

Thailand Industrial Estate Sector

In acceleration mode

Sector Valuation			Current	Target	Norm EPS grw		— Norm PE —		— P/BV —		— Div yield —	
	BBG		price	price	2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
Company	Code	Rec.	(Bt)	(Bt)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Amata Corp.	AMATA TB	BUY	22.90	30.00	36.6	23.4	12.7	10.3	1.3	1.2	2.5	2.9
Rojana Industrial	ROJNA TB*	BUY	5.75	8.50	373.8	14.1	6.5	5.7	0.5	0.5	3.2	3.7
WHA Corp.	WHA TB	BUY	4.88	6.00	13.5	23.6	17.3	14.0	2.1	1.9	2.3	2.9

Source: Thanachart estimates, Based on 18 July 2023 closing prices
Note: *PE, P/BV adj – GULF investments

Thailand's industrial estate business entered a new cycle in 2022, and land presales are in acceleration mode this year. Drivers are business diversification away from China and the EV investment trend. We maintain our OVERWEIGHT stance on the sector.

A new FDI cycle

Thailand's new FDI cycle started in 2022 with the following trends. **First**, the demand for industrial estate (IE) land is accelerating this year. **Second**, China is the largest player this year, and EVs are leading the investment trend. **Third**, demand is not limited to Chinese companies, but it is being seen increasingly from other nationalities and other sectors too, especially those in which Thailand already has decent bases like electronics, electrical appliances, consumer-related products, energy, and food. **Fourth**, investment flows are not only in the Eastern Economic Corridor (EEC) area but also in other provinces in the eastern and central regions. **Lastly**, IE land prices have started to rise.

Cycle could last several years

We earlier expected the cycle to last about four years into 2025F, but we now believe it could last longer than that. That is, last year, we saw flows in light industries that didn't require supply chain investments, but now there seems to be a solid flow of EV investments, which are coming with batteries and their supply chain. We are also seeing overwhelming interest from other sectors and believe the assumption of the cycle lasting only into 2025F is too conservative. This cycle just started in 2022, with the three leading listed players recording combined presales of 3,280 rai (vs. the 1,881 rai p.a. five-year pre-COVID average). We lift our presales estimates by 13-15% to 4,000/3,800/3,800 rai in 2023-25F. After BYD last year, other names expressing interest have been Changan, Chery, Gac Aion, Hyundai, Panasonic, and HP, among others.

Three players with well-developed estates

There are quite a few IE players in the market, but the veterans in prime infrastructure locations with well-developed infrastructure and services inside their estates are three listed companies, i.e., AMATA (IE), WHA (IE and warehouses), and ROJNA (IE). They have a combined 29,000 rai (11,000 acres) of landbank in the eastern and central parts of Thailand. WHA has increased its selling prices by 7% for all its estates this year, while AMATA, given its better locations, has raised its selling prices by a total of 20-30% over the past three to four years.

Stay OVERWEIGHT; WHA is our top pick

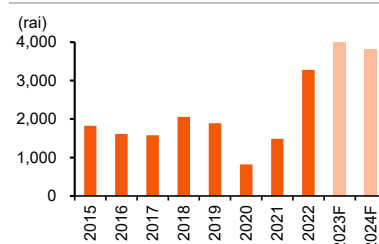
We maintain our OVERWEIGHT stance for the sector. WHA is our top sector pick due to its diversified businesses of IE, warehouses, and rental factories that allow it to enjoy both big and small FDI throughout the whole cycle. We also like WHA management's growth mindset.



RATA LIMSUTHIWANPOOM

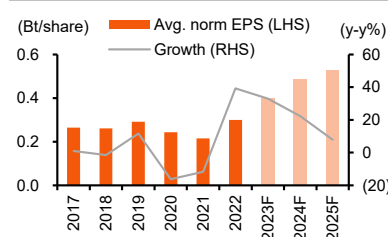
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New Land Sales Cycle Has Started



Sources: Company data; Thanachart estimates

The Sector's EPS Growth



Sources: Company data; Thanachart estimates

Recommendation And TP Changes

Stocks	— Rec. —		– TP (Bt) –	
	New	Old	New	Old
AMATA	BUY	BUY	30.0	27.0
WHA	BUY	BUY	6.0	5.0
ROJNA	BUY	BUY	8.5	8.5

Source: Thanachart estimates

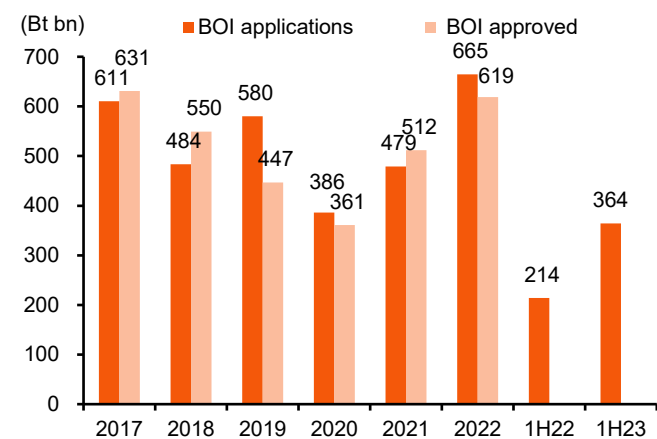
A new FDI cycle

After about 20 years, during which Thailand lacked a sustainable investment cycle, we now clearly see a new investment cycle that started in 2022, and we see the following trends.

Land demand is accelerating

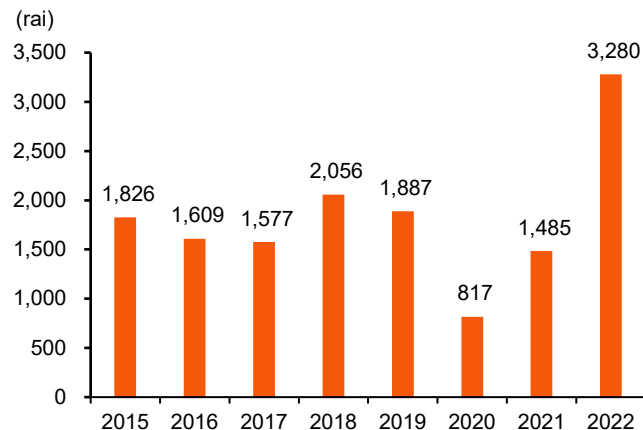
First, the demand for industrial estate (IE) land is accelerating. Against the global slowdown, demand is rising because of production base diversification needs due to increased regional geopolitical and China policy risks. Thailand's Board of Investment (BOI) applications for investment promotion rose by 70% y-y in 1H23 to Bt364bn, driven by an increase in foreign direct investment (FDI) of 141%. Industrial presales of the three leading developers combined jumped significantly last year.

Ex 1: BOI Applications Increased 70% y-y in 1H23



Source: Board of Investment

Ex 2: Thailand's Industrial Land Presales Have Jumped

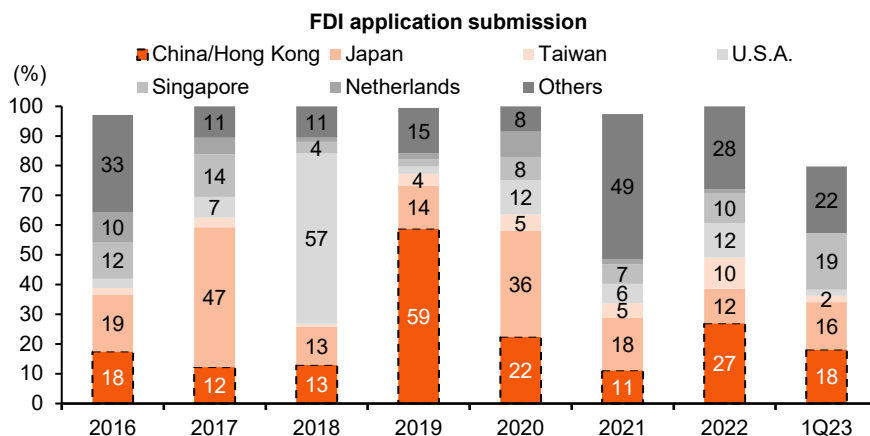


Sources: AMATA, WHA and ROJNA

China contributes the largest flow

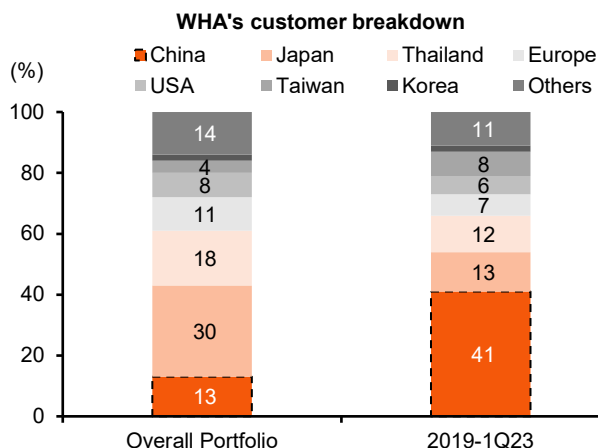
Second, China/Hong Kong is the largest contributor to Thailand's FDI, overtaking Japan as the decades-long main source of the country's FDI. Chinese investors have been showing more interest in investing in Thailand over the past couple of years since the US-China trade conflict became more apparent in 2018 and higher China policy risk resulting from the long period of the country's zero-COVID policy and its on-and-off lockdowns.

Ex 3: China Now The Biggest Investor



Source: Board of Investment

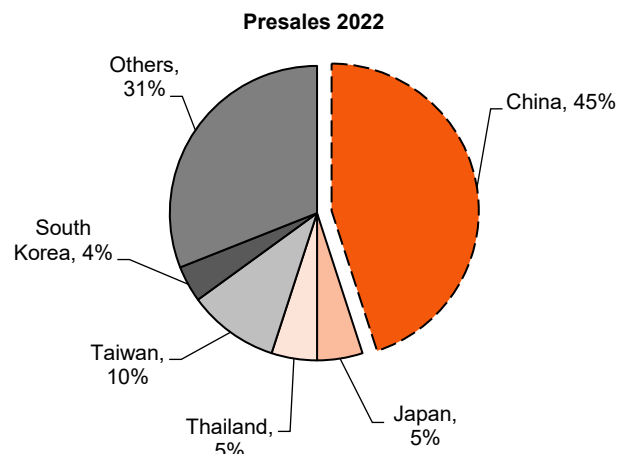
Ex 4: WHA Has More Chinese Customer Contribution



Source: Company data

Note: Data is based on number of contracts

Ex 5: Chinese Were AMATA's Biggest Customers In 2022

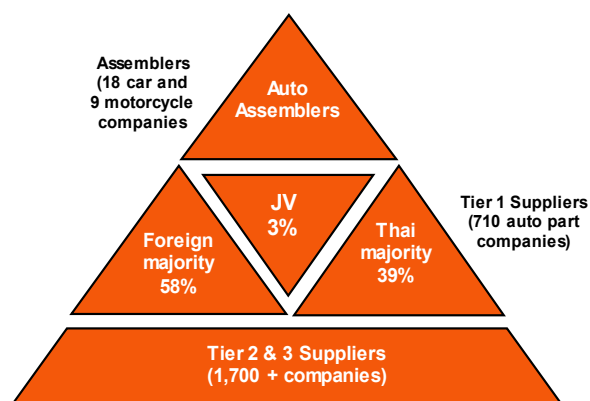


Source: Company data

EV is leading the trend

Sector-wise, EV is the leader. The automotive sector is one where Thailand is already highly competitive, given skills, scale, and depth, with a high-quality supply chain. We believe Thailand will still be competitive in the electric vehicle (EV) era. China's BYD Auto, Great Wall Motor, MG SAIC, HorizonPlus (a joint venture between Thailand's PTT Group and Taiwan's Foxconn) are already here. Supply chains for the production of parts also continue to arrive, such as for tires, axles, hybrid transmission systems, and electric charging stations for EVs.

Ex 6: Strong Auto Supply Chain In Thailand



Source: Board of Investment

Ex 7: Key Existing Auto And Motorcycle Assemblers



Source: Thailand Automotive Institute

Ex 8: Examples Of Auto Parts, Supporting Suppliers



Source: Thailand Automotive Institute

Ex 9: New EV Comers

Existing EV Players	Potential/Interested Newcomers
- BYD Auto - Great Wall Motor - SAIC Motor - Neta Auto	- Changan Automobile - Geely Automobile - Chery Automobile - JAC Motors - Jiangling Motors (JMC) - Hyundai - GAC AION - Svolt (EV batteries)

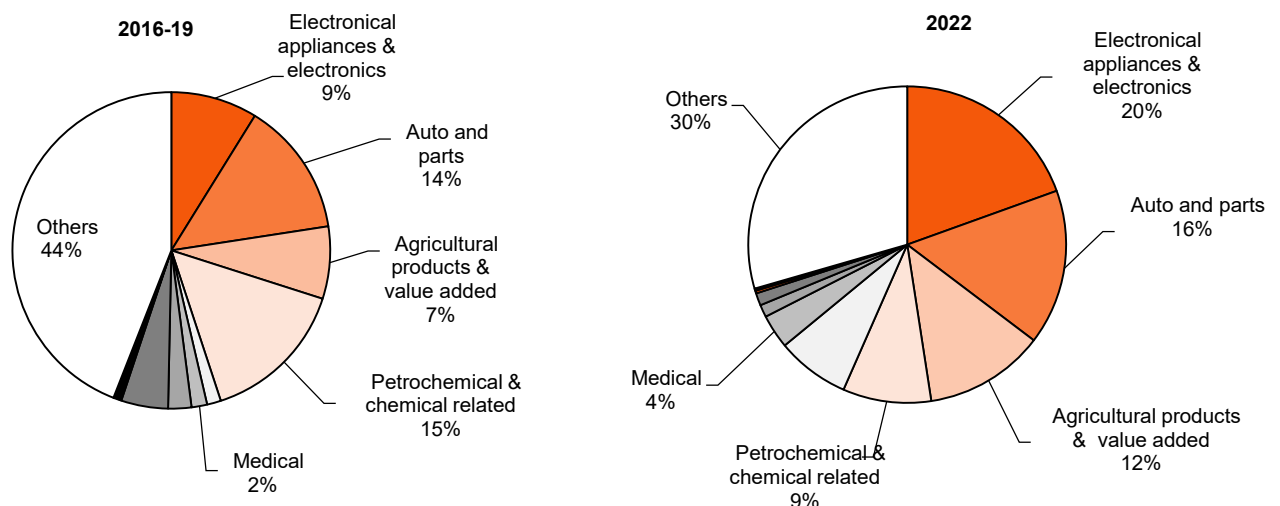
Sources: Thanachart compilation, Board of Investment

More demand from other markets and other sectors too

Third, demand is not limited to Chinese companies, but it is increasing from other markets such as the US, the EU, and Taiwan. Aside from the EV sector, there is interest in other sectors, especially electronics, electrical appliances, consumer products (both discretionary and staples), energy, and food. These are existing industries in which Thailand already has decent bases owing to competitiveness in its strategic location for ASEAN connectivity with access to a 647m population, an infrastructure network, reliable power and utilities, skilled labor and high-quality production, along with a large domestic market (see Exhibit 11).

As these industries already have substantial scale, Thailand can maintain its position. Thailand already has significant scale in the electrical appliances and electronics (E&E) industry, but it is more of a mid-end manufacturer, such as for printed circuit boards (PCB), IC and wafer testing, and smart electronics instead of a high-end producer like North Asian countries. The E&E industry in Thailand registered a 7x y-y increase in BOI applications in 1H23 due to the ongoing relocation trend by electronic component makers to reduce the risk from the US-China trade war and rising geopolitical tensions. As for the energy sector, Thailand also has a significant production base here, but the sector is lacking key success factors as oil and gas reserves are in the process of being depleted. The success of the energy sector will depend largely on the extent of government “push” via the state enterprise PTT. Food is another sector that can attract FDI flows, in our view, given plenty of resources and expertise. However, we do not believe this will result in large amounts of investments, given the nature of the business. We analyze each industry in Exhibit 12.

Ex 10: BOI Applications Breakdown By Industry



Source: Board of Investment

Ex 11: Thailand's Areas Of Competitiveness

Key competitive area	Score (Out of 5)	Reasons
Strategic location for ASEAN	5	– Best location, in our view, adjacent to growing domestic markets, namely Vietnam, Laos, Cambodia, and Myanmar and connecting to the huge China market.
Infrastructure network	5	– Infrastructure has been built to support export markets – Government's mega-infrastructure projects should boost connectivity within the EEC and with Bangkok. Logistics costs should also come down.
Reliable power and utilities	5	– Barely any blackouts, given huge electricity reserves.
Skilled labor and high-quality production	5	– This is reflected in higher labor productivity than Vietnam, Indonesia, the Philippines, Laos and Myanmar.
Large domestic market	4	– 72m Thai population with strong purchasing power.
Strong central bank	5	– Strong financial management and stable currency. – A very strong and disciplined central bank, a robust balance sheet of 61% debt to GDP, and excess liquidity at 14% of GDP, substantial and high foreign reserves of US\$225bn, or 45% of GDP.
Deep supply chain in the auto sector	5	– Thailand is an auto hub exporter to global automakers with production of 2m cars/year.
Key uncompetitive areas	Score (Out of 5)	Reasons
Low unemployment rate	2	– Unemployment rate is only 1%.
High labor costs	3	– The current minimum wage is already higher than its neighboring countries. And the new government is likely to implement a minimum wage hike within the next two to three years. As Thailand's FDI relies on automation, labor costs are no longer a critical factor. We think the wage hike policy by any new government party may have some negative impact, but it is unlikely to change the new cycle's trend. – Thailand will likely lose out further to low-cost countries like Vietnam and Indonesia.
Under-investment in R&D and human capital	2	– R&D to GDP stood at only 1.1% of 2019 GDP for Thailand vs. Singapore's 1.9% and South Korea's 4.8%. – Thailand's education system needs improvement, in our view, and it hasn't adjusted to the new era of skills. At this point, the country doesn't have enough human capital for the right skills needed in new industries.

