

# WHA UTILITIES & POWER

THAILAND / UTILITIES - CONVENTIONAL

# WHAUP TB

## BUY

FROM HOLD

TARGET PRICE	THB4.50
CLOSE	THB3.90
UP/DOWNSIDE	+15.4%
PRIOR TP	THB4.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-4.9%

## Return of the industrial utility play

- 1Q22 NP was THB78m, down 49% q-q; 1Q22 core NP was THB69m, down 63% y-y and 48% q-q.
- The key culprits were a share of loss from SDWTP, a lower share of profits from 8 SPPs, and a share of loss from Gheco-One.
- Upgrade to BUY from Hold at a TP of THB4.5.

### Weak power earnings were a key drag in 1Q22

1Q22 net profit (NP) amounted to THB78m, down 49% q-q and missing our forecast by 15% and the Bloomberg consensus estimate by 29%. Excluding non-recurring items, 1Q22 core NP was at THB69m, down 63% y-y and 48% q-q. The key culprits were a THB69m share of loss from the Duong River Surface Water Plant Joint Stocks Company (SDWTP); a lower share of profits at THB113m from 8 small power producers (SPPs) (-40% y-y) due to the higher gas cost; and a share of loss from the Gheco-One power plant at THB50m due to its availability payments. 1Q22 revenue was at THB564m, down 6% y-y but up 9% q-q, driven by 7% y-y higher revenue from water due to a demand recovery, including higher revenue from industrial water at THB318m (+0.3% y-y), higher revenue from value-added water at THB41m (+9% y-y), and raw water sales at THB111m (+43% y-y), which offset the weaker revenue from wastewater treatment at THB40m (-4% y-y).

### Expect stronger net profits ahead

We expect q-q sequentially improving quarterly net profits from 2Q22 onward, driven by 1) improving gross margins for SPPs as we project the gas cost to decline from the peak level at THB440/mmbtu in Mar-Apr down to THB400/mmbtu in Jun, alongside a higher electricity tariff on a higher fuel tariff; 2) a q-q lower coal cost for Gheco-one as Indonesia has resumed its coal exports after a one-month ban in 1Q22; and 3) lower net losses from SDWTP as demand continues to recover.

### Higher demand should enhance margin and earnings in 2H22-23

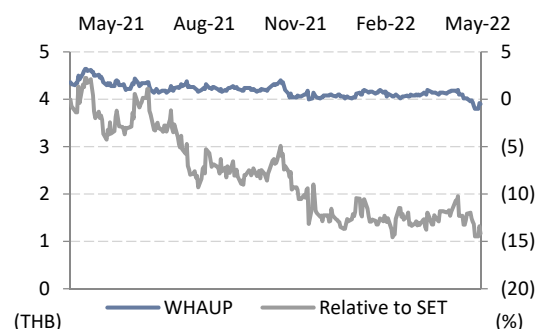
On top of the stronger NPs expected from its water and power units in 2022 on the economic reopening and lower gas cost, we think the impact of higher electricity and steam demand from industrial users will result in higher NP growth later in 2022. We think an improvement in demand and margin concurrently would justify our more positive view on WHAUP.

