

Company Initiation

Buy (16E TP Bt2.98)

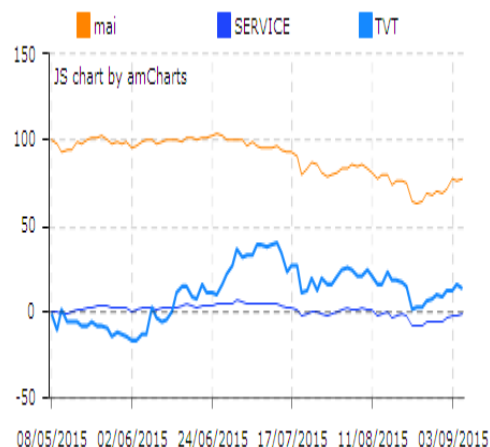
Close Bt2.40

MAI - Services

September 8, 2015

Rising from the red ocean

Price Performance (%)



Source: SET Smart

	FY15	FY16
Consensus EPS (Bt)	0.080	0.110
KT ZMICO vs. consensus	50%	63.6%

Share data

Reuters / Bloomberg	TVT.BK/TVT TB
Paid-up Shares (m)	800.00
Par (Bt)	0.25
Market cap (Bt bn / US\$ m)	2.00/53.00
Foreign limit / actual (%)	49.00/0.01
52 week High / Low (Bt)	3.16/1.75
Avg. daily T/O (shares 000)	37,720.00
NVDR (%)	0.13
Estimated free float (%)	26.62
Beta	1.29
URL	www.tvthunder.co.th
CGR	-

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It's time to grow

TVT is looking to take advantage of growth opportunities arising from the changing industry landscape. The company aims to expand capacity and seek revenue growth through TV production service, as demand for content is high. We see net profit growing from Bt21mn in 2014 to Bt175mn in 2017E, a net profit CAGR of 104%. TVT shares are traded at 21x 15E PER, much cheaper than peers. We begin coverage with the 2016E TP of Bt2.98 and a Buy recommendation.

Growth from TV production service

Although the management aims to add 5 – 7 programs each year during 16E – 17E, our forecast includes only six programs in 2016E and leaves expansion in 2017E as upside. We think the industry is still vulnerable and TVT's expansion plan is still unsecured. Our assumptions yield a net profit CAGR of 104% during 15E – 17E.

Better 2H15

Net profit in 2H15 will outperform 1H15 due to recognition of The Price Is Right at around Bt77mn and two drama series at around Bt70mn. We estimate net profit of Bt69mn in 2H15, +106%YoY and +335%HoH.

Partnering with a global studio

A key growth enabler is the partnership with Fremantle, a global media company who holds many successful TV programs. TVT will be able to produce more international format programs, which have a high chance of success in our opinion. The partnership will also give TVT a chance to expand into neighboring countries.

Acquisition opportunity

Apart from organic growth, TVT is aiming for two M&A opportunities, one with an equal size and one with a smaller size. Its healthy financial status will facilitate a leveraged buyout. TVT will finalize the deal by yearend.

Initiate with 2016E TP of Bt2.98

Our DCF valuation results in a 2016E TP of Bt2.98, providing 22% upside. The share is now trading at cheap 2015E PER of 21x when compared with peers. We forecast net profit growth of 73% in 2016E, implying PEG of 0.18x.

Financials and Valuation

FY Ended 31 Dec	2013	2014	2015E	2016E	2017E
Revenues (Bt mn)	468	433	613	834	975
Net profit (Bt mn)	29	21	85	146	175
EPS (Bt)	0.24	0.09	0.12	0.18	0.22
EPS growth (%)	-34.9%	-62.5%	31.4%	54.8%	19.8%
Dividend (Bt)	0.00	0.00	0.05	0.07	0.09
BV (Bt)	1.81	0.42	0.92	1.06	1.21
FY Ended 31 Dec	2013	2014	2015E	2016E	2017E
Norm. PER (x)	10.17	27.11	20.64	13.33	11.13
EV/EBITDA (x)	19.50	26.69	12.65	7.46	6.29
PBV (x)	1.35	5.76	2.64	2.30	2.02
Dividend yield (%)	0.0%	0.0%	1.9%	3.0%	3.6%
ROE (%)	2.1%	2.3%	15.7%	18.5%	19.4%
Net Gearing (%)	-24%	3%	-39%	-41%	-49%

Valuation and Investment Theme

TV production service to drive revenue CAGR of 30%

We expect TVT to add six new programs in 2016E, which will drive total revenue to Bt951mn in 2017E from Bt433mn last year. Apart from high demand from digital TV operators, this will be enabled by 1) completion of three new studios and 2) a joint venture with Fremantle Media. TVT currently has two studios and is constructing another three, mainly for supporting TV program expansion. The management expects a utilization rate of two-thirds for the new studios and the remaining capacity will be rented to other production houses.

