

How SCG turn brick & mortar by AI?

- margin of SAF-UCO
- plant by a quarter
- Maintain BUY but cut TP to THB4.3 and 2025E net profit by -59%

How could SCG adopt and adapt AI to drive growth?

During our AI seminar on 25 Oct-25, one of three speakers REPCO NEX, an AI unit under SCG Chemicals (SCGC), delivered a fascinating presentation that incorporated not only how SCG group (SCG) adopt AI technology well into business portfolio but also adapt AI applications to enhance operational efficiency and streamline cost structure.

Reinventing for digital and AI transformation

REPCO NEX Industrial Solution (RNIS) also successfully extends its AI capability beyond its own business groups (cement, construction materials, packaging, ceramics, and chemicals, offering a one-stop service ranging from maintenance to integrated solutions and digital manufacturing. The solutions focus on digitalization transformation with a dual transformation to reinvent organizations in supply chain, production, asset performance management (APM), and ESG.

SMART petrochemicals as a key leading edge

The undisputed example of RNIS' success is SCG's own petrochemical complex transformation, namely SMART petrochemicals. RNIS applies a co-pilot system for the plant start-up, which require thousands of variables to work coherently during the start-up. Given the nature of continuous flow process, any single mistake could disrupt the entire start-up and result in THB millions of losses and even the unplanned shutdowns. According to RNIS, SCGC could reduce losses up to THB0.5b annually using the AI technology.

"SMART plants" beyond border of SCG and Thailand

RNIS further leverage its AI technology strengths into overseas and other industries. In petrochemical industry, RNIS currently covers services for 35 plants in Thailand and Vietnam, over 1,000 AI to cover critical equipment, resulting in up to 40% productivity improvement. In power industry, RNIS services 32 contracted power plants with total 3.5GWm in 3 countries, using 500+ AI to cover critical equipment, generating 3-5x returns for investment. In food and beverage industry, 3-5% OEE improvement plans could reduce 205% energy & utilities expenses to generate 5-10x return for investment.

Buy SCC; SCGP; SCGD; and SJWD

RNIS is the manifest evidence of SCG in adopt the new AI technology to adapt the integrated and large-scale business portfolio of conventional ventures (cement, construction materials, packaging, chemicals, and ceramics) with AI technology, aiming at not only for financial survival but also for strategic growth when the industry upcycle winds come. This should ensure SCG to stay competitive, proactive in business transformation ahead of coming growths.

Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	252.00
VS. BB Consensus TP (%)	+20.7%
Share Price (THB)	209.00
Upside/Downside	+20.6%

Share Data

Market Cap (THB m)	250,800.00
Par (THB)	1.00
Free Float (%)	66.24
Issued shares (m shares)	1,200

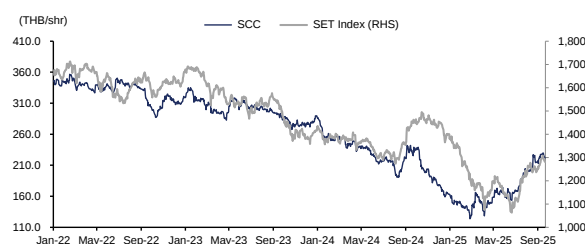
Financial forecast

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 (%)		(18.6)	16.0	(0.1)
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	28.26	16.91	15.02
P/BV (x)	0.57	0.70	0.68	0.66
ROE (%)	1.77	2.50	4.10	4.48
Dividend yield (%)	2.98	1.42	2.37	2.66

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(7.52)	4.50	38.87	24.40
Market	(10.02)	(3.22)	22.52	32.54
12M High/Low (THB)			255.00 / 124.50	



Major Shareholders (%) as of 14 Aug 2025

Maha Vajiralongkorn	33.64
Thai NVDR	7.85
Social Security Office	5.54

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.

