WHA Corporation Pcl (WHA TB) - BUY, Price Bt3.04, TP Bt4.00

Results Comment

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Good profit 1Q22, as expected

- WHA reported net profit of Bt656m in 1Q22. Excluding extra items mainly driven by gain from two data center divestment, normalized profit would be Bt294m, rising 31% y-y but falling 85% q-q.
- Key earnings drivers y-y were rising land transfer of industrial land and water sales. Meanwhile, the drop q-q was dragged by 1) there was normal asset sales to Reit in 4Q21 but none in 1Q22; 2) falling power plant equity income.
- Industrial transfer land revenue (40% of revenue) was Bt654m in 1Q22, growing from Bt29m in 1Q21 and 155% q-q post lockdown. Industrial pre-sales contracts were 36 rai (-83% y-y, -94% q-q) and MOU contracts of 124rai in 1Q22, and there was presales 200 rai in April 2022.
- Rental warehouse and factory revenue (14%) dropped 18% y-y and 23% q-q due to falling rental space after selling warehouse to reit. Utilities income (40%) was up 13% y-y and 14% q-q on volume growth of 8% y-y and 12% q-q from new and existing customers.
- Power equity income dropped 75% y-y and 84% q-q to Bt41m in 1Q22 due to higher gas cost and 18-day unplanned shutdown of Ghecco-I IPP power plant.
- 1Q22 accounted for 9% of our full-year normalized profit forecast. We expect improving land pre-sales and earnings momentum in remaining quarters and reaffirm BUY.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Revenue	1,045	1,495	1,109	6,769	1,575
Gross profit	**481**	**674**	**534**	**3,065**	**775**
SG&A	318	363	318	605	349
Operating profit	163	311	217	2,460	426
EBITDA	**311**	**468**	**374**	**2,617**	**578**
Other income	323	163	173	256	232
Other expense	0	2	1	(46)	0
Interest expense	281	298	289	277	267
Profit before tax	**204**	**174**	**100**	**2,485**	**390**
Income tax	53	37	29	559	65
Equity & invest. income	128	237	233	162	13
Minority interests	(55)	(91)	(75)	(62)	(44)
Extraordinary items	(90)	(22)	(68)	9	362
Net profit	**135**	**260**	**160**	**2,035**	**656**
Normalized profit	**225**	**282**	**229**	**2,026**	**294**
EPS (Bt)	0.01	0.02	0.01	0.14	0.04
Normalized EPS (Bt)	0.02	0.02	0.02	0.14	0.02

Income Statement			**3M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(77)	51	16	9,914	12,732
Gross profit	**(75)**	**61**	**17**	**4,471**	**5,496**
SG&A	(42)	10	22	1,555	1,623
Operating profit	(83)	162	15	2,916	3,872
EBITDA	**(78)**	**86**	**16**	**3,552**	**4,564**
Other income	(9)	(28)	23	1,017	1,085
Other expense					
Interest expense	(3)	(5)	24	1,115	1,167
Profit before tax	**(84)**	**91**	**14**	**2,818**	**3,790**
Income tax	(88)	23	16	423	569
Equity & invest. income	(92)	(90)	1	1,136	876
Minority interests	na	na	14	(305)	(327)
Extraordinary items	3,971	na	na	300	0
Net profit	**(68)**	**387**	**19**	**3,527**	**3,771**
Normalized profit	**(85)**	**31**	**9**	**3,227**	**3,771**
EPS (Bt)	(68)	387	19	0.24	0.25
Normalized EPS (Bt)	(85)	31	9	0.22	0.25

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Cash & ST investment	3,112	4,283	2,205	3,573	10,022
A/C receivable	758	555	477	435	532
Inventory	12,974	12,771	12,885	12,635	12,935
Other current assets	3,251	3,289	3,511	1,200	1,994
Investment	15,880	15,466	15,742	15,713	16,032
Fixed assets	6,548	6,656	6,711	6,660	6,756
Other assets	40,189	41,294	41,493	42,553	41,285
Total assets	**82,711**	**84,315**	**83,025**	**82,769**	**89,557**
S-T debt	12,437	15,261	16,646	15,576	16,220
A/C payable	2,320	2,413	2,120	2,583	2,497
Other current liabilities	382	340	284	477	322
L-T debt	28,600	27,815	25,373	22,986	29,200
Other liabilities	6,099	6,372	6,258	7,118	6,858
Minority interest	3,531	3,365	3,465	3,436	3,574
Shareholders' equity	**29,341**	**28,750**	**28,879**	**30,594**	**30,886**
Working capital	11,412	10,914	11,243	10,488	10,970
Total debt	41,037	43,076	42,019	38,562	45,420
Net debt	**37,926**	**38,793**	**39,814**	**34,990**	**35,398**

Financial Ratios					
(%)	**1Q21**	**2Q21**	**3Q21**	**4Q21**	**1Q22**
Sales growth	(3.1)	20.0	17.2	85.8	50.8
Operating profit growth	(26.5)	23.7	11.9	123.1	161.8
EBITDA growth	(14.1)	18.3	8.7	107.8	85.6
Norm profit growth	8.3	(29.4)	(47.7)	44.8	30.9
Norm EPS growth	8.3	(29.4)	(47.7)	44.8	30.9
Gross margin	46.0	45.1	48.2	45.3	49.2
Operating margin	15.6	20.8	19.5	36.3	27.0
EBITDA margin	29.8	31.3	33.7	38.7	36.7
Norm net margin	21.5	18.9	20.6	29.9	18.7
D/E (x)	1.2	1.3	1.3	1.1	1.3
Net D/E (x)	1.2	1.2	1.2	1.0	1.0
Interest coverage (x)	1.1	1.6	1.3	9.4	2.2
Interest rate	2.7	2.8	2.7	2.8	2.5
Effective tax rate	26.0	21.3	29.3	22.5	16.8
ROA	1.1	1.4	1.1	9.8	1.4
ROE	3.1	3.9	3.2	27.2	3.8

Sources: Company data, Thanachart estimates

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