

## 1Q24 results at first glance

กำไรดีกว่าคาดมากจากปริมาณขายที่แข็งแกร่งในทุกผลิตภัณฑ์

TARGET PRICE	THB43.00
CLOSE	THB33.25
UP/DOWNSIDE	+29.3%
TP vs CONSENSUS	+8.2%

## Highlights

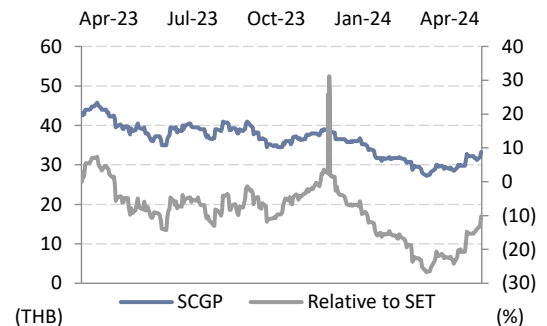
- SCGP รายงานกำไรปกติที่น่าประทับใจ 1.7 พันล้านบาทใน 1Q24 (ไม่รวมกำไรจาก FX 54 ล้านบาท) เพิ่มขึ้น 27% q-q และ 57% y-y สูงสุดในรอบ 9 ไตรมาส และดีกว่าที่เราคาด 16% และ Bloomberg consensus คาด 7% สาเหตุหลักมาจากอัตรากำไรขั้นต้นที่สูงกว่าคาด
- อัตรากำไรขั้นต้นในไตรมาสที่อยู่ที่ 20.0% ดีขึ้นจาก 17.9% ใน 4Q23 และ 17.6% ใน 1Q23 เนื่องจาก 1) ปริมาณการขายที่สูงขึ้นทั้งในสายธุรกิจบรรจุภัณฑ์แบบครบวงจร (Integrated packaging business) และสายธุรกิจเยื่อและกระดาษ (Fibrous business) โดยอัตราการใช้กำลังการผลิตเพิ่มขึ้นจาก 80% ในช่วงหลายปีที่ผ่านมา เป็น 90%+ ใน 1Q24, 2) ประสิทธิภาพในการจัดหาวัตถุดิบกระดาษรีไซเคิล (RCP) ในประเทศ พยายามลดการนำเข้า และ 3) การเพิ่มสัดส่วนการใช้พลังงานทดแทนอย่างต่อเนื่อง
- อุตสาหกรรมบรรจุภัณฑ์กระดาษใน 1Q24 ขยายตัวจากความต้องการที่เพิ่มขึ้น แข็งแกร่งในตลาดอาเซียน รวมถึงการฟื้นตัวต่อเนื่องของภาคท่องเที่ยว ตลอดจนการฟื้นตัวของการค้าโลก
- รายได้รวมของ SCGP ใน 1Q24 +7% q-q, +1% y-y เป็น 3.39 หมื่นล้านบาท รายได้ที่ค่อนข้างทรงตัว y-y เนื่องจากราคาขายของสายธุรกิจบรรจุภัณฑ์แบบครบวงจรที่ยังอ่อนแอกว่าปีก่อนแม้ปริมาณความต้องการจะเพิ่มสูงขึ้นก็ตาม สัดส่วนของรายได้ยังคงเดิมคือ 75% มาจากธุรกิจบรรจุภัณฑ์แบบครบวงจร 19% จากธุรกิจเยื่อและกระดาษ และ 6% จากธุรกิจรีไซเคิล
- ผลการดำเนินงานในไทย (43% ของรายได้) และเวียดนาม (15% ของรายได้) ทำได้ดีขึ้น ขณะที่อินโดนีเซีย (15% ของรายได้) อ่อนแอกว่าที่บริษัทตั้งเป้า เนื่องจากยอดส่งออกที่ยังชะลอ
- EBITDA ของ Fajar ขาดทุนราว 32 ล้านบาทใน 1Q24 แยกว่าที่คาดว่าจะบวกได้ แต่ดีขึ้น 71% q-q โดย EBITDA margin ทำได้ -0.7% เทียบกับ -2.3% ใน 4Q23

