COMPANY UPDATE

SCG DECOR (SCGD TB)

THAILAND / SET / CONSTRUCTION MATERIALS

12 January 2026

Globlex Securities Co., Ltd.

Structurally stronger continued

- Expect a seasonally softer but y-y stronger quarterly NP in 4Q25 on Vietnam's solid sales volume to offset the flood-hit Thailand
- The success in structural cost reduction and glazed ceramic production upgrade should help sustain high margins
- Maintain BUY and a TP of THB6.0; One of the best play in Vietnam's growth cycle

Seasonally softer 4Q25 but stronger y-y

We project 4Q25 core net profit to hit THB235m, up from THB177m in 4Q24. Core net profit is expected to hit THB250m, up from THB80m in 4Q24. Net profit margin is likely to reach 4.5%, down from 5.3% in 3Q25 and 1.3% in 4Q24 as the non-recurring expenses related to the business transformation, mostly for cost reduction, have already been incurred and SCGD has now begun to reap the benefits of the transformation.

Vietnam remains SCGD's key growth engine

Excluding FX loss, Vietnam will again be a rescuer market in 4Q25, posting a strong sales volume of 12mtpa, up from 11.3mtpa in 3Q25, comprising 2.3mt export and 9.7mtpa domestic sales volume. On top of strong sales volume, SCGD has completed 5mtpa capacity conversion from a commodity to glazed ceramic, whose gross profit margin is THB10-/sqm higher than commodity's GPM , raising glazed-to-total ceramic capacity in Vietnam to 25% since Nov-25. Unfortunately, THB/VND significantly weakened by 10%+, leaving the THB net profit contribution to decline q-q.

Flood-hit and seasonally low demand erode profits in Thailand

Thailand market remained in doldrums, hurt by the impact of big flood in Southern part, the seasonally low demand, and high household debt that continue to haunt ceramic demands. SCGD however should mitigate the impact of weak demand by increasing HVA product sales portion to 29%-30%, up from 28% in 3Q25, which includes complementary, new décor surface, and SPC.

A sound combination of strong fundamentals

We remain positive on SCGD's net profit growth outlook, premised on SCGD's cost reduction via the now-complete transformation, the growing revenue and margin on the highly competitive production base in Vietnam, and the higher HVA revenue that we think together will generate y-y higher quarterly net profits throughout 2026 into 2027.

Time to run again

We maintain BUY and a TP of THB6.0. We think after five months of share price consolidation, SCGD's share price is likely to start outperforming again, driven by the sustained y-y higher quarterly net profits on the back of gradual demand recovery in Vietnam and China markets and the proven success in product innovations to underscore a new growth curve in 2026-27.

Analyst

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ESG Rating : A

CG Rating : ▲▲▲▲▲

BUY

Target Price 12M (THB)	**6.00**
VS. BB Consensus TP (%)	-6.3%
Share Price (THB)	4.78
Upside/Downside	+25.5%

Share Data

Market Cap (THB m)	7,887.00
Par (THB)	10.00
Free Float (%)	26.60
Issued shares (m shares)	1,650

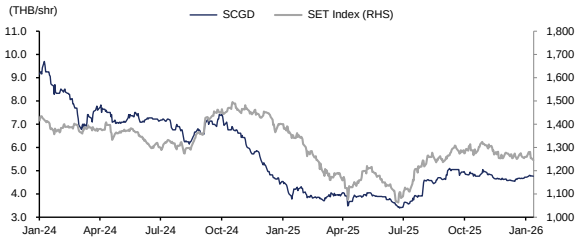
Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	25,563	27,514	29,010	30,316
Net profit	810	1,095	1,290	1,475
Core net profit	810	1,095	1,290	1,475
vs Consensus (%)	-	10.8	9.9	13.3
Net profit growth (%)	147.1	35.2	17.8	14.3
Core net profit growth (%)	147.1	35.2	17.8	14.3
EPS (THB)	0.49	0.66	0.78	0.89
Core EPS (THB)	0.49	0.66	0.78	0.89
Chg from previous (%)		0.00	0.00	0.00
DPS (THB)	0.38	0.20	0.23	0.27
P/E (x)	9.78	7.20	6.11	5.35
P/BV (x)	0.41	0.40	0.38	0.36
ROE (%)	4.17	5.65	6.42	6.98
Dividend yield (%)	12.78	24.01	20.37	17.83

