

1Q24 to see improvement QoQ & YoY

We expect an earnings turnaround (+13.8% QoQ and +40.5% YoY) in 1Q24 on solid improvement at most production bases, especially Indonesia. Thailand will enjoy solid demand from government stimulus and higher tourist arrivals. We believe the SET's restrictions on short-selling and a drop in share price to -2SD of its PE limits downside risk. Outperform; TP is Bt40 on -1SD of PE mean.

Catalyst #1: Expect earnings turnaround from 1Q24F. SCGP's business update confirmed our view of a continued earnings turnaround in 1Q24F, with operating profit of Bt1.5bn, +13.8% QoQ and +40.5% YoY, backed by recovery of operations in most of its production bases, especially in Indonesia, where selling price is rising in line with the rise in packaging paper price in China. Thailand operations remain healthy on improved demand from government stimulus (Easy E-receipt program) and higher tourist arrivals, though there will be some erosion from the seasonal softening in Vietnam during the two-week Tết holiday in 1Q24. Aiding margin, the cost of raw materials (recovered paper) is expected to increase by less than the rise in packaging paper selling price. Though the AOCC (American Old Corrugated Container) index has risen by 13% QoQ to US\$216/ton, of its recovered paper usage, AOCC comprises only 10%. SCGP uses more domestic recovered paper, price for which is less volatile and cheaper than AOCC – at times accounting for more than 70% of total usage. We expect EBITDA margin to increase to 16% in 1Q24 from 15% in 4Q23. The fibrous business (19% of total revenue) has benefited from an increase in pulp prices, brought by short supply in South America, that has cut exports to Asia. Following an increase in demand and stricter regulations in South America, prices have risen for short pulp (+4.6% QoQ to US\$654/ton) and dissolving pulp (+5.8% QoQ to 905/ton) in 1Q24. Demand for food packaging is also increasing seasonally, along with a global shift towards recyclable packaging.

Catalyst #2: Limited downside. SCGP's share price is down 13% YTD to trade at -2SD of its PE mean, indicating negatives are already priced in. We have also observed a significant drop in short-selling volume for SCGP. The SET recently released data showing the outstanding short position for listed stocks and SCGP and SCGP-R have 19.9mn shares outstanding in short positions (0.46% of its paid-up capital) as of April 5. If SCGP's share price momentum improves along with its operations, we expect to see short covering activities, which will further push the share price up.

Action & Recommendation. We maintain Outperform with a TP of Bt40 based on -1SD of PE mean of 25.9x. We expect the earnings turnaround for 2024 to bring more positive momentum for share price.

Key risks are a continued slow pace in China's economy and geopolitical unrest raising coal cost. Key ESG risks are energy management, sustainability products, and high greenhouse gas emissions (E).

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	146,068	129,398	133,325	140,099	148,678
EBITDA	(Btmn)	19,603	18,667	21,470	22,694	23,827
Core profit	(Btmn)	5,768	5,168	6,593	6,942	7,523
Reported profit	(Btmn)	5,801	5,248	6,593	6,942	7,523
Core EPS	(Bt)	1.34	1.20	1.54	1.62	1.75
DPS	(Bt)	0.60	0.55	0.69	0.73	0.79
P/E, core	(x)	23.3	26.0	20.3	19.3	17.8
EPS growth, core*	(%)	(22.5)	(10.4)	27.6	5.3	8.4
P/BV, core	(x)	1.1	1.3	1.2	1.2	1.2
ROE	(%)	4.7	4.6	6.3	6.3	6.6
Dividend yield	(%)	1.9	1.8	2.2	2.3	2.5
EV/EBITDA	(x)	14.4	8.9	8.3	7.7	6.9

Source: InnovestX Research

Tactical: OUTPERFORM

(3-month)

Stock data	
Last close (Apr 9) (Bt)	31.25
Target price (Bt)	40.00
Mkt cap (Btmn)	134.15
Mkt cap (US\$m)	3,697

