

WHA Corporation PCL
(WHA.BK/WHA TB)
Outperform-Initiate

Price as of 3 Nov 2017	3.78
12M target price (Bt/shr)	4.40
Unchanged/Revised up (down) (%)	N.A.
Upside/downside (%)	16.4

Key messages

We initiate coverage on WHA with a rating of Outperform and 2018 target price of Bt4.40. We see a bright outlook for the company after the acquisition of HEMRAJ. Meanwhile, WHA would benefit in the medium to long term from land sales in the Eastern Economic Corridor (EEC) while its logistic and industrial property could provide long-term benefits from AEC and Thailand being a center of the region.

Trading data

Mkt cap (Btbn/US\$mn)	53.6/1,339		
Outstanding share (mn)	14,322		
Foreign ownership (mn)	2,736		
3M avg. daily trading (mn)	112		
52-week trading range (Bt)	Bt2.9 – Bt3.8		
Performance (%)	3M	6M	12M
Absolute	24.7	24.7	15.4
Relative	15.7	14.9	1.2

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2014	0.003	0.003	0.001	0.095
2015	0.000	0.017	-0.004	0.125
2016	0.008	0.023	0.003	0.168
2017	0.006	0.068	n.a.	n.a.

Share price chart


Source: SET

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Logistic hub of AEC
Event

We initiate coverage on WHA with a rating of Outperform and 2018 target price of Bt4.40.

Impact
Fully-armed after HEMRAJ acquisition

WHA is well positioned after acquiring HEMRAJ as it has become a fully integrated industrial and logistic facility developer. Following a realignment, the company's core business can be broken down into four sections; i) industrial estate development, ii) logistic hub, iii) utilities and power hub, and vi) digital platform, providing sustainable growth and also benefit from both medium-term and long-term catalysts.

To enjoy IE land sales as 8 of 9 of its IE are located in EEC targeted areas

Eight of WHA's nine industrial estates (IE) are located in areas targeted under the Eastern Economic Corridor (EEC) with remaining sellable area of ~8,000 rai from a total of ~10,000 rai. Moreover, about 34% of its existing customers are in the automotive segment, one of the industries targeted by the EEC strategy. We forecast land sales to rise from 1,000 rai to 1,800 rai in 2017-2019 with an anticipated GPM of 50%. Note that IE land sales contributed 13% of total revenue in 2016 and this is expected to double to 27% in 2018.

Asset monetization remains a strategy backed by demand for warehouse on growth in 3PL

We expect pre-leased logistics to reach 150,000sqm/year backed by third-party logistics (3PL) (main tenant of WHA's warehouse), which is a market that is expected to grow to US\$1trn in 2022 (4.4% 6-year CAGR) as i) most companies are focusing on reducing logistic costs and Asia Pacific is forecast to be a leader in 3PL, ii) bullish e-commerce trend, and iii) AEC formation. We expect WHA to continue selling assets to its REIT, which should contribute revenue of ~Bt3bn/year (33% of total revenue in 2018).

Utilities and power business could be flagship to lower volatility of business cycle

Power and utilities (~13% of total revenue in 2016) had capacity of 350MWe and volume of 96mn m³ at the end of 2016. Its power capacity would ramp up over the next three years to 542MWe while water demand would increase from both land sales and power plants. We expect this business to contribute ~25% of the company's total revenue and ~31% of its total gross margin in 2018.

Valuation & Action

We rate WHA Outperform with a 2018 target price of Bt4.40 based on SOTP valuation. We valued IE business at Bt1.30 based on multiple PER14.0x (discounted from 15.5x of Amata Corporation (AMATA.BK/AMATA TB)* to reflect its lower profitability), WHAUP at Bt1.60 and rental business at Bt1.20 based on DCF method, and investment in REIT/PFat Bt0.30 based on DDM with attractive earnings growth of 63% and 35% in 2018-2019.

Risks

Geopolitical risk, economic slowdown, natural disaster, land acquisition, sector concentration, insufficient capital.

Key financials and valuations

	Dec - 15A	Dec - 16A	Dec - 17F	Dec - 18F	Dec - 19F
Revenue (Btmn)	11,437	17,821	9,651	11,964	14,726
Gross Profit (Btmn)	4,006	6,406	3,936	5,127	6,560
SG&A (Btmn)	1,133	1,495	1,362	1,430	1,711
Net Profit (Btmn)	1,954	2,898	1,946	3,169	4,291
Normalized Profit (Btmn)	1,819	2,876	1,946	3,169	4,291
EPS (Bt)	0.14	0.20	0.14	0.22	0.30
Normalized EPS (Bt)	0.13	0.20	0.14	0.22	0.30
DPS (Bt)	0.00	0.15	0.05	0.09	0.12
EPS Growth (%)	34.4	48.3	(32.9)	62.9	35.4
Normalized EPS Growth	26.3	58.1	(32.3)	62.9	35.4
P/E (X)	21.0	14.6	27.5	16.9	12.5
P/B (X)	1.9	1.9	2.5	2.2	2.0
EV/EBITDA (X)	19.3	13.0	19.1	14.2	10.6
Net Debt to Equity (%)	200.9	169.6	169.3	128.8	87.4
Dividend Yield (%)	0.0	5.2	1.5	2.4	3.2
Return on Average Equity (%)	9.0	13.2	9.0	13.1	15.8

Source: KGI Research

Fully-integrated industrial estate and logistics developer after acquiring HEMRAJ

WHA is involved in logistic facilities development, providing logistic infrastructure solutions and office buildings. The company offers built-to-suit development services which include customized size location, design construction, and delivery of warehouse, distribution center, factory and office. In 2015, the company acquired Hemaraj Land and Development (HEMRAJ), an industrial estate developer with most of its IE locations in Eastern Thailand, and then delisted HEMRAJ. This transaction could provide synergy and create a strong foothold in the domestic market as well as capture both upward and horizontal integration.

For upward integration, WHA expanded its business from offering warehouse and distribution centers to offering industrial estate land sales. There are nine industrial estates in different locations serving key sectors in Thailand (34% of its clients are in the automotive sector and 38% of its client are Japanese).

