

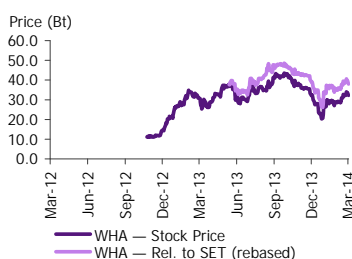
## BUY

## Stock data

Last close (Mar 19) (Bt)	31.50
12-m target price (Bt)	40.00
Upside (Downside) to TP (%)	26.98
Mkt cap (Btbn)	28.92
Mkt cap (US\$mn)	899

Bloomberg code	WHA.TB
Reuters code	WHA.BK
Risk rating	L
Mkt cap (% SET)	0.24
Sector % SET	7.01
Shares issued (mn)	918
Par value (Bt)	1
12-m high / low (Bt)	n.a.
Avg. daily 6m (US\$mn)	n.a.
Foreign limit / actual (%)	n.a.
Free float (%)	25.4
Dividend policy (%)	≥ 40

## Price Performance



## Share performance

	1M	3M	12M
Absolute	8.6	5.0	15.7
Relative to SET	3.8	3.3	30.9

Source: SET, SCBS Investment Research

**Sirikarn Krisnipat**

(66-2) 949-1020

Sirikarn.krisnipat@scb.co.th

## Calm in the midst of the storm

- Maintains 2014 pre-lease and earnings forecast; 4Q14 best
- Moving to value-added warehouses, adding elements to the warehouses – computer systems, cold storage and shelving, giving higher rents and IRR
- Warehouse sector least impacted by political storms

**WHA stands by 2014 targets of preleases at 300K sqm**, in line with our forecast. Though as high as 52% of its contracts will expire within three years, management says expirations this year are low. It also says it has prospective clients on the waiting list, and thus expects to keep occupancy at 100%. We expect earnings to be flat this year, but EPS will shrink 43% as a result of three stock dividends. The best quarter of the year will be 4Q14 when records a gain from selling assets into a REIT.

**Selling 167.1K sqm of warehouses into new vehicle, WHA REIT, in 4Q14** for Bt4.6bn. Sixty percent of the assets to be sold will be freehold and the rest leasehold. Despite the smaller fund size, we estimate the net gain at Bt1.2bn, similar to last year's gain: total assets sold was Bt6.6bn last year, but net profit was only ~Bt1.2bn on the consolidated P&L, distorted by accounting standards that requires the company to mark its assets to market when purchased from a subsidiary.

**Adding value-added products** in a “ready-to move-in” concept. This includes warehouses for e-commerce customers that come with a specialized computer system, warehouses with cold storage for Unilever - Thailand's leading consumer product distributor - and warehouses complete with shelving for customers using them for their logistics handling. This is a move up from simply renting empty space, and though costs will be higher and development take longer, rents will be higher and contracts longer term, and thus IRR higher.

**WHA least impacted by political storms.** The prolonged political deadlock – five months and still counting – is deterring FDI, since past political standoffs lasted only 1.5-2.0 months. This is a negative implication to land sales and ready-built-factories (RBF) as these are most reliant on FDI flow. WHA, however, is situated in the sole bright spot - ready-built-warehouses (RBW). These are aimed at domestic consumption, which is expected to recover in 2H14. The sharp competition in modern trade keeps retailers expanding despite the turmoil: WHA says that clients who halted negotiations when politics reared its ugly head last year have come back to the table.

**Reiterate BUY.** We like WHA best of the IE stocks, as it is closely linked to the expanding retailer sector and unlike peers is not reliant on the ebbs and flows of FDI. We value WHA at a fully-diluted Bt40/share based on sum-of-the-parts comprised of Bt38/share for its core business and Bt2/share for its investment in WHAPF. With attractive TTR of 29%, we remain BUYers.

## Forecasts and valuation

Year to 31 Dec	Unit	2012	2013	2014F	2015F	2016F
Revenue	(Btmn)	2,169	7,085	5,439	6,301	7,372
EBITDA	(Btmn)	500	2,029	2,227	2,645	3,112
Core Profit	(Btmn)	213	1,463	1,471	1,742	2,078
Reported Profit	(Btmn)	213	1,463	1,471	1,742	2,078
EPS	(Bt)	0.76	2.67	1.53	1.81	2.16
DPS	(Bt)	0.02	0.76	0.76	0.90	1.08
P/E	(x)	41.6	11.8	20.6	17.4	14.6
EPS growth	(%)	(28.9)	252.7	(42.9)	18.4	19.3
P/BV	(x)	3.1	4.2	6.2	5.2	4.4
ROE	(%)	10.9	41.6	32.4	32.4	32.9
Dividend yield	(%)	0.1	2.4	2.4	2.9	3.4
EV/EBITDA	(x)	40.7	17.2	17.8	15.8	14.2