## Outlook

- กำไร 1Q24 หนุนมุมมองของเราที่เชื่อว่าผลการดำเนินงานของ SCGP ผ่านจุดต่ำสุดไปแล้วใน 3Q23 และฟื้นตัวอย่างค่อยเป็นค่อยไปใน 4Q23 สำหรับกำไรใน 1Q24 คิดเป็น 28% ของคาดการณ์ทั้งปี
- แนวโน้มกำไร 2Q24 ชะลอ q-q ตามฤดูกาลที่มีวันหยุดในไทยและอินโดนีเซีย เรายังคงประมาณการและราคาเป้าหมาย 43 บาท (DCF, 10.7% WACC, 3.1% LTG) ราคาหุ้นปัจจุบันเทรดที่ 2024E EV/EBITDA เพียง 9.2x (-1.3SD ของค่าเฉลี่ย 4 ปี) เรายืนยันคำแนะนำซื้อจาก Valuations ที่ถูก

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	129,398	140,285	150,010	157,174
Net profit	5,248	6,043	7,161	7,753
EPS (THB)	1.22	1.41	1.67	1.81
vs Consensus (%)	-	(1.0)	2.6	0.5
EBITDA	17,689	20,495	22,393	23,721
Recurring net profit	5,169	6,043	7,161	7,753
Core EPS (THB)	1.20	1.41	1.67	1.81
EPS growth (%)	(8.6)	16.9	18.5	8.3
Core P/E (x)	27.6	23.6	19.9	18.4
Dividend yield (%)	1.7	1.9	2.3	2.4
EV/EBITDA (x)	11.1	9.6	8.7	8.3
Price/book (x)	1.8	1.7	1.7	1.6
Net debt/Equity (%)	27.5	25.8	24.3	23.7
ROE (%)	5.9	7.6	8.5	8.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.7	7.3	(21.3)
Relative to country (%)	15.6	7.2	(9.7)
Mkt cap (USD m)	3,852		
3m avg. daily turnover (USD m)	7.6		
Free float (%)	26		
Major shareholder	The Siam Cement (SCC TB) (72%)		
12m high/low (THB)	46.00/26.50		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amorntum

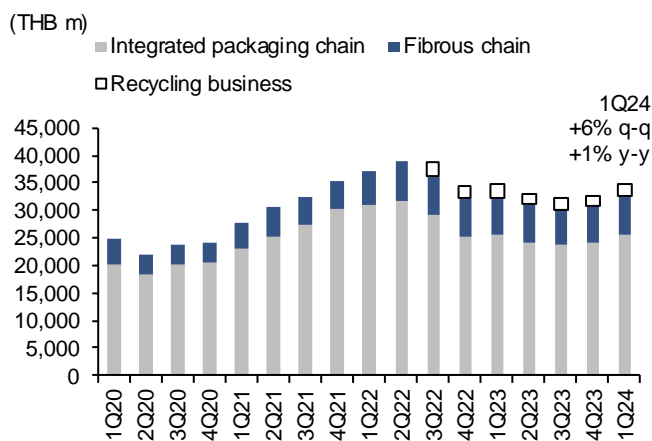
Fundamental Investment Analyst on Securities; License no. 014530  
jitra.a@fssia.com, +66 2646 9966

