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KEY HIGHLIGHTS

Sector

Industrial Estate

2Q23 results wrap-up: Optimistic perspective after 2Q23 results meeting.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,576.67	7.86	0.50
SET50	966.69	3.23	0.34
Value (Btm) - SET	59,035		
Top 5 Sector			
BANK	412.87	0.76	0.18
PETRO	771.84	6.00	0.78
PROP	248.97	1.24	0.50
ENERG	22,489.49	17.50	0.08
ICT	159.13	2.31	1.47

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
BDMS	28.50	1.79	126,243.4
KBANK	131.50	(0.75)	21,538.4
PTT	35.50	(0.70)	63,495.9
PTTEP	163.00	1.88	11,858.1
PSP	10.00	0.00	177,859.1

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
AKS	0.02	100.00	13,963.4
TGPRO	0.19	35.71	76,596.8
JCKH	0.05	25.00	8,178.9
ALL	0.05	25.00	11,907.7
PRECHA	1.23	18.27	31,154.5

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PPPM	0.07	(12.50)	8,929.2
M-PAT	3.62	(9.50)	17.8
BTW	0.42	(8.70)	9,615.3
META	0.22	(8.33)	2,655.0
BROCK	1.69	(6.11)	1.0

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	86.0	0.7	19.1	4.2
Dubai crude*	86.7	2.3	16.5	10.2
Baltic Dry Index	1,107.0	(1.8)	13.3	(26.9)
Gold Spot***	1,945.2	(1.0)	(0.9)	6.6

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
56.5	(267.8)	(3,736.1)	(9,332.3)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.00

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 6.85

SECTOR UPDATE

Industrial Estate – Thailand

2Q23 Results Wrap-Up: Optimistic Perspective After 2Q23 Results Meeting

The industrial estate stocks that we monitor have collectively recorded a combined net profit of Bt1.2b (+26% yoy, +16% qoq) in 2Q23, above our expectations. Despite the already promising performance of the sector in 2Q23, we reiterate our positive stance for the upcoming 2H23, chiefly driven by seasonal effects and robust land sales, buoyed by strong demand stemming from relocations from China and a stable political landscape in Thailand. Maintain **OVERWEIGHT** with **AMATA** as our top pick.

WHAT'S NEW

- 2Q23 results recap: Substantial rise propelled by WHA with 200% yoy growth.** Industrial estate stocks under our coverage reported a notable performance in 2Q23 of Bt1.2b, improving 26% yoy and 16% qoq, attributed by Wha Corporation's (WHA) earnings. WHA witnessed a remarkable surge in earnings, boasting a 200% yoy increase and a significant 66% qoq growth, mainly attributed by robust revenue from strong land transfers. On the other hand, Amata Corporation's (AMATA) earnings plummeted by 52% yoy, chiefly impacted by the high base from selling investment properties and dropped 36% qoq due to lower revenue and gross margin. Core profit of both industrial estate companies surged by 152% yoy — WHA by 200% and AMATA by 75% yoy.
- Optimistic perspective after 2Q23 results meeting.** WHA maintains optimistic in achieving total land sales of 2,500 rai in 2023, with 2,000 rai in Thailand and 500 rai in Vietnam. Notably, the company has already accomplished land sales of 930 rai in 1H23, signifying approximately 40% of the total target in 2023. We believe positive a 2H23 outlook will be supported by the presence of prospective customers in the pipeline, such as Foxconn (with 300 rai and expected to support land sales in 3Q23 in Vietnam), Changan (with 250 rai), and an electronic company in China (with 300 rai). Furthermore, a significant customer has emerged, with the potential to bolster land sales by approximately 600 rai and this customer's contribution is not factored into the initial target of 2,000 rai in Thailand.
- AMATA's prospects for 2H23 are also promising.** Management has unveiled that it has two significant customers from China's electric vehicle (EV) suppliers and electronics industry, and these are expected to support land sales in Thailand during 2H23. These customers are anticipated to acquire 400-500 rai of land each. Additionally, AMATA's earnings in 2H23 will be boosted by the sale of factories in Vietnam, contributing an estimated amount of Bt110m-130m.
- Expect sector earnings growth of 100% hoh in 2H23.** Despite a strong performance in 1H23, we anticipate the favourable trend to persist throughout 2H23. We foresee combined earnings of the industrial estate sector of Bt4.4b in 2H23, improving 5% yoy and 102% hoh. We hold an optimistic view as the third and fourth quarters consistently mark the peak seasons for land sales. Additionally, we believe a positive 2H23 outlook will be supported by the presence of prospective customers in the pipeline in many industries, such as EV, automobile, electronics, and consumer products.

