

SCG PACKAGING SCGP TB

THAILAND / PACKAGING

BUY

UNCHANGED

TARGET PRICE	THB48.00
CLOSE	THB31.00
UP/DOWNSIDE	+54.8%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+14.5%

Efficient cost management helped

- 4Q23 core profit (-7% q-q, +53% y-y) was slightly softer than our estimate largely due to slower-than-expected revenue growth.
- Efficient raw material and energy cost management along with the capability to diversify raw material sources helped margins.
- Maintain BUY call as valuation is undemanding.

4Q23 core profit -7% q-q, +53% y-y

Excluding a THB100m FX loss, SCGP posted a core profit of THB1.3b in 4Q23 (-7% q-q, +53% y-y), bringing the year's core profit to THB5.2b – a contraction of 10% y-y and 2% lower than our estimate. In 4Q23, the packaging demand slowly recovered by only +1% q-q (but still -5% y-y), largely due to improved sales volumes, while price pressure remained. Although we can say that SCGP's overall core operations bottomed out in 3Q23, it is clear that the rising inflation and interest rates in 2023 ate up consumers' purchasing power to some extent. The continued intensification of competition led to selling price pressure, particularly in the Indonesian packaging paper industry.

Efficient cost management played an essential role for 4Q23

4Q23 EBITDA, however, improved 4% q-q and 13% y-y to THB4.5b as a result of the efficient raw material and energy cost management, along with the capability to diversify raw material sources. In 2023, EBITDA shrank 8% y-y, attributable to the 11% y-y fall in revenue. The 10% y-y core profit contraction in 2023 was because of the 38% y-y increase in interest expenses. Nevertheless, the annual EBITDA margin rose 50bps to 13.7% due to its proactive cost effectiveness.

Signs of economic improvement in various areas

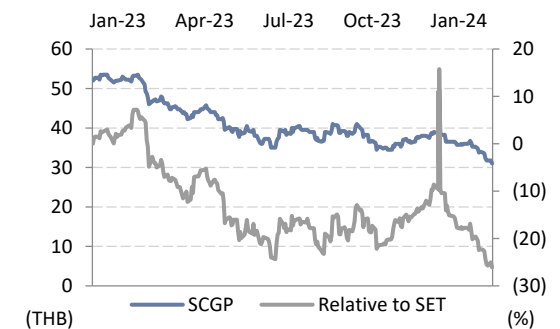
We maintain our profit forecast of THB6.8b (+31% y-y) in 2024 and THB7.9b (+17% y-y) in 2025. Despite China's slow recovery and the growing freight costs, our earnings growth expectation comes from the signs of improvement in the economy in various areas, supported by declining inflation and lower energy costs. The M&Ps throughout 2023, including Duy Tan, Intan group, Deltalab, Peute, Jordan, Law Print, and Bicappa, along with SCGP's organic capacity expansion, should also prove fruitful in the long run.

Undemanding valuations; maintain BUY call

We maintain our BUY call and our DCF-based TP of THB48.0 (9.8% WACC, 3.5% LTG), which implies 15x 2024E EV/EBITDA. SCGP's share price is trading at only 9.4x 2024E EV/EBITDA, -1.6 SD of its four-year average. A bumpy road to recovery remains due to the ongoing political risks, which may cause shipping delays and an energy cost increase.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	129,398	146,863	156,114	166,232
Net profit	5,248	6,794	7,918	8,698
EPS (THB)	1.22	1.58	1.84	2.03
vs Consensus (%)	-	23.8	18.3	12.3
EBITDA	17,689	19,989	21,502	22,614
Recurring net profit	5,169	6,794	7,918	8,698
Core EPS (THB)	1.20	1.58	1.84	2.03
Chg. In EPS est. (%)	nm	(0.1)	(0.3)	nm
EPS growth (%)	(8.6)	31.4	16.5	9.8
Core P/E (x)	25.7	19.6	16.8	15.3
Dividend yield (%)	1.7	2.0	2.3	2.6
EV/EBITDA (x)	10.5	9.4	8.6	8.1
Price/book (x)	1.7	1.6	1.5	1.4
Net debt/Equity (%)	27.5	27.1	23.5	19.6
ROE (%)	5.9	8.5	9.3	9.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.3)	(10.1)	(43.9)
Relative to country (%)	(10.2)	(7.3)	(30.3)
Mkt cap (USD m)	3,724		
3m avg. daily turnover (USD m)	8.8		
Free float (%)	26		
Major shareholder	The Siam Cement (SCC TB) (72%)		
12m high/low (THB)	56.00/30.50		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates

