

WHA CORPORATION PLC

No. 17/2020
24 March 2020

CORPORATES

Company Rating:	A-
Issue Ratings:	
Senior unsecured	A-
Outlook:	Negative

Last Review Date: 27/09/19

Company Rating History:

Date	Rating	Outlook/Alert
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 its outstanding senior unsecured debentures at "A-" with a "negative" outlook. At the same time, TRIS Rating assigns the rating of "A-" to WHA's proposed issue of up to Bt4 billion in senior unsecured debentures. WHA intends to use the proceeds from the new debentures to refinance its outstanding debt, to support planned capital expenditures, or for working capital needs.

The "negative" outlook reflects the expectation that WHA's financial leverage will remain high over the next few years. The ratings continue to reflect WHA's strong competitive position and track records in the built-to-suit warehouse and the industrial estate industry. The ratings also incorporate a sizable base of recurring income from rental properties, utility services, and dividends from power plants, as well as the financial flexibility from selling its assets to real estate investment trusts (REIT). Nevertheless, WHA's business profile is constrained by the volatile nature of the industrial property market.

WHA's operating results in 2019 were in line with our expectations. Earnings before interest, tax, depreciation, and amortization (EBITDA) edged up by 9.8% year-on-year (y-o-y) to Bt4.6 billion, while funds from operations (FFO) rose by 21.9% y-o-y to Bt3.3 billion.

At the end of 2019, the total debt to capitalization ratio was 52.6%, while the adjusted net debt to EBITDA was 7.9 times. TRIS Rating holds the view that WHA's leverage to stay high in view of several large investments lying ahead.

However, TRIS Rating believes WHA has enough financial flexibility to keep leverage under control. The company has an option of selling cash generating assets to REITs for fundraising. Additionally, WHA have the ability to access external sources of funds, including bank loans and the capital markets.

RATING OUTLOOK

The “negative” outlook reflects WHA’s increased leverage.

RATING SENSITIVITIES

The outlook could be revised back to “stable” if WHA is able to lower its leverage with the adjusted net debt to EBITDA ratio to stay below 7 times on a sustained basis. On the contrary, WHA’s ratings could be downgraded if the company is not able to lower its leverage such that the adjusted net debt to EBITDA ratio staying below 7 times.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018

WHA Corporation PLC (WHA)

Company Rating:	A-
Issue Ratings:	
WHA204A: Bt1,500 million senior unsecured debentures due 2020	A-
WHA204B: Bt1,000 million senior unsecured debentures due 2020	A-
WHA204C: Bt2,600 million senior unsecured debentures due 2020	A-
WHA208A: Bt100 million senior unsecured debentures due 2020	A-
WHA200A: Bt338 million senior unsecured debentures due 2020	A-
WHA214A: Bt1,900 million senior unsecured debentures due 2021	A-
WHA217A: Bt600 million senior unsecured debentures due 2021	A-
WHA219A: Bt1,500 million senior unsecured debentures due 2021	A-
WHA224A: Bt454 million senior unsecured debentures due 2022	A-
WHA224B: Bt2,100 million senior unsecured debentures due 2022	A-
WHA226B: Bt2,000 million senior unsecured debentures due 2022	A-
WHA234A: Bt1,100 million senior unsecured debentures due 2023	A-
WHA230A: Bt328 million senior unsecured debentures due 2023	A-
WHA244A: Bt1,000 million senior unsecured debentures due 2024	A-
WHA247A: Bt280 million senior unsecured debentures due 2024	A-
WHA250A: Bt2,380 million senior unsecured debentures due 2025	A-
WHA264A: Bt400 million senior unsecured debentures due 2026	A-
Up to Bt4,000 million senior unsecured debentures due within 10 years	A-
Rating Outlook:	Negative

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