

23 JULY 2021

THAILAND / INDUSTRIAL

## SCG PACKAGING SCGP TB

BUY

UNCHANGED

TARGET PRICE	THB76.00
CLOSE	THB63.75
UP/DOWNSIDE	+19.2%
PRIOR TP	THB64.50
CHANGE IN TP	+17.8%
TP vs CONSENSUS	+18.8%

## แผนการเติบโตที่เป็นมิตรต่อสิ่งแวดล้อมมากยิ่งขึ้น

## กลยุทธ์การเติบโตผ่านการควบรวมกิจการและการเป็นพันธมิตร (M&amp;P)

เราขอมองกลยุทธ์การเติบโตผ่าน M&P ของ SCGP เป็นบวกและคาดว่าบริษัท จะซื้อกิจการต่อเนื่องใน 2021-22 นับตั้งแต่การเสนอขายหุ้นครั้งแรกในเดือน ต.ค. 20 SCGP ซื้อกิจการครั้งสำคัญสำเร็จไปแล้ว 5 ครั้งประกอบด้วย SOVI, Go-Pak, Duy Tan ในเวียดนาม, INTAN ในอินโดนีเซียและ Deltalab ในสเปน ซึ่งเราคาดว่าช่วยเพิ่ม EBITDA margin ของ SCGP ได้ 2.0 ppts เราคิดว่า SCGP จะคงกลยุทธ์ M&P ต่อเนื่องซึ่งจะไม่เพียงแต่เสริมสร้างการเติบโตของบริษัท แต่ยังส่งเสริมความยั่งยืนของกำไรของธุรกิจผ่านการควบรวมกิจการอย่างกว้างขวางมากยิ่งขึ้นในธุรกิจบรรจุภัณฑ์

## แผนการเติบโตที่เป็นมิตรต่อสิ่งแวดล้อมมากยิ่งขึ้น

เราเชื่อว่าการซื้อ 5 กิจการสุดท้ายของ SCGP เป็นตัวอย่างสำคัญที่สะท้อนการคำนึงในการยึดลูกค้าเป็นศูนย์กลางที่มากขึ้นของบริษัท ในฐานะที่เป็นผู้เสนอทางออกในอุตสาหกรรมบรรจุภัณฑ์ ในปัจจุบันพอร์ตผลิตภัณฑ์ของ SCGP มีตั้งแต่บรรจุภัณฑ์กระดาษจนถึงพลาสติก เพื่อบริการผู้ใช้สินค้าในขั้นสุดท้ายในหลายอุตสาหกรรมประกอบด้วย อาหารและเครื่องดื่ม ดูแลสุขภาพ ยา และสุขอนามัยส่วนบุคคล ซึ่งทั้งหมดอยู่ในกระแสสำคัญของโลกที่จะชักนำพฤติกรรมของผู้บริโภคที่กำลังเปลี่ยนแปลงอย่างรวดเร็ว นอกจากนี้เรายังเห็นว่ากลยุทธ์ของ SCGP ที่มุ่งเน้นในพอร์ตที่เป็นมิตรต่อสิ่งแวดล้อมมากยิ่งขึ้นจะช่วยส่งเสริมความน่าสนใจในด้านการลงทุนของหุ้นให้มากยิ่งขึ้น

## คาดการณ์กำไรสุทธิ 2Q21 ออกมาดีที่ 2.3 พัน ลบ.

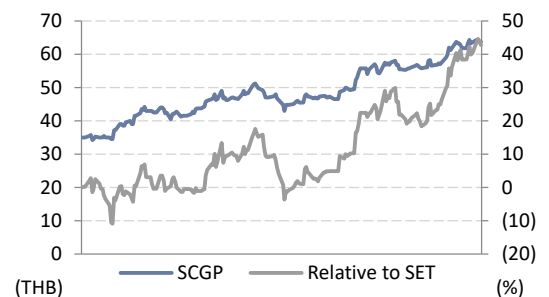
เราคาดว่ากำไรสุทธิ 2Q21 จะออกมาดีที่ 2.3 พัน ลบ. (+6% q-q, +19% y-y) และกำไรสุทธิจากการดำเนินงานจะอยู่ที่ 2.3 พัน ลบ. (+1.7% q-q, +58% y-y) โดยมีประเด็นสำคัญประกอบด้วย 1) รายได้ที่เพิ่มขึ้นจากธุรกิจบรรจุภัณฑ์รวมเป็น 24 พัน ลบ. เทียบกับ 23 พัน ลบ. ใน 1Q21 โดยได้ปัจจัยผลักดันจากราคาและปริมาณขายบรรจุภัณฑ์เส้นใยที่สูงขึ้น; และ 2) รายได้ที่สูงขึ้นของธุรกิจเส้นใยเป็น 4.9 พัน ลบ. เทียบกับ 4.7 พัน ลบ. ใน 1Q21 จากการควบรวมกิจการ Go-Pak ใน 2Q21 SCGP น่าจะเริ่มรวมกำไรจากหุ้น 70% ที่ถือใน Duy Tan (ก.พ. 21) และหุ้น 70% ที่ถือใน INTAN (มิ.ย. 21) แล้วหลังรวมกำไรสุทธิของ SOVI ใน เวียดนาม (ธ.ค. 20) และ Go-Pak ในสหราชอาณาจักร (พ.ย. 20)

## คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 76 บาท

เราปรับเพิ่มราคาเป้าหมายจาก 64.5 บาท (14.5x ของค่า 2022E EV/EBITDA) เป็น 76 บาท (15x ของค่า 2022E EV/EBITDA) เพื่อสะท้อนประมาณการกำไรต่อหุ้นที่สูงขึ้นในปี 2021-23 อีก 10.8-18.3% ส่วนมากจากกลยุทธ์ M&P เรามองว่า SCGP ยังเป็นทางเลือกการลงทุนที่น่าสนใจในฐานะที่เป็นหุ้น ESG ที่มีการเติบโตสูงจากการซื้อกิจการในเวลาที่เหมาะสม การใช้กลยุทธ์เพื่อการเติบโตตามยุทธศาสตร์ และการดำเนินงานที่มุ่งเน้น ESG เป็นศูนย์กลาง

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	92,786	120,789	127,572	130,468
Net profit	6,457	10,099	13,027	15,070
EPS (THB)	1.50	2.35	3.03	3.51
vs Consensus (%)	-	11.7	20.2	27.7
EBITDA	16,496	20,312	24,191	27,184
Core net profit	6,638	10,099	13,027	15,070
Core EPS (THB)	1.55	2.35	3.03	3.51
Chg. In EPS est. (%)	-	10.8	18.3	17.0
EPS growth (%)	(13.3)	52.1	29.0	15.7
Core P/E (x)	41.2	27.1	21.0	18.2
Dividend yield (%)	0.9	1.2	1.4	1.4
EV/EBITDA (x)	18.5	15.1	12.8	11.4
Price/book (x)	3.1	2.9	2.6	2.4
Net debt/Equity (%)	9.6	9.3	10.0	8.6
ROE (%)	10.1	11.0	13.0	13.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.3	28.8	n/a
Relative to country (%)	15.7	30.1	n/a
Mkt cap (USD m)	8,326		
3m avg. daily turnover (USD m)	39.0		
Free float (%)	30		
Major shareholder	Siam Cement (69%)		
12m high/low (THB)	64.50/32.75		
Issued shares (m)	4,292.92		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 กรกฎาคม 2021

### Investment thesis

We project SCGP to have net profit growth of 28% CAGR from 2019-22. We think this will be driven by the company’s capacity growth, margin expansion, and M&P strategy that should allow it to not only grow its net profit and market presence, but also enhance its long-term value creation for shareholders via its solid brand recognition, superior cost control, and operational excellence.

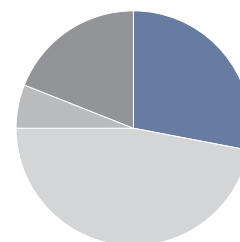
### Company profile

SCG Packaging is the largest packaging producer in ASEAN, commanding a 36% market share as of 2020, according to Frost and Sullivan. SCGP’s 68.8% stake is owned by Siam Cement. The company grows its business, mostly via acquisitions, in many countries.

[www.scgpackaging.com](http://www.scgpackaging.com)

### Principal activities (revenue, 2020)

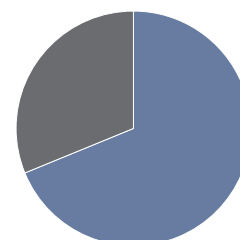
- Fibrous chain - 28.0 %
- Performance and Polymer packaging - 47.0 %
- Packaging paper - 6.0 %
- Fibre-based packaging - 19.0 %



Source: SCG Packaging

### Major shareholders

- Siam Cement - 68.8 %
- Others - 31.2 %



Source: SCG Packaging

### Catalysts

We see three key drivers for SCGP: 1) a potential margin expansion on lower raw material costs and improving production efficiency; 2) organic and inorganic capacity growth; and 3) market expansion in ASEAN countries and its entrance into new consumer packaging markets via mergers & partnerships (M&P).

### Risks to our call

Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.

