Siam Cement (SCC TB)

3Q25: Posts Larger-than-expected 3Q25 Net Loss; Earnings Expected To Rebound in 4Q25

BUY (Maintained)

Share Price	Bt207.00
Target Price	Bt290.00
Upside	40.10%

Analyst(s)
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Highlights

- SCC reported a wider-than-expected net loss in 3Q25, mainly due to substantial inventory losses. Earnings were weighed by seasonal factors and continued weakness in olefins spread.
- We expect earnings to rebound to a profit in 4Q25, supported by stronger performance from the cement and packaging businesses.
- Olefins spreads remain under pressure from weak demand and additional new capacity. We maintain a cautious view on the petrochemical business.

3Q25 Results

Year to 31 Dec (Btm)	3Q24	2Q25	3Q25	% Chg. yoy	% Chg. qoq	9M24	9M25	% Chg. yoy
Revenue	128,199	124,684	121,793	-5%	-2%	380,660	370,870	-3%
Gross profit	14,452	19,216	15,289	6%	-20%	36,324	52,800	45%
EBITDA	5,841	9,876	8,261	41%	-16%	25,330	27,946	10%
Gain (Loss) from affiliate	1,261	-138	1,181	-6%	n.a.	5,342	2,471	-54%
Core Profit	-160	2,167	774	n.a.	-64%	5,377	4,128	-23%
Extraordinary item	881	14,257	-1,443	n.a.	n.a.	1,477	12,726	762%
Net Profit	721	17,337	-669	n.a.	n.a.	6,854	17,767	159%
- Cement (CBM)	728	1,136	1,948	168%	71%	4,392	5,495	25%
- Chemical (SCGC)	-1,480	12,908	-3,999	n.a.	n.a.	-4,587	5,961	n.a.
- Packaging (SCGP)	578	1,010	953	65%	-6%	3,756	2,863	-24%
EPS	0.60	14.45	-0.56	n.a.	n.a.	5.71	14.81	159%
Inventory gain (loss)	-1,302	-913	-1,348	n.a.	n.a.	-706	-2,349	n.a.
Financial ratio (%)								
Gross Profit Margin	11.3%	15.4%	12.6%			9.5%	14.2%	
EBITDA Margin	4.6%	7.9%	6.8%			6.7%	7.5%	
Net profit margin	0.6%	13.9%	-0.5%			1.8%	4.8%	

Source: SCC, UOB Kay Hian

Analysis

- **SCC reported a larger-than-expected 3Q25 net loss.** Siam Cement (SCC) reported a larger-than-expected net loss of Bt669m in 3Q25 (vs a net profit of Bt17.3b in 2Q25). The net loss was greater than both our and consensus' expectations, mainly due to a significant stock loss of Bt1.35b. Excluding extra items, core profit stood at Bt774m, down 64% qoq, reflecting seasonality and persistently weak olefins spreads.
- **9M25 core profit decreased 23% yoy.** SCC reported a core profit of Bt4.1b in 9M25, down 23% yoy, representing 55% of our 2025 core profit forecast.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	499,645.7	511,172.2	494,155.9	497,100.1	539,551.9
EBITDA	52,753.5	41,721.4	53,070.2	57,991.3	62,440.4
Operating profit	23,013.4	10,130.7	15,479.6	22,465.7	29,675.4
Net profit (rep./act.)	25,915.0	6,341.6	22,670.3	17,000.0	22,524.9
Net profit (adj.)	14,895.0	3,797.6	7,500.0	17,000.0	22,524.9
EPS	12.4	3.2	6.2	14.2	18.8
PE	18.0	70.8	35.8	15.8	11.9
P/B	0.7	0.7	0.7	0.7	0.6
EV/EBITDA	9.8	11.6	7.4	5.9	4.7
Dividend yield	2.7	2.2	2.2	3.6	3.8
Net margin	5.2	1.2	4.6	3.4	4.2
Net debt/(cash) to equity	65.8	58.2	32.1	18.0	6.6
Interest cover	5.1	3.6	4.8	6.2	7.4
Consensus net profit	n.a	n.a	18,433	14,621	16,095
UOBKH/Consensus (x)	n.a	n.a	1.23	1.16	1.40

Source: SCC, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Property & Construction / Construction Materials
Bloomberg ticker	SCC TB
Shares issued (m)	1,200.0
Market cap (Btm)	273,600.0
Market cap (US$m)	8,606.8
3-mth avg daily t'over (US$m)	24.1

Price Performance (%)

