

THE SIAM CEMENT PLC

No. 92/2025
18 June 2025

CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
Outlook:	Stable

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RATIONALE

TRIS Rating assigns a “A” company rating to The Siam Cement PLC (SCC) and “A” issue ratings to its outstanding senior unsecured debentures. The rating outlook is “stable”. The ratings reflect SCC’s long-established presence, and its strong market position in each core business. The ratings also consider SCC’s diversification benefits, and long track record with its diverse customer base. However, the ratings are constrained by the prolonged weakness in its chemicals business, and increased leverage from heavy capital expenditures over the past few years.

KEY RATING CONSIDERATIONS

Strong business profile underpinning the rating

We assess SCC’s strong business profile as a crucial factor underpinning the rating. SCC is one of the major conglomerates in Thailand, carrying out three main businesses comprising Cement-Building Materials (CBM), packaging, and chemicals. The company’s business strengths are built from its diverse production and market bases. SCC has large-scale operations across multiple countries in Southeast Asia, with its largest base in Thailand. The company holds a leading market position, ranking number one or two in each of its main businesses.

Each main business is characterized by vertical integration along the supply chain from upstream operations to the downstream sales to end-users, geographical diversification of production and customer bases, a variety of products offering, and an extensive distribution network covering both wholesale and retail across Thailand. Additionally, each business benefits from the strong brand name under “Siam Cement Group”.

Business diversification cushion earnings volatility

SCC’s business strengths are also predicated upon the benefits of business diversification from its three main businesses. Although the performance of each business generally depends on the general economic conditions, we view that there is low correlation among them.

We believe that the benefit of diversification provides meaningful financial flexibility during a period of weak market condition for the chemicals business. In our view, the CBM and packaging businesses will likely continue to render sizable cash generation, providing EBITDA cushion of at least THB30-THB40 billion per annum. We also expect SCC to earn significant dividend incomes from its investments of about THB11-THB13 billion per annum. This stream of cash generation helps alleviate the impact of operational volatility of the chemicals business. Furthermore, the cash flow from non-chemicals businesses could support the investment in the Long Son Petrochemicals enhancement (LSPE) project, the much-anticipated project to strengthen its competitiveness in the chemicals business over the long term.

High leverage pressured financial profile

SCC’s financial profile has been under pressure due to increasing leverage over the past three years. The debt to EBITDA ratio rose to 6.0 times in 2024, up from below 3.5 times prior to 2022. The increase in leverage was primarily attributed to weak earnings from the chemicals business, investments for business expansion in packaging business, and the hefty capital expenditures for the Long Son Petrochemicals complex in Vietnam (LSP).

The LSP project commenced commercial operation on 30 September 2024. However, the unfavorable product spreads (the difference between product prices and raw material costs) forced LSP to pause operation in 2024. Consequently, this asset could not generate returns to cover its fixed costs, resulting in SCC's weakened financial standing. We view the chemicals business remains marred by a significant supply overhang. With that, our base case assumes LSP to continue suspending its operation throughout 2025 and resume operation in 2026 in anticipation of improved product spreads.

The uncertainty of macroeconomic conditions induced by global trade tensions could affect the company's earnings over the next one to two years. However, we anticipate an improvement in demand from the packaging business, driving sales volume and price adjustment. Additionally, we expect a gradual recovery in product spreads in the chemicals business, as we believe that the global petrochemicals players would likely rationalize assets and adopt more disciplined pricing approach to recover losses incurred over the past few years.

Expected earnings recovery but leverage to maintain

We forecast SCC's EBITDA to improve to about THB53-THB55 billion per annum during 2025-2026 and about THB60-THB65 in 2027. The increase in EBITDA reflects the prospect of price adjustment in cement products, a recovering demand for construction materials and packaging products, the resumption of production of LSP in 2026, and gradual improvement in product spreads of chemicals production.

In our base-case scenario, we forecast that the debt to EBITDA ratio to remain around 5-6 times and the funds from operations (FFO) to debt ratio to stay within the range of 10%-13% over 2025-2027. We anticipate the company's capital expenditure (CAPEX) to be about THB142 billion over the forecast period, attributed to the LSPE project, business expansion, plant maintenance and efficiency improvement. Despite that, we expect SCC to maintain its financial discipline by pulling back its CAPEX, except for the committed investment in LSPE, if the weak economic condition persists. We project the debt to EBITDA ratio to remain below 6 times over the forecast horizon. SCC also considers disposing some non-core assets as part of its deleveraging strategy. However, we do not include this in our base-case forecast.

Manageable liquidity profile

We assess SCC's liquidity to be manageable over the next 12 months. As of March 2025, SCC's liquidity cushion composed of cash and short-term investments totaling THB42.7 billion, plus the sizable undrawn uncommitted credit facilities. We also forecast the company's FFO to be about THB35.5-THB36.5 billion over the next 12 months. These liquidity sources should be sufficient to cover the company's liquidity needs, including debt repayment (including short-term loans) of THB135.5 billion, and CAPEX of about THB30-THB40 billion over the same period.

We believe that SCC will be able to roll over its short-term loans and refinance its maturing debentures, given its close relationships with banks and track record in accessing the credit market.