### Upgrade to BUY with solid earnings recovery ahead

We upgrade to BUY from Hold and maintain our SoTP-TP of THB4.5. We think WHAUP is poised to resume its growth trajectory after its share price weakness from having the impact of Covid-19 priced in, thanks to improving NP contributions from power, particularly from Gheco-One.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	2,181	2,306	2,368	2,438
Net profit	736	1,285	1,362	1,426
EPS (THB)	0.19	0.34	0.36	0.37
vs Consensus (%)	-	10.7	5.0	2.8
EBITDA	905	807	828	853
Core net profit	864	1,285	1,362	1,426
Core EPS (THB)	0.23	0.34	0.36	0.37
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	10.9	48.8	6.0	4.7
Core P/E (x)	17.3	11.6	11.0	10.5
Dividend yield (%)	6.4	7.7	7.7	7.7
EV/EBITDA (x)	28.8	31.8	30.6	29.3
Price/book (x)	1.2	1.2	1.2	1.1
Net debt/Equity (%)	90.4	84.3	80.5	75.9
ROE (%)	7.0	10.2	10.6	10.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.3)	(7.1)	(11.0)
Relative to country (%)	(2.6)	(1.8)	(13.9)
Mkt cap (USD m)			431
3m avg. daily turnover (USD m)			0.5
Free float (%)			28
Major shareholder	WHA Industrial Development Plc (69%)		
12m high/low (THB)			4.70/3.76
Issued shares (m)			3,825.00

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

WHA Utilities and Power (WHAUP), a subsidiary of WHA (WHA), is an integrated provider of utility products and services, as well as an active power investor with strategic partnerships with reputable Thai and international operators. WHAUP is a low-risk operator with a proven track record in small power producers (SPPs) and the operation of water utilities in high-growth renewable power markets in Thailand. WHAUP currently has two main business operations: SPPs and water supply to industrial clients located inside the industrial estates (IE) that belong to its parent company, WHA.

We believe that 1) being a first mover in Maptaphut IE; 2) having a well-established footprint in the Eastern Economic Corridor (EEC); and 3) having strong relationships with partners like Global Power Synergy (GPSC TB, HOLD), Gulf Energy Development (GULF TB, BUY) and B.Grimm Power (BGRIM TB, BUY), WHAUP stands a high chance to augment its capacity once the EEC is completed as scheduled by 2025.

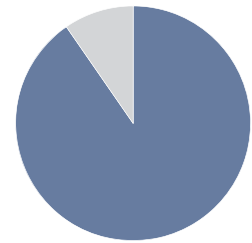
### Company profile

WHAUP is the power subsidiary of the WHA group. It operates power plants and water treatment plants located across many industrial estates.

[www.wha-up.com](http://www.wha-up.com)

### Principal activities (revenue, 2021)

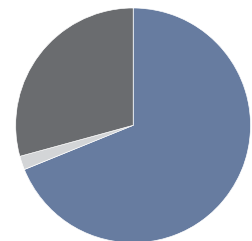
- water business - 90.4 %
- power business - 9.6 %



Source: WHA Utilities & Power

### Major shareholders

- WHA Industrial Development Plc - 68.9 %
- WHA Holding Company - 1.9 %
- Others - 29.2 %



Source: WHA Utilities & Power

### Catalysts

Higher utilisation rates of power plants, rising demand for electricity and water in Thailand, and the EEC are key potential growth drivers.

### Risks to our call

Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude prices.

### Event calendar

Date	Event
Aug 2022	2Q22 results announcement

### Key assumptions

	2022E	2023E	2024E
Tariff	3.24	3.37	3.51
Electricity capacity (MW)	4,400	4,500	4,500
CAPEX (THB m)	101	101	101
Equity income	807	862	921

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in gas price, we estimate 2022 earnings would decline 1.1%, and vice versa, all else being equal.
- For every 1% increase in interest rate, we estimate 2022 earnings would decline 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: Summary of 1Q22 operations

