

24 DECEMBER 2020

THAILAND / INDUSTRIAL

SCG PACKAGING SCGP TB

BUY

TARGET PRICE	THB54.00
CLOSE	THB42.00
UP/DOWNSIDE	+28.6%
TP vs CONSENSUS	+19.3%

ผู้นำตลาดบรรจุภัณฑ์ที่ผลิตจากกระดาษ

ขยายการเติบโตของตลาดจากประเทศไทยสู่อาเซียน

SCGP เป็นบริษัทย่อยของ Siam Cement (SCC TB, BUY, TP THB445) บริษัทฯ แยกตัวออกจาก SCC และจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย (the SET) เมื่อวันที่ 22 ต.ค. 20 SCGP เป็นผู้ผลิตบรรจุภัณฑ์รายใหญ่ที่สุดในอาเซียนด้วยส่วนแบ่งตลาด 36% ในช่วง 1H20 ประเทศไทยยังคงเป็นตลาดที่ใหญ่ที่สุดของ SCGP โดยสร้าง 58% ของรายได้รวม ในช่วง 9M20 บริษัทฯ มีฐานการผลิตขนาดใหญ่สำหรับเส้นใยและกระดาษสำหรับผลิตบรรจุภัณฑ์ในประเทศไทยเนื่องจากอยู่ใกล้แหล่งวัตถุดิบ (เยื่อกระดาษ) และกระดาษใช้แล้ว

3 ปัจจัยบวก: การขยายตัวของอัตรากำไร ตลาด และกำลังการผลิต

เราเชื่อว่าแนวโน้มการเติบโตของกำไรสุทธิของ SCGP ที่ 28% CAGR ในช่วงปี 2019-22 จะมาจากธุรกิจบรรจุภัณฑ์ครบวงจรเป็นหลัก เนื่องจากกำไรของธุรกิจเยื่อและกระดาษมีแนวโน้มตกต่ำจากปัญหาอุปสงค์ที่อ่อนแอและสถานะเงินตลาดของอุตสาหกรรม โดย SCGP อาจได้ปัจจัยหนุนสำคัญประกอบด้วย 1) การเพิ่มของอัตรากำไรจากต้นทุนวัตถุดิบที่ลดลงและประสิทธิภาพการผลิตที่ดีขึ้น; 2) การเติบโตของกำลังการผลิตจากทั้งภายในและภายนอก; และ 3) การขยายตลาดในอาเซียนและเข้าสู่ตลาดบรรจุภัณฑ์ใหม่สำหรับสินค้าอุปโภคบริโภคผ่าน การควบรวมกิจการและเป็นพันธมิตร (M&P) เราเชื่อว่า SCGP มีความสมดุลย์ในแง่ผลิตภัณฑ์ (กระดาษสำหรับบรรจุภัณฑ์และเส้นใย), การทำตลาดในภูมิภาค (ไทย อินโดนีเซีย เวียดนาม และฟิลิปปินส์), และอุตสาหกรรมผู้บริโภคในขั้นสุดท้าย (อาหารและเครื่องดื่ม อิเล็กทรอนิกส์ และเครื่องใช้ไฟฟ้า และสินค้าอุปโภคบริโภคต่าง ๆ)

การสร้างมูลค่าผ่าน M&P การเติบโตจากภายในและประโยชน์จากการควบรวม

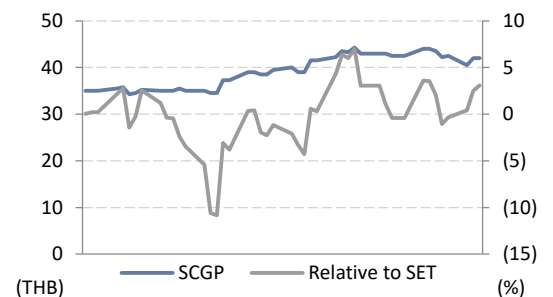
ในฐานะผู้ผลิตบรรจุภัณฑ์ครบวงจรในอาเซียน เราเห็นว่ากลยุทธ์ของ SCGP ในการเพิ่มการควบรวมธุรกิจและขยายการทำตลาดในภูมิภาค รวมถึงการเพิ่มประเภทผลิตภัณฑ์และขยายฐานลูกค้าอุตสาหกรรมควรสร้างมูลค่าในระยะกลางถึงยาวให้กับผู้ถือหุ้นในรูปแบบของผลตอบแทนจากส่วนของผู้ถือหุ้นและผลตอบแทนจากสินทรัพย์ที่เพิ่มขึ้นหลังบริษัทฯ ลงทุนเป็นจำนวนมากนับตั้งแต่ปี 2017 ผ่านการซื้อกิจการต่าง ๆ นอกจากนี้ กลยุทธ์เพื่อการเติบโตผ่าน M&P ซึ่งรวมถึงการซื้อกิจการ SOVI ในเวียดนามครั้งล่าสุด ควรมีส่วนช่วยเสริมสร้างความแข็งแกร่งและผลักดันกำไรสุทธิของ SCGP ให้โตได้ในปี 2020-22

เริ่มรายงานด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 54 บาท

เราเริ่มรายงาน SCGP ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 54 บาทโดยคิดจากค่า 2021E EV/EBITDA ที่ 11x การประเมินมูลค่าดังกล่าวอยู่ในระดับที่สูงกว่าบริษัทอื่นในกลุ่มเมื่อพิจารณาจากคาดการณ์ของตลาด (ณ 21 ธ.ค. 2020) สำหรับ MNDI และ SKG ที่ 8.2x และ 8.4x ตามลำดับ เราเห็นว่าการประเมินมูลค่าในระดับที่สูงกว่าตลาดดังกล่าวสมเหตุสมผล เมื่อพิจารณาจากกำไรสุทธิของ SCGP ซึ่งมีแนวโน้มโตได้ในระดับสูงจาก M&P การเติบโตจากภายใน และความชัดเจนในด้านการประหยัดต้นทุน

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	89,070	107,827	116,434	121,559
Net profit	5,160	6,465	8,993	10,700
EPS (THB)	1.65	1.46	2.03	2.42
vs Consensus (%)	-	(9.2)	7.9	25.8
EBITDA	13,656	16,272	20,290	22,980
Core net profit	5,269	6,465	8,993	10,700
Core EPS (THB)	1.69	1.46	2.03	2.42
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(55.6)	(13.3)	39.1	19.0
Core P/E (x)	24.9	28.7	20.7	17.4
Dividend yield (%)	1.5	1.4	1.8	2.1
EV/EBITDA (x)	15.1	13.3	10.7	9.6
Price/book (x)	3.1	2.0	1.9	1.8
Net debt/Equity (%)	86.9	8.8	8.1	9.9
ROE (%)	12.6	9.6	9.5	10.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.0	n/a	n/a
Relative to country (%)	5.3	n/a	n/a
Mkt cap (USD m)	5,966		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	30		
Major shareholder	Siam Cement (69%)		
12m high/low (THB)	44.50/32.75		
Issued shares (m)	4,423.00		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 ธันวาคม 2020

Investment thesis

We project SCGP to have net profit growth of 28% CAGR in 2019-22. We think this will be driven by the company’s capacity growth, margin expansion, and M&P strategy that should allow it to not only grow its net profit and market presence, but also enhance its long-term value creation for shareholders via its solid brand recognition, superior cost control, and operational excellence.

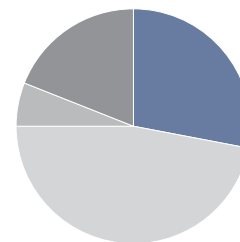
Company profile

SCG Packaging is the largest packaging producer in ASEAN, commanding a 36% market share as of 2020, according to Frost and Sullivan. SCGP’s 68.8% stake is owned by Siam Cement. The company grows its business, mostly via acquisitions, in many countries.

www.scgpackaging.com

Principal activities (revenue, 2019)

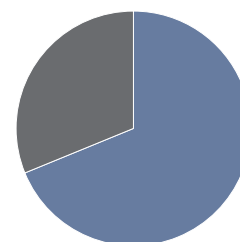
- Fibrous chain - 28.0 %
- Performance and Polymer packaging - 47.0 %
- Packaging paper - 6.0 %
- Fibre-based packaging - 19.0 %



Source: SCG Packaging

Major shareholders

- Siam Cement - 68.8 %
- Others - 31.2 %



Source: SCG Packaging

Catalyst

We see three key drivers for SCGP include 1) potential margin expansion on lower raw material costs and improving production efficiency; 2) organic and inorganic capacity growth; and 3) market expansion in ASEAN countries and entered new consumer packaging markets via merger & partnership (M&Ps).

Risk to our call

Downside risks to our EV/EBITDA based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.

Event calendar

Date	Event
February 2021	2020 result announcement

Key assumptions

	2020E	2021E	2022E
Packaging paper ASP (THB/tonne)	14,250	14,250	15,210
Fibre-based packaging ASP (THB/tonne)	23,005	23,005	23,005
Packaging sales volume (mtpa)	3.96	4.58	4.58
Fibrous sales volume (mtpa)	0.84	0.84	0.84
Recycled paper price (USD/tonne)	175	175	175
Pulp price (USD/tonne)	463	458	453

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in recycled paper price we estimate a 0.7% change in 2021 EPS, all else being equal.
- For every 1% change in packaging paper price we estimate a 1.5% change in 2021 EPS, all else being equal.
- For every 1% change in pulp price we estimate a 0.1% change in 2021 EPS, all else being equal.

Source: FSSIA estimates

Packaging is the most promising segment

SCGP recently had an IPO and was listed on the Stock Exchange of Thailand (SET) on 22 October 2020. It has been included in the SET50 index and SET100 index since 28 October 2020. SCC, SCGP's parent company, plans to maintain at least a 70% stake in SCGP post-IPO, down from 99% pre-IPO. The proceeds are expected to be used to fund its growth projects and future M&P, based on the company's IPO filing.

