

Stellar profit growth expected in 2QCY12

 Bloomberg | Reuters
 AS.TB | AS.BK

 Thailand Equities Research
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Report type: Company Preview

Company Overview

AS provides online game services in Thailand, Singapore, Indonesia and the Philippines. It also grants sub-license to its partner in Vietnam.

- We forecast AS to report 2QCY12 net profit growth of 37.90% y-y to Bt115.51mn on (i) better domestic online game revenue boosted by the full-quarter revenue contribution from 'Dragon Nest' released in 1QCY12 and the launch of three new game titles in 2QCY12, (ii) huge revenue from the distribution of Blizzard's offline game 'Diablo III' and (iii) consolidation of the recently acquired CIB Development.
- Based on 2QCY12 estimates, we expect AS to pay a 2QCY12 dividend of Bt0.19/share based on a 50% payout ratio.
- More new games will be released in 2HCY12. Typically the third quarter is seasonally weaker than the second quarter but new game launches may reduce the seasonal impact, especially the launch of AVA in Indonesia, which attracts strong interest from Indonesian gamers.
- We maintain a 'BUY' stance on AS with a target price of Bt19.70/share.

What is the news?

We forecast AS to report 2QCY12 net profit growth of 37.90% y-y to Bt115.51mn on (i) better domestic online game revenue boosted by the full-quarter revenue contribution from 'Dragon Nest' released in 1QCY12 and the launch of three new game titles in 2QCY12, (ii) huge revenue of an estimated Bt100mn from the distribution of Blizzard's offline game 'Diablo III' and (iii) two-month consolidation of the recently acquired CIB Development.

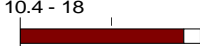
How do we view this?

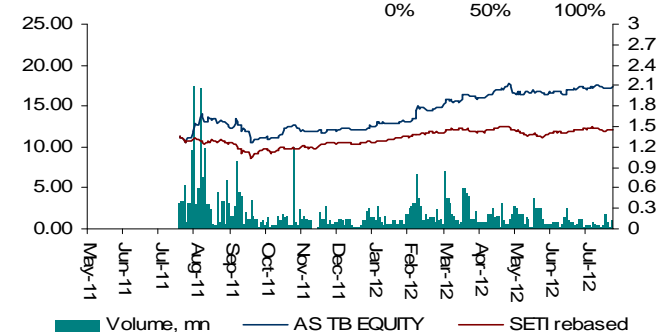
Typically the third quarter is seasonally weaker than the second quarter but new game launches may partially reduce the seasonal impact, especially the launch of AVA in Indonesia, which has promising prospects.

Investment Actions?

Our target price of Bt19.70/share for AS is based on a P/E multiple of 14x. We also expect AS to pay a 2QCY12 dividend of Bt0.19/share based on a 50% payout ratio. We maintain a 'BUY' stance on AS.

Asiasoft Corporation

Rating	1.00	Buy
- Previous Rating	1.00	Buy
Target Price (Bt)	19.70	
- Previous Target Price (Bt)	19.70	
Closing Price (Bt)	17.30	
Expected Capital Gains (%)	13.9%	
Expected Dividend Yield (%)	8.2%	
Expected Total Return (%)	22.0%	
Raw Beta (Past 2yrs weekly data)	0.38	
Market Cap. (USD mn)	168	
Enterprise Value (USD mn)	137	
Market Cap. (Bt mn)	5,318	
Enterprise Value (Bt mn)	4,349	
3M Average Daily T/O (mn)	0.1	
52 week range	10.4 - 18	
Closing Price in 52 week range		



Major Shareholders

	(%)
1. Mr. Pramoth Sudjitporn	41.5
2. Mr. Tan Tgwo Lim	9.5
3. Asia Investment Partners Ltd.	9.5

CG Report - 2011



Key Financial Summary

FYE Dec	12/10	12/11	12/12F	12/13F
Revenue (Btrmn)	1,512	1,638	2,287	2,569
Net Profit (Btrmn)	264	296	432	519
EPS (Bt)	0.84	0.94	1.41	1.69
Net Profit, adj. (Btrmn)	264	296	432	519
EPS, adj. (Bt)	0.84	0.94	1.41	1.69
P/E (X), adj.	20.6	18.4	12.3	10.2
BVPS (Bt)	4.06	4.17	4.52	4.96
P/B (X)	4.3	4.1	3.8	3.5
DPS (Bt)	0.84	0.76	1.41	1.69
Div. Yield (%)	4.9	4.4	8.2	9.8

Source: Bloomberg, PSR est.

