

Ready to rerate on LSP and Vietnam

- Solid 2Q25 results reiterated SCC's recovery is on track
- LSP startup, property and GDP growths in Vietnam are key drivers
- Maintain BUY at TP of THB252.00

Solid 2Q25 proved SCC's recovery is on track

2Q25 net profit (NP) of THB17.4b was strong (+14.8x q-q, +3.7x y-y) on THB16.7b gain from bargain purchase of CAP's investment and the fair value adjustment of SCC's investment 30.57%. Excluding CAP-related gains, restructuring expenses for SCG Chemical (-THB569m) and for cement (-THB396m), NP was THB6.1b. The chemical unit reported a lower NL at THB2.9b, flat q-q, due to higher olefins margins and HVA. Cement and Green Solutions (CGS) saw a solid NP at THB1.6b (+11% q-q, +106% y-y), due to benefit from rising cement price. SCGD's NP rose 2.3% q-q to THB222m, packaging business NP at THB1.0b (+12% q-q), on higher sales volume and lower Fajar loss.

Startup of LSP is the next catalyst

SCC is poised to start the operations of its loss-making LSP chemical complex in Vietnam, which incurred annual net loss over THB7b annually due to the large depreciation expense as well as the minimal operating expenses required to maintain the plant at its optimal status and fully ready to run once the economic environment improves. As the industry olefins margins have been sustained at USD370-390/t, the level that LSP could possibly breakeven in cash level, we expect SCC to soon start up the operation of LSP by 4Q25, which enable SCC to reduce the cash loss and cover at least the cash expenses.

Cement and construction materials poised to improve visibly

As CGS' EBITDA continued to sustain at THB3.7b (+1.5% q-q, +25% y-y), on high EBITDA margins at 18%, flat q-q, supported by green initiatives, increased sales of Low Carbon Cement, and higher cement price which we expect to benefit CGS' margins in a piecemeal level. The recent approval of Thailand's fiscal budget for FY2025-26 (Oct-25 to Sep-26) should ensure at least the continuity of the cement and building material demands from the government's projects.

More visible growth ahead

We expect SCC's NP to gradually improve, supported by multiple tailwinds: 1) a decline in crude oil prices, which should boost PE-naphtha spreads and improve chemical margins and enables SCC to start up LSP; 2) a narrowing net loss at LSP; 3) stronger sales volume and lower OCC costs at SCGP; 4) a stronger infrastructure and commercial demand at CGS; and 5) continued demand for repair and renovation products at SCGD following the recent earthquake.

Maintain BUY at TP of THB252

We maintain our BUY with SoTP at THB252 as we project stronger outlook across core businesses, particularly in chemicals (LSP startup), cement (higher selling price), packaging and SCGD (both from Vietnam property and GDP rises).

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

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

ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB) 252.00
VS. BB Consensus TP (%) +28.0%
Share Price (THB) 201.00
Upside/Downside +25.4%

Share Data

Market Cap (THB m)	241,200.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

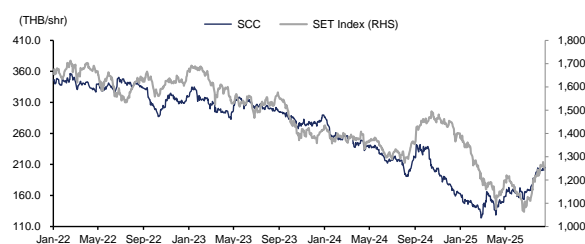
Financial forecast

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 (%)		(15.3)	14.3	0.3
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	27.18	16.26	14.45
P/BV (x)	0.57	0.68	0.66	0.64
ROE (%)	1.77	2.50	4.10	4.48
Dividend yield (%)	2.98	1.47	2.46	2.77

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	12.29	19.64	38.14	19.64
Market	3.52	13.47	39.54	33.02
12M High/Low (THB)			255.00 / 124.50	



Major Shareholders (%) as of 3 Apr 2025

Maha Vajiralongkorn	33.64
Thai NVDR Company Limited	7.94
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

