

WHA CORPORATION

THAILAND / PROPERTY DEVELOPMENT

WHA TB

BUY

Land sale sets for record

- WHA succeeded and reported a record-high IE land sales of 2,767 rai in 2023. We expect a continued record land sale in 2024.
- Expect 2024 revenue to slightly decrease, but core profit should grow 9% y-y, reaching a new high.
- Initiate BUY call with a TP of THB6.40

TARGET PRICE	THB6.40
CLOSE	THB5.45
UP/DOWNSIDE	+17.4%
TP vs CONSENSUS	+4.7%

A growing IE industry trend due to relocation

The BOI disclosed that BOI applications during 1H24 extended growth in projects and investment values. Specifically, investors submitted applications for 1,412 projects (+64% y-y) with total investment values of THB458b (+35% y-y), reflecting their confidence in Thailand's potential. We expect the investment trend in 2H24 to benefit from relocation due to lingering geopolitical conflicts. Since regional competitors are vigilant in attracting investments from foreign investors, Thailand must adapt, upgrade its competitiveness, and innovate to win in this race.

Record land sale

With over 21 years of experience in the IE business, WHA has strength in its IE locations. It operates 13 IEs with a total area of 77,600 rai. Twelve are in Thailand, with over 43,200 rai in total area, mainly on the east coast of Thailand. One is in Vietnam, with a total area of over 22,815 rai. WHA succeeded and reported a record-high IE land sales of 2,767 rai in 2023. Also, it recorded IE land sales of 1,042 rai in 1H24. WHA targeted land sales of 2,400 rai, with 1H24 land sales accounting for 43.4% of its 2024 target and LOI/MOU of 756 rai.

Expect continued record profit during 2024E-26E

Although we anticipate total revenue to slightly decrease, the gross margin should improve from 46.4% in 2023 to 53.5% in 2024 due to IE and logistics. Additionally, we project a higher profit sharing from associates in line with higher land transfers. We, therefore, expect our 2024E core profit of THB4.8b, up 9.4% y-y to a new high. In 2025-26, we expect profit growth of 10.1%/7.3% respectively, implying a 2024-26 average growth of 8.7% CAGR.

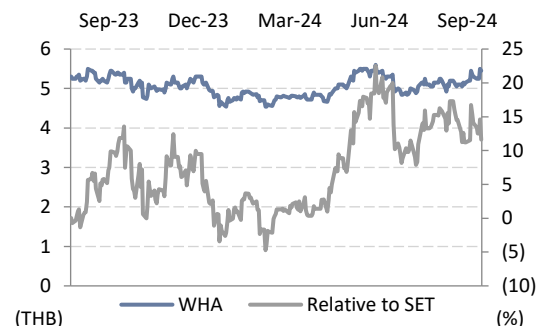
Initiate BUY call with a TP of THB6.40

We value our 2025 TP at THB6.40, based on 2025E P/E of 18x (+0.5SD of its five-year historical average). We initiate WHA with a BUY call. We like it for its leadership in the IE sector, its 21-year experience, its strategic IE locations, and its one-stop services that could answer the demands of its various customers. Also, WHA has REITs under management, making asset sales to REITs possible, which would, in turn, help funding for future projects.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	14,875	14,466	15,951	17,510
Net profit	4,426	4,842	5,333	5,720
EPS (THB)	0.30	0.32	0.36	0.38
vs Consensus (%)	-	(4.8)	(8.2)	(1.8)
EBITDA	6,157	7,594	8,022	8,390
Recurring net profit	4,426	4,842	5,333	5,720
Core EPS (THB)	0.30	0.32	0.36	0.38
EPS growth (%)	9.4	9.4	10.1	7.3

Core P/E (x)	18.4	16.8	15.3	14.2
Dividend yield (%)	3.4	3.6	3.9	4.2
EV/EBITDA (x)	19.5	16.2	14.9	14.0
Price/book (x)	2.4	2.4	2.2	2.1
Net debt/Equity (%)	92.5	98.5	85.4	75.5
ROE (%)	13.5	14.3	15.0	15.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.8	0.9	6.9
Relative to country (%)	(1.1)	(6.1)	15.9
Mkt cap (USD m)	2,432		
3m avg. daily turnover (USD m)	8.1		
Free float (%)	68		
Major shareholder	Miss Jareeporn Jarukornsakul (23%)		
12m high/low (THB)	5.65/4.50		
Issued shares (m)	14,946.83		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

With over 21 years of experience in the IE business, WHA has strength in its IE locations. It operates 13 IEs with a total area of 77,600 rai. Twelve are in Thailand, with over 43,200 rai in total area, mainly on the east coast of Thailand. One is in Vietnam, with a total area of over 22,815 rai.

WHA succeeded and reported a record-high IE land sales of 2,767 rai, comprising 1,986 rai in Thailand and 781 rai in Vietnam in 2023. Also, it recorded IE land sales of 1,042 rai in 1H24. Although we anticipate total revenue to slightly decrease, its core profit should reach a record high due to higher gross margin and the higher share of profit from associates.