Beta	L
Mkt cap (%) SET	33.48
Sector % SET	1.10
Shares issued (mn)	4,293
Par value (Bt)	1.00
12-m high / low (Bt)	46 / 26.5
Avg. daily 6m (US\$m)	7.99
Foreign limit / actual (%)	30 / 4
Free float (%)	26.4
Dividend policy (%)	≥ 20

Share performance			
(%)	1M	3M	12M
Absolute	10.6	(10.1)	(31.3)
Relative to SET	9.5	(9.3)	(21.9)

Source: SET, InnovestX Research

2023 Sustainability / 2022 ESG Score

SET ESG Ratings	AAA
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ESG Bloomberg Rank in the sector	
ESG Score Rank	1/21
Environmental Score Rank	1/21
Social Score Rank	1/21
Governance Score Rank	1/21

ESG comment

SCGP has made commendable progress in integrating ESG principles into its business practices as top tier within its peer group. The key ESG risk are energy management, sustainability products, and high greenhouse gas emission.

Source: Bloomberg Finance L.P.

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Value proposition

SCG Packaging PCL (SCGP) is a holding company providing packaging solutions in the integrated packaging and fibrous chains. It is one of only two fully vertically integrated paper packaging providers in the region and the only one with fully vertically integrated operations in the fibrous and polymers-based packaging sectors in Southeast Asia. Its integrated packaging business is vertically integrated via direct access to raw materials such as recovered paper (RCP), wood pulp and paper that enhances downstream product quality, product reliability and cost competitiveness.

Of total sales in 2023, 75% came from the integrated packaging chain (24% from fiber-based packaging, 38% from packaging paper, 13% from performance & polymer packaging), 19% from the fibrous chain and 6% from the recycling business. Within 2023 sales, 41% came from Thailand, 14% from Indonesia, 15% from Vietnam, 5% from the EU and UK, 2% from the Philippines, 2% from Malaysia and 18% from the rest of the world.

Business outlook

After listing in October 2020, SCGP consolidated five M&P deals in 2021: Sovi, a fiber-based packaging producer in Vietnam, Go-Pak, a food service packaging provider in Vietnam (both consolidated from Jan 2021), Duy Tan, a rigid plastic packaging producer in Vietnam, Intan, a corrugated container producer in Indonesia (both consolidated from Aug 2021), and Deltalab, a medical supply and labware specialist in Spain, consolidated from Dec 2021. It consolidated two more M&P deals in 2022: Peute, a packaging materials recycling company in the Netherlands in July 2022 and Jordan, an RCP trader in the US in September 2022.

SCGP has budgeted 2024 capex at Bt15bn (from Bt8.9bn in 2023 and Bt14.6bn in 2022), comprising Bt10bn for new M&P deals and Bt5bn for maintenance. It has several M&A deals in the pipeline, focusing on acquisitions in SE Asia, particularly in Indonesia's downstream packaging business in furtherance of its "T-Model" strategy for vertical integration. It is important to note that Thailand and Vietnam operations have integration levels of 45% and 52%, respectively, while Indonesia's is currently at only 16%. The goal is for the Indonesian operations to achieve a more stable EBITDA margin.

We expect earnings to grow 25.7% in 2024F, backed by better operations in Indonesia on better packaging paper prices and sales volume while Thailand and Vietnam businesses will remain solid.

In the medium term, SCGP aims to solidify its leadership position in ASEAN via either organic expansion or M&Ps, rolling out the vertical integration business model used in Thailand to other countries, expanding its market access into high-growth consumer goods and into the creation of more innovative solutions, in line with the principles of a circular economy.

Bullish views	Bearish views
1. RCP raw material cost falls on better collection rate	1. RCP cost rises from improvement in packaging demand and higher freight rate on the geopolitical issue in the Red Sea
2. Coal cost stays low on the decarbonization trend	2. Coal cost will increase if geopolitical tension rises
3. Revived demand from China	3. Weak demand from inflationary pressure and concern over a global recession

Key catalysts

Factor	Event	Impact	Comment
1Q24F earnings outlook	Improving from strong growth in sales volume and ASP at Indonesian paper packaging.	Higher QoQ and higher YoY	We expect 1Q24F core profit of Bt1.5bn, +13.8% QoQ and +14.5% YoY, due to improving Indonesian operations and a better fibrous chain business on higher pulp price.
2024 earnings outlook	Expect better turnaround from positive signs including higher test liner prices and better demand in China.	Increase YoY	We expect earnings to grow 25.7% in 2024F on an increase in packaging paper price and demand (especially at Indonesia operations) as well as contribution from new M&Ps.

