

LOXLEY: LOXLEY Plc.

- ▶ We feel positive about LOXLEY's earnings outlook for 2011-12 as we see an increasing stream of earnings from ongoing and future businesses that could act as a share-price catalyst. Its valuation is also cheap and attractive with a PER of only 8.6x in 2011 and 6.8x in 2012.
- ▶ LOXLEY's variety of business interests helps lower the volatility of its earnings, which we see becoming more stable as it realizes new projects such as its MVNO operation, online lottery and solar farm.
- ▶ The TOT 3G project will spur LOXLEY's 2011-12 earnings while the handover of the online lottery project will boost its outlook from 2012 onward. We believe the lottery project is likely to be resumed to help finance the many projects promised by the Pheu Thai party during its election campaign.
- ▶ Catalysts: Booking of the TOT 3G backlog and resumption of the online lottery project should boost 2011 and 2012 earnings, respectively.

A leading consumable-product conglomerate

Well-balanced sources of income

LOXLEY comprises 3 business groups -- Technology, Trading and Services -- with Technology the key one in terms of revenue and profitability, while the Trading and Services business units generate a secure revenue base for the company. Leveraging its long-standing business relationships, LOXLEY has developed a unique model in which its trading partners have become joint venture partners, ensuring a more sustainable flow of revenue from its trading activities. We see the company as having well-balanced sources of income that will be enhanced by the earnings flow from new projects such as its MVNO operation, online lottery, solar farm, etc. We feel positive about LOXLEY and believe it offers good trading opportunities. Our simplified fair price of Bt5.00 was derived using DDM. Current share price implies a PER of just 8.9x for 2011 and 6.8x for 2012.

Promising 2011-12 outlook; No more provisions

We see a very bright outlook for 2011-12 based on LOXLEY's strong core business built on the 3 pillars of Technology, Trading and Services. Its earnings will also be driven by recognition of revenue from its involvement in the TOT's Bt5,599mn 3G network expansion project. We estimate LOXLEY's earnings at Bt695mn for 2011 and Bt909mn for 2012. The company's balance sheet is clean after it made provisions for doubtful debts and account receivables while the possibility of the resumption of the online lottery might allow it to reverse a provision of Bt648mn as a windfall gain that could boost its bottom line in both 2011-12 by about Bt300mn each year.

Online lottery could be key driver in 2012

Given that the 2-3 digit lottery was introduced by ex-PM Thaksin Shinawatra and that the incoming Pheu Thai-led government will need to raise funds to finance all the projects it promised during its election campaign, we believe that the online lottery project will soon be revived as a money-making machine for the state. Assuming an average of 80mn transactions per drawing and an average bet of Bt40, we estimate that the project will generate gross revenue of Bt76,800mn, of which 28% will be collected for the government's coffers. The online lottery could thus be a key driver for LOXLEY's performance in 2012, as it stands to receive a fee of Bt0.75 for each transaction done through its machines.

Thailand: Stock Snapshot

22 July 2011

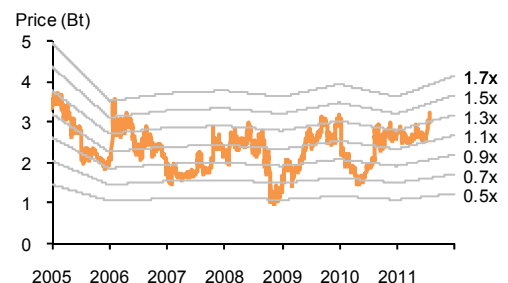
Positive

Simplified fair price estimate (Bt)	5.00
Current stock price (Bt)	3.14
Upside/Downside (%)	59.2
Market Cap (Btbn)	6.3
6M avg. daily value (Btmn)	65.0
Free float (%)	65.1
Derivatives (Dilution %)	None
Industry	Commerce
Bloomberg/Reuters	LOXLEY TB / LOXL.BK

Btmn	Quarterly Forecasts			
	1Q11	2Q11E	3Q11E	YTD/FY
EBITDA	219	169	284	41%
Net Profit	143	92	215	34%
Net EPS (Bt)	0.07	0.05	0.11	34%

YE Dec 31	2010	2011E	2012E	2013E
Company Earnings & Financials				
EBITDA (Btmn)	492	1,078	1,332	1,114
Core profit (Btmn)	199	695	909	684
Net Profit (Btmn)	-139	695	909	684
Net EPS (Bt)	-0.07	0.35	0.45	0.34
DPS (Bt)	0.05	0.14	0.18	0.14
Net EPS growth (%)	-1.4	-6.0	0.3	-0.2
ROE (%)	-0.0	0.2	0.2	0.1
Net D/E (x)	0.34	0.31	0.28	0.28
Valuation				
PER (x)	-38.6	9.0	6.9	9.2
Dividend yield (%)	1.9	4.4	5.8	4.4
Price / Book (x)	1.3	1.3	1.1	1.1
EV/EBITDA (x)	16.1	7.4	6.0	7.3
Relative to Consensus				
PER (x)	n.a.	n.a.	n.a.	n.a.
Dividend yield (%)	n.a.	n.a.	n.a.	n.a.
Price / Book (x)	n.a.	n.a.	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	n.a.
Relative to ICT Industry (Actually commerce)				
PER (x)	n.a.	62	51	77
Dividend yield (%)	33	66	87	65
Price / Book (x)	33	39	35	35
ROE (%)	73	31	25	27
Regional PER (x)	-226	60	54	80

