

# Company Update

Wednesday, April 30, 2025



I V Global Securities Public Company Limited

## SCG Packaging Pcl (SCGP)

Rating: HOLD

Fair price: Bt20.0

Close price: Bt14.0

### 1Q25 earnings on track

#### Company Information

Ticker:	SCGP TB
Sector:	Packaging
Shares outstanding (m):	4,292.92
Market capitalization (Btm):	60,100.88
Trading vol/day (Btm):	260.22
Free float (%):	26.37
Beta:	1.40

#### Major Shareholders

Siam Cement	72.12%
Thai NVDR	2.64%

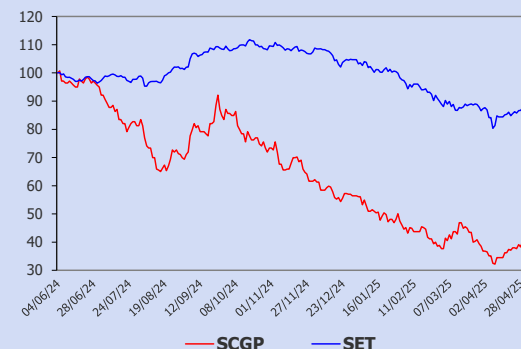
#### Consensus Bloomberg

2025F EPS (Bt):	0.80
Target price (Bt):	17.52

#### Price Performance

52 Wk high/low: 35.25 / 10.70

	1M	3M	1Y	YTD
Absolute (%)	2.2	-16.2	-56.9	-28.6
Relative (%)	2.6	-3.4	-42.9	-12.2



Rating	CGR	Thai CAC	SET ESG
SCGP		Certified	AAA

#### Analyst

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- SCGP's 1Q25 net profit of Bt900m improved from a net loss of Bt57m in 4Q24 but declined 48% YoY from a high base. Core profits rose by QoQ but fell YoY to Bt916m in 1Q25, better than our estimate of Bt844m and the consensus projection of Bt830m. Revenue fell YoY due to lower selling prices of the integrated packaging business (IPB) and fibrous chain (FB) and reduced packaging paper export sales volume, while revenue increased QoQ, driven by improved sales volume for IPB and FB, especially domestically. EBITDA dropped YoY, in line with declining revenue and higher raw material costs. However, the QoQ improvement was thanks largely to enhanced production utilization, effective recovered paper (RCP) sourcing management, and continuous energy cost-saving efforts. The 1Q25 earnings accounted for 25.6% of our full-year estimate.
- Overall impressions of 1Q25's performance.** During 1Q25, the Asean packaging industry continued growing QoQ, driven by rising domestic consumption, particularly of the food, beverage and fast-moving consumer goods (FMCG) sectors supported by government stimulus policies, pre-holiday inventory preparation in Thailand and Indonesia, the tourism recovery, and rising exports of frozen food, canned food, and footwear. However, the packaging industry still experienced seasonal constraints due to the Lunar New Year in China and Vietnam, subdued demand for non-essential products resulting from declining purchasing power, and uncertainties surrounding the recently announced reciprocal tariffs of the US. Consolidated sales fell 5.1% YoY but improved 3.1% QoQ to Bt32.2bn during 1Q25.
- The group has enjoyed favorable production costs on a QoQ basis with declining RCP prices, reduced energy costs, and lower freight rates. Therefore, EBITDA in 1Q25 rose by 49% QoQ but fell 18% YoY to Bt4.2bn, implying an EBITDA margin of 13.1%, versus 9.1% in 4Q24 and 15.2% in 1Q24.
- The non-recurring loss amounted to Bt16m during 1Q25, including a forex gain of Bt13m and a Bt28m loss from other items.
- For Fajar's operation, EBITDA improved QoQ from a loss of Bt102m in 4Q24 to a loss of Bt55m in 1Q25. The 2Q25F operation should continue to improve with EBITDA breakeven targeted by mid-2025, thanks to strategic price adjustments, increasing domestic sales, and securing RCP supply from SGCP's network.
- SCGP's net debt/EBITDA ratio improved to 3.4x at end-1Q25. The company spent just Bt1.1bn on capex and investments during 1Q25 versus a full-year capex budget of Bt13bn.
- Maintain HOLD.** We prefer to maintain our earnings estimates and HOLD rating on the stock with a price target of Bt20, suggesting a 1.1x P/BV at the end of 2025. The stock trades at a P/E of 17.1x our current 2025F estimate. Downside risks to our earnings forecasts include slower global economic activity and rising costs of paper raw materials and energy.