**Jitra Amornthum**

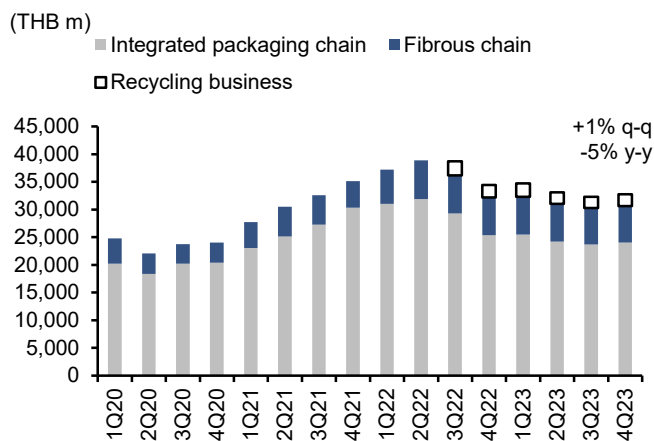
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Exhibit 1: 4Q23/2023 earnings results

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	-----Change-----		2022	2023	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	31,881	1.0	(4.9)	146,068	129,398	(11.4)
Cost of sales	(28,625)	(27,780)	(26,350)	(25,965)	(26,179)	0.8	(8.5)	(121,791)	(106,274)	(12.7)
Gross profit	4,884	5,948	5,866	5,608	5,702	1.7	16.8	24,277	23,124	(4.7)
Operating costs	(3,770)	(4,220)	(3,754)	(3,824)	(3,886)	1.6	3.1	(16,039)	(15,684)	(2.2)
Operating profit	1,114	1,729	2,112	1,784	1,816	1.8	63.1	8,238	7,440	(9.7)
Operating EBITDA	3,967	4,318	4,566	4,319	4,487	3.9	13.1	19,259	17,689	(8.1)
Other income	342	232	161	325	325	0.0	(5.1)	1,322	1,043	(21.1)
Interest expense	(467)	(497)	(510)	(496)	(516)	4.0	10.4	(1,468)	(2,020)	37.6
Profit before tax	989	1,464	1,762	1,612	1,625	0.8	64.4	8,091	6,464	(20.1)
Associates	(6)	(17)	6	14	35	144.3	(671.5)	55	39	(29.3)
Minority interests	103	(84)	(94)	15	(18)	(218.3)	(117.2)	(939)	(180)	(80.8)
Net profit	449	1,220	1,485	1,324	1,219	(8.0)	171.2	5,801	5,248	(9.5)
Core profit	862	1,067	1,370	1,413	1,318	(6.7)	52.8	5,768	5,169	(10.4)
Reported EPS (THB)	0.10	0.28	0.35	0.31	0.28	(8.0)	171.1	1.35	1.22	(9.5)
Core EPS (THB)	0.20	0.25	0.32	0.33	0.31	(6.7)	52.8	1.34	1.22	(9.0)
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	4.3	5.8	7.1	6.7	6.7	0.0	2.4	6.5	6.6	0.0
EBITDA margin	11.8	12.8	14.2	13.7	14.1	0.4	2.2	13.2	13.7	0.5
Core profit margin	2.6	3.2	4.3	4.5	4.1	(0.3)	1.6	4.0	4.6	0.6
SG&A / Sales	11.3	12.5	11.7	12.1	12.2	0.1	0.9	11.0	12.1	1.1
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	24,043	1.6	(5.1)	117,219	97,044	(17.2)
Fibrous chain	6,852	6,805	6,847	6,591	6,592	0.0	(3.8)	24,273	24,894	2.6
Recycling business	1,312	1,444	1,184	1,326	1,246	(6.0)	(5.0)	4,576	7,460	63.0
EBITDA margin	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Integrated packaging chain	10.5	14.3	15.0	15.4	14.5	(0.8)	4.0	13.0	15.0	2.0
Fibrous chain	13.2	12.5	16.1	13.0	15.5	2.5	2.3	15.0	14.0	(1.0)

