

10 NOVEMBER 2021

THAILAND / REAL ESTATE

# AP (THAILAND) AP TB

## BUY

UNCHANGED

TARGET PRICE	THB11.60
CLOSE	THB8.90
UP/DOWNSIDE	+30.3%
PRIOR TP	THB11.10
CHANGE IN TP	+4.5%
TP vs CONSENSUS	+15.6%

## Low-rise is still the key driver

### 3Q21 results in line with consensus expectation

AP booked a net profit of THB1.0b in 3Q21 (-8% q-q, -29% y-y), in line with BBG consensus. The q-q and y-y drop was mainly due to lower transfers following the 1-month closure of construction camps. 9M21 earnings account for 79% of our 2021 full-year forecast of THB4.5b.

### Solid presales in 3Q21

Low-rise revenue dropped to THB6.7b in 3Q21 (vs THB7.5b in 2Q21) due to transfer delays. 3Q21 GPM was healthy at 32% (vs 31.6% in 2Q21 and 31.4% in 3Q20). Equity income grew by 102% q-q to THB366m following the transfer of Life Ladprao Valley (THB6.5b, 68% sold). Presales in 3Q21 were solid at THB9.4b (the second highest quarter since the LTV restriction in 2Q19) despite the new launch value being only THB7.0b (vs THB16.4b from the initial plan). AP launched only five low-rise projects in 3Q21 worth THB7.0b and received good feedback with an average take-up rate of 27%. 9M21 presales of THB27.2b account for 77% of our full-year estimate of THB35.5b.

### Promising outlook in 1H22

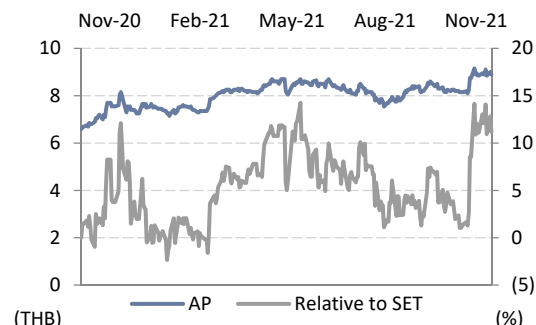
AP's 4Q21 outlook remains solid, supported by strong 3Q21 presales, solid presales of THB4.0b in Oct-21, and a high new project launch value worth THB16.5b (vs THB11b in 9M21). AP delayed some projects to 1Q-2Q22. Thus, the positive momentum should continue in 2022. We expect AP to launch low-rise projects worth THB40b in 2022 (vs THB19.7b in 2021). Around c60-70% of the total value is expected to launch in 1H22. Moreover, AP has a current low-rise backlog of THB14b, of which THB5.0b will transfer in 4Q21, with the remaining transferring in 1H22.

### Maintain BUY with higher TP to THB11.6 (from THB11.1)

We revise up our 2021-23E net profit by 4.8-7.0% to reflect the solid GPM, stronger-than-expected performance in 9M21, and solid low-rise presales momentum. We raise our TP to THB11.6, pegged to 7.8x 2022E P/E, +1.0SD of its 5-year average. AP is still our top pick in the property sector as we believe 1) its solid presales outlook should continue; 2) its earnings could reach a record high in 2021-22; and 3) it has an undemanding valuation as it is trading at 6.0x 2022E P/E with a decent dividend yield at 5.8-5.9%. Moreover, the travel restriction easing could provide an upside risk to its high-rise presales, as high-rise previously accounted for c40% of total sales during the pre-Covid period (2015-19).

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	29,888	32,546	35,446	37,505
Net profit	4,227	4,494	4,688	4,766
EPS (THB)	1.34	1.43	1.49	1.51
vs Consensus (%)	-	7.4	7.0	6.9
EBITDA	3,540	4,428	4,565	5,351
Core net profit	4,227	4,494	4,688	4,766
Core EPS (THB)	1.34	1.43	1.49	1.51
Chg. In EPS est. (%)	-	6.3	4.8	7.0
EPS growth (%)	41.3	6.3	4.3	1.7
Core P/E (x)	6.6	6.2	6.0	5.9
Dividend yield (%)	5.1	5.6	5.9	6.0
EV/EBITDA (x)	13.7	13.0	12.9	10.8
Price/book (x)	1.0	0.9	0.8	0.7
Net debt/Equity (%)	70.5	92.1	87.6	76.2
ROE (%)	15.2	14.6	13.8	12.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.5	15.6	34.6
Relative to country (%)	9.1	9.1	6.0
Mkt cap (USD m)	854		
3m avg. daily turnover (USD m)	3.9		
Free float (%)	66		
Major shareholder	Mr. Anuphong Assavabhokhin (21%)		
12m high/low (THB)	9.30/6.51		
Issued shares (m)	3,145.90		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

In 2014, AP formed a JV with MJRT, a subsidiary of Mitsubishi Estate (8802 JP), with a 51% stake. The JV strategy allowed AP to undertake more condo projects and helped to ease the capital intensity of condo development. For condo projects that have been launched, the average take-up rate was 75% at end-2019, driven by AP's Japanese partner which has provided its interior and exterior design know-how.

