

หลายปัจจัยลบประดังมาพร้อมกัน

- คาดกำไรสุทธิ 4Q24 ลดลงเหลือเพียง 110 ล้านบาท (-81.0% q-q, -91.0% y-y)
- การฟื้นตัวที่ช้ากว่าคาดทำให้เราปรับลดประมาณการกำไรสุทธิปี 2024-26 ลง 18%/25%/15%.
- ปรับราคาเป้าหมายลงเป็น 29 บาท, คงคำแนะนำ ซื้อ

ปัจจัยลบรวมไว้ใน 4Q24

เราคาดว่ากำไรสุทธิ 4Q24 ลดลงเหลือเพียง 110 ล้านบาท (-81.0% q-q, -91.0% y-y) เป็นกำไรต่ำสุดของปี 2024 และต่ำที่สุดตั้งแต่เข้าจดทะเบียนในตลาดหลักทรัพย์ฯ ปี 2020 สาเหตุเกิดจากปัจจัยลบที่เข้ามาพร้อม ๆ กัน 1) แม้ว่า Fajar จะมีผลขาดทุนทยอยลดลง แต่การเข้ามาถือหุ้น 99.72% ตั้งแต่ ก.ย. 2024 SCGP จึงต้องรับรู้ผลขาดทุนจาก Fajar เพิ่มขึ้นเต็มไตรมาสจาก 3Q24 ที่ถือ 55.23% โดยเราคาดว่า Fajar จะขาดทุนราว 700 ล้านบาท เนื่องจากอุปสงค์จากจีนที่ยังไม่ฟื้นตัว 2) ธุรกิจ Recycling ซึ่งส่วนใหญ่อยู่ในยุโรป มีมาร์จิ้นลดลงเพราะ demand โตช้า ขณะที่ต้นทุนสูงขึ้น กำไรของ Recycling business ที่น้อยอยู่แล้ว คาดว่าจะลดลงอีกประมาณ 140 ล้านบาท และ 3) ธุรกิจ Dissolving pulp ปิดซ่อมบำรุง Boiler ตามรอบ ประมาณ 22 วันทำให้ปริมาณการขายลดลงประมาณ 10% q-q

มีแนวโน้ม 1Q25 ปรับตัวดีขึ้น

แนวโน้ม 1Q25 ดีขึ้น Demand ในประเทศแกร่ง ประเทศอื่นฟื้น แต่มีวันหยุดในเวียดนาม (เทศกาลเตีต) และอินโดนีเซีย (ฮารีรายอ) ชะลอชั่วคราวตามฤดูกาล ต้นทุนวัตถุดิบปรับลง ส่วน Fajar อยู่ระหว่างปรับโครงสร้างธุรกิจและโครงสร้างทางการเงิน มีโอกาสเห็น EBITDA เป็นบวกเร็วกว่าแผนที่ตั้งไว้กลางปี 2025

ปรับลดประมาณการเนื่องจากการฟื้นตัวที่ช้าลงของเศรษฐกิจจีน

อย่างไรก็ตาม ด้วยการฟื้นตัวที่ช้ากว่าคาดทำให้เราปรับลดประมาณการกำไรสุทธิปี 2024-26 ลง 18%/25%/15% เป็นกำไรสุทธิที่ลดลง 24.8% ในปี 2025 และเติบโต 5.9% ในปี 2025 โดยที่การฟื้นตัวจะอยู่ใน 2H25 ก่อนจะเร่งตัวขึ้นเป็นเติบโต 37.6% ในปี 2026

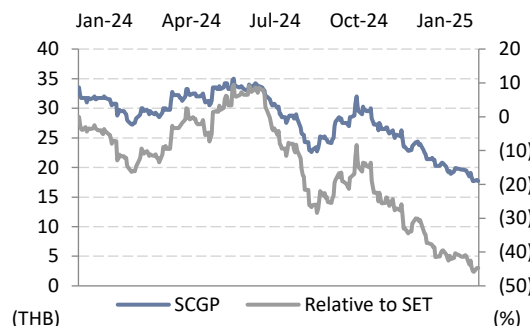
ปรับราคาเป้าหมายลงเป็น 29 บาท, คงคำแนะนำ ซื้อ

