

## “Xin Chào” on Vietnam’s growth

- Vietnam unit will emerge as the key growth engine in coming years
- Competitive cost structure and superior product lines are key
- Maintain BUY and a TP of THB6.0; A direct winner on Vietnam

### From Vietnam with love

We came back from SCGD’s site visit during 24-25 March with a higher conviction BUY, premised on Vietnam’s net profit growth outlook is even more promising thanks to the stronger demands for property sector, the structurally lower cost structure, and the timely strategic expansions on distribution channels and superior product mix.

### Why is Vietnam (PRIME) so critically strategic market to SCGD?

We believe Vietnam is now SCGD’s most significant important market as a growth engine in 2026-28, supported by the proven highly competitive cost structure that could even beat China’s peers, the stronger demand outlook from both domestic property rebounds and booming export markets covering over 24 markets. With 83m sqm capacity (vs Thailand’s 80m sqm), superior cost structure for energy (-10% to Thailand), raw materials (-10%), and other cost like labor and overheads (-20%), SCGD’s “on-par” cost structure with China’s would enable SCGD to grow its export markets, in our view.

### Growth on PRIME from export and glaze porcelain

Financially, Vietnam contributes 1/4 of SCGD’s in 4Q25 and 26.5% in 2025, down from 1/3 in 2023. We think in 2026 onwards, PRIME in Vietnam will be SCGD’s key growth engine, rising from 1/4 in 2025 to 30-40% by 2028 propelled by strong industry demands, superior distribution channels on higher glaze porcelain capacity that is projected to increase from 19m sqm (25% of PRIME’s capacity) in 2025 to 25.6m sqm (32%) in 2026 and 45m sqm (50%) in 2027. In addition, export volume for PRIME is projected to grow from 13.6m sqm (+25% y-y) in 2025 to 20m sqm in 2028 thanks to PRIME’s competitive cost.

### Value-enhancing strategies

Outside Vietnam, in 2026-28 we expect SCGD to retain the “status quo” of 1) relatively stagnant annual EBITDA of THB2.3b (50-60%) on lower revenue due to weak demand outlook; 2) THB0.1b EBITDA (5%) from KIA Indonesia; and 3) near-zero EBITDA for operations in the Philippines. On top of the geographical market strengthening, SCGD enhances its product portfolio by adding the High-Value Added (HVA) including glaze porcelain capacity conversion in Vietnam, complementary products, SPC vinyl tiles, and SCGD’s sanitary winning bathroom products.

### A direct winner on Vietnam’s economic and property rises

We maintain BUY and a TP of THB6.0. We see SCGD as one of Thai winners in the coming longer-and-stronger ceramic demands from the rebounds in Vietnam’s property market as well as the export markets to leverage on the competitive cost structure.

#### Analyst

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ESG Rating : AA

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>6.00</b>
VS. BB Consensus TP (%)	-0.5%
Share Price (THB)	4.92
Upside/Downside	+22.0%

### Share Data

Market Cap (THB m)	8,118.00
Par (THB)	10.00
Free Float (%)	26.60
Issued shares (m shares)	1,650

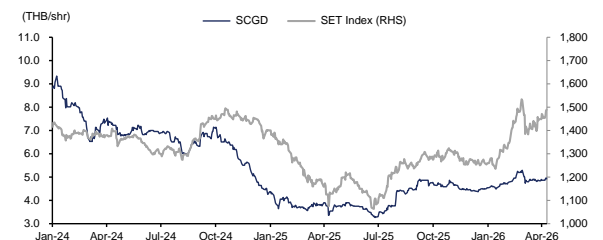
### Financial forecast

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	22,676	27,387	28,607	29,232
Net profit	933	1,290	1,475	1,517
Core net profit	933	1,290	1,475	1,517
vs Consensus (%)		11.8	17.8	27.6
Net profit growth (%)	15.2	38.3	14.4	2.8
Core net profit growth (%)	15.2	38.3	14.4	2.8
EPS (THB)	0.57	0.78	0.89	0.92
Core EPS (THB)	0.57	0.78	0.89	0.92
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.44	0.23	0.27	0.28
P/E (x)	8.35	6.29	5.50	5.35
P/BV (x)	0.43	0.44	0.41	0.39
ROE (%)	5.03	7.06	7.72	7.52
Dividend yield (%)	10.77	20.98	18.35	17.84

