

**HOLD** (From: BUY)**TP: Bt 4.20**

(From: Bt 4.50)

Change in Recommendation

Upside : 7.1%

17 JANUARY 2023

# WHA Corporation Pcl (WHA TB)

## High base effect

WHA's 2022F earnings base is already 30% above pre-COVID level and we estimate a milder 5% EPS CAGR in 2023-25F with strong industrial land sales and a power plant business turnaround factored in. We downgrade WHA to HOLD as we see limited upside from here.

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### Downgrading to HOLD

We estimate WHA's 2022F earnings at Bt3.8bn, which is already 30% above the pre-COVID level of Bt2.9bn in 2019. The higher earnings base is due to big-lot industrial estate (IE) land sales and the overall better outlook for the IE business. Looking ahead, we estimate only a 5% three-year EPS CAGR in 2023-25F and we already factor in a continued strong IE business and a turnaround of WHA's SPP-based power plant business due to fuel tariff (Ft) hikes. With this growth outlook, we think WHA is already trading at a fair multiple of 15x 2023F PE. Actually for 2023F, we forecast no earnings growth. We lower our 2023F SOTP-based 12-month TP to Bt4.2 (from Bt4.5) following earnings revisions of +27/-3/-5% in 2022-24F due to the big-lot land sales' revenue recognition being brought forward to 2022F.

### Strong industrial land demand

The IE business outlook has improved significantly due to rising geopolitical risk and a greater need for diversification. WHA's land sales were around 920 rai p.a. pre-COVID, 530 rai p.a. in 2020-21, and 1,870 rai in 2022, which included 600 rai of big-lot sales (Exhibit 3). One rai is 1,600 sqm. Demand remains robust, and we estimate WHA to be able to maintain its high IE sales base at 1,700/1,700/1,600 rai in 2023-25F. WHA foresees strong demand with more interest in the EV, auto supply chain, electronics, consumer products, machinery, and medical sectors. China is the biggest client for WHA with continued demand, but WHA is also seeing growing demand from Europe, the US, and Japan.

### Power plant turnaround

The utilities (including power plants) business accounted for 38% of WHA's total EBIT+equity income in 2019, but the proportion fell to 22% in 2022F due to the jump in gas costs with Ft hikes unable to catch up. The turnaround in 2023-24F is from Ft hikes to catch up with these higher costs. We estimate the contribution to rise to 32% of total EBIT+equity income in 2023-24F.

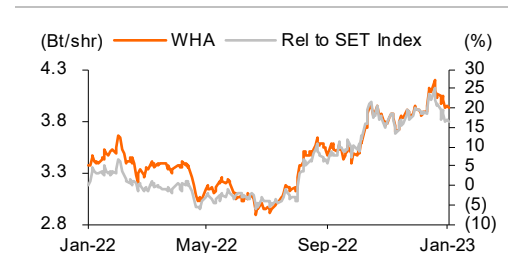
### More mature warehouse business

WHA builds warehouses for rent and sale to REITs. Its preleases were at an average of 215,214 sqm p.a. in 2010-15, 176,871 sqm in 2016-19, and 140,785 sqm in 2020-22. We estimate a more mature level of 130,000 sqm p.a. in 2023-25F. The slow growth despite the logistics industry still expanding in Thailand is because we believe the peak of the growth cycle has passed. Another factor is that there are more players in the market, with some conglomerates having their own logistics business. With the more limited growth outlook for new rental warehouse building space, we expect lower warehouse sales for WHA (Exhibits 7 and 8).

### COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	10,417	12,853	13,201	14,276
Net profit	2,590	4,198	3,960	4,429
Norm profit	2,718	3,835	3,960	4,429
Consensus NP	—	3,357	3,886	4,387
Diff frm cons (%)	—	25.1	1.9	1.0
Prev. Norm profit	—	3,026	4,077	4,674
Chg frm prev (%)	—	26.7	(2.9)	(5.2)
Norm EPS (Bt)	0.2	0.3	0.3	0.3
Norm EPS grw (%)	9.5	41.1	3.3	11.8
Norm PE (x)	21.6	15.3	14.8	13.2
EV/EBITDA (x)	24.8	20.7	20.5	17.8
P/BV (x)	1.9	1.8	1.6	1.5
Div yield (%)	1.9	2.9	2.7	3.0
ROE (%)	9.2	12.0	11.5	11.9
Net D/E (%)	102.8	80.1	78.4	69.2

