

# WHA Corporation

(WHA.BK/WHA TB)\*

## Outperform-Maintained

Price as of 17 Nov 2014	39.25
12M target price (Bt/shr)	45.00
Unchanged / Revised up (down) (%)	9.8
Upside/downside (%)	14.7

### Key messages

WHA announced its plan to acquire Hemaraj Land and Development (HEMRAJ.BK/HEMRAR)\*. Possible benefits to WHA would be its ability to capture the upstream value chain by providing one-stop-service for customers who want to buy land in an industrial estate and also want service on building factories or warehouses. We also expect WHA to have higher proportion of recurring income as HEMRAJ has steady income from water utility, power, and rental business. The business would also be more diversified in terms of location and industry. We maintain a rating of Outperform on WHA with a rolled-over DCF target price of Bt45.00.

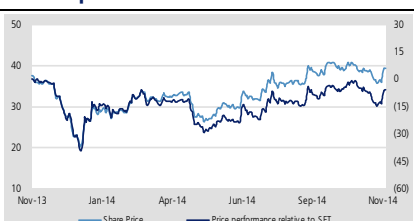
### Trading data

Mkt cap (Btbn/US\$m)	37.8/1.2		
Outstanding shares (mn)	964		
Foreign ownership (mn)	111		
3M avg. daily trading (mn)	2.8		
52-week trading range (Bt)	20.3 – 40.8		
Performance (%)	3M	6M	12M
Absolute	10.6	45.4	4.7
Relative	8.8	30.1	-5.0

### Quarterly EPS

Bt	Q1	Q2	Q3	Q4
2012	0.36	0.02	0.02	0.04
2013	0.19	0.04	0.03	1.40
2014	0.03	0.03	0.01	N.A.

### Share price chart



Source: SET

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See last page for the important disclosures

## Plans to acquire HEMRAJ

### Event

At WHA's analyst meeting yesterday, management announced the plan to acquire Hemaraj Land and Development (HEMRAJ.BK/HEMRAJ TB)\*. The acquisition would be in the form of conditional voluntary tender offer. The tender price is set at Bt4.5/share; and is expected to be funded through a capital increase of Bt8.8bn and bank loan.

### Impact

#### Capturing upstream value chain

Possible benefit to WHA would be its ability to capture the upstream value chain by providing one-stop-service for customers who want to buy land in an industrial estate and also want service on building factories or warehouses. This would also help WHA to secure land for future project development.

#### More stable and better diversification

Consolidating HEMRAJ's income into WHA would improve the proportion of recurring income as HEMRAJ has steady income from water utility, power, and rental business. The business would also be more diversified in terms of location and industry. As WHA's portfolio is largely clustered in the Bangna area, gaining access to the industrial estate would be a strategic move in terms of location and customer diversification. Note that the largest proportion of HEMRAJ's clients are in the automotive industry; different from WHA's customer which are in logistic, FMCG and manufacturing.

### Valuation & Action

We maintain a rating of Outperform with our target price rolled-over to 2015 at Bt45.00 (based on DCF method with WACC of 8.0% and TV growth rate of 2.5%) We have not taken the acquisition of HEMRAJ into account as many details on the deal are still subject to change, also the business plan after the acquisition has not yet been clearly announced.

### Risks

Project delays, slower-than-expected private investment growth and the uncertainty of the takeover deal.

## Key financials and valuations

	2011	2012	2013	2014F	2015F
Revenue (Btmn)	221	2,169	7,085	5,341	6,104
Gross Profit (Btmn)	178	426	1,945	1,960	2,337
EBIT (Btmn)	166	402	1,896	2,050	2,499
Net Profit (Btmn)	405	212	1,463	1,410	1,716
EPS (Bt)	2.2	0.5	1.6	1.5	1.8
DPS (Bt)	0.0	0.0	1.1	1.0	1.2
EPS Growth (%)	379.4	(75.8)	200.0	(8.2)	21.7
P/E (X)	17.9	73.9	24.6	26.8	22.0
P/B (X)	7.0	5.4	8.7	7.5	6.6
EV/EBITDA (X)	13.0	74.3	19.1	18.7	16.2
Net Debt to Equity (%)	295.5	110.4	104.5	172.1	197.3
Dividend Yield (%)	0.0	0.0	2.9	2.6	3.2
Return on Average Equity (%)	62.7	10.8	41.6	30.7	31.8

