BUY (Unchanged)

Change in Numbers

TP: Bt 4.00 (Unchanged)

Upside : 19.8%

25 MARCH 2022

Small Cap Research

WHA Corporation Pcl (WHA TB)

Turnaround started

RATA LIMSUTHIWANPOOM

662 – 483 8297

rata.lim@thanachartsec.co.th

WHA is a post-lockdown beneficiary with a strong industrial land sales recovery in 4Q21. We expect pent-up demand in Thailand and new land supply in Vietnam to drive land sales at above its five-year average. Despite the high base, we project normalized earnings of 19/17% in 2022-23F. The stock still trades at bottom-range PE. BUY.

Thanachart Securities

Reaffirming BUY

We reaffirm our BUY call on WHA with an NAV SOTP-based 2022F of Bt4.0. ***First,*** Industrial estate (IE) land presales have started rebounding. With the new estate in Vietnam, we expect WHA to achieve above-average presales in 2022-24F. ***Second,*** despite the high base, we project WHA to deliver earnings growth of 19/17/14% in 2022-24F. ***Third***, WHA looks inexpensive to us trading at 83% of our NAV of Bt4.0, where we already assign a 24% discount to the price of developed land while raw land is valued at cost. We cut our normalized earnings by 12/7/2% in 2022-24F on lower industrial land revenue and warehouse pre-leased space, and higher gas prices hitting power equity income. But due to lower-than-expected debt, our TP remains at Bt4.0.

Industrial land sales started rebounding

Due to site visit hurdles and the economic slowdown amid COVID, WHA's IE presales came to just 510/554 rai in 2020-21 vs. the five-year average pre-COVID presales of 920 rai. This is despite first-time expansion into Vietnam in 2020. With the easing of Thailand's quarantine, WHA is enjoying strong IE presales recovery momentum in 4Q21. Investors have begun to arrive with decent interest in the auto, electronics, and consumer sectors. WHA has 2,000 rai under negotiation. We expect pent-up demand in Thailand and new Vietnam landbank supply in 2H22 to bring 2022-24F presales to an above-average 1,100/1,400/1,490 rai. We project land sales revenue growth at 195/23/20% in 2022-24F. Backlog carried over from delayed transfers since COVID started in 2020 should secure 56% of 2022F land sales revenue.

Decent recovery momentum

WHA's operating profit comes from land sales (22%), power & utilities (34%), warehouse rent and sales to two REITs (31%) and dividend and REIT management fees (13%). We project WHA's normalized earnings to grow by 19/17/14% in 2022-24F. We consider this to be a good earnings turnaround from the high base last year when WHA increased its warehouse sales to the REITs and non-IE land sales to boost its earnings growth. Key growth drivers are IE sales, improving utilities in Thailand and lower loss contributions from Vietnam. Power plant income will also help drive earnings in 2023-24F when gas costs peak. As for warehouse rental and asset sales, we estimate a 27% drop in 2022F from the high base and flat numbers in 2023-24F.

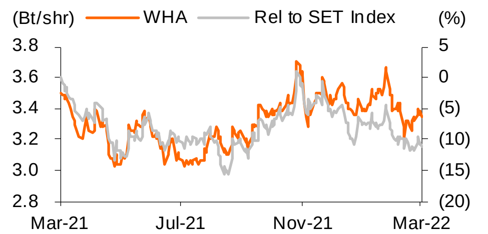
Inexpensive valuation in our view

WHA looks inexpensive to us on NAV and PE. Its 16x PE in 2022F is near -1STD of its historical range valuation over 2015-19. We also estimate 2022 norm. earnings to reach a new base of Bt3.2bn, higher than 2016-19's earnings of Bt2.7bn-2.9bn p.a.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	10,417	9,914	12,732	13,966
Net profit	2,590	3,527	3,771	4,303
Norm profit	2,718	3,227	3,771	4,303
Consensus NP	—	3,410	3,852	4,324
Diff frm cons (%)	—	*3.4*	*(2.1)*	*(0.5)*
Prev. Norm profit	—	3,671	4,055	4,371
Chg frm prev (%)	—	*(12.1)*	*(7.0)*	*(1.6)*
Norm EPS (Bt)	0.2	0.2	0.3	0.3
Norm EPS grw (%)	9.5	18.7	16.9	14.1
Norm PE (x)	18.4	15.5	13.2	11.6
EV/EBITDA (x)	22.5	25.5	19.6	17.5
P/BV (x)	1.6	1.7	1.6	1.5
Div yield (%)	2.2	2.8	3.0	3.4
ROE (%)	9.2	10.8	12.4	13.0
Net D/E (%)	102.8	122.5	111.0	102.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 25-Mar-22 (Bt)	3.34
Market Cap (US$ m)	1,487.1
Listed Shares (m shares)	14,946.8
Free Float (%)	66.0
Avg Daily Turnover (US$ m)	10.2
12M Price H/L (Bt)	3.70/3.02
Sector	Industrial Estate
Major Shareholder	WHA Holding Co Ltd 25.2%

