

SCG PACKAGING

THAILAND / PACKAGING

SCGP TB

BUY

UNCHANGED

TARGET PRICE	THB39.00
CLOSE	THB24.30
UP/DOWNSIDE	+60.5%
PRIOR TP	THB43.00
CHANGE IN TP	-9.3%
TP vs CONSENSUS	+4.1%

Better days ahead

- SCGP bought an additional 44.48% stake in Fajar for USD652m.
- Losses from Fajar and higher interest expenses should pressure SCGP's 4Q24 earnings. We trim our profit forecast.
- We slash our DCF-based TP to THB39 (11.0% WACC, 3.0% LTG) and retain our BUY rating.

SCGP bought an additional stake in Fajar for USD652m

SCGP officially reported to the SET that the company acquired an additional 44.48% stake in the Indonesian packaging paper company Fajar from PT Intercipta Sempana (PTICS) for USD652m (approximately THB23b). After this transaction, SCGP will hold a 99.72% stake in Fajar and will start consolidating Fajar's financial statements from September 2024 onwards. This move is in accordance with the schedule. The source of funds will be approximately THB8b from its internal cash flow and THB15b from borrowing, with an estimated 3% cost of funds.

Indonesia is one of the potential markets for packaging paper

Indonesia is a potential market for packaging paper due to its large population, especially the young demographic. It is driven by domestic consumption and increasing foreign direct investment. SCGP entered the Indonesian market in 2013 and acquired a 55.2% stake in Fajar in July 2019. Fajar is a leader in packaging paper in Indonesia, holding a market share of about 30% in the Indonesian containerboard industry. Fajar has undergone losses since 4Q22 due to weak export demand (mostly to China), an oversupply of packaging paper products in Indonesia, and raw material cost pressure.

Trim profit forecast on higher interest charges

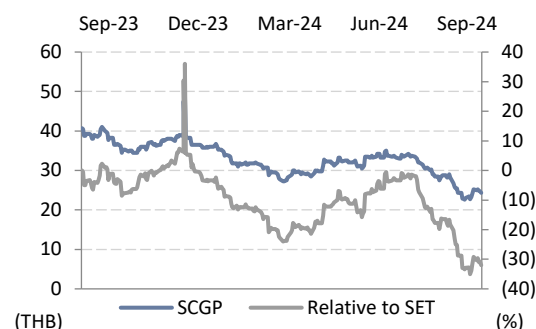
Although the loss decreased in 1Q24, it increased in 2Q24 due to the weakening rupiah against the USD and the higher interest rates. SCGP's management is aiming for Fajar's operations to break even at the EBITDA level by the end of 2024, but we believe this is challenging. We trim our profit forecast by 1%/6%/4% in 2024-26, largely from higher interest expenses in accordance with higher rates and loans.

Maintain BUY rating on long-term growth outlook

Following our earnings revision, the profit growth projection for 2024-26 still grows at a double-digit rate. We anticipate 2024-26 profit growth of 15%/12%/11%, respectively, or 11% CAGR. We slash our DCF-based TP to THB39 (11.0% WACC, 3.0% LTG) from THB43. We retain our BUY rating for SCGP's long-term growth outlook. Its share price is trading at only 8.2x 2024E EV/EBITDA, -1.5SD of its four-year average.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	129,398	140,285	150,010	157,174
Net profit	5,248	6,010	6,758	7,466
EPS (THB)	1.22	1.40	1.57	1.74
vs Consensus (%)	-	(1.9)	(3.2)	(1.2)
EBITDA	17,689	20,699	22,212	23,286
Recurring net profit	5,169	6,010	6,758	7,466
Core EPS (THB)	1.20	1.40	1.57	1.74
Chg. In EPS est. (%)	-	(0.6)	(5.6)	(3.7)
EPS growth (%)	(8.6)	16.3	12.4	10.5
Core P/E (x)	20.2	17.4	15.4	14.0
Dividend yield (%)	2.3	2.6	2.9	3.2
EV/EBITDA (x)	8.9	8.2	7.7	7.2
Price/book (x)	1.3	1.3	1.2	1.2
Net debt/Equity (%)	27.5	37.2	36.0	32.9
ROE (%)	5.9	7.5	8.0	8.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(14.0)	(29.1)	(38.1)
Relative to country (%)	(17.2)	(29.4)	(28.2)
Mkt cap (USD m)	3,079		
3m avg. daily turnover (USD m)	7.4		
Free float (%)	26		
Major shareholder	The Siam Cement (SCC TB) (72%)		
12m high/low (THB)	41.75/22.30		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

SCGP reported to the SET that the company acquired an additional 44.48% stake in the Indonesian packaging paper company Fajar for USD652m (approximately THB23b). This move is in accordance with the schedule. The source of funds will be approximately THB8b from its internal cash flow and THB15b from borrowing, with an estimated 3% cost of funds.

