

## Fajar Leads, Seasonality Weighs

- 1Q26 earnings improve on Fajar-driven pricing and resilient IPC, despite seasonal volume softness and weak FC.
- Near-term pressure, but Fajar savings support 2H26 recovery.
- Maintain BUY at TP of THB25

### Fajar Lifts 1Q26 Earnings

We project 1Q26 net profit (NP) of THB1.3bn, improving both q-q and y-y, supported by higher selling prices, mainly driven by Fajar's ability to raise prices. We expect Fajar to reach EBITDA breakeven this quarter, helping support overall profitability. This is partly offset by lower volumes due to seasonal holidays in China, Vietnam, and Indonesia (30% of revenue). Cost is expected to remain flat q-q, supported by locked-in coal prices and stable RCP costs amid softer demand. In addition, a weaker THB should provide FX gains in 1Q26.

### IPC Holds Firm on Resilient Demand

We expect the Integrated Packaging Chain (IPC) to remain solid in 1Q26, with utilization rate at 85%, supported by resilient demand. Momentum is driven by seasonal restocking ahead of Chinese New Year and Songkran, as well as continued inflow of relocated Chinese customers. Pricing has also improved, reflecting stable demand conditions. However, regional demand remains mixed, with some softness in Vietnam and Indonesia due to holiday impacts, which temporarily disrupted consumption and production activities.

### Dissolving Pulp Improves, FC Still Lags

Fibrous Chain remains SCGP's weakest segment in 1Q26. Dissolving pulp was impacted by a 2-week shutdown, though prices improved to USD845/ton, supported by stronger demand amid elevated cotton prices and tight supply. Food service packaging segment continues to face pressure, driven by post-winter demand normalization, intensified competition from Chinese and Indian exports, and softer consumer spending. Meanwhile, demand for printing & writing paper and dissolving pulp was supported by election-related activities.

### Seasonal Dip, Fajar Turnaround Continues

Looking into 2Q26, we expect NP to soften q-q, driven by volume decline, particularly in the domestic market following pre-Songkran restocking, alongside higher coal costs and rising OPEX. However, RCP costs should remain stable amid softer demand, providing partial cost relief, while support from economic stimulus remains limited. Following Fajar's gas contract unwinding and restructuring initiatives, we estimate annual cost savings of THB800–850m, which should support a gradual recovery toward NP breakeven in 2H26.

### Maintain BUY at TP of THB25

We maintain BUY and a TP of THB25, based on 2026E 7x EV/EBITDA. We view current valuation as undemanding. We expect gradual recovery into 2H26, supported by improving pricing, cost savings from Fajar's restructuring, and stabilizing input costs, which should drive margin expansion and potential re-rating.

#### Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

## BUY

|                               |              |
|-------------------------------|--------------|
| <b>Target Price 12M (THB)</b> | <b>25.00</b> |
| VS. BB Consensus TP (%)       | +18.5%       |
| Share Price (THB)             | 21.20        |
| Upside/Downside               | +17.9%       |

### Share Data

|                          |           |
|--------------------------|-----------|
| Market Cap (THB m)       | 91,009.91 |
| Par (THB)                | 1.00      |
| Free Float (%)           | 26.37     |
| Issued shares (m shares) | 4,293     |

