

**RELATIVES VALUATION OF JASMINE INTERNATIONAL
PUBLIC COMPANY LIMITED**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
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entitled
**RELATIVES VALUATION OF JASMINE INTERNATIONAL
PUBLIC COMPANY LIMITED**

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RELATIVES VALUATION OF GLOBAL PUBLIC COMPANY LIMITED

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M.M. (FINANCIAL MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: PIYAPAS THARAVANIJ, Ph.D.,
VASAN SIRAPRAPASIRI, M.Sc., KAIPICHIT RUENGRICHAIYA, Ph.D.**ABSTRACT**

This thematic paper demonstrated how to value the stock price of Jasmine International Public Company (JAS) which applied the concept of the multiple valuation models. It reflected the company's ability whether they can be survive and grow without equity or debt. I applied multiples valuation method to express the valuation of the company's stock price. I calculated 3 ratios which composed of PER, P/BV and EV/EBITDA. We consider using EV/EBITDA as it is the most appropriated market benchmark for valuation which EV/EBITDA derived from its represent firm activities. EV/EBITDA is the ratio which the measurement the company's forward looking-focus in the next 12 months and it is the investor's perception toward the company. As a result the JAS target price from forward EV/EBITDA is 5.65 THB, comparing to the current price of 7.4 THB, therefore we recommend SELL.

KEY WORDS: Jasmine / Valuation / Multiple Valuation / Telecommunication

40 pages

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LIST OF ABBREVIATIONS



BV	Book value
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
COD	Commercial Operation Date
COGS	Cost of Goods Sold
D/E	Debt/Equity
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes and Depreciation
EPS	Earning per share
EV	Enterprise value
NOPAT	Net Operating Profit after Taxes
NOWC	Net Operating Working Capital
P/E	Price/Earnings
Rf	Risk free
ROA	Return on Assets
ROE	Return on Equity
SET	Stock Exchange of Thailand
SG&A	Selling, General and Administrative Expense
YOY	Year on Year

CHAPTER I

VALUATION

1.1 Highlights

1.1.1 Bright future of broadband business

Comparing the 2014 expected broadband penetration rate of Thailand with developed country. We are still at 8% while the other is 27.5% which means there is a very big room for this business.

1.1.2 JAS as top 3 leaders in Thailand

Due to the provincial market invading strategy, JAS can hold the 3rd place easily and continue to grow at consistent rate of 20,000 subscribers per month. Moreover, JAS can provide a very high speed internet with FTTx (Fiber to the x) by fiber optic infrastructure at maximum 2,500 Mb.

1.1.3 Infrastructure fund establishment

To build the jumped growth, JAS is planning to launch JASIF aiming in fund raising for more investment, paying debt, and dividend

1.1.4 Financial status as a barrier

Even though the business is looking great, JAS still sticks with the 2 court cases. First has already finalized and required JAS to book 274 million baht in 3Q2014 pursuant to a directive from the Securities and Exchange Commission (SEC) to provide for a total 1.86 billion baht in creditors' claims for the legal case involving TT&T. The second one is the consequent from Central Bankruptcy Court's ruling in 2003 was overturned by the Supreme Court in August 2013. This has resulted in a risk that creditors from long ago could return to claim their entire 4.5 billion baht debt haircut plus 7% interest for the past 10 years that has been given to JAS. That is the reason why we think the JASIF has very less opportunity to launch and we will not include this fund cash flow in this paper. The valuation will include the first case of

274 million baht litigation cost recording. Then, we will divide into 2 scenarios; 1. no claim from the second case and 2. will be claimed as a worst case scenario.

Table 1.1 Financial Summary

	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Revenues	5,350.22	8,370.55	9,625.95	9,497.85	10,369.49	11,122.97	14,463.38	16,367.50	18,271.62	20,175.74	22,079.86
EBIT	- 643.79	811.09	1,384.95	2,007.03	2,992.01	3,993.76	3,977.64	5,121.45	5,717.25	6,313.06	6,908.86
Net Income	- 1,187.68	226.44	589.01	1,045.65	2,058.25	3,076.64	2,785.16	3,714.57	4,216.54	4,737.03	5,275.89
ROA (%)	-10%	1%	3%	5%	11%	14%	10%	12%	12%	13%	14%
ROE (%)				13%	21%	25%	20%	24%	24%	23%	23%

1.2 Business Description

Jasmine International Public Company Limited is a leading telecommunications company of Thailand offering all services of telecommunications locally and internationally (i.e. terrestrial, aerial, and submarine) aiming to best serve and satisfy our clients. The Company owns telecom networks, various products and services covering a full range of communications including broadband internet, satellite-based communication, local and international telephone service, digital content, e-commerce, etc.

1.2.1 Visions

An initiator and a leading telecommunications service provider, fulfilling the requirements and demands of our users with customized solutions and an array of diverse value added services to meet their specific needs, and also adhering to our corporate social responsibilities and to be the leading provider of high speed broadband internet in both quality and speed

1.2.2 Missions

Continued development of service quality and speed in all aspects including research and development for progressive growth , Continued development of personnel training to ensure employees have the proper skills and capabilities to perform their duties to the best of their abilities, Utilizing synergy between technology and personnel, Adhering to our commitment towards corporate social responsibility

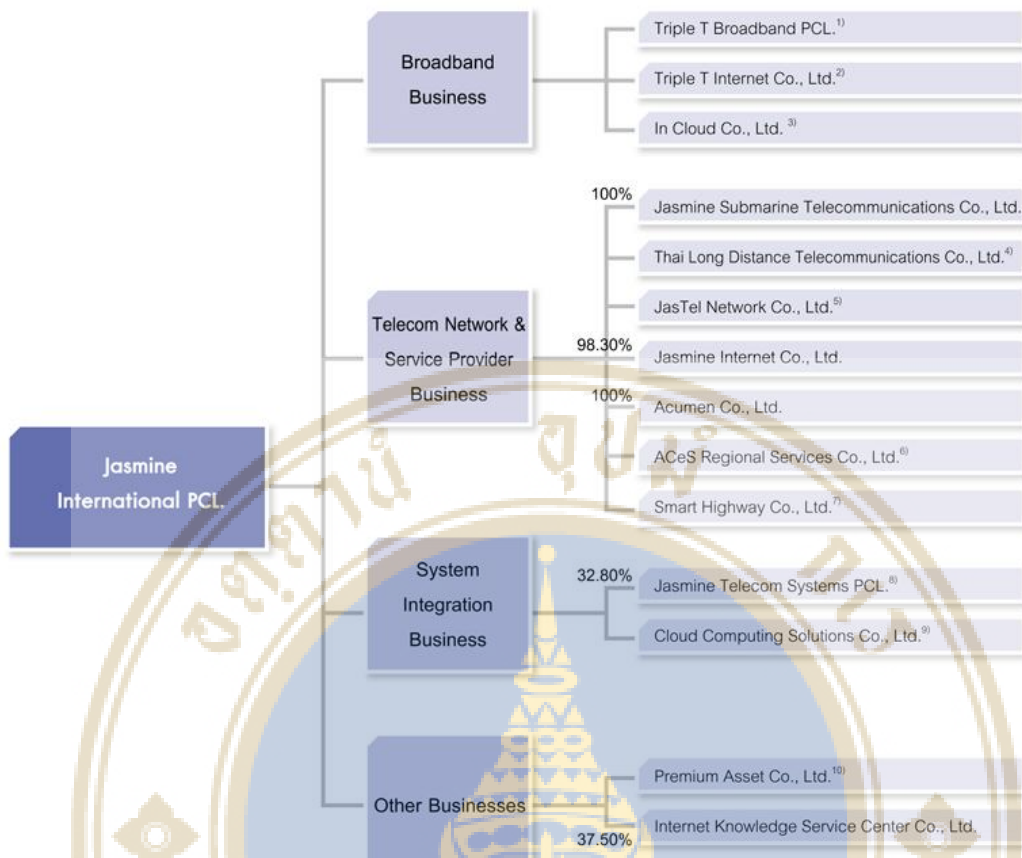
1.2.3 Future Business Trends of Jasmine International Group

It can be seen from the past year how the steady demand for FTTx technology has consecutively increased throughout. Since FTTx uses Fiber Optics, this allows the broadband internet speed to be very high up to 1000Mbps. A sizable amount of the Company's customers have requirements of broadband internet speed of more than 30/3 Mbps. The Company anticipates that in the near future the demand for FTTX will steadily increase and at the same time a need for even faster broadband internet speed is required. This in turn will increase the growth of the Company's earnings.

Throughout the past three years, the Company had built its own high quality network both very stable and efficient, of which the Company will take the equipment of its own network to set up an Infrastructure Fund (IFF). The company, Triple T Broadband Company Limited had proposed the IFF proposal since the end of 2013 to the Securities and Exchange Commission of Thailand (SEC) who already received the IFF proposal for consideration and the SEC has stated that the Company has the ability to raise sizable funds to operate the Company business for producing massive growth. The Company anticipates its IFF approval from SEC by early 2015 and it is highly possible that the growth of the Company will quickly surge, that will result in becoming the leader in fixed line broadband internet.

It is a time that the public is using more highly efficient devices that also have many device types and rely on the use of a more advanced internet technology, in combination with the utilization of social media that requires extremely high data traffic. It is only fixed line broadband internet that has the ability to support such extreme high data traffic; especially a system of Optical Fiber FTTx technology that can support an unlimited broadband internet speed.

It deems an excellent time for the Company who has already established its strength. When the ASEAN Economic Community (AEC) exists in the next two years, in the year 2015, the Company is already ready to do other businesses related to its core business. As a result, the Company business shall continue growing endlessly.

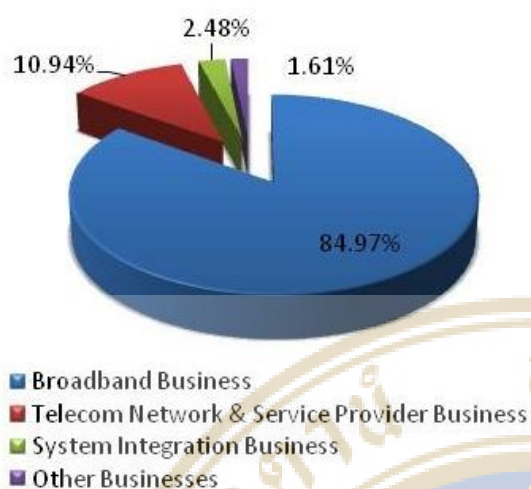


Remarks :

- 1) = 99.20% held by ACU
- 2) = 99.93% held by TTTBB
- 3) = 100% held by TTTBB
- 4) = 90% held by JSTC
- 5) = 100% held by JSTC
- 6) = 98.04 % held by ACT (ACT is 58.84% held by JIOC and JIOC is 39.82 % held by JAS)
- 7) = 67.40% held by ACU
- 8) = 32.80% held by JAS, 9.06% held by ARS and 9.05% held by TJP, making the total of 50.91%
- 9) = 97.87% held by JTS
- 10) = 53.85% held by ACU and 46.15% held by JSTC

Figure 1.1 Business Structure

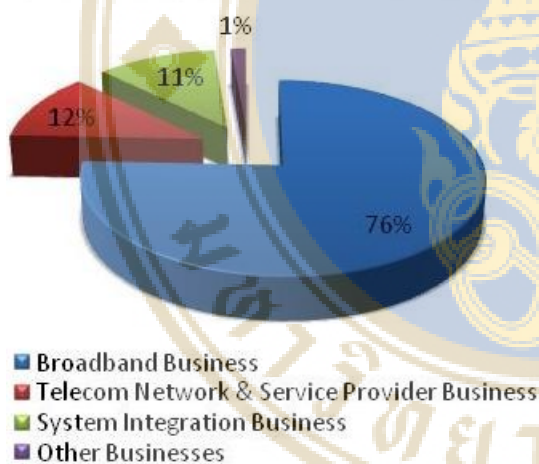
Revenue Structure 2013



Revenue Structure	2013 (Million Baht)
Broadband Business	9,568
Telecom Network & Service Provider Business	1,232
System Integration Business	279
Other Businesses	181

Figure 1.2 Revenue Structure 2013

Revenue Structure 2012



Revenue Structure	2012 (Million Baht)
Broadband Business	7,947
Telecom Network & Service Provider Business	1,219
System Integration Business	1,187
Other Businesses	148