Company profile

WHA is the leader of one-stop service which covers all of customer demands relating to logistics services of which classifies into 4 business hubs i.e. Logistics, Industrial Development, Utilities & Power, and Digital Business. The Company sets a clear policy to sell its assets into Real-Estate Investment Trust (WHART, WHAIR and WHABT), as an additional source of fund.

www.wha.co.th

Principal activities (revenue, 2023)

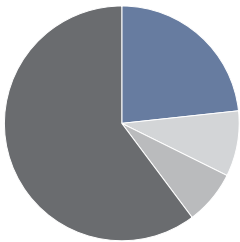
- Lease and service - 14.7 %
- Sales of real estate - 70.5 %
- Sales of goods - 14.8 %



Source: WHA Corporation

Major shareholders

- Miss Jareeporn Jarukornsakul - 23.3 %
- Miss Chatchamol Anantaprayoon - 9.0 %
- Thai NVDR - 7.5 %
- Others - 60.2 %



Source: WHA Corporation

Catalysts

Key potential catalysts include 1) the government investment promotion policies that exceed expectations; 2) economic growth that exceeds expectations; and 3) the higher growth of both private and public sector investment.

Risks to our call

Downside risks to our TP include 1) the local political uncertainties; 2) the delay in budget approval; 3) the inability to sell assets into its trusts as planned; and 4) intense competition from abroad.

Event calendar

Date	Event
November 2024	3Q24 earnings announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Land transferred (rai)	8,261	8,748	9,361
Revenue from land sold	9,731	10,858	12,044
Gross margin (%)	50.0	48.4	48.4
Revenue from logistics	2,432	2,602	2,771
Gross margin (%)	57.5	56.0	54.0
Revenue from goods sold	2,304	2,491	2,694
Gross margin (%)	40.0	40.0	40.0

Source: FSSIA estimates

Earnings sensitivity

- For every 5% change in land price, we project WHA's 2025 core profit to change by 4%, all else being equal.
- For every 0.5% change in average cost of fund, we project WHA's 2025 core profit to change by 1.5%, all else being equal.

Source: FSSIA estimates

A growing IE industry trend due to relocation

The Thai IE industry looks set to record continuously high growth after sharp contractions during the COVID-19 outbreak during 2019-20. In this regard, the BOI disclosed that BOI applications during 1H24 extended growth in projects and investment values. Specifically, investors submitted applications for 1,412 projects (+64% y-y) with total investment values of THB458b (+35% y-y), reflecting their confidence in Thailand's potential.

The first five industries with the highest investment remained electronics and electrical appliance (THB140b), auto and parts (THB40b), agriculture and food processing (THB33.1b), petrochemicals and chemicals (THB25.3b), and digitals (THB25.1b).

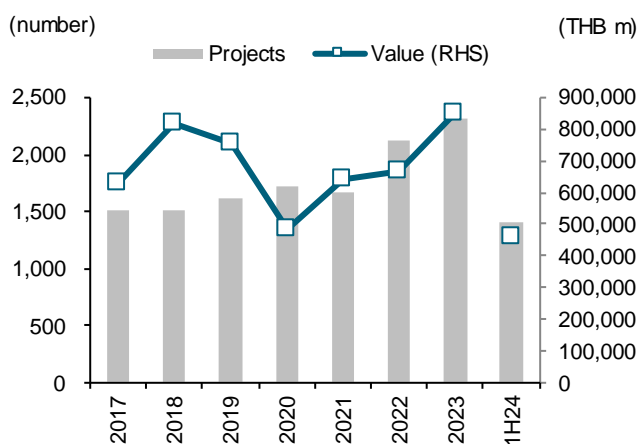
By investor type, FDI applicants applied for investment privileges for projects with total investment values of THB326b (+16% y-y). By national, Singapore ranked first due to Chinese holding companies in the electronics industry, followed by China and Hong Kong.

By region, most investments remained in the East (THB212b), accounting for 46.2% of total applications, followed by the central (THB179b), the North (THB33b), the South (THB15.7b), the Northeast (THB14.1b), and the West (THB4.71b).

In 1H24, BOI approved applicants for 1,451 projects (+37% y-y) worth THB476b (+27% y-y), with most remaining in the electronics and electrical appliance industry.

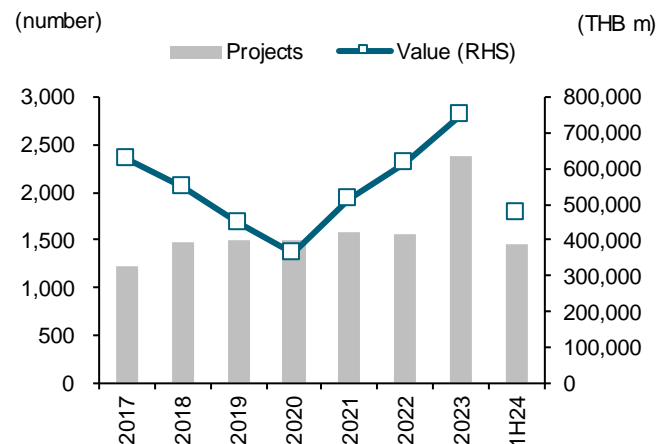
We expect the investment trend in 2H24 to benefit from relocation due to lingering geopolitical conflicts. Since regional competitors are vigilant in attracting investments from foreign investors, Thailand must adapt, upgrade its competitiveness, and innovate to win in this race.

Exhibit 1: Investment promotion application



Sources: Thailand Board of Investment

Exhibit 2: Investment promotion approval



Sources: Thailand Board of Investment

WHA’s IEs in strategic locations in Thailand and Vietnam

Thailand has 62 IEs in 18 provinces, including 15 run by the Industrial Estate Authority of Thailand. The Eastern region, especially the EEC, is the most popular location, accounting for 77% of total areas.