	1Q21	4Q21	1Q22		2021	2022E	Chg.	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
<b>Revenue</b>	<b>603</b>	<b>518</b>	<b>564</b>	<b>8.9</b>	<b>(6.4)</b>	<b>2,181</b>	<b>2,306</b>	<b>5.8</b>
Operating costs	(412)	(363)	(361)	(0.8)	(12.5)	(1,022)	(1,315)	28.6
<b>EBITDA</b>	<b>191</b>	<b>155</b>	<b>204</b>	<b>31.4</b>	<b>6.6</b>	<b>905</b>	<b>807</b>	<b>(10.9)</b>
<i>EBITDA margin (%)</i>	31.7	29.9	36.1	<i>nm</i>	<i>nm</i>	35.3	36.3	<i>nm</i>
Depn & amort.	(65)	(86)	(86)	(1.0)	32.0	(326)	(226)	(30.6)
EBIT	126	69	118	72.2	(6.5)	580	581	0.2
Interest expense	(111)	(95)	(96)	1.3	(12.9)	(409)	(389)	(5.1)
Interest & invt inc	1	(2)	-	<i>nm</i>	<i>nm</i>	-	9	<i>nm</i>
Other income	167	197	36	(81.7)	(78.5)	390	390	-
Associates' contrib	(47)	220	25	(88.5)	<i>nm</i>	317	807	154.4
Exceptional	(1)	(229)	-	<i>nm</i>	<i>nm</i>	(128)	-	<i>nm</i>
<b>Pretax profit</b>	<b>136</b>	<b>160</b>	<b>83</b>	<b>(47.9)</b>	<b>(38.9)</b>	<b>750</b>	<b>1,399</b>	<b>86.5</b>
Tax	(6)	(5)	(5)	(8.1)	(20.6)	(14)	(104)	630.5
<i>Tax rate (%)</i>	4.5	3.3	5.8	<i>nm</i>	<i>nm</i>	1.9	7.4	<i>nm</i>
Minority interests	(0)	0	(0)	<i>nm</i>	100.0	(0)	(9)	<i>nm</i>
<b>Net profit</b>	<b>130</b>	<b>154</b>	<b>78</b>	<b>(49.3)</b>	<b>(39.7)</b>	<b>736</b>	<b>1,285</b>	<b>74.7</b>
Non-recurring	(60)	22	9	(58.9)	<i>nm</i>	(128)	-	<i>nm</i>
<b>Core net profit</b>	<b>190</b>	<b>133</b>	<b>69</b>	<b>(47.7)</b>	<b>(63.4)</b>	<b>864</b>	<b>1,285</b>	<b>48.8</b>
EPS (THB)	0.03	0.04	0.02	(49.3)	(39.7)	0.19	0.34	74.7
Core EPS (THB)	0.05	0.03	0.02	(47.7)	(63.4)	0.23	0.34	48.8

