

กรุงเทพประกันชีวิต

กำไรสุทธิดีขึ้นต่อเนื่อง

Insurance
Overweight

ประเด็นการลงทุน: BLA จะสามารถเพิ่มยอดขายของประกันชีวิตที่มีอัตรากำไรสูงขึ้นได้ดี เช่น ประกันภัยแบบตลอดชีพและประกันชีวิตเพื่อคุ้มครองสินเชื่อ ดังนั้น เราคาดว่ารายได้จากเบี้ยประกันรวมจะเติบโต 10% ในปี 2555 หลังจากที่ได้เติบโตแข็งแกร่งกว่า 15-20% ในระหว่างปี 2552-54 นอกจากนี้ ROI จะสูงขึ้นจากกำไรจากการลงทุนและผลตอบแทนตราสารหนี้ที่คาดว่าจะสูงขึ้นในครึ่งหลังปี 2555 (ROI = 5.4% ในปีที่แล้ว) ดังนั้น เราคาดว่า กำไรสุทธิของ BLA จะสูงขึ้นต่อเนื่องในปีนี้และอีกหลายปีข้างหน้า เรายังคงแนะนำ **ซื้อ**

กำไรสุทธิเติบโตคงที่ QoQ ในไตรมาส 2/55: เราคาดว่า BLA จะรายงานกำไรสุทธิไตรมาส 2/55 ที่ 960 ล้านบาท สูงขึ้น 5% QoQ แต่ลดลง 26% YoY กำไรไตรมาส 2/55 ลดลง เนื่องจาก บริษัทได้เปลี่ยนแนวทางการตลาดไปที่ผลิตภัณฑ์ใหม่ที่ทำให้กำไรสูงกว่า คือ ประกันชีวิตตลอดชีพและประกันชีวิตคุ้มครองสินเชื่อ ซึ่งขายยากกว่าผลิตภัณฑ์ประเภทสะสมทรัพย์ นอกจากนี้ เราประมาณการสำรองประกันชีวิตในไตรมาส 2/55 ที่ 63.5% ของเบี้ยประกันรวม ลดลงจาก 65.4% ในไตรมาส 1/55 เรายังคาดว่า BLA จะรายงานกำไรจากการลงทุนที่ลดลงเหลือ 70 ล้านบาท จากการลงทุนในตลาดหุ้น

เบี้ยประกันรวมไตรมาส 2/55 สูงขึ้น 5% YoY หนุนโดย RYPs: เราคาดว่า BLA มีส่วนแบ่งการตลาดของประกันชีวิตในไตรมาส 2/55 ที่ 9.7% ซึ่งอยู่ในอันดับที่ 5 เทียบกับ 9.6% ในปีก่อน โดยรายได้เบี้ยประกันชีวิตต่ออายุเป็นปัจจัยหลักในการเติบโตในไตรมาสนี้ นอกจากนี้ เนื่องจาก BLA ให้ความสนใจในการตลาดแก่ผลิตภัณฑ์ประกันชีวิตตลอดชีพและประกันชีวิตคุ้มครองสินเชื่อ (ขายยากกว่าประกันชีวิตแบบสะสมทรัพย์) ทำให้เราคาดว่า รายได้เบี้ยรับปีแรก ของ BLA ในไตรมาส 2/55 จะลดลง 16% YoY

ROI ในไตรมาส 2/55 ลดลง เนื่องจากกำไรจากการลงทุนลดลง: เราคาดว่า BLA จะมีอัตรากำไรจากการลงทุนที่ 4.74% ในไตรมาส 2/55 ลดลงจาก 5.6% ในไตรมาสก่อนหน้านั้น เป็นผลจากบริษัทได้รับเงินปันผลจากการลงทุนที่ลดลงและกำไรจากการลงทุนที่ลดลง เราประมาณการรายได้สุทธิ (ไม่รวมกำไรจากการลงทุน) จากการลงทุนในไตรมาส 2/55 ที่ 1.34 พันล้านบาท สูงขึ้น 20% YoY และทรงตัว QoQ นอกจากนี้ เราคาดว่า BLA จะรายงานกำไรสุทธิจากการลงทุนที่ 70 ล้านบาท ในไตรมาสนี้ ลดลงจาก 198 ล้านบาท ในไตรมาส 1/55 และ 124 ล้านบาท ในไตรมาส 2/55