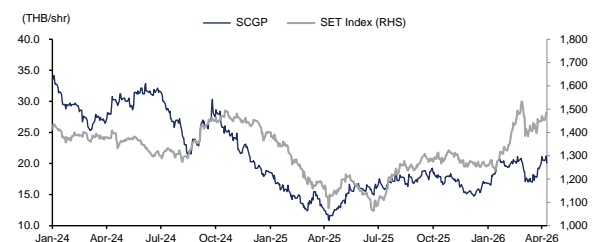
### Financial forecast

| YE Dec (THB m)             | 2025    | 2026E   | 2027E   | 2028E   |
|----------------------------|---------|---------|---------|---------|
| Revenue                    | 124,374 | 136,268 | 136,289 | 136,306 |
| Net profit                 | 4,069   | 5,514   | 5,762   | 6,890   |
| Core net profit            | 3,728   | 5,514   | 5,762   | 6,890   |
| vs Consensus (%)           |         | 16.9    | 11.2    | 21.2    |
| Net profit growth (%)      | 10.0    | 35.5    | 4.5     | 19.6    |
| Core net profit growth (%) | (3.8)   | 47.9    | 4.5     | 19.6    |
| EPS (THB)                  | 0.95    | 1.28    | 1.34    | 1.60    |
| Core EPS (THB)             | 0.87    | 1.28    | 1.34    | 1.60    |
| Chg from previous (%)      |         | 0.00    | 0.00    | 0.00    |
| DPS (THB)                  | 0.60    | 0.60    | 0.60    | 0.60    |
| P/E (x)                    | 18.04   | 16.50   | 15.79   | 13.21   |
| P/BV (x)                   | 0.99    | 1.16    | 1.10    | 1.03    |
| ROE (%)                    | 4.93    | 7.21    | 7.15    | 8.06    |
| Dividend yield (%)         | 3.51    | 2.83    | 2.83    | 2.83    |

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

|                    | 1M            | 3M     | 6M    | YTD   |
|--------------------|---------------|--------|-------|-------|
| Stock              | 17.78         | 15.85  | 17.78 | 23.98 |
| Market             | 11.86         | (2.21) | 3.49  | 5.16  |
| 12M High/Low (THB) | 21.70 / 10.70 |        |       |       |



### Major Shareholders (%) as of 01 Apr 2026

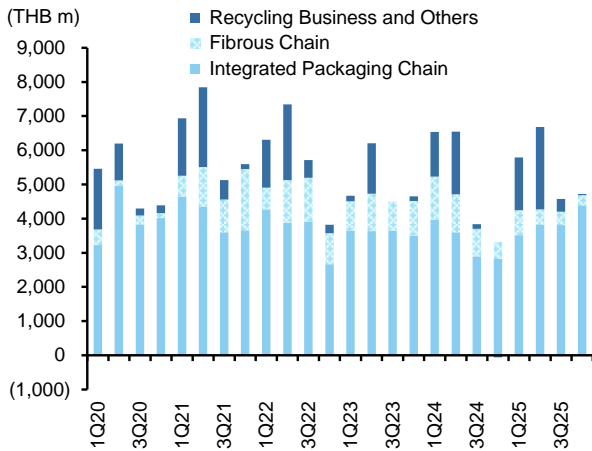
|  |       |
|--|-------|
| The Siam Cement Public Company Limited | 72.12 |
|--|-------|