Sources: Bloomberg, Company data, Thanachart estimates

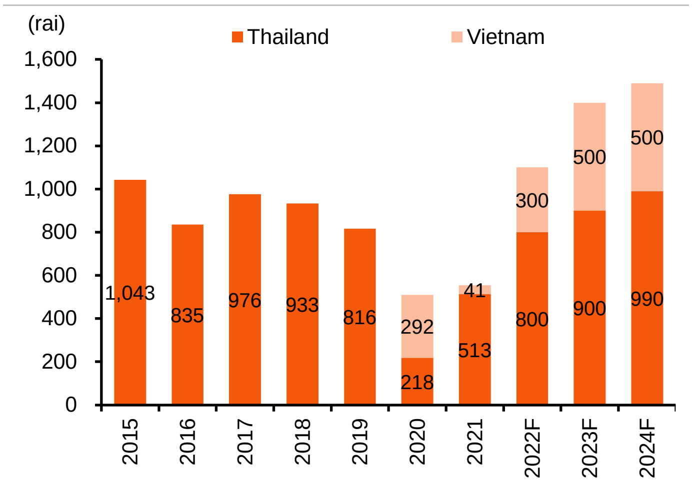
Industrial land sales started rebounding

We expect an above-average presales level in 2022-24F

Due to land site visit hurdles and the economic slowdown amid COVID, WHA Corporation Pcl's (WHA) IE presales fell sharply from 816-933 rai in 2018-19 to 510 rai in 2020. With Thailand's quarantine rules being eased, WHA has enjoyed strong IE presales recovery momentum in 4Q21 at 269 rai, bringing 2021 total presales to 554 rai.

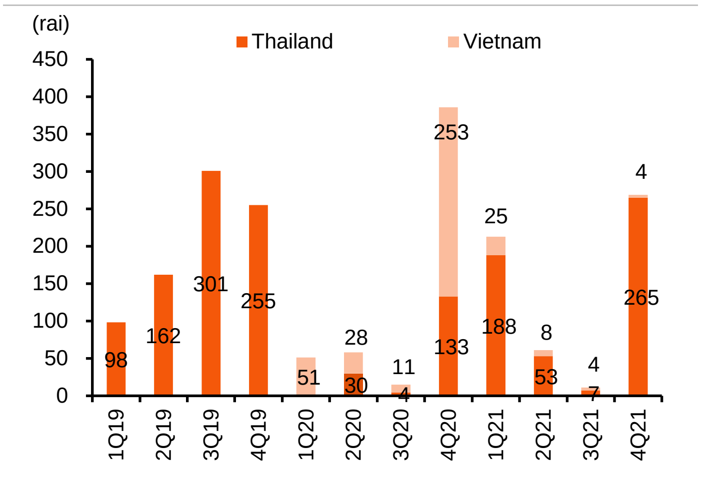
We expect pent-up demand in Thailand and new supply of landbank in Vietnam to bring presales to an above-average level of 1,100/1,400/1,490 rai in 2022-24F vs. its five-year average pre-COVID presales of 920 rai. The key reason for our above-average land sales assumptions is WHA's expansion of its industrial estate business into Vietnam.

Ex 1: Industrial Land Presales



Sources: Company data, Thanachart estimates

Ex 2: Industrial Land Quarterly Presales



Source: Company data

Key driver is expansion into Vietnam…

WHA's industrial estate in Vietnam, namely WHA Industrial Zone – Nghe An, is located in Nghe An province in the North Central Coast region. The market share of FDI inflows to Nghe An province is 0.6%. With full support from the local government, WHA sees high potential for Nghe An to attract FDI inflows given an abundant labor force of up to 2m workers and its accessibility to infrastructure. Nghe An has 83km of coastline, an international airport, good-quality national highways, access to three deep-sea ports and a rail station. There are also four border gates to Laos which are well connected by highways. Vietnam's investment incentives at WHA Industrial Zone – Nghe An include exemptions or reductions of Corporate Income Tax (CIT) and Import Tax (see Exhibit 4).

WHA Industrial Zone - Nghe An received a 50-year concession to lease out a total net sellable industrial area of 6,900 rai (1,100 hectares). Out of 600 rai of sellable land in the first phase, WHA sold 292 rai in 2020. Key customers are in the electronics sector. 2021 presales dropped to 41 rai due to obstacles in carrying out land site visits amid COVID lockdown measures. With Vietnam easing its COVID curbs in mid-1Q22, together with the second phase's new supply of 1,300 rai of land due to come on stream in 2H22F, we expect WHA to enjoy the FDI recovery in Vietnam and estimate WHA's IE land presales in Vietnam at 300/500/500 rai in 2022-24F vs. 292/41 rai in 2020-21.