Figure 1.3 Revenue Structure 2012

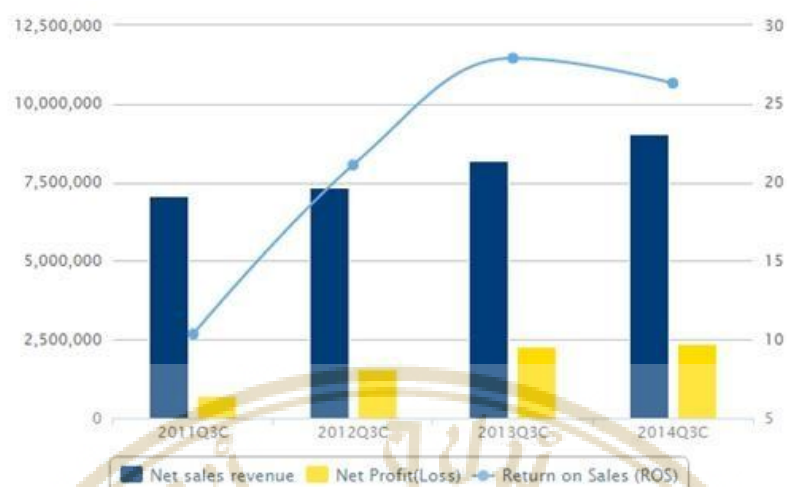


Figure 1.4 Net sales revenue, Net Profit (Loss) & Return on sales

Table 1.2 Revenue Structure

Unit: Million Baht

Product line/ Business Segment	Operated by	% of Shares Held by JAS	2013		2012		2011	
			Revenue	%	Revenue	%	Revenue	%
Broadband Business	TTTBB	99.20% held by ACU	66	0.60	116	1.10	70	0.73
	TTTI	99.90% held by TTTBB	9,600	84.40	7,031	74.67	6,296	66.70
	INC	100% held by TTTBB	-	-	-	-	-	-
Total			9,666	84.97	7,047	75.68	6,366	66.43
Telecom Network & Service Provider Business	JGTC	100	26	0.23	11	0.10	404	6.06
	TLDT	90% held by JGTC	-	-	1	0.01	60	0.61
	JasTel	100% held by JGTC	412	3.66	417	3.97	422	4.40
	Ji-NET	99.30	612	4.66	663	6.27	668	6.93
	ACU	100	163	1.45	111	1.06	122	1.27
	ARG	99.04% held by ACT	116	1.02	121	1.16	129	1.36
	SHW	67.40% held by ACU	-	0.04	6	0.06	6	0.06
Total			1,232	10.94	1,219	11.61	1,788	18.66
System Integration Business	JTS	52.80% held by JAS, 9.06% held by ARS and 9.06% held by TJP	233	2.07	1,161	10.96	1,240	12.94
	CCB	97.07% held by JTS	46	0.41	36	0.34	43	0.46
Total			279	2.48	1,197	11.30	1,283	13.39
Other Businesses	JAC		27	0.24	9	0.08	10	0.10
	PA	63.86% held by ACU and 46.16% held by JGTC	146	1.30	136	1.29	130	1.36
	TJP	80% held by JAS and 20% held by ACU	1	0.01	1	0.01	1	0.01
	others ¹⁾	-	7	0.06	4	0.04	6	0.06
Total			181	1.61	148	1.41	146	1.52
Grand Total for the Company and the subsidiaries			11,260	100.00	10,501	100.00	9,583	100.00
Associated Companies								
Other Businesses	IKSC ²⁾	37.60	0.1	0.72	0.5	76.26	(0.6)	(40.49)
	TKSC ³⁾	40	-	-	-	-	-	-
	PRE	49	0.2	62.90	0.2	24.76	1.4	143.49
Grand Total for the associated companies			0.3	100.00	0.7	100.00	0.9	100.00

1.3 Macro-economic Analysis

From the first quarter of 2014F, economic growth has already started to drop by 2.0%. It is because of the higher in household debt, the low prices of agricultural products especially for paddy and rubber, and also rice pledging policy issue; these factors discourage the consumer spending which major in the upcountry.

1.3.1 Good Sign of overall consumptions

The trend of Thai GDP seems to continuously grow, together with the number of citizen which tends to be increased. This will lead to the expansion of domestic consumption, individual income, and economic. The ability to install or access the internet of overall citizen tends to be higher also. This will be the good opportunity to internet and also broadband industry.

1.3.2 AEC Driving

The opening of AEC (Asean Economics Community) in December 31, 2015 which is the coalition of 10 countries in South East Asia, will lead to the expansion and bigger business opportunity both in region and worldwide. This also automatically force to higher competition. The telecommunication that nowadays affects a lot in business in this online era will play much more significant role. That is why internet especially broadband has great chance to grow to serve both business process and home user.



Figure 1.5 AEC Picture Summary

1.4 Industry Analysis

1.4.1 Global View

1.4.1.1 Becoming information society - These past years, life style of people totally has been changed to information era. The availability and speed of huge data are needed in almost all of daily activities and “internet” is playing significant role. Growth in the spread of Information and Communication Technology (ICT) infrastructure is continuing worldwide while the mobile-cellular is approaching saturation level. Mobile broadband remains the strongest growing market segment due to the slowdown in fixed-broadband uptake in the developing world, but for developed world both fixed- and mobile-broadband are growing continuously.

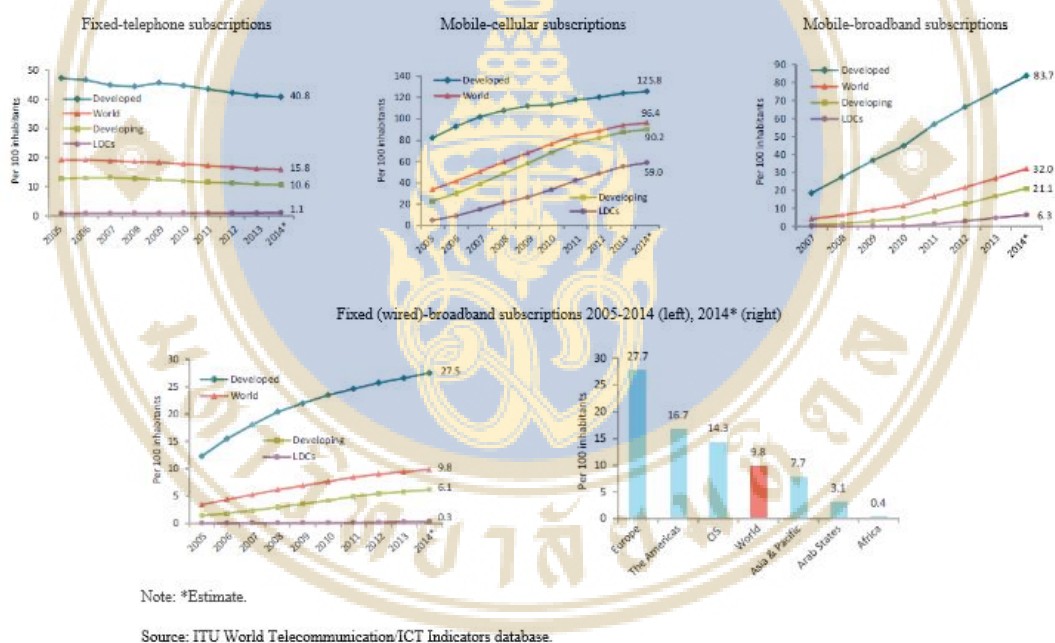


Figure 1.6 Overall telephone, mobile, broadband trends

1.4.1.2 Broadband Market - Broadband Internet continues to be a priority for telecommunication service providers and governments in most countries, reflected in the continuous growth in mobile and fixed-broadband subscriptions worldwide. In 2014, fixed-broadband subscriptions will reach a total of 711 million globally against 220 million in 2005. In most developed countries, fixed-broadband has already reached relatively mature levels, with continuous low growth

around 3.5 per cent in 2014. In developing countries, fixed-broadband growth rates have dropped from 18 per cent in 2011 to 6 per cent in 2014. This slowdown in fixed-broadband subscriptions coincides with a strong growth in mobile-broadband subscriptions in the developing world.

Percentage of households with internet access 2005-2014

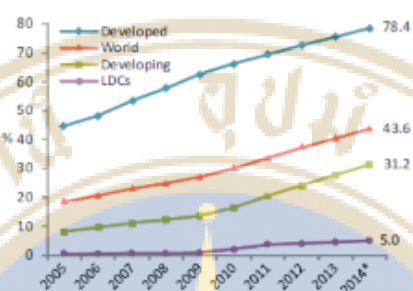


Figure 1.7 Percentage of households with internet access 2005-2014

1.4.1.3 Asia & Pacific Region boasts - Data show that by end 2014, almost 44 per cent of the world's households will have Internet access at home, up from 40 per cent one year earlier and 30 per cent four years earlier. Household Internet access is growing steadily, and strongly, at 9 per cent over the past year and is mostly driven by developing countries, where the growth is 14 per cent as compared with around 4 per cent in developed countries. In term of number of households with internet access in developing countries surpassed those in developed countries in 2013, and doubled between 2010 and 2014. The Asia & Pacific region boasts the highest number with close to 350 million estimated by end 2014. However, the large majority of them are in China and India

1.4.2 Domestic View

Fixed telephone lines in Thailand in 4Q2012 had declined from 6.391 million to 6.056 million by 4Q2013. This is expected to decline by an average of 3% annually as older connections are decommissioned, fixed-line provincial operator TT&T struggles with debt and a lack of investment, and consumers increasingly switch to mobile services as coverage is expanded and operators vie for market share with attractive pricing. If incumbent TOT presses ahead with its plans for a next-generation network (NGN) to replace the ageing PSTN and operator transition to fiber

broadband, which would lower demand for fixed lines in urban areas, the rate of decline could acceleratory. However, there is some upside potential if TOT and metropolitan Bangkok operator True succeed in stemming fixed-line disconnections by bundling services including broadband, pay TV and multimedia content.

According to the statistics, there were 14.643 million internet users in Thailand at the end of 2013 and it is expected to increase as internet availability is extended to rural areas, a growing proportion of the Thai population resides in metropolitan areas and as the technologically savvy younger generation matures. However, they forecast a slowing growth over the five year to 16.142 million users in Thailand at the end of 2018. There were 4.930 million fixed broadband subscribers at the end of 2013, up by 7.4% year-on-year. The three major operators - TOT, TRUE (which leads the market) and Triple T Broadband - have been expanding and enhancing their networks to improve coverage and service speeds, although we believe TRUE and Triple T are further along in this regard than TOT and infrastructure still remains inadequate, particularly in rural areas. Quarterly subscriber uptake has been irregular over the last couple of years with no discernible seasonal trends. Now the number of fixed broadband subscribers is expected to rise to 6.114 million by the end of 2018.

Table 1.3 Wireline – Historical Data & Forecasts (Thailand 2011-2018)

Telecoms Sector - Wireline - Historical Data & Forecasts (Thailand 2011-2018)								
	2011	2012	2013	2014f	2015f	2016f	2017f	2018f
Main telephone lines in service, '000	6,661.2	6,391.0	6,056.2	5,814.0	5,639.5	5,470.4	5,322.7	5,194.9
Main Telephone Lines/100 Inhabitants	10.0	9.6	9.0	8.6	8.4	8.1	7.9	7.7
Internet users, '000	11,828.9	13,246.5	14,643.3	15,613.7	16,151.0	16,397.3	16,361.6	16,142.0
Internet users/100 inhabitants	17.8	19.8	21.9	23.2	24.0	24.3	24.2	23.8
Broadband internet subscribers, '000	3,791.3	4,357.4	4,930.4	5,384.0	5,707.1	5,941.0	6,059.9	6,114.4
Broadband internet subscribers/100 Inhabitants	5.7	6.5	7.4	8.0	8.5	8.8	9.0	9.0

1.5 Competition Positioning

1.5.1 Thai broadband market

For fixed broadband internet service providers in Thailand, TRUE, JAS, and TOT are altogether three major players. Another two potential providers are AIS and CTH, and the other 2 small firms are Internet Thailand (INET) and Simat Technologies (SIMAT). TRUE Online, a wholly owned subsidiary of TRUE, holds a 37% share of the broadband market, followed by TOT PCL with 30.6% and Jasmine international 29.5%. Jasmine's market share has expanded significantly over the past five years from 21% in 2Q2009 to 29.5% in 2Q2014. Its revenue grew 5% CAGR from 2010-2013, driven by its focus on the provincial market rather than Bangkok, as well as an attractive 12-month pricing strategy (users pay THB500 a month for 12 months). As a result, more than 99% of its subscribers are from outside of Bangkok, with the company slowly expanding to the Bangkok metropolitan area. As of 2Q2014, Jasmine had subscribers in the provinces 75% and Bangkok 25%. From focusing on ADSL service, they recently shifted to fiber optic (FTTx) given its competitive advantage. Its 2013 net profit margins was as high as 27% which driven largely by economies of scales.