Exhibit 1: Key packaging capacity

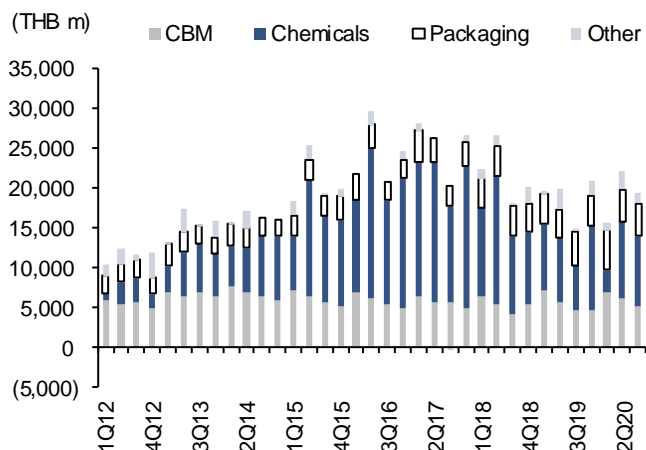
Packaging	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E
	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)	(ktpa)
Packaging paper	1,880	1,880	1,956	2,306	2,306	2,306	2,557	2,557	3,965	3,965	4,585
Box	795	885	1,013	1,013	1,013	1,013	1,070	1,070	1,070	1,070	1,070
Machine glazed paper (Nippon Paper JV)	0	0	0	43	43	43	43	43	43	43	43
Flexible packaging (Prepack + Batico) (m sqm)	0	0	0	254	648	714	727	817	817	901	954
Rigid packaging	0	0	0	0	0	0	10	10	25	25	25
Printing & writing paper (Fibrous)	570	570	570	570	570	491	491	491	491	491	491

Source: SCGP

Background: SCGP has two key business divisions: the integrated packaging chain (IPC) and fibrous chain (FB). Within IPC, there are three major segments: packaging paper, fibre-based packaging (FBP), and polymer and performance packaging (PPP).

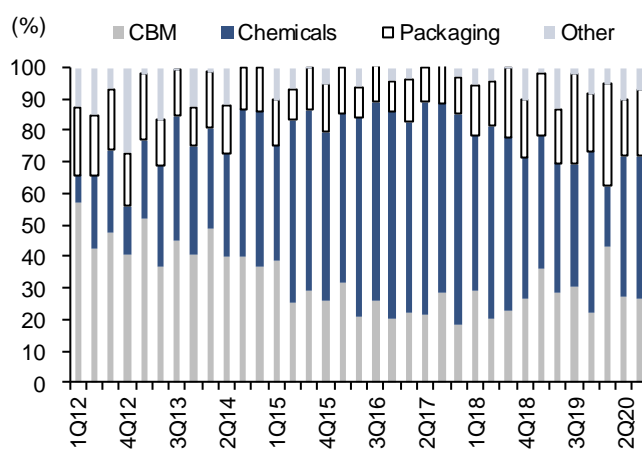
As of 2019, SCGP's capacity included 1) IPC: 3.965mtpa of packaging paper, 1.07mtpa of corrugated boxes, and 817m sqm of flexible packaging; and 2) FB: 491ktpa of printing and writing paper. The declining capacity of FB is due to the continued decline in industry demand for printing and writing paper, while SCGP has successfully shifted most of its capacity into IPC.

Exhibit 2: Quarterly EBITDA



Source: SCC

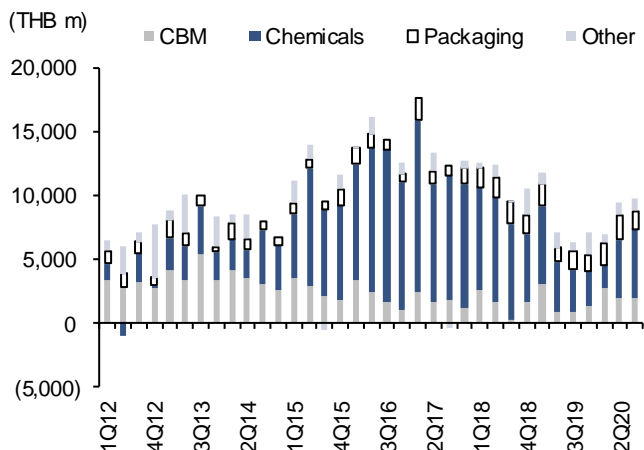
Exhibit 3: Quarterly EBITDA, breakdown by segment



Source: SCC

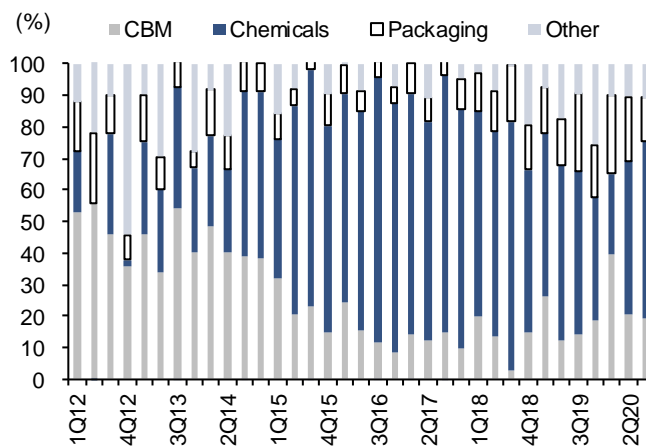
As a group, SCGP contributed THB89b, or 20% of SCC's total revenue, and accounted for 20% of the company's total EBITDA and 16% of the total net profit in 2019. SCGP's revenue and net profit contributions to SCC have continued to improve since 2017 as SCGP has grown its business, mostly via acquisitions, in many countries.

Exhibit 4: Quarterly net profit



Source: SCC

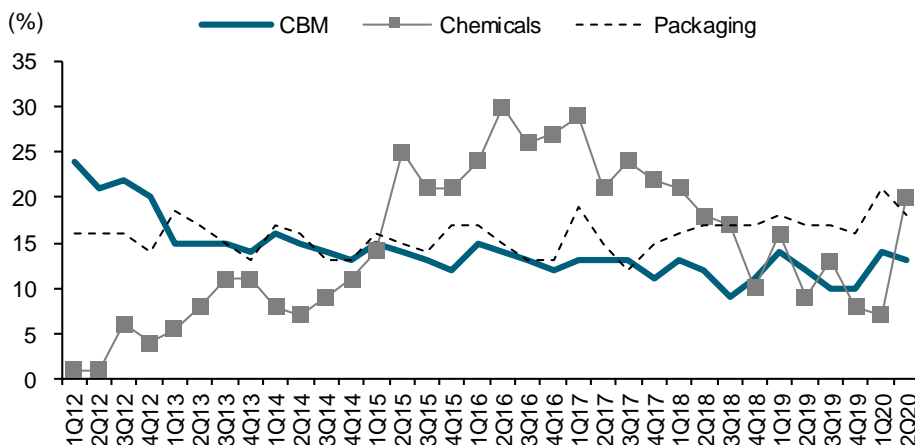
Exhibit 5: Quarterly net profit breakdown



Source: SCC

Superior margin sustainability is key for SCGP. We believe SCGP will have increasingly greater strategic importance to SCC's overall net profit and EBITDA growth, and particularly sustainability, given that 1) SCGP's EBITDA, net profit, and EBITDA margin have been far more stable than the EBITDA margins of SCC's two cyclical business units (chemicals and cement and building materials (CBM)), which have seen highly volatile EBITDA and EBITDA margins since 2012.

Exhibit 6: Quarterly EBITDA margins

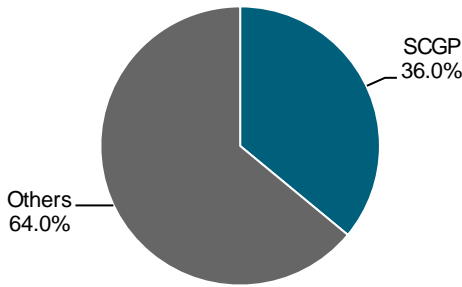


Source: SCC

Given the more sustainable margin and less cyclical nature of SCGP, SCC plans to invest its capex in 2020-23 to expand SCGP's capacity using the IPO cash raised. It expects to fund an estimated THB20-30b in annual capex for SCGP's capacity expansions via both brownfield expansions and M&Ps.

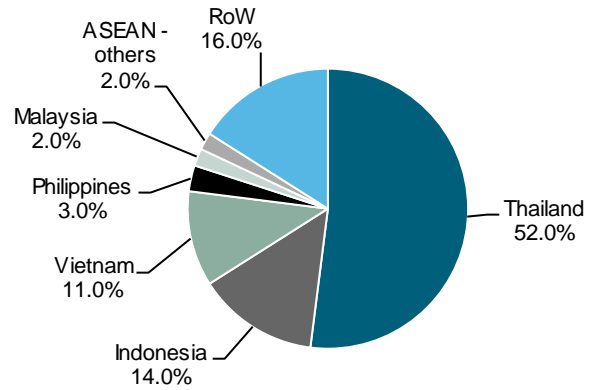
According to Frost and Sullivan, SCGP is currently the largest packaging producer in ASEAN, with a 36% market share as of 1H20. Thailand remains SCGP's largest market, accounting for 58% of total revenue in 9M20, with large-scale production facilities for FB and packaging paper in Thailand due to their close proximities to the raw material (pulp) and recovered paper (RCP).

Exhibit 7: SCGP's market share in ASEAN market (1H20)



Source: SCGP

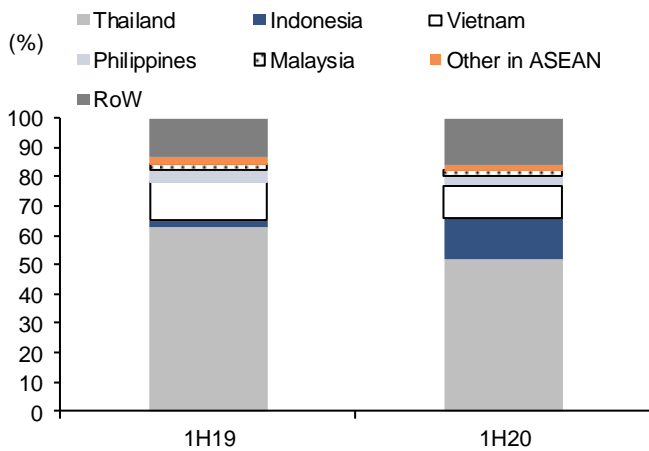
Exhibit 8: Revenue breakdown by country (1H20)



Source: SCGP

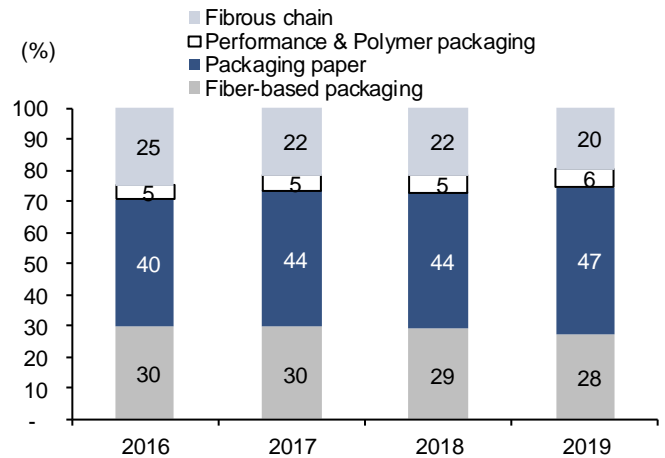
Market expansion strategy. SCGP successfully expanded into the Indonesian market – SCGP's second largest market with 14% of its 1H20 total revenue – via the acquisition of PT Fajar Surya Wisesa (FASW IJ) in mid-2019. Vietnam is SCGP's third largest market, accounting for 11% of its 1H20 revenue. SCGP entered the packaging market in Vietnam in 2007. These three markets – Thailand, Indonesia, and Vietnam – will be the key markets where SCGP focuses its capacity growth in 2020-24, in our view.

