

WHA UTILITIES AND POWER

THAILAND / UTILITIES

WHAUP TB

HOLD

UNCHANGED

3Q24 results at first glance

3Q24 net profit missed estimates due to huge FX losses

Highlights

- WHAUP reported a 3Q24 net profit of THB81m (-76% q-q, -84% y-y). Excluding extra items, mainly FX losses, core profit equaled THB274m (-12% q-q, -42% y-y), significantly missing our estimate and the consensus forecast due to higher-than-expected FX losses and substantially higher SG&A.
- Net revenue was THB769m, up 7% q-q and 12% y-y, mainly due to higher revenue from water sales brought on by excessive charges.
- Core profit tumbled chiefly due to profit sharing and dividends from associates, which dropped 44% y-y owing to lower profit sharing from GHECO-One, in which WHAUP holds a 34% stake, following persistently high electricity-generating costs at coal-fired power plants. Although revenue from solar plants and roofs increased due to continued expansion, and profit sharing from waterworks associate Doung River in Vietnam surged in line with higher water demand, they were not enough to help offset it. Also, profit sharing from SPP eased due to higher gas costs, leading to a lower core profit q-q.

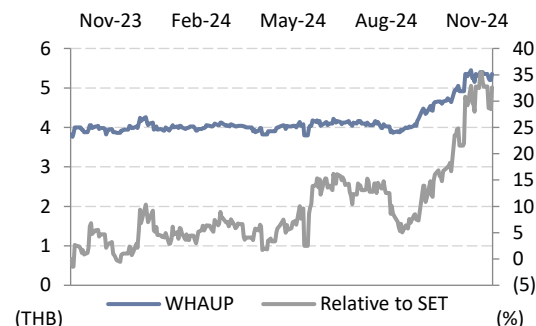
Outlook

- 4Q24 net profit should recover q-q due to FX gains after the Baht weakened. However, the y-y weakness should continue. Excluding extra items, core profit should hardly change or slightly increase due to GHECO-One. Although high coal costs may persist, they could be lower than in the last two quarters. Meanwhile, revenue from waterworks should remain robust, and SPP should hardly change q-q.
- The 3Q24 profit sharply missed estimates, leading to a 9M24 net profit of only THB973m, accounting for just 61% of our 2024 estimate, implying a significant downside. While we put our estimate and TP under review, pending an upcoming analyst meeting, we retain a HOLD call at our long-term TP of THB5.30 (DCF).

TARGET PRICE	THB5.30
CLOSE	THB5.35
UP/DOWNSIDE	-0.9%
TP vs CONSENSUS	-7.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,782	3,165	3,392	3,554
Net profit	1,631	1,454	1,742	1,856
EPS (THB)	0.43	0.38	0.46	0.49
vs Consensus (%)	-	9.5	2.2	5.8
EBITDA	975	1,548	1,815	1,893
Recurring net profit	1,443	1,333	1,742	1,856
Core EPS (THB)	0.38	0.35	0.46	0.49
EPS growth (%)	217.6	(7.6)	30.7	6.5
Core P/E (x)	14.2	15.4	11.7	11.0
Dividend yield (%)	4.7	4.7	4.7	5.6
EV/EBITDA (x)	34.7	22.6	19.8	19.4
Price/book (x)	1.5	1.5	1.4	1.3
Net debt/Equity (%)	98.5	102.9	103.6	102.5
ROE (%)	11.0	9.6	12.0	12.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.3	32.4	39.3
Relative to country (%)	7.4	17.2	34.3
Mkt cap (USD m)	601		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	28		
Major shareholder	WHA Industrial Development Plc (69%)		
12m high/low (THB)	5.50/3.68		
Issued shares (m)	3,825.00		

Sources: Bloomberg consensus; FSSIA estimates


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Exhibit 1: WHAUP - 3Q24 results summary