Source: Thanachart estimates

Ex 12: Competitiveness Of Industries That Have Already Seen Interest

Industry	Comment
Automotive	- Thailand is the world's 12th largest automotive production base. - The country has the largest-scale supply chains in the region. - Most global automakers already have production bases in Thailand - Large domestic market with the production 1m domestic cars annually. - Good infrastructure for exporting. - More skilled labor than other key sectors and top technology from automakers.
Electronics	- Large enough scale of electronics production after 40 years of building up the industry; electronics and electrical appliances accounted for 21% of the country's 5M23 total exports. - The industry has developed itself to the mid-end chain, which no longer requires large amounts of labor. Labor-intensive factories have been relocated to neighboring countries. - But the industry still cannot climb up the value chain of high-tech base production as the country hasn't invested in R&D for first-tier electronics production. - The industry can still grow as it has the scale and the mid-end technology to continue to be efficient in EMS and PCB manufacturing to support tier-one global manufacturers. Thailand will likely continue to be part of the electronics supply chain. - We see a risk for Thailand over the next 10 years emerging as Vietnam, which has already captured a share of low-end assembly work, has better infrastructure with more international companies also carrying out mid-end production there. - Vietnam may capture an even higher share in the future from Thailand, but given that global firms will still need to be diversified geographically, Thailand is likely to continue to be in the picture (albeit with a lower market share).
Energy/petrochemical	- Thailand has large production bases and scale after the past few decades of expansion. This could lead to an increase in the production of higher-margin specialty products, but these products are normally not as large in scale as upstream production. - As oil & gas reserves are being depleted, we believe Thailand lacks a key success factor. The potential success depends largely on the government push via listed state enterprise PTT's growth.
Food	- Thailand has plenty of resources and expertise in food. - We think Thailand has strong potential to move up the value chain with some years of R&D investments. - However, we don't believe this will result in large amounts of investment given the nature of the business.

Source: Thanachart estimates

Ex 13: Industries That Need More Time For Success To Materialize

Industry	Comment
Aerospace	- Thailand is a major tourist-destination along with plenty of domestic travel. The sizable tourism industry has resulted in substantial airport capacity and aircraft movements, with 893,522 aircraft movements in and out of Thailand in 2019. - As the country is a regional air traffic hub, the EEC's ambition is to create an aerospace parts industry in Thailand. Due to its significant domestic rubber supply and production, the country has been producing a lot of airplane tires. But this is not considered to be high-end in the production chain. - To create an aerospace parts industry, the government had pushed to build large maintenance, repair, and operations (MROs) hubs and expects more parts production in the supply chain to support these hubs. But due to the COVID crisis disrupting tourism, the MRO plans of AirAsia of Malaysia and a JV between Thai Airways International (THAI TB, not rated) and Airbus were put on hold.
Bio-energy and bio-chemicals	- Thailand has substantial agricultural resources and possesses well-developed chemical and ethanol-based fuel industries, but R&D has been weak. - Bio-products are more likely to be used domestically without a large export base. We, therefore, do not expect substantial investment in this area.

Source: Thanachart estimates

Ex 14: Examples Of BOI Approval For Products In 2022

Name	Investment value (Bt bn)	No. of projects
– Manufacture of food, food additives, food ingredients	13	73
– Manufacture of animal food and ingredients	15	23
– Manufacture of advanced/nanomaterials	14	28
– Manufacture of technical/functional fibers, functional yarns/fabrics	24	6
– Manufacture of medical equipment and supplies	7	22
– Manufacture of automotive tires	9	5
– Manufacture of auto parts (traction motors, high-voltage harnesses, wheel hubs, safety parts, traction motors, brakes, ball joints, water pumps, etc.)	3	35
– Manufacture of battery electric vehicles (BEV), plug-in hybrid electric vehicle (PHEV), hybrid electric vehicle (HEV)	54	2
– Manufacture of hard disk drives	29	8
– Manufacture of electrical appliances	8	43
– Manufacture of solar cells and parts	5	1
– Manufacture of printed circuit boards	41	27
– Manufacture of polymer, petrochemical, plastic products for industrial goods, multilayer plastics packaging, and paper-related	31	74

Source: Board of Investment

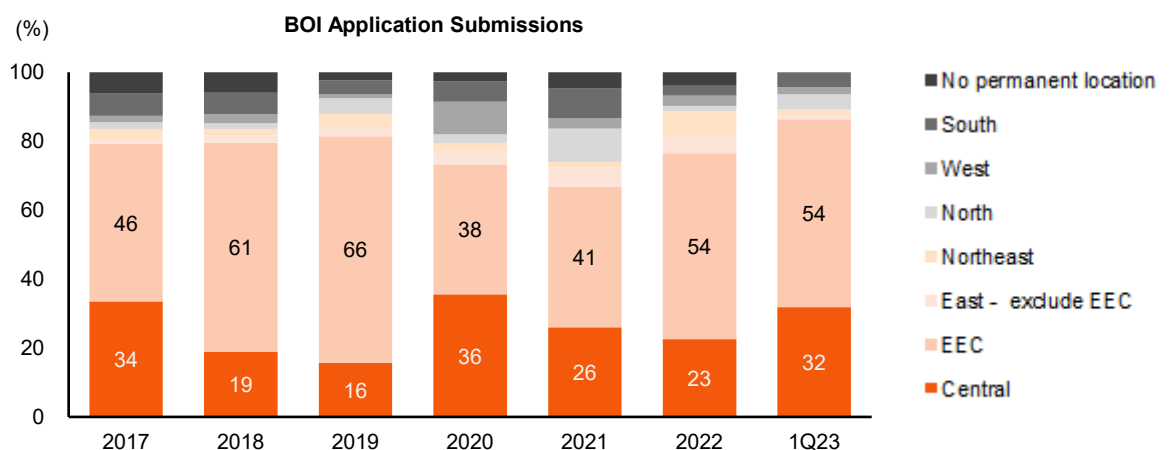
Ex 15: Examples Of BOI Submitted/Approved Projects In 2022-1H23

Name, country	Investment type	Investment value (Bt bn)	Location
Lenzing, Australia	Eco-friendly fiber lyocell	0.4	Prachinburi
The Kingboard Holdings Group/China	Technical fiberglass yarn and fabric for use in the production of multi-layer PCB	8	
Horizon Plus/ joint venture between Taiwan's Foxconn and Thailand's PTT	Battery electric vehicles (BEV)	24	Chonburi
Thai Tokai Carbon Product	Expansion of its production of carbon black, an additive used to reinforce tires, based on carbon feedstock oil	10	
BYD Auto Components (Thailand)/China	EV manufacturing plant with an annual production capacity of 150,000 vehicles and a facility to produce batteries for both pure electric vehicles and plug-in hybrid vehicles	22	Rayong
Pringles Company	US snacks	5	Chonburi
Lotus Biscoff	Belgian biscuits		Rayong
Huizhou China Eagle Electronic Technology	Printed circuit boards	3	

Source: Board of Investment

Investment flows are in the EEC and central region

Fourth, as China's demand isn't for heavy industry, investment flows are not only in the Eastern Economic Corridor (EEC) area but also in other provinces in the eastern and central regions. The central region is suited for food and beverages, electronics manufacturing, and domestic-oriented industries. Meanwhile, the EEC area is suited for export-oriented industries as it is near deep-sea ports and international airports.

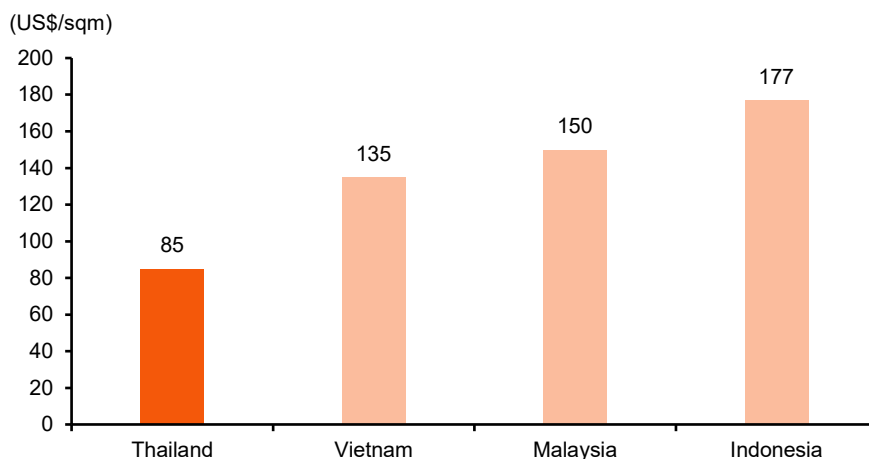
Ex 16: BOI Applications Clustered In The EEC Followed By The Central Region

Source: Board of Investment

We see room for further price appreciation

Lastly, IE land prices have started to rise, and we expect continued increases in land prices because 1) we believe industrial estate land costs are still low in Thailand (see Exhibit 17), and 2) key infrastructure projects, including high-speed trains, U-Tapao airport, and motorways, etc. are in the pipeline to be built over the next several years, and they should help create bigger communities and increase transportation cost and efficiency as regional investment hubs.

Ex 17: Regional Industrial Estate Land Prices

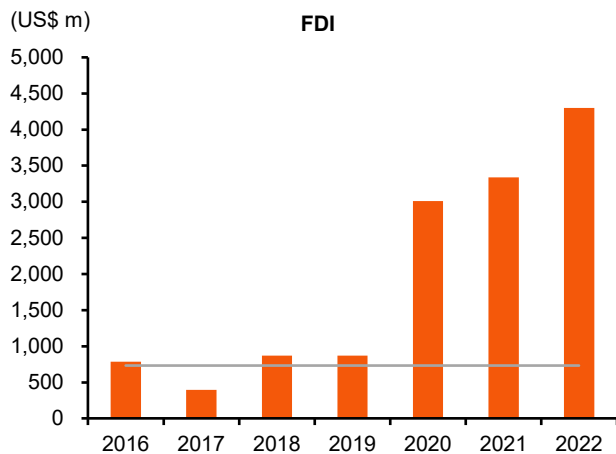


Sources: Colliers, MIDA, Thanachart compilation

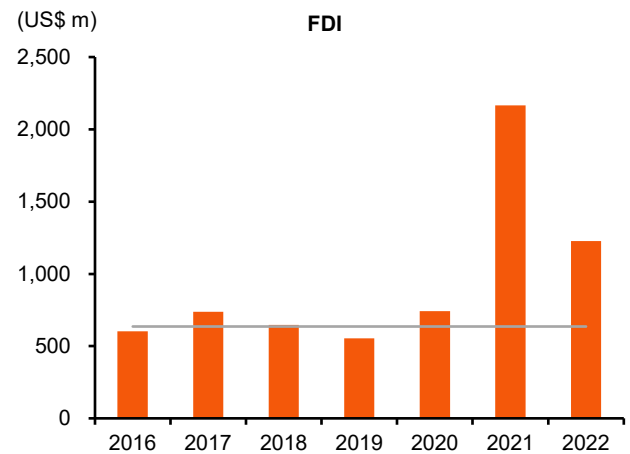
We foresee solid flows of EV and overwhelming flows from other sectors

The cycle could last several years

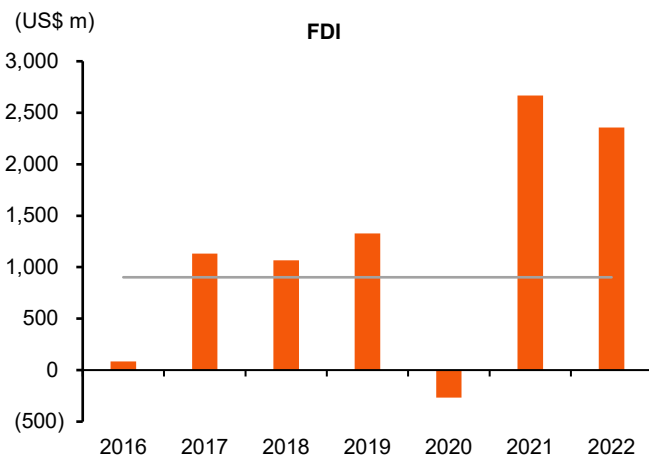
This cycle just started in 2022. We previously anticipated the cycle to last about four years into 2025F, as we saw investment flows mostly in light industries that didn't require supply chain investments. Now there appears to be a solid flow of EV investments, which are coming with batteries and the supply chain, along with overwhelming FDI flows in other sectors, especially food and beverages, rubber and plastics products, computer electronics and optical products, and electrical equipment (see Exhibits 18-21). We now believe the cycle could last longer to 2027F (from 2025F previously), and we revise up our projections for the three leading listed players' combined presales to 4,000/3,800/3,800 rai (from 3,550/3,300/3,300 rai in 2023-25F) vs. 3,280 rai in 2022 and the 1,881 rai p.a. five-year pre-COVID average. After BYD's investment last year, several other major manufacturers have already announced plans to invest in Thailand, such as Changan Automobile and GAC AION New Energy Automobile. The BOI expects them to file investment applications in 2H23 (see Exhibit 9).

Ex 18: Manufacture Of Food And Beverage Products

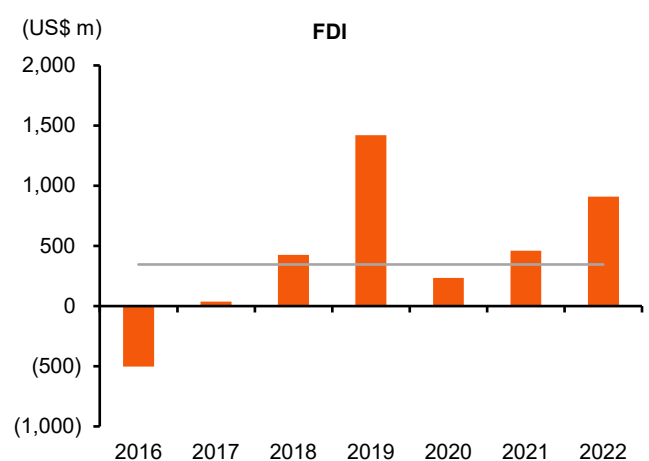
Source: Bank of Thailand

Ex 19: Manufacturing FDI Of Rubber, Plastics Products

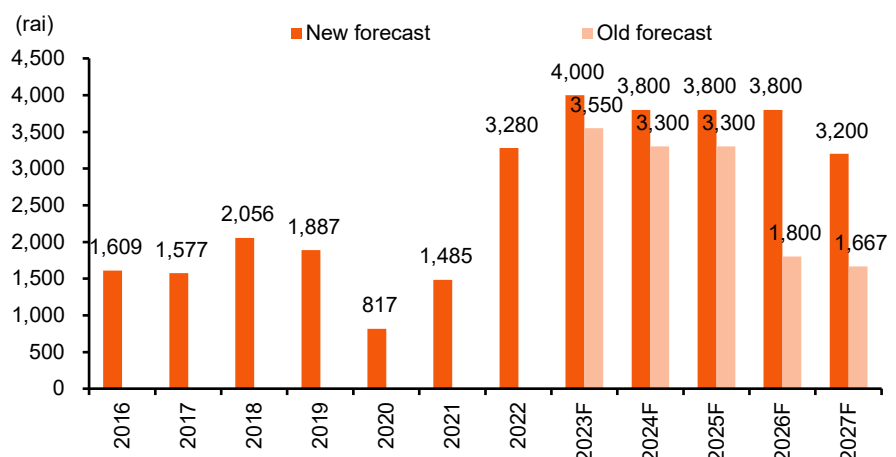
Source: Bank of Thailand

Ex 20: Manufacture Of Computer Electronic Products

Source: Bank of Thailand

Ex 21: Manufacture Of Electrical Equipment

Source: Bank of Thailand

Ex 22: We Expect The Upcycle For Land Presales To Last Longer

Sources: AMATA, WHA, ROJNA, Thanachart estimates

Ex 23: Our Key Assumption Changes For AMATA, WHA, And ROJNA

	2023F	2024F	2025F
AMATA			
Industrial land presales (rai) – Thailand			
New	1,100	1,100	1,100
Old	850	1,000	1,000
Change (%)	41.2	20.0	20.0
Normalized profit (Bt m)			
New	2,082	2,568	2,823
Old	1,983	2,374	2,569
Change (%)	5.0	8.2	9.9
WHA			
Industrial land presales (rai) – Thailand			
New	1,700	1,700	1,700
Old	1500	1300	1300
Change (%)	13.3	30.8	30.8
Normalized profit (Bt m)			
New	4,221	5,218	5,718
Old	4,088	4,715	4,640
Change (%)	3.3	10.7	23.2
ROJNA			
Industrial land presales (rai) – Thailand			
New	1,200	1,000	1,000
Old	1200	1000	1000
Change (%)	0.0	0.0	0.0
Normalized profit (Bt m)			
New	931	1,062	1,009
Old	931	1,062	1,009
Change (%)	0.0	0.0	0.0

Source: Thanachart estimates

Three players with well-developed estates

There are several IE developers in the market. AMATA (IE) and WHA (IE and warehouses) are the top-tier leading IE developers in Thailand, followed by ROJNA (IE). Big multinational firms' factories are in these IEs, due to their prime infrastructure locations, well-developed IEs' infrastructure, and high-quality services inside their estates.

AMATA and WHA are the leading IEs in the EEC area

Thai's IEs are clustered most in the Eastern Economic Corridor (EEC), encompassing Chachoengsao, Chonburi, and Rayong provinces. The EEC, which was the old Eastern Seaboard, has been the base for Thailand's FDI over the past three decades. It is the hub for Thailand's car manufacturing, petrochemical, and export-oriented products industries, given the advantage of its proximity to two deep-sea ports, strong infrastructure, and well-developed supply chains. AMATA (two flagship IEs) and WHA (ten IEs) have the largest landbanks at 13,000 rai and 7,000 rai, respectively, and are acquiring more land. ROJNA and Pinthong IE (PIN TB, not rated) each has around 3,000-3,500 rai of landbank here.

