



Ananda Development PCL

ANAN TB Outperform

Target Price Bt 1.47

Price (31/05/2022) Bt 1.33

Upside % 10.53

Valuation PBV

Sector Property Development

Market Cap Btm 5,541

30-day avg turnover Btm 11.78

No. of shares on issue m 4,166

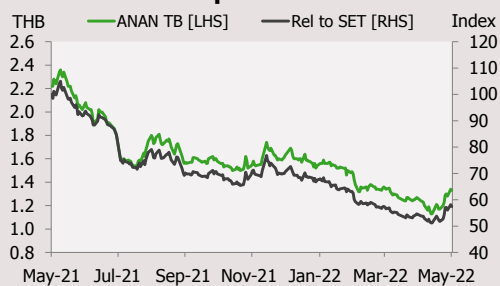
CG Scoring Excellent

Anti-Corruption Indicator N/A

Investment fundamentals

Year end Dec 31	2021A	2022E	2023E	2024E
Company Financials				
Revenue (Btmn)	3,564	4,015	5,910	6,686
Core profit (Btmn)	-526	47	728	807
Net profit (Btmn)	-457	44	728	807
Net EPS (Bt)	-0.11	0.01	0.17	0.19
DPS (Bt)	0.00	0.00	0.05	0.06
BVPS (Bt)	3.88	3.56	3.65	3.69
Net EPS growth (%)	-77.11	n.m.	####	10.87
ROA (%)	-0.82	0.26	1.96	2.02
ROE (%)	-2.86	0.28	4.85	5.28
Net D/E (x)	0.96	1.13	1.21	1.23
Valuation				
P/E (x)	-14.21	125.94	7.61	6.87
P/BV (x)	0.40	0.37	0.36	0.36
EV/EBITDA (x)	59.52	31.41	16.30	14.96
Dividend yield (%)	0.00	0.24	3.94	4.37

ANAN TB rel SET performance



Source: Bloomberg (All figures in THB unless noted.)

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1 June 2022

Kasikorn Securities Public Company Limited

The tide is turning

- We upgrade ANAN to Outperform from Neutral and raise our 2022 TP to Bt1.47 from Bt1.20 to reflect a better than expected business outlook.
- We see ANAN's operating performance bottoming out in 1Q22. A number of newly-completed condo projects will drive 2H22 earnings strongly.
- ANAN will be among key beneficiaries to capture returning condo demand as it is among the top in terms of inventory on hand.

Investment Highlights

- **2022-24E earnings revisions.** While we cut our 2022 earnings forecast by 73.9% to Bt44mn to reflect weaker-than-expected equity income in 1Q22 which will be prolonged to 2Q-3Q on slower-than-expected transfer momentum, lower profitability of JV condos, and higher-than-expected share of loss contribution from service apartments, we raise our 2023/24 earnings forecasts by 24.5%/23.8% to Bt728mn/Bt807mn as we increase 1) our sales revenue forecast by 3.2%/3.0% to reflect better transfer progress at low-rise projects; 2) our GPM assumption by 2 ppt/1.7 ppt to reflect ANAN's lower pricing strategy used to liquidate its unsold inventory; and 3) our equity income forecast by 2.6%/5.3% to incorporate higher transfer momentum at JV condominium projects as well as a higher contribution from service apartments.
- **Earnings already bottomed out in 1Q22.** We expect quarterly earnings marked a bottom in 1Q22 with a deep loss of Bt282mn and will rebound strongly to a profit in 2H22 thanks to a significant increase of both sales revenue and equity income backed by 3 newly completed condo projects (2 JVs and 1 ANAN) totaling Bt15.5bn that are set to kick off rights transfers in 2Q-4Q22. We thus expect ANAN's earnings to rebound from a net loss of Bt368mn in 1H22 to a net profit of Bt412mn in 2H22.
- **High inventories = higher opportunities.** We believe an easing the COVID-19 situation in Thailand and the relaxation of travel restrictions have already kicked off a recovery phase in the condominium market as the number of newly-launched condominium units increased 3x in 4M22 vs 4M21, indicating higher confidence among developers. ANAN, which stands among the top rank with a large amount of available for sale condominiums among 11 leading developers (excluding BRI as a pure low-rise developer) in our coverage with total value of Bt35.1bn will be one of the key beneficiaries to capture the return of condominium demand. Also, as all costs of its condo projects are fixed, it is less impacted by cost-push inflation.
- **Easing liquidity concern amid a rising interest rate environment.** We believe concern over ANAN's liquidity owing to the court verdict of Ashton Asoke project seems to have eased after it increased capital in 4Q21 and retrieved access to the bond market with the issuance of two series of debentures totaling Bt5bn in Jan this year. Also, backlog transfer of many condo projects mentioned earlier will increase the stock's liquidity. However, it needs to bear a higher interest rate compared to its previous debentures due to the rising bond yield trend.

Valuation and Recommendation

- We upgrade ANAN to Outperform from Neutral and raise our end 2022 target price to Bt1.47 from Bt1.20 after raising our PBV multiple to 0.6x from 0.5x to reflect an ROE improvement following our earnings upgrade. Our new target price is still on the conservative side given that it is lower than ANAN's adjusted BV that incorporates the full impact related to trouble at Ashton Asoke project.
- Key risks are 1) a higher cost of funds due to rising interest rate environment; 2) a delay of launch schedules of its new projects; and 3) an unfavorable Supreme Court verdict on the Ashton Asoke project.



