

BUY (Unchanged)

TP: Bt 14.00

(From: Bt 13.50)

Change in Numbers

Upside : 34.6%

5 DECEMBER 2022

# AP (Thailand) Pcl (AP TB)

## The cheapest choice

We reaffirm our BUY call on AP. After our earnings hikes, the stock on our numbers becomes the cheapest choice in the sector at 5.3x 2023F PE. We also see AP as a laggard play on 1/3/6-month horizons among the top-three quality property stocks under our coverage.



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### Raising our earnings

We lift our earnings estimates for AP by 15/8/5% in 2022-24F to reflect our higher presales and gross margin assumptions. Due to stronger-than-expected presales so far in 4Q22, we revise up our presales assumptions to Bt53.0/55.6/58.4bn (up 10/8/8% from previously) in 2022-24F vs. Bt35.0bn in 2021. AP also reported higher-than-expected gross margin in its 9M22 results which prompt us to hike our 2022-24F gross margin assumptions to 32.0/32.3/32.5% (from 31.3/31.6/32.1%). Due to the upgrades, we lift our 2023F DCF-based 12-month TP to Bt14.0 from Bt13.5.

### Cheap, and a laggard play

We reaffirm our BUY on AP. *First*, we see AP as a laggard play among the top-three quality stocks under our coverage, the other two being Land and Houses (LH TB, BUY, Bt9.45) and Supalai (SPALI TB, BUY, Bt24.00) on 1/3/6-month horizons. AP's share price is up 3/3/-9% over the past 1/3/6 months vs. SPALI's 13/24/14% and LH's 4/10/7%. *Second*, due to its underperformance vs. these peers, AP on our numbers is the cheapest stock of the three at 5.3x PE in 2023F vs. SPALI at 6.1x and LH at 11.6x. As for 2022-24F EPS growth, we estimate 21/11/10% for AP, 5/4/2% for SPALI, and 22/15/11% for LH. On a dividend yield basis, the three stocks offer similar 2022-23F yields of 5.9/6.6% for AP, 6.3/6.7% for SPALI and 6.4/7.4% for LH.

### Strongest market share gains

AP has been gaining the most market share of the property stocks we cover. Actually, if we exclude LH's rental and equity income from other businesses, AP is the strongest earnings growth company in the sector due to its market share gain story. See our presales value comparison between stocks in Exhibit 7 and market share projections in Exhibit 8. For AP, we estimate its market share rose from 18% in 2018 to 27% in 2022F. The success in our view has been because it has captured the right growth segment of the market with good price points.

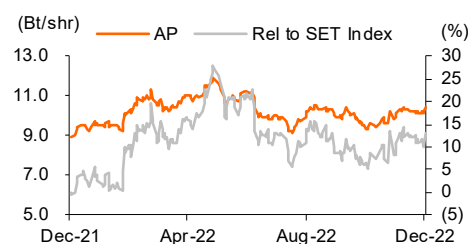
### Unscathed by cost increases

Since AP's products have been selling well, it has been under no pressure to clear finished inventories and it can raise its selling prices to more than offset rising raw material and labor costs, pushed up by high inflation this year. 9M22 gross margin on property sales was 32.4% vs 30.8% in 9M21.

### COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	31,794	38,518	43,120	47,235
Net profit	4,543	5,517	6,147	6,740
Consensus NP	—	5,626	5,858	6,120
Diff frm cons (%)	—	(1.9)	4.9	10.1
Norm profit	4,542	5,517	6,147	6,740
Prev. Norm profit	—	4,811	5,681	6,448
Chg frm prev (%)	—	14.7	8.2	4.5
Norm EPS (Bt)	1.4	1.8	2.0	2.1
Norm EPS grw (%)	7.5	21.5	11.4	9.6
Norm PE (x)	7.2	5.9	5.3	4.9
EV/EBITDA (x)	10.8	10.1	9.5	9.3
P/BV (x)	1.0	0.9	0.8	0.7
Div yield (%)	4.8	5.9	6.6	7.2
ROE (%)	14.7	16.0	16.0	15.7
Net D/E (%)	58.2	67.7	71.8	76.8

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 2-Dec-22 (Bt)	10.40
Market Cap (US\$ m)	941.3
Listed Shares (m shares)	3,145.9
Free Float (%)	64.5
Avg Daily Turnover (US\$ m)	4.5
12M Price H/L (Bt)	11.90/8.90
Sector	PROP
Major Shareholder	Anuphong Assavabhokhin 21.3%

Sources: Bloomberg, Company data, Thanachart estimates

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## Raising our earnings and TP

