Siam Senses

The Thai recipe

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***Siam Senses* expects the SET boom to continue and the recipe comprises four key drivers – fund inflows, the subprime economy, the wealth-creation effect and a strong expansion mentality. To us, risk is not a bubble burst but fund outflows and a new interest rate cycle. Our SET target is lifted to 1,700, which still offers a 3% yield.**

Connecting the boom dots

We expect the SET to continue its boom. Not all underlying economic drivers are at work in our view but fund inflows are helping provide leeway for the government to provide enough economic stimuli. We see key SET drivers as fund inflows, the sub-prime economy, the wealth-creation effect and a strong expansion mentality. We don't include the upcoming Bt2tr (US$67bn) of infrastructure spending on the list of key drivers because we believe bullish sentiment is already ahead of the actual implementation timeframe as we don't expect meaningful amounts of money to come in before 2015. On top of that we see high risk to the full implementation and sustainability of this program.

We don't fear a bubble burst but a flow/rate reversal

The risk to the SET boom in our view lies with fund outflows and then a new interest rate cycle, not a bubble bursting. We see debt levels across economic sectors accommodating bubbles for years to come. Thailand's economic stimuli are linked to fund inflows and, if they are reversed, some would be disrupted by tighter liquidity, higher interest rates and a crowding out effect. Although we don't take the view that fund inflows will reverse anytime soon, we provide an outflow simulation for the Thai economy. We see the highest risk of disruption being to infrastructure spending and housing transfers and the lowest to consumption as we think cutting populism would be the last thing politicians would do, though rising rates would still affect consumption.

Foundations for high valuation

We revisit the SET at very basic foundations and find it very healthy. 1) Net D/E of 60% implies strong growth being driven more by low-risk self-financing expansion than debt. 2) Forecast dividend yield for 2013 is high at 3.5% and we consider a big part of this as low risk as it comes from defensive sectors. 3) Our 22% 2013 EPS growth estimate is driven more by defensive sectors than cyclical ones. 4) The SET was highly profitable at 16.0% ROE in 2012 and we project 17.4% in 2013F and 18.2% in 2015F with high ROE again not debt-driven. With 22% EPS growth, 3.5% yield and 17-18% ROE with defensive sectors making up 35% of total market cap, we argue that the SET at 14.1x PE isn't expensive.

1,700 SET target

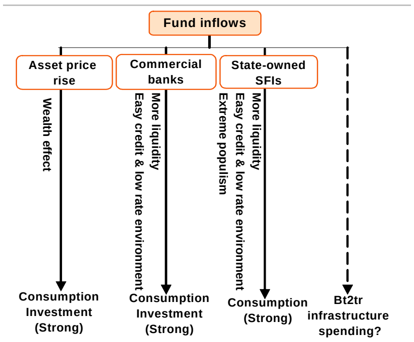
Going against the market concern over valuation we lift our bottom-up SET target to 1,700 from 1,550 on several stock upgrades earlier in the year. At 1,700, the SET still offers a decent forecast dividend yield of 3%. We set four pillars for our top pick strategies – consumption, asset stories, utilities/AEC and business turnarounds/transformations. With that our top picks are shown in the table on the right with three changes.

Top Picks

	EPS growth		—— PE ——		Yield
	13F	14F	13F	14F	13F
	(%)	(%)	(x)	(x)	(%)
AOT	30.2	23.1	18.8	15.3	2.6
BGH	25.7	18.1	32.3	27.4	1.2
BTS	68.8	49.1	60.4	40.5	3.2
CPALL	25.2	26.5	29.3	23.2	2.6
DCC*	25.6	20.0	16.0	13.3	6.3
GUNKUL*	39.7	26.1	22.8	18.1	2.5
JAS	35.3	30.2	15.9	12.2	3.2
QH*	64.6	22.6	11.5	9.4	4.3
TTCL	58.3	30.3	24.4	18.7	2.1
VGI	14.6	46.0	38.5	26.4	2.0
Stocks taken out					
GLOBAL	60.3	51.2	42.4	28.1	0.7
INTUCH	20.5	17.0	14.0	12.0	6.8
RS	65.4	51.1	23.3	15.4	3.0

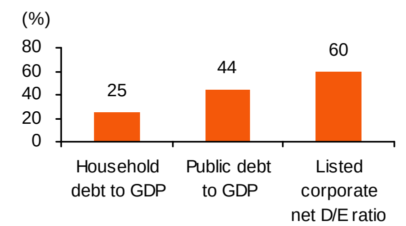
Source: Thanachart estimates
Note: * New addition.
For BTS and VGI, their fiscal years end in March.
Based on 9 April 2013 closing prices

Boom Factors



Source: Thanachart estimates

Debt Can Tolerate Bubble For Years



Sources: Bank of Thailand, Thanachart estimates

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Connecting the boom dots

In this report *Siam Senses* draws a picture of what it sees as the boom factors for the Thai economy and the Stock Exchange of Thailand (SET) Index. What we see is actually not a boom in the overall economy where some drivers are still missing. However, with the stimuli from the government and fund inflows, we take the view that the SET uptrend will continue.

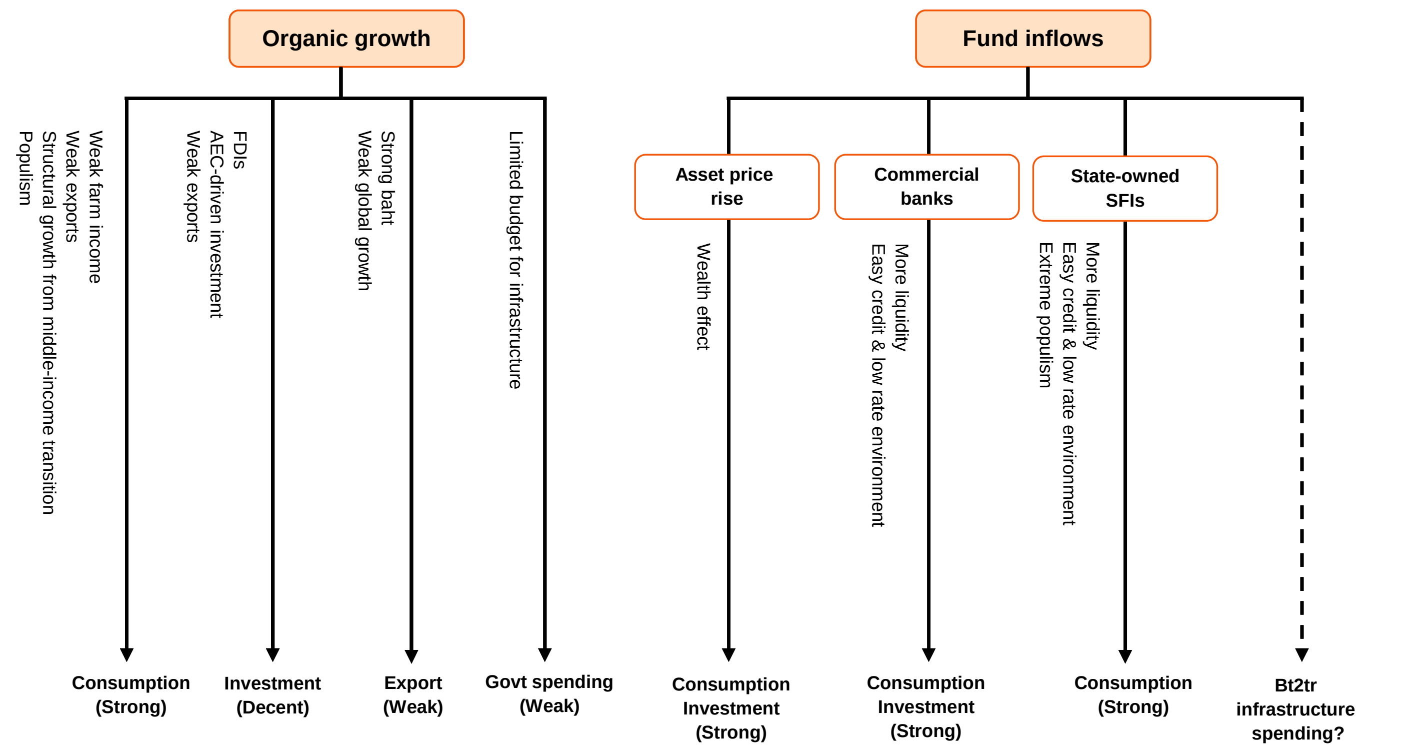
Drawing a picture of Thai economic drivers

Let's start with what we see as the economic drivers as shown in Exhibit 1. Our conclusions on these Thai economic drivers are given below:

- We see two important key economic drivers – exports and farm income growth – as lacking.
- In normal circumstances, the lack of these two factors would mean weak income and thus be negative news for consumption. Weak exports are not good news for private investment either.
- But in this round of the economic cycle, we believe there are three major offsetting factors and these three factors also relate to each other.

1) First are populist policies where we expect the government budget to be in deficit for years to come, helping counter the effect from weak farm incomes. Populism is consumption-oriented spending by nature so we see this as being positive for consumption.
2) Second are fund inflows that have helped provide more liquidity in the system and also a low interest rate environment. The benefits are via two channels – commercial banks which can lend more and state-owned specialized financial institutions (SFIs), which have helped finance populism to what we see as an extreme level and penetrated into the subprime economy.
3) Third are fund inflows that have had their effect on asset prices, including property and the stock market. And in the process they have increased the wealth effect for both individual and corporate, in turn stimulating more spending both in consumption and investment.

Ex 1: Boom Drivers



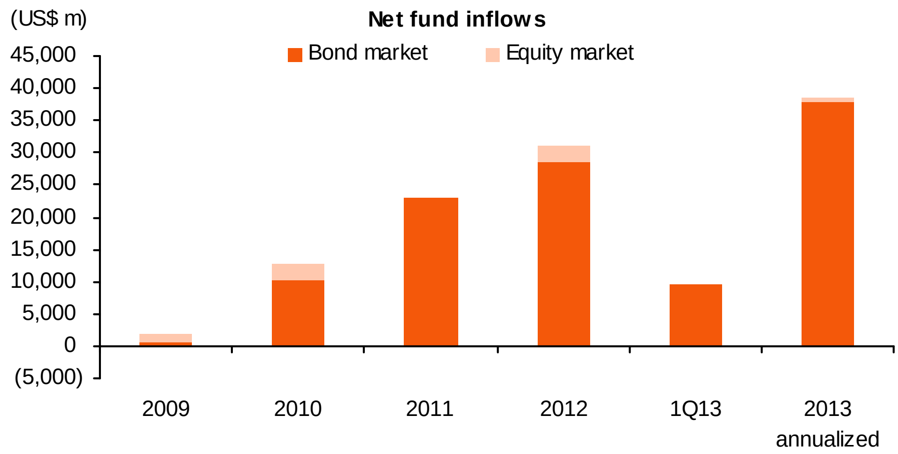
Source: Thanachart estimates

To elaborate on Exhibit 1 further we show below a few more charts to connect the dots of the Thai economic boom.

Fund inflows have been key to supporting the boom

One of the very key supporters of the current economic boom has been fund inflows. The inflows in 2012 were huge at US$31bn (US$28.5bn in the bond market and US$2.5bn in equities) or 8% of GDP. So far this year the flows have been even bigger at US$10bn in 1Q13 alone.

Ex 2: Net Foreign Fund Inflows

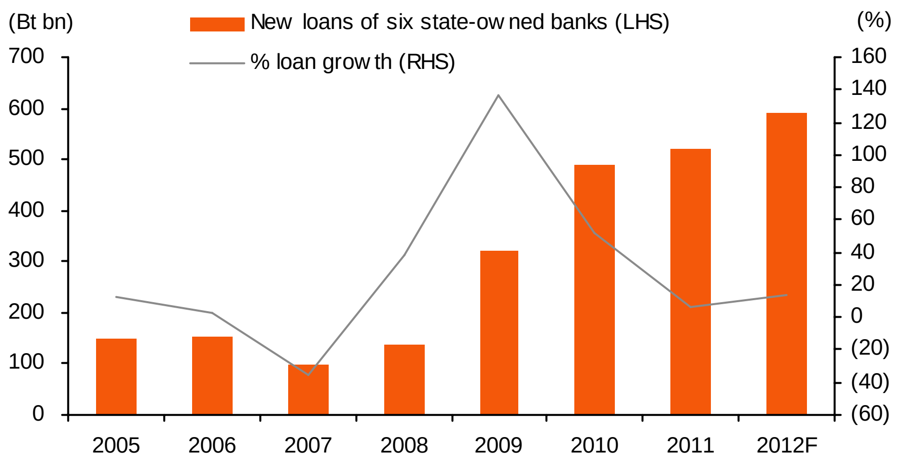


Sources: SET, Thai Bond Market Association

SFIs = off-budget populist vehicle and provide penetration of the subprime economy

Aside from the normal channel of commercial banks where fund inflows can feed into the economy via loan growth, another channel is via state-owned specialized financial institutions (SFIs). Exhibit 3 tells us that they have a very big say in driving the economy. The size of their lending in 2012 was around Bt600bn, or 61% of the lending of the nine listed banks at Bt980bn last year. The huge lending by SFIs isn't captured in the banking sector as SFIs are not listed entities. In fact, they are important competitors to listed banks, especially on the funding side. On the lending side, SFIs are a key off-budget populist vehicle for the government and a major tool to penetrate the subprime economy. As we cannot play SFI stories via the banking sector, we have to play them via consumption-based sectors.

Ex 3: State-owned Specialized Financial Institutions' (SFIs) Lending



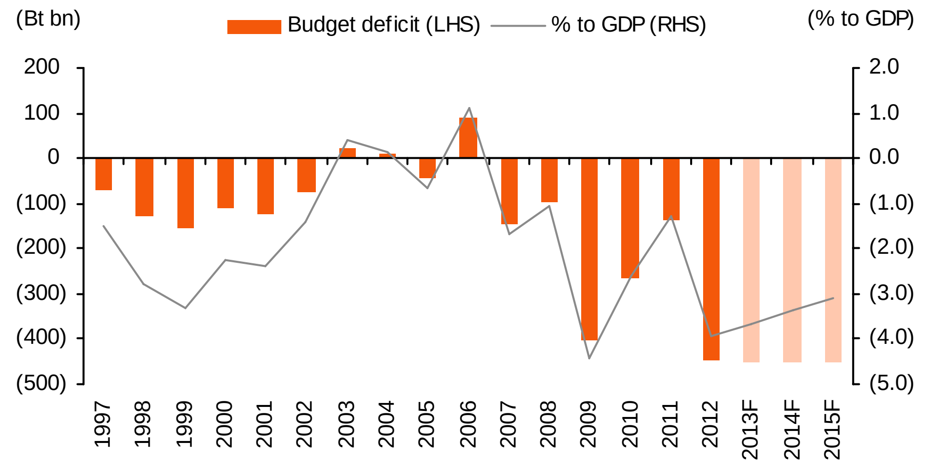
Source: Company data

Note: The six state-owned banks, so-called Specialized Financial Institutions (SFIs), are the Government Savings Bank, Government Housing Bank, SME Bank, Export-Import Bank, Bank for Agriculture and Agricultural Cooperatives and the Islamic Bank.

Seemingly manageable budget deficit under wraps

In Exhibit 4 we show that the government budget deficit at only 3-4% p.a. appears to be manageable despite our belief that now is the most extreme period of populism in Thai history. Why is this so? We believe the answer has already been provided in Exhibit 3. Fund inflows help boost liquidity in the system and, in the process, SFIs can help the government fund populism and ease its big budget deficit burden.

Ex 4: Manageable Government Budget Deficit Under Wraps

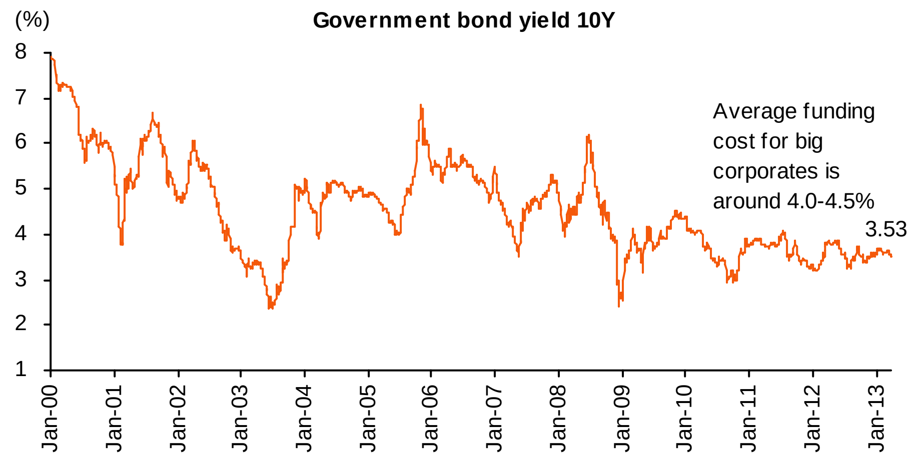


Sources: Bank of Thailand, Thanachart estimates

Not only an easy credit environment but also low interest rates …

On top of the easy credit environment, fund inflows also help maintain a low rate environment as a good supporter for economic growth. The Minimum Lending Rate (MLR) has been stable at 6-7% for years and this is despite decent loan growth for many years both in the commercial bank and SFI markets. Beyond the MLR are also various stimulatory loan schemes such as the big discounts to the MLR in the early years for housing loans and a decent discount to the MLR for big corporate lending. In the SFI world of populism, cheap loans and credit cards are available for low-income earners along with debt moratoriums, farm price subsidies and so on. For the bond market where many corporates go for their long-term funding, the coupon rate is very low. Five-year and 10-year government bonds are at 3.2% and 3.6% and the five-year grade-A big corporate bond yield is 3.6-3.7%.

Ex 5: Bond Yield Is Near Its Low

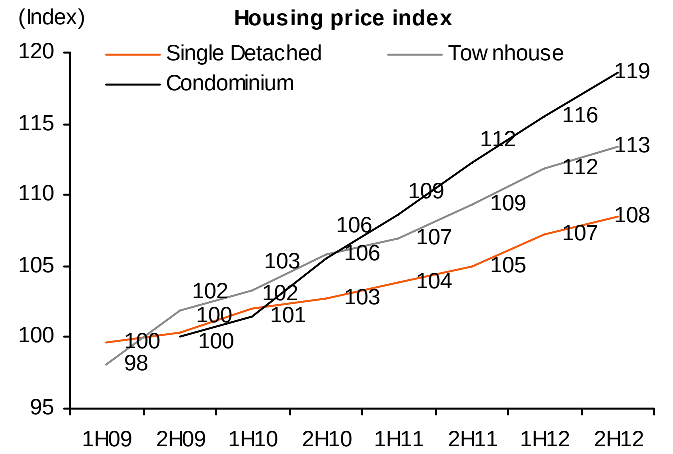


Sources: Company data, Thanachart estimates

... and a wealth effect

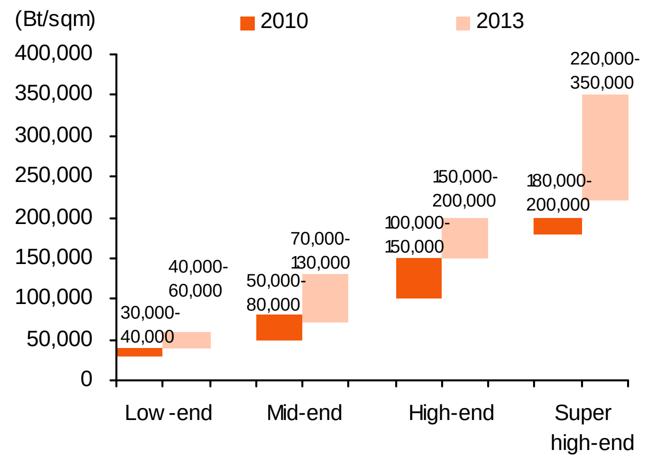
Apart from easy credit and the low rate environment, there's also the wealth effect. The charts below show the property price trend and the rise in SET value.

