Thanachart Ad Hoc Research

BUY **TP: Bt 38.00**

Initiation **Upside: 16.9%**

WHA Corporation (WHA TB)

A play in the industrial space

We initiate coverage on WHA with a BUY and a Bt38.0 TP and it is now our top pick in the IE sector. We see WHA as a high-quality company offering consistent EPS growth of 17% p.a. in 2015-16F as it's in the less mature and volatile warehouse for rent business which is being driven by the country's growing logistics network and warehouse outsourcing trend.

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Initiate with a BUY and TP of Bt38.0

WHA is a leading premium operator of rental warehouses and factories in Thailand with a 26% market share. We initiate coverage on WHA with a BUY and a Bt38.0 TP. **First,** we see WHA as a play on Thailand's still mid-cycle demand in the warehouse for rent segment. **Second,** compared with peers, we believe WHA is least exposed to manufacturing-based FDI which we see as only being an organic driver over the next few years. **Third,** WHA's client base is very solid and it's one of the top two players in the build-to-suit segment. **Lastly,** we view WHA as being a high-quality firm with consistent EPS growth at an average of 17% in 2015-16F with a sustainable 30%+ ROE. The 2014F EPS growth is mild given the large jump in the 2013 base.

A play on strong warehouse-for-rent demand

We see warehouse rental as the best segment in the Thai industrial estate sector. The sale of industrial estate land is highest-risk, in our view given its bulky business nature and the political strife delaying land-buying decisions. We regard factory rental as lower-risk but demand is getting more saturated with a risk from Thailand's falling market share of manufacturing-based FDI. The warehouse rental business is the brightest segment in our opinion driven by: 1) a growing logistics network as big companies get bigger with upside from Thailand being an ASEAN Economic Community (AEC) logistics hub, 2) a growing services industry in the structural urbanization trend, including modern trade expansions, and 3) the warehouse outsourcing trend.

Sustainable EPS growth and lower business risk

Like Ticon Industrial Connection (TICON TB), WHA's business growth model includes asset sales to property funds or REITs which we see as sustainable given resilient demand for rental assets and fluid domestic liquidity searching for yield. We forecast WHA's earnings growth to average 17% in 2015-16F with a healthy 30%+ ROE. WHA's portfolio is lower-risk in our view with 97% warehouses and 3% factories, the latter being subject to higher risk from more saturated growth of manufacturing-based FDI. Lower exposure to FDI also implies lower risk from the current political uncertainty. We forecast new lease space to rise from 280,723 sq m in 2013 to 293,330 sq m in 2014F (71% is secured by pre-leased space at end-2013), 318,544 sq m in 2015F and 348,815 sq m in 2016F.

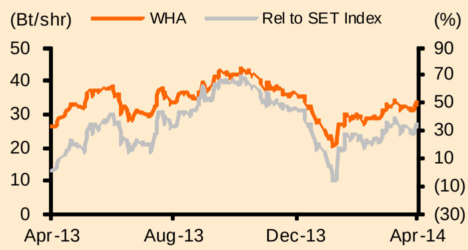
Our top pick in the sector

WHA is now our industrial estate sector top pick. **First,** we see WHA as less exposed to political risk than most peers which are linked more to FDI flows. **Second,** longer term, Thai FDI is also at risk sticking to the same old sectors, mainly auto and electronics, which are maturing. **Third,** warehouse-for-rent demand is still strong and WHA is most exposed to this. **Lastly,** we forecast WHA to enjoy the strongest EPS growth compared with its peers.

COMPANY VALUATION

Y/E Dec (Bt m)	2013A	2014F	2015F	2016F
Sales	7,085	5,442	6,834	7,394
Net profit	1,463	1,510	1,806	2,071
Consensus NP	—	1,346	1,556	1,699
Diff frm cons (%)	—	*12.2*	*16.0*	*21.9*
Norm profit	1,463	1,510	1,806	2,071
Prev. Norm profit	—	1,510	1,806	2,071
Chg frm prev (%)	—	*0.0*	*0.0*	*0.0*
Norm EPS (Bt)	1.5	1.6	1.9	2.1
Norm EPS grw (%)	432.8	2.2	19.5	14.7
Norm PE (x)	21.2	20.7	17.4	15.1
EV/EBITDA (x)	18.3	18.7	14.9	13.7
P/BV (x)	7.5	6.3	5.3	4.4
Div yield (%)	2.2	2.3	2.8	3.2
ROE (%)	40.7	33.2	33.1	31.7
Net D/E (%)	114.5	160.8	153.2	146.3

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 4-Apr-14 (Bt)	32.50
Market cap (US$ m)	916.4
Listed shares (m shares)	918.0
Free float (%)	24.3
Avg daily turnover (US$ m)	3.5
12M price H/L (Bt)	43.8/19.9
Sector	Industrial Estate
Major shareholder	WHA Holding Co Ltd 25.1%

Sources: Bloomberg, Company data, Thanachart estimates

Initiate with BUY call and TP of Bt38.0

WHA is a leading premium build-to-suit warehouse operator

WHA Corporation Pcl (WHA) is a leading operator of premium build-to-suit warehouses and factories for rent in Thailand. The company was established in 2003 by a group of executives who were involved in property development. Thanks to the company's high product quality and well-reputed "WHA" brand among multinational firms, WHA has continued to gain market share in the modern factory and warehouse-for-rent business with a 26% market share in 2013.