**Exhibit 1: SCGP - 1Q24 results summary**

Year to Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2023	2024E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2024E
Sales	33,729	32,216	31,573	31,881	33,948	6.5	0.6	129,398	140,285	8.4	24.2
Cost of sales	(27,780)	(26,350)	(25,965)	(26,179)	(27,146)	3.7	(2.3)	(106,274)	(114,753)	8.0	23.7
Gross profit	5,948	5,866	5,608	5,702	6,802	19.3	14.3	23,124	25,532	10.4	26.6
Operating costs	(4,220)	(3,754)	(3,824)	(3,886)	(4,294)	10.5	1.8	(15,684)	(16,624)	6.0	25.8
Operating profit	1,729	2,112	1,784	1,816	2,507	38.0	45.0	7,440	8,908	19.7	28.1
Operating EBITDA	4,318	4,566	4,319	4,487	5,097	13.6	18.1	17,689	20,495	15.9	24.9
Other income	232	161	325	325	263	(19.2)	13.1	1,043	989	(5.2)	26.6
Interest expense	(497)	(510)	(496)	(516)	(523)	1.4	5.3	(2,020)	(2,086)	3.3	25.1
Profit before tax	1,464	1,762	1,612	1,625	2,247	38.2	53.4	6,464	7,811	20.8	28.8
Net profit	1,220	1,485	1,324	1,219	1,725	41.5	41.3	5,248	6,043	15.1	28.5
Core profit	1,067	1,370	1,413	1,318	1,671	26.8	56.6	5,169	6,043	16.9	27.7
Reported EPS (THB)	0.28	0.35	0.31	0.28	0.40	41.5	41.3	1.22	1.41	15.1	28.5
Core EPS (THB)	0.25	0.32	0.33	0.31	0.39	26.8	56.6	1.20	1.41	16.9	27.7
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Gross margin	17.6	18.2	17.8	17.9	20.0	2.1	2.4	17.9	18.2	0.3	
Operating margin	5.8	7.1	6.7	6.7	8.2	1.4	2.3	6.6	7.1	0.5	
EBITDA margin	12.8	14.2	13.7	14.1	14.4	0.3	1.6	13.7	14.6	0.9	
Core profit margin	3.2	4.3	4.5	4.1	4.9	0.8	1.8	4.3	4.8	0.5	
SG&A / Sales	12.5	11.7	12.1	12.2	12.7	0.5	0.1	12.1	11.9	(0.3)	
<b>Revenue breakdown</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>	
Integrated packaging chain	25,480	24,185	23,655	24,043	25,549	6.3	0.3	97,362	104,419	7.2	
Fibrous chain	6,805	6,847	6,591	6,592	7,027	6.6	3.3	26,835	27,610	2.9	
Recycling business	1,444	1,184	1,326	1,246	1,372	10.1	(5.0)	8,669	8,256	(4.8)	
EBITDA margin	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Integrated packaging chain	14.3	15.0	15.4	14.5	15.6	1.0	1.2	15.0	15.5	0.5	
Fibrous chain	12.5	16.1	13.0	15.5	17.9	2.4	5.4	14.0	16.1	2.1	