Source: SCBS Investment Research

**Financial statement**

**Profit and Loss Statement (Btmn)**

FY December 31	2012	2013	2014F	2015F	2016F
Total revenue	2,169	7,085	5,439	6,301	7,372
Cost of goods sold	(1,743)	(5,141)	(3,337)	(3,850)	(4,465)
Gross profit	426	1,945	2,102	2,450	2,907
SG&A	(68)	(132)	(178)	(231)	(301)
Other income	45	84	103	153	211
Interest expense	(149)	(183)	(214)	(233)	(273)
Pre-tax profit	253	1,714	1,813	2,139	2,545
Corporate tax	(40)	(249)	(342)	(397)	(467)
Equity a/c profits	-	-	-	-	-
Minority interests	-	(1)	-	-	-
Core profit	213	1,463	1,471	1,742	2,078
Extra-ordinary items	-	-	-	-	-
Net Profit	213	1,463	1,471	1,742	2,078
EBITDA	500	2,029	2,227	2,645	3,112
Core EPS	0.42	1.59	1.53	1.81	2.16
Net EPS	0.42	1.59	1.53	1.81	2.16
DPS	0.02	0.76	0.76	0.90	1.08

**Profit and Loss Statement (Btmn)**

FY December 31	4Q12	1Q13	2Q13	3Q13	4Q13
Total revenue	118	2,143	107	140	4,696
Cost of goods sold	(41)	(1,962)	(34)	(45)	(3,099)
Gross profit	77	180	72	95	1,597
SG&A	(23)	(21)	(31)	(34)	(47)
Other income	14	22	19	18	25
Interest expense	(48)	(37)	(36)	(47)	(63)
Pre-tax profit	20	145	25	32	1,512
Corporate tax	5	(23)	(3)	(2)	(221)
Equity a/c profits	-	-	-	-	-
Minority interests	-	-	-	-	(1)
Core profit	25	122	22	30	1,290
Extra-ordinary items	-	-	-	-	-
Net Profit	25	122	22	30	1,290
EBITDA	98	213	86	119	1,616
Core EPS (Bt)	0.05	0.24	0.04	0.03	1.40
Net EPS (Bt)	0.05	0.24	0.04	0.03	1.40

**Balance Sheet (Btmn)**

FY December 31	2012	2013	2014F	2015F	2016F
Total current assets	3,431	3,332	3,775	4,517	4,944
Total fixed assets	4,867	7,717	10,742	13,312	15,973
Total assets	8,298	11,049	14,517	17,829	20,917
Total loans	6,284	4,488	5,072	6,702	9,502
Total current liabilities	2,386	2,530	5,712	10,283	13,332
Total long-term liabilities	3,025	4,365	3,870	1,740	740
Total liabilities	5,410	6,895	9,582	12,023	14,072
Paid-up capital	510	918	964	964	964
Total equity	2,887	4,154	4,935	5,806	6,845
BVPS (Bt)	5.7	4.5	5.1	6.0	7.1

**Balance Sheet (Btmn)**

FY December 31	4Q12	1Q13	2Q13	3Q13	4Q13
Total current assets	3,431	2,177	1,851	3,609	3,332
Total fixed assets	4,867	5,038	6,827	8,396	7,717
Total assets	8,298	7,215	8,678	12,006	11,049
Total Loans	3,594	1,659	2,572	5,667	4,487
Total current liabilities	2,386	2,655	3,050	3,973	2,530
Total long-term liabilities	3,025	1,576	2,690	5,111	4,365
Total liabilities	5,410	4,232	5,740	9,084	6,895
Paid-up capital	510	510	612	918	918
Total equity	2,887	2,984	2,937	2,922	4,154
BVPS (Bt)	5.7	5.9	4.8	3.2	4.5

**Cash Flow Statement (Btmn)**

FY December 31	2012	2013	2014F	2015F	2016F
Core Profit	213	1,463	1,471	1,742	2,078
Depre.and amortization	98	132	200	273	294
Operating cash flow	(129)	214	968	1,805	2,074
Investing cash flow	(1,839)	(1,753)	(3,225)	(2,843)	(2,956)
Financing cash flow	2,917	884	1,529	1,259	701
Net cash flow	949	(655)	(727)	221	(181)