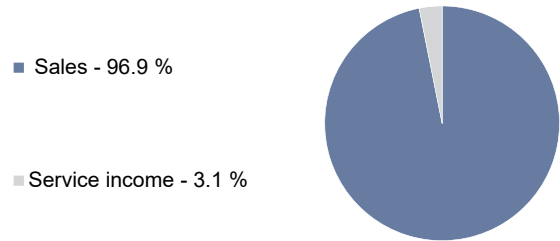
We like AP for 1) its high earnings visibility in 2021-22 – AP achieved high condominium presales during 2Q17-1Q19 at above THB5.0b per quarter, which should be recognised in 2021-22 due to the average construction period of 2-3 years; 2) its solid presales momentum from low-rise projects which could turn to revenue within a quarter; 3) its undemanding valuation; and 4) its decent 2021-22E dividend yield at or above 5%.

## Company profile

Founded by Mr Anuphong Assavabhokhin and Mr Pichet Vipavasuphakorn in 1991, AP was listed in 2000 after being merged with PCM Precast Floors Plc, which was founded by Land & Houses Plc (LH). AP has no cross shareholdings with LH.

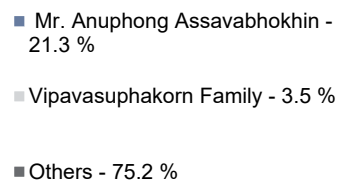
[www.apthai.com](http://www.apthai.com)

## Principal activities (revenue, 2020)



Source: AP (Thailand)

## Major shareholders



Source: AP (Thailand)

## Catalysts

Potential catalysts to drive AP's share price include:

- 1) New launches with successful take-up rates from condominiums;
- 2) A higher-than-expected positive response from its provincial projects.

## Risks to our call

Downside risks to our P/E-based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.

## Event calendar

Date	Event
February 2022	4Q21 results announcement

## Key assumptions

	2020	2021E	2022E	2023E
	(%)	(%)	(%)	(%)
Residential sales (THB m)	28,949	32,569	35,532	37,605
Residential sales growth	31.8	9.0	9.1	5.8
Residential GPM	30.1	32.0	31.7	33.0
SG&A to sales	20.6	20.1	20.5	20.4
Equity income from JV (THB m)	1,948	1,445	1,589	1,071
Earnings (THB m)	4,227	4,494	4,688	4,766

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in residential revenue, we project 2021 earnings to rise by 0.6%, and vice versa, all else being equal.
- For every 1% increase in GPM, we project 2021 earnings to rise by 5.9%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2021 earnings to drop by 5.8%, and vice versa, all else being equal.

