

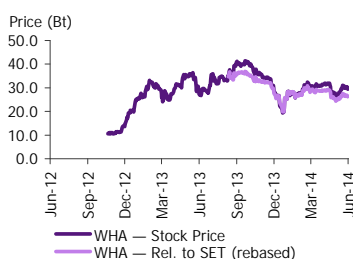
BUY

Stock data

Last close (Jun 24) (Bt)	31.75
12-m target price (Bt)	40.00
Upside (Downside) to TP (%)	25.98
Mkt cap (Btbn)	30.60
Mkt cap (US\$mn)	945

Bloomberg code	WHA.TB
Reuters code	WHA.BK
Risk rating	L
Mkt cap (% SET)	0.23
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	10.2	-3.1	11.6
Relative to SET	4.2	-11.0	3.6

Source: SET, SCBS Investment Research

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Sale of assets to funds, building purchase okayed

News: WHA's board of directors has approved three plans:

1. To buy Equinox Office Tower from MJD for Bt2.05bn.
2. To sell three assets to WHA Premium Growth Freehold and Leasehold REIT for Bt4.5bn and then take Bt511mn stake in the REIT
3. To sell the improvement of DSG in Hemaraj Saraburi Industrial Estate to WHAPF for Bt17.5mn

Comments:

Office acquisition is an opportunity. According to the company this acquisition is an opportunity. Our calculations indicate a contribution to net profit of less than Bt100mn in the first three years or less than 4-5% of our current forecasts, with incremental valuation of less than 5% assuming 8% yield and rent increase of 3% p.a. Nearby office buildings are full and this will help secure clients in the energy and telecommunications sectors. It expects 50% occupancy in the first year, rising to 70% in the second year and reaching 85-90% in the third year.

Equinox Office Tower is an office building, grade B non-CBD, off Vibhavadee-Rangsit Road, near the Energy Complex, scheduled for completion by year-end. It has 21K sqm net leasable area: 19K sqm of office space and 2K sqm of retail space.

Positive office industry outlook. The Thai office market is improving, with vacancies coming down and rents rising. According to CBRE, occupancy of non-CBD grade B office has increased to 90.6% in 1Q14 from 82.9% in 2009, with a rent increase of 4.3% p.a. during 2009-1Q14, above the inflation rate.

Bt4.5bn in asset sales to REIT. This is in line with the company's earlier guidance and already in our forecast. The transaction is expected in 4Q14. Profit from the sale of the improvement of DSG to WHAPF is insignificant at less than Bt1mn.

Maintain BUY. We see WHA as a sound investment in the current situation as it relies least on FDI and Bol tax privileges. Its outlook is more closely linked to the current uptrend in the capex cycle for retailers and modern trade players. We value WHA at Bt40/share base on SOTP (Bt38/share for logistic business and Bt2/share for 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)	0.39	1.52	1.60	1.91	2.28
DPS	(Bt)	0.02	0.76	0.80	0.96	1.14
P/E	(x)	81.1	20.9	19.8	16.6	13.9
EPS growth	(%)	(52.2)	287.7	5.6	19.4	19.3
P/BV	(x)	6.0	7.4	6.2	5.2	4.4
ROE	(%)	10.9	41.6	33.9	34.0	34.2
Dividend yield	(%)	0.1	2.4	2.5	3.0	3.6
EV/EBITDA	(x)	41.0	17.3	17.6	14.9	13.2

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	5,252	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	0.39	1.52	1.60	1.91	2.28
Net EPS	0.39	1.52	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)	0.13	0.02	0.03	1.34	0.04
Net EPS (Bt)	0.13	0.02	0.03	1.34	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)	5.3	4.3	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)	3.1	3.0	3.0	4.3	4.3

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)