### 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.

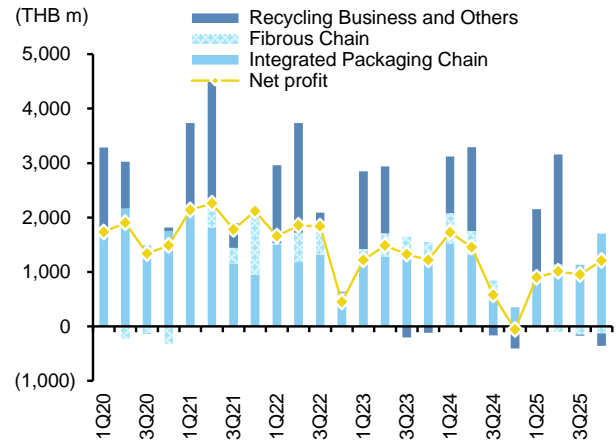
Source: SETSMART, SET

**Exhibit 1: Quarterly EBITDA by segment**



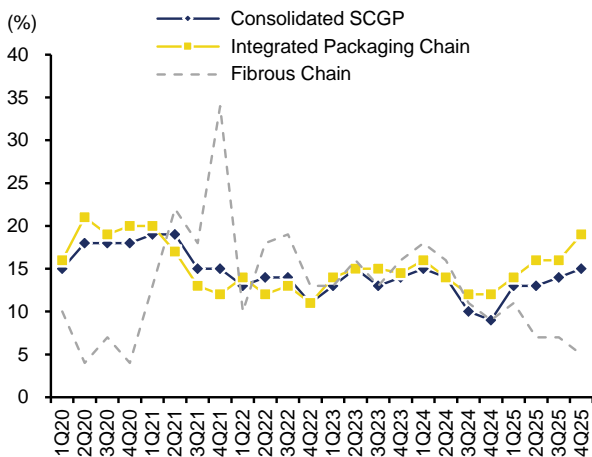
Sources: SCGP; Globlex Research

**Exhibit 2: Quarterly net profit by segment**



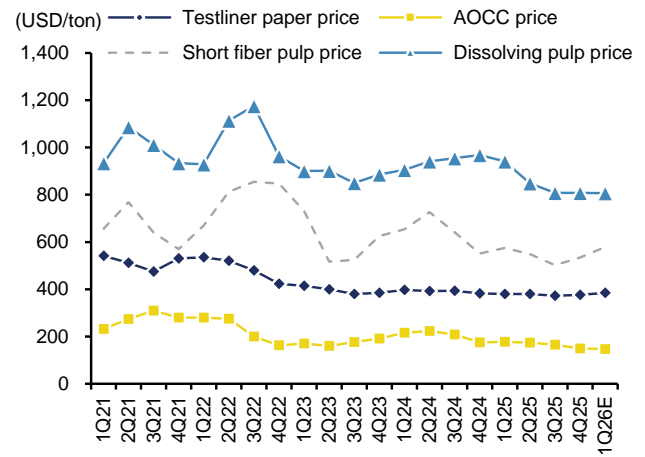
Sources: SCGP; Globlex Research

**Exhibit 3: Quarterly EBITDA margin by segment**



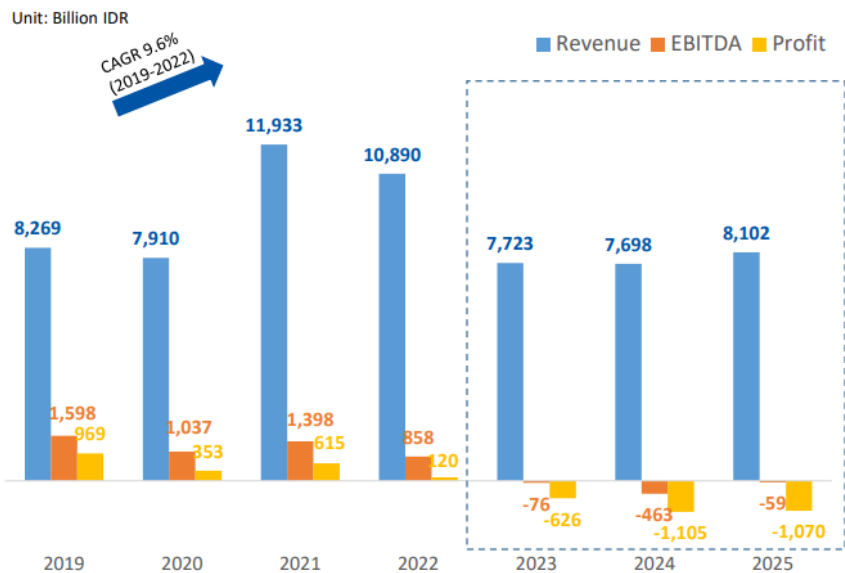
Sources: SCGP; Globlex Research

**Exhibit 4: Prices of key raw materials**



Sources: SCGP; Globlex Research

**Exhibit 5: Fajar's financial performance**



Sources: SCGP

| Balance sheet (THB m)     |                |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Year ending Dec           | 2024           | 2025           | 2026E          | 2027E          | 2028E          |
| <b>Current assets</b>     |                |                |                |                |                |
| Cash & ST investment      | 9,849          | 6,464          | 5,002          | 10,814         | 12,269         |
| Account receivable        | 23,551         | 22,152         | 20,618         | 19,085         | 17,551         |
| Inventories               | 19,027         | 17,356         | 19,228         | 19,194         | 19,160         |
| Others                    | 2,877          | 4,795          | 4,829          | 4,829          | 4,829          |
| <b>Non-current assets</b> |                |                |                |                |                |
| Net fixed assets          | 91,014         | 85,325         | 81,257         | 76,987         | 72,518         |
| Others                    | 42,262         | 40,439         | 40,439         | 40,439         | 40,439         |
| <b>Total Assets</b>       | <b>188,580</b> | <b>176,531</b> | <b>171,373</b> | <b>171,349</b> | <b>166,766</b> |

|                              |               |               |               |               |                |
|------------------------------|---------------|---------------|---------------|---------------|----------------|
| <b>Current liabilities</b>   |               |               |               |               |                |
| Account payable              | 15,678        | 14,707        | 16,293        | 16,265        | 16,236         |
| ST borrowing                 | 30,864        | 31,392        | 20,000        | 15,000        | 5,000          |
| Others                       | 10,061        | 1,333         | 1,461         | 1,461         | 1,461          |
| <b>Long-term liabilities</b> |               |               |               |               |                |
| Long-term debts              | 9,836         | 16,215        | 16,215        | 16,215        | 16,215         |
| Others                       | 26,854        | 22,769        | 22,769        | 22,769        | 22,769         |
| <b>Total liabilities</b>     | <b>93,293</b> | <b>86,415</b> | <b>76,737</b> | <b>71,709</b> | <b>61,680</b>  |
| Paid-up capital              | 4,293         | 4,293         | 4,293         | 4,293         | 4,293          |
