

# WHA Corporation

 SET | Reuters | Bloomberg  
**WHA | WHA.BK | WHA TB**

 CG Rating 2012  
**N/R | Does not appear in the CGR report**
**BUY**  
 (Initiation of Coverage)  
 Price (23 May 2013)  
**Bt54.75**
**Company Update**

## Premium warehouse leader on growth fast track; initiate with Buy

 12-month target price  
**Bt70 (+27.9%)**
**Poised for robust growth, initiating with BUY**

We initiate coverage of WHA Corporation (WHA) with a Buy rating and target price of Bt70. Key growth catalysts include; 1) accelerating domestic retail industry momentum, 2) upcoming establishment of AEC (Asean Economic Community), 3) strong track record and premium service quality that underpin fast growing portfolio, and 4) continual asset monetization to support expansion and strengthen balance sheet. We also believe its valuation remains compelling at a 2013F PEG of 0.55x.

**Leasable area to double in 2013F; demand to remain brisk**

With a solid industry track record, we believe WHA is well-positioned to benefit from accelerating rental warehouse demand. We expect WHA's total portfolio to double this year to over 1m sq. m. and grow by 30-23% in 2014-15F. Warehouse occupancy, underpinned by a healthy order backlog and an expected boost to upcountry and regional demand following 2015 implementation of the AEC, should remain maximized, in our view.

**Superior earnings prospects with 63% 3-year Cagr**

Given WHA's aggressive expansion pace and focus on continuous asset monetization, we project robust EPS growth with a 63% Cagr (2013-15F). Rising recurring rental revenue and an improving balance sheet should also serve to unlock upside through greater dividend payout going forward.

**Buy with a target price of Bt70**

We derive our target price of Bt70 using the sum-of-the-parts method, employing DCF to value its core business of warehouse rentals (Bt69.2/share) and its 15% investment stake in WHAPF (Bt0.8/share).

**CONSOLIDATED FINANCIAL SUMMARY**

| Year                          | 2010 | 2011 | 2012   | 2013F | 2014F | 2015F |
|-------------------------------|------|------|--------|-------|-------|-------|
| Total Revenue (Bt, m)         | n.a. | 221  | 2,169  | 6,844 | 5,084 | 5,735 |
| EBITDA (Bt, m)                | n.a. | 172  | 462    | 1,389 | 1,733 | 2,076 |
| Net profit bef. extra (Bt, m) | n.a. | 55   | 213    | 970   | 1,162 | 1,427 |
| Net profit bef. extra growth  | n.a. | n.a. | 285%   | 355%  | 20%   | 23%   |
| Net profit (Bt, m)            | n.a. | 405  | 213    | 970   | 1,162 | 1,427 |
| Net profit growth             | n.a. | n.a. | -47%   | 355%  | 20%   | 23%   |
| EPS bef. extra (Bt)           | n.a. | 2.19 | 0.53   | 1.59  | 1.90  | 2.33  |
| EPS bef. extra growth         | n.a. | n.a. | -76%   | 197%  | 20%   | 23%   |
| PER bef. extra (X)            | n.a. | 0.0  | 83.7   | 34.5  | 28.8  | 23.5  |
| PCF (X)                       | n.a. | 0.0  | -176.6 | 24.0  | 24.6  | 17.6  |
| PBV (X)                       | n.a. | 0.0  | 7.9    | 8.5   | 6.5   | 5.3   |
| EV/EBITDA (X)                 | n.a. | 11.2 | 54.7   | 26.5  | 22.2  | 18.7  |
| Yield (%)                     | n.a. | 0.0% | 0.0%   | 0.0%  | 1.4%  | 1.7%  |
| ROE (%)                       | n.a. | 39%  | 11%    | 28%   | 26%   | 25%   |
| D/E (X)                       | n.a. | 4.0  | 1.9    | 1.5   | 1.5   | 1.4   |

Note : use average price for historical PER, PBV, Yield

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**SHARE SUMMARY**
**Price:**

|                 |         |
|-----------------|---------|
| 52-week high    | Bt56.00 |
| 52-week low     | Bt11.04 |
| 52-week average | Bt38.10 |

**Stock data:**

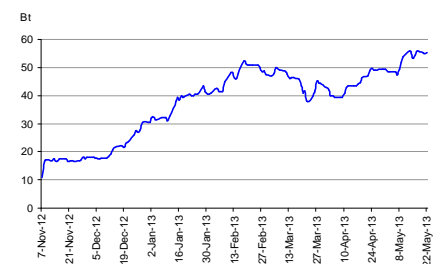
|                        |              |
|------------------------|--------------|
| Issued shares:         | 612.0m       |
| Par value:             | Bt1.0        |
| Market capitalization: | Bt33.5bn     |
| Market capitalization: | US\$1,120.3m |
| Avg. Daily Turnover:   | Bt312.1m     |
| Avg. Daily Turnover:   | US\$10.2m    |
| Foreign Limit:         | 49.0%        |
| Foreign Ownership:     | 0.7%         |
| Free Float:            | 24.3%        |
| NVDR:                  | 0.48%        |
| Beta (3 years)         | 2.72X        |

**TISCO's forecast vs. consensus**

| EPS (Bt) | TISCO | Consensus | % Diff. |
|----------|-------|-----------|---------|
| 2013F    | 1.59  | 1.13      | 40.9    |
| 2014F    | 1.90  | 1.17      | 62.3    |

**Major Shareholders (26/04/13)**

|                             |       |
|-----------------------------|-------|
| Anantaprayoon Family        | 37.6% |
| WHA Holding Co Ltd          | 25.1% |
| Sompong Cholkadeedumrongkul | 8.4%  |
| Wut Jarukornsakul           | 2.1%  |
| Thitirat Siripanjanon       | 2.0%  |

**PRICE / PRICE RELATIVE**


Source: Bloomberg Finance LP

| Performance (%) | -1m   | -3m    | -12m  |
|-----------------|-------|--------|-------|
| WHA             | 11.73 | (8.75) | 0.00  |
| SET             | 2.11  | 5.04   | 41.90 |

## Investment thesis

WHA is Thailand's leading operator of custom-built factories and warehouses for rent. The company has built up a strong track record for supplying different industries with quality built-to-suit model. Driven by strong demand from the logistics and retail sectors, we expect WHA's leasable area to double in 2013 with continuing robust demand, especially from foreign companies seeking to raise their investment profile in Thailand.

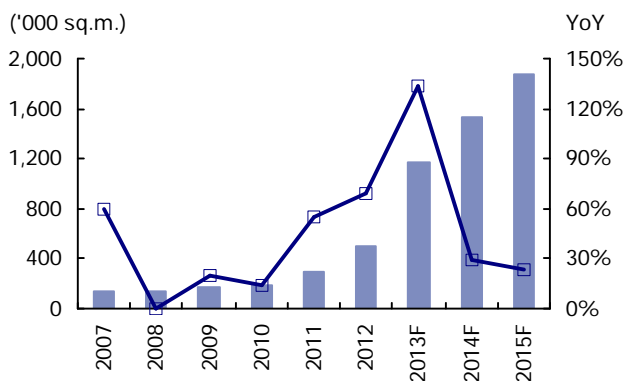
WHA is an indirect play on rising consumer spending in Thailand, particularly in upcountry areas. It benefits from increasing urbanization in the provinces which has boosted demand for warehouses. Rapid growth of the retail industry (+12% Cagr for 2008-12) has resulted in aggressive store expansion by modern trade retailers, fuelling demand for improvements in logistics infrastructure. Another positive catalyst for WHA is the strong recovery in FDI in recent years as more foreign companies aim to make Thailand their regional production/distribution base ahead of the launch of the AEC in 2015.

Apart from the favourable industry trend, WHA's key strength is offering premium, custom-designed factories and warehouses for a diverse range of industries including aerospace, auto, consumer products, healthcare and logistics. Although WHA could face competition from some industrial estate developers who also offer factories and warehouses for lease, these buildings tend to be standardized, ready-to-move-in models which do not require sophisticated designs. They are also usually located close to a company's suppliers/clients. WHA, on the other hand, specializes in providing custom-built warehouses including a large size distribution centre with different temperature zones for healthcare products and a warehouse for sophisticated goods.

Given the surge in demand for new factories and warehouses, we expect WHA's total leasable land to grow over 1m sq. m. in 2013. Occupancy rate should remain full, with rental revenue jumping by 76%, 87% and 39% in 2013F, 2014F and 2015F respectively. An anticipated huge gain from the sale of assets to its property fund (WHAPF) this year is a major factor behind our EPS growth forecasts of 197% in 2013 and 20%-23% for 2014-15F (63% 3-year Cagr), well above peers.

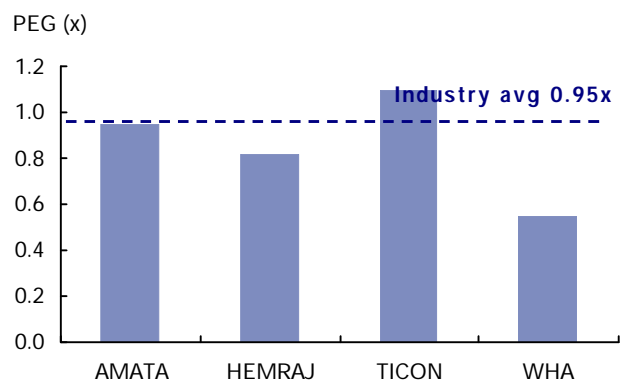
Our target price of Bt70/share is based on the sum-of-the-parts method. Using the DCF method, we valued WHA's core business of factory and warehouse rentals at Bt69.2/share. We also assign Bt0.8/share to reflect its 15% stake in WHAPF. Despite its strong rally since its SET listing last November, we believe WHA's valuation remains attractive given its 3-year PEG of 0.55x vs. 0.95x for the industry average and 0.7x of SET index. We believe increases in rental revenue will support its long-term growth. Coupled with WHA's improving financial status and potential upside for cash returns, the stock has further room to rally, in our opinion.

