

New Listing

Company analysis

Industry:	Fashio
Offering price	32.00
Paid-up shares (million shares)	69.50
Par value (Baht)	5.00
Market capitalization (Baht million)	2,224.00
Major shareholders (as at 12 November 2008)	%
1 Thanalongkorn family	74.81
2 Mrs. Wannee Thongluk	4.03
3 Miss Ratchanee Niwachaibandith	3.02

Share offering details

Paid-up shares prior to the IPO	59.00 million shares (par value Bt5/share)
Paid-up shares after the IPO	69.50 million shares
IPO shares	10.50 million shares
Offering price	Baht 32 per share
Market	SET, consumer sector, fashion group
Shares under silent period	38.225 million shares of 55% of total paid-up shares with a year of silent period. The existing shareholders can sell 25% of the shares after 6 month, and the rest after 1 year.
Dividend payout policy	No less than 40% of net profits after tax and legal reserve.
Underwriters	Sicco Securities, Globlex Securities, and Aira Securities

Objectives of the capital raising

- | | |
|---------------------------------------------------|---------------------|
| 1. Repay short-term debt from financial institute | Baht 60.00 million |
| 2. Repay long-term debt from financial institute | Baht 4.50 million |
| 3. Finance working capital | Baht 259.42 million |

Nature of business and operation

Manufacture and sell lingerie and other related products, such as shorts, sleeping gown, pajamas and lingerie components. The products can be divided into 2 main categories:

1. Products manufactured and sold under the trademarks of the Company's subsidiary and designed by the subsidiary. The trademarks include "Sabina" "Sabinie" "SBN" "Moldern Curve by Sabina" "Moldern Soft by Sabina" "Doomm Doomm" and "Viora." The key strength are modern color and design that could respond to the requirements of women. The products could also enhance shape and dressing personality.
2. Products manufactured under customer's brands (OEM), who are the distributors in overseas market that design, produce and sell lingerie products. They are mainly distributors of popular brands in European and United States markets.

Consolidated Ended	Net Profit (Million Baht)	EPS (Baht)	DPS (Baht)	BV (Baht)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/47 A	81	2.70	NA	14.08	19.22	11.85	NA	2.27
12/48 A	212	7.26	3.25	22.07	9.94	4.41	10.16	1.45
12/49 A	171	5.85	2.40	22.73	6.53	5.47	7.50	1.41
12/50 A	123	2.31	1.30	16.88	3.93	13.85	4.06	1.90
1Q51 A	56	0.94	NA	14.86	NA	NA	NA	2.15

The Revenue Structure

Million Baht			2005		2006		2007	
			Value	%	Value	%	Value	%
Products under subsidiary's trademarks								
- Domestic Sales	659.41	35.33	847.64	38.40	903.02	43.12		
- Overseas Sales	10.60	0.57	10.86	0.49	14.06	0.67		
Products OEM	1,176.70	63.04	1,334.77	60.46	1,149.36	54.89		
Sales Revenue	1,846.71	98.93	2,193.27	99.35	2,066.44	98.69		
Service Revenue	0.02	0.00	3.40	0.15	1.46	0.07		
Other Income	19.90	1.07	10.92	0.49	26.07	1.25		
Total revenues	1,866.63	100.00	2,207.59	100.00	2,093.97	100.00		

Target customer

Target customers can be classified into 3 categories,

1. Children and teenager group are the main customers because the Company's products fits requirement of this target group due to product characteristics, design and constant innovation.
2. Young adult and adult group are more concern with utilities over just product design. They have high purchasing power and larger population. So the Company designs products that offer high utilities.
3. Foreign customer groups will order lingerie under the buyer's own brand. Most of the buyers are well-known lingerie companies with prominent presence in Europe, United States and Scandinavia.

Distribution channel

1. Products under the subsidiary's brand: The Company and subsidiary distribute lingerie products through 343 outlets, including department store counter and discount store nationwide. For the overseas distribution, the Company distributes products under the trademarks "Sabina" "Sabinie"

and “SBN” via representative in Singapore. The Company sells products to the representative for further distribution in department store outlets. The Company also sell products to other representatives in Burma, Brunei, UAE and Turkey to further distribute the Company’s products under the subsidiary’s brands.

2. Products under the customer’s brand (OEM). The Company sells products directly to customers or indirectly via intermediary, which once the lingerie pass quality control check, the Company then deliver lingerie products directly to customers.

Competitive environment

Domestic market: There is high competition in all product segments. There are many players in lingerie industry such as Thai Wacoal, manufacturer of “Wacoal” lingerie; Triumph International (Thailand), manufacturer of “Triumph” lingerie; the Company, manufacturer of “Sabina” lingerie; and other small manufacturers that produce lingerie without trademark that target price-conscious customers. According to estimates, the Company ranked third in term of market share after Thai Wacoal and Triumph International. However, each manufacturer has different target customers. So there was no intense competition among the leading brand. Other than that, there are foreign brands that try to capture high-end market. For the low-end market, there are cheap lingerie imported from China to compete in the segment.

Overseas market: The competition in the OEM market tends to escalate as the Company has to compete with other major local manufacturers and manufacturers from China which have cost advantage and are subsidized by the government. Most of the competitors in this market are fully-integrated manufacturer with full chain of textile industry. There are also competitions from manufacturers in neighboring countries with lower production cost. However, these competitors are focusing on low price than premium quality. Therefore, Thai manufacturers, which mainly focused on quality, could maintain competitiveness in overseas market.

Future project

1. Product efficiency enhancement project. The Company plans to purchase 4 mold forming machines in 2008 and other equipment that will enhance efficiency of the mold forming process, which worth Baht 2.34 million investment in total.

2. Employee training and development center project. The Company will set up employee training and development center in every factory within 2008.
3. Market expansion and production innovation project. The Company and subsidiary have policy to export more lingerie under the Company's own brand, both via representatives and market activities in trade exhibition to increase exports to overseas market. Currently, lingerie products under the subsidiary's trademarks are sold United Arab Emirates, Singapore, Bahrain, Denmark, South Korea and England. The Company will set aside Baht 5 million budget each year for international exhibition.
4. Production process enhancement project by lean manufacturing system. The Company will apply lean manufacturing system to the Company's production process to enhance production flexibility, lower resources usage, enable convenient and quick process, reduce costs and unnecessary time and improve production quality.