Source: KGI Research

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**HEMRAJ's overview**

HEMRAJ's industrial estates are located in eight locations in Rayong (5), Chonburi (2) and Saraburi (1) with total area of 42K rais. It has 628 customers with 953 total land or factory contracts. HEMRAJ provides raw water, clarified water, and waste water treatment to industrial estate customers with total capacity of 279K cubic meters/day. There are also ready-built factories and warehouses for rent with total leasable area of 550K sqm. There are five power plants owned by HEMRAJ. By taking into account the holding percentage, HEMRAJ has a total of 570 MW of power plant. It also owns 253 rais of land in Koh Laan and UM Office Tower (total area of 36.5K sqm).

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**Summary of the MoU between WHA and HEMRAJ**

The acquisition structure would be in the form of conditional voluntary tender offer (VTO). To be successful, WHA must be able to acquire no less than 50% of the total issued shares of HEMRAJ. The major shareholders, which include all co-founders of HEMRAJ, agreed to sell all shares they hold or 22.5% of HEMRAJ's total shares to WHA. The rest will be under voluntary tender offer at the price of Bt4.50/share. Funding will be through capital increase (right offering to existing shareholders) of no more than Bt8.8bn and debt financing.

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**Target transaction dates**

- Execution of share purchase agreement (SPA) – 31 Dec 2014
- Extraordinary general meeting (EGM) – 15 Feb 2015
- Completion of capital increase – 28 Feb 2015
- Closing/settlement – 31 Mar 2015

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**Would the capital raising be adequate for the acquisition?**

We have scenarios for each level of acquisition proportion to find if the funding is adequate within the acceptable gearing ratio (Figure 1). We found that WHA would be able to maintain net gearing within 2.5x if the percentage of acquisition is below 70%. In our opinion, it is likely that the proportion of shares acquired would not exceed this level as the premium on the tender price is not that high. However, if the percentage of shares acquired exceeds 70% and the gearing becomes too high, we see the possibility that WHA could monetize some assets on HEMRAJ's balance sheet for cash. For the payment of interest would be proportionally matched with the dividend received from HEMRAJ.

**Figure 1: Scenarios on source of funds and gearing ratio of each proportion of acquisition**

Proportion of acquisition	51%	60%	70%	80%	90%	100%
Tender price (Bt)	4.5	4.5	4.5	4.5	4.5	4.5
Number of HEMRAJ shares	9,705	9,705	9,705	9,705	9,705	9,705

**Source of funds (Bt bn)**

Capital need	22.3	26.2	30.6	34.9	39.3	43.7
Equity capital	8.8	8.8	8.8	8.8	8.8	8.8
Bank loan	13.5	17.4	21.8	26.1	30.5	34.9

**WHA's Balance Sheet (Bt bn) - ended FY14 before raising equity and debt**

Assets	15.5	15.5	15.5	15.5	15.5	15.5
- Cash	0.5	0.5	0.5	0.5	0.5	0.5
- Non-monetary assets	15.0	15.0	15.0	15.0	15.0	15.0
Liabilities	10.5	10.5	10.5	10.5	10.5	10.5
Equity	5.0	5.0	5.0	5.0	5.0	5.0
Gross D/E	2.1	2.1	2.1	2.1	2.1	2.1
Net D/E	2.0	2.0	2.0	2.0	2.0	2.0

**WHA's balance sheet (Bt bn) - ended FY14 after raising equity and debt**

Assets	37.8	41.7	46.1	50.4	54.8	59.2
- Cash	22.8	26.7	31.1	35.4	39.8	44.2
- Non-monetary assets	15.0	15.0	15.0	15.0	15.0	15.0
Liabilities	24.0	27.9	32.3	36.6	41.0	45.4
Equity	13.8	13.8	13.8	13.8	13.8	13.8
Gross D/E	1.7	2.0	2.3	2.7	3.0	3.3
Net D/E	0.1	0.1	0.1	0.1	0.1	0.1

