

# AP (Thailand)

(AP.BK/AP TB)\*

## Outperform • Maintained

Price as of 11 Dec 2019	6.55
12M target price (Bt/shr)	7.80
Unchanged/Revised up(down)(%)	N.A.
Upside/downside (%)	19.1

### Key messages

Amid discouraging market sentiment, we expect AP to outperform local peers given: i) a high level of backlog on hand securing 86% of our high-rise transfer forecast, ii) competitive advantage in high-rise, proven by the average take-up rate of its new launches outperforming the industry average during 2019, and iii) revenue intensity to low-rise segment. We re-initiate coverage on AP with a rating of Outperform and a target price of Bt7.80.

### Trading data

Mkt cap (Btbn/US\$mn)	20.6/515
Outstanding shares (mn)	3,146
Foreign ownership (mn)	330
3M avg. daily trading (mn)	6
52-week trading range (Bt)	5.9–8.2
Performance (%)	3M 6M 12M
Absolute	-7.1 -16.0 0.0
Relative	-0.5 -9.5 5.4

### Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2015	0.18	0.20	0.24	0.21
2016	0.14	0.17	0.15	0.40
2017	0.17	0.19	0.20	0.43
2018	0.28	0.38	0.30	0.28
2019	0.34	0.16	0.20	

### Share price chart



Source: SET

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## Last man standing

### Event

Re-initiate coverage.

### Impact

#### In a better position as several successful projects are queuing to be transferred

Although the housing market is expected to remain sluggish in 2020, AP is a cut above its peers as several successful condominium projects launched during the past few years are queuing to be paid off. Although some new condominium projects launched during 2019 have faced slower take-up rates, we are not very concerned as AP's take-up rate for new projects has outperformed the industry average (Figure 34) and the longer business cycle of condominiums still provides more chances to ramp up presales before the projects are completed.

#### Backlog secures 86% of our 2020 high-rise transfer forecast

As of October 2019, AP reported a total backlog in hand of Bt55bn (including JV projects). This seems solid and secures 86% of our 2020 high-rise transfer forecast. As a result, it should limit the downside risk in terms of business operations as condominium business is still expected to be a loser category in 2020.

#### Promising earnings outlook in 2020

AP's earnings outlook is expected to resume growth momentum in 2020 with expected growth of 13% YoY to Bt3.6bn. Key drivers are likely to be: i) continued growth in low-rise transfers (+6% YoY in 2020), and ii) a sharp rise in equity income to Bt1.2bn (+65% YoY) coming from several successful projects queuing to be transferred (e.g. Life One Wireless and Life Sukhumvit 62).

### Valuation & Action

We re-initiate coverage on AP with a rating of Outperform and a target price of Bt7.80 based on a cautious valuation with long-term average PER discounted 0.5SD at 6.9x. Meanwhile, the current share price still offers an attractive dividend yield of 5.2% in 2020.

### Risks

Weakening economic conditions, construction and transfer schedule lethargy.

### Key financials and valuations

	Dec - 17A	Dec - 18A	Dec - 19F	Dec - 20F	Dec - 21F
Revenue (Btmn)	22,176	27,700	25,840	25,913	26,452
Gross Profit (Btmn)	7,914	9,361	8,677	8,557	8,904
SG&A (Btmn)	4,543	5,731	5,478	5,468	5,634
Net Profit (Btmn)	3,157	3,865	3,155	3,557	3,944
Normalized Profit (Btmn)	3,071	3,860	3,155	3,557	3,944
EPS (Bt)	1.00	1.23	1.00	1.13	1.25
Normalized EPS (Bt)	0.98	1.23	1.00	1.13	1.25
DPS (Bt)	0.30	0.30	0.30	0.29	0.29
EPS Growth (%)	14.2	14.0	12.2	13.7	14.9
Normalized EPS Growth	18.2	25.7	-18.3	12.8	10.9
P/E (X)	9.1	4.9	6.5	5.8	5.2
P/B (X)	1.3	0.8	0.8	0.7	0.6
EV/EBITDA (X)	4.9	5.2	5.7	5.5	4.8
Net Debt to Equity (%)	0.9	0.8	0.8	0.7	0.6
Dividend Yield (%)	3.3	5.0	4.6	4.5	4.4
Return on Average Equity (%)	14.6	15.9	11.9	12.2	12.4

Source: Company data, KGI Research

## Industry outlook

### From bad to worse

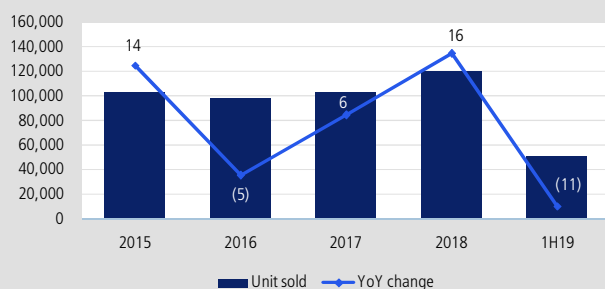
During 1H19, property demand was in a down cycle with total units sold decreasing 11% YoY to 50,680 units. Breaking sales down by segment, demand for condominium and townhouse saw sharp drops of 10% YoY and 15% YoY, respectively. Meanwhile, overall demand for detached house withstood the negative sentiment and inched up 1%. Key macro overhangs during 1H19 included: i) economic vulnerabilities, ii) stringent bank lending, and iii) continued rise in household debt-to-GDP.

To add insult to injury, investors and speculators, which account for 25-30% of total condominium demand, began to disappear after the implementation of LTV measures since May 2019, as buyers faced a more challenging environment to flip or invest. Although speculators and investors may lead to inflated housing prices and shadow inventory (inventory held by speculators for resale), they can actually assist a struggling housing market by providing liquidity to developers, and most importantly, bolster the positive emotional sentiment to the real demand buyers.

In terms of price segment, we have seen the low-end segments for both high-rise and low-rise have been hit hard by banks' caution on lending in 1H19. At the same time, medium- to high-income earners lack emotional sentiment, although they still have affordability.

**Figure 1: Total housing demand**

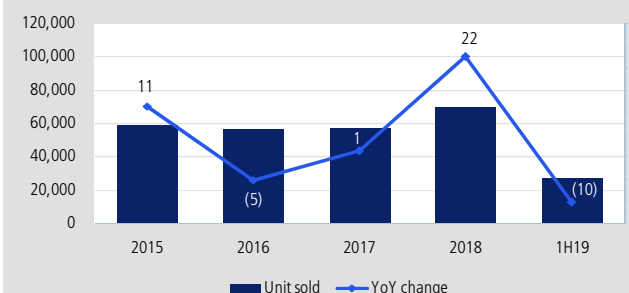
Unit sold, unit (LHS); YoY growth, percent



Source: AREA, KGI Research

**Figure 2: Condominium demand**

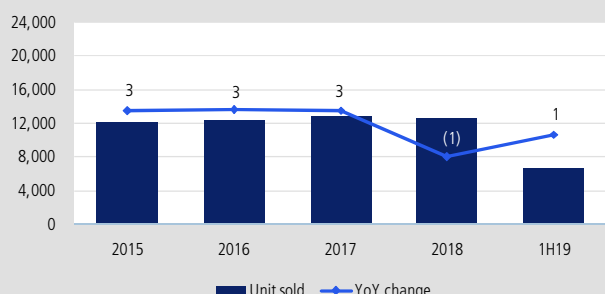
Unit sold, unit (LHS); YoY growth, percent



Source: AREA, KGI Research

**Figure 3: Single detached house (SDH) demand**

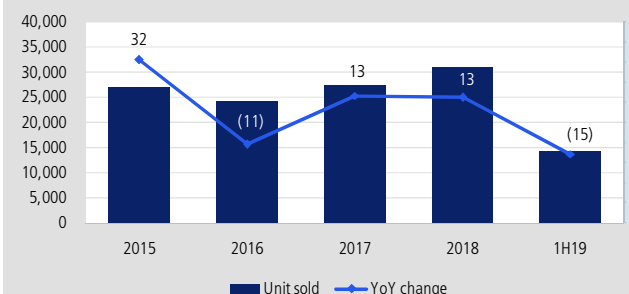
Unit sold, unit (LHS); YoY growth, percent



Source: AREA, KGI Research

**Figure 4: Townhouse (TH) demand**

Unit sold, unit (LHS); YoY growth, percent



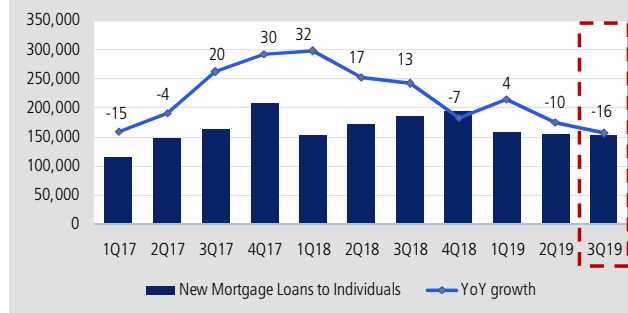
Source: AREA, KGI Research

### Expect total housing demand to continue to twist in the wind in 2020

In our view, it is too early to be optimistic on Thailand's property sector as the aforementioned headwinds are expected to continue throughout 4Q19-2020, especially when banks remain cautious on lending (Figure 5) and Consumer Confidence Index (CCI) has continued to surprise on the downside (Figure 6).

**Figure 5: New mortgage loans to individuals**

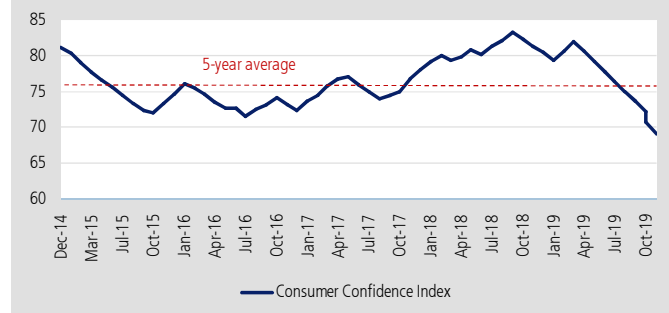
New mortgage loans to individuals, mn



Source: AREA, KGI Research

**Figure 6: Consumer Confidence Index**

Consumer Confidence Index



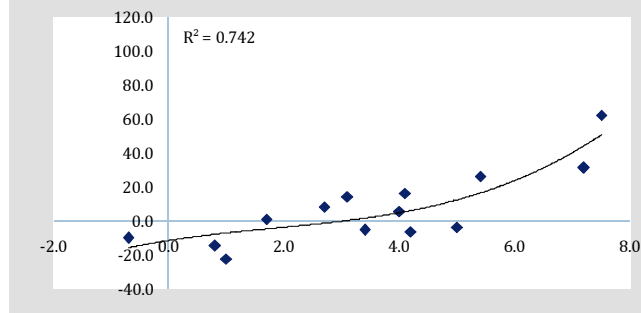
Source: Bloomberg, KGI Research

Overall, housing demand in 2019 in Bangkok Metropolitan Region (BMR) should end-up decreasing 15-20% YoY to nearly 100,000 units. Looking ahead to 2020, we derive our housing demand analysis based on two forecasting models: i) polynomial regression, and ii) demographic analysis.