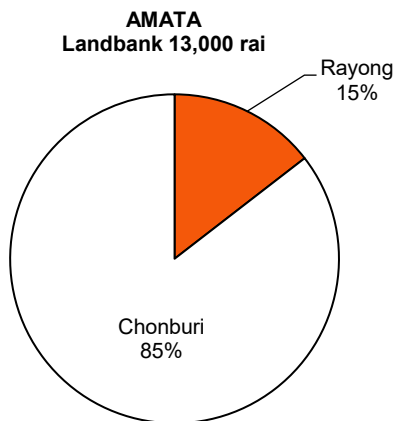
Meanwhile, most other existing players have only a few hundred rai available for sale. CP Land, the property developer arm of the conglomerate CP Group, is a newcomer launching the 2,200-rai CPCG IE, a joint-venture project with a Chinese state-owned infrastructure enterprise from Nanning called Guang Xi Construction Engineering Group. There are also several other newcomers that the Industrial Estate Authority of Thailand (IEAT) has been promoting to establish new IEs to support strong flows of FDI. However, we are not worried about these newcomers as it would likely take years for them to establish a reputation for high-quality services and infrastructure inside the estates.

Aside from IE, there is also the "smart cities" concept, where the developer embeds technology into its infrastructure. The Wangchan Valley project is the first smart city organized by the state enterprise PTT group, with the aim for it to be an R&D and innovation park for educational purposes and not focused so much on large-scale manufacturing. Another private player, AMATA, plans to develop 5,000 rai of its landbank in Amata City Chon Buri (about 40% of the company's total landbank) under this concept to create manufacturing and innovation on a commercial scale.

ROJNA is the key player in Ayutthaya province

The second popular location for FDI is the central region of Thailand, namely Pathum Thani, Ayutthaya, and Saraburi provinces, located just north of Bangkok. This is the hub for Thailand's electronics and food & beverage industries. There are several major IEs here, but most of them are running out of land for sale. ROJNA is the key player here, with the largest landbank of 3,000 rai on hand in Ayutthaya province. WHA also has a 1,900-rai landbank in Saraburi province.

Ex 24: AMATA Landbank Breakdown



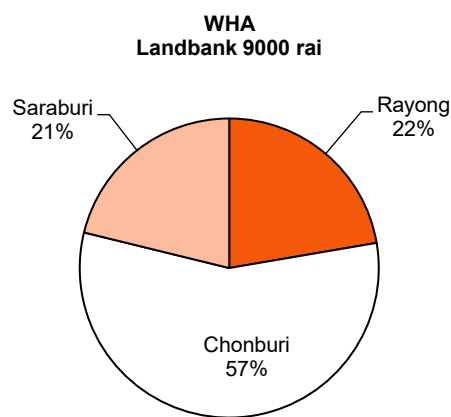
Sources: Company data, Thanachart estimates

Ex 25: Examples Of AMATA's Customers



Source: Company data

Ex 26: WHA's Landbank Breakdown



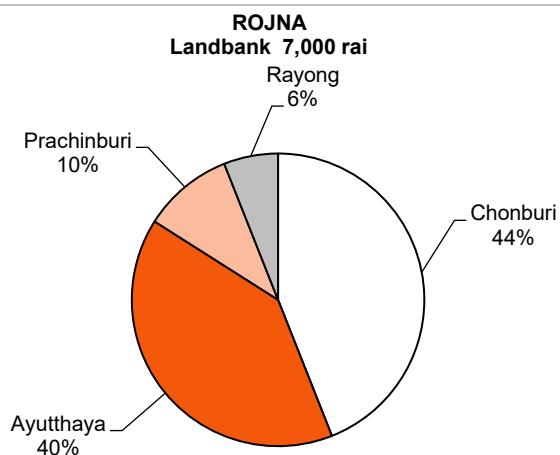
Sources: Company data, Thanachart estimates

Ex 27: Examples Of WHA's Customers



Source: Company data

Ex 28: ROJNA's Landbank Breakdown



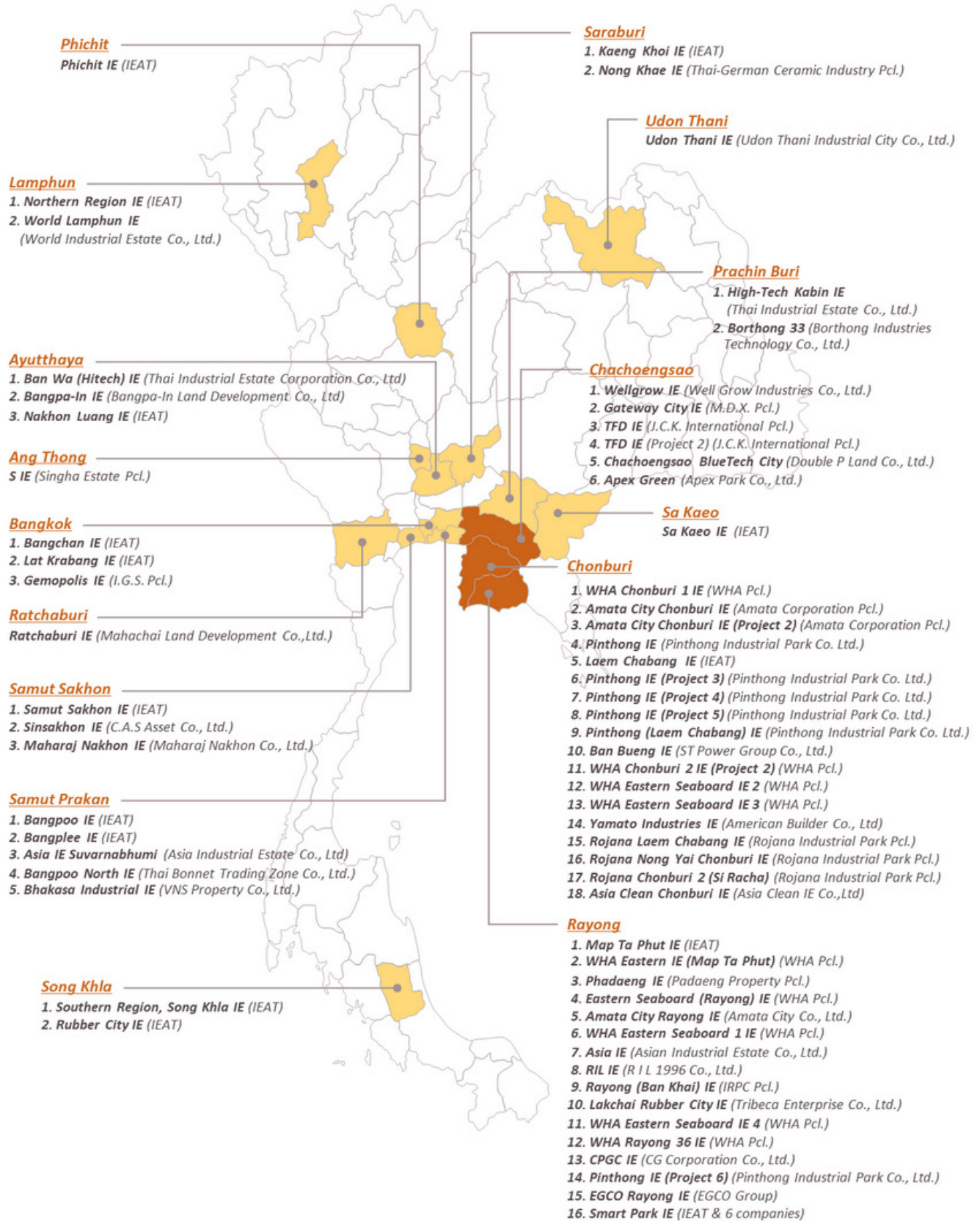
Sources: Company data, Thanachart estimates

Ex 29: ROJNA's Customer Examples



Source: Company data

Ex 30: There Are Over 60 IEs Operating In Thailand, With AMATA And WHA Being The Top-tier Ones

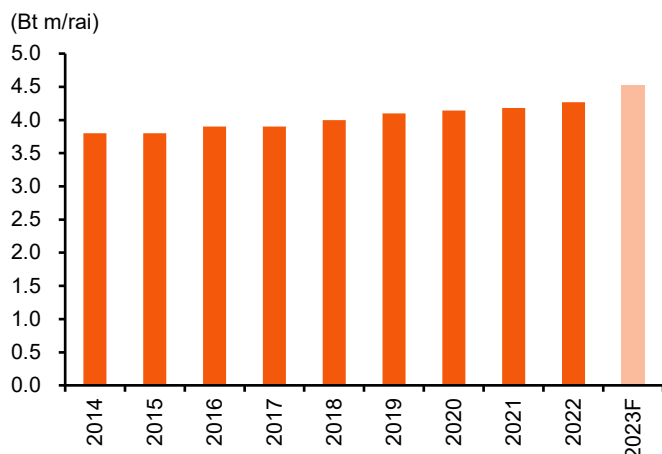
**Note**

IE = Industrial estate (excludes industrial zones & industrial parks)
(Name of IE Developer)

Source: Industrial Estate Authority of Thailand (IEAT)

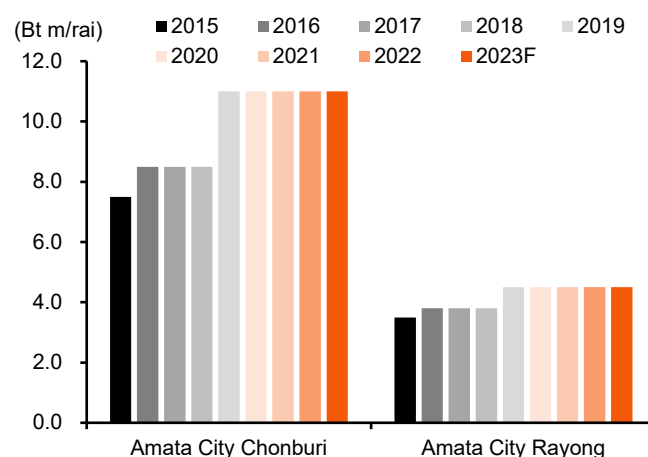
With strong industrial land demand, WHA increased its selling prices by 7% for all its estates this year while AMATA, given its better locations, raised its selling prices by a total of 20-30% over the past four years. PIN also just hiked its selling prices by 12% at the beginning of this year.

Ex 31: WHA's Average Land Price



Sources: Company data, Thanachart estimates

Ex 32: AMATA's Average Land Price



Sources: Company data, Thanachart estimates

OVERWEIGHT; WHA is our top pick

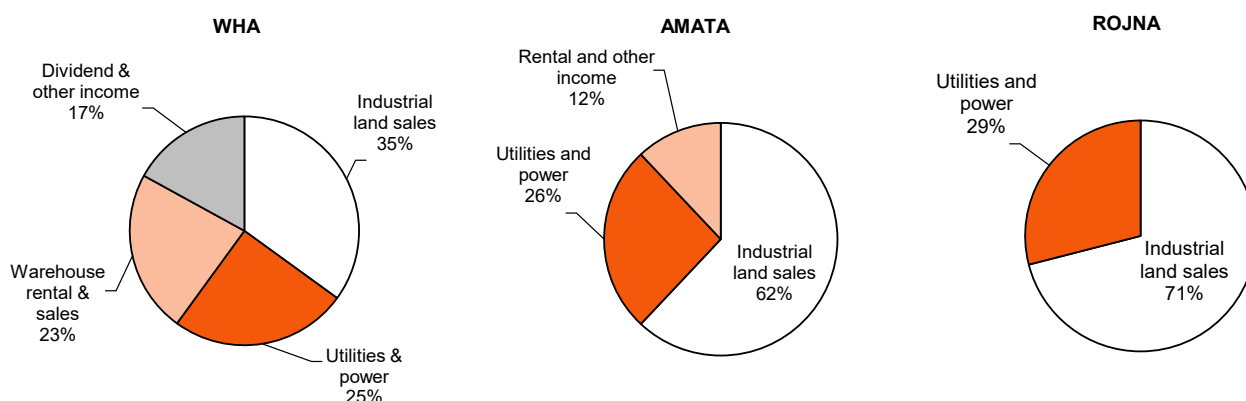
WHA is our top pick

We maintain our OVERWEIGHT stance of the sector. We have BUY calls on all the IE stocks under our coverage, namely AMATA, WHA and ROJNA, as we expect all of them to enjoy the new upturn in the FDI cycle, while their valuations still trade below peak-cycle levels. WHA is our top sector pick, followed by AMATA. We like ROJNA as a small-cap IE play. We prefer WHA for three reasons:

WHA is better at capturing the whole FDI cycle, in our view

First, WHA has more diversified businesses of IE, warehouse, and factory rental that allow it to enjoy both big and small FDIs throughout the whole cycle. This model also allows WHA to capture the entire supply chain of EV investments. Major manufacturers of car assembly plants buy big land plots, so WHA's IE land enjoys both price appreciation and land sales volume. Benefits to warehouse and factory rental then follow when suppliers arrive.

Ex 33: 2023F Operating Profit And Equity Income Breakdown

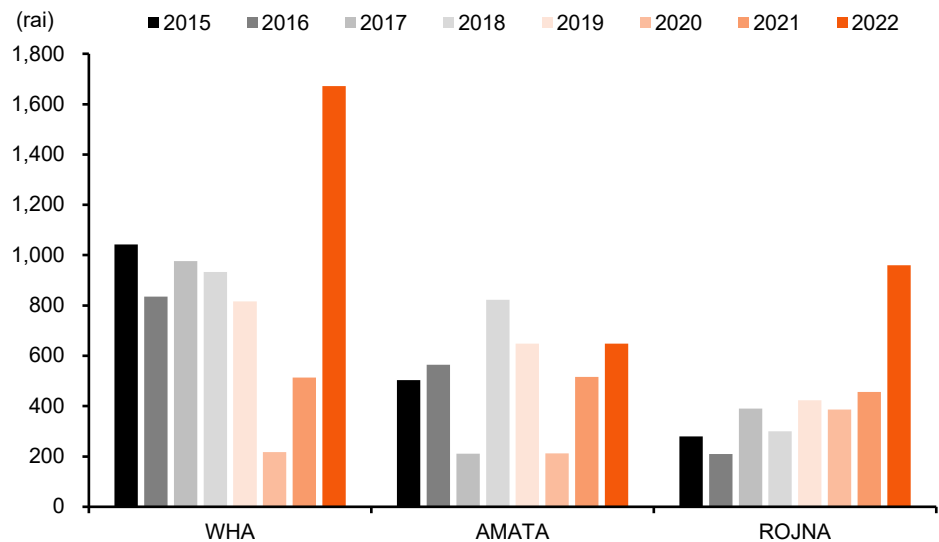


Sources: Company data, Thanachart estimates

Management has a growth mindset

Second, we also like WHA management's growth mindset. This may have been reflected in its land sales turnover where WHA was able to capture the largest share among the three top players last year.

Ex 34: WHA's Land Presales Have Been Outperforming Peers'

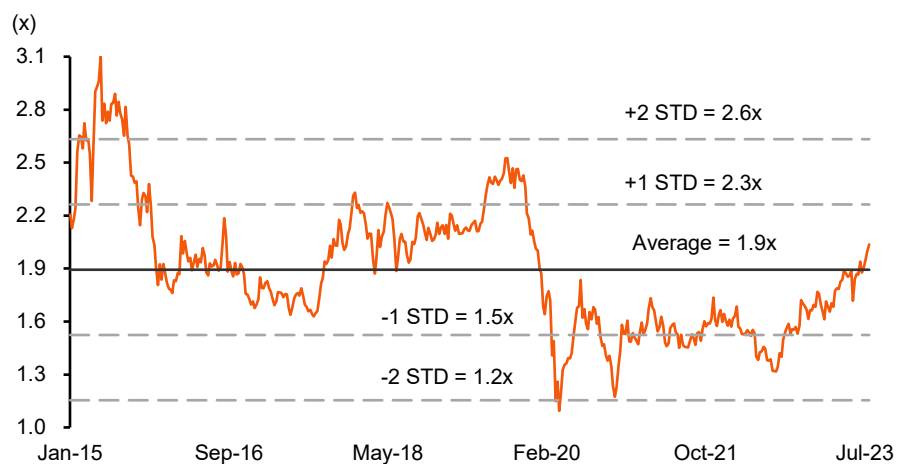


Sources: WHA, AMATA, and ROJNA

Valuation still trades at an average of its down cycle

Lastly, WHA's share price has risen by 21% since the beginning of the year, outperforming the SET's -8% YTD performance. WHA still looks cheap to us. While we believe the industry is now enjoying a cyclical upturn, WHA is still trading at around its eight-year historical average P/BV of 1.9x, which was the average during the industry's weak cycle.

