

Property Sector

No longer cheap

Sector Valuation Company	BBG code	Rec.	TP (Bt)	Norm EPS growth		Norm PE		P/BV		Div yield	
				2012F (%)	2013F (%)	2012F (x)	2013F (x)	2012F (x)	2013F (x)	2012F (%)	2013F (%)
Asian Property Devt	AP TB	BUY	8.80	22.7	33.9	10.8	8.1	1.8	1.5	3.7	5.0
Land and Houses	LH TB	BUY	9.00	16.0	12.9	18.0	16.0	2.6	2.5	4.4	5.0
LPN Development	LPN TB	HOLD	17.00	12.8	34.1	11.8	8.8	3.0	2.5	4.2	5.7
Pruksa Real Estate	PS TB	SELL	12.00	18.4	13.7	10.4	9.1	1.8	1.6	2.9	3.3
Quality Houses	QH TB	BUY	2.10	67.7	29.6	12.1	9.5	1.0	1.0	3.6	5.3
Supalai	SPALI TB	BUY	20.00	19.9	20.3	9.5	7.9	2.3	1.9	4.2	5.0

Source: Thanachart estimates

The Thai property sector isn't cheap trading on par with the SET versus a usual 1-3x PE discount. But solid 2H12 presales growth and profits should bolster share prices. We stay Neutral with AP (highest presales growth, 25% three-year CAGR) and QH (real business turnaround) our top picks.

Valuation no longer at discount to SET

Property stocks underperformed the SET by 13% in 4Q11 on the flooding impact but their share prices have rebounded strongly YTD, outperforming the SET by 17%. Valuation isn't cheap at 12.1x 2012F PE, on par with the SET versus a usual 1-3x discount since 2005. The sector's catalysts are higher presales growth and earnings momentum in 2H12F. We reiterate our Neutral sector stance with recommendation changes for two stocks: LPN (downgrade to HOLD from Buy) and QH (upgrade to BUY from Sell). Our top picks are now AP and QH.

Flat demand in 5M12 with strong condo market

The severe floods late last year caused developers to be more cautious in launching new low-rise projects. 5M12 new residential supply fell by 10% y-y, brought down by low-rise houses while condo launches jumped 40%. On the demand side, despite weaker low-rise demand the six developers under our coverage posted presales growth of 5% y-y in 5M12 given strong condo presales accounting for 54% of the total.

Stronger 2H12F

Since the movement of property stocks tracks presales and earnings momentum, we believe the strong presales growth in 2H12F of 30% y-y (we project 14% growth for 2012) from the low base effect in 4Q11, a gradual low-rise demand recovery, continuing robust condo demand and more launches than in 1H12 should support share prices. Besides, we forecast 2H12 profits to be stronger than 1H12's which would bring the sector's normalized EPS growth to 25% this year.

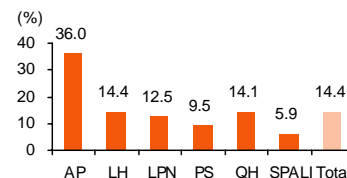
AP and QH now our top picks

We like AP for: 1) highest presales growth of 36% in 2012F; 2) the sector's second-best three-year CAGR of 25% after QH's 33%; 3) improving quarterly earnings momentum; and 4) its second-cheapest valuation in the sector. QH is showing a real business turnaround and should be re-rated back to its historical PE level. After a few years of trial and error in tapping new markets, more exposure in condos and stepping into mid- to low-end markets, its products have started to get a good response. Assets sales to its property fund in 3Q12 will also lower gearing.



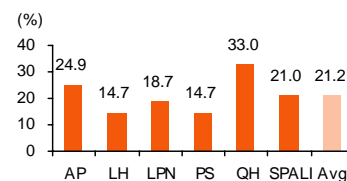
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2012F Presales Growth



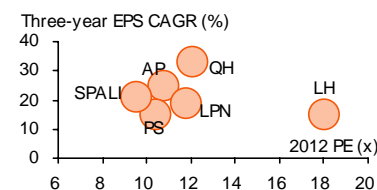
Source: Thanachart estimates

Three-Year Norm EPS CAGR



Sources: Company data; Thanachart estimates

Property Stock Valuation Matrix



Sources: Company data; Thanachart estimates

Valuation no longer at discount to SET

Sector PE is on par with SET versus a usual discount of 1-3x

Residential property was one of the sectors hit hardest by the worst floods in Thailand in 70 years in 4Q11 as 90% of property activities of major listed developers are in Bangkok and its suburbs where as much as 40-50% of residential areas were swamped. The stagnant industry caused property stocks to underperform the SET by 13% in 4Q11.

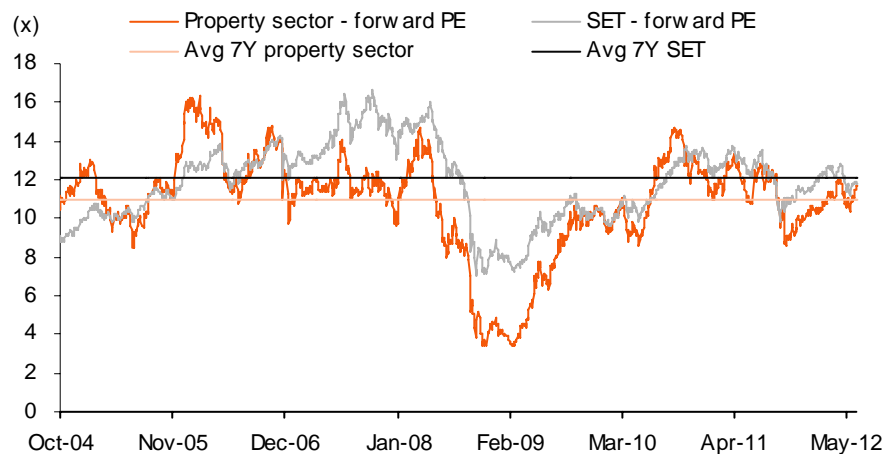
With the industry recovery starting from late-December 2011 after the floods receded, the share prices of property stocks have rebounded strongly YTD, outperforming the SET by 17%. We think the recovery has gone too far as the industry hasn't fully got back to normal yet. The sector's valuation is not cheap now at 12.1x 2012F PE, on par with the SET's 12.9x versus a usual 1-3x discount since 2005. Despite the sector's stronger normalized EPS growth of 25% this year compared to the SET's 18%, this is just because of the low earnings base last year.

Ex 1: Property Price Performance Relative To SET

Date	AP (Bt/sh)	LH (Bt/sh)	LPN (Bt/sh)	PS (Bt/sh)	QH (Bt/sh)	SPALI (Bt/sh)	SET (index)	Prop - Avg (%)	Relative To SET (%)
30 Sep 11	5.45	6.50	11.10	14.30	1.33	13.10	916.21		
30 Dec 11	4.96	6.15	12.80	11.60	1.38	14.30	1,025.32		
29 Jun 12	7.25	7.80	17.20	15.70	1.72	17.10	1,172.11		
Change (%) - 4Q11	(9.0)	(5.4)	15.3	(18.9)	3.8	9.2	11.9	(0.8)	(12.7)
Change (%) - YTD	46.2	26.8	34.4	35.3	24.6	19.6	14.3	31.2	16.8

Sources: Bloomberg; Thanachart

Ex 2: Current PE At No Discount Gap To SET



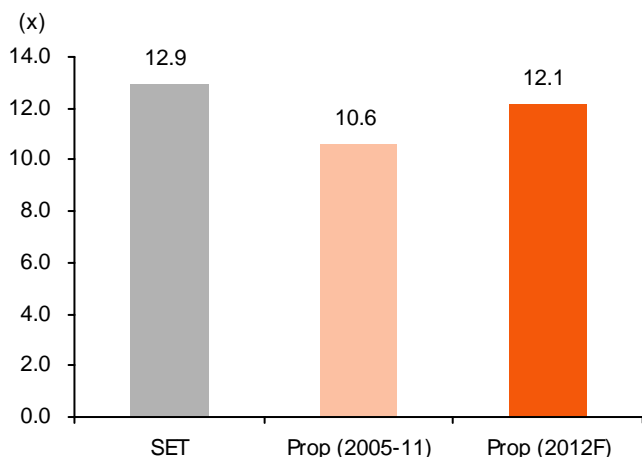
Sources: Bloomberg; Company data; Thanachart estimates

Maintain Neutral sector stance

Top picks are AP and QH

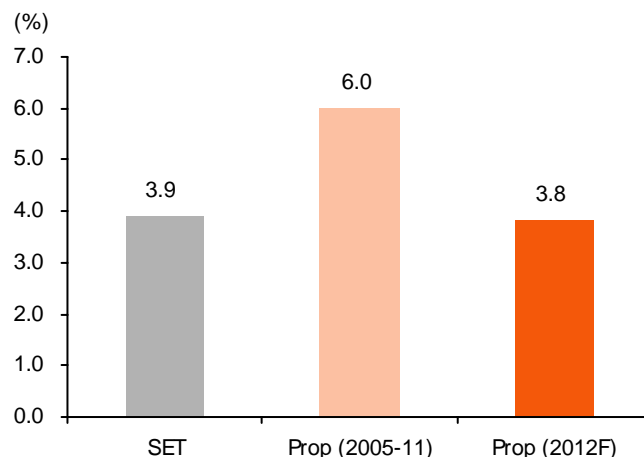
We maintain our Neutral stance on Thai residential property. Not only is the sector's PE multiple higher than its historical average, but average dividend yield of 3.8% this year is also lower than seven-year average of 6.0%. Nonetheless, the sector's catalysts are higher presales growth and better earnings momentum in 2H12F. Following the changes in key assumptions as shown in Exhibit 5, we made recommendation changes to two stocks: LPN (downgrade to HOLD from Buy) and QH (upgrade to BUY from Sell). Our top picks are AP and QH.

Ex 3: PE Comparison



Sources: Company data; Thanachart estimates

Ex 4: Dividend Yield Comparison



Sources: Company data; Thanachart estimates

Earnings and TP revisions

5M12 presales were stronger than expected so we revise 2012F presales growth up to 14% from 9%

As the six developers we cover managed to grow 5M12 presales by 5% y-y and we expect higher presales growth in the seven remaining months of the year owing to the low presales level in 4Q11, we adjust up our presales growth assumption for 2012 to 14% from 9% earlier. This leads to upward revisions to 2012F-14F presales by 6% p.a., sales by 4-8% p.a. and normalized profit by 8-11% p.a.

Ex 5: Changes In Key Assumptions

	AP	LH	LPN	PS	QH	SPALI	Total
Presales (Bt m)							
2012F - New	19,525	21,965	17,031	27,973	13,873	18,506	118,873
2012F - Old	19,525	21,330	17,031	27,310	9,925	16,810	111,932
Change (%)	0.0	3.0	0.0	2.4	39.8	10.1	6.2
2013F - New	22,551	23,986	18,635	30,764	13,316	19,711	128,962
2013F - Old	21,526	23,551	18,634	29,717	10,111	18,307	121,847
Change (%)	4.8	1.8	0.0	3.5	31.7	7.7	5.8
2014F - New	24,854	25,689	20,398	33,339	12,782	20,777	137,839
2014F - Old	23,281	25,117	20,398	31,573	10,385	19,664	130,417
Change (%)	6.8	2.3	0.0	5.6	23.1	5.7	5.7
Sales (Bt m)							
2012F - New	16,841	21,657	14,071	24,867	11,770	13,937	103,142
2012F - Old	16,841	19,271	13,994	24,589	10,462	13,846	99,003
Change (%)	0.0	12.4	0.6	1.1	12.5	0.7	4.2
2013F - New	20,064	24,021	16,712	28,698	12,410	16,537	118,442
2013F - Old	19,859	22,092	16,625	26,578	10,653	16,133	111,940
Change (%)	1.0	8.7	0.5	8.0	16.5	2.5	5.8
2014F - New	23,411	26,942	18,290	32,147	12,855	19,753	133,397
2014F - Old	21,546	25,121	18,195	29,044	10,879	18,328	123,114
Change (%)	8.7	7.2	0.5	10.7	18.2	7.8	8.4

Sources: Company data; Thanachart estimates

Ex 5: Changes In Key Assumptions (Con't)

	AP	LH	LPN	PS	QH	SPALI	Total
Gross margin - Property (%)							
2012F - New	33.5	31.6	31.0	35.5	29.5	41.3	33.7
2012F - Old	33.5	31.8	31.5	35.7	27.2	39.8	33.2
Change (bp)	0.0	(24.9)	(46.4)	(17.9)	233.0	144.4	48.0
2013F - New	33.9	31.4	32.9	35.1	30.3	39.7	33.9
2013F - Old	33.9	31.8	33.0	35.4	26.9	39.6	33.4
Change (bp)	0.0	(46.0)	(6.1)	(31.4)	333.7	6.7	42.8
2014F - New	33.8	31.4	32.9	35.0	30.4	39.7	33.9
2014F - Old	33.8	31.9	33.0	35.3	27.1	39.8	33.5
Change (bp)	0.0	(47.7)	(5.6)	(26.0)	332.3	(6.4)	41.1
Normalized profit (Bt m)							
2012F - New	1,899	4,341	2,154	3,357	1,287	3,078	16,117
2012F - Old	1,899	3,712	2,177	2,948	1,053	3,080	14,868
Change (%)	0.0	17.0	(1.1)	13.9	22.3	(0.0)	8.4
2013F - New	2,542	4,902	2,887	3,818	1,668	3,704	19,520
2013F - Old	2,516	4,423	2,858	3,266	1,172	3,704	17,939
Change (%)	1.0	10.8	1.0	16.9	42.4	(0.0)	8.8
2014F - New	3,020	5,650	3,196	4,275	1,889	4,549	22,579
2014F - Old	2,788	5,284	3,163	3,577	1,342	4,245	20,398
Change (%)	8.4	6.9	1.0	19.5	40.8	7.2	10.7
Target price (Bt)							
New	8.80	9.00	17.00	12.00	2.10	20.00	—
Old	8.50	7.00	16.00	9.00	1.00	16.00	—
Change (%)	3.5	28.6	6.3	33.3	110.0	25.0	—

Sources: Company data; Thanachart estimates

Ex 6: Valuation Comparison

	Rec.	TP (Bt)	Norm EPS growth		Norm PE		P/BV		Div yield	
			2012F (%)	2013F (%)	2012F (x)	2013F (x)	2012F (x)	2013F (x)	2012F (%)	2013F (%)
AP	BUY	8.80	22.7	33.9	10.8	8.1	1.8	1.5	3.7	5.0
LH	BUY	9.00	16.0	12.9	18.0	16.0	2.6	2.5	4.4	5.0
LPN	HOLD	17.00	12.8	34.1	11.8	8.8	3.0	2.5	4.2	5.7
PS	SELL	12.00	18.4	13.7	10.4	9.1	1.8	1.6	2.9	3.3
QH	BUY	2.10	67.7	29.6	12.1	9.5	1.0	1.0	3.6	5.3
SPALI	BUY	20.00	19.9	20.3	9.5	7.9	2.3	1.9	4.2	5.0

Sources: Company data; Thanachart estimates

We change our ratings for two stocks

We change our calls for two stocks. We now have four BUYs (AP, LH, QH, SPALI), a HOLD (LPN) and one SELL (PS).