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(1.20)	2.93	(0.43)	4.24
Market	(8.28)	(13.35)	(12.15)	(11.86)
12M High/Low (THB)				5.55 / 3.48



### Major Shareholders (%) as of 30 Mar 2026

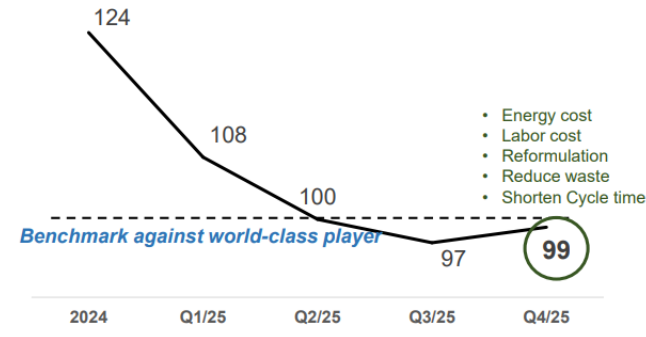
SCGHeritage Co.,Ltd 73.39

### 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.

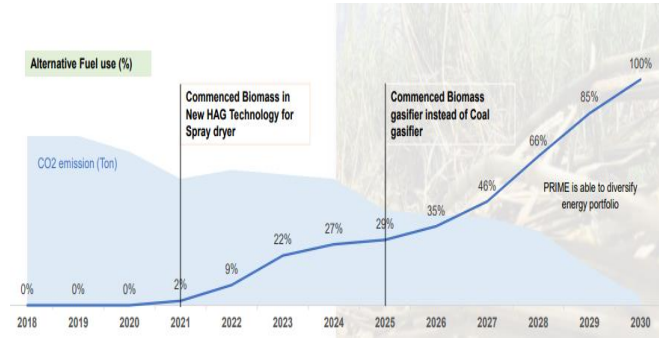
Source: SETSMART, SET

**Exhibit 1: PRIME's cost structure compared to China's peers**



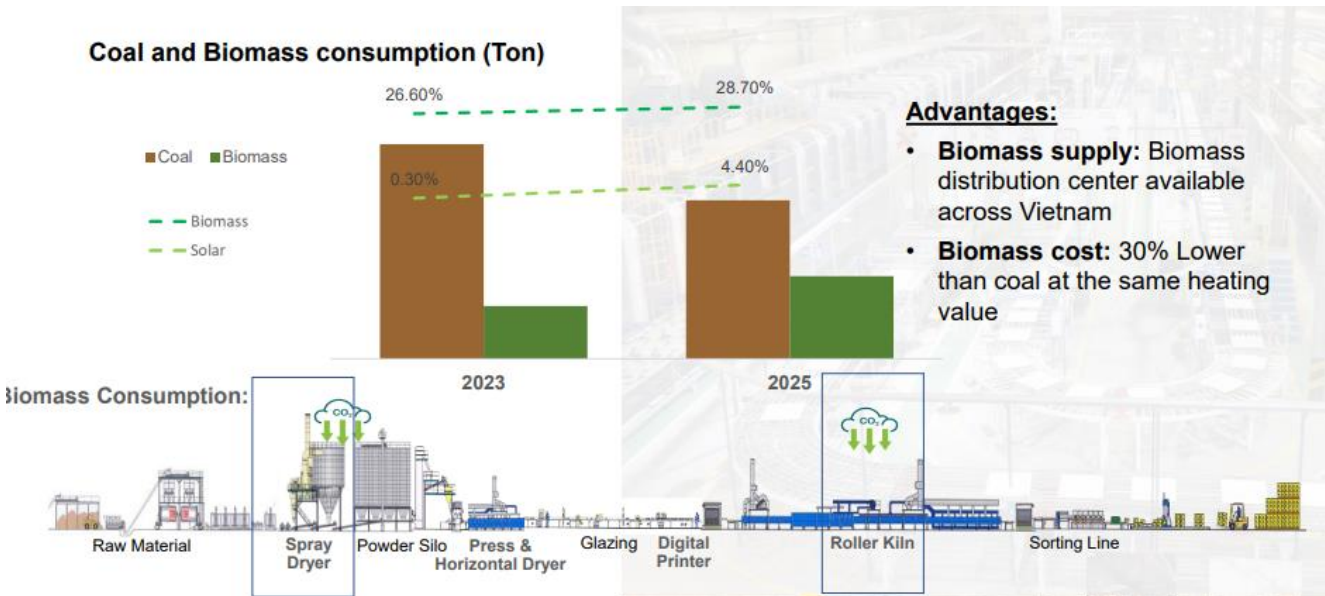
Sources: SCGD

**Exhibit 2: Target to raise biomass energy to 100% by 2030**



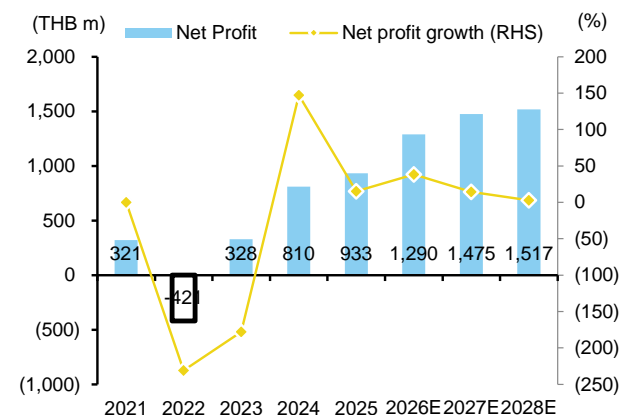
Sources: SCGD

**Exhibit 3: Lower coal, higher biomass energy strategy is key to enhance cost competitiveness for PRIME**



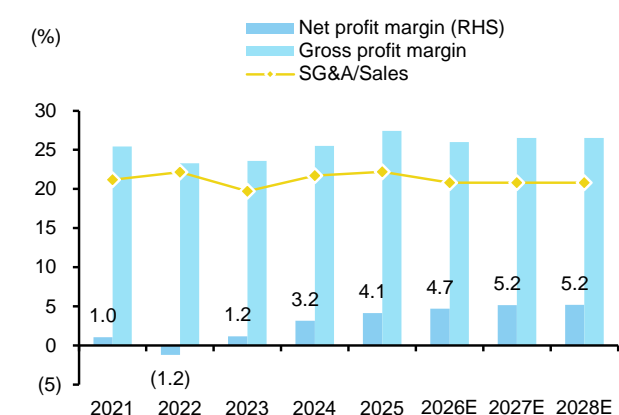
Sources: SCGD

**Exhibit 4: Net profit vs net profit growth**



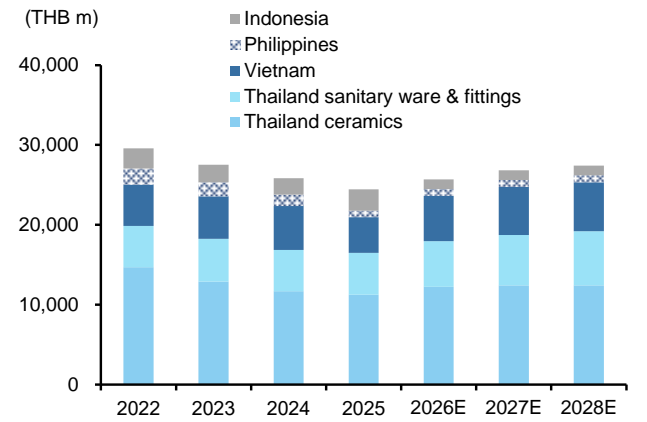
Sources: SCGD; Globlex Research

