

## Cooler profit, hotter stock

- More visible and stronger net profit outlook in 2026-27
- Fajar's narrower loss and rising demand are key drivers
- Maintain BUY and a TP of THB25; to pick in Thai packaging sector

### Visibly improving net profit outlook in 2026-27

We believe SCGP's net profit outlook in 2026-27 is not only more visibly improving but also significantly stronger than our and market's expectations, considering that 1) improving margins of Integrated Packaging Chain (IPC) on improving demand outlook; 2) lower loss contribution from Fajar on the less intense price competition; 3) absence of multiple one-time non-recurring expenses including Fajar's gas contract unwinding/deferred tax reversal and restructuring cost.

### Solid 4Q25 result was on track

4Q25 core net profit was THB0.8b, down from THB998m in 3Q24 but up from a net profit of THB34m in 4Q24, driven by stronger sales volumes and lower energy costs to offset the lower selling prices and the negative impact of FX loss. Including non-recurring items of 1.1b negative goodwill gain from acquisition of MyPack, restructuring expense THB183m, FX loss THB22m, and deferred tax reversal THB385m for Fajar's unused tax carried forward, 4Q25 net profit was THB1.2b, up 27% q-q and 22x y-y. Vietnam remains the key growth engine on the back of solid exports and improving domestic demand while Thailand market remains a key weak point on the back of the impacts of the flood in the south and the weak domestic demand.

### Narrower loss for Fajar in 2026

In 2025, we estimate that Fajar posted a net loss of THB2.5b, comprising 60% from the price war, 30% from deferred tax reversal, 10% from gas contract unwinding. In 2026, we project Fajar to see significantly narrower loss to THB1.0, down from THB2.5b in 2025, on the back of higher selling price that should nearly on par with export price. In 2025, the selling price discount was USD10-25/t that should dwindle down to USD10/t in 2026 as competition is likely less intense.

### Sanguine outlook ahead

IPC has continued to see improving revenue and net profit in 2026-27, with revenue rising from THB95b in 2025 to THB110b in 2026, driven by solid demands and SCGP's strategic product portfolio and improving Fajar's profitability. Fibrous chain (FC)'s revenue could grow rebound to THB27b and should reach breakeven in 2026 given improving margins and sales volumes on Food Services segment.

### On track to our TP

We maintain BUY and a TP of THB25, based on 2026E 7x EV/EBITDA. We think SCGP's share price remains attractive against its sanguine net profit outlook on the back of increasing margins on IPC and FC and the structural change in SCGP's business structure from commodity to HVA and Thailand to Vietnam focuses in 2026-27.

#### Analyst

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

## BUY

|                               |              |
|-------------------------------|--------------|
| <b>Target Price 12M (THB)</b> | <b>25.00</b> |
| VS. BB Consensus TP (%)       | +18.5%       |
| Share Price (THB)             | 20.80        |
| Upside/Downside               | +20.2%       |

### Share Data

|                          |           |
|--------------------------|-----------|
| Market Cap (THB m)       | 89,292.74 |
| Par (THB)                | 1.00      |
| Free Float (%)           | 26.37     |
| Issued shares (m shares) | 4,293     |

### Financial forecast

| YE Dec (THB m)             | 2025    | 2026E   | 2027E   | 2028E   |
|----------------------------|---------|---------|---------|---------|
| Revenue                    | 124,374 | 136,268 | 136,289 | 136,306 |
| Net profit                 | 4,069   | 5,514   | 5,762   | 6,890   |
| Core net profit            | 3,728   | 5,514   | 5,762   | 6,890   |
| vs Consensus (%)           |         | 14.5    | 8.1     | 24.5    |
| Net profit growth (%)      | 10.0    | 35.5    | 4.5     | 19.6    |
| Core net profit growth (%) | (3.8)   | 47.9    | 4.5     | 19.6    |
| EPS (THB)                  | 0.95    | 1.28    | 1.34    | 1.60    |
| Core EPS (THB)             | 0.87    | 1.28    | 1.34    | 1.60    |
| Chg from previous (%)      |         | 17.09   | 17.40   | na      |
| DPS (THB)                  | 0.60    | 0.60    | 0.60    | 0.60    |
| P/E (x)                    | 18.04   | 16.19   | 15.50   | 12.96   |
| P/BV (x)                   | 0.99    | 1.14    | 1.08    | 1.01    |
| ROE (%)                    | 4.93    | 7.21    | 7.15    | 8.06    |
| Dividend yield (%)         | 3.51    | 2.88    | 2.88    | 2.88    |