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 17-Jan-23 (Bt)	3.92
Market Cap (US\$ m)	1,769.9
Listed Shares (m shares)	14,946.8
Free Float (%)	67.5
Avg Daily Turnover (US\$ m)	9.1
12M Price H/L (Bt)	4.20/2.88
Sector	Industrial Estate
Major Shareholder	WHA Holding Co Ltd 25.2%

Sources: Bloomberg, Company data, Thanachart estimates



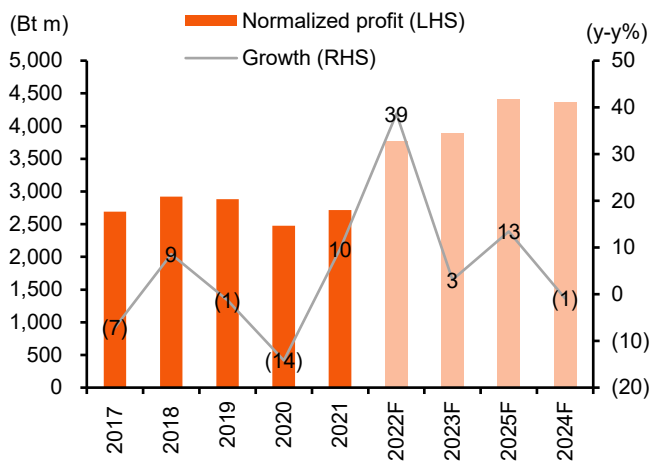
## Downgrading to HOLD

**We estimate a milder 5% EPS CAGR in 2023-25F**

Though we have already factored in a continued strong industrial estate (IE) business and a turnaround i

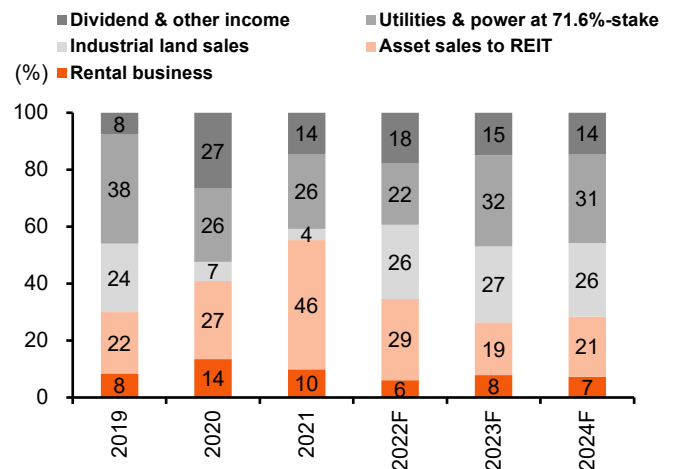
n the small power producer (SPP)-based power plant business from fuel tariff (Ft) hikes, we estimate only a 5% three-year EPS CAGR for WHA Corporation Pcl (WHA) in 2023-25F. Looking at 2023F earnings alone, we forecast no growth. This is because of the higher base effect of Bt3.8bn earnings in 2022F from big-lot land transfers and the improving outlook for IE land sales.

**Ex 1: We Estimate Only A 5% EPS CAGR in 2023-25F**



Sources: Company data, Thanachart estimates

**Ex 2: Operating Profit And Equity Income Breakdown**



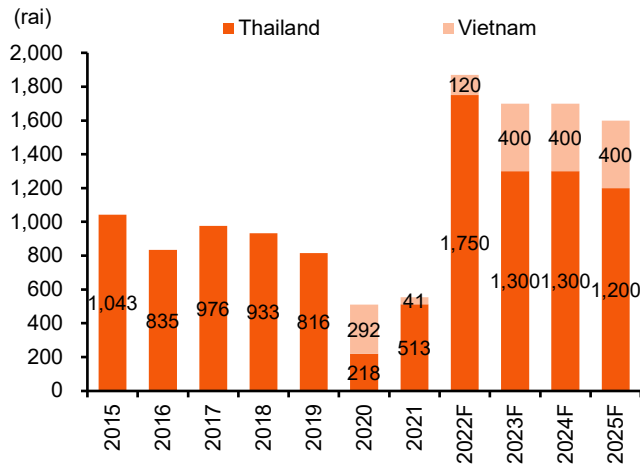
Sources: Company data, Thanachart estimates

**Strong industrial land demand**

The outlook for the IE business has improved substantially as a result of rising global geopolitical risks that have led to increased investment diversification from China and Western countries to Southeast Asia. We estimate WHA's 2022F combined IE presales to rise to 1,870 rai (9M22 presales were already 1,391 rai) vs. around 920 rai p.a. pre-COVID, and 530 rai p.a. in 2020-21 when there were site visit hurdles and the economic slowdown amid the COVID crisis. We expect this robust demand to continue and we project presales of 1,700/1,700/1,600 rai in 2023-25F.

