

BUY (Unchanged)
Change in Numbers

TP: Bt 13.50
Upside : 17.4%

(From: Bt 12.50)
21 APRIL 2022

Small Cap Research

AP (Thailand) Pcl (AP TB)

Leaving peers behind

AP's success in penetrating the suburban housing market and its high exposure to the economy segment are reflected in its increased presales market share in 1Q22, from already being a market leader. Yet AP is trading at the sector's lowest 2023F PE of 6.4x. Reaffirming BUY and AP's status as a top pick, with a higher TP of Bt13.5.



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Successful in new segments

AP reported very solid presales in 1Q22 of Bt12.9bn, up by 63% y-y and 66% q-q, outperforming its peers (seven developers we cover), which we expect to deliver 14% growth y-y. AP has the most aggressive launch plans among peers this year. In 1Q22, it launched 10 (Bt9.2bn) out of a total of 65 (Bt78bn) projects planned for 2022. These projects have a high average take-up rate of 40% due to AP's expanding market coverage to suburban Bangkok for SDH (starts at Bt7-9m/unit), the economy segment for the three-storey TH (Bt4-5m/unit) and two-storey TH (Bt2-3m/unit), and an affordable condo project, Aspire Pinklao Arun Amarin, with niche demand from doctors and nurses as it is near Siriraj hospital.

Securing more market share

Being No 1 in presales since 2020, AP was right to tap the low-rise housing market with appealing product offerings amid the COVID outbreak, in our view. It is ready to turn very aggressive this year to fulfill its mission of covering all residential types and price points by increasing exposure in Bangkok suburbs, new provinces, and the economy segment. Given its presales market share of 29% in 1Q22F, from 23% in 2021 and 21% in 2020, we believe other developers will find it hard to replicate AP's success. We raise our presales assumption for AP by 10% pa over 2022-32F to a record high of Bt48bn this year, growth of 37%.

More sustainable growth

Since new market penetration has just started, we believe AP has room to grow its presales further. For 2Q-4Q22F, it has 55 projects worth Bt69bn lined up for launch. Growth looks to be more sustainable given a rise in the low-rise housing revenue sales mix, which is less volatile than condo sales, to 83-84% of total property sales (including 51% JV condo revenues) in 2022-24F, from 68% in 2019. When condo demand returns, we think AP will be well placed to meet demand, given its strong financials (0.66-0.76x net D/E in 2022-24F) and good reputation for developing city condos near mass transit stations.

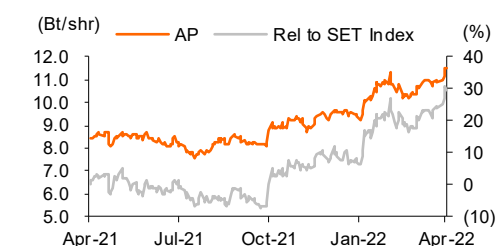
Valuation doesn't reflect its success

On our presales assumption upgrade, we revised up earnings by 11% pa over 2022-32F, and raised our DCF TP by 8% to Bt13.5. We maintain our BUY rating on AP, a top sector pick (another pick is LH (LH TB, BUY, Bt9.40). We think AP's low PE multiples of 7.5/6.4x for 2022-23F vs the sector's 11.5/10.2x don't reflect its success as a market leader continuing to gain market share and its profits reaching a record high each year since 2020. We forecast 6% EPS growth this year on higher SG&A from a jump in new launches, and 18/13% growth in 2023-24F. At 6.4x 2023F PE, the stock is trading below its average PE of 7.1x in 2016-19.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	31,794	36,847	41,329	44,960
Net profit	4,543	4,811	5,681	6,448
Consensus NP	—	4,825	5,045	5,222
Diff frm cons (%)	—	(0.3)	12.6	23.5
Norm profit	4,542	4,811	5,681	6,448
Prev. Norm profit	—	5,008	5,402	5,510
Chg frm prev (%)	—	(3.9)	5.2	17.0
Norm EPS (Bt)	1.4	1.5	1.8	2.0
Norm EPS grw (%)	7.5	5.9	18.1	13.5
Norm PE (x)	8.0	7.5	6.4	5.6
EV/EBITDA (x)	11.6	11.8	10.7	9.9
P/BV (x)	1.1	1.0	0.9	0.8
Div yield (%)	4.3	4.7	5.5	6.2
ROE (%)	14.7	14.1	15.1	15.4
Net D/E (%)	58.2	65.8	72.6	75.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 21-Apr-22 (Bt)	11.50
Market Cap (US\$ m)	1,068.5
Listed Shares (m shares)	3,145.9
Free Float (%)	65.0
Avg Daily Turnover (US\$ m)	5.7
12M Price H/L (Bt)	11.50/7.55
Sector	PROP
Major Shareholder	Anuphong Assavabhokhin 21.3%

