



輝立証券集團

Phillip Securities Group

Research Report of Japan Equity market:

Name: Park24 Co Ltd

Poems Ticker: 4666.JT

Market: TSE

Editor:

Philip Mok

Tel: (852) 2277-6609

Email: foreignstock@phillip.com.hk

This publication is authorized by Aizawa Securities Company Limited

WEEKLY REVIEW

(December 17 - December 21)

Audit #: Intl-00383

International Department

Global Markets

Global stock markets rose last week. The 91 stock markets (including developed, emerging and frontier markets) we monitor rose 0.8% on average. Advancing markets outnumbered declining markets by 67 to 23.

The best performer was Egypt (4.8%), followed by Greece (4.6%), Ghana (4.5%), Japan (4.0%), Romania (3.9%), Slovenia (3.4%), Spain (3.3%), Argentina (3.3%), Iceland (3.3%) and Czech Rep (2.8%). The worst performer was Cyprus (-3.4%), followed by Taiwan (-2.3%), Venezuela (-1.9%), Indonesia (-1.4%), B & H (-1.3%), Bahrain (-1.0%), Nigeria (-1.0%), Laos (-0.9%), Latvia (-0.9%) and Israel (-0.8%).

In the Asia Pacific region, of the 17 markets we monitor, the best performer was Japan (4.0%), followed by Bangladesh (2.1%), the Philippines (2.0%), New Zealand (1.9%) and Mongolia (1.6%). The worst performer was Taiwan (-2.3%), followed by Indonesia (-1.4%), Laos (-0.9%), South Korea (-0.7%) and Hong Kong (-0.4%).

As the market digested the meaning of the landslide victory for Mr. Shinzo Abe's and the devastating crashing defeat of the left-wings forces (including the DPJ, the Tomorrow Party of Japan and the Social Democratic Party) in the general election held on December 16 and the surrender of the hawkish BOJ to the aggressive monetary easing demand by Mr. Abe, Japanese stocks continued to outperform the world. Measured by the TOPIX, the Japanese stock market rose 4.0%, ranking 4th among the 91 markets and 1st among the 17 Asian/Pacific markets we monitor. In 1-month performance, Japan is ranked 6th in the world and 3rd in Asia/Pacific. In 3-month performance, it is 10th in the world and 2nd in Asia/Pacific.

Japan

Embattled BOJ Bows to Mr. Abe's Monetary Easing Demand

On Thursday (December 20), the Bank of Japan (BOJ) pledged to review its price stability goal and admitted that the move was in response to incoming prime minister Mr. Shinzo Abe's demand for aggressive monetary easing. At its two-day policy board meeting, the BOJ decided to expand the size of its asset-purchase program (by more than 10%, or by Y10 trillion to Y100 trillion) and promised to review its current inflation goal next month, mostly likely raising the target from the current 1% to 2%. This was what Mr. Abe repeatedly demanded during the election campaign. Emboldened by his party's landslide victory in the December 16 general election, Mr. Abe further turned up the heat on the BOJ, pressing the hawkish BOJ governor, Mr. Masaaki Shirakawa, during a rare one-on-one meeting this week to toughen its inflation target. Although the BOJ refused to recognize that the central bank had made these decisions bowing to political pressure, Mr. Shirakawa acknowledged that the BOJ policy board had "taken Mr. Abe's request into account", practically recognizing that the decisions were taken under Mr. Abe's influence. This was in stark contrast with Mr. Shirakawa in February, just 10 months ago, when he boldly declared that he would refuse to bow to any political pressure. It is widely believed that the BOJ feared that Mr. Abe would revise the BOJ Law to allow the cabinet to fire the BOJ governor and could actually fire Mr. Shirakawa. Triumphant Mr. Abe, in response to the BOJ's decisions, said "One by one, what we called for during the election campaign is materializing." Although some are raising concern over the BOJ's loss of independence, those who are sympathetic to Mr. Shirakawa seem to be a small minority. Now many Japanese are aware that the Japanese economy has been suffering from an overvalued yen (as symbolized by the fact that even Panasonic, once among Japan's bluest blue-chip firms, has continued losing record amounts of money due to an overvalued Japanese yen) and nonchalant Mr. Shirakawa, an ivory-tower type economist, is the chief culprit of this. Whether Mr. Shirakawa has actually changed his mind or not, his term as the BOJ governor will terminate next April. His successor is highly unlikely to be another Mr. Shirakawa-like economist but a proponent of aggressive monetary easing. The era of the worst combination for the Japanese economy and industry -- the combination of an anti-business, left-wing government (DPJ) and a hawkish BOJ governor (Mr. Shirakawa) in a deflationary environment (when aggressive monetary easing is required) -- is about to be over, setting the stage for a substantial rally in Japanese stocks, in our view.

