

Siam Cement

Siam Cement
Public Company Limited

SCC

Bloomberg SCC TB
Reuters SCC.BK



Strategy to address several challenges

We are slightly positive on SCC for its medium to long-term strategies, which are focused on minimizing the cost of production, increasing innovative products and adding a green product portfolio. For the chemical business, its strategy is to modify the LSP project to enable using ethane for feedstock, which would lower feedstock costs - but this won't be completed until 2027-28. We expect earnings to fall in 2H24 due to higher depreciation and interest expenses after the startup of its LSP plant. Our 3-month recommendation is Neutral with a SOTP TP of Bt260.

SCC focusing on reducing costs. SCC announced its medium- to long-term strategies that focus on minimizing production costs, increasing innovative products and adding a green product portfolio. Cement business: It is pushing into the low-carbon cement market by developing third-generation cement products, hoping to reduce carbon dioxide by 40-50% via using more alternative fuels to replace coal, for export to the US, Canada and Australia, as well as Middle East markets. Smart living business: SCC plans to expand exports to India and the Middle East with more innovative products using AI to increase competitive advantage. Chemical business still faces low chemical spreads due to oversupply. However, SCC will modify the Long Son Petrochemical (LSP) complex to enable the use of ethane as feedstock in addition to naphtha and propane, expected to be completed in 2027-28. The investment is estimated in the hundreds of millions of dollars for gas storage tanks and supporting facilities but is expected to lower feedstock costs by US\$200-400/ton vs. naphtha. The LSP plant is still on track to start commercial operations in October, with an operating loss expected due to the current weak chemical spread. SCG Cleanergy business is a new business unit. SCC plans to up its current 500MW green power generation portfolio to 3,000MW by 2030 and wants partners with innovative technologies, such as Rondo (heat storage battery).

We are slightly positive on SCC's medium to long-term strategies, as we believe its strategy in the chemical business will provide greater feedstock flexibility. However, the short-term outlook remains challenging due to the oversupply and high freight rates, which will pressure overall chemical spread.

Fall in 2H24. We expect 3Q24 core earnings to fall QoQ due to a 11.3% QoQ drop in HDPE spread to US\$323/ton and a 6.1% QoQ decline in PP spread to US\$345/ton in 3Q24 due to high freight rates from protracted geopolitical issues as well as the supply glut. In addition, the LSP project will add to depreciation and interest expenses, which are expected to remain at -Bt1.2bn per quarter starting from October 2024. The CBM business faces seasonally low demand in the rainy season in 3Q24 and long holidays in 4Q24 despite the benefit from accelerated government budget disbursement.

Action & recommendation. We maintain our 3-month tactical recommendation of Neutral with an SOTP target price of Bt260.0 due to the weak chemical spread. Also, when the new LSP plant starts operating in October, cash flow is likely to be negative in the early stages of ramping up utilization (we expect 4Q24 to be the year's lowest). We expect consensus to revise forecasts to factor in the lower chemical spread.

Key risks are higher costs from inflationary pressure, higher interest rate and exchange rate volatility as well as oversupply in the cement and chemical businesses.

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	569,609	499,646	484,388	559,652	591,270
EBITDA	(Btmn)	49,219	54,143	52,720	75,584	88,420
Core profit	(Btmn)	22,034	11,942	9,975	23,548	34,991
Reported profit	(Btmn)	21,382	23,797	9,975	23,548	34,991
Core EPS	(Bt)	18.36	9.95	8.31	19.62	29.16
DPS	(Bt)	8.00	6.00	4.00	9.00	13.00
P/E, core	(x)	13.1	24.2	29.0	12.3	8.3
EPS growth, core	(%)	(55.0)	(45.8)	(16.5)	136.1	48.6
P/BV, core	(x)	0.6	0.7	0.6	0.6	0.6
ROE	(%)	4.9	2.7	2.2	5.2	7.4
Dividend yield	(%)	3.3	2.5	1.7	3.7	5.4
EBITDA growth	(%)	(41.4)	10.0	(2.6)	43.4	17.0

Source: InnovestX Research

Tactical: NEUTRAL

(3-month)

Stock data	
Last close (Sep 17) (Bt)	241.00
Target price (Bt)	260.00
Mkt cap (Btmn)	289.20
Mkt cap (US\$m)	8,672
Beta	M
Mkt cap (%) SET	1.62
Sector % SET	2.84
Shares issued (mn)	1,200
Par value (Bt)	1.00
12-m high / low (Bt)	310 / 195.5
Avg. daily 6m (US\$m)	13.36
Foreign limit / actual (%)	25 / 9
Free float (%)	66.2
Dividend policy (%)	40-50

