RELATIVES VALUATION OF
OFFICEMATE PUBLIC COMPANY LIMITED

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ABSTRACT

This thematic paper purposefully explains the relatives valuation of my selected company, OfficeMate Public Company Limited (OFM), which compares the company's value to its competitors in order to determine its financial worth. I selected BIGC and SE-ED bookstores as OFM's direct competitors due to the similarity of its business. Some examples of the relatives valuations judgements are Forward Price to Earnings Ratio Multiple, Forward Price to Book Value Multiples and Forward EV to EBITDA Multiples. Competitors' financial information are used to support and determine whether the share price of OFM are overvalued or undervalued in relative to its competitors. . As a result, the valuation of OfficeMate and in depth analysis of the economy and industry, illustrates the undervalued of the company's price in comparison with its current price as of 31 October 2014, it is therefore recommended to "BUY".

KEY WORDS: valuation, relatives, stationary, office supplies

53 pages

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LIST OF ABBREVIATIONS

AEC	ASEAN Economic Community
ASEAN	The Association of Southeast Asian Nations
B2B	Business-to-business
B2C	Business-to-consumer
BV	Book value
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CCI	Consumer Confidence Index
CCC	Cash Conversion Cycle
COGS	Cost of Goods Sold
D/E	Debt/Equity
DCF	Discount Cash Flow
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes and Depreciation
EBT	Earnings Before Taxes
EPS	Earnings per share
EV	Enterprise value
FCFF	Free Cash Flow to Firm
FY	Fiscal Year
GDP	Gross Domestic Product
IOD	Thai Institute of Directors
MAI	Market for Alternatives Investment

LIST OF ABBREVIATIONS (cont.)

NOPAT	Net Operating Profit after Taxes
OFM	OfficeMate Public Limited Company
P/E	Price/Earnings
PBV	Price to Book Value
PPE	Property, Plant and Equipment
Q	Quarter
ROA	Return on Assets
ROE	Return on Equity
SEC	Securities and Exchange Commission
SET	Stock Exchange of Thailand
SG&A	Selling, General and Administrative Expense
SKUs	Stock keeping units
SMEs	Small and Medium Sized Enterprises
TRI	Total Return Index
WACC	Weight Average Cost of Capita l

CHAPTER I
VALUATIONS

1.1 Highlights

Office supplies go online :

OFM's sales are boosting after the end of the political unrest. Based on our DCF valuation (WACC 10.77% and Terminal Growth Rate at 6.35 %), we expect OFM's target price of 60.64 THB, an indicative of buy. Post-merger with the Central Group, OFM turn to be *Thailand's Top Distributor Office Supplies*. In terms of financial outlook, OFM has a solid growth of EPS and rising ROE. Combining with the new online business, new distribution center, expansion and renovation of Officemate and B2S stores nationwide indicates strong business development. On the other hand, an introduction of Central Online, starting in Q3 FY2014 induces promotion cost of the company; as a result, the share price could drop during this period. So, we recommend investors to buy OFM for mid to long-term wealth accumulation.

Variety of Distribution Channel to gain higher market share:

OFM offers extensive distribution channel and free delivery across Thailand in order to eliminate traditional distributors from the market. Post-merger results in costs efficiency from shared logistics system and higher economies of scales due to the increasing sales with the contribution from online business. Management aims to increase its market share from 20% to 30% in the next 3 years.

Online Retail Store:

The expansion of new online warehouse will accommodate more than 120,000 SKUs of Central Group's merchandise in 2015 to sell via Central and Robinson websites. Aggressive and large players in the retail business only are just starting to enter the e-Commerce market including Central Group and is expected slow growth in the market. Currently, OFM mainly focuses on this new business and aims online sales as 10% of Central Group's total sales in the next ten years.

Growth of retail business:

Macro-economic indicators show the confidence in household and business sectors, since the political instability was solved. This is the positive sign for Thai economy during the rest of the year. Local retail market has grown at the rate of 6% to 10% annually. Even though the market is quite saturated in the city, but there is a room for expansion in the suburbs.

Solid financials:

OFM long-term growth and strong financials with the backup of Central Group are indicators that OFM is a stable company. The Company generates more than 550 million THB cash flow from operations with no interest bearing debt.

Table 1.1 Financial highlight

FY Ended 31 Dec	2013A	2014F	2015F	2016F
Revenue (Btm)	9,120	11,565	13,909	16,729
Net Profit (Btm)	409	384	462	556
EPS (Bt)	1.28	1.20	1.44	1.74
Dividend (Bt)	0.25	0.48	0.58	0.69

FY Ended 31 Dec	2013A	2014F	2015F	2016F
P/E (x)	41.4	34.4	28.6	24.9
EV/EBITDA(x)	22.8	22.8	20.0	17.6
ROA (%)	5.9%	4.8%	5.1%	5.5%
ROE (%)	9.0%	8.0%	9.1%	10.3%

1.2 Business Description

Company Background

Figure 1.1 OFM's business structure

OfficeMate Public Company Limited was established on 28th February 1994 by Ounjai family who has experienced in the stationary and distribution of office appliance business for over 40 years with the initial registered capital of 5 million baht. On 2nd September 2008, OFM became public with the registered capital of 80 million baht. At the beginning, OFM had operated its business in stationary and distribution of office supplies through catalog sales and receive purchase orders through Call Center. Successively, OFM expanded its business to cover furniture and other office appliances as well as developing its sale system to be more easily accessible, convenient and efficient. Currently, with the more advanced technology, OFM initiate e-Commerce and e-Procurement systems to support the purchase orders from more than 80,000 Government and private enterprises. This allows the customers to place their orders through OFM's website in real time and the products will be deliver within the next official day within Bangkok and nearby provinces, free of charge if they purchase over 499 baht of merchandise.

On 28th July 2010, OFM was listed in the Market for Alternative Investment (MAI). Later on in 2012, OfficeMate's success attracted the attention of Central Group, which owns Office Depot and B2S and led to a merger between OfficeMate and Central Group through share swap. OfficeMate issued 240 million new shares in which 63% were sold to the Chirathivat family in exchange for 100% ownership in Office Club (Thai) Co.,Ltd and B2S Co.,Ltd. OFM moved to be listed in The Stock Exchange of Thailand (SET) under "OFM" ticker after The Company completed a process of share capital increase of 320 million baht in the same year.

OFM operate three core businesses OfficeMate, B2S and online business. OfficeMate is a retail distributor of office supplies and equipment ranging from computers to furniture. OfficeMate also provides products under its own brand and premium services such as private label service for customer to select as an alternative in order to enhance customers' satisfaction. Whereas, B2S is a retail distributor of books and learning tools, stationary along with lifestyle and entertainment products. Currently, OFM is in the process of downsizing and renovating B2S stores to adjust with the consistently changing digital trend. In 2013, The Company launched 10 B2S stores and 8 OfficeMate stores, resulting in 85 and 49 stores in Thailand, respectively, in which OFM multiply its warehouse to serve the growing number of customers. OfficeMate accounts for 60% of total revenue, whereas B2S accounts for only 40% of the total revenue in 2013.

In order to respond to the rapid growth, OFM expanded its warehouse to over 10,000 square meters, which can accommodate over 120,000 SKUs. At the end of 2013, OFM launched a new online business via www.central.co.th and www.robinson.co.th, to expand its customer's base and to serve the changing shopping trend.

With the continuous growth under the super vision of Central Group, the goal of OFM is to be the leader in the office stationary retailer in the Business to Business (B2B) through the catalog and e-Procurement system and aims to increase its market share in e-Procurement business. Additionally, OFM intend to be the leader in the retail online business as well as to be the leader in the business of book, edutainment merchandise and office stationary stores with branches across Thailand.

Figure 1.2 OFM's Sales Revenue (in millions baht)

On top of that, with the expansion of Central Group offline and online stores, OFM gain huge advantage as this enhance customers' accessibility of merchandises combining with the hectic lifestyle of residents, customers has more channel to select their goods which is more convenient for them and is available 24 hours every day. Thus, continuously increase OFM's revenue. Moreover, through Central 1-Card, a Central Group loyalty card where customers can redeem point in exchange for various rewards. In addition, OFM aims to increase its sales contribution from its house brand as they earn 10-15% higher gross margins than other products. OFM also has plans to expand its operation in Malaysia, Indonesia, Vietnam and Laos over the next few years, which is a huge opportunity and will benefit from it. Especially, with the backing of Central Group, which allows stronger buying power in order to compete with international firms. By 2019, OFM aims to be operating in five or six countries in ASEAN with up to 300 stores together with online sales, which would contribute to more than 10 billion baht annually.

1.3 Macro-Economic Analysis and Industry Analysis

1.3.1 Macro-Economic Analysis

In developed countries, online shopping accounts for more than 70% share of office supplies market in 2013. The internet is only going to become more popular in developing countries and purchasers worldwide will become more comfortable with online security and advance shipping options. Therefore, online shopping continues to have a positive outlook far into the future. Business-to-consumer (B2C) E-Commerce sales will reach almost 1.5 trillion dollars worldwide in 2014. The growth will come mostly from the rapidly escalating online and mobile users in developing markets. The strength of sales in emerging markets is generally due to the high number of populations having access to the internet and purchase products for the first time. Associate with the shifting in customers shopping behavior, the demand for online stores will slowly outweigh offline stores and related industries will benefit from this trend.

Once the AEC becomes effective in 2015, it will allow free activities of goods, services, investment, capital and labors. Hence, many multinational organization will reallocate some of their employees to Thailand and neighbor countries. Therefore, there will be excess demand for office and living space. This is a huge opportunities for property firms especially office and condominium developers. This will have significant benefits for consumer spending power, which is expected to improve as a result of the increased integration. The greater spending power and cheaper flow of goods and products between AEC markets will create opportunities for companies to capitalize on expanded retail sales.

1.3.2 Industry Analysis

According to the historical data from SET between 1st November 2011 and 31st October 2014, The Commerce Index has been outperformed the market for 3 consecutive years. The 3 years total return index (TRI) shows that the total return for SET Index is 83.65% whereas the total return for Commerce Index is 126.46%.

Due to the economic slowdown and prolonged political unrest, the consumer confidence index (CCI) was gradually decreasing in the first half of 2014. This leads to the higher competition in the commerce sector especially retail market segment. Similarly to other industries, the commerce sector had to tighten their spending and uses low price policy and efficiency of service as their strength to maintain market share and expand its customer base. However, in the second half of 2014, the consumer confidence index seems to be heading in a positive direction. The reason is primary due to the resolution of political unrest in May 2014. As stated by the Ministry of Commerce, the consumer confidence index has been increasing for four month consecutive since May 2014 and as of September 2014 the figure rose to 45.8, which is the highest in 115 months.

