

AP (Thailand) Pcl (AP TB) - BUY

Analyst Meeting

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Key takeaways from analyst meeting

- **Set to gain more market share via aggressive plan this year.**
 - **Solid YTD presales (till Feb 15th) of Bt7.2bn, +66% y-y.**
 - **Condominium market remains fragile.**
 - **Expecting record profit this year. Reaffirm BUY as top pick.**
- On a gradual property market recovery, AP has become very aggressive this year with a target to grow new launch to the industry's highest value of Bt78bn (+246% y-y), presales of Bt50bn (+43% y-y) and total revenues (including JVs) of Bt47bn (+17% y-y). Key concentration will still be on low-rise housing products as demand remains strong. Low-rise houses will make up 83% of total new launch value and 76% of its presales target. It targets to cover all price segments and increases projects upcountry.
- Condominium demand is still fragile as people are still on WFH mode and not all schools are resuming onsite learning. Oversupply situation has eased on lower new project launches but condo demand is still far from pre-COVID level. The market is more difficult and it is too risky to buy big land plots to develop big condo projects. Despite this, AP is launching more condos this year with five projects valued Bt13bn but only expects 25% take-up rates on new condos this year.
- YTD presales number (1 Jan – 15 Feb) was solid at Bt7,173m (Bt6,093m from low-rise which grew by 52% y-y, Bt1,080m from condos which increased by 255% y-y), an increase of 66% y-y. Customer visits/week increased to 901 visits YTD, up from 886 visits/week in 4Q21 and 853 visits/week in 3Q21.
- As YTD performance has been strong and on track to meet our assumptions. We maintain our earnings projection and reiterate BUY call on AP as one of top sector picks along with LH. AP is cheap at 6.8x 2022F PE with a 5.1% dividend yield.

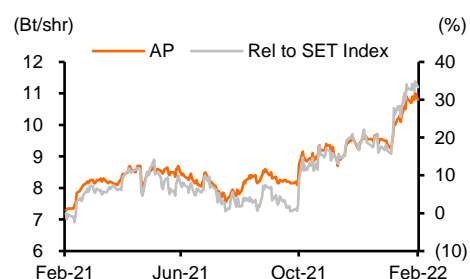
Key Valuations

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Revenue	31,794	36,410	38,949	41,251
Net profit	4,543	5,008	5,402	5,510
Norm net profit	4,542	5,008	5,402	5,510
Norm EPS (Bt)	1.4	1.6	1.7	1.8
Norm EPS gr (%)	7.5	10.3	7.9	2.0
Norm PE (x)	7.5	6.8	6.3	6.2
EV/EBITDA (x)	11.2	11.2	10.7	9.7
P/BV (x)	1.1	1.0	0.9	0.8
Div. yield (%)	4.6	5.1	5.5	5.6
ROE (%)	14.7	14.7	14.4	13.4
Net D/E (%)	58.2	68.8	70.8	65.7

Source: Thanachart estimates

Stock Data

Closing price (Bt)	10.90
Target price (Bt)	12.50
Market cap (US\$ m)	1,058
Avg daily turnover (US\$ m)	4.7
12M H/L price (Bt)	11.00/7.30

Price Performance

Source: Bloomberg

Ex 1: 2022 Targets

(Bt m)	2022 target	2021	% y-y	Our 2022F	YTD (1 Jan-15 Feb)
New launches	78,000	22,540	246	-	
Presales	50,000	35,049	43	45,000 (+28% y-y)	7,173 (+66% y-y)
Total revenues (including JVs)	47,000	40,015	17	45,432 (+14% y-y)	
Total revenues (AP)	36,500	31,794	15	36,410 (+15% y-y)	
Property gross margin (%)					
- Low-rise houses	Slight increase	30.8%		31.2%	
- Condos (AP)	31-32%	37.6%		33.5%	
- Condos (JVs)	37.5-38.0%	39.5%		38.5%	
Equity income	1,000-1,100	999		1,048	
Land budget	20,000	12,688	58	-	

Sources: Company data, Thanachart estimates

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