เราปรับราคาเป้าหมายลงเป็น 29 บาท (DCF, 9.3% WACC, 2.0% LTG) จากเดิม 33 บาท (DCF, 9.1% WACC, 2.5% LTG) ราคาเป้าหมายดังกล่าวคิดเป็น Implied 12.4x 2025E EV/EBITDA ใกล้เคียงค่าเฉลี่ย 3 ปี เรายังคงคำแนะนำซื้อ เนื่องจาก SCGP ยังอยู่ในทิศทางฟื้นตัวแม้จะมีความเสี่ยงข้างหน้าซึ่งมาจากการฟื้นตัวของเศรษฐกิจจีนเป็นหลัก

TARGET PRICE	THB29.00
CLOSE	THB17.70
UP/DOWNSIDE	+63.8%
PRIOR TP	THB33.00
CHANGE IN TP	-12.1%
TP vs CONSENSUS	-0.9%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	129,398	135,471	145,405	155,392
Net profit	5,248	3,945	4,177	5,749
EPS (THB)	1.22	0.92	0.97	1.34
vs Consensus (%)	-	(22.2)	(27.5)	(13.0)
EBITDA	17,689	17,634	18,819	20,657
Recurring net profit	5,169	3,945	4,177	5,749
Core EPS (THB)	1.20	0.92	0.97	1.34
Chg. In EPS est. (%)	-	(18.1)	(24.7)	(14.6)
EPS growth (%)	(8.6)	(23.7)	5.9	37.6
Core P/E (x)	14.7	19.3	18.2	13.2
Dividend yield (%)	3.1	2.3	2.5	3.4
EV/EBITDA (x)	7.3	9.3	8.8	7.9
Price/book (x)	1.0	0.9	0.9	0.9
Net debt/Equity (%)	27.5	71.5	72.4	67.9
ROE (%)	5.9	5.0	5.1	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(14.5)	(35.0)	(47.9)
Relative to country (%)	(8.7)	(28.8)	(45.1)
Mkt cap (USD m)	2,186		
3m avg. daily turnover (USD m)	9.9		
Free float (%)	26		
Major shareholder	The Siam Cement (SCC TB) (72%)		
12m high/low (THB)	35.25/17.00		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

The slower-than-expected recovery has prompted us to cut our net profit forecasts for 2024-26 by 18%/25%/15%, respectively. We now expect net profit to decline by 24.8% in 2025 but grow by 5.9% in 2026, with the recovery gaining momentum in 2H25. This recovery is projected to accelerate, leading to robust growth of 37.6% in 2026. The downward revision in the forecast is primarily due to a reduction in the expected gross margin.

We revise our TP down to THB29 (DCF, 9.3% WACC, 2.0% LTG) from the previous THB33 (DCF, 9.1% WACC, 2.5% LTG). Our TP implies 12.4x 2025E EV/EBITDA, close to its three-year average. We maintain our BUY rating as we think SCGP remains on a recovery trajectory despite risks ahead, primarily tied to the recovery of the Chinese economy.

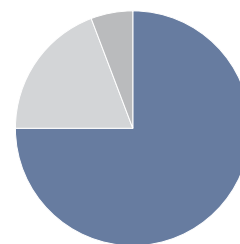
Company profile

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.scgpacaging.com

Principal activities (revenue, 2023)

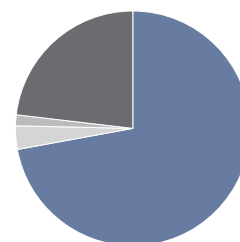
- Integrated packaging chain - 75.0 %
- Fibrous chain - 19.2 %
- Recycling business and others - 5.8 %



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
28 January 2025	4Q24/2024 earnings release

