



# Ananda Development PCL

ANAN TB Outperform

Target Price Bt 1.48

Price (07/07/2022) Bt 1.22

Upside % 21.31

Valuation PBV

Sector Property Development

Market Cap Btm 5,083

30-day avg turnover Btm 13.11

No. of shares on issue m 4,166

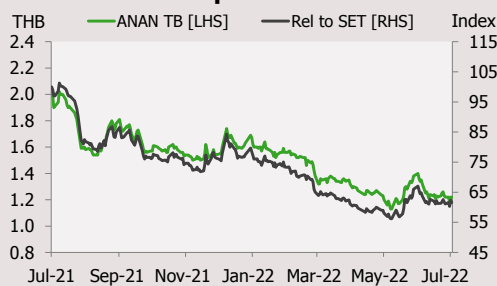
CG Scoring Excellent

Anti-Corruption Indicator N/A

## Investment fundamentals

| Year end Dec 31           | 2021A  | 2022E | 2023E  | 2024E |
|---------------------------|--------|-------|--------|-------|
| <b>Company Financials</b> |        |       |        |       |
| Revenue (Btmn)            | 3,564  | 3,918 | 5,764  | 6,573 |
| Core profit (Btmn)        | -526   | 113   | 654    | 771   |
| Net profit (Btmn)         | -457   | 110   | 654    | 771   |
| Net EPS (Bt)              | -0.11  | 0.03  | 0.16   | 0.19  |
| DPS (Bt)                  | 0.00   | 0.01  | 0.05   | 0.06  |
| BVPS (Bt)                 | 3.88   | 3.58  | 3.64   | 3.68  |
| Net EPS growth (%)        | -77.11 | n.m.  | 492.07 | 17.97 |
| ROA (%)                   | -0.82  | 0.43  | 1.78   | 1.93  |
| ROE (%)                   | -2.86  | 0.71  | 4.35   | 5.05  |
| Net D/E (x)               | 0.96   | 1.13  | 1.22   | 1.25  |
| <b>Valuation</b>          |        |       |        |       |
| P/E (x)                   | -14.21 | 46.04 | 7.78   | 6.59  |
| P/BV (x)                  | 0.40   | 0.34  | 0.34   | 0.33  |
| EV/EBITDA (x)             | 59.52  | 28.52 | 16.91  | 15.25 |
| Dividend yield (%)        | 0.00   | 0.65  | 3.86   | 4.55  |

## ANAN TB rel SET performance



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

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8 July 2022

Kasikorn Securities Public Company Limited

## Good 2Q22 presales reported

- ▶ ANAN reported 2Q22 presales of Bt3.9bn, up 19.5% YoY and 78.0% QoQ, mainly due to the good response to its new low-rise project.
- ▶ While 1H22 presales reached only 32.3% of its 2022 target, ANAN left its full-year target of Bt18.8bn unchanged given its new projects in 2H22.
- ▶ We maintain OP rating on ANAN with a mid-2023 TP of Bt1.48. Recovery of operating performance from 2Q22 will be the key supporting factor.