Sensitivity Analysis

Factor	Earnings impact	TP impact
1% rise in sales volume	1%	Bt0.5/sh.

Our view on ESG

SCGP demonstrates a commitment to environmental stewardship by implementing various initiatives. These include reducing its carbon footprint, optimizing energy and water usage and implementing waste management practices. SCGP also recognizes the importance of social responsibility and contributes positively to society. SCGP has strong corporate governance which adheres to ethical business practices, transparency and accountability. The key ESG risk are energy management, sustainability products, and high greenhouse gas emission.

ESG Disclosure Score

Bloomberg ESG Score	75.92 (2022)
Rank in Sector	1/21

	CG Rating	DJSI	SETESG	SET ESG Ratings
SCGP	5	No	Yes	AAA

Source: Thai Institute of Directors (IOD), SET

Environmental Issue (E)

- By 2025, SCGP targets a 13% reduction in energy consumption from 2007 (vs 5.8% in 2021). It targets GHG emission reduction of 20% from 2020 in 2030 (vs 2.4% in 2021) and achieve net zero in 2050.
- By 2025, it targets 5% reduction in air emissions per product compared to 2020 (vs 6.7% reduction in specific dust in 2021), 35% reduction of water withdrawal compared to 2014 (vs 26.3% in 2021), 100% reduction of waste disposal by incineration without energy recovery in Thailand compared to 2024 (vs 99.9% in 2021), and it targets to have biodiversity conservation area certified by FSC standard of at least 10% of agroforestry area (vs 12.9% in 2021).
- By 2025, SCGP targets the volume of recyclable, reusable, or compostable packaging at 100% from the volume of total packaging (vs 99.7% in 2021).
- In 2021, SCGP signed a long-term sustainability Linked Loan (SLL) worth Bt5bn, with interest rate linked to its sustainability performance targets including reducing GHG emissions and water withdrawal and increasing the sales portion of eco-friendly goods and services.
- We anticipate stricter corporate greenhouse gas emission regulations to be a materializing environmental factor impacting SCGP's future operations. While SCGP has a significant greenhouse gas emission footprint of 5 million tonnes as of 2020, its commitment to ambitious reduction targets and clear environmental policies distinguishes its ESG score from its peers.

Governance Issue (G)

- SCGP aims to disseminate and communicate the understanding of SCGP's code of conduct with all companies in the group (100% achievement in 2021) with no corruption (zero violation of anti-corruption policy in 2021).
- In 2021, SCGP's board of directors consists of 12 directors. Of this, 11 were non-executive directors (92% of the entire board), 8 were independent directors (67% of the entire board), and 3 were female (25% of the entire board).
- In 2021, CG rating was excellent and anti-corruption progress indicator was certified.
- SCGP has publishing its overall corporate governance framework, we believe they should enhance the clarity of Board of Director roles, particularly concerning the representation of minority shareholders, which still below the industry average.

Social Issue (S)

- By 2030, it targets sales revenue of products, services, and solutions with the SCG green choice label to reach 66.7% of total revenue (vs 45% in 2021) and sales revenue of products, services, and solutions providing directly value to customers with the SCG green choice label to reach 33.3% of total sales revenue (vs 13% in 2021).
- SCGP aims to be a role model in human rights, both directly through business activities, and indirectly by providing support and encouraging business partners in the value chain and targets no human rights violations (already zero in 2021 and all employees taking human rights e-Testing with 100% passing rate in 2021).
- It targets a 90% community satisfaction index (vs 89% in 2021), 100% for customer satisfaction (vs 80% in 2021), 78% employee engagement rate (vs 76% in 2021), and 0.08cases/1mn hours worked for lost time injury frequency rate of employees and contractors (vs 0.608 in 2021).
- SCGP stands out among its peers by demonstrating leadership in safety measures, employee well-being, and supply chain management

