

Thailand Property Sector

Punished by politics

Sector Valuation	BBG	Rec.	Current price (Bt)	Target price (Bt)	Norm EPS grw		Norm PE		P/BV		Div yield	
					2014F (%)	2015F (%)	2014F (x)	2015F (x)	2014F (x)	2015F (x)	2014F (%)	2015F (%)
Company	Code											
Asian Property Dev	AP TB	SELL	4.34	3.80	(17.7)	0.2	7.0	7.0	0.8	0.8	4.3	4.3
Land And Houses	LH TB	HOLD	8.60	8.00	(4.6)	14.5	14.0	12.3	2.5	2.4	5.7	6.5
L.P.N. Development	LPN TB	BUY	14.60	19.00	(5.1)	39.5	9.3	6.6	2.0	1.7	5.4	7.5
Pruksa Real Estate	PS TB	SELL	17.60	15.00	(19.3)	15.9	8.5	7.3	1.4	1.2	3.5	4.1
Quality Houses	QH TB	BUY	2.56	3.20	(11.6)	15.5	8.5	7.3	1.3	1.2	5.9	6.8
Sansiri	SIRI TB	SELL	1.81	1.50	7.4	(3.4)	9.2	9.6	1.0	0.9	5.0	5.2
Supalai	SPALI TB	BUY	16.00	21.00	40.4	24.7	6.8	5.4	1.6	1.3	5.9	7.4

Source: Thanachart estimates

The prolonged political strife is hitting the property sector badly with further home purchase delays and possibly deterring new launches. We forecast presales to slump by 22% in 2014, with ROE falling to a seven-year low. Underweight with SPALI our top pick.

Downgrade to Underweight

The prolonged political turmoil has led to further delays in home-buying decisions. We thus expect a severe impact on the property sector this year. We downgrade the sector to Underweight (from Neutral) for four reasons. 1) Despite the property sector index falling by 18% from when the political unrest started, it's still 34% above its historical low. 2) We expect the sharpest drop ever in this year's presales of 22%. 3) The sector is the worst performer on the SET, on our estimates, with no EPS growth in 2014F. 4) We see 2014F ROE contracting to a seven-year low.

We project industry presales to plunge 22% y-y

The top seven developers in 2013 achieved record-high industry presales of Bt193bn, or 9% growth. This year, new project launches are planned worth Bt210bn, down 10%, with each developer still looking for presales growth of 4-38%, except SIRI which targets a 29% drop. As presales have already been hit by the weak economy and politics in 4Q13, falling 27% y-y, we believe the companies' expectations are too high and see downside risk to their targets. With the continued political strife, we expect delays to project launches and for 2014 presales to plunge 22%.

Backlog quality at risk

Although peak presales in 2013 have led a backlog of Bt199bn, Bt90bn to be recognized as sales this year and securing 62% of our 2014F property sales, we expect rejections/cancellations this year under the current economic and political situation to rise from a normal rate of 5-26%. Despite this year's falling presales, backlog should help maintain the sales level in 2014. We project a 2% slip in normalized EPS, the only sector on the SET where we forecast negative growth.

SPALI is now our top pick

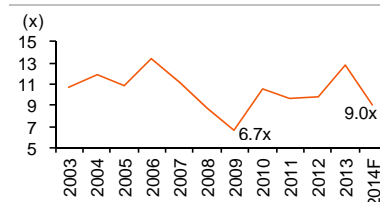
Following our earnings and TP cuts, we have two more SELLS: AP (from Buy) and SIRI (from Hold). Our top pick is SPALI for 40% 2014F EPS growth, high revenue visibility as backlog makes up 84% of 2014F sales, the sector's cheapest 2014F PE of 6.8x and best 2014-15F dividend yields of 5.9% and 7.4%. LPN is a BUY as it targets real demand buyers in the low-end condo segment and for strong 2015F growth driven by a huge backlog and high gross margin. QH is a BUY too as its share price is just 5% above its investment value in four listed associates.



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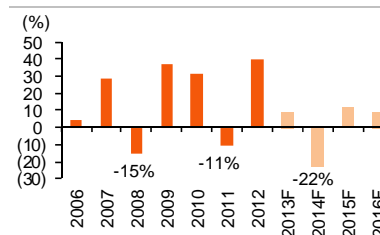
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34% Above Historical Low



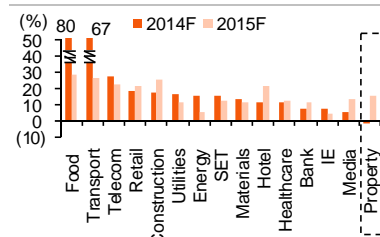
Sources: Company data; Thanachart estimates

Largest Presales Contraction Ever



Sources: Company data; Thanachart estimates

Only Sector With Negative Growth



Sources: Company data; Thanachart estimates



Downgrade to Underweight

Downgrade to Underweight with the following changes

- 1) **Cut presales by 20-24% in 2014-16F**
- 2) **Slash earnings by 13-15% in 2014-16F**
- 3) **Two more SELLS (AP, SIRI) while LH is cut to HOLD**

The political turmoil in Thailand since 4Q13 has killed off the mood of home buyers. The prolonged protests have weakened the economy and prompted further delays to home-buying decisions. We expect a severe impact on the property sector this year with the following downgrades to our assumptions:

- We lower our presales assumptions by 24% in 2014F, 22% in 2015F and 20% in 2016F to negative presales growth of 22% this year with growth resuming at 12% in 2015F and 9% in 2016F.
- As such, our normalized earnings forecasts are slashed by 15% in 2014F, 13% in 2015F and 15% in 2016F. Our current normalized EPS growth estimates are -2% in 2014F, 15% in 2015F and 8% in 2016F.
- We downgrade our sector weighting to Underweight (from Neutral), with two more SELLS: AP (from Buy) and SIRI (from Hold), adding to our SELL list where we already had a SELL on PS. Our rating for LH is cut to HOLD (from Buy).

Ex 1: Changes In Key Assumptions, Earnings And TPs

	AP	LH	LPN	PS	QH	SIRI	SPALI	Total
Presales (Bt m)								
2013F - New	15,184	30,199	24,395	41,282	20,400	42,158	19,091	192,709
2013F - Old	16,190	30,013	24,007	35,413	21,000	43,536	17,884	188,042
% Change	(6)	1	2	17	(3)	(3)	7	2
2014F - New	13,666	24,023	20,736	30,695	16,332	25,198	19,127	149,776
2014F - Old	17,843	33,032	26,456	39,571	23,100	36,728	19,593	196,322
% Change	(23)	(27)	(22)	(22)	(29)	(31)	(2)	(24)
2015F - New	15,061	26,426	22,809	34,662	17,965	29,582	20,638	167,143
2015F - Old	19,297	36,405	28,308	43,330	25,410	39,773	20,968	213,490
% Change	(22)	(27)	(19)	(20)	(29)	(26)	(2)	(22)
2016F - New	16,276	29,124	24,862	37,621	19,223	33,578	22,246	182,930
2016F - Old	20,269	39,372	30,289	48,101	27,189	42,240	22,022	229,482
% Change	(20)	(26)	(18)	(22)	(29)	(21)	1	(20)
Normalized profit (Bt m)								
2013F - New	2,130	6,436	2,448	5,706	3,144	1,784	2,894	24,542
2013F - Old	2,021	6,545	2,574	4,999	2,817	2,147	3,030	24,132
% Change	5	(2)	(5)	14	12	(17)	(4)	2
2014F - New	1,753	6,142	2,323	4,604	2,779	1,961	4,061	23,638
2014F - Old	2,108	7,635	2,823	5,406	3,343	2,487	3,869	27,671
% Change	(17)	(20)	(18)	(15)	(17)	(21)	5	(15)
2015F - New	1,757	7,030	3,242	5,336	3,210	2,060	5,065	27,729
2015F - Old	2,231	8,861	3,781	5,913	3,998	2,820	4,409	32,014
% Change	(21)	(21)	(14)	(10)	(20)	(27)	15	(13)
2016F - New	1,907	7,636	3,411	5,537	3,491	2,275	5,455	29,713
2016F - Old	2,217	9,780	3,927	6,534	4,402	3,240	4,954	35,056
% Change	(14)	(22)	(13)	(15)	(21)	(30)	10	(15)
Target price (Bt)								
New	3.80	8.00	19.00	15.00	3.20	1.50	21.00	
Old	5.80	13.00	23.50	23.60	4.20	2.10	19.00	
% Change	(34.5)	(38.5)	(19.1)	(36.4)	(23.8)	(28.6)	10.5	
Recommendation								
New	SELL	HOLD	BUY	SELL	BUY	SELL	BUY	
Old	BUY	BUY	BUY	SELL	BUY	HOLD	BUY	

Sources: Company data, Thanachart estimates

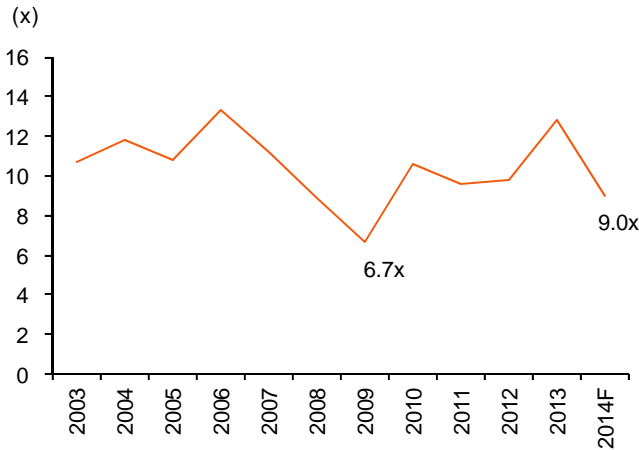
Underweight...

We assign an Underweight rating to the property sector for the following reasons:

1) Sector still 34% above historical low

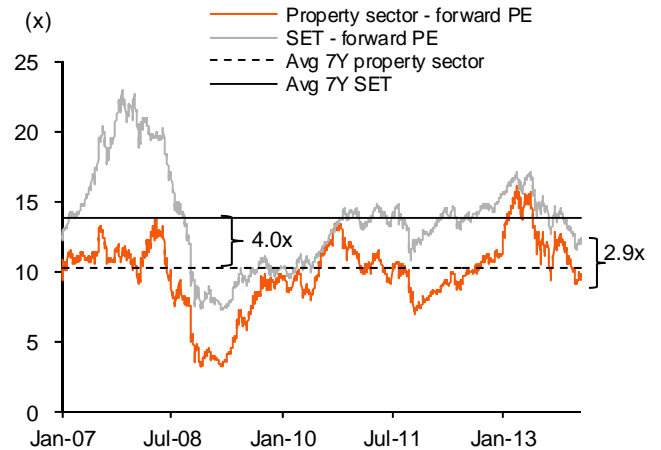
1) Despite the property sector index falling by 18% from when the political strife commenced in 4Q13 to a 2014F PE of 9.0x, this doesn't mean the sector is cheap as it's still 34% above its historical low PE of 6.7x in 2009. The sector PE trades at a 2.9x discount to the Stock Exchange of Thailand (SET) versus a 4.0x discount since 2007.

Ex 2: Still 34% Above Historical Low



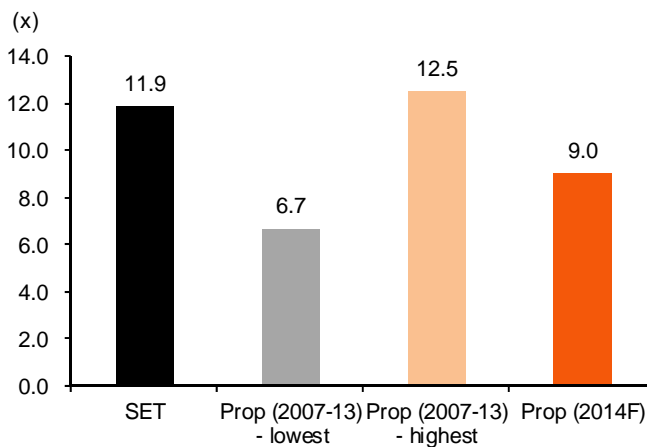
Sources: Bloomberg, Company data, Thanachart estimates

Ex 3: Narrow PE Gap To SET vs Seven-Year Average



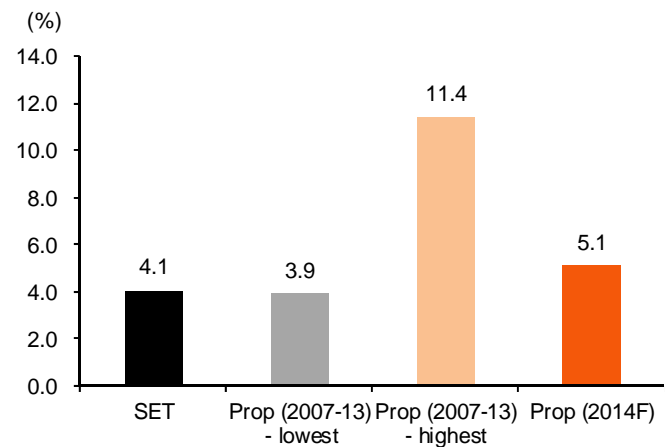
Sources: Bloomberg, Company data, Thanachart estimates