**HEMRAJ's balance sheet (Bt bn) - ended 3Q14**

Asset	34.0	34.0	34.0	34.0	34.0	34.0
- Cash	2.0	2.0	2.0	2.0	2.0	2.0
- Non-monetary assets	32.0	32.0	32.0	32.0	32.0	32.0
Liability	18.5	18.5	18.5	18.5	18.5	18.5
Equity	15.5	15.5	15.5	15.5	15.5	15.5
Gross D/E	1.2	1.2	1.2	1.2	1.2	1.2
Net D/E	1.1	1.1	1.1	1.1	1.1	1.1

**Consolidated Balance Sheet (Bt bn)**

Asset	63.9	66.4	69.2	72.0	74.9	77.7
- Cash	2.5	2.5	2.5	2.5	2.5	2.5
- Non-monetary assets	47.0	47.0	47.0	47.0	47.0	47.0
- Asset revaluation	14.4	16.9	19.7	22.5	25.4	28.2
Liability	42.5	46.4	50.8	55.1	59.5	63.9
Equity	21.4	20.0	18.5	16.9	15.4	13.8
- Major SH	13.8	13.8	13.8	13.8	13.8	13.8
- Minorities	7.6	6.2	4.7	3.1	1.6	0.0
Gross D/E	2.0	2.3	2.8	3.3	3.9	4.6
Net D/E	1.9	2.2	2.6	3.1	3.7	4.4

**Expected interest payment on loan to be matched with cash from HEMRAJ's dividend**

Cost of debt	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Interest payment (Bt bn)	0.6	0.8	1.0	1.2	1.4	1.6
Estimated HEMRAJ's 2015 earnings (Bt bn)	3.2	3.2	3.2	3.2	3.2	3.2
Dividend payout	60%	60%	60%	60%	60%	60%
Cash from HEMRAJ's dividend (Bt bn)	1.0	1.2	1.3	1.5	1.7	1.9

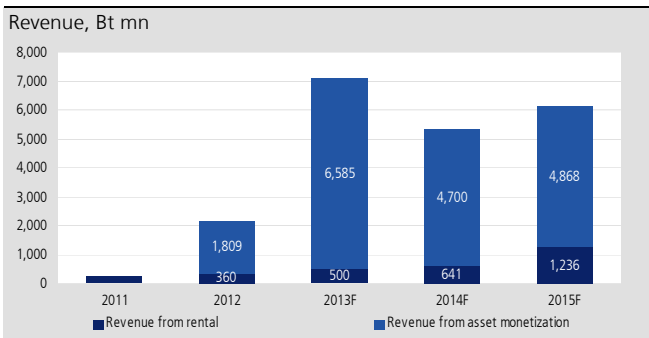
Source: Company data; KGI Securities (Thailand)

**Figure 2: Company overview**

WHA Corporation (WHA) develops and rents out warehouses distribution centers, factories and office buildings. Projects consist of the customized requirements project (Built-to-suit) and high standard project (General Warehouse). Furthermore, WHA has a policy to sell assets to the property fund and REIT continuously. WHA has also been appointed to be the property manager for the property fund and REIT.