Share performance			
(%)	1M	3M	12M
Absolute	17.6	7.1	(21.8)
Relative to SET	6.6	(3.3)	(16.8)

Source: SET, InnovestX Research

2023 Sustainability / 2022 ESG Score	
SET ESG Ratings	AAA

ESG Bloomberg Rank in the sector	
ESG Score Rank	1/21
Environmental Score Rank	2/21
Social Score Rank	1/21
Governance Score Rank	1/21

ESG comment	
SCC has made commendable progress in integrating ESG principles into its business practices and is in top tier in its peer group. The key ESG risk are energy management, sustainability products, and high greenhouse gas emission.	

Source: Bloomberg Finance L.P.

Analyst

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Value proposition

Siam Cement (SCC) is a market leader in ASEAN in the chemical, cement & building materials (CBM) and packaging businesses, with a strong presence throughout the region. **Chemical unit** (25% of 2023 EBITDA): It is one of Thailand's largest petrochemical producers, with a stake in Indonesia's only cracker and 100% ownership of an LSP cracker in Vietnam (full commercial operation to start up in October 2024). **CBM unit** (29% of 2023 EBITDA): SCC is Thailand's largest cement and building materials player with a ~40% market share, with cement plants in Cambodia, Indonesia, Vietnam, Myanmar and Laos. **Packaging unit** (33% of 2023 EBITDA): It is ASEAN's leading integrated packaging solutions provider with a dominant position in Thailand, Indonesia, Vietnam and the Philippines.

Business outlook

For the chemical unit, SCC expects 2024-26F global ethylene supply growth to range from 2.4-2.6% YoY vs 5.0% YoY in 2020-23 amid global demand growth (normally 20-30% higher than GDP growth) in tandem with global GDP growth of 2.7% in 2024 (PwC & Fitch forecasts). High volatility in naphtha cost and rising oil prices out of geopolitical unrest, specifically the Russia-Ukraine war and the war between Israel and Hamas, are pressuring feedstock costs. SCC expects the CBM unit to do better in 2H24, spurred by government budgetary disbursement and potentially lower production cost from a downtrend in coal cost and higher use of local alternative fuels to 47% in 1H24 from 40% in 2023. Key risks are changes in oil and coal costs, changes in market demand and in product prices.

SCC will add ~70% to chemical unit capacity via the startup of the LSP cracker in Vietnam (upstream and downstream) in October 2024. The CBM unit will continue to work to capture growth in the retail and distribution business and the renovation segment by offering more high-margin services and solutions. For the packaging unit, it aims to solidify its leadership in ASEAN via organic expansion, rolling out the vertical integration business model used in Thailand to other countries, expanding its market into high-growth consumer goods and the creation of more innovative solutions, in line with the principles of a circular economy.

Bullish views	Bearish views
1. Government stimulus packages and disbursement program in 2Q24-3Q24 to boost overall CBM demands	1. Oil and coal costs (main costs in chemical and CBM units) to stay high from more tension from Russia-Ukraine and Israel-Hamas wars.
2. Gradual increase in chemical spread on lower supply additions as demand gradually improves.	2. Continued weak CBM demand from high inflation and interest rate and the lower cement ASP
3. Lower interest rate cycle to reduce overall cost of debt for SCG group.	3. Prolonged weak chemical spread amid weak demand and feedstock prices.

Key catalysts

Factor	Event	Impact	Comment
3Q24F earnings outlook	Declining HDPE/PP spreads, weaker cement operations on the lower seasonal demand and ASP in cement business. But partially offset by the better packaging business performance.	Lower QoQ, and YoY	We expect 3Q24F core earnings to decline QoQ on lower HDPE/PP spreads and weak cement operation eroded by seasonal low demand and lower cement ASP in CBM unit. But partially offset by the better packaging business performance.
2024 core earnings outlook	Expect weakening chemical spreads on higher freight rate and oversupply, higher depreciation and interest expense from the LSP project, and weak CMB business performance amid weaker consumer spending and high household debt.	Lower YoY	We expect core earnings to decline YoY in 2024F, on declining chemical spreads, plus higher depreciation and interest expenses from the LSP project, expected to remain at ~Bt1.2bn per quarter from October. The CBM business faces seasonally low demand in the rainy season in 3Q24 and long holidays in 4Q24 despite the benefit from accelerated government budget disbursement.