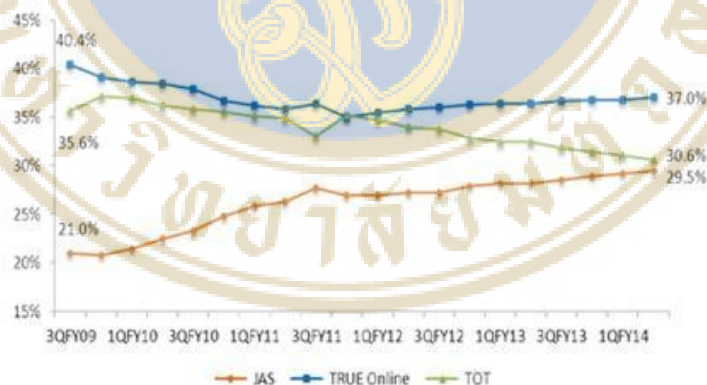


Figure 1.8 Fixed broadband market share by quarter

1.5.2 TRUE Online wins the market

TRUE Online's customers are mostly based in Bangkok. Its revenue grew at a 3.24% CAGR in 2010-2013 while its subscribers expanded to 1.94 million in 2Q2014 due to a high base. TRUE's market share declined to 37% last quarter from 40.4% in 2Q2009, given a higher subscriber growth rate from Jasmine. Its broadband

business was loss-making due to forex losses but turned profitable after it launched TRUE Telecommunications Growth Infrastructure Fund (TRUEIF) in 2013. Between 2010 and 2012, its net profit margin was still low compared with Jasmine's due to high SG&A expenses. TRUE provides four types of services namely ADSL, VDSL (very-high-bit-rate digital subscriber line), DOCSIS (data over cable service interface specification) and FTTx. It launched a fiber optic service last year starting from THB 2,999 which we think it is expensive and not competitive compared to Jasmine and TOT. Moreover, TRUE offers convergence packages that combine 2-3 services at a discount price. These packages are difficult to sell but provide the company a lower churn rate and better customer retention ratio.

1.5.3 TOT regresses.

TOT PCL is the 2nd biggest player with 30.6% market share. It is a state-owned telecommunication enterprise providing fixed-line telephone, mobile, ADSL and FTTx services. Its revenue grew by around 2.8% CAGR in 2010-2013 as it continued to lose market share to True and Jasmine. TOT's gross margin is far below the industry average of 36% due to a lack of operational efficiency. Moreover, it is currently undergoing a corporate restructuring to recover profits since the National Council for Peace and Order (NCPO) has required that TOT stands on its own foot without concession revenue. We believe TOT will likely keep losing its market share due to the intensive competition.

1.5.4 AIS is hitting the market.

AIS has expanded into the fixed broadband service segment to defend its mobile market share. AIS aims to combine both mobile and fixed broadband services to utilize its bandwidth, as management believes that the convergence of both services would help defend its turf from Total Access Communication (DTAC) and TRUE. AIS has rented a fiber optic network from SIMAT and deploys VDSL technology on optical cable instead of ADSL. Currently, the project has begun in Korat and Chiangmai, with the infrastructure ready. The company will also invest more on its own fiber optic routes this year.

We believe AIS will likely be a healthy partner to Jasmine, as AIS has offered Wi-Fi services in many locations in partnership with 3BB, which is a Wi-Fi

service provider by Acumen, a subsidiary of Jasmine. Moreover, AIS may rent some cables of Jasmine's last-mile network especially in remote areas, which could benefit customers as they can switch between wired and wireless network without any cost. In contrast, AIS could be a strong competitor to TRUE by taking over fixed broadband share in the upcountry market which the penetration rate is still very low and AIS has the most mobile market share.

1.5.5 Jasmine's core essential.

Jasmine's competitive advantages include: 1) better service quality as its telephone lines are not shared with fixed line telephones, 2) strong infrastructure in the provincial area, and 3) shaking hand with a potential business partner which is AIS.

1.5.6 Marketing Strategy.

Comparing 3 major players on fiber optic high speed internet provider, at download speed of 30Mbps, TOT and 3BB (Jasmine) provide the best price at 1,200 THB/month while TRUE is 1,299 THB (8.25% higher). The advantage of TRUE is there are more choices to customers with the minimum speed at 15 Mbps which normally is good enough for home user at low price of 599 THB. In the other hand, the advantage of 3BB is that they can provide the maximum speed at 2,500 Mbps.

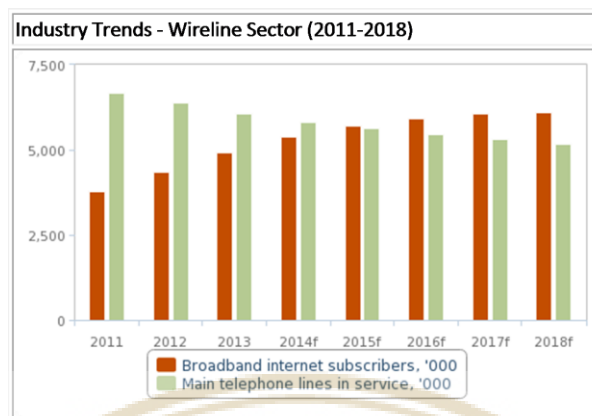


Figure 1.9 Industry Trends – Wireline Sector (2011-2018)

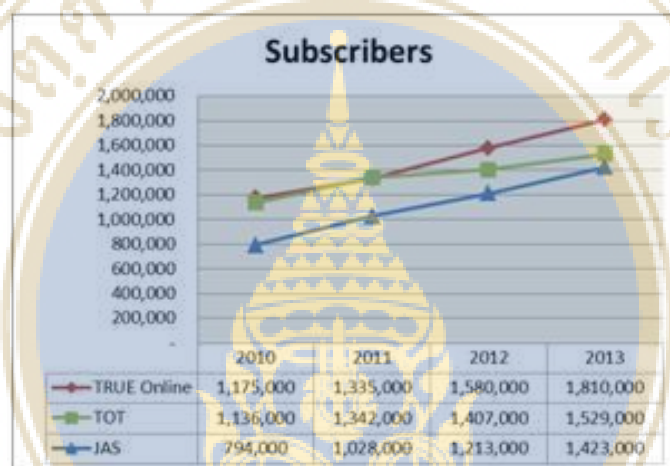


Figure 1.10 Subscribers of TRUE Online, TOT and JAS (2010-2013)

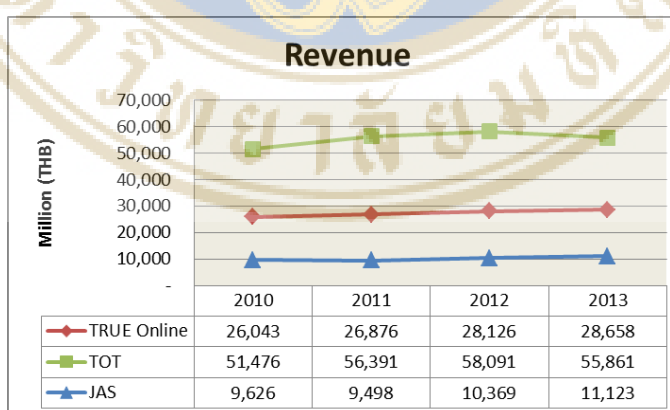


Figure 1.11 Revenue of TRUE Online, TOT and JAS (2010-2013)

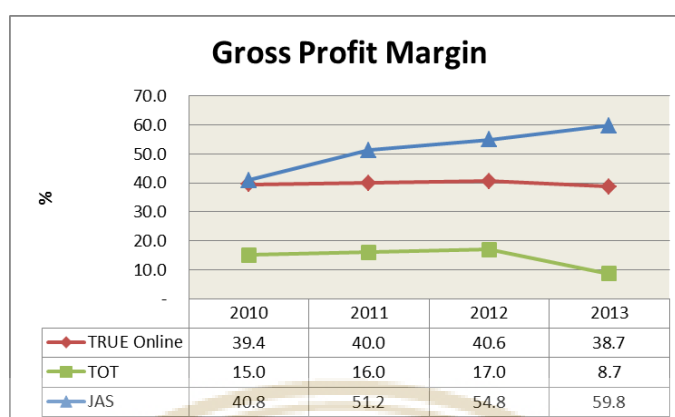


Figure 1.12 Gross Profit Margin of TRUE Online, TOT and JAS

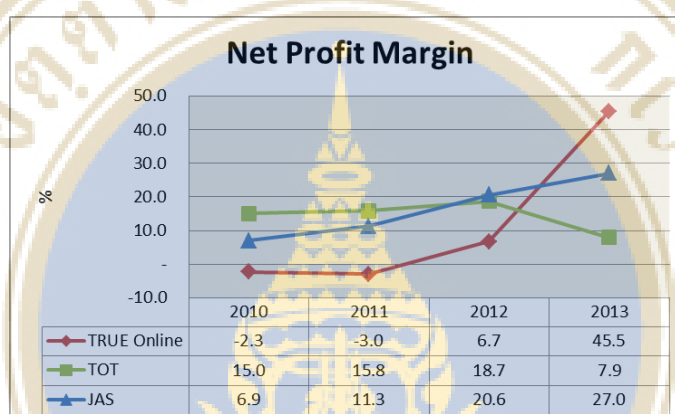


Figure 1.13 Net Profit Margin of TRUE Online, TOT and JAS

1.6 Investment Summary

1.6.1 To be number one with fiber optic

The company put emphasis on the technology advancement of the interconnection of its broadband network to ensure higher quality and stability; particularly with increasing its Fiber Optics network linkage nationwide resulting in steady increasing implementation of both ADSL and FTTx technologies. As for its FTTx service, the demand throughout Bangkok and provincial areas nationwide was much more than anticipated. The internet speed option of 30/3 Mbps has been a popular speed choice among users. For all of 2013, 3BB rewarded its existing and new customers by providing them with value added services at no charge including an online storage capacity of 20-100GB called 3BB Cloudbox as well as 3BB Cloud

IPTV. Customers with a service subscription of one year or more were eligible to use complimentary unlimited 3BB Wi-Fi at various Wi-Fi hotspots nationwide.

1.6.2 Funding for more infrastructure

Follow the goal of fiber optic leader, in November 2013, the Extraordinary General Meeting of Shareholders No.1/2013 approved the establishment of the Infrastructure Fund (JASIF) for Broadband Internet business, worth about 60,000-70,000 million baht. JASIF is aimed for the expanding of infrastructure, pay back debt, and may pay as dividend to shareholders. However, it is during the approval of Office of the Securities and Exchange Commission. In this case, we think this fund is quite difficult to establish as JAS is still under a risk that creditors from long ago that could return to claim their haircut amount given to JAS after the Supreme Court overturned the Bankruptcy Court's decision in August 2013.

1.7 Relatives Valuation

The way to calculate value of the firm is the relative valuations which compare a firm value to that competitor to determine the value of the company, and then we consider using trailing and forward PER, PBV and EV/EBITDA ratios to value the price.

1.7.1 Price/Earnings Ratio (PER)

1.7.1.1 Trailing P/E - This is to identify the firm's price-to-earnings, calculated by taking the current stock price and dividing by the trailing earnings per share for the past 4 quarters (4Q2013, 1Q2014, 2Q2014, 3Q2014). This is the most commonly used P/E measurement because it is based on actual earnings and, therefore, is the most accurate. We got JAS's trailing P/E at 16.82.

1.7.1.2 Forward P/E - Even though the trailing is most accurate, but stock prices are constantly moving while earnings remain fixed. As a result, forward P/E can sometimes be more relevant to investors when evaluating a company. It is calculated by estimation of another 1 next quarter (1Q2014, 2Q2014,

3Q2014, 4Q2014). For JAS, we got 18.96. Moreover, we have estimated another forward P/E of 2015 by using whole year forecast of year 2015's net income and finally, we got 14.22. The forward P/E 2014 of JAS is higher than trailing P/E, which means it is overpriced. But for forward P/E 2015, it is lower trailing, which mean it is underpriced comparing to next year. Comparing JAS's trailing P/E (16.82) with peer group's trailing P/E, JAS can perform only around half of the peer group. For the target price from P/E multiple 2014, we got 7.40 THB which is matched to the current price of 7.40 THB (as of Dec 29, 2014). But with P/E multiple 2015, we got 5.5 THB which is lower than current price.

Table 1.4 Trailing PE and Forward PE

P/E		* = Forecast					Price at 29 Dec, 2014	7.40
							No. of share	7,137,394,378.00
							EPS JAS 2014*	0.39
JAS		4Q2013	1Q2014	2Q2014	3Q2014	4Q2014*	Annual 2015*	
EPS		0.11	0.12	0.12	0.09	0.06	0.52	
Trailing P/E		16.82						
Forward P/E 2014		18.96						
Forward P/E 2015		14.22						
Price from P/E Multiple 2014		7.4						
Price from P/E Multiple 2015		5.5						
Peer P/E 2014 (Source: SetSMART)								
JAS		16.36						
ADVANC		20.89						
INET		63.28						
Average		33.51						
Price from Trailing Peer		13.06						

1.7.2 Price/Book Value Ratio (PBV)

By using peer group (JAS, ADVANC, INET) as a benchmark, we got peer group's P/BV of year 2014 as 8.73 (source: SetSMART). It leads the price from P/BV multiple method to be 16.96 THB, which is 2 times higher of JAS current price (7.40 THB as of Dec 29, 2014).