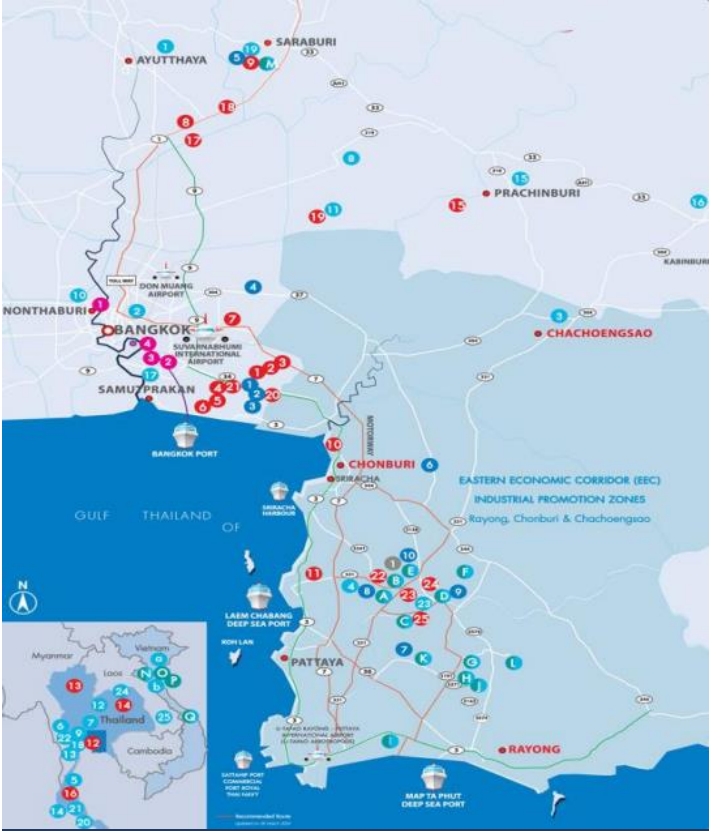
With over 21 years of experience in the IE business, WHA has strength in its IE locations. It operates 13 IEs with a total area of 77,600 rai. Twelve are in Thailand, with over 43,200 rai in total area, mainly on the east coast of Thailand. One is in Vietnam, with a total area of over 22,815 rai.

WHA plans to expand and develop seven new IEs in Thailand, mainly in the Eastern seaboard, with total areas of over 9,430 rai, driving the total area in Thailand to over 52,650 rai in the next three years.

In Vietnam, WHA plans to expand three new IEs in Thanh Hoa and Quang Nam, with over 9,690 rai in total area.

WHA succeeded and reported a record-high IE land sales of 2,767 rai, comprising 1,986 rai in Thailand and 781 rai in Vietnam in 2023. Also, it recorded IE land sales of 1,042 rai in 1H24 (979 rai in Thailand and 63 rai in Vietnam).

Exhibit 3: Strategic locations



Sources: WHA, FSSIA's compilation

Exhibit 4: WHA – key player in the development of EEC



Sources: WHA, FSSIA's compilation

1H24 core profit jumped 91.1% y-y, driven by IE

WHA earned mainly from its IE business, accounting for 45-50% of total revenue, followed by logistics (i.e., warehouse and distribution center rental, property management, and REIT management), representing 25-28%, and utilities and power. WHA’s 1H24 revenue amounted to THB5.6b, up 18.5% y-y due chiefly to IE, with land transfers in Thailand and Vietnam at 1,201 rai (848 rai from WHA and 353 rai from JVs), up from 718 rai in 1H23. The gross margin of land sales was 60.7%, higher than its four-year historical average of 45.3%.

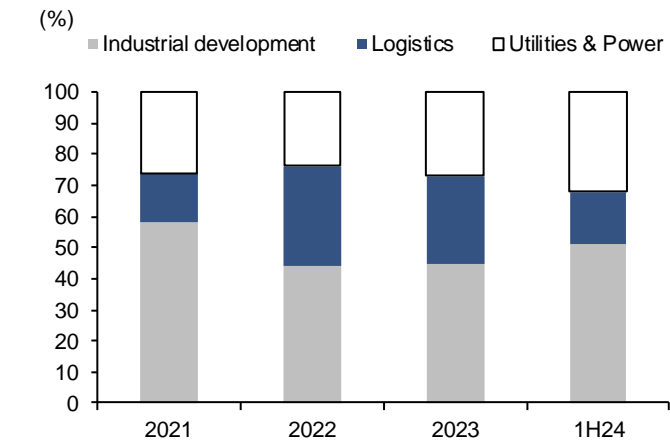
The 1H24 revenue from renting warehouses, distribution centers, factories, and EVs surged by 25.0% y-y to THB640m owing to higher rental areas and rental rates of warehouses.

Revenue from utilities, a recurring income, reported slow but continued growth. In 1H24, it increased 2.8% y-y to THB1.7b thanks to higher water sales volume and tariff rates in Thailand and Vietnam. However, revenue from electricity sales tumbled from last year due to the planned maintenance shutdown of SPP. Also, EPC revenue decreased.

The 1H24 overall gross margin surged to 54.2% from 50.0% in 1H23 due mainly to higher IE gross margin following selling price hikes and efficient cost controls.