Ex 35 WHA's Seven-Year Average P/BV



Sources: Company data, Thanachart estimates

Ex 36: Sector Valuation Comparison

		AMATA	ROJNA	WHA	Industry
Rating		BUY	BUY	BUY	
Target price (Bt)	Thanachart	30.00	8.50	6.00	
	Consensus	27.59	7.53	5.09	
Consensus rec.	Buy	14.0	2.0	12.0	
	Hold	2.0	1.0	2.0	
	Sell	1.0	0.0	0.0	
Sales (Bt m)	2022	6,502	17,169	13,729	37,400
	2023F	9,688	20,190	14,391	44,269
	2024F	11,388	18,819	16,528	46,735
	2025F	11,816	17,779	18,011	47,606
Norm profits (Bt m)	2022	1,525	196	3,720	5,441
	2023F	2,082	931	4,221	7,234
	2024F	2,568	1,062	5,218	8,848
	2025F	2,823	1,009	5,718	9,550
Sales growth (%)	2022	27.6	36.7	31.8	33.2
	2023F	49.0	17.6	4.8	18.4
	2024F	17.5	(6.8)	14.9	5.6
	2025F	3.8	(5.5)	9.0	1.9
Norm EPS growth (%)	2022	104.4	(55.5)	36.9	39.3
	2023F	36.6	373.8	13.5	32.9
	2024F	23.4	14.1	23.6	22.3
	2025F	9.9	(4.9)	9.6	7.9
Operating margin (%)	2022	32.6	3.9	30.3	18.6
	2023F	31.2	11.2	30.1	21.7
	2024F	33.1	13.1	33.6	25.2
	2025F	33.3	13.5	34.1	26.2
ROE (%)	2022	8.2	1.2	11.9	7.1
	2023F	10.3	5.5	12.7	9.5
	2024F	11.7	6.0	14.4	10.7
	2025F	11.9	5.5	14.4	10.6
Dividend yield (%)	2022	2.6	5.2	2.3	3.4
	2023F	2.5	3.2	2.3	2.7
	2024F	2.9	3.7	2.9	3.1
	2025F	3.2	3.5	3.1	3.3
P/BV (x)	2022	1.4	0.5	2.3	1.4
	2023F	1.3	0.5	2.1	1.3
	2024F	1.2	0.5	1.9	1.2
	2025F	1.1	0.4	1.8	1.1
Norm PE (x)	2022	17.3	39.5	19.6	25.5
	2023F	12.7	6.5	17.3	12.2
	2024F	10.3	5.7	14.0	10.0
	2025F	9.3	6.0	12.8	9.4
EV/EBITDA (x)	2022	15.3	11.3	22.3	16.3
	2023F	10.7	7.0	21.1	12.9
	2024F	8.1	6.1	16.9	10.4
	2025F	7.4	5.6	15.3	9.4
Net D/E (x)	2022	0.5	0.7	0.9	0.7
	2023F	0.4	0.8	0.9	0.7
	2024F	0.3	0.6	0.8	0.6
	2025F	0.2	0.5	0.7	0.5

Sources: Bloomberg consensus, Company data, Thanachart estimates

Valuation Comparison

Ex 37: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		—Div yield—	
			23F (%)	24F (%)	23F (x)	24F (x)	23F (x)	24F (x)	23F (x)	24F (x)	23F (%)	24F (%)
Sembcorp Industri	SCI SP	Singapore	(4.7)	(5.8)	12.6	13.4	2.1	1.9	10.9	11.2	1.9	1.9
Bekasi Fajar Industrial Estate	BEST IJ	Indonesia	641.4	17.0	7.3	6.2	0.4	0.4	7.2	6.5	na	na
Alam Sutera Realty	ASRI IJ	Indonesia	(24.6)	(12.7)	4.6	5.3	0.3	0.3	4.2	4.6	na	na
Bumi Serpong Damai	BSDE IJ	Indonesia	5.3	(1.9)	9.2	9.4	0.6	0.6	6.8	7.0	1.2	1.4
Ciputra Development	CTRA IJ	Indonesia	(2.7)	10.3	11.0	10.0	1.0	0.9	6.8	6.7	1.4	1.5
Lippo Karawaci	LPKR IJ	Indonesia	na	(12.9)	5.8	6.6	0.4	0.4	7.6	6.9	0.0	0.0
Pakuwon Jati	PWON IJ	Indonesia	17.9	7.4	12.9	120	1.2	1.1	7.7	7.2	1.0	1.2
Summarecon Agung	SMRA IJ	Indonesia	14.5	14.1	15.8	13.9	1.1	1.1	8.0	7.3	0.8	0.9
Surya Semesta	SSIA IJ	Indonesia	10.	20.0	11.0	9.1	na	na	na	na	na	na
Amata Corporation *	AMATA TB	Thailand	36.6	23.4	12.7	10.3	1.3	1.2	10.7	8.1	2.5	2.9
Rojana Industrial Park **	ROJNA TB	Thailand	373.8	14.1	6.5	5.7	0.5	0.5	7.0	6.1	3.2	3.7
WHA Corp PCL *	WHA TB	Thailand	13.5	23.6	17.3	14.0	2.1	1.9	21.1	16.9	2.3	2.9
Average			98.3	8.1	10.6	18.7	1.0	0.9	8.9	8.0	1.6	1.8

Sources: Bloomberg consensus, *Thanachart estimates

Based on 18 July 2023 closing prices

Note: **PE, P/BV adj – GULF investments

STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET INDEX	(1.5)	(2.9)	0.0	(8.1)	—	—	—	—
SETPROP	(2.0)	(6.7)	5.9	(10.7)	(0.6)	(3.8)	5.8	(2.7)
AMATA	4.0	0.9	34.9	8.9	5.5	3.8	34.8	17.0
ROJNA	2.6	(8.5)	3.5	(5.6)	4.1	(5.6)	3.5	2.5
WHA	8.8	12.3	68.0	21.1	10.3	15.2	68.0	29.1

Source: Bloomberg

SECTOR - SWOT ANALYSIS

S — Strength

- Oligopolistic business. AMATA and WHA are leading operators.
- Very high barriers to entry.

O — Opportunity

- Production base diversification needs due to increased regional geopolitical and China policy risks.

W — Weakness

- Business is capital-intensive.
- Earnings can be highly volatile.
- Thailand needs to invest in human capital and R&D to move up the value chain.

T — Threat

- Highly sensitive to economic and political risks.
- Global economic crisis.
- Natural disasters, drought.

REGIONAL COMPARISON

Name	EPS growth		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
Singapore	(4.7)	(5.8)	12.6	13.4	2.1	1.9	10.9	11.2	1.9	1.9
Indonesia	94.5	5.2	9.7	22.6	0.7	0.7	6.9	6.6	0.9	1.0
Thailand	32.9	22.3	12.2	10.0	1.3	1.2	12.9	10.4	2.7	3.1
Average	40.9	7.2	11.5	15.3	1.4	1.3	10.2	9.4	1.8	2.0
AMATA	36.6	23.4	12.7	10.3	1.3	1.2	10.7	8.1	2.5	2.9
ROJNA	373.8	14.1	6.5	5.7	0.5	0.5	7.0	6.1	3.2	3.7
WHA	13.5	23.6	17.3	14.0	2.1	1.9	21.1	16.9	2.3	2.9
Average *- Thailand	32.9	22.3	12.2	10.0	1.3	1.2	12.9	10.4	2.7	3.1

Source: Bloomberg consensus

Note: Thanachart estimates – using normalized EPS

BUY (Unchanged)

Change in Numbers

TP: Bt 30.00

(From: Bt 27.00)

Upside : 31.0%**18 JULY 2023**

Small Cap Research

Amata Corporation Pcl (AMATA TB)

Another beneficiary

We see AMATA as another beneficiary of the new FDI cycle. We reaffirm our BUY with a higher Bt30 TP on the back of better industrial estate land demand prospects that give it room to lift selling prices. We estimate normalized earnings growth of 37/23% in 2023-24F.

**RATA LIMSUTHIWANPOOM**

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NAV upgrade

A new cycle of the Thai industrial estate (IE) business has started with demand drivers from China policy risk and rising geopolitical threats. AMATA is a pure IE play with 86% of its 2023F profits coming from Thailand and the rest from Vietnam. We expect AMATA to enjoy the industry's upcycle via both higher sales volume and land value, and we lift our earnings by 5/8/10% in 2023-25F. Due to stronger land sales, we now use a discount of 20% (vs. 30% previously) in our NAV calculation for developed IE land and continue to value raw land at cost. We lift our SOTP-derived NAV-based 12-month TP (rolled over to a 2024F base year) to Bt30 from Bt27. This report is a part of our industrial estate report – In acceleration mode, dated 19 July 2023.

Stronger land demand

AMATA sees demand from the auto sector, including EVs, electronics, renewable energy, food, and logistics. Interest has been overwhelming, especially from those with Chinese investments. Its 1H23F, IE Thai land presales look likely to come in higher than we had estimated earlier. We now expect the cycle to last longer, and we lift our assumptions for AMATA's Thai IE land presales to 1,100 p.a. in 2023-26F and 900/700 rai in 2027-28F (from 850/1,000/1,000/550/567/583 p.a. previously). AMATA sold 648 rai in 2022 and an average of 550 rai p.a. during the five years before COVID. For Vietnam, we still assume 438/326/200 rai of presales in 2023-25F.

Pricing power

AMATA's two flagship IEs are in good locations, and it has shown its past record of pricing power. AMATA has no plans to raise its land selling prices this year because it already lifted land prices at Amata City Chonburi by 29% in 2019 to Bt11m/rai (US\$0.8/acre) and at Amata City Rayong by 18% in 2019 to Bt4.5m/rai. Due to very strong land demand, we expect land value appreciation to follow, and we lift our average land price growth assumptions from 2/2% to 4/4% in 2024-25F.

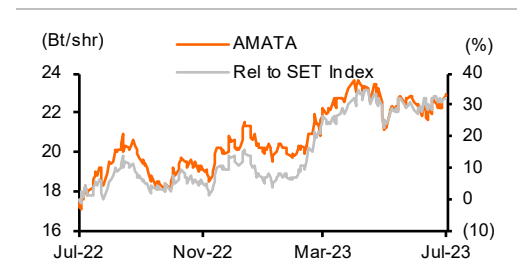
BUY with a higher TP of Bt30

We reaffirm our BUY call on AMATA. We believe it is entering a new earnings stage driven by a new industrial estate cycle and a power plant business turnaround this year from falling gas costs. AMATA has a combined equity-owned capacity of 267MW, which comprise small power producers (SPP). We estimate 37/23/10% normalized EPS growth in 2023-25F after a strong post-COVID turnaround of 104% in 2022. Against this growth, we see its 13/10x PE multiples in 2023-24F as inexpensive. On 2024F P/BV, the stock trades at just 1.2x, or 29% below its past 25-year average of 1.7x.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	6,502	9,688	11,388	11,816
Net profit	2,341	2,162	2,568	2,823
Consensus NP	—	2,001	2,402	2,621
Diff frm cons (%)	—	8.1	6.9	7.7
Norm profit	1,525	2,082	2,568	2,823
Prev. Norm profit	—	1,983	2,374	2,569
Chg frm prev (%)	—	5.0	8.2	9.9
Norm EPS (Bt)	1.3	1.8	2.2	2.5
Norm EPS grw (%)	104.4	36.6	23.4	9.9
Norm PE (x)	17.3	12.7	10.3	9.3
EV/EBITDA (x)	15.3	10.7	8.1	7.4
P/BV (x)	1.4	1.3	1.2	1.1
Div yield (%)	2.6	2.5	2.9	3.2
ROE (%)	8.2	10.3	11.7	11.9
Net D/E (%)	49.5	42.0	29.1	21.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 18-Jul-23 (Bt)	22.90
Market Cap (US\$ m)	769.8
Listed Shares (m shares)	1,150.0
Free Float (%)	72.1
Avg Daily Turnover (US\$ m)	4.6
12M Price H/L (Bt)	23.60/17.10
Sector	Industrial Estate
Major Shareholder	Kromadit family 26.2%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P26

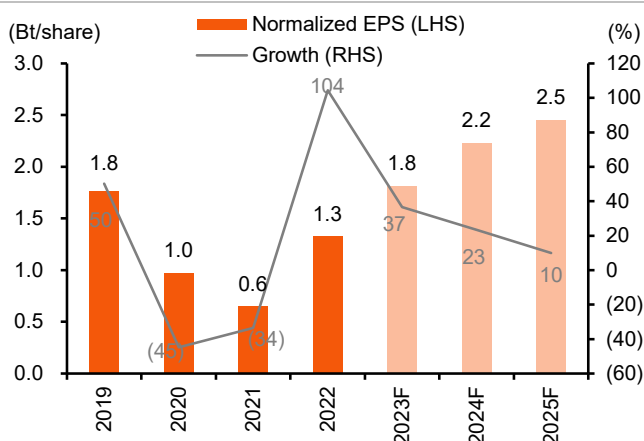


AMATA currently has an IE business in Thailand and Vietnam

Amata Corporation Pcl (AMATA) is a pure industrial estate (IE) play, with 86% of its 2023F profit coming from Thailand and the rest from Vietnam. It has two flagship IEs in Thailand, namely Amata City Chonburi and Amata City Rayong, both of which are located in the Eastern Economic Corridor (EEC) area, with a total landbank of around 13,000 rai. As for Vietnam, AMATA has been operating an industrial park called Amata City Bien Hoa in Vietnam's Dong Nai province since 1994 via its listed subsidiary Amata Vietnam (AMATAV TB, not rated). After depleting its land supply in Vietnam for some years, 73%-owned AMATAV now has the Halong project in the northern region and some portions of land at Long Than IE in the southern region to sell. This is the reason behind our assumption of a turnaround also materializing from Vietnam (see Exhibit 2).

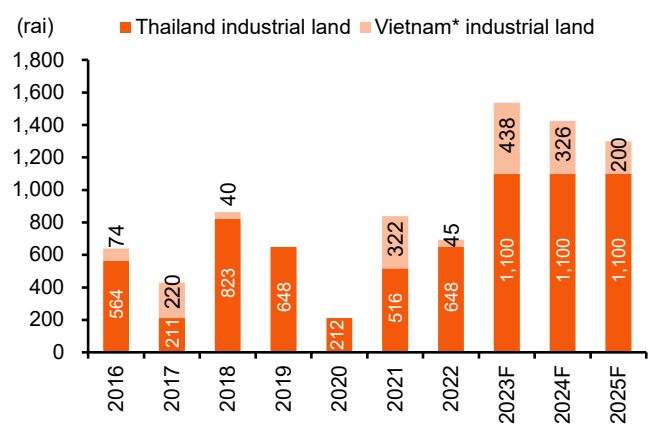
AMATA is also expanding into Laos. AMATA was granted concessions to develop 20,000 rai of new IEs, i.e., Amata Smart and Eco City Natuey in the northern part of Laos and Amata Smart and Eco City Namor in the northwestern part. Located near the Lao-China railway in Luang Namtha province in northern Laos, demand looks decent. However, we leave this as potential upside until we determine the ease of land expropriation. The first phase would be around 500 rai. AMATA plans to invite multinationals and the governments of China, Japan, Singapore, and Thailand to help promote the project. As for its Myanmar IE, the project has been put on hold due to the 2021 Myanmar coup d'état. The capex injected into this Myanmar project was only Bt130m.

Ex 1: 37/23% Normalized EPS Growth In 2023-24F



Sources: Company data, Thanachart estimates

Ex 2: Land Presales On An Upcycle

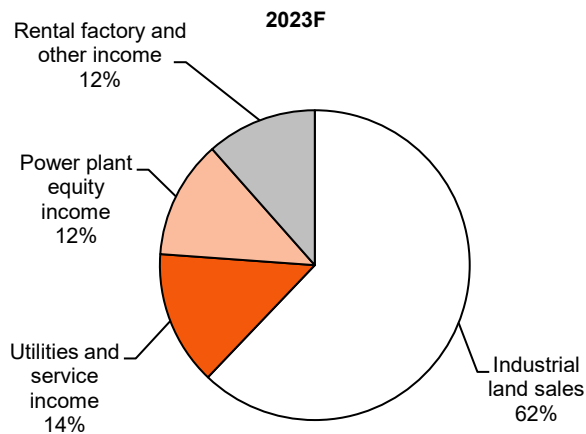


Sources: Company data, Thanachart estimates

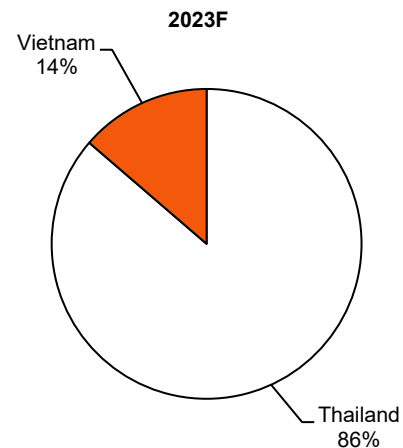
Note: *Vietnam land presales are via its 73%-held subsidiary AMATAV

Besides IE land sales, AMATA also has recurring income

Besides IE land sales, AMATA also has recurring income from factory rental as well as selling water, power and other services to clients inside its estates both in Thailand and Vietnam. For its power plant business in Thailand, the company formed joint ventures with B. Grimm (BGRIM TB, BUY, Bt36) with 20% stakes in ten small power producer (SPP) projects, with contracts to sell 65% of the capacity to the government and the remainder to customers at its Amata City Chonburi and Amata City Rayong IEs. In 2023F, we estimate IE land sales at 62% of operating profit plus equity income, power equity income at 12%, utility and service income 14%, and rental factory income 12%.

Ex 3: Operating Profit And Equity Income Breakdown

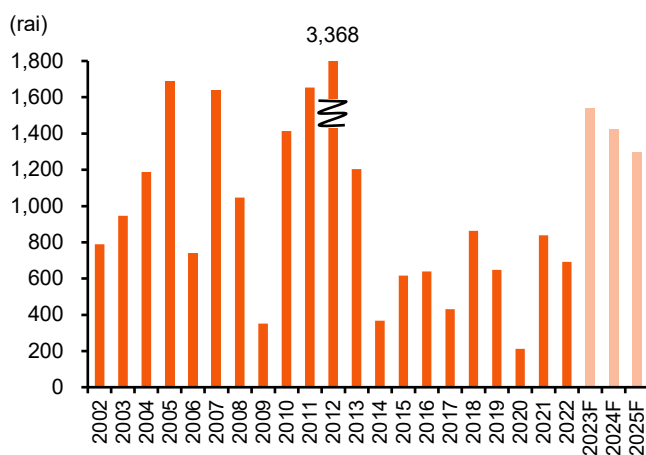
Sources: Company data, Thanachart estimates

Ex 4: Profit By Geography

Sources: Company data, Thanachart estimates

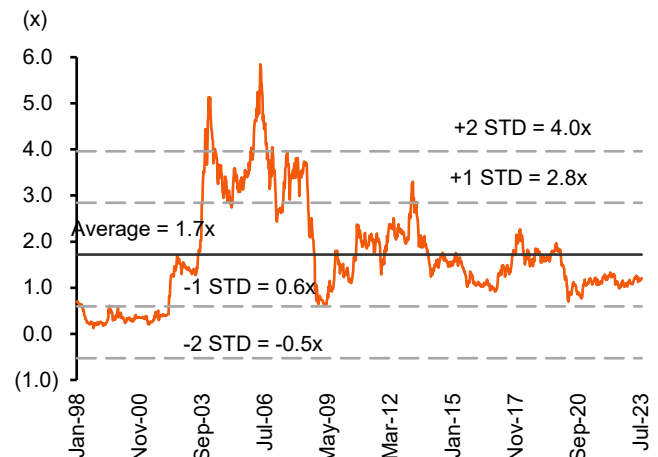
Inexpensive valuation, in our view

We estimate 37/23/10% normalized EPS growth in 2023-25F after a strong post-COVID turnaround of 104% in 2022. Key drivers are the new industrial estate cycle and a power plant business turnaround this year on the back of falling gas costs. Against this growth, we see AMATA's 13/10x PE multiples in 2023-24F as inexpensive. Also, on a P/BV basis, we believe shares of AMATA look cheap. Exhibit 6 shows that the stock is now trading below the average of its historical range. Its 2024F P/BV ratio of 1.2x is 29% below its historical 25-year average of 1.7x. P/BV ratio during the good times in 2004-07 (average sales p.a. of 1,300 rai) and 2010-13 (average sales p.a. of 1,900 rai), was 2x to 4x.