Source: FSSIA estimates

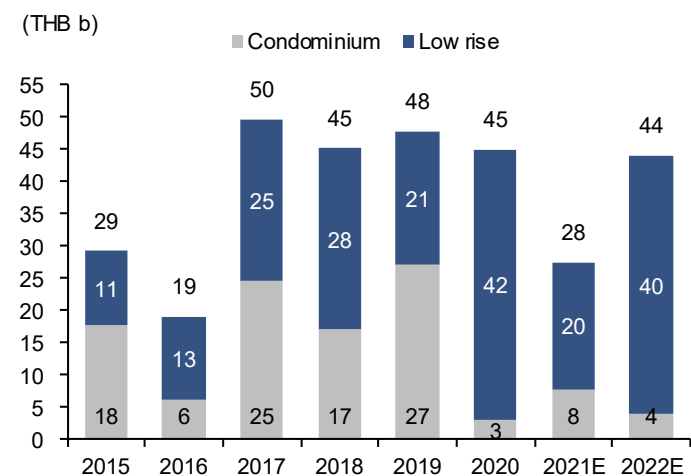
## Exhibit 1: 3Q21 results summary

Year to Dec 31	3Q20	4Q20	1Q21	2Q21	3Q21	Change			2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%21E		
Sales	9,150	7,547	9,106	8,035	7,152	(11)	(22)	22	32,546	9
<b>Gross profit</b>	<b>2,870</b>	<b>2,393</b>	<b>2,967</b>	<b>2,542</b>	<b>2,292</b>	<b>(10)</b>	<b>(20)</b>	<b>21</b>	<b>10,841</b>	<b>15</b>
Operating costs	(1,918)	(1,579)	(1,425)	(1,392)	(1,430)	3	(25)	22	(6,548)	6
Operating profit	952	814	1,542	1,149	862	(25)	(9)	20	4,293	31
<b>Operating EBITDA</b>	<b>1,019</b>	<b>884</b>	<b>1,611</b>	<b>1,221</b>	<b>931</b>	<b>(24)</b>	<b>(9)</b>	<b>21</b>	<b>4,428</b>	<b>25</b>
Other income	25	16	120	28	18	(37)	(28)	24	72	3
Other expense	(1)	1	(2)	(1)	(0)	n/a	n/a	3	(6)	0
Interest expense	(96)	(95)	(102)	(79)	(48)	(39)	(50)	12	(387)	5
<b>Profit before tax</b>	<b>880</b>	<b>735</b>	<b>1,558</b>	<b>1,097</b>	<b>831</b>	<b>(24)</b>	<b>(6)</b>	<b>21</b>	<b>3,973</b>	<b>34</b>
Tax	(205)	(191)	(329)	(163)	(167)	2	(19)	18	(924)	34
Associates	776	398	175	181	366	102	(53)	25	1,445	(26)
Minority interests	(0)	(0)	(0)	0	0	nm	nm	nm	0	nm
Non-recurring items	0	0	0	0	0	nm	nm	nm	0	nm
<b>Reported net profit</b>	<b>1,450</b>	<b>942</b>	<b>1,403</b>	<b>1,115</b>	<b>1,031</b>	<b>(8)</b>	<b>(29)</b>	<b>23</b>	<b>4,494</b>	<b>6</b>
<b>Recurring net profit</b>	<b>1,450</b>	<b>942</b>	<b>1,403</b>	<b>1,115</b>	<b>1,031</b>	<b>(8)</b>	<b>(29)</b>	<b>23</b>	<b>4,494</b>	<b>6</b>
EPS (THB)	0.46	0.30	0.45	0.35	0.33	(8)	(29)	23	1.43	6
Recurring EPS (THB)	0.46	0.30	0.45	0.35	0.33	(8)	(29)	23	1.43	6
BV/share (THB)	9.01	9.31	9.76	9.67	10.00	3	11	97	10.29	11
<b>Key Ratios (%)</b>										
Gross margin	31.4	31.7	32.6	31.6	32.0	0.4	0.7		33.3	1.8
Operating margin	10.4	10.8	16.9	14.3	12.1	(2.3)	1.6		13.2	2.2
Recurring net margin	15.9	12.5	15.4	13.9	14.4	0.5	(1.4)		13.8	(0.3)
SG&A / Sales	21.0	20.9	15.6	17.3	20.0	2.7	(1.0)		20.1	(0.5)
Effective tax rate	23.3	26.0	21.1	14.9	20.0	5.1	(3.3)		23.2	0.0
<b>Key operating stat</b>										
<b>Sales by products</b>	<b>8,900</b>	<b>7,304</b>	<b>8,879</b>	<b>7,836</b>	<b>6,916</b>	<b>(12)</b>	<b>(22)</b>			
Low-rise	7,013	5,887	8,040	7,515	6,670	(11)	(5)			
High-rise	1,887	1,417	839	321	246	(23)	(87)			
<b>Presales</b>	<b>8,985</b>	<b>7,585</b>	<b>7,967</b>	<b>9,850</b>	<b>9,423</b>	<b>(4)</b>	<b>5</b>		<b>22,313</b>	<b>(30)</b>
Low-rise	8,094	6,925	7,293	9,137	8,818	(3)	9		9,562	(66)
High-rise	891	660	674	713	605	(15)	(32)		12,751	233

