

November 16, 2004

Univanich Palm Oil Plc. (UVAN)

NEW : LONG TERM BUY
PREVIOUS : LONG TERM BUY

AGRIBUSINESS

3Q04 decline of 25% yoy inline our forecast

Price
Target
Bt28.25
Bt37.00

Univanich Palm Oil (UVAN) posted 3Q04 earnings of Bt88mn, inline our expectation of Bt92mn, down 25% yoy and 27% qoq. This was due to a low crop supply and low sales season. The gross margin narrowed to 18.5% from 25.2% last year due to high fresh fruit prices that were more than selling prices.

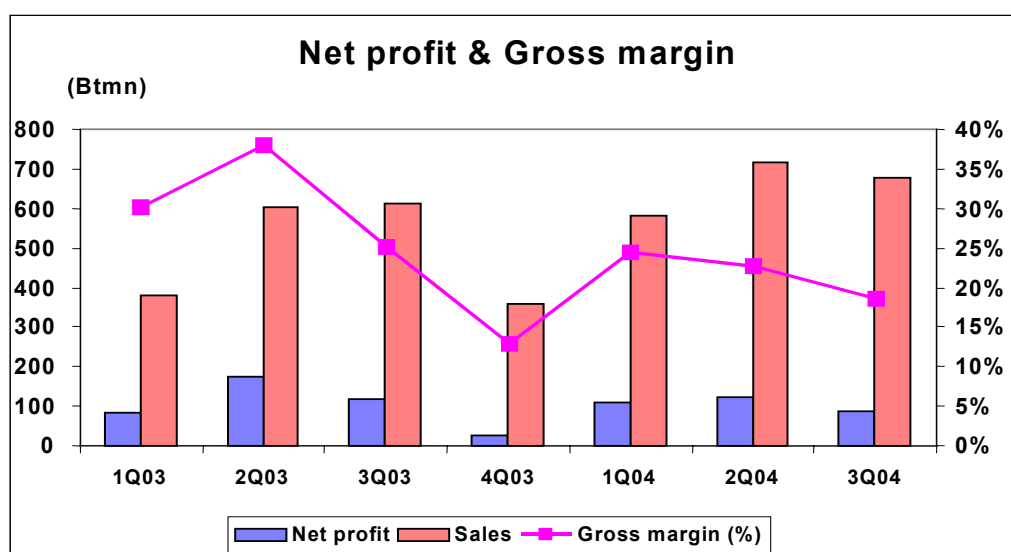
In 9M04, UVAN generated a net profit of Bt317mn (Bt3.37 a share), representing 91% of our 2004 full-year forecast of Bt347mn. However, we are not revising our full-year estimate due to our expected fourth quarter earnings decline due to a decreased crop supply, the end of the harvest season and the annual plant shut down.

 Analyst :Daowadee
 Teera-Apisakkul
 02-658-6300 Ext 1470
 daowadee.t@kimeng.co.th

Figure 1: UVAN Quarterly results

(Bt mn)	3Q04	2Q04	QoQ	3Q03	YoY	9M04	9M/FY04F	2004F
Sales	680	717	(5%)	613	11%	1,976	85%	2,338
COGS	554	555	(0%)	459	21%	1,546	86%	1,803
Gross margin (%)	18.5%	22.7%	N.A.	25.2%	N.A.	22%	N.A.	23%
SG&A	36	37	(1%)	34	9%	109	69%	159
EBITDA	107.3	144.0	(25%)	139.5	(23%)	377	105%	358
Interest expense	-	-	N.A.	0.73	N.A.	-	N.A.	-
Normalised profit	88	121	(27%)	117	(25%)	317	91%	347
Net profit	88	121	(27%)	117	(25%)	317	91%	347
EPS-fully diluted (Bt)	0.94	1.29	(27%)	1.25	(25%)	3.37	91%	3.69

Source: UVAN and KELIVE Research estimates.



Source: Source: UVAN and KELIVE Research estimates.

We are maintaining our full-year forecast for 2004 of a net profit of Bt347mn (Bt3.69/share), or down 13%. We are also forecasting 2005 earnings of Bt376mn (Bt4/share), or a rise of 8.4% from this year.