## Investment Highlights

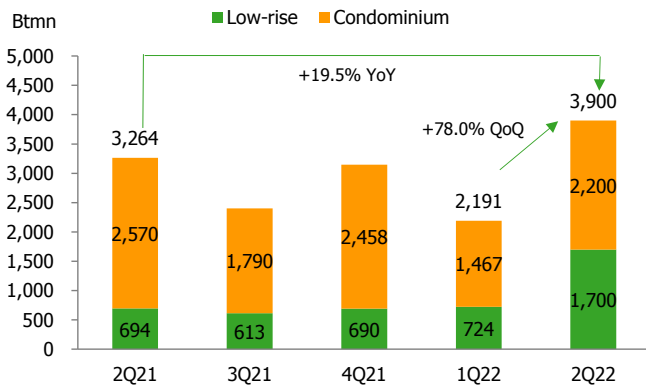
- ▶ **Good 2Q22 presales reported.** ANAN posted 2Q22 presales of Bt3.9bn, up 19.5% YoY and 78.0% QoQ. We attribute this strong result to its outstanding low-rise presales, which grew 145.0% YoY and 134.7% QoQ to Bt1.7bn on the back of Bt830mn of bookings at its new super luxury low-rise project "Artale Rama 9" (project value Bt4.0bn) during the quarter. Excluding this project, its presales at existing low-rises projects still grew 25.4% YoY and 20.1% QoQ to Bt870mn, in line with the good low-rise demand. Meanwhile, condo presales were Bt2.2bn, down 14.4% YoY but up 50.0% QoQ from a low base in 1Q22. Major condo presales contributors in 2Q22 were projects that are currently under construction, e.g. "Ideo Sukhumvit Rama 4" and "Ideo Charan 70 Riverview".
- ▶ **Maintain full-year presales target.** Combining the good 2Q22 presales with the unexciting 1Q22 presales of Bt2.2bn, 1H22 presales came in at Bt6.1bn. While this is still down 15.9% YoY and equivalent to only 32.3% of its full-year presales target of Bt18.8bn, ANAN left its full-year presales target unchanged given that it still plans to launch another 6 projects totaling Bt25.1bn in 2H22 following the soft launch of the "Artale Rama 9" project for its VVIP customers in 2Q22. However, due to the current high uncertainty of the macroeconomic situation, ANAN has scheduled the launch of the remaining projects for 4Q22.
- ▶ **Still foresee an earnings uptrend in 2022.** We still believe ANAN's quarterly earnings bottomed out in 1Q22 and will begin to recover from 2Q22 onwards. The earnings recovery will be driven by higher sales revenue and equity income as it will kick off rights transfers at three condo projects starting from 2Q-4Q22 – "Ideo Charan 70 Riverview" (Bt3.7bn, 77.2% sold), "Ideo Rama 9 Asoke" (Bt6.8bn, 46.4% sold), and "Coco Parc Rama4" (Bt5.0bn, 7.6% sold). Note that the Ideo Charan 70 Riverview project began transfers in late June with transfer level already at a decent level above 30% of the total project value. This should be a key supporting factor for our expectation that ANAN will grow its 2022E earnings to Bt110mn vs a net loss of Bt457mn in 2021.

## Valuation and Recommendation

- ▶ We maintain our Outperform rating on ANAN with an unchanged mid-2023 target price of Bt1.48. We like ANAN for the recovery of its operating performance, particularly in 2H22 owing to the transfer of newly completed condo projects as mentioned above, which should mitigate the impact of rising interest rates.
- ▶ Key risks to the stock include 1) a delay in the launch of its remaining projects in 2H22; 2) a slowdown in condo demand due to rising inflation, which might hurt the purchasing power of homebuyers, recession fears, and a delay in the return of foreign demand; and 3) an unfavorable court verdict on its "Ashton Asoke" project.

