

11 May 2015

# INDUSTRIAL PROPERTY

## Considerable headwinds buffet against forthcoming recovery

### Investment thesis

Despite some signs of recovery in Industrial Property, we believe that the sector is not out of the woods just yet. The strongest momentum for the sector this year will be mostly dominated by one-off income, which we believe will boost trading sentiment for some companies under our coverage. Apart from the warehouse-rental sector, there is still no real expansion in core earnings thus far. Thus we maintain our sector rating at NEUTRAL.

### Although some indicators are starting to pick up ...

We observe that the Thai industrial utilization rate has picked up for two consecutive months to 63.6% and that export numbers have also edged up to US\$18.9bn for March. Additionally, we observe that the Board of Investment (BOI) has finally got to work and ramped up its project approvals. It has also started to focus on approving manufacturing projects, which is definitely a good sign for the recovery of Thai industrial operators.

### ... we are yet to stand completely in the light

Nonetheless, despite retrieval signals, the utilization rate has actually recovered from a low base and we observe that considerable capacity expansion usually occurs when utilization is higher than 65%. Current land sales and factory rental take-up rates are also still below the sector's long-term average. Furthermore, the new BOI scheme is likely to hinder investment sentiment as the sudden switching in tax exemption criteria toward high-technology development has caught most investors off guard.

### One-off items to dominate sector 2015 income

Apart from the warehouse-rental business growth, core earnings for the sector are only expected to gain momentum toward year-end. The majority of the trading sentiment for the sector will be from sizable income in non-core activities. Namely, WHA's acquisition of HEMRAJ and its episodes of asset sell-offs and, AMATA's asset divestment and the listing of its subsidiary in the middle of this year.

### Recommendations

We upgrade our ratings for HEMRAJ from HOLD to TRADING BUY, and for TICON from SELL to HOLD. We downgrade WHA from BUY to HOLD and AMATA is maintained as a TRADING BUY.

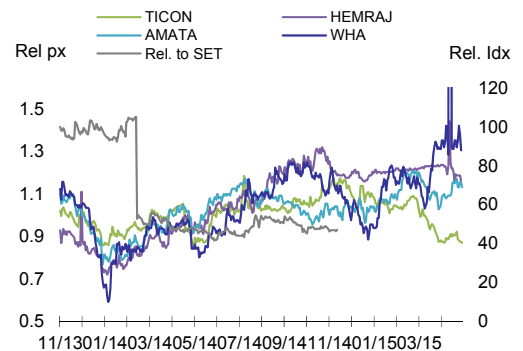
Now that the HEMRAJ takeover is concluded, the large special dividends from its asset shredding will be worthwhile short-term trades, even though its liquidity remains low and price swings are possible. For WHA, we believe that HEMRAJ's earnings contribution is mostly priced in and any upside from new business synergies will not be immediate. TICON's price has now rebased to reflect this year's earnings cut. And, we still maintain our trading buy sentiment for AMATA.

Sector: Industrial Property Neutral

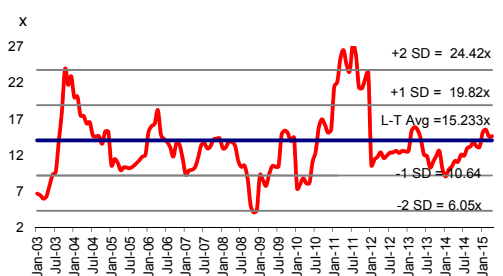
### Fundamental recommendations & valuations

	Rec.	Target price (Bt)	PER(x) FY15	PBV(x) FY15	ROE (%) FY15	Div yield (%) FY15
AMATA	TRADING BUY	23.20	8.5	1.0	16.6	4.7
HEMRAJ	TRADING BUY	4.80	3.3	3.7	99.9	26.7
TICON	HOLD	15.10	16.8	0.8	6.3	4.2
WHA	HOLD	4.00	38.6	n.m.	n.m.	1.0

### Industrial stocks' price performance vs SET



### Aggregate core PER band ex. WHA versus SD



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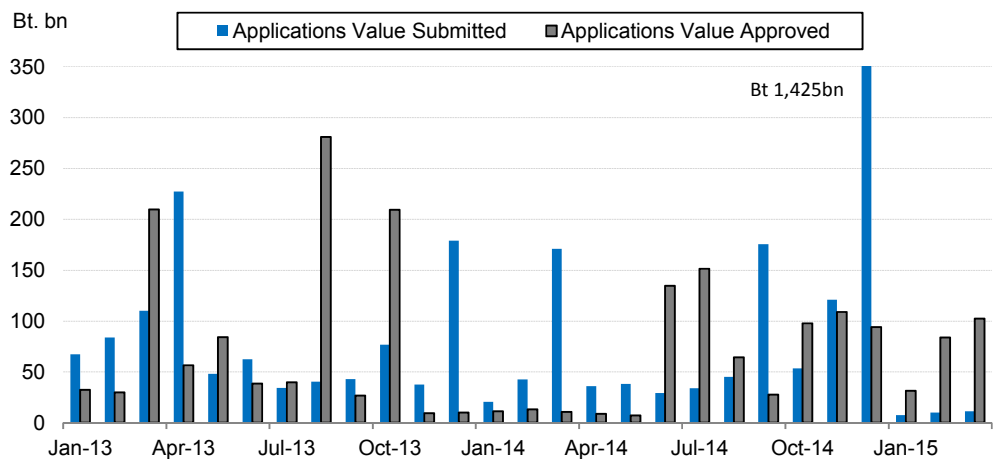
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## Outlook

**Although some indicators are starting to pick up ...** The BOI's March 2015 statistics indicate that the agency is finally starting to churn through some applications, as we have observed an increase in project-approval value of Bt102.3bn for March, 40% above the long-term average level. What is significant this time around is that the BOI has also shifted its focus away from renewable energy and infrastructure projects, and we are starting to see approval of some steel, auto and petrochemicals projects. We believe that these projects will be completed in a much shorter period and will actually contribute to Thailand's industrial output.

Additionally, we can also observe that the Thai industrial utilization rate is picking up for a second consecutive month to 63.6%, on top of the edging up of March exports by 10% MoM, to US\$18.9bn. The utilities and warehouse-rental business (including logistic parks) have remained the most resilient constituents for the sector, in which we see our coverage's utilities income grow 10% for 2014 and overall warehousing leased space increase 17% for 2014. Our preview with management of companies under our coverage still indicates improvement in warehousing occupancy rates for 1Q15 as well.