Exhibit 9: SCGP's revenue breakdown by country



Source: SCGP

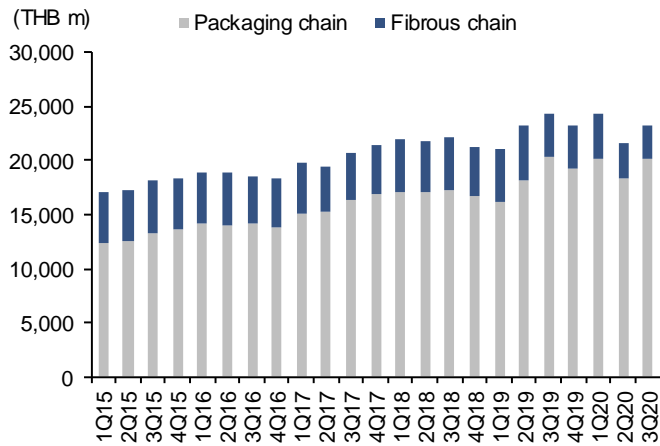
Exhibit 10: Revenue breakdown by product segment



Source: SCGP

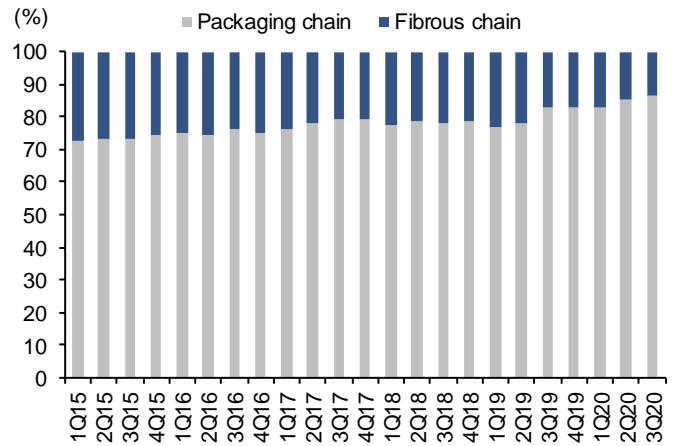
Shifting from sunset FB to sunrise IPC. IPC is SCGP's current core business, accounting for 80% of total revenue in 2019, up from 75% in 2016. SCGP has gradually shifted its capacity from the sunset FB, as a result of the continued decline in FB demand, to the sunrise IPC, thanks to the rising demand for packaging from e-commerce and online markets.

Exhibit 11: SCGP's revenue breakdown by segment



Source: SCGP

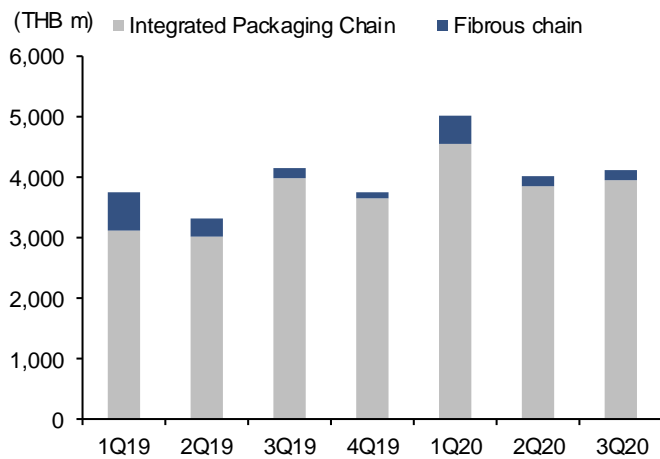
Exhibit 12: SCGP's revenue breakdown by segment (%)



Source: SCGP

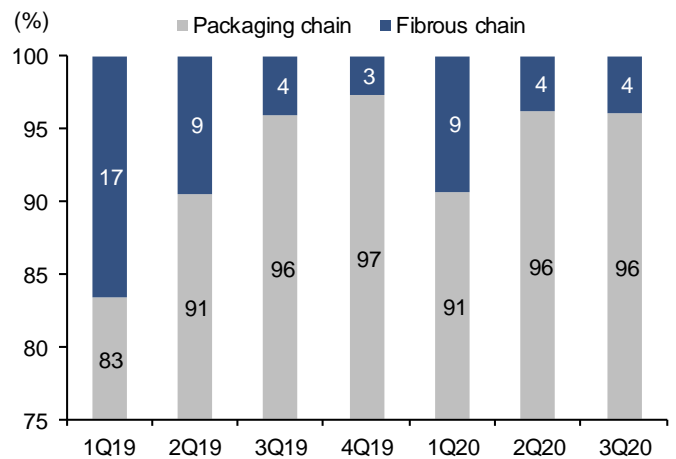
As of 3Q20, SCGP generated 86% of its revenue from IPC, up from 80% in 2019 and 83% in 1Q20. However, in terms of EBITDA, the IPC unit generated 96% of SCGP's total EBITDA of THB4.1b in 3Q20, thanks to the higher EBITDA margin of IPC at 21% vs only 4% for FB.

Exhibit 13: SCGP's quarterly EBITDA breakdown



Source: SCGP

Exhibit 14: SCGP's quarterly EBITDA breakdown (%)



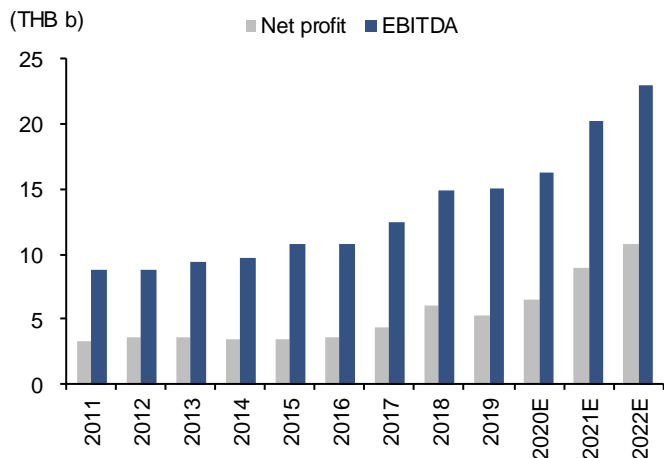
Source: SCGP

Key drivers for SCGP

We believe the growth outlook for SCGP will mainly depend on the growth outlook of the IPC unit, given the bleak net profit outlook for the fibrous unit due to the weak demand and industry oversupply.

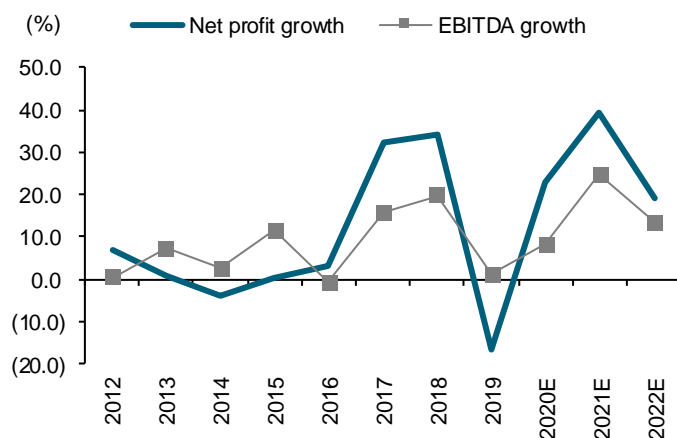
We see the three key drivers for SCGP as 1) a potential margin expansion on lower raw material costs and improving production efficiency; 2) organic and inorganic capacity growth; and 3) market expansion in ASEAN and entering new consumer packaging markets via M&P.

Exhibit 15: SCGP's net profit and EBITDA projections



Sources: SCGP; FSSIA estimates

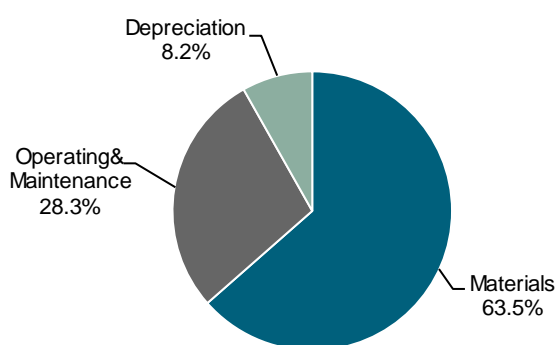
Exhibit 16: SCGP's net profit growth and EBITDA growth



Sources: SCGP; FSSIA estimates

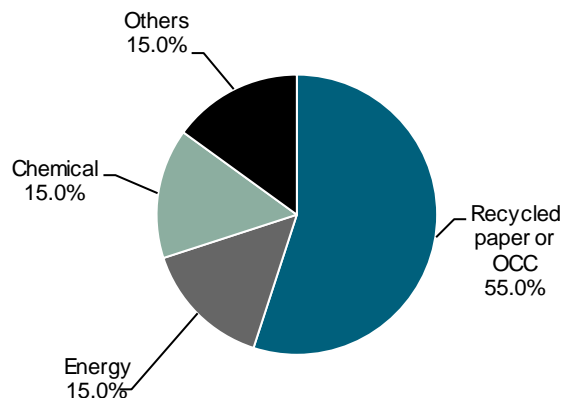
Driver #1: Margin expansion and sustainability. We think SCGP's EBITDA margin will still have room to improve, given the potential cost savings for both raw materials and energy.

Exhibit 17: SCGP's production cost breakdown (2019)



Source: SCGP

Exhibit 18: Cost structure; packaging paper (2019)



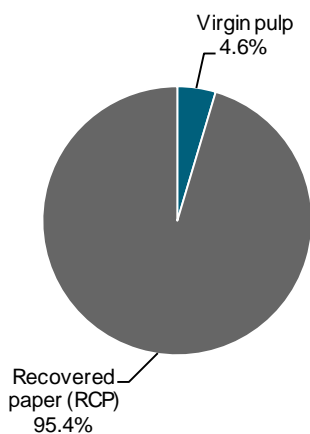
Source: SCGP

The raw material (RM) cost accounted for 63.5% of SCGP's total cost in 2019. For packaging paper, the RM cost – which accounted for 55% of the total cost and is comprised of 95.4% RCP and 4.6% pulp – is from pulp produced from SCGP's own plants in its fibrous chain facility in 2019. SCGP's own RCP production plants supplied 54.5% of the total RCP RM cost, while the remaining 45.5% was from imported waste paper, mainly from the US (using the benchmark price of American Old Corrugated Containers (AOCC)) Europe, and Japan.