Ex 3: WHA Industrial Zone - Nghe An Is Near Key Transport Networks

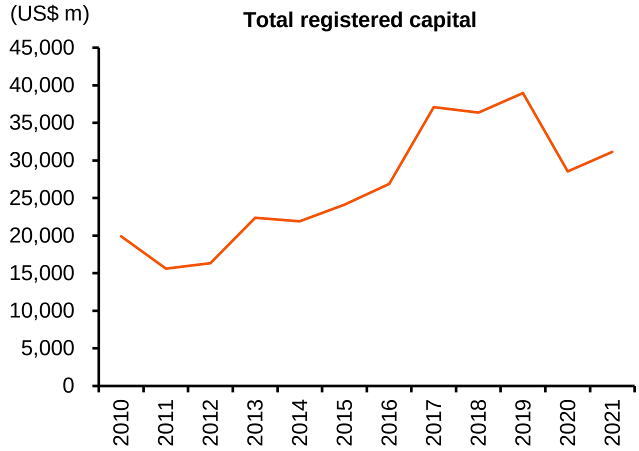
Source: Company data

Ex 4: Tax Incentives

Corporate income tax (CIT)	–	Special tax rate: 10% for 15 years
	–	CIT exemption for the first 4 years
	–	50% tax reduction for the subsequent 9 years
Import tax	–	Exemption for machinery and equipment to create fixed assets
	–	Exemption of 5 years for materials & components of production that cannot be produced domestically
Investor support	–	One Stop Service at Dong Nam Economic Zone Authority

Source: Company data

Ex 5: Vietnam FDI Has Started To Rebound

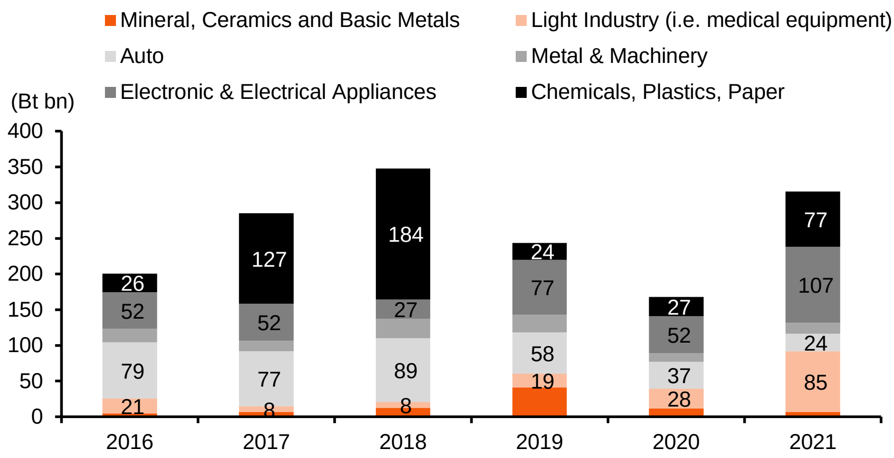


Source: General Statistics Office In Vietnam

…and pent-up demand in Thailand

As for Thailand, Board of Investment application submissions for the manufacturing sector dropped by 31% in 2020 on the back of the COVID crisis but rebounded sharply to Bt315bn in 2021, a level 30% higher than in 2019. Key sector drivers were light industry (medical supplies, fabrics, etc.) and electronics and electrical appliances. In terms of IE land presales, WHA reported a sharp drop from its 920 rai five-year average over 2015-19 to 212 rai in 2020. The pent-up demand has driven up land sales in 2021 to 513 rai in 2021. We expect pent-up demand to further drive presales to 800/900/990 rai in 2022-24F. WHA has 2,000 rai in the pipeline for which negotiations have resumed with decent interest in the auto, electronics and consumer sectors.

Ex 6: Manufacturing BOI Applications Surpassing 2019's



Sources: Board of Investment (BOI)

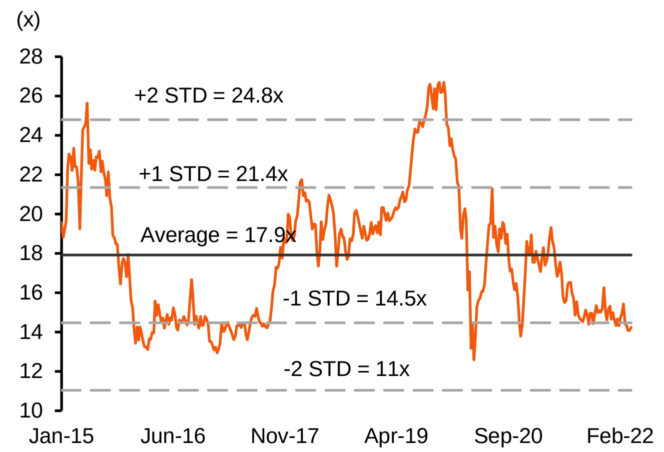
IE land sales is the key earnings growth driver especially in 2022F

Excluding an extra gain on sales of data center assets of Bt300m, we estimate WHA's normalized earnings to grow by 19/17/14% in 2022-24F. Though we expect warehouse rental and asset sales to drop by 27% from the high base last year, we see the majority of 2022F earnings growth coming from a turnaround in IE land with some contribution from a growth recovery of the utilities businesses in Thailand and Vietnam. In 2023-24F, power plant equity income should also help drive earnings in 2023-24F when gas costs peak.