Table 1.5 PBV Multiple

P/BV		Price at 29 Dec, 2014	7.40
		No. of share	7,137,394,378.00
		BV JAS 2014*	1.94
Peer P/BV 2014 (Source: SetSMART)			
JAS		4.53	
ADVANC		19.84	
INET		1.83	
Average		8.73	
Price from P/BV Multiple		16.96	

1.7.3 Enterprise Value/EBITDA Ratio (EV/EBITDA Ratio)

Again, by using peer group (JAS, ADVANC, INET) as a benchmark, we got peer group's EV/EBITDA of year 2014 as 7.90 (source: MBKET, RHB OSK, CIMBT research). It leads the price from EV/EBITDA multiple method to be 5.65 THB, which is a lower than JAS current price (7.40 THB as of Dec 29, 2014).

Table 1.6 EV/EBITDA Multiple

EV/EBITDA				Price at 29 Dec, 2014	7.40
				No. of share	7,137,394,378.00
				EBITDA JAS 2014*	5,798,458,659.66
EV/EBITDA 2014 (time)	JAS	ADVANC	INET		
MBKET Research	7.59		9.10		6.20
RHB OSK Research	7.20		11.30		-
CIMBT Research	7.75		9.58		-
Consensus	7.51		9.99		6.20
Average Peer	7.90				
EV JAS 2014	45,820,708,874.99				
(+)Non-operating assets (Investment in mkt security)	924,350,000.00				
(-)Value of debt (Interest Bearing Debt)	5,340,910,000.00				
(-)Value of non-controlling interest	1,077,920,000.00				
Value of equity	40,326,228,874.99				
Number of shares	7,137,394,378.00				
Price from EV/EBITDA Multiple					5.65

We consider using EV/EBITDA as it is the most appropriated market benchmark for valuation which EV/EBITDA derived from its represent firm activities. EV/EBITDA is the ratio which the measurement the Company's forward looking-focus in the next 12 months and it is the investor's perception toward the Company. As a result the JAS target price from forward EV/EBITDA is 5.65 THB, comparing to the current price of 7.4 THB, therefore we recommend SELL.

1.8 Financial statement analysis

1.8.1 Summary figures from financial statements (Size analysis)

For income statements of JAS in 2013, total revenue is 11,260 MB and net profit is 3077 MB. Sales, Cost of sales and selling and administrative expense represent around 11,123 MB, 4,475 MB and 2,563 MB, respectively. The gross profit represents around 6,648 MB so gross profit margin is 59.8% and net profit margin is 27.7% The company has total assets of 21,733 MB, total liabilities of 9,264MB and total shareholders' equity of 12,469 MB. Total assets compose of current assets 8,259 MB and non-current assets 13,474 MB. The major items of assets are cash and cash

equivalents, trade and other receivables and property, plant and equipment. Total liabilities compose of current liabilities 6,667 MB and non-current liabilities 2,597 MB. The major liabilities come from account payables, long-term loans and other current liabilities. The major items in total shareholders' equity are inappropriate retained earnings followed by issues and paid up share capital and share premium. From the graph below, TOT's size is bigger than JAS in every aspect almost 8-10 times.

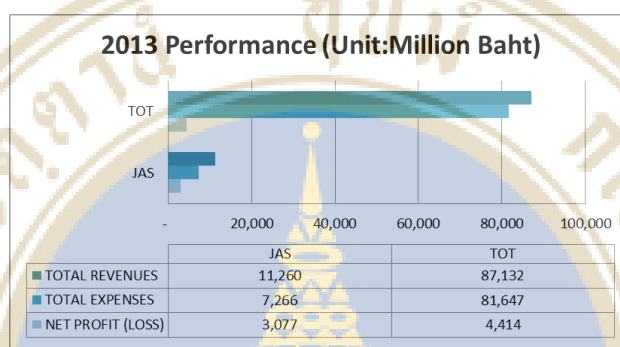


Figure 1.14 JAS vs TOT Performance 2013

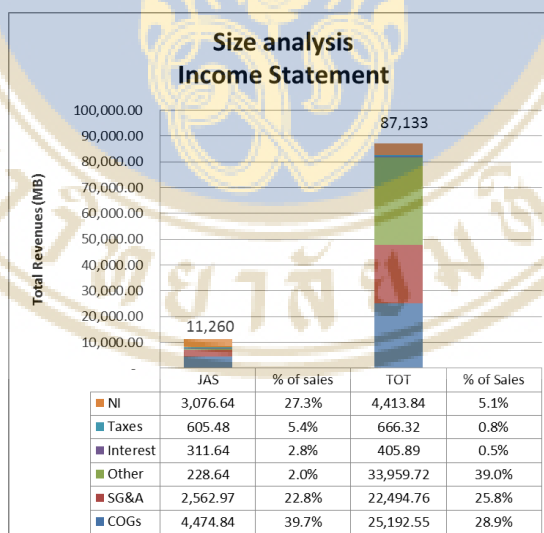


Figure 1.15 Size analysis – Income Statement

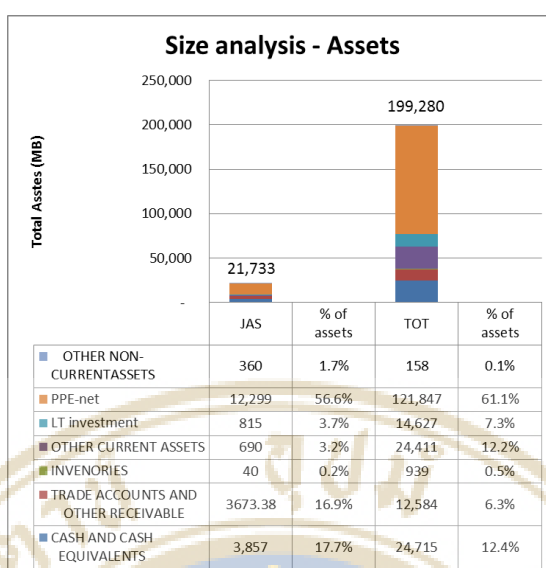


Figure 1.16 Size analysis – Assets

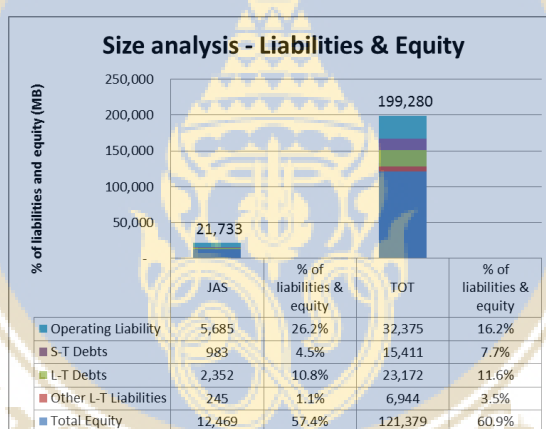


Figure 1.17 Size analysis – Liabilities & Equity

1.8.2 Common size analysis

1.8.2.1 Income Statement - Total revenues compose of sales income 98.8%.The remaining revenues from interest and recovery from bad debt. Cost of sales and selling and administrative expense represents around 39.7% and 22.8% of sales, respectively. The gross profit and net profit is about 59.8% and 27.7% of sales.

INCOME STATEMENT				
	JAS	JAS	TOT	TOT
	2013	2013	2013	2013
	(M)	%	(M)	%
SALES	11,123	98.8%	52,121	59.8%
OTHER INCOME	137	1.2%	35,012	40.2%
TOTAL REVENUES	11,260	100.0%	87,132	100.0%
COST OF SALES	4,475	40.2%	25,193	48.3%
SELLING AND ADMINISTRATIVE EXPENSES	2,563	23.0%	22,495	43.2%
OTHER EXPENSES	229	2.1%	33,960	65.2%
TOTAL EXPENSES	7,266	65.3%	81,647	156.7%
PROFIT (LOSS) BEFORE FINANCE COST AND INCOME TAX EXPENSES	3,994	35.9%	5,485	10.5%
SHARE OF PROFIT FROM INVESTMENTS ACCD TO EQUITY METHOD	-	0.0%	1	0.0%
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX EXPENSES	3,994	35.9%	5,486	10.5%
FINANCE COSTS	312	2.8%	406	0.8%
PROFIT (LOSS) BEFORE INCOME TAX EXPENSES	3,682	33.1%	5,080	9.7%
INCOME TAX EXPENSES	605	5.4%	666	1.3%
NET PROFIT (LOSS)	3,077	27.7%	4,414	8.5%

Figure 1.18 Income Statement

1.8.2.2 Balance Sheet - Total assets compose of current assets 38% and non-current assets 62%. The major items of assets are cash and cash equivalents, trade and other receivables and property, plant and equipment, representing 17.7% and 16.9% especially followed by property, plant and equipment including investment properties at 56.6%. Total liabilities and equities compose of total liabilities 42.6%, of which 30.7% is current liabilities and 11.9% is non-current liabilities, and total equities 57.4%, of which inappropriate retained earnings are 32.6% followed by issued and paid-up capital at 16.4% and non-controlling interest at 5%. The major items in current liabilities are trade accounts and other payable and other current liabilities, which represents 12.1% and 14%, respectively.

BALANCE SHEET					LIABILITIES AND SHAREHOLDERS' EQUITY				
	JAS	JAS	TOT	TOT					
	2013	2013	2013	2013					
	(M)	%	(M)	%					
CURRENT ASSETS					SHORT TERM LOANS	983	4.5%	15,411	7.7%
CASH AND CASH EQUIVALENTS	3,857	17.7%	24,715	12.4%	ACCOUNT PAYABLES	2,637	12.1%	27,708	13.9%
TRADE ACCOUNTS AND OTHER RECEIVABLE	3673.38	16.9%	12,584	6.3%	OTHER CURRENT LIABILITIES	3,048	14.0%	4,666	2.3%
INVENORIES	40	0.2%	939	0.5%	TOTAL CURRENT LIABILITIES	6,667	30.7%	47,785	24.0%
OTHER CURRENT ASSETS	690	3.2%	24,411	12.2%	LONG TERM LOANS	2,352	10.8%	23,172	11.6%
TOTAL CURRENT ASSETS	8,259.63	38.0%	62,648.7	31.4%	LONG TERM PAYABLE	-	0.0%		0.0%
NON-CURRENT ASSETS					PROVISION FOR LONG TERM EMPLOYEE BENEFITS	233	1.1%	6,944	3.5%
LT investment	815	3.7%	14,627	7.3%	OTHER NON-CURRENT LIABILITIES	12	0.1%		0.0%
PPE-net	12,299	56.6%	121,847	61.1%	TOTAL NON-CURRENT LIABILITIES	2,597	11.9%	30,116.0	15.1%
OTHER NON-CURRENT ASSETS	360	1.7%	158	0.1%	TOTAL LIABILITIES	9,264	42.6%	77,901	39.1%
TOTAL NON-CURRENT ASSETS	13,474	62.0%	136,631	68.6%	ISSUED AND PAID-UP	3,569	16.4%	6,000	3.0%
TOTAL ASSETS	21,733	100%	199,280	100%	SHARE PREMIUM	(225)	-1.0%		0.0%
					RETAINED EARNING	7,789	35.8%	107,662	54.0%
					OTHER	258	1.2%	7,477	3.8%
					EQUITY ATTRIBUTE TO THE OWNER OF THE COMPANY	11,391	52.4%	121,347	60.9%
					NON-CONTROLLING INTERESTS	1,078	5.0%	32	0.0%
					TOTAL EQUITY	12,469	57.4%	121,378.7	60.9%
					TOTAL LIABILITIES AND TOTAL EQUITY	21,733	100%	199,280	100%

Figure 1.19 Balance Sheet

1.8.2.3 Comparing with competitors - For income statement, JAS has lower proportion of cost of sales than TOT, implying that TOT might be less efficient than JAS in terms of cost management. As a consequence, gross profit of JAS is higher than TOT and also JAS has less proportion of selling expense than TOT which indicates that JAS has efficiently on cost control than TOT. All in all, JAS is better off in terms of net profit as it can generate net profit significantly higher than TOT in 2013. On assets side, JAS has more proportion of cash and cash equivalents, trade accounts and other receivable while less proportion of property plant and equipment, long-term investment and other current assets than TOT. On liabilities and equities side, JAS financed its assets with higher proportion of debt than TOT thus it is more risky in terms of financial leverage.