**Figure 1: BOI approvals have started to pick up, yet applications for its new scheme remain low**



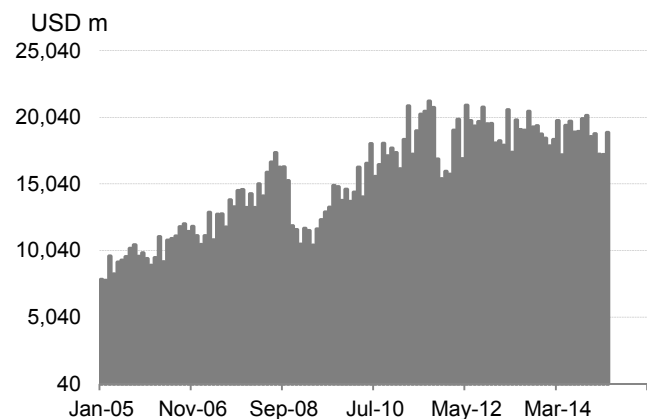
Source: Board of Investment

**Figure 2: Thai industrial utilization rate starting to recover**



Source: Bank of Thailand

**Figure 3: Thailand exports edged back up MoM**



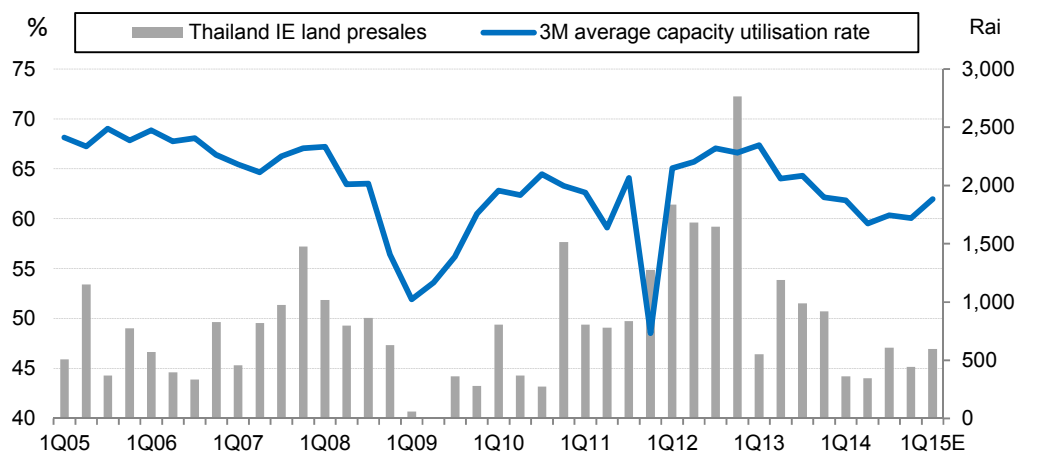
Source: Bank of Thailand

... we are yet to stand completely in the light Despite some telltale signs of a gradual recovery in the Industrial Property sector, we believe that it is still lacking. First and foremost, the current industrial utilization rate is unlikely to prompt significant capacity expansion any time soon. From the historical data in Figure 4 below, we observe that land presale levels would only see substantial demand escalation once the capacity rate increases beyond 65%. Thus we believe that any growth in presales numbers for the sector will only come once the utilization rate picks up higher than its current level.

The second significant headwind is the new BOI scheme. The amount of BOI certificate applications from December 2014 to date (Figure 1) clearly demonstrates investor discontent toward the scheme. We see a mad rush for applications in December ahead of the deadline for the preceding criteria. Coupled with the meager amount of applications under the new criteria, we believe that the majority of foreign and Thai investors were unready for the state's sudden move of solely promoting the use of advanced technology and suddenly terminate its support for labor-intensive or mid-tier technology processes. On top of that, the decision for the criteria change during the current economic slump was far from suitable and will definitely curb Thai industries' recovery.

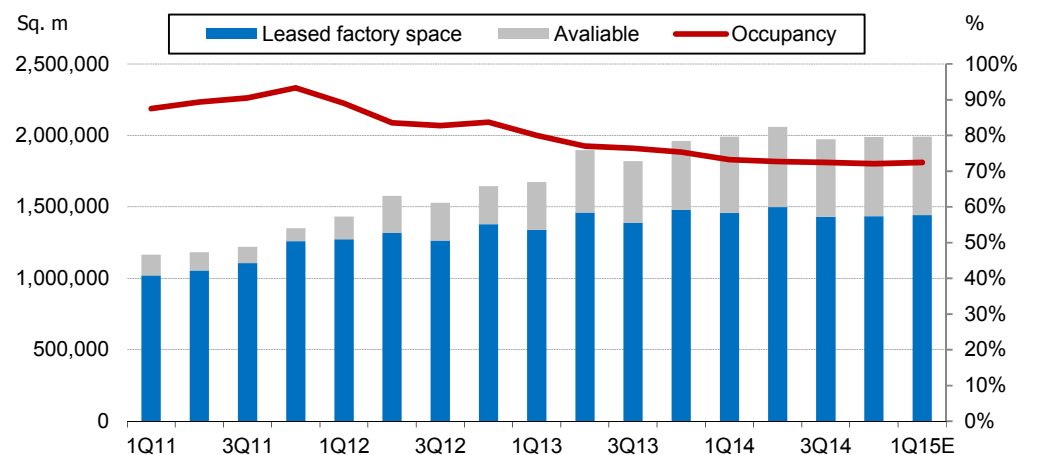
The two groups experiencing the slowest rate of recovery are the land-sales and factory-rental businesses. The land statistics in Figure 4 reveal that presales for the whole sector have softened to around 470 rai per quarter since 1Q14. Likewise, the factory-rental business (Figure 5) net take-up rate and occupancy have remained stagnant since 1Q14. The high regional competition (Figure 6) will also imply that it may be some time before we see a full recovery for factory rentals. Thus, we maintain our view that the sector will recover by 4Q15 at its earliest.

**Figure 4: Industrial utilization rate and presales are picking up but still have some way to go**



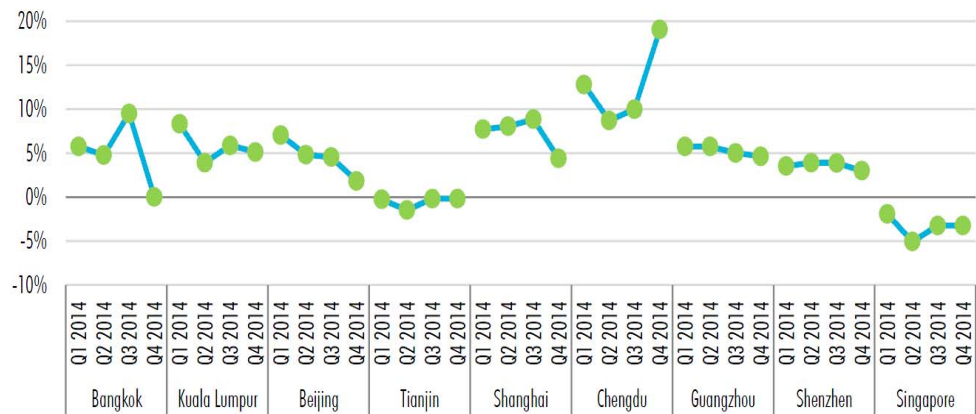
Sources: Bank of Thailand, Bualuang Research

**Figure 5: Factory-rental business remains stagnant**



Source: Bualuang Research

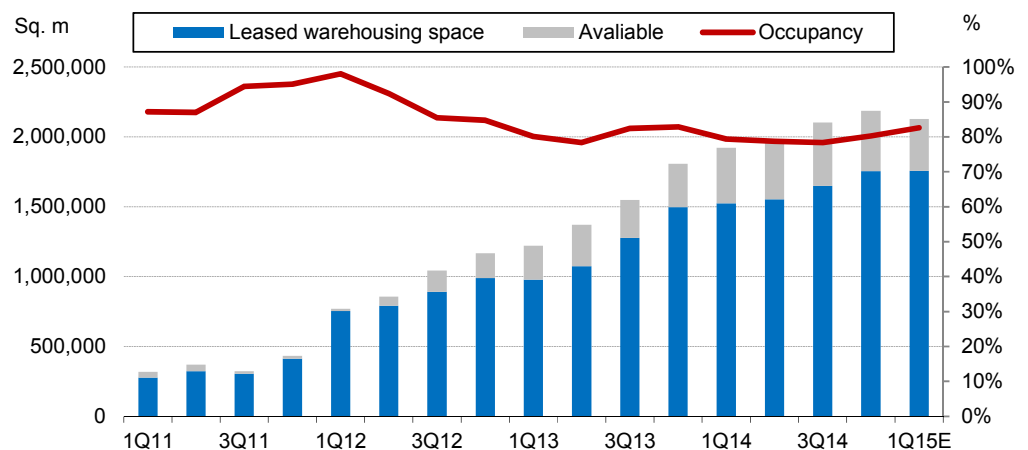
**Figure 6: Regional comparison for factory rentals trend**



Sources: CB Richard Ellis

Regarding the warehouse-rental business, demand has remained resilient throughout the minor economic slump during 2014 with increasing occupancy rates as well. However, looking at the supply-demand trend in Figure 5, we believe that the subsector has a downside risk from market oversupply if operators continue to aggressively flood the market with warehouses and logistics centers. This would definitely pose a threat to rental rates and hence, operators' top lines if supply starts to outstrip demand.

**Figure 7: Market oversupply may be a threat to warehousing space despite solid take-up rates**



Source: Bualuang Research

**Downside risk to asset spin-off margin:** As per our latest report on TICON dated January 16, 2015, we are likely to observe lower margins for asset spin-offs throughout the sector. The higher asset book values as well as investor demand for higher yield has caused the squeeze in the divestment margin. And, since REIT sales make up most of rental providers' earning power, any changes to the size or sales margin for the asset spin-offs will definitely have a sizable impact on the bottom line, as we have seen in TICON's case.

**One-off items dominate sector 2015 income:** Apart from the warehouse-rental business, we believe that other core earnings for the Industrial Property sector will only pick up toward the end of the year. The majority of the trading sentiment for the sector will be dominated by one-off items, we believe. The highest profile of all is WHA's acquisition of HEMRAJ, as well as HEMRAJ's series of non-core asset spin-offs. There is also AMATA's first ever REIT sale and the listing of its subsidiary, AMATA VN. Our coverage previews as well as our recommendations can be found below.