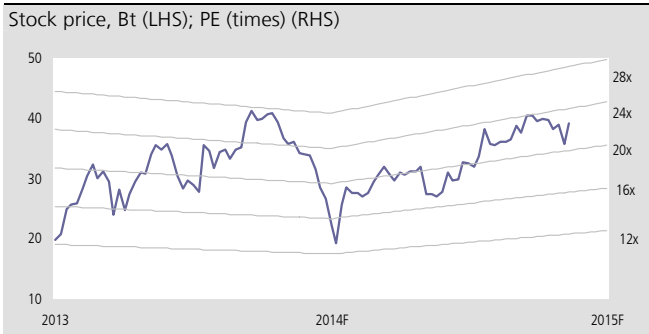
Source: Company data; KGI Research

**Figure 4: Revenue**



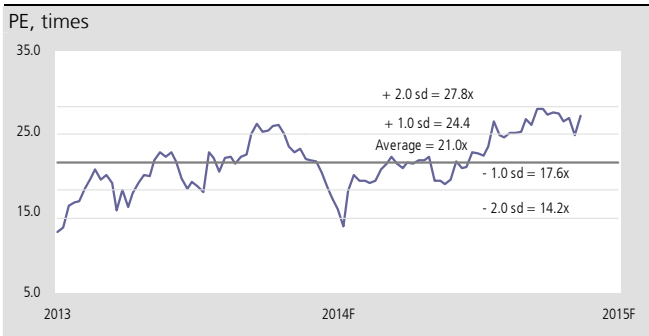
Source: Company data; KGI Research

**Figure 6: Forward PE band**



Source: SET; KGI Research

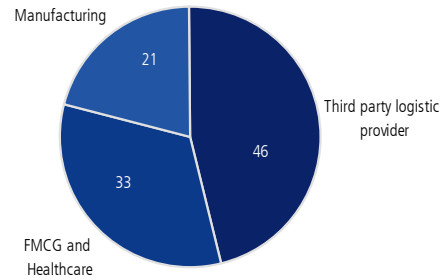
**Figure 8: Historical PE**



Source: SET; KGI Research

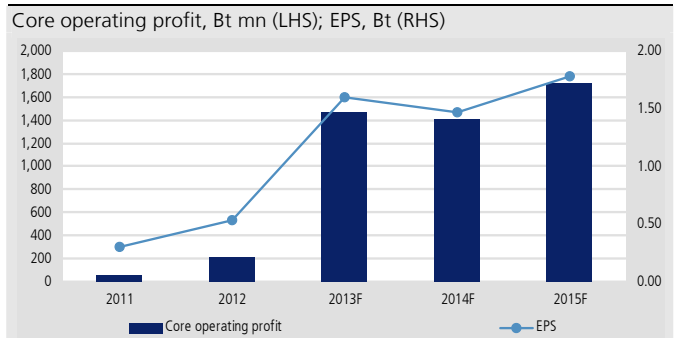
**Figure 3: Portfolio by customer**

Total project portfolio breakdown by customer, percent



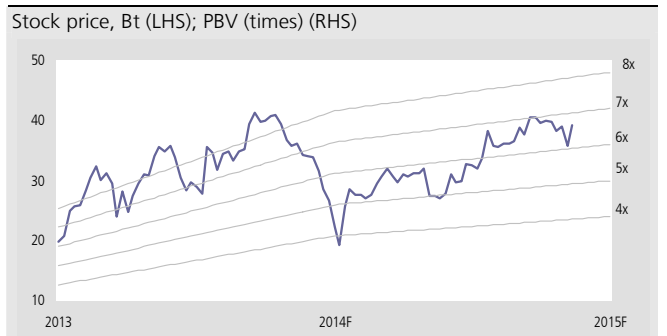
Source: Company data; KGI Research

**Figure 5: Earnings and EPS**



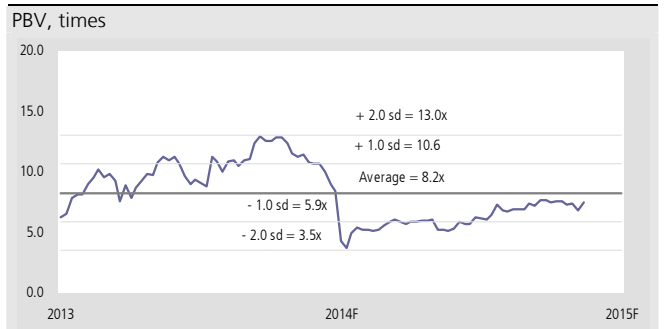
Source: Company data; KGI Research

**Figure 7: Forward PBV band**



Source: SET; KGI Research

**Figure 9: Historical PBV**



Source: SET; KGI Research

**Quarterly Income Statement**

(Bt mn)	Mar-12A	Jun-12A	Sep12A	Dec12A	Mar-13A	Jun-13A	Sep13A	Dec13A	Mar-14A	Jun-14A	Sep-14A
<b>Sales</b>	<b>1,894</b>	<b>72</b>	<b>84</b>	<b>118</b>	<b>2,143</b>	<b>107</b>	<b>140</b>	<b>4,696</b>	<b>116</b>	<b>121</b>	<b>145</b>
Cost of Goods Sold	1,642	33	27	42	1,962	34	45	3,099	37	37	59
<b>Gross Profit</b>	<b>253</b>	<b>40</b>	<b>56</b>	<b>77</b>	<b>180</b>	<b>72</b>	<b>95</b>	<b>1,597</b>	<b>79</b>	<b>85</b>	<b>86</b>
Other Operating Income	6	12	12	15	22	19	18	25	33	31	35
Operating Expenses	20	12	14	23	21	31	34	47	28	34	35
<b>Operating EBIT</b>	<b>239</b>	<b>40</b>	<b>54</b>	<b>69</b>	<b>181</b>	<b>61</b>	<b>79</b>	<b>1,575</b>	<b>84</b>	<b>82</b>	<b>87</b>
Depreciation and Amortisation	32	23	20	29	20	38	34	46	29	32	29
<b>Operating EBITDA</b>	<b>270</b>	<b>64</b>	<b>75</b>	<b>98</b>	<b>201</b>	<b>98</b>	<b>113</b>	<b>1,622</b>	<b>113</b>	<b>113</b>	<b>116</b>
<b>Non-Operating Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest Income	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Operating Expenses</b>	<b>36</b>	<b>29</b>	<b>36</b>	<b>48</b>	<b>37</b>	<b>36</b>	<b>47</b>	<b>63</b>	<b>48</b>	<b>50</b>	<b>79</b>
Interest Expenses	36	29	36	48	37	36	47	63	48	50	79
Other Non-op Expenses	0	0	0	0	0	0	0	0	0	0	0
<b>Net Investment Income/(Loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>(3)</b>	<b>(2)</b>	<b>(1)</b>