Table 1.2 Thailand Consumer Confidence Index (CCI) from March to September 2014

	Mar'14	Apr'14	May'14	Jun'14	Jul'14	Aug'14	Sep'14
Consumer Confidence Index (CCI)	27.8	29.8	28.5	38.4	41.4	44.0	45.8

Thailand's government has been continuously supports Thai citizen for advanced education to enhance national competitiveness. They have put major importance on creative economy and human capacity building. The Government sector came up with a 10 year policy campaign of "Decade of Reading" in order to create knowledge-based society and regional economic development. Being a member of ASEAN, it is vital that Thai citizens are aware of ASEAN's development towards the AEC in 2015 and take part in this important regional incorporation. Once the AEC is effective, there will be greater flexibility of students, teachers, professionals and labors among AEC countries with cross border education. Therefore, the Government publicized the importance of quality advance education, which could be accepted internationally and equipped with essential skills required by the worldwide marketplace.

1.4 Competition Analysis

1.4.1 Competition Analysis

Even though Big C and SE-ED doesn't have the exactly same business structure as OFM, but both companies are leader in the retailer business in their specialties. Therefore, Big C can be classified as OfficeMate's competitor as both provide office supplies and furniture. Whereas, SE-ED offers books, stationary and learning tools similarly to B2S. These competitors have the same target field of customers. The reason Naiin and universities bookstores are not use as part of competitors' comparison due to data limitation. Naiin bookstore is the subsidiary of Amarin Printing Group and its financial data are reported in the consolidated financial statements, in which the proportion that belongs to Naiin bookstores are not clearly specified. Universities bookstore such as Chula bookstore doesn't publish their financial report publicly. Therefore, we didn't use these direct competitors in our comparison.

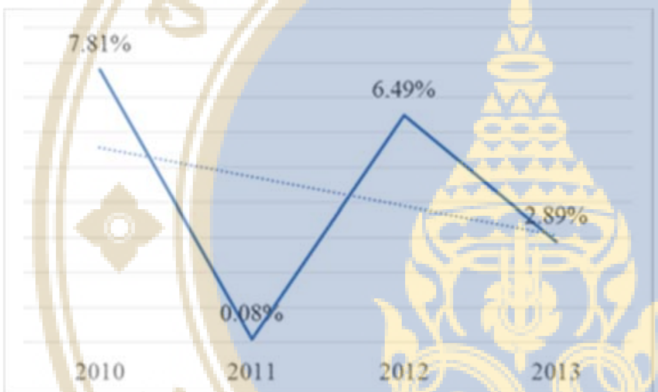


Figure 1.3 Retail Business Index Growth 2009-2013

Big C Supercenter is one of the leader of hypermarket operator in Thailand with more than five hundred stores nationwide. Big C has a very strong business strategy of offering customers the best price available in the market. After the acquisition of Carrefour in 2011, Big C has become one of the biggest player in retailer business in Thailand in terms of number of stores and sales revenue. Additionally, Big C aims to open 500 mini Big C outlets in Thailand by 2018.

SE-ED has five core business which includes, SE-ED Book Centers and network stores, distributors of both books published by SE-ED and other publishers, publishing books and educational journals, SE-ED Learning Center and operates Plearnpattana School. As of 2013, SE-ED has already opened 491 branches of SE-ED

Book Centers. Currently, SE-ED Book Center has the highest sales in Thailand in the chain bookstores business.

Convenience stores such as 7-Eleven has increased numerous number of stores domestically and are adapting its business to respond to the changing behavior and lifestyle of consumers by offering variety of products, differentiation of products and services. As of 2013, there are 7,816 stores of 7-Eleven in Thailand and aims to reach 10,000 stores by 2018. 7-Eleven plans to spend five billion baht to expand its business, in which two billion baht will be use to open 500 new outlets, one billion baht to renovate existing stores, and two million to develop a new distribution center in the East. In 2013, 28% of 7-Eleven's revenue of 152,073 million baht comes from non-food products such as stationary, newspapers, magazines and books. However, the range and variety of stationary and books are very limited when comparing to OfficeMate and B2S.

Moreover, online shopping stores from international market such as Amazon.com and eBay.com may gain some of the customer's attention. The main reason is due to the unavailability of products in Thailand, differentiated products and wider range of merchandise. However, when it comes to online shopping, large proportion of Thai people prefer to shop from online stores located in Thailand. This is due to the fact that products available online suits Thai people's preference, provides faster delivery and are not exposed to any exchange rate risks.

1.4.2 Company Analysis

OFM being under office and stationary supplies industry has to compete with many wholesale and retail market's distributors domestically. Nevertheless, it's strong market positioning of providing varieties of products, many distribution network and ensure 24-hours delivery eliminates many competitors within the same market segment, leaving little space for new entries to conquer its market share. As of 2013, resulting from the merger, OFM acquired 20% of office and stationary market share in Thailand in 2013, which the total sales were 9,120.11 billion baht. The market size of this industry was 45,600.57 billion baht in 2013. However, OFM aims to gain market share from traditional traders and directs sales, which would increase its market share to approximately 30% by 2017. OFM has seen an opportunity to expand in the new and existing market emphasizing on quality, sustainability, and high profitability by store renovation and expansion across the country.

1.5 Investment Summary

Cyclical Stock correlated with economics movement and office and stationary supplies industry:

According to the historical statistics, it can be implied that there is a strong positive correlation between percentage change of Retail Business Index and percentage of nominal GDP of 0.83, in which Thailand's office and stationary supplies market is the subset of the Retail Business Index. Currently, Thailand Nominal GDP growth rate has fluctuated at 4-5% since 2009. However, based on World Bank Indicator, GDP growth in Thailand will upturn in 2015.

On top of that, since the recovering of economic and political situation in Thailand in the second half of 2014 has increased the consumer confidence index, office and stationary supplies market has a positive outlook for the near future and is expected to expand 10% annually according to average historical market growth rate from 2009-2013.

Stores renovation and expansion:

OFM initiate B2S stores improvement to boost sales. Even though B2S's sales growth increased 27.08% in 2013, the sales were affected by a few closed stores, especially one of the biggest store at Central Chidlom major renovation. B2S average store size was downsized from 1,000 square meter to 700-800 square meter. The reason is because OFM now focuses on the e-commerce business, in which some products which are originally sold at B2S will be available online instead. Secondly, OFM is in the process of renovating all B2S stores, as they are transforming into a lifestyle education and entertainment center, in which they believe that the new format create a more approachable atmosphere for customers. Even though B2S stores have been downsized, OFM is still continuously expanding B2S stores as well as OfficeMate stores to fulfill the shopping experience for customers across Thailand.

Introduction of E-Commerce trend in Thailand:

Thai E-commerce has grown steadily over the past few years, whereas the retail market has grown at a range of 6-10% annually. In 2013, according to Thai E-commerce Association, e-commerce sales grew 30-40% from 2012, totaling of approximately 1 trillion baht. However, the sales are still below the world's average, sales through internet retailing as percentage of total retailing stores, because big and aggressive players still absences in the Thai E-commerce market. This creates an opportunity for local online retailers. Large companies such as Big C and The Mall Group just only recently entered the online market less than one year ago. As a result, large corporations' only accounts for 6% of Thailand e-commerce business, whereas 67%of e-commerce business are small corporations and SMEs. The continuously growing number of internet and smartphones users will enhance the growth rate of online retailing and will attract more big players in the market. Another possibility that E-Commerce will grow at a remarkably rate is because the prolonged traffic problem in Thailand, in which customers are likely to switch to online shopping instead.

Moreover, the nonexistence stores of online business required no store investment cost, no rental expenses and is available 24 hours which enhances customer's satisfaction as it allows to select their shopping time according to their convenience. There is also no inventory risk.

Solid Expansion plan in neighbor countries:

Regarding the upcoming AEC, OFM has decided to expand its OfficeMate operations to four countries, which are Malaysia, Indonesia, Vietnam and Laos. Currently, OFM is in the process of studying the consumer behavior and market demand for each country. Nevertheless, OFM already plan to open retail stores, catalog sales and online business in the neighbor countries. However, it may take more time for B2S business to enter new markets because a detailed survey and research regarding media trend and demand in each country is required. This is due to the nature of B2S business in which language and cultural barriers may affect the business.

OFM corporate governance is rated "Very Good":

OFM was rated "Very Good" corporate governance or a score of 4 out of maximum 5, for two years consecutives by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC) in 2013.

1.6 Valuation

1.6.1 Relatives Valuation

In this report, Price to Earning, Price to Book Value and EV to EBITDA multiples will be applied as another tool to valuate stock price. Three actual and one estimated quarterly data of earning per share (EPS), Sales, Book Value and EBITDA are applied to this model.

Trailing Indicators

Comparing to its historical data, competitors – BIGC, SEED – and index, trailing indicator indicate overvalue or undervalue of OFM stock price.

Positive market perception toward OFM

As of October 31, 2014, Price to Earning ratio of OFM was 35.75 times. We considered historical P/E ratio of OFM, which is 29.19 times. Comparing with historical P/E benchmark, investors' perception toward OFM is positive. OFM stock price is *overvalue*. In addition to historical P/E ratio benchmark, peer companies are taken into account to evaluate the stock price of OFM. Figure 24 shows ranking of P/E ration of OFM and its competitors. It can be clearly seen that P/E ratio of OFM is the first rank among its competitors, where P/E ratio of SEED and BIGC was 27.96 and 26.87 times, respectively. With difference figure of OFM and other competitors, price of OFM is considered to *overvalue*. Considering P/E ratio of SET index, P/E ratio of OFM is tremendously higher than the index. This shows positive sign of investor perception toward the company. Thus, it leads to *overvalue* of OFM stock price.

Table 1.3 Historical P/E Ratio of OFM

Historical Data	Min P/E	Max P/E	Average P/E
P/E ratio	17.32	40.88	29.19

Table 1.4 P/E ranking by company

Rank	Company	P/E (Times)
1	OFM	35.75
2	SEED	27.96
3	BIGC	26.87

Table 1.5 P/E ranking by Index

Index	P/E (Times)
SET	18.49
OFM	35.75

Forward Indicators

To reflect the potential share price of OFM, forward indicators, which are future Earning Per Share, Book Value and EBITDA are applied.

1.6.2 Forward Price to Earnings Ratio Multiple

In terms of investors, P/E ratio is useful to reflect their willingness to pay for earnings and compare with peer companies in similar sector as it focuses on earning of the company. To determine fair price by using forward P/E ratio multiple, we select average P/E ratio data of the company during January to December 2014, which is retrieved from SET, as a benchmark. One of the reasons is that we believed that OFM is a specific business. Then, there is no replicate company to represent OFM. Average P/E ratio as a forward P/E ratio multiple is 32.34x. For annual EPS estimation, we derived 3 quarter of actual EPS data from SET and estimated 1 quarter of EPS. After that, we sum these numbers as an annual estimated EPS, 1.70. Then, we multiply estimated annual EPS with average P/E ratio. Therefore, target price based on forward P/E multiple is THB54.98.