BUALUANG RESEARCH

สุวัฒน์ บำรุงชาติอุดม
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คำแนะนำพื้นฐาน: **ซื้อ**
เป้าหมายพื้นฐาน: 54.00 บาท
ราคา (06/08/12): 46.50 บาท

Key Ratios & Statistics

Market cap	Bt55.80bn		
12-mth price range	Bt39.00/Bt59.50		
12-mth avg daily volume	Bt102.34m		
# of shares (m)	1200.0		
Est. free float (%)	34.6		
Foreign limit (%)	25.0		
Share price perf. (%)	1M	3M	12M
Relative to SET	15	(5.1)	(27.9)
Absolute	2.2	(7.0)	(5.8)

Financial summary

FY Ended 31 Dec	2011	2012E	2013E	2014E
Total rev (Btm)	36,091	40,219	43,454	46,673
Net profit (Btm)	3,417	3,700	4,450	4,950
Fully diluted EPS (Bt)	2.85	3.08	3.71	4.13
BLS/Consensus (x)	n.m.	0.84	0.87	0.79
EPS Consensus (Bt)	n.m.	3.65	4.25	5.25
EPS growth (%)	+22.2%	+8.3%	+20.3%	+11.2%
PER (x)	16.07	14.84	12.34	11.09
EV/EBITDA (x)	7.63	6.62	5.51	4.13
PBV (x)	4.09	3.43	2.78	2.32
Dividend (Bt)	0.72	0.70	0.90	1.00
Dividend yield (%)	1.57	1.53	1.97	2.19
ROE (%)	25.44	23.14	22.53	20.91
ROA (%)	3.04	2.74	2.71	2.63
Net gearing (x)	7.2	7.4	7.3	6.9

CG Rating - 2011



Company profile

Bangkok Life Assurance Plc (BLA) is one of Thailand's largest pure life assurance players and a subsidiary of Bangkok Bank. Its FYP revenue growth is currently about twice the industry average.