**Exhibit 5: Net profit margin, gross profit margin, SG&A/sales**



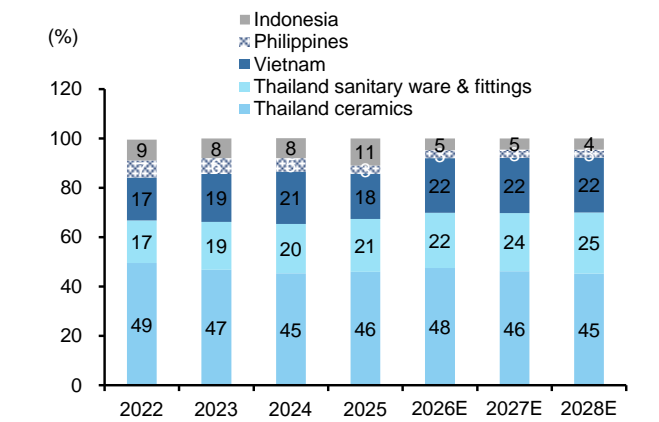
Sources: SCGD; Globlex Research

**Exhibit 6: Revenue breakdown by country**



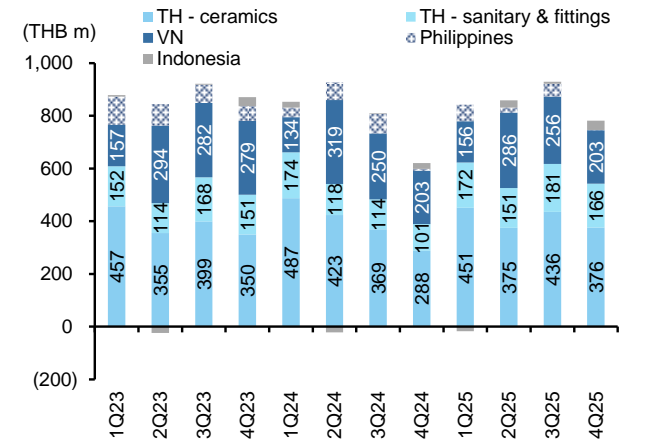
Sources: SCGD; Globlex Research

**Exhibit 7: Revenue breakdown by country (%)**



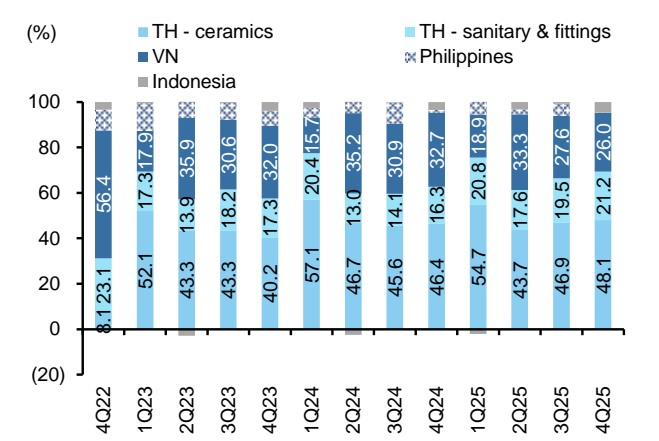
Sources: SCGD; Globlex Research

**Exhibit 8: EBITDA breakdown by country**



Sources: SCGD; Globlex Research

**Exhibit 9: EBITDA breakdown by country (%)**



Sources: SCGD; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Current assets</b>					
Cash & ST investment	4,204	3,656	5,807	9,259	12,790
Account receivable	3,760	2,939	1,949	914	-143
Inventories	7,091	6,294	7,964	8,284	8,479
Others	5,473	5,765	5,863	5,888	5,901
<b>Non-current assets</b>					
Net fixed assets	12,147	11,141	9,647	8,154	6,660
Others	7,149	6,793	6,793	6,793	6,793
<b>Total Assets</b>	<b>39,823</b>	<b>36,588</b>	<b>38,023</b>	<b>39,292</b>	<b>40,480</b>