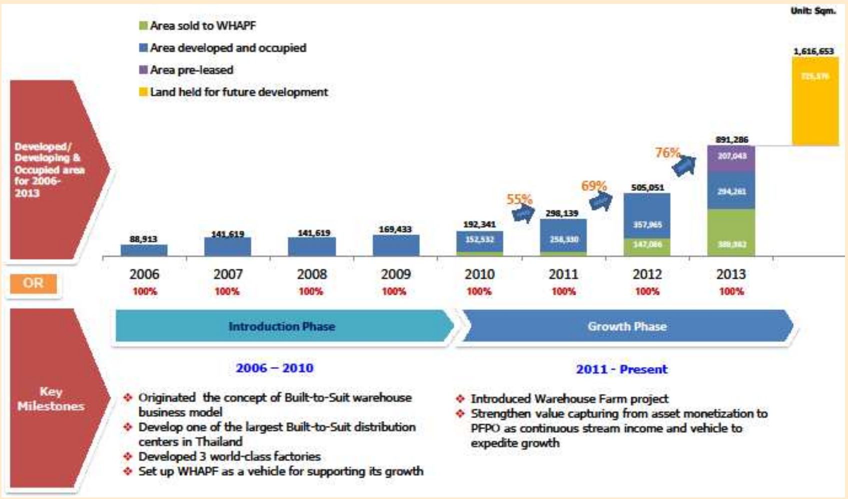
We initiate with a BUY …

We initiate coverage on WHA with a BUY call and a TP of Bt38.0/share on the back of the following reasons:

1) A play on strong demand for warehouses for rent

First, WHA is a play on Thailand's strong demand for warehouses for rent. WHA has had a very impressive growth track record over the past few years with total leasable area (before asset sales to property funds) growing by an average of 67% p.a. in 2011-13. Thanks to the company's decent product quality and strong reputation in the warehouse-for-rent business, we expect WHA to continue enjoying high demand in this segment in Thailand over the next few years.

Ex 1: Impressive Track Record Growth



Source: Company data

2) Warehouse rental is the best segment in the IE sector, in our view

Secondly, we see the warehouse rental business as the best segment in the Thai industrial estate (IE) sector. The industrial estate land sales and factory-for-rent businesses are exposed to higher risk in our opinion given the political unrest and Thailand's falling market share of manufacturing-based foreign direct investment (FDI). We expect WHA, which is least exposed to manufacturing-based FDI compared with other peers in the industrial space, to enjoy higher growth.

3) Very solid client base

Thirdly, WHA's client portfolio is very solid in our view. Many globally recognized companies in consumer products, healthcare, third party logistics (3PLs) and manufacturing are WHA's clients. WHA is also one of the two top players in the build-to-suit segment, apart from Ticon Industrial Connection (TICON TB, Bt17.7, SELL). WHA is therefore still a prime beneficiary from strong warehouse rental demand.

4) High asset quality while EPS growth should be sustained

Lastly, thanks to what we view as the good prospects of the warehouse rental business, WHA's strong competitiveness and its high-profile tenants, we see WHA as a high-quality company offering sustainable EPS growth with average EPS growth of 17% p.a. in 2015-16F and a 30%+ ROE. Note that we expect the 2014F EPS growth to be mild due to the high base in 2013.

A play on strong warehouse-for-rent demand

We see warehouse rental as the brightest segment in the industrial space due to …

We regard the warehouse rental business as the best segment in the Thai IE sector. The industrial land sales segment is subject to the highest risk in our opinion given its bulky business nature while the political turmoil is also delaying land-buying decisions by foreign direct investors. Meanwhile, we see the factory-for-rent business as being lower-risk than the land sales business though it faces the prospect of demand becoming more saturated along with Thailand's falling market share of manufacturing-based foreign direct investment (FDI) where we expect to see the risk intensify after the launch of the ASEAN Economic Community (AEC).

According to the Board of Investment's (BoI) figures, there was a sharp drop in net applications submitted to the BoI of 58% y-y in 2M14 as the political unrest caused a delay in FDI. Meanwhile, net applications approved by the BoI in 2M14 also tumbled by 61%, particularly for project sizes of above Bt500m because of the delay in the appointment of the new BoI committee. Project sizes of over Bt200m therefore could not be approved. The appointment of a new BoI committee in the next few days should allow more applications to be approved over the remainder of this year. However, we believe foreign direct investors are still reluctant to accelerate investment in Thailand given the political risks. The land sales outlook thus remains bleak in our view.