JAPAN EQUITY RESEARCH

Aizawa Securities

PARK24 CO LTD (4666)

Rating	BUY
Primary Exchange	Tokyo
Sector	Industrials

Business Description

Park24 Co., Ltd. operates 24-hour automated parking garages, monthly parking lots, and parking lot administration. The firm also sells parking lot equipment such as park locks. It is also engaged in car rental, car sharing and road service businesses.

Basic Data

Price (yen) (2012/12/19)	1,316
52wk High (2012/11/15)	1,432
52wk Low (2012/1/26)	941
Shares Outstanding (mil)	150.377
Market Cap (mil yen)	197,853
Enterprise Value (mil yen)	228,693

Per Share Data

EPS (Act.)	67.37
EPS (Curr est.)	77.80
EPS (Next est.)	89.24
Dividend / Share	35.00
Book Value / Share	332.86
Sales / Share (Trailing 12m)	972.11
Cash Flow / Basic Share	200.60
Free Cash Flow / Share	97.72

Valuations

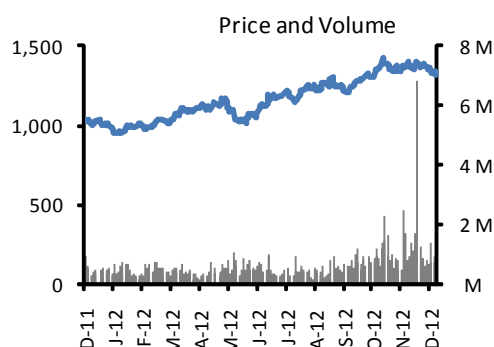
P/E (Act.)	19.53
P/E (Curr est.)	16.92
P/E (Next est.)	14.75
Dividend Yield (%)	2.58
Price to Book Ratio	4.08
Price to Sales Ratio	1.40
EV / EBITDA (Trailing 12m)	7.35
Price / Cash Flow	6.77

Profitability

Return on Assets (%)	8.53
Return on Com Equity (%)	21.59
Return on Capital (%)	11.09
Gross Margin (%)	28.25
Operating Margin (%)	12.76

Capital Structure

Current Ratio	0.63
Quick Ratio	0.40
Equity Ratio (%)	40.65

**Japan's Leading 24-Hour Automated Parking Garage Operator****Business Description & Characteristics**

The firm manages and operates parking facilities. It is also engaged in car rental, car sharing and road service businesses. Parking business is the firm's core business. It manages parking facilities by renting idle or under-utilized land from individual or corporate landowners and installing equipment for parking operations. Typically, land lots used for this (approximately 100 square meters) are too small to construct to buildings or other structures on. The firm's parking facility management business is characterized by a large number (over 10,000) of these small parking facilities being managed. The firm's business is growing steadily. Behind the growth of the firm's business are severe shortages of parking facilities in major cities in Japan. It also it should be noted what is also contributing to the firm's growth is the existence of numerous idle or underutilized fragmented small land parcels in Japanese cities (even in large cities including Tokyo and Osaka), which is a highly unusual phenomenon (at least by Western standards) produced by the combination of a "land myth" and an inefficient taxation system discouraging sales of under-utilized land (which is one of the principle causes of the low liquidity of Japan's real estate market). Capitalizing on its parking facilities management knowhow, the firm offers contracted parking facilities management services (of those for visitors of commercial facilities, financial institutions, and local government offices). As of November 2012, the firm was operating 13,276 parking facilities (11,935 directly managed and 1,341 contracted facilities) capable of housing 502,182 cars (420,731 in the directly managed facilities and 81,451 in the contracted facilities). The firm runs a car rental business in the name of MAZDA CAR RENTAL and provides a car sharing service under the TimesPLUS brand. Making use of a network of 9,500 maintenance factories nationwide (as of October 2012), the firm also offers road services such as onsite emergency handling and car-carrying services to automobiles and motorcycles when drivers have troubles on the road.