Sources: Bloomberg, Company data, Thanachart estimates

Successful in new segments

Tapping low-rise market, with a big lift in low-rise presales from 2020

Post the implementation of a stricter loan-to-value (LTV) policy from April 2019 to curb speculative property demand, mainly for condominiums, and the impact of the COVID pandemic in 2020-21 causing a demand shift to landed property, AP has expanded its portfolio with an emphasis on low-rise housing development. With its low-rise presales moving to a higher base since 2020, the company took the No 1 market position in property presales from PSH (PSH TB, SELL, Bt13.30), which was the market leader for six straight years during 2014-19.

Aggressive launches into new segments this year

This year, AP plans to scale up its new project launches to a new industry record of Bt78bn, above its average yearly launches of Bt42bn/year in 2017-21; 83% of the total will be low-rise projects to penetrate new market segments (affordable and economy) and new locations (Bangkok suburbs and provincial markets). Indeed, AP reported very solid presales in 1Q22 of Bt12.9bn, up by 63% y-y and 66% q-q, outperforming its peers (seven developers we cover), which we expect to deliver growth of 14% y-y and 22% q-q.

Outstanding presales in 1Q22

Low-rise demand remains strong

Of the total presales of the seven companies in 1Q22F, we estimate low-rise housing presales accounted for 78% of the total, or Bt35bn, exceeding quarterly low-rise presales of Bt32bn in the peak year of industry presales in 2018. This indicates that demand for low-rise housing remains strong, with customers preferring larger living spaces at a time when they stay at home much more than before. Condominium presales of Bt10bn, though up from the bottom reached last year, are still 62% below the Bt26bn quarterly condo presales recorded in 2018. Note that SPALI achieved the highest condominium presales among peers, as it sold all 10 penthouse units at its high-end condo project, Supalai Sukhumvit 39, to Chinese customers via a Chinese agent for some Bt600-700m (transfers likely from 2Q22 onwards), and it saw around Bt350m of presales on a new condo project launched in 1Q22, the Bt3.2bn Supalai Loft Ratchada-Wongsawang.

Ex 1: AP's Outstanding Presales In 1Q22F

(Bt m)	1Q22F			(y-y%)			(q-q%)			2022 target	1Q22F/2022 target (%)	Our 2022F	1Q22F/our 2022F (%)
	Low-Rise	CD	Total	Low-Rise	CD	Total	Low-Rise	CD	Total				
AP	10,798	2,161	12,959	48	221	63	42	900	66	50,000	26	48,017	27
LH	7,420	591	8,012	3	39	5	7	(293)	21	31,000	26	33,568	24
LPN	568	1,566	2,134	(3)	5	3	(35)	(11)	(19)	13,000	16	8,864	24
PSH	4,500	800	5,300	(19)	(42)	(24)	(3)	9	(1)	31,000	17	27,548	19
QH	1,950	90	2,040	16	11	16	(4)	(48)	(8)	9,200	22	8,569	24
SIRI	3,939	2,043	5,982	(16)	51	(1)	(6)	14	0	35,000	17	31,261	19
SPALI	6,285	2,567	8,852	12	58	22	37	34	36	28,000	32	29,564	30
Total	35,460	9,818	45,279	9	40	14	15	56	22	197,200	23	187,390	24

Sources: Company data, Thanachart estimates

High bookings in 1Q22 on its new affordable products

We attribute AP's far-above-peer presales in 1Q22 to its aggressive launch plans for this year. In 1Q22, it launched 10 (Bt9.2bn) out of a total of 65 (Bt78bn) projects planned for 2022. These projects have a high average take-up rate of 40% due to AP's expanding market coverage to suburban Bangkok for SDH (starts at Bt7-9m/unit), the economy segment for the three-storey TH (Bt4-5m/unit) and two-storey TH (Bt2-3m/unit), and an affordable condo project, Aspire Pinklao Arun Amarin, with niche demand from doctors and nurses as it is near Siriraj hospital.

