Siam Cement (SCC TB)

3Q26: Earnings Miss Expectations As Chemical Business Records Losses

Highlights

- 3Q26 earnings missed our and consensus estimates by 27% and 42%, respectively, due to a steeper-than-expected decline in chemical sales, while CBM and packaging earnings weakened due to seasonal factors.
- We expect 4Q26 net profit to recover qoq, supported by dividend income and a recovery in the chemical business.
- Maintain HOLD. Target price: Bt278.00.

3Q26 Results

Year to 31 Dec	3Q25	2Q26	3Q26	%Chg. yoy	%Chg. qoq	9M25	9M26	%Chg. yoy
Revenue	121,793	136,243	122,666	1%	-10%	370,870	382,236	3%
Gross profit	15,289	28,423	20,285	33%	-29%	52,800	70,074	33%
EBITDA	8,261	19,132	11,023	33%	-42%	27,946	44,875	61%
Gain (Loss) from affiliate	1,181	2,191	1,692	43%	-23%	2,471	5,288	114%
Core Profit	**774**	**10,833**	**1,788**	**131%**	**-83%**	**5,302**	**14,436**	**172%**
Extraordinary item	-1,443	702	598	n.a.	-15%	12,465	5,707	-54%
Net Profit	**-669**	**11,535**	**2,386**	**n.a.**	**-79%**	**17,767**	**20,143**	**13%**
- Cement (CBM)	1,948	2,570	1,669	-14%	-35%	5,495	7,426	35%
- Chemical (SCGC)	-3,999	4,820	-1,738	n.a.	n.a.	5,961	4,160	-30%
- Packaging (SCGP)	953	2,304	2,026	113%	-12%	2,863	5,896	106%
EPS	-0.56	9.61	1.99	n.a.	-79%	14.81	16.79	13%
Inventory gain (loss)	-1,348	1,080	905	n.a.	-16%	-2,349	6,157	n.a.
Financial ratio (%)								
Gross Profit Margin	12.6%	20.9%	16.5%			14.2%	18.3%	
EBITDA Margin	6.8%	14.0%	9.0%			7.5%	11.7%	
Net profit margin	-0.5%	8.5%	1.9%			4.8%	5.3%	

Source: SCC, Bloomberg, UOB Kay Hian

Analysis

- **3Q26 net profit missed our and consensus estimates.** Siam Cement (SCC) SCC reported 3Q26 net profit of Bt2.39b, down 79% qoq but recovering from a net loss of Bt669m in 3Q25. Earnings were 27% below our estimate and 42% below market consensus, partly due to lower-than-expected earnings from the chemical business. SCC recorded extra gains of Bt598m in 3Q26, comprising a stock gain of Bt905m, offset by restructuring expenses in the cement building material (CBM) business. Excluding these items, core profit stood at Bt1.79b, down 83% qoq but up 131% yoy. 9M26 net profit accounted for 74% of our 2026 forecast.
- **Seasonal weakness in cement sales.** CBM net profit was Bt1.67b in 3Q26, down 35% qoq and 14% yoy, partly due to lower cement sales volume during the rainy season and higher energy costs, in line with coal prices (ICI3), which rose 6% qoq and 66% yoy to US$96/tonne.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	511,172	496,925	725,124	723,157	732,885
EBITDA	41,721	36,386	61,286	48,742	55,203
Operating profit	-1,475	-9,785	18,273	8,088	16,046
Net profit (rep./act.)	6,342	14,075	27,184	13,298	17,573
Net profit (adj.)	3,798	4,962	22,392	13,298	17,573
EPS (x)	5.28	11.73	22.65	11.08	14.64
PE (x)	47.31	21.31	11.04	22.56	17.07
P/B (x)	0.85	0.89	0.84	0.82	0.79
EV/EBITDA (x)	24.63	30.99	13.92	17.86	15.42
Dividend yield (%)	2.00	2.00	2.40	2.00	2.00
Net margin (%)	0.74	1.00	3.09	1.84	2.40
Net debt/(cash) to equity (%)	58.21	55.32	35.12	26.67	18.33
Consensus net profit	n.a.	n.a.	25,551	19,376	24,927
UOBKH/Consensus (x)	n.a.	n.a.	1.06	0.69	0.70

Source: SCC, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Bt278.00
Target Price	Bt278.00
Upside	+0.00%

