

**AP(Thailand) Pcl (AP TB) - BUY, Price Bt10.90, TP Bt12.50****Results Comment**

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**4Q21 a slight beat**

- AP reported 4Q21 net profit of Bt994m, up 6% y-y but down 4% q-q. 2021 net profit came to 104% of our forecast on higher-than-expected property sales revenues driven by low-rise houses and better-than-expected gross margin.
- 4Q21 property sales revenues were Bt7.2bn, down 1% y-y but up 5% q-q, 97% were from low-rise houses which had a strong growth of 19% y-y and 5% q-q along with strong and record-high low-rise housing presales achieved in 2021.
- Property gross margin came in better than expected at 32.1% vs 30.4% in 4Q20 and 30.5% in 3Q21. The beat was on all products; low-rise gross margin improved to 31.1% (+80bp y-y, +40bp q-q) while condominium gross margin was abnormally high at 60.8% due to cost reversal of old projects.
- Equity income fell y-y and q-q to Bt277m on lower JV condo transfers since two JV condos finished this year were in 2Q and 3Q21.
- 2021 was very impressive with revenues and net profit hitting all-time high levels. Net profit was Bt4,543m, increased by 7% y-y on 7% property sales revenues growth to Bt30.9bn, boosted by 22% growth in low-rise housing revenues to Bt29.2bn.
- 2021 DPS is Bt0.50/share, XD on May 10<sup>th</sup>, to be paid on May 26<sup>th</sup>.
- We maintain our BUY call on AP as a top property pick along with LH. Due to its proactive launch plan to the industry's highest by launch value, we expect it to gain further market share and deliver another record profit this year.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	7,547	9,106	8,035	7,152	7,501	Revenue	5	(1)	101	31,794	36,410
<b>Gross profit</b>	<b>2,393</b>	<b>2,967</b>	<b>2,542</b>	<b>2,292</b>	<b>2,511</b>	<b>Gross profit</b>	<b>10</b>	<b>5</b>	<b>102</b>	<b>10,311</b>	<b>11,774</b>
SG&A	1,579	1,425	1,392	1,430	1,581	SG&A	11	0	100	5,828	6,736
Operating profit	814	1,542	1,149	862	930	Operating profit	8	14	104	4,484	5,039
<b>EBITDA</b>	<b>884</b>	<b>1,611</b>	<b>1,218</b>	<b>933</b>	<b>1,001</b>	<b>EBITDA</b>	<b>7</b>	<b>13</b>	<b>105</b>	<b>4,763</b>	<b>5,267</b>
Other income	16	120	28	18	20	Other income	11	27	96	186	81
Other expense	(1)	2	1	0	(1)	Other expense	na	na	na	3	0
Interest expense	95	102	79	48	25	Interest expense	(48)	(74)	86	255	327
<b>Profit before tax</b>	<b>735</b>	<b>1,558</b>	<b>1,097</b>	<b>831</b>	<b>926</b>	<b>Profit before tax</b>	<b>11</b>	<b>26</b>	<b>105</b>	<b>4,412</b>	<b>4,792</b>
Income tax	191	329	163	167	210	Income tax	26	10	98	869	1,006
Equity & invest. income	398	175	181	366	277	Equity & invest. income	(24)	(30)	95	999	1,222
Minority interests	(0)	(0)	0	0	0	Minority interests	100	na	na	0	0
Extraordinary items	0	0	0	0	1	Extraordinary items			na	1	0
<b>Net profit</b>	<b>942</b>	<b>1,403</b>	<b>1,115</b>	<b>1,031</b>	<b>994</b>	<b>Net profit</b>	<b>(4)</b>	<b>6</b>	<b>104</b>	<b>4,543</b>	<b>5,008</b>
<b>Normalized profit</b>	<b>942</b>	<b>1,403</b>	<b>1,115</b>	<b>1,031</b>	<b>993</b>	<b>Normalized profit</b>	<b>(4)</b>	<b>5</b>	<b>104</b>	<b>4,542</b>	<b>5,008</b>
EPS (Bt)	0.30	0.45	0.35	0.33	0.32	EPS (Bt)	(4)	6	104	1.44	1.59
Normalized EPS (Bt)	0.30	0.45	0.35	0.33	0.32	Normalized EPS (Bt)	(4)	5	104	1.44	1.59

  

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	2,740	3,954	2,948	3,455	2,070	Sales growth	40.7	68.7	3.1	(21.8)	(0.6)
A/C receivable	80	77	92	117	118	Operating profit growth	99.9	115.7	45.6	(9.5)	14.3
Inventory	46,140	45,746	45,124	44,081	47,379	EBITDA growth	100.7	106.2	42.5	(8.5)	13.2
Other current assets	938	798	941	1,580	1,386	Norm profit growth	7.4	126.8	(8.3)	(28.9)	5.4
Investment	6,462	6,182	6,142	6,507	6,644	Norm EPS growth	7.5	126.9	(8.2)	(28.9)	5.4
Fixed assets	409	391	376	367	367	Gross margin	31.7	32.6	31.6	32.0	33.5
Other assets	1,955	1,940	2,476	2,464	2,446	Operating margin	10.8	16.9	14.3	12.1	12.4
<b>Total assets</b>	<b>58,724</b>	<b>59,089</b>	<b>58,099</b>	<b>58,571</b>	<b>60,409</b>	EBITDA margin	11.7	17.7	15.2	13.0	13.3
S-T debt	7,713	6,099	5,100	5,500	6,227	Norm net margin	12.5	15.4	13.9	14.4	13.2
A/C payable	1,824	2,145	2,312	2,455	2,449	D/E (x)	0.8	0.7	0.7	0.7	0.6
Other current liabilities	3,719	3,207	3,339	3,308	3,763	Net D/E (x)	0.7	0.6	0.6	0.5	0.6
L-T debt	15,221	16,017	16,017	14,997	14,720	Interest coverage (x)	9.3	15.7	15.4	19.4	39.8
Other liabilities	983	922	934	882	826	Interest rate	1.6	1.8	1.5	0.9	0.5
Minority interest	(18)	(18)	(18)	(18)	(18)	Effective tax rate	26.0	21.1	14.9	20.0	22.7
<b>Shareholders' equity</b>	<b>29,281</b>	<b>30,717</b>	<b>30,416</b>	<b>31,448</b>	<b>32,442</b>	ROA	6.4	9.5	7.6	7.1	6.7
Working capital	44,395	43,679	42,905	41,743	45,048	ROE	13.1	18.7	14.6	13.3	12.4
Total debt	22,934	22,116	21,116	20,497	20,947						
<b>Net debt</b>	<b>20,194</b>	<b>18,162</b>	<b>18,169</b>	<b>17,043</b>	<b>18,877</b>						

Sources: Company data, Thanachart estimates

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