**Figure 1. WHA's robust growth in leasable area**



Source: Company data, TISCO Research estimates

**Figure 2. WHA is trading below peers on PEG matrix**

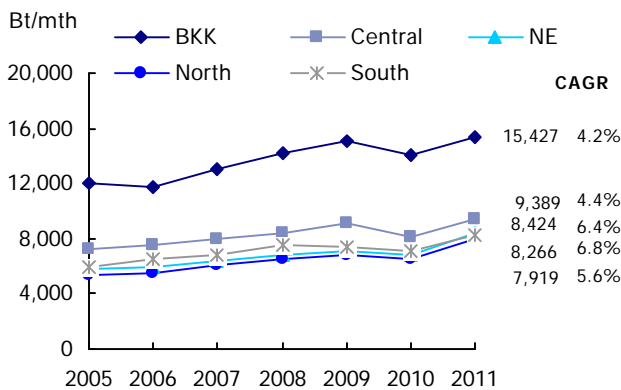


Source: Bloomberg Finance LP, TISCO Research estimates

## Key catalysts

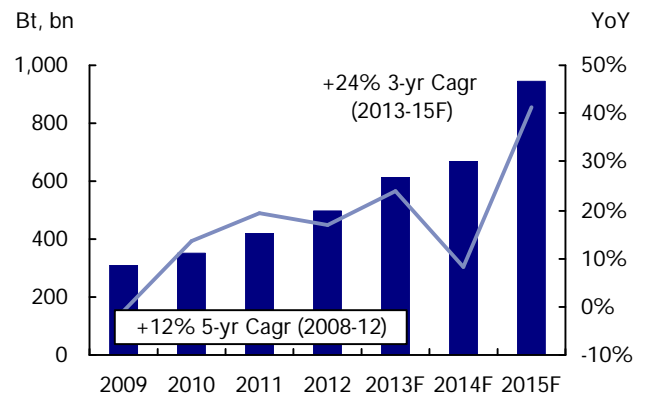
- (1) **Rising domestic consumption helps fuel demand for warehouses:** Growing domestic consumption is one the key earning drivers for WHA. Government stimulus measures, urbanization trends and low interest rates have contributed to rising prosperity among Thai people (especially in upcountry areas which are benefiting from growing farm income and minimum wage hikes). As a result, Thailand has witnessed a significant increase in domestic consumer spending (TISCO's economic research team forecasts private consumption growth of 4.4% and 3.9% and GDP growth of 4.7% and 5.0% for 2013-14). Modern trade retailers have been rapidly expanding their branch networks in recent years to take advantage of this demand momentum. Manufacturers have also expanded their production capacity, in response to the growing market for consumer goods. This in turn has triggered an upsurge in demand for new factories and warehouses as well as improvements in logistics infrastructure.

**Figure 3. Upcountry Incomes are growing at a faster rate than in Bangkok**



Source: Bank of Thailand, TISCO Economies Strategy Unit, DB TISCO

**Figure 4. Listed Thai modern trade retailers continue to report strong growth**



Source: Company data, DB TISCO estimates

**Figure 5. Listed retailers are still expanding their store networks**

| Number of stores      | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013F | 2014F |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| BIGC (hypermarket)    | 84    | 97    | 101   | 105   | 108   | 113   | 119   | 124   |
| BIGC (market)         | 0     | 0     | 0     | 2     | 12    | 19    | 32    | 52    |
| BIGC (Mini Big C)     | 2     | 11    | 11    | 15    | 52    | 126   | 276   | 426   |
| BIGC (Pure)           | 1     | 7     | 19    | 29    | 50    | 91    | 141   | 191   |
| CPALL                 | 4,279 | 4,778 | 5,270 | 5,790 | 6,276 | 6,822 | 7,372 | 7,922 |
| HMPRO                 | 30    | 33    | 35    | 40    | 45    | 53    | 63    | 71    |
| MAKRO                 | 41    | 41    | 44    | 48    | 52    | 57    | 61    | 64    |
| ROBINS                | 20    | 19    | 21    | 22    | 25    | 30    | 34    | 39    |
| Tesco (hypermarket)   | 75    | 97    | 110   | 116   | 124   | 136   | n.a.  | n.a.  |
| Tesco (other formats) | 295   | 379   | 461   | 547   | 658   | 956   | n.a.  | n.a.  |

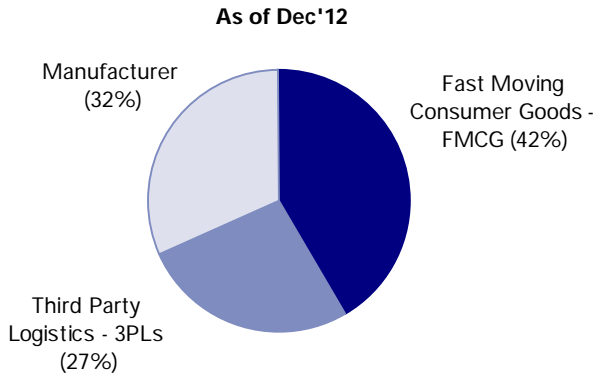
Source: Company data, DB TISCO estimates

The domestic consumer spending boom coincides with the strong recovery in FDI in recent years as more foreign companies aim to make Thailand their regional production/distribution base ahead of the launch of the Asean Economic Community in 2015. Note that many multi-nationals prefer not to invest in fixed assets (i.e. factories and warehouse) but prefer to lease these facilities. We believe WHA will be a direct beneficiary of the trend by multi-nationals to rent production/distribution facilities rather than build them.

As shown in figures 6-7, WHA's customers are mainly concentrated in the Fast Moving Consumer Goods (FMCG) and Third Party Logistics (3PLs) segments. These

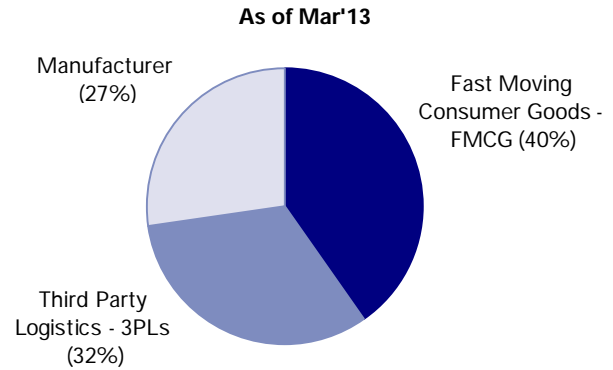
accounted for more than 72% of WHA's total portfolio as of March 2013 vs. 69% at the end of last year. We expect this trend to gain momentum in the future, along with WHA's leasable area under management.

**Figure 6. WHA has strong presence in FMCG and Third Party Logistics segments**



Source: Company data, TISCO Research

**Figure 7. ... a trend that is on the rise**



Source: Company data, TISCO Research

(2) **Potential growth from AEC – Thailand as a production hub:** The launch of the Asean Economic Community (AEC) in 2015 should also benefit WHA given that it will encourage foreign direct investment (FDI). The AEC should boost Thailand's attractiveness as a regional production/distribution hub, thereby supporting demand for improvements in the country's logistics infrastructure.

Based on DB TISCO's view on the industrial estates sector, Thailand has many competitive advantages over other countries in the region that could lead to an increase in FDI. These include resilient growth in domestic consumption and investment, availability of skilled and semi-skilled labour with relatively low wage costs, improving political stability and BoI tax incentives. In addition, continuous improvements in transport infrastructure should make the country an even more attractive location as a manufacturing base for the Asia-Pacific region.

**Figure 8. Comparison of Southeast Asian nations**

|                      | Thailand | Malaysia | Indonesia | Philippines | Vietnam | Burma |
|----------------------|----------|----------|-----------|-------------|---------|-------|
| GDP per capita (\$)  | 4,992    | 8,423    | 3,015     | 2,007       | 1,168   | 702   |
| GDP (\$,bn)          | 319      | 193      | 539       | 189         | 105     | 43    |
| Monthly wage (\$,bn) | 309      | 666      | 144       | 175         | 184     | n.a.  |
| Inflation            | 4.2%     | 3.2%     | 0.6%      | 6.4%        | 11.8%   | 7.7%  |
| Unemployment         | 0.7%     | 3.2%     | 7.1%      | 7.4%        | 4.4%    | 4.9%  |
| Population (m)       | 67.8     | 28.3     | 240.3     | 94.0        | 88.1    | 50.0  |
| Pop below pov.       | < 2%     | 3.5%     | 13.3%     | n.a.        | 10.6%   | 32.7% |
| Labour force (m)     | 38.7     | 12.2     | 116.5     | n.a.        | 46.2    | 31.7  |
| Rating - S&P         | BBB+     | A-       | BB+       | BB          | BB-     | n.a.  |

Source: Bank of Thailand (BOT), World Bank, IMF, Standard and Poors

**Figure 9. Thailand is well-placed to serve growing demand in the Asia-Pacific region**



Source: TISCO Research

WHA's warehouse operations are mainly based in the east and north of Bangkok. However, to capture the potential growth in the future, the company plans to extend its reach to the upcountry ahead of the launch of the AEC and is planning to buy land in the north, northeast and south of the country, including Lamphun (50-100 rai), Khon Kaen (100 rai), and Surat Thani province (100-150 rai).

- (3) **Impressive track record with premium services quality to support growing portfolio:** Thailand's warehouse rental industry is very fragmented with many small local players. TICON Industrial Connection Plc (TICON) is currently the largest operator in terms of leasable area under management. However, rental warehouses of TICON (including some other industrial estate developers) tend to follow a standardized, ready-to-move-in model which does not require sophisticated designs. They are also aimed at manufacturers who want to be located in the same area as their suppliers/clients.

WHA, on the other hand, aims to provide premium warehouses specifically designed to customers' requirements. This requires strong design skills, access to high quality materials (see Figure 39 in company profile section) and an impressive track record in order to win new business. The company also needs good local connections (especially with landowners) given that the company's warehouses are sometimes located outside industrial estates.

Figure 10. Major developers of factories and warehouses for sale/rent

| Owner/Developer |  | Gross leasable area (sq. m.) |           |         | Occupancy rate (%) |           | Average rental rate (Bt/month) |           |
|-----------------|--|------------------------------|-----------|---------|--------------------|-----------|--------------------------------|-----------|
|                 |  | Factory                      | Warehouse | Total   | Factory            | Warehouse | Factory                        | Warehouse |
| TICON           | Factory and warehouse for rent   | 414,090                      | 382,491   | 796,581 | } 75.6             | } 77.3    | 170-230                        | 120-150   |
| TFUND*          | Factory and warehouse for rent   | 564,910                      | 19,600    | 584,510 |                    |           | 230                            | 120-150   |
| TLOGIS*         | Warehouse for rent   | 0                            | 243,625   | 243,625 |                    |           | n.a.                           | 120-150   |
| WHA             | Factory and warehouse for rent   | 9,399                        | 247,035   | 256,434 | 100.0              | 100.0     | 300                            | 160-180   |
| WHAPF**         | Factory and warehouse for rent   | 21,771                       | 125,315   | 147,086 | 100.0              | 100.0     | 220-300                        | 160-180   |
| Hemaraj         | Industrial estate developer/<br>factory&warehouse for sales&rent/<br>residential&office property developer | 21,926                       | 155,132   | 177,058 | 61.1               | 50.0      | 210                            | 160-170   |
| Pinthong        | Industrial estate developer/factory for sales  | 213,435                      | 0         | 213,435 | 89.8               | 0.0       | 180-200                        | n.a.      |
| Amata           | Industrial estate developer/factory&warehouse for sales&rent   | 130,000                      | n.a.      | 130,000 | 84.0               | n.a.      | 200                            | n.a.      |
| TFD + TIF1      | Factory and warehouse for rent   | 105,632                      | n.a.      | 105,632 | 89.0               | n.a.      | 220                            | n.a.      |