Key assumptions

	(unit)	2024E	2025E	2026E
Packaging paper sale volume	m ton	3.68	3.86	4.05
Packaging paper ASP	THB/ton	13,354	13,797	14,487
Fiber packaging sale volume	m ton	1.02	1.06	1.08
Fiber packaging ASP	THB/ton	32,289	33,742	35,092
Integrated packaging business	THB m	100,605	108,588	116,817
Fibrous sale volume	m ton	0.66	0.67	0.70
Fibrous ASP	THB/ton	40,964	41,876	42,596
Fibrous business	THB m	26,610	28,313	29,817

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

Negative factors overwhelmed 4Q24 performance

We estimate the net profit for 4Q24 to decline significantly to only THB110m (-81.0% q-q, -91.0% y-y), marking the lowest profit of 2024 and the lowest since the company was listed on the SET in 2020. This sharp decline can be attributed to several converging negative factors:

- Although Fajar's losses are gradually decreasing, SCGP's increased stake to 99.72% as of September 2024 requires the company to recognize a full-quarter loss compared to 3Q24 when it held only 55.23%. We estimate Fajar's loss to be around THB700m due to weak demand from China, which has yet to recover.
- The recycling business, primarily based in Europe, faced margin pressures due to sluggish demand growth and rising costs. We expect this segment, which already generates limited profit, to see an additional decline of approximately THB140m.
- The dissolving pulp segment underwent annual boiler maintenance for approximately 22 days, resulting in a 10% q-q decline in sales volume.

Exhibit 1: SCGP – 4Q24 earnings preview

Year to Dec 31	4Q23	1Q24	2Q24	3Q24	4Q24E	----- Change -----		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	31,881	33,948	34,235	33,370	33,919	1.6	6.4	129,398	135,471	4.7
Cost of sales	(26,179)	(27,146)	(28,114)	(28,186)	(29,471)	4.6	12.6	(106,274)	(112,917)	6.3
Gross profit	5,702	6,802	6,121	5,184	4,448	(14.2)	(22.0)	23,124	22,554	(2.5)
Operating costs	(3,886)	(4,294)	(4,120)	(4,140)	(4,061)	(1.9)	4.5	(15,684)	(16,616)	5.9
Operating profit	1,816	2,507	2,001	1,044	387	(63.0)	(78.7)	7,440	5,939	(20.2)
Operating EBITDA	4,487	5,097	4,680	3,597	4,259	18.4	(5.1)	17,689	17,634	(0.3)
Other income	325	263	349	230	256	11.4	(21.2)	1,043	1,097	5.2
Interest expense	(516)	(523)	(611)	(628)	(694)	10.5	34.4	(2,020)	(2,456)	21.6
FX gain/loss & others	(100)	54	(46)	(101)	0	<i>nm</i>	<i>nm</i>	1,390	(93)	(106.7)
Net profit	1,219	1,725	1,454	577	110	(81.0)	(91.0)	5,248	3,865	(26.3)
Core profit	1,318	1,671	1,499	678	110	(83.8)	(91.7)	5,169	3,958	(23.4)
Reported EPS (THB)	0.28	0.40	0.34	0.13	0.03	(81.0)	(91.0)	1.22	0.90	(26.4)
Core EPS (THB)	0.31	0.39	0.35	0.16	0.03	(83.8)	(91.7)	1.20	0.92	(23.4)
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	17.9	20.0	17.9	15.5	13.1	(2.4)	(4.8)	17.9	16.6	(1.2)
Operating margin	6.7	8.2	6.9	3.8	1.9	(1.9)	(4.8)	6.6	5.2	(1.4)
EBITDA margin	14.1	15.0	13.7	10.8	12.6	1.8	(1.5)	13.7	13.0	(0.7)
Core profit margin	4.1	4.9	4.4	2.0	0.3	(1.7)	(3.8)	2.9	2.9	(0.0)
SG&A / Sales	12.2	12.7	12.0	12.4	12.0	(0.4)	(0.2)	1.2	1.2	(0.0)
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Integrated packaging chain	24,043	25,549	25,586	24,699	24,771	0.3	3.0	97,363	100,605	3.3
Fibrous chain	6,592	7,027	7,058	7,202	5,323	(26.1)	(19.3)	26,835	26,610	(0.8)
Recycling business	1,246	1,372	1,590	1,470	784	(46.7)	(37.1)	5,200	5,216	0.3
EBITDA margin	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Integrated packaging chain	14.5	15.6	14.1	11.7	10.8	(0.9)	(3.7)	14.8	13.1	(1.7)
Fibrous chain	15.5	17.9	15.7	11.2	10.8	(0.4)	(4.7)	14.3	14.0	(0.3)