### Event calendar

Date	Event
Aug 2021	2Q21 results announcement

### Key assumptions

	2021E	2022E	2023E
Packaging paper ASP (THB/tonne)	15,201	16,523	16,523
Fibre-based packaging ASP (THB/tonne)	23,005	23,005	23,005
Packaging sales volume (mtpa)	4.6	4.6	4.8
Fibrous sales volume (mtpa)	1.1	1.1	1.1
Recycled paper price (USD/tonne)	185	185	185
Pulp price (USD/tonne)	439	434	430

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% change in recycled paper price, we estimate a 0.7% change in 2021 EPS, all else being equal.
- For every 1% change in packaging paper price, we estimate a 1.5% change in 2021 EPS, all else being equal.
- For every 1% change in pulp price, we estimate a 0.1% change in 2021 EPS, all else being equal.

Source: FSSIA estimates

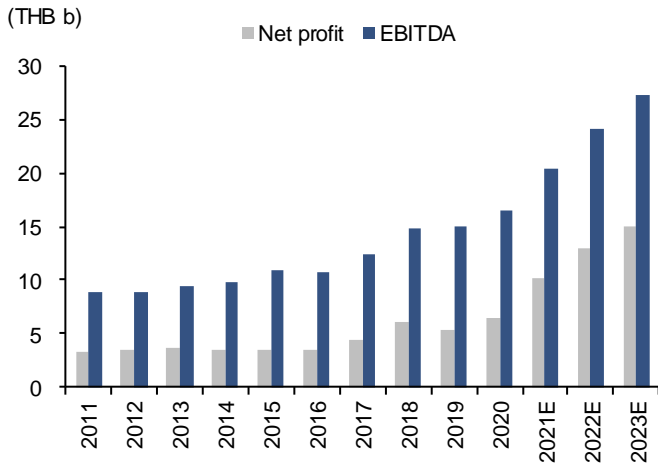


### The more the merrier

We remain positive on SCGP’s net profit growth outlook in 2021-23 and believe the key drivers for its strong and sustainable net profit growth will come from its M&P strategy and the organic growth expansion that should continue to capture the high margins for fibre-based packaging and packaging paper.

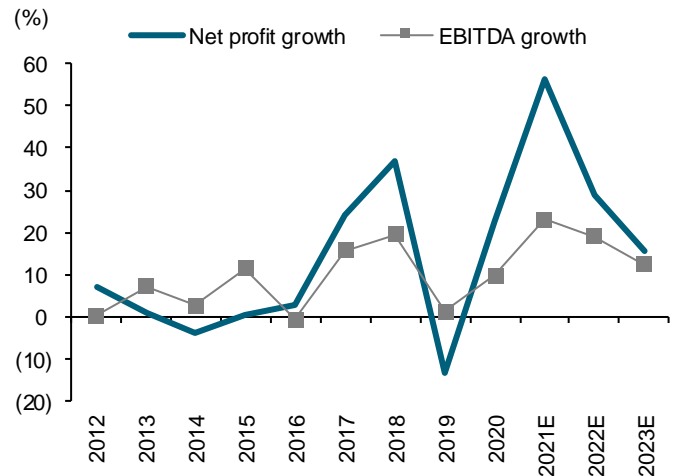
We revise up our net profit forecasts for 2021-23 by 10.8-18.3% to reflect SCGP’s recent acquisitions and the higher prices of fibre-based packaging, thanks to the strong demand for packaging globally as a result of consumers’ needs during the lockdown period for online and e-commerce deliveries.

**Exhibit 1: Net profit and EBITDA**



Sources: SCGP; FSSIA estimates

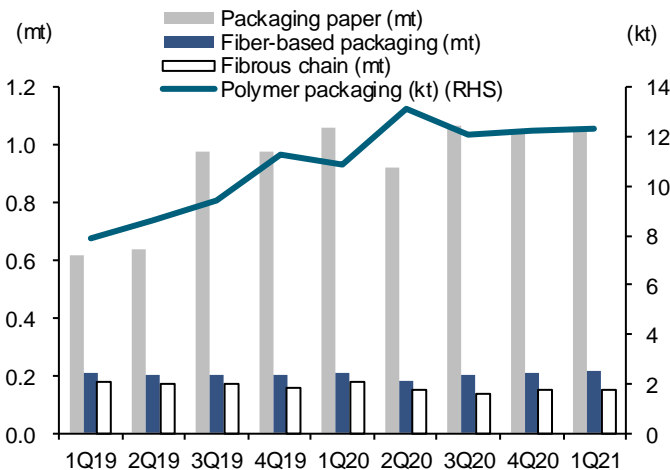
**Exhibit 2: Net profit growth and EBITDA growth**



