WHA Corporation Pcl (WHA TB) - BUY, Price Bt4.88, TP Bt5.80

Results Comment

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Weak 2Q26, in line

- WHA reported net profit of Bt659m in 2Q26. Excluding Bt18m unrealized FX loss from its equity power investment, normalized profit was Bt677m, down 26% y-y and 51% q-q, in line with our expectations.
- The earnings decline was mainly due to lower IE land transfers and significantly lower margins. Following WHA's acquisition of the remaining 40% stake in IER estate in 1Q26, a substantial portion of the profit from IER's land plots was already recognized as a fair value gain in 1Q26. As a result, only 28% gross margin remained to be recognized upon transfer in 2Q26, versus the normal 68%. With IER accounting for ~60% of 2Q26 land transfers, this significantly weighed on 2Q26 earnings. In addition, 2Q25 benefited from asset disposal gains, which further raised the y-y comparison. Higher equity income from the power business was not enough to offset these factors.
- Industrial estate: land presales was 248 rai in 2Q26, bringing 1H26 to 1,199 rai (46% of our full-year forecast). Land transfers were 209 rai, down 30% y-y and q-q. LOI totaled 217 rai, while backlog stood at 1,464 rai.
- Utilities: Thailand water sales increased 14% y-y in 2Q26. 2Q26 capacity charge income of Bt61m (-29% y-y, -81% q-q). Management expects capacity charge income to recover in 3Q26 as additional projects commence operations.
- Power: equity income improved in 2Q26, primarily driven by a return to full-quarter operation of the Ghecco-One coal-fired IPP power plant and a lower drag from high-cost coal inventory compared to the same period last year.
- 1H26 earnings account for 43% of our full-year earnings forecast. We expect improving earnings in 2H26F and maintain our projection.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	3,333	1,933	5,295	3,166	2,501
Gross profit	**1,576**	**993**	**2,097**	**1,586**	**1,007**
SG&A	518	465	905	494	457
Operating profit	1,058	527	1,192	1,092	550
EBITDA	**1,315**	**786**	**1,454**	**1,352**	**821**
Other income	286	271	518	953	228
Other expense	184	44	247	0	(57)
Interest expense	351	335	318	309	312
Profit before tax	**809**	**419**	**1,145**	**1,735**	**522**
Income tax	191	101	131	137	105
Equity & invest. income	353	454	483	(88)	432
Minority interests	(58)	(160)	(75)	(118)	(171)
Extraordinary items	68	22	23	116	(18)
Net profit	**980**	**634**	**1,445**	**1,508**	**659**
Normalized profit	**912**	**612**	**1,422**	**1,393**	**677**
EPS (Bt)	0.07	0.04	0.10	0.10	0.04
Normalized EPS (Bt)	0.06	0.04	0.10	0.09	0.05

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(21)	(25)	35	16,005	23,497
Gross profit	**(36)**	**(36)**	**35**	**7,412**	**11,389**
SG&A	(7)	(12)	39	2,438	2,776
Operating profit	(50)	(48)	33	4,973	8,613
EBITDA	**(39)**	**(38)**	**36**	**5,955**	**9,661**
Other income	(76)	(20)	77	1,527	884
Other expense	na	na	na	0	0
Interest expense	1	(11)	42	1,475	1,501
Profit before tax	**(70)**	**(35)**	**45**	**5,025**	**7,996**
Income tax	(23)	(45)	30	804	1,279
Equity & invest. income	na	22	33	1,046	1,152
Minority interests	na	na	na	(420)	(617)
Extraordinary items	na	na	na	0	0
Net profit	**(56)**	**(33)**	**45**	**4,847**	**7,252**
Normalized profit	**(51)**	**(26)**	**43**	**4,847**	**7,252**
EPS (Bt)	(56)	(33)	45	0.32	0.49
Normalized EPS (Bt)	(51)	(26)	43	0.32	0.49

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	6,125	4,683	3,561	3,434	3,695
A/C receivable	1,100	1,008	1,003	1,497	1,045
Inventory	17,912	18,162	19,615	2,196	22,478
Other current assets	1,227	1,275	1,245	21,722	1,259
Investment	19,711	19,967	20,061	18,698	18,674
Fixed assets	11,199	11,473	11,693	12,180	12,447
Other assets	43,465	44,191	44,227	44,407	46,832
Total assets	**100,738**	**100,759**	**101,404**	**104,134**	**106,430**
S-T debt	13,179	12,339	14,365	14,717	15,864
A/C payable	4,562	4,429	2,947	4,244	4,285
Other current liabilities	391	259	491	464	357
L-T debt	36,228	36,172	35,179	34,580	36,706
Other liabilities	7,754	7,764	7,823	7,922	8,038
Minority interest	3,554	3,683	3,689	3,814	3,743
Shareholders' equity	**35,071**	**36,113**	**36,911**	**38,393**	**37,437**
Working capital	14,450	14,742	17,671	(551)	19,238
Total debt	49,407	48,511	49,544	49,297	52,570
Net debt	**43,282**	**43,828**	**45,983**	**45,863**	**48,875**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	43.5	(5.7)	43.7	(32.7)	(25.0)
Operating profit growth	35.9	(7.5)	(17.0)	(49.4)	(48.1)
EBITDA growth	31.0	(2.8)	(13.9)	(43.9)	(37.6)
Norm profit growth	(27.7)	(11.4)	18.9	(32.6)	(25.7)
Norm EPS growth	(27.7)	(11.4)	18.9	(32.6)	(25.7)
Gross margin	47.3	51.3	39.6	50.1	40.3
Operating margin	31.7	27.3	22.5	34.5	22.0
EBITDA margin	39.4	40.7	27.5	42.7	32.8
Norm net margin	27.4	31.7	26.9	44.0	27.1
D/E (x)	1.3	1.2	1.2	1.2	1.3
Net D/E (x)	1.1	1.1	1.1	1.1	1.2
Interest coverage (x)	3.7	2.3	4.6	4.4	2.6
Interest rate	2.9	2.7	2.6	2.5	2.5
Effective tax rate	23.7	24.2	11.4	7.9	20.2
ROA	3.6	2.4	5.6	5.4	2.6
ROE	10.2	6.9	15.6	14.8	7.1

Sources: Company data, ttb wealth estimates

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