*All multiples & yields based on current market price

Valuation Method

P/E12 (14x)

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 TEL 66 2 2 635-1700 Ext 483

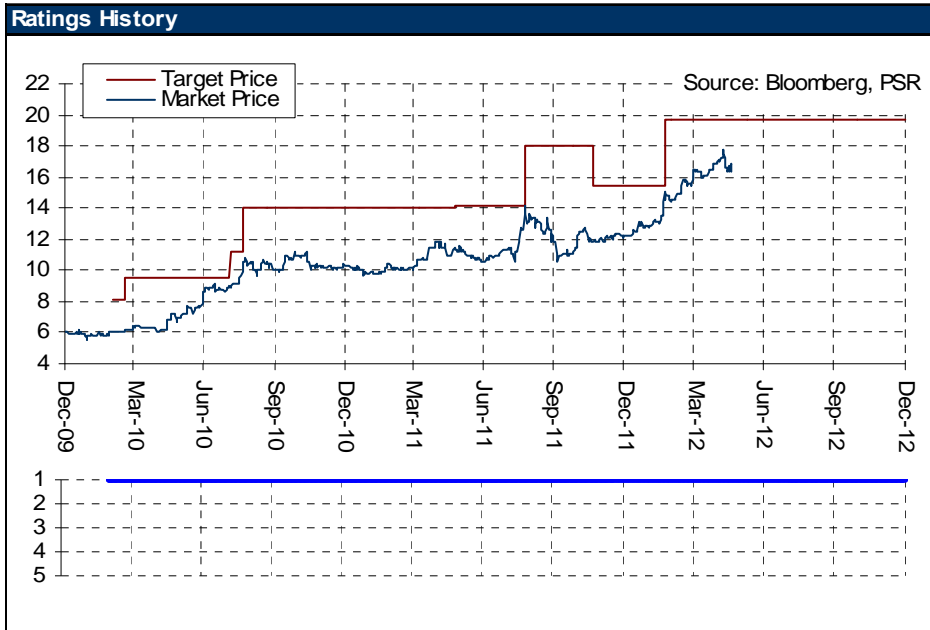
Exceptionally strong results expected for 2QCY12

We expect AS to report 2QCY12 net profit growth of 37.90% y-y to Bt115.51mn on the back of a likely improvement in domestic online game revenue and offline game revenue.

The forecast assumes 2QCY12 total revenue will grow as much as 49.39% y-y to Bt608.96mn as (1) domestic online game revenue will improve thanks to full-quarter revenue contribution from the newly released 'Dragon Nest,' a 3D anime inspired action fantasy MMORPG, which got off to the best start in several years on Mar 27, 2012 and the launch of three new game titles in 2QCY12, one of them published by Funbox receiving strong response from gamers while revenue from overseas operations will be flat to up slightly as AVA in Indonesia was released in late 2QCY12; (2) AS will rack up over Bt100mn in revenue from the distribution of offline game 'Diablo III,' Blizzard's stunning blockbuster sequel in Thailand, Singapore and Malaysia, up significantly from offline game revenue of a mere Bt4.01mn in the same period last year; and (3) the top-line will get an additional boost from the two-month consolidation of CIB Development, Malaysia's top online game operator following the acquisition of a 61.68% stake. Costs and SG&A expenses are expected to surge 56.34% and 51.30% y-y respectively on the back of new game launches, offline game costs, marketing expenses and consolidation of CIB Development. Based on 2QCY12 estimates, we forecast AS to pay a 2QCY12 dividend of Bt0.19/share based on a 50% payout ratio.

CY12 profit outlook unchanged at Bt432.25mn

Typically the third quarter is seasonally weaker than the second quarter but new game launches may reduce the seasonal impact, especially the launch of AVA in Indonesia, which attracts strong interest from Indonesian gamers and has promising prospects. Sales of Blizzard's offline games should keep growing in 3QCY12 but it may not be as strong as in 2QCY12. What remains to be seen is its plan for new game releases in 2HCY12, which may be subject to changes. For the meantime, we keep our CY12 net profit outlook for AS at Bt432.25mn. The estimated 1HCY12 profit accounts for 43.65% of the full-year target. We will consider again whether we will place our estimates for AS under review after 2QCY12 earnings release and post-results analyst meeting. We maintain a 'BUY' stance on AS with a target price of Bt19.70/share. We also expect AS to pay a CY12 dividend of Bt1.41/share.



Phillip Group Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate/Trading Buy	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce/Trading Sell	4
>-20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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