As of 2019, energy and chemical costs equally represented 15% of the total RM cost, while depreciation expenses accounted for less than 10% of the total cost of packaging paper. Based on SCGP's guidance, the energy cost is mostly comprised of the coal cost – SCGP consumes around 2mtpa of coal imported from Indonesia annually.

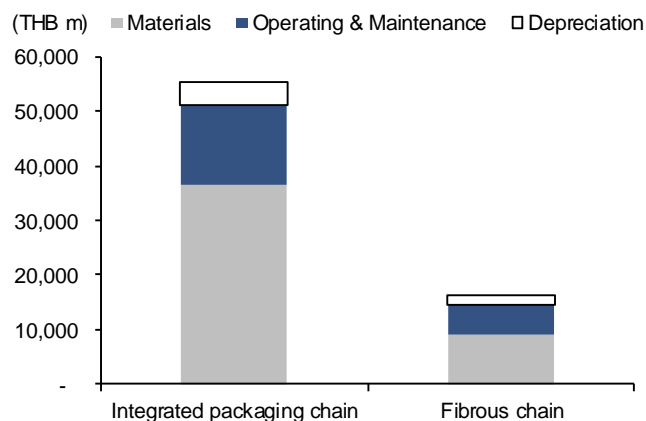
SCGP has increased its consumption of biomass fuels, including wood chips, sugarcane bagasse, straw and other agricultural wastes, to produce its own electricity, thereby reducing its coal cost (2/3 of the total energy cost) and the amount of electricity purchased from the power grid (10%).

Exhibit 19: Raw material cost of packaging paper (2019)



Source: SCGP

Exhibit 20: Cost structures of IPC and FB



Source: SCGP

SCGP has continued to reduce its RCP cost by operating numerous RCP plants in the ASEAN markets where its packaging paper plants are located. As of 2Q20, SCGP owned and operated 69 RCP plants in ASEAN markets, altogether supplying 95.4% of the total required RCP RM cost for its 4mtpa packaging paper production capacity in ASEAN.

Exhibit 21: SCGP's plants (3Q20)

Packaging plant breakdown by business	(no.)
Packaging plant breakdown by business	40
Packaging paper plant	7
Corrugated container plants	21
Containerboard plants	2
Performance & polymer packaging plants	6
Fibre-based packaging plants	4
Packaging plant breakdown by location	40
Thailand	28
Vietnam	6
Indonesia	4
Philippines	1
Malaysia	1
Recycling plants for recovered paper	69

Source: SCGP

Exhibit 22: SCGP's packaging capacity and facilities (3Q20)

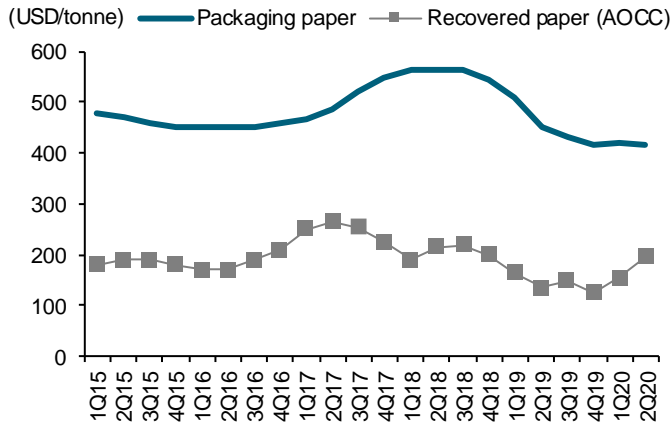
Labour	15,000	persons
Corrugated containers	1.1	m tonnes/year
Packaging paper	4.0	m tonnes/year
Flexible packaging	817	m sqm/year
Rigid packaging	25,100	m tonnes/year
Food service products	26	m pieces/day
Eucalyptus	48,000	rai

Source: SCGP

There were two key events in 2017 that led to a sharp price drop in AOCC as a result of the Chinese government attempting to prevent further environmental contamination in the country. First, China started banning the import of foreign waste, including electronics, industrial waste, waste paper, and plastics. Second, China implemented a 1.5% contaminant limit for Chinese paper producers, effectively prohibiting the import of AOCC from the US, which contains contaminants at a 3-5% higher level than the contaminant limit set by the Chinese government.

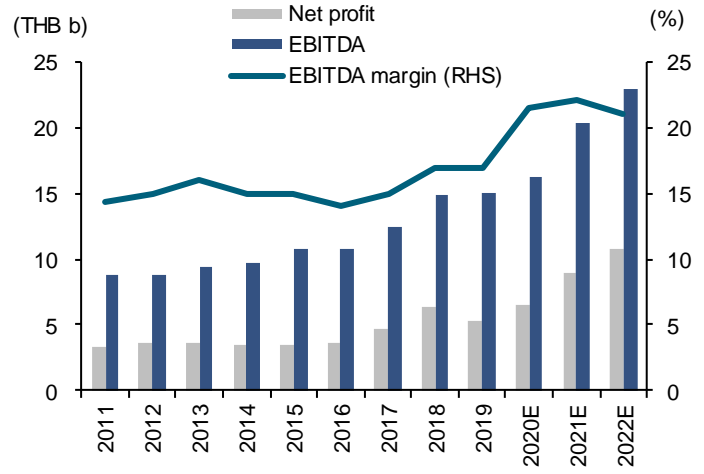
We think SCGP’s RCP plant ownership in countries where it has operating packaging paper plants may not provide it with a significant cost advantage over the imported AOCC and virgin pulp RMs. However, we believe SCGP’s backward integration of the RCP plants should help sustain its EBITDA margin, given the high degree of RM cost management.

Exhibit 23: Prices of packaging paper vs recovered paper



Source: SCGP

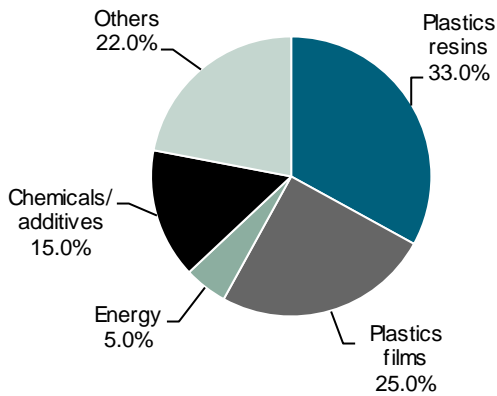
Exhibit 24: SCGP’s net profit, EBITDA, and EBITDA margin



Sources: SCGP; FSSIA estimates

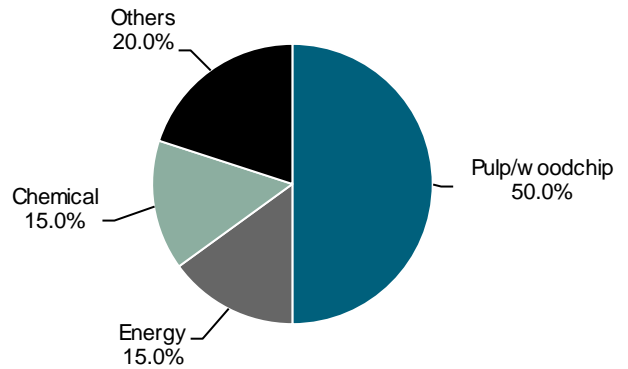
RM costs remain the largest cost component for SCGP’s IPC and FB. RM costs accounted for 58% of the PPP cost in the IPC chain and 50% of the FB cost. For PPP, the RMs are plastics resins and films purchased from other producers, while for FB, the RM is the virgin pulp that SCGP secures mostly from eucalyptus plantations.

Exhibit 25: Cost structure: polymer and performance packaging (2019)



Source: SCGP

Exhibit 26: Cost structure: fibrous chain (2019)

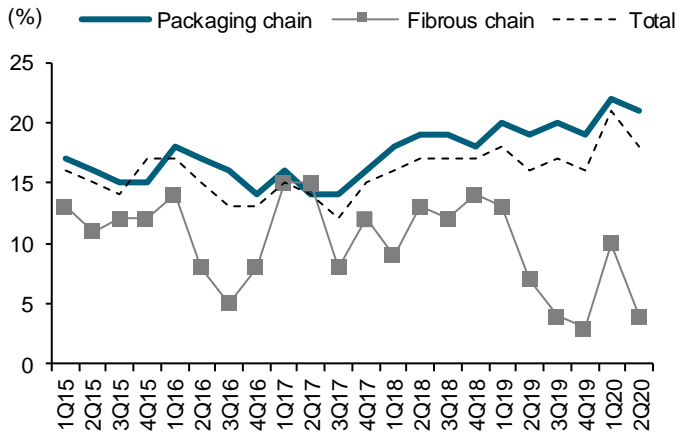


Source: SCGP

Since 2015, SCGP has strategically shifted its production facilities from FB to IPC due to the structural decline in demand for printing and writing papers due to the advent of digital books.

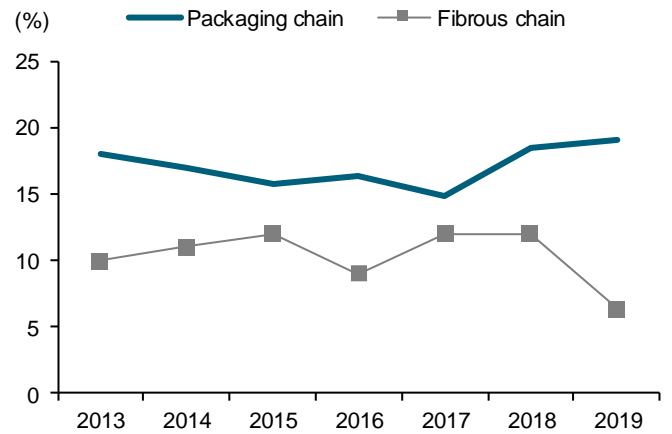
The FB chain’s quarterly EBITDA margin has declined from 14% in 1Q15 down to 3-4% in 2019-1H20, and is likely to continue its downward trend in 2021-22. Fortunately, SCGP has successfully ramped up the production of its IPC unit to replace FB, resulting in an improving overall EBITDA margin from 14% in 2011 to 17% in 2019 and 21% in 9M20.

