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### KEY HIGHLIGHTS

Update

**AP Thailand (AP TB/BUY/Bt11.40/Target: Bt14.00)**

3Q23 results preview: Expect earnings to increase yoy and qoq.

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### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,433.40	6.29	0.44
SET50	880.99	4.34	0.50
Value (Btm) - SET	36,152		
<b>Top 5 Sector</b>			
BANK	389.72	0.08	0.02
PETRO	688.36	3.33	0.49
PROP	229.81	2.73	1.20
ENERG	20,432.63	(34.67)	(0.17)
ICT	156.54	(0.43)	(0.27)

Source: Bloomberg

### TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
HANA	57.50	(7.26)	2,194.1
PTTEP	170.00	(1.16)	1,766.9
JMT	35.25	3.68	1,460.6
AOT	68.25	2.25	1,614.7
CPALL	57.75	0.87	1,838.1

### TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
BLESS	0.78	21.88	19.0
THL	0.06	20.00	3.9
NPK	17.90	18.54	0.1
HEALTH	3.16	17.91	0.1
PPPM	0.07	16.67	0.1

### TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
ALL	0.04	(20.00)	0.3
B	0.05	(16.67)	0.5
NATION	0.08	(11.11)	0.4
SRS	11.60	(9.38)	1,201.6
PRIME	0.65	(8.45)	256.1

\*ADT: Average daily turnover

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	91.5	(1.9)	16.0	12.1
Dubai crude*	91.7	(4.5)	14.5	16.6
Baltic Dry Index	1,972.0	37.0	90.2	30.2
Gold Spot***	1,927.3	(0.3)	(2.6)	5.7

\*(US\$/bbl), \*\*\* (US\$/toz)

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(23.2)	(265.2)	(4,791.8)	(7,809.6)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 36.38

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%) - MLR = 7.10

### COMPANY UPDATE

## AP Thailand (AP TB)

3Q23 Results Preview: Expect Earnings To Increase yoy And qoq

**We expect AP's earnings to increase 14% yoy and 4% qoq in 3Q23, driven by its solid backlog in the low-rise segment and two newly-completed condo projects being transferred. Even though AP reported disappointing presales in 3Q23 and a decrease in 9M23 presales, we still expect AP to achieve our estimated net profit in 2023, which would be a new record high. Maintain BUY. Target price: Bt14.00.**

### WHAT'S NEW

#### 3Q23 RESULTS PREVIEW

Year to 31 Dec (Btm)	3Q22	2Q23	3Q23F	yoy %	qoq %
Sales and services	8,982	9,282	9,939	10.7	7.1
Gross profit	3,046	3,486	3,622	18.9	3.9
SG&A	1,805	1,725	1,908	5.8	10.6
Operating EBIT	1,241	1,761	1,714	38.1	(2.7)
Equity income	324	289	310	(4.6)	7.2
Net profit	1,419	1,544	1,613	13.7	4.4
Percent	3Q22	2Q23	3Q23F	yoy ppt	qoq ppt
Gross margin	33.9	37.6	36.4	2.5	(1.1)
SG&A to sales	20.1	18.6	19.2	(0.9)	0.6
EBIT margin	13.8	19.0	17.2	3.4	(1.7)
Net margin	15.8	16.6	16.2	0.4	(0.4)

Source: AP Thailand, UOB Kay Hian

- **Expect 3Q23 earnings to increase yoy and qoq.** We expect AP Thailand's (AP) 3Q23 net profit to come in at Bt1.6b (+14% yoy, +4% qoq). Revenue for the quarter is expected to improve to Bt9.3b (+11% yoy, +7% qoq), driven by a solid backlog in the low-rise segment and the transfer of a newly-completed condo (Aspire Pinklao – Arunamarin, valued at Bt1.2b with 88% sold). 3Q23 gross margin is expected to drop slightly qoq following product mix of transfers having a lower margin and normalised margin in the high-rise segment. We expect SG&A-to-sales to increase slightly qoq to 19.2% due to more project launches. We expect equity income to come in at Bt310m in 3Q23 (3Q22: Bt324m, 2Q23: Bt289m), underpinned by continuous transfers of JV projects and a newly-completed JV condo project (The Address Siam-Ratchathewi, valued at Bt8.6b with 39% sold).

### KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	31,794.4	38,539.0	40,497.8	42,110.3	43,251.9
EBITDA	4,762.7	6,106.9	6,355.1	6,622.8	6,840.3
Operating profit	4,483.8	5,816.2	6,059.3	6,321.1	6,532.7
Net profit (rep./act.)	4,543.1	5,877.4	6,091.0	6,310.1	6,491.3
Net profit (adj.)	4,542.2	5,874.4	6,091.0	6,310.1	6,491.3
EPS (Bt)	1.4	1.9	1.9	2.0	2.1
PE (x)	7.9	6.1	5.9	5.7	5.5
P/B (x)	1.1	1.0	0.9	0.8	0.7
EV/EBITDA (x)	11.2	8.8	8.4	8.1	7.8
Dividend yield (%)	4.4	5.7	5.9	6.1	6.3
Net margin (%)	14.3	15.3	15.0	15.0	15.0
Net debt/(cash) to equity (%)	58.6	57.8	43.5	38.6	35.0
Interest cover (x)	19.2	61.7	64.2	65.6	71.3
ROE (%)	14.7	17.0	15.7	14.7	13.8
Consensus net profit	-	-	6,202	6,518	6,801
UOBKH/Consensus (x)	-	-	0.98	0.97	0.95

Source: AP Thailand, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt11.40
Target Price	Bt14.00
Upside	+22.8%
(Previous TP)	Bt14.70)

### COMPANY DESCRIPTION

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

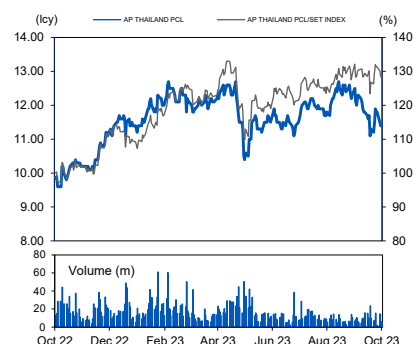
### STOCK DATA

GICS sector	Real Estate			
Bloomberg ticker:	AP TB			
Shares issued (m):	3,145.9			
Market cap (Btm):	35,863.3			
Market cap (US\$m):	985.0			
3-mth avg daily t'over (US\$m):	3.0			
<b>Price Performance (%)</b>				
52-week high/low	Bt12.70/Bt9.60			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(7.3)	(0.9)	(6.6)	18.1	(1.7)

### Major Shareholders

	%
Mr. Anuphong Assavabhokhin	21.3
Thai NVDR	16.9
NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDU UCITS CLIENTS 10 PCT ACCOUNT	4.3
FY23 NAV/Share (Bt)	12.96
FY23 Net Debt/Share (Bt)	5.63

### PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

- Presales softened.** In 3Q23, the company reported presales of about Bt11.7b (-2% yoy, -8% qoq). This fell short of our and company expectations. The drop in presales compared with the previous quarter can be attributed to a slowdown in the residential market and the absence of condo project launches in 3Q23. For 9M23, the company achieved presales of only Bt35.3b (-5.7% yoy), accounting for 61% of its full-year target. While we expect presales to improve in 4Q23, AP could face downside risk in achieving its full-year target.
- Maintain 2023 earnings forecasts.** We are still maintaining our profit estimate for 2023 at Bt6.1b (+4% yoy), which would be a new historical high. We believe that AP will be able to achieve our target. If 3Q23 earnings align with our expectations, 9M23 profit would account for 76% of our annual target. Furthermore, we expect profit to remain strong in 4Q23, supported by its backlog and the company's ability to sustain a high profit margin.

### EARNINGS REVISION

- None.

### VALUATION/RECOMMENDATION

- Maintain BUY with a target price of Bt14.00.** We roll over our valuation to 2024. The target price of Bt14.00 is based on 7x 2024F PE, pegged to 0.5SD above its 10-year PE average. AP is still our top pick as we are optimistic about its earnings outlook and clear business plan. In addition, we foresee it being more resilient to multiple headwinds than its peers as AP is the market leader and has solid market share. We also expect an attractive dividend yield of 5-6% for 2023 operations (one-time payment).

### 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.

### RISKS

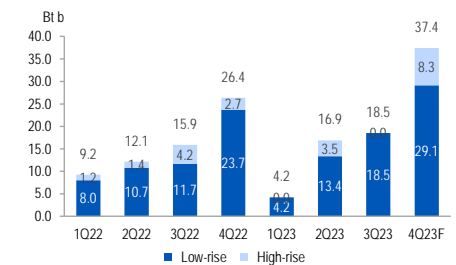
- a) Demand for residential properties slowing down, b) higher inflation and interest rates affecting purchasing power, and c) higher cancellation and rejection rates.