Polynomial regression: Thai housing demand is highly influenced by the state of the economy as well as consumer confidence since the monthly mortgage payment is tied to buyers' long-term income. KGI's economist forecasts Thai GDP to inch up 2.8% YoY, so we expect housing demand growth in 2020 to remain in negative territory, decreasing 5-7% YoY to 89,000-97,000 units.

**Figure 7: KGI's polynomial regression**

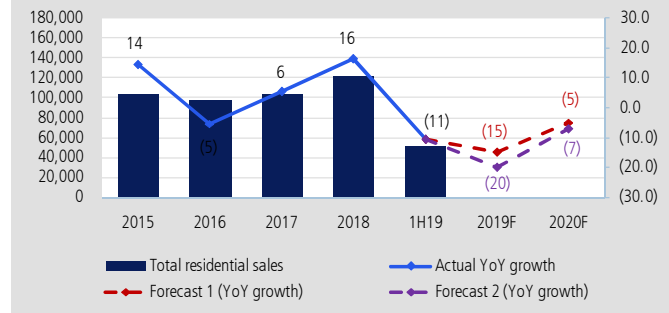
GDP growth, percent (horizontal); residential sales growth, percent



Source: KGI Research

**Figure 8: Residential sales forecast in BMR**

Residential sales, unit (LHS); YoY growth, percent



Source: KGI Research

**Demographic analysis:** Understanding migration patterns and population growth can be beneficial to assess the fundamental source of annual real demand. According to Figure 9, we found the population in BMR has continued to increase during the past decade with annual growth rate averaging 0.7% YoY, implying a population increase of 70,000 person per year. We view this increasing trend in population as a positive factor to support annual housing demand in BMR.

Before 2010, annual housing demand in BMR consistently accounted for 0.5-0.6% of total population. However, as the extension of rapid mass transit lines became more widespread since 2012, high-rise developments have become increasingly popular (Figure 11) and investors and speculators have flooded into the market, lifting the units sold-to-population ratio to above 1%.

In order to access the fundamental base of real demand buyers (excluding speculators) related to the current population in BMR, we conservatively estimate the proportion to range between 0.8-0.9%, the same as during 2010-11. We then apply the mentioned ratios to the current level of BMR population, which results in a real demand benchmark of 88,000-99,000 units per year.

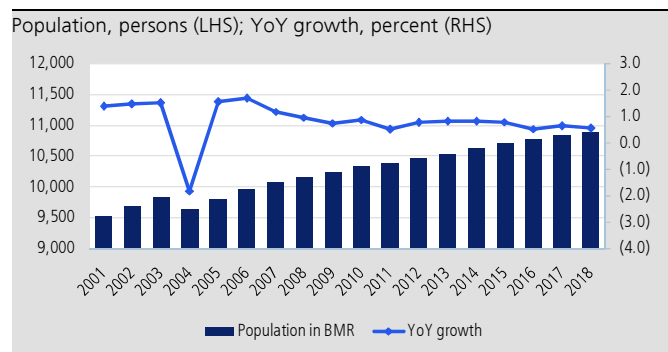
We believe the annual housing demand of 120,000 units in 2018 is exaggerated, propelled by demand from speculators and investors. Assuming the absence of investors and speculators due to the implementation of the LTV measure, we believe the benchmark real demand in 2019-20 should come down to 88,000-99,000 units per year, and this demographic analysis is largely in line with our polynomial regression's 2020 demand forecast.

**Figure 9: Demographic in BMR compared with residential sales**

Year	Unit sold	Unit sold YoY growth	Population in BMR	Population YoY growth	Unit sold-to-population ratio	Remark
2004	57,102	(24.6)	9,636,541	(1.8)	0.6	MRT
2005	53,623	(6.1)	9,785,136	1.5	0.5	
2006	51,564	(3.8)	9,948,392	1.7	0.5	
2007	65,039	26.1	10,065,126	1.2	0.6	
2008	65,653	0.9	10,161,694	1.0	0.6	
2009	59,085	(10.0)	10,237,179	0.7	0.6	BTS extensions
2010	95,840	62.2	10,326,093	0.9	0.9	
2011	81,816	(14.6)	10,376,753	0.5	0.8	BTS extensions
2012	107,412	31.3	10,455,800	0.8	1.0	
2013	116,481	8.4	10,538,932	0.8	1.1	BTS extensions
2014	90,635	(22.2)	10,624,700	0.8	0.9	
2015	103,642	14.4	10,708,480	0.8	1.0	
2016	98,153	(5.3)	10,765,226	0.5	0.9	
2017	103,579	5.5	10,831,988	0.6	1.0	MRT extensions
2018	120,577	16.4	10,890,660	0.5	1.1	

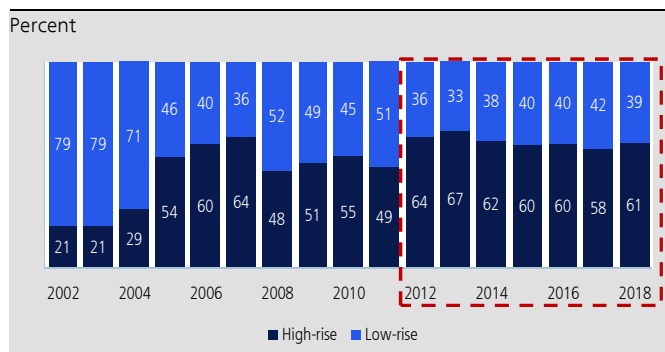
Source: CEIC, KGI Research

**Figure 10: Annual housing demand vs ratio**



Source: NSO, KGI Research

**Figure 11: Breakdown of units sold by housing type**



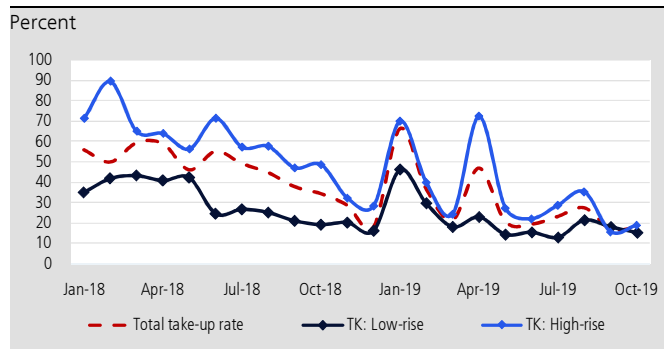
Source: AREA, KGI Research

## Implications on demand-supply analysis

### Take-up rate has not yet seen clear signs of recovery

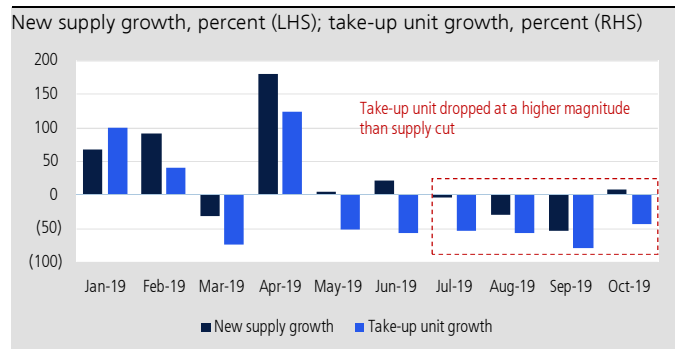
During 1H19, take-up rate continued to nosedive in both low-rise and high-rise segments given weakening demand amid continued rise in supply. Although we started to see supply cuts from July 2019 onwards, monthly take-up rate has not yet seen significant improvement and averaged 17% in September 2019 and 18% in October 2019, as take-up unit dropped at a higher magnitude than the supply cuts (Figure 13). This phenomenon implies supply cuts alone do not always guarantee the bottom-out theme, while magnitude of demand growth has become an important factor.

