

**WHA Corporation Pcl (WHA TB) - BUY, Price Bt3.44, TP Bt4.00****Results Comment**

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**Weaker-than-expected 3Q21**

- WHA reported net profit of Bt160m. Excluding net FX loss, we estimate normalized profit of Bt229m, falling 48% y-y and 19% q-q. This is weaker than expected with 9M21 accounted for 27% of our full-year forecast.
- We see about 10% downside to our 2021 projection. But reaffirm BUY as we expect improving business momentum post COVID lock down easing from 4Q21 onwards. Note 4Q is seasonally high earnings for WHA given its annual asset sales to REITs.
- 3Q21 weak performance was due to 1) low land pre-sales and land transfer due to international travel restriction during Covid-19 pandemic; 2) no right of way income in the quarter vs. Bt308m in 3Q20.
- WHA's industrial land pre-sales was 11 rai (TH 7rai, VN 4rai), falling 79% y-y and 82% q-q in 3Q21. Land transfer was 45 rai (TH 21rai, VN 24rai), rising 32% y-y but falling 75% q-q. Backlog was 361 rai as of end-3Q21.
- WHA announced an interim cash dividend of Bt0.0267/share. XD date is 25 November and payment date is 9 December 2021.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	946	3,644	1,045	1,495	1,109	Revenue	(26)	17	37	9,914	12,435
<b>Gross profit</b>	<b>460</b>	<b>1,523</b>	<b>481</b>	<b>674</b>	<b>534</b>	<b>Gross profit</b>	<b>(21)</b>	<b>16</b>	<b>39</b>	<b>4,331</b>	<b>5,360</b>
SG&A	266	420	318	363	318	SG&A	(12)	19	70	1,436	1,642
Operating profit	194	1,103	163	311	217	Operating profit	(30)	12	24	2,895	3,718
<b>EBITDA</b>	<b>344</b>	<b>1,259</b>	<b>311</b>	<b>468</b>	<b>374</b>	<b>EBITDA</b>	<b>(20)</b>	<b>9</b>	<b>33</b>	<b>3,539</b>	<b>4,408</b>
Other income	476	257	323	163	173	Other income	6	(64)	74	893	844
Other expense	4	0	0	2	1	Other expense	(37)	(74)			
Interest expense	263	289	281	298	289	Interest expense	(3)	10	76	1,146	1,159
<b>Profit before tax</b>	<b>403</b>	<b>1,071</b>	<b>204</b>	<b>174</b>	<b>100</b>	<b>Profit before tax</b>	<b>(43)</b>	<b>(75)</b>	<b>18</b>	<b>2,642</b>	<b>3,403</b>
Income tax	84	99	53	37	29	Income tax	(21)	(65)	30	396	510
Equity & invest. income	199	532	128	237	233	Equity & invest. income	(2)	17	72	831	1,222
Minority interests	(80)	(105)	(55)	(91)	(75)	Minority interests	na	na	62	(356)	(444)
Extraordinary items	(9)	54	(90)	(22)	(68)	Extraordinary items	na	na			
<b>Net profit</b>	<b>429</b>	<b>1,452</b>	<b>135</b>	<b>260</b>	<b>160</b>	<b>Net profit</b>	<b>(38)</b>	<b>(63)</b>	<b>20</b>	<b>2,720</b>	<b>3,671</b>
<b>Normalized profit</b>	<b>437</b>	<b>1,399</b>	<b>225</b>	<b>282</b>	<b>229</b>	<b>Normalized profit</b>	<b>(19)</b>	<b>(48)</b>	<b>27</b>	<b>2,720</b>	<b>3,671</b>
EPS (Bt)	0.03	0.10	0.01	0.02	0.01	EPS (Bt)	(38)	(63)	20	0.18	0.25
Normalized EPS (Bt)	0.03	0.09	0.02	0.02	0.02	Normalized EPS (Bt)	(19)	(48)	27	0.18	0.25

  

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	3,707	3,794	3,112	4,283	2,205	Sales growth	(43.4)	7.1	(3.1)	20.0	17.2
A/C receivable	675	461	758	555	477	Operating profit growth	(48.3)	23.2	(26.5)	23.7	11.9
Inventory	12,598	12,626	12,974	12,771	12,885	EBITDA growth	(28.0)	22.5	(14.1)	18.3	8.7
Other current assets	1,938	481	3,251	3,289	3,511	Norm profit growth	(21.8)	24.5	8.3	(29.4)	(47.7)
Investment	15,783	16,122	15,880	15,466	15,742	Norm EPS growth	(23.1)	22.5	8.3	(29.4)	(47.7)
Fixed assets	6,318	6,561	6,548	6,656	6,711	Gross margin	48.6	41.8	46.0	45.1	48.2
Other assets	42,137	42,576	40,189	41,294	41,493	Operating margin	20.5	30.3	15.6	20.8	19.5
<b>Total assets</b>	<b>83,155</b>	<b>82,621</b>	<b>82,711</b>	<b>84,315</b>	<b>83,025</b>	EBITDA margin	36.4	34.6	29.8	31.3	33.7
S-T debt	12,803	11,812	12,437	15,261	16,646	Norm net margin	46.2	38.4	21.5	18.9	20.6
A/C payable	2,538	2,577	2,320	2,413	2,120	D/E (x)	1.4	1.3	1.2	1.3	1.3
Other current liabilities	256	318	382	340	284	Net D/E (x)	1.2	1.2	1.2	1.2	1.2
L-T debt	29,960	29,533	28,600	27,815	25,373	Interest coverage (x)	1.3	4.4	1.1	1.6	1.3
Other liabilities	6,011	6,214	6,099	6,372	6,258	Interest rate	2.5	2.7	2.7	2.8	2.7
Minority interest	3,338	3,362	3,531	3,365	3,465	Effective tax rate	21.0	9.2	26.0	21.3	29.3
<b>Shareholders' equity</b>	<b>28,249</b>	<b>28,805</b>	<b>29,341</b>	<b>28,750</b>	<b>28,879</b>	ROA	2.1	6.8	1.1	1.4	1.1
Working capital	10,735	10,510	11,412	10,914	11,243	ROE	6.1	19.6	3.1	3.9	3.2
Total debt	42,763	41,345	41,037	43,076	42,019						
<b>Net debt</b>	<b>39,056</b>	<b>37,550</b>	<b>37,926</b>	<b>38,793</b>	<b>39,814</b>						

Sources: Company data, Thanachart estimates

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