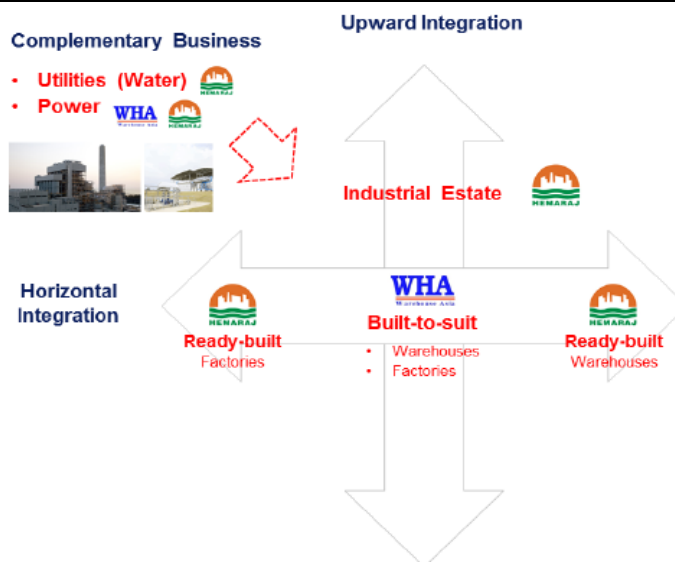
For horizontal integration, WHA will spread to ready built factories and warehouses which will complete its total portfolio. Moreover, rental revenue could act as recurring income for the medium to long term as well as reduce volatility from the business cycle.

Complementary businesses, water and power, would provide a buffer with sustainable growth for the company. After WHA restructured, its water and power business is managed under WHA Utilities and Power (WHAUP.BK/WHAUP.TB).

Finally, the company aims to be a digital service provider by providing data centers. In the beginning stage, WHA will have four data centers (three centers are 100% owned by WHA while another is through a JV) located in Vibhavadi, Bangna-trad, and the Eastern Seaboard. However, we would not yet include this business unit in our forecast as it is still in the initial phase and no data centers have been rolled out yet. Note that the company expects two data centers to be rolled out by the end of 2017.

The company's core business can be broken down into four sections; i) industrial estate development, ii) logistic hub, iii) utilities and power hub, and vi) digital platform.

Figure 1: Synergies from acquisition HEMRAJ



Source: WHA, KGI Research

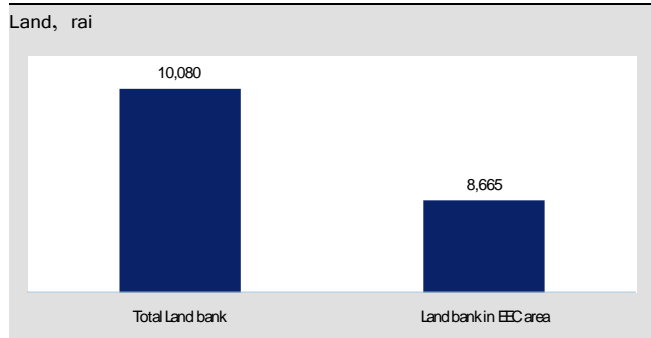
i) Industrial Estate Development

Eight of its nine IEs are located in EEC’s targeted areas

We expect WHA to benefit from the government’s EEC Act as eight of its nine industrial estates are located in EEC targeted areas with remaining sellable area of ~8,000 rai from a total of ~10,000 rai (Figure 2). Moreover, we believe WHA would capture more land sales in 2017–2019 on the back of i) EEC Act which is expected to be implemented by the end of 2017, and ii) ease of doing business in Thailand, as the World Bank reported that Thailand was 26th in the world (from 48th) for ease of doing business. Thus, we foresee this providing better sentiment to drive a new investment cycle, especially from foreign investors. In addition, WHA is gaining market share in IE land sales (Figure 3), as its market share rose to 60% in 2016.

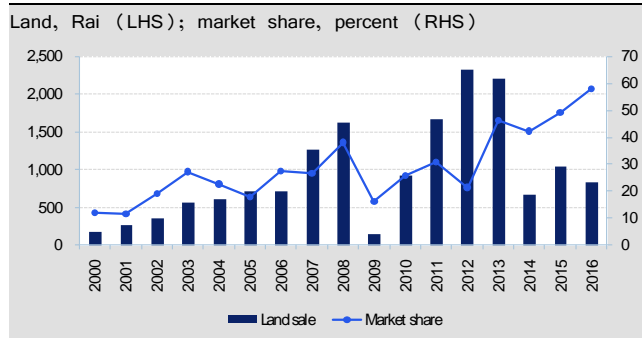
Meanwhile, about 34% of its existing customers are in the automotive segment, which is one of the government’s targeted industries in EEC. We expect land sales to ramp up continuously in 2018–2019 after the EEC Act is approved at the end of this year. Thus, we assume land sales would increase gradually from 1,000 rai in 2017 to 1,500 rai in 2018 and 1,800 rai in 2019 (note that it had land sales of 584 rai in 1H17). We also believe our land sales assumption is achievable when we look at its track record with a conservative gross margin of 50%.

Figure 2: 80% of land bank located in EEC area



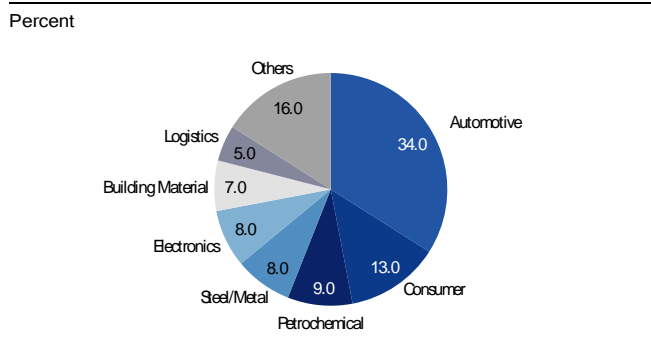
Source: WHA, KGI Research

Figure 3: WHA gained market share in 2014–2016



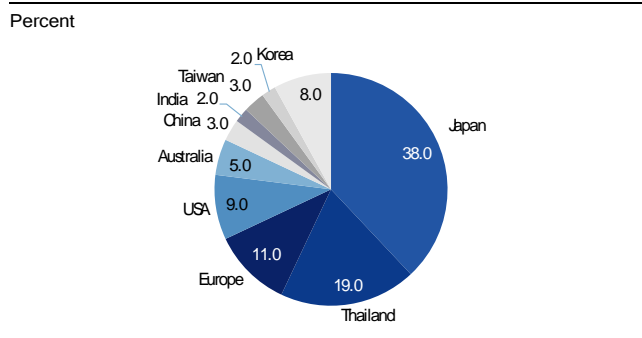
Source: WHA, KGI Research

Figure 4: Customers by industry in industrial estates



Source: WHA, KGI Research

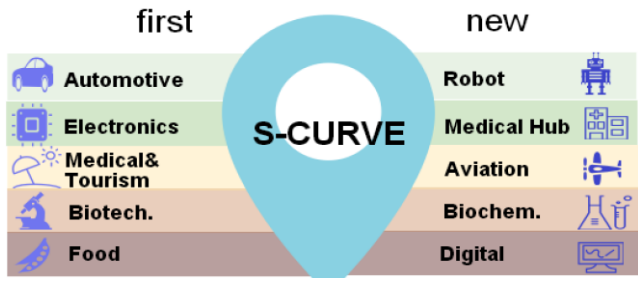
Figure 5: Customers by nationality in industrial estate



