SCG DECOR (SCGD TB)

THAILAND / SET / CONSTRUCTION MATERIALS

Globlex Securities Co., Ltd.

22 July 2026

Streamlining for streaming growths

- Solid 2Q26 core NP again proves strong growth platform/strategies
- A Thailand-centric restructuring hiccup in 2Q26 is a boon to growth
- Maintain BUY and lifted our TP to THB9.0.

Strong core NP but a loss on one-time restructuring cost

SCGD reported a strong core 2Q26 net profit (NP) of THB268m, up 16% q-q but down 5% y-y, in line with our expectation. However, the reported NP turned to a net loss of THB281m, down from a NP of THB246m in 1Q26 and a NP of THB223 m in 2Q25, due to the one-time expenses related to the business restructuring in Thailand, specifically to shutdown 2 out of 4 production plants to improve operational efficiency.

Superb operations continued in 2Q26

Operation-wise excluding non-recurring expense related to the business restructuring in Thailand, SCGD continued to prove itself as an efficient and growth-driven company, manifested in its solid core NP of THB268m, up 16% q-q on higher demands and margins. The 5% y-y drop in core NP was due to the y-y rising energy cost. Yet margins continued to improve, led by higher GPM at 29.8% in 2Q26 vs 26.4% in 1Q26 and 28.3% in 2Q25, and 4.9% net profit margin in 2Q26 (4.1% in 1Q26 and 4.5% in 2Q25), reflecting SCGD's superior cost management and sound strategies to improve efficiency and growth.

Restructuring expense: a pain before gain post 2026

In 2Q26, SCGD incurred a net-of-tax expense of THB550m for its business restructuring in Thailand as SCGD shut down 2 out of 4 production plants to streamline the operation and improve cost efficiency. Combined with a capex of THB0.9b (THB0.4b booked in 2026 for factory relocation and THB0.5b booked in 2027 for machinery automation), we estimate the a 4-year payback period, implying THB380m annual cost saving starting in 2027.

Growth strategies on track and on time

SCGD's growth strategies should continue to deliver positive impacts in 2026 onwards, mainly via 3-pronged strategies of 1) continually improving operational efficiency via streamlining (recent Thailand's production consolidation) and energy cost saving (replace coal with biomass and solar); 2) superior product mix (expansion in the high-demand glaze porcelain capacity, boost sanitary sales); and 3) grow revenues and market footprints in Vietnam as a key market and export base to China, the Philippines, Indonesia.

BUY this Vietnam/Efficiency play with a higher TP of THB9.0

We maintain BUY and lifted our TP from THB6.0, previously based on 6.0x 2026E P/E, to THB9.0, now based on 9x 2027E P/E. We see SCGD as a key "proxy" growth for Vietnam and ASEAN markets, armed with SCGD's highly cost competitiveness and product advantages (sanitary COTTO brand, HVA/ specialty product portfolio), and well-rounded management with proven-success track records.

Analyst

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ESG Rating : AA

CG Rating :

BUY	
Target Price 12M (THB)	**9.00**
VS. BB Consensus TP (%)	+45.6%
Share Price (THB)	5.20
Upside/Downside	+73.1%

Share Data

Market Cap (THB m)	8,580.00
Par (THB)	10.00
Free Float (%)	26.60
Issued shares (m shares)	1,650

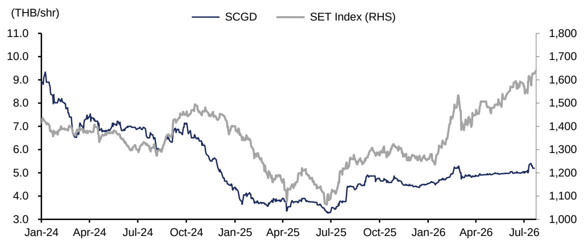
Financial forecast

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	951	1,290	1,475	1,517
vs Consensus (%)		20.4	24.5	23.5
Net profit growth (%)	15.2	38.3	14.4	2.8
Core net profit growth (%)	4.8	35.6	14.4	2.8
EPS (THB)	0.57	0.78	0.89	0.92
Core EPS (THB)	0.58	0.78	0.89	0.92
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.34	0.23	0.27	0.28
P/E (x)	8.35	6.65	5.82	5.66
P/BV (x)	0.43	0.46	0.43	0.41
ROE (%)	5.12	7.03	7.66	7.46
Dividend yield (%)	13.88	22.18	19.39	18.85

