

# AP (THAILAND) AP TB

## THAILAND / PROPERTY DEVELOPMENT

# BUY

UNCHANGED

### คาดการณ์ 1Q23 เติบโต q-q

- ยอดขาย 1Q23 จะลดตัว แต่แนวโน้มจะเร่งขึ้นตั้งแต่ 2Q23 เป็นต้นไป
- ประเมินกำไรสุทธิ 1Q23 ขยายตัว 25% q-q แต่ลดลง 17% y-y จากฐานสูงใน 1Q22
- คงแนะนำซื้อ ราคาเป้าหมาย 14 บาท (อิง 7x 2023E P/E) และคาดการณ์ปี 2023 ทำสถิติสูงสุดติดต่อกันเป็นปีที่ 4

TARGET PRICE	THB14.00
CLOSE	THB12.60
UP/DOWNSIDE	+11.1%
PRIOR TP	THB14.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.9%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	38,539	42,223	43,979	45,724
Net profit	5,877	6,274	6,450	6,568
EPS (THB)	1.87	1.99	2.05	2.09
vs Consensus (%)	-	1.6	-	0.0
EBITDA	6,107	6,627	6,894	7,178
Core net profit	5,874	6,274	6,450	6,568
Core EPS (THB)	1.87	1.99	2.05	2.09
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	29.3	6.8	2.8	1.8
Core P/E (x)	6.7	6.3	6.1	6.0
Dividend yield (%)	5.2	5.5	5.6	5.7
EV/EBITDA (x)	10.0	8.8	8.5	7.9
Price/book (x)	1.1	1.0	0.9	0.8
Net debt/Equity (%)	58.5	46.4	41.5	34.8
ROE (%)	17.0	16.2	15.0	13.9

### ยอดขาย 1Q23 อ่อนตัว ตามการเปิดโครงการใหม่ที่ลดลง

แม้ว่ายอดขายของ AP ใน 1Q23 จะลดลง 15% q-q และ y-y อยู่ที่ 11 พันลบ. แต่เรามองว่าตัวเลขดังกล่าวยังอยู่ในระดับที่ดี ยอดขายที่ลดลงมีสาเหตุจากการเปิดโครงการใหม่ที่น้อยลงเป็นเพียง 4 โครงการแนวราบ มูลค่ารวม 4.2 พันลบ. (ทำยอดขายได้เฉลี่ย 28%) เทียบกับ 26 พันลบ. ใน 4Q22 และ 9 พันลบ. ใน 1Q22 โดยยอดขายแบ่งเป็น 74% จากแนวราบและ 26% จากคอนโด ยอดขายแนวราบลดลงเหลือ 8.2 พันลบ. (-19% q-q, -24% y-y) ตามโครงการใหม่ที่น้อยลง ในขณะที่ยอดขายคอนโดอยู่ที่ 2.8 พันลบ. (-2% q-q, +32% y-y) โดยได้ปัจจัยหนุนจากยอดขายโครงการพร้อมอยู่ที่ปรับตัวดีขึ้น ทั้งนี้ ยอดขาย 1Q23 คิดเป็น 19% ของเป้าหมายทั้งปีของบริษัทฯ ที่ 58 พันลบ. (+15% y-y)

### คาดการณ์ 1Q23 เติบโต q-q แต่ลดลง y-y

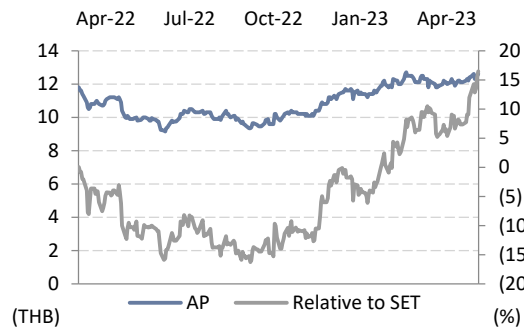
เราคาดกำไรสุทธิ 1Q23 ที่ 1.4 พันลบ. (+25% q-q, -17% y-y) การลดลง y-y จากฐานที่สูงใน 1Q22 ซึ่งยอดโอนทำสถิติสูงสุดใหม่ อย่างไรก็ดี ผลประกอบการ 1Q23 เพิ่มขึ้น q-q หลักๆจากการรับรู้ Backlog แนวราบต่อเนื่อง รวมถึงการเริ่มโอนคอนโดใหม่เพิ่ม 2 โครงการอย่าง Aspire Rattanathibet-Weston (1.6 พันลบ., ขายได้ 29%) และ Rhythm Charoenkrung Pavillion (JV) (4.7 พันลบ., ขายได้ 71%) เราคาดยอดโอน 1Q23 ที่ 9.2 พันลบ. (+7% q-q, -13% y-y) แบ่งเป็นแนวราบ 95% และคอนโด 5% ส่วนอัตรากำไรขั้นต้นขายอสังหาริมทรัพย์เร่งขึ้นเป็น 35% (เทียบกับ 33.7% ใน 4Q22) สูงสุดในรอบ 10 ปี ผลักดันจากโครงการแนวราบที่เปิดตัวในปี 2022 ซึ่งได้รับผลตอบรับดี

