

Selling CAP, Building LSP

- SCC's THB24.9bn CAP stake sale unlocks cash, strengthens its balance sheet, and improves financial flexibility.
- The LSP ethane project remains a key long-term earnings catalyst.
- Maintain BUY and a SoTP of THB252

Strategic CAP Exit Enhances Financial Flexibility

On 5 Jun-26, SCC announced that its SCG Chemicals (SCGC) has completed the sale of a 14.86% stake in PT Chandra Asri Pacific (CAP) for THB24.9b through both the Main Board and Big-Lot Board on the Indonesia Stock Exchange. Following the transaction, SCGC's stake in CAP will decline to 15.71%, which will be classified as "Other Investments." According to SCC, the disposal will have no impact on the income statement as the accounting effects have already been recognized previously, while the transaction is expected to significantly strengthen liquidity and support balance sheet deleveraging.

Unlocking Value from a Long-Held Investment

We view the transaction positively as it unlocks capital from a non-core investment that has generated limited strategic and financial returns over the past decade. SCC initially acquired a 30% stake in CAP in 2011 to expand its petrochemical footprint in Indonesia and leverage its expertise in olefins production. However, earnings contributions from CAP have been volatile, with the investment often contributing losses rather than meaningful dividends. The latest disposal crystallizes value from the investment while reducing SCC's exposure to Indonesia's petrochemical market and improving financial flexibility.

Transforming LSP's Cost Curve

We believe this will likely support SCC's ethane import infrastructure project for the LSP complex in Vietnam. The project, which is expected to require around THB17b of investment, could significantly improve LSP's competitiveness by replacing naphtha with lower-cost imported ethane feedstock. If implemented successfully by 4Q27, the lower feedstock cost could potentially transform LSP from a loss-making operation into a meaningful earnings contributor over the medium term.

CAP Valuation Reset Puts TOP in Focus

While the transaction is positive for SCC, it may have negative implications for TOP. TOP acquired a 15% stake in CAP in 2021 for approximately THB30b, compared with SCC's latest disposal value of THB24.9bn for a similar-sized stake. As a result, TOP may face a potential impairment risk of THB3–5b on its CAP investment. Given the weaker-than-expected returns from CAP and the lower valuation implied by SCC's disposal, we expect the market to view the transaction favorably for SCC, while sentiment toward TOP could remain pressured in the near term.

Maintain BUY at our SoTP TP of THB252

We maintain BUY and our SoTP TP of THB252. The CAP divestment unlocks cash and enhances financial flexibility, while the LSP ethane project provides a clear pathway to a recovery in chemical earnings.

Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	252.00
VS. BB Consensus TP (%)	+12.7%
Share Price (THB)	234.00
Upside/Downside	+7.7%

Share Data

Market Cap (THB m)	280,800.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

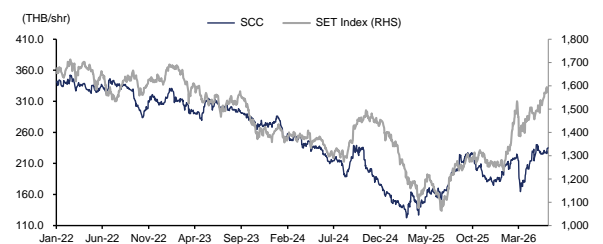
Financial forecast

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	496,925	535,600	588,948	600,428
Net profit	14,075	14,852	16,499	24,320
Core net profit	4,962	14,852	16,499	24,320
vs Consensus (%)		32.1	13.9	30.1
Net profit growth (%)	121.9	5.5	11.1	47.4
Core net profit growth (%)	(5.9)	199.3	11.1	47.4
EPS (THB)	11.73	12.38	13.75	20.27
Core EPS (THB)	4.13	12.38	13.75	20.27
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	6.00	4.95	5.50	8.11
P/E (x)	15.64	18.91	17.02	11.55
P/BV (x)	0.65	0.81	0.79	0.76
ROE (%)	1.44	4.35	4.71	6.69
Dividend yield (%)	3.27	2.12	2.35	3.46

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	1.30	24.80	27.17	27.52
Market	(4.62)	11.76	2.36	1.50
12M High/Low (THB)	243.00 / 152.50			



