

SCG PACKAGING

THAILAND / PACKAGING

SCGP TB

FSSIA ESG rating



BUY

UNCHANGED

TARGET PRICE	THB48.00
CLOSE	THB35.00
UP/DOWNSIDE	+37.1%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.3%

ตั้งเป้าโตในท่ามกลางแรงกดดัน

- แม้ว่า 4Q จะเป็น Low season กำไรน่าจะค่อย ๆ ปรับตัวดีขึ้นโดยเราคาดว่ากำไรปกติจะเพิ่ม 2.0% q-q และ 67.1% y-y
- สถานการณ์ในอินโดนีเซียปรับตัวดีขึ้นหลังการแข่งขันด้านราคาได้บรรเทาลง
- แม้ว่าการฟื้นตัวในอนาคตยังเป็นเรื่องยาก SCGP ยังเป็นหนึ่งในหุ้นที่เราชอบในกลุ่มบรรจุภัณฑ์

แม้ว่า 4Q จะเป็น Low season กำไรน่าจะค่อย ๆ ปรับตัวดีขึ้น

เราคาดว่า SCGP จะรายงานกำไรปกติ 1.4 พัน ลบ. ใน 4Q23 (+2.0% q-q, +67.1% y-y) ต่ำกว่าที่เราคาดเล็กน้อย โดยปกติ 4Q เป็น Low season สำหรับการดำเนินงานในไทยแต่เป็นฤดูกาลจับจ่ายในเวียดนามก่อน Tet Holiday ใน 1Q แม้ว่า 4Q จะเป็น Low season การบริโภคในอินโดนีเซียน่าจะได้แรงกระตุ้นจากการเลือกตั้งที่กำลังจะมาถึง เพราะฉะนั้นเราจึงคาดว่ารายได้จากการขายจะเพิ่มเล็กน้อยที่ 3.6% q-q แต่ลดลง 2.4% y-y เป็น 32.7 พัน ลบ. พร้อมอัตรากำไรที่ปรับตัวดีขึ้นเล็กน้อยซึ่งยืนยันมุมมองของเราที่ว่ากำไร 3Q23 จะต่ำที่สุด

ราคาขายในอินโดนีเซียปรับตัวขึ้น

สถานการณ์ในอินโดนีเซียปรับตัวดีขึ้นเนื่องจากการแข่งขันด้านราคาในตลาดบรรจุภัณฑ์กระดาษได้บรรเทาลง ราคาขายเฉลี่ยในเดือน ต.ค. 2023 ปรับขึ้นประมาณ 5% จากจุดต่ำสุดความต้องการกระดาษบรรจุภัณฑ์ที่เพิ่มขึ้นในจีนได้ช่วยดูดซับอุปทานส่วนเกินในตลาดอินโดนีเซียซึ่งช่วยดันราคาขายในประเทศ ประธานาธิบดีจีนได้ประกาศกระตุ้นความต้องการในประเทศเพื่อให้เศรษฐกิจฟื้นตัวในปี 2024 ซึ่งน่าจะช่วยเร่งการฟื้นตัวของการดำเนินงานของ Fajar เราคงมุมมองของเราที่ว่าผลขาดทุนของ Fajar จะค่อย ๆ ลดลงใน 4Q23 พร้อม EBITDA ที่พลิกเป็นบวกในกลางปี 2024

ตั้งเป้าโตในท่ามกลางแรงกดดัน

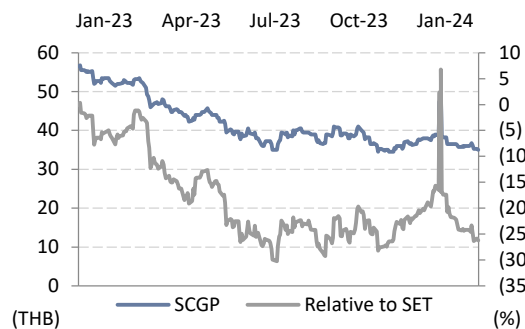
เราปรับลดประมาณการกำไรปกติปี 2023 ของเราลง 2% y-y (-6.5% y-y) ส่วนมากจากสมมติฐานปริมาณขายและราคาขายเฉลี่ยที่ลดลง เราคงประมาณการกำไรที่ 6.8 พัน ลบ. (+28.5% y-y) ในปี 2024 และ 7.9 พัน ลบ. (+16.8% y-y) ในปี 2025 แม้ว่าจะมีแรงกดดันจากการฟื้นตัวของจีนและต้นทุนค่าขนส่งทางเรือที่เพิ่มขึ้น ประมาณการตัวเลขการเติบโตของกำไรในอัตรา 2 หลักของเรามาจากการขยายกำลังการผลิตของ SCGP ประโยชน์จากการควบรวมและซื้อกิจการตลอดปี 2023 และการบริโภคที่ค่อย ๆ โตในเอเชียและในตลาดโลก

คงคำแนะนำซื้อที่ราคาเป้าหมาย 48 บาท

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 48.0 บาท (DCF, 9.8% WACC, 3.5% LTG) ซึ่งคิดเป็น 15x ของค่า 2024E EV/EBITDA ราคาหุ้นของ SCGP มีการซื้อขายที่เพียง 10.6x ของค่า 2024E EV/EBITDA (-1.5 SD ของค่าเฉลี่ย 4 ปีย้อนหลัง) แม้ว่าการฟื้นตัวในอนาคตยังเป็นเรื่องยาก SCGP ยังเป็นหนึ่งในหุ้นที่เราชอบในกลุ่มบรรจุภัณฑ์