PBV Band



Source: KS

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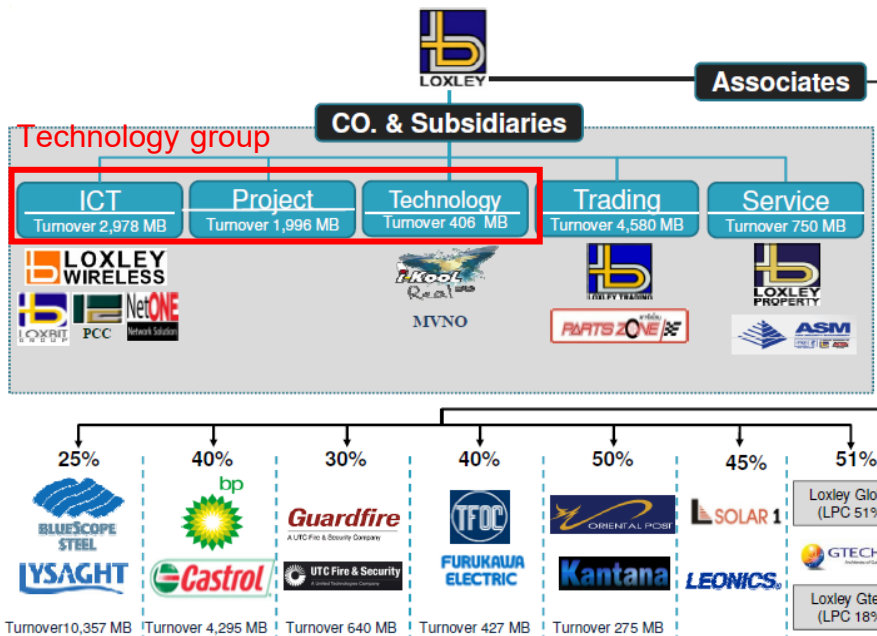
Investment highlights

Well-balanced sources of income

LOXLEY comprises 3 business groups (Technology, Trading and Services) with Technology the key contributor to both the group's revenue and profitability, while the Trading and Services business units provide a secure revenue base that helps reduce earnings volatility caused by economic and political factors.

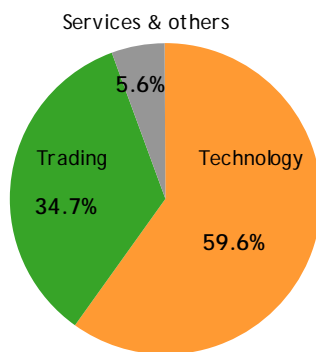
Another source of income is from its associates. Building on its long-term business relationships, LOXLEY has turned its trading partnerships into sustainable joint ventures as can be seen from its JVs with BP Castrol (Thailand), BST, BSL and others. The company structure is shown in Figure 1.

Figure 1: Company structure



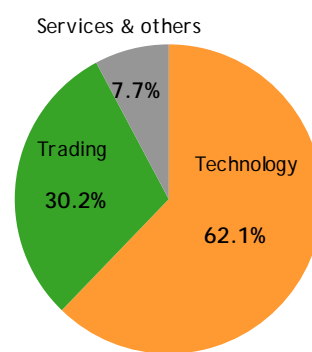
Source: LOXLEY (turnover based on 2010 statement)

Figure 2: Revenue breakdown 2010



Source: LOXLEY and KS

Figure 3: Gross profit breakdown 2010



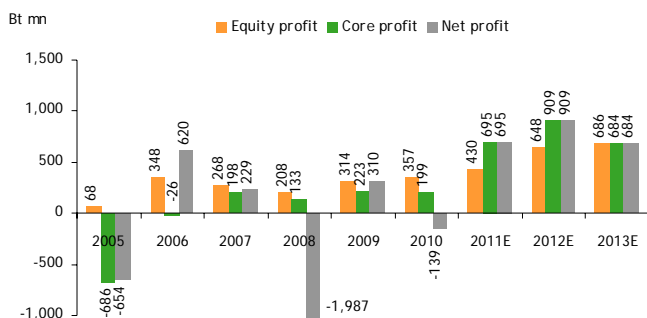
Source: LOXLEY and KS

Unique model; Turning trading partners into joint venture partners

LOXLEY started as a trading business in 1939, before diversifying to become a products distributor under the second generation of company management. By building on its long-term business relationships, LOXLEY has turned its trading partners into joint-venture partners and in doing so created more sustainable operating model as can be seen from its JVs with BP Castrol (Thailand), Bluescope Steel (BST), Bluescope Lysaght (BSL) and others. This unique approach has proven to be an effective strategy with the equity profit from the JVs and associates becoming LOXLEY’s major source of earnings.