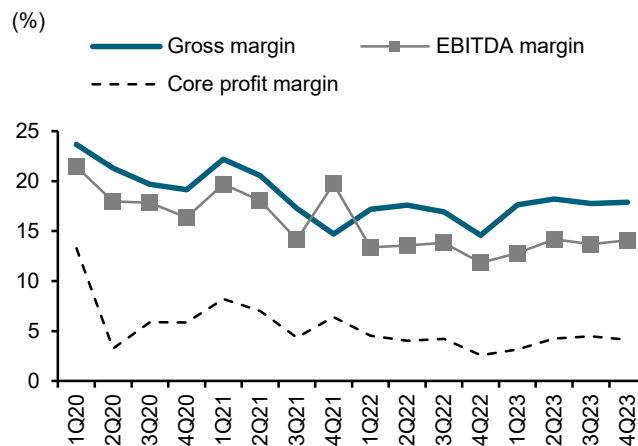
Sources: SCGP, FSSIA's compilation

Exhibit 2: Revenue breakdown by business unit



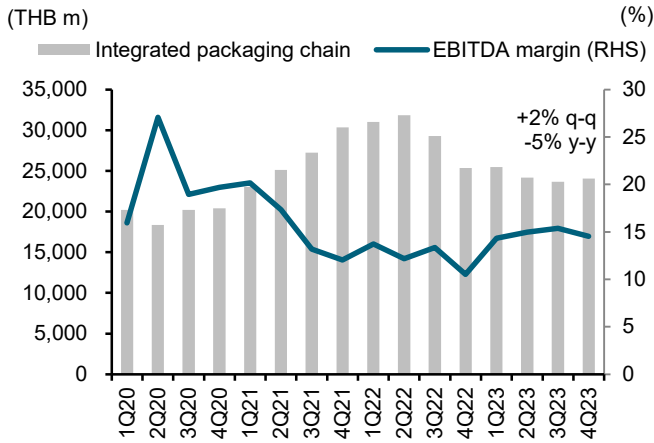
Sources: SCGP, FSSIA's compilation

Exhibit 3: Margins



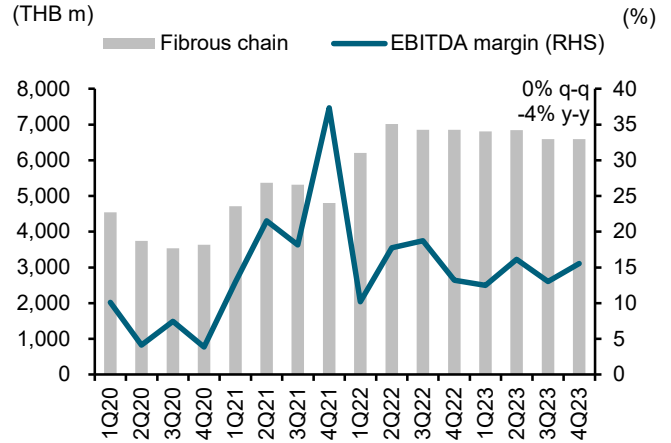
Sources: SCGP, FSSIA's compilation

Exhibit 4: Integrated packaging revenue & EBITDA margin



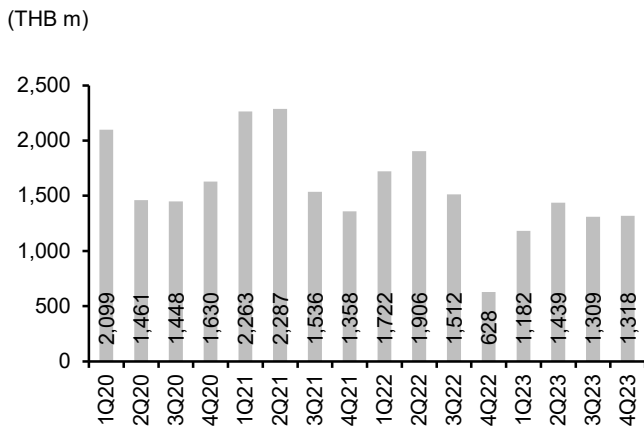
Sources: SCGP, FSSIA's compilation

Exhibit 5: Fibrous chain revenue & EBITDA margin



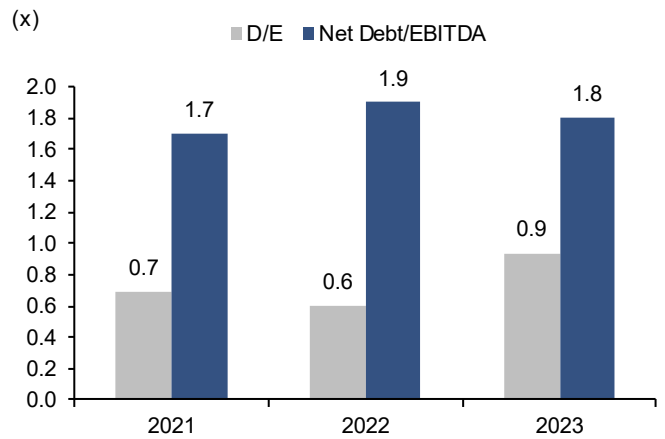
Sources: SCGP, FSSIA's compilation

Exhibit 6: Core profit, quarterly



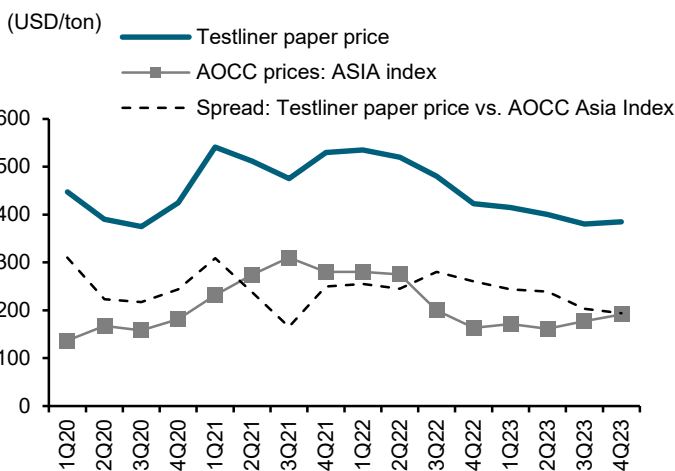
Sources: SCGP, FSSIA's compilation

Exhibit 7: D/E and net debt to EBITDA



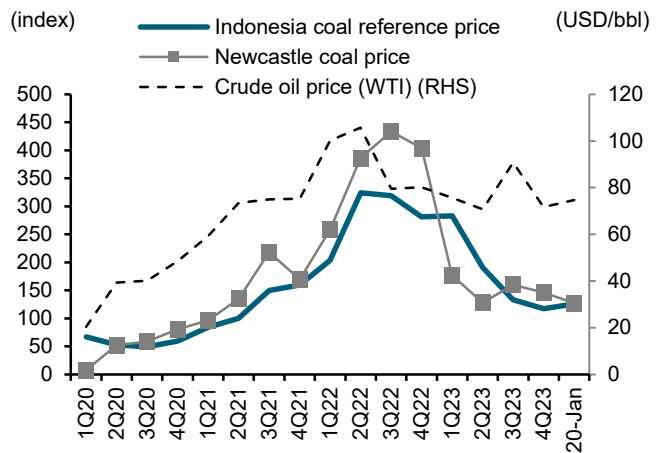
Sources: SCGP, FSSIA's compilation

Exhibit 8: Raw material reference price



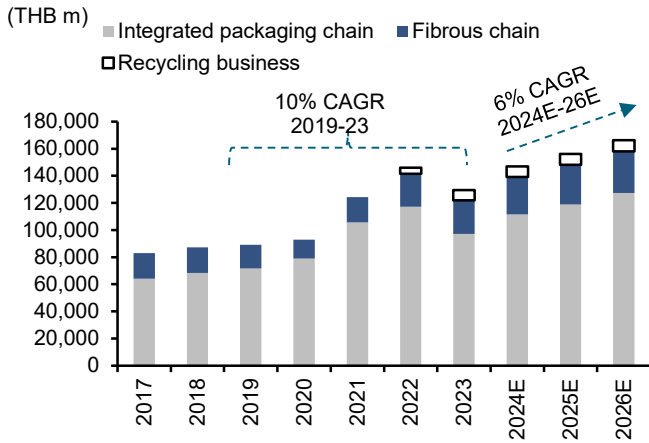
Sources: SCGP, FSSIA's compilation

Exhibit 9: Indonesia coal reference price



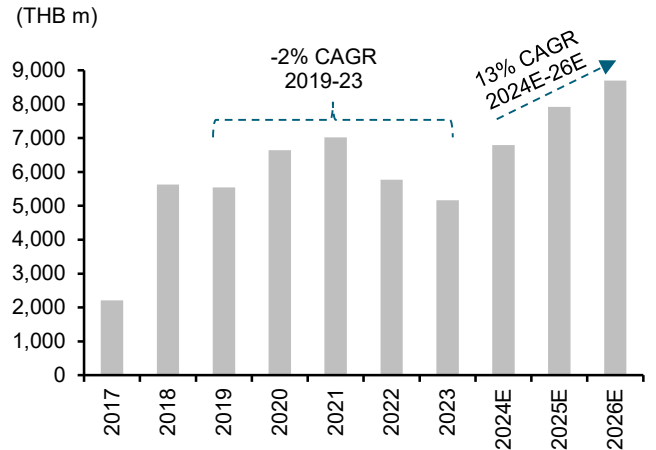
Sources: Bloomberg, FSSIA's compilation

Exhibit 10: Revenue by business unit, yearly



Sources: SCGP, FSSIA estimates

Exhibit 11: Core profit, yearly



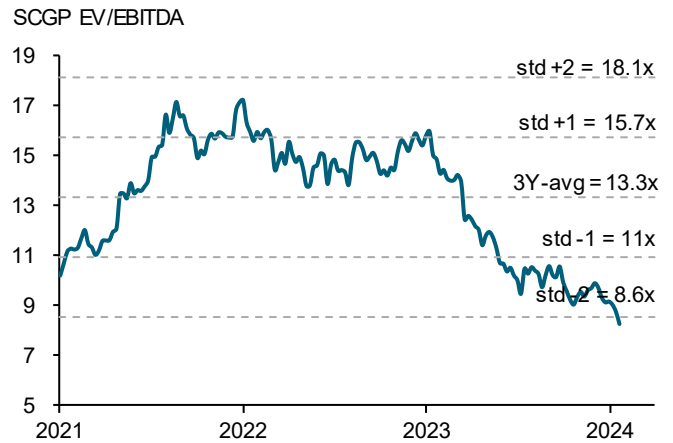