1.8.3 Trend Analysis

JAS follows the plan to increase subscribers every year, revenues of JAS constantly grow in the CAGR rate of 5.85% from 2009-2013. As their main investment is the broadband network (i.e. fixed fiber optic), higher users resulting in lower cost per head. That is why the cost of sale decreases in CAGR rate of -4.33%.

The selling and administrative expenses increase rise up at 12.32% CAGR rate as they intensively promote especially in provincial area which now they win this market but this cost has less impact on profit as its proportion is just around 26% of total expenses. However, the overall business is looking great as the net profit keeps going up in the CAGR rate of 68.51%. This can be counted as a very high growth company in this past 5 years.

Revenues of TOT grow in the CAGR rate of 1.79% but you will see that revenue start to decline in 2013 that is a bad sign of TOT. Cost of sales is increasing in CAGR Rate of 4.57%. S&A Expense also increase in CAGR Rate of 2.05% that isn't a lot increased. Net profit is declined a lot in 2013 so that CAGR Rate is -7.73%. In conclusion, TOT's trend is going down and this is a very bad sign of big firm like TOT that net profit is declined about 60% in one year which is from depreciation and loss on impairment-assets from concession agreements expense increase about 14,000 MB and we think that should continue to make loss

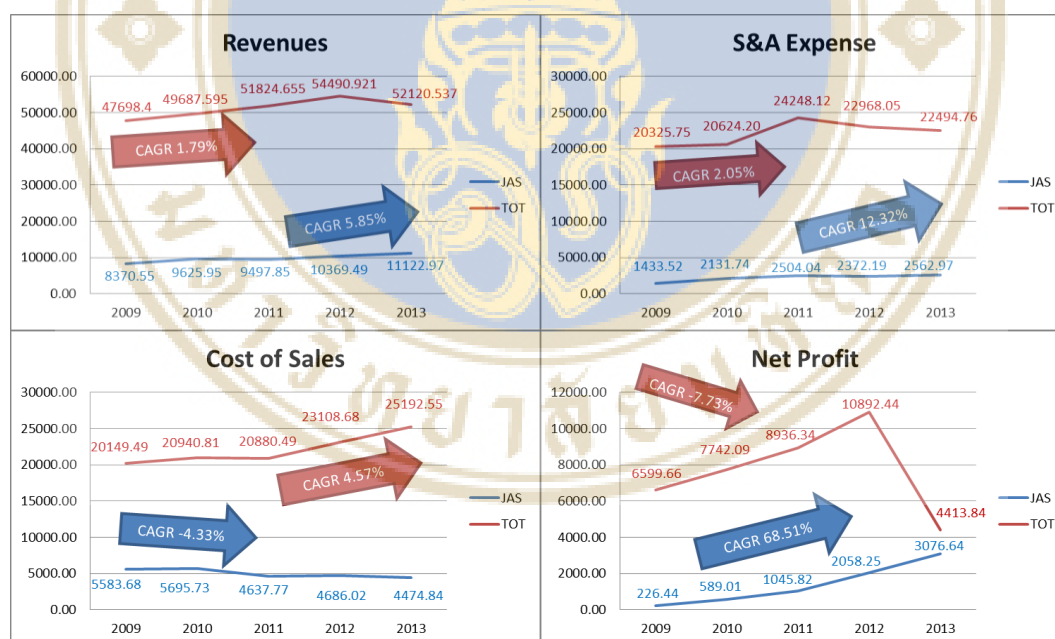


Figure 1.20 Revenues, Cost of Sales, S&A Expense and net profit compare

1.8.4 Financial Ratios : Return

ROA , ROE , EBIT Margin , Gross profit margin and Profit Margin is on a significant rising trend, reaching the new high 14.16% , 24.67% , 35.91% , 59.77% and 27.66% respectively in 2013 which indicates that the company is significant better in profitability ratio and significant higher than TOT.

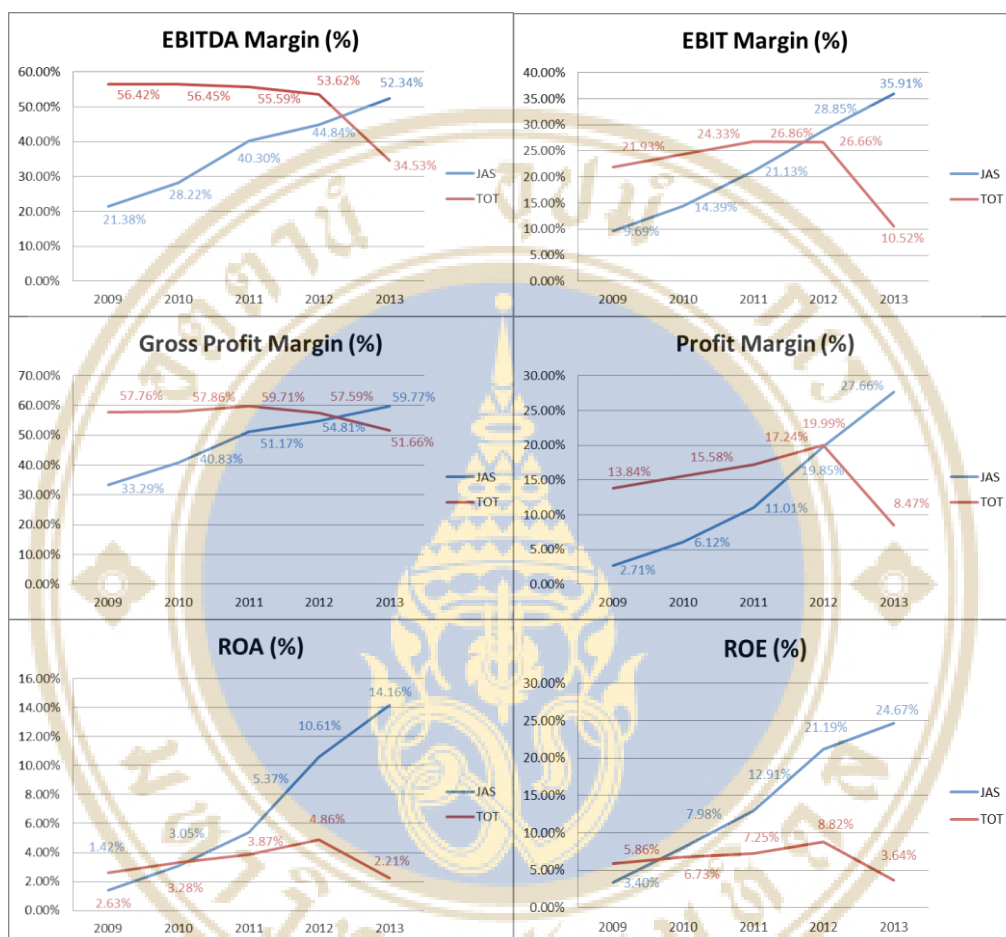


Figure 1.21 ROA, ROE and margin percentages.



Figure 1.22 Asset Turnovers

In detail, ROA of JAS at 14.6% is significantly higher than TOT, implying that the company's ability to manage the business operation is better than its competitor. The profit margin is higher than TOT around 19%. The tax efficiency of JAS is near TOT in 2013 but in this case we may say that profit margin is increase from tax percentage decrease. Asset Turnover still the same but it is higher than TOT about 2 times so JAS has better utilize their assets than TOT

ROE of JAS is at 24.67%, moving in the same direction as an ROA. In 2013 the ROE of JAS is higher than TOT about 21%, indicating that the company can generate more return to common shareholders than its competitors. The debt ratio has lowering trend so and ROE increasing so we can say that business is going better and better because better about debt and monetize. But total asset turnover isn't lower much than before so it means to generate more income in this business. It must use more assets to increase sale so in this business it may be doesn't have economies of scale or JAS may reach maximize utilization in the past 5 years and fixed asset turnover has likely the same as before

Table 1.7 Summary of Financial Ratio: Return

		JAS					TOT
		2009A	2010A	2011A	2012A	2013A	2013A
Profit Margin	%	2.7%	6.1%	11.0%	19.8%	27.7%	8.5%
Tax Management Efficiency Ratio	%	40.1%	59.4%	67.9%	79.5%	83.6%	86.9%
Asset Turnover	x	0.52	0.50	0.49	0.53	0.51	0.26
ROA	%	1.4%	3.1%	5.4%	10.6%	14.2%	2.2%
		JAS					TOT
		2009A	2010A	2011A	2012A	2013A	2013A
ROE	%	3.4%	8.0%	12.9%	21.2%	24.7%	3.6%
Debt Ratio	x	58.23%	61.75%	58.38%	49.94%	42.63%	39.09%
D/E Ratio	x	1.39	1.61	1.40	1.00	0.74	0.64

1.8.5 Financial Ratios: Risk

1.8.5.1 Short-term liquidity risk - Current ratio and quick ratio of JAS imply that the company doesn't have a liquidity problem as the company's current assets is still much higher than its current liabilities (Current ratio = 1.24 times; Quick ratio = 1.23 times in 2013) but ratio still not high so may be in future the company may face liquidity problem like 2011 in this case TOT is slightly better than JAS and has upper trend on current ratio and quick ratio. Cash conversion cycle is less

than zero both JAS and TOT so we can say that these two firms are using your working capital as efficiently as possible and have available cash for other things.

1.8.5.2 Long-term solvency risk - Debt ratio of JAS keeps decreasing over time by decrease in long term debt and has fast growing equity so that make JAS has lower debt ratio. However, the current debt ratio is slightly higher than 1 and met lower 1 in 2011 so this should keep an eye on. Debt to Equity ratio of JAS is around 0.74x and JAS has, the company has interest coverage ratio at 12.82x so it has no risk to meet an interest expense when it becomes due and JAS also can use more debt to continue grow business if they want to.

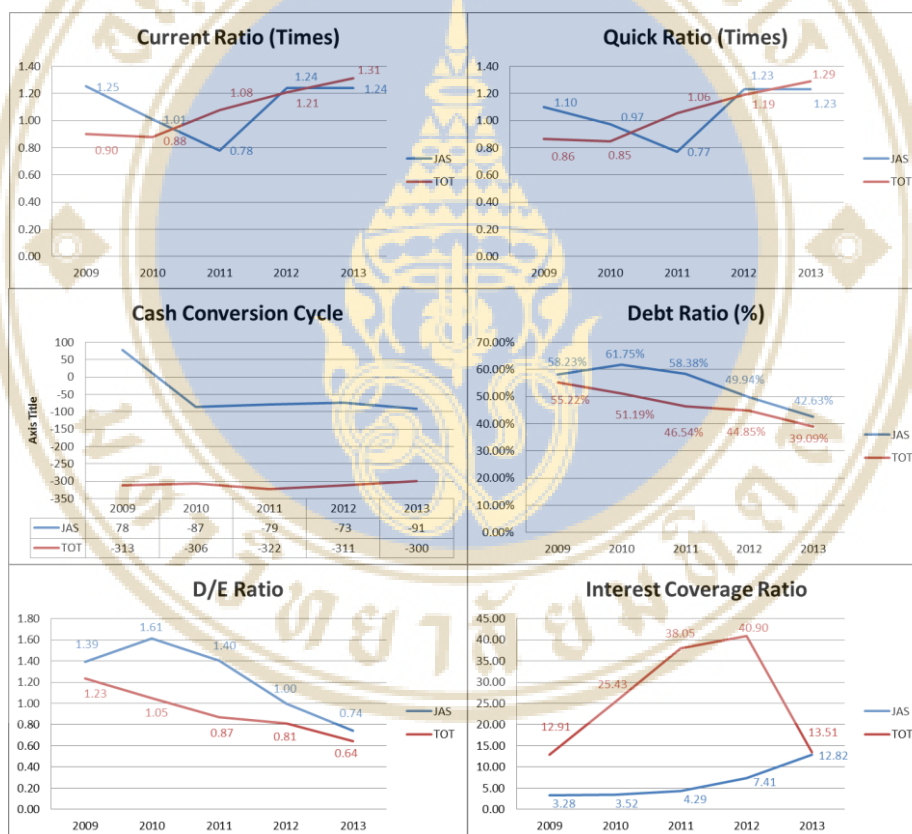


Figure 1.23 Liquidity Ratios

1.9 Investment Risks and Downside Possibilities

1.9.1 Revenue

Most of the revenue in 2013 was from the contribution of the broadband business. So far as risk management is concerned, the company took into consideration the customer's' desire to use internet for different purposes; thus, the company has kept implementing speed increase that finally led to the progress in providing Internet service, utilizing a network of fiber optics with a technology called FTTx ; and Wi-Fi service, the stability and rapid speed of which support internet usage at all time and everywhere, resulting in the steady growth of both the number of customers and income.