Exhibit 1: Summary of 2Q25/6M25 operations

	2Q24	1Q25	2Q25			6M24	6M25	chg.	2025E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	128,195	124,392	124,684	0.2	(2.7)	252,461	249,077	(1.3)	549,680
Operating costs	(114,224)	(112,930)	(122,286)	(8.3)	(7.1)	(227,653)	(235,216)	(3.3)	(512,056)
EBITDA	13,971	11,462	2,399	(79.1)	(82.8)	24,808	13,860	(44.1)	37,624
EBITDA margin (%)	10.9	9.2	1.9	na	na	9.8	5.6	na	6.8
Depn & amort.	(7,688)	(8,291)	(8,278)	0.2	(7.7)	(15,323)	(16,569)	(8.1)	(28,916)
EBIT	1,333	1,147	(830)	(172.4)	(162.3)	3,437	317	(90.8)	8,708
Interest expense	(2,884)	(2,829)	(2,676)	5.4	7.2	(5,495)	(5,505)	(0.2)	(11,743)
Interest & invt inc	3,555	2,312	10,455	352.2	194.1	6,326	12,768	101.8	12,500
Associates' contrib	2,295	1,427	15,032	953.3	555.1	4,081	16,460	303.3	11,481
Exceptionals	0	0	0	#DIV/0!	#DIV/0!	0	0	#DIV/0!	0
Pretax profit	4,299	2,058	21,982	968.4	411.4	8,349	24,039	187.9	20,946
Tax	(1,190)	(1,196)	(5,518)	(361.3)	(363.6)	(2,690)	(6,714)	(149.6)	(1,420)
Tax rate (%)	27.7	58.1	25.1	na	na	32.2	27.9	na	6.8
Minority interests	599	237	873	267.6	45.6	474	1,110	134.2	(10,651)
Net profit	3,708	1,099	17,337	1,477.8	367.6	6,133	18,436	200.6	8,876
Non-recurring	0	(3,190)	11,190	450.8	#DIV/0!	0	8,000	#DIV/0!	0
Core net profit	3,708	4,289	6,147	43.3	65.8	6,133	10,436	70.2	8,876
EPS (THB)	3.09	0.92	14.45	1,477.8	367.6	5.11	15.36	200.6	7.40
Core EPS (THB)	3.09	3.57	5.12	43.3	65.8	5.11	8.70	70.2	7.40

Sources: SCC; Globlex Research

Exhibit 2: 2Q25/6M25 key performance broken down by sector

	2Q24	1Q25	2Q25	Change		6M24	6M25	Change
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
EBITDA breakdown								
SCC consolidated	16,266	12,889	17,431	35.2	7.2	28,889	30,320	5.0
Cement and Green Solutions	3,012	3,703	3,757	1.5	24.7	6,603	7,460	13.0
Smart Living and SCG Distribution & Retail	1,457	1,151	841	(26.9)	(42.3)	2,482	1,992	(19.7)
Décor	910	808	803	(0.6)	(11.8)	1,764	1,611	(8.7)
Chemicals	3,098	2,579	1,790	(30.6)	(42.2)	4,387	4,369	(0.4)
Packaging	4,635	4,234	4,257	0.5	(8.2)	9,787	8,491	(13.2)
Other	3,303	468	6,040	1,190.6	82.9	4,078	6,508	59.6
Net profit breakdown								
SCC consolidated	3,708	1,099	17,337	1,477.5	367.6	6,133	18,436	200.6
Cement and Green Solutions	774	1,443	1,595	10.5	106.1	1,965	3,038	54.6
Smart Living and SCG Distribution & Retail	576	751	(681)	(190.7)	(218.2)	1,158	70	(94.0)
Décor	283	217	222	2.3	(21.6)	541	439	(18.9)
Chemicals	(1,241)	(2,948)	12,908	537.9	1,140.1	(3,107)	9,960	420.6
Packaging	1,453	900	1,010	12.2	(30.5)	3,178	1,910	(39.9)
Other	2,396	1,003	2,593	158.5	8.2	3,462	3,596	3.9
EBITDA margin *								
SCC consolidated	10	9	9	-	(1.0)	10	9	(1.0)
Cement and Green Solutions	15	18	18	-	3.0	16	18	2.0
Smart Living and SCG Distribution & Retail	3	3	1	(2.0)	(2.0)	3	2	(1.0)
Décor	14	14	14	-	-	13	14	1.0
Chemicals	3	3	1	(2.0)	(2.0)	3	2	(1.0)
Packaging	14	13	13	-	(1.0)	14	13	(1.0)