Sensitivity analysis

Factor	Earnings impact	TP impact
Higher HDPE spread by US\$100/ton	+11%	Bt29/share

Our view on ESG

SCC recognizes the importance of addressing environmental impact. It places much emphasis on the societal aspects of sustainability. The company has implemented several programs to support the communities where it operates, including initiatives focusing on education, healthcare, and community development. SCC also has well-established corporate governance framework and adheres to high ethical standards. The key ESG risk are energy management, sustainability products, and high greenhouse gas emission.

Disclosure Score

Bloomberg ESG Score	76.21 (2022)
Rank in Sector	1/21

CG Rating	DJSI	SETESG	SET ESG Ratings
SCC	5	Yes	Yes
			AAA

Source: Thai Institute of Directors (IOD), SET

Environmental Issue (E)

- By 2050, SCC targets to achieve net zero greenhouse gas emissions, with the using the best available technologies for energy efficiency, increasing renewable energy usage, scaling up carbon capture, innovating the low-carbon products, and more reforestation and rehabilitation as carbon sink. By 2030, it targets 25% greenhouse gas emissions reduction from 2020 (vs 2.7% in 2021) and 13% energy consumption reduction from 2007 (vs 7.1% in 2021).
- By 2025, it targets 8mn tons recycled and renewable material per year (vs 3.8mn tons in 2021), 23% water withdrawal reduction from 2014 (vs 22.6% in 2021), zero waste from process to landfill every year (vs 0% hazardous waste and 0.01% of non-hazardous waste in 2021), 70% waste reduction to incineration without energy per ton production from 2014 (vs 99% in 2021), 8% dust emission reduction from 2020 (vs 15% in 2021).
- We anticipate stricter corporate greenhouse gas emission regulations to be a materializing environmental factor impacting SCC's future operations. While SCC has a significant greenhouse gas emission footprint of 27.08 million tons as of 2023, its commitment to ambitious reduction targets and clear environmental policies distinguishes its ESG score from its peers.

Governance Issue (G)

- SCC aims to conduct business with fairness and transparency in compliance with corporate governance principles and implements systematic risk management and internal control. SCC targets 100% coverage of the Ethics e-Testing passed by employees (vs 100% in 2021).
- By 2025, it targets 27% female employees in all management positions (vs 24.8% in 2021).
- In 2021, SCC's board of directors consists of 12 directors. Of these, 11 were non-executive directors (92% of the entire board), 6 were independent directors (50% of the entire board), and 2 were female members (17% of the entire board).
- In 2021, CG rating was excellent and anti-corruption progress indicator was certified.
- SCC has published its overall corporate governance framework, we believe they should enhance the clarity of executive compensation (Incentive structure), which still below the industry average

Social Issue (S)

- By 2030, SCC targets SCG Green Choice products, services and solutions at 66.7% of total revenue from sales (vs 66.7% in 2021) and SCG Green Choice products, services and solutions which directly benefit to consumer at 33.3% of total revenue from sales (vs 5.9% in 2021).
- It targets for 100% overall customer satisfaction based on surveys via SCG contact center (vs 100% in 2021), zero human rights violation cases (vs zero in 2021), 100% employees undergoing human rights training (vs 100% in 2021), 70% employee engagement rate in Thailand (vs 70% in 2021), loss time injury frequency rate of employees and contractors at 0.025 cases/1mn hours worked (vs 0.175 cases for employees and 0.192 cases for contractors in 2021).
- SCC stands out among its peers by demonstrating leadership in safety measures, employee well-being, social responsibility and supply chain management.

ESG Disclosure Score

	2021	2022
ESG Disclosure Score	76.51	76.21
Environment	75.29	74.39
GHG Scope 1 ('000 metric tonnes)	30,344	27,236
GHG Scope 2 Location-Based ('000 metric tonnes)	3,323	3,106
Total Energy Consumption ('000 MWh)	71,511	65,953
Renewable Energy Use ('000 MWh)	6,900	8,881
Total Waste ('000 metric tonnes)	1,256	1,746
Waste Recycled ('000 metric tonnes)	705.92	1,190.31
Social	66.84	66.84
Pct Women in Management (%)	12.90	14.80
Pct Women in Workforce (%)	22.40	24.40
Lost Time Incident Rate (per 100 employees)	0.08	0.03
Number of Employees – CSR (persons)	58,283	57,814
Employee Turnover Pct (%)	2.30	6.20
Total Hours Spent for Employee Training (hours)	4,779,210	8,961,170
Governance	87.36	87.36
Size of the Board (persons)	12	15
Number of Non-Executive Directors on Board (persons)	11	14
Number of Board Meetings for the Year (times)	9	9
Board Meeting Attendance Pct (%)	100	100
Number of Female Executives (persons)	0	1
Number of Women on Board (persons)	2	3