Note: \*TICON own 25% in TFUND and 22% in TLOGIS, \*\* 15% stake owned by WHA

Source: CBRE Research and Consulting Services, TISCO Research (Note Occupancy rate is based on data of supply and leased factories, excluding factories leased out before the construction completion)

Figure 11. WHA's warehouse profile vs. peers

|  | WHA   | TICON   | Hemaraj   |
|--|---|---|---|
| <b>Warehouse profile</b>                   |   |   |   |
| - size range                               | 10,000-70,000 sq. m.<br>(Built-to-suit); 4,000-5,000 sq. m. (Ready-built)                         | 1,200-25,000 sq. m.   | 3,000-5,000 sq. m.                                |
| - floor loading                            | 3-5 tons/sq. m.   | 3-5 tons/sq. m.   | n.a.  |
| - ceiling height                           | 10-13 meters  | 7-10 meters   | n.a.  |
| - average contract period                  | 7 years   | 1.3 years   | 5 years   |
| <b>Location*</b>                           | Bangna Trat Km.18-23, Amata, Ladkrabang, Wangnoi (Ayuthaya), Panthong (Chonburi), HSIL (Saraburi) | Logistics Parks/Logistics Centres in Rouana (Ayuthaya, Prachinburi), Wangnoi (Ayuthaya), Ladkrabang, Bangplee, Bangna, Bangpakong, Panthong (Chonburi), Amata, Sriracha (Chonburi), Laemchabang (Chonburi), Eastern Seaboard (Rayong), Khonkaen | Laemchabang (Chonburi), Eastern Seaboard (Rayong) |
| <b>Total leasable area*</b>                | 464,062 sq. m.  | 652,456 sq. m.  | 155,132 sq. m.                                    |
| <b>Occupancy rate</b>                      | 100.0%  | 72.7%   | 50.0%   |
| <b>Average rental rate (Bt/sq.m/month)</b> | 160-180   | 120-150   | 160-170   |
| <b>Tenants breakdown</b>                   |   |   |   |
| - By segment                               | FMCG (40%), 3PLs (32%), Manufacturer (28%)  | General Logistics (40%)<br>Auto parts (22%),<br>Electronics/Electrical (13%),<br>Wholesalers/Retailers (7%), Others (11%)   | Majority is general logistics                     |
| - By nationality                           | USA (32%), Japan (28%), Europe (20%), Thai (12%), Asia (8%)                                       | Japan (38%), Europe (34%), Thai (14%), USA (6%), Others (8%)  | Japan, USA, Europe                                |

Source: Company data, TISCO Research (as of 1Q13) \*Note: total warehouses under management

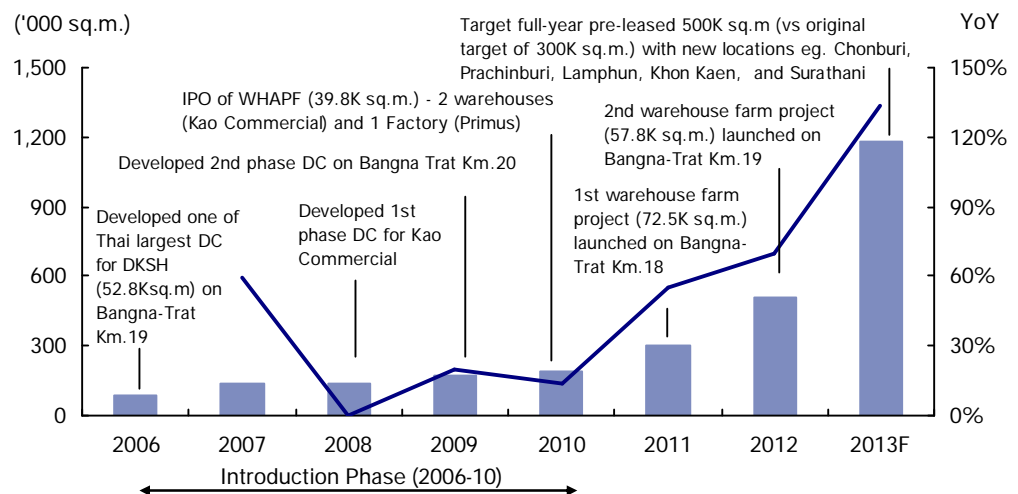
These factors help WHA maintain full occupancy rates and allow it to command relatively high prices when selling assets to its property fund (see figure 12). Although this industry could see stiffer competition, we believe WHA's current strong positioning and first mover advantage should help the company to continue delivering superior earnings growth at least in the near-to-mid term.

**Figure 12. Warehouses sold to property fund (Jan'12-Mar'13) – WHA command 30% price premium over TICON**

| Seller                          | Buyer  | Leasable area (sq. m.) | Purchase price |                                     |       |
|---------------------------------|--------|------------------------|----------------|-------------------------------------|-------|
|                                 |        |                        | Bt, m          | Bt/sq. m.                           |       |
| TICON Logistics Park Co., Ltd.* | TLOGIS | 117,664                | 1,999          | 16,988                              |       |
| WHA Corporation Plc.            | WHAPF  | 176,806                | 3,927          | 22,211                              |       |
|                                 |        |                        |                | % premium/(discount) – WHA vs TICON | 30.7% |

Source: Company data, TISCO Research (\*100% own by TICON)

**Figure 13. Robust growth – a big jump in WHA's total portfolio after completing the introduction phase**



Source: Company data, TISCO Research estimates

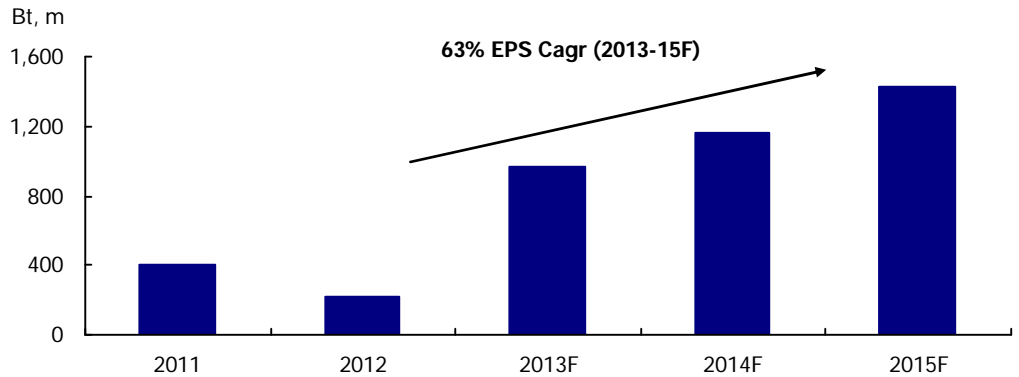
- (4) **Improving balance sheet from monetization of assets and growing recurring income will translate into higher cash returns in the future:** WHA uses its property fund, WHA Premium Factory and Warehouse Property Fund (WHAPF), to help finance future investment. The company has already divested a total of 286K sq. m. of warehouse and factory space to WHAPF including 70K sq. m. in 1Q13. WHA currently owns a 15% stake in the fund and plans to continuously inject assets into WHAPF to support its aggressive expansion plan, especially in 2013-14. Asset sales to the fund should help strengthen its balance sheet in the mid-to-long term, along with a rise in recurring rental income and returns on investment in the fund. Although WHA is likely to offer unexciting cash returns to shareholders over the next few years given the company's early stage of exponential growth, its dividend pay-out should be higher in the mid-to-long term once its recurring revenue stream is well-established with a normalized Capex cycle.
- (5) **Future projects to increase recurring revenue:** WHA's management aims to continuously increase and secure the company's recurring revenue. We expect more new projects to be announced in the future but have no details at this stage. Press reports have mentioned plans by WHA to expand into ASEAN markets, possibly with the help of foreign strategic partners. There is also the possibility of WHA announcing plans related to the monetization of its assets.

## Financial

### Strong growth ahead: 63% 3-year EPS Cagr, healthier balance sheet

With the industry’s positive outlook and the company’s aggressive expansion plan, we believe WHA should deliver superior EPS growth of 197% this year, driven by both recurring rental revenue and contribution from significant asset monetization. Though we expect asset sale gains to slow in 2014-15F, we believe growth in recurring rental revenue and return on investment in WHAPF will support EPS growth of 20-23% for 2014-15F.

**Figure 14. EPS growth of 63% 3-yr Cagr**



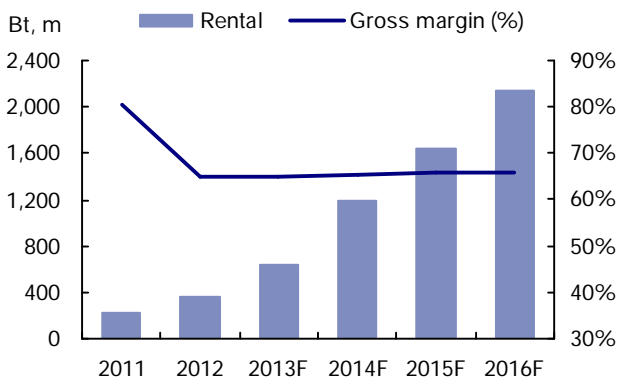
Source: Company data, TISCO Research estimates

- **Robust organic revenue growth – leasable area to double this year**

We anticipate that WHA will double its net leasable area (only completed projects - excluding area under WHAPF) from 256K sq. m. in 2012 to 526K sq. m. by the end of 2013. Including the current projects in development and those already under management, WHA’s total leasable area could reach up to 1m sq. m. The company plans to add over 500K sq. m. to its portfolio this year, far beyond previous guidance of 300K sq. m. per year, after foreseeing a flood of demand, especially from the consumer and logistics industries. In light of the demand expectation, we believe WHA’s occupancy rate to remain maximized.

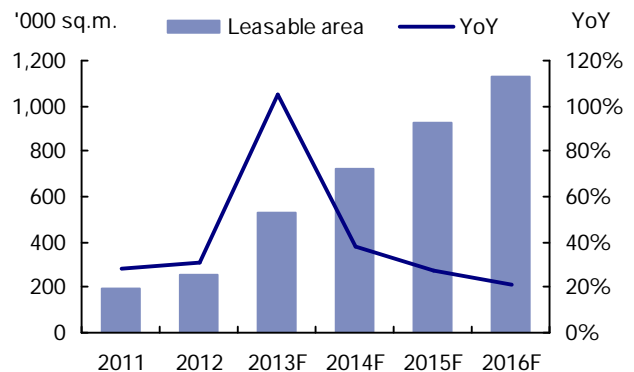
We share management’s view that warehouse demand should continue to ride an uptrend, and we think WHA will be able to expand its footprint to reach over 1m sq. m. of net leasable area by 2016F. This projection correlates with average growth of nearly 30% per year (2014-16F).