Ex 2: Net Applications Submitted

	2M13	2M14	% growth
Total investment (Bt bn)	151	63	(58.3)
- Thailand	68	16	(76.8)
- FDI	83	47	(43.2)
Breakdown by size (%)			
≤ Bt20m	0	1	
> Bt20m – Bt200m	10	13	
> Bt200m – Bt500m	10	13	
> Bt500m – Bt1bn	15	7	
> Bt1bn	65	66	

Source: BoI

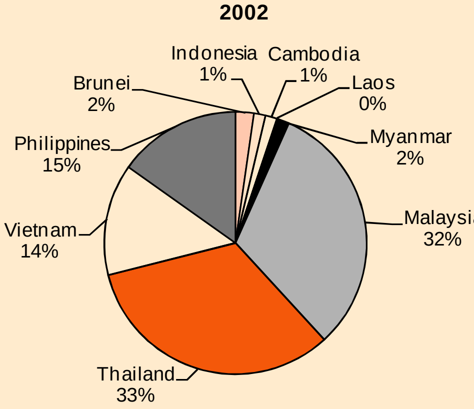
Ex 3: Net Applications Approved

	2M13	2M14	% growth
Total investment (Bt bn)	62	24	(61.0)
- Thailand	26	10	(60.6)
- FDI	36	14	(61.3)
Breakdown by size (%)			
≤ Bt20m	1	5	
> Bt20m – Bt200m	24	60	
> Bt200m – Bt500m	33	30	
> Bt500m – Bt1bn	22	5	
> Bt1bn	20	0	

Source: BoI

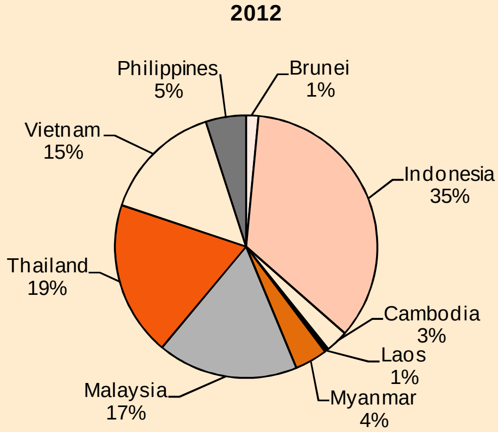
The instability of various Thai governments over the past 10 years and neighboring countries' economic expansion has resulted in Thailand losing its FDI market share. According to information from the World Bank, Thailand's market share of net FDI flows in Southeast Asia (excluding Singapore) dropped sharply from 33% in 2001 to 19% in 2012. We expect to see higher risk to Thailand after the launch of the AEC.

Ex 4: Thailand Facing Falling FDI Market Share …



Source: World Bank

Ex 5: … To Other Countries in Southeast Asia



Source: World Bank

The warehouse rental business is the brightest segment in the industrial space, in our view, with it being driven by the following core engines:

… growing logistics network

- **Growing logistics network:** Thanks to many big companies in Thailand getting bigger because of their business expansions along with the structural trend of urbanization, they need to expand their warehouse and distribution center capacities. In addition, in light of the upcoming launch of the AEC in 2015, together with Thailand's competitiveness given its geographical location, good infrastructure and transportation system, many multinational corporations such as Unilever, P&G and Kao thus want to use Thailand as their AEC logistics hub, despite the country losing its manufacturing-based FDI share. Most industrial estate developers believe Thailand's neighboring countries will need to spend more than five years to develop their infrastructure and CLMV (Cambodia, Laos, Myanmar and Vietnam) countries should provide more opportunities in the export market. So, those frontier markets may gain some smaller manufacturing-based FDI, but as a logistics hub, we don't see them beating Thailand.

… growing services industry

- **Growing services industry:** Given an expansion of urbanization upcountry in Thailand, rising cross-border trade and modern trade expansion, we have thus seen many big fast moving consumer goods (FMCG) manufacturers and retail operators in Thailand open new warehouses and distribution centers in the Central Plains and in other regions of Thailand.

… warehouse outsourcing trend

- **Warehouse outsourcing trend:** We have seen the revenues of 3PLs operators growing in many regions of the world including Southeast Asia. Key drivers for warehouse outsourcing demand are the risk of disruptions and cost savings. With the high skills and lengthy experience of 3PLs in managing logistics in each country, fragmented transportation and other MNCs moving to Thailand, logistic firms are trying to leverage on transportation market growth. Demand for warehouse outsourcing to 3PLs is therefore increasing.