Sources: SCGP, FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 13: Rolling one-year forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

Financial Statements

SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	146,068	129,398	146,863	156,114	166,232
Cost of goods sold	(121,791)	(106,274)	(120,244)	(126,941)	(134,865)
Gross profit	24,277	23,124	26,619	29,173	31,367
Other operating income	1,322	1,043	1,182	1,256	1,171
Operating costs	(16,039)	(15,684)	(17,110)	(18,422)	(19,615)
Operating EBITDA	19,259	17,689	19,989	21,502	22,614
Depreciation	(9,699)	(9,206)	(9,298)	(9,494)	(9,691)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,560	8,483	10,691	12,008	12,923
Net financing costs	(1,468)	(2,020)	(2,005)	(1,885)	(1,803)
Associates	55	39	19	22	24
Recurring non-operating income	55	39	19	22	24
Non-recurring items	143	80	0	0	0
Profit before tax	8,289	6,582	8,705	10,145	11,144
Tax	(1,550)	(1,153)	(1,694)	(1,974)	(2,168)
Profit after tax	6,739	5,429	7,011	8,171	8,976
Minority interests	(939)	(180)	(217)	(253)	(278)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,801	5,248	6,794	7,918	8,698
Non-recurring items & goodwill (net)	(143)	(80)	0	0	0
Recurring net profit	5,658	5,169	6,794	7,918	8,698
Per share (THB)					
Recurring EPS *	1.32	1.20	1.58	1.84	2.03
Reported EPS	1.35	1.22	1.58	1.84	2.03
