AP (Thailand) (AP TB)

2Q26 Earnings Preview: Profit Expected To Recover qoq While Gross Margin Faces Ongoing Pressure

HOLD (Maintained)	
Share Price	Bt8.15
Target Price	Bt8.50
Upside	4.29%

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Highlights

- We expect AP to report 2Q26 net profit of Bt1.02b (+1.3% yoy, +12.9% qoq). The earnings growth, despite a challenging industry backdrop, is expected to be supported by an acceleration in project launches and strong condominium sales.
- AP has continued to maintain a solid gross margin despite ongoing pressure from a sluggish property market and tight mortgage lending conditions, which continue to weigh on the residential sector.
- We maintain HOLD with an unchanged target price of Bt8.50.

Analysis

- **AP expected to report 2Q26 net profit of Bt1.02b.** We expect AP (Thailand) (AP) to report 2Q26 net profit of Bt1.02b (+1.3% yoy, +12.9% qoq), reflecting an improvement from the previous quarter despite a challenging industry backdrop. The company continued to deliver resilient earnings growth even against a high base of property transfers in 2Q25. The improvement is expected to be driven by the launch of 12 new projects, exceeding our previous expectation of 11 projects. In addition, high-rise condominium projects such as Good Day and Aspire, which carry relatively high gross margins of 30-35%, are expected to help support the company's overall profitability. Newly launched projects also offer higher gross margins than existing developments, leading us to forecast a modest improvement in gross margin to 28.7% in 2Q26F, (vs 28.1% in 1Q26, although still below 29.2% in 2Q25.) Furthermore, lower financing costs are expected to provide additional support to AP's net profit during the quarter.
- **Revenue expected to grow qoq and remain broadly stable yoy.** We forecast AP to report 2Q26 revenue of Bt10.36b (+4.2% yoy, +8.5% qoq), driven by higher condominium transfers, accelerated transfers of low-rise projects from the backlog accumulated in 1Q26, and contributions from newly launched projects that received strong market reception. AP's diversified and high-quality product portfolio continues to meet the needs of a broad range of homebuyers, supporting sales momentum.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	36,988.4	37,344.6	38,599.5	40,162.2	40,873.3
EBITDA	5,773.7	5,166.3	5,453.9	5,910.9	6,296.3
Operating profit	5,498.7	4,930.3	4,747	5,141	5,413
Net profit (rep./act.)	5,020.1	4,316.7	4,498	4,824	5,054
Net profit (adj.)	5,013.7	4,316.7	4,498	4,824	5,054
EPS	1.6	1.4	1.4	1.5	1.6
PE (x)	5.3	6.2	5.5	5.1	4.8
P/B (x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA (x)	9.9	10.8	10.3	9.5	8.9
Dividend yield (%)	7.1	6.2	6.3	7.3	7.7
Net margin (%)	13.6	11.6	12.6	13.0	13.5
Net debt/(cash) to equity(%)	70.0	64.0	60.0	56.4	53.0
Interest cover (x)	8.5	8.4	8.8	9.4	9.8
ROE (%)	11.9	9.6	10.2	10.3	10.2
Consensus net profit	n.a	n.a	(99,999.1)	(99,999.1)	(99,999.1)
UOBKH/Consensus (x)	n.a	n.a	0.0	0.0	(0.1)

Source: AP (Thailand), Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	AP TB
Shares issued (m):	3,145.9
Market cap (Bt$m):	26,582.8
Market cap (US$m):	817.5
3-mth avg daily t'over (US$m):	2.8

Price Performance (%)

52-week high/low: Bt(99,999.1)/Bt(99,999.1)

1mth	3mth	6mth	1yr	YTD
7.95	7.95	7.95	(5.23)	(7.91)

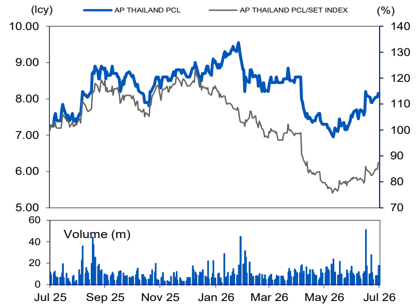
Major Shareholders

	%
MR. ANUPHONG ASSAVABHOKHIN	21.52
NORTRUST NOMINEES LIMITED-NTC-RE IEDU UCITS 10 PCT CLIENTS ACCOUNT	10.08
Thai NVDR Company Limited	8.10

