10 October 2025

FUNDAMENTAL

SCGP

Neutral

Fiercer competition

Current Price (B)	18.50
Target Price (B)	25.00
Upside (%)	35.14
Dividend Yield (%)	2.97

Flash Points

3Q25 net profit is estimated at B959m, falling 5%qoq but growing 66%yoy. 3Q25 profit is projected to grow strong from a very low base in 3Q24 thanks to lower raw material cost (especially paper scrap) and cost reduction projects. However, 3Q25 profit is expected to drop slightly from 2Q25 because fibrous business is pressured by a drop in selling prices.

Fajar (business in Indonesia) may show positive EBITDA for the second quarter in 3Q25 thanks to larger use of domestic scrap and higher domestic consumption. However, Fajar's loss in 3Q25 may increase from 2Q25. Paper price in Indonesia dropped due to APP's new factory (open in July) and market dumping (low-quality products). Also, China decreased import of packaging paper, which resulted in oversupply problem in Indonesia.

Impact Insight

3Q25 profit is projected to not grow from 2Q25 due to price competition.

4Q25 profit is expected to grow qoq again thanks to high season. Spending will be robust in festive season, driven by economic stimulus measures in many countries, so demand for packaging will be high. Packaging business in Vietnam should grow thanks to economic recovery. Selling prices should rise, after short fiber and dissolving pulp prices bottomed out in August. Packaging paper prices in Indonesia should rise; after commissioning of APP's new factory ends, so market dumping (low-quality product) should subside.

Execution

We maintain 2025 forecast at B3,873, growing 5%yoy. Fair value is B25.00 (DCF). We reiterate Neutral. Packaging paper prices in Indonesia has been low for a long time, so Fajar may make a turnaround in 2026 (delayed from 4Q25), so 2026 forecast may be revised down.

Technical Chart

Source: ASPS Research

Price Trend: Sideways Up

Support: 14.30-16.90

Resist : 22.40

Consensus Analysis

EPS (B)	ASPS	IAA Cons	% diff
2025F	0.90	0.88	3%
2026F	1.29	1.08	19%

Source: ASPS Research

Global Peers

Stock	PE 2025F	PE 2026F	PBV 2025F	PBV 2026F
SCG PACKAGING PC	20.07	16.76	0.99	0.96
AMCOR PLC-CDI	11.06	9.94	1.66	1.53
HUHTAMAKI OYJ	11.51	10.97	1.47	1.37
AMCOR PLC	11.02	9.91	1.65	1.52
NINE DRAGONS PAP	15.61	8.91	0.48	0.45
LEE & MAN PAPER	7.80	7.40	0.43	0.42
BILL HOLDINGS IN	24.61	24.34	1.41	1.37
INTL PAPER CO	27.72	15.42	1.36	1.36
PACKAGING CORP	20.75	18.00	3.91	3.50
MONDI PLC	13.11	11.22	0.90	0.86

Source: Bloomberg

Key Financial Forecast

Ending Dec 31	2023	2024	2025F	2026F	2027F
Net Profit	5,248	3,699	3,873	5,536	6,966
Normalized Profit	5,146	3,876	3,873	5,536	6,966
EPS (B)	1.22	0.86	0.90	1.29	1.62
DPS (B)	0.55	0.55	0.55	0.60	0.75
Normalized PER (x)	15.1	21.5	20.5	14.3	11.4
Dividend Yield (%)	2.97%	2.97%	2.97%	3.24%	4.05%
BVS (B)	18.0	17.9	18.2	18.9	19.8
PBV (x)	1.03	1.04	1.02	0.98	0.94
EV/EBITDA	6.1	7.3	6.9	6.0	5.3
ROE (%)	6.0%	4.8%	5.0%	6.9%	8.4%