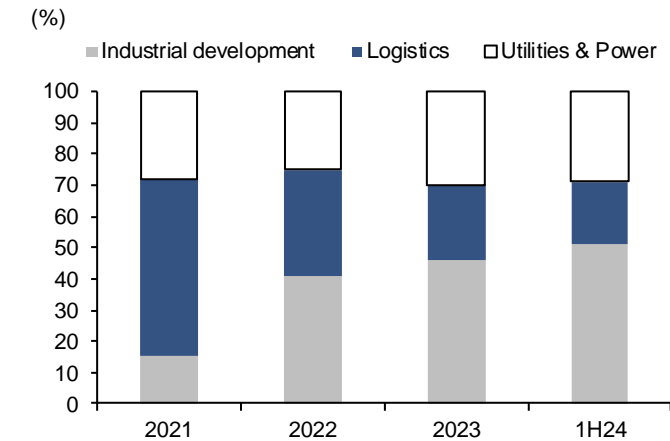
Although the 2Q24 core profit decreased 5.6% q-q due to a lower profit of WHAUP, the 1H24 core profit soared by 91.1% y-y to THB2.6b due to growth in IE and property rental.

Exhibit 5: Revenue structure by BU



Sources: WHA, FSSIA's compilation

Exhibit 6: Gross profit by BU



Sources: WHA, FSSIA's compilation

Exhibit 7: WHA - 2Q24 earnings summary

Year to Dec 31	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		1H23	1H24	Change	2024E	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	24E
Sales	2,671	2,116	8,031	3,280	2,322	(29.2)	(13.1)	4,728	5,602	18.5	14,466	38.7
Cost of sales	(1,391)	(1,109)	(4,397)	(1,471)	(1,095)	(25.6)	(21.3)	(2,460)	(2,566)	4.3	(6,734)	38.1
Gross profit	1,281	1,006	3,633	1,808	1,228	(32.1)	(4.1)	2,268	3,036	33.9	7,733	39.3
Operating costs	(437)	(443)	(816)	(443)	(449)	1.5	2.9	(846)	(892)	5.4	(2,063)	43.2
Operating profit	1,717	1,449	4,449	2,251	1,677	(25.5)	(2.4)	3,114	3,928	26.1	9,795	40.1
Operating EBITDA	1,418	1,016	2,561	2,041	1,414	(30.7)	(0.3)	2,285	3,454	51.2	7,594	45.5
Other income	401	271	(146)	478	410	(14.1)	2.2	519	888	71.1	1,085	81.9
Interest expense	(317)	(310)	(317)	(342)	(302)	(11.7)	(4.8)	(608)	(644)	5.9	(1,322)	48.7
Profit before tax	1,104	884	3,050	1,674	1,497	(10.6)	35.7	1,774	3,172	78.7	6,130	51.7
Tax	(79)	(85)	(436)	(142)	(87)	(39.0)	9.4	(138)	(228)	65.6	(1,054)	21.7
Associates	175	358	696	173	610	253.8	248.0	441	783	77.4	698	112.2
Non-recurring items	0	0	0	0	0	0.0	0.0	0	0	0.0	0	0.0
Minority interests	158	176	200	168	122	(27.0)	(22.8)	248	290	17.0	235	123.3
Reported net profit	866	623	2,414	1,365	1,289	(5.6)	48.8	1,389	2,653	91.1	4,842	54.8
Core profit	866	623	2,414	1,365	1,289	(5.6)	48.8	1,389	2,653	91.1	4,842	54.8
Reported EPS (THB)	0.75	0.54	2.10	1.19	1.12	(5.6)	48.8	1	2	91.1	0	712.3
Core EPS (THB)	0.75	0.54	2.10	1.19	1.12	(5.6)	48.8	1	2	91.1	0	712.3
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)	
Gross margin	47.9	47.6	45.2	55.1	52.9	(2.3)	4.9	41.8	44.9	3	53.5	
Operating margin	46.6	39.5	33.3	56.2	51.2	(5.0)	4.6	15.5	17.6	2	46.7	
EBITDA margin	53.1	48.0	31.9	62.2	60.9	(1.4)	7.8	17.4	19.3	2	52.5	
Core profit margin	32.4	29.4	30.1	41.6	55.5	13.9	23.1	12.9	15.2	2	33.5	
SG&A / Sales	16.3	20.9	10.2	13.5	19.3	5.8	3.0	26.7	27.8	1	14.3	
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)	
Revenue from lease and services	574	540	570	578	629	8.9	9.5	6,909	8,053	17	2,432	
Revenue from sales of real estate	1,502	1,018	6,906	2,133	1,115	(47.7)	(25.8)	6,906	7,320	6	9,731	
Revenue from sales of goods	595	557	554	569	578	1.7	(2.7)	321	314	(2)	2,304	
Gross margin by BU	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	(%)	
Lease and services	50.4	48.4	44.7	55.5	45.2	(10.3)	(5.2)	66.2	67.0	1	50.0	
Sales of real estate	49.0	51.9	45.6	58.8	64.4	(6)	0	17.5	20.8	19	57.5	
Sales of goods	42.8	38.8	41.7	40.8	39.0	3	2	40.7	44.9	10	40.0	

Sources: WHA, FSSIA's compilation

2024-26 core profit should grow by 9% CAGR

We expect 2024 revenue to decrease by 2.7% y-y to THB14.5b due primarily to lower IE revenue (-7.1% y-y), based on land transfers of 2,024 rai (-7.8% y-y). In 1H24, WHA transferred 1,201 rai of land. Also, it had 879 rai of backlog to transfer in the next 12 months. WHA targeted land sales of 2,400 rai, with 1H24 land sales accounting for 43.4% of its 2024 target and LOI/MOU of 756 rai.

