Siam Cement (SCC TB)

Expecting Strong 2Q26 Net Profit

BUY (Maintained)	
Share Price	Bt241.00
Target Price	Bt320.00
Upside	+32.78%
Previous TP	Bt290.00

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Highlights

- We expect a strong 2Q26 net profit, supported by its petrochemical business, with core profit increasing significantly both qoq and yoy.
- Middle East tensions are likely to keep olefins spreads volatile in 2H26. However, the conflict should provide limited downside to olefins spreads.
- Maintain BUY. Target price: Bt320.00 (previously Bt290.00).

Analysis

- **Strong 2Q26 net profit expected.** We forecast Siam Cement (SCC) to report a 2Q26 net profit of Bt9.68b, up 56% qoq but down 44% yoy. Excluding extra items, core profit is expected at Bt9.06b, surging 342% qoq and 318% yoy, driven by a strong earnings recovery at both SCG Chemical (SCGC) and SCG Packaging (SCGP).
- **SCGC to benefit from stronger spreads.** We estimate SCGC's 2Q26 net profit at Bt3.42b, up 217% qoq, supported by improved High-Density Polyethylene (HDPE), Polypropylene (PP), and Polyvinyl Chloride (PVC) spreads, which should more than offset lower sales volumes following the temporary shutdown of the Rayong Olefins (ROC) plant on 10 March and the Long Son Petrochemical (LSP) from mid-May. As a result, 2Q26 olefins sales volume is expected to decline 31% qoq to 470,000 tonnes. SCGC recognised an inventory gain of Bt620m in 2Q26 (vs Bt4.17b in 1Q26).
- **SCGP recovering on stronger selling prices and volumes.** We forecast SCGP to report a 2Q26 net profit of Bt2.06b, up 31% qoq and 104% yoy, driven by higher selling prices and stronger sales volumes. Meanwhile, recycle paper (RCP) costs are expected to remain stable qoq, supporting EBITDA margin expansion across all business segments. In addition, Fajar is expected to return to profitability as planned, further contributing to earnings growth.
- **Cement business enters the low season.** We expect the cement building and materials (CBM) business to report a 2Q26 net profit of Bt2.45b, down 23% qoq, mainly due to weaker sales volumes during the seasonal slowdown. Nevertheless, earnings are expected to improve yoy, supported by the gradual selling price increases implemented since Mar 25, as well as the business restructuring completed in 2025, which has generated annual cost savings of approximately Bt4.0b, exceeding our expectations.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	511,172	496,925	708,881	706,504	605,398
EBITDA	41,721	36,386	54,078	42,626	42,616
Operating profit	-1,475	-9,785	11,309	2,172	4,734
Net profit (rep./act.)	6,342	14,075	20,403	8,390	9,003
Net profit (adj.)	3,798	4,962	15,611	8,390	9,003
EPS	5.28	11.73	17.00	6.99	7.50
PE	45.60	20.55	14.17	34.47	32.12
P/B	0.82	0.86	0.82	0.82	0.81
EV/EBITDA	24.27	30.53	15.85	20.57	19.22
Dividend yield	2.07	2.07	2.07	2.07	2.07
Net margin	0.74	1.00	2.20	1.19	1.49
Net debt/(cash) to equity	58.21	55.32	36.81	29.73	20.28
Interest cover	3.63	3.39	5.35	4.72	4.41
Consensus net profit	n.a.	n.a.	11,156	13,727	24,657
UOBKH/Consensus (x)	n.a.	n.a.	1.83	0.61	0.37

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

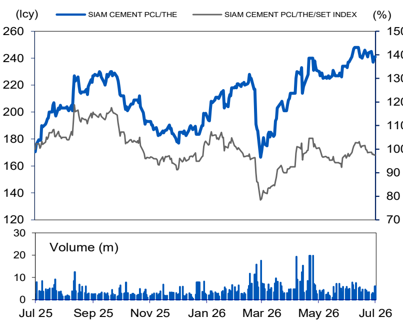
Price Performance (%)

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.