**Figure 8: Earnings preview**

	FY Ended 31Dec (Btm)	1Q15E	1Q14	YoY %	4Q14	QoQ %
AMATA	Revenue	1,127	2,024	(80)	3,836	(240)
	COGS	(652)	(1,074)	(65)	(1,623)	(149)
	SG&A	(195)	(298)	(52)	(324)	(66)
	EBITDA	339	781	(130)	1,950	(475)
	EBIT	280	652	(133)	1,889	(574)
	<b>Net Profit (loss)</b>	<b>166</b>	<b>433</b>	<b>(160)</b>	<b>1,673</b>	<b>(905)</b>
	Reported EPS	0.16	0.41	(160)	1.57	(905)
<b>Core net profit</b>	<b>166</b>	<b>433</b>	<b>(160)</b>	<b>1,673</b>	<b>(905)</b>	
HEMRAJ	Revenue	1,464	2,829	(93)	1,191	19
	COGS	(805)	(1,447)	(80)	(554)	31
	SG&A	(209)	(289)	(39)	(85)	59
	EBITDA	491	1,171	(138)	666	(36)
	EBIT	450	1,093	(143)	551	(22)
	<b>Net Profit (loss)</b>	<b>695</b>	<b>1,009</b>	<b>(45)</b>	<b>515</b>	<b>26</b>
	Reported EPS	0.07	0.10	(45)	0.05	26
<b>Core net profit</b>	<b>695</b>	<b>1,030</b>	<b>(48)</b>	<b>542</b>	<b>22</b>	
TICON	Revenue	268	721	(169)	4,268	(1,491)
	COGS	(87)	(257)	(193)	(3,085)	(3,427)
	SG&A	(158)	(173)	(9)	(249)	(57)
	EBITDA	136	380	(178)	715	(425)
	EBIT	79	287	(262)	762	(859)
	<b>Net Profit (loss)</b>	<b>13</b>	<b>144</b>	<b>(1,020)</b>	<b>596</b>	<b>(4,540)</b>
	Reported EPS	0.01	0.16	(1,249)	0.54	(4,540)
<b>Core net profit</b>	<b>13</b>	<b>144</b>	<b>(1,020)</b>	<b>595</b>	<b>(4,536)</b>	
WHA*	Revenue	126	116	8	4,506	(3,490)
	COGS	(38)	(37)	1	(3,137)	(8,230)
	SG&A	(32)	(28)	12	(187)	(493)
	EBITDA	96	84	13	1,253	(1,210)
	EBIT	56	51	10	1,183	(1,998)
	<b>Net Profit (loss)</b>	<b>6</b>	<b>20</b>	<b>(230)</b>	<b>896</b>	<b>(14,772)</b>
	Reported EPS	0.00	0.02	(373)	0.09	(1,928)
<b>Core net profit</b>	<b>6</b>	<b>32</b>	<b>(427)</b>	<b>914</b>	<b>(15,070)</b>	

\*Note: Not yet consolidated with HEMRAJ

#### AMATA

- 1Q15 net profits are likely to be much lower QoQ and YoY as land-transfer volume and GM drops, despite an improvement in presales. The drop in GM is mainly due to older backlog contracts reaching completion this quarter.
- AMATA's first ever REIT sale is scheduled for 2Q15, adding around Bt600m in one-off profits to its 2Q15 bottom line. Core net profit is expected to also increase QoQ.

#### HEMRAJ

- 1Q15 profit should rise QoQ, led by utilities income (higher demand) and power equity income returns to normality. Land transference is also expected to pick up. YoY will be lower as 1Q14 had one-off income from a property fund sale.
- 2Q15 bottom line will increase significantly QoQ due to a one-off gain from the firm's first set of asset spin-offs (non-core assets of UM Tower and Koh Lan). Normal operations are expected to be flat QoQ.

#### TICON

- 1Q15 net profits will dip QoQ and YoY, due to the absence of asset spin-offs. Net additional factory leases will decline slightly and warehousing-lease growth will be small.
- 2Q15 bottom line will pick up YoY and QoQ as the firm plans to spin-off some of its assets to TREIT. Its core business is also expected to improve.

#### WHA

- 1Q15 profit will increase slightly YoY as the new consolidated statement will amalgamate 20 days of HEMRAJ's income. WHA's core unconsolidated profit will plunge QoQ and YoY, due to the absence of asset divestments and higher interest costs.
- 2Q15 bottom line will rise drastically as HEMRAJ's full-quarter earnings are consolidated. Core rental earnings will also grow as its warehousing business continues to grow progressively.

Sources: Company data, Bualuang Research estimates

## Recommendations

### AMATA—One-off income trading momentum from 2Q15 onwards

AMATA TB / AMATA.BK

Rating: TRADING BUY

Target Price: Bt23.20

#### Key highlights

- **Presales to improve from last year.** Our presales preview for 1Q15 is expected to reach 212 rai, a gain on 2014's numbers, but still lower than the average quarterly level during 2012-2013. In line with our sector view, we expect AMATA's 2015 presales to improve slowly throughout the year as the industrial utilization rate and export numbers slowly improves. We maintain our 2015 presales forecast of 1,000 rai.
- **Core profits to progressively increase, but FY15 may be lower YoY.** Although we expect the firm's land transfers, utilities business and power income to gradually improve throughout the year, full-year core earnings may still be lower YoY as 4Q14 land-transfer revenue was exceptionally high. We do not expect its ready-built factories to pick up much in 2015.
- **One-off income almost double core profits.** AMATA will have two significant non-core income items this year, namely its REIT sale in 2Q15 and the AMATA VN listing in 3Q15. We forecast net profits from the REIT sale to be as high as Bt572m in 2Q15. We believe the current stock price more or less reflects our forecast for the firm's core earnings, however, the significant non-core earnings should definitely boost trading sentiment for its stock.

#### Financial summary

FY Ended 31 Dec	2014	2015E	2016E	2017E
Revenues (Btm)	7,395	5,975	6,370	6,719
Net profit (Btm)	2,228	2,185	1,616	1,781
EPS (Bt)	2.09	2.05	1.51	1.67
EPS growth (%)	+44.6%	-1.9%	-26.0%	+10.2%
Core profit (Btm)	2,231	1,174	1,616	1,781
Core EPS (Bt)	2.09	1.10	1.51	1.67
Core EPS growth (%)	+50.0%	-47.4%	+37.6%	+10.2%
PER (x)	8.4	8.5	11.6	10.5
PBV (x)	1.5	1.0	1.0	0.9
Dividend (Bt)	0.7	0.8	0.6	0.7
Dividend yield (%)	4.0	4.7	3.5	3.8
ROE (%)	24.2	16.6	9.8	10.4



CG rating

### HEMRAJ—Dividend play from huge asset shredding

HEMRAJ TB / HEMRAJ.BK

Rating: TRADING BUY (upgraded)

Target Price: Bt4.80

#### Key highlights

- **Presales should improve from last year as well.** We assume 1Q15 presales of 186 rai, an improvement both QoQ and YoY, but similar to AMATA, this is still below HEMRAJ's long-term presales statistic of 227 rai. We also forecast that presales will pick up toward the end of 2H15 and maintain our presales assumption of 1,400 rai for 2015.
- **Bottom line expected to recover steadily.** We forecast the firm's 2015 bottom line to improve slightly YoY as its utilities business grows and land transfers slowly liven up. We anticipate WHA to take over all of the rental business and do not expect much growth for HEMRAJ in this field.
- **Huge special dividends in 2Q15 and 4Q15 to boost trading momentum.** Now that WHA's tender offer has ended, we expect that all of the Bt3,022m income from the UM Tower and Koh Lan sales will be passed on to WHA in the form of a special dividend at the end of 2Q15. WHA's effort to attain the remaining 7.12% of HEMRAJ's shares will take some time and we believe that the huge dividend payout makes it a worthwhile trade. This year's 27% dividend yield is very attractive despite the possibility of price swings from low stock liquidity.