ESG Disclosure Score

	2022
ESG Disclosure Score	75.92
Environment	77.26
GHG Scope 1 ('000 metric tonnes)	3,778
GHG Scope 2 Location-Based ('000 metric tonnes)	632
Total Energy Consumption ('000 MWh)	16,961
Electricity Used ('000 MWh)	951
Total Waste ('000 metric tonnes)	1,515
Waste Recycled ('000 metric tonnes)	1,469
Social	60.58
Total Recordable Incident Rate - Employees (per 100 employees)	0.28
Number of Employees - CSR (persons)	22,289
Employee Turnover Pct (%)	5.80
Total Hours Spent by Firm - Employee Training (hours)	334,335
Governance	89.86
Size of the Board (persons)	12
Number of Non Executive Directors on Board (persons)	11
Number of Board Meetings for the Year (times)	9
Board Meeting Attendance Pct (%)	99
Number of Female Executives (persons)	1
Number of Women on Board (persons)	3

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Revenue from sales	(Btmn)	89,070	92,786	124,223	146,068	129,398	133,325	140,099	148,678
Cost of sales	(Btmn)	(71,651)	(73,333)	(101,345)	(121,791)	(106,274)	(110,047)	(115,531)	(122,629)
Gross profit	(Btmn)	17,419	19,453	22,878	24,277	23,124	23,278	24,568	26,049
SG&A	(Btmn)	(9,148)	(9,981)	(12,113)	(15,531)	(15,684)	(13,466)	(14,010)	(14,868)
Other income	(Btmn)	545	729	1,143	1,158	1,043	1,067	1,121	1,189
Interest expense	(Btmn)	(1,562)	(1,513)	(1,211)	(1,820)	(2,020)	(2,021)	(2,354)	(2,284)
Pre-tax profit	(Btmn)	7,253	8,689	10,698	8,083	6,464	8,858	9,325	10,087
Corporate tax	(Btmn)	(1,154)	(1,269)	(1,958)	(1,432)	(1,153)	(1,639)	(1,725)	(1,866)
Equity a/c profits	(Btmn)	53	66	57	55	39	41	43	45
Minority interests	(Btmn)	(707)	(848)	(1,353)	(939)	(180)	(667)	(700)	(743)
Core profit	(Btmn)	5,445	6,638	7,444	5,768	5,168	6,593	6,942	7,523
Extra-ordinary items	(Btmn)	(177)	(181)	850	33	79	0	0	0
Net Profit	(Btmn)	5,269	6,457	8,294	5,801	5,248	6,593	6,942	7,523
EBITDA	(Btmn)	14,806	17,385	20,224	19,603	18,667	21,470	22,694	23,827
Core EPS (Bt)	(Btmn)	1.74	2.00	1.73	1.34	1.20	1.54	1.62	1.75
Net EPS (Bt)	(Bt)	1.69	1.95	1.93	1.35	1.22	1.54	1.62	1.75
DPS (Bt)	(Bt)	0.48	0.45	0.65	0.60	0.55	0.69	0.73	0.79

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	35,383	62,919	69,186	60,154	60,272	85,935	89,711	101,833
Total fixed assets	(Btmn)	104,130	109,510	137,638	137,125	138,289	134,421	131,038	123,246
Total assets	(Btmn)	139,513	172,429	206,824	197,280	198,561	220,356	220,749	225,079
Total loans	(Btmn)	59,496	44,501	56,295	49,582	48,445	79,162	77,162	75,162
Total current liabilities	(Btmn)	54,014	43,237	51,977	33,479	66,390	41,923	39,868	41,201
Total long-term liabilities	(Btmn)	22,683	19,351	32,547	40,834	29,721	70,307	68,779	67,378
Total liabilities	(Btmn)	76,697	62,588	84,524	74,313	96,111	112,230	108,647	108,579
Paid-up capital	(Btmn)	3,126	4,293	4,293	4,293	4,293	4,293	4,293	4,293
Total equity	(Btmn)	62,816	109,841	122,300	122,967	102,449	108,127	112,102	116,501
BVPS (Bt)	(Bt)	20.09	33.17	28.49	28.64	23.86	25.19	26.11	27.14