Sustainable EPS growth and less risk

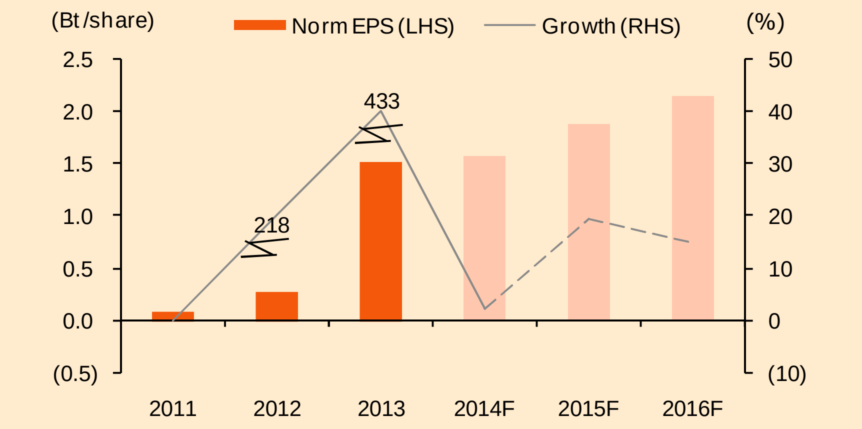
Like TICON, we see WHA's business model as sustainable

WHA's business growth model is similar to TICON's. WHA develops build-to-suit and ready-built factories and warehouses and then leases them to manufacturers, retailers and 3PLs. To speed up its business expansion, WHA has monetized assets by selling its assets to its property fund (WHA Property Fund "WHAPF") or REITs. In our view, this business model offers sustainable growth because we see quite resilient and strong rental demand, particularly in the warehouse rental business. Meanwhile, asset sales to its fund or REITs have not only unlocked WHA's financing ability to capture strong rental demand but also created other recurring income through fund management fees and return on investment from WHAPF or REITs.

We estimate average EPS growth of 17% p.a. in 2015-16F driven by …

We don't expect WHA's EPS growth in 2014F to be exciting (only 2% y-y) because of the surge in its earnings base with 433% EPS growth in 2013, which was also a result of sizable asset sales to the property fund of Bt6.6bn. We forecast only Bt4.7bn in asset sales this year. The political strife should also have some impact on this year's earnings. We see a more normalized outlook from 2015F onward with strong rental demand for warehouses. We forecast WHA's earnings growth to continue to outperform peers and be subject to less risk in 2014F. Meanwhile, we expect WHA to post strong EPS growth of 20% in 2015F and 15% in 2016F. Key earnings drivers that we see are as follows.

Ex 6: WHA's EPS Should Be Sustained At A High Level



Sources: Company data, Thanachart estimates

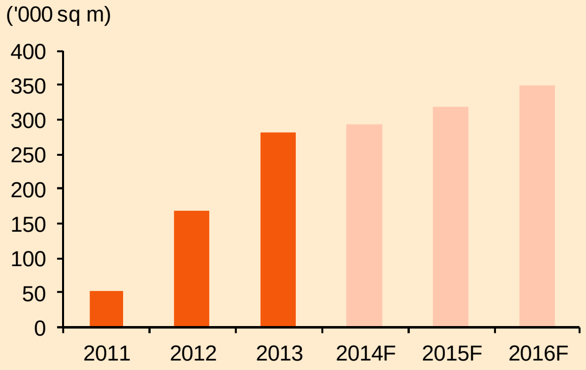
1) Likely surge in rental income

First, a big jump in rental income. We estimate WHA's rental income to jump by 50%, 44% and 36% in 2014-16F. We forecast WHA's net new leased space before asset sales to REITs to increase from 280,723 sq m in 2013 to 293,330 sq m in 2014F, 318,544 sq m in 2015F and 348,815 sq m in 2016F. Our net new leased space assumption of 71% in 2014F is already secured by pre-leased space at end-2013.

2) Should see sustained high revenue from asset sales

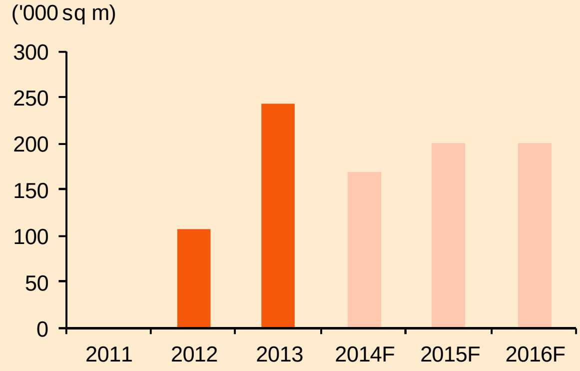
Secondly, consistently high revenues from asset sales to REITs. WHA plans to sell around 170,000 sq m of assets to WHAPF in 2014E with a total value of Bt4.7bn. The fund size is slightly smaller than for last year. However, we expect WHA to transfer more assets to REITs in 2015-16E as we anticipate strong rental demand and REITs being allowed to increase leverage to acquire more assets.