### การเปิดตัวโครงการใหม่จะเร่งขึ้นตั้งแต่ 2Q23 เป็นต้นไป

หากงบ 1Q23 เป็นไปตามที่เราคาดการณ์ กำไร 1Q23 จะคิดเป็น 23% ของประมาณการทั้งปีของเรา ประเมินกำไร 2Q23 อยู่ในเกณฑ์ดีและโมเมนตัมจะเด่นขึ้น h-h ในช่วง 2H23 หนุนจากการรับรู้ Backlog แนวราบที่ยกมาจากสิ้น 1Q23 คาด 14 พันลบ. บวกกับคอนโดสร้างเสร็จใหม่ 2 โครงการใน 3Q23 นอกจากนี้ AP ยังวางแผนเปิดตัวโครงการแนวราบใหม่อีกเป็นจำนวนมาก รวมมูลค่า 19 พันลบ. ใน 2Q23 และ 42 พันลบ. ในช่วง 2H23 (เทียบกับ 4.2 พันลบ. ใน 1Q23)

### คงราคาเป้าหมายและคำแนะนำซื้อ

เราคงประมาณการกำไรสุทธิปี 2023 ที่ 6.3 พันลบ. (+7% y-y) ทำสถิติสูงสุดติดต่อกันเป็นปีที่ 4 และคงราคาเป้าหมายที่ 14 บาท ระยะสั้นคาดว่าหุ้นมีปัจจัยหนุนจากเงินปันผลงวด 2H22 ที่ 0.65 บาท/หุ้น ซึ่งให้อัตราผลตอบแทน 5.2% ขึ้น XD ในวันที่ 9 พ.ค. 2023



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.3	8.6	5.9
Relative to country (%)	8.7	19.7	15.5
Mkt cap (USD m)	1,161		
3m avg. daily turnover (USD m)	7.0		
Free float (%)	66		
Major shareholder	Mr. Anuphong Assavabhokhin (21%)		
12m high/low (THB)	12.80/9.00		
Issued shares (m)	3,145.90		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 2 พฤษภาคม 2023

## Investment thesis

Management has revealed an aggressive 2023 business plan that targets 1) 58 new project launches worth THB77.0b (+21% y-y) comprising 85% low-rise and 15% condos; 2) presales of THB58.0b (+15% y-y), split 78:22 between low-rise and condo projects; and 3) transfer revenue (including 100% JV) of THB56.3b. In particular, AP will focus more on the luxury market. It will also expand to five new provinces by launching five low-rise projects.

AP's strengths are its flexible and well-diversified portfolio. It covers both low-rise and condo projects in every market segment, both in Bangkok and in provinces with high potential growth.

## Company profile

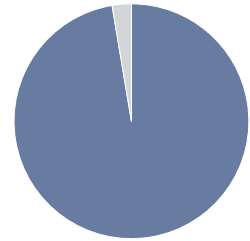
Founded by Mr Anuphong Assavabhokhin and Mr Pichet Vipavasuphakorn in 1991, AP was listed in 2000 after being merged with PCM Precast Floors Plc, which was founded by Land & Houses Plc (LH). AP has no cross shareholdings with LH.

AP operates a property development business offering single-detached house (SDH), townhouse, duplex, home, and condominium projects, in residential areas in metropolitan Bangkok and the provinces.