Table 1.6 Price to Earnings Ratio Multiple

	Q1/2014	Q2/2014	Q3/2014	Q4/2014F	Esitmated EPS
EPS	0.44	0.24	0.38	0.64	1.70

	Min	Max	Average
P/E Ratio	17.32	40.88	32.34
Estimated EPS			1.70
Share Price			54.98

1.6.3 Forward Price to Book Value Multiple

Price to Book Value (PBV) multiple allows us to compare market stock price to its book value. In our analysis, we used recent year book value of OFM Company from SET as a benchmark. PBV multiple is 2.94x, which is an average of PBV data of OFM during January to December 2014. Then, we estimated book value per share for next forecast year to be 14.99 million baht, which is calculated from estimated book value of year 2014 (4,797.92 million baht) over number of shares (320 million shares). By using forward PBV multiple method, we can get estimated price of OFM by multiplying the PBV multiple that retrieved from SET to estimated annual book value per share. Therefore, we get the share price at THB44.01.

Table 1.7 Forward Price to Book Value Multiple

	Min	Max	Average
P/BV Ratio	2.00	3.87	2.94
Estimated BV			4,797.92
No. of Shares			320.00
Estimated BV per share			14.99
Share Price			44.01

1.6.4 Forward EV to EBITDA Multiple

EV to EBITDA multiple focuses on the cash flows of the company that could generate from its operations. This method is also popular to evaluate the share price of the company. However, to reflect current market share price, EV/EBITDA multiple is considered. Actual quarterly EBITDA data, quarter 1 to quarter 3, is retrieved from company report. Another quarter (Q4/2014F) gained from our team estimation. Then, to get annual estimated EBITDA, we sum the estimated number with 3 actual quarter EBITDA figures. The result of these figures summation is forward EBITDA, 611.46 million baht.

Then, the forward EBITDA is used to derive EV to EBITDA multiple. Starting by finding average of enterprise value, we derived from average product of daily price in year 2014 and number of shares, 320 million shares. With no long-term debt assumption, value of equity gained by adding non-operating assets from enterprise value. As a result, we gained forward EV/EBITDA multiple at 24.98x.

Product of forward EV/EBITDA multiple and annual estimated EBITDA is value of equity. Then, we divided the value of equity with number of share outstanding, which are 320 million shares. Thus, share price based on EV/EBITDA multiple method is THB47.74.

Table 1.8 Forward EV to EBITDA Multiple

	Q1/2014	Q2/2014	Q3/2014	Q4/2014F	Forward EBITDA
EBITDA	173.86	99.67	150.36	187.57	611.46

	Min	Max	Average
EV (Daily Price * No. of Shares)	8,880.00	18,240.00	14,473.80
(+) Non-Operating Assets			802.56
(-) Value of Long Term Debt			-
Adjusted EV			15,276.35
Adjusted EV/Forward EBITDA			**24.98**
Estimated EBITDA			611.46
Value of Equity			15,276.35
No. of Shares			320.00
Share Price			**47.74**

Target Price under Relative Valuation

All multiples can be used as a comparable market value with other companies in the industry. For OFM, we believe that Price to Earnings multiple is appropriate multiple under relative valuation model as it reflects retail business industry. Moreover, recent market forward P/E and EPS is used to calculate the company's share price. The target share price based on relative valuation model is THB54.98.

1.7 Financial Analysis

1.7.1 Size Analysis

Table 1.9 Competitors' financial information

	OFM	SE-ED	BIGC
TOTAL REVENUES	9,120,114.70	5,357,372.06	130,970,688.50
TOTAL EXPENSES	8,605,842.11	5,265,601.28	121,425,849.19
EBIT	514,272.59	93,484.39	9,544,839.31
FINANCE COSTS	532.53	6,399.92	1,053,129.72
EBT	513,740.06	87,084.47	8,491,709.59
TAX EXPENSES	104,947.66	5,566.83	1,502,299.20
NET INCOME	408,792.40	71,517.65	6,989,410.39

Regarding OFM and its peers income statement as of 2013, we can see that BigC's revenue size is still has the highest, approximately 13 times OFM's revenue and almost 26 times higher than SE-ED. Nevertheless, BigC also has an effective policy in controlling its overall expense of 93% in comparison to its total revenue, whereas OFM and SE-ED's expenses are 95% and 98% of total revenue respectively.

In 2013, OFM's sales revenue was 9,120,114.70 million baht, whereas SE-ED's sales revenue was only 5,357,372.06 million baht. However, Big C's sales revenue exceeds 130,970,688.50 million baht due to its large assets size of 97,164,392.29 million baht. Big C invested a quarter of its asset in PP&E, totaling 26,194,652.36 million baht. On the contrary, OFM's total assets size is only 6,961,033.77 million baht which consist of 711,438.50 million baht PP&E. SE-ED has an even smaller amount of total assets of only 2,599,463.957 million baht.

Table 1.10 Competitors' balance sheet

	OFM	SE-ED	BIGC
TOTAL ASSETS	6,961,033.77	2,599,463.96	97,164,392.29
TOTAL LIABILITIES	2,393,694.02	1,628,964.04	60,126,188.10
TOTAL EQUITY	4,567,340.74	970,499.92	37,038,204.21
TOTAL LIABILITIES & EQUITY	6,961,034.76	2,599,463.96	97,164,392.31

1.7.2 Common Size Analysis

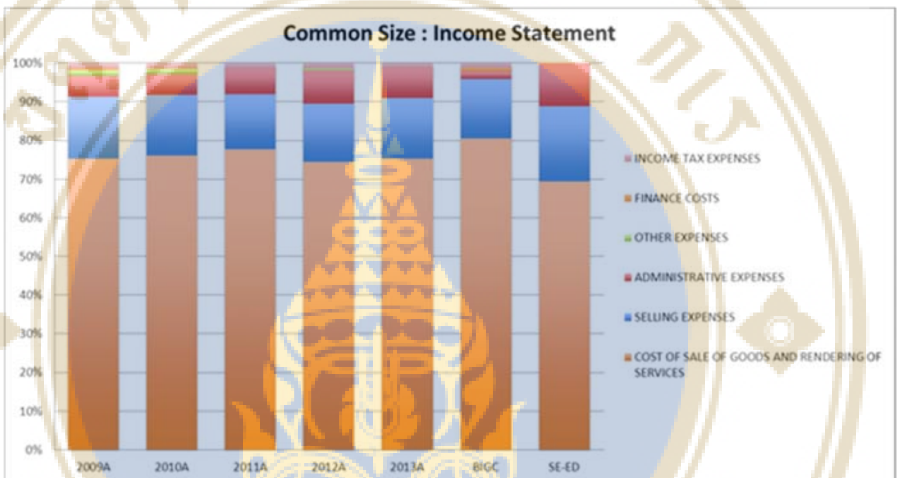


Figure 1.4 Common Size Analysis: Income Statement

Income Statement

In order to eliminate the difference in the size of the company when comparing with the competitors, vertical common size analysis is evaluated where financial statement data are organized in a standardized arrangement. For the balance sheet, each amount assets are expressed as a percentage of total assets, whereas each liabilities and equity are expressed as percentage of total liabilities and equity. Moreover, for income statement, each component is expressed as percentage of total revenue. Consequently, we can see a clearer picture when each component on the balance sheet and income statement is compared to the key competitors, which are Big C and SE-ED.

Based on the common size analysis of OFM's income statement, it can be implied that proportion of OFM's sales revenue of 93.30% is slightly low in comparable to the peers of more than 96%. The reason is because OFM has a higher portion of other incomes such as distribution income, trade discount income and advertising income. However, OFM did a better job than its competitors in monitoring its cost of goods sold despite the fact that some materials and merchandises of OfficeMate and B2S are imported from foreign countries. Nevertheless, OFM's selling and administrative expenses is in between the competitors of 22.44%, whereas Big C is 15.99% and SE-ED is 31.45%.

OFM does not have any long-term obligations. Therefore, it doesn't pay interests expenses and is accounted for only 0.01% of the total revenue. This implies that most of its assets are financed by equity. Investors can be relived as this reduces the chance of the company going bankruptcy by not having enough assets to repay its principal and interests.

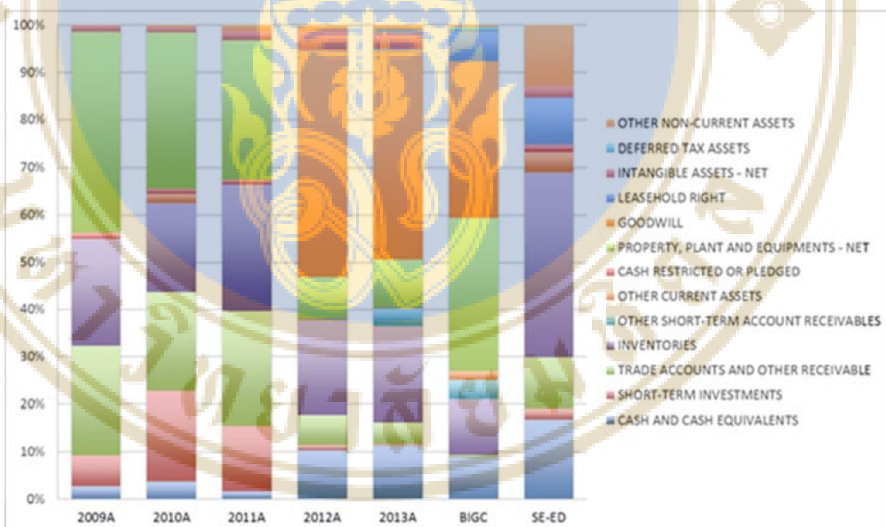


Figure 1.5 Common Size Analysis: Assets

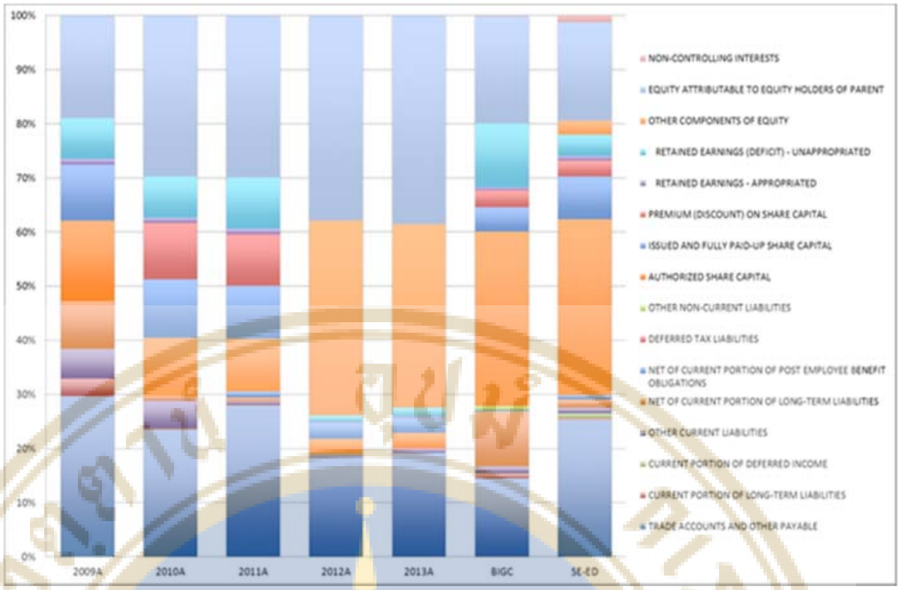


Figure 1.6: Common Size Analysis: Liabilities & Equities

Balance Sheet

The most important attribute to run daily routine operations for retail business are the company's operating working capital, which includes cash and cash equivalents, account receivables, inventories and account payables. The level of cash and account receivable for OFM is higher than its peers of 11.28%, whereas for Big C and SE-ED is 7.38% and 6.16% respectively. This is mainly the effect of post- merger with the Central Group in late 2012, in which the proportion of assets especially cash and account receivable rose dramatically.