**TP raised by 4% on higher presales and property gross margin assumptions**

We boost our earnings estimates for AP (Thailand) Pcl by 15/8/5% in 2022-24F to reflect our higher presales and gross margin assumptions. As presales so far in 4Q22 have been stronger than we'd expected earlier, we boost our presales assumptions to Bt53.0/55.6/58.4bn (up 10/8/8% from previously) in 2022-24F vs. Bt35.0bn in 2021. AP also reported higher-than-expected gross margin in its 9M22 results which prompt us to hike our gross margin assumptions to 32.0/32.3/32.5% (from 31.3/31.6/32.1%) in 2022-24F. After rolling over our DCF-based TP to a 2023F base year, our TP is 4% higher at Bt14.0/share (Bt13.5 previously) on rising net debt this year due to aggressive launches and a higher land budget for future launches. We reaffirm our BUY call on shares of AP as a top sector pick along with Land & Houses (LH TB, BUY, Bt9.45) as we see it as a market leader gaining more market share and delivering a new high in profit since 2020. After our earnings upgrades, AP has the sector's cheapest valuations at 5.3/4.9x 2023-24F PE multiples with decent dividend yields of 6.6/7.2% in those years.

### Ex 1: Key Assumption Changes

	2022F	2023F	2024F
<b>Presales (Bt m)</b>			
New	53,000	55,649	58,432
Old	48,017	51,378	53,947
Change (%)	10	8	8
<b>Property gross margin (%)</b>			
New	32.0	32.3	32.5
Old	31.3	31.6	32.1
Change (bp)	67	66	37
<b>SG&amp;A/sales (%)</b>			
New	19.0	18.7	18.5
Old	19.5	18.5	18.0
Change (bp)	(50)	20	50
<b>Normalized profit (Bt m)</b>			
New	5,517	6,147	6,740
Old	4,811	5,681	6,448
Change (%)	15	8	5

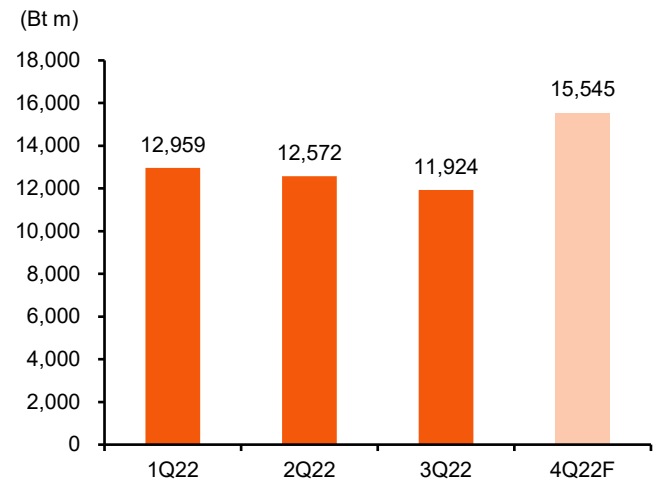
Sources: Company data, Thanachart estimates

## Strongest market share gains

**A high flyer and we expect record quarterly presales in 4Q22F**

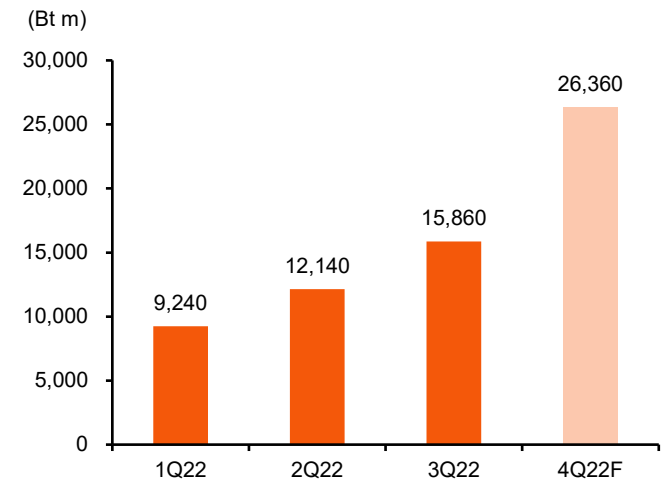
**4Q22F presales likely to hit a new record:** Given solid October-November presales of Bt12.0bn, boosted by its aggressive new project launches of Bt26bn (18 projects: 11 SDH, 6 TH, 1 condo) in 4Q22F, we estimate AP to achieve record quarterly presales of Bt15.5bn in 4Q22F, growing by 99% y-y and 30% q-q. Key driver remains low-rise presales (84% of 4Q22F) in more diversified segments (upper-class SDH priced at Bt10m-20m in Bangkok's suburbs) and new brands in economy segments (Bt2m-3m Pleno Town TH, Bt3m-5m Moden SDH). We raise our presales assumption by 10% this year to Bt53bn (Bt49bn for 11M22F), a 51% y-y increase, above the company's target of Bt50bn.

