

Preview 3Q24: Short-term hiccup

We expect 3Q24 earnings to plunge 59% QoQ and 54% YoY on weaker sales due to weak product demand related to the electrical and electronic (E&E) and automotive segments, especially in China, the floods in northern Thailand, and the appreciation of the baht against the USD, which hurt exports in the fibrous chain business. We expect earnings to recover in 4Q24 on higher demand during the holiday season. We expect 3Q24 to be the bottom for earnings with growth in 4Q24 and benefits from China's stimulus program in 2025. We maintain Outperform but roll our TP to 2025, which cuts it to Bt38 (from Bt40) based on 25.9X or -1SD of PE mean.

Expect 3Q24 core profit to fall QoQ and YoY. We expect SCGP to report a net profit of Bt548mn in 3Q24, with an estimated Bt50mn extraordinary expense related to the additional share acquisition of Fajar Paper. Core profit is expected at Bt598mn, plunging 54.3% YoY and 59.5% QoQ on low sales in 3Q24 due to flooding in northern Thailand, weak demand for products related to the E&E and automotive segments, especially in China, and the appreciation of the baht against the USD, which hurt fibrous chain exports. China's imports of packaging paper in August remains ~20% below pre-COVID levels, making it difficult to raise selling prices to cover the price of raw materials (recovered paper), which has increased. The fibrous chain business has also been hurt by a decline in short fiber pulp prices and writing paper prices due to slowing demand in China. While dissolving pulp prices remain relatively good, they will be impacted by the significant strengthening of the baht in 3Q24.

4Q24 outlook. We expect demand to improve significantly due to the buying season in preparation for the New Year and a possible gain from Thailand's digital wallet. RPC costs are starting to show signs of dropping, which will boost margins, as the Chinese government has implemented a major economic stimulus package. SCGP has not yet seen a positive impact, but expects to benefit in 3-6 months, in 2025.

Revisit our 2024-25 earnings forecasts. We have revised our core profit forecast for this year down by 26% and 9% in 2025 to reflect the slow demand, cutting our gross margin assumption to 16% from 17%. We expect operating performance to gradually recover next year, especially as the major economic stimulus package in China will increase the demand for paper packaging in the overall industry.

Action & Recommendation. We recommend taking an opportunity to accumulate when share price drops in response to the poor 3Q24 results. We continue to rate it Outperform for medium to long-term as we expect 2025 core earnings to benefit from China's major economic stimulus package. We roll TP to 2025 with a new TP of Bt38/share (from Bt40/share), based on -1SD of the 3-year PE mean.

Key risks are a continued slow pace in China's economy and geopolitical unrest raising coal cost. Key ESG risks are energy management, sustainability products, and high greenhouse gas emissions (E).

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	146,068	129,398	133,218	154,293	160,959
EBITDA	(Btmn)	19,603	18,667	19,311	22,006	22,935
Core profit	(Btmn)	5,768	5,168	4,834	6,311	6,735
Reported profit	(Btmn)	5,801	5,248	4,792	6,311	6,735
Core EPS	(Bt)	1.34	1.20	1.13	1.47	1.57
DPS	(Bt)	0.60	0.55	0.51	0.66	0.71
P/E, core	(x)	21.0	23.5	25.1	19.2	18.0
EPS growth, core	(%)	(22.5)	(10.4)	(6.5)	30.6	6.7
P/BV, core	(x)	1.0	1.2	1.1	1.1	1.1
ROE	(%)	4.7	4.6	4.6	5.8	6.0
Dividend yield	(%)	2.1	1.9	1.8	2.3	2.5
EV/EBITDA	(x)	14.4	8.2	8.6	7.5	6.7

Source: InnovestX Research

Tactical: OUTPERFORM (3-month)

Stock data	
Last close (Oct 9) (Bt)	28.25
Target price (Bt)	38.00
Mkt cap (Btbn)	121.27
12-m high / low (Bt)	39.8 / 22.3
Avg. daily 6m (US\$m)	9.12
Foreign limit / actual (%)	30 / 4
Free float (%)	26.4
Outstanding Short Position (%)	1.23

Share price performance			
(%)	1M	3M	12M
Absolute	0.9	(7.4)	(18.1)
Relative to SET	(1.1)	(15.9)	(19.4)

INVX core earnings vs consensus		
Earnings vs consensus	2024F	2025F
Consensus (Bt mn)	5,934	6,701
INVX vs Consensus (%)	(18.5)	(5.8)

Earnings momentum	YoY	QoQ
INVX 3Q24 core earnings	Down	Down

2023 Sustainability/2022 ESG Score	
SET ESG Ratings	AAA

Bloomberg ESG Score and Rank in the sector	
ESG Score and Rank	6.41 / 21
Environmental Score and Rank	7.37 / 21
Social Score and Rank	8.93 / 21
Governance Score and Rank	4.53 / 21

Source: SET, InnovestX Research, Bloomberg Finance L.P.