Ex 2: High Take-Up Of 1Q22 New Launches



Source: Company data

Securing more market share

**Increase in presales share
to 29% in 1Q22**

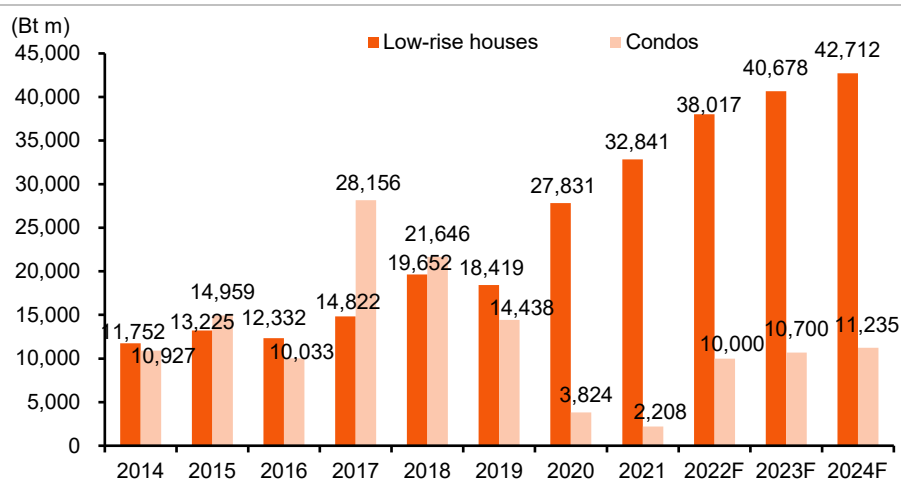
AP's presales share has grown sharply from 13% in 2016 to 29% in 1Q22, which we see as validation of its efforts to tap the low-rise housing market amid the COVID outbreak with appealing products, prices and locations, a combination other developers haven't been able to replicate. We raised our presales assumption by 10% pa for 2022-32F to a record high of Bt48bn this year (37% growth), still lower than the company's own Bt50bn target. AP's 1Q22 presales were equivalent to 27% of our 2022F presales forecast. With AP targeting to launch 55 more projects (22 SDH, 24 TH, 4 CD, 5 upcountry projects) worth Bt69bn in 2Q-4Q22F, our numbers look achievable.

Ex 3: Presales Market Share

(%)	AP	LH	LPN	PSH	QH	SIRI	SPALI	
2016	13.1	14.0	5.8	25.9	8.9	18.2	14.1	100.0
2017	19.7	12.1	8.2	21.8	6.4	17.7	14.1	100.0
2018	17.9	12.5	6.7	22.1	5.4	20.9	14.4	100.0
2019	21.7	16.8	4.4	23.6	5.0	13.8	14.8	100.0
2020	21.1	17.8	6.9	14.7	5.8	17.5	16.3	100.0
2021	22.5	18.4	5.7	16.3	4.8	16.8	15.5	100.0
1Q22F	28.6	17.7	4.7	11.7	4.5	13.2	19.6	100.0
Increase/decrease (+/-)	+	+	-	-	-	-	+	

Sources: Company data, Thanachart estimates

Ex 4: AP's Presales



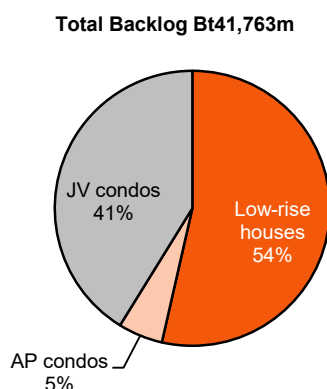
Sources: Company data, Thanachart estimates

More sustainable growth

Backlog guarantees 71% of this year's revenue

Adding the backlog from year-end 2021 to 1Q22 presales, AP's total backlog has expanded to Bt42bn -- Bt25bn from AP's projects and Bt17bn from condominium development JVs (in which it has 51% stake) with Mitsubishi Estate. As most of the low-rise backlog will turn into revenue in six to nine months' time, we estimate the existing backlog has already secured 66% of our forecast of AP's 2022F top-line revenue and 71% of our forecast of AP's total revenue including JV condos. This implies strong presales momentum in 2Q-4Q22F, with the 55 remaining new project launches likely to drive strong 18/13% EPS growth in 2023-24F following record profit this year, with 6% EPS growth.

Ex 5: Backlog As Of 1Q22



Source: Company data

Ex 6: Condo Backlog

(Bt m)	Backlog	2022F	2023F	2024F
<u>Total condo portfolio</u>				
AP condos	-	1,802	2,604	2,774
JV condos (100%)	-	10,495	12,276	12,693
Based on project completion	-	12,297	14,880	15,467
<u>Condo backlog</u>				
AP condos	2,192	1,424	768	0
JV condos (100%)	17,205	8,946	6,632	1,627
Total backlog	19,397	10,370	7,400	1,627

