

### Buy (from T-Buy)

CGR Scoring Rating 

Share price: THB7.55  
Target price: THB9.50

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#### Stock Information

**Description** : The Company is a shopping center development and management.

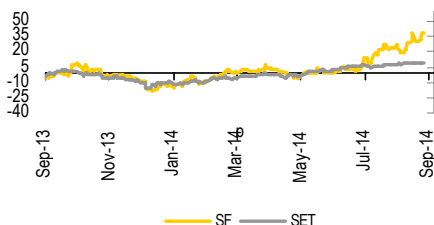
Ticker : SF  
Shares Issued (m): 1,480  
Market Cap (THB m) 11,178  
Market Cap (US\$ m) 346.33  
3-mth Avg Daily Turnover (THB m) 81.78  
SET INDEX 1,584.23  
Free float (%) 46.70

**Major Shareholders** : %  
Major Cineplex Group Plc. 23.50  
LUCKY SECURITIES, INC. 8.09

#### Key Indicators

ROE – annualised (%) 8.7  
Net cash (THB m): -1,675  
NTA/shr (THB): 4.8  
Interest cover (x): 5.6

#### Historical Chart



#### Performance

52-week High/Low THB 7.65/THB 4.44

	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	12.7	39.8	34.8	35.8	50.4
Relative (%)	9.7	29.0	15.8	23.4	23.3

## Siam Future Development (SF)

### New & existing projects to bolster growth

We have a more positive view and recommend Buy on SF due to a resilient growth driven by rental rate adjustment of 4-5% annually and project expansion. The upcoming sizable project Mega Rangsit to be launched in the next 3-5 years will significantly drive growth upward. SF may realize an extra gain of Bt600mn if the company sells the 50-rai land next to Mega Bangna. We believe the current share price has not reflected SF assets value yet, trading at PBV of 1.6x vs CPN of 4.5x. Based on PBV of 2x, SF target price is at Bt9.50.

**Improving performance.** The recurring profit in 2H14 will likely improve on higher occupancy rate due to the new tenant. The premium outlet (6,000sqm) will be opened in Pattaya project in October while We Fitness (3,000sqm) has replaced CAWOW at Esplanade Ratchada since March. We also expect more profit sharing from Mega Bangna on the back of 1) a 5% increase in rental rate since May, 2) more revenue sharing from the anchor tenants such as BigC, HMPRO and International brand along to the improving economy and high business season in 4Q and 3) rising revenues from common area driven by more marketing events.

**Strong growth fuelled from Mega Rangsit.** SF plans to launch the new large project joined with IKEA in Rangsit in the next 3-5 years. SF has recurred land 250 rai, with estimated rental space around 140,000sqm (37% of current space of 369,600 sqm). However, SF may cancel the project in Bangyai as SF has not got all required lands while the competition in that area tends to be higher after the opening of CentralWestgate in 2Q15.

**TP of Bt9.50.** With the smaller asset size and lower revenue base compared with CPN, we value SF by applying a PBV discounted from CPN's PBV of 6x. Based on 2015 PBV of 2x, SF target price is Bt9.50.

**Risks:** Delayed project launch / lower-than-estimated rental rate adjustment

#### SF – Summary Earnings Table

FYE: Dec 31 (THB m)	2012	2013	2014F	2015F	2016F
Revenue	1,287	1,307	1,360	1,437	1,635
EBITDA	639	606	641	684	780
Recurring Net Profit	133	170	230	266	301
Net profit	1,401	512	550	602	696
EPS (Bt)	1.20	0.39	0.37	0.41	0.47
EPS growth (%)	75.0	(67.5)	(4.5)	9.5	15.5
DPS (Bt)	0.14	0.14	0.11	0.12	0.14
PER	6.3	19.4	20.3	18.6	16.1
EV/EBITDA (x)	16.8	19.8	20.1	19.6	17.4
Div Yield (%)	1.8	1.8	1.5	1.6	1.9
P/BV(x)	1.6	1.6	1.7	1.6	1.5
Net Gearing (%)	32.1	33.0	29.5	29.9	29.4
ROE (%)	28.9	8.8	8.7	8.8	9.5
ROA (%)	12.8	4.4	4.5	4.7	5.1
Cons. Net Profit (THB m)	-	-	728	816	922

Source: Company reports and MBKET.