**Ex 2: Presales**



Sources: Company data, Thanachart estimates

**Ex 3: New Launches**



Sources: Company data, Thanachart estimates

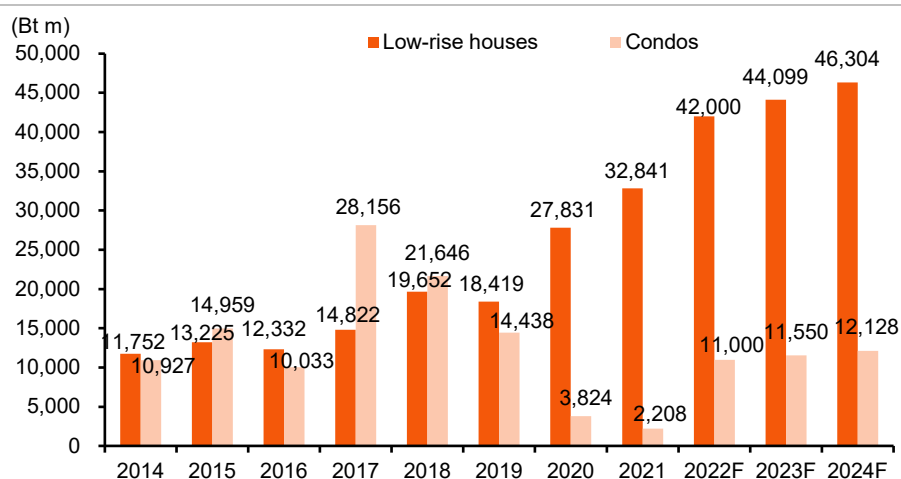
**Ex 4: Expanded Market Segmentation**

Housing Brand							
SDH	BAAN KLANG KRUNG <50 MB	THE PALAZZO <25 MB	SIOU L <20 MB	THE CITY 12-20 MB	CENTRO 5-12 MB	MODEN 3-5 MB	NEW 2022
TH		CLASSE 10-20 MB	บ้านกลางเมือง THE EDITION 7-9 MB	บ้านกลางเมือง 5-7 MB	Grande PLENO 4-6 MB	Pleno 3-5 MB	Pleno TOWN 1.99-3 MB
UPCOUNTRY						อภิศานนท์ 1.99-6++ MB	NEW 2022
Condominium Brand							
Condo	THE ADDRESS	RHYTHM		Life	aspire		

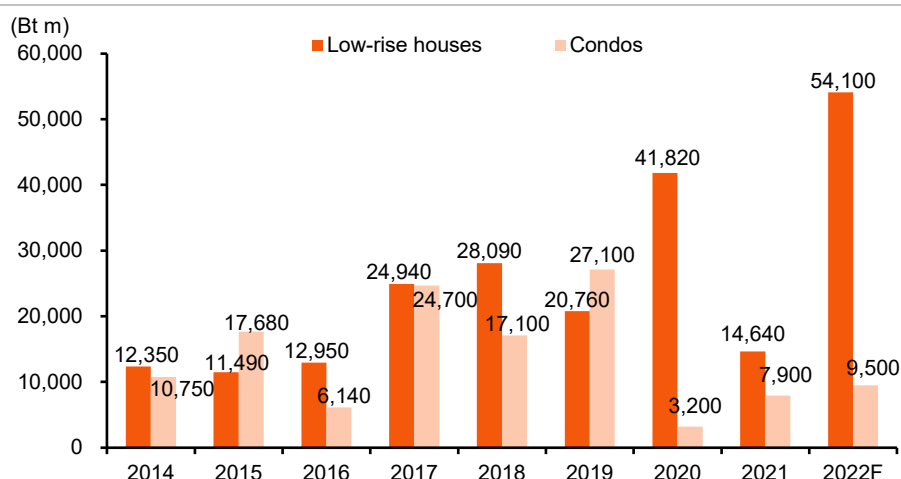
Source: Company data

**One of the first few to benefit from a resumption of condo demand**

**Beneficiary of recovering condo demand:** Known as one of the leaders in developing city condos near mass-transit routes with 40-50% of presales from condo products pre-COVID in 2018-19, we expect AP to benefit from a resumption of condo demand. Of the stocks we cover, AP showed the best condo presales growth in 9M22 of 328% y-y to Bt8.5bn, with room still to improve back to its peak level of Bt21.6bn in 2018. This year, AP has started to return to the condo market by launching four projects valued a Bt9.5bn under the economy Aspire brand (Bt100-150k/sqm) with a satisfactory take-up rate of 35%.