Ex 5: AMATA's Land Presales Upcycle

Sources: Company data, Thanachart estimates

Note: Spike in 2013 was due to FDI relocation from the central to eastern regions because of the central region's mega-flood.

Ex 6: Stock Trades In The Low Range Of Its 25-Year P/BV

Sources: Bloomberg, Thanachart estimates

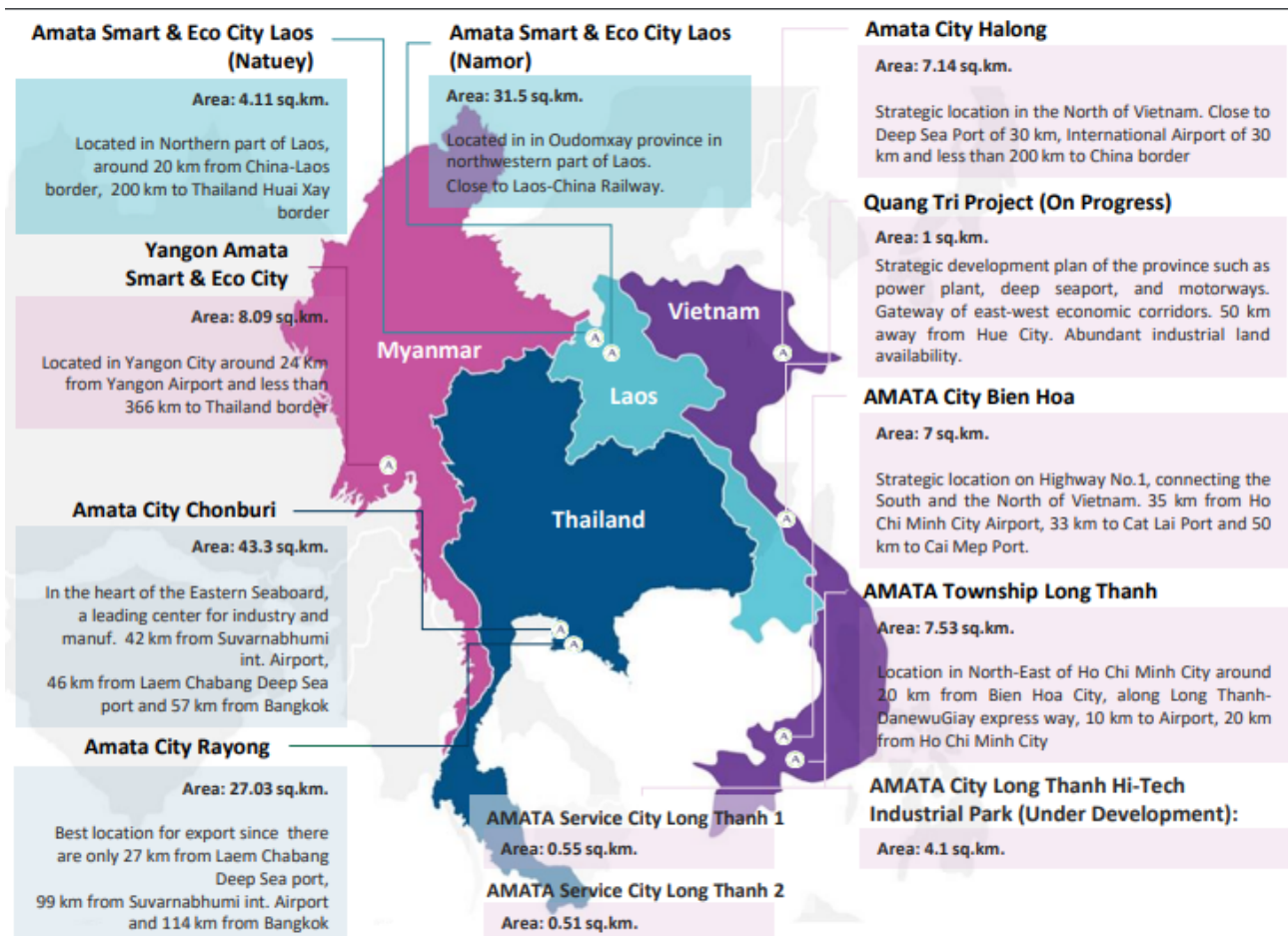
Ex 7: AMATA Trades At A 24% Discount To Our NAV Estimate

	Equity value (Bt/share)	SOTP (%)
Thailand operations	27.0	90%
Industrial estates (NAV)*	17.3	58%
Power (DCF) and utilities (8x PE)	6.9	23%
Rental factories/other assets (fixed asset @ 50% discount)	2.3	7%
REIT investment	0.5	2%
Vietnam operations*	3.0	10%
Total	30.0	100%

Sources: Company data, Thanachart estimates

Note:* We assign an average 20% discount to the price of developed land while raw land is valued at cost

Ex 8: Profile Of AMATA's Industrial Estates



Source: Company data

Ex 9: Key Earnings Revisions

Presales of industrial land	2023F	2024F	2025F
New			
Thailand	1,100	1,100	1,100
Vietnam	438	326	200
Total	1,538	1,426	1,300
Old			
Thailand	850	1,000	1,000
Vietnam	438	326	200
Total	1,288	1,326	1,200
IE land selling price growth (%)			
New	0	4	4
Old	0	2	2
Normalized profit (Bt m)			
New	2,082	2,568	2,823
Old	1,983	2,374	2,569
Change (%)	5.0	8.2	9.9

Sources: Company data, Thanachart estimates

Ex 10: Our NAV-Derived SOTP-Based TP For AMATA Of Bt30/share

	Sellable area		Selling price/rai (Bt m/rai)	Land cost/rai (Bt m/rai)	NAV	
	Developed (rai)	Raw land (rai)			Developed land* (Bt m)	Undeveloped land* (Bt m)
Thailand						
Amata City Chonburi IE	992	10,290	11.0	1.3	8,730	12,649
Amata City Rayong IE	1,259	1,458	4.5	0.6	4,532	875
Total	2,251	11,748			13,262	13,524
Total landbank value						26,786
Power (260MW equity-owned)						7,505
Water @ 8x PE						3,056
AMATAR (REIT) - 17% stake						749
Fixed assets (rental factory business, investments in associates and other fixed assets @ 50% discount)						3,595
Total assets						41,691
Less: Net debt (ending 2023)						6,459
Less Minority interest (ending 2023)						3,136
Equity value						30,567
Equity value/share (Bt)						27.00
Vietnam						
Amata Bien Hoa Commercial Complex	75	0	24.8	0.8	1,116	0
Amata City Long Thanh IE	525	1,269	8.9	2.3	3,281	4,208
Amata City Halong IE	625	0	4.2	0.2	1,845	0
Total	1,225	1,269			6,242	4,208
Total landbank value						10,449
Fixed assets (rental factory business, other fixed assets @ 50% discount)						445
Investments in associates in power business (16% stake- @ 50% discount)						72
Total assets						10,966
Less: Net debt (ending 2023)						4,646
Less: Minority interest (ending 2023)						854
Equity value						5,466
Equity value/share (Bt) at 73%-stake						3.0
AMATA						30.0

Sources: Company data, Thanachart estimates

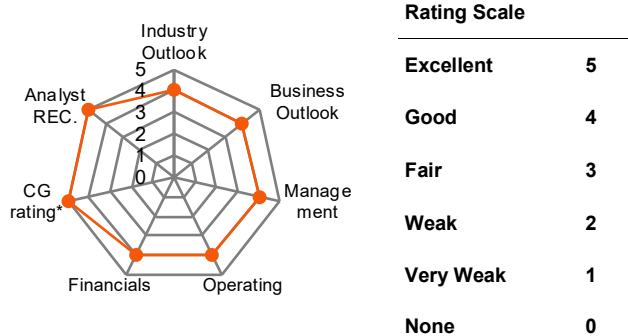
Note: *We apply a 20% discount to developed industrial estate (IE) land while we value raw land at cost.

COMPANY DESCRIPTION

Amata Corporation Pcl (AMATA) develops industrial estates primarily serving manufacturing plants and factories. The company acquires land and develops the essential infrastructure and facilities required for industrialized operations. It has two estates in Thailand; Amata City Chonburi and Amata City in Rayong, and two estates operating in Vietnam with one estate to be launched.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strategically located. Amata Nakorn is 42km from Suvarnabhumi airport and Amata City is 27km from Laem Chabang deep-sea port.
- Operates in an oligopolistic market.
- Huge landbank available for sale.

O — Opportunity

- New cycle of land sales driven by the need to diversify due to geopolitical threat and China policy risk
- Diversification into businesses which contribute recurring income, i.e., rental business, utilities and power.

W — Weakness

- Earnings are highly dependent on land sales which are by nature bulky and can cause high earnings volatility.
- Business is capital intensive.
- Business is less diversified than peers'.

T — Threat

- Highly sensitive to economic conditions.
- A weakening global economy.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	27.59	30.00	9%
Net profit 23F (Bt m)	2,001	2,162	8%
Net profit 24F (Bt m)	2,402	2,568	7%
Consensus REC	BUY: 14	HOLD: 2	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings for 2023-24F are above the Bloomberg consensus estimates, which we attribute to us being more bullish on industrial land presales.
- Our TP is 9% above the Street's.

Sources: Bloomberg consensus, Thanachart estimates

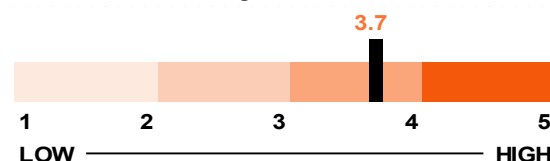
RISKS TO OUR INVESTMENT CASE

- If the land sales recovery post-COVID is slower than we currently expect.
- Domestic or global economic downturns could pose downside risk to our land sales assumptions.
- We see downside risk to our earnings if AMATAV cannot sell and transfer land as expected.
- If Vietnam's economy grows slower than the level we expect presently, there could be downside risk to AMATAV's (AMATAV TB, Bt6.05, SELL) long-term earnings which contribute to AMATA's bottom line.

Source: Thanachart

AMATA is one of the largest industrial estate developers in Thailand having nearly 10,000 rai of landbank. It also has minority stakes in power plants located in its states. AMATA focuses strongly on ESG issues and we assign a decent score of 3.7. It is highly committed to environmental issues and emphasizes social aspects of all stakeholders.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
AMATA	YES	YES	-	BBB	55.90	74.95	35.00	-	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

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- AMATA is an industrial estate developer with sales of water and power. AMATA has set a goal to achieve carbon neutrality by 2040 and to reduce greenhouse gas intensity by 30% in 2030 compared to the 2019 base year. In 2022, greenhouse gas emissions scope 1&2 were 15,831 tonnes of carbon dioxide equivalent (tCO₂e), decreasing by 12% compared to the base year of 2019. Greenhouse intensity was 3.06 tCO₂e/rai, decreasing by 14% compared to the base year of 2019
- 100% of wastewater is utilized and reused in producing high-quality water using a reclamation system, power plant cooling, and common green areas.
- AMATA provided 27,975 tonnes of solid waste in 2022. Around 89% of this was recycled into refuse-derived fuel (RDF), while 11% was recyclable. None of the solid waste is disposed by the landfill method.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- AMATA adheres to whistleblowing and human rights policies. It plans to conduct human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights in 2023. There have been no significant human rights and social rights complaints due to its operations.
- It has good staff management as reflected in a voluntary employee turnover rate of 10.5% vs. its target of 10% and the industry average of 16%. 2022 training hours per employee were 20 vs. its target of 18 hours.
- In 2022, none of AMATA's and contractors' employees suffered work-related injuries and there was zero lost time injury frequency.
- In 2022, AMATA implemented a total of 34 projects and activities by spending a social investment budget of Bt3.8m (excluding donations). More than 1.23 million people directly and indirectly benefited from these projects and activities.

GOVERNANCE & SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- There are seven members of the Board of Directors (BOD) comprising two executive members and five non-executive members. Six members are independent directors and five are dependent directors. It is not a high-score practice to have the chairman of the board also acting as the chairman of the executive committee.
- There were zero complaints of violations of business ethics through the whistleblowing system in 2022.
- The company says it conducts risk management processes and prepares crisis-management plans and emergency response plans.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	5,097	6,502	9,688	11,388	11,816
Cost of sales	2,769	3,387	5,247	5,975	6,195
Gross profit	2,328	3,115	4,441	5,413	5,622
% gross margin	45.7%	47.9%	45.8%	47.5%	47.6%
Selling & administration expenses	832	992	1,422	1,648	1,683
Operating profit	1,496	2,123	3,019	3,765	3,939
% operating margin	29.3%	32.6%	31.2%	33.1%	33.3%
Depreciation & amortization	403	389	478	507	531
EBITDA	1,898	2,511	3,498	4,272	4,470
% EBITDA margin	37.2%	38.6%	36.1%	37.5%	37.8%
Non-operating income	146	199	157	163	168
Non-operating expenses	0	0	0	0	0
Interest expense	(494)	(472)	(469)	(379)	(332)
Pre-tax profit	1,148	1,850	2,707	3,549	3,776
Income tax	352	193	487	639	680
After-tax profit	797	1,657	2,220	2,910	3,096
% net margin	15.6%	25.5%	22.9%	25.6%	26.2%
Shares in affiliates' Earnings	508	381	425	324	271
Minority interests	(559)	(514)	(564)	(666)	(544)
Extraordinary items	656	817	80	0	0
NET PROFIT	1,402	2,341	2,162	2,568	2,823
Normalized profit	746	1,525	2,082	2,568	2,823
EPS (Bt)	1.2	2.0	1.9	2.2	2.5
Normalized EPS (Bt)	0.6	1.3	1.8	2.2	2.5

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	12,420	11,463	13,027	14,545	14,991
Cash & cash equivalent	2,997	2,582	2,427	2,427	2,427
Account receivables	1,054	346	516	606	629
Inventories	7,914	7,872	9,343	10,640	11,031
Others	456	663	741	871	904
Investments & loans	4,632	4,964	4,964	4,964	4,964
Net fixed assets	6,997	7,503	8,080	8,429	8,756
Other assets	21,422	23,728	23,110	22,982	23,151
Total assets	45,471	47,659	49,181	50,920	51,862
LIABILITIES:					
Current liabilities:	8,095	8,695	8,968	9,249	8,620
Account payables	1,088	1,263	1,725	1,964	2,037
Bank overdraft & ST loans	188	1,752	1,353	1,086	908
Current LT debt	4,585	3,219	3,045	2,443	2,044
Others current liabilities	2,234	2,461	2,845	3,756	3,632
Total LT debt	10,497	9,686	9,134	7,328	6,131
Others LT liabilities	4,870	4,863	4,609	5,348	5,556
Total liabilities	23,462	23,244	22,710	21,924	20,307
Minority interest	4,285	4,956	5,519	6,186	6,730
Preferreds shares	0	0	0	0	0
Paid-up capital	1,150	1,150	1,150	1,150	1,150
Share premium	1,070	1,070	1,070	1,070	1,070
Warrants	0	0	0	0	0
Surplus	1,003	973	973	973	973
Retained earnings	14,500	16,266	17,759	19,618	21,632
Shareholders' equity	17,723	19,459	20,951	22,810	24,825
Liabilities & equity	45,471	47,659	49,181	50,920	51,862

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	1,148	1,850	2,707	3,549	3,776
Tax paid	(270)	(190)	(373)	(608)	(658)
Depreciation & amortization	403	389	478	507	531
Chg In working capital	(724)	924	(1,179)	(1,148)	(342)
Chg In other CA & CL / minorities	1,794	447	509	987	17
Cash flow from operations	2,350	3,420	2,143	3,288	3,324
Capex	(324)	(858)	(1,000)	(800)	(800)
Right of use	(279)	(0)	(50)	(50)	(50)
ST loans & investments	0	0	0	0	0
LT loans & investments	(58)	(332)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,627)	(1,501)	546	948	108
Cash flow from investments	(2,288)	(2,691)	(504)	98	(742)
Debt financing	(124)	(537)	(1,125)	(2,676)	(1,773)
Capital increase	0	0	0	0	0
Dividends paid	(443)	(721)	(669)	(710)	(809)
Warrants & other surplus	1,116	115	0	0	0
Cash flow from financing	548	(1,143)	(1,794)	(3,385)	(2,582)
Free cash flow	2,027	2,562	1,143	2,488	2,524

