



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51655.0	0.8	0.9	(1.7)	7.5
S&P 500	7811.5	0.6	1.2	2.0	14.1
FTSE 100	10552.1	1.1	0.9	(0.9)	6.2
AS30	8877.7	0.6	0.3	(0.5)	(1.6)
CSI 300	4317.3	0.2	(2.7)	(4.3)	(6.8)
FSSTI	5401.9	(0.2)	(4.1)	(5.2)	16.3
HSCEI	8147.9	1.7	1.5	(1.2)	(8.6)
HSI	24211.4	1.8	1.0	(2.4)	(5.5)
JCI	6093.8	1.0	0.9	(6.8)	(29.5)
KLCI	1608.5	0.5	(1.4)	(4.6)	(4.3)
KOSPI	6625.9	(2.6)	(3.1)	(4.1)	57.2
Nikkei 225	69030.9	(0.0)	1.1	7.8	37.1
SET	1577.7	0.4	0.4	(1.7)	25.2
TWSE	49313.4	(1.0)	2.0	6.8	70.3
BDI	2917	(1.9)	(7.3)	(16.8)	55.4
CPO (RM/mt)	4400	1.5	0.2	(6.0)	11.9
Brent Crude (US\$/bbl)	106	0.8	5.2	0.9	73.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Sharing Session on Global Vegetable Oil Markets with S&P Global Energy	Singapore	19 Oct	19 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Corporate and Macro Calendar

Economic Indicator/Event		Date
Sep. Customs Trade Balance (Export-Import)	Thailand	21-26 Oct

Top Stories

Company Update | SCG Packaging (SCGP TB/BUY/Bt30.25/Target: Bt43.00)

Page 2 →

- We expect 3Q26 net profit of Bt2.10b, down qoq due to higher RCP costs. Nevertheless, we view the result as strong, particularly given Thailand's seasonal low season. Meanwhile, Fajar is expected to deliver higher net profit qoq, supported by higher selling prices, which should mitigate the impact of rising global RCP prices. We raise our 2026-27 net profit forecasts to reflect SCGP's better-than-expected EBITDA margin and stronger earnings contribution from Fajar. Maintain BUY. Target price: Bt43.00 (previously Bt39.00).

SCG Packaging (SCGP TB)

3Q26 Earnings Remain Strong Despite Higher RCP Costs

Highlights

- We expect 3Q26 net profit of Bt2.10b, down qoq due to higher RCP costs, but up 120% yoy.
- Fajar continues to deliver a strong earnings performance, supported by selling price adjustments and effective cost management.
- Maintain BUY. Target price: Bt43.00 (previously Bt39.00).

3Q26 Earnings Preview

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	%Chg yoy	%Chg qoq	9M25	9M26F	%Chg yoy
Revenue	30,438	32,454	35,218	16%	9%	94,204	96,967	3%
EBITDA	3,971	5,659	5,281	33%	-7%	11,999	15,323	28%
Interest expenses	544	507	462	-15%	-9%	1,843	1,451	-21%
Core Profit	998	2,341	2,097	110%	-10%	2,907	5,933	104%
Net Income	953	2,304	2,097	120%	-9%	2,863	5,970	109%
EPS	0.22	0.54	0.49	120%	-9%	0.67	1.39	109%
Financial ratio (%)								
Gross Profit Margin	18.0%	23.7%	22.7%			18.1%	22.5%	
EBITDA Margin	13.0%	17.4%	15.0%			12.7%	15.8%	
Net profit margin	3.1%	7.1%	6.0%			3.0%	6.2%	

Source: SCGP, UOB Kay Hian

Analysis

- **3Q26 net profit to decline qoq but remain strong.** We expect SCG Packaging (SCGP) to report a 3Q26 net profit of Bt2.10b, down 9% qoq but up 120% yoy. The qoq decline is mainly attributable to higher recycled paper (RCP) costs, as the 14% qoq increase in RCP prices in 2Q26 is expected to feed through to SCGP's raw material costs in 3Q26, weighing on both the integrated packaging business (IPB) and fibrous business (PB). We forecast EBITDA margins for IPB and PB at 19.5% and 8.2%, respectively, down from 20.4% and 9.5% in 2Q26.

