SCG PACKAGING (SCGP TB)

THAILAND / SET / PACKAGING

Globlex Securities Co., Ltd.

21 November 2025

Rising profit vs distressed valuation

- Distressed valuation at 3.6x 2026E EV/EBITDA
- Rises margin on China's dry-milled pulp ban/ higher captive
- Maintain BUY a TP of THB25

Divergence of share price and fundamentals

SCGP's share price has plunged 17% in the past three weeks due to the market weakness, diverting from its stronger fundamentals that we think make SCGP highly attractive investment in SET. After posting a decent 9M25 net profit of THB2.9b, down 24% y-y but improving consecutively in the past many quarters. We project 4Q25 net profit to grow q-q and continue into 2026, backed by new import pulp restrictions and the seasonally higher demands.

Positive on China's tighter policy for imported dry-milled OCC

On 9 October, China surprisingly announced that it required recycled pulp importers to specify whether the material was milled using dry or wet processing methods, aiming at suppressing the amount of dry-milled pulp, a more contaminated pulp than the wet one. This immediately led to price drop for the Oil Corrugated Cardboard (OCC) not only from the reduced import amount but also the lengthier time for the inspection at ports.

Fajar on track for visible better performance

SCGP has pursued a clear strategy to restructure its packaging unit in Indonesia, focusing on 1) lowering the OCC cost by increasing the domestically-sourcing portion to over 2/3; 2) enhancing its vale chain integration by increasing its captive pulp-to-carton ratio from 18% to 26% via the acquisition of a new 144ktpa box producer MyPack, scheduled to be complete in 4Q25; and 3) improving export price and volume to China due to the impact of China's dry-milled pulp restrictions. SCGP's capacity in Indonesia now stands at 1.8mtpa pulp (vs Thailand's 1.85mtpa) and downstream 0.474mtpa (vs Thailand's 0.92mtpa), resulting in captive ratio of 26% vs 50% in Thailand.

Improvements is visible and palpable

We project 4Q25 EBITDA at THB4.2b (+5% q-q) and net profit of THB1.1b (+5-7% q-q) and up from a net loss of THB57m in 4Q24. The y-y significant rise and the continued q-q improvement in 4Q25 net profit clearly manifests SCGP's operational strengths in improving efficiency, productivity, and financial turnaround for Fajar and its operation in Indonesia. As a result, we think SCGP's share price is likely to rebound to reflect its visibly improving net profits and fundamentals vs its declining share price.

Distressed valuation at current 3.6x 2026E EV/EBITDA

We maintain BUY and a TP of THB25, based on 2026E 7x EV/EBITDA, reflecting 14x 2026E P/E and 3.6x EV/EBITDA, which we think is at distressed level given SCGP's improving net profit outlook, high-growth outlook from Vietnam market (domestic+export), and rising margins.

Analyst

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

ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	**25.00**
VS. BB Consensus TP (%)	+27.4%
Share Price (THB)	16.10
Upside/Downside	+55.3%

Share Data

Market Cap (THB m)	69,116.02
Par (THB)	1.00
Free Float (%)	26.37
Issued shares (m shares)	4,293

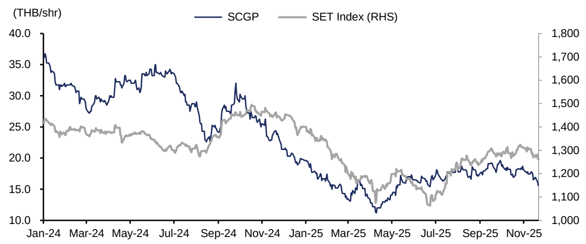
Financial forecast

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 (%)		0.5	4.5	(1.7)
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	18.07	14.68	14.08
P/BV (x)	1.10	0.87	0.83	0.79
ROE (%)	5.03	4.89	5.76	5.73
Dividend yield (%)	2.81	1.11	1.36	1.42

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(6.40)	(8.52)	0.63	(17.86)
Market	(6.20)	(10.93)	(6.65)	(10.27)
12M High/Low (THB)				24.40 / 10.70



Major Shareholders (%) as of 13 Aug 2025

The Siam Cement Public Company Limited	72.12

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.

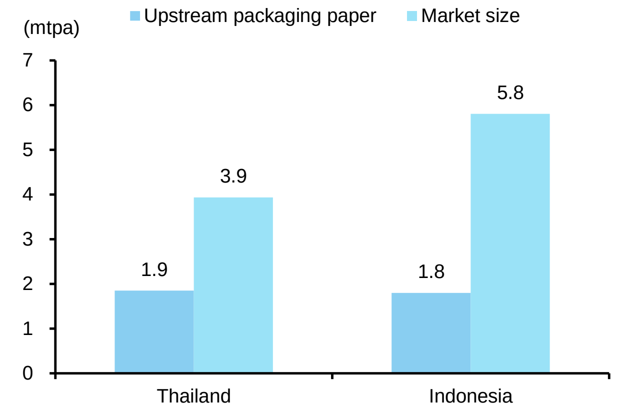
Source: SETSMART, SET

Exhibit 1: Comparison capacity and pulp-to-box captive ratio for SCGP (Thailand vs Indonesia)