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	35.3	17.3	12.7	10.3	9.3
Normalized PE - at target price (x)	46.3	22.6	16.6	13.4	12.2
PE (x)	18.8	11.2	12.2	10.3	9.3
PE - at target price (x)	24.6	14.7	16.0	13.4	12.2
EV/EBITDA (x)	20.3	15.3	10.7	8.1	7.4
EV/EBITDA - at target price (x)	24.6	18.5	13.0	10.0	9.2
P/BV (x)	1.5	1.4	1.3	1.2	1.1
P/BV - at target price (x)	1.9	1.8	1.6	1.5	1.4
P/CFO (x)	11.2	7.7	12.3	8.0	7.9
Price/sales (x)	5.2	4.1	2.7	2.3	2.2
Dividend yield (%)	1.7	2.6	2.5	2.9	3.2
FCF Yield (%)	7.7	9.7	4.3	9.4	9.6
(Bt)					
Normalized EPS	0.6	1.3	1.8	2.2	2.5
EPS	1.2	2.0	1.9	2.2	2.5
DPS	0.4	0.6	0.6	0.7	0.7
BV/share	15.4	16.9	18.2	19.8	21.6
CFO/share	2.0	3.0	1.9	2.9	2.9
FCF/share	1.8	2.2	1.0	2.2	2.2

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	21.3	27.6	49.0	17.5	3.8
Net profit (%)	27.1	67.0	(7.7)	18.8	9.9
EPS (%)	22.5	67.0	(7.7)	18.8	9.9
Normalized profit (%)	(33.6)	104.4	36.6	23.4	9.9
Normalized EPS (%)	(36.0)	104.4	36.6	23.4	9.9
Dividend payout ratio (%)	32.8	29.5	30.0	30.0	30.0
Operating performance					
Gross margin (%)	45.7	47.9	45.8	47.5	47.6
Operating margin (%)	29.3	32.6	31.2	33.1	33.3
EBITDA margin (%)	37.2	38.6	36.1	37.5	37.8
Net margin (%)	15.6	25.5	22.9	25.6	26.2
D/E (incl. minor) (x)	0.7	0.6	0.5	0.4	0.3
Net D/E (incl. minor) (x)	0.6	0.5	0.4	0.3	0.2
Interest coverage - EBIT (x)	3.0	4.5	6.4	9.9	11.9
Interest coverage - EBITDA (x)	3.8	5.3	7.5	11.3	13.5
ROA - using norm profit (%)	1.7	3.3	4.3	5.1	5.5
ROE - using norm profit (%)	4.5	8.2	10.3	11.7	11.9
DuPont					
ROE - using after tax profit (%)	4.8	8.9	11.0	13.3	13.0
- asset turnover (x)	0.1	0.1	0.2	0.2	0.2
- operating margin (%)	32.2	35.7	32.8	34.5	34.8
- leverage (x)	2.6	2.5	2.4	2.3	2.2
- interest burden (%)	69.9	79.7	85.2	90.3	91.9
- tax burden (%)	69.4	89.6	82.0	82.0	82.0
ROIC (%)	3.6	6.3	7.9	9.6	10.3
NOPAT (Bt m)	1,038	1,901	2,476	3,088	3,230
invested capital (Bt m)	29,997	31,533	32,056	31,239	31,480

Sources: Company data, Thanachart estimates

BUY (Unchanged)
Company Update

TP: Bt 8.50
Upside : 47.8%

(Unchanged)
18 JULY 2023

Small Cap Research

Rojana Industrial Park (ROJNA TB)

A small-cap IE play

We regard ROJNA as a small-cap IE play. We revised up ROJNA's NAV in a recently published report to reflect the better prospects for its industrial estate business. We estimate an earnings turnaround of 374/14% in 2023-24F and reaffirm our BUY call.



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A pure Thai play on a new IE cycle

Among the key players, ROJNA is more of a pure Thai play than WHA Corporation (WHA TB, BUY, Bt4.88), which has a warehouse business with Vietnam exposure, and Amata Corporation (AMATA TB, BUY, Bt22.9), which also has Vietnam exposure. China is the largest contributor in this cycle. China policy risk and rising geopolitical threats are the key drivers for relocation out of China. ROJNA has higher exposure to Chinese customers than the other two players, and China is contributing the largest demand flow during this cycle. As China's demand isn't for heavy industry, ROJNA can unlock sales of its otherwise less popular Ayutthaya estate (40% of its 7,700 rai landbank). ROJNA also has estates in the Eastern Economic Corridor's Chonburi and Rayong provinces (accounting for 50% of its landbank). (This report is part of our industrial estate report – In acceleration mode, dated 19 July 2023).

Riding the upcycle

We assume ROJNA's industrial estate (IE) land presales at 1,200/1,000/1,000/1,000/800 rai in 2023-27F from the already high 2022 base of 960 rai. Its presales averaged just 320 rai p.a. in 2015-19. ROJNA currently has committed land demand of 1,045 rai, which will later turn to presales contracts – mostly small/medium-sized customers from China in several sectors. There is also demand for big land plots, but we leave this as a potential upside to our numbers.

Strong earnings turnaround

We project normalized earnings growth of 374/14/-5% in 2023-25F. Key drivers for 2023F are a stronger IE business and a turnaround of its SPP-based power plant business on falling gas costs. ROJNA's 2023F EBIT breakdown is 71% IE, 23% power, and 6% service income and other income.

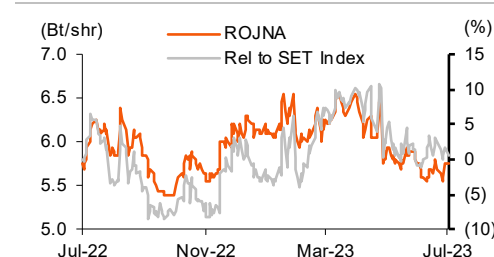
Inexpensive valuation, in our view

We reaffirm our BUY call with a 2024F SOTP-based 12-month TP of Bt8.5/share. We use a discount of 20% in our NAV calculation for developed IE land and value raw land at cost. ROJNA looks inexpensive to us. Taking out its investment of a 1% stake in Gulf Energy (GULF TB, BUY, Bt49), it trades on an adjusted PE of 7x on a normalized profit turnaround in 2023F and a 14% growth in 2024F. It also trades on an adjusted P/BV ratio of only 0.4x. In our SOTP valuation (Exhibit 7), we value its IE business at Bt2.4/share, power plant and utilities at Bt3.3/share, and GULF (market-based price of Bt49) at Bt2.5/share and equity investment at Bt0.3. The current market price implies that investors assign no value to the IE business.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	17,169	20,190	18,819	17,779
Net profit	1,140	931	1,062	1,009
Norm profit	196	931	1,062	1,009
Consensus NP	—	699	836	777
Diff frm cons (%)	—	33.2	26.9	29.8
Prev. Norm profit	—	931	1,062	1,009
Chg frm prev (%)	—	0.0	0.0	0.0
Norm EPS (Bt)	0.1	0.5	0.5	0.5
Norm EPS grw (%)	(55.5)	373.8	14.1	(4.9)
Norm PE (x)	59.1	12.5	10.9	11.5
Norm PE adj* (x)	39.5	6.5	5.7	6.0
EV/EBITDA (x)	11.3	7.0	6.1	5.6
P/BV (x)	0.7	0.7	0.6	0.6
P/BV adj* (x)	0.5	0.5	0.5	0.4
Div yield (%)	5.2	3.2	3.7	3.5
ROE (%)	1.2	5.5	6.0	5.5
Net D/E (%)	73.5	75.1	63.0	50.4
Note* PE, P/BV adj - GULF investments				

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 18-Jul-23 (Bt)	5.75
Market Cap (US\$ m)	339.6
Listed Shares (m shares)	2,020.5
Free Float (%)	31.8
Avg Daily Turnover (US\$ m)	0.5
12M Price H/L (Bt)	6.55/5.40
Sector	Industrial Estate
Major Shareholder	Vinichbutr Family 35.0%

ESG Summary Report P35

ROJNA is a long-established industrial estate developer

Rojana Industrial Park Pcl (ROJNA) is a long-established company set up in 1988 in the industrial estate (IE) sector and has a good track record of running its business. It owns eight IEs in four provinces and majority stakes in three power plants with 350MW of equity-owned combined capacity. It earns income from land sales, water management and electricity sales to its customers in the estates.

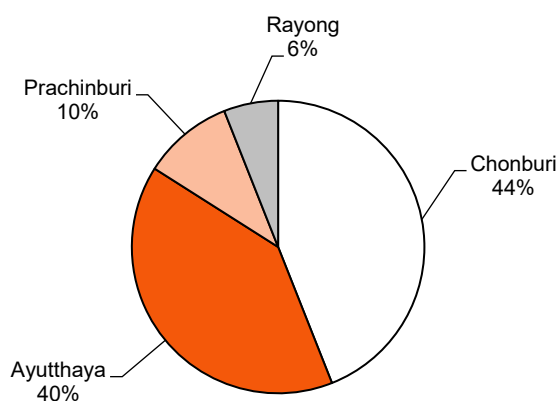
ROJNA is a direct IE play for investors who don't want exposure to Vietnam, where land supply has been experiencing delivery delays from the government. A clear trend of a cyclical upturn for FDI in Thailand started last year. This is being driven by higher global geopolitical risk, China policy risk such as the zero-COVID policy for the past three years, and the wave of EV makers expanding in Thailand.

Ex 1: ROJNA's Eight Industrial Parks

Industrial estate name	Province, region	
Rojana Ayutthaya	Ayutthaya, Central	▪ Most suited for food and beverage, electronics manufacturing and domestic-oriented industries. Center of logistics and transportation just an hour's drive to downtown Bangkok and Suvarnabhumi International Airport.
Rojana Ban Khai Rojana Pluakdaeng	Rayong, East	▪ Located 32km from Map Ta Phut Deep-sea Port, 60km from Laem Chabang Deep-sea Port, and 160km from Bangkok. Customers are mostly in the automotive industry.
Rojana Bowin1 Rojana Bowin2 Rojana Laem Chabang Rojana Nong Yai	Chonburi, East	▪ Clusters of automotive and export-processing industries. Near Laemchabang Deep-sea Port and Map Ta Phut Deep-sea Port. Rojana Nong Yai Industrial Estate aims to focus on investments from Chinese-funded enterprises.
Rojana Prachinburi	Prachinburi, East	▪ The park's main customers are in the auto parts industry. The park is located on Highway 304, a national transportation route.

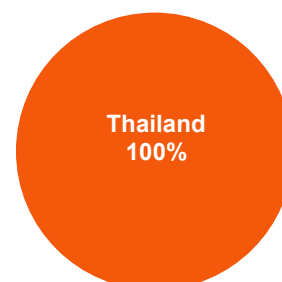
Source: Company data

Ex 2: Sellable Landbank By Province Totals 7,700 Rai



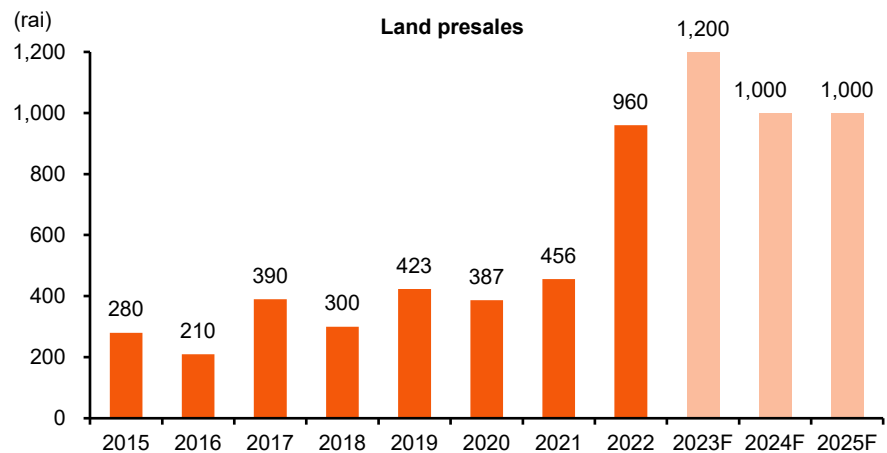
Source: Company data

Ex 3: ROJNA Is a Pure Thai IE play



Sources: Company data, Thanachart estimates

Ex 4: IE Land Presales Forecasts



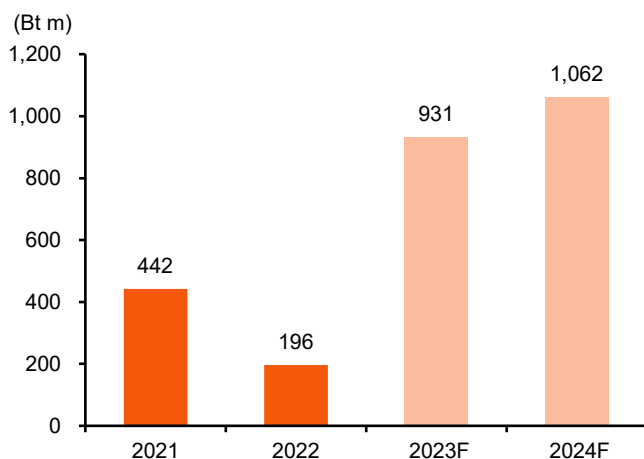
Sources: Company data, Thanachart estimates

Note: In 2022, ROJNA signed a big-lot land presales contract to sell 313 rai to Horizon Plus, a JV between PTT's subsidiary and Hon Hai Technology Group (Foxconn), to build an EV car factory in Chonburi province.

We estimate a strong earnings turnaround

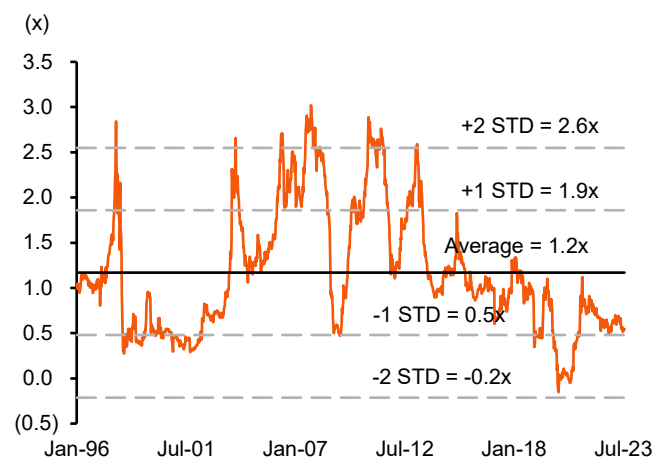
We project normalized earnings growth of 374/14/-5% in 2023-25F. Key drivers for 2023F are a stronger IE business and a turnaround of its SPP-based power plant business on falling gas costs. ROJNA has 350MW of 75%-owned operating power plant capacity under the small power producer (SPP) scheme. Some 40% of electricity sales are to industrial users (IUs), which is the portion of sales with no cost passthrough and, therefore, suffered from rising gas costs last year.

Ex 5: An Earnings Turnaround



Sources: Company data, Thanachart estimates

Ex 6: Trading At The Low End Of Its 27-Year P/BV



Source: Bloomberg, Thanachart estimates

Note* P/BV adj - GULF investments

**Reaffirm BUY with SOTP
based TP of Bt8.5/share**

We use SOTP methodology to value ROJNA (Exhibit 7). We use the price of land to value its IE business, where we assign a 20% discount to the market value of its developed land with raw land at cost, and therefore derive an IE business value of Bt2.4/share. Power plants and utilities are valued at Bt3.4/share using DCF and PE methodologies, while we value GULF (market-based price of Bt49) at Bt2.4/share. Putting it another way, stripping out the value of its power plant and utilities business, GULF and equity investments, the current market price implies investors give no value to ROJNA's IE business.

Ex 7: New, Higher DCF/NAV-derived SOTP-based TP Of Bt8.5

	Equity value (Bt m)	Value/share (Bt)	SOTP (%)
Industrial land bank value (NAV)*	4,848	2.4	28
Power and utilities (DCF)	6,666	3.3	39
Investment 1%-stake in GULF (Bt48.5/share)	5,050	2.5	29
Equity investments (book value @ 50%discount)	683	0.3	4
Total equity value	17,247	8.5	100

Sources: Company data, Thanachart estimates

Note: *We use a discount of 20% in our NAV calculation of developed IE land while we value raw land at cost.

COMPANY DESCRIPTION

Rojana Industrial Park Public Company Limited (ROJNA) is the top industrial estate developer company in Thailand, ranking No.3 in terms of industrial land sales market share. ROJNA's portfolio comprises eight industrial estates in the Eastern Economic Corridor (EEC) area, Ayutthaya and Prachinburi provinces. The company has also moved into electricity (75% owned), water (90% owned).

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

- One of the large industrial estate developers with good diversification of its business risk; industrial and sales, utility sales (electricity and water).
- Land plots on hand in prime locations.

O — Opportunity

- New cycle of land sales driven by the need to diversify due to geopolitical threat and China policy risk
- Diversification into businesses which contribute recurring income, i.e., rental business, utilities and power.

W — Weakness

- Highly leveraged balance sheet.

T — Threat

- Rising land and development costs due to investment demand shifting to the East, and wage hikes.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	7.53	8.50	13%
Norm profit 23F (Bt m)	699	931	33%
Norm profit 24F (Bt m)	836	1,062	27%
Consensus REC	BUY: 2	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F normalized profits are much higher than the Bloomberg consensus estimates, which we attribute to us being more bullish on land sales. Our TP is thus higher.