1.9.2 Finance

Despite the slowdown of domestic demand in the latter half of the year 2013 and the Baht depreciation that yielded effects that in turn caused financial risks, JAS had managed the risks appropriately. Risk from funding decision for business operation: Jasmine International Group has a policy on preparing the operation plan ahead of time, taking into account, various possible circumstances. It also has plans for funding decision, therein stated sources of fund from within the group itself, financial institutions, and general investors via the establishment of the infrastructure fund for broadband internet business for an expansion of broadband internet networks. Default risk, The management team has followed up and audited Jasmine International Group's compliance with terms and conditions in financial and commercial contracts, cash flow management, appropriate usage of financial instrument, conversion of payment for purchase of equipment from USD currency to THB currency, suitable timing for entering the forward contracts and the maintenance of an appropriate level of USD reserve for foreign debt payment.

1.9.3 Human Resources

Since Internet and information technologies keep changing through time, personnel need to always adapt themselves to keep pace with them. With an awareness of human resources quality, JAS has been continuously organizing comprehensive personnel training to upgrade the staff's knowledge and skills, placing importance also on honesty and ethics. The Group has laid a manpower plan beforehand and supports

its personnel for their career path by fairly promoting them on the basis of performance, rewarding them on the basis of duties and responsibilities, and providing them with compensation and benefits that are competitive with those of other companies in the same industry.

1.9.4 Market and Competition

Nowadays, internet is considered a basic public utility for both people in general and organizations, other broadband internet service providers; therefore, try to expand their service offering country-wide, resulting in continuous competition. The company has managed to mitigate such a risk by applying value added strategy, providing the internet service that utilizes a network of fiber optics with a technology called FTTx service and multi play as a value added service, aiming to increase the number of premium customers and the growth rate of the customers as a whole. Also, investment has been increased for continuing the expansion of broadband internet networks to cover more areas nation-wide, besides putting full effort to maintain both product and service quality to meet the demand of the customers.

1.9.5 Operation and Maintenance

The company is well aware that to be a leader in the internet business, it is important to maintain the existing network system to be of good quality and stable all the time so as to continuously provide a smooth connectivity service. To hedge against the risks from telecom networks, the company designs them to not only have the core networks, but also the back-up ones in the main network areas. In addition, an effective network monitoring system is used for network management and the preventive maintenance is implemented in accordance with the maintenance and failure-prevention plan.

1.9.6 Current litigation

This directly affects the cash flow of company, including the financial activity. The significant litigation risk is the consequent from Central Bankruptcy Court's ruling in 2003 was overturned by the Supreme Court in August 2013. This has resulted in a risk that creditors from long ago could return to claim their entire 4.5 billion baht debt haircut plus 7% interest for the past 10 years that has been given to JAS (as a total of 8,852,181,108 baht). The prescription is around 7-10 years. Because

of this, the plan of JAS to establish the infrastructure fund (JASIF), in order to fund for capital investment and debt payment, has a very little chance to success.

Likelihood	Rare	Unlikely	Moderate	Likely	Certain
Consequence					
Negligible Low financial loss	Human Resources				
Minor Moderate financial loss			Market and Competition		
Serious High financial loss, Moderate business interruption	Revenue	Operation and Maintenance			
Major Major financial loss, Major business interruption			Financial	Current Litigation	
Fatality Bankruptcy					

Figure 1.24 Risk Matrixes



CHAPTER II DATA

2.1 Jasmine Business Structure

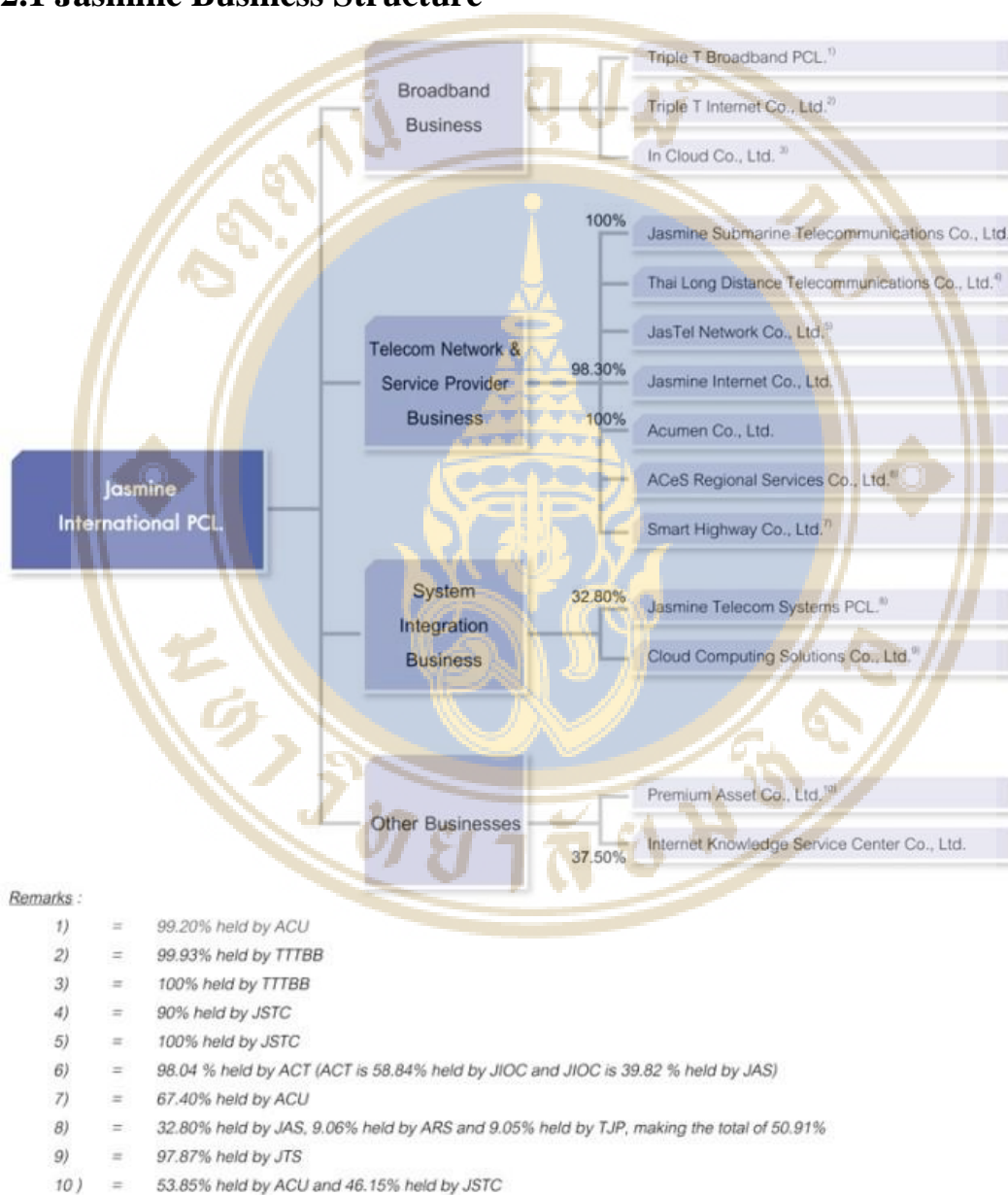


Figure 2.1 Jasmine Business Structure

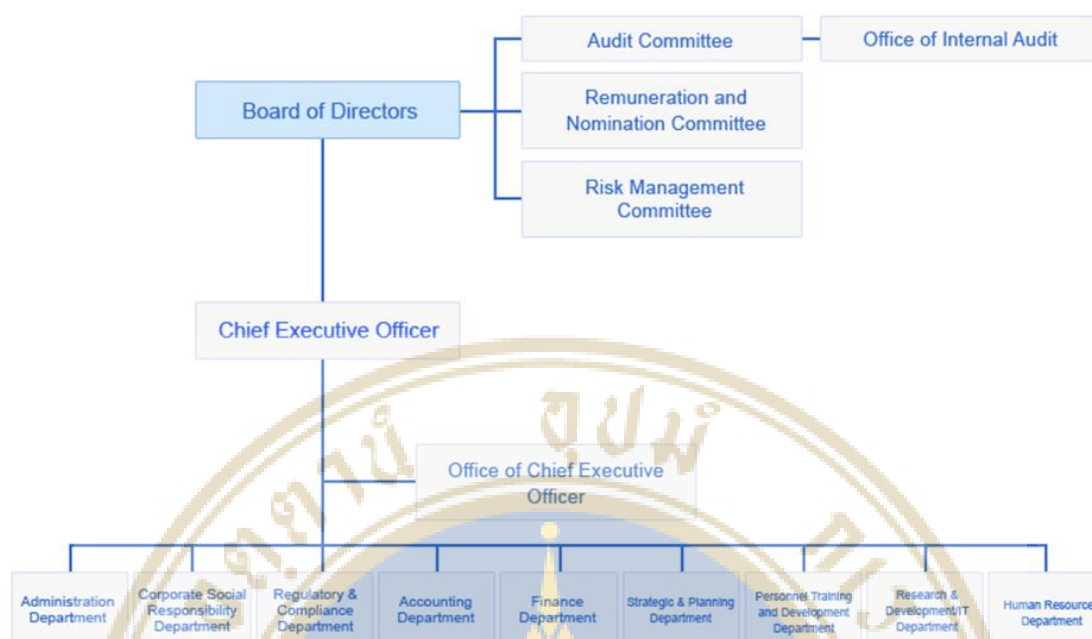


Figure 2.2 Management Organization Chart

Table 2.1 Revenue Structure

Unit : Million Baht

Product line/ Business Segment	Operated by	% of Shares Held by JAG	2013		2012		2011	
			Revenue	%	Revenue	%	Revenue	%
Broadband Business	TTTB	99.20% held by ACU	56	0.50	116	1.10	70	0.73
	TTI	99.90% held by TTTBB	9,600	84.40	7,031	74.67	6,296	66.70
	INC	100% held by TTTBB	-	-	-	-	-	-
Total			9,656	84.97	7,947	75.68	6,366	66.43
Telecom Network & Service Provider Business	JSTC	100	26	0.23	11	0.10	404	6.05
	TLDT	90% held by JSTC	-	-	1	0.01	60	0.61
	JasTel	100% held by JSTC	412	3.66	417	3.97	422	4.40
	J-NET	90.00	512	4.55	653	6.27	660	6.90
	ACU	100	163	1.45	111	1.06	122	1.27
	ARD	98.04% held by ACT	116	1.02	121	1.15	129	1.36
	CHW	87.40% held by ACU	-	0.04	5	0.05	5	0.05
Total			1,232	10.94	1,219	11.61	1,788	18.66
System Integration Business	JTS	32.00% held by JAS, 9.06% held by ARD and 9.06% held by TJP	233	2.07	1,161	10.96	1,240	12.94
	DCS	97.97% held by JTS	46	0.41	36	0.34	43	0.45
Total			279	2.48	1,197	11.30	1,283	13.39
Other Businesses	JAS	-	27	0.24	0	0.00	10	0.10
	PA	53.85% held by ACU and 46.15% held by JSTC	146	1.30	136	1.29	130	1.36
	TJP	80% held by JAS and 20% held by ACU	1	0.01	1	0.01	1	0.01
	others ¹⁾	-	7	0.06	4	0.04	5	0.05
Total			181	1.61	148	1.41	146	1.52
Grand Total for the Company and the subsidiaries			11,260	100.00	10,501	100.00	9,583	100.00
Associated Companies								
Other Businesses	IKSC ²⁾	37.60	0.1	37.02	0.5	75.25	(0.5)	(45.49)
	TKSC ³⁾	40	-	-	-	-	-	-
	PRE	49	0.2	62.90	0.2	24.75	1.4	145.49
Grand Total for the associated companies			0.3	100.00	0.7	100.00	0.9	100.00

