




April 2, 2012

<http://research.kgi.com>; Bloomberg: KGIT <GO>

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## Return



Price as of Mar 30, 2012	1.96
2012 target price (Bt shr)	2.60
Upside/downside (%)	32.6
The percentile of excess return (%)	97.2
Dividend yield-12/12E (%)	9.1

## Balance Sheet



Book value/shr-12/12E (Bt)	1.8
P/B-12/12E (x)	1.1
Net debt/equity-12/12E (%)	120

## Trading



52-week trading range (Bt)	1.0-6.1
Mkt cap-Bt bn/US\$bn	14.01/0.35
Outstanding shares (mn)	7,150.1
Free floating shares (mn)	3,260.4
Foreign ownership (mn)	2,014.3
3M avg. daily trading (mn)	168.0
Abs. performance (3,6,12M) (%)	60.7,-59.2,-65.6
Rel. performance (3,6,12M) (%)	37.7,-68.8,-69.9

## Company Description



Sansiri Plc (SIRI) was founded in 1984 and listed on the Stock Exchange of Thailand (SET) in 1996. The company was the first among Thai property developers to complete debt restructuring after the financial crisis. Currently, SIRI is one of the highest capitalized developers in Thailand with total assets of Bt36.2bn and equity of Bt11.4bn. Its corporate goal is to become a fully-integrated property developer with a breadth of asset classes, ranging from for-sale single-detached houses (SDH), townhouses (TH), and condominiums, to recurring income apartment and office buildings.

Property (Residential)

Thailand

**Outperform**

Re-initiate coverage

## Riding growth momentum

### ■ Reinitiate coverage with a Outperform rating and target price of Bt2.60

We reinitiate coverage on SIRI with a rating of Outperform and a 2012 target price of Bt2.60, implying 12PE of 7.0x, its long term average PE. We expect 2012 earnings to jump 42.1% YoY to Bt3.8bn. The current share price offers an upside of 32% to our target and we expect a dividend yield of 9.1% for this year.

### ■ Promising revenue growth with massive backlog on hand

SIRI's backlog on hand stands at Bt35bn, of which 76% is from condo sales, 15% is from single-detached house (SDH) sales, and the remainder is from townhouse (TH) sales. The current backlog has already secured 70% of our 2012 property sales forecast of Bt28bn, while 38% of our 2013 revenues forecast have also been secured.

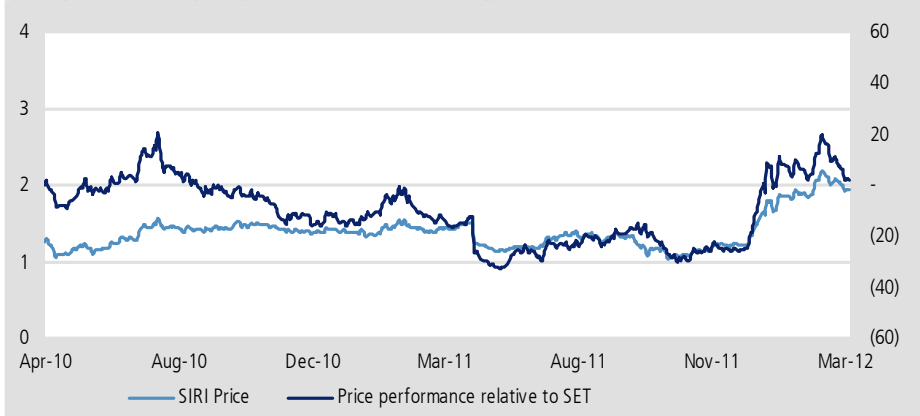
### ■ Well-diversified portfolio and provincial expansion to sustain future growth

We like the company's diversified portfolio and success in provincial markets. We foresee these as key factors sustaining its growth in the future. Even if property demand shifts to a different market or segment, SIRI will be able to meet that demand timely.

Year to Dec	Sales (Bt mn)	Sales growth (%)	EBITDA (Bt mn)	NP (Bt mn)	EPS (Bt)	EPS growth (%)
2010	18,596	17.5	3,017	1,898	0.27	63.5
2011	20,542	10.5	3,180	2,015	0.29	6.2
2012F	27,949	36.1	4,165	2,863	0.37	30.2
2013F	33,165	18.7	5,076	3,733	0.42	11.8
2014F	37,023	11.6	5,662	4,147	0.40	(2.8)
Year to Dec	GM (%)	EV/EBITDA (X)	PBV (X)	PER (X)	Dividend Yield (%)	ROAE (%)
2010	32.6	8.7	1.5	7.4	1.5	21.4
2011	34.2	9.4	1.2	7.0	7.0	19.4
2012F	32.6	8.7	1.3	5.4	9.1	23.8
2013F	32.5	8.4	1.3	4.8	10.2	26.9
2014F	32.5	8.3	1.3	4.9	9.9	25.6

## Sansiri Plc (SIRI.BK/SIRI TB) share price chart

Share price, Bt (LHS); price performance relative to SET, percent (RHS)



Source: SET

\*The Company may be issuer of Derivative Warrants on these securities.