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	146,068	130,228	146,863	156,114
Net profit	5,801	5,291	6,801	7,945
EPS (THB)	1.35	1.23	1.58	1.85
vs Consensus (%)	-	(5.5)	(0.4)	0.8
EBITDA	19,259	17,854	19,989	21,502
Recurring net profit	5,658	5,291	6,801	7,945
Core EPS (THB)	1.32	1.23	1.58	1.85
Chg. In EPS est. (%)	-	(2.0)	0.0	-
EPS growth (%)	(29.1)	(6.5)	28.5	16.8
Core P/E (x)	26.6	28.4	22.1	18.9
Dividend yield (%)	0.5	0.5	0.5	0.6
EV/EBITDA (x)	11.0	11.7	10.6	9.8
Price/book (x)	1.5	1.9	1.8	1.8
Net debt/Equity (%)	28.7	31.0	32.8	29.8
ROE (%)	5.8	6.0	8.5	9.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.5)	(3.4)	(40.7)
Relative to country (%)	(10.7)	(2.3)	(29.1)
Mkt cap (USD m)	4,298		
3m avg. daily turnover (USD m)	8.9		
Free float (%)	26		
Major shareholder	The Siam Cement (SCC TB) (72%)		
12m high/low (THB)	60.00/33.25		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 มกราคม 2024

Investment thesis

We expect SCGP to register a core profit of THB1.4b in 4Q23, increasing 2.0% q-q and 67.1% y-y, minimally lower than our previous estimates. 4Q is normally the low season for Thailand operations, while it is the spending season in Vietnam before the Tet holiday in 1Q. Consumption in Indonesia, despite the 4Q low season, should be boosted by the upcoming election. Thus, we estimate SCGP's sales revenue to slightly rise 3.6% q-q but dip 2.4% y-y to THB32.7b with a modest improvement in margins, confirming our view that 3Q23 marks the earnings bottom.

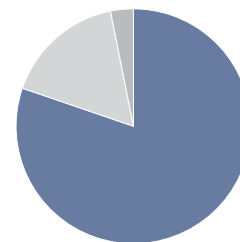
Company profile

SCGP is a leading multinational consumer packaging solutions provider in ASEAN providing fiber-based packaging, polymer packaging, food service products, design, printing, and other solutions for customers. The company's major businesses include: integrated packaging chain, fibrous chain, and recycling business.

www.scgpackaging.com

Principal activities (revenue, 2022)

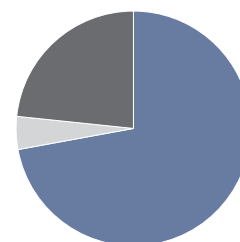
- Integrated packaging chain - 80.2 %
- Fibrous chain - 16.6 %
- Recycling business and others - 3.1 %



Source: SCG Packaging

Major shareholders

- The Siam Cement (SCC TB) - 72.1 %
- Thai NVDR - 4.5 %
- Others - 23.4 %



Source: SCG Packaging

Catalysts

Key potential catalysts include 1) the strong recovery of China's economy; 2) lower costs of RCP and energy; and 3) more M&Ps.

Risks to our call

Downside risks to our DCF-based TP include 1) the slow demand for packaging; 2) the rising cost of recycled paper, other raw material, and energy; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.

Event calendar

Date	Event
23 January 2024	4Q23/2023 earnings announcement

Key assumptions

	Unit	2023E	2024E	2025E
		(THB m)	(THB m)	(THB m)
Packaging paper sales volume	m ton	3.77	3.68	3.86
Packaging paper ASP	THB/ton	18,764	19,702	20,884
Fiber packaging sales volume	m ton	0.93	1.04	1.05
Fiber packaging ASP	THB/ton	35,936	35,936	36,295
Fibrous sales volume	m ton	0.62	0.65	0.67
Fibrous ASP	THB/ton	40,454	42,477	43,751

Source: FSSIA estimates

Earnings sensitivity

- For every 5% change in packaging paper ASP, we project SCGP's 2024 core profit to change by 2.7%, all else being equal.
- For every 5% change in fiber packaging ASP, we project SCGP's 2024 core profit to change by 1.5%, all else being equal.
- For every 0.5% change in blended gross margin, we project SCGP's 2024 core profit to change by 8%, all else being equal.