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	5,445	6,638	7,444	5,768	5,168	6,593	6,942	7,523
Depreciation and amortization	(Btmn)	5,991	7,183	8,315	9,699	10,184	10,591	11,015	11,456
Operating cash flow	(Btmn)	16,014	15,729	7,501	17,234	41,814	(4,879)	13,426	17,239
Investing cash flow	(Btmn)	(31,890)	(10,672)	(30,995)	(3,119)	(15,283)	(6,316)	(7,208)	(3,223)
Financing cash flow	(Btmn)	18,257	21,790	(1,042)	(11,602)	(26,608)	29,801	(4,967)	(5,124)
Net cash flow	(Btmn)	2,381	26,846	(24,537)	2,513	(77)	18,605	1,250	8,892

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	19.6	21.0	18.4	16.6	17.9	17.5	17.5	17.5
Operating margin	(%)	9.3	10.2	8.7	6.0	5.7	7.4	7.5	7.5
EBITDA margin	(%)	16.6	18.7	16.3	13.4	14.4	16.1	16.2	16.0
EBIT margin	(%)	9.9	11.0	9.6	6.8	6.6	8.2	8.3	8.3
Net profit margin	(%)	5.9	7.0	6.7	4.0	4.1	4.9	5.0	5.1
ROE	(%)	9.4	7.7	6.4	4.7	4.6	6.3	6.3	6.6
ROA	(%)	4.7	4.3	3.9	2.9	2.6	3.1	3.1	3.4
Net D/E	(x)	0.9	0.1	0.3	0.3	0.3	0.4	0.4	0.3
Interest coverage	(x)	9.5	11.5	16.7	10.8	9.2	10.6	9.6	10.4
Debt service coverage	(x)	0.3	0.5	0.6	1.0	0.6	1.1	1.1	1.2
Payout Ratio	(%)	28.2	29.9	33.6	44.4	45.0	45.0	45.0	45.0

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total sales	(Btmn)	89,070	92,786	124,223	146,068	129,398	133,325	140,099	148,678
Sales from packaging chain	(Btmn)	71,625	78,903	105,562	117,219	97,044	99,432	103,564	110,189
Sale from recycling business chain	(Btmn)	-	-	-	4,576	7,460	8,206	8,616	9,047
Sales from fibrous chain	(Btmn)	17,445	13,883	18,661	24,273	24,894	25,688	27,918	29,442
Total GPM	(%)	19.6	21.0	18.4	16.6	17.9	17.5	17.5	17.5
FX	(THB/US\$)	31.0	31.3	32.0	35.1	35.0	35.0	35.0	35.0

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total revenue	(Btmn)	36,634	37,982	37,943	33,509	33,729	32,216	31,573	31,881
Cost of sales and services	(Btmn)	(30,346)	(31,303)	(31,518)	(28,625)	(27,780)	(26,350)	(25,965)	(26,179)
Gross profit	(Btmn)	6,288	6,679	6,425	4,884	5,948	5,866	5,608	5,702
SG&A	(Btmn)	(3,904)	(3,806)	(4,059)	(3,762)	(4,220)	(3,754)	(3,824)	(3,886)
Other income	(Btmn)	296	262	323	277	232	161	325	325
Interest expense	(Btmn)	(316)	(328)	(413)	(764)	(497)	(510)	(496)	(516)
Pre-tax profit	(Btmn)	2,365	2,807	2,276	636	1,464	1,762	1,612	1,625
Corporate tax	(Btmn)	(316)	(541)	(470)	(105)	(296)	(305)	(228)	(325)
Equity a/c profits	(Btmn)	8	20	33	(6)	(17)	6	14	35
Minority interests	(Btmn)	(334)	(380)	(327)	103	(84)	(94)	15	(18)
Core profit	(Btmn)	1,722	1,906	1,512	627	1,067	1,370	1,413	1,318
Extra-ordinary items	(Btmn)	(64)	(50)	325	(178)	153	115	(86)	(103)
Net Profit	(Btmn)	1,658	1,856	1,837	449	1,220	1,485	1,327	1,215
EBITDA	(Btmn)	4,981	5,545	5,167	3,910	4,471	4,681	4,229	4,388
Core EPS (Bt)	(Btmn)	0.40	0.44	0.35	0.15	0.25	0.32	0.33	0.31
Net EPS (Bt)	(Bt)	0.39	0.43	0.43	0.10	0.28	0.35	0.31	0.28