Fremantle Media is a global media firm that owns several well-known TV programs, e.g., Take Me Out, American Idol, The X Factor, The Price Is Right, America's Got Talent, etc. TVT successfully introduced Take Me Out (Thailand) four years ago and it recently launched The Price Is Right on True4U. There are still many programs that can be done in a Thai version, as shown in Figure 1.

Figure 1: Fremantle Media's programming variety



Source: Fremantle Media

Still cheaper than peers with 2016E TP of Bt2.98

We initiate TVT with a Buy recommendation and a 2016E TP of Bt2.98, 24% upside from the current market price. The stock is now trading at 2015E PER of 21x, cheapest among peers and there are also growth prospects.

We assume only six additional programs in 16E while the management is looking for another six programs in 17E. If we assume that TVT can expand as it expects, our 2016E TP will be Bt3.24, 35% upside from market price.

Figure 2: DCF valuation

	2016E	2017E	2018E	2019E	2020E	2021E
NOPAT	176	209	206	205	204	202
- Capital expenditure	(65)	(19)	(19)	(19)	(19)	(19)
- Change in working capital	(14)	(5)	1	1	1	1
Free cash flow to firm (FCFF)	98	184	188	187	185	184
NPV of FCFF during adjustment period		699				
NPV of Terminal Value		1,235				
Less: net interest-bearing debt		447				
Equity value		2,382				
No. of shares outstanding (mn)		800				
Value per share (Bt)		2.98				
Market risk premium						9%
Beta						1.21
Terminal growth rate						1%
Cost of equity						16.5%
Targeted D/E						1.0
WACC						10.2%

Source: KT ZMICO Research

Figure 3: Peer comparison

NAME	Price	Mkt Cap	EPS adjusted (Local)			PER (x)			Dividend Yield (%)	Return on Equity (%)	15E
	(Local)	(US\$Mn)	14A	15E	16E	14A	15E	16E	15E	15E	PEG
SURYA CITRA MEDIA PT TBK	2,505	2,564	99.42	105.94	126.83	35.2	23.7	19.8	2.8	41.0	1.8
MEDIA NUSANTARA CITRA TBK PT	1,625	1,624	125.76	128.31	149.91	20.2	13.4	11.5	3.4	19.1	1.5
GLOBAL MEDIACOM TBK PT	1,035	1,028	52.00	81.71	91.90	27.4	13.2	11.7	1.6	11.4	0.4
INTERMEDIA CAPITAL TBK PT	2,650	727	91.78	n.a.	n.a.	34.3	n.a.	n.a.	n.a.	n.a.	n.a.
VISI MEDIA ASIA TBK PT	370	426	8.74	12.04	22.59	54.7	33.5	17.8	0.0	8.4	0.6
						34.4	20.9	15.2	1.9	20.0	
NIPPON TELEVISION HOLDINGS	1,984	4,386	109.58	120.08	134.56	15.4	16.7	14.6	1.5	5.6	1.5
FUJI MEDIA HOLDINGS INC	1,428	2,829	74.62	86.02	89.17	25.4	19.8	15.5	2.3	3.3	2.1
TOKYO BROADCASTING SYSTEM	1,577	2,516	61.22	79.12	57.68	19.5	19.2	27.3	1.5	3.2	-6.5
TV ASAHI HOLDINGS CORP	1,784	1,623	116.28	101.47	96.22	16.1	19.8	18.2	1.5	3.9	-2.2
ASAHI BROADCASTING CORP	773	271	79.70	53.95	36.73	7.8	19.8	20.9	1.7	3.9	-0.6
RKB MAINICHI BROADCASTING	1,063	100	100.46	94.04	n.a.	13.4	10.5	n.a.	1.5	3.7	n.a.
						16.3	17.6	19.3	1.7	3.9	
WORKPOINT ENTERTAINMENT PCL	45.25	521	0.05	0.61	1.34	814.2	72.1	32.9	1.1	9.2	0.2
MONO TECHNOLOGY CO LTD	2.58	220	0.01	0.01	0.05	301.5	423.4	51.5	0.3	0.9	3.0
TV THUNDER CO LTD	2.40	53	0.09	0.12	0.18	26.9	20.5	13.2	2.0	15.7	0.5
BEC WORLD PUBLIC CO LTD	32.25	1,782	2.21	1.65	1.82	23.1	20.9	18.9	4.5	39.1	-2.3
MCOT PCL	10.00	190	0.73	0.33	0.39	22.1	31.2	26.1	2.2	3.8	-1.2
RS PCL	13.40	298	0.38	0.17	0.44	44.6	67.5	25.6	1.7	12.6	8.8
GMM GRAMMY PCL	11.20	254	-1.65	0.29	-0.38	n.a.	40.0	n.a.	0.0	-3.1	-0.8
						205	96.5	28.0	1.7	11.2	

