AP (Thailand) (AP TB)

2Q26: Results Exceeded Expectations Due To Better-than-expected Gross Margin While Lower JV Income And Cost Offset Gross Profit Margin

Highlights

- AP reported a net profit of Bt1.063b in 2Q26, around 4% higher than our and market consensus estimates.
- Gross profit margin was higher than expected due to a better product mix; however, lower-than-expected JV income and costs offset the positive impact.
- 3Q26 transfers and margin are expected to accelerate during the peak season.
- We upgrade AP to BUY from HOLD with a higher target price of Bt9.45.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	yoy ppt	qoq ppt
Sales and services	9,939	9,545	10,777	8.4	12.9
Operating EBIT	1,206	1,224	1,438	19.3	17.5
Equity income	86	48	14	(83.9)	(71.1)
Core profit	946	913	1,028	8.7	12.6
Net profit	1,006	903	1,063	5.7	17.8
Percent	2Q25	1Q26	2Q26	yoy ppt	qoq ppt
Gross margin	30.7	29.6	30.9	0.2	1.3
SG&A to sales	18.5	16.8	17.5	(1.0)	0.8
EBIT margin	12.1	12.8	13.3	1.2	0.5
Net margin	10.1	9.5	9.9	(0.3)	0.4

Source: AP (Thailand), UOB Kay Hian

Analysis

- **AP reported a net profit of Bt1.063b in 2Q26, around 4% higher than our and market consensus estimates.** AP (Thailand) (AP) reported a net profit of Bt1.063b (+17.7% yoy, +5.7% qoq), slightly higher than our and market consensus by 4.2% and 3.4% respectively. This compares with our forecast of Bt1.020b and market consensus of Bt1.028b.
- **Revenue from transfers totalled Bt10.506b in 2Q26, in line with our and market consensus.** Revenue from transfers totalled Bt10.506b in 2Q26 (+8.4% yoy, +13.2% qoq), in line with our and market consensus. The company continued to deliver resilient earnings growth even against a high base of property transfers in 2Q25. This growth was particularly prominent in high-rise transfers with AP having secured over 81% of its full-year condominium revenue target for 2026. The qoq increase in transfers follows normal seasonality while AP managed to grow yoy despite a high-based transfer in 2Q25.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	36,988	37,345	39,115	40,513	41,235
EBITDA	5,774	5,166	5,059	5,443	5,743
Operating profit	5,499	4,930	4,802	5,180	5,455
Net profit (rep./act.)	5,020	4,316	4,542	4,856	5,087
Net profit (adj.)	5,020	4,316	4,542	4,856	5,087
EPS	1.60	1.37	1.44	1.54	1.62
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	4,524.5	4,901.1	5,252.7
UOBKH/Consensus (x)	n.a	n.a	1.1	1.1	1.0

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

Analyst(s)

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BUY (Upgraded)

Share Price	Bt8.40
Target Price	Bt9.25
Upside	10.11%
Previous TP	Bt8.50

Stock Data

Sector	Real Estate
Bloomberg ticker	AP TB
Shares issued (m)	3,145.9
Market cap (Btm)	26,425.6
Market cap (US$m)	797.5
3-mth avg daily t'over (US$m)	2.6

Price Performance (%)

52-week high/low: Bt9.6/Bt7.0

1mth	3mth	6mth	1yr	YTD
9.8	12.8	(8.7)	9.8	(2.3)

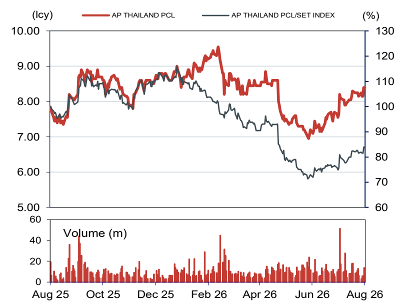
Major Shareholders (%)

Mr. Anuphong Assavabhokhin	21.5
NORTRUST NOMINEES LIMITED-NTC-RE IEDU UCITS 10 PCT CLIENTS ACCOUNT	10.0

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..