* Change in percentage

Sources: SCC; Globlex Research

Balance sheet (THB m)						Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Current assets						Revenue	499,646	511,172	549,680	592,461	651,472
Cash & ST investment	43,602	36,492	72,172	88,867	108,433	Cost of goods sold	(396,459)	(412,765)	(424,107)	(465,408)	(511,408)
Account receivable	70,559	71,539	77,036	82,960	89,475	Gross profit	103,187	98,407	125,573	127,052	140,064
Inventories	80,631	73,302	64,398	70,669	77,654	Operating expenses	(68,299)	(69,644)	(87,949)	(82,944)	(91,206)
Others	22,423	17,835	8,037	8,663	9,521	Operating profit	34,888	28,764	37,624	44,108	48,858
Non-current assets						EBIT	5,148	(2,827)	8,708	14,139	17,835
Net fixed assets	424,344	422,613	413,382	415,004	415,572	Depreciation	(29,740)	(31,591)	(28,916)	(29,969)	(31,022)
Others	252,042	239,722	239,722	239,722	239,722	EBITDA	34,888	28,764	37,624	44,108	48,858
Total Assets	893,601	861,502	874,746	905,885	940,377	Non-operating income	28,886	15,502	12,500	13,125	13,781
Current liabilities						Other incomes	28,886	15,502	12,500	13,125	13,781
Account payable	59,691	58,094	55,038	60,397	66,367	Other non-op income	0	0	0	0	0
ST borrowing	112,790	149,571	149,571	149,571	149,571	Non-operating expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
Others	29,764	9,656	6,205	6,693	7,360	Interest expense	(10,297)	(11,500)	(11,743)	(11,918)	(12,125)
Long-term liabilities						Other non-op expense	0	0	0	0	0
Long-term debts	210,506	183,786	188,786	193,786	198,786	Equity income/(loss)	8,419	6,530	11,481	11,989	12,594
Others	39,253	40,616	40,616	40,616	40,616	Pre-tax Profit	32,155	7,704	20,946	27,335	32,085
Total liabilities	452,004	441,722	440,215	451,063	462,699	Extraordinary items	(8,045)	(3,882)	(1,420)	(2,302)	(2,924)
Pai-up capital	1,200	1,200	1,200	1,200	1,200	Current taxation	1,805	2,520	(10,651)	(10,198)	(12,469)
Retained earnings	384,271	382,495	386,596	396,689	407,076	Net Profit	25,915	6,342	8,876	14,835	16,693
Others	(21,510)	(30,808)	(30,808)	(30,808)	(30,808)	Core net profit	25,915	6,342	8,876	14,835	16,693
Minority interest	77,635	66,893	77,543	87,741	100,210	EPS (THB)	21.60	5.28	7.40	12.36	13.91
Shareholders' equity	441,597	419,780	434,531	454,822	477,678	Core EPS (THB)	21.60	5.28	7.40	12.36	13.91
Key ratios						Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
Growth (%YoY)						Operating cash flow	70,647	49,176	49,495	49,814	52,582
Sales	(12.3)	2.3	7.5	7.8	10.0	Net profit	25,915	6,342	8,876	14,835	16,693
Operating profit	(3.0)	(17.6)	30.8	17.2	10.8	Depre.& amortization	29,740	31,591	28,916	29,969	31,022
EBITDA	(3.0)	(17.6)	30.8	17.2	10.8	Change in working capital	6,573	4,714	222	(6,979)	(7,727)
Net profit	21.2	(75.5)	40.0	67.1	12.5	Others	8,419	6,530	11,481	11,989	12,594
Core net profit	21.2	(75.5)	40.0	67.1	12.5	Investment cash flow	(44,977)	(14,985)	(17,506)	(29,379)	(29,379)
EPS	21.2	(75.5)	40.0	67.1	12.5	Net CAPEX	(26,149)	(27,750)	(17,506)	(29,379)	(29,379)
Core EPS	21.2	(75.5)	40.0	67.1	12.5	Change in LT investment	2,028	7,371	0	0	0
Profitability (%)						Change in other assets	(20,856)	5,394	0	0	0
Gross margin	20.7	19.3	22.8	21.4	21.5	Free cash flow	25,670	34,190	31,989	20,435	23,202
Operation margin	7.0	5.6	6.8	7.4	7.5	Financing cash flow	(39,598)	(41,300)	3,691	(3,740)	(3,637)
EBITDA margin	7.0	5.6	6.8	7.4	7.5	Change in share capital	0	0	0	0	0
Net margin	5.2	1.2	1.6	2.5	2.6	Net change in debt	(27,040)	10,060	5,000	5,000	5,000
ROE	17.0	66.2	49.0	30.7	28.6	Dividend paid	(4,800)	(7,200)	(4,775)	(4,742)	(6,306)
ROA	34.5	135.8	98.6	61.1	56.3	Others	(7,758)	(44,160)	3,466	(3,997)	(2,331)
Stability						Net cash flow	(13,928)	(7,110)	35,680	16,695	19,565
Interest bearing debt/equity (x)	0.7	0.8	0.8	0.8	0.7	Per share (THB)					
Net debt/equity (x)	0.6	0.7	0.6	0.6	0.5	EPS	21.60	5.28	7.40	12.36	13.91
Interest coverage (x)	0.5	(0.2)	0.7	1.2	1.5	Core EPS	21.60	5.28	7.40	12.36	13.91
Interest & ST debt coverage (x)	0.0	(0.0)	0.1	0.1	0.1	CFPS	44.88	29.51	40.37	45.84	50.15
Cash flow interest coverage (x)	0.2	0.1	0.1	0.1	0.1	BVPS	303.30	294.07	297.49	305.90	314.56
Current ratio (x)	1.1	0.9	1.1	1.2	1.3	Sales/share	416.37	425.98	458.07	493.72	542.89
Quick ratio (x)	0.6	0.5	0.7	0.8	0.9	EBITDA/share	29.07	23.97	31.35	36.76	40.71
Net debt (THB m)	279,695	296,864	266,185	254,489	239,924	DPS	5.50	5.00	2.96	4.95	5.56
Activity						Valuation					
Asset turnover (X)	0.6	0.6	0.6	0.7	0.7	P/E (x)	14.17	31.79	27.18	16.26	14.45
Days receivables	53.0	50.7	49.3	49.3	48.3	P/BV (x)	1.01	0.57	0.68	0.66	0.64
Days inventory	75.4	68.1	59.3	53.0	52.9	Dividend yield (%)	1.80	2.98	1.47	2.46	2.77
Days payable	55.0	52.1	48.7	45.3	45.2	Dividend payout ratio (%)	25.47	94.61	40.00	40.00	40.00
Cash cycle days	73.4	66.7	59.9	57.0	56.0						

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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.