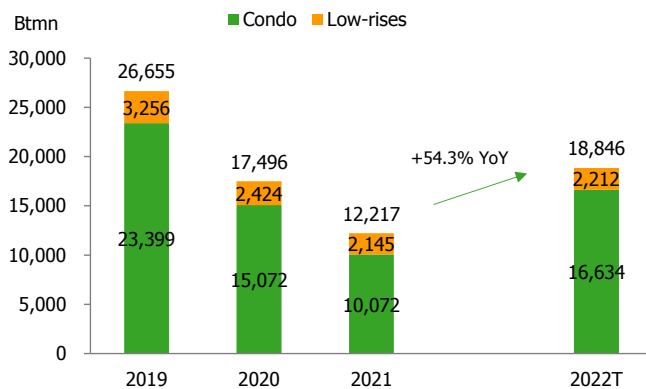
Investment Highlights

Back to the battlefield

Aggressive business plan to revive positive growth visibility

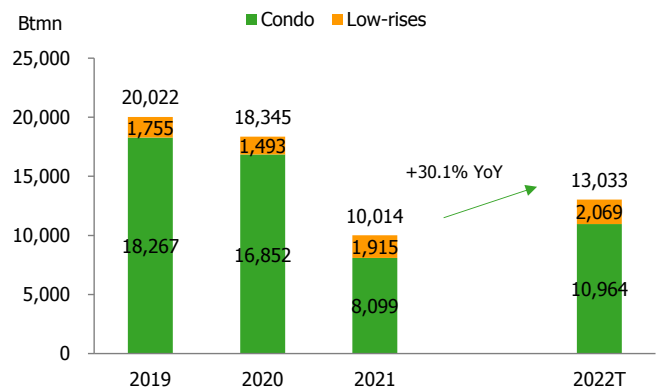
ANAN has been suffering from sluggish condo demand over the past two years due to the impact of COVID-19, as reflected in the sharp decline of both presales and transfer performance in 2020-21. However, ANAN is now ready to grow this year in line with an economic recovery given that the COVID-19 situation in Thailand seems to be easing and most social restrictions were relaxed. While 1Q22 presales and transfer performance were weak due to the Omicron outbreak, ANAN reiterated its 2022 presales and transfer targets of Bt18.8bn and Bt13.3bn, which represents growth of 54.3% and 30.1% YoY respectively (Figs. 1-2). Both presales and transfer growth will be a combination between existing projects and new projects.

Fig 1 Presales target to grow 54.3% YoY in 2022



Source: Company Data and KS Research

Fig 2 Transfer target to grow 30.1% YoY in 2022



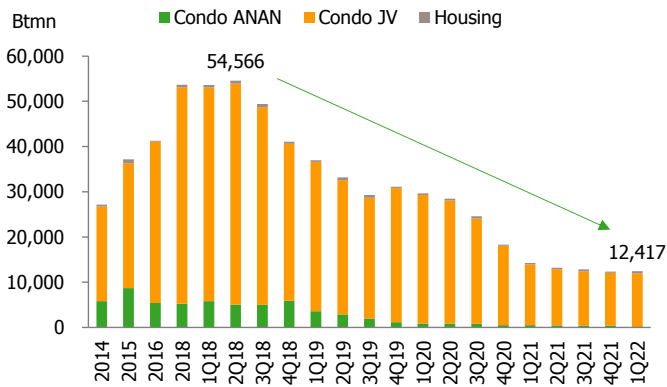
Source: Company Data and KS Research

New projects will help regain backlog momentum

Due to a number of heavy negative factors weighing on demand for condominiums starting from the Bank of Thailand's tightening of the LTV measure in 2019, a macroeconomic slowdown and a shift in demand to low-rise housing from condos caused by COVID-19 in 2020-21, ANAN's backlog has declined continuously from the peak level of Bt54.6bn in 2Q18 to only Bt12.4bn in 1Q22 (Fig. 3). In 2020-21, ANAN launched zero new projects and focused on liquidating its ready-to-move-in (RTM) inventory. However, due to a better economic outlook and signs of a pickup in condo demand, ANAN plans to launch seven new projects comprising five condominiums and two low-rises totaling Bt29.2bn this year (Figs. 4-5). These new projects will not only help build more long-term revenue visibility but also support short-term earnings and cash flow momentum as the two low-rise projects have received a strong response from homebuyers, and as new JV projects will lift project management income. Despite opening solely for the VVIP group, the Artale Asoke-Rama 9 (Bt4.05bn) 20% of the project has already been sold.