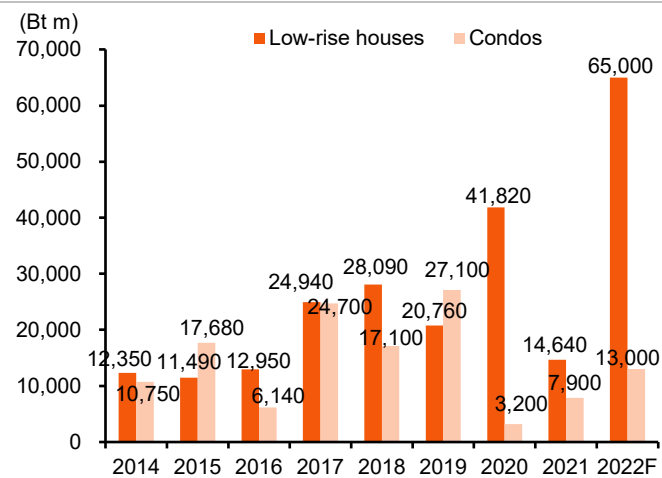
Source: Company data

More sustainable growth from successful products and rising low-rise mix

Since AP has just started to penetrate suburban Bangkok with affordable products and its provincial exposure remains low (five provinces), we believe the company has room to grow its presales further. Growth looks to be more sustainable given an increase in the low-rise housing revenue mix, which is less volatile than condo sales, to 83-84% of total property sales (including 51% JV condo revenues) in 2022-24F, from 68% in 2019. When condo demand returns, we think AP will be well placed to meet demand, given its strong financials (0.66-0.76x net D/E in 2022-24F) and good reputation for developing city condos near mass

transit stations. Also, given its land purchase budget of Bt20bn this year, AP looks to be accumulating landbank for aggressive launches in the future.

Ex 7: New Launches



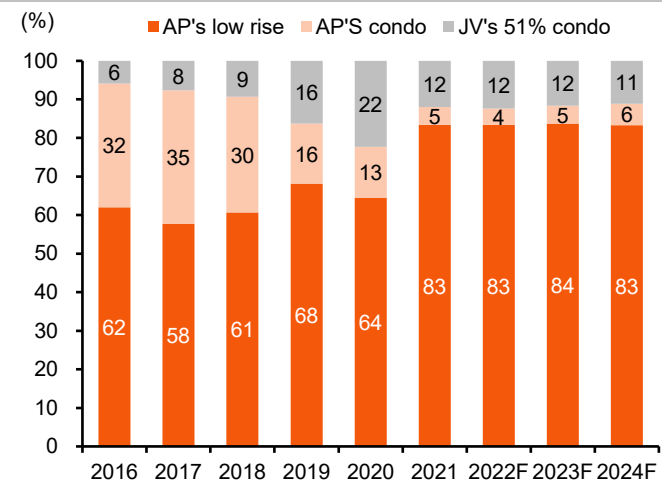
Sources: Company data, Thanachart estimates

Ex 8: Launches By Quarter

	1Q22	2Q22	3Q22	4Q22	Total
SDH	4	3	13	6	26
TH	5	14	4	6	29
CD	1	2	-	2	5
Upcountry	-	1	2	2	5
Total	10	20	19	16	65
Value (Bt m)	9,240	25,750	24,590	18,420	78,000