Sources: SCGP, FSSIA estimates

Cut projections and TP; BUY call maintained

We expect the outlook for 1Q25 to improve, supported by strong domestic demand and a recovery in other countries. However, temporary seasonal slowdowns are anticipated due to holidays in Vietnam (Tet Festival) and Indonesia (Hari Raya). On the positive side, raw material costs are declining, and Fajar is undergoing business and financial restructuring, which could lead to positive EBITDA earlier than the mid-2025 target.

However, the slower-than-expected recovery has prompted us to cut our net profit forecasts for 2024-26 by 18%/25%/15%, respectively. We now expect net profit to decline by 24.8% in 2025 but grow by 5.9% in 2026, with the recovery gaining momentum in 2H25. This recovery is projected to accelerate, leading to robust growth of 37.6% in 2026. The downward revision in the forecast is primarily due to a reduction in the expected gross margin, which we have adjusted from the previous estimate of 17.4%-18.0% for 2024-26 to 16.6%-17.3%. This adjustment reflects the slower-than-anticipated recovery of Fajar.

We revise our TP down to THB29 (DCF, 9.3% WACC, 2.0% LTG) from the previous THB33 (DCF, 9.1% WACC, 2.5% LTG). Our TP implies 12.4x 2025E EV/EBITDA, which is close to its three-year average. We maintain our BUY rating as we think SCGP remains on a recovery trajectory despite risks ahead, primarily tied to the recovery of the Chinese economy and its valuations are cheap.

Exhibit 2: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	135,471	145,405	155,392	135,471	145,405	155,392	0.0	0.0	0.0
Integrated packaging chain	100,605	108,588	116,817	100,605	108,588	116,817	0.0	0.0	0.0
Fibrous chain	26,610	28,313	29,817	26,610	28,313	29,817	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
Gross profit	22,554	24,099	26,870	23,612	25,732	28,031	(4.5)	(6.3)	(4.1)
SG&A	(16,616)	(17,303)	(18,336)	(16,616)	(17,303)	(18,336)	0.0	0.0	0.0
EBITDA	17,634	18,819	20,657	18,800	20,569	21,941	(6.2)	(8.5)	(5.9)
Interest expense	2,456	2,996	2,804	2,472	2,996	2,804	(0.7)	0.0	0.0
Core profit	3,945	4,177	5,749	4,817	5,544	6,730	(18.1)	(24.7)	(14.6)
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Blended gross margin	16.6	16.6	17.3	17.4	17.7	18.0	(0.8)	(1.1)	(0.7)
Integrated packaging chain	17.7	17.0	18.0	18.5	18.0	18.5	(0.8)	(1.0)	(0.5)
Fibrous chain	13.0	13.2	13.1	13.0	15.1	14.9	0.0	(1.8)	(1.8)
Recycling business and others	22.0	22.2	22.2	22.0	22.5	22.5	0.0	(0.3)	(0.3)
SG&A to sales	12.3	11.9	11.8	12.3	11.9	11.8	0.0	0.0	0.0
EBITDA margin	13.0	12.9	13.3	13.9	14.1	14.1	(0.9)	(1.2)	(0.8)
Core profit margin	2.9	3.7	3.6	3.8	4.3	4.5	(0.9)	(0.6)	(0.9)