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	4.37	(3.24)	29.19	1.27
Market	5.68	1.38	14.39	1.72
12M High/Low (THB)				5.25 / 3.48



Major Shareholders (%) as of 13 Aug 25

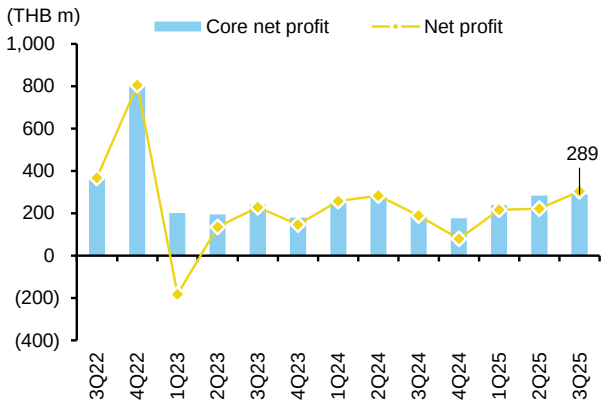
SCGHeritage Co.,Ltd	73.39

Company Profile

Business of tiles for floors and walls both in Thailand and other countries, Business of bathroom products in Thailand, and Business of industrial estate services.

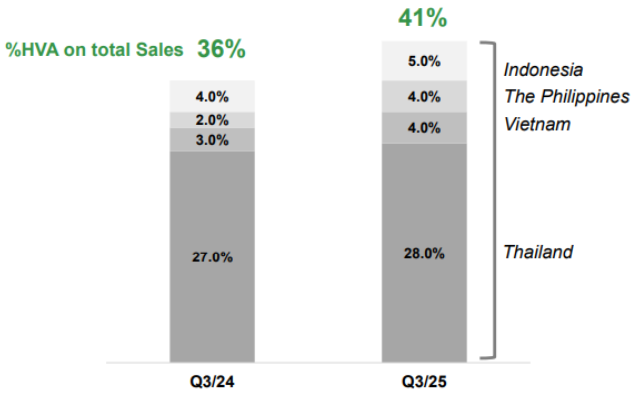
Source: SETSMART, SET

Exhibit 1: Core net profit vs net profit



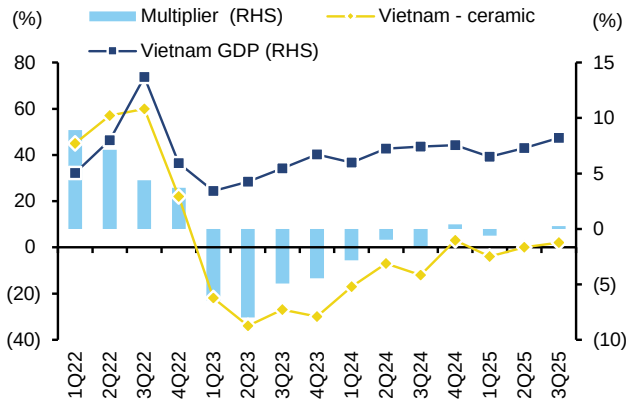
Sources: SCGD; Globlex Research

Exhibit 2: Continue to grow HVA



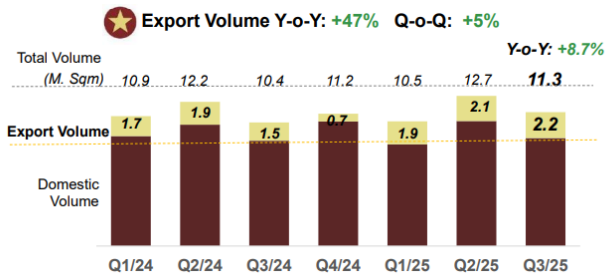
Sources: SCGD

Exhibit 3: Vietnam's ceramics demand growth vs GDP (multiplier = ceramic demand over GDP)