Ex 6: Housing Price Index Consistently On The Rise



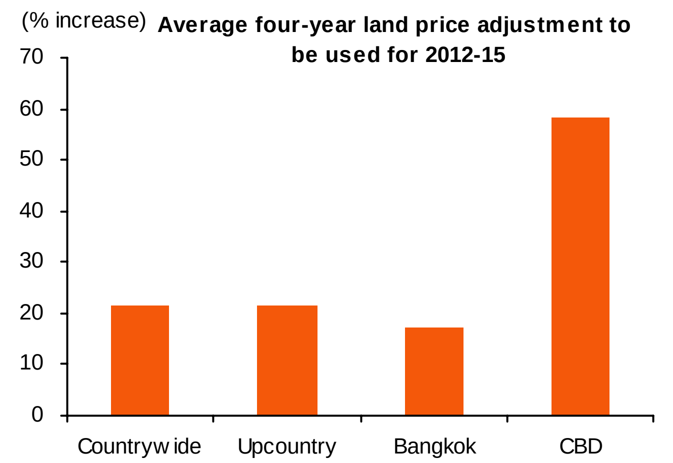
Source: Real Estate Information Center (REIC)

Ex 7: Stronger Jump In Condo Pricing



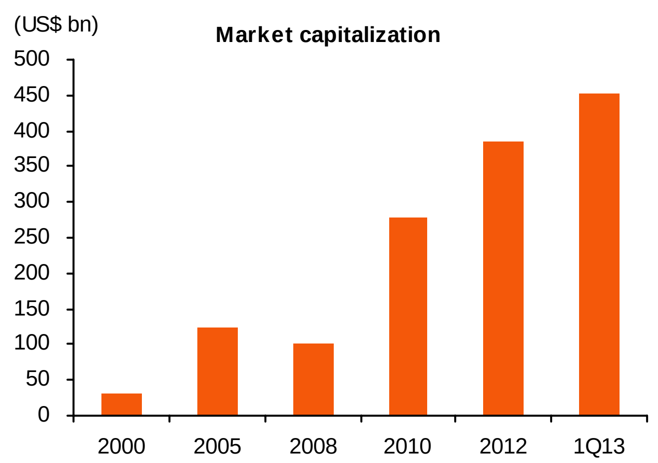
Source: Thanachart estimates

Ex 8: Land Price Rise Acceleration



Source: Treasury Department

Ex 9: Stock Market Wealth Creation

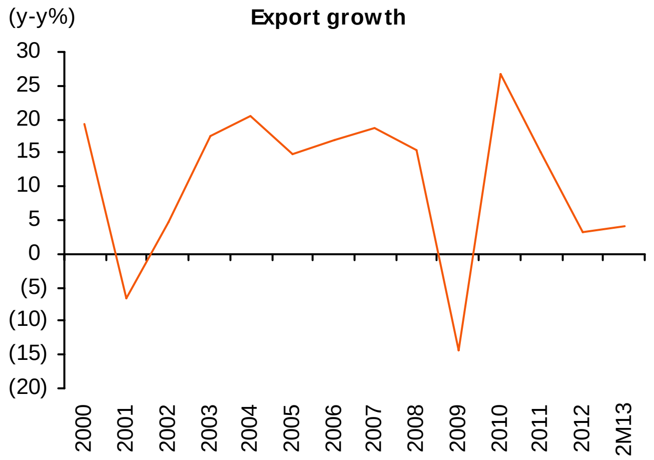


Source: SET

We see those factors more than offsetting the missing links

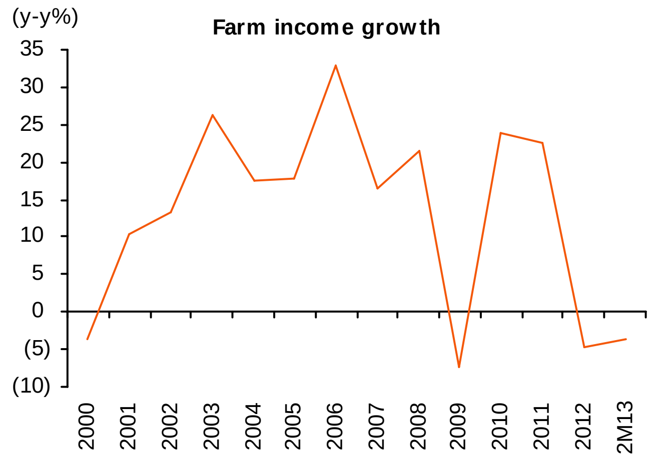
We believe all of the boom factors above are offsetting the missing links of export and farm income growth.

Ex 10: A Missing Link – Exports



Source: Bank of Thailand

Ex 11: Another Missing Link – Farm Income



Sources: Office of Agricultural Economics, Bank of Thailand

We revise GDP to 4.3% in 2013F and 5.5% in 2014F

Due to fund inflows having been larger than our expectation while 2012 GDP at 6.4% was far stronger than our forecast of 5.3%, we upgrade our GDP projections on absolute figures for both 2013 and 2014. However, as the 2012 growth rate was much higher than we'd expected, the high base results in us lowering our growth rate forecast for 2013 from 4.8% to 4.3%. And we raise our estimate for 2014 from 5.3% to 5.5%. Also note that in the revision process, we revise down exports while pushing up consumption and government spending growth figures.

Ex 12: GDP Forecast Upgrades

% growth	2011 Actual (%)	2012 Actual (%)	2013F New (%)	2013F Old (%)	2014F New (%)	2014F Old (%)
Real GDP growth	0.1	6.4	4.3	4.8	5.5	5.3
Private consumption	1.3	6.6	5.2	4.0	4.0	3.5
Government consumption	1.1	7.4	4.0	3.0	2.0	2.0
Private investment	7.2	14.6	9.2	7.9	7.0	8.0
Government investment	(8.7)	8.9	14.3	7.9	11.0	8.0
Export (nominal US$ growth)	14.0	3.2	4.5	5.9	7.0	7.0
Import (nominal US$ growth)	25.1	7.8	5.5	5.1	5.8	6.1
CPI	3.8	3.0	3.3	3.5	3.3	3.5
Bt/US$ - average	30.5	31.1	29.4	31.3	30.0	32.1
Policy rate	3.25	2.75	2.75	2.75	2.75	2.75

Sources: NESDB, Thanachart estimates

The SET boom recipe

Four key SET drivers

After connecting the dots on the economic drivers, we come to the conclusion that the SET boom is being driven by four key factors below that yield net results of strong earnings growth outlook and a higher valuation.

- **Fund inflows** – driven by extremely loose monetary policy, including quantitative easing, by Western countries and Japan. These inflows are both directly into equity and bond markets. The flows into the bond market are far larger than into the equity market but they also have an indirect effect of boosting growth for listed companies.
- **Subprime economy** – driven by populism via the government budget and state-owned SFIs. This is in the various forms of easy money such as farm price subsidies, credit cards, cheap loans, debt moratoriums and so on. Aggressive expansions by modern trade operators also help spur spending in this area.
- **Wealth-creation effect** – driven by the general trend of rising incomes in a growing economy, the structural cycle of a middle-income transition, and rising asset prices of various asset classes.
- **Strong expansion mentality** – driven by three key factors: 1) the strong outlook for growth opportunities from the layers of overall economic growth to market penetration into the provincial and subprime economies, and also room to gain market share from traditional players; 2) a low rate environment and low bond yield; and 3) an enlarging cash flow base inducing a low-risk, self-financing expansion loop. The loop is larger cash flow resulting in more aggressive expansion, which in turn generates even bigger flows of cash.

Bt2tr infrastructure bill is good news but comes with high risks, in our view

Why do we not see the new mega infrastructure cycle as one of the boom factors? We do not argue here that infrastructure investments under the upcoming Bt2tr (US$67bn), or 15% of GDP over the next seven years, are bad news. They are good news. However, the dampener on our excitement is due to the reasons below that lead us to believe that the program will likely only be partly implemented with a high risk of disruption.

Already bullish sentiment

First, we believe the bullish sentiment toward this program is already strong and well ahead of the time when meaningful amounts of money would be injected into the economy. We only cover a few contractors but on consensus numbers listed contractors are already trading at very high PE of 25-100x 2013F PE.

Project delays are very normal

Second, there are nearly always delays to planning, bidding and implementation of large-scale government projects and we do not expect meaningful amounts of money to flow into the economy before 2015. This is why our GDP forecasts in 2013-14 do not incorporate this large program. We expect 2014 to be a year of bidding and preparation and 2015 to be the first year of construction early in the bell curve before more money is seen from 2016 onward.

We see a high risk of program disruption from fund outflows

Third, as discussed earlier in this report, we see Thailand's economic boom and the significant degree of populism already relying heavily on money inflows. We also believe this infrastructure program will have to rely on these money inflows. What this means is that we see the program also being subject to the risk of money outflows, which may cause disruption.

Cushions to downside risk appear limited

Fourth, in the event of fund flow reversal, we don't see any firm cushions for the government to complete this program.

- The first cushion is that exports would have to recover strongly and there would have to be large trade and current account surpluses to counter the fund outflows.
- The government could also cut some populist policies in its budget and use the money on infrastructure spending instead. However, we believe that in the context of the political realities in Thailand, the opposite is more likely i.e. that populism is a priority for the

government over infrastructure spending. Exhibit 13 shows our simple math for the limited government budget cushion to help support the Bt2tr spending to its conclusion.

- We believe the worst case would be digging into the country's foreign exchange reserves (US$180bn), which has always proven to be a controversial issue and is not easy to do.

Ex 13: Simple Math Of Budget Deficit – No Extra Room To Spend On Infrastructure

	Bt bn	Note:
Budget deficit allowed by budget law	550	Budget law limits government's borrowing at 20% of total expenditure + 80% of principal repayment.
Estimated budget deficit p.a.	450	We assume this is mainly for consumption-oriented spending (populist) with less on infrastructure. We expect this amount to be far higher if state-owned banks (SFIs) don't help bear the populist burden.
Room for extra spending	100	This gives room for extra spending but it should also be kept as a cushion if there are weaker-than-expected government tax revenues. This implies limited room is left for Thailand to develop its infrastructure under the normal budget.
Bt2tr infrastructure bill's annual spending	286	Therefore, a new law is in the process of being created to unlock the limitation of the budget law.
State-owned banks' (SFIs) lending	600	This is an important tool of off-budget spending by the government and we believe many of these loans are for populist spending. Among other things, a lot of farm subsidies, including rice pledging, are under SFIs. If fund outflows occur in a sustainable way, some of this burden may have to be shifted back to the government's on-budget spending, in which infrastructure budget may have to be cut as populism takes priority for politicians in our view.

Source: Thanachart estimates

We don't fear a bubble burst but a flow/rate reversal

Although we don't see them materializing anytime soon, this section focuses on risk factors to the SET boom. The risk in our view is fund outflows and then a new interest rate cycle, rather than the bubble bursting. And as long as the easy monetary policies from Western countries and also Japan continue, we expect fund flow and interest rate reversal risk to remain limited.

We see a low risk of the bubble bursting

We agree that with the effect from large fund inflows (accumulating to US$78bn from 2009 to the end of 1Q13 or an average 5.6% of GDP), Thailand is building up bubbles. However, we don't fear the bubbles bursting at least for the next few years due to the reasons below:

Starting in 2012, we believe it's too early for this to happen

- We view the bubble as just having started and that it's still too early to burst. Given strong turnarounds in most key drivers of the economy from 2009-11, we believe the SET boom in those years was supported by real fundamental factors. The bubble building period in our view just started in 2012, when some economic drivers (exports, farm income and government spending) were missing but unprecedented fund inflows continued to boost the economy and the SET.

Debt across segments is still low

- Debt levels across the economic sectors remain manageable in our view and we expect them to accommodate bubbles for many years. Household debt to GDP is at 25%, public debt is 44% and the corporate net D/E ratio is around 60%.

Authorities still have measures available to tame bubbles

- We believe both the Bank of Thailand (BoT) and the government still have measures up their sleeves to deflate the bubbles. Although some of these policies could hurt the share prices of certain sectors and stocks, we expect these could be good news long term in preventing or delaying the bubbles bursting. For example, the loan-to-value (LTV) ratio in Thailand is still very high at 95% for low-rise housing and 90% for high-rise housing. There is plenty of room to bring this down. The BoT also has the authority to look into commercial banks' lending if need be.

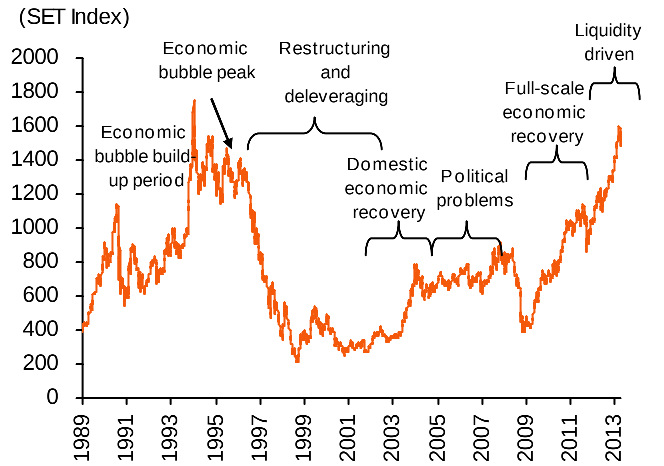
Property bubble too early on to burst, in our view

- Given that large amounts of presales just started in 2012, we don't see the property bubble bursting as being a likely scenario in the near term, say in a year or two. However, if presales keep rising strongly at this rate into 2015-16, we would be very worried. And the bursting could potentially happen when construction of projects has been completed two to three years after the presales period. If by that time buyers don't have money to transfer their units or banks won't lend, we see then as the time for the bubble to burst.

We don't see the stock market as being in a bubble

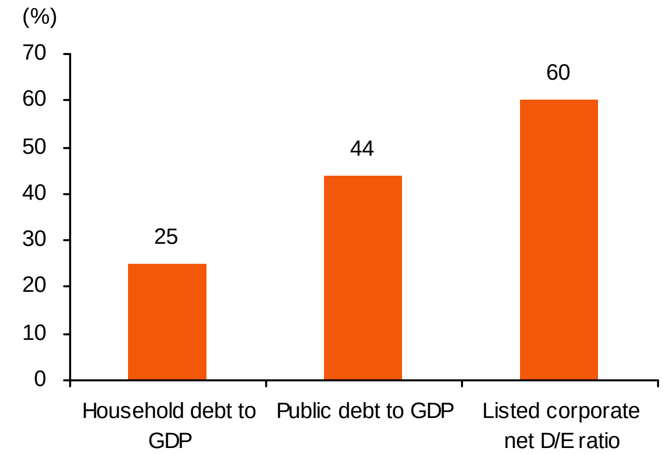
- As for the stock market, not all the sectors have done well. Cyclical sectors such as energy and banks have underperformed and at 10-12x PE we don't consider them as being in a bubble. Consumption-based stocks look expensive to us but they are supported by their strong earnings growth and, given the nature of their non-cyclical businesses, the risk of earnings growth collapsing is low, in our view. Overall, we don't believe the market PE at 14.1x should be considered as being in a bubble stage.

Ex 14: The SET Index Path



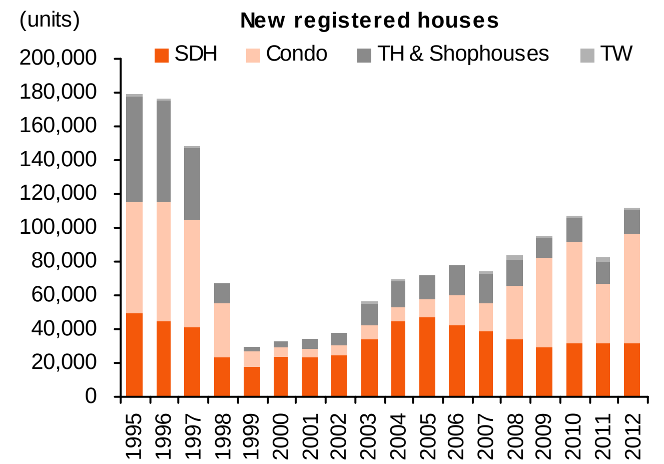
Sources: SET; Thanachart estimates

Ex 15: Low Debt Can Tolerate Bubble For Years



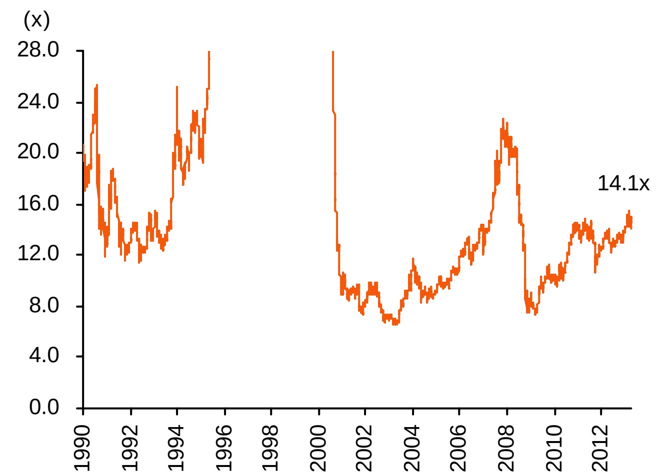
Sources: Bank of Thailand, Thanachart estimates

Ex 16: Property Bubble Too Early To Burst



Sources: Government Housing Bank; Thanachart estimates

Ex 17: Forward SET PE Not At A Bursting Level



Sources: SET; Thanachart estimates

Fund flow reversal simulation

Fund flow reversal is a nearer-term risk for a bubble burst, in our view

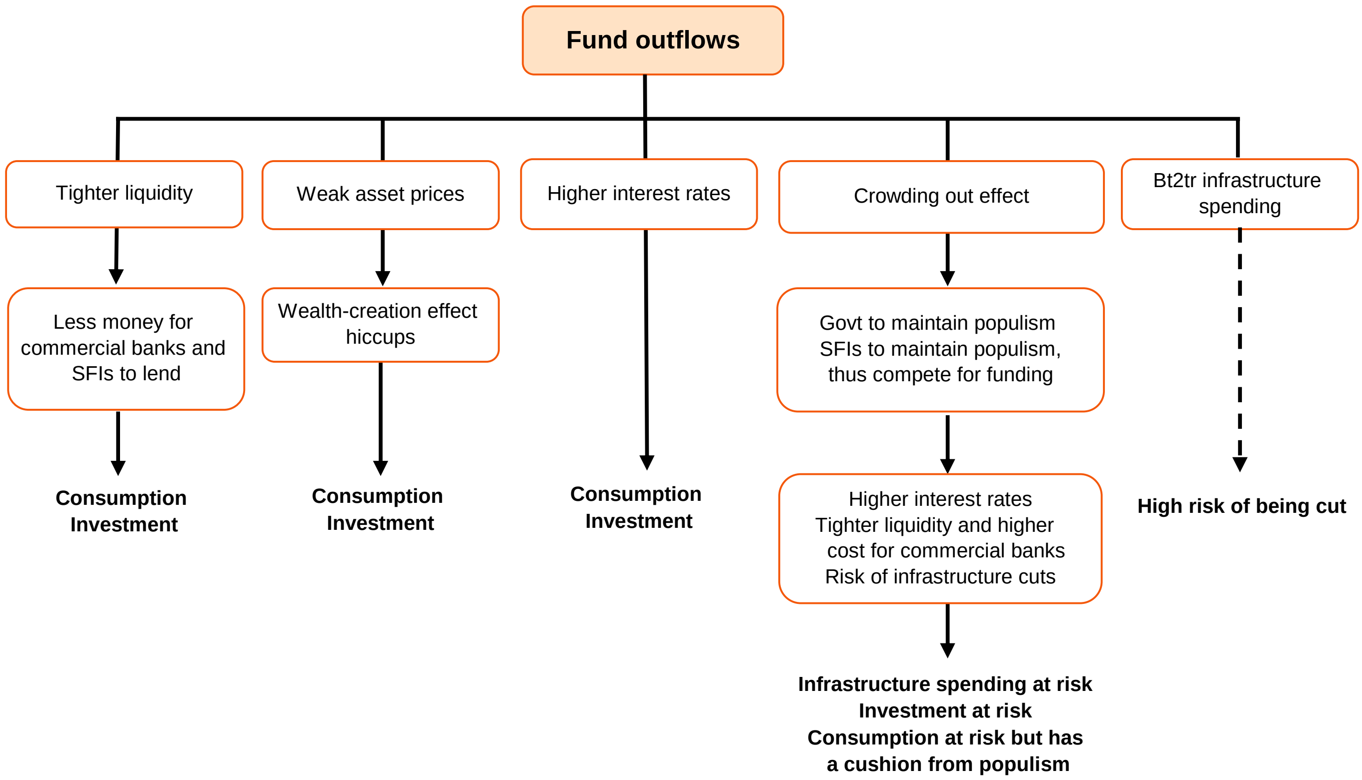
We see a higher risk to the SET boom from a fund flow reversal than from a bursting of the bubble. The risk of fund outflows is from our perspective shorter term than that of a bubble burst, which could take years to happen. There could be a risk of fund flow reversal if the US, some other Western economies and Japan reverse their extremely loose monetary policies or implement exit strategies. We see a low risk of that happening within this year but the risk looks high to us in 2015 when we expect the world economy to show a meaningful recovery.

Effects are tight liquidity, rate reversal and the crowding out effect

We simulate that risk with the Thai economy below. In the process, Thailand's economic drivers are linked to fund inflows and, if they are reversed, some of them, if not all, would be disrupted by:

- Tighter liquidity
- Rising interest rate trend
- The crowding out effect

Ex 18: Outflow Simulation



Source: Thanachart estimates

Note: SFIs are six state-owned banks so called Specialized Financial Institutions. They are the Government Savings Bank, Government Housing Bank, SME Bank, Export-Import Bank, Bank for Agriculture And Agricultural Cooperatives and the Islamic Bank.

Key messages from Exhibit 18 (above) are given below:

Overly extreme populism consumes too much liquidity

First, we believe the government is taking a big risk in using extreme populist policies to the point where a part of the economy (via aggressive lending by SFIs) is relying on money inflows. When the inflows reverse, we see a risk of economic disruption. As shown in Exhibit 13 of our simple math for the budget deficit, we believe there is limited room in the government's budget deficit to take back the populist burden from SFIs, not to mention taking on the burden of infrastructure spending under the Bt2tr program.

