

## A good start for a greater strike

- 1Q25 net profit of THB217m showcased resiliency and efficiency
- Strategic “rights” should further brighten growth and sustainability
- Maintain BUY and a TP of THB6.0

### Solid 1Q25 clearly reflected strategic improvement

SCGD's 1Q25 net profit (NP) was THB217m, up 172% q-q but down 15% y-y, due to demand slowdowns in Thailand and Vietnam. Revenue from sales dipped by 12% y-y to THB6.0b while gross profit margin improved to 27% from 24% in 1Q24 and 25% in 4Q24. EBITDA margin was 13.7% vs 12.3% in 1Q24.

### Sanitary performed better but ceramics dipped

Revenue from Thailand accounted for 67% of total revenue in 1Q25, coming from ceramic at 46% and sanitary ware at 21%. Vietnam's PRIME contributed 19% while Philippines' MSC 9% and Indonesia's KIA at 5%. Thailand's ceramics revenue was THB2.9b (-11% y-y, +5% q-q) and EBITDA ceramic at THB451m (-5% y-y, +34% q-q) while sanitary performed better with revenue at THB1.3b (-11% y-y, +2% q-q) and EBITDA THB172m (-4% y-y, +24% q-q).

### Vietnam remains a drag but is set to be a growth base for export

Vietnam's PRIME continued to see weak revenue at THB1.2b (-7% y-y, -12% q-q) on EBITDA of THB156m (+13% y-y, -23% q-q) due to the rising risk from tariff hike. MSC and KIA did poorly with EBITDA of THB63m (+31% y-y, +800% q-q) while KIA generated loss of THB17m (-177% y-y, -177% q-q) on poor demands.

### Strategic improvement yielded great results

SGCD has successfully implemented strategies aimed to strengthen and leverage on its operations and competitive product portfolio, including 1) increasing sales of High-Value Added (HVA) products (+5-10% margin over commodity's) to 36% of total revenue, up from 34% in 2024 and 26% in 2023; 2) lower energy cost for ceramic from THB35/sqm in 1Q24 to THB32/sqm in 1Q25; 3) converting ceramic to glazed porcelain (+THB10/sqm margin) in Vietnam from 10m to 15m sqm capacity by Aug-25; 5) expansion in bathroom business in Vietnam, Indonesia, and the Philippines, which now commanded 21%/31%/21% of THB126m sales in 1Q25; 6) boost sales of complementary products (door & window, adhesive & grout, worktop, and kitchen cabinet) to THB109m (+28% y-y) in 1Q25; and 7) M&P for glazed porcelain and other HVA products.

### One of the most attractive plays in Thai construction materials

We maintain BUY and a TP of THB6.0, based on 9.0x 2025E P/E. We think SGCD is now poised for sustained net profit growth and margin improvement on SCGD's strategies that have proven to be the right directions amid the stormy industry and geopolitical uncertainties.

#### Analyst

Suwat Sinsadok, CFA, FRM, ERP  
Suwat.s@globlex.co.th,  
+662 672 5807

Siriluck Pinthusoonthorn  
Siriluck@globlex.co.th,  
+662 672 5806

ESG Rating : A

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>6.00</b>
VS. BB Consensus TP (%)	-19.5%
Share Price (THB)	4.02
Upside/Downside	+49.3%

#### Share Data

Market Cap (THB m)	6,732.00
Par (THB)	10.00
Free Float (%)	26.60
Issued shares (m shares)	1,650