Another important components for retail business are inventories. The percentage of inventories for OFM, 20.26% is much higher than its peers, double the amount for Big C of 9.81%. This suggests that OFM has not managed its inventory system well enough comparing to its competitors. The reason is because of the renovation and rebranding of Office Depot stores to OfficeMate stores. OFM spends more than half a year in 2013 in transforming the stores, leaving many unsold inventories behind, hence additional cost of carrying inventories. Despite the stores renovation, based on their past performance, OFM seems to have inefficient inventories system since 2009. Moreover, OFM just recently expanded its warehouse, doubling the amount they previously had, this may cause even more serious inventories issues in the future. Moreover, OFM has a high goodwill after the merger with Central Group, which accounts more than 44% of its total assets, whereas the average of its competitors is only a little lower than 24%. This resulted in lower ROE and ROA in 2013. However, the proportion of goodwill will decline after amortization, which may also cause a decline in net profit margin.

1.7.3 Trend Analysis

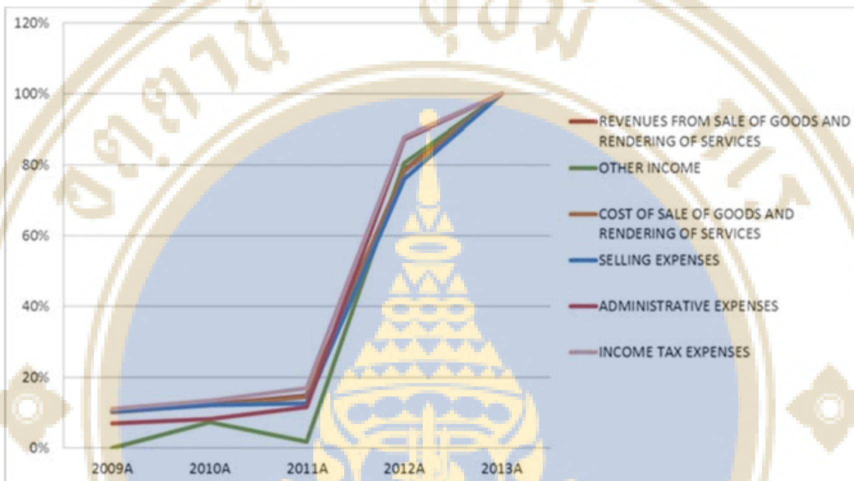


Figure 1.7 OFM's trend analysis: Income Statement

Trend Analysis: Income Statement

As balance sheet trend analysis, a trend of income statement is increased significantly. For example, sale revenue grew to 79% in the year 2012, the merged year. As a proportion of sale, cost of goods sold, selling and administrative expenses also have the same trend. However, the financial cost is extremely dropped, as the company paid off their long-term debt from 922% in the year 2009 to 744% the year 2012.

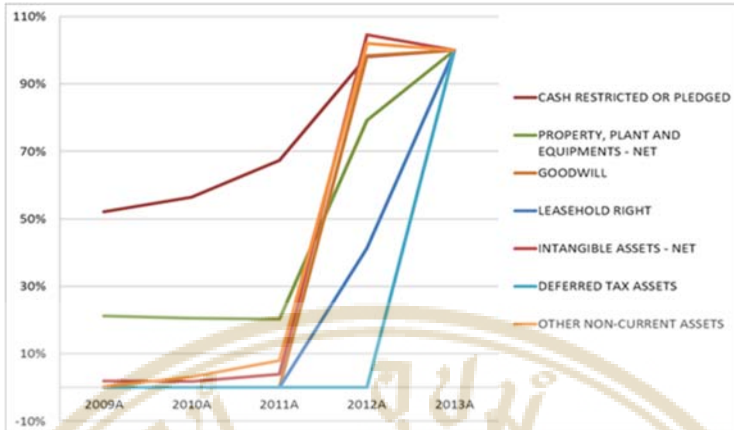


Figure 1.8 Trend Analysis: Asset

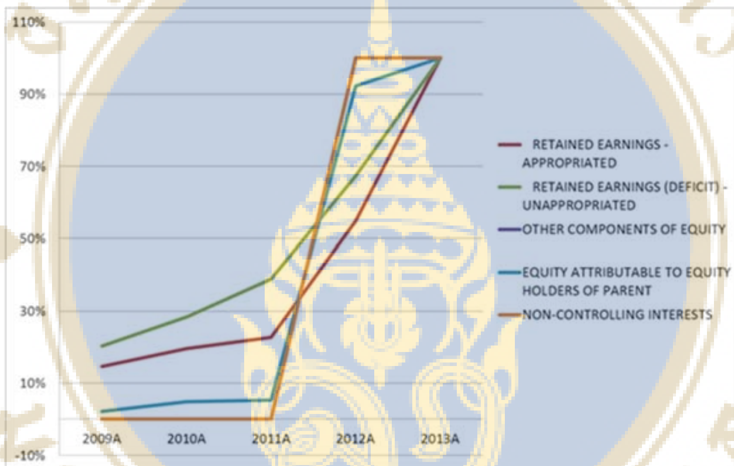


Figure 1.9 Trend Analysis: Liabilities and Equities

Trend Analysis: Balance Sheet

Nevertheless, trend analysis is also evaluated. As this type of technical analysis helps to forecast the future movement of the stock, based on the past performance. In this case, we select year 2013, as it is stable in the view of post-merger performance and other economic activities. Therefore, this assists current and potential investors' idea of what may happen in the future according to the past data, giving a clearer picture of whether they should buy, sell or hold OFM stocks.

From our trend analysis, the key asset factors of OFM, which are account receivables, inventory, PP&E and other assets, increased significantly over time, especially the year after the merged. This might be because of business expansion. However, this increment is along with sale revenue of the company.

This practice also applied to key liquidity and equity factors, which are account payables and equity. After the merged, trend of account payables is tremendously increased from 10% in the year of 2011 to 90% in the year 2012. This caused by the merger with B2S, OFM enjoy account payables from Central's suppliers and related connection. The issuing of new shares from 80 to 320 million shares, which increased by 75% from its trend. Another significant trend is debt. OFM is reducing in their interest-bearing debt. It can be clearly seen in the year of 2013, the base year, all interest bearing debt is zero.

1.7.4 Financial Ratios

Table 1.11 Liquidity Ratio

Liquidity Ratio	OFM	SE-ED	Big C
Current Ratio (x)	1.21	0.47	0.59
Quick Ratio (x)	0.48	0.36	0.33
Cash Ratio (x)	0.34	0.11	0.19

Additionally, financial ratio analysis is use to as an indicator to classify the relationships between the important items on the financial statement. As a result, we can conclude the financial condition and performance of the company. In other words, it specifies the riskiness and the return of the company. Paralleling with the financial ratios from main competitors, we can see where OFM stands in the industry.

OFM's liquidity ratio suggests that it has better ability to pay of its short-term obligations in comparison with its peers. As numerical evidence in the year of 2013, current, quick and cash ratio are 1.21x, 0.48x and 0.34x, respectively. In other words, OFM has enough current assets to repay its short-term debt and has a better liquidity position in comparison with its peers. The reason for this is again, due to the post-merger with the Central Group, where the level of cash and account receivable significantly increase. However, OFM should consider reallocating some portion of its cash and cash equivalents to other type of assets, which yields higher returns, for example, short-term investment. The cash conversion cycle (CCC) is very important for retail business as it portrays how quickly the company can covert the merchandise into cash through sales. Hence, the shorter the cycle the higher the likelihood of merchandise being sold. The cash conversion cycle for OFM, -33.12 days in 2013, is below its competitors, this is due to the high collection period, high number of days in inventories and high payable period, 134 days in 2013. The reason is mainly because of the excess inventory during the transformation of Office Depot into OfficeMate, which results in low inventory turnover. If we look at OFM's past performance, we can conclude that OFM doesn't have an effective policy to minimize its CCC.

According to the profitability ratios, OFM has a good business ability to generate earnings as compared to the company's expenses. Hence, the higher in the profitability ratio is an indicator that the company is performing well, which is then reflected through the share price and will yield higher expected return for investors. However, we need to compare these ratios to the competitors in order to see how well or poorly the company is doing in relevant to the market.

In 2013, OFM has generated 28.07% gross profit margin and 4.48% net profit margin, whereas the average of the competitors are only 27.94% and 3.42% respectively. This suggests that OFM has a good policy to better control its expenses and costs, which is reflected to the higher profit margin in relative to the market. Even though SE-ED has a higher profit margin of 35.05% comparing to OFM it has a lower net profit margin of 1.33%. This is because OFM has lower financial cost and income tax expenses, resulting in higher net income margin. However, OFM has higher cost of goods sold in comparison to its revenue, resulting in lower gross profit margin. These higher profitability mirrors in the higher EBIT and EBITDA Margin which are the core profitability in which investors take into account when they are interested to invest in the company.

It can be determine that the management of OFM is efficient at using its assets to generate earnings when comparing to competitors. This is because the Return on Asset (ROA) of OFM of 5.87% is relatively similar with the competitors. Yet, Big C's ROA of 7.29% is higher than OFM, which suggests that Big C is doing better in term of generating income from its utilization of its total assets. After the merger with Central Group, goodwill contributed for 44% of total assets. However, goodwill doesn't attribute in the utilization of sales. Therefore, if we exclude goodwill in the calculation of ROA in 2013 (Net Income/Total Assets), ROA would increase significantly from 5.87% to 10.49%. Consequently, goodwill increase the level of equity, hence decreasing ROE in the initial periods. Reflecting through OFM's ROE of 8.95% is lower than Big C of 20.24% but higher than SE-ED of 7.37%. This implies that even though OFM generated a lot of profit, the amount of profit OFM generates with the money shareholders invested is still low. This is because the company financed its asset by equity. In other words, ROE is net income divided by shareholder's equity. Therefore, high denominator results in lower ROE. Nevertheless, OFM has invested consistently in the expansion of its business to generate earnings growth, but it seems that these return are not reflected through the shareholder's equity. The reason is due to the economic slowdown and political situation in 2013, where customers are more careful with their spending. On the contrary, a company such Big C offers necessities and is its performance is not highly affected by this economic catastrophe. Yet, if we neglect these issues and take into consideration OFM's ROE since 2009, it can be conclude that the average ROE of the OFM is 15.30%, which is quite appealing when compare to others in the industries. To summarize, despite the 2013 crisis, OFM's performance suggests that the company is doing quite well in comparison to its peers. Even though Big C has performed better with a more appealing ROE for investors but OFM's average ROE of 15.30%, is also an attractive figure for investors than SE-ED's ROE of 7.37%

Table 1.12 Solvency Ratio

Solvency Ratio	2013A
Debt Ratio (%)	34.39%
Debt to Equity Ratio (x)	0.52
Equity Multiply (x)	1.52
Long Term Debt Ratio (%)	0%
Interest Coverage Ratio (x)	964.72

According to the solvency ratio, OFM has a very low default risk. This is because OFM doesn't have any long-term obligations. Most of its assets are financed with equity, in which the company plans to continue doing. The level of OFM's debt has been steadily decreasing over the year due to the merger with the Central Group in 2012.