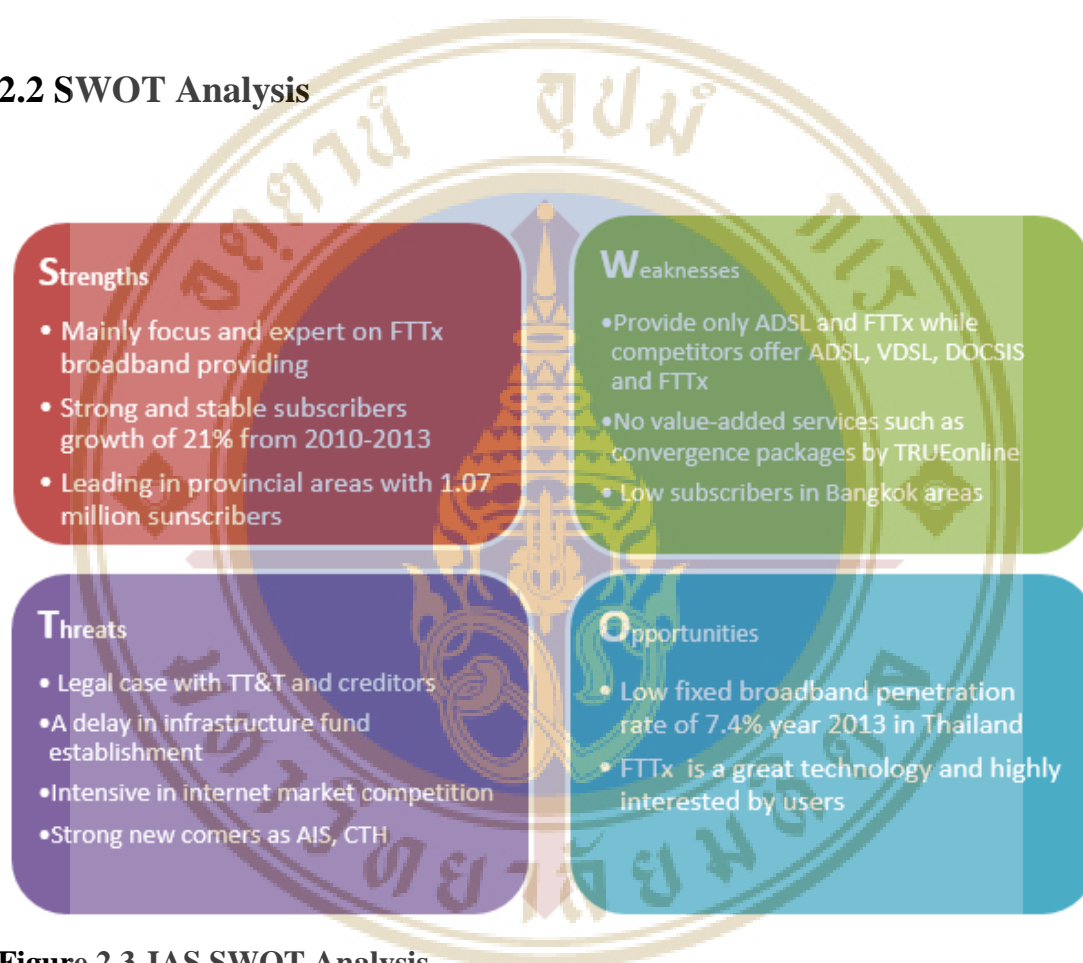
Table 2.2 Major Shareholders

Major Shareholders	Number of Share	% of Total Shares
1. Mr. Pete Bodharamik	1,844,046,870	25.836
2. THAI NVDR CO., LTD.	804,002,925	11.265
3. ABN AMRO NOMINEES SINGAPORE PTE LTD.	304,233,500	4.263
4. NORTRUST NOMINEES LTD.	116,491,000	1.632
5. BANGKOK BANK PUBLIC COMPANY LIMITED	115,611,377	1.620
6. Mr. Krirkkrai Tribanyatkul	107,236,600	1.502
7. HSBC BANK PLC-SAUDI ARABIA MONETARY AGENCY SEC ACCOUNT A	86,335,500	1.210
8. KGI SECURITIES (THAILAND) PCL.	79,223,200	1.11
9. THAI VALUE FOCUS EQUITY - DIVIDEND FUND	62,288,000	0.873
10. STATE STREET BANK EUROPE LIMITED	61,830,334	0.866
11. MFC HI-DIVIDEND FUND	53,486,000	0.749
12. Mrs. Walaiporn Sompakdee	53,233,700	0.746
13. CHASE NOMINEES LIMITED 15	52,451,380	0.735
14. THE BANK OF NEW YORK (NOMINEES) LIMITED A/C 5100	51,052,870	0.715
15. BNY MELLON NOMINEES LIMITED	51,042,500	0.715
16. SCB OPEN-END LONG TERM FUND DIVIDEND 70/30	47,454,900	0.665
17. EAST FOURTEEN LIMITED-FORWARD INTERNATIONAL DIVIDEND FUND	45,305,325	0.635
18. Mr. Wichai Wachirapong	43,724,000	0.613
19. GOLDMAN SACHS & CO	43,411,000	0.608
20. Mr. Sittichai Mathanachai	43,176,600	0.605
21. CHASE NOMINEES LIMITED 1	42,185,879	0.591
22. KRUNGTHAI FLEXIBLE FUND	41,796,000	0.586
23. CITIBANK NOMINEES SINGAPORE PTE LTD. - LEMBAGA TABUNG HAJI-ASIA PACIFIC	41,500,000	0.581
24. KRUNGTHAI-AXA LIFE INSURANCE PCL. - KTAM GROWTH BY KRUNGTHAI ASSET MANAGEMENT	41,321,500	0.579
25. PHATRA SECURITIES PUBLIC COMPANY LIMITED	38,098,800	0.534
26. THE GOVERNMENT PENSION FUND (EQ-TH)	35,700,000	0.5
Total	4,306,239,760	60.334

Table 2.3 Free-float

	25 Dec 14	18 Dec 14	11 Dec 14	4 Dec 14
%	71.91%	71.91%	72.08%	73.72%
Amount	5,132,500,297	5,132,500,297	5,144,633,868	5,261,687,135

2.2 SWOT Analysis

**Figure 2.3 JAS SWOT Analysis**

2.3 Five-force Analysis

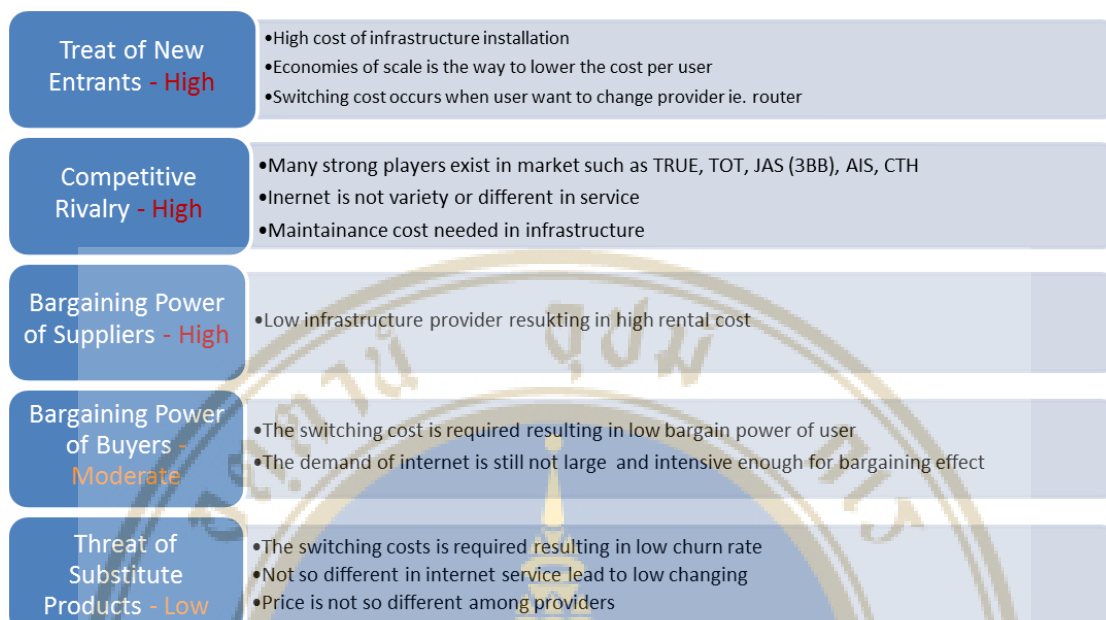


Figure 2.4 JAS Five-force Analysis

2.4 Income Statement

Table 2.4 Income statement including projections

Item	Unit: Million Baht											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Income Statement												
REVENUES FROM SALE OF GOODS AND RENDERING OF SERVICES	5350.22	8370.55	9625.95	9497.85	10369.49	11122.97	14,463	16,367	18,272	20,176	22,080	
OTHER INCOME	223.96	217.04	200.58	84.79	131.87	137.11	319	361	403	445	487	
TOTAL REVENUES	5574.18	8590.51	9836.30	9582.64	10501.85	11260.21	14,782	16,728	18,675	20,621	22,567	
COST OF SALE OF GOODS AND RENDERING OF SERVICES	3383.95	5583.68	5695.73	4637.77	4686.02	4474.84	6,472	7,325	8,177	9,029	9,881	
SELLING AND ADMINISTRATIVE EXPENSES	784.21	1433.52	2131.74	2504.04	2372.19	2562.97	3,321	3,758	4,195	4,632	5,069	
OTHER EXPENSES	2054.25	629.17	465.80	433.62	451.63	228.64	737.62	525	586	647	708	
IMPAIRMENT LOSS OF LAW SUIT							274					
TOTAL EXPENSES	6217.97	7779.42	8451.35	7575.62	7509.84	7266.45	10,805	11,607	12,957	14,308	15,658	
PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAX												
EXPENSES EBIT	-643.79	811.09	1384.95	2007.03	2992.01	3993.76	3,978	5,121	5,717	6,313	6,909	
FINANCE COSTS	297.53	246.93	393.17	467.84	403.97	311.64	562	566	546	504	439	
EBT		564.16	991.78	1539.18	2588.04	3682.11	3,416	4,555	5,171	5,809	6,470	
INCOME TAX EXPENSES	246.36	337.73	402.77	493.54	529.79	605.48	630	841	954	1,072	1,194	
NET PROFIT (LOSS)	-1187.68	226.44	589.01	1045.65	2058.25	3076.64	2,785	3,715	4,217	4,737	5,276	

2.5 Balance Sheet

Table 2.5 Balance sheet including projections

Item	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Unit: Million Baht											
CASH AND CASH EQUIVALENTS	2364.82	1569.43	1920.01	1581.03	1478.53	2997.08	3,164.6	3,581.2	3,997.9	4,414.5	4,831.1
SHORT-TERM INVESTMENTS	180.40	20.18	190.76	486.70	992.74	924.35	924.4	924.4	924.4	924.4	924.4
RECEIVABLES	2757.27	4374.48	4368.23	4615.27	4327.81	3764.62	5,986.6	6,774.7	7,562.9	8,351.0	9,139.2
INVENTORIES	119.22	987.97	291.84	70.40	48.91	39.52	75.6	85.6	95.5	105.5	115.4
OTHER CURRENT ASSETS	768.97	1276.66	1154.17	559.01	435.94	534.06	651.2	737.0	822.7	908.5	994.2
TOTAL CURRENT ASSETS	6190.69	8228.72	7925.01	7312.42	7283.94	8259.64	10,802.4	12,102.9	13,403.3	14,703.8	16,004.2
GROSS PP&E		8742.00	13209.00	15946.00	17737.00	20677.00	26,131.9	29,241.3	32,350.7	35,460.2	38,569.6
Accumulated Depreciation					6659.00	8388.78	10,209.6	12,162.7	14,234.4	16,412.6	18,686.4
PROPERTY, PLANT AND EQUIPMENTS - NET	4182.94	6013.69	10357.82	10874.07	11077.58	12,288.210	15,922.3	17,078.7	18,116.4	19,047.6	19,883.2
GOODWILL - NET	-	40.56	16.92	-	-	-	-	-	-	-	-
INTANGIBLE ASSETS - NET	-	54.37	85.99	58.52	33.73	10.62	90.5	98.8	106.7	114.3	121.5
OTHER NON-CURRENT ASSETS	1954.99	1606.97	916.01	1215.07	1005.21	1174.93	1,883.3	2,056.4	2,221.2	2,378.5	2,529.0
TOTAL NON-CURRENT ASSETS	6137.93	7715.54	11376.74	12147.66	12116.52	13473.76	17,896.1	19,233.9	20,444.3	21,540.3	22,533.7
TOTAL ASSETS	12328.61	15944.25	19301.75	19460.07	19400.47	21733.39	28,698.5	31,336.7	33,847.6	36,244.1	38,538.0
SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	439.93	1283.40	617.91	547.15	486.93	982.55	3,162.1	3,085.7	2,392.4	1,370.5	18.7
TRADE ACCOUNTS AND OTHER PAYABLE	1773.41	2373.55	3018.42	3009.14	2655.65	2636.57	3,661.3	4,125.9	4,605.3	5,084.6	5,564.0
CURRENT PORTION OF LONG-TERM LIABILITIES	1969.05	1370.47	1917.91	4589.65	1189.21	1,761.39	1,858.3	1,993.2	2,114.3	2,223.0	2,320.5
OTHER CURRENT LIABILITIES	899.51	1542.69	2278.17	1234.10	1536.15	1286.66	1,898.3	2,148.2	2,398.2	2,648.1	2,898.0
TOTAL CURRENT LIABILITIES	5081.90	6570.10	7832.41	9380.04	5867.95	6667.16	10,580.0	11,353.1	11,510.2	11,326.2	10,801.2
LONG-TERM LIABILITIES	1283.73	2701.56	4075.14	1792.04	3593.55	2351.98	3,612.2	3,874.6	4,110.0	4,321.3	4,510.8
OTHER NON-CURRENT LIABILITIES	11.84	12.98	11.96	188.41	227.60	244.99	644.44	389.94	399.99	409.69	392.09
LAW SUIT	-	-	-	-	-	-	274.00	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	1295.57	2714.54	4087.10	1980.45	3821.15	2596.97	4256.7	4264.5	4510.0	4721.9	4902.9
TOTAL LIABILITIES	6377.48	9284.62	11919.51	11360.50	9689.10	9264.14	14,836.6	15,617.6	16,020.2	16,048.2	15,704.1
ISSUED AND FULLY PAID-UP SHARE CAPITAL	4161.33	4715.81	3699.75	3622.13	3622.13	3568.70	3568.7	3568.7	3568.7	3568.7	3568.7
RETAINED EARNINGS (DEFICIT)	2168.14	2371.66	2904.50	3409.03	5334.53	7789.01	9181.6	11,038.9	13,147.1	15,515.7	18,153.6
OTHER COMPONENTS OF EQUITY	-288.96	150.65	263.96	87.99	33.63	33.6	33.6	33.6	33.6	33.6	33.6
NON-CONTROLLING INTERESTS	832.29	852.21	814.00	985.42	1019.73	1077.92	1077.9	1077.9	1077.9	1077.9	1077.9
TOTAL EQUITY	5951.13	6659.63	7382.24	8099.57	9711.37	12469.25	13,861.8	15,719.1	17,827.4	20,915.9	22,833.9
TOTAL LIABILITIES and Equity	12328.61	15944.25	19301.75	19460.07	19400.47	21733.39	28698.5	31336.7	33847.6	36244.1	38538.0
INTEREST BEARING DEBT	3704.55	5368.41	6622.92	7117.25	5497.29	5340.91	9276.99	9343.43	9016.74	8315.46	7242.13