Ex 7: WHA's New Leased Space Records New High



Sources: Company data, Thanachart estimates

Ex 8: Sustainable Assets Sales To Fund/REITs



Sources: Company data, Thanachart estimates

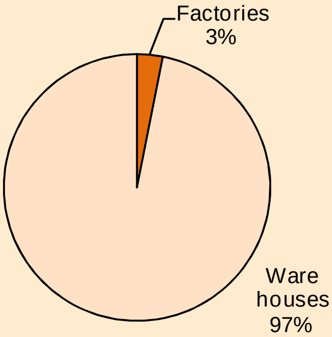
3) We expect rising recurring income

Thirdly, rising management fee income and dividend income from the property fund and REITs. We forecast contribution from this source of income to increase from Bt67m in 2013 to Bt114m in 2014F and Bt148m in 2015F.

WHA's portfolio is lower-risk in our view

WHA's portfolio is lower-risk in our view given that 97% of the total portfolio in 2013 comprised warehouses and the rest was factories. As we mention in the second section of this report, we see factories being subject to higher risk from the more saturated growth of manufacturing-based FDI. Lower exposure to FDI also implies lower risk from the current political uncertainty.

Ex 9: WHA's Portfolio For 2013



Sources: Company data

Ex 10: WHA's Strong Client Profile

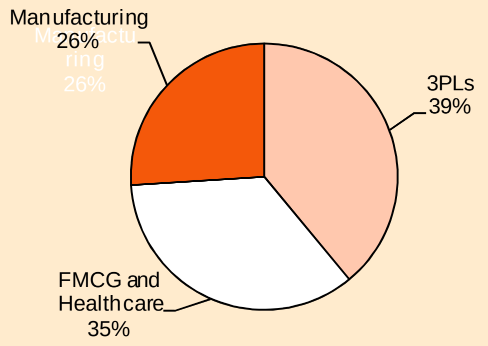
Sources: Company data

WHA's client profile is very strong in our view

WHA's client profile is very strong in our opinion. Its tenants are mainly the reputable MNCs and Thai large retailers such as 3M, Uniliver, Kao, Johnson and Johnson and Central Retail Corporation, etc. These companies have long-running expansion plans, particularly in developing Southeast Asian markets. In addition, more than three-quarters of WHA's portfolio in 2013 was in high-growth industries such as FMCG and 3PLs. Thanks to its strong track record with its clients, we believe WHA has a very good chance of growing along with these companies' expansions.

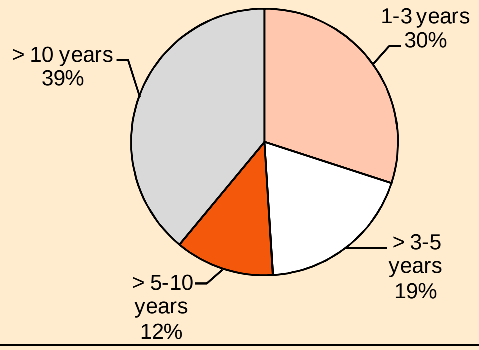
We believe WHA's portfolio has both low default and revolving risk due to its strong financial status and long-term lease contracts. Some 51% of WHA's contracts have lease terms longer than five years.

Ex 11: 2013 Tenant Breakdown By Industry



Source: Company data

Ex 12: 2013 Tenants Breakdown By Contract Term



Source: Company data

Our top pick in the sector

WHA is our industrial estate sector top pick …

Of the four industrial estate stocks under Thanachart's coverage: Amata Corporation (AMATA TB, Bt15.7, BUY), Hemaraj Land and Development (HEMRAJ TB, Bt3.32, BUY), TICON and WHA, we now choose WHA as our sector top pick, replacing HEMRAJ due to the following reasons:

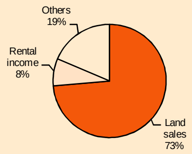
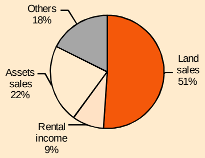
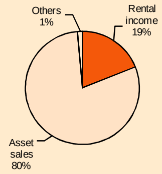
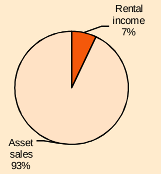
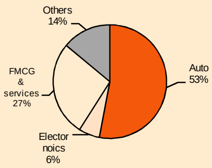
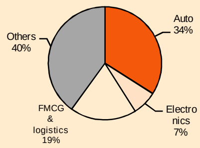
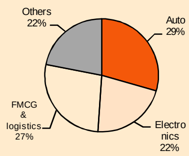
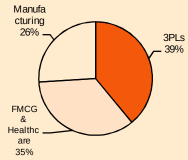
… as we see it less exposed to politics and not linked so much to FDI …

First, we believe WHA's warehouse-for-rent business is less exposed to political risk than most peers such as AMATA and HEMRAJ which are linked more to FDI flows. We see the political uncertainty not only having a negative impact on foreign investors in delaying their decision-making but also on Board of Investment (BoI) approvals as no new BoI committee has been appointed to approve projects that have been submitted. Given that most of the warehouses are located outside industrial estate areas and do not need tax privileges while WHA's pre-leased space was high at end-2013, we see WHA's business as being subject to less risk from politics.