## Riding Growth Momentum

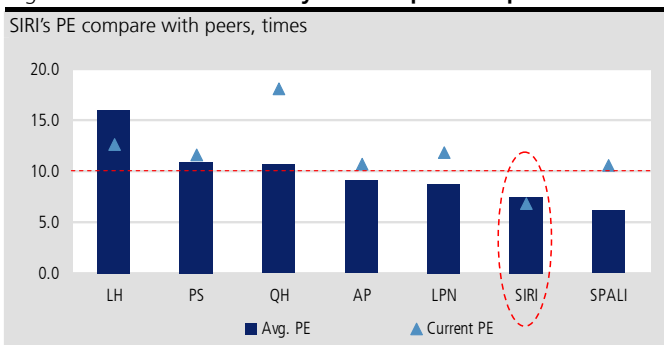
### Rate Outperform with a target price of Bt2.60

We reinitiate coverage on SIRI with a rating of Outperform and a target price of Bt2.60. Though the share price has risen 61.5% over the last three months, the current price is still cheap in our view. The stock is currently trading at 5.4x 12PE while the current average of the property sector is 10x and SIRI's 5-year historical average is 7.0x. We also like its high dividend yield of 9.1% in 2012 and 10.2% in 2013 based on our assumption of 49% payout ratio as the company policy.

We do not think that SIRI deserves to trade at as big of discount to its peers as it did in the past. Among listed developers, SIRI has become the second largest player in the market after Pruksa Real Estate (PS TB/PS.BK)\* in terms of revenue from property in 2011 and its projects have been well received in every market segment, especially in the low-end segment which is the biggest portion of the market. We see this as a huge success as it is not easy to be a leader in every market segments like SIRI as such a company needs to be able to adjust its portfolio to any changes in the market demand.

Besides, we expect impressive net profit growth of 42.1% in 2012 and 31.2% in 2013. The growth would be supported by outstanding YTD presales which is double from last year and a huge backlog on hand, as the company has a strong branding and coped well to last year's flooding. Moreover, the company's first-time launch in Phuket was a huge success and management is confident about its new projects to other provinces this year. Though the gross margin is expected to decline, we still expect strong earnings growth driven by higher revenue recognition, lower SG&A to sales, and a lower corporate tax rate. We believe the current share price has not yet reflected the company's strong earnings and improving financial position. We expect EPS growth of 30.2% YoY in 2012 and 12.4% YoY in 2013, which is lower than the net profit growth due to dilution effect from warrants and ESOP which we assume will be exercised equally over the next three years. Nevertheless, in a fully diluted case, EPS in 2012 would drop 5.7% and then increase 16.6% in 2013.

Figure 1: SIRI's PE is relatively low compared to peers



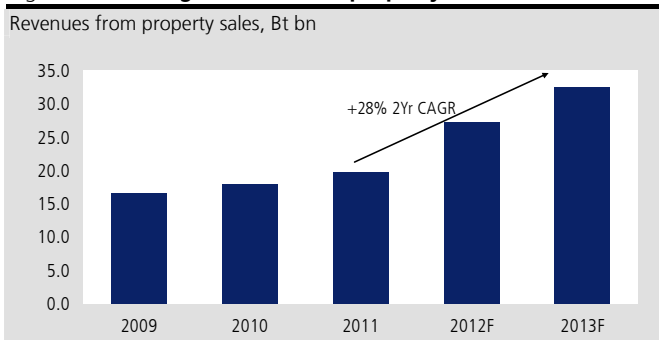
Source: Reuters; KGI Securities (Thailand) estimates

## Solid Growth With High Revenue Visibility

### Expect 2012-13 Net profit to grow 42.1% and 31.2% respectively

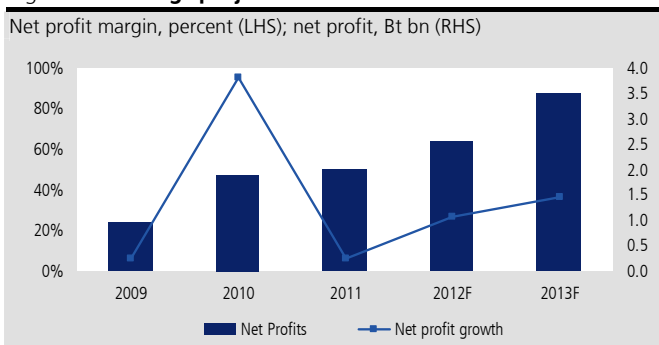
We expect SIRI's 2012 revenues to grow 36.1% YoY to Bt28bn and project sales are expected to be Bt27bn, up 37.3% YoY which 70% has been secured by the company backlog. Its 2013 revenues are expected to grow 18.7% YoY to Bt33bn and project sales should be Bt32bn up 19.2% YoY of which 40% has been secured by the company's backlog. Meanwhile, we assumed SIRI's gross margin would slip to 32.6% in 2012 and 32.5% in 2013 (from 34.2% in 2011) due to rising construction costs and the increase in the minimum wage. However, with the advantage from economy of scale on marketing activities and no extra flood related expenses like in 2011, SG&A to sales should decline to 18.5% in 2012 and 18% in 2013. In addition, with a lower effective tax rate of 23% in 2012 and 20% in 2013 as the government new measure to boost Thai economy, we expect spectacular net profit growth of 42.1% YoY to Bt2.9bn in 2012 and 30.4% YoY to Bt3.7bn in 2013 which are much better compared to average earnings growth of other developers under our coverage at 15.4% in 2012 and 7.4% in 2013.