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	4.00	5.69	6.56	10.17
Market	(1.06)	(5.14)	(15.06)	(16.04)
12M High/Low (THB)				5.55 / 3.96



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

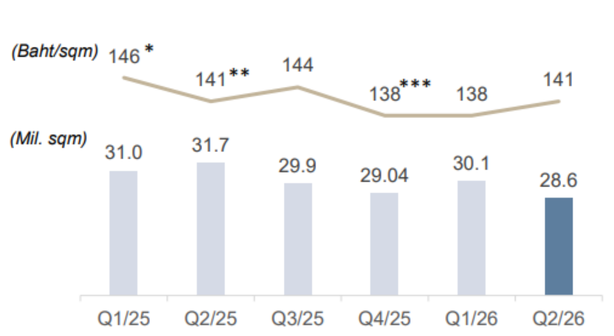
Globlex Securities Co., Ltd.

Exhibit 1: Summary of 2Q26/6M26 operations

	2Q25	1Q26	----------------- 2Q26 ------------------			6M25	6M26	chg.	2026E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	**5,770**	**5,552**	**5,370**	***(3.3)***	***(6.9)***	**11,730**	**10,922**	***(6.9)***	**27,387**
Operating costs	(5,065)	(4,899)	(5,358)	*9.4*	*5.8*	(10,338)	(10,257)	*(0.8)*	(24,469)
EBITDA	**705**	**653**	**12**	***(98.2)***	***(98.3)***	**1,392**	**665**	***(52.2)***	**2,918**
EBITDA margin (%)	*12.2*	*11.8*	*0.2*	*nm*	*nm*	*11.9*	*6.1*	*nm*	10.7
Depn & amort.	(397)	(380)	(377)	*(0.7)*	*(4.9)*	(794)	(758)	*(4.6)*	(1,494)
EBIT	**308**	**273**	**(365)**	*(233.9)*	*(218.5)*	**598**	**(93)**	*(115.5)*	**1,424**
Interest expense	(103)	(70)	(67)	*(4.2)*	*(34.8)*	(210)	(138)	*(34.5)*	(357)
Interest & invt inc	-	-	-	*na*	*na*	-	-	*na*	-
Other income	97	127	103	*(19.0)*	*5.9*	218	230	***5.2***	547.7
Associates' contrib	1	1	1	*na*	*na*	1	3	*na*	3.6
Exceptionals	-	-	-	*na*	*na*	-	-	*na*	-
Pretax profit	**303**	**331**	**(329)**	***(199.4)***	***(208.5)***	**608**	**2**	***(99.7)***	**1,618**
Tax	(79)	(90)	42	*(146.2)*	*(152.5)*	(167)	(49)	*(70.9)*	(318)
Tax rate (%)	*26.2*	*27.3*	*12.7*	*nm*	*nm*	*27.5*	*2,289.8*	*nm*	19.6
Minority interests	(1)	6	6	*na*	*na*	(2)	12	*na*	(10.8)
Net profit	**223**	**246**	**(281)**	***(214.2)***	***(226.4)***	**439**	**(35)**	***(108.0)***	**1,290**
Non-recurring	60	(14)	549	*na*	*na*	45	535	*na*	-
Core net profit	**283**	**232**	**268**	***15.5***	***(5.3)***	**484**	**500**	***3.3***	**1,290**
EPS (THB)	0.13	0.15	(0.17)	*(214.2)*	*(226.4)*	0.27	(0.02)	*(108.0)*	0.78
Core EPS (THB)	0.17	0.14	0.16	*15.5*	*(5.3)*	0.29	0.30	*3.3*	0.78