Profit & Loss Statement	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	9M23	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Revenue	633	780	690	678	721	722	769	7	12	2,212	2,103	5.2
Operating costs	(402)	(463)	(460)	(452)	(437)	(461)	(610)	32	33	(1,623)	(1,326)	22.5
SG&A	(57)	(58)	(62)	(101)	(61)	(63)	(117)	86	90	(370)	(320)	15.4
EBIT	174	259	168	126	222	198	175	(12)	4	596	601	(1.0)
Interest expense	(110)	(115)	(123)	(117)	(126)	(130)	(142)	9	15	(397)	(348)	14.3
Associates' contribution	229	183	361	607	159	212	244	15	(32)	615	773	(20.5)
Pre-tax profit	268	496	521	378	487	333	85	(75)	(84)	905	1,284	(29.6)
Tax	(11)	(15)	(9)	4	(17)	(1)	(4)	na	na	(22)	(35)	(37.7)
Net profit	257	481	511	382	470	332	81	(76)	(84)	883	1,249	(29.3)
Non-recurring items	(32)	159	32	(253)	232	53	(193)	na	na	90	(126)	(171.2)
Core profit	229	419	475	464	388	310	274	(12)	(42)	973	1,123	(13.4)
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	
EBITDA margin (%)	43.64	46.76	40.71	35.54	46.75	44.29	40.11	(4.18)	(6.65)	43.64	43.84	
EBIT margin (%)	27.55	33.19	24.36	18.55	30.80	27.46	22.79	(4.67)	(10.40)	26.93	28.60	
Net profit margin (%)	40.65	61.62	74.12	56.27	65.18	46.02	10.52	(35.51)	(51.10)	39.91	59.40	
Tax rate (%)	4.00	2.99	1.79	(0.95)	3.51	0.29	4.30	4.01	1.31	2.40	2.71	

Sources: WHAUP; FSSIA estimates

Financial Statements

WHA Utilities & Power

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	2,443	2,782	3,165	3,392	3,554
Cost of goods sold	(1,661)	(1,965)	(1,880)	(1,651)	(1,718)
Gross profit	782	816	1,285	1,740	1,836
Other operating income	-	-	-	-	-
Operating costs	(279)	(277)	(253)	(305)	(355)
Operating EBITDA	871	975	1,548	1,815	1,893
Depreciation	(367)	(436)	(517)	(379)	(412)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	504	539	1,031	1,435	1,481
Net financing costs	(280)	(483)	(492)	(512)	(540)
Associates	156	1,380	859	912	1,009
Recurring non-operating income	277	1,418	867	922	1,019
Non-recurring items	0	188	121	0	0
Profit before tax	500	1,662	1,527	1,845	1,960
Tax	(46)	(31)	(73)	(103)	(105)
Profit after tax	454	1,631	1,454	1,742	1,856
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	454	1,631	1,454	1,742	1,856
Non-recurring items & goodwill (net)	0	(188)	(121)	0	0
Recurring net profit	454	1,443	1,333	1,742	1,856
Per share (THB)					
Recurring EPS *	0.12	0.38	0.35	0.46	0.49
Reported EPS	0.12	0.43	0.38	0.46	0.49
DPS	0.25	0.25	0.25	0.25	0.30
Diluted shares (used to calculate per share data)	3,825	3,825	3,825	3,825	3,825
Growth					
Revenue (%)	12.0	13.9	13.8	7.2	4.8
Operating EBITDA (%)	(3.8)	12.0	58.8	17.2	4.3
Operating EBIT (%)	(13.1)	7.1	91.2	39.1	3.2
Recurring EPS (%)	(47.4)	217.6	(7.6)	30.7	6.5
Reported EPS (%)	(38.2)	259.0	(10.9)	19.8	6.5
Operating performance					
Gross margin inc. depreciation (%)	32.0	29.3	40.6	51.3	51.7
Gross margin exc. depreciation (%)	47.1	45.0	56.9	62.5	63.3
Operating EBITDA margin (%)	35.7	35.1	48.9	53.5	53.3
Operating EBIT margin (%)	20.6	19.4	32.6	42.3	41.7
Net margin (%)	18.6	51.9	42.1	51.4	52.2
Effective tax rate (%)	13.3	11.1	11.0	11.0	11.0
Dividend payout on recurring profit (%)	210.5	66.3	71.8	54.9	61.8
Interest cover (X)	2.8	4.1	3.9	4.6	4.6
Inventory days	-	-	-	-	-
Debtor days	52.3	59.3	63.9	71.7	80.7
Creditor days	131.8	119.8	136.5	142.3	142.1
Operating ROIC (%)	7.3	6.7	11.1	13.6	12.5
ROIC (%)	2.7	6.4	5.9	6.9	6.9
ROE (%)	3.6	11.0	9.6	12.0	12.1
ROA (%)	2.6	6.5	5.8	7.0	7.0

