



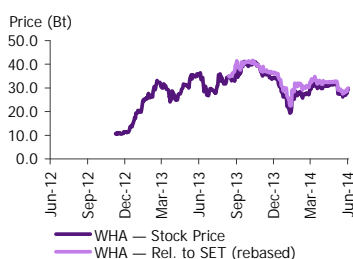
BUY

Stock data

Last close (Jun 4) (Bt)	29.50
12-m target price (Bt)	40.00
Upside (Downside) to TP (%)	35.59
Mkt cap (Btbn)	28.43
Mkt cap (US\$mn)	870

Bloomberg code	WHA.TB
Reuters code	WHA.BK
Risk rating	L
Mkt cap (%) SET	0.22
Sector % SET	7.01
Shares issued (mn)	964
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	-4.8	-4.7	-17.0
Relative to SET	-7.8	-11.1	-12.8

Source: SET, SCBS Investment Research

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“Best in show”: immune to wavering FDI

- Pre-leases and construction on track to meet SCBS 2014F
- Earnings raised 4-6% on wider gross margin for asset sales
- Upside from higher than expected rental rate for valued-added products
- Quarterly sequential growth in 2014; strong jump in 4Q14 on sale of assets

Pre-lease and construction completion on track. WHA's preleases grew 45.7K sqm in 1Q14, ~15% of our full year forecast. This brings outstanding preleases to 237.8K sqm, up 3% YoY and 15% QoQ. On the basis of company guidance of negotiations with several clients, overseas expansion and a possible deal with a global warehouse/factory developer, we maintain our full year pre-lease forecast at 300K sqm. Construction is also on track, with 42.6K sqm completed, 14% of our full year forecast. This raises WHA's portfolio to 336.8K sqm. Occupancy rate saw its first drop in 1Q14, to 91%, as ~33K sqm was being modified for a build-to-suit (BTS) client. This will return to the normal 100% in 2Q14.

Earnings upgrade from wider margin. We raise our 2014 forecast by 4% to Bt1.5bn (EPS Bt1.5) and raise both 2015 and 2016 by 6% to Bt1.8bn (EPS Bt1.8) in 2015 and Bt2.2bn (EPS Bt2.2) in 2016. The major factor behind this is a widening in margin to 36% from 33% on sale of assets: WHA plans to sell 167.1K sqm of warehouses into a REIT by 4Q14 for Bt4.6bn. Sixty-five percent of the assets to be sold will be freehold and the rest leasehold. Note that our forecast is about 20% above consensus.

Further upside risk from new value-added products. The company reports that the rent on warehouses for e-commerce customers (Office Mate) and on warehouses with cold storage (Unilever) is substantially higher than that of bare-bones warehouses, implying rental and revenue upside to our current forecast of an average Bt155/sqm/mth.

Look for better 2Q14. With its portfolio expanded by 60% YoY and 15% QoQ, we expect WHA to have higher profit both YoY and QoQ in 2Q14, with sequential growth each quarter in 2014. This means that with the sale of assets, 4Q14 will be the year's best quarter. In 1Q14, net profit was Bt32mn, a sharp drop of 74% YoY and 97% QoQ both due to the absence of sale of assets.

Reiterate BUY on close ties to the expanding retailer sector. This is a growing sector and least tied to FDI, which has been stumbling with the political unrest. In our view, WHA deserves to trade at a premium to peers because of a stronger growth outlook and high ROE of 34%. We maintain PT 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.

Forecasts and valuation

Year to 31 Dec	Unit	2012	2013	2014F	2015F	2016F
Revenue	(Btmn)	2,169	7,085	5,252	6,220	7,285
EBITDA	(Btmn)	500	2,029	2,225	2,745	3,252
Core Profit	(Btmn)	213	1,463	1,545	1,845	2,201
Reported Profit	(Btmn)	213	1,463	1,545	1,845	2,201
EPS	(Bt)	0.76	2.67	1.60	1.91	2.28
DPS	(Bt)	0.02	0.76	0.80	0.96	1.14
P/E	(x)	38.9	11.0	18.4	15.4	12.9
EPS growth	(%)	(28.9)	252.7	(40.0)	19.4	19.3
P/BV	(x)	2.9	3.9	5.7	4.8	4.1
ROE	(%)	10.9	41.6	33.9	34.0	34.2
Dividend yield	(%)	0.1	2.6	2.7	3.2	3.9
EV/EBITDA	(x)	38.7	16.3	16.6	14.1	12.6