#### Investment summary

FY Dec 31	2022	2023	2024	2025F	2026F	2027F
Sales (Btm)	146,068	129,398	132,784	141,172	150,315	160,110
Change (%)	17.6	-11.4	2.6	6.3	6.5	6.5
Net profit (Btm)	5,801	5,248	3,699	3,520	4,713	5,102
Change (%)	-30.1	-9.5	-29.5	-4.9	33.9	8.3
EPS (Bt)	1.35	1.22	0.86	0.82	1.10	1.19
Change (%)	-30.1	-9.5	-29.5	-4.9	33.9	8.2
P/E (x)	10.4	11.5	16.2	17.1	12.8	11.8
EV/EBITDA (x)	5.1	5.2	6.9	6.0	5.5	5.1
DPS (Bt)	0.60	0.55	0.55	0.55	0.60	0.65
Yield (%)	4.3	3.9	3.9	3.9	4.3	4.7
BVPS (Bt)	22.64	18.01	17.86	18.13	18.68	19.26
P/BV (x)	0.6	0.8	0.8	0.8	0.7	0.7
ROE (%)	6.0	6.0	4.8	4.6	6.0	6.3
ROA (%)	2.9	2.7	1.9	1.9	2.5	2.7
Net D/E ratio (x)	0.31	0.31	0.55	0.51	0.47	0.44

Source: Company and IVG estimates

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## Results

(Btm)	1Q25	1Q24	% YoY	4Q24	% QoQ	2024	2023	% YoY
Revenue	32,209	33,948	-5.1	31,231	3.1	132,784	129,398	2.6
Cost of service	(26,411)	(27,146)	-2.7	(26,935)	-1.9	(110,381)	(106,274)	3.9
Gross profit	5,798	6,802	-14.8	4,296	35.0	22,403	23,124	-3.1
Admin expense	(4,046)	(4,294)	-5.8	(3,764)	7.5	(16,318)	(15,684)	4.0
Other income	259	263	-1.5	153	68.7	995	1,043	-4.6
EBITDA	4,232	5,151	-17.9	2,845	48.7	16,127	17,769	-9.2
Interest expense	(645)	(523)	23.3	(667)	-3.3	(2,429)	(2,020)	20.3
Pre-tax profit	1,365	2,247	-39.2	19	7140.1	4,650	6,464	-28.1
Tax	(303)	(483)	-37.3	77	-492.9	(825)	(1,153)	-28.4
Core profit	916	1,685	-45.6	34	2594.1	3,876	5,146	-24.7
Net profits	900	1,725	-47.8	(57)	1690.7	3,699	5,248	-29.5
EPS (Bt)	0.21	0.40	-47.8	(0.01)	1690.7	0.86	1.22	-29.5

Source: Company and IVG estimates

## Financial ratios

%	1Q24	2Q24	3Q24	4Q24	1Q25
Sales growth YoY	0.6	6.3	5.7	-2.0	-5.1
Gross margin	20.0	17.9	15.5	13.8	18.0
SG&A as % of revenue	12.7	12.0	12.4	12.1	12.6
EBITDA margin (core)	15.2	13.6	10.8	9.1	13.1
Net margin	5.1	4.2	1.7	-0.18	2.9
Net D/E ratio (x)	0.3	0.3	0.6	0.6	0.6

Source: Company and IVG estimates

## Quarterly performance

(Btm)	1Q24	2Q24	3Q24	4Q24	1Q25
Revenue	33,948	34,235	33,370	31,231	32,209
Cost of service	(27,146)	(28,114)	(28,186)	(26,935)	(26,411)
Gross profit	6,802	6,121	5,184	4,296	5,798
SG&A expenses	(4,294)	(4,120)	(4,140)	(3,764)	(4,046)
Other income	263	349	230	153	259
EBITDA	5,151	4,635	3,496	2,845	4,232
Interest expense	(523)	(611)	(628)	(667)	(645)
Pre-tax profit	2,247	1,739	646	19	1,365
Tax	(483)	(354)	(65)	77	(303)
Core profit	1,686	1,479	678	34	916
Net profit	1,725	1,454	577	(57)	900
EPS (Bt)	0.40	0.34	0.13	(0.013)	0.21