By location, WHA's IE presales in Thailand were the key driver for the company's IE business in 2022F. Our IE presales assumption is based on an increase from the average 920 rai p.a. in 2015-19 and 218/513 rai in 2020-21 to 1,750 rai in 2022F, including 600 rai of big-lot sales to a Chinese EV automotive customer. WHA is experiencing strong demand with greater interest in the EV, auto supply chain, electronics, consumer products, machinery, and medical sectors. As such, we expect the company to able to maintain its high IE sales base at 1,300/1,300/1,200 rai p.a. in 2023-25F. For Vietnam, as 1,200 rai of new landbank is now available, we assume that presales in Vietnam increase to 400 rai p.a. in 2023-25F vs. 292/41/120 rai in 2020-22F.

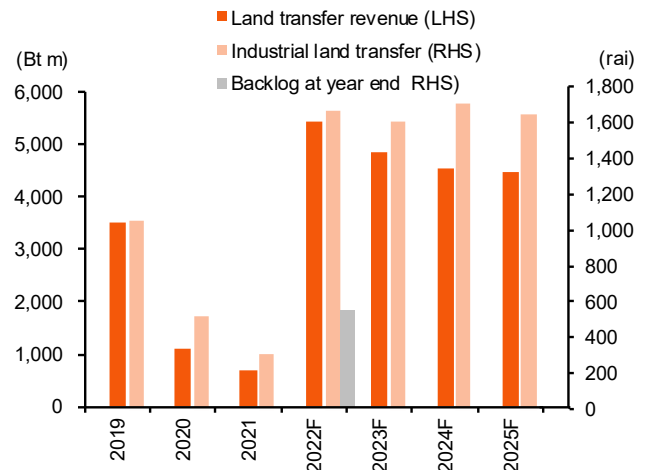
Ex 3: Continued Robust Industrial Land Presales...



Sources: Company data, Thanachart estimates

Note: 1 rai is equivalent to 1,600 sqm and it normally takes six to 12 months for presales to transfer to sales.

Ex 4: ...And Strong Land Transfers

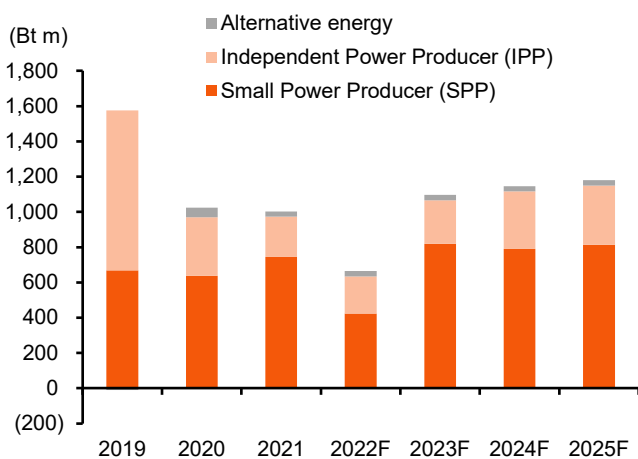


Sources: Company data, Thanachart estimates

Power plant turnaround

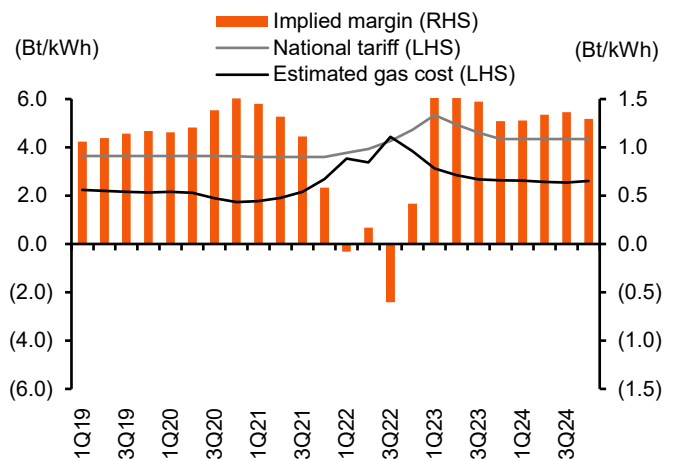
The utilities (including power plants) business accounted for 38% of WHA's total EBIT+equity income in 2019 before the proportion fell to 22% in 2022F, dragged mainly by its power plant equity income. This is because 14% of power capacity, a portion sold to industrial users, is not on cost passthrough contracts and, therefore, suffered from a jump in gas costs with Ft hikes unable to catch up. In 9M22, the equity income contribution from this business stood at Bt396m vs. Bt689m in 9M21. We estimate a turnaround to Bt1,066/1,146m in 2023-24F, from Bt602m in 2022F, on the back of falling gas prices and a higher electricity tariff. We expect the contribution to rise to 32% of total EBIT+equity income in 2023-24F.