**Ex 5: Condo Presales Recovering**

Sources: Company data, Thanachart estimates

**Ex 6: Aggressive New Launches**

Sources: Company data, Thanachart estimates

**AP's market share has risen from 18% in 2018 to 27% this year**

Of the stocks we cover, AP has been gaining the most market share. If we exclude LH's rental and equity income from other businesses, AP is the strongest earnings growth company in the sector given its market share gain story. See the presales value comparison among stocks in Exhibit 7 and forecasted market share in Exhibit 8. For AP, we estimate its market share rose from 18% in 2018 to 27% in 2022F. The success in our view is because it has captured the right growth segment of the market with good price points.

**Ex 7: Presales Of Developers Under Our Coverage**

Presales (Bt m)	AP	LH	LPN	PSH	QH	SIRI	SPALI	Total
2016	22,365	23,908	9,897	44,414	15,300	31,140	24,132	171,156
2017	42,978	26,304	17,899	47,537	14,000	38,565	30,777	218,060
2018	41,298	28,788	15,526	51,101	12,380	48,344	33,343	230,780
2019	32,856	25,356	6,703	35,601	7,491	20,806	22,324	151,137
2020	31,655	26,602	10,339	21,968	8,667	26,156	24,376	149,763
2021	35,049	28,636	8,893	25,427	7,497	26,071	24,069	155,642
2022F	53,000	33,568	8,864	27,548	8,475	31,261	32,501	195,217

Sources: Company data, Thanachart estimates

## Ex 8: 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
2022F	27.1	17.2	4.5	14.1	4.3	16.0	16.6	100.0
<b>Increase/decrease (+/-)</b>	<b>+</b>	<b>+</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>+</b>	

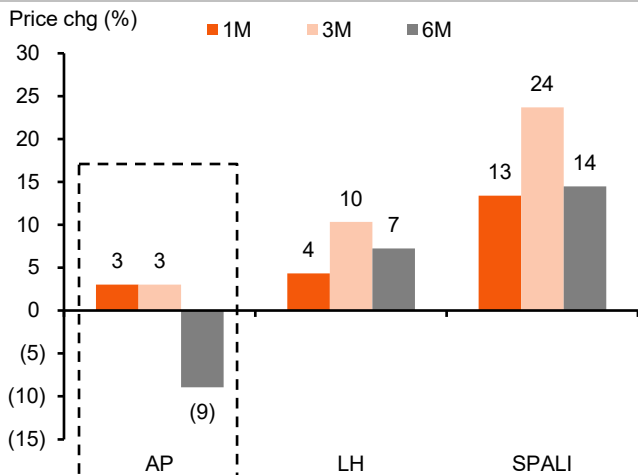
Sources: Company data, Thanachart estimates

## Cheap in our view and a laggard play

**BUY as a top pick**

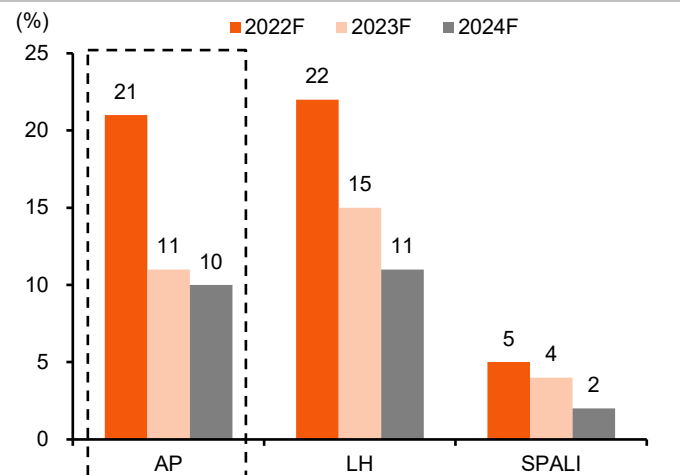
We reaffirm our BUY call on shares of AP. First, we see AP as a laggard play among the top-three quality stocks under our coverage, with the other two being Land and Houses (LH TB, BUY, Bt9.45) and Supalai (SPALI TB, BUY, Bt24.00) on a 1/3/6-month horizon. AP's share price is up by 3/3/-9% over the past 1/3/6 months vs. SPALI's 13/24/14% and LH's 4/10/7%. Second, due to its underperformance vs. these peers, AP on our numbers is now the cheapest stock among the three at 5.3x PE in 2023F vs. SPALI at 6.1x and LH at 11.6x. As for EPS growth profiles, we project 21/11/10% in 2022-24F for AP, 5/4/2% for SPALI, and 22/15/11% for LH. On a dividend yield basis, the three stocks offer similar 2022-23F yields of 5.9/6.6% for AP, 6.3/6.7% for SPALI, and 6.4/7.4% for LH.