Quality Houses (QH) – Upgrade to BUY (from Sell), Bt2.10 SoTP TP

QH is upgraded to BUY on its business turnaround

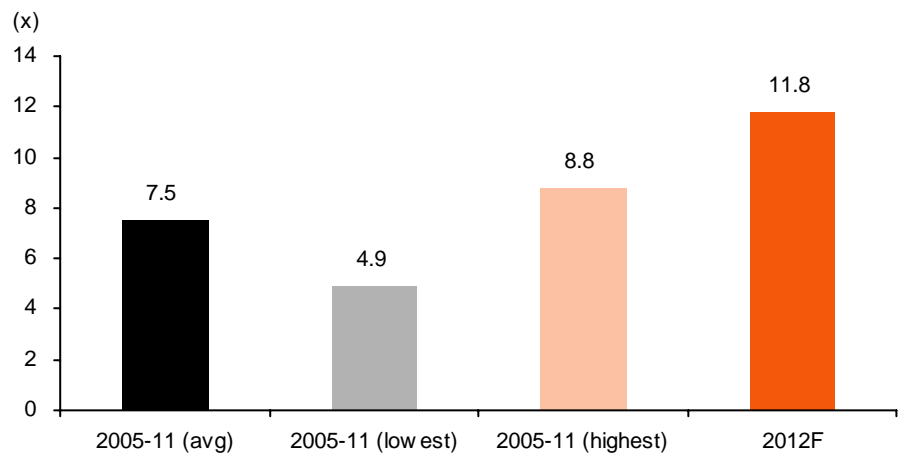
- QH is upgraded to BUY from Sell and is added to our sector top picks.
- It is the stock for which we have made the sharpest upgrades to earnings and TP as it has shown clear business recovery signs on its ability to generate better presales and lifted gross margin via product mix changes and improvements to operational efficiency.
- See details in the last section of this report, “AP and QH are our top picks”.

LPN is downgraded to HOLD purely on valuation which is 4x above its historical PE

LPN Dev (LPN) – Downgrade to HOLD (from Buy), Bt17.00 DCF TP

- We still like LPN's fundamentals and its steady growth of 10-20% p.a. Its core segment, low-end condominiums, remains resilient. A sharp share price run-up by 55% since early 4Q11 has pushed up 2012F PE to 11.8x, some 4x above its seven-year average (2005-11) of 7.5x. We downgrade our rating to HOLD on its rich valuation and we see very limited upside to our assumptions and TP.
- LPN has always delivered as targeted. The success of the “Big Shock” event held from 21-24 June 2012 with special offers of low monthly installments for 55 months and all-fees free campaign led to super strong presales in June alone of Bt5bn. We estimate 1H12 presales will come in slightly above Bt11bn (+37% y-y), at 69% of the company's condo presales target of Bt16bn (+12% y-y) in 2012. While management maintains its full-year target due to lower new launches h-h in 2H12, we also keep our presales assumption unchanged at Bt16bn for condos and Bt1bn for townhouses.
- Short-term catalysts are lacking owing to weak 2Q12F results (2Q12F revenues of ~Bt1bn versus Bt13bn-14bn in 2012F, a very low gross margin expected from the Lumpini Condotown Nida-Seri Thai phase 2 to be transferred) that will be announced around mid-August, and much weaker presales h-h in 2H12F of Bt5bn compared with the Bt11bn in 1H12F.
- We recommend a HOLD for strong 2H12F results (2H12F revenues of Bt10bn-11bn versus Bt3bn for 1H12F) from the scheduled completion of seven condos and its highest dividend yield in the sector at 4.2% in 2012F and 5.7% in 2013F.

Ex 7: LPN – 2012F PE vs Seven-Year Historical Average



Sources: Company data; Thanachart estimates

Asian Property (AP) – BUY, Bt8.80 DCF TP

AP is a BUY and one of our two top picks

- AP remains a BUY and is another top pick besides QH. New TP is Bt8.80/share.
- Its strong growth prospects, best presales growth, cheap valuation and decent earnings momentum make it stand out versus peers.
- See details in last section, “AP and QH are our top picks”.

Land & Houses (LH) – BUY, Bt9.00 SoTP TP

LH remains a BUY

- LH remains a BUY. Our TP based on sum-of-the-parts (SoTP) methodology is raised to Bt9.00/share from Bt7.00 previously.
- The company has set a 2012 presales growth target of 15% to reach Bt22bn and a real estate sales growth target of 8% to Bt20bn. Both look achievable.
- Three new condo projects were launched in May: The Room Sukhumvit 40 (Bt600m, 129 units), The Key Sathorn-Rajapruk (Bt1.8bn, 820 units) and The Room BTS Wongwienyai (Bt1.6bn, 220 units), valued at a total of Bt4bn with average presales of 35% (~Bt1.4bn). We project 2Q12 presales to surge q-q by 27% to over Bt6bn.
- Equity income from investments in associates normally contributes 30-40% of LH's bottom line. In 3Q12F, equity income should almost double y-y to Bt550m-600m as LH will book a higher profit contribution from its 25%-owned Quality Houses (QH) which will book gains from the transfer of three serviced apartments to a new property fund called Quality Houses Hotel and Residence Freehold and Leasehold Property Fund (QHHR).
- Earnings are upgraded by 11% across the board and this, plus the increasing investment value of associates, lifts our SoTP TP to Bt9.00/share.

Ex 8: LH – SoTP Calculation

	Holding (%)	(Bt m)
Enterprise value - property development business		75,786
Investment in property funds		2,299
Investment in associates		38,682
- Quality Construction Products Plc.	21.2	838
- LH Financial Group Plc.	35.4	5,401
- Home Product Center Plc.	30.2	26,423
- Asia Assets Advisory Co., Ltd.	40.0	2
- Quality Houses Plc.	24.9	4,794
- Polar Property Holdings Corporation	25.0	1,223
Total enterprise value		116,767
<u>Less</u> Net debt		25,583
<u>Less</u> Minority interest		1,076
Equity value		90,108
# of shares (m)		10,026
Equity value/share (Bt)		8.99

Source: Thanachart estimates

Supalai (SPALI) – BUY, Bt20.00 DCF TP

SPALI is a BUY on strong growth and cheap valuation

- SPALI remains a BUY to a new TP of Bt20.00/share.
- YTD it has enjoyed good presales with 5M12 presales growth of 21% y-y to Bt8.2bn, at 43% of its full-year target of Bt19bn (+9% y-y). Condo presales soared by 28% y-y on the launches of three condominiums – City Resort Ratchada-Huaykwang (Bt1.6bn, 875 units), Supalai Wellington (Bt4.8bn, 1,002 units) and Supalai Park @ Phuket City (Bt840m, 504 units). Low-rise presales grew by 5% y-y because its products are diversified by location either in Bangkok or upcountry.
- 2Q12F earnings will likely be weak, possibly flat q-q, as no condos were finished in the quarter. 2H12F revenues are expected to account for over 70% of the 2012F total since sales backlog from four condos will be realized as revenues from 3Q12 – Supalai Park @ Downtown Phuket (Bt806m, 522 units, 91% sold), City Home Srinakarin (Bt1.1bn, 1,100 units, 17% sold), Supalai Park Asoke-Ratchada (Bt1.4bn, 554 units, 99% sold) and Supalai Park Ratchayothin (Bt2.3bn, 826 units, 97% sold).

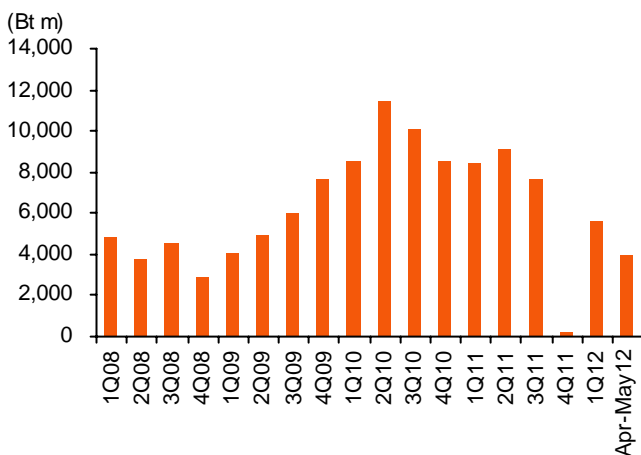
- We like SPALI for its: 1) diversified products with the highest exposure in the high potential upcountry market with a target for provincial sales to reach 25% over the next two to three years; 2) its strongest profitability with gross margin of 40% and net margin of over 20%; 3) 21% three-year normalized EPS CAGR; and 4) the sector's cheapest PE at 9.5x in 2012F and 7.9x in 2013F.

Pruksa Real Estate (PS) – SELL, Bt12.00 DCF TP

We still rate PS as a SELL as we don't see clear growth catalysts to drive the share price back to glory days levels

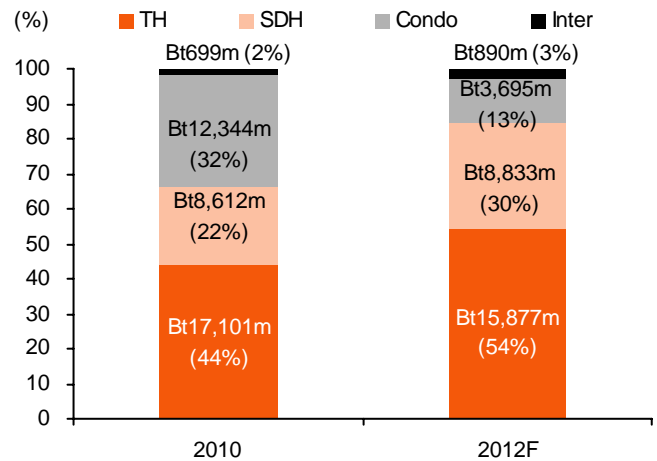
- PS is still a SELL. Our new TP of Bt12.00/share implies 24% share price downside.
- Concentrating on low-rise products with more than 30% of its existing portfolio in areas that were flooded, PS is a developer that will take the longest time to recover as proven by 5M12 presales tumbling 32% y-y.
- Apart from the flooding impact, a growing cash flow risk given lots of projects on hand being built has caused PS to significantly slow new condo launches which were a key contributor to presales in 2010 when it beat sector peers to become No.1 in the Thai property market.
- Project expansion overseas is no longer a new growth driver because of operating difficulties in other countries leading to project delays and unfavorable profitability. It has therefore decided to refocus on domestic operations.
- As we don't see a clear growth strategy for PS like the case in the past few glorious years, we project it to take another four years (2016) to repeat its record yearly presales figure of Bt38.8bn in 2010.
- Although its valuation at PE of 10.4x and 9.1x in 2012F-13F is slightly below the sector average, we don't think this is attractive enough to get in. Back in 2005-06, it traded at a 3-4x PE discount to the sector. Upside risk to our assumptions comes from growth opportunities in a new market segment i.e. low-rise projects closer to town in Pattanakarn and Chaengwattana.

Ex 9: Quarterly Presales



Source: Company data

Ex 10: 2012F Presales Target vs Peak Presales In 2010



Source: Company data

Ex 11: PS's PE Gap With Sector



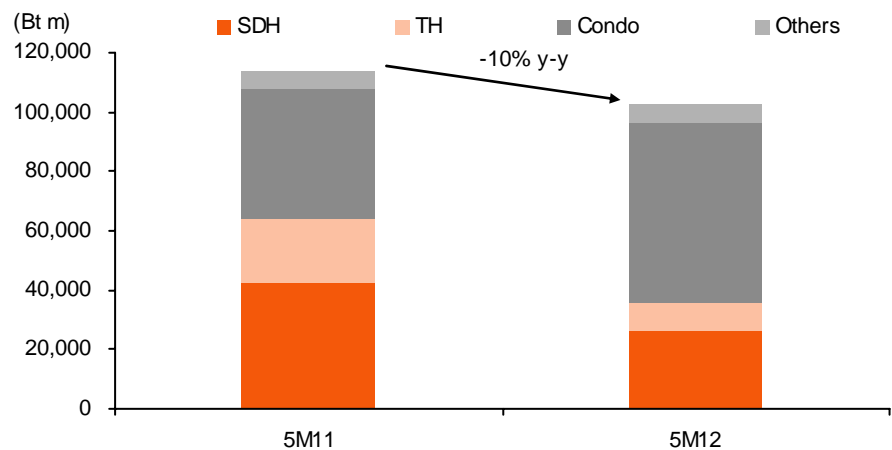
Sources: Company data; Thanachart estimates

Flat housing demand in 5M12

New supply dropped by 10% y-y in 5M12, brought down by low-rise houses

According to the Agency for Real Estate Affairs (AREA), new residential supply in 5M12 was valued at Bt102bn, falling by 10% y-y, with total units of 36,370, down 15% y-y. Of the total value in 5M12, condominium products contributed the most at 60%, up from 38% in 5M11, followed by SDH (26%) and TH (9%). Due to the floods in 4Q11, developers have slowed down new launches of low-rise projects with SDH tumbling by 38% y-y and TH plunging 57% y-y.