IE business (22% of 2022F operating profit and equity income): We forecast IE land revenue growth of 195/23/20% in 2022-24F. Strong presales and backlog carried over from delayed transfers since COVID started in 2020 are the key reason.

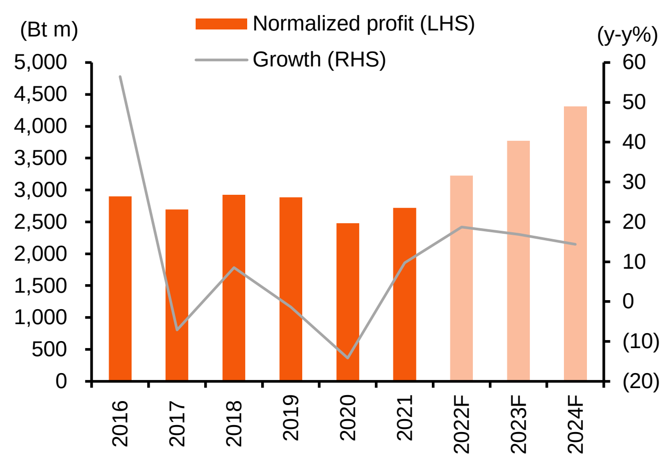
Utilities & power business (34%): For its utilities business in Thailand, as demand has started to recover with new demand from two new IPPs and a petrochemical plant in 2021-22, water revenue in Thailand rose by 17% in 2021 and we estimate growth of 18/5/3% in 2022-24F. For its 34%-held SDWTP water project in Vietnam, because of rising utilization, we project a lower loss via equity income of Bt150m in 2022F and Bt80m in 2023F vs. a Bt204m loss in 2021. For power equity income, we forecast it to drop by 21% this year because of surging gas costs impacting smaller power producer (SPP) plants, before recovering by 25/19% in 2023-24F.

Ex 7: WHA Trades At The Bottom Of Its PE Range…



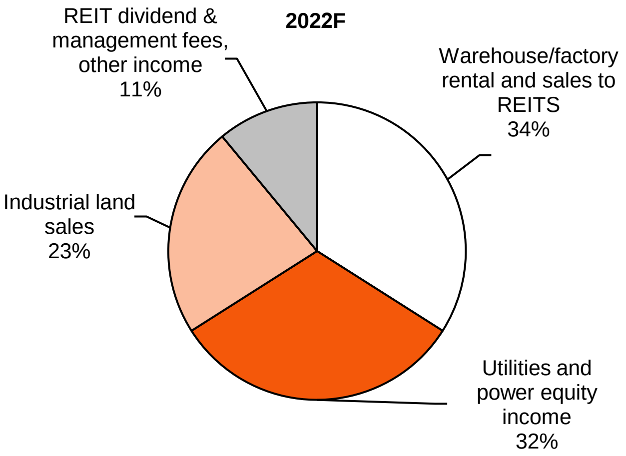
Sources: Bloomberg, Thanachart estimates

Ex 8: …While Earnings Are Reaching A New, Higher Base



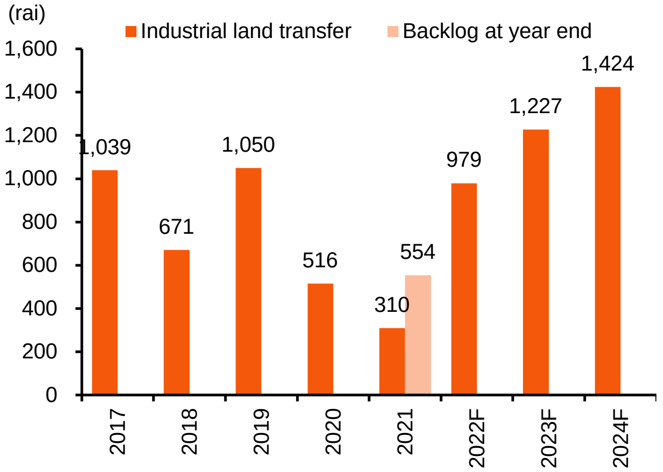
Sources: Company data, Thanachart estimates