Source: Bloomberg, KT ZMICO Research

2Q15 results: profit grew 518%YoY and 108%QoQ due to success of the new program

On a YoY basis, revenue was flat but gross profit improved 31% due to termination of unprofitable programs. Revenue jumped QoQ due to seasonality on ad spending and the introduction of Hidden Singer (Thailand) in April, which increased service revenue. Higher revenue led to a better gross profit QoQ but it shrank QoQ to 29.2% from 39.2% in the last quarter. The gross margin of Hidden Singer is still low, at approximately 10%, since it was the first season. Its gross margin will expand next year because of the success this season. The results in 2H15 will outperform 1H15 due to recognition of The Price Is Right and two drama series in 4Q15.

Figure 4: TVT's 2Q15 earnings results

Profit and Loss (Btmn)										
Year-end 31 Dec	2Q14	1Q15	2Q15	% YoY	% QoQ	1H15	% YoY	2015E	% YoY	YTD (%15E)
Revenue	120	69	122	1.7	78.4	191	(7.4)	613	41.7	31.2
Gross profit	27	27	36	30.6	32.9	63	60.0	198	54.3	31.6
EBITDA	10	9	15	56.6	66.9	25	675.8	126	111.0	19.5
Interest expense	(1)	(1)	(0)	n.m.	n.m.	(1)	8.3	(5)	37.8	24.2
Other income	1	0	0	n.m.	n.m.	0	(62.2)	2	0.0	31.5
Income tax	(0)	(0)	(2)	435.9	313.1	(2)	114.5	(21)	110.2	9.5
Net profit (loss)	2	5	11	518.2	108.4	16	(225.4)	85	307.1	18.7
Core profit (loss)	2	5	11	518.2	108.4	16	(225.4)	85	307.1	18.7
Reported EPS (Bt)	0.01	0.01	0.01	0.8	69.8	0.02	(122.0)	0.12	31.4	19.5
Gross margin (%)	22.7	39.2	29.2			32.8		32.3		
EBITDA margin (%)	8.2	13.4	12.6			12.9		20.5		
Net margin (%)	1.4	7.5	8.7			8.3		13.8		
Current ratio (x)		2.2	4.2			4.2		2.8		
Interest coverage (x)	6.2	7.5	28.2			14.6		20.8		
Debt / equity (x)		(0.0)	(0.6)			(0.6)		(0.4)		
BVPS (Bt)		1.7	0.0			0.0		0.9		
ROE (%)		2.0	0.0			0.0		17.1		

Source: KT ZMICO Research

Company Background

TVT was founded by Sompong Wannapinyo, who has been in the entertainment industry for several decades. He is also the co-founder of many media companies, including JSL Global Media, KITA Entertainment, and Workpoint Entertainment (WORK). Currently, TVT is headed by Patraporn Wannapinyo, Sompong’s wife, and their offspring, who will take over the leading role of the company in the future.

TVT’s main business premise is in TV production. The company has extensive experience in the production of variety programs and is one of the four major product houses in Thailand (excluding those who have their own channels like WORK and GRAMMY). TVT’s flagship programs are Masterkey and Take Me Out (Thailand). Both are broadcasted on Ch3. Master Key is already two decades old and the program’s format has been changed several times. Its current format is a Thai country singing competition, which has been running for two years. To date it remains a top program during weekday non-primetime (10.10 to 10.35 from Monday to Friday).

Take Me Out (Thailand) is another successful program. This program is a dating game originated by Fremantle and it has been widely adapted in many countries. The program is broadcasted on Sunday during 14.00 to 14.45. After the success of the international format program, TVT introduced other programs like Dance Your Fat Off (Thailand) and Hidden Singer (Thailand) on Ch3, which have also received good feedback from audiences. Dance Your Fat Off (Thailand), originally from the United States, was introduced in 2013. In 2015, TVT will continue the third season after Hidden Singer (Thailand) finished its first season in July. Hidden Singer is a famous game show in South Korea.