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total current assets	(Btmn)	61,409	64,152	63,374	60,154	60,842	60,842	60,017	60,272
Total fixed assets	(Btmn)	136,990	138,415	144,853	137,125	137,664	140,156	140,591	138,289
Total assets	(Btmn)	198,399	202,566	208,227	197,280	198,506	200,998	200,608	198,561
Total loans	(Btmn)	46,619	47,358	51,647	49,582	44,812	46,278	40,913	48,445
Total current liabilities	(Btmn)	44,742	45,401	41,331	33,479	34,914	56,062	61,738	66,390
Total long-term liabilities	(Btmn)	32,451	32,021	37,650	40,834	40,500	40,549	35,132	29,721
Total liabilities	(Btmn)	77,193	77,422	78,981	74,313	75,414	96,612	96,870	96,111
Paid-up capital	(Btmn)	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293
Total equity	(Btmn)	121,206	125,144	129,246	122,967	123,093	104,386	103,738	102,449
BVPS (Bt)	(Bt)	28.23	29.15	30.11	28.64	28.67	24.32	24.16	23.86

Cash Flow Statement (Btmn)

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Core Profit	(Btmn)	3,080	3,628	3,418	2,140	1,304	2,883	4,192	5,168
Depreciation and amortization	(Btmn)	4,799	4,800	4,801	4,802	2,357	2,293	2,210	10,184
Operating cash flow	(Btmn)	2,809	3,542	6,064	4,820	5,017	9,920	16,348	41,814
Investing cash flow	(Btmn)	10,404	(1,644)	(8,437)	(3,443)	(7,257)	(8,742)	(10,343)	(15,283)
Financing cash flow	(Btmn)	(10,316)	(2,399)	998	115	(2,268)	(6,403)	(8,708)	(26,608)
Net cash flow	(Btmn)	2,897	(501)	(1,375)	1,492	(4,508)	(5,225)	(2,703)	(77)

Key Financial Ratios

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Gross margin	(%)	17.2	17.6	16.9	14.6	17.6	18.2	17.8	17.9
Operating margin	(%)	6.5	7.6	6.2	3.3	5.1	6.6	5.6	5.7
EBITDA margin	(%)	13.6	14.6	13.6	11.7	13.3	14.5	13.4	13.8
EBIT margin	(%)	7.3	8.3	7.1	4.2	5.8	7.1	6.7	6.7
Net profit margin	(%)	4.5	4.9	4.8	1.3	3.6	4.6	4.2	3.8
ROE	(%)	5.7	6.2	0.0	2.0	3.5	4.8	5.4	5.1
ROA	(%)	3.4	3.8	2.9	1.2	2.2	2.7	2.8	2.6
Net D/E	(x)	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3
Interest coverage	(x)	15.8	16.9	12.5	5.1	9.0	9.2	8.5	8.5
Debt service coverage	(x)	0.6	0.9	0.8	0.6	0.9	1.1	1.0	1.0