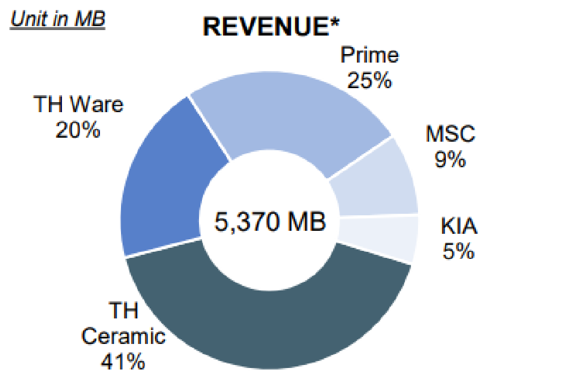
Sources: SCGD; Globlex Research

Exhibit 2: Decor surface sales volume and selling price



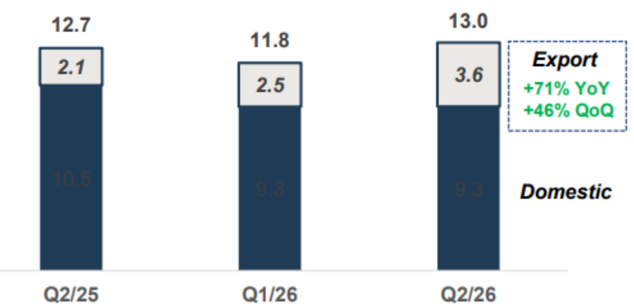
Sources: SCGD; Globlex Research

Exhibit 3: SCGD's revenue breakdown in 2Q26 (%)



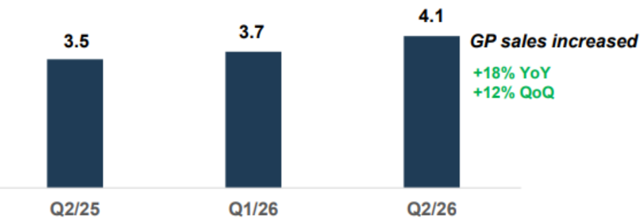
Sources: SCGD; Globlex Research

Exhibit 4: PRIME's total sales volume



Sources: SCGD; Globlex Research

Exhibit 5: PRIME's glazed porcelain sales volume



Sources: SCGD; Globlex Research

Globlex Securities Co., Ltd.

Balance sheet (THB m)					
Year ending Dec	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Current assets					
Cash & ST investment	4,204	3,656	5,969	9,421	12,952
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
Non-current assets					
Net fixed assets	12,147	11,141	9,647	8,154	6,660
Others	7,149	6,793	6,793	6,793	6,793
Total Assets	**39,823**	**36,588**	**38,185**	**39,454**	**40,642**
Current liabilities					
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
Long-term liabilities					
Long-term debts	578	2,997	2,997	2,997	2,997
Others	1,346	1,777	1,777	1,777	1,777
Total liabilities	**19,117**	**17,131**	**17,988**	**18,156**	**18,258**
Paid-up capital	16,500	16,500	16,500	16,500	16,500
Retained earnings	11,556	11,981	12,710	13,798	14,872
Others	(8,926)	(10,488)	(10,488)	(10,488)	(10,488)
Minority interest	1,576	1,464	1,475	1,487	1,500
Shareholders' equity	**20,706**	**19,457**	**20,197**	**21,297**	**22,384**