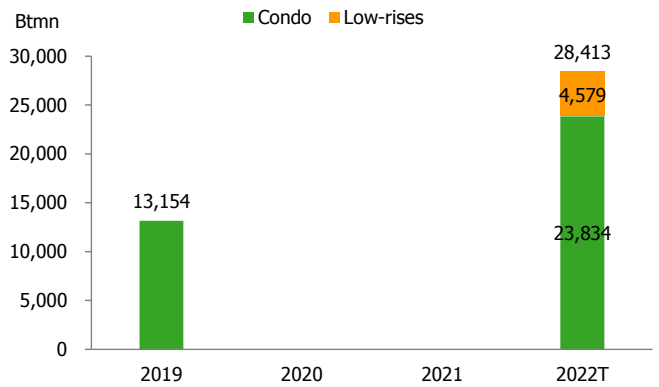


Fig 3 Backlog in a downtrend since 2Q18



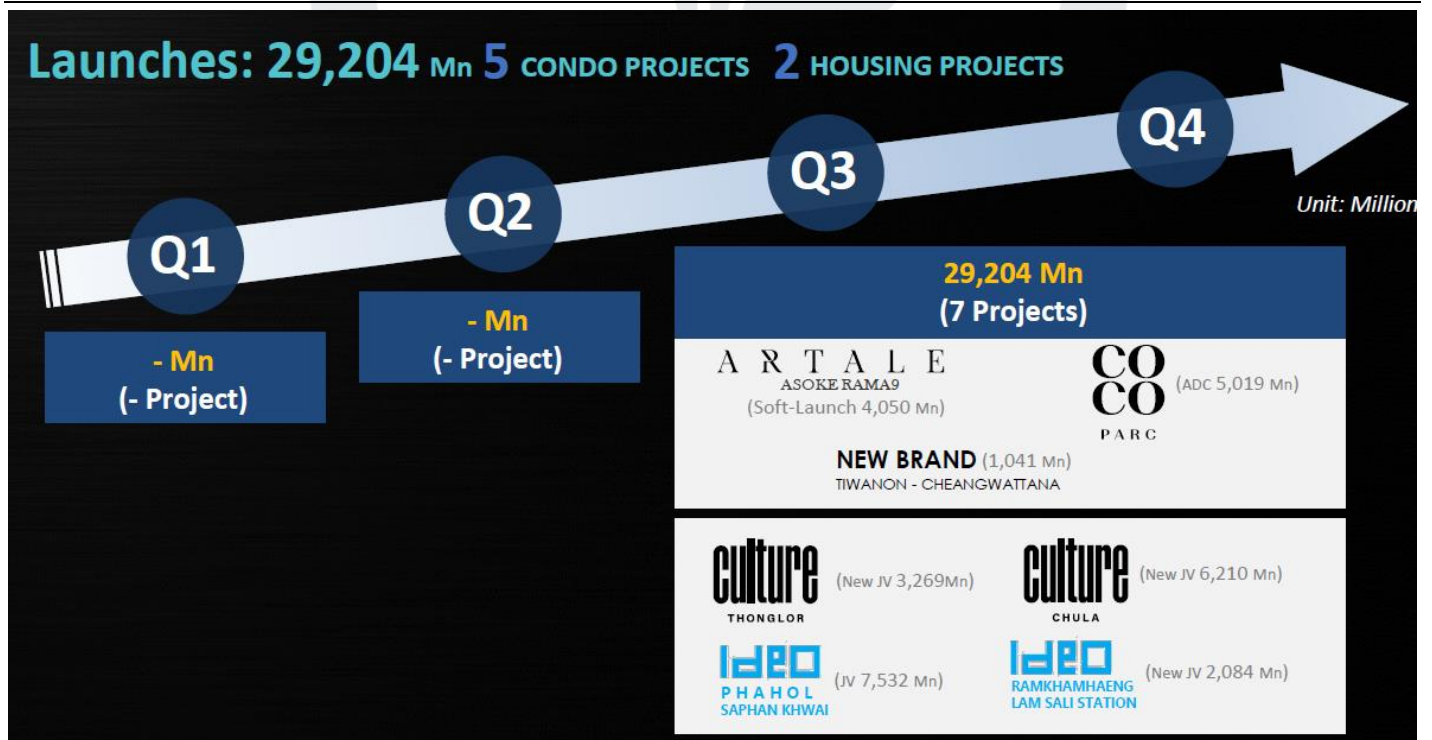
Source: Company Data and KS Research

Fig 4 New launches to pick up in 2022



Source: Company Data and KS Research

Fig 5 2022 new launch line-up



Source: Company Data and KS Research

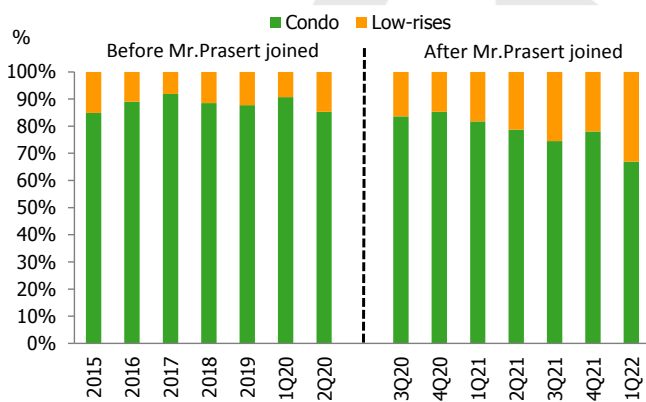


Leverage from management expertise

Continuous improvement in low-rise products

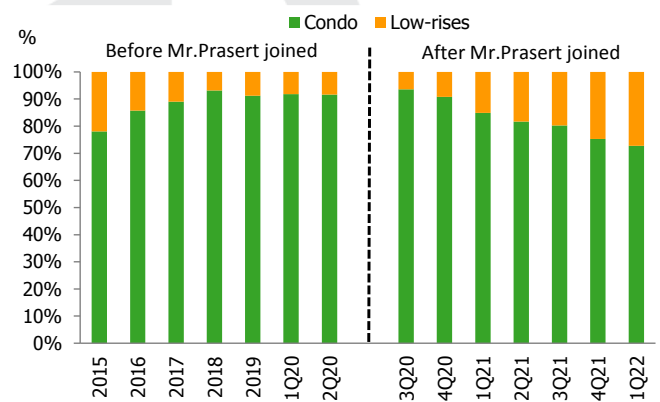
After Mr. Prasert Taetullayasatit joined ANAN as a COO in July 2020 and became CEO Property in March 2021, he helped improved ANAN's housing business through his lifetime of experience in the property sector since 1993. He was a key executive member of PSH since 2005 and was a former CEO of Pruksa Premium belonging to Pruksa Real Estate Pcl (PSH TB, Neutral TP13.4) before joining ANAN. While presales and transfer momentum of condominium products, which are ANAN's main product, were under pressure over the past two years due to the impact of COVID-19 that largely distorted condominium demand, Mr. Prasert help improved both presales and transfer progress of low-rise products (Figs. 6-7) in line with a shift in homebuyer demand.

Fig 6 Presales proportion before and after Mr. Prasert joined the team



Source: Company Data and KS Research

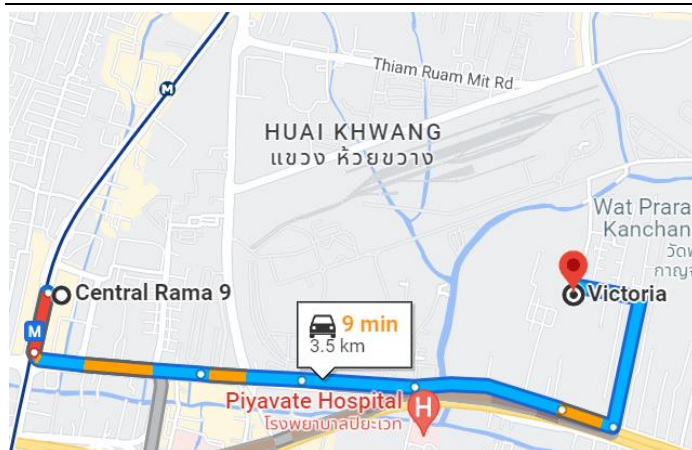
Fig 7 Transfer proportion before and after Mr. Prasert joined the team



Source: Company Data and KS Research

While ANAN stated in its business plan that it is going to launch two new low-rise projects in 2H22, it started ahead of plan with a soft launch of "Artale Asoke Rama 9" project (91 units totaling Bt4.1bn) in 2Q22. This project will be a tailor-made super luxury housing project developed under the concept of "Urban Luxury Pool Villa" located in the Rama 9 district on Rama 9 Rd. Soi 13, which is the CBD of Bangkok (Figs. 8-9). Management stated that feedback from homebuyers was positive with Bt800mn in pre-booking in 2Q22 and an additional Bt800mn being negotiated. ANAN expects the first unit of this project to kick off rights transfer in 2Q23.

