

Don't look back for dire margins

- We project 1Q25E net profit of THB0.4b, up from a net loss of THB0.5b in 4Q24.
- The positive impact of margin increase will be manifest in 2Q25 thanks to the sharp plunge in oil prices
- Upgraded to BUY at TP of THB167.00

On track to recover

We project 1Q25E net profit of THB0.4b, up from a net loss of THB0.5b in 4Q24, driven by 1) absence of maintenance shutdown expense, lower loss from LSP mothball, and reduced loss from Fajar. Revenue is projected to THB133b on higher sales volume of petrochemical margins and rising price of cement.

Petrochemical margin benefits from lower oil prices

Oil price dropped markedly by USD12/bbl at the end of 1Q25, pushing down naphtha price accordingly. Hence, the margins of PE-naphtha rose but will contribute only marginally in 1Q25 due to the short period of margin expansion in March. However, the positive impact of margin increase will be manifest in 2Q25 thanks to the sharp plunge in oil prices

Cement price jumped by THB400/tonne

After a period of margin suffering due to high costs, SCC finally was able to lift the selling price of cement by THB400 per tonne. While the impact will be small in 1Q25, we think the higher price benefit will boost net profit in 2Q25 onwards. Ceramics and sanitary SCGD should see stronger demand from the repairment work as a result of earthquake.

High dividend payout is kept for shareholders

SCC set to pay up to 95% payout to retain high dividend yield for shareholders amid the poor earnings visibility in the downcycle. SCC has no difficulty in funding the high dividend payout while still is able to invest as planned.

Upgraded to BUY at TP of THB167.00

We upgraded from HOLD to BUY at our TP of THB167. We applied 3x 2025E EV/EBITDA for cement and chemical units, 6x EV/EBITDA for SCGP and SCGD, and a 10% holding discount. We think the bottom of SCC's net profit has already passed in 2024 and will rebound piecemeal in 2025-26 ahead of SCC's ethane imports to strengthen its LSP's competitiveness. Or if the margin of PE-naphtha exceeds USD400/t, SCC could restart its LSP for the productions. With this report, we transfer coverage of SCC to Suwat Sinsadok.

Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY (from HOLD)

Target Price 12M (THB)	167.00
VS. BB Consensus TP (%)	+2.3%
Share Price (THB)	143.50
Upside/Downside	+16.4%

Share Data

Market Cap (THB m)	172,200.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

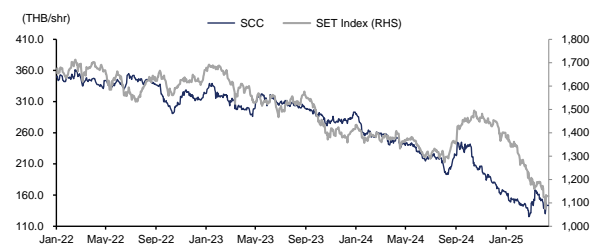
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	511,172	549,680	592,461	651,472
Net profit	6,342	8,876	14,835	16,693
Core net profit	6,342	8,876	14,835	16,693
vs Consensus (%)		8.0	6.8	(4.5)
Net profit growth (%)	(75.5)	40.0	67.1	12.5
Core net profit growth (%)	(75.5)	40.0	67.1	12.5
EPS (THB)	5.28	7.40	12.36	13.91
Core EPS (THB)	5.28	7.40	12.36	13.91
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	5.00	2.96	4.95	5.56
P/E (x)	31.79	19.40	11.61	10.32
P/BV (x)	0.57	0.48	0.47	0.46
ROE (%)	1.77	2.50	4.10	4.48
Dividend yield (%)	2.98	2.06	3.45	3.88

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(6.51)	(6.82)	(36.22)	(14.58)
Market	(1.63)	12.94	(16.93)	5.97
12M High/Low (THB)	257.00 / 124.50			



Major Shareholders (%) as of 8 Aug 2024

Maha Vajiralongkorn	33.64
Thai NVDR Company Limited	8.65
Social Security Office	5.06

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.