2Q26 Results Preview

Year to 31 Dec	2Q25	1Q26	2Q26F	%Chg. yoy	%Chg. qoq	6M25	6M26F	%Chg. yoy
Revenue	124,684	123,327	117,550	-6%	-5%	249,077	240,877	-3%
Gross profit	19,216	21,366	23,478	22%	10%	37,511	44,843	20%
EBITDA	9,876	14,719	17,333	76%	18%	19,685	32,052	63%
Gain (Loss) from affiliate	-138	1,405	1,150	n.a.	-18%	1,290	2,555	98%
Core Profit	2,166	2,051	9,060	318%	342%	3,353	11,111	231%
Extraordinary item	14,257	4,172	620	-96%	-85%	14,169	4,792	-66%
Net Profit	17,337	6,223	9,680	-44%	56%	18,436	15,903	-14%
- Cement (CBM)	1,136	3,187	2,448	115%	-23%	3,547	5,635	59%
- Chemical (SCGC)	12,908	1,078	3,417	-74%	217%	9,960	4,495	-55%
- Packaging (SCGP)	1,010	1,566	2,059	104%	31%	1,910	3,625	90%
EPS	14.45	5.19	8.07	-44%	56%	15.36	13.25	-14%
Inventory gain (loss)	-913	4,172	620	n.a.	-85%	-1,001	4,792	n.a.
Financial ratio (%)								
Gross Profit Margin	15.4%	17.3%	20.0%			15.1%	18.6%	
EBITDA Margin	7.9%	11.9%	14.7%			7.9%	13.3%	
Net profit margin	13.9%	5.0%	8.2%			7.4%	6.6%	

Source: SCC, UOB Kay Hian

- **Petrochemical business returning to normal.** We expect 3Q26 core profits to decline qoq, reflecting the seasonal slowdown in both the CBM and SCGP businesses. In addition, SCGC is likely to face headwinds from inventory losses and softer olefins spread as tensions in the Middle East ease and feedstock prices normalise. That said, we believe olefins spreads will remain volatile due to ongoing uncertainty surrounding the Middle East. Moreover, the loss of olefins production capacity in the region because of the conflict, together with ongoing capacity rationalisation and mergers across Asia and Europe, should help tighten the market and provide limited downside to olefins spreads in 2H26.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based 2026 target price of Bt320.00 (previously Bt290.00),** with the chemical business valued on P/B at mean of 0.58x, the cement business at 12x forward PE, and SCGP at 24.3x forward PE (previously 25.3x forward PE). Although petrochemical spreads are expected to soften in 2H26, uncertainty surrounding the renewed escalation of tensions in the Middle East could continue to drive market volatility and provide downside support for spreads. In addition, SCC's investment appeal remains underpinned by its proposed JV with PTTGC, which is expected to enhance feedstock security and strengthen its long-term competitiveness.
- In the oil & gas sector, we prefer Indorama Ventures (IVL TB/BUY/Target: Bt27.00) PTT Global Chemical (PTTGCTB/BUY/Target Bt46.00) and Siam Cement (SCC TB/BUY/Target: Bt320.00).

Earnings Revision/Risk

- **Revised our 2026 earnings forecast.** We have raised our 2026 core profit and net profit forecasts by 64% and 101%, respectively, reflecting: a) an increase in our 2026 HDPE, PP, and PVC spread assumptions by 11%, 17%, and 17%, respectively; b) a 32% upward revision to our 2026 SCGP net profit forecast; c) stronger-than-expected cost savings from the CBM business; and d) a non-recurring inventory gain of Bt4.80b recognised in 1H26.
- As a result, we now forecast 2026 core profit of Bt15.61b, up 215% yoy, and net profit of Bt20.40b, up 45% yoy. Our estimated 1H26 core profit accounts for approximately 70% of our full-year 2026 forecast, reflecting the exceptionally strong 1H26 performance, while earnings are expected to normalise in 2H26.

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

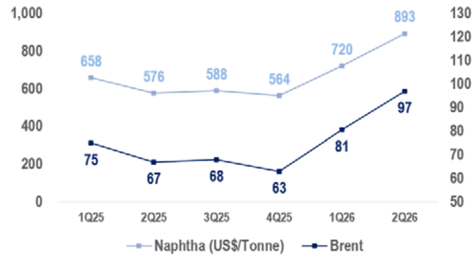
- Corporate governance: Maintaining transparent reporting and adhering to ethical business practices.