**Figure 12: Monthly take up rate**



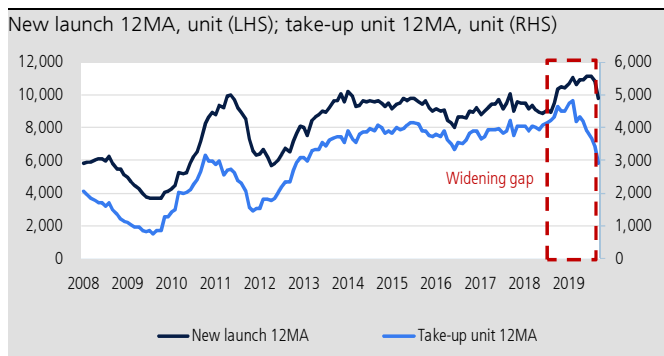
Source: AREA, KGI Research

**Figure 13: New launches vs take-up unit (1-month presales)**



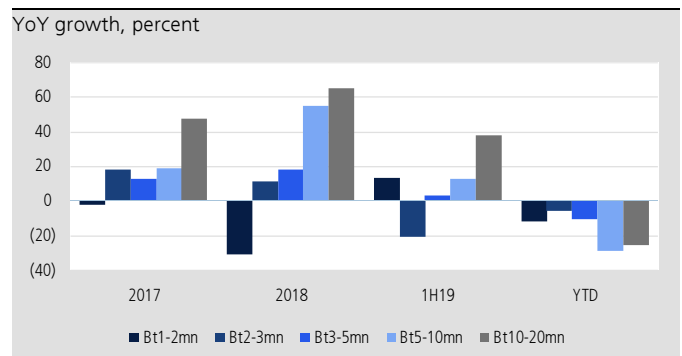
Source: AREA, KGI Research

**Figure 14: 12MA of new launches and take-up unit**



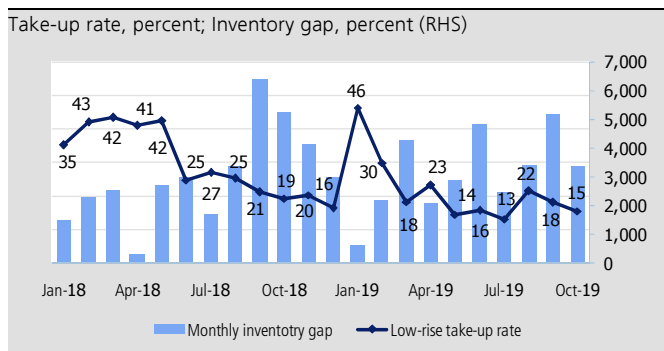
Source: AREA, KGI Research

**Figure 15: Breakdown of new launches by segment**



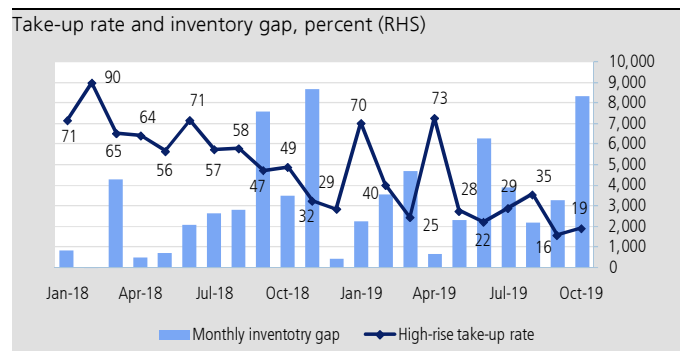
Source: AREA, KGI Research

**Figure 16: Monthly low-rise indicators**



Source: AREA, KGI Research

**Figure 17: Monthly high-rise indicators**



Source: AREA, KGI Research

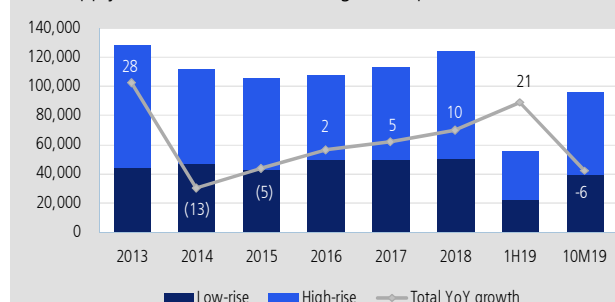
### Supply in 2020 has to drop 15-20% YoY in order to bring back balance

As housing demand is expected to continue to drop 5-7% YoY in 2020, we estimate supply has to drop 15-20% YoY in order to lift take-up rate to a comfortable level of 35-40%. As a result, if developers reveal 2020 launch plans aiming to cut new launches by 15-20% YoY, this should indicate the industry bottoming out theme.

Overall, we believe the supply growth momentum in 2020 should remain in negative territory given stringent bank lending, and developers will focus on their inventory clearances. However, we take a wait-and-see approach on the magnitude of supply cut as most developers will reveal their launch plans at the beginning of the year.

**Figure 18: Total supply in BMR**

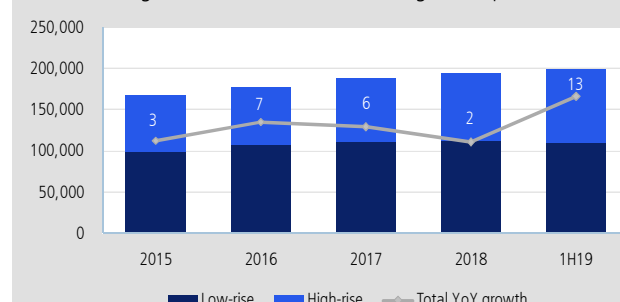
Total supply in BMR, unit (LHS); YoY growth, percent



Source: AREA, KGI Research

**Figure 19: Remaining units in BMR**

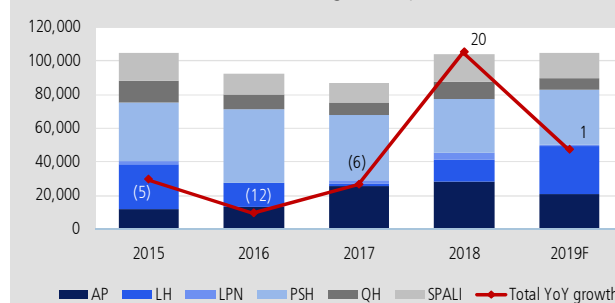
Total remaining unit in BMR, unit (LHS); YoY growth, percent



Source: AREA, KGI Research

**Figure 20: Low-rise launch plans by six developers**

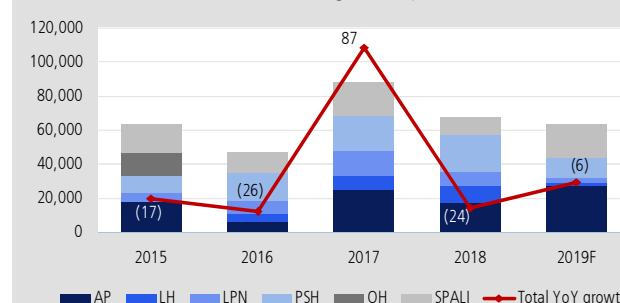
New launch, Btmn (LHS); Total YoY growth, percent



Source: Company data, KGI Research

**Figure 21: High-rise launch plans by six developers (Btmn)**

New launch, Btmn (LHS); Total YoY growth, percent



Source: Company data, KGI Research

**Figure 22: Total new launch value (Btmn)**

Total launch	2016	2017	2018	2019F	YoY growth	2019 Beginning target	% diff. from beginning target
AP	19,090	49,640	45,190	47,860	6	58,050	(18)
LH	18,590	10,080	23,110	30,535	32	29,960	2
LPN	8,500	16,430	12,350	2,950	(76)	20,000	(85)
PSH	59,800	59,200	53,502	44,629	(17)	68,102	(34)
QH	8,999	7,800	10,775	7,173	(33)	11,799	(39)
SPALI	24,120	31,220	25,980	34,780	34	40,000	(13)
<b>Total</b>	<b>139,099</b>	<b>174,370</b>	<b>170,907</b>	<b>167,927</b>	<b>(2)</b>	<b>227,911</b>	<b>(26)</b>

Source: Company data, KGI Research

### Low-rise housing to outperform high-rise in 2020

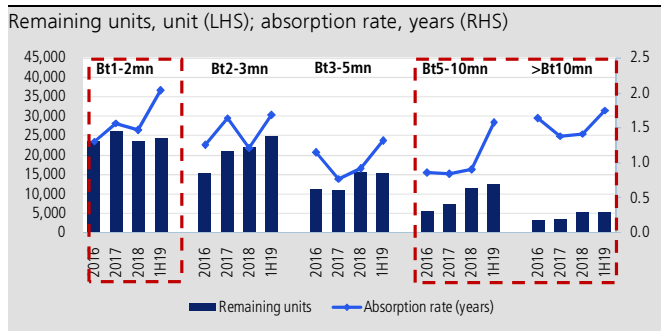
We expect developers to focus more on low-rise housing in 2020 given i) demand for low-rise housing comes from real demand, ii) lower business risk as supply can be constructed phase by phase, and iii) shorter business cycle leading to quicker cash flow generation. So far, we have seen the market share of launch value of six developers gearing towards low-rise, increasing from 54% in 2017 to 62% in 2019F

### Mid-end condominiums, best of the worst

According to Figure 23 and Figure 24, the condominium market for all price categories has been negatively hit, leading to higher absorption and lower take-up rates. Looking ahead to 2020, the outlook is expected to remain under pressure as the aforementioned overhangs (e.g. absence of investment buyers and stringent bank lending) are expected to remain.

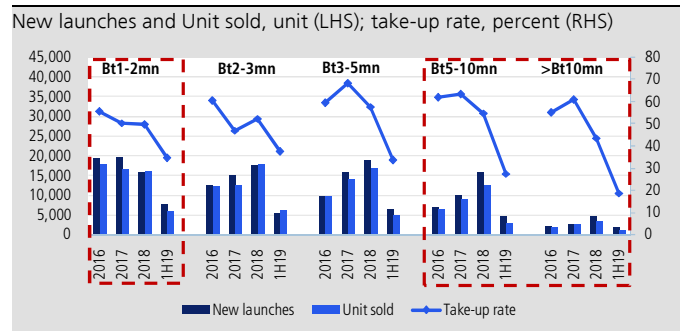
However, mid-end condominiums (Bt3-5mn) are expected to outperform as this segment will receive less negative impact than other segments. To clarify, the low-end segment will continue to be hit hard by banks' cautious lending, which will drastically drag on the demand side. Although demand in the high-end segment can better withstand the faltering economy, it has faced temporary oversupply conditions. As a result, we believe developers who have high exposure to mid-end condominiums are likely to outperform peers in 2020, in terms of inventory clearance.