Sources: SCGP; FSSIA estimates

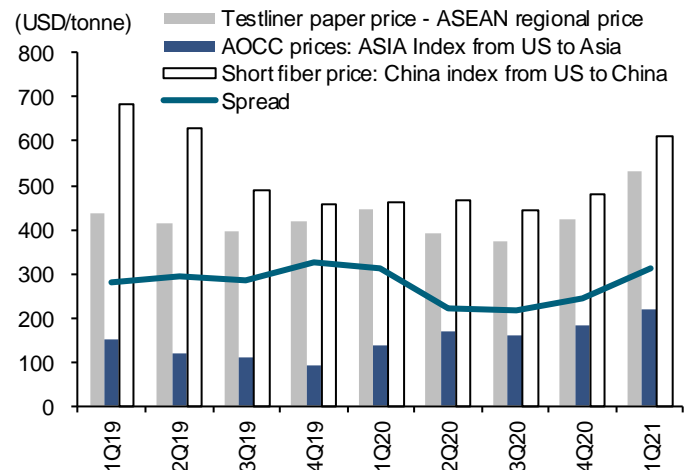
Despite the high old corrugated cardboard (OCC) raw material price, we think SCGP should be able to raise its selling price in tandem with the rise in the OCC price, given the strong demand. We expect SCGP to continue to ramp up its sales volume for the integrated packaging group to help offset the structurally weaker demand and margin for its printing and writing unit.

**Exhibit 3: Production volume by segment**



Sources: SCGP; FSSIA estimates

**Exhibit 4: Prices of testliner paper, AOCC, and short fibre**

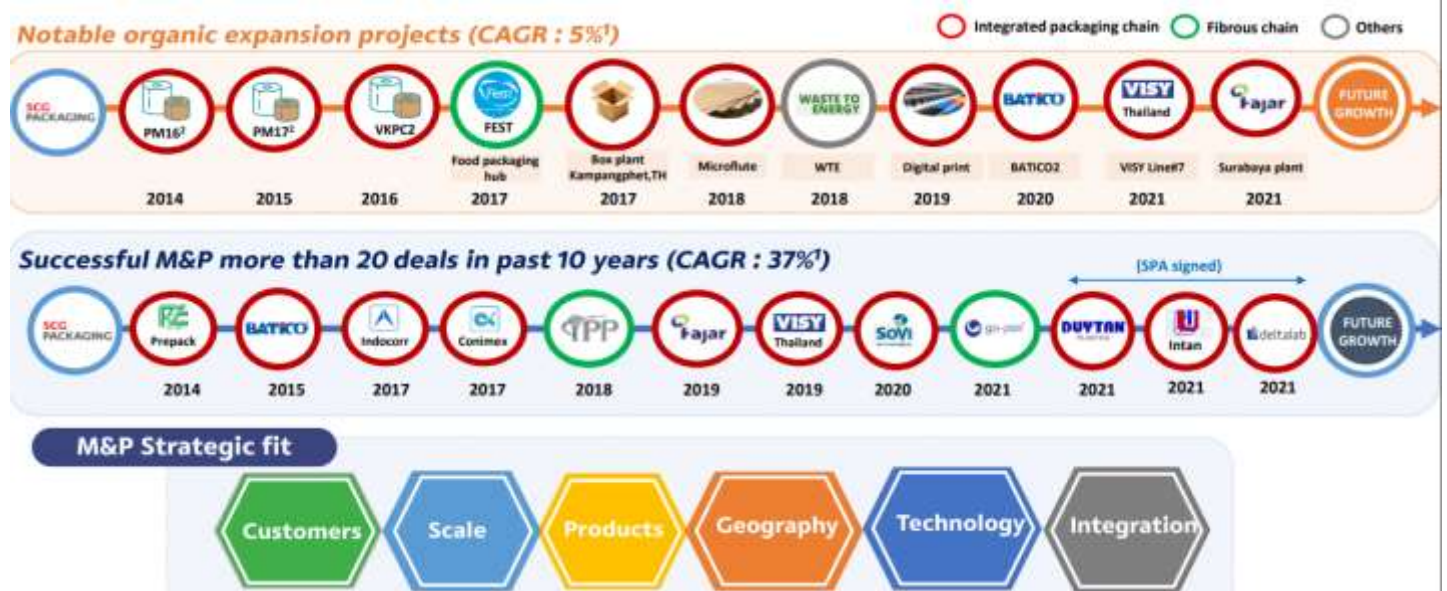


Sources: SCGP; FSSIA estimates

### M&P growth strategy remains sanguine

We remain positive on SCGP’s growth strategy via M&P and expect it to continue its acquisition spree in 2021-22. Since its IPO in Oct-20, SCGP has already completed five major acquisitions – for SOVI, Go-Pak, Duy Tan in Vietnam, INTAN in Indonesia, and Deltalab in Spain – boosting SCGP’s EBITDA margin by 2.0 pts, based on our estimate.