Key Assumption

	2026F Old	2026F New	%Diff
Average Domestic cement price (Bt/Tonne)	2,400	2,400	0%
Petrochemical spread (US$/tonne)			
HDPE Spread	380	420	11%
PP Spread	360	420	17%
PVC Spread	300	350	17%
Earnings revision (Btm)			
Core profit	9,541	15,611	64%
Net Profit	10,161	20,403	101%

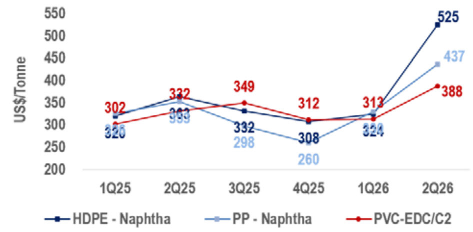
Source: PTTGC, SCC

Naphtha And Crude Oil Prices



Source: SCC

Petrochemical Spread



Source: SCC, PTTGC

LSPE Summary

Source: SCC, UOB Kay Hian

SOTP Valuation

	Equity Value	Bt/share	Methodology
Chemical	194,537	162	0.58x PBV
Cement	199,375	166	12.0x PE
SCGP	181,285	151	24.3x PE
SCGD	15,778	13	10.0x PE
Others	18,150	15	10.0x PE
Net Debt	-225,125	*-188*	
Total	384,000	320	

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	496,925	708,881	706,504	605,398
EBITDA	27,273	49,286	42,626	42,616
Deprec. & amort.	33,170	32,136	31,976	31,828
EBIT	(5,897)	17,150	10,650	10,788
Associate contributions	17,866	4,500	4,500	4,500
Net interest income/(expense)	(10,738)	(10,105)	(9,038)	(9,659)
Pre-tax profit	19,457	21,129	6,112	5,629
Tax	(8,900)	(4,226)	(1,222)	(1,126)
Minorities	3,518	3,500	3,500	4,500
Net profit	14,075	20,403	8,390	9,003
Net profit (adj.)	4,962	15,611	8,390	9,003

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	398,486	396,350	394,374	392,546
Other LT assets	76,009	7,089	7,065	6,054
Cash/ST investment	99,798	105,448	96,867	93,956
Other current assets	36,441	43,390	43,306	39,768
Total assets	821,591	807,308	819,865	818,668
ST debt	52,462	27,250	27,250	27,250
Other current liabilities	11,625	7,089	7,065	6,054
LT debt	191,842	164,592	137,342	110,092
Other LT liabilities	222,713	171,681	144,407	116,146
Shareholders' equity	380,760	395,163	397,553	400,557
Total liabilities & equity	821,591	807,308	819,865	818,668

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	42,664	77,314	23,277	22,966
Pre-tax profit	19,457	21,129	6,112	5,629
Tax	(8,900)	(4,226)	(1,222)	(1,126)
Deprec. & amort.	33,170	32,136	31,976	31,828
Working capital changes	4,399	28,274	(13,589)	(13,365)
Other operating cashflows	(5,462)	0	0	0
Investing	(8,852)	15,139	(30,000)	(30,000)
Investments	(37,913)	(30,000)	(30,000)	(30,000)
Others	29,061	45,139	0	0
Financing	(35,233)	(79,757)	6,750	16,750
Dividend payments	(8,637)	(6,000)	(6,000)	(6,000)
Issue of shares				
Proceeds from borrowings	(26,595)	(73,757)	12,750	22,750
Net cash inflow (outflow)	(1,420)	12,696	27	9,716
Beginning cash & cash equivalent	36,492	33,679	46,375	46,402
Changes due to forex impact	(1,393)	0	0	0
Ending cash & cash equivalent	33,679	46,375	46,402	56,119

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.16	7.32	7.63	6.03
Pre-tax margin	1.51	3.92	2.98	0.87
Net margin	1.24	2.83	2.88	1.19
ROA	1.71	2.53	1.02	1.10
ROE	3.70	5.16	2.11	2.25
Growth				
Turnover	(2.79)	42.65	(0.34)	(14.31)
EBITDA	(30.39)	80.72	(13.51)	(0.02)
Pre-tax profit	152.56	8.59	(71.07)	(7.91)
Net profit	121.95	44.96	(58.88)	7.31
Net profit (adj.)	30.66	214.61	(46.26)	7.31
EPS	121.95	44.96	(58.88)	7.31
Leverage				
Debt to total capital	61.56	47.05	40.48	33.90
Debt to equity	64.16	48.55	41.40	34.29
Net debt/(cash) to equity	55.32	36.81	29.73	20.28
Interest cover (x)	3.39	5.35	4.72	4.41

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