**Figure 15. +57% rental revenue Cagr for 2012-16F ...**



Source: Company data, TISCO Research estimates

**Figure 16. .. with rising leasable area\***



Source: Company data, TISCO Research estimates (\*only completed projects, excluding WHAPF)



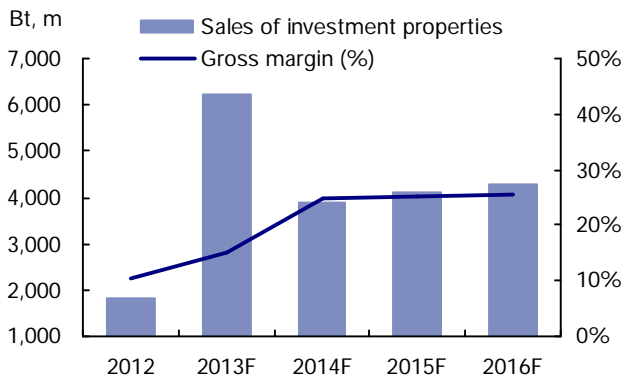
As price competition should be limited (due to WHA's niche status and product differentiation), we expect rental revenue to jump 76%/87%/39% in 2013/14/15F. Therefore, contribution from rental and services, in our view, will increase from just 9% this year to around 30% within the next few years. In addition, we see room for gradual margin accretion as WHA's average rental rate should rise 3-5% p.a. while operating expenses should remain relatively stable.

▪ **Strategy calls for continuous asset monetization; 2013F injections to spike**

WHA plan to continuously monetize its assets through its property fund/REIT at an average rate of 150K sq. m. per year. This is aimed at helping finance the company's expansion Capex and strengthen overall financial position. However, this year the size of WHA's asset spin-off could go beyond company guidance as expansion has been on a fact pace and thus we expect around 230K sq. m. to be injected into WHAPF. Note that the company has already divested 70K sq. m. (healthcare warehouse of DKSH) earlier this year and thus we expect the rest to be completed within 2H13.

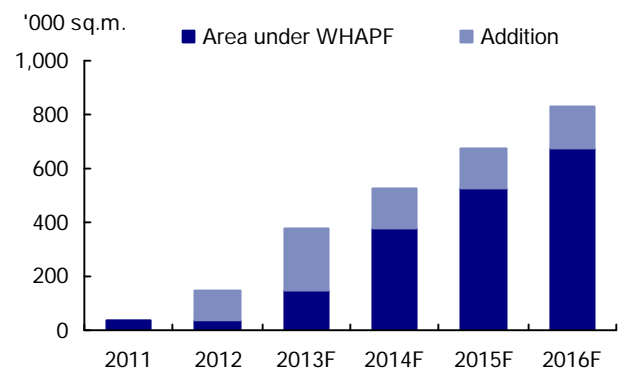
Gross margin should widen beyond last year's level when most of the injected assets were less profitable pilot projects. Though margin in 1Q13 was reported at only 6% (vs. 11% in 1Q12), this was due mainly to one-time accounting impact. Excluding the one-off impact, gross margin for the period should have been around 34%. We maintain our view that the next round of asset injections will help bring up overall margin from sales of its investments for the year to around 15% (vs. 11% last year). Looking forward, we believe the company will be able to maintain an average margin of around 25-27% (bottom-to-mid range of the company's 25-30% target).

**Figure 17. Revenue from asset injection**



Source: Company data, TISCO Research estimates

**Figure 18. Asset under WHAPF portfolio**



Source: Company data, TISCO Research estimates

While the company should have more than 500K sq. m. of leasable area in its portfolio by the end of this year (figure 16), we conservatively assume a normalised level of asset injection (150K sq. m.) for the next three years. As WHA's revenue from asset injection should spike this year, we expect to see a large revenue stream dip (-37%) in 2014F, followed by a more stable rise (+4-5% p.a.) thereafter. Possible upside to our revenue stream forecast could come from higher-than-expected appraisal value of properties to be spun off and larger-than-expected size of property to be divested in the future.

Figure 19. WHAPF's portfolio

| Investment property           | Location                               | Floor space invested by the Fund (sq. m.) | Lessee                                 | Lease expiration date | Average monthly revenue* (Bt/sq. m.) | Year invested by the Fund |
|-------------------------------|--|---|--|-----------------------|--------------------------------------|---------------------------|
| Kao 1 warehouse               | Amphur Muang,                          | 16,900                                    | Kao Commercial (T) Co., Ltd.           | Jul 31 '16            | 177                                  | 2010                      |
| Kao 2 warehouse               | Chonburi                               | 8,588                                     |  | Aug 15 '13            |                                      |                           |
| Primus Factory Building       | Amata City Industrial estate, Rayong   | 14,321                                    | Primus International Bangkok Co., Ltd. | Dec 31 '30            | 307                                  | 2010                      |
| DKSH Consumer Goods warehouse | Bangna-Trat Km.20, Samutprakan         | 52,913                                    | DKSH (T) Co., Ltd.                     | Dec 31 '21            | 154                                  | 2012                      |
| DKSH 3M warehouse             | Bangna-Trat Km.20, Samutprakan         | 10,914                                    | DKSH (T) Co., Ltd.                     | Oct 26 '18            | 150                                  | 2012                      |
| DKSH Bangpa-in warehouse      | Bangpa-in Industrial Estate, Ayutthaya | 36,000                                    | DKSH (T) Co., Ltd.                     | Dec 28 '17            | 105                                  | 2012                      |
| Ducati Factory                | Amata City Industrial estate, Rayong   | 7,450                                     | Ducati Motor (T) Co., Ltd.             | Jun 30 '21            | 222                                  | 2012                      |
| Kao 3 warehouse**             | Amphur Muang, Chonburi                 | 9,730                                     | Kao Commercial (T) Co., Ltd.           | n.a.                  | n.a.                                 | 2013                      |
| DKSH Healthcare warehouse**   | n.a.                                   |   | DKSH (T) Co., Ltd.                     | n.a.                  | n.a.                                 | 2013                      |

Source: WHAPF (\* as of 31 July 2012, \*\* as of Mar 2013)

#### ▪ Rising dividend and fee income from WHAPF

At present, WHA holds a 15% stake in WHAPF and manages the properties for the fund. Dividend income and management fees last year accounted for around 2% of total revenue. However, as the fund's Net Asset Value (NAV) rises and the portfolio expands, we expect dividend and management revenue contribution to WHA to climb to 3% of total by 2015F, representing a 99% increase in 2013F and gain of 44-47% for 2014-15F. Note that we assume the company will continue investing its 15-17% stake in the fund which is in-line with management's policy of 15-20%.

Figure 20. Dividend and Property management fee revenue – WHA

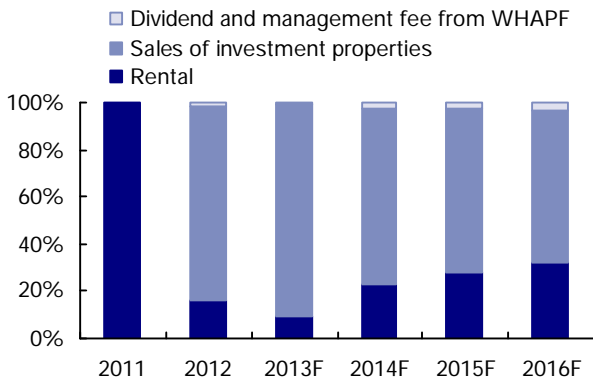
|   | 2011      | 2012      | 2013F     | 2014F      | 2015F      | 2016F      |
|---|-----------|-----------|-----------|------------|------------|------------|
| Dividend income (Bt, m)                                     | 11        | 32        | 64        | 93         | 139        | 175        |
| Property management fee (Bt, m)                             | 2         | 6         | 12        | 18         | 23         | 29         |
| <b>Total revenue from WHAPF (Bt, m)</b>                     | <b>13</b> | <b>38</b> | <b>76</b> | <b>110</b> | <b>162</b> | <b>204</b> |
| YoY   | n.a.      | 199.8%    | 99.2%     | 44.0%      | 47.1%      | 25.8%      |
| % investment stake in WHAPF                                 | 0%        | 17%       | 15%       | 15%        | 17%        | 17%        |
| Revenue from WHAPF as % of total sales and services revenue | 5.8%*     | 1.8%      | 1.1%      | 2.2%       | 2.9%       | 3.2%       |

Source: Company data, TISCO Research estimates (\*Revenue from sales of investment properties were booked as net gain)

#### ▪ Healthy balance sheet with falling debt to equity

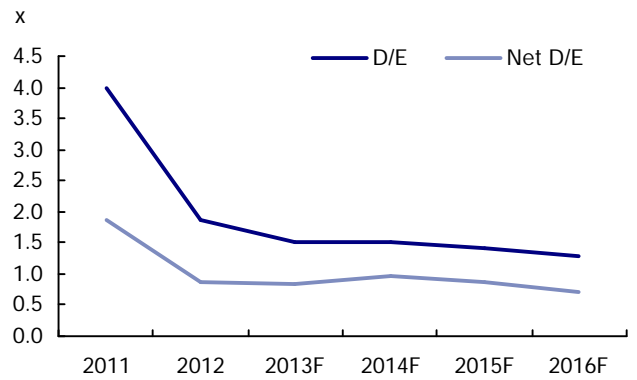
WHA's strategy to monetize assets to help finance its CAPEX plan should serve to improve the company's financial position, in our view. Despite being in the midst of aggressive expansion, we expect the company's debt to equity ratio to fall to 1.5x this year and 2014F (below the management's 2x ceiling) before falling further to 1.4x in 2015F. Dividend payout to shareholders should remain unexciting over the next few years, nonetheless due to the company's huge Capex cycle but we think it should be accelerated post-2016F as investment pace normalizes and contribution from recurring revenue grows more substantial (36% of total revenue).