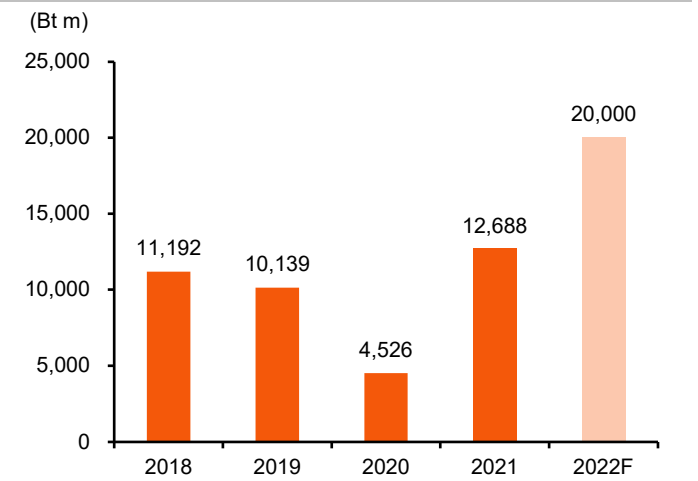
Source: Company data

Ex 9: Property Sales Mix



Sources: Company data, Thanachart estimates

Ex 10: Land Budget



Source: Company data

Valuation does not reflect its success

Sector's lowest PE and below AP's 2016-19 average

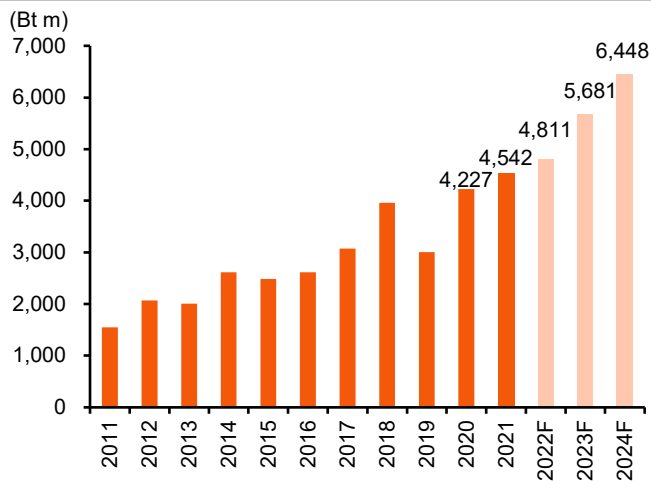
On our presales assumption upgrade, we revised up earnings by 11% pa over 2022-32F, and raised our DCF TP by 8% to Bt13.5. We maintain our BUY rating on AP, a top sector pick (another pick is LH). We think AP's low PE multiples of 7.5/6.4x for 2022-23F vs the sector's 11.5/10.2x don't reflect its success as a market leader continuing to gain market share and its profits reaching a record high each year since 2020. We forecast 6% EPS growth this year on higher SG&A from a jump in new launches, and strong 18/13% growth in 2023-24F. At 6.4x 2023F PE, the stock is trading below its average PE of 7.1x in 2016-19.

Ex 11: Key Assumption Changes

	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Presales (Bt m)											
New	48,017	51,378	53,947	55,566	57,233	58,949	60,718	62,540	64,416	66,348	68,339
Old	45,000	47,250	48,668	50,128	51,632	53,181	54,776	56,419	58,112	59,855	61,651
Change (%)	7	9	11	11	11	11	11	11	11	11	11
Property sales (Bt m)											
New	35,975	40,509	44,105	45,231	47,466	48,993	50,486	52,280	52,316	53,307	54,454
Old	35,597	38,105	40,575	41,049	42,844	44,199	45,545	47,164	47,196	48,091	49,125
Change (%)	1	6	9	10	11	11	11	11	11	11	11
SG&A/sales (%)											
New	19.5	18.5	18.0	18.0	18.0	18.0	18.0	18.0	17.5	17.5	17.5
Old	18.5	18.5	18.0	18.0	18.0	18.0	18.0	18.0	17.5	17.5	17.5
Equity income (Bt m)											
New	1,099	1,171	1,211	965	0	0	0	0	0	0	0
Old	1,222	1,228	850	908	0	0	0	0	0	0	0
Change (%)	(10)	(5)	42	6	0	0	0	0	0	0	0
Normalized profit (Bt m)											
New	4,811	5,681	6,448	6,489	5,865	6,014	6,275	6,559	6,887	7,117	7,330
Old	5,008	5,402	5,510	5,809	5,076	5,326	5,575	5,863	6,142	6,325	6,512
Change (%)	(4)	5	17	12	16	13	13	12	12	13	13