Ex 4: PE Comparison



Sources: Company data, Thanachart estimates

Ex 5: Dividend Yield Comparison

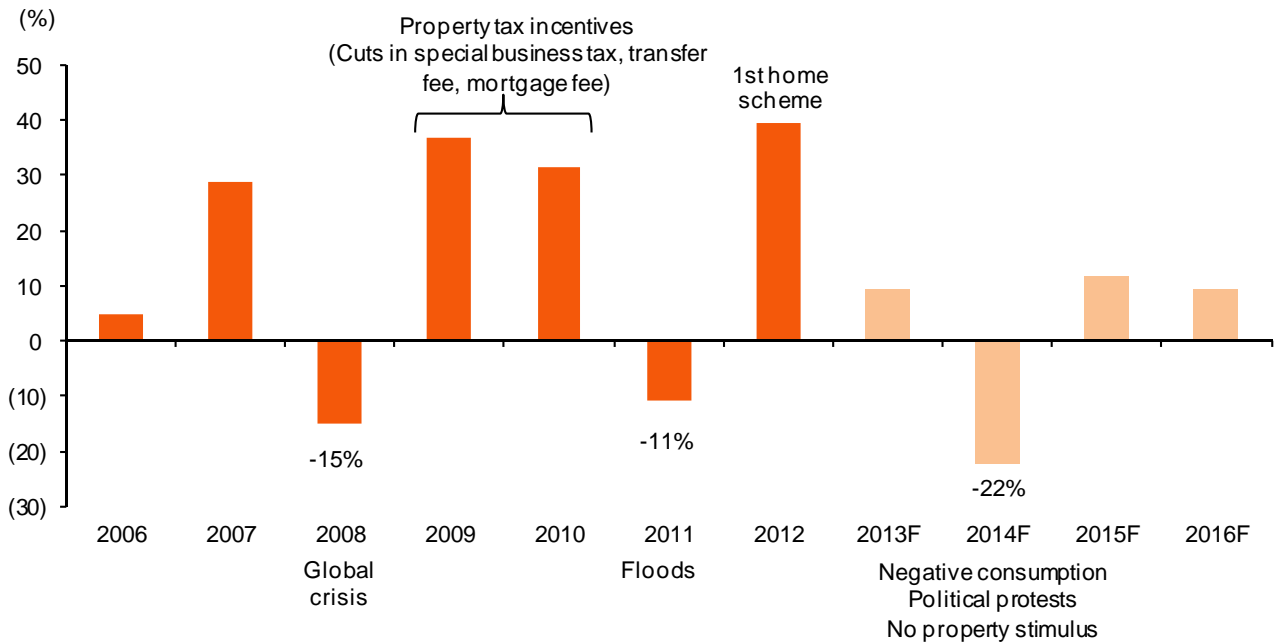


Sources: Company data, Thanachart estimates

2) Sharpest ever drop in presales of 22% in 2014F

2) We expect the sharpest drop ever in presales this year of 22%.

Ex 6: We Expect The Largest Presales Contraction Ever

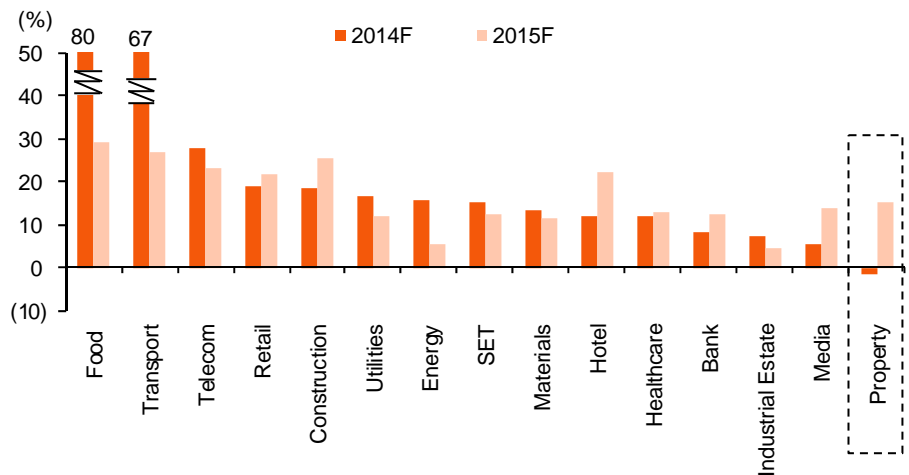


Sources: Company data, Thanachart estimates

3) **Worst-performing sector with no growth in 2014F**

3) We see property as the worst performing sector on the SET being the only one with no EPS growth in 2014F. We project a 2% slip in normalized 2014 EPS growth for property stocks versus the SET's 15% growth.

Ex 7: The Only Sector With Negative Growth This Year

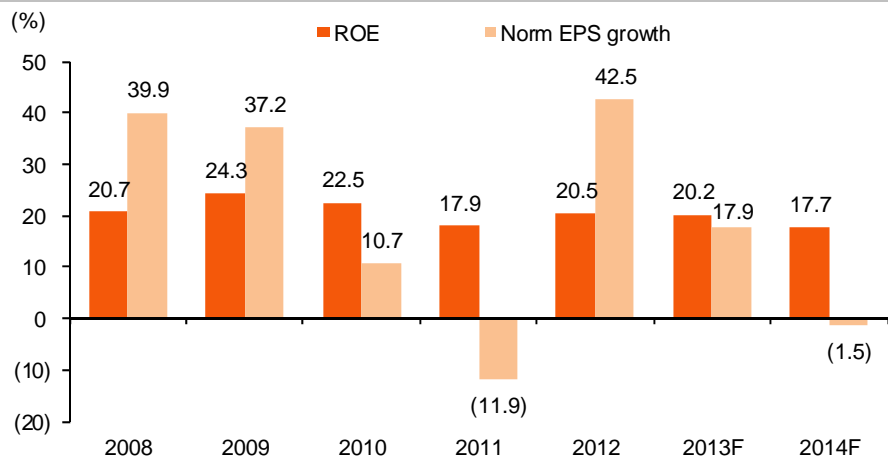


Source: Thanachart estimates

4) **2014F ROE falling to seven-year low**

4) We forecast ROE to contract to a seven-year low of 17.7% this year.

Ex 8: Sector's ROE Falling To Seven-year Low



Sources: Company data, Thanachart estimates

Expecting a 22% plunge in presales

Felt the impact since 4Q13 with presales tumbling by 27% y-y

Last year the top seven developers achieved record-high industry presales of Bt193bn, or 9% growth. Before the political tensions erupted, the sector had been hit by soft economic momentum with presales growth slowing from 54% in 1Q13, 15% in 2Q13, 11% in 3Q13 to negative growth of 27% in 4Q13 (the political strife started in late October).

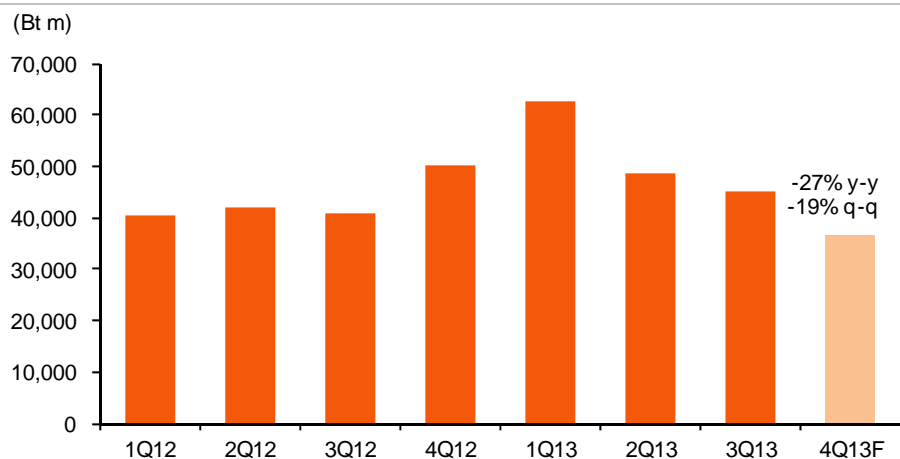
Too high presales expectations could disappoint the market

This year, new project launches worth Bt210bn are planned, falling by 10% y-y, with more of a focus on low-rise houses (26% TH, 29% SDH, 45% condos) because of the condominium boom last year. Therefore, we expect to see 2014 condo presales correct sharply. Since most developers enjoyed their best yearly presales ever in 2013, we believe the companies' expectations are too high given presales growth targets of 4-38% by each developer (except for SIRI which is looking for a 29% decline) and we see downside risk to their targets.

We expect presales to drop 22% this year

Due to the prolonged political protests, we expect some delays in project launches while the weak consumption environment and the lack of any stimulus for the property sector lead us to forecast presales to plummet by 22% in 2014.

Ex 9: Felt The Impact Since 4Q13 – Presales



Sources: Company data, Thanachart estimates

Ex 10: Developers' Launch Plans

(Bt m)	AP	LH	LPN	PS	QH	SIRI	SPALI	Total
2013F	27,635	38,740	18,000	50,193	20,000	61,201	17,680	233,449
2014F	25,960	35,000	21,000	40,154	22,000	33,236	33,010	210,360
% Change	(6.1)	(9.7)	16.7	(20.0)	10.0	(45.7)	86.7	(9.9)

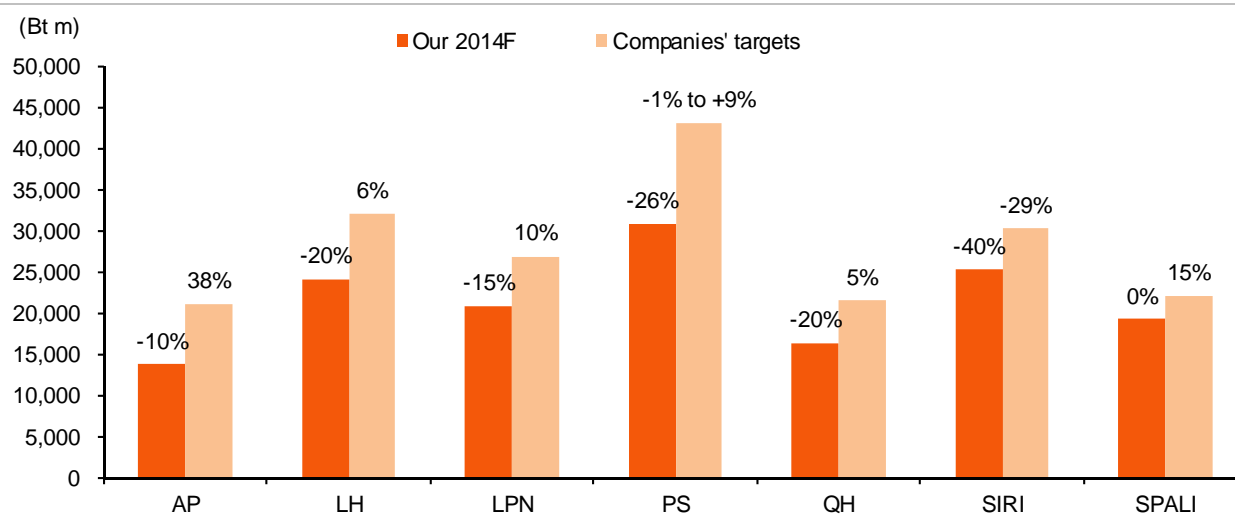
Sources: Company data, Thanachart estimates

Ex 11: Presales Assumptions

	AP	LH	LPN	PS	QH	SIRI	SPALI	Total
Presales (Bt m)								
2009	18,341	17,273	10,841	22,774	10,597	13,964	13,567	107,357
2010	17,541	20,003	15,008	38,756	9,640	24,996	15,436	141,380
2011	14,353	19,200	14,247	25,554	12,160	21,792	18,768	126,074
2012	20,237	25,074	18,741	29,397	16,600	42,593	23,456	176,098
2013F	15,184	30,199	24,395	41,282	20,400	42,158	19,091	192,709
2014F	13,666	24,023	20,736	30,695	16,332	25,198	19,127	149,776
2015F	15,061	26,426	22,809	34,662	17,965	29,582	20,638	167,143
2016F	16,276	29,124	24,862	37,621	19,223	33,578	22,246	182,930
Growth (%)								
2009	118	12	18	41	11	34	31	35
2010	(4)	16	38	70	(9)	79	14	32
2011	(18)	(4)	(5)	(34)	26	(13)	22	(11)
2012	41	31	32	15	37	95	25	40
2013F	(25)	20	30	40	23	(1)	(19)	9
2014F	(10)	(20)	(15)	(26)	(20)	(40)	0	(22)
2015F	10	10	10	13	10	17	8	12
2016F	8	10	9	9	7	14	8	9

Sources: Company data, Thanachart estimates

Ex 12: Our Presales vs Companies' Targets



Sources: Company data, Thanachart estimates

Backlog quality at risk

Backlog secures 62% of 2014F sales but we expect higher cancellations this year

Although peak presales in 2013 have led to a backlog of Bt199bn, Bt90bn of which is to be recognized as sales this year and which secures as much as 62% of our 2014F property sales, we expect rising rejections/cancellations this year given the current economic and political situation versus a normal rate of 5-26%. However, despite our expectation for this year's presales to decline, backlog should help maintain the 2014F sales level. In terms of profit, we project a 2% slip in normalized EPS, the only sector on the SET where we forecast negative growth.