Figure 2: Growing revenue from property sales



Source: Company data; KGI Securities (Thailand) estimates

Figure 3: Earnings projections for 2009-2013F

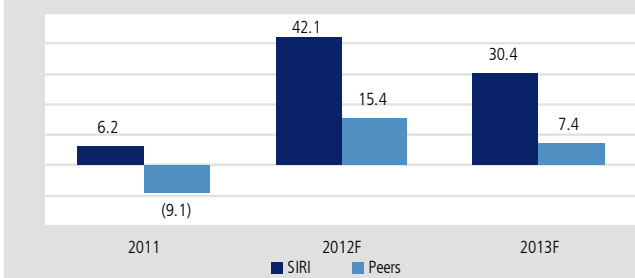


Source: Company data; KGI Securities (Thailand) estimates

\*The Company may be issuer of Derivative Warrants on these securities.

**Figure 4: Average earnings growth of SIRI compare to peers**

Net profit growth, percents



Source: Company data; KGI Securities (Thailand) estimates

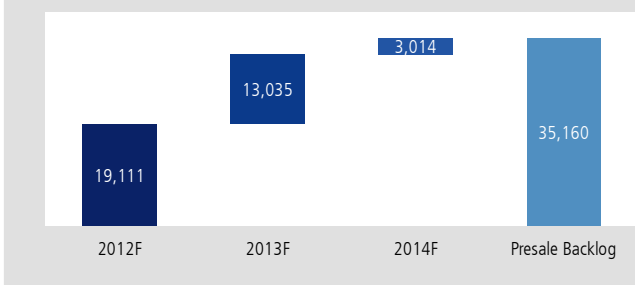
**Condominium backlog – Main growth driver this year and next**

Thanks to changes in homebuyer preferences (from low-rise houses on the outskirts to inner city condominiums), SIRI has had robust success with its condo presales. Its YTD condo presales of Bt6.4bn, or 69% of total presales, combined with condo projects to be completed this year and next, would support revenue growth.

To date, the company's backlog has reached Bt35bn, of which Bt26.7bn is from condominium, Bt5.4bn is from SDH and Bt3.0bn is from TH. With that, Bt19bn is expected to be realized as revenue in 2012 and Bt13bn is to be realized in 2013. Based on our projection, revenue from condominiums would account for 42% and 39% of 2012 and 2013 revenue, respectively.

**Figure 5: Backlog to be realized in 2012F-14F**

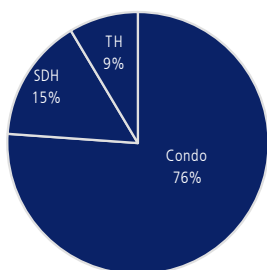
Revenues from property sales, Bt bn



Source: Company data (As of Feb 12, 2012); KGI Securities (Thailand) estimates

**Figure 6: Condos accounted for 76% of backlog**

Backlog breakdown, percent



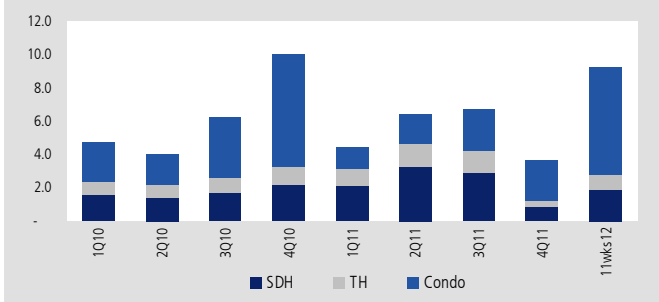
Source: Company data; KGI Securities (Thailand) estimates

**Robust Presales In All Market Segments**
**Response to last year's flooding gave a good impression**

Last year's flooding ruined demand for residential property and most developers spent significantly to protect their projects. SIRI remained one of the few developers to still enjoy robust presales amid the uncertainty from the flooding and lower confidence in the quarter. The company gained a good reputation for how it handled the flooding. Although only two of its 54 total projects had water get into the houses, the company provided various assistance such as setting up three flood centers, putting the highest effort to protect its projects, putting more security guards in each project, handing out survival kits to its customers, and providing transportation away from flooded houses. Moreover, the company announced clear plans for flood protection measures on its new projects. The first eleven weeks of this year also showed solid presales of Bt9.2bn, reassuring its lead position in presales among peers.