PEER COMPARISON

Company	Ticker	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	PE 2022 (x)	PE 2023F (x)	PE 2024F (x)	EPS CAGR 2022-24F (%)	PEG 2023F (x)	P/B 2023F (x)	Yield 2023F (%)	ROE 2023F (%)
Amata Corporation	AMATA TB	BUY	24.50	30.00	22.4	798	11.2	11.4	9.5	8.1	(4.7)	1.3	3.5	9.2
WHA Corporation	WHA TB	HOLD	5.25	5.20	(1.0)	2,223	19.4	18.1	17.8	4.2	2.4	2.3	2.9	11.8
Sector						3,021	17.2	16.3	15.7			2.0	3.0	11.1

Source: UOB Kay Hian

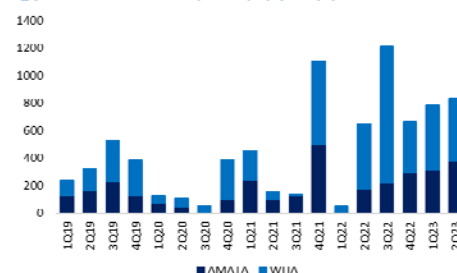
OVERWEIGHT (Maintained)

TOP PICK

Company	Rec	Share price (Bt)	Target price (Bt)
AMATA	BUY	24.50	30.00

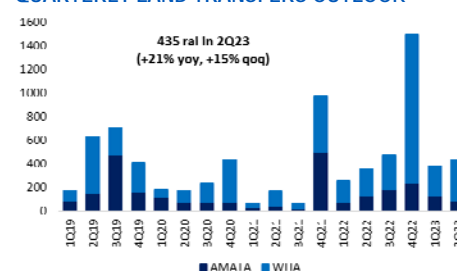
Source: WHA, UOB Kay Hian

QUARTERLY LAND SALES OUTLOOK



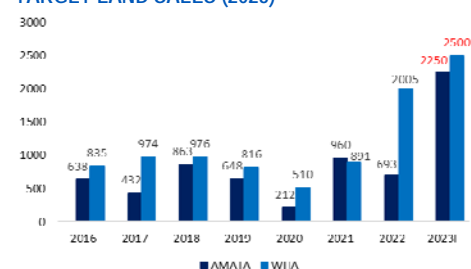
Source: AMATA, WHA, UOB Kay Hian

QUARTERLY LAND TRANSFERS OUTLOOK



Source: AMATA, WHA, UOB Kay Hian

TARGET LAND SALES (2023)



Source: AMATA, WHA, UOB Kay Hian

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• **FDI consistently improved yoy in 1H23.** The number of FDI projects submitted has increased significantly, reaching 507 projects (+33% yoy). The total investment from these projects has also surged to Bt304m (+141% yoy). These positive trends in FDI can potentially benefit industrial estate players and might imply a robust number of land sales and land transfers ahead. The major investors contributing to these projects are primarily from China, accounting for 31% of the investments, followed by Japan at 23%, and Singapore at 17%. The main industries that have applied for these investments include the electronics, automobile parts, and petrochemical sectors.

ACTION

• **Maintain OVERWEIGHT on the sector with AMATA as our top pick.** We anticipate a strong performance in the industrial estate sector in 2023, 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 AMATA. We expect AMATA to achieve robust core profit growth in 2023, primarily due to the improvements in land sales and land transfers compared with the low base in 2022. Furthermore, we have had a positive outlook on AMATA's land sales and land transfers since the beginning of the year. We believe that AMATA is well-positioned to meet its ambitious targets for 2023.

2023 RESULTS

Net profit	2Q23	2Q22	1Q23	yoy(%)	qoq(%)	UOBKH	Street	UOBKH	Street
AMATA	313	649	492	-52	-36	238	237	Above	Above
WHA	866	290	523	199	66	569	526	Above	Above
Total	1,179	938	1,015	26	16	807	763	Above	Above

Source: AMATA, WHA, UOB Kay Hian

• **AMATA: Net profit dropped but core profit still strong.** AMATA delivered 2Q23 net profit of Bt313m (-52% yoy, -36% qoq), coming in 32% above our and consensus estimates. Key earnings beats were mainly due to higher-than-expected share of profit from associates of Bt305m and gain from exchange of Bt52m. The yoy earnings decline was due to softer revenue from the real estate business, squeezed gross margin, and the absence of gains from investment properties. Stripping out the sale of factories, earnings should increase by 62% yoy. Also, qoq earnings dropped due to sluggish revenue and contracted gross margin.