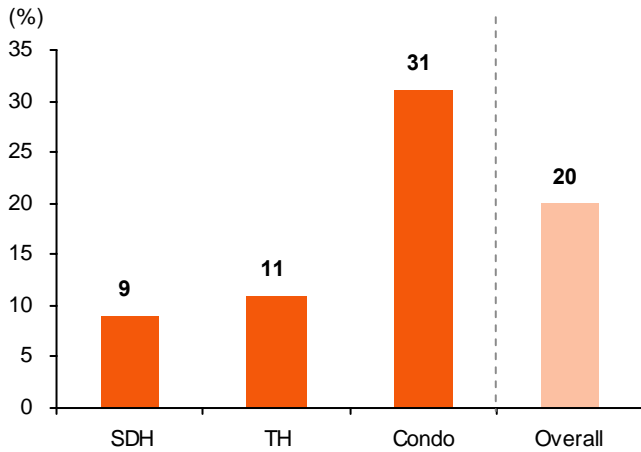
Ex 12: New Launches In 5M12 vs 5M11



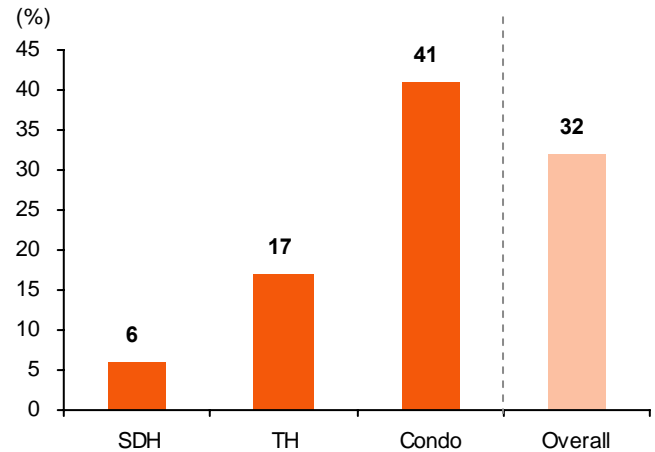
Source: AREA

Condo market has been resilient

In spite of the jump in new condo launches of 40% by value and 31% by number of units, the average take-up rate for condos in 5M12 in the first month of launch strengthened y-y to 41% from 31% in 5M11. In contrast, demand for low-rise houses was weak in spite of fewer new launches with the take-up rates of SDH at 6% (down from 9%) and TH at only 17% (although improving from 11%, new TH launches fell by more than half). The data indicates continuing strong post-flood demand for condos while showing that demand for low-rise houses has not returned to normal yet.

Ex 13: Take-up Rates In 1st Month Of Launch – 5M11

Source: AREA

Ex 14: Take-up Rates In 1st Month Of Launch – 5M12

Source: AREA

Six developers posted 5% presales growth in 5M12, driven by condos

On the demand side, despite weaker low-rise demand the six developers we cover delivered presales growth of 5% y-y in 5M12 given strong condo presales accounting for 54% of the total from 38% in 5M11. By product breakdown, low-rise presales dropped by 23% y-y and condos jumped significantly by 51%. Companies with a high condo proportion posted robust presales growth (note that LPN's 5M12 presales fell by 4% y-y but we expect Bt11bn in 1H12, or 37% growth y-y). PS has condo exposure of less than 15% and felt the hardest and longest hit from flooding with 5M12 presales slipping 32% y-y. We see PS as having the highest downside risk of not achieving its full-year target.

Ex 15: 5M12 Presales

Presales	1Q12 (Bt m)	Change (y-y%)	Apr-May12 (Bt m)	Change (y-y%)	5M12F (Bt m)	Change (y-y%)	2011 presales (Bt m)	Company's 12F target (Bt m)	5M12F to 2012F (%)	Growth 12F (%)
AP	5,737	91	3,958	24	9,695	56	14,353	20,000	48	39
LH	4,798	(2)	4,500	25	9,298	10	19,200	22,000	42	15
LPN	4,863	34	1,222	(55)	6,085	(4)	14,247	16,000	38	12
PS	5,669	(33)	3,959	(31)	9,628	(32)	25,554	29,295	33	15
QH	3,000	(3)	3,500	75	6,500	27	12,160	15,808	41	30
SPALI	5,607	153	2,550	(44)	8,157	21	17,482	19,000	43	9
Total	29,674	17	19,689	(10)	49,363	5	102,996	122,103	40	19
- Low-rise	12,610	(27)	10,002	(17)	22,612	(23)				
- High-rise	17,063	113	9,688	(0)	26,751	51				

Sources: Company data; Thanachart estimates

Stronger 2H12F

Stronger presales growth and better earnings in 2H12F should support share prices of property stocks

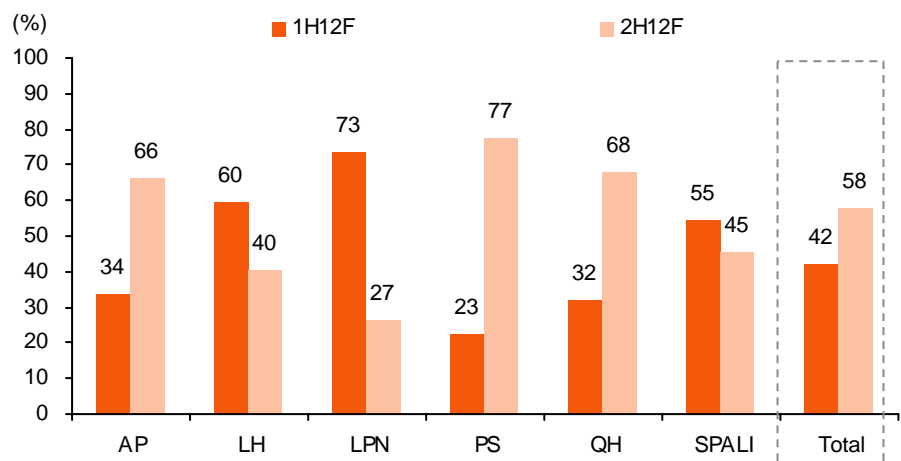
Since property stock movements track presales and earnings momentum, we expect strong presales growth in 2H12F of 30% y-y versus 1H12F's 3% (we project 14% growth for 2012) from the low base effect in 4Q11, a gradual low-rise demand recovery, continuing solid condo demand and more launches than in 1H12 to support share prices. Besides, we expect 2H12F profits to be stronger than 1H12F's which will bring about normalized EPS growth for the sector of 25% this year.

Ex 16: Presales Assumptions

	AP	LH	LPN	PS	QH	SPALI	Total
Presales (Bt m)							
2009	18,341	17,273	10,841	22,774	10,597	12,804	92,630
2010	17,541	20,003	15,008	38,756	9,640	14,548	115,496
2011	14,353	19,200	14,247	25,554	12,160	17,482	102,996
2012F	19,525	21,965	16,031	27,973	13,873	18,506	117,873
2013F	22,551	23,986	17,635	30,764	13,316	19,711	127,962
2014F	24,854	25,689	19,398	33,339	12,782	20,777	136,839
Growth (y-y%)							
2009	118	12	18	41	11	31	35
2010	(4)	16	38	70	(9)	14	25
2011	(18)	(4)	(5)	(34)	26	20	(11)
2012F	36	14	13	9	14	6	14
2013F	16	9	10	10	(4)	7	9
2014F	10	7	10	8	(4)	5	7

Sources: Company data; Thanachart estimates

Ex 17: Developers' Launch Plans



Sources: Company data; Thanachart estimates

Ex 18: Quarterly Net Profits

	1Q12	2Q12	3Q12	4Q12
AP	1	2	3	4
LH	4	1	3	2
LPN	2	1	3	4
PS	1	2	3	4
QH	1	1	4	3
SPALI	1	1	3	4

Source: Thanachart estimates

Note: Ranking; 1 = lowest, 4 = highest

Ex 19: Quarterly Normalized Profits

	1Q12	2Q12	3Q12	4Q12
AP	1	2	3	4
LH	1	2	4	3
LPN	2	1	3	4
PS	1	2	3	4
QH	1	1	3	4
SPALI	1	1	3	4

Source: Thanachart estimates

Note: Ranking; 1 = lowest, 4 = highest

AP and QH are our top picks

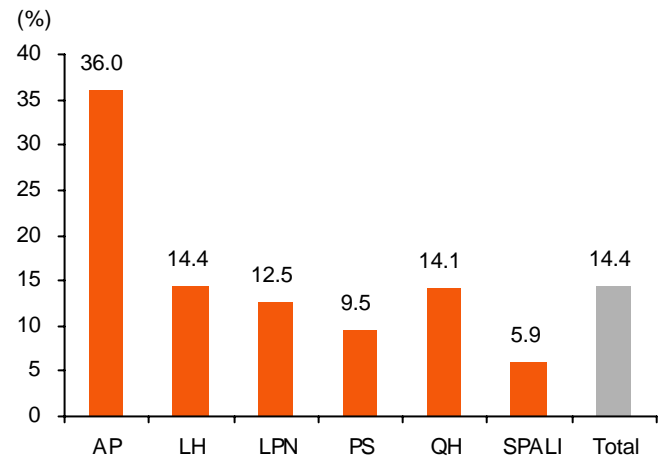
Asian Property (AP): Top of the props

Ex 20: Valuation Table

FY ending Dec	2011A	2012F	2013F	2014F
Sales	13,639	16,841	20,064	23,411
Net profit	1,551	1,903	2,542	3,020
Consensus NP	—	2,088	2,550	3,002
Diff frm cons (%)	—	(8.8)	(0.3)	0.6
Norm profit	1,547	1,899	2,542	3,020
Prev. Norm profit	—	1,899	2,516	2,788
Chg frm prev (%)	—	0.0	1.0	8.4
Norm EPS (Bt)	0.5	0.7	0.9	1.1
Norm EPS grw (%)	(28.3)	22.6	33.8	18.8
Norm PE (x)	13.2	10.8	8.1	6.8
EV/EBITDA (x)	12.7	13.0	9.8	8.5
P/BV (x)	1.9	1.8	1.5	1.3
Div yield (%)	2.5	3.7	5.0	5.9
ROE (%)	15.3	17.1	20.4	21.0
Net D/E (%)	129.3	128.2	103.0	93.1

Sources: Company data; Thanachart estimates

Ex 21: 2012F Presales Growth By Developers



Source: Thanachart estimates

AP (Bt8.80 TP) is one of our favorite stocks in the sector for the following reasons:

We like AP for its...

- 1) **best 2012F presales growth**
- 2) **high growth of 25% pa in 2011-14**
- 3) **good quarterly earnings momentum**
- 4) **cheap valuation**

- **Highest presales growth this year.** So far this year, AP is the best performer among the six developers we cover in terms of presales growth. 5M12 presales growth was impressive at 56% y-y with condos accounting for 64% on the success of new condo launches, particularly the Aspire Rama 9 (Bt2.4bn, 663 units, 82% sold) and The Rhythm Sathorn-Narathiwas (Bt1.5bn, 300 units, 89% sold), supported by continuing strong condo demand in town in the wake of the floods. Its low-rise products also continue to sell well as locations are mostly in inner-city areas focusing on the mid- to high-income market. We estimate 1H12 presales of Bt11.5bn for 39% y-y growth. Given more project launches in 2H12 with a total of 13 projects valued at Bt15.4bn, double the six worth Bt7.8bn in 1H12, we see upside risk to our Bt19.5bn assumption and the company's presales growth target of 39% to Bt20bn.
- **Three-year CAGR of 25%.** This growth rate is second best in the sector after QH's 33%. AP's outstanding growth of 23% this year and 34% next is backed by a huge condominium backlog of more than Bt20bn carried over from last year as a result of its aggressive condo launches over the past few years. Looking ahead, high presales YTD secure future earnings even further. At the end of May, growth visibility was highly secured on the back of backlog on hand of Bt30.8bn (Bt26.6bn in condos and Bt4.2bn of low rise), guaranteeing 81% of its revenue target of Bt17bn this year and 52% of its Bt20bn target for 2013.
- **Improving quarterly earnings momentum.** We expect earnings to improve q-q in each quarter of 2012 upon the scheduled completion of four condos: The Address Asoke in June (Bt3.4bn, 100% sold) and three projects in 4Q12 – The Address Sathorn 12 (Bt4.1bn, 89% sold), Aspire Srinakarin (Bt500m, 45% sold) and The Address Sukhumvit 61 (Bt720m, 36% sold).
- **Valuation is second cheapest in the sector.** Current PE is not excessive at 10.8x and 8.1x in 2012F-13F, at the low end versus peers, and in line with its historical PE (past seven years) of 9.7x.

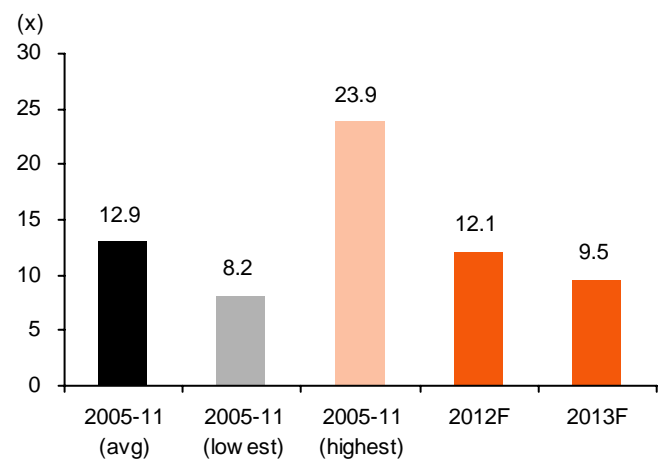
Quality Houses (QH): Seeing a real turnaround

Ex 22: Valuation Table

FY ending Dec	2011A	2012F	2013F	2014F
Sales	9,849	11,770	12,410	12,855
Net profit	853	2,102	1,668	1,889
Consensus NP	—	1,807	1,700	1,837
Diff frm cons (%)	—	16.4	(1.9)	2.8
Norm profit	768	1,287	1,668	1,889
Prev. Norm profit	—	1,053	1,172	1,342
Chg frm prev (%)	—	22.3	42.4	40.8
Norm EPS (Bt)	0.1	0.1	0.2	0.2
Norm EPS grw (%)	(54.4)	62.8	27.6	13.3
Norm PE (x)	19.7	12.1	9.5	8.4
EV/EBITDA (x)	47.7	32.0	26.7	25.9
P/BV (x)	1.1	1.0	1.0	0.9
Div yield (%)	0.5	3.6	5.3	6.0
ROE (%)	5.8	9.1	10.6	11.3
Net D/E (%)	162.8	127.2	119.9	117.2

Sources: Company data; Thanachart estimates

Ex 23: Deserves To Re-rate Back To Historical Level



Sources: Company data; Thanachart estimates

QH is a turnaround stock and its valuation should be re-rated back to its historical level

QH is another top pick with a new SoTP-based TP of Bt2.10/share.