We are conservative in our 2014F sales forecasts, allowing for some cancellations and delays in revenue recognition. The developer that has the highest backlog as a percentage of our 2014 property sales forecast is SPALI (84%), followed by SIRI (78%), PS (67%), LPN (60%), and AP (56%). Since LH and QH still use a prebuilt strategy mostly for high-end products, their backlogs to 2014F sales at 35% are lower than peers'.

Ex 13: % Of Revenues Secured By Backlog

(Bt m)	AP	LH	LPN	PS	QH	SIRI	SPALI	Total
Backlog (end-2013F)	22,498	14,819	21,000	37,836	9,000	54,345	39,230	198,728
Backlog for 2014	9,982	7,486	8,000	20,786	5,000	22,797	15,584	89,635
Backlog for 2015	9,426	3,668	13,000	13,351	4,000	17,597	14,411	75,453
Backlog for 2016	2,565	3,212	0	3,699	0	13,877	6,576	29,929
Backlog for 2017	525	453	0	0	0	74	2,659	3,711
% backlog to 2014F property sales	56	35	60	67	35	78	84	62
% backlog to 2015F property sales	54	15	76	38	24	63	66	47
% backlog to 2016F property sales	14	12	0	10	0	48	29	18
% backlog to 2017F property sales	3	2	0	0	0	0	12	2

Sources: Company data, Thanachart estimates

Ex 14: Rejection Rates Of Developers

(%)	AP	LH	LPN	PS	QH	SIRI	SPALI
Loan rejection			7	9			6
Cancellation	12	10	5	17	5	9	2
Total rejection	12	10	12	26	5	9	8

Sources: Company data, Thanachart estimates

Top sector pick is SPALI

We have only one top pick, SPALI

Following our earnings and TP cuts, we have two more SELLS: AP (from Buy) and SIRI (from Hold), adding to our SELL list where we already had a SELL rating on PS. LH is downgraded to HOLD (from Buy). We only have BUYs on LPN, QH and SPALI. Our top sector pick is SPALI for 40% forecast EPS growth this year, high revenue visibility as its backlog accounts for 84% of 2014F sales, cheapest 2014F PE in the sector of 6.8x and best dividend yields of 5.9% and 7.4% in 2014-15F. We also have a BUY on LPN as it targets real demand buyers in the low-end condominium segment (rental replacement) and for its strong growth in 2015F driven by its huge backlog and very decent forecast gross margin. QH is a BUY too as its share price is only 5% above its investment value in its four listed associates (using market prices).

Ex 15: Valuation Table - SPALI

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	11,513	12,931	18,991	22,063
Net profit	2,744	2,894	4,061	5,065
Norm profit	2,744	2,894	4,061	5,065
Norm EPS (Bt)	1.6	1.7	2.4	3.0
Norm EPS grw (%)	6.8	5.5	40.4	24.7
Norm PE (x)	10.0	9.5	6.8	5.4
EV/EBITDA (x)	8.2	9.2	6.8	5.2
P/BV (x)	2.2	1.9	1.6	1.3
Div yield (%)	4.1	4.2	5.9	7.4
ROE (%)	23.6	21.7	25.9	26.8
Net D/E (%)	24.7	51.9	51.6	32.9

Sources: SPALI, Thanachart estimates

Ex 17: Valuation Table - LPN

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	13,325	14,504	13,823	17,454
Net profit	2,217	2,448	2,323	3,242
Norm profit	2,165	2,448	2,323	3,242
Norm EPS (Bt)	1.5	1.7	1.6	2.2
Norm EPS grw (%)	13.4	13.1	(5.1)	39.5
Norm PE (x)	10.0	8.8	9.3	6.6
EV/EBITDA (x)	8.3	8.0	8.0	5.8
P/BV (x)	2.6	2.2	2.0	1.7
Div yield (%)	5.2	5.7	5.4	7.5
ROE (%)	27.9	27.1	22.7	27.4
Net D/E (%)	20.1	37.6	20.2	16.1

Sources: LPN, Thanachart estimates

Ex 16: SPALI – BUY, Price Bt16.00, TP Bt21.00

- SPALI is now our only top pick in the sector.
- The only developer for which we have upgraded earnings and TP in this note.
- With its huge Bt15.6bn backlog set to be booked as 2014F sales, SPALI targets sales of Bt20bn, or growth of 58% y-y.
- Our 2014 property sales estimate is a more conservative Bt18.7bn. We expect total revenue growth of 47% to drive EPS to grow a sharp 40%.
- Most attractive valuation on our estimates trading at the sector's cheapest 2014F PE of 6.8x, together with the best forecast dividend yields of 5.9% and 7.4% in 2014-15.
- Since its presales last year missed and recorded negative presales growth of 19%, we expect flat presales this year while peers should see presales contractions.
- Most aggressive in the sector with 87% growth in planned new launches this year.

Ex 18: LPN – BUY, Price Bt14.60, TP Bt19.00

- Although we see this year as being a challenging one for LPN as backlog accounts for only 60% of 2014F sales, we rate the stock as a BUY as it should be less sensitive to politics given its concentration on real demand low-end condos.
- LPN targets 10% growth in both sales and presales in 2014. We project presales to fall by 15% and sales by 5%.
- We expect LPN to be the best performer in 2015 driven by its large condo backlog (76% of 2015F sales) and very high forecast gross margin as three condo projects with over 40% margin are due for completion.
- High dividend yields of 5.4% in 2014F and 7.5% in 2015F.

Ex 19: Valuation Table - QH

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	13,077	18,884	15,085	17,417
Net profit	2,386	3,256	2,779	3,210
Norm profit	1,689	3,144	2,779	3,210
Norm EPS (Bt)	0.2	0.3	0.3	0.3
Norm EPS grw (%)	113.6	83.3	(11.6)	15.5
Norm PE (x)	13.7	7.5	8.5	7.3
EV/EBITDA (x)	26.9	15.3	18.4	16.0
P/BV (x)	1.5	1.4	1.3	1.2
Div yield (%)	4.7	6.7	5.9	6.8
ROE (%)	11.8	19.4	15.9	16.9
Net D/E (%)	133.7	141.5	118.8	106.8

Sources: QH, Thanachart estimates

Ex 21: Valuation Table - LH

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	24,103	25,207	23,568	26,701
Net profit	5,636	6,550	6,142	7,030
Norm profit	5,182	6,436	6,142	7,030
Norm EPS (Bt)	0.5	0.6	0.6	0.7
Norm EPS grw (%)	38.5	24.2	(4.6)	14.5
Norm PE (x)	16.6	13.4	14.0	12.3
EV/EBITDA (x)	21.3	19.1	19.8	17.2
P/BV (x)	2.8	2.6	2.5	2.4
Div yield (%)	5.2	6.0	5.7	6.5
ROE (%)	17.2	20.2	18.4	20.1
Net D/E (%)	82.4	93.2	82.7	70.0

Sources: LH, Thanachart estimates

Ex 23: Valuation Table - SIRI

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	29,821	28,562	30,111	28,973
Net profit	3,019	1,832	1,961	2,060
Norm profit	2,947	1,784	1,961	2,060
Norm EPS (Bt)	0.3	0.2	0.2	0.2
Norm EPS grw (%)	44.7	(43.5)	7.4	(3.4)
Norm PE (x)	5.6	9.9	9.2	9.6
EV/EBITDA (x)	8.8	15.8	12.4	11.2
P/BV (x)	1.1	1.1	1.0	0.9
Div yield (%)	7.9	5.1	5.0	5.2
ROE (%)	22.5	11.2	10.6	10.2
Net D/E (%)	138.8	184.5	127.6	94.9

Sources: SIRI, Thanachart estimates

Ex 20: QH – BUY, Price Bt2.56, TP Bt3.20

- QH is another BUY as we calculate its current share price is only 5% above its total investment value (using market prices) in four listed associates: HMPRO, LHBANK, QHPF and QHHR.
- The company is looking for 5% growth in 2014 presales and sales.
- Since QH's presales base is not large though it reached its best level ever of Bt20bn last year, this should protect against presales downside.
- Assuming a 20% drop in both 2014F presales and sales, the stock offers very good dividend yields of 5.9% in 2014F and 6.8% in 2015F.

Ex 22: LH – HOLD, Price Bt8.60, TP Bt8.00

- We downgrade our call on LH from Buy to HOLD as it is trading near our 12-month SOTP TP of Bt8.0/share.
- Though LH has tended to trade at a PE premium to its peers historically, its 2014F PE of 14.0x is at a discount to its five-year historical PE of 15.6x.
- Management has a positive view on its performance this year expecting 6% presales growth to Bt32bn, single-digit property sales growth to Bt25bn, rental income growth of 14% to Bt2.5bn, equity income growth of 13% mainly from HMPRO and gross margin staying at a high level from last year at 35.5%.

Ex 24: SIRI – SELL, Price Bt1.81, TP Bt1.50

- We downgrade our call on SIRI from Hold to SELL.
- Despite having a more conservative presales target than peers' with a 29% drop, we still see downside risk to its target and assume a 40% correction to Bt25.2bn due to its high presales base of Bt42.2bn in 2013 with 70% from condos and new launches this year being cut in half from Bt61.2bn to Bt33.2bn.
- Its highest net D/E in the sector at 1.8-1.9x as of 2013F makes it riskier than its peers, in our view.

Ex 25: Valuation Table - AP

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	17,310	20,062	17,930	17,602
Net profit	2,329	2,130	1,753	1,757
Norm profit	2,212	2,130	1,753	1,757
Norm EPS (Bt)	0.8	0.8	0.6	0.6
Norm EPS grw (%)	42.8	(3.7)	(17.7)	0.2
Norm PE (x)	5.5	5.8	7.0	7.0
EV/EBITDA (x)	7.8	10.3	9.9	8.6
P/BV (x)	1.0	0.9	0.8	0.8
Div yield (%)	5.8	5.2	4.3	4.3
ROE (%)	19.1	16.4	12.5	11.6
Net D/E (%)	92.2	143.8	96.9	63.1

Sources: AP, Thanachart estimates

Ex 27: Valuation Table – PS

Y/E Dec (Bt m)	2012A	2013F	2014F	2015F
Sales	27,023	37,000	30,875	35,486
Net profit	3,898	5,706	4,604	5,336
Norm profit	3,898	5,706	4,604	5,336
Norm EPS (Bt)	1.8	2.6	2.1	2.4
Norm EPS grw (%)	37.5	46.4	(19.3)	15.9
Norm PE (x)	10.0	6.9	8.5	7.3
EV/EBITDA (x)	9.9	7.9	8.4	6.7
P/BV (x)	1.9	1.6	1.4	1.2
Div yield (%)	2.8	4.4	3.5	4.1
ROE (%)	21.0	25.5	17.6	18.1
Net D/E (%)	79.5	85.9	52.5	30.3

Sources: PS, Thanachart estimates

Ex 26: AP – SELL, Price Bt4.34, TP Bt3.80

- Our rating for AP is downgraded from Buy to SELL.
- Given a high condo sales and presales mix at around 50% and with most projects being located in Bangkok, we expect more of an impact from the political protests in the capital. It has decided to postpone the launch of the new condos, Rhythm Sukhumvit 36 (Bt2.9bn) and Aspire Ratchada-Wongsawang (Bt2.7bn), to 2Q14 at earliest, from 1Q14.
- Last year, AP registered negative presales of 25% and we expect another negative figure of 10% this year.
- We view AP's presales target of Bt21bn, or growth of 38% y-y, as very aggressive.
- Though cheap, the PE of 7.0x in 2014F is still higher than the 5.3x in 2009.

Ex 28: PS – SELL, Price Bt17.60, TP Bt15.00

- We remain a SELLer of PS.
- We believe PS is being very aggressive with its 2014 presales target of Bt41bn-45bn (-1% to +9% y-y). We expect this to be tough to achieve as last year's record presales of Bt41.3bn were driven by condo projects which comprised 38% of the total while we expect condominium demand to shrink sharply this year.
- The company expects presales growth to come from low-rise houses: 29-41% growth in TH and 37-51% growth in SDH.
- Backlog secures 67% of our 2014 sales forecast and we see the risk to its backlog being the highest given a very high rejection rate of 26%.
- Dividend yields are the lowest in the sector at 3.5% in 2014F and 4.1% in 2015F.