RISKS TO OUR INVESTMENT CASE

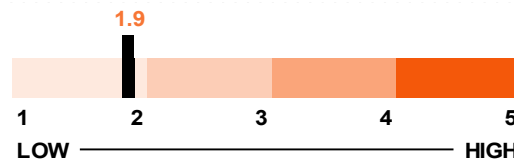
- If land sales and gross margin are lower than we expect.
- A slower-than-expected fall in the domestic gas pool price and a slower-than-expected upward national electricity tariff adjustments than our assumptions could also lead to downside risk to our earnings forecasts.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

ROJNA is an industrial land developer earning income from land sales, water management, and electricity sales to its customers in the estates. It has eight estates in the EEC area, Ayutthaya and Prachinburi provinces. It owns three power plants with equity-owned capacity of 350MW. ROJNA is yet to be active in ESG activities and we assign a score of only 1.9.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
ROJNA	-	-	-	-	-	-	-	-	4.0

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
ENVIRONMENT - Environmental Policies & Guidelines - Energy Management - Carbon Management - Water Management - Waste Management	- ROJNA has 7,700 rai of landbank in eight industrial estates (IEs) and owns majority stakes in three power plants with a combined 350MW of equity-owned capacity. It is a 35-year old, well-established company in the IE sector and has been running its business with a good track record. However, it has yet to be active in ESG matters and it has yet to set clear targets. - ROJNA strictly follows all necessary environmental-related laws stated in the Environmental Impact Assessment (EIA) process. - No data is available on greenhouse gas emissions. - No goals have been set for waste and water management.
SOCIAL - Human Rights - Staff Management - Health & Safety - Product Safety & Quality - Social Responsibility	- ROJNA emphasizes the quality of its human resources, i.e., fair treatment, work benefits, and work training. - On the social responsibility front, ROJNA has sponsored knowledge-related activities and sports activities for communities such as badminton and soccer. Last year, ROJNA also donated medical equipment to hospitals worth Bt14m.
GOVERNANCE & SUSTAINABILITY - Board - Ethics & Transparency - Business Sustainability - Risk Management - Innovation	- There are nine members of the board of directors (BOD), which we believe is a reasonable size for its business. The BOD members comprise three executives and six non-executive members. Four of the 9 members are independent directors. The BOD chairman is also an independent, non-executive member. - A whistle-blowing policy has been established to try to demonstrate ROJNA's transparent corporate environment. There have been zero complaints of violations of business ethics through the whistleblowing system. - The risk-management committee has an independent director as chairman to oversee the overall risk-management implementation. It held one meeting in 2022.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	12,559	17,169	20,190	18,819	17,779
Cost of sales	10,342	15,839	17,225	15,621	14,634
Gross profit	2,217	1,330	2,966	3,198	3,145
% gross margin	17.7%	7.7%	14.7%	17.0%	17.7%
Selling & administration expenses	496	664	714	731	752
Operating profit	1,721	667	2,252	2,467	2,392
% operating margin	13.7%	3.9%	11.2%	13.1%	13.5%
Depreciation & amortization	1,560	1,630	1,584	1,625	1,665
EBITDA	3,281	2,296	3,836	4,091	4,058
% EBITDA margin	26.1%	13.4%	19.0%	21.7%	22.8%
Non-operating income	164	181	117	117	117
Non-operating expenses	0	0	0	0	0
Interest expense	(1,027)	(993)	(1,034)	(981)	(942)
Pre-tax profit	858	(145)	1,335	1,603	1,568
Income tax	23	231	160	192	188
After-tax profit	835	(376)	1,175	1,411	1,380
% net margin	6.6%	-2.2%	5.8%	7.5%	7.8%
Shares in affiliates' Earnings	(51)	416	(40)	(40)	(40)
Minority interests	(343)	156	(204)	(309)	(331)
Extraordinary items	1,496	943	0	0	0
NET PROFIT	1,938	1,140	931	1,062	1,009
Normalized profit	442	196	931	1,062	1,009
EPS (Bt)	1.0	0.6	0.5	0.5	0.5
Normalized EPS (Bt)	0.2	0.1	0.5	0.5	0.5

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	22,264	23,075	25,018	24,653	23,818
Cash & cash equivalent	9,541	10,095	9,869	9,869	9,869
Account receivables	1,812	2,201	2,600	2,423	2,289
Inventories	9,329	9,715	10,854	10,700	10,023
Others	1,583	1,063	1,695	1,661	1,636
Investments & loans	2,927	3,712	3,712	3,712	3,712
Net fixed assets	19,266	18,499	17,815	17,090	16,325
Other assets	3,430	3,255	3,263	3,263	3,263
Total assets	47,887	48,541	49,808	48,719	47,118
LIABILITIES:					
Current liabilities:	9,604	10,514	9,071	8,493	7,711
Account payables	826	1,067	1,180	1,070	1,002
Bank overdraft & ST loans	1,291	1,497	1,252	1,160	1,050
Current LT debt	5,595	5,933	4,759	4,409	3,990
Others current liabilities	1,892	2,017	1,880	1,854	1,669
Total LT debt	17,823	17,043	19,036	17,637	15,959
Others LT liabilities	1,430	1,428	1,500	1,415	1,349
Total liabilities	28,857	28,986	29,607	27,545	25,019
Minority interest	2,937	2,728	2,932	3,240	3,571
Preferreds shares	0	0	0	0	0
Paid-up capital	2,020	2,020	2,020	2,020	2,020
Share premium	5,622	5,622	5,622	5,622	5,622
Warrants	0	0	0	0	0
Surplus	(175)	(175)	(175)	(175)	(175)
Retained earnings	8,625	9,360	9,802	10,465	11,060
Shareholders' equity	16,092	16,828	17,270	17,933	18,528
Liabilities & equity	47,887	48,541	49,808	48,719	47,118

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	858	(145)	1,335	1,603	1,568
Tax paid	(23)	(231)	(160)	(192)	(188)
Depreciation & amortization	1,560	1,630	1,584	1,625	1,665
Chg In working capital	(1,199)	(535)	(1,425)	221	743
Chg In other CA & CL / minorities	(3,264)	301	(432)	(248)	(281)
Cash flow from operations	(2,067)	1,021	902	3,009	3,506
Capex	(739)	(863)	(900)	(900)	(900)
Right of use	38	100	0	0	0
ST loans & investments	109	536	(604)	0	0
LT loans & investments	4,262	(785)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	2,997	1,229	292	130	17
Cash flow from investments	6,667	218	(1,212)	(770)	(883)
Debt financing	(885)	(280)	573	(1,840)	(2,209)
Capital increase	0	0	0	0	0
Dividends paid	(581)	(434)	(489)	(398)	(414)
Warrants & other surplus	4	30	0	0	0
Cash flow from financing	(1,462)	(684)	84	(2,238)	(2,623)
Free cash flow	(2,806)	158	2	2,109	2,606

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	26.3	59.1	12.5	10.9	11.5
Normalized PE - at target price (x)	38.9	87.4	18.5	16.2	17.0
PE (x)	6.0	10.2	12.5	10.9	11.5
PE adjusted* (x)	14.8	39.5	6.5	5.7	6.0
PE - at target price (x)	8.9	15.1	18.5	16.2	17.0
EV/EBITDA (x)	8.2	11.3	7.0	6.1	5.6
EV/EBITDA - at target price (x)	9.9	13.7	8.4	7.5	7.0
P/BV (x)	0.7	0.7	0.7	0.6	0.6
P/BV adjusted* (x)	0.7	0.5	0.5	0.5	0.4
P/BV - at target price (x)	1.1	1.0	1.0	1.0	0.9
P/CFO (x)	(5.6)	11.4	12.9	3.9	3.3
Price/sales (x)	0.9	0.7	0.6	0.6	0.7
Dividend yield (%)	3.5	5.2	3.2	3.7	3.5
FCF Yield (%)	(24.2)	1.4	0.0	18.2	22.4
(Bt)					
Normalized EPS	0.2	0.1	0.5	0.5	0.5
EPS	1.0	0.6	0.5	0.5	0.5
Adjusted EPS*	0.2	0.1	0.4	0.5	0.5
DPS	0.2	0.3	0.2	0.2	0.2
BV/share	8.0	8.3	8.5	8.9	9.2
Adjusted BV/share*	3.9	5.4	5.8	6.1	6.4
CFO/share	(1.0)	0.5	0.4	1.5	1.7
FCF/share	(1.4)	0.1	0.0	1.0	1.3

Sources: Company data, Thanachart estimates
Note* PE, P/BV adj - GULF investments

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	3.3	36.7	17.6	(6.8)	(5.5)
Net profit (%)	40.2	(41.2)	(18.3)	14.1	(4.9)
EPS (%)	40.2	(41.2)	(18.3)	14.1	(4.9)
Normalized profit (%)	(44.9)	(55.5)	373.8	14.1	(4.9)
Normalized EPS (%)	(44.9)	(55.5)	373.8	14.1	(4.9)
Dividend payout ratio (%)	20.9	53.2	40.0	40.0	40.0
Operating performance					
Gross margin (%)	17.7	7.7	14.7	17.0	17.7
Operating margin (%)	13.7	3.9	11.2	13.1	13.5
EBITDA margin (%)	26.1	13.4	19.0	21.7	22.8
Net margin (%)	6.6	(2.2)	5.8	7.5	7.8
D/E (incl. minor) (x)	1.3	1.3	1.2	1.1	1.0
Net D/E (incl. minor) (x)	0.8	0.7	0.8	0.6	0.5
Interest coverage - EBIT (x)	1.7	0.7	2.2	2.5	2.5
Interest coverage - EBITDA (x)	3.2	2.3	3.7	4.2	4.3
ROA - using norm profit (%)	0.9	0.4	1.9	2.2	2.1
ROE - using norm profit (%)	2.9	1.2	5.5	6.0	5.5
DuPont					
ROE - using after tax profit (%)	5.4	na	6.9	8.0	7.6
- asset turnover (x)	0.3	0.4	0.4	0.4	0.4
- operating margin (%)	15.0	na	11.7	13.7	14.1
- leverage (x)	3.2	2.9	2.9	2.8	2.6
- interest burden (%)	45.5	(17.1)	56.4	62.0	62.5
- tax burden (%)	97.4	na	88.0	88.0	88.0
WACC (%)	8.3	8.3	8.3	8.3	8.3
ROIC (%)	4.9	2.1	6.4	6.7	6.7
NOPAT (Bt m)	1,675.5	666.5	1,981.6	2,170.7	2,105.2
invested capital (Bt m)	31,260.6	31,206.4	32,447.2	31,270.4	29,656.5

Sources: Company data, Thanachart estimates

BUY (Unchanged)
Change in Numbers

TP: Bt 6.00
Upside : 23.0%

(From Bt 5.00)
18 JULY 2023

Small Cap Research

WHA Corporation Pcl (WHA TB)

Greatest beneficiary

We expect WHA to benefit the most from new FDI cycle through its industrial estate and warehouse businesses. We revise up our NAV to Bt6 to reflect better prospects via both volume and price appreciation. We see WHA being able to grow normalized earnings from a high base by 14/24% in 2023-24F. WHA is our top BUY.



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Our top pick

WHA is our top sector pick due to its diversified businesses of industrial estate (IE), warehouse/factory rental that allow it to enjoy both big and small FDIs through the whole cycle. See profit breakdown in exhibit 1. The FDI upturn cycle has started in 2022 with key demand drivers being China policy risk and rising geopolitical threats. We lift our SOTP DCF NAV-based 12-month TP to Bt6.0 (from Bt5.0) after rolling over to 2024F base year and earnings by 3/11/23% in 2023-25F to reflect higher land presales and potentially higher warehouse rental rates and sales value to REITs. Note, our IE business is based on NAV method which we use a discount of 20% for developed IE land and value raw land at cost. (This report is a part of the industrial estate report – On acceleration, dated 19 July 2023).

IE land to benefit first

We expect Thai's IE land sales business to benefit first via both price appreciation and land sales volume. Flows of land demand enquiries are overwhelmed with more interest from big multinational firms likely to come with supply chains. We now expect the cycle to last to last longer into 2027F (from 2025F earlier). We lift land presales to 1,700 rai p.a. in 2023-26F and 1,500/1,300 rai in 2027F (from 1,500/1,300/1,300/900/800). WHA sold 1,778 rai in 2022 including big-lot to BYD and 920-rai p.a. in 2016-19. We revise up land price growth to 7/7/7/5% p.a. in 2023-27F from 7/7/5/3/3% earlier.

Benefits to warehouses to come later

Most of its rental warehouses are in Chachoengsao province, one of the three EEC provinces, and rental factories are in its IEs. This business will enable WHA to capture FDI demand from small-scale firms and supply chains. As WHA's business model is to sell assets to REITs on a yearly basis, we expect WHA to enjoy this via higher rental volume and price and higher sales value to REITs. We lift pre-lease assumption by 25/33/67% to 200,000 sqm p.a. in 2024-26F. We also lift our asset sales price growth assumption from 3% p.a. to 6/4/4/4% and warehouse rental price appreciation from 2% to 6% p.a. in 2024-26F.

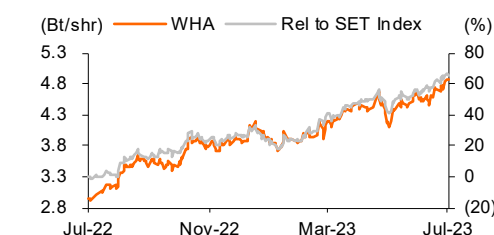
14/24% EPS growth in 2023-24F

We project normalized earnings growth of 14/24/10% in 2023-25F. Key drivers for 2023F are a stronger IE business and a turnaround of WHA's SPP-based power plant business on falling gas costs in 2023F. We expect WHA to lower the amount of asset sales to REITs this year from a Bt1.4bn profit last year. We believe WHA uses asset sales as an earnings stabilizer, and if this year's earnings are already strong, the company may not need to sell many assets to realize a profit.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	13,729	14,391	16,528	18,011
Net profit	4,046	4,221	5,218	5,718
Norm profit	3,720	4,221	5,218	5,718
Consensus NP	—	4,081	4,640	4,926
Diff frm cons (%)	—	3.4	12.5	16.1
Prev. Norm profit	—	4,088	4,715	4,640
Chg frm prev (%)	—	3.3	10.7	23.2
Norm EPS (Bt)	0.2	0.3	0.3	0.4
Norm EPS grw (%)	36.9	13.5	23.6	9.6
Norm PE (x)	19.6	17.3	14.0	12.8
EV/EBITDA (x)	22.3	21.1	16.9	15.3
P/BV (x)	2.3	2.1	1.9	1.8
Div yield (%)	2.3	2.3	2.9	3.1
ROE (%)	11.9	12.7	14.4	14.4
Net D/E (%)	93.4	87.2	80.2	73.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 18-Jul-23 (Bt)	4.88
Market Cap (US\$ m)	2,132.1
Listed Shares (m shares)	14,946.8
Free Float (%)	67.5
Avg Daily Turnover (US\$ m)	10.8
12M Price H/L (Bt)	4.88/2.90
Sector	Industrial Estate
Major Shareholder	WHA Holding Co Ltd 25.2%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P45

WHA is a leading IE developer in Thailand with plans to expand to Vietnam

WHA Corporation Pcl (WHA) is Thailand’s largest fully integrated industrial estate (IE) and logistics developer in Thailand with industrial land sales, rental factory and warehouse and utility and power businesses. It currently has eleven IEs. Up to 80% of its existing landbank of ~9,000 rai (3,558 acres) is located in the EEC provinces of Rayong and Chonburi, and the remaining 20% is in Saraburi province. A clear trend of a cyclical upturn for FDI in Thailand started last year. This is being driven by higher global geopolitical risk, China policy risk such as the zero-COVID policy for the past three years, and a wave of EV makers expanding in Thailand. The demand flow for industrial estate (IE) land is strong. WHA has been seeing more customer visits with intention to buy industrial land at WHA’s industrial estates. Demand is coming mostly from China but also from Europe, Japan and other markets. The company currently has land enquiries for around 4,000 rai, double the pre-COVID level, in the automotive, electronics, and consumer products sectors.

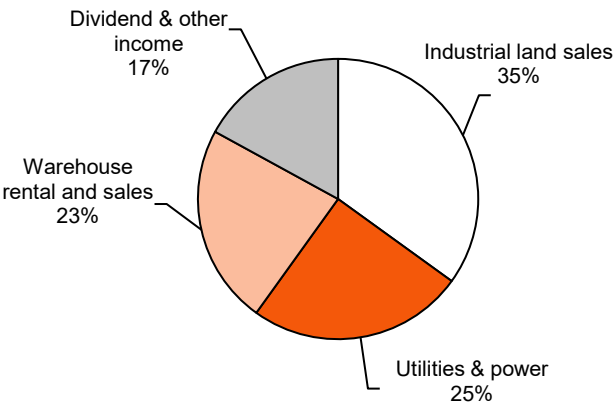
The company also has one IE, namely WHA industrial zone Nghe An, and utilities business in Vietnam. On top of an upcycle of IE land sales in Thailand, we expect a jump in land presales for Vietnam this year, as the company finally has landbank available for sale of around 1,800 rai and we expect this to support its Vietnam presales over the next four years. Please see WHA’s presales breakdown in Exhibit 4.

A leading position in rental factory and warehouse

As for its logistics business, WHA is one of the top two leading operators of premium build-to-suit warehouses for rent and ready-built factories and warehouses for rent in Thailand. The model for this business to lease out these assets on a 3-10 years rental contracts then to sell about half of these assets to REITs on a yearly basis and keep the remaining to earn recurring rental income. WHA’s client profile is very strong in our opinion. Its tenants are mainly the reputable MNCs and Thai large retailers such as 3M, Unilever, Kao, Johnson and Johnson and Central Retail Corporation, etc. These companies have long-running expansion plans, particularly in developing Southeast Asian markets.

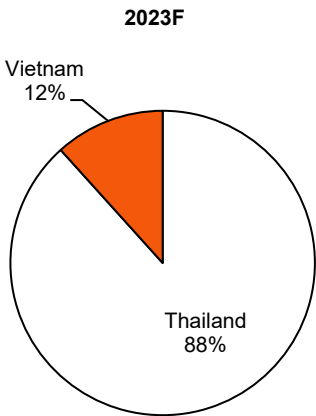
We project WHA’s EBIT and equity income breakdown in 2023F at 35% IE, 25% power & utilities, 23% warehouse rent and sales to REITs, and 17% dividend income and REIT management fees.