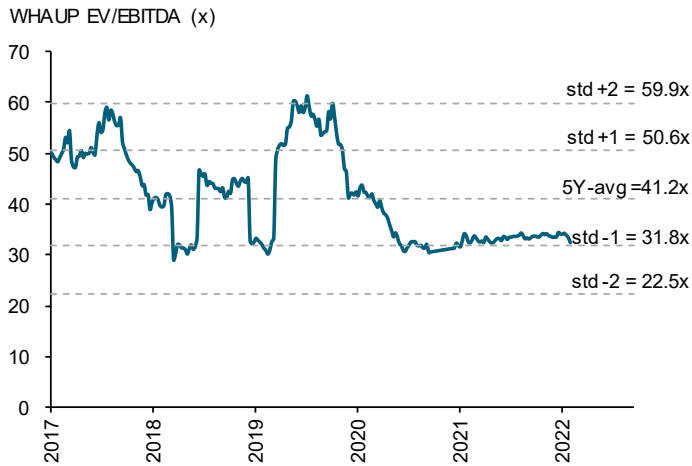
Sources: WHAUP; FSSIA estimates

## Exhibit 2: 1Q22 key performance

	1Q21	4Q21	1Q22	Change	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
<b>Utilities business</b>					
<b>Revenue from utilities business</b>	<b>480.6</b>	<b>475.4</b>	<b>512.5</b>	<b>7.8</b>	<b>6.6</b>
- Industrial water sales	316.9	302.1	318.0	5.3	0.3
- Raw water sales	77.8	89.7	111.2	24.0	42.9
- Value-added water sales	37.7	40.5	41.2	1.7	9.3
- Wastewater treatment services	42.1	40.8	40.3	(1.2)	(4.3)
- Other revenue	6.8	2.3	1.7	(26.1)	(75.0)
<b>Share of profits from utilities business</b>	<b>(39.0)</b>	<b>(97.2)</b>	<b>(35.9)</b>	<b>(63.1)</b>	<b>(7.9)</b>
<b>Normalised share of profits from utilities business</b>	<b>(39.0)</b>	<b>(97.2)</b>	<b>(35.9)</b>	<b>(63.1)</b>	<b>(7.9)</b>
<b>Total revenue &amp; share of profits from utilities business</b>	<b>442.4</b>	<b>378.2</b>	<b>476.6</b>	<b>26.0</b>	<b>7.7</b>
<b>Power business</b>					
<b>Revenue from power business</b>	<b>122.4</b>	<b>40.8</b>	<b>51.9</b>	<b>27.2</b>	<b>(57.6)</b>
<b>Share of profits from power business</b>	<b>(7.6)</b>	<b>317.5</b>	<b>61.2</b>	<b>(80.7)</b>	<b><i>nm</i></b>
Dividend income	40.0	0.0	25.0	<i>nm</i>	(37.5)
<b>Normalised share of profits from power business</b>	<b>210.1</b>	<b>255.0</b>	<b>68.5</b>	<b>(73.1)</b>	<b>(67.4)</b>
<b>Total revenue from power business and share of profits from investments and dividends</b>	<b>154.8</b>	<b>358.4</b>	<b>138.1</b>	<b>(61.5)</b>	<b>(10.8)</b>
<b>Normalised share of profits from investment in associates, joint ventures and dividends</b>	<b>332.5</b>	<b>295.8</b>	<b>120.4</b>	<b>(59.3)</b>	<b>(63.8)</b>
- IPP	6.2	107.5	(50.3)	<i>nm</i>	<i>nm</i>
- SPP	187.7	140.7	113.1	(19.6)	(39.7)
- Alternative energy	137.3	46.7	59.4	27.2	(56.7)
- Power plants under construction and development	1.3	1.0	(1.8)	<i>nm</i>	<i>nm</i>

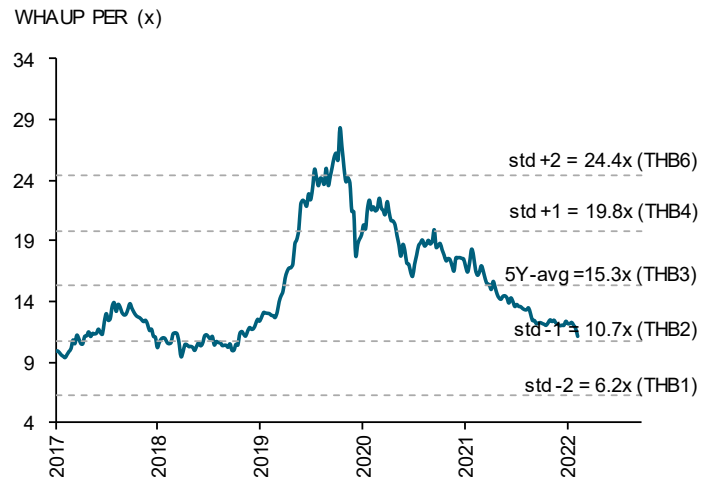
Source: WHAUP

**Exhibit 3: Prospective EV/EBITDA band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 4: Prospective P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 5: WHAUP's SoTP-based, DCF valuation**

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk free rate	2.3	Pretax cost of debt	4.5
Market risk premium	8.5	Marginal tax rate	20.0
Stock beta	0.80		
Cost of equity, Ke	9.1	Net cost of debt, Kd	3.4
Weight applied	25.0	Weight applied	75.0
WACC (%)	4.8		