Bt2tr infrastructure spending on the front line for disruption

Second, despite the good intentions for the country's development, the Bt2tr infrastructure investment plan is another big step into fund inflow reliance. If fund outflows are severe, we believe infrastructure spending stands on the front line to take cuts as cutting back populist policies are likely to be the last thing politicians would do, in our view.

Tighter liquidity and crowding out would push up interest rates

Third, as fund outflows would mean lower liquidity in the system, we believe interest rates would then likely be set to rise, especially as we expect a crowding out effect from the government's need to spend money via populist policies and some ongoing infrastructure projects. While government bond yields would increase, SFIs would likely push up funding costs for banks as SFIs need to compete for funding for their populist schemes. We believe that given the current boom in the domestic economy where loan growth is strong, interest rates can still be maintained at low levels due to the help from large liquidity from fund inflows.

Two cushions – export recovery and rising farm incomes

Lastly, we see two key cushions reducing the above risks from fund outflows. The first is a strong export recovery to the point where Thailand enjoys a large trade and current account surplus as a source of money inflows. Second are rising farm prices and incomes to the point where the government and SFIs' heavy burden from farm subsidy populist policies could be reduced.

Sector impact

We summarize our view for the key sectors from the benefits and risks from fund flows.

Ex 19: Sectors' Benefits Versus Risks

	Benefits from fund inflows	Risks from fund outflows
Consumption-related	**High**	**Low**
(Retail, media, telecom, healthcare, food)	All roads lead to consumption ▪ Wealth effect ▪ Commercial bank lending ▪ SFI lending	Most sticky compared to other sectors ▪ Populism likely the last thing politicians will cut ▪ Part of strong growth is due to market share gains rather than new demand. ▪ SFIs have a mandate to support the economy ▪ Corporates use more internal cash flow financing
Property	**High**	**High**
	▪ Asset price rises ▪ Wealth effect ▪ Low rate & easy credit environment ▪ Provincial economic growth	▪ Asset price downside risk ▪ Reversal of wealth effect ▪ Risk to housing loans due to tight liquidity ▪ Rising interest rates
Bank	**High**	**High**
	▪ More liquidity to lend ▪ Stronger loan demand ▪ Wealth effect ▪ But some opportunity loss on competition from SFIs	▪ Tighter liquidity impacts lending ▪ Rising interest rate bad for loan demand ▪ Weaker wealth effect negative for loan demand ▪ Still strong SFI competition as SFIs continue to fight for funding to finance populism and support the economy
Energy	**Low**	**Low**
	▪ Limited linked to fund inflows	▪ Limited linked to fund inflows
Other defensive sectors	**Low**	**Low**
(Transportation, utilities)	▪ Not directly linked to fund inflows ▪ Indirectly is higher power and transportation demand ▪ Indirectly is a liquid market for corporates to issue infrastructure funds to finance growth	▪ Not directly linked to fund inflows ▪ Defensive nature of power and transportation demand ▪ Tight liquidity would negatively affect infrastructure launch plans
Asset-based companies	**Medium**	**Medium**
(Companies that own assets in different sectors e.g. AOT, CPN, BECL, power companies, TICON, etc.)	▪ For those companies that plan to sell assets to funds to reinvest for growth, fund inflows help improve liquidity for demand for funds, while helping support asset prices	▪ Tighter liquidity reduces demand for funds while it can affect asset prices. This can affect growth from money reinvested by those corporates

Source: Thanachart estimates

Foundations for high valuation

One of our key concerns for the SET now is its valuation level after its multiple years of outperformance against its peers. Apart from its strong growth stories, we revisit the Thai stock market at its very basic foundations and our view is that on average Thai corporates and the SET are very healthy.

Strong growth with low debt financing

Net D/E ratio and low-risk expansion model: This is at an estimated 60% for the 86 stocks under our coverage (88% of the total market cap). With our forecast for average market earnings growth of 22% this year and another 15% next year, we believe the low net D/E ratio of only 60% implies that growth is being driven more by a low-risk, self-financing expansion model rather than debt financing. This model is being driven by larger pools of internal cash flows and a more active property and infrastructure fund model.

High yields from both defensive and cyclical sectors

Dividend yield: Despite the SET already coming up quite far, it still offers a forecast 3.5% yield in 2013. That yield level is already high in our view on a global, regional and Thai historical basis but we still expect this to rise further to 4.2% in 2014F. High yield comes from both defensive and cyclical sectors (Exhibit 21). While we believe the yield from the defensive sectors is low risk, the yield from cyclical sectors is not too high risk either, in our view. High yields from the cyclical sectors are due to share price underperformance rather than from our aggressive earnings and yield forecasts given our conservative view on the cyclical sectors for the past three years.

Strong projected EPS growth driven by defensive sectors

EPS growth: Our 22% EPS growth forecast in 2013 is driven more by defensive sectors than cyclical ones. This implies a low-risk growth cycle for the Thai market as compared to the cycle of the mid-to-late 2000s when commodities and cyclical sectors were the main players in the SET's growth cycle.

We forecast high and rising profitability

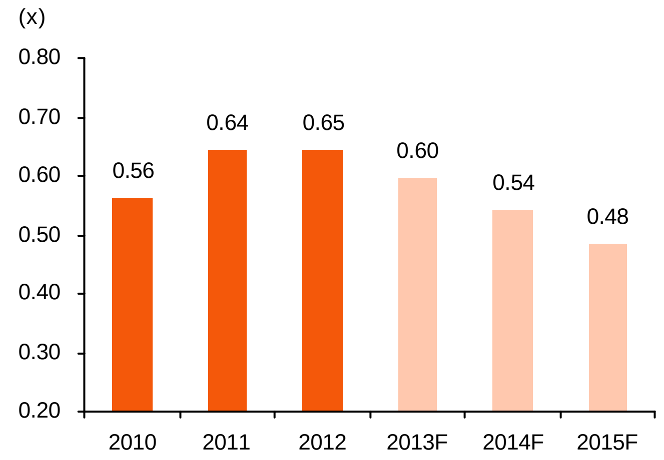
ROE: We believe ROE is a big part of driving the valuation re-rating of the Thai market as it implies rising profitability. The SET was already decently profitable at 16% ROE in 2012 and we forecast 17.4% in 2013 before increasing further to 18.2% in 2014F and 18.6% in 2015F. Note that this high and rising estimated ROE is despite the low debt level of the market.

High consumption content in the SET

SET structure: The SET has seen a structural change in its market cap components. From Exhibit 24, consumption-based sectors now account for 35% of the total market cap while energy is down to only 25% versus 40% five years ago. Given that consumption-based sectors have a higher valuation base than cyclical sectors, we believe this is the reason for the SET's higher average PE than in the past.

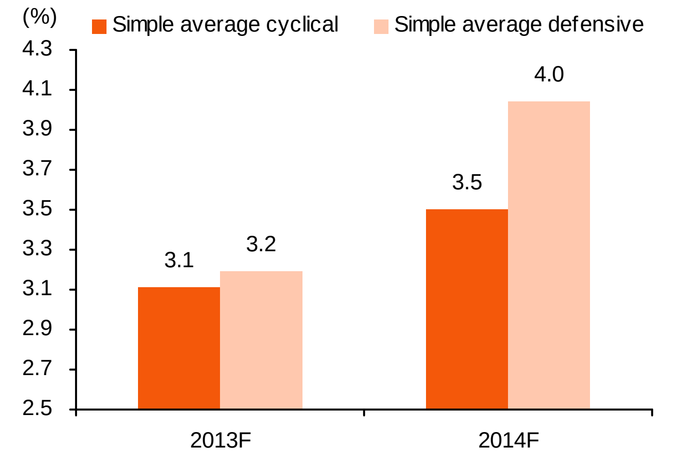
Putting this all together with the boom story discussed in the first main section of this report, we recommend investors to continue to BUY Thailand and we believe that the SET deserves its high valuation as we forecast high earnings growth (22%) and yield (3.5%) for 2013, while we project strong cash flows and rising ROE (17-18%) with a high proportion of defensive names with high-quality, low-risk earnings.

Ex 20: Low Net D/E Ratio



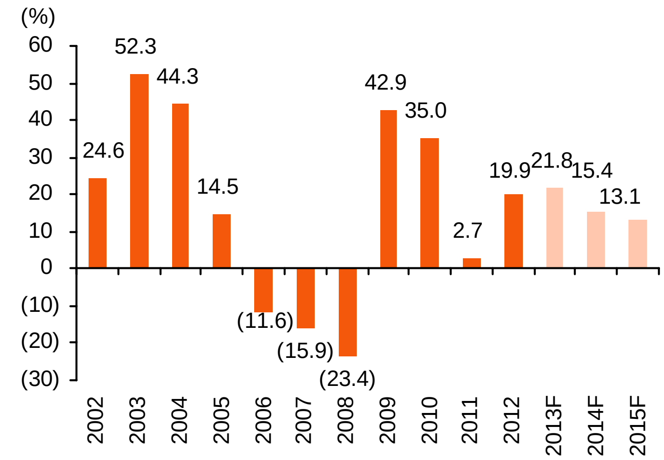
Sources: Company data; Thanachart estimates

Ex 21: Yield From Both Defensive And Cyclical Sectors



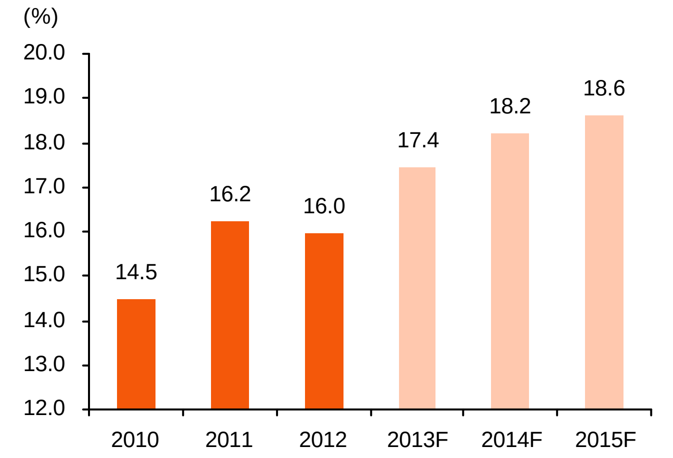
Sources: Company data; Thanachart estimates

Ex 22: EPS Growth Still At Decent Levels



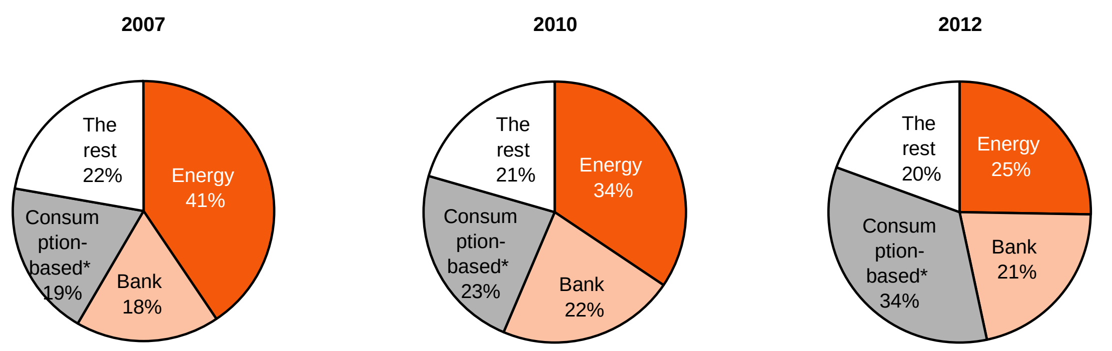
Sources: Company data; Thanachart estimates

Ex 23: Profitability (ROE) Continues To Rise



Sources: Company data; Thanachart estimates

Ex 24: More Solid SET Structure With Consumption Having Largest Weighting



Source: SET

Our SET target is at 1,700

Our bottom-up SET target for 2013 is lifted to 1,700

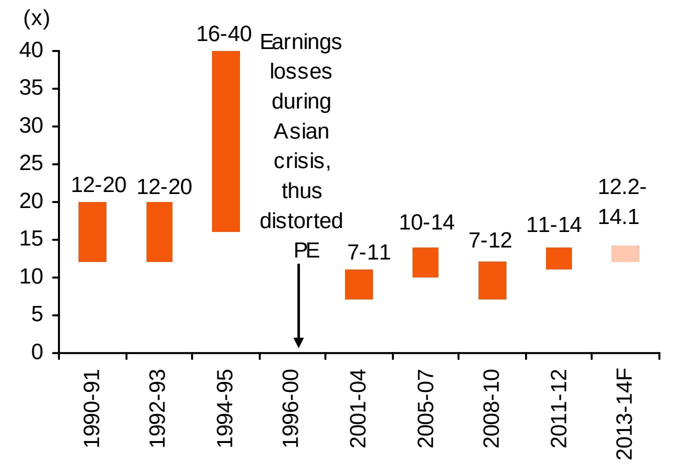
Going against the market concern over its valuation level, we upgrade our bottom-up SET target to 1,700 (implying 16x 2013F and 14x 2014F PE) from 1,550. This follows our earnings and target price upgrades for many stocks over the past two months.

After having come up a long way, we agree that SET doesn't look cheap. However, we argue here that it isn't at an excessive level either and that during liquidity-driven periods valuations tend to be on the high side.

Doesn't look cheap but not excessive either, in our view

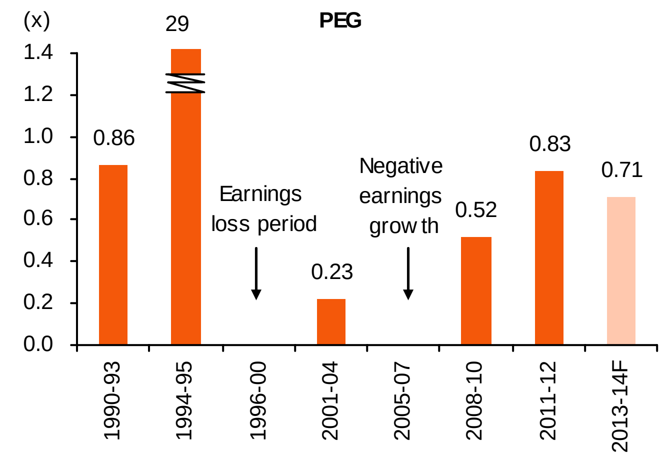
PE to growth (PEG): The SET's PE based on its historical standard back in the Asian crisis bubble doesn't look excessive to us now as shown in Exhibit 25. This is especially as it is in a period of high market liquidity. PE of 14.1x versus EPS growth of 22% in 2013F and 12.2x versus 15% in 2014F. Comparing this to historical figures, we don't see the SET at an excessive valuation now both compared with the 1990s pre-Asian crisis bubble and the post-Asian crisis from 1998.

Ex 25: PE Not Too Excessive In Huge Inflow Period



Sources: SET; Thanachart estimates

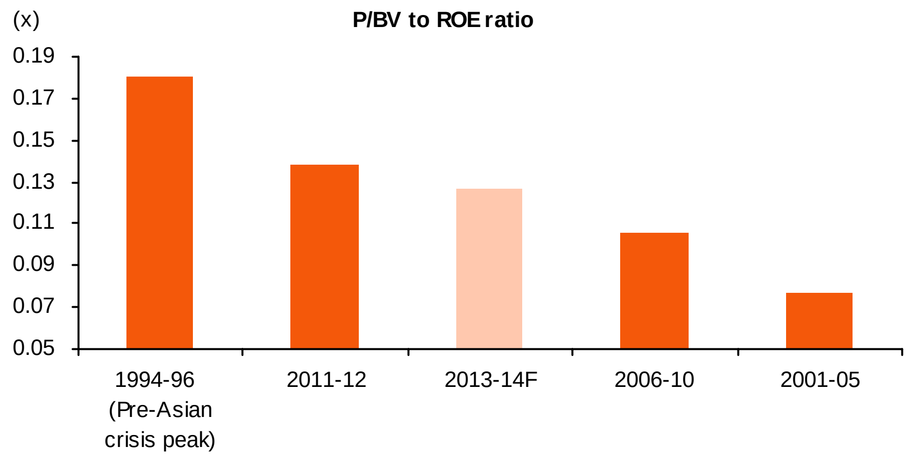
Ex 26: PEG Doesn't Look Excessive Either



Sources: SET; Thanachart estimates

P/BV to ROE: The Thai market's profitability level (ROE) has recovered strongly and despite it not returning to the previous bubble peak level (mid 1990s), the current P/BV to ROE ratio doesn't look excessive to us compared to historical levels.

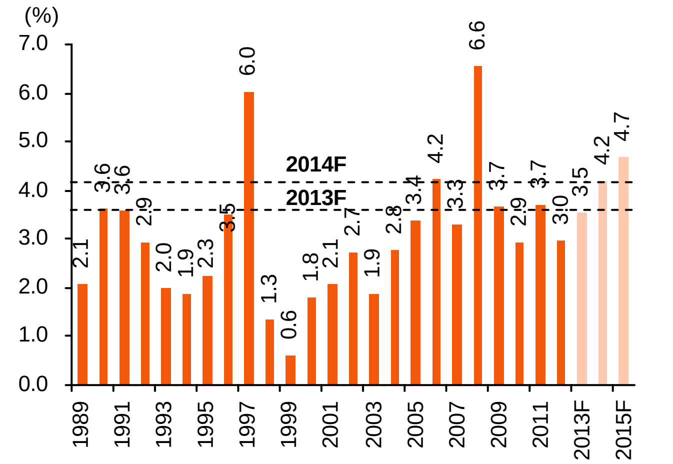
Ex 27: P/BV to ROE Not At The Most Expensive Point Historically



Sources: SET, Thanachart estimates

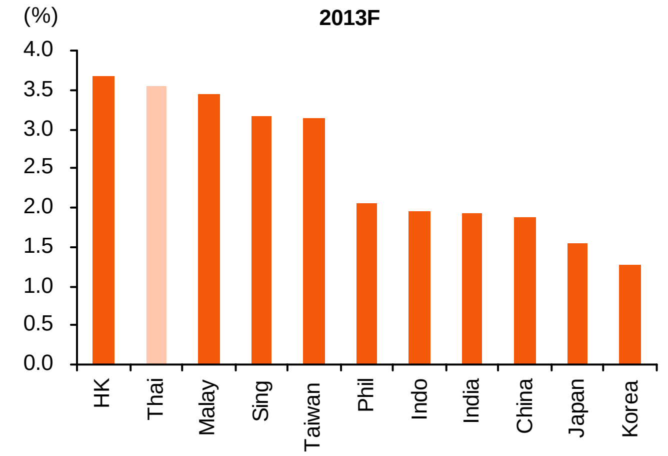
Dividend yield: We consider the current forecast dividend yield of 3.5% in 2013 as being high by both global and regional standards and we project it to rise to 4.2% in 2014. Looking at its historical forward yield, it is also at the relatively high end of the range, implying the SET isn't expensive. Our SET target of 1,700 still implies a decent yield level of 3.0%. Exhibit 30 below shows the SET at various scenarios of yield levels.

Ex 28: Still Toward High End Of The Range …



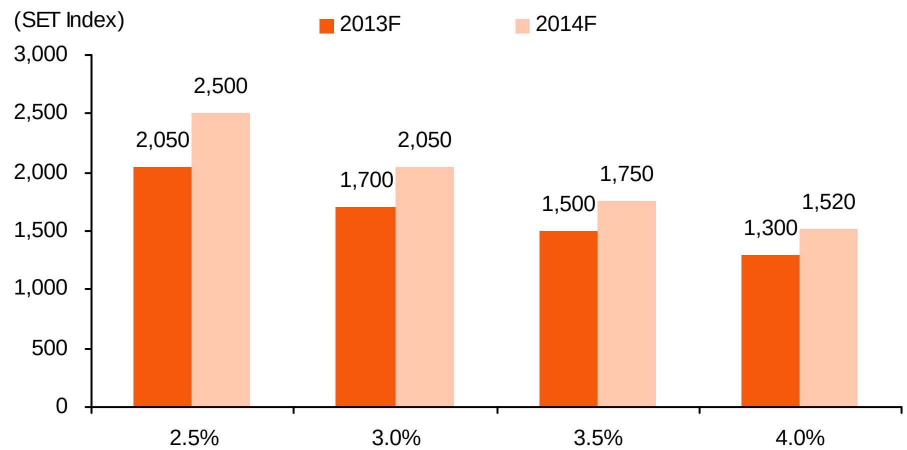
Sources: SET; Thanachart estimates

Ex 29: … And At Higher Range Of Regional Yield



Sources: Bloomberg; Thanachart estimates

Ex 30: SET At Various Yield Scenarios



Source: Thanachart estimates

Investment strategies

We don't think it's time to switch to cyclical sectors

While it may sound dull that we have kept our preference for defensive and consumption-related sectors over energy and banking sectors for some years now, we still don't believe it's time for a defensive-cyclical switching call. That is because we view the underperformance story of energy as structural. For the banking sector, we see it as in its cyclical peak period with the consumption story also in its structural bull cycle. Exhibit 31 shows our views on the sectors and their cycles.