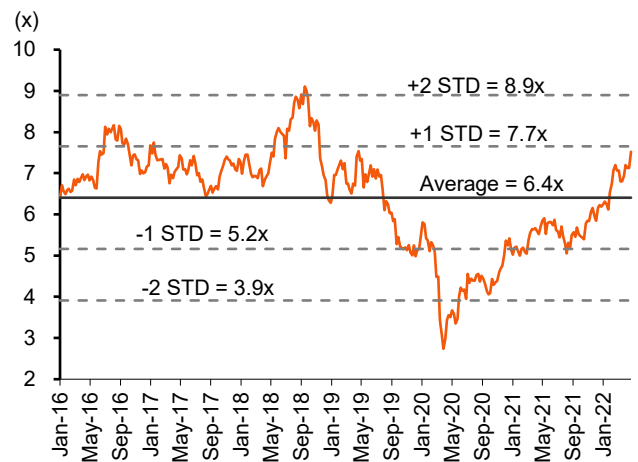
Source: Thanachart estimates

Ex 12: Delivering New High Profit



Sources: Company data, Thanachart estimates

Ex 13: AP's PE Band



Sources: Bloomberg, Thanachart estimates

Ex 14: 12-month DCF-based TP Calculation, Using A Base Year Of 2022F

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA	5,013	6,057	6,965	7,312	7,670	7,921	8,164	8,448	8,738	8,905	9,122	9,472	
Free cash flow	(4,203)	(4,696)	(3,766)	6,139	6,877	6,649	6,123	7,023	11,630	5,724	11,276	8,215	111,999
PV of free cash flow	(4,191)	(3,986)	(2,944)	4,421	4,562	3,961	3,345	3,519	5,345	2,413	4,360	2,769	37,749
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	8.6												
Terminal growth (%)	2.0												
Enterprise value -	61,323												
add investments													
Net debt	18,877												
Minority interest	(18)												
Equity value	42,464												
# of shares (m)	3,146												
Equity value/share (Bt)	13.50												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 15: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Poly Real Estate Group	600048 CH	China	2.9	7.1	7.2	6.7	1.0	0.9	8.9	8.5	3.8	3.9
Agile Property Holdings	3383 HK	China	(6.9)	(3.2)	1.9	2.0	0.2	0.2	5.6	5.5	16.2	14.5
Country Garden Holdings	2007 HK	China	(21.9)	3.2	4.5	4.3	0.6	0.5	5.8	5.7	8.4	5.8
China Overseas Land & Invest	688 HK	Hong Kong	(3.2)	5.7	6.9	6.5	0.7	0.7	6.2	5.8	4.4	4.5
China Resources Land	1109 HK	Hong Kong	11.9	10.8	8.3	7.5	1.0	0.9	6.4	5.8	3.9	4.2
Hang Lung Properties	101 HK	Hong Kong	9.7	21.5	14.5	11.9	0.5	0.5	15.4	12.8	4.8	4.8
Henderson Land Development	12 HK	Hong Kong	(2.2)	5.2	11.4	10.8	0.5	0.5	22.2	19.9	5.4	5.4
Shimao Property Holdings	813 HK	Hong Kong	1.8	2.4	1.3	1.3	0.1	0.1	5.4	5.4	21.7	24.4
Sun Hung Kai Properties	16 HK	Hong Kong	(2.3)	6.9	9.2	8.7	0.5	0.4	9.3	9.0	5.3	5.2
Sino Land	83 HK	Hong Kong	(31.3)	(5.3)	11.5	12.1	0.5	0.5	5.9	7.0	6.1	5.3
CapitalLand	CAPL SP	Singapore	11.2	6.3	na	na	na	na	na	na	na	na
City Developments	CIT SP	Singapore	187.6	(12.4)	13.0	14.9	0.8	0.8	19.6	17.6	1.5	1.9
Asian Property Devt *	AP TB	Thailand	5.9	18.1	7.5	6.4	1.0	0.9	11.8	10.7	4.7	5.5
Land and Houses *	LH TB	Thailand	19.9	13.3	13.3	11.7	2.1	2.0	19.8	17.8	6.4	6.9
LPN Development *	LPN TB	Thailand	11.7	23.9	17.6	14.2	0.7	0.7	19.3	15.5	3.4	4.2
Pruksa Holding *	PSH TB	Thailand	11.8	1.2	11.4	11.2	0.7	0.6	11.0	10.7	5.3	5.3
Quality Houses *	QH TB	Thailand	17.0	16.3	11.0	9.5	0.8	0.8	47.9	41.4	5.5	6.3
Sansiri *	SIRI TB	Thailand	12.3	3.4	12.2	11.8	0.5	0.5	22.0	21.0	3.3	3.4
Supalai *	SPALI TB	Thailand	13.3	7.1	7.4	6.9	1.1	1.0	8.7	7.3	5.4	5.8
Average			13.1	6.9	9.4	8.8	0.7	0.7	14.0	12.6	6.4	6.5

Sources: Bloomberg consensus, *Thanachart estimates

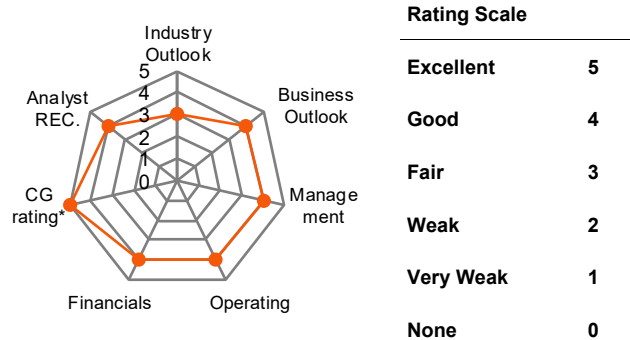
Based on 21 April 2022 closing prices

COMPANY DESCRIPTION

AP (Thailand) Pcl (AP) develops residential property projects mostly in the Bangkok area. It offers all product types: townhouses (TH) under the brands Baan Klang Muang and The Pleno; single-detached houses (SDH) under the brands Baan Klang Krung, The City, The Centro and The Palazzo; and condos under the brands The Address, The Rhythm, The Life, and The Aspire.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- High flexibility in adjusting products.
- Previously known as a leading developer of in-town TH and condos, and now gaining low-rise housing market share.
- Diversified products.