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

## Principal activities (revenue, 2022)

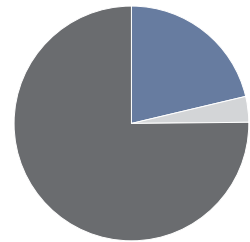
- Sales - 97.4 %
- Service income - 2.6 %



Source: AP (Thailand)

## Major shareholders

- Mr. Anuphong Assavabhokhin - 21.3 %
- Vipavasuphakorn Family - 3.5 %
- Others - 75.2 %



Source: AP (Thailand)

## Catalysts

Key potential growth drivers include:

- 1) The success of new launches in the low-rise segment;
- 2) Higher-than-expected take-up rates for new condominiums;
- 3) The potential for provincial projects.

## Risks to our call

Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing.

## Event calendar

Date	Event
9 May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Transfer revenue (THB m)	41,107	42,841	44,563
Service income (THB m)	1,116	1,138	1,161
Property GPM (%)	32.9	32.9	32.9
GPM (%)	34.1	34.1	34.1
SG&A to sales (%)	18.8	18.8	18.8

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 3.7%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 2.7%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 2.7%, and vice versa, all else being equal.

Source: FSSIA estimates

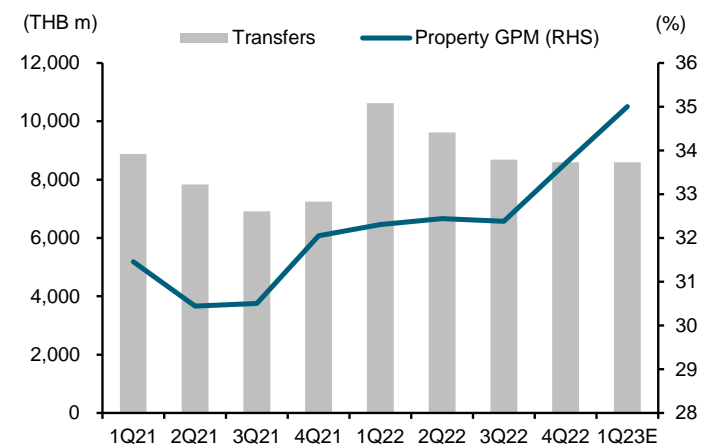


## Exhibit 1: 1Q23 results preview

	1Q22	2Q22	3Q22	4Q22	1Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	10,849	9,862	8,982	8,846	9,450	7	(13)
Gross profit	3,616	3,313	3,046	3,090	3,410	10	(6)
SG&A	(1,709)	(1,715)	(1,805)	(2,020)	(1,852)	n/a	n/a
Operating profit	1,907	1,598	1,241	1,070	1,558	46	(18)
Other income	9	18	122	14	10	(31)	8
Interest expense	(28)	(14)	(18)	(45)	(40)	n/a	n/a
Profit before tax	1,883	1,508	1,345	1,134	1,528	35	(19)
Tax	(400)	(312)	(251)	(267)	(321)	n/a	n/a
Associates	247	378	324	284	234	(17)	(5)
Reported net profit	1,730	1,574	1,419	1,155	1,441	25	(17)
Normalised profit	1,730	1,574	1,419	1,151	1,441	25	(17)
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	32.3	32.4	32.4	33.7	35.0	1.3	2.7
Gross margin	33.3	33.6	33.9	34.9	36.1	1.2	2.8
Operating margin	17.6	16.2	13.8	12.1	16.5	4.4	(1.1)
Net profit margin	15.9	16.0	15.8	13.1	15.3	2.2	(0.7)
Normalised profit margin	15.9	16.0	15.8	13.0	15.3	2.2	(0.7)
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>
<b>Property transfers</b>	<b>10,621</b>	<b>9,620</b>	<b>8,689</b>	<b>8,592</b>	<b>9,200</b>	<b>7</b>	<b>(13)</b>
-- Low-rise	9,768	9,139	8,384	8,314	8,740	5	(11)
-- High-rise	853	481	305	278	460	65	(46)
<b>Presales</b>	<b>12,959</b>	<b>12,572</b>	<b>11,924</b>	<b>12,960</b>	<b>11,016</b>	<b>(15)</b>	<b>(15)</b>
-- Low-rise	10,798	9,774	8,354	10,049	8,172	(19)	(24)
-- High-rise	2,161	2,798	3,570	2,911	2,844	(2)	32