Source: WHA, KGI Research

Figure 6: Ten target industries for EEC scheme

Figure 7: Infrastructure to boost EEC

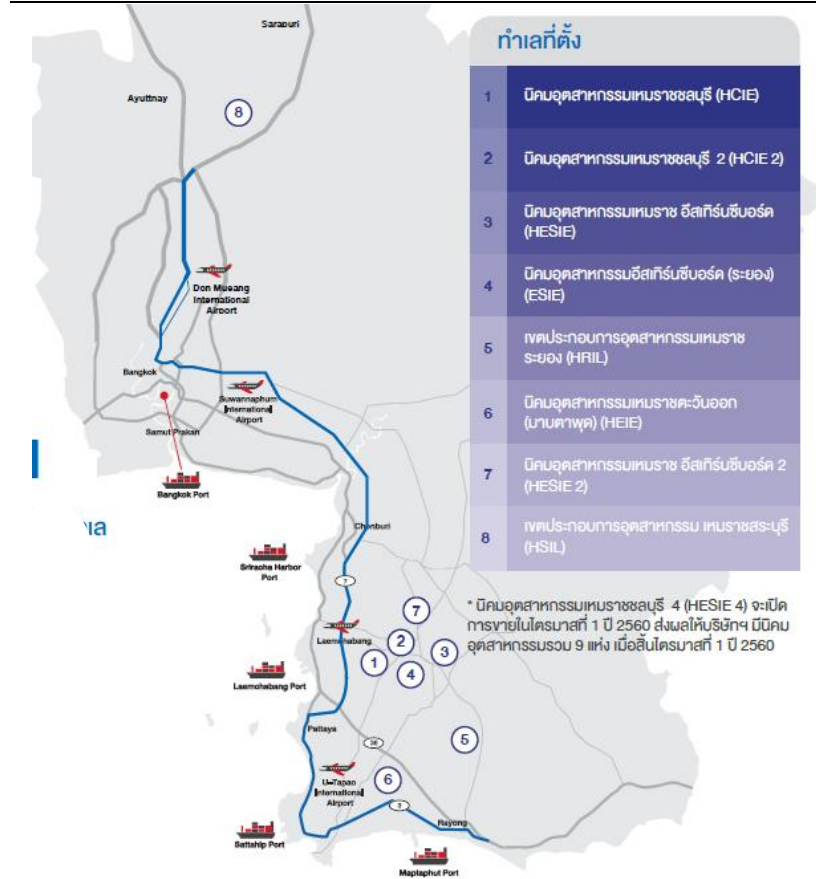


Source: Nesdb, KGI Research



Source: BOI, KGI Research

Figure 8: IE locations



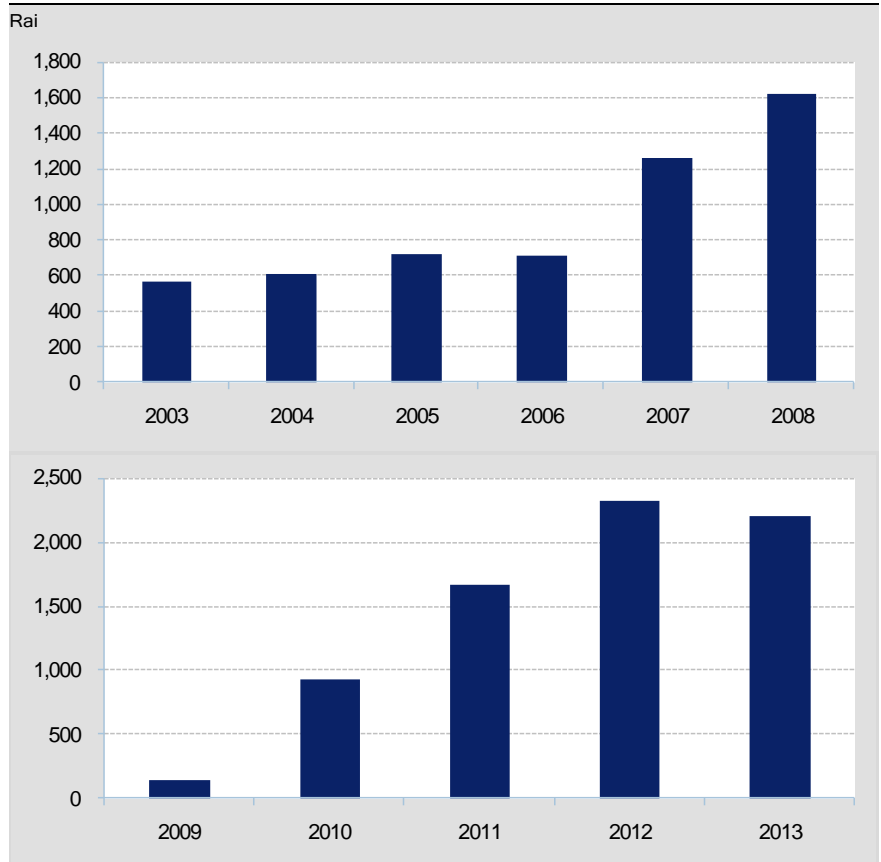
Source: WHA, KGI Research

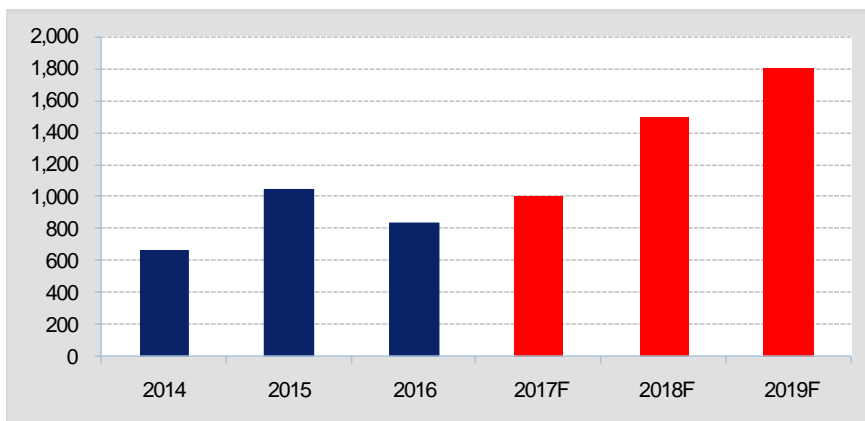
Figure 9: Well-known customers



Source: WHA, KGI Research

Figure 10: Comparison of land sales in different investment cycles





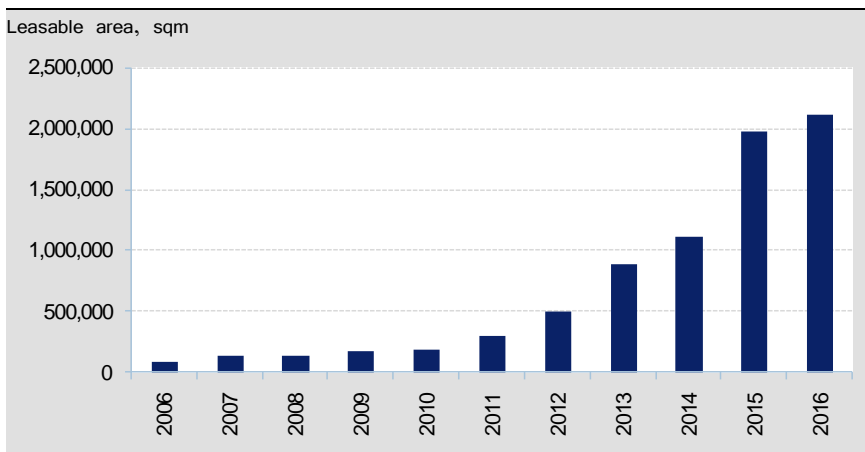
Source: WHA, KGI Research

ii) Logistic Hub

Logistic and industrial properties provide secure recurring income

WHA has expanded its business to horizontal integrated as it broadened its rental business from warehouse and distribution center to ready built warehouses (RBW) and ready built factories (RBF). Thus, we believe WHA would benefit from a broader customer base as each property captures different industries. Note that normally RBFs are located in industrial estates and serve second tier/third tier automotive suppliers while warehouses and distribution centers often serve logistic providers. Higher demand for industrial estates could imply potentially higher demand for RBFs and RBWs. After HEMRAJ was acquired, total leasable area increased from 1.1mn sqm up to 2mn sqm. By type, about 65% is logistic properties (~1.4mn sqm) and 35% of total area is industrial properties (~700,000 sqm).

Figure 11: Totalleasable area grew significantly after HEMRAJ acquisition



Source: ASEAN, KGI Research

Figure 12: Summary of leasable portfolio 2016

		Logistic Properties			Industrial Properties		
		WHA	REIT/PF	Total	HEMRAJ	REIT/PF	Total
Area	sqm	485,011	921,395	1,406,406	297,886	411,431	709,317
Occupancy rate	percent	76.0	100.0	91.7	60.0	75.0	68.7

Source: WHA, KGI Research

Figure 13: REIT/Property Fund Summary

		WHART	WHAPF	HPF	WHABT	HRBT
Asset Type		BTSwarehouse/factory	BTSwarehouse/factory	RF7RF/W	Office Building	RF7RF/W
Paid-Up capital	Btm	9,074	9,391	4,630	1,978	5,694
Total fund raised	Btm	136,961	9,933	4,700	2,525	8,019
NAV/unit*	Bt/unit	9.80	10.29	9.82	10.08	8.6896***
MKT price/unit**	Bt/unit	9.60	10.30	5.75	10.00	8.40
Established year		2014	2010	2013	2015	2016
Ownership		WHA hold 15%	WHA hold 15%	Hemraj hold 22.95%	WHA hold 15%	Hemraj hold 15%
Property Manager		WHA	WHA	HEMRAJ	CBRE/WHA	HEMRAJ
RBT Manager		WHA Real estate management Co.,Ltd	-	-	WHA Real estate management Co.,Ltd	Hemraj Real estate management Co.,Ltd

* Sep 30, 2017

** Nov 2, 2017

*** June 30, 2017

Source: WHA, KGI Research

Logistic Properties

Solid growth from third party logistic (3PL) could drive demand for logistic warehouses and distribution centers

WHA is positioning itself to be a leading logistic facilities developer offering premium quality. It offers built-to-suit development services to both local and foreign companies, led by Japan (38%) and Thailand (31%). Third party logistic companies, which include top global third-party logistics providers such as DHL, Yusen Logistics, Kerry Logistic, LF Logistics, and APL Logistic, are the main clients accounting for 38.5% of the company's total revenues.