Ex 29: Sector Valuation Comparison

		AP	LH	LPN	PS	QH	SIRI	SPALI	Average
Rating		SELL	HOLD	BUY	SELL	BUY	SELL	BUY	
Target price	Thanachart	3.80	8.00	19.00	15.00	3.20	1.50	21.00	
	Consensus	5.77	10.70	21.35	22.70	3.79	1.93	22.00	
Consensus rec.	Buy	16	21	18	22	21	9	21	
	Hold	6	4	6	5	2	4	3	
	Sell	6	1	4	3	3	7	2	
Sales (Bt m)	2012	17,310	24,103	13,325	27,023	13,077	29,821	11,513	136,172
	2013F	20,062	25,207	14,504	37,000	18,884	28,562	12,931	157,151
	2014F	17,930	23,568	13,823	30,875	15,085	30,111	18,991	150,383
	2015F	17,602	26,701	17,454	35,486	17,417	28,973	22,063	165,697
Norm profits (Bt m)	2012	2,212	5,182	2,165	3,898	1,689	2,947	2,744	20,837
	2013F	2,130	6,436	2,448	5,706	3,144	1,784	2,894	24,542
	2014F	1,753	6,142	2,323	4,604	2,779	1,961	4,061	23,623
	2015F	1,757	7,030	3,242	5,336	3,210	2,060	5,065	27,701
Sales growth (%)	2012	26.9	25.3	8.0	16.2	32.8	45.2	(9.2)	20.7
	2013F	15.9	4.6	8.8	36.9	44.4	(4.2)	12.3	17.0
	2014F	(10.6)	(6.5)	(4.7)	(16.6)	(20.1)	5.4	46.9	(0.9)
	2015F	(1.8)	13.3	26.3	14.9	15.5	(3.8)	16.2	11.5
Norm profit growth (%)	2012	43.0	38.5	13.4	37.5	120.0	47.2	6.8	43.8
	2013F	(3.7)	24.2	13.1	46.4	86.2	(39.5)	5.5	18.9
	2014F	(17.7)	(4.6)	(5.1)	(19.3)	(11.6)	9.9	40.4	(1.1)
	2015F	0.2	14.5	39.5	15.9	15.5	5.1	24.7	16.5
Gross margin (%)	2012	34.9	34.5	32.4	33.8	31.0	33.3	43.9	34.8
	2013F	33.9	35.9	33.3	34.2	32.2	32.5	40.1	34.6
	2014F	33.5	36.0	32.5	34.1	32.3	32.3	40.3	34.5
	2015F	33.6	35.9	34.7	34.0	32.3	32.2	41.4	34.9
SG&A/sales (%)	2012	18.1	14.6	11.6	14.5	20.2	20.3	12.2	15.9
	2013F	19.4	13.4	12.0	14.6	17.0	22.8	11.3	15.8
	2014F	19.5	13.4	11.5	15.0	17.5	22.0	12.6	15.9
	2015F	19.7	13.4	11.5	15.0	17.5	21.5	11.8	15.8
Net margin (%)	2012	12.8	14.4	15.7	14.4	6.8	9.9	24.5	14.1
	2013F	10.6	17.4	16.9	15.4	11.6	6.2	22.9	14.4
	2014F	9.8	17.2	16.8	14.9	11.3	6.5	21.8	14.1
	2015F	10.0	17.5	18.6	15.0	11.5	7.1	23.4	14.7

Sources: Company data, Thanachart estimates

Note: When a report covers six or more subject companies please access important disclosures for Daiwa Capital Markets Hong Kong Limited at http://www.daiwacm.com/hk/research_disclaimer.html or contact your investment representative or Daiwa Capital Markets Hong Kong Limited at Level 26, One Pacific Place, 88 Queensway, Hong Kong.

Ex 29: Sector Valuation Comparison (Con't)

		AP	LH	LPN	PS	QH	SIRI	SPALI	Average
Rating		SELL	HOLD	BUY	SELL	BUY	SELL	BUY	
Target price	Thanachart	3.80	8.00	19.00	15.00	3.20	1.50	21.00	
	Consensus	5.77	10.70	21.35	22.70	3.79	1.93	22.00	
Consensus rec.	Buy	16	21	18	22	21	9	21	
	Hold	6	4	6	5	2	4	3	
	Sell	6	1	4	3	3	7	2	
ROE (%)	2012	19.1	17.2	27.9	21.0	11.8	22.5	23.6	20.5
	2013F	16.4	20.2	27.1	25.5	19.4	11.2	21.7	20.2
	2014F	12.5	18.4	22.7	17.6	15.9	10.6	25.9	17.7
	2015F	11.6	20.1	27.4	18.1	16.9	10.2	26.8	18.7
ROIC (%)	2012	9.5	6.5	25.6	11.5	2.9	10.0	18.6	12.1
	2013F	9.7	7.8	23.1	16.4	6.2	6.0	19.0	12.6
	2014F	6.1	6.6	17.2	10.4	4.3	5.0	19.3	9.9
	2015F	6.8	7.6	25.0	13.0	5.2	5.4	19.9	11.8
Norm PE (x)	2012	5.5	16.6	10.0	10.0	13.7	5.6	10.0	10.2
	2013F	5.8	13.4	8.8	6.9	7.5	9.9	9.5	8.8
	2014F	7.0	14.0	9.3	8.5	8.5	9.2	6.8	9.0
	2015F	7.0	12.3	6.6	7.3	7.3	9.6	5.4	7.9
Dividend yield (%)	2012	5.8	5.2	5.2	2.8	4.7	7.9	4.1	5.1
	2013F	5.2	6.0	5.7	4.4	6.7	5.1	4.2	5.3
	2014F	4.3	5.7	5.4	3.5	5.9	5.0	5.9	5.1
	2015F	4.3	6.5	7.5	4.1	6.8	5.2	7.4	6.0
Net D/E (x)	2012	0.9	0.8	0.2	0.8	1.3	1.4	0.2	0.8
	2013F	1.4	0.9	0.4	0.9	1.4	1.8	0.5	1.1
	2014F	1.0	0.8	0.2	0.5	1.2	1.3	0.5	0.8
	2015F	0.6	0.7	0.2	0.3	1.1	0.9	0.3	0.6

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 30: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div yield	
			14F (%)	15F (%)	14F (x)	15F (x)	14F (x)	15F (x)	14F (x)	15F (x)	14F (%)	15F (%)
Poly Real Estate Group	600048 CH	China	25.8	22.0	4.1	3.4	0.9	0.7	5.9	4.7	4.2	5.1
Agile Property Holdings	3383 HK	China	15.0	10.9	4.7	4.2	0.7	0.6	4.4	4.0	5.1	5.5
Country Garden Holdings	2007 HK	China	22.3	21.8	7.5	6.1	1.5	1.3	4.9	4.0	4.8	5.8
China Overseas Land & Invest	688 HK	Hong Kong	16.7	19.4	7.3	6.1	1.4	1.2	5.4	4.6	2.7	3.1
China Resources Land	1109 HK	Hong Kong	33.4	24.5	9.3	7.4	1.2	1.1	6.9	5.7	2.7	3.3
Hang Lung Properties	101 HK	Hong Kong	19.4	12.3	16.8	15.0	0.8	0.7	13.9	12.4	3.5	3.6
Henderson Land Development	12 HK	Hong Kong	6.3	4.2	13.0	12.4	0.5	0.5	22.6	21.0	2.6	2.7
Shimao Property Holdings	813 HK	Hong Kong	28.1	22.1	7.0	5.7	1.2	1.1	5.4	4.5	4.2	4.9
Sun Hung Kai Properties	16 HK	Hong Kong	(0.5)	(5.0)	11.7	12.3	0.6	0.6	11.4	12.0	3.6	3.6
Sino Land	83 HK	Hong Kong	(23.5)	9.7	12.6	11.5	0.6	0.6	14.2	16.7	4.7	4.7
Bakrieland Development	ELTY IJ	Indonesia	na	na	na	na	na	na	na	na	na	na
Ciputra Property	CTRP IJ	Indonesia	5.5	28.1	7.4	5.8	0.8	0.8	7.1	5.6	3.8	4.1
Intiland Development	DILD IJ	Indonesia	41.8	42.2	7.9	5.6	0.7	0.7	5.4	4.1	2.3	3.3
Capitaland	CAPL SP	Singapore	27.4	10.8	14.3	12.9	0.7	0.7	15.8	14.6	2.7	2.8
City Developments	CIT SP	Singapore	6.1	10.6	12.2	11.0	0.9	0.9	11.0	10.4	1.5	1.6
Guocoland	GUOL SP	Singapore	na	35.7	15.6	11.5	na	na	na	na	na	na
Keppel Land	KPLD SP	Singapore	(0.9)	11.3	11.1	9.9	0.7	0.7	19.2	17.5	3.1	3.3
Asian Property Devt *	AP TB	Thailand	(17.7)	0.2	7.0	7.0	0.8	0.8	9.9	8.6	4.3	4.3
Land and Houses *	LH TB	Thailand	(4.6)	14.5	14.0	12.3	2.5	2.4	19.8	17.2	5.7	6.5
LPN Development *	LPN TB	Thailand	(5.1)	39.5	9.3	6.6	2.0	1.7	8.0	5.8	5.4	7.5
Pruksa Real Estate *	PS TB	Thailand	(19.3)	15.9	8.5	7.3	1.4	1.2	8.4	6.7	3.5	4.1
Quality Houses *	QH TB	Thailand	(11.6)	15.5	8.5	7.3	1.3	1.2	18.4	16.0	5.9	6.8
Sansiri *	SIRI TB	Thailand	7.4	(3.4)	9.2	9.6	1.0	0.9	12.4	11.2	5.0	5.2
Supalai *	SPALI TB	Thailand	40.4	24.7	6.8	5.4	1.6	1.3	6.8	5.2	5.9	7.4
Average			9.7	16.9	9.8	8.5	1.1	1.0	10.8	9.6	4.0	4.5

Sources: Bloomberg consensus, *Thanachart estimates

Based on 31 January 2014 closing prices

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	3.5	(10.8)	(13.6)	(1.9)	—	—	—	—
Property Sector	3.0	(20.9)	(26.0)	(4.2)	(0.5)	(10.1)	(12.5)	(2.3)
AP	1.9	(20.4)	(54.1)	(1.4)	(1.7)	(9.5)	(40.5)	0.5
LH	2.4	(21.1)	(23.9)	(3.9)	(1.2)	(10.3)	(10.3)	(2.0)
LPN	0.0	(33.0)	(32.7)	(5.8)	(3.5)	(22.2)	(19.2)	(3.9)
PS	6.0	(22.1)	(41.3)	(3.3)	2.5	(11.3)	(27.8)	(1.4)
QH	2.4	(13.5)	(16.9)	(3.0)	(1.1)	(2.7)	(3.3)	(1.1)
SIRI	7.1	(16.2)	(56.3)	1.1	3.6	(5.4)	(42.7)	3.0
SPALI	15.9	(10.6)	(16.7)	9.6	12.4	0.2	(3.1)	11.5

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Market consolidation with leading developers having advantages
 - easy access to project financing, brand reputation, economies of scale.
- Strong financials with low net D/E.

O — Opportunity

- Downward interest rate trend.
- Opportunities in the provinces.
- Overseas expansion.

W — Weakness

- Low barriers to entry.
- Higher land prices.
- Rising raw material prices and labor cost.

T — Threat

- Small players normally come back during a market boom.
- Natural disasters.

REGIONAL COMPARISON

Name	EPS growth		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	14F	15F	14F	15F	14F	15F	14F	15F	14F	15F
China	20.9	18.2	5.4	4.6	1.0	0.9	5.1	4.2	4.7	5.5
Hong Kong	12.2	12.5	11.1	10.1	0.9	0.8	11.4	11.0	3.4	3.7
Indonesia	23.7	35.2	7.6	5.7	0.8	0.7	6.2	4.9	3.0	3.7
Singapore	13.0	17.1	13.3	11.3	0.8	0.7	15.3	14.2	2.4	2.6
Thailand	(1.5)	15.3	9.0	7.9	1.5	1.4	12.0	10.3	5.1	6.0
Average	13.7	19.7	9.3	7.9	1.0	0.9	10.0	8.9	3.7	4.3
AP	(17.7)	0.2	7.0	7.0	0.8	0.8	9.9	8.6	4.3	4.3
LH	(4.6)	14.5	14.0	12.3	2.5	2.4	19.8	17.2	5.7	6.5
LPN	(5.1)	39.5	9.3	6.6	2.0	1.7	8.0	5.8	5.4	7.5
PS	(19.3)	15.9	8.5	7.3	1.4	1.2	8.4	6.7	3.5	4.1
QH	(11.6)	15.5	8.5	7.3	1.3	1.2	18.4	16.0	5.9	6.8
SIRI	7.4	(3.4)	9.2	9.6	1.0	0.9	12.4	11.2	5.0	5.2
SPALI	40.4	24.7	6.8	5.4	1.6	1.3	6.8	5.2	5.9	7.4
Average *- Thailand	(1.5)	15.3	9.0	7.9	1.5	1.4	12.0	10.1	5.1	6.0