Profit & loss (THB m)					
Year ending Dec	**2024**	**2025**	**2026E**	**2027E**	**2028E**
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)
Gross profit	**8,097**	**7,840**	**8,614**	**9,081**	**9,247**
Operating expenses	(5,544)	(5,036)	(5,696)	(5,950)	(6,080)
Operating profit	**2,553**	**2,805**	**2,918**	**3,131**	**3,166**
EBIT	**1,077**	**1,205**	**1,424**	**1,637**	**1,673**
Depreciation	(1,574)	(1,618)	(1,494)	(1,494)	(1,494)
EBITDA	**2,650**	**2,824**	**2,918**	**3,131**	**3,166**
Non-operating income	**578**	**454**	**548**	**572**	**585**
Other incomes	578	454	548	572	585
Other non-op income	0	0	0	0	0
Non-operating expense	**(590)**	**(402)**	**(357)**	**(357)**	**(357)**
Interest expense	(493)	(384)	(357)	(357)	(357)
Other non-op expense	(97)	(18)	0	0	0
Equity income/(loss)	4	4	4	0	4
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)
Net Profit	**810**	**933**	**1,290**	**1,475**	**1,517**
Core net profit	**907**	**951**	**1,290**	**1,475**	**1,517**
EPS (THB)	**0.49**	**0.57**	**0.78**	**0.89**	**0.00**
Core EPS (THB)	**0.55**	**0.58**	**0.78**	**0.89**	**0.00**

Key ratios					
Year ending Dec	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Growth (%YoY)					
Sales	(9.7)	(11.3)	20.8	4.5	2.2
Operating profit	(3.1)	9.9	4.0	7.3	1.1
EBITDA	(15.1)	6.5	3.3	7.3	1.1
Net profit	147.1	15.2	38.3	14.4	2.8
Core net profit	11.2	4.8	35.6	14.4	2.8
EPS	147.1	15.2	38.3	14.4	(100.0)
Core EPS	11.2	4.8	35.6	14.4	(100.0)
Profitability (%)					
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	10.4	12.5	10.7	10.9	10.8
Net margin	3.2	4.1	4.7	5.2	5.2
ROE	4.7	5.1	7.0	7.7	7.5
ROA	2.2	2.5	3.4	3.8	3.8
Stability					
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)	2.2	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	6,092.8	2,641.0	(890.4)
Activity					
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

Cash flow (THB m)					
Year ending Dec	**2024**	**2025**	**2026E**	**2027E**	**2028E**
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)
Investment cash flow	**(850)**	**3,201**	**2,824**	**3,789**	**3,925**
Net CAPEX	(2,099)	(613)	(50)	(50)	(50)
Change in LT investment	1,249	3,814	2,874	3,839	3,974
Change in other assets	0	0	0	0	1
Free cash flow	**1,770**	**5,972**	**4,910**	**6,744**	**6,995**
Financing cash flow	**(2,769)**	**(6,520)**	**(2,596)**	**(3,292)**	**(3,464)**
Change in share capital	(13)	0	0	0	0
Net change in debt	(39)	(112)	11	12	13
Dividend paid	(696)	(1,356)	(561)	(387)	(443)
Others	(2,021)	(5,052)	(2,046)	(2,917)	(3,034)
Net cash flow	**(1,000)**	**(548)**	**2,313**	**3,452**	**3,531**

Per share (THB)					
EPS	0.49	0.57	0.78	0.89	0.00
Core EPS	0.55	0.58	0.78	0.89	0.00
CFPS	1.45	1.54	1.69	1.81	1.83
BVPS	11.59	10.91	11.35	12.01	12.66
Sales/share	15.49	13.74	16.60	17.34	17.72
EBITDA/share	1.61	1.71	1.77	1.90	1.92
DPS	0.20	0.34	0.23	0.27	0.00
Valuation					
P/E (x)	9.78	8.35	6.65	5.82	0.00
P/BV (x)	0.41	0.43	0.46	0.43	0.00
Dividend yield (%)	24.00	13.88	22.18	19.39	0.00
Divdend payout ratio (%)	40.75	60.14	30.00	30.00	30.00

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ESG Analysis

ESG Assessment	SET ESG	Bloomberg
Environment SCGD is driving sustainable manufacturing through energy efficiency improvements, increased use of renewable energy, recycled materials, and responsible water management across its ceramic and building materials operations. The company also develops eco-friendly products and supports SCG's Inclusive Green Growth strategy by reducing greenhouse gas emissions and promoting circular economy practices.	AA	n.a.
Social SCGD emphasizes occupational health and safety, employee capability development, and responsible labor practices while supporting communities through education, environmental conservation, and local development initiatives. The company also works closely with customers and suppliers to promote sustainable construction solutions.		n.a.
Governance SCGD maintains strong corporate governance through independent board oversight, enterprise risk management, anti-corruption measures, and transparent ESG disclosure. Sustainability is embedded into business strategy, investment decisions, and operational excellence to support long-term value creation.		n.a.
Overall | CG Score: Excellent (5-star) | CAC: Certified		n.a.