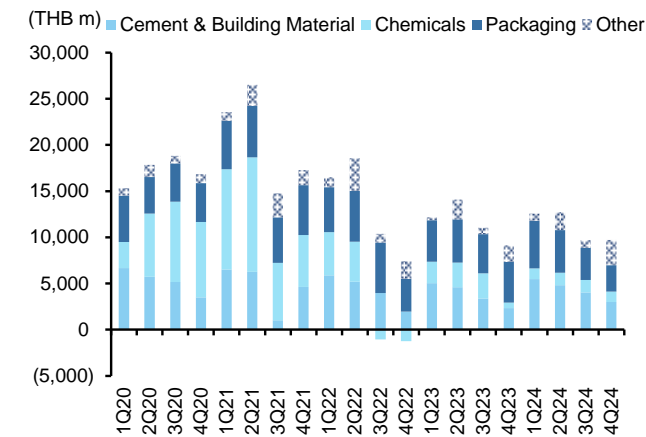
Source: SETSMART, SET

Exhibit 1: Summary of 1Q25E operations

	1Q24	4Q24	1Q25E		2024	2025E	chg.	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)		(THB m)
Revenue	124,266	130,512	131,817	1.0	6.1	511,172	549,680	7.5
Operating costs	(113,429)	(116,522)	(117,318)	(0.7)	(3.4)	(482,408)	(512,056)	(6.1)
EBITDA	10,836	13,990	14,500	3.6	33.8	28,764	37,624	30.8
<i>EBITDA margin (%)</i>	8.7	10.7	11.0	na	na	5.6	6.8	na
Depn & amort.	(7,635)	(8,556)	(8,750)	(2.3)	(14.6)	(31,591)	(28,916)	8.5
EBIT	2,104	(2,922)	1,491	151.0	(29.1)	(2,827)	8,708	408.0
Interest expense	(2,611)	(3,184)	(3,210)	(0.8)	(22.9)	(11,500)	(11,743)	(2.1)
Interest & invt inc	2,770	4,004	2,500	(37.6)	(9.8)	15,502	12,500	(19.4)
Associates' contrib	1,787	1,188	1,000	(15.8)	(44.0)	6,530	11,481	75.8
Exceptionals	0	0	0	nm	nm	0	0	nm
Pretax profit	4,050	(915)	1,781	294.7	(56.0)	7,704	20,946	171.9
Tax	(1,500)	(434)	(445)	(2.7)	70.3	(3,882)	(1,420)	63.4
<i>Tax rate (%)</i>	37.0	(47.4)	25.0	na	na	50.4	6.8	na
Minority interests	(125)	836	(900)	(207.7)	(618.1)	2,520	(10,651)	nm
Net profit	2,425	(512)	436	185.0	(82.0)	6,342	8,876	40.0
Non-recurring	0	0	0	nm	nm	0	0	nm
Core net profit	2,425	(512)	436	185.0	(82.0)	6,342	8,876	40.0
EPS (THB)	2.02	(0.43)	0.36	185.0	(82.0)	5.28	7.40	40.0
Core EPS (THB)	2.02	(0.43)	0.36	185.0	(82.0)	5.28	7.40	40.0

