WHA Utilities & Power (WHAUP TB) - SELL, Price Bt7.70, TP Bt7.20

Results Comment

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Better-than-expected 2Q26 profit

- WHAUP reported Bt503m normalized profit in 2Q26, surged up 121% y-y and 144% q-q on a like-for-like basis. The strong growth is driven mainly by a higher-than-expected benefit from the Gheco-1 coal-fired IPP project resuming full operation with lower impact from high coal-priced inventory this quarter.
- Total revenue grew 13% y-y to Bt867m in 2Q26, driven by a 14% higher water volume sold (+2% q-q) to 34.4m cubic meter. The revenue fell 22% q-q from a high base of excess water capacity charge recognized in the previous quarter.
- Gross profit rose by 19% y-y but dropped 43% q-q, in-line with the revenue trend. Stripping-off the chunky excess charge, we estimate core gross margin improving to 37.4% in 2Q26, from 32.2% in 2Q25, likely due to operating leverage benefits from higher sales volume and a larger portion of higher-margin solar power business to its total revenue mix.
- SG&A expense increased slightly by 1% y-y, but down 9% q-q, to Bt93m in 2Q26. SG&A-to-sales ratio improved to 10.7% this quarter, from 12.1% in 2Q25 and 9.4% in 1Q26.
- Equity income improved strongly 112% y-y to Bt379m in 2Q26, supported by a resumption to full operation and a lower impact from high-priced coal inventory of the Gheco-1 project.
- For other key business under affiliates, water service business in Vietnam weakened y-y but improved q-q, while contribution from SPP power plants was stronger y-y but softened q-q.
- Since WHAUP's 1H26 normalized profit already made up 61% of our full-year projections, we see an upside to our numbers. That said, we expect 3Q26F profit to soften q-q on an impact from SPP margin squeeze.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	765	956	769	1,118	867
Gross profit	**304**	**476**	**276**	**632**	**362**
SG&A	93	118	112	105	93
Operating profit	212	358	165	527	269
EBITDA	**353**	**506**	**313**	**675**	**431**
Other income	12	33	21	25	12
Other expense					
Interest expense	144	133	130	129	140
Profit before tax	**80**	**259**	**55**	**424**	**142**
Income tax	31	44	10	76	17
Equity & invest. income	179	300	184	(142)	379
Minority interests	0	(0)	0	(0)	(0)
Extraordinary items	(87)	(28)	(65)	97	29
Net profit	**141**	**487**	**164**	**303**	**532**
Normalized profit	**228**	**514**	**229**	**206**	**503**
EPS (Bt)	0.04	0.13	0.04	0.08	0.14
Normalized EPS (Bt)	0.06	0.13	0.06	0.05	0.13

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(22)	13	55	3,615	4,153
Gross profit	**(43)**	**19**	**63**	**1,574**	**1,813**
SG&A	(11)	1	44	452	519
Operating profit	(49)	27	71	1,122	1,294
EBITDA	**(36)**	**22**	**61**	**1,803**	**2,102**
Other income	(52)	(0)	35	108	125
Other expense			na		
Interest expense	8	(3)	48	564	626
Profit before tax	**(67)**	**77**	**85**	**667**	**792**
Income tax	(77)	(45)	70	133	158
Equity & invest. income	na	112	38	621	934
Minority interests	na	na	na	0	0
Extraordinary items	(71)	na	na	0	0
Net profit	**75**	**276**	**72**	**1,154**	**1,568**
Normalized profit	**144**	**121**	**61**	**1,154**	**1,568**
EPS (Bt)	75	276	72	0.30	0.41
Normalized EPS (Bt)	144	121	61	0.30	0.41

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	1,061	1,087	1,201	834	1,511
A/C receivable	571	530	616	1,076	619
Inventory	0	0	0	0	0
Other current assets	320	345	345	366	377
Investment	14,962	15,161	13,758	14,328	13,626
Fixed assets	9,374	9,662	9,861	10,311	10,544
Other assets	4,688	4,651	5,869	5,069	5,964
Total assets	**30,976**	**31,437**	**31,648**	**31,986**	**32,642**
S-T debt	2,999	3,699	3,849	3,700	2,964
A/C payable	613	602	581	687	695
Other current liabilities	154	145	170	210	187
L-T debt	13,183	12,509	12,535	12,561	14,146
Other liabilities	939	946	1,021	1,018	1,033
Minority interest	0	0	0	0	0
Shareholders' equity	**13,089**	**13,535**	**13,492**	**13,810**	**13,617**
Working capital	(41)	(72)	35	390	(76)
Total debt	16,181	16,208	16,385	16,261	17,110
Net debt	**15,121**	**15,121**	**15,184**	**15,427**	**15,598**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	5.9	24.2	7.8	58.6	13.3
Operating profit growth	6.8	104.3	45.2	217.2	27.1
EBITDA growth	9.3	65.2	25.0	122.1	22.3
Norm profit growth	(28.7)	72.9	30.3	(17.5)	120.7
Norm EPS growth	(28.7)	72.9	30.3	(17.5)	120.7
Gross margin	39.8	49.8	36.0	56.5	41.8
Operating margin	27.7	37.5	21.4	47.2	31.0
EBITDA margin	46.1	52.9	40.7	60.4	49.7
Norm net margin	29.8	53.8	29.8	18.4	58.0
D/E (x)	1.2	1.2	1.2	1.2	1.3
Net D/E (x)	1.2	1.1	1.1	1.1	1.1
Interest coverage (x)	2.5	3.8	2.4	5.2	3.1
Interest rate	3.6	3.3	3.2	3.2	3.3
Effective tax rate	38.8	17.0	17.7	18.0	12.1
ROA	2.9	6.6	2.9	2.6	6.2
ROE	6.8	15.5	6.8	6.0	14.7

Sources: Company data, ttb wealth estimates

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