<b>Pretax Income</b>	<b>203</b>	<b>11</b>	<b>18</b>	<b>21</b>	<b>145</b>	<b>25</b>	<b>32</b>	<b>1,511</b>	<b>33</b>	<b>29</b>	<b>7</b>
Current Taxation	37	4	3	(4)	23	3	2	221	1	1	1
Minorities	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>166</b>	<b>7</b>	<b>15</b>	<b>24</b>	<b>122</b>	<b>22</b>	<b>30</b>	<b>1,290</b>	<b>32</b>	<b>28</b>	<b>5</b>
EPS (Bt)	0.36	0.02	0.02	0.04	0.19	0.04	0.03	1.40	0.03	0.03	0.01
<b>Margins</b>											
Gross profit margin	13.3%	55.0%	67.3%	65.0%	8.4%	67.8%	68.0%	34.0%	67.9%	69.8%	59.4%
Operating EBIT margin	12.6%	55.8%	65.0%	58.1%	8.5%	56.9%	56.6%	33.5%	72.1%	67.2%	60.0%
Operating EBITDA margin	14.3%	88.1%	89.0%	82.9%	9.4%	92.3%	80.7%	34.5%	97.5%	93.2%	80.3%
Net profit margin	8.8%	9.9%	17.7%	20.5%	5.7%	20.8%	21.3%	27.5%	27.4%	23.1%	3.6%
<b>Growth</b>											
Revenue growth	N.A	N.A	N.A	N.A	13.1%	47.0%	67.1%	3865.7%	-94.6%	14.0%	3.3%
Operating EBIT growth	N.A	N.A	N.A	N.A	-24.0%	50.1%	45.6%	2188.5%	-53.9%	34.6%	9.5%
Operating EBITDA growth	N.A	N.A	N.A	N.A	-25.6%	54.0%	51.5%	1551.0%	-43.8%	15.0%	2.9%
Net profit growth	N.A	N.A	N.A	N.A	-26.6%	210.3%	101.4%	5209.9%	-74.0%	26.1%	-82.4%

Source: Company data; KGI Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2011	2012	2013	2014F	2015F
<b>Total Assets</b>	5,188	8,298	11,049	15,563	19,259
<b>Current Assets</b>	100	1,569	1,107	535	671
Cash & ST Investments	29	1,095	983	331	429
Inventories	0	0	0	0	0
Accounts Receivable	10	21	48	42	80
Others	60	453	75	162	162
<b>Non-current Assets</b>	5,088	6,729	9,942	15,029	18,587
LT Investments	177	653	1,400	2,046	2,618
Net fixed Assets	4,862	5,989	8,500	12,940	15,928
Others	49	86	42	42	42
<b>Total Liabilities</b>	4,148	5,410	6,895	10,527	13,494
<b>Current Liabilities</b>	2,571	2,386	2,530	2,161	3,697
Accounts Payable	749	645	1,123	1,179	1,238
ST Borrowings	1,761	1,679	1,122	797	2,170
Others	62	62	285	185	288
<b>Long-term Liabilities</b>	1,577	3,025	4,365	8,366	9,797
Long-term Debts	1,340	2,605	4,202	8,202	9,632
Others	237	419	164	164	165
<b>Shareholders' Equity</b>	1,040	2,887	4,154	5,036	5,765
Common Stock	381	510	918	964	964
Capital Surplus	173	1,722	1,722	1,722	1,722
Retained Earnings	486	655	1,514	2,350	3,079
Preferred Stock	0	0	0	0	0