Ex 31: Sector Views And Their Cycles

	Structural cycle	Cyclical cycle	Drivers / Draggers
Retail	Up	Up	▪ Consumption boom from populism, provincial and sub-prime economic growth ▪ Market share gains of traditional stores ▪ Low-risk, internal cash flow expansion model
Healthcare	Up	Up	▪ Rising income, wealth effect, insurance boom, poor public hospital services ▪ Supply side market consolidation and M&As ▪ Economies of scale, rising franchise value and increasing asset value
Media	Depends	Up	▪ Growing demand and advertising spending as derivatives of consumption boom ▪ But we expect industry liberalization (digital TV) to cause structural up-cycles for some and down-cycles for others ▪ New capex for digital TV platform
Telecoms	Up	Down	▪ Maturing 2G but a new up-cycle for 3G services ▪ Fast-growing and long-term demand for data usage ▪ Earnings are in a structural up-cycle but a cyclical down-cycle (slower growth) on the new capex cycle
Food	Organic	Bottom	▪ Volume growth is organic but pricing is in cyclical downturn ▪ We expect a turnaround within this year in farm businesses ▪ We see soft commodities prices remaining low for sugar and rubber
Property	Up	Up	▪ Property boom from easy & low rate environment, rising income and rising market penetration ▪ Structural growth is from higher penetration of housing projects into the provincial economy, shift of preference toward high-rise condos near mass transit systems, and rental property replacement
Construction	Up	Up	▪ Cyclically, rising infrastructure spending from the low base in the past two years ▪ We see structural growth coming from the Bt2tr infrastructure bill but with high risk over long-term implementation ▪ We see the AEC boom creating structural demand for construction in the region

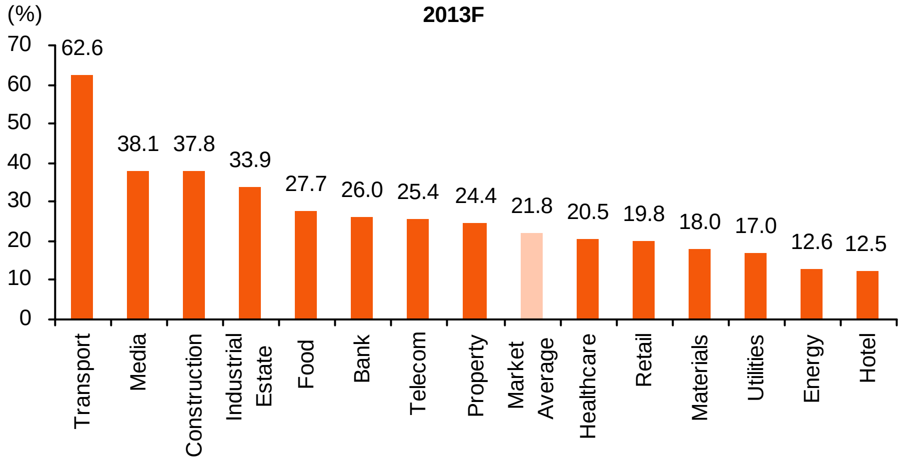
Source: Thanachart estimates

Ex 32: Sector Views And Their Cycles (Con't)

	Structural cycle	Cyclical cycle	Drivers / Draggers
Utilities	Up	Up	▪ Renewable energy power plant boom period and projects have gradually been coming on stream ▪ Due to a steady rise in electricity demand, authorities plan on calling for more bids in various areas ▪ AEC boom also calls for more power plants in the region
Transportation	Up	Up	▪ We see steady long-term traffic growth for mass transit and airports ▪ More plans by the government to build more road, railway, mass transit and airport expansions ▪ AEC growth and China are driving more tourists to come to Thailand
Bank	Peaking	Up	▪ ROE has been in a structural up-cycle since 2007 and is now entering plateau mode. During that period, all drivers were working at the same time for banks, i.e. leverage effect, NIM expansion, sharp fee income growth, loan growth, falling NPLs, and higher coverage ratio and thus falling provisioning ▪ But banks are still in a cyclical up-cycle driven by robust loan growth from a strong economy. We however see a flattening out of ROE from high LDR, flat NIM, more organic fee income growth, strong SFI competition and provisioning bottoming out
Energy	Down	Bottom	▪ Still facing a new capex cycle for overseas investments and likely to yield lower return with higher risk ▪ Threats from shale gas and shale oil in the US keeping oil prices range bound while we believe future petrochemical return is at risk ▪ Cyclically, however, we believe petrochemical spreads have seen a bottom. Many spreads turned around in 1Q13 but given the still weak outlook for the global economy, we expect spreads to hop around their lows this year

Sources: Company data, Thanachart estimates

Ex 33: Sector Earnings Growth Outlook



Source: Thanachart estimates

Four pillars of top pick strategies

We no longer look mainly at consumption stories

That said, we believe there need to be some adjustments to our investment strategies, though we're still out of the energy and banking space. We set four key pillars for our top pick strategies and we see some BUYing opportunities outside of the consumption space.

Consumption: This remains the core pillar of our top picks as it's clear in our view since the very beginning of this report that all the roads of economic drivers lead to consumption. Simply put, we see consumption as the biggest end beneficiary of fund inflows, the easy credit and low rate environment, populist policies and the subprime economy, and the middle-income transition and wealth creation effect. We believe consumption is also lower risk than many other sectors due to the defensive nature of demand and also populist policies being the last thing the government would likely cut, in our view.

Asset based: There are many angles to play on the asset theme. They can be fund inflows and the high liquidity story driving up asset prices or assets-to-funds stories where companies sell assets into funds (property, infrastructure or REITs) and realize future asset value upfront. Or they can be the story of franchise asset value in cases where franchise names are prominent or present high barriers to entry.

Business turnaround and transformation: This is the story of companies that are turning around or in the structural cycle of business transformation into something of higher value or with a better growth outlook. We believe the Thai economy is now at the stage where such opportunities are opening up via a stronger and bigger domestic economy, liberalization of some industries and higher penetration into the provincial and subprime economy, etc.

Utilities/AEC: We see three angles here. One is a domestic-based driver via the need for more electricity generation and we expect authorities to increase licenses for renewable-fuel power plants (which can be constructed and finished faster than grand-scale conventional power plants). The Electricity Generating Authority of Thailand (EGAT) also plans to open a new round of IPP bidding this year. The other angle is the ASEAN Economic Community (AEC) where there is increasing demand for new power plants in frontier countries. Thai companies have an advantage in being close to and having connections with those countries while also having the capital to invest. Another angle of the AEC is for it to it drive business activities, asset values and franchise values.

Energy and banks remain out of the loop

Note that energy names are still out of our loop here. We believe the underperformance of the energy sector will continue due to the industry's structural down-cycle. We also still leave banks out of our top picks due to what we see as the sector's structural peak cycle. Banks are continuing to enjoy a cyclical up-cycle due to the growing economy but the benefits from high liquidity from fund inflows are being shared with state-owned banks (SFIs).

We missed the property run in 1Q13 and we now put some exposure back in

As for property, we missed the sector run in 1Q13 when we no longer had any property stocks in our top picks. We underestimated the demand and were concerned about the possibility that the BoT would come up with some measures to calm the booming property market. We now decide to add back some property exposure to our top picks for the following reasons:

1) Housing demand is stronger than our earlier expectation and our long-term sector view remains that a bubble is building up but it's too early on for it to burst.
2) The BoT has already discussed tools to calm down or prevent the market from forming too much of a bubble. In our view, this implies that the market expectations have already been managed to some degree. One tool there is which is still available is to bring the loan-to-value (LTV ratio) from 90% for condominiums down to 80-85%. The other is to ask banks to reduce their aggressiveness in mortgage lending campaigns, such as 0% interest rates for the first year.
3) We actually see any potential measures to calm the market as positive for the long-term health of the industry as they would prevent the bubble building up too quickly.

4) Stock share prices have seen decent corrections over the past two weeks.

We are not playing the Bt2tr infrastructure theme at this point

We do not play the Bt2tr infrastructure spending theme despite our belief that the infrastructure bill will eventually be passed by parliament. The bill passed the House's first reading at the end of March and it is scheduled for the second and third (final) reading in May. Our view on this is that we see playing this theme at the current point as being more speculative than based on fundamentals for four reasons:

1) In our view, while share prices of construction companies to a large degree reflect strong, bullish sentiment over the success of this spending, we see risks to the success of this huge spending plan.
2) Even if everything goes as planned, we don't expect money to flow into the economy in a meaningful way before 2016 as 2014 looks set to be the year for biddings and 2015 the first year of the bell-shaped construction period.
3) We believe there is a high risk of delays given that most projects involve large-scale bidding which will likely take time.
4) Financing is a major risk in our view despite the government having the mandate to borrow if the bill passes the House. As discussed in the first and second main sections of this report, we believe that the government is indirectly relying on fund inflows to finance its populist policies and next is the huge infrastructure spending. So if fund flows reverse, we see a high risk to the completion of the grand-scale infrastructure spending.

Ex 34: The Pillars Of Our Top Picks List

	Consumption	Asset-based	Business Transformation / Turnaround	Utilities / AEC Stories	Growth vs. Value
Airports of Thailand (AOT TB)	Yes	Yes		Yes	Growth + Value
Bangkok Dusit Medical (BGH TB)	Yes	Yes		Yes	Growth
BTS Group Holdings (BTS TB)		Yes			Growth + Value
CP All (CPALL TB)	Yes				Growth
Dynasty Ceramics (DCC TB)			Yes		Growth + Value
Gunkul Engineering (GUNKUL TB)		Yes	Yes	Yes	Growth
Jasmine International (JAS TB)	Yes	Yes			Growth + Value
Quality Houses (QH TB)		Yes	Yes		Growth + Value
Toyo Thai Corporation (TTCL TB)			Yes	Yes	Growth
VGI Media (VGI TB)	Yes				Growth

Source: Thanachart estimates

Ex 35: Thanachart's Top Picks

Ticker	Rating	Current price (Bt/shr)	Target price (Bt/shr)	Upside (%)	Market cap (US$ m)	Norm EPS growth 2013F (%)	Norm EPS growth 2014F (%)	Norm PE 2013F (x)	Norm PE 2014F (x)	EV/EBITDA 2013F (x)	EV/EBITDA 2014F (x)	Yield 2013F (%)	Yield 2014F (%)
AOT TB	BUY	112.50	150.00	33.3	5,536	30.2	23.1	18.8	15.3	12.2	11.2	2.6	2.6
BGH TB	BUY	154.00	177.00	14.9	8,198	25.7	18.1	32.3	27.4	24.1	20.8	1.2	1.6
BTS TB	BUY	8.80	9.30	5.7	3,457	68.8	49.1	60.4	40.5	21.6	28.8	3.2	10.6
CPALL TB	BUY	45.00	60.00	33.3	13,925	25.2	26.5	29.3	23.2	18.9	14.9	2.6	3.4
DCC TB *	BUY	61.75	88.00	42.5	868	25.6	20.0	16.0	13.3	12.1	10.2	6.3	7.5
GUNKUL TB *	BUY	32.25	39.00	20.9	489	39.7	26.1	22.8	18.1	42.1	38.4	2.5	2.2
JAS TB	BUY	6.15	8.00	30.1	1,512	35.3	30.2	15.9	12.2	8.5	6.9	3.2	4.5
QH TB *	BUY	3.54	5.70	61.0	1,120	64.6	22.6	11.5	9.4	20.1	17.0	4.3	5.3
TTCL TB	BUY	44.00	77.00	75.0	728	58.3	30.3	24.4	18.7	20.0	15.5	2.1	2.7
VGI TB	BUY	123.00	145.00	17.9	1,271	14.6	46.0	38.5	26.4	25.6	18.3	2.0	3.0
Stocks taken out													
GLOBAL TB	BUY	18.50	26.00	40.5	1,371	60.3	51.2	42.4	28.1	25.6	17.3	0.7	1.1
INTUCH TB	BUY	73.50	84.00	14.3	8,118	20.5	17.0	14.0	12.0	68.8	58.7	6.8	8.1
RS TB	BUY	10.60	13.50	27.4	326	65.4	51.1	23.3	15.4	13.5	11.1	3.0	3.9

Sources: Company data, Thanachart estimates

Note: * New addition.

BTS and VGI's fiscal years end in March. Its FY13 ends in March 2013. To compare with other companies on next year's numbers, its FY14 (ending March 2014) should be used to compare with other companies' 2013 figures.

Based on 9 April 2013 closing price

Target prices of most stocks are DCF-based with the exception of BTS which includes the potential share price overshoot from a special dividend.

We make three changes to our top picks:

INTUCH up a long way while GUNKUL back in on utility boom and asset stories

INTUCH Out, GUNKUL In: Shin Corporation (INTUCH TB, Bt73.5, BUY) has come up a long way and after over a year in our top picks list it's getting nearer to our TP. We replace INTUCH with another structural change story Gunkul Engineering (GUNKUL TB, Bt32.25, BUY). GUNKUL had actually been in our top picks list since last year until early March this year. Now that there is a new expansion story and our TP is lifted, we decide to put it back in again. GUNKUL also offers the story of asset sales to unlock value and of stronger growth financing. In our view, it is also the clearest, lowest-risk theme play on the booming renewable utility story in Thailand and the AEC market.

GLOBAL up a long way while DCC is on its strong turnaround story

GLOBAL Out, DCC In: We actually see nothing wrong with Siam Global House (GLOBAL TB, Bt18.5, BUY) but our expectation of super growth is no longer news and we now expect a more exciting turnaround story for another provincial building materials play, Dynasty Ceramics (DCC TB, Bt61.75, BUY). Please refer to our analyst Saksid Phadthananarak's report, "DCC – *Triple factors for turnaround,"* dated 13 March. DCC faced business hiccups last year when its earnings growth path was disrupted and now it is enjoying triple factors for a turnaround, i.e. product price increases, lower gas costs and margin expansion from a new product mix. DCC's share price has underperformed the SET by 27% and GLOBAL by 93% over the past 12 months. It is still far below 20x PE or at 16.0x 2013F PE and 13.3x 2014F PE. As it also yields 6.3% for 2013F, we consider DCC as a cheap stock under the current market conditions.

RS is taken away to give space for property via QH, which also has a business transformation story

RS Out, QH In: We want space to add back in property exposure. Since we already have VGI Global Media (VGI TB, Bt123, BUY) in the media sector, we decide to take out the smaller company RS Media (RS TB, Bt10.6, BUY) from our top picks list. RS's story remains the same and there is no change to our recommendation. We missed the run of the property sector in 1Q13. However, due to stronger-than-expected demand, the risk of possible measures to calm down the property market boom being discussed by the BoT and a decent share price correction, we add Quality Houses (QH TB, Bt3.54, BUY) to our top picks list. In our view, QH offers the most exciting growth and business transformation stories driven by what we see as an eventually successful change of its business model toward the lower end of the market where the strongest growth lies, margin improvement from product adjustments in various ways, an increase in provincial exposure and an assets-to-funds story.

Our top pick stories

Ex 36: Airports of Thailand (AOT TB) – BUY, Price Bt112.50, TP Bt150.00

Y/E Sep (Bt m)	2012	2013F	2014F	2015F
Revenue	30,472	34,487	38,007	42,812
Net profit	6,500	10,529	10,502	12,610
Norm net profit	6,550	8,529	10,502	12,610
Norm EPS (Bt)	4.6	6.0	7.4	8.8
Norm EPS gr (%)	59.6	30.2	23.1	20.1
Norm PE (x)	24.5	18.8	15.3	12.7
EV/EBITDA (x)	13.8	12.2	11.2	10.2
P/BV (x)	2.1	1.9	1.8	1.6
Div. yield (%)	1.6	2.6	2.6	3.1
ROE (%)	8.7	10.5	11.9	13.3
Net D/E (%)	68.1	67.0	70.7	77.3

- We see AOT as a play on many themes, i.e. asset angle, tourism, low-cost airline boom, consumption via duty free, AEC, and operating leverage effect.
- AOT is enjoying strong traffic growth and that value is being unlocked more and more by higher utilization of the once idle asset, the old Don Mueang Airport.
- While existing asset turnover is rising for both Suvarnabhumi and Don Mueang airports, the operating leverage effect is working at full steam.
- On top of existing business growth is the potential passenger fee (airport tax) hike in late 2014.
- We are not too concerned over capex for expansion given its large EBITDA base of Bt18bn p.a.
- As a monopolistic asset-based company with a strong, long-term growth outlook, we believe AOT is cheap at only 18.8x PE in 2013F falling to 15.3x in 2014F.

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

Ex 37: Bangkok Dusit Medical Services Pcl (BGH TB) – BUY, Price Bt154.00, TP Bt177.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	44,307	50,962	58,211	66,138
Net profit	7,937	7,363	8,694	10,216
Norm net profit	5,859	7,363	8,694	10,216
Norm EPS (Bt)	3.8	4.8	5.6	6.6
Norm EPS gr (%)	39.2	25.7	18.1	17.5
Norm PE (x)	40.6	32.3	27.4	23.3
EV/EBITDA (x)	28.1	24.1	20.8	17.9
P/BV (x)	6.4	5.7	5.0	4.5
Div. yield (%)	0.9	1.2	1.6	2.1
ROE (%)	16.9	18.5	19.4	20.3
Net D/E (%)	42.0	35.2	26.6	18.0

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

- BGH is in the healthcare industry where the drivers are very strong from both structural demand growth and a structural supply consolidation trend.
- BGH can also be viewed as an AEC play where we expect capital flows to come in to invest in Thai hospitals and drive up hospital asset prices.
- Its existing operation is also very strong having clear drivers from patient growth, rising billing per head and intensity levels, margin expansion from higher utilization and price point realignment within the portfolio.
- We see upside from future M&A activities where BGH targets to have 50 hospitals by 2015 versus our assumption of 32 existing and announced hospitals.
- BGH doesn't look cheap to us on a PE basis as it's trading above 30x. However, we still like BGH as we consider it a long-term structural growth stock where we see strong earnings growth being sustained many years into the future.

Ex 38: BTS Group Holdings (BTS TB) – BUY, Price Bt8.80, TP Bt9.30

Y/E Mar (Bt m)	2012	2013F	2014F	2015F
Revenue	7,976	9,712	5,707	6,581
Net profit	2,106	4,218	20,585	2,936
Norm net profit	952	1,662	2,585	2,936
Norm EPS (Bt)	0.1	0.1	0.2	0.2
Norm EPS gr (%)	na	68.8	49.1	13.6
Norm PE (x)	102.0	60.4	40.5	35.7
EV/EBITDA (x)	30.1	21.6	28.8	28.2
P/BV (x)	2.8	2.2	1.7	1.8
Div. yield (%)	2.8	3.2	10.6	2.2
ROE (%)	2.7	4.0	4.7	5.0
Net D/E (%)	68.9	27.5	(39.9)	(35.5)

Sources: Company data, Thanachart estimates
Note: BTS's fiscal years end in March. Its FY13 ends in March 2013. To compare with other companies on next year's numbers, its FY14 (ending March 2014) should be used to compare with other companies' 2013 figures.
Based on 9 April 2013 closing price

- We see BTS offering a story of special dividends from its mass-transit revenue sales of Bt62.5bn into an infrastructure fund. BTS is reinvesting money in one-third of the fund's value.
- We expect BTS to announce a special dividend at the latest along with its FY13 (ending March 2013) results announcement at the end of May.
- BTS says the majority of the proceeds would be used to bid for the new skytrain extension (Green Line) within this year.
- Given that BTS is already an existing operator of all BTS Skytrain lines, we expect the company to win the new bid.
- Note that our numbers still forecast Bt60bn in proceeds from infrastructure fund sales versus actual sales at Bt62.5bn. Our special dividend forecast in FY14F is based on our current projection of Bt60bn in sale proceeds.

Ex 39: CP All Pcl (CPALL TB) – BUY, Price Bt45.00, TP Bt60.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	197,045	228,382	260,062	292,050
Net profit	11,023	13,781	17,434	20,986
Norm net profit	10,985	13,781	17,434	20,986
Norm EPS (Bt)	1.2	1.5	1.9	2.3
Norm EPS gr (%)	40.4	25.2	26.5	20.4
Norm PE (x)	36.7	29.3	23.2	19.3
EV/EBITDA (x)	23.2	18.9	14.9	12.4
P/BV (x)	15.1	13.0	11.2	9.8
Div. yield (%)	2.0	2.6	3.4	4.4
ROE (%)	45.5	47.6	51.7	54.1
Net D/E (%)	(85.5)	(109.6)	(114.1)	(115.5)

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

- CPALL is now our top retail pick and we consider it the best-quality earnings stock in the sector.
- We like CPALL's solid 7-11 franchise value and extremely high bargaining power with suppliers due to its scale (~7,000 stores versus ~1,000 for the second-largest player).
- We are not very concerned about new competition seeing as CPALL has a highly successful food convenience store business model while it already has large scale.
- We see growth drivers as its stepped-up store expansion plan from 400-550 to 500-550 stores p.a. (it has always beaten its own targets), same-store-sales growth, margin expansion trend and supply chain capacity unlocking.
- CPALL isn't a value stock in our view but a sustainable long-term growth play with a highly successful business model and franchise. At 25% average profit growth in 2013F-15F, we believe it deserves a high valuation.