We expect WHA to benefit from higher demand for warehouses as the third party logistic market is expected to grow to US\$1tn in 2022, implying about 4.4% 6-year CAGR (2016-2022). This would come from; i) concerns about logistic costs, ii) e-commerce trend, and iii) development of AEC.

According to Establish, Inc. and HWD & Grubb & Ellis Global Logistics, transportation costs typically account for about 50% of total logistic cost so most companies want to focus on core business and transfer the logistics to a third party. Global Market Insight forecast Asia Pacific to gain the most market share at about 35% of total third party logistic market value, implying 5.2% CAGR 2016-2022 which is higher than the market growth of 4.4%.

E-commerce is seeing a bullish global trend in 2017, especially in Asia. This includes Thailand, which has seen e-commerce companies such as Lazada, 11Street, and Zalora starting up business here. Statista forecast that revenue for Thailand's e-commerce market would reach US\$2.9bn in 2017 and could show annual growth (CAGR 2017-2022) of 14.5%, resulting in market volume of US\$5.8bn in 2022. Logistics can be the main challenge and one of the key success factors for the companies, so we believe demand for 3PL services could grow along with the e-commerce market.

Finally, Thailand is sitting at the center of the region. This would support it being the regional logistic hub for Indo-China. The country's well-developed infrastructure could attract multinational companies (MNC) to set up their manufacturing bases here. Furthermore, the formation of AEC in 2015 could ease trading restrictions and increase trade liberalization, which should boost intra-region trade.

WHA's logistic properties have performed well as can be seen by the high occupancy rate. At the end of 2016, the occupancy rate for its logistic properties was 92%, which can be divided into two sections: i) area owned by WHA ~500,000sqm with occupancy rate of 76%, and ii) area sold to WHAPF, WHART, WHABT ~900,000sqm with occupancy rate of 100%. We forecast pre-leased area of 150,000sqm for 2017-2019 and this is likely to be achieved based on its historical

data.

Industrial Properties

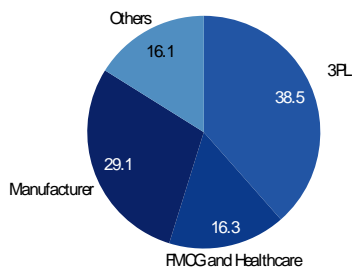
Ready built factories and ready built warehouses could grow along with industrial estates land sales

Normally, WHA’s ready built factories (RBFs) are located in industrial estates, which are expected to grow along with industrial estate land sales. Currently, 36% of the total area in its portfolio is captured by the logistics industry which is the same industry as logistic properties, followed by the automotive segment at 17%. By nationality, Japan is still the major customer at 44% of the total industrial hub, followed by Europe at 23%.

Based on data at the end of 2016, industrial property had an occupancy rate of 69% comprised of two parts; i) area owned by HEMRAJ ~300,000 sqm with occupancy rate of 60%, and ii) area sold to HPF and HREIT ~400,000 sqm with occupancy rate of 75% (Figure 12). We conservatively assume additional area for RBF and RBW for 2017-2019 of 50,000sqm/year.