**Figure 23: Condominium absorption rate by segment**



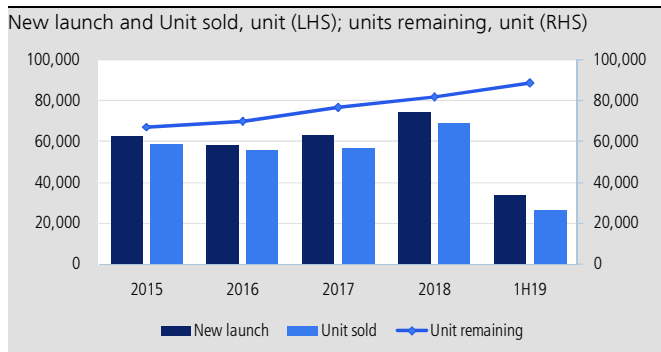
Source: AREA, KGI Research

**Figure 24: Condominium take-up rate by segment**



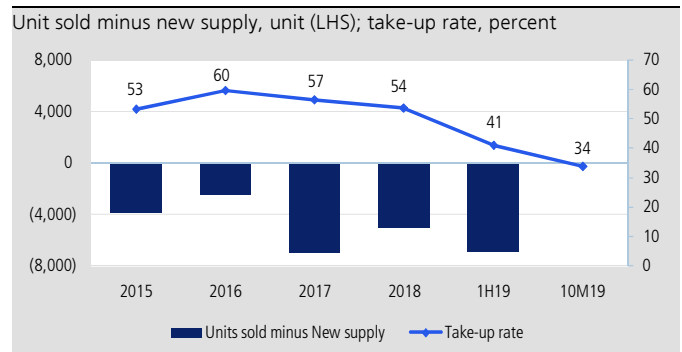
Source: AREA, KGI Research

**Figure 25: Demand-supply of condominium**



Source: AREA, KGI Research

**Figure 26: Key condominium indicators**

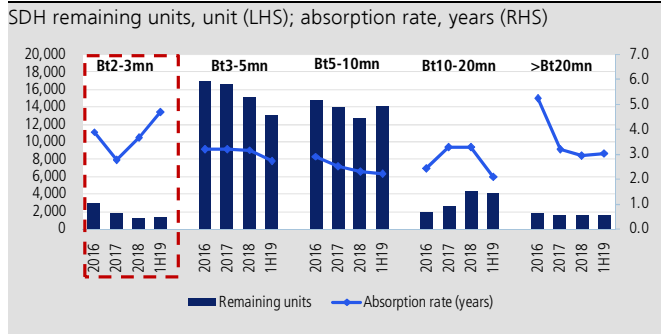


Source: AREA, KGI Research

### Low-end segments of SDH and TH also get hit the hardest

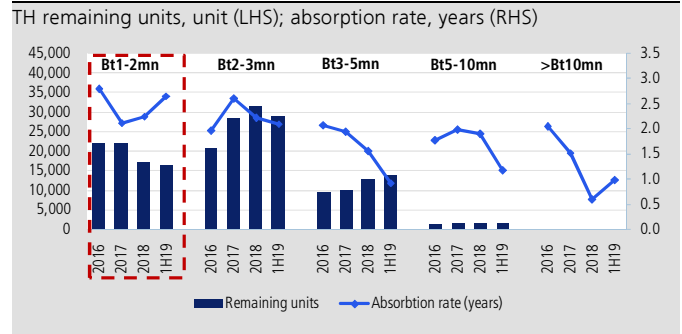
Although the overall outlook for low-rise remains resilient, backed by real demand buyers, like condominiums, the low-end segment has also been hit by banks' cautious lending as shown in Figure 27 and Figure 28. We expect the outlook of mid-to high-end categories to outperform the low-end segment during 4Q19-2020.

**Figure 27: SDH absorption rate by segment**



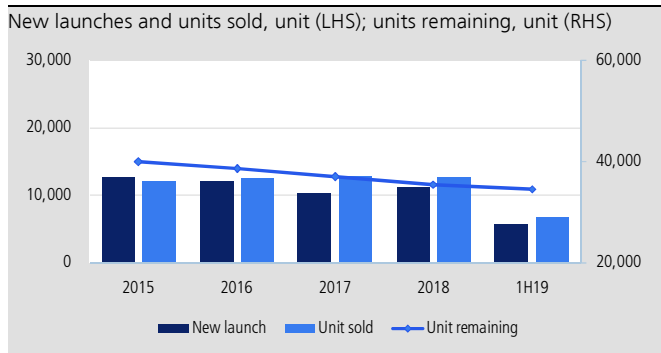
Source: AREA, KGI Research

**Figure 28: TH absorption rate by segment**



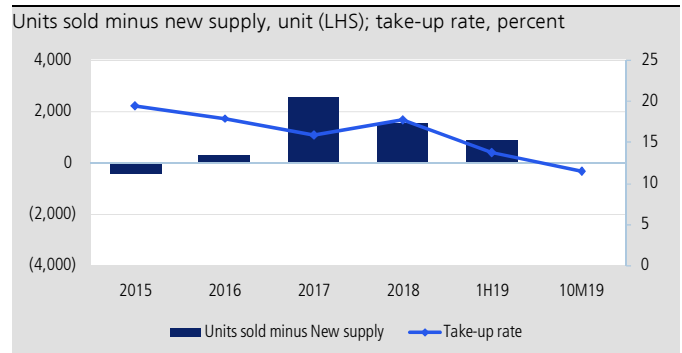
Source: AREA, KGI Research

**Figure 29: Demand-supply of SDH**



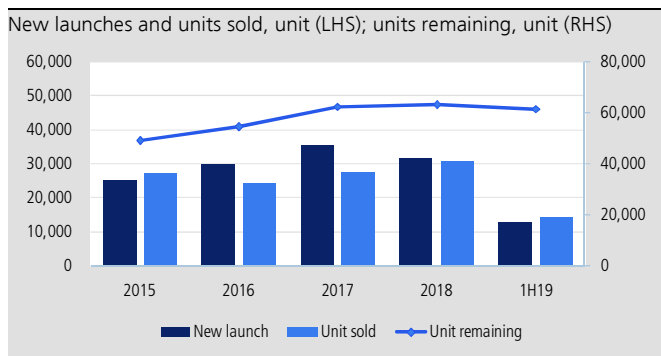
Source: AREA, KGI Research

**Figure 30: Key SDH indicators**



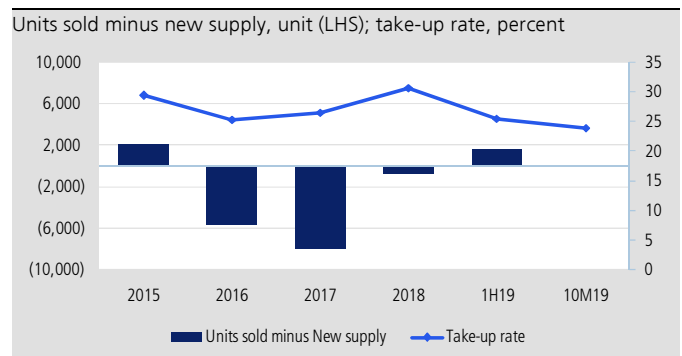
Source: AREA, KGI Research

**Figure 31: Demand-supply of TH**



Source: AREA, KGI Research

**Figure 32: Key TH indicators**



Source: AREA, KGI Research



### Intense competition for condominium to be seen in 2020

Housing demand should remain sluggish in 2020, so we expect to see more intense competition for condominiums as developers shift back to clearing unsold inventory and this will eventually affect gross margin prospects. Meanwhile, the degree of competition in low-rise should be less as developers control the supply by constructing phase by phase, and the natural demand has remained.

The predominant segment for condominium in 2019-2020 is mid-range with average pricing of Bt3-5mn. Based on Figure 33, we believe Pruksa Holding (PSH.BK/PSH TB)\* is in a better position, followed by AP (AP.BK/AP TB)\*, as they have high proportions of ongoing condominium projects concentrated in the mid-range segment. Although AP is also highly exposed to the high-end segment (>Bt10mn), several of its projects are located in prime locations.

Meanwhile, LPN Development (LPN.BK/LPN TB)\* and Quality Houses (QH.BK/QH TB)\* should be in the worst position due to their high exposure to the lower-end segments. In addition, QH's high-end condominium (Q Sukhumvit) has struggled to ramp-up presales due to specific factors (e.g. construction delay and price package averaging Bt40m per unit).

We collected the average take-up rate (1-quarter) of new launches as shown in Figure 34. Overall, 1-quarter take-up rate for new launches has seen a downward trend compared with the past few years, in line with the slowdown in market sentiment. However, the average 1-quarter take-up rates of AP and PSH have outperformed local peers with percentages of 47% and 54% respectively. Some projects have also been sold-out including: i) AP's Aspire Asoke – Ratchada, and ii) PSH's Chapter Charoennakhon – Riverside. On the other hand, LPN was the worst performer as new low-end condominiums are struggling to achieve the presales target.

**Figure 33: Breakdown of ongoing condo projects by price segment**

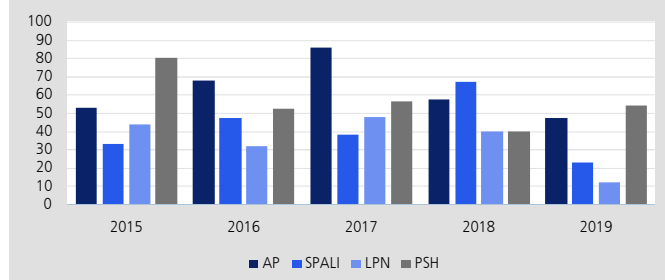
Value of ongoing condominiums breakdown by segments, percent

Condo	Bt1-2mn	Bt2-3mn	Bt3-5mn	Bt5-10mn	>Bt10mn
AP	1	14	32	0	53
LH	0	5	14	27	54
LPN	31	32	14	18	5
PSH	13	32	40	8	9
QH	31	16	2	0	51
SPALI	2	36	20	19	22

Source: Company data, KGI Research

**Figure 34: Take-up rate comparison of new condominium projects**

Average take-up rate (1-quarter) of new launches, percent



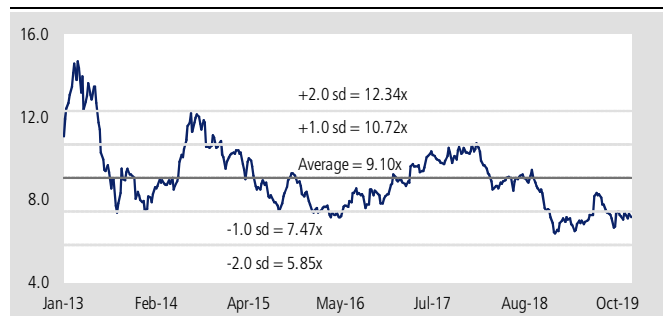
Source: Company data, KGI Research

### Opportunities still exist; property sector rating Under Review

We take a cautious view on the industry outlook in 2020. The supply needs to drop 15-20% YoY in 2020 in order to reach an optimal point in demand-supply, but developers tend to be optimistic at the beginning of the year and provide exaggerated launch plans. This may eventually lead to risk of a prolonged down cycle for the industry.

Although the outlook for property seems to remain negative in 2020, we believe opportunities still exist and prefer a selective buy strategy. In addition, we believe negatives have partially been priced-in as the sector (excluding Land and Houses (LH.BK/LH TB)\*) is now trading at 6.5x 2020F PE or -1.5 SD to its long-term mean. The current level of multiple has already hit a multi-year low, plunging at a higher magnitude than the previous down cycles. Given KGI's property sector is now in the transition period, our rating for the sector is Under Review.