Bloomberg ESG scores are not currently available for SCGD; n.a. will be updated upon Bloomberg data availability. CG rating reflects 2025 Thai IOD survey. SET ESG Rating as of 9 January 2026.
Sources: SET, Thai IOD, CAC, Bloomberg, Globlex Securities Research

SET ESG Ratings 2025 | Thai Listed Companies

As of 9 January 2026

Ratings: AAA (90-100)							
AAV	ACE	ADVANC	AJ	AMATA	AMATAV	ASW	AWC
BAM	BANPU	BAY	BBGI	BBL	BDMS	BEM	BGC
BGRIM	BJC	BKIH	BPP	BTG	CENTEL	CKP	CPALL
CPF	CPAXT	CPN	CRC	DITTO	EASTW	FPI	FPT
GLOBAL	GPSC	GUNKUL	HANA	HENG	HMPRO	III	ILM
IVL	KBANK	KCG	KJL	KKP	KTB	KTC	LH
LOXLEY	MAJOR	MBK	MC	M-CHAI	MFEC	MTI	NER
NOBLE	OR	ORI	OSP	PB	PLANB	PR9	PSH
PTG	PTT	PTTEP	PTTGC	RATCH	S	S&J	SABINA
SAT	SC	SCB	SCC	SCG	SCGP	SIRI	SJWD
SKY	SNP	STA	STECON	STGT	SVOA	TEAMG	TEGH
TFMAMA	THCOM	TISCO	TMT	TOA	TOP	TPBI	TTA
TTB	TTW	TVO	VNG	WHA	WHAUP		
Ratings: AA (80-89)							
ADB	AKP	AOT	AP	ASK	ASP	AURA	BCH
BLA	BRI	BTS	CBG	CIVIL	CK	CMAN	COLOR
COM7	DMT	DRT	EGCO	EPG	ETC	GFPT	GULF
HTC	ICHI	ILINK	IT	ITTHI	JMART	KCE	KUMWEL
LHFG	MINT	MODERN	MOSHI	MSC	MTC	NVD	NYT
PCC	PRM	PSL	QTC	RBF	SA	SAWAD	SCCC
SCGD	SELIC	SFLEX	SHR	SMPC	SNNP	SPALI	SPI
SSP	SUTHA	SYNEX	TASCO	TCAP	TCMC	TGH	THANI
TIPH	TKS	TLI	TOG	TPAC	TPIPP	TSC	TU
UAC	UBE	VIH	WICE	XO	ZEN		
Ratings: A (65-100)							
AEONTS	ALLA	ALT	ALUCON	BA	BH	BLC	CFRESH
CHAO	CHASE	CHG	CM	CPL	CREDIT	ERW	GABLE
HARN	HUMAN	INSET	IRC	ITC	JMT	KSL	M
MALEE	MGC	MOONG	NEO	PHOL	PLUS	PM	PPS
PQS	PROUD	PRTR	PSP	Q-CON	QLT	SAK	SAPPE
SCAP	SEAFCO	SEAOIL	SENA	SENX	SGC	SICT	SITHAI
SKR	SNC	SPC	SSSC	SYMC	TAN	TBN	TGE
THANA	THIP	THREL	TPA	TPCS	TQM	TRU	TWPC
UPF	UPOIC	VIBHA	WPH				
Ratings: BBB (50-64)							
AKR	ASIMAR	CSC	J	LEO	MEGA	NL	PRIN
SE	SO	SPRC	SUN	TMILL	TSTH	WP	YUASA

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Source: SET ESG Ratings, Stock Exchange of Thailand (setsustainability.com). Ratings as of 9 January 2026. Only companies scoring 50 and above are assigned a rating.

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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 (target price* - current price) / 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.