Ex 5: Improving Power Plant Equity Income



Sources: Company data, Thanachart estimates

Ex 6: Falling Gas Prices And A Higher Electricity Tariff

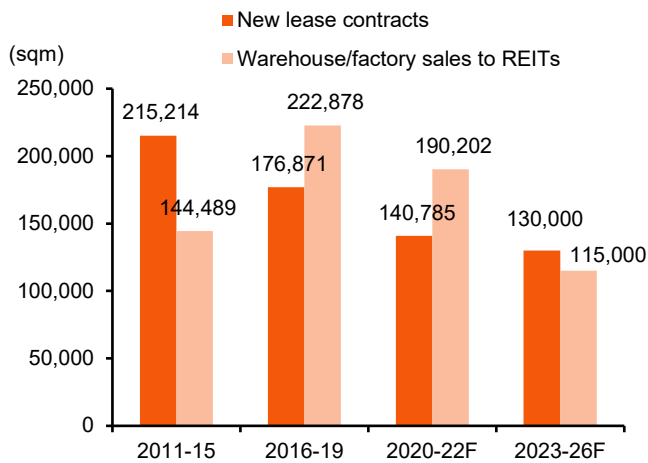


Sources: Company data, Thanachart estimates

**More mature warehouse business**

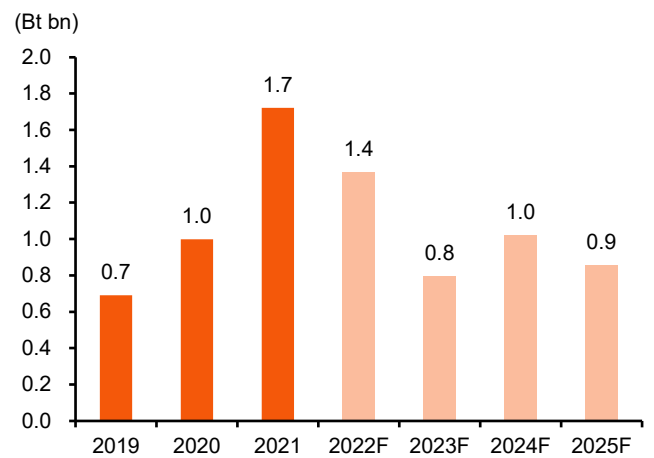
For its warehouse for rent and sales, this is a mature business, in our view. Preleases stood at an average of 215,214 sqm p.a. in 2010-15, 176,871 sqm in 2016-19, and 140,785 sqm in 2020-22. We estimate a more mature building rate of 130,000 sqm p.a. in 2023-25F. The slow growth despite the logistics industry still expanding in Thailand is likely because the growth cycle peak has passed. Another factor is that there are more players in the market with some conglomerates having their own logistics business. With the more limited growth outlook for new warehouse building space, we expect WHA to slow the pace of its warehouse sales to its REITS, namely WHART and WHAIR, to 115,000 sqm p.a. in 2023-25F, falling from 190,202 sqm in 2020-22F. This would result in profit from asset sales to REITs decreasing to an average of Bt0.9bn p.a. in 2023-25F vs. Bt1.4bn p.a. in 2020-22F.

**Ex 7: Warehouse Prelease Vs. Sales**



Sources: Company data, Thanachart estimates

**Ex 8: Asset Sales to REITs Profit**



Sources: Company data, Thanachart estimates

We lower our 2023F SOTP-based 12-month TP to Bt4.2/share (from Bt4.5) following our earnings revisions of +27/-3/-5% in 2022-24F because of the recognition of big-lot land sales revenue being brought forward to 2022F.