- **Gross profit margin is higher than expected due to better product mix**. Gross profit margin came in at 30.9% in 2Q26, exceeding our expectation of 30.2% and market expectation of 30.3% (vs 29.6 % in 1Q26 and 30.7% in 2Q25). This is largely similar to 1Q26 despite pricing pressure from a better product mix of high-rise condominium projects despite the promotional campaigns, amid tight mortgage lending conditions.
- **Lower-than-expected JV income and costs offset the positive impact.** SG&A-to-revenue improved qoq to 17.5% but dropped yoy. However, the share of profit from JVs decreased both yoy and qoq to Bt14m (vs Bt48m in 1Q26 and Bt86m in 2Q25). This was due to an absence of new JV condos in 1H26, which offset the impact of an improved gross profit margin. A slightly higher corporate income tax — typically paid in 2Q — offsets the benefits gained from the higher gross margins.
- **3Q26 outlook**. AP guided that 3Q26 will be the peak season with 17 project launches worth over Bt17.900b, mainly driven by new project launches in upcountry market, particularly five Apitown projects. In addition, ownership transfers from major JV projects like Rhythm will contribute to 3Q26's results. Supported by a product mix from accelerated new project launches, overall gross profit margin is expected to remain stable and recover to the 30% level.

Valuation/Recommendation

- **Upgrade to BUY and raise target price to Bt9.25**, based on a PE of 6.0x with our valuation rolled forward to 2027F EPS of Bt1.54 (from Bt1.53). Despite the absence of an interim dividend (AP pays a single annual dividend, with the ex-dividend date typically falling in May), we upgrade AP to BUY from HOLD. We finetune 2026 and 2027 earnings forecasts to reflect stronger-than-expected transfer momentum and improved earnings visibility.

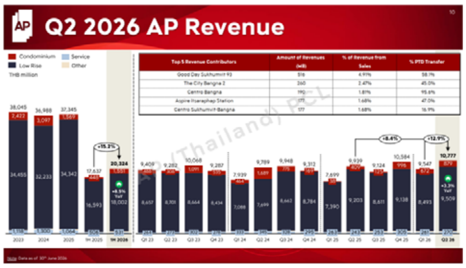
Earnings Revision/Risk

- We fine-tune 2026-27 earnings by 1.0% and 0.7% respectively to reflect the slightly stronger-than-expected transfer momentum and improved earnings visibility.
- Risks: a) Presales, property transfers, and gross margins falling 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 exceeding our expectations, with unit transfers being completed faster than anticipated; b) gross margin improves beyond our forecasts; and c) equity income from JVs coming in above our expectations.

2Q26 AP Revenue



Source: AP (Thailand), UOB Kay Hian

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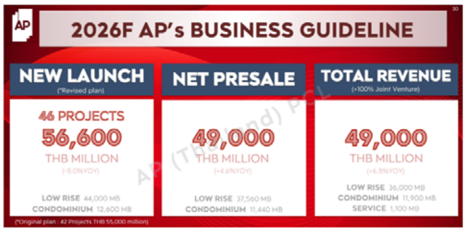
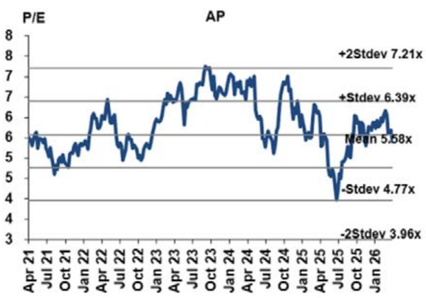


Source: AP (Thailand), UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	36,988	37,345	39,115	40,513
EBITDA	5,774	5,166	5,059	5,443
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	4,316	4,542	4,856	5,087
Net profit (adj.)	4,316	4,542	4,856	5,087

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

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

Key Metric

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