**Figure 21. Growing recurring revenue**



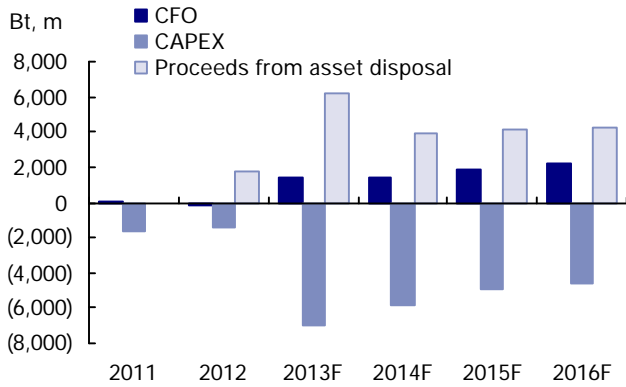
Source: Company data, TISCO Research estimates

**Figure 22. Lowering D/E and Net D/E**



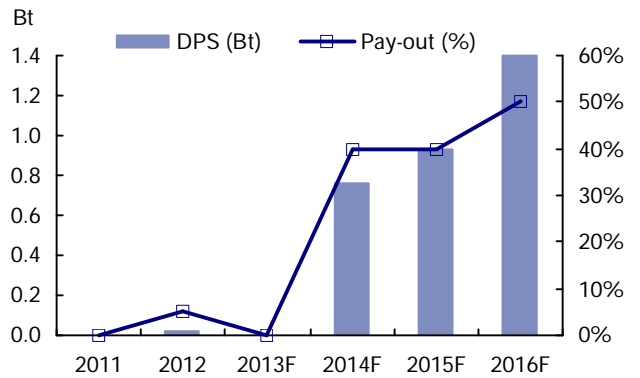
Source: Company data, TISCO Research estimates

**Figure 23. Cash flow and CAPEX**



Source: Company data, TISCO Research estimates

**Figure 24. Dividend and Pay-Out**



Source: Company data, TISCO Research estimates

## Risks

**Industry** - (1) Intense competition from new entrants such as industrial estate developers who have advantage of available land bank. However, we do not expect this competition to manifest within the next few years as new entrants will need time to build up experience and track record. Also providing customized warehouse/factory consume time and hard work while it is not a core business of those industrial estate developers; and (2) Economic slowdown, domestically or globally would inevitably impact industry growth outlook.

**Company-specific** - (1) Uncertainty stemming from possible delays in asset spin-off and projects in the pipeline; (2) Failure to renew contracts and raise rental rate; and (3) Inability to secure adequate land bank for customers or higher-than-expected land prices.

## Valuation and target price

### BUY with TP of Bt70.0

We value WHA based on the sum-of-the-parts (SOTP) method. We employ DCF methodology to value the company's core rental and services business, assuming a 6.4% WACC and 2% terminal growth to derive a DCF value per share of Bt69.2. We use the NAV of WHAPF to value its 15% stake investment in the fund, which is equal to Bt0.8/share, and thus derive a total NAV per share at Bt70.0.

**Figure 25. Discount cash flow – Rental and service**

| (Bt, m)                              | 2013F         | 2014F          | 2015F      | 2016F        | 2017F        | 2018F                    | 2019F        | 2020F        | 2021F        | 2022F        | 2023F        |
|--------------------------------------|---------------|----------------|------------|--------------|--------------|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating EBIT (rental and services) | 304           | 586            | 831        | 1,110        | 1,382        | 1,655                    | 1,923        | 2,149        | 2,359        | 2,587        | 2,833        |
| NOPLAT                               | 243           | 469            | 665        | 888          | 1,106        | 1,324                    | 1,538        | 1,719        | 1,887        | 2,069        | 2,267        |
| Depre and amortisation               | 89            | 100            | 123        | 138          | 145          | 147                      | 146          | 139          | 129          | 118          | 106          |
| <b>Net operating cash flow</b>       | <b>333</b>    | <b>568</b>     | <b>788</b> | <b>1,026</b> | <b>1,251</b> | <b>1,471</b>             | <b>1,684</b> | <b>1,858</b> | <b>2,017</b> | <b>2,187</b> | <b>2,373</b> |
| Change in Working capital            | 273           | 29             | 264        | 297          | 285          | 566                      | (12)         | 228          | 200          | 214          | 0            |
| Capex                                | (7,000)       | (5,900)        | (4,900)    | (4,600)      | (4,200)      | (4,100)                  | (3,800)      | (3,500)      | (3,100)      | (3,100)      | (3,100)      |
| Add: Asset Disposals                 | 6,210         | 3,900          | 4,095      | 4,279        | 4,450        | 4,584                    | 4,721        | 4,863        | 5,009        | 5,159        | 5,314        |
| <b>Enterprise free cash flow</b>     | <b>(184)</b>  | <b>(1,403)</b> | <b>248</b> | <b>1,002</b> | <b>1,786</b> | <b>2,521</b>             | <b>2,594</b> | <b>3,449</b> | <b>4,125</b> | <b>4,460</b> | <b>4,587</b> |
| <b>PV of free cash flow</b>          | <b>(184)</b>  | <b>(1,321)</b> | <b>219</b> | <b>833</b>   | <b>1,380</b> | <b>1,804</b>             | <b>1,701</b> | <b>2,068</b> | <b>2,249</b> | <b>2,203</b> | <b>2,047</b> |
| <b>Terminal Value</b>                |               |                |            |              |              |                          |              |              |              |              |              |
| Free cash flow                       | 4,679         |                |            |              |              |                          |              |              |              |              |              |
| Long-term growth rate                | 2.0%          |                |            |              |              |                          |              |              |              |              |              |
| WACC                                 | 8.4%          |                |            |              |              |                          |              |              |              |              |              |
| Terminal value                       | 73,040        |                |            |              |              |                          |              |              |              |              |              |
| <b>PV of terminal value</b>          | <b>32,586</b> |                |            |              |              |                          |              |              |              |              |              |
| <b>DCF Value/share</b>               |               |                |            |              |              |                          |              |              |              |              |              |
| Forecast Period                      | 12,999        | 28.5%          |            |              |              |                          |              |              |              |              |              |
| Terminal Value                       | 32,586        | 71.5%          |            |              |              |                          |              |              |              |              |              |
| Net cash (debt)                      | (3,260)       |                |            |              |              |                          |              |              |              |              |              |
| <b>Total DCF value</b>               | <b>42,325</b> |                |            |              |              |                          |              |              |              |              |              |
| <b>Bt/share</b>                      | <b>69.2</b>   |                |            |              |              |                          |              |              |              |              |              |
| <b>Assumptions made for DCF</b>      |               |                |            |              |              |                          |              |              |              |              |              |
|                                      |               |                |            |              |              | Beta (x)                 | 1.0          |              |              |              |              |
|                                      |               |                |            |              |              | Risk free rate (%)       | 2.4          |              |              |              |              |
|                                      |               |                |            |              |              | Risk premium (%)         | 7.7          |              |              |              |              |
|                                      |               |                |            |              |              | Cost of equity (%)       | 10.1         |              |              |              |              |
|                                      |               |                |            |              |              | Cost of debt (%)         | 3.4          |              |              |              |              |
|                                      |               |                |            |              |              | WACC (%)                 | 7.1          |              |              |              |              |
|                                      |               |                |            |              |              | Terminal growth rate (%) | 2.0          |              |              |              |              |

Source: TISCO Research estimates

**Figure 26. Sum-of-the-part valuation**

|  |             |            |
|--|-------------|------------|
| <b>DCF value per share (Bt)</b>                          | <b>69.2</b> | <b>(A)</b> |
| <b>Value of investment in WHAPF</b>                      |             |            |
| Value of investment in WHAPF (Bt, m)                     | 495         |            |
| NAV as of 9 May'13 (Bt/share)                            | 10.62       |            |
| No. of units held by WHA (15% stake)                     | 47          |            |
| No. of WHA's share (m)                                   | 612         |            |
| <b>Value of investment in WHAPF per WHA's share (Bt)</b> | <b>0.8</b>  | <b>(B)</b> |
| <b>NAV per share (Bt) -- (A) + (B)</b>                   | <b>70.0</b> |            |

Source: TISCO Research estimates

Despite shares staging an impressive rally since the company's IPO last year, we still consider WHA's valuation compelling. At present, WHA is trading at a 34.5x 2013F PER, a premium to its peers and the industry average of 13.8x. However, with our projection for superior growth of 63% over the next three years, the company's valuation still looks attractive at a 3-year PEG of 0.55x vs. its closest peer, TICON (1.10x) as well as the industry average (0.95x) and the SET index (0.7x).

Note that in addition to gains from asset monetization, the company's strong growth profile is underpinned by recurring revenue from rental and services, for which we project a robust 66% Cagr for 2013-15F. Rising earnings contribution from rental revenue should bolster the company's growth outlook, add upside to dividend payout, and support further re-rating of the stock, in our view.

**Figure 27. Summary of estimated operating profit from rental and service (excluding gain from investment property sales)**

| (Bt, m)                     | 2011  | 2012  | 2013F | 2014F | 2015F |
|-----------------------------|-------|-------|-------|-------|-------|
| Rental and services revenue | 221   | 360   | 634   | 1,184 | 1,640 |
| % YoY                       |       | 62.9% | 76.2% | 86.7% | 38.5% |
| % of total revenue          | 100%  | 17%   | 9%    | 23%   | 29%   |
| Cost of rental and services | 43    | 126   | 222   | 409   | 563   |
| Gross profit                | 178   | 234   | 412   | 775   | 1,077 |
| % YoY                       |       | 31.7% | 76.2% | 88.1% | 38.9% |
| EBIT                        | 147   | 166   | 304   | 586   | 831   |
| % YoY                       |       | 13.1% | 83.5% | 92.5% | 41.9% |
| % of total EBIT             | 100%  | 46%   | 25%   | 38%   | 45%   |
| <i>Gross margin</i>         | 80.4% | 65.0% | 65.0% | 65.5% | 65.7% |
| <i>EBIT margin</i>          | 66.4% | 46.1% | 48.0% | 49.5% | 50.7% |

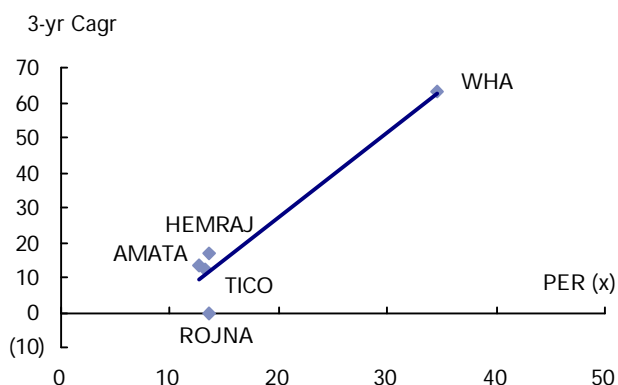
Source: TISCO Research estimates

**Figure 28. Valuation comparison – Industrial estate developers**

|                           | Price<br>23/5/13 | Mkt Cap<br>(Bt, bn) | PE (x) |      | PBV (x) |     | ROE (%) |      | EPSG (%) |      | 3-yr EPS Cagr (%) | PEG (x) |      | EV/EBITDA (x) |      | Div Yield (%) |     |
|---------------------------|------------------|---------------------|--------|------|---------|-----|---------|------|----------|------|-------------------|---------|------|---------------|------|---------------|-----|
|                           |                  |                     | 13F    | 14F  | 13F     | 14F | 13F     | 14F  | 13F      | 14F  |                   | 13-15F  | 13F  | 13F           | 14F  | 13F           | 14F |
| AMATA                     | 21.90            | 23.4                | 12.8   | 10.1 | 1.9     | 1.7 | 15.5    | 17.5 | 26.8     | 26.9 |                   | 13.4    | 0.95 | 9.6           | 7.9  | 3.1           | 4.0 |
| HEMRAJ                    | 4.06             | 39.4                | 13.6   | 11.3 | 3.1     | 2.6 | 24.2    | 25.0 | 26.1     | 20.8 |                   | 16.7    | 0.82 | 9.7           | 8.3  | 3.1           | 3.1 |
| TICON                     | 23.70            | 21.6                | 13.2   | 15.8 | 2.6     | 3.1 | 19.8    | 20.0 | 22.5     | 6.7  |                   | 12.0    | 1.10 | 8.8           | 10.6 | 6.1           | 5.1 |
| ROJNA*                    | 11.20            | 15.9                | 13.6   | 11.6 | 1.9     | 1.7 | 16.9    | 14.3 | 4.6      | 17.3 |                   | (0.2)   | n.a. | 13.2          | 13.0 | 4.5           | 4.6 |
| WHA                       | 54.75            | 33.5                | 34.5   | 28.8 | 8.5     | 6.5 | 28.4    | 25.6 | 197.0    | 19.8 |                   | 63.0    | 0.55 | 26.5          | 22.2 | 0.0           | 1.4 |
| Industry average (ex-WHA) |                  |                     | 13.3   | 12.2 | 2.4     | 2.3 | 19.1    | 19.2 | 20.0     | 17.9 |                   | 10.5    | 0.95 | 10.3          | 9.9  | 4.2           | 4.2 |

