

BUY

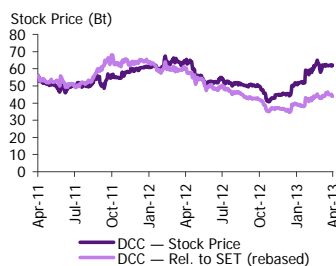
1Q13A: Starting to show improvement

Stock Data

Last close (Apr 23) (Bt)	62.50
12-m target price (Bt)	70.00
Upside (Downside) to TP (%)	12.00
Mkt cap (Btbn)	25.50
Mkt cap (US\$mn)	886

Bloomberg code	DCC TB
Reuters code	DCC.BK
Risk rating	L
Mkt cap (%) SET	0.19
Sector % SET	6.15
Shares issued (mn)	408
Par value (Bt)	1
12-m high / low (Bt)	65.8 / 40.3
Avg. daily 6m (US\$mn)	2.07
Foreign limit / actual (%)	35 / 14
Free float (%)	36.8
Dividend policy (%)	≥ 70

Price Performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	4.6	23.2	-4.6
Relative to SET	2.9	15.2	-26.1

Source: SET, SCBS Investment Research

Sirima Dissara, CFA

(66-2) 949-1004

sirima.dissara@scb.co.th

1Q13A net profit of Bt411mn. DCC reported a 1Q13 net profit of Bt411mn, +10% YoY and +40% QoQ. The results were good and in line with our expectation and consensus. Earnings improvement was mainly backed by the better ASP and gross margin.

1Q13A highlights.

- Sales picked up to Bt2.2bn, +5% YoY and +19% QoQ, thanks to better sales volume and a gradual rise in ASP (Bt5/sqm) since mid-1Q13A.
- Gross margin improved to 40.5%, +0.9 ppts YoY and +2 ppts QoQ. Margin expansion YoY, never seen since 4Q10, was backed by the rise in ASP (Bt5/sqm) and lower gas cost (-10% YoY) despite the closure of two production lines for adjustment in the quarter.
- SG&A to sales rose to 17%, +0.4 ppts YoY, with the rise in minimum wage overwhelming the lower transportation cost from a drop in diesel price.

1Q13A DPS at Bt1.01. DCC announced 1Q13 DPS of Bt1.01, XD on 7 May 2013, based on 100% dividend payout ratio.

Maintain BUY. We maintain BUY with end-2013 PT at Bt70, based on 18x PE (+1.5 S.D. over its 10-year PE). We still like DCC for: 1) its continued operational improvement with a rise in volume and ASP and less concern on gas cost side (40% of production cost) on the recent dip in oil price and THB appreciation against US\$; 2) hugely laggard play in its sector (DCC +11% vs. SETCONMAT +39% and SET +40% in the past 12 months); 3) compelling dividend yield of 6% in 2013F.

Financial statement

P & L (Btmn)	1Q12	2Q12	3Q12	4Q12	1Q13	% Chg YoY	% Chg QoQ
Total revenue	2,093	1,883	1,777	1,851	2,203	5.3	19.1
Gross profit	828	738	700	712	893	7.8	25.4
Pre-tax profit	483	421	371	374	517	7.2	38.5
Core profit	373	322	267	294	411	10.2	39.5
Net Profit	373	322	267	294	411	10.2	39.5
EPS	0.91	0.79	0.65	0.72	1.01	10.2	39.5
B/S (Btmn)							
Total assets	4,451	4,353	4,592	4,759	4,740	6.5	(0.4)
Total liabilities	1,423	1,627	1,919	2,057	1,530	7.5	(25.6)
Total equity	3,028	2,726	2,672	2,702	3,162	4.4	17.0
BVPS (Bt)	7.4	6.7	6.5	6.6	7.8	4.4	17.0
Financial ratio (%)							
Gross margin	39.6	39.2	39.4	38.5	40.5	0.9	2.0
Net profit margin	17.8	17.1	15.0	15.9	18.6	0.8	2.7
SG&A expense/Revenue	16.6	18.1	18.3	18.1	17.0	0.4	(1.1)

Source: SCBS Investment Research

Forecasts and valuation

Year to 31 Dec	Unit	2011	2012	2013F	2014F	2015F
Revenue	(Btmn)	7,207	7,603	8,569	9,347	10,195
EBITDA	(Btmn)	2,004	1,844	2,117	2,452	2,830
Core profit	(Btmn)	1,243	1,255	1,540	1,803	2,099
Reported profit	(Btmn)	1,243	1,255	1,540	1,803	2,099
Core EPS	(Bt)	3.05	3.08	3.77	4.42	5.15
DPS	(Bt)	3.05	3.08	3.77	4.42	5.15
P/E, core	(x)	20.5	20.3	16.6	14.1	12.1
EPS growth, core	(%)	5.8	1.0	22.7	17.1	16.5
P/BV, core	(x)	9.57	9.46	8.97	8.52	7.75
ROE	(%)	46.1	46.8	55.6	61.8	66.8
Dividend yield	(%)	4.9	4.9	6.0	7.1	8.2
EV/EBITDA	(x)	12.8	14.2	11.9	10.2	8.7

Source: SCBS Investment Research

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

ADVANC, ADI, BANPU, BAY, BBL, BCP, BECL, BMCL, BJS, CSL, DRY, EGCO, ERW, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOT, PS, PSL, PTI, PTTEP, PTIGC, QH, RATCH, ROBINS, SAMART, SAMTEL, SAT, SCB, SCC, THAI, TISCO, TMB, TOP, TTA
AMATA, AP, ASP, BEC, BH, BIGC, CENTEL, CK, CPALL, CP, DCC, DELTA, DTAC, ESSO, GFT, GLOW, GUNKUL, HANA, HMPRO, INTUCH, ITD, IVL, KCE, LH, MAKRO, MBKET, MINT, OISHI, SCCG, SMT, SPALL, STANLY, STEC, SVI, TCAP, THCOM, THRE, TICON, TRUE, TIW
AEONIS, AH, BKA, CCL, JMAT, KIC, LHBANK, MAJOR, RCL, ROJIA, SBL, TTPPL
AAV, BCH, BGH, CPNPS, NVK, PDP, QHP, SSI, TUND, TLOGIS, WHA, WHAPF
N/A

Corporate Governance Report disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.