Stock Data

Sector	Property & Construction / Construction Materials
Bloomberg ticker	SCC TB
Shares issued (m)	1,200
Market cap (Btm)	300,000
Market cap (US$m)	8,955
3-mth avg daily t'over (US$m)	24.1

Price Performance (%)

52-week high/low				Bt272.00 / Bt163.00
1mth	**3mth**	**6mth**	**1yr**	**YTD**
-4.2	3.7	-3.8	12.1	36.2

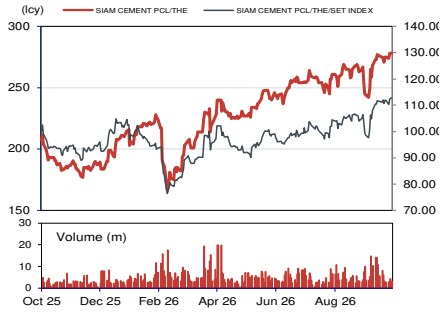
Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt299.07
FY26 Net Debt/Share (Bt)	Bt209.87

Price Chart



Source: Bloomberg

Company Description

The company operates as holding company operating core businesses consists of investments in: a) SCG Cement and Green Solutions, b) SCG Smart Living, c) SCG Distribution and Retail, d) SCG Decor (SCGD), e) SCG Chemicals (SCGC) and f) SCG Packaging (SCGP).

- **Chemicals returned to a loss-making position in 3Q26.** The chemical business reported a net loss of Bt1.74b in 3Q26, compared with a net profit of Bt4.82b in 2Q26 and a net loss of Bt4.0b in 3Q25. Earnings were below our estimate, partly due to a lower-than-expected qoq decline in sales. Although the Rayong Olefins (ROC) plant resumed operations on 17 September, this was insufficient to offset the lost production capacity from Long Son Petrochemicals (LSP), which has been shut down since mid-May. However, the qoq decline in chemical earnings in 3Q26 was expected, in line with lower High-Density Polyethylene (HDPE), Polypropylene (PP), and Polyvinyl Chloride (PVC) spreads, which fell 26.9%, 13.7%, and 21.4% qoq, respectively, as regional feedstock supply conditions eased.
- **Higher RCP costs weighed on packaging earnings.** SCG Packaging (SCGP) reported 3Q26 net profit of Bt2.03b, down 12% qoq but up 113% yoy, amid higher recycle paper (RCP) and energy costs. Nevertheless, earnings remained strong, supported by selling price increases implemented since 2Q26. Packaging demand in Indonesia remained robust, as reflected in continued increases in average selling prices, enabling Fajar to deliver a 34% qoq increase in 3Q26 net profit.
- **4Q26 earnings are expected to recover.** Key drivers include: a) dividend income, and b) a recovery in petrochemical spreads. 4Q26-to-date, HDPE, PP, and PVC spreads had increased by 12%, 8%, and 9% qoq, respectively. This was partly driven by maintenance shutdowns at major South Korean producers, including LG Chem (LG) and Korea Petrochemical Industry (KPIC), as well as reduced Chinese production due to naphtha procurement constraints. Sales are also expected to increase qoq following the ROC plant's restart, despite a planned 30-40-day maintenance shutdown at Map Ta Phut Olefins (MOC) in 4Q26.

Valuation/Recommendation

- **Maintain HOLD with an SOTP-based 2027 target price of Bt278.00.** We value the chemical business based on forward P/B at -1.0SD of 0.47x, the cement business at 12x forward PE, and SCGP at 24.3x forward PE. We remain cautious about the petrochemical outlook, given the expected decline in petrochemical spreads in 2027 amid continued oversupplies.
- **We maintain MARKET WEIGHT on the oil and gas sector.** We prefer Thai Oil (TOP TB/BUY/Target: Bt100.00) and SCG Packaging (SCGP TB/BUY/Target: Bt43.00).

Earnings Revision/Risk

- **Earnings revision:** None.

Environment, Social, Governance (ESG) Updates

Environmental

- **a) Carbon reduction:** Committed to reducing greenhouse gas emissions through energy efficiency, renewable energy, and carbon capture technologies, and **b) renewable energy:** expanding renewable energy portfolio, including solar and biomass projects.