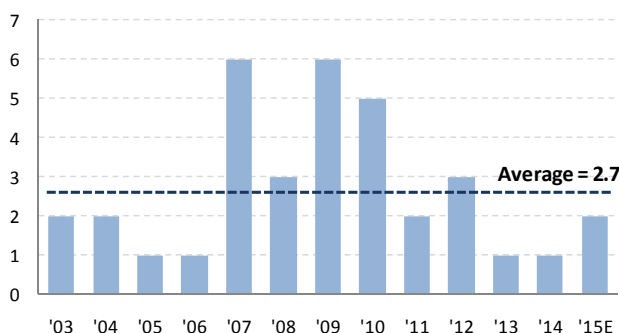
Figure 5: TVT’s variety programs

Program	Channel	Time	Description
Masterkey	3	Mon-Fri, 10.00 – 10.35	Thai country singing competition
Take Me Out (Thailand)	3	Sat 14.00 - 14.45	Dating game, originally from UK
Hidden Singer (Thailand)	3	Sat 17.25 - 19.15	Singing competition
Dance Your Fat Off (Thailand)	3	Sat 17.25 - 19.15	Dancing competition
Who’s Asking (Thailand)	Thairath	Sun 16.00 - 17.00	Quiz show with participation from audience
Variety Bae Ber	Thairath	Sun 17.00 - 18.00	Game show about numbers in everyday life
The Price is Right (Thailand)	True4U	Mon - Thu	Quiz show about the price of things

Source: TVT, KT ZMICO Research

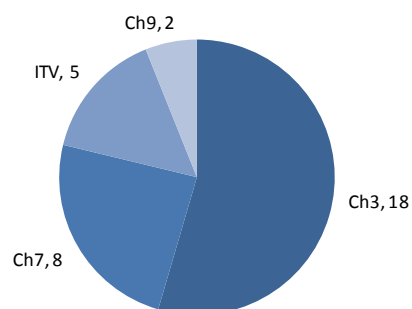
TVT has also produced several drama series. One of its series, Luang Ta Mahachon, has been broadcasted since 2010. The series is on-air on Ch3 during 08.45 to 09.45 on Saturday. Historically, TVT has produced about 35 dramas during 1997 to 2015, an average of 2.7 dramas per year. This seems to depend on BEC with more than half of productions broadcasted on Ch3. Over the last four years, all of its drama series have been produced for Ch3.

Figure 6: Drama programs on air



Source: KT ZMICO Research

Figure 7: Production of drama series by channel



Source: KT ZMICO Research

Financials

Figure 8: Major assumptions

	2013	2014	2015E	2016E	2017E	2018E
Revenue						
Advertising	376	322	399	399	399	399
TV production service	82	79	205	399	511	511
Artist management	5	3	3	3	5	10
Other	7	29	6	33	60	60
Total	468	433	613	834	975	980
Advertising revenue*						
Minutes	2,442	2,112	1,356	1,356	1,356	1,356
Utilization	95%	85%	99%	99%	99%	99%
Ad rate (Bt/min)	162k	179k	297k	297k	297k	297k
TV production						
Number of TV programs	2	3	5	9	15	15
Number of episodes	-	126	216	520	728	728
Average revenue per episode (Bt)	-	309	624	633	606	606
Number of drama series	1	1	2	2	2	2
Gross profit margin						
Advertising	33.1%	29.4%	32.5%	36.0%	36.0%	36.0%
Service	15.6%	30.4%	30.0%	28.0%	25.0%	25.0%
Total GPM	29.4%	29.6%	31.3%	30.7%	28.0%	27.9%
NPM	6.1%	4.8%	13.8%	17.5%	18.0%	17.7%

*Assumption for prime time programs, which include only Master Key, Take Me Out, Hidden Singer, and Dance Your Fat Off

Source: TVT, KT ZMICO Research

Last year's performance hit by political crisis

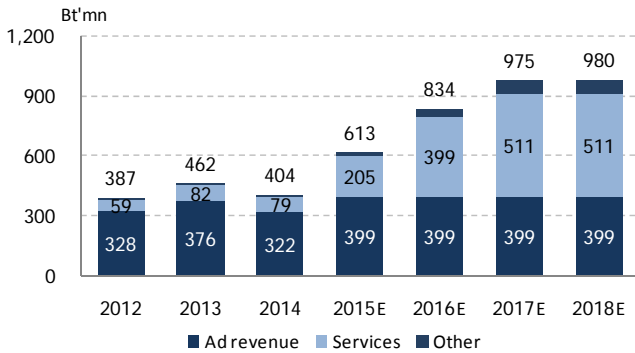
The political turmoil last year hit the media industry very hard, with the country's ad spending decreasing 4%. TVT was also affected from lower on-air time, which caused advertising revenue in 2014 to decline by 14%. Service revenue from TV production was rather flat YoY, which alleviated the impact. Total revenue consequently dropped 7%.