Only 34.4% of its assets are financed by debt, which are only short-term obligations. As a result, this is reflected through the debt-to-equity ratio, OFM's has a very low D/E ratio, thus low level of debt in relative to its peers. In other words, a low equity multiplier of OFM of 1.52 times indicates that a larger portion of asset financing is being done through equity. As we mentioned earlier that OFM doesn't have any long term obligations, which mirrors through the 0% of long term debt ratio. Additionally, we conclude that OFM doesn't rely on debt to expand its business. Another ratio use to determine the ability the company has to pay it interest on their outstanding debt is the interest coverage ratio, OFM has the remarkable figure of 964.72 times, which implies that it has the company has more than enough cash to pay its interest.

To conclude, the solvency ratio is one of the most important factors in calculation for expected return to shareholders, which is reflected through the stock price. Investors are likely to look for company with low debt-to-equity ratio and high interest coverage ratio, in which OFM qualifies for both attributes. If we take a look it its past performance, OFM's interest coverage ratio is continuously increasing, due to the lower level of debt each year. The improving interest coverage is a positive signal of the company's overall performance. As a result, the solid performance of OFM implies a low non-systematic risk, only market risk exists.

1.8 Additional Downside Possibility

Downward trend for Bookstore Business

Bookstore business is facing a tough stage, and has a potential to generate fewer profits in the future. As people nowadays have many activities in their daily life and generally spend less time on reading books. People tends rely their life heavily on technologies and consume news through Internet and social media. Therefore, readers are shifting towards e-book. However, this may not fully affect B2S business as book sales only accounts for 30% of B2S sales.

Obsolete Products

OfficeMate products such as printers and CDs, B2S products such as magazines and books are consistently change according to the trend. However, for B2S business, the company is already prepared for this short-term technology advancement. Yet, the technology in the far future is still unknown and uncertain. The demand for these physical merchandise might not exist anymore. Therefore, the company should be aware of this uncontrollable risk.

1.9 Investment Risks

No Entry Barrier

Stationary and office supplies business is highly competitive, since there is no barrier to entry. The business required low investment cost, then, new competitors can be increased easily, in particular hypermarket, direct sale, catalog sale and many others. However, the company has been merged with the Central Group to strengthen distribution channel and gain more office supplies market share. The company also has advantages in terms of economies of scale. The company can produce the private brand products at lower cost. By providing free delivery and after-sale services, the company could expand the business through catalog selling and e-Commerce to satisfy customers. So, OFM can maintain their competitive advantage.

Risk of online and call center system failure

Online distribution channel is another main channel to serve customer. If the system fails, OfficeMate might loss group of customers to other competitors, which can lead to lower sale revenue. However, the company aware this matter and maintain the system to work properly at all time.

Inventory Strategy Risk

OfficeMate has only one plant to maintain and distribute inventory to customers. This strategy creates lower maintenance cost and logistics advantage, as the company can provide on time delivery. However, if this inventory plant cannot operate, for example, environmental disaster, fire and many others, the company would face the problem. The company prepares the contingency plan to support this operational risk.

Fluctuation of Thai baht

Due to the uncertainty of Thailand's economy, the demand and supply for Thai baht may fluctuate. This would affect the higher production cost for OfficeMate and B2S as some of the merchandises are imported from foreign countries. Additionally, the spending power of employees relocating to Thailand once AEC becomes effective may oscillate.

Uncertainty of Future Political Situation

Thailand's political situation has been considered very unstable over the past few years. Even though currently it is in the process of recovering, the future of Thai politics and economy remains uncertain.

AEC Investment

Tentatively in 2015, OfficeMate will start to invest in AEC countries. Currently, the company has no clear policy for investing in other AEC countries. However, the company plans to invest in six countries in 2019 with approximately 1,800 million baht in total. One of the problems is that there is no clear investment regulation, for example, regulations of free trade area and others. Consequently, the AEC investment might not be as successful as the expected.

Selling of OFM's Ownership

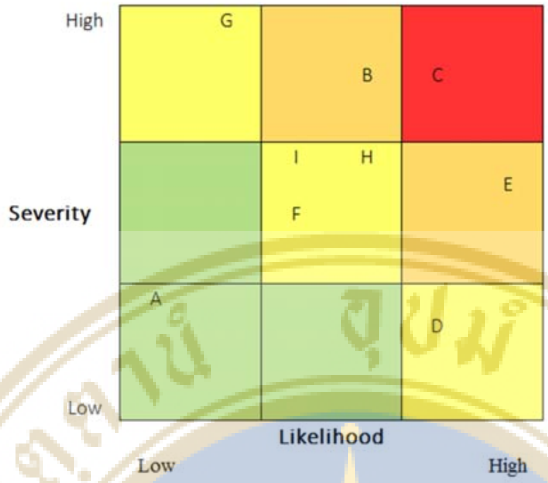
As Chirathivat family held 63.28% of OFM, the family has authority to control the company. On the other hand, the company has more negotiation power to their supplier and enjoy Central distribution channel, in particular new branches expansion along with new Central Group location. Then, risk could happen when Chirathivat Family sell their ownership to others. OFM would not be able to expand their business along with Central distribution channel as well as cost of running the business would be increased.

Low Free Float

The consequence of OFM's low free float of 24.40% tend to cause the stocks to be more volatile as there are limited number of shares that can be trade in the market. If investors buy or sell momentous number of stocks, it will heavily impact the share price.

Poor Feedback of Online Business

Online business is very new to Thai's society. There are some groups of people that are aware of buying products via online channel. Risk of hacking and skimming of personal financial information risk is very high, which lead to high loss of victim. Then, it cannot be denied that poor feedback of online business can be occurred. However, many financial institutions are very active to this matter in these days. We think that it affect high severity to the company, but, it likelihood is moderate, as preventive measurement for online business is improved together with customers' experiences.



A	No Entry Barrier
B	Risk of online and call center system failure
C	Inventory Strategy Risk
D	Fluctuation of Thai baht
E	Uncertainty of Future Political Situation
F	AEC Investment
G	Selling of OFM's Ownership
H	Low Free Float
I	Poor Feedback of Online Business

Figure 1.10 Risk Matrix

A: Even though there is a high probability of new small players in the market, but the threat and impact are relatively because OFM's operations are much larger, holding much larger portion of market share.

B: There is a moderate probability of the online and call center failure due to the continuously improvement technology from the telephone and internet operators, which sometimes these services are temporary unavailable. The severity is quite high, as customers might need the merchandises fast for government, business operations or personal use.

C: The likelihood and the severity of impact of the inventory strategy risk is high because if environmental factors such as fire or flood affect OFM's one and only warehouse, the whole inventory system will go down and there will not be enough inventories to serve customers across the country.

D: Due to the uncertainty of Thailand's economy, it is normal that Thai baht always fluctuate. However, this would not really affect OFM's business because most of OFM's products are from local supplies, only a very low portion of products were imported from foreign countries.

E: There is no doubt that Thai political situation is always changing. Different political parties support different business owners with high power and influence. Therefore, in the future this might affect OFM's business as one of the main customers for OFM comes from the government sector.

F: The upcoming AEC will benefit Thailand's economy as a whole, however OFM's plan to invest in the neighborhood countries may not go according to plan or get delay.

G: The selling of Chirativat's shares would remarkably affect OFM business operations. This is because currently the business heavily relies on the expansion of Central Group domestically and internationally. However, OfficeMates and B2S only just merged in 2012, there is a low possibility for Chirativat family to sell all their shares.

H: Low percentage of free float is likely to affect OFM's performance only when investors trade large stocks volume. However, currently the trading volume for OFM stocks are not high in comparison with other listed firms.

I: There is a moderate chance of the online business not succeeding because there are still numerous conservative shoppers who prefer to purchase goods and see the physical products at the store rather than purchasing online. OFM invested a lot in the warehouse, so if the sales are not as good as predicted, additional cost will occur and difficult for the online business to breakeven.

CHAPTER II

DATA

2.1 Income Statement

Table 2.1 Income statement

	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
Revenue										
REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES	871	1,045	1,263	6,684	8,509	10,807	12,968	15,562	17,790	19,325
OTHER INCOME	-	45	11	492	611	758	940	1,167	1,448	1,797
TOTAL REVENUES	**871**	**1,091**	**1,273**	**7,177**	**9,120**	**11,565**	**13,909**	**16,729**	**19,238**	**21,122**
Expense										
COGS AND RENDERING OF SERVICES	669	803	954	5,131	6,560	8,530	10,259	12,339	14,190	15,580
SELLING EXPENSES	141	166	175	1,038	1,362	1,723	2,073	2,493	2,867	3,148
ADMINISTRATIVE EXPENSES	48	57	80	597	684	761	915	1,101	1,266	1,390
OTHER EXPENSES	13	13	-	27	-	70	84	101	116	127
TOTAL EXPENSES	**871**	**1,039**	**1,209**	**6,793**	**8,606**	**11,084**	**13,331**	**16,034**	**18,439**	**20,245**
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES	43	51	64	383	514	**480**	**578**	**695**	**799**	**877**
FINANCE COSTS	5	2	1	4	1	-	-	-	-	-
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	**38**	**49**	**64**	**379**	**514**	**480**	**578**	695	799	**877**
INCOME TAX EXPENSES	12	14	18	92	105	96	116	139	160	175
NET PROFIT (LOSS)	**27**	**35**	**46**	**287**	**409**	**384**	**462**	**556**	**639**	**702**