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

|                    | 1M     | 3M    | 6M    | YTD           |
|--------------------|--------|-------|-------|---------------|
| Stock              | 9.47   | 18.86 | 16.20 | 21.64         |
| Market             | (5.46) | 6.98  | 3.77  | 7.12          |
| 12M High/Low (THB) |        |       |       | 21.30 / 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: Summary of 4Q25/2025 operations

|                        | 4Q24          | 3Q25          | 4Q25          |               |                | 2024           | 2025           | chg.<br>(y-y%) |
|------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
|                        | (THB m)       | (THB m)       | (THB m)       | (q-q%)        | (y-y%)         | (THB m)        | (THB m)        |                |
| <b>Revenue</b>         | <b>31,231</b> | <b>30,438</b> | <b>30,170</b> | <b>(0.9)</b>  | <b>(3.4)</b>   | <b>132,784</b> | <b>124,374</b> | <b>(6.3)</b>   |
| Operating costs        | (28,386)      | (26,284)      | (25,603)      | 2.6           | 9.8            | (117,441)      | (109,283)      | 6.9            |
| <b>EBITDA</b>          | <b>2,845</b>  | <b>4,154</b>  | <b>4,567</b>  | <b>9.9</b>    | <b>60.5</b>    | <b>15,343</b>  | <b>15,091</b>  | <b>(1.6)</b>   |
| EBITDA margin (%)      | 9.1           | 13.6          | 15.1          | na            | na             | 11.6           | 12.1           | na             |
| Depn & amort.          | (2,277)       | (2,267)       | (2,212)       | 2.4           | 2.9            | (9,259)        | (8,968)        | 3.1            |
| <b>EBIT</b>            | <b>568</b>    | <b>1,887</b>  | <b>2,355</b>  | <b>24.8</b>   | <b>314.7</b>   | <b>6,085</b>   | <b>6,123</b>   | <b>0.6</b>     |
| Interest expense       | (667)         | (544)         | (504)         | 7.3           | 24.5           | (2,429)        | (2,347)        | 3.4            |
| Interest & invt inc    | -             | -             | -             | na            | na             | -              | -              | nm             |
| Other income           | 153           | 251           | 1,539         | 514.0         | 903.4          | 1,172          | 1,991          | 69.9           |
| Associates' contrib    | 36            | 33            | 19            | (43.3)        | (47.1)         | 113            | 101            | (11.2)         |
| Exceptionals           | (153)         | (250)         | (1,539)       | (514.7)       | (905.9)        | (211)          | (214)          | (1.3)          |
| <b>Pretax profit</b>   | <b>(63)</b>   | <b>1,377</b>  | <b>1,871</b>  | <b>35.9</b>   | <b>3,070.3</b> | <b>4,552</b>   | <b>5,996</b>   | <b>31.7</b>    |
| Tax                    | 77            | (358)         | (430)         | (20.1)        | (658.2)        | (825)          | (1,373)        | (66.4)         |
| Tax rate (%)           | 122.3         | 26.0          | 23.0          | na            | na             | 18.1           | 22.9           | na             |
| Minority interests     | (70)          | (66)          | (234)         | (255.9)       | (233.1)        | (28)           | (553)          | nm             |
| <b>Net profit</b>      | <b>(56)</b>   | <b>953</b>    | <b>1,207</b>  | <b>26.6</b>   | <b>2,245.7</b> | <b>3,699</b>   | <b>4,069</b>   | <b>10.0</b>    |
| Non-recurring          | (90)          | (45)          | 386           | 960.3         | 527.7          | (177)          | 342            | 293.1          |
| <b>Core net profit</b> | <b>34</b>     | <b>998</b>    | <b>821</b>    | <b>(17.7)</b> | <b>2,314.7</b> | <b>3,876</b>   | <b>3,728</b>   | <b>(3.8)</b>   |
| EPS (THB)              | (0.01)        | 0.22          | 0.28          | 26.6          | 2,245.7        | 0.86           | 0.95           | 10.0           |
| Core EPS (THB)         | 0.01          | 0.23          | 0.19          | (17.7)        | 2,314.7        | 0.90           | 0.87           | (3.8)          |