The gross margin of advertising revenue dropped from 33% to 29.6% in 2014 because of the unfavorable atmosphere. Nevertheless, the total gross margin was stable at 29.6%, thanks to the improvement in the GPM from service revenue, which jumped from 15.6% to 30.4%. The net margin declined from 6.1% to 4.8% as a result.

Service revenue to lead growth

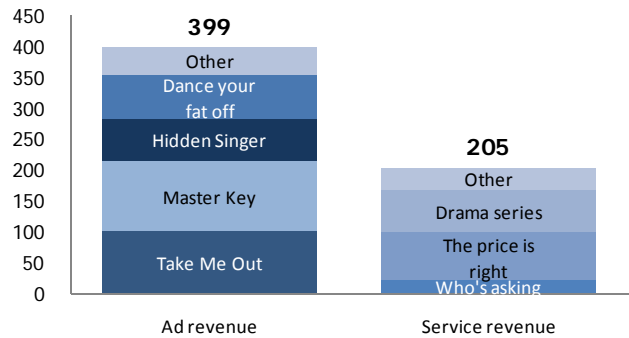
TV production service should lead revenue growth at least for the next three years. We forecast TV production service revenue of Bt205mn for 2015E, growing 159% from last year, led by The Price Is Right and two drama series. On-air time will increase from 216 episodes in 2015E to above 1,000 episodes in 2017E. Thus, service revenue (excluding marketing events) will continue to outperform with a CAGR of 53% over the three-year period. Apart from variety programs, we forecast revenue of Bt70mn from two drama series every year.

Figure 9: Revenue forecasts



Source: TVT, KT ZMICO Research

Figure 10: 15E revenue breakdown



Source: TVT, KT ZMICO Research

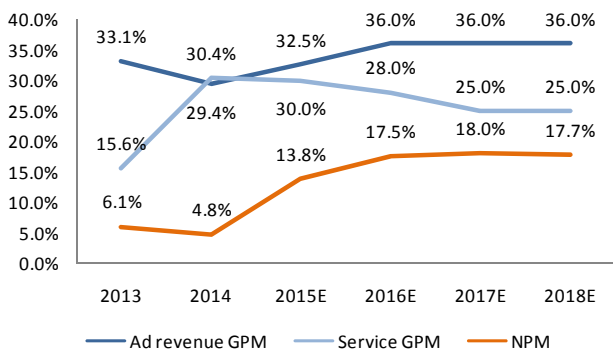
We estimate advertising revenue in 2015E at Bt399mn, mainly contributed by four prime time variety shows. Master Key and Take Me Out run throughout the year while Dance Your Fat Off, which comes after Hidden Singer, is a seasonal program and each have 13 episodes. As the company continues to focus on service revenue, we forecast flat ad revenue, assuming high utilization of 99% for these main programs.

Improving net margin

We expect the gross margin of ad revenue to improve from 29.4% last year to 32.5% this year as the overall situation is more favorable and a program with a low margin has been discontinued. For 2016E, the next season of Hidden Singer will come with a much better margin, which will boost the gross margin of ad revenue to 36%. For TV production service, we assume a gross margin of 30% this year. However, we expect a declining trend because TV channels will continue to develop their own content to optimize budgets.

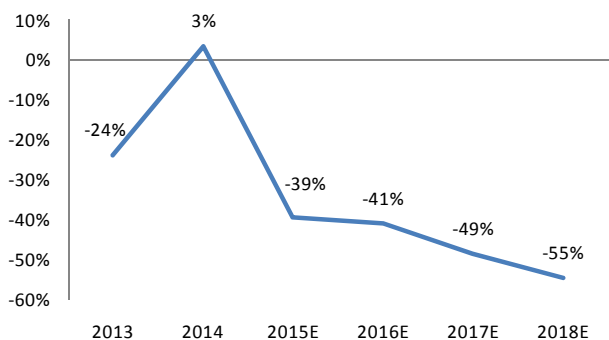
Except for higher depreciation expenses after the completion of new studios, we do not think the company's expenses will increase sharply. Human resources, the major expense of media companies, will not exceed 150 persons, according to the management. We forecast a net margin of 13.8% this year and it will increase to 18.0% in 2017E as more TV programs are being added.