Exhibit 27: Quarterly EBITDA margin by segment



Source: SCGP

Exhibit 28: Annual EBITDA margin by segment



Source: SCGP

Driver #2: Organic and inorganic capacity growth. SCGP plans to use part of the IPO proceeds to invest in the capacity expansions of four committed projects.

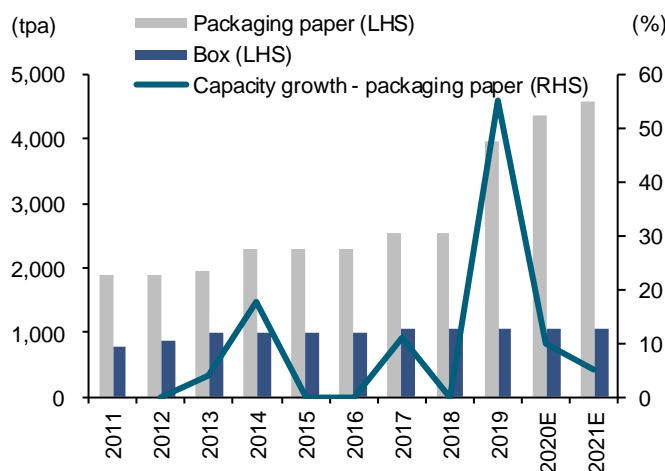
Upstream packaging paper. The first two projects are capacity expansions for packaging paper:

- 1) A 0.4mtpa capacity expansion of the containerboard and duplex paper plant at Surabaya in Indonesia under Fajar, scheduled to commence its commercial operation date (COD) in 1Q21, increasing Fajar's capacity by 29% with capex of THB1.9b;
- 2) A 0.22mtpa capacity expansion (+96% from existing capacity) of the United Pulp & Paper (UPCC) plant for containerboard in the Philippines, with capex of THB5.1b (COD scheduled in 2Q21), according to management's guidance.

Downstream packaging. There are two major capacity expansions planned for SCGP's downstream PPP:

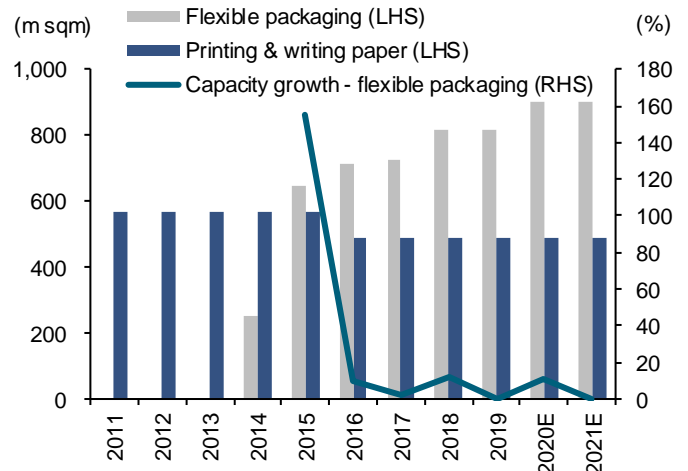
- 1) The capacity expansion of Batico in Vietnam by 84m sqm (+19.8% from 424m sqm p.a.) with capex of THB562m, COD scheduled in 4Q20;
- 2) The 53m sqm capacity expansion of Prepack in Thailand (+18% from 295m sqm p.a.), COD scheduled in 3Q21.

Exhibit 29: Packaging paper and box capacities vs capacity growth of packaging paper



Sources: SCC; FSSIA estimates

Exhibit 30: Flexible packaging and printing & writing paper capacities, and capacity growth of flexible packaging



Sources: SCC; FSSIA estimates

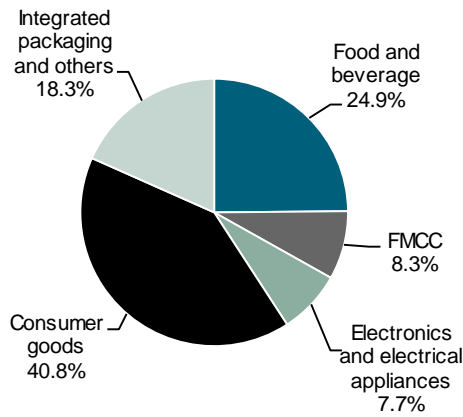
We project 0.22mtpa capacity growth for SCGP's upstream packaging paper, bringing its capacity to 4.6mtpa, and 137m sqm capacity growth for its downstream PPP, bringing it to 945m sqm p.a. These four committed growth projects would require a total of THB8.15b capex, based on the company's guidance.

Exhibit 31: SCGP's four committed growth projects (as of 3Q20)

Project	Unit	
Capacity expansion	Packaging paper	
Project	PT Dayasa Asia Prima (DAP)	
Product	Containerboard and duplex paper	
Location	Surabaya	
Country	Indonesia	
Capacity	400,000	tonne/year
CAPEX	1,868	THB m
Start construction - COD	Jul 2019 - Jul 2020	
% completion	43	%
Project	United Pulp & Paper (UPPC)	
Product	Containerboard	
Location	Bulacan	
Country	Philippines	
Capacity	220,000	tonne/year
CAPEX	5,115	THB m
Start construction - COD	Dec 2018 - Nov 2020	
% completion	34	%
Capacity expansion	Performance & polymer packaging	
Project	Tin Thanh Packaging JSC (BATICO)	
Product	Flexible packaging	
Location	Long An	
Country	Vietnam	
Capacity	84	m sqm/year
CAPEX	562	THB m
Start construction - COD	Sep 2018 - Mar 2020	
% completion	55	%
Project	Prepack (PREPACK)	
Product	Flexible packaging	
Location	Samut Sakhon	
Country	Thailand	
Capacity	53	m sqm/year
CAPEX	600	THB m
Start construction - COD	Jun 2020 - Jul 2021	
% completion	7	%

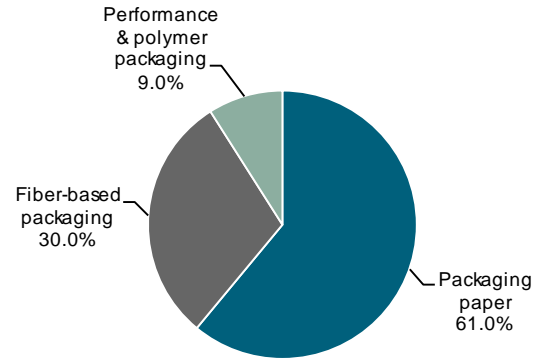
Source: SCGP

Exhibit 32: Integrated packaging sales, breakdown by industry (1H20)



Source: SCGP

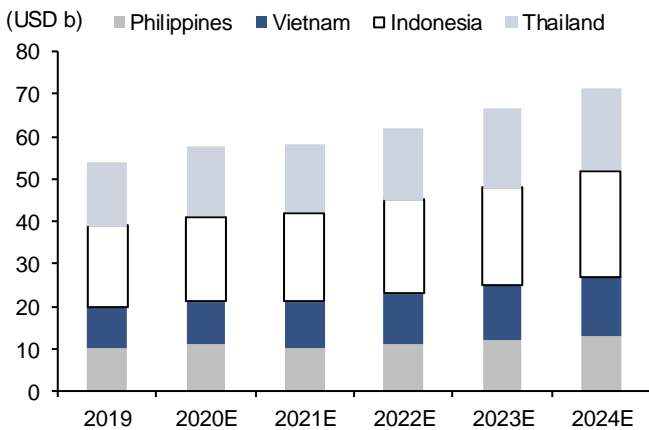
Exhibit 33: Integrated packaging sales, breakdown by segment (1H20)



Source: SCGP

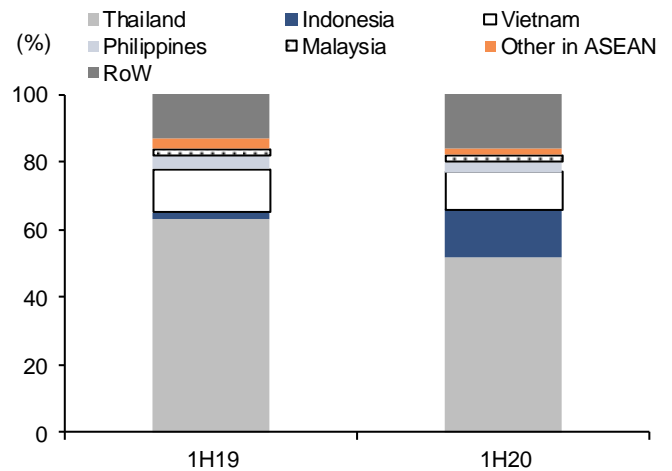
Driver #3: Market expansions. SCGP has continued to expand its market presence in ASEAN countries and has entered many new consumer packaging markets via multiple M&A. We believe SCGP now has a well-balanced product portfolio in terms of products (packaging paper, PPP, FBP, and fibrous), geographical market presence (Thailand, Indonesia, Vietnam, Philippines), and end-consumer industries (food and beverages, electronics and electrical appliances, consumer goods, and fast-moving consumer goods).