DCF valuation estimate	(MW)	(%)	Equity Capacity (MW)	(THB m)	(THB/share)	Comments
Gheco-1 (Aug, 2012) - Coal	660	35	231	4,433	1.2	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GLOW IPP (Jan, 2003)-Gas	713	5	36	94	0.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
Houay Ho (Sep, 1999)-Hydro	152	13	19	702	0.2	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GJP NLL (May, 2013) - Gas	123	25	31	1,780	0.5	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF SOLAR (2014) - solar	1	25	0	6	0.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
WHA GUNKUL (2014) - solar	3	75	2	108	0.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
BGRIM POWER1 Nov, 2016) - Gas	121	25	30	1,253	0.3	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF VTP (2017) - Gas&steam	130	25	33	640	0.2	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF TS1 (2017) - Gas&steam	130	25	33	1,081	0.3	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF TS2 (2017) - Gas&steam	130	25	33	1,135	0.3	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF TS3 (2017) - Gas&steam	125	25	31	990	0.3	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF TS4 (2018) - Gas&steam	125	25	31	1,758	0.5	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
GULF NLL2 (2019) - Gas&steam	120	25	30	1,165	0.3	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
WHA km3 (1Q19) - solar	1	75	1	38	0.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
Chonburi Clean Energy (Waste Heat,2019)	7	33	2	135	0.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
Water in Thailand (cmpd)	425	100	425	11,395	3.0	WACC 4.8%, Risk free rate 2.3%, Risk premium 8.5%, Zero terminal growth
Duong River (Nov 2019) - water	300	34	102	1,397	0.4	
Net debt				(11,082)	(2.9)	
Minorities				(0)	(0.0)	
<b>Residual ordinary equity</b>				<b>17,027</b>	<b>4.5</b>	

Sources: FSSIA estimates

## Financial Statements

### WHA Utilities & Power

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	1,696	2,181	2,306	2,368	2,438
Cost of goods sold	(967)	(1,022)	(1,315)	(1,350)	(1,390)
<b>Gross profit</b>	<b>730</b>	<b>1,159</b>	<b>991</b>	<b>1,018</b>	<b>1,048</b>
Other operating income	-	-	-	-	-
Operating costs	(188)	(253)	(185)	(189)	(195)
<b>Operating EBITDA</b>	<b>541</b>	<b>905</b>	<b>807</b>	<b>828</b>	<b>853</b>
Depreciation	(265)	(326)	(226)	(229)	(233)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>276</b>	<b>580</b>	<b>581</b>	<b>599</b>	<b>620</b>
Net financing costs	(431)	(409)	(380)	(372)	(369)
Associates	866	317	807	862	921
Recurring non-operating income	945	708	1,198	1,253	1,312
Non-recurring items	34	(128)	0	0	0
<b>Profit before tax</b>	<b>824</b>	<b>750</b>	<b>1,399</b>	<b>1,480</b>	<b>1,563</b>
Tax	(11)	(14)	(104)	(108)	(127)
<b>Profit after tax</b>	<b>813</b>	<b>736</b>	<b>1,295</b>	<b>1,371</b>	<b>1,436</b>
Minority interests	0	0	(9)	(9)	(10)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>813</b>	<b>736</b>	<b>1,285</b>	<b>1,362</b>	<b>1,426</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(34)</b>	<b>128</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>779</b>	<b>864</b>	<b>1,285</b>	<b>1,362</b>	<b>1,426</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.20	0.23	0.34	0.36	0.37
Reported EPS	0.21	0.19	0.34	0.36	0.37
DPS	0.25	0.25	0.30	0.30	0.30
Diluted shares (used to calculate per share data)	3,825	3,825	3,825	3,825	3,825
<b>Growth</b>					
Revenue (%)	(8.7)	28.6	5.8	2.7	3.0
Operating EBITDA (%)	(24.2)	67.2	(10.9)	2.7	2.9
Operating EBIT (%)	(44.3)	110.0	0.2	3.1	3.5
Recurring EPS (%)	(63.6)	10.9	48.8	6.0	4.7
Reported EPS (%)	(62.0)	(9.5)	74.7	6.0	4.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	27.4	38.2	33.2	33.3	33.4
Gross margin of key business (%)	29.4	32.3	33.2	33.3	33.4
Operating EBITDA margin (%)	31.9	41.5	35.0	35.0	35.0
Operating EBIT margin (%)	16.3	26.6	25.2	25.3	25.4
Net margin (%)	45.9	39.6	55.7	57.5	58.5
Effective tax rate (%)	-26.6	3.3	17.6	17.5	19.8
Dividend payout on recurring profit (%)	124.0	110.7	89.3	84.3	80.5
Interest cover (X)	2.8	3.1	4.7	5.0	5.2
Inventory days	-	-	-	-	-
Debtor days	113.3	44.9	51.3	58.8	66.0
Creditor days	119.8	143.0	136.5	143.7	143.5
Operating ROIC (%)	7.1	10.7	9.0	9.5	9.7
ROIC (%)	6.3	5.1	6.0	6.3	6.4
ROE (%)	6.1	7.0	10.2	10.6	10.9
ROA (%)	5.0	4.8	6.2	6.5	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
water business	1,486	1,971	2,096	2,158	2,228
power business	210	210	210	210	210
service income					