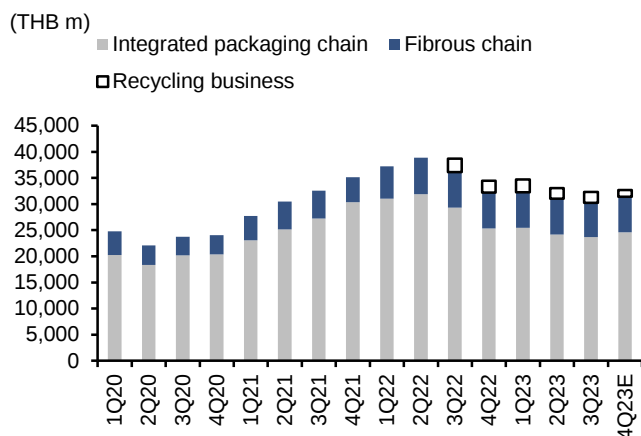
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	33,509	33,729	32,216	31,573	32,711	3.6	(2.4)	146,068	130,228	(10.8)
Cost of sales	(28,625)	(27,780)	(26,350)	(25,965)	(26,860)	3.4	(6.2)	(121,791)	(106,955)	(12.2)
Gross profit	4,884	5,948	5,866	5,608	5,851	4.3	19.8	24,277	23,273	(4.1)
Operating costs	(3,770)	(4,220)	(3,754)	(3,824)	(3,803)	(0.5)	0.9	(16,039)	(15,601)	(2.7)
Operating profit	1,114	1,729	2,112	1,784	2,048	14.8	83.8	8,238	7,672	(6.9)
Operating EBITDA	3,967	4,318	4,566	4,319	4,652	7.7	17.3	19,259	17,854	(7.3)
Other income	342	232	161	325	363	11.7	6.0	1,322	1,081	(18.2)
Interest expense	(467)	(497)	(510)	(496)	(500)	0.8	7.0	(1,468)	(2,003)	36.5
Profit before tax	989	1,464	1,762	1,612	1,910	18.5	93.2	8,091	6,749	(16.6)
Associates	(6)	(17)	6	14	10	(30.7)	(262.0)	55	13	(75.4)
Minority interests	103	(84)	(94)	15	8	(49.3)	(92.6)	(939)	(155)	(83.5)
Net profit	449	1,220	1,485	1,324	1,441	8.8	220.6	5,801	5,291	(8.8)
Core profit	862	1,067	1,370	1,413	1,441	2.0	67.1	5,768	5,291	(8.3)
Reported EPS (THB)	0.10	0.28	0.35	0.31	0.34	8.8	220.6	1.35	1.23	(8.8)
Core EPS (THB)	0.20	0.25	0.32	0.33	0.34	2.0	67.1	1.34	1.23	(8.3)
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	14.6	17.6	18.2	17.8	17.9	0.1	3.3	16.6	17.9	1.3
Operating margin	10.1	6.5	6.7	7.3	7.7	0.4	(2.4)	6.5	6.7	0.2
EBITDA margin	16.4	13.2	13.7	13.6	13.8	0.2	(2.6)	13.2	13.7	0.5
Core profit margin	2.6	3.2	4.3	4.5	4.4	(0.1)	1.8	4.1	4.6	0.6
SG&A / Sales	11.3	12.5	11.7	12.1	11.6	(0.5)	0.4	11.0	12.0	1.0
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Integrated packaging chain	25,345	25,480	24,185	23,655	24,598	4.0	(2.9)	117,219	97,641	(16.7)
Fibrous chain	6,852	6,805	6,847	6,591	6,771	2.7	(1.2)	24,273	25,082	3.3
Recycling business	1,312	1,444	1,184	1,326	1,341	1.1	2.2	4,576	7,505	64.0
EBITDA margin	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Integrated packaging chain	10.5	14.3	15.0	15.4	15.0	(0.4)	4.5	15.7	19.3	3.7
Fibrous chain	13.2	12.5	16.1	13.0	14.3	1.3	1.1	6.6	10.8	4.2