O — Opportunity

- Segmental and geographical expansion.
- Penetrating the mid-to-low end market.

W — Weakness

- Low exposure to the low-end market where demand is the highest.
- Little exposure to provincial markets.

T — Threat

- Competition/demand fluctuation for CBD condos.
- New land and building tax.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	12.18	13.50	11%
Net profit 22F (Bt m)	4,825	4,811	0%
Net profit 23F (Bt m)	5,045	5,681	13%
Consensus REC	BUY: 15	HOLD: 4	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit for 2023F is 13% higher than the Bloomberg consensus number, which we attribute to us having higher presales and sales revenue assumptions to reflect its aggressive launch plan and success in new segments.
- Our DCF-based TP is therefore 11% above the Street's.

RISKS TO OUR INVESTMENT CASE

- Weaker-than-expected economic growth could hit housing demand and future growth prospects and this represents the key downside risk to our call.
- Due to its large JVs condominium backlog, our earnings forecasts could be missed in the event of cancellations or construction delays.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	29,888	31,794	36,847	41,329	44,960
Cost of sales	20,458	21,483	24,921	27,894	30,150
Gross profit	9,430	10,311	11,927	13,435	14,810
% gross margin	31.6%	32.4%	32.4%	32.5%	32.9%
Selling & administration expenses	6,160	5,828	7,185	7,646	8,093
Operating profit	3,270	4,484	4,741	5,789	6,718
% operating margin	10.9%	14.1%	12.9%	14.0%	14.9%
Depreciation & amortization	269	279	320	310	284
EBITDA	3,540	4,763	5,061	6,099	7,002
% EBITDA margin	11.8%	15.0%	13.7%	14.8%	15.6%
Non-operating income	70	186	211	235	255
Non-operating expenses	(6)	(3)	0	0	0
Interest expense	(367)	(255)	(312)	(386)	(426)
Pre-tax profit	2,968	4,412	4,640	5,638	6,547
Income tax	690	869	928	1,128	1,309
After-tax profit	2,278	3,543	3,712	4,510	5,237
% net margin	7.6%	11.1%	10.1%	10.9%	11.6%
Shares in affiliates' Earnings	1,948	999	1,099	1,171	1,211
Minority interests	1	0	0	0	0
Extraordinary items	0	1	0	0	0
NET PROFIT	4,227	4,543	4,811	5,681	6,448
Normalized profit	4,227	4,542	4,811	5,681	6,448
EPS (Bt)	1.3	1.4	1.5	1.8	2.0
Normalized EPS (Bt)	1.3	1.4	1.5	1.8	2.0

Record profit since 2020
and forecast to deliver
new highs in 2022-24F

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	49,897	50,953	57,863	67,971	77,548
Cash & cash equivalent	2,740	2,070	752	985	1,000
Account receivables	80	118	202	226	246
Inventories	46,140	47,379	55,303	64,958	74,342
Others	938	1,386	1,606	1,801	1,959
Investments & loans	6,462	6,644	6,644	6,644	6,644
Net fixed assets	409	367	345	328	331
Other assets	1,955	2,446	2,706	2,948	3,142
Total assets	58,724	60,409	67,558	77,892	87,665
LIABILITIES:					
Current liabilities:	13,256	12,439	15,163	17,820	20,082
Account payables	1,824	2,449	2,390	2,675	2,891
Bank overdraft & ST loans	3,113	1,727	3,632	4,466	5,159
Current LT debt	4,600	4,500	4,733	5,821	6,724
Others current liabilities	3,719	3,763	4,408	4,858	5,309
Total LT debt	15,221	14,720	15,847	19,487	22,509
Others LT liabilities	983	826	888	927	956
Total liabilities	29,461	27,986	31,897	38,233	43,547
Minority interest	(18)	(18)	(18)	(18)	(18)
Preferreds shares	0	0	0	0	0
Paid-up capital	3,146	3,146	3,146	3,146	3,146
Share premium	89	89	89	89	89
Warrants	0	0	0	0	0
Surplus	0	0	0	0	0
Retained earnings	26,046	29,206	32,444	36,441	40,901
Shareholders' equity	29,281	32,442	35,679	39,677	44,136
Liabilities & equity	58,724	60,409	67,558	77,892	87,665