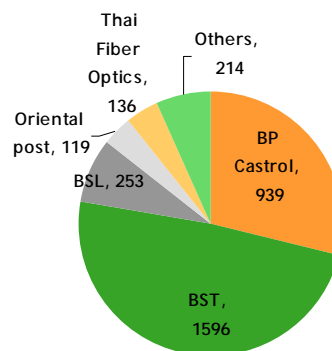
By forming JVs, LOXLEY has enjoyed better investment returns as it has been able to enjoy higher product margins than from simply being an agent or trading firm. In some instances, it has gained more than it paid for a company such as its investment in BP Castrol. The cost of the 40% investment was just Bt40mn while the total return has been more than Bt1,000mn in the form of dividends. The JV and now contributes more than Bt200mn in cash a year to LOXLEY (the dividend was Bt222mn in 2010).

Figure 4: Equity profit plays major role in bottom line



Source: LOXLEY and KS

Figure 5: Key equity profit contributions (as of Dec 2010)



Source: LOXLEY

New projects to cause structural change in revenue stream

As about 60% of revenue comes from projects won through bids, which are insecure and cause its earnings to be volatile, LOXLEY’s strategy is to even out revenue by looking for projects that generate smooth income flows.

One example is the mobile services business it has started under TOT. The mobile virtual network operator, or MVNO, service had 84,494 subscribers as of Feb 21, 2011, making it the second-largest player under TOT. While the limited coverage of TOT’s network has constrained the operation, the deployment of the first phase of TOT’s new nationwide network, which is due to be completed in 12 months (2Q12), should boost the number of acquired subscribers dramatically, given the better coverage.

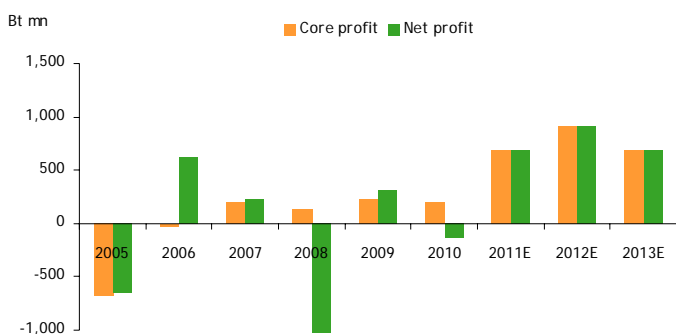
We view the online lottery as another key project supporting LOXLEY’s strategy. As the lottery is drawn twice a month, or 24 times a year, LOXLEY will be able to generate a smooth stream of revenue from “transaction fees” from the Government Lottery Office (GLO), as it is entitled to about Bt0.75 for each transaction. If we assume the number of transactions at 80mn per drawing, it implies an annual gross revenue for the GLO of Bt76,800mn and a total transaction fee revenue for LOXLEY of Bt1,440mn.

Promising 2011-12 outlook

We see promising 2011 earnings, with growth in all core business units given that the margin trends for the Services and Trading business units have bottomed out and are swinging back. Good contributions from its investments through equity profit sharing will be another key earnings driver in 2011-12.

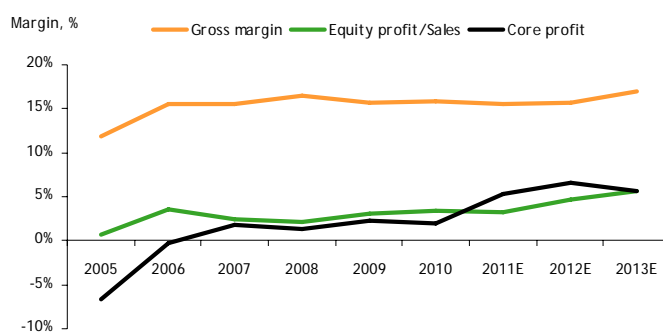
Moreover, LOXLEY's earnings will benefit from a huge project that has a rushed recognition period in 2Q11-12, TOT's 3G network expansion, which is worth Bt5,599mn. We estimate LOXLEY's earnings will reach Bt695mn in 2011, much better than the Bt139mn loss it posted in 2010, thanks to a solid normal operation and no special one-off expenses such as the provision for online lottery project in 2010.