| Retained earnings            | 59,600        | 61,293        | 65,305        | 69,565        | 74,952         |
| Others                       | 12,785        | 8,816         | 8,874         | 8,932         | 8,990          |
| Minority interest            | 18,608        | 15,713        | 16,163        | 16,850        | 16,850         |
| <b>Shareholders' equity</b>  | <b>95,287</b> | <b>90,116</b> | <b>94,636</b> | <b>99,640</b> | <b>105,086</b> |

| Key ratios                       |        |        |        |        |       |
|----------------------------------|--------|--------|--------|--------|-------|
| Year ending Dec                  | 2024   | 2025   | 2026E  | 2027E  | 2028E |
| <b>Growth (%YoY)</b>             |        |        |        |        |       |
| Sales                            | 2.6    | (6.3)  | 9.6    | 0.0    | 0.0   |
| Operating profit                 | (7.8)  | (1.6)  | 10.8   | 1.2    | 1.2   |
| EBITDA                           | (7.8)  | (1.6)  | 10.8   | 1.2    | 1.2   |
| Net profit                       | (29.5) | 10.0   | 35.5   | 4.5    | 19.6  |
| Core net profit                  | (24.7) | (3.8)  | 47.9   | 4.5    | 19.6  |
| EPS                              | (29.5) | 10.0   | 35.5   | 4.5    | 19.6  |
| Core EPS                         | (24.7) | (3.8)  | 47.9   | 4.5    | 19.6  |
| <b>Profitability (%)</b>         |        |        |        |        |       |
| Gross margin                     | 23.8   | 25.1   | 24.3   | 24.4   | 24.6  |
| Operation margin                 | 11.6   | 12.1   | 12.3   | 12.4   | 12.6  |
| EBITDA margin                    | 11.6   | 12.1   | 12.3   | 12.4   | 12.6  |
| Net margin                       | 2.8    | 3.3    | 4.0    | 4.2    | 5.1   |
| ROE                              | 5.0    | 4.9    | 7.2    | 7.1    | 8.1   |
| ROA                              | 0.4    | 0.7    | (0.3)  | 0.7    | 1.7   |
| <b>Stability</b>                 |        |        |        |        |       |
| Interest bearing debt/equity (x) | 0.4    | 0.5    | 0.4    | 0.3    | 0.2   |
| Net debt/equity (x)              | 0.3    | 0.5    | 0.3    | 0.2    | 0.1   |
| Interest coverage (x)            | 2.5    | 2.6    | 2.6    | 3.2    | 4.2   |
| Interest & ST debt coverage (x)  | 0.2    | 0.2    | 0.3    | 0.4    | 1.1   |
| Cash flow interest coverage (x)  | (0.0)  | 0.1    | 0.2    | 0.3    | 0.3   |
| Current ratio (x)                | 1.0    | 1.1    | 1.3    | 1.6    | 2.4   |
| Quick ratio (x)                  | 0.6    | 0.6    | 0.7    | 0.9    | 1.3   |
| Net debt (THB m)                 | 30,851 | 41,143 | 31,213 | 20,400 | 8,946 |
| <b>Activity</b>                  |        |        |        |        |       |
| Asset turnover (X)               | 0.7    | 0.7    | 0.8    | 0.8    | 0.8   |
| Days receivables                 | 63.5   | 67.1   | 57.3   | 53.2   | 49.1  |
| Days inventory                   | 69.1   | 71.3   | 64.7   | 68.1   | 68.1  |
| Days payable                     | 55.0   | 59.5   | 54.8   | 57.7   | 57.7  |
| Cash cycle days                  | 77.6   | 78.8   | 67.2   | 63.6   | 59.4  |