Sources: WHA Utilities & Power; FSSIA estimates

## Financial Statements

### WHA Utilities & Power

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	779	864	1,285	1,362	1,426
Depreciation	265	326	226	229	233
Associates & minorities	866	317	807	862	921
Other non-cash items	-	-	-	-	-
Change in working capital	661	156	5	(47)	(47)
<b>Cash flow from operations</b>	<b>2,572</b>	<b>1,663</b>	<b>2,323</b>	<b>2,407</b>	<b>2,533</b>
Capex - maintenance	(1,378)	(728)	(101)	(101)	(101)
Capex - new investment	(24)	(13)	0	0	0
Net acquisitions & disposals	(2,090)	199	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(3,493)</b>	<b>(542)</b>	<b>(101)</b>	<b>(101)</b>	<b>(101)</b>
Dividends paid	(3,254)	(3,253)	(956)	(1,148)	(1,148)
Equity finance	0	0	0	0	0
Debt finance	1,109	(765)	(500)	0	0
Other financing cash flows	4,094	2,017	(798)	(852)	(912)
<b>Cash flow from financing</b>	<b>1,950</b>	<b>(2,001)</b>	<b>(2,254)</b>	<b>(2,000)</b>	<b>(2,059)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>1,029</b>	<b>(880)</b>	<b>(32)</b>	<b>306</b>	<b>373</b>
Free cash flow to firm (FCFF)	(487.81)	1,530.34	2,610.78	2,686.47	2,812.81
Free cash flow to equity (FCFE)	4,282.88	2,372.79	924.57	1,453.86	1,520.74

Per share (THB)					
FCFF per share	(0.13)	0.40	0.68	0.70	0.74
FCFE per share	1.12	0.62	0.24	0.38	0.40
Recurring cash flow per share	0.50	0.39	0.61	0.64	0.67