DPS	0.60	0.55	0.63	0.74	0.81
Diluted shares (used to calculate per share data)	4,293	4,293	4,293	4,293	4,293
Growth					
Revenue (%)	17.6	(11.4)	13.5	6.3	6.5
Operating EBITDA (%)	(7.6)	(8.1)	13.0	7.6	5.2
Operating EBIT (%)	(23.6)	(11.3)	26.0	12.3	7.6
Recurring EPS (%)	(29.1)	(8.6)	31.4	16.5	9.8
Reported EPS (%)	(30.1)	(9.5)	29.5	16.5	9.8
Operating performance					
Gross margin inc. depreciation (%)	16.6	17.9	18.1	18.7	18.9
Gross margin exc. depreciation (%)	23.3	25.0	24.5	24.8	24.7
Operating EBITDA margin (%)	13.2	13.7	13.6	13.8	13.6
Operating EBIT margin (%)	6.5	6.6	7.3	7.7	7.8
Net margin (%)	3.9	4.0	4.6	5.1	5.2
Effective tax rate (%)	18.7	17.5	19.5	19.5	19.5
Dividend payout on recurring profit (%)	13.1	13.2	11.7	10.8	11.6
Interest cover (X)	6.5	4.2	5.3	6.4	7.2
Inventory days	75.9	80.0	66.9	67.3	63.7
Debtor days	60.2	64.7	59.1	56.2	49.9
Creditor days	48.1	54.7	48.7	47.4	47.1
Operating ROIC (%)	6.0	6.0	8.4	9.0	(2.4)
ROIC (%)	4.6	4.4	5.9	6.3	(1.7)
ROE (%)	5.8	5.9	8.5	9.3	9.7
ROA (%)	3.8	3.5	4.3	4.8	4.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Integrated packaging chain	117,219	97,044	111,523	118,839	127,234
Fibrous chain	24,273	24,894	27,610	29,313	30,797
Recycling business and others	4,576	7,460	7,731	7,963	8,201