Exhibit 34: ASEAN market value for packaging



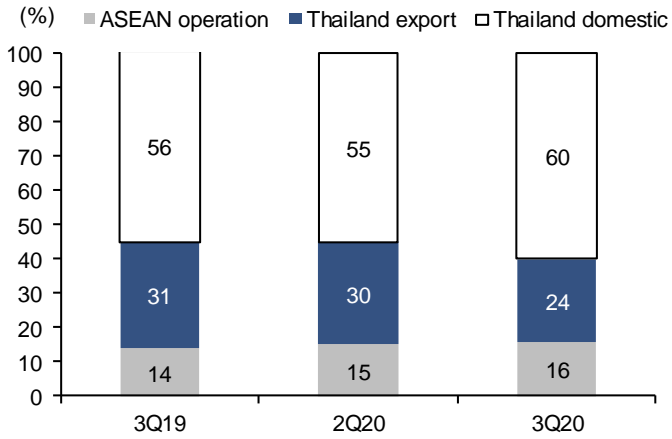
Sources: SCGP; Frost & Sullivan

Exhibit 35: SCGP's market presence



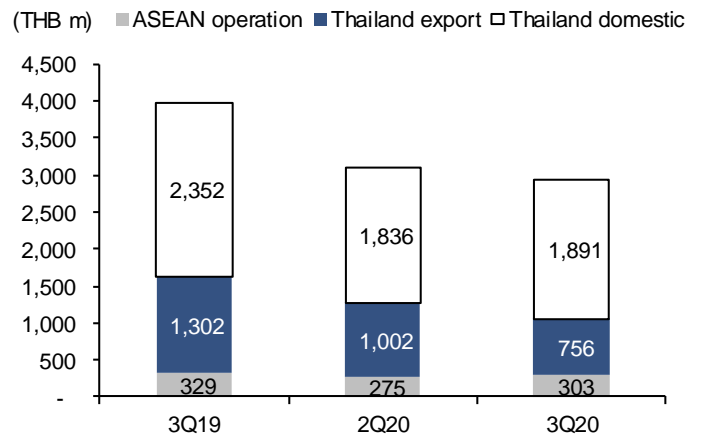
Source: SCGP

Exhibit 36: Pulp, paper & food service packaging revenue from sales – breakdown by key markets (%)



Source: SCGP

Exhibit 37: Pulp, paper & food service packaging revenue from sales – breakdown by key markets (THB m)

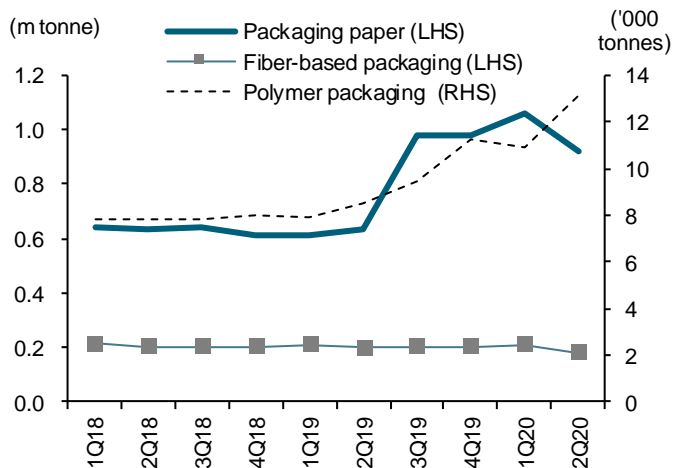


Source: SCGP

Pricey acquisition underscores long-term strategic business sustainability

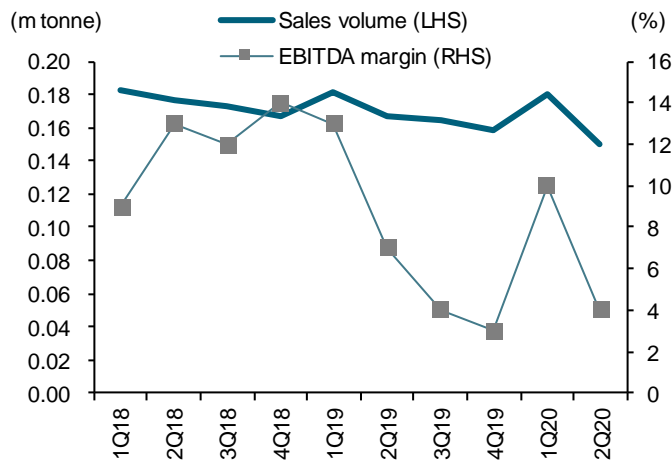
Unlike its parent SCC's other two cyclical business units – chemicals and CBM – we believe SCGP's recent M&A to expand its capacity and market presence, both horizontally and vertically, are the right strategic moves to enhance not only SCGP's but also SCC's long-term net profit growth and sustainability.

Exhibit 38: Sales volumes of integrated packaging paper



Source: SCGP

Exhibit 39: Fibrous sales volume and EBITDA margin of fibrous chain

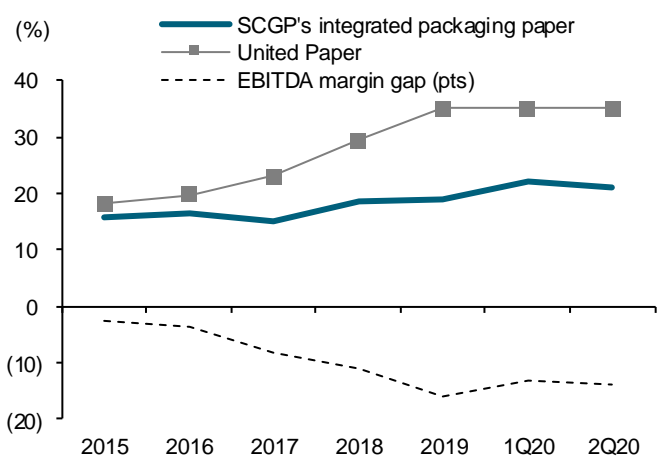


Source: SCGP

Improving long-term sustainability at the expense of short-term lower ROEs and ROAs.

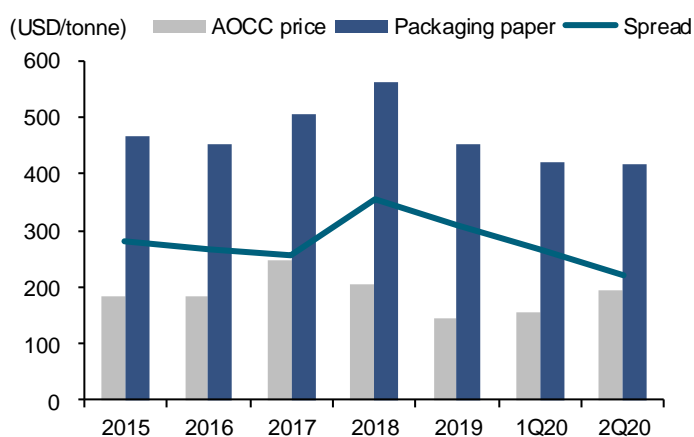
Since 2018, SCGP's IPC unit has seen continued higher sales volumes for all three units, particularly for the packaging paper and PPP units, which have witnessed strong sales volume growth since 2Q19 after the acquisition of Fajar (packaging paper; May-19) at an implied EV/EBITDA of 7.6x and P/E of 12.3x, and the acquisition of Visy Industries (PPP; Aug-19) at an implied EV/EBITDA of 13x.

Exhibit 40: SCGP's lower EBITDA margin than Thai local United Paper was due to SCGP's market expansion strategy



Sources: SCGP; UTP; SET

Exhibit 41: EBITDA margin of upstream packaging paper has expanded in 2017 but started to decline in 2018 due to lower packaging price



Source: SCGP

Fajar's acquisition valuation of 7.6x EV/EBITDA was at the high-end valuation range of 4-14x EV/EBITDA, and Visy's valuation of 13x was higher than the 6-12x EV/EBITDA average range for its peers at the time. We believe the valuation premiums paid by SCGP for both acquisitions were justified by:

1) The future capacity growth opportunities, similar to the capacity expansions of Fajar and UPCC;

2) Market penetration into high-growth countries: Indonesia, the Philippines, and Vietnam;

3) The client bases of the multinational corporations that SCGP could immediately access and tap into to grow its packaging business;

4) SCGP's focus on long-term net profit and margin sustainability at the expense of a lower EBITDA margin in the near term. An example is the rising EBITDA margin for United Paper (UTP TB, not rated) since 2017, after the price of AOCC sharply declined thanks to China's ban on waste imports and its imposition of a stricter contamination limit for Chinese paper producers since 2017. However, we believe the upward EBITDA margin trend could reverse when the AOCC price starts to rise again, potentially leading to a narrower EBITDA margin gap between the upstream UTP and the integrated and more diversified SCGP;

5) SCGP's more integrated value chain in the packaging paper segment is comparable to the global players Mondi (MNDI LN) and Smurfit Kappa (SKG ID). However, unlike MNDI and SKG, SCGP's packaging business recently underwent a faster and more strategic expansion following a slow growth phase since its inception in 1975-2010. Hence, we think that over the next 10 years, SCGP could emerge as one of the leading players in the global packaging industry, with a large-scale capacity and ASEAN market presence.

Exhibit 42: Comparisons of business model, market presence, and financial data

Company	SCGP	Mondi	Smurfit Kappa	United paper	Union Paper Carton	Nine Dragon Paper	Lee & Man Papers	Amcor
Founded	1975	1967	2005	n/a	n/a	n/a	n/a	n/a
Country location	5	30	35	n/a	n/a	n/a	n/a	n/a
Location	ASEAN	Global	Global	Thailand	Thailand	China/Vietnam/US	China/Vietnam/US	Global
Corrugated container	/	/	/		/	/	/	/
Retail display packaging	/	/	/		/			
Packaging paper	/	/	/	/		/	/	
Non-packaging paper	/	/	/			/		
Flexible packaging	/	/	/					/
Rigid packaging	/	/	/					/
Food container	/	/	/					/
Graphic paper	/	/	/			/	/	
Pulp	/	/	/			/	/	
Recycled paper factory	/	/	/			/	/	
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2019 EBITDA margin	16.9	23.2	17.7	35	12	14.8	23.2	14.1
2019 ROE	9.1	21.7	16.7	29.6	22.6	10.4	13.5	13.8
2019 ROA	4.5	9.8	4.9	24.6	22.6	4.8	7.5	3.3

Sources: SCGP; Bloomberg

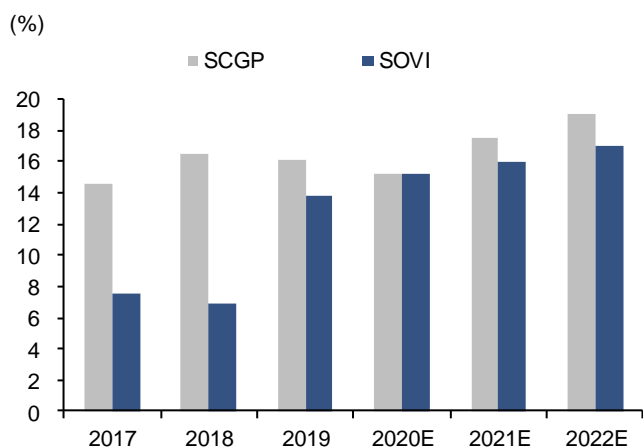
Positioned as a well-integrated packaging player in ASEAN, we think SCGP's strategy – to increase its business integration and expand its geographical presence, as well as grow its product categories and industrial customer base – should create medium- to long-term value for shareholders in the form of improving ROEs and ROAs after its heavy capex cycle since 2017, following its multiple asset acquisitions.

Strengthening position in the Vietnam market via the acquisition of SOVI. On 18 December 2020, SCGP announced that it completed the THB2.7b acquisition of a 94.11% stake in Bien Hoa Packaging Joint Stock Company (SOVI), a listed company in Vietnam that specialises in corrugated boxes and offset laminated packaging. This move is in line with SCGP’s guidance to strengthen its position as one of the leading packaging producers in the Vietnam market.

