


15 March 2013

Commerce

SINGER**Singer Thailand**

Current **Previous** **Close**
BUY **BUY** **25.50**

2013 TP **Exp Return** **Support** **Resistance** **CGR 2012**
31.00 **+ 21.6%** **25** **26.50-27** 

Consolidated earnings

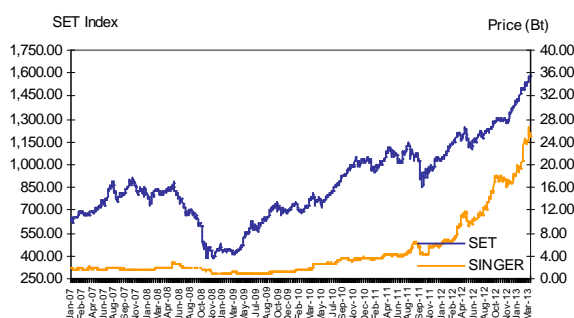
BT (mn)	2011	2012	2013E	2014E
Net A/R (Btm)	1,365	1,678	2,239	2,881
Growth (%)	11.4	22.9	33.4	28.7
Gross Profit (Btm)	1,297	1,610	2,041	2,497
Growth (%)	13.4	24.1	26.8	22.3
Net profit (Btm)	142	226	345	451
EPS (Bt)	0.53	0.53	1.28	1.67
EPS (Bt) -FD	0.53	0.53	1.28	1.67
Growth (%)	60.6	0.0	141.3	30.7
PE (x)	48.1	48.1	19.9	15.3
PE (x) - FD	48.1	48.1	19.9	15.3
DPS (Bt)	0.20	0.30	0.45	0.58
Yield (%)	0.8	1.2	1.8	2.3
BVPS (Bt)	3.63	4.42	5.25	6.45
P/BV (x)	7.0	5.8	4.9	4.0
Par	1	1	1	1

Source: Company data, FSS estimates

Share data

Close (14/03/2013)	25.50
SET Index	1,586.79
Foreign limit/actual (%)	49.00/40.09
Paid-up shares (million)	270.00
Free float (%)	56.87
Market cap (Bt mn)	6,885.00
Avg daily T/O (Bt mn) (2013 YTD)	61.78
hi, lo, avg (Bt) (2013 YTD)	27.25, 17.70, 21.96

Source: Setsmarts



Source: SET

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One of the main beneficiaries of urbanization and border trade expansion

In our view, SINGER is likely to be one of the main beneficiaries of the government's policy to promote border trade given the company's plan to open more outlets in Thailand's provinces that are adjacent to neighboring countries. Moreover, the company intends to add new household and commercial products to its produce line-up (e.g. CCTV cameras, digital TVs, GPRS mobile phone top-up machines and gasoline vending machines) in order to develop new "champions" (i.e. best sellers). We expect these additions to the company's product line-up to be popular in urbanized communities in the domestic market. Therefore, our forecasts call for SINGER's 2013E revenue to jump by 25% Y-Y in 2013E and 20% Y-Y in 2014E. Meanwhile, we still expect the company's 2013E net profit to hit a new high at Bt345mn (+52.6% Y-Y) in 2013E. However, we revise up our 2013E target price (TP) from Bt26 to Bt31 following the increase in our 2013E PEG to 1.2x (vs. 1x previously) as we assume that the company's L-T ROE will be 28%, which would be close to the commerce sector's average ROE of 30%. Finally, our rating on SINGER remains BUY.

2012 net profit showed impressive increase of 58.8% Y-Y to Bt226mn

SINGER 4Q12 net profit amounted to Bt44mn (-25% Q-Q, flat Y-Y). This Q-Q decline can be blamed on: (1) the actuarial losses from the company's defined benefit plan that amounted to Bt10mn, which was a non-cash extra item; and (2) its higher-than-expected effective tax rate of 36% (vs. our estimate of 20%) that was caused by the sale of its deferred tax assets (DTA) that amounted to -Bt10mn. However, SINGER's 2012 net profit of Bt226mn (+58.8% Y-Y) was in line with our projection. This healthy growth rate was made possible by the 23.8% Y-Y rise in the company's 2012 revenue to Bt2.95bn that can be attributed to success of the changes it made to its business strategy earlier in the year. To elaborate, in early 2012 SINGER added commercial products (e.g. beverage coolers, freezers and vending machines) to its product line-up, as well as expanded its customer base to cover private residences, retail shops and apartments. Moreover, the company's debt collection rate edged up to 93.4% in 2012 (vs. 91.9% in 2011). Meanwhile, its NPL ratio decreased to 4.3% in 2012 (vs. 4.65% in 2011). Finally, SINGER's cash flow increased in 2012, while its provisions for loan losses for this same period decreased.