**Figure 7: Presales have recovered YTD, showing SIRI's strength**

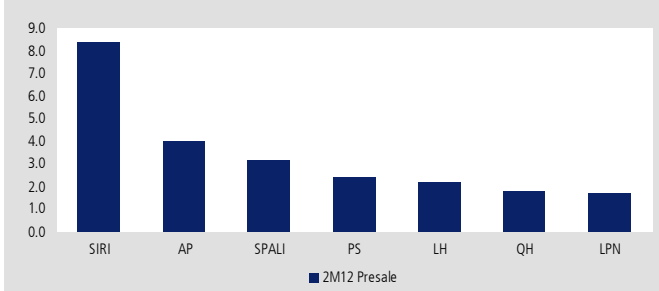
Quarterly presales, Bt mn



Source: Company data (Feb 12, 2012); KGI Securities (Thailand) estimates

**Figure 8: Highest presales among peers in 2M12**

Presales, Bt bn



Source: Company data; KGI Securities (Thailand) estimates

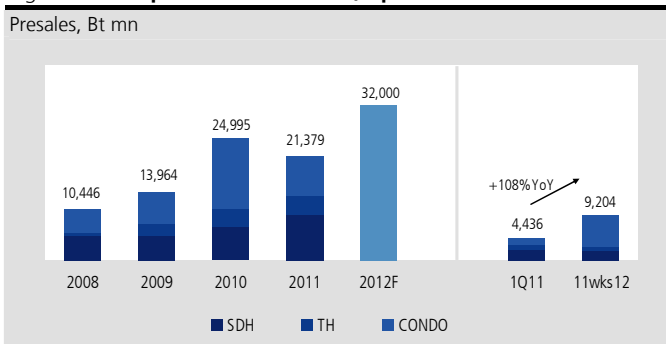
**YTD presales accounted for 28.8% of full-year target**

SIRI's robust presales are impressive. Its YTD presales of Bt9.2bn accounted for 28.8% of our and the company's full-year targets. SIRI was able to generate presales of Bt3.7bn from its marketing event at Paragon Hall February 17-19, 2012, "Life Comes Home", and reported a monthly presales record of Bt6.7bn. We believe its 2012 presales target of Bt32bn is achievable. Furthermore, the company is scheduled to launch 44 new projects, worth Bt45bn in 2012 which

\*The Company may be issuer of Derivative Warrants on these securities.

would help support the good sales momentum. Of the total YTD presales, about 21% were from single-detached house (SDH), 10% were from townhouses (TH), and 69% were from condominiums.

Figure 9: YTD presales of Bt9.2bn, up 108% from 2011



Source: Company data; KGI Securities (Thailand) estimates

**First-time launch in Phuket was a huge success**

In 4Q11, SIRI opened a new condo project, dcondo Kathu, in Phuket worth Bt556mn. The project was well received and sold out in the first week of launching. The company took this good opportunity to launch another four new projects in 1Q12, worth Bt2.0bn, including one low-rise condominium, one SDH project, one TH and one shop house project. Those projects have sold 70% of total project value. The strong response reaffirms the strength of SIRI's brand nationwide.

Figure 10: Five projects in Phuket

Project	Type	Launch	No. of unit	Proj. value (Bt mn)	% Sold
dcondo Kathu	Condo	Oct-11	627	556	100
dcondo Kathu-Patong	Condo	Jan-12	838	653	100
Habitia Phuket	Detached House	Feb-12	244	782	49
Habitown Phuket	Townhouse	Feb-12	228	510	6
Habitown Phuket	Shophouse	Feb-12	18	101	42

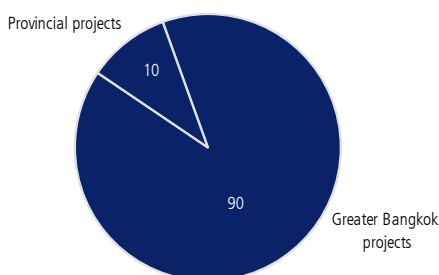
Source: Company data (as of Feb 28, 2012); KGI Securities (Thailand)

**Expect 10% of total presales to come from provincial projects**

Looking ahead, SIRI would expand to the middle-to-low-end segments in provinces with ten new projects planned to be launched this year. We expect 10% presales from those projects or equivalent to Bt3.2bn. In addition to Phuket, five provincial locations are targeted for new launches, including Khao Yai, Pattaya, Chiangmai, Had Yai, and Khon Kaen.

