

WHA Utilities & Power (WHAUP TB) - BUY, Price Bt4.24, TP Bt5.00 | Results Comment

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Weaker-than-expected 3Q21

- WHAUP's 3Q21 net earnings came in at Bt206m. Excluding net FX loss hidden in its associates' income, its norm earnings would be Bt275m, up 40% y-y and 4% q-q. The norm results miss our expectation due to due to lower-than-expected norm profit sharing from associates.
- 9M21 norm profit accounted for only 64% of our 2021 projection. We see downside risk to our number.
- In 3Q21, total sales contributed mainly by water business in Thailand grew 24% y-y due to higher volume from new and existing customers and water tariff adjustment since early 2021 but dropped slightly 5% q-q.
- Norm profit sharing from associates rose 22% y-y but dropped 4% q-q to Bt227m in 3Q21. Water business in Vietnam contributed a lower loss of Bt29m, falling from a loss of Bt58m in 3Q20 and Bt39m in 2Q21, due to greater volume sold. Power business contribute a profit of Bt256m, rising 4% y-y but falling 7% q-q due to 28 days unplanned shutdown of 35%-stake IPP Ghecco-One.
- WHAUP also received a dividend Bt10m from GLOW IPP power plant project this quarter which is the key reason of earnings increase q-q.
- WHAUP announced an interim cash dividend of Bt0.0925/share. XD date is 26 November and payment date is 8 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	416	446	603	543	517	Revenue	(5)	24	76	2,183	2,565
Gross profit	120	123	206	178	180	Gross profit	1	50	74	766	919
SG&A	40	67	79	52	50	SG&A	(4)	23	92	196	205
Operating profit	80	56	126	126	130	Operating profit	3	63	67	570	714
EBITDA	166	130	203	207	213	EBITDA	3	28	70	886	1,059
Other income	44	12	80	10	17	Other income	79	(61)	163	65	77
Other expense	0	0	0	0	0	Other expense					
Interest expense	107	108	111	107	97	Interest expense	(9)	(9)	73	432	472
Profit before tax	18	(40)	96	29	51	Profit before tax	75	188	86	203	319
Income tax	8	2	5	1	3	Income tax	86	(69)	22	41	64
Equity & invest. income	187	210	131	236	227	Equity & invest. income	(4)	22	58	1,025	1,224
Minority interests	0	(0)	(0)	(0)	0	Minority interests			15	(0)	(0)
Extraordinary items	(9)	90	(91)	(19)	(70)	Extraordinary items	na	na	na	0	0
Net profit	188	258	131	246	206	Net profit	(16)	10	49	1,188	1,479
Normalized profit	196	168	222	264	275	Normalized profit	4	40	64	1,188	1,479
EPS (Bt)	0.05	0.07	0.03	0.06	0.05	EPS (Bt)	(16)	10	49	0.31	0.39
Normalized EPS (Bt)	0.05	0.04	0.06	0.07	0.07	Normalized EPS (Bt)	4	40	64	0.31	0.39

Balance Sheet						Financial Ratios					
(consolidated)						%					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	1,764	1,784	1,501	1,123	892	Sales grow th	(8.1)	(5.1)	40.2	34.6	24.1
A/C receivable	230	242	440	336	324	Operating profit grow th	(28.9)	(32.4)	31.2	61.4	63.2
Inventory	0	0	0	0	0	EBITDA grow th	(9.3)	(4.6)	38.4	55.3	27.9
Other current assets	534	218	202	204	197	Norm profit grow th	(58.0)	(47.4)	(0.6)	48.9	40.4
Investment	13,521	13,489	13,908	13,507	13,724	Norm EPS grow th	(58.0)	(47.4)	(0.6)	48.9	40.4
Fixed assets	4,880	5,039	5,057	5,223	5,272	Gross margin	28.9	27.5	34.1	32.9	34.9
Other assets	5,133	5,400	5,363	5,354	5,343	Operating margin	19.2	12.4	21.0	23.2	25.2
Total assets	26,062	26,172	26,471	25,747	25,753	EBITDA margin	39.9	29.0	33.7	38.0	41.2
S-T debt	2,639	2,639	3,089	2,697	1,999	Norm net margin	47.1	37.6	36.8	48.7	53.3
A/C payable	290	342	252	360	273	D/E (x)	1.0	1.1	1.0	1.0	0.9
Other current liabilities	39	53	68	51	1,045	Net D/E (x)	0.9	0.9	0.9	0.9	0.8
L-T debt	9,926	10,227	9,603	9,604	9,101	Interest coverage (x)	1.6	1.2	1.8	1.9	2.2
Other liabilities	1,056	753	767	814	785	Interest rate	3.4	3.4	3.5	3.4	3.3
Minority interest	0	0	0	0	0	Effective tax rate	46.6	(5.8)	5.3	4.7	5.0
Shareholders' equity	12,111	12,157	12,692	12,221	12,550	ROA	3.0	2.6	3.4	4.0	4.3
Working capital	(60)	(101)	189	(23)	50	ROE	6.6	5.5	7.1	8.5	8.9
Total debt	12,565	12,866	12,692	12,301	11,100						
Net debt	10,801	11,082	11,191	11,178	10,208						

Sources: Company data, Thanachart estimates

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