Nevertheless, earnings should remain strong, supported by selling price increases implemented progressively since 2Q26. Sales volumes is also likely to remain stable qoq despite Thailand's seasonal low season. Higher sales from Vietnam and Indonesia should offset the seasonal weakness in Thailand, driven by an acceleration in customer orders across all segments as customers build inventory to meet demand during the extended holiday period from late-26 to early-27.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	132,784	124,374	135,860	146,729	158,467
EBITDA	16,338	17,210	21,005	22,569	23,660
Operating profit	7,079	7,901	12,635	13,792	15,054
Net profit (rep./act.)	3,699	4,069	7,719	8,223	9,335
Net profit (adj.)	3,910	3,728	7,719	8,223	9,335
EPS (x)	0.91	0.87	1.80	1.92	2.17
PE (x)	33.21	34.83	16.82	15.79	13.91
P/B (x)	2.04	1.99	1.84	1.74	1.62
EV/EBITDA (x)	9.25	8.86	6.58	5.89	5.36
Dividend yield (%)	1.82	1.98	2.64	2.98	2.98
Net margin (%)	2.79	3.27	5.68	5.60	5.89
Net debt/(cash) to equity (%)	33.47	34.61	11.97	3.97	3.55
Consensus net profit	n.a.	n.a.	6,100	6,593	7,211
UOBKH/Consensus (x)	n.a.	n.a.	1.27	1.25	1.29

Source: SCGP, Bloomberg, UOB Kay Hian

Analyst(s)

Benjaphol Suthwanish

benjaphol@uobkh.co.th

662 0903361

BUY (Maintained)

Share Price	Bt30.25
Target Price	Bt43.00
Upside	+42.15%
Previous TP	Bt39.00

Stock Data

Sector	Industrials / Packaging
Bloomberg ticker	SCGP TB
Shares issued (m)	4,292.9
Market cap (Btm)	125,568
Market cap (US\$m)	3,748
3-mth avg daily t'over (US\$m)	8.9

Price Performance (%)

52-week high/low		Bt32.25 / Bt14.90		
1mth	3mth	6mth	1yr	YTD
-0.01	0.00	41.3	59.0	71.1

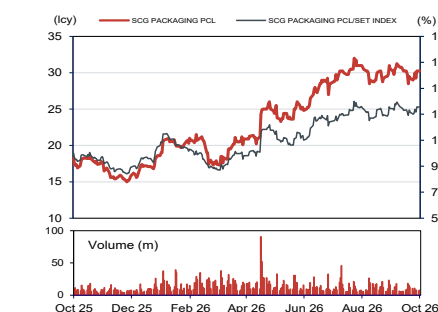
Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Bt)	Bt18.34
FY26 Net Debt/Share (Bt)	Bt15.73

Price Chart



Source: Bloomberg

Company Description

The company generates revenue from holding shares in other companies (holding company), operating core business as an integrated packaging solutions provider (The key subsidiary engaging in the core business is Siam Kraft Industry Co), which is organised into three main businesses: integrated packaging business, fibrous business, and recycling business.

In addition, Fajar is expected to contribute stronger earnings, with 3Q26 net profit forecast at Bt250m, up 17% qoq, supported by higher selling prices and sales volumes, together with effective raw material cost management.

