



## Company Note

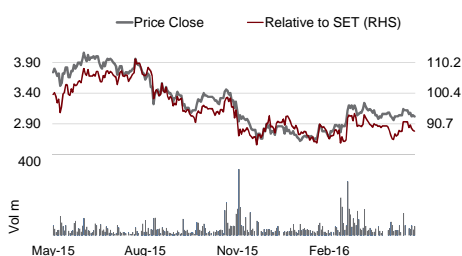
### I Thailand

#### ADD (no change)

Current price:	THB3.02
Target price: 	THB3.40
Previous target:	THB3.40
Up/downside:	12.6%
Reuters:	WHA.BK
Bloomberg:	WHA TB
Market cap:	US\$1,220m THB43,254m
Average daily turnover:	US\$4.10m THB144.6m
Current shares o/s	14,322m
Free float:	24.1%

#### Key changes in this note

 No change.

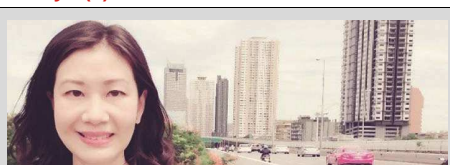


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.3	8.6	-19.7
Relative (%)	-2	-0.7	-12.9

Major shareholders	% held
WHA Holding	25.1
Ms. Jareeporn Jarukornsakul	12.9
Mr. Somyos Anantaprayoon	12.1

#### Analyst(s)



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## WHA Corporation

### Deleveraging on the way

- WHA's net profit turned around from net loss of THB4.5m (US\$0.13m) in 1Q15 to THB119.9m (US\$3.39m) in 1Q16, due to full-quarter contribution from Hemaraj.
- 1Q16 NP was below expectations, at only 2.7% of our full-year forecast. We expect WHA's FY16 NP to be back loaded in 2H16 driven by sizeable asset sales to REITs.
- Overall gross margin improved from 40.9% in 1Q15 to 42.1% in 1Q16 due to better gross margin for rental and utilities.
- WHA's focus in 2016 is asset sales to REITs in order to deleverage balance sheet.
- Maintain Add with target price of THB3.40 in view of diminishing balance sheet risk.

#### Weak 1Q16 net profit due to lack of asset sales to a REIT

WHA reported 1Q16 net profit of THB119.9m (US\$3.39m), a turnaround from net loss of THB4.5m (US\$0.13m) in 1Q15, due to full-quarter contribution from Hemaraj (including rental income, utility income, revenue from land sales, as well as share of profit from investment in power plants and Hemaraj Property Fund). As for 1Q15, the company only started consolidating Hemaraj's operations on 17 Mar 15. However, 1Q16 net profit dropped from THB1.78bn in 4Q15 due to the absence of asset sales to a REIT.

#### Revenue growth boosted by consolidation of Hemaraj's operations

Rental, service and utilities income in 1Q16 fell 3.7% qoq but jumped 202% yoy to THB808.8m (US\$22.7m) due to the increase in leasable area, rental rates of warehouses and factories, as well as consolidated rental & utilities income of Hemaraj. Meanwhile, income from real estate sales in 1Q16 was THB361.5m (US\$10.2m), up 127% yoy thanks to Hemaraj consolidation, but down 95.3% qoq due to: 1) a drop in Hemaraj's revenue from land sales, and 2) the absence of asset sales to a REIT.

#### Improvement in gross margin from rental and utilities income

Gross margin for rental and utilities widened to 48.9% in 1Q16 from 46.9% in 1Q15 due to: 1) change in revenue mix of utility and rental businesses, and 2) lack of depreciation for warehouses and factories that WHA plans to inject into REIT. Gross margin for real estate fell from 30.8% in 1Q15 to 26.9% in 1Q16 due to accounting impact from purchase price allocation when WHA acquired Hemaraj. Interest expense rose 198% yoy to THB610.5m in 1Q16 due to financial cost of Hemaraj acquisition of THB304.5m.