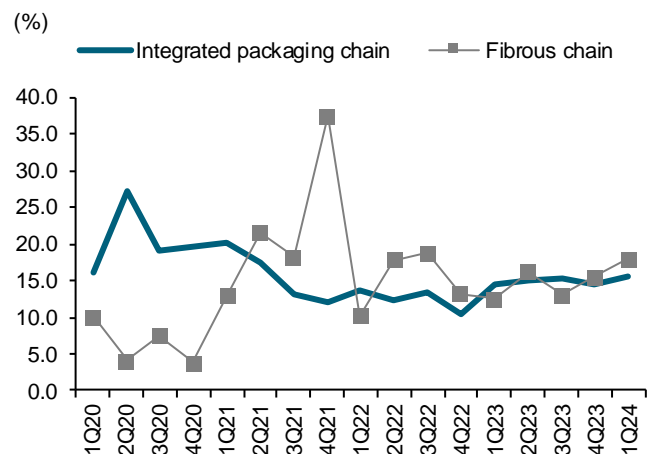
Sources: SCGP, FSSIA estimates

**Exhibit 2: Revenue breakdown by business unit**



Sources: SCGP, FSSIA's compilation

**Exhibit 3: EBITDA margins by business unit**



Sources: SCGP, FSSIA's compilation

## Financial Statements

### SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	146,068	129,398	140,285	150,010	157,174
Cost of goods sold	(121,791)	(106,274)	(114,753)	(122,151)	(127,481)
<b>Gross profit</b>	<b>24,277</b>	<b>23,124</b>	<b>25,532</b>	<b>27,860</b>	<b>29,693</b>
Other operating income	1,322	1,043	989	922	840
Operating costs	(16,039)	(15,684)	(16,624)	(17,476)	(18,389)
<b>Operating EBITDA</b>	<b>19,259</b>	<b>17,689</b>	<b>20,495</b>	<b>22,393</b>	<b>23,721</b>
Depreciation	(9,699)	(9,206)	(10,598)	(11,087)	(11,577)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>9,560</b>	<b>8,483</b>	<b>9,897</b>	<b>11,306</b>	<b>12,144</b>
Net financing costs	(1,468)	(2,020)	(2,086)	(2,050)	(2,123)
Associates	55	39	17	20	22
Recurring non-operating income	55	39	17	20	22
Non-recurring items	143	80	0	0	0
<b>Profit before tax</b>	<b>8,289</b>	<b>6,582</b>	<b>7,828</b>	<b>9,276</b>	<b>10,042</b>
Tax	(1,550)	(1,153)	(1,562)	(1,851)	(2,004)
<b>Profit after tax</b>	<b>6,739</b>	<b>5,429</b>	<b>6,266</b>	<b>7,425</b>	<b>8,038</b>
Minority interests	(939)	(180)	(223)	(264)	(286)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>5,801</b>	<b>5,248</b>	<b>6,043</b>	<b>7,161</b>	<b>7,753</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(143)</b>	<b>(80)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,658</b>	<b>5,169</b>	<b>6,043</b>	<b>7,161</b>	<b>7,753</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.32	1.20	1.41	1.67	1.81
Reported EPS	1.35	1.22	1.41	1.67	1.81
DPS	0.60	0.55	0.63	0.75	0.81
Diluted shares (used to calculate per share data)	4,293	4,293	4,293	4,293	4,293
<b>Growth</b>					
Revenue (%)	17.6	(11.4)	8.4	6.9	4.8
Operating EBITDA (%)	(7.6)	(8.1)	15.9	9.3	5.9
Operating EBIT (%)	(23.6)	(11.3)	16.7	14.2	7.4
Recurring EPS (%)	(29.1)	(8.6)	16.9	18.5	8.3
Reported EPS (%)	(30.1)	(9.5)	15.1	18.5	8.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.6	17.9	18.2	18.6	18.9
Gross margin exc. depreciation (%)	23.3	25.0	25.8	26.0	26.3
Operating EBITDA margin (%)	13.2	13.7	14.6	14.9	15.1
Operating EBIT margin (%)	6.5	6.6	7.1	7.5	7.7
Net margin (%)	3.9	4.0	4.3	4.8	4.9
Effective tax rate (%)	18.7	17.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	45.5	45.7	45.0	45.0	45.0
Interest cover (X)	6.5	4.2	4.8	5.5	5.7
Inventory days	75.9	80.0	68.4	65.0	61.3
Debtor days	60.2	64.7	59.0	54.6	52.8
Creditor days	48.1	54.7	50.7	48.0	48.5
Operating ROIC (%)	6.0	6.0	7.8	8.5	8.7
ROIC (%)	4.6	4.4	5.5	6.0	6.2
ROE (%)	5.8	5.9	7.6	8.5	8.8
ROA (%)	3.8	3.5	4.0	4.4	4.6
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Integrated packaging chain	117,219	97,044	104,419	112,193	117,618
Fibrous chain	24,273	24,894	27,610	29,313	30,797
Recycling business and others	4,576	7,460	8,256	8,504	8,759