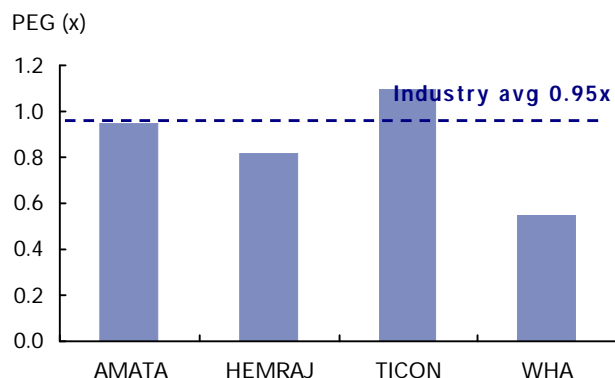
Source: \*Bloomberg Finance LP, TISCO Research estimates

**Figure 29. PER vs. EPS growth**



Source: TISCO Research estimates, Bloomberg Finance LP

**Figure 30. PEG 2013F**



Source: TISCO Research estimates

We conducted a sensitivity analysis to show the impact on earnings of every 10-20% change in revenue from asset injections into WHAPF (fig. 31) and 10-20% change in 2013F leasable area (fig. 32).

**Figure 31. Sensitivity on revenue from asset injection to WHAPF**

| Sensitivity              | -20%  | -10%  | Base case | +10%  | +20%  |
|--------------------------|-------|-------|-----------|-------|-------|
| 2013F Net profit (Bt, m) | 812   | 891   | 970       | 1,049 | 1,128 |
| % diff from base case    | -16%  | -8%   | 0%        | 8%    | 16%   |
| 2014F Net profit (Bt, m) | 1,004 | 1,083 | 1,162     | 1,241 | 1,320 |
| % diff from base case    | -14%  | -7%   | 0%        | 7%    | 14%   |
| 2015F Net profit (Bt, m) | 1,260 | 1,343 | 1,427     | 1,510 | 1,594 |
| % diff from base case    | -12%  | -6%   | 0%        | 6%    | 12%   |

Source: TISCO Research estimates

**Figure 32. Sensitivity on change in leasable area in 2013F**

| Sensitivity              | -20%  | -10%  | Base case | +10%  | +20%  |
|--------------------------|-------|-------|-----------|-------|-------|
| 2013F Net profit (Bt, m) | 938   | 954   | 970       | 986   | 1,002 |
| % diff from base case    | -3%   | -2%   | 0%        | 2%    | 3%    |
| 2014F Net profit (Bt, m) | 1,087 | 1,124 | 1,162     | 1,200 | 1,237 |
| % diff from base case    | -6%   | -3%   | 0%        | 3%    | 6%    |
| 2015F Net profit (Bt, m) | 1,346 | 1,386 | 1,427     | 1,467 | 1,508 |
| % diff from base case    | -6%   | -3%   | 0%        | 3%    | 6%    |

Source: TISCO Research estimates

## Company at a glance

### Leading premium factory and warehouse developer

Founded in 2003, WHA Corporation (WHA) is the market leader in the built-to-suit warehouse and factory arena. The company currently manages over 500K sq. m. of warehouses and factories spreading out over various strategic logistical zones, mainly in the central of the country.

WHA develops high-quality, built-to-suit (10K-70K sq. m.) warehouses that are designed to serve each customer’s specific needs including: temperature control, ceiling height, floor strength, capacity expansion, and location. This ability to adapt to the preference of individual customers is WHA’s key competitive advantage. Occupancy for the built-to-suit type hence has been fully occupied since the completion with the long-term contract period of 3-10 years.

Figure 33. Built-to-Suit



Source: Company data

Figure 34. Warehouse Farm

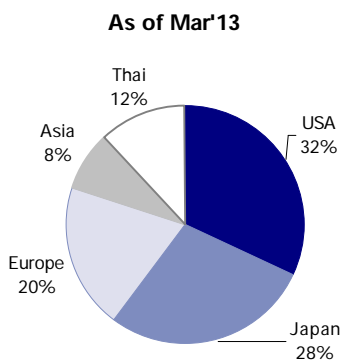


Source: Company data

Adding to its product arsenal, the company has also launched “Warehouse Farms”, which combine a built-to-suit facility (with leasable area of 10K-40K sq. m.) with a general warehouse (3K-5K sq. m.). Warehouse Farms are aimed at accommodating the capacity expansion plans of current built-to-suit customers, as well as WHA’s more short-term customers (3-year contracts), who currently use a general warehouse but may need a built-to-suit facility in the future.

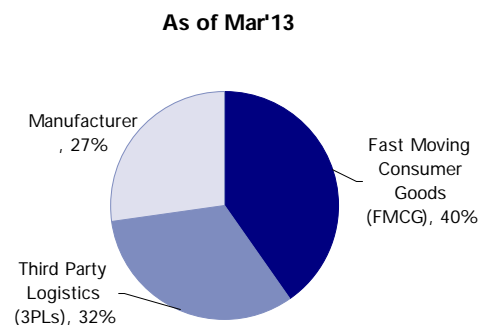
WHA’s customer base draws from several industries; consumer products (40% of customers), third party logistics (32%), and manufacturing (28%). Breaking customers down by nationality, 32% of its clients are US companies, followed by Japan (28%) and Europe (20%).

Figure 35. Client breakdown by nationality



Source: Company data

Figure 36. Client breakdown by industry



Source: Company data

Figure 37. WHA clients; spanning the globe



Source: Company data

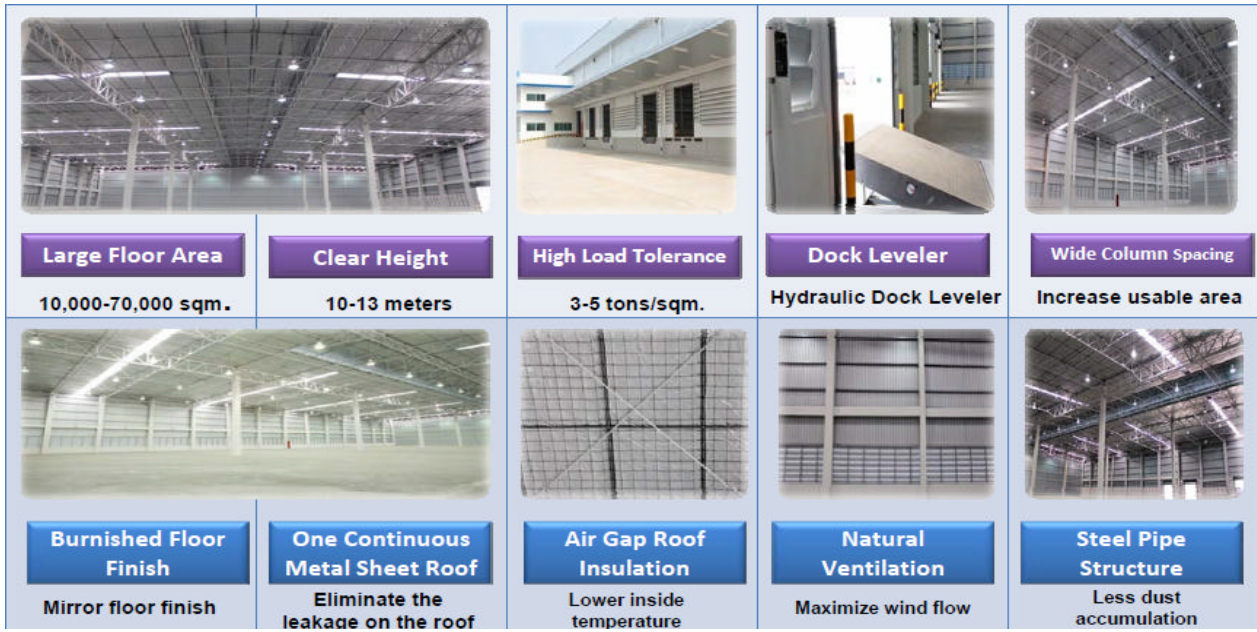
Figure 38. WHA's top 10 customers

| Company Name  | Nationality | Industry      | Leasable area (sq. m) | % of total   |
|---|-------------|---------------|-----------------------|--------------|
| DKSH (Thailand) Limited                                   | Switzerland | FMCG          | 168,388               | 31.6%        |
| LF Logistics (Thailand) Limited                           | Hong Kong   | 3PLS          | 46,785                | 8.8%         |
| Nissan Motor (Thailand) Company Limited                   | Japan       | Manufacturing | 44,813                | 8.4%         |
| Kao Commercial (Thailand) Co., Ltd.                       | Japan       | FMCG          | 42,310                | 7.9%         |
| DSG International (Thailand) PLC.                         | Malasia     | Manufacturing | 28,278                | 5.3%         |
| Hitachi Transport System (Thailand) Ltd.                  | Japan       | 3PLS          | 19,945                | 3.7%         |
| Menlo Worldwide (Thailand) Limited                        | USA         | 3PLS          | 19,591                | 3.7%         |
| Yusen Logistics (Thailand) Limited                        | Japan       | 3PLS          | 19,316                | 3.6%         |
| Mitsubishi Electric Consumer Product (Thailand) Co., Ltd. | Japan       | FMCG          | 19,000                | 3.6%         |
| Primus International Bangkok Limited                      | USA         | Manufacturing | 14,321                | 2.7%         |
| <b>Total</b>  |             |               |                       | <b>79.4%</b> |

Source: Company data, TISCO Research (as of Jan'13)