#### Asset sales to H-REIT delayed to end 3Q16 or early 4Q16

We believe that WHA's focus in 2016 is asset sales to REITs in order to deleverage its balance sheet. The sale of Hemaraj's assets with net leasable area (NLA) of 260k sq m to H-REIT will be moved from Jul 16 to end-Sep or early Oct 16 due to delay in WHART unitholders' approval. Meanwhile, the sale of its warehouses with NLA of 160k sq m to WHART is slated for Dec 16. WHA's balance sheet is likely to continue deleveraging, with debt-to-equity ratio falling from 2.21x in 2015 to 1.79x/1.49x in 2016/17.

#### Retain Add call, given diminishing balance sheet risk

Maintain Add and target price of THB3.40, based on 11.5x FY17 P/E (1.25 s.d. below its historical average forward P/E). 1Q16 net profit accounted for only 2.7% of our full-year forecast. We expect WHA's FY16 net profit to be back loaded in 2H16, when it makes sizeable asset sales to REITs. We believe that the current share price has already factored in concerns about high leverage after the Hemaraj acquisition and delay in its asset sale to H-REIT. The development of data centres is a potential catalyst.

Financial Summary	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Net Revenues (THBm)	4,888	11,437	17,415	13,237	12,168
Operating EBITDA (THBm)	1,514	3,648	5,455	4,584	4,657
Net Profit (THBm)	979	1,954	4,411	4,215	4,411
Core EPS (THB)	0.10	0.16	0.31	0.29	0.31
Core EPS Growth	(34.4%)	56.6%	97.5%	(4.4%)	4.7%
FD Core P/E (x)	30.34	19.40	9.81	10.26	9.81
DPS (THB)	0.08	0.02	0.00	0.06	0.12
Dividend Yield	2.53%	0.81%	0.00%	1.95%	3.99%
EV/EBITDA (x)	25.13	20.02	13.75	15.51	14.93
P/FCFE (x)	72.7	NA	NA	NA	448.7
Net Gearing	187%	192%	157%	132%	121%
P/BV (x)	6.63	2.03	1.94	1.68	1.52
ROE	22.7%	16.9%	21.5%	17.5%	16.3%
CIMB/consensus EPS (x)			1.20	1.00	1.08

SOURCE: COMPANY DATA, CIMB FORECASTS

## Deleveraging on the way

**Figure 1: Results comparison**

FYE Dec (THB m)	1QFY16	1QFY15	yoy % chg	4QFY15	qoq % chg	Prev. FY16F
Revenue	1,170.3	426.5	174.4	8,575.1	(86.4)	17,415.0
Operating costs	(806.3)	(263.8)	205.7	(6,317.0)	(87.2)	(11,960.0)
EBITDA	364.0	162.7	123.7	2,258.1	(83.9)	5,455.0
<i>EBITDA margin (%)</i>	31.1	38.2	(7.1)	26.3	4.77	31.3
Depn & amort.	(151.7)	(71.0)	113.7	(274.0)	(44.6)	(829.9)
EBIT	212.3	91.8	131.3	1,984.1	(89.3)	4,625.1
Interest expense	(610.5)	(204.7)	198.2	(698.7)	(12.6)	(2,121.8)
Interest & invt inc	103.6	45.7	126.9	234.6	(55.8)	724.4
Associates' contrib	449.5	75.6	494.6	385.5	16.6	1,507.0
Exceptionals	-	-	n.m.	-	n.m.	-
Pretax profit	(294.6)	(67.3)	(337.8)	1,520.0	(119.4)	3,227.7
Tax	8.0	(5.2)	(253.7)	(32.4)	(124.7)	(258.2)
<i>Tax rate (%)</i>	2.7	(7.8)	10.5	2.1	0.6	8.0
Minority interests	(43.0)	(7.6)	463.6	(88.1)	(51.2)	(65.8)
Net profit	119.9	(4.5)	2,737.2	1,784.9	(93.3)	4,410.6
Core net profit	119.9	(4.5)	2,737.2	1,784.9	(93.3)	4,410.6
EPS (THB)	0.008	(0.000)	2,039.8	0.142	(94.1)	0.308
Core EPS (THB)	0.008	(0.000)	2,039.8	0.142	(94.1)	0.308