Ex 9: Operating Profit And Equity Income Breakdown



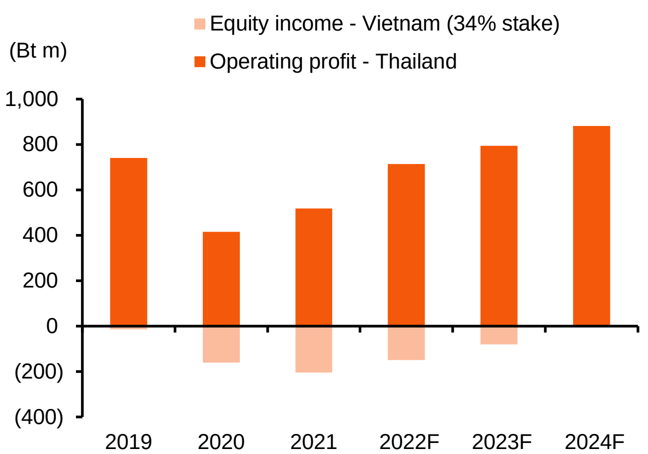
Source: Thanachart estimates

Ex 10: Majority Of Earnings Growth Is from Land Revenue



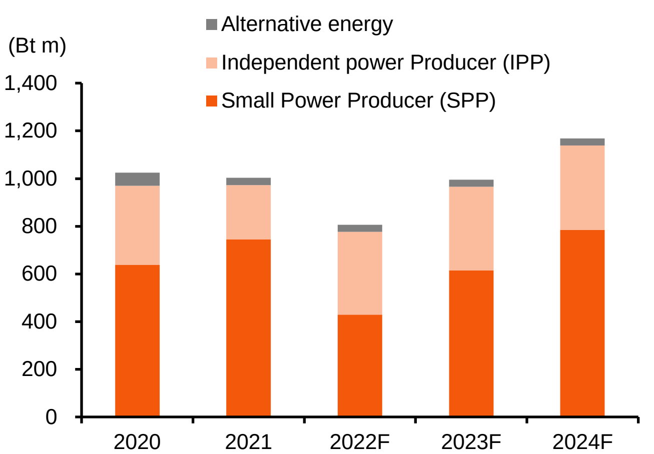
Sources: Company data, Thanachart estimates

Ex 11: Improving Water Business



Sources: Company data, Thanachart estimates

Ex 12: Equity Income From Power



Sources: Company data, Thanachart estimates

Ex 13: Key Assumption Changes

	2020	2021	2022F	2023F	2024F
Presales of industrial land (rai)					
New					
Thailand	218	513	800	900	990
Vietnam	292	41	300	500	500
Old					
Thailand			800	900	990
Vietnam			400	500	500
Industrial land transfers (rai)					
New					
Thailand	296	203	803	836	924
Vietnam	220	107	176	391	500
Old					
Thailand			784	925	949
Vietnam			476	505	126
IE land revenue (Bt m)					
New	1,487	924	3,195	3,939	4,708
Old			3,936	4,666	5,001
Change (%)			*(18.8)*	*(15.6)*	*(5.9)*
Power equity income (Bt m)					
New	949	940	743	933	1,116
Old			1,084	1,111	1,129
Change (%)			*(31.4)*	*(16.0)*	*(1.2)*
Pre-leased (sq m)					
New	125,544	164,231	185,000	200,000	200,000
Old			250,000	250,000	215,000
Change (%)			*(26.0)*	*(20.0)*	*(7.0)*
Normalized profit (Bt m)					
New	2,524	2,590	3,227	3,771	4,303
Old			3,671	4,055	4,371
Change (%)			*(12.1)*	*(7.0)*	*(1.6)*

Sources: Company data, Thanachart estimates

Ex 14: We Reaffirm BUY With A DCF/NAV-derived SOTP-based 12-month TP Of Bt4.0

Landbank	— Sellable area (rai) —		Selling price/rai	Land cost/rai	Developed land (Bt m)	Undeveloped land (Bt m)	Enterprise value (Bt m)	Equity value/share (Bt/share)	Sum of the parts (%)
	Developed	Raw land							
Industrial landbank									
Thailand	2,024	5,667	4.0	1.1	5,667	7,904			
Vietnam	1,665	3,345	2.2	0.3	3,345	0			
Total industrial landbank value	**3,689**	**9,012**			5,667	7,904	**16,915**	**0.8**	**20**
Warehouse & factory rental & Asset									
sales to REITs (DCF)							**35,137**	**1.5**	**38**
Utilities and power* (DCF)							**29,453**	**1.0**	**25**
REITs investments (DDM)**							**16,321**	**0.7**	**17**
Total enterprise value							**97,825**		
Less: Net debt 2021							**34,990**		
Less : Minorities 2021							**3,436**		
Total equity value							**59,400**	**4.0**	**100**