Note: Change of items in percentage terms are represented in ppt change

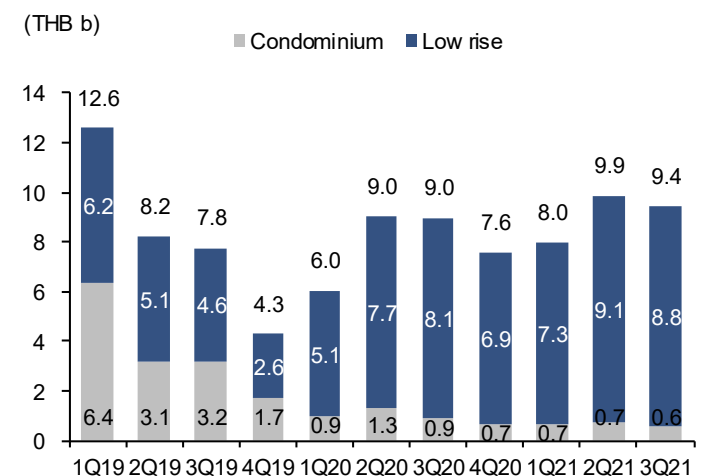
Sources: AP; FSSIA estimates

## Exhibit 2: Yearly presales and target



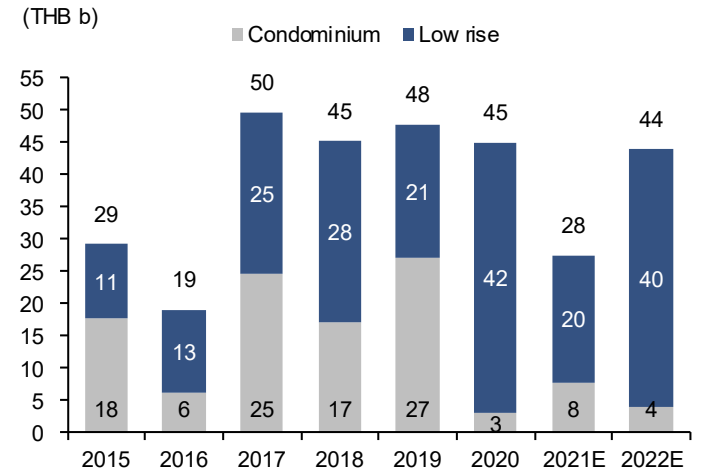
Sources: AP; FSSIA's compilation

## Exhibit 3: Quarterly presales



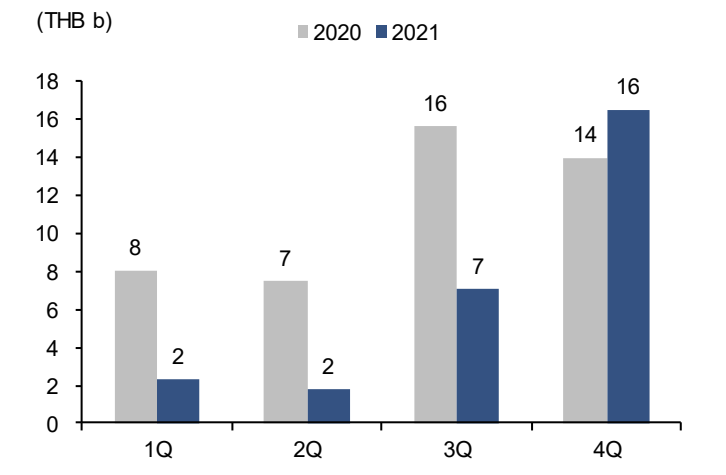
Sources: AP; FSSIA's compilation

**Exhibit 4: New launch plan**



Source: AP estimates

**Exhibit 5: Launch plan by quarter**



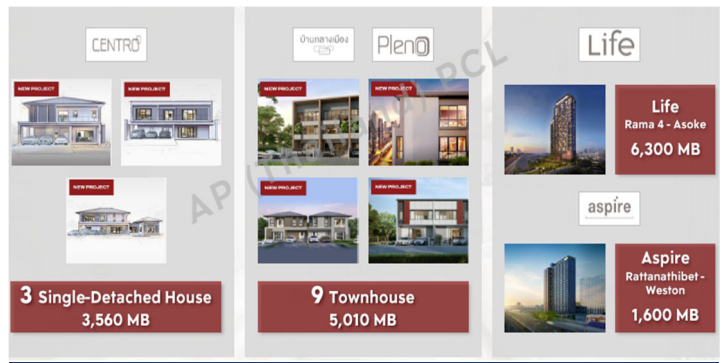
Sources: AP; FSSIA's compilation

**Exhibit 6: 3Q21 project launches**



Source: AP

**Exhibit 7: 4Q21 new project launches**



Source: AP

## Net profit and target price revisions

We revise up our 2021-23E net profit by 4.8-7.0% to reflect the solid GPM and stronger-than-expected performance in 9M21. Our earnings revisions also reflect our fine-tuned residential sales and transfer assumptions. We believe AP can maintain low-rise presales momentum in 2022 after gaining more market share from small to mid-level developers. It plans to launch new low-rise projects worth up to THB40b (vs THB19.7b in 2021). Meanwhile, its GPM should be in a rising trend following the higher GPM from new projects and low contributions from some townhouse projects, which have a lower margin.