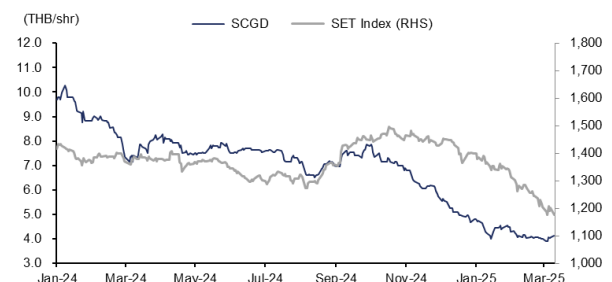
#### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	25,563	27,514	29,010	30,316
Net profit	810	1,095	1,290	1,475
Core net profit	810	1,095	1,290	1,475
vs Consensus (%)	-	(2.1)	4.8	(9.8)
Net profit growth (%)	147.1	35.2	17.8	14.3
Core net profit growth (%)	147.1	35.2	17.8	14.3
EPS (THB)	0.49	0.66	0.78	0.89
Core EPS (THB)	0.49	0.66	0.78	0.89
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.38	0.51	0.60	0.68
P/E (x)	9.78	6.06	5.14	4.50
P/BV (x)	0.41	0.34	0.33	0.32
ROE (%)	4.17	5.65	6.51	7.26
Dividend yield (%)	12.78	7.92	6.72	5.88

Source: Financial Statement and Globlex securities

#### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(0.97)	(25.82)	(45.23)	(15.00)
Market	5.62	(10.39)	(34.96)	(0.99)
12M High/Low (THB)				8.55 / 3.90



#### Major Shareholders (%) as of 11-Feb-25

SCG HERITAGE CO.,LTD	73.39
CPB EQUITY CO.,LTD	4.43
MR. PRATEEP TANGMATITHAM	1.66

#### 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.

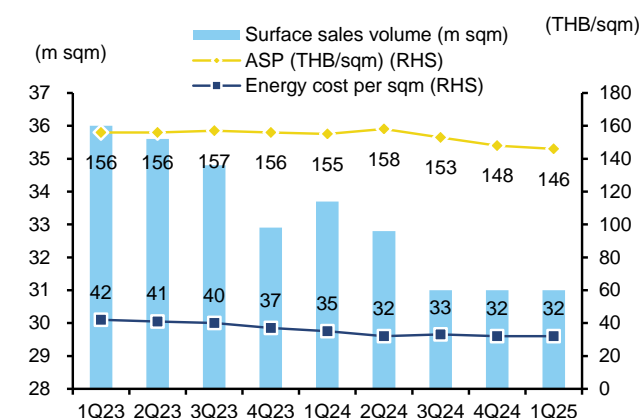
Source: SETSMART, SET

### Exhibit 1: Summary of 1Q25 operations

	1Q24 (THB m)	4Q24 (THB m)	1Q25 (THB m)	(q-q%)	(y-y%)	2024 (THB m)	2025E (THB m)	chg. (y-y%)
Revenue	6,784	5,978	5,960	(0.3)	(12.1)	25,563	27,514	7.6
Operating costs	(6,089)	(5,525)	(5,273)	(4.6)	(13.4)	(23,010)	(24,707)	7.4
EBITDA	695	453	687	51.4	(1.2)	2,553	2,807	10.0
EBITDA margin (%)	10.2	7.6	11.5	nm	nm	10.0	10.2	nm
Depn & amort.	(394)	(391)	(397)	1.6	0.6	(1,574)	(1,514)	(3.8)
EBIT	301	63	290	362.1	(3.6)	979	1,293	32.0
Interest expense	(130)	(113)	(107)	(5.9)	(17.9)	(493)	(473)	(3.9)
Interest & invt inc	-	-	-	na	na	-	-	na
Other income	160	147	121	(17.3)	(24.0)	578	550	(4.7)
Associates' contrib	1	1	0	na	na	4	4	na
Exceptionals	-	-	-	na	na	-	-	na
Pretax profit	331	97	305	215.2	(8.0)	1,068	1,374	28.7
Tax	(75)	(24)	(88)	271.7	17.1	(249)	(270)	8.1
Tax rate (%)	22.6	24.4	28.7	nm	nm	23.4	19.6	nm
Minority interests	1	6	(1)	na	na	(8)	(9)	na
Net profit	257	80	217	172.1	(15.8)	810	1,095	35.2
Non-recurring	2	5	6	na	na	-	-	na
Core net profit	255	75	211	182.3	(17.5)	810	1,095	35.2
EPS (THB)	0.16	0.05	0.13	172.1	(15.8)	0.49	0.66	35.2
Core EPS (THB)	0.15	0.05	0.13	182.3	(17.5)	0.49	0.66	35.2

