

## Downside Protected, Upside Intact

- SCGP delivered stable 2Q25 results, supported by cost efficiency.
- Improved utilization and lower costs support a stronger 2H25.
- Maintain BUY and a TP of THB19.00

### Flat but firm

We project 2Q25 core net profit (NP) at THB1.0b, improving from THB900m in 1Q25 but softening from THB1.5b in 2Q24. Key drivers include: 1) flat q-q sales volume in the integrated pulp and paper (IPB) segment amid weaker domestic demand, with flat gross profit margins and lower average selling prices (ASP) for packaging paper; 2) flat q-q volume in food and beverage packaging within the fibrous segment, with domestic softness partially offset by higher exports to the EU and Australia; 3) flat q-q short fiber pulp performance, while dissolving pulp margins declined due to softer demand and high inventory pressure; and 4) a 12% q-q drop in coal costs, alongside stable freight rate.

### Efficiency wins the quarter

We expect 2Q25E IPB sales volume to remain flat q-q, pressured by weaker domestic demand during the Songkran festival and softer tourism activity. This was partially offset by stronger demand from Vietnam and Indonesia, where no such holidays disrupted industrial activity. On the cost side, we anticipate a significant decline, supported by improved cost efficiency, reduced exposure to global OCC price volatility, and ongoing efforts toward more sustainable operations. Fajar's contribution is expected to improve, driven by lower costs and enhanced operational efficiency.

### SCGP plays it safe with limited US exposure

Due to US tariff concerns, SCGP limits its exposure to US market, with only 3% of its portfolio. To reduce risks, the company is diversifying by increasing exports to Australia. Fajar, SCGP's Indonesian subsidiary, has 91% of its loans in Indo rupiah and 9% in US dollars.

### Smoother half ahead:

SCGP's NP outlook for 2H25 is expected to improve y-y, supported by: 1) no major maintenance shutdowns in 2H25, with planned maintenance in 1H26; 2) an absence of one-off expenses, such as the THB76m in M&P-related costs recorded in 3Q24; 3) higher utilization rate, projected to average 90% for the full year (vs 87% in 2024); and 4) continued improvement of Fajar, underpinned by stronger demand visibility. In addition, lower financing costs from recent debt restructuring are expected to save approximately THB125m/quarter.

### Maintain BUY and a TP of THB19

We maintain BUY and a TP of THB19, based on 2025E 6x EV/EBITDA. We believe SCGP's net profit has already bottomed in 4Q24 and now on its solid and visible recovery, thanks to SCGP's strategies for effective cost control, turnaround of Indonesia's Fajar unit, and M&P for Duy Tan, further strengthening SCGP's asset portfolio of more rigid and polymers-based packaging whose margins are higher than SCGP's fiber and packaging paper businesses.

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

## BUY

Target Price 12M (THB)	19.00
VS. BB Consensus TP (%)	+8.0%
Share Price (THB)	16.60
Upside/Downside	+14.5%

### Share Data

Market Cap (THB m)	71,262.48
Par (THB)	1.00
Free Float (%)	26.37
Issued shares (m shares)	4,293

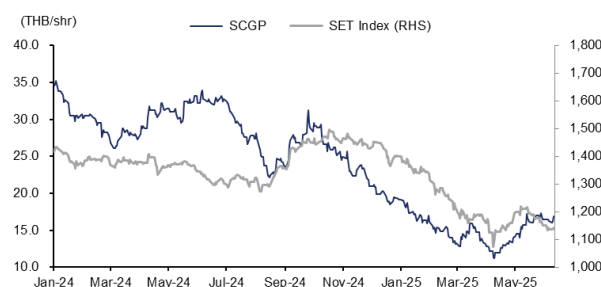
### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	132,784	136,355	136,268	136,289
Net profit	3,699	3,825	4,710	4,908
Core net profit	3,876	3,825	4,710	4,908
vs Consensus (%)		3.3	1.1	(4.6)
Net profit growth (%)	(29.5)	3.4	23.1	4.2
Core net profit growth (%)	(24.7)	(1.3)	23.1	4.2
EPS (THB)	0.86	0.89	1.10	1.14
Core EPS (THB)	0.90	0.89	1.10	1.14
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.55	0.18	0.22	0.23
P/E (x)	22.75	18.63	15.13	14.52
P/BV (x)	1.10	0.89	0.85	0.81
ROE (%)	5.03	4.89	5.76	5.73
Dividend yield (%)	2.81	1.07	1.32	1.38

