WHA Utilities & Power (WHAUP TB) - BUY, Price Bt3.80, TP Bt5.00

Results Comment

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1Q22 profit below expectation

- WHAUP's 1Q22 net earnings came in at Bt78m. Excluding net FX hidden in its associates' income, its norm earnings would be Bt52m, dropping 77% y-y and 61% q-q.
- The norm results miss our expectation due to lower-than-expected power plant business via equity income, which fail 67% y-y and 73% q-q due to higher gas cost and 18-day of Ghecco-One IPP power plant unplanned shutdown.
- Water sales, contributed majority of revenue), nicely grew 6% y-y and 8% q-q, with most of the growth coming from raw water which has lower price than industrial and value-added water. Water volume growth was 8% y-y and 12% q-q from new and existing customers.
- 1Q22 normalized profit accounted for 5% of our 2022 projection. We see downside risk to our number.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	603	543	517	518	564
Gross profit	**206**	**178**	**180**	**140**	**188**
SG&A	79	52	50	72	69
Operating profit	126	126	130	68	118
EBITDA	**203**	**207**	**213**	**152**	**204**
Other income	80	10	17	10	36
Other expense	0	0	0	3	0
Interest expense	111	107	97	95	96
Profit before tax	**96**	**29**	**51**	**(19)**	**58**
Income tax	5	1	3	5	5
Equity & invest. income	131	236	227	158	25
Minority interests	(0)	(0)	0	(0)	(0)
Extraordinary items	(91)	(19)	(70)	20	0
Net profit	**131**	**246**	**206**	**153**	**78**
Normalized profit	**222**	**264**	**275**	**133**	**78**
EPS (Bt)	0.03	0.06	0.05	0.04	0.02
Normalized EPS (Bt)	0.06	0.07	0.07	0.03	0.02

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	9	(6)	22	2,565	2,856
Gross profit	**34**	**(9)**	**20**	**919**	**1,022**
SG&A	(3)	(12)	34	205	217
Operating profit	73	(6)	17	714	805
EBITDA	**34**	**0**	**19**	**1,059**	**1,178**
Other income	249	(55)	47	77	86
Other expense					
Interest expense	1	(13)	20	472	501
Profit before tax	**na**	**(40)**	**18**	**319**	**390**
Income tax	(10)	(5)	8	64	78
Equity & invest. income	(84)	(81)	2	1,224	1,244
Minority interests	na	na	1	(0)	(0)
Extraordinary items					
Net profit	**(49)**	**(40)**	**5**	**1,479**	**1,556**
Normalized profit	**(41)**	**(65)**	**5**	**1,479**	**1,556**
EPS (Bt)	(49)	(40)	5	0.39	0.41
Normalized EPS (Bt)	(41)	(65)	5	0.39	0.41

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,501	1,123	892	905	756
A/C receivable	440	336	324	295	379
Inventory	0	0	0	0	0
Other current assets	202	204	197	164	160
Investment	13,908	13,507	13,724	13,688	14,041
Fixed assets	5,057	5,223	5,272	5,455	5,659
Other assets	5,363	5,354	5,343	5,332	5,320
Total assets	**26,471**	**25,747**	**25,753**	**25,839**	**26,316**
S-T debt	3,089	2,697	1,999	4,499	4,498
A/C payable	252	360	273	459	372
Other current liabilities	68	51	1,045	92	98
L-T debt	9,603	9,604	9,101	7,602	7,603
Other liabilities	767	814	785	803	921
Minority interest	0	0	0	0	0
Shareholders' equity	**12,692**	**12,221**	**12,550**	**12,384**	**12,824**
Working capital	189	(23)	50	(163)	7
Total debt	12,692	12,301	11,100	12,101	12,101
Net debt	**11,191**	**11,178**	**10,208**	**11,196**	**11,345**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	40.2	34.6	24.1	15.7	(6.4)
Operating profit growth	31.2	61.4	63.2	21.9	(6.5)
EBITDA growth	38.4	55.3	27.9	16.7	0.5
Norm profit growth	(0.6)	48.9	40.4	(21.1)	(64.7)
Norm EPS growth	(0.6)	48.9	40.4	(21.1)	(64.7)
Gross margin	34.1	32.9	34.9	27.1	33.3
Operating margin	21.0	23.2	25.2	13.2	21.0
EBITDA margin	33.7	38.0	41.2	29.3	36.1
Norm net margin	36.8	48.7	53.3	25.7	13.9
D/E (x)	1.0	1.0	0.9	1.0	0.9
Net D/E (x)	0.9	0.9	0.8	0.9	0.9
Interest coverage (x)	1.8	1.9	2.2	1.6	2.1
Interest rate	3.5	3.4	3.3	3.3	3.2
Effective tax rate	5.3	4.7	5.0	(27.3)	8.3
ROA	3.4	4.0	4.3	2.1	1.2
ROE	7.1	8.5	8.9	4.3	2.5

Sources: Company data, Thanachart estimates

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