Main Assumptions

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total sales	(Btmn)	43,925	45,499	45,123	40,165	40,153	32,216	31,573	31,881
Sales from packaging chain	(Btmn)	37,717	38,483	35,711	31,297	31,221	24,185	23,655	24,043
Sale from recycling business chain	(Btmn)	-	-	2,560	2,016	2,127	2,044	2,059	2,134
Sales from fibrous chain	(Btmn)	6,208	7,016	6,852	6,852	6,805	6,847	6,591	6,592
Total GPM	(%)	17.2	17.6	16.9	14.6	17.6	18.2	17.8	17.9
FX	(THB/US\$)	33.1	34.4	36.4	36.4	34.1	34.5	35.5	35.0

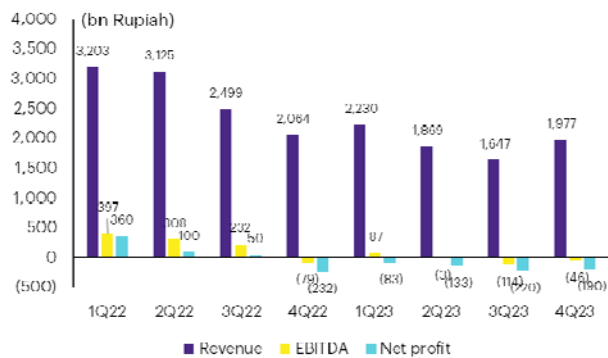
Appendix

Figure 1: 1Q24 preview: Improving core earnings YoY and QoQ

P & L (Btmn)	1Q23	2Q23	3Q23	4Q23	1Q24F	% Chg YoY	% Chg QoQ
Total revenue	33,729	32,216	31,573	31,881	33,244	(1.4)	4.3
Gross profit	5,948	5,866	5,608	5,702	6,117	2.8	7.3
SG&A expense	(4,220)	(3,754)	(3,824)	(3,886)	(4,056)	(3.9)	4.4
Net other income/expense	232	161	325	325	332	43.1	2.3
Interest expense	(497)	(510)	(496)	(516)	(521)	4.9	1.0
Pre-tax profit	1,464	1,762	1,612	1,625	1,872	27.9	15.2
Corporate tax	(296)	(305)	(228)	(325)	(296)	(0.0)	(8.9)
Equity a/c profits	(17)	6	14	35	35	305.0	-
Minority interests	(84)	(94)	15	(18)	(84)	(0.0)	374.4
EBITDA	4,471	4,681	4,229	4,388	4,388	(1.9)	-
Core profit	1,182	1,439	1,498	1,318	1,528	29.3	15.9
Extra. Gain (Loss)	153	115	(86)	(103)	-	n.m.	n.m.
Net Profit	1,220	1,485	1,327	1,215	1,528	25.2	25.8
EPS	0.28	0.35	0.31	0.28	0.36	25.2	25.8
Financial ratio (%)							
Gross margin	17.6	18.2	17.8	17.9	18.4	4.3	2.9
EBITDA margin	13.3	14.5	13.4	13.8	13.2	(0.4)	(4.1)
Net profit margin	3.6	4.6	4.2	3.8	4.6	27.0	20.6
SG&A expense/Revenue	12.5	11.7	12.1	12.2	12.2	(2.5)	0.1