Analyst

Chaiwat Arsirawichai
Fundamental Investment
Analyst on Securities
(66-2) 949-1021
Chaiwat.a@innovestx.co.th

Value proposition

SCG Packaging PCL (SCGP) is a holding company providing packaging solutions in the integrated packaging and fibrous chains. It is one of only two fully vertically integrated paper packaging providers in the region and the only one with fully vertically integrated operations in the fibrous and polymers-based packaging sectors in Southeast Asia. Its integrated packaging business is vertically integrated via direct access to raw materials such as recovered paper (RCP), wood pulp and paper that enhances downstream product quality, product reliability and cost competitiveness.

Of total sales in 2023, 75% came from the integrated packaging chain (24% from fiber-based packaging, 38% from packaging paper, 13% from performance & polymer packaging), 19% from the fibrous chain and 6% from the recycling business. Within 2023 sales, 41% came from Thailand, 14% from Indonesia, 15% from Vietnam, 5% from the EU and UK, 2% from the Philippines, 2% from Malaysia and 18% from the rest of the world.

Business outlook

After listing in October 2020, SCGP consolidated five M&P deals in 2021: Sovi, a fiber-based packaging producer in Vietnam, Go-Pak, a food service packaging provider in Vietnam (both consolidated from Jan 2021), Duy Tan, a rigid plastic packaging producer in Vietnam, Intan, a corrugated container producer in Indonesia (both consolidated from Aug 2021), and Deltalab, a medical supply and labware specialist in Spain, consolidated from Dec 2021. It consolidated two more M&P deals in 2022: Peute, a packaging materials recycling company in the Netherlands in July 2022 and Jordan, an RCP trader in the US in September 2022.

SCGP has budgeted 2024 capex at Bt15bn (from Bt8.9bn in 2023 and Bt14.6bn in 2022), comprising Bt10bn for new M&P deals and Bt5bn for maintenance. It has several M&A deals in the pipeline, focusing on acquisitions in SE Asia, particularly in Indonesia’s downstream packaging business in furtherance of its "T-Model" strategy for vertical integration. It is important to note that Thailand and Vietnam operations have integration levels of 45% and 52%, respectively, while Indonesia's is currently at only 16%. The goal is for the Indonesian operations to achieve a more stable EBITDA margin.

We expect net profit to drop 6.5% in 2024F on low overall packaging paper demand, impact from the floods in northern Thailand, and the appreciation of the baht against the USD, which hurt fibrous chain exports.

In the medium term, SCGP aims to solidify its leadership position in ASEAN via either organic expansion or M&Ps, rolling out the vertical integration business model used in Thailand to other countries, expanding its market access into high-growth consumer goods and into the creation of more innovative solutions, in line with the principles of a circular economy.

Bullish views	Bearish views
1. RCP raw material cost falls on better collection rate	1. RCP cost up from greater packaging demand and higher freight rate on the geopolitical issue in the Red Sea
2. Coal cost stays low on the decarbonization trend	2. Coal cost will increase if geopolitical tension rises
3. Revived demand from China	3. Weak demand from inflationary pressure and concern over a global recession

Key catalysts

Factor	Event	Impact	Comment
3Q24F earnings outlook	Decline from low sales volume and ASP on weak demand.	Lower QoQ and YoY	We expect 3Q24F core profit to drop QoQ and YoY on weak packaging demand, flooding in northern Thailand and the appreciation of the baht against the USD, which hurt exports in the fibrous chain business.
2024 earnings outlook	Expect to decline on a slowdown in packaging demand especially in China.	Decrease YoY	We expect net profit to drop 6.5% in 2024F on low overall packaging paper demand, impact from the floods in northern Thailand, and the appreciation of the baht against the USD, which hurt fibrous chain exports.