Figure 11: Expect 10% of SIRI's total presales from provinces

Presales breakdown, percent



Source: Company data; KGI Securities (Thailand) estimates

**Strong Leader**

**Gaining success in low-end segment**

To track the real demand in the middle-to-low-income segment, SIRI penetrated into the low-end condominium and TH segments through its new branding - The Base, dcondo, V-Village - with average prices below Bt3mn TH projects, below Bt5mn for SDH and less than Bt60K per sq.m for condo projects. The company keeps the same project names for its low-end products in order to establish the concept with consumer. SIRI has been very successful in this market with 23 projects on hand, most of which have already sold more than 75%.

**Still a leader in the medium-to-high-end market**

The company's strength in product design and strong branding should help it remain a market leader in the medium-to-high-end market. This is supported by the launch of its new high-end condo project "HQ" in January 2012, which sold out in the first week of launching. Among its 63 projects on hand, 40 are medium and high-end products with total project value of Bt53bn, and 75% has already been sold.

SIRI now has a wide range of products and market segments. Its portfolio is composed of 30% from high-end segment, 40% from medium-end segment and 30% from low-end segment. Meanwhile, its product segment consists of 30-40% SDH, 20-25% TH, and 40-50% condominium. The company is very well-diversified and should be able to adapt to any change in demand in the future. (Figure 16)

Figure 12: Diversified products to all market segments



Source: Company data; KGI Securities (Thailand)

**Future Projects Status**

**Aggressive new project launches in the pipeline**

Last year, SIRI launched only 14 projects, worth Bt16.8bn. This was lower than had been expected due to the flooding in 4Q11. Some of the new projects in 1Q12 were delayed from 2011. SIRI plans to launch more projects this year and next. There are 44 projects to be launched in 2012, comprise of 14 SDH projects, 11 TH projects and 19 condo projects. To keep the strong momentum, SIRI also plans to

\*The Company may be issuer of Derivative Warrants on these securities.

launch 54 new projects in 2013. Given its strong view, demand should pick-up soon and big developers are expected to benefit more than small developers as consumers are looking for developers they can trust.

Figure 13: SIRI's new projects in 2012

Project Name	Type	Project Values		Avg. Price (Bt mn)	Launch
		(Bt mn)	Total units		
1 Sethasiri Changwattana	SDH	2,721	302	9.0	1Q12
2 Narasiri Topiary	SDH	1,077	57	18.9	1Q12
3 V-Village Phase II	TH	399	332	1.2	1Q12
4 Shophouse Phuket	SH	101	18	5.6	1Q12
5 Habitia Phuket	DH	818	244	3.4	1Q12
6 Habittown Phuket	TH	511	228	2.2	1Q12
7 23 <sup>rd</sup> villa by Sansiri	SDH	255	15	17.0	1Q12
8 23 <sup>rd</sup> condo by Sansiri	Condo	750	189	4.0	1Q12
9 Chelona Khao Tao	Condo	1,131	174	6.5	1Q12
10 dcondo Kathu-Patong	Condo	838	653	1.3	1Q12
11 dcondo Ramkamhaeng 64	Condo	707	486	1.5	1Q12
12 dcondo Rattanaibet	Condo	1,454	1331	1.1	1Q12
13 The BASE Rama IX-Ramkamhaeng	Condo	1,699	923	1.8	1Q12
14 HQ	Condo	1,574	197	8.0	1Q12
15 SARI by Sansiri	Condo	750	192	3.9	1Q12
2 SDH projects	}	6,446			2Q12
4 condominium projects					
5 SDH projects					
7 TH projects					
6 condominium projects	}	16,380			3Q12
3 SDH projects					
1 TH projects					
1 Condo projects	}	7,588			4Q12
Total 44 projects					

Source: Company data (As of 12 Mar 2012)

### New Pre-Cast Factory To Shorten Turnover Time

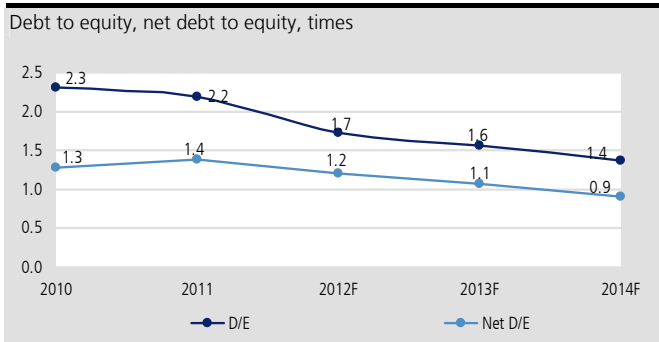
#### Expect better turnover from new pre-cast factory

To shorten its construction time, SIRI has invested in a new pre-cast factory located in Lumlukka Patumthani. This new factory began operations in mid-March 2012 and would lift the company's pre-cast construction capacity to 150 housing units/month (from 50 units/month at present). Note SIRI is the second developer in the market to invest in a semi-automated precast factory, the first was Pruksa Real Estate (PS.BK/PS TB)\* in 2004. Currently, SIRI uses the pre-fabrication technology for only 30% of its total low rise portfolio, but after the new plant is up and running it expects to reach 60%. Based on our rough calculation, SIRI's construction period could be shortened to 4.1 months from 5.4 months on average, inferring an improvement of 23%. Conventional construction takes 6 to 8 months and the construction period for pre-cast is about 75 days.