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	5,252	6,220	7,285
Cost of goods sold	(1,743)	(5,141)	(3,127)	(3,649)	(4,235)
Gross profit	426	1,945	2,125	2,571	3,050
SG&A	(68)	(132)	(171)	(223)	(289)
Other income	45	84	103	153	211
Interest expense	(149)	(183)	(214)	(233)	(273)
Pre-tax profit	253	1,714	1,843	2,268	2,699
Corporate tax	(40)	(249)	(298)	(423)	(497)
Equity a/c profits	-	-	-	-	-
Minority interests	-	(1)	-	-	-
Core profit	213	1,463	1,545	1,845	2,201
Extra-ordinary items	-	-	-	-	-
Net Profit	213	1,463	1,545	1,845	2,201
EBITDA	500	2,029	2,225	2,745	3,252
Core EPS	0.42	1.59	1.60	1.91	2.28
Net EPS	0.42	1.59	1.60	1.91	2.28
DPS	0.02	0.76	0.80	0.96	1.14

Profit and Loss Statement (Btmn)

FY December 31	1Q13	2Q13	3Q13	4Q13	1Q14
Total revenue	2,143	107	140	4,696	116
Cost of goods sold	(1,962)	(34)	(45)	(3,099)	(37)
Gross profit	180	72	95	1,597	79
SG&A	(21)	(31)	(34)	(47)	(28)
Other income	22	19	18	25	33
Interest expense	(37)	(36)	(47)	(63)	(48)
Pre-tax profit	145	25	32	1,512	36
Corporate tax	(23)	(3)	(2)	(221)	(1)
Equity a/c profits	-	-	-	-	-
Minority interests	-	-	-	(1)	-
Core profit	122	22	30	1,290	34
Extra-ordinary items	-	-	-	-	-
Net Profit	122	22	30	1,290	34
EBITDA	213	86	119	1,616	113
Core EPS (Bt)	0.24	0.04	0.03	1.40	0.04
Net EPS (Bt)	0.24	0.04	0.03	1.40	0.04

Balance Sheet (Btmn)

FY December 31	2012	2013	2014F	2015F	2016F
Total current assets	3,431	3,332	4,294	5,368	5,900
Total fixed assets	4,867	7,717	10,152	12,394	15,000
Total assets	8,298	11,049	14,446	17,763	20,901
Total loans	6,284	4,488	5,072	6,702	9,502
Total current liabilities	2,386	2,530	5,609	10,133	13,170
Total long-term liabilities	3,025	4,365	3,870	1,740	740
Total liabilities	5,410	6,895	9,479	11,873	13,910
Paid-up capital	510	918	964	964	964
Total equity	2,887	4,154	4,967	5,890	6,990
BVPS (Bt)	5.7	4.5	5.2	6.1	7.3

Balance Sheet (Btmn)

FY December 31	1Q13	2Q13	3Q13	4Q13	1Q14
Total current assets	2,177	1,851	3,609	3,332	3,280
Total fixed assets	5,038	6,827	8,396	7,717	8,300
Total assets	7,215	8,678	12,006	11,049	11,580
Total Loans	1,659	2,572	5,667	4,487	4,975
Total current liabilities	2,655	3,050	3,973	2,530	2,718
Total long-term liabilities	1,576	2,690	5,111	4,365	4,688
Total liabilities	4,232	5,740	9,084	6,895	7,406
Paid-up capital	510	612	918	918	918
Total equity	2,984	2,937	2,922	4,154	4,174
BVPS (Bt)	5.9	4.8	3.2	4.5	4.5

Cash Flow Statement (Btmn)

FY December 31	2012	2013	2014F	2015F	2016F
Core Profit	213	1,463	1,535	1,845	2,201
Depre. and amortization	98	132	168	243	279
Operating cash flow	(129)	214	1,093	1,848	2,202
Investing cash flow	(1,839)	(1,753)	(2,603)	(2,486)	(2,885)
Financing cash flow	2,917	884	1,498	1,207	639
Net cash flow	949	(655)	(12)	569	(44)

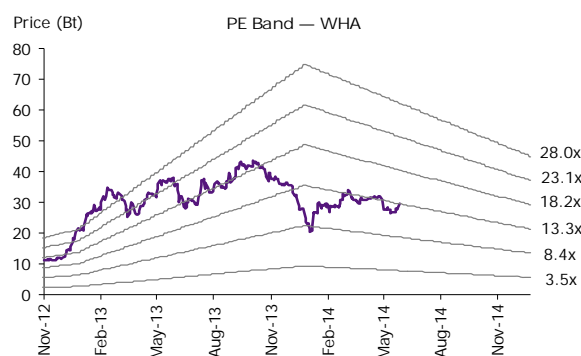
Main Assumptions

	2012	2013	2014F	2015F	2016F
Ending rental space ('000 Sqm)	358	294	439	563	705
Sales ('000 Sqm)	207	386	300	345	397
Average rent (Bt/Sqm/Mo)	107	243	167	192	221
Gross margin rent (%)	n.a.	-	155	158	161
Gross margin sale (%)	65	64	70	70	70
Corporate tax (%)	11	25	36	36	36