Source: FSSIA estimates

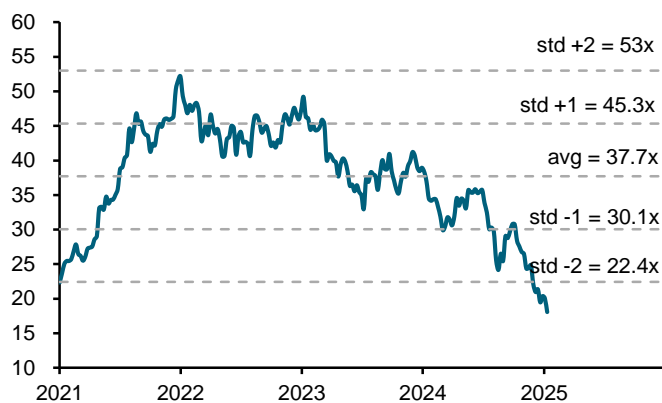
Exhibit 3: DCF valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	4.6
Market risk premium	8.5	Tax rate	20.0
Stock beta	1.3		
Cost of equity, Ke	10.2	Cost of debt, Kd	4.6
Weight applied	54.4	Weight applied	45.6
WACC	9.3		
Terminal growth	2.00		
(THB m)			
Sum of PV of FCF	25,079		
PV of Terminal value	34,773		
Enterprise value	59,851		
Interest-bearing debt	67,605	At end-2025E	
Cash	(2,901)	At end-2025E	
Minorities	(158)	At end-2025E	
Equity value	124,397		
No. of shares	4,293		
Equity value per share	29		

Source: FSSIA estimates

Exhibit 4: One-year rolling forward P/E band

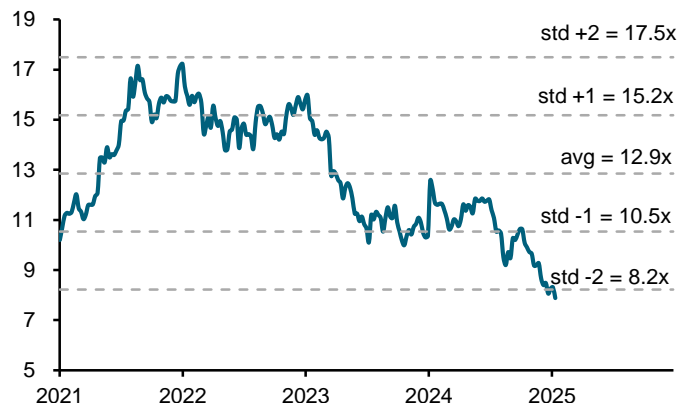
SCGP PER (x)