Exhibit 5: A series of acquisitions since 2014



Source: SCGP

We think SCGP will continue with its M&P strategy to strengthen not only its growth but also enhance its business earnings sustainability via greater business integration across the packaging value chain.

It is evident that SCGP is now pursuing a growth strategy that emphasizes three key growth engines via M&P: inorganic growth, organic expansion, and innovative packaging to further enhance its product margin and reduce the demand elasticity to end consumers, in our view.

Exhibit 6: Three growth engine pillars for SCGP



Source: SCGP

Through M&P, SCGP has now successfully established itself as one of global leading packaging companies with a strong market presence in Asia and Europe. In addition, SCGP has also strengthened its market segment via the acquisition of Deltalab, a medical supply and labware specialist company in Spain, which should allow SCGP to leverage its strength in consumer fibre-based and polymer-based packaging products into healthcare packaging products.

Exhibit 7: SCGP’s expansion to enhance its market presence in Asia and Europe



Source: SCGP

ESG is key for a greener growth roadmap

On top of its stellar net profit growth and sustainability, we think SCGP is an attractive investment play on the SET as one of the first and most proactive companies in growing its green product portfolio throughout its packaging value chain. SCGP has a set of clear targets to achieve its environment, social, and governance (ESG) targets, which we think could lead to a valuation rerating.

Exhibit 8: ESG committed targets by 2025



Source: SCGP

Exhibit 9: ESG commitment in the packaging value chain



Source: SCGP

## Solid net profit to continue in 2Q21

We project a 2Q21 net profit of THB2.3b for SCGP, up 6% q-q and 19% y-y. We expect its core net profit to rise to THB2.3b, up 1.7% q-q and 58% y-y. Key points are:

- Higher revenue from the integrated packaging chain to THB24b, up from THB23b in 1Q21, driven by the higher prices and sales volumes of fibre-based packaging and packaging paper due to the higher demand for consumer goods and e-commerce.
- Revenue from fibrous could to rise to THB4.9b in 2Q21, up from THB4.7b in 1Q21, due to the consolidation of Go-Pak and its food service packaging that should help offset the continued declining revenues from the printing and writing unit.
- We project its EBITDA margin to slightly decline to 17.4% in 2Q21, down from 18.3% in 1Q21, due to the higher cost of OCC that should mostly be offset by the higher selling prices of fibre-based packaging and packaging paper.
- In 2Q21, SCGP should have started to consolidate the earnings from the 70%-owned Duy Tan (Feb-21) and 70%-owned INTAN (Jun-21), after consolidating the net profits from SOVI in Vietnam (Dec-20) and Go-Pak in the UK (Nov-20).

### Exhibit 10: 2Q21E results preview

	2Q20	1Q21	----- 2Q21E -----			2020	2021E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	21,635	27,253	29,979	10.0	38.6	92,786	120,789	30.2
Operating costs	(17,844)	(22,275)	(24,751)	11.1	38.7	(76,290)	(100,477)	31.7
EBITDA	3,791	4,979	5,228	5.0	37.9	16,496	20,312	23.1
EBITDA margin (%)	17.5	18.3	17.4	nm	nm	17.8	16.8	nm
Deprn & amort.	(1,786)	(1,900)	(1,924)	1.3	7.7	(7,183)	(6,291)	(12.4)
EBIT	2,005	3,079	3,304	7.3	64.8	9,313	14,021	50.6
Interest expense	756	(261)	(285)	9.3	(137.7)	(1,452)	(1,246)	(14.2)
Interest & invt inc	-	-	-	nm	nm	-	-	nm
Other income	92	390	301	(22.9)	227.9	783	80	(89.8)
Associates' contrib	12	23	28	22.9	136.9	66	-	(100.0)
Exceptionals	80	(102)	(50)	(50.8)	(162.3)	(222)	-	(100.0)
Pretax profit	2,945	3,130	3,298	5.4	12.0	8,308	12,855	54.7
Tax	(459)	(559)	(586)	4.9	27.6	(1,002)	(2,006)	100.3
Tax rate (%)	15.6	17.8	17.8	nm	nm	12.1	15.6	nm
Minority interests	(582)	(436)	(445)	2.0	(23.5)	(848)	(750)	(11.6)
<b>Net profit</b>	<b>1,904</b>	<b>2,135</b>	<b>2,267</b>	<b>6.2</b>	<b>19.1</b>	<b>6,457</b>	<b>10,099</b>	<b>56.4</b>
Non-recurring	443	(128)	(34)	(73.5)	(107.7)	(181)	-	(100.0)
<b>Core net profit</b>	<b>1,461</b>	<b>2,263</b>	<b>2,301</b>	<b>1.7</b>	<b>57.5</b>	<b>6,638</b>	<b>10,099</b>	<b>52.1</b>
EPS (THB)	0.61	0.68	0.73	6.2	19.1	1.50	2.35	56.4
Core EPS (THB)	0.47	0.72	0.74	1.7	57.5	1.55	2.35	52.1

Sources: SCGP; FSSIA estimates

## EPS and target price revisions

We revise up our EPS forecasts in 2021-23 by 10.8-18.3% to reflect 1) our higher selling price assumptions for fibre-based packaging, given the stronger-than-expected demand; 2) the higher price of recycled papers to reflect the higher global OCC price; and 3) a lower pulp price by 4.2% due to our projected higher supply of pulp.