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	6,050	6,733	6,834	6,935	7,036
Less: Accumulated depreciation	(1,011)	(1,278)	(1,504)	(1,734)	(1,966)
<b>Tangible fixed assets (net)</b>	<b>5,039</b>	<b>5,455</b>	<b>5,329</b>	<b>5,201</b>	<b>5,069</b>
<b>Intangible fixed assets (net)</b>	<b>4,761</b>	<b>4,719</b>	<b>4,719</b>	<b>4,719</b>	<b>4,719</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	13,489	13,688	13,688	13,688	13,688
Cash & equivalents	1,784	905	873	1,179	1,552
A/C receivable	242	295	352	411	471
Inventories	0	0	0	0	0
Other current assets	218	164	173	178	183
<b>Current assets</b>	<b>2,244</b>	<b>1,364</b>	<b>1,398</b>	<b>1,767</b>	<b>2,206</b>
Other assets	639	614	614	614	614
<b>Total assets</b>	<b>26,171</b>	<b>25,839</b>	<b>25,748</b>	<b>25,989</b>	<b>26,296</b>
Common equity	12,157	12,384	12,713	12,928	13,206
Minorities etc.	0	0	9	19	29
<b>Total shareholders' equity</b>	<b>12,157</b>	<b>12,384</b>	<b>12,722</b>	<b>12,946</b>	<b>13,234</b>
Long term debt	10,227	7,602	7,102	7,102	7,102
Other long-term liabilities	753	803	803	803	803
<b>Long-term liabilities</b>	<b>10,980</b>	<b>8,406</b>	<b>7,906</b>	<b>7,906</b>	<b>7,906</b>
A/C payable	342	459	525	539	555
Short term debt	2,639	4,499	4,499	4,499	4,499
Other current liabilities	53	92	97	100	103
<b>Current liabilities</b>	<b>3,034</b>	<b>5,049</b>	<b>5,120</b>	<b>5,137</b>	<b>5,156</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,172</b>	<b>25,839</b>	<b>25,748</b>	<b>25,989</b>	<b>26,296</b>
Net working capital	65	(92)	(96)	(50)	(3)
Invested capital	23,992	24,383	24,254	24,172	24,087

\* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)					
Book value per share	3.18	3.24	3.32	3.38	3.45
Tangible book value per share	1.93	2.00	2.09	2.15	2.22

Financial strength					
Net debt/equity (%)	91.2	90.4	84.3	80.5	75.9
Net debt/total assets (%)	42.3	43.3	41.7	40.1	38.2
Current ratio (x)	0.7	0.3	0.3	0.3	0.4
CF interest cover (x)	11.0	6.8	3.4	4.9	5.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>19.2</b>	<b>17.3</b>	<b>11.6</b>	<b>11.0</b>	<b>10.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>22.1</b>	<b>19.9</b>	<b>13.4</b>	<b>12.6</b>	<b>12.1</b>
Reported P/E (x)	18.4	20.3	11.6	11.0	10.5
Dividend yield (%)	6.5	6.4	7.7	7.7	7.7
Price/book (x)	1.2	1.2	1.2	1.2	1.1
Price/tangible book (x)	2.0	1.9	1.9	1.8	1.8
EV/EBITDA (x) **	48.0	28.8	31.8	30.6	29.3
EV/EBITDA @ target price (x) **	52.3	31.4	34.6	33.4	32.0
EV/invested capital (x)	1.1	1.1	1.1	1.0	1.0

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: WHA Utilities & Power; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation



**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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**History of change in investment rating and/or target price**

**WHA Utilities & Power (WHAUP TB)**



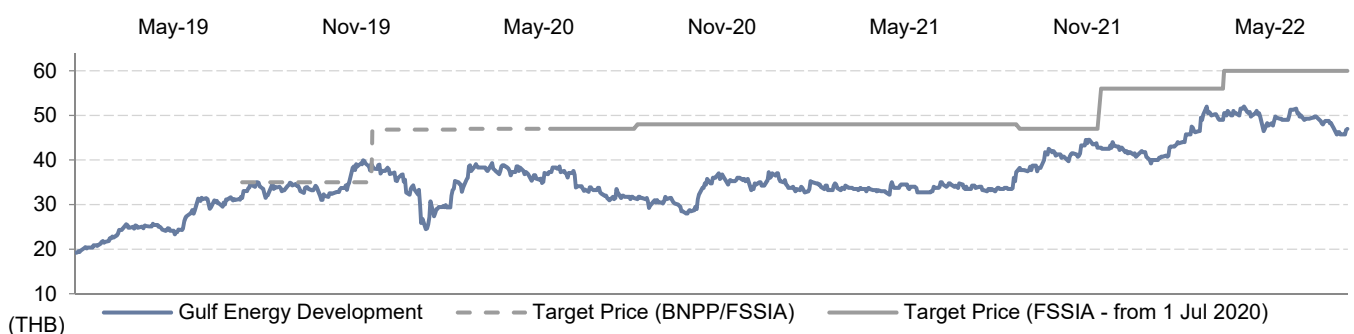
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Mar-2020	BUY	5.20	02-Apr-2021	HOLD	4.50	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 15-May-2020

