

Siam Cement (SCC TB)

3Q26 Net Profit Expected To Decline qoq

Highlights

- We expect 3Q26 net profit to come in at Bt3.25b, down 72% qoq, with earnings declining across all business segments. SCGC is expected to be the main drag, due to narrower petrochemical spreads and lower stock gains.
- The LSPE project is expected to be completed ahead of schedule. SCGC is preparing for an early start-up by importing spot ethane starting from mid-3Q26, ahead of the long-term ethane supply contract commencing in late-27.
- Maintain HOLD. Target price: Bt278.00.

3Q26 Earnings Preview

Year to 31 Dec	3Q25	2Q26	3Q26F	%Chg. yoy	%Chg. qoq	9M25	9M26F	%Chg. yoy
Revenue	121,793	136,243	123,522	1%	-9%	370,870	383,092	3%
Gross profit	15,289	28,423	19,444	27%	-32%	52,800	69,232	31%
EBITDA	8,261	19,132	12,349	49%	-35%	27,946	46,200	65%
Gain (Loss) from affiliate	1,181	2,191	1,150	-3%	-48%	2,471	4,746	92%
Core Profit	774	10,833	2,702	249%	-75%	5,302	15,351	190%
Extraordinary item	-1,443	1,080	550	n.a.	-49%	12,726	5,802	-54%
Net Profit	-669	11,535	3,252	n.a.	-72%	17,767	21,010	18%
- Cement (CBM)	1,948	2,570	1,150	-41%	-55%	5,495	6,907	26%
- Chemical (SCGC)	-3,999	4,820	450	n.a.	-91%	5,961	6,348	6%
- Packaging (SCGP)	953	2,304	2,097	120%	-9%	2,863	5,967	108%
EPS	-0.56	9.61	2.71	n.a.	-72%	14.81	17.51	18%
Inventory gain (loss)	-1,348	1,080	550	n.a.	-49%	-2,349	5,802	n.a.
Financial ratio (%)								
Gross Profit Margin	12.6%	20.9%	15.7%			14.2%	18.1%	
EBITDA Margin	6.8%	14.0%	10.0%			7.5%	12.1%	
Net profit margin	-0.5%	8.5%	2.6%			4.8%	5.5%	

Source: SCC, Bloomberg, UOB Kay Hian

Analysis

- 3Q26 net profit to decline qoq.** We expect Siam Cement (SCC) to report a 3Q26 net profit of Bt3.25b, down 72% qoq but recovering from a net loss of Bt669m in 3Q25. The qoq decline reflects seasonal weakness in the cement and packaging businesses, alongside lower chemical earnings due to narrower petrochemical spreads and a decrease in stock gains to Bt550m (vs Bt1.08b in 2Q26).
- Cement sales to weaken seasonally.** We expect the cement building material (CBM) segment's 3Q26 net profit to reach Bt1.15b, down 55% qoq and 41% yoy. The decline is partly attributable to lower cement sales during the rainy season and higher energy costs, with the Indonesian Coal Index 3 (ICI3) coal price rising to US\$96.00/tonne, up 6% qoq and 66% yoy.

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.	20,521	17,005	21,848
UOBKH/Consensus (x)	n.a.	n.a.	1.32	0.78	0.80

Source: SCC, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Bt268.00
Target Price	Bt278.00
Upside	+3.73%

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

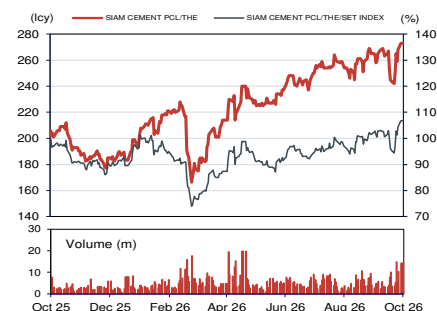
Major Shareholders (%)

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 1) SCG Cement and Green Solutions, 2) SCG Smart Living, 3) SCG Distribution and Retail, 4) SCG Decor (SCGD), 5) SCG Chemicals (SCGC) and 6) SCG Packaging (SCGP)