Figure 6: Core earnings and net earnings



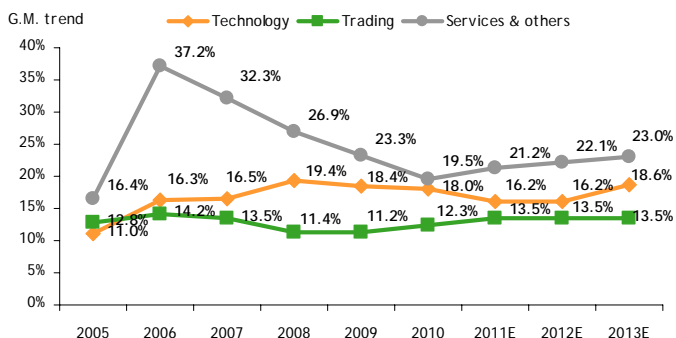
Source: LOXLEY and KS

Figure 7: Equity profit versus Core profit



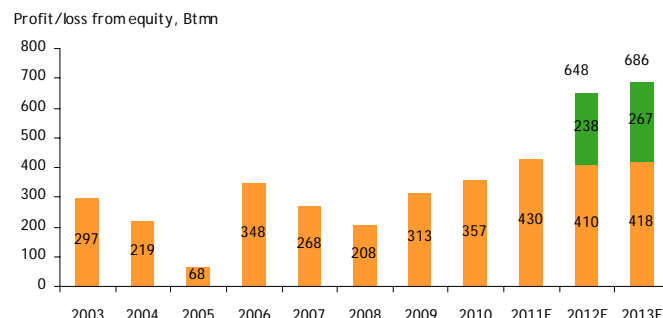
Source: LOXLEY and KS

Figure 8: Gross margin by business units



Source: LOXLEY and KS

Figure 9: Contribution of online lottery to equity profit



Source: LOXLEY and KS

Moreover, if the online lottery is revived, it is possible that LOXLEY will be able to reverse last year's expense and enjoy a special windfall in 2011. As the online-lottery project was written off for approximately Bt700mn, for asset and related loan write-downs, we estimate about Bt300mn will be written back to be realized as income in 2011.

Figure 10: Provision for online lottery

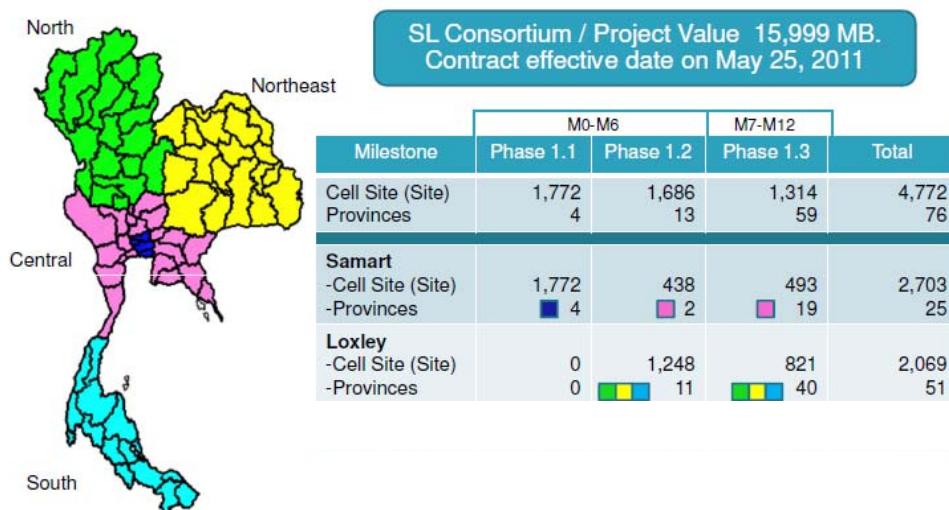
Items	Impairment as of Dec. 2010
Investment in LGT & Loxley Global	105
Account receivable - LGT	143
Loan to LGT	400
Total	648

Source: LOXLEY

TOT's 3G project to spur 2H11 earnings

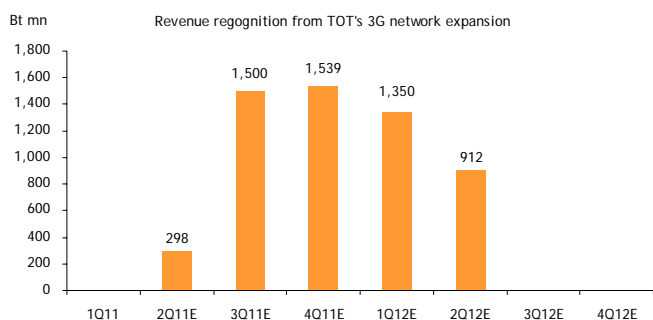
SAMART and LOXLEY won the Bt15,999mn TOT network contract under the SL Consortium. The contract took effect on May 25, 2011 after TOT secured a financing loan from banks. According to the contract, SL Consortium will deliver a turnkey project with 4,772 base stations, of which about 2,703 will be deployed by SAMART and 2,069 by LOXLEY. As LOXLEY has to deliver 1,246 base stations within 6 months, it is projected to realize about Bt3,337mn, or 60%, of the project value in 2011. Therefore, we believe this huge project will be a key driver of its bottom line in 2011-12.