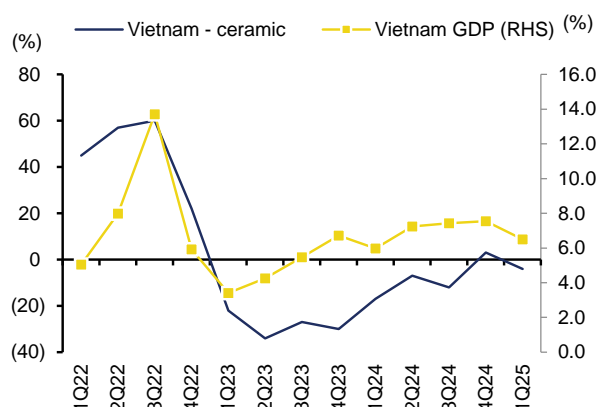
Sources: SCGD; Globlex Research

### Exhibit 2: Surface sales volume, ASP, and energy cost



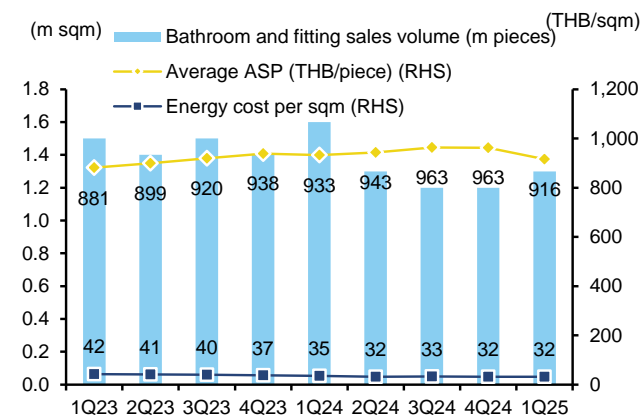
Sources: SCGD; Globlex Research

### Exhibit 3: Title Vietnam's ceramic growth and GDP growth



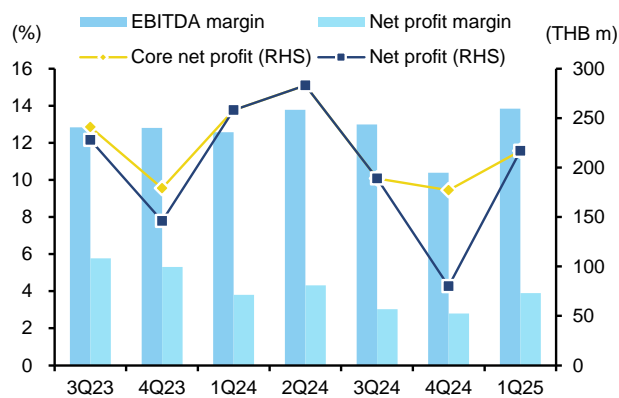
Sources: SCGD; Globlex Research

### Exhibit 4: Sanitary; sales volume, ASP, energy cost



Sources: SCGD; Globlex Research

### Exhibit 5: Profitability



Sources: SCGD; Globlex Research

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	5,203	4,204	6,631	9,179	11,835
Account receivable	4,449	3,760	3,018	2,236	1,419
Inventories	7,542	7,091	7,696	8,101	8,438
Others	5,524	5,473	5,511	5,541	5,566
<b>Non-current assets</b>					
Net fixed assets	11,621	12,147	10,632	9,118	7,604
Others	7,313	7,149	7,149	7,149	7,149
<b>Total Assets</b>	<b>41,651</b>	<b>39,823</b>	<b>40,638</b>	<b>41,324</b>	<b>42,011</b>
<b>Current liabilities</b>					
Account payable	3,768	3,578	3,883	4,087	4,257
ST borrowing	14,395	13,292	13,292	13,292	13,292
Others	286	324	348	367	384
<b>Long-term liabilities</b>					
Long-term debts	609	578	578	578	578
Others	1,280	1,346	1,346	1,346	1,346
<b>Total liabilities</b>	<b>20,339</b>	<b>19,117</b>	<b>19,447</b>	<b>19,670</b>	<b>19,857</b>
Paid-up capital	16,500	16,500	16,500	16,500	16,500
Retained earnings	11,281	11,556	12,031	12,484	12,971
Others	(8,084)	(8,926)	(8,926)	(8,926)	(8,926)
Minority interest	1,615	1,576	1,585	1,596	1,608
<b>Shareholders' equity</b>	<b>21,312</b>	<b>20,706</b>	<b>21,190</b>	<b>21,654</b>	<b>22,154</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	(19.6)	(9.7)	7.6	5.4	4.5
Operating profit	20.9	(3.1)	10.0	7.7	6.8
EBITDA	20.9	(3.1)	10.0	7.7	6.8
Net profit	177.8	147.1	35.2	17.8	14.3
Core net profit	177.8	147.1	35.2	17.8	14.3
EPS	137.3	147.1	35.2	17.8	14.3
Core EPS	137.3	147.1	35.2	17.8	14.3
<b>Profitability (%)</b>					
Gross margin	29.0	31.7	31.1	31.2	31.4
Operation margin	9.3	10.0	10.2	10.4	10.6