Sources: Company data, Thanachart estimates

* Utilities and power businesses via WHAUP at a 70% stake

**Investments in WHART, WHABT, HREIT, HPF at 15-23% stakes

Valuation Comparison

Ex 15: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div yield 22F (%)	Div yield 23F (%)
Sembcorp Industri	SCI SP	Singapore	58.7	12.7	10.9	9.7	1.2	1.1	9.3	8.7	2.3	2.7
Bekasi Fajar Industrial Estate	BEST IJ	Indonesia	61.0	na	na	na	0.2	0.2	12.1	8.4	0.2	1.9
Alam Sutera Realty	ASRI IJ	Indonesia	59.3	31.2	11.4	8.7	0.4	0.3	3.3	2.8	na	na
Bumi Serpong Damai	BSDE IJ	Indonesia	25.5	20.0	12.6	10.5	0.6	0.6	7.8	7.3	0.8	0.8
Ciputra Development	CTRA IJ	Indonesia	(6.3)	7.8	14.1	13.0	1.1	1.1	8.6	8.3	1.9	2.0
Lippo Karawaci	LPKR IJ	Indonesia	50.4	110.6	22.6	10.8	0.5	0.5	10.4	8.8	0.0	0.0
Pakuwon Jati	PWON IJ	Indonesia	34.6	16.2	14.6	12.6	1.4	1.3	9.7	8.6	0.8	1.0
Summarecon Agung	SMRA IJ	Indonesia	48.3	42.6	18.1	12.3	1.4	na	9.9	8.4	0.7	na
Surya Semesta	SSIA IJ	Indonesia	na	179.0	38.7	13.9	0.5	0.5	6.3	4.7	0.0	0.6
Amata Corporation *	AMATA TB	Thailand	80.2	40.8	17.9	12.7	1.4	1.3	13.5	10.5	2.2	3.1
Amata VN *	AMATAV TB	Thailand	80.7	82.9	24.1	13.2	1.7	1.6	14.9	9.9	1.7	3.0
Frasers Property*	FPT TB	Thailand	57.3	26.3	15.1	12.0	1.0	1.0	17.9	15.2	2.6	3.3
WHA Corp PCL *	WHA TB	Thailand	18.7	16.9	15.5	13.2	1.7	1.6	25.5	19.6	2.8	3.0
Average			**47.4**	**48.9**	**18.0**	**11.9**	**1.0**	**0.9**	**11.5**	**9.3**	**1.3**	**1.9**

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

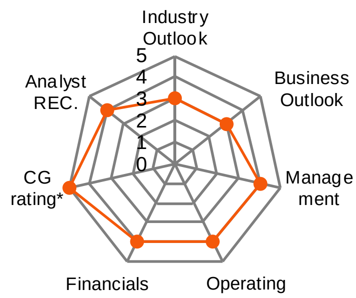
Based on 25-Mar-22 closing prices

COMPANY DESCRIPTION

WHA Corporation (WHA) develops logistics facilities for lease. Its product range includes build-to-suit and warehouse farms targeting manufacturers, retailers and third-party logistics providers. WHA is also a developer of industrial estates in Thailand and Vietnam. WHA currently owns 15-23% of REITs and property funds (WHART, HREIT, WHABT and HPF). WHART and HREIT were established as funding vehicles for WHA via the sale of assets to the funds.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Lots of experience and expertise in developing built-to-suit warehouses and logistics centers.
- Very strong client profiles and enjoys a good reputation among MNCs and big-name Thai firms.
- WHA's warehouse portfolio and land bank are in prime locations that are not prone to flooding.

W — Weakness

- Factory and warehouse for rent business needs high investment capital and has a long payback period.
- Reliance on major customers.

O — Opportunity

- Rising urbanization trend and modern trade expansion.
- Growing warehouse outsourcing trend.
- Thailand becoming the ASEAN logistics hub as a result of its growing logistics network.

T — Threat

- Rising competition from major industrial estate developers such as FPT and AMATA.
- Politics and natural disasters.
- A weakening global economy

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	4.08	4.00	-2%
Norm profit 22F (Bt m)	3,410	3,527	3%
Norm profit 23F (Bt m)	3,852	3,771	-2%
Consensus REC	**BUY: 11**	**HOLD: 1**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our profit forecasts and our SOTP-based 12-month TP are largely in line with the Bloomberg consensus numbers.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected domestic or global economic downturns would pose the key downside risks to our land sales assumptions.
- There would be downside risks to our numbers if the company were to transfer less industrial land than we expect.
- If asset sales to customers/REITs are lower than we now assume, this would represent a secondary downside risk.
- If global or domestic economic growth is disrupted, tenants may terminate or not renew their lease contracts. This would be another downside risk to our call.
- If the new investment incentives fail to attract investors, we see downside risk to our long-term land sales assumptions.

Source: Thanachart

We project 19/17/14% normalized EPS growth in 2022-24F

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	6,914	10,417	9,914	12,732	13,966
Cost of sales	3,841	5,663	5,443	7,236	7,886
Gross profit	**3,073**	**4,754**	**4,471**	**5,496**	**6,080**
% gross margin	44.4%	45.6%	45.1%	43.2%	43.5%
Selling & administration expenses	1,304	1,604	1,555	1,623	1,691
Operating profit	**1,769**	**3,150**	**2,916**	**3,872**	**4,389**
% operating margin	25.6%	30.2%	29.4%	30.4%	31.4%
Depreciation & amortization	592	620	636	692	748
EBITDA	**2,361**	**3,770**	**3,552**	**4,564**	**5,137**
% EBITDA margin	34.2%	36.2%	35.8%	35.9%	36.8%
Non-operating income	1,284	915	1,017	1,085	1,163
Non-operating expenses	0	0	0	0	0
Interest expense	(1,112)	(1,146)	(1,115)	(1,167)	(1,339)
Pre-tax profit	**1,940**	**2,919**	**2,818**	**3,790**	**4,213**
Income tax	293	679	423	569	632
After-tax profit	**1,647**	**2,241**	**2,396**	**3,222**	**3,581**
% net margin	23.8%	21.5%	24.2%	25.3%	25.6%
Shares in affiliates' Earnings	1,171	760	1,136	876	1,129
Minority interests	(341)	(283)	(305)	(327)	(407)
Extraordinary items	47	(128)	300	0	0
NET PROFIT	**2,524**	**2,590**	**3,527**	**3,771**	**4,303**
Normalized profit	**2,477**	**2,718**	**3,227**	**3,771**	**4,303**
EPS (Bt)	0.2	0.2	0.2	0.3	0.3
Normalized EPS (Bt)	0.2	0.2	0.2	0.3	0.3