**Extra profit from land sales?.** SF subsidiary, SFD, is considering to sell or lease the 50-rai land next to Mega Bangna for the condo or hotel developer, which will help drawing more customer traffic to Mega Bangna during the weekday. Cost of the land is Bt10mn/rai while the market prices are expected around Bt40mn/rai. If the land can be sold, we expect SFD will realise after-tax profit of Bt1.2bn, which SF (holds 49% stake in SFD) will gain almost Bt600mn or Bt0.4/ share.

**To launch 2 new projects next year.** SF's new project at LPN Rangsit Klong 1 with rental space of 5,670sqm is still waiting for the EIA approval for LPN residential project. However, SF plans to launch another 2 new projects in upcountry in a late of 2015, with rental area of 10,000-12,000sqm each.

**Earnings driven by rental rate adjustment.** We expect the 2014 recurring profit of Bt230mn, up 35% YoY. The growth should be attributed to a significant growth of earnings contributed from Mega Bangna project due to rental rate increase, rising income from the common area. Even without new project this year, SF revenues are forecast to improve from the rental rate adjustment by 4-5% and higher occupancy rate after the new tenant stepping in. The recurring profit is estimated to surge 15% in 2015, thanks to increasing rental rate of SF's projects and Mega Bangna project.

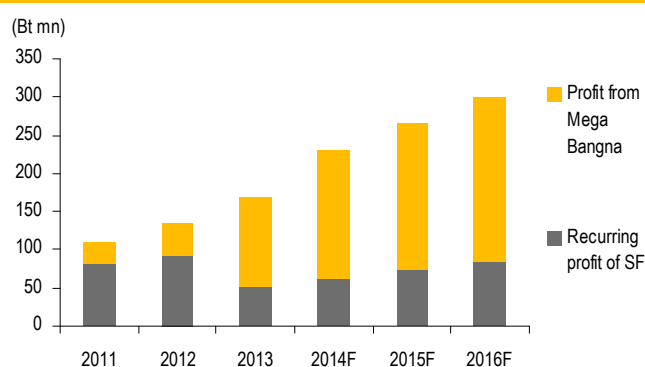
**Healthy financial position.** SF's net gearing stands at 0.3x. An investment of Bt700-1,000mn for 2 new projects in 2015 with total rental space of 20,000-24,000sqm should be funded from internal cash flow and debt financing. SF is expected to invest Bt1.5bn for Mega Rangsit to be opened in the next 3-5 years (while IKEA invests Bt1.5bn). If SF sells the land closing to Mega Bangna project, the company will be able to finance for Mega Rangsit, without the capital increase.

**Figure 1: Comparison**

	CPN	SF
Market cap. (Bt mn)	208,692	11,178
Rental area (sqm)	1,151,229	369,600
Asset (Bt mn)	95,022	12,132
<b>FY 2015F</b>		
Recurring profit (Bt mn)	8,058	266
Recurring profit growth	13%	15%
Net gearing	0.58	0.30
ROE	18.6%	8.8%
BV (Bt)	10.26	4.76
PBV (x)	4.53	1.59

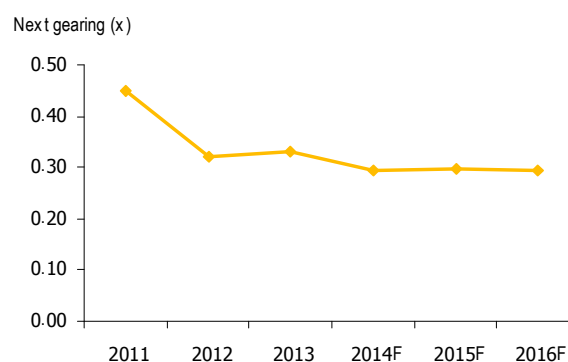
Source: Company reports and MBKET

**Figure 2: Recurring profit of SF and Mega Bangna**



Source: Company reports and MBKET

**Figure 3: Net gearing**



Source: Company reports and MBKET

Figure 4: SF portfolio

	2012		2013		2014	
	No. of centers	GLA (sqm)	No. of centers	GLA (sqm)	No. of centers	GLA (sqm)
Neighborhood center	7	38,389	7	38,389	7	38,389
Convenience center	3	2,166	3	2,166	3	2,166
Automotive service center	7	2,588	7	2,588	7	2,588
Lifestyle center	7	75,999	7	75,999	7	75,999
Power center	3	67,217	3	67,217	3	67,217
Entertainment center	1	43,241	1	43,241	1	43,241
Mega Bangna	1	140,000	1	140,000	1	140,000
<b>Total</b>	<b>29</b>	<b>369,600</b>	<b>29</b>	<b>369,600</b>	<b>29</b>	<b>369,600</b>