#### Financial summary

FY Ended 31 Dec	2014	2015E	2016E	2017E
Revenues (Btm)	6,333	6,620	8,549	9,919
Net profit (Btm)	3,011	12,672	15,298	2,564
EPS (Bt)	0.31	1.31	1.58	0.26
EPS growth (%)	-31%	+321%	+20.7%	-83.2%
Core profit (Btm)	3,042	3,150	4,363	2,564
Core EPS (Bt)	0.31	0.32	0.45	0.26
Core EPS growth (%)	+6%	+4%	+38.5%	-41.2%
PER (x)	13.8	3.3	2.7	16.2
PBV (x)	2.8	3.7	3.1	1.9
Dividend (Bt)	0.2	1.1	1.4	0.1
Dividend yield (%)	3.6	26.7	31.6	3.1
ROE (%)	21.3	99.9	132.0	15.5



CG rating



## TICON—Price now rebased to recent earnings downgrade

TICONTB / TICON.BK

Rating: HOLD (upgraded)

Target Price: Bt15.10

### Key highlights

#### Financial summary

FY Ended 31 Dec	2014	2015E	2016E	2017E
Revenues (Btm)	5,619	5,111	5,680	6,036
Net profit (Btm)	762	975	1,129	1,247
EPS (Bt)	0.69	0.89	1.03	1.13
EPS growth (%)	-55.3%	+28%	+15.9%	+10.4%
Core profit (Btm)	759	975	1,129	1,247
Core EPS (Bt)	0.69	0.89	1.03	1.13
Core EPS growth (%)	-53.1%	+28%	+15.9%	+10.4%
PER (x)	25.0	16.8	14.5	13.1
PBV (x)	1.7	0.8	0.5	0.3
Dividend (Bt)	0.5	0.6	0.7	0.8
Dividend yield (%)	2.9	4.2	4.8	5.3
ROE (%)	7.6	6.3	4.4	3.0



#### CG rating

- **Factory rentals still sluggish.** We anticipate a slight net decrease of 2,000 sq.m in factory leased area for 1Q15. Consistent with the overall trend, we do expect the firm's factory rental business to grow until 4Q15 at the earliest. The occupancy rate under TICON will also drop this year as some of its factories will be divested to its REIT.
- **Warehousing growth still evident.** We expect the net increase in warehousing leases to be near the 9,000 sq.m mark for 1Q15, contributing to our expectation of 200,000 sq.m net additional space this year. We expect most of this additional gain to come in toward 4Q15.
- **Asset sale still makes up majority of bottom line.** As management guidance for the asset spin-off remains at around Bt4.0bn this year, we still maintain our assumption of a Bt3.9bn divestment and a 2015 bottom line of Bt975m. Hence our maintained target price. There is a definite earnings upside to its 2015 NPAT should the rental take-up rate recover faster than we anticipated and TICON's management decides to divest a larger amount of assets this year.

## WHA—Hemaraj income contribution now mostly priced in

WHA TB / WHA.BK

Rating: HOLD (downgrade)

Target Price: Bt4.00

### Key highlights

#### Financial summary

FY Ended 31 Dec	2014	2015E	2016E	2017E
Revenues (Btm)	4,888	5,380	5,968	5,985
Net profit (Btm)	978	1,265	1,506	1,657
EPS (Bt)	0.10	0.10	0.11	0.13
EPS growth (%)	-36%	-5.1%	+19.0%	+10.1%
Core profit (Btm)	979	1,265	1,506	1,657
Core EPS (Bt)	0.10	0.09	0.11	0.12
Core EPS growth (%)	-36%	-12.9%	+19.0%	+10.1%
PER (x)	36.7	38.6	32.5	29.5
PBV (x)	8.0	n.m.	n.m.	n.m.
Dividend (Bt)	0.0	0.0	0.0	0.1
Dividend yield (%)	1.1	1.0	1.2	1.4
ROE (%)	22.7	n.m.	n.m.	n.m.

\*Not yet consolidated with HEMRAJ



#### CG rating

- **Decent growth in core business.** We anticipate its built-to-suit (BTS) warehouse take-up rate to improve YoY, and thus make WHA's larger asset spin-off target plausible. We should also see WHA's interest savings improve as it starts to repay its buyout debt with special dividends from HEMRAJ. Although asset divestment GM is now assumed to be lower, the increase in spin-off size would still imply a growth in its core earnings.
- **New business synergies will not be immediate.** The BTS factory niche exists, as demonstrated by the firm's three existing BTS factories. However, we believe that this market will take time to grow and any other business synergies with HEMRAJ will not be immediate. Our current valuation has excluded from factoring in significant growth of its new businesses and this will definitely be an upside to our model.
- **HEMRAJ's consolidated earnings mostly priced in.** With the consolidation of HEMRAJ's NPAT for its ongoing business, we believe that WHA's current price is approaching our valuation despite an increase in our bottom line forecast and target price. And, thus we downgrade our rating to HOLD for the time being.

## AMATA : Financial Tables – Year

PROFIT & LOSS (Btm)	2013	2014	2015E	2016E	2017E
Revenue	7,164	7,395	5,975	6,370	6,719
Cost of sales and services	(3,727)	(3,567)	(3,224)	(3,121)	(3,292)
<b>Gross profit</b>	<b>3,437</b>	<b>3,827</b>	<b>2,751</b>	<b>3,249</b>	<b>3,426</b>
SG&A	(1,241)	(1,019)	(956)	(1,019)	(1,075)
<b>EBIT</b>	<b>2,196</b>	<b>2,808</b>	<b>1,795</b>	<b>2,230</b>	<b>2,351</b>
Interest expense	(350)	(360)	(528)	(402)	(314)
Other income/exp.	342	235	235	235	235
<b>EBT</b>	<b>2,188</b>	<b>2,684</b>	<b>1,502</b>	<b>2,063</b>	<b>2,273</b>
Corporate tax	(359)	(350)	(300)	(413)	(455)
<b>After-tax net profit (loss)</b>	<b>1,829</b>	<b>2,334</b>	<b>1,202</b>	<b>1,650</b>	<b>1,818</b>
Minority interest	(441)	(329)	(335)	(357)	(376)
Equity earnings from affiliates	99	226	307	323	339
Extra items	53	(3)	1,011	0	0
<b>Net profit (loss)</b>	<b>1,541</b>	<b>2,228</b>	<b>2,185</b>	<b>1,616</b>	<b>1,781</b>
Reported EPS	1.44	2.09	2.05	1.51	1.67
<b>Fully diluted EPS</b>	<b>1.44</b>	<b>2.09</b>	<b>2.05</b>	<b>1.51</b>	<b>1.67</b>
<b>Core net profit</b>	<b>1,487</b>	<b>2,231</b>	<b>1,174</b>	<b>1,616</b>	<b>1,781</b>
Core EPS	1.39	2.09	1.10	1.51	1.67
<b>EBITDA</b>	<b>2,814</b>	<b>3,395</b>	<b>2,708</b>	<b>3,130</b>	<b>2,587</b>

### KEY RATIOS

Revenue growth (%)	27.6	3.2	(19.2)	6.6	5.5
Gross margin (%)	48.0	51.8	46.0	51.0	51.0
EBITDA margin (%)	39.3	45.9	45.3	49.1	38.5
Operating margin (%)	35.4	41.2	34.0	38.7	38.5
Net margin (%)	21.5	30.1	36.6	25.4	26.5
Core profit margin (%)	20.8	30.2	19.7	25.4	26.5
ROA (%)	7.1	10.1	8.1	5.2	6.0
ROCE (%)	7.8	10.9	8.7	5.5	6.3
Asset turnover (x)	0.3	0.3	0.2	0.2	0.2
Current ratio (x)	1.5	2.5	2.8	2.8	2.7
Gearing ratio (x)	1.0	0.7	0.6	0.5	0.3
Interest coverage (x)	8.0	9.4	5.1	7.8	8.2

### BALANCE SHEET (Btm)

Cash & Equivalent	1,952	1,997	4,040	1,341	(64)
Accounts receivable	508	321	380	400	421
Inventory	5,976	8,003	6,439	7,258	7,668
PP&E-net	8,760	6,238	15,139	15,473	15,817
Other assets	5,007	5,577	5,553	5,560	5,567
<b>Total assets</b>	<b>22,203</b>	<b>22,137</b>	<b>31,552</b>	<b>30,032</b>	<b>29,408</b>
Accounts payable	644	466	546	527	554
ST debts & current portion	4,903	3,580	3,197	2,665	2,302
Long-term debt	5,387	4,748	8,127	6,189	4,832
Other liabilities	1,078	1,127	1,077	1,077	1,077
<b>Total liabilities</b>	<b>12,012</b>	<b>9,922</b>	<b>12,947</b>	<b>10,458</b>	<b>8,766</b>
Paid-up capital	1,067	1,067	1,067	1,067	1,067
Share premium	174	174	174	174	174
Retained earnings	6,966	8,710	9,687	10,300	10,992
<b>Shareholders' equity</b>	<b>8,318</b>	<b>10,114</b>	<b>16,169</b>	<b>16,782</b>	<b>17,474</b>
Minority interests	1,874	2,101	2,435	2,792	3,168
<b>Total Liab.&amp;Shareholders' equity</b>	<b>22,203</b>	<b>22,137</b>	<b>31,551</b>	<b>30,032</b>	<b>29,408</b>