Figure 35: Sector PE band (excluding LH)



Source: KGI Research

Figure 36: Bloomberg consensus' recommendations

	Consensus recommendation (person)			Earnings growth (%)	
	BUY	HOLD	SELL	2019F	2020F
ANAN	4	5	3	-42.2	15.7
AP	19	2	0	-15.5	12.0
LH	21	4	1	-4.9	2.7
LPN	0	8	14	-8.6	-11.3
PSH	3	11	7	-10.1	1.6
QH	15	6	3	-12.3	5.5
SIRI	1	6	8	-1.4	3.6
SPALI	19	5	0	-11.5	6.5

Source: Bloomberg, KGI Research

## Key investment themes on AP

### A cut above

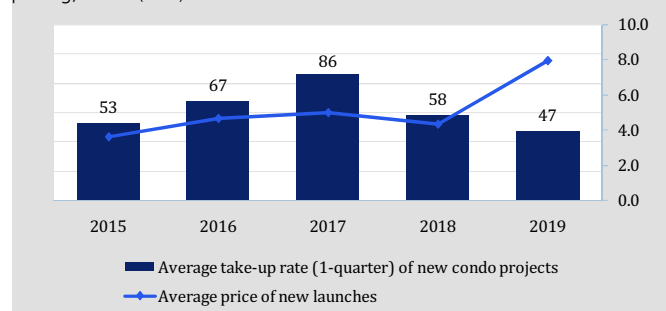
Although the housing market in BMR is expected to remain sluggish during 4Q19-2020, AP is a cut above its peers as several successful projects launched in the past with accumulated presales of more than 90% are queuing to transfer in 4Q19-2020F such as Life One Wireless (sold out, expected to transfer in 4Q19), Aspire Asoke – Ratchada (sold out, expected to transfer in 3Q20), and Life Ladprao (92% sold, expected to transfer in 1Q20).

As shown in Figure 37, AP's previous condominium projects launched during 2017-2018 have gained overwhelmingly positive feedback with take-up rates (1-quarter) averaging 86%/58%. Although some new projects launched during 2019 have faced lower take-up rates, we are not very concerned as the longer business cycle of condominium still offers more time to ramp-up presales before the projects are completed.

On a positive note, AP's presales in condominium remained one of the top performances in 2019 as shown in Figure 38, implying its strong competitive advantage over peers (1-quarter take-up rate of AP's new launches remained resilient at 47%). In addition, we believe AP's presales for those new launches will likely see further improvement when the industry turns more optimistic as several projects are located in prime locations.

**Figure 37: Feedback on AP's new condominiums**

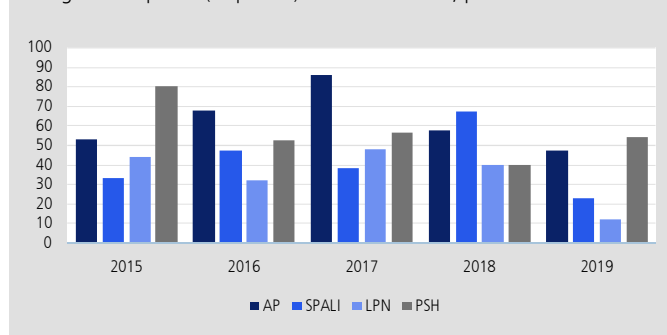
Average take-up rate (1-quarter) of AP's new launches, percent; average pricing, Btmn (RHS)



Source: Company data, KGI Research

**Figure 38: Take-up rate comparison of new condominium projects**

Average take-up rate (1-quarter) of new launches, percent



Source: Company data, KGI Research

### Promising earnings outlook in 2020

AP's earnings outlook is expected to resume growth momentum in 2020 with expected growth of 13% YoY to Bt3.6bn. Key drivers are likely to come from a sharp rise in equity income to Bt1.2bn (+65% YoY) given: i) ongoing transfers of Life One Wireless and Life Sukhumvit 62, and ii) beginning of transfers of Life Ladprao, and Life Asoke - Rama 9 (Figure 40). Note that all mentioned projects have already secured accumulated presales of 90-100%. Apart from JV's projects, AP's condo completion and schedule to transfer in 2020 will be Aspire Asoke - Ratchada which has already sold out.

Overall, we expect high-rise transfers in 2020 (including JV projects) to jump 29% YoY to Bt16.3bn, while low-rise transfers are expected to see constant growth of 6% YoY to Bt20.6bn.

In terms of profitability, we conservatively expect residential gross margin to soften to 31.1% in 2020F (-600bps YoY) as we foresee more intense competition in the condominium segment.

**Figure 39: Key assumptions**

	2016	2017	2018	2019	2020F
<b>Total Revenue (Bt mn)</b>	<b>20,253</b>	<b>22,176</b>	<b>27,700</b>	<b>25,840</b>	<b>25,913</b>
Residential revenue (excl. JV)	19,653	21,124	26,630	24,716	24,733
Low-rise	12,947	13,198	17,838	19,400	20,564
High-rise	6,706	7,926	8,792	5,316	4,169
<b>Growth of total revenue (%)</b>	<b>-8.3</b>	<b>9.5</b>	<b>24.9</b>	<b>-6.7</b>	<b>0.3</b>
Growth of residential revenue	-9.2	7.5	26.1	-7.2	0.1
<b>Residential gross margin</b>	<b>32.6</b>	<b>33.5</b>	<b>32.1</b>	<b>31.7</b>	<b>31.1</b>
SG&A-to-sales (%)	19.8	20.5	20.7	21.2	21.1
<b>Share income</b>	<b>370.8</b>	<b>501.7</b>	<b>1125.3</b>	<b>747.7</b>	<b>1233.9</b>
Share income growth (%)	n.a.	35.3	124.3	-33.6	65.0
<b>Normalized profit (Bt mn)</b>	<b>2,598</b>	<b>3,071</b>	<b>3,860</b>	<b>3,155</b>	<b>3,557</b>
YoY growth (%)	6.0	18.2	25.7	-18.3	12.8

Source: Company data, KGI Research

**Figure 40: JV project completions to be transferred in 2019-20F**

	Project value	Launch date	Beg. Transfer	Estimated transfer (%)		
				2019F	2020F	2021F
Life One Wireless	7,900	3Q17	4Q19	25	70	5
Life Ladprao	7,600	2Q17	1Q20	0	40	45
Life Asoke - Rama 9	9,600	3Q17	4Q20	0	25	65
Life Sukhumvit 62	2,050	1Q18	4Q19	40	55	5

Source: Company data, KGI Research

**Figure 41: AP project completions to be transferred in 2019-20F**

	Project value	Launch date	Beg. Transfer	Estimated transfer (%)		
				2019F	2020F	2021F
Aspire Sukhumvit - Onnut phase1	1,600	1Q19	4Q19	15	75	10
Aspire Asoke - Ratchada	2,500	1Q19	3Q20	0	45	45

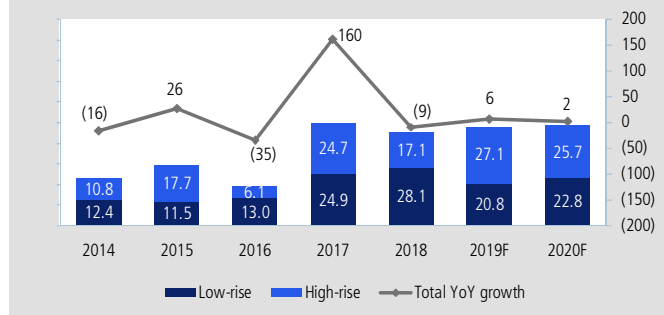
Source: Company data, KGI Research

### Backlog secures 86% of high-rise transfer forecast in 2020

AP reported a total backlog on hand of Bt55bn as of October 2019, of which Bt10.2bn and Bt17.4bn will be recognized in 4Q19 and 2020, respectively. As shown in Figure 44 to Figure 47, backlog in 2020 contains: i) Bt3.4bn for low-rise and ii) Bt14bn for high-rise. The key highlight is total high-rise backlog (AP+JV) that has secured 86% of our high-rise revenue forecast in 2020 and should better withstand unexpected risks, amid the cloudy outlook for the industry.

**Figure 42: New launch forecast**

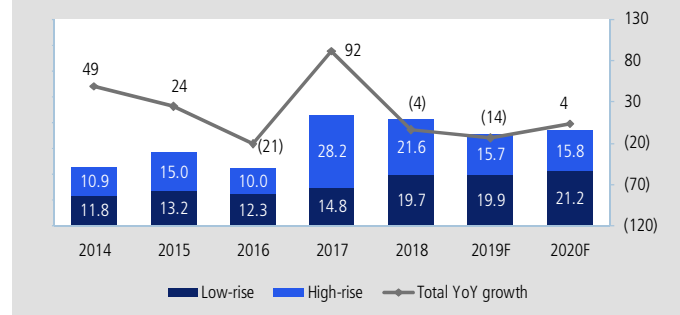
New launch, thousands



Source: Company data, KGI Research

**Figure 43: Presales forecast**

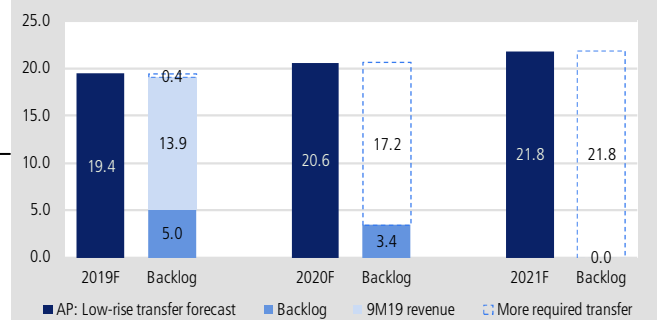
Presales, thousands



Source: Company data, KGI Research

**Figure 44: Low-rise transfer forecast**

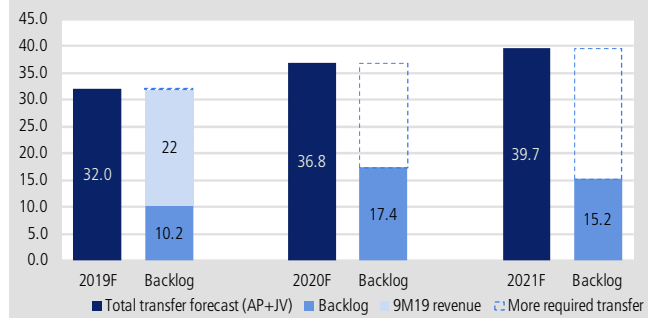
Low-rise transfer forecast and backlog, Bt bn