In 1H24, the logistics unit had 2,988,762 sqm. in warehouse space under management. In this regard, WHA targeted to increase warehouse space under management to 3,145,000 sqm., a new high, by the end of 2024. We believe it is achievable if WHA can deliver projects, including RBFs, warehouses, and BTSs (built-to-suit), as planned. We expect revenue from logistics to surge 11.0% y-y due to additional rental contracts of RBFs and BTSs received in 1H24. Besides additional warehouse space, the rental rates also peak, resulting in an expected gross margin of 50.0%, higher than 48.4% last year.

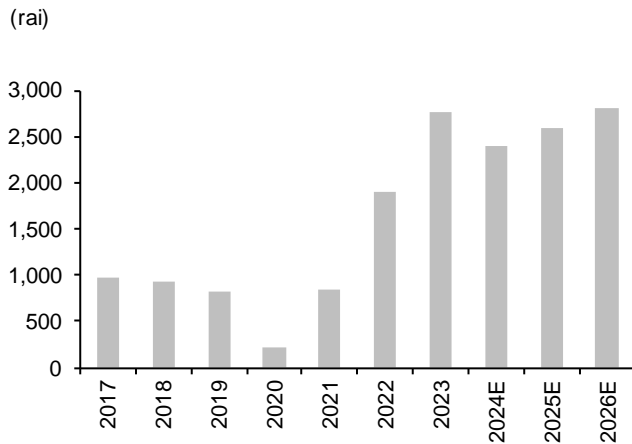
Although we anticipate total revenue to decrease, the gross margin should improve from 46.4% in 2023 to 53.5% in 2024 due to IE and logistics. Additionally, we project a higher profit sharing from associates in line with higher land transfers. They would help offset higher interest expenses. Although WHA postponed asset sales worth THB4b to WHART and only sold assets worth THB1b to WHAIR, we maintain our 2024E core profit of THB4.8b, up 9.4% y-y to a new high.

In 2025-2026, we expect continued revenue and profit growth. Specifically, we anticipate profit growth of 10.1% y-y in 2025 and 7.3% y-y in 2026, implying a 2024-2026 average growth of 8.7% CAGR due mainly to growth in IE and logistics.

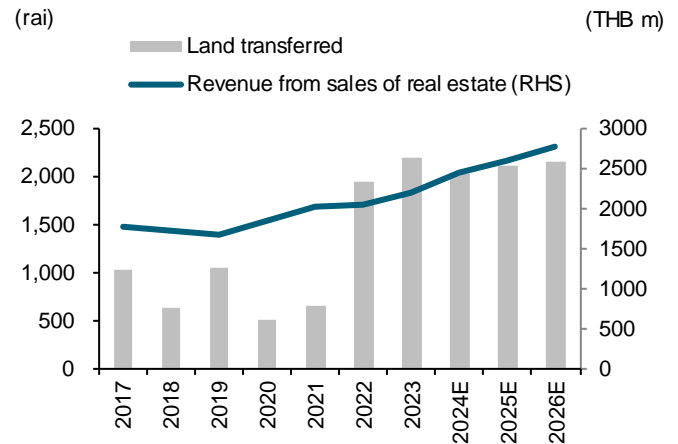
Exhibit 8: Key assumptions

	2024E	2025E	2026E
Land sold (rai)	2,400	2,600	2,800
Land transferred (rai)	2,024	2,112	2,158
Revenue from real estate sale	9,731	10,858	12,044
Revenue from lease & services	2,432	2,602	2,771
Revenue from goods sold	2,304	2,491	2,694
Total revenue	14,466	15,951	17,510
Revenue growth (%)	(2.7)	10.3	9.8
Key ratio	(%)	(%)	(%)
Blended gross margin	53.5	52.3	51.0
Real estate	50.0	48.4	48.4
Lease & services	57.5	56.0	54.0
Goods sold	40.0	40.0	40.0
SG&A to revenue	14.3	13.7	13.9
EBITDA margin	52.5	50.3	47.9
Core profit margin	33.5	33.4	32.7