We maintain BUY with a revised TP of THB11.6, pegged to 7.8x 2022E P/E, +1.0SD of its 5-year average. AP is still our top pick in the property sector as we believe 1) its solid presales outlook should continue; 2) its earnings could reach a record high in 2021-22; and 3) it has an undemanding valuation as it is trading at 6.0x 2022E P/E with a decent dividend yield at 5.8-5.9%. Moreover, the travel restriction easing could provide an upside risk to its high-rise presales, as high-rise previously accounted for c40% of total sales during the pre-Covid period (2015-19).

### Exhibit 8: Revised assumptions

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Residential sales	32,569	35,532	37,605	30,720	33,493	35,395	6.0	6.1	6.2
Residential sales growth (%)	9.0	9.1	5.8	2.8	9.0	5.7	6.2	0.1	0.2
Residential GPM (%)	32.0	31.7	33.0	31.5	31.4	32.5	0.5	0.3	0.5
SG&A to sales (%)	20.1	20.5	20.4	20.1	20.5	20.4	0.0	0.0	0.0
Equity income from JV	1,445	1,589	1,071	1,445	1,589	1,071	0.0	0.0	0.0
Earnings	4,494	4,688	4,766	4,230	4,471	4,455	6.3	4.8	7.0

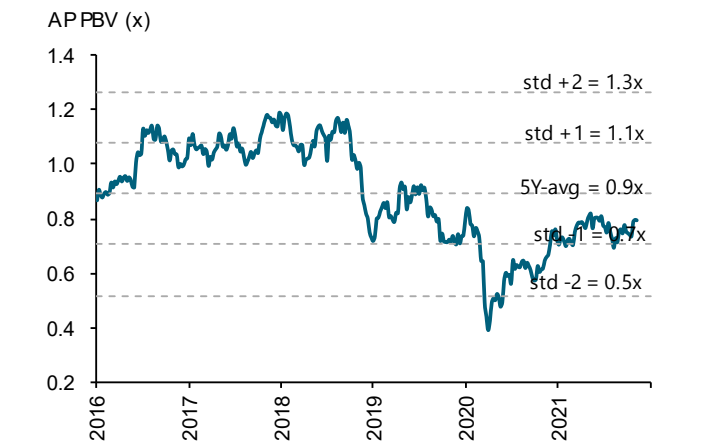
Note: Change of items in percentage terms are represented in ppt change  
Sources: FSSIA estimates

### Exhibit 9: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 10: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

### Exhibit 11: Key valuations of companies under coverage

	BBG	Rec	---Share price---		Up(down) side	Market Cap (USD m)	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			21E (%)	22E (%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (%)	22E (%)	21E (x)	22E (x)
AP (Thailand)	AP TB	BUY	8.90	11.60	30	854	6.3	4.3	6.2	6.0	5.6	5.9	14.6	13.8	0.9	0.8
Land and Houses	LH TB	BUY	8.50	10.50	24	3,099	13.4	13.7	13.7	12.0	6.1	7.0	14.9	16.9	2.0	2.0
LPN Development	LPN TB	HOLD	4.86	4.60	(5)	216	(40.2)	64.4	16.7	10.2	3.0	4.9	3.6	5.8	0.6	0.6
Pruksa Holding	PSH TB	BUY	13.50	15.00	11	902	(4.5)	30.4	11.2	8.6	6.8	8.8	6.1	8.0	0.7	0.7
Quality Houses	QH TB	HOLD	2.28	2.50	10	745	0.1	20.3	11.5	9.5	5.3	6.3	7.9	9.2	0.9	0.9
Supalai	SPALI TB	BUY	22.70	28.00	23	1,349	44.8	11.8	7.9	7.1	6.1	6.4	15.3	17.1	1.2	1.2
<b>Coverage</b>						<b>7,166</b>	<b>11.0</b>	<b>16.9</b>	<b>11.2</b>	<b>9.6</b>	<b>6.0</b>	<b>6.8</b>	<b>12.8</b>	<b>14.3</b>	<b>1.4</b>	<b>1.4</b>
Central Pattana	CPN TB	BUY	59.25	68.00	15	8,083	(22.8)	94.9	61.3	31.4	0.5	1.0	6.2	11.3	3.7	3.4