Sources: SCGP, Globlex Research

### Exhibit 2: 4Q25/2025 Core profit and net profit

|  | 4Q24        | 3Q25       | 4Q25         | q-q%          | y-y%           | 2024         | 2025         | y-y%         |
|--|-------------|------------|--------------|---------------|----------------|--------------|--------------|--------------|
| <b>Core profit</b>                                 | <b>34</b>   | <b>998</b> | <b>821</b>   | <b>(17.7)</b> | <b>2,314.7</b> | <b>3,876</b> | <b>3,728</b> | <b>(3.8)</b> |
| FX gain/loss from loan, derivatives and investment | (105)       | (29)       | (22)         | 24.1          | 79.0           | (100)        | 7            | 107.0        |
| Company restructurings (asset divestment)          | -           | -          | (183)        | nm            | nm             | (5)          | (183)        | nm           |
| Changes to local regulations (tax, labor laws)     | -           | -          | -            | nm            | nm             | -            | -            | nm           |
| Expenses related to M&Ps transactions              | (4)         | (1)        | 1,072        | nm            | nm             | (87)         | 1,042        | 1,297.7      |
| Impairments and others                             | 18          | (15)       | (482)        | nm            | nm             | 15           | (525)        | nm           |
| <b>Net profit</b>                                  | <b>(57)</b> | <b>953</b> | <b>1,206</b> | <b>26.5</b>   | <b>2,215.8</b> | <b>3,699</b> | <b>4,069</b> | <b>10.0</b>  |

Sources: SCGP, Globlex Research

### Exhibit 3: 4Q25/2025 key performance

|                               | 4Q24          | 3Q25          | 4Q25          | q-q%         | y-y%           | 2024           | 2025           | y-y%         |
|-------------------------------|---------------|---------------|---------------|--------------|----------------|----------------|----------------|--------------|
|                               | (THB m)       | (THB m)       | (THB m)       | (%)          | (%)            | (THB m)        | (THB m)        | (%)          |
| <b>Revenue from sales</b>     | <b>31,231</b> | <b>30,438</b> | <b>30,170</b> | <b>(0.9)</b> | <b>(3.4)</b>   | <b>132,784</b> | <b>124,374</b> | <b>(6.3)</b> |
| Consolidated SCGP             | 31,231        | 30,438        | 30,170        | (0.9)        | (3.4)          | 132,784        | 124,374        | (6.3)        |
| Integrated Packaging Chain    | 24,241        | 23,424        | 23,640        | 0.9          | (2.5)          | 100,075        | 95,221         | (4.9)        |
| Fibrous Chain                 | 5,860         | 6,027         | 5,752         | (4.6)        | (1.8)          | 27,147         | 25,066         | (7.7)        |
| Recycling Business and Others | 1,974         | 2,077         | 2,125         | 2.3          | 7.6            | 8,704          | 8,305          | (4.6)        |
| Intersegment Elimination      | (844)         | (1,090)       | (1,347)       | (23.6)       | (59.6)         | (3,142)        | (4,218)        | (34.2)       |
| <b>EBITDA</b>                 | <b>2,845</b>  | <b>4,154</b>  | <b>4,567</b>  | <b>9.9</b>   | <b>60.5</b>    | <b>16,127</b>  | <b>17,210</b>  | <b>6.7</b>   |
| Consolidated SCGP             | 2,845         | 4,154         | 4,567         | 9.9          | 60.5           | 16,127         | 17,210         | 6.7          |
| Integrated Packaging Chain    | 2,820         | 3,811         | 4,385         | 15.1         | 55.5           | 13,288         | 15,527         | 16.8         |
| Fibrous Chain                 | 502           | 392           | 302           | (23.0)       | (39.8)         | 3,675          | 1,875          | (49.0)       |
| Recycling Business and Others | (57)          | 369           | 30            | (91.9)       | 152.6          | 3,215          | 4,353          | 35.4         |
| Intersegment Elimination      | (420)         | (418)         | (150)         | 64.1         | 64.3           | (4,051)        | (4,545)        | (12.2)       |
| <b>EBITDA margins*</b>        | <b>9</b>      | <b>14</b>     | <b>15</b>     | <b>1.0</b>   | <b>6.0</b>     | <b>12</b>      | <b>14</b>      | <b>2.0</b>   |
| Consolidated SCGP             | 9             | 14            | 15            | 1.0          | 6.0            | 12             | 14             | 2.0          |
| Integrated Packaging Chain    | 12            | 16            | 19            | 3.0          | 7.0            | 13             | 16             | 3.0          |
| Fibrous Chain                 | 9             | 7             | 5             | (2.0)        | (4.0)          | 14             | 7              | (7.0)        |
| <b>Net profit</b>             | <b>(57)</b>   | <b>953</b>    | <b>1,206</b>  | <b>26.5</b>  | <b>2,215.8</b> | <b>3,699</b>   | <b>4,069</b>   | <b>10.0</b>  |
| Consolidated SCGP             | (57)          | 953           | 1,206         | 26.5         | 2,215.8        | 3,699          | 4,069          | 10.0         |
| Integrated Packaging Chain    | 352           | 1,135         | 1,705         | 50.2         | 384.4          | 3,886          | 4,858          | 25.0         |
| Fibrous Chain                 | (63)          | (149)         | (125)         | 16.1         | (98.4)         | 1,081          | (246)          | (122.8)      |
| Recycling Business and Others | (340)         | (19)          | (231)         | (1,115.8)    | 32.1           | 2,073          | 2,912          | 40.5         |
| Intersegment Elimination      | (6)           | (14)          | (143)         | (921.4)      | (2,283.3)      | (3,341)        | (3,455)        | (3.4)        |