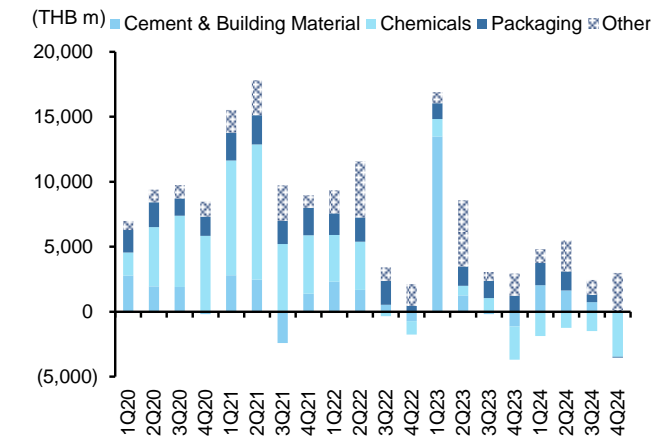
Sources: SCC; Globlex Research

Exhibit 2: EBITDA from operation breakdown



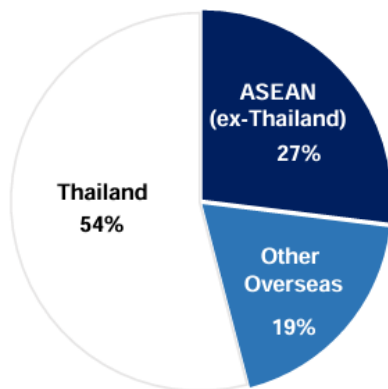
Sources: SCC; Globlex Research

Exhibit 3: Net profit breakdown



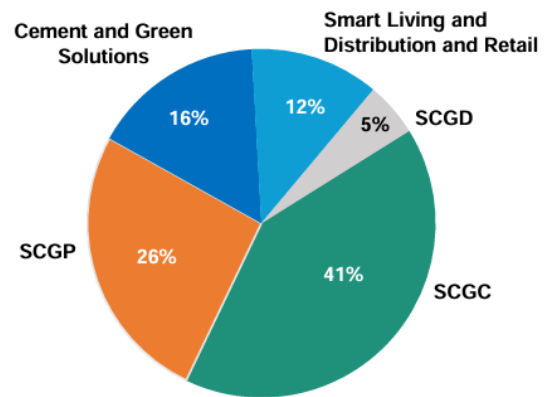
Sources: SCC; Globlex Research

Exhibit 4: Sales by destination as of 2024



Sources: SCC

Exhibit 5: Sales by business as of 2024



Sources: SCC

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	43,602	36,492	72,172	88,867	108,433
Account receivable	70,559	71,539	77,036	82,960	89,475
Inventories	80,631	73,302	64,398	70,669	77,654
Others	22,423	17,835	8,037	8,663	9,521
Non-current assets					
Net fixed assets	424,344	422,613	413,382	415,004	415,572
Others	252,042	239,722	239,722	239,722	239,722
Total Assets	893,601	861,502	874,746	905,885	940,377
Current liabilities					
Account payable	59,691	58,094	55,038	60,397	66,367
ST borrowing	112,790	149,571	149,571	149,571	149,571
Others	29,764	9,656	6,205	6,693	7,360
Long-term liabilities					
Long-term debts	210,506	183,786	188,786	193,786	198,786
Others	39,253	40,616	40,616	40,616	40,616
Total liabilities	452,004	441,722	440,215	451,063	462,699
Pai-up capital	1,200	1,200	1,200	1,200	1,200
Retained earnings	384,271	382,495	386,596	396,689	407,076
Others	(21,510)	(30,808)	(30,808)	(30,808)	(30,808)
Minority interest	77,635	66,893	77,543	87,741	100,210
Shareholders' equity	441,597	419,780	434,531	454,822	477,678