#### Expect financial stance to improve over next three years

SIRI has many condo projects being constructed that are in the pipeline and require huge capital to finance, the company should not have a problem thanks to potential proceeds from warrant, given that SIRI-W1 is equally exercised over the next three years. Part of the proceeds will be used to finance new projects and repay debt, so SIRI's debt to equity ratio should improve to 1.7x and 1.6x and net debt to equity ratio at 1.2x and 1.1x in 2012 and 2013 respectively.

Figure 14: Expect lower gearing of 1.2x at the end of year



Source: Company data; KGI Securities (Thailand) estimates

### Potential EPS Dilution From Warrant SIRI-W1

Though SIRI's net profit is expected to show substantial growth in 2012-13, EPS would be diluted by its warrant and ESOP. There are 2,947mn shares of "SIRI-W1" that were able to be exercised for the first time March 23-29, and there are also a total of 249mn shares of ESOP 5 and ESOP 6. We assume it will be exercised equally over the next three years. As a result, SIRI's EPS is expected to increase 20.2% in 2012 and 13% in 2013 to Bt0.34/share and Bt0.39/share, respectively. However, we have not included ESOP 7 in our projection as it has yet to be approved by shareholders.

Figure 15: Warrant (SIRI-W1) and ESOP 5 - 7

	Warrant (SIRI-W1)	ESOP 5	ESOP 6	ESOP 7
Outstanding : mn share	2,947.17	45.56	203.42	355.00
Exercise Ratio (per 1 unit of warrant)	1:1.167	1:1.167	1:1.167	1:1
Exercise Price (Baht/share)	1.114	1.072	1.114	2.0
Exercise Period	Mar 12- Jan 15 (Every Quarter)	Jun 09 - Jun 14 (Every Month)	Aug 10 - Aug 15 (Every Month)	Not exceeding 5 yrs from the insurance and offering date

Source: Company data (As of Jan 31, 12), KGI Securities (Thailand)

Figure 16: Expect EPS to grow 24% in 2012 based on our assumption of equally warrant exercising

	Base Case			Fully diluted		
	2012F	2013F	2014F	2012F	2013F	2014F
Net Profit	2,863	3,733	4,147	2,863	3,733	4,147
% YoY	42.1%	30.4%	11.1%	42.1%	30.4%	11.1%
No. of Share	7,694	8,976	10,249	10,880	12,162	13,444
EPS	0.37	0.42	0.40	0.26	0.31	0.31
% YoY	24.0%	11.8%	-2.7%	-7.9%	16.6%	0.5%

Source: KGI Securities (Thailand) estimates

### Valuation And Recommendation

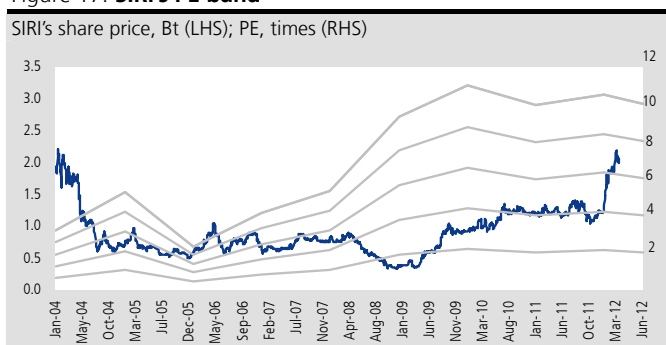
#### Re-initiate coverage with rating of Outperform

SIRI's current valuation is undemanding trading at PE of 5.8x 12EPS which is below the average of its peers at 10x. Our 2012 target price is Bt2.60 and was derived from its 5 year historical average PE of 7.0x 12EPS. The current price offers an upside of 32% to our target

\*The Company may be issuer of Derivative Warrants on these securities.

and the dividend yield is expected to be 9.1% in 2012. We rate the counter Outperform.

Figure 17: SIRI's PE band



Source: SET, KGI Securities (Thailand) estimates

## Risks And Concerns

### Flooding uncertainty

Though the flood waters have already receded, there is still some concern that they will return this year, as implied by the slow recovery in presales in flooded areas. If this is the case, future consumer confidence may weaken again. However, the government's flood defense measures are being implemented and there are signs of a drought emerging, so we are more convinced that there will not be a repeat of flooding this year.