\* Note: Change in margin % is represented in ppt change

Sources: SCGP, Globlex Research

| Balance sheet (THB m)            |                |                |                |                |                | Profit & loss (THB m)        |                 |                 |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------------|-----------------|-----------------|----------------|----------------|----------------|
| Year ending Dec                  | 2024           | 2025           | 2026E          | 2027E          | 2028E          | Year ending Dec              | 2024            | 2025            | 2026E          | 2027E          | 2028E          |
| <b>Current assets</b>            |                |                |                |                |                | <b>Revenue</b>               |                 |                 |                |                |                |
| Cash & ST investment             | 9,849          | 6,464          | 5,002          | 10,814         | 12,269         |                              | 132,784         | 124,374         | 136,268        | 136,289        | 136,306        |
| Account receivable               | 23,551         | 22,152         | 20,618         | 19,085         | 17,551         | Cost of goods sold           | (101,122)       | (93,151)        | (103,199)      | (103,018)      | (102,836)      |
| Inventories                      | 19,027         | 17,356         | 19,228         | 19,194         | 19,160         | <b>Gross profit</b>          | <b>31,661</b>   | <b>31,223</b>   | <b>33,069</b>  | <b>33,271</b>  | <b>33,470</b>  |
| Others                           | 2,877          | 4,795          | 4,829          | 4,829          | 4,829          | Operating expenses           | (16,318)        | (16,131)        | (16,352)       | (16,355)       | (16,357)       |
| <b>Non-current assets</b>        |                |                |                |                |                | <b>Operating profit</b>      | <b>15,343</b>   | <b>15,091</b>   | <b>16,717</b>  | <b>16,917</b>  | <b>17,113</b>  |
| Net fixed assets                 | 91,014         | 85,325         | 81,257         | 76,987         | 72,518         | <b>EBIT</b>                  | <b>6,085</b>    | <b>6,123</b>    | <b>7,649</b>   | <b>7,647</b>   | <b>7,643</b>   |
| Others                           | 42,262         | 40,439         | 40,439         | 40,439         | 40,439         | Depreciation                 | (9,259)         | (8,968)         | (9,069)        | (9,269)        | (9,470)        |
| <b>Total Assets</b>              | <b>188,580</b> | <b>176,531</b> | <b>171,373</b> | <b>171,349</b> | <b>166,766</b> | <b>EBITDA</b>                | <b>15,343</b>   | <b>15,091</b>   | <b>16,717</b>  | <b>16,917</b>  | <b>17,113</b>  |
| <b>Current liabilities</b>       |                |                |                |                |                | <b>Non-operating income</b>  |                 |                 |                |                |                |
| Account payable                  | 15,678         | 14,707         | 16,293         | 16,265         | 16,236         |                              | 995             | 2,333           | 2,333          | 2,333          | 2,333          |
| ST borrowing                     | 30,864         | 31,392         | 20,000         | 15,000         | 5,000          | Other incomes                | 995             | 2,333           | 2,333          | 2,333          | 2,333          |
| Others                           | 10,061         | 1,333          | 1,461          | 1,461          | 1,461          | Other non-op income          | 0               | 0               | 0              | 0              | 0              |
| <b>Long-term liabilities</b>     |                |                |                |                |                | <b>Non-operating expense</b> |                 |                 |                |                |                |
| Long-term debts                  | 9,836          | 16,215         | 16,215         | 16,215         | 16,215         |                              | (2,640)         | (2,561)         | (2,934)        | (2,360)        | (1,835)        |
| Others                           | 26,854         | 22,769         | 22,769         | 22,769         | 22,769         | Interest expense             | (2,429)         | (2,347)         | (2,934)        | (2,360)        | (1,835)        |