SINGER's sales target for 2013 looks too conservative; we expect 2013E revenue to jump by 25% Y-Y

SINGER's management has announced its business targets and plans for 2013. To elaborate, the company intends to expand its sales territory by opening more outlets in Thailand's provinces that are adjacent to neighboring countries. Moreover, the company plans to add new household and commercial products to its produce line-up (e.g. CCTV cameras, digital TVs, GPRS mobile phone top-up machines and gasoline vending machines) in order to develop new "champions" (i.e. best sellers). We expect these additions to the company's product line-up to be popular in urbanized communities in the domestic market. Furthermore, SINGER's management expects the company's sales to expand by 15% Y-Y in 2013. However, in our view this target looks too conservative, especially in light of the potential of the company's plan to open more outlets in Thailand's provinces that are adjacent to neighboring countries. Hence, we believe that SINGER is likely to be one of the main beneficiaries of the government's plan to promote border trade activities. Currently, SINGER already has 44 outlets in 30 of Thailand's provinces that are close to neighboring countries. Moreover, the company plans to increase its number of outlets in such provinces. For these reasons, our own forecasts call for SINGER's 2013E revenue to jump by 25% Y-Y in 2013E and 20% Y-Y in 2014E.

Raise 2013E TP to Bt31; reaffirm BUY rating

We maintain our 2013E net profit forecast of Bt345mn (+52.6% Y-Y), which would be a new high. However, we revise up our 2013E TP from Bt26 to Bt31 following the increase in our 2013E PEG to 1.2x (vs. 1x previously) as we assume that the company's L-T ROE will be 28%, which would be close to the commerce sector's average ROE of 30%. Moreover, our new 2013E TP is based on a three-year L-T growth rate of 20% and a prospective 2013E EPS of Bt1.28. Finally, our rating on SINGER remains BUY.

Income Statement (Consolidated)					
(Bt mn)	2010	2011	2012	2013E	2014E
Sales Revenue	1,630	1,867	2,327	2,909	3,490
Interest from installment sales	449	516	624	803	1,050
Other income	95	15	13	15	15
Total revenue	2,174	2,398	2,964	3,727	4,555
COGS	935	1,086	1,341	1,670	2,043
Gross profit	1,144	1,297	1,610	2,041	2,497
Selling expenses	795	872	1,019	1,248	1,517
Admin expenses	254	238	260	323	371
Total SG&A	1,049	1,110	1,279	1,572	1,888
Financial costs	56	58	45	43	50
Total expenses	2,040	2,254	2,674	3,295	3,991
Pre-tax profit	135	144	290	432	564
Tax expense	45	1	63	86	113
Net Profit	89	142	226	345	451

Balance Sheet (Consolidated)					
(Bt mn)	2010	2011	2012	2013E	2014E
Net A/R	1,167	1,317	1,632	2,182	2,812
Cash	189	141	194	180	180
Other receivables	61	53	54	57	58
Inventories	235	262	197	304	371
LT investment	0	0	0	0	0
Fixed assets	310	308	361	320	330
DTA	105	121	48	100	100
Other assets	75	80	265	80	80
Total assets	2,082	2,229	2,710	3,181	3,889
Bank OD	3	6	15	50	50
A/P	97	164	176	211	253
L-T borrowing	820	729	0	0	0
Debenture	0	0	750	900	1,000
Employee Benefit	228	238	257	308	370
Other liabilities	86	111	320	0	0
Total liability	1,234	1,249	1,517	1,469	1,673
Paid up Capital	270	270	270	270	270
Share premium	225	225	225	225	225
Other premium	126	142	181	142	142
Appropriated R/E	27	27	27	44	67
Unappropriated R/E	200	317	490	737	1,045
Shareholders' funds	848	981	1,193	1,418	1,749