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see [ESG Disclosure Score Model](#) in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	437,980	399,939	530,112	569,609	499,646	484,388	559,652	591,270
Cost of goods sold	(Btmn)	355,752	309,947	421,000	490,779	426,199	414,738	464,629	480,477
Gross profit	(Btmn)	82,228	89,992	109,112	78,829	73,447	69,650	95,022	110,794
SG&A	(Btmn)	(53,212)	(53,808)	(63,170)	(71,155)	(65,190)	(68,118)	(74,875)	(78,553)
Other income	(Btmn)	8,992	7,278	9,208	12,084	11,803	11,400	10,769	11,141
Interest expense	(Btmn)	6,587	6,890	6,757	7,523	10,297	11,465	12,941	12,968
Pre-tax profit	(Btmn)	31,421	36,572	48,392	12,235	9,763	1,467	17,975	30,413
Corporate tax	(Btmn)	5,606	6,346	9,394	4,561	8,045	4,689	5,164	6,352
Equity a/c profits	(Btmn)	11,632	9,456	17,543	10,703	8,419	11,588	12,350	13,159
Minority interests	(Btmn)	(1,182)	(3,156)	(7,562)	3,658	1,805	1,610	(1,612)	(2,229)
Core profit	(Btmn)	36,265	36,526	48,979	22,034	11,942	9,975	23,548	34,991
Extra-ordinary items	(Btmn)	(4,250)	(2,382)	(1,805)	(652)	11,855	0	0	0
Net Profit	(Btmn)	32,014	34,144	47,174	21,382	23,797	9,975	23,548	34,991
EBITDA	(Btmn)	61,938	70,839	83,984	49,219	54,143	52,720	75,584	88,420
Core EPS	(Btmn)	30.22	30.44	40.82	18.36	9.95	8.31	19.62	29.16
Net EPS	(Bt)	26.68	28.45	39.31	17.82	19.83	8.31	19.62	29.13
DPS	(Bt)	14.00	14.00	18.50	8.00	6.00	4.00	9.00	13.00

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	164,386	214,017	233,016	250,049	217,214	197,939	219,616	252,370
Total fixed assets	(Btmn)	470,347	535,364	628,085	656,440	676,386	667,168	667,901	661,600
Total assets	(Btmn)	634,733	749,381	861,101	906,490	893,601	865,107	887,517	913,970
Total loans	(Btmn)	226,625	248,645	303,114	364,246	337,278	343,079	338,079	338,079
Total current liabilities	(Btmn)	127,324	153,365	161,416	128,184	174,706	105,839	108,738	205,082
Total long-term liabilities	(Btmn)	179,666	199,889	249,676	325,881	277,298	313,541	317,046	225,335
Total liabilities	(Btmn)	306,990	353,255	411,093	454,065	452,004	419,379	425,784	430,417
Paid-up capital	(Btmn)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total equity	(Btmn)	327,743	396,126	450,008	452,424	441,597	445,727	461,733	483,553
BVPS	(Bt)	273.1	330.1	375.0	377.0	368.0	371.4	384.8	402.6

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	36,265	36,526	48,979	22,034	11,942	9,975	23,548	34,991
Depreciation and amortization	(Btmn)	23,931	27,377	28,835	29,461	40,540	39,788	44,668	45,038
Operating cash flow	(Btmn)	59,817	70,415	38,800	29,719	92,949	30,928	59,149	77,066
Investing cash flow	(Btmn)	(45,054)	(71,185)	(65,399)	(32,947)	(60,486)	(30,569)	(45,401)	(38,737)
Financing cash flow	(Btmn)	(15,282)	37,471	(3,238)	24,399	(62,157)	(1,534)	(11,195)	(12,743)
Net cash flow	(Btmn)	(520)	36,701	(29,837)	21,171	(29,694)	(1,175)	2,553	25,586

