

Siam Future Development

4QFY14 net profit seen robust growth of 83% y-y and 32% q-q

THAILAND | SET | PROP | COMPANY PREVIEW

BLOOMBERG SF TB | REUTERS SF.BK

30 January 2015

Buy (Maintain)

Closing Price(Bt) 6.50
Target Price(Bt) 10.70 (+64.62%)

COMPANY DATA

O/S Shares (mn):	1,481
Market Cap. (Btmn):	9,623
Market Cap. (USDmn):	294
52-WK Hi/Lo (Bt):	7.95/4.67
3M Average Daily T/O (mn):	3.08
Par Value (Bt):	1.00

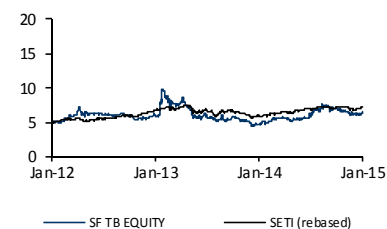
MAJOR SHAREHOLDERS (%) 03 April 2014

1. MAJOR CINEPLEX GROUP	23.5
2. LUCKY SECURITIES, INC.	8.1
3. Nopporn Witoonchart	6.2

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	7%	-9%	36%
REL TO SET INDEX	1%	-10%	9%

PRICE VS SET INDEX



Source: Bloomberg, PSR

KEY FINANCIALS

FYE Dec	FY13	FY14E	FY15E	FY16E
Sales(Btmn)	1,340	1,366	1,441	1,579
Net Profit(Btmn)	512	696	892	959
EPS (Bt)	0.39	0.47	0.60	0.65
P/E (X)	16.7	13.8	10.8	10.0
BVPS (Bt)	4.89	4.82	5.40	6.03
P/B (X)	1.3	1.3	1.2	1.1
DPS (Bt)	0.01	0.02	0.02	0.02
Dividend Yield (%)	0.2	0.3	0.3	0.3
ROE (%)	8.30	10.27	11.79	11.33
Debt/Equity (X)	0.87	0.76	0.77	0.72

Source: Company, PSR Est.

**Multiples and yields are based on latest closing price

VALUATION METHOD

DCF (WACC: 9%; terminal g: 4.0%)

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Assistant Analyst

4QFY14 net profit seen up 83% y-y and 32% q-q on profit contribution from Mega Bangna

We expect total revenue to edge up by 1% y-y but to fall by 5% q-q on (1) a decrease in leasable area (excluding Mega Bangna), (2) a sequential stable in occupancy rate at 93% (no significant change in major tenants, except Toy R US at Esplanade that terminated the contract and the replacement will have begun operation in 1QFY15), (3) a rise of 1% y-y but a q-q stable average rental rate at Bt573/sq.m./month, and (4) a lack of finance lease contract, unlike 3QFY14 when SF booked as much as Bt22mn. Gross margin is expected to stay level q-q at 56% while a non-cash loss on property asset revaluation would narrow by 67% y-y and 75% q-q to a normal level around Bt20mn in the period. Profit contribution from Mega Bangna would grow 71% y-y and 13% q-q to Bt142mn—operating profit of Bt51mn (+52% y-y, -6% q-q) and gains on property asset revaluation of Bt91mn (+82% y-y, +29% q-q). As such, net profit would grow by 83% y-y and 32% q-q to Bt210mn in 4QFY14.

In the period, leasable area, excluding Mega Bangna, would decline by a mere 0.1% y-y and 0.6% q-q to 229,360 sq.m. as SF didn't renew the lease contract for B-Quick 4 project that came to an end in 3QFY14. Occupancy rate appears to stay level q-q at 93% in a lack of a significant change from major tenants, except for the Esplanade project that a new tenant who replaced Toy R Us will have begun operation in 1QFY15.

Lease rate hike for Mega Bangna to materialize from mid-2015, FY15-FY16 net profit projection up by 28% and 8%

Retail tenants represent 49% of total leasable area in Mega Bangna. As the term contract is due in May, SF aims to increase the retail rate by 6%-7% per annum to reflect the market price and rising demand for retail space in Mega Bangna. Note SF previously adjusted up the retail rate by 5% on an annual basis. More than 60% of total retail tenants already renewed the contracts.

