

**WHA Corporation Pcl (WHA TB) - BUY, Price Bt3.86, TP Bt4.50****Results Comment**

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**3Q22 slightly weaker-than-expected**

- WHA reported net profit of Bt259m in 3Q22. Excluding extra items mainly FX loss from power plants, normalized profit would be Bt333m, rising 46% y-y and relatively flat q-q.
- This is weaker-than-expected on equity income which reported a drop of 70% y-y and 68% q-q to Bt70m. Key reasons for drop are: 1) falling power plant profit on unplanned shutdown of its 35%-stake IPP Ghecco-One and a lower profitability from its SPP plants given surging gas price but the national electricity price adjustment was heavily delayed by the government, 2) larger loss of Bt63m from Vietnam water business due to recognition of allowance for accounts receivable
- Industrial transfer land revenue (49% of revenue) was Bt961m in 3Q22, growing 612% y-y and 37% q-q.
- Industrial land pre-sales (new contracts) were 999 rai, rising sharply 90x y-y and 3x q-q due to big lot land sales. This brought 9M22 to 1,391 rai (90% of WHA's target and 84% of ours). Backlog stood at 1,300 rai at end-3Q22 to be transferred within 2023.
- Utilities income (34% of revenue) was up 12% y-y (and flat q-q). Warehouse and factory rental income (13% of revenue) down 14% y-y and 6% q-q, which we believe due to falling renewal of <1-year contracts as a result of inventory destocking along with improving economic activities.
- 9M22 accounted for 34% of our full-year normalized profit forecast. We expect improving land pre-sales and asset sales to REITs in 4Q22 and reaffirm BUY.

Income Statement (consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	1,109	6,769	1,575	1,803	1,976
<b>Gross profit</b>	<b>534</b>	<b>3,065</b>	<b>775</b>	<b>760</b>	<b>870</b>
SG&A	318	605	349	371	395
Operating profit	217	2,460	426	390	475
<b>EBITDA</b>	<b>374</b>	<b>2,617</b>	<b>578</b>	<b>537</b>	<b>470</b>
Other income	173	256	232	211	238
Other expense	1	(46)	0	0	17
Interest expense	289	277	267	295	289
<b>Profit before tax</b>	<b>100</b>	<b>2,485</b>	<b>390</b>	<b>306</b>	<b>407</b>
Income tax	29	559	65	96	101
Equity & invest. income	233	162	13	218	70
Minority interests	(75)	(62)	(44)	(89)	(43)
Extraordinary items	(68)	9	362	(49)	(74)
<b>Net profit</b>	<b>160</b>	<b>2,035</b>	<b>656</b>	<b>290</b>	<b>259</b>
<b>Normalized profit</b>	<b>229</b>	<b>2,026</b>	<b>294</b>	<b>339</b>	<b>333</b>
EPS (Bt)	0.01	0.14	0.04	0.02	0.02
Normalized EPS (Bt)	0.02	0.14	0.02	0.02	0.02

Balance Sheet (consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	2,205	3,573	10,022	5,894	2,740
A/C receivable	477	435	532	673	565
Inventory	12,885	12,635	12,935	12,388	12,461
Other current assets	3,511	1,200	1,994	2,132	2,254
Investment	15,742	15,713	16,032	16,229	16,298
Fixed assets	6,711	6,660	6,756	7,141	7,460
Other assets	41,493	42,553	41,285	41,914	43,020
<b>Total assets</b>	<b>83,025</b>	<b>82,769</b>	<b>89,557</b>	<b>86,371</b>	<b>84,799</b>
S-T debt	16,646	15,576	16,220	14,322	13,927
A/C payable	2,120	2,583	2,497	2,931	3,166
Other current liabilities	284	477	322	250	207
L-T debt	25,373	22,986	29,200	28,610	26,705
Other liabilities	6,258	7,118	6,858	6,954	7,061
Minority interest	3,465	3,436	3,574	3,543	3,595
<b>Shareholders' equity</b>	<b>28,879</b>	<b>30,594</b>	<b>30,886</b>	<b>29,762</b>	<b>30,139</b>
Working capital	11,243	10,488	10,970	10,130	9,861
Total debt	42,019	38,562	45,420	42,932	40,632
<b>Net debt</b>	<b>39,814</b>	<b>34,990</b>	<b>35,398</b>	<b>37,038</b>	<b>37,892</b>

Sources: Company data, Thanachart estimates

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	10	78	55	9,749	13,648
<b>Gross profit</b>	<b>14</b>	<b>63</b>	<b>55</b>	<b>4,375</b>	<b>5,604</b>
SG&A	7	24	68	1,636	1,839
Operating profit	22	119	47	2,739	3,765
<b>EBITDA</b>	<b>(12)</b>	<b>26</b>	<b>46</b>	<b>3,409</b>	<b>4,494</b>
Other income	12	37	67	1,018	1,076
Other expense		1,539			
Interest expense	(2)	(0)	78	1,089	978
<b>Profit before tax</b>	<b>33</b>	<b>308</b>	<b>41</b>	<b>2,668</b>	<b>3,863</b>
Income tax	5	245	66	400	580
Equity & invest. income	(68)	(70)	34	883	820
Minority interests	na	na	58	(305)	(327)
Extraordinary items	na	na	66	363	0
<b>Net profit</b>	<b>(11)</b>	<b>61</b>	<b>38</b>	<b>3,209</b>	<b>3,776</b>
<b>Normalized profit</b>	<b>(2)</b>	<b>46</b>	<b>34</b>	<b>2,846</b>	<b>3,776</b>
EPS (Bt)	(11)	61	38	0.21	0.25
Normalized EPS (Bt)	(2)	46	34	0.19	0.25

Financial Ratios (%)					
	3Q21	4Q21	1Q22	2Q22	3Q22
Sales grow th	17.2	85.8	50.8	20.6	78.2
Operating profit grow th	11.9	123.1	161.8	25.4	119.2
EBITDA grow th	8.7	107.8	85.6	14.7	25.8
Norm profit grow th	(47.7)	44.8	30.9	20.0	45.7
Norm EPS grow th	(47.7)	44.8	30.9	20.0	45.7
Gross margin	48.2	45.3	49.2	42.2	44.0
Operating margin	19.5	36.3	27.0	21.6	24.0
EBITDA margin	33.7	38.7	36.7	29.8	23.8
Norm net margin	20.6	29.9	18.7	18.8	16.9
D/E (x)	1.3	1.1	1.3	1.3	1.2
Net D/E (x)	1.2	1.0	1.0	1.1	1.1
Interest coverage (x)	1.3	9.4	2.2	1.8	1.6
Interest rate	2.7	2.8	2.5	2.7	2.8
Effective tax rate	29.3	22.5	16.8	31.3	24.8
ROA	1.1	9.8	1.4	1.5	1.6
ROE	3.2	27.2	3.8	4.5	4.4

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