SOURCES: CIMB, COMPANY REPORTS

**Figure 2: Operating statistics**

(THBm)	1QFY16	1QFY15	% yoy	4QFY15	% qoq
Rental, service and utilities income	808.8	267.5	202.4	839.9	(3.7)
Income from sales of real estate	361.5	159.1	127.2	7,735.1	(95.3)
Other income	103.6	45.7	126.7	234.7	(55.9)
<b>Total revenue</b>	<b>1,273.9</b>	<b>472.2</b>	<b>169.8</b>	<b>8,809.7</b>	<b>(85.5)</b>
Gross margin from rental and service income	48.9	46.9	2.0	43.0	5.9
Gross margin from sales of real estate	26.9	30.8	(3.9)	27.9	(1.0)
<b>Gross margin</b>	<b>42.1</b>	<b>40.9</b>	<b>1.2</b>	<b>29.3</b>	<b>12.7</b>

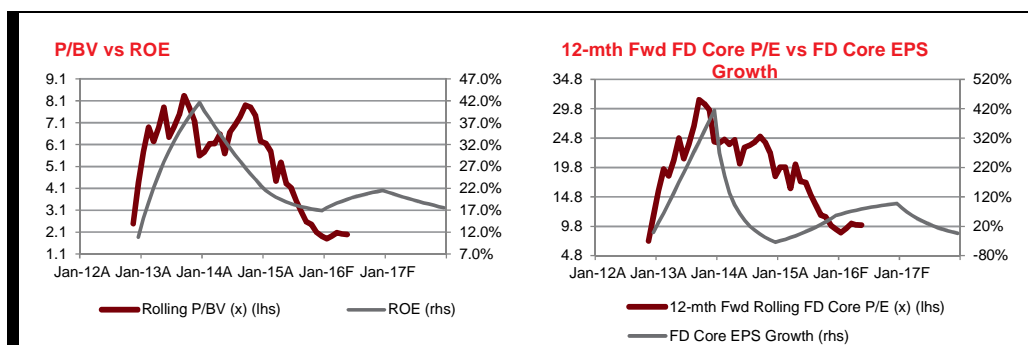
SOURCES: CIMB, COMPANY REPORTS

**Figure 3: Peer comparison**

Company	Bloomberg	Recom.	Price	Target	Market	Core P/E (x)			P/BV (x)			Recurring ROE (%)			Dividend Yield (%)		
	Ticker		(local curr)	(local curr)	(US\$ m)	CY16	CY17	CY18	CY16	CY17	CY18	CY16	CY17	CY18	CY16	CY17	CY18
<b>THAILAND</b>																	
Amata Corporation	AMATA TB	Add	11.80	16.00	355.0	11.4	8.3	7.2	1.1	1.0	0.9	9.6%	12.3%	13.0%	3.5%	4.2%	na
TICON Industrial Connection PCL	TICON TB		13.80		431.9	16.7	19.4	18.0	1.3	1.3	1.2	7.7%	6.6%	7.0%	3.7%	3.3%	3.4%
Rojana Industrial Park PCL	ROJNA TB		5.25		295.2	25.0	20.4	na	0.7	0.6	na	3.0%	3.2%	na	na	3.2%	na
WHA Corporation	WHA TB	Add	3.02	3.40	1,220	9.8	10.3	9.8	1.9	1.7	1.5	21.4%	17.5%	16.3%	na	1.9%	na
<b>THAILAND average</b>					<b>2,302</b>	<b>11.1</b>	<b>9.5</b>	<b>10.2</b>	<b>1.4</b>	<b>1.2</b>	<b>1.3</b>	<b>13.6%</b>	<b>10.9%</b>	<b>13.3%</b>	<b>2.4%</b>	<b>4.1%</b>	<b>3.4%</b>
<b>INDONESIA</b>																	
Bumi Serpong Damai Tbk PT	BSDE IJ		1,715		2,480	12.8	11.5	10.6	1.5	1.4	1.2	12.8%	12.6%	12.3%	1.0%	1.1%	1.0%
Ciputra Development Tbk PT	CTRA IJ		1,200		1,382	12.9	11.2	9.6	1.9	1.7	1.6	15.9%	16.3%	17.0%	2.0%	2.2%	2.5%
Kawasan Industri Jababeka Tbk PT	KIJA IJ		256.0		397.5	7.1	5.9	na	0.9	0.8	na	13.8%	13.7%	na	na	na	na
Lippo Karawaci Tbk PT	LPKR IJ		995.0		1,725	15.5	13.8	12.9	1.3	1.2	1.1	8.5%	8.8%	8.7%	1.3%	1.6%	1.6%
<b>INDONESIA average</b>					<b>5,986</b>	<b>12.8</b>	<b>11.2</b>	<b>10.9</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>12.0%</b>	<b>12.2%</b>	<b>11.9%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.6%</b>