Source: Bloomberg Consensus

Note: * Thanachart estimates – using normalized EPS

Asian Property Development

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	13,639	17,310	20,062	17,930	17,602
Cost of sales	8,434	11,273	13,259	11,916	11,687
Gross profit	5,205	6,036	6,803	6,013	5,915
% gross margin	38.2%	34.9%	33.9%	33.5%	33.6%
Selling & administration expenses	2,695	3,128	3,882	3,496	3,468
Operating profit	2,509	2,908	2,921	2,517	2,447
% operating margin	18.4%	16.8%	14.6%	14.0%	13.9%
Depreciation & amortization	196	152	146	149	150
EBITDA	2,706	3,061	3,067	2,666	2,598
% EBITDA margin	19.8%	17.7%	15.3%	14.9%	14.8%
Non-operating income	75	76	83	76	81
Non-operating expenses	(2)	(11)	0	0	0
Interest expense	(191)	(213)	(341)	(402)	(333)
Pre-tax profit	2,392	2,760	2,662	2,191	2,196
Income tax	844	548	532	438	439
After-tax profit	1,547	2,212	2,130	1,753	1,757
% net margin	11.3%	12.8%	10.6%	9.8%	10.0%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(0)	(0)	0	0	0
Extraordinary items	4	117	0	0	0
NET PROFIT	1,551	2,329	2,130	1,753	1,757
Normalized profit	1,547	2,212	2,130	1,753	1,757
EPS (Bt)	0.5	0.8	0.8	0.6	0.6
Normalized EPS (Bt)	0.5	0.8	0.8	0.6	0.6

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	28,599	28,753	38,203	33,294	30,660
Cash & cash equivalent	438	744	564	752	985
Account receivables	69	108	27	25	24
Inventories	26,616	26,490	36,327	31,668	28,817
Others	1,477	1,411	1,285	849	833
Investments & loans	135	0	0	0	0
Net fixed assets	376	284	341	396	448
Other assets	264	275	319	285	280
Total assets	29,375	29,312	38,863	33,974	31,388
LIABILITIES:					
Current liabilities:	10,066	8,396	10,709	8,369	7,383
Account payables	575	777	763	686	672
Bank overdraft & ST loans	3,629	1,659	1,990	1,487	1,094
Current LT debt	2,293	2,550	3,582	2,676	1,970
Others current liabilities	3,570	3,410	4,373	3,520	3,646
Total LT debt	8,302	8,073	14,329	10,705	7,880
Others LT liabilities	345	323	375	335	329
Total liabilities	18,714	16,792	25,412	19,409	15,592
Minority interest	0	0	0	0	0
Preferred shares	0	0	0	0	0
Paid-up capital	2,822	2,848	2,825	2,825	2,825
Share premium	33	72	72	72	72
Warrants	0	0	0	0	0
Surplus	27	0	0	0	0
Retained earnings	7,779	9,599	10,553	11,667	12,898
Shareholders' equity	10,660	12,520	13,451	14,564	15,795
Liabilities & equity	29,375	29,312	38,863	33,974	31,388

Sources: Company data; Thanachart estimates

Asian Property Development

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	2,392	2,760	2,662	2,191	2,196
Tax paid	(718)	(700)	(337)	(556)	(412)
Depreciation & amortization	196	152	146	149	150
Chg In working capital	(5,418)	288	(9,770)	4,584	2,838
Chg In other CA & CL / minorities	488	(191)	552	(701)	(218)
Cash flow from operations	(3,060)	2,310	(6,746)	5,666	4,554
Capex	92	42	(100)	(100)	(100)
ST loans & investments	0	0	0	0	0
LT loans & investments	(8)	135	0	0	0
Adj for asset revaluation	16	(27)	0	0	0
Chg In other assets & liabilities	(93)	230	246	293	229
Cash flow from investments	6	380	146	193	129
Debt financing	3,557	(1,941)	7,619	(5,033)	(3,924)
Capital increase	494	66	(23)	0	0
Dividends paid	(422)	(509)	(706)	(639)	(526)
Warrants & other surplus	(493)	0	(469)	0	0
Cash flow from financing	3,136	(2,384)	6,420	(5,672)	(4,450)
Free cash flow	(2,969)	2,353	(6,846)	5,566	4,454

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	7.9	5.5	5.8	7.0	7.0
Normalized PE - at target price (x)	6.9	4.9	5.0	6.1	6.1
PE (x)	7.9	5.3	5.8	7.0	7.0
PE - at target price (x)	6.9	4.6	5.0	6.1	6.1
EV/EBITDA (x)	9.6	7.8	10.3	9.9	8.6
EV/EBITDA - at target price (x)	9.1	7.3	9.8	9.3	8.0
P/BV (x)	1.1	1.0	0.9	0.8	0.8
P/BV - at target price (x)	1.0	0.9	0.8	0.7	0.7
P/CFO (x)	(4.0)	5.3	(1.8)	2.2	2.7
Price/sales (x)	0.9	0.7	0.6	0.7	0.7
Dividend yield (%)	4.1	5.8	5.2	4.3	4.3
FCF Yield (%)	(24.2)	19.2	(55.8)	45.4	36.3
(Bt)					
Normalized EPS	0.5	0.8	0.8	0.6	0.6
EPS	0.5	0.8	0.8	0.6	0.6
DPS	0.2	0.3	0.2	0.2	0.2
BV/share	3.8	4.4	4.8	5.2	5.6
CFO/share	(1.1)	0.8	(2.4)	2.0	1.6
FCF/share	(1.1)	0.8	(2.4)	2.0	1.6

Sources: Company data; Thanachart estimates

Asian Property Development

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	(1.5)	26.9	15.9	(10.6)	(1.8)
Net profit (%)	(30.4)	50.2	(8.6)	(17.7)	0.2
EPS (%)	(30.5)	50.0	(8.6)	(17.7)	0.2
Normalized profit (%)	(28.1)	43.0	(3.7)	(17.7)	0.2
Normalized EPS (%)	(28.3)	42.8	(3.7)	(17.7)	0.2
Dividend payout ratio (%)	32.8	30.3	30.0	30.0	30.0
Operating performance					
Gross margin (%)	38.2	34.9	33.9	33.5	33.6
Operating margin (%)	18.4	16.8	14.6	14.0	13.9
EBITDA margin (%)	19.8	17.7	15.3	14.9	14.8
Net margin (%)	11.3	12.8	10.6	9.8	10.0
D/E (incl. minor) (x)	1.3	1.0	1.5	1.0	0.7
Net D/E (incl. minor) (x)	1.3	0.9	1.4	1.0	0.6
Interest coverage - EBIT (x)	13.2	13.7	8.6	6.3	7.4
Interest coverage - EBITDA (x)	14.2	14.4	9.0	6.6	7.8
ROA - using norm profit (%)	5.8	7.5	6.2	4.8	5.4
ROE - using norm profit (%)	15.3	19.1	16.4	12.5	11.6
DuPont					
ROE - using after tax profit (%)	15.3	19.1	16.4	12.5	11.6
- asset turnover (x)	0.5	0.6	0.6	0.5	0.5
- operating margin (%)	18.9	17.2	15.0	14.5	14.4
- leverage (x)	2.7	2.5	2.6	2.6	2.2
- interest burden (%)	92.6	92.8	88.6	84.5	86.8
- tax burden (%)	64.7	80.1	80.0	80.0	80.0
WACC (%)	14.6	14.6	14.6	14.6	14.6
ROIC (%)	8.2	9.5	9.7	6.1	6.8
NOPAT (Bt m)	1,623	2,331	2,337	2,014	1,958

Sources: Company data; Thanachart estimates

Land & Houses

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	19,229	24,103	25,207	23,568	26,701
Cost of sales	12,981	15,792	16,150	15,094	17,116
Gross profit	6,248	8,310	9,057	8,475	9,585
% gross margin	32.5%	34.5%	35.9%	36.0%	35.9%
Selling & administration expenses	3,062	3,518	3,378	3,158	3,578
Operating profit	3,185	4,793	5,679	5,316	6,007
% operating margin	16.6%	19.9%	22.5%	22.6%	22.5%
Depreciation & amortization	351	494	498	510	519
EBITDA	3,536	5,287	6,177	5,826	6,526
% EBITDA margin	18.4%	21.9%	24.5%	24.7%	24.4%
Non-operating income	284	309	430	384	432
Non-operating expenses	(2)	0	0	0	0
Interest expense	(310)	(488)	(557)	(621)	(605)
Pre-tax profit	3,157	4,613	5,552	5,079	5,834
Income tax	652	1,150	1,166	1,016	1,167
After-tax profit	2,505	3,464	4,386	4,064	4,668
% net margin	13.0%	14.4%	17.4%	17.2%	17.5%
Shares in affiliates' Earnings	1,156	1,767	2,152	2,174	2,471
Minority interests	82	(48)	(102)	(95)	(108)
Extraordinary items	1,865	453	114	0	0
NET PROFIT	5,609	5,636	6,550	6,142	7,030
Normalized profit	3,743	5,182	6,436	6,142	7,030
EPS (Bt)	0.6	0.6	0.7	0.6	0.7
Normalized EPS (Bt)	0.4	0.5	0.6	0.6	0.7

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	33,259	35,162	40,168	39,059	38,048
Cash & cash equivalent	1,199	1,462	1,342	1,532	1,589
Account receivables	105	120	126	118	133
Inventories	31,472	32,537	37,609	36,390	35,170
Others	484	1,043	1,091	1,020	1,155
Investments & loans	14,835	17,313	19,413	19,413	19,413
Net fixed assets	5,122	4,816	4,818	4,809	4,790
Other assets	7,616	7,110	7,436	6,953	7,877
Total assets	60,833	64,401	71,835	70,234	70,127
LIABILITIES:					
Current liabilities:	11,735	11,480	15,703	14,659	14,057
Account payables	1,862	2,146	2,212	2,068	2,345
Bank overdraft & ST loans	5,268	2,087	6,624	6,126	5,554
Current LT debt	3,573	5,545	5,299	4,901	4,443
Others current liabilities	1,032	1,703	1,567	1,565	1,716
Total LT debt	17,941	20,163	21,197	19,603	17,771
Others LT liabilities	684	795	832	778	881
Total liabilities	30,360	32,438	37,731	35,040	32,710
Minority interest	1,076	1,123	1,225	1,320	1,428
Preferreds shares	0	0	0	0	0
Paid-up capital	10,026	10,026	10,026	10,026	10,026
Share premium	10,822	11,949	11,949	11,949	11,949
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	8,549	8,866	10,904	11,898	14,014
Shareholders' equity	29,396	30,841	32,879	33,873	35,990
Liabilities & equity	60,833	64,401	71,835	70,234	70,127

Sources: Company data; Thanachart estimates

Land & Houses

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	3,157	4,613	5,552	5,079	5,834
Tax paid	(1,178)	(610)	(1,412)	(911)	(1,178)
Depreciation & amortization	351	494	498	510	519
Chg In working capital	(4,456)	(796)	(5,012)	1,083	1,481
Chg In other CA & CL / minorities	1,348	734	1,438	1,274	1,657
Cash flow from operations	(778)	4,435	1,065	7,034	8,314
Capex	(427)	(188)	(500)	(500)	(500)
ST loans & investments	(0)	0	0	0	0
LT loans & investments	(1,201)	(2,478)	(2,100)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	793	1,674	600	1,294	20
Cash flow from investments	(835)	(993)	(2,000)	794	(480)
Debt financing	4,398	1,012	5,326	(2,490)	(2,863)
Capital increase	(22)	1,127	0	0	0
Dividends paid	(3,487)	(5,266)	(4,512)	(5,148)	(4,914)
Warrants & other surplus	(207)	(53)	0	0	0
Cash flow from financing	682	(3,180)	815	(7,639)	(7,776)
Free cash flow	(1,205)	4,247	565	6,534	7,814

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	23.0	16.6	13.4	14.0	12.3
Normalized PE - at target price (x)	21.4	15.5	12.5	13.1	11.4
PE (x)	15.4	15.3	13.2	14.0	12.3
PE - at target price (x)	14.3	14.2	12.2	13.1	11.4
EV/EBITDA (x)	31.6	21.3	19.1	19.8	17.2
EV/EBITDA - at target price (x)	29.9	20.2	18.1	18.8	16.3
P/BV (x)	2.9	2.8	2.6	2.5	2.4
P/BV - at target price (x)	2.7	2.6	2.4	2.4	2.2
P/CFO (x)	(110.8)	19.4	81.0	12.3	10.4
Price/sales (x)	4.5	3.6	3.4	3.7	3.2
Dividend yield (%)	4.7	5.2	6.0	5.7	6.5
FCF Yield (%)	(1.4)	4.9	0.7	7.6	9.1
(Bt)					
Normalized EPS	0.4	0.5	0.6	0.6	0.7
EPS	0.6	0.6	0.7	0.6	0.7
DPS	0.4	0.5	0.5	0.5	0.6
BV/share	2.9	3.1	3.3	3.4	3.6
CFO/share	(0.1)	0.4	0.1	0.7	0.8
FCF/share	(0.1)	0.4	0.1	0.7	0.8