Ex 40: Dynasty Ceramic Pcl (DCC TB) – BUY, Price Bt61.75, TP Bt88.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	7,603	8,749	9,643	10,416
Net profit	1,255	1,576	1,891	2,176
Norm net profit	1,255	1,576	1,891	2,176
Norm EPS (Bt)	3.1	3.9	4.6	5.3
Norm EPS gr (%)	1.0	25.6	20.0	15.0
Norm PE (x)	20.1	16.0	13.3	11.6
EV/EBITDA (x)	14.3	12.1	10.2	8.9
P/BV (x)	9.5	8.9	8.5	8.1
Div. yield (%)	5.0	6.3	7.5	8.6
ROE (%)	47.6	57.6	65.3	71.5
Net D/E (%)	24.1	22.5	23.0	20.7

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

- DCC is the country's largest ceramic tile producer where we see a story of triple factors for a business turnaround.
- First, there was a 7.5% product price increase in mid-January 2013 without much impact on volume growth (12% y-y in January).
- Second, there are two layers of product mix change toward higher-priced segments. One is the shift from 12x12" to 16x16" tiles and the other is from 16x16" to rectified 16x16" tiles.
- Third, gas costs (31% of total costs) have fallen by 11% from 1Q12.
- We therefore expect both sales and margin to rise and DCC to be able to resume its growth path of around 20% p.a.
- We believe that DCC, with its dominant low-end market position, can be viewed as both a provincial and populist play.

Ex 41: Gunkul Engineering Pcl (GUNKUL TB) – BUY, Price Bt32.25, TP Bt39.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	4,306	5,379	5,847	9,366
Net profit	780	893	785	1,789
Norm net profit	446	623	785	1,789
Norm EPS (Bt)	1.0	1.4	1.8	4.1
Norm EPS gr (%)	190.0	39.7	26.1	127.7
Norm PE (x)	31.8	22.8	18.1	7.9
EV/EBITDA (x)	22.7	42.1	38.4	12.5
P/BV (x)	7.4	5.7	4.9	3.4
Div. yield (%)	1.7	2.5	2.2	5.0
ROE (%)	28.7	28.3	29.1	50.2
Net D/E (%)	121.0	193.0	313.5	365.8

- We see GUNKUL offering a story of strong earnings growth, a business transformation from a power plant supplier to operator and also enjoying the renewable energy power plant boom.
- We also believe there is an asset theme angle where GUNKUL plans to speed up growth by selling some assets to unlock value and raise cash.
- We forecast that the company should enjoy equity IRR for its solar power plants under operation of more than 25%.
- GUNKUL has 69MW of capacity on hand (26MW under operation and 43MW with PPA contracts) but we see it potentially adding another 250MW by 2015.
- GUNKUL is also an AEC/Myanmar play to us and we expect it to get 100MW (of the potential 250MW) contracts in Myanmar given the country's aggressive plan for power plant expansion.

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

Ex 42: Jasmine International Pcl (JAS TB) – BUY, Price Bt6.15, TP Bt8.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	10,369	11,411	13,031	14,612
Net profit	2,137	2,778	3,597	4,435
Norm net profit	2,065	2,778	3,597	4,435
Norm EPS (Bt)	0.3	0.4	0.5	0.6
Norm EPS gr (%)	76.9	35.3	30.2	23.3
Norm PE (x)	21.5	15.9	12.2	9.9
EV/EBITDA (x)	9.9	8.5	6.9	5.7
P/BV (x)	5.1	4.3	3.6	3.1
Div. yield (%)	1.5	3.2	4.5	6.1
ROE (%)	26.1	29.5	32.4	33.8
Net D/E (%)	35.4	25.9	7.4	(6.2)

- We see JAS as one of the cheapest consumption plays in Thailand, still trading below 20x 2013F PE.
- We believe JAS is a stable, cash-generative broadband business operator in a market that is 20% penetrated.
- JAS offers a consistent and strong earnings growth story of 23-35% in 2013F-15F, on our estimates, driven by growing broadband demand and the operating leverage effect.
- The company has just ended its heavy capex cycle in fiber-optic investment and cut its capex budget by half from Bt4bn to Bt2bn p.a.
- We expect JAS to turn net cash in 2015 and we see upside to yield if it decides to raise its dividend payout ratio from our forecast of 50%.
- We do not expect severe competition from the newcomer, non-listed Cable Thai Holding (CTH), over the next few years.

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

Ex 43: Quality Houses Pcl (QH TB) – BUY, Price Bt3.54, TP Bt5.70

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	13,077	19,250	22,882	25,589
Net profit	2,386	2,923	3,460	4,118
Norm net profit	1,689	2,823	3,460	4,118
Norm EPS (Bt)	0.2	0.3	0.4	0.4
Norm EPS gr (%)	113.6	64.6	22.6	19.0
Norm PE (x)	19.0	11.5	9.4	7.9
EV/EBITDA (x)	32.3	20.1	17.0	15.2
P/BV (x)	2.1	2.0	1.8	1.6
Div. yield (%)	3.4	4.3	5.3	6.3
ROE (%)	11.8	17.6	19.7	20.8
Net D/E (%)	133.7	152.2	133.1	116.0

- QH in our view not only offers the story of strong property demand but also an eventually successful change in its business model.
- Having struggled for some years in going lower end, the super high-end developer QH has found its way in lower-end segments and is enjoying strong presales.
- Key business drivers are strong housing demand, faster asset turnover, a change in product mix, price adjustments and going provincial.
- We see strong earnings growth prospects from robust sales growth, rising gross margin and profit recognition from selling some assets into property funds.
- QH has some exposure as an asset play via its serviced apartment portfolio, property funds and its 20% stake in the largest home improvement modern trade operator Home Product Center (HMPRO TB, Bt16.3, BUY).

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

Ex 44: Toyo-Thai Corporation Pcl (TTCL TB) – BUY, Price Bt44.00, TP Bt77.00

Y/E Dec (Bt m)	2012	2013F	2014F	2015F
Revenue	11,358	17,861	21,750	26,020
Net profit	546	867	1,129	1,335
Norm net profit	548	867	1,129	1,335
Norm EPS (Bt)	1.1	1.8	2.4	2.8
Norm EPS gr (%)	37.1	58.3	30.3	18.2
Norm PE (x)	38.6	24.4	18.7	15.8
EV/EBITDA (x)	30.6	20.0	15.5	12.5
P/BV (x)	10.5	8.4	6.7	5.5
Div. yield (%)	1.5	2.1	2.7	3.2
ROE (%)	29.7	38.3	40.0	38.1
Net D/E (%)	(90.3)	(47.9)	(55.7)	(62.0)

- We like TTCL for various angles. One is the angle of it being the only Thai EPC contractor with a strong track record of getting good flows of work in the region.
- Second is that we see TTCL as an AEC/Myanmar play which already has exposure both to the construction and power plant investment sides.
- Third is that we believe it has a business transformation story by turning itself to also be an investor and operator of a power plant business, which is a booming industry in Thailand and the region.
- Though it still needs another year before a conclusion, we are excited about its recent announcement of an MOU with the Myanmar government to invest in a 1,000MW power plant.
- TTCL to us is not only a cheaper play in the contractor sector in Thailand but we also believe it offers far better earnings quality growth.

Sources: Company data, Thanachart estimates
Based on 9 April 2013 closing price

Ex 45: VGI Global Media Pcl (VGI TB) – BUY, Price Bt123.00, TP Bt145.00

Y/E Mar (Bt m)	2012	2013F	2014F	2015F
Revenue	1,977	2,771	3,570	4,323
Net profit	278	923	1,398	1,695
Norm net profit	278	923	1,398	1,695
Norm EPS (Bt)	2.8	3.2	4.7	5.6
Norm EPS gr (%)	61.5	14.6	46.0	21.3
Norm PE (x)	44.2	38.5	26.4	21.8
EV/EBITDA (x)	23.5	25.6	18.3	14.8
P/BV (x)	78.1	19.5	15.6	13.1
Div. yield (%)	0.0	2.0	3.0	3.7
ROE (%)	87.5	81.9	62.7	62.9
Net D/E (%)	(130.1)	(116.0)	(109.0)	(114.1)

Sources: Company data, Thanachart estimates

Note: VGI's fiscal year ends in March. To look at its one-year forward numbers, it's better to look at its FY14 figures.

Based on 9 April 2013 closing price

- We see VGI as a growth company in the media sector benefiting from the consumption boom in Thailand.
- VGI has in our view the best business model in the media sector and one of the best in Thailand.
- That is, ~70% of its earnings come from its own parent company BTS, the skytrain operator, while ~25% is from the fast-growing modern trade operators (Tesco Lotus, BIGC and Watson's).
- VGI is an out-of-home advertising management company which is enjoying market share gains of the adex pool from other mainstream adex categories such as TV and newsprint.
- We see earnings drivers as skytrain carriage expansion, skytrain extension lines, rising utilization, ad rate increases and modern trade expansion.

Airports of Thailand Pcl (AOT TB)

INCOME STATEMENT

FY ending Sep (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	28,641	30,472	34,487	38,007	42,812
Cost of sales	15,568	12,897	13,716	14,538	15,580
Gross profit	**13,073**	**17,575**	**20,771**	**23,469**	**27,232**
% gross margin	45.6%	57.7%	60.2%	61.7%	63.6%
Selling & administration expenses	6,099	6,795	7,760	8,362	9,205
Operating profit	**6,974**	**10,780**	**13,011**	**15,107**	**18,027**
% operating margin	24.3%	35.4%	37.7%	39.7%	42.1%
Depreciation & amortization	7,866	4,669	4,840	5,021	5,267
EBITDA	**14,840**	**15,449**	**17,852**	**20,128**	**23,294**
% EBITDA margin	51.8%	50.7%	51.8%	53.0%	54.4%
Non-operating income	913	1,387	1,234	1,065	902
Non-operating expenses	(342)	(57)	(100)	(100)	(100)
Interest expense	(2,224)	(2,060)	(1,951)	(2,060)	(2,004)
Pre-tax profit	**5,321**	**10,050**	**12,194**	**14,013**	**16,825**
Income tax	1,262	3,494	3,658	3,503	4,206
After-tax profit	**4,059**	**6,556**	**8,536**	**10,510**	**12,618**
% net margin	14.2%	21.5%	24.8%	27.7%	29.5%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	44	(6)	(7)	(8)	(9)
Extraordinary items	(1,888)	(50)	2,000	0	0
NET PROFIT	**2,215**	**6,500**	**10,529**	**10,502**	**12,610**
Normalized profit	**4,103**	**6,550**	**8,529**	**10,502**	**12,610**
EPS (Bt)	1.6	4.5	7.4	7.4	8.8
Normalized EPS (Bt)	2.9	4.6	6.0	7.4	8.8

BALANCE SHEET

FY ending Sep (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	31,954	37,183	37,852	38,438	39,237
Cash & cash equivalent	5,179	3,653	3,653	3,653	3,653
Account receivables	1,660	1,766	1,999	2,203	2,481
Inventories	0	0	0	0	0
Others	25,115	31,765	32,200	32,582	33,104
Investments & loans	6,252	3,665	3,665	3,665	3,665
Net fixed assets	90,014	88,662	98,364	111,011	129,535
Other assets	22,379	20,500	23,201	25,570	28,802
Total assets	**150,599**	**150,012**	**163,083**	**178,683**	**201,240**
LIABILITIES:					
Current liabilities:	16,567	17,418	19,256	21,317	24,268
Account payables	1,042	1,259	1,339	1,420	1,521
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	5,518	5,445	5,829	6,555	7,729
Others current liabilities	10,007	10,714	12,088	13,342	15,017
Total LT debt	**57,514**	**51,153**	**54,762**	**61,577**	**72,612**
Others LT liabilities	4,241	3,645	4,126	4,547	5,122
Total liabilities	**78,322**	**72,217**	**78,144**	**87,441**	**102,001**
Minority interest	145	152	159	166	175
Preferreds shares	0	0	0	0	0
Paid-up capital	14,286	14,286	14,286	14,286	14,286
Share premium	12,568	12,568	12,568	12,568	12,568
Warrants	0	0	0	0	0
Surplus	165	320	320	320	320
Retained earnings	**45,113**	**50,470**	**57,607**	**63,903**	**71,890**
Shareholders' equity	72,132	77,643	84,780	91,076	99,063
Liabilities & equity	**150,599**	**150,012**	**163,083**	**178,683**	**201,240**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Sep (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	5,321	10,050	12,194	14,013	16,825
Tax paid	(1,262)	(3,494)	(3,658)	(3,503)	(4,206)
Depreciation & amortization	7,866	4,669	4,840	5,021	5,267
Chg In working capital	1,867	112	(153)	(124)	(177)
Chg In other CA & CL / minorities	591	(69)	721	358	(183)
Cash flow from operations	**14,383**	**11,268**	**13,945**	**15,764**	**17,526**
Capex	(7,276)	(3,317)	(14,542)	(17,667)	(23,791)
ST loans & investments	(3,165)	(6,745)	0	0	0
LT loans & investments	(893)	2,586	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,948)	1,881	(2,004)	(1,432)	(1,321)
Cash flow from investments	**(13,283)**	**(5,596)**	**(16,546)**	**(19,099)**	**(25,112)**
Debt financing	300	(6,210)	5,993	7,541	12,209
Capital increase	0	0	0	0	0
Dividends paid	(786)	(1,143)	(3,391)	(4,206)	(4,622)
Warrants & other surplus	1,046	155	0	0	0
Cash flow from financing	**560**	**(7,199)**	**2,601**	**3,335**	**7,587**
Free cash flow	**7,106**	**7,950**	**(597)**	**(1,903)**	**(6,265)**

VALUATION

FY ending Sep	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	39.2	24.5	18.8	15.3	12.7
Normalized PE - at target price (x)	52.2	32.7	25.1	20.4	17.0
PE (x)	72.6	24.7	15.3	15.3	12.7
PE - at target price (x)	96.8	33.0	20.4	20.4	17.0
EV/EBITDA (x)	14.7	13.8	12.2	11.2	10.2
EV/EBITDA - at target price (x)	18.3	17.3	15.2	13.8	12.5
P/BV (x)	2.2	2.1	1.9	1.8	1.6
P/BV - at target price (x)	3.0	2.8	2.5	2.4	2.2
P/CFO (x)	11.2	14.3	11.5	10.2	9.2
Price/sales (x)	5.6	5.3	4.7	4.2	3.8
Dividend yield (%)	0.7	1.6	2.6	2.6	3.1
FCF Yield (%)	4.4	4.9	(0.4)	(1.2)	(3.9)
(Bt)					
Normalized EPS	2.9	4.6	6.0	7.4	8.8
EPS	1.6	4.5	7.4	7.4	8.8
DPS	0.8	1.8	2.9	2.9	3.5
BV/share	50.5	54.4	59.3	63.8	69.3
CFO/share	10.1	7.9	9.8	11.0	12.3
FCF/share	5.0	5.6	(0.4)	(1.3)	(4.4)

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Sep	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	19.2	6.4	13.2	10.2	12.6
Net profit (%)	8.6	193.5	62.0	(0.3)	20.1
EPS (%)	8.6	193.5	62.0	(0.3)	20.1
Normalized profit (%)	120.2	59.6	30.2	23.1	20.1
Normalized EPS (%)	120.2	59.6	30.2	23.1	20.1
Dividend payout ratio (%)	51.6	39.6	40.0	40.0	40.0
Operating performance					
Gross margin (%)	45.6	57.7	60.2	61.7	63.6
Operating margin (%)	24.3	35.4	37.7	39.7	42.1
EBITDA margin (%)	51.8	50.7	51.8	53.0	54.4
Net margin (%)	14.2	21.5	24.8	27.7	29.5
D/E (incl. minor) (x)	0.9	0.7	0.7	0.7	0.8
Net D/E (incl. minor) (x)	0.8	0.7	0.7	0.7	0.8
Interest coverage - EBIT (x)	3.1	5.2	6.7	7.3	9.0
Interest coverage - EBITDA (x)	6.7	7.5	9.1	9.8	11.6
ROA - using norm profit (%)	2.8	4.4	5.4	6.1	6.6
ROE - using norm profit (%)	5.8	8.7	10.5	11.9	13.3
DuPont					
ROE - using after tax profit (%)	5.7	8.8	10.5	12.0	13.3
- asset turnover (x)	0.2	0.2	0.2	0.2	0.2
- operating margin (%)	26.3	39.7	41.0	42.3	44.0
- leverage (x)	2.1	2.0	1.9	1.9	2.0
- interest burden (%)	70.5	83.0	86.2	87.2	89.4
- tax burden (%)	76.3	65.2	70.0	75.0	75.0
WACC (%)	8.0	8.0	8.0	8.0	8.0
ROIC (%)	4.2	5.4	7.0	8.0	8.7
NOPAT (Bt m)	5,320	7,032	9,108	11,330	13,520

Sources: Company data, Thanachart estimates

Bangkok Dusit Medical Services Pcl (BGH TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	35,224	44,307	50,962	58,211	66,138
Cost of sales	23,675	29,239	33,547	38,190	43,199
Gross profit	**11,549**	**15,069**	**17,414**	**20,021**	**22,939**
% gross margin	32.8%	34.0%	34.2%	34.4%	34.7%
Selling & administration expenses	7,224	8,969	10,184	11,548	13,007
Operating profit	**4,325**	**6,100**	**7,230**	**8,473**	**9,932**
% operating margin	12.3%	13.8%	14.2%	14.6%	15.0%
Depreciation & amortization	2,707	2,951	3,267	3,586	3,893
EBITDA	**7,032**	**9,050**	**10,497**	**12,059**	**13,825**
% EBITDA margin	20.0%	20.4%	20.6%	20.7%	20.9%
Non-operating income	1,668	1,760	2,051	2,262	2,536
Non-operating expenses	0	0	0	0	0
Interest expense	(770)	(849)	(998)	(873)	(801)
Pre-tax profit	**5,222**	**7,010**	**8,283**	**9,862**	**11,666**
Income tax	1,456	1,521	1,532	1,874	2,275
After-tax profit	**3,766**	**5,490**	**6,751**	**7,989**	**9,391**
% net margin	10.7%	12.4%	13.2%	13.7%	14.2%
Shares in affiliates' Earnings	382	685	975	1,119	1,296
Minority interests	(241)	(315)	(363)	(414)	(471)
Extraordinary items	479	2,078	0	0	0
NET PROFIT	**4,386**	**7,937**	**7,363**	**8,694**	**10,216**
Normalized profit	**3,907**	**5,859**	**7,363**	**8,694**	**10,216**
EPS (Bt)	3.1	5.1	4.8	5.6	6.6
Normalized EPS (Bt)	2.7	3.8	4.8	5.6	6.6