Figure 14: Tenant profile by industry of logistic hub

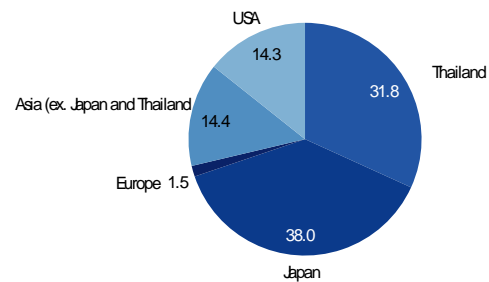
Percent



Source: WHA, KGI Research

Figure 15: Tenant profile by nationality of logistic hub

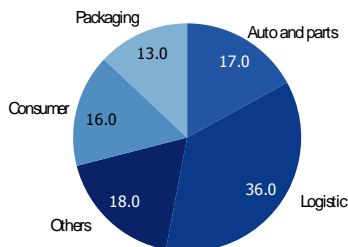
Percent



Source: WHA, KGI Research

Figure 16: Tenant profile by industry of industrial hub

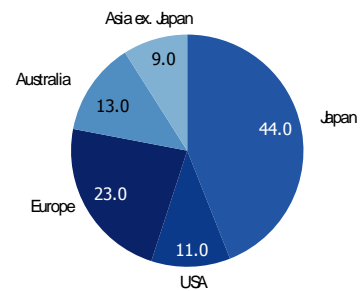
Percent



Source: WHA, KGI Research

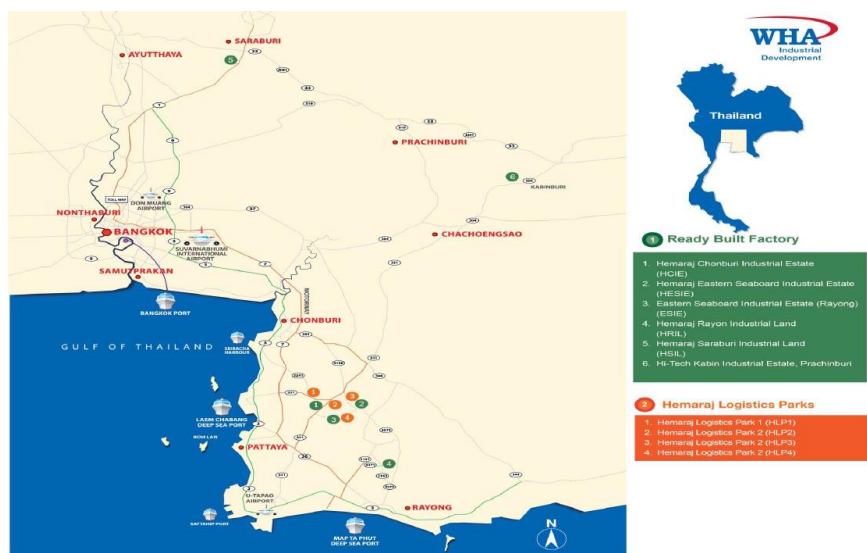
Figure 17: Tenant profile by nationality of industrial hub

Percent



Source: WHA, KGI Research

Figure 18: Industrial property location map



Source: WHA, KGI Research

Asset monetization to REIT would remain part of the company's strategy

WHA has sold assets to REIT, which is one of the vehicles to raise capital for new investment, and we expect it to continue with this strategy. We assume the company would sell about 70% of the new leasable area of logistic properties to REIT (WHART) which would contribute revenue of about Bt3bn each year. Note that we assume new logistic leasable area of 150,000sqm, implying area 105,000 sqm to be sold to REIT. While for industrial properties about 50% of total new industrial leasable areas expected to be monetized to REIT (HREIT). We assume new industrial leasable area of 50,000 sqm/year, implying 25,000sqm to be sold to REIT, which would account for about Bt1bn/year.

iii) Utilities and power hub

Utilities and power business could be flagship to lower volatility of business cycle

WHA realigned its business by grouping water and utility under WHAUP (WHAUP.BK, WHAUP TB). The revenue from water and power could act as a flagship that will contribute sustainable revenue and lower volatility from land sales in the industry cycle.

For its water business, the total sales volume was 96mn m³ at the end of 2016, comprised of three types of water; i) raw water with sales volume of 17mn m³, ii) industrial water with sales volume of 46mn m³, and iii) wastewater sales management with sales volume of 33mn m³. The water demand could grow along with the number of industrial clients and operating new power plants (new SPPs).

For the power business, the company will have total capacity of 350MWe at the end of this year before ramping up to 542MWe in 2019 on the back of the starting up of seven projects during 2017-2019.

At the end of 2016, water and power contributed about 13% of the company's total revenues and this is expected to increase 23% in 2017 and 19% in 2018. (For more details on WHAUP, please see our initial coverage report which published October 27, 2017).

vi) Digital hub

WHA targets to be a leader in managed services with platform and data centers as a world class cloud service provider. The company plans to establish four data centers located in Vibhavadi, Bangna-Trad, and Eastern Seaboard. Three of the four data centers are 100% owned by WHA while another will be a JV. Based on the

company’s guidance, WHA aims to roll out two data center with initial phase capacity of 305 racks at the end of 2017. Since it is still in the initial phase, there is no revenue contribution right now and we expect it to take time (WHA expects this business unit to contribute significant revenue in 2020), so we have not included it in our valuation.

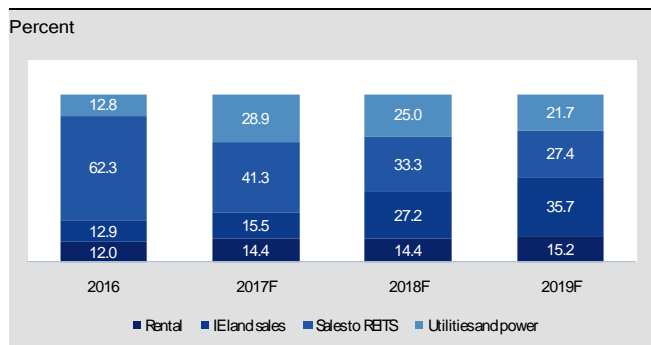
Expect attractive earnings growth of 62.9% YoY in 2018 due to low base in 2017

We forecast WHA’s earnings to be Bt3.1bn (+62.9% YoY) in 2018 and Bt4.3bn (+35.4% YoY) in 2019 propelled by; i) industrial estate land sales from the EEC scheme which is expected to contribute 29% of total gross margin in 2018 from 12% in 2016, ii) power and utilities are expected to account for 31% of total gross margin in 2018 from 11% in 2016.