EBITDA margin	9.3	10.0	10.2	10.4	10.6
Net margin	1.2	3.2	4.0	4.4	4.9
ROE	1.8	4.2	5.7	6.5	7.3
ROA	0.8	2.0	2.7	3.1	3.5
<b>Stability</b>					
Interest bearing debt/equity (x)	0.7	0.7	0.7	0.6	0.6
Net debt/equity (x)	0.5	0.5	0.3	0.2	0.1
Interest coverage (x)	2.0	2.0	2.7	3.2	3.6
Interest & ST debt coverage (x)	0.1	0.1	0.1	0.1	0.1
Cash flow interest coverage (x)	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	1.2	1.2	1.3	1.4	1.5
Quick ratio (x)	0.5	0.5	0.6	0.6	0.7
Net debt (THB m)	9,801.4	9,666.0	7,239.1	4,690.4	2,035.1
<b>Activity</b>					
Asset turnover (X)	0.7	0.6	0.7	0.7	1.4
Days receivables	57.3	53.7	40.0	28.1	0.0
Days inventory	137.0	148.2	148.2	148.2	0.0
Days payable	68.4	74.8	74.8	74.8	0.0
Cash cycle days	125.9	127.1	113.5	101.6	0.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue</b>	<b>28,312</b>	<b>25,563</b>	<b>27,514</b>	<b>29,010</b>	<b>30,316</b>
Cost of goods sold	(20,094)	(17,466)	(18,956)	(19,953)	(20,782)
<b>Gross profit</b>	<b>8,219</b>	<b>8,097</b>	<b>8,558</b>	<b>9,057</b>	<b>9,534</b>
Operating expenses	(5,584)	(5,544)	(5,750)	(6,034)	(6,306)
<b>Operating profit</b>	<b>2,634</b>	<b>2,553</b>	<b>2,807</b>	<b>3,023</b>	<b>3,228</b>
<b>EBIT</b>	<b>1,095</b>	<b>979</b>	<b>1,293</b>	<b>1,509</b>	<b>1,714</b>
Depreciation	(1,540)	(1,574)	(1,514)	(1,514)	(1,514)
<b>EBITDA</b>	<b>2,634</b>	<b>2,553</b>	<b>2,807</b>	<b>3,023</b>	<b>3,228</b>
<b>Non-operating income</b>	<b>380</b>	<b>578</b>	<b>550</b>	<b>580</b>	<b>606</b>
Other incomes	380	578	550	580	606
Other non-op income	0	0	0	0	0
<b>Non-operating expense</b>	<b>(548)</b>	<b>(493)</b>	<b>(473)</b>	<b>(473)</b>	<b>(473)</b>
Interest expense	(548)	(493)	(473)	(473)	(473)
Other non-op expense	0	0	0	0	0
<b>Equity income/(loss)</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Pre-tax Profit</b>	<b>928</b>	<b>1,068</b>	<b>1,374</b>	<b>1,619</b>	<b>1,850</b>
Extraordinary items					
Current taxation	(454)	(249)	(270)	(318)	(363)
Minorities	(147)	(8)	(9)	(11)	(12)