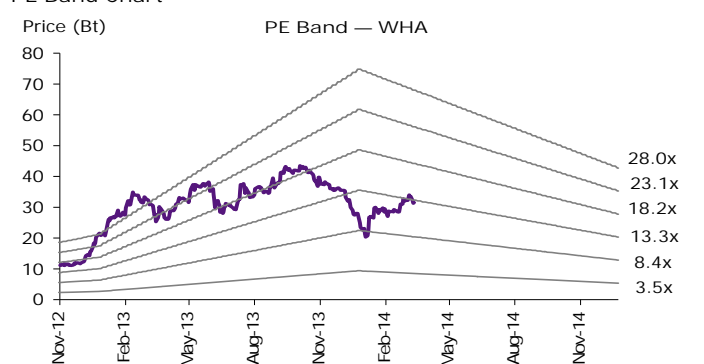
**Main Assumptions**

	2012	2013	2014F	2015F	2016F
Ending rental space ('000 Sqm)	358	475	680	842	1,003
Sales ('000 Sqm)	107	243	167	192	221
Average rent (Bt/Sqm/Mo)	n.a.	-	155	158	161
Gross margin rent (%)	65	64	70	70	70
Gross margin sale (%)	11	25	33	33	33
Corporate tax (%)	19	15	20	20	20

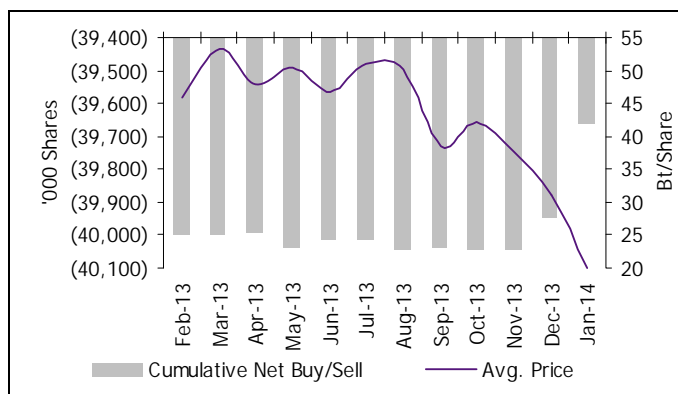
**Key Financial Ratios**

	2012	2013	2014F	2015F	2016F
Gross margin	19.6	27.4	38.6	38.9	39.4
Operating margin	22.8	29.3	41.9	42.6	43.5
EBITDA margin	23.1	28.6	40.9	42.0	42.2
EBIT margin	4.8	21.6	29.4	30.2	30.8
Net profit margin	9.8	20.7	27.0	27.6	28.2
ROE	10.9	41.6	32.4	32.4	32.9
ROA	3.2	15.1	11.5	10.8	10.7
D/E	1.9	1.7	1.9	2.1	2.1
Payout Ratio	5.3	47.7	50.0	50.0	50.0