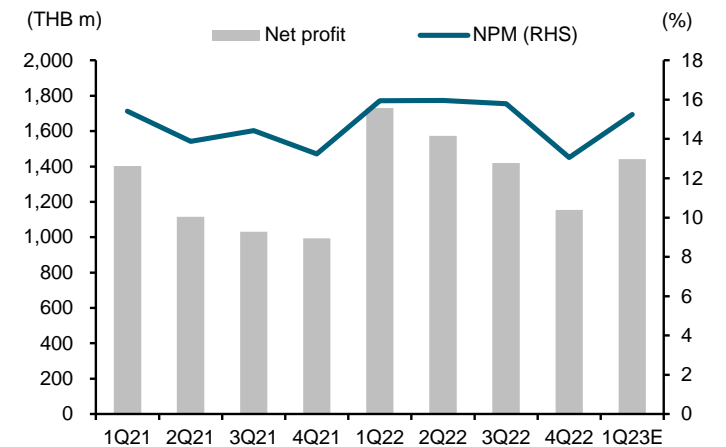
Sources: AP; FSSIA estimates

## Exhibit 2: Quarterly transfers and property GPM



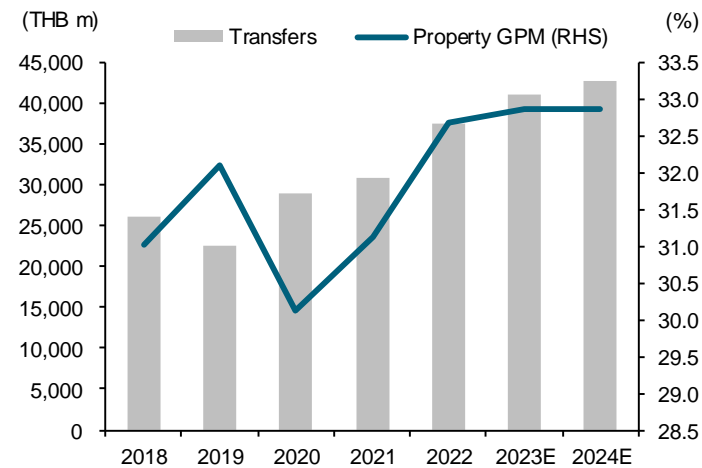
Sources: AP; FSSIA estimates

## Exhibit 3: Quarterly net profit and NPM



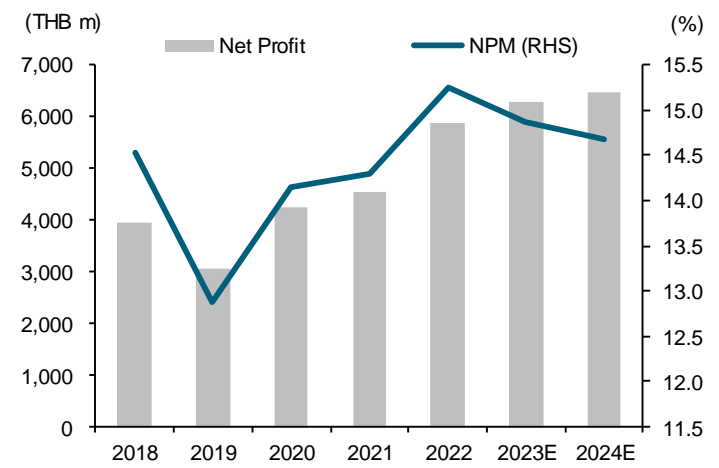
Sources: AP; FSSIA estimates

**Exhibit 4: Yearly transfers and property GPM**



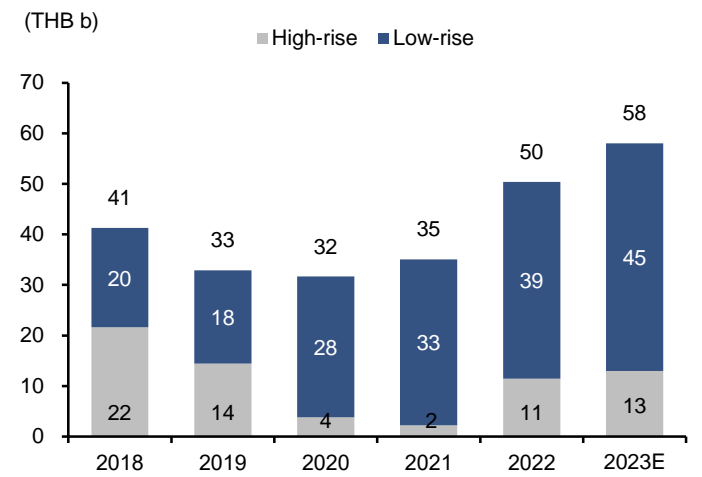
Sources: AP; FSSIA estimates

**Exhibit 5: Yearly net profit and NPM**



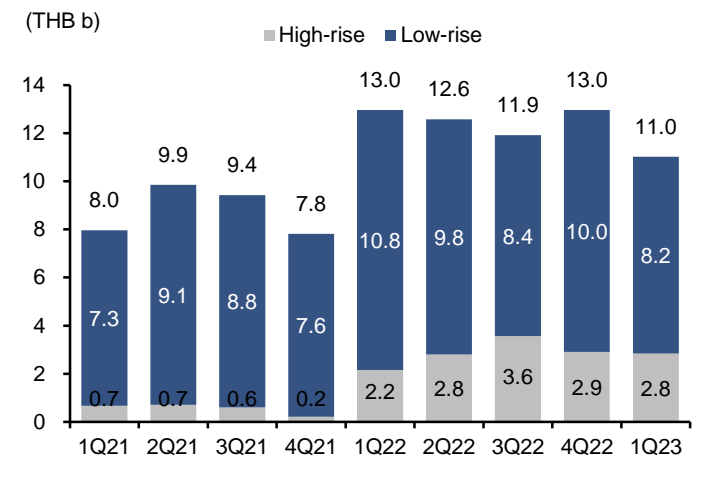
Sources: AP; FSSIA estimates

**Exhibit 6: Yearly presales and 2023 target**



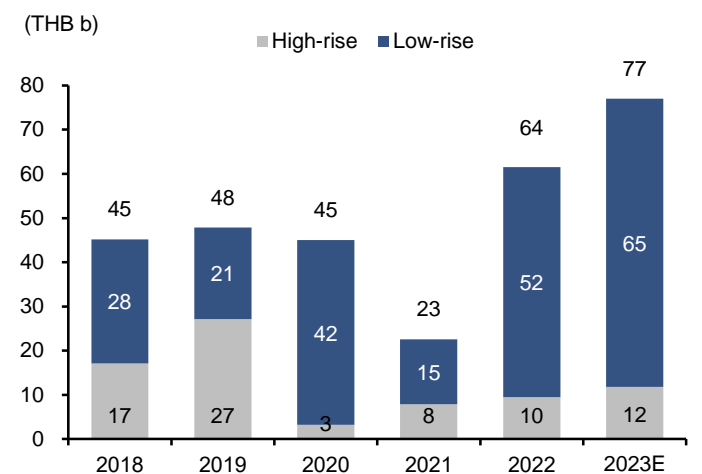
Sources: AP; FSSIA's compilation

**Exhibit 7: Quarterly presales**



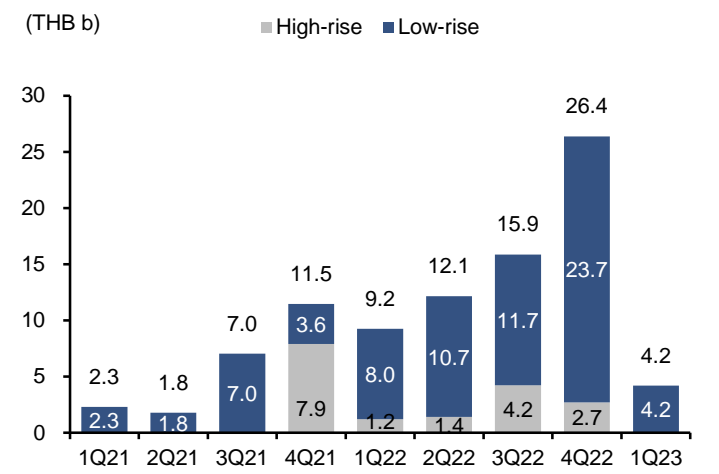
Sources: AP; FSSIA's compilation