| <b>Total liabilities</b>         | <b>93,293</b>  | <b>86,415</b>  | <b>76,737</b>  | <b>71,709</b>  | <b>61,680</b>  | Other non-op expense         | (211)           | (214)           | 0              | 0              | 0              |
| Paid-up capital                  | 4,293          | 4,293          | 4,293          | 4,293          | 4,293          | <b>Equity income/(loss)</b>  | <b>113</b>      | <b>101</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Retained earnings                | 59,600         | 61,293         | 65,305         | 69,565         | 74,952         | <b>Pre-tax Profit</b>        | <b>4,552</b>    | <b>5,996</b>    | <b>7,048</b>   | <b>7,621</b>   | <b>8,142</b>   |
| Others                           | 12,785         | 8,816          | 8,874          | 8,932          | 8,990          | Extraordinary items          |                 |                 |                |                |                |
| Minority interest                | 18,608         | 15,713         | 16,163         | 16,850         | 16,850         | Current taxation             | (825)           | (1,373)         | (1,084)        | (1,172)        | (1,251)        |
| <b>Shareholders' equity</b>      | <b>95,287</b>  | <b>90,116</b>  | <b>94,636</b>  | <b>99,640</b>  | <b>105,086</b> | Minorities                   | (28)            | (553)           | (450)          | (687)          | 0              |
| <b>Key ratios</b>                |                |                |                |                |                | <b>Cash flow (THB m)</b>     |                 |                 |                |                |                |
| Year ending Dec                  | 2024           | 2025           | 2026E          | 2027E          | 2028E          | Year ending Dec              | 2024            | 2025            | 2026E          | 2027E          | 2028E          |
| <b>Growth (%YoY)</b>             |                |                |                |                |                | <b>Operating cash flow</b>   |                 |                 |                |                |                |
| Sales                            | 2.6            | (6.3)          | 9.6            | 0.0            | 0.0            |                              | (3,724)         | 9,043           | 18,721         | 19,145         | 19,367         |
| Operating profit                 | (7.8)          | (1.6)          | 10.8           | 1.2            | 1.2            | Net profit                   | 3,699           | 4,069           | 5,514          | 5,762          | 6,890          |
| EBITDA                           | (7.8)          | (1.6)          | 10.8           | 1.2            | 1.2            | Depre.& amortization         | 12,639          | 13,355          | 13,536         | 13,488         | 12,556         |
| Net profit                       | (29.5)         | 10.0           | 35.5           | 4.5            | 19.6           | Change in working capital    | (18,751)        | (6,539)         | 1,341          | 1,539          | 1,539          |
| Core net profit                  | (24.7)         | (3.8)          | 47.9           | 4.5            | 19.6           | Others                       | (1,311)         | (1,843)         | (1,670)        | (1,644)        | (1,618)        |
| EPS                              | (29.5)         | 10.0           | 35.5           | 4.5            | 19.6           | <b>Investment cash flow</b>  | <b>(7,936)</b>  | <b>(5,158)</b>  | <b>(5,347)</b> | <b>(4,888)</b> | <b>(4,468)</b> |
| Core EPS                         | (24.7)         | (3.8)          | 47.9           | 4.5            | 19.6           | Net CAPEX                    | (5,993)         | (3,280)         | (3,000)        | (3,000)        | (3,000)        |
| <b>Profitability (%)</b>         |                |                |                |                |                | Change in LT investment      |                 |                 |                |                |                |
| Gross margin                     | 23.8           | 25.1           | 24.3           | 24.4           | 24.6           |                              | (1,943)         | (1,878)         | (2,347)        | (1,888)        | (1,468)        |
| Operation margin                 | 11.6           | 12.1           | 12.3           | 12.4           | 12.6           | <b>Free cash flow</b>        | <b>(11,660)</b> | <b>3,885</b>    | <b>13,374</b>  | <b>14,257</b>  | <b>14,899</b>  |
| EBITDA margin                    | 11.6           | 12.1           | 12.3           | 12.4           | 12.6           | <b>Financing cash flow</b>   | <b>785</b>      | <b>(14,177)</b> | <b>(3,445)</b> | <b>(3,445)</b> | <b>(3,445)</b> |