SCGP’s management is aiming for Fajar’s operations to break even at the EBITDA level by the end of 2024, but we believe this is challenging. We trim our profit forecast by 1%/6%/4% in 2024-26, largely from higher interest expenses in accordance with higher rates and loans.

Although we slash our DCF-based TP to THB39 (11.0% WACC, 3.0% LTG), we like SCGP’s long-term growth outlook. We maintain our BUY rating for SCGP.

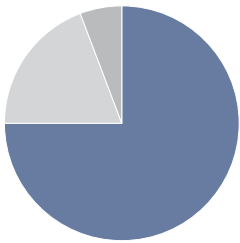
Company profile

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, 2023)

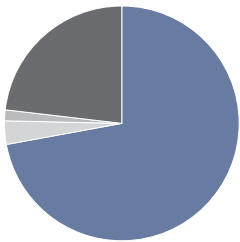
- Integrated packaging chain - 75.0 %
- Fibrous chain - 19.2 %
- Recycling business and others - 5.8 %



Source: SCG Packaging

Major shareholders

- The Siam Cement (SCC TB) - 72.1 %
- Thai NVDR - 3.2 %
- CPB Equity Co., Ltd. - 1.5 %
- Others - 23.2 %



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
November 2024	3Q24 earnings announcement

Key assumptions

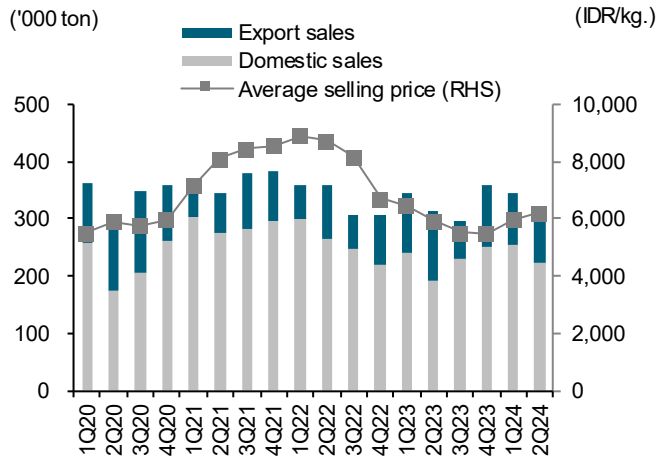
		2024E	2025E	2026E
		(THB m)	(THB m)	(THB m)
Packaging paper sale volume	m ton	3.96	4.09	4.19
Packaging paper ASP	THB/ton	13,322	13,765	14,315
Fiber packaging sale volume	m ton	1.02	1.06	1.08
Fiber packaging ASP	THB/ton	32,536	34,274	34,648
Integrated packaging unit	THB m	104,419	112,193	117,618
Fibrous sale volume	m ton	0.67	0.70	0.72
Fibrous ASP	THB/ton	40,964	41,876	42,596
Fibrous business	THB m	27,610	29,313	30,797

Source: FSSIA estimates

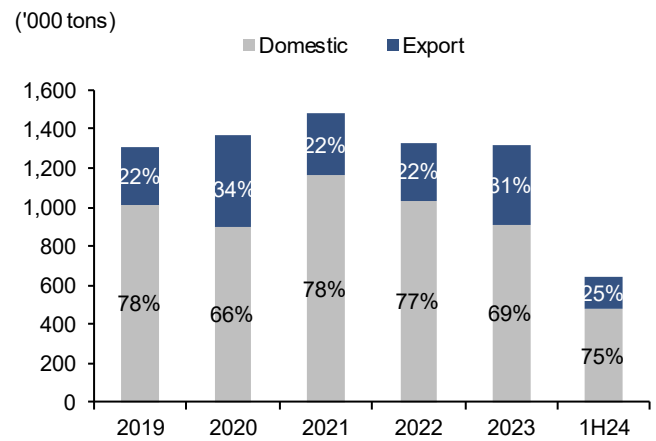
Earnings sensitivity

- 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.