We are maintaining our positive view on UVAN supported by their very strong cash flow, no debt situation, new plant capacity up 50% to 135 tonnes per hour and very attractive dividend yield of 9.1%. We also estimate the company to pay a full-year dividend of Bt2.60 a share, which puts the dividend yield at 9.1% at the current share price.

The UVAN share price is currently trading on a 2004 and 2005 EV/EBITDA of 5.0x and 4.3x, respectively. We are maintaining our fair value of **Bt37** a share and our **LONG-TERM BUY** recommendation.

Figure 2: Earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	1,443	1,589	1,955	2,338	2,312
EBITDA (Btmn)	277	297	487	453	481
Normalised earnings (Btmn)	207	223	400	347	376
Earnings (Btmn)	207	223	400	347	376
EPS (Bt)	2.50	2.69	4.26	3.69	4.00
PER (x)*	11.3	10.5	6.6	7.6	7.1
EV/EBITDA (x)*	8.2	8.2	4.8	5.0	4.3
Free cash flow (Btmn)	157	217	325	121	424
CF/share (Bt)	3.3	3.8	4.5	4.8	5.0
BVPS (Bt)	9.0	6.7	11.2	11.4	12.8
P/BV (x)*	3.1	4.2	2.5	2.5	2.2
DPS (Bt)	1.75	#4.75	3.50	2.60	2.82
Dividend yield (%)	17.7%	9.7%	12.4%	9.2%	10.0%
Net debt/equity (X)	cash	0.2	cash	cash	cash
ROA (%)	25%	28%	40%	26%	25%
ROE (%)	29%	34%	50%	33%	33%
Gross margin (%)	24%	23%	28%	22%	23%

Source: UVAN reports and KELIVE Research estimates.

Singapore

Kim Eng Securities
(Private) Limited
(Member of the SES)
9 Temasek Boulevard
#39-00 Suntec Tower 2
Singapore 038989
Telephone: 65 6336 9090
Telex: KESECS RS 25871
& RS 21857
Facsimile: 65 6339 6003

London

Kim Eng Securities
(London) Limited
(Member of the FSA)
6th Floor, 20 St. Dunstan's Hill
London EC3R 8HY, UK
Telephone: 20 7621 9298
Dealers' telephone: 20 7626 2828
Facsimile: 20 7283 6674

New York

Kim Eng Securities USA Inc
(Member of the NASD)
406, East 50th Street
New York, NY 10022
U.S.A.
Telephone: 212 688 8886
Facsimile: 212 688 3500

Hong Kong

Kim Eng Securities
(Hong Kong) Limited
(Exchange Participant)
Room 1901, Bank of America
Tower 12 Harcourt Road
Central, Hong Kong
Telephone: 852 2810 7755
Telex: KIMEN HX 68698
Facsimile: 852 2877 0104

Malaysia

Kim Eng Research Sdn Bhd
(Formerly known as
Mutual Scope Sdn Bhd)
Co. No. 274244V
Suite 16.02, 16th Floor
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Telephone: 603 2141 1555
Facsimile: 603 2141 1045

Indonesia

PT Kim Eng Securities
9th Floor, Deutsche Bank Bldg
Jl. Imam Bonjol 80
Jakarta 10310
Indonesia
Telephone: 62 21 3983 1360
Facsimile: 62 21 3983 1361

Philippines

ATR-Kim Eng Securities, Inc.
(Member of the PSE)
17th Floor Tower One &
Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines
Telephone: 63 2 849 8888
Facsimile: 63 2 848 5738

Thailand

Kim Eng Securities (Thailand)
Limited
(Member of the SET)
10th Floor, Mercury Tower
540 Ploenchit Road
Bangkok 10330
Thailand
Telephone: 66 2 658 6300
Facsimile: 66 2 658 6384

Taiwan

Yuanta Core Pacific Securities
11/F, No 225, Nanking East Rd
Section 3 Taipei
Taiwan
Telephone: 63 2 849 8888
Facsimile: 63 2 848 5738

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