Share prices as of 9 Nov 2021  
Source: FSSIA estimates

## Exhibit 12: Schedule of condominium transfers as of 30 Sep 2021

Condo Projects	Project value	Total units	Units sold	Accumulated transfers 2020	21E	22E	23E	24E	25E	Launch year	Estimated transfer start	Estimated transfer finish
	(THB m)	(no.)	(%)	(%)	(%)	(%)	(%)	(%)	(%)			
Aspire Rattanaibet II	2,850	1,428	98	90	10					1Q13	1Q16	4Q21
Aspire Sathorn-Ratchaphreuk	3,000	1,049	100	99	1					1Q18	4Q18	Completed
Aspire Sukhumvit-Onnut Phase I	1,500	553	74	46	54					1Q19	1Q20	4Q21
Aspire Asoke-Ratchada	2,900	1,025	98	66	34					1Q19	3Q20	4Q21
Aspire Erawan Prime	3,200	1,275	36	0		35	35	30		4Q20	2Q22	4Q24
Aspire Rattanathibet - Weston	1,600	854				40	45	15		4Q21	4Q22	4Q24
<b>Total</b>	<b>15,050</b>	<b>6,184</b>	<b>81</b>									
<b>JV projects</b>												
Life Ladprao	8,300	1,615	97	87	13					2Q17	1Q20	4Q21
Life One Wireless	7,950	1,344	93	81	19					3Q17	4Q19	4Q21
Life Asoke - Rama 9	9,800	2,248	91	56	35	9				4Q17	3Q20	2Q22
Life Ladprao Valley	6,500	1,140	68	0	60	40				3Q18	3Q21	4Q22
Life Asoke -Hype	5,800	1,253	60	0	35	45	20			4Q18	2Q21	2Q23
Rhythm Ekkamai Estate	3,200	303	32	0		30	45	25		1Q19	3Q22	4Q24
The Address Siam-Ratchathewi	8,800	880	34	0			50	35	15	2Q19	2Q23	2Q25
Life Sathorn Sierra	6,300	1,971	51	0		45	40	15		3Q19	2Q22	3Q24
Rhythm Charoenkrung Pavillion	4,700	421	66	0		40	45	15		4Q19	4Q22	2Q24
Life Rama 4 - Asoke	6,300	1,237						40	60	4Q21	1Q24	4Q25
<b>Total of JV projects</b>	<b>67,650</b>	<b>12,412</b>	<b>72</b>									

Sources: AP; FSSIA's compilation

## Exhibit 13: Project launches in 2021 as of 30 Sep 2021

Project name	Area	Units	Project value	% units sold	Launch period
	(rai)	(no.)	(THB m)	(%)	
District Ramintra - Chatuchote	3	25	110	72	2Q21
Grande Pleno Phaholyothin - Vibhavadi	45	414	1,120		4Q21
Pleno Pinklao Charan 2	10	65	270		4Q21
Pleno Pinklao Charan 3	8	79	300		4Q21
Pleno Bangna Onnut 2	6	44	180		4Q21
Grande Pleno Bangna Onnut	13	82	410		4Q21
Baan Klang Muang Sukhumvit - Onnut	12	155	650		4Q21
Pleno Ratchapreuk - Sathorn	16	158	560		4Q21
Pleno Vibhavadi - Don Muang	27	235	890		4Q21
Baan Klang Muang The Edition Phaholyothin - Ramintra	11	64	630		4Q21
<b>Townhouse: 10 projects</b>			<b>5,120</b>		
Centro Phahol - Vibhavadi 2	50	249	1,250	38	2Q21
Centro Ratchapreuk - Suan Phak 3	11	43	400	53	2Q21
The City Pinklao - Boromratchachonnani 2	49	105	2,060	36	3Q21
The City Ramintra - Wongwaen	33	108	1,270	9	3Q21
Centro Vibhavadi	56	233	2,090	13	3Q21
Baan Klang Krung Sathupradit - Rama 3	2	13	400	31	3Q21
Centro Ratchapreuk 345	42	187	1,200	15	3Q21
Centro Pinklao	59	152	1,620		4Q21
Centro Donmuang - Chaengwattana	37	137	1,100		4Q21
Centro Bangna - Srinakarin	25	112	840		4Q21
<b>Single Detached House: 10 projects</b>			<b>12,230</b>		
Api Town Chiang Rai	43	155	900	10	1Q21
Api Town Ayutthaya	66	436	1,400	20	1Q21
<b>Upcountry: 2 projects</b>			<b>2,300</b>		
Life Rama 4 - Asoke (JV)	6	1,237	6,300		4Q21
Aspire Rattanathibet - Weston	4	854	1,600		4Q21
<b>Condo: 2 projects</b>			<b>7,900</b>		
<b>Total new launches: 24 projects</b>			<b>27,550</b>		

Sources: AP; FSSIA's compilation

## Financial Statements

AP (Thailand)

