AP(Thailand) Pcl (AP TB) - BUY, Price Bt10.60, TP Bt13.50

Results Comment

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All-time-high profit in 1Q22

- AP reported strong 1Q22 net profit of Bt1.73bn, up 23% y-y and 74% q-q, beats consensus by 6%.
- The record profit was driven by its low-rise housing revenues hitting a new record at Bt9.8bn (+21% y-y, +39% q-q) along with record low-rise presales of Bt10.8bn in 1Q22.
- With Bt853m condo revenues mainly from the newly completed condo project, Aspire Erawan Prime, total property sales revenues were Bt10.6bn, increased by 20% y-y and 47% q-q.
- Property gross margin rose by 85bp y-y and 26bp q-q to 32.3%. Gross margin on low-rise houses was 32.3% (+140bp y-y, +120bp q-q) and well above our 31.3% assumption for 2022F.
- Equity income from JV condos grew by 41% y-y to Bt247m on higher JV revenues of 34% y-y despite no new projects finished in the quarter.
- 1Q22 net profit came to 36% of our full-year forecast. We maintain our earnings as SG&A could rise in 2Q-4Q22F on more launches (55 projects valued Bt69bn in 2Q-4Q22F vs 10 projects worth Bt9.2bn launched in 1Q22).
- We retain our BUY rating on AP as a top sector pick to Bt13.5 TP.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	9,106	8,035	7,152	7,501	10,849
Gross profit	**2,967**	**2,542**	**2,292**	**2,511**	**3,616**
SG&A	1,425	1,392	1,430	1,581	1,709
Operating profit	1,542	1,149	862	930	1,907
EBITDA	**1,611**	**1,218**	**933**	**1,001**	**1,978**
Other income	120	28	18	20	9
Other expense	2	1	0	(1)	5
Interest expense	102	79	48	25	28
Profit before tax	**1,558**	**1,097**	**831**	**926**	**1,883**
Income tax	329	163	167	210	400
Equity & invest. income	175	181	366	277	247
Minority interests	(0)	0	0	0	0
Extraordinary items	0	0	0	1	0
Net profit	**1,403**	**1,115**	**1,031**	**994**	**1,730**
Normalized profit	**1,403**	**1,115**	**1,031**	**993**	**1,730**
EPS (Bt)	0.45	0.35	0.33	0.32	0.55
Normalized EPS (Bt)	0.45	0.35	0.33	0.32	0.55

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	45	19	29	36,847	41,329
Gross profit	**44**	**22**	**30**	**11,927**	**13,435**
SG&A	8	20	24	7,185	7,646
Operating profit	105	24	40	4,741	5,789
EBITDA	**98**	**23**	**39**	**5,061**	**6,099**
Other income	(53)	(92)	4	211	235
Other expense	na	154	na	0	0
Interest expense	10	(73)	9	312	386
Profit before tax	**103**	**21**	**41**	**4,640**	**5,638**
Income tax	91	22	43	928	1,128
Equity & invest. income	(11)	41	22	1,099	1,171
Minority interests	(32)	na	na	0	0
Extraordinary items			na	0	0
Net profit	**74**	**23**	**36**	**4,811**	**5,681**
Normalized profit	**74**	**23**	**36**	**4,811**	**5,681**
EPS (Bt)	74	23	36	1.53	1.81
Normalized EPS (Bt)	74	23	36	1.53	1.81

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	3,954	2,948	3,455	2,070	2,848
A/C receivable	77	92	117	118	86
Inventory	45,746	45,124	44,081	47,379	47,145
Other current assets	798	941	1,580	1,386	1,157
Investment	6,182	6,142	6,507	6,644	6,799
Fixed assets	391	376	367	367	249
Other assets	1,940	2,476	2,464	2,446	2,588
Total assets	**59,089**	**58,099**	**58,571**	**60,409**	**60,873**
S-T debt	6,099	5,100	5,500	6,227	2,500
A/C payable	2,145	2,312	2,455	2,449	2,937
Other current liabilities	3,207	3,339	3,308	3,763	3,697
L-T debt	16,017	16,017	14,997	14,720	16,720
Other liabilities	922	934	882	826	866
Minority interest	(18)	(18)	(18)	(18)	(18)
Shareholders' equity	**30,717**	**30,416**	**31,448**	**32,442**	**34,172**
Working capital	43,679	42,905	41,743	45,048	44,295
Total debt	22,116	21,116	20,497	20,947	19,220
Net debt	**18,162**	**18,169**	**17,043**	**18,877**	**16,372**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	68.7	3.1	(21.8)	(0.6)	19.1
Operating profit growth	115.7	45.6	(9.5)	14.3	23.7
EBITDA growth	106.2	42.5	(8.5)	13.2	22.8
Norm profit growth	126.8	(8.3)	(28.9)	5.4	23.3
Norm EPS growth	126.9	(8.2)	(28.9)	5.4	23.3
Gross margin	32.6	31.6	32.0	33.5	33.3
Operating margin	16.9	14.3	12.1	12.4	17.6
EBITDA margin	17.7	15.2	13.0	13.3	18.2
Norm net margin	15.4	13.9	14.4	13.2	15.9
D/E (x)	0.7	0.7	0.7	0.6	0.6
Net D/E (x)	0.59	0.60	0.54	0.58	0.48
Interest coverage (x)	15.7	15.4	19.4	39.8	71.6
Interest rate	1.8	1.5	0.9	0.5	0.5
Effective tax rate	21.1	14.9	20.0	22.7	21.3
ROA	9.5	7.6	7.1	6.7	11.4
ROE	18.7	14.6	13.3	12.4	20.8

Sources: Company data, Thanachart estimates

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