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(1.19)	38.33	(6.21)	(15.31)
Market	(2.97)	36.56	9.94	3.72
12M High/Low (THB)				32.25 / 10.70



### Major Shareholders (%) as of 2 Apr 2025

The Siam Cement Public Company Limited	72.12
Thai NVDR	2.72
Tun Ladawan Company Limited	1.92

### Company Profile

The Company generates revenue from holding shares in other companies (Holding Company), operating core business as an integrated packaging solutions provider (The key subsidiary engaging in the core business is Siam Kraft Industry Co., Ltd.), which is organized into three main businesses: Integrated Packaging Business, Fibrous Business, and Recycling Business.

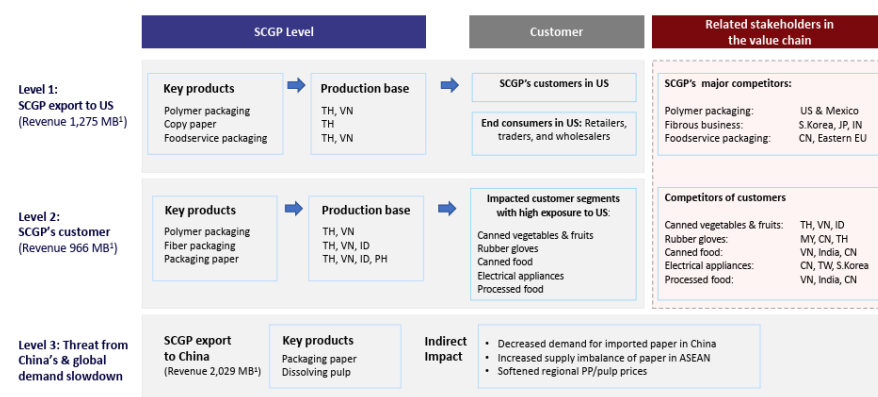
Source: SETSMART, SET

## Exhibit 1: Summary of 2Q25E/6M25E operation

	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	34,235	32,209	33,819	5.0	(1.2)	68,182	66,028	(3.2)	136,355
Operating costs	(29,600)	(27,977)	(29,439)	(5.2)	0.5	(58,396)	(57,416)	1.7	(120,360)
EBITDA	4,635	4,232	4,380	3.5	(5.5)	9,786	8,612	(12.0)	15,995
EBITDA margin (%)	13.5	13.1	13.0	na	na	14.4	13.0	na	11.7
Depn & amort.	(2,331)	(2,240)	(2,250)	(0.5)	3.5	(4,658)	(4,490)	3.6	(9,491)
EBIT	2,304	1,992	2,130	6.9	(7.6)	5,128	4,122	(19.6)	6,504
Interest expense	(611)	(645)	(700)	(8.5)	(14.6)	(1,134)	(1,345)	(18.6)	(2,363)
Interest & invt inc	-	-	-	na	na	-	-	nm	-
Other income	349	259	250	(3.4)	(28.4)	612	509	(16.8)	994.7
Associates' contrib	38	15	15	1.1	(61.0)	65	30	(54.2)	-
Exceptionals	(349)	(259)	(250)	3.5	28.3	(611)	(509)	16.7	-
Pretax profit	1,732	1,362	1,445	6.1	(16.6)	4,059	2,807	(30.8)	5,135
Tax	(354)	(303)	(318)	(5.1)	10.3	(837)	(620)	25.9	(789)
Tax rate (%)	20.5	22.2	22.0	na	na	20.6	22.1	na	15.4
Minority interests	76	(160)	(100)	37.3	(231.0)	(43)	(260)	(503.3)	(521.0)
Net profit	1,454	900	1,027	14.1	(29.4)	3,179	1,927	(39.4)	3,825
Non-recurring	(25)	(16)	-	nm	nm	14	(16)	(213.8)	-
Core net profit	1,479	916	1,027	12.1	(30.6)	3,165	1,943	(38.6)	3,825
EPS (THB)	0.34	0.21	0.24	14.1	(29.4)	0.74	0.45	(39.4)	0.89
Core EPS (THB)	0.34	0.21	0.24	12.1	(30.6)	0.74	0.45	(38.6)	0.89

