

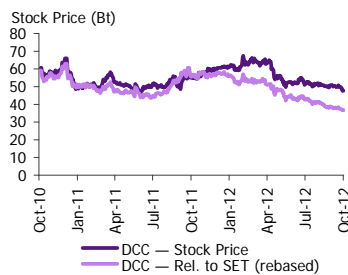
SELL

Stock Data

Last close (Oct 30) (Bt)	47.75
12-m target price (Bt)	50.00
Upside (Downside) to TP (%)	4.71
Mkt cap (Btbn)	19.48
Mkt cap (US\$mn)	634

Bloomberg code	DCC TB
Reuters code	DCC.BK
Risk rating	L
Mkt cap (%) SET	0.18
Sector % SET	5.81
Shares issued (mn)	408
Par value (Bt)	1
12-m high / low (Bt)	67.8 / 47
Avg. daily 6m (US\$mn)	0.96
Foreign limit / actual (%)	35 / 19
Free float (%)	37.8
Dividend policy (%)	≥ 70

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	-6.4	-7.7	-13.2
Relative to SET	-6.0	-14.5	-34.6

Source: SET, SCBS Investment Research

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3Q12A: Shorts on lower revenue, higher tax rate

3Q12A net profit of Bt267mn. DCC reported 3Q12 net profit of Bt267mn, -8% YoY and -17% QoQ. This is 14% below SCBS and market consensus estimates, from lower-than-expected revenue (+4.7% YoY vs. our estimated +7.0% YoY) and higher-than-expected effective tax rate (28% vs. our estimated 23%).

3Q12A key highlights. Earnings deterioration came from: 1) weak sales growth (+4.7% YoY but -5.6% QoQ); 2) low gross margin at 39.4% (-4.2ppts YoY but flat QoQ) from the lack of economies of scale brought by low sales volume and higher natural gas cost. These overwhelmed the benefit from the reduction in corporate tax rate from 30% last year.

3Q12A DPS. DCC announced 3Q12 DPS of Bt0.65, XD on 13 Nov 2012, based on 100% dividend payout ratio.

Cut earnings. Following its weak 3Q12 results, we lowered our forecasts by 5% to Bt1.2bn in 2012 and Bt1.4bn in 2013, mainly led by a 3% cut in our assumed sales volume. Our 2012-13F earnings are now 6% and 8% below market consensus, and we expect a similar earnings downgrade by the street.

Maintain SELL. We maintain our SELL rating with a mid-2013 PT of Bt50, based on 15x PE (+0.5 S.D. over its 10-year historical average PE of 12.5x). More details will be provided after the analyst meeting on November 8.

Financial statement

P & L (Btmn)	3Q11	4Q11	1Q12	2Q12	3Q12	% Chg YoY	% Chg QoQ
Total revenue	1,698	1,634	2,093	1,883	1,777	4.7	(5.6)
Gross profit	739	660	828	738	700	(5.4)	(5.2)
Pre-tax profit	432	363	483	421	371	(14.0)	(11.7)
Net Profit	289	252	373	322	267	(7.8)	(17.1)
EPS	0.71	0.62	0.91	0.79	0.65	(7.8)	(17.1)
B/S (Btmn)							
Total assets	4,019	4,303	4,451	4,353	4,592	14.3	5.5
Total liabilities	1,318	1,640	1,423	1,627	1,919	45.6	17.9
Total equity	2,700	2,663	3,028	2,726	2,672	(1.0)	(2.0)
BVPS (Bt)	6.6	6.5	7.4	6.7	6.5	(1.0)	(2.0)
Financial ratio (%)							
Gross margin	43.5	40.4	39.6	39.2	39.4	(4.2)	0.2
Net profit margin	17.0	15.4	17.8	17.1	15.0	(2.0)	(2.1)
SG&A expense/Revenue	18.4	18.2	16.6	18.1	18.3	(0.0)	0.2

Source: SCBS Investment Research

Forecasts and valuation

Year to 31 Dec	Unit	2010	2010	2012F	2013F	2014F
Revenue	(Btmn)	6,513	7,207	7,459	8,068	8,691
EBITDA	(Btmn)	2,035	2,000	1,786	1,905	2,170
Core profit	(Btmn)	1,175	1,242	1,224	1,387	1,594
Reported profit	(Btmn)	1,175	1,242	1,224	1,387	1,594
Core EPS	(Bt)	2.88	3.05	3.00	3.40	3.91
DPS	(Bt)	2.88	3.05	3.00	3.40	3.91
P/E, core	(x)	16.6	15.7	15.9	14.0	12.2
EPS growth, core	(%)	18.2	5.7	(1.5)	13.4	15.0
P/BV, core	(x)	7.15	7.31	7.47	7.45	7.20
ROE	(%)	43.2	46.1	46.4	53.1	59.9
Dividend yield	(%)	6.0	6.4	6.3	7.1	8.2
EV/EBITDA	(x)	9.5	9.8	11.1	10.3	9.0

Source: SCBS Investment Research

CG Rating 2011 Companies with CG Rating under SCBS's Coverage

ADVANC, ADT, BANPU, BAY, BBL, BCP, BMCL, CPF, CSL, EGGCO, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOT, PS, PSL, PTT, PTTEP, QH, RATCH, SAT, SCB, SCC, TISCO, TMB, TOP
AMATA, AP, ASP, BEC, BECL, BH, BKG, BLA, BTS, CK, CPALL, DELTA, DRT, DTAC, GPPT, GLOW, HANA, HMPRO, INTUCH, KCE, KEST, LH, IVL, MAJOR, MAKRO, OISHI, PHATRA, SCCC, SMT, SPALI, SIRI, STANLY, STEC, SVL, TCAP, THAI, THCOM, TRUE, TTA, TTTH
AEONTS, AH, CCET, DCC, ESSO, ITD, KH, KTC, RCL, ROJNA, TICON, TPIPL
N/A
AAV, BGH, BLS, CPNRF, LHBANK, POPF, QHPF, SAMART, SAMTEL, SSL, TFUND, TLOGIS, WHAPF
PTTGC is the merged entity of PTTC and PTTAR

Corporate Governance Report disclaimer

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