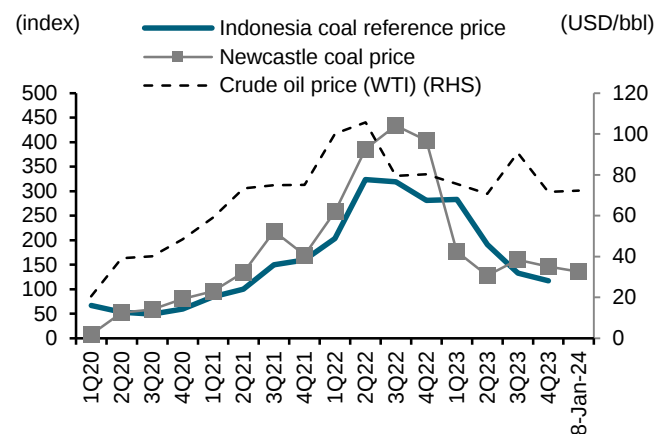
Sources: SCGP, FSSIA estimates

Exhibit 2: Revenue breakdown by business unit



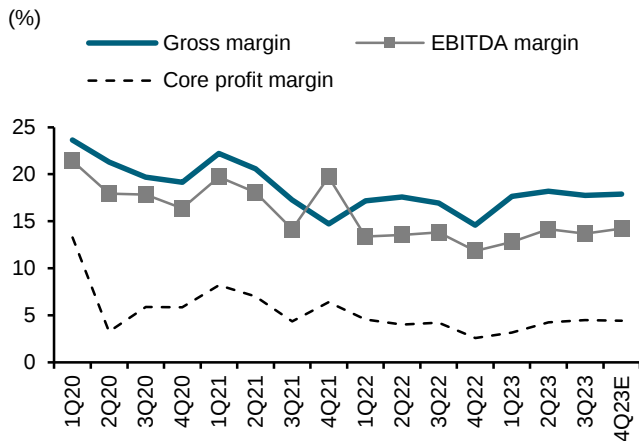
Sources: SCGP, FSSIA estimates

Exhibit 3: Indonesia coal reference price



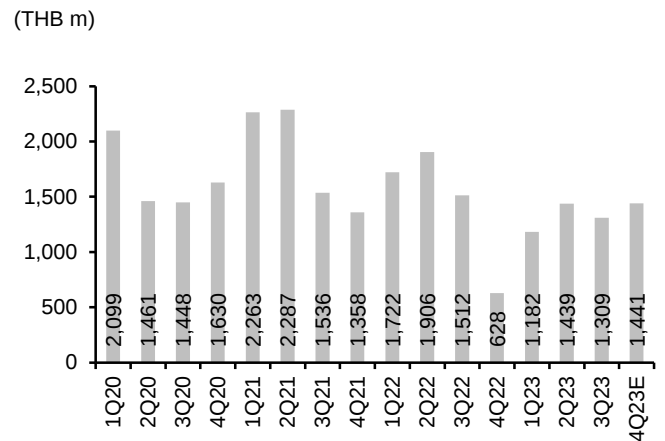
Sources: SCGP, FSSIA estimates

Exhibit 4: Margins



Sources: SCGP, FSSIA estimates

Exhibit 5: Core profit



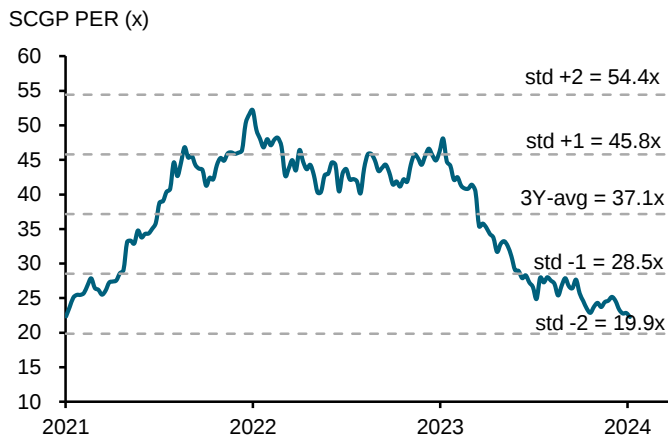
Sources: SCGP, FSSIA estimates

Exhibit 6: Key changes in assumptions

	Current			Previous			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	130,228	146,863	156,114	130,593	146,863	156,114	(0.3)	0.0	0.0
Integrated packaging chain	97,641	111,523	118,839	98,005	111,523	118,839	(0.4)	0.0	0.0
Fibrous chain	25,082	27,610	29,313	25,082	27,610	29,313	0.0	0.0	0.0
Recycling business and others	7,505	7,731	7,963	7,505	7,731	7,963	0.0	0.0	0.0
Cost of goods sold	(106,955)	(120,244)	(126,941)	(107,249)	(120,244)	(126,941)	(0.3)	0.0	0.0
Gross profit	23,273	26,619	29,173	23,343	26,619	29,173	(0.3)	0.0	0.0
SG&A	(15,601)	(17,110)	(18,422)	(15,645)	(17,110)	(18,422)	(0.3)	0.0	0.0
EBITDA	17,854	19,989	21,502	17,981	19,989	21,502	(0.7)	0.0	0.0
Interest expense	170	189	232	170	189	232	0.0	0.0	0.0
Core profit	5,291	6,801	7,945	5,397	6,800	7,945	(2.0)	0.0	0.0
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	17.9	18.1	18.7	17.9	18.1	18.7	(0.0)	0.0	0.0
Integrated packaging chain	19.3	19.4	19.7	19.3	19.4	19.7	0.0	0.0	0.0
Fibrous chain	10.8	11.7	13.4	10.8	11.7	13.4	0.0	0.0	0.0
Recycling business and others	22.5	22.7	23.0	22.5	22.7	23.0	0.0	0.0	0.0
SG&A to sales	12.0	11.7	11.8	12.0	11.7	11.8	0.0	0.0	0.0
EBITDA margin	13.7	13.6	13.8	13.8	13.6	13.8	(0.1)	0.0	0.0
Core profit margin	4.6	5.1	5.3	4.6	5.1	5.3	0.0	0.0	0.0
Growth	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Revenue	(10.8)	12.8	6.3	(10.6)	12.5	6.3	(0.2)	0.3	0.0
EBITDA	(7.3)	12.0	7.6	(6.6)	11.2	7.6	(0.7)	0.8	0.0
Core profit	(6.5)	28.5	16.8	(4.7)	26.0	16.8	(1.8)	2.5	(0.0)