Sources: Bloomberg, FSSIA estimates

Exhibit 5: One-year rolling forward EV/EBITDA band

SCGP EV/EBITDA



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	135,471	145,405	155,392
Cost of goods sold	(121,791)	(106,274)	(112,917)	(121,306)	(128,522)
Gross profit	24,277	23,124	22,554	24,099	26,870
Other operating income	1,322	1,043	1,097	1,061	1,088
Operating costs	(16,039)	(15,684)	(16,616)	(17,303)	(18,336)
Operating EBITDA	19,259	17,689	17,634	18,819	20,657
Depreciation	(9,699)	(9,206)	(10,598)	(10,962)	(11,035)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,560	8,483	7,036	7,857	9,621
Net financing costs	(1,468)	(2,020)	(2,456)	(2,996)	(2,804)
Associates	55	39	122	130	155
Recurring non-operating income	55	39	122	130	155
Non-recurring items	143	80	0	0	0
Profit before tax	8,289	6,582	4,703	4,992	6,972
Tax	(1,550)	(1,153)	(916)	(972)	(1,364)
Profit after tax	6,739	5,429	3,787	4,019	5,609
Minority interests	(939)	(180)	158	158	140
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	5,801	5,248	3,945	4,177	5,749
Non-recurring items & goodwill (net)	(143)	(80)	0	0	0
Recurring net profit	5,658	5,169	3,945	4,177	5,749
Per share (THB)					
Recurring EPS *	1.32	1.20	0.92	0.97	1.34
Reported EPS	1.35	1.22	0.92	0.97	1.34
DPS	0.60	0.55	0.41	0.44	0.60
Diluted shares (used to calculate per share data)	4,293	4,293	4,293	4,293	4,293
Growth					
Revenue (%)	17.6	(11.4)	4.7	7.3	6.9
Operating EBITDA (%)	(7.6)	(8.1)	(0.3)	6.7	9.8
Operating EBIT (%)	(23.6)	(11.3)	(17.1)	11.7	22.5
Recurring EPS (%)	(29.1)	(8.6)	(23.7)	5.9	37.6
Reported EPS (%)	(30.1)	(9.5)	(24.8)	5.9	37.6
Operating performance					
Gross margin inc. depreciation (%)	16.6	17.9	16.6	16.6	17.3
Gross margin exc. depreciation (%)	23.3	25.0	24.5	24.1	24.4
Operating EBITDA margin (%)	13.2	13.7	13.0	12.9	13.3
Operating EBIT margin (%)	6.5	6.6	5.2	5.4	6.2
Net margin (%)	3.9	4.0	2.9	2.9	3.7
Effective tax rate (%)	18.7	17.5	19.5	19.5	19.6
Dividend payout on recurring profit (%)	45.5	45.7	45.0	45.0	45.0
Interest cover (X)	6.5	4.2	2.9	2.7	3.5
Inventory days	75.9	80.0	71.9	71.1	66.9
Debtor days	60.2	64.7	63.5	62.2	58.5
Creditor days	48.1	54.7	55.1	54.6	52.0
Operating ROIC (%)	6.0	6.0	4.8	4.6	5.5
ROIC (%)	4.6	4.4	3.6	3.5	4.2
ROE (%)	5.8	5.9	5.0	5.1	6.8
ROA (%)	3.8	3.5	2.8	3.0	3.7