**Exhibit 8: Yearly planned new launches**



Sources: AP; FSSIA's compilation

**Exhibit 9: Quarterly new launches**



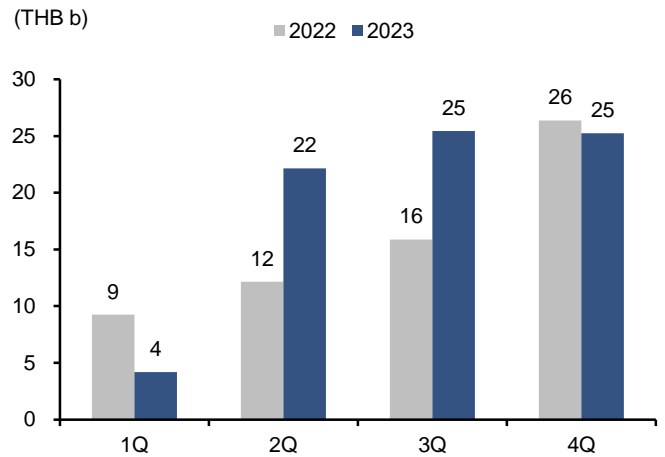
Sources: AP; FSSIA's compilation

Exhibit 10: New projects in 1Q23



Source: AP

Exhibit 11: New launch plans by quarter



Sources: AP; FSSIA's compilation

Exhibit 12: New condos in 2023



Source: AP

Exhibit 13: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 15: Peer comparisons as of 28 April 2023

Company	BBG	Rec	Market	3Y EPS		PE		DivYld		ROE		PBV	
				Cap	CAGR	23E	24E	23E	24E	23E	24E	23E	24E
			(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)	
<b>Thailand</b>													
Assetwise	ASW TB	BUY	198	18	6.6	6.3	6.8	7.1	17.6	17.5	1.1	1.1	
Noble Development	NOBLE TB	BUY	197	59	6.3	5.9	9.5	10.2	17.3	17.3	1.1	1.0	
SC Asset Corp	SC TB	BUY	542	2	6.9	6.7	5.8	5.9	11.7	11.3	0.8	0.7	