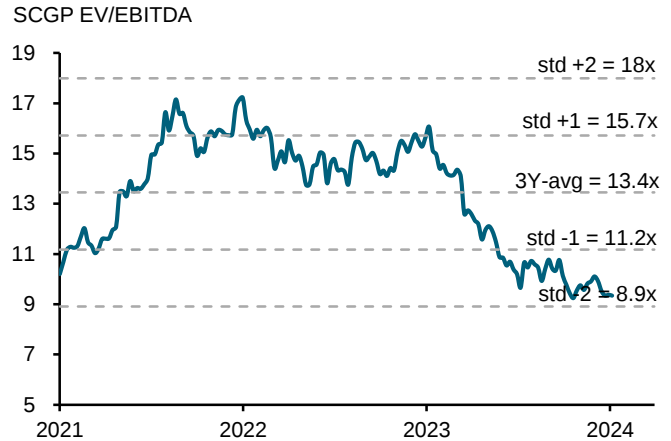
Sources: SCGP, FSSIA estimates

Exhibit 7: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: Rolling one-year forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

Exhibit 9: Peers comparison as of 9 Jan 2024

Company	BBG	Rec	Share price			Market	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside	Cap	24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
SCG packaging	SCGP TB	BUY	35.00	48.00	37	4,298	22.1	18.9	8.5	9.6	1.8	1.8	10.6	9.8
Eastern Polymer Group	EPG TB	BUY	8.20	11.00	34	657	15.5	14.5	12.2	12.3	1.8	1.8	11.6	10.7
Starflex	SFLEX TB	BUY	3.64	5.60	54	82	13.1	11.8	20.9	21.7	2.6	2.5	10.8	9.8
Thailand average						739	16.9	15.1	13.9	14.5	2.1	2.0	11.0	10.1
Regional														
Packaginf Corp	PKG US	n/a	168.63	n/a	n/a	15,113	19.7	17.7	19.3	19.8	3.7	3.4	10.6	9.9
Amcor	AMCR US	n/a	9.81	n/a	n/a	14,179	14.2	13.3	24.2	25.5	3.5	3.4	10.7	10.2
Smurfit kappa	SKG LN	n/a	3,084.00	n/a	n/a	10,245	11.1	10.2	14.2	14.6	1.5	1.4	6.3	6.0
Mondi	MNDI LN	n/a	1,512.50	n/a	n/a	9,312	16.7	13.2	9.3	11.7	1.5	1.4	8.3	7.2
Graphic packaging	GPK US	n/a	26.25	n/a	n/a	8,034	9.6	9.0	25.9	24.1	2.5	2.2	7.2	7.0
Sonoco products	SON US	n/a	58.04	n/a	n/a	5,685	10.9	10.0	21.5	20.5	2.4	2.3	7.9	7.7
DS dmith	SMDS LN	n/a	300.30	n/a	n/a	5,234	9.0	8.9	10.9	10.9	1.0	1.0	6.0	5.9
Sealed Air	SEE US	n/a	36.72	n/a	n/a	5,304	12.1	10.8	72.3	54.1	7.0	5.1	8.7	8.3
Silgan holdings	SLGN US	n/a	44.80	n/a	n/a	4,771	12.4	11.2	19.6	18.4	2.4	2.2	9.2	8.8
Huhtamaki	HUH1V FH	n/a	37.10	n/a	n/a	4,382	15.1	13.7	12.6	13.0	1.9	1.7	8.7	8.2
Nine dragons	2689 HK	n/a	3.26	n/a	n/a	1,957	50.6	6.9	1.2	5.1	0.3	0.3	10.5	7.8
Henan mingtai industrial	601677 CH	n/a	11.00	n/a	n/a	1,832	6.4	5.6	11.9	12.0	0.8	0.7	4.9	4.3
Winpak	WPK CT	n/a	41.23	n/a	n/a	2,005	13.1	11.7	10.2	n/a	1.3	1.2	6.3	6.0
Shenzhen leaguer	002243 CH	n/a	7.64	n/a	n/a	1,291	14.3	11.8	8.1	8.9	1.2	1.1	n/a	n/a
Xiamen jihong technology	002803 CH	n/a	19.84	n/a	n/a	1,067	14.2	11.7	18.1	18.6	2.6	2.1	9.5	7.9
Shanghai baosteel packaging	601968 CH	n/a	5.09	n/a	n/a	805	18.9	17.0	7.2	7.5	1.4	1.3	9.6	8.6
Sunrise group	002752 CH	n/a	5.05	n/a	n/a	689	12.2	10.2	12.2	13.3	1.5	1.3	7.0	6.4
Ningbo homelink	301193 CH	n/a	16.44	n/a	n/a	441	21.6	16.5	8.8	10.3	1.8	1.7	10.4	9.3
Regional average						92,346	15.7	11.6	17.1	17.0	2.1	1.9	8.3	7.6
Overall average						93,086	15.8	12.1	16.6	16.6	2.1	1.9	8.7	8.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	124,223	146,068	130,228	146,863	156,114
Cost of goods sold	(101,345)	(121,791)	(106,955)	(120,244)	(126,941)
Gross profit	22,878	24,277	23,273	26,619	29,173
Other operating income	2,214	1,322	1,081	1,182	1,256
Operating costs	(12,575)	(16,039)	(15,601)	(17,110)	(18,422)
Operating EBITDA	20,833	19,259	17,854	19,989	21,502
Depreciation	(8,315)	(9,699)	(9,101)	(9,298)	(9,494)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	12,518	9,560	8,753	10,691	12,008
Net financing costs	(1,180)	(1,468)	(2,003)	(1,996)	(1,851)
Associates	57	55	13	19	22
Recurring non-operating income	57	55	13	19	22
Non-recurring items	317	143	0	0	0
Profit before tax	11,712	8,289	6,763	8,714	10,179
Tax	(2,065)	(1,550)	(1,316)	(1,696)	(1,981)
Profit after tax	9,647	6,739	5,447	7,019	8,199
Minority interests	(1,353)	(939)	(155)	(217)	(254)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	8,294	5,801	5,291	6,801	7,945
Non-recurring items & goodwill (net)	(317)	(143)	0	0	0
Recurring net profit	7,977	5,658	5,291	6,801	7,945
Per share (THB)					
Recurring EPS *	1.86	1.32	1.23	1.58	1.85
Reported EPS	1.93	1.35	1.23	1.58	1.85
DPS	0.17	0.17	0.16	0.19	0.20
Diluted shares (used to calculate per share data)	4,293	4,293	4,293	4,293	4,293
Growth					
Revenue (%)	33.9	17.6	(10.8)	12.8	6.3
Operating EBITDA (%)	21.8	(7.6)	(7.3)	12.0	7.6
Operating EBIT (%)	26.2	(23.6)	(8.4)	22.1	12.3
Recurring EPS (%)	19.4	(29.1)	(6.5)	28.5	16.8
Reported EPS (%)	28.4	(30.1)	(8.8)	28.5	16.8
Operating performance					
Gross margin inc. depreciation (%)	18.4	16.6	17.9	18.1	18.7
Gross margin exc. depreciation (%)	25.1	23.3	24.9	24.5	24.8
Operating EBITDA margin (%)	16.8	13.2	13.7	13.6	13.8
Operating EBIT margin (%)	10.1	6.5	6.7	7.3	7.7
Net margin (%)	6.4	3.9	4.1	4.6	5.1
Effective tax rate (%)	17.6	18.7	19.5	19.5	19.5
Dividend payout on recurring profit (%)	9.4	13.1	12.9	11.7	10.8
Interest cover (X)	10.7	6.5	4.4	5.4	6.5
Inventory days	70.8	75.9	81.7	69.0	67.3
Debtor days	60.6	60.2	65.1	59.8	56.2
Creditor days	50.3	48.1	53.4	48.0	47.4
Operating ROIC (%)	8.6	6.0	6.1	8.0	8.7
ROIC (%)	6.8	4.6	4.4	5.7	6.2
ROE (%)	8.6	5.8	6.0	8.5	9.6
ROA (%)	5.4	3.8	3.5	4.3	4.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Integrated packaging chain	105,562	117,219	97,641	111,523	118,839
Fibrous chain	18,660	24,273	25,082	27,610	29,313
Recycling business and others	0	4,576	7,505	7,731	7,963