Important Ratios (Consolidated)					
(Bt mn)	2010	2011	2012	2013E	2014E
Growth (%)					
Net A/R	3.0	12.9	23.9	33.7	28.9
Total assets	(2.9)	7.1	21.6	17.4	22.2
Sales revenue	19.0	14.6	24.6	25.0	20.0
Interest income	(0.0)	14.9	20.9	28.7	30.7
Total revenue	16.0	10.3	23.6	25.7	22.2
COGS	26.2	16.1	23.4	24.6	22.3
SG&A	5.3	5.8	15.2	22.9	20.1
Total expenses	11.0	10.5	18.7	23.2	21.1
Net profit	(998.7)	59.4	58.8	52.6	30.7
Profitability (%)					
Gross Margin	55.0	54.4	54.6	55.0	55.0
Yield earning assets	36.66	39.83	41.00	41.00	41.00
Cost of funds	6.54	7.41	6.01	5.00	5.00
Loan spread	30.11	32.42	34.98	36.00	36.00
Net interest margin	31.77	35.37	38.03	38.81	39.05
Net profit margin	4.1	5.9	7.6	9.3	9.9
ROA	4.2	6.6	9.2	10.9	11.6
ROE	11.5	15.6	20.8	26.4	28.5
Asset quality (%)					
NPLs / Total loans	15.1	7.6	7.6	7.7	7.4
NPLs / Total assets	11.0	5.3	4.4	5.4	5.5
Accum provisions/gross NPLs	52.3	49.6	49.6	48.8	48.4
Capitalization					
Loan to borrowing funds (%)	148.9	185.7	219.4	235.7	274.3
Total liabilities/Total equity	1.5	1.3	1.3	1.0	1.0
D/E ratio	1.0	0.7	0.6	0.7	0.6
Per share data (Bt)					
Shares in issue (mn)	270	270	270	270	270
Report EPS	0.33	0.53	0.53	1.28	1.67
BVPS (Bt)	3.14	3.63	4.42	5.25	6.45
DPS	0.10	0.20	0.30	0.45	0.58
DPS/EPS (%)	30.2	37.9	37.9	35.0	35.0
Par	1.0	1.0	2.0	1.0	1.0
Valuations (x)					
P/E	77.3	48.1	48.1	19.9	15.3
Norm P/E	77.3	48.1	48.1	19.9	15.3
P/BV	8.1	7.0	5.8	4.9	4.0
Dividend yield (%)	0.4	0.8	1.2	1.8	2.3

Source: Company data, FSS research

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Sindhorn 3

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Bangkok

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Silom

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2034/52 Italthai Tower,
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Bangkok

Thaisummit Tower 2

1768 Thaisummit Tower Building,
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Bangkok

Pinklao 1

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Building, Room 1404, 14th Fl.,
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Pinklao 2

7/3 Central Tower B, Pinklao,
Room 1408, 14th Floor,
Baromratchonnane Road,
Arunamarin, Bangkokknoi, Bangkok

Pinklao 3

7/3 Central Tower B, Pinklao,
16th Floor, Baromratchonnane
Road, Arunamarin, Bangkokknoi,
Bangkok

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Aumthoe Muang,
Nonthaburi

Ladprao

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Prachachuen

105/1 B Building, 4th Floor,
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Ladyao, Jutajak, Bangkok

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Room 1093/105 Moo 12,
Bangna-Trad Road, Bangna,
Bangkok

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3 R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

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28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumthoe Muang, Nakornpathom

Chonburi

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Tumbon Bangplasoi,
Aumthoe Muang, Chonburi

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Meungsamutsakorn,
Samutsakorn

Chachoengsao

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Sukprayoon Road,
Tumbon Namuang, Aumthoe
Muang, Chachoengsao

Chiangmai 1

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumthoe Meung,
Khonkaen

Khonkaen 2

26/9 Moo 7 2nd Floor,
Srijan new Road, Tumbon
Nai Meung, Aumthoe Meung,
Khonkaen

Measai

119 Moo 10,
Tumbon Maesai,
Aumthoe Muang, Cheangrai

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumthoe Mueang, Suratthani

Hatyai 1

29 Lee Garden Plaza Hotel,
6th Floor, Unit 601/3,
Prachathipat Road, Tumbon
Hatyai, Aumthoe Hatyai, Songkhla

Hatyai 2

106 (Mezzanine) New Season
Hotel, Prachathipat Road,
Aumthoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2nd Floor,
Building, Niphat Uthit 3 Road,
Aumthoe Hadyai, Songkhla

Phuket

22/16-17 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumthoe Meung, Phuket

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumthoe Meungtrang, Trang

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumthoe Meung, Krabi

Pattane

300/69-70 Moo 4,
Tumbon Ruramirae,
Aumthoe Meung, Pattane

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumthoe Muang Udon Thani,
Udon Thani

Khonkaen

4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumthoe Meung Khonkaen,
Khonkaen

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Somchai	Anektaweepon	Technical	0-2646-9967	somchai.a@fnsyus.com
Natapon	Khamthakreauu	Derivatives	0-2646-9820	natapon.k@fnsyus.com