Major Shareholders (%) as of 02 Apr 2026

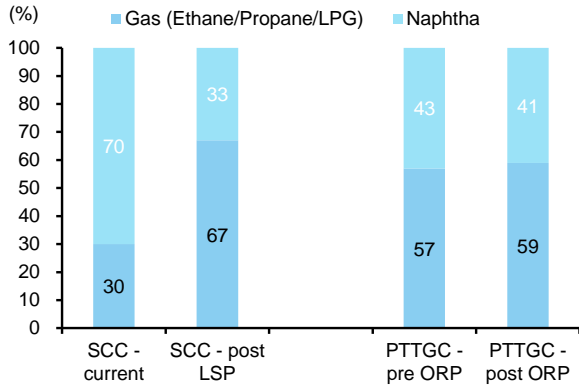
Maha Vajiralongkorn	33.64
Thai NVDR	7.66
Social Security Office	5.59

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.

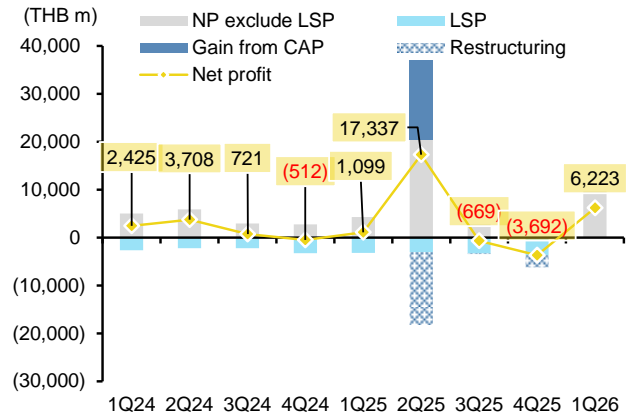
Source: SETSMART, SET

Exhibit 1: Petrochemical feedstock comparison



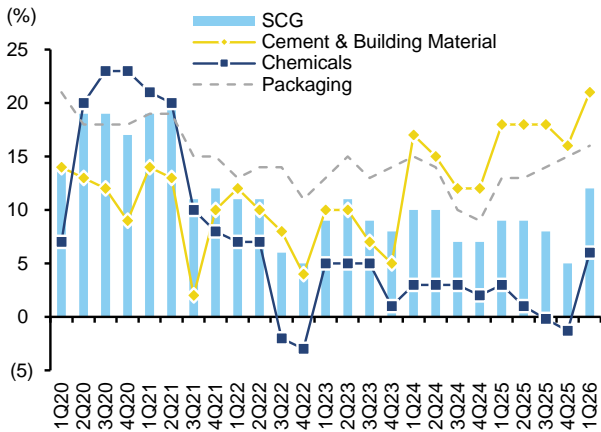
Sources: SCC; PTTGC; Globlex Research

Exhibit 2: Quarterly net profit breakdown (LSP/CAP)