## Ex 9: AP Is A Laggard Play

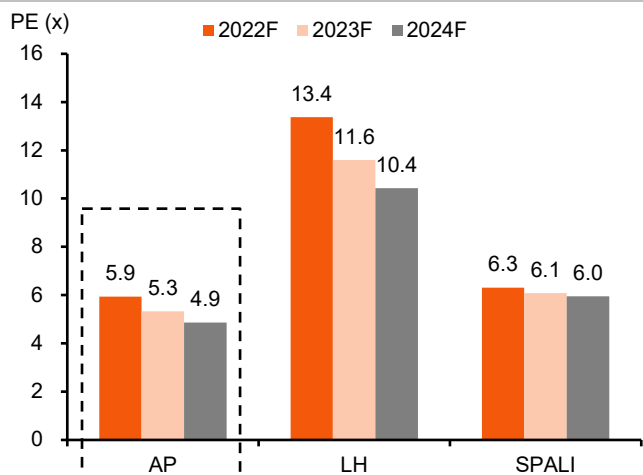


Sources: Company data, Thanachart estimates

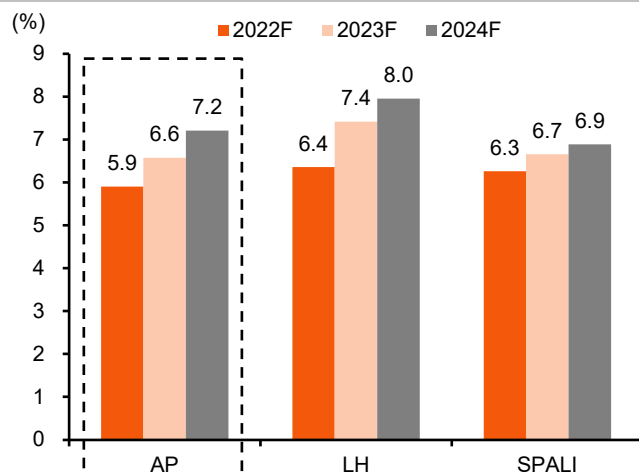
## Ex 10: EPS Growth



Source: Thanachart estimates

**Ex 11: AP Is The Cheapest Among Quality Developers**

Sources: Company data, Thanachart estimates

**Ex 12: Dividend Yield Comparison**

Sources: Company data, Thanachart estimates

**Ex 13: 12-month DCF-based TP Calculation, Using A Base Year Of 2023F**

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA	6,486	7,224	8,126	8,524	8,548	8,808	9,114	9,598	9,779	10,015	10,396	
Free cash flow	(3,767)	(4,627)	1,270	7,630	9,628	6,614	7,586	8,497	6,247	6,218	8,708	117,093
PV of free cash flow	(3,757)	(3,919)	990	5,474	6,223	3,917	4,116	4,226	2,847	2,596	3,180	42,759
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.2											
WACC (%)	8.7											
Terminal growth (%)	2.0											
Enterprise value - add investments	68,652											
Net debt	24,622											
Minority interest	(18)											
Equity value	44,049											
# of shares (m)	3,146											
<b>Equity value/share (Bt)</b>	<b>14.00</b>											

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 14: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div yield	
			22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Poly Real Estate Group	600048 CH	China	(1.1)	5.5	6.9	6.5	0.9	0.8	10.5	10.0	3.8	4.1
Agile Property Holdings	3383 HK	China	(43.1)	(5.4)	2.1	2.2	0.1	0.1	6.9	7.7	1.3	3.0
Country Garden Holdings	2007 HK	China	(58.0)	0.8	4.5	4.4	0.3	0.3	9.8	9.6	3.3	3.4
China Overseas Land & Invest	688 HK	Hong Kong	(12.4)	5.3	6.2	5.9	0.6	0.5	7.3	7.0	4.8	5.0
China Resources Land	1109 HK	Hong Kong	4.6	9.1	8.5	7.8	1.0	0.9	8.0	7.2	4.2	4.5
Hang Lung Properties	101 HK	Hong Kong	0.1	21.1	13.3	11.0	0.4	0.4	15.5	12.6	5.7	5.8
Henderson Land Development	12 HK	Hong Kong	(17.9)	9.8	9.8	9.0	0.3	0.3	19.8	17.3	7.5	7.5
Shimao Property Holdings	813 HK	Hong Kong	1.6	1.6	1.4	1.4	0.1	0.1	5.6	5.6	25.2	26.2
Sun Hung Kai Properties	16 HK	Hong Kong	(2.6)	(1.2)	9.2	9.3	0.4	0.4	9.3	9.7	5.3	5.3
Sino Land	83 HK	Hong Kong	(33.2)	(15.6)	10.7	12.7	0.4	0.5	4.8	6.2	5.9	6.0
CapitaLand	CAPL SP	Singapore	11.2	6.3	na	na	na	na	na	na	na	na
City Developments	CIT SP	Singapore	na	(41.2)	8.6	14.6	0.8	0.8	12.8	15.6	2.3	2.0
Asian Property Devt *	AP TB	Thailand	21.5	11.4	5.9	5.3	0.9	0.8	10.1	9.5	5.9	6.6
Land and Houses *	LH TB	Thailand	22.7	15.3	13.4	11.6	2.1	2.0	18.1	16.4	6.4	7.4
LPN Development *	LPN TB	Thailand	30.9	23.9	17.3	14.0	0.7	0.6	19.2	15.3	3.5	4.3
Pruksa Holding *	PSH TB	Thailand	8.6	1.2	10.5	10.4	0.6	0.6	10.5	10.1	5.7	5.8
Quality Houses *	QH TB	Thailand	30.7	16.1	11.2	9.7	0.9	0.8	38.3	33.9	5.4	6.2
Sansiri *	SIRI TB	Thailand	(24.3)	3.4	17.8	17.2	0.7	0.7	24.4	23.4	2.2	2.3
Supalai *	SPALI TB	Thailand	5.1	3.7	6.3	6.1	1.0	0.9	8.3	7.4	6.3	6.7
<b>Average</b>			<b>(3.1)</b>	<b>3.8</b>	<b>9.1</b>	<b>8.8</b>	<b>0.7</b>	<b>0.7</b>	<b>13.3</b>	<b>12.5</b>	<b>5.8</b>	<b>6.2</b>

