

Upsides on +30% stake in Duy Tan

- Acquisition of 30% stake in Duy Tan is a positive surprise.
- A full 100% ownership in Duy Tan will add THB0.8b-THB1.0b or 20%-25% net profit growth in 2026E onwards.
- Maintain BUY and a TP of THB19.

A surprising acquisition of remaining 30% stake in Duy Tan

On 9 June 2025, SCGP completed the acquisition of remaining 30% stake in Duy Tan Plastics Manufacturing Corporation (Duy Tan) with a transaction worth VND2,825b (THB3,727m), bringing total ownership to 100%. SCGP totally paid THB12b for 100% stake at 8x EV/EBITDA, which we think is reasonable. In 2024, Duy Tan generated revenue of VND5,381b (THB7,479m), a net profit of VND578b (THB814m) on 11% net profit margin, and a total asset of VND4,627b (THB6,177m).

100% stake in Duy Tan underscores strong growth roadmap

The acquisition of Duy Tan is highly positive to SCGP. Financially, the strong net profit margin and net profit sustainability should contribute THB0.8-THB1.0b net profit to SCGP annually, representing 20%-25% of SCGP's projected net profits in 2025E-26E. Strategically, Duy Tan's rigid plastics packaging in the fast-growing market in Vietnam, the country that not only sees high demand growth from domestic market but also from export markets including North America and Europe.

Sequential rebounds in quarterly net profits ahead

In 2Q25E onwards, we project net profit to continue its solid recovery path, after SCGP posting a sound rebounding net profit of THB0.9b in 1Q25, up from a net loss of THB57m in 4Q24 but down 48% y-y. We think demands for China and other markets are now on their recovery trajectories after the depressed demands in 4Q24-1Q25 on the sudden rise in US tariff risk on Trump's Liberation Day in April 2025.

Fajar is on track to reach breakeven sooner, not later

Fajar, SCGP's unit producing packaging paper, is on its way to reach breakeven point by 2Q25 or 3Q25, thanks to SCGP's strategy to reduce costs (operation and finance), higher sales volume, improve margin on price hikes, and enhance operational efficiency to turn around the business and later to gain stronger momentum for profitability.

Maintain BUY and a TP of THB19

We maintain BUY and a TP of THB19, based on 2025E 6x EV/EBITDA. We believe SCGP's net profit has already bottomed in 4Q24 and now on its solid and visible recovery, thanks to SCGP's strategies for effective cost control, turnaround of Indonesia's Fajar unit, and M&P for Duy Tan, further strengthening SCGP's asset portfolio of more rigid and polymers-based packaging whose margins are higher than SCGP's fiber and packaging paper businesses.

Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	19.00
VS. BB Consensus TP (%)	+7.0%
Share Price (THB)	16.20
Upside/Downside	+17.3%

Share Data

Market Cap (THB m)	69,545.31
Par (THB)	1.00
Free Float (%)	26.37
Issued shares (m shares)	4,293

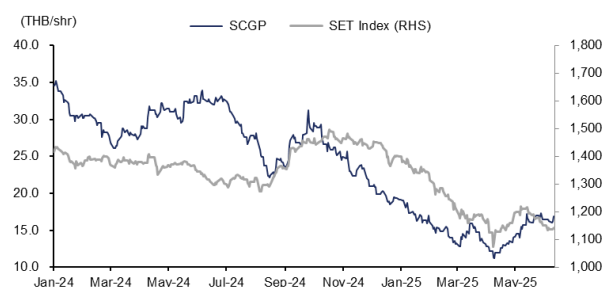
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	132,784	136,355	136,268	136,289
Net profit	3,699	3,825	4,710	4,908
Core net profit	3,876	3,825	4,710	4,908
vs Consensus (%)		7.8	4.7	1.0
Net profit growth (%)	(29.5)	3.4	23.1	4.2
Core net profit growth (%)	(24.7)	(1.3)	23.1	4.2
EPS (THB)	0.86	0.89	1.10	1.14
Core EPS (THB)	0.90	0.89	1.10	1.14
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.55	0.18	0.22	0.23
P/E (x)	22.75	18.18	14.77	14.17
P/BV (x)	1.10	0.87	0.83	0.79
ROE (%)	5.03	4.89	5.76	5.73
Dividend yield (%)	2.81	1.10	1.35	1.41

