	462,699
Pai-up capital	1,200	1,200	1,200	1,200	1,200
Retained earnings	384,271	382,495	386,596	396,689	407,076
Others	(21,510)	(30,808)	(30,808)	(30,808)	(30,808)
Minority interest	77,635	66,893	77,543	87,741	100,210
Shareholders' equity	441,597	419,780	434,531	454,822	477,678

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(12.3)	2.3	7.5	7.8	10.0
Operating profit	(3.0)	(17.6)	30.8	17.2	10.8
EBITDA	(3.0)	(17.6)	30.8	17.2	10.8
Net profit	21.2	(75.5)	40.0	67.1	12.5
Core net profit	21.2	(75.5)	40.0	67.1	12.5
EPS	21.2	(75.5)	40.0	67.1	12.5
Core EPS	21.2	(75.5)	40.0	67.1	12.5
Profitability (%)					
Gross margin	20.7	19.3	22.8	21.4	21.5
Operation margin	7.0	5.6	6.8	7.4	7.5
EBITDA margin	7.0	5.6	6.8	7.4	7.5
Net margin	5.2	1.2	1.6	2.5	2.6
ROE	17.0	66.2	49.0	30.7	28.6
ROA	34.5	135.8	98.6	61.1	56.3
Stability					
Interest bearing debt/equity (x)	0.7	0.8	0.8	0.8	0.7
Net debt/equity (x)	0.6	0.7	0.6	0.6	0.5
Interest coverage (x)	0.5	(0.2)	0.7	1.2	1.5
Interest & ST debt coverage (x)	0.0	(0.0)	0.1	0.1	0.1
Cash flow interest coverage (x)	0.2	0.1	0.1	0.1	0.1
Current ratio (x)	1.1	0.9	1.1	1.2	1.3
Quick ratio (x)	0.6	0.5	0.7	0.8	0.9
Net debt (THB m)	279,695	296,864	266,185	254,489	239,924
Activity					
Asset turnover (X)	0.6	0.6	0.6	0.7	0.7
Days receivables	53.0	50.7	49.3	49.3	48.3
Days inventory	75.4	68.1	59.3	53.0	52.9
Days payable	55.0	52.1	48.7	45.3	45.2
Cash cycle days	73.4	66.7	59.9	57.0	56.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue	499,646	511,172	549,680	592,461	651,472
Cost of goods sold	(396,459)	(412,765)	(424,107)	(465,408)	(511,408)
Gross profit	103,187	98,407	125,573	127,052	140,064
Operating expenses	(68,299)	(69,644)	(87,949)	(82,944)	(91,206)
Operating profit	34,888	28,764	37,624	44,108	48,858
EBIT	5,148	(2,827)	8,708	14,139	17,835
Depreciation	(29,740)	(31,591)	(28,916)	(29,969)	(31,022)
EBITDA	34,888	28,764	37,624	44,108	48,858
Non-operating income	28,886	15,502	12,500	13,125	13,781
Other incomes	28,886	15,502	12,500	13,125	13,781
Other non-op income	0	0	0	0	0
Non-operating expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
Interest expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	8,419	6,530	11,481	11,989	12,594
Pre-tax Profit	32,155	7,704	20,946	27,335	32,085
Extraordinary items					
Current taxation	(8,045)	(3,882)	(1,420)	(2,302)	(2,924)
Minorities	1,805	2,520	(10,651)	(10,198)	(12,469)
Net Profit	25,915	6,342	8,876	14,835	16,693
Core net profit	25,915	6,342	8,876	14,835	16,693
EPS (THB)	21.60	5.28	7.40	12.36	13.91
Core EPS (THB)	21.60	5.28	7.40	12.36	13.91

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	25,915	6,342	8,876	14,835	16,693
Depre. & amortization	29,740	31,591	28,916	29,969	31,022
Change in working capital	6,573	4,714	222	(6,979)	(7,727)
Others	8,419	6,530	11,481	11,989	12,594
Investment cash flow	(44,977)	(14,985)	(17,506)	(29,379)	(29,379)
Net CAPEX	(26,149)	(27,750)	(17,506)	(29,379)	(29,379)
Change in LT investment	2,028	7,371	0	0	0
Change in other assets	(20,856)	5,394	0	0	0
Free cash flow	25,670	34,190	31,989	20,435	23,202
Financing cash flow	(39,598)	(41,300)	3,691	(3,740)	(3,637)
Change in share capital	0	0	0	0	0
Net change in debt	(27,040)	10,060	5,000	5,000	5,000
Dividend paid	(4,800)	(7,200)	(4,775)	(4,742)	(6,306)
Others	(7,758)	(44,160)	3,466	(3,997)	(2,331)
Net cash flow	(13,928)	(7,110)	35,680	16,695	19,565
Per share (THB)					
EPS	21.60	5.28	7.40	12.36	13.91
Core EPS	21.60	5.28	7.40	12.36	13.91
CFPS	44.88	29.51	40.37	45.84	50.15
BVPS	303.30	294.07	297.49	305.90	314.56
Sales/share	416.37	425.98	458.07	493.72	542.89
EBITDA/share	29.07	23.97	31.35	36.76	40.71
DPS	5.50	5.00	2.96	4.95	5.56
Valuation					
P/E (x)	14.17	31.79	22.98	13.75	12.22
P/BV (x)	1.01	0.57	0.57	0.56	0.54
Dividend yield (%)	1.80	2.98	1.74	2.91	3.27
Dividend payout ratio (%)	25.47	94.61	40.00	40.00	40.00

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Analyst Certification

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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.