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
water business	2,111	2,358	2,368	2,500	2,500
power business	332	424	507	578	660
service income			290	314	394

Sources: WHA Utilities & Power; FSSIA estimates

Financial Statements

WHA Utilities & Power

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	454	1,443	1,333	1,742	1,856
Depreciation	367	436	517	379	412
Associates & minorities	156	1,380	859	912	1,009
Other non-cash items	-	-	-	-	-
Change in working capital	(102)	(90)	(166)	(115)	(116)
Cash flow from operations	876	3,169	2,543	2,919	3,161
Capex - maintenance	(1,513)	(1,422)	(1,422)	(1,422)	(1,422)
Capex - new investment	(45)	(36)	0	0	0
Net acquisitions & disposals	632	640	600	600	600
Other investments (net)	-	-	-	-	-
Cash flow from investing	(926)	(818)	(822)	(822)	(822)
Dividends paid	(3,252)	(3,251)	(956)	(956)	(956)
Equity finance	0	0	0	0	0
Debt finance	1,399	1,159	500	700	990
Other financing cash flows	1,853	109	(882)	(1,301)	(1,360)
Cash flow from financing	0	(1,983)	(1,338)	(1,557)	(1,326)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	206	0	0	0
Net other adjustments	(133)	206	(1,027)	(782)	(819)
Movement in cash	(183)	574	(642)	(241)	194
Free cash flow to firm (FCFF)	363.12	2,816.09	2,214.22	2,609.44	2,879.13
Free cash flow to equity (FCFE)	3,068.47	3,824.89	313.79	715.15	1,150.02

Per share (THB)

FCFF per share	0.09	0.74	0.58	0.68	0.75
FCFE per share	0.80	1.00	0.08	0.19	0.30
Recurring cash flow per share	0.26	0.85	0.71	0.79	0.86

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	8,229	9,631	11,053	12,474	13,896
Less: Accumulated depreciation	(1,584)	(1,964)	(2,481)	(2,860)	(3,272)
Tangible fixed assets (net)	6,645	7,668	8,572	9,614	10,624
Intangible fixed assets (net)	4,681	4,642	4,642	4,642	4,642
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	14,321	14,961	15,561	16,161	16,761
Cash & equivalents	721	1,295	653	412	605
A/C receivable	405	500	608	725	846
Inventories	0	0	0	0	0
Other current assets	199	245	278	298	313
Current assets	1,325	2,040	1,540	1,435	1,764
Other assets	674	507	507	507	507
Total assets	27,645	29,817	30,821	32,358	34,298
Common equity	12,621	13,567	14,094	14,910	15,840
Minorities etc.	0	0	0	0	0
Total shareholders' equity	12,621	13,567	14,094	14,910	15,840
Long term debt	9,111	10,959	11,459	12,159	13,149
Other long-term liabilities	931	948	948	948	948
Long-term liabilities	10,042	11,908	12,408	13,108	14,098
A/C payable	475	529	490	502	515
Short term debt	4,389	3,699	3,699	3,699	3,699
Other current liabilities	118	114	130	140	146
Current liabilities	4,982	4,343	4,319	4,340	4,361
Total liabilities and shareholders' equity	27,645	29,817	30,821	32,358	34,298
Net working capital	10	101	266	382	497
Invested capital	26,331	27,878	29,548	31,305	33,031