<b>Net Profit</b>	<b>328</b>	<b>810</b>	<b>1,095</b>	<b>1,290</b>	<b>1,475</b>
<b>Core net profit</b>	<b>328</b>	<b>810</b>	<b>1,095</b>	<b>1,290</b>	<b>1,475</b>
<b>EPS (THB)</b>	<b>0.20</b>	<b>0.49</b>	<b>0.66</b>	<b>0.78</b>	<b>0.89</b>
<b>Core EPS (THB)</b>	<b>0.20</b>	<b>0.49</b>	<b>0.66</b>	<b>0.78</b>	<b>0.89</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>	<b>1,883</b>	<b>2,620</b>	<b>2,309</b>	<b>2,550</b>	<b>2,714</b>
Net profit	328	810	1,095	1,290	1,475
Depre. & amortization	1,540	1,574	1,514	1,514	1,514
Change in working capital	1,142	932	428	571	641
Others	(1,126)	(696)	(728)	(825)	(916)
<b>Investment cash flow</b>	<b>(3,485)</b>	<b>(560)</b>	<b>2,996</b>	<b>3,336</b>	<b>3,592</b>
Net CAPEX	(1,726)	(2,099)	(50)	(50)	(50)
Change in LT investment	(1,760)	1,539	3,046	3,386	3,642
Change in other assets	0	0	0	0	0
<b>Free cash flow</b>	<b>(1,602)</b>	<b>2,059</b>	<b>5,305</b>	<b>5,887</b>	<b>6,306</b>
<b>Financing cash flow</b>	<b>4,989</b>	<b>(3,059)</b>	<b>(2,878)</b>	<b>(3,338)</b>	<b>(3,651)</b>
Change in share capital	8,146	(13)	0	0	0
Net change in debt	(1,356)	(39)	9	11	12
Dividend paid	(247)	(986)	(620)	(838)	(987)
Others	(1,553)	(2,021)	(2,268)	(2,511)	(2,676)
<b>Net cash flow</b>	<b>3,387</b>	<b>(1,000)</b>	<b>2,427</b>	<b>2,549</b>	<b>2,655</b>

Per share (THB)					
EPS	0.20	0.49	0.66	0.78	0.89
Core EPS	0.20	0.49	0.66	0.78	0.89
CFPS	2.55	1.45	1.59	1.71	1.82
BVPS	24.90	11.59	11.88	12.16	12.45
Sales/share	35.80	15.49	16.68	17.58	18.37
EBITDA/share	3.33	1.55	1.70	1.83	1.96
DPS	0.15	0.38	0.51	0.60	0.68
<b>Valuation</b>					
P/E (x)	50.34	9.78	6.06	5.14	4.50
P/BV (x)	0.84	0.41	0.34	0.33	0.32
Dividend yield (%)	66.68	12.78	7.92	6.72	5.88
Dividend payout ratio (%)	75.50	76.50	76.50	76.50	76.50

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### Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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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.