### Exhibit 11: Key changes in assumptions

(THB m)	----- Current -----			----- Previous -----			----- Change (%) -----		
	2021E	2021E	2022E	2021E	2021E	2022E	2021E	2021E	2022E
Revenue	120,789	127,572	130,468	116,434	121,559	124,191	3.7	4.9	5.1
Gross profit	34,806	39,500	40,231	33,098	36,352	36,954	5.2	8.7	8.9
Operating profit	14,021	17,446	19,906	12,835	15,019	17,257	9.2	16.2	15.3
Net profit	10,099	13,027	15,070	9,118	11,011	12,876	10.8	18.3	17.0
EPS (THB/share)	2.35	3.03	3.51	2.12	2.56	3.00	10.8	18.3	17.0
<b>Key assumptions</b>									
Packaging paper ASP (THB/tonne)	15,201	16,523	16,523	14,250	15,210	15,210	6.7	8.6	8.6
Fibre-based packaging ASP (THB/tonne)	23,005	23,005	23,005	23,005	23,005	23,005	0.0	0.0	0.0
Packaging sales volume (mtpa)	4.6	4.6	4.8	4.6	4.6	4.8	0.0	0.0	0.0
Fibrous sales volume (mtpa)	1.1	1.1	1.1	1.1	1.1	1.1	0.0	0.0	0.0
Recycled paper price (USD/tonne)	185	185	185	175.0	175.0	175.0	5.7	5.7	5.7
Pulp price (USD/tonne)	439	434	430	457.9	453.3	448.8	(4.2)	(4.2)	(4.2)

Sources: SCGP; FSSIA estimates

We raise our target price from THB64.5, previously based on 14.5x 2022E EV/EBITDA, to THB76, now based on 15x 2022E EV/EBITDA, to reflect our more positive view on SCGP's net profit growth outlook due to its M&P strategy. We think SCGP remains an attractive investment choice as a growth and ESG play, thanks to its timely acquisitions, strategic growth implementation, and ESG-focused operations.



## Financial Statements

### SCG Packaging

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	89,070	92,786	120,789	127,572	130,468
Cost of goods sold	(65,661)	(66,149)	(85,983)	(88,072)	(90,237)
<b>Gross profit</b>	<b>23,409</b>	<b>26,637</b>	<b>34,806</b>	<b>39,500</b>	<b>40,231</b>
Other operating income	-	-	-	-	-
Operating costs	(9,753)	(10,141)	(14,495)	(15,309)	(13,047)
<b>Operating EBITDA</b>	<b>13,656</b>	<b>16,496</b>	<b>20,312</b>	<b>24,191</b>	<b>27,184</b>
Depreciation	(5,991)	(7,183)	(6,291)	(6,746)	(7,278)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,665</b>	<b>9,313</b>	<b>14,021</b>	<b>17,446</b>	<b>19,906</b>
Net financing costs	(1,491)	(1,674)	(1,246)	(1,058)	(1,058)
Associates	53	66	0	0	0
Recurring non-operating income	1,070	850	80	80	80
Non-recurring items	(304)	(181)	0	0	0
<b>Profit before tax</b>	<b>6,940</b>	<b>8,308</b>	<b>12,855</b>	<b>16,468</b>	<b>18,928</b>
Tax	(1,049)	(1,002)	(2,006)	(2,589)	(3,006)
<b>Profit after tax</b>	<b>5,891</b>	<b>7,306</b>	<b>10,849</b>	<b>13,879</b>	<b>15,922</b>
Minority interests	(623)	(848)	(750)	(852)	(852)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>5,269</b>	<b>6,457</b>	<b>10,099</b>	<b>13,027</b>	<b>15,070</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>304</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,573</b>	<b>6,638</b>	<b>10,099</b>	<b>13,027</b>	<b>15,070</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.78	1.55	2.35	3.03	3.51
Reported EPS	1.69	1.50	2.35	3.03	3.51
DPS	0.63	0.60	0.75	0.90	0.90
Diluted shares (used to calculate per share data)	3,126	4,293	4,293	4,293	4,293
<b>Growth</b>					
Revenue (%)	2.1	4.2	30.2	5.6	2.3
Operating EBITDA (%)	(2.6)	20.8	23.1	19.1	12.4
Operating EBIT (%)	(11.2)	21.5	50.6	24.4	14.1
Recurring EPS (%)	(53.1)	(13.3)	52.1	29.0	15.7
Reported EPS (%)	(56.6)	(10.7)	56.4	29.0	15.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.6	21.0	23.6	25.7	25.3
Gross margin of key business (%)	19.6	21.0	23.6	25.7	25.3
Operating EBITDA margin (%)	15.3	17.8	16.8	19.0	20.8
Operating EBIT margin (%)	8.6	10.0	11.6	13.7	15.3
Net margin (%)	6.3	7.2	8.4	10.2	11.6
Effective tax rate (%)	15.2	12.2	15.6	15.7	15.9
Dividend payout on recurring profit (%)	35.3	38.8	31.9	29.7	25.6
Interest cover (X)	5.9	6.1	11.3	16.6	18.9
Inventory days	72.7	71.8	62.3	69.6	69.6
Debtor days	59.5	62.0	51.6	53.2	56.4
Creditor days	51.8	56.3	50.6	56.5	56.5
Operating ROIC (%)	6.9	7.2	(2.6)	(2.9)	(3.0)
ROIC (%)	6.8	6.5	(2.1)	(2.5)	(2.6)
ROE (%)	13.4	10.1	11.0	13.0	13.6
ROA (%)	6.3	5.7	6.2	7.7	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Fibrous chain	24,940	25,980	33,821	35,720	36,531
Performance and Polymer packaging	41,863	43,609	56,771	59,959	61,320
Packaging paper	5,344	5,567	7,247	7,654	7,828
Fibre-based packaging	16,923	17,629	22,950	24,239	24,789