Ex 1: Operating Profit And Equity Income Breakdown



Sources: Company data, Thanachart estimates

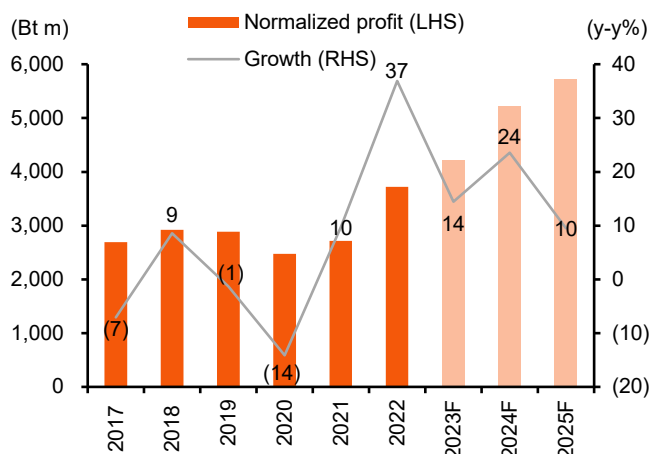
Ex 2: Profit Breakdown By Geography



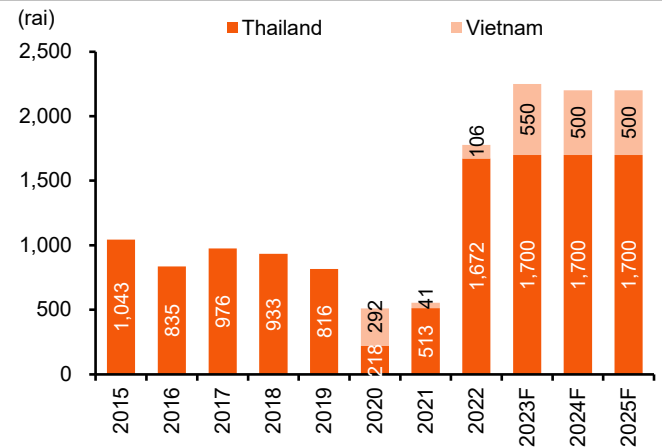
Sources: Company data, Thanachart estimates

Our top sector BUY

We lift our SOTP DCF NAV-based 12-month TP to Bt6.0 (from Bt5.0) after rolling over to 2024F base year and lift earnings by 3/11/23% in 2023-25F to reflect higher land presales and potentially higher warehouse rental rates and sales value to REITs. We now project normalized earnings growth of 14/24/10% in 2023-25F. Key drivers are a stronger IE business and a turnaround of WHA's SPP-based power plant business on falling gas costs in 2023F.

Ex 3: Growing Profit Despite High Base

Sources: Company data, Thanachart estimates

Ex 4: WHA's Land Presales In A Cyclical Upturn

Sources: Company data, Thanachart estimates

Ex 5: Key Assumptions Change

	2023F	2024F	2025F
IE land price appreciation (%)			
New	7.0	7.0	7.0
Old	7.0	7.0	5.0
IE land pre-sales (rai)			
New			
Thailand	1,700	1,700	1,700
Vietnam	550	500	500
Total	2,250	2,200	2,200
Old			
Thailand	1,500	1,300	1,300
Vietnam	550	500	500
Total	2,050	1,800	1,800
Asset sales to REITs price appreciation (%)			
New	3.0	6.0	4.0
Old	3.0	3.0	3.0
Warehouse rental price appreciation (%)			
New	2.0	6.0	6.0
Old	2.0	2.0	2.0
Warehouse and factory new lease space (sqm)			
New	170,000	200,000	200,000
Old	170,000	160,000	150,000
Normalized profit (Bt m)			
New	4,221	5,218	5,718
Old	4,088	4,715	4,640
Change (%)	3.3	10.7	23.2

Source: Thanachart estimates

Ex 6: We Maintain BUY With A Higher DCF/NAV-derived SOTP-based TP Of Bt6.0

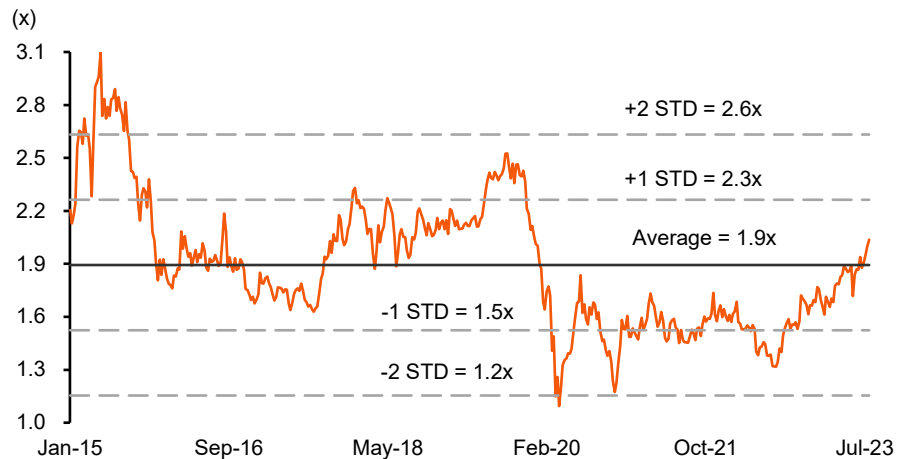
	Equity value (Bt m)	Value/ share (Bt)	Sum of the parts (%)
Industrial land bank value*	26,212	1.8	30
Warehouse & factory rentals, asset sales (DCF)	32,285	2.2	36
WHAUP (Utilities and power) - 70% stake (DCF)	14,220	1.0	17
REITs* -15-23% stake (DDM)	14,264	1.0	17
Total equity value	88,793	6.0	100

Sources: Company data, Thanachart estimates

Note:* We assign an average 20% discount to the price of developed land while raw land is valued at cost

Inexpensive valuation

WHA looks cheap to us trading at 19% discount to our NAV TP of Bt6. It also looks cheap on a P/BV basis. While we believe the industry is now in a cyclical upturn, WHA's 2024F P/BV ratio is still trading near its seven-year historical average P/BV of 1.9x, which was the average during the industry's weak cycle.

Ex 7: Seven-Year Average P/BV

Sources: Bloomberg, Thanachart estimates

Ex 8: We Reaffirm BUY With A DCF/NAV-derived SOTP-based 12-month TP Of Bt6.0

Landbank	— Sellable area (rai) —		Selling price/rai	Land cost/rai	Developed	Undeveloped	Enterprise	Equity	Sum of
					land***	land***	value	value/share	the parts
	Developed	Raw land			(Bt m)	(Bt m)	(Bt m)	(Bt/share)	(%)
<u>Industrial landbank</u>									
Thailand	6,500	2,709	4.5	1.3	23,296	3,386			
Vietnam	1,820		3.0	0.3	4,927	0			
Total industrial landbank value	8,320	2,709			28,223	3,386	31,609	1.8	30
Warehouse & factory rental & Asset							29,839		
sales to REITs (DCF)								2.2	36
Utilities and power* (DCF)							13,862	1.0	17
REITs investments** (DDM)							29,453	1.0	17
Total enterprise value							124,528		
Less: Net debt 2023F							33,592		
Less : Minorities 2023F							3,955		
Total equity value							86,981	6.0	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

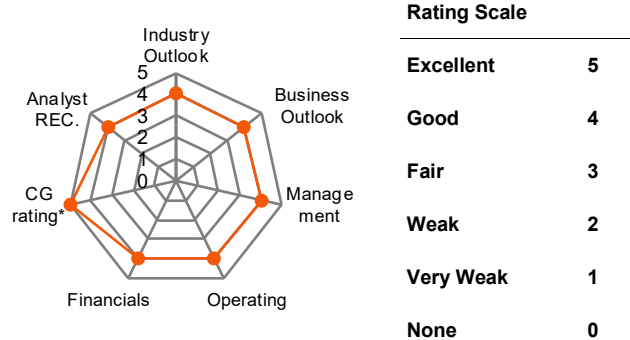
*** We assign an average 20% discount to the price of developed land while raw land is valued at cost

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



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

- New cycle of land sales driven by the need to diversify due to geopolitical threat and China policy risk.
- Rising urbanization trend and modern trade expansion.
- Growing warehouse outsourcing trend.

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)	5.09	6.00	18%
Norm profit 23F (Bt m)	4,081	4,221	3%
Norm profit 24F (Bt m)	4,640	5,218	12%
Consensus REC	BUY: 12	HOLD: 2	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F profit forecasts and TP are higher than the Bloomberg consensus number, which we attribute to us having a more bullish view on its industrial estate and rental factory and warehouse businesses.

Sources: Bloomberg consensus, Thanachart estimates

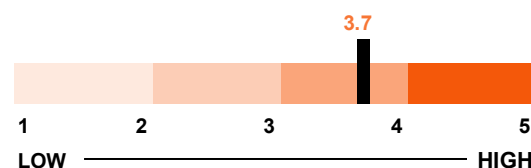
RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected domestic or global economic downturns are 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

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	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
WHA	YES	YES	-	BBB	58.35	74.56	75.00	-	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

ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- 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 for a second-year carbon neutrality in 2022 with greenhouse gas (GHG) emissions of 17,044 tonnes of CO2 equivalent (lower from 19,250 tonnes in 2021) vs. a credit of 31,599 tonnes from installing solar power facilities on its estates.
- WHA complies with the International Organization for Standardization (ISO) 14001 Environmental Management System and the ISO-9001 Quality Management System.
- A waste management committee was established with a target for zero waste to landfills or incineration without energy recovery by 2025 vs. 18% in 2022, 24% in 2021 and 61% in 2018.
- To reduce raw water withdrawals from natural sources, WHA has launched a water reclamation initiative and it targets to double the capacity to 60,400 cubic meters a day by 2025.

SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- 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.
- 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.
- WHA promotes a diverse work environment and fair treatment. Women accounted for 57% of its workforce in 2022.
- WHA contributed Bt89m to corporate social responsibility (CSR). WHA targets its CSR activities to reach more than 97% of the communities in the surrounding area.

GOVERNANCE &
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- 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.
- A whistle-blowing process has been established to try to demonstrate WHA's transparent corporate environment. No violations of regulatory requirements or internal policies were uncovered in 2022.
- The BOD appoints the Risk Management Committee, which comprises the CEO and members from the BOD, to oversee overall risk-management implementation.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	10,417	13,729	14,391	16,528	18,011
Cost of sales	5,663	7,592	7,941	8,728	9,489
Gross profit	4,754	6,137	6,450	7,800	8,522
% gross margin	45.6%	44.7%	44.8%	47.2%	47.3%
Selling & administration expenses	1,604	1,982	2,116	2,250	2,379
Operating profit	3,150	4,155	4,333	5,550	6,142
% operating margin	30.2%	30.3%	30.1%	33.6%	34.1%
Depreciation & amortization	620	611	713	779	858
EBITDA	3,770	4,765	5,046	6,329	7,000
% EBITDA margin	36.2%	34.7%	35.1%	38.3%	38.9%
Non-operating income	915	809	950	1,034	1,096
Non-operating expenses	0	0	0	0	0
Interest expense	(1,146)	(1,126)	(1,089)	(1,129)	(1,221)
Pre-tax profit	2,919	3,837	4,194	5,456	6,018
Income tax	679	546	629	818	903
After-tax profit	2,241	3,291	3,565	4,637	5,115
% net margin	21.5%	24.0%	24.8%	28.1%	28.4%
Shares in affiliates' Earnings	760	705	1,049	1,026	1,112
Minority interests	(283)	(276)	(393)	(445)	(509)
Extraordinary items	(128)	325	0	0	0
NET PROFIT	2,590	4,046	4,221	5,218	5,718
Normalized profit	2,718	3,720	4,221	5,218	5,718
EPS (Bt)	0.2	0.3	0.3	0.3	0.4
Normalized EPS (Bt)	0.2	0.2	0.3	0.3	0.4

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	17,844	19,130	16,813	18,159	19,417
Cash & cash equivalent	3,573	7,148	3,500	3,500	3,500
Account receivables	435	559	591	679	740
Inventories	12,635	10,690	11,966	13,152	14,299
Others	1,200	733	755	828	878
Investments & loans	15,713	16,428	16,839	17,231	17,640
Net fixed assets	17,142	18,849	19,897	22,017	23,893
Other assets	32,071	31,895	33,488	35,154	36,896
Total assets	82,769	86,302	87,037	92,561	97,846
LIABILITIES:					
Current liabilities:	18,636	16,398	15,554	15,984	16,373
Account payables	2,583	2,743	2,872	3,157	3,432
Bank overdraft & ST loans	2,997	1,600	1,484	1,498	1,503
Current LT debt	12,579	11,717	10,682	10,782	10,823
Others current liabilities	477	338	516	548	615
Total LT debt	22,986	27,078	24,926	25,158	25,254
Others LT liabilities	7,118	7,214	8,015	9,101	9,863
Total liabilities	48,740	50,690	48,494	50,244	51,489
Minority interest	3,436	3,562	3,955	4,400	4,909
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	3,518	3,026	3,026	3,026	3,026
Retained earnings	10,315	12,263	14,800	18,130	21,661
Shareholders' equity	30,594	32,050	34,587	37,917	41,448
Liabilities & equity	82,769	86,302	87,037	92,561	97,846

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	2,919	3,837	4,194	5,456	6,018
Tax paid	(631)	(597)	(559)	(832)	(868)
Depreciation & amortization	620	611	713	779	858
Chg In working capital	22	1,982	(1,180)	(989)	(933)
Chg In other CA & CL / minorities	(370)	483	828	680	749
Cash flow from operations	2,561	6,315	3,996	5,094	5,824
Capex	64	(2,311)	(1,704)	(2,837)	(2,666)
Right of use	(307)	31	(100)	(100)	(100)
ST loans & investments	(291)	63	0	0	0
LT loans & investments	410	(716)	(410)	(392)	(409)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	618	506	(443)	(223)	(604)
Cash flow from investments	494	(2,427)	(2,657)	(3,552)	(3,779)
Debt financing	(2,475)	2,278	(3,304)	346	142
Capital increase	0	0	0	0	0
Dividends paid	(1,694)	(2,424)	(1,684)	(1,888)	(2,187)
Warrants & other surplus	893	(167)	0	0	0
Cash flow from financing	(3,277)	(313)	(4,988)	(1,542)	(2,045)
Free cash flow	2,625	4,004	2,293	2,257	3,158

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	26.8	19.6	17.3	14.0	12.8
Normalized PE - at target price (x)	33.0	24.1	21.2	17.2	15.7
PE (x)	28.2	18.0	17.3	14.0	12.8
PE - at target price (x)	34.6	22.2	21.2	17.2	15.7
EV/EBITDA (x)	28.6	22.3	21.1	16.9	15.3
EV/EBITDA - at target price (x)	33.1	25.8	24.4	19.5	17.7
P/BV (x)	2.4	2.3	2.1	1.9	1.8
P/BV - at target price (x)	2.9	2.8	2.6	2.4	2.2
P/CFO (x)	28.5	11.6	18.3	14.3	12.5
Price/sales (x)	7.0	5.3	5.1	4.4	4.0
Dividend yield (%)	1.5	2.3	2.3	2.9	3.1
FCF Yield (%)	3.6	5.5	3.1	3.1	4.3
(Bt)					
Normalized EPS	0.2	0.2	0.3	0.3	0.4
EPS	0.2	0.3	0.3	0.3	0.4
DPS	0.1	0.1	0.1	0.1	0.2
BV/share	2.0	2.1	2.3	2.5	2.8
CFO/share	0.2	0.4	0.3	0.3	0.4
FCF/share	0.2	0.3	0.2	0.2	0.2

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	50.7	31.8	4.8	14.9	9.0
Net profit (%)	2.6	56.2	4.3	23.6	9.6
EPS (%)	2.4	56.2	4.3	23.6	9.6
Normalized profit (%)	9.7	36.9	13.5	23.6	9.6
Normalized EPS (%)	9.5	36.9	13.5	23.6	9.6
Dividend payout ratio (%)	42.4	41.5	40.0	40.0	40.0
Operating performance					
Gross margin (%)	45.6	44.7	44.8	47.2	47.3
Operating margin (%)	30.2	30.3	30.1	33.6	34.1
EBITDA margin (%)	36.2	34.7	35.1	38.3	38.9
Net margin (%)	21.5	24.0	24.8	28.1	28.4
D/E (incl. minor) (x)	1.1	1.1	1.0	0.9	0.8
Net D/E (incl. minor) (x)	1.0	0.9	0.9	0.8	0.7
Interest coverage - EBIT (x)	2.8	3.7	4.0	4.9	5.0
Interest coverage - EBITDA (x)	3.3	4.2	4.6	5.6	5.7
ROA - using norm profit (%)	3.3	4.4	4.9	5.8	6.0
ROE - using norm profit (%)	9.2	11.9	12.7	14.4	14.4
DuPont					
ROE - using after tax profit (%)	7.5	10.5	10.7	12.8	12.9
- asset turnover (x)	0.1	0.2	0.2	0.2	0.2
- operating margin (%)	39.0	36.2	36.7	39.8	40.2
- leverage (x)	2.8	2.7	2.6	2.5	2.4
- interest burden (%)	71.8	77.3	79.4	82.9	83.1
- tax burden (%)	76.8	85.8	85.0	85.0	85.0
WACC (%)	6.2	6.2	6.2	6.2	6.2
ROIC (%)	3.6	5.4	5.6	6.9	7.3
NOPAT (Bt m)	2,418	3,564	3,683	4,718	5,221
invested capital (Bt m)	65,584	65,297	68,178	71,855	75,528

Sources: Company data, Thanachart estimates

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SET THSI Index (SETTHSI)

Nowadays, long-term investment tends to be more focused on sustainable companies. The financial statement performance and the consideration in environmental, social and governance (ESG) perspective are keys aspects for analysis.

SET has created a Thailand Sustainability Investment (THSI) list since 2015 for using as an alternative investment in the high performance ESG stocks for investors while, supporting the sustainable Thai companies. SET defines the sustainable companies as the companies that embrace risk management, supply chain management and innovations together with responsibility for environmental, social and governance aspects

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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Score range	Description
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BB - BBB - A	AVERAGE : 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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