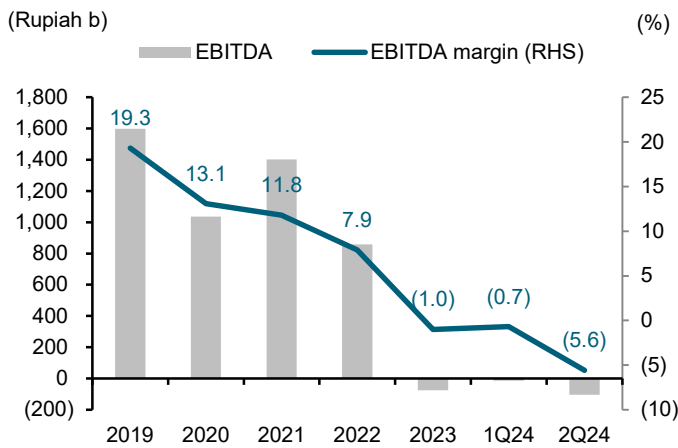
Source: FSSIA estimates

Exhibit 1: Fajar's revenue structure and selling price

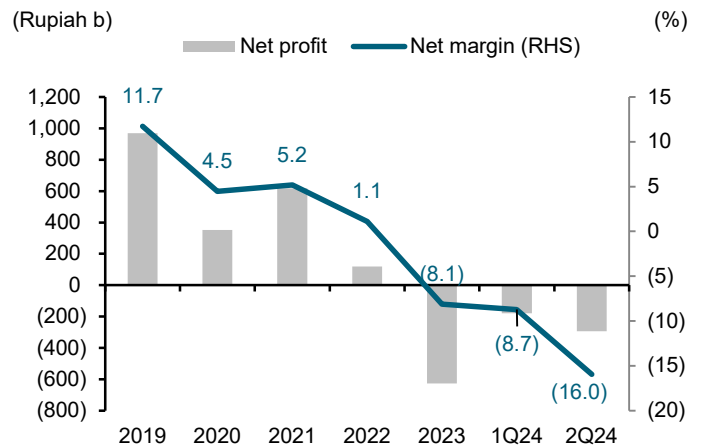
Sources: SCGP presentation, FSSIA's compilation

Exhibit 2: Revenue structure by geography

Source: Fajar's website

Exhibit 3: Fajar's EBITDA and EBITDA margin

Source: Fajar's website

Exhibit 4: Fajar's net profit and net margin

Source: Fajar's website

Exhibit 5: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	140,285	150,010	157,174	140,285	150,010	157,174	0.0	0.0	0.0
Integrated packaging chain	104,419	112,193	117,618	104,419	112,193	117,618	0.0	0.0	0.0
Fibrous chain	27,610	29,313	30,797	27,610	29,313	30,797	0.0	0.0	0.0
Recycling business and others	8,256	8,504	8,759	8,256	8,504	8,759	0.0	0.0	0.0
Cost of goods sold	(114,753)	(122,151)	(127,481)	(114,753)	(122,151)	(127,481)	0.0	0.0	0.0
Gross profit	25,532	27,860	29,693	25,532	27,860	29,693	0.0	0.0	0.0
SG&A	(16,624)	(17,626)	(18,547)	(16,624)	(17,476)	(18,389)	0.0	0.9	0.9
EBITDA	20,699	22,212	23,286	20,495	22,393	23,721	1.0	(0.8)	(1.8)
Interest expense	2,333	2,474	2,393	2,086	2,050	2,123	11.8	20.7	12.7
Core profit	6,010	6,758	7,466	6,043	7,161	7,753	(0.6)	(5.6)	(3.7)
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Blended gross margin	18.2	18.6	18.9	18.2	18.6	18.9	0.0	0.0	0.0
Integrated packaging chain	19.4	19.5	19.7	19.4	19.5	19.7	0.0	0.0	0.0
Fibrous chain	13.3	14.3	14.9	13.3	14.3	14.9	0.0	0.0	0.0
Recycling business and others	20.0	21.0	22.0	20.0	21.0	22.0	0.0	0.0	0.0
SG&A to sales	11.9	11.8	11.8	11.9	11.7	11.7	0.0	0.1	0.1
EBITDA margin	14.8	14.8	14.8	14.6	14.9	15.1	0.1	(0.1)	(0.3)
Core profit margin	4.5	4.7	4.8	4.8	4.9	5.4	(0.3)	(0.2)	(0.6)
Sales volume	(m ton)	(m ton)	(m ton)	(m ton)	(m ton)	(m ton)	(%)	(%)	(%)
Packaging paper	3.96	4.09	4.19	3.96	4.09	4.19	0.0	0.0	0.0
Fiber packaging	1.02	1.06	1.08	1.02	1.06	1.08	0.0	0.0	0.0
Fibrous	0.67	0.70	0.72	0.67	0.70	0.72	0.0	0.0	0.0
Average selling price	(THB/ton)	(THB/ton)	(THB/ton)	(THB/ton)	(THB/ton)	(THB/ton)	(%)	(%)	(%)
Packaging paper	13,322	13,765	14,315	13,322	13,765	14,315	0.0	0.0	0.0
Fiber packaging	32,536	34,274	34,648	32,536	34,274	34,648	0.0	0.0	0.0
Fibrous	40,964	41,876	42,596	40,964	41,876	42,596	0.0	0.0	0.0

