

Margin up, CAP stake down, LSP better

- Margin uplifts across SCC's industries led to valuation upsides
- LSP is now turning from dying dog to daring horse on ethane feed
- Maintain BUY and lifted SOTP TP to THB252

Upsides: margins up, LSP ethane more, CAP stake lower

SCC is now poised to see a beginning of rebound, recovery, and rerating in 2Q25 onwards, driven by 1) the improving margins on all chemicals, cement, and packaging; 2) the visibly and structurally better fundamental of Long Son Petrochemical (LSP) project in Vietnam pending for ethane feedstock. SCC plans to cut its stake to 20% in the loss-making Chandra Asri, from 30.57%, to re-invest into new growths.

LSP is now seeing more promising outlook

Since its completion at the end of 2024, LSP has not been able to start production at profitable level due to industry depressed margin caused by higher productions of US ethane-based chemical plants and China's influx of new capacities. However, we think SCC's decision to start importing 1mtpa of ethane by the end of 2027 via its USD0.5b investment for tanks and a regasification plant, will structurally enhance LSP's cost competitiveness by up to 30%. SCC has secured a 15-year contract to charter 5 Very Large Ethane Carriers (VLECs).

Subsequent quarters are poised for higher net profits

From 2Q25 onwards, we project SCC's net profit to improve from THB1.1b in 1Q25 to THB3b-THB5b a quarter in 2Q25-4Q25, driven by 1) higher sales volume and improving product margins by 15%-20% q-q for chemical; 2) cement price hike and lower cost on coal price drop and higher usage of biomass power at 45% of power consumption; and 3) stronger net profit from SCGP on the back of the turnaround of Fajar, acquisition of 30% stake in Duy Tan, and higher margin.

A US ban on ethane export to China is a boon to SCC

LSP is now poised to restart the production anytime soon given the industry product margins of polyolefins-naphtha, which rises from USD320/t-USD326/t in 1Q25 to USD360-USD390/t in QTD in 3Q25. The recent ban on ethane export to China by US government effective 1 June 2025 will structurally reduce the ethane price and increase ethane supply for other non-China users, including SCC. Hence, we see positive impact from US ban on ethane export to China to boost near term chemical margins as the higher demand for naphtha will push up the prices of polyolefins while press down ethane price.

Maintain BUY and lifted out TP to THB252

We maintain Buy and raised our SoTP TP from THB169 to THB252 as we increased our valuation multiples for cement from 3x to 4x 2025E EV/EBITDA to reflect lower cost and higher selling price, for petrochemical from 3x to 5x to reflect higher industry margins. We think our valuations now reflect more realistic expectations on SCC's margin and net profit outlook following the improvements.

ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	252.00
VS. BB Consensus TP (%)	+52.3%
Share Price (THB)	169.00
Upside/Downside	+49.1%

Share Data

Market Cap (THB m)	202,800.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

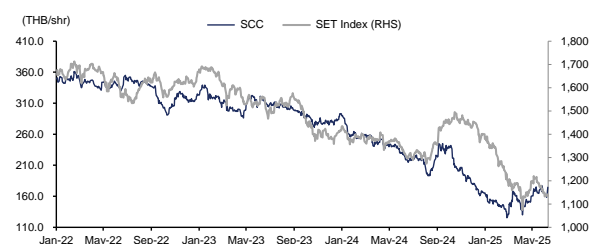
Financial forecast

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 (%)		12.1	18.9	2.4
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	22.85	13.67	12.15
P/BV (x)	0.57	0.57	0.55	0.54
ROE (%)	1.77	2.50	4.10	4.48
Dividend yield (%)	2.98	1.75	2.93	3.29

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	0.30	10.10	(2.31)	0.60
Market	6.39	14.54	23.49	23.39
12M High/Low (THB)				255.00 / 124.50



Major Shareholders (%) as of 3 Apr 2025

Maha Vajiralongkorn	33.64
Social Security Office	5.53

Company Profile

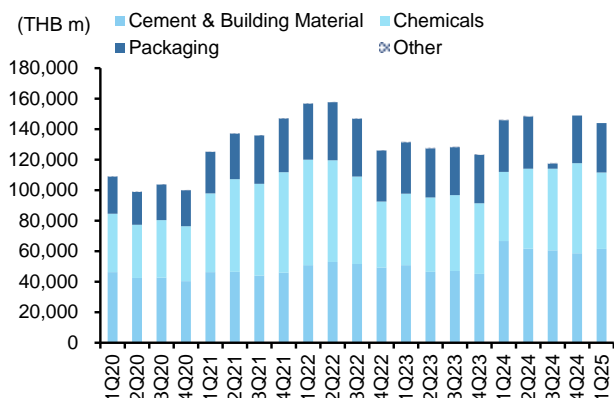
The Company operates as holding company engaging in the industrial supplies and construction industries. The Company operates 3 core businesses consists of investments in the Cement-Building Materials business, Chemicals business and Packaging business.