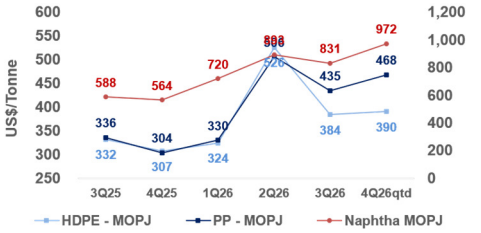
Social

- **a) Community engagement:** Investing in education, health, and infrastructure programmes for local communities, and **b) employee welfare:** focusing on training, safe working conditions, and promoting diversity and inclusion.

Governance

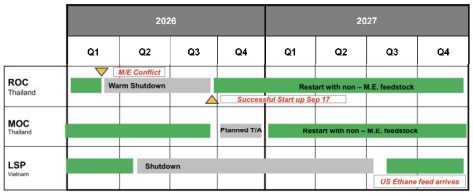
- **a) Corporate governance:** Maintaining transparent reporting and adhering to ethical business practices, and **b) risk management:** integrating ESG considerations into risk management processes.

Naphtha and Petrochemical Spread



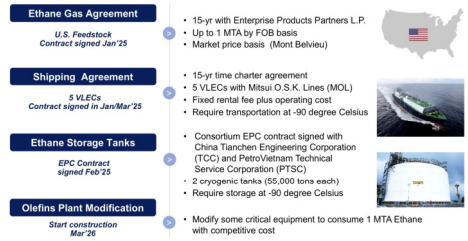
Source: SCC

SCGC Olefins Crackers



Source: SCC

LSPE (Ethane Project) In Summary



Source: SCC

LSPE Project Update



Source: SCC

SOTP Valuation

	Equity Value	*Bt/share*	*Methodology*
Chemical	130,561	109	0.47x PBV
Cement	211,375	176	12.0x PE
Packaging (SCGP)	182,861	152	24.3x PE
Décor (SCGD)	15,778	13	10.0x PE
Others	18,150	15	10.0x PE
Net Debt	-225,125	*-188*	
Total	**333,600**	**278**	

Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	496,925	725,124	723,157	732,885
EBITDA	27,273	56,494	48,742	55,203
Deprec. & amort.	33,170	32,136	31,976	31,828
EBIT	(5,897)	24,358	16,766	23,375
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	28,337	12,228	18,216
Tax	(8,900)	(5,667)	(2,446)	(3,643)
Minorities	3,518	4,515	3,515	3,000
Net profit	14,075	27,184	13,298	17,573
Net profit (adj.)	4,962	22,392	13,298	17,573

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	7,251	7,232	7,329
Cash/ST investment	99,798	111,103	107,109	106,007
Other current assets	36,441	43,958	43,889	44,230
Total assets	821,591	815,165	832,855	863,906
ST debt	52,462	27,250	27,250	27,250
Other current liabilities	11,625	7,251	7,232	7,329
LT debt	191,842	164,592	137,342	110,092
Other LT liabilities	222,713	171,844	144,574	117,421
Shareholders' equity	380,760	401,945	409,242	420,815
Total liabilities & equity	821,591	815,165	832,855	863,906

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	42,664	81,615	28,029	17,997
Pre-tax profit	19,457	28,337	12,228	18,216
Tax	(8,900)	(5,667)	(2,446)	(3,643)
Deprec. & amort.	33,170	32,136	31,976	31,828
Working capital changes	4,399	26,809	(13,729)	(28,404)
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)	16,997	4,779	4,747
Beginning cash & cash equiv.	36,492	33,679	50,676	55,455
Changes due to forex impact	(1,393)	0	0	0
Ending cash & cash equiv.	33,679	50,676	55,455	60,202

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.16	7.32	8.45	6.74
Pre-tax margin	1.51	3.92	3.91	1.69
Net margin	1.24	2.83	3.75	1.84
ROA	1.71	3.33	1.60	2.03
ROE	3.70	6.76	3.25	4.18
Growth (% yoy)				
Turnover	(2.79)	45.92	(0.27)	1.35
EBITDA	(30.39)	107.14	(13.72)	13.26
Pre-tax profit	152.56	45.64	(56.85)	48.97
Net profit	121.95	93.14	(51.08)	32.15
Net profit (adj.)	30.66	351.28	(40.62)	32.15
EPS	121.95	93.14	(51.08)	32.15
Leverage				
Debt to total capital	61.56	46.39	39.44	32.25
Debt to equity	64.16	47.73	40.22	32.64
Net debt/(cash) to equity	55.32	35.12	26.67	18.33
Interest cover (x)	3.39	6.06	5.39	5.72

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