<b>MALAYSIA</b>																	
UEM Sunrise Bhd	UEMS MK		1.03		1,167	14.6	13.6	15.2	0.7	0.7	0.7	4.7%	5.0%	4.4%	2.0%	2.3%	2.5%
<b>MALAYSIA average</b>					<b>1,167</b>	<b>14.6</b>	<b>13.6</b>	<b>15.2</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>4.7%</b>	<b>5.0%</b>	<b>4.4%</b>	<b>2.0%</b>	<b>2.3%</b>	<b>2.5%</b>
<b>VIETNAM</b>																	
Kinh Bac City Development Corp	KBC VN	Add	13,300	16,000	279.4	7.7	6.1	na	0.9	0.9	na	11.5%	14.7%	na	na	na	na
<b>VIETNAM average</b>					<b>279.4</b>	<b>7.7</b>	<b>6.1</b>	<b>na</b>	<b>0.9</b>	<b>0.9</b>	<b>na</b>	<b>11.5%</b>	<b>14.7%</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>

SOURCES: CIMB, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(THBm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
<b>Total Net Revenues</b>	<b>4,888</b>	<b>11,437</b>	<b>17,415</b>	<b>13,237</b>	<b>12,168</b>
<b>Gross Profit</b>	<b>1,619</b>	<b>4,006</b>	<b>6,074</b>	<b>5,267</b>	<b>5,312</b>
<b>Operating EBITDA</b>	<b>1,514</b>	<b>3,648</b>	<b>5,455</b>	<b>4,584</b>	<b>4,657</b>
Depreciation And Amortisation	(179)	(775)	(830)	(863)	(923)
<b>Operating EBIT</b>	<b>1,335</b>	<b>2,873</b>	<b>4,625</b>	<b>3,720</b>	<b>3,734</b>
Financial Income/(Expense)	(295)	(2,284)	(2,122)	(1,667)	(1,477)
Pretax Income/(Loss) from Assoc.	(8)	1,038	1,507	1,614	1,558
Non-Operating Income/(Expense)	170	627	724	836	913
<b>Profit Before Tax (pre-EI)</b>	<b>1,203</b>	<b>2,254</b>	<b>4,735</b>	<b>4,503</b>	<b>4,728</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,203</b>	<b>2,254</b>	<b>4,735</b>	<b>4,503</b>	<b>4,728</b>
<b>Taxation</b>	<b>(224)</b>	<b>(87)</b>	<b>(258)</b>	<b>(289)</b>	<b>(317)</b>
Exceptional Income - post-tax	0	0	0	0	0
<b>Profit After Tax</b>	<b>979</b>	<b>2,167</b>	<b>4,476</b>	<b>4,215</b>	<b>4,411</b>
Minority Interests	0	(213)	(66)	0	0
Prof. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>979</b>	<b>1,954</b>	<b>4,411</b>	<b>4,215</b>	<b>4,411</b>
Recurring Net Profit	979	1,954	4,411	4,215	4,411
<b>Fully Diluted Recurring Net Profit</b>	<b>979</b>	<b>1,954</b>	<b>4,411</b>	<b>4,215</b>	<b>4,411</b>

