

## Asiasoft Corporation - AS

**Market** Stock Exchange of Thailand  
**Sector** Media and Publishing  
**Reuters** AS.BK  
**Bloomberg** AS TB

**BUY**

**Closing Price**  
**Bt9.00**

**(Unchanged)**

12-month target price  
**Bt11.20 (+24.4%)**

### Price

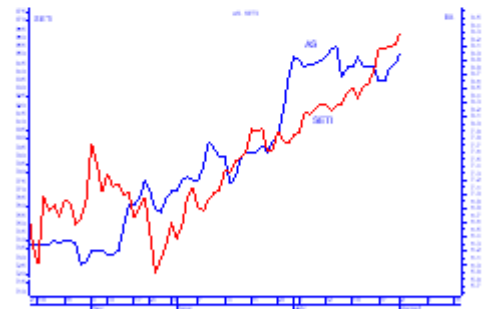
Last Price	9.00
52wk High (14/07/2010)	9.10
52wk Low (28/01/2010)	5.55
Shares Outstanding (mil)	313.64
Market Cap (Btm)	2,822.73
Avg. Daily Turnover (mil)	4.37
Free float (%)	18.05
PE (X)	10.71
PB (X)	2.20

### Strong sequential earnings growth expected in 2Q10

- We expect Thailand's top online game maker AS to see continued but modest revenue improvement in 2Q10. Tight control over costs and SG&A expenses and the absence of investment impairment charges are forecast to drive second-quarter net profit up 71.31% YoY to Bt79.24m.
- First-half 2010 net profit is projected to rise as much as 90.45% YoY to Bt142.08m. First-half dividend is estimated at Bt0.40/share, based on a 90% payout ratio.
- To reflect stronger-than-expected 1H10 view, we raise our 2010 net profit outlook for AS to Bt251.09m from a previous estimate of Bt211.80m. Following an earnings upgrade, we revise our price target for AS upwards to Bt11.20/share. The new target represents a P/E multiple of 14x. We reiterate a 'BUY' rating on AS.

### Price performance %

	1M	3M	6M
Absolute	0.6%	48.8%	53.8%
Relative	-7.0%	35.7%	29.5%



### Major Shareholders (06/05/10)

	%
1 Mr. Pramote Sutjitporn	42.51
2 Asia Investment Partners Ltd.,	9.74
3 Mr. Tan Tgow Lim	9.59

### 2Q10 net profit expected to rise 71.31% YoY and 26.10% QoQ

We expect second-quarter revenue at online game firm AS to keep growing by 5% from a year earlier to Bt379.19m helped by full-quarter revenue contribution from the new game title 'Twelve Sky 2,' which was launched in 1Q10 and has been better received by game players than the previously launched new game titles. The number of game titles available in Thailand rose to 19 in 2Q10 from 16 a year earlier. The launch of new 'Ray City - Monster Forest' game in Apr also pushed the number of games titles available in Singapore and Malaysia to nine in 2Q10 from eight in 2Q09. A combination of factors including (i) reduced staff levels at overseas operations, (ii) tight control over marketing expenses, and (iii) the absence of investment impairment charges would drive costs and SG&A expenses lower. Note that AS recorded investment impairment charges of Bt10m and Bt7.21m in 1Q10 and 2Q09 respectively. Overall, we forecast AS to post a 2Q10 net profit of Bt79.24m, up 71.31% YoY and 26.10% QoQ.

For 1H10, we forecast AS to achieve total revenue of Bt739.39m, up 3.76% YoY. Thanks to cost and SG&A expense controls, we expect 1H10 net profit to jump as much as 90.45% YoY to Bt142.08m. We also forecast AS to pay an interim dividend of Bt0.40/share for 1H10, based on a 90% payout ratio.

### CG Report - 2009

NA

### Earnings upgrade for 2010

Online game firm AS also plans to launch 10-12 new games in 2H10, of which five new games will be released in Thailand and the remaining 5-7 new games in overseas markets. Second-half revenue growth is therefore expected to be better than the first half. To reflect lower-than-expected revenue growth outlook in 1H10, we slash our full-year revenue forecast for AS to Bt1,595.72m from Bt1,661.13m. Despite revenue downgrade, we revise our 2010 net profit outlook for AS upwards to Bt251.09m from a previous view of Bt211.80m to reflect a cut in our costs and expenses forecasts. Following earnings upgrade, we raise our price target for AS to Bt11.20/share. The new target represents a P/E multiple of 14x. We reiterate a 'BUY' rating on AS.

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/07 A	254	1.13	0.78	1.77	70.15	7.96	8.33	5.08
12/08 A	185	0.69	0.63	4.20	22.32	13.04	7.00	2.14
12/09 A	178	0.60	0.58	4.03	14.27	15.00	6.44	2.23
12/10 E	251	0.84	0.75	4.09	20.09	10.71	8.33	2.20
12/11 E	276	0.92	0.83	4.24	21.49	9.78	9.22	2.12

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


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**Action & Recommendation**

TRADING BUY	: Share price may exceed 10% on the upside over the next 3 months, however longer-term outlook remains uncertain
BUY	: >15% upside from the current price
HOLD	: -10% to 15% from the current price
SELL	: >10% downside from the current price
TRADING SELL	: Share price may exceed 10% on the downside over the next 3 months, however longer-term outlook remains uncertain
Unchanged	: Ratings maintained
Upgrade	: A positive change in ratings
Downgrade	: A negative change in ratings

**Results Presentation**

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

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