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	18.8	22.5	20.6	13.8	14.7	14.4	17.0	18.7
Operating margin	(%)	6.6	9.0	8.7	1.3	1.7	0.3	3.6	5.5
EBITDA margin	(%)	14.1	17.7	15.8	8.6	10.8	10.9	13.5	15.0
EBIT margin	(%)	8.7	10.9	10.4	3.5	4.0	2.7	5.5	7.3
Net profit margin	(%)	7.3	8.5	8.9	3.8	4.8	2.1	4.2	5.9
ROE	(%)	11.2	10.1	11.6	4.9	2.7	2.2	5.2	7.4
ROA	(%)	5.9	5.3	6.1	2.5	1.3	1.1	2.7	3.9
Net D/E	(x)	0.6	0.4	0.5	0.6	0.6	0.6	0.6	0.5
Interest coverage	(x)	9.4	10.3	12.4	6.5	5.3	4.6	5.8	6.8
Debt service coverage	(x)	0.8	0.7	0.9	0.6	0.4	0.8	1.2	0.6
Payout Ratio	(%)	52.5	49.2	47.1	44.9	30.3	45.0	45.0	45.0

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Local cement sales	(mn tons)	12.8	12.6	12.2	12.1	12.5	12.9	13.2	13.6
Domestic cement price	(Bt/ton)	1,775	1,775	1,744	1,938	2,075	2,106	2,138	2,138
PE-naphtha spread	(US\$/ton)	468	500	536	419	395	350	400	400
PP-naphtha spread	(US\$/ton)	579	616	652	396	338	350	400	400
PVC-EDC/C2 spread	(US\$/ton)	389	453	577	407	374	332	330	338
FX	(Bt/US\$1)	31.0	31.3	32.0	35.1	35.0	36.0	36.0	36.0

Financial statement

Profit and Loss Statement

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total revenue	(Btmn)	142,392	122,189	128,748	124,631	125,649	120,618	124,266	126,751
Cost of goods sold	(Btmn)	124,800	107,953	108,859	105,508	107,108	104,724	105,650	109,215
Gross profit	(Btmn)	17,591	14,237	19,890	19,122	18,540	15,894	18,615	17,536
SG&A	(Btmn)	(17,723)	(17,834)	(16,811)	(16,058)	(16,123)	(16,198)	(16,247)	(15,737)
Other income	(Btmn)	1,747	2,343	4,870	5,602	753	578	1,548	3,090
Interest expense	(Btmn)	1,899	2,262	2,241	2,378	2,637	3,042	2,611	2,884
Pre-tax profit	(Btmn)	(284)	(3,516)	5,708	6,289	534	(2,768)	1,305	2,004
Corporate tax	(Btmn)	1,154	(164)	4,321	1,068	1,412	1,244	1,500	1,190
Equity a/c profits	(Btmn)	2,064	1,871	2,665	2,023	2,118	1,612	1,787	2,295
Minority interests	(Btmn)	1,798	2,042	517	(121)	624	785	(125)	599
Core profit	(Btmn)	2,424	560	4,516	5,216	3,019	994	1,466	4,471
Extra-ordinary items	(Btmn)	20	(403)	11,956	2,866	(578)	(2,128)	959	(763)
Net Profit	(Btmn)	2,444	157	16,526	8,082	2,441	(1,134)	2,425	3,708
EBITDA	(Btmn)	9,102	6,318	12,127	19,953	11,096	10,924	12,623	12,624
Core EPS	(Btmn)	2.02	0.47	3.76	4.35	2.52	0.83	1.22	3.73
Net EPS	(Bt)	2.04	0.13	13.77	6.73	2.03	(0.94)	2.02	3.09

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total current assets	(Btmn)	250,438	250,049	248,741	251,908	259,125	217,214	239,820	252,196
Total fixed assets	(Btmn)	679,493	656,440	674,983	690,110	700,933	676,386	699,577	697,282
Total assets	(Btmn)	929,931	906,490	923,725	942,018	960,058	893,601	939,396	949,478
Total loans	(Btmn)	348,933	364,246	361,245	365,407	304,935	337,278	362,266	368,100
Total current liabilities	(Btmn)	148,739	132,316	140,735	173,841	198,200	174,706	227,330	234,657
Total long-term liabilities	(Btmn)	302,117	321,749	319,261	309,439	301,713	277,298	256,872	259,404
Total liabilities	(Btmn)	450,856	454,065	459,995	483,280	499,913	452,004	484,202	494,061
Paid-up capital	(Btmn)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total equity	(Btmn)	479,074	452,424	463,729	458,738	460,144	441,597	455,195	455,417
BVPS	(Bt)	399.2	377.0	386.4	382.3	383.5	368.0	379.3	379.5

