

Company Update

Thursday, July 17, 2025



I V Global Securities Public Company Limited

SCG Packaging Pcl (SCGP)

Rating: HOLD

Fair price: Bt20.0

Close price: Bt16.9

Moderate growth QoQ in 2Q25F

Company Information

Ticker:	SCGP TB
Sector:	Packaging
Shares outstanding (m):	4,292.92
Market capitalization (Btm):	72,550.35
Trading vol/day (Btm):	251.93
Free float (%):	26.37
Beta:	1.42

Major Shareholders

Siam Cement	72.12%
Thai NVDR	1.50%

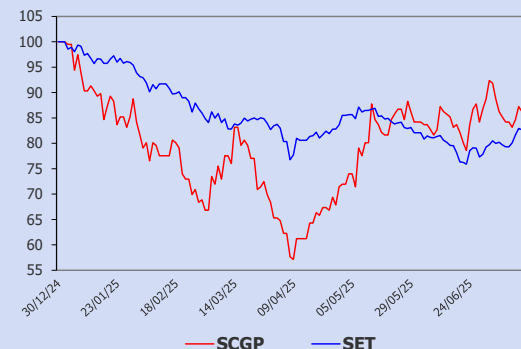
Consensus Bloomberg

2025F EPS (Bt):	0.91
Target price (Bt):	18.25

Price Performance

52 Wk high/low: 32.25 / 10.70

	1M	3M	1Y	YTD
Absolute (%)	1.2	34.1	-44.1	-13.8
Relative (%)	-2.7	32.5	-31.7	3.5



Rating	CGR	Thai CAC	SET ESG
SCGP		Certified	AAA

Analyst

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- SCGP's operating performance in 2Q25F will likely improve QoQ but decline YoY from the high profit base in 2Q24. The 2Q25 operation will see better demand in Thailand (45% of total sales) and Asean markets (33% of the total, with Vietnam and Indonesia contributing 14% and 14% of sales, respectively) prior to the implementation of US reciprocal tariffs. Production utilization is expected to remain stable QoQ at about 90%. Raw material costs have declined YoY, with the benchmark AOCC price falling a bit QoQ to US\$174/ton. However, SCGP has cost advantages as the company largely sources its raw materials (RCP) from the domestic market at competitive prices. The operating performance already hit bottom in 4Q24 with a small core profit.
- Therefore, we estimate 2Q25F net profit to come in at Bt969m (-33.3% YoY) but improve 7.7% QoQ. There may be a small forex loss item in 2Q25F. For 1H25F, we estimate net profit to fall by 41% YoY to Bt1.87bn. In terms of the 2H25F outlook, net profit should materially improve YoY from the low base, but it may be similar to 1H25F's level, assuming no material changes in global economic sentiment post US reciprocal tariffs. In terms of the trade war impact, export sales to the US account for 4% of the total, and exports to China 6% of the total. Revenue contribution from Vietnam and Indonesia accounted for about 14% each, respectively. These two countries have already finalized tariff deals with the US, which look favorable compared to other Asean countries at the moment.
- The integrated packaging business segment (IPB, contributing 75% of sales, comprising packaging paper; 38%, fiber packaging; 24% and polymer packaging; 11% of sales) has benefited from rising demand (especially the F&B and FMCG segments) in Thailand and Vietnam after the long holidays in 1Q25 (the Tet New Year holiday from 25 Jan to 2 Feb), while prices remain flat QoQ. Demand for fibrous chain may see a decline QoQ due to lower consumption (partly from declining tourist arrivals). The dissolving pulp price has fallen by 10% QoQ.
- SCGP will likely see EBITDA improve marginally QoQ but decline YoY from the high base. We estimate EBITDA margin to come in flat QoQ at c.13%.
- Financial costs are set to fall a bit from debt refinancing at its Fajar subsidiary. The 2Q25F operation of Fajar should improve with EBITDA breakeven targeted by mid-2025, thanks to strategic price adjustments, increasing domestic sales, and the securing of RCP supply from SCGP's network.
- SCGP's net debt/EBITDA ratio is expected to remain stable at 3.4x. The company's full-year capex budget remains at Bt1.3bn, including the M&P deals.
- Maintain HOLD.** We revise up our 2025F earnings estimate by 3% but cut our 2026-27F projections by 5% and 3%, respectively. We prefer to maintain our 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 20x 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	128,786	131,640	135,096
Change (%)	17.6	-11.4	2.6	-3.0	2.2	2.6
Net profit (Btm)	5,801	5,248	3,699	3,636	4,492	4,945
Change (%)	-30.1	-9.5	-29.5	-1.7	23.5	10.1
EPS (Bt)	1.35	1.22	0.86	0.85	1.05	1.15
Change (%)	-30.1	-9.5	-29.5	-1.7	23.5	10.0
P/E (x)	12.5	13.8	19.6	20.0	16.1	14.7
EV/EBITDA (x)	5.7	5.9	7.7	7.2	6.9	6.6
DPS (Bt)	0.60	0.55	0.55	0.55	0.58	0.63
Yield (%)	3.6	3.3	3.3	3.3	3.4	3.7
BVPS (Bt)	22.64	18.01	17.86	18.16	18.66	19.23
P/BV (x)	0.7	0.9	0.9	0.9	0.9	0.9
ROE (%)	6.0	6.0	4.8	4.7	5.7	6.1
ROA (%)	2.9	2.7	1.9	1.9	2.4	2.6
Net D/E ratio (x)	0.31	0.31	0.55	0.49	0.44	0.40

Source: Company and IVG estimates

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Results preview

(Btm)	2Q25F	2Q24	% YoY	1Q25	% QoQ	1H25F	1H24	% YoY
Revenue	33,268	34,235	-2.8	32,209	3.3	65,477	68,182	-4.0
Cost of service	(27,580)	(28,114)	-1.9	(26,411)	4.4	(53,990)	(55,260)	-2.3
Gross profit	5,689	6,121	-7.1	5,798	-1.9	11,487	12,922	-11.1
Admin expense	(4,010)	(4,120)	-2.7	(4,046)	-0.9	(8,056)	(8,414)	-4.3
Other income	300	349	-14.0	259	15.9	559	612	-8.6
EBITDA	4,309	4,635	-7.0	4,232	1.8	8,541	9,786	-12.7
Interest expense	(635)	(611)	4.0	(645)	-1.6	(1,280)	(1,134)	12.9
Pre-tax profit	1,344	1,739	-22.7	1,365	-1.6	2,709	3,986	-32.0
Tax	(296)	(354)	-16.5	(303)	-2.3	(598)	(837)	-28.5
Core profit	969	1,479	-34.5	916	5.8	1,885	3,164	-40.4
Net profits	969	1,454	-33.3	900	7.7	1,869	3,178	-41.2
EPS (Bt)	0.23	0.34	-33.3	0.21	7.7	0.44	0.74	-41.2

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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