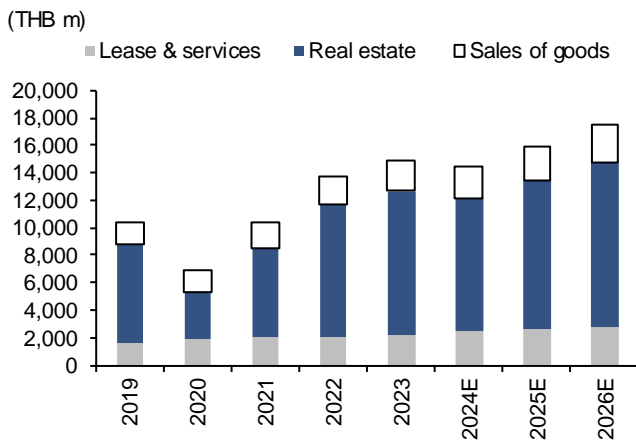
Sources: WHA, FSSIA's compilation

Exhibit 9: Land sold

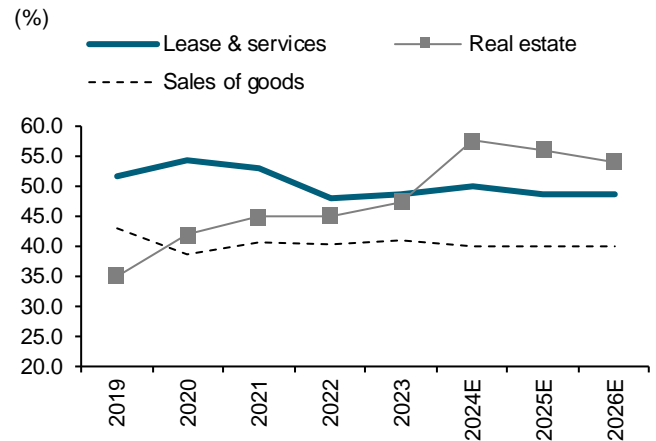
Sources: WHA, FSSIA estimates

Exhibit 10: Land transferred

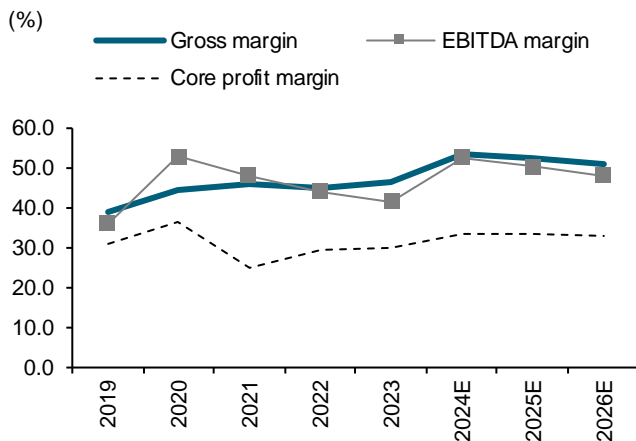
Sources: WHA, FSSIA estimates

Exhibit 11: Revenue structure

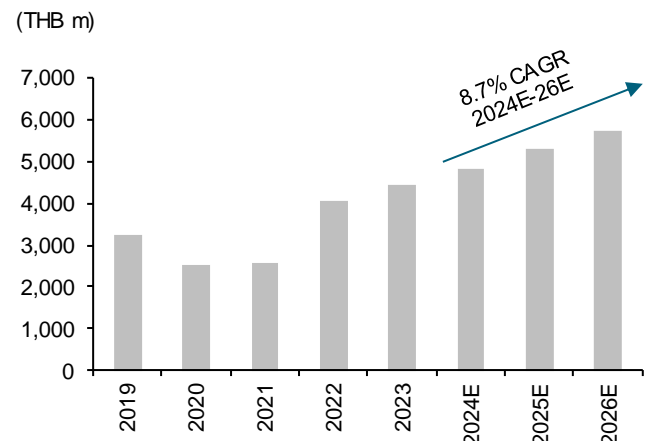
Sources: WHA, FSSIA estimates

Exhibit 12: Gross margin by BU

Sources: WHA, FSSIA estimates

Exhibit 13: Margins

Sources: WHA, FSSIA estimates

Exhibit 14: Core profit

Sources: WHA, FSSIA estimates

Initiate BUY call with a TP of THB6.40

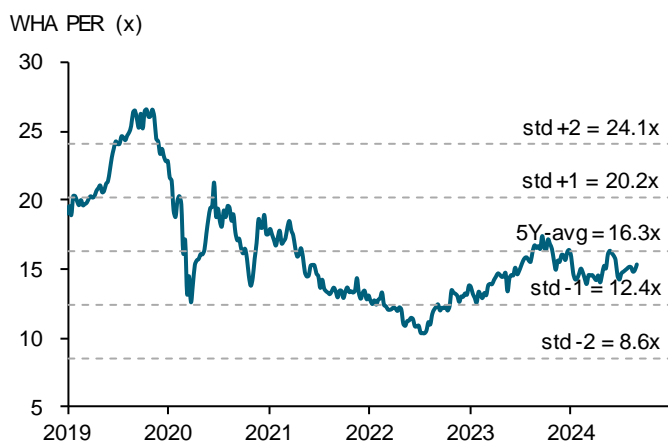
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Exhibit 15: Peers comparison as of 6 September 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
WHA Corporation*	WHA TB	BUY	5.45	6.40	17	2,432	16.8	15.3	14.3	15.0	2.4	2.2	16.2	14.9
Amata Corporation	AMATA TB	n/a	24.40	n/a	n/a	837	12.6	10.8	10.4	11.0	1.2	1.1	12.7	11.0
Thailand average						3,269	14.7	13.0	12.3	13.0	1.8	1.7	14.5	13.0
Regional														
NESCO	NSE IN	n/a	995.30	n/a	n/a	835	19.9	18.3	16.6	15.5	3.1	2.6	15.4	14.0
Sai Gon VRG Investment	SIP VN	n/a	74,200.00	n/a	n/a	630	16.2	14.5	26.7	24.8	n/a	n/a	10.1	8.9
CICC GLP Warehouse Logistics	508056 CH	n/a	3.46	n/a	n/a	946	n/a	n/a	0.3	1.0	1.0	1.1	20.2	18.8
Regional average						2,412	18.0	16.4	14.5	13.8	2.0	1.9	15.2	13.9
Global														
Catena AB	CATE SS	n/a	552.00	n/a	n/a	3,236	25.3	21.8	6.1	7.5	1.5	1.4	27.9	23.8
CTP NV	CTPNV NA	n/a	16.34	n/a	n/a	8,213	19.8	14.6	5.5	5.3	1.0	0.9	24.6	20.8
Fortress Real Estate Investment	FFB SJ	n/a	1,961.00	n/a	n/a	1,309	14.0	14.4	3.4	3.5	n/a	n/a	12.2	12.1
Montea NV	MONT BB	n/a	77.70	n/a	n/a	1,805	16.9	16.1	6.6	8.8	1.0	0.9	21.6	18.3
Global average						14,563	19.0	16.7	5.4	6.3	1.2	1.1	21.6	18.8
Overall average						5,681	17.7	15.7	10.0	10.3	1.6	1.5	17.9	15.9

