FINANSIA SYRUS

Earnings Results

22 May 2015

Property Development

AMATA

Amata Corporation

Current	Previous	Close	2015 TP	Exp Return	Support	Resistance	CGR 2014
HOLD	HOLD	17.10	17.80	+ 4.1%	17 - 16.6	17.5 - 18	

Consolidated earnings

BT (mn)	2013	2014	2015E	2016E
Normalized earnings	1,516	2,224	1,255	1,566
Net profit	1,516	2,224	1,255	1,566
Normalized EPS (Bt)	1.42	2.08	1.18	1.47
Reported EPS (Bt)	1.42	2.08	1.18	1.47
% Reported EPS growth	15.7	46.7	-43.6	24.8
Dividend (Bt)	0.50	0.70	0.40	0.50
BV/share (Bt)	9.55	11.45	12.16	13.50
EV/EBITDA (x)	8.0	6.4	10.3	8.3
PER (x)	12.0	8.2	14.5	11.6
PER (x) - normalized	12.0	8.2	14.5	11.6
PBV (x)	1.8	1.5	1.4	1.3
Dividend yield (%)	2.9	4.1	2.3	2.9
YE No. of shares (million)	1,067	1,067	1,067	1,067
No. of share - full dilution	1,067	1,067	1,067	1,067
Par (Bt)	1.00	1.00	1.00	1.00

Source: Company data, FSS estimates

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1Q15 normalized earnings sharply miss estimate

1Q15 normalized earnings down 92% Q-Q and 69.2% Y-Y

AMATA's 1Q15 normalized earnings come in at Bt133mn (-92% Q-Q, -69.2% Y-Y), sharply lower than our estimate by 52% owing to narrower-than-expected average gross margin and higher-than-expected SG&A expenses. In the January-March quarter, land transfer revenue amounted to Bt665mn (-79.7% Q-Q, -56.7% Y-Y) after AMATA had transferred 223 rai of land (vs. 644 rai in 4Q14 and 619 in 1Q14). They were mostly from the company's backlog and some of its new land sales in 1Q15. Average gross margin stood at 40.3% (vs. 57.7% in 4Q14 and 46.9% in 1Q14) because 83% of the land transferred was from low-margin Amata City. SG&A expenses were equal to 18.5% of total revenue, substantially up from 8.4% in 4Q14 and 14.7% in 1Q14. Effective tax rate was at 9.8% (vs. 6.4% in 4Q14 and 20% in 1Q14).

1Q15 land sales amount to 212 rai (+429.5% Q-Q, +75% Y-Y)

In 1Q15, AMATA sold 212 rai of industrial land, up from 40 rai in 4Q14 and 121 rai in 1Q14. They are sufficient to secure 21% of the company's full-year target of 1,000 rai. Note such target does not include possible land sales of 400-500 rai that AMATA had been negotiating with Chinese auto customers since late 2014. If the contract for this is signed in 1H15, we expect land transfer to be in time in late 2015.

Maintain 2015E normalized earnings

AMATA's 1Q15 normalized earnings are sufficient to secure just 11% of our full-year estimate, which is maintained at Bt1.3bn (-43.3% Y-Y). Looking ahead, we expect the company's land transfer to gradually increase in 2Q15. Moreover, we predict 2015 land transfer revenue at Bt3.2bn (-40.4% Y-Y) thanks to its end-1Q15 backlog of Bt2.3bn and new land sales in 2015; part of which is expected to be transferred in time this year.

Preparing to sell AMATA REIT in June; expect gain from sales amounting to Bt500mn in 2Q15

AMATA is preparing to sell Amata Summit Growth Freehold and Leasehold Real Estate Investment Trust (AMATAR) of its subsidiary, i.e. Amata Summit Ready Built, in June. The value of the trust is at roughly Bt4.8bn. Initially, we expect the company to book after-tax gain from sales of freehold assets amounting to Bt500mn in 2Q15 and gradually record gain from sales of leasehold assets amounting to Bt650mn over a period of 30 years. This serves as an upside to our 2015 estimate because we are yet to include them into our estimate.

Plan AMATA VN's IPO in 2H15

AMATA maintains its plan for AMATA VN's IPO in 2H15 (i.e. July 2015). The listing of AMATA VN will serve as catalyst for AMATA's share price. Note AMATA VN is a holding company. It holds 69.99% stake in AMATA Vietnam which owns Amata City Industrial Estate in Bien Hoa. The industrial estate has an area of 406 hectares. Moreover, AMATA VN has two future projects, i.e. (1) Amata City Industrial Estate in Lam Tan which has an area of 1,300 hectares, and (2) Amata City Industrial Estate in Halong in which AMATA VN has 70% stake and which has an area of 5,800 hectares. Both of which serve as revenue and growth drivers for AMATA VN in the next 2-3 years.

Maintain 2015 TP at Bt17.8 (PE 15x), retain HOLD rating

Likewise, we stand by our 2015 TP at Bt17.8 (PE 15x). Finally, we reaffirm our HOLD rating on AMATA as the company's land sales outlook starts to improve from a year ago and there is catalyst from its plan to launch REIT in 2Q15 and for AMATA VN's IPO in 2H15.