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

Per share (THB)

Book value per share	3.30	3.55	3.68	3.90	4.14
Tangible book value per share	2.08	2.33	2.47	2.68	2.93

Financial strength

Net debt/equity (%)	101.2	98.5	102.9	103.6	102.5
Net debt/total assets (%)	46.2	44.8	47.1	47.7	47.4
Current ratio (x)	0.3	0.5	0.4	0.3	0.4
CF interest cover (x)	12.1	9.0	1.6	2.4	3.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	45.0	14.2	15.4	11.7	11.0
Recurring P/E @ target price (x) *	44.6	14.0	15.2	11.6	10.9
Reported P/E (x)	45.0	12.5	14.1	11.7	11.0
Dividend yield (%)	4.7	4.7	4.7	4.7	5.6
Price/book (x)	1.6	1.5	1.5	1.4	1.3
Price/tangible book (x)	2.6	2.3	2.2	2.0	1.8
EV/EBITDA (x) **	38.2	34.7	22.6	19.8	19.4
EV/EBITDA @ target price (x) **	37.9	34.5	22.5	19.7	19.3
EV/invested capital (x)	1.3	1.2	1.2	1.1	1.1

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

Sources: WHA Utilities & Power; 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="3">Average:</td><td rowspan="3">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></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</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	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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

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ANALYST(S) CERTIFICATION

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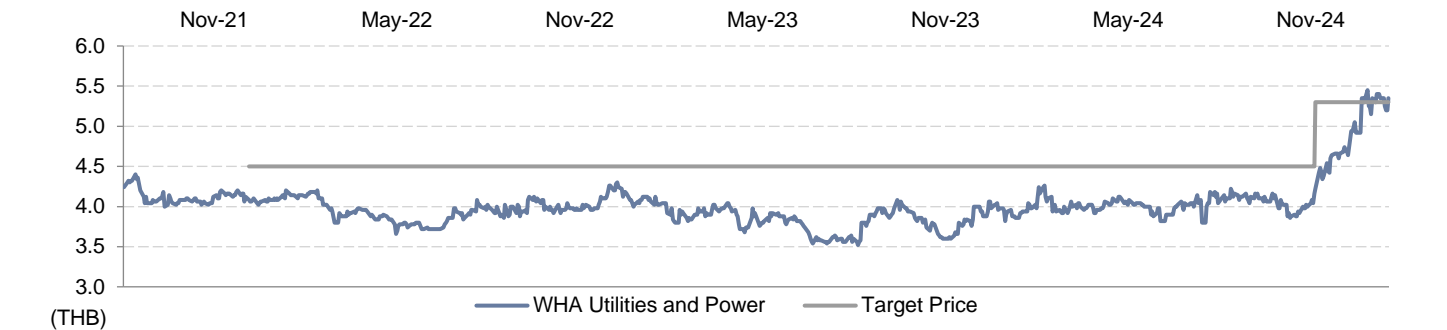
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History of change in investment rating and/or target price

WHA Utilities and Power (WHAUP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Feb-2022	HOLD	4.50	05-Sep-2024	BUY	5.30	-	-	-
19-May-2022	BUY	4.50	31-Oct-2024	HOLD	5.30			

Songklod Wongchai started covering this stock from 05-Sep-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
WHA Utilities & Power	WHAUP TB	THB 5.35	HOLD	<ul style="list-style-type: none">Higher gas prices with lower electricity tariffs, pressured by government policies, resulting in significantly lower power margins.Changes in state energy policies

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 08-Nov-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.