Debt Structure

As of March 2025, SCC's consolidated debt was about THB318.8 billion, which included priority debts of about THB174.5 billion, most of which were debts at the subsidiary level. This translated to a priority debt to total debt ratio of roughly 55%. Despite exceeding our priority debt threshold of 50%, we rate SCC's senior unsecured debentures at the same level as the company rating. This is because we anticipate the priority debt ratio to drop below 50%, given SCC's plan to refinance its subsidiaries' debts. We also expect SCC to keep the ratio below 50% over the long term.

BASE-CASE ASSUMPTIONS

Key assumptions in TRIS Rating's base-case forecast (consolidated basis) during 2025-2027 are as follows:

- Dubai crude oil price of around USD70 per barrel on average.
- Revenue to increase at a compound annual growth rate at 2%.
- EBITDA margin of about 10%-12%.
- Total CAPEX to add up to THB142 billion.

RATING OUTLOOK

The "stable" outlook reflects our expectation that SCC will maintain its position as a leading regional player in its three core businesses and perform largely in line with our forecast. The company's diversification across industries should alleviate the impact from the weak performance of chemicals business. Additionally, we expect SCC to be prudent on its capital expenditure and materialize its deleveraging plan.

RATING SENSITIVITIES

A rating upgrade is unlikely to occur in the next 12-18 months. Conversely, we could take a negative rating action if SCC's operating performance or financial position is significantly worse than our base-case scenario. This could occur if SCC demonstrates a slower-than-expected earnings recovery, or it pursues more aggressive capital spending, contrary to our expectation.

COMPANY OVERVIEW

SCC was established in 1913 to operate the first cement plant in Thailand and was listed on the Stock Exchange of Thailand (SET) in 1975. SCC is a holding company investing in three main businesses: CBM, packaging, and chemicals.

SCC is the biggest cement producers in Thailand with total capacity of 33.5 million tonnes per annum (MTA). SCC, via SCG Packaging PLC (SCGP), is also the largest integrated packaging producer in Thailand, with total capacity of about 6.0 MTA. Additionally, SCC, via SCG Chemicals PLC (SCGC), owns and operates olefins crackers (4.75 MTA), polyolefins plants (3.53 MTA) and PVC plants (0.89 MTA). The CBM contributes about 35% of total SCC's revenue, chemicals segment about 40% and the packaging segment about 25%.

These three core businesses diversify SCC's production based across Thailand, Indonesia and Vietnam and focusing Southeast Asian market due to its long-term growth potential.

KEY OPERATING PERFORMANCE

Table 1: SCC's revenue breakdown

Segment	Jan-Mar 2025	2024	2023	2022	2021
Revenue (unit: Mil. THB)					
Chemicals	49,688	208,669	190,272	235,104	237,315
CBM	42,995	172,268	181,338	190,977	171,125
Packaging	31,473	129,289	125,964	142,023	121,453
Others	236	946	2,072	1,505	219
Total	124,392	511,172	499,646	569,609	530,112
% Contribution					
Chemicals	40%	41%	38%	41%	45%
CBM	35%	34%	36%	34%	32%
Packaging	25%	25%	25%	25%	23%
Others	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

		-----Year Ended 31 December -----			
	Jan-Mar 2025	2024	2023	2022	2021
Total operating revenues	126,705	516,377	503,354	573,470	534,463
Earnings before interest and taxes (EBIT)	4,887	16,947	25,535	29,914	73,223
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	11,907	51,630	55,121	62,945	93,614
Funds from operations (FFO)	7,882	31,158	35,537	45,342	76,336
Adjusted interest expense	2,829	15,114	14,122	11,742	9,150
Capital expenditures	5,545	28,053	33,951	39,931	60,478
Total assets	848,076	861,502	893,601	906,490	861,101
Adjusted debt	304,779	310,515	288,393	292,360	253,382
Adjusted equity	415,317	419,780	441,597	452,424	450,008
Adjusted Ratios					
EBITDA margin (%)	9.4	10.0	11.0	11.0	17.5
Pretax return on permanent capital (%)	1.9 **	2.2	3.1	3.7	10.2
EBITDA interest coverage (times)	4.2	3.4	3.9	5.4	10.2
Debt to EBITDA (times)	6.0 **	6.0	5.2	4.6	2.7
FFO to debt (%)	10.0 **	10.0	12.3	15.5	30.1
Debt to capitalization (%)	42.3	42.5	39.5	39.3	36.0

* Consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

The Siam Cement PLC (SCC)

Company Rating:	A
Issue Ratings:	
SCC25OA: THB25,000 million senior unsecured debentures due 2025	A
SCC26OA: THB15,000 million senior unsecured debentures due 2026	A
SCC274A: THB15,000 million senior unsecured debentures due 2027	A
SCC27OA: THB10,000 million senior unsecured debentures due 2027	A
SCC27NA: THB8,500 million senior unsecured debentures due 2027	A
SCC284A: THB20,000 million senior unsecured debentures due 2028	A
SCC28OA: THB30,000 million senior unsecured debentures due 2028	A
SCC294A: THB15,000 million senior unsecured debentures due 2029	A
SCC29NA: THB1,500 million senior unsecured debentures due 2029	A
Rating Outlook:	Stable

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