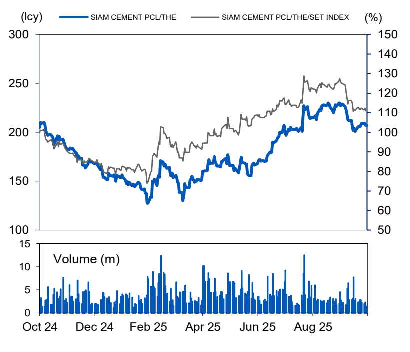
52-week high/low Bt231.00/Bt124.50

1mth	3mth	6mth	1yr	YTD
11.2	36.1	37.8	(4.6)	35.7

Major Shareholders

Maha Vajiralongkorn	33.64
Thai NVDR Company Limited	7.85
SOCIAL SECURITY OFFICE	5.54

Price Chart



Source: Bloomberg

Company Description

SCC operates as a holding company which is engaged in the industrial supplies and construction industries. The company operates six core businesses - chemical, paper, cement, building materials, distribution and investment.

- **The cement business is strong.** The cement building materials (CBM) business remained robust, posting a net profit of Bt1.95b in 3Q25, a substantial increase both qoq and yoy. Excluding extra items, core profit rose 19% qoq. The improvement was driven by a 3% qoq increase in selling prices, higher sales of high-value products such as low-carbon cement, and reduced production costs. As a result, the CBM business achieved an EBITDA margin of 8.4% in 3Q25, (vs 7.8% in 2Q25).
- **Chemical business losses due to weak olefins spreads.** SCG Chemicals (SCGC) reported a net loss of Bt4.0b in 3Q25 (vs a net profit of Bt12.9b in 2Q25). Excluding extra items, the net loss was Bt2.7b (vs a net loss of Bt2.3b in 2Q25). The weaker performance was attributed to a decline in polyethylene (PE) and polypropylene (PP) spread by 9% and 16% qoq respectively, driven by weak demand and additional new capacity. In 3Q25, the chemical business also recorded a stock loss of Bt1.35b, stemming from higher naphtha inventory levels following the restart of the Long Son Plant (LSP).
- **Packaging business saw a seasonal decline.** SCG Packaging (SCGP) reported a net profit of Bt953m, down 6% qoq, reflecting the impact of the low season. Although total sales increased, cost and financing costs declined and offset the seasonal drop in selling prices.
- **Earnings expected to return to net profit in 4Q25.** We expect 4Q25 net profit to rise both qoq and yoy, rebounding from the net loss in 3Q25 and 4Q24. This improvement will be driven by: a) a gradual recovery in cement prices and sales following the end of the low season; however, the recovery in cement sales will be partly constrained by the extended holiday period toward year-end, b) seasonal dividend income, c) stronger profits from the packaging segment, supported by peak-season demand in Thailand, Indonesia, and Vietnam, and d) a partial reversal of the stock loss recorded in 3Q25 is expected, turning into a profit in 4Q25.
- **Outlook for PE and PP spreads remains weak.** Although PE and PP spreads have rebounded from their lows of around US$300/tonne to US$310–320/tonne, they remain below the average cash cost of olefin crackers, which is about US$350/tonne. Despite global capacity cuts and some permanent shutdowns of olefin crackers, additional supply from China continues to weigh on the market, leading us to maintain a cautious outlook on the petrochemical business. The ongoing weakness in PE and PP spreads in 4Q25 qtd has prompted us to expect the LSP plant to suspend operations in Nov 25. However, we are still awaiting SCC management's update regarding LSP's operational plans.

Valuation/Recommendation

- **Maintain BUY with a SOTP-based 2026 target price of Bt290.00,** with the chemical business valued at 0.39x P/B (-2.0 SD), the cement business at 12x forward PE, and SCGP at 23.1x forward PE.

Earnings Revision/Risk

- None.

Environment, Social, Governance (ESG) Updates

Environmental

- Carbon reduction: Committed to reducing greenhouse gas emissions through energy efficiency, renewable energy and carbon capture technologies.

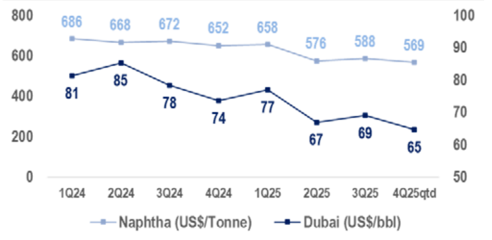
Social

- Community engagement: Investing in education, health, and infrastructure programmes for local communities.