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	17,362	17,844	18,569	20,285	21,774
Cash & cash equivalent	3,794	3,573	3,500	3,500	3,500
Account receivables	461	435	489	523	574
Inventories	12,626	12,635	13,422	14,869	16,204
Others	481	1,200	1,158	1,394	1,497
Investments & loans	16,122	15,713	16,763	17,813	18,863
Net fixed assets	18,531	18,160	19,702	20,988	22,407
Other assets	30,606	31,053	31,675	31,675	32,308
Total assets	**82,621**	**82,769**	**86,709**	**90,760**	**95,352**
LIABILITIES:					
Current liabilities:	14,707	18,636	18,630	18,781	19,286
Account payables	2,577	2,583	2,759	3,073	3,349
Bank overdraft & ST loans	1,947	2,997	4,404	4,316	4,345
Current LT debt	9,865	12,579	11,098	10,876	10,949
Others current liabilities	318	477	369	517	643
Total LT debt	**29,533**	**22,986**	**28,538**	**27,966**	**28,155**
Others LT liabilities	6,214	7,118	6,452	8,286	9,089
Total liabilities	**50,454**	**48,740**	**53,620**	**55,033**	**56,530**
Minority interest	3,362	3,436	3,740	4,067	4,474
Preferreds shares	0	0	0	0	0
Paid-up capital	1,495	1,495	1,495	1,495	1,495
Share premium	15,266	15,266	15,266	15,266	15,266
Warrants	0	0	0	0	0
Surplus	2,971	3,518	0	0	0
Retained earnings	**9,073**	**10,315**	**12,587**	**14,898**	**17,586**
Shareholders' equity	28,805	30,594	29,348	31,660	34,348
Liabilities & equity	**82,621**	**82,769**	**86,709**	**90,760**	**95,352**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	1,940	2,919	2,818	3,790	4,213
Tax paid	(325)	(631)	(429)	(530)	(594)
Depreciation & amortization	592	620	636	692	748
Chg In working capital	(162)	22	(664)	(1,167)	(1,110)
Chg In other CA & CL / minorities	(12)	(103)	761	421	736
Cash flow from operations	**2,033**	**2,827**	**3,122**	**3,206**	**3,993**
Capex	(3,429)	(243)	(2,173)	(1,972)	(2,162)
Right of use	0	0	0	0	0
ST loans & investments	244	(291)	0	0	0
LT loans & investments	10,203	410	(1,050)	(1,050)	(1,050)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(7,018)	352	(977)	2,157	542
Cash flow from investments	**(0)**	**227**	**(4,200)**	**(865)**	**(2,669)**
Debt financing	2,030	(2,475)	5,778	(882)	291
Capital increase	1,356	0	0	0	0
Dividends paid	(1,733)	(1,694)	(1,255)	(1,459)	(1,615)
Warrants & other surplus	(2,819)	893	(3,518)	0	0
Cash flow from financing	**(1,166)**	**(3,277)**	**1,005**	**(2,341)**	**(1,323)**
Free cash flow	**(1,396)**	**2,585**	**949**	**1,234**	**1,831**

VALUATION

The stock trades at a 17% discount to our SOTP-based NAV-derived TP

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	20.1	18.4	15.5	13.2	11.6
Normalized PE - at target price (x)	24.1	22.0	18.5	15.9	13.9
PE (x)	19.7	19.3	14.2	13.2	11.6
PE - at target price (x)	23.6	23.1	17.0	15.9	13.9
EV/EBITDA (x)	37.0	22.5	25.5	19.6	17.5
EV/EBITDA - at target price (x)	41.2	25.1	28.2	21.8	19.4
P/BV (x)	1.7	1.6	1.7	1.6	1.5
P/BV - at target price (x)	2.1	2.0	2.0	1.9	1.7
P/CFO (x)	24.5	17.7	16.0	15.6	12.5
Price/sales (x)	7.2	4.8	5.0	3.9	3.6
Dividend yield (%)	1.9	2.2	2.8	3.0	3.4
FCF Yield (%)	(2.8)	5.2	1.9	2.5	3.7
(Bt)					
Normalized EPS	0.2	0.2	0.2	0.3	0.3
EPS	0.2	0.2	0.2	0.3	0.3
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	1.9	2.0	2.0	2.1	2.3
CFO/share	0.1	0.2	0.2	0.2	0.3
FCF/share	(0.1)	0.2	0.1	0.1	0.1