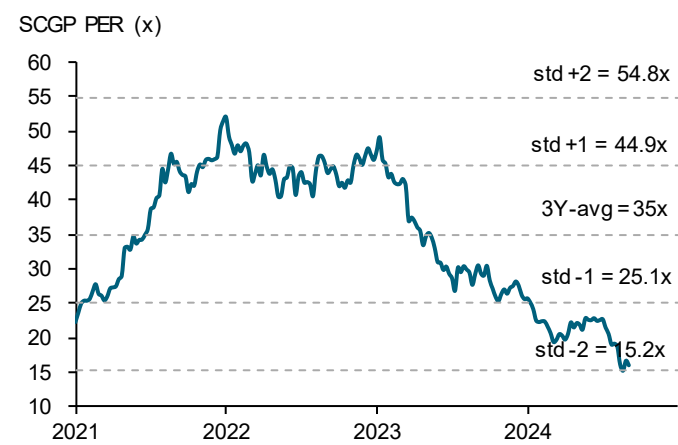
Source: FSSIA estimates

Exhibit 6: DCF-derived TP

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.5	Tax rate	20.0
Stock beta	1.6		
Cost of equity, Ke	11.8	Cost of debt, Kd	3.5
Weight applied	65.3	Weight applied	34.7
WACC	11.0		
Terminal growth	3.00		
(THB m)			
Sum of PV of FCF	65,247		
PV of Terminal value	71,331		
Enterprise value	136,577		
Interest-bearing debt	44,983	At end-2024E	
Cash	(15,424)	At end-2024E	
Minorities	(221)	At end-2024E	
Equity value	165,915		
No. of shares	4,293		
Equity value per share	39		