Strong Sales and Profit Growth Continues in FY 10/2012

In FY 10/2012, the firm achieved sales of 139,547 million yen (up 12.5% YoY), an operating profit of 17,809 million yen (up 34.0% YoY), an ordinary profit of 17,317 million yen (up 36.2% YoY), and a net profit of 9,670 million yen (up 47.7% YoY).

Steady Growth Seen to Continue in Years to Come

Strong growth is likely to continue in the years to come as the favorable business environment for the firm is unlikely to change. Despite large numbers of new parking spaces created by the firm and other players in the industry, it is likely to take at least several years before the parking shortage problem in cities in Japan is solved. There are abundant idle or under-utilized land parcels that can be used for Park24-style parking spaces. The firm has the upper hand over its competitors. For FY 10/2013, we project sales of 155,000 million yen (up 11% YoY), an operating profit of 21,000 million yen (up 18% YoY), an ordinary profit of 20,400 million yen (up 18% YoY), and a net profit of 11,700 million yen (up 21% YoY). Although the growth rate may start to slow in several years' time, a high pace of growth is likely to continue in the years to come. Current levels of stock price do not fully reflect the firm's growth prospects, in our view.

FY	Revenue	Operating profit	Ordinary profit	Net profit	EPS	DPS
10/2011	124,080	13,292	12,711	6,546	45.94	30
10/2012	139,547	17,809	17,317	9,670	67.37	35
10/2013 est.*	155,000	21,000	20,400	11,700	77.80	35
10/2014 est.*	170,000	24,000	23,400	13,420	89.24	37

In millions of Yen (In Yen for EPS and DPS) * By Aizawa Securities

PARK24 CO LTD**Company Data**

Address	2-7-1 Yuraku-cho Chiyoda-ku Tokyo, 107-0062
Website	Japan
Telephone	81-3-3213-8900
Employees	1523
S&P Long-Term Rating	-
Company Officers	KOICHI NISHIKAWA, PRESIDENT KENICHI SASAKI, EXECUTIVE OFFICER TSUGIO KONDO, DIRECTOR NORIFUMI KAWAKAMI, EXECUTIVE OFFICER