Figure 11: Revenue recognition of TOT's 3G project



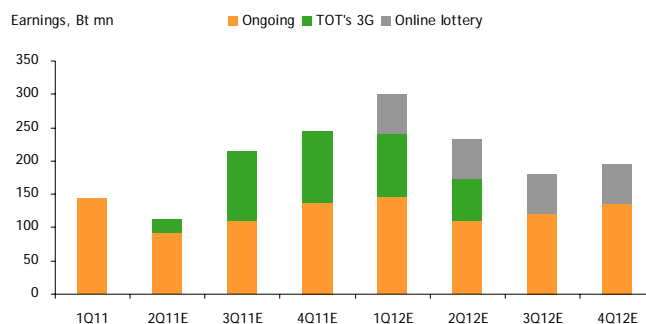
Source: LOXLEY and KS

Figure 12: Revenue recognition from TOT's 3G project



Source: LOXLEY and KS

Figure 13: Quarterly earnings



Source: LOXLEY and KS

Potential upside from online lottery

LOXLEY was awarded the online-lottery project from the Government Lottery Office (GLO) in 2005. Under the 5-year contract, which can be extend to 8 years (3 times of one year each), LOXLEY needed to provide 12,000 lottery machines (currently installed 6,000) to the GLO for which it would receive a fee of Bt0.75 for each transaction done via an online machine. The program was initiated to serve the 2-3 digit lottery, which can be adapted to support other types of games by editing its software. However, the project was suspended after the 2006 coup which brought Gen Surayud Chulanont to power. Under PM Abhisit Vejjajiva, the on-line lottery was modified to sell the normal 6-digit lottery tickets as a way to reduce the “over pricing” caused by the current quota method.

The recent electoral victory of the Pheu Thai party has raised expectations that the 2-3 digit lottery, which was launched during the government of Thaksin, will be revived and that LOXLEY will be able to pursue its role in the project. Moreover, as Pheu Thai promised a long list of capital-intensive projects during its election campaign, we believe it will need a lot of money to implement its pledges. Therefore, we believe the online lottery will be revived to help raise funds for government projects.

Figure 14: Online-lottery project information

	Democrat Party (DP)	Pheu Thai Party (PTP)
Scheme	6 digits	2-3 digits
Fee per transaction	Bt0.75	Bt0.75
Transactions per period	30mn	80-100mn
Operational period	5 years + optional 3 years	5 years + optional 3 years

Source: KS

Figure 15: Key assumptions for online lottery (2-3 digits) project

	Unit	2010A*	2011E*	2012E	2013E	2014E	2015E
No. of transaction/periods	mn trans			80	85	92	95
No. of periods/month	periods			2	2	2	2
No. of month	months			12	12	12	12
Transaction fee (Bt/transaction)	Bt/trans			0.75	0.75	0.75	0.75
Average bet per transaction	Bt/trans			40	40	40	40
Breakeven level (transaction)	mn trans			40	40	40	40
Gross revenue	Bt mn			76,800	81,600	88,320	91,200
Fee revenue	Bt mn			1,440	1,530	1,656	1,710
	%			1.88%	1.88%	1.88%	1.88%
Net profit	Bt mn			720	810	936	990
Net margin	%			50%	53%	57%	58%
% contribution from LGT	%			33%	33%	33%	33%
Equity profit to LOXLEY	Bt mn			238	267	309	327
EPS to LOXLEY	Bt/share			0.12	0.13	0.15	0.16

* Note: we expect online lottery to start its operation in 2012

Source: KS

Spectacular green energy solutions

LOXLEY has been eyeing investments in renewable energy like solar farms, algae oil, and waste to petroleum. For solar, it has invested in a 20-year project on 215 rai area in Prachinburi. The VSPP-8MW project's major shareholders are LOXLEY (45%), MFC (25%), Leonics (16%) and others (14%). For algae oil, LOXLEY is teaming up with BCP to produce petroleum products, with the trial period due to start in late of 2011 and the commercial phase in 2013. Kompogas, a technology to transform waste into oil, is a potentially good fit for Thailand, which produces much waste on a daily basis.

Moreover, the company is interested in "Green way technology", which is a soil stabilizer to reduce dust on dirt roads and mining areas. With more than 300,000 kilometers of dirt roads in Thailand, Cambodia, Lao Myanmar and Vietnam this project is seen as having great potential.

Figure 16: Green energy businesses

Future & incoming projects	Partner	Details
Solar farm (L-Solar) 	45% stake in JV with the MFC Energy Fund (25%), Leonics (16%), etc. 	This very small power producer (VSPP) would start up (COD) in 4Q11. We estimate that L-Solar will contribute about Bt35mn in equity profit to LOXLEY for its full-year operation in 2012.
Algae oil 	No clear breakdown yet of the shareholding in what is expected to be a JV model with BCP and RATCH 	This project will produce oil & petroleum products from algae. Crude products from algae cost USD110 per barrel compared to palm oil at USD130-140 per barrel. The plan is to use CO2 from the Ratchburi power plant to feed algae, which will help reduce the carbon footprint. As it will reduce CO2 emissions, the project will have an opportunity to trade carbon credits.
Kompogas 	An MOU is being completed with a big fresh market near Bangkok 	LOXLEY has joined in a technology partnership with Kompogas, which has more than 25 years experience and over 60 plants operating in Europe, the Middle East and Far East. The solution is effective for both metropolitan solid waste (MSW) and green waste. It will generate gas using the dry fermentation process.