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	8,877	9,086	7,992	8,576	9,168
Cash & cash equivalent	3,876	3,590	1,500	1,500	1,500
Account receivables	3,377	4,287	4,887	5,422	5,980
Inventories	1,038	780	919	942	947
Others	586	429	686	712	741
Investments & loans	7,865	13,360	13,360	13,360	13,360
Net fixed assets	29,430	33,152	36,133	38,347	40,254
Other assets	12,620	12,863	14,795	16,900	19,201
Total assets	**58,792**	**68,461**	**72,280**	**77,183**	**81,982**
LIABILITIES:					
Current liabilities:	7,578	11,373	10,001	10,878	11,875
Account payables	3,391	3,614	4,136	4,708	5,326
Bank overdraft & ST loans	231	1,225	850	735	579
Current LT debt	963	2,982	808	699	550
Others current liabilities	2,993	3,551	4,208	4,736	5,421
Total LT debt	**15,598**	**15,708**	**15,344**	**13,273**	**10,443**
Others LT liabilities	2,198	2,553	2,936	3,354	3,811
Total liabilities	**25,375**	**29,634**	**28,282**	**27,506**	**26,128**
Minority interest	1,422	1,532	1,894	2,308	2,779
Preferreds shares	0	0	0	0	0
Paid-up capital	1,545	1,545	1,545	1,545	1,545
Share premium	20,022	20,022	20,022	20,022	20,022
Warrants	0	0	0	0	0
Surplus	1,268	476	476	476	476
Retained earnings	**9,159**	**15,252**	**20,060**	**25,325**	**31,032**
Shareholders' equity	31,995	37,296	42,104	47,369	53,075
Liabilities & equity	**58,792**	**68,461**	**72,280**	**77,183**	**81,982**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	5,222	7,010	8,283	9,862	11,666
Tax paid	(1,084)	(1,640)	(1,265)	(1,850)	(2,096)
Depreciation & amortization	2,707	2,951	3,267	3,586	3,893
Chg In working capital	(621)	(429)	(217)	14	55
Chg In other CA & CL / minorities	797	1,116	1,287	1,552	1,772
Cash flow from operations	**7,021**	**9,008**	**11,355**	**13,164**	**15,291**
Capex	(13,279)	(6,672)	(6,248)	(5,800)	(5,800)
ST loans & investments	1,275	197	(232)	0	0
LT loans & investments	(3,954)	(5,495)	0	0	0
Adj for asset revaluation	(838)	(793)	0	0	0
Chg In other assets & liabilities	(7,693)	2,189	(1,496)	(1,641)	(1,845)
Cash flow from investments	**(24,489)**	**(10,574)**	**(7,976)**	**(7,441)**	**(7,645)**
Debt financing	6,041	3,124	(2,914)	(2,294)	(3,137)
Capital increase	13,333	0	(0)	0	0
Dividends paid	(990)	(1,700)	(2,554)	(3,429)	(4,510)
Warrants & other surplus	470	(144)	0	0	0
Cash flow from financing	**18,854**	**1,280**	**(5,468)**	**(5,723)**	**(7,647)**
Free cash flow	**(6,258)**	**2,336**	**5,107**	**7,364**	**9,491**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	56.6	40.6	32.3	27.4	23.3
Normalized PE - at target price (x)	65.0	46.7	37.2	31.5	26.8
PE (x)	50.4	30.0	32.3	27.4	23.3
PE - at target price (x)	57.9	34.5	37.2	31.5	26.8
EV/EBITDA (x)	33.3	28.1	24.1	20.8	17.9
EV/EBITDA - at target price (x)	37.9	32.0	27.5	23.8	20.5
P/BV (x)	7.4	6.4	5.7	5.0	4.5
P/BV - at target price (x)	8.5	7.3	6.5	5.8	5.2
P/CFO (x)	31.5	26.4	21.0	18.1	15.6
Price/sales (x)	6.8	5.4	4.7	4.1	3.6
Dividend yield (%)	0.8	0.9	1.2	1.6	2.1
FCF Yield (%)	(2.8)	1.0	2.1	3.1	4.0
(Bt)					
Normalized EPS	2.7	3.8	4.8	5.6	6.6
EPS	3.1	5.1	4.8	5.6	6.6
DPS	1.2	1.4	1.9	2.5	3.3
BV/share	20.7	24.1	27.2	30.7	34.3
CFO/share	4.9	5.8	7.3	8.5	9.9
FCF/share	(4.4)	1.5	3.3	4.8	6.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	49.8	25.8	15.0	14.2	13.6
Net profit (%)	91.1	81.0	(7.2)	18.1	17.5
EPS (%)	63.9	68.0	(7.2)	18.1	17.5
Normalized profit (%)	70.2	50.0	25.7	18.1	17.5
Normalized EPS (%)	46.0	39.2	25.7	18.1	17.5
Dividend payout ratio (%)	41.8	27.3	40.0	45.0	50.0
Operating performance					
Gross margin (%)	32.8	34.0	34.2	34.4	34.7
Operating margin (%)	12.3	13.8	14.2	14.6	15.0
EBITDA margin (%)	20.0	20.4	20.6	20.7	20.9
Net margin (%)	10.7	12.4	13.2	13.7	14.2
D/E (incl. minor) (x)	0.5	0.5	0.4	0.3	0.2
Net D/E (incl. minor) (x)	0.4	0.4	0.4	0.3	0.2
Interest coverage - EBIT (x)	5.6	7.2	7.2	9.7	12.4
Interest coverage - EBITDA (x)	9.1	10.7	10.5	13.8	17.2
ROA - using norm profit (%)	8.6	9.2	10.5	11.6	12.8
ROE - using norm profit (%)	16.4	16.9	18.5	19.4	20.3
DuPont					
ROE - using after tax profit (%)	15.8	15.8	17.0	17.9	18.7
- asset turnover (x)	0.8	0.7	0.7	0.8	0.8
- operating margin (%)	17.0	17.7	18.2	18.4	18.9
- leverage (x)	1.9	1.8	1.8	1.7	1.6
- interest burden (%)	87.1	89.2	89.2	91.9	93.6
- tax burden (%)	72.1	78.3	81.5	81.0	80.5
WACC (%)	8.1	8.1	8.1	8.1	8.1
ROIC (%)	13.1	10.6	11.0	11.9	13.2
NOPAT (Bt m)	3,119	4,777	5,893	6,863	7,995

Sources: Company data, Thanachart estimates

BTS Group Holdings Pcl (BTS TB)

INCOME STATEMENT

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	5,892	7,976	9,712	5,707	6,581
Cost of sales	3,357	4,020	4,440	2,624	3,017
Gross profit	**2,535**	**3,956**	**5,271**	**3,083**	**3,564**
% gross margin	43.0%	49.6%	54.3%	54.0%	54.2%
Selling & administration expenses	1,283	1,389	1,544	885	1,020
Operating profit	**1,252**	**2,567**	**3,727**	**2,198**	**2,544**
% operating margin	21.2%	32.2%	38.4%	38.5%	38.7%
Depreciation & amortization	1,187	1,503	1,553	561	416
EBITDA	**2,439**	**4,070**	**5,280**	**2,759**	**2,960**
% EBITDA margin	41.4%	51.0%	54.4%	48.4%	45.0%
Non-operating income	180	122	130	2,426	2,572
Non-operating expenses	0	0	0	0	0
Interest expense	(1,602)	(1,432)	(1,558)	(1,210)	(1,188)
Pre-tax profit	**(170)**	**1,257**	**2,299**	**3,415**	**3,929**
Income tax	106	173	345	410	491
After-tax profit	**(276)**	**1,085**	**1,954**	**3,005**	**3,438**
% net margin	-4.7%	13.6%	20.1%	52.7%	52.2%
Shares in affiliates' Earnings	1	(2)	0	0	0
Minority interests	(58)	(130)	(293)	(420)	(502)
Extraordinary items	585	1,153	2,556	18,000	0
NET PROFIT	**252**	**2,106**	**4,218**	**20,585**	**2,936**
Normalized profit	**(333)**	**952**	**1,662**	**2,585**	**2,936**
EPS (Bt)	0.0	0.2	0.4	1.7	0.2
Normalized EPS (Bt)	(0.0)	0.1	0.1	0.2	0.2

BALANCE SHEET

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	6,024	7,868	9,511	40,426	41,097
Cash & cash equivalent	1,825	1,333	2,000	36,000	36,000
Account receivables	608	1,107	1,330	782	902
Inventories	2,855	3,349	3,650	2,157	2,480
Others	735	2,079	2,531	1,487	1,715
Investments & loans	151	156	156	20,156	20,156
Net fixed assets	54,911	56,321	56,523	13,962	14,046
Other assets	2,615	2,545	3,098	1,821	2,100
Total assets	**63,703**	**66,889**	**69,288**	**76,365**	**77,398**
LIABILITIES:					
Current liabilities:	3,662	8,338	4,695	2,840	3,536
Account payables	1,170	1,452	1,581	935	1,075
Bank overdraft & ST loans	500	1,942	784	533	731
Current LT debt	897	3,825	745	507	694
Others current liabilities	1,094	1,120	1,584	866	1,036
Total LT debt	**22,055**	**21,026**	**14,160**	**9,628**	**13,195**
Others LT liabilities	476	592	721	424	489
Total liabilities	**26,193**	**29,957**	**19,576**	**12,892**	**17,220**
Minority interest	2,734	1,642	1,935	2,355	2,857
Preferreds shares	0	0	0	0	0
Paid-up capital	35,769	36,600	47,629	47,629	47,629
Share premium	0	351	652	652	652
Warrants	0	0	0	0	0
Surplus	482	371	371	371	371
Retained earnings	**(1,476)**	**(2,033)**	**(875)**	**12,465**	**8,668**
Shareholders' equity	34,775	35,290	47,777	61,117	57,321
Liabilities & equity	**63,703**	**66,889**	**69,288**	**76,365**	**77,398**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	(170)	1,257	2,299	3,415	3,929
Tax paid	(106)	(173)	(345)	(410)	(491)
Depreciation & amortization	1,187	1,503	1,553	561	416
Chg In working capital	(981)	(710)	(395)	1,395	(303)
Chg In other CA & CL / minorities	4,320	(1,775)	12	326	(58)
Cash flow from operations	**4,251**	**103**	**3,124**	**5,287**	**3,493**
Capex	(51,117)	(2,913)	(1,756)	42,000	(500)
ST loans & investments	7	0	0	0	0
LT loans & investments	96	(4)	0	(20,000)	0
Adj for asset revaluation	(2,039)	0	0	0	0
Chg In other assets & liabilities	(2,666)	536	2,131	18,980	(214)
Cash flow from investments	**(55,719)**	**(2,381)**	**375**	**40,980**	**(714)**
Debt financing	21,258	3,377	(11,103)	(5,022)	3,953
Capital increase	28,890	1,182	11,330	0	0
Dividends paid	(718)	(2,647)	(3,060)	(7,245)	(6,732)
Warrants & other surplus	3,549	(126)	0	0	0
Cash flow from financing	**52,979**	**1,786**	**(2,833)**	**(12,267)**	**(2,779)**
Free cash flow	**(46,866)**	**(2,810)**	**1,368**	**47,287**	**2,993**

VALUATION

FY ending Mar	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	na	102.0	60.4	40.5	35.7
Normalized PE - at target price (x)	na	107.8	63.9	42.8	37.7
PE (x)	262.0	46.2	23.8	5.1	35.7
PE - at target price (x)	276.8	48.8	25.2	5.4	37.7
EV/EBITDA (x)	36.0	30.1	21.6	28.8	28.2
EV/EBITDA - at target price (x)	37.5	31.5	22.7	30.9	30.2
P/BV (x)	2.8	2.8	2.2	1.7	1.8
P/BV - at target price (x)	2.9	2.9	2.3	1.8	1.9
P/CFO (x)	15.5	943.3	32.1	19.8	30.0
Price/sales (x)	17.0	12.6	10.3	17.6	15.2
Dividend yield (%)	2.1	2.8	3.2	10.6	2.2
FCF Yield (%)	(70.9)	(2.9)	1.4	45.1	2.9
(Bt)					
Normalized EPS	(0.0)	0.1	0.1	0.2	0.2
EPS	0.0	0.2	0.4	1.7	0.2
DPS	0.2	0.2	0.3	0.9	0.2
BV/share	3.2	3.2	4.0	5.1	4.8
CFO/share	0.6	0.0	0.3	0.4	0.3
FCF/share	(6.2)	(0.3)	0.1	4.0	0.3

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Mar	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	455.6	35.4	21.8	(41.2)	15.3
Net profit (%)	12.2	734.8	100.3	388.1	(85.7)
EPS (%)	(74.0)	467.6	93.8	367.8	(85.7)
Normalized profit (%)	na	na	74.5	55.6	13.6
Normalized EPS (%)	na	na	68.8	49.1	13.6
Dividend payout ratio (%)	786.6	130.4	80.0	54.0	80.0
Operating performance					
Gross margin (%)	43.0	49.6	54.3	54.0	54.2
Operating margin (%)	21.2	32.2	38.4	38.5	38.7
EBITDA margin (%)	41.4	51.0	54.4	48.4	45.0
Net margin (%)	(4.7)	13.6	20.1	52.7	52.2
D/E (incl. minor) (x)	0.6	0.7	0.3	0.2	0.2
Net D/E (incl. minor) (x)	0.6	0.7	0.3	(0.4)	(0.4)
Interest coverage - EBIT (x)	0.8	1.8	2.4	1.8	2.1
Interest coverage - EBITDA (x)	1.5	2.8	3.4	2.3	2.5
ROA - using norm profit (%)	na	1.5	2.4	3.5	3.8
ROE - using norm profit (%)	na	2.7	4.0	4.7	5.0
DuPont					
ROE - using after tax profit (%)	na	3.1	4.7	5.5	5.8
- asset turnover (x)	0.2	0.1	0.1	0.1	0.1
- operating margin (%)	na	33.7	39.7	81.0	77.7
- leverage (x)	1.8	1.9	1.6	1.3	1.3
- interest burden (%)	(11.8)	46.8	59.6	73.8	76.8
- tax burden (%)	na	86.3	85.0	88.0	87.5
WACC (%)	9.0	9.0	9.0	9.0	9.0
ROIC (%)	18.5	3.9	5.2	3.1	6.2
NOPAT (Bt m)	1,252	2,215	3,168	1,935	2,226

Sources: Company data, Thanachart estimates

CP All Pcl (CPALL TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	161,223	197,045	228,382	260,062	292,050
Cost of sales	116,863	140,091	161,222	182,539	203,816
Gross profit	**44,360**	**56,953**	**67,159**	**77,523**	**88,235**
% gross margin	27.5%	28.9%	29.4%	29.8%	30.2%
Selling & administration expenses	34,032	43,736	51,080	57,090	63,686
Operating profit	**10,328**	**13,217**	**16,079**	**20,433**	**24,549**
% operating margin	6.4%	6.7%	7.0%	7.9%	8.4%
Depreciation & amortization	3,123	3,173	3,510	3,910	4,279
EBITDA	**13,451**	**16,390**	**19,589**	**24,343**	**28,828**
% EBITDA margin	8.3%	8.3%	8.6%	9.4%	9.9%
Non-operating income	451	732	824	863	1,132
Non-operating expenses	0	0	0	0	0
Interest expense	(0)	(0)	114	231	232
Pre-tax profit	**10,778**	**13,950**	**17,017**	**21,527**	**25,913**
Income tax	2,981	2,931	3,233	4,090	4,924
After-tax profit	**7,797**	**11,019**	**13,784**	**17,437**	**20,990**
% net margin	4.8%	5.6%	6.0%	6.7%	7.2%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(6)	(34)	(3)	(3)	(4)
Extraordinary items	216	39	0	0	0
NET PROFIT	**8,008**	**11,023**	**13,781**	**17,434**	**20,986**
Normalized profit	**7,791**	**10,985**	**13,781**	**17,434**	**20,986**
EPS (Bt)	0.9	1.2	1.5	1.9	2.3
Normalized EPS (Bt)	0.9	1.2	1.5	1.9	2.3

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	36,404	48,854	46,341	55,645	64,219
Cash & cash equivalent	14,202	23,085	17,938	25,035	31,396
Account receivables	477	541	627	714	802
Inventories	8,642	9,148	11,043	12,503	13,960
Others	13,083	16,080	16,733	17,394	18,061
Investments & loans	1,759	2,215	2,215	2,215	2,215
Net fixed assets	14,994	18,094	20,884	22,574	23,495
Other assets	2,184	2,635	3,054	3,478	3,905
Total assets	**55,341**	**71,798**	**72,495**	**83,912**	**93,834**
LIABILITIES:					
Current liabilities:	30,479	41,025	37,780	43,692	48,057
Account payables	24,393	32,580	33,128	37,508	40,763
Bank overdraft & ST loans	2	0	(4,551)	(4,628)	(4,662)
Current LT debt	0	0	0	0	0
Others current liabilities	6,084	8,445	9,203	10,813	11,956
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	2,405	2,833	3,283	3,739	4,199
Total liabilities	**33,642**	**44,812**	**41,063**	**47,431**	**52,256**
Minority interest	208	242	245	249	252
Preferreds shares	0	0	0	0	0
Paid-up capital	4,493	8,983	8,986	8,986	8,986
Share premium	1,684	1,684	1,684	1,684	1,684
Warrants	0	0	0	0	0
Surplus	(361)	(512)	(400)	(400)	(400)
Retained earnings	**15,675**	**16,588**	**20,915**	**25,962**	**31,056**
Shareholders' equity	21,491	26,744	31,186	36,233	41,326
Liabilities & equity	**55,341**	**71,798**	**72,495**	**83,912**	**93,834**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	10,778	13,950	17,017	21,527	25,913
Tax paid	(2,934)	(2,864)	(2,934)	(3,943)	(4,686)
Depreciation & amortization	3,123	3,173	3,510	3,910	4,279
Chg In working capital	653	7,616	(1,432)	2,833	1,710
Chg In other CA & CL / minorities	660	1,375	(195)	802	238
Cash flow from operations	**12,280**	**23,250**	**15,966**	**25,129**	**27,455**
Capex	(3,592)	(6,273)	(6,300)	(5,600)	(5,200)
ST loans & investments	(5,458)	(2,077)	0	0	0
LT loans & investments	(1,068)	(456)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	378	174	(923)	32	32
Cash flow from investments	**(9,739)**	**(8,633)**	**(7,223)**	**(5,568)**	**(5,168)**
Debt financing	218	36	(4,551)	(78)	(33)
Capital increase	0	4,490	3	0	0
Dividends paid	(4,490)	(5,612)	(9,212)	(12,141)	(15,893)
Warrants & other surplus	1,491	(4,648)	(130)	(245)	0
Cash flow from financing	**(2,780)**	**(5,734)**	**(13,889)**	**(12,464)**	**(15,926)**
Free cash flow	**8,688**	**16,977**	**9,666**	**19,529**	**22,255**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	51.6	36.7	29.3	23.2	19.3
Normalized PE - at target price (x)	68.8	49.0	39.1	30.9	25.7
PE (x)	50.2	36.6	29.3	23.2	19.3
PE - at target price (x)	66.9	48.8	39.1	30.9	25.7
EV/EBITDA (x)	28.8	23.2	18.9	14.9	12.4
EV/EBITDA - at target price (x)	38.8	31.4	25.8	20.4	17.0
P/BV (x)	18.7	15.1	13.0	11.2	9.8
P/BV - at target price (x)	24.9	20.2	17.3	14.9	13.0
P/CFO (x)	32.7	17.4	25.3	16.1	14.7
Price/sales (x)	2.5	2.1	1.8	1.6	1.4
Dividend yield (%)	1.4	2.0	2.6	3.4	4.4
FCF Yield (%)	2.2	4.2	2.4	4.8	5.5
(Bt)					
Normalized EPS	0.9	1.2	1.5	1.9	2.3
EPS	0.9	1.2	1.5	1.9	2.3
DPS	0.6	0.9	1.2	1.6	2.0
BV/share	2.4	3.0	3.5	4.0	4.6
CFO/share	1.4	2.6	1.8	2.8	3.1
FCF/share	1.0	1.9	1.1	2.2	2.5

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	14.8	22.2	15.9	13.9	12.3
Net profit (%)	20.2	37.7	25.0	26.5	20.4
EPS (%)	20.2	37.1	24.7	26.5	20.4
Normalized profit (%)	15.1	41.0	25.5	26.5	20.4
Normalized EPS (%)	15.1	40.4	25.2	26.5	20.4
Dividend payout ratio (%)	70.1	73.4	75.0	80.0	85.0
Operating performance					
Gross margin (%)	27.5	28.9	29.4	29.8	30.2
Operating margin (%)	6.4	6.7	7.0	7.9	8.4
EBITDA margin (%)	8.3	8.3	8.6	9.4	9.9
Net margin (%)	4.8	5.6	6.0	6.7	7.2
D/E (incl. minor) (x)	0.0	0.0	(0.1)	(0.1)	(0.1)
Net D/E (incl. minor) (x)	(0.7)	(0.9)	(1.1)	(1.1)	(1.2)
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	15.1	17.3	19.1	22.3	23.6
ROE - using norm profit (%)	39.7	45.5	47.6	51.7	54.1
DuPont					
ROE - using after tax profit (%)	39.7	45.7	47.6	51.7	54.1
- asset turnover (x)	3.1	3.1	3.2	3.3	3.3
- operating margin (%)	6.7	7.1	7.4	8.2	8.8
- leverage (x)	2.6	2.6	2.5	2.3	2.3
- interest burden (%)	100.0	100.0	100.7	101.1	100.9
- tax burden (%)	72.3	79.0	81.0	81.0	81.0
WACC (%)	10.3	10.3	10.3	10.3	10.3
ROIC (%)	366.2	143.2	356.0	(505.6)	(368.2)
NOPAT (Bt m)	7,471	10,440	13,024	16,550	19,885

Sources: Company data, Thanachart estimates

Dynasty Ceramic Pcl (DCC TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	7,207	7,603	8,749	9,643	10,416
Cost of sales	4,143	4,625	5,171	5,556	5,833
Gross profit	**3,064**	**2,978**	**3,577**	**4,087**	**4,583**
% gross margin	42.5%	39.2%	40.9%	42.4%	44.0%
Selling & administration expenses	1,277	1,349	1,575	1,687	1,823
Operating profit	**1,786**	**1,629**	**2,003**	**2,400**	**2,760**
% operating margin	24.8%	21.4%	22.9%	24.9%	26.5%
Depreciation & amortization	196	183	141	147	153
EBITDA	**1,982**	**1,812**	**2,144**	**2,547**	**2,913**
% EBITDA margin	27.5%	23.8%	24.5%	26.4%	28.0%
Non-operating income	20	35	26	29	31
Non-operating expenses	0	0	0	0	0
Interest expense	(4)	(16)	(40)	(42)	(47)
Pre-tax profit	**1,803**	**1,648**	**1,989**	**2,386**	**2,745**
Income tax	555	388	408	489	563
After-tax profit	**1,248**	**1,260**	**1,581**	**1,897**	**2,182**
% net margin	17.3%	16.6%	18.1%	19.7%	20.9%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(5)	(4)	(5)	(6)	(6)
Extraordinary items	0	0	0	0	0
NET PROFIT	**1,243**	**1,255**	**1,576**	**1,891**	**2,176**
Normalized profit	**1,243**	**1,255**	**1,576**	**1,891**	**2,176**
EPS (Bt)	3.0	3.1	3.9	4.6	5.3
Normalized EPS (Bt)	3.0	3.1	3.9	4.6	5.3