Fig 8 Artale Asoke Rama 9 located in the Rama 9 district



Source: Google maps and KS Research

Fig 9 Site location of Artale Asoke Rama 9



Source: Company Data and KS Research

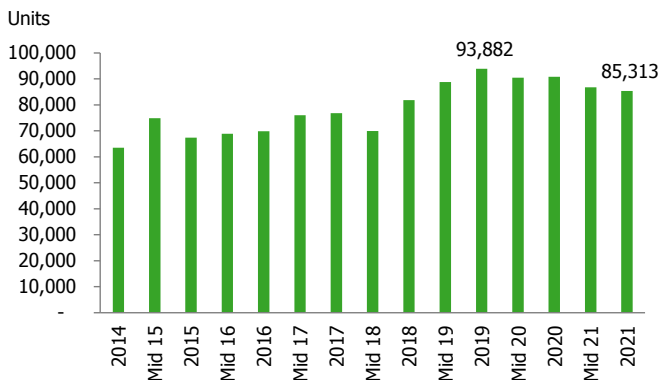


Ready for the return of condominium demand

High inventory = more opportunity

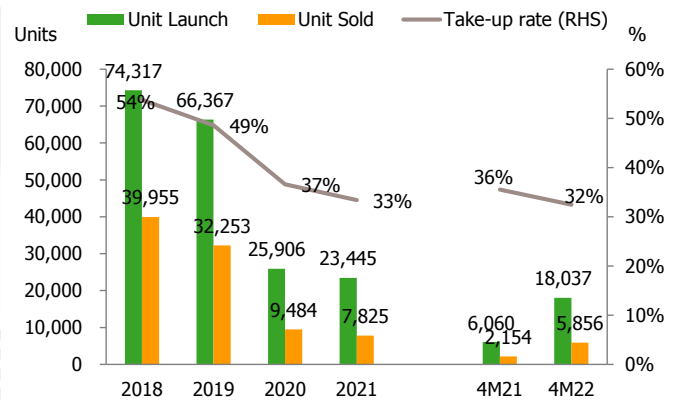
According to data from The Agency for Real Estate Affairs (AREA), remaining condominium supply dropped from its peak level of 93,882 units in 2019 to 85,313 units at the end of 2021 (Fig. 10). This was owing to the effort of developers to focus on liquidating inventory instead of opening new condominium projects to the market, as reflected in Fig. 11, as newly launched condos fell from a peak level of 74,317 units in 2018 to only 23,445 units in 2021. However, we observed a good sign for the condominium market in 2022 as there were 18,037 newly launch condominium units YTD, 3x that compared to 4M21 and 76.9% of the 2021 level, and take-up rate was decent at 32% (units sold in 4M22 rose more than double to 5,856 units). This indicated that developers possessed higher confidence in the condominium market in line with an economic recovery in 2022.

Fig 10 Declining trend of remaining condominium supply in 2019-21



Source: AREA and KS Research

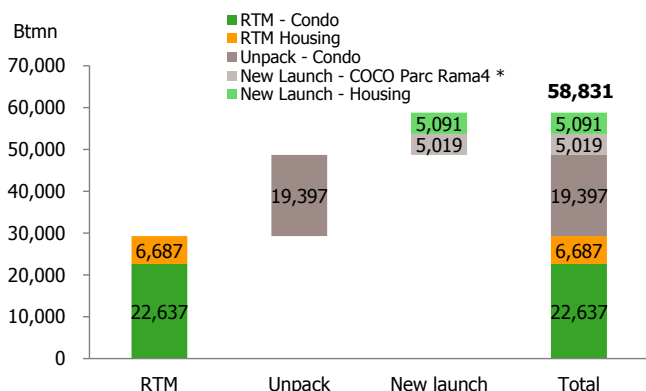
Fig 11 Return of new condo supply seen in 4M22 with a decent take-up rate



Source: AREA and KS Research

We believe ANAN will be among the key beneficiaries of a condominium market recovery given that out of the total available for sales value at the end of 1Q22 (including the planned completion of new projects in 2H22) of Bt58.8bn, Bt47.1bn will be completed condo products at the end of 2022 (Fig. 12). Looking at projects launched until the end of 1Q22, ANAN had Bt35.1bn in available for sale condominiums (RTM and under construction). Compared with other leading developers in the market, ANAN also stands in the top rank with a large amount of available for sale condominiums in inventory (Fig. 13). A higher inventory means a stronger opportunity for ANAN to capture homebuyer demand.

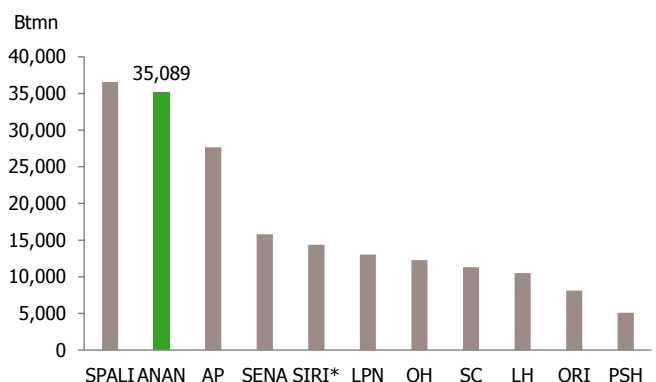
Fig 12 Breakdown inventory of ANAN as of 1Q22



Source: Company Data and KS Research

Remark*: Coco Parc Rama 4 is prebuilt condominium project

Fig 13 Condominiums of 11 developers available for sale as of 1Q22



Source: Company Data and KS Research

Remark* SIRI data as of May-22



Limited impact on the rising construction material price

Cost of under construction condominium already locked in

While construction material prices are increasing, the impact on ANAN's condominium projects that under construction that are set begin rights transfers in 2022-24 should be limited as construction of three projects totaling Bt15.5bn that are planned to start transfer in 2022 is mostly complete while the material prices of the remaining two projects worth Bt8.9bn scheduled to kick off rights transfers in 2023-24 were already settled and already began the construction. Cost-push inflation on construction costs thus need to be managed only for new projects planned to launch in 2022 as selling price and costs of these are much easier to fine tune. Also, as the cost of land for most of the new projects are already included in its balance sheet, ANAN does not need to worry about a rise in land costs.