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	3.18	13.29	(20.20)	(17.35)
Market	9.69	17.09	1.41	1.59
12M High/Low (THB)				34.50 / 10.70



Major Shareholders (%) as of 13 Feb 2025

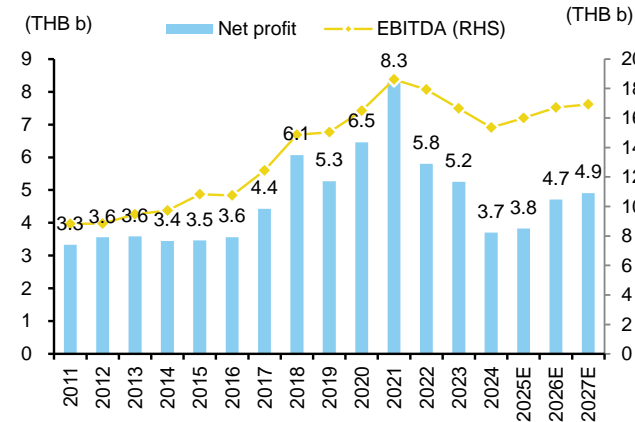
The Siam Cement Public Company Limited	72.12
Thai NVDR	2.72
Tun Ladawan Company Limited	1.92

Company Profile

The Company generates revenue from holding shares in other companies (Holding Company), operating core business as an integrated packaging solutions provider (The key subsidiary engaging in the core business is Siam Kraft Industry Co., Ltd.), which is organized into three main businesses: Integrated Packaging Business, Fibrous Business, and Recycling Business.