**PE Band Chart**

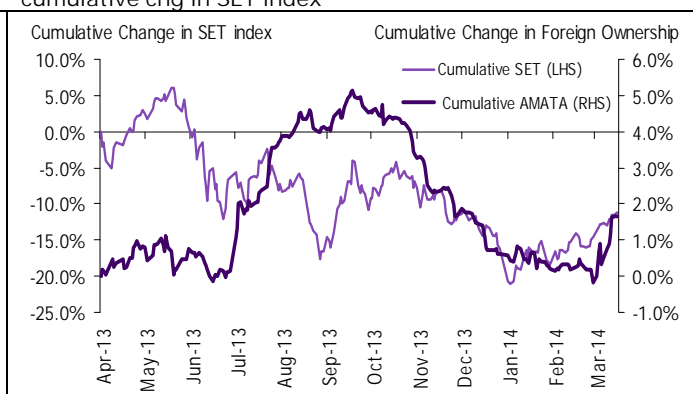


**12-month cumulative directors trade**



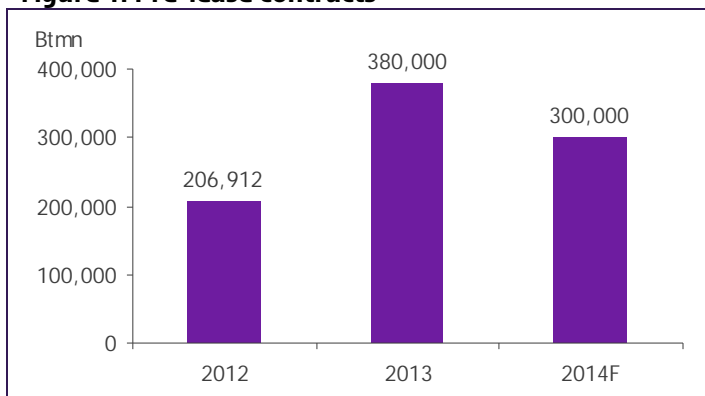
Source: SEC

**12-month cumulative chg in foreign ownership versus cumulative chg in SET index**



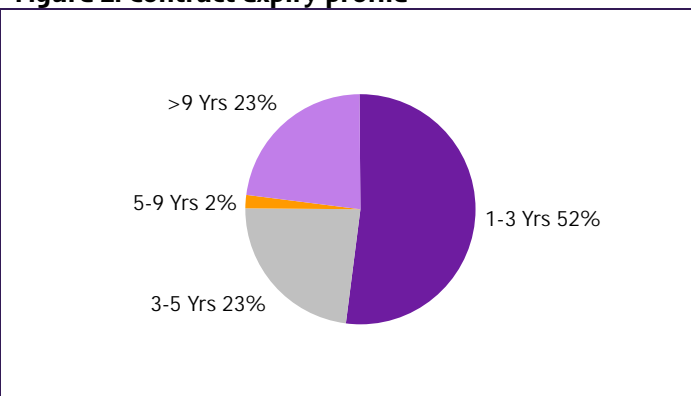
Source: SET, SCBS Investment Research

**Figure 1: Pre-lease contracts**



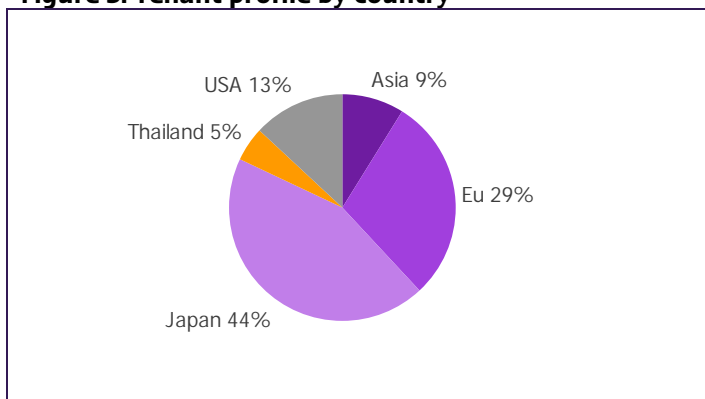
Source: WHA

**Figure 2: Contract expiry profile**



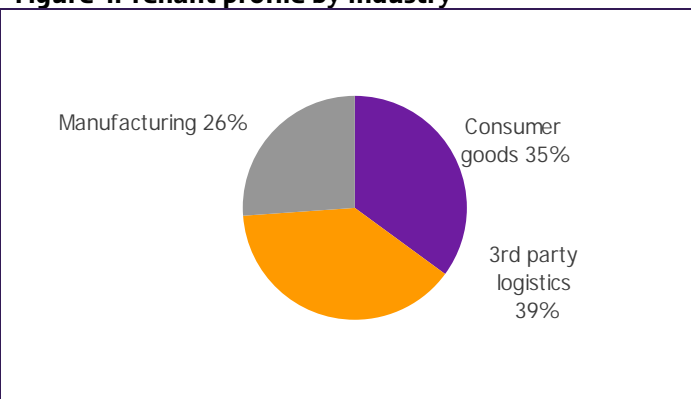
Source: WHA

**Figure 3: Tenant profile by country**



Source: WHA

**Figure 4: Tenant profile by industry**



Source: WHA

**Figure 5: Asset divestment plan**

Asset	Leasable area (sqm)	Tenant
Distribution center Lard Krabang phase 1&2	35,093	LF Logistics
WHA Mega Logistics km 18	72,179	Menlo Worldwide Logistics, Yusen Logistics, Hitachi Transport System, Central Retail, DKSH, Kerry Logistics, Kaga Electronics, APL Logistics
WHA Mega Logistics km 23	59,835	Nissan, Menlo Worldwide Logistics
DSG Modification	n.a.	PetPet, Fitti, Certainty, Baby Love
<b>Total</b>	<b>167,107</b>	