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	23,802	29,888	32,546	35,446	37,505
Cost of goods sold	(15,508)	(20,189)	(21,569)	(23,623)	(24,511)
<b>Gross profit</b>	<b>8,294</b>	<b>9,699</b>	<b>10,976</b>	<b>11,823</b>	<b>12,994</b>
Other operating income	0	0	0	0	0
Operating costs	(5,443)	(6,160)	(6,548)	(7,258)	(7,642)
<b>Operating EBITDA</b>	<b>2,851</b>	<b>3,540</b>	<b>4,428</b>	<b>4,565</b>	<b>5,351</b>
Depreciation	(118)	(269)	(135)	(151)	(166)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,732</b>	<b>3,270</b>	<b>4,293</b>	<b>4,414</b>	<b>5,185</b>
Net financing costs	(238)	(361)	(383)	(446)	(446)
Associates	1,009	1,948	1,445	1,589	1,071
Recurring non-operating income	1,074	2,006	1,508	1,658	1,145
Non-recurring items	77	0	0	0	0
<b>Profit before tax</b>	<b>3,645</b>	<b>4,915</b>	<b>5,418</b>	<b>5,626</b>	<b>5,885</b>
Tax	(581)	(690)	(924)	(939)	(1,119)
<b>Profit after tax</b>	<b>3,064</b>	<b>4,225</b>	<b>4,494</b>	<b>4,688</b>	<b>4,766</b>
Minority interests	4	1	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>3,068</b>	<b>4,227</b>	<b>4,494</b>	<b>4,688</b>	<b>4,766</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(77)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,991</b>	<b>4,227</b>	<b>4,494</b>	<b>4,688</b>	<b>4,766</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.95	1.34	1.43	1.49	1.51
Reported EPS	0.98	1.34	1.43	1.49	1.51
DPS	0.40	0.45	0.50	0.52	0.53
Diluted shares (used to calculate per share data)	3,146	3,146	3,146	3,146	3,146
<b>Growth</b>					
Revenue (%)	(12.7)	25.6	8.9	8.9	5.8
Operating EBITDA (%)	(23.4)	24.2	25.1	3.1	17.2
Operating EBIT (%)	(24.9)	19.7	31.3	2.8	17.5
Recurring EPS (%)	(24.4)	41.3	6.3	4.3	1.7
Reported EPS (%)	(22.6)	37.8	6.3	4.3	1.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	34.3	31.6	33.3	32.9	34.2
Gross margin of key business (%)	32.1	30.1	32.0	31.7	33.0
Operating EBITDA margin (%)	12.0	11.8	13.6	12.9	14.3
Operating EBIT margin (%)	11.5	10.9	13.2	12.5	13.8
Net margin (%)	12.6	14.1	13.8	13.2	12.7
Effective tax rate (%)	22.7	23.2	23.2	23.2	23.2
Dividend payout on recurring profit (%)	42.1	33.5	35.0	35.0	35.0
Interest cover (X)	16.0	14.6	15.1	13.6	14.2
Inventory days	1,069.3	866.5	883.5	938.3	953.7
Debtor days	2.4	1.5	0.9	0.9	0.9
Creditor days	39.7	32.3	31.8	31.3	32.2
Operating ROIC (%)	4.9	5.6	6.8	6.0	6.7
ROIC (%)	6.0	7.8	7.9	7.2	7.1
ROE (%)	11.8	15.2	14.6	13.8	12.8
ROA (%)	5.9	7.7	7.5	7.0	6.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2019	2020	2021E	2022E	2023E
Sales	22,679	28,949	31,546	34,416	36,423
Service income	1,123	939	1,000	1,030	1,082

Sources: AP (Thailand); FSSIA estimates

## Financial Statements

AP (Thailand)

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	2,991	4,227	4,494	4,688	4,766
Depreciation	118	269	135	151	166
Associates & minorities	0	0	0	0	0
Other non-cash items	(341)	(207)	(180)	(250)	(236)
Change in working capital	(8,333)	4,903	(12,085)	(4,351)	(1,562)
<b>Cash flow from operations</b>	<b>(5,565)</b>	<b>9,192</b>	<b>(7,636)</b>	<b>238</b>	<b>3,134</b>
Capex - maintenance	(150)	(174)	(174)	(174)	(174)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(1,010)	(1,574)	(158)	(169)	(131)
Other investments (net)	270	213	224	259	259
<b>Cash flow from investing</b>	<b>(890)</b>	<b>(1,536)</b>	<b>(108)</b>	<b>(84)</b>	<b>(46)</b>
Dividends paid	(1,258)	(1,416)	(1,573)	(1,641)	(1,668)
Equity finance	0	157	157	157	157
Debt finance	7,333	(4,228)	6,941	1,478	(1,543)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>6,074</b>	<b>(5,487)</b>	<b>5,525</b>	<b>(5)</b>	<b>(3,054)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(381)</b>	<b>2,170</b>	<b>(2,219)</b>	<b>149</b>	<b>33</b>
Free cash flow to firm (FCFF)	(6,207.67)	8,023.30	(7,356.81)	601.43	3,534.57
Free cash flow to equity (FCFE)	877.36	3,427.81	(803.00)	1,632.39	1,544.19