2.2 Balance Sheet

Table 2.2 Balance sheet

ITEMS	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
CASH AND CASH EQUIVALENTS	10	17	8	654	785	803	1,081	1,326	1,552	1,778
SHORT-TERM INVESTMENTS	23	84	68	68	27	32	65	156	267	425
TRADE ACCOUNTS AND OTHER RECEIVABLE	83	93	119	404	313	1,214	1,460	1,757	2,020	2,218
INVENTORIES	81	84	132	1,266	1,411	1,398	1,681	2,022	2,325	2,553
OTHER SHORT-TERM ACCOUNT RECEIVABLES	-	-	-	-	262	67	80	96	111	122
OTHER CURRENT ASSETS	-	8	-	-	-	18	22	26	30	33
TOTAL CURRENT ASSETS	**196**	**285**	**327**	**2,392**	**2,799**	**3,532**	**4,389**	**5,383**	**6,304**	**7,128**
CASH RESTRICTED OR PLEDGED	4	4	5	8	8	8	8	8	8	8
PROPERTY, PLANT AND EQUIPMENTS - NET	**151**	**146**	**144**	**564**	**711**	**1,038**	**1,019**	**980**	**919**	**837**
PROPERTY, PLANT AND EQUIPMENTS	223	234	248	1,637	1,834	2,384	2,611	2,838	3,065	3,292
ACCUMULATED DEPRECIATION	(72)	(88)	(104)	(1,073)	(1,123)	(1,346)	(1,592)	(1,858)	(2,146)	(2,455)
GOODWILL	-	-	-	3,016	3,064	3,064	3,064	3,064	3,064	3,064
LEASEHOLD RIGHT	-	-	-	11	26	26	26	26	26	26
INTANGIBLE ASSETS - NET	**5**	**4**	**10**	**260**	**248**	**290**	**320**	**355**	**369**	**353**
INTANGIBLE ASSETS	6	6	13	305	329	417	502	604	694	762
AMORTIZATION	(1)	(2)	(3)	(45)	(81)	(127)	(183)	(249)	(326)	(410)
DEFERRED TAX ASSETS	-	-	-	-	24	31	37	45	51	56
OTHER NON-CURRENT ASSETS	0	2	6	81	80	64	77	92	106	117
TOTAL NON-CURRENT ASSETS	160	157	166	3,939	4,162	**4,521**	**4,551**	**4,570**	**4,543**	**4,461**
TOTAL ASSETS	**356**	**443**	**493**	**6,331**	**6,961**	**8,052**	**8,940**	9,952	**10,848**	**11,589**
TRADE ACCOUNTS AND OTHER PAYABLE	160	175	229	2,050	2,269	2,950	3,548	4,268	4,908	5,389
CURRENT PORTION OF LONG-TERM LIABILITIES	17	1	1	2	-	-	-	-	-	-
CURRENT PORTION OF DEFERRED INCOME	-	0	-	-	-	-	-	-	-	-
OTHER CURRENT LIABILITIES	30	38	5	27	43	188	226	272	313	343
TOTAL CURRENT LIABILITIES	**207**	**215**	**235**	**2,078**	**2,311**	**3,138**	**3,774**	**4,540**	**5,220**	**5,732**
NET OF CURRENT PORTION OF LONG-TERM LIABILITIES	48	6	5	4	-	-	-	-	-	-
NET OF CURRENT PORTION OF POST EMPLOYEE BENEFIT OBLIGATIONS	-	-	9	30	33	37	42	47	53	60
DEFERRED TAX LIABILITIES	-	-	-	-	45	58	69	83	96	105
OTHER NON-CURRENT LIABILITIES	-	-	-	3	4	21	26	31	35	39
TOTAL NON-CURRENT LIABILITIES	**48**	**6**	**14**	**37**	**82**	**116**	**137**	**161**	**184**	**204**
TOTAL LIABILITIES	**255**	**221**	**249**	**2,115**	**2,394**	**3,254**	**3,911**	4,701	**5,405**	**5,936**
AUTHORIZED SHARE CAPITAL	**80**	**80**	**80**	**320**	**320**	**320**	**320**	320	320	**320**
ISSUED AND FULLY PAID-UP SHARE CAPITAL	56	80	80	320	320	320	320	320	320	320
PREMIUM (DISCOUNT) ON SHARE CAPITAL	-	78	78	-	-	-	-	-	-	-
RETAINED EARNINGS										
RETAINED EARNINGS - APPROPRIATED	5	7	8	19	35	35	35	35	35	35
RETAINED EARNINGS (DEFICIT) - UNAPPROPRIATED	41	57	78	135	201	431	662	885	1,076	1,287
OTHER COMPONENTS OF EQUITY	-	-	-	4,012	4,012	4,012	4,012	4,012	4,012	4,012
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	102	221	244	4,216	4,567	**4,798**	**5,029**	**5,251**	**5,443**	**5,654**
NON-CONTROLLING INTERESTS	-	-	-	0	0	0	0	0	0	0
TOTAL EQUITY	**102**	**221**	**244**	**4,216**	**4,567**	4,798	**5,029**	5,251	5,443	**5,654**
TOTAL LIABILITIES & EQUITY	**356**	**443**	**493**	**6,331**	**6,961**	**8,052**	8,940	9,952	**10,848**	**11,589**

2.3 Statement of Cash Flow

Table 2.3 Statement of cash flow

	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	38	49	64	379	-	**480**	**578**	**695**	**799**	**877**
PERIOD NET PROFIT (LOSS)/ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	-	-	-	-	409	384	462	556	639	702
DEPRECIATION	21	21	20	142	172	224	245	266	288	309
AMORTISATION OF INTANGIBLE ASSETS	-	-	-	-	36	46	55	67	77	84
BAD DEBT AND DOUBTFUL ACCOUNTS (REVERSAL)	(0)	0	(0)	(69)	1	-	-	-	-	-
LOSS ON OBSOLESCENCE (REVERSAL)	0	0	1	-	-	-	-	-	-	-
LOSS ON DIMINUTION IN VALUE OF INVENTORIES (REVERSAL)	-	-	-	42	27	-	-	-	-	-
SHARE OF (PROFIT) LOSS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	-	-	-	13	-	-	-	-	-	-
(GAIN) LOSS ON SALES OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES		-	-	(39)	-	-	-	-	-	-
(GAIN) LOSS ON DISPOSAL OF OTHER INVESTMENTS	(0)	(0)	(2)	(0)	(2)	-	-	-	-	-
(GAIN) LOSS ON DISPOSAL OF FIXED ASSETS	(2)	(1)	(0)	9	12	-	-	-	-	-
(GAIN) LOSS ON FAIR VALUE ADJUSTMENTS OF INVESTMENTS	(0)	(0)	(0)	(0)	0	-	-	-	-	-
FINANCE COSTS	5	2	1	4	1	-	-	-	-	-
INCOME TAX EXPENSES	-	-	-	-	105	96	116	139	160	175
OTHER RECONCILIATION ITEMS	-	-	3	7	(4)	-	-	-	-	-
CASH FLOWS FROM (USED IN) OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	**62**	**71**	**85**	**487**	**757**	**750**	**878**	**1,028**	**1,164**	**1,271**
(INCREASE) DECREASE IN TRADE ACCOUNT AND OTHER RECEIVABLES - OTHER PARTIES	(8)	(18)	(18)	(19)	(53)	(901)	(246)	(296)	(263)	(198)
(INCREASE) DECREASE IN OTHER RECEIVABLES - OTHER PARTIES	-	-	-	-	(119)	196	(13)	(16)	(14)	(11)
(INCREASE) DECREASE IN INVENTORIES	(1)	(3)	(49)	(286)	(171)	13	(283)	(341)	(303)	(228)
(INCREASE) DECREASE IN OTHER CURRENT ASSETS	1	(1)	-	-	-	(18)	(4)	(4)	(4)	(3)
(INCREASE) DECREASE IN DEFER TAX ASSETS		-	-	-	(24)	(7)	(6)	(8)	(7)	(5)
(INCREASE) DECREASE IN OTHER NON-CURRENT ASSETS	-	-	-	-	3	16	(13)	(16)	(14)	(10)
(INCREASE) DECREASE IN OPERATING ASSETS	**(8)**	**(22)**	**(67)**	**(305)**	**(341)**	**(701)**	**(566)**	**(681)**	**(606)**	**(455)**
INCREASE (DECREASE) IN TRADE ACCOUNT AND OTHER PAYABLES - OTHER PARTIES	19	15	22	351	131	682	598	719	640	481
INCREASE (DECREASE) IN OTHER PAYABLES - OTHER PARTIES	-	-	-	-	28	-	-	-	-	-
INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES	1	9	-	-	-	145	38	46	41	31
INCREASE (DECREASE) IN DEFER TAX LIABILITIES		-	-	-	45	12	12	14	12	9
INCREASE (DECREASE) IN POST EMPLOYEE BENEFIT OBLIGATIONS		-	9	21	4	4	5	5	6	7
INCREASE (DECREASE) IN OTHER NON-CURRENT LIABILITIES	5	-	-	(0)	(8)	18	4	5	5	3
INCREASE (DECREASE) IN OPERATING LIABILITIES	**25**	**24**	**22**	**351**	**200**	**861**	657	**790**	**704**	**531**
CASH GENERATED FROM OPERATIONS	**79**	**73**	**40**	**533**	**566**	**910**	969	**1,137**	**1,262**	**1,347**
INTEREST PAID	(5)	(3)	(1)	(4)	-	-	-	-	-	-
INCOME TAX PAID	(8)	(15)	(20)	(128)	(89)	(96)	(116)	(139)	(160)	(175)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**65**	**56**	**19**	**401**	**477**	**814**	**854**	**998**	**1,102**	**1,171**
(INCREASE) DECREASE IN SHORT-TERM INVESTMENTS	(23)	(60)	18	(4)	42	(5)	(32)	(91)	(111)	(158)
(INCREASE) DECREASE IN INVESTMENT IN SUBSIDIARIES AND ASSOCIATES	-	-	-	0	-	-	-	-	-	-
(INCREASE) DECREASE IN ADVANCES AND SHORT-TERM LOANS - RELATED PARTIES	-	-	-	549	-	-	-	-	-	-
(INCREASE) DECREASE IN LONG-TERM LOANS - RELATED PARTIES	-	-	-	9	-	-	-	-	-	-
(INCREASE) DECREASE IN PROPERTY, PLANT AND EQUIPMENTS	(3)	(9)	(19)	(196)	(272)	(550)	(227)	(227)	(227)	(227)
(INCREASE) DECREASE IN INTANGIBLE ASSETS	(0)	(0)	(3)	(6)	(22)	(88)	(85)	(102)	(91)	(68)
(INCREASE) DECREASE IN RESTRICTIED DEPOSITS AT FINANCIAL INSTITUTION	(1)	(0)	(1)	-	-	-	-	-	-	-
INTEREST RECEIVED	-	-	-	-	9	-	-	-	-	-
OTHER ITEMS	(0)	(2)	(4)	16	(18)	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**(27)**	**(72)**	**(9)**	**368**	**(260)**	**(643)**	**(344)**	**(420)**	**(429)**	**(454)**
INCREASE (DECREASE) IN SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTION	(25)	-	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTION	(19)	(61)	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN SHORT-TERM BORROWINGS FROM RELATED PARTIES	-	-	-	(104)	-	-	-	-	-	-
INCREASE (DECREASE) IN FINANCE LEASE CONTRACT LIABILITIES	(2)	(1)	(1)	-	(6)	-	-	-	-	-
PROCEEDS FROM ISSUANCE OF SHARE CAPITAL	-	102	-	-	-	-	-	-	-	-
DIVIDEND PAID	(7)	(17)	(18)	(387)	(80)	(154)	(231)	(334)	(447)	(491)
INTEREST PAID	-	-	-	-	(4)	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(53)**	**23**	**(19)**	**(492)**	**(86)**	**(154)**	**(231)**	**(334)**	**(447)**	**(491)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(15)**	**7**	**(9)**	**277**	**131**	**17**	**279**	**245**	**226**	**226**
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE	**24**	**10**	**17**	**377**	**654**	**785**	**803**	**1,081**	**1,326**	**1,552**
CASH AND CASH EQUIVALENTS, ENDING BALANCE	**10**	**17**	**8**	**654**	**785**	**803**	**1,081**	**1,326**	**1,552**	**1,778**

