

**BUY** (unchanged)

CGR Scoring Rating



Offering price: THB3.90  
Target price: THB5.00 (from 4.31)

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### Stock Information

**Description:** The Company develops and rents out warehouses, distribution centres and factories, these projects consist of customized requirements projects (built-to-suit) and high standard projects (general warehouse).

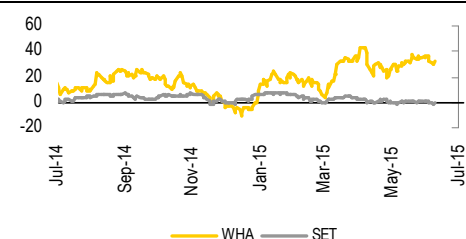
Ticker : WHA  
Shares Issued (m): 13,143  
Market Cap (THBm) 51,261  
Market Cap (USDm) 1,510  
3-mth Avg. Daily Turnover (THBm) 181.91  
SET index 1,483.77  
Free float (%) 24.07

**Major Shareholders :** WHA 13,143  
WHA CORPORATION PUBLIC Co.Ltd. 51,261  
Mrs. JAREEPORN ANANTAPRAYOON 1,510

### Key Indicators

ROE – annualised (%) 20.1  
Net cash (THB m): (29,859)  
NTA/shr (THB): 1.9  
Interest cover (x): 5.4

### Historical Chart



### Performance

52-week High/Low THB 4.34/THB2.62

	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	1.0	8.3	37.8	35.9	36.8
Relative (%)	2.7	13.1	39.2	37.7	38.1

## WHA Corporation PCL (WHA)

### Accumulative buying time

**We recommend investors accumulate WHA on price weakness.** Although we upgrade our TP by 16% to THB5.00/share, 2Q15 earnings will still be pressured by interest expenses from the HEMRAJ acquisition transaction. However, interest pressure should decrease in 2H15 due to fast debt repayment. Over the long term, norm profit should grow well. National logistic system development will add additional value to WHA. With the current low interest rate, WHA could possibly refinance debt, which would be an additional upside and erase our concern over its high D/E of 4.0x in 1Q15.

**2015TP upgrade.** We have upgraded our forecast by 16% as WHA acquired a 92.88% stake in HEMRAJ, higher than our estimate of 53%, which will deliver profit of almost THB3b/yr. WHA also plans to repay over THB14b of debt this year (almost 50% of the loan used to acquire HEMRAJ) by selling assets to a REIT from July onwards. Assuming GPM of 25%, these sales will bring THB3b of profit to WHA. When including HEMRAJ profit of THB2b for eight months and deducting THB1.1b interest expenses, we expect WHA will report a high THB5.3b profit, up 446% YoY. However, it should soften to THB4.6b in 2016 due to smaller asset sales. Norm profit will then start expanding from the THB3.4b base from 2017 onward.

Valuation-wise, we have deducted gain from asset sales due to the debt settlement proposed, so the EPS15F of THB0.17/share (+63% YoY) is derived only from WHA and HEMRAJ operating profits. Based on the same target PE of 30x, 2015TP is raised to THB5.00/share. In 2016, when WHA recognises full-year benefit from HEMRAJ and 22% lower interest expenses, the 2016TP could be as high as THB6.90.

**Unremarkable growth in 2Q15.** We expect 2Q15 norm profit to be THB22m, a turnaround from –THB3 norm loss in 1Q15 but dropping from +THB28m norm profit in 2Q14, depressed by WHA financial costs of THB121m, HEMRAJ costs of THB200m, and the THB380 acquisition loan. The weakening baht is also likely to lower profit sharing from Gheco-One to HEMRAJ. However, net gain of THB102m from HEMRAJ's non-core asset sales will still support profit to grow to THB123m, +340% YoY.

**Recommendation.** Increasing financial costs will depress norm profit growth, but earnings should expand strongly from 2016. In the current volatile market, we recommend investors to buy WHA on price weakness.