Sources: Bloomberg consensus, *FSSIA estimates

Exhibit 16: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: One-year rolling forward P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

WHA Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	13,729	14,875	14,466	15,951	17,510
Cost of goods sold	(7,592)	(7,967)	(6,734)	(7,614)	(8,586)
Gross profit	6,137	6,908	7,733	8,337	8,924
Other operating income	1,253	644	1,085	1,037	998
Operating costs	(1,982)	(2,105)	(2,063)	(2,185)	(2,425)
Operating EBITDA	6,019	6,157	7,594	8,022	8,390
Depreciation	(611)	(709)	(840)	(834)	(894)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,408	5,447	6,755	7,189	7,497
Net financing costs	(1,126)	(1,235)	(1,322)	(1,338)	(1,362)
Associates	585	1,496	698	760	907
Recurring non-operating income	585	1,496	698	760	907
Non-recurring items	0	0	0	0	0
Profit before tax	4,867	5,708	6,130	6,611	7,042
Tax	(546)	(659)	(1,054)	(1,042)	(1,087)
Profit after tax	4,321	5,050	5,077	5,568	5,955
Minority interests	(276)	(624)	(235)	(235)	(235)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,046	4,426	4,842	5,333	5,720
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	4,046	4,426	4,842	5,333	5,720
Per share (THB)					
Recurring EPS *	0.27	0.30	0.32	0.36	0.38
Reported EPS	0.27	0.30	0.32	0.36	0.38
DPS	0.17	0.18	0.19	0.21	0.23
Diluted shares (used to calculate per share data)	14,947	14,947	14,947	14,947	14,947
Growth					
Revenue (%)	31.8	8.3	(2.7)	10.3	9.8
Operating EBITDA (%)	20.6	2.3	23.4	5.6	4.6
Operating EBIT (%)	23.7	0.7	24.0	6.4	4.3
Recurring EPS (%)	56.2	9.4	9.4	10.1	7.3
Reported EPS (%)	56.2	9.4	9.4	10.1	7.3
Operating performance					
Gross margin inc. depreciation (%)	44.7	46.4	53.5	52.3	51.0
Gross margin exc. depreciation (%)	49.1	51.2	59.3	57.5	56.1
Operating EBITDA margin (%)	43.8	41.4	52.5	50.3	47.9
Operating EBIT margin (%)	39.4	36.6	46.7	45.1	42.8
Net margin (%)	29.5	29.8	33.5	33.4	32.7
Effective tax rate (%)	11.2	11.5	17.2	15.8	15.4
Dividend payout on recurring profit (%)	61.8	62.1	60.0	60.0	60.0
Interest cover (X)	5.3	5.6	5.6	5.9	6.2
Inventory days	609.7	553.2	820.1	848.1	812.3
Debtor days	13.2	15.3	19.2	19.5	18.6
Creditor days	139.2	160.4	238.3	232.8	214.9
Operating ROIC (%)	28.1	28.6	28.1	26.5	26.5
ROIC (%)	7.0	7.9	7.5	7.8	8.3
ROE (%)	12.9	13.5	14.3	15.0	15.2
ROA (%)	6.3	7.0	6.5	7.0	7.6

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Lease and service	2,031	2,191	2,432	2,602	2,771
Sales of real estate	9,733	10,479	9,731	10,858	12,044
Sales of goods	1,965	2,204	2,304	2,491	2,694