Sources: SCG Packaging; FSSIA estimates

Financial Statements

SCG Packaging

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,977	5,658	5,291	6,801	7,945
Depreciation	8,315	9,699	9,101	9,298	9,494
Associates & minorities	(57)	(55)	(13)	(19)	(22)
Other non-cash items	3,637	4,021	18	(2,223)	(1,363)
Change in working capital	(12,371)	(2,089)	3,307	(1,727)	2,995
Cash flow from operations	7,501	17,234	17,704	12,130	19,049
Capex - maintenance	0	0	0	0	0
Capex - new investment	(20,194)	(14,212)	(4,876)	(5,342)	(5,345)
Net acquisitions & disposals	(11,018)	10,886	(5,706)	(5,000)	(5,700)
Other investments (net)	216	206	(255)	226	(56)
Cash flow from investing	(30,995)	(3,119)	(10,837)	(10,116)	(11,101)
Dividends paid	(3,522)	(3,612)	(2,117)	(2,721)	(3,178)
Equity finance	0	0	0	0	0
Debt finance	5,070	(7,253)	(6,314)	1,465	(4,418)
Other financing cash flows	(2,591)	(737)	(2,003)	(1,996)	(1,851)
Cash flow from financing	(1,042)	(11,602)	(10,434)	(3,252)	(9,447)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	11,873	0	5,000	0	0
Net other adjustments	11,873	(10,390)	5,000	(5,300)	(1,000)
Movement in cash	(12,664)	(7,877)	1,434	(6,538)	(2,499)
Free cash flow to firm (FCFF)	(22,314.42)	15,582.69	8,870.77	4,009.69	9,798.99
Free cash flow to equity (FCFE)	(9,142.19)	(4,265.73)	3,550.23	(3,817.95)	678.63
Per share (THB)					
FCFF per share	(5.20)	3.63	2.07	0.93	2.28
FCFE per share	(2.13)	(0.99)	0.83	(0.89)	0.16
Recurring cash flow per share	4.63	4.50	3.35	3.23	3.74
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	210,592	211,928	219,791	227,655	235,519
Less: Accumulated depreciation	(113,410)	(117,342)	(121,274)	(125,206)	(129,138)
Tangible fixed assets (net)	97,181	94,585	98,517	102,449	106,381
Intangible fixed assets (net)	37,233	38,807	39,747	41,147	42,547
Long-term financial assets	879	883	1,069	1,140	1,066
Invest. in associates & subsidiaries	873	1,034	1,039	1,049	1,063
Cash & equivalents	20,222	12,344	13,778	7,240	4,740
A/C receivable	24,910	23,254	23,191	24,947	23,096
Inventories	23,308	23,281	20,512	21,413	21,910
Other current assets	746	1,275	1,128	1,272	1,352
Current assets	69,186	60,154	58,609	54,872	51,100
Other assets	1,471	1,815	1,966	1,850	1,810
Total assets	206,824	197,280	200,948	202,507	203,966
Common equity	96,837	97,200	78,457	81,337	84,904
Minorities etc.	25,463	25,766	25,922	26,139	26,393
Total shareholders' equity	122,300	122,967	104,378	107,477	111,297
Long term debt	22,164	29,935	24,601	25,421	20,611
Other long-term liabilities	10,383	10,899	10,785	12,182	13,407
Long-term liabilities	32,547	40,834	35,386	37,603	34,019
A/C payable	15,261	14,282	14,358	14,825	15,650
Short term debt	32,412	17,726	21,576	17,117	17,329
Other current liabilities	4,303	1,471	25,249	25,486	25,671
Current liabilities	51,977	33,479	61,184	57,427	58,650
Total liabilities and shareholders' equity	206,824	197,280	200,948	202,507	203,966
Net working capital	29,400	32,057	5,224	7,322	5,038
Invested capital	167,038	169,182	147,562	154,956	157,904
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	22.56	22.64	18.28	18.95	19.78
Tangible book value per share	13.88	13.60	9.02	9.36	9.87
Financial strength					
Net debt/equity (%)	28.1	28.7	31.0	32.8	29.8
Net debt/total assets (%)	16.6	17.9	16.1	17.4	16.3
Current ratio (x)	1.3	1.8	1.0	1.0	0.9
CF interest cover (x)	10.4	7.8	5.2	1.8	4.3
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	18.8	26.6	28.4	22.1	18.9
Recurring P/E @ target price (x) *	25.8	36.4	38.9	30.3	25.9
Reported P/E (x)	18.1	25.9	28.4	22.1	18.9
Dividend yield (%)	0.5	0.5	0.5	0.5	0.6
Price/book (x)	1.6	1.5	1.9	1.8	1.8
Price/tangible book (x)	2.5	2.6	3.9	3.7	3.5
EV/EBITDA (x) **	10.1	11.0	11.7	10.6	9.8
EV/EBITDA @ target price (x) **	12.8	13.9	14.8	13.4	12.4
EV/invested capital (x)	1.3	1.2	1.4	1.4	1.3
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: SCG Packaging; FSSIA estimates