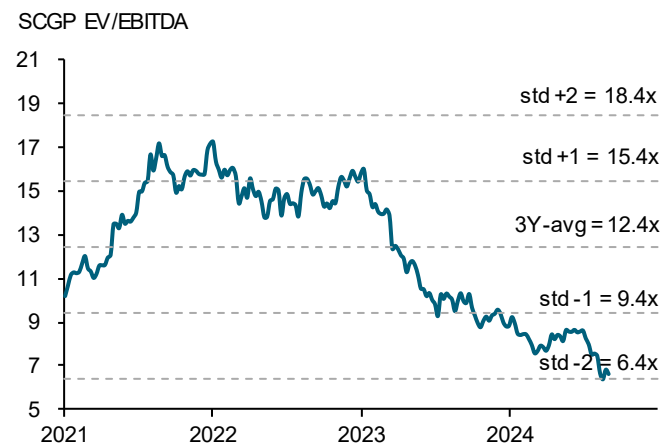
Source: FSSIA estimates

Exhibit 7: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: One-year rolling 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	140,285	150,010	157,174
Cost of goods sold	(121,791)	(106,274)	(114,753)	(122,151)	(127,481)
Gross profit	24,277	23,124	25,532	27,860	29,693
Other operating income	1,322	1,043	1,192	975	896
Operating costs	(16,039)	(15,684)	(16,624)	(17,626)	(18,547)
Operating EBITDA	19,259	17,689	20,699	22,212	23,286
Depreciation	(9,699)	(9,206)	(10,598)	(11,004)	(11,243)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,560	8,483	10,101	11,209	12,042
Net financing costs	(1,468)	(2,020)	(2,333)	(2,474)	(2,393)
Associates	55	39	17	19	21
Recurring non-operating income	55	39	17	19	21
Non-recurring items	143	80	0	0	0
Profit before tax	8,289	6,582	7,785	8,754	9,670
Tax	(1,550)	(1,153)	(1,554)	(1,747)	(1,930)
Profit after tax	6,739	5,429	6,231	7,007	7,741
Minority interests	(939)	(180)	(221)	(249)	(275)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,801	5,248	6,010	6,758	7,466
Non-recurring items & goodwill (net)	(143)	(80)	0	0	0
Recurring net profit	5,658	5,169	6,010	6,758	7,466
Per share (THB)					
Recurring EPS *	1.32	1.20	1.40	1.57	1.74
Reported EPS	1.35	1.22	1.40	1.57	1.74
DPS	0.60	0.55	0.63	0.71	0.78
Diluted shares (used to calculate per share data)	4,293	4,293	4,293	4,293	4,293
Growth					
Revenue (%)	17.6	(11.4)	8.4	6.9	4.8
Operating EBITDA (%)	(7.6)	(8.1)	17.0	7.3	4.8
Operating EBIT (%)	(23.6)	(11.3)	19.1	11.0	7.4
Recurring EPS (%)	(29.1)	(8.6)	16.3	12.4	10.5
Reported EPS (%)	(30.1)	(9.5)	14.5	12.4	10.5
Operating performance					
Gross margin inc. depreciation (%)	16.6	17.9	18.2	18.6	18.9
Gross margin exc. depreciation (%)	23.3	25.0	25.8	25.9	26.0
Operating EBITDA margin (%)	13.2	13.7	14.8	14.8	14.8
Operating EBIT margin (%)	6.5	6.6	7.2	7.5	7.7
Net margin (%)	3.9	4.0	4.3	4.5	4.7
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	4.3	4.5	5.0
Inventory days	75.9	80.0	69.0	68.2	66.5
Debtor days	60.2	64.7	63.0	61.8	58.6
Creditor days	48.1	54.7	55.1	55.9	55.3
Operating ROIC (%)	6.0	6.0	7.6	7.6	8.0
ROIC (%)	4.6	4.4	5.4	5.5	5.8
ROE (%)	5.8	5.9	7.5	8.0	8.5
ROA (%)	3.8	3.5	3.9	4.1	4.4

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
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	7,459	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	6,010	6,758	7,466
Depreciation	9,699	9,206	10,598	11,004	11,243
Associates & minorities	(55)	(39)	(17)	(19)	(21)
Other non-cash items	4,021	3,182	10,558	(3,247)	(3,062)
Change in working capital	(2,089)	3,965	(2,535)	692	837
Cash flow from operations	17,234	21,482	24,613	15,187	16,462
Capex - maintenance	0	0	0	0	0
Capex - new investment	(14,212)	(14,271)	(16,609)	(5,206)	(3,424)
Net acquisitions & disposals	10,886	830	(5,000)	(5,700)	(5,700)
Other investments (net)	206	381	194	(58)	(43)
Cash flow from investing	(3,119)	(13,060)	(21,415)	(10,964)	(9,167)
Dividends paid	(3,612)	(3,286)	(2,704)	(3,041)	(3,359)
Equity finance	0	0	0	0	0
Debt finance	(7,253)	(3,012)	5,296	(3,258)	61
Other financing cash flows	(737)	(2,068)	(2,333)	(2,474)	(2,393)
Cash flow from financing	(11,602)	(8,366)	259	(8,773)	(5,692)
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	(1,757)	(5,550)	1,604
Free cash flow to firm (FCFF)	15,582.69	10,441.88	5,531.43	6,697.07	9,688.63
Free cash flow to equity (FCFE)	(4,265.73)	8,122.43	947.50	(2,509.24)	4,963.60

Per share (THB)

FCFF per share	3.63	2.43	1.29	1.56	2.26
FCFE per share	(0.99)	1.89	0.22	(0.58)	1.16
Recurring cash flow per share	4.50	4.08	6.32	3.38	3.64