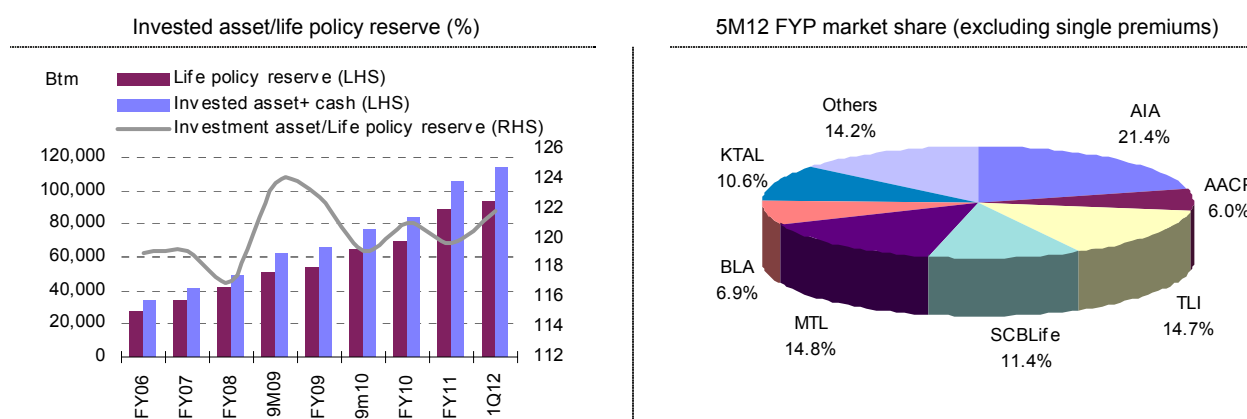
Figure 1: 2Q12 earnings preview

FY Ended 31 Dec (Btm)	2Q12	2Q11	YoY %	1Q12	QoQ %	6M12	6M11	YoY %
Income Statement								
Net insurance premium revenue	8,371	7,959	5	8,803	(5)	17,174	15,820	9
Less provision for life policy reserve	5,316	4,732	12	5,755	(8)	11,071	9,475	17
Revenue realization on premium	3,055	3,227	(5)	3,048	0	6,103	6,345	(4)
Underwriting expenses	2,797	2,433	15	2,943	(5)	5,740	5,078	13
Profit from insurance business	258	793	(67)	105	147	363	1,267	NM
Net investment income	1,338	1,114	20	1,335	0	2,673	2,179	23
Gain on investment	70	124	(43)	198	(65)	268	159	69
Other income	(10)	3	(413)	(10)	nm	(20)	10	(298)
Total revenues	1,656	2,034	(19)	1,628	2	3,284	3,614	(9)
Total operating expenses	347	355	(2)	344	1	690	670	3
EBT	1,310	1,679	(22)	1,284	2	2,593	2,944	(12)
Income tax	350	387	(10)	370	(6)	720	665	8
Net profit	960	1,292	(26)	914	5	1,874	2,279	(18)
EPS	0.80	1.08	(26)	0.76	5	1.56	1.90	(18)
Key ratios								
Premium/life policy reserve (%)	54.7	54.7		37.4		54.7	54.7	
Life policy provision/Premium (%)	63.5	59.5		65.4		64.5	59.9	
ROI (%)	4.7	5.6		5.5		4.7	5.6	
Tax rate (%)	26.7	23.1		28.8		27.8	22.6	
Net margin (%)	9.8	14.0		8.8		9.3	12.6	
D/E (x)	7.1	7.1		7.4		7.1	7.1	
Cost to Income (%)	17.4	20.5		21.1		21.0	18.5	
Asset/Equity (%)	8.1	8.2		8.4		8.1	8.2	

- Bigger YoY FYP sales in 2Q12, due to new product launches
- Provisioning for the life policy reserve will decline QoQ
- ROI down QoQ, due to lower investment gains & dividends
- The cost/income ratio rose QoQ as ROI declined

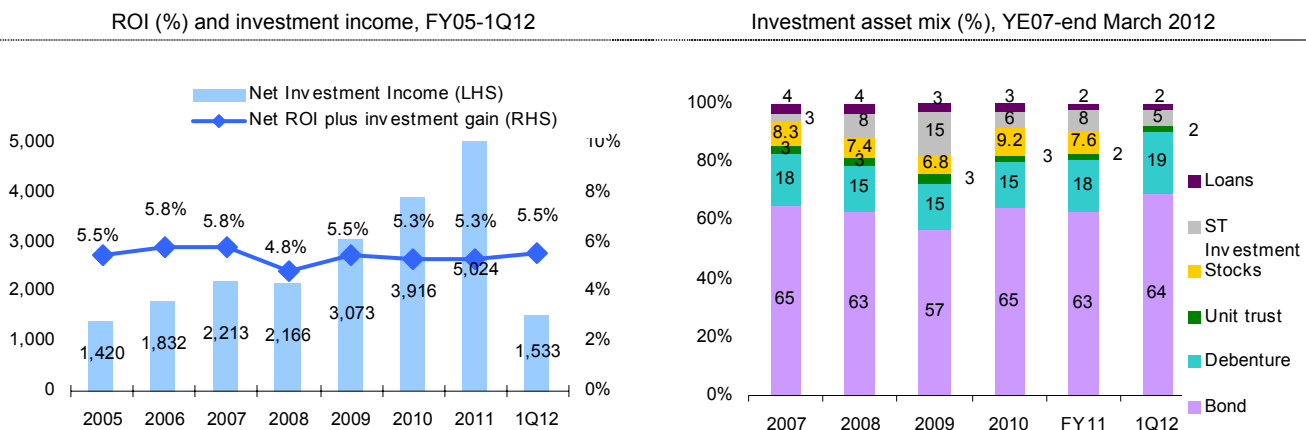
Source: Company data

Figure 2: Life policy reserve and invested assets, FY06-1Q12 and BLA's First Year Premium (FYP) market share for 5M12



Sources: Company data, Bualuang Research

Figure 3: BLA's net investment income (Btm) during FY07-1Q12 and net ROI (%), FY05-1Q12