Sources: SCGP, Globlex Research

## Exhibit 2: Comprehensive value chain impact analysis



Sources: SCGP

## Exhibit 3: SCGP tariff rate across all production sites

## SCGP Business Portfolio

(aligned with US Reciprocal Tariff Rates<sup>1</sup>)

Sources: SCGP

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	9,889	9,849	6,370	9,422	8,084
Account receivable	22,648	23,551	24,479	25,406	26,333
Inventories	19,253	19,027	19,465	19,418	19,384
Others	8,483	2,877	2,888	2,888	2,888
<b>Non-current assets</b>					
Net fixed assets	94,279	91,014	86,522	81,821	76,910
Others	44,010	42,262	42,262	42,262	42,262
<b>Total Assets</b>	<b>198,561</b>	<b>188,580</b>	<b>181,987</b>	<b>181,217</b>	<b>175,862</b>

<b>Current liabilities</b>					
Account payable	14,808	15,678	16,039	16,000	15,972
ST borrowing	21,830	30,864	20,000	15,000	5,000
Others	29,752	10,061	10,332	10,325	10,327
<b>Long-term liabilities</b>					
Long-term debts	8,034	9,836	9,836	9,836	9,836
Others	21,687	26,854	26,854	26,854	26,854
<b>Total liabilities</b>	<b>96,111</b>	<b>93,293</b>	<b>83,060</b>	<b>78,015</b>	<b>67,988</b>
Paid-up capital	4,293	4,293	4,293	4,293	4,293
Retained earnings	58,446	59,600	62,661	66,428	70,355
Others	14,584	12,785	12,843	12,901	12,959
Minority interest	25,127	18,608	19,129	19,579	20,266
<b>Shareholders' equity</b>	<b>102,449</b>	<b>95,287</b>	<b>98,926</b>	<b>103,202</b>	<b>107,873</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	(11.4)	2.6	2.7	(0.1)	0.0
Operating profit	(7.2)	(7.8)	4.2	4.5	1.2
EBITDA	(7.2)	(7.8)	4.2	4.5	1.2
Net profit	(9.5)	(29.5)	3.4	23.1	4.2
Core net profit	(10.8)	(24.7)	(1.3)	23.1	4.2
EPS	(9.5)	(29.5)	3.4	23.1	4.2
Core EPS	(10.8)	(24.7)	(1.3)	23.1	4.2
<b>Profitability (%)</b>					
Gross margin	25.0	23.8	24.1	24.3	24.4
Operation margin	12.9	11.6	11.7	12.3	12.4
EBITDA margin	12.9	11.6	11.7	12.3	12.4
Net margin	4.1	2.8	2.8	3.5	3.6
ROE	5.9	5.0	4.9	5.8	5.7
ROA	2.5	0.4	0.8	0.5	1.4
<b>Stability</b>					
Interest bearing debt/equity (x)	0.3	0.4	0.3	0.2	0.1
Net debt/equity (x)	0.2	0.3	0.2	0.1	0.1
Interest coverage (x)	3.7	2.5	2.8	3.7	5.0
Interest & ST debt coverage (x)	0.3	0.2	0.3	0.4	1.1
Cash flow interest coverage (x)	0.5	(0.0)	0.2	0.2	0.2
Current ratio (x)	0.9	1.0	1.1	1.4	1.8
Quick ratio (x)	0.5	0.6	0.7	0.8	1.1
Net debt (THB m)	19,976	30,851	23,467	15,415	6,752
<b>Activity</b>					
Asset turnover (X)	0.7	0.7	0.7	0.8	0.8
Days receivables	64.7	63.5	64.3	66.8	69.3
Days inventory	80.0	69.1	67.9	68.8	68.7
Days payable	54.7	55.0	56.0	56.7	56.6
Cash cycle days	90.0	77.6	76.2	78.9	81.4