2.6 Statement of Cash Flow

Table 2.6 Statement of Cash Flow including projections

Item	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cash flows from operating activities:											
NET PROFIT (LOSS)	(1,187.7)	226.4	589.0	1,045.6	2,058.3	3,076.6	2,765.2	3,714.6	4,216.5	4,737.0	5,275.9
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities:											
Depreciation and amortisation	790.8	1,025.1	1,391.3	1,850.9	1,715.4	1,900.1	1,820.8	1,953.1	2,071.7	2,178.2	2,273.8
Cash flows from (use in) operations before change in operating asset and liabilities	(396.8)	1,251.6	1,980.3	2,896.6	3,773.6	4,976.7	4,606.0	5,667.6	6,288.3	6,915.2	7,549.7
(Increase) decrease in operating assets											
(Increase) Trade and other receivables	-	-1617.21	6.25	-247.04	287.46	563.19	(2,222.0)	(788.1)	(788.1)	(788.1)	(788.1)
(Increase) decrease in inventories	-	-868.75	696.13	221.44	21.49	9.39	(36.1)	(10.0)	(10.0)	(10.0)	(10.0)
(Increase) decrease in other current assets	-	-507.69	122.49	595.16	123.07	-98.12	(117.2)	(85.7)	(85.7)	(85.7)	(85.7)
(Increase) decrease in other non-current assets	-	348.07	690.91	-299.06	209.86	-169.72	(708.4)	(173.1)	(164.8)	(157.3)	(150.5)
(Increase) decrease in trade account and other payables - other parties	600.14	644.87	9.28	-353.49	-19.08	1,024.74	464.64	479.34	479.34	479.34	479.34
(Increase) decrease in other current liabilities	643.18	735.48	(1,044.07)	302.05	(249.49)	611.67	249.92	249.92	249.92	249.92	249.92
(Increase) decrease in other non-current liabilities	1.14	-1.02	176.45	39.19	17.39	399.45	(254.50)	10.05	0.70	0.70	(8.99)
Net cash flows from operating activities	(396.8)	(149.6)	4,875.4	2,290.2	4,403.3	5,030.3	3,558.2	5,070.7	5,979.0	6,694.1	7,236.0
Cash flow from investing activities:											
(Increase) decrease in investments in subsidiary and associates company	-	-	-	-	-	-	-	-	-	-	-
Decrease in other investment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from disposal of property, plant and equipments	-	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipments	-	-8742.00	-4467.00	-2737.00	-1791.00	-2940.00	(5,454.9)	(3,109.4)	(3,109.4)	(3,109.4)	(3,109.4)
(Increase) decrease in intangible assets	-	-54.37	-31.62	27.47	24.79	23.11	(79.9)	(8.3)	(7.9)	(7.6)	(7.2)
Net cash flows used in investing activities	-	(8,796.4)	(4,498.6)	(2,709.5)	(1,766.2)	(2,916.9)	(5,534.7)	(3,117.7)	(3,117.3)	(3,117.0)	(3,116.7)
Cash flows from financing activities:											
(Increase) decrease in short-term borrowings from financial institutions	-	843.47	-665.49	-70.76	-60.22	495.62	2,179.51	(76.36)	(693.26)	(1,021.92)	(1,351.85)
(Increase) decrease in L-T loan	-	1,417.83	1,373.38	(2,283.10)	1,801.51	(1,241.57)	1,260.25	262.34	235.42	211.26	189.58
(Increase) decrease in current proportion of L-T loan	-	-598.58	547.44	2671.74	-3400.44	572.18	96.88	134.96	121.11	108.68	97.53
Dividend paid	-	-	-	-	-	-	(1,392.6)	(1,857.3)	(2,108.3)	(2,368.5)	(2,637.9)
Net cash flows used in financing activities	-	1,662.72	1,255.53	317.88	(1,659.15)	(173.77)	2,144.05	(1,536.35)	(2,445.01)	(3,070.49)	(3,702.69)
Net increase(decrease) in cash and cash equivalent	(396.8)	(7,263.22)	1,632.25	(101.47)	977.92	1,599.63	167.54	416.63	416.63	416.63	416.63
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE	2364.82	1569.43	1920.01	1581.03	1478.53	2997.08	3,164.6	3,581.2	3,997.9	4,414.5	4,831.1
CASH AND CASH EQUIVALENTS, ENDING BALANCE	(396.8)	(4,918.40)	3,201.78	1,818.54	2,589.95	3,418.16	3,164.6	3,581.2	3,997.9	4,414.5	4,831.1

2.7 Financial Ratios

	JAS	TOT
Key Financial Ratio	2013A	2013A
Current Ratio (x)	1.24	1.31
Quick Ratio (x)	1.23	1.29
Account Receivable Turnover (x)	3.03	4.14
Collection Period (days)	121	88
Inventory Turnover (x)	113.23	26.83
Days in Inventory (days)	3	14
Payables Turnover (x)	1.70	0.91
Payables Period (days)	215	401
Cash Conversion Cycle (days)	-91	-300
Gross Profit Margin (%)	59.77%	51.66%
EBIT Margin (%)	35.91%	10.52%
EBITDA Margin (Sales) (%)	52.99%	57.73%
EBITDA Margin (Revenues) (%)	52.34%	34.53%
Net Profit Margin (%)	27.66%	8.47%
ROA (%)	14.16%	2.21%
ROE (%)	24.67%	3.64%
Debt to Equity Ratio (x)	0.74	0.64
Debt Ratio (%)	42.63%	39.09%
Interest Coverage Ratio (x)	12.82	13.51

Figure 2.5 Summary of key financial ratios

2.8 Assumptions

2.8.1 Revenue Growth Assumptions

Estimate from JAS's "Net Additional Subscribers/Users" which was constant at 20,000 users per month in the past year and will continue in this rate further in their business plan.

Table 2.7 Number of users assumption

	no. of user	G in no. of user	Rev (services)	Revenue/head	G in Rev
User increase/yr	240,000			7,816.58	
2013	1,423,000		11,123,000,000.00		
2014	1,823,000	28%	14,463,378,380.18		30.0%
2015	2,063,000	13%	16,367,498,408.29		13.2%
2016	2,303,000	12%	18,271,618,436.40		11.6%
2017	2,543,000	10%	20,175,738,464.51		10.4%
2018	2,783,000	9%	22,079,858,492.62		9.4%
		16%			16.3%

We also compare the average future growth in users with the average history growth in total revenue (as table below); the result is the same of 16%, showing the rationale of

this assumption. So, we decide to use the growth in number of user each year (2014-2018) as the criteria in valuation.

Table 2.8 Calculation of CAGR

Year	2008	2009	2010	2011	2012	2013
Revenue	5,350.22	8,370.55	9,625.95	9,497.85	10,369.49	11,122.97
Growth		56.45%	15.00%	-1.33%	9.18%	7.27%
					Average	17.31%
					CAGR	16%

2.8.2 Terminal Growth Rate Assumptions

Terminal growth rate (long term growth rate) will be based on Thailand's "Nominal GDP" = forecasted real GDP + inflation rate, Forecast real GDP is 4.5% (from graph below, source: SET), Inflation rate is 3% (from estimation) so Nominal GDP is 7.5%

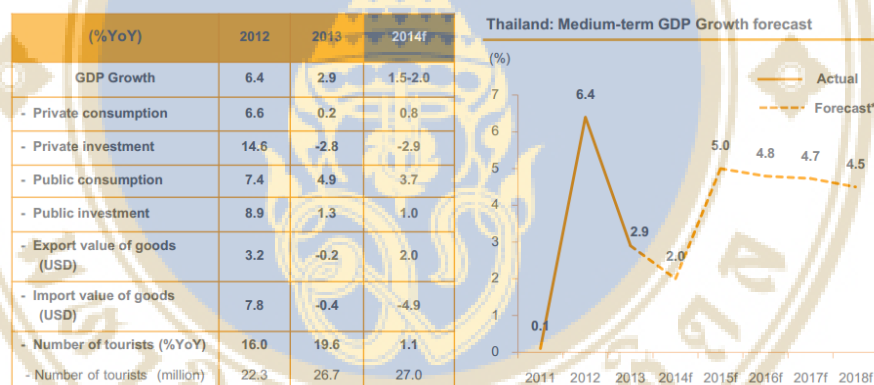


Figure 2.6 Thailand GDP Growth Forecast

2.9 Weighted Average Cost of Capital

Table 2.9 Assumption of Weighted Average Cost of Capital

WACC Calculation	
Cost of Equity	
Risk-free rate (Rf)	3.52%
Risk premium (Rm - Rf)	7.40%
Adjusted Beta (β)	1.57
CAPM (Ke)	15.17%
Cost of Debt	
1st L-T debt	
2nd L-T debt	
Marginal tax rate	20.00%
Weight average after-taxes cost of debt (Kd)	3.84%
Value of interest bearing debt	5,340,910,000
Current Share price	7.40
Current no. of share	7,137,394,378
Market Value of equity	52,816,718,397
Weight of Debt (Wd)	0.09
Weight of Equity (We)	0.91
WACC	14.12%

Table 2.10 Free Cash Flow to Firm (2014-2018)

Free Cash Flow to Firm (Unit : Million baht)	2013	2014	2015	2016	2017	2018
EBIT		3,977.64	5,121.45	5,717.25	6,313.06	6,908.86
Tax on EBIT (20%)		795.53	1,024.29	1,143.45	1,262.61	1,381.77
NOPAT		3,182.11	4,097.16	4,573.80	5,050.45	5,527.09
Add: Depreciation and Amortisation		1,820.82	1,953.06	2,071.73	2,178.22	2,273.78
+/- Capital expenditure (Change in fixed asset)		-5,534.74	-3,117.75	-3,117.34	-3,116.98	-3,116.66
+/- Change in net working capital		-906.38	-585.90	-571.20	-571.20	-571.20
FCFF		-1,438.19	2,346.57	2,956.98	3,540.48	4,113.01
Terminal Value						66,740.62
Net FCFF		-1,438.19	2,346.57	2,956.98	3,540.48	70,853.63

(Unit : baht)

Enterprise Value	\$41,216,161,001
(+) Non-operating assets (Investment in mkt security)	\$924,350,000
(-) Value of debt (Interest Bearing Debt)	\$5,340,910,000
(-) Value of non-controlling interest	\$1,077,920,000
Value of equity	\$35,721,681,001
Long-term growth rate (gs)	7.50%
Number of shares	7,137,394,378
Share Price	5.00

WACC	14.12%
Long-term growth rate (gs)	7.50% Nominal GDP = forecasted real GDP + inflation rate

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