Valuation and action

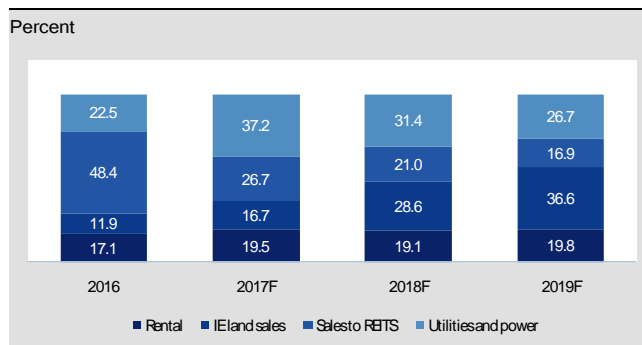
We initiate coverage on WHA with a rating of Outperform and 2018 target price of Bt4.40 based on SOTP. We derived a value of Bt1.30/share for the industrial estates business on multiple per of 14.0x as it contributed lower gross margin than AMATA. Meanwhile, we applied the DCF method to value the industrial and logistic properties and arrived at a value of Bt1.20/share, and WHAUP’s value at Bt1.60. Lastly, REIT and property fund investment is valued at Bt0.30 based on DDM.

Figure 19: Revenue contribution in 2016–2019F



Source: WHA, KGI Research

Figure 20: Gross profit breakdown 2016–2019F



Source: WHA, KGI Research

Figure 21: Assumptions

Assumption	unit	2015	2016	2017F	2018F	2019F
Land sales	rai	1,043	835	1,000	1,500	1,800
GPM	percent	50.0	50.0	50.0	50.0	50.0
Power capacity	Mwe	317	350	478	510	542
Equity income	Btmn	1,038	1,006	1,062	1,136	1,221
Logistic Properties						
Leasable area	sqm	239,328	265,770	333,789	455,289	500,289
Occupancy rate	percent	92%	75%	75%	75%	75%
Industrial Properties						
Leasable area	sqm	293,690	89,919	121,919	146,919	171,919
Occupancy rate	percent	N.A.	60%	70%	70%	70%
Asset sale to REIT						
Logistic Properties	sqm	174,914	158,815	85,000	105,000	105,000
Industrial Properties	sqm	0	216,192	48,000	25,000	25,000

Source: WHA, KGI Research

Figure 22: Valuation breakdown

Business	valuation method	Equity value (Btmn)	Value per share (Bt/sh)
Real estate	multiple PER 14.0	18,585	1.3
WHAUP	DCF	22,759	1.6
Rental	DCF	17,571	1.2
REIT	DDM	4,143	0.3
Total Equity value		63,058	4.4

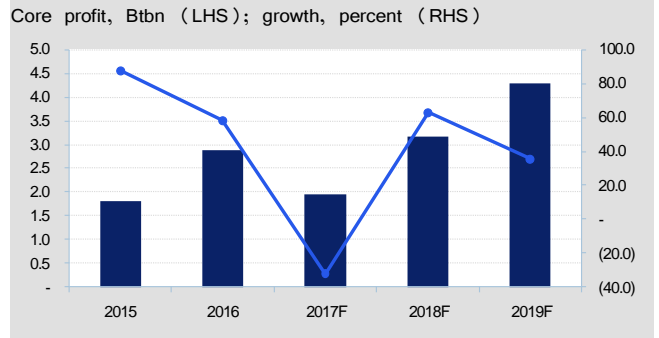
Source: KGI Research

Figure 23: Company profile

WHA Corporation (WHA) began business in 2003 involved in industrial property development. WHA has become a leading player in logistics, industrial estates, utilities and power, and digital services both in Thailand and Southeast Asia. WHA's operations consist of four major business areas with integrated services offered: i) logistics, ii) industrial development, iii) utilities and power, and vi) digital platform

Source: Company data

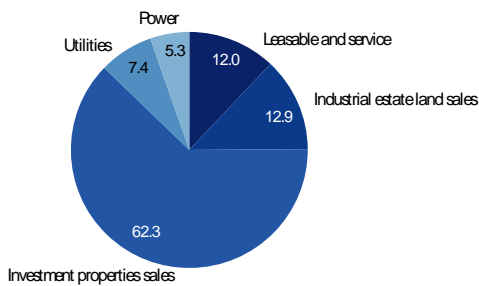
Figure 24: Core profit to rebased in 2017