SCG Packaging PCL (SCGP TB)

FSSIA ESG rating


81.93 /100

Exhibit 10: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 11: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
SCGP	81.93	Y	Y	Y	5.00	5.00	Certified	Low	60.36	BBB	--	65.07	86.00	3.67	--
TTA	65.35	--	Y	Y	5.00	5.00	Certified	Medium	56.56	AA	--	50.79	25.00	3.31	56.20

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	3.56	—
BESG environmental pillar score	—	3.33	—
BESG social pillar score	—	1.90	—
BESG governance pillar score	—	4.53	—
ESG disclosure score	28.79	71.10	75.73
Environmental disclosure score	0.00	67.53	77.26
Social disclosure score	3.14	56.41	60.58
Governance disclosure score	83.02	89.28	89.28
Environmental			
Emissions reduction initiatives	No	Yes	Yes
Climate change policy	No	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	Yes	Yes
GHG scope 1	—	4,366	3,778
GHG scope 2 location-based	—	508	632
GHG Scope 3	—	2,167	1,459
Carbon per unit of production	—	—	—
Biodiversity policy	No	Yes	Yes
Energy efficiency policy	No	Yes	Yes
Total energy consumption	—	17,964	16,961
Renewable energy use	—	3,742	4,085
Electricity used	—	738	951
Fuel used - natural gas	—	—	146,676

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	No	Yes	Yes
Hazardous waste	—	64	48
Total waste	—	1,553	1,515
Waste recycled	—	1,520	1,469
Waste sent to landfills	—	18	12
Environmental supply chain management	No	Yes	Yes
Water policy	No	Yes	Yes
Water consumption	—	—	—
Social			
Human rights policy	No	Yes	Yes
Policy against child labor	No	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes
Consumer data protection policy	No	Yes	Yes
Equal opportunity policy	No	Yes	Yes
Gender pay gap breakout	No	Yes	Yes
Pct women in workforce	18	18	22
Pct disabled in workforce	—	0	0
Business ethics policy	No	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes
Health and safety policy	No	Yes	Yes
Lost time incident rate - employees	—	0	0
Total recordable incident rate - employees	—	0	0
Training policy	No	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	—	23,341	22,289
Employee turnover pct	—	5	6
Total hours spent by firm - employee training	—	46,682	334,335
Social supply chain management	No	Yes	Yes
Governance			
Board size	12	12	12
No. of independent directors (ID)	7	8	8
No. of women on board	2	3	3
No. of non-executive directors on board	11	11	11
Company conducts board evaluations	No	No	No
No. of board meetings for the year	10	8	9
Board meeting attendance pct	100	100	99
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	51	52	53
Age of the oldest director	73	69	70
No. of executives / company managers	8	7	7
No. of female executives	1	0	0
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	8	5	6
Audit meeting attendance %	100	100	100
Size of compensation committee	3	3	3
No. of ID on compensation committee	2	2	2
No. of compensation committee meetings	4	7	6
Compensation meeting attendance %	100	100	100
Size of nomination committee	3	3	3
No. of nomination committee meetings	5	6	6
Nomination meeting attendance %	100	100	100
Sustainability governance			
Verification type	No	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology		Rating											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.		Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.		To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.		Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>		The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>		The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>		A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>		NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+
NEGL	Low	Medium	High	Severe										
0-10	10-20	20-30	30-40	40+										
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.		The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.													
	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities										
	AA	7.143-8.570												
	A	5.714-7.142												
	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers										
	BB	2.857-4.285												
	B	1.429-2.856												
	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks										
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.												