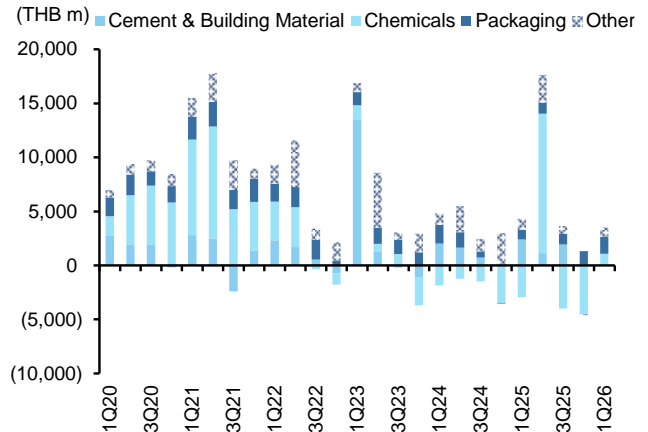
Sources: SCC; Globlex Research

Exhibit 3: Quarterly EBITDA margin by segment



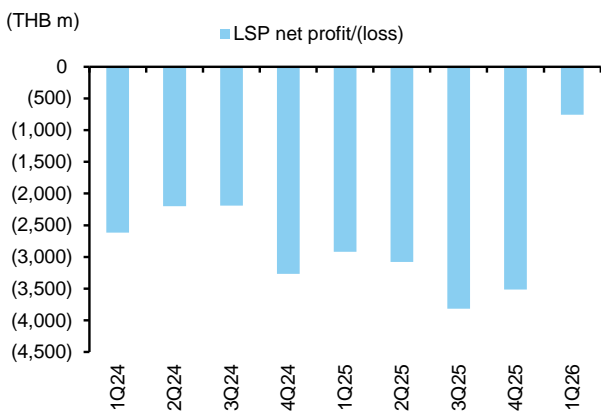
Sources: SCC; Globlex Research

Exhibit 4: Quarterly net profit by segment



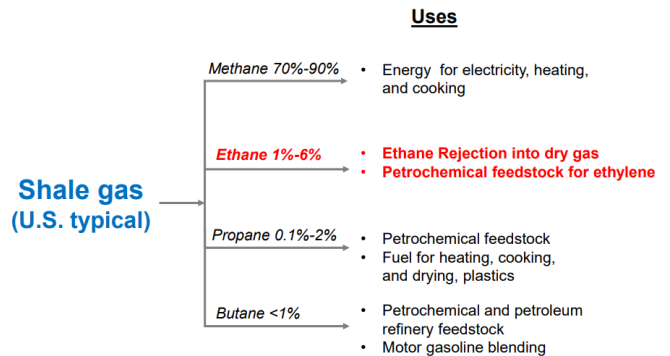
Sources: SCC; Globlex Research

Exhibit 5: LSP net profit/(loss)



Sources: SCC; Globlex Research

Exhibit 6: SCG's usage of imported U.S. ethane in Vietnam (LSP)