Sources: Company data; Thanachart estimates

Land & Houses

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	13.8	25.3	4.6	(6.5)	13.3
Net profit (%)	41.2	0.5	16.2	(6.2)	14.5
EPS (%)	41.2	0.5	16.2	(6.2)	14.5
Normalized profit (%)	0.6	38.5	24.2	(4.6)	14.5
Normalized EPS (%)	0.6	38.5	24.2	(4.6)	14.5
Dividend payout ratio (%)	71.5	80.1	78.6	80.0	80.0
Operating performance					
Gross margin (%)	32.5	34.5	35.9	36.0	35.9
Operating margin (%)	16.6	19.9	22.5	22.6	22.5
EBITDA margin (%)	18.4	21.9	24.5	24.7	24.4
Net margin (%)	13.0	14.4	17.4	17.2	17.5
D/E (incl. minor) (x)	0.9	0.9	1.0	0.9	0.7
Net D/E (incl. minor) (x)	0.8	0.8	0.9	0.8	0.7
Interest coverage - EBIT (x)	10.3	9.8	10.2	8.6	9.9
Interest coverage - EBITDA (x)	11.4	10.8	11.1	9.4	10.8
ROA - using norm profit (%)	6.5	8.3	9.4	8.6	10.0
ROE - using norm profit (%)	13.2	17.2	20.2	18.4	20.1
DuPont					
ROE - using after tax profit (%)	8.8	11.5	13.8	12.2	13.4
- asset turnover (x)	0.3	0.4	0.4	0.3	0.4
- operating margin (%)	18.0	21.2	24.2	24.2	24.1
- leverage (x)	2.0	2.1	2.1	2.1	2.0
- interest burden (%)	91.1	90.4	90.9	89.1	90.6
- tax burden (%)	79.4	75.1	79.0	80.0	80.0
WACC (%)	11.4	11.4	11.4	11.4	11.4
ROIC (%)	5.3	6.5	7.8	6.6	7.6
NOPAT (Bt m)	2,528	3,598	4,487	4,253	4,806

Sources: Company data; Thanachart estimates

L.P.N. Development

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	12,335	13,325	14,504	13,823	17,454
Cost of sales	8,237	9,008	9,669	9,324	11,402
Gross profit	4,098	4,317	4,836	4,499	6,053
% gross margin	33.2%	32.4%	33.3%	32.5%	34.7%
Selling & administration expenses	1,457	1,547	1,741	1,590	2,007
Operating profit	2,641	2,770	3,095	2,909	4,045
% operating margin	21.4%	20.8%	21.3%	21.0%	23.2%
Depreciation & amortization	33	35	38	46	54
EBITDA	2,674	2,805	3,133	2,955	4,099
% EBITDA margin	21.7%	21.1%	21.6%	21.4%	23.5%
Non-operating income	29	37	42	40	50
Non-operating expenses	0	0	0	0	0
Interest expense	(3)	(10)	(38)	(46)	(44)
Pre-tax profit	2,667	2,797	3,099	2,904	4,052
Income tax	830	700	651	581	810
After-tax profit	1,837	2,097	2,448	2,323	3,242
% net margin	14.9%	15.7%	16.9%	16.8%	18.6%
Shares in affiliates' Earnings	73	68	0	0	0
Minority interests	(0)	(0)	(0)	(0)	(0)
Extraordinary items	8	52	0	0	0
NET PROFIT	1,917	2,217	2,448	2,323	3,242
Normalized profit	1,910	2,165	2,448	2,323	3,242
EPS (Bt)	1.3	1.5	1.7	1.6	2.2
Normalized EPS (Bt)	1.3	1.5	1.7	1.6	2.2

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	7,902	12,289	15,305	14,759	17,398
Cash & cash equivalent	295	1,168	1,024	1,245	1,489
Account receivables	196	222	242	230	291
Inventories	7,408	10,899	14,039	13,283	15,619
Others	2	0	0	0	0
Investments & loans	211	0	0	0	0
Net fixed assets	1,423	1,541	1,853	2,158	2,354
Other assets	57	75	81	77	98
Total assets	9,593	13,904	17,239	16,994	19,850
LIABILITIES:					
Current liabilities:	2,335	4,401	5,752	4,855	5,546
Account payables	1,335	2,093	2,247	2,167	2,649
Bank overdraft & ST loans	385	1,113	1,827	1,339	1,394
Current LT debt	215	723	1,187	870	905
Others current liabilities	401	471	492	478	598
Total LT debt	11	1,008	1,654	1,213	1,262
Others LT liabilities	118	131	142	136	171
Total liabilities	2,465	5,539	7,548	6,203	6,979
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	1,476	1,476	1,476	1,476	1,476
Share premium	442	442	442	442	442
Warrants	0	0	0	0	0
Surplus	39	39	39	39	39
Retained earnings	5,172	6,408	7,735	8,834	10,914
Shareholders' equity	7,128	8,364	9,691	10,790	12,870
Liabilities & equity	9,593	13,904	17,239	16,994	19,850

Sources: Company data; Thanachart estimates

L.P.N. Development

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	2,667	2,797	3,099	2,904	4,052
Tax paid	(830)	(700)	(651)	(581)	(810)
Depreciation & amortization	33	35	38	46	54
Chg In working capital	(709)	(2,758)	(3,007)	687	(1,913)
Chg In other CA & CL / minorities	23	81	(92)	(150)	(11)
Cash flow from operations	1,184	(545)	(612)	2,906	1,371
Capex	(6)	(153)	(350)	(350)	(250)
ST loans & investments	0	0	0	0	0
LT loans & investments	(71)	211	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	89	106	118	134	146
Cash flow from investments	13	165	(232)	(216)	(104)
Debt financing	(1,153)	2,234	1,822	(1,245)	138
Capital increase	0	0	0	0	0
Dividends paid	(871)	(981)	(1,122)	(1,224)	(1,162)
Warrants & other surplus	0	0	0	0	0
Cash flow from financing	(2,024)	1,253	701	(2,469)	(1,023)
Free cash flow	1,178	(697)	(962)	2,556	1,121

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	11.3	10.0	8.8	9.3	6.6
Normalized PE - at target price (x)	14.7	13.0	11.5	12.1	8.6
PE (x)	11.2	9.7	8.8	9.3	6.6
PE - at target price (x)	14.6	12.6	11.5	12.1	8.6
EV/EBITDA (x)	8.2	8.3	8.0	8.0	5.8
EV/EBITDA - at target price (x)	10.6	10.6	10.1	10.2	7.3
P/BV (x)	3.0	2.6	2.2	2.0	1.7
P/BV - at target price (x)	3.9	3.4	2.9	2.6	2.2
P/CFO (x)	18.2	(39.5)	(35.2)	7.4	15.7
Price/sales (x)	1.7	1.6	1.5	1.6	1.2
Dividend yield (%)	4.5	5.2	5.7	5.4	7.5
FCF Yield (%)	5.5	(3.2)	(4.5)	11.9	5.2
(Bt)					
Normalized EPS	1.3	1.5	1.7	1.6	2.2
EPS	1.3	1.5	1.7	1.6	2.2
DPS	0.7	0.8	0.8	0.8	1.1
BV/share	4.8	5.7	6.6	7.3	8.7
CFO/share	0.8	(0.4)	(0.4)	2.0	0.9
FCF/share	0.8	(0.5)	(0.7)	1.7	0.8

Sources: Company data; Thanachart estimates

L.P.N. Development

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	24.1	8.0	8.8	(4.7)	26.3
Net profit (%)	17.1	15.6	10.4	(5.1)	39.5
EPS (%)	17.1	15.6	10.4	(5.1)	39.5
Normalized profit (%)	18.8	13.4	13.1	(5.1)	39.5
Normalized EPS (%)	18.8	13.4	13.1	(5.1)	39.5
Dividend payout ratio (%)	50.0	50.6	50.0	50.0	50.0
Operating performance					
Gross margin (%)	33.2	32.4	33.3	32.5	34.7
Operating margin (%)	21.4	20.8	21.3	21.0	23.2
EBITDA margin (%)	21.7	21.1	21.6	21.4	23.5
Net margin (%)	14.9	15.7	16.9	16.8	18.6
D/E (incl. minor) (x)	0.1	0.3	0.5	0.3	0.3
Net D/E (incl. minor) (x)	0.0	0.2	0.4	0.2	0.2
Interest coverage - EBIT (x)	na	273.5	82.4	63.9	92.7
Interest coverage - EBITDA (x)	na	277.0	83.4	64.9	93.9
ROA - using norm profit (%)	19.1	18.4	15.7	13.6	17.6
ROE - using norm profit (%)	28.9	27.9	27.1	22.7	27.4
DuPont					
ROE - using after tax profit (%)	27.8	27.1	27.1	22.7	27.4
- asset turnover (x)	1.2	1.1	0.9	0.8	0.9
- operating margin (%)	21.6	21.1	21.6	21.3	23.5
- leverage (x)	1.5	1.5	1.7	1.7	1.6
- interest burden (%)	99.9	99.6	98.8	98.5	98.9
- tax burden (%)	68.9	75.0	79.0	80.0	80.0
WACC (%)	14.0	14.0	14.0	14.0	14.0
ROIC (%)	27.1	27.9	24.4	17.5	25.0
NOPAT (Bt m)	1,819	2,077	2,445	2,327	3,236

Sources: Company data; Thanachart estimates

Pruksa Real Estate

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	23,263	27,023	37,000	30,875	35,486
Cost of sales	14,724	17,890	24,347	20,334	23,422
Gross profit	8,538	9,133	12,653	10,541	12,064
% gross margin	36.7%	33.8%	34.2%	34.1%	34.0%
Selling & administration expenses	4,654	3,925	5,387	4,631	5,323
Operating profit	3,884	5,208	7,266	5,910	6,741
% operating margin	16.7%	19.3%	19.6%	19.1%	19.0%
Depreciation & amortization	339	369	391	441	491
EBITDA	4,224	5,577	7,657	6,351	7,232
% EBITDA margin	18.2%	20.6%	20.7%	20.6%	20.4%
Non-operating income	159	117	125	132	138
Non-operating expenses	0	0	0	0	0
Interest expense	(137)	(305)	(390)	(358)	(292)
Pre-tax profit	3,906	5,021	7,001	5,683	6,587
Income tax	1,071	1,123	1,295	1,080	1,252
After-tax profit	2,835	3,898	5,706	4,603	5,336
% net margin	12.2%	14.4%	15.4%	14.9%	15.0%
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	2,835	3,898	5,706	4,604	5,336
Normalized profit	2,835	3,898	5,706	4,604	5,336
EPS (Bt)	1.3	1.8	2.6	2.1	2.4
Normalized EPS (Bt)	1.3	1.8	2.6	2.1	2.4

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	38,916	40,989	54,218	49,289	50,080
Cash & cash equivalent	2,031	1,566	1,890	2,246	2,956
Account receivables	0	0	101	85	97
Inventories	36,160	37,818	50,028	45,124	44,919
Others	726	1,605	2,198	1,834	2,108
Investments & loans	0	0	0	0	0
Net fixed assets	2,469	2,220	2,329	2,387	2,396
Other assets	598	612	838	699	804
Total assets	41,983	43,821	57,384	52,375	53,280
LIABILITIES:					
Current liabilities:	13,827	15,281	20,294	15,788	14,922
Account payables	1,083	1,527	3,335	2,785	3,208
Bank overdraft & ST loans	5,988	1,529	6,932	5,017	3,750
Current LT debt	3,345	7,740	4,044	2,927	2,188
Others current liabilities	3,410	4,486	5,983	5,059	5,776
Total LT debt	10,973	8,258	12,131	8,780	6,563
Others LT liabilities	0	0	0	0	0
Total liabilities	24,986	23,739	32,698	24,797	21,747
Minority interest	1	0	0	(0)	(0)
Preferreds shares	0	0	0	0	0
Paid-up capital	2,209	2,213	2,224	2,224	2,224
Share premium	1,396	1,452	1,452	1,452	1,452
Warrants	0	17	17	17	17
Surplus	(69)	(74)	(74)	(74)	(74)
Retained earnings	13,459	16,474	21,068	23,960	27,914
Shareholders' equity	16,996	20,081	24,686	27,578	31,533
Liabilities & equity	41,983	43,821	57,384	52,375	53,280

Sources: Company data; Thanachart estimates

Pruksa Real Estate

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	3,906	5,021	7,001	5,683	6,587
Tax paid	(1,038)	(960)	(1,172)	(1,158)	(1,183)
Depreciation & amortization	339	369	391	441	491
Chg In working capital	(10,151)	(1,214)	(10,504)	4,372	615
Chg In other CA & CL / minorities	1,255	(419)	358	(1,020)	(63)
Cash flow from operations	(5,688)	2,797	(3,925)	8,319	6,447
Capex	(649)	(120)	(500)	(500)	(500)
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	643	451	270	631	368
Cash flow from investments	(6)	331	(230)	131	(132)
Debt financing	7,196	(2,780)	5,580	(6,382)	(4,224)
Capital increase	37	59	11	0	0
Dividends paid	(1,104)	(884)	(1,112)	(1,712)	(1,381)
Warrants & other surplus	(36)	12	0	0	0
Cash flow from financing	6,094	(3,593)	4,479	(8,094)	(5,605)
Free cash flow	(6,336)	2,677	(4,425)	7,819	5,947