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2012



									Score Range	Rating	Description
ADVANC	BCP	DRT	IRPC	NOBLE	QH	SC	SYMC	TOP	100-90		Excellent
AOT	BECL	EASTW	KBANK	PHOL	RATCH	SCB	THAI	TSTE	80-89		Very Good
ASIMAR	BKI	EGCO	KK	PS	ROBINS	SCC	TIP	TTA	70-79		Good
BAFS	BMCL	ERW	KTG	PSL	RS	SE-ED	TIPCO		60-69		Satisfactory
BANPU	BTS	GRAMMY	LPN	PTT	SAMART	SIM	TISCO		50-59		Pass
BAY	CPN	HEMRAJ	MCOT	PTTEP	SAMTEL	SIS	TKT		<50		n/a
BBL	CSL	ICC	NKI	PTTGC	SAT	SNC	TMB			no logo given	



2S	BROOK	DTAC	HMPRO	MACO	OFM	S & J	SSSC	THRE	TSC
ACAP	BWG	DTC	HTC	MAKRO	OGC	S&P	STANLY	TIC	TSTH
AF	CENDEL	ECL	IFEC	MBK	OSIH	SABINA	STEC	TICON	TTW
AIT	CFRESH	EE	INTUCH	MBKET	PAP	SAMCO	SUC	TIW	TUF
AKR	CGS	EIC	ITD	MFC	PDI	SCCC	SUSCO	TK	TVO
AMATA	CHOW	ESSO	IVL	MFEC	PE	SCG	SVI	TLUXE	UAC
AP	CIMBT	FE	JAS	MINT	PG	SCSMG	SYNTEC	TMT	UMI
ASK	CK	FORTH	KCE	MODERN	PHATRA***	SFP	TASCO	TNITY	UP
ASP	CM	GBX	KGI	MTI	PJW	SITHAI	TCAP	TNL	UPOIC
AYUD	CPALL	GC	KSL	NBC	PM	SMT	TCP	TOG	UV
BEC	CPF	GFPT	L&E	NCH	PR	SPALI	TFD	TPC	VIBHA
BFIT	CSC	GL	LANNA	NINE	PRANDA	SPCG	TFI	TRC	VNT
BH	DCC	GLOW	LH	NMG	PRG	SPI	THANA	TRT	WACOAL
BIGC	DELTA	GUNKUL	LRH	NSI	PT	SPPT	THCOM	TRU	YUASA
BJC	DEMCO	HANA	LST	OCC	PYLON	SSF	THIP	TRUE	ZMICO

***PHATRA was voluntarily delisted from the Stock Exchange of Thailand effectively on September 25, 2012.



AEONTS	BGT	CMO	GENCO	JTS	LHBANK	NC	PTL	SGP	SWC	TPAC	UT
AFC	BLA	CNS	GFM	JUBILE	LHK	NNCL	Q-CON	SIAM	SYNEX	TPCORP	VARO
AGE	BNC	CNT	GLOBAL	JUTHA	LIVE	NTV	QLT	SIMAT	TBSP	TPIPL	WAVE
AH	BOL	CPL	GOLD	KASET	LOXLEY	OSK	QTC	SINGER	TCB	TPP	WG
AHC	BROCK	CRANE	HFT	KBS	MAJOR	PAE	RASA	SIRI	TEAM	TR	WIN
AI	BSBM	CSP	HTECH	KC	MATCH	PATO	RCL	SKR	TF	TTCL	WORK
AJ	BTNC	CSR	HYDRO	KDH	MATI	PB	RICH	SMIT	TGCI	TWFP	
ALUCON	BUI	CTW	IFS	KIAT	MBAX	PICO	ROJNA	SMK	THANI	TYCN	
AMANAH	CCET	DRACO	IHL	KKC	M-CHAI	PL	RPC	SOLAR	TKS	UBIS	
APCO	CEN	EASON	ILINK	KTC	MDX	POST	SAM	SPC	TMD	UEC	
APCS	CHUO	EMC	INET	KWC	MJD	PPM	SCBLIF	SPG	TMI	UIC	
APRINT	CI	EPCO	IRC	KWH	MK	PREB	SCP	SSC	TNH	UMS	
ARIP	CIG	FNS	IRCP	KYE	MOONG	PRECHA	SEAFCO	SST	TNPC	UOBKH	
AS	CIMBI***	FOCUS	IT	LALIN	MPIC	PRIN	SENA	STA	TOPP	UPF	
ASIA	CITY	FSS	JMART	LEE	MSC	PSAAP	SF	SVOA	TPA	US	

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IOD (IOD Disclaimer)

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