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	1,623	1,911	1,998	2,145	2,254
Cash & cash equivalent	190	189	100	100	100
Account receivables	131	137	157	173	187
Inventories	1,266	1,550	1,700	1,827	1,918
Others	35	36	41	45	49
Investments & loans	0	0	0	0	0
Net fixed assets	2,514	2,701	2,860	3,013	3,110
Other assets	151	147	169	187	202
Total assets	**4,288**	**4,759**	**5,028**	**5,345**	**5,566**
LIABILITIES:					
Current liabilities:	1,481	1,887	1,986	2,122	2,179
Account payables	607	621	708	761	799
Bank overdraft & ST loans	400	840	745	797	759
Current LT debt	0	0	0	0	0
Others current liabilities	473	426	532	563	621
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	0	0	0	0	0
Total liabilities	**1,624**	**2,057**	**2,161**	**2,315**	**2,387**
Minority interest	41	45	51	56	62
Preferreds shares	0	0	0	0	0
Paid-up capital	408	408	408	408	408
Share premium	506	506	506	506	506
Warrants	0	0	0	0	0
Surplus	0	(10)	(10)	(10)	(10)
Retained earnings	**1,709**	**1,753**	**1,912**	**2,070**	**2,212**
Shareholders' equity	2,623	2,656	2,816	2,974	3,116
Liabilities & equity	**4,288**	**4,759**	**5,028**	**5,345**	**5,566**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	1,803	1,648	1,989	2,386	2,745
Tax paid	(531)	(466)	(328)	(491)	(526)
Depreciation & amortization	196	183	141	147	153
Chg In working capital	(8)	(275)	(84)	(90)	(67)
Chg In other CA & CL / minorities	(10)	3	21	29	18
Cash flow from operations	**1,450**	**1,093**	**1,740**	**1,981**	**2,321**
Capex	(604)	(370)	(300)	(300)	(250)
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	93	57	(17)	1	0
Cash flow from investments	**(511)**	**(313)**	**(317)**	**(299)**	**(250)**
Debt financing	400	440	(95)	52	(38)
Capital increase	0	0	0	0	0
Dividends paid	0	0	(1,416)	(1,734)	(2,034)
Warrants & other surplus	(1,309)	(1,222)	0	0	0
Cash flow from financing	**(909)**	**(782)**	**(1,511)**	**(1,682)**	**(2,072)**
Free cash flow	**846**	**723**	**1,440**	**1,681**	**2,071**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	20.3	20.1	16.0	13.3	11.6
Normalized PE - at target price (x)	28.9	28.6	22.8	19.0	16.5
PE (x)	20.3	20.1	16.0	13.3	11.6
PE - at target price (x)	28.9	28.6	22.8	19.0	16.5
EV/EBITDA (x)	12.8	14.3	12.1	10.2	8.9
EV/EBITDA - at target price (x)	18.2	20.2	17.0	14.4	12.6
P/BV (x)	9.6	9.5	8.9	8.5	8.1
P/BV - at target price (x)	13.7	13.5	12.7	12.1	11.5
P/CFO (x)	17.4	23.0	14.5	12.7	10.9
Price/sales (x)	3.5	3.3	2.9	2.6	2.4
Dividend yield (%)	4.9	5.0	6.3	7.5	8.6
FCF Yield (%)	3.4	2.9	5.7	6.7	8.2
(Bt)					
Normalized EPS	3.0	3.1	3.9	4.6	5.3
EPS	3.0	3.1	3.9	4.6	5.3
DPS	3.1	3.1	3.9	4.6	5.3
BV/share	6.4	6.5	6.9	7.3	7.6
CFO/share	3.6	2.7	4.3	4.9	5.7
FCF/share	2.1	1.8	3.5	4.1	5.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	11.6	5.5	15.1	10.2	8.0
Net profit (%)	5.8	1.0	25.6	20.0	15.0
EPS (%)	5.8	1.0	25.6	20.0	15.0
Normalized profit (%)	5.8	1.0	25.6	20.0	15.0
Normalized EPS (%)	5.8	1.0	25.6	20.0	15.0
Dividend payout ratio (%)	100.1	100.1	100.0	100.0	100.0
Operating performance					
Gross margin (%)	42.5	39.2	40.9	42.4	44.0
Operating margin (%)	24.8	21.4	22.9	24.9	26.5
EBITDA margin (%)	27.5	23.8	24.5	26.4	28.0
Net margin (%)	17.3	16.6	18.1	19.7	20.9
D/E (incl. minor) (x)	0.2	0.3	0.3	0.3	0.2
Net D/E (incl. minor) (x)	0.1	0.2	0.2	0.2	0.2
Interest coverage - EBIT (x)	na	103.1	50.5	56.6	59.1
Interest coverage - EBITDA (x)	na	114.7	54.1	60.0	62.4
ROA - using norm profit (%)	31.1	27.8	32.2	36.5	39.9
ROE - using norm profit (%)	46.8	47.6	57.6	65.3	71.5
DuPont					
ROE - using after tax profit (%)	47.0	47.7	57.8	65.5	71.7
- asset turnover (x)	1.8	1.7	1.8	1.9	1.9
- operating margin (%)	25.1	21.9	23.2	25.2	26.8
- leverage (x)	1.5	1.7	1.8	1.8	1.8
- interest burden (%)	99.8	99.1	98.0	98.3	98.3
- tax burden (%)	69.2	76.4	79.5	79.5	79.5
WACC (%)	9.4	9.4	9.4	9.4	9.4
ROIC (%)	48.9	44.0	48.1	55.1	59.8
NOPAT (Bt m)	1,237	1,245	1,592	1,908	2,194

Sources: Company data, Thanachart estimates

Gunkul Engineering Pcl (GUNKUL TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	2,652	4,306	5,379	5,847	9,366
Cost of sales	2,006	3,236	4,533	4,870	6,728
Gross profit	**645**	**1,070**	**847**	**976**	**2,638**
% gross margin	24.3%	24.8%	15.7%	16.7%	28.2%
Selling & administration expenses	287	378	402	416	579
Operating profit	**358**	**692**	**445**	**560**	**2,059**
% operating margin	13.5%	16.1%	8.3%	9.6%	22.0%
Depreciation & amortization	33	48	16	66	411
EBITDA	**391**	**740**	**461**	**627**	**2,471**
% EBITDA margin	14.7%	17.2%	8.6%	10.7%	26.4%
Non-operating income	17	29	251	261	286
Non-operating expenses	0	0	0	0	0
Interest expense	(57)	(104)	(50)	(86)	(485)
Pre-tax profit	**318**	**617**	**646**	**736**	**1,861**
Income tax	164	132	156	83	99
After-tax profit	**154**	**485**	**490**	**653**	**1,761**
% net margin	5.8%	11.3%	9.1%	11.2%	18.8%
Shares in affiliates' Earnings	0	(49)	134	140	145
Minority interests	0	10	(2)	(7)	(118)
Extraordinary items	(64)	334	270	0	0
NET PROFIT	**90**	**780**	**893**	**785**	**1,789**
Normalized profit	**154**	**446**	**623**	**785**	**1,789**
EPS (Bt)	0.2	1.8	2.0	1.8	4.1
Normalized EPS (Bt)	0.3	1.0	1.4	1.8	4.1

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	1,717	2,547	4,186	3,118	4,637
Cash & cash equivalent	315	582	1,585	300	300
Account receivables	622	837	1,032	1,121	1,796
Inventories	533	468	745	801	1,106
Others	247	660	824	896	1,435
Investments & loans	0	353	353	353	353
Net fixed assets	3,243	2,764	5,522	10,475	17,171
Other assets	580	1,295	1,618	1,759	2,817
Total assets	**5,540**	**6,958**	**11,679**	**15,704**	**24,978**
LIABILITIES:					
Current liabilities:	3,440	3,181	5,152	5,099	7,712
Account payables	439	838	1,180	1,268	1,751
Bank overdraft & ST loans	2,572	1,686	3,056	2,548	3,386
Current LT debt	91	127	243	558	1,408
Others current liabilities	338	530	673	725	1,167
Total LT debt	**897**	**1,364**	**3,493**	**7,085**	**12,134**
Others LT liabilities	20	269	336	366	586
Total liabilities	**4,356**	**4,814**	**8,981**	**12,549**	**20,432**
Minority interest	0	221	223	230	348
Preferreds shares	0	0	0	0	0
Paid-up capital	400	440	440	440	440
Share premium	519	519	519	519	519
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	**265**	**964**	**1,516**	**1,965**	**3,239**
Shareholders' equity	1,184	1,923	2,474	2,924	4,198
Liabilities & equity	**5,540**	**6,958**	**11,679**	**15,704**	**24,978**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	318	617	646	736	1,861
Tax paid	(148)	(72)	(144)	(63)	(19)
Depreciation & amortization	33	48	16	66	411
Chg In working capital	(146)	248	(130)	(57)	(497)
Chg In other CA & CL / minorities	(81)	(99)	89	100	(118)
Cash flow from operations	**(24)**	**742**	**478**	**782**	**1,638**
Capex	(2,771)	432	(2,774)	(5,020)	(7,107)
ST loans & investments	0	0	0	0	0
LT loans & investments	0	(353)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(310)	(144)	27	(111)	(753)
Cash flow from investments	**(3,080)**	**(65)**	**(2,748)**	**(5,131)**	**(7,860)**
Debt financing	3,243	(370)	3,615	3,399	6,737
Capital increase	0	40	0	0	0
Dividends paid	(30)	(49)	(302)	(336)	(515)
Warrants & other surplus	(8)	(31)	(40)	0	0
Cash flow from financing	**3,205**	**(410)**	**3,273**	**3,063**	**6,222**
Free cash flow	**(2,795)**	**1,174**	**(2,297)**	**(4,237)**	**(5,469)**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	92.3	31.8	22.8	18.1	7.9
Normalized PE - at target price (x)	111.6	38.5	27.6	21.8	9.6
PE (x)	158.5	18.2	15.9	18.1	7.9
PE - at target price (x)	191.7	22.0	19.2	21.8	9.6
EV/EBITDA (x)	44.6	22.7	42.1	38.4	12.5
EV/EBITDA - at target price (x)	52.2	26.7	48.5	43.1	13.7
P/BV (x)	12.0	7.4	5.7	4.9	3.4
P/BV - at target price (x)	14.5	8.9	6.9	5.9	4.1
P/CFO (x)	(585.5)	19.1	29.7	18.1	8.7
Price/sales (x)	5.4	3.3	2.6	2.4	1.5
Dividend yield (%)	0.3	1.7	2.5	2.2	5.0
FCF Yield (%)	(19.7)	8.3	(16.2)	(29.9)	(38.5)
(Bt)					
Normalized EPS	0.3	1.0	1.4	1.8	4.1
EPS	0.2	1.8	2.0	1.8	4.1
DPS	0.1	0.6	0.8	0.7	1.6
BV/share	2.7	4.4	5.6	6.6	9.5
CFO/share	(0.1)	1.7	1.1	1.8	3.7
FCF/share	(6.4)	2.7	(5.2)	(9.6)	(12.4)

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	105.7	62.4	24.9	8.7	60.2
Net profit (%)	(27.3)	770.8	14.6	(12.1)	127.7
EPS (%)	(27.3)	770.8	14.6	(12.1)	127.7
Normalized profit (%)	23.1	190.0	39.7	26.1	127.7
Normalized EPS (%)	23.1	190.0	39.7	26.1	127.7
Dividend payout ratio (%)	44.7	31.6	40.0	40.0	40.0
Operating performance					
Gross margin (%)	24.3	24.8	15.7	16.7	28.2
Operating margin (%)	13.5	16.1	8.3	9.6	22.0
EBITDA margin (%)	14.7	17.2	8.6	10.7	26.4
Net margin (%)	5.8	11.3	9.1	11.2	18.8
D/E (incl. minor) (x)	3.0	1.5	2.5	3.2	3.7
Net D/E (incl. minor) (x)	2.7	1.2	1.9	3.1	3.7
Interest coverage - EBIT (x)	6.3	6.7	9.0	6.6	4.2
Interest coverage - EBITDA (x)	6.8	7.1	9.3	7.3	5.1
ROA - using norm profit (%)	4.2	7.1	6.7	5.7	8.8
ROE - using norm profit (%)	13.3	28.7	28.3	29.1	50.2
DuPont					
ROE - using after tax profit (%)	13.3	31.2	22.3	24.2	49.5
- asset turnover (x)	0.7	0.7	0.6	0.4	0.5
- operating margin (%)	14.2	16.7	12.9	14.0	25.0
- leverage (x)	3.2	4.0	4.2	5.1	5.7
- interest burden (%)	84.8	85.6	92.9	89.6	79.3
- tax burden (%)	48.3	78.6	75.9	88.8	94.7
WACC (%)	8.2	8.2	8.2	8.2	8.2
ROIC (%)	14.8	12.3	7.5	6.5	15.2
NOPAT (Bt m)	173	543	338	498	1,950

Sources: Company data, Thanachart estimates

Jasmine International Pcl (JAS TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	9,498	10,369	11,411	13,031	14,612
Cost of sales	4,638	4,686	4,825	5,210	5,646
Gross profit	**4,860**	**5,683**	**6,586**	**7,821**	**8,967**
% gross margin	51.2%	54.8%	57.7%	60.0%	61.4%
Selling & administration expenses	2,504	2,558	2,796	3,088	3,317
Operating profit	**2,356**	**3,126**	**3,790**	**4,733**	**5,650**
% operating margin	24.8%	30.1%	33.2%	36.3%	38.7%
Depreciation & amortization	1,851	1,715	1,724	1,804	1,910
EBITDA	**4,207**	**4,841**	**5,514**	**6,537**	**7,560**
% EBITDA margin	44.3%	46.7%	48.3%	50.2%	51.7%
Non-operating income	85	61	58	63	76
Non-operating expenses	(337)	(266)	(50)	(50)	(50)
Interest expense	(468)	(404)	(326)	(249)	(132)
Pre-tax profit	**1,636**	**2,516**	**3,473**	**4,497**	**5,544**
Income tax	494	530	695	899	1,109
After-tax profit	**1,143**	**1,987**	**2,778**	**3,597**	**4,435**
% net margin	12.0%	19.2%	24.3%	27.6%	30.4%
Shares in affiliates' Earnings	(0)	0	0	0	0
Minority interests	27	78	0	0	0
Extraordinary items	(97)	71	0	0	0
NET PROFIT	**1,073**	**2,137**	**2,778**	**3,597**	**4,435**
Normalized profit	**1,170**	**2,065**	**2,778**	**3,597**	**4,435**
EPS (Bt)	0.1	0.3	0.4	0.5	0.6
Normalized EPS (Bt)	0.2	0.3	0.4	0.5	0.6

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	7,312	7,284	7,804	8,210	9,212
Cash & cash equivalent	1,581	1,479	1,500	1,500	2,000
Account receivables	3,970	3,685	4,064	4,284	4,604
Inventories	70	49	50	54	59
Others	1,691	2,072	2,189	2,371	2,550
Investments & loans	38	685	685	685	685
Net fixed assets	11,573	11,078	11,354	11,550	11,640
Other assets	537	354	389	445	499
Total assets	**19,460**	**19,401**	**20,232**	**20,890**	**22,036**
LIABILITIES:					
Current liabilities:	9,852	5,868	6,006	5,808	5,510
Account payables	5,760	2,656	2,644	2,855	3,093
Bank overdraft & ST loans	547	487	1,099	739	369
Current LT debt	2,659	1,189	886	463	184
Others current liabilities	886	1,536	1,377	1,752	1,864
Total LT debt	**1,320**	**3,236**	**2,410**	**1,260**	**501**
Others LT liabilities	188	585	644	736	825
Total liabilities	**11,360**	**9,690**	**9,060**	**7,804**	**6,835**
Minority interest	985	1,020	1,020	1,020	1,020
Preferreds shares	0	0	0	0	0
Paid-up capital	3,622	3,622	3,569	3,569	3,569
Share premium	(225)	(225)	(468)	(468)	(468)
Warrants	0	0	0	0	0
Surplus	308	(40)	(40)	(40)	(40)
Retained earnings	**3,409**	**5,335**	**7,092**	**9,006**	**11,121**
Shareholders' equity	7,114	8,692	10,152	12,066	14,181
Liabilities & equity	**19,460**	**19,401**	**20,232**	**20,890**	**22,036**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	1,636	2,516	3,473	4,497	5,544
Tax paid	(432)	(536)	(657)	(871)	(1,069)
Depreciation & amortization	1,851	1,715	1,724	1,804	1,910
Chg In working capital	(1,197)	(2,798)	(393)	(13)	(86)
Chg In other CA & CL / minorities	488	920	(314)	164	(106)
Cash flow from operations	**2,346**	**1,817**	**3,833**	**5,580**	**6,194**
Capex	(3,067)	(1,220)	(2,000)	(2,000)	(2,000)
ST loans & investments	(179)	(530)	0	0	0
LT loans & investments	(15)	(648)	0	0	0
Adj for asset revaluation	(66)	(49)	0	0	0
Chg In other assets & liabilities	636	580	23	36	35
Cash flow from investments	**(2,691)**	**(1,868)**	**(1,977)**	**(1,964)**	**(1,965)**
Debt financing	466	457	(517)	(1,933)	(1,409)
Capital increase	108	0	(297)	0	0
Dividends paid	(327)	(202)	(1,021)	(1,684)	(2,320)
Warrants & other surplus	(241)	(308)	0	0	0
Cash flow from financing	**6**	**(52)**	**(1,835)**	**(3,616)**	**(3,729)**
Free cash flow	**(720)**	**597**	**1,833**	**3,580**	**4,194**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	38.0	21.5	15.9	12.2	9.9
Normalized PE - at target price (x)	49.4	27.9	20.7	15.9	12.9
PE (x)	41.4	20.8	15.9	12.2	9.9
PE - at target price (x)	53.9	27.0	20.7	15.9	12.9
EV/EBITDA (x)	11.3	9.9	8.5	6.9	5.7
EV/EBITDA - at target price (x)	14.4	12.6	10.9	8.9	7.4
P/BV (x)	6.2	5.1	4.3	3.6	3.1
P/BV - at target price (x)	8.1	6.6	5.6	4.7	4.0
P/CFO (x)	18.9	24.4	11.5	7.9	7.1
Price/sales (x)	4.6	4.2	3.8	3.4	3.0
Dividend yield (%)	0.4	1.5	3.2	4.5	6.1
FCF Yield (%)	(1.6)	1.3	4.2	8.2	9.6
(Bt)					
Normalized EPS	0.2	0.3	0.4	0.5	0.6
EPS	0.1	0.3	0.4	0.5	0.6
DPS	0.0	0.1	0.2	0.3	0.4
BV/share	1.0	1.2	1.4	1.7	2.0
CFO/share	0.3	0.3	0.5	0.8	0.9
FCF/share	(0.1)	0.1	0.3	0.5	0.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	(1.3)	9.2	10.0	14.2	12.1
Net profit (%)	61.7	99.2	30.0	29.5	23.3
EPS (%)	70.4	99.5	30.8	30.2	23.3
Normalized profit (%)	108.8	76.6	34.5	29.5	23.3
Normalized EPS (%)	120.1	76.9	35.3	30.2	23.3
Dividend payout ratio (%)	16.9	30.5	50.0	55.0	60.0
Operating performance					
Gross margin (%)	51.2	54.8	57.7	60.0	61.4
Operating margin (%)	24.8	30.1	33.2	36.3	38.7
EBITDA margin (%)	44.3	46.7	48.3	50.2	51.7
Net margin (%)	12.0	19.2	24.3	27.6	30.4
D/E (incl. minor) (x)	0.6	0.5	0.4	0.2	0.1
Net D/E (incl. minor) (x)	0.4	0.4	0.3	0.1	(0.1)
Interest coverage - EBIT (x)	5.0	7.7	11.6	19.0	42.9
Interest coverage - EBITDA (x)	9.0	12.0	16.9	26.3	57.3
ROA - using norm profit (%)	6.0	10.6	14.0	17.5	20.7
ROE - using norm profit (%)	17.1	26.1	29.5	32.4	33.8
DuPont					
ROE - using after tax profit (%)	16.7	25.1	29.5	32.4	33.8
- asset turnover (x)	0.5	0.5	0.6	0.6	0.7
- operating margin (%)	22.2	28.2	33.3	36.4	38.8
- leverage (x)	2.8	2.5	2.1	1.9	1.6
- interest burden (%)	77.8	86.2	91.4	94.8	97.7
- tax burden (%)	69.8	78.9	80.0	80.0	80.0
WACC (%)	11.8	11.8	11.8	11.8	11.8
ROIC (%)	19.1	24.5	25.0	29.0	34.7
NOPAT (Bt m)	1,645	2,468	3,032	3,786	4,520