Sources: SCG Packaging; FSSIA estimates

## Financial Statements

### SCG Packaging

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	5,573	6,638	10,099	13,027	15,070
Depreciation	5,991	7,183	6,291	6,746	7,278
Associates & minorities	41	42	(5,000)	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(1,775)	1,461	(2,031)	(1,597)	(1,659)
<b>Cash flow from operations</b>	<b>9,829</b>	<b>15,325</b>	<b>9,359</b>	<b>18,175</b>	<b>20,690</b>
Capex - maintenance	(3,180)	(3,181)	0	0	0
Capex - new investment	(27,295)	(8,409)	(7,023)	(17,023)	(17,023)
Net acquisitions & disposals	41	42	(5,000)	0	0
Other investments (net)	(13,675)	1,215	(300)	0	0
<b>Cash flow from investing</b>	<b>(44,109)</b>	<b>(10,334)</b>	<b>(12,323)</b>	<b>(17,023)</b>	<b>(17,023)</b>
Dividends paid	(1,969)	(2,576)	(3,220)	(3,864)	(3,864)
Equity finance	0	0	0	0	0
Debt finance	31,081	(16,115)	(11,382)	0	0
Other financing cash flows	7,230	41,627	5,808	910	910
<b>Cash flow from financing</b>	<b>36,342</b>	<b>22,936</b>	<b>(8,794)</b>	<b>(2,954)</b>	<b>(2,954)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>2,061</b>	<b>27,927</b>	<b>(11,757)</b>	<b>(1,803)</b>	<b>712</b>
Free cash flow to firm (FCFF)	(32,661.71)	6,442.31	(1,718.14)	2,209.24	4,724.14
Free cash flow to equity (FCFE)	4,030.63	30,502.42	(8,537.76)	2,061.07	4,575.98
<b>Per share (THB)</b>					
FCFF per share	(7.61)	1.50	(0.40)	0.51	1.10
FCFE per share	0.94	7.11	(1.99)	0.48	1.07
Recurring cash flow per share	3.71	3.23	2.65	4.61	5.21
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	180,525	195,012	207,035	224,059	241,082
Less: Accumulated depreciation	(97,662)	(107,741)	(114,032)	(120,777)	(128,056)
<b>Tangible fixed assets (net)</b>	<b>82,864</b>	<b>87,271</b>	<b>93,004</b>	<b>103,281</b>	<b>113,026</b>
<b>Intangible fixed assets (net)</b>	<b>18,426</b>	<b>18,624</b>	<b>18,624</b>	<b>18,624</b>	<b>18,624</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	787	829	829	829	829
Cash & equivalents	4,959	32,886	21,128	19,326	20,039
A/C receivable	15,198	16,334	17,813	19,375	20,972
Inventories	13,276	12,760	16,586	16,989	17,407
Other current assets	1,950	939	1,223	1,291	1,321
<b>Current assets</b>	<b>35,383</b>	<b>62,919</b>	<b>56,750</b>	<b>56,981</b>	<b>59,738</b>
Other assets	2,053	2,786	2,786	2,786	2,786
<b>Total assets</b>	<b>139,513</b>	<b>172,429</b>	<b>171,992</b>	<b>182,501</b>	<b>195,003</b>