Source: ASPS Research

ESG Assessment

SET ESG Ratings	AAA
CG Score	Excellent
Anti-corruption Certification	yes

Source: SET

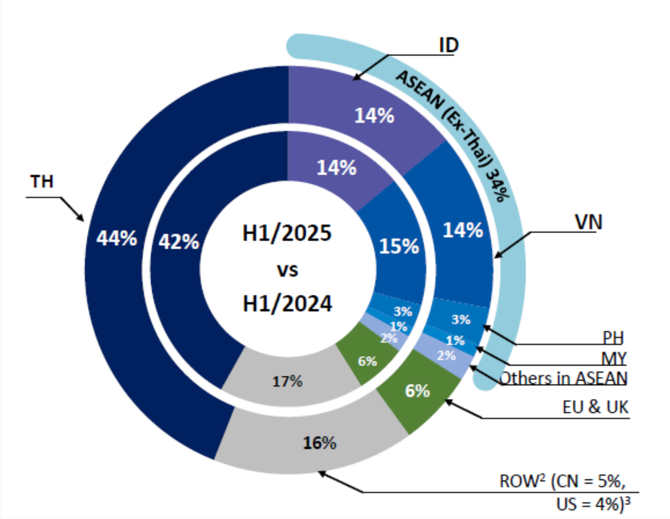
Prasit Rattanakijkamol, CFA, CISA
Fundamental Investment Analyst on Securities
License No.: 025917

Earnings Results by Quarter

Key Data (Million B)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	%QoQ	%YoY	9M25F	9M24	%YoY
Sales	33,948	34,235	33,370	31,231	32,209	31,557	31,324	-1%	-6%	95,090	101,553	-6%
Gross Profit	6,802	6,121	5,184	4,296	5,798	5,737	5,295	-8%	2%	16,830	18,106	-7%
SG&A	(4,294)	(4,120)	(4,140)	(3,764)	(4,046)	(3,950)	(3,821)	-3%	-8%	(11,817)	(12,554)	-6%
Interest Expense	(523)	(611)	(628)	(667)	(645)	(654)	(550)	-16%	-12%	(1,849)	(1,762)	5%
Normalized Profit	1,686	1,479	677	34	916	993	959	-3%	42%	2,868	3,842	-25%
Net Profit	1,725	1,454	577	(57)	900	1,010	959	-5%	66%	2,869	3,756	-24%
Extraordinary Items	39	(25)	(100)	(91)	(16)	17	0			1	(86)	
EPS (B)	0.40	0.34	0.13	(0.01)	0.21	0.24	0.22	-5%	66%	0.67	0.87	-24%
Gross Margin	20.0%	17.9%	15.5%	13.8%	18.0%	18.2%	16.9%			17.7%	17.8%	
SG&A/Sales	12.7%	12.0%	12.4%	12.1%	12.6%	12.5%	12.2%			12.4%	12.4%	

