

## Asiasoft Corporation - AS

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

**BUY**  
**(Unchanged)**

**Closing Price**  
**Bt9.95**  
12-month target price  
**Bt14.00 (+40.7%)**

**Price**  
Last Price 9.95  
52wk High (19/08/2010) 9.80  
52wk Low (28/01/2010) 5.55  
Shares Outstanding (mil) 313.64  
Market Cap (Btm) 3,120.68  
Avg. Daily Turnover (mil) 4.49  
Free float (%) 18.05  
PE (X) 10.82  
PB (X) 2.44

**Price performance %**

	1M	3M	6M
Absolute	13.1%	38.2%	70.1%
Relative	5.7%	21.8%	42.8%



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

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

**CG Report - 2009**

NA

**2Q10 net profit up 59.72% YoY**

- Online game maker AS posted a revenue drop of 1.90% in 2Q10 compared to a year ago as offline game revenue declined. As SG&A expenses fell more sharply than revenues, net profit for the quarter therefore jumped 59.72% YoY to Bt73.88m, but the profit figure fell short of our forecast of Bt79.24m. Following results announcement, AS also declared a 1H10 dividend of Bt0.43/share. The stock will trade ex-dividend (XD) on Aug 26, 2010.
- We believe 2H10 will be better than 1H10 due to higher seasonal factors and strong popularity of the newly launched games. AS is finding ways to cut costs through a partnership with One-2-Call, expand further into utilities software and invest abroad. AS is eyeing investments in Vietnam and Indonesia by the end of this year.
- We raise our 2010 net profit outlook for AS to Bt279.91m. Looking ahead into 2011, we expect net profit to grow by 12.13% to Bt313.87m. Rolling over our valuation window to 14x 2011 P/E, we set a price target of Bt14/share for AS. We reiterate a 'BUY' rating on AS.

**2Q10 net profit up 59.72% YoY but short of estimates**

Online game maker AS posted a revenue drop of 1.90% in 2Q10 from a year ago to Bt354.26m. Online game revenue grew 2.5% as revenue from domestic operation rose 4.07% on the back of revenue contribution from new game title 'Twelve Sky 2' launched in 1Q10 but revenue from overseas operations slipped 0.94%. Offline game revenue plummeted 95.76% as revenues from both domestic and overseas operations edged lower. Costs declined 14.87% due to the absence of license fees for existing games and a fall in license fees for new games. SG&A expenses dropped 15.70% following a cut in overseas staff levels from 200 to 140, a relocation of a customer service center from Singapore to Malaysia where costs were cheaper, and a fall in marketing expenses along with the delay in new game launches. Net profit for the quarter jumped 59.72% YoY and 17.57% QoQ to Bt73.88m, but the profit figure fell short of our forecast of Bt79.24m. In this period, profit from domestic operation rose 27.16% YoY to Bt67.98m and overseas operations posted a profit of Bt5.90m from a loss of Bt7.21m over the same period of last year.

For 1H10, AS generated revenue of Bt714.46m, up a marginal 0.26% from the same period of last year. Tight cost and expense controls however led AS to report net profit growth of as much as 83.26% in 1H10 from a year ago to Bt136.71m. Following results announcement, AS also declared a 1H10 dividend of Bt0.43/share. The stock will trade ex-dividend (XD) on Aug 26, and the dividend is scheduled to be paid on Sep 9, 2010.

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	8.81	8.74	5.62
12/08 A	185	0.69	0.63	4.20	22.32	14.42	6.33	2.37
12/09 A	178	0.60	0.58	4.03	14.27	16.58	5.83	2.47
12/10 E	280	0.92	0.87	4.08	20.09	10.82	8.74	2.44
12/11 E	314	1.00	0.95	4.18	21.49	9.95	9.55	2.38

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## Asiasoft Corporation - AS

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### **2H10 to be better than 1H10 due to higher seasonal effects and new game launches**

We believe 2H10 will be better than 1H10 due to higher seasonal factors especially in 4Q, which is the busiest season of the year for game business. Lately, AS launched a new game 'Rohan' in Thailand, which started generating revenues for the first day on Aug 29, 2010, which doubled those of the 'Twelve Sky 2.' The 'Rohan' is a new game that scores a success this year. AS also plans to launch another new game 'Dragon Oath' in Thailand in Sep 2010. The 'Dragon Oath' game set in ancient China during the time of the Song Dynasty is one of the most popular massively multiplayer online games in China. It is expected that the 'Dragon Oath' will be well-received in Thailand and it will likely generate strong revenues like 'Rohan.' On the overseas front, AS launched two new games: 'Ray City' and 'Monster Forest' in Singapore in 2Q10. Revenue however remained weak but it is expected to gradually improve. AS also plans to launch the 'Priston Tale 2' in Malaysia and the 'Battle of Immortal' in Singapore in 2H10. On balance, we believe the 2H10 outlook will be brighter than 1H10.