Cash Flow Statement (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Core Profit	(Btmn)	2,444	157	16,009	24,212	26,029	994	2,550	5,659
Depreciation and amortization	(Btmn)	7,487	7,572	7,121	7,179	7,131	19,109	7,635	15,323
Operating cash flow	(Btmn)	(473)	18,293	11,182	21,324	32,941	44,008	2,092	10,179
Investing cash flow	(Btmn)	(7,576)	(19,774)	(26,600)	(20,320)	(28,123)	(10,631)	(6,212)	(9,011)
Financing cash flow	(Btmn)	6,338	16,826	(3,105)	(11,128)	(11,176)	(46,586)	15,465	11,440
Net cash flow	(Btmn)	(1,710)	15,344	(18,522)	(9,679)	(5,914)	(13,209)	11,344	12,608

Key Financial Ratios

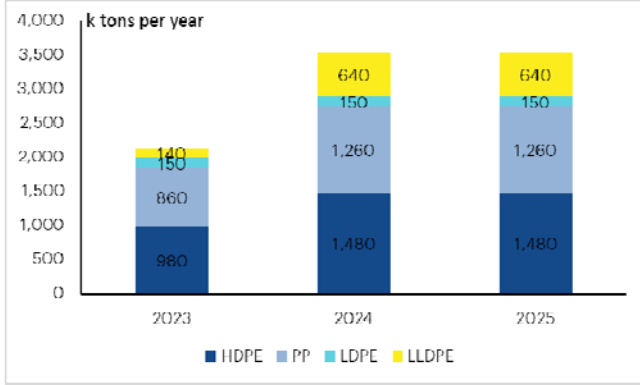
FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross margin	(%)	12.4	11.7	15.4	15.3	14.8	13.2	15.0	13.8
Operating margin	(%)	(0.1)	(2.9)	2.4	2.5	1.9	(0.3)	1.9	1.4
EBITDA margin	(%)	6.4	5.2	9.4	16.0	8.8	9.1	10.2	10.0
EBIT margin	(%)	1.1	(1.0)	6.2	7.0	2.5	0.2	3.2	3.9
Net profit margin	(%)	1.7	0.1	12.8	6.5	1.9	(0.9)	2.0	2.9
ROE	(%)	2.0	0.5	3.9	4.5	2.6	0.9	1.3	3.9
ROA	(%)	1.1	0.2	2.0	2.2	1.3	0.4	0.6	1.9
Net D/E	(x)	(0.2)	0.6	0.6	0.6	0.5	0.6	0.6	0.6
Interest coverage	(x)	4.8	2.8	5.4	8.4	4.2	3.6	4.8	4.4
Debt service coverage	(x)	0.4	0.3	0.6	0.8	0.8	0.3	0.4	0.3

Main Assumptions

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Domestic cement price (SCC)	(Bt/ton)	1,975	2,025	2,075	2,125	2,125	2,125	2,075	2,075
PE-naphtha spread	(US\$/ton)	390	360	396	435	384	363	349	364
PP-naphtha spread	(US\$/ton)	358	304	380	375	305	291	309	328
PVC-EDC/C2 spread	(US\$/ton)	375	364	449	317	400	333	293	334
FX	(Bt/US\$1)	36.6	36.6	34.1	34.6	35.3	35.8	35.8	36.5

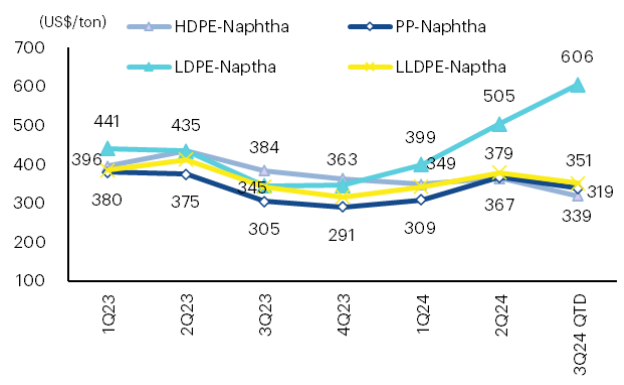
Appendix

Figure 1: SCC's chemical capacity



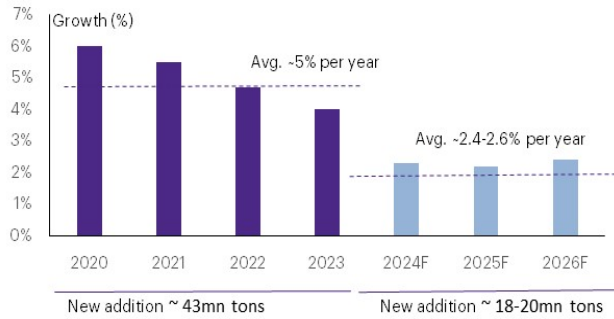
Source: Company data and InnovestX Research