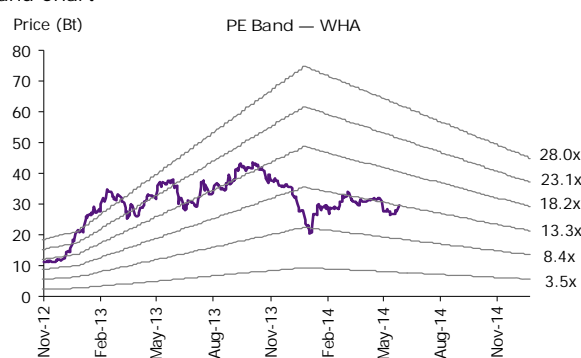
Main Assumptions

	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

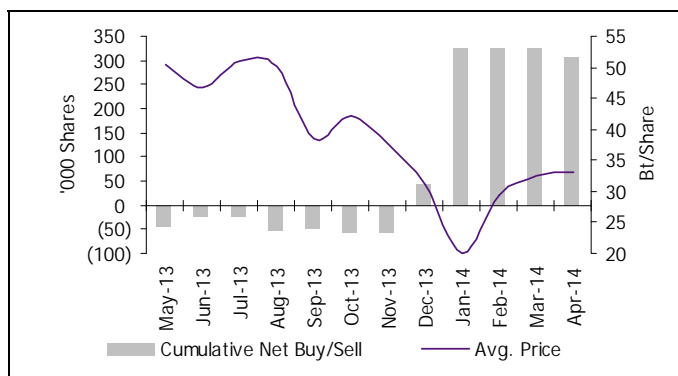
Key Financial Ratios

	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

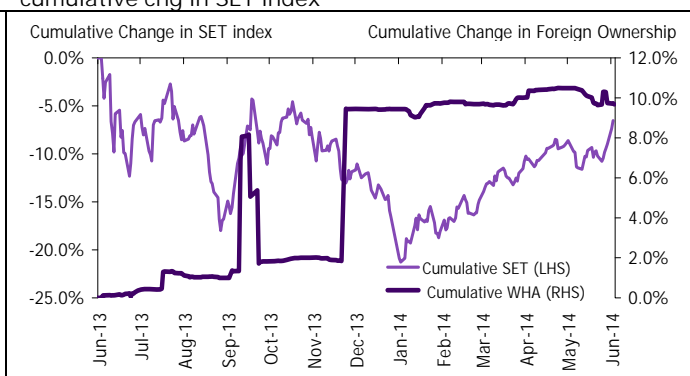


12-month cumulative directors trade



Source: SEC

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



Source: SET, SCBS Investment Research

Figure 1: Details of selling assets

Assets	Ownership	Leasable area (Sq.m)		BV (Btmn)	Selling price (Btmn)	Appraisal value (Btmn)	
		Warehouse	Roof			Bangkok Property Appraisal	Knight Frank Charter (Thailand)
Logistic Center Ladkabang phase 1 & 2	Freehold	35,093	n.a.	667	1,103	1,070	1,040
WHA Logistic Center Bangna-Trad K.M. 23	Freehold	59,835	50,641	1,160	1,418	1,334	1,402
WHA Logistic Center Bangna-Trad K.M. 18	Leasehold	72,180	23,976	1,059	1,979	1,872	1,864
Total		167,108	74,617	2,886	4,500	4,276	4,306