- After a few years of trial and error in attempting to tap new markets, higher exposure in condo segment and stepping into the medium- to low-end market for all product categories (SDH, TH, condo) under the brands “CASA”, “The Trust” and “Gusto”, its products have started to see a good customer response. This is reflected in stunning 2Q12F presales of Bt4.5bn, the best level for the past 10 quarters.
- What has it changed?** Coming from being a high-end housing developer, QH has learnt from its failure in the early stages of entering the mid- to low-end segment that product specifications need to be adjusted down to match selling prices. It then came up with new housing designs (more modern styles in order to reduce product details) with higher margins. On the cost side, not only has it reduced specifications but also begun to adopt construction technologies such as precast and tunnel-form techniques to shorten the construction time amid rising raw materials and labor costs. Land purchases are geared toward more high-potential locations i.e. good landbank for condo development in Bangkok and diversification into provinces such as Chonburi (Pattaya, Sriracha), Petchburi (Cha-am) and Rayong. It targets gross margin on new projects of no lower than 30% versus a bottoming out at 26% in some recent quarters.
- The divestment of three serviced apartments – Centre Point Petchburi, Sukhumvit and Langsuan – into a newly set-up property fund “Quality Houses Hotel and Residence Freehold and Leasehold Property Fund” (QHHR) – is a short-term catalyst. The fund size is Bt3.3bn with the subscription period from 5-13 July and planned listing by July. Based on total book value of Bt1.3bn, fee expenses of ~Bt150m and assuming QH has a 33% stake, it is expected to book gains of Bt815m in 3Q12. Cash proceeds from asset sales will be used to repay debts causing net gearing to fall from 1.6x as of 1Q12 to 1.3x at end-2012F.
- We derive a new SoTP TP of Bt2.10/share given our more bullish view on its residential property business, higher investment value in associated companies and using net debt at end-2012F instead of the actual 1Q12 level to reflect an eased financial position after asset sales.

- We think its business turnaround should be the driver re-rating its valuation back to at least its historical PE level of 12.9x (average in 2005-11) versus current PE multiples of 12.1x and 9.5x in 2012F-13F. Our TP implies 2013 PE of 11.6x.

Ex 24: QH – SoTP Calculation

	Rentable area (sqm)	Holding (%)	(Bt m)
Enterprise value - property development business			12,004
Commercial property			2,635
<u>Office buildings</u>			
- Q.House Convent	12,648		361
- Q.House Asoke	20,762		702
- Q.House Sathorn	13,865		520
<u>Serviced apartments</u>			
- Centre Point Petchburi	12,712		0
- Centre Point Sukhumvit	19,372		0
- Centre Point Silom	13,633		657
- Centre Point Langsuan	11,372		0
- Centre Point Saladaeng	3,577		395
Investment in associates			23,887
- QHPF		26.0	1,917
- LH Financial Group Plc.		22.0	3,357
- Home Product Center Plc.		20.0	17,510
- QH Hotel and Residence Freehold and Leasehold		33.0	1,103
Property Fund (QHHR)			
Total enterprise value			38,525
<u>Less Net debt (end-2012F)</u>			19,258
Equity value			19,267
# of shares (m)			9,184
Equity value/share (Bt)			2.10

Source: Thanachart estimates

Ex 25: Sector Valuation Comparison

		AP	LH	LPN	PS	QH	SPALI	Average
Rating		BUY	BUY	HOLD	SELL	BUY	BUY	
Target price (Bt)	Thanachart	8.80	9.00	17.00	12.00	2.10	20.00	
	Consensus	8.00	7.70	17.00	17.60	2.02	18.00	
Consensus rec.	Buy	21	17	12	13	18	21	
	Hold	6	8	13	6	5	3	
	Sell	0	2	3	9	4	3	
Sales (Bt m)	2011	13,639	19,229	12,335	23,263	9,849	12,686	91,001
	2012F	16,841	21,657	14,071	24,867	11,770	13,937	103,142
	2013F	20,064	24,021	16,712	28,698	12,410	16,537	118,442
	2014F	23,411	26,942	18,290	32,147	12,855	19,753	133,397
Normalized profit (Bt m)	2011	1,547	3,743	1,910	2,835	768	2,568	13,370
	2012F	1,899	4,341	2,154	3,357	1,287	3,078	16,117
	2013F	2,542	4,902	2,887	3,818	1,668	3,704	19,520
	2014F	3,020	5,650	3,196	4,275	1,889	4,549	22,579
Sales growth (%)	2011	(1.5)	13.8	24.1	(0.2)	(25.6)	14.5	4.2
	2012F	23.5	12.6	14.1	6.9	19.5	9.9	14.4
	2013F	19.1	10.9	18.8	15.4	5.4	18.7	14.7
	2014F	16.7	12.2	9.4	12.0	3.6	19.4	12.2
Norm profit growth (%)	2011	(28.1)	0.6	18.8	(18.7)	(54.4)	(0.5)	(13.7)
	2012F	22.7	16.0	12.8	18.4	67.7	19.9	26.2
	2013F	33.9	12.9	34.1	13.7	29.6	20.3	24.1
	2014F	18.8	15.3	10.7	12.0	13.3	22.8	15.5
Gross margin (%)	2011	38.2	32.5	33.2	36.7	29.1	42.3	35.3
	2012F	33.9	31.5	31.0	35.5	30.3	41.3	33.9
	2013F	34.3	31.3	32.9	35.1	30.5	39.7	34.0
	2014F	34.1	31.3	32.9	35.0	30.8	39.7	34.0
SG&A/sales (%)	2011	19.8	15.9	11.8	20.0	23.8	10.7	17.0
	2012F	19.0	15.5	12.0	18.5	23.0	11.5	16.6
	2013F	18.0	15.0	12.1	19.0	21.8	11.0	16.2
	2014F	17.5	15.0	11.9	19.0	21.8	10.5	16.0
Net margin (%)	2011	11.3	13.0	14.9	12.2	1.3	21.1	12.3
	2012F	11.3	11.8	14.8	13.5	4.0	22.9	13.1
	2013F	12.7	12.6	16.8	13.3	5.6	23.1	14.0
	2014F	12.9	12.8	17.0	13.3	5.8	23.6	14.2

Sources: Company data; Thanachart estimates

Ex 25: Sector Valuation Comparison (Con't)

		AP	LH	LPN	PS	QH	SPALI	Average
Rating		BUY	BUY	HOLD	SELL	BUY	BUY	
Target price (Bt)	Thanachart	8.80	9.00	17.00	12.00	2.10	20.00	
	Consensus	8.00	7.70	17.00	17.60	2.02	18.00	
Consensus rec.	Buy	21	17	12	13	18	21	
	Hold	6	8	13	6	5	3	
	Sell	0	2	3	9	4	3	
ROE (%)	2011	15.3	13.2	28.9	17.6	5.8	25.6	17.7
	2012F	17.1	14.6	27.9	18.4	9.1	26.2	18.9
	2013F	20.4	15.8	31.3	18.3	10.6	26.6	20.5
	2014F	21.0	17.3	29.0	17.9	11.3	27.2	20.6
ROIC (%)	2011	8.2	5.3	27.0	10.5	0.8	20.2	12.0
	2012F	8.1	4.8	24.8	9.6	1.9	21.0	11.7
	2013F	9.9	5.3	29.5	10.2	2.5	24.6	13.7
	2014F	11.5	5.8	29.8	10.8	2.6	27.4	14.6
Norm PE (x)	2011	13.2	20.9	13.3	12.3	19.7	11.4	15.1
	2012F	10.8	18.0	11.8	10.4	12.1	9.5	12.1
	2013F	8.1	16.0	8.8	9.1	9.5	7.9	9.9
	2014F	6.8	13.8	7.9	8.2	8.4	6.5	8.6
Dividend yield (%)	2011	2.5	5.1	3.8	2.5	0.5	3.8	3.0
	2012F	3.7	4.4	4.2	2.9	3.6	4.2	3.8
	2013F	5.0	5.0	5.7	3.3	5.3	5.0	4.9
	2014F	5.9	5.8	6.3	3.7	6.0	6.2	5.6
Net D/E (x)	2011	1.3	0.8	0.0	1.1	1.6	0.4	0.9
	2012F	1.3	0.9	0.1	0.9	1.3	0.2	0.8
	2013F	1.0	0.9	0.0	0.8	1.2	0.1	0.7
	2014F	0.9	0.8	(0.1)	0.6	1.2	0.1	0.6

Sources: Company data; Thanachart estimates

Valuation Comparison

Ex 26: Comparison With Regional Peers

Name	BBG code	Country	EPS Growth		PE		P/BV		EV/EBITDA		Div. Yield	
			12F (%)	13F (%)	12F (x)	13F (x)	12F (x)	13F (x)	12F (x)	13F (x)	12F (%)	13F (%)
Poly Real Estate Group	600048 CH	China	24.6	21.4	9.5	7.8	1.8	1.5	10.6	8.9	1.7	2.0
Agile Property Holdings	3383 HK	China	27.2	11.9	7.9	7.1	1.4	1.2	4.7	4.2	3.1	3.4
Country Garden Holdings	2007 HK	China	5.8	10.7	8.5	7.7	1.6	1.4	6.2	5.5	4.2	4.5
China Overseas Land & Invest	688 HK	Hong Kong	14.8	14.7	9.8	8.6	1.8	1.6	7.3	6.6	2.0	2.3
China Resources Land	1109 HK	Hong Kong	41.7	15.9	13.2	11.4	1.4	1.3	11.3	9.9	2.0	2.3
Hang Lung Properties	101 HK	Hong Kong	46.1	35.8	25.2	18.6	1.0	1.0	18.9	14.7	2.7	2.8
Henderson Land Development	12 HK	Hong Kong	10.3	0.5	14.5	14.5	0.5	0.5	25.7	24.0	2.5	2.6
Shimao Property Holdings	813 HK	Hong Kong	5.9	11.2	9.4	8.5	1.3	1.1	7.2	6.6	3.0	3.3
Sun Hung Kai Properties	16 HK	Hong Kong	(4.5)	(2.5)	11.3	11.6	0.7	0.7	11.7	12.3	3.7	3.8
Sino Land	83 HK	Hong Kong	29.4	9.3	12.8	11.7	0.8	0.7	19.3	21.4	3.9	4.2
Bakrieland Development	ELTY IJ	Indonesia	23.2	(14.2)	18.0	21.0	0.3	0.3	18.2	17.0	0.0	0.0
Ciputra Property	CTRP IJ	Indonesia	4.7	38.5	23.2	16.7	1.1	1.0	13.2	8.2	1.3	1.5
Intiland Development	DILD IJ	Indonesia	82.9	na	10.9	na	na	na	9.7	na	0.5	na
CapitalLand	CAPL SP	Singapore	27.1	27.9	19.3	15.1	0.8	0.7	17.9	15.3	2.2	2.4
City Developments	CIT SP	Singapore	0.3	11.0	16.1	14.5	1.4	1.3	12.6	11.6	1.2	1.3
Guocoland	GUOL SP	Singapore	51.0	359.5	22.0	4.8	na	na	na	na	na	na
Keppel Land	KPLD SP	Singapore	15.6	2.5	13.2	12.9	0.9	0.8	18.1	17.1	2.6	2.7
Asian Property Devt *	AP TB	Thailand	22.7	33.9	10.8	8.1	1.8	1.5	12.6	9.5	3.7	5.0
Land and Houses *	LH TB	Thailand	16.0	12.9	18.0	16.0	2.6	2.5	26.2	23.6	4.4	5.0
LPN Development *	LPN TB	Thailand	12.8	34.1	11.8	8.8	3.0	2.5	9.1	6.9	4.2	5.7
Pruksa Real Estate *	PS TB	Thailand	18.4	13.7	10.4	9.1	1.8	1.6	10.9	9.8	2.9	3.3
Quality Houses *	QH TB	Thailand	62.8	27.6	12.1	9.5	1.0	1.0	31.5	26.4	3.6	5.3
Supalai *	SPALI TB	Thailand	19.9	20.3	9.5	7.9	2.3	1.9	7.7	6.6	4.2	5.0
Average			24.3	31.7	13.8	11.4	1.4	1.2	14.1	12.7	2.7	3.2

Source: Bloomberg

Note: * Thanachart estimates, using normalized EPS

Ex 1.1: AP's 2012F New Launches

No	Project	Type	Value (Bt m)	Unit	Launch	Avg price/unit (Bt m)
Single Detached House						
1	The City (Ratchaphreuk-Charan 13)	SDH	1,000	82	3Q12	12.2
2	The Palazzo (Ratburana)	SDH	1,100	45	3Q12	24.4
Townhouse						
1	Baan Klang Muang (Ratchada 36)	TH	710	145	1Q12	4.9
2	Baan Klang Muang (Ladprao 101)	TH	300	68	1Q12	4.4
3	Baan Klang Muang (Ladprao 87)	TH	550	120	1Q12	4.6
4	Baan Klang Muang (Kallapraphreuk)	TH	1,400	445	3Q12	3.1
5	Baan Klang Muang (Rama 3-Ratburana)	TH	580	114	3Q12	5.1
6	The Pleno (Pinklao-Ratchaphreuk)	TH	300	151	4Q12	2.0
7	Baan Klang Muang (Rama 9-Ramkamhaeng)	TH	1,600	357	4Q12	4.5
8	Baan Klang Muang (Navamin 42)	TH	1,750	494	4Q12	3.5
9	Baan Klang Muang (Chokchai 4)	TH	560	131	4Q12	4.3
10	Baan Klang Muang (Rama 9-Motorway)	TH	1,000	214	4Q12	4.7
11	Baan Klang Muang (Ladprao-Bodindecha)	TH	1,000	254	4Q12	3.9
Condominium						
1	Aspire (Rama 9)	Condo	2,350	663	1Q12	3.5
2	Aspire (Sukhumvit 48)	Condo	2,400	837	1Q12	2.9
3	The Rhythm Sathorn-Narathiwas	Condo	1,500	300	2Q12	5.0
4	The Address Sukhumvit 39	Condo	2,150	148	3Q12	14.5
5	Aspire Rattanaibet	Condo	1,400	702	3Q12	2.0
6	Aspire Sathorn-Taksin	Condo	1,600	851	3Q12	1.9
Total			23,250	6,121		3.8