Source: Company data, KGI Research

**Figure 45: All transfer forecast**

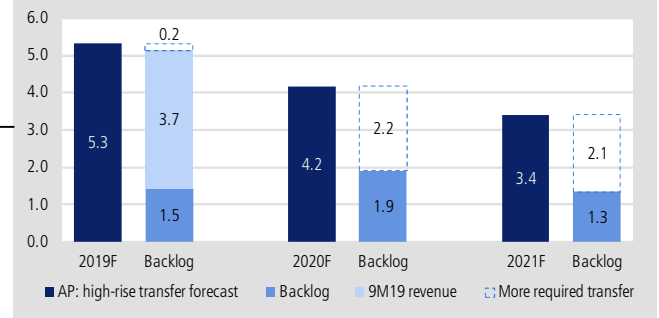
All transfer forecast and backlog, Bt bn



Source: Company data, KGI Research

**Figure 46: AP condo transfer forecast**

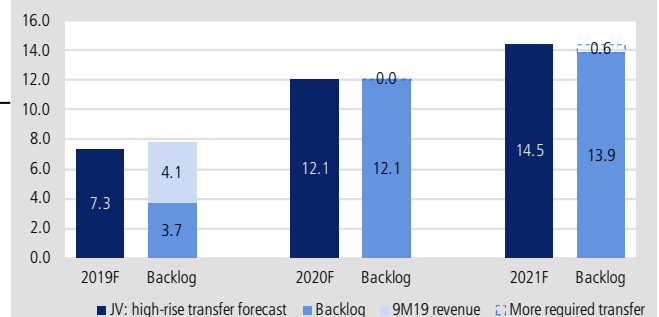
AP condo transfer forecast and backlog, Bt bn



Source: Company data, KGI Research

**Figure 47: JV transfer forecast**

JV condo transfer forecast and backlog, Bt bn



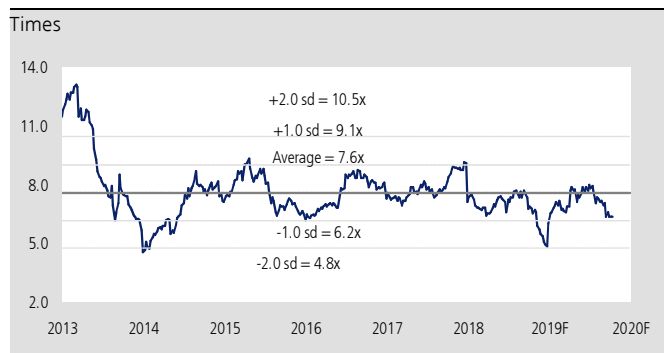
Source: Company data, KGI Research

## Valuation and Recommendation

We expect AP to outperform local peers in 2020 for three reasons. Firstly, AP's residential revenue is highly exposed to the low-rise segment which will continue to be backed by real demand buyers in 2020. Secondly, several successful condominium projects in the past are queuing to be transferred during 2020-21, resulting in a high level of condominium backlog. Lastly, the current share price is trading at an undemanding 5.9x 2020F PE or below -1.0SD its long-term mean, as we believe the negatives have partially been priced-in. Meanwhile, the current share price still offers a dividend yield of 5.2% in 2020.

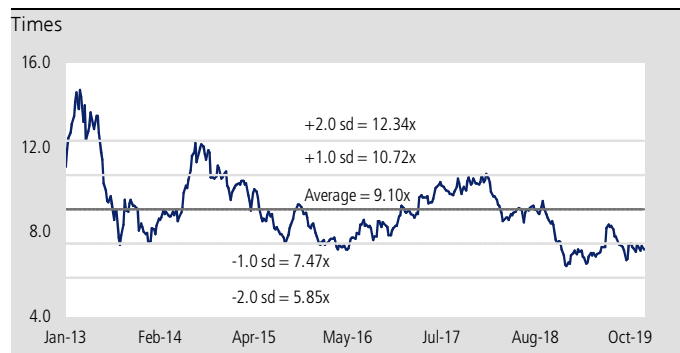
We re-initiate coverage on AP with a rating of Outperform and a target price of Bt7.80, based on 6.9x 2020F or -0.5SD to its long-term mean. Our target PE also conservatively implies -1.5SD to the industry's long-term mean.

Figure 48: AP PE band



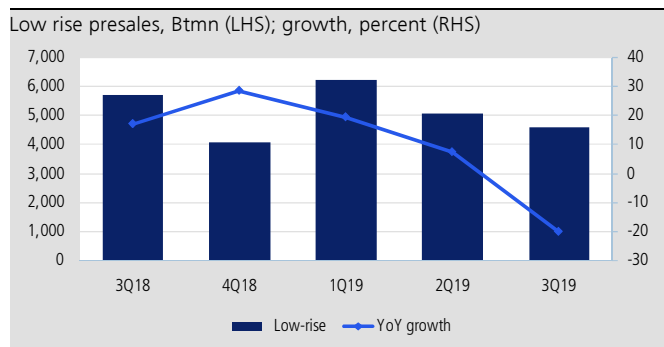
Source: Company data, KGI Research

Figure 49: Industry PE band



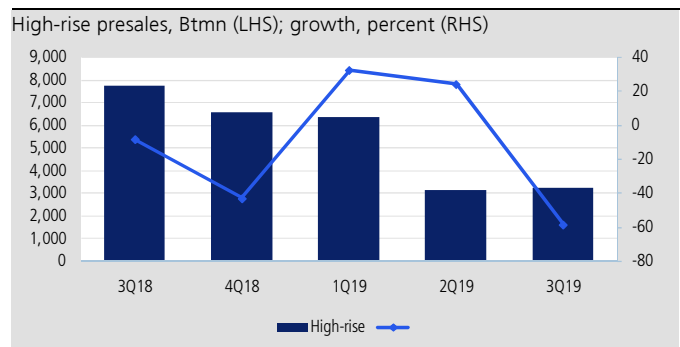
Source: Company data, KGI Research

Figure 50: Quarterly presales (low-rise)



Source: Company data, KGI Research

Figure 51: Quarterly presales (high-rise including JV)



Source: Company data, KGI Research

**Figure 52: Accumulated presales of condominiums**

AP Project	Value (Btm)	Beg. transfer	4Q18	1Q19	2Q19	3Q19
Rhythm Sathorn	5,344	2Q15	99%	100%	100%	100%
Aspire Ngamwongwan	2,680	4Q16	82%	85%	87%	95%
Rhythm Sukhumvit 44/1	2,756	4Q13	100%	100%	100%	100%
Aspire Udornthani	700	1Q15	81%	89%	92%	98%
Aspire Rattanathibet II	3,000	1Q16	62%	67%	71%	74%
Rhythm Sukhumvit 42	3,500	4Q16	100%	100%	100%	100%
Coo Phitsanulok	740	4Q15	64%	72%	78%	85%
Rhythm Sukhumvit 36-38 (JV)	2,900	4Q16	100%	100%	100%	100%
Aspire Ratchada-Wongsawang (JV)	2,850	3Q16	97%	100%	100%	100%
Rhythm Asoke II (JV)	1,500	4Q16	100%	100%	100%	100%
Aspire Wuttakard	390	4Q16	100%	100%	100%	100%
Aspire Ladprao 113	490	2Q16	100%	100%	100%	100%
Aspire Erawan phase 1	3,500	4Q17	68%	74%	79%	84%
Aspire Sathorn-Taksin phase 3	1,260	4Q16	71%	81%	91%	98%
Life Sukhumvit 48	2,200	4Q17	100%	100%	100%	100%
Vittorio	3,200	2Q18	99%	98%	99%	100%
Aspire Sathorn-Ratchapruek	3,000	4Q18	46%	50%	55%	61%
Aspire Sukhumvit - Onnut phase1	1,600	4Q19	0%	55%	52%	50%
Aspire Asoke - Ratchada	2,500	3Q20	0%	100%	98%	98%

JV project	Value (Btm)	Beg. transfer	4Q18	1Q19	2Q19	3Q19
Aspire Sathorn-Thapra (JV)	3,500	4Q16	100%	100%	100%	100%
Life Asoke (JV)	7,700	2Q18	100%	100%	100%	100%
Rhythm Rangnum (JV)	2,700	4Q17	100%	100%	100%	100%
Life Pinklao (JV)	2,800	4Q17	70%	77%	85%	91%
Rhythm Ekkamai (JV)	2,700	4Q18	99%	99%	100%	100%
Life One Wireless	7,900	4Q19	100%	100%	100%	100%
Life Asoke - Rama 9	9,600	4Q20	90%	92%	93%	94%
Life Sukhumvit 62	2,050	4Q19	90%	90%	88%	90%
Life Ladprao Valley	6,400	4Q21	69%	71%	70%	72%
Life Asoke Hype	5,700	4Q21	85%	85%	85%	85%
Rhythm Ekkamai Estate	3,200	3Q21	0%	35%	35%	35%
The Address Siam - Ratchathewi	8,800	2Q22	0%	0%	25%	29%
Life Sathorn Sierra	6,300	2Q22	0%	0%	0%	20%

Source: Company data, KGI Research

**Figure 53: Key comparison by Bloomberg Consensus**

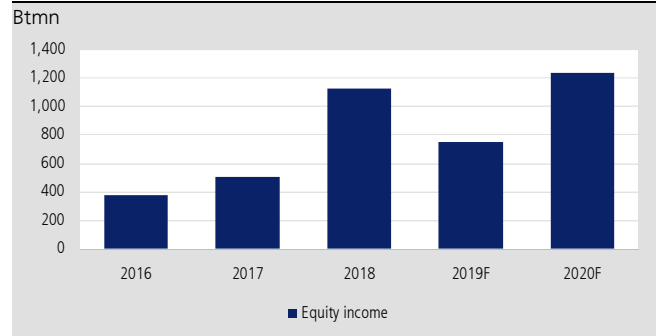
	Net Profit (Btmn)			EPS Growth (%)		PE (x)		
	2018	2019F	2020F	2019F	2020F	2018	2019F	2020F
ANAN	2,398	1,354	1,612	(42.15)	15.69	4.25	7.34	6.34
AP	3,863	3,221	3,706	(15.47)	12.04	5.37	6.36	5.67
LH	9,410	8,827	9,250	(4.87)	2.66	12.27	12.90	12.56
LPN	1,367	1,245	1,108	(8.60)	-11.29	4.73	5.18	5.84
PSH	6,023	5,447	5,524	(10.12)	1.58	5.53	6.15	6.05
QH	3,799	3,303	3,496	(12.29)	5.54	7.49	8.53	8.09
SIRI	2,046	2,088	2,108	(1.43)	3.62	7.50	7.61	7.34
SPALI	5,780	5,476	5,877	(11.49)	6.53	5.81	6.57	6.16
<b>Average</b>				<b>(10.74)</b>	<b>5.56</b>	<b>6.62</b>	<b>7.58</b>	<b>7.26</b>