Source: KGI Research

**Key Ratios**

Year to 31 Dec	2010	2011	2012	2013	2014F	2015F
<b>Growth (% YoY)</b>						
Sales	0.0	412.8	881.7	226.7	(24.6)	14.3
OP	0.0	4,325.5	142.5	371.4	8.1	21.9
EBITDA	0.0	5,004.7	164.9	301.3	13.4	22.8
NP	0.0	421.7	(47.6)	589.0	(3.7)	21.7
EPS	0.0	379.4	(75.8)	200.0	(8.2)	21.7
<b>Profitability (%)</b>						
Gross Margin	50.3	80.4	19.6	27.4	36.7	38.3
Operating Margin	8.7	75.1	18.5	26.8	38.4	40.9
EBITDA Margin	8.7	86.6	23.4	28.7	43.2	46.4
Net Profit Margin	180.4	183.5	9.8	20.7	26.4	28.1
ROAA	0.0	13.7	3.2	15.1	10.6	9.9
ROAE	0.0	62.7	10.8	41.6	30.7	31.8
<b>Stability</b>						
Gross Debt/Equity (%)	127.3	298.3	148.4	128.2	178.7	204.7
Net Debt/Equity (%)	115.7	295.5	110.4	104.5	172.1	197.3
Interest Coverage (x)	0.2	1.9	2.7	10.4	7.1	7.1
Interest & ST Debt Coverage (x)	0.1	0.1	0.2	1.5	1.9	1.0
Cash Flow Interest Coverage (x)	0.0	(36.9)	(11.2)	(5.8)	(12.8)	(4.9)
Cash Flow/Interest & ST Debt (x)	0.0	(1.7)	(0.9)	(0.8)	(3.4)	(0.7)
Current Ratio (x)	0.4	0.0	0.7	0.4	0.2	0.2
Quick Ratio (x)	0.4	0.0	0.7	0.4	0.2	0.2
Net Debt (Bt mn)	294	3,071	3,189	4,340	8,668	11,372.5
<b>Per Share Data (Bt)</b>						
EPS	0.5	2.2	0.5	1.6	1.5	1.8
CFPS	0.0	(17.1)	(4.2)	(1.1)	(3.8)	(1.8)
BVPS	1.5	5.6	7.2	4.5	5.2	6.0
SPS	0.3	1.2	5.4	7.7	5.5	6.3
EBITDA/Share	0.0	1.0	1.3	2.2	2.4	2.9
DPS	0.0	0.0	0.0	1.1	1.0	1.2
<b>Activity</b>						
Asset Turnover (x)	0.1	0.0	0.3	0.6	0.3	0.3
Days Receivables	0.8	17.0	3.5	2.5	2.8	4.8
Days Inventory	0.0	0.0	0.0	0.0	0.0	0.0
Days Payable	920.3	6,318.7	135.1	79.7	127.3	120.0
Cash Cycle	(919.5)	(6,301.7)	(131.7)	(77.3)	(124.5)	(115.2)

Source: KGI Research

**Profit & Loss**

Year to 31 Dec (Bt mn)	2011	2012	2013	2014F	2015F
<b>Sales</b>	221	2,169	7,085	5,341	6,104
Cost of Goods Sold	43	1,743	5,141	3,381	3,768
<b>Gross Profit</b>	178	426	1,945	1,960	2,337
Other Operating Income	19	45	84	229	308
Operating Expenses	31	68	132	138	145
<b>Operating EBIT</b>	166	402	1,896	2,050	2,499
Depreciation and Amortisation	25	105	137	256	332
<b>Operating EBITDA</b>	191	507	2,034	2,306	2,831
<b>Non-Operating Income</b>	350	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	350	0	0	0	0
<b>Non-Operating Expenses</b>	86	149	183	288	354
Interest Expenses	86	149	183	288	354
Other Non-op Expenses	0	0	0	0	0
<b>Net Investment Income/(Loss)</b>	0	0	(1)	0	0
<b>Pretax Income</b>	430	253	1,712	1,763	2,145
Current Taxation	3	41	249	353	429
Minorities	22	0	0	0	0
Extraordinary items	0	0	0	0	0
<b>Net Profit</b>	405	212	1,463	1,410	1,716
EPS (Bt)	2.19	0.53	1.59	1.46	1.78

