

### COMPANY UPDATE

## AP Thailand (AP TB)

Project Launches Ignite Presales Growth In 2Q24

AP is on track with planned project launches for 2Q24, launching 22 projects worth Bt27.7b (+64% yoy). Key projects include Aspire Huai Khwang and Aspire Arun Prive which are expected to drive presales up yoy and qoq. In 2Q24, we expect an earnings recovery from the prior quarter, driven by transfer progress from existing projects and newly-completed condo projects, with healthy margins expected. We like AP for its earnings outlook and solid fundamentals. Maintain BUY. Target price: Bt13.50.

### WHAT'S NEW

- Project launches expected to go as planned in 2Q24.** We expect AP's project launches to go as planned in 2Q24, with 22 projects worth Bt27.7b (+64% yoy). The company launched 12 projects (a single detached house project, nine townhouse projects, and two condominium projects) in Apr-May 24. The highlight is the launch of two condo projects (Aspire Huai Khwang at Bt4.8b and Aspire Arun Prive at Bt0.5b) which are expected to boost AP's presales in 2Q24. Additionally, AP also plans to launch eight low-rise projects and two condo projects in Jun 24. The other two condo projects include Aspire Itsaraphap Station at Bt0.8b and Life Charoennakhon-Sathorn at Bt2.5b.
- Expect 2Q24 presales to increase yoy and qoq.** We expect better-than-expected presales in 2Q24 of approximately Bt15.0b, up yoy and qoq. The increase in presales will be driven by many project launches in the low-rise segment and two recently launched condo projects. As of 31 May 24, Aspire Huai Khwang achieved impressive presales of about 60%, driven by foreign demand (Myanmar, China, Taiwan). Meanwhile, Aspire Arun Prive had presales of about 27%. Furthermore, we saw improvement in selective low-rise projects such as The City Bangna 2, with a 100% take-up rate in the first phase of the project (about Bt1.5b).
- Transfers to be driven by newly-completed condo projects in 2Q24.** We expect transfers to improve qoq in 2Q24. The improvement will be driven by two newly-completed condo projects (Aspire Ratchyothin and Life Phahon-Ladprao), totaling Bt5.0b with about 70% sold on average. Management expects the transfer progress of Aspire Ratchyothin to be above 50% in 2Q24.

### KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	38,539.0	38,045.4	39,299.3	39,590.5	38,269.3
EBITDA	6,106.9	6,667.8	6,583.6	6,683.5	6,513.4
Operating profit	5,816.2	6,377.4	6,316.7	6,413.5	6,219.5
Net profit (rep./act.)	5,877.4	6,054.4	6,067.3	6,065.5	5,838.3
Net profit (adj.)	5,874.4	6,044.9	6,067.3	6,065.5	5,838.3
EPS (Bt)	1.9	1.9	1.9	1.9	1.9
PE (x)	4.8	4.7	4.7	4.7	4.9
P/B (x)	0.8	0.7	0.6	0.6	0.5
EV/EBITDA (x)	10.0	9.1	9.2	9.1	9.3
Dividend yield (%)	7.2	7.7	7.7	7.7	7.2
Net margin (%)	15.3	15.9	15.4	15.3	15.3
Net debt/(cash) to equity (%)	58.4	79.4	72.7	67.1	62.4
Interest cover (x)	61.7	27.0	30.8	32.6	37.0
ROE (%)	17.0	15.6	14.2	13.0	11.6
Consensus net profit	-	-	6,103	6,393	6,522
UOBKH/Consensus (x)	-	-	0.99	0.95	0.90

Source: AP Thailand, Bloomberg, UOB Kay Hian  
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

## BUY

(Maintained)

Share Price	Bt9.05
Target Price	Bt13.50
Upside	+49.2%

### COMPANY DESCRIPTION

Property developer which has diversified products in low-rise projects and condominiums.

### STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	AP TB
Shares issued (m):	3,145.9
Market cap (Btm):	28,470.4
Market cap (US\$m):	779.7
3-mth avg daily t'over (US\$m):	5.5

### Price Performance (%)

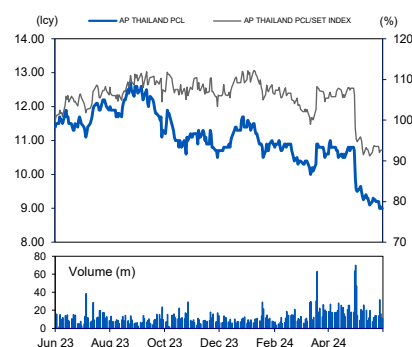
52-week high/low	Bt12.70/Bt9.00			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(16.2)	(13.0)	(13.8)	(19.2)	(19.9)

### Major Shareholders

	%
Mr. Anuphong Assavabhokhin	21.3
Thai NVDR	10.8
NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDU UCITS CLIENTS 10 PCT ACCOUNT	3.8

FY24 NAV/Share (Bt)	14.18
FY24 Net Debt/Share (Bt)	10.31

### PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

- **Expect earnings recovery in 2Q24; maintain our 2024 earnings forecast.** We anticipate an improvement in 2Q24 earnings compared with the previous quarter, driven by the completion of two new condo projects. Moreover, AP is projected to maintain strong gross margins (33-34%) and effective expense management despite intense competition. Meanwhile, we are still optimistic but cautious about the 2H24 earnings outlook, which would be better than that in 1H24, underpinned by progress in transfers and solid backlog. AP will begin transferring ownership of Life Rama 4 - Asoke in 3Q24 (Bt6.5b project; 48% sold).

### EARNINGS REVISION/RISK

- **Earnings revision:** None.
- **Risks:** a) Lower-than-expected presales, transfers and gross margins, and b) tightening bank policy.

### VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt13.50** based on 7x 2024F PE, pegged to 0.5SD above 10-year PE average. We remain positive on AP due to: a) the expected earnings growth in 2Q-4Q24, b) its position as the market leader with dynamic strategies and a solid financial position, enabling it to weather multiple challenges, and c) its attractive valuation.

### SHARE PRICE CATALYST

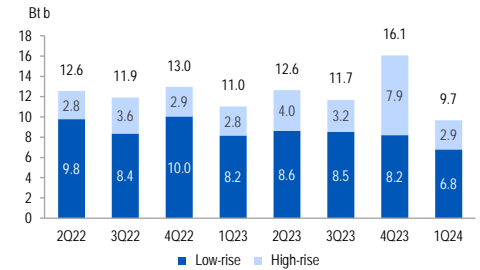
- a) Better-than-expected presales and faster-than-expected unit transfers, and b) improvement in gross margin and SG&A-to-sales-ratio.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<b>CG Report: 5</b>
<b>SET ESG Rating: AA</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- AP has policies and projects to achieve the national environmental mission, including climate change, pollution, resource conservation and waste management.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- AP focuses on human resources, social activity, community development, and environmentally friendly innovations. Their expertise has led them to prioritise knowledge sharing, improve society, and develop the environment.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- The company has a strong corporate governance structure with a Board of Directors, Audit Committee and sub-committees. The Board has a mix of executive and independent directors.</li> </ul> </li> </ul>

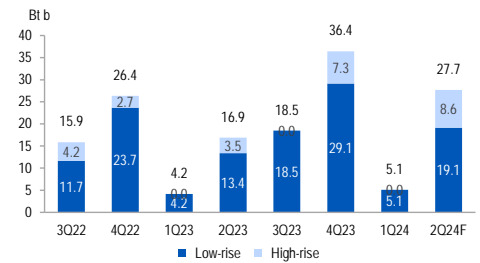
Source: AP, UOB Kay Hian

### QUARTERLY PRESALES



Source: AP, UOB Kay Hian

### QUARTERLY PROJECT LAUNCHES



Source: AP, UOB Kay Hian

### CONDO PROJECTS TO BE LAUNCHED IN 2024

Projects	Value (Btm)	Units
Aspire Arun Prive (AP)	500	119
Life Charoennakhon-Sathorn (AP)	2,500	580
Aspire Itsaraphap Station (AP)	800	270
Aspire Huaikwang (JV)	4,800	1,274