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	13.8	10.0	6.9	8.5	7.3
Normalized PE - at target price (x)	11.8	8.6	5.8	7.2	6.3
PE (x)	13.8	10.0	6.9	8.5	7.3
PE - at target price (x)	11.8	8.6	5.8	7.2	6.3
EV/EBITDA (x)	13.6	9.9	7.9	8.4	6.7
EV/EBITDA - at target price (x)	12.2	8.8	7.1	7.5	5.9
P/BV (x)	2.3	1.9	1.6	1.4	1.2
P/BV - at target price (x)	2.0	1.7	1.4	1.2	1.1
P/CFO (x)	(6.9)	14.0	(10.0)	4.7	6.1
Price/sales (x)	1.7	1.4	1.1	1.3	1.1
Dividend yield (%)	2.3	2.8	4.4	3.5	4.1
FCF Yield (%)	(16.2)	6.8	(11.3)	20.0	15.2
(Bt)					
Normalized EPS	1.3	1.8	2.6	2.1	2.4
EPS	1.3	1.8	2.6	2.1	2.4
DPS	0.4	0.5	0.8	0.6	0.7
BV/share	7.6	9.0	11.1	12.4	14.2
CFO/share	(2.6)	1.3	(1.8)	3.7	2.9
FCF/share	(2.8)	1.2	(2.0)	3.5	2.7

Sources: Company data; Thanachart estimates

Pruksa Real Estate

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	(0.2)	16.2	36.9	(16.6)	14.9
Net profit (%)	(18.7)	37.5	46.4	(19.3)	15.9
EPS (%)	(18.7)	37.5	46.4	(19.3)	15.9
Normalized profit (%)	(18.7)	37.5	46.4	(19.3)	15.9
Normalized EPS (%)	(18.7)	37.5	46.4	(19.3)	15.9
Dividend payout ratio (%)	31.4	28.5	30.0	30.0	30.0
Operating performance					
Gross margin (%)	36.7	33.8	34.2	34.1	34.0
Operating margin (%)	16.7	19.3	19.6	19.1	19.0
EBITDA margin (%)	18.2	20.6	20.7	20.6	20.4
Net margin (%)	12.2	14.4	15.4	14.9	15.0
D/E (incl. minor) (x)	1.2	0.9	0.9	0.6	0.4
Net D/E (incl. minor) (x)	1.1	0.8	0.9	0.5	0.3
Interest coverage - EBIT (x)	28.3	17.1	18.6	16.5	23.1
Interest coverage - EBITDA (x)	30.7	18.3	19.6	17.7	24.7
ROA - using norm profit (%)	7.5	9.1	11.3	8.4	10.1
ROE - using norm profit (%)	17.6	21.0	25.5	17.6	18.1
DuPont					
ROE - using after tax profit (%)	17.6	21.0	25.5	17.6	18.1
- asset turnover (x)	0.6	0.6	0.7	0.6	0.7
- operating margin (%)	17.4	19.7	20.0	19.6	19.4
- leverage (x)	2.4	2.3	2.3	2.1	1.8
- interest burden (%)	96.6	94.3	94.7	94.1	95.8
- tax burden (%)	72.6	77.6	81.5	81.0	81.0
WACC (%)	12.9	12.9	12.9	12.9	12.9
ROIC (%)	10.5	11.5	16.4	10.4	13.0
NOPAT (Bt m)	2,819	4,043	5,921	4,787	5,460

Sources: Company data; Thanachart estimates

Quality Houses

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	9,849	13,077	18,884	15,085	17,417
Cost of sales	6,981	9,028	12,800	10,209	11,783
Gross profit	2,868	4,049	6,084	4,877	5,634
% gross margin	29.1%	31.0%	32.2%	32.3%	32.3%
Selling & administration expenses	2,346	2,639	3,210	2,640	3,048
Operating profit	522	1,411	2,874	2,237	2,586
% operating margin	5.3%	10.8%	15.2%	14.8%	14.8%
Depreciation & amortization	244	221	212	212	214
EBITDA	766	1,632	3,086	2,449	2,800
% EBITDA margin	7.8%	12.5%	16.3%	16.2%	16.1%
Non-operating income	98	149	162	164	190
Non-operating expenses	0	0	0	0	0
Interest expense	(309)	(295)	(225)	(256)	(267)
Pre-tax profit	311	1,265	2,811	2,145	2,509
Income tax	182	380	618	436	512
After-tax profit	129	885	2,192	1,710	1,997
% net margin	1.3%	6.8%	11.6%	11.3%	11.5%
Shares in affiliates' Earnings	639	804	951	1,069	1,213
Minority interests	0	0	0	0	0
Extraordinary items	85	697	112	0	0
NET PROFIT	853	2,386	3,256	2,779	3,210
Normalized profit	768	1,689	3,144	2,779	3,210
EPS (Bt)	0.1	0.3	0.4	0.3	0.3
Normalized EPS (Bt)	0.1	0.2	0.3	0.3	0.3

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	18,176	24,496	29,111	27,745	29,803
Cash & cash equivalent	1,113	1,650	1,150	1,247	1,478
Account receivables	67	88	127	101	117
Inventories	16,427	21,697	26,301	25,172	26,794
Others	568	1,062	1,533	1,225	1,414
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	760	607	701
Total assets	37,966	41,565	46,141	44,676	46,881
LIABILITIES:					
Current liabilities:	11,269	10,186	12,520	11,370	11,643
Account payables	546	805	1,052	839	968
Bank overdraft & ST loans	3,683	5,272	5,000	4,541	4,542
Current LT debt	5,994	2,080	4,000	3,633	3,634
Others current liabilities	1,046	2,030	2,468	2,356	2,499
Total LT debt	12,723	15,012	16,000	14,533	14,534
Others LT liabilities	806	878	767	713	823
Total liabilities	24,799	26,076	29,287	26,616	27,000
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	7,290	8,497	10,318
Shareholders' equity	13,168	15,489	16,853	18,060	19,881
Liabilities & equity	37,966	41,565	46,141	44,676	46,881

Sources: Company data; Thanachart estimates

Quality Houses

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	311	1,265	2,811	2,145	2,509
Tax paid	(408)	137	(754)	(366)	(526)
Depreciation & amortization	244	221	212	212	214
Chg In working capital	(5,538)	(5,032)	(4,396)	942	(1,508)
Chg In other CA & CL / minorities	43	177	322	364	311
Cash flow from operations	(5,348)	(3,232)	(1,806)	3,298	1,000
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	727	1,314	522	814	768
Cash flow from investments	(1,104)	3,869	561	664	618
Debt financing	7,509	(36)	2,636	(2,293)	3
Capital increase	0	706	0	0	0
Dividends paid	(1,017)	(78)	(1,102)	(1,572)	(1,390)
Warrants & other surplus	(41)	(692)	(789)	0	0
Cash flow from financing	6,451	(101)	745	(3,865)	(1,387)
Free cash flow	(5,485)	292	(1,767)	3,148	850

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	29.3	13.7	7.5	8.5	7.3
Normalized PE - at target price (x)	36.6	17.1	9.3	10.6	9.2
PE (x)	26.4	9.7	7.2	8.5	7.3
PE - at target price (x)	32.9	12.1	9.0	10.6	9.2
EV/EBITDA (x)	57.1	26.9	15.3	18.4	16.0
EV/EBITDA - at target price (x)	64.5	30.4	17.3	20.8	18.1
P/BV (x)	1.7	1.5	1.4	1.3	1.2
P/BV - at target price (x)	2.1	1.9	1.7	1.6	1.5
P/CFO (x)	(4.2)	(7.2)	(13.0)	7.1	23.5
Price/sales (x)	2.4	1.8	1.2	1.6	1.3
Dividend yield (%)	0.3	4.7	6.7	5.9	6.8
FCF Yield (%)	(24.4)	1.3	(7.5)	13.4	3.6
(Bt)					
Normalized EPS	0.1	0.2	0.3	0.3	0.3
EPS	0.1	0.3	0.4	0.3	0.3
DPS	0.0	0.1	0.2	0.2	0.2
BV/share	1.5	1.7	1.8	2.0	2.2
CFO/share	(0.6)	(0.4)	(0.2)	0.4	0.1
FCF/share	(0.6)	0.0	(0.2)	0.3	0.1

Sources: Company data; Thanachart estimates

Quality Houses

FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	(25.6)	32.8	44.4	(20.1)	15.5
Net profit (%)	(57.4)	179.7	36.5	(14.6)	15.5
EPS (%)	(57.4)	171.6	34.3	(14.6)	15.5
Normalized profit (%)	(54.4)	120.0	86.2	(11.6)	15.5
Normalized EPS (%)	(54.4)	113.6	83.3	(11.6)	15.5
Dividend payout ratio (%)	9.2	46.2	48.3	50.0	50.0
Operating performance					
Gross margin (%)	29.1	31.0	32.2	32.3	32.3
Operating margin (%)	5.3	10.8	15.2	14.8	14.8
EBITDA margin (%)	7.8	12.5	16.3	16.2	16.1
Net margin (%)	1.3	6.8	11.6	11.3	11.5
D/E (incl. minor) (x)	1.7	1.4	1.5	1.3	1.1
Net D/E (incl. minor) (x)	1.6	1.3	1.4	1.2	1.1
Interest coverage - EBIT (x)	1.7	4.8	12.8	8.7	9.7
Interest coverage - EBITDA (x)	2.5	5.5	13.7	9.6	10.5
ROA - using norm profit (%)	2.2	4.2	7.2	6.1	7.0
ROE - using norm profit (%)	5.8	11.8	19.4	15.9	16.9
DuPont					
ROE - using after tax profit (%)	1.0	6.2	13.6	9.8	10.5
- asset turnover (x)	0.3	0.3	0.4	0.3	0.4
- operating margin (%)	6.3	11.9	16.1	15.9	15.9
- leverage (x)	2.6	2.8	2.7	2.6	2.4
- interest burden (%)	50.2	81.1	92.6	89.3	90.4
- tax burden (%)	41.5	69.9	78.0	79.7	79.6
WACC (%)	11.5	11.5	11.5	11.5	11.5
ROIC (%)	0.8	2.9	6.2	4.3	5.2
NOPAT (Bt m)	216	987	2,242	1,767	2,043

Sources: Company data; Thanachart estimates

Sansiri Pcl

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	20,542	29,821	28,562	30,111	28,973
Cost of sales	13,509	19,877	19,276	20,371	19,633
Gross profit	7,032	9,944	9,286	9,739	9,340
% gross margin	34.2%	33.3%	32.5%	32.3%	32.2%
Selling & administration expenses	4,166	6,060	6,512	6,624	6,229
Operating profit	2,867	3,885	2,774	3,115	3,111
% operating margin	14.0%	13.0%	9.7%	10.3%	10.7%
Depreciation & amortization	313	324	354	378	396
EBITDA	3,180	4,209	3,128	3,493	3,507
% EBITDA margin	15.5%	14.1%	11.0%	11.6%	12.1%
Non-operating income	137	265	217	220	215
Non-operating expenses	0	0	0	0	0
Interest expense	(222)	(328)	(702)	(820)	(684)
Pre-tax profit	2,781	3,822	2,288	2,515	2,642
Income tax	779	874	503	553	581
After-tax profit	2,003	2,948	1,785	1,962	2,061
% net margin	9.7%	9.9%	6.2%	6.5%	7.1%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(1)	(0)	(0)	(0)	(0)
Extraordinary items	13	71	48	0	0
NET PROFIT	2,015	3,019	1,832	1,961	2,060
Normalized profit	2,002	2,947	1,784	1,961	2,060
EPS (Bt)	0.2	0.3	0.2	0.2	0.2
Normalized EPS (Bt)	0.2	0.3	0.2	0.2	0.2

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	32,293	41,073	53,901	50,235	45,853
Cash & cash equivalent	2,863	3,408	2,745	2,883	2,914
Account receivables	48	41	39	42	40
Inventories	25,616	34,267	45,945	41,859	37,653
Others	3,766	3,357	5,172	5,452	5,246
Investments & loans	51	9	(18)	(18)	(18)
Net fixed assets	2,942	3,346	3,534	3,498	3,444
Other assets	951	1,677	1,606	1,693	1,629
Total assets	36,238	46,106	59,024	55,409	50,909
LIABILITIES:					
Current liabilities:	14,868	18,173	21,936	19,312	16,774
Account payables	975	1,800	1,848	1,953	1,883
Bank overdraft & ST loans	1,843	4,212	6,883	5,607	4,530
Current LT debt	8,234	7,375	8,259	6,729	5,436
Others current liabilities	3,816	4,787	4,945	5,023	4,925
Total LT debt	9,274	12,419	19,271	15,700	12,684
Others LT liabilities	718	678	650	685	659
Total liabilities	24,860	31,270	41,857	35,697	30,117
Minority interest	0	1	1	1	2
Preferreds shares	0	0	0	0	0
Paid-up capital	7,547	8,434	10,201	11,642	11,642
Share premium	550	584	657	715	715
Warrants	0	0	0	0	0
Surplus	(18)	501	501	501	501
Retained earnings	3,298	5,316	5,808	6,853	7,933
Shareholders' equity	11,377	14,835	17,166	19,710	20,790
Liabilities & equity	36,238	46,106	59,024	55,409	50,909

