# AP(Thailand) Pcl (AP TB) - BUY, Price Bt10.30, TP Bt13.50

Results Comment

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## Strong 2Q22, beat us

- AP reported strong 2Q22 net profit of Bt1,574m, up 41% y-y but down 9% q-q from record quarterly profit in 1Q22.
- Due to its continued market share gain in low-rise housing segment and its solid low-rise housing presales growth of 25% y-y to Bt20.6bn in 1H22, 2Q22 profit was the second-best quarter ever.
- Key drivers were 1) property sales revenues growth of 23% y-y to Bt9.6bn (low-rise housing sales increased by 22% y-y to Bt9.1bn, condo revenues grew by 50% y-y to Bt481m), 2) improving property gross margin by 200bp y-y and 13bp q-q to 32.4%, 3) higher equity income from JV condos.
- Equity income from JV condos grew by 108% y-y and 53% q-q to Bt378m, despite no new projects completed, from a good transfer of ready-to-move-in projects; Life Asoke-Hype, Life Asoke-Rama 9 and Life Ladprao Valley.
- 1H22 net profit already reached 69% of our full-year forecast. Though we see upside to our 2022F earnings, we expect 2H22F profit to be softer h-h as many finished units were transferred in 1H22.
- Maintain BUY. We expect AP to deliver a record profit again this year and EPS growth will be higher than our 6% current forecast.

| Income Statement | | | | | (consolidated) |
|---|---|---|---|---|---|
| Yr-end Dec (Bt m) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Revenue | 8,035 | 7,152 | 7,501 | 10,849 | 9,862 |
| **Gross profit** | **2,542** | **2,292** | **2,511** | **3,616** | **3,313** |
| SG&A | 1,392 | 1,430 | 1,581 | 1,709 | 1,715 |
| Operating profit | 1,149 | 862 | 930 | 1,907 | 1,598 |
| **EBITDA** | **1,218** | **933** | **1,001** | **1,978** | **1,671** |
| Other income | 28 | 18 | 20 | 9 | 18 |
| Other expense | 1 | 0 | (1) | 5 | 95 |
| Interest expense | 79 | 48 | 25 | 28 | 14 |
| **Profit before tax** | **1,097** | **831** | **926** | **1,883** | **1,508** |
| Income tax | 163 | 167 | 210 | 400 | 312 |
| Equity & invest. income | 181 | 366 | 277 | 247 | 378 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Extraordinary items | 0 | 0 | 1 | 0 | 0 |
| **Net profit** | **1,115** | **1,031** | **994** | **1,730** | **1,574** |
| **Normalized profit** | **1,115** | **1,031** | **993** | **1,730** | **1,574** |
| EPS (Bt) | 0.35 | 0.33 | 0.32 | 0.55 | 0.50 |
| Normalized EPS (Bt) | 0.35 | 0.33 | 0.32 | 0.55 | 0.50 |

| Income Statement | | | 6M as | | |
|---|---|---|---|---|---|
| (Bt m) | q-q% | y-y% | % 2022F | 2022F | 2023F |
| Revenue | (9) | 23 | 56 | 36,847 | 41,329 |
| **Gross profit** | **(8)** | **30** | **58** | **11,927** | **13,435** |
| SG&A | 0 | 23 | 48 | 7,185 | 7,646 |
| Operating profit | (16) | 39 | 74 | 4,741 | 5,789 |
| **EBITDA** | **(16)** | **37** | **72** | **5,061** | **6,099** |
| Other income | 96 | (36) | 13 | 211 | 235 |
| Other expense | 1,651 | 9,753 | na | 0 | 0 |
| Interest expense | (51) | (83) | 13 | 312 | 386 |
| **Profit before tax** | **(20)** | **37** | **73** | **4,640** | **5,638** |
| Income tax | (22) | 91 | 77 | 928 | 1,128 |
| Equity & invest. income | 53 | 108 | 57 | 1,099 | 1,171 |
| Minority interests | (65) | (55) | na | 0 | 0 |
| Extraordinary items | | | na | 0 | 0 |
| **Net profit** | **(9)** | **41** | **69** | **4,811** | **5,681** |
| **Normalized profit** | **(9)** | **41** | **69** | **4,811** | **5,681** |
| EPS (Bt) | (9) | 41 | 69 | 1.53 | 1.81 |
| Normalized EPS (Bt) | (9) | 41 | 69 | 1.53 | 1.81 |