Source: Company reports

Figure 5: Project details

Shopping center	Anchor tenants	GLA (sqm) Dec 31, 2013	Occupancy Dec 31, 2013
<b>Neighborhood center</b>			
Bangbon	Max Valu Supermarket	7,206	91%
Pracha Uthit	Jusco supermarket	6,174	98%
Sukaphiban 3	Tops supermarket	6,725	96%
Thonglor 4	Tops supermarket	3,644	100%
Thungmahamek	Tops supermarket	2,877	100%
Piyarom Place	Major Bowl, Tops supermarket	7,588	99%
Maket Place Nawamin	BigC Market	4,175	96%
<b>Convenience center</b>			
Wanghin	B-Quik	535	100%
Ladproa 120	Lotus express	643	100%
Wanghin 2	Lotus express	988	100%
<b>Stand-alone retail store</b>			
Bangkae	Rented by Seacon Square	364	100%
Mengjai	B-Quik	465	100%
Phaholyothin km.27	B-Quik	433	100%
Ratchada-Huay Kwang	B-Quik	314	100%
Ta Pra	B-Quik	355	100%
Sathon	B-Quik	314	100%
Ratchada-Rama 3	B-Quik	343	100%
<b>Lifestyle center</b>			
Thong Loh 15 (J Avenue)	Villa market, Major Bowl	7,765	100%
The Avenue Chaeng Wattana	Major cineplex, Villa market, Lemon Farm	21,031	79%
Phaholyothin (La-villa)	Villa market	5,330	98%
The Avenue Pattaya	Major Cineplex, Bowl, Villa market	22,403	87%
Suzuki Avenue Ratchayothin	Villa Market	3,904	100%
Nawamin City Avenue	Villa Market	7,891	94%
Nawamin Festival Walk	Bosch	7,675	85%
<b>Power center</b>			
Petchkasem	BigC, Index, HomeWork, Major cineplex	43,735	100%
Ekkamai	BigC, Index	15,074	100%
Cha Choeng Sao	Major cineplex	8,408	100%
<b>Urban entertainment center</b>			
Esplanade	Major cineplex, Tops, Ratchadalai theatre, Sub-Zero ice skate	43,241	98%
Mega Bangna	IKEA, Major Cineplex, BigC, HomePro, Robinson	140,000	100%
<b>Total</b>		<b>369,600</b>	<b>97%</b>

Source: Company reports

**INCOME STATEMENT (THBmn)**

FY December	2013	2014F	2015F	2016F
Revenue	1,307	1,360	1,437	1,635
EBITDA	606	641	684	780
Depreciation & Amortisation	11	15	16	17
<b>Operating Profit (EBIT)</b>	<b>594</b>	<b>626</b>	<b>668</b>	<b>763</b>
Interest (Exp)/Inc	103	111	116	124
Associates	292	170	193	217
One-offs	342	320	337	395
<b>Pre-Tax Profit</b>	<b>491</b>	<b>515</b>	<b>551</b>	<b>639</b>
Tax	84	103	110	128
Minority Interest	32	32	32	32
<b>Net Profit</b>	<b>512</b>	<b>550</b>	<b>602</b>	<b>696</b>
<b>Recurring Net Profit</b>	<b>170</b>	<b>230</b>	<b>266</b>	<b>301</b>
Revenue Growth %	1.6	4.1	5.7	13.7
EBITDA Growth (%)	(5.2)	5.9	6.7	14.1
EBIT Growth (%)	(4.8)	5.3	6.7	14.3
Net Profit Growth (%)	(63.5)	7.4	9.5	15.5
Recurring Net Profit Growth (%)	27.9	35.3	15.4	13.1
Tax Rate %	17.2	20.0	20.0	20.0