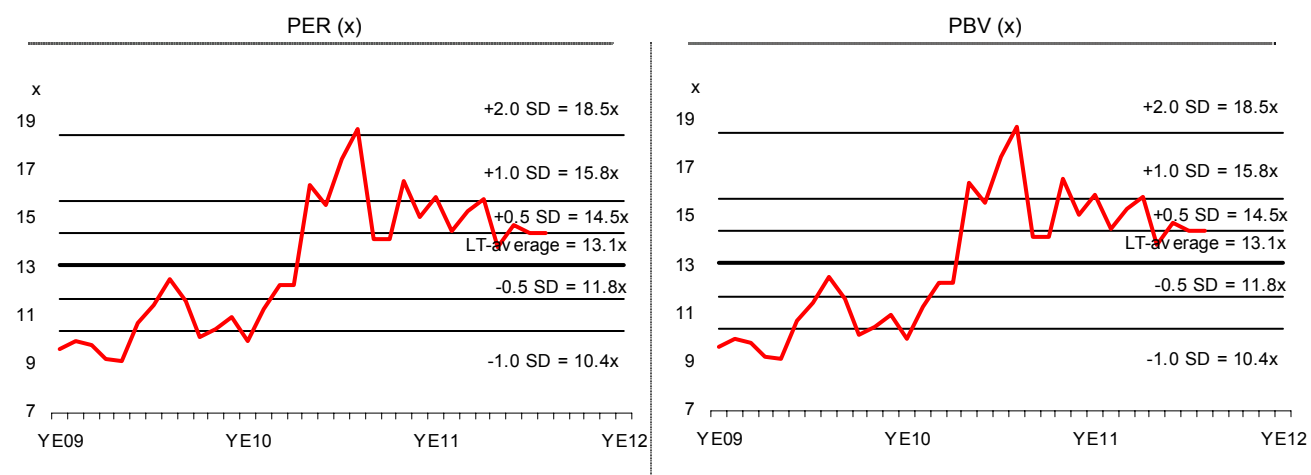
Sources: Company and TLAA

Figure 4: Breakdown of total life assurance premium market shares (%), FY03-5M12

Market share of Total premium (%)	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	1Q12 A	5M12
American International Assurances (AIA)	46.7	45.0	42.7	41.9	38.9	37.9	33.3	31.0	28.7	26.3	26.7
Audhya Allianz C.P Life Plc., (AACP)	11.1	12.2	11.8	10.6	9.5	6.5	6.1	6.2	6.3	5.6	5.7
Thai Life Insurance	17.0	15.1	15.6	14.1	15.2	14.4	13.7	12.4	12.2	12.8	12.5
SCB Life Insurance Plc	2.0	3.9	5.2	5.8	6.0	6.8	7.5	8.3	9.2	10.6	10.2
Muang Thai Life Assurance	4.4	4.8	4.9	5.8	6.8	7.7	8.3	10.0	11.5	12.4	12.8
Bangkok Life Assurance Plc.,	4.9	5.8	5.5	6.0	6.1	6.7	7.7	8.9	9.6	9.9	9.7
Krungthai AXA Life Insurance	0.8	1.0	1.7	2.1	2.9	4.1	4.9	6.0	6.4	7.1	7.1
Ocean Life Insurance	5.3	5.0	4.8	5.1	4.6	4.3	4.1	3.9	4.0	4.4	4.2
ING Life Limited	0.9	1.2	1.5	2.0	2.4	2.8	3.0	3.1	3.1	2.6	2.7
Prudential Life Assurance (Thailand) Plc.,	0.7	0.6	0.6	0.7	0.9	1.1	1.2	1.2	1.3	1.6	1.4
Thai Cardif Life Assurance	-	0.1	0.2	0.4	0.7	0.6	0.6	0.6	0.5	0.6	0.6
Generali Life Assurance	0.2	0.2	0.2	0.3	0.5	0.5	0.6	0.5	0.6	0.7	0.7
Finansa Life Assurance	1.5	1.2	1.4	1.1	1.0	0.8	0.7	0.5	0.3	0.3	0.2
Siam City Life Assurance	1.2	1.0	0.9	0.8	0.8	0.8	1.1	1.1	0.6	0.4	0.4
ACE Life Assurance	0.1	0.2	0.4	0.5	0.5	0.8	0.7	0.8	0.8	0.8	0.8
Others	3.2	2.7	2.6	2.8	3.2	4.2	6.6	5.5	4.9	4.1	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