### 9M23 PRESALES



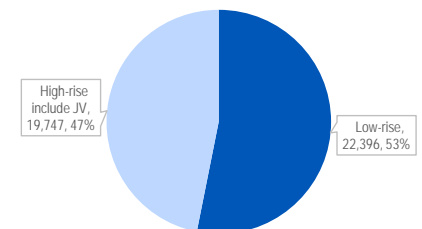
Source: AP, UOB Kay Hian

### QUARTERLY LAUNCHES



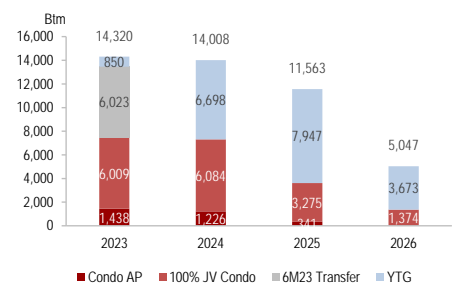
Source: AP, UOB Kay Hian

### BACKLOG AS OF 30 SEP 23



Source: AP, UOB Kay Hian

### CONDO BACKLOG



Source: AP, UOB Kay Hian

### KEY TRANSFER PROJECTS

Projects	Value (Btm)	% sold	Transfer
Aspire Pinklao - Arunamarin	1,200	88	3Q23
The Address Siam - Ratchathewi (JV)	8,600	39	3Q23

Source: AP, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
<b>Net turnover</b>	<b>38,539</b>	<b>40,498</b>	<b>42,110</b>	<b>43,252</b>
EBITDA	6,107	6,355	6,623	6,840
Deprec. & amort.	291	296	302	308
EBIT	5,816	6,059	6,321	6,533
Total other non-operating income	152	85	90	100
Associate contributions	1,233	1,255	1,262	1,262
Net interest income/(expense)	(99)	(99)	(101)	(96)
<b>Pre-tax profit</b>	<b>7,106</b>	<b>7,300</b>	<b>7,572</b>	<b>7,799</b>
Tax	(1,230)	(1,209)	(1,262)	(1,307)
Minorities	1	0	0	0
<b>Net profit</b>	<b>5,877</b>	<b>6,091</b>	<b>6,310</b>	<b>6,491</b>
Net profit (adj.)	5,874	6,091	6,310	6,491

### CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
<b>Operating</b>	<b>(577)</b>	<b>6,600</b>	<b>3,801</b>	<b>3,664</b>
Pre-tax profit	7,106	7,300	7,572	7,799
Tax	(1,230)	(1,209)	(1,262)	(1,307)
Deprec. & amort.	291	296	302	308
Working capital changes	(7,105)	(212)	(2,932)	(3,221)
Non-cash items	361	425	121	86
Other operating cashflows	0	0	0	0
<b>Investing</b>	<b>(94)</b>	<b>(989)</b>	<b>(1,279)</b>	<b>(1,277)</b>
Capex (growth)	(189)	(275)	(265)	(255)
Investments	90	(1,036)	(1,037)	(1,038)
Others	4	322	23	16
<b>Financing</b>	<b>252</b>	<b>(3,466)</b>	<b>(2,157)</b>	<b>(2,227)</b>
Dividend payments	(1,572)	(2,082)	(2,157)	(2,227)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,824	(1,384)	0	0
Others/interest paid	0	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(420)</b>	<b>2,145</b>	<b>364</b>	<b>160</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>2,070</b>	<b>1,650</b>	<b>3,795</b>	<b>4,159</b>
<b>Ending cash &amp; cash equivalent</b>	<b>1,650</b>	<b>3,795</b>	<b>4,159</b>	<b>4,319</b>

### BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
<b>Fixed assets</b>	<b>1,006</b>	<b>985</b>	<b>948</b>	<b>896</b>
Other LT assets	8,332	9,357	10,419	11,475
Cash/ST investment	1,650	3,795	4,159	4,319
Other current assets	57,239	56,414	59,508	62,843
<b>Total assets</b>	<b>68,227</b>	<b>70,551</b>	<b>75,034</b>	<b>79,533</b>
ST debt	7,841	5,957	5,457	4,957
Other current liabilities	7,698	7,087	7,369	7,569
LT debt	15,055	15,555	16,055	16,555
Other LT liabilities	904	1,215	1,263	1,298
Shareholders' equity	36,747	40,756	44,909	49,174
Minority interest	(19)	(19)	(19)	(19)
<b>Total liabilities &amp; equity</b>	<b>68,227</b>	<b>70,551</b>	<b>75,034</b>	<b>79,533</b>

### KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Profitability</b>				
EBITDA margin	15.8	15.7	15.7	15.8
Pre-tax margin	18.4	18.0	18.0	18.0
Net margin	15.3	15.0	15.0	15.0
ROA	9.1	8.8	8.7	8.4
ROE	17.0	15.7	14.7	13.8
<b>Growth</b>				
Turnover	21.2	5.1	4.0	2.7
EBITDA	28.2	4.1	4.2	3.3
Pre-tax profit	31.3	2.7	3.7	3.0
Net profit	29.4	3.6	3.6	2.9
Net profit (adj.)	29.3	3.7	3.6	2.9
EPS	29.3	3.7	3.6	2.9
<b>Leverage</b>				
Debt to total capital	38.4	34.6	32.4	30.4
Debt to equity	62.3	52.8	47.9	43.7
Net debt/(cash) to equity	57.8	43.5	38.6	35.0
Interest cover (x)	61.7	64.2	65.6	71.3

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