Figure 2: HDPE, PP, LLDPE & LDPE spreads



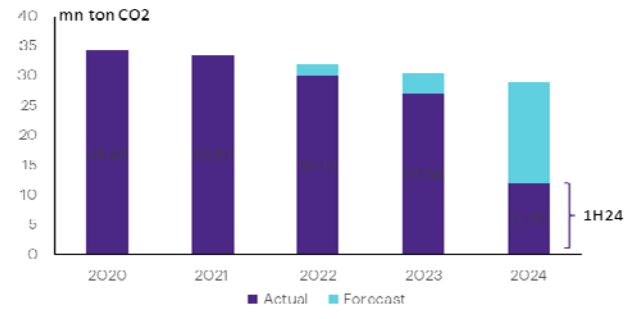
Source: Company data and InnovestX Research

Figure 3: Global ethylene supply



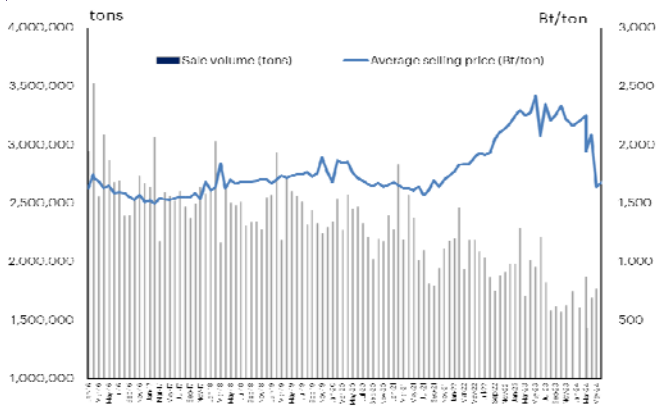
Source: Company data and InnovestX Research

Figure 4: GHG Emission (Scope 1 +2)



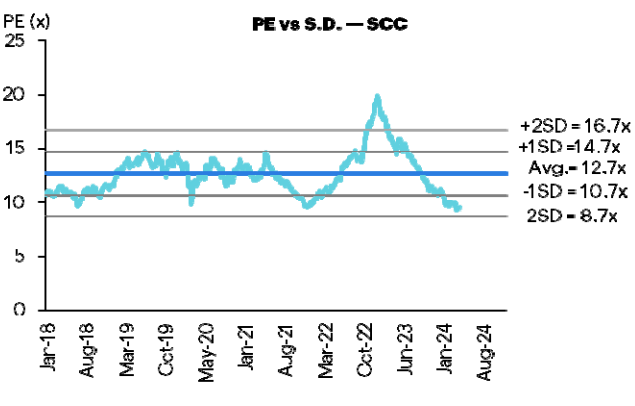
Source: Company data and InnovestX Research

Figure 5: Domestic cement sale volume & ASP



Source: OIE and InnovestX Research

Figure 6: PE band



Source: Company data and InnovestX Research

Valuation summary (price as of Sep 17, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
DCC	Neutral	1.96	1.8	(4.0)	15.1	13.8	13.3	(28)	10	4	2.7	2.4	2.3	19	19	18	2.9	4.0	4.1	9.5	8.2	7.7
SCC	Neutral	241.00	260.0	11.6	24.2	29.0	12.3	(46)	(16)	136	0.7	0.6	0.6	3	2	5	2.5	1.7	3.7	10.4	10.9	7.5
SCCC	Neutral	158.50	158.0	5.4	20.4	13.7	13.1	(34)	49	4	1.4	1.3	1.3	7	10	10	4.4	5.7	5.7	8.3	7.0	6.7
Average					19.9	18.8	12.9	(36)	14	48	1.6	1.5	1.4	9	10	11	3.3	3.8	4.5	9.4	8.7	7.3

Source: InnovestX Research

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CG Rating 2023 Companies with CG Rating

Companies with Excellent CG Scoring

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCTION, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, FVC, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, III, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITCL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNA, LH, LHFG, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI¹, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PORT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTTEP, PTTGC, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP², SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMPC, SMT, SNC, SNNP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TOA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

Companies with Very Good CG Scoring

2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BSRC, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, IT, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEO, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVOA, SWC, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIJK, WIN, WP, XO

Companies with Good CG Scoring

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RJH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SPC, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC³, TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

Corporate Governance Report

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To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

¹OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

²SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

³TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

Anti-corruption Progress Indicator

Certified (ได้สัมฤทธิ์ผล)