**Ex 9: Key Assumption Changes**

	2019	2020	2021	2022F	2023F	2024F
<b>Industrial land presales (rai)</b>						
New						
Thailand	816	218	513	1,750	1,300	1,300
Vietnam	0	292	41	120	400	400
<b>Total</b>	<b>816</b>	<b>510</b>	<b>554</b>	<b>1,870</b>	<b>1,700</b>	<b>1,700</b>
Old						
Thailand				1,404	1,100	1,200
Vietnam				250	400	400
<b>Total</b>				<b>1,654</b>	<b>1,500</b>	<b>1,600</b>
<b>Industrial land transfer revenue (Bt m)</b>						
New						
	3,505	1,487	924	5,725	5,418	5,687
Old						
				3,119	5,962	6,101
<i>Change (%)</i>				83.6	(9.1)	(6.8)
<b>Average gross margin IE (%)</b>						
New						
	50.7	42.6	40.6	43.8	45.4	46.4
Old						
				47.6	39.1	45.5
<b>Normalized profit (Bt m)</b>						
New						
	2,885	2,477	2,718	3,835	3,960	4,429
Old						
				3,026	4,077	4,674
<i>Change (%)</i>				26.7	(2.9)	(5.2)

Sources: Company data, Thanachart estimates

**Ex 10: We Downgrade WHA to HOLD With A DCF/NAV-derived SOTP-based TP Of Bt4.2**

	Equity value (Bt m)	Value/ share (Bt)	SOTP (%)
Industrial land bank value	16,348	1.1	26
Warehouse & factory rentals, asset sales (DCF)	9,776	0.7	17
Asset sales to WHART, HREIT and customers (DCF)	9,248	0.6	14
WHAUP (Utilities and power) - 70% stake (DCF)	14,462	1.0	24
REITs* -15-23% stake (DDM)	11,766	0.8	19
<b>Total equity value</b>	<b>61,600</b>	<b>4.2</b>	<b>100</b>

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 11: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Sembcorp Industri	SCI SP	Singapore	197.3	(20.0)	7.4	9.3	1.3	1.2	8.4	9.5	3.3	2.8
Bekasi Fajar Industrial Estate	BEST IJ	Indonesia	na	54.4	9.4	6.1	0.3	0.3	8.2	6.6	na	4.3
Alam Sutera Realty	ASRI IJ	Indonesia	123.4	16.4	9.4	8.1	0.3	0.3	5.2	5.0	na	na
Bumi Serpong Damai	BSDE IJ	Indonesia	(2.9)	31.0	14.5	11.0	0.5	0.5	6.8	6.2	0.5	0.8
Ciputra Development	CTRA IJ	Indonesia	5.7	0.0	9.0	9.0	0.9	0.8	5.9	5.8	1.4	1.8
Lippo Karawaci	LPKR IJ	Indonesia	65.2	75.2	na	na	0.3	0.3	9.1	8.0	0.0	0.0
Pakuwon Jati	PWON IJ	Indonesia	16.0	16.2	13.2	11.4	1.2	1.1	7.3	6.7	0.8	1.0
Summarecon Agung	SMRA IJ	Indonesia	36.8	37.2	20.2	14.7	1.0	0.9	7.7	6.8	0.6	1.0
Amata Corporation *	AMATA TB	Thailand	70.7	40.8	17.7	12.6	1.2	1.2	13.9	11.1	2.3	3.2
Amata VN *	AMATAV TB	Thailand	39.9	69.8	29.7	17.5	1.4	1.4	17.6	13.2	6.2	2.3
Frasers Property*	FPT TB	Thailand	33.9	48.3	17.9	12.1	1.0	1.0	24.2	15.2	2.8	3.3
WHA Corp PCL *	WHA TB	Thailand	41.1	3.3	15.3	14.8	1.8	1.6	20.7	20.5	2.9	2.7
<b>Average</b>			<b>57.0</b>	<b>31.1</b>	<b>14.9</b>	<b>11.5</b>	<b>0.9</b>	<b>0.9</b>	<b>11.3</b>	<b>9.6</b>	<b>2.1</b>	<b>2.1</b>

Sources: Company data, Thanachart estimates

Note: \* Thanachart estimates, using normalized EPS

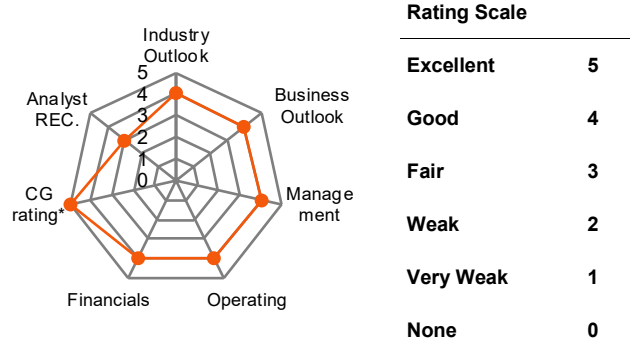
Based on 17-Jan-23 closing prices

## 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



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.