Source: Company data

Ex 1.2: LH's 2012F New Launches

No	Project	Type	Value (Bt m)	Unit	Launch	Avg price/unit (Bt m)
1	Mantana Wong Whan Onnuch 3	SDH	2,700	450	Feb12	6.0
2	Inizio Salaya	SDH	990	344	Feb12	2.9
3	Ladawan Rajapruk	SDH	10,290	245	Mar12	42.0
4	The Room Sukhumvit 40	CD	600	129	2Q12	4.7
5	The Key Sathorn-Rajapruk	CD	1,790	820	2Q12	2.2
6	The Room BTS Wongwienyai	CD	1,580	220	2Q12	7.2
7	The Key Chiangmai	CD	400	174	2Q12	2.3
8	Pruklada Rangsit Klong 4	SDH	1,150	315	2Q12	3.7
9	Seewalee Korat	SDH	1,780	360	3Q12	4.9
10	L&H 88 Hillside Phuket	SDH	1,250	100	3Q12	12.5
11	Indy Pracha-u-tid 2	TH	570	354	3Q12	1.6
12	The Room Ari	CD	950	174	3Q12	5.5
13	Mantana Rama II	SDH	1,150	166	4Q12	6.9
14	Inizio Khon Kaen	SDH	1,060	340	4Q12	3.1
15	Villaggio Rama II	TH	360	211	4Q12	1.7
16	The Bangkok Sathorn	CD	6,000	483	4Q12	12.4
Total			32,620	4,885		6.7

Source: Company data

Ex 1.3: LPN – Project Update

Projects	Value (Bt m)	# units	Sold (%)	Transferred (%)	Launch	Realize
LT-BK	686	795	99	98	1Q10	4Q10
LT-RN (D)	576	690	100	100	2Q10	1Q11
LP-RM9 (P2)	2,575	1,165	100	99	2Q10	1Q11
LPARK-PK	3,793	2,702	100	100	4Q09	2Q11
LP-RYT	3,217	1,827	100	100	1Q10	3Q11
LP-RM4 KT	1,580	887	100	99	1Q10	3Q11
LT-NS (P1)	465	593	100	97	1Q11	1Q12
LV-LB	920	1,028	100	98	1Q11	1Q12
LT-NS (P2)	565	691	82	67	1Q11	2Q12
LV-PNP	1,690	1,482	70	—	2Q11	3Q12
LPARK-RS RM3	5,400	2,373	79	—	4Q10	3Q12
LV-PR	940	764	100	—	1Q11	4Q12
LT-NPS	1,270	1,448	100	—	2Q11	4Q12
LT-RLK	970	1,035	92	—	4Q11	4Q12
LV-CP	1,700	1,622	79	—	1Q11	4Q12
LV-SK109	940	742	73	—	1Q12	4Q12
LM-BN (P1, P2)	3,200	3,054	57	—	4Q11-1Q12	1Q13
LB-JT	4,000	1,846	79	—	4Q11	2Q13
LV-NW (P1)	800	451	64	—	4Q11	2Q13
LV-SK77 (2)	1,100	956	100	—	1Q12	2Q13
Lumpini Ville Srinagarindra-Bangna	700	566	10	—	Jun-2012	4Q13
Lumpini Park Ratanathibet	4,000	2,826	63	—	Jun-2012	1Q14
Lumpini Ville Prachachuen	1,800	1,395	25	—	Jun-2012	4Q13
LT-BK	Condotown Bangkhuae					
LT-RN	Condotown Ramintra-Nawamin					
LP-RM9 (P2)	Place Rama 9 (Phase 2)					
LPARK-PK	Park Pinklao					
LP-RYT	Place Ratchayothin					
LP-RM4 KT	Place Rama 4-Kluaynamthai					
LT-NS	Condotown Nida-Seri Thai					
LV-LB	Ville Lasalle-Barring					
LV-PNP	Ville Pattanakarn-New Petchburi					
LPARK-RS RM3	Park Riverside-Rama 3					
LV-PR	Ville Phibulsongkhram-Riverview					
LT-NPS	Condotown Northern Pattaya-Sukhumvit					
LT-RLK	Condotown Ramintra-Lat Pla Khao					
LV-CP	Ville Chaengwattana-Pakkret					
LV-SK109	Ville Sukhumvit 109-Barring					
LM-BN (P1, P2)	Condotown Mega Bangna (phase 1&2)					
LB-JT	Park Beach Jomtien					
LV-NW (P1)	Ville Naklua-Wong Amat					
LV-SK77 (2)	Ville Sukhumvit 77					

Source: Company data

Ex 1.4: PS's 2012F New Launches

No	Project	Location	Value (Bt m)	Unit	Launch	Avg price/unit (Bt m)
1Q12						
1	Prukso Town Next	Petchkasem 81	1,026	494	Jan12	2.1
2	Baan Prukso 58/2	Ladkrabang	276	216	Mar12	1.3
3	Prukso Ville 54	Phraram 5-4	335	156	Mar12	2.1
4	The Connect 23	Rattathibet	752	198	Mar12	3.8
	TH: 4 Projects		2,388	1,064		2.2
1	Prukso Gallery	Pinklao-Buddhamonthon-Sai 4	869	180	Jan12	4.8
	SDH: 1 Project		869	180		4.8
1	Plum Condo	Ladprao 101	634	712	Feb12	0.9
2	The Tree Interchange	Bangsue	1,700	639	Feb12	2.7
	CD: 2 Projects		2,334	1,351		1.7
	Total: 7 Projects		5,591	2,595		2.2
2Q12						
1	The Connect 19/2	Chaengwattana	693	223	May12	3.1
2	Baan Prukso 76	Bangyai, Nonthaburi	605	447	May12	1.4
3	Baan Prukso 64/1	Klong 3, Pathumthani	562	494	May12	1.1
4	Baan Prukso 74	Srinakarin-Teparak	393	362	May12	1.1
5	Prukso Ville 42	Tert-tai, Petchkasem	781	317	May12	2.5
	TH: 5 Projects		3,034	1,843		1.6
1	Passorn	Pattanakarn	1,056	166	30Jun12	6.4
	SDH: 1 Project		1,056	166		6.4
	Total: 6 Projects		4,090	2,009		2.0

Source: Company data

Ex 1.5: QH's 2012F New Launches

No	Project	Type	Value (Bt m)	Unit	Launch	Avg price/unit (Bt m)
<u>Low-rise Projects</u>						
1	Casa Grand Petchkasem-Sai 1	SDH	786	75	1Q12	10.5
2	Casa City Phraram 2	TH	360	203	1Q12	1.8
3	Casa Legend Sriracha	SDH	450	87	1Q12	5.2
4	Casa Ville Sriracha	SDH	340	138	2Q12	2.5
5	Laddarom Elegance Outer Ring Road-Sathorn	SDH	2,850	207	2Q12	13.8
6	Casa Ville Ratchaphruk Phraram 5	SDH	620	129	3Q12	4.8
7	Trust Ville Kanchanapisek-Hathairat	SDH	1,320	435	3Q12	3.0
8	Gusto Pinklao	TH	484	202	3Q12	2.4
9	Gusto Tanam-nont	TH	762	372	3Q12	2.0
10	Casa Grand Outer Ring Road-Onnut	SDH	1,800	226	4Q12	8.0
11	Casa Legend Kaset-Nawamintr	SDH	1,500	133	4Q12	11.3
12	Casa Premium Ratchaphruk-Phraram 5	SDH	1,931	311	4Q12	6.2
13	Casa Presto Phraram 5-Ratchaphruk	SDH	2,117	373	4Q12	5.7
14	Casa Legend Ratchaphruk-Pinklao	SDH	1,390	125	4Q12	11.1
15	Casa Ville Bangna-Teparak	SDH	1,000	340	4Q12	2.9
16	Gusto Ramkhamhaeng	TH	1,013	471	4Q12	2.2
17	Gusto Sathorn	TH	451	205	4Q12	2.2
18	Gusto Phahonyothin-Ramintra	TH	376	171	4Q12	2.2
19	Gusto Ramkhamhaeng 2	TH	552	184	4Q12	3.0
Total Low-rise Projects (19 projects)			20,102	4,387		4.6
<u>High-rise Projects</u>						
1	Q House Sukhumvit 79	CD	1,760	484	2Q12	3.6
2	Casa Condo Ratchada-Ratchaphruk	CD	1,380	627	2Q12	2.2
3	The Trust Residence Central Pattaya	CD	700	685	2Q12	1.0
4	Q House Condo Asoke-Petchburi	CD	2,800	490	4Q12	5.7
Total High-rise Projects (4 projects)			6,640	2,286		2.9
Total			26,742	6,673		4.0

Source: Company data

Ex 1.6: SPALI's 2012F New Launches

No	Project	Type	Value (Bt m)	Unit	Launch	Avg price/unit (Bt m)
<u>Low Rise</u>						
1	Supalai Ville Phaholyothin 52	TH	250	77	1Q12	3.2
2	Supalai Ville Ratchapruek-Bangbuathong	SDH	400	141	1Q12	2.8
3	Supalai Garden Ville Airport (Chiangmai)	SDH	480	105	1Q12	4.6
4	Supalai Ville Srisaman-Phatumthani	SDH	780	315	1Q12	2.5
5	Supalai Garden Ville Ringroad-Lamlukka Klong 5	SDH	1,350	478	1Q12	2.8
6	Supalai Ville Onnut-Suanluang	SDH	420	104	3Q12	4.0
7	Supalai Park Ville Changpuak (Chiangmai)	SDH	580	130	3Q12	4.5
8	Supalai Ville Suratthani (Suratthani)	SDH	880	221	3Q12	4.0
9	Supalai Ville Ringroad-Rama 2	SDH	880	344	3Q12	2.6
10	Supalai Park Ville Sriracha (Chonburi)	SDH	760	230	4Q12	3.3
11	Supalai Garden Ville Suvarnabhumi	SDH	1,640	406	4Q12	4.0
<u>High Rise</u>						
1	City Resort Ratchada-Huaykwang	CD	1,600	875	1Q12	1.8
2	Supalai Wellington	CD	4,750	1002	1Q12	4.7
3	Supalai Park @ Phuket City	CD	840	504	2Q12	1.7
4	Tiwanon	CD	940	—	4Q12	na
5	Chiangmai	CD	1,350	732	4Q12	1.8
6	Suanplu	CD	1,200	—	4Q12	na
Total			19,100	5,664		3.4

Source: Company data

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	2.9	(2.1)	12.5	13.1	—	—	—	—
Property	8.5	10.0	35.3	28.4	5.6	12.1	22.8	15.3
AP	7.4	18.9	46.8	45.0	4.5	20.9	34.2	31.9
LH	6.8	13.0	35.7	23.8	3.9	15.1	23.1	10.7
LPN	4.2	11.0	80.1	28.4	1.3	13.0	67.6	15.2
PS	11.3	4.0	(14.7)	30.8	8.4	6.0	(27.2)	17.7
QH	10.3	3.6	4.2	23.7	7.3	5.7	(8.3)	10.6
SPALI	11.0	9.6	59.8	18.8	8.1	11.7	47.3	5.6

Sources: Thanachart estimates; Consensus

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

Country	EPS growth		PE		P/BV		EV/EBITDA		Div. Yield	
	12F	13F	12F	13F	12F	13F	12F	13F	12F	13F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
China	14.2	14.7	8.6	7.5	1.6	1.3	7.2	6.2	3.0	3.3
Hong Kong	15.6	12.2	13.8	12.1	1.1	1.0	14.5	13.6	2.8	3.0
Indonesia	13.9	12.1	17.4	18.8	0.7	0.7	13.7	12.6	0.6	0.7
Singapore	(14.3)	100.2	17.6	11.8	1.0	0.9	16.2	14.7	2.0	2.1
Thailand	25.4	23.7	12.1	9.9	2.1	1.8	16.3	13.8	3.8	4.9
Average	11.0	32.6	13.9	12.0	1.3	1.2	13.6	12.2	2.5	2.8

Thailand

Asian Property Devt *	22.7	33.9	10.8	8.1	1.8	1.5	12.6	9.5	3.7	5.0
Land and Houses *	16.0	12.9	18.0	16.0	2.6	2.5	26.2	23.6	4.4	5.0
LPN Development *	12.8	34.1	11.8	8.8	3.0	2.5	9.1	6.9	4.2	5.7
Prukka Real Estate *	18.4	13.7	10.4	9.1	1.8	1.6	10.9	9.8	2.9	3.3
Quality Houses *	62.8	27.6	12.1	9.5	1.0	1.0	31.5	26.4	3.6	5.3
Supalai *	19.9	20.3	9.5	7.9	2.3	1.9	7.7	6.6	4.2	5.0
Average - Thailand	25.4	23.7	12.1	9.9	2.1	1.8	16.3	13.8	3.8	4.9

Source: Bloomberg Consensus

Note: * Thanachart estimates – using normalized EPS

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INCOME STATEMENT

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	13,840	13,639	16,841	20,064	23,411
Cost of sales	8,602	8,434	11,137	13,191	15,435
Gross profit	5,238	5,205	5,703	6,873	7,976
% gross margin	37.8%	38.2%	33.9%	34.3%	34.1%
Selling & administration expenses	2,125	2,695	3,200	3,612	4,097
Operating profit	3,113	2,509	2,504	3,261	3,879
% operating margin	22.5%	18.4%	14.9%	16.3%	16.6%
Depreciation & amortization	178	196	217	219	220
EBITDA	3,291	2,706	2,721	3,480	4,099
% EBITDA margin	23.8%	19.8%	16.2%	17.3%	17.5%
Non-operating income	90	75	86	105	127
Non-operating expenses	(9)	(2)	0	0	0
Interest expense	(103)	(191)	(186)	(189)	(230)
Pre-tax profit	3,091	2,392	2,404	3,177	3,776
Income tax	945	844	505	635	755
After-tax profit	2,146	1,547	1,899	2,542	3,020
% net margin	15.5%	11.3%	11.3%	12.7%	12.9%
Shares in affiliates' Earnings	9	0	0	0	0
Minority interests	(2)	(0)	0	0	0
Extraordinary items	74	4	5	0	0
NET PROFIT	2,228	1,551	1,903	2,542	3,020
Normalized profit	2,153	1,547	1,899	2,542	3,020
EPS (Bt)	0.8	0.5	0.7	0.9	1.1
Normalized EPS (Bt)	0.8	0.5	0.7	0.9	1.1