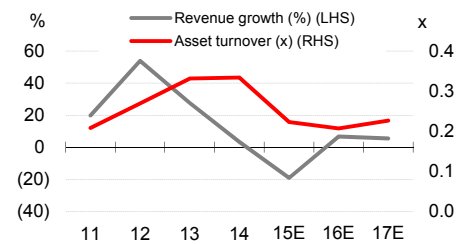
### CASH FLOW (Btm)

Net income	1,541	2,228	2,185	1,616	1,781
Depreciation and amortization	277	352	678	666	656
Change in working capital	16	(460)	2,437	(50)	359
FX, non-cash adjustment & others	1,002	747	(829)	(815)	(769)
<b>Cash flows from operating activities:</b>	<b>2,835</b>	<b>2,867</b>	<b>4,471</b>	<b>1,417</b>	<b>2,027</b>
Capex (Invest)/Divest	(2,949)	(1,609)	(4,500)	(1,000)	(1,000)
Others	(136)	32	0	0	0
<b>Cash flows from investing activities:</b>	<b>(3,085)</b>	<b>(1,577)</b>	<b>(4,500)</b>	<b>(1,000)</b>	<b>(1,000)</b>
Debt financing (repayment)	1,165	(652)	2,946	(2,470)	(1,720)
Equity financing	0	0	0	0	0
Dividend payment	(587)	(480)	(874)	(646)	(712)
Others	(136)	32	0	0	0
<b>Cash flows from financing activities:</b>	<b>(444)</b>	<b>(1,378)</b>	<b>2,072</b>	<b>(3,116)</b>	<b>(2,432)</b>
Net change in cash	(695)	(88)	2,043	(2,699)	(1,405)
<b>Free cash flow (Btm)</b>	<b>(114)</b>	<b>1,258</b>	<b>(29)</b>	<b>417</b>	<b>1,027</b>
<b>FCF per share (Bt)</b>	<b>(0.1)</b>	<b>1.2</b>	<b>(0.0)</b>	<b>0.4</b>	<b>1.0</b>

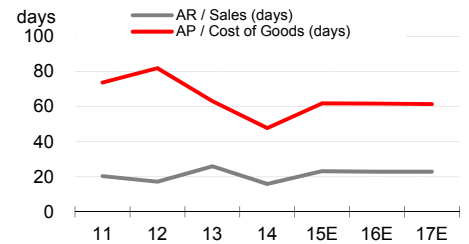
### Key assumptions

	2013	2014	2015E	2016E	2017E
Land pre-sales (rai)	1,127	371	1,000	1,169	1,249
Land revenue (Btm)	5,343	5,348	4,060	4,263	4,476
Services revenue (Btm)	1,253	1,359	1,488	1,660	1,776
Land sales margin	53.2%	59.0%	57.0%	57.0%	57.0%
Services margin	16.4%	16.3%	16.3%	16.3%	16.3%