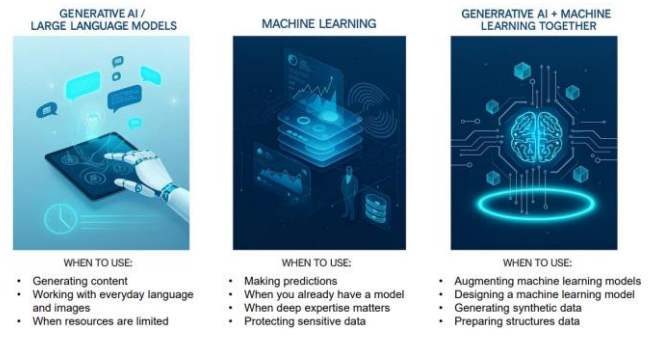
Source: SETSMART, SET

Exhibit 1: AI challenges in industrial applications



Sources: REPCO NEX; SCGC

Exhibit 2: AI toolbox; which AI to use and when



Sources: REPCO NEX; SCGC

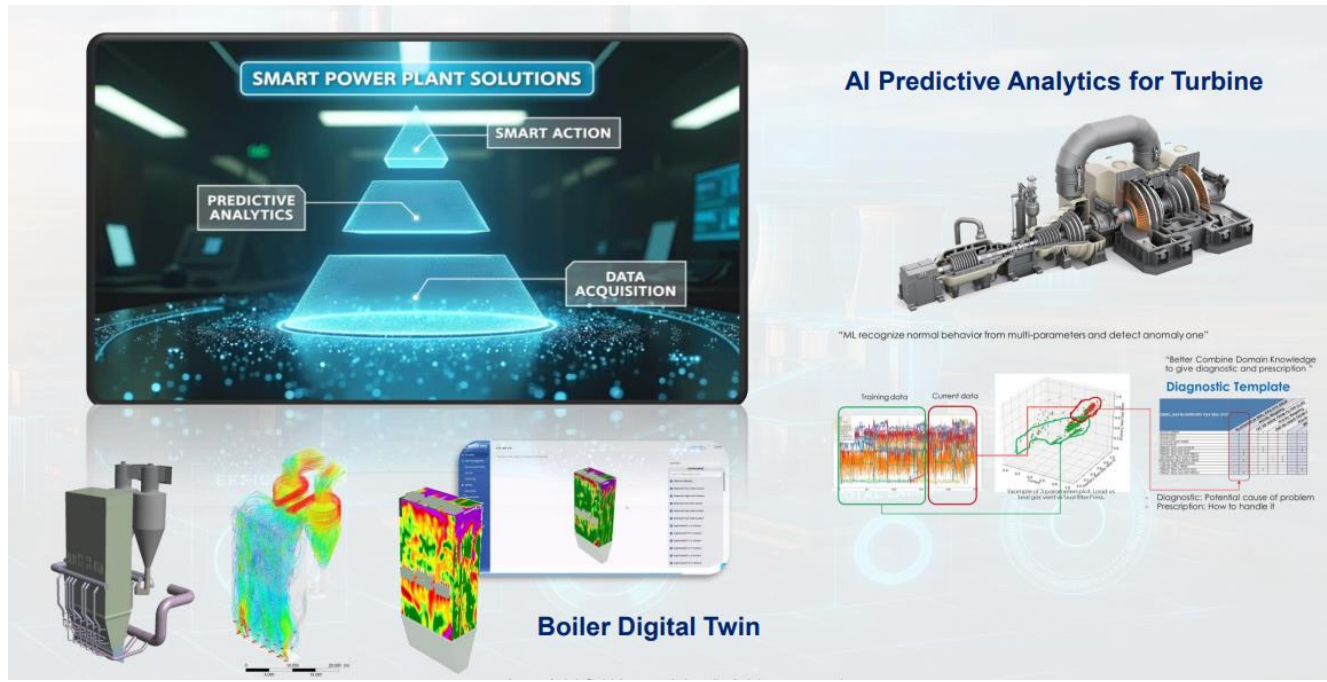
Exhibit 3: AI application for petrochemical industry

REPCO NEX's Use Cases



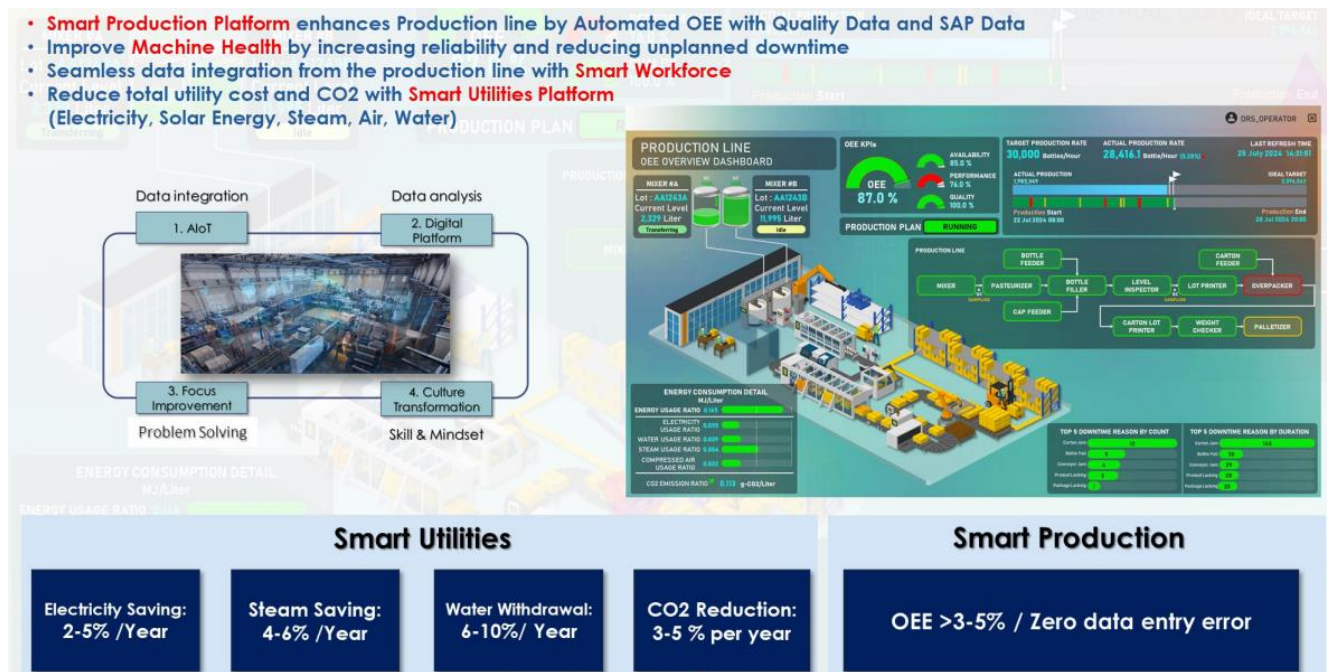
Sources: REPCO NEX; SCGC

Exhibit 4: SMART power plant – digital solutions



Sources: REPCO NEX; SCGC

Exhibit 5: SMART manufacturing – digital solutions



Sources: REPCO NEX; SCGC

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	7.0	1.8	2.5	4.1	4.5
ROA	3.7	1.4	2.3	2.9	3.0
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	(8,045)	(3,882)	(1,420)	(2,302)	(2,924)
Current taxation	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	28.26	16.91	15.02
P/BV (x)	1.01	0.57	0.70	0.68	0.66
Dividend yield (%)	1.80	2.98	1.42	2.37	2.66
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.