Figure 11: Profit margins



Source: TVT, KT ZMICO Research

Figure 12: Net gearing



Source: TVT, KT ZMICO Research

Net cash position but it might not stay this way for long

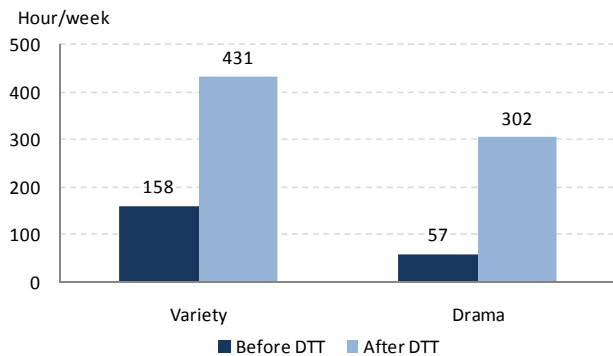
TVT is constructing three new studios and it will spend about Bt225mn this year. Even though the CAPEX is already included, we expect TVT to be in a net cash position due to the proceeds from the IPO. However, we still have not factored in the acquisition opportunity since we do not know the transaction size or financing structure.

Industry Outlook

Bigger market

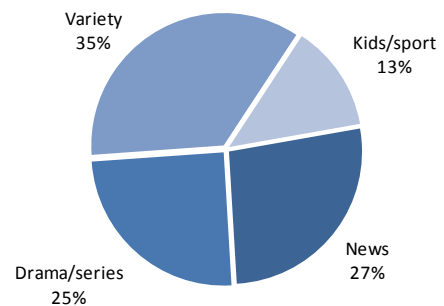
As the number of free TV channels has expanded from six to 26, the market for content providers has grown tremendously. Even if we consider only channels that are financially strong, these represent a significant opportunity for studios. Figure 13 shows the weekly airtime of variety programs and drama series on eight TV channels, including three HD, three SD, three Family, MCOT HD, MCOT Family, Thairath TV, True4U, and PPTV. The total airtime of variety programs has increased 172% from 158 to 431 hours per week while airtime for drama series has increased 430% from 57 to 302 hours per week.

Figure 13: Weekly airtime of programs by type (8 TV channels)



Source: 8 DTT channels, KT ZMICO Research

Figure 14: Portion of programs by type



Source: 8 DTT channels, KT ZMICO Research

Variety programs have the biggest piece of the airtime pie, representing around 35% of airtime on average. The portion ranges from 13% on PPTV to 61% on MCOT HD. News programs are around 25% on non-family channels, with three HD having the highest portion at 42%.

Figure 15: Portion of programs by type on each channel (July schedule)

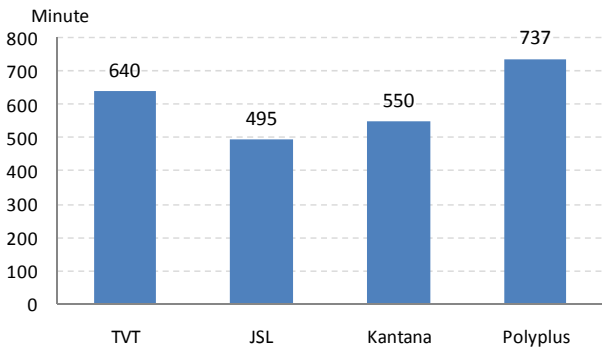
Channel	3HD	3SD	3Family	MCOT HD	MCOT Family	Thairath	True4U	PPTV	Portion of programs by type	
									Hr/Wk	%
Daily air time	24	18	18	24	18	24	24	24		
News	42%	28%	15%	27%	11%	37%	21%	27%	327	27%
Drama/series	24%	38%	33%	4%	9%	12%	34%	46%	302	25%
Variety	33%	34%	28%	61%	52%	39%	25%	13%	431	35%
Kids/sport	1%		24%	8%	28%	12%	20%	14%	158	13%

Source: 3HD, 3SD, 3Family, MCOT, MCOT Family, Thairath, True4U, PPTV, KT ZMICO Research

Major studios

There are four major studios in Thailand, i.e., Polyplus, TV Thunder, Kantana, and JSL. We believe that being a big name provides several advantages in the digital TV era. First, content is diversified as the production team is larger than at smaller studios. Second, a big name provides the advantage of branding and quality assurance. Channel operators will rely on major studios going forward, as they continue to enhance their expertise.