Source: LOXLEY and KS

Opportunities from AEC

The ASEAN Economic Community (AEC) - comprised of 6 Asian countries and others such as Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand - is an advancement step under the ASEAN Free Trade Area (AFTA) that aims to forge closer ties among ASEAN countries by 2015. The AEC seeks to accelerate free trade within a single market and build up a production base for 11 priority sectors. As a leading conglomerate, LOXLEY plans to focus on regional export opportunities through the AEC to penetrate overseas markets. Based on 2010 information from the CIA and IMF, the AEC countries (not including Thailand) cover an area of 2,540,878 sq. km, have a combined population of 362mn, and a GDP of USD128,215bn, which is 5.0x, 5.7x and 14.0 times larger than Thailand. We see the AEC as an opportunity for LOXLEY to grow sustainably and expand regionally.

Valuation

We derive fair price using Cost of equity (Ke) 5.70%, risk-free rate of 4.25%, Beta at 0.92 and sustainable growth of 7%. We believe a long-term growth rate at 7% is justified as we see a structural change in the company's revenue stream lessening its volatility. As its earnings visibility is increasing, the discount rate will be lower to reflect its declining "risk premium". Our fair price at Bt5.00 implies a 14.3x and 11.1x PER for 2011 and 2012 respectively.

Key risks

New government - The change in government might interrupt the schedule for projects being up for bid. Moreover, the company might face scrutiny from the new government in areas where there are policy differences with the previous government. However, as many of LOXLEY's project and much of its backlog includes a small to medium-size projects. We see no fatal impact from the government change.














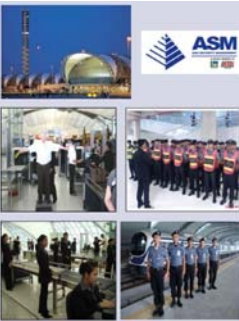
Delay in TOT's 3G project - A delay in revenue recognition from TOT's 3G project could hurt our projections. However, as the project has been subcontracted to many parties and the financing for equipment is the responsibility of suppliers like Huawei and Nokia-Siemens, we see no significant impact on LOXLEY's financial costs, although it is possible earnings could slip. All in all, we believe the risks to the project from the change in government is low.

Delay in online lottery - The online-lottery has the potential to trigger a key structural change in the company's earnings and valuation as it will create a clear new revenue stream. We see the possibility the project will be delayed as low, however, as the project could help stabilize the "over-priced lottery" problem and help finance many new government policies promised during the election campaign.

Company profile

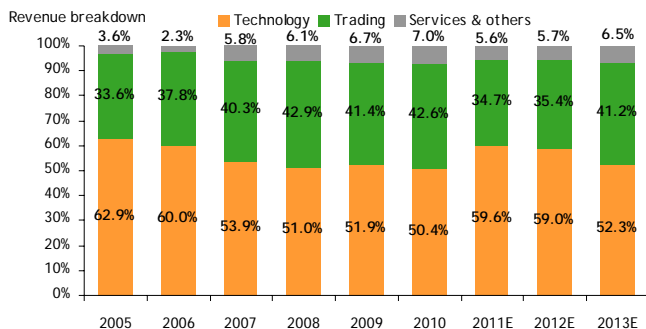
Throughout 72 years, LOXLEY has been one of the leading conglomerates in Thailand providing customers with a wide range of technology infrastructure products and basic consumable goods. The company has a diverse portfolio of turnkey projects (in ICT, Telecom, Power, Transportation and etc.) to balance its volatile income streams. Hence, it also has flexibility to move into new areas in high profile businesses through its strong alliance of associates such as MVNOs, solar farms and renewable energy.