### Per share (THB)

FCFF per share	(1.97)	2.55	(2.34)	0.19	1.12
FCFE per share	0.28	1.09	(0.26)	0.52	0.49
Recurring cash flow per share	0.88	1.36	1.41	1.46	1.49

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	966	986	1,160	1,334	1,508
Less: Accumulated depreciation	(425)	(502)	(599)	(711)	(839)
<b>Tangible fixed assets (net)</b>	<b>541</b>	<b>484</b>	<b>561</b>	<b>623</b>	<b>669</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	5,453	6,462	6,462	6,462	6,462
Cash & equivalents	570	2,740	521	670	704
A/C receivable	169	80	87	94	100
Inventories	49,715	46,140	58,275	63,181	64,905
Other current assets	1,016	938	1,022	1,113	1,177
<b>Current assets</b>	<b>51,470</b>	<b>49,897</b>	<b>59,904</b>	<b>65,058</b>	<b>66,885</b>
Other assets	1,330	1,881	2,048	2,230	2,360
<b>Total assets</b>	<b>58,794</b>	<b>58,724</b>	<b>68,975</b>	<b>74,373</b>	<b>76,376</b>
Common equity	26,313	29,281	32,360	35,564	38,819
Minorities etc.	(17)	(18)	(18)	(18)	(18)
<b>Total shareholders' equity</b>	<b>26,296</b>	<b>29,263</b>	<b>32,342</b>	<b>35,546</b>	<b>38,801</b>
Long term debt	14,927	15,666	21,026	22,051	20,981
Other long-term liabilities	514	538	586	638	676
<b>Long-term liabilities</b>	<b>15,441</b>	<b>16,204</b>	<b>21,612</b>	<b>22,690</b>	<b>21,656</b>
A/C payable	1,753	1,824	1,936	2,120	2,201
Short term debt	12,680	7,713	9,293	9,747	9,273
Other current liabilities	2,623	3,719	3,792	4,270	4,444
<b>Current liabilities</b>	<b>17,057</b>	<b>13,256</b>	<b>15,021</b>	<b>16,137</b>	<b>15,918</b>
<b>Total liabilities and shareholders' equity</b>	<b>58,794</b>	<b>58,724</b>	<b>68,975</b>	<b>74,373</b>	<b>76,376</b>
Net working capital	46,524	41,614	53,655	57,997	59,537
Invested capital	53,847	50,441	62,727	67,312	69,028

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

### Per share (THB)

Book value per share	8.36	9.31	10.29	11.30	12.34
Tangible book value per share	8.36	9.31	10.29	11.30	12.34

### Financial strength

Net debt/equity (%)	102.8	70.5	92.1	87.6	76.2
Net debt/total assets (%)	46.0	35.1	43.2	41.9	38.7
Current ratio (x)	3.0	3.8	4.0	4.0	4.2
CF interest cover (x)	4.7	10.5	(1.1)	4.7	4.5

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>9.4</b>	<b>6.6</b>	<b>6.2</b>	<b>6.0</b>	<b>5.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>12.2</b>	<b>8.6</b>	<b>8.1</b>	<b>7.8</b>	<b>7.7</b>
Reported P/E (x)	9.1	6.6	6.2	6.0	5.9
Dividend yield (%)	4.5	5.1	5.6	5.9	6.0
Price/book (x)	1.1	1.0	0.9	0.8	0.7
Price/tangible book (x)	1.1	1.0	0.9	0.8	0.7
EV/EBITDA (x) **	19.3	13.7	13.0	12.9	10.8
EV/EBITDA @ target price (x) **	22.3	16.1	15.0	14.8	12.3
EV/invested capital (x)	1.0	1.0	0.9	0.9	0.8

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

Sources: AP (Thailand); FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

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\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

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#### Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
AP (Thailand)	AP TB	THB 8.90	BUY	Downside risks to our P/E based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
Land and Houses	LH TB	THB 8.50	BUY	Key risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
LPN Development	LPN TB	THB 4.86	HOLD	Upside risks to our P/E based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Prukha Holding	PSH TB	THB 13.50	BUY	Key downside risks to our P/E based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Quality Houses	QH TB	THB 2.28	HOLD	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin. Key upside risks are a better-than-expected take-up rate of new launches, profitability expansions and faster-than-expected asset turnovers.
Supalai	SPALI TB	THB 22.70	BUY	Downside risks to our P/E derived TP are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.
Central Pattana	CPN TB	THB 59.25	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Nov-2021 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.