- **High domestic RCP sourcing mitigates the impact of rising imported RCP prices.** Based on our channel check with SCGP, the impact of accelerating global RCP prices in 1H26 on raw material costs in 2H26 remains manageable. This is supported by: a) higher packaging paper selling prices, as demand is projected to strengthen from late-3Q26 through 4Q26 ahead of the extended year-end holidays in late-December, with price increases already gradually emerging in 3Q26; b) a 5-10% qoq increase in Chinese packaging paper prices, driven by production cuts by major manufacturers, particularly Nine Dragons; and c) a 10% qoq decline in domestic RCP prices in 3Q26. Domestic RCP accounts for 60-70% of SCGP's total RCP consumption, helping cushion the impact of rising imported RCP prices. Furthermore, an expected recovery in demand should support higher capacity utilisation and sales volumes in 2H26.
- **Higher selling prices and effective cost management sustain Fajar's strong performance.** Fajar's performance in Indonesia continues to improve, supported by a mid-single-digit qoq increase in domestic packaging paper selling prices, bringing local prices closer to regional benchmark levels. Although rising domestic RCP costs in Indonesia pose a potential risk, management remains confident in its ability to pass through cost increases to customers at a rate equal to or greater than the increase in raw material prices. This supports our view that SCGP can sustain Fajar's strong EBITDA margin going forward.
- **Strong financial position.** SCGP's financial position is expected to benefit from the recovery in operating performance. As of end-2Q26, net debt/EBITDA stood at 2.6x, down from 3.0x at end-25, while interest-bearing debt/equity was 0.7x. We have limited concerns over SCGP's financial position, as EBITDA growth and free cash flow generation should be sufficient to support its investment plans and dividend payments. SCGP has set a 2026 capex target of Bt10.0b.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt43.00 (previously Bt39.00),** based on the regional forward PE of 22.23x at -1SD. SCGP remains one of our top picks. 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

- **Revise earnings forecast.** We raise our 2026-27 net profit forecasts by 12% and 10%, respectively, reflecting higher EBITDA margin assumptions of 16.2% for 2026 (from 15.5%) and 15.9% for 2027 (from 15.1%), alongside higher earnings contributions from Fajar. We now expect Fajar to deliver net profit of Bt683m in 2026 (vs Bt450m previously) and Bt1.0b in 2027 (vs Bt780m previously). Consequently, we forecast SCGP's net profit at Bt7.72b in 2026, up 89.7% yoy, and Bt8.22b in 2027, up 6.5% yoy.

Environment, Social, Governance (ESG) Updates

Environmental

- SCGP focuses on developing eco-friendly packaging solutions to minimise environmental impact. This includes using recyclable materials and reducing packaging waste.

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

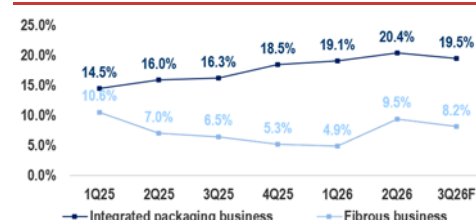
- **Board oversight.** The Board of Directors provides governance oversight, with committees focusing on audit, risk management and sustainability.

Key Statistics

	3Q25	2Q26	3Q26F	%Chg yoy	%Chg qoq
Sales volume (m tonnes)	1.44	1.51	1.50	4%	-1%
Testliner paper price: (US\$/tonne)	373	406	410	10%	1%
AOCC price: (US\$/tonne)	166	169	181	9%	7%
Dissolving pulp price (US\$/tonne)	808	882	900	11%	2%
Short fibre price (US\$/tonne)	502	604	573	14%	-5%
Average selling price (Bt/kg.)	21.1	21.5	22.1	5%	3%
Coal Price (US\$/tonne)	58.0	90.5	96.0	66%	6%