2.4 Common Size

Table 2.4 Common size

Income Statement

Common Size	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
Revenue										
REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES	100%	96%	99%	93%	93%	93%	93%	93%	92%	91%
OTHER INCOME	0%	4%	1%	7%	7%	7%	7%	7%	8%	9%
TOTAL REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Expense										
COST OF SALE OF GOODS AND RENDERING OF SERVICES	77%	74%	75%	71%	72%	74%	74%	74%	74%	74%
SELLING EXPENSES	16%	15%	14%	14%	15%	15%	15%	15%	15%	15%
ADMINISTRATIVE EXPENSES	6%	5%	6%	8%	7%	7%	7%	7%	7%	7%
OTHER EXPENSES	1%	1%	0%	0%	0%	1%	1%	1%	1%	1%
TOTAL EXPENSES	100%	95%	95%	95%	94%	96%	96%	96%	96%	96%
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES	5%	5%	5%	5%	6%	4%	4%	4%	4%	4%
FINANCE COSTS	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	4%	4%	5%	5%	6%	4%	4%	4%	4%	4%
INCOME TAX EXPENSES	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
NET PROFIT (LOSS)	3%	3%	4%	4%	4%	3%	3%	3%	3%	3%

Table 2.4 Common size (cont.)

Common Size	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
CASH AND CASH EQUIVALENTS	2.69%	3.74%	1.58%	10.33%	11.28%	9.97%	12.09%	13.33%	14.30%	15.34%
SHORT-TERM INVESTMENTS	6.47%	18.94%	13.88%	1.07%	0.39%	0.40%	0.73%	1.56%	2.46%	3.67%
TRADE ACCOUNTS AND OTHER RECEIVABL	23.16%	20.93%	24.19%	6.39%	4.50%	15.08%	16.34%	17.65%	18.62%	19.14%
INVENTORIES	22.71%	18.93%	26.76%	20.00%	20.26%	17.36%	18.81%	20.32%	21.44%	22.03%
OTHER SHORT-TERM ACCOUNT RECEIVABL	0.00%	0.00%	0.00%	0.00%	3.77%	0.83%	0.90%	0.97%	1.02%	1.05%
OTHER CURRENT ASSETS	0.00%	1.91%	0.00%	0.00%	0.00%	0.22%	0.24%	0.26%	0.27%	0.28%
TOTAL CURRENT ASSETS	55.02%	64.45%	66.41%	37.79%	40.21%	43.86%	49.10%	54.08%	58.12%	61.51%
CASH RESTRICTED OR PLEDGED	1.15%	1.00%	1.07%	0.12%	0.11%	0.10%	0.09%	0.08%	0.07%	0.07%
PROPERTY, PLANT AND EQUIPMENTS - NET	42.40%	33.01%	29.22%	8.91%	10.22%	12.89%	11.40%	9.85%	8.47%	7.23%
PROPERTY, PLANT AND EQUIPMENTS	62.50%	52.78%	50.30%	25.86%	26.35%	29.61%	29.20%	28.51%	28.25%	28.41%
ACCUMULATED DEPRECIATION	-20.10%	-19.78%	-21.08%	-16.95%	-16.13%	-16.72%	-17.80%	-18.67%	-19.78%	-21.18%
GOODWILL	0.00%	0.00%	0.00%	47.63%	44.02%	38.05%	34.28%	30.79%	28.25%	26.44%
LEASEHOLD RIGHT	0.00%	0.00%	0.00%	0.17%	0.37%	0.32%	0.29%	0.26%	0.24%	0.22%
INTANGIBLE ASSETS - NET	1.36%	0.99%	2.00%	4.10%	3.57%	3.61%	3.57%	3.56%	3.40%	3.04%
INTANGIBLE ASSETS	1.63%	1.34%	2.55%	4.81%	4.73%	5.18%	5.62%	6.07%	6.40%	6.58%
AMORTIZATION	-0.27%	-0.35%	-0.55%	-0.71%	-1.16%	-1.58%	-2.04%	-2.50%	-3.00%	-3.54%
DEFERRED TAX ASSETS	0.00%	0.00%	0.00%	0.00%	0.35%	0.38%	0.42%	0.45%	0.47%	0.49%
OTHER NON-CURRENT ASSETS	0.07%	0.55%	1.30%	1.28%	1.14%	0.79%	0.86%	0.93%	0.98%	1.01%
TOTAL NON-CURRENT ASSETS	44.98%	35.55%	33.59%	62.21%	59.79%	56.14%	50.90%	45.92%	41.88%	38.49%
TOTAL ASSETS	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
TRADE ACCOUNTS AND OTHER PAYABLE	44.94%	39.56%	46.44%	32.39%	32.59%	36.64%	39.69%	42.88%	45.24%	46.50%
CURRENT PORTION OF LONG-TERM LIABILITIES	4.79%	0.30%	0.29%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CURRENT PORTION OF DEFERRED INCOME	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER CURRENT LIABILITIES	8.34%	8.58%	1.00%	0.42%	0.61%	2.33%	2.53%	2.73%	2.88%	2.96%
TOTAL CURRENT LIABILITIES	58.06%	48.53%	47.73%	32.83%	33.20%	38.97%	42.22%	45.61%	48.12%	49.46%
NET OF CURRENT PORTION OF LONG-TERM LIABILITIES	13.34%	1.47%	1.03%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NET OF CURRENT PORTION OF POST EMPLOYEE BENEFIT OBLIGATIONS	0.00%	0.00%	1.81%	0.47%	0.48%	0.46%	0.47%	0.47%	0.49%	0.52%
DEFERRED TAX LIABILITIES	0.00%	0.00%	0.00%	0.00%	0.65%	0.72%	0.77%	0.84%	0.88%	0.91%
OTHER NON-CURRENT LIABILITIES	0.00%	0.00%	0.00%	0.05%	0.05%	0.26%	0.29%	0.31%	0.33%	0.33%
TOTAL NON-CURRENT LIABILITIES	13.34%	1.47%	2.84%	0.58%	1.18%	1.44%	1.53%	1.62%	1.70%	1.76%
TOTAL LIABILITIES	71.40%	50.00%	50.58%	33.41%	34.39%	40.42%	43.75%	47.23%	49.82%	51.22%
AUTHORIZED SHARE CAPITAL	22.44%	18.07%	16.23%	5.05%	4.60%	3.97%	3.58%	3.22%	2.95%	2.76%
ISSUED AND FULLY PAID-UP SHARE CAPITA	15.71%	18.07%	16.23%	5.05%	4.60%	3.97%	3.58%	3.22%	2.95%	2.76%
PREMIUM (DISCOUNT) ON SHARE CAPITAL	0.00%	17.53%	15.74%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RETAINED EARNINGS										
RETAINED EARNINGS - APPROPRIATED	1.45%	1.56%	1.62%	0.31%	0.51%	0.44%	0.39%	0.35%	0.33%	0.30%
RETAINED EARNINGS (DEFICIT) - UNAPPROPRIATED	11.44%	12.84%	15.83%	2.13%	2.88%	5.35%	7.41%	8.89%	9.92%	11.10%
OTHER COMPONENTS OF EQUITY	0.00%	0.00%	0.00%	63.37%	57.63%	49.82%	44.87%	40.31%	36.98%	34.61%
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	28.60%	50.00%	49.42%	66.59%	65.61%	59.58%	56.25%	52.77%	50.18%	48.78%
NON-CONTROLLING INTERESTS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL EQUITY	28.60%	50.00%	49.42%	66.59%	65.61%	59.58%	56.25%	52.77%	50.18%	48.78%
TOTAL LIABILITIES & EQUITY	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

2.5 Trend

Table 2.5 Trend

Income Statement

Trend Analysis	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
Revenue										
REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES	10%	12%	15%	79%	100%	127%	152%	183%	209%	227%
OTHER INCOME	0%	7%	2%	81%	100%	124%	154%	191%	237%	294%
TOTAL REVENUES	10%	12%	14%	79%	100%	127%	153%	183%	211%	232%
Expense										
COST OF SALE OF GOODS AND RENDERING OF SERVICES	10%	12%	15%	78%	100%	130%	156%	188%	216%	238%
SELLING EXPENSES	10%	12%	13%	76%	100%	126%	152%	183%	210%	231%
ADMINISTRATIVE EXPENSES	7%	8%	12%	87%	100%	111%	134%	161%	185%	203%
OTHER EXPENSES	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL EXPENSES	10%	12%	14%	79%	100%	129%	155%	186%	214%	235%
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES	8%	10%	13%	75%	100%	93%	112%	135%	155%	171%
FINANCE COSTS	922%	453%	97%	744%	100%	0%	0%	0%	0%	0%
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	7%	10%	12%	74%	100%	94%	112%	135%	156%	171%
INCOME TAX EXPENSES	11%	13%	17%	88%	100%	92%	110%	132%	152%	167%
NET PROFIT (LOSS)	7%	9%	11%	70%	100%	94%	113%	136%	156%	172%

Table 2.5 Trend (cont.)