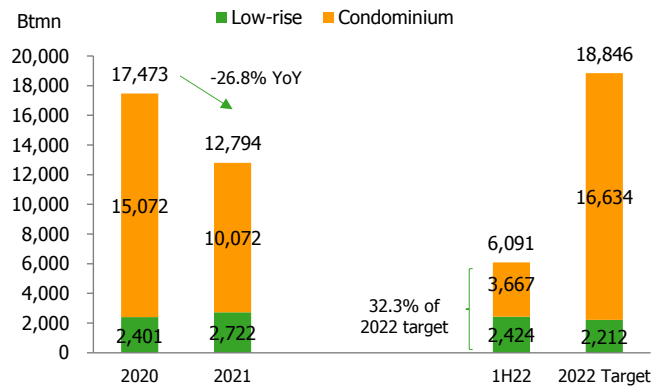


**Fig 1 2Q22 presales grew 19.5% YoY and 78.0% QoQ**



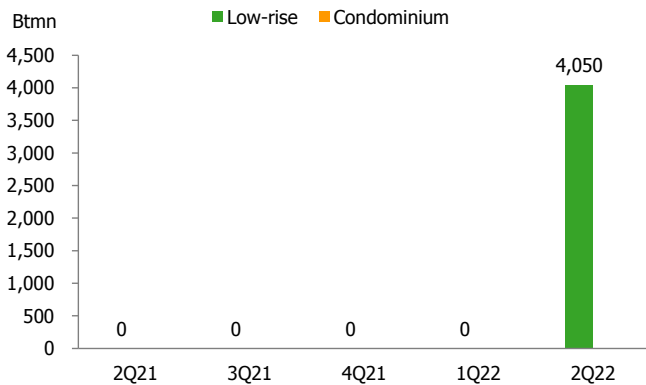
Source: Company Data and KS Research

**Fig 2 1H22 presales account for 32.3% of 2022 target**



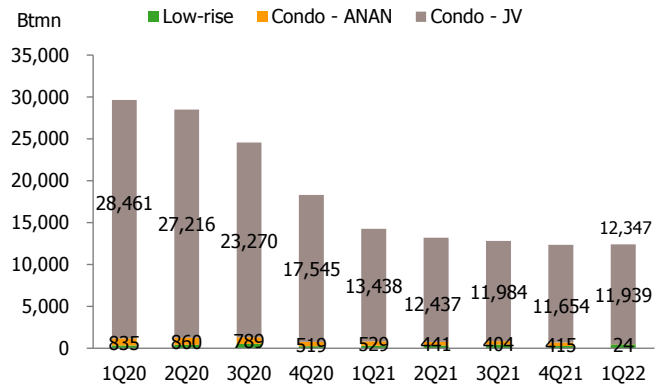
Source: Company Data and KS Research

**Fig 3 New launches returned in 2Q22**



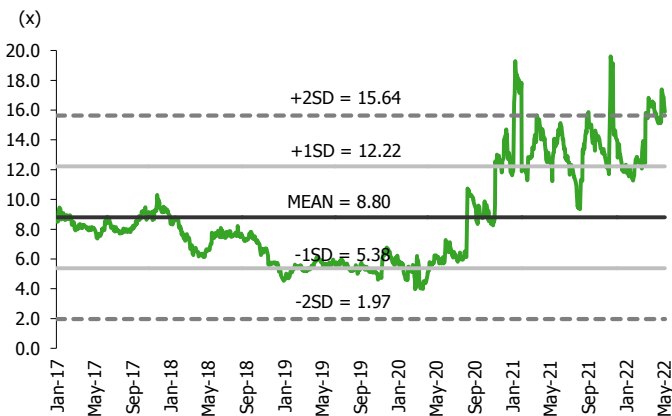
Source: Company Data and KS Research

**Fig 4 Backlog remained stable in 1Q22**



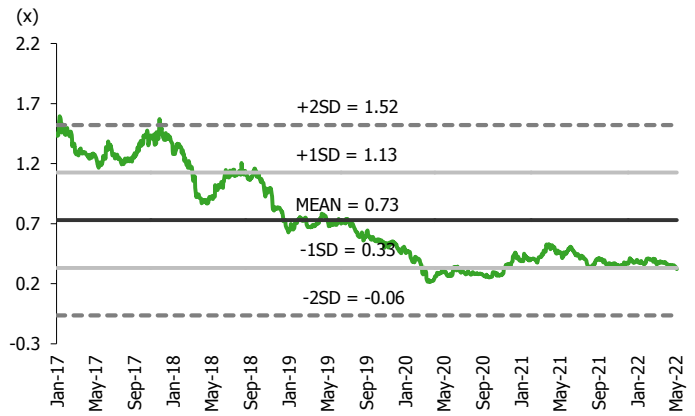
Source: Company Data and KS Research

**Fig 5 5-year 12M Fwd PER**



Source: Bloomberg and KS Research

**Fig 6 5-year 12M Fwd PBV**



Source: Bloomberg and KS Research



| Income Statement (Btmn)               | 2020A  | 2021A  | 2022E  | 2023E  | 2024E  | Cashflow (Btmn)                     | 2020A  | 2021A   | 2022E  | 2023E  | 2024E  |
|---------------------------------------|--------|--------|--------|--------|--------|-------------------------------------|--------|---------|--------|--------|--------|
| Revenue                               | 4,104  | 3,564  | 3,918  | 5,764  | 6,573  | Net profit                          | -47    | -339    | 169    | 730    | 829    |
| Cost of sales and services            | -2,866 | -2,612 | -2,677 | -3,941 | -4,465 | Depreciation & amortization         | 172    | 149     | 160    | 194    | 215    |
| <b>Gross Profit</b>                   | 1,238  | 951    | 1,241  | 1,823  | 2,108  | Change in working capital           | 128    | 2,044   | 67     | -647   | -139   |
| SG&A                                  | -1,782 | -1,388 | -1,605 | -1,969 | -2,183 | Others                              | -500   | -1,806  | -1,043 | -1,719 | -1,484 |
| Other income                          | -28    | 622    | 506    | 581    | 618    | <b>CF from operation activities</b> | -247   | 47      | -648   | -1,442 | -579   |
| <b>EBIT</b>                           | 505    | 257    | 692    | 1,344  | 1,539  | Capital expenditure                 | 806    | -74     | -120   | -250   | -250   |
| <b>EBITDA</b>                         | 677    | 406    | 852    | 1,538  | 1,754  | Investment in subs and affiliates   | 927    | 2,598   | -550   | -909   | -742   |
| Interest expense                      | -624   | -676   | -611   | -658   | -752   | Others                              | 3,875  | -25     | 1,148  | 1,275  | 1,414  |
| Equity earnings                       | 1,076  | 72     | 550    | 909    | 996    | <b>CF from investing activities</b> | 5,608  | 2,500   | 477    | 117    | 423    |
| <b>EBT</b>                            | -119   | -419   | 81     | 685    | 787    | Cash dividend                       | -498   | -416    | -372   | -394   | -584   |
| Income tax                            | -72    | -80    | -88    | -45    | -42    | Net proceeds from debt              | -3,846 | -3,043  | 1,447  | -6,947 | -4,644 |
| <b>NPAT</b>                           | -47    | -339   | 169    | 730    | 829    | Capital raising                     | -89    | 1,328   | -1,000 | 0      | 0      |
| Minority Interest                     | 160    | 118    | 59     | 76     | 58     | Others                              | -1,766 | -1,063  | 6      | 8,852  | 5,347  |
| <b>Core Profit</b>                    | -732   | -526   | 113    | 654    | 771    | <b>CF from financing activities</b> | -6,200 | -3,194  | 81     | 1,511  | 118    |