Figure 16: Airtime of variety programs among major studios (Jul'15)

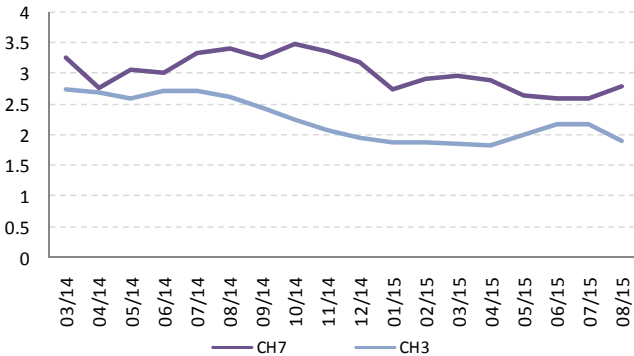


Source: TVT, Kantana, Polyplus, JSL, KT ZMICO Research

Industry is still vulnerable

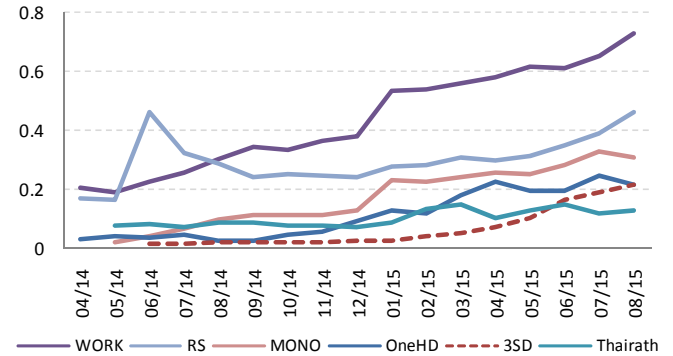
After 17 months of digital TV operation, only a few names have been able to make a profit from the spectrum. Workpoint1 is the first to have marked a profit and Ch8 (RS) will be the second channel. Their ratings are at number 3 and 4, respectively, after Ch7 and Ch3 (Figure 17 and 18). Fixed costs related to spectrum licenses and high content costs make it difficult for most channels to survive. Only financially strong channels will last through this phase.

Figure 17: Ratings of Ch7 and Ch3



Source: AGB Nielsen, KT Zmico

Figure 18: Ratings of top digital channels



Source: AGB Nielsen, KT Zmico

Two down, more likely to follow

The TV Pool group, Thai TV and Loca Channel, was the first to withdraw from the battle. The two channels had low rankings and could not gain a foothold in the six billion baht TV market. The company filed notice with the NBTC that it would cease broadcasting and not pay the second license fee that was due. This shook up the industry because many operators seemed to be waiting for a test case. To date, the case is still not finalized. However, if TV Pool can terminate its licenses with no serious financial damage, more channels will do the same. There is a recent rumor that one of the digital TV channels might not survive this year.

Positive spillover effect from the recent lawsuit against the NBTC

Five channels (Thairath TV, PPTV, Bright TV, OneHD, and GMM Channel) filed a lawsuit against the NBTC, claiming that it has been unable to facilitate a smooth digital transition. They are demanding compensation of Bt9.5bn from the regulator. There are two implications from this case. First, Thairath TV, even with its TV rating in the top ten, is finding it difficult to carry on in the TV business. Second, whatever the verdict is, it will be either neutral or positive to other TV channels. If the NBTC is forced to compensate TV operators, all channels will be treated equally and fairly, with some getting a free ride in the case.

We think the industry is still vulnerable. Moreover, we also think that 24 channels leads to redundancy. Some industry participants see the ideal number at ten channels, which we agree is more reasonable. Until the digital market matures, we should see more events that will rock the industry from time to time.

Upside risk/Downside risk

Upside from more programs added in 2017E

While the management expects to add 5 – 7 programs each year in 2016 and 2017, our projection includes only six programs in 2016. We think its growth prospects in 2017 are still unclear and we leave this as upside to our forecast and valuation.

Acquisition opportunity

The management targets two acquisition opportunities. One target is a studio with a smaller size while the other has an equal size. TVT will not take a 100% stake to avoid an additional cash call. As we still do not have details about the actual transaction size, the M&A is not yet incorporated into our model.

Risk from program postponement and termination

Program postponement is common in the TV business, especially for drama series. Even though this will not have a significant impact to valuation, it will directly affect the bottom line and stock sentiment. Program termination is more serious since the company has to find other programs as replacements. This will impact valuation if the company cannot come up with alternatives to sustain its revenue and profit.