Figure 17: LOXLEY's business group

Business unit	Details																					
<p>Technology</p> 	<p>The Technology group contains many business units such as technology, ICT and other related projects.</p> <p>The LOXLEY group is a distributor and developer of computer systems, communication, IT system integration, etc.</p> <p>The company has a broad range of customers including giant state enterprises like CAT and TOT.</p>																					
<p>Trading</p> <table border="1" data-bbox="145 1055 371 1384"> <thead> <tr> <th>Industrial</th> <th>Product</th> <th></th> </tr> </thead> <tbody> <tr> <td>Ceramic and Insulator</td> <td>Bauxide, Calcined Alumina</td> <td></td> </tr> <tr> <td>Food Industry</td> <td>Citric Acid</td> <td></td> </tr> <tr> <td>Rubber</td> <td>Carbon Black</td> <td></td> </tr> <tr> <td>Cleaning</td> <td>CMC&Zeolit e</td> <td></td> </tr> <tr> <td>Food</td> <td>Phosphate</td> <td></td> </tr> <tr> <td>Cosmetic</td> <td>Talcum Powder</td> <td></td> </tr> </tbody> </table> 	Industrial	Product		Ceramic and Insulator	Bauxide, Calcined Alumina		Food Industry	Citric Acid		Rubber	Carbon Black		Cleaning	CMC&Zeolit e		Food	Phosphate		Cosmetic	Talcum Powder		<p>The Trading business group comprises 2 main categories of product -- industrial and consumable goods. Its industrial products include chemicals for manufacturing processes while its consumable goods department is a distributor for many products such as vegetable oil, UHT milk, and lubricant oil, etc.</p> <p>The company has strong distribution channels both in retail stores and modern trade stores such as Makro, Tops, BigC, Tesco Lotus and 7-11.</p>
Industrial	Product																					
Ceramic and Insulator	Bauxide, Calcined Alumina																					
Food Industry	Citric Acid																					
Rubber	Carbon Black																					
Cleaning	CMC&Zeolit e																					
Food	Phosphate																					
Cosmetic	Talcum Powder																					
<p>Services</p> 	<p>The Services group operates under Asia Security Management (ASM) Co.,Ltd., and cooperates with ICTS Europe Holdings B.V., a leading provider of aviation security services in more than 45 airports in 20 European countries. ASM's main contract is to provide security management for Suvanabhumi Airport. It has also expanded its business to other customers such as the Airport Rail Link project, government and state enterprises, hotels, financials and other buildings.</p>																					

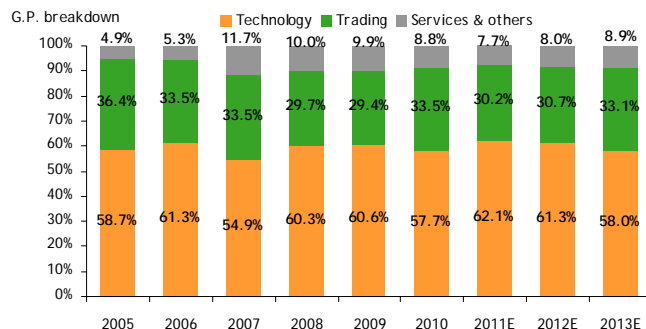
Source: LOXLEY and KS

Figure 18: Revenue breakdown






Source: LOXLEY and KS

Figure 19: Gross profit breakdown



Source: LOXLEY and KS

Figure 20: Key investment of LOXLEY (Equity profit contributing)

Partners	LOXLEY's stake	Business
	25%	Established in 1995, Lysaght is primarily a roll forming business specializing in the manufacture and supply of coated steel building products such as steel roofing, wall cladding, structural floor, decking, high strength purlins, and sandwich panel systems, etc.
	40%	Established in March 1972, the company produces and distributes engine lubricants under the trade names of "Castrol" and "BP". Its market share makes it one of the top 5 lubricant producers in Thailand. BP Castrol's blending plant is located in Samutsakhon and has a capacity of 80,000 tons/year.
	51% (effective holding by LOXLEY at 33%)	LOXLEY G Tech (LGT) is a joint investment between LOXLEY and GTECH Corp. of the U.S., which has expertise in lottery ticket systems and controls over 70% of this market worldwide. It has undertaken to provide services for the Government Lottery Office's lottery 2-3 digits games system.

Source: LOXLEY and KS

Figure 21: Equity profit by key associated company (2003-2010)

	2003	2004	2005	2006	2007	2008	2009	2010
BP Castrol	184.6	146.4	51.0	48.3	132.8	76.4	204.6	209.6
Bluescope Steel (BST)	0.0	0.0	(32.0)	323.8	199.1	190.6	72.9	118.7
Bluescope Lysaght (BSL)	25.0	25.5	11.4	20.0	11.2	15.3	22.0	16.2
Thai Fiber Optic	45.0	8.9	8.2	23.3	8.4	5.0	4.1	23.7
Others	40.0	21.6	22.1	(2.2)	(83.2)	(79.7)	10.3	(11.5)