### Financial position and liquidity constraints

Sufficient working capital is essential for property developers to run their businesses smoothly and successfully. Cost management and construction efficiency are crucial factors to help maintain their cash positions at a healthy position. As such, any developer to suffer from construction delays and run short on project transfers to be realized as future cash inflow while still running huge debt financing may risk exposing themselves to unavoidable cash call risk

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**Balance Sheet**

As of 31 Dec (Bt mn)	2010	2011	2012F	2013F	2014F
<b>Total Assets</b>	<b>31,190</b>	<b>36,238</b>	<b>40,151</b>	<b>47,366</b>	<b>52,583</b>
<b>Current Assets</b>	27,694	32,293	38,690	45,714	50,820
Cash & ST Investments	3,331	2,863	125	125	125
Inventories	22,339	25,616	33,322	39,358	43,734
Accounts Receivable	50	48	76	90	100
Others	1,973	3,766	5,168	6,141	6,861
<b>Non-current Assets</b>	3,496	3,944	1,461	1,652	1,763
LT Investments	0	0	0	0	0
Net fixed Assets	2,192	1,881	458	462	435
Others	1,304	2,063	1,002	1,189	1,328
<b>Total Liabilities</b>	<b>21,743</b>	<b>24,860</b>	<b>25,453</b>	<b>28,889</b>	<b>30,336</b>
<b>Current Liabilities</b>	10,747	14,868	14,160	18,385	19,739
Accounts Payable	805	975	1,360	1,615	1,803
ST Borrowings	5,207	9,290	7,204	10,116	10,500
Others	4,735	4,604	5,597	6,654	7,436
<b>Long-term Liabilities</b>	10,996	9,992	11,293	10,504	10,596
Long-term Debts	10,258	9,274	10,536	9,759	9,871
Others	739	718	757	745	726
<b>Shareholders' Equity</b>	<b>9,448</b>	<b>11,378</b>	<b>14,698</b>	<b>18,477</b>	<b>22,247</b>
Common Stock	6,380	7,547	8,918	10,290	11,661
Capital Surplus	-15	533	606	660	715
Retained Earnings	3,082	3,298	5,174	7,526	9,870
Preferred Stock	0	0	0	0	0

Source: Company data; KGI Securities (Thailand) estimates

**Key Ratios & Drivers**

Year to 31 Dec	2010	2011	2012F	2013F	2014F
<b>Growth (% YoY)</b>					
Sales	17.5	10.5	36.1	18.7	11.6
OP	26.1	3.7	37.8	22.3	11.5
EBITDA	25.9	5.4	31.0	21.9	11.5
NP	95.7	6.2	42.1	31.2	11.4
EPS	63.5	6.2	30.2	12.4	(2.5)
<b>Profitability (%)</b>					
Gross Margin	32.6	34.2	32.6	32.5	32.5
Operating Margin	14.9	14.0	14.1	14.6	14.5
EBITDA Margin	16.2	15.5	14.9	15.3	15.3
Net Profit Margin	10.2	9.8	10.2	11.3	11.3
ROAA	6.7	6.0	7.5	8.6	8.4
ROAE	21.4	19.4	22.0	22.6	20.6
<b>Stability</b>					
Gross Debt/Equity (%)	230.1	218.5	173.2	156.4	136.4
Net Debt/Equity (%)	128.4	138.0	119.8	106.9	91.0
Interest Coverage (x)	12.3	14.3	11.9	18.5	18.5
Interest & ST Debt Coverage (x)	0.6	0.6	0.7	0.9	1.0
Cash Flow Interest Coverage (x)	(20.7)	(12.5)	(14.3)	(7.2)	0.4
Cash Flow/Interest & ST Debt (x)	(1.0)	(0.4)	(0.9)	(0.3)	0.0
Current Ratio (x)	2.6	2.2	2.7	2.5	2.6
Quick Ratio (x)	0.3	0.2	0.0	0.0	0.0
Net Debt (Bt mn)	12,133	15,700	17,615	19,750	20,245
<b>Per Share Data (Bt)</b>					
EPS	0.27	0.29	0.37	0.42	0.41
CFPS	0.31	0.33	0.37	0.42	0.41
BVPS	1.34	1.61	1.76	1.92	2.04
SPS	2.64	2.91	3.35	3.45	3.40
EBITDA/Share	0.43	0.45	0.50	0.53	0.52
DPS	0.03	0.14	0.18	0.21	0.20
<b>Activity</b>					
Asset Turnover (x)	0.7	0.6	0.7	0.8	0.7
Days Receivables	0.9	0.9	0.8	0.9	0.9
Days Inventory	579.8	647.8	570.8	592.6	606.8
Days Payable	23.8	24.0	22.6	24.3	25.0
Cash Cycle	556.9	624.7	549.0	569.3	582.8