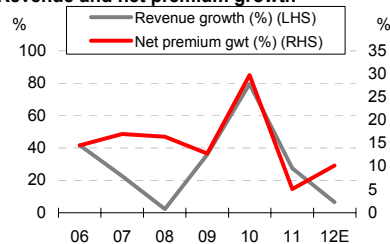
Sources: TLAA and Bualuang estimates

Figure 5: Valuation multiples

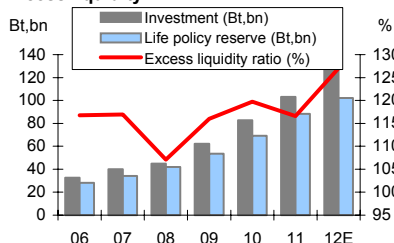


Sources: Company data and Bualuang Research

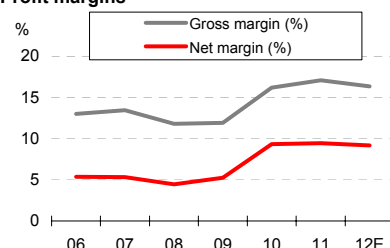
Revenue and net premium growth



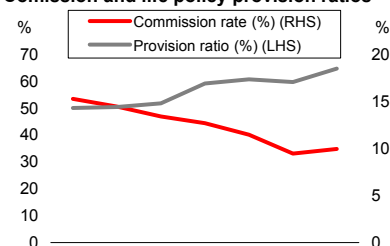
Excess liquidity



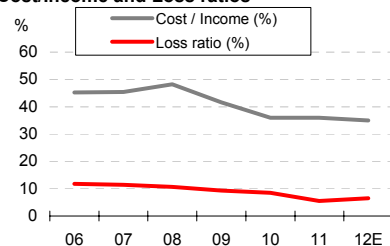
Profit margins



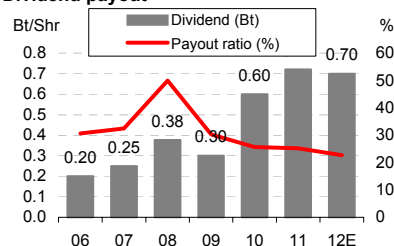
Commission and life policy provision ratios



Cost/Income and Loss ratios



Dividend payout



	2009	2010	2011	2012E	2013E
PROFIT & LOSS (Btm)					
Insurance premium	19,632	25,982	31,067	34,239	36,293
Less Life policy reserve	(11,666)	(15,645)	(20,197)	(22,255)	(23,591)
Net premium	7,966	10,337	10,870	11,984	12,703
Underwriting expenses	(8,287)	(9,426)	(9,728)	(11,405)	(12,121)
Profit from insurance	(322)	911	1,142	578	581
Revenue on investment	2,996	3,916	5,024	5,980	7,160
Other income / exp.	26	22	16	30	35
Net revenue	2,701	4,849	6,182	6,588	7,777
Operating expenses	(1,123)	(1,259)	(1,339)	(1,707)	(1,921)
EBIT	1,578	3,591	4,842	4,882	5,855
Minority interest	0	0	0	0	0
Extra items	0	0	0	0	0
Income tax	(392)	(794)	(1,425)	(1,182)	(1,405)
Net profit (loss)	1,186	2,796	3,417	3,700	4,450
Reported EPS	0.99	2.33	2.85	3.08	3.71
Fully diluted EPS	0.99	2.33	2.85	3.08	3.71
Core net profit	1,159	2,774	3,402	3,670	4,415
Core EPS	0.97	2.31	2.83	3.06	3.68
EBITDA	1,673	3,686	4,938	4,977	5,951