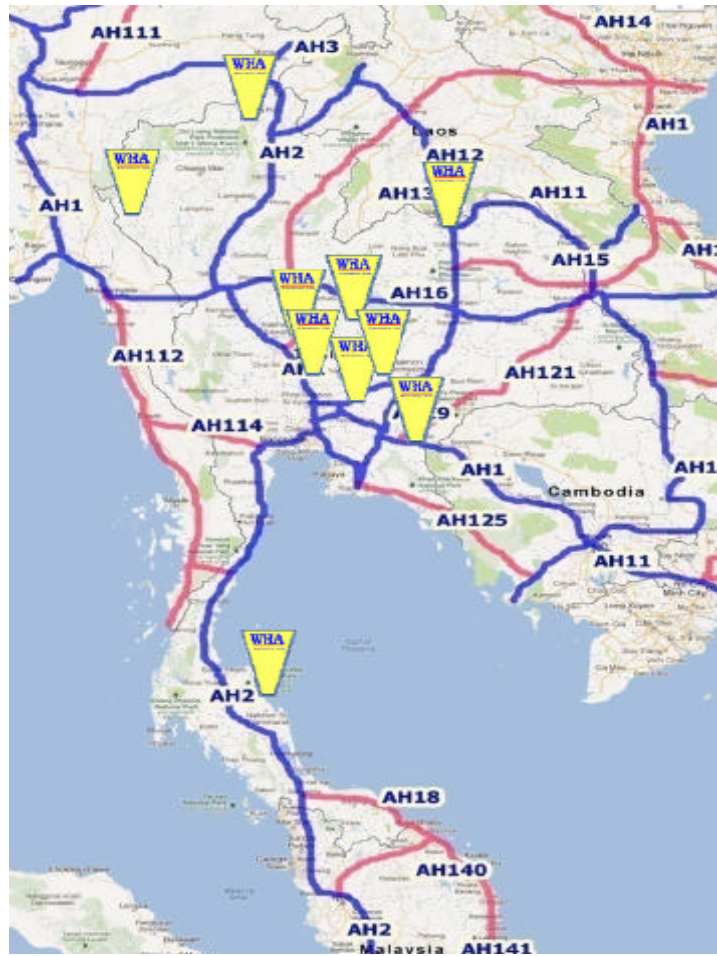


Figure 39. WHA’s industry-leading warehouses



Source: Company data

Figure 40. WHA’s current and future strategic locations



Source: Company data

**Figure 41. Total developed, developing, and occupied area (owned by WHA)**

| Location           | Leasable area (sq. m.) |
|--------------------|------------------------|
| Amata city         | 9,399                  |
| Ladkrabang         | 18,156                 |
| Bangna-Trad Km.18  | 72,180                 |
| Bangna-Trad Km.19  | 71,462                 |
| Bangna-Trad Km.23  | 59,835                 |
| Bangna-Trad Km.19  | 9,195                  |
| HSIL, Saraburi     | 28,278                 |
| Panthong, Chonburi | 32,293                 |
| Wangnoi, Ayuthaya  | 15,364                 |
| HSIL, Saraburi     | 24,729                 |
| Ladkrabang         | 12,114                 |
| HSIL, Saraburi     | 15,879                 |
| <b>Total</b>       | <b>368,884</b>         |

Source: Company data (as of 1Q13)

**Figure 42. Land held for future development**

| Location               | (Rais)       |
|------------------------|--------------|
| Ladkrabang             | 106.0        |
| Wangnoi, Ayuthaya      | 54.0         |
| Amata city             | 15.2         |
| Prachinburi            | 14.3         |
| HSIL, Saraburi         | 14.3         |
| Chonlaharnpitchit Km.4 | 72.0         |
| Chonlaharnpitchit Km.5 | 82.3         |
| Chonlaharnpitchit Km.6 | 66.3         |
| Panthong, Chonburi     | 119.2        |
| Laemchabang            | 49.9         |
| <b>Total</b>           | <b>593.5</b> |

(can build DC total of 593K sq. m.)

Source: Company data (as of 1Q13)

**CONSOLIDATED INCOME STATEMENT (Bt, m)**

|                                | Year Ended December 31, |            |            |              |              |
|--------------------------------|-------------------------|------------|------------|--------------|--------------|
|                                | 2011                    | 2012       | 2013F      | 2014F        | 2015F        |
| Sales and Service Incomes      | 221                     | 2,169      | 6,844      | 5,084        | 5,735        |
| Cost of Sales and Services     | 43                      | 1,743      | 5,500      | 3,334        | 3,626        |
| Gross Profit                   | 178                     | 426        | 1,344      | 1,750        | 2,109        |
| S&A Expenses                   | 31                      | 68         | 108        | 189          | 246          |
| Interest Expense               | 86                      | 149        | 163        | 233          | 258          |
| Net Result of Inv. in Asso.    | 0                       | 0          | 0          | 0            | 0            |
| Interest Income                | 1                       | 2          | 7          | 6            | 6            |
| Other Incomes                  | 369                     | 42         | 89         | 119          | 172          |
| Net Profit before Tax          | 430                     | 253        | 1,169      | 1,453        | 1,783        |
| Income Tax from Operations     | 3                       | 40         | 199        | 291          | 357          |
| Net Profit before M.I.         | 428                     | 213        | 970        | 1,162        | 1,427        |
| Net (Profit) Loss of M.I.      | (22)                    | 0          | 0          | 0            | 0            |
| Net Profit before Extra. Items | 405                     | 213        | 970        | 1,162        | 1,427        |
| Gain (Loss) on Sales of Inv.   | 0                       | 0          | 0          | 0            | 0            |
| <b>Net Profit</b>              | <b>405</b>              | <b>213</b> | <b>970</b> | <b>1,162</b> | <b>1,427</b> |
| Revenue Growth (%)             | n.a.                    | 881.7      | 215.6      | (25.7)       | 12.8         |
| Gross Margin (%)               | 80.4                    | 19.6       | 19.6       | 34.4         | 36.8         |
| Net Profit Margin (%)          | 182.0                   | 15.0       | 14.2       | 22.9         | 24.9         |

**CONSOLIDATED QUARTERLY RESULTS (Bt, m)**

|                                | 1Q12                      | 2Q12     | 3Q12      | 4Q12      | 1Q13       |
|--------------------------------|---------------------------|----------|-----------|-----------|------------|
|                                | Sales and Service Incomes | 1,894    | 72        | 84        | 118        |
| Cost of Sales and Services     | 1,642                     | 33       | 27        | 42        | 1,963      |
| Gross Profit                   | 253                       | 40       | 56        | 77        | 180        |
| S&A Expenses                   | 20                        | 12       | 14        | 23        | 21         |
| Interest Expense               | 36                        | 29       | 36        | 48        | 37         |
| Net Result of Inv. in Asso.    | 0                         | 0        | 0         | 0         | 0          |
| Interest Income                | 0                         | 0        | 0         | 2         | 3          |
| Other Incomes                  | 6                         | 13       | 12        | 12        | 18         |
| Net Profit before Tax          | 203                       | 12       | 18        | 20        | 145        |
| Income Tax from Operations     | 37                        | 3        | 3         | (3)       | 23         |
| Net Profit before M.I.         | 166                       | 9        | 15        | 23        | 122        |
| Net (Profit) Loss of M.I.      | 0                         | 0        | 0         | 0         | 0          |
| Net Profit before Extra. Items | 166                       | 9        | 15        | 23        | 122        |
| Gain (Loss) on Sales of Inv.   | 0                         | 0        | 0         | 0         | 0          |
| <b>Net Profit</b>              | <b>166</b>                | <b>9</b> | <b>15</b> | <b>23</b> | <b>122</b> |
| Revenue Growth (YoY %)         | 9,137.2                   | 59.9     | 42.7      | 22.8      | 13.1       |
| Gross Margin (%)               | 13.3                      | 55.0     | 67.3      | 65.0      | 8.4        |
| Net Profit Margin (%)          | 8.8                       | 12.9     | 17.8      | 19.3      | 5.7        |
| Net Profit Growth (YoY %)      | 331.5                     | (2.8)    | (95.6)    | 26.3      | (26.6)     |

**KEY FINANCIAL RATIOS**

|                                    | 2011 | 2012 | 2013F | 2014F | 2015F |
|------------------------------------|------|------|-------|-------|-------|
| Other Incomes to Total Revenue (%) | 8.5  | 1.9  | 1.3   | 2.3   | 3.0   |
| S&A to Sales (%)                   | 14.1 | 3.1  | 1.6   | 3.7   | 4.3   |
| Current (Times)                    | 0.6  | 1.4  | 1.4   | 1.4   | 1.3   |
| Quick (Times)                      | 0.0  | 0.5  | 0.3   | 0.3   | 0.3   |
| A/R Turnover (Days)                | 17.0 | 15.7 | 15.7  | 15.7  | 15.7  |
| Inventory Turnover (Days)          | n.a. | n.a. | n.a.  | n.a.  | n.a.  |
| A/P Turnover (Days)                | n.a. | n.a. | n.a.  | n.a.  | n.a.  |
| Debt to Equity (Times)             | 4.0  | 1.9  | 1.5   | 1.5   | 1.4   |
| Net Debt to Equity (Times)         | 1.9  | 0.9  | 0.8   | 1.0   | 0.9   |
| Gearing (Times)                    | 1.9  | 1.2  | 1.0   | 1.1   | 1.0   |
| Interest Coverage (Times)          | 1.7  | 2.4  | 7.6   | 6.7   | 7.2   |
| Return on Avg. Assets (%)          | 7.8  | 2.6  | 9.7   | 9.0   | 9.5   |
| Return on Avg. Equity (%)          | 39.0 | 10.9 | 28.4  | 25.6  | 25.1  |