The new lease contract that will start contribution from mid-2015 onwards should give a rise to average rental rate at Mega Bangna in 2015 that we expect to increase just 1%-2% due to high-base effect in 2014 as Mega Bangna spared some parts in the common area for event projects, generating higher revenue than retail rental rate. Accordingly, we raise our estimate on Mega Bangna profit contribution by 1% to Bt225mn for 2015, which represents an 18% y-y growth, and such growth would boost our net profit projection to Bt892mn, representing a 28% y-y rise. For 2016, we increase our Mega Bangna contribution assumption by 2% to Bt250mn (+11% y-y), pushing our net profit projection to Bt959mn (+8% y-y).

'BUY' maintain with Bt10.70 price target on steady pace of growth in near term, upside to our valuations from WIP projects

Lease revenue provide a secured stream of revenue with a steady pace of growth while an extension phase of Mega Bangna and the WIP Mega Rangsit project will be an upside to our valuations. We reiterate a 'BUY' rating on SF with a price target of Bt10.70 (Bt3.90 for SF and Bt6.80 from Mega Bangna), based on DCF method using WACC 9% and terminal growth of 4%. SF is expected to provide cash dividend of Bt0.01735/share for FY14 performance and stock dividend at a ratio of 8 existing shares to 1 new share, which should cause a 12% dilution effect to our estimated FY15 EPS growth.

Ref. No.: CO2015_0076

Financials

Income Statement

FYE Dec, Btmn	FY13	FY14E	FY15E	FY16E
Revenue	1,340	1,366	1,441	1,579
EBITDA	580	586	611	663
Depreciation & Amortisation	11	13	12	13
EBIT	568	574	599	650
Net Finance (Expense)/Inc	(77)	(72)	(102)	(125)
Other items	0	0	0	0
Associates & JVs	292	474	607	651
Exceptional items	(155)	(160)	(80)	(80)
Profit Before Tax	491	502	497	525
Taxation	84	87	99	105
Profit After Tax	407	415	398	420
Non-controlling Interest	32	33	32	32
Net Income, reported	512	696	892	959
Net Income, adj.	667	856	972	1,039

Per share data

FYE Dec, Bt	FY13	FY14E	FY15E	FY16E
EPS, reported	0.39	0.47	0.60	0.65
EPS, adj.	0.51	0.58	0.66	0.70
DPS	0.01	0.02	0.02	0.02
BVPS	4.89	4.82	5.40	6.03

Balance Sheet

FYE Dec, Btmn	FY13	FY14E	FY15E	FY16E
Cash	23	34	37	26
Investments	49	152	152	152
Accounts Receivables	95	97	106	113
Inventories	0	0	0	0
Others	222	216	216	216
Total current assets	390	499	512	507
PPE	28	50	50	49
Intangibles	22	21	21	21
Associates & JVs	3,159	3,500	3,916	4,342
Investments	7,611	7,668	8,868	9,668
Others	793	790	770	749
Total non-current assets	11,613	12,029	13,624	14,830
Total Assets	12,003	12,527	14,136	15,337
Short term loans	200	60	100	320
Accounts Payables	10	10	11	12
Others	959	937	1,189	1,139
Total current liabilities	1,169	1,007	1,299	1,470
Long term loans	1,448	1,448	1,948	2,098
Others	2,956	2,938	2,888	2,838
Total non-current liabilities	4,403	4,387	4,837	4,937
Non-controlling interests	5,572	5,394	6,136	6,407
Shareholder Equities	6,430	7,133	7,999	8,929

Source: Company Data, PSR est

**Based on latest closing price

Cash Flow

FYE Dec, Btmn	FY13	FY14E	FY15E	FY16E
CFO				
PBT	628	808	992	1,064
Adjustments	(162)	(351)	(644)	(688)
WC changes	(259)	(146)	11	14
Cash generated from ops	207	310	359	390
Others	(53)	(102)	(126)	(132)
Cashflow from ops	154	208	232	258
CFI				
CAPEX, net	(42)	(176)	(1,212)	(812)
Others	(323)	140	217	252
Cashflow from investments	(366)	(36)	(995)	(560)
CFF				
Share issuance	0	(0)	(0)	(0)
Loans, net of repayments	191	(143)	791	320
Dividends	(16)	(18)	(26)	(29)
Others	0	0	0	0
Cashflow from financing	175	(162)	766	291
Net change in cash	(37)	11	3	(12)
Effects of exchange rates	0	0	0	0
CCE, end	23	34	37	26

Valuation Ratios

FYE Dec	FY13	FY14E	FY15E	FY16E
P/E (X), adj.**	12.8	11.2	9.9	9.3
P/B (X), adj.**	1.3	1.3	1.2	1.1
Dividend Yield (%)	0.2	0.3	0.3	0.3