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Integrated packaging chain	117,219	97,044	100,605	108,588	116,817
Fibrous chain	24,273	24,894	26,610	28,313	29,817
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	3,945	4,177	5,749
Depreciation	9,699	9,206	10,598	10,962	11,035
Associates & minorities	(55)	(39)	(122)	(130)	(155)
Other non-cash items	4,021	3,182	(17,879)	(2,670)	(2,168)
Change in working capital	(2,089)	3,965	(2,878)	(200)	1,232
Cash flow from operations	17,234	21,482	(6,337)	12,140	15,694
Capex - maintenance	0	0	0	0	0
Capex - new investment	(14,212)	(14,271)	(16,714)	(4,816)	(1,557)
Net acquisitions & disposals	10,886	830	(5,000)	(5,700)	(5,700)
Other investments (net)	206	381	223	(60)	(60)
Cash flow from investing	(3,119)	(13,060)	(21,491)	(10,576)	(7,317)
Dividends paid	(3,612)	(3,286)	(1,775)	(1,880)	(2,587)
Equity finance	0	0	0	0	0
Debt finance	(7,253)	(3,012)	28,983	(601)	1,842
Other financing cash flows	(737)	(2,068)	(2,456)	(2,996)	(2,804)
Cash flow from financing	(11,602)	(8,366)	24,752	(5,476)	(3,549)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	4,780	0	0	0
Net other adjustments	(10,390)	4,780	(5,214)	(1,000)	(4,000)
Movement in cash	(7,877)	4,836	(8,289)	(4,912)	827
Free cash flow to firm (FCFF)	15,582.69	10,441.88	(25,372.03)	4,559.68	11,180.57
Free cash flow to equity (FCFE)	(4,265.73)	8,122.43	(6,514.14)	(3,032.02)	3,414.30
Per share (THB)					
FCFF per share	3.63	2.43	(5.91)	1.06	2.60
FCFE per share	(0.99)	1.89	(1.52)	(0.71)	0.80
Recurring cash flow per share	4.50	4.08	(0.81)	2.87	3.37
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	211,928	217,496	239,244	249,492	256,241
Less: Accumulated depreciation	(117,342)	(123,216)	(129,091)	(134,965)	(140,839)
Tangible fixed assets (net)	94,585	94,279	110,153	114,527	115,402
Intangible fixed assets (net)	38,807	39,425	40,023	40,344	40,882
Long-term financial assets	883	1,534	1,677	1,714	1,689
Invest. in associates & subsidiaries	1,034	1,063	1,278	1,399	1,544
Cash & equivalents	12,344	17,181	8,892	3,980	4,807
A/C receivable	23,254	22,648	24,496	25,097	24,692
Inventories	23,281	19,253	21,037	21,935	21,127
Other current assets	1,275	1,191	1,247	1,193	1,119
Current assets	60,154	60,272	55,671	52,205	51,746
Other assets	1,815	1,988	1,741	1,724	1,687
Total assets	197,280	198,561	210,544	211,913	212,949
Common equity	97,200	77,322	80,175	82,473	85,634
Minorities etc.	25,766	25,127	17,969	17,811	17,671
Total shareholders' equity	122,967	102,449	98,144	100,284	103,306
Long term debt	29,935	18,027	39,794	38,808	36,078
Other long-term liabilities	10,899	11,694	11,974	12,704	12,704
Long-term liabilities	40,834	29,721	51,768	51,512	48,782
A/C payable	14,282	14,808	16,087	16,950	16,549
Short term debt	17,726	27,328	39,257	37,797	38,835
Other current liabilities	1,471	24,254	5,287	5,371	5,477
Current liabilities	33,479	66,390	60,631	60,118	60,861
Total liabilities and shareholders' equity	197,280	198,561	210,544	211,913	212,949
Net working capital	32,057	4,029	25,405	25,904	24,913
Invested capital	169,182	142,318	180,278	185,613	186,116
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	22.64	18.01	18.68	19.21	19.95
Tangible book value per share	13.60	8.83	9.35	9.81	10.42
Financial strength					
Net debt/equity (%)	28.7	27.5	71.5	72.4	67.9
Net debt/total assets (%)	17.9	14.2	33.3	34.3	32.9
Current ratio (x)	1.8	0.9	0.9	0.9	0.9
CF interest cover (x)	7.8	12.1	5.2	1.6	2.8
Valuation					
Recurring P/E (x) *	13.4	14.7	19.3	18.2	13.2
Recurring P/E @ target price (x) *	22.0	24.1	31.6	29.8	21.7
Reported P/E (x)	13.1	14.5	19.3	18.2	13.2
Dividend yield (%)	3.4	3.1	2.3	2.5	3.4
Price/book (x)	0.8	1.0	0.9	0.9	0.9
Price/tangible book (x)	1.3	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	7.1	7.3	9.3	8.8	7.9
EV/EBITDA @ target price (x) **	9.6	10.1	12.1	11.4	10.3
EV/invested capital (x)	0.8	0.9	0.9	0.9	0.9
* 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



78.40 /100

Exhibit 6: 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 7: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
PSL	64.43	--	Y	A	5.00	5.00	Certified	Low	67.46	BBB	--	70.85	57.00	--	--
SCGP	78.40	Y	Y	AAA	5.00	5.00	Certified	Low	64.95	BBB	--	75.23	87.00	--	--
TTA	45.11	--	Y	AA	5.00	5.00	--	Low	--	--	--	53.87	27.00	--	--