Fig 14 Construction progress of ANAN's condo projects under construction

Y 2022			Y 2023	Y 2024
<p>IDEO CHARAN 70 - RIVERVIEW</p>  <p>PROJECT VALUE 3,664 mb. TRANSFER Q2 / 2022</p>	<p>IDEO RAMA9 - ASOKE</p>  <p>PROJECT VALUE 6,844 mb. TRANSFER Q3 / 2022</p>	<p>COCO PARC</p>  <p>PROJECT VALUE 5,019 mb. TRANSFER Q4 / 2022</p>	<p>IDEO CHULA - SAMYAN</p>  <p>PROJECT VALUE 4,955 mb. TRANSFER Q2 / 2023</p>	<p>IDEO SUKHUMVIT - RAMA 4</p>  <p>PROJECT VALUE 3,933 mb. TRANSFER Q3 / 2024</p>

Source: Company Data and KS Research



Financial Highlights

The tide is turning

2022-24 earnings revisions

We lower our 2022 earnings forecast for ANAN by 73.9% to Bt44mn mainly as we cut our equity income estimate by 27.9% to reflect lower than expected equity income in 1Q22 on 1) slower-than-expected transfer momentum of JV condos; 2) lower-than-expected margin at JV condominium level; and 3) share of loss from service apartments, which will partially be prolonged to 2Q-3Q. However, we revise up our 2022/23 earnings forecasts by 24.5%/23.8% to Bt728mn/Bt807mn as we raise 1) our sales revenue forecast by 3.2%/3.0% to Bt4.4bn/Bt5.0bn on higher contribution from low-rise products; 2) our GPM assumption by 2 ppt/1.7 ppt to reflect a lower pricing strategy used to liquidate unsold inventory; and 3) our equity income assumptions by 2.6%/5.3% to Bt957mn/Bt1.0bn to incorporate a higher transfer value and contribution from its service apartment.

Fig 15 2022-24 earnings revisions

Unit: Btmn.	2022E			2023E			2024E		
Profit and loss statement	New	Previous	% Change	New	Previous	% Change	New	Previous	% Change
Sales revenue	2,660	2,512	5.9%	4,431	4,294	3.2%	5,047	4,900	3.0%
Cost of sales	2,036	1,980	2.8%	3,345	3,355	-0.3%	3,810	3,804	0.2%
Gross profit	1,264	1,195	5.8%	1,859	1,697	9.5%	2,135	1,973	8.2%
SG&A	1,613	1,631	-1.1%	1,981	1,943	2.0%	2,190	2,128	2.9%
Operating profit	-349	-436	-20.1%	-123	-246	-50.1%	-55	-155	-64.6%
EBITDA	786	956	-17.8%	1,611	1,463	10.1%	1,799	1,647	9.2%
Equity income	469	651	-27.9%	957	933	2.6%	1,020	969	5.3%
Net Profit	44	168	-73.9%	728	584	24.5%	807	651	23.8%
Core profit	47	168	-72.3%	728	584	24.5%	807	651	23.8%
Key assumptions									
New launch (Btmn)	28,925	28,413	1.8%	17,000	17,000	0.0%	18,600	18,600	0.0%
Pre-sales	19,068	18,631	2.3%	26,581	26,018	2.2%	27,273	26,639	2.4%
Revenue growth (%) *	12.7	8.2	4.4	47.2	49.4	-2.2	13.1	13.2	-0.1
Gross margin (%) *	31.5	31.0	0.5	31.5	29.4	2.0	31.9	30.2	1.7
SG&A to sales (%) *	39.0	39.0	0.0	40.2	42.3	-2.1	33.5	33.7	-0.2

Remark: * = change in ppt

Source: Company Data and KS Research

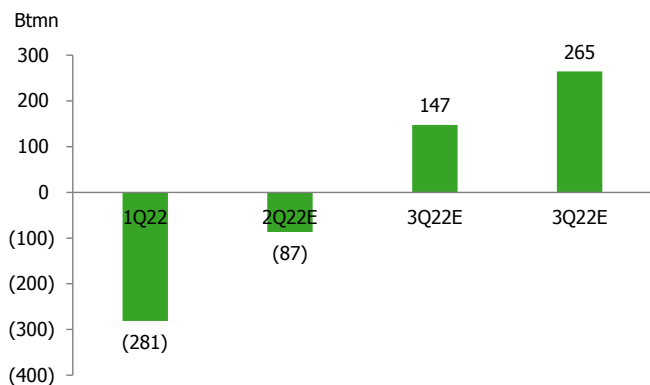
Earnings hit bottom in 1Q22

Expect an earnings uptrend in 2Q-4Q22

We believe ANAN's earnings hit bottom in 1Q22 with a deep loss of Bt282mn and that it will post an earnings uptrend in 2Q-4Q22, especially in 2H22 when earnings should turn from a loss to a profit (Fig. 16). The key earnings drivers in the remainder of the year will be three newly completed condominium projects totaling Bt15.5bn with a decent amount in backlog that will start rights transfers in 2Q-4Q22, which will boost both revenue and equity income (Fig. 17). Details of the newly completed condominium projects are seen in Fig. 18.

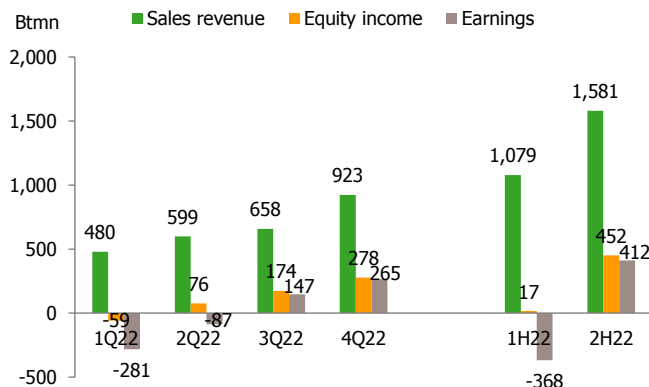


Fig 16 Earnings uptrend earnings in 1Q-4Q22E



Source: Company Data and KS Research

Fig 17 Sales revenue, equity income, and earnings to rebound significantly in 2H22



Source: Company Data and KS Research

Fig 18 Newly-completed condominium projects in 2022

Project Name	Format	Project Value (in Btmn)	Transfer schedule	% sold	Backlog (in Btmn)
Ideo Charan 70 Riverview	JV	3,664	2Q22	77.2%	2,827
Ideo Rama 9 Asoke	JV	6,844	3Q22	46.4%	3,174
Coco Parc Rama 4 *	ANAN	5,019	4Q22	7.6%	380
Total Value		15,527			6,381

Source: Company Data and KS Research

Remark*: Coco Parc Rama 4 is prebuilt condominium project

Easing liquidity concern amid rising interest rate environment

Retrieve access to the bond market ...