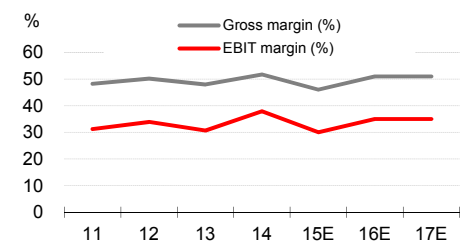
### Revenue growth and asset turnover



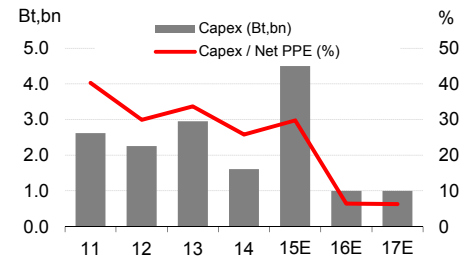
### A/C receivable & A/C payable days



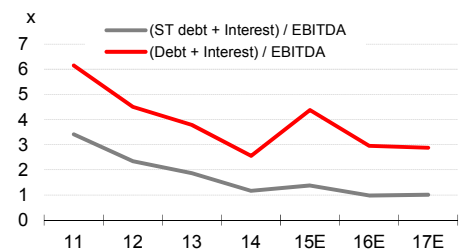
### Profit margins



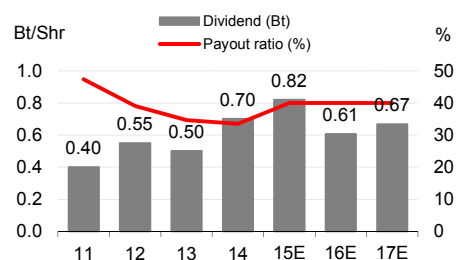
### Capital expenditure



### Debt serviceability



### Dividend payout

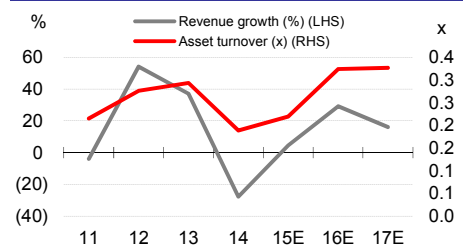




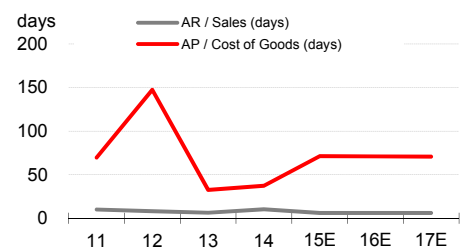
## HEMRAJ : Financial Tables – Year

<b>PROFIT &amp; LOSS (Btm)</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Revenue	8,770	6,333	6,620	8,549	9,919
Cost of sales and services	(4,582)	(3,206)	(3,509)	(4,706)	(5,439)
<b>Gross profit</b>	<b>4,188</b>	<b>3,127</b>	<b>3,111</b>	<b>3,843</b>	<b>4,480</b>
SG&A	(984)	(754)	(788)	(1,017)	(1,180)
<b>EBIT</b>	<b>3,204</b>	<b>2,373</b>	<b>2,324</b>	<b>2,825</b>	<b>3,300</b>
Interest expense	(652)	(762)	(588)	(587)	(404)
Other income/exp.	233	137	164	211	245
<b>EBT</b>	<b>2,785</b>	<b>1,749</b>	<b>1,899</b>	<b>2,449</b>	<b>3,141</b>
Corporate tax	(161)	(98)	(165)	(182)	(219)
<b>After-tax net profit (loss)</b>	<b>2,624</b>	<b>1,650</b>	<b>1,733</b>	<b>2,268</b>	<b>2,922</b>
Minority interest	(317)	(264)	(239)	(309)	(358)
Equity earnings from affiliates	559	1,655	1,655	2,404	0
Extra items	1,473	(31)	9,522	10,935	0
<b>Net profit (loss)</b>	<b>4,339</b>	<b>3,011</b>	<b>12,672</b>	<b>15,298</b>	<b>2,564</b>
Reported EPS	0.45	0.31	1.31	1.58	0.26
<b>Fully diluted EPS</b>	<b>0.45</b>	<b>0.31</b>	<b>1.31</b>	<b>1.58</b>	<b>0.26</b>
<b>Core net profit</b>	<b>2,866</b>	<b>3,042</b>	<b>3,150</b>	<b>4,363</b>	<b>2,564</b>
Core EPS	0.30	0.31	0.32	0.45	0.26
<b>EBITDA</b>	<b>3,775</b>	<b>2,843</b>	<b>2,873</b>	<b>3,434</b>	<b>3,545</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	37.0	(27.8)	4.5	29.1	16.0
Gross margin (%)	47.8	49.4	47.0	44.9	45.2
EBITDA margin (%)	43.0	44.9	43.4	40.2	35.7
Operating margin (%)	39.2	39.6	37.6	35.5	35.7
Net margin (%)	49.5	47.6	191.4	178.9	25.8
Core profit margin (%)	32.7	48.0	47.6	51.0	25.8
ROA (%)	14.5	9.0	42.0	58.0	8.4
ROCE (%)	17.0	10.1	48.1	65.5	8.9
Asset turnover (x)	0.3	0.2	0.2	0.3	0.3
Current ratio (x)	3.5	3.6	3.1	5.3	12.2
Gearing ratio (x)	1.0	1.0	1.0	0.8	0.5
Interest coverage (x)	5.8	3.7	4.9	5.8	8.8
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	4,780	2,087	2,371	4,186	5,489
Accounts receivable	152	179	111	143	166
Inventory	11,138	8	100	100	100
PP&E-net	8,366	8,878	5,401	2,391	9,379
Other assets	8,997	22,529	18,737	19,219	19,562
<b>Total assets</b>	<b>33,434</b>	<b>33,682</b>	<b>26,719</b>	<b>26,039</b>	<b>34,696</b>
Accounts payable	408	327	686	916	1,054
ST debts & current portion	2,071	2,352	1,772	2,670	535
Long-term debt	12,419	12,952	9,327	8,342	10,709
Other liabilities	3,879	3,022	3,719	719	719
<b>Total liabilities</b>	<b>18,778</b>	<b>18,653</b>	<b>15,504</b>	<b>12,647</b>	<b>13,018</b>
Paid-up capital	3,882	3,882	3,882	3,882	3,882
Share premium	439	439	439	439	439
Retained earnings	8,353	9,511	10,846	12,719	13,642
<b>Shareholders' equity</b>	<b>13,532</b>	<b>14,709</b>	<b>10,656</b>	<b>12,524</b>	<b>20,452</b>
Minority interests	1,125	320	559	868	1,227
<b>Total Liab.&amp;Shareholders' equity</b>	<b>33,434</b>	<b>33,682</b>	<b>26,719</b>	<b>26,039</b>	<b>34,696</b>
<b>CASH FLOW (Btm)</b>					
Net income	4,339	3,011	12,672	15,298	2,564
Depreciation and amortization	338	332	385	397	408
Change in working capital	(4,153)	(4,988)	980	485	396
FX, non-cash adjustment & others	(842)	(522)	(10,276)	(11,704)	(623)
<b>Cash flows from operating activities:</b>	<b>(319)</b>	<b>(2,166)</b>	<b>3,762</b>	<b>4,476</b>	<b>2,744</b>
Capex (Invest)/Divest	1,798	794	(392)	(392)	(392)
Others	(70)	(119)	0	0	0
<b>Cash flows from investing activities:</b>	<b>1,728</b>	<b>675</b>	<b>(392)</b>	<b>(392)</b>	<b>(392)</b>
Debt financing (repayment)	3,187	1,375	(4,205)	(87)	232
Equity financing	0	0	0	0	0
Dividend payment	(1,503)	(2,584)	(1,575)	(2,182)	(1,282)
Others	(70)	(119)	0	0	0
<b>Cash flows from financing activities:</b>	<b>1,677</b>	<b>(1,209)</b>	<b>(5,780)</b>	<b>(2,269)</b>	<b>(1,049)</b>
Net change in cash	3,086	(2,700)	(2,410)	1,816	1,303
<b>Free cash flow (Btm)</b>	<b>1,479</b>	<b>(1,372)</b>	<b>3,370</b>	<b>4,084</b>	<b>2,352</b>
<b>FCF per share (Bt)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>
<b>Key assumptions</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Land pre-sales (rai)	2,200	665	1,400	2,200	2,200
Land revenue (Btm)	6,191	3,680	3,737	5,381	6,457
Services revenue (Btm)	2,579	2,653	2,883	3,168	3,461
Land sales margin	48%	48%	49%	49%	49%
Services margin	33%	34%	34%	34%	34%