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	23,221	28,599	31,048	32,955	36,546
Cash & cash equivalent	355	438	564	752	985
Account receivables	55	69	23	27	32
Inventories	21,347	26,616	28,988	30,720	33,830
Others	1,463	1,477	1,474	1,456	1,698
Investments & loans	127	135	135	135	135
Net fixed assets	509	376	413	449	483
Other assets	257	264	226	270	315
Total assets	24,114	29,375	31,823	33,808	37,479
LIABILITIES:					
Current liabilities:	7,509	10,066	8,748	9,509	10,539
Account payables	711	575	641	759	888
Bank overdraft & ST loans	1,634	3,629	1,539	1,450	1,527
Current LT debt	2,226	2,293	2,770	2,611	2,749
Others current liabilities	2,938	3,570	3,799	4,689	5,376
Total LT debt	6,807	8,302	11,080	10,443	10,994
Others LT liabilities	285	345	427	508	593
Total liabilities	14,600	18,714	20,255	20,460	22,127
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	2,343	2,822	2,825	2,825	2,825
Share premium	17	33	37	37	37
Warrants	0	0	0	0	0
Surplus	11	27	0	0	0
Retained earnings	7,142	7,779	8,705	10,485	12,489
Shareholders' equity	9,514	10,660	11,567	13,348	15,351
Liabilities & equity	24,114	29,375	31,823	33,808	37,479

Sources: Company data; Thanachart estimates

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CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	3,091	2,392	2,404	3,177	3,776
Tax paid	(1,055)	(718)	(487)	(504)	(688)
Depreciation & amortization	178	196	217	219	220
Chg In working capital	(5,420)	(5,418)	(2,260)	(1,618)	(2,986)
Chg In other CA & CL / minorities	83	191	(220)	334	(160)
Cash flow from operations	(3,123)	(3,357)	(346)	1,608	161
Capex	(413)	92	(100)	(100)	(100)
ST loans & investments	0	0	0	0	0
LT loans & investments	174	(8)	0	0	0
Adj for asset revaluation	(23)	16	(27)	0	0
Chg In other assets & liabilities	28	204	403	326	423
Cash flow from investments	(234)	303	276	226	323
Debt financing	2,725	3,557	1,165	(885)	765
Capital increase	879	494	8	0	0
Dividends paid	(747)	(422)	(508)	(761)	(1,017)
Warrants & other surplus	(853)	(493)	(469)	0	0
Cash flow from financing	2,004	3,136	196	(1,646)	(251)
Free cash flow	(3,536)	(3,266)	(446)	1,508	61

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	9.5	13.2	10.8	8.1	6.8
Normalized PE - at target price (x)	11.5	16.0	13.1	9.8	8.2
PE (x)	9.2	13.2	10.8	8.1	6.8
PE - at target price (x)	11.1	16.0	13.1	9.8	8.2
EV/EBITDA (x)	9.3	12.7	13.0	9.8	8.5
EV/EBITDA - at target price (x)	10.7	14.3	14.6	11.1	9.6
P/BV (x)	2.1	1.9	1.8	1.5	1.3
P/BV - at target price (x)	2.6	2.3	2.1	1.9	1.6
P/CFO (x)	(6.5)	(6.1)	(59.2)	12.7	127.0
Price/sales (x)	1.5	1.5	1.2	1.0	0.9
Dividend yield (%)	2.1	2.5	3.7	5.0	5.9
FCF Yield (%)	(17.3)	(16.0)	(2.2)	7.4	0.3
(Bt)					
Normalized EPS	0.8	0.5	0.7	0.9	1.1
EPS	0.8	0.5	0.7	0.9	1.1
DPS	0.1	0.2	0.3	0.4	0.4
BV/share	3.4	3.8	4.1	4.7	5.4
CFO/share	(1.1)	(1.2)	(0.1)	0.6	0.1
FCF/share	(1.3)	(1.2)	(0.2)	0.5	0.0

Sources: Company data; Thanachart estimates

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FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	9.6	(1.5)	23.5	19.1	16.7
Net profit (%)	15.6	(30.4)	22.7	33.5	18.8
EPS (%)	15.5	(30.5)	22.6	33.5	18.8
Normalized profit (%)	11.7	(28.1)	22.7	33.9	18.8
Normalized EPS (%)	11.6	(28.3)	22.6	33.8	18.8
Dividend payout ratio (%)	18.9	32.8	40.0	40.0	40.0
Operating performance					
Gross margin (%)	37.8	38.2	33.9	34.3	34.1
Operating margin (%)	22.5	18.4	14.9	16.3	16.6
EBITDA margin (%)	23.8	19.8	16.2	17.3	17.5
Net margin (%)	15.5	11.3	11.3	12.7	12.9
D/E (incl. minor) (x)	1.1	1.3	1.3	1.1	1.0
Net D/E (incl. minor) (x)	1.1	1.3	1.3	1.0	0.9
Interest coverage - EBIT (x)	30.3	13.2	13.5	17.2	16.8
Interest coverage - EBITDA (x)	32.1	14.2	14.6	18.4	17.8
ROA - using norm profit (%)	10.0	5.8	6.2	7.7	8.5
ROE - using norm profit (%)	24.5	15.3	17.1	20.4	21.0
DuPont					
ROE - using after tax profit (%)	24.5	15.3	17.1	20.4	21.0
- asset turnover (x)	0.6	0.5	0.6	0.6	0.7
- operating margin (%)	23.1	18.9	15.4	16.8	17.1
- leverage (x)	2.5	2.7	2.8	2.6	2.5
- interest burden (%)	96.8	92.6	92.8	94.4	94.3
- tax burden (%)	69.4	64.7	79.0	80.0	80.0
WACC (%)	10.3	10.3	10.3	10.3	10.3
ROIC (%)	15.2	8.2	8.1	9.9	11.5
NOPAT (Bt m)	2,161	1,623	1,978	2,609	3,103

Sources: Company data; Thanachart estimates

LH

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	16,896	19,229	21,657	24,021	26,942
Cost of sales	11,284	12,981	14,841	16,507	18,498
Gross profit	5,612	6,248	6,816	7,513	8,444
% gross margin	33.2%	32.5%	31.5%	31.3%	31.3%
Selling & administration expenses	2,293	3,062	3,357	3,603	4,041
Operating profit	3,319	3,185	3,459	3,910	4,403
% operating margin	19.6%	16.6%	16.0%	16.3%	16.3%
Depreciation & amortization	317	351	514	525	534
EBITDA	3,636	3,536	3,973	4,436	4,937
% EBITDA margin	21.5%	18.4%	18.3%	18.5%	18.3%
Non-operating income	225	284	312	347	387
Non-operating expenses	(40)	(2)	0	0	0
Interest expense	(258)	(310)	(449)	(484)	(496)
Pre-tax profit	3,246	3,157	3,322	3,773	4,295
Income tax	1,089	652	764	755	859
After-tax profit	2,157	2,505	2,558	3,018	3,436
% net margin	12.8%	13.0%	11.8%	12.6%	12.8%
Shares in affiliates' Earnings	1,469	1,156	1,691	1,782	2,100
Minority interests	95	82	92	102	114
Extraordinary items	250	1,865	536	0	0
NET PROFIT	3,971	5,609	4,877	4,902	5,650
Normalized profit	3,721	3,743	4,341	4,902	5,650
EPS (Bt)	0.4	0.6	0.5	0.5	0.6
Normalized EPS (Bt)	0.4	0.4	0.4	0.5	0.6

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	30,340	33,259	36,565	38,447	39,408
Cash & cash equivalent	2,131	1,199	1,342	1,532	1,589
Account receivables	49	105	118	131	146
Inventories	27,054	31,472	34,561	36,181	36,995
Others	1,105	484	544	604	677
Investments & loans	13,633	14,835	14,852	14,852	14,852
Net fixed assets	5,046	5,122	5,108	5,083	5,049
Other assets	5,585	7,616	8,578	9,514	10,671
Total assets	54,604	60,833	65,103	67,896	69,980
LIABILITIES:					
Current liabilities:	9,517	11,735	14,168	14,794	15,281
Account payables	1,845	1,862	2,033	2,261	2,534
Bank overdraft & ST loans	3,770	5,268	5,911	6,144	6,107
Current LT debt	2,478	3,573	4,729	4,915	4,885
Others current liabilities	1,425	1,032	1,494	1,473	1,756
Total LT debt	16,137	17,941	18,917	19,662	19,541
Others LT liabilities	399	684	771	855	959
Total liabilities	26,052	30,360	33,856	35,311	35,781
Minority interest	1,047	1,076	984	882	768
Preferreds shares	0	0	0	0	0
Paid-up capital	10,026	10,026	10,026	10,026	10,026
Share premium	10,844	10,822	10,822	10,822	10,822
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	6,635	8,549	9,416	10,855	12,583
Shareholders' equity	27,504	29,396	30,263	31,702	33,431
Liabilities & equity	54,604	60,833	65,103	67,896	69,980

Sources: Company data; Thanachart estimates

LH

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	3,246	3,157	3,322	3,773	4,295
Tax paid	(1,138)	(1,178)	(413)	(899)	(719)
Depreciation & amortization	317	351	514	525	534
Chg In working capital	(3,151)	(4,456)	(2,931)	(1,404)	(558)
Chg In other CA & CL / minorities	96	1,034	694	716	1,015
Cash flow from operations	(631)	(1,092)	1,186	2,711	4,567
Capex	(3,552)	(427)	(500)	(500)	(500)
ST loans & investments	0	(0)	0	0	0
LT loans & investments	(1,820)	(1,201)	(17)	0	0
Adj for asset revaluation	46	0	0	0	0
Chg In other assets & liabilities	3,097	1,107	709	278	101
Cash flow from investments	(2,230)	(521)	192	(222)	(399)
Debt financing	5,537	4,398	2,775	1,164	(189)
Capital increase	(100)	(22)	0	0	0
Dividends paid	(2,585)	(3,487)	(4,010)	(3,463)	(3,922)
Warrants & other surplus	(28)	(207)	0	0	0
Cash flow from financing	2,823	682	(1,235)	(2,299)	(4,111)
Free cash flow	(4,183)	(1,519)	686	2,211	4,067

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	21.0	20.9	18.0	16.0	13.8
Normalized PE - at target price (x)	24.3	24.1	20.8	18.4	16.0
PE (x)	19.7	13.9	16.0	16.0	13.8
PE - at target price (x)	22.7	16.1	18.5	18.4	16.0
EV/EBITDA (x)	27.1	29.4	26.8	24.2	21.7
EV/EBITDA - at target price (x)	30.4	32.8	29.8	26.9	24.1
P/BV (x)	2.8	2.7	2.6	2.5	2.3
P/BV - at target price (x)	3.3	3.1	3.0	2.8	2.7
P/CFO (x)	(124.0)	(71.6)	65.9	28.8	17.1
Price/sales (x)	4.6	4.1	3.6	3.3	2.9
Dividend yield (%)	4.4	5.1	4.4	5.0	5.8
FCF Yield (%)	(5.3)	(1.9)	0.9	2.8	5.2
(Bt)					
Normalized EPS	0.4	0.4	0.4	0.5	0.6
EPS	0.4	0.6	0.5	0.5	0.6
DPS	0.3	0.4	0.3	0.4	0.5
BV/share	2.7	2.9	3.0	3.2	3.3
CFO/share	(0.1)	(0.1)	0.1	0.3	0.5
FCF/share	(0.4)	(0.2)	0.1	0.2	0.4

Sources: Company data; Thanachart estimates

LH

FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	(4.3)	13.8	12.6	10.9	12.2
Net profit (%)	1.6	41.2	(13.0)	0.5	15.3
EPS (%)	1.6	41.2	(13.0)	0.5	15.3
Normalized profit (%)	(4.4)	0.6	16.0	12.9	15.3
Normalized EPS (%)	(4.4)	0.6	16.0	12.9	15.3
Dividend payout ratio (%)	85.8	71.5	71.0	80.0	80.0
Operating performance					
Gross margin (%)	33.2	32.5	31.5	31.3	31.3
Operating margin (%)	19.6	16.6	16.0	16.3	16.3
EBITDA margin (%)	21.5	18.4	18.3	18.5	18.3
Net margin (%)	12.8	13.0	11.8	12.6	12.8
D/E (incl. minor) (x)	0.8	0.9	0.9	0.9	0.9
Net D/E (incl. minor) (x)	0.7	0.8	0.9	0.9	0.8
Interest coverage - EBIT (x)	12.9	10.3	7.7	8.1	8.9
Interest coverage - EBITDA (x)	14.1	11.4	8.8	9.2	10.0
ROA - using norm profit (%)	7.3	6.5	6.9	7.4	8.2
ROE - using norm profit (%)	13.9	13.2	14.6	15.8	17.3
DuPont					
ROE - using after tax profit (%)	8.0	8.8	8.6	9.7	10.6
- asset turnover (x)	0.3	0.3	0.3	0.4	0.4
- operating margin (%)	20.7	18.0	17.4	17.7	17.8
- leverage (x)	1.9	2.0	2.1	2.1	2.1
- interest burden (%)	92.6	91.1	88.1	88.6	89.7
- tax burden (%)	66.5	79.4	77.0	80.0	80.0
WACC (%)	9.7	9.7	9.7	9.7	9.7
ROIC (%)	5.4	5.3	4.8	5.3	5.8
NOPAT (Bt m)	2,206	2,528	2,663	3,128	3,522

Sources: Company data; Thanachart estimates

LPN

INCOME STATEMENT

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	9,941	12,335	14,071	16,712	18,290
Cost of sales	6,547	8,237	9,702	11,211	12,269
Gross profit	3,393	4,098	4,369	5,500	6,021
% gross margin	34.1%	33.2%	31.0%	32.9%	32.9%
Selling & administration expenses	1,137	1,457	1,689	2,022	2,177
Operating profit	2,256	2,641	2,681	3,478	3,844
% operating margin	22.7%	21.4%	19.0%	20.8%	21.0%
Depreciation & amortization	32	33	34	35	36
EBITDA	2,288	2,674	2,714	3,513	3,880
% EBITDA margin	23.0%	21.7%	19.3%	21.0%	21.2%
Non-operating income	48	29	30	37	41
Non-operating expenses	0	0	0	0	0
Interest expense	(4)	(3)	(5)	(6)	(3)
Pre-tax profit	2,300	2,667	2,706	3,509	3,882
Income tax	722	830	622	702	776
After-tax profit	1,578	1,837	2,084	2,807	3,106
% net margin	15.9%	14.9%	14.8%	16.8%	17.0%
Shares in affiliates' Earnings	29	73	70	80	90
Minority interests	(0)	(0)	(0)	(0)	(0)
Extraordinary items	30	8	0	0	0
NET PROFIT	1,637	1,917	2,154	2,887	3,196
Normalized profit	1,607	1,910	2,154	2,887	3,196
EPS (Bt)	1.1	1.3	1.5	2.0	2.2
Normalized EPS (Bt)	1.1	1.3	1.5	2.0	2.2