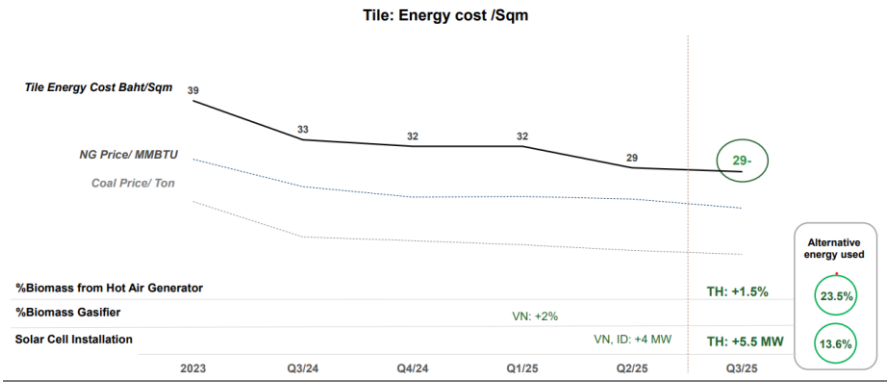
Sources: SCGD; Globlex Research

Exhibit 4: PRIME Vietnam Export Sales Rose continuously



Sources: SCGD

Exhibit 5: Lower the Cost; Enhance the Margins



Sources: SCGD

Balance sheet (THB m)					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Current assets					
Cash & ST investment	5,203	4,204	6,631	9,688	12,944
Account receivable	4,449	3,760	3,018	2,236	1,419
Inventories	7,542	7,091	7,696	8,101	8,438
Others	5,524	5,473	5,511	5,541	5,566
Non-current assets					
Net fixed assets	11,621	12,147	10,632	9,118	7,604
Others	7,313	7,149	7,149	7,149	7,149
Total Assets	**41,651**	**39,823**	**40,638**	**41,833**	**43,120**
Current liabilities					
Account payable	3,768	3,578	3,883	4,087	4,257
ST borrowing	14,395	13,292	13,292	13,292	13,292
Others	286	324	348	367	384
Long-term liabilities					
Long-term debts	609	578	578	578	578
Others	1,280	1,346	1,346	1,346	1,346
Total liabilities	**20,339**	**19,117**	**19,447**	**19,670**	**19,857**
Paid-up capital	16,500	16,500	16,500	16,500	16,500
Retained earnings	11,281	11,556	12,031	12,993	14,081
Others	(8,084)	(8,926)	(8,926)	(8,926)	(8,926)
Minority interest	1,615	1,576	1,585	1,596	1,608
Shareholders' equity	**21,312**	**20,706**	**21,190**	**22,163**	**23,263**

Profit & loss (THB m)					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Revenue	**28,312**	**25,563**	**27,514**	**29,010**	**30,316**
Cost of goods sold	(20,094)	(17,466)	(18,956)	(19,953)	(20,782)
Gross profit	**8,219**	**8,097**	**8,558**	**9,057**	**9,534**
Operating expenses	(5,584)	(5,544)	(5,750)	(6,034)	(6,306)
Operating profit	**2,634**	**2,553**	**2,807**	**3,023**	**3,228**
EBIT	**1,095**	**979**	**1,293**	**1,509**	**1,714**
Depreciation	(1,540)	(1,574)	(1,514)	(1,514)	(1,514)
EBITDA	**2,634**	**2,553**	**2,807**	**3,023**	**3,228**
Non-operating income	**380**	**578**	**550**	**580**	**606**
Other incomes	380	578	550	580	606
Other non-op income	0	0	0	0	0
Non-operating expense	**(548)**	**(493)**	**(473)**	**(473)**	**(473)**
Interest expense	(548)	(493)	(473)	(473)	(473)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	1	4	4	4	4
Pre-tax Profit	**928**	**1,068**	**1,374**	**1,619**	**1,850**
Extraordinary items					
Current taxation	(454)	(249)	(270)	(318)	(363)
Minorities	(147)	(8)	(9)	(11)	(12)
Net Profit	**328**	**810**	**1,095**	**1,290**	**1,475**
Core net profit	**328**	**810**	**1,095**	**1,290**	**1,475**
EPS (THB)	**0.20**	**0.49**	**0.66**	**0.78**	**0.89**
Core EPS (THB)	**0.20**	**0.49**	**0.66**	**0.78**	**0.89**