Secondly, longer term, we believe FDI into Thailand is also at risk of sticking to the same old sectors, mainly auto and electronics, which are becoming more mature. Some 74% of WHA's tenants in 2013 were in FMCG, healthcare and 3PLs, while those of AMATA, HEMRAJ and TICON were mainly in the auto and electronics industries. With WHA's strong track record in higher-growth FMCG and 3PLs, we therefore expect it to enjoy robust demand from those industries.

Thirdly, we anticipate strong demand in the warehouse rental business and WHA has the highest exposure to this making up 97% of its portfolio.

Ex 13: Business Comparison

<table>
<tr><th></th><th>AMATA</th><th>HEMRAJ</th><th>TICON</th><th>WHA</th></tr>
<tr><td>Businesses</td><td>- Acquires land and develops infrastructure and facilities required for industrialized operations</td><td>- Acquires land and develops infrastructure and facilities required for industrialized operations
- Develops standard factories and warehouses for rent/sale.
- Diversifying business into utilities, particularly power</td><td>- Develops standard factories and warehouses for rent/sale</td><td>- Develops standard factories and warehouses for rent/sale</td></tr>
<tr><td>Revenue breakdown</td><td>
</td><td>
</td><td>
</td><td>
</td></tr>
<tr><td>Risk from politics to bottom line</td><td>Highest</td><td>Medium [1/]</td><td>Medium</td><td>Lowest</td></tr>
<tr><td>Link to FDIs</td><td>Highest</td><td>Medium</td><td>Medium</td><td>Lowest</td></tr>
<tr><td>Portfolio breakdown [2/]</td><td>
</td><td>
</td><td>
</td><td>
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Sources: Company data, Thanachart estimates

Note: 1/ 53% of HEMRAJ's earnings is contributed by recurring utility business earnings

2/ AMATA's portfolio breakdown was at end-2012, HEMRAJ's was at August 2013, TICON and WHA's were at end-2013

... with the strongest EPS growth on our estimates and less risk to earnings

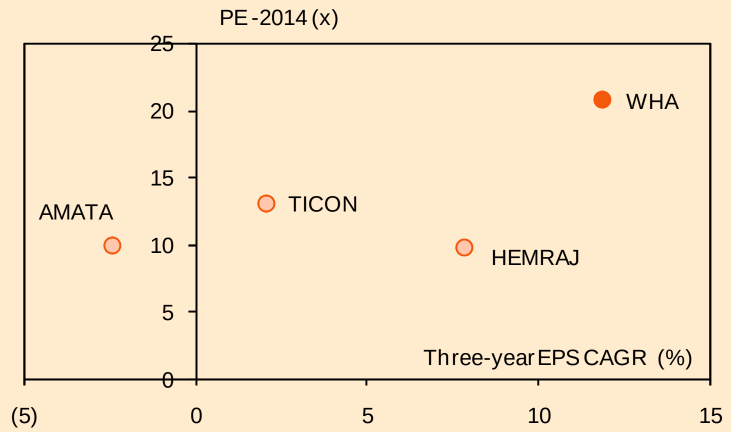
Lastly, we forecast WHA to enjoy the strongest EPS growth in the sector with a three-year EPS CAGR of 12% or a 17% two-year average in 2015-16F. With such consistently high EPS growth, less earnings risk and its high-quality portfolio, we believe WHA deserves to trade at a premium. In terms of PE to three-year EPS CAGR, WHA also looks cheap compared with AMATA and TICON, though not versus HEMRAJ. However, we believe HEMRAJ's 2014F EPS growth also faces a risk from land sales potentially missing its target.