Wednesday, 14 October 2026

- **Chemical earnings pressured by narrower petrochemical spreads.** We expect SCG Chemicals (SCGC) to report a 3Q26 net profit of Bt450m, down 91%qoq, due to: a) narrower high-density polyethylene (HDPE), polypropylene (PP) and polyvinyl chloride (PVC) spreads, which declined 26.9%, 13.7%, and 21.4% qoq, respectively, reflecting lower ASPs as regional feedstock supply conditions eased; and b) an expected 25% qoq decline in total production volume. Although the rayong olefins complex (ROC) resumed operations on 17 September, the production recovery is insufficient to offset the loss of Long Son Petrochemicals (LSP) output following its shutdown in mid-May.
- **Higher RCP costs to weigh on packaging earnings.** We expect SCG Packaging (SCGP) to report a 3Q26 net profit of Bt2.1b, down 9% qoq due to higher recycled paper (RCP) costs. Nevertheless, earnings should remain strong, supported by successive increases in selling prices since 2Q26, with 3Q26 net profit expected to rise 120% yoy.
- **LSPE project update.** Based on our channel checks with SCGC, the Long Son Petrochemicals Expansion Project (LSPE) is expected to be completed approximately one quarter ahead of schedule, with operations originally expected to commence in 4Q26. As a result, SCGC plans to restart the LSP plant from mid-3Q26. During the initial operating phase, SCGC will use spot ethane imports as feedstock before the long-term ethane supply contract commences in late-27. We have not yet incorporated this development into our earnings forecasts.
- **Details of new polyolefins JV expected on 29 October.** According to SCC management, the new polyolefins JV between SCGC and PTT Global Chemical (PTTGC) is scheduled to be officially announced on 29 Oct 26. Key details are expected to include the shareholding structure, transaction process, accounting treatment, and estimated synergies. Initially, PTTGC is expected to be the majority shareholder. The transaction will subsequently require internal approvals from the relevant companies, including the boards of SCGC and PTTGC and shareholders of the JV, as well as approval from the Trade Competition Commission of Thailand (TCCT). We expect the new JV to be fully established by 2H27.

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 2H26 and 2027 amid continued oversupplies.
- **We maintain MARKET WEIGHT on the oil and gas sector.** We prefer Thai Oil (TOP TB/BUY/Target: Bt88.00) 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.

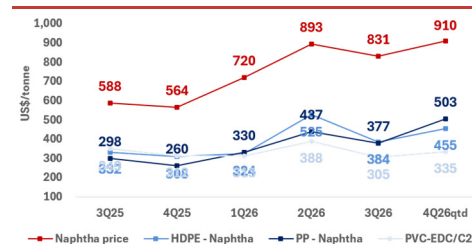
Social

- **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

	2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ROC Thailand	Worm Shutdown				Restart with non-M.E. feedstock			
MOC Thailand				Planned T/A	Restart with non-M.E. feedstock			
LSP Vietnam		Shutdown						US Ethane feed arrives

Source: SCC

LSPE (Ethane Project) In Summary

Ethane Gas Agreement U.S. Feedstock Contract signed Jan'25	• 15-yr with Enterprise Products Partners L.P. • Up to 1 MTA by FOB basis • Market price basis (Mont Belvieu)	
Shipping Agreement 5 VLECs Contract signed in Jan/Mar'25	• 15-yr time charter agreement • 5 VLECs with Mitsui O.S.K. Lines (MOL) • Fixed rental fee plus operating cost • Require transportation at -90 degree Celsius	
Ethane Storage Tanks EPC Contract signed Feb'25	• Consortium EPC contract signed with China Tianchen Engineering Corporation (TCC) and PetroVietnam Technical Service Corporation (PTSC) • 2 cryogenic tanks (55,000 tons each) • Require storage at -90 degree Celsius	
Olefins Plant Modification Start construction Mar'26	• Modify some critical equipment to consume 1 MTA Ethane with competitive cost	

Source: SCC

LSPE Project Update

	1. Ethane storage tanks Construct two cryogenic Ethane storage tanks, each with a capacity of approximately 55,000 tons, at a temperature of around -90°C, to support large-scale Ethane imports. As of September 2026, construction progress exceeds 60%.
	2. Raw material procurement and transport Enter into a long-term (15-year) contract for 1 million tons/year of Ethane from the USA and charter 5 VLEC vessels to enhance supply chain reliability.
	3. Olefins plant modifications Modify the production processes and feedstock systems to handle up to approximately 70% Ethane in the Feedstock mix, while maintaining the flexibility to optimize the use of Naphtha and Propane based on market prices and margins.

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

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

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

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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