Price and TP are in local currency

Source: FSSIA estimates

**Gulf Energy Development (GULF TB)**



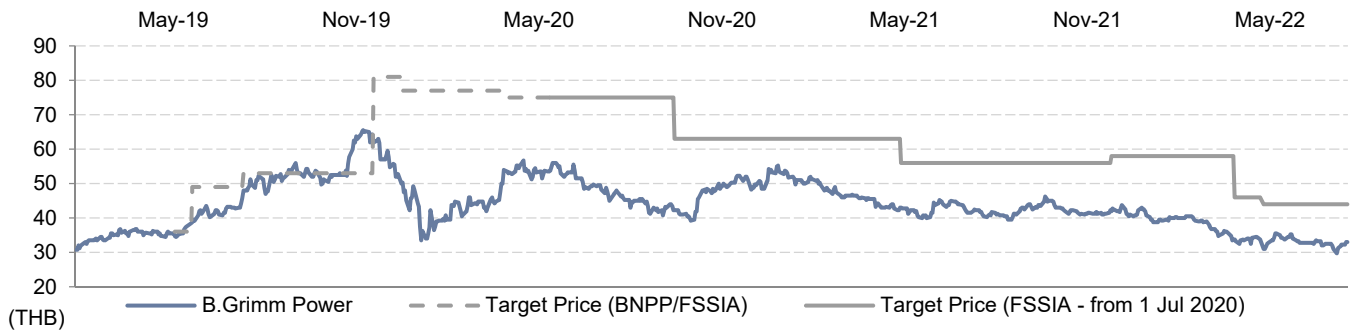
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Oct-2019	BUY	35.00	11-Sep-2020	BUY	48.00	31-Jan-2022	BUY	60.00
30-Jan-2020	BUY	46.80	06-Aug-2021	BUY	47.00			
22-Apr-2020	BUY	47.00	15-Oct-2021	BUY	56.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

**B.Grimm Power (BGRIM TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Aug-2019	BUY	36.00	25-Feb-2020	BUY	77.00	26-Oct-2021	BUY	58.00
28-Aug-2019	BUY	49.00	22-May-2020	BUY	75.00	09-Feb-2022	BUY	46.00
11-Oct-2019	BUY	53.00	15-Oct-2020	BUY	63.00	04-Mar-2022	BUY	44.00
31-Jan-2020	BUY	81.00	28-Apr-2021	BUY	56.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

**Global Power Synergy (GPSC TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jul-2019	BUY	71.27	14-Jul-2021	BUY	110.00	07-Feb-2022	BUY	90.00
17-Dec-2019	BUY	120.00	15-Jul-2021	BUY	112.00	06-May-2022	HOLD	70.00
08-Apr-2020	BUY	112.00	05-Aug-2021	BUY	100.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 08-May-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
WHA Utilities & Power	WHAUP TB	THB 3.90	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude prices.
Gulf Energy Development	GULF TB	THB 47.00	BUY	The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates.
B.Grimm Power	BGRIM TB	THB 33.00	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.
Global Power Synergy	GPSC TB	THB 63.25	HOLD	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users. Upside risks include sharp decreases in gas and coal prices.

Source: FSSIA estimates

**Additional Disclosures**

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 18-May-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.