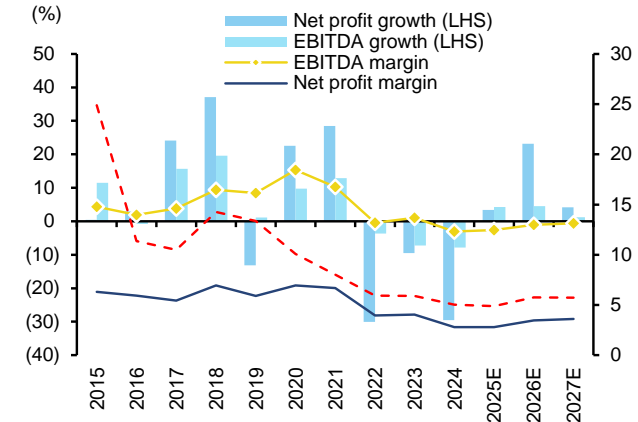
Source: SETSMART, SET

Exhibit 1: Net profit vs EBITDA



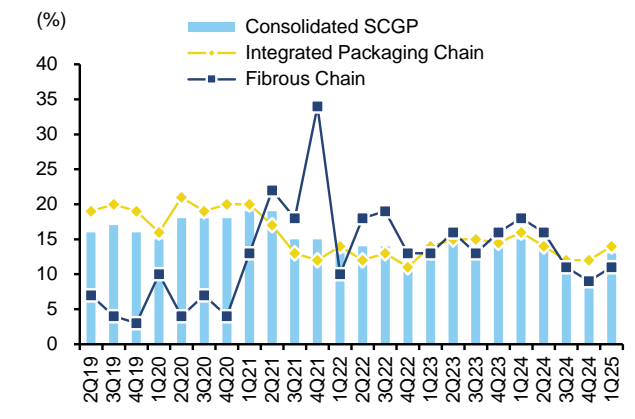
Sources: SCGP; Globlex Research

Exhibit 2: Net profit and EBITDA – margins and growths



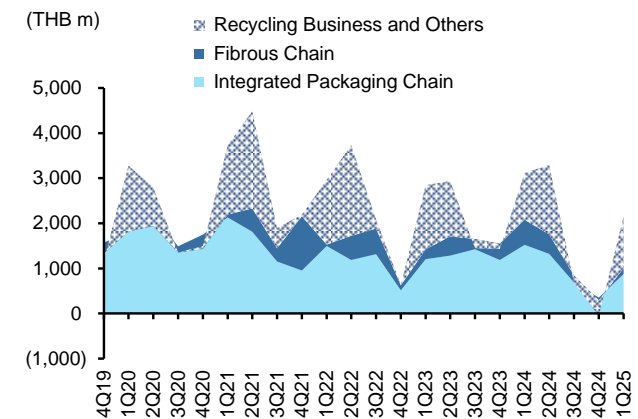
Sources: SCGP; Globlex Research

Exhibit 3: EBITDA margin by segment



Sources: SCGP

Exhibit 4: Net profit by segment



Sources: SCGP

Exhibit 5: SCGP tariff rate across all production sites

SCGP Business Portfolio

(aligned with US Reciprocal Tariff Rates¹⁾)

Sources: SCGP

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets					
Cash & ST investment	9,889	9,849	6,370	9,422	8,084
Account receivable	22,648	23,551	24,479	25,406	26,333
Inventories	19,253	19,027	19,465	19,418	19,384
Others	8,483	2,877	2,888	2,888	2,888
Non-current assets					
Net fixed assets	94,279	91,014	86,522	81,821	76,910
Others	44,010	42,262	42,262	42,262	42,262
Total Assets	198,561	188,580	181,987	181,217	175,862

Current liabilities					
Account payable	14,808	15,678	16,039	16,000	15,972
ST borrowing	21,830	30,864	20,000	15,000	5,000
Others	29,752	10,061	10,332	10,325	10,327
Long-term liabilities					
Long-term debts	8,034	9,836	9,836	9,836	9,836
Others	21,687	26,854	26,854	26,854	26,854
Total liabilities	96,111	93,293	83,060	78,015	67,988
Paid-up capital	4,293	4,293	4,293	4,293	4,293
Retained earnings	58,446	59,600	62,661	66,428	70,355
Others	14,584	12,785	12,843	12,901	12,959
Minority interest	25,127	18,608	19,129	19,579	20,266
Shareholders' equity	102,449	95,287	98,926	103,202	107,873

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)					
Sales	(11.4)	2.6	2.7	(0.1)	0.0
Operating profit	(7.2)	(7.8)	4.2	4.5	1.2
EBITDA	(7.2)	(7.8)	4.2	4.5	1.2
Net profit	(9.5)	(29.5)	3.4	23.1	4.2
Core net profit	(10.8)	(24.7)	(1.3)	23.1	4.2
EPS	(9.5)	(29.5)	3.4	23.1	4.2
Core EPS	(10.8)	(24.7)	(1.3)	23.1	4.2
Profitability (%)					
Gross margin	25.0	23.8	24.1	24.3	24.4
Operation margin	12.9	11.6	11.7	12.3	12.4
EBITDA margin	12.9	11.6	11.7	12.3	12.4
Net margin	4.1	2.8	2.8	3.5	3.6
ROE	5.9	5.0	4.9	5.8	5.7
ROA	2.5	0.4	0.8	0.5	1.4
Stability					
Interest bearing debt/equity (x)	0.3	0.4	0.3	0.2	0.1
Net debt/equity (x)	0.2	0.3	0.2	0.1	0.1
Interest coverage (x)	3.7	2.5	2.8	3.7	5.0
Interest & ST debt coverage (x)	0.3	0.2	0.3	0.4	1.1
Cash flow interest coverage (x)	0.5	(0.0)	0.2	0.2	0.2
Current ratio (x)	0.9	1.0	1.1	1.4	1.8
Quick ratio (x)	0.5	0.6	0.7	0.8	1.1
Net debt (THB m)	19,976	30,851	23,467	15,415	6,752
Activity					
Asset turnover (X)	0.7	0.7	0.7	0.8	0.8
Days receivables	64.7	63.5	64.3	66.8	69.3
Days inventory	80.0	69.1	67.9	68.8	68.7
Days payable	54.7	55.0	56.0	56.7	56.6
Cash cycle days	90.0	77.6	76.2	78.9	81.4