Sources: Company data, Thanachart estimates

Manageable net D/E of 1.2x, on our 2022F estimate

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(33.9)	50.7	(4.8)	28.4	9.7
Net profit (%)	(21.8)	2.6	36.2	6.9	14.1
EPS (%)	(23.3)	2.4	36.2	6.9	14.1
Normalized profit (%)	(14.1)	9.7	18.7	16.9	14.1
Normalized EPS (%)	(15.7)	9.5	18.7	16.9	14.1
Dividend payout ratio (%)	37.6	42.4	40.0	40.0	40.0
Operating performance					
Gross margin (%)	44.4	45.6	45.1	43.2	43.5
Operating margin (%)	25.6	30.2	29.4	30.4	31.4
EBITDA margin (%)	34.2	36.2	35.8	35.9	36.8
Net margin (%)	23.8	21.5	24.2	25.3	25.6
D/E (incl. minor) (x)	1.3	1.1	1.3	1.2	1.1
Net D/E (incl. minor) (x)	1.2	1.0	1.2	1.1	1.0
Interest coverage - EBIT (x)	1.6	2.8	2.6	3.3	3.3
Interest coverage - EBITDA (x)	2.1	3.3	3.2	3.9	3.8
ROA - using norm profit (%)	3.0	3.3	3.8	4.2	4.6
ROE - using norm profit (%)	8.5	9.2	10.8	12.4	13.0
DuPont					
ROE - using after tax profit (%)	5.7	7.5	8.0	10.6	10.9
- asset turnover (x)	0.1	0.1	0.1	0.1	0.2
- operating margin (%)	44.1	39.0	39.7	38.9	39.8
- leverage (x)	2.8	2.8	2.8	2.9	2.8
- interest burden (%)	63.6	71.8	71.7	76.5	75.9
- tax burden (%)	84.9	76.8	85.0	85.0	85.0
WACC (%)	6.2	6.2	6.2	6.2	6.2
ROIC (%)	2.3	3.6	3.8	4.7	5.2
NOPAT (Bt m)	1,502	2,418	2,478	3,292	3,731
invested capital (Bt m)	66,356	65,584	69,888	71,317	74,297

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 101 Derivative Warrants which are ADVA16C2203A , AMAT16C2206A , AOT16C2204A , AOT16C2206A , AWC16C2207A , BAM16C2204A , BAM16C2206A , BAM16C2207A , BANP16C2204A , BANP16C2205A , BANP16C2207A , BBL16C2203A , BBL16C2204A , BCH16C2203A , BCH16C2207A , BEC16C2204A , BEC16C2207A , BGRI16C2203A , BGRI16C2205A , BLA16C2205A , CBG16C2204A , CBG16C2205A , CBG16C2207A , CHG16C2207A , COM716C2203A , COM716C2205A , CPAL16C2203A , CPAL16C2204A , CPF16C2205A , CRC16C2204A , DELT16C2203A , DOHO16C2207A , DTAC16C2203A , EA16C2203A , EA16C2205A , EA16C2206A , EA16C2207A , GLOB16C2203A , GPSC16C2203A , GPSC16C2205A , GPSC16C2206A , GPSC16C2207A , GULF16C2203A , GULF16C2205A , GULF16C2207A , GUNK16C2203A , GUNK16C2205A , GUNK16C2206A , GUNK16C2207A , HANA16C2204A , HANA16C2205A , HANA16C2207A , INTU16C2205A , IRPC16C2205A , IVL16C2203A , IVL16C2206A , JMAR16C2205A , JMAR16C2206A , JMT16C2203A , JMT16C2205A , JMT16C2207A , KBAN16C2204A , KBAN16C2206A , KCE16C2204A , KCE16C2205A , KCE16C2205B , MEGA16C2207A , MINT16C2203A , MINT16C2204A , MINT16C2207A , MTC16C2204A , OR16C2203A , OR16C2205A , PTG16C2203A , PTT16C2203A , PTT16C2205A , PTTE16C2203A , PTTG16C2207A , RCL16C2205A , RS16C2205A , S5016C2203A , S5016C2203B , S5016C2206A , S5016P2203A , S5016P2203B , S5016P2206A , S5016P2206B , SAWA16C2204A , SAWA16C2205A , SCC16C2204A , STA16C2203A , STEC16C2204A , SYNE16C2206A , TOP16C2206A , TRUE16C2203A , TRUE16C2203B , TRUE16C2205A , TRUE16C2205B , TTA16C2207A , TU16C2204A , WHA16C2204A (underlying securities are ADVANC , AMATA , AOT , AWC , BAM , BANPU , BBL , BCH , BEC , BGRIM , BLA , CBG , CHG , COM7 , CPALL , CPF , CRC , DELTA , DOHOME , DTAC , EA , GLOBAL , GPSC , GULF , GUNKUL , HANA , INTUCH , IRPC , IVL , JMART , JMT , KBANK , KCE , MEGA , MINT , MTC , OR , PTG , PTT , PTTEP , PTTGC , RCL , RS , SAWAD , SCC , SET50 , STA , STEC , SYNEX , TOP , TTA , TU , WHA , TRUE). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship
Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

Sarachada Sornsong
Bank, Finance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

Chak Reungsinpinya
Thematic Research, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert
Energy, Petrochemical
Tel: 662-779-9110
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th