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	8,727	7,902	10,064	11,831	13,059
Cash & cash equivalent	1,122	295	534	812	1,000
Account receivables	308	196	224	266	291
Inventories	7,295	7,408	9,304	10,751	11,765
Others	1	2	3	3	3
Investments & loans	141	211	211	211	211
Net fixed assets	1,450	1,423	1,490	1,555	1,619
Other assets	63	57	65	78	85
Total assets	10,381	9,593	11,830	13,675	14,974
LIABILITIES:					
Current liabilities:	3,338	2,335	3,349	3,363	2,908
Account payables	2,043	1,335	1,572	1,816	1,988
Bank overdraft & ST loans	886	385	809	622	173
Current LT debt	4	215	453	348	97
Others current liabilities	404	401	515	577	650
Total LT debt	873	11	23	17	5
Others LT liabilities	88	118	135	160	175
Total liabilities	4,300	2,465	3,507	3,541	3,088
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	4,125	5,172	6,366	8,177	9,929
Shareholders' equity	6,082	7,128	8,323	10,133	11,886
Liabilities & equity	10,381	9,593	11,830	13,675	14,974

Sources: Company data; Thanachart estimates

LPN

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	2,300	2,667	2,706	3,509	3,882
Tax paid	(722)	(830)	(622)	(702)	(776)
Depreciation & amortization	32	33	34	35	36
Chg In working capital	(1,332)	(709)	(1,685)	(1,245)	(868)
Chg In other CA & CL / minorities	(373)	1	130	76	127
Cash flow from operations	(95)	1,161	562	1,674	2,401
Capex	(174)	(6)	(100)	(100)	(100)
ST loans & investments	327	0	0	0	0
LT loans & investments	(22)	(71)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	162	111	62	79	44
Cash flow from investments	292	35	(38)	(21)	(56)
Debt financing	740	(1,153)	674	(298)	(713)
Capital increase	0	0	0	0	0
Dividends paid	(767)	(871)	(959)	(1,077)	(1,444)
Warrants & other surplus	(40)	0	0	0	0
Cash flow from financing	(67)	(2,024)	(285)	(1,374)	(2,157)
Free cash flow	(269)	1,155	462	1,574	2,301

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	15.8	13.3	11.8	8.8	7.9
Normalized PE - at target price (x)	15.6	13.1	11.6	8.7	7.9
PE (x)	15.5	13.2	11.8	8.8	7.9
PE - at target price (x)	15.3	13.1	11.6	8.7	7.9
EV/EBITDA (x)	11.4	9.6	9.6	7.3	6.4
EV/EBITDA - at target price (x)	11.2	9.5	9.5	7.2	6.3
P/BV (x)	4.2	3.6	3.0	2.5	2.1
P/BV - at target price (x)	4.1	3.5	3.0	2.5	2.1
P/CFO (x)	(268.0)	21.9	45.1	15.2	10.6
Price/sales (x)	2.6	2.1	1.8	1.5	1.4
Dividend yield (%)	3.3	3.8	4.2	5.7	6.3
FCF Yield (%)	(1.1)	4.6	1.8	6.2	9.1
(Bt)					
Normalized EPS	1.1	1.3	1.5	2.0	2.2
EPS	1.1	1.3	1.5	2.0	2.2
DPS	0.6	0.7	0.7	1.0	1.1
BV/share	4.1	4.8	5.6	6.9	8.1
CFO/share	(0.1)	0.8	0.4	1.1	1.6
FCF/share	(0.2)	0.8	0.3	1.1	1.6

Sources: Company data; Thanachart estimates

LPN

FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	10.8	24.1	14.1	18.8	9.4
Net profit (%)	9.0	17.1	12.3	34.1	10.7
EPS (%)	9.0	17.1	12.3	34.1	10.7
Normalized profit (%)	8.8	18.8	12.8	34.1	10.7
Normalized EPS (%)	8.8	18.8	12.8	34.1	10.7
Dividend payout ratio (%)	50.5	50.0	50.0	50.0	50.0
Operating performance					
Gross margin (%)	34.1	33.2	31.0	32.9	32.9
Operating margin (%)	22.7	21.4	19.0	20.8	21.0
EBITDA margin (%)	23.0	21.7	19.3	21.0	21.2
Net margin (%)	15.9	14.9	14.8	16.8	17.0
D/E (incl. minor) (x)	0.3	0.1	0.2	0.1	0.0
Net D/E (incl. minor) (x)	0.1	0.0	0.1	0.0	(0.1)
Interest coverage - EBIT (x)	533.3	955.0	579.2	611.3	1,216.8
Interest coverage - EBITDA (x)	540.9	966.9	586.4	617.4	1,228.2
ROA - using norm profit (%)	17.4	19.1	20.1	22.6	22.3
ROE - using norm profit (%)	28.4	28.9	27.9	31.3	29.0
DuPont					
ROE - using after tax profit (%)	27.8	27.8	27.0	30.4	28.2
- asset turnover (x)	1.1	1.2	1.3	1.3	1.3
- operating margin (%)	23.2	21.6	19.3	21.0	21.2
- leverage (x)	1.6	1.5	1.4	1.4	1.3
- interest burden (%)	99.8	99.9	99.8	99.8	99.9
- tax burden (%)	68.6	68.9	77.0	80.0	80.0
WACC (%)	11.6	11.6	11.6	11.6	11.6
ROIC (%)	29.3	27.1	27.7	30.7	29.8
NOPAT (Bt m)	1,548	1,819	2,064	2,783	3,076

Sources: Company data; Thanachart estimates

PS

INCOME STATEMENT

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	23,307	23,263	24,867	28,698	32,147
Cost of sales	14,561	14,724	16,034	18,626	20,882
Gross profit	8,746	8,538	8,834	10,072	11,265
% gross margin	37.5%	36.7%	35.5%	35.1%	35.0%
Selling & administration expenses	4,243	4,654	4,600	5,453	6,108
Operating profit	4,503	3,884	4,233	4,619	5,157
% operating margin	19.3%	16.7%	17.0%	16.1%	16.0%
Depreciation & amortization	246	339	394	444	494
EBITDA	4,750	4,224	4,627	5,063	5,651
% EBITDA margin	20.4%	18.2%	18.6%	17.6%	17.6%
Non-operating income	100	159	175	188	197
Non-operating expenses	0	0	0	0	0
Interest expense	(67)	(137)	(229)	(211)	(199)
Pre-tax profit	4,536	3,906	4,179	4,596	5,155
Income tax	1,048	1,071	822	778	880
After-tax profit	3,488	2,835	3,357	3,818	4,275
% net margin	15.0%	12.2%	13.5%	13.3%	13.3%
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	3,488	2,835	3,357	3,818	4,275
Normalized profit	3,488	2,835	3,357	3,818	4,275
EPS (Bt)	1.6	1.3	1.5	1.7	1.9
Normalized EPS (Bt)	1.6	1.3	1.5	1.7	1.9

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	31,358	38,916	41,830	45,066	46,956
Cash & cash equivalent	1,630	2,031	1,890	2,246	2,956
Account receivables	0	0	68	79	88
Inventories	27,923	36,160	39,096	41,846	42,908
Others	1,805	726	776	895	1,003
Investments & loans	0	0	0	0	0
Net fixed assets	2,159	2,469	2,575	2,631	2,636
Other assets	574	598	639	737	826
Total assets	34,091	41,983	45,043	48,433	50,418
LIABILITIES:					
Current liabilities:	9,671	13,827	14,894	15,598	15,440
Account payables	2,997	1,479	2,196	2,552	2,861
Bank overdraft & ST loans	3,501	5,988	5,976	5,887	5,306
Current LT debt	503	3,345	3,486	3,434	3,095
Others current liabilities	2,670	3,014	3,235	3,726	4,178
Total LT debt	9,100	10,962	10,459	10,302	9,286
Others LT liabilities	0	0	0	0	0
Total liabilities	18,828	24,986	25,564	26,144	24,999
Minority interest	0	1	1	1	1
Preferreds shares	0	0	0	0	0
Paid-up capital	2,207	2,209	2,224	2,224	2,224
Share premium	1,362	1,396	1,396	1,396	1,396
Warrants	0	0	0	0	0
Surplus	(33)	(69)	(69)	(69)	(69)
Retained earnings	11,728	13,459	15,927	18,737	21,867
Shareholders' equity	15,263	16,996	19,478	22,289	25,418
Liabilities & equity	34,091	41,983	45,043	48,433	50,418

Sources: Company data; Thanachart estimates

PS

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	4,536	3,906	4,179	4,596	5,155
Tax paid	(1,405)	(1,038)	(815)	(711)	(833)
Depreciation & amortization	246	339	394	444	494
Chg In working capital	(12,813)	(9,755)	(2,287)	(2,405)	(763)
Chg In other CA & CL / minorities	(955)	622	(647)	(445)	(408)
Cash flow from operations	(10,391)	(5,925)	824	1,480	3,644
Capex	(1,106)	(649)	(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	221	885	784	682	646
Cash flow from investments	(886)	236	284	182	146
Debt financing	11,004	7,191	(374)	(299)	(1,936)
Capital increase	0	37	15	0	0
Dividends paid	(1,214)	(1,104)	(890)	(1,007)	(1,145)
Warrants & other surplus	(34)	(36)	0	0	0
Cash flow from financing	9,756	6,089	(1,249)	(1,306)	(3,081)
Free cash flow	(11,498)	(6,574)	324	980	3,144

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	10.0	12.3	10.4	9.1	8.2
Normalized PE - at target price (x)	7.7	9.4	7.9	7.0	6.2
PE (x)	10.0	12.3	10.4	9.1	8.2
PE - at target price (x)	7.7	9.4	7.9	7.0	6.2
EV/EBITDA (x)	9.8	12.6	11.4	10.3	8.8
EV/EBITDA - at target price (x)	8.0	10.6	9.7	8.7	7.3
P/BV (x)	2.3	2.1	1.8	1.6	1.4
P/BV - at target price (x)	1.7	1.6	1.4	1.2	1.1
P/CFO (x)	(3.4)	(5.9)	42.4	23.6	9.6
Price/sales (x)	1.5	1.5	1.4	1.2	1.1
Dividend yield (%)	3.2	2.5	2.9	3.3	3.7
FCF Yield (%)	(32.9)	(18.8)	0.9	2.8	9.0
(Bt)					
Normalized EPS	1.6	1.3	1.5	1.7	1.9
EPS	1.6	1.3	1.5	1.7	1.9
DPS	0.5	0.4	0.5	0.5	0.6
BV/share	6.9	7.6	8.8	10.0	11.4
CFO/share	(4.7)	(2.7)	0.4	0.7	1.6
FCF/share	(5.2)	(3.0)	0.1	0.4	1.4

Sources: Company data; Thanachart estimates

PS

FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	22.9	(0.2)	6.9	15.4	12.0
Net profit (%)	(3.7)	(18.7)	18.4	13.7	12.0
EPS (%)	(3.7)	(18.7)	18.4	13.7	12.0
Normalized profit (%)	(3.7)	(18.7)	18.4	13.7	12.0
Normalized EPS (%)	(3.7)	(18.7)	18.4	13.7	12.0
Dividend payout ratio (%)	31.9	31.4	30.0	30.0	30.0
Operating performance					
Gross margin (%)	37.5	36.7	35.5	35.1	35.0
Operating margin (%)	19.3	16.7	17.0	16.1	16.0
EBITDA margin (%)	20.4	18.2	18.6	17.6	17.6
Net margin (%)	15.0	12.2	13.5	13.3	13.3
D/E (incl. minor) (x)	0.9	1.2	1.0	0.9	0.7
Net D/E (incl. minor) (x)	0.8	1.1	0.9	0.8	0.6
Interest coverage - EBIT (x)	67.1	28.3	18.5	21.9	25.9
Interest coverage - EBITDA (x)	70.8	30.7	20.2	24.0	28.4
ROA - using norm profit (%)	13.2	7.5	7.7	8.2	8.6
ROE - using norm profit (%)	24.7	17.6	18.4	18.3	17.9
DuPont					
ROE - using after tax profit (%)	24.7	17.6	18.4	18.3	17.9
- asset turnover (x)	0.9	0.6	0.6	0.6	0.7
- operating margin (%)	19.8	17.4	17.7	16.7	16.7
- leverage (x)	1.9	2.4	2.4	2.2	2.1
- interest burden (%)	98.5	96.6	94.8	95.6	96.3
- tax burden (%)	76.9	72.6	80.3	83.1	82.9
WACC (%)	11.4	11.4	11.4	11.4	11.4
ROIC (%)	28.9	10.5	9.6	10.2	10.8
NOPAT (Bt m)	3,463	2,819	3,401	3,837	4,277

Sources: Company data; Thanachart estimates

QH

INCOME STATEMENT

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	13,241	9,849	11,770	12,410	12,855
Cost of sales	9,359	6,981	8,207	8,620	8,900
Gross profit	3,882	2,868	3,562	3,790	3,955
% gross margin	29.3%	29.1%	30.3%	30.5%	30.8%
Selling & administration expenses	1,943	2,346	2,707	2,705	2,802
Operating profit	1,939	522	855	1,085	1,153
% operating margin	14.6%	5.3%	7.3%	8.7%	9.0%
Depreciation & amortization	284	244	240	236	237
EBITDA	2,224	766	1,095	1,321	1,390
% EBITDA margin	16.8%	7.8%	9.3%	10.6%	10.8%
Non-operating income	72	98	112	118	124
Non-operating expenses	0	0	0	0	0
Interest expense	(259)	(309)	(348)	(335)	(351)
Pre-tax profit	1,752	311	619	868	926
Income tax	611	182	149	167	179
After-tax profit	1,141	129	471	701	746
% net margin	8.6%	1.3%	4.0%	5.6%	5.8%
Shares in affiliates' Earnings	543	639	816	967	1,143
Minority interests	0	0	0	0	0
Extraordinary items	319	85	815	0	0
NET PROFIT	2,003	853	2,102	1,668	1,889
Normalized profit	1,684	768	1,287	1,668	1,889
EPS (Bt)	0.2	0.1	0.2	0.2	0.2
Normalized EPS (Bt)	0.2	0.1	0.1	0.2	0.2