Sources: SCC

Balance sheet (THB m)						Profit & loss (THB m)						
Year ending Dec	2024	2025	2026E	2027E	2028E	Year ending Dec	2024	2025	2026E	2027E	2028E	
Current assets						Revenue						
Cash & ST investment	36,492	33,679	72,931	97,862	141,742		511,172	496,925	535,600	588,948	600,428	
Account receivable	71,539	66,119	71,475	77,365	83,369		(412,765)	(398,518)	(420,742)	(462,327)	(458,121)	
Inventories	73,302	67,111	63,887	70,201	69,562		Gross profit	98,407	98,407	114,859	126,621	142,307
Others	17,835	36,441	7,836	8,611	8,774		Operating expenses	(69,644)	(72,938)	(74,984)	(82,453)	(84,060)
Non-current assets						Operating profit						
Net fixed assets	422,613	398,486	407,820	403,606	398,065		28,764	25,470	39,875	44,169	58,247	
Others	239,722	219,755	219,755	219,755	219,755		EBIT	(3,893)	(16,814)	3,817	6,784	19,536
Total Assets	861,502	821,591	843,704	877,401	921,268		Depreciation	(31,591)	(33,170)	(36,058)	(37,385)	(38,711)
Current liabilities						EBITDA						
Account payable	58,094	56,654	54,601	59,997	59,452		27,697	16,357	39,875	44,169	58,247	
ST borrowing	149,571	140,618	140,618	140,618	140,618		Non-operating income	15,502	20,029	22,032	23,134	24,291
Others	9,656	4,764	6,051	6,653	6,783		Other incomes	15,502	20,029	22,032	23,134	24,291
Long-term liabilities						Other non-op income						
Long-term debts	183,786	179,321	184,321	189,321	194,321		0	0	0	0	0	
Others	40,616	43,392	43,392	43,392	43,392		Non-operating expense	(10,434)	(1,625)	(10,483)	(10,654)	(10,852)
Total liabilities	441,722	424,749	428,982	439,981	444,565		Interest expense	(11,500)	(10,738)	(10,483)	(10,654)	(10,852)
Pai-up capital	1,200	1,200	1,200	1,200	1,200		Other non-op expense	1,067	9,113	0	0	0
Retained earnings	382,495	389,836	397,518	407,747	423,904		Equity income/(loss)	6,530	17,866	11,989	12,594	19,418
Others	(30,808)	(53,334)	(53,334)	(53,334)	(53,334)		Pre-tax Profit	7,704	19,457	27,355	31,858	52,393
Minority interest	66,893	59,140	69,338	81,807	104,933		Extraordinary items					
Shareholders' equity	419,780	396,842	414,722	437,420	476,703		Current taxation	(3,882)	(8,900)	(2,305)	(2,890)	(4,946)
Key ratios						Cash flow (THB m)						
Year ending Dec	2024	2025	2026E	2027E	2028E	Year ending Dec	2024	2025	2026E	2026E	2027E	
Growth (%YoY)						Operating cash flow						
Sales	2.3	(2.8)	7.8	10.0	1.9		49,176	75,331	58,584	59,492	76,500	
Operating profit	(17.6)	(11.5)	56.6	10.8	31.9		Net profit	6,342	14,075	14,852	16,499	24,320
EBITDA	(20.6)	(40.9)	143.8	10.8	31.9		Depre. & amortization	31,591	33,170	36,058	37,385	38,711
Net profit	(75.5)	121.9	5.5	11.1	47.4		Change in working capital	4,714	10,219	(4,315)	(6,986)	(5,950)
Core net profit	(79.6)	(5.9)	199.3	11.1	47.4		Others	6,530	17,866	11,989	12,594	19,418
EPS	(75.5)	121.9	5.5	11.1	47.4		Investment cash flow	(14,985)	15,172	(43,097)	(30,848)	(30,848)
Core EPS	(79.6)	(5.9)	199.3	11.1	47.4		Net CAPEX	(27,750)	(6,837)	(43,097)	(30,848)	(30,848)
Profitability (%)						Change in LT investment						
Gross margin	19.3	19.8	21.4	21.5	23.7		7,371	8,438	0	0	0	
Operation margin	5.6	5.1	7.4	7.5	9.7		Change in other assets	5,394	13,571	0	0	0
EBITDA margin	5.4	3.3	7.4	7.5	9.7		Free cash flow	34,190	90,503	15,487	28,644	45,652
Net margin	1.2	2.8	2.8	2.8	4.1		Financing cash flow	(41,300)	(93,315)	23,765	(3,712)	(1,773)
ROE	1.5	1.4	4.3	4.7	6.7		Change in share capital	0	0	0	0	0
ROA	1.4	2.4	2.9	3.0	3.8		Net change in debt	10,060	(13,418)	5,000	5,000	5,000
Stability						Dividend paid						
Interest bearing debt/equity (x)	0.8	0.8	0.8	0.8	0.7		(7,200)	(6,000)	(7,170)	(6,270)	(8,164)	
Net debt/equity (x)	0.7	0.7	0.6	0.5	0.4		Others	(44,160)	(73,898)	25,936	(2,442)	1,391
Interest coverage (x)	(0.3)	(1.6)	0.4	0.6	1.8		Net cash flow	(7,110)	(2,813)	39,252	24,932	43,879
Interest & ST debt coverage (x)	(0.0)	(0.1)	0.0	0.0	0.1		Per share (THB)					
Cash flow interest coverage (x)	0.1	0.2	0.1	0.1	0.2		EPS	5.28	11.73	12.38	13.75	20.27
Current ratio (x)	0.9	1.0	1.1	1.2	1.5		Core EPS	4.40	4.13	12.38	13.75	20.27
Quick ratio (x)	0.5	0.5	0.7	0.8	1.1		CFPS	29.51	36.44	50.92	55.29	71.80
Net debt (THB m)	296,864	286,260	252,008	232,076	193,197		BVPS	294.07	281.42	287.82	296.34	309.81
Activity						Sales/share						
Asset turnover (X)	0.6	0.6	0.6	0.7	0.7		425.98	414.10	446.33	490.79	500.36	
Days receivables	50.7	50.6	46.9	46.1	48.9		EBITDA/share	23.08	13.63	33.23	36.81	48.54
Days inventory	68.1	64.3	56.8	52.9	55.7		DPS	5.00	6.00	4.95	5.50	8.11
Days payable	52.1	52.5	48.3	45.2	47.6		Valuation					
Cash cycle days	66.7	62.3	55.4	53.8	56.9		P/E (x)	31.79	15.64	18.91	17.02	11.55
							P/BV (x)	0.57	0.65	0.81	0.79	0.76
							Dividend yield (%)	2.98	3.27	2.12	2.35	3.46
							Dividend payout ratio (%)	94.61	51.15	40.00	40.00	40.00

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.