Source: Company data; KGI Securities (Thailand) estimates

**Profit & Loss**

Year to 31 Dec (Bt mn)	2010	2011	2012F	2013F	2014F
<b>Sales</b>	<b>18,596</b>	<b>20,542</b>	<b>27,949</b>	<b>33,165</b>	<b>37,023</b>
Cost of Goods Sold	12,541	13,509	18,844	22,381	24,991
<b>Gross Profit</b>	<b>6,055</b>	<b>7,032</b>	<b>9,105</b>	<b>10,783</b>	<b>12,031</b>
Operating Expenses	3,291	4,166	5,154	5,954	6,648
<b>Operating Profit</b>	<b>2,763</b>	<b>2,867</b>	<b>3,950</b>	<b>4,830</b>	<b>5,383</b>
Net Interest	(215)	(197)	(346)	(269)	(302)
Interest Income	30	26	4	4	4
Interest Expense	245	222	350	274	307
Net Investment Income/(Loss)	0	0	0	0	0
Net other Non-op. Income/(Loss)	129	113	113	134	150
Net Extraordinaries	(77)	11	(0)	(0)	(0)
Pretax Income	2,600	2,794	3,718	4,694	5,231
Income Taxes	702	779	855	939	1,046
<b>Net Profit</b>	<b>1,898</b>	<b>2,015</b>	<b>2,863</b>	<b>3,756</b>	<b>4,184</b>
EBITDA	3,017	3,180	4,165	5,076	5,662
<b>EPS (Bt)</b>	<b>0.27</b>	<b>0.29</b>	<b>0.37</b>	<b>0.42</b>	<b>0.41</b>

Source: Company data; KGI Securities (Thailand) estimates

**Cash Flow**

Year to 31 Dec (Bt mn)	2010	2011	2012F	2013F	2014F
<b>Operating Cash Flow</b>	<b>(5,085)</b>	<b>(2,773)</b>	<b>(4,993)</b>	<b>(1,967)</b>	<b>126</b>
Net Profit	1,898	2,015	2,863	3,756	4,184
Depreciation & Amortization	254	313	214	246	279
Change in Working Capital	(7,236)	(5,101)	(8,026)	(5,925)	(4,293)
Others	0	0	(44)	(44)	(44)
<b>Investment Cash Flow</b>	<b>(110)</b>	<b>(826)</b>	<b>2,184</b>	<b>(447)</b>	<b>(396)</b>
Net CAPEX	(634)	(2)	1,209	(251)	(251)
Change in LT Investment	(97)	36	(107)	(39)	(29)
Change in Other Assets	621	(860)	1,082	(156)	(116)
<b>Free Cash Flow</b>	<b>(5,194)</b>	<b>(3,600)</b>	<b>(2,809)</b>	<b>(2,414)</b>	<b>(270)</b>
<b>Financing Cash Flow</b>	<b>5,437</b>	<b>3,062</b>	<b>(0)</b>	<b>2,414</b>	<b>270</b>
Change in Share Capital	0	0	1,426	1,426	1,426
Net Change in Debt	5,769	3,269	(439)	2,390	684
Change in Other LT Liab.	(333)	(207)	(987)	(1,403)	(1,840)
<b>Net Cash Flow</b>	<b>242</b>	<b>(538)</b>	<b>(2,809)</b>	<b>(0)</b>	<b>0</b>

Source: Company data; KGI Securities (Thailand) estimates

**Rates of Return on Invested Capital**

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= $\frac{\text{Operating Margin}}{\text{Revenue}}$
2010	66.1%	1.4%	17.7%	15%
2011	64.2%	1.5%	20.3%	14%
2012F	66.7%	0.8%	18.4%	14%
2013F	66.7%	0.7%	18.0%	15%
2014F	66.8%	0.8%	18.0%	15%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= $\frac{\text{Capital Turnover}}{\text{Revenue}}$
2010	1.3	0.1	0.1	0.7
2011	1.4	0.1	0.1	0.6
2012F	1.4	0.0	0.0	0.7
2013F	1.4	0.0	0.0	0.7
2014F	1.4	0.0	0.0	0.7
Year	$\frac{\text{Operating Margin}}{\text{Revenue}}$	x $\frac{\text{Capital Turnover}}{\text{Revenue}}$	x $\frac{\text{Cash Tax Rate}}{\text{Revenue}}$	= $\frac{\text{After-tax Return on Inv. Capital}}{\text{Revenue}}$
2010	14.9%	0.7	73.8%	7.3%
2011	14.0%	0.6	72.0%	6.2%
2012F	14.1%	0.7	77.0%	7.6%
2013F	14.6%	0.7	80.0%	8.2%
2014F	14.5%	0.7	80.0%	8.2%

Source: Company data; KGI Securities (Thailand) estimates

\*The Company may be issuer of Derivative Warrants on these securities.

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\*The Company may be issuer of Derivative Warrants on these securities.



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	Outperform (OP)	The stock's excess return* over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Thailand).
	Neutral (N)	The stock's excess return* over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Thailand).
	Underperform (U)	The stock's excess return* over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Thailand).
	Not Rated (NR)	The stock is not rated by KGI Securities.
	Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.
		<i>* Excess return = 12M target price/current price-1</i>
	Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.
	Source	KGI Securities and its subsidiaries and affiliates.

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