| Extraordinary items                   | 526    | 69     | -3     | 0      | 0      | <b>Net change in cash</b>           | -839   | -647    | -89    | 185    | -38    |
| FX gain (loss)                        | 0      | 0      | 0      | 0      | 0      | <b>Key Statistics &amp; Ratios</b>  |        |         |        |        |        |
| <b>Reported net profit</b>            | -207   | -457   | 110    | 654    | 771    | <b>Per share (Bt)</b>               |        |         |        |        |        |
| <b>Balance Sheet (Btmn)</b>           |        |        |        |        |        | Reported EPS                        | -0.06  | -0.11   | 0.03   | 0.16   | 0.19   |
| Cash & equivalents                    | 3,187  | 2,440  | 2,351  | 2,536  | 2,498  | Core EPS                            | -0.22  | -0.13   | 0.03   | 0.16   | 0.19   |
| ST investments                        | 0      | 0      | 0      | 0      | 0      | DPS                                 | 0.00   | 0.00    | 0.01   | 0.05   | 0.06   |
| Accounts receivable                   | 376    | 90     | 99     | 146    | 166    | BV                                  | 4.74   | 3.88    | 3.58   | 3.64   | 3.68   |
| Inventories                           | 19,830 | 18,455 | 18,493 | 19,257 | 19,533 | EV                                  | 8.06   | 5.80    | 5.83   | 6.24   | 6.42   |
| Other current assets                  | 3,954  | 3,095  | 3,166  | 3,324  | 3,393  | Free Cash Flow                      | 0.17   | -0.01   | -0.18  | -0.41  | -0.20  |
| <b>Total current assets</b>           | 27,347 | 24,081 | 24,109 | 25,263 | 25,589 | <b>Valuation analysis</b>           |        |         |        |        |        |
| Investment in subs & others           | 9,234  | 6,635  | 7,186  | 8,094  | 8,836  | Reported P/E (x)                    | -30.66 | -14.21  | 46.04  | 7.78   | 6.59   |
| Fixed assets-net                      | 646    | 603    | 634    | 749    | 844    | Core P/E (x)                        | -8.65  | -12.36  | 44.98  | 7.78   | 6.59   |
| Other assets                          | 6,071  | 8,063  | 7,889  | 8,307  | 8,308  | P/BV (x)                            | 0.40   | 0.40    | 0.34   | 0.34   | 0.33   |
| <b>Total assets</b>                   | 43,298 | 39,382 | 39,817 | 42,412 | 43,577 | P/BV (x) - excluding perp bond      | 0.65   | 0.64    | 0.51   | 0.50   | 0.49   |
| Short-term debt                       | 12,797 | 12,253 | 12,508 | 11,545 | 6,901  | EV/EBITDA (x)                       | 39.70  | 59.52   | 28.52  | 16.91  | 15.25  |
| Accounts payable                      | 1,037  | 865    | 979    | 1,153  | 1,315  | Price/Cash flow (x)                 | 11.33  | -242.91 | -6.62  | -3.00  | -6.13  |
| Other current liabilities             | 2,500  | 2,019  | 2,137  | 2,342  | 2,432  | Dividend yield (%)                  | 0.00   | 0.00    | 0.65   | 3.86   | 4.55   |
| <b>Total current liabilities</b>      | 16,333 | 15,137 | 15,625 | 15,039 | 10,647 | <b>Profitability ratios</b>         |        |         |        |        |        |
| Long-term debt                        | 9,273  | 6,773  | 7,971  | 10,840 | 16,186 | Gross margin (%)                    | 30.17  | 26.70   | 31.67  | 31.63  | 32.07  |
| Other liabilities                     | 257    | 231    | 241    | 295    | 318    | EBITDA margin (%)                   | 16.49  | 11.39   | 21.74  | 26.68  | 26.69  |