Sources: Bloomberg consensus, \*Thanachart estimates

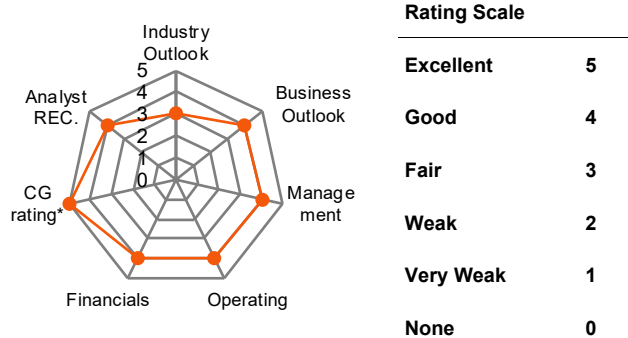
Based on 2 December 2022 closing prices

## 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.
- Land and building tax.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	13.79	14.00	2%
Net profit 22F (Bt m)	5,626	5,517	-2%
Net profit 23F (Bt m)	5,858	6,147	5%
Consensus REC	BUY: 18	HOLD: 0	SELL: 0

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profit for 2023F is 5% higher than the Bloomberg consensus number, which we attribute to us having a higher presales assumption to reflect its aggressive launch plan and success in new segments.
- Our DCF-based TP is therefore 2% above the Street's.

Sources: Bloomberg consensus, Thanachart estimates

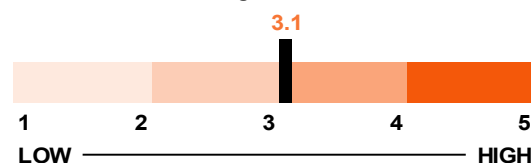
## RISKS TO OUR INVESTMENT CASE

- 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.

Source: Thanachart

AP develops residential property projects of single-detached houses, townhouses, and condominiums in Bangkok and its suburbs. Despite not generating much greenhouse gas, it has environmental goals in many areas. We assign a decent 3.1 ESG score for AP which is in line with the sector average.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
AP	-	YES	-	-	46.81	20.37	10.19	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>Environmental Policies &amp; Guidelines</li> <li>Energy Management</li> <li>Carbon Management</li> <li>Water Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>AP aims to cut greenhouse gas (scope 1 and 2) by 20% in 2023 from the 2021 base year.</li> <li>Since 2020, AP's policy has been to install solar rooftops at its single-detached house (SDH) projects' clubhouses. In 2021, it had a total combined capacity of 493kWh at more than 30 housing projects. Besides electricity cost savings, it has reduced CO2 emissions by 300,000 tonnes per year.</li> <li>AP in 2021 had 52 plug-in hybrid electric vehicle charging stations at 13 of its condominium projects.</li> <li>AP has initiated the SMART Project to use recycled resources. In 2021, some 104,461kg of waste such as plastic, glass, and paper were recycled.</li> <li>AP prepares environmental impact assessment (EIA) reports to prevent negative environmental impacts.</li> </ul>
<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>Human Rights</li> <li>Staff Management</li> <li>Health &amp; Safety</li> <li>Product Safety &amp; Quality</li> <li>Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>AP evaluates employee engagement every two years and targets to reduce employees' resignations from 12.3% in 2021.</li> <li>It has hired an increasing number of disabled people, up from 20 persons in 2019 to 22 and 24 persons in 2020-21.</li> <li>In 2021, the number of training hours averaged 7.86 per employee and the target is to achieve 16 hours/employee/year.</li> <li>AP has a good ratio of men and women employees at 52:48 in 2021. Employees over 50 years old made up 2.9% of the total.</li> <li>AP Academy has been established to provide comprehensive real-estate knowledge to students and the general public through AP Property School, AP Open House, and AP Symposium.</li> </ul>
<p><b>GOVERNANCE &amp; SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>Board</li> <li>Ethics &amp; Transparency</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>The board of directors (BOD) consists of 13 members, with seven of them being independent directors. There is only one female on the BOD. Five directors on the BOD are also on the management team.</li> <li>The risk-management committee specifies and approves the corporate governance policy with a performance follow-up every quarter.</li> <li>It targets to provide business ethics training and educate staff at all levels on its anti-corruption policy to reach 100% by 2023.</li> <li>In 2021, the evaluation of the performance of the BOD came up with a score of 98%.</li> </ul>