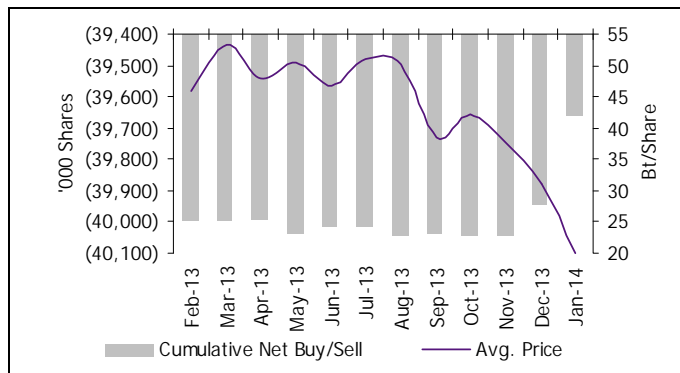
Key Financial Ratios

	2012	2013	2014F	2015F	2016F
Gross margin	19.6	27.4	40.5	41.3	41.9
Operating margin	22.8	29.3	43.7	44.9	45.8
EBITDA margin	23.1	28.6	42.4	44.1	44.6
EBIT margin	4.8	21.6	31.0	32.7	33.3
Net profit margin	9.8	20.7	29.4	29.7	30.2
ROE	10.9	41.6	33.9	34.0	34.2
ROA	3.2	15.1	12.1	11.5	11.4
D/E	1.9	1.7	1.9	2.0	2.0
Payout Ratio	5.3	47.7	49.7	50.0	50.0

