

The Siam Cement Pcl (SCC TB) - BUY, Price Bt250, TP Bt325**Results Comment**

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1Q24 – Miss on weak chemical profit

- SCC reported 1Q24 profit of Bt2.4bn vs loss of Bt1.1bn in 4Q23. The lower profit q-q is mainly due to one-time impairment in cement and building material business amount Bt1.6bn and weaker chemical profit. 3M24 profit only accounts for 12% of our 2024F and 12% of consensus.
- **Higher core profit q-q.** We estimate core profit of Bt1.7bn, up by 79% q-q, but dropped 63% y-y. Q-Q improvement is mainly from high season in cement business as well as improve performance of packaging paper business.
- **Chemical loss narrower due to stock gain** of Bt959m vs. loss of Bt462m in 4Q23. Stripping out the gain, we see larger loss at Bt2.8bn in 1Q24 vs Bt2bn in 4Q23. This is due to full impact from ROC shutdown which already resume operation in Mar 24. Note that the plant closed in Nov 23. Polyolefin sale volume was at 306,000 tons of, -12% q-q and -22% y-y.
- **Cement business see stronger margin.** Profit came in at Bt1.1bn, which up by 46% y-y. This is despite Thailand's total domestic grey cement demand decreased -10% YoY due to delay in government budget (40% of total demand). Meanwhile, the average grey cement price in 4Q23 was relatively stable in the range of Bt2,100 - 2,150/ton. EBITDA margin expands to 17% from 5% in 4Q23 and 14% in 1Q23 due to higher use of alternative fuel.
- **Outlook.** We expect 2Q24F profit to trend weaker with absence of inventory gain. Despite weaker than expected profit, we see that chemical profit is already bottom while its non-chemical segment should be on an improving trend. Maintain BUY.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	128,748	124,631	125,649	120,618	124,266	Revenue	3	(3)	20	630,667	719,888
Gross profit	19,940	20,964	18,421	15,778	17,656	Gross profit	12	(11)	19	90,581	127,798
SG&A	17,029	16,058	17,032	18,181	16,247	SG&A	(11)	(5)	18	88,143	95,329
Operating profit	2,911	4,906	1,389	(2,403)	1,409	Operating profit	na	(52)	58	2,438	32,469
EBITDA	10,032	12,085	8,520	5,906	9,043	EBITDA	53	(10)	26	34,178	65,505
Other income	5,089	3,695	2,239	5,255	2,770	Other income	(47)	(46)	16	16,876	15,924
Other expense	0	0	0	0	0	Other expense					
Interest expense	2,241	2,378	2,637	3,041	2,611	Interest expense	(14)	17	25	10,419	14,691
Profit before tax	5,759	6,223	991	(189)	1,569	Profit before tax	na	(73)	18	8,894	33,703
Income tax	4,320	1,068	1,412	1,245	1,500	Income tax	20	(65)	na	(77)	10,192
Equity & invest. income	2,665	2,023	2,118	1,613	1,787	Equity & invest. income	11	(33)	21	8,475	7,144
Minority interests	517	(121)	624	785	(125)	Minority interests	na	na	(5)	2,602	(4,265)
Extraordinary items	11,905	1,025	120	(2,098)	695	Extraordinary items	na	(94)	na	0	0
Net profit	16,526	8,082	2,441	(1,134)	2,425	Net profit	na	(85)	12	20,048	26,391
Normalized profit	4,621	7,057	2,321	964	1,730	Normalized profit	79	(63)	9	20,048	26,391
EPS (Bt)	13.77	6.74	2.03	(0.95)	2.02	EPS (Bt)	na	(85)	12	16.71	21.99
Normalized EPS (Bt)	3.85	5.88	1.93	0.80	1.44	Normalized EPS (Bt)	79	(63)	9	16.71	21.99
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	1Q23	2Q23	3Q23	4Q23	1Q24		1Q23	2Q23	3Q23	4Q23	1Q24
Cash & ST investment	85,973	85,603	88,982	63,874	75,096	Sales grow th	(15.6)	(18.3)	(11.8)	(1.3)	(3.5)
A/C receivable	78,790	79,246	76,069	70,559	79,281	Operating profit grow th	(47.4)	(21.1)	100.7	na	(51.6)
Inventory	81,624	83,407	90,711	80,631	84,111	EBITDA grow th	(20.8)	(10.4)	4.2	42.6	(9.9)
Other current assets	2,355	3,652	3,363	2,151	1,332	Norm profit grow th	(40.5)	(29.4)	(34.1)	(4.1)	(62.6)
Investment	166,125	166,309	171,164	161,616	166,808	Norm EPS grow th	(40.5)	(29.4)	(34.1)	(4.1)	(62.6)
Fixed assets	419,233	430,672	435,865	424,344	440,512	Gross margin	15.5	16.8	14.7	13.1	14.2
Other assets	89,625	93,129	93,905	90,427	92,257	Operating margin	2.3	3.9	1.1	(2.0)	1.1
Total assets	923,725	942,018	960,058	893,601	939,396	EBITDA margin	7.8	9.7	6.8	4.9	7.3
S-T debt	68,331	82,040	57,067	112,790	130,815	Norm net margin	3.6	5.7	1.8	0.8	1.4
A/C payable	61,664	61,724	67,050	59,691	59,316	D/E (x)	0.8	0.8	0.3	0.7	0.8
Other current liabilities	10,740	30,077	74,083	29,764	37,199	Net D/E (x)	0.6	0.6	0.1	0.6	0.6
L-T debt	280,419	269,869	91,873	210,506	215,890	Interest coverage (x)	4.5	5.1	3.2	1.9	3.5
Other liabilities	38,842	39,570	209,840	39,253	40,982	Interest rate	2.6	2.7	4.2	5.2	3.1
Minority interest	76,283	77,867	76,504	77,635	78,110	Effective tax rate	75.0	17.2	142.5	(658.7)	95.6
Shareholders' equity	387,446	380,871	383,640	363,962	377,085	ROA	2.0	3.0	1.0	0.4	0.8
Working capital	98,750	100,930	99,730	91,499	104,076	ROE	4.9	7.3	2.4	1.0	1.9
Total debt	348,750	351,909	148,940	323,297	346,705						
Net debt	262,778	266,306	59,959	259,422	271,609						

Sources: Company data, Thanachart estimates

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