



Rating  
**Hold**

Asia  
Thailand

Property  
Property

Company  
**WHA Corporation**  
**Alert**

Reuters  
WHA.BK

Bloomberg  
WHA TB

Exchange  
SET

Ticker  
WHA

Date  
23 Februarv 2017

**Results**

Price at 22 Feb 2017 (THB)	3.06
Price target - 12mth (THB)	3.40
52-week range (THB)	3.64 - 2.76
SET	1,564

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## Net profit miss on fewer land sales and higher expenses

\* WHA reported 2016 net profit of Bt2.89bn up 48% YoY, below ours and market expectation by 34% mainly from fewer contributions from land transfers during the period and fewer transfers from decreased backlog (down 39% YoY). Total revenue reported during the period was at Bt17.8bn, up 56% YoY.

\* 4Q16 net profit was at Bt2.4bn, up 135% YoY and 5 folds QoQ. During the final quarter, the company managed to report extra investment income of Bt11.7bn from sale of its investment in WHART (Bt4.1bn), HREIT (Bt6.2bn), built to own suit warehouse (354m) and JV with Daiwa Logistics (Bt958m).

\* Gross profit from its core operations was up by Bt151m from 2015 to 67% mainly from the increase in contributions from Hemaraj business which had high gross margins. SG&A expenses were higher than our estimate mainly from increase in expenses related to consulting and market together with HREIT related expenses during the final quarter. Maintain Hold with TP Bt3.4 derived from SOTP method.

**Stock data**

Market cap (THBm)	43,827
Market cap (USDm)	1,251
Shares outstanding (m)	14,322.4
Major shareholders	-
Free float (%)	62
Avg daily value traded (USDm)	6.0

Source: Deutsche Bank

**Key data**

FYE 12/31	2015A	2016E	2017E
Sales (THBm)	11,437	16,061	13,279
Net Profit (THBm)	1,953.7	4,432.2	4,547.0
DB EPS (THB)	0.14	0.31	0.32
PER (x)	25.2	9.9	9.6
Yield (net)	0.0	0.0	2.1

Source: Deutsche Bank

Figure 1: Consolidated results

Bt,m	4Q16	YoY (%)	QoQ (%)	2016	2015	YoY(%)
Total revenue	13,981	163%	975%	17,821	11,437	56%
Total cost	-9,341	154%	1402%	-11,415	-7,431	54%
<b>Gross profit</b>	<b>4,639</b>	<b>184%</b>	<b>584%</b>	<b>6,406</b>	<b>4,006</b>	<b>60%</b>
Other income	163	70%	51%	498	627	-21%
Selling expenses	-116	72%	188%	-223	-231	-3%
Administrative expenses	-552	149%	125%	-1,272	-903	41%
Finance costs	-577	83%	-8%	-2,432	-2,284	6%
Share of profit of associates & JV	-155	-40%	-170%	1,006	1,038	-3%
Income tax	-826	2546%	6631%	-813	-87	834%
Minorities	177	200%	365%	272	213	28%
<b>Net profit</b>	<b>2,401</b>	<b>135%</b>	<b>5541%</b>	<b>2,898</b>	<b>1,954</b>	<b>48%</b>
EPS	0.17	135%	5541%	0.20	0.14	48%
Gross margin - leases and services	51%	120%	-7%	52%	54%	-4%
Gross margin - sales of real estate	32%	114%	-24%	32%	28%	12%
Operating margin	30%	114%	-23%	30%	31%	-1%
Net margin	17%	83%	425%	16%	17%	-5%
SG&A/sales	5%	77%	-78%	8%	10%	-15%
Effective tax	24%	1425%	84%	20%	4%	428%

Source: Company data, Deutsche Bank

Deutsche Bank AG/Hong Kong

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