Source: Bloomberg, KGI Research

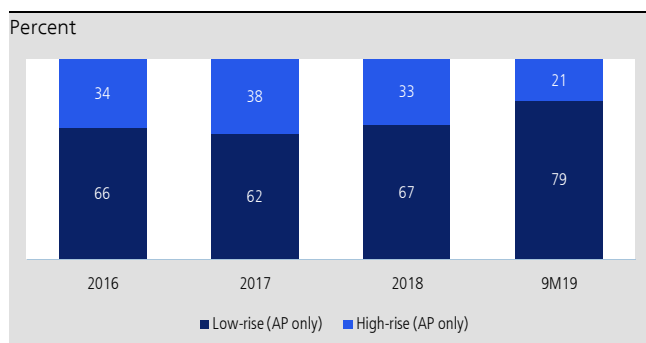
**Figure 54: Company profile**

AP (Thailand) (AP) develops property in several segments; townhouse, single-detached house and condominium. All property for development focus on prime locations near community and business centers convenient for commuting under various brands with a wide range of prices from Bt1.4mn-Bt30mn. In its market positioning, AP targets the mid-to-high-end market with broad-based brand using mixed business approach through different economic cycles.

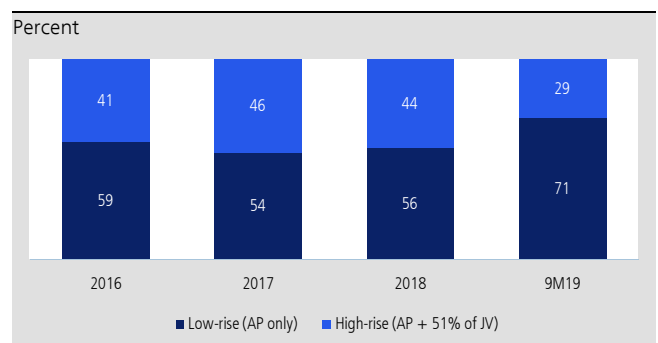
Source: Company data

**Figure 55: Equity income from JV**


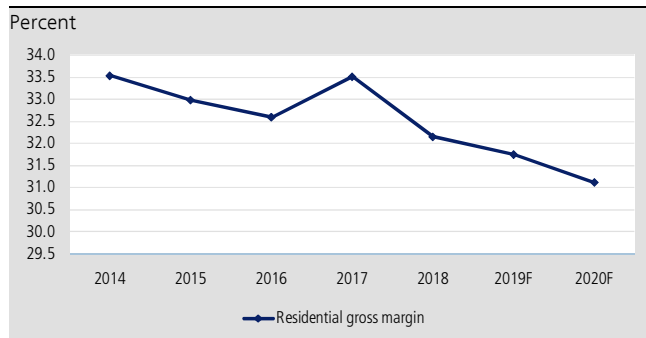
Source: Company data, KGI Research

**Figure 56: Transfer breakdown excluding JV**


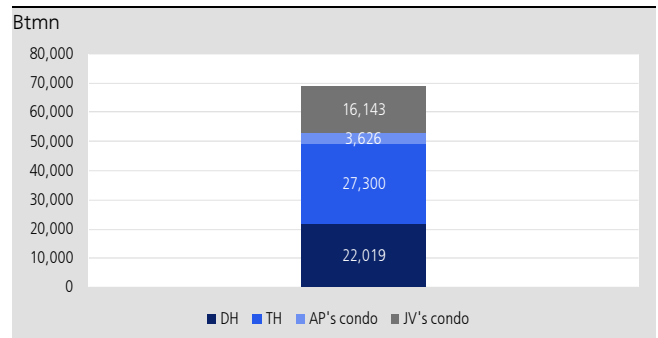
Source: Company data, KGI Research

**Figure 57: Breakdown of transfers including 51% of JV's revenue**


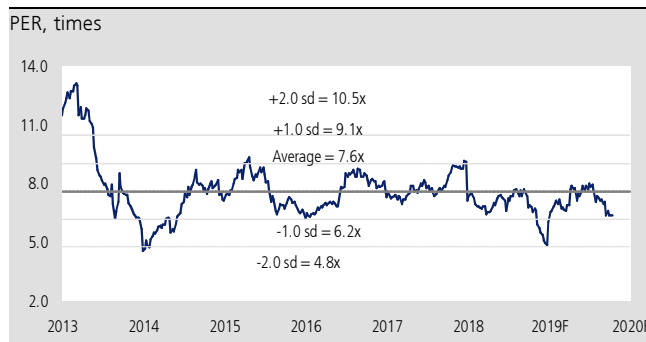
Source: Company data, KGI Research

**Figure 58: Residential gross margin (excluding JV)**


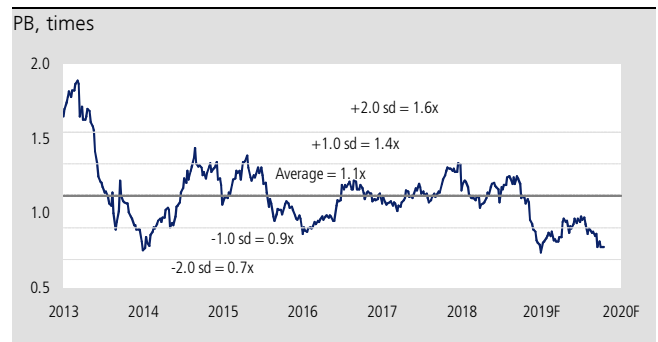
Source: Company data, KGI Research

**Figure 59: Ongoing project value as of 3Q19**


Source: Company data, KGI Research

**Figure 60: Company trading P/E**


Source: KGI Research

**Figure 61: Company trading P/BV**


Source: KGI Research



## Balance Sheet

As of 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
<b>Total Assets</b>	<b>43,936</b>	<b>49,284</b>	<b>51,612</b>	<b>52,923</b>	<b>55,005</b>
<b>Current Assets</b>	<b>37,741</b>	<b>43,280</b>	<b>45,084</b>	<b>45,333</b>	<b>46,352</b>
Cash & ST Investment	1,054	951	1,766	1,595	2,154
Inventories	35,425	41,149	42,177	42,595	43,032
Account Receivable	390	376	396	397	406
Others	871	803	745	746	760
<b>Non-current Assets</b>	<b>6,195</b>	<b>6,004</b>	<b>6,528</b>	<b>7,590</b>	<b>8,653</b>
LT Investment	5,520	5,145	5,601	6,606	7,623
Net fixed Assets	265	408	475	532	579
Others	410	451	451	451	451
<b>Total Liabilities</b>	<b>22,303</b>	<b>24,904</b>	<b>25,033</b>	<b>23,862</b>	<b>23,192</b>
<b>Current Liabilities</b>	<b>12,491</b>	<b>11,247</b>	<b>12,627</b>	<b>12,178</b>	<b>11,930</b>
Account Payable	1,232	1,617	1,506	1,521	1,537
ST Borrowing	8,962	7,035	8,525	8,062	7,798
Others	2,297	2,595	2,595	2,595	2,595
<b>Long-term Liabilities</b>	<b>9,812</b>	<b>13,657</b>	<b>12,406</b>	<b>11,684</b>	<b>11,262</b>
Long-term Debts	9,441	13,241	11,960	11,206	10,750
Others	371	417	446	478	512
<b>Shareholders' Equity</b>	<b>21,633</b>	<b>24,379</b>	<b>26,579</b>	<b>29,061</b>	<b>31,813</b>
Common Stock	3,146	3,146	3,146	3,146	3,146
Capital Surplus	89	89	89	89	89
Retained Earnings	18,401	21,157	23,366	25,856	28,617
Preferred Stock					

Source: KGI Research

## Key Ratios

Year to 31 Dec	2017	2018	2019F	2020F	2021F
<b>Growth (%YoY)</b>					
Sales	9.5	24.9	(6.7)	0.3	2.1
OP	13.7	5.0	(11.7)	(3.5)	5.9
EBITDA	13.9	5.5	(11.1)	(2.9)	6.1
NP	16.8	22.4	(18.4)	12.8	10.9
Normalized Profit	18.2	25.7	(18.3)	12.8	10.9
EPS	16.8	22.4	(18.4)	12.8	10.9
Normalized EPS	18.2	25.7	(18.3)	12.8	10.9
<b>Profitability (%)</b>					
Gross Margin	35.7	33.8	33.6	33.0	33.7
Operating Margin	15.5	13.1	12.4	11.9	12.3
EBITDA Margin	15.9	13.4	12.8	12.4	12.8
Net Margin	14.2	14.0	12.2	13.7	14.9
ROAA	7.2	7.8	6.1	6.7	7.2
ROAE	14.6	15.9	11.9	12.2	12.4
<b>Stability</b>					
Gross Debt/Equity (%)	103.1	102.2	94.2	82.1	72.9
Net Debt/Equity (%)	85.1	83.2	77.1	66.3	58.3
Interest Coverage (x)	22.9	29.5	26.2	25.9	28.8
Interest & ST Debt Coverage (x)	0.4	0.5	0.4	0.4	0.4
Cash Flow Interest Coverage (x)	(11.8)	(17.5)	11.4	16.9	18.9
Cash Flow/Interest & ST Debt (x)	(0.2)	(0.3)	0.2	0.2	0.3
Current Ratio (x)	3.0	3.8	3.6	3.7	3.9
Quick Ratio (x)	0.2	0.2	0.2	0.2	0.3
Net Debt (Bt mn)	17,349.0	19,324.4	18,719.8	17,672.4	16,394.0
<b>Per Share Data (Bt)</b>					
EPS	1.0	1.2	1.0	1.1	1.3
Normalized EPS	1.0	1.2	1.0	1.1	1.3
CFPS	(0.6)	(0.7)	0.4	0.6	0.7
BVPS	6.9	7.7	8.4	9.2	10.1
SPS	7.0	8.8	8.2	8.2	8.4
EBITDA/Share	1.1	1.2	1.0	1.0	1.1
DPS	0.3	0.3	0.3	0.3	0.3
<b>Activity</b>					
Asset Turnover (x)	0.5	0.6	0.5	0.5	0.5
Days Receivables	6.4	5.0	5.6	5.6	5.6
Days Inventory	906.6	819.0	897.0	895.7	895.1
Days Payable	31.5	32.2	32.0	32.0	32.0
Cash Cycle	881.5	791.8	870.5	869.4	868.7