Source: Company data, KGI Research

Figure 25: Revenue breakdown 2016

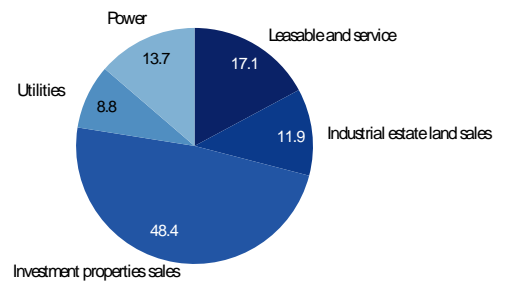
Percent



Source: Company data, KGI Research

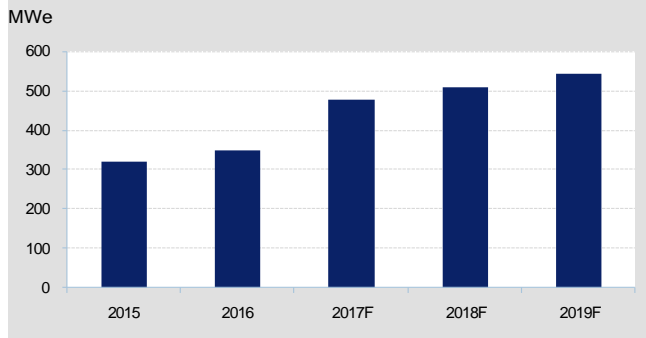
Figure 26: Gross margin breakdown 2016

Percent



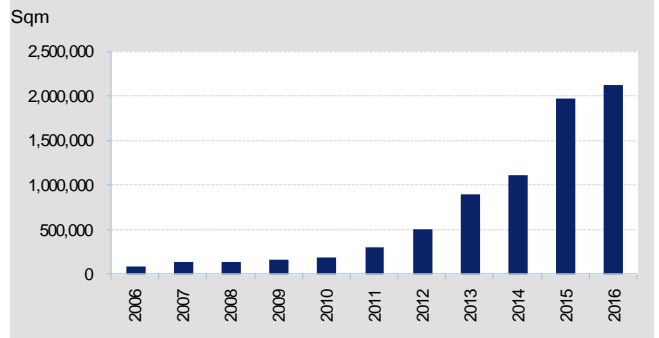
Source: Company data, KGI Research

Figure 27: Power capacity



Source: Company data, KGI Research

Figure 28: Logistic and industrial area



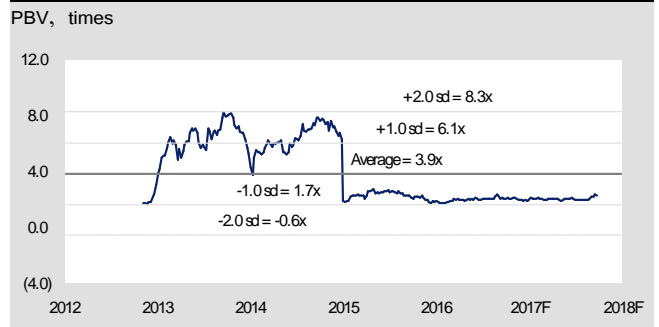
Source: Company data, KGI Research

Figure 29: Company's PER



Source: KGI Research

Figure 30: Company's PBV



Source: KGI Research

Quarterly Income Statement

	Mar-14A	Jun-14A	Sep-14A	Dec-14A	Mar-15A	Jun-15A	Sep-15A	Dec-15A	Mar-16A	Jun-16A	Sep-16A	Dec-16A	Mar-17A	Jun-17A
Income Statement (Bt mn)														
Revenue	116	122	145	4,506	427	1,369	1,067	8,575	1,170	1,377	1,300	13,973	971	2,563
Cost of Goods Sold	(37)	(37)	(59)	(3,137)	(252)	(653)	(466)	(6,060)	(678)	(774)	(622)	(9,341)	(519)	(1,249)
Gross Profit	79	85	86	1,369	174	716	601	2,515	492	604	678	4,631	452	1,315
Operating Expense	(28)	(34)	(35)	(187)	(83)	(326)	(194)	(531)	(280)	(262)	(286)	(668)	(326)	(468)
Other incomes	33	31	35	71	46	253	94	235	104	115	108	171	137	151
Operating Profit	84	82	87	1,253	137	643	501	2,219	316	457	501	4,135	262	998
Depreciation of fixed asset	29	31	48	68	70	118	121	195	147	136	139	142	132	113
Operating EBITDA	54	51	39	1,185	67	525	380	2,023	169	321	361	3,993	130	885
Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	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	0	0	0
Non-Operating Expense	(48)	(50)	(79)	(118)	(205)	(730)	(651)	(699)	(611)	(617)	(628)	(577)	(453)	(419)
Interest Expense	(48)	(50)	(79)	(118)	(205)	(730)	(651)	(699)	(611)	(617)	(628)	(577)	(453)	(419)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	(3)	(2)	(1)	(2)	76	402	175	385	450	491	220	(155)	258	693
Pre-tax profit	33	30	7	1,133	8	315	25	1,905	155	332	93	3,403	67	1,273
Current Taxation	(1)	(1)	(1)	(220)	(5)	(14)	(35)	(32)	8	17	(12)	(826)	25	(67)
Minorities	0	0	0	0	8	75	43	88	43	15	38	177	11	233
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	32	28	5	913	(5)	226	(53)	1,785	120	334	43	2,401	81	972
Normalized Profit	32	28	5	913	(5)	226	(53)	1,785	120	334	43	2,401	81	972
EPS(Bt)	0.00	0.00	0.00	0.09	(0.00)	0.02	(0.00)	0.12	0.01	0.02	0.00	0.17	0.01	0.07
Normalized EPS(Bt)	0.00	0.00	0.00	0.09	(0.00)	0.02	(0.00)	0.12	0.01	0.02	0.00	0.17	0.01	0.07
Margins														
Gross profit margin	67.9	69.8	59.4	30.4	40.9	52.3	56.3	29.3	42.1	43.8	52.2	33.1	46.5	51.3
Operating EBIT margin	72.1	67.3	60.0	27.8	32.2	47.0	47.0	25.9	27.0	33.2	38.5	29.6	27.0	38.9
Operating EBITDA margin	46.8	42.1	26.6	26.3	15.7	38.4	35.6	23.6	14.4	23.3	27.8	28.6	13.4	34.5
Net profit margin	27.4	23.2	3.6	20.3	(1.1)	16.5	(4.9)	20.8	10.2	24.3	3.3	17.2	8.3	37.9
Growth														
Revenue growth	(97.5)	4.9	18.8	3,015.7	(90.5)	220.9	(22.0)	703.8	(86.4)	17.7	(5.6)	974.7	(93.1)	164.1
Operating EBIT growth	(94.7)	(2.1)	6.0	1,344.3	(89.0)	367.6	(22.0)	342.4	(85.8)	44.8	9.4	726.1	(93.7)	280.9
Operating EBITDA growth	(96.5)	(5.6)	(24.8)	2,976.8	(94.3)	681.5	(27.6)	432.3	(91.7)	90.3	12.5	1,004.7	(96.7)	581.7
Net profit growth	(97.5)	(10.8)	(81.5)	17,317.2	(100.5)	(5,071.6)	(123.3)	(3,484.3)	(93.3)	178.9	(87.3)	5,541.4	(96.6)	1,103.8
Normalized profit growth	(97.5)	(10.8)	(81.5)	17,317.2	(100.5)	(5,071.6)	(123.3)	(3,484.3)	(93.3)	178.9	(87.3)	5,541.4	(96.6)	1,103.8

Source: KGI Research

Peer comparison - Key valuation stats

	Rating	Target Price (Bt)	Current price (Bt)	Upside (%)	16 core EPS (Bt)	17 core EPS (Bt)	18 core EPS (Bt)	17F PER (X)	18F PER (X)	17F PBV (X)	18F PBV (X)	17F Div yield (%)	18F Div yield (%)	17F ROAE (%)	18F ROAE (%)
AMATA	O	26.4	21.0	25.9	1.35	1.35	1.82	15.8	11.8	1.5	1.4	2.5	3.4	5.1	6.5
WHA	O	4.4	3.8	16.5	0.20	0.14	0.22	27.5	16.9	2.5	2.2	1.5	2.4	3.9	3.0
Sector	O							21.7	14.3	2.0	1.8	2.0	2.9	4.5	4.8

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2015	2016	2017F	2018F	2019F
Total Assets	79,066	74,784	64,663	63,552	63,105
Current Assets	26,208	22,059	13,076	10,812	9,141
Cash & ST Investment	4,070	4,744	401	1,281	3,555
Inventories	0	0	0	0	0
Account Receivable	321	443	278	343	444
Others	21,817	16,873	12,397	9,188	5,142
Non-current Assets	52,858	52,724	51,587	52,741	53,963
LT Investment	26,122	25,276	24,285	25,340	26,452
Net fixed Assets	3,842	3,832	3,863	3,893	3,920
Others	22,894	23,617	23,439	23,508	23,591
Total Liabilities	57,407	52,821	42,955	39,454	35,983
Current Liabilities	20,902	15,414	14,330	10,940	12,019
Account Payable	3,381	2,452	1,253	1,499	1,790
ST Borrowing	1,693	3,649	3,649	3,649	3,649
Others	15,828	9,313	9,428	5,792	6,581
Long-term Liabilities	36,505	37,408	28,626	28,514	23,963
Long-term Debts	31,005	30,004	24,669	23,609	17,926
Others	5,500	7,404	3,957	4,905	6,037
Shareholders' Equity	21,659	21,962	21,708	24,099	27,122
Common Stock	14,322	14,322	14,322	14,322	14,322
Capital Surplus	12,391	12,391	12,391	12,391	12,391
Retained Earnings	3,658	6,526	6,272	8,662	11,686
Preferred Stock	0	0	0	0	0