Growth

FYE Dec, %	FY13	FY14E	FY15E	FY16E
Revenue	2.34	1.88	5.49	9.62
EBITDA	34.30	1.16	4.28	8.54
EBIT	36.16	0.97	4.40	8.57
Net Income, adj.	-51.94	28.45	13.52	6.89

Margins

FYE Dec, %	FY13	FY14E	FY15E	FY16E
EBITDA margin	43.23	42.93	42.43	42.01
EBIT margin	42.38	42.00	41.57	41.17
Net Profit Margin	38.19	50.98	61.93	60.73

Key Ratios

FYE Dec	FY13	FY14E	FY15E	FY16E
ROE (%)	8.30	10.27	11.79	11.33
ROA (%)	4.37	5.68	6.69	6.51
Net Debt/(Cash) (Btmn)	1,624	1,474	2,011	2,393
Net Gearing (X)	0.46	0.43	0.43	0.42

Fact Sheet

GENERAL INFORMATION

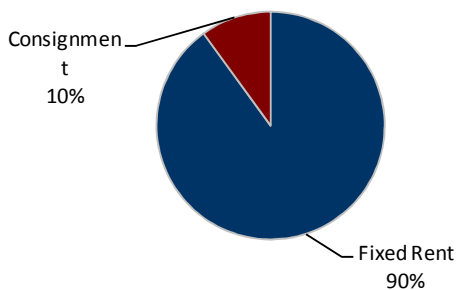
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RATCHADAPISEK ROAD, DIN DAENG
Bangkok

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Fax: 66 2 660 9000
URL: <http://www.siamfuture.com>
Market/Sector: Property Development

BUSINESS DESCRIPTION

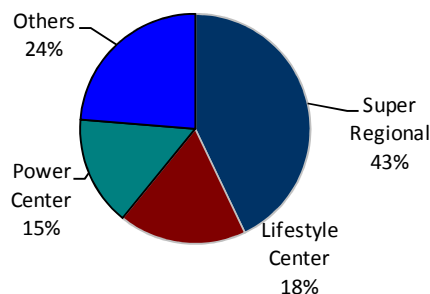
develop and manage open-air shopping center or community mall for rent

REVENUE BREAKDOWN as of 30 September 2014



Source: Company, PSR

Property Breakdown by Income 30 September 2014



Source: Company, PSR

RISK FACTORS

1. Delay in projects
2. Less than expected GDP growth
3. Political Instability

KEY DEVELOPMENT

- Yr 2013: Opened Mega Bangna
- Yr 2012: Opened Nawamin Festival Walk and first branch of IKEA at Mega Bangna
- Yr 2010: Opened Nawamin City Avenue
- Yr 2009: Opened projects at Nawamin and Ratchayothin
- Yr 2008: Opened projects at Pattaya and Khao Yai

KEY FINANCIAL SUMMARY

Btmn	3Q14	2Q14	1Q14	4Q13	3Q13
Sales	357	351	318	336	328
Gross profit	218	202	194	193	189
Net profit	159	179	148	115	124
Assets	12,267	12,132	11,990	12,023	11,685
Liabilities	5,343	5,376	5,421	5,573	5,376
Equities	6,924	6,756	6,568	6,430	6,310
EPS (Bt)	0.11	0.12	0.10	0.09	0.09
BVPS (Bt)	4.68	4.56	4.44	4.89	4.79
GPM (%)	61%	58%	61%	58%	58%
NPM (%)	45%	51%	46%	34%	38%

Source: Company, PSR

PEER COMPARISON * updated on 29 January 2015

Company name	as of	Mkt Cap. (Btmn)	P/E (x)	P/BV (x)	Div Yield (%)
Siam Future Development PCL					
SF TB	9/14	9,623	15.2	1.6	0.2
Central Pattana PCL					
CPN TB	9/14	203,082	28.1	5.6	1.2
Aeon Mall Co Ltd					
8905 JP	11/14	450,994	20.7	1.5	1.1
Bangkok Land PCL					
BLAND TB	9/14	34,528	43.2	0.8	4.5

Source: Bloomberg, PSR

*Data based on trailing 12 months earnings, book value and dividend per share

Corporate Governance -2014



BAFS	BCP	BTS	CPN	EGCO	GRAMMY	HANA	INTUCH	IRPC	IVL
KBANK	KKP	KTB	MINT	PSL	PTT	PTTEP	PTTGC	SAMART	SAMTEL
SAT	SC	SCB	SE-ED	SIM	SPALI	TISCO	TMB	TOP	



