

SECTOR UPDATE

Industrial Estate – Thailand

Robust Revenue To Continue In 2Q24 And Peak In 2H24

Based on our checks with AMATA and WHA, both are confident about 2Q24, expecting an increase in land sales yoy and qoq. The data centre industry is emerging as a new trend, driving higher demand for industrial estate players. Looking ahead, we believe the revenue for 2H24 will peak due to seasonal factors. We maintain our OVERWEIGHT rating on the sector with WHA as our top pick.

WHAT'S NEW

- **Remaining optimistic about land pre-sales sentiment in 2Q24.** From our channel checks with Amata Corporation (AMATA) and WHA Corporation (WHA), both managements are still confident about the positive sentiment of land pre-sales in 2Q24, and expect it to increase both yoy and qoq. In terms of land transfers, we also expect WHA to see strong land transfers due to a strong backlog in its pipeline, which is around 1,087 rai in Thailand and Vietnam. Normally the company can convert land pre-sales to land transfers only 1-3 quarters. Conversely, AMATA is likely to experience strong land transfers in 2H24 due to seasonality. Based on the information from Board of Investment (BOI), we believe that industries expected to contribute to these land sales include data centre, electronics, automobiles, and electric vehicle (EV) suppliers.
- **Expect 2024 land pre-sales target to be revised up.** Due to robust demand for land pre-sales since 1Q24, we believe companies could increase their land pre-sales targets for 2024. WHA has set a land pre-sales target of 2,750 rai and had achieved 30% of this in 1Q24. Hence, WHA now intends to increase its full-year target by 500 rai to 3,250 rai (+17% yoy). AMATA's 2024 land pre-sales target is around 1,800 rai, and the company has already achieved 20% of this in 1Q24. AMATA is monitoring sentiment in 2Q24, and does not have any immediate plans to revise its land pre-sales targets.
- **Thai IE players more attractive due to new BOI incentives.** In Jun 24, the Thailand Board of Investment (BOI) approved eight large projects worth Bt57.0b, including a bio-ethylene plant by Brazil's Braskem, data centres, power plants, and a major hospital. BOI also approved a new investment promotion category for EV batteries and energy storage systems, enhancing the BOI's EV supply chain policy and incentives. Regarding this investment, we believe the BOI's incentives and support mechanisms would significantly enhance the attractiveness of Thailand's industrial estates to investors.
- **Expanding data centre market will benefit AMATA and WHA.** We note that Amazon Web Service has already invested in AMATA City Rayong and WHA with a capacity size of 12 MW each. From capacity of 30-50 MW, customers would need area of 50-100 rai. We believe this would benefit AMATA and WHA in terms of demand for land pre-sales. In addition, in May 24, Microsoft announced plans to establish new cloud and AI infrastructure in Thailand, offering AI skilling opportunities to over 100,000 people, and supporting the nation's burgeoning developer community.

PEER COMPARISON

Company	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	Net Profit 2024F (Btm)	Net Profit 2025F (Bt m)	PE 2024F (x)	PE 2025F (x)	Net EPS Growth 2024F(%)	P/B 2024F (x)	Yield 2024F (%)	ROE 2024F (%)
AMATA TB	BUY	22.10	30.00	35.7	705	2,285	2,640	10.3	8.9	21.2	1.1	4.5	8.6
WHA TB	BUY	5.35	6.00	12.1	2,219	5,225	5,784	15.3	13.8	17.5	2.5	3.4	14.3
Sector					2,925	7,510	8,424	14.1	12.6	18.4	2.2	3.7	12.9

Source: UOB Kay Hian,

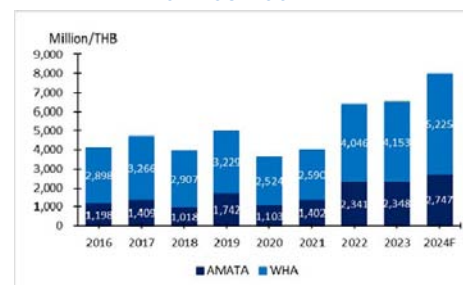
OVERWEIGHT (Maintained)

TOP PICK

Company	Rec	Share price (Bt)	Target price (Bt)
WHA	BUY	5.10	6.00

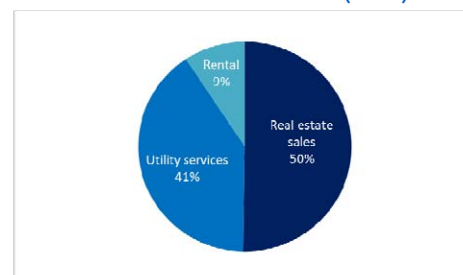
Source: Bloomberg, UOB Kay Hian

YEARLY NET PROFIT OUTLOOK



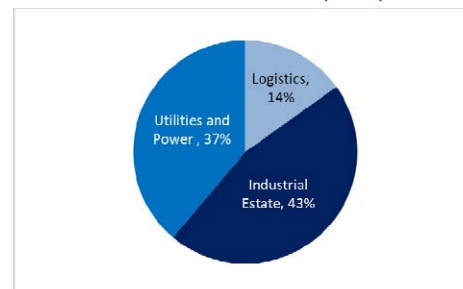
Source: AMATA, WHA, UOB Kay Hian

REVENUE BREAKDOWN OF AMATA (2024F)