Source: WHA

**CG Rating 2013 Companies with CG Rating**

▲▲▲▲▲	ADVANC, AOT, ASIMAR, BAFS, BANPU, BAY, BBL, BCP, BECL, BKK, BROOK, BTS, CIMBT, CK, CPF, CPN, CSL, DRT, DTAC, EASTW, EGCO, ERW, GRAMMY, HANA, HEMRAJ, KCC, INTUCH, IRPC, IVL, KBANK, KKP, KTB, LPN, MCOT, MINT, NKK, NOBLE, PAP, PG, PHOL, PR, PRANDA, PS, PSL, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, RS, SKI, SAMART, SANTEL, SAT, SC, SCB, SCC, SCSSMG, SE-ED, SIM, SIS, SITHAI, SIN, SPALLI, SPI, SSL, SSSC, SVI, SYMC, TCAP, THAI, THCOM, THRE, TIP, TISCO, TKT, TMB, TMTTY, TOP, TRC, TRUE, TTW, TVO, UV, VGI, WAGOAL
▲▲▲▲	ZS, ACAP, AF, ANIC, AIT, AKP, AMANAH, AMARIN, AMATA, AP, APCO, APCCS, ASIA, ASK, ASP, AYUD, BEC, BFT, BH, BIGC, BJC, BLA, BMLI, BWG, CEET, CENTEL, CPRESH, CGS, CHOW, CM, CNT, CPALL, CSC, DCC, DELTA, DTC, ECL, EE, EIC, ESSO, FE, FORTH, GBX, GC, GFPT, GL, GLOW, GOLD, GSTEL, GUNKUL, HMPRO, HTC, IFEC, INET, ITD, JAS, JUBILE, KBS, KCE, KGI, KKC, KSL, KWC, L&E, LANNA, LH, LHBANK, LHK, LIVE, LOXLEY, LRH, LST, MACO, MAJOR, MAKRO, MBK, MBKET, MFC, MFEC, MODERN, MTL, NBC, NCH, NINE, NMG, NSI, NVR, OCC, OFM, OGC, OISHI, PB, PDI, PE, PF, PJW, PM, PPM, PPP, PREB, PRG, PT, PYLON, QTC, RASA, SABINA, SAMCO, SCCC, SCG, SEAFCO, SFP, SIAM, SINGER, SIRI, SKR, SMT, SNP, SPGG, SPPT, SFF, STANLY, STEC, SUC, SUSCO, SYNTEC, TASC, TCP, TF, TFD, TFI, THANA, THANI, THIP, TICON, TIPCO, TK, TLUXE, TMILL, TMT, TNL, TOG, TPC, TPCORP, TPIPL, TRT, TRU, TSC, TSTE, TSTH, TTA, TTCL, TUF, TWFP, TYM, UAC, UMI, UMS, UP, UPOIC, UT, VIBHA, VIH, VNG, VNT, YUASA, ZMICO
▲▲▲	A, AAVI, AEC, AEDNTS, AFC, AGE, AH, AJ, AJ, AKR, ALIXON, ANANI, ANIP, AS, BAT-SK, BCH, BEAUTY, BGT, BLAND, BOL, BROCK, BSBM, CHARAN, CHUD, CI, CIG, CITY, CMR, CNS, CPL, CRANE, CSP, CSR, CTIW, DEMCO, DNA, DRACO, EA, EARTH, EASON, EMC, EPCO, F&D, FNS, FOCUS, FPI, FSS, GENCO, GFM, GJS, GLOBAL, HT, ITECH, HYDRO, IFS, IHL, ILINK, INOX, IRC, IRCP, IT, JIART, JMT, JTS, JUTHA, KASET, KC, KCAR, KDH, KTC, KYW, LALIN, LEE, MATCH, MATI, MBAX, MDX, PRINC, MJD, MK, MOONG, MPC, MSC, NC, NIPPON, NNCL, NTV, OSK, PAE, PATO, PICO, PL, POST, PRECHA, PRN, Q-CON, QLT, RCL, RCL, ROJNA, RPC, SCBLIF, SCP, SENA, SF, SGP, SIMAT, SLC, SMIT, SMK, SOLAR, SPC, SPG, SRICHA, SSC, STA, SUPER, SVOA, SWC, SYNEX, TBSF, TCCC, TEAM, TGEI, TIC, TIES, TIW, TKS, TMC, TMD, TMI, TNDT, NNPC, TOPP, TPA, TPD, TR, TTI, TVD, TVI, TWZ, UBIS, UEC, UOBKH, UPF, UWC, VARO, VTE, WAVE, WG, WIN, WORK

**Corporate Governance Report disclaimer**

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