

# WHA CORPORATION PLC

No. 6/2022  
14 January 2022

## CORPORATES

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
Senior unsecured	A-
<b>Outlook:</b>	Stable

**Last Review Date:** 27/10/21

### Company Rating History:

Date	Rating	Outlook/Alert
27/10/21	A-	Stable
27/09/19	A-	Negative
14/11/17	A-	Stable

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## RATIONALE

TRIS Rating affirms the company rating on WHA Corporation PLC (WHA) and the ratings on WHA's senior unsecured debentures at "A-" with a "stable" rating outlook. At the same time, TRIS Rating assigns the rating of "A-" to WHA's proposed issue of up to THB1 billion senior unsecured debentures. The proceeds from the new debentures are intended to be used to refinance its outstanding debts.

The ratings continue to reflect WHA's strong competitive position and proven track record in built-to-suit warehouses and industrial estate development. The ratings also incorporate the sizable base of WHA's recurring income from rental properties, utility services, and dividends from power plants.

The prolonged COVID-19 pandemic and travel restriction measures have materially affected WHA's operating performance and profitability. WHA's earnings before interest, taxes, depreciation, and amortization (EBITDA) decreased by 14.7% year-on-year (y-o-y) to THB3.2 billion in the first nine months of 2021. The company's debt level against cash generation also heightened, owing to delays in land transfers due to travel restrictions. WHA's adjusted debt was THB40.5 billion at the end of September 2021, compared with THB38.0 billion in 2020. The adjusted debt to EBITDA increased to 7.9 times in the first nine months of 2021, compared with 6.7 times in 2020.

However, WHA's leverage is projected to improve substantially on the back of sizable proceeds from the sale of assets to WHA Premium Growth Freehold & Leasehold Real Estate Investment Trust (WHART). WHA sold leasable areas worth about THB5.5 billion in total to WHART during the last quarter of 2021. TRIS Rating estimates this transaction could improve WHA's ratio of adjusted net debt to EBITDA to around 6 times at the end of 2021.

According to the key financial covenant on WHA's debentures, the company must maintain its net interest-bearing debt to equity ratio below 2.5 times. At the end of September 2021, WHA's net debt to equity ratio was 1.3 times. We expect the company to remain in compliance with the covenant over the forecast period of 2022-2023.

As of September 2021, WHA had THB15.6 billion priority debt according to TRIS Rating's "Issue Rating Criteria". WHA's priority debts, which were secured debts at the company and subsidiary levels, translated into a ratio of priority debt to total debt of 37%. As the company's priority debt ratio was below the threshold of 50%, we view that the company's senior unsecured creditors are not significantly disadvantaged to its priority debt holders.

## RATING OUTLOOK

The "stable" outlook reflects our expectation that WHA will keep its leverage under control, with an adjusted net debt to EBITDA ratio of around 7 times. WHA earns a significant amount of recurring income from the sale of utilities and rental fees, as well as dividends from power generation assets. These cash streams, plus the sale of assets to the real estate investment trust (REIT), should provide an adequate cushion against the volatility inherent in the sale of industrial land.

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company's current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been "upgraded," "downgraded," "affirmed" or "cancelled." The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating's monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

## RATING SENSITIVITIES

The ratings on WHA could come under downward pressure if private investment stays persistently low nationwide, causing revenues and cash flow from operations to fall significantly below expectations. Any sizeable, debt-funded investments, which materially weaker than expected the company's balance sheet and debt serviceability, could also lead to a downgrade scenario. The ratings could be revised upward should the company demonstrate significant, sustainable increases in cash generation while improving its balance sheet.

## RELATED CRITERIA

- Key Financial Ratio and Adjustments for Corporate Issuers, 11 January 2022
- Rating Methodology – Corporate, 26 July 2019

## WHA Corporation PLC (WHA)

<b>Company Rating:</b>	A-
<b>Issue Ratings:</b>	
WHA222A: THB1,000 million senior unsecured debentures due 2022	A-
WHA224A: THB454.2 million senior unsecured debentures due 2022	A-
WHA224B: THB2,100 million senior unsecured debentures due 2022	A-
WHA226B: THB2,000 million senior unsecured debentures due 2022	A-
WHA234A: THB1,100 million senior unsecured debentures due 2023	A-
WHA234B: THB1,000 million senior unsecured debentures due 2023	A-
WHA237A: THB2,050 million senior unsecured debentures due 2023	A-
WHA230A: THB328 million senior unsecured debentures due 2023	A-
WHA244A: THB1,000 million senior unsecured debentures due 2024	A-
WHA244B: THB2,000 million senior unsecured debentures due 2024	A-
WHA247B: THB1,450 million senior unsecured debentures due 2024	A-
WHA257A: THB500 million senior unsecured debentures due 2025	A-
WHA250A: THB2,380 million senior unsecured debentures due 2025	A-
WHA264A: THB400 million senior unsecured debentures due 2026	A-
WHA264B: THB1,000 million senior unsecured debentures due 2026	A-
Up to THB1,000 million senior unsecured debentures due within 1 year	A-
<b>Rating Outlook:</b>	Stable

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