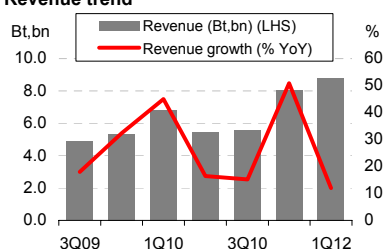
	2009	2010	2011	2012E	2013E
KEY RATIOS					
Revenue growth (%)	36.0	79.5	27.5	6.6	18.0
Gross margin (%)	11.9	16.2	17.1	16.4	17.9
EBITDA margin (%)	7.4	12.3	13.7	12.4	13.7
Operating margin (%)	5.1	9.3	9.4	9.1	10.2
Net margin (%)	5.2	9.3	9.5	9.2	10.2
Core profit margin (%)	5.1	9.3	9.4	9.1	10.2
ROA (%)	1.7	3.2	3.0	2.7	2.7
ROE (%)	16.4	25.6	25.4	23.1	22.5
Commission /Insurance prerr	12.7	11.5	9.5	10.0	10.0
Life policy Provision /insuran	59.4	61.0	60.0	65.0	65.0
Cost/income	41.6	36.0	36.0	35.0	34.0
Total Loss ratio (benefit pay)	9.3	8.5	5.6	6.6	5.8

	2009	2010	2011	2012E	2013E
BALANCE SHEET (Btm)					
Cash & Equivalent	1,718	860	2,737	446	1,100
Total investment in securities	62,141	82,847	103,082	129,900	153,000
Total net loans	1,907	2,158	2,113	2,733	6,970
Premises & equipment (Net)	334	339	306	400	460
Other assets	2,240	2,543	4,221	1,692	2,923
Total assets	68,339	88,746	112,459	135,171	164,453
Life policy reserve	53,558	69,203	88,386	102,251	124,261
Unpaid benefit to life policy	4,680	5,461	8,354	9,862	10,992
Premium received in advanc	1,417	1,281	0	2,500	3,625
Other liabilities	1,452	1,885	2,288	4,568	5,825
Total liabilities	61,108	77,829	99,028	119,181	144,703
Paid-up capital	1,200	1,200	1,200	1,200	1,200
Share premium	2,700	2,700	2,700	2,700	2,700
Retained earnings	3,332	7,017	9,531	12,090	15,850
Shareholders equity	7,232	10,917	13,431	15,990	19,750
Minority interests	0	0	0	0	0
Total Liab. & Shareholders '	68,339	88,746	112,459	135,171	164,453

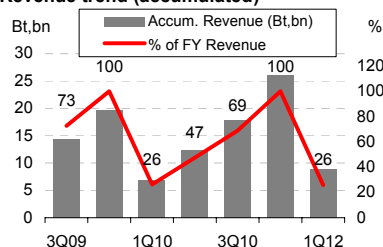
	2009	2010	2011	2012E	2013E
CASH FLOW (Btm)					
Net income	1,186	2,796	3,417	3,700	4,450
Depreciation and amortizatio	112	117	123	129	136
Change in working capital	12,209	16,236	19,098	23,307	24,860
FX, non-cash adjustment &	1,142	1,413	876	837	804
Cash flows from operating	13,507	19,149	22,638	27,137	29,446
Capex (Invest)/Divest	(405)	0	(44)	(94)	(60)
Others	(64,280)	(182,016)	(22,506)	(26,674)	(26,767)
Cash flows from investing	(7,085)	(22,766)	(22,550)	(26,768)	(26,827)
Debt financing (repayment)	0	0	0	0	0
Equity financing	2,625	0	0	0	0
Dividend payment	(315)	(419)	(931)	(864)	(840)
Others	0	0	0	0	0
Cash flows from financing	2,310	(419)	(931)	(864)	(840)
Net change in cash	8,732	(4,035)	(843)	(495)	1,779

	2009	2010	2011	2012E	2013E
Free cash flow (Btm)	13,102	19,149	22,594	27,043	29,386
FCF per share (Bt)	10.92	15.96	18.83	22.54	24.49

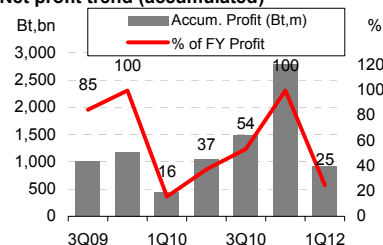
Revenue trend



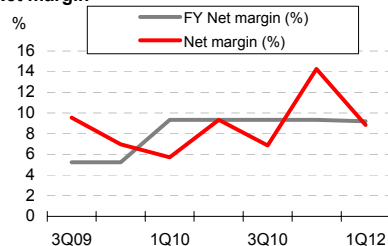
Revenue trend (accumulated)



