

AP(Thailand) Pcl (AP TB) - BUY, Price Bt10.20, TP Bt13.50**Results Comment**

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Strong 3Q22, beat us

- AP marked another good quarter in 3Q22 with Bt1.4bn net profit, up 38% y-y. 9M22 profit already made up 98% of our 2022F profit forecast.
- Strong 3Q22 results y-y were from 1) growing property sales revenues by 26% y-y to Bt8.7bn. Low-rise contributed 96% of sales, 2) improving property gross margin to 32.4%, from 30.5% in 3Q21, on higher margin on both low-rise houses and condos.
- 9M22 net profit increased by 33% y-y to Bt4.7bn, surpassed the record yearly profit of Bt4.5bn in 2021.
- We see upside to our earnings forecast for this year and beyond on better-than-expected presales (10M22 presales of Bt45.4bn, come to 91% of its Bt50bn 2022 target and 95% of our 2022F), property gross margin in 9M22 of 32.4% vs 30.8% in 9M21 and our 31.3% estimates for this year, and ability to control SG&A/sales at 17.6% in 9M22 vs 17.5% in 9M21 despite a 182% y-y increase in new launches this year to Bt63.6bn.
- Reiterate BUY as a top sector pick (another pick is LH) as a market leader with growing market share.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	7,152	7,501	10,849	9,862	8,982	Revenue	(9)	26	81	36,847	41,329
Gross profit	2,292	2,511	3,616	3,313	3,046	Gross profit	(8)	33	84	11,927	13,435
SG&A	1,430	1,581	1,709	1,715	1,805	SG&A	5	26	73	7,185	7,646
Operating profit	862	930	1,907	1,598	1,241	Operating profit	(22)	44	100	4,741	5,789
EBITDA	933	1,001	1,978	1,671	1,315	EBITDA	(21)	41	98	5,061	6,099
Other income	18	20	9	18	122	Other income	573	587	71	211	235
Other expense	0	(1)	5	95	0	Other expense	(100)	32	na	0	0
Interest expense	48	25	28	14	18	Interest expense	31	(63)	19	312	386
Profit before tax	831	926	1,883	1,508	1,345	Profit before tax	(11)	62	102	4,640	5,638
Income tax	167	210	400	312	251	Income tax	(20)	51	104	928	1,128
Equity & invest. income	366	277	247	378	324	Equity & invest. income	(14)	(11)	86	1,099	1,171
Minority interests	0	0	0	0	0	Minority interests	317	100	na	0	0
Extraordinary items	0	1	0	0	0	Extraordinary items			na	0	0
Net profit	1,031	994	1,730	1,574	1,419	Net profit	(10)	38	98	4,811	5,681
Normalized profit	1,031	993	1,730	1,574	1,419	Normalized profit	(10)	38	98	4,811	5,681
EPS (Bt)	0.33	0.32	0.55	0.50	0.45	EPS (Bt)	(10)	38	98	1.53	1.81
Normalized EPS (Bt)	0.33	0.32	0.55	0.50	0.45	Normalized EPS (Bt)	(10)	38	98	1.53	1.81

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	3,455	2,070	2,848	2,841	1,972	Sales grow th	(21.8)	(0.6)	19.1	22.7	25.6
A/C receivable	117	118	86	128	171	Operating profit grow th	(9.5)	14.3	23.7	39.1	44.0
Inventory	44,081	47,379	47,145	48,985	50,532	EBITDA grow th	(8.5)	13.2	22.8	37.1	41.0
Other current assets	1,580	1,386	1,157	1,003	1,776	Norm profit grow th	(28.9)	5.4	23.3	41.2	37.6
Investment	6,507	6,644	6,799	6,670	6,383	Norm EPS grow th	(28.9)	5.4	23.3	41.2	37.6
Fixed assets	367	367	249	364	355	Gross margin	32.0	33.5	33.3	33.6	33.9
Other assets	2,464	2,446	2,588	2,478	2,474	Operating margin	12.1	12.4	17.6	16.2	13.8
Total assets	58,571	60,409	60,873	62,469	63,664	EBITDA margin	13.0	13.3	18.2	16.9	14.6
S-T debt	5,500	6,227	2,500	6,361	6,105	Norm net margin	14.4	13.2	15.9	16.0	15.8
A/C payable	2,455	2,449	2,937	3,371	3,243	D/E (x)	0.7	0.6	0.6	0.6	0.6
Other current liabilities	3,308	3,763	3,697	4,062	3,943	Net D/E (x)	0.5	0.6	0.5	0.5	0.5
L-T debt	14,997	14,720	16,720	13,641	13,899	Interest coverage (x)	19.4	39.8	71.6	123.0	73.7
Other liabilities	882	826	866	878	900	Interest rate	0.9	0.5	0.5	0.3	0.4
Minority interest	(18)	(18)	(18)	(18)	(19)	Effective tax rate	20.0	22.7	21.3	20.7	18.6
Shareholders' equity	31,448	32,442	34,172	34,174	35,592	ROA	7.1	6.7	11.4	10.2	9.0
Working capital	41,743	45,048	44,295	45,742	47,460	ROE	13.3	12.4	20.8	18.4	16.3
Total debt	20,497	20,947	19,220	20,002	20,004						
Net debt	17,043	18,877	16,372	17,162	18,032						

Sources: Company data, Thanachart estimates

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