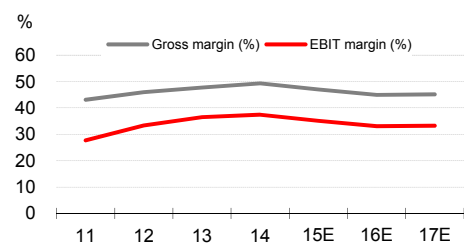
### Revenue growth and asset turnover



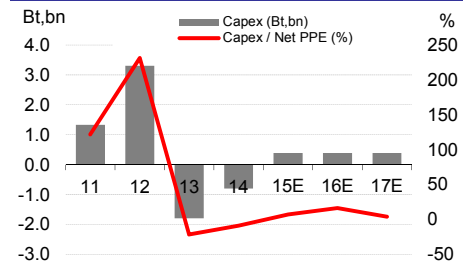
### A/C receivable & A/C payable days



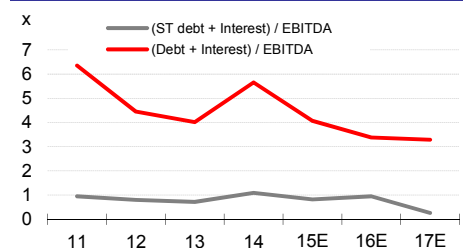
### Profit margins



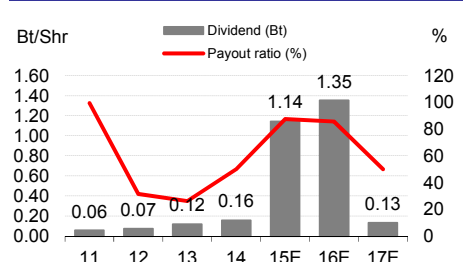
### Capital expenditure



### Debt serviceability



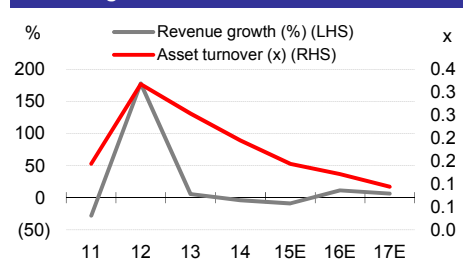
### Dividend payout



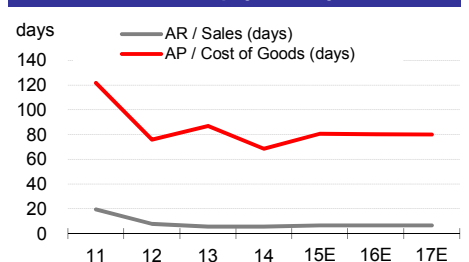
## TICON : Financial Tables – Year

PROFIT & LOSS (Btm)	2013	2014	2015E	2016E	2017E
Revenue	5,855	5,619	5,111	5,680	6,036
Cost of sales and services	(3,213)	(3,517)	(2,950)	(3,269)	(3,455)
<b>Gross profit</b>	<b>2,642</b>	<b>2,102</b>	<b>2,161</b>	<b>2,411</b>	<b>2,581</b>
SG&A	(716)	(887)	(835)	(894)	(991)
<b>EBIT</b>	<b>1,927</b>	<b>1,215</b>	<b>1,326</b>	<b>1,517</b>	<b>1,590</b>
Interest expense	(546)	(643)	(637)	(702)	(637)
Other income/exp.	25	59	167	193	162
<b>EBT</b>	<b>1,405</b>	<b>631</b>	<b>857</b>	<b>1,008</b>	<b>1,116</b>
Corporate tax	(277)	(139)	(184)	(205)	(223)
<b>After-tax net profit (loss)</b>	<b>1,128</b>	<b>492</b>	<b>673</b>	<b>803</b>	<b>892</b>
Minority interest	0	0	0	0	0
Equity earnings from affiliates	217	267	302	326	355
Extra items	70	2	0	0	0
<b>Net profit (loss)</b>	<b>1,414</b>	<b>762</b>	<b>975</b>	<b>1,129</b>	<b>1,247</b>
Reported EPS	1.55	0.69	0.89	1.03	1.13
<b>Fully diluted EPS</b>	<b>1.55</b>	<b>0.69</b>	<b>0.89</b>	<b>1.03</b>	<b>1.13</b>
<b>Core net profit</b>	<b>1,345</b>	<b>759</b>	<b>975</b>	<b>1,129</b>	<b>1,247</b>
Core EPS	1.47	0.69	0.89	1.03	1.13
<b>EBITDA</b>	<b>2,303</b>	<b>1,648</b>	<b>2,198</b>	<b>2,411</b>	<b>2,514</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	5.4	(4.0)	(9.0)	11.1	6.3
Gross margin (%)	45.1	37.4	42.3	42.5	42.8
EBITDA margin (%)	39.3	29.3	43.0	42.4	41.6
Operating margin (%)	32.9	21.6	25.9	26.7	26.3
Net margin (%)	24.2	13.6	19.1	19.9	20.7
Core profit margin (%)	23.0	13.5	19.1	19.9	20.7
ROA (%)	6.1	2.6	2.7	2.4	1.9
ROCE (%)	6.6	2.9	3.0	2.6	2.0
Asset turnover (x)	0.3	0.2	0.1	0.1	0.1
Current ratio (x)	0.9	0.2	0.1	0.5	1.8
Gearing ratio (x)	1.8	1.5	0.9	0.6	0.4
Interest coverage (x)	3.5	1.9	2.1	2.2	2.5
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	769	460	33	1,206	5,853
Accounts receivable	91	87	92	102	108
Inventory	0	0	0	0	0
PP&E-net	18,356	25,508	35,140	47,610	63,969
Other assets	7,236	5,154	4,431	4,778	5,135
<b>Total assets</b>	<b>26,451</b>	<b>31,209</b>	<b>39,696</b>	<b>53,696</b>	<b>75,066</b>
Accounts payable	766	661	651	719	756
ST debts & current portion	3,233	2,886	3,059	2,315	2,457
Long-term debt	12,446	14,341	14,921	16,451	19,451
Other liabilities	1,319	1,856	1,760	1,760	1,760
<b>Total liabilities</b>	<b>17,764</b>	<b>19,743</b>	<b>20,391</b>	<b>21,245</b>	<b>24,424</b>
Paid-up capital	912	1,099	1,099	1,099	1,099
Share premium	4,669	7,343	7,343	7,343	7,343
Retained earnings	3,110	2,959	10,799	23,945	42,136
<b>Shareholders' equity</b>	<b>8,688</b>	<b>11,466</b>	<b>19,305</b>	<b>32,452</b>	<b>50,642</b>
Minority interests	0	0	0	0	0
<b>Total Liab.&amp;Shareholders' equity</b>	<b>26,451</b>	<b>31,209</b>	<b>39,696</b>	<b>53,696</b>	<b>75,066</b>
<b>CASH FLOW (Btm)</b>					
Net income	1,414	762	975	1,129	1,247
Depreciation and amortization	376	433	872	894	924
Change in working capital	(261)	(926)	(315)	(458)	(393)
FX, non-cash adjustment & others	3,546	3,830	3,132	3,319	3,431
<b>Cash flows from operating activities:</b>	<b>5,076</b>	<b>4,098</b>	<b>4,663</b>	<b>4,883</b>	<b>5,208</b>
Capex (Invest)/Divest	(7,279)	(8,634)	(5,045)	(6,091)	(5,714)
Others	(2,573)	618	(116)	(116)	(116)
<b>Cash flows from investing activities:</b>	<b>(9,852)</b>	<b>(8,016)</b>	<b>(5,160)</b>	<b>(6,206)</b>	<b>(5,830)</b>
Debt financing (repayment)	5,349	1,547	753	3,286	6,142
Equity financing	269	0	0	0	0
Dividend payment	(912)	(914)	(682)	(791)	(873)
Others	(2,573)	618	(116)	(116)	(116)
<b>Cash flows from financing activities:</b>	<b>3,074</b>	<b>3,494</b>	<b>71</b>	<b>2,496</b>	<b>5,269</b>
Net change in cash	(1,702)	(424)	(427)	1,173	4,647
<b>Free cash flow (Btm)</b>	<b>(2,203)</b>	<b>(4,536)</b>	<b>(382)</b>	<b>(1,207)</b>	<b>(506)</b>
<b>FCF per share (Bt)</b>	<b>(2.4)</b>	<b>(4.1)</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(0.5)</b>
<b>Key Assumptions</b>					
Leased factories (sq.m)	252,190	175,080	180,580	167,605	153,171
Leased warehouses (sq.m)	309,872	324,927	404,927	488,927	580,907
Additional leased factories space (sq.m)	47,675	1,290	75,000	60,000	60,000
Additional leased warehouse space (sq.m)	196,189	175,578	200,000	210,000	220,500
Spin-off space (sq.m)	290,445	238,923	189,500	198,975	202,955