Sources: Company data; Thanachart estimates

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CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	2,781	3,822	2,288	2,515	2,642
Tax paid	(642)	(810)	(470)	(555)	(586)
Depreciation & amortization	313	324	354	378	396
Chg In working capital	(3,104)	(7,819)	(11,629)	4,189	4,137
Chg In other CA & CL / minorities	(3,058)	554	(2,437)	(1,021)	(572)
Cash flow from operations	(3,710)	(3,929)	(11,894)	5,507	6,017
Capex	(829)	(687)	(500)	(300)	(300)
ST loans & investments	36	54	46	0	0
LT loans & investments	(3)	42	27	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	698	(30)	750	726	680
Cash flow from investments	(98)	(621)	323	426	380
Debt financing	3,425	4,655	10,408	(6,378)	(5,386)
Capital increase	1,705	921	1,839	1,499	0
Dividends paid	(178)	(1,001)	(1,340)	(916)	(981)
Warrants & other surplus	(1,613)	519	0	0	0
Cash flow from financing	3,340	5,095	10,907	(5,795)	(6,366)
Free cash flow	(4,539)	(4,615)	(12,394)	5,207	5,717

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	8.1	5.6	9.9	9.2	9.6
Normalized PE - at target price (x)	6.7	4.6	8.2	7.6	7.9
PE (x)	8.1	5.5	9.7	9.2	9.6
PE - at target price (x)	6.7	4.5	8.0	7.6	7.9
EV/EBITDA (x)	10.3	8.8	15.8	12.4	11.2
EV/EBITDA - at target price (x)	9.4	8.1	14.8	11.5	10.3
P/BV (x)	1.4	1.1	1.1	1.0	0.9
P/BV - at target price (x)	1.2	1.0	0.9	0.8	0.8
P/CFO (x)	(4.4)	(4.2)	(1.5)	3.3	3.3
Price/sales (x)	0.8	0.6	0.6	0.6	0.6
Dividend yield (%)	6.1	7.9	5.1	5.0	5.2
FCF Yield (%)	(27.9)	(27.9)	(70.0)	28.8	29.0
(Bt)					
Normalized EPS	0.2	0.3	0.2	0.2	0.2
EPS	0.2	0.3	0.2	0.2	0.2
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	1.3	1.6	1.7	1.8	1.9
CFO/share	(0.4)	(0.4)	(1.2)	0.6	0.6
FCF/share	(0.5)	(0.5)	(1.3)	0.5	0.5

Sources: Company data; Thanachart estimates

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FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	10.5	45.2	(4.2)	5.4	(3.8)
Net profit (%)	6.2	49.8	(39.3)	7.0	5.1
EPS (%)	3.9	47.3	(43.3)	4.6	(3.4)
Normalized profit (%)	1.4	47.2	(39.5)	9.9	5.1
Normalized EPS (%)	(0.8)	44.7	(43.5)	7.4	(3.4)
Dividend payout ratio (%)	49.0	44.4	50.0	50.0	50.0
Operating performance					
Gross margin (%)	34.2	33.3	32.5	32.3	32.2
Operating margin (%)	14.0	13.0	9.7	10.3	10.7
EBITDA margin (%)	15.5	14.1	11.0	11.6	12.1
Net margin (%)	9.7	9.9	6.2	6.5	7.1
D/E (incl. minor) (x)	1.7	1.6	2.0	1.4	1.1
Net D/E (incl. minor) (x)	1.4	1.4	1.8	1.3	0.9
Interest coverage - EBIT (x)	12.9	11.9	3.9	3.8	4.5
Interest coverage - EBITDA (x)	14.3	12.8	4.5	4.3	5.1
ROA - using norm profit (%)	5.9	7.2	3.4	3.4	3.9
ROE - using norm profit (%)	19.2	22.5	11.2	10.6	10.2
DuPont					
ROE - using after tax profit (%)	19.2	22.5	11.2	10.6	10.2
- asset turnover (x)	0.6	0.7	0.5	0.5	0.5
- operating margin (%)	14.6	13.9	10.5	11.1	11.5
- leverage (x)	3.2	3.1	3.3	3.1	2.6
- interest burden (%)	92.6	92.1	76.5	75.4	79.4
- tax burden (%)	72.0	77.1	78.0	78.0	78.0
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	9.4	10.8	6.1	5.0	5.4
NOPAT (Bt m)	2,064	2,996	2,164	2,430	2,427

Sources: Company data; Thanachart estimates

Supalai Pcl

INCOME STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Sales	12,686	11,513	12,931	18,991	22,063
Cost of sales	7,319	6,461	7,745	11,334	12,928
Gross profit	5,368	5,052	5,186	7,657	9,135
% gross margin	42.3%	43.9%	40.1%	40.3%	41.4%
Selling & administration expenses	1,353	1,406	1,461	2,383	2,603
Operating profit	4,015	3,646	3,724	5,274	6,532
% operating margin	31.6%	31.7%	28.8%	27.8%	29.6%
Depreciation & amortization	83	77	102	130	138
EBITDA	4,098	3,724	3,826	5,404	6,670
% EBITDA margin	32.3%	32.3%	29.6%	28.5%	30.2%
Non-operating income	123	136	143	150	158
Non-operating expenses	0	0	0	0	0
Interest expense	(147)	(130)	(164)	(246)	(240)
Pre-tax profit	3,991	3,653	3,703	5,178	6,449
Income tax	1,319	831	741	1,036	1,290
After-tax profit	2,672	2,822	2,962	4,142	5,160
% net margin	21.1%	24.5%	22.9%	21.8%	23.4%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(105)	(78)	(69)	(81)	(94)
Extraordinary items	0	0	0	0	0
NET PROFIT	2,568	2,744	2,894	4,061	5,065
Normalized profit	2,568	2,744	2,894	4,061	5,065
EPS (Bt)	1.5	1.6	1.7	2.4	3.0
Normalized EPS (Bt)	1.5	1.6	1.7	2.4	3.0

BALANCE SHEET

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
ASSETS:					
Current assets:	18,970	22,062	28,211	34,359	37,261
Cash & cash equivalent	672	2,170	1,750	1,843	1,914
Account receivables	16	14	16	23	27
Inventories	17,872	19,005	25,464	31,053	33,647
Others	410	873	981	1,440	1,673
Investments & loans	6	7	7	7	7
Net fixed assets	1,248	1,216	2,214	2,284	2,346
Other assets	270	368	413	607	705
Total assets	20,495	23,653	30,845	37,257	40,319
LIABILITIES:					
Current liabilities:	5,178	7,777	9,287	11,551	12,567
Account payables	1,205	1,023	1,379	2,018	2,125
Bank overdraft & ST loans	880	11	1,881	2,197	1,780
Current LT debt	80	2,399	752	879	712
Others current liabilities	3,013	4,344	5,275	6,456	7,950
Total LT debt	4,140	2,942	6,771	7,910	6,408
Others LT liabilities	44	47	53	77	90
Total liabilities	9,362	10,766	16,111	19,538	19,065
Minority interest	383	423	491	572	667
Preferreds shares	0	0	0	0	0
Paid-up capital	1,717	1,717	1,717	1,717	1,717
Share premium	219	219	219	219	219
Warrants	0	0	0	0	0
Surplus	454	455	455	455	455
Retained earnings	8,360	10,075	11,852	14,756	18,197
Shareholders' equity	10,750	12,465	14,243	17,147	20,588
Liabilities & equity	20,495	23,653	30,845	37,257	40,319

Sources: Company data; Thanachart estimates

Supalai Pcl

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2011A	2012A	2013F	2014F	2015F
Earnings before tax	3,991	3,653	3,703	5,178	6,449
Tax paid	(1,377)	(713)	(758)	(696)	(1,180)
Depreciation & amortization	83	77	102	130	138
Chg In working capital	(1,943)	(1,314)	(6,105)	(4,957)	(2,492)
Chg In other CA & CL / minorities	32	762	689	181	955
Cash flow from operations	786	2,466	(2,369)	(164)	3,871
Capex	(34)	(46)	(1,100)	(200)	(200)
ST loans & investments	0	0	0	0	0
LT loans & investments	2	(1)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(33)	(146)	112	32	111
Cash flow from investments	(65)	(193)	(988)	(168)	(89)
Debt financing	577	252	4,052	1,582	(2,086)
Capital increase	0	0	0	0	0
Dividends paid	(1,116)	(1,029)	(1,116)	(1,157)	(1,625)
Warrants & other surplus	(0)	1	0	0	0
Cash flow from financing	(538)	(776)	2,936	425	(3,711)
Free cash flow	752	2,420	(3,469)	(364)	3,671

VALUATION

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Normalized PE (x)	10.7	10.0	9.5	6.8	5.4
Normalized PE - at target price (x)	14.0	13.1	12.5	8.9	7.1
PE (x)	10.7	10.0	9.5	6.8	5.4
PE - at target price (x)	14.0	13.1	12.5	8.9	7.1
EV/EBITDA (x)	7.8	8.2	9.2	6.8	5.2
EV/EBITDA - at target price (x)	9.9	10.5	11.4	8.4	6.5
P/BV (x)	2.6	2.2	1.9	1.6	1.3
P/BV - at target price (x)	3.4	2.9	2.5	2.1	1.8
P/CFO (x)	35.0	11.1	(11.6)	(167.4)	7.1
Price/sales (x)	2.2	2.4	2.1	1.4	1.2
Dividend yield (%)	4.1	4.1	4.2	5.9	7.4
FCF Yield (%)	2.7	8.8	(12.6)	(1.3)	13.4
(Bt)					
Normalized EPS	1.5	1.6	1.7	2.4	3.0
EPS	1.5	1.6	1.7	2.4	3.0
DPS	0.7	0.7	0.7	0.9	1.2
BV/share	6.3	7.3	8.3	10.0	12.0
CFO/share	0.5	1.4	(1.4)	(0.1)	2.3
FCF/share	0.4	1.4	(2.0)	(0.2)	2.1

Sources: Company data; Thanachart estimates

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FINANCIAL RATIOS

FY ending Dec	2011A	2012A	2013F	2014F	2015F
Growth Rate					
Sales (%)	14.5	(9.2)	12.3	46.9	16.2
Net profit (%)	(0.5)	6.8	5.5	40.4	24.7
EPS (%)	(0.5)	6.8	5.5	40.4	24.7
Normalized profit (%)	(0.5)	6.8	5.5	40.4	24.7
Normalized EPS (%)	(0.5)	6.8	5.5	40.4	24.7
Dividend payout ratio (%)	43.5	40.7	40.0	40.0	40.0
Operating performance					
Gross margin (%)	42.3	43.9	40.1	40.3	41.4
Operating margin (%)	31.6	31.7	28.8	27.8	29.6
EBITDA margin (%)	32.3	32.3	29.6	28.5	30.2
Net margin (%)	21.1	24.5	22.9	21.8	23.4
D/E (incl. minor) (x)	0.5	0.4	0.6	0.6	0.4
Net D/E (incl. minor) (x)	0.4	0.2	0.5	0.5	0.3
Interest coverage - EBIT (x)	27.3	28.1	22.6	21.4	27.2
Interest coverage - EBITDA (x)	27.9	28.7	23.3	22.0	27.8
ROA - using norm profit (%)	13.1	12.4	10.6	11.9	13.1
ROE - using norm profit (%)	25.6	23.6	21.7	25.9	26.8
DuPont					
ROE - using after tax profit (%)	26.7	24.3	22.2	26.4	27.3
- asset turnover (x)	0.6	0.5	0.5	0.6	0.6
- operating margin (%)	32.6	32.9	29.9	28.6	30.3
- leverage (x)	1.9	1.9	2.0	2.2	2.1
- interest burden (%)	96.4	96.6	95.7	95.5	96.4
- tax burden (%)	67.0	77.2	80.0	80.0	80.0
WACC (%)	12.8	12.8	12.8	12.8	12.8
ROIC (%)	20.2	18.6	19.0	19.3	19.9
NOPAT (Bt m)	2,689	2,817	2,979	4,219	5,226

Sources: Company data; Thanachart estimates

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For “Ownership of Securities” information, please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action> .

Investment Banking Relationships

For “Investment Banking Relationship”, please visit BlueMatrix disclosure Link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action> .

Relevant Relationships (TNS)

TNS may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

TNS market making

TNS may from time to time make a market in securities covered by this research.

Additional information may be available upon request.

Japan - additional notification items pursuant to Article 37 of the Financial Instruments and Exchange Law

(This Notification is only applicable where report is distributed by Daiwa Securities Co. Ltd.)

- If you decide to enter into a business arrangement with us based on the information described in materials presented along with this document, we ask you to pay close attention to the following items.
- In addition to the purchase price of a financial instrument, we will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction.
- In some cases, we may also charge a maximum of ¥2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident of Japan.
- For derivative and margin transactions etc., we may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by us.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

*The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with us.

Corporate Name: Daiwa Securities Co. Ltd.

Financial instruments firm: chief of Kanto Local Finance Bureau (Kin-sho) No.108

Memberships: Japan Securities Dealers Association, The Financial Futures Association of Japan

Japan Investment Advisers Association

Type II Financial Instruments Firms Association

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