Sources: Company data, Thanachart estimates

Quality Houses Pcl (QH TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	9,849	13,077	19,250	22,882	25,589
Cost of sales	6,981	9,028	12,943	15,382	17,195
Gross profit	**2,868**	**4,049**	**6,307**	**7,500**	**8,394**
% gross margin	29.1%	31.0%	32.8%	32.8%	32.8%
Selling & administration expenses	2,346	2,639	3,658	4,348	4,862
Operating profit	**522**	**1,411**	**2,650**	**3,152**	**3,532**
% operating margin	5.3%	10.8%	13.8%	13.8%	13.8%
Depreciation & amortization	244	221	212	212	214
EBITDA	**766**	**1,632**	**2,862**	**3,365**	**3,745**
% EBITDA margin	7.8%	12.5%	14.9%	14.7%	14.6%
Non-operating income	98	149	205	242	271
Non-operating expenses	0	0	0	0	0
Interest expense	(309)	(295)	(395)	(430)	(431)
Pre-tax profit	**311**	**1,265**	**2,460**	**2,964**	**3,372**
Income tax	182	380	615	667	727
After-tax profit	**129**	**885**	**1,845**	**2,298**	**2,645**
% net margin	1.3%	6.8%	9.6%	10.0%	10.3%
Shares in affiliates' Earnings	639	804	978	1,162	1,473
Minority interests	0	0	0	0	0
Extraordinary items	85	697	100	0	0
NET PROFIT	**853**	**2,386**	**2,923**	**3,460**	**4,118**
Normalized profit	**768**	**1,689**	**2,823**	**3,460**	**4,118**
EPS (Bt)	0.1	0.3	0.3	0.4	0.4
Normalized EPS (Bt)	0.1	0.2	0.3	0.4	0.4

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	18,176	24,496	30,146	32,759	35,291
Cash & cash equivalent	1,113	1,650	1,150	1,247	1,478
Account receivables	67	88	129	154	172
Inventories	16,427	21,697	27,304	29,500	31,563
Others	568	1,062	1,563	1,858	2,078
Investments & loans	6,085	7,054	7,054	7,054	7,054
Net fixed assets	12,978	9,349	9,215	9,269	9,323
Other assets	727	665	779	926	1,035
Total assets	**37,966**	**41,565**	**47,194**	**50,008**	**52,703**
LIABILITIES:					
Current liabilities:	11,269	10,186	13,049	13,882	14,195
Account payables	546	805	1,064	1,264	1,413
Bank overdraft & ST loans	3,683	5,272	5,260	5,193	5,156
Current LT debt	5,994	2,080	4,208	4,154	4,125
Others current liabilities	1,046	2,030	2,516	3,271	3,501
Total LT debt	**12,723**	**15,012**	**16,833**	**16,616**	**16,498**
Others LT liabilities	806	878	792	941	1,053
Total liabilities	**24,799**	**26,076**	**30,674**	**31,439**	**31,746**
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	8,477	9,184	9,184	9,184	9,184
Share premium	379	379	379	379	379
Warrants	0	0	0	0	0
Surplus	56	83	0	0	0
Retained earnings	**4,255**	**5,843**	**6,958**	**9,006**	**11,394**
Shareholders' equity	13,168	15,489	16,521	18,569	20,957
Liabilities & equity	**37,966**	**41,565**	**47,194**	**50,008**	**52,703**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	311	1,265	2,460	2,964	3,372
Tax paid	(408)	137	(743)	(367)	(770)
Depreciation & amortization	244	221	212	212	214
Chg In working capital	(5,538)	(5,032)	(5,389)	(2,020)	(1,932)
Chg In other CA & CL / minorities	(225)	(136)	169	319	523
Cash flow from operations	**(5,617)**	**(3,545)**	**(3,292)**	**1,109**	**1,407**
Capex	(137)	3,524	39	(150)	(150)
ST loans & investments	0	0	0	0	0
LT loans & investments	(1,694)	(969)	0	0	0
Adj for asset revaluation	(0)	0	0	0	0
Chg In other assets & liabilities	995	1,627	707	889	888
Cash flow from investments	**(835)**	**4,183**	**746**	**739**	**738**
Debt financing	7,509	(36)	3,938	(339)	(184)
Capital increase	0	706	0	0	0
Dividends paid	(1,017)	(78)	(1,102)	(1,412)	(1,730)
Warrants & other surplus	(41)	(692)	(789)	0	0
Cash flow from financing	**6,451**	**(101)**	**2,047**	**(1,751)**	**(1,914)**
Free cash flow	**(5,753)**	**(21)**	**(3,253)**	**959**	**1,257**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	40.5	19.0	11.5	9.4	7.9
Normalized PE - at target price (x)	65.2	30.5	18.5	15.1	12.7
PE (x)	36.4	13.4	11.1	9.4	7.9
PE - at target price (x)	58.7	21.6	17.9	15.1	12.7
EV/EBITDA (x)	68.4	32.3	20.1	17.0	15.2
EV/EBITDA - at target price (x)	93.1	44.3	27.1	22.9	20.5
P/BV (x)	2.4	2.1	2.0	1.8	1.6
P/BV - at target price (x)	3.8	3.4	3.2	2.8	2.5
P/CFO (x)	(5.5)	(9.0)	(9.9)	29.3	23.1
Price/sales (x)	3.3	2.5	1.7	1.4	1.3
Dividend yield (%)	0.3	3.4	4.3	5.3	6.3
FCF Yield (%)	(18.5)	(0.1)	(10.0)	2.9	3.9
(Bt)					
Normalized EPS	0.1	0.2	0.3	0.4	0.4
EPS	0.1	0.3	0.3	0.4	0.4
DPS	0.0	0.1	0.2	0.2	0.2
BV/share	1.5	1.7	1.8	2.0	2.3
CFO/share	(0.6)	(0.4)	(0.4)	0.1	0.2
FCF/share	(0.7)	(0.0)	(0.4)	0.1	0.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	(25.6)	32.8	47.2	18.9	11.8
Net profit (%)	(57.4)	179.7	22.5	18.4	19.0
EPS (%)	(57.4)	171.6	20.6	18.4	19.0
Normalized profit (%)	(54.4)	120.0	67.2	22.6	19.0
Normalized EPS (%)	(54.4)	113.6	64.6	22.6	19.0
Dividend payout ratio (%)	9.2	46.2	48.3	50.0	50.0
Operating performance					
Gross margin (%)	29.1	31.0	32.8	32.8	32.8
Operating margin (%)	5.3	10.8	13.8	13.8	13.8
EBITDA margin (%)	7.8	12.5	14.9	14.7	14.6
Net margin (%)	1.3	6.8	9.6	10.0	10.3
D/E (incl. minor) (x)	1.7	1.4	1.6	1.4	1.2
Net D/E (incl. minor) (x)	1.6	1.3	1.5	1.3	1.2
Interest coverage - EBIT (x)	1.7	4.8	6.7	7.3	8.2
Interest coverage - EBITDA (x)	2.5	5.5	7.2	7.8	8.7
ROA - using norm profit (%)	2.2	4.2	6.4	7.1	8.0
ROE - using norm profit (%)	5.8	11.8	17.6	19.7	20.8
DuPont					
ROE - using after tax profit (%)	1.0	6.2	11.5	13.1	13.4
- asset turnover (x)	0.3	0.3	0.4	0.5	0.5
- operating margin (%)	6.3	11.9	14.8	14.8	14.9
- leverage (x)	2.6	2.8	2.8	2.8	2.6
- interest burden (%)	50.2	81.1	86.1	87.3	88.7
- tax burden (%)	41.5	69.9	75.0	77.5	78.4
WACC (%)	9.0	9.0	9.0	9.0	9.0
ROIC (%)	0.8	2.9	5.5	5.8	6.4
NOPAT (Bt m)	216	987	1,987	2,427	2,755

Sources: Company data, Thanachart estimates

Toyo-Thai Corporation Pcl (TTCL TB)

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	8,896	11,358	17,861	21,750	26,020
Cost of sales	7,853	10,083	15,933	19,467	23,288
Gross profit	**1,043**	**1,276**	**1,928**	**2,284**	**2,732**
% gross margin	11.7%	11.2%	10.8%	10.5%	10.5%
Selling & administration expenses	577	677	982	1,088	1,301
Operating profit	**466**	**598**	**946**	**1,196**	**1,431**
% operating margin	5.2%	5.3%	5.3%	5.5%	5.5%
Depreciation & amortization	22	24	44	48	52
EBITDA	**488**	**622**	**989**	**1,244**	**1,483**
% EBITDA margin	5.5%	5.5%	5.5%	5.7%	5.7%
Non-operating income	99	162	105	112	100
Non-operating expenses	0	0	0	0	0
Interest expense	0	0	(0)	(0)	(0)
Pre-tax profit	**565**	**760**	**1,051**	**1,308**	**1,531**
Income tax	160	214	242	262	306
After-tax profit	**405**	**546**	**809**	**1,047**	**1,225**
% net margin	4.5%	4.8%	4.5%	4.8%	4.7%
Shares in affiliates' Earnings	(1)	1	58	83	110
Minority interests	(4)	(0)	(0)	(0)	(0)
Extraordinary items	0	(2)	0	0	0
NET PROFIT	**399**	**546**	**867**	**1,129**	**1,335**
Normalized profit	**399**	**548**	**867**	**1,129**	**1,335**
EPS (Bt)	0.8	1.1	1.8	2.4	2.8
Normalized EPS (Bt)	0.8	1.1	1.8	2.4	2.8

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	6,097	5,689	6,125	7,132	8,266
Cash & cash equivalent	2,441	2,056	1,330	1,897	2,557
Account receivables	1,821	1,523	1,957	2,384	2,852
Inventories	61	67	87	101	108
Others	1,774	2,043	2,750	2,750	2,750
Investments & loans	0	61	61	61	61
Net fixed assets	187	970	1,026	1,078	1,126
Other assets	619	896	1,500	1,500	1,500
Total assets	**6,904**	**7,615**	**8,711**	**9,771**	**10,953**
LIABILITIES:					
Current liabilities:	5,009	5,106	5,573	5,922	6,299
Account payables	818	1,213	1,528	1,867	2,233
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	0	0	0	0	0
Others current liabilities	4,191	3,893	4,044	4,055	4,065
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	212	232	365	444	532
Total liabilities	**5,221**	**5,338**	**5,938**	**6,366**	**6,830**
Minority interest	12	263	264	264	264
Preferreds shares	0	0	0	0	0
Paid-up capital	480	480	480	480	480
Share premium	405	405	405	405	405
Warrants	0	0	0	0	0
Surplus	(19)	(6)	(6)	(6)	(6)
Retained earnings	**804**	**1,135**	**1,631**	**2,262**	**2,980**
Shareholders' equity	1,670	2,014	2,510	3,141	3,859
Liabilities & equity	**6,904**	**7,615**	**8,711**	**9,771**	**10,953**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	565	760	1,051	1,308	1,531
Tax paid	(143)	(205)	(227)	(251)	(296)
Depreciation & amortization	22	24	44	48	52
Chg In working capital	(1,078)	688	(141)	(101)	(109)
Chg In other CA & CL / minorities	2,553	(742)	(501)	83	110
Cash flow from operations	**1,917**	**525**	**226**	**1,087**	**1,288**
Capex	(82)	(807)	(100)	(100)	(100)
ST loans & investments	284	419	(12)	0	0
LT loans & investments	0	(61)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(251)	(259)	(471)	79	87
Cash flow from investments	**(49)**	**(708)**	**(583)**	**(21)**	**(13)**
Debt financing	(0)	0	0	(0)	0
Capital increase	0	0	0	0	0
Dividends paid	(192)	(216)	(370)	(499)	(616)
Warrants & other surplus	(67)	14	0	0	0
Cash flow from financing	**(259)**	**(202)**	**(370)**	**(499)**	**(616)**
Free cash flow	**1,836**	**(282)**	**126**	**987**	**1,188**

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	52.9	38.6	24.4	18.7	15.8
Normalized PE - at target price (x)	92.6	67.5	42.6	32.7	27.7
PE (x)	52.9	38.7	24.4	18.7	15.8
PE - at target price (x)	92.6	67.7	42.6	32.7	27.7
EV/EBITDA (x)	38.3	30.6	20.0	15.5	12.5
EV/EBITDA - at target price (x)	70.8	56.1	36.0	28.2	23.2
P/BV (x)	12.6	10.5	8.4	6.7	5.5
P/BV - at target price (x)	22.1	18.4	14.7	11.8	9.6
P/CFO (x)	11.0	40.2	93.4	19.4	16.4
Price/sales (x)	2.4	1.9	1.2	1.0	0.8
Dividend yield (%)	1.0	1.5	2.1	2.7	3.2
FCF Yield (%)	8.7	(1.3)	0.6	4.7	5.6
(Bt)					
Normalized EPS	0.8	1.1	1.8	2.4	2.8
EPS	0.8	1.1	1.8	2.4	2.8
DPS	0.4	0.6	0.9	1.2	1.4
BV/share	3.5	4.2	5.2	6.5	8.0
CFO/share	4.0	1.1	0.5	2.3	2.7
FCF/share	3.8	(0.6)	0.3	2.1	2.5

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	69.2	27.7	57.3	21.8	19.6
Net profit (%)	18.5	36.6	58.8	30.3	18.2
EPS (%)	18.5	36.6	58.8	30.3	18.2
Normalized profit (%)	18.5	37.1	58.3	30.3	18.2
Normalized EPS (%)	18.5	37.1	58.3	30.3	18.2
Dividend payout ratio (%)	51.7	56.3	50.0	50.0	50.0
Operating performance					
Gross margin (%)	11.7	11.2	10.8	10.5	10.5
Operating margin (%)	5.2	5.3	5.3	5.5	5.5
EBITDA margin (%)	5.5	5.5	5.5	5.7	5.7
Net margin (%)	4.5	4.8	4.5	4.8	4.7
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(1.5)	(0.9)	(0.5)	(0.6)	(0.6)
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	7.5	7.5	10.6	12.2	12.9
ROE - using norm profit (%)	25.0	29.7	38.3	40.0	38.1
DuPont					
ROE - using after tax profit (%)	25.3	29.7	35.8	37.0	35.0
- asset turnover (x)	1.7	1.6	2.2	2.4	2.5
- operating margin (%)	6.3	6.7	5.9	6.0	5.9
- leverage (x)	3.3	3.9	3.6	3.3	3.0
- interest burden (%)	100.0	100.0	100.0	100.0	100.0
- tax burden (%)	71.7	71.9	77.0	80.0	80.0
WACC (%)	11.2	11.2	11.2	11.2	11.2
ROIC (%)	47.8	(55.8)	(1,701.4)	81.1	92.1
NOPAT (Bt m)	334	430	728	957	1,145

Sources: Company data, Thanachart estimates

VGI Global Media Pcl (VGI TB)

INCOME STATEMENT

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	1,401	1,977	2,771	3,570	4,323
Cost of sales	907	1,295	1,235	1,439	1,789
Gross profit	**495**	**682**	**1,536**	**2,131**	**2,534**
% gross margin	35.3%	34.5%	55.4%	59.7%	58.6%
Selling & administration expenses	244	270	346	411	454
Operating profit	**251**	**412**	**1,189**	**1,721**	**2,080**
% operating margin	17.9%	20.8%	42.9%	48.2%	48.1%
Depreciation & amortization	86	95	109	151	190
EBITDA	**337**	**507**	**1,299**	**1,872**	**2,270**
% EBITDA margin	24.0%	25.6%	46.9%	52.4%	52.5%
Non-operating income	11	27	28	36	43
Non-operating expenses	1	(12)	0	0	0
Interest expense	(0)	(1)	13	36	49
Pre-tax profit	**262**	**427**	**1,231**	**1,792**	**2,173**
Income tax	90	148	308	394	478
After-tax profit	**172**	**278**	**923**	**1,398**	**1,695**
% net margin	12.3%	14.1%	33.3%	39.1%	39.2%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
NET PROFIT	**172**	**278**	**923**	**1,398**	**1,695**
Normalized profit	**172**	**278**	**923**	**1,398**	**1,695**
EPS (Bt)	1.7	2.8	3.2	4.7	5.6
Normalized EPS (Bt)	1.7	2.8	3.2	4.7	5.6

BALANCE SHEET

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	946	960	2,012	2,210	2,546
Cash & cash equivalent	498	381	1,684	1,817	2,091
Account receivables	355	484	228	293	355
Inventories	0	0	0	0	0
Others	93	95	100	100	100
Investments & loans	0	0	0	0	0
Net fixed assets	254	228	419	668	728
Other assets	98	126	176	227	275
Total assets	**1,297**	**1,314**	**2,606**	**3,104**	**3,549**
LIABILITIES:					
Current liabilities:	870	1,005	553	576	556
Account payables	422	469	406	473	588
Bank overdraft & ST loans	0	0	(671)	(909)	(1,283)
Current LT debt	0	0	0	0	0
Others current liabilities	448	536	819	1,012	1,251
Total LT debt	**0**	**0**	**0**	**0**	**0**
Others LT liabilities	13	16	22	29	35
Total liabilities	**883**	**1,021**	**575**	**604**	**590**
Minority interest	35	36	36	36	36
Preferreds shares	100	100	100	100	100
Paid-up capital	0	0	300	300	300
Share premium	0	0	884	884	884
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	**279**	**157**	**711**	**1,181**	**1,638**
Shareholders' equity	379	257	1,995	2,465	2,922
Liabilities & equity	**1,297**	**1,314**	**2,606**	**3,104**	**3,549**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Mar (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	262	427	1,231	1,792	2,173
Tax paid	(88)	(125)	(293)	(369)	(461)
Depreciation & amortization	86	95	109	151	190
Chg In working capital	(67)	(84)	194	1	53
Chg In other CA & CL / minorities	16	65	262	168	222
Cash flow from operations	**209**	**379**	**1,503**	**1,743**	**2,178**
Capex	(55)	(69)	(300)	(400)	(250)
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	20	(26)	(44)	(44)	(42)
Cash flow from investments	**(36)**	**(95)**	**(344)**	**(444)**	**(292)**
Debt financing	0	0	(671)	(238)	(374)
Capital increase	0	0	1,184	0	0
Dividends paid	0	0	(369)	(928)	(1,237)
Warrants & other surplus	(247)	(400)	0	0	0
Cash flow from financing	**(247)**	**(400)**	**143**	**(1,166)**	**(1,611)**
Free cash flow	**154**	**309**	**1,203**	**1,343**	**1,928**

VALUATION

FY ending Mar	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	71.4	44.2	38.5	26.4	21.8
Normalized PE - at target price (x)	84.1	52.1	45.4	31.1	25.7
PE (x)	71.4	44.2	38.5	26.4	21.8
PE - at target price (x)	84.1	52.1	45.4	31.1	25.7
EV/EBITDA (x)	35.1	23.5	25.6	18.3	14.8
EV/EBITDA - at target price (x)	41.6	27.9	30.5	21.8	17.7
P/BV (x)	44.1	78.1	19.5	15.6	13.1
P/BV - at target price (x)	52.0	92.1	23.0	18.4	15.4
P/CFO (x)	58.8	32.5	23.7	21.2	16.9
Price/sales (x)	26.3	18.7	13.3	10.3	8.5
Dividend yield (%)	0.0	0.0	2.0	3.0	3.7
FCF Yield (%)	1.3	2.5	3.4	3.6	5.2
(Bt)					
Normalized EPS	1.7	2.8	3.2	4.7	5.6
EPS	1.7	2.8	3.2	4.7	5.6
DPS	0.0	0.0	2.5	3.7	4.5
BV/share	2.8	1.6	6.3	7.9	9.4
CFO/share	2.1	3.8	5.2	5.8	7.3
FCF/share	1.5	3.1	4.2	4.5	6.4

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Mar	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	25.7	41.1	40.1	28.8	21.1
Net profit (%)	72.5	61.5	231.4	51.4	21.3
EPS (%)	72.5	61.5	14.6	46.0	21.3
Normalized profit (%)	72.5	61.5	231.4	51.4	21.3
Normalized EPS (%)	72.5	61.5	14.6	46.0	21.3
Dividend payout ratio (%)	0.0	0.0	80.0	80.0	80.0
Operating performance					
Gross margin (%)	35.3	34.5	55.4	59.7	58.6
Operating margin (%)	17.9	20.8	42.9	48.2	48.1
EBITDA margin (%)	24.0	25.6	46.9	52.4	52.5
Net margin (%)	12.3	14.1	33.3	39.1	39.2
D/E (incl. minor) (x)	0.0	0.0	(0.3)	(0.4)	(0.4)
Net D/E (incl. minor) (x)	(1.2)	(1.3)	(1.2)	(1.1)	(1.1)
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	na	na	na	na	na
ROA - using norm profit (%)	13.4	21.3	47.1	48.9	50.9
ROE - using norm profit (%)	41.4	87.5	81.9	62.7	62.9
DuPont					
ROE - using after tax profit (%)	41.4	87.5	81.9	62.7	62.9
- asset turnover (x)	1.1	1.5	1.4	1.3	1.3
- operating margin (%)	18.7	21.6	43.9	49.2	49.1
- leverage (x)	3.1	4.1	1.7	1.3	1.2
- interest burden (%)	99.9	99.9	101.1	102.0	102.3
- tax burden (%)	65.8	65.3	75.0	78.0	78.0
WACC (%)	10.0	10.0	10.0	10.0	10.0
ROIC (%)	(140.5)	(226.5)	(720.5)	(372.8)	(621.6)
NOPAT (Bt m)	165	269	892	1,342	1,623

Sources: Company data, Thanachart estimates

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