Sensitivity Analysis

Factor	Earnings impact	TP impact
1% rise in sales volume	1%	Bt0.5/sh.

Our view on ESG

SCGP demonstrates a commitment to environmental stewardship by implementing various initiatives. These include reducing its carbon footprint, optimizing energy and water usage and implementing waste management practices. SCGP also recognizes the importance of social responsibility and contributes positively to society. SCGP has strong corporate governance which adheres to ethical business practices, transparency and accountability. The key ESG risk are energy management, sustainability products, and high greenhouse gas emission.

ESG Ratings and Indices

Bloomberg ESG Financial Materiality Score	6.41 (2022)
Rank in Sector	1/21

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

Source: Thai Institute of Directors and SET

Environmental Issue (E)

- By 2025, SCGP targets a 13% reduction in energy consumption from 2007 (vs 5.8% in 2021). It targets GHG emission reduction of 25% from 2020 in 2030 (vs 2.4% in 2021) and achieve net zero in 2050.
- By 2025, it targets 5% reduction in air emissions per product compared to 2020 (vs 6.7% reduction in specific dust in 2021), 35% reduction of water withdrawal compared to 2014 (vs 26.3% in 2021), 100% reduction of waste disposal by incineration without energy recovery in Thailand compared to 2024 (vs 99.9% in 2021), and it targets to have biodiversity conservation area certified by FSC standard of at least 10% of agroforestry area (vs 12.9% in 2021).
- By 2025, SCGP targets the volume of recyclable, reusable, or compostable packaging at 100% from the volume of total packaging (vs 99.7% in 2021).
- In 2021, SCGP signed a long-term sustainability Linked Loan (SLL) worth Bt5bn, with interest rate linked to its sustainability performance targets including reducing GHG emissions and water withdrawal and increasing the sales portion of eco-friendly goods and services.
- We anticipate stricter corporate greenhouse gas emission regulations to be a materializing environmental factor impacting SCGP's future operations. While SCGP has a significant greenhouse gas emission footprint of 5mn tonnes as of 2020, its commitment to ambitious reduction targets and clear environmental policies distinguishes its ESG score from its peers.

Governance Issue (G)

- SCGP aims to disseminate and communicate the understanding of SCGP's code of conduct with all companies in the group (100% achievement in 2021) with no corruption (zero violation of anti-corruption policy in 2021).
- In 2021, SCGP's board of directors consists of 12 directors. Of this, 11 were non-executive directors (92% of the entire board), 8 were independent directors (67% of the entire board), and 3 were female (25% of the entire board).
- In 2021, CG rating was excellent and anti-corruption progress indicator was certified.
- SCGP has publishing its overall corporate governance framework, we believe they should enhance the clarity of Board of Director roles, particularly concerning the representation of minority shareholders, which still below the industry average.

Social Issue (S)

- By 2030, it targets sales revenue of products, services, and solutions with the SCG green choice label to reach 66.7% of total revenue (vs 45% in 2021) and sales revenue of products, services, and solutions providing directly value to customers with the SCG green choice label to reach 33.3% of total sales revenue (vs 13% in 2021).
- SCGP aims to be a role model in human rights, both directly through business activities, and indirectly by providing support and encouraging business partners in the value chain and targets no human rights violations (already zero in 2021 and all employees taking human rights e-Testing with 100% passing rate in 2021).
- It targets a 90% community satisfaction index (vs 89% in 2021), 100% for customer satisfaction (vs 80% in 2021), 78% employee engagement rate (vs 76% in 2021), and 0.08cases/1mn hours worked for lost time injury frequency rate of employees and contractors (vs 0.608 in 2021).
- SCGP stands out among its peers by demonstrating leadership in safety measures, employee well-being, and supply chain management