ANAN was able to grind through liquidity concerns over an Ashton Asoke project court verdict with a successful increase in capital of Bt1.3bn in 4Q21, which consequently allow ANAN to gain access to the bond market once again with the issuance of 2 series of debentures totaling Bt5.0bn in Jan. Also, backlog transfer of many condo projects mentioned earlier will boost the stock's liquidity. This means its liquidity issue will be more relaxed in case it does not face any problem transferring its backlog.

... but with a higher cost of funds

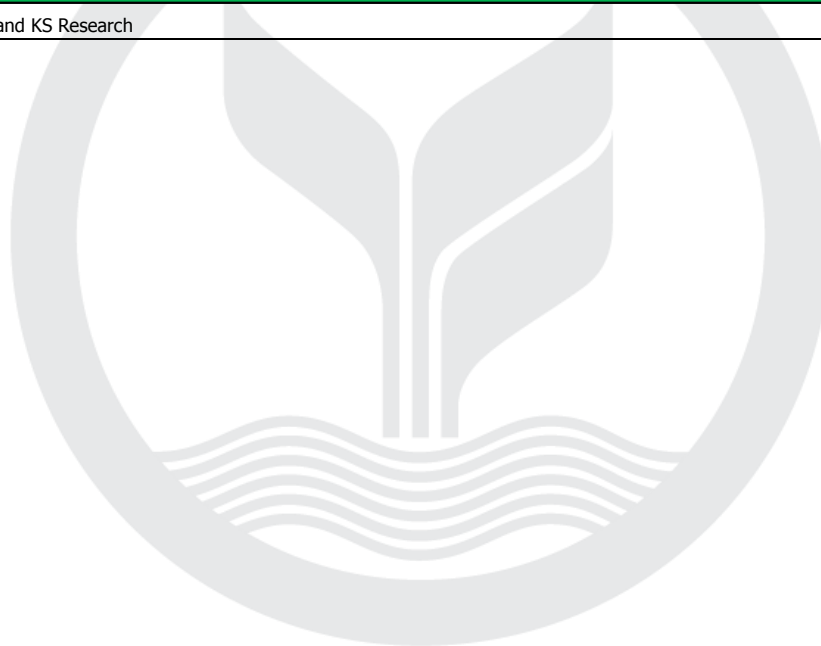
It will have to bear a higher interest rate compared to its previous debentures as can be seen in Fig. 19. For example, ANAN220A and ANAN247A are debentures with the same term of 2.5 years but with a much different interest rate (4.0% vs 5.4%). Also, ANAN is set to issue 2 more series of debentures in June totaling Bt3.0bn with interest rates of 4.7% and 5.6%. While ANAN will be able to manage its liquidity much better than in 2021, it will have to bear a new challenge and pressure towards an incremental increase in overall cost of funds. Note that its average cost of debt at the end of 1Q22 was 4.6%.



Fig 19 Detail of ANAN's current debentures

Debenture	Issued Date	Term (year)	Interest Rate	Jun-22	Jul-22	Aug-22	Oct-22	Apr-23	Jun-23	Jul-23	Oct-23	Jan-24	Jul-24	2022	Due in 2023	2024
ANAN234A	Apr-19	4.00	4.50%					2,592							2,592	
ANAN236A	Jun-19	4.00	4.45%						500						500	
ANAN228A	Aug-19	3.00	3.95%			250								250		
ANAN220A	Apr-20	2.50	4.00%				423							423		
ANAN230A	Apr-20	3.50	4.50%								747				747	
ANAN241A	Jan-21	3.00	4.50%									1,413				1,413
ANAN220B	Jan-21	1.75	3.90%				916							916		
ANAN226A	Jun-21	1.01	3.70%	300										300		
ANAN227A	Jul-21	1.01	3.70%		300									300		
ANAN237A	Jan-22	1.50	4.50%							1,768					1,768	
ANAN247A	Jan-22	2.50	5.40%										3,231			3,231
Total (in Btmn)				300	300	250	1,339	2,592	500	1,768	747	1,413	3,231	2,189	5,607	4,644

