

Company Update

Wednesday, June 11, 2025



I V Global Securities Public Company Limited

SCG Packaging Pcl (SCGP)

Rating: HOLD

Fair price: Bt20.0

Close price: Bt16.2

Value creation with full control of Duy Tan

Company Information

Ticker:	SCGP TB
Sector:	Packaging
Shares outstanding (m):	4,292.92
Market capitalization (Btm):	69,545.31
Trading vol/day (Btm):	257.84
Free float (%):	26.37
Beta:	1.48

Major Shareholders

Siam Cement	72.12%
Thai NVDR	1.57%

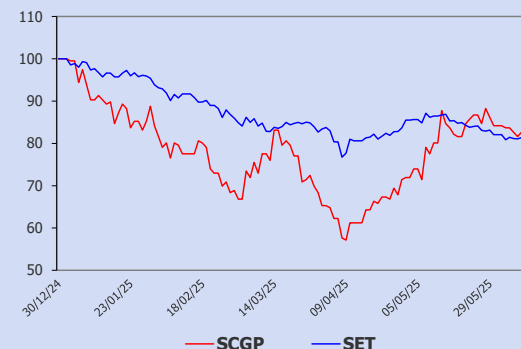
Consensus Bloomberg

2025F EPS (Bt):	0.86
Target price (Bt):	17.75

Price Performance

52 Wk high/low: 34.50 / 10.70

	1M	3M	1Y	YTD
Absolute (%)	3.2	13.3	-51.6	-17.3
Relative (%)	9.1	16.5	-38.0	1.3



Rating	CGR	Thai CAC	SET ESG
SCGP		Certified	AAA

Analyst

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- **Event:** On 9 June, SGPG reported to the SET that SCGP Rigid Packaging Solutions Pte Ltd (a wholly owned subsidiary of SCGP) had completed the acquisition of an additional 30% stake in Duy Tan Plastics Manufacturing Corp (Duy Tan), with the transaction worth VND2,825bn/Bt3.727bn. After the transaction, SCGP Rigid Packaging Solutions has increased its stake in Duy Tan from 70% to 100% of the total paid-up capital.
- **Rationale.** SCGP has been investing in rigid plastic packaging as part of SCGP's strategic direction to expand its integrated packaging business in ASEAN, prioritizing Vietnam as a high-potential market due to economic growth and continuous inflows of foreign direct investment. Duy Tan JSC is Vietnam's leading producer of rigid plastic packaging, primarily for consumer products, with a production capacity of 116,000 tons per year. The company has five production plants located in southern Vietnam. Duy Tan JSC recorded revenues of Bt7.5bn with net profit of Bt814m in 2024. Duy Tan has total assets of Bt6.18bn. About 80% of sales are domestic and 20% are exported. Sales to B2B and B2C are split at about 50%:50%.
- **Valuation.** The estimated acquisition price is at approximately 7.8x EV/EBITDA, or about a 15.3x earnings multiple. Duy Tan generates a healthy EBITDA margin of 19-20% and a net profit margin of 10-11%. The additional 30% stake in Duy Tan is estimated to add 2.6% and 3.9% to SCGP's net profit for 2025-26F, respectively.
- **Funding.** The investment is funded from borrowings (80% of the total or Bt3bn) and internal cash flow of 20%. The interest cost is relatively low at about 2% or Bt60m a year.
- 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.

Btm	Sales 1Q25	YoY	EBITDA margin
Integrated PB	24,223	-5%	14%
Fibrous	6,924	-1%	11%
Recycling	2,012	-8%	-
Conso sales	32,209	-5%	13%

- **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 multiple of 19.8x 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)	12.0	13.3	18.8	19.8	14.8	13.6
EV/EBITDA (x)	5.6	5.8	7.5	6.5	6.0	5.5
DPS (Bt)	0.60	0.55	0.55	0.55	0.60	0.65
Yield (%)	3.7	3.4	3.4	3.4	3.7	4.0
BVPS (Bt)	22.64	18.01	17.86	18.13	18.68	19.26
P/BV (x)	0.7	0.9	0.9	0.9	0.9	0.8
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

Level 5 Extended	Extension of the anti-corruption policy to business partners in the supply chain, and disclosure of any current investigations, prosecutions or closed cases
Level 4 Certified	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.)
Level 3 Established	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)
Level 2 Declared	Public declaration statement to participate in Thailand's private sector Collective Action Coalition Against Corruption (CAC) or equivalent initiatives
Level 1 Committed	Organization's statement or board's resolution to work against corruption and to be in compliance with all relevant laws
Partially progress	Insufficient or not clearly defined policy
No progress	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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