ESG Financial Materiality Score and Disclosure

	2022	2023
ESG Financial Materiality Score	6.41	—
Environment Financial Materiality Score	7.37	—
Climate Change Policy	Yes	Yes
GHG Scope 1 ('000 metric tonnes)	3,778.13	3,778
GHG Scope 2 Location-Based ('000 metric tonnes)	631.79	632
Renewable Energy Use ('000 MWh)	4,083	4,083
Energy Per Unit of Production (Megawatt hours)	3.02	3
Waste Reduction Policy	Yes	Yes
Water Policy	Yes	Yes
Social Financial Materiality Score	8.93	—
Human Rights Policy	Yes	Yes
Community Spending (millions)	43	43
Women in Workforce (%)	21.90	21.90
Health and Safety Policy	Yes	Yes
Lost Time Incident Rate - Workforce (per 100 employees)	0.08	0.08
Employee Training (hours)	334,335	334,335
Governance Financial Materiality Score	4.53	—
Audit Committee Meetings (Times)	6	6
Company Conducts Board Evaluations	Yes	Yes
Board Meeting Attendance (%)	99	99
Num of Independent Directors on Compensation (persons)	2	2
Number of Women on Board (persons)	3	3
Num of Independent Directors on Nomination (persons)	2	2

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Scores rate companies on their level of management of financially material industry-specific ESG issues. Bloomberg offers four financially material scores, for overall ESG, as well as Environmental, Social, and Governance. Values range from 0 to 10; 10 is best. To review the fully transparent methodology, see ESG Financial Materiality Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Revenue from sales	(Btmn)	89,070	92,786	124,223	146,068	129,398	133,218	154,293	160,959
Cost of sales	(Btmn)	(71,651)	(73,333)	(101,345)	(121,791)	(106,274)	(112,109)	(129,106)	(134,671)
Gross profit	(Btmn)	17,419	19,453	22,878	24,277	23,124	21,109	25,186	26,288
SG&A	(Btmn)	(9,148)	(9,981)	(12,113)	(15,531)	(15,684)	(13,455)	(15,429)	(16,096)
Other income	(Btmn)	545	729	1,143	1,158	1,043	1,066	1,234	1,288
Interest expense	(Btmn)	(1,562)	(1,513)	(1,211)	(1,820)	(2,020)	(2,021)	(2,354)	(2,284)
Pre-tax profit	(Btmn)	7,253	8,689	10,698	8,083	6,464	6,699	8,638	9,196
Corporate tax	(Btmn)	(1,154)	(1,269)	(1,958)	(1,432)	(1,153)	(1,239)	(1,598)	(1,701)
Equity a/c profits	(Btmn)	53	66	57	55	39	41	43	45
Minority interests	(Btmn)	(707)	(848)	(1,353)	(939)	(180)	(666)	(771)	(805)
Core profit	(Btmn)	5,445	6,638	7,444	5,768	5,168	4,834	6,311	6,735
Extra-ordinary items	(Btmn)	(177)	(181)	850	33	79	(42)	0	0
Net Profit	(Btmn)	5,269	6,457	8,294	5,801	5,248	4,792	6,311	6,735
EBITDA	(Btmn)	14,806	17,385	20,224	19,603	18,667	19,311	22,006	22,935
Core EPS (Bt)	(Btmn)	1.74	2.00	1.73	1.34	1.20	1.13	1.47	1.57
Net EPS (Bt)	(Bt)	1.69	1.95	1.93	1.35	1.22	1.12	1.47	1.57
DPS (Bt)	(Bt)	0.48	0.45	0.65	0.60	0.55	0.51	0.66	0.71

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	35,383	62,919	69,186	60,154	60,272	84,436	91,544	102,739
Total fixed assets	(Btmn)	104,130	109,510	137,638	137,125	138,289	134,421	131,038	123,246
Total assets	(Btmn)	139,513	172,429	206,824	197,280	198,561	218,857	222,582	225,985
Total loans	(Btmn)	59,496	44,501	56,295	49,582	48,445	79,162	77,162	75,162
Total current liabilities	(Btmn)	54,014	43,237	51,977	33,479	66,390	42,230	42,349	43,393
Total long-term liabilities	(Btmn)	22,683	19,351	32,547	40,834	29,721	70,299	69,769	68,234
Total liabilities	(Btmn)	76,697	62,588	84,524	74,313	96,111	112,529	112,119	111,627
Paid-up capital	(Btmn)	3,126	4,293	4,293	4,293	4,293	4,293	4,293	4,293
Total equity	(Btmn)	62,816	109,841	122,300	122,967	102,449	106,327	110,463	114,358
BVPS (Bt)	(Bt)	20.09	33.17	28.49	28.64	23.86	24.77	25.73	26.64