Sources: Thanachart, Company data

**INCOME STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Sales	29,888	31,794	38,518	43,120	47,235
Cost of sales	20,458	21,483	25,817	28,838	31,520
<b>Gross profit</b>	<b>9,430</b>	<b>10,311</b>	<b>12,701</b>	<b>14,282</b>	<b>15,715</b>
% gross margin	31.6%	32.4%	33.0%	33.1%	33.3%
Selling & administration expenses	6,160	5,828	7,318	8,063	8,738
<b>Operating profit</b>	<b>3,270</b>	<b>4,484</b>	<b>5,382</b>	<b>6,219</b>	<b>6,976</b>
% operating margin	10.9%	14.1%	14.0%	14.4%	14.8%
Depreciation & amortization	269	279	320	310	284
<b>EBITDA</b>	<b>3,540</b>	<b>4,763</b>	<b>5,703</b>	<b>6,529</b>	<b>7,261</b>
% EBITDA margin	11.8%	15.0%	14.8%	15.1%	15.4%
Non-operating income	70	186	222	248	271
Non-operating expenses	(6)	(3)	0	0	0
Interest expense	(367)	(255)	(126)	(245)	(336)
<b>Pre-tax profit</b>	<b>2,968</b>	<b>4,412</b>	<b>5,478</b>	<b>6,221</b>	<b>6,911</b>
Income tax	690	869	1,096	1,244	1,382
<b>After-tax profit</b>	<b>2,278</b>	<b>3,543</b>	<b>4,383</b>	<b>4,977</b>	<b>5,529</b>
% net margin	7.6%	11.1%	11.4%	11.5%	11.7%
Shares in affiliates' Earnings	1,948	999	1,134	1,171	1,211
Minority interests	1	0	0	0	0
Extraordinary items	0	1	0	0	0
<b>NET PROFIT</b>	<b>4,227</b>	<b>4,543</b>	<b>5,517</b>	<b>6,147</b>	<b>6,740</b>
<b>Normalized profit</b>	<b>4,227</b>	<b>4,542</b>	<b>5,517</b>	<b>6,147</b>	<b>6,740</b>
EPS (Bt)	1.3	1.4	1.8	2.0	2.1
Normalized EPS (Bt)	1.3	1.4	1.8	2.0	2.1

*Record profit since 2020  
and likely to reach new  
highs in 2022-24F*

**BALANCE SHEET**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>ASSETS:</b>					
Current assets:	49,897	50,953	60,934	70,467	81,174
Cash & cash equivalent	2,740	2,070	1,752	1,985	2,000
Account receivables	80	118	211	236	259
Inventories	46,140	47,379	57,292	66,367	76,857
Others	938	1,386	1,679	1,879	2,059
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	2,813	3,063	3,287
<b>Total assets</b>	<b>58,724</b>	<b>60,409</b>	<b>70,736</b>	<b>80,502</b>	<b>91,436</b>
<b>LIABILITIES:</b>					
Current liabilities:	13,256	12,439	16,192	18,587	21,268
Account payables	1,824	2,449	2,476	2,765	3,022
Bank overdraft & ST loans	3,113	1,727	3,956	4,670	5,501
Current LT debt	4,600	4,500	5,156	6,086	7,170
Others current liabilities	3,719	3,763	4,604	5,066	5,575
<b>Total LT debt</b>	<b>15,221</b>	<b>14,720</b>	<b>17,262</b>	<b>20,375</b>	<b>24,003</b>
Others LT liabilities	983	826	915	956	993
<b>Total liabilities</b>	<b>29,461</b>	<b>27,986</b>	<b>34,369</b>	<b>39,918</b>	<b>46,265</b>
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
<b>Retained earnings</b>	<b>26,046</b>	<b>29,206</b>	<b>33,150</b>	<b>37,367</b>	<b>41,955</b>
Shareholders' equity	29,281	32,442	36,385	40,602	45,190
<b>Liabilities &amp; equity</b>	<b>58,724</b>	<b>60,409</b>	<b>70,736</b>	<b>80,502</b>	<b>91,436</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Earnings before tax	2,968	4,412	5,478	6,221	6,911
Tax paid	(683)	(845)	(1,052)	(1,207)	(1,354)
Depreciation & amortization	269	279	320	310	284
Chg In working capital	3,736	(653)	(9,980)	(8,810)	(10,255)
Chg In other CA & CL / minorities	2,652	71	1,134	822	887
<b>Cash flow from operations</b>	<b>8,942</b>	<b>3,263</b>	<b>(4,100)</b>	<b>(2,664)</b>	<b>(3,527)</b>
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)	114	269	348
<b>Cash flow from investments</b>	<b>(841)</b>	<b>(563)</b>	<b>(72)</b>	<b>71</b>	<b>150</b>
Debt financing	(4,673)	(1,987)	5,427	4,757	5,544
Capital increase	0	0	0	0	0
Dividends paid	(1,258)	(1,415)	(1,573)	(1,931)	(2,152)
Warrants & other surplus	0	33	0	0	0
<b>Cash flow from financing</b>	<b>(5,931)</b>	<b>(3,370)</b>	<b>3,854</b>	<b>2,826</b>	<b>3,392</b>
<b>Free cash flow</b>	<b>8,770</b>	<b>3,077</b>	<b>(4,300)</b>	<b>(2,864)</b>	<b>(3,727)</b>