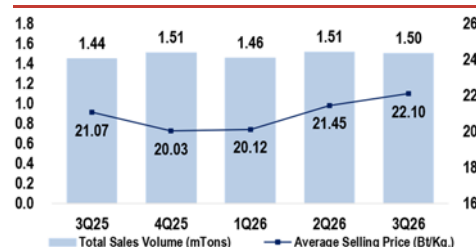
Source: SCGP

EBITDA Margin



Source: SCGP

ASP And Sales Volume



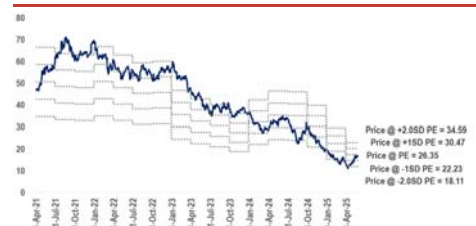
Source: SCGP

American Old Corrugated Container (AOCC) Price: Asia index



Source: SCGP

Regional Forward PE



Source: UOB Kay Hian

Profit & loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	124,374	135,860	146,729	158,467
EBITDA	17,210	21,005	22,569	23,660
Deprec. & amort.	9,309	8,370	8,777	8,606
EBIT	7,901	12,635	13,792	15,054
Total other non-operating income	101	50	51	52
Associate contributions	(2,347)	(2,018)	(2,046)	(2,063)
Net interest income/(expense)	5,996	10,667	11,797	13,044
Pre-tax profit	5,996	10,667	11,797	13,044
Tax	(1,373)	(2,133)	(2,359)	(2,609)
Minorities	(553)	(815)	(1,215)	(1,100)
Net profit	4,069	7,719	8,223	9,335
Net profit (adj.)	3,728	7,719	8,223	9,335

Cash flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	15,538	17,908	22,000	22,905
Pre-tax profit	5,996	10,667	11,797	13,044
Tax	(1,373)	(2,133)	(2,359)	(2,609)
Deprec. & amort.	9,309	8,370	8,777	8,606
Working capital changes	1,041	(2,025)	873	1,034
Other operating cashflows	565	3,029	2,912	2,830
Investing	(8,110)	(12,825)	(12,673)	(12,887)
Investments	(9,765)	(10,000)	(10,000)	(10,000)
Others	1,655	(2,825)	(2,673)	(2,887)
Financing	(10,240)	7,031	(5,865)	(6,117)
Dividend payments	(2,361)	(2,576)	(3,859)	(4,111)
Proceeds from borrowings	(7,879)	9,607	(2,005)	(2,005)
Net cash inflow (outflow)	(2,812)	12,114	3,461	3,901
Beginning cash & cash equiv.	9,849	6,464	18,578	22,039
Changes due to forex impact	(573)	0	0	0
Ending cash & cash equiv.	6,464	18,578	22,039	25,940

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	85,325	83,926	82,237	80,802
Other LT assets	38,062	41,577	44,903	48,496
Cash/ST investment	33,057	46,065	50,124	54,638
Other current assets	354	386	417	451
Total assets	176,531	191,706	197,862	205,005
ST debt	2,005	2,005	2,005	2,005
Other current liabilities	6,332	6,917	7,470	8,068
LT debt	31,512	29,507	27,501	25,496
Other LT liabilities	38,984	37,670	36,318	35,019
Shareholders' equity	65,340	70,483	74,847	80,071
Total liabilities & equity	176,532	191,708	197,865	205,009

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	12.30	13.84	15.46	15.38
Pre-tax margin	3.43	4.82	7.85	8.04
Net margin	2.79	3.27	5.68	5.60
ROA	2.31	4.03	4.16	4.55
ROE	6.23	10.95	10.99	11.66
Growth (% yoy)				
Turnover	(6.33)	9.24	8.00	8.00
EBITDA	5.34	22.05	7.45	4.83
Pre-tax profit	31.70	77.92	10.59	10.57
Net profit	10.01	89.68	6.53	13.53
Net profit (adj.)	(4.65)	107.03	6.53	13.53
EPS	(4.65)	107.03	6.53	13.53
Leverage				
Debt to total capital	35.24	37.19	32.80	29.03
Debt to equity	52.76	51.30	44.71	39.42
Net debt/(cash) to equity	33.47	34.61	11.97	3.97
Interest cover (x)	6.73	7.33	10.41	11.03

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at [this link](#) or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."