### 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.

### W — Weakness

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

### 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)	4.40	4.20	-5%
Norm profit 22F (Bt m)	3,357	4,198	25%
Norm profit 23F (Bt m)	3,886	3,960	2%
Consensus REC	BUY: 8	HOLD: 4	SELL: 0

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022F profit estimate is higher than the Bloomberg consensus, which we attribute to us having a more bullish view on its industrial estate business while assuming the faster transfer of industrial land. Our 2023F net profit and SOTP-based 12-month TP are largely in line with the Street.

Sources: Bloomberg consensus, Thanachart estimates

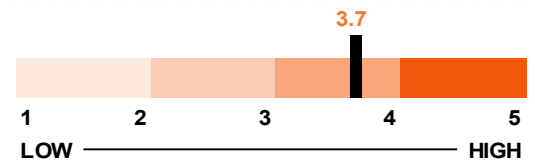
## RISKS TO OUR INVESTMENT CASE

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

Source: Thanachart

WHA focuses strongly on ESG issues with clear plans and goals. We assign a score of 3.7, which we consider to be relatively high. WHA has achieved carbon neutrality and it has set targets for water and waste management. WHA also does well in terms of social issues with clear policies and procedures to promote governance and sustainability.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	Arabesque			S&P		CG Rating (0-5)
				MSCI (CCC-AAA)	S-Ray (0-100)	Refinitiv (0-100)	Global (0-100)	Moody's (0-100)	
WHA	YES	YES	-	BBB	56.83	75.26	44.31	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>Environmental Policies &amp; Guidelines</li> <li>Energy Management</li> <li>Carbon Management</li> <li>Water Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>WHA runs industrial estate sales and management, combined-cycle (gas and steam) power plants, and built-to-suit warehouses for sale and rent businesses. It achieved carbon neutrality in 2021 with greenhouse gas (GHG) emissions of 19,250 tonnes of CO2 equivalent vs. a credit of 26,000 tonnes from installing solar power facilities on its estates.</li> <li>WHA complies with the International Organization for Standardization (ISO) 14001 Environmental Management System and the ISO-9001 Quality Management System.</li> <li>A waste management committee was established with a target for zero waste to landfills or incineration without energy recovery by 2025 vs. 24% in 2021 and 61% in 2018.</li> <li>To reduce raw water withdrawals from natural sources, WHA launched a water reclamation initiative and it targets to double the capacity to 60,400 cubic meters a day by 2025. Utilization was 23% in 2021 vs. 11% in 2020.</li> </ul>
<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>Human Rights</li> <li>Staff Management</li> <li>Health &amp; Safety</li> <li>Product Safety &amp; Quality</li> <li>Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>WHA's human rights policy explicitly covers all stakeholders and affected rights holders, including all employees, suppliers, contractors, and business partners. WHA Group conducts Human Rights Due Diligence (HRDD) annually to assess human rights risks.</li> <li>WHA strictly adheres to the Occupational Safety, Health, and Environment Act, B.E. 2554 (2011) and international safety standards. There were only four cases of recordable work injuries in 2021 and zero work-related fatalities.</li> <li>WHA promotes a diverse work environment and fair treatment. Women accounted for 36% of its workforce in 2021 vs. its 2023 target of 40%.</li> <li>WHA contributed Bt22m to corporate social responsibility (CSR) and 36,410 employee working hours in 2021. This benefited a total of 126,386 people. WHA targets its CSR activities to reach more than 97% of the communities in the surrounding area.</li> </ul>
<p><b>GOVERNANCE &amp; SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>Board</li> <li>Ethics &amp; Transparency</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>WHA has an 11-member board of directors (BOD) with 73% of them non-executive and independent directors. However, the BOD chairman also serves as the Chairman of the Executive Committee.</li> <li>A whistle-blower policy has been established to try to demonstrate WHA's transparent corporate environment. No violations of regulatory requirements or internal policies were uncovered in 2021.</li> <li>The BOD appoints the Risk Management Committee, which comprises the CEO and members from the BOD, to oversee overall risk-management implementation.</li> </ul>