### Cash Flow

(THBm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
<b>EBITDA</b>	<b>1,514</b>	<b>3,648</b>	<b>5,455</b>	<b>4,584</b>	<b>4,657</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(2,980)	(14,962)	5,091	(239)	(691)
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(125)	(1,657)	(1,397)	(831)	(564)
Net Interest (Paid)/Received	(295)	(2,284)	(2,122)	(1,667)	(1,477)
Tax Paid	(224)	(87)	(258)	(289)	(317)
<b>Cashflow From Operations</b>	<b>(2,109)</b>	<b>(15,343)</b>	<b>6,769</b>	<b>1,557</b>	<b>1,608</b>
Capex	(1,983)	(15,413)	(1,241)	(122)	(1,396)
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(746)	(21,562)	(4,913)	(256)	(258)
<b>Cash Flow From Investing</b>	<b>(2,729)</b>	<b>(36,974)</b>	<b>(6,154)</b>	<b>(379)</b>	<b>(1,654)</b>
Debt Raised/(repaid)	5,247	37,205	(2,244)	(2,644)	142
Proceeds From Issue Of Shares	46	12,114	(803)	0	0
Shares Repurchased					
Dividends Paid	(652)	(306)	0	(843)	(1,725)
Preferred Dividends					
Other Financing Cashflow	248	5,488	2,209	1,667	1,477
<b>Cash Flow From Financing</b>	<b>4,889</b>	<b>54,501</b>	<b>(838)</b>	<b>(1,819)</b>	<b>(107)</b>

## BY THE NUMBERS

### Balance Sheet

(THBm)	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Total Cash And Equivalents	2,199	6,246	5,664	5,022	4,870
Properties Under Development					
Total Debtors	104	346	611	464	427
Inventories	0	15,425	12,431	11,609	11,864
Total Other Current Assets	3,379	4,215	4,572	4,424	4,399
<b>Total Current Assets</b>	<b>5,682</b>	<b>26,233</b>	<b>23,278</b>	<b>21,519</b>	<b>21,560</b>
Fixed Assets	67	3,842	2,801	3,124	3,404
<b>Total Investments</b>	<b>10,096</b>	<b>27,115</b>	<b>30,479</b>	<b>31,574</b>	<b>33,870</b>
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	107	21,905	23,990	23,781	23,577
<b>Total Non-current Assets</b>	<b>10,270</b>	<b>52,862</b>	<b>57,270</b>	<b>58,479</b>	<b>60,850</b>
Short-term Debt	1,813	1,881	3,676	3,676	3,676
Current Portion of Long-Term Debt	391	14,889	5,949	2,860	2,133
Total Creditors	597	3,381	4,847	3,511	3,020
Other Current Liabilities	130	750	1,645	1,624	1,616
<b>Total Current Liabilities</b>	<b>2,931</b>	<b>20,902</b>	<b>16,117</b>	<b>11,671</b>	<b>10,446</b>
Total Long-term Debt	8,366	31,005	35,906	36,352	37,221
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	174	5,529	3,105	3,185	3,267
<b>Total Non-current Liabilities</b>	<b>8,541</b>	<b>36,534</b>	<b>39,011</b>	<b>39,536</b>	<b>40,488</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>11,472</b>	<b>57,436</b>	<b>55,128</b>	<b>51,208</b>	<b>50,933</b>
<b>Shareholders' Equity</b>	<b>4,480</b>	<b>18,656</b>	<b>22,350</b>	<b>25,722</b>	<b>28,408</b>
Minority Interests	0	3,003	3,069	3,069	3,069
<b>Total Equity</b>	<b>4,480</b>	<b>21,659</b>	<b>25,419</b>	<b>28,791</b>	<b>31,477</b>