Balance Sheet Metrics

FY26 NAV/Share (Bt)	15.6
FY26 Net Debt/Share (Bt)	9.3

Price Chart



Source: Bloomberg

Company Description

AP is a residential property developer with a portfolio spanning condominiums, townhouses, and detached housing, primarily concentrated in Bangkok and surrounding areas. The company frequently engages in joint development of condominium projects.

- **AP remained the most aggressive project developer in 2Q26.** During the quarter, the company launched 12 new projects with a combined value of Bt17.15b, making it one of the most active developers in the sector. The number and value of project launches exceeded our expectations. Previously, we had expected AP to launch 11 detached housing projects worth Bt12.65b in 2Q26, whereas the company launched 12 projects worth Bt17.15b. In addition, AP launched one high-rise condominium project, Life Sukhumvit – Rama 4, with a project value of Bt4.5b.

Valuation/Recommendation

- **Maintain HOLD with an unchanged target price of Bt8.50,** based on a PER of 5.5x, in line with its historical average, with our valuation rolled forward to 2027F EPS. In the near term, we see limited share price catalysts, while the absence of an interim dividend (AP pays a single annual dividend, with the ex-dividend date typically falling in May) is unlikely to provide support for the stock in the coming months.
- **We expect transfer momentum to accelerate over 2Q26-3Q26. However, achieving the company's full-year earnings target remains challenging.** Although the sector continues to benefit from government support measures – including the extension of property transfer fee reductions and accelerated property transfers ahead of the significant increase in official land appraisal prices next year – these measures are expected to provide only short-term support by stimulating transfers and limiting downside risks for the residential market. Nevertheless, the meaningful decline in gross margin seen earlier this year continues to pose a key earnings risk, leading us to maintain a cautious outlook on the company.

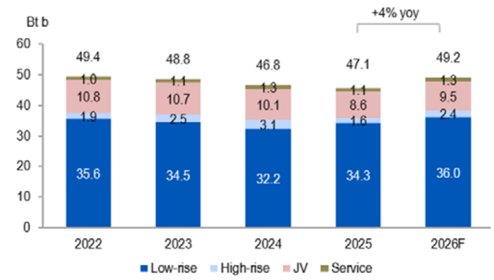
Earnings Revision/Risk

- **We have revised down our 2026-2028 net profit forecasts** by 7.42%, 7.76%, and 8.61%, respectively, to reflect lower gross margin assumptions following weaker-than-expected margins in the first half of the year. We have reduced our gross margin forecasts from 30.5%, 31.0%, and 31.5% to 29.3%, 29.7%, and 30.0% for 2026-2028, respectively.
- Risks: a) Presales, property transfers, and gross margins fall short of our expectations; and b) tighter mortgage lending policies by commercial banks, which could further weigh on housing demand and transfer activity.

Share Price Catalyst

- Potential Upside Risks: a) Presales exceed our expectations, with unit transfers completed faster than anticipated; b) Gross margin improves beyond our forecasts; and c) Equity income from joint ventures comes in above our expectations.
- Company will report its 2Q26 earnings on 13 Aug 26.

Revenue Target

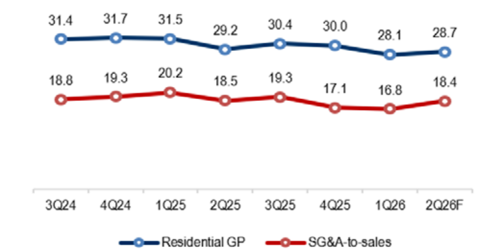


Source: AP, UOB Kay Hian

Transfers And GP Margin (Quarterly)