Sources: Thanachart, Company data

**INCOME STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Sales	6,914	10,417	12,853	13,201	14,276
Cost of sales	3,841	5,663	7,398	7,614	8,087
<b>Gross profit</b>	<b>3,073</b>	<b>4,754</b>	<b>5,454</b>	<b>5,586</b>	<b>6,189</b>
% gross margin	44.4%	45.6%	42.4%	42.3%	43.4%
Selling & administration expenses	1,304	1,604	1,845	1,925	1,993
<b>Operating profit</b>	<b>1,769</b>	<b>3,150</b>	<b>3,610</b>	<b>3,661</b>	<b>4,196</b>
% operating margin	25.6%	30.2%	28.1%	27.7%	29.4%
Depreciation & amortization	592	620	659	712	770
<b>EBITDA</b>	<b>2,361</b>	<b>3,770</b>	<b>4,269</b>	<b>4,373</b>	<b>4,966</b>
% EBITDA margin	34.2%	36.2%	33.2%	33.1%	34.8%
Non-operating income	1,284	915	892	959	1,000
Non-operating expenses	0	0	0	0	0
Interest expense	(1,112)	(1,146)	(952)	(780)	(909)
<b>Pre-tax profit</b>	<b>1,940</b>	<b>2,919</b>	<b>3,550</b>	<b>3,840</b>	<b>4,287</b>
Income tax	293	679	533	576	643
<b>After-tax profit</b>	<b>1,647</b>	<b>2,241</b>	<b>3,018</b>	<b>3,264</b>	<b>3,644</b>
% net margin	23.8%	21.5%	23.5%	24.7%	25.5%
Shares in affiliates' Earnings	1,171	760	1,082	1,089	1,229
Minority interests	(341)	(283)	(265)	(393)	(445)
Extraordinary items	47	(128)	363	0	0
<b>NET PROFIT</b>	<b>2,524</b>	<b>2,590</b>	<b>4,198</b>	<b>3,960</b>	<b>4,429</b>
<b>Normalized profit</b>	<b>2,477</b>	<b>2,718</b>	<b>3,835</b>	<b>3,960</b>	<b>4,429</b>
EPS (Bt)	0.2	0.2	0.3	0.3	0.3
Normalized EPS (Bt)	0.2	0.2	0.3	0.3	0.3

*We estimate a 5% EPS  
CAGR in 2023-25F*

**BALANCE SHEET**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>ASSETS:</b>					
Current assets:	17,362	17,844	18,105	18,409	19,346
Cash & cash equivalent	3,794	3,573	3,500	3,500	3,500
Account receivables	461	435	634	543	587
Inventories	12,626	12,635	12,567	12,934	13,737
Others	481	1,200	1,404	1,433	1,522
Investments & loans	16,122	15,713	16,243	16,582	16,974
Net fixed assets	17,821	17,514	18,161	19,770	20,790
Other assets	31,316	31,698	32,052	32,403	32,753
<b>Total assets</b>	<b>82,621</b>	<b>82,769</b>	<b>84,560</b>	<b>87,165</b>	<b>89,862</b>
<b>LIABILITIES:</b>					
Current liabilities:	14,707	18,636	12,163	12,645	12,520
Account payables	2,577	2,583	2,736	2,816	2,991
Bank overdraft & ST loans	1,947	2,997	332	347	333
Current LT debt	9,865	12,579	8,219	8,590	8,237
Others current liabilities	318	477	876	892	959
<b>Total LT debt</b>	<b>29,533</b>	<b>22,986</b>	<b>24,656</b>	<b>25,769</b>	<b>24,711</b>
Others LT liabilities	6,214	7,117	10,637	8,926	9,609
<b>Total liabilities</b>	<b>50,454</b>	<b>48,739</b>	<b>47,456</b>	<b>47,339</b>	<b>46,841</b>
Minority interest	3,362	3,436	3,701	4,094	4,539
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	3,518	3,518	3,518
<b>Retained earnings</b>	<b>9,073</b>	<b>10,315</b>	<b>13,124</b>	<b>15,453</b>	<b>18,204</b>
Shareholders' equity	28,805	30,594	33,403	35,732	38,483
<b>Liabilities &amp; equity</b>	<b>82,621</b>	<b>82,769</b>	<b>84,560</b>	<b>87,165</b>	<b>89,862</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Earnings before tax	1,940	2,919	3,550	3,840	4,287
Tax paid	(325)	(631)	(479)	(581)	(622)
Depreciation & amortization	592	620	659	712	770
Chg In working capital	(162)	22	23	(196)	(672)
Chg In other CA & CL / minorities	(12)	(176)	854	778	832
<b>Cash flow from operations</b>	<b>2,033</b>	<b>2,755</b>	<b>4,608</b>	<b>4,553</b>	<b>4,596</b>
Capex	(2,719)	(307)	(1,247)	(2,257)	(1,721)
Right of use	(710)	(307)	(100)	(100)	(100)
ST loans & investments	244	(291)	0	0	0
LT loans & investments	10,203	410	(530)	(339)	(391)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(7,018)	796	3,596	(1,724)	719
<b>Cash flow from investments</b>	<b>(0)</b>	<b>300</b>	<b>1,719</b>	<b>(4,420)</b>	<b>(1,494)</b>
Debt financing	2,030	(2,475)	(5,011)	1,499	(1,424)
Capital increase	1,356	0	0	0	0
Dividends paid	(1,733)	(1,694)	(1,389)	(1,632)	(1,678)
Warrants & other surplus	(2,819)	893	0	0	0
<b>Cash flow from financing</b>	<b>(1,166)</b>	<b>(3,277)</b>	<b>(6,400)</b>	<b>(133)</b>	<b>(3,102)</b>
<b>Free cash flow</b>	<b>(686)</b>	<b>2,447</b>	<b>3,361</b>	<b>2,296</b>	<b>2,875</b>