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

Exhibit 8: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	—	3.56	6.41	—
BESG environmental pillar score	—	3.33	7.37	—
BESG social pillar score	—	1.90	8.93	—
BESG governance pillar score	—	4.53	4.53	—
ESG disclosure score	28.79	71.10	79.40	—
Environmental disclosure score	0.00	67.53	87.71	—
Social disclosure score	3.14	56.41	60.58	—
Governance disclosure score	83.02	89.28	89.86	—
Environmental				
Emissions reduction initiatives	No	Yes	Yes	Yes
Climate change policy	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	Yes
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	—	4,366	3,778	3,448
GHG scope 2 location-based	—	508	632	586
GHG Scope 3	—	2,167	1,459	2,096
Carbon per unit of production	—	—	1	1
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	No	Yes	Yes	Yes
Total energy consumption	—	17,964	16,778	16,417
Renewable energy use	—	3,742	4,083	4,667
Electricity used	—	738	0	919
Fuel used - natural gas	—	—	146,676	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 9: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes
Hazardous waste	—	64	48	88
Total waste	—	1,553	1,515	1,446
Waste recycled	—	1,520	1,429	1,279
Waste sent to landfills	—	18	12	8
Environmental supply chain management	No	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	No	Yes	Yes	Yes
Policy against child labor	No	Yes	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes
Consumer data protection policy	No	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	No
Gender pay gap breakout	No	Yes	Yes	Yes
Pct women in workforce	18	18	22	32
Pct disabled in workforce	—	0	0	0
Business ethics policy	No	Yes	Yes	No
Anti-bribery ethics policy	No	Yes	Yes	No
Health and safety policy	No	Yes	Yes	Yes
Lost time incident rate - employees	—	0	0	0
Total recordable incident rate - employees	—	0	0	0
Training policy	No	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	—	23,341	22,289	21,882
Employee turnover pct	—	5	6	6
Total hours spent by firm - employee training	—	46,682	334,335	306,348
Social supply chain management	No	Yes	Yes	Yes
Governance				
Board size	12	12	12	12
No. of independent directors (ID)	7	8	8	8
No. of women on board	2	3	3	3
No. of non-executive directors on board	11	11	11	11
Company conducts board evaluations	No	No	Yes	Yes
No. of board meetings for the year	10	8	9	8
Board meeting attendance pct	100	100	99	100
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	51	52	53	54
Age of the oldest director	73	69	70	71
No. of executives / company managers	8	7	8	8
No. of female executives	1	0	1	1
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	8	5	6	6
Audit meeting attendance %	100	100	100	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	4	7	6	7
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	5	6	6	4
Nomination meeting attendance %	100	100	100	92
Sustainability governance				
Verification type	No	Yes	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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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 Sustainabilitys	The Sustainabilitys' 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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CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

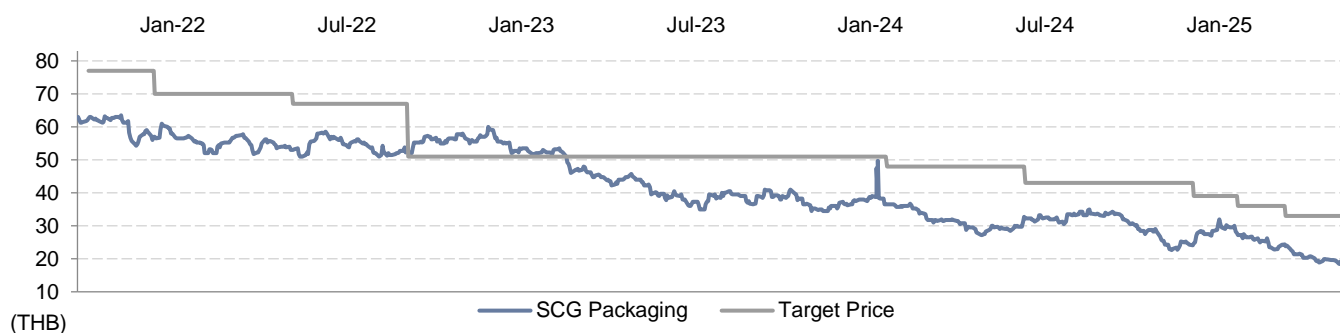
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History of change in investment rating and/or target price

SCG Packaging (SCGP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Jan-2022	BUY	77.00	27-Oct-2022	HOLD	51.00	02-Sep-2024	BUY	39.00
23-Mar-2022	BUY	70.00	13-Dec-2023	BUY	48.00	10-Oct-2024	BUY	36.00
20-Jul-2022	BUY	67.00	10-Apr-2024	BUY	43.00	20-Nov-2024	BUY	33.00

Jitra Amornthum started covering this stock from 24-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCG Packaging	SCGP TB	THB 17.70	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 14-Jan-2025 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.