Source: ThaiBMA, Company Data, and KS Research





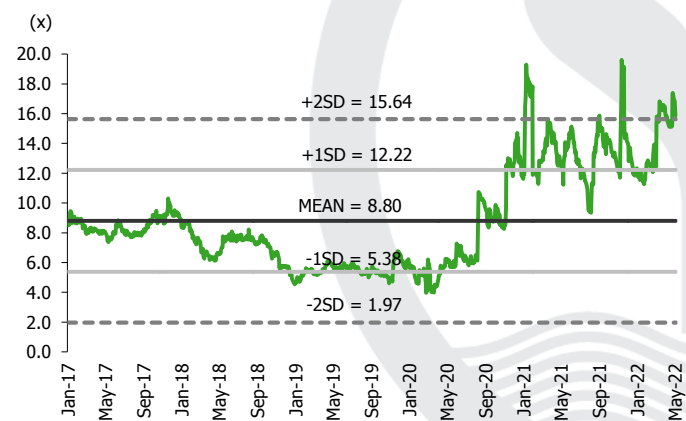
Valuation and Recommendation

Earnings upcycle to provide a potential rerating

Upgrade to Outperform with an end-2022 target price of Bt1.47

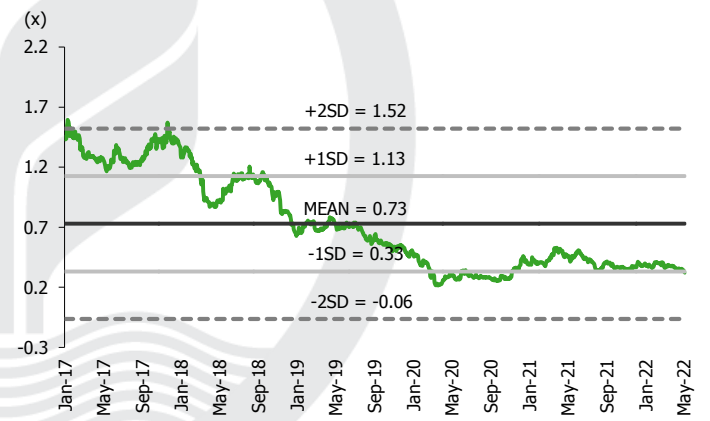
We upgrade ANAN to Outperform from Neutral after raising our 2022 target price to Bt1.47 from Bt1.20. Our new target price offers a sound total return from the latest closing price of 10.5%. This is although ANAN's share price increased by 17.7% over the past three weeks amid positive expectations of a return of foreign buyers resulting from Thailand's reopening. Our new target price reflects our 2023-24 earnings revisions that results in our PBV multiple increasing to 0.6x from 0.5x, as our recent earnings upgrades lifted adjusted ROE in 2023 (earnings/average equity deducted perpetual debenture) to 7.3% from 5.9%.

Fig 20 5Y 12M FWD PER band



Source: Bloomberg and KS Research

Fig 21 5Y 12M FWD PBV band



Source: Bloomberg and KS Research

Our new target price is on the conservative side

In a worst-case scenario that the Supreme Administrative court rules that ANAN has to pay a rebate to every buyer of the Ashton Asoke project (see details of this issue in the risk and concern part below), we estimate intrinsic value of ANAN (BVPS deducted perpetual debenture as well as the abovementioned rebates and cost of the remaining value of the Ashton Asoke project) will fall to Bt1.50, which is higher than our target price of Bt1.47. This indicates that our target price is still on the conservative side compared to the estimated intrinsic value of the company.



Fig 22 Value of ANAN in a worst-case scenario

	Unit		Remark
Current Status of Ashton Asoke			
Project value	Btmn	6,477	
Total transfer value	Btmn	5,654	87.3%
Remaining Value	Btmn	823	12.7%
Estimate of rebates pay to existing buyers			
Value that ANAN held	Btmn	2,884	51.0%
add default interest expenses	Btmn	649	7.5% interest rate p.a. for 3 years
Total rebates pay to existing buyers	Btmn	3,533	
Estimate cost of remaining value			
Remaining value	Btmn	823	
NPM of the project	%	30%	
Cost of project	Btmn	576	
Value to ANAN	Btmn	294	51.0%
# of shares outstanding (as of 1Q22)	shr	4,166	
Rebates pay to existing buyers	Bt/shr	0.85	
Loss from remaining value	Bt/shr	0.07	
Per share basis			
2022 BVPS	Bt/shr	3.56	
Adjusted Service Apartments			
Investment at cost	Btmn	1,009	
NPM of the project if divest	%	25%	
Adjusted value per share	Bt/shr	0.06	
2022 Adjusted BVPS	Bt/shr	3.62	
deducted perp bond	Bt/shr	1.20	Bt5bn
deducted rebates pay to existing buyers	Bt/shr	0.85	
deducted loss from remaining value	Bt/shr	0.07	
BVPS - net	Bt/shr	1.50	

Source: Company Data and KS Research



Risks and concerns

Rising interest rates

Even though ANAN was able to regain access to the bond market, it came back in the rising interest rate environment. This led to a higher cost of funds for its upcoming debentures that it will have to roll over in Oct with a higher interest rate of 4.7% and 5.6% vs the average cost of its debenture due in Oct of 4.1% and an average cost of debt of the company at the end of 1Q22 of 4.6%. If the interest rate environment keeps rising, it will have a negative impact on earnings as ANAN will need to roll over future debentures with a higher cost. Based on its IBD at the end of 1Q22 of Bt20.4bn, every 1% increase in interest rate will result in an additional Bt200mn in expense. This is huge given that we currently expect 2023 earnings of Bt728mn. However, ANAN realizes this challenge and has tried to change its floating rate loans to a fixed rate. Also, an improvement in GPM would help offset this risk.

Delay of new projects

ANAN maintained its target to launch seven projects in 2H22 as mentioned earlier, but a delay in launching any of the projects will impact its future growth outlook, as its backlog is in a downtrend, while new projects are essential to ensure its transfer visibility in the medium to long term as well as near-term earnings via project management income. Management also mentioned that the launch schedule of five new condos is still subject to market conditions, which means they could be delayed if the overall condo market is unfavorable.

Permanent behavioral change in homebuyer demand

It cannot be denied that the emergence of the COVID-19 pandemic was the main cause of a shift in homebuyer demand to low-rise products from condos, which was due to 1) the work from home situation; and 2) social distancing. Both reasons prompted homebuyers to seek low-rise products as they provide more space compared to condominiums. If this behavioral change persists even after the end of COVID-19, it will directly impact ANAN's operating performance given that majority of its housing portfolio comprises condominiums near BTS and MRT stations. Its strategy of trying to enlarge its low-rise housing portfolio will thus help reduce the impact of this. This is although its proportion of low-rise housing remains small compared with condominiums.

Court verdict regarding the Ashton Asoke condominium project

Recap: On July 30, 2021, the Central Administrative Court rendered its verdict against the director of Wattana District, Bangkok Metropolis; the Governor of Bangkok; and the Governor of the MRTA, revoking all governmental authorization with respect to construction of the Ashton Asoke project. The key issue was "Does the construction of Ashton Asoke project comply with Section 2, paragraph 2 of the Ministerial Regulation No. 33 (B.E. 2535 (1992) issued by virtue of the Building Control Act B.E. 2522 (1979) ("Ministerial Regulation No. 33"), as interpreted by the Central Administrative Court." This caused many investors to feel concerned over the negative impact this would have on ANAN as a project developer. The court is in the process of compiling information and arguments from both sides and submitting it to the committee.

[The Supreme Administrative court president disclosed in an interview with Prachachart in March](#) that a verdict from the Supreme Administrative court on the Ashton Asoke project should be finalized this year. It will be an overhang for ANAN if the verdict is unfavorable to the company. While ANAN is confident construction of this project was done properly, we would keep a close eye on the upcoming verdict.