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	5,445	6,638	7,444	5,768	5,168	4,834	6,311	6,735
Depreciation and amortization	(Btmn)	5,991	7,183	8,315	9,699	10,184	10,591	11,015	11,456
Operating cash flow	(Btmn)	16,014	15,729	7,501	17,234	41,816	(6,782)	10,647	16,738
Investing cash flow	(Btmn)	(31,890)	(10,672)	(30,995)	(3,119)	(15,283)	(6,316)	(7,208)	(3,223)
Financing cash flow	(Btmn)	18,257	21,790	(1,042)	(11,602)	(26,608)	29,801	(4,175)	(4,840)
Net cash flow	(Btmn)	2,381	26,846	(24,537)	2,513	(75)	16,702	(737)	8,675

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	19.6	21.0	18.4	16.6	17.9	15.8	16.3	16.3
Operating margin	(%)	9.3	10.2	8.7	6.0	5.7	5.7	6.3	6.3
EBITDA margin	(%)	16.6	18.7	16.3	13.4	14.4	14.5	14.3	14.2
EBIT margin	(%)	9.9	11.0	9.6	6.8	6.6	6.5	7.1	7.1
Net profit margin	(%)	5.9	7.0	6.7	4.0	4.1	3.6	4.1	4.2
ROE	(%)	9.4	7.7	6.4	4.7	4.6	4.6	5.8	6.0
ROA	(%)	4.7	4.3	3.9	2.9	2.6	2.3	2.9	3.0
Net D/E	(x)	0.9	0.1	0.3	0.3	0.3	0.4	0.4	0.3
Interest coverage	(x)	9.5	11.5	16.7	10.8	9.2	9.6	9.4	10.0
Debt service coverage	(x)	0.3	0.5	0.6	1.0	0.6	1.0	1.1	1.1
Payout Ratio	(%)	28.2	29.9	33.6	44.4	45.0	45.0	45.0	45.0

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total sales	(Btmn)	89,070	92,786	124,223	146,068	129,398	133,218	154,293	160,959
Sales from packaging chain	(Btmn)	71,625	78,903	105,562	117,219	97,044	99,324	117,758	122,470
Sale from recycling business chain	(Btmn)	-	-	-	4,576	7,460	8,206	8,616	9,047
Sales from fibrous chain	(Btmn)	17,445	13,883	18,661	24,273	24,894	25,688	27,918	29,442
Total GPM	(%)	19.6	21.0	18.4	16.6	17.9	15.8	16.3	16.3
FX	(THB/US\$)	31.0	31.3	32.0	35.1	35.0	35.0	35.0	35.0

Financial statement

Profit and Loss Statement

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total revenue	(Btmn)	37,943	33,509	33,729	32,216	31,573	31,881	33,948	34,235
Cost of sales and services	(Btmn)	(31,518)	(28,625)	(27,780)	(26,350)	(25,965)	(26,179)	(27,146)	(28,114)
Gross profit	(Btmn)	6,425	4,884	5,948	5,866	5,608	5,702	6,802	6,121
SG&A	(Btmn)	(4,059)	(3,762)	(4,220)	(3,754)	(3,824)	(3,886)	(4,294)	(4,120)
Other income	(Btmn)	323	277	232	161	325	325	263	349
Interest expense	(Btmn)	(413)	(764)	(497)	(510)	(496)	(516)	(523)	(611)
Pre-tax profit	(Btmn)	2,276	636	1,464	1,762	1,612	1,625	2,247	1,739
Corporate tax	(Btmn)	(470)	(105)	(296)	(305)	(228)	(325)	(483)	(354)
Equity a/c profits	(Btmn)	33	(6)	(17)	6	14	35	27	38
Minority interests	(Btmn)	(327)	103	(84)	(94)	15	(18)	(119)	76
Core profit	(Btmn)	1,512	628	1,182	1,439	1,310	1,215	1,686	1,479
Extra-ordinary items	(Btmn)	325	(178)	38	46	17	(0)	39	(25)
Net Profit	(Btmn)	1,837	450	1,220	1,485	1,327	1,215	1,725	1,454
EBITDA	(Btmn)	5,167	3,910	4,471	4,681	4,229	4,388	5,151	4,635
Core EPS (Bt)	(Btmn)	0.35	0.15	0.28	0.34	0.31	0.28	0.39	0.34
Net EPS (Bt)	(Bt)	0.43	0.10	0.28	0.35	0.31	0.28	0.40	0.34