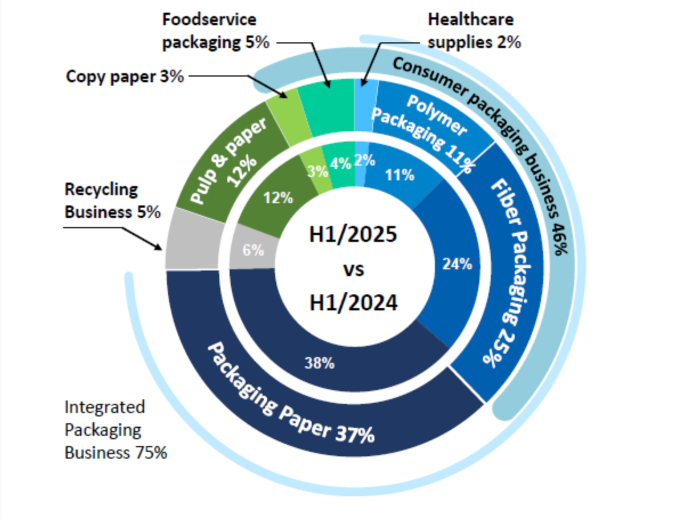
Source: ASPS Research

Sales by Country



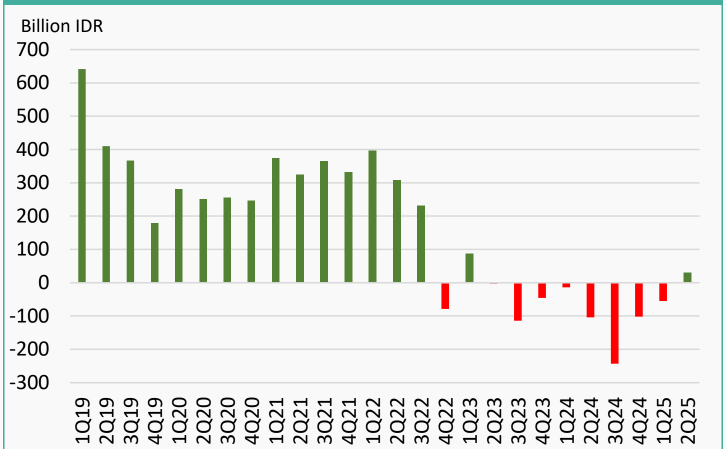
Source: SCGP

Sales by Customer Type



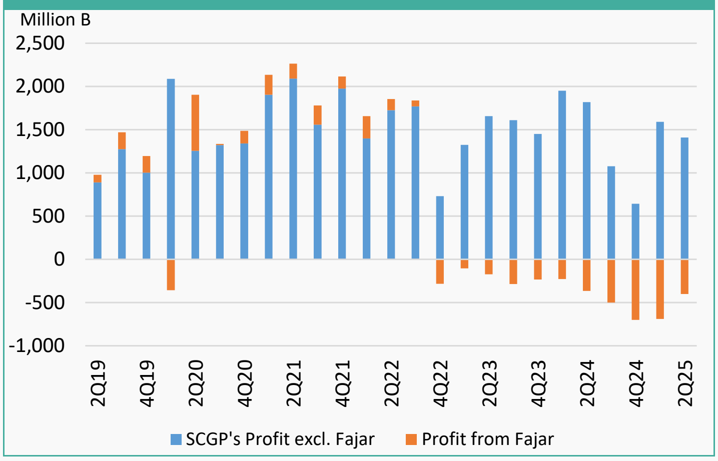
Source: SCGP

Fajar's EBITDA by Quarter



Source: SCGP, ASPS Research

SCGP & Fajar's Net Profit by Quarter



Source: SCGP, ASPS Research

2025-2027 Earnings Forecast

Income Statement (Million B)

Ended Dec 31	2024	2025F	2026F	2027F
Sales	132,784	145,633	158,131	171,428
Cost of sales	110,381	122,058	131,848	142,702
Gross profit	22,403	23,575	26,284	28,727
SG&A	16,318	17,038	17,758	18,511
Interest expense	2,429	2,885	2,885	2,885
Other expense	0	0	0	0
Other income	995	1,092	1,186	1,286
Earnings before tax	4,552	4,849	6,931	8,722
Income tax	825	897	1,282	1,614
Minority interest	-28	-79	-113	-142
Extraordinary items	-211	0	0	0
Net profit	3,699	3,873	5,536	6,966
Normalized profit	3,910	3,873	5,536	6,966
EPS	0.86	0.90	1.29	1.62
Sales growth	2.6%	9.7%	8.6%	8.4%
Normalized profit growth	-24.3%	-1.0%	42.9%	25.8%
Gross profit margin	16.9%	16.2%	16.6%	16.8%
Normalized profit margin	2.9%	2.7%	3.5%	4.1%

Cash Flows Statement (Million B)

Ended Dec 31	2024	2025F	2026F	2027F
Cash flows from operating activities				
Earnings before tax	3,727	3,952	5,649	7,108
Adjustment for:	19,203	15,605	18,672	21,394
Depreciation and amortisation	9,259	9,859	10,459	11,059
Unrealized Fx gain/loss	262	0	0	0
Others				
Change in operating activities	-522	-1,318	-2,309	-2,493
Net cash flows from operating activities	13,754	12,492	13,799	15,674
Cash flows from investing activities				
Increase/Decrease in short-term investment	0	0	0	0
Increase/Decrease in related party	-485	0	0	0
Increase/Decrease in fixed assets	-5,387	-12,000	-12,000	-12,000
Net cash flows from investing activities	-510	-12,000	-12,000	-12,000
Cash flows from financing activities				
Increase/Decrease in loans	10,796	3,000	0	0
Increase/Decrease in capitals & share premium	0	0	0	0
Dividend paid	-3,329	-2,361	-2,576	-3,220
Net cash flows from financing activities	-13,181	639	-2,576	-3,220
Increase/Decrease in net cash	62	1,131	-777	454