1Q15 Earnings Results

(Bt mn)	1Q15	4Q14	%Q-Q	1Q15	%Y-Y
Revenues	1,186	3,836	-69.1%	2,024	-41.4%
Cost	708	1,623	-56.4%	1,074	-34.1%
Gross profit	478	2,213	-78.4%	950	-49.7%
SG&A	219	324	-32.3%	298	-26.3%
Interest expense	84	87	-4.0%	93	-9.9%
Net profit	133	1,655	-92.0%	433	-69.2%
Normalized earnings	133	1,655	-92.0%	433	-69.2%
EPS (Bt)	0.12	1.55	-92.0%	0.41	-69.2%
Normalized EPS (Bt)	0.12	1.55	-92.0%	0.41	-69.2%
Gross margin (%)	40.3%	57.7%	-17.4%	46.9%	-6.6%
SG&A as % of sales	18.5%	8.4%	10.0%	14.7%	3.8%
Net margin (%)	11.2%	43.1%	-31.9%	21.4%	-10.2%

Source: AMATA

Comment

- In 1Q15, revenues are in line.
- Average gross margin stands at 40.3%, lower than our estimate of 43.9% because most of the land transfers are from Amata City which has high development cost and, eventually, low gross margin.
- SG&A expenses beat our estimate by 20%. They are equal to 18.5% of total revenue, sharply above our estimate of 15.9%.
- Effective tax rate is at 9.8%, lower than our estimate of 15%.
- Normalized earnings sharply miss our estimate by 52% due to narrower-than-expected gross margin and higher-than-expected SG&A expenses.

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Nonthaburi

Sriracha
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Tumbon Sriracha
Aumphoe Sriracha, Chonburi

Khonkaen 1
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Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 3
4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

Udonthani
104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Chiangmai
308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2
310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 3
Maliplace Building 32/4 moo 2
1 fll., B1-1, B1-2 room
Tumbon Maehia
Chiangmai

Chiangrai
353/15 Moo 4,
Tumbon Rimkok
Aumphoe Muang, Cheangrai

Measai
119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Nakornratchasima
1242/2 A3 room, 7 fl.,
The Mall Ratchasima
Mittraphap rood Tumbon Nai Muang
Aumphoe Muang Nakornratchasima
Nakornratchasima

Samutsakorn
1045/16-17 Vichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn, Samutsakorn

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Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

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Tumbon Talad Yai,

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Aumphoe Meung, Krabi

Trang
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Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

Suratthani
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Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Pattane
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Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

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Thai Institute of Directors Association (IOD) – Corporate Governance Report Rating 2014

Score Range	Rating	Description
100-90		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	no logo given	n/a

BAFS	EGCO	IRPC	KTB	PTTEP	SAT	SIM	TMB
BCP	GRAMMY	IVL	MINT	PTTGC	SC	SPALI	TOP
BTS	HANA	KBANK	PSL	SAMART	SCB	THCOM	
CPN	INTUCH	KKP	PTT	SAMTEL	SE-ED	TISCO	

AAV	BAY	CFRESH	DTC	HMPRO	MACO	OCC	PR	SAMCO	SSI	TIPCO	TSTH
ACAP	BBL	CIMBT	EASTW	ICC	MC	OFM	PRANDA	SCC	SSSC	TK	TTA
ADVANC	BECL	CK	EE	KCE	MCOT	PAP	PS	SINGER	STA	TKT	TTW
ANAN	BIGC	CNT	ERW	KSL	NBC	PE	PT	SIS	SVI	TNITY	TVO
AOT	BKI	CPF	GBX	LANNA	NCH	PG	QH	SITHAI	TCAP	TNL	UAC
ASIMAR	BLA	CSL	GC	LH	NINE	PHOL	RATCH	SNC	TF	TOG	VGI
ASK	BMCL	DELTA	GFPT	LHBANK	NKI	PJW	ROBINS	SNP	THAI	TRC	VNT
ASP	BROOK	DRT	GUNKUL	LOXLEY	NMG	PM	RS	SPI	THANI	TRUE	WACOAL
BANPU	CENTEL	DTAC	HEMRAJ	LPN	NSI	PPS	S&J	SSF	TIP	TSTE	

2S	BEC	DEMCO	IRCP	MOONG	PTG	SPC	TIC	UPOIC
AF	BFIT	DNA	ITD	MPG	QLT	SPCG	TICON	UT
AH	BH	EA	KBS	MTI	QTC	SPPT	TIW	UV
AHC	BJC	ESSO	KGI	NC	RCL	SST	TKS	UWC
AIT	BJCHI	FE	KKC	NTV	SABINA	STANLY	TLUXE	VIH
AJ	BOL	FORTH	KTC	NUSA	SALEE	STEC	TMI	WAVE
AKP	BTNC	FPI	L&E	NWR	SCBLIF	STPI	TMT	WHA
AKR	BWG	GENCO	LRH	NYT	SCCC	SUC	TNDT	WIN
AMANAH	CCET	GL	LST	OGC	SCG	SWC	TPC	WINNER
AMARIN	CGD	GLOBAL	MAJOR	OISHI	SEAFCO	SYMC	TPCORP	YUASA
AMATA	CGS	GLOW	MAKRO	PACE	SEAOIL	SYNEX	TRT	ZMICO
AP	CHOW	GOLD	MATCH	PATO	SFP	SYNTEC	TRU	
APCO	CI	HOTPOT	MBK	PB	SIAM	TASCO	TSC	
APCS	CKP	HTC	MBKET	PDI	SIRI	TBSP	TTCL	
AQUA	CM	HTECH	MEGA	PICO	SKR	TEAM	TUF	
ARIP	CMR	HYDRO	MFC	PPM	SMG	TFD	TVD	
AS	CSC	IFS	MFEC	PPP	SMK	TFI	TWFP	
ASIA	CSP	IHL	MJD	PREB	SMPC	THANA	UMI	
AYUD	CSS	INET	MODERN	PRG	SMT	THIP	UP	
BEAUTY	DCC	IRC	MONO	PRIN	SOLAR	THREL	UPF	

IOD (IOD Disclaimer)

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