Source: KGI Research

## Profit & Loss

Year to Dec 31 (Btmn)	2017	2018	2019F	2020F	2021F
<b>Revenue</b>	<b>22,176</b>	<b>27,700</b>	<b>25,840</b>	<b>25,913</b>	<b>26,452</b>
Cost of Goods Sold	(14,262)	(18,339)	(17,163)	(17,357)	(17,547)
<b>Gross Profit</b>	<b>7,914</b>	<b>9,361</b>	<b>8,677</b>	<b>8,557</b>	<b>8,904</b>
Operating Expenses	(4,543)	(5,731)	(5,478)	(5,468)	(5,634)
Other Incomes	82	50	52	52	53
<b>Operating Profit</b>	<b>3,444</b>	<b>3,616</b>	<b>3,191</b>	<b>3,081</b>	<b>3,262</b>
Depreciation of fixed assets	(68)	(86)	(97)	(110)	(123)
<b>Operating EBITDA</b>	<b>3,518</b>	<b>3,712</b>	<b>3,299</b>	<b>3,202</b>	<b>3,396</b>
<b>Non-Operating Income</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>
Interest Income	6	10	10	10	11
Other Non-op Income	0	0	0	0	0
<b>Non-Operating Expense</b>	<b>(159)</b>	<b>(187)</b>	<b>(182)</b>	<b>(179)</b>	<b>(174)</b>
Interest Expense	(150)	(123)	(122)	(119)	(113)
Other Non-op Expense	(9)	(64)	(59)	(60)	(61)
<b>Equity Income/(Loss)</b>	<b>502</b>	<b>1,125</b>	<b>748</b>	<b>1,234</b>	<b>1,475</b>
<b>Pretax Profit</b>	<b>3,887</b>	<b>4,633</b>	<b>3,827</b>	<b>4,206</b>	<b>4,634</b>
Current Taxation	(739)	(778)	(681)	(657)	(699)
Minorities	(9)	(10)	(9)	(8)	(9)
Extraordinaries items	86	5	0	0	0
<b>Net Profit</b>	<b>3,157</b>	<b>3,865</b>	<b>3,155</b>	<b>3,557</b>	<b>3,944</b>
<b>Normalized Profit</b>	<b>3,071</b>	<b>3,860</b>	<b>3,155</b>	<b>3,557</b>	<b>3,944</b>
EPS (Bt)	1.00	1.23	1.00	1.13	1.25
Normalized EPS (Bt)	0.98	1.23	1.00	1.13	1.25

Source: KGI Research

## Cash Flow

Year to 31 Dec (Bt mn)	2017	2018	2019F	2020F	2021F
<b>Operating Cash Flow</b>	<b>(1,777)</b>	<b>(2,148)</b>	<b>1,395</b>	<b>2,021</b>	<b>2,140</b>
Net Profit	3,157	3,865	3,155	3,557	3,944
Depreciation & Amortization	68	86	97	110	123
Change in Working Capital	(4,406)	(4,959)	(1,101)	(404)	(444)
Others					
<b>Investment Cash Flow</b>	<b>(979)</b>	<b>1,282</b>	<b>156</b>	<b>93</b>	<b>322</b>
Net CAPEX	(239)	(305)	(121)	(172)	(187)
Change in LT Investment	(766)	1,530	248	234	475
Change in Other Assets	1	11	0	0	0
<b>Free Cash Flow</b>	<b>(2,756)</b>	<b>(866)</b>	<b>1,551</b>	<b>2,114</b>	<b>2,462</b>
<b>Financing Cash Flow</b>	<b>2,723</b>	<b>763</b>	<b>(737)</b>	<b>(2,285)</b>	<b>(1,903)</b>
Change in Share Capital	0	0	0	0	0
Net Change in Debt	3,662	1,872	210	(1,218)	(720)
Change in Other LT Liab.	5	(0)	0	0	0
<b>Net Cash Flow</b>	<b>(33)</b>	<b>(103)</b>	<b>814</b>	<b>(170)</b>	<b>559</b>

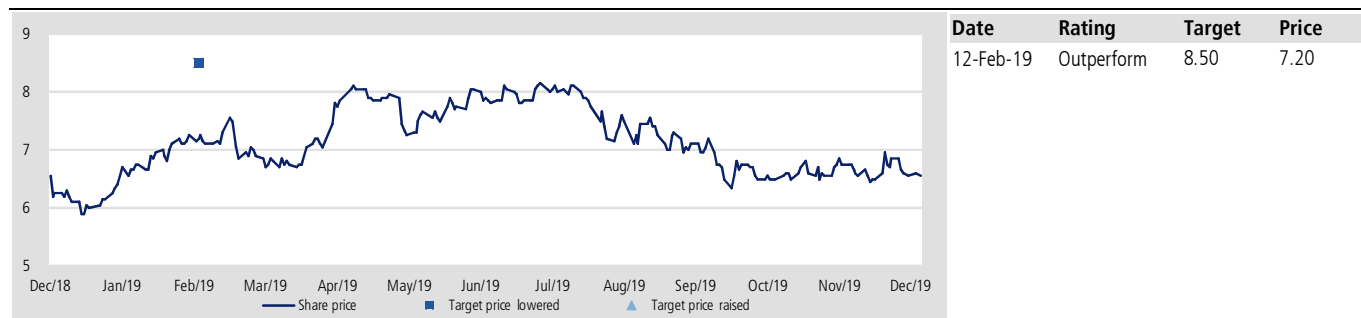
Source: KGI Research

## Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= <b>Operating Margin</b>
2017	64.3%	0.2%	20.5%	15.0%
2018	66.2%	0.3%	20.7%	12.9%
2019F	65.7%	0.2%	20.0%	14.0%
2020F	65.7%	0.3%	21.0%	13.0%
2021F	65.7%	0.3%	21.0%	13.1%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= <b>Capital Turnover</b>
2017	1.70	4.5%	1.8%	0.57
2018	1.56	4.2%	1.6%	0.62
2019F	1.71	3.8%	1.8%	0.57
2020F	1.70	3.8%	1.8%	0.57
2021F	1.74	3.8%	1.8%	0.56
Year	$\frac{\text{Operating Margin}}{\text{Capital Turnover}}$	x $\frac{\text{Cash Tax Rate}}{\text{After-tax Return on Inv. Capital}}$	=	
2017	15.0%	0.57	0.81	6.9%
2018	12.9%	0.62	0.83	6.6%
2019F	14.0%	0.57	0.80	6.3%
2020F	13.0%	0.57	0.80	5.9%
2021F	13.1%	0.56	0.80	5.8%

Source: KGI Research

## AP (Thailand) – Recommendation &amp; target price history



Source: KGI Research

# Corporate Governance Report of Thai Listed Companies



## Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
EGCO	ELECTRICITY GENERATING	KTB	KRUNG THAI BANK	TISCO	TISCO FINANCIAL GROUP
KBANK	KASIKORN BANK	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING		
KKP	KIATNAKIN BANK	SCB	THE SIAM COMMERCIAL BANK		



## Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	ERW	THE ERAWAN GROUP	SCC	THE SIAM CEMENT
AOT	AIRPORTS OF THAILAND	GFPT	GFPT	SPALI	SUPALAI
AP	ASIAN PROPERTY DEVELOPMENT	IFEC	INTER FAR EAST ENGINEERING	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BBL	BANGKOK BANK	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	MINT	MINOR INTERNATIONAL	TASCO	TIPCO ASPHALT
BIGC	BIG C SUPERCENTER	PS	PRUKSA REAL ESTATE	TCAP	THANACHART CAPITAL
CK	CH. KARNCHANG	QH	QUALITY HOUSES	TMB	TMB BANK
CPALL	CP ALL	ROBINS	ROBINSON DEPARTMENT STORE	TRUE	TRUE CORPORATION
CPN	CENTRAL PATTANA	RS	RS		
DRT	DIAMOND ROOFING TILES	SAMART	SAMART CORPORATION		



## Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
CENTEL	CENTRAL PLAZA HOTEL	HMPRO	HOME PRODUCT CENTER	MAKRO	SIAM MAKRO
DCC	DYNASTY CERAMIC	ILINK	INTERLINK COMMUNICATION	MODERN	MODERNFORM GROUP
GL	GROUP LEASE	KTC	KRUNGTHAI CARD	TRT	TIRATHAI
GLOW	GLOW ENERGY	MAJOR	MAJOR CINEPLEX GROUP	TVO	THAI VEGETABLE OIL

## Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	CHG	CHULARAT HOSPITAL	NOK	NOK AIRLINES
ANAN	ANANDA DEVELOPMENT	CKP	CK POWER	PACE	PACE DEVELOPMENT CORPORATION
BA	BANGKOK AIRWAYS	DTAC	TOTAL ACCESS COMMUNICATION	SAWAD	SRISAWAD POWER 1979
BCH	BANGKOK CHAIN HOSPITAL	GLOBAL	SIAM GLOBAL HOUSE	TMT	THAI METAL TRADE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	TPCH	TPC POWER HOLDING
BEM	BANGKOK EXPRESSWAY AND METRO	GUNKUL	GUNKUL ENGINEERING	WHA	WHA CORPORATION
BJCHI	BJC HEAVY INDUSTRIES	LPH	LADPRAO GENERAL HOSPITAL	WORK	WORKPOINT ENTERTAINMENT
CBG	CARABAO GROUP	MTLS	MUANGTHAI LEASING		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

# Anti-corruption Progress Indicator

## Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

## Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

## Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENTEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

## Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

## Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SIRISAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

## No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

**Disclaimer:** The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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