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total current assets	(Btmn)	63,374	60,154	60,842	60,842	60,017	60,272	64,528	71,703
Total fixed assets	(Btmn)	144,853	137,125	137,664	140,156	140,591	138,289	141,792	140,051
Total assets	(Btmn)	208,227	197,280	198,506	200,998	200,608	198,561	206,320	211,754
Total loans	(Btmn)	51,647	49,582	44,812	46,278	40,913	48,445	37,550	28,559
Total current liabilities	(Btmn)	41,331	33,479	34,914	56,062	61,738	66,390	69,899	76,319
Total long-term liabilities	(Btmn)	37,650	40,834	40,500	40,549	35,132	29,721	32,019	31,721
Total liabilities	(Btmn)	78,981	74,313	75,414	96,612	96,870	96,111	101,918	108,040
Paid-up capital	(Btmn)	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
Total equity	(Btmn)	129,246	122,967	123,093	104,386	103,738	102,449	104,401	103,714
BVPS (Bt)	(Bt)	30.1	28.6	28.7	24.3	24.2	23.9	24.3	24.2

Cash Flow Statement (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Core Profit	(Btmn)	3,418	2,140	1,304	2,883	4,192	5,168	1,844	3,221
Depreciation and amortization	(Btmn)	4,801	4,802	2,357	2,293	2,210	10,184	2,328	4,658
Operating cash flow	(Btmn)	6,064	4,820	5,017	9,920	16,348	41,816	3,053	9,826
Investing cash flow	(Btmn)	(8,437)	(3,443)	(7,257)	(8,742)	(10,343)	(15,283)	2,547	1,265
Financing cash flow	(Btmn)	998	115	(2,268)	(6,403)	(8,708)	(26,608)	(507)	2,912
Net cash flow	(Btmn)	(1,375)	1,492	(4,508)	(5,225)	(2,703)	(75)	5,093	10,684

Key Financial Ratios

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross margin	(%)	16.9	14.6	17.6	18.2	17.8	17.9	20.0	17.9
Operating margin	(%)	6.2	3.3	5.1	6.6	5.6	5.7	7.4	5.8
EBITDA margin	(%)	13.6	11.7	13.3	14.5	13.4	13.8	15.2	13.5
EBIT margin	(%)	7.1	4.2	5.8	7.1	6.7	6.7	8.2	6.9
Net profit margin	(%)	4.8	1.3	3.6	4.6	4.2	3.8	5.1	4.2
ROE	(%)	0.0	2.0	3.8	5.1	5.0	4.7	6.5	5.7
ROA	(%)	2.9	1.2	2.4	2.9	2.6	2.4	3.3	2.8
Net D/E	(x)	0.3	0.3	0.3	0.4	0.3	0.3	0.2	0.1
Interest coverage	(x)	12.5	5.1	9.0	9.2	8.5	8.5	9.8	7.6
Debt service coverage	(x)	0.8	0.6	0.9	1.1	1.0	1.0	0.7	1.1

Main Assumptions

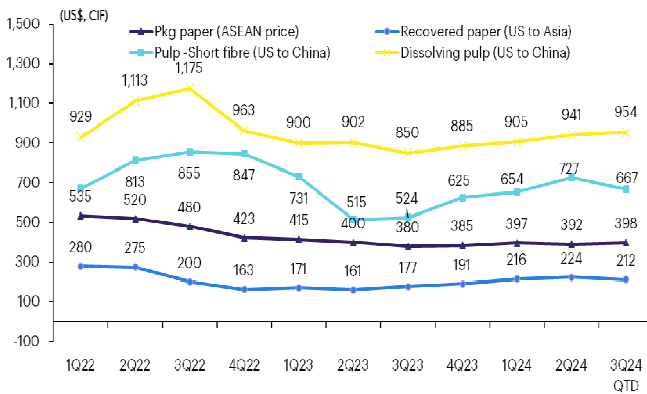
FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total sales	(Btmn)	45,123	40,165	33,729	32,216	31,573	31,881	33,948	34,235
Sales from packaging chain	(Btmn)	35,711	31,297	31,221	24,185	23,655	24,043	25,549	25,494
Sale from recycling business chain	(Btmn)	2,560	2,016	2,127	1,707	1,815	1,811	1,929	2,134
Sales from fibrous chain	(Btmn)	6,852	6,852	6,191	6,400	6,184	6,119	6,569	6,606
Total GPM	(%)	16.9	14.6	17.6	18.2	17.8	17.9	20.0	17.9
FX	(THB/US\$)	36.6	36.6	34.1	34.6	35.3	35.8	35.8	36.5