PE Band Chart

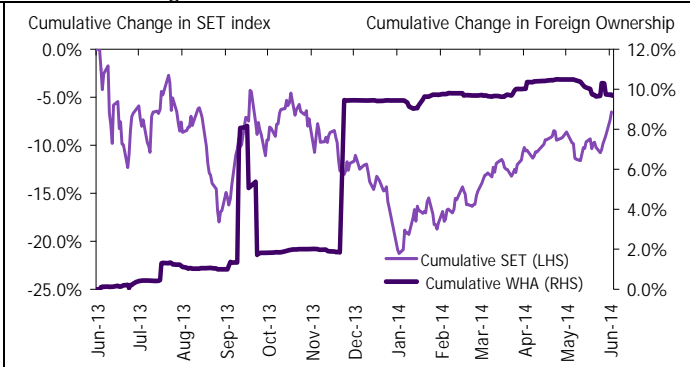


12-month cumulative directors trade



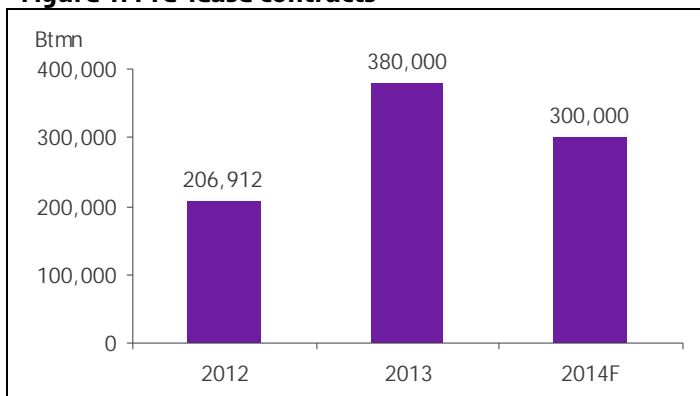
Source: SEC

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



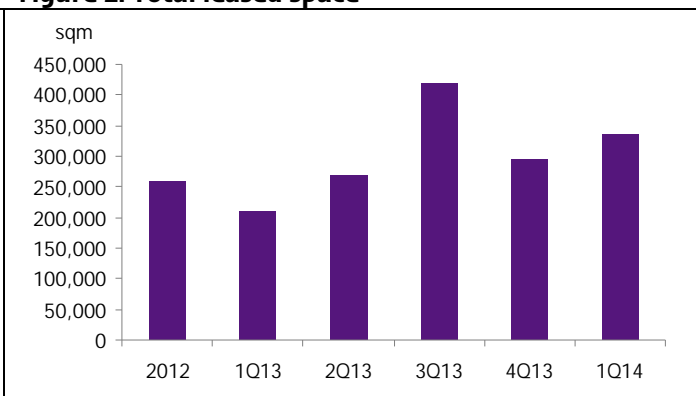
Source: SET, SCBS Investment Research

Figure 1: Pre-lease contracts



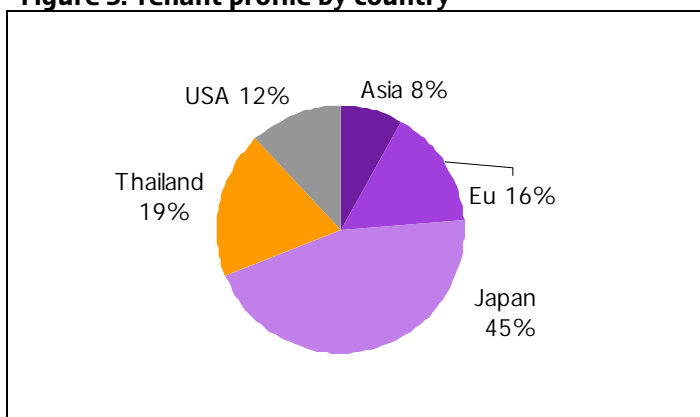
Source: WHA

Figure 2: Total leased space



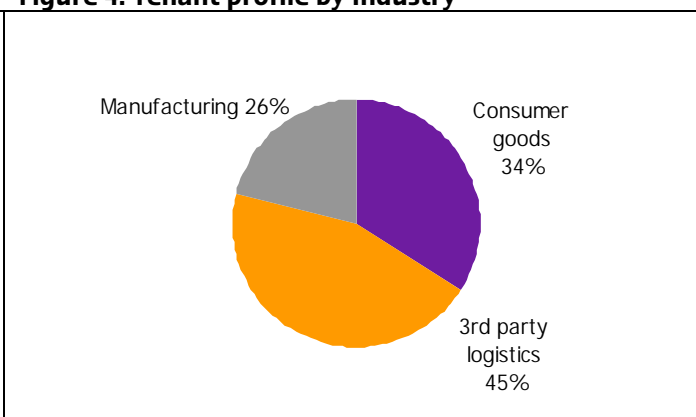
Source: WHA

Figure 3: Tenant profile by country



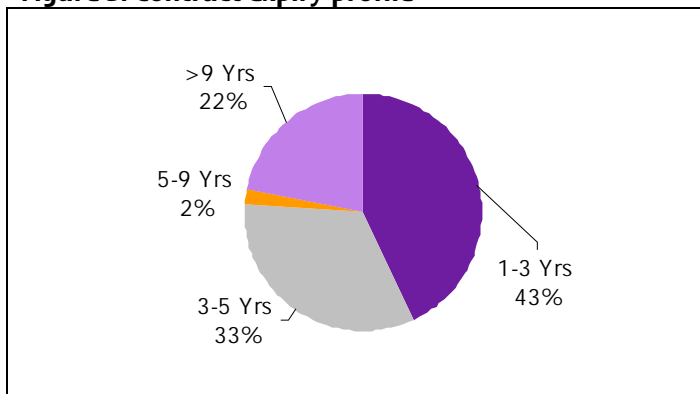
Source: WHA

Figure 4: Tenant profile by industry



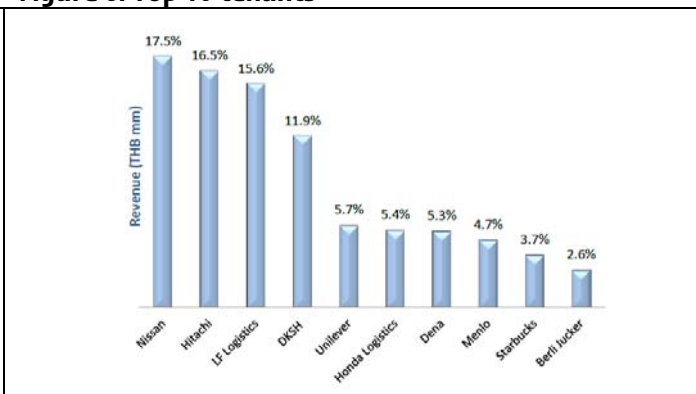
Source: WHA

Figure 5: Contract expiry profile



Source: WHA

Figure 6: Top 10 tenants



Source: WHA

Figure 7: 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
Total	167,107	

Source: WHA

CG Rating 2013 Companies with CG Rating
 ADVANC, ADT, ASIMAR, BAFS, BANPU, BAY, BBL, BCP, BECL, BKI, BROOK, BVS, CIMBT, CK, CPF, CPN, CSL, DRT, DTAC, EASTW, EGGO, ERW, GRAMMY, HANA, HEMRAJ, ICC, INTUCH, IRPC, IVL, KBANK, KKP, KTB, LPN, MCOI, MINT, NKK, NOBLE, PAP, PG, PHOL, PR, PRANDA, PS, PSL, PTT, PTTCP, PTTGC, QH, RATCH, ROBINS, RS, S&J, SAMART, SAMTEL, SAT, SC, SEB, SCC, SCSMG, SE-ED, SIM, SIS, SITHAI, SMC, SMCN, SPP, SSS, SSSC, SSI, SONG, TADP, THAI, THCOM, THRE, TTP, TSCCO, TVE, TWE, TWTY, TWP, TRC, TRUB, TTU, TTD, UY, VGI, WAKORN