Common equity	42,952	88,738	95,675	104,897	116,161
Minorities etc.	19,864	21,103	21,853	22,705	23,557
<b>Total shareholders' equity</b>	<b>62,816</b>	<b>109,841</b>	<b>117,528</b>	<b>127,602</b>	<b>139,718</b>
Long term debt	16,318	12,052	12,052	12,052	12,052
Other long-term liabilities	6,365	7,300	7,000	7,000	7,000
<b>Long-term liabilities</b>	<b>22,683</b>	<b>19,351</b>	<b>19,052</b>	<b>19,052</b>	<b>19,052</b>
A/C payable	10,059	10,365	13,473	13,800	14,139
Short term debt	43,230	31,382	20,000	20,000	20,000
Other current liabilities	725	1,489	1,939	2,048	2,094
<b>Current liabilities</b>	<b>54,014</b>	<b>43,237</b>	<b>35,412</b>	<b>35,848</b>	<b>36,234</b>
<b>Total liabilities and shareholders' equity</b>	<b>139,513</b>	<b>172,429</b>	<b>171,992</b>	<b>182,501</b>	<b>195,003</b>
Net working capital	19,640	18,179	20,210	21,807	23,466
Invested capital	123,770	127,689	135,452	147,327	158,731
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	13.74	20.67	22.29	24.43	27.06
Tangible book value per share	7.85	16.33	17.95	20.10	22.72
<b>Financial strength</b>					
Net debt/equity (%)	86.9	9.6	9.3	10.0	8.6
Net debt/total assets (%)	39.1	6.1	6.4	7.0	6.2
Current ratio (x)	0.7	1.5	1.6	1.6	1.6
CF interest cover (x)	22.0	24.2	(0.2)	19.0	21.4
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>35.8</b>	<b>41.2</b>	<b>27.1</b>	<b>21.0</b>	<b>18.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>42.6</b>	<b>49.1</b>	<b>32.3</b>	<b>25.0</b>	<b>21.6</b>
Reported P/E (x)	37.8	42.4	27.1	21.0	18.2
Dividend yield (%)	1.0	0.9	1.2	1.4	1.4
Price/book (x)	4.6	3.1	2.9	2.6	2.4
Price/tangible book (x)	8.1	3.9	3.6	3.2	2.8
EV/EBITDA (x) **	20.0	18.5	15.1	12.8	11.4
EV/EBITDA @ target price (x) **	22.8	21.7	17.7	15.0	13.3
EV/invested capital (x)	2.2	2.4	2.3	2.1	1.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: SCG Packaging; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

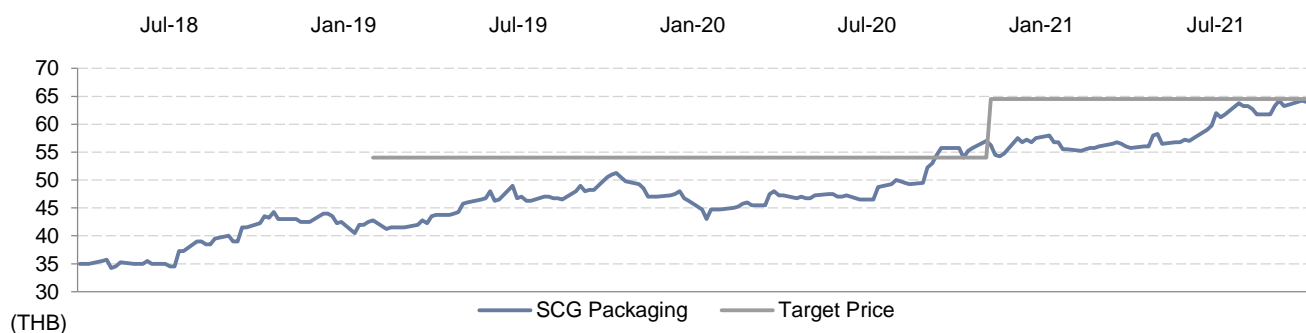
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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

**SCG Packaging (SCGP TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Dec-2020	BUY	54.00	23-Mar-2021	BUY	54.00	10-May-2021	BUY	64.50
26-Jan-2021	BUY	54.00	30-Mar-2021	BUY	54.00			

Suwat Sinsadok 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 63.75	BUY	Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 22-Jul-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.