

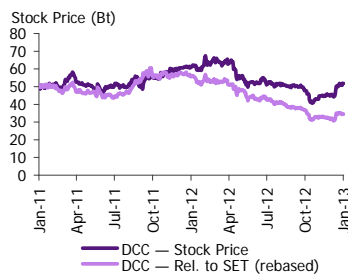
BUY

Stock Data

Last close (Jan 29) (Bt)	52.00
12-m target price (Bt)	57.00
Upside (Downside) to TP (%)	9.62
Mkt cap (Btbn)	21.22
Mkt cap (US\$mn)	711

Bloomberg code	DCC TB
Reuters code	DCC.BK
Risk rating	L
Mkt cap (%) SET	0.17
Sector % SET	5.93
Shares issued (mn)	408
Par value (Bt)	1
12-m high / low (Bt)	67.8 / 40.3
Avg. daily 6m (US\$mn)	1.15
Foreign limit / actual (%)	35 / 16
Free float (%)	36.8
Dividend policy (%)	≥ 70

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	14.3	8.9	-15.1
Relative to SET	7.6	-4.7	-38.3

Source: SET, SCBS Investment Research

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4Q12A: Outperformed on high sales, low tax rate

4Q12A net profit improving to Bt284mn. 4Q12 net profit was Bt284mn, +12% YoY and +7% QoQ. Stripping out actuarial losses of Bt10mn gives a normalized profit of Bt294mn, +16% YoY and +10% QoQ. 4Q12 core earnings were 10% above our estimates and 5% above consensus, the first quarter for a pleasant surprise after three quarter of disappointment. This was backed by stronger-than-expected sales growth (+13% YoY in 4Q12A vs. +3% YoY in 9M12A) and lower-than-expected effective tax rate (21% in 4Q12A vs. 24% in 9M12A).

4Q12A highlights. Earnings improvement was supplied by three factors. 1) A growth in sales of +13% YoY, partly off a low base from 2011's floods, and +4% QoQ, better than expected since 4Q is the usual low season. This was sufficient to beat the slip in gross margin to 38.5% (-2.1ppts YoY and -0.9ppts QoQ) caused by high natural gas/electricity costs. 2) A cut in SG&A to sales to 18.1% (-1ppts YoY and -2ppts QoQ). 3) A fall in effective tax rate to 21% (vs. 30% in 4Q11 and 28% in 3Q12).

4Q12A DPS at Bt0.73. DCC announced 4Q12 DPS of Bt0.73, XD on 2 April 2013, based on 100% dividend payout of core earnings.

Maintain BUY. To fine-tune with 4Q12 results, we raise its 2013-14 earnings by 2%. We maintain our BUY rating with a new PT of Bt57 (end-13) from Bt50 (mid-13), based on 16.5x PE (+1 S.D. over its 10-year historical average PE of 12.5x). Our basis for liking DCC includes: 1) 4Q12 earnings improvement suggesting the end of the series of earnings downgrades (1Q12-3Q12); 2) the most laggard play in its sector (DCC -12% vs. SET +44% and SETCONMAT +43% in 2012TD); 3) compelling dividend yield at 6.6% in 2013F (still above its 10-year average of 6.2%). More details will be provided after the analyst meeting on February 12.

Financial statement

P & L (Btmn)	4Q11	1Q12	2Q12	3Q12	4Q12	% Chg YoY	% Chg QoQ	2011	2012	% Chg YoY
Total revenue	1,634	2,093	1,883	1,777	1,851	13.2	4.1	7,207	7,603	5.5
Gross profit	663	828	738	700	712	7.4	1.8	3,066	2,978	(2.9)
Pre-tax profit	364	483	421	371	374	2.6	0.6	1,803	1,648	(8.6)
Core profit	253	373	322	267	294	16.3	10.3	1,243	1,255	1.0
Net Profit	253	373	322	267	284	12.2	6.5	1,243	1,245	0.2
EPS	0.62	0.91	0.79	0.65	0.70	12.2	6.5	3.05	3.05	0.2
B/S (Btmn)										
Total assets	4,303	4,451	4,353	4,592	4,759	10.6	3.6	4,187	4,361	4.1
Total liabilities	1,640	1,423	1,627	1,919	2,057	25.5	7.2	1,119	1,351	20.8
Total equity	2,663	3,028	2,726	2,672	2,702	1.4	1.1	3,068	3,009	(1.9)
BVPS (Bt)	6.5	7.4	6.7	6.5	6.6	1.4	1.1	7.5	7.4	(1.9)
Financial ratio (%)										
Gross margin	40.6	39.6	39.2	39.4	38.5	(2.1)	(0.9)	42.5	39.2	(3.4)
Net profit margin	15.5	17.8	17.1	15.0	15.3	(0.1)	0.3	17.3	16.4	(0.9)
SG&A expense/Revenue	18.2	16.6	18.1	18.3	18.1	(0.1)	(0.3)	17.7	17.7	0.0

Source: SCBS Investment Research

Forecasts and valuation

Year to 31 Dec	Unit	2010	2011	2012	2013F	2014F
Revenue	(Btmn)	6,513	7,207	7,603	8,190	8,904
EBITDA	(Btmn)	2,035	2,004	1,844	1,949	2,221
Core profit	(Btmn)	1,175	1,243	1,255	1,405	1,618
Reported profit	(Btmn)	1,175	1,243	1,245	1,405	1,618
Core EPS	(Bt)	2.88	3.05	3.08	3.44	3.97
DPS	(Bt)	2.88	3.05	3.08	3.44	3.97
P/E, core	(x)	18.1	17.1	16.9	15.1	13.1
EPS growth, core	(%)	18.2	5.8	1.0	11.9	15.2
P/BV, core	(x)	7.78	7.96	7.87	7.83	7.55
ROE	(%)	43.2	46.1	46.8	52.0	58.6
Dividend yield	(%)	5.5	5.9	5.9	6.6	7.6
EV/EBITDA	(x)	10.3	10.7	11.9	10.8	9.5

Source: SCBS Investment Research

CG Rating 2012 Companies with CG Rating under SCBS's Coverage

★★★★	ADVANC, AOT, BANPU, BAY, BBL, BCP, BEC, BMCL, BJS, CSL, DRT, EGCO, ERW, HEMIRA, IRPC, KBANK, KK, KTB, LPN, MCOT, PS, PSL, PTT, PTTET, PTIGC, QH, RATCH, ROBINS, SAMART, SAMTEL, SAT, SCB, SCC, THAI, TISCO, TMB, TOP, TTA
★★★★	ANATA, AP, ASP, BEC, BHT, BKG, CENTEL, CK, IPAL, LPI, DCC, DELTA, DIAC, ESSO, GFT, GLOW, GUNKUL, HANA, IMPRO, INTUCH, ITD, IY, KCE, LH, MAIRO, MBRET, MIRI, DISB, SCSS, SMT, SPALL, STANLY, STEC, SY, TCAP, THCOM, TICON, TRUE, TTW
★★★★	AEONIS, AH, BLA, CCEI, KYC, LHBANK, MAJOR, RCL, ROJNA, SIRI, TPPL
N/A	AAV, BCH, BGH, CPNRF, POPP, QHPF, SSI, TFUND, TLOGIS, WHA, WHAPP

Corporate Governance Report disclaimer

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