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	6,043	7,161	7,753
Depreciation	9,699	9,206	10,598	11,087	11,577
Associates & minorities	(55)	(39)	(17)	(20)	(22)
Other non-cash items	4,021	3,182	(393)	(659)	(3,068)
Change in working capital	(2,089)	3,965	(750)	2,363	1,001
<b>Cash flow from operations</b>	<b>17,234</b>	<b>21,482</b>	<b>15,480</b>	<b>19,932</b>	<b>17,241</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(14,212)	(14,271)	(6,509)	(6,400)	(6,417)
Net acquisitions & disposals	10,886	830	(5,000)	(5,700)	(5,700)
Other investments (net)	206	381	194	(58)	(43)
<b>Cash flow from investing</b>	<b>(3,119)</b>	<b>(13,060)</b>	<b>(11,315)</b>	<b>(12,158)</b>	<b>(12,160)</b>
Dividends paid	(3,612)	(3,286)	(2,719)	(3,223)	(3,489)
Equity finance	0	0	0	0	0
Debt finance	(7,253)	(3,012)	1,088	(549)	1,561
Other financing cash flows	(737)	(2,068)	(2,086)	(2,050)	(2,123)
<b>Cash flow from financing</b>	<b>(11,602)</b>	<b>(8,366)</b>	<b>(3,718)</b>	<b>(5,822)</b>	<b>(4,051)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	4,780	0	0	0
<b>Net other adjustments</b>	<b>(10,390)</b>	<b>4,780</b>	<b>(5,214)</b>	<b>(1,000)</b>	<b>0</b>
<b>Movement in cash</b>	<b>(7,877)</b>	<b>4,836</b>	<b>(4,767)</b>	<b>953</b>	<b>1,030</b>
Free cash flow to firm (FCFF)	15,582.69	10,441.88	6,251.51	9,824.18	7,204.21
Free cash flow to equity (FCFE)	(4,265.73)	8,122.43	(2,047.46)	4,175.14	4,518.31

#### Per share (THB)

FCFF per share	3.63	2.43	1.46	2.29	1.68
FCFE per share	(0.99)	1.89	(0.48)	0.97	1.05
Recurring cash flow per share	4.50	4.08	3.78	4.09	3.78

#### Balance Sheet (THB m) Year Ending Dec

	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	211,928	217,496	229,244	240,992	252,741
Less: Accumulated depreciation	(117,342)	(123,216)	(129,091)	(134,965)	(140,839)
<b>Tangible fixed assets (net)</b>	<b>94,585</b>	<b>94,279</b>	<b>100,153</b>	<b>106,027</b>	<b>111,902</b>
<b>Intangible fixed assets (net)</b>	<b>38,807</b>	<b>39,425</b>	<b>40,023</b>	<b>40,537</b>	<b>41,067</b>
Long-term financial assets	883	1,534	1,563	1,532	1,599
Invest. in associates & subsidiaries	1,034	1,063	1,073	1,084	1,097
Cash & equivalents	12,344	17,181	12,414	13,367	14,396
A/C receivable	23,254	22,648	22,676	22,193	23,253
Inventories	23,281	19,253	19,807	19,745	19,209
Other current assets	1,275	1,191	1,291	1,230	1,132
<b>Current assets</b>	<b>60,154</b>	<b>60,272</b>	<b>56,188</b>	<b>56,535</b>	<b>57,991</b>
Other assets	1,815	1,988	1,803	1,778	1,706
<b>Total assets</b>	<b>197,280</b>	<b>198,561</b>	<b>200,803</b>	<b>207,495</b>	<b>215,361</b>
Common equity	97,200	77,322	82,329	86,268	90,532
Minorities etc.	25,766	25,127	25,350	25,613	25,899
<b>Total shareholders' equity</b>	<b>122,967</b>	<b>102,449</b>	<b>107,679</b>	<b>111,881</b>	<b>116,431</b>
Long term debt	29,935	18,027	18,820	17,001	17,574
Other long-term liabilities	10,899	11,694	13,223	14,336	15,443
<b>Long-term liabilities</b>	<b>40,834</b>	<b>29,721</b>	<b>32,043</b>	<b>31,337</b>	<b>33,017</b>
A/C payable	14,282	14,808	14,148	15,060	15,717
Short term debt	17,726	27,328	21,384	23,501	24,433
Other current liabilities	1,471	24,254	25,550	25,715	25,764
<b>Current liabilities</b>	<b>33,479</b>	<b>66,390</b>	<b>61,081</b>	<b>64,276</b>	<b>65,913</b>
<b>Total liabilities and shareholders' equity</b>	<b>197,280</b>	<b>198,561</b>	<b>200,803</b>	<b>207,495</b>	<b>215,361</b>
Net working capital	32,057	4,029	4,077	2,394	2,114
Invested capital	169,182	142,318	148,692	153,353	159,485