Source: AMATA, UOB Kay Hian

REVENUE BREAKDOWN OF WHA (2024F)



Source: WHA, UOB Kay Hian

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**ACTION**

- **Maintain OVERWEIGHT on the sector with WHA as our top pick.** We anticipate a strong performance from the industrial estate sector in 2024, driven by several factors. Firstly, the resumption of travel from Chinese tourists is expected to boost land sales. Additionally, the relocation of investors from China to Thailand and Vietnam presents a significant opportunity for growth. Furthermore, the increasing interest in EVs is attracting more investors to the sector. Among the companies in the industrial estate sector, our top pick is WHA. We expect the company to officially announce its new land sales target after its 2Q24 results. WHA now intends to increase its full-year target by 500 rai to 3,250 rai (+17% yoy). The customers of 500 rai might be from the data centre industry. We believe raising land sales would positively impact share price.

**EARNINGS REVISION**

- **WHA:** As WHA announced the voting against of shareholders of WHA Prmm Grwth Frhld nd Lshld RI stt nvs (WHART), we expect to revise earnings down. We believe if this situation happens, revenue would be impacted by around Bt1.8b. This would pressure bottom line by about Bt460m or 10%. However, we maintain our earnings forecast for 2024 as we are waiting for WHA to announce its new land sales target, which should happen soon.

**VALUATION**

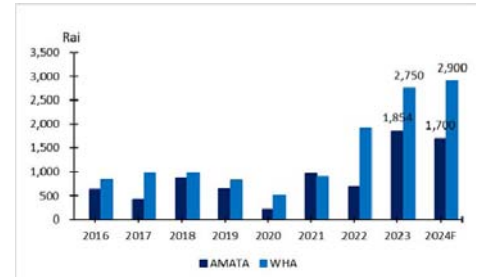
- **AMATA: Maintain BUY with a target price of Bt30.00.** Our target price is based on the SOTP methodology, where we value its investment in associate companies at Bt15.00/share pegged to 2024F PE of 23x (average PE of the power industry in Thailand) and its core business at Bt12.00/share based on 12x 2024F PE (average PE of the industrial estate industry in Thailand). We maintain BUY on AMATA as we expect its core earnings to remain strong in 2023, mainly supported by strong land sales and land transfers.

- **WHA: Maintain BUY with a target price of Bt6.00.** Our target price is based on the SOTP methodology, where we value its investment in associate companies at Bt1.40/share pegged to 2024F PE of 18x (average PE of power industry in Thailand) and its core business at Bt4.90/share based on 2024F PE of 17x (average PE of industrial estate business in Thailand). Due to better-than-expected sentiment of land sales and strong demand in the EV industry, we maintain BUY on WHA. We also expect WHA's earnings to continuously improve in 2024.

**SECTOR CATALYSTS**

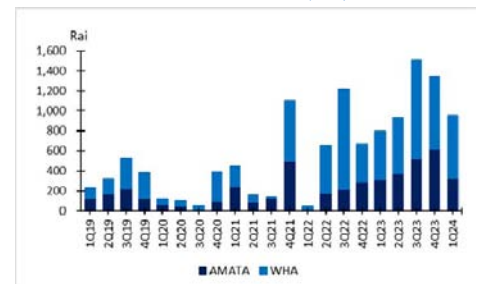
- a) Higher-than-expected volume of land sales, b) the government's stimulus package for the tourism industry, c) higher FDI, BOI, and GDP, and d) progress of the Eastern Economic Corridor project.

**YEARLY LAND PRE-SALES (RAI)**



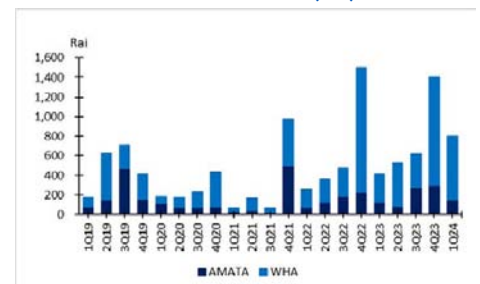
Source: AMATA, WHA, UOB Kay Hian

**QUARTERLY LAND PRE-SALES (RAI)**



Source: AMATA, WHA, UOB Kay Hian

**QUARTERLY LAND TRANSFERS (RAI)**



Source: AMATA, WHA, UOB Kay Hian

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