Source: SETSMART, SET

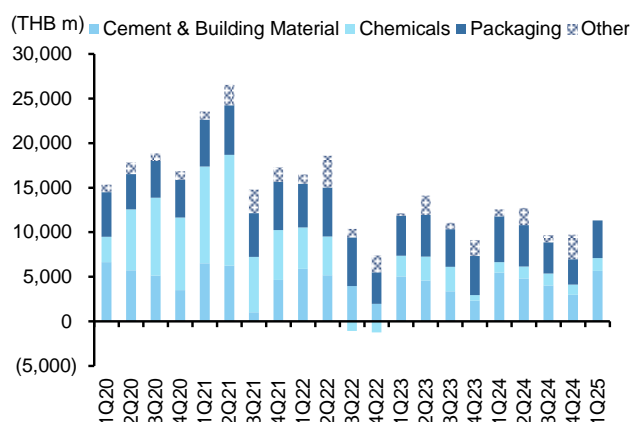
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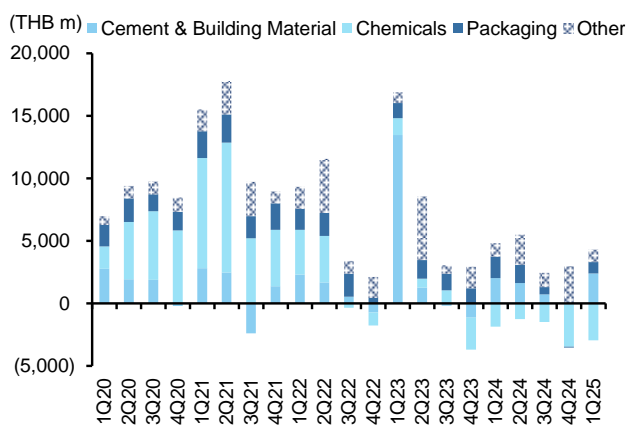
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Exhibit 1: Revenue breakdown by business unit

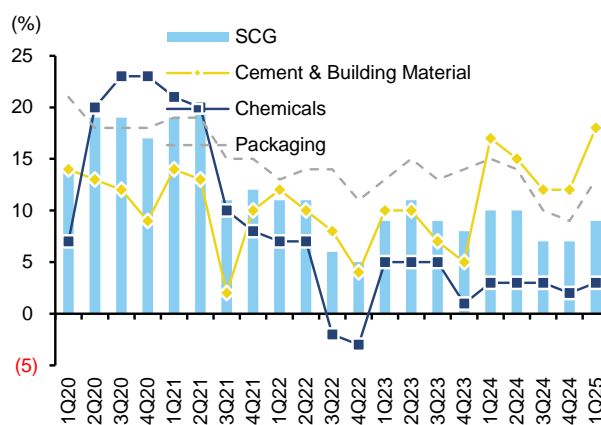
Sources: SCC; Globlex Research

Exhibit 2: EBITDA breakdown by segment

Sources: SCC; Globlex Research

Exhibit 3: Net profit breakdown by segment

Sources: SCC

Exhibit 4: EBITDA margin by segment

Sources: SCC

Exhibit 5: SoTP valuation

	2025E	Valuation
Cement	59,592	4x EV/EBITDA
Petrochemical	154,565	5x EV/EBITDA
Paper	164,641	8.0x EV/EBITDA
Building materials	78,597	6.0x EV/EBITDA
Total core	457,396	
Investment (P/B)	189,022	1.2x book
Gross SOTP	646,418	
Net debt	(266,185)	Higher debt forecast underpinned by rising capex
Minority	(77,543)	
Net SOTP value	302,690	
Net SOTP value/share	252.00	

Sources: SCC; Globlex Research

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	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	28,886	15,502	12,500	13,125	13,781
Other incomes	28,886	15,502	12,500	13,125	13,781
Other non-op income	0	0	0	0	0
Non-operating expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
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	70,647	49,176	49,495	49,814	52,582
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	(39,598)	(41,300)	3,691	(3,740)	(3,637)
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	22.85	13.67	12.15
P/BV (x)	1.01	0.57	0.57	0.55	0.54
Dividend yield (%)	1.80	2.98	1.75	2.93	3.29
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 (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.