Key ratios					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Growth (%YoY)					
Sales	(19.6)	(9.7)	7.6	5.4	4.5
Operating profit	20.9	(3.1)	10.0	7.7	6.8
EBITDA	20.9	(3.1)	10.0	7.7	6.8
Net profit	177.8	147.1	35.2	17.8	14.3
Core net profit	177.8	147.1	35.2	17.8	14.3
EPS	137.3	147.1	35.2	17.8	14.3
Core EPS	137.3	147.1	35.2	17.8	14.3
Profitability (%)					
Gross margin	29.0	31.7	31.1	31.2	31.4
Operation margin	9.3	10.0	10.2	10.4	10.6
EBITDA margin	9.3	10.0	10.2	10.4	10.6
Net margin	1.2	3.2	4.0	4.4	4.9
ROE	1.8	4.2	5.7	6.4	7.0
ROA	0.8	2.0	2.7	3.1	3.5
Stability					
Interest bearing debt/equity (x)	0.7	0.7	0.7	0.6	0.6
Net debt/equity (x)	0.5	0.5	0.3	0.2	0.0
Interest coverage (x)	2.0	2.0	2.7	3.2	3.6
Interest & ST debt coverage (x)	0.1	0.1	0.1	0.1	0.1
Cash flow interest coverage (x)	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	1.2	1.2	1.3	1.4	1.6
Quick ratio (x)	0.5	0.5	0.6	0.7	0.8
Net debt (THB m)	9,801.4	9,666.0	7,239.1	4,181.3	925.9
Activity					
Asset turnover (X)	0.7	0.6	0.7	0.7	1.4
Days receivables	57.3	53.7	40.0	28.1	0.0
Days inventory	137.0	148.2	148.2	148.2	0.0
Days payable	68.4	74.8	74.8	74.8	0.0
Cash cycle days	125.9	127.1	113.5	101.6	0.0

Cash flow (THB m)					
Year ending Dec	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Operating cash flow	**1,883**	**2,620**	**2,309**	**2,550**	**2,714**
Net profit	328	810	1,095	1,290	1,475
Depre.& amortization	1,540	1,574	1,514	1,514	1,514
Change in working capital	1,142	932	428	571	641
Others	(1,126)	(696)	(728)	(825)	(916)
Investment cash flow	**(3,485)**	**(560)**	**2,996**	**3,336**	**3,592**
Net CAPEX	(1,726)	(2,099)	(50)	(50)	(50)
Change in LT investment	(1,760)	1,539	3,046	3,386	3,642
Change in other assets	0	0	0	0	0
Free cash flow	**(1,602)**	**2,059**	**5,305**	**5,887**	**6,306**
Financing cash flow	**4,989**	**(3,059)**	**(2,878)**	**(2,829)**	**(3,051)**
Change in share capital	8,146	(13)	0	0	0
Net change in debt	(1,356)	(39)	9	11	12
Dividend paid	(247)	(986)	(620)	(328)	(387)
Others	(1,553)	(2,021)	(2,268)	(2,511)	(2,676)
Net cash flow	**3,387**	**(1,000)**	**2,427**	**3,058**	**3,255**

Per share (THB)					
EPS	0.20	0.49	0.66	0.78	0.89
Core EPS	0.20	0.49	0.66	0.78	0.89
CFPS	2.55	1.45	1.59	1.71	1.82
BVPS	24.90	11.59	11.88	12.47	13.12
Sales/share	35.80	15.49	16.68	17.58	18.37
EBITDA/share	3.33	1.55	1.70	1.83	1.96
DPS	0.15	0.38	0.20	0.23	0.27
Valuation					
P/E (x)	50.34	9.78	7.20	6.11	5.35
P/BV (x)	0.84	0.41	0.40	0.38	0.36
Dividend yield (%)	66.68	12.78	24.01	20.37	17.83
Divdend payout ratio (%)	75.50	76.50	30.00	30.00	30.00

GENERAL DISCLAIMER

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.