<b>Current liabilities</b>					
Account payable	3,578	3,019	3,820	3,974	4,067
ST borrowing	13,292	9,065	9,065	9,065	9,065
Others	324	272	329	344	351
<b>Long-term liabilities</b>					
Long-term debts	578	2,997	2,997	2,997	2,997
Others	1,346	1,777	1,777	1,777	1,777
<b>Total liabilities</b>	<b>19,117</b>	<b>17,131</b>	<b>17,988</b>	<b>18,156</b>	<b>18,258</b>
Paid-up capital	16,500	16,500	16,500	16,500	16,500
Retained earnings	11,556	11,981	12,548	13,636	14,711
Others	-8,926	-10,488	-10,488	-10,488	-10,488
Minority interest	1,576	1,464	1,475	1,487	1,500
<b>Shareholders' equity</b>	<b>20,706</b>	<b>19,457</b>	<b>20,035</b>	<b>21,135</b>	<b>22,222</b>

Key ratios					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Growth (%YoY)</b>					
Sales	(9.7)	(11.3)	20.8	4.5	2.2
Operating profit	(3.1)	9.9	4.0	7.3	1.1
EBITDA	(3.1)	9.9	4.0	7.3	1.1
Net profit	147.1	15.2	38.3	14.4	2.8
Core net profit	147.1	15.2	38.3	14.4	2.8
EPS	147.1	15.2	38.3	14.4	(100.0)
Core EPS	147.1	15.2	38.3	14.4	(100.0)
<b>Profitability (%)</b>					
Gross margin	31.7	34.6	31.5	31.7	31.6
Operation margin	10.0	12.4	10.7	10.9	10.8
EBITDA margin	10.0	12.4	10.7	10.9	10.8
Net margin	3.2	4.1	4.7	5.2	5.2
ROE	4.2	5.0	7.1	7.7	7.5
ROA	2.0	2.4	3.5	3.8	3.8
<b>Stability</b>					
Interest bearing debt/equity (x)	0.7	0.6	0.6	0.6	0.5
Net debt/equity (x)	0.5	0.4	0.3	0.1	n.a.
Interest coverage (x)	2.0	3.1	4.0	4.6	4.7
Interest & ST debt coverage (x)	0.1	0.1	0.2	0.2	0.2
Cash flow interest coverage (x)	0.1	0.2	0.1	0.2	0.2
Current ratio (x)	1.2	1.5	1.6	1.8	2.0
Quick ratio (x)	0.5	0.5	0.6	0.8	0.9
Net debt (THB m)	9,666.0	8,406.2	6,254.7	2,802.9	(728.5)
<b>Activity</b>					
Asset turnover (X)	0.7	0.6	0.7	1.1	2.1
Days receivables	53.7	47.3	26.0	0.0	0.0
Days inventory	148.2	154.8	154.8	0.0	0.0
Days payable	74.8	74.3	74.3	0.0	0.0
Cash cycle days	127.1	127.9	106.5	0.0	0.0