Governance

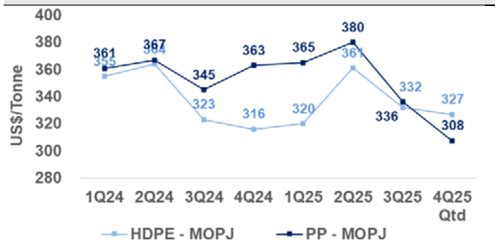
- Corporate governance: Maintaining transparent reporting and adhering to ethical business practices.

Naphtha And Crude Oil Prices



Source: SCC, Bloomberg, UOB Kay Hian

Petrochemical Spread



Source: SCC, Bloomberg, UOB Kay Hian

LSP Restart

Source: SCC, UOB Kay Hian

LSPE Summary

Source: SCC, UOB Kay Hian

SOTP Valuation

	Equity Value	Bt/share	Methodology
Chemical	166,041	138	0.39x PBV
CBM	199,375	166	12.0x PE
SCGP	157,639	131	23.1x PE
SCGD	11,833	10	11.0x PE
Others	18,150	15	12.0x PE
Net Debt	*-205,105*	*-171*	
Total	347,934	290	

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	511,172	494,156	497,100	539,552
EBITDA	39,177	37,900	57,991	62,440
Deprec. & amort.	31,591	37,591	35,526	32,765
EBIT	7,587	309	22,466	29,675
Associate contributions	6,530	6,813	7,154	7,511
Net interest income/(expense)	(11,500)	(11,000)	(9,369)	(8,406)
Pre-tax profit	7,704	26,463	20,250	28,781
Tax	(3,882)	(5,293)	(4,050)	(5,756)
Minorities	2,520	1,500	800	(500)
Net profit	6,342	22,670	17,000	22,525
Net profit (adj.)	3,798	7,500	17,000	22,525

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	422,613	389,875	359,203	331,291
Other LT assets	83,516	49,416	49,710	53,955
Cash/ST investment	108,031	136,750	154,910	170,808
Other current assets	17,835	15,898	15,901	15,943
Total assets	861,502	830,479	804,744	792,230
ST debt	57,625	27,450	27,628	27,525
Other current liabilities	16,432	24,708	24,855	26,978
LT debt	196,252	168,802	141,174	113,649
Other LT liabilities	224,401	193,511	166,031	140,630
Shareholders' equity	373,419	390,089	401,089	414,014
Total liabilities & equity	861,502	830,480	804,746	792,233

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	36,179	72,191	64,015	61,789
Pre-tax profit	7,704	26,463	20,250	28,781
Tax	(3,882)	(5,293)	(4,050)	(5,756)
Deprec. & amort.	31,591	37,591	35,526	32,765
Working capital changes	4,501	13,430	12,290	5,999
Other operating cashflows	(3,735)	0	0	0
Investing	(6,879)	25,805	(5,000)	(6,976)
Investments	(4,853)	(4,853)	(4,853)	(4,853)
Others	(2,026)	30,658	(147)	(2,123)
Financing	(36,185)	(63,625)	(33,450)	(37,228)
Dividend payments	(10,167)	(6,000)	(6,000)	(9,600)
Issue of shares				
Proceeds from borrowings	(26,018)	(57,625)	(27,450)	(27,628)
Net cash inflow (outflow)	(6,885)	34,371	25,565	17,586
Beginning cash & cash equivalent	43,602	36,492	70,863	96,428
Changes due to forex impact	(225)	0	0	0
Ending cash & cash equivalent	36,492	70,863	96,428	114,013

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	10.56	8.16	10.74	11.67
Pre-tax margin	6.44	1.51	5.36	4.07
Net margin	5.19	1.24	4.59	3.42
ROA	0.74	2.73	2.11	2.84
ROE	1.70	5.81	4.24	5.44
Growth				
Turnover	2.31	(3.33)	0.60	8.54
EBITDA	3.11	(3.26)	53.01	7.67
Pre-tax profit	(63.55)	243.50	(23.48)	42.13
Net profit	(75.53)	257.48	(25.01)	32.50
Net profit (adj.)	(74.50)	97.49	126.67	32.50
EPS	(75.53)	257.48	(25.01)	32.50
Leverage				
Debt to total capital	60.48	45.12	37.92	30.79
Debt to equity	67.99	50.31	42.09	34.10
Net debt/(cash) to equity	58.21	32.14	18.04	6.56
Interest cover (x)	3.63	4.82	6.19	7.43

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