2S, AAI, ADB, ADVANC, AE, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, ASW, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BLA, BPP, BRI, BRR, BSBM, BTC, BTG, BTS, BWG, CBG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CI, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CREDIT, CSC, DCC, DELTA, DEMCO, DIMET, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ETC, ETE, FNS, FPI, FPT, FSMART, FSX, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GLOBAL, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HEALTH, HENG, HMPRO, HTC, ICC, ICHI, IFS, III, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITCL, IVL, JAS, JR, JTS, KASET, KBANK, KCAR, KCC, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHFG, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, MEGA, MENA, META, MFC, MFEC, MILL, MINT, MODERN, MONO, MOONG, MSC, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NRF, NWR, OCC, OGC, OR, ORI, OSP, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RBF, RML, RS, RWI, S&J, SA, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOL, SE-ED, SELIC, SENA, SENX, SFLEX, SGC, SGP, SIRI, SITHAI, SKR, SM, SMIT, SMPC, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SVOA, SVT, SYMC, SYNTEC, TAE, TAKUNI, TASCO, TCAP, TCMC, TEGH, TFG, TFI, TFMAMA, TGE, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCOC, TIPH, TISCO, TKN, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TPLAS, TRT, TRU, TRUE, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TURTLE, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UPF, UV, VCOM, VGI, VIBHA, VIH, WACOAL, WHA, WHAUP, WICE, WIJK, XO, YUASA, ZEN, ZIGA, ZEN, ZIGA

Declared (ประกาศเจตนารมณ์)

ACE, ADVICE, ALT, AMARIN, AMC, ANI, APCO, B52, BLAND, BPS, BYD, CAZ, CHASE, CHG, CV, DEXON, DITTO, ECL, EKH, EVER, FLOYD, GREEN, HL, HUMAN, ICN, IHL, IP, ITC, JDF, JMART, K, KJL, LDC, LH, LIT, MITSIB, MJD, MOSHI, NER, NEX, PLE, PLUS, POLY, PQS, PRI, PRIME, PROEN, PROUD, PRTR, PTC, RT, S, SANKO, SAWAD, SCAP, SCGD, SFT, SHR, SINGER, SUN, SIS, SJWD, SKE, SNNP, SOLAR, SONIC, SUPER, TBN, TMI, TPAC, TPP, TQM, UREKA, VNG, WELL, WIN, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALLA, ALPHAX, ALUCON, AMARC, AMR, ANAN, AOT, APEX, APO, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCTION, AURA, BA, BBK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BKGI, BKIH, BLC, BLESS, BLISS, BM, BOL, BR, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CFARM, CGD, CH, CHAO, CHARAN, CHAYO, CHIC, CHO, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DOD, DPAINT, DTCENT, DTICI, DV8, EASON, EE, EFORL, EMC, ESTAR, ETL, EURO, F&D, FANCY, FE, FM, FMT, FN, FORTH, FTI, FVC, GABLE, GENCO, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HFT, HPT, HTECH, HYDRO, I2, IIG, IMH, IND, INGRS, INSET, IRC, IRCP, IT, ITD, ITNS, ITTHI, J, JAK, JCK, JCKH, JCT, JKN, JMT, JPARK, JSP, JUBILE, KAMART, KBS, KC, KCG, KCM, KDH, KEX, KIAT, KISS, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LEE, LEO, LOXLEY, LPH, LST, LTS, MAGURO, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, METCO, MGC, MGI, MGT, MICRO, MIDA, MK, ML, MORE, MST, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NCP, NDR, NEO, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACO, PAF, PANEL, PCC, PCE, PEACE, PEER, PERM, PF, PHG, PICO, PIN, PJW, PLT, PMC, PMTA, POLAR, PORT, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PRO, PSG, PSP, PTL, QTCG, RAM, RCL, READY, RICHY, RJH, ROCK, ROCTEC, ROH, ROJNA, RP, RPC, RPH, RSP, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWANG, SBNEXT, SCI, SCL, SCP, SDC, SE, SEAFCO, SECURE, SGF, SHANG, SIAM, SICT, SIMAT, SISB, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMK, SMT, SO, SPA, SPCG, SPG, SPREME, SPVI, SQ, SR, SRS, SSC, STANLY, STC, STEC, STECH, STHAI, STI, STP, STPI, STX, SUC, SUN, SUTHA, SVR, SWC, SYNEX, TACC, TAN, TPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TERA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UOBKH, UP, UPOIC, UTP, UVAN, VARO, VL, VPO, VRANDA, W, WARRIX, WAVE, WFX, WGE, WINDOW, WINMED, WINNER, WORK, WP, YGG, YONG, ZAA

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 30, 2024) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.