**BALANCE SHEET (THBmn)**

FY December	2013	2014F	2015F	2016F
Fixed Assets	7,639	7,724	8,507	8,990
Other LT Assets	3,974	4,144	4,337	4,555
Cash/ST Investments	72	442	33	37
Other Current Assets	317	305	351	387
<b>Total Assets</b>	<b>12,003</b>	<b>12,615</b>	<b>13,229</b>	<b>13,969</b>
ST Debt	698	689	739	782
Other Current Liabilities	471	451	476	519
LT Debt	1,448	1,428	1,531	1,621
Other LT Liabilities	2,956	3,024	2,990	3,007
Minority Interest	385	417	449	482
Shareholders' Equity	6,045	6,606	7,043	7,558
<b>Total Liabilities-Capital</b>	<b>12,003</b>	<b>12,615</b>	<b>13,229</b>	<b>13,969</b>
Share Capital (m)	1,316	1,481	1,481	1,481
Gross Debt/(Cash)	2,146	2,117	2,270	2,403
Net Debt/(Cash)	2,074	1,675	2,238	2,366
Working Capital	(112)	(121)	(92)	(102)
BVPS	4.59	4.46	4.76	5.11

**CASH FLOW (THBmn)**

FY December	2013	2014F	2015F	2016F
Profit before taxation	491	515	551	639
Depreciation	11	15	16	17
Net interest receipts/(payments)	103	111	116	124
Working capital change	(57)	8	(29)	11
Cash tax paid	(84)	(103)	(110)	(128)
Others (incl'd exceptional items)	(135)	(143)	(148)	(156)
<b>Cash flow from operations</b>	<b>330</b>	<b>404</b>	<b>396</b>	<b>507</b>
Capex	(603)	(100)	(800)	(500)
Disposal/(purchase)	0	0	0	0
Others	287	(351)	400	0
<b>Cash flow from investing</b>	<b>(316)</b>	<b>(451)</b>	<b>(400)</b>	<b>(500)</b>
Debt raised/(repaid)	(222)	34	(17)	8
Equity raised/(repaid)	178	196	32	32
Dividends (paid)	(162)	(154)	(165)	(181)
Interest payments	103	111	116	124
Others	(103)	(111)	(116)	(124)
<b>Cash flow from financing</b>	<b>(207)</b>	<b>76</b>	<b>(149)</b>	<b>(140)</b>
Change in cash	(193)	29	(153)	(133)

**RATES & RATIOS**

FY December	2013	2014F	2015F	2016F
Gross margin %	56.6	58.9	59.4	59.9
EBITDA Margin %	44.3	45.1	45.6	46.0
Op. Profit Margin %	43.5	44.0	44.5	44.9
Net Profit Margin %	37.5	38.7	40.2	41.0
ROE %	8.8	8.7	8.8	9.5
ROA %	4.4	4.5	4.7	5.1
Net Margin Ex. EI %	48.8	38.7	40.2	41.0
Dividend Cover (x)	2.8	3.3	3.3	3.3
Interest Cover (x)	5.8	5.6	5.7	6.2
Asset Turnover (x)	0.1	0.1	0.1	0.1
Asset/Debt (x)	2.2	2.3	2.3	2.4
Debtors Turn (days)	51.2	52.0	52.0	52.0
Creditors Turn (days)	6.3	6.0	6.0	6.0
Inventory Turn (days)	0.0	0.0	0.0	0.0
Net Gearing %	33.0	29.5	29.9	29.4
Debt/ EBITDA (x)	3.4	2.6	3.3	3.0
Debt/ Market Cap (x)	0.2	0.1	0.2	0.2

Source: Company reports and MBKET

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BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
EV = Enterprise Value	PBT = Profit Before Tax	