Supalai	SPALI TB	BUY	1,213	(5)	5.8	5.6	6.8	6.9	14.7	13.9	0.8	0.7	
Sansiri	SIRI TB	BUY	882	(0)	7.2	7.1	7.2	7.3	10.1	9.7	0.7	0.7	
AP Thailand	AP TB	BUY	1,161	4	6.3	6.1	5.5	5.6	16.2	15.0	1.0	0.9	
Britania	BRI TB	BUY	290	20	6.7	6.1	6.3	6.9	28.1	26.2	1.7	1.5	
Origin Property	ORI TB	BUY	860	13	8.7	7.8	6.3	6.4	17.5	18.0	1.5	1.3	
Land & Houses	LH TB	n/a	3,432	9	13.0	12.3	6.5	6.9	17.0	17.4	2.2	2.1	
LPN Development	LPN TB	n/a	195	30	11.5	10.3	5.1	5.7	4.9	5.5	0.5	0.5	
Pruksa Holding	PSH TB	n/a	795	6	9.7	9.7	7.4	7.5	6.3	6.2	0.6	0.6	
Quality Houses	QH TB	n/a	741	16	10.3	9.4	6.3	6.7	8.8	9.1	0.9	0.8	
<b>Average</b>			<b>10,506</b>	<b>7</b>	<b>8.3</b>	<b>7.8</b>	<b>6.6</b>	<b>6.9</b>	<b>14.2</b>	<b>13.9</b>	<b>1.1</b>	<b>1.0</b>	

Sources: Bloomberg; FSSIA estimates

## Financial Statements

AP (Thailand)