We are positive on SCGP’s acquisition of SOVI, based on:

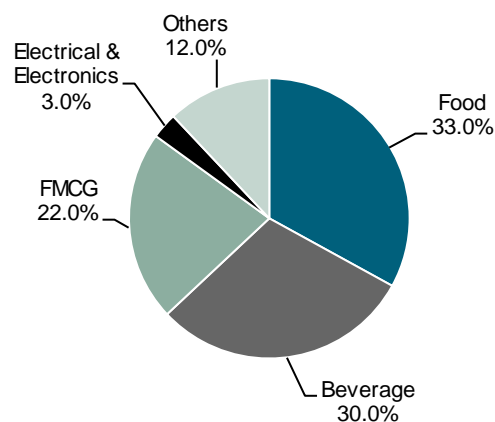
- 1) The acquisition price is attractive at 6.2x 2020E EV/EBITDA, based on SOVI’s reported 9M20 EBITDA of USD10.5m, higher than its 2019 EBITDA of USD10.2m due to the improving margin;
- 2) We believe SOVI’s consolidation can financially sustain SCGP’s overall EBITDA margin given SOVI’s high EBITDA margin of 15.2%, slightly lower than SCGP’s overall EBITDA margin of 19% as of 9M20;
- 3) SOVI’s net profit could add THB0.2b-0.3b net profit to SCGP starting in 2021, accounting for 3% of SCGP’s 2021E net profit of THB9b;
- 4) SOVI’s downstream packaging capacity of 95ktpa should further enhance SCGP’s operational integration of its upstream paper and downstream packaging chain, potentially boosting it from 33% to 61%;
- 5) SOVI will increase SCGP’s downstream fibre-based packaging market share in Vietnam from 7% to 14%;
- 6) SCGP will strengthen its consumer goods portfolio, particularly for the food & beverage industry and multinational corporate clients, which SOVI has a strong presence in and connection with.

Exhibit 43: EBITDA margin (SCGP vs SOVI)



Sources: SCGP; Bloomberg; FSSIA estimates

Exhibit 44: SOVI’s customer portfolio



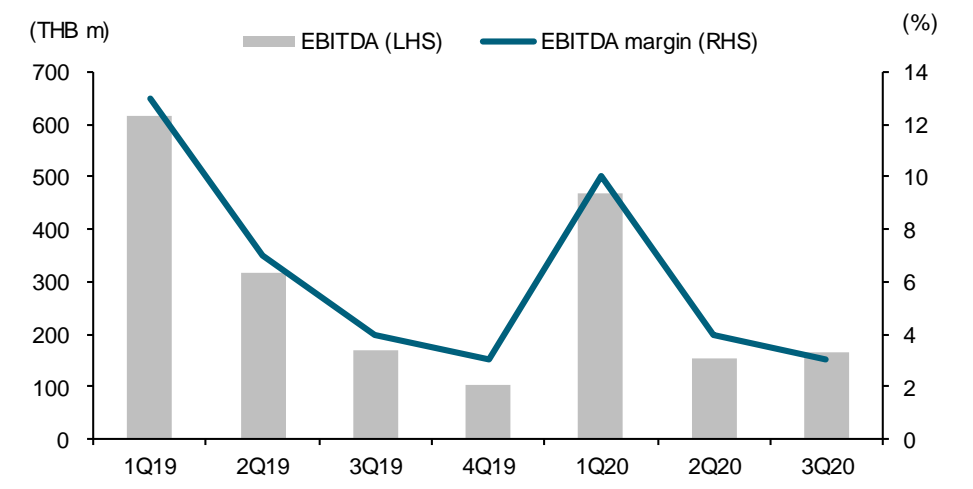
Source: SCGP

Risks and key assumptions

We believe the key risk for SCGP would come from its FB products, primarily the writing paper unit. In the past two years, the EBITDA and EBITDA margin from FB has continued to decline due to the sharp drop in demand for writing paper. In 3Q20, EBITDA from FB accounted for only 4% of SCGP’s total EBITDA of THB4.1b, even though FB revenue accounted for 14% of total revenue in 3Q20, thanks to the low EBITDA margin of only 3% for FB vs 21% for IPC.

However, we see a limited downside from FB for SCGP, considering that 1) SCGP has successfully reduced the production level and revenue from FB and increased its IPC revenue and capacity over the past 10 years; and 2) SCGP has converted part of the writing and printing paper capacity for the copy paper and graphic paper segments into food packaging capacity. The recent acquisition of the UK-based food packaging company, Go-Pak, confirms SCGP’s ongoing transformation strategy for its FB unit.

Exhibit 45: EBITDA and EBITDA margin for the fibrous chain



Source: SCGP

Key assumptions. We project flat average selling prices (ASPs) for both packaging paper and fibre-based packaging, given that we think the industries will continue to remain in oversupply. However, we expect the true upside for earnings in 2020-22 to come from SCGP’s capacity expansions for both IPC and FB. For our cost assumptions, we project rising prices for RCP in 2020 and then flattening in 2021-22, as we expect China to continue to limit its imports of RCP.

Exhibit 46: Key assumptions

Key assumptions	Unit	2019	2020E	2021E	2022E
Packaging paper ASP	THB/tonne	12,918	14,250	14,250	15,210
Fibre-based packaging ASP	THB/tonne	23,005	23,005	23,005	23,005
Packaging sales volume	mtpa	3.73	3.96	4.58	4.58
Fibrous sales volume	mtpa	0.84	0.84	0.84	0.84
Recycled paper price	USD/tonne	144	175	175	175
Pulp price	USD/tonne	565	463	458	453

Sources: SCGP; FSSIA estimates

Packaging valuation is estimated at THB54

Given the similarities between their business models (fully integrated) and market presence (regional and global), we think SCGP's closest peers are MNDI and SKG – both being leading global diversified packaging companies.

Based on Bloomberg's consensus estimates (21 Dec 2020), MNDI and SKG are trading at 8.2x and 8.4x 2021E EV/EBITDA, respectively. We set our target price for SCGP at THB54, based on 11x 2021E EV/EBITDA – a valuation premium to its peers due to its superior market presence, strong net profit growth outlook from M&P and organic growth, along with its visible cost savings.

Exhibit 47: SCGP peers comparison

Company	BBG code	Rec	Share Price	Target Price	Upside	Market Cap	3Y EPS CAGR	----- PE -----		----- ROE -----		----- PBV -----		EV/EBITDA	
								20E	21E	20E	21E	20E	21E	20E	21E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
ASIA															
SCG Packaging	SCGP TB	BUY	42	54.00	29	5,966	12.7	28.7	20.7	9.6	9.5	2.0	1.9	13.3	10.7
Eastern Polymer	EPG TB	BUY	5.3	6.30	19	489	9.4	14.7	16.1	9.6	8.7	1.4	1.4	10.2	10.6
Polyplex Pcl	PTL TB	NA	21.9	NA	NA	661	NA	NA	7.9	NA	17.7	NA	1.3	NA	5.2
United Paper Pcl	UTP TB	NA	12.3	NA	NA	272	NA	8.4	8.1	28.7	26.4	2.2	2.0	5.8	5.7
Lee & Man Paper	2314 HK	NA	6.14	NA	NA	3,454	NA	8.8	7.8	11.9	12.5	1.0	1.0	7.4	6.7
Nine Dragons Paper	2689 HK	NA	10.6	NA	NA	6,416	NA	10.2	7.7	9.9	12.5	1.0	1.0	7.7	6.5
ASIA avg						17,256	17.6	5.9	5.1	6.5	8.2	0.6	0.6	4.6	4.2
Europe															
Ds Smith Plc	SMDS LN	NA	378	NA	NA	7,037	NA	11.6	15.7	12.4	9.3	1.5	1.4	7.5	8.8
Mondi Plc	MNDI LN	NA	1707	NA	NA	11,240	NA	15.8	14.5	13.9	14.1	2.1	2.0	8.8	8.4
Smurfit Kappa Group	SKG ID	NA	3440	NA	NA	12,035	NA	16.5	15.8	16.8	16.4	2.5	2.3	9.0	8.5
Europe avg						30,311	6.0	15.1	15.3	14.7	13.9	2.1	2.0	8.6	8.5
USA															
Amcor Plc-Cdi	AMC AU	NA	15.24	NA	NA	18,145	NA	18.2	16.3	18.2	23.5	3.6	3.8	12.7	12.2
Amcor Plc	AMCR US	NA	11.56	NA	NA	18,132	NA	18.2	16.3	18.2	23.5	3.6	3.8	12.6	12.1
Ardagh Group Sa	ARD US	NA	17.68	NA	NA	4,179	NA	12.5	10.6	NA	149.4	NA	NA	8.6	7.9
USA avg						40,456	6.3	10.1	9.0	9.3	20.9	1.8	1.9	7.0	6.7
Overall average						95,060	13.24	23.16	20.93	20.45	40.91	0.81	0.79	9.78	9.28

Prices as of 23 Dec 2020

Sources: Bloomberg; FSSIA estimates

Corporate Governance

Board structure

Number of Independent Directors (ID)	7 of 12
Percentage of IDs on the board	58.33%
ID participation/attendance at board meetings	95% in 2019
ID participation in audit/remuneration committees	2 of 3 in in audit and 2 of 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Three years each term

Source: SCGP

Additional comments: None

Audit Practices

Auditor	PWC
Length of service	n/a
Reporting incidents	None
Fee track record	n/a
Policy on change of audit firm	No

Source: SCGP

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB85,936,506 directors' remuneration /THB89,070 earnings /12.6x ROE in 2019
Changes/stability in senior management	n/a
Incidents of termination of senior management	n/a
Track record on insider sales	n/a

Source: SCGP

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM annually and EGM when necessary
Related party transactions	In accordance with SEC regulations
Voting issues - policies, incidents of rejected proposals	None