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.
Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

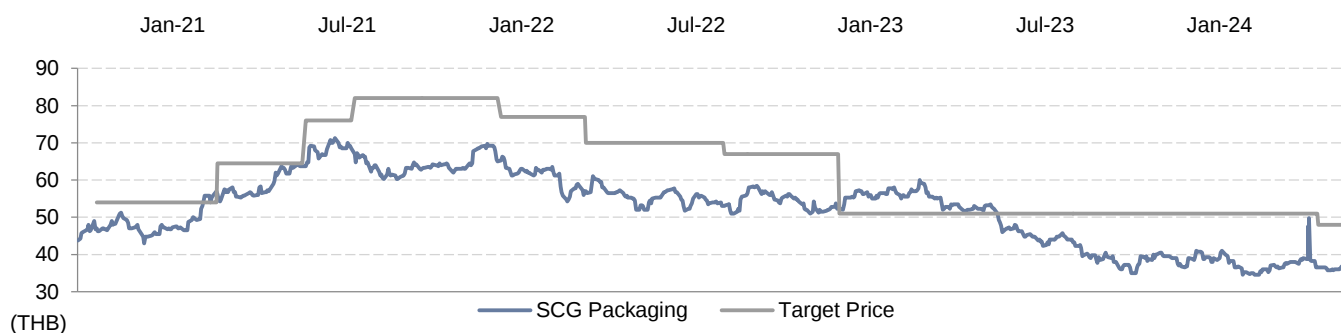
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

SCG Packaging (SCGP TB)



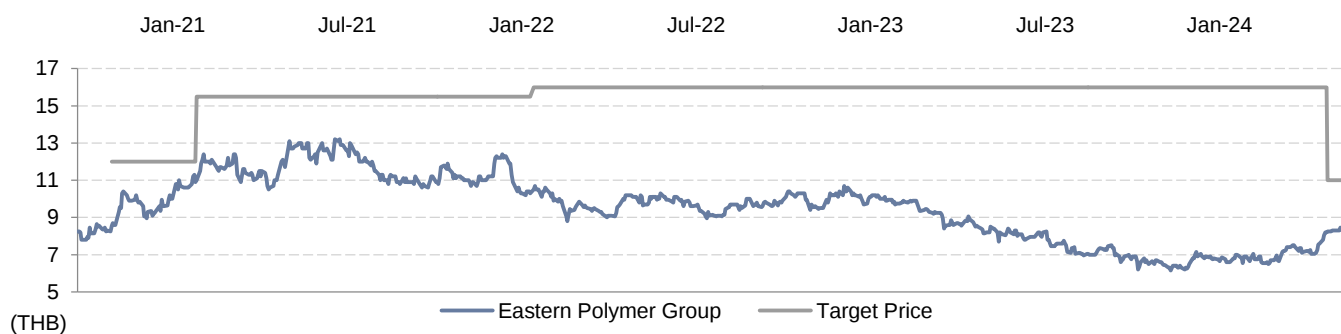
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Jan-2021	BUY	54.00	03-Sep-2021	BUY	82.00	20-Jul-2022	BUY	67.00
10-May-2021	BUY	64.50	07-Jan-2022	BUY	77.00	27-Oct-2022	HOLD	51.00
23-Jul-2021	BUY	76.00	23-Mar-2022	BUY	70.00	13-Dec-2023	BUY	48.00

Jitra Amornthum started covering this stock from 13-Dec-2023

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
08-Feb-2021	BUY	12.00	04-Feb-2022	BUY	16.00	-	-	-
22-Apr-2021	BUY	15.50	21-Dec-2023	BUY	11.00			

Jitra Amornthum started covering this stock from 21-Dec-2023

Price and TP are in local currency

Source: FSSIA estimates

Starflex (SFLEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Mar-2023	BUY	4.70	12-Jun-2023	BUY	5.50	04-Dec-2023	BUY	5.60

Jitra Amornthum started covering this stock from 10-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCG Packaging	SCGP TB	THB 35.00	BUY	Downside risks to our DCF-based TP include 1) the slow demand for packaging; 2) the rising cost of recycled paper, other raw material, and energy; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.
Eastern Polymer Group	EPG TB	THB 8.20	BUY	Downside risks to our EV/EBITDA-based TP include 1) the slow demand for pickup trucks and plastic packaging; 2) the rising cost of oil-linked raw materials; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.
Starflex	SFLEX TB	THB 3.64	BUY	Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) baht depreciation.

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.

All share prices are as at market close on 09-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.