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Revenue					
Revenue	129,398	132,784	136,355	136,268	136,289
Cost of goods sold	(97,068)	(101,122)	(103,452)	(103,199)	(103,018)
Gross profit	32,330	31,661	32,903	33,069	33,271
Operating expenses	(15,684)	(16,318)	(16,908)	(16,352)	(16,355)
Operating profit	16,646	15,343	15,995	16,717	16,917
EBIT	7,440	6,085	6,504	7,016	7,005
Depreciation	(9,206)	(9,259)	(9,491)	(9,701)	(9,911)
EBITDA	16,646	15,343	15,995	16,717	16,917
Non-operating income					
Other incomes	1,043	995	995	995	995
Other non-op income	0	0	0	0	0
Non-operating expense					
Interest expense	(2,020)	(2,429)	(2,363)	(1,914)	(1,389)
Other non-op expense	80	(211)	0	0	0
Equity income/(loss)	39	113	0	0	0
Pre-tax Profit	6,582	4,552	5,135	6,097	6,612
Extraordinary items					
Current taxation	(1,153)	(825)	(789)	(937)	(1,016)
Minorities	(180)	(28)	(521)	(450)	(687)
Net Profit	5,248	3,699	3,825	4,710	4,908
Core net profit	5,146	3,876	3,825	4,710	4,908
EPS (THB)	1.22	0.86	0.89	1.10	1.14
Core EPS (THB)	1.20	0.90	0.89	1.10	1.14

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
Operating cash flow					
Net profit	5,248	3,699	3,825	4,710	4,908
Depre. & amortization	12,441	12,639	13,164	13,002	13,003
Change in working capital	33,526	(18,751)	(746)	(925)	(920)
Others	(1,557)	(1,311)	(1,262)	(1,320)	(1,294)
Investment cash flow	(10,515)	(7,936)	(4,890)	(4,531)	(4,111)
Net CAPEX	(8,900)	(5,993)	(3,000)	(3,000)	(3,000)
Change in LT investment					
Change in other assets	(1,616)	(1,943)	(1,890)	(1,531)	(1,111)
Free cash flow	39,143	(11,660)	10,091	10,936	11,587
Financing cash flow					
Change in share capital	(820)	(6,547)	58	58	58
Net change in debt	(27,436)	2,849	0	0	0
Dividend paid	(1,288)	(1,288)	(765)	(942)	(982)
Others	(7,364)	5,771	(2,000)	(2,000)	(2,000)
Net cash flow	2,234	(10,875)	7,384	8,052	8,663
Per share (THB)					
EPS	1.22	0.86	0.89	1.10	1.14
Core EPS	1.20	0.90	0.89	1.10	1.14
CFPS	3.41	3.02	3.22	3.46	3.61
BVPS	18.01	17.86	18.59	19.48	20.41
Sales/share	30.14	30.93	31.76	31.74	31.75
EBITDA/share	3.88	3.57	3.73	3.89	3.94
DPS	0.55	0.55	0.18	0.22	0.23
Valuation					
P/E (x)	29.45	22.75	18.18	14.77	14.17
P/BV (x)	2.00	1.10	0.87	0.83	0.79
Dividend yield (%)	1.53	2.81	1.10	1.35	1.41
Dividend payout ratio (%)	44.99	63.83	20.00	20.00	20.00

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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 (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.