Source: Company and IVG estimates

## Financial ratios

%	2021	2022	2023	2024
Sales growth YoY	27.1	18.8	-11.4	2.6
Gross margin	17.6	16.9	17.9	16.9
SG&A as % of revenue	11.1	10.7	12.1	12.4
EBITDA margin	14.4	14.5	13.7	12.2
Net margin	4.9	4.8	4.1	2.9
Net D/E ratio (x)	0.3	0.3	0.3	0.6

Source: Company and IVG estimates

## SCGP

### E: Environmental

In 2023, SCGP set a new target to increase its greenhouse gas emission reduction from 20% to 25% by 2030 to be aligned with the Science-Based Target (SBTi). This demonstrates a commitment to reducing greenhouse gas emissions. Additionally, the Risk Management Committee has monitored and assessed risks at the organizational level and reported to the ESG Committee to strategize and implement action plans. Furthermore, SCGP adheres to the Task Force on Climate-related Financial Disclosures (TCFD) framework to analyze risks and opportunities arising from climate change and has set a target to achieve net-zero emissions by 2050.

### S: Social

SCGP places great emphasis on the circular economy as an essential solution to Thailand's and global environmental issues such as global warming, resource scarcity, global waste crisis, poverty, and quality of life. By elevating circular economic practices, SCGP can manage the circulation of resources and energy in the system with cost-effectiveness at the highest benefit, starting from planning, design, material selection, production, consumption, and waste management until recycling in the production process as raw materials.

### G: Governance

SCGP values conducting business transparently and ethically to build trust among all stakeholders. It continually raises awareness among employees at all levels, both in domestic and international operations, by promoting adherence to SCGP's morals, philosophies, code of conduct, and anti-corruption policies. SCGP also encourages suppliers to adopt good corporate governance practices that align with its policies.

## Comment

SCGP has been awarded a SET ESG rating of AAA, indicating a strong commitment to environmental, social, and governance (ESG) practices and clear long-term objectives in this regard. Furthermore, the company demonstrates the ability to execute short-term goals effectively.

*Source: Company and IVG estimates*

## I V Global Investment Research – Recommendation Definitions

### Sector Recommendations

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

### Stock Recommendations

**BUY:** Expecting positive total returns of 15% or more over the next 12 months.

**HOLD:** Expecting total returns of not more than -10% to +10% over the next 3 months.

**SELL:** Expecting negative total returns of 15% or more over the next 12 months

## Anti-corruption Progress Indicator Definitions

<b>Level 5 Extended</b>	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
<b>Level 4 Certified</b>	Audit engagement by audit committee or auditors approved by the office of SEC, and receiving certification or assurance by independent external assurance providers (CAC etc.)
<b>Level 3 Established</b>	Carrying out preventive measures, risk assessment, communication and training for all employees, including consistent monitoring and review processes. (3A: Established by Declaration of Intent, 3B: Established by Internal Commitment and Policy)
<b>Level 2 Declared</b>	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
<b>Level 1 Committed</b>	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
<b>Partially progress</b>	Insufficient or not clearly defined policy
<b>No progress</b>	Data not available / no policy

## Corporate Governance Report (CGR)

	Excellent
	Very good
	Good

## Disclaimers

The disclosure of the survey result of corporate governance, which is surveyed by the Thai Institute of Directors Association ("IOD"), and the Anti-Corruption Progress Indicators, which is assessed by Thaipat Institute, are the disclosure of the survey or assessment result based on the information received from the listed company that was stipulated in the form for Annual Corporate Governance Report of Thai Listed Companies (CGR) and the form for the assessment of Anti-corruption that refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2) or other relevant documents or reports of such listed company (as the case may be). The survey or assessment result is based on the information of the listed company, which is disclosed to the public and can be accessed by all investors and is made in order to comply with the policy of the Office of the Stock Exchange of Thailand.

Nevertheless, the survey or assessment result is made from the perspective of the IOD or Thaipat Institute that are the third party only. It is not an assessment of operation of the listed company and is not based on any inside information."

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, I V Global Securities Plc. (IVG) does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.



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