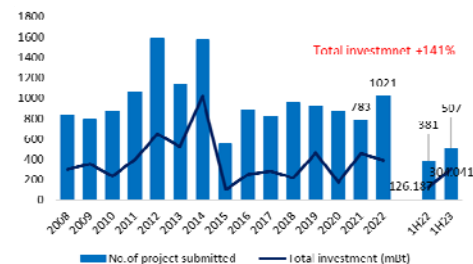
• **WHA: Impressive earnings.** WHA announced 2Q23 net profit of Bt866m (+200% yoy, +70% qoq), coming in 50% and 65% above our and consensus estimates. Earnings were higher than estimates, chiefly supported by: a) higher-than-anticipated revenue, b) lower-than-expected SG&A-to-sales, and c) higher-than-expected dividend and management income. Net profit surged yoy and qoq, mainly attributed by stronger revenue from all businesses and higher other income of Bt401m from an increase in size of REITs.

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 2023F PE of 23x (average PE of the power industry in Thailand) and its core business at Bt12.00/share based on 12x 2023F 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.

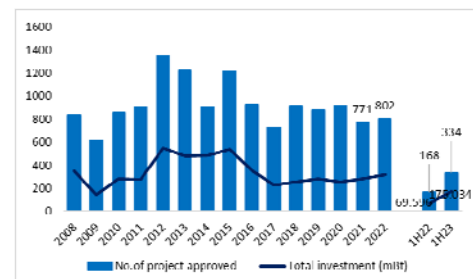
• **WHA: Maintain HOLD with a target price of Bt5.20.** Our target price is based on the SOTP methodology, where we value its investment in associate companies at Bt1.51/share pegged to 2023F PE of 25x (average PE of power industry in Thailand) and its core business at Bt3.69/share based on 2023F PE of 16x (average PE of industrial estate business in Thailand). WHA's stock price has increased about 18% ytd due to the optimistic outlook of the industrial estate sector and EV trend. Regarding this, we believe the market has already priced in the optimistic perspective. In addition, despite a better outlook in 2H23 and robust demand of land sales, earnings would be flat, compared with 2H22.

SUBMITTED NUMBER OF FDI



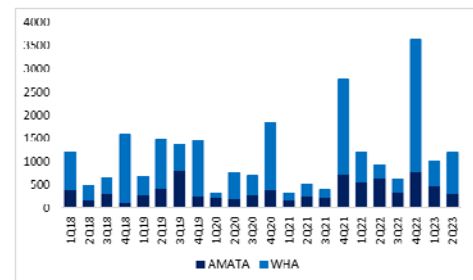
Source: BOI, UOB Kay Hian

APPROVED NUMBER OF FDI



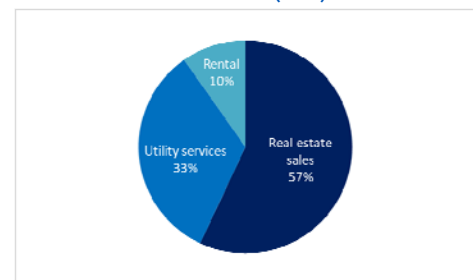
Source: BOI, UOB Kay Hian

QUARTERLY NET PROFIT OUTLOOK



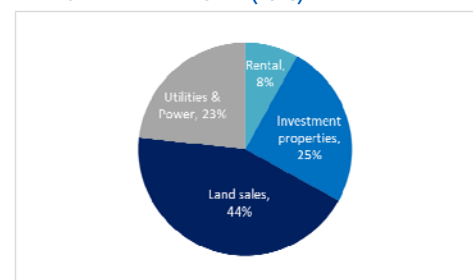
Source: AMATA, WHA, UOB Kay Hian

AMATA SALE BREAKDOWN (2023)



Source: AMATA, UOB Kay Hian

WHA SALE BREAKDOWN (2023)



Source: WHA, UOB Kay Hian

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