Sources: WHA Corporation; FSSIA estimates

Financial Statements

WHA Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,046	4,426	4,842	5,333	5,720
Depreciation	611	709	840	834	894
Associates & minorities	(585)	(1,496)	(698)	(760)	(907)
Other non-cash items	(410)	1,472	1,751	1,802	1,994
Change in working capital	761	(112)	(3,627)	(5,172)	(5,752)
Cash flow from operations	4,423	4,999	3,108	2,037	1,948
Capex - maintenance	-	-	-	-	-
Capex - new investment	(3,766)	(6,437)	(3,228)	(1,791)	(1,739)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	3,727	2,670	19	(3,133)	1,503
Cash flow from investing	(39)	(3,767)	(3,208)	(4,924)	(235)
Dividends paid	(2,098)	(2,499)	(2,905)	(3,200)	(3,432)
Equity finance	0	0	0	0	0
Debt finance	1,756	(215)	2,513	447	151
Other financing cash flows	(476)	800	2,195	530	1,089
Cash flow from financing	(818)	(1,914)	1,803	(2,222)	(2,192)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	30	100	0	0	0
Net other adjustments	30	100	(22)	0	0
Movement in cash	3,595	(583)	1,681	(5,109)	(479)
Free cash flow to firm (FCFF)	5,510.11	2,466.07	1,221.64	(1,548.68)	3,074.42
Free cash flow to equity (FCFE)	5,693.86	1,916.46	4,585.82	(1,908.93)	2,953.29
Per share (THB)					
FCFF per share	0.37	0.16	0.08	(0.10)	0.21
FCFE per share	0.38	0.13	0.31	(0.13)	0.20
Recurring cash flow per share	0.24	0.34	0.45	0.48	0.52
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	9,869	10,893	12,893	13,893	14,893
Less: Accumulated depreciation	(2,040)	(2,041)	(2,881)	(3,714)	(4,608)
Tangible fixed assets (net)	7,829	8,852	10,012	10,179	10,285
Intangible fixed assets (net)	21,694	21,694	22,572	20,727	19,066
Long-term financial assets	7,255	7,072	6,063	6,113	6,165
Invest. in associates & subsidiaries	16,428	19,631	20,416	20,824	21,241
Cash & equivalents	7,169	6,586	8,267	3,158	2,679
A/C receivable	559	686	832	874	911
Inventories	10,690	11,310	15,175	16,333	17,904
Other current assets	712	712	1,291	839	770
Current assets	19,130	19,295	25,565	21,205	22,265
Other assets	13,966	13,683	14,265	14,580	15,013
Total assets	86,302	90,225	98,893	93,628	94,035
Common equity	32,050	33,487	34,369	36,502	38,790
Minorities etc.	3,562	3,835	3,873	3,912	3,951
Total shareholders' equity	35,612	37,322	38,242	40,414	42,741
Long term debt	27,078	30,407	35,959	27,610	25,192
Other long-term liabilities	7,214	7,400	10,076	10,400	11,322
Long-term liabilities	34,292	37,807	46,035	38,010	36,514
A/C payable	2,743	3,637	4,059	4,589	4,469
Short term debt	13,113	10,713	9,975	10,073	9,744
Other current liabilities	542	747	582	542	565
Current liabilities	16,398	15,096	14,616	15,204	14,779
Total liabilities and shareholders' equity	86,302	90,225	98,893	93,628	94,035
Net working capital	8,676	8,325	12,657	12,916	14,551
Invested capital	75,848	79,255	85,985	85,339	86,321
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.14	2.24	2.30	2.44	2.60
Tangible book value per share	0.69	0.79	0.79	1.06	1.32
Financial strength					
Net debt/equity (%)	92.7	92.5	98.5	85.4	75.5
Net debt/total assets (%)	38.3	38.3	38.1	36.9	34.3
Current ratio (x)	1.2	1.3	1.7	1.4	1.5
CF interest cover (x)	9.4	7.8	6.9	0.9	4.4
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	20.1	18.4	16.8	15.3	14.2
Recurring P/E @ target price (x) *	23.6	21.6	19.8	17.9	16.7
Reported P/E (x)	20.1	18.4	16.8	15.3	14.2
Dividend yield (%)	3.1	3.4	3.6	3.9	4.2
Price/book (x)	2.5	2.4	2.4	2.2	2.1
Price/tangible book (x)	7.9	6.9	6.9	5.2	4.1
EV/EBITDA (x) **	19.6	19.5	16.2	14.9	14.0
EV/EBITDA @ target price (x) **	22.0	21.8	18.1	16.7	15.7
EV/invested capital (x)	1.6	1.5	1.4	1.4	1.4
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: WHA Corporation; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitys	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

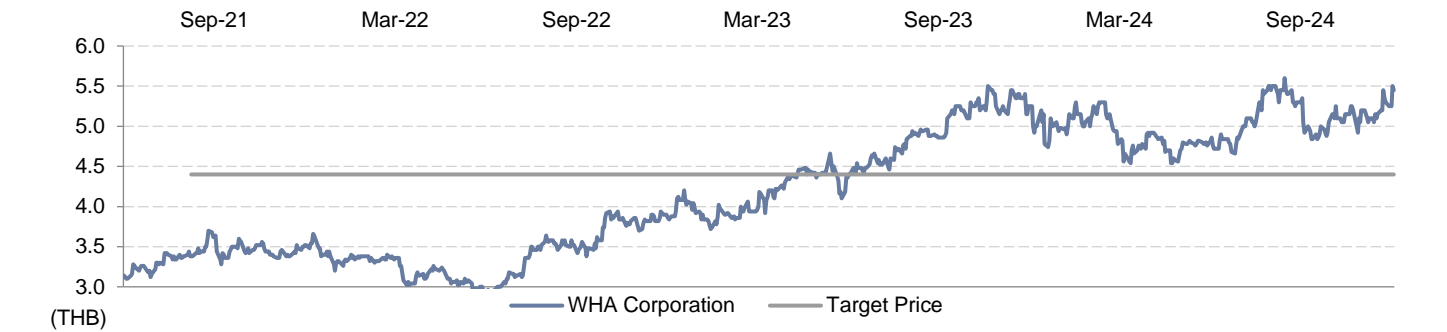
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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 Corporation (WHA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Nov-2021	BUY	4.40	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 6-Sep-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
WHA Corporation	WHA TB	THB 5.45	BUY	Downside risks to our TP include 1) the delayed registration process in many countries; 2) more intensified competition; 3) failure in introducing new products; and 4) risks associated with doing business in Myanmar.

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 Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 06-Sep-2024 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.