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	211,928	217,496	239,244	249,992	258,741
Less: Accumulated depreciation	(117,342)	(123,216)	(129,091)	(134,965)	(140,839)
Tangible fixed assets (net)	94,585	94,279	110,153	115,027	117,902
Intangible fixed assets (net)	38,807	39,425	40,023	40,344	40,882
Long-term financial assets	883	1,534	1,755	1,713	1,734
Invest. in associates & subsidiaries	1,034	1,063	1,172	1,183	1,195
Cash & equivalents	12,344	17,181	15,424	9,874	11,478
A/C receivable	23,254	22,648	25,751	25,070	25,406
Inventories	23,281	19,253	20,121	21,418	20,956
Other current assets	1,275	1,191	1,291	1,230	1,132
Current assets	60,154	60,272	62,587	57,593	58,972
Other assets	1,815	1,988	1,803	1,778	1,706
Total assets	197,280	198,561	217,495	217,638	222,390
Common equity	97,200	77,322	82,311	86,028	90,134
Minorities etc.	25,766	25,127	25,348	25,597	25,872
Total shareholders' equity	122,967	102,449	107,659	111,625	116,006
Long term debt	29,935	18,027	23,029	18,501	18,360
Other long-term liabilities	10,899	11,694	12,143	12,859	13,160
Long-term liabilities	40,834	29,721	35,172	31,360	31,520
A/C payable	14,282	14,808	16,663	17,402	17,812
Short term debt	17,726	27,328	32,455	31,577	31,315
Other current liabilities	1,471	24,254	25,546	25,675	25,736
Current liabilities	33,479	66,390	74,663	74,653	74,864
Total liabilities and shareholders' equity	197,280	198,561	217,495	217,638	222,390
Net working capital	32,057	4,029	4,954	4,642	3,946
Invested capital	169,182	142,318	159,862	164,688	167,364

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

Per share (THB)

Book value per share	22.64	18.01	19.17	20.04	21.00
Tangible book value per share	13.60	8.83	9.85	10.64	11.47

Financial strength

Net debt/equity (%)	28.7	27.5	37.2	36.0	32.9
Net debt/total assets (%)	17.9	14.2	18.4	18.5	17.2
Current ratio (x)	1.8	0.9	0.8	0.8	0.8
CF interest cover (x)	7.8	12.1	8.5	2.1	4.5

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	18.4	20.2	17.4	15.4	14.0
Recurring P/E @ target price (x) *	29.6	32.4	27.9	24.8	22.4
Reported P/E (x)	18.0	19.9	17.4	15.4	14.0
Dividend yield (%)	2.5	2.3	2.6	2.9	3.2
Price/book (x)	1.1	1.3	1.3	1.2	1.2
Price/tangible book (x)	1.8	2.8	2.5	2.3	2.1
EV/EBITDA (x) **	8.6	8.9	8.2	7.7	7.2
EV/EBITDA @ target price (x) **	11.9	12.5	11.2	10.5	9.9
EV/invested capital (x)	1.0	1.1	1.1	1.0	1.0

* 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 9: 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 10: 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 11: 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 12: 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 Sustainabilitycs	The Sustainabilitycs' 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. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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

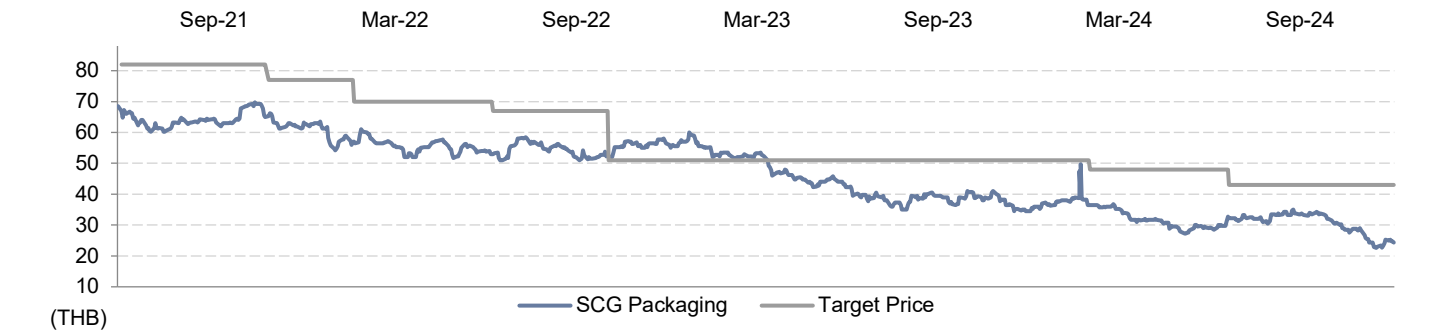
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History of change in investment rating and/or target price

SCG Packaging (SCGP TB)



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 24.30	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 30-Aug-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.