**VALUATION**

<b>FY ending Dec</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Normalized PE (x)	23.6	21.6	15.3	14.8	13.2
Normalized PE - at target price (x)	25.3	23.1	16.4	15.9	14.2
PE (x)	23.2	22.6	14.0	14.8	13.2
PE - at target price (x)	24.8	24.2	15.0	15.9	14.2
EV/EBITDA (x)	40.7	24.8	20.7	20.5	17.8
EV/EBITDA - at target price (x)	42.4	25.9	21.7	21.5	18.6
P/BV (x)	2.0	1.9	1.8	1.6	1.5
P/BV - at target price (x)	2.2	2.1	1.9	1.8	1.6
P/CFO (x)	28.8	21.3	12.7	12.9	12.7
Price/sales (x)	8.5	5.6	4.6	4.4	4.1
Dividend yield (%)	1.6	1.9	2.9	2.7	3.0
FCF Yield (%)	(1.2)	4.2	5.7	3.9	4.9
<b>(Bt)</b>					
Normalized EPS	0.2	0.2	0.3	0.3	0.3
EPS	0.2	0.2	0.3	0.3	0.3
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	1.9	2.0	2.2	2.4	2.6
CFO/share	0.1	0.2	0.3	0.3	0.3
FCF/share	(0.0)	0.2	0.2	0.2	0.2

Sources: Company data, Thanachart estimates

*A fair multiple of 15x PE, in our view*

## FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
<b>Growth Rate</b>					
Sales (%)	(33.9)	50.7	23.4	2.7	8.1
Net profit (%)	(21.8)	2.6	62.1	(5.7)	11.8
EPS (%)	(23.3)	2.4	62.1	(5.7)	11.8
Normalized profit (%)	(14.1)	9.7	41.1	3.3	11.8
Normalized EPS (%)	(15.7)	9.5	41.1	3.3	11.8
Dividend payout ratio (%)	37.6	42.4	40.0	40.0	40.0
<b>Operating performance</b>					
Gross margin (%)	44.4	45.6	42.4	42.3	43.4
Operating margin (%)	25.6	30.2	28.1	27.7	29.4
EBITDA margin (%)	34.2	36.2	33.2	33.1	34.8
Net margin (%)	23.8	21.5	23.5	24.7	25.5
D/E (incl. minor) (x)	1.3	1.1	0.9	0.9	0.8
Net D/E (incl. minor) (x)	1.2	1.0	0.8	0.8	0.7
Interest coverage - EBIT (x)	1.6	2.8	3.8	4.7	4.6
Interest coverage - EBITDA (x)	2.1	3.3	4.5	5.6	5.5
ROA - using norm profit (%)	3.0	3.3	4.6	4.6	5.0
ROE - using norm profit (%)	8.5	9.2	12.0	11.5	11.9
<b>DuPont</b>					
ROE - using after tax profit (%)	5.7	7.5	9.4	9.4	9.8
- asset turnover (x)	0.1	0.1	0.2	0.2	0.2
- operating margin (%)	44.1	39.0	35.0	35.0	36.4
- leverage (x)	2.8	2.8	2.6	2.5	2.4
- interest burden (%)	63.6	71.8	78.9	83.1	82.5
- 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	4.7	4.9	5.3
NOPAT (Bt m)	1,502	2,418	3,068	3,112	3,567
invested capital (Bt m)	66,356	65,584	63,110	66,937	68,264

Sources: Company data, Thanachart estimates

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As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

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BB - BBB - A	<b>AVERAGE :</b> A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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