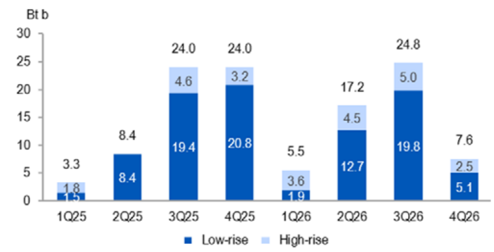
Source: AP, UOB Kay Hian

Residential Gross Margin And SG&A-To-Sales (Quarterly)



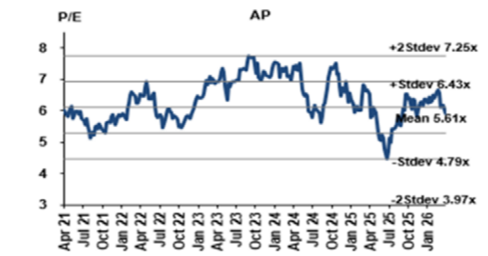
Source: AP, UOB Kay Hian

Quarterly Project Launches



Source: AP, UOB Kay Hian

Five-Year Forward PE Band



Source: Bloomberg

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	37,345	38,600	40,162	40,873
EBITDA	5,166	5,454	5,911	6,296
Deprec. & amort.	236	257	262	288
EBIT	4,930	5,197	5,648	6,008
Total other non-operating income	251	285	285	285
Associate contributions	690	969	988	1,008
Net interest income/(expense)	(613)	(621)	(631)	(641)
Pre-tax profit	5,258	5,830	6,291	6,661
Tax	(942)	(972)	(1,061)	(1,131)
Minorities	1	0	0	0
Net profit	4,317	4,498	4,824	5,054
Net profit (adj.)	4,317	4,498	4,824	5,054

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	491	594	587	564
Other LT assets	8,906	9,022	9,167	9,202
Cash/ST investment	1,856	2,414	2,741	3,151
Other current assets	74,408	77,147	80,938	84,704
Total assets	85,661	89,177	93,432	97,621
ST debt	9,744	10,244	9,244	9,244
Other current liabilities	7,478	7,334	7,631	7,766
LT debt	21,604	21,545	23,045	23,545
Other LT liabilities	757	772	803	817
Shareholders' equity	46,094	48,958	52,385	55,924
Minority interest	(16)	(16)	(16)	(16)
Total liabilities & equity	85,661	88,837	93,092	97,281

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	2,583	2,232	1,999	2,187
Pre-tax profit	5,258	5,830	6,291	6,661
Tax	(942)	(972)	(1,061)	(1,131)
Deprec. & amort.	236	257	262	288
Working capital changes	(1,781)	(714)	(634)	(695)
Non-cash items	(188)	(2,169)	(2,859)	(2,936)
Other operating cashflows	0	0	0	0
Investing	384	(461)	(369)	(286)
Capex (growth)	(146)	(360)	(255)	(265)
Investments	545	(116)	(145)	(35)
Others	(15)	15	31	14
Financing	(3,676)	(1,213)	(1,303)	(1,491)
Dividend payments	(1,888)	(1,654)	(1,803)	(1,991)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,793)	441	500	500
Others/interest paid	5	0	0	0
Net cash inflow (outflow)	(709)	558	327	410
Beginning cash & cash equivalent	2,565	1,856	2,414	2,741
Ending cash & cash equivalent	1,856	2,414	2,741	3,151

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.8	14.1	14.7	15.4
Pre-tax margin	14.1	15.1	15.7	16.3
Net margin	11.6	12.6	13.0	13.5
ROA	5.1	5.6	5.7	5.8
ROE	9.6	10.2	10.3	10.2
Growth				
Turnover	1.0	3.4	4.0	1.8
EBITDA	(10.5)	5.6	8.4	6.5
Pre-tax profit	(14.8)	10.9	7.9	5.9
Net profit	(14.0)	12.5	7.7	5.7
Net profit (adj.)	(13.9)	12.5	7.7	5.7
EPS	(13.9)	12.5	7.7	5.7
Leverage				
Debt to total capital	68.0	65.0	61.7	58.6
Debt to equity	68.0	64.9	61.6	58.6
Net debt/(cash) to equity	64.0	60.0	56.4	53.0
Interest cover	8.4	8.8	9.4	9.8