**Risks.** Delayed asset sales to REIT will cap its ability to repay debt.

### WHA – Summary Earnings Table

FYE: Dec 31 (THB m)	2012	2013	2014	*2015F	*2016F
Revenue	2,169	7,085	4,888	25,671	20,028
EBITDA	462	1,950	1,514	7,040	5,810
Recurring Net Profit	212	1,463	979	5,237	4,550
Net profit	212	1,463	979	5,338	4,550
EPS (THB)	0.03	0.15	0.10	0.41	0.35
EPS growth (%)	(86.3)	406.7	(32.9)	298.2	(14.8)
DPS (THB)	0.12	0.77	-	-	-
PER	130.0	25.7	38.2	9.6	11.3
EV/EBITDA (x)	66.4	21.4	30.5	11.7	11.6
Div Yield (%)	3.1	19.6	-	-	-
P/BV(x)	9.7	9.0	8.4	2.8	2.2
Net Gearing (%)	90.6	100.4	192.9	116.1	45.6
ROE (%)	7.4	35.2	21.8	20.1	12.9
ROA (%)	2.6	13.2	6.1	7.5	6.8
Cons. Net Profit (THB m)	-	-	-	2,889	3,062

Source: Company reports and MBKET. \* Prelim. Fin stmt. with 92.88% stake of HEMRAJ

### Quarterly income statement

(THBm)	2Q15F**	1Q15*	QoQ	2Q14	YoY	Note
Revenues	1,740	427	307.8%	121	1333.0%	Full recognition from HEMRAJ
COGs	1,067	252	323.0%	37	2806.8%	
<b>Gross profits</b>	<b>673</b>	<b>174</b>	<b>285.9%</b>	<b>85</b>	<b>694.6%</b>	
Gross margin (%)	38.7%	40.9%	-	69.8%	-	
SG&A	317	82	287.3%	34	826.8%	
Operating profit	356	93	284.7%	50	605.0%	
Operating margin (%)	20.5%	21.7%	-	41.6%	-	
<b>EBITDA</b>	<b>515</b>	<b>163</b>	<b>216.3%</b>	<b>81</b>	<b>534.4%</b>	
EBITDA margin (%)	29.6%	38.2%	-	66.9%	-	
Interest expense	701	205	242.4%	50	1298.3%	WHA 121, acquisition loan 380, HEMRAJ 200 F/X loss pressure on Gheco-One's performances
Share profit from associates	301	76	298.2%	(2)	n.a.	
<b>Normalised earning</b>	<b>22</b>	<b>(5)</b>	<b>n.a.</b>	<b>28</b>	<b>(22.9%)</b>	
Extra ordinary gain (loss)						
- Forex gain (loss)	0	0	n.m.	0	n.m.	HEMRAJ sold properties
- Extra items	102	0	n.m.	0	n.m.	
<b>Net profit</b>	<b>123</b>	<b>(5)</b>	<b>n.a.</b>	<b>28</b>	<b>340.2%</b>	
EPS (THB) before extra item	0.002	0.000	n.a.	0.003	-0.45	
<b>EPS (THB)</b>	<b>0.009</b>	<b>0.000</b>	<b>n.a.</b>	<b>0.003</b>	<b>2.12</b>	

Source : Company reports and MBKET, \* 15 days partial consolidated with HEMRAJ , \*\* fully consolidated with HEMRAJ

Figure 1 : Debt take-out plan

Source of Cash Flow	Amount (THB mm)	Entity	Net Proceed (Based on 92.88% Acquisition) (THB mm)	Due date
1. Net proceeds of Hemaraj Non-core asset (Completed)	3,003	Hemaraj	2,789	Jul 2015
2. Dividend from Hemaraj's Normal Operation (2H14 – 1Q15)	TBD	Hemaraj	TBD	Jul 2015
3. Net proceeds of WHA office buildings	1,800	WHA	1,800	Sept 2015
4. Net proceeds of Hemaraj RBF & RBW #1 <sup>1</sup>	7,000	Hemaraj	6,500	Nov 2015
5. Dividend from Hemaraj's Normal Operation (2Q15)	TBD	Hemaraj	TBD	Nov 2015
6. Dividend from Hemaraj's Normal Operation (3Q15 – 4Q15)	TBD	Hemaraj	TBD	May 2016
7. Net proceeds of Hemaraj RBF & RBW #2 <sup>1</sup>	4,000	Hemaraj	3,715	Nov 2016
8. Net proceeds of WHA's WH #1	4,000	WHA	4,000	Dec 2015
9. Net proceeds of WHA's WH #2	4,000	WHA	4,000	Dec 2016
10. Listing of Hemaraj's utilities & power or finding strategic partners	TBD	Hemaraj	TBD	2016 – 2017

Source: Company report, \*HEMRAJ announced interim dividend at THB0.443/ share – XD 17 July 2015