| Net margin                       | 2.8            | 3.3            | 4.0            | 4.2            | 5.1            | Change in share capital      | (6,547)         | (3,448)         | 58             | 58             | 58             |
| ROE                              | 5.0            | 4.9            | 7.2            | 7.1            | 8.1            | Net change in debt           | 2,849           | (6,191)         | 0              | 0              | 0              |
| ROA                              | 0.4            | 0.7            | (0.3)          | 0.7            | 1.7            | Dividend paid                | (1,288)         | (1,503)         | (1,503)        | (1,503)        | (1,503)        |
| <b>Stability</b>                 |                |                |                |                |                | Others                       | 5,771           | (3,035)         | (2,000)        | (2,000)        | (2,000)        |
| Interest bearing debt/equity (x) | 0.4            | 0.5            | 0.4            | 0.3            | 0.2            | <b>Net cash flow</b>         | <b>(10,875)</b> | <b>(10,291)</b> | <b>9,930</b>   | <b>10,813</b>  | <b>11,454</b>  |
| Net debt/equity (x)              | 0.3            | 0.5            | 0.3            | 0.2            | 0.1            | <b>Per share (THB)</b>       |                 |                 |                |                |                |
| Interest coverage (x)            | 2.5            | 2.6            | 2.6            | 3.2            | 4.2            | EPS                          | 0.86            | 0.95            | 1.28           | 1.34           | 1.60           |
| Interest & ST debt coverage (x)  | 0.2            | 0.2            | 0.3            | 0.4            | 1.1            | Core EPS                     | 0.90            | 0.87            | 1.28           | 1.34           | 1.60           |
| Cash flow interest coverage (x)  | (0.0)          | 0.1            | 0.2            | 0.3            | 0.3            | CFPS                         | 3.02            | 3.17            | 3.50           | 3.66           | 3.81           |
| Current ratio (x)                | 1.0            | 1.1            | 1.3            | 1.6            | 2.4            | BVPS                         | 17.86           | 17.33           | 18.28          | 19.29          | 20.55          |
| Quick ratio (x)                  | 0.6            | 0.6            | 0.7            | 0.9            | 1.3            | Sales/share                  | 30.93           | 28.97           | 31.74          | 31.75          | 31.75          |
| Net debt (THB m)                 | 30,851         | 41,143         | 31,213         | 20,400         | 8,946          | EBITDA/share                 | 3.57            | 3.52            | 3.89           | 3.94           | 3.99           |
| <b>Activity</b>                  |                |                |                |                |                | DPS                          | 0.55            | 0.60            | 0.60           | 0.60           | 0.60           |
| Asset turnover (X)               | 0.7            | 0.7            | 0.8            | 0.8            | 0.8            | <b>Valuation</b>             |                 |                 |                |                |                |
| Days receivables                 | 63.5           | 67.1           | 57.3           | 53.2           | 49.1           | P/E (x)                      | 22.75           | 18.04           | 16.19          | 15.50          | 12.96          |
| Days inventory                   | 69.1           | 71.3           | 64.7           | 68.1           | 68.1           | P/BV (x)                     | 1.10            | 0.99            | 1.14           | 1.08           | 1.01           |
| Days payable                     | 55.0           | 59.5           | 54.8           | 57.7           | 57.7           | Dividend yield (%)           | 2.81            | 3.51            | 2.88           | 2.88           | 2.88           |
| Cash cycle days                  | 77.6           | 78.8           | 67.2           | 63.6           | 59.4           | Dividend payout ratio (%)    | 63.83           | 63.29           | 46.71          | 44.70          | 37.38          |

## GENERAL DISCLAIMER

### Analyst Certification

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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.