

Siam Future Development

2QFY15 net profit seen up 24.1% y-y and 7.6% q-q

THAILAND | SET | PROP | COMPANY PREVIEW

BLOOMBERG SF TB | REUTERS SF.BK

2QFY15 net profit likely to grow 24.1% y-y and 7.6% q-q on higher rent and occupancy rate and all retail lease renewals at Mega Bangna

We expect SF to report upbeat results in 2QFY15. Net profit would grow 24.1% y-y and 7.6% q-q to Bt222.4mn on estimated rental income of Bt346.5mn, which represents 0.3% y-y and 5.1% q-q, and profit contribution from Mega Bangna of Bt140.3mn, up 18.5% y-y and 9.1% q-q.

The likely two major contributors to rental income growth are occupancy rate and rent rate increase. First, occupancy rate looks set to climb to 96% from 93% in the prior quarter as SF found a replacement for California Wow, which was a tenant at The Avenue Pattaya while Festival Walk saw a rise in occupancy rate in the period. Second, SF managed to increase rent rate at an annualized normal pace of 5% as the company's prototype of community mall can meet the lifestyle of working people who prefer to eat out with the variety of food choices and provides convenient access to many stores, like banks and supermarket, which are deemed magnet to attract customers.

The growth estimate in Mega Bangna's profit contribution would come from its operating profit of Bt60.3mn and gains from fair value adjustment for investment property of Bt80mn. We expect rent rate at Mega Bangna to increase at faster pace than normal after SF issued new lease contract in late May and occupancy rate to stay elevated at 99%.

2HFY15 outlook likely to beat first half; LPN project launch on track, FY15 net profit seen 29% growth

We are bullish about earnings growth in 2015 with estimated growth of 29% to Bt903mn, assuming that rent income would edge up 1.7% to Bt1,342mn and shared profit from Mega Bangna would increase 31% to Bt623mn.

The second-half earnings are likely to outpace that of the first half as (1) rental income under shared profit terms seemingly hits the year's high in the fourth quarter given the peak-demand season and (2) an open of LPN Rangsit Klong 1 in the period, of which a 30% of 5,670 sq.m. total leasable space has been rented thus far, would drive SF's rental income by 2%-3%, based on occupancy rate of 95% at an opening date in October.

'BUY' rating maintained on continued growth outlook despite change of future expansion plan

Although the provincial project is opted out of SF's expansion plan for 2016, the developer plans to renew lease contracts with land owners for the successful projects in the same period. Those projects include Thonglor Soi 4 and Tungmahamek. For the latter location, SF is mulling to buy more land plots in order to expand retail space by 10,000 sq.m. Despite a change of future plan, the company's earnings still look promising with the strong fundamentals and steady growth while its pipelined projects of Mega Rangsit and an expansion at Mega Bangna, and potential gains from selling land at Bangyai will be an upside to our forecast. We thus reiterate a 'BUY' rating on SF with a price target of Bt8.25/share.

24 July 2015

Buy (Maintain)

Closing Price(Bt) 5.60
Target Price(Bt) 8.25 (+47.32%)

COMPANY DATA

O/S Shares (mn) :	1,777
Market Cap. (Btmn) :	9,949
Market Cap. (USDmn) :	287
52-WK Hi/Lo (Bt) :	7.21/4.63
3M Average Daily T/O (mn) :	4.36
Par Value (Bt) :	1.00

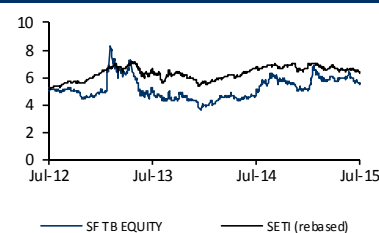
MAJOR SHAREHOLDERS (%) 30 April 2015

1. MAJOR CINEPLEX GROUP	23.3
2. LUCKY SECURITIES, INC.	8.1
3. Nopporn Witoonchart	6.2

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	-6%	-6%	17%
REL TO SET INDEX	-2%	0%	25%

PRICE VS SET INDEX



Source: Bloomberg, PSR

KEY FINANCIALS

FYE Dec	FY13	FY14	FY15E	FY16E
Sales(Btmn)	1,340	1,367	1,368	1,488
Net Profit(Btmn)	512	700	903	1,010
EPS (Bt)	0.39	0.47	0.51	0.57
P/E (X)	14.4	11.8	11.0	9.8
BVPS (Bt)	4.89	4.83	4.51	5.06
P/B (X)	1.1	1.2	1.2	1.1
DPS (Bt)	0.01	0.02	0.02	0.02
Dividend Yield (%)	0.2	0.4	0.3	0.3
ROE (%)	8.30	10.32	11.92	11.88
Debt/Equity (X)	0.87	0.74	0.73	0.66

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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Corporate Governance -2014



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



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	TSTE
TIP	TIPCO	TK	TKT	TNITY	TNL	TOG	TRC	TRUE	
TSTH	TTA	TTW	TVO	UAC	VGI	VNT	WACOAL		



2S	AF	AH	AHC	AIT	AJ	AKP	AKR	AMANAHA	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



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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
Technology [TECH]	Transportation & Logistics	TRANS
	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

Fundamental:

Name	Analyst Reg No.	Tel	Sector
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Siam Tiyanont	Securities Investment Analyst #17970	662 635 1700#483	Transportation, Media & Publishing
Ornmongkol Tantitanatorn	Capital Market Investment Analyst #34100	662 635 1700#491	Automotive, Energy, Packaging
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