Source: SCGP

Additional comments: None

Financial Statements

SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	87,255	89,070	107,827	116,434	121,559
Cost of goods sold	(63,693)	(65,661)	(79,695)	(83,336)	(85,207)
Gross profit	23,562	23,409	28,133	33,098	36,352
Other operating income	-	-	-	-	-
Operating costs	(9,547)	(9,753)	(11,861)	(12,808)	(13,371)
Operating EBITDA	14,015	13,656	16,272	20,290	22,980
Depreciation	(5,382)	(5,991)	(6,872)	(7,280)	(7,818)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	8,633	7,665	9,400	13,010	15,162
Net financing costs	(888)	(1,491)	(1,071)	(1,569)	(1,569)
Associates	(15)	53	0	0	0
Recurring non operating income	220	766	80	80	80
Non recurring items	128	(108)	0	0	0
Profit before tax	8,094	6,832	8,409	11,521	13,673
Tax	(1,268)	(1,049)	(1,264)	(1,779)	(2,121)
Profit after tax	6,826	5,783	7,145	9,743	11,552
Minority interests	(761)	(623)	(680)	(750)	(852)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	6,066	5,160	6,465	8,993	10,700
Non recurring items & goodwill (net)	(128)	108	0	0	0
Recurring net profit	5,937	5,269	6,465	8,993	10,700
Per share (THB)					
Recurring EPS *	3.80	1.69	1.46	2.03	2.42
Reported EPS	3.88	1.65	1.46	2.03	2.42
DPS	2.58	0.63	0.60	0.75	0.90
Diluted shares (used to calculate per share data)	1,563	3,126	4,423	4,423	4,423
Growth					
Revenue (%)	7.1	2.1	21.1	8.0	4.4
Operating EBITDA (%)	31.7	(2.6)	19.2	24.7	13.3
Operating EBIT (%)	58.4	(11.2)	22.6	38.4	16.5
Recurring EPS (%)	38.6	(55.6)	(13.3)	39.1	19.0
Reported EPS (%)	37.1	(57.5)	(11.5)	39.1	19.0
Operating performance					
Gross margin inc depreciation (%)	20.8	19.6	19.7	22.2	23.5
Gross margin of key business (%)	20.8	19.6	19.7	22.2	23.5
Operating EBITDA margin (%)	16.1	15.3	15.1	17.4	18.9
Operating EBIT margin (%)	9.9	8.6	8.7	11.2	12.5
Net margin (%)	6.8	5.9	6.0	7.7	8.8
Effective tax rate (%)	15.6	15.2	15.0	15.4	15.5
Dividend payout on recurring profit (%)	67.9	37.4	41.0	36.9	37.2
Interest cover (X)	10.0	5.7	8.9	8.3	9.7
Inventory days	75.4	72.7	67.3	72.2	73.0
Debtor days	58.0	59.5	53.3	52.8	54.2
Creditor days	50.6	51.8	51.0	54.7	55.3
Operating ROIC (%)	9.1	6.9	7.2	(2.3)	(2.5)
ROIC (%)	8.8	6.6	6.0	(2.0)	(2.2)
ROE (%)	14.3	12.6	9.6	9.5	10.6
ROA (%)	8.0	6.1	5.0	5.1	5.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
Fibrous chain	25,304	24,940	30,192	32,601	34,036
Performance and Polymer packaging	38,392	41,863	50,679	54,724	57,133
Packaging paper	4,363	5,344	6,470	6,986	7,294
Fibre-based packaging	19,196	16,923	20,487	22,122	23,096

Sources: SCG Packaging; FSSIA estimates

Financial Statements

SCG Packaging

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	5,937	5,269	6,465	8,993	10,700
Depreciation	5,382	5,991	6,872	7,280	7,818
Associates & minorities	(31)	41	0	(5,000)	0
Other non-cash items	-	-	-	-	-
Change in working capital	351	(1,775)	(2,024)	(1,461)	(1,378)
Cash flow from operations	11,639	9,525	11,313	9,811	17,140
Capex - maintenance	(1,536)	(3,180)	0	0	0
Capex - new investment	(5,081)	(27,295)	(10,023)	(7,023)	(17,023)
Net acquisitions & disposals	(31)	41	0	(5,000)	0
Other investments (net)	(3,711)	(13,675)	0	0	0
Cash flow from investing	(10,359)	(44,109)	(10,023)	(12,023)	(17,023)
Dividends paid	(4,033)	(1,969)	(2,654)	(3,317)	(3,981)
Equity finance	0	0	0	0	0
Debt finance	4,192	31,081	(12,000)	0	0
Other financing cash flows	(171)	7,534	46,075	5,808	910
Cash flow from Financing	(11)	36,646	31,421	2,491	(3,071)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	1,268	2,061	32,711	279	(2,954)
Free cash flow to firm (FCFF)	2,318.97	(32,965.71)	2,360.39	(642.78)	1,686.14
Free cash flow to equity (FCFE)	5,300.39	4,030.63	35,364.61	3,595.93	1,026.86

Per share (THB)

FCFF per share	0.52	(7.45)	0.53	(0.15)	0.38
FCFE per share	1.20	0.91	8.00	0.81	0.23
Recurring cash flow per share	7.22	3.61	3.02	2.55	4.19

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	143,528	180,525	190,549	202,572	219,595
Less: Accumulated depreciation	(85,150)	(97,662)	(104,533)	(111,813)	(119,631)
Tangible fixed assets (Net)	58,379	82,864	86,015	90,758	99,964
Intangible fixed assets (Net)	2,598	18,426	18,426	18,426	18,426
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	746	787	787	787	787
Cash & equivalents	2,898	4,959	37,670	37,949	34,995
A/C receivable	13,836	15,198	16,276	17,441	18,656
Inventories	12,894	13,276	16,114	16,850	17,228
Other current assets	446	1,950	2,360	2,549	2,661
Current assets	30,074	35,383	72,420	74,788	73,541
Other assets	1,450	2,053	2,053	2,053	2,053
Total assets	93,246	139,513	179,702	186,813	194,771
Common equity	40,441	42,952	92,158	97,891	104,669
Minorities etc.	12,819	19,864	20,544	21,294	22,146
Total Shareholders' equity	53,260	62,816	112,702	119,185	126,815
Long term debt	587	16,318	4,318	4,318	4,318
Other long-term liabilities	2,208	6,365	6,365	6,365	6,365
Long-term liabilities	2,795	22,683	10,683	10,683	10,683
A/C payable	8,574	10,059	12,208	12,766	13,053
Short term debt	27,880	43,230	43,230	43,230	43,230
Other current liabilities	738	725	878	948	990
Current liabilities	37,191	54,014	56,317	56,945	57,273
Total liabilities and shareholders' equity	93,246	139,513	179,702	186,813	194,771
Net working capital	17,865	19,640	21,664	23,125	24,503
Invested capital	81,037	123,770	128,945	135,150	145,733

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	25.87	13.74	20.84	22.13	23.66
Tangible book value per share	24.21	7.85	16.67	17.97	19.50

Financial strength

Net debt/Equity (%)	48.0	86.9	8.8	8.1	9.9
Net debt/total assets (%)	27.4	39.1	5.5	5.1	6.4
Current ratio (x)	0.8	0.7	1.3	1.3	1.3
CF interest cover (x)	12.7	22.0	43.4	7.8	12.5

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	11.1	24.9	28.7	20.7	17.4
Recurring P/E @ target price (x) *	14.2	32.0	36.9	26.6	22.3
Reported P/E (x)	10.8	25.4	28.7	20.7	17.4
Dividend yield (%)	6.1	1.5	1.4	1.8	2.1
Price/book (x)	1.6	3.1	2.0	1.9	1.8
Price/tangible book (x)	1.7	5.4	2.5	2.3	2.2
EV/EBITDA (x) **	7.4	15.1	13.3	10.7	9.6
EV/EBITDA @ target price (x) **	8.8	17.8	16.5	13.3	11.9
EV/invested capital (x)	1.3	1.7	1.7	1.6	1.5

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: SCG Packaging; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KBS	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PNR	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

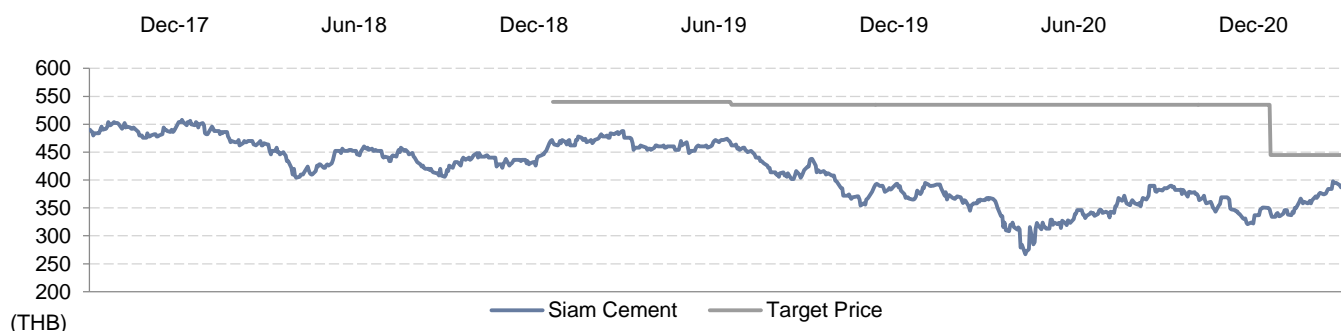
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Siam Cement (SCC TB)



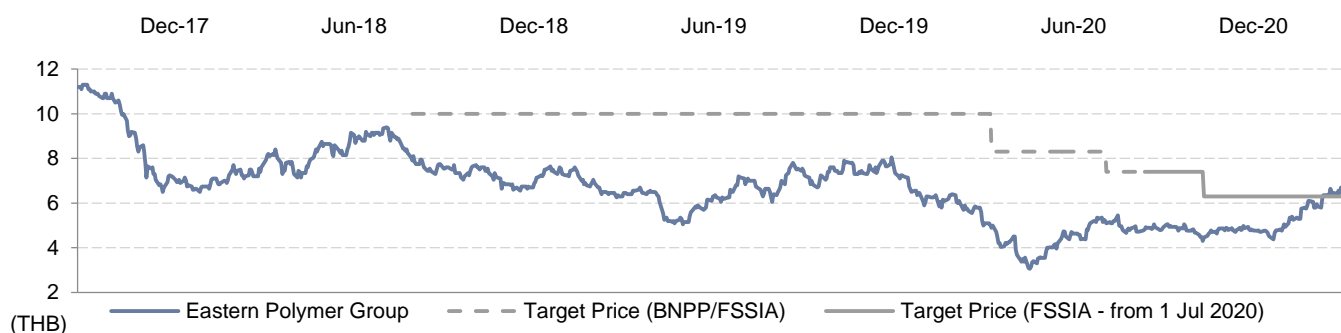
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
31-Jan-2019	BUY	540.00	02-Apr-2020	BUY	535.00	-	-	-
05-Jul-2019	BUY	535.00	14-Oct-2020	BUY	445.00			

Suwat Sinsadok Started covering this stock from 14-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	10.00	29-May-2020	BUY	7.40	20-Aug-2020	BUY	6.30
20-Feb-2020	BUY	8.30	29-May-2020	BUY	7.40			

Suwat Sinsadok Started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCG Packaging	SCGP TB	THB 42.00	BUY	Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.
Siam Cement	SCC TB	THB 372.00	BUY	Downside risks to our call include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
Eastern Polymer Group	EPG TB	THB 6.45	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 23-Dec-2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.