Ex 14: Valuation Comparison

	AMATA	HEMRAJ	TICON	WHA
Norm EPS growth (%)				
- 2014F	(0.5)	15.3	(8.9)	2.2
- 2015F	(6.7)	3.7	1.1	19.5
- 2016F	0.0	4.7	14.0	14.7
ROE (%)				
- 2014F	18.8	23.1	13.8	33.2
- 2015F	15.7	21.4	13.2	33.1
- 2016F	14.4	20.1	14.3	31.7
PE (x)				
- 2014F	10.0	9.8	13.1	20.7
- 2015F	10.7	9.4	12.9	17.4
- 2016F	10.7	9.0	11.3	15.1
PEG (x)				
- 2014F	(19.4)	0.6	(1.5)	9.5
- 2015F	(1.6)	2.6	11.7	0.9
- 2016F	368.9	1.9	0.8	1.0
Net D/E (x)				
- 2014F	0.3	0.7	2.1	1.6
- 2015F	0.1	0.7	2.2	1.5
- 2016F	(0.1)	0.6	2.1	1.5

Source: Thanachart estimates

Ex 15: WHA Looks Attractive In Terms Of PEG



Source: Thanachart estimates

Ex 16: 12-month Sum-of-the-Parts DCF-based TP Calculation

(Bt m)		2014F	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	Terminal value
EBITDA		2,097	2,707	3,054	3,378	3,362	3,379	3,394	3,414	3,436	3,540	3,937	4,298	—
Free cash flow		(2,124)	(91)	66	1,301	1,411	1,508	1,554	1,527	1,576	1,733	2,542	3,272	61,129
PV of free cash flow		(2,119)	(79)	53	975	985	979	939	858	824	844	1,152	1,379	25,770
Risk-free rate (%)	4.5													
Market risk premium (%)	8.0													
Beta	1.0													
WACC (%)	7.5													
Terminal growth (%)	2.0													
Enterprise value - add investments	41,007													
Net debt (2013)	4,754													
Minority interest	0													
Equity value	36,253													
# of shares*	964													
Equity value / share	**38.0**													

Investment: (Bt m)	
WHAPF/REITs	8,334
WHA GUNKUL Green Solar Roof	112

Sources: Company data, Thanachart estimates

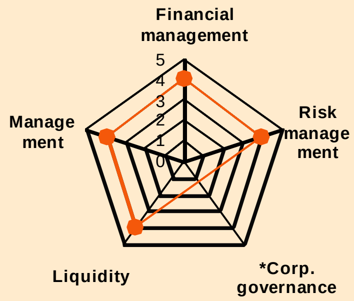
Note: * Including new stock dividends

COMPANY DESCRIPTION

WHA Corporation (WHA) develops logistics facilities for lease, sale and leaseback. Its product range also includes build-to-suit and warehouses, targeting manufacturers, retailers and third-party logistics providers. Its portfolio is in logistics hub areas, i.e. Bangna-Trad Km 18-23, and industrial estates. WHA currently owns 15% of WHA Property Fund (WHAPF). The fund was established in 2010 as a funding vehicle for WHA by selling assets to the fund. However, a REIT is expected to be set up in 2014, in place of WHAPF.

Source: Thanachart

COMPANY RATING



Rating Scale

Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG Awards = No rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Lots of experience and expertise in developing its build-to-suit warehouse and logistics center business.
- Very strong client profile and good reputation among MNCs and big-name Thai companies.
- WHA's warehouse portfolio and land plots are in prime locations not prone to flooding.
- Resilient to economic fluctuations and political turmoil.

W — Weakness

- Factory and warehouse for rent business needs high investment capital and has a long payback period.
- Reliance on major customers

O — Opportunity

- Rising urbanization trend and modern trade expansion.
- Growing warehouse outsourcing trend.
- Thailand being an AEC logistics hub as a result of its growing logistics network.

T — Threat

- Rising competition from major industrial estate developers such as TICON, AMATA and HEMRAJ.
- Natural disasters.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	38.00	38.00	0%
Net profit 14F (Bt m)	1,346	1,510	12%
Net profit 15F (Bt m)	1,556	1,806	16%
Consensus REC	**BUY: 5**	**HOLD: 1**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Even though our earnings forecasts in 2014-15F are higher than those of the consensus, as we are more bullish on WHA's warehouse-for-rent business, our TP is same as we are more bearish view on Thailand's competitiveness over the long term.

Sources: Bloomberg consensus, Thanachart

RISKS TO OUR INVESTMENT CASE

- If global or domestic economic growth is disrupted, tenants may terminate or decide not to renew their lease contracts.
- If the political turmoil has a negative impact on FDIs and rental demand comes in lower-than-expected.
- If asset sales to property funds or REITs are less than we currently expect.