### **Costs set to fall with further expansion into utilities software and overseas investments**

Lastly, AS has partnered with One-2-Call to market cash prepaid card for AS games, slated to be launched in 3Q10. AS also expects this partnership to cut its cost of distribution of cash prepaid cards by 5%. Besides, AS would expand further into utilities software after the launch of online anti-virus software 'Kingsoft Internet Security' in Thailand through partnership with Kingsoft Corporation. AS plans to market ALZip and ALSee, which are utility programs to zip files and edit pictures, only to corporate clients, and collect fees. To expand overseas presence, AS is eyeing investments in Vietnam and Indonesia with an initial investment of Bt70m each and there is a possibility that it may invest in one or both countries by the end of this year.

### **Earnings upgrade for 2010, 2010 profit growth outlook of 12.13%**

The successful new game launches in 2H10 prompt us to revise our 2010 revenue outlook for AS slightly upwards to Bt1,604.76m and we adjust downwards our cost and expense projections to reflect lower costs and expenses in 1H10. The revisions lead us to raise our 2010 net profit forecast for AS to Bt279.91m from a previous view of Bt251.09m. Looking ahead into 2011, we expect AS to achieve higher revenue of Bt1,741.12m and net profit is forecast to rise further by 12.13% to Bt313.87m on assumption that new game launches in 2H10 will continue to gain popularity and contribute revenue to the company for the full year. The forecast excludes investments in Vietnam and Indonesia. We set 2010-11 price targets of Bt12.50/share and Bt14/share for AS, based on a P/E multiple of 14x. We reiterate a 'BUY' rating on AS.

## Asiasoft Corporation - AS

AS (Btm)	2Q10	1Q10	2Q09	YoY+/-	QoQ+/-	6M10	6M09	YoY+/-
Sales and service	354.26	360.20	361.13	-1.90%	-1.65%	714.46	712.61	0.26%
Cost of sales and service	180.71	192.10	212.27	-14.87%	-5.93%	372.81	419.25	-11.08%
Gross profit	173.55	168.10	148.86	16.58%	3.24%	341.65	293.36	16.46%
SG&A	79.98	90.49	94.88	-15.70%	-11.61%	170.47	190.14	-10.35%
Operating profit	93.57	77.61	53.98	73.32%	20.56%	171.18	103.22	65.84%
Other incomes	4.34	6.28	11.35	-61.77%	-30.91%	10.62	17.71	-40.04%
EBIT	97.90	83.89	65.33	49.86%	16.71%	181.80	120.93	50.34%
Interest exp	0.14	0.16	0.70	-80.11%	-14.11%	0.30	1.42	-78.68%
EBT	97.76	83.73	64.63	51.27%	16.77%	181.49	119.51	51.87%
Financial cost	23.89	20.89	18.37	30.02%	14.35%	44.78	44.90	-0.3%
EAT	73.88	62.84	46.25	59.72%	17.57%	136.71	74.60	83.26%
Minority interest	0.00	0.00	0.00	0.00%	0.00%	0.00	0.00	0.00%
Net profit	73.88	62.84	46.25	59.72%	17.57%	136.71	74.60	83.26%
EPS (Bt)	0.24	0.20	0.16	50.10%	17.57%	0.44	0.25	72.22%
Cost of sales/sales	51.01%	53.33%	58.78%	-13.21%	-4.35%	52.18%	58.83%	-11.31%
SG&A/sales	22.58%	25.12%	26.27%	-14.07%	-10.13%	23.86%	26.68%	-10.58%
Gross margin	48.99%	46.67%	41.22%	18.84%	4.97%	47.82%	41.17%	16.16%
Operating profit margin	26.41%	21.55%	14.95%	76.68%	22.58%	23.96%	14.48%	65.41%
Net profit margin	20.85%	17.45%	12.81%	62.82%	19.54%	19.14%	10.47%	82.79%
<b>Balance Sheet</b>								
Total assets	1,705.67	1,775.11	1,624.45	5.00%	-3.91%	1,705.67	1,624.45	5.00%
Total liabilities	429.52	473.23	431.54	-0.47%	-9.24%	429.52	431.54	-0.47%
Paid-up (m shrs) - Par Bt1*	313.64	299.35	294.74	6.41%	4.77%	313.64	294.74	6.41%
Total equities	1,276.14	1,301.87	1,192.91	6.98%	-1.98%	1,276.14	1,192.91	6.98%
D/E (x)	0.34	0.36	0.36	-6.96%	-7.41%	0.34	0.36	-6.96%
BV (Bt)	4.07	4.35	4.05	0.53%	-6.44%	4.07	4.05	0.53%