**INCOME STATEMENT (THB m)**

FY December	2013	2014	2015F	2016F
Revenue	7,085	4,888	25,671	20,028
EBITDA	1,950	1,514	7,040	5,810
Depreciation & Amortisation	137	179	470	507
<b>Operating Profit (EBIT)</b>	<b>1,813</b>	<b>1,335</b>	<b>6,570</b>	<b>5,304</b>
Interest (Exp)/Inc	(183)	(295)	(1,227)	(1,257)
Associates	(1)	(8)	890	1,272
One-offs	-	-	102	-
<b>Pre-Tax Profit</b>	<b>1,714</b>	<b>1,210</b>	<b>5,615</b>	<b>4,388</b>
Tax	(249)	(224)	(1,123)	(878)
Minority Interest	-	-	(145)	(233)
<b>Net Profit</b>	<b>1,463</b>	<b>979</b>	<b>5,338</b>	<b>4,550</b>
<b>Recurring Net Profit</b>	<b>1,463</b>	<b>979</b>	<b>5,237</b>	<b>4,550</b>
Revenue Growth %	226.7	(31.0)	425.2	(22.0)
EBITDA Growth (%)	322.0	(22.3)	364.9	(17.5)
EBIT Growth (%)	406.9	(26.3)	391.9	(19.3)
Net Profit Growth (%)	589.0	(33.1)	445.5	(14.8)
Recurring Net Profit Growth (%)	589.0	(33.1)	435.1	(13.1)
Tax Rate %	14.5	18.5	20.0	20.0

**CASH FLOW (THBm)**

FY December	2013	2014	2015F	2016F
Profit before taxation	1,714	1,210	5,615	4,388
Depreciation	137	179	470	507
Net interest receipts/(payments)	(183)	(295)	(1,227)	(1,257)
Working capital change	522	(543)	(544)	3,602
Cash tax paid	(249)	(224)	(1,123)	(878)
Others (incl'd exceptional items)	(1,776)	(324)	2,337	2,614
<b>Cash flow from operations</b>	<b>166</b>	<b>4</b>	<b>5,528</b>	<b>8,976</b>
Capex	(6,913)	(6,605)	(5,890)	(5,630)
Disposal/(purchase)	-	-	(21,683)	11,112
Others	5,209	2,005	(60)	(20)
<b>Cash flow from investing</b>	<b>(1,705)</b>	<b>(4,599)</b>	<b>(27,633)</b>	<b>5,462</b>
Debt raised/(repaid)	993	5,305	13,317	(11,802)
Equity raised/(repaid)	-	-	8,938	-
Dividends (paid)	(96)	(652)	-	-
Interest payments	(183)	(295)	(1,227)	(1,257)
Others	171	288	1,227	1,663
<b>Cash flow from financing</b>	<b>884</b>	<b>4,647</b>	<b>22,255</b>	<b>(11,397)</b>
Change in cash	(655)	51	150	3,042

**BALANCE SHEET (THB m)**

FY December	2013	2014	2015F	2016F
Fixed Assets	6,275	8,078	8,895	5,840
Other LT Assets	1,442	2,191	34,368	35,169
Cash/ST Investments	983	2,185	5,422	7,963
Other Current Assets	2,349	3,497	22,944	17,956
<b>Total Assets</b>	<b>11,049</b>	<b>15,952</b>	<b>71,628</b>	<b>66,928</b>
ST Debt	199	250	11,015	3,015
Other Current Liabilities	2,331	2,681	11,632	12,028
LT Debt	4,202	8,369	20,464	14,697
Other LT Liabilities	164	172	1,932	2,029
Minority Interest	-	-	1,179	1,323
Shareholders' Equity	4,154	4,480	25,407	33,836
<b>Total Liabilities-Capital</b>	<b>11,049</b>	<b>15,952</b>	<b>71,628</b>	<b>66,928</b>
Share Capital (m)	9,639	9,639	13,144	13,144
Gross Debt/(Cash)	4,491	9,012	35,281	23,479
Net Debt/(Cash)	3,508	6,827	29,859	15,515
Working Capital	802	2,751	5,719	10,876
BVPS	0.43	0.46	1.38	1.74

**RATES & RATIOS**

FY December	2013	2014	2015F	2016F
Gross Margin %	27.4	33.1	29.5	33.4
EBITDA Margin %	27.5	31.0	27.4	29.0
Op. Profit Margin %	25.6	27.3	25.6	26.5
Net Profit Margin %	20.7	20.0	20.8	22.7
ROE %	35.2	21.8	21.0	13.4
ROA %	13.2	6.1	7.5	6.8
Net Margin Ex. EI %	20.7	20.0	20.4	22.7
Dividend Cover (x)	5.0	0.0	0.0	0.0
Interest Cover (x)	9.9	4.5	5.4	4.2
Asset Turnover (x)	0.6	0.3	0.4	0.3
Asset/Debt (x)	1.6	1.4	1.6	2.1
Debtors Turn (days)	2.5	7.8	12.2	7.8
Creditors Turn (days)	79.7	66.7	121.7	121.7
Inventory Turn (days)	4.5	2.8	365.0	365.0
Net Gearing %	84.5	152.4	117.5	45.9
Debt/ EBITDA (x)	3.5	7.6	6.4	5.5
Debt/ Market Cap (x)	0.2	0.3	0.9	0.6