| Profit & loss (THB m)        |               |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| Year ending Dec              | 2024          | 2025          | 2026E         | 2027E         | 2028E         |
| <b>Revenue</b>               |               |               |               |               |               |
| Revenue                      | 132,784       | 124,374       | 136,268       | 136,289       | 136,306       |
| Cost of goods sold           | -101,122      | -93,151       | -103,199      | -103,018      | -102,836      |
| <b>Gross profit</b>          | <b>31,661</b> | <b>31,223</b> | <b>33,069</b> | <b>33,271</b> | <b>33,470</b> |
| Operating expenses           | -16,318       | -16,131       | -16,352       | -16,355       | -16,357       |
| <b>Operating profit</b>      | <b>15,343</b> | <b>15,091</b> | <b>16,717</b> | <b>16,917</b> | <b>17,113</b> |
| <b>EBIT</b>                  | <b>6,085</b>  | <b>6,123</b>  | <b>7,649</b>  | <b>7,647</b>  | <b>7,643</b>  |
| Depreciation                 | -9,259        | -8,968        | -9,069        | -9,269        | -9,470        |
| <b>EBITDA</b>                | <b>15,343</b> | <b>15,091</b> | <b>16,717</b> | <b>16,917</b> | <b>17,113</b> |
| <b>Non-operating income</b>  |               |               |               |               |               |
| Other incomes                | 995           | 2,333         | 2,333         | 2,333         | 2,333         |
| Other non-op income          | 0             | 0             | 0             | 0             | 0             |
| <b>Non-operating expense</b> | <b>-2,640</b> | <b>-2,561</b> | <b>-2,934</b> | <b>-2,360</b> | <b>-1,835</b> |
| Interest expense             | -2,429        | -2,347        | -2,934        | -2,360        | -1,835        |
| Other non-op expense         | -211          | -214          | 0             | 0             | 0             |
| <b>Equity income/(loss)</b>  | <b>113</b>    | <b>101</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| <b>Pre-tax Profit</b>        | <b>4,552</b>  | <b>5,996</b>  | <b>7,048</b>  | <b>7,621</b>  | <b>8,142</b>  |
| Extraordinary items          |               |               |               |               |               |
| Current taxation             | -825          | -1,373        | -1,084        | -1,172        | -1,251        |
| Minorities                   | -28           | -553          | -450          | -687          | 0             |
| <b>Net Profit</b>            | <b>3,699</b>  | <b>4,069</b>  | <b>5,514</b>  | <b>5,762</b>  | <b>6,890</b>  |
| <b>Core net profit</b>       | <b>3,876</b>  | <b>3,728</b>  | <b>5,514</b>  | <b>5,762</b>  | <b>6,890</b>  |
| <b>EPS (THB)</b>             | <b>0.86</b>   | <b>0.95</b>   | <b>1.28</b>   | <b>1.34</b>   | <b>1.60</b>   |
| <b>Core EPS (THB)</b>        | <b>0.90</b>   | <b>0.87</b>   | <b>1.28</b>   | <b>1.34</b>   | <b>1.60</b>   |