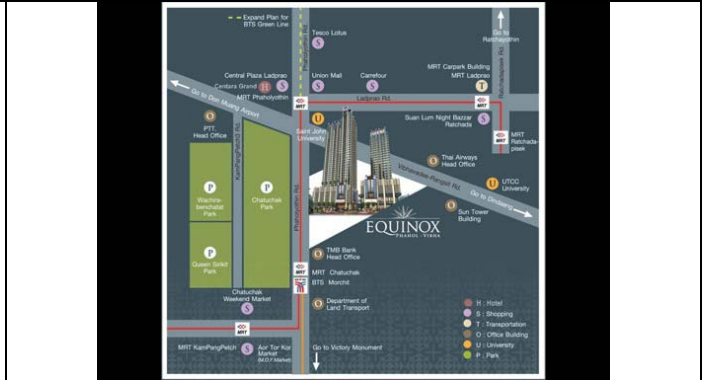
Source: WHA

Figure 2: Equinox office tower



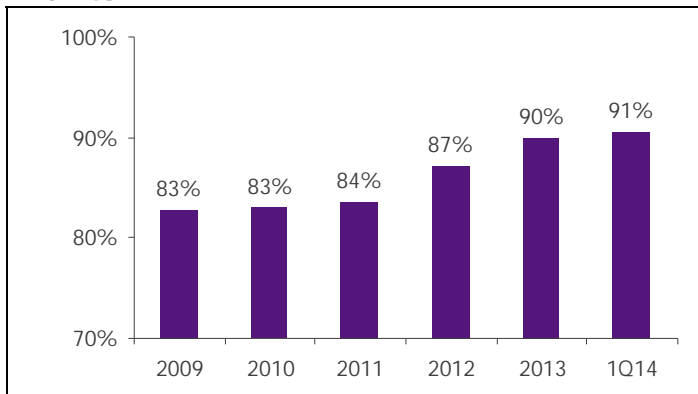
Source: CBRE

Figure 3: Location map



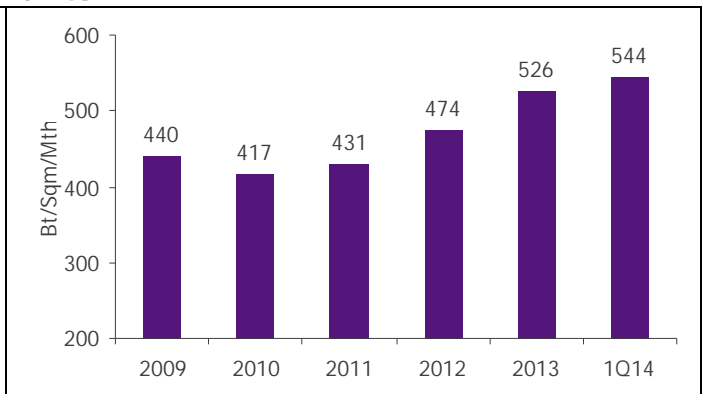
Source: CBRE

Figure 4: Occupancy rate of Bangkok non-CBD grade B office



Source: CBRE

Figure 5: Rental rate of Bangkok non-CBD grade B office



Source: CBRE

CG Rating 2013 Companies with CG Rating
 ADVANCE, AIT, AKBANK, BAPS, BANPU, BAY, BAL, BCP, RECL, BKI, BROOK, BT'S, CMBT, CK, CP, CPN, CSL, DRT, DTAC, EASTW, EGGU, ERW, GRAMMY, HANA, HEMBAJ, ICC, INTUCH, IRPC, IWL, KBANK, KKP, KTB, LPH, MCOI, MINT, NKL, NOBLE, PAP, PG, PHOL, PR, PRANDA, PS, PSL, PTT, PTTCP, PTTGC, Q4, BATCH, ROBINS, RS, SAI, SMART, SAMTEL, SAT, SC, SCR, SEC, SESMG, SE-ED, SIM, SSI, SITHAI, SNC, SPAL, SPI, SSI, SSSC, SVL, SYMC, TCAP, THAI, THCOM, THRE, TIP, TISCO, TKT, TMB, TMTV, TOP, TRC, TRUE, TTW, TVO, UV, VGI, WAZOOL

▲▲▲▲▲ ZS, ACAP, AD, AHC, AIT, AIP, ARIWANG, ARABIAN, AMATA, AP, APD, APSC, ASD, AOK, ASP, AYUD, BHT, BH, BICE, BIC, BLA, BMLC, BWG, CCEI, CENTEL, CHS, EGS, SHW, CM, ONT, OPALL, CSC, DEC, BELTA, DTC, ECL, EL, ER, ESSA, FE, FORTI, GSK, GC, GPTI, GL, GLDW, GOLD, GSTL, GUNNELL, HMPRO, HIC, IRE, INE, ITD, JAS, JUBILE, KEE, KEE, KGC, KSC, KSI, KVN, L&L, LANNA, LH, LHBANK, LHK, LIG, LIDLEY, LSI, LSI, MAKO, MAJOR, MARCO, MIB, MIBET, MFC, MFC, MODSON, MTL, NEE, NEE, NINE, NING, NIS, NIVA, OCC, OPA, OGC, OSHA, PB, PDI, PE, PF, PAV, PM, PPM, PPI, PREL, PRC, PT, PRLON, QTC, SABA, SABINA, SAMCO, SCCG, SCG, SEACFO, SFP, SIAM, SINGER, SPI, SPT, SMT, SNP, SPCC, SPTI, SSP, STANLY, STEC, SSC, SSSCO, SYNTEC, TASC, TGP, TT, TTD, TET, THANA, THANI, THIP, THON, TPCO, TH, TLIAT, TMLL, TMT, TMS, TSC, TSC, TSCORP, TSPH, TRF, TRU, TSC, TSTI, TSTH, TTA, TTEL, TUPP, TTM, UMG, UMI, UMS, UPL, UPOK, UPT, VIBRA, VIL, VING, VINT, VIASA, ZNICO

▲▲▲ A, AAVI, REC, RECENTS, RSC, AGE, PAH, AL, AJ, AND, ALICOPI, ANAN, ARRY, AS, BAI, BK, BSH, BEAUTY, BGT, BLAND, BCL, BROCK, BSBM, CHABAN, CHUC, CL, CG, CITY, CMB, CNE, CPE, COWNE, CSP, CSR, CTW, DEMCO, DNA, DRACO, EA, EARTH, EASON, EMC, EPIC, FAD, FNS, FOCUS, FR, FSS, GENCO, GIM, GSC, GLOBAL, HFI, WTECH, HYDRO, IFS, IHL, LINK, INOX, IRC, IRCP, IT, JIMART, JMT, JTS, ALTHA, KASET, KC, KCAR, KKH, KTC, KWH, LAJAN, LEE, MATCH, MATI, MBAX, MDX, PRHC, MID, MK, MOONG, MPC, MSC, NC, NIPPON, NNCL, NTV, OSK, PAE, PATO, PICO, PL, POST, PRECHA, PRIN, Q-CON, QLT, RCI, RCL, ROJNA, RPC, SCBLIF, SCP, SENA, SF, SGP, SMAT, SLC, SMT, SMK, SOLAR, SPC, SPG, SRICHA, SSC, STA, SUPER, SYDA, SWC, SYNEX, TBSR, TCCC, TEAM, TGCI, TIC, TIES, TIW, TKS, TMC, TMD, TMI, TNDI, TNG, TDP, TPA, TPI, TIL, TIO, TVI, TWZ, UBS, UEC, UOBKH, UPP, UWC, VARD, VTE, WAVE, WGI, WIN, WORK

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