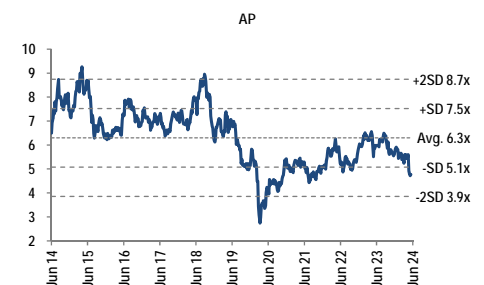
Source: AP, UOB Kay Hian

### CONDO PROJECTS TO TRANSFER IN 2024

Projects	Value (Btm)	Units	Sold
Aspire Ratchayothin (AP)	1,500	633	97%
Life Phahon - Ladprao (JV)	3,500	598	58%

Source: AP, UOB Kay Hian

### PE BAND



Source: AP, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	38,045	39,299	39,590	38,269
EBITDA	6,668	6,584	6,683	6,513
Deprec. & amort.	290	267	270	294
EBIT	6,377	6,317	6,413	6,219
Total other non-operating income	160	90	100	200
Associate contributions	1,055	1,113	1,019	844
Net interest income/(expense)	(247)	(214)	(205)	(176)
Pre-tax profit	7,358	7,306	7,327	7,087
Tax	(1,304)	(1,239)	(1,262)	(1,249)
Minorities	0	0	0	0
Net profit	6,054	6,067	6,065	5,838
Net profit (adj.)	6,045	6,067	6,065	5,838

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	(8,745)	1,967	2,356	2,238
Pre-tax profit	7,358	7,306	7,327	7,087
Tax	(1,304)	(1,239)	(1,262)	(1,249)
Deprec. & amort.	290	267	270	294
Working capital changes	(16,664)	(3,127)	(4,001)	(3,795)
Non-cash items	1,574	(1,240)	22	(99)
Other operating cashflows	0	0	0	0
Investing	(86)	145	(248)	(139)
Capex (growth)	(160)	(245)	(235)	(245)
Investments	(20)	(50)	(17)	125
Others	94	440	4	(18)
Financing	9,222	(1,974)	(1,702)	(1,623)
Dividend payments	(2,045)	(2,202)	(2,202)	(2,123)
Issue of shares	0	0	0	0
Proceeds from borrowings	11,267	228	500	500
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	391	138	406	476
Beginning cash & cash equivalent	1,650	2,041	2,179	2,585
Ending cash & cash equivalent	2,041	2,179	2,585	3,061

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	875	853	818	769
Other LT assets	8,496	8,372	8,394	8,248
Cash/ST investment	2,041	2,179	2,585	3,061
Other current assets	72,531	75,874	79,904	83,567
<b>Total assets</b>	<b>83,944</b>	<b>87,279</b>	<b>91,702</b>	<b>95,646</b>
ST debt	13,428	9,116	10,266	6,766
Other current liabilities	7,902	6,877	6,928	6,697
LT debt	20,964	25,504	24,854	28,854
Other LT liabilities	913	1,179	1,188	1,148
Shareholders' equity	40,757	44,622	48,485	52,200
Minority interest	(20)	(20)	(20)	(20)
<b>Total liabilities &amp; equity</b>	<b>83,944</b>	<b>87,279</b>	<b>91,702</b>	<b>95,646</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	17.5	16.8	16.9	17.0
Pre-tax margin	19.3	18.6	18.5	18.5
Net margin	15.9	15.4	15.3	15.3
ROA	8.0	7.1	6.8	6.2
ROE	15.6	14.2	13.0	11.6
<b>Growth</b>				
Turnover	(1.3)	3.3	0.7	(3.3)
EBITDA	9.2	(1.3)	1.5	(2.5)
Pre-tax profit	3.5	(0.7)	0.3	(3.3)
Net profit	3.0	0.2	0.0	(3.7)
Net profit (adj.)	2.9	0.4	0.0	(3.7)
EPS	2.9	0.4	0.0	(3.7)
<b>Leverage</b>				
Debt to total capital	45.8	43.7	42.0	40.6
Debt to equity	84.4	77.6	72.4	68.2
Net debt/(cash) to equity	79.4	72.7	67.1	62.4
Interest cover (x)	27.0	30.8	32.6	37.0

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