| Balance Sheet | | | | | (consolidated) |
|---|---|---|---|---|---|
| Yr-end Dec (Bt m) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Cash & ST investment | 2,948 | 3,455 | 2,070 | 2,848 | 2,841 |
| A/C receivable | 92 | 117 | 118 | 86 | 128 |
| Inventory | 45,124 | 44,081 | 47,379 | 47,145 | 48,985 |
| Other current assets | 941 | 1,580 | 1,386 | 1,157 | 1,003 |
| Investment | 6,142 | 6,507 | 6,644 | 6,799 | 6,670 |
| Fixed assets | 376 | 367 | 367 | 249 | 364 |
| Other assets | 2,476 | 2,464 | 2,446 | 2,588 | 2,478 |
| **Total assets** | **58,099** | **58,571** | **60,409** | **60,873** | **62,469** |
| S-T debt | 5,100 | 5,500 | 6,227 | 2,500 | 6,361 |
| A/C payable | 2,312 | 2,455 | 2,449 | 2,937 | 3,371 |
| Other current liabilities | 3,339 | 3,308 | 3,763 | 3,697 | 4,062 |
| L-T debt | 16,017 | 14,997 | 14,720 | 16,720 | 13,641 |
| Other liabilities | 934 | 882 | 826 | 866 | 878 |
| Minority interest | (18) | (18) | (18) | (18) | (18) |
| **Shareholders' equity** | **30,416** | **31,448** | **32,442** | **34,172** | **34,174** |
| Working capital | 42,905 | 41,743 | 45,048 | 44,295 | 45,742 |
| Total debt | 21,116 | 20,497 | 20,947 | 19,220 | 20,002 |
| **Net debt** | **18,169** | **17,043** | **18,877** | **16,372** | **17,162** |

| Financial Ratios | | | | | |
|---|---|---|---|---|---|
| (%) | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
| Sales growth | 3.1 | (21.8) | (0.6) | 19.1 | 22.7 |
| Operating profit growth | 45.6 | (9.5) | 14.3 | 23.7 | 39.1 |
| EBITDA growth | 42.5 | (8.5) | 13.2 | 22.8 | 37.1 |
| Norm profit growth | (8.3) | (28.9) | 5.4 | 23.3 | 41.2 |
| Norm EPS growth | (8.2) | (28.9) | 5.4 | 23.3 | 41.2 |
| Gross margin | 31.6 | 32.0 | 33.5 | 33.3 | 33.6 |
| Operating margin | 14.3 | 12.1 | 12.4 | 17.6 | 16.2 |
| EBITDA margin | 15.2 | 13.0 | 13.3 | 18.2 | 16.9 |
| Norm net margin | 13.9 | 14.4 | 13.2 | 15.9 | 16.0 |
| D/E (x) | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 |
| Net D/E (x) | 0.6 | 0.5 | 0.6 | 0.5 | 0.5 |
| Interest coverage (x) | 15.4 | 19.4 | 39.8 | 71.6 | 123.0 |
| Interest rate | 1.5 | 0.9 | 0.5 | 0.5 | 0.3 |
| Effective tax rate | 14.9 | 20.0 | 22.7 | 21.3 | 20.7 |
| ROA | 7.6 | 7.1 | 6.7 | 11.4 | 10.2 |
| ROE | 14.6 | 13.3 | 12.4 | 20.8 | 18.4 |

Sources: Company data, Thanachart estimates

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