

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	47716.4	0.6	4.3	0.3	12.2
S&P 500	6849.1	0.5	4.7	0.1	16.4
FTSE 100	9720.5	0.3	1.9	0.0	18.9
AS30	8930.5	0.1	1.5	(2.7)	6.1
CSI 300	4526.7	0.2	1.6	(2.5)	15.0
FSSTI	4524.0	0.3	1.2	2.2	19.4
HSCEI	9130.2	(0.4)	2.4	(0.4)	25.2
HSI	25858.9	(0.3)	2.5	(0.2)	28.9
JCI	8508.7	(0.4)	1.1	4.2	20.2
KLCI	1604.5	(0.8)	(0.8)	(0.3)	(2.3)
KOSPI	3926.6	(1.5)	1.9	(4.4)	63.6
Nikkei 225	50253.9	0.2	0.9	(4.1)	26.0
SET	1256.7	0.3	0.2	(4.0)	(10.2)
TWSE	27626.5	0.3	4.5	(2.1)	19.9
BDI	2560	3.2	12.5	30.2	156.8
CPO (RM/mt)	4023	0.8	(2.3)	(7.5)	(18.2)
Brent Crude (US\$/bbl)	62	(0.8)	(0.3)	(3.1)	(16.4)

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Post-Result Meeting with Marco Polo Marine Ltd (MPM SP)	Singapore	02 Dec	02 Dec
Regional 1H2026 Strategy Conference	Kuala Lumpur	04 Dec	04 Dec
Hybrid Investor Luncheon with Karrie International (1050 HK)	Hong Kong	08 Dec	08 Dec
Virtual Meeting with Mao Geping Cosmetics (1318 HK)	Hong Kong	08 Dec	08 Dec

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Oct. Customs Trade Balance (Export-Import)	Thailand	18-26 Nov
Nov. CPI	Thailand	4 Dec
BoT Benchmark Interest Rate	Thailand	17 Dec
Nov. Consumer Confidence	Thailand	8-15 Dec

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Company Update | SCG Packaging (SCGP TB/BUY/Bt15.60/Target: Bt26.00)

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We expect 4Q25 net profit to rise both qoq and yoy, supported by lower costs and stronger sales volume at Fajar, helped by higher imports of packaging paper from China after the announced import ban on dry-milled recycled pulp. The MYPAK acquisition is on track to be finalised next week. We remain constructive on the long-term strategic benefits of the transaction. Maintain BUY. Target price: Bt26.00.

SCG Packaging (SCGP TB)

Stronger 4Q25 Earnings Outlook; MYPAK Transaction Likely To Conclude Next Week

Highlights

- Accelerating packaging paper imports from China continue to lift Fajar's sales. We project 4Q25 net profit to grow both qoq and yoy.
- The MYPAK acquisition is expected to be finalised next week, and we remain positive on its long-term strategic value.
- SCGP remains one of our top picks. Maintain BUY. Target price: Bt26.00.

Analysis

- Fajar's sales rose after China suspended imports of dry-milled pulp.** Fajar saw qoq growth in sales volume, supported by higher exports of packaging paper to China. This was partly driven by China's decision to halt imports of dry-milled pulp, which bypasses the cleaning stage and carries a higher risk of heavy-metal contamination. China's increased reliance on imported packaging paper benefits SCG Packaging (SCGP) in two ways: a) stronger sales volume from Fajar; and b) lower regional recycle paper (RCP) prices, as reduced Chinese demand for RCP in domestic paper production eases market pressure.
- We expect 4Q25 net profit to grow both qoq and yoy.** The qoq increase is supported by seasonal sales volume, higher margins stemming from lower costs, and stronger contributions from Fajar, key factors that lifted 4Q25 performance. The yoy rise is mainly due to the weak earnings base in 4Q24. For 9M25, net profit came in at Bt2.9b, down 24% yoy, representing 73% of our full-year 2025 net profit forecast of Bt3.9b, up 5.5% yoy.
- The MYPAK acquisition is expected to close next week.** SCGP previously announced that it had signed a conditional share purchase agreement (CSPA) to acquire an 82% stake in PT Prokemas Adhikari Kreasi (MYPAK), a fibre-based packaging producer in Indonesia. Based on recent discussions, management expects the transaction to be completed within the coming week.

Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	129,398	132,784	149,671	161,941	174,897
EBITDA	17,689	16,338	18,834	20,667	20,367
Operating profit	8,483	7,079	7,702	9,659	10,580
Net profit (rep./act.)	5,248	3,699	3,903	5,243	5,529
Net profit (adj.)	5,169	3,910	3,903	5,243	5,529
EPS	1.20	0.91	0.91	1.22	1.29
PE	15.78	20.86	20.90	15.56	14.75
P/B	1.31	1.28	1.25	1.20	1.14
EV/EBITDA	5.24	6.30	5.45	4.94	4.78
Dividend yield	2.89	2.89	2.89	2.89	2.89
Net margin	4.06	2.79	2.61	3.24	3.16
Net debt/(cash) to equity	17.76	33.47	32.47	30.14	22.09
Interest cover	8.76	6.73	6.37	6.30	5.28
Consensus net profit	n.a.	n.a.	3,750	4,485	5,177
UOBKH/Consensus (x)	n.a.	n.a.	1.0	1.2	1.1

Source: Bloomberg, SCGP, UOB Kay Hian

BUY (Maintained)

Share Price	Bt15.60
Target Price	Bt26.00
Upside	66.67%

Analyst(s)

Benjaphol Suthwanish
Benjaphol@uobkayhian.co.th
662 6598301

Stock Data

GICS Sector	Industrials / Packaging
Bloomberg ticker	n.a
Shares issued (m)	4,292.9
Market cap (Btm)	80,277.6
Market cap (US\$m)	2,479.2
3-mth avg daily t'over (US\$m)	8.9

Price Performance (%)

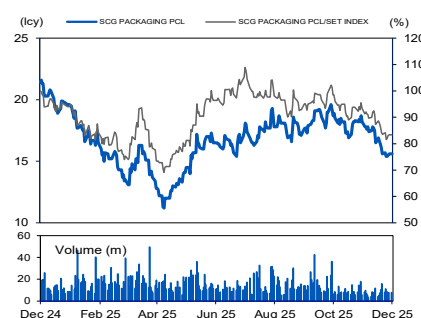
52-week high/low CurrBt10.70/21.90

1mth	3mth	6mth	1yr	YTD
6.2	7.5	46.1	(38.2)	(4.6)

Major Shareholders

SCC	72.12%
Tunladawan Company Limited	1.92%
Social Security Office	1.81%

Price Chart



Source: Bloomberg

Company Description

SCGP is a holding company and an integrated packaging solutions provider which is organised into three main businesses: integrated packaging, fibrous, and recycling.

- **Strengthening market presence in Indonesia and expanding captive demand.** A key strategic component of the deal is SCGP's access to MYPAK's customer base, which is concentrated in Indonesia's food, beverage, and consumer goods sectors. MYPAK has already begun sourcing packaging paper from Fajar for its box production, helping to increase SCGP's captive demand. Following the acquisition, SCGP expects its Indonesian market share to rise from 7% to 10%, while upstream captive demand is projected to increase from 18% to 26%. Overall, we maintain a positive view on both Fajar and SCGP within the Indonesian packaging paper market.
- **Update: Site visit to the PPPC factory in Khon Kaen.** Last Friday, we visited Phoenix Pulp & Paper Pcl. (PPPC), where SCGP holds a 70% stake. PPPC is part of SCGP's Fibrous business, contributing 19% of SCGP's total revenue and producing paper, pulp, and foodservice packaging. Within the Fibrous business, paper represents 50% of revenue, while pulp and foodservice packaging each contribute 25%. SCGP has planned a 15-day annual maintenance shutdown in 1Q26.
- **Challenging paper market conditions in Asia.** Demand for printing & writing paper—PPPC's core product, contributing 70% of its revenue—has been declining in Asia at a rate of roughly 0.5% per year. On the other hand, specialty grades such as glassine paper and food paper continue to expand, growing around 4% annually. PPPC is prioritising the domestic market, where demand remains healthy; domestic sales represent 72% of printing & writing paper volumes and 45% of glassine & food paper volumes. Efforts to reduce costs and enhance operational efficiency are ongoing.
- **Cost efficiency remains the key focus.** A key highlight of the Fibrous plant is its strong cost-reduction initiatives. In 2021, PPPC installed a Twin Roll wash press, which has helped reduce production costs while improving product quality and operational efficiency. Looking forward, the company aims to increase renewable energy usage from 62% in 2024 to 74% by 2030, further enhancing cost competitiveness.

Valuation/Recommendation

- **Maintain BUY with a 2026 target price of Bt26.00**, based on regional forward PE at -1SD of 23.1x. In the oil & gas sector, we prefer PTT Oil and Retail (OR TB/BUY/Target: Bt21.00) SCG Packaging (SCGP TB/BUY/Target: Bt26.00) and Indorama Ventures (IVL TB/BUY/Target: Bt27.00).

Earnings Revision/Risk

- None.

Environment, Social, Governance (ESG) Updates

Environmental

- **Sustainable packaging solutions:** SCGP focuses on developing eco-friendly packaging solutions to minimise environmental impact. This includes using recyclable materials and reducing packaging waste. **Energy efficiency:** The company implements energy-efficient practices in its manufacturing processes and facilities to reduce carbon emissions and energy consumption.

Social

- **Employee welfare:** SCGP invests in staff wellbeing and development of its employees through training programmes, safety initiatives, and fostering of a positive workplace culture.