## **Bangkok Branches**

### **Head Office**

11<sup>st</sup> Fl., Unit 1102, 14<sup>th</sup> Fl., Unit 1404  
and 15<sup>th</sup> Fl., Vorawat Bldg.,  
849 Silom Rd. Silom,  
Bangrak, Bangkok 10500  
**Tel :** 0 2635 1700 , 0 2268 0999  
**Fax :** 0 2635 1615

### **Srinakarindr Branch**

17<sup>th</sup> Fl., Modernform Tower,  
699 Srinakarindr Rd., Suan Luang,  
Suan Luang, Bangkok 10250  
**Tel :** 0 2722 8344-53  
**Fax :** 0 2722 8343

### **Viphavadi Branch**

15<sup>th</sup> Fl., Lao Peng Nguan Tower 1,  
333 Soi Chuaypuang, Viphavadi-  
Rangsit Rd., Ladyao, Chatuchak,  
Bangkok 10900  
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**Fax :** 0 2618 8344 , 0 2618 8381

### **Yaowarat Branch**

19<sup>th</sup> Fl., Kanchanadhat Bldg.,  
308 Yaowarat Rd., Jakawat,  
Sampantawong, Bangkok 10100  
**Tel :** 0 2622 7833 , 0 2226 2777  
**Fax :** 0 2622 7844

### **Bangkapi Branch**

8<sup>th</sup> Fl., The Mall Office Tower-Bangkapi  
3522 Lad Prao Rd., Klongchan  
Bangkapi, Bangkok 10240  
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**Fax :** 0 2363 3275

### **Bangkapi 2 Branch**

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Bangkapi, Bangkok 10240  
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### **Hua Lumphong Branch**

4<sup>th</sup> Fl., Tang Hua Pak Bldg.,  
320 Rama 4 Rd., Mahaprutharam,  
Bangrak, Bangkok 10500  
**Tel :** 0 2639 1200  
**Fax :** 0 2237 9386-7

### **Rangsit Branch**

G Fl., Room#PLZ.G.SHP065A  
Future Park Rangsit  
94 Paholyothin Rd., Prachathipat,  
Thunyaburi, Pathumthani 12130  
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**Fax :** 0 2567 3311

### **Asoke Branch**

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Wattana, Bangkok 10110  
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### **Pinklao Branch**

Central Plaza Pinklao  
Office Building Tower Bldg.,  
7/3 Baromrajachonnane Road  
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Bangkok 10700  
**Tel :** 0 2884 7333  
**Fax :** 0 2 884 7357

## **Provincial Branches**

### **Khon Kaen Branch**

4<sup>th</sup> Fl., Kow Yoo Hah Bldg.,  
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Muang, Khon Kaen 40000  
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**Fax :** 0 4322 5687

### **Phisanulok Branch**

2<sup>nd</sup> Fl., Thai Sivarat Bldg.,  
59/15 Baromtrilokanad Rd., Naimuang  
Muang, Phisanulok 65000  
**Tel :** 0 5524 3646  
**Fax :** 0 5524 5082

### **Had Yai Branch**

4<sup>th</sup> Fl., Southland Rubber Bldg.,  
55 Ratyindee Rd., Had Yai,  
Had Yai, Songkla 90110  
**Tel :** 0 7423 4095-99, 0 7423 0537-8  
**Fax :** 0 7422 0908

### **Chumporn Investor Center**

25/45 Krom Luang Chumporn Rd.,  
Tatapao, Muang, Chumporn 86000  
**Tel :** 0 7757 0652-3  
**Fax :** 0 7757 0441

### **Chonburi Branch**

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## Overseas Offices

### Singapore Office:

#### Phillip Securities Pte Ltd

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### Hong Kong Office:

#### Phillip Securities (HK) Ltd

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#### Phillip Commodities (HK) Ltd

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### Japan Office:

#### Phillip Futures K.K.

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#### The Naruse Securities Co. Ltd.

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### United Kingdom Office:

#### King & Shaxson Ltd.

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76/80 City Road,  
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### Indonesia Office:

#### PT Phillip Securities Indonesia

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### Australia Office:

#### Head Office - Melbourne

#### Intersuisse Ltd

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#### Sydney Office

#### Intersuisse Ltd

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### Sri Lanka Office:






#### Asha Phillip Securities Ltd.

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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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