Source: KGI Research

Key Ratios

Year to 31 Dec	2015	2016	2017F	2018F	2019F
Growth (%YoY)					
Sales	95.2	67.3	(55.1)	29.0	25.9
CP	132.8	59.9	(44.6)	39.6	28.9
EBITDA	201.2	38.4	(32.4)	26.6	21.5
NP	99.6	48.3	(32.9)	62.9	35.4
Normalized Profit	87.6	58.1	(32.3)	62.9	35.4
EPS	34.4	48.3	(32.9)	62.9	35.4
Normalized EPS	26.3	58.1	(32.3)	62.9	35.4
Profitability (%)					
Gross Margin	35.0	35.9	40.8	42.9	44.5
Operating Margin	28.5	29.2	29.9	33.6	35.2
EBITDA Margin	44.1	39.2	48.9	49.9	49.3
Net Margin	17.1	16.3	20.2	26.5	29.1
ROAA	2.5	3.9	3.0	5.0	6.8
ROAE	9.0	13.2	9.0	13.1	15.8
Stability					
Gross Debt/Equity (%)	2.7	2.4	2.0	1.6	1.3
Net Debt/Equity (%)	2.0	1.7	1.7	1.3	0.9
Interest Coverage (x)	2.0	2.6	2.4	3.8	5.2
Interest & ST Debt Coverage (x)	1.1	1.1	0.8	1.1	1.3
Cash Flow Interest Coverage (x)	3.0	1.8	(0.1)	3.5	4.9
Cash Flow/Interest & ST Debt (x)	1.7	0.7	(0.0)	1.0	1.3
Current Ratio (x)	1.3	1.4	0.9	1.0	0.8
Quick Ratio (x)	1.3	1.4	0.9	1.0	0.8
Net Debt (Bt mn)	43,517	37,251	36,752	31,037	23,703
Per Share Data (Bt)					
EPS	0.1	0.2	0.1	0.2	0.3
Normalized EPS	0.1	0.2	0.1	0.2	0.3
CFPS	0.5	0.3	(0.0)	0.3	0.4
BVPS	1.5	1.5	1.5	1.7	1.9
SPS	0.8	1.2	0.7	0.8	1.0
EBITDA/Share	0.4	0.5	0.3	0.4	0.5
DFS	0.0	0.2	0.1	0.1	0.1
Activity					
Asset Turnover (x)	0.1	0.2	0.1	0.2	0.2
Days Receivables	59	71	70	70	70
Days Inventory	NA	NA	NA	NA	NA
Days Payable	166	78	80	80	80
Cash Cycle	NA	NA	NA	NA	NA

Source: KGI Research

Profit & Loss

Year to Dec 31 (Bt mn)	2015	2016	2017F	2018F	2019F
Revenue	11,437	17,821	9,651	11,964	14,726
Cost of Goods Sold	(7,431)	(11,415)	(5,715)	(6,837)	(8,165)
Gross Profit	4,006	6,406	3,936	5,127	6,560
Operating Expenses	(1,133)	(1,495)	(1,362)	(1,430)	(1,711)
Other Incomes	381	293	307	323	334
Operating Profit	3,254	5,203	2,881	4,021	5,183
Depreciation of fixed assets	(505)	(564)	(583)	(613)	(643)
Operating EBITDA	5,043	6,979	4,718	5,972	7,256
Non-Operating Income	0	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expense	(2,284)	(2,432)	(1,714)	(1,408)	(1,267)
Interest Expense	(2,284)	(2,432)	(1,714)	(1,408)	(1,267)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	1,038	1,006	1,062	1,136	1,221
Pretax Profit	2,254	3,983	2,421	3,950	5,346
Current Taxation	(87)	(813)	(272)	(563)	(825)
Minorities	213	272	204	218	230
Extraordinaries items	134	22	0	0	0
Net Profit	1,954	2,898	1,946	3,169	4,291
Normalized Profit	1,819	2,876	1,946	3,169	4,291
EPS(Bt)	0.14	0.20	0.14	0.22	0.30
Normalized EPS(Bt)	0.13	0.20	0.14	0.22	0.30

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2015	2016	2017F	2018F	2019F
Operating Cash Flow	6,937	4,428	(190)	4,912	6,257
Net Profit	1,954	2,898	1,946	3,169	4,291
Depreciation & Amortization	505	564	583	613	643
Change in Working Capital	4,478	966	(2,719)	1,129	1,322
Others					
Investment Cash Flow	(58,598)	3,879	4,998	1,581	2,345
Net CAPEX	(4,005)	(244)	(300)	(300)	(300)
Change in LT Investment	(38,349)	1,690	(2,351)	(1,898)	(1,983)
Change in Other Assets	(16,244)	2,434	7,649	3,779	4,628
Free Cash Flow	(51,661)	8,308	4,808	6,493	8,602
Financing Cash Flow	53,845	(8,227)	(7,042)	(5,613)	(6,328)
Change in Share Capital	468	0	0	0	0
Net Change in Debt	38,620	(5,632)	(4,842)	(4,835)	(5,060)
Change in Other LT Liab.	14,757	(2,595)	(2,200)	(778)	(1,268)
Net Cash Flow	2,184	81	(2,234)	880	2,274

Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	=	Operating Margin		
2015	65.0%	4.4%	13.2%		17.4%		
2016	64.1%	3.2%	10.0%		22.7%		
2017F	59.2%	6.0%	17.3%		17.4%		
2018F	57.1%	5.1%	14.6%		23.1%		
2019F	55.5%	4.4%	13.9%		26.3%		
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net FFE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	=	Capital Turnover		
2015	0.4	0.3	6.6		0.1		
2016	0.1	0.2	4.0		0.2		
2017F	(0.3)	0.4	6.3		0.2		
2018F	0.1	0.3	5.0		0.2		
2019F	0.1	0.3	4.0		0.2		
Year	Operating Margin	x	Capital Turnover	x	Cash Tax Rate	=	After-tax Return on Inv. Capital
2015	17.4%		0.1		3.9%		0.1%
2016	22.7%		0.2		20.4%		1.1%
2017F	17.4%		0.2		11.2%		0.3%
2018F	23.1%		0.2		14.3%		0.6%
2019F	26.3%		0.2		15.4%		0.9%

Source: KGI Research

WHACorporation PCL- Recommendation & target price history



Source: KGI Research

KGI Locations

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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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