Sources: SCG Packaging; FSSIA estimates

Financial Statements

SCG Packaging

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	5,658	5,169	6,794	7,918	8,698
Depreciation	9,699	9,206	9,298	9,494	9,691
Associates & minorities	(55)	(39)	(19)	(22)	(24)
Other non-cash items	4,021	3,182	(3,574)	(809)	(1,985)
Change in working capital	(2,089)	3,965	(3,451)	2,994	2,876
Cash flow from operations	17,234	21,482	9,047	19,575	19,255
Capex - maintenance	0	0	0	0	0
Capex - new investment	(14,212)	(14,271)	(5,693)	(5,345)	(5,347)
Net acquisitions & disposals	10,886	830	(5,000)	(5,700)	(5,700)
Other investments (net)	206	381	155	(56)	(61)
Cash flow from investing	(3,119)	(13,060)	(10,538)	(11,101)	(11,108)
Dividends paid	(3,612)	(3,286)	(2,718)	(3,167)	(3,479)
Equity finance	0	0	0	0	0
Debt finance	(7,253)	(3,012)	1,537	(2,400)	(2,810)
Other financing cash flows	(737)	(2,068)	(2,005)	(1,885)	(1,803)
Cash flow from financing	(11,602)	(8,366)	(3,186)	(7,453)	(8,093)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	4,780	0	0	0
Net other adjustments	(10,390)	4,780	(5,214)	(1,000)	0
Movement in cash	(7,877)	4,836	(9,210)	813	924
Free cash flow to firm (FCFF)	15,583	10,442	515	10,359	9,950
Free cash flow to equity (FCFE)	(4,266)	8,122	(7,172)	3,189	3,533

Per share (THB)

FCFF per share	3.63	2.43	0.12	2.41	2.32
FCFE per share	(0.99)	1.89	(1.67)	0.74	0.82
Recurring cash flow per share	4.50	4.08	2.91	3.86	3.82