FINANCIAL TABLE

	2013	2014	2015E	2016E	2017E	2018E
PROFIT & LOSS (Btmn)						
Revenues	468	433	613	834	975	980
Cost of sales and service	(330)	(305)	(415)	(545)	(643)	(646)
Gross profit	138	128	198	289	333	334
SG&A	(71)	(82)	(88)	(102)	(109)	(113)
EBITDA	82	60	126	214	253	251
Depreciation & amortization	(14)	(13)	(16)	(26)	(30)	(30)
EBIT	67	46	110	187	224	221
Interest expense	(0)	(4)	(5)	(6)	(6)	(6)
Other income / exp.	7	2	2	2	2	2
EBT	74	44	106	183	219	217
Corporate tax	(17)	(10)	(21)	(37)	(44)	(43)
Gain (loss) from affiliates	0	0	0	0	0	0
FX gain (loss)	0	0	0	0	0	0
Extra Items	0	0	0	0	0	0
Non-controlling	(28)	(13)	0	0	0	0
Net profit	29	21	85	146	175	173
Reported EPS	0.24	0.09	0.12	0.18	0.22	0.22
Fully diluted EPS	0.24	0.09	0.12	0.18	0.22	0.22
Core net profit	29	21	85	146	175	173
Core EPS	0.24	0.09	0.12	0.18	0.22	0.22
Dividend (Bt)	0.00	0.00	0.05	0.07	0.09	0.09
BALANCE SHEET (Btmn)						
Cash and equivalents	71	67	443	496	615	726
Accounts receivable	147	81	114	155	182	183
Inventories	16	13	18	24	28	28
Investment	4	0	0	0	0	0
PP&E-net	117	210	419	457	447	437
Other assets	32	21	21	21	21	21
Total assets	388	392	1,015	1,154	1,293	1,395
ST debt & current portion	7	21	100	100	100	100
Long-term debt	1	55	52	49	46	43
Total liabilities	124	138	277	307	329	328
Paid-up shares	30	200	200	200	200	200
Shareholder equity	264	254	739	847	964	1,067
Total liab. & shareholder equity	388	392	1,015	1,154	1,293	1,395
CASH FLOW (Btmn)						
Net income	29	21	85	146	175	173
Non-cash adjustment	30	20	0	0	0	0
Depreciation & amortization	14	13	16	26	30	30
Change in working capital	(47)	1	24	(14)	(5)	1
Cash flow from operations	26	55	125	159	200	204
Capex (Invest)/Divest	(6)	(108)	(225)	(65)	(19)	(19)
Others	(4)	23	0	0	0	0
Cash flow from investing	(9)	(85)	(225)	(65)	(19)	(19)
Debt financing (repayment)	(1)	74	76	(3)	(3)	(3)
Equity financing	0	120	400	0	0	0
Dividend payment	(15)	(161)	0	(38)	(59)	(70)
Others	5	0	0	0	0	0
Cash flow from financing	(11)	33	476	(41)	(62)	(73)
Net change in cash	6	3	376	53	119	111
Free cash flow	16	(30)	(100)	94	180	184
FCF per share (Bt)	0.14	(0.12)	(0.14)	0.12	0.23	0.23
PROFITABILITY						
Revenue growth (%)	13.0%	-7.6%	41.7%	36.1%	16.9%	0.5%
EBITDA growth (%)	-6.2%	-26.9%	111.0%	69.6%	18.6%	-1.1%
EPS growth (%)	-35.2%	-64.3%	38.9%	54.8%	19.8%	-1.2%
Gross margin (%)	29.4%	29.6%	32.3%	34.7%	34.1%	34.1%
EBITDA margin (%)	17.4%	13.8%	20.5%	25.6%	26.0%	25.6%
Operating margin (%)	14.4%	10.7%	17.9%	22.5%	22.9%	22.5%
Net margin (%)	6.1%	4.8%	13.8%	17.5%	18.0%	17.7%
Core profit margin (%)	6.1%	4.8%	13.8%	17.5%	18.0%	17.7%
Effective tax rate (%)	23.5%	22.8%	20.0%	20.0%	20.0%	20.0%

Note:

KT ZMICO is a partnership between KTB and ZMICO

An executive of KT ZMICO Securities is also a board member of BCP, BTC, CI, CPI, KBS, MAJOR, MK, PACE, PSL, SVH, VNG, ZMICO

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KT ZMICO RESEARCH – RECOMMENDATION DEFINITIONS**STOCK RECOMMENDATIONS**

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

OUTPERFORM: Expecting total returns between -10% to +15%; returns expected to exceed market returns over a six-month period due to specific catalysts

UNDERPERFORM: Expecting total returns between -10% to +15%; returns expected to be below market returns over a six-month period due to specific catalysts

SELL: Expecting negative total returns of 10% or more over the next 12 months

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% 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 by 10% over the next 12 months.

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