Source: Company reports and MBKET, \* after HEMRAJ acquisition

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## APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

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BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
EV = Enterprise Value	PBT = Profit Before Tax	

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				Score Range	Number of Logo	Description		
BAFS	IRPC	PTTEP	SIM	90-100	▲▲▲▲▲	Excellent		
BCP	IVL	PTTGC	SPALI	80-89	▲▲▲▲▲	Very Good		
BTS	KBANK	SAMART	THCOM	70-79	▲▲▲▲	Good		
CPN	KKP	SAMTEL	TISCO	60-69	▲▲▲	Satisfactory		
EGCO	KTB	SAT	TMB	50-59	▲▲	Pass		
GRAMMY	MINT	SC	TOP	Lower than 50	▲	N/A		
HANA	PSL	SCB						
INTUCH	PTT	SE-ED						
▲▲▲▲▲								
AAV	CENDEL	GUNKUL	NKI	RATCH	TCAP	TVO		
ACAP	CFRESH	HEMRAJ	NMG	ROBINS	TF	UAC		
ADVANC	CIMBT	HMPRO	NSI	RS	THAI	VGI		
ANAN	CK	ICC	OCC	S&J	THANI	VNT		
AOT	CNT	KCE	OFM	SAMCO	TIP	WACOAL		
ASIMAR	CPF	KSL	PAP	SCC	TIPCO			
ASK	CSL	LANNA	PE	SINGER	TK			
ASP	DELTA	LH	PG	SIS	TKT			
BANPU	DRT	LHBANK	PHOL	SITHAI	TNITY			
BAY	DTAC	LOXLEY	PJW	SNC	TNL			
BBL	DTC	LPN	PM	SNP	TOG			
BECL	EASTW	MACO	PPS	SPI	TRC			
BIGC	EE	MC	PR	SSF	TRUE			
BKI	ERW	MCOT	PRANDA	SSI	TSTE			
BLA	GBX	NBC	PS	SSSC	TSTH			
BMCL	GC	NCH	PT	STA	TTA			
BROOK	GFPT	NINE	QH	SVI	TTW			
▲▲▲▲▲								
2S	BEC	DEMCO	IRCP	MOONG	PTG	SPC	TIC	UPOIC
AF	BFIT	DNA	ITD	MPG	QLT	SPCG	TICON	UT
AH	BH	EA	KBS	MTI	QTC	SPPT	TIW	UV
AHC	BJC	ESSO	KGI	NC	RCL	SST	TKS	UWC
AIT	BJCHI	FE	KKC	NTV	SABINA	STANLY	TLUXE	VIH
AJ	BOL	FORTH	KTC	NUSA	SALEE	STEC	TMI	WAVE
AKP	BTNC	FPI	L&E	NWR	SCBLIF	STPI	TMT	WHA
AKR	BWG	GENCO	LRH	NYT	SCCC	SUC	TNDT	WIN
AMANAH	CCET	GLAND	LST	OGC	SCG	SWC	TPC	WINNER
AMARIN	CGD	GLOBAL	MAJOR	OISHI	SEAFCO	SYMC	TPCORP	YUASA
AMATA	CGS	GLOW	MAKRO	PACE	SEAOIL	SYNEX	TRT	ZMICO
AP	CHOW	GOLD	MATCH	PATO	SFP	SYNTEC	TRU	
APCO	CI	HOTPOT	MBK	PB	SIAM	TASCO	TSC	
APCS	CKP	HTC	MBKET	PDI	SIRI	TBSP	TTCL	
AQUA	CM	HTECH	MEGA	PICO	SKR	TEAM	TUF	
ARIP	CMR	HYDRO	MFC	PPM	SMG	TFD	TVD	
AS	CSC	IFS	MFEC	PPP	SMK	TFI	TWFP	
ASIA	CSP	IHL	MJD	PREB	SMPC	THANA	UMI	
AYUD	CSS	INET	MODERN	PRG	SMT	THIP	UP	
BEAUTY	DCC	IRC	MONO	PRIN	SOLAR	THREL	UPF	

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