### Key Ratios

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Revenue Growth	(31%)	134%	52%	(24%)	(8%)
Operating EBITDA Growth	(22%)	141%	50%	(16%)	2%
Operating EBITDA Margin	31.0%	31.9%	31.3%	34.6%	38.3%
Net Cash Per Share (THB)	(0.85)	(3.31)	(2.78)	(2.64)	(2.66)
BVPS (THB)	0.46	1.49	1.56	1.80	1.98
Gross Interest Cover	4.53	1.26	2.18	2.23	2.53
Effective Tax Rate	18.6%	3.9%	5.5%	6.4%	6.7%
Net Dividend Payout Ratio	66.6%	15.7%	NA	20.0%	39.1%
Accounts Receivables Days	5.68	7.18	10.06	14.83	13.37
Inventory Days	0.0	378.9	449.5	550.5	624.9
Accounts Payables Days	96.1	97.7	132.8	191.4	173.9
ROIC (%)	98.0%	78.5%	8.9%	7.8%	7.8%
ROCE (%)	10.9%	6.8%	6.6%	5.2%	5.1%
Return On Average Assets	9.00%	8.40%	7.73%	6.91%	6.89%

### Key Drivers

	Dec-14A	Dec-15A	Dec-16F	Dec-17F	Dec-18F
Unbooked Presales (m) (THB)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	-	1,100.0	1,000.0	1,100.0	1,200.0
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	33.1%	35.0%	34.9%	39.8%	43.7%
Contracted Sales ASP (per Sm) (THB)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	5.8%	9.9%	8.3%	11.7%	13.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

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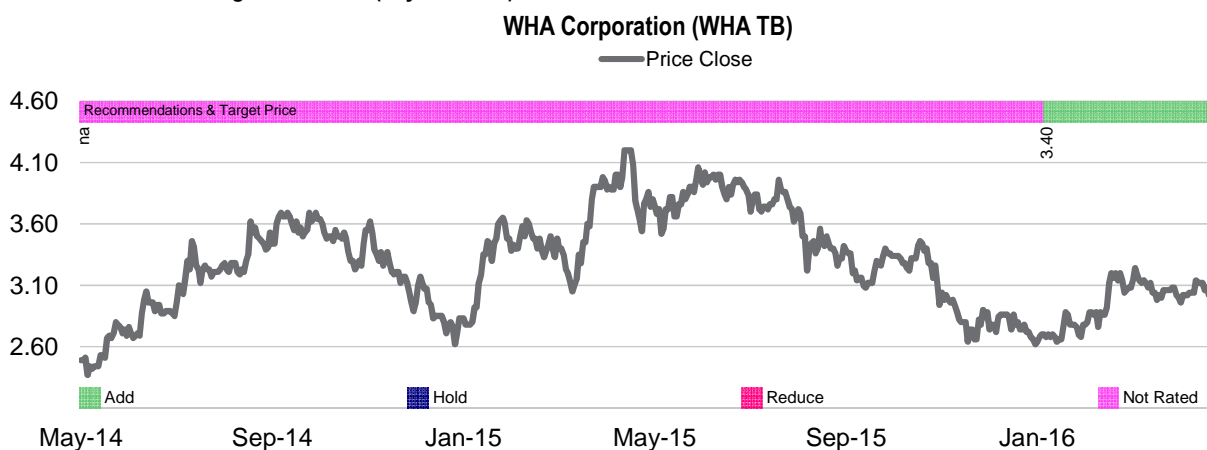
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Add	59.2%	6.9%
Hold	30.9%	3.1%
Reduce	8.7%	0.5%

**Spitzer Chart for stock being researched ( 2 year data )**



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**Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

**Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

##### Sector Ratings

Definition:

**Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

**Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

**Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

##### Country Ratings

Definition:

**Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

**Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

**Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.