Source: LOXLEY and KS

Income Statement (Btm)	2009	2010	2011E	2012E	2013E	Cashflow (Btmn)	2009	2010	2011E	2012E	2013E
Sales	10,076	10,281	13,201	13,628	12,257	Net profit	310	(139)	695	909	684
COGS	(8,493)	(8,652)	(11,141)	(11,496)	(10,186)	<u>Adjustments</u>					
Gross profit	1,583	1,630	2,060	2,132	2,071	Depreciation & Amortization	132	123	140	144	148
SG & A expenses	(1,596)	(1,749)	(1,796)	(1,856)	(2,080)	Net change in working cap.	(322)	403	(341)	(50)	160
Operating profit	(13)	(119)	265	276	(9)	Other	(182)	110	(422)	(640)	(678)
Other income / expense	117	127	243	265	290	Operating cashflow	(63)	497	72	364	314
Profit/loss from assoc.	314	357	430	648	686	Purchase of equipment	(120)	(108)	(80)	(100)	(100)
EBITDA	417	365	938	1,189	967	Other	(29)	205	13	13	13
EBIT	636	492	1,078	1,332	1,114	Investing cashflow	(149)	97	(67)	(87)	(87)
Interest expense	(118)	(115)	(121)	(109)	(102)	Change in debt	424	(256)	-	(215)	(140)
Pre-tax profit	300	249	817	1,079	865	Equity financing	-	-	-	-	-
Corporate Tax	(76)	(42)	(114)	(162)	(173)	Dividends	-	-	(100)	(278)	(364)
FX	-	-	-	-	-	Other	(127)	(75)	-	-	-
Exceptional	87	(338)	-	-	-	Financing cashflow	297	(331)	(100)	(493)	(504)
Minorities	(1)	(8)	(8)	(8)	(8)	Net Change in Cash	85	263	(95)	(216)	(277)
Net profit	310	(139)	695	909	684	Free Cashflow	(212)	594	5	276	227
Core profit	223	199	695	909	684						
No. of share (mn)	2,000	2,000	2,000	2,000	2,000						
Balance Sheet (Btmn)	2009	2010	2011E	2012E	2013E	Key Statistic & Ratio	2009	2010	2011E	2012E	2013E
<u>Asset</u>						Per share (Bt)					
Cash & equivalents	613	869	774	558	280	Net EPS	0.16	-0.07	0.35	0.45	0.34
Account receivable	2,476	2,332	2,994	3,091	2,780	Core EPS	0.11	0.10	0.35	0.45	0.34
Inventories	885	665	853	881	792	DPS	0.00	0.05	0.14	0.18	0.14
Other	1,755	1,106	1,106	1,106	1,106	Book value	2.30	2.12	2.42	2.74	2.90
Current assets	5,729	4,973	5,728	5,636	4,960	Multiple analysis					
Fixed assets & Right	912	975	1,194	1,151	1,103	P/E (x)	16.6	-38.6	9.0	6.9	9.2
Other	3,542	3,845	3,983	4,618	5,291	Core P/E (x)	23.1	26.9	9.0	6.9	9.2
Total assets	10,183	9,793	10,906	11,405	11,353	P/BV (x)	1.1	1.3	1.3	1.1	1.1
<u>Liabilities and equity</u>						EV/EBITDA (x)	11.9	16.1	7.4	6.0	7.3
OD & ST loans	1,222	1,117	1,117	1,002	992	Price / Cash Flow (x)	-82.2	10.8	87.3	17.3	20.0
Account payable	1,789	1,796	2,306	2,380	2,141	Profitability ratio					
Current portion of LT debt	216	835	835	735	635	Gross margin (%)	15.7%	15.8%	15.6%	15.6%	16.9%
Other	1,130	1,053	1,053	1,053	1,053	SG&A/Sales (%)	-15.8%	-17.0%	-13.6%	-13.6%	-17.0%
Current liabilities	4,357	4,801	5,311	5,171	4,821	Operating profit margin (%)	-0.1%	-1.2%	2.0%	2.0%	-0.1%
LT Loans	1,094	324	324	324	294	EBITDA margin (%)	4.1%	3.5%	7.1%	8.7%	7.9%
Other	134	433	433	433	433	Net profit margin (%)	3.1%	-1.4%	5.3%	6.7%	5.6%
Total liabilities	5,584	5,558	6,068	5,928	5,549	Efficiency ratio					
Paid up capital	2,000	2,000	2,000	2,000	2,000	ROA (%)	2.0%	0.1%	4.9%	4.8%	2.5%
Premium & others	1,516	1,640	1,640	1,640	1,640	ROCE (%)	2.8%	0.2%	7.0%	7.0%	3.5%
Retained earnings	799	380	975	1,606	1,926	ROE (%)	7.6%	-3.3%	16.1%	18.4%	12.7%
Minorities	284	215	223	231	239	A/R days	85	85	74	81	87
Shareholders' equity	4,599	4,235	4,837	5,477	5,805	A/P days	65	76	67	74	81
Total liabilities & equity	10,183	9,793	10,906	11,405	11,354	INV days	38	33	25	28	30
Key Assumptions	2009	2010	2011E	2012E	2013E	Liquidity & Leverage ratio					
<u>Core operation</u>						Quick ratio (x)	0.14	0.18	0.15	0.11	0.06
Rev. growth - Tech (%)	-0.4%	0.5%	51.0%	2.0%	-20.0%	Current ratio (x)	1.31	1.04	1.08	1.09	1.03
Rev. growth - Trading (%)	-5.6%	6.8%	4.0%	5.0%	5.0%	D/E (x)	1.21	1.31	1.25	1.08	0.96
GPM - Tech (%)	18.4%	18.0%	16.2%	16.2%	18.6%						
GPM - Trading (%)	11.2%	12.3%	13.5%	13.5%	13.5%						
<u>Online lottery (2-3 digits)</u>											
Lottery transaction/period (tran)	-	-	-	80	85						
Transaction fee (Bt/tran)	-	-	-	0.75	0.75						
Online lottery profit (Btmn)	-	-	-	238	267						
Possible write back from lottery project	-	-	-	-	-						
Gain (not incl. in forecast)	-	-	300	348	-						

Source: KS