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue</b>					
Revenue	129,398	132,784	136,355	136,268	136,289
Cost of goods sold	(97,068)	(101,122)	(103,452)	(103,199)	(103,018)
<b>Gross profit</b>	<b>32,330</b>	<b>31,661</b>	<b>32,903</b>	<b>33,069</b>	<b>33,271</b>
Operating expenses	(15,684)	(16,318)	(16,908)	(16,352)	(16,355)
<b>Operating profit</b>	<b>16,646</b>	<b>15,343</b>	<b>15,995</b>	<b>16,717</b>	<b>16,917</b>
<b>EBIT</b>	<b>7,440</b>	<b>6,085</b>	<b>6,504</b>	<b>7,016</b>	<b>7,005</b>
Depreciation	(9,206)	(9,259)	(9,491)	(9,701)	(9,911)
<b>EBITDA</b>	<b>16,646</b>	<b>15,343</b>	<b>15,995</b>	<b>16,717</b>	<b>16,917</b>
<b>Non-operating income</b>					
Other incomes	1,043	995	995	995	995
Other non-op income	0	0	0	0	0
<b>Non-operating expense</b>					
Interest expense	(2,020)	(2,429)	(2,363)	(1,914)	(1,389)
Other non-op expense	80	(211)	0	0	0
<b>Equity income/(loss)</b>	<b>39</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pre-tax Profit</b>	<b>6,582</b>	<b>4,552</b>	<b>5,135</b>	<b>6,097</b>	<b>6,612</b>
Extraordinary items					
Current taxation	(1,153)	(825)	(789)	(937)	(1,016)
Minorities	(180)	(28)	(521)	(450)	(687)
<b>Net Profit</b>	<b>5,248</b>	<b>3,699</b>	<b>3,825</b>	<b>4,710</b>	<b>4,908</b>
<b>Core net profit</b>	<b>5,146</b>	<b>3,876</b>	<b>3,825</b>	<b>4,710</b>	<b>4,908</b>
<b>EPS (THB)</b>	<b>1.22</b>	<b>0.86</b>	<b>0.89</b>	<b>1.10</b>	<b>1.14</b>
<b>Core EPS (THB)</b>	<b>1.20</b>	<b>0.90</b>	<b>0.89</b>	<b>1.10</b>	<b>1.14</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>					
Net profit	5,248	3,699	3,825	4,710	4,908
Depre. & amortization	12,441	12,639	13,164	13,002	13,003
Change in working capital	33,526	(18,751)	(746)	(925)	(920)
Others	(1,557)	(1,311)	(1,262)	(1,320)	(1,294)
<b>Investment cash flow</b>	<b>(10,515)</b>	<b>(7,936)</b>	<b>(4,890)</b>	<b>(4,531)</b>	<b>(4,111)</b>
Net CAPEX	(8,900)	(5,993)	(3,000)	(3,000)	(3,000)
Change in LT investment					
Change in other assets	(1,616)	(1,943)	(1,890)	(1,531)	(1,111)
<b>Free cash flow</b>	<b>39,143</b>	<b>(11,660)</b>	<b>10,091</b>	<b>10,936</b>	<b>11,587</b>
<b>Financing cash flow</b>					
Net change in share capital	(820)	(6,547)	58	58	58
Net change in debt	(27,436)	2,849	0	0	0
Dividend paid	(1,288)	(1,288)	(765)	(942)	(982)
Others	(7,364)	5,771	(2,000)	(2,000)	(2,000)
<b>Net cash flow</b>	<b>2,234</b>	<b>(10,875)</b>	<b>7,384</b>	<b>8,052</b>	<b>8,663</b>

Per share (THB)					
EPS	1.22	0.86	0.89	1.10	1.14
Core EPS	1.20	0.90	0.89	1.10	1.14
CFPS	3.41	3.02	3.22	3.46	3.61
BVPS	18.01	17.86	18.59	19.48	20.41
Sales/share	30.14	30.93	31.76	31.74	31.75
EBITDA/share	3.88	3.57	3.73	3.89	3.94
DPS	0.55	0.55	0.18	0.22	0.23
<b>Valuation</b>					
P/E (x)	29.45	22.75	18.63	15.13	14.52
P/BV (x)	2.00	1.10	0.89	0.85	0.81
Dividend yield (%)	1.53	2.81	1.07	1.32	1.38
Dividend payout ratio (%)	44.99	63.83	20.00	20.00	20.00



## GENERAL DISCLAIMER

### 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.