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(12.3)	2.3	7.5	7.8	10.0
Operating profit	(3.0)	(17.6)	30.8	17.2	10.8
EBITDA	(3.0)	(17.6)	30.8	17.2	10.8
Net profit	21.2	(75.5)	40.0	67.1	12.5
Core net profit	21.2	(75.5)	40.0	67.1	12.5
EPS	21.2	(75.5)	40.0	67.1	12.5
Core EPS	21.2	(75.5)	40.0	67.1	12.5
Profitability (%)					
Gross margin	20.7	19.3	22.8	21.4	21.5
Operation margin	7.0	5.6	6.8	7.4	7.5
EBITDA margin	7.0	5.6	6.8	7.4	7.5
Net margin	5.2	1.2	1.6	2.5	2.6
ROE	17.0	66.2	49.0	30.7	28.6
ROA	34.5	135.8	98.6	61.1	56.3
Stability					
Interest bearing debt/equity (x)	0.7	0.8	0.8	0.8	0.7
Net debt/equity (x)	0.6	0.7	0.6	0.6	0.5
Interest coverage (x)	0.5	(0.2)	0.7	1.2	1.5
Interest & ST debt coverage (x)	0.0	(0.0)	0.1	0.1	0.1
Cash flow interest coverage (x)	0.2	0.1	0.1	0.1	0.1
Current ratio (x)	1.1	0.9	1.1	1.2	1.3
Quick ratio (x)	0.6	0.5	0.7	0.8	0.9
Net debt (THB m)	279,695	296,864	266,185	254,489	239,924
Activity					
Asset turnover (X)	0.6	0.6	0.6	0.7	0.7
Days receivables	53.0	50.7	49.3	49.3	48.3
Days inventory	75.4	68.1	59.3	53.0	52.9
Days payable	55.0	52.1	48.7	45.3	45.2
Cash cycle days	73.4	66.7	59.9	57.0	56.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	499,646	511,172	549,680	592,461	651,472
Cost of goods sold	(396,459)	(412,765)	(424,107)	(465,408)	(511,408)
Gross profit	103,187	98,407	125,573	127,052	140,064
Operating expenses	(68,299)	(69,644)	(87,949)	(82,944)	(91,206)
Operating profit	34,888	28,764	37,624	44,108	48,858
EBIT	5,148	(2,827)	8,708	14,139	17,835
Depreciation	(29,740)	(31,591)	(28,916)	(29,969)	(31,022)
EBITDA	34,888	28,764	37,624	44,108	48,858
Non-operating income					
Other incomes	28,886	15,502	12,500	13,125	13,781
Other non-op income	0	0	0	0	0
Non-operating expense					
Interest expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	8,419	6,530	11,481	11,989	12,594
Pre-tax Profit	32,155	7,704	20,946	27,335	32,085
Extraordinary items					
Current taxation	(8,045)	(3,882)	(1,420)	(2,302)	(2,924)
Minorities	1,805	2,520	(10,651)	(10,198)	(12,469)
Net Profit	25,915	6,342	8,876	14,835	16,693
Core net profit	25,915	6,342	8,876	14,835	16,693
EPS (THB)	21.60	5.28	7.40	12.36	13.91
Core EPS (THB)	21.60	5.28	7.40	12.36	13.91

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	25,915	6,342	8,876	14,835	16,693
Depre. & amortization	29,740	31,591	28,916	29,969	31,022
Change in working capital	6,573	4,714	222	(6,979)	(7,727)
Others	8,419	6,530	11,481	11,989	12,594
Investment cash flow	(44,977)	(14,985)	(17,506)	(29,379)	(29,379)
Net CAPEX	(26,149)	(27,750)	(17,506)	(29,379)	(29,379)
Change in LT investment	2,028	7,371	0	0	0
Change in other assets	(20,856)	5,394	0	0	0
Free cash flow	25,670	34,190	31,989	20,435	23,202
Financing cash flow					
Change in share capital	0	0	0	0	0
Net change in debt	(27,040)	10,060	5,000	5,000	5,000
Dividend paid	(4,800)	(7,200)	(4,775)	(4,742)	(6,306)
Others	(7,758)	(44,160)	3,466	(3,997)	(2,331)
Net cash flow	(13,928)	(7,110)	35,680	16,695	19,565
Per share (THB)					
EPS	21.60	5.28	7.40	12.36	13.91
Core EPS	21.60	5.28	7.40	12.36	13.91
CFPS	44.88	29.51	40.37	45.84	50.15
BVPS	303.30	294.07	297.49	305.90	314.56
Sales/share	416.37	425.98	458.07	493.72	542.89
EBITDA/share	29.07	23.97	31.35	36.76	40.71
DPS	5.50	5.00	2.96	4.95	5.56
Valuation					
P/E (x)	14.17	31.79	19.40	11.61	10.32
P/BV (x)	1.01	0.57	0.48	0.47	0.46
Dividend yield (%)	1.80	2.98	2.06	3.45	3.88
Dividend payout ratio (%)	25.47	94.61	40.00	40.00	40.00

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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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

- 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.