Appendix

Figure 1: 3Q24 preview: Expect decline in core earnings both QoQ and YoY

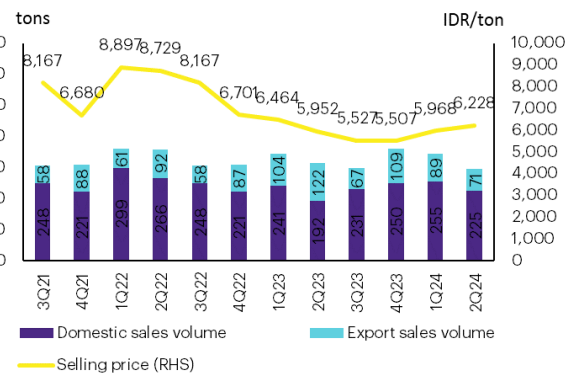
P & L (Btmn)	3Q23	4Q23	1Q24	2Q24	3Q24F	% Chg YoY	% Chg QoQ
Total revenue	31,573	31,881	33,948	34,235	32,523	3.0	(5.0)
Gross profit	5,608	5,702	6,802	6,121	4,943	(11.8)	(19.2)
SG&A expense	(3,824)	(3,886)	(4,294)	(4,120)	(3,903)	2.1	(5.3)
Net other income/expense	325	325	263	349	300	(7.7)	(14.0)
Interest expense	(496)	(516)	(523)	(611)	(660)	33.0	8.1
Pre-tax profit	1,612	1,625	2,247	1,739	559	(65.3)	(67.8)
Corporate tax	(228)	(325)	(483)	(354)	(131)	(42.6)	(63.0)
Equity a/c profits	14	35	27	38	40	176.9	4.0
Minority interests	15	(18)	(119)	76	(1)	(107.5)	(101.5)
EBITDA	4,229	4,388	5,151	4,635	3,730	(11.8)	(19.5)
Core profit	1,310	1,215	1,686	1,479	598	(54.3)	(59.5)
Extra. Gain (Loss)	17	(0)	39	(25)	(50)	(389.2)	97.4
Net Profit	1,327	1,215	1,725	1,454	548	(58.7)	(62.3)
EPS	0.31	0.28	0.40	0.34	0.13	(58.7)	(62.3)
Financial ratio (%)							
Gross margin	17.8	17.9	20.0	17.9	15.2		
EBITDA margin	13.4	13.8	15.2	13.5	11.5		
Net profit margin	4.2	3.8	5.1	4.2	1.7		
SG&A expense/Revenue	12.1	12.2	12.7	12.0	12.0		

Figure 1: Key product & raw material prices



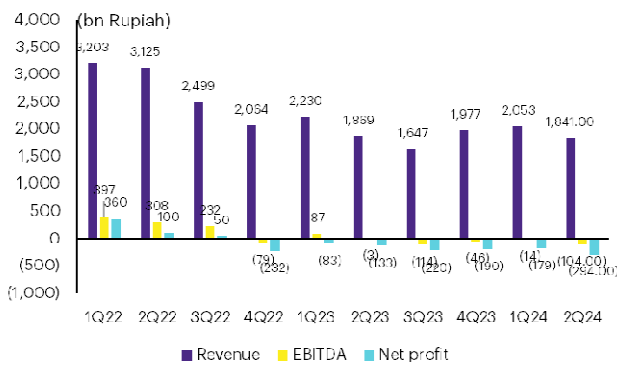
Source: Company data and InnovestX Research