**VALUATION**

<b>FY ending Dec</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
Normalized PE (x)	7.7	7.2	5.9	5.3	4.9
Normalized PE - at target price (x)	10.4	9.7	8.0	7.2	6.5
PE (x)	7.7	7.2	5.9	5.3	4.9
PE - at target price (x)	10.4	9.7	8.0	7.2	6.5
EV/EBITDA (x)	14.9	10.8	10.1	9.5	9.3
EV/EBITDA - at target price (x)	18.1	13.2	12.0	11.2	10.8
P/BV (x)	1.1	1.0	0.9	0.8	0.7
P/BV - at target price (x)	1.5	1.4	1.2	1.1	1.0
P/CFO (x)	3.7	10.0	(8.0)	(12.3)	(9.3)
Price/sales (x)	1.1	1.0	0.8	0.8	0.7
Dividend yield (%)	4.3	4.8	5.9	6.6	7.2
FCF Yield (%)	26.8	9.4	(13.1)	(8.8)	(11.4)
<b>(Bt)</b>					
Normalized EPS	1.3	1.4	1.8	2.0	2.1
EPS	1.3	1.4	1.8	2.0	2.1
DPS	0.5	0.5	0.6	0.7	0.7
BV/share	9.3	10.3	11.6	12.9	14.4
CFO/share	2.8	1.0	(1.3)	(0.8)	(1.1)
FCF/share	2.8	1.0	(1.4)	(0.9)	(1.2)

Sources: Company data, Thanachart estimates

*Undemanding PE vs. peers', on our forecasts*

## FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
<b>Growth Rate</b>					
Sales (%)	25.6	6.4	21.1	11.9	9.5
Net profit (%)	37.8	7.5	21.4	11.4	9.6
EPS (%)	37.8	7.5	21.4	11.4	9.6
Normalized profit (%)	40.6	7.5	21.5	11.4	9.6
Normalized EPS (%)	40.6	7.5	21.5	11.4	9.6
Dividend payout ratio (%)	33.5	34.6	35.0	35.0	35.0
<b>Operating performance</b>					
Gross margin (%)	31.6	32.4	33.0	33.1	33.3
Operating margin (%)	10.9	14.1	14.0	14.4	14.8
EBITDA margin (%)	11.8	15.0	14.8	15.1	15.4
Net margin (%)	7.6	11.1	11.4	11.5	11.7
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	42.7	25.3	20.7
Interest coverage - EBITDA (x)	9.6	18.7	45.2	26.6	21.6
ROA - using norm profit (%)	7.2	7.6	8.4	8.1	7.8
ROE - using norm profit (%)	15.2	14.7	16.0	16.0	15.7
<b>DuPont</b>					
ROE - using after tax profit (%)	8.2	11.5	12.7	12.9	12.9
- asset turnover (x)	0.5	0.5	0.6	0.6	0.5
- operating margin (%)	11.2	14.7	14.6	15.0	15.3
- leverage (x)	2.1	1.9	1.9	2.0	2.0
- interest burden (%)	89.0	94.5	97.7	96.2	95.4
- tax burden (%)	76.8	80.3	80.0	80.0	80.0
WACC (%)	8.7	8.7	8.7	8.7	8.7
ROIC (%)	4.7	7.3	8.4	8.2	8.0
NOPAT (Bt m)	2,510	3,600	4,306	4,975	5,581
invested capital (Bt m)	49,476	51,319	61,007	69,748	79,864

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

### Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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