Governance

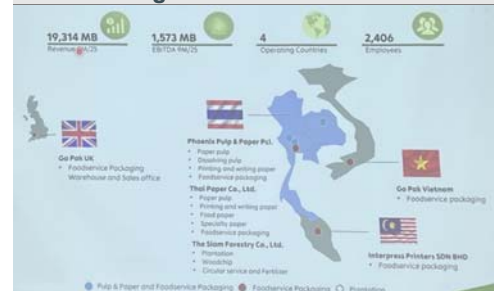
- **Board oversight:** The Board of Directors provides governance oversight, with committees focusing on audit, risk management and sustainability. **Compliance and ethics:** SCGP adheres to legal and regulatory requirements in all jurisdictions where it operates, promoting a culture of integrity and ethical behaviour.

SCGP Portfolio



Source: SCGP, UOB Kay Hian

EBITDA Margin In Fibrous Business



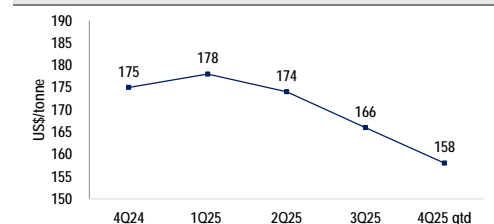
Source: SCGP, UOB Kay Hian

Value Chain Of Phoenix Pulp & Paper



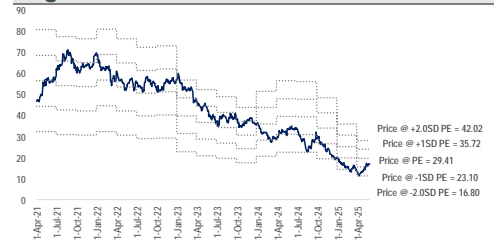
Source: SCGP, UOB Kay Hian

AOC Price: Asia index



Source: SCGP, UOB Kay Hian

Regional Forward PE



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	132,784	149,671	161,941	174,897
EBITDA	16,338	18,834	20,667	20,367
Deprec. & amort.	9,259	11,132	11,008	9,787
EBIT	7,079	7,702	9,659	10,580
Associate contributions	113	50	50	51
Net interest income/(expense)	(2,429)	(2,958)	(3,281)	(3,854)
Pre-tax profit	4,552	4,794	6,428	6,777
Tax	4,552	4,794	6,428	6,777
Minorities	(825)	(863)	(1,157)	(1,220)
Net profit	(28)	(28)	(28)	(28)
Net profit (adj.)	3,699	3,903	5,243	5,529

Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	91,014	81,638	72,387	64,356
Other LT assets	39,840	44,907	48,589	52,476
Cash/ST investment	35,834	30,495	29,849	33,300
Other current assets	443	499	540	584
Total assets	188,580	180,508	174,769	174,643
ST debt	7,140	2,000	2,000	2,000
Other current liabilities	9,292	10,474	11,333	12,239
LT debt	26,443	24,443	22,443	20,443
Other LT liabilities	36,690	35,993	34,941	33,942
Shareholders' equity	63,647	65,189	68,070	71,238
Total liabilities & equity	188,580	180,508	174,770	174,645

Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	13,754	14,941	17,504	16,780
Pre-tax profit	4,552	4,794	6,428	6,777
Tax	(825)	(863)	(1,157)	(1,220)
Deprec. & amort.	9,259	11,132	11,008	9,787
Working capital changes	(517)	(122)	1,225	1,436
Other operating cashflows	1,285	0	0	0
Investing	(510)	(5,521)	(4,492)	(4,643)
Investments	(1,768)	(1,757)	(1,757)	(1,756)
Others	1,257	(3,764)	(2,735)	(2,887)
Financing	(13,181)	(13,994)	(14,361)	(9,361)
Dividend payments	(2,361)	(2,361)	(2,361)	(2,361)
Issue of shares	(10,820)	(11,633)	(12,000)	(7,000)
Proceeds from borrowings	62	(4,573)	(1,349)	2,776
Net cash inflow (outflow)	9,889	9,849	5,276	3,927
Beginning cash & cash equivalent	(102)	0	0	0
Changes due to forex impact	9,849	5,276	3,927	6,702
Ending cash & cash equivalent	13,754	14,941	17,504	16,780

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	13.67	12.30	12.58	12.76
Pre-tax margin	5.09	3.43	3.20	3.97
Net margin	4.06	2.79	2.61	3.24
ROA	1.96	2.16	3.00	3.17
ROE	5.81	5.99	7.70	7.76
Growth				
Turnover	2.62	12.72	8.20	8.00
EBITDA	(7.64)	15.28	9.73	(1.45)
Pre-tax profit	(30.84)	5.30	34.09	5.44
Net profit	(29.52)	5.50	34.33	5.46
Net profit (adj.)	(24.35)	(0.19)	34.33	5.46
EPS	(24.35)	(0.19)	34.33	5.46
Leverage				
Debt to total capital	27.60	35.24	27.30	24.50
Debt to equity	45.25	52.76	40.56	35.91
Net debt/(cash) to equity	17.76	33.47	32.47	30.14
Interest cover (x)	8.76	6.73	6.37	6.30

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