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

#### Per share (THB)

Book value per share	22.64	18.01	19.18	20.10	21.09
Tangible book value per share	13.60	8.83	9.85	10.65	11.52

#### Financial strength

Net debt/equity (%)	28.7	27.5	25.8	24.3	23.7
Net debt/total assets (%)	17.9	14.2	13.8	13.1	12.8
Current ratio (x)	1.8	0.9	0.9	0.9	0.9
CF interest cover (x)	7.8	12.1	3.1	6.2	6.1

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>25.2</b>	<b>27.6</b>	<b>23.6</b>	<b>19.9</b>	<b>18.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>32.6</b>	<b>35.7</b>	<b>30.5</b>	<b>25.8</b>	<b>23.8</b>
Reported P/E (x)	24.6	27.2	23.6	19.9	18.4
Dividend yield (%)	1.8	1.7	1.9	2.3	2.4
Price/book (x)	1.5	1.8	1.7	1.7	1.6
Price/tangible book (x)	2.4	3.8	3.4	3.1	2.9
EV/EBITDA (x) **	10.6	11.1	9.6	8.7	8.3
EV/EBITDA @ target price (x) **	12.8	13.4	11.6	10.6	10.0
EV/invested capital (x)	1.2	1.4	1.3	1.3	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 4: 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 5: 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](http://SETTRADE.com); FSSIA's compilation

## Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	3.56	—
BESG environmental pillar score	—	3.33	—
BESG social pillar score	—	1.90	—
BESG governance pillar score	—	4.53	—
<b>ESG disclosure score</b>	<b>28.79</b>	<b>71.10</b>	<b>75.73</b>
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
<b>Environmental</b>			
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 7: 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	—	—	—
<b>Social</b>			
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
<b>Governance</b>			
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>7</b>	<b>8</b>	<b>8</b>
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
<b>No. of executives / company managers</b>	<b>8</b>	<b>7</b>	<b>7</b>
No. of female executives	1	0	0
Executive share ownership guidelines	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3
Audit committee meetings	8	5	6
Audit meeting attendance %	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2
No. of compensation committee meetings	4	7	6
Compensation meeting attendance %	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	5	6	6
Nomination meeting attendance %	100	100	100
<b>Sustainability governance</b>			
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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 &amp; 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 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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0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	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.																			
<b>MSCI</b>	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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

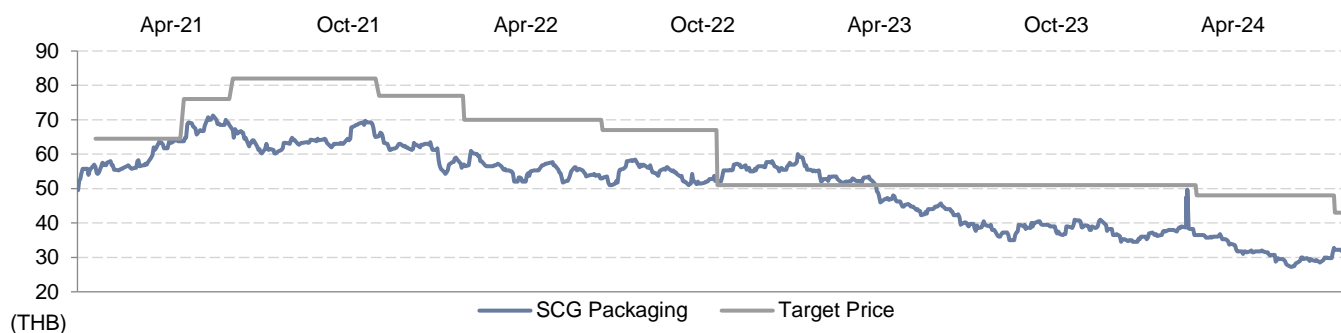
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**History of change in investment rating and/or target price**

**SCG Packaging (SCGP TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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
03-Sep-2021	BUY	82.00	20-Jul-2022	BUY	67.00	10-Apr-2024	BUY	43.00

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 33.25	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-Apr-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.