

**Frasers Property (TH) (FPT TB) - SELL, Price Bt12.10, TP Bt10.40****Results Comment**

Rata Limsuthiwanpoom | Email: rata.lim@thanachartsec.co.th

**Weak 4QFY21 result, below expectation**

- FPT reported normalized profit of only Bt161m in 4QFY21 (ending September 2021), falling by 88% y-y and 63% q-q. This was weaker than expected with full-year profit accounting only 83% of our FY21 projection.
- Key draggers for 4QFY21 were 1) falling asset sales to REITs y-y; 2) falling land transfer revenue and margin; 3) falling rental income from office and industrial assets and 4) loss contribution from equity investment.
- Residential business (75% of revenue): revenue fell 35% y-y and 23% q-q in 4QFY21 due to softened purchasing power and rising rejection rate for housing loan. Gross margin fell to 17.0% in 4QFY21 from 22.9% in 4QFY20 and 26.7% in 3QFY21.
- Rental businesses (23% of total revenue): revenue decreased by 23% y-y and 3% q-q. Apart from impact of new accounting TFRS 16, actual rental income fall from 1) office asset due to falling renewal rate as one building is approaching leasehold expiration and 2) warehouse/factory assets due to falling space after selling to FTREIT in the quarter.
- Equity income turned into loss due to loss contribution from its commercial asset impact by COVID-lockdown and data center project.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Sep (Bt m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	(Bt m)	q-q%	y-y%	% 2021F	2022F	2023F
Revenue	4,428	3,839	3,918	3,721	3,019	Revenue	(19)	(32)	91	18,587	21,164
<b>Gross profit</b>	<b>1,168</b>	<b>1,182</b>	<b>1,298</b>	<b>1,193</b>	<b>731</b>	<b>Gross profit</b>	<b>(39)</b>	<b>(37)</b>	<b>84</b>	<b>6,139</b>	<b>7,092</b>
SG&A	358	701	873	645	542	SG&A	(16)	51	92	3,309	3,534
Operating profit	810	481	426	548	189	Operating profit	(66)	(77)	73	2,831	3,558
<b>EBITDA</b>	<b>1,079</b>	<b>747</b>	<b>662</b>	<b>819</b>	<b>461</b>	<b>EBITDA</b>	<b>(44)</b>	<b>(57)</b>	<b>72</b>	<b>4,376</b>	<b>5,181</b>
Other income	1,417	293	347	77	412	Other income	432	(71)	108	1,096	1,133
Other expense	0	0	0	0	0	Other expense					
Interest expense	292	274	269	258	264	Interest expense	2	(10)	85	1,362	1,470
<b>Profit before tax</b>	<b>1,935</b>	<b>501</b>	<b>503</b>	<b>368</b>	<b>337</b>	<b>Profit before tax</b>	<b>(8)</b>	<b>(83)</b>	<b>84</b>	<b>2,565</b>	<b>3,221</b>
Income tax	329	52	123	73	40	Income tax	(46)	(88)	71	513	644
Equity & invest. income	(244)	(3)	37	141	(143)	Equity & invest. income	na	na	18	313	404
Minority interests	4	3	6	4	7	Minority interests	75	82	(46)	(49)	(56)
Extraordinary items	(80)	0	93	24	(3)	Extraordinary items					
<b>Net profit</b>	<b>1,286</b>	<b>449</b>	<b>516</b>	<b>463</b>	<b>158</b>	<b>Net profit</b>	<b>(66)</b>	<b>(88)</b>	<b>90</b>	<b>2,316</b>	<b>2,925</b>
<b>Normalized profit</b>	<b>1,366</b>	<b>449</b>	<b>423</b>	<b>440</b>	<b>161</b>	<b>Normalized profit</b>	<b>(63)</b>	<b>(88)</b>	<b>83</b>	<b>2,316</b>	<b>2,925</b>
EPS (Bt)	0.55	0.19	0.22	0.20	0.07	EPS (Bt)	(66)	(88)	90	1.00	1.26
Normalized EPS (Bt)	0.59	0.19	0.18	0.19	0.07	Normalized EPS (Bt)	(63)	(88)	83	1.00	1.26
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Sep (Bt m)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	(%)	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21
Cash & ST investment	2,581	1,738	1,229	1,129	975	Sales growth	(10.1)	(16.7)	(14.3)	(22.3)	(31.8)
A/C receivable	484	2,338	356	533	367	Operating profit growth	1.4	(26.2)	(30.9)	(9.3)	(76.7)
Inventory	32,878	33,422	33,282	32,567	32,356	EBITDA growth	0.7	(20.7)	(23.1)	(6.0)	(57.3)
Other current assets	2,544	2,224	1,793	1,735	1,346	Norm profit growth	14.2	58.9	(7.0)	44.5	(88.2)
Investment	13,658	13,804	16,016	16,193	15,814	Norm EPS growth	(0.7)	38.1	(19.1)	25.7	(88.2)
Fixed assets	36,910	35,027	36,868	39,204	39,167	Gross margin	26.4	30.8	33.1	32.1	24.2
Other assets	4,131	2,948	2,698	2,617	2,611	Operating margin	18.3	12.5	10.9	14.7	6.3
<b>Total assets</b>	<b>93,186</b>	<b>91,500</b>	<b>92,242</b>	<b>93,978</b>	<b>92,637</b>	EBITDA margin	24.4	19.5	16.9	22.0	15.3
S-T debt	11,546	14,173	16,435	18,240	16,065	Norm net margin	30.9	11.7	10.8	11.8	5.3
A/C payable	2,983	3,268	3,403	3,565	3,586	D/E (x)	1.5	1.3	1.4	1.4	1.3
Other current liabilities	2,244	1,900	1,921	2,544	1,921	Net D/E (x)	1.4	1.3	1.4	1.3	1.3
L-T debt	35,235	31,882	31,054	28,701	29,819	Interest coverage (x)	3.7	2.7	2.5	3.2	1.7
Other liabilities	9,045	5,937	5,880	6,866	6,994	Interest rate	2.3	2.4	2.3	2.2	2.3
Minority interest	(116)	(133)	(164)	(169)	(181)	Effective tax rate	17.0	10.4	24.5	20.0	11.8
<b>Shareholders' equity</b>	<b>32,249</b>	<b>34,472</b>	<b>33,713</b>	<b>34,231</b>	<b>34,434</b>	ROA	5.8	1.9	1.8	1.9	0.7
Working capital	30,379	32,491	30,235	29,535	29,138	ROE	18.2	5.4	5.0	5.2	1.9
Total debt	46,781	46,055	47,489	46,941	45,884						
<b>Net debt</b>	<b>44,200</b>	<b>44,317</b>	<b>46,260</b>	<b>45,812</b>	<b>44,908</b>						

Sources: Company data, Thanachart estimates

---

## General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 143 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BANP16C2202A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCH16C2203A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, CHG16C2202A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GLOB16C2203A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, IVL16C2202A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMAR16C2202A, JMT16C2110A, JMT16C2201A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, LH16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, MTC16C2202A, OR16C2112A, OR16C2202A, PTG16C2201A, PTG16C2202A, PTG16C2203A, PTL16C2201A, PTL16C2202A, PTL16C2202B, PTT16C2112A, PTT16C2201A, PTT16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, S5016C2112D, S5016P2112D, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPAL16C2202A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPALI, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA) . Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)