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	31,794	38,539	42,223	43,979	45,724
Cost of goods sold	(21,204)	(25,184)	(27,658)	(28,817)	(29,950)
<b>Gross profit</b>	<b>10,590</b>	<b>13,355</b>	<b>14,565</b>	<b>15,162</b>	<b>15,774</b>
Other operating income	0	0	0	0	0
Operating costs	(5,828)	(7,248)	(7,938)	(8,268)	(8,596)
<b>Operating EBITDA</b>	<b>4,763</b>	<b>6,107</b>	<b>6,627</b>	<b>6,894</b>	<b>7,178</b>
Depreciation	(279)	(291)	(168)	(185)	(202)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,484</b>	<b>5,816</b>	<b>6,458</b>	<b>6,709</b>	<b>6,976</b>
Net financing costs	(248)	(99)	(115)	(136)	(128)
Associates	999	1,233	1,151	1,130	1,024
Recurring non-operating income	1,175	1,385	1,211	1,208	1,106
Non-recurring items	0	4	0	0	0
<b>Profit before tax</b>	<b>5,411</b>	<b>7,106</b>	<b>7,555</b>	<b>7,780</b>	<b>7,954</b>
Tax	(869)	(1,230)	(1,281)	(1,330)	(1,386)
<b>Profit after tax</b>	<b>4,542</b>	<b>5,876</b>	<b>6,274</b>	<b>6,450</b>	<b>6,568</b>
Minority interests	0	1	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>4,542</b>	<b>5,877</b>	<b>6,274</b>	<b>6,450</b>	<b>6,568</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,542</b>	<b>5,874</b>	<b>6,274</b>	<b>6,450</b>	<b>6,568</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.44	1.87	1.99	2.05	2.09
Reported EPS	1.44	1.87	1.99	2.05	2.09
DPS	0.50	0.65	0.70	0.71	0.72
Diluted shares (used to calculate per share data)	3,146	3,146	3,146	3,146	3,146
<b>Growth</b>					
Revenue (%)	6.4	21.2	9.6	4.2	4.0
Operating EBITDA (%)	34.6	28.2	8.5	4.0	4.1
Operating EBIT (%)	37.1	29.7	11.0	3.9	4.0
Recurring EPS (%)	7.5	29.3	6.8	2.8	1.8
Reported EPS (%)	7.5	29.4	6.7	2.8	1.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	32.4	33.9	34.1	34.1	34.1
Gross margin of key business (%)	31.1	32.7	32.9	32.9	32.9
Operating EBITDA margin (%)	15.0	15.8	15.7	15.7	15.7
Operating EBIT margin (%)	14.1	15.1	15.3	15.3	15.3
Net margin (%)	14.3	15.2	14.9	14.7	14.4
Effective tax rate (%)	19.7	20.2	20.0	20.0	20.0
Dividend payout on recurring profit (%)	34.6	34.8	35.0	34.5	34.5
Interest cover (X)	22.8	72.7	66.9	58.2	63.2
Inventory days	804.9	743.8	724.4	714.3	725.9
Debtor days	1.1	1.1	1.2	1.4	1.4
Creditor days	36.8	41.0	41.4	39.6	39.7
Operating ROIC (%)	8.3	9.7	10.2	10.3	10.1
ROIC (%)	8.8	10.3	10.3	10.2	9.8
ROE (%)	14.7	17.0	16.2	15.0	13.9
ROA (%)	8.0	9.3	9.2	9.1	8.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	30,879	37,522	41,107	42,841	44,563
Service income	915	1,017	1,116	1,138	1,161

Sources: AP (Thailand); FSSIA estimates



## Financial Statements

AP (Thailand)

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	4,542	5,874	6,274	6,450	6,568
Depreciation	279	291	168	185	202
Associates & minorities	-	-	-	-	-
Other non-cash items	0	4	0	0	0
Change in working capital	(1,046)	(6,585)	93	(3,544)	(2,405)
<b>Cash flow from operations</b>	<b>3,775</b>	<b>(417)</b>	<b>6,535</b>	<b>3,092</b>	<b>4,365</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(941)	(179)	(1,805)	(592)	(606)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(941)</b>	<b>(179)</b>	<b>(1,805)</b>	<b>(592)</b>	<b>(606)</b>
Dividends paid	(1,382)	(1,572)	(2,196)	(2,225)	(2,266)
Equity finance	0	0	0	0	0
Debt finance	(2,122)	1,749	(1,915)	17	(1,332)
Other financing cash flows	0	(1)	0	0	0
<b>Cash flow from financing</b>	<b>(3,504)</b>	<b>176</b>	<b>(4,111)</b>	<b>(2,209)</b>	<b>(3,598)</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>(670)</b>	<b>(420)</b>	<b>620</b>	<b>291</b>	<b>160</b>
Free cash flow to firm (FCFF)	3,088.77	(491.91)	4,847.51	2,637.76	3,888.07
Free cash flow to equity (FCFE)	711.53	1,152.31	2,815.93	2,516.51	2,426.31

### Per share (THB)

FCFF per share	0.98	(0.16)	1.54	0.84	1.24
FCFE per share	0.23	0.37	0.90	0.80	0.77
Recurring cash flow per share	1.53	1.96	2.05	2.11	2.15