Profit & loss (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Revenue</b>					
Revenue	25,563	22,676	27,387	28,607	29,232
Cost of goods sold	-17,466	-14,835	-18,772	-19,526	-19,986
<b>Gross profit</b>	<b>8,097</b>	<b>7,840</b>	<b>8,614</b>	<b>9,081</b>	<b>9,247</b>
Operating expenses	-5,544	-5,036	-5,696	-5,950	-6,080
<b>Operating profit</b>	<b>2,553</b>	<b>2,805</b>	<b>2,918</b>	<b>3,131</b>	<b>3,166</b>
<b>EBIT</b>					
EBIT	979	1,187	1,424	1,637	1,673
Depreciation	-1,574	-1,618	-1,494	-1,494	-1,494
<b>EBITDA</b>	<b>2,553</b>	<b>2,806</b>	<b>2,918</b>	<b>3,131</b>	<b>3,166</b>
<b>Non-operating income</b>					
Non-operating income	578	454	548	572	585
Other incomes	578	453	548	572	585
Other non-op income	0	1	0	0	0
<b>Non-operating expense</b>					
Non-operating expense	-493	-384	-357	-357	-357
Interest expense	-493	-384	-357	-357	-357
Other non-op expense	0	0	0	0	0
<b>Equity income/(loss)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Pre-tax Profit</b>					
Pre-tax Profit	1,068	1,261	1,618	1,852	1,903
Extraordinary items					
Current taxation	-249	-332	-318	-364	-374
Minorities	-8	4	-11	-12	-13
<b>Net Profit</b>	<b>810</b>	<b>933</b>	<b>1,290</b>	<b>1,475</b>	<b>1,517</b>
<b>Core net profit</b>	<b>810</b>	<b>933</b>	<b>1,290</b>	<b>1,475</b>	<b>1,517</b>
<b>EPS (THB)</b>	<b>0.49</b>	<b>0.57</b>	<b>0.78</b>	<b>0.89</b>	<b>0.00</b>
<b>Core EPS (THB)</b>	<b>0.49</b>	<b>0.57</b>	<b>0.78</b>	<b>0.89</b>	<b>0.00</b>

Cash flow (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
<b>Operating cash flow</b>					
Operating cash flow	2,620	2,771	2,085	2,955	3,071
Net profit	810	933	1,290	1,475	1,517
Depre. & amortization	1,574	1,618	1,494	1,494	1,494
Change in working capital	932	1,038	80	858	950
Others	-696	-818	-778	-872	-891
<b>Investment cash flow</b>	<b>-560</b>	<b>3,362</b>	<b>2,824</b>	<b>3,789</b>	<b>3,925</b>
Net CAPEX	-2,099	-613	-50	-50	-50
Change in LT investment	1,539	3,976	2,874	3,839	3,974
Change in other assets	0	0	0	0	1
<b>Free cash flow</b>	<b>2,059</b>	<b>6,134</b>	<b>4,910</b>	<b>6,744</b>	<b>6,995</b>
<b>Financing cash flow</b>					
Financing cash flow	-3,059	-6,682	-2,758	-3,292	-3,464
Change in share capital	-13	0	0	0	0
Net change in debt	-39	-112	11	12	13
Dividend paid	-986	-1,518	-723	-387	-443
Others	-2,021	-5,052	-2,046	-2,917	-3,034
<b>Net cash flow</b>	<b>-1,000</b>	<b>-548</b>	<b>2,151</b>	<b>3,452</b>	<b>3,531</b>
<b>Per share (THB)</b>					
EPS	0.49	0.57	0.78	0.89	0.00
Core EPS	0.49	0.57	0.78	0.89	0.00
CFPS	1.45	1.54	1.69	1.81	1.83
BVPS	11.59	10.91	11.25	11.91	12.56
Sales/share	15.49	13.74	16.60	17.34	17.72
EBITDA/share	1.55	1.70	1.77	1.90	1.92
DPS	0.38	0.44	0.23	0.27	0.00
<b>Valuation</b>					
P/E (x)	9.78	8.35	6.29	5.50	0.00
P/BV (x)	0.41	0.43	0.44	0.41	0.00
Dividend yield (%)	12.78	10.77	20.98	18.35	0.00
Dividend payout ratio (%)	76.50	77.50	30.00	30.00	30.00

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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.