Source: Thanachart

FINANCIAL SUMMARY

Income Statement					(consolidated)
FY ending Dec (Bt m)	2012A	2013A	2014F	2015F	2016F
Sales	2,169	7,085	5,442	6,834	7,394
Cost of sales	1,743	5,141	3,402	4,221	4,461
Gross profit	**426**	**1,945**	**2,040**	**2,613**	**2,933**
SG&A	68	132	148	172	187
Operating profit	**358**	**1,813**	**1,893**	**2,440**	**2,746**
Depre & amortization	105	137	205	266	308
EBITDA	**462**	**1,950**	**2,097**	**2,707**	**3,054**
Other income	45	84	128	162	221
Other expenses	0	0	0	0	0
Interest expense	(149)	(183)	(199)	(382)	(423)
Pre-tax profit	253	1,714	1,821	2,220	2,543
Income tax	40	249	310	400	458
After-tax profit	213	1,465	1,512	1,821	2,086
Equity income	0	(1)	0	0	0
Minority interests	0	0	(2)	(15)	(15)
Extraordinary items	0	0	0	0	0
NET PROFIT	**213**	**1,463**	**1,510**	**1,806**	**2,071**
Normalized profit	**213**	**1,463**	**1,510**	**1,806**	**2,071**
EPS (Bt)	0.3	1.5	1.6	1.9	2.1
Normalized EPS (Bt)	0.3	1.5	1.6	1.9	2.1

Quarterly Earnings					(consolidated)
	4Q12	1Q13	2Q13	3Q13	4Q13
Sales	118	2,143	107	140	4,696
Cost of sales	42	1,962	34	45	3,099
Gross profit	**77**	**180**	**72**	**95**	**1,597**
SG&A	23	21	31	34	47
Operating profit	**54**	**160**	**42**	**61**	**1,550**
Depre & amortization	29	32	26	32	48
EBITDA	**83**	**192**	**67**	**93**	**1,598**
Other income	14	22	19	18	25
Other expenses	0	0	0	0	0
Interest expense	(48)	(37)	(36)	(47)	(63)
Pre-tax profit	20	145	25	32	1,512
Income tax	(5)	23	3	2	221
After-tax profit	25	122	22	30	1,291
Equity income	0	0	0	0	(1)
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
NET PROFIT	**25**	**122**	**22**	**30**	**1,290**
Normalized profit	**25**	**122**	**22**	**30**	**1,290**
EPS (Bt)	0.0	0.2	0.0	0.1	1.4
Normalized EPS (Bt)	0.0	0.2	0.0	0.1	1.4

Balance Sheet					(consolidated)
FY ending Dec (Bt m)	2012A	2013A	2014F	2015F	2016F
Cash & equivalent	979	320	100	100	100
A/C receivables	21	48	52	66	71
Inventories	1,862	2,225	1,398	1,619	1,589
Other current assets	570	739	782	787	798
Investment	653	1,400	2,615	3,491	4,392
Fixed assets	3,963	6,211	9,369	10,670	12,154
Other assets	251	106	109	112	116
Total assets	**8,298**	**11,049**	**14,425**	**16,845**	**19,220**
S-T debt	1,472	872	2,475	2,835	3,227
A/C payables	903	1,394	1,118	1,272	1,222
Other current liabilities	11	263	124	204	191
L-T debt	2,605	4,202	5,587	6,400	7,284
Other liabilities	264	164	169	174	179
Total liabilities	**5,256**	**6,895**	**9,474**	**10,884**	**12,103**
Minority interest	0	0	2	2	17
Shareholders' equity	**3,042**	**4,154**	**4,950**	**5,960**	**7,100**
Working capital	979	879	332	412	438
Total debt	4,078	5,074	8,062	9,235	10,511
Net debt	3,099	4,754	7,962	9,135	10,411
Free cash flow	(1,636)	(95)	(1,299)	435	453
Year End Shares (m)	741	954	963	964	964

Financial Ratios And Valuations					
	2012A	2013A	2014F	2015F	2016F
Norm profit (y-y%)	285.1	586.1	3.1	19.6	14.7
Normalized EPS (%)	217.5	432.8	2.2	19.5	14.7
Net profit (y-y%)	(47.4)	586.1	3.1	19.6	14.7
EPS (%)	(56.6)	432.8	2.2	19.5	14.7
Dividend payout (%)	29.2	48.0	48.0	48.0	48.0
Gross margin (%)	19.6	27.4	37.5	38.2	39.7
Operating margin (%)	16.5	25.6	34.8	35.7	37.1
EBITDA margin (%)	21.3	27.5	38.5	39.6	41.3
Net margin (%)	9.8	20.7	27.8	26.6	28.2
ROA (%)	3.2	15.1	11.9	11.5	11.5
ROE (%)	10.5	40.7	33.2	33.1	31.7
Net D/E (x)	1.0	1.1	1.6	1.5	1.5
Norm PE (x)	112.9	21.2	20.7	17.4	15.1
Norm PE at TP (x)	132.0	24.8	24.2	20.3	17.7
PE (x)	112.9	21.2	20.7	17.4	15.1
EV/EBITDA (x)	58.8	18.3	18.7	14.9	13.7
P/BV (x)	10.1	7.5	6.3	5.3	4.4
Dividend yield (%)	0.2	2.2	2.3	2.8	3.2
BV/share (Bt)	3.2	4.3	5.1	6.2	7.4
DPS (Bt)	0.1	0.7	0.8	0.9	1.0

Sources: Company data, Thanachart estimates

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

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