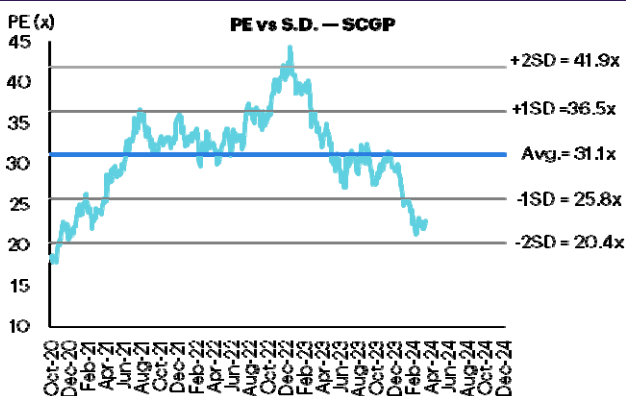
Source: SCGP and InnovestX Research

Figure 2: Fajar Paper Earnings performance



Source: Company data and InnovestX Research

Figure 4: PE Band



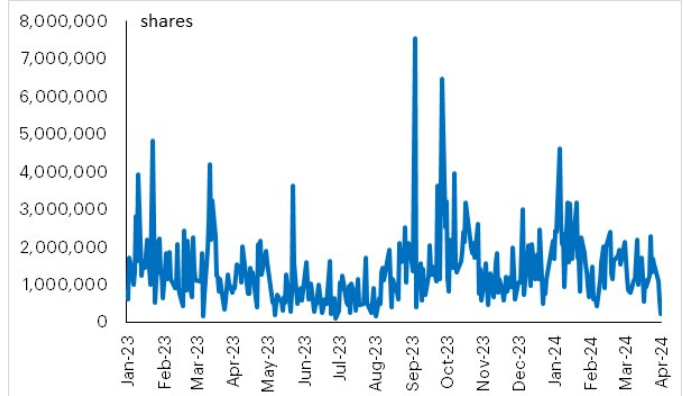
Source: Company data and InnovestX Research

Figure 3: Fajar paper Sale volume & ASP



Source: Company data and InnovestX Research

Figure 5: Daily SCGP & SCGP-R Short Sales



Source: SETSMART and InnovestX Research

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CG Rating 2023 Companies with CG Rating**Companies with Excellent CG Scoring**

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCT, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBIK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, FVC, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, III, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITCL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNNA, LH, LHFG, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI¹, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PORT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTTEP, PTTGC, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP², SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMP, SMT, SNC, SNRP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TQA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

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2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESSO, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, IT, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEO, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVOA, SWC, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIUK, WIN, WP, XO

Companies with Good CG Scoring

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RJH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SCP, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC³, TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

Corporate Governance Report

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To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

¹OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

²SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

³TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

Anti-corruption Progress Indicator**Certified (ได้ผ่านการรับรอง)**

2S, 7UP, AAI, ADVANC, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BKI, BLA, BPP, BROOK, BRR, BSBM, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HTC, ICC, ICHI, IFS, III, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITCL, IVL, JAS, JKN, JR, JTS, KASET, KBANK, KBS, KCAR, KCCAMC, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNNA, LHFG, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NRF, NWR, OCC, OGC, OR, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RML, RS, RWI, S&J, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOL, SE-ED, SELIC, SENA, SGC, SGP, SIRI, SITHAI, SKR, SMIT, SMK, SMP, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCO, TCAP, TCMC, TFG, TFI, TFMAMA, TGE, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TRT, TRU, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UV, VCOM, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIUK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนารมณ์)

ACE, ADB, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, PEER, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, AOT, APCO, APEX, APO, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BKGI, BLC, BLESS, BLISS, BM, BOL, BPS, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTICI, DV8, EASON, ECL, EE, EFORL, EMC, ETL, EURO, EVER, F&D, FANCY, FE, FLOYD, FMT, FN, FORTH, FTI, FVC, GABLE, GENCO, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HEALTH, HFT, HL, HPT, HTECH, HUMAN, HYDRO, I2, IFEC, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITHI, JAK, JCK, JCKH, JCT, JDF, JPARK, JSP, JUBILE, K, KAMART, KC, KCG, KCM, KDH, KEX, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, MEGA, METCO, MGC, MGI, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NDR, NEO, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACE, PACO, PAF, PANEL, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PMTA, POLAR, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTL, QTCG, RAM, RCL, READY, RICHY, RJH, ROCK, ROCTEC, ROH, ROJNA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWAD, SAWANG, SBNEXT, SCAP, SCGD, SCI, SCL, SCP, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SINGER, SINO, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNRP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SRS, SSC, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, SUC, SUN, SUPER, SUTHA, SVR, SVT, SWC, SYNEX, TACC, TAN, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UP, UPF, UPOIC, UREKA, UTP, UVAN, VARO, VIBHA, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WELL, WFX, WGE, WIN, WINDOW, WINMED, WINNER, WORK, WORLD, WP, YGG, YONG, ZAA

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 1, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.