Figure 2: Fajar paper Sale volume & ASP



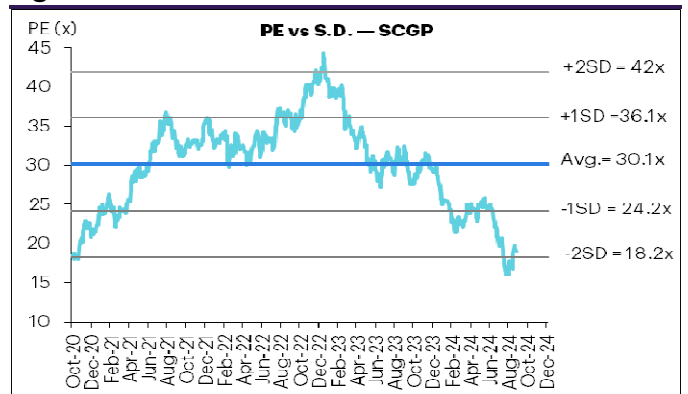
Source: Company data and InnovestX Research

Figure 3: Fajar Paper Earnings performance



Source: Company data and InnovestX Research

Figure 4: PE Band



Source: Company data and InnovestX Research

Disclaimer

The information in this report has been obtained from sources believed to be reliable. However, its accuracy or completeness is not guaranteed. Any opinions expressed herein reflect our judgment at this date and are subject to change without notice. This report is for information only. It is not to be construed as an offer, or solicitation of an offer to sell or buy any securities. We accept no liability for any loss arising from the use of this document. We or our associates may have an interest in the companies mentioned therein.

InnovestX Securities Company Limited ("INVX") is wholly owned by SCB X Public Company Limited ("SCBX") and The Siam Commercial Bank Public Company Limited ("SCB") is majority-owned by SCBX. Any information related to SCB is for sector comparison purpose.

This document is prepared by InnovestX Securities Company Limited ("INVX") which is wholly owned by SCB X Public Company Limited ("SCBX"). The Siam Commercial Bank Public Company Limited, which is majority-owned by SCBX, acts as financial advisor of the LH Hotel Leasehold Real Estate Investment Trust. Any opinions, news, research, analyses, prices, statements, forecasts, projections and/or other information contained in this document (the "Information") is provided as general information purposes only and shall not be construed as individualized recommendation of an offer to buy or sell or the solicitation of an offer to buy or sell any securities. INVX and/or its directors, officers and employees shall not be liable for any direct, indirect, incidental, special or consequential loss or damage, resulting from the use of or reliance on the Information, including without limitation to, damages for loss of profits. The investors shall use the Information in association with other information and opinion, including their own judgment in making investment decision. The Information is obtained from sources believed to be reliable, and INVX cannot guarantee the accuracy, completeness and/or correctness of the Information.

INVX reserves the right to modify the Information from time to time without notice and in its sole discretion. This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

Futures and Options trading carry a high level of risk with the potential for substantial losses, and are not suitable for all persons. Before deciding to trade Futures and Options, you should carefully consider your financial position, investment objectives, level of experience, and risk appetite if Futures and Options trading are appropriate. The possibility exists that you could sustain a loss of some or all of your initial investment. You should be aware of all the risks associated with Futures and Options trading, and you are advised to rely on your own judgment while making investment decision and/or should seek advice from professional investment advisor if you have any doubts.

This document is delivered to intended recipient(s) only and is not permitted to reproduce, retransmit, disseminate, sell, distribute, republish, circulate or commercially exploit the Information in any manner without the prior written consent of INVX.

© Copyright 2022 InnovestX Securities Co., Ltd. All right reserved.

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, CPAXTT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, 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, ITEL, 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, 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, P, P, 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, SCP, 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

The material contained in this publication is for general information only and is not intended as advice on any of the matters discussed herein. Readers and others should perform their own independent analysis as to the accuracy or completeness or legality of such information. The Thai Institute of Directors, its officers, the authors and editor make no representation or warranty as to the accuracy, completeness or legality of any of the information contained herein. By accepting this document, each recipient agrees that the Thai Institute of Directors Association, its officers, the authors and editor shall not have any liability for any information contained in, or for any omission from, this publication.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. InnovestX Securities Company Limited does not conform nor certify the accuracy of such survey result.

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, CPAXTT, 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, ITEL, 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, TIPC, 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

Declared (ประกาศเจตนา)

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, SINO, 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, DTCI, 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, KLINIQU, 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, NAT, NC, NCH, NCL, NCP, NDR, NEO, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, OKJ, 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, SEI, 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, STECH, STHAI, STI, STP, STPI, STX, SUC, SUN, SUTHA, SVR, SWC, SYNEX, TACC, TAN, TAPAC, TATG, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TERA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUJ, 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, UPF, UVAN, VARI, 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.