| Cash flow (THB m)           |                |                |               |               |               |
|-----------------------------|----------------|----------------|---------------|---------------|---------------|
| Year ending Dec             | 2024           | 2025           | 2026E         | 2027E         | 2028E         |
| <b>Operating cash flow</b>  |                |                |               |               |               |
| Net profit                  | 3,699          | 4,069          | 5,514         | 5,762         | 6,890         |
| Depre. & amortization       | 12,639         | 13,355         | 13,536        | 13,488        | 12,556        |
| Change in working capital   | -18,751        | -6,539         | 1,341         | 1,539         | 1,539         |
| Others                      | -1,311         | -1,843         | -1,670        | -1,644        | -1,618        |
| <b>Investment cash flow</b> | <b>-7,936</b>  | <b>-5,158</b>  | <b>-5,347</b> | <b>-4,888</b> | <b>-4,468</b> |
| Net CAPEX                   | -5,993         | -3,280         | -3,000        | -3,000        | -3,000        |
| Change in LT investment     |                |                |               |               |               |
| Change in other assets      | -1,943         | -1,878         | -2,347        | -1,888        | -1,468        |
| <b>Free cash flow</b>       | <b>-11,660</b> | <b>3,885</b>   | <b>13,374</b> | <b>14,257</b> | <b>14,899</b> |
| <b>Financing cash flow</b>  |                |                |               |               |               |
| Change in share capital     | -6,547         | -3,448         | 58            | 58            | 58            |
| Net change in debt          | 2,849          | -6,191         | 0             | 0             | 0             |
| Dividend paid               | -1,288         | -1,503         | -1,503        | -1,503        | -1,503        |
| Others                      | 5,771          | -3,035         | -2,000        | -2,000        | -2,000        |
| <b>Net cash flow</b>        | <b>-10,875</b> | <b>-10,291</b> | <b>9,930</b>  | <b>10,813</b> | <b>11,454</b> |

| Per share (THB)           |       |       |       |       |       |
|---------------------------|-------|-------|-------|-------|-------|
| EPS                       | 0.86  | 0.95  | 1.28  | 1.34  | 1.60  |
| Core EPS                  | 0.90  | 0.87  | 1.28  | 1.34  | 1.60  |
| CFPS                      | 3.02  | 3.17  | 3.50  | 3.66  | 3.81  |
| BVPS                      | 17.86 | 17.33 | 18.28 | 19.29 | 20.55 |
| Sales/share               | 30.93 | 28.97 | 31.74 | 31.75 | 31.75 |
| EBITDA/share              | 3.57  | 3.52  | 3.89  | 3.94  | 3.99  |
| DPS                       | 0.55  | 0.60  | 0.60  | 0.60  | 0.60  |
| <b>Valuation</b>          |       |       |       |       |       |
| P/E (x)                   | 22.75 | 18.04 | 16.50 | 15.79 | 13.21 |
| P/BV (x)                  | 1.10  | 0.99  | 1.16  | 1.10  | 1.03  |
| Dividend yield (%)        | 2.81  | 3.51  | 2.83  | 2.83  | 2.83  |
| Dividend payout ratio (%) | 63.83 | 63.29 | 46.71 | 44.70 | 37.38 |

## 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.