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	2,968	4,412	4,640	5,638	6,547
Tax paid	(683)	(845)	(896)	(1,092)	(1,284)
Depreciation & amortization	269	279	320	310	284
Chg In working capital	3,736	(653)	(8,068)	(9,395)	(9,187)
Chg In other CA & CL / minorities	2,652	71	1,139	1,004	997
Cash flow from operations	8,942	3,263	(2,865)	(3,534)	(2,643)
Capex	(172)	(186)	(200)	(200)	(200)
Right of use	(555)	140	14	1	1
ST loans & investments	0	0	0	0	0
LT loans & investments	(1,009)	(182)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	895	(335)	41	88	228
Cash flow from investments	(841)	(563)	(145)	(111)	29
Debt financing	(4,673)	(1,987)	3,265	5,562	4,618
Capital increase	0	0	0	0	0
Dividends paid	(1,258)	(1,415)	(1,573)	(1,684)	(1,988)
Warrants & other surplus	0	33	0	0	0
Cash flow from financing	(5,931)	(3,370)	1,692	3,878	2,629
Free cash flow	8,770	3,077	(3,065)	(3,734)	(2,843)

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	8.6	8.0	7.5	6.4	5.6
Normalized PE - at target price (x)	10.0	9.4	8.8	7.5	6.6
PE (x)	8.6	8.0	7.5	6.4	5.6
PE - at target price (x)	10.0	9.3	8.8	7.5	6.6
EV/EBITDA (x)	15.9	11.6	11.8	10.7	9.9
EV/EBITDA - at target price (x)	17.7	12.9	13.0	11.7	10.8
P/BV (x)	1.2	1.1	1.0	0.9	0.8
P/BV - at target price (x)	1.5	1.3	1.2	1.1	1.0
P/CFO (x)	4.0	11.1	(12.6)	(10.2)	(13.7)
Price/sales (x)	1.2	1.1	1.0	0.9	0.8
Dividend yield (%)	3.9	4.3	4.7	5.5	6.2
FCF Yield (%)	24.2	8.5	(8.5)	(10.3)	(7.9)
(Bt)					
Normalized EPS	1.3	1.4	1.5	1.8	2.0
EPS	1.3	1.4	1.5	1.8	2.0
DPS	0.5	0.5	0.5	0.6	0.7
BV/share	9.3	10.3	11.3	12.6	14.0
CFO/share	2.8	1.0	(0.9)	(1.1)	(0.8)
FCF/share	2.8	1.0	(1.0)	(1.2)	(0.9)

Sources: Company data, Thanachart estimates

*Undemanding PE vs. peers,
on our forecasts*

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	25.6	6.4	15.9	12.2	8.8
Net profit (%)	37.8	7.5	5.9	18.1	13.5
EPS (%)	37.8	7.5	5.9	18.1	13.5
Normalized profit (%)	40.6	7.5	5.9	18.1	13.5
Normalized EPS (%)	40.6	7.5	5.9	18.1	13.5
Dividend payout ratio (%)	33.5	34.6	35.0	35.0	35.0
Operating performance					
Gross margin (%)	31.6	32.4	32.4	32.5	32.9
Operating margin (%)	10.9	14.1	12.9	14.0	14.9
EBITDA margin (%)	11.8	15.0	13.7	14.8	15.6
Net margin (%)	7.6	11.1	10.1	10.9	11.6
D/E (incl. minor) (x)	0.8	0.6	0.7	0.8	0.8
Net D/E (incl. minor) (x)	0.7	0.6	0.7	0.7	0.8
Interest coverage - EBIT (x)	8.9	17.6	15.2	15.0	15.8
Interest coverage - EBITDA (x)	9.6	18.7	16.2	15.8	16.4
ROA - using norm profit (%)	7.2	7.6	7.5	7.8	7.8
ROE - using norm profit (%)	15.2	14.7	14.1	15.1	15.4
DuPont					
ROE - using after tax profit (%)	8.2	11.5	10.9	12.0	12.5
- asset turnover (x)	0.5	0.5	0.6	0.6	0.5
- operating margin (%)	11.2	14.7	13.4	14.6	15.5
- leverage (x)	2.1	1.9	1.9	1.9	2.0
- interest burden (%)	89.0	94.5	93.7	93.6	93.9
- tax burden (%)	76.8	80.3	80.0	80.0	80.0
WACC (%)	8.6	8.6	8.6	8.6	8.6
ROIC (%)	4.7	7.3	7.4	7.8	7.8
NOPAT (Bt m)	2,510	3,600	3,793	4,631	5,374
invested capital (Bt m)	49,476	51,319	59,139	68,465	77,528

Sources: Company data, Thanachart estimates

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