AAV	ACAP	ADVANC	ANAN	AOT	ASIMAR	ASK	ASP	BANPU	BAY
BBL	BECL	BIGC	BKI	BLA	BMCL	BROOK	CENTEL	CFRESH	CIMBT
CK	CNT	CPF	CSL	DELTA	DRT	DTAC	DTC	EASTW	EE
ERW	GBX	GC	GFPT	GUNKUL	HEMRAJ	HMPRO	ICC	KCE	KSL
LANNA	LH	LHBANK	LOXLEY	LPN	MACO	MC	MCOT	NBC	NCH
NINE	NKI	NMG	NSI	OCC	OFM	PAP	PE	PG	PHOL
PJW	PM	PPS	PR	PRANDA	PS	PT	QH	RATCH	ROBINS
RS	S & J	SAMCO	SCC	SINGER	SIS	SITHAI	SNC	SNP	SPI
SSF	SSI	SSSC	STA	SVI	TCAP	TF	THAI	THANI	THCOM
TIP	TIPCO	TK	TKT	TNITY	TNL	TOG	TRC	TRUE	TSTE
TSTH	TTA	TTW	TVO	UAC	VGI	VNT	WACOAL		



2S	AF	AH	AHC	AIT	AJ	AKP	AKR	AMANAH	AMARIN
AMATA	AP	APCO	APCS	AQUA	ARIP	AS	ASIA	AYUD	BEAUTY
BEC	BFIT	BH	BJC	BJCHI	BOL	BTNC	BWG	CCET	CGD
CGS	CHOW	CI	CKP	CM	CMR	CSC	CSP	CSS	DCC
DEMCO	DNA	EA	ESSO	FE	FORTH	FPI	GENCO	GL	GLOBAL
GLOW	GOLD	HOTPOT	HTC	HTECH	HYDRO	IFS	IHL	INET	IRC
IRCP	ITD	KBS	KGI	KKC	KTC	L&E	LRH	LST	MAJOR
MAKRO	MATCH	MBK	MBKET	MEGA	MFC	MFEC	MJD	MODERN	MONO
MOONG	MPG	MTI	NC	NTV	NUSA	NWR	NYT	OGC	OISHI
PACE	PATO	PB	PDI	PICO	PPM	PPP	PREB	PRG	PRIN
PTG	QLT	QTC	RCL	SABINA	SALEE	SCBLIF	SCCC	SCG	SEAFCO
SEAOIL	SFP	SIAM	SIRI	SKR	SMG	SMK	SMPC	SMT	SOLAR
SPC	SPCG	SPPT	SST	STANLY	STEC	STPI	SUC	SWC	SYMC
SYNEX	SYNTEC	TASCO	TBSP	TEAM	TFD	TFI	THANA	THIP	THREL
TIC	TICON	TIW	TKS	TLUXE	TMI	TMT	TNDT	TPC	TPCORP
TRT	TRU	TSC	TTCL	TUF	TVD	TWFP	UMI	UP	UPF
UPOIC	UT	UV	UWC	VIH	WAVE	WHA	WIN	WINNER	YUASA
ZMICO									

Results Presentation

Score Range

< 50%

50-59%

60-60%

70-79%

80-89%

90-100%

Number of Logo

No logo given



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Industry Group

Name	Sector Name	Sector Index
Agro & Food Industry[AGRO]	Agribusiness	AGRI
	Food & Beverage	FOOD
Consumer Products[CONSUMP]	Fashion	FASHION
	Home & Office Products	HOME
	Personal Products & Pharmaceuticals	PERSON
Financials [FINCIAL]	Banking	BANK
	Finance & Securities	FIN
	Insurance	INSUR
Industrials [INDUS]	Automotive	AUTO
	Industrial Materials & Machinery	IMM
	Packaging	PKG
	Paper & Printing Materials	PAPER
	Petrochemicals & Chemicals	PETRO
	Steel	STEEL
Property & Construction[PROPCON]	Construction Materials	CONMAT
	Construction Services	CONS
	Property Development	PROP
	Property Fund & REITs	PF&REIT
Resources [RESOURC]	Energy & Utilities	ENERG
	Mining	MINE
Services [SERVICE]	Commerce	COMM
	Media & Publishing	MEDIA
	Health Care Services	HEALTH
	Tourism & Leisure	TOURISM
	Professional Services	PROF
	Transportation & Logistics	TRANS
Technology [TECH]	Electronic Components	ETRON
	Information & Communication Technology	ICT

PSR Rating System

Capital Gain	Recommendation
> +10%	Buy
0% to + 10%	Neutral
< 0%	Sell

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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