Income Statement (Btmn)	2020A	2021A	2022E	2023E	2024E	Cashflow (Btmn)	2020A	2021A	2022E	2023E	2024E
Revenue	4,104	3,564	4,015	5,910	6,686	Net profit	-47	-339	103	804	864
Cost of sales and services	-2,866	-2,612	-2,751	-4,051	-4,551	Depreciation & amortization	172	149	160	194	215
Gross Profit	1,238	951	1,264	1,859	2,135	Change in working capital	128	2,044	161	-535	-58
SG&A	-1,782	-1,388	-1,613	-1,981	-2,190	Others	-500	-1,806	-998	-1,776	-1,494
Other income	-28	622	506	581	618	CF from operation activities	-247	47	-574	-1,312	-473
EBIT	505	257	626	1,416	1,584	Capital expenditure	806	-74	-120	-250	-250
EBITDA	677	406	786	1,611	1,799	Investment in subs and affiliates	927	2,598	-469	-957	-770
Interest expense	-624	-676	-607	-651	-758	Others	3,875	-25	1,063	1,323	1,440
Equity earnings	1,076	72	469	957	1,020	CF from investing activities	5,608	2,500	474	115	420
EBT	-119	-419	19	766	825	Cash dividend	-498	-416	-372	-371	-610
Income tax	-72	-80	-84	-38	-39	Net proceeds from debt	-3,846	-3,043	1,447	-6,947	-4,644
NPAT	-47	-339	103	804	864	Capital raising	-89	1,328	-1,000	0	0
Minority Interest	160	118	59	76	58	Others	-1,766	-1,063	-6	8,706	5,248
Core Profit	-732	-526	47	728	807	CF from financing activities	-6,200	-3,194	69	1,388	-6
Extraordinary items	526	69	-3	0	0	Net change in cash	-839	-647	-31	191	-59
FX gain (loss)	0	0	0	0	0	Key Statistics & Ratios					
Reported net profit	-207	-457	44	728	807	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	-0.06	-0.11	0.01	0.17	0.19
Cash & equivalents	3,187	2,440	2,409	2,600	2,541	Core EPS	-0.22	-0.13	0.01	0.17	0.19
ST investments	0	0	0	0	0	DPS	0.00	0.00	0.00	0.05	0.06
Accounts receivable	376	90	102	150	169	BV	4.74	3.88	3.56	3.65	3.69
Inventories	19,830	18,455	18,419	19,074	19,264	EV	8.06	5.80	5.92	6.30	6.46
Other current assets	3,954	3,095	3,174	3,336	3,402	Free Cash Flow	0.17	-0.01	-0.17	-0.37	-0.17
Total current assets	27,347	24,081	24,104	25,160	25,376	Valuation analysis					
Investment in subs & others	9,234	6,635	7,104	8,062	8,832	Reported P/E (x)	-30.66	-14.21	125.94	7.61	6.87
Fixed assets-net	646	603	634	749	844	Core P/E (x)	-8.65	-12.36	118.90	7.61	6.87
Other assets	6,071	8,063	7,934	8,365	8,349	P/BV (x)	0.40	0.40	0.37	0.36	0.36
Total assets	43,298	39,382	39,776	42,336	43,400	P/BV (x) - excluding perp bond	0.65	0.64	0.56	0.54	0.53
Short-term debt	12,797	12,253	12,508	11,545	6,901	EV/EBITDA (x)	39.70	59.52	31.41	16.30	14.96
Accounts payable	1,037	865	1,004	1,182	1,337	Price/Cash flow (x)	11.33	-242.91	-7.98	-3.55	-7.66
Other current liabilities	2,500	2,019	2,148	2,358	2,444	Dividend yield (%)	0.00	0.00	0.24	3.94	4.37
Total current liabilities	16,333	15,137	15,660	15,085	10,682	Profitability ratios					
Long-term debt	9,273	6,773	7,959	10,682	15,930	Gross margin (%)	30.17	26.70	31.48	31.45	31.94
Other liabilities	257	231	244	299	322	EBITDA margin (%)	16.49	11.39	19.57	27.25	26.90
Total liabilities	25,863	22,141	23,864	26,066	26,934	EBIT margin (%)	12.30	7.22	15.59	23.96	23.69
Paid-up capital	333	417	417	417	417	Net profit margin (%)	-1.14	-9.52	2.56	13.60	12.93
Share premium	5,110	6,301	6,301	6,301	6,301	ROA (%)	-0.10	-0.82	0.26	1.96	2.02
Reserves & others, net	5,872	5,926	4,928	4,935	4,935	ROE (%)	-1.30	-2.86	0.28	4.85	5.28
Retained earnings	4,475	3,521	3,191	3,541	3,738	Liquidity ratios					
Minority interests	1,645	1,076	1,076	1,076	1,076	Current ratio (x)	1.67	1.59	1.54	1.67	2.38
Total shareholders' equity	17,435	17,241	15,913	16,269	16,466	Quick ratio (x)	0.22	0.17	0.16	0.18	0.25
Total equity & liabilities	43,298	39,382	39,776	42,336	43,400	Leverage Ratios					
Key Assumptions						Liabilities/Equity ratio (x)	1.48	1.28	1.50	1.60	1.64
New launch (Btmn)	0	0	28,925	17,000	18,600	Net debt/EBITDA (x)	27.91	40.86	22.99	12.19	11.28
Pre-sales	17,473	12,794	19,068	26,581	27,273	Net debt/equity (x)	1.08	0.96	1.13	1.21	1.23
Revenue growth (%)	-51.62	-13.18	12.67	47.19	13.14	Int. coverage ratio (x)	0.81	0.38	1.03	2.18	2.09
Gross margin (%)	30.17	26.70	31.48	31.45	31.94	Growth					
SG&A to sales (%)	31.41	43.41	38.96	40.16	33.53	Revenue (%)	-51.62	-13.18	12.67	47.19	13.14
						EBITDA (%)	-56.51	-40.00	93.52	105.00	11.68
						Reported net profit (%)	n.m.	-121.39	n.m.	1,554.0	10.87
						Reported EPS (%)	n.m.	-77.11	n.m.	1,554.0	10.87
						Core profit (%)	n.m.	28.18	n.m.	1,461.4	10.87
						Core EPS (%)	n.m.	42.54	n.m.	1,461.4	10.87

Source: Company, KS estimates



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