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,841	1,904	1,455	1,527	1,599
Less: Accumulated depreciation	(279)	(291)	(168)	(185)	(202)
<b>Tangible fixed assets (net)</b>	<b>1,562</b>	<b>1,614</b>	<b>1,286</b>	<b>1,341</b>	<b>1,396</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	1
Invest. in associates & subsidiaries	6,645	6,481	8,445	8,796	9,145
Cash & equivalents	2,070	1,650	2,270	2,561	2,722
A/C receivable	118	104	169	176	183
Inventories	47,379	55,261	54,527	58,264	60,855
Other current assets	1,386	1,874	1,689	1,759	1,829
<b>Current assets</b>	<b>50,953</b>	<b>58,889</b>	<b>58,655</b>	<b>62,760</b>	<b>65,589</b>
Other assets	1,250	1,243	1,478	1,539	1,600
<b>Total assets</b>	<b>60,409</b>	<b>68,227</b>	<b>69,863</b>	<b>74,437</b>	<b>77,731</b>
Common equity	32,442	36,747	40,825	45,050	49,353
Minorities etc.	(18)	(19)	(19)	(19)	(19)
<b>Total shareholders' equity</b>	<b>32,423</b>	<b>36,728</b>	<b>40,806</b>	<b>45,031</b>	<b>49,334</b>
Long term debt	15,024	15,284	15,805	9,564	8,919
Other long-term liabilities	523	675	612	638	663
<b>Long-term liabilities</b>	<b>15,546</b>	<b>15,959</b>	<b>16,418</b>	<b>10,202</b>	<b>9,582</b>
A/C payable	2,449	3,211	3,061	3,190	3,317
Short term debt	6,352	7,841	5,405	11,663	10,976
Other current liabilities	3,637	4,487	4,174	4,350	4,523
<b>Current liabilities</b>	<b>12,439</b>	<b>15,539</b>	<b>12,640</b>	<b>19,204</b>	<b>18,815</b>
<b>Total liabilities and shareholders' equity</b>	<b>60,409</b>	<b>68,227</b>	<b>69,863</b>	<b>74,437</b>	<b>77,731</b>
Net working capital	42,796	49,540	49,150	52,658	55,028
Invested capital	52,253	58,878	60,358	64,335	67,170

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

### Per share (THB)

Book value per share	10.31	11.68	12.98	14.32	15.69
Tangible book value per share	10.31	11.68	12.98	14.32	15.69

### Financial strength

Net debt/equity (%)	59.5	58.5	46.4	41.5	34.8
Net debt/total assets (%)	32.0	31.5	27.1	25.1	22.1
Current ratio (x)	4.1	3.8	4.6	3.3	3.5
CF interest cover (x)	7.7	14.4	41.3	23.9	24.7

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>8.7</b>	<b>6.7</b>	<b>6.3</b>	<b>6.1</b>	<b>6.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.7</b>	<b>7.5</b>	<b>7.0</b>	<b>6.8</b>	<b>6.7</b>
Reported P/E (x)	8.7	6.7	6.3	6.1	6.0
Dividend yield (%)	4.0	5.2	5.5	5.6	5.7
Price/book (x)	1.2	1.1	1.0	0.9	0.8
Price/tangible book (x)	1.2	1.1	1.0	0.9	0.8
EV/EBITDA (x) **	12.4	10.0	8.8	8.5	7.9
EV/EBITDA @ target price (x) **	13.3	10.7	9.5	9.1	8.5
EV/invested capital (x)	1.1	1.0	1.0	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

## Public disclosures related to sustainable development evaluation of Thai listed companies

[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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of 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.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
AP (Thailand)	AP TB	THB 12.60	BUY	Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing.
Assetwise	ASW TB	THB 7.90	BUY	Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs.
Noble Development	NOBLE TB	THB 4.90	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; 4) delays in construction work and transfers; and 5) fierce competition.
SC Asset Corporation	SC TB	THB 4.34	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) weak purchasing power; 3) cancellation of presales; 4) bank loan rejections; and 5) construction delays.
Supalai	SPALI TB	THB 21.20	BUY	Downside risks to our P/E derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and weak take-up rates and reduced pricing power from rising competition.
Sansiri	SIRI TB	THB 1.90	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E.
Britania	BRI TB	THB 11.60	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.
Origin Property	ORI TB	THB 11.80	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

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 28-Apr-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / 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.