| <b>Total liabilities</b>              | 25,863 | 22,141 | 23,838 | 26,174 | 27,152 | EBIT margin (%)                     | 12.30  | 7.22    | 17.66  | 23.31  | 23.42  |
| Paid-up capital                       | 333    | 417    | 417    | 417    | 417    | Net profit margin (%)               | -1.14  | -9.52   | 4.32   | 12.66  | 12.61  |
| Share premium                         | 5,110  | 6,301  | 6,301  | 6,301  | 6,301  | ROA (%)                             | -0.10  | -0.82   | 0.43   | 1.78   | 1.93   |
| Reserves & others, net                | 5,872  | 5,926  | 4,932  | 4,935  | 4,935  | ROE (%)                             | -1.30  | -2.86   | 0.71   | 4.35   | 5.05   |
| Retained earnings                     | 4,475  | 3,521  | 3,254  | 3,510  | 3,697  | <b>Liquidity ratios</b>             |        |         |        |        |        |
| Minority interests                    | 1,645  | 1,076  | 1,076  | 1,076  | 1,076  | Current ratio (x)                   | 1.67   | 1.59    | 1.54   | 1.68   | 2.40   |
| <b>Total shareholders' equity</b>     | 17,435 | 17,241 | 15,979 | 16,239 | 16,425 | Quick ratio (x)                     | 0.22   | 0.17    | 0.16   | 0.18   | 0.25   |
| <b>Total equity &amp; liabilities</b> | 43,298 | 39,382 | 39,817 | 42,412 | 43,577 | <b>Leverage Ratios</b>              |        |         |        |        |        |
| <b>Key Assumptions</b>                |        |        |        |        |        | Liabilities/Equity ratio (x)        | 1.48   | 1.28    | 1.49   | 1.61   | 1.65   |
| New launch (Btmn)                     | 0      | 0      | 28,925 | 17,000 | 18,600 | Net debt/EBITDA (x)                 | 27.91  | 40.86   | 21.29  | 12.91  | 11.74  |
| Pre-sales                             | 17,473 | 12,794 | 19,021 | 26,509 | 27,230 | Net debt/equity (x)                 | 1.08   | 0.96    | 1.13   | 1.22   | 1.25   |
| Revenue growth (%)                    | -51.62 | -13.18 | 9.94   | 47.12  | 14.04  | Int. coverage ratio (x)             | 0.81   | 0.38    | 1.13   | 2.04   | 2.05   |
| Gross margin (%)                      | 30.17  | 26.70  | 31.67  | 31.63  | 32.07  | <b>Growth</b>                       |        |         |        |        |        |
| SG&A to sales (%)                     | 31.41  | 43.41  | 38.96  | 40.96  | 34.17  | Revenue (%)                         | -51.62 | -13.18  | 9.94   | 47.12  | 14.04  |
|                                       |        |        |        |        |        | EBITDA (%)                          | -56.51 | -40.00  | 109.77 | 80.59  | 14.05  |
|                                       |        |        |        |        |        | Reported net profit (%)             | n.m.   | -121.39 | n.m.   | 492.1  | 17.97  |
|                                       |        |        |        |        |        | Reported EPS (%)                    | n.m.   | -77.11  | n.m.   | 492.1  | 17.97  |
|                                       |        |        |        |        |        | Core profit (%)                     | n.m.   | 28.18   | n.m.   | 478.4  | 17.97  |
|                                       |        |        |        |        |        | Core EPS (%)                        | n.m.   | 42.54   | n.m.   | 478.4  | 17.97  |

Source: Company, KS estimates



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