WHA Corporation Pcl (WHA TB) - BUY, Price Bt3.38, TP Bt4.00

Results Comment

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Strong 4Q21 on asset sales, in-line

- WHA reported profit of Bt2bn in 4Q21, rising 45% y-y and 787% q-q. This is in-line with our number with 2021 normalized profit checked in at 101% of our full-year projection. 4Q is seasonally high earnings for WHA given its annual asset sales to REITs.
- 4Q21 key earnings drivers were 1) transfer of non-industrial land 340 rai vs. none in other quarters: 2) rising gain on asset sales to reit.
- Asset sales to reit (81% of revenue) is estimated gain of Bt1.5bn in 4Q21, rising from Bt0.9bn in 4Q20 due to larger size and better margin.
- Industrial land revenue (4% of revenue) grew 90% q-q post lockdown but dropped 63% y-y. Industrial pre-sales was 265 rai (-24% y-y, +2,309% q-q). Land transfer was 75 rai (-75% y-y, +67% q-q). We estimate Backlog at end-4Q21 at 551 rai.
- Rental warehouse and factory revenue (5%) was flat. Utilities income (10%) was up 9% y-y but flat q-q.
- Power equity income up 20% y-y and flat q-q as IPP Ghecco-I was back to normal. Water equity income in Vietnam reported a larger loss due to higher provisions.
- WHA announced an interim cash dividend of Bt0.0735/share. XD date is 5 and payment date is 25 May 2022.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	3,644	1,045	1,495	1,109	6,769
Gross profit	**1,523**	**481**	**674**	**534**	**3,065**
SG&A	420	318	363	318	605
Operating profit	1,103	163	311	217	2,460
EBITDA	**1,259**	**311**	**468**	**374**	**2,617**
Other income	257	323	163	173	256
Other expense	0	0	2	1	(46)
Interest expense	289	281	298	289	277
Profit before tax	**1,071**	**204**	**174**	**100**	**2,485**
Income tax	99	53	37	29	559
Equity & invest. income	532	128	237	233	162
Minority interests	(105)	(55)	(91)	(75)	(62)
Extraordinary items	54	(90)	(22)	(68)	9
Net profit	**1,452**	**135**	**260**	**160**	**2,035**
Normalized profit	**1,399**	**225**	**282**	**229**	**2,026**
EPS (Bt)	0.10	0.01	0.02	0.01	0.14
Normalized EPS (Bt)	0.09	0.02	0.02	0.02	0.14

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	510	86	105	10,417	12,435
Gross profit	**474**	**101**	**110**	**4,754**	**5,360**
SG&A	90	44	112	1,604	1,642
Operating profit	1,036	123	109	3,150	3,718
EBITDA	**600**	**108**	**107**	**3,770**	**4,408**
Other income	48	(0)	102	1,222	844
Other expense					
Interest expense	(4)	(4)	100	1,146	1,159
Profit before tax	**2,389**	**132**	**112**	**3,226**	**3,403**
Income tax	1,809	465	171	679	510
Equity & invest. income	(30)	(69)	91	325	1,222
Minority interests	na	na	79	(283)	(444)
Extraordinary items					
Net profit	**1,169**	**40**	**95**	**2,590**	**3,671**
Normalized profit	**787**	**45**	**101**	**2,590**	**3,671**
EPS (Bt)	1,169	40	95	0.17	0.25
Normalized EPS (Bt)	787	45	101	0.17	0.25

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	3,794	3,112	4,283	2,205	3,573
A/C receivable	461	758	555	477	435
Inventory	12,626	12,974	12,771	12,885	12,635
Other current assets	481	3,251	3,289	3,511	1,200
Investment	16,122	15,880	15,466	15,742	15,713
Fixed assets	6,561	6,548	6,656	6,711	6,660
Other assets	42,576	40,189	41,294	41,493	42,553
Total assets	**82,621**	**82,711**	**84,315**	**83,025**	**82,769**
S-T debt	11,812	12,437	15,261	16,646	15,576
A/C payable	2,577	2,320	2,413	2,120	2,583
Other current liabilities	318	382	340	284	477
L-T debt	29,533	28,600	27,815	25,373	22,986
Other liabilities	6,214	6,099	6,372	6,258	7,118
Minority interest	3,362	3,531	3,365	3,465	3,436
Shareholders' equity	**28,805**	**29,341**	**28,750**	**28,879**	**30,594**
Working capital	10,510	11,412	10,914	11,243	10,488
Total debt	41,345	41,037	43,076	42,019	38,562
Net debt	**37,550**	**37,926**	**38,793**	**39,814**	**34,990**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	7.1	(3.1)	20.0	17.2	85.8
Operating profit growth	23.2	(26.5)	23.7	11.9	123.1
EBITDA growth	22.5	(14.1)	18.3	8.7	107.8
Norm profit growth	24.5	8.3	(29.4)	(47.7)	44.8
Norm EPS growth	22.5	8.3	(29.4)	(47.7)	44.8
Gross margin	41.8	46.0	45.1	48.2	45.3
Operating margin	30.3	15.6	20.8	19.5	36.3
EBITDA margin	34.6	29.8	31.3	33.7	38.7
Norm net margin	38.4	21.5	18.9	20.6	29.9
D/E (x)	1.3	1.2	1.3	1.3	1.1
Net D/E (x)	1.2	1.2	1.2	1.2	1.0
Interest coverage (x)	4.4	1.1	1.6	1.3	9.4
Interest rate	2.7	2.7	2.8	2.7	2.8
Effective tax rate	9.2	26.0	21.3	29.3	22.5
ROA	6.8	1.1	1.4	1.1	9.8
ROE	19.6	3.1	3.9	3.2	27.2

Sources: Company data, Thanachart estimates

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