 ZS, ACAP, AF, AHC, AIT, AIP, AMANAH, AMARIN, AMATA, AP, APCO, APSC, ASIA, ASK, ASP, AYUD, BEC, BHT, BH, BKG, BIC, BLA, BMCL, BWG, CCET, CENTEL, CFRESH, CGS, CHOW, CM, CNT, CPALL, CSC, DCC, DELTA, DTC, ECL, EE, EIC, ESSO, FE, FORTH, GBK, GC, GFPT, GL, GLOW, GOLD, GSTEL, GUNJAL, HMPRO, HTC, IEC, INET, ITD, JAS, JUBILEE, KBS, KCE, KGI, KKK, KSL, KVC, L&E, LANNA, LH, LHBANK, LHI, LVI, LXDLC, LPH, LSI, MICO, MACOR, MARCO, MNC, MIBCO, MISC, MODRON, MTL, NHC, NCH, NINE, NING, NSI, NVR, OGC, OPH, OSHI, PB, PDI, PE, PF, PFW, PMA, PPM, PPI, PRAE, PRG, PT, PHOLN, QTC, RASA, SABINA, SAMCO, SECC, SCG, SEAFLO, SFP, SIAM, SINGER, SRI, SKI, SMT, SPP, SPCG, SPTI, SSS, STANLY, STEC, SOC, SUSCO, SYNTAC, TASC, TOP, TV, THD, TH, THANA, THANI, THIP, THON, TPCO, TR, TLUK, TML, TMT, TRG, TPC, TPCOR, TPIH, TRF, TRU, TSC, TSTL, TSTH, TTA, TTEL, TUF, TWIP, TWA, XANI, XANI, XANIS, XIP, XIPON, UTE, VIBHA, VIB, VING, VITE, VIKASA, ZINCO
 A, AAU, AEC, AEGENTS, AFE, AGE, AH, AJ, AL, AND, ALLUCON, ANAN, ARIP, AS, B&I, BK, BCI, BEAUTY, BGT, BLAND, BOL, BROCK, BSIM, CHARAN, CHUD, CI, CIG, CITY, CMR, CNS, CPL, CRANE, CSP, CSR, CTW, DENICO, DNA, DRACO, EA, EARTH, EASON, EMC, EPCO, FRD, FNS, FOCUS, FPI, FSS, GENCO, GRM, GUS, GLOBAL, HFT, HTECH, HYDRO, IFS, IHL, ILINK, INOX, IRE, IRCP, IT, JIMART, JMT, JTS, JUTHA, KASET, KC, KCAR, KKH, KTC, KWH, LAZAR, LEE, MATCOR, MATI, MBKX, MOK, PRINC, MUD, NHC, MONG, MPPC, MISC, NC, NIPPON, NIKL, NTV, OSA, PAK, PATO, PECO, PL, POST, PRECHA, PRIN, Q-CO, QLT, RCI, RCL, ROINA, RPC, SCBLF, SCP, SENA, SP, SGP, SMAT, SLC, SMT, SMI, SOLAR, SPC, SPS, SROHA, SSC, STA, SUPER, SVDA, SVC, SYNEX, TESP, TCCC, TEAM, TGO, TIC, TIES, TIV, TKS, TMC, TMD, TMT, TNOT, TNP, TOPP, TPA, TPD, TR, TT, TTD, TV, TWZ, LIBS, UEC, UOBK, URF, UWS, VAO, VTE, WAWS, WGS, WBN, WORK

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