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▲▲▲▲▲ Excellent						Score Range	Number of Logo	Description
ADVANC	CIMBT	ICC	PG	S&J	SPALI	90-100	▲▲▲▲▲	Excellent
AOT	CK	INTUCH	PHOL	SAMART	SPI	80-89	▲▲▲▲▲	Very Good
ASIMAR	CPF	IRPC	PR	SAMTEL	SSI	70-79	▲▲▲▲	Good
BAFS	CPN	IVL	PRANDA	SAT	SSSC	60-69	▲▲▲	Satisfactory
BANPU	CSL	KBANK	PS	SC	SM	50-59	▲	Pass
BAY	DRT	KKP	PSL	SCB	SYMC	Lower than 50	No logo given	N/A
BBL	DTAC	KTB	PTT	SCC	TCAP			
BCP	EASTW	LPN	PTTEP	SCSMG	THAI			
BECL	EGCO	MCOT	PTTGC	SE-ED	THCOM	TKT	TRC	UV
BKI	ERW	MINT	QH	SIM	THRE	TM6	TRUE	VGI
BROOK	GRAMMY	NKI	RATCH	SIS	TIP	TMTY	TTW	WACOAL
BTS	HANA	NOBLE	ROBINS	SITHAJ	TISCO	TOP	TVO	
▲▲▲▲ Very Good								
ZS	BH	EE	JUBILE	MBK	PF	SINGER	THANI	TTCL
ACAP	BIGC	EIC	KBS	MBKET	PJW	SKR	TICON	TWFP
AF	BJC	ESSO	KCE	MFC	PM	SMT	TIPCO	TYM
AHC	BLA	FE	KGI	MFEC	PPM	SNP	TK	UAC
AIT	BMCL	FORTH	KKC	MODERN	PPP	SPCG	TLUXE	UMI
AKP	BWG	GBX	KSL	MTI	PREB	SPPT	TMILL	UMS
AMANAH	CCEI	GC	KWC	NBC	PRG	SSF	TMT	UP
AMARIN	CENDEL	GFPT	L&E	NCH	PT	STANLY	TNL	UPOIC
AMATA	CFRESH	GL	LANNA	NINE	PYLON	STEC	TOG	UT
AP	CGS	GLOW	LH	NMG	QTC	SUC	TPC	VIBHA
APCO	CHOW	GOLD	LHBANK	NSI	RASA	SUSCO	TPCORP	VH
APCS	CM	GSTEL	LHK	NWR	SABINA	SYNTEC	TPIPL	VNG
ASIA	CNT	GUNKUL	LIVE	OCC	SAMCO	TASCO	TRT	VNT
ASK	CPALL	HMPRO	LOXLEY	OFM	SCCC	TCP	TRU	YUASA
ASP	CSC	HTC	LRH	OGC	SCG	TF	TSC	ZMICO
AYUD	DCC	IFEC	LST	OISHI	SEAFCO	TFD	TSTE	
BEC	DELTA	INET	MACO	PB	SFP	TFI	TSTH	
BFIT	DTC	ITD	MAJOR	PDI	SIAM	THANA	TTA	
▲▲▲ Good								
A	BGT	DNA	HYDRO	LALIN	PATO	SLC	TIES	UOBKH
AAV	BLAND	DRACO	IFS	LEE	PICO	SMT	TIW	UPF
AEC	BOL	EA	IHL	MATCH	PL	SMK	TKS	UWC
AEDNTS	BROCK	EARTH	ILINK	MATI	POST	SOLAR	TMC	VARO
AFC	BSBM	EASON	INOX	MBAX	PRECHA	SPC	TMD	VTE
AGE	CHARAN	BMC	IRC	MDX	PRIN	SPG	TMI	WAVE
AH	CHUO	EPCO	IRCP	PRINC	Q-CON	SRICHA	TNDT	WG
AI	CI	F&D	IT	MJD	QLT	SSC	TNCP	WIN
AJ	CIG	FNS	JMART	MK	RCI	STA	TOPP	WORK
AKR	CITY	FOCUS	JMT	MOONG	RCL	SUPER	TPA	
ALUCON	CMR	FPI	JTS	MPIC	ROJNA	SVOA	TPP	
ANAN	CNS	FSS	JUTHA	MSC	RPC	SWC	TR	
ARIP	CPL	GENCO	KASET	NC	SCBLIF	SYNEX	TTI	
AS	CRANE	GFM	KC	NIPPON	SCP	TBSP	TVD	
BAT-3K	CSP	GJS	KCAR	NNCL	SENA	TCCC	TM	
BCH	CSR	GLOBAL	KDH	NTV	SF	TEAM	TWZ	
BEAUTY	CTW	HFT	KTC	OSK	SGP	TGCI	UBIS	

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