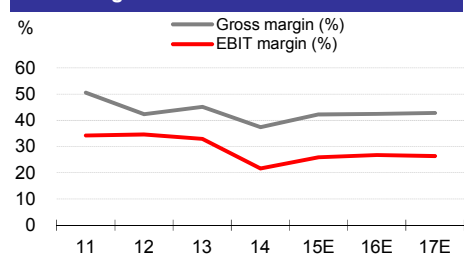
### Revenue growth and asset turnover



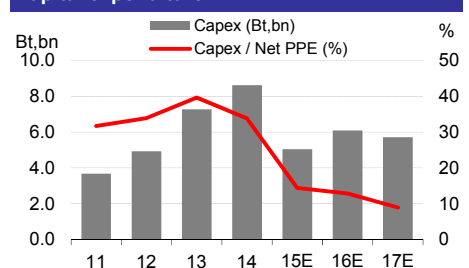
### A/C receivable & A/C payable days



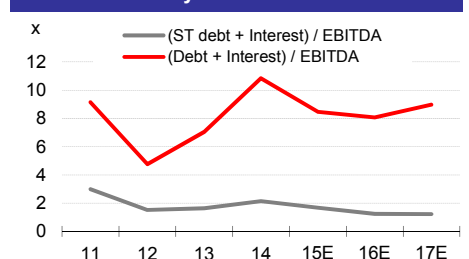
### Profit margins



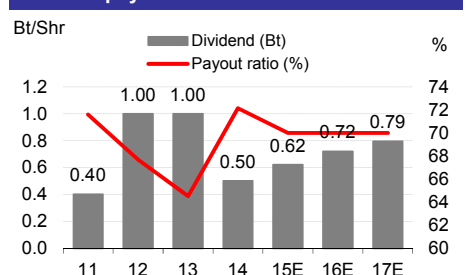
### Capital expenditure



### Debt serviceability



### Dividend payout

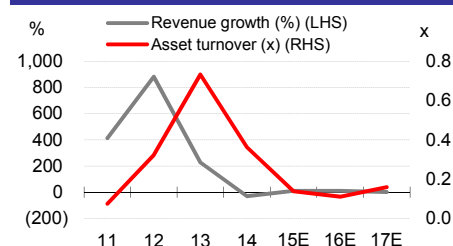


## WHA : Financial Tables – Year

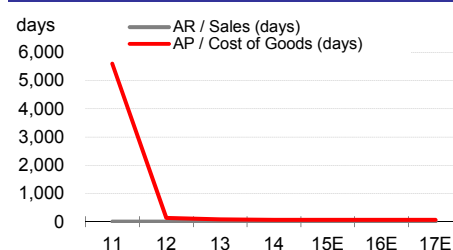
PROFIT & LOSS (Btm)	2013	2014	2015E	2016E	2017E
Revenue	7,085	4,888	5,380	5,968	5,985
Cost of sales and services	(5,141)	(3,269)	(3,551)	(3,941)	(3,946)
<b>Gross profit</b>	<b>1,945</b>	<b>1,619</b>	<b>1,829</b>	<b>2,027</b>	<b>2,039</b>
SG&A	(132)	(283)	(162)	(188)	(187)
<b>EBIT</b>	<b>1,813</b>	<b>1,335</b>	<b>1,667</b>	<b>1,840</b>	<b>1,852</b>
Interest expense	(183)	(295)	(352)	(306)	(214)
Other income/exp.	84	170	169	216	266
<b>EBT</b>	<b>1,714</b>	<b>1,210</b>	<b>1,484</b>	<b>1,749</b>	<b>1,904</b>
Corporate tax	(249)	(224)	(218)	(243)	(246)
<b>After-tax net profit (loss)</b>	<b>1,465</b>	<b>986</b>	<b>1,265</b>	<b>1,506</b>	<b>1,657</b>
Minority interest	0	0	0	0	0
Equity earnings from affiliates	0	(8)	0	0	0
Extra items	0	(1)	0	0	0
<b>Net profit (loss)</b>	<b>1,465</b>	<b>978</b>	<b>1,265</b>	<b>1,506</b>	<b>1,657</b>
Reported EPS	0.16	0.10	0.10	0.11	0.13
<b>Fully diluted EPS</b>	<b>0.16</b>	<b>0.10</b>	<b>0.09</b>	<b>0.11</b>	<b>0.12</b>
<b>Core net profit</b>	<b>1,465</b>	<b>979</b>	<b>1,265</b>	<b>1,506</b>	<b>1,657</b>
Core EPS	0.16	0.10	0.09	0.11	0.12
<b>EBITDA</b>	<b>1,950</b>	<b>1,514</b>	<b>1,860</b>	<b>2,015</b>	<b>1,964</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	226.7	(31.0)	10.1	10.9	0.3
Gross margin (%)	27.4	33.1	34.0	34.0	34.1
EBITDA margin (%)	27.5	31.0	34.6	33.8	32.8
Operating margin (%)	25.6	27.3	31.0	30.8	30.9
Net margin (%)	20.7	20.0	23.5	25.2	27.7
Core profit margin (%)	20.7	20.0	23.5	25.2	27.7
ROA (%)	15.1	7.2	3.2	2.8	4.4
ROCE (%)	18.1	8.6	n.m.	n.m.	n.m.
Asset turnover (x)	0.7	0.4	0.1	0.1	0.2
Current ratio (x)	1.3	1.9	2.2	0.9	(0.6)
Gearing ratio (x)	1.1	2.1	n.m.	n.m.	n.m.
Interest coverage (x)	9.9	4.5	4.7	6.0	8.6
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	983	2,186	30,517	11,858	(6,512)
Accounts receivable	48	104	26	29	29
Inventory	0	0	0	0	0
PP&E-net	6,275	8,078	26,767	27,788	30,790
Other assets	3,743	5,584	5,163	5,541	5,541
<b>Total assets</b>	<b>11,049</b>	<b>15,952</b>	<b>62,472</b>	<b>45,216</b>	<b>29,849</b>
Accounts payable	1,123	597	607	671	670
ST debts & current portion	377	1,048	26,166	31,300	4,197
Long-term debt	4,202	8,369	32,393	11,601	8,792
Other liabilities	1,193	1,458	(11,255)	(13,820)	(269)
<b>Total liabilities</b>	<b>6,895</b>	<b>11,472</b>	<b>47,911</b>	<b>29,751</b>	<b>13,390</b>
Paid-up capital	918	964	1,314	1,314	1,314
Share premium	1,549	1,549	1,549	1,549	1,549
Retained earnings	1,520	1,801	2,560	3,464	4,458
<b>Shareholders' equity</b>	<b>4,154</b>	<b>4,480</b>	<b>(198,354)</b>	<b>(197,450)</b>	<b>(196,456)</b>
Minority interests	0	0	377	377	377
<b>Total Liab.&amp;Shareholders' equity</b>	<b>11,049</b>	<b>15,952</b>	<b>(150,066)</b>	<b>(167,322)</b>	<b>(182,689)</b>
<b>CASH FLOW (Btm)</b>					
Net income	1,465	978	1,265	1,506	1,657
Depreciation and amortization	137	179	193	175	113
Change in working capital	(123)	(378)	104	55	(2)
FX, non-cash adjustment & others	(1,265)	(775)	0	0	(0)
<b>Cash flows from operating activities:</b>	<b>214</b>	<b>4</b>	<b>1,562</b>	<b>1,736</b>	<b>1,768</b>
Capex (Invest)/Divest	(603)	(2,992)	(18,954)	(1,568)	(3,115)
Others	(1,150)	(1,607)	464	0	0
<b>Cash flows from investing activities:</b>	<b>(1,753)</b>	<b>(4,599)</b>	<b>(18,490)</b>	<b>(1,568)</b>	<b>(3,115)</b>
Debt financing (repayment)	981	5,298	36,477	(18,224)	(16,360)
Equity financing	0	0	9,288	0	0
Dividend payment	(96)	(652)	(506)	(602)	(663)
Others	(1,150)	(1,607)	464	0	0
<b>Cash flows from financing activities:</b>	<b>884</b>	<b>4,647</b>	<b>45,259</b>	<b>(18,827)</b>	<b>(17,023)</b>
Net change in cash	(655)	51	28,331	(18,659)	(18,370)
<b>Free cash flow (Btm)</b>	<b>(389)</b>	<b>(2,988)</b>	<b>(17,392)</b>	<b>168</b>	<b>(1,347)</b>
<b>FCF per share (Bt)</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>(1.3)</b>	<b>0.0</b>	<b>(0.1)</b>
<b>Key Assumptions</b>	<b>2013</b>	<b>2014</b>	<b>2015E</b>	<b>2016E</b>	<b>2017E</b>
Leased area (sq.m)	294,261	255,462	248,562	241,082	243,602
New lease area (sq.m)	n.a.	n.a.	180,000	200,000	210,000
Spin-off space (sq.m)	n.a.	n.a.	172,900	207,480	207,480

\*Not yet consolidated with HEMRAJ

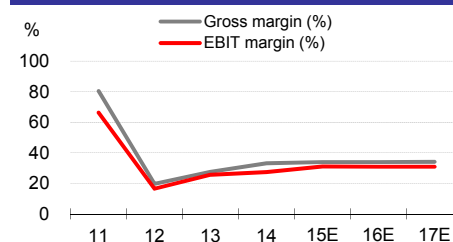
### Revenue growth and asset turnover



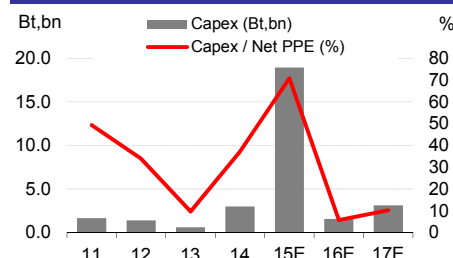
### A/C receivable & A/C payable days



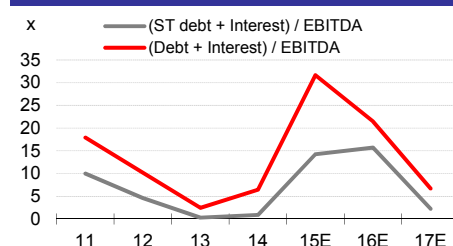
### Profit margins



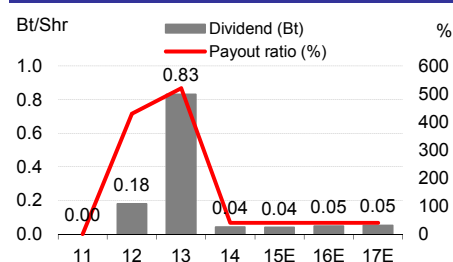
### Capital expenditure



### Debt serviceability



### Dividend payout



## Sector Comparisons

	Bloomberg	Price	Market Cap	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
	Code	(local curr.)	(US\$ equivalent)	2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E
Amata Corporation	AMATA TB	THB17.30	550	8.4	11.4	-1.9	-26.0	1.0	0.9	16.6	9.8	4.7	3.5
Hemaraj Land and Developmer	HEMRAJ TB	THB4.28	1,238	3.3	2.7	320.8	20.7	3.7	3.1	99.9	132.0	26.7	31.6
Ticon Industrial Connection	TICON TB	THB14.90	488	16.8	14.5	28.0	15.9	0.8	0.5	6.3	4.4	4.2	4.8
Thai Factory Development	TFD TB	THB4.38	168	14.0	10.1	n.m.	38	1.6	1.2	20.6	15.7	5.8	5.9
Wha Corporation	WHA TB	THB3.72	1,457	42.1	35.4	-12.9	19.0	-0.2	-0.2	n.m.	n.m.	1.0	1.2
<b>Simple average</b>				<b>16.9</b>	<b>14.8</b>	<b>83.5</b>	<b>13.6</b>	<b>1.4</b>	<b>1.1</b>	<b>35.9</b>	<b>40.5</b>	<b>8.5</b>	<b>9.4</b>






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	GPSC

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 59		Pass
Below 50	No logo given	N/A

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- BUY:** Expected positive total returns of 15% or more over the next 12 months.
- HOLD:** Expected total returns of between -15% and +15% over the next 12 months.
- SELL:** Expected negative total returns of 15% or more over the next 12 months.
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**SECTOR RECOMMENDATIONS**

- OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.
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