Quarterly Income Statement (Million B)

	3Q24	4Q24	1Q25	2Q25
Sales	33,370	31,231	32,209	31,557
Cost of sales	28,186	26,935	26,411	25,820
Gross profit	5,184	4,296	5,798	5,737
SG&A	4,140	3,764	4,046	3,950
Interest expense	628	667	645	654
Other expense	0	0	0	0
Other income	230	153	259	285
Earnings before tax	557	-63	1,362	1,387
Income tax	65	-77	303	283
Minority interest	85	-70	-160	-94
Extraordinary items	101	118	18	65
Net profit	577	-57	900	1,010
Normalized profit	677	34	916	993
Normalized EPS	0.22	0.01	0.29	0.32
Sales growth (%qoq)	-2.5%	-6.4%	3.1%	-2.0%
Gross profit growth (%qoq)	-15.3%	-17.1%	35.0%	-1.1%
Normalized profit growth (%qoq)	-54.2%	-95.0%	2594.1%	8.4%

Balance Sheet (Million B)

Ended Dec 31	2024	2025F	2026F	2027F
Cash and cash equivalents	9,849	10,980	10,203	10,657
Trade receivables	23,551	25,486	27,673	30,000
Inventories	19,027	19,952	21,664	23,486
Other current assets	443	291	316	343
Net PP&E	91,014	93,155	94,696	95,638
Total assets	188,580	194,804	199,717	205,527
Trade payables	15,678	17,767	19,292	20,914
Other current liabilities	4,293	3,637	3,753	3,852
Short-term interest-bearing debt	36,632	36,632	36,632	36,632
Long-term interest-bearing debt	12,761	15,761	15,761	15,761
Total liabilities	93,293	97,926	99,767	101,688
Paid-up share capital	4,293	4,293	4,293	4,293
Share premium	21,532	21,532	21,532	21,532
Retained earnings	59,600	61,112	64,072	67,819
Shareholders' equity	76,678	78,190	81,151	84,897
Minor shareholders' equity	18,608	18,687	18,800	18,942
Total liabilities and shareholders' equity	188,580	194,804	199,717	205,527

Financial Ratio

Ended Dec 31	2024	2025F	2026F	2027F
Current Ratio (X)	0.98	1.02	1.04	1.09
Quick Ratio (X)	0.59	0.62	0.62	0.65
A/C Receivable Turnover (X)	5.64	5.71	5.71	5.71
Inventory Turnover (X)	6.98	7.30	7.30	7.30
A/C Payable Turnover (X)	8.47	8.20	8.20	8.20
Debt to Equity	1.22	1.25	1.23	1.20
Net Gearing	0.55	0.56	0.55	0.53
ROAA	1.9%	2.0%	2.8%	3.4%
ROAE	4.8%	5.0%	6.9%	8.4%

Financial Assumption

Ended Dec 31	2024	2025F	2026F	2027F
Revenue from integrated packaging business	100,229	109,157	118,611	128,577
Revenue from fibrous chain business	25,327	27,860	30,646	33,710
Revenue from recycling business	8,206	8,616	8,875	9,141
Gross margin integrated packaging business	17.0%	16.6%	17.0%	17.3%
Gross margin from fibrous chain business	17.0%	14.0%	14.0%	14.0%
Avg. gross margin	16.9%	16.2%	16.6%	16.8%
SG&A/Sales	12.3%	11.7%	11.2%	10.8%
Effective tax rate	18.1%	18.5%	18.5%	18.5%

Source: ASPS Research