SCGP	Thailand	Indonesia	Unit
Upstream packaging paper	1.9	1.8	mtpa
Market size	3.9	5.8	mtpa
SCGP's market share	47	31	%
EBITDA margin	15	1	%
SCGP	**Thailand**	**Indonesia**	**Unit**
Downstream corrugated box	0.9	0.3	mtpa
Market size	2.9	4.7	mtpa
SCGP's market share	32	7	%
EBITDA margin	7	6	%
Integration level	50	18	%

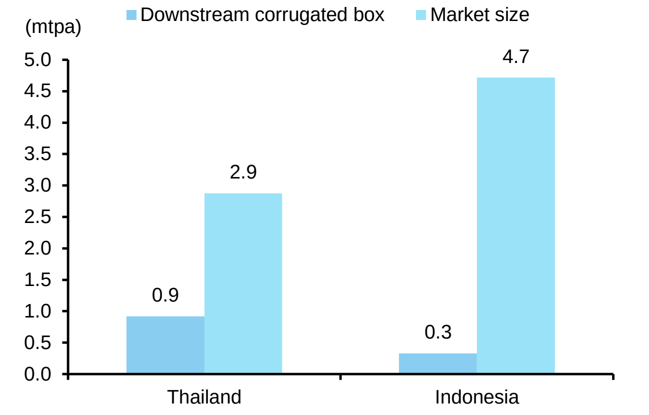
Sources: SCGP; Globlex Research

Exhibit 2: Upstream stream packaging paper capacity (Thailand vs Indonesia)



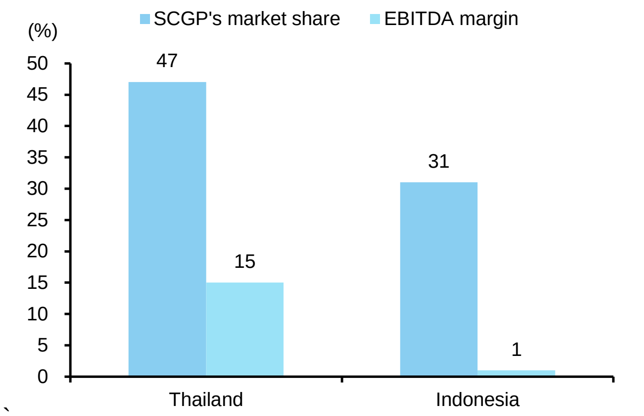
Sources: SCGP; Globlex Research

Exhibit 3: Downstream stream corrugated box capacity (Thailand vs Indonesia)



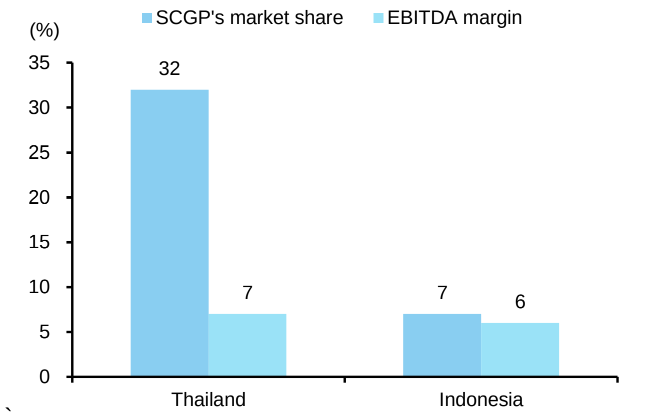
Sources: SCGP; Globlex Research

Exhibit 4: Upstream market share (Thailand vs Indonesia)



Sources: SCGP; Globlex Research

Exhibit 5: Downstream market share (Thailand vs Indonesia)



Sources: SCGP; Globlex Research

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**

Profit & loss (THB m)					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
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	**1,043**	**995**	**995**	**995**	**995**
Other incomes	1,043	995	995	995	995
Other non-op income	0	0	0	0	0
Non-operating expense	**(1,940)**	**(2,640)**	**(2,363)**	**(1,914)**	**(1,389)**
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**

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

Cash flow (THB m)					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Operating cash flow	**49,658**	**(3,724)**	**14,982**	**15,467**	**15,697**
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	**(36,908)**	**785**	**(2,707)**	**(2,884)**	**(2,924)**
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	18.07	14.68	14.08
P/BV (x)	2.00	1.10	0.87	0.83	0.79
Dividend yield (%)	1.53	2.81	1.11	1.36	1.42
Divdend payout ratio (%)	44.99	63.83	20.00	20.00	20.00

GENERAL DISCLAIMER

Analyst Certification

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

The opinions and information presented in this report are those of the Globlex Securities Co. Ltd. Research Department. No representation or warranty in any form regarding the accuracy, completeness, correctness or fairness of opinions and information of this report is offered by Globlex Securities Co. Ltd. Globlex Securities Co. Ltd. Accepts no liability whatsoever for any loss arising from the use of this report or its contents. This report (in whole or in part) may not be reproduced or published without the express permission of Globlex Securities Co. Ltd.

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.