Net profit trend (accumulated)



Net margin



QUARTERLY PROFIT & LOSS (Btm)

	1Q11	2Q11	3Q11	4Q11	1Q12
Net insurance premium revenue	7,861	7,959	6,761	8,485	8,803
Less provision for life policy reserve	4,743	4,732	4,063	6,658	5,755
Revenue realization on premium	3,118	3,227	2,698	1,828	3,048
Underwriting expenses	2,645	2,433	2,422	2,228	2,943
Profit from insurance business	473	793	276	(401)	105
Net investment income	1,065	1,114	1,224	1,295	1,335
Gain on investment	35	124	172	(4)	198
Total revenue from investment	1,100	1,238	1,397	1,290	1,533
Other income	7	3	7	(1)	(10)
Total revenues	1,580	2,034	1,679	888	1,628
Total operating expenses	315	355	318	352	344
Exceptional items	0	-	-	-	-
EBT	1,265	1,679	1,362	536	1,284
Income tax	278	387	299	461	370
Minority Interest	-	-	-	-	-
Net profit	987	1,292	1,063	75	914
EPS	0.82	1.08	0.89	0.06	0.76
Core profit before tax	1,223	1,553	1,183	542	1,096
Core EPS	1.02	1.29	0.99	0.45	0.91

KEY RATIOS

	1Q11	2Q11	3Q11	4Q11	1Q12
Premium/life policy reserve (%)	50.14	54.66	43.13	38.40	37.40
Life policy provision/Premium (%)	60.34	59.46	60.10	78.46	65.38
Claim/life policy (%)	6.78	8.25	6.30	3.04	7.06
ROI (%)	5.08	5.58	5.94	5.07	5.54
Net margin (%)	11.02	14.05	13.03	0.77	8.84
Equity/Life policy reserve (%)	14.88	15.76	15.80	15.20	15.20
BV (Bt)	9.84	10.54	10.76	11.19	12.61
ROE (%)	33.4	30.3	33.4	2.2	27.2
ROA (%)	4.15	5.28	4.13	0.27	3.25
D/E (x)	7.0	7.1	6.6	7.4	7.4
Cost to Income (%)	19.9	20.5	19.9	39.6	21.1
Asset/Equity (%)	8.0	8.2	7.6	8.4	8.4

QUARTERLY BALANCE SHEET (Btm)

	1Q11	2Q11	3Q11	4Q11	1Q12
Cash & Equivalent	2,778	7,695	2,568	2,737	563
Total investment in securities	85,990	87,124	96,662	103,082	114,112
Total net loans	2,197	2,241	1,916	2,113	2,152
Premises & equipment (Net)	329	325	315	306	328
Other assets	3,805	3,397	3,511	4,221	4,727
Total assets	95,099	100,782	104,971	112,459	121,883
Life policy reserve	72,933	77,665	81,729	88,386	94,142
Unpaid benefit to life policy	6,471	7,243	6,947	8,621	385
Premium received in advance	1,033	1,067	1,094	0	484
Other liabilities	2,847	2,156	2,290	2,021	11,741
Total liabilities	83,285	88,131	92,059	99,028	106,753
Paid-up capital	1,200	1,200	1,200	1,200	1,200
Share premium	2,700	2,700	2,700	2,700	2,700
Retained earnings	2,359	5,847	6,457	6,532	7,445
Shareholders equity	11,814	12,651	12,912	13,431	15,130
Minority interests	0	0	0	0	0
Total Liab.&Shareholders' equity	95,099	100,782	104,971	112,459	121,883

Sources: Company data, Bualuang Research

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Score Range	Number of Logo	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 59		Pass
Below 50	No logo given	N/A

BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Expected positive total returns of 15% or more over the next 12 months.

HOLD: Expected total returns of between -15% and +15% over the next 12 months.

SELL: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.