Source: Bloomberg

Financial Data

Income Statement Summary	FY 10/2012	FY 10/2011	FY 10/2010	FY 10/2009	FY 10/2008	FY 10/2007	FY 10/2006	FY 10/2005
Revenue	139,547	124,080	113,248	95,320	80,835	75,458	65,300	55,360
Operating Profit	17,809	13,292	12,839	10,584	8,936	12,654	12,164	9,006
Ordinary Profit	17,317	12,711	11,880	9,878	8,260	11,873	11,759	8,627
Profit bef XO Items	9,670	6,546	6,482	5,752	4,739	6,841	7,177	5,192
Net Profit	9,670	6,546	6,487	5,756	4,738	6,841	7,177	5,192
Basic EPS Before XO Items	67.59	45.97	45.99	41.03	33.70	48.49	50.21	-
Basic EPS	67.37	45.94	45.60	40.68	33.49	48.45	101.68	70.74
Diluted EPS Before XO Items	67.20	45.84	-	-	32.38	46.26	48.47	-
Diluted EPS	66.98	45.81	44.90	38.44	32.18	46.22	49.08	34.96
Dividends per Share	35	30	30	30	30	30	13	8
EBITDA	31,959	25,584	23,536	17,572	12,813	15,834	14,627	11,102
Return on Common Equity	21.59	16.18	17.13	16.17	13.69	21.66	24.64	18.93
Balance Sheet Summary	FY 10/2012	FY 10/2011	FY 10/2010	FY 10/2009	FY 10/2008	FY 10/2007	FY 10/2006	FY 10/2005
Total Current Assets	27,891	25,608	24,506	23,955	15,810	17,124	24,908	12,577
Total Long-Term Assets	89,917	83,327	70,474	67,096	47,358	46,824	30,526	27,982
Total Assets	117,808	108,935	94,980	91,051	63,168	63,948	55,434	40,559
Total Current Liabilities	44,555	41,218	31,297	25,276	8,492	9,614	11,134	10,063
Total Long-Term Liabilities	25,360	26,032	24,455	29,320	19,920	19,830	15,625	919
Total Liabilities	69,915	67,250	55,752	54,596	28,412	29,444	26,758	10,982
Total Shareholders' Equity	47,893	41,685	39,228	36,455	34,756	34,504	28,676	29,577
Shares Outstanding	143.884	142.562	142.491	141.695	141.487	141.437	140.464	143.076
Book Value per Share	332.86	292.40	275.29	257.18	245.29	243.94	204.15	206.72
Tangible Book Value / Share	313.38	270.77	258.48	238.89	237.98	236.68	198.16	201.66
Shareholder Equity/Total Liabilities (%)	40.65	38.27	41.30	40.04	55.02	53.96	51.73	72.92

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

BUY	>15% upside from the current price
HOLD	Trade within \pm 15% from the current price
SELL	>15% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

GENERAL DISCLAIMER

This publication is prepared by Phillip Securities (Hong Kong) Ltd ("Phillip Securities"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication shall not be reproduced in whole or in part, distributed or published by you for any purpose. Phillip Securities shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources which Phillip Securities has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the "Research") contained in this publication are based on such information and are expressions of belief only. Phillip Securities has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Securities shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Securities be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a financial adviser regarding the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This publication should not be relied upon as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in this research should take into account existing public information, including any registered prospectus in respect of such security.

Disclosure of Interest

Analyst Disclosure: Neither the analyst(s) preparing this report nor his associate has any financial interest in or serves as an officer of the listed corporation covered in this report.

Firm's Disclosure: Phillip Securities does not have any investment banking relationship with the listed corporation covered in this report nor any financial interest of 1% or more of the market capitalization in the listed corporation. In addition, no executive staff of Phillip Securities serves as an officer of the listed corporation.

Availability

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

© 2012 Phillip Securities (Hong Kong) Limited

Phillip Capital – Regional Member Companies

SINGAPORE **Phillip Securities Pte Ltd**

Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel : (65) 6533 6001
Fax : (65) 6535 6631
Website : www.poems.com.sg

MALAYSIA **Phillip Capital Management Sdn Bhd**

B-2-6 Megan Avenue II
12 Jln Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2166 8099
Fax : (603) 2166 5099
Website : www.poems.com.my

HONG KONG **Phillip Securities (HK) Ltd**

11-12/F United Centre
95 Queensway, Hong Kong
Tel : (852) 2277 6600
Fax : (852) 2868 5307
Website : www.poems.com.hk

THAILAND **Phillip Securities (Thailand) Public Co Ltd**

15/F, Vorawat Building
849 Silom Road
Bangkok Thailand 10500
Tel : (622) 635 7100
Fax : (622) 635 1616
Website : www.poems.in.th

JAPAN **The Naruse Securities Co Ltd**

4-2, Nihonbashi Kabutocho
Chuo Ku, Tokyo
Japan 103-0026
Tel : (81) 03-3666-2101
Fax : (81) 03-3664-0141
Website : www.naruse-sec.co.jp

UNITED KINGDOM **King & Shaxson Ltd**

6th Floor, Candlewick House
120 Cannon Street
London EC4N 6AS
Tel : (44) 207 426 5950
Fax : (44) 207 626 1757
Website : www.kingandshaxson.com