Source: KGI Research

**Cash Flow**

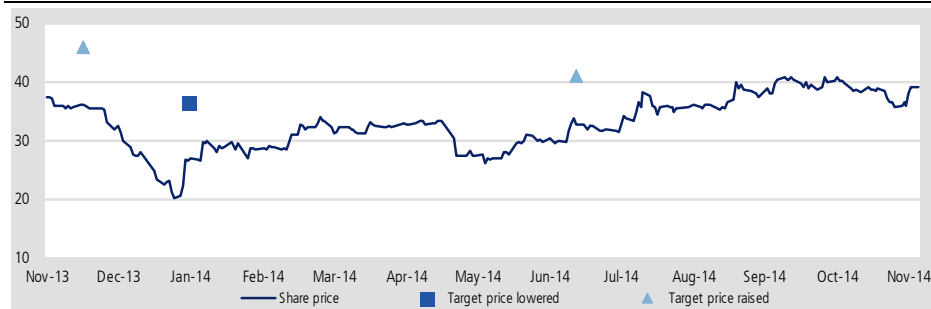
Year to 31 Dec (Bt mn)	2011	2012	2013	2014F	2015F
<b>Operating Cash Flow</b>	1,220	(44)	2,440	1,543	2,173
Net Profit	405	212	1,463	1,410	1,716
Depreciation & Amortization	25	105	137	256	332
Change in Working Capital	789	(361)	839	(123)	125
Others	0	0	0	0	0
<b>Investment Cash Flow</b>	(4,381)	(1,621)	(3,495)	(5,218)	(3,891)
Net CAPEX	(4,381)	(1,232)	(2,648)	(4,697)	(3,320)
Change in LT Investment	(0)	(389)	(848)	(522)	(571)
Change in Other Assets	0	0	0	0	0
<b>Free Cash Flow</b>	(3,161)	(1,665)	(1,055)	(3,676)	(1,718)
<b>Financing Cash Flow</b>	3,161	2,731	943	3,023	1,816
Change in Share Capital	383	1,678	408	46	0
Net Change in Debt	2,778	1,183	1,040	3,675	2,803
Change in Other LT Liab.	0	(130)	(504)	(698)	(987)
<b>Net Cash Flow</b>	0	1,066	(112)	(652)	98

Source: KGI Research

**Rates of Return on Invested Capital**

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= <b>Operating Margin</b>		
2011	8.1%	11.5%	14.1%	66.4%		
2012	75.5%	4.8%	3.1%	16.5%		
2013	70.6%	1.9%	1.9%	25.6%		
2014F	58.5%	4.8%	2.6%	34.1%		
2015F	56.3%	5.4%	2.4%	35.9%		
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= <b>Capital Turnover</b>		
2011	-3.1	22.0	0.2	0.1		
2012	-0.1	2.8	0.0	0.4		
2013	-0.1	1.2	0.0	0.9		
2014F	-0.2	2.4	0.0	0.4		
2015F	-0.2	2.6	0.0	0.4		
Year	<b>Operating Margin</b>	x	<b>Capital Turnover</b>	x	<b>Cash Tax Rate</b>	= <b>After-tax Return on Inv. Capital</b>
2011	66.4%		0.1		99.4%	3.4%
2012	16.5%		0.4		84.3%	5.1%
2013	25.6%		0.9		85.5%	20.5%
2014F	34.1%		0.4		80.0%	12.1%
2015F	35.9%		0.4		80.0%	11.7%

Source: KGI Research

**WHA Corporation – Recommendation & target price history**


Date	Rating	Target	Price
27-Jun-14	Outperform	41.00	32.75
16-Jan-14	Outperform	36.50	26.50
3-Dec-13	Outperform	46.00	36.25

Source: KGI Research

**KGI Locations**

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<b>Thailand</b>	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014

**KGI's Ratings**

Rating	Definition
Outperform (OP)	The stock's excess return* over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Neutral (N)	The stock's excess return* over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan). 1.3
Under perform (U)	The stock's excess return* over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI Securities.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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