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	211,928	215,553	223,417	231,281	239,145
Less: Accumulated depreciation	(117,342)	(121,274)	(125,206)	(129,138)	(133,070)
Tangible fixed assets (net)	94,585	94,279	98,211	102,143	106,075
Intangible fixed assets (net)	38,807	39,425	41,147	42,547	43,947
Long-term financial assets	883	1,534	1,140	1,066	1,034
Invest. in associates & subsidiaries	1,034	1,063	1,074	1,088	1,103
Cash & equivalents	12,344	17,181	7,970	8,784	9,707
A/C receivable	23,254	22,648	24,947	23,096	22,316
Inventories	23,281	19,253	21,413	21,910	21,800
Other current assets	1,275	1,191	1,272	1,352	1,274
Current assets	60,154	60,272	55,603	55,143	55,097
Other assets	1,815	1,988	1,850	1,810	1,761
Total assets	197,280	198,561	199,025	203,797	209,018
Common equity	97,200	77,322	82,798	87,141	92,029
Minorities etc.	25,766	25,127	25,344	25,597	25,875
Total shareholders' equity	122,967	102,449	108,142	112,738	117,904
Long term debt	29,935	18,027	19,280	16,489	14,961
Other long-term liabilities	10,899	11,694	13,151	14,376	15,737
Long-term liabilities	40,834	29,721	32,431	30,865	30,698
A/C payable	14,282	14,808	14,825	15,650	16,627
Short term debt	17,726	27,328	17,991	18,734	17,870
Other current liabilities	1,471	24,254	25,636	25,809	25,919
Current liabilities	33,479	66,390	58,451	60,193	60,416
Total liabilities and shareholders' equity	197,280	198,561	199,025	203,797	209,018
Net working capital	32,057	4,029	7,172	4,900	2,844
Invested capital	169,182	142,318	150,594	153,554	156,765

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

Per share (THB)

Book value per share	22.64	18.01	19.29	20.30	21.44
Tangible book value per share	13.60	8.83	9.70	10.39	11.20

Financial strength

Net debt/equity (%)	28.7	27.5	27.1	23.5	19.6
Net debt/total assets (%)	17.9	14.2	14.7	13.0	11.1
Current ratio (x)	1.8	0.9	1.0	0.9	0.9
CF interest cover (x)	7.8	12.1	0.3	5.5	5.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	23.5	25.7	19.6	16.8	15.3
Recurring P/E @ target price (x) *	36.4	39.9	30.3	26.0	23.7
Reported P/E (x)	22.9	25.4	19.6	16.8	15.3
Dividend yield (%)	1.9	1.7	2.0	2.3	2.6
Price/book (x)	1.4	1.7	1.6	1.5	1.4
Price/tangible book (x)	2.3	3.5	3.2	3.0	2.8
EV/EBITDA (x) **	10.1	10.5	9.4	8.6	8.1
EV/EBITDA @ target price (x) **	13.9	14.7	13.0	12.0	11.3
EV/invested capital (x)	1.1	1.3	1.2	1.2	1.2

* 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 14: 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 15: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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; FSSIA's compilation

Exhibit 16: 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 17: 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. 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.	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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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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. <table border="0" style="margin-left: 20px;"> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	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
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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

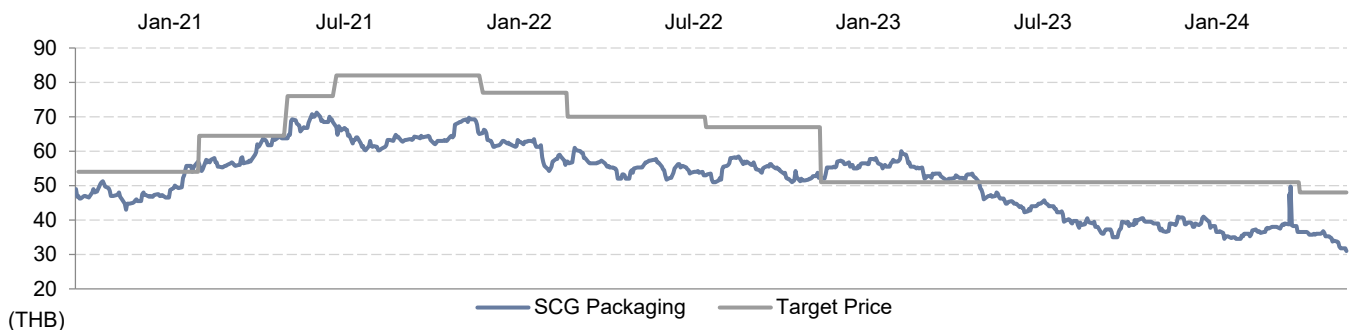
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History of change in investment rating and/or target price

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

Company	Ticker	Price	Rating	Valuation & Risks
SCG Packaging	SCGP TB	THB 31.00	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.

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 23-Jan-2024 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.