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	12,205	18,176	19,449	20,941	23,034
Cash & cash equivalent	1,114	1,113	1,150	1,247	1,478
Account receivables	51	67	80	85	88
Inventories	10,856	16,427	17,539	18,893	20,726
Others	184	568	679	716	742
Investments & loans	4,392	6,085	6,085	6,085	6,085
Net fixed assets	12,964	12,985	11,676	11,711	11,744
Other assets	988	720	860	907	940
Total assets	30,549	37,966	38,071	39,644	41,802
LIABILITIES:					
Current liabilities:	4,944	11,269	9,828	10,068	10,524
Account payables	497	546	562	590	610
Bank overdraft & ST loans	801	3,836	3,061	3,107	3,261
Current LT debt	2,600	5,994	5,204	5,281	5,543
Others current liabilities	1,046	893	1,001	1,090	1,111
Total LT debt	11,490	12,723	12,143	12,323	12,934
Others LT liabilities	742	806	964	1,016	1,053
Total liabilities	17,176	24,799	22,935	23,407	24,511
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	8,477	8,477	9,184	9,184	9,184
Share premium	379	379	379	379	379
Warrants	0	0	0	0	0
Surplus	4	56	0	0	0
Retained earnings	4,512	4,255	5,573	6,673	7,728
Shareholders' equity	13,373	13,168	15,136	16,236	17,291
Liabilities & equity	30,549	37,966	38,071	39,644	41,802

Sources: Company data; Thanachart estimates

QH

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	1,752	311	619	868	926
Tax paid	(691)	(408)	(48)	(213)	(150)
Depreciation & amortization	284	244	240	236	237
Chg In working capital	(366)	(5,538)	(1,109)	(1,330)	(1,817)
Chg In other CA & CL / minorities	(232)	(382)	(100)	284	292
Cash flow from operations	748	(5,774)	(398)	(154)	(513)
Capex	(1,064)	(144)	1,189	(150)	(150)
ST loans & investments	0	0	0	0	0
LT loans & investments	(623)	(1,694)	0	0	0
Adj for asset revaluation	(114)	0	0	0	0
Chg In other assets & liabilities	44	1,006	1,525	667	701
Cash flow from investments	(1,757)	(831)	2,714	517	551
Debt financing	1,956	7,662	(2,145)	302	1,027
Capital increase	0	0	706	0	0
Dividends paid	(1,017)	(1,017)	(79)	(568)	(834)
Warrants & other surplus	(3)	(41)	(762)	0	0
Cash flow from financing	936	6,604	(2,279)	(265)	193
Free cash flow	(316)	(5,917)	791	(304)	(663)

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	9.0	19.7	12.1	9.5	8.4
Normalized PE - at target price (x)	10.9	24.0	14.8	11.6	10.2
PE (x)	7.5	17.7	7.4	9.5	8.4
PE - at target price (x)	9.2	21.6	9.0	11.6	10.2
EV/EBITDA (x)	13.0	47.7	32.0	26.7	25.9
EV/EBITDA - at target price (x)	14.5	52.1	35.2	29.3	28.4
P/BV (x)	1.1	1.1	1.0	1.0	0.9
P/BV - at target price (x)	1.4	1.4	1.3	1.2	1.1
P/CFO (x)	20.2	(2.6)	(39.1)	(102.4)	(30.8)
Price/sales (x)	1.2	1.6	1.3	1.3	1.2
Dividend yield (%)	6.7	0.5	3.6	5.3	6.0
FCF Yield (%)	(2.1)	(39.2)	5.1	(1.9)	(4.2)
(Bt)					
Normalized EPS	0.2	0.1	0.1	0.2	0.2
EPS	0.2	0.1	0.2	0.2	0.2
DPS	0.1	0.0	0.1	0.1	0.1
BV/share	1.5	1.5	1.6	1.8	1.9
CFO/share	0.1	(0.7)	(0.0)	(0.0)	(0.1)
FCF/share	(0.0)	(0.7)	0.1	(0.0)	(0.1)

Sources: Company data; Thanachart estimates

QH

FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	16.6	(25.6)	19.5	5.4	3.6
Net profit (%)	16.7	(57.4)	146.5	(20.7)	13.3
EPS (%)	16.7	(57.4)	139.4	(21.9)	13.3
Normalized profit (%)	2.8	(54.4)	67.7	29.6	13.3
Normalized EPS (%)	2.8	(54.4)	62.8	27.6	13.3
Dividend payout ratio (%)	50.8	9.2	27.0	50.0	50.0
Operating performance					
Gross margin (%)	29.3	29.1	30.3	30.5	30.8
Operating margin (%)	14.6	5.3	7.3	8.7	9.0
EBITDA margin (%)	16.8	7.8	9.3	10.6	10.8
Net margin (%)	8.6	1.3	4.0	5.6	5.8
D/E (incl. minor) (x)	1.1	1.7	1.3	1.3	1.3
Net D/E (incl. minor) (x)	1.0	1.6	1.3	1.2	1.2
Interest coverage - EBIT (x)	7.5	1.7	2.5	3.2	3.3
Interest coverage - EBITDA (x)	8.6	2.5	3.1	3.9	4.0
ROA - using norm profit (%)	5.7	2.2	3.4	4.3	4.6
ROE - using norm profit (%)	13.0	5.8	9.1	10.6	11.3
DuPont					
ROE - using after tax profit (%)	8.8	1.0	3.3	4.5	4.5
- asset turnover (x)	0.5	0.3	0.3	0.3	0.3
- operating margin (%)	15.2	6.3	8.2	9.7	9.9
- leverage (x)	2.3	2.6	2.7	2.5	2.4
- interest burden (%)	87.1	50.2	64.0	72.2	72.5
- tax burden (%)	65.1	41.5	76.0	80.7	80.6
WACC (%)	8.7	8.7	8.7	8.7	8.7
ROIC (%)	5.2	0.8	1.9	2.5	2.6
NOPAT (Bt m)	1,263	216	650	857	911

Sources: Company data; Thanachart estimates

SPALI

INCOME STATEMENT

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Sales	11,083	12,686	13,937	16,537	19,753
Cost of sales	6,330	7,319	8,187	9,976	11,907
Gross profit	4,753	5,368	5,749	6,561	7,846
% gross margin	42.9%	42.3%	41.3%	39.7%	39.7%
Selling & administration expenses	991	1,353	1,603	1,819	2,074
Operating profit	3,762	4,015	4,146	4,742	5,772
% operating margin	33.9%	31.6%	29.8%	28.7%	29.2%
Depreciation & amortization	82	83	85	88	91
EBITDA	3,844	4,098	4,231	4,830	5,863
% EBITDA margin	34.7%	32.3%	30.4%	29.2%	29.7%
Non-operating income	101	123	129	135	142
Non-operating expenses	0	0	0	0	0
Interest expense	(72)	(147)	(129)	(102)	(79)
Pre-tax profit	3,791	3,991	4,147	4,775	5,834
Income tax	1,153	1,319	954	955	1,167
After-tax profit	2,637	2,672	3,193	3,820	4,667
% net margin	23.8%	21.1%	22.9%	23.1%	23.6%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(57)	(105)	(115)	(116)	(119)
Extraordinary items	0	0	0	0	0
NET PROFIT	2,581	2,568	3,078	3,704	4,549
Normalized profit	2,581	2,568	3,078	3,704	4,549
EPS (Bt)	1.5	1.5	1.8	2.2	2.6
Normalized EPS (Bt)	1.5	1.5	1.8	2.2	2.6

BALANCE SHEET

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
ASSETS:					
Current assets:	16,928	18,970	19,544	21,621	25,127
Cash & cash equivalent	490	672	458	567	650
Account receivables	22	16	18	21	25
Inventories	16,046	17,872	18,618	20,499	23,814
Others	370	410	450	535	638
Investments & loans	8	6	6	6	6
Net fixed assets	1,297	1,248	1,223	1,205	1,194
Other assets	354	270	297	352	421
Total assets	18,586	20,495	21,070	23,185	26,748
LIABILITIES:					
Current liabilities:	4,682	5,178	5,540	5,703	6,339
Account payables	1,328	1,205	1,570	1,777	1,957
Bank overdraft & ST loans	131	880	631	452	377
Current LT debt	151	80	252	181	151
Others current liabilities	3,071	3,013	3,086	3,295	3,854
Total LT debt	4,239	4,140	2,272	1,626	1,356
Others LT liabilities	41	44	48	57	68
Total liabilities	8,962	9,362	7,860	7,386	7,764
Minority interest	326	383	498	614	733
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	454	454	454	454
Retained earnings	6,908	8,360	10,323	12,795	15,862
Shareholders' equity	9,297	10,750	12,712	15,185	18,252
Liabilities & equity	18,586	20,495	21,070	23,185	26,748

Sources: Company data; Thanachart estimates

SPALI

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2010A	2011A	2012F	2013F	2014F
Earnings before tax	3,791	3,991	4,147	4,775	5,834
Tax paid	(614)	(1,377)	(831)	(887)	(1,010)
Depreciation & amortization	82	83	85	88	91
Chg In working capital	(2,950)	(1,943)	(383)	(1,678)	(3,139)
Chg In other CA & CL / minorities	(372)	17	(159)	2	256
Cash flow from operations	(63)	771	2,858	2,300	2,033
Capex	(84)	(34)	(60)	(70)	(80)
ST loans & investments	0	0	0	0	0
LT loans & investments	(1)	2	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(140)	(19)	47	9	(15)
Cash flow from investments	(226)	(51)	(13)	(61)	(95)
Debt financing	1,154	577	(1,944)	(898)	(374)
Capital increase	0	0	0	0	0
Dividends paid	(1,116)	(1,116)	(1,116)	(1,231)	(1,482)
Warrants & other surplus	280	(0)	0	0	0
Cash flow from financing	318	(538)	(3,060)	(2,130)	(1,856)
Free cash flow	(147)	737	2,798	2,230	1,953

VALUATION

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Normalized PE (x)	11.4	11.4	9.5	7.9	6.5
Normalized PE - at target price (x)	13.3	13.4	11.2	9.3	7.5
PE (x)	11.4	11.4	9.5	7.9	6.5
PE - at target price (x)	13.3	13.4	11.2	9.3	7.5
EV/EBITDA (x)	8.7	8.2	7.6	6.4	5.2
EV/EBITDA - at target price (x)	10.0	9.5	8.8	7.5	6.1
P/BV (x)	3.2	2.7	2.3	1.9	1.6
P/BV - at target price (x)	3.7	3.2	2.7	2.3	1.9
P/CFO (x)	(464.2)	38.1	10.3	12.8	14.4
Price/sales (x)	2.6	2.3	2.1	1.8	1.5
Dividend yield (%)	3.5	3.8	4.2	5.0	6.2
FCF Yield (%)	(0.5)	2.5	9.5	7.6	6.7
(Bt)					
Normalized EPS	1.5	1.5	1.8	2.2	2.6
EPS	1.5	1.5	1.8	2.2	2.6
DPS	0.6	0.7	0.7	0.9	1.1
BV/share	5.4	6.3	7.4	8.8	10.6
CFO/share	(0.0)	0.4	1.7	1.3	1.2
FCF/share	(0.1)	0.4	1.6	1.3	1.1

Sources: Company data; Thanachart estimates

SPALI

FINANCIAL RATIOS

FY ending Dec	2010A	2011A	2012F	2013F	2014F
Growth Rate					
Sales (%)	15.2	14.5	9.9	18.7	19.4
Net profit (%)	4.2	(0.5)	19.9	20.3	22.8
EPS (%)	4.2	(0.5)	19.9	20.3	22.8
Normalized profit (%)	4.2	(0.5)	19.9	20.3	22.8
Normalized EPS (%)	4.2	(0.5)	19.9	20.3	22.8
Dividend payout ratio (%)	39.9	43.5	40.0	40.0	40.0
Operating performance					
Gross margin (%)	42.9	42.3	41.3	39.7	39.7
Operating margin (%)	33.9	31.6	29.8	28.7	29.2
EBITDA margin (%)	34.7	32.3	30.4	29.2	29.7
Net margin (%)	23.8	21.1	22.9	23.1	23.6
D/E (incl. minor) (x)	0.5	0.5	0.2	0.1	0.1
Net D/E (incl. minor) (x)	0.4	0.4	0.2	0.1	0.1
Interest coverage - EBIT (x)	52.0	27.3	32.3	46.4	72.6
Interest coverage - EBITDA (x)	53.1	27.9	32.9	47.3	73.8
ROA - using norm profit (%)	15.3	13.1	14.8	16.7	18.2
ROE - using norm profit (%)	30.6	25.6	26.2	26.6	27.2
DuPont					
ROE - using after tax profit (%)	31.3	26.7	27.2	27.4	27.9
- asset turnover (x)	0.7	0.6	0.7	0.7	0.8
- operating margin (%)	34.9	32.6	30.7	29.5	29.9
- leverage (x)	2.0	1.9	1.8	1.6	1.5
- interest burden (%)	98.1	96.4	97.0	97.9	98.7
- tax burden (%)	69.6	67.0	77.0	80.0	80.0
WACC (%)	12.2	12.2	12.2	12.2	12.2
ROIC (%)	25.0	20.2	21.0	24.6	27.4
NOPAT (Bt m)	2,618	2,689	3,193	3,793	4,617

Sources: Company data; Thanachart estimates

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For sectors, we look at two areas, ie, the sector outlook and the sector weighting. For the sector outlook, an arrow pointing up, or the word "Positive", is used when we see the industry trend improving. An arrow pointing down, or the word "Negative", is used when we see the industry trend deteriorating. A double-tipped horizontal arrow, or the word "Unchanged", is used when the industry trend does not look as if it will alter. The industry trend view is our top-down perspective on the industry rather than a bottom-up interpretation from the stocks we cover. An "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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