Balance Sheet

Trend Analysis	2009A	2010A	2011A	2012A	2013A	2014F	2015F	2016F	2017F	2018F
CASH AND CASH EQUIVALENTS	1%	2%	1%	83%	100%	102%	138%	169%	198%	226%
SHORT-TERM INVESTMENTS	84%	305%	249%	246%	100%	118%	236%	567%	972%	1548%
TRADE ACCOUNTS AND OTHER RECEIVABL	26%	30%	38%	129%	100%	387%	466%	560%	644%	708%
INVENTORIES	6%	6%	9%	90%	100%	99%	119%	143%	165%	181%
OTHER SHORT-TERM ACCOUNT RECEIVABI	0%	0%	0%	0%	100%	25%	31%	37%	42%	46%
OTHER CURRENT ASSETS	0%	0%	0%	0%	-	0%	0%	0%	0%	0%
TOTAL CURRENT ASSETS	7%	10%	12%	85%	100%	126%	157%	192%	225%	255%
CASH RESTRICTED OR PLEDGED	52%	56%	67%	98%	100%	100%	100%	100%	100%	100%
PROPERTY, PLANT AND EQUIPMENTS - NET	21%	21%	20%	79%	100%	146%	143%	138%	129%	118%
PROPERTY, PLANT AND EQUIPMENTS	12%	13%	14%	89%	100%	130%	142%	155%	167%	180%
ACCUMULATED DEPRECIATION	6%	8%	9%	96%	100%	120%	142%	166%	191%	219%
GOODWILL	0%	0%	0%	98%	100%	100%	100%	100%	100%	100%
LEASEHOLD RIGHT	0%	0%	0%	41%	100%	100%	100%	100%	100%	100%
INTANGIBLE ASSETS - NET	2%	2%	4%	105%	100%	117%	129%	143%	149%	142%
INTANGIBLE ASSETS	2%	2%	4%	93%	100%	127%	153%	183%	211%	232%
AMORTIZATION	1%	2%	3%	56%	100%	157%	225%	307%	402%	506%
DEFERRED TAX ASSETS	0%	0%	0%	0%	100%	127%	153%	183%	211%	232%
OTHER NON-CURRENT ASSETS	0%	3%	8%	102%	100%	80%	96%	116%	133%	146%
TOTAL NON-CURRENT ASSETS	4%	4%	4%	95%	100%	109%	109%	110%	109%	107%
TOTAL ASSETS	5%	6%	7%	91%	100%	116%	128%	143%	156%	166%
TRADE ACCOUNTS AND OTHER PAYABLE	7%	8%	10%	90%	100%	130%	156%	188%	216%	238%
CURRENT PORTION OF LONG-TERM LIABILITIES	0%	0%	0%	0%	-	0%	0%	0%	0%	0%
CURRENT PORTION OF DEFERRED INCOME	0%	0%	0%	0%	-	0%	0%	0%	0%	0%
OTHER CURRENT LIABILITIES	70%	89%	12%	62%	100%	441%	531%	638%	734%	806%
TOTAL CURRENT LIABILITIES	9%	9%	10%	90%	100%	136%	163%	196%	226%	248%
NET OF CURRENT PORTION OF LONG-TERM LIABILITIES	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
NET OF CURRENT PORTION OF POST EMPLOYEE BENEFIT OBLIGATIONS	0%	0%	27%	89%	100%	112%	127%	142%	160%	180%
DEFERRED TAX LIABILITIES	0%	0%	0%	0%	100%	127%	153%	183%	211%	232%
OTHER NON-CURRENT LIABILITIES	0%	0%	0%	96%	100%	584%	702%	844%	971%	1066%
TOTAL NON-CURRENT LIABILITIES	58%	8%	17%	44%	100%	141%	166%	196%	224%	248%
TOTAL LIABILITIES	11%	9%	10%	88%	100%	136%	163%	196%	226%	248%
AUTHORIZED SHARE CAPITAL	25%	25%	25%	100%	100%	100%	100%	100%	100%	100%
ISSUED AND FULLY PAID-UP SHARE CAPITA	18%	25%	25%	100%	100%	100%	100%	100%	100%	100%
PREMIUM (DISCOUNT) ON SHARE CAPITAL	0%	0%	0%	0%	-	0%	0%	0%	0%	0%
RETAINED EARNINGS										
RETAINED EARNINGS - APPROPRIATED	15%	20%	23%	55%	100%	100%	100%	100%	100%	100%
RETAINED EARNINGS (DEFICIT) - UNAPPROPRIATED	20%	28%	39%	67%	100%	215%	330%	441%	537%	642%
OTHER COMPONENTS OF EQUITY	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT	2%	5%	5%	92%	100%	105%	110%	115%	119%	124%
NON-CONTROLLING INTERESTS	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%
TOTAL EQUITY	2%	5%	5%	92%	100%	105%	110%	115%	119%	124%
TOTAL LIABILITIES & EQUITY	5%	6%	7%	91%	100%	116%	128%	143%	156%	166%

2.6 Financial Ratio

Table 2.6 Financial Ratio

Liquidity Ratio	**OFM**	**SE-ED**	**Big C**
Current Ratio (x)	1.21	0.47	0.59
Quick Ratio (x)	0.48	0.36	0.33
Cash Ratio (x)	0.34	0.11	0.19
Efficiency Ratio			
Total Asset Turnover (x)	2.69	7.42	1.33
Fixed Asset Turnover (x)	10.43	3.21	1.73
Acc. Receivable Turnover (x)	15.79	50.72	398.03
Collection Period (days)	23	7	1
Inventory Turnover (x)	4.67	9.31	13.55
Days in Inventory (days)	78	39	27
Payable Turnover (x)	2.72	2.67	4.42
Payable Period (days)	134	137	83
Cash Conversion Cycle (days)	-33.12	-90.26	-54.71
Profitability Ratio			
Gross Profit Margin (%)	28.07%	35.05%	20.83%
EBIT Margin (%)	5.63%	1.74%	7.52%
EBITDA Margin (%)	6%	4%	10%
Net Profit Margin (%)	4.48%	1.33%	5.50%
ROA (%)	5.87%	3%	7%
ROE (%)	8.95%	7.37%	20.24%
SG&A/Sale	22%	33%	16%

2.7 Relatives Valuation Financial Ratios Calculations

Table 2.7 Relatives Valuations Financial Ratios Calculations

Valuation Multiples

No. of shares	320
Current Market Price	50
Market Value of Equity	15,920

	2013A	2014F	2015F	2016F	2017F	2018F
EBIT	514	480	578	695	799	877
Depreciation and Amortisation	209	270	301	333	364	393
EBITDA	723	750	878	1,028	1,164	1,271
NI after Taxes	409	384	462	556	639	702
Sales	9,120	11,565	13,909	16,729	19,238	21,122
Annual net sales per share	29	36	43	52	60	66
Book Value of equity	14	15	16	16	17	18
EV	16,470	15,117	14,839	14,594	14,368	14,142
Dividend Payout	0.20	0.40	0.50	0.60	0.70	0.70
ROE	0.09	0.08	0.09	0.11	0.12	0.12
Growth	0.07	0.05	0.05	0.04	0.04	0.04

EPS	1.28	1.20	1.44	1.74	2.00	2.19
Dividend per share	0.26	0.48	0.72	1.04	1.40	1.54

Financial Ratios

P/BV	3.49	3.32	3.17	3.03	2.92	2.82
Justified P/BV	0.50	0.54	0.74	0.97	1.13	1.23
Trailing P/E	38.9	41.4	34.4	28.6	24.9	22.7
Forward P/E	41.4	34.4	28.6	24.9	22.7	17.3
Justified P/E	5.5	6.7	8.1	9.2	9.7	9.9
P/Sales	1.7	1.4	1.1	1.0	0.8	0.8
Justified P/Sales	0.3	0.2	0.3	0.3	0.3	0.3
Trailling Dividend Yield	0.0	0.0	0.0	0.0	0.0	0.0
Justified Dividend Yield	0.0	0.1	0.1	0.1	0.1	0.1
PCFE	52.0	59.6	25.5	22.2	19.1	17.8
FCFE per share	1.0	0.8	2.0	2.2	2.6	2.8
CFO	566	910	969	1,137	1,262	1,347
FCInv	(260)	(643)	(344)	(420)	(429)	(454)
Net borrowing	-	-	-	-	-	-
Justified PCFE	0.02	0.02	0.02	0.02	0.02	0.02
EV/Sales	1.81	1.42	1.18	0.98	0.86	0.78
EV/EBITDA	22.79	20.15	16.90	14.20	12.35	11.13
EV/Operating Income	32.03	34.29	28.51	23.70	20.61	18.77

2.8 Peer Benchmark Comparison

Table 2.8 Peer Benchmark

	Average from Historical Data		Forward		Competitors		Average
	Benchmark	Price	Benchmark	Estimated Price	BIGC	SEED	
P/E	29.19	**49.62**	32.34	**54.98**	28.19	31.01	29.60
P/BV	58.27	**171.03**	14.75	**43.29**	5.22	2.42	3.82
P/S	1.48	**41.03**	1.52	**45.23**	1.55	0.43	0.99
EV/EBITDA	22.45	**41.03**	23.67	**45.23**	17.21	N/A	17.21
EV/Sales	1.71	**49.89**	1.60	**51.49**	N/A	N/A	N/A

Peer Benchmark

	BIGC	SEED	Average	OFM	SET
PE	26.87	27.96	27.42	35.75	18.49
PBV	5.05	2.26	3.66	3.44	2.28

Rank	Company	P/E (Times)
1	OFM	35.75
2	SEED	27.96
3	BIGC	26.87

Index	P/E (Times)
SET	18.49
OFM	35.75

	Q1/2014	Q2/2014	Q3/2014	Q4/2014F	Esitmated EPS
EPS	0.44	0.24	0.38	0.64	1.70

	Min	Max	Average
BIGC - P/E Ratio	20.93	30.08	24.67
SE-ED - P/E Ratio	16.91	33.92	16.91
Average Peer Companies			20.79
Estimated EPS			1.70
Share Price			41.94

2.9 Relatives Valuation Model Calculations

Table 2.9 Relative Valuations Calculations

Forward P/E Ratio

	Min	Max	Average
P/E Ratio	17.32	40.88	32.34
Estimated EPS			1.70
Share Price			**54.98**

Forward P/BV Ratio

	Q1/2014	Q2/2014	Q3/2014	Q4/2014F	Esitmated BV
Book Value Per Share	3.68	3.61	3.71	3.75	14.75

	Min	Max	Average
P/BV Ratio	2.00	3.87	2.94
Estimated BV			4,797.92
No. of Shares			320.00
Estimated BV per share			14.99
Share Price			**44.01**

Trailing EV/EBITDA Multiple

	Q4/2013	Q1/2014	Q2/2014	Q3/2014	Trailing EBITDA
EBITDA	161.01	173.86	99.67	150.36	584.90

	Min	Max	Average
EV (Daily Price * No. of Shares)	8,880.00	18,240.00	13,131.15
(+) Non-Operating Assets			802.56
(-) Value of Long Term Debt			-
Adjusted EV			13,933.70
Adjusted EV/Trailing EBITDA			23.82
Estimated EBITDA			547.86
Value of Equity			13,051.32
No. of Shares			320.00
Share Price			**43.54**

Forward EV/EBITDA Multiple

	Q1/2014	Q2/2014	Q3/2014	Q4/2014F	Forward EBITDA
EBITDA	173.86	99.67	150.36	187.57	611.46

	Min	Max	Average
EV (Daily Price * No. of Shares)	8,880.00	18,240.00	14,473.80
(+) Non-Operating Assets			802.56
(-) Value of Long Term Debt			-
Adjusted EV			15,276.35
Adjusted EV/Forward EBITDA			**24.98**
Estimated EBITDA			611.46
Value of Equity			15,276.35
No. of Shares			320.00
Share Price			**47.74**

	Target Price
Forward P/E	54.98
Forward P/BV	44.01
EV/EBITDA	47.74
DCF	60.64

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