**CONSOLIDATED CASHFLOW STATEMENT (Bt, m)**

|   | Year Ended December 31, |                |                |                |                |
|---|-------------------------|----------------|----------------|----------------|----------------|
|   | 2011                    | 2012           | 2013F          | 2014F          | 2015F          |
| <b>Cash Flows from Operations (CFO)</b>           |                         |                |                |                |                |
| Net Profit  | 405                     | 213            | 970            | 1,162          | 1,427          |
| Adjusting Items Not Affecting Cash                |                         |                |                |                |                |
| Depreciation and Amortization                     | 25                      | 105            | 153            | 172            | 213            |
| Unrealized FX Loss (Gain)                         | 0                       | 0              | 0              | 0              | 0              |
| Others  | 3                       | (111)          | 0              | 0              | 0              |
| + (-) in Working Capital                          | (319)                   | (82)           | 27             | 52             | 284            |
| <b>Net CFO</b>                                    | <b>568</b>              | <b>(27)</b>    | <b>1,396</b>   | <b>1,363</b>   | <b>1,904</b>   |
| <b>Cash Flows from Investing Activities (CFI)</b> |                         |                |                |                |                |
| - (+) in Short-term Investment                    | (1,304)                 | (932)          | (713)          | (132)          | (248)          |
| - (+) in Fixed Assets                             | 391                     | 11             | (1,722)        | (2,976)        | (1,837)        |
| - (+) in Investment in Affiliates and others      | 1,403                   | (491)          | 173            | 36             | 34             |
| <b>Net CFI</b>                                    | <b>(1,639)</b>          | <b>(1,839)</b> | <b>(2,261)</b> | <b>(3,071)</b> | <b>(2,052)</b> |
| <b>Cash Flows from Financing Activities (CFF)</b> |                         |                |                |                |                |
| + (-) in Debt Financing                           | 1,659                   | 1,657          | 424            | 1,615          | 725            |
| + (-) in Share Capital and Premium                | (1,047)                 | 1,678          | 102            | 0              | 0              |
| + (-) in Warrant                                  | 0                       | 0              | 0              | 0              | 0              |
| + (-) in Equity Adjustment                        | (45)                    | 87             | 6              | 0              | 0              |
| - Cash Dividend Paid                              | 0                       | 0              | (11)           | 0              | (270)          |
| <b>Net CFF</b>                                    | <b>1,551</b>            | <b>2,917</b>   | <b>521</b>     | <b>1,615</b>   | <b>456</b>     |
| <b>Net Cash Increase (Decrease)</b>               | <b>480</b>              | <b>1,052</b>   | <b>(344)</b>   | <b>(93)</b>    | <b>308</b>     |

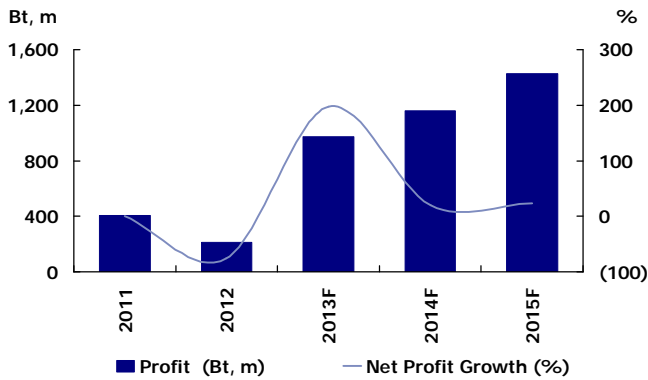
**CONSOLIDATED BALANCE SHEET (Bt, m)**

|                              | As of December 31, |       |             |        |        |
|------------------------------|--------------------|-------|-------------|--------|--------|
|                              | 2011               | 2012  | 2013F       | 2014F  | 2015F  |
| Current Assets               | 1,622              | 3,431 | 3,314       | 3,355  | 3,803  |
| Current Liabilities          | 2,572              | 2,386 | 2,335       | 2,406  | 2,896  |
| Total Assets                 | 5,188              | 8,298 | 9,985       | 12,852 | 15,070 |
| Total Liabilities            | 4,148              | 5,410 | 6,031       | 7,736  | 8,796  |
| Minority Interest            | 0                  | 0     | 0           | 0      | 0      |
| Total Equity                 | 1,040              | 2,887 | 3,954       | 5,116  | 6,274  |
| Paid-up Capital              | 381                | 510   | 612         | 612    | 612    |
| Share Premium                | 0                  | 1,549 | 1,549       | 1,549  | 1,549  |
| Warrant                      | 0                  | 0     | 0           | 0      | 0      |
| Retained Earnings            | 479                | 561   | 1,424       | 2,688  | 3,846  |
| Equity Adjustment            | 7                  | 94    | 94          | 94     | 94     |
|                              |                    |       | <b>1Q13</b> |        |        |
| Market Cap (Bt, m)           |                    |       | 33,507      |        |        |
| Cash&cash equivalent (Bt, m) |                    |       | 379         |        |        |
| Borrowings (Bt, m)           |                    |       | 1,973       |        |        |
| Gearing (X)                  |                    |       | 0.6         |        |        |

**FORECAST ASSUMPTIONS**

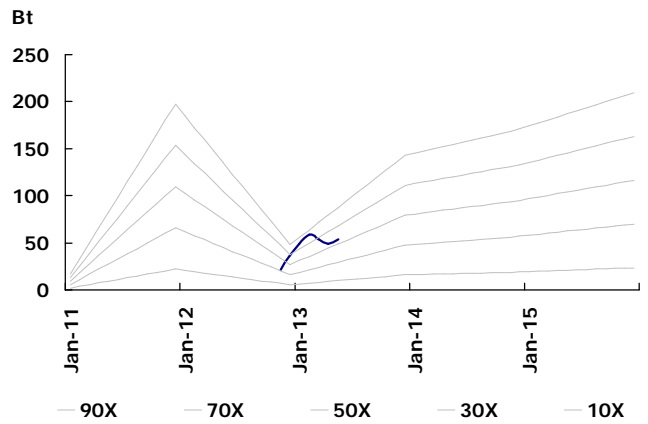
|                                       | 2011    | 2012    | 2013F   | 2014F     | 2015F     |
|---------------------------------------|---------|---------|---------|-----------|-----------|
| Sale and Service Income Breakdown (%) |         |         |         |           |           |
| - Rental and service                  | 100.0%  | 16.6%   | 9.3%    | 23.3%     | 28.6%     |
| - Sales of investment properties      | 0.0%    | 83.4%   | 90.7%   | 76.7%     | 71.4%     |
| Total leasable area under WHA         |         |         |         |           |           |
| management (sq.m)                     | 236,024 | 403,520 | 903,520 | 1,253,520 | 1,603,520 |
| Net leasable area owned by WHA (sq.m) | 196,215 | 256,434 | 526,434 | 726,434   | 926,434   |
| Occupancy rate (%)                    | 100%    | 100%    | 100%    | 100%      | 100%      |
| Average rental rate (Bt/sq.m/month)   | 106     | 133     | 150     | 158       | 165       |
| Average price of assets disposal to   |         |         |         |           |           |
| WHAPF (Bt/sq.m)                       | n.a.    | 16,862  | 27,000  | 26,000    | 27,300    |
| Revenue from WHAPF as % of total      |         |         |         |           |           |
| revenue                               | 5.8%    | 1.8%    | 1.1%    | 2.2%      | 2.8%      |
| % investment stake in WHAPF           | 17%     | 17%     | 15%     | 15%       | 17%       |

### Net profit



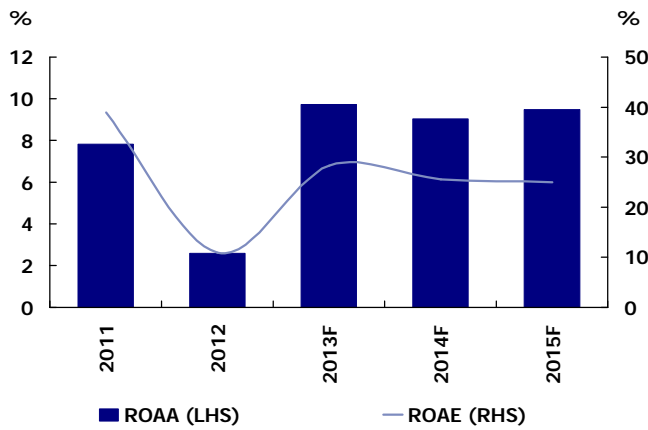
Sources : Company data, TISCO Research

### PE Band



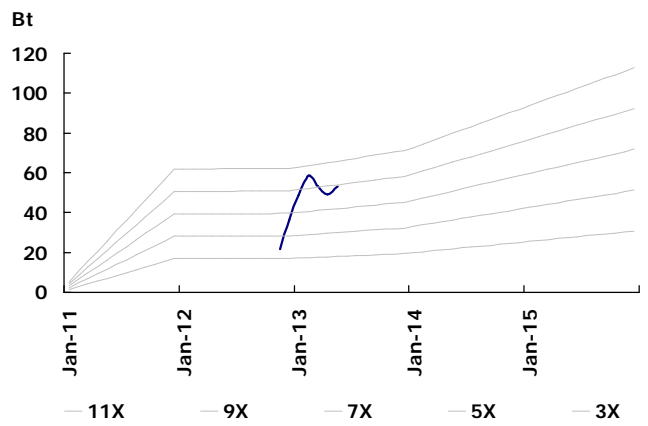
Sources : Company data, TISCO Research

### ROAA, ROAE



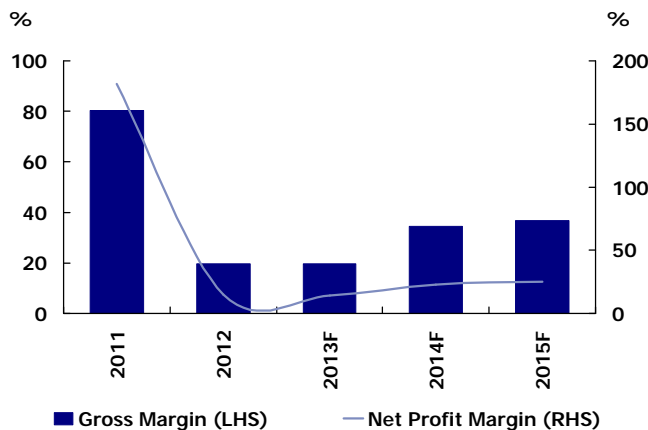
Sources : Company data, TISCO Research

### PBV Band



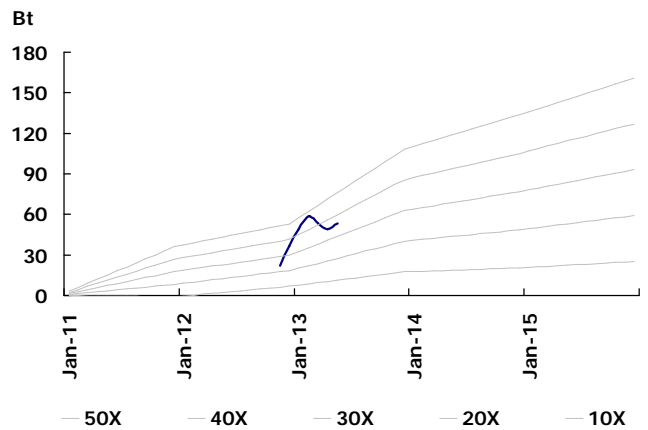
Sources : Company data, TISCO Research

### Profit margin



Sources : Company data, TISCO Research

### EV/EBITDA Band



Sources : Company data, TISCO Research

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Corporate Governance Report  
of Thai Listed Companies 2012

| Score Range | Level | Description                       |
|-------------|-------|-----------------------------------|
| 90 - 100    | 5     | Excellent                         |
| 80 - 89     | 4     | Very Good                         |
| 70 - 79     | 3     | Good                              |
| 60 - 69     | 2     | Satisfactory                      |
| 50 - 59     | 1     | Pass                              |
| < 50        | n.a.  | n.a.                              |
|             | N/R   | Does not appear in the CGR report |

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