

AMATA (AMATA TB)

Amata Corporation

Current	Previous	Close	2019 TP	Exp Return	THAI CAC	CG 2018
BUY	BUY	23.70	28.00	+ 18.1%	Declared	5

Consolidated earnings

BT (mn)	2017	2018	2019E	2020E
Normalized earnings	1,508	1,218	1,684	1,847
Net profit	1,409	1,018	1,684	1,847
Normalized EPS (Bt)	1.41	1.14	1.58	1.73
EPS (Bt)	1.32	0.95	1.58	1.73
% growth	17.6	-27.8	65.4	9.7
Dividend (Bt)	0.33	0.24	0.39	0.43
BV/share (Bt)	11.77	12.15	13.52	14.21
EV/EBITDA (x)	18.7	24.4	18.1	16.3
Normalized PER (x)	16.8	20.8	15.1	13.7
PER (x)	17.9	24.8	15.1	13.7
PBV (x)	2.0	2.0	1.8	1.7
Dividend yield (%)	1.4	1.0	1.7	1.8
ROE (%)	11.5	8.0	12.2	12.5
YE No. of shares (million)	1,067	1,067	1,067	1,067
Par (Bt)	1.00	1.00	1.00	1.00

Source: Company data, FSS estimates

Share data

Sector	Property Development
Close (30/07/2019)	23.70
SET Index	1,706.49
Foreign limit/actual (%)	49.00/10.81
Paid up shares (million)	1,067.00
Free float (%)	80.43
Market cap (Bt m)	25,287.90
Avg daily T/O (Bt m) (2019 YTD)	326.22
hi, lo, avg (Bt) (2019 YTD)	25.00, 20.10, 22.37

Source: Setsmarts

2Q19 profit set to be bright thanks to increased land transfers

AMATA's land sales and transfers look stronger in 2Q19. It is obvious that AMATA benefited from Chinese investors' relocation of production base. Although Amata Thai-Chinese's land sales were volatile during the quarter, its outlook remains strong. In 2Q19, AMATA's land sales amounted to 166 rai, while the company's land transfers increased to 154 rai (+92% Q-Q, +175% Y-Y). Given that, we expect revenue from sales of land to increase to nearly Bt700mn. Including utilities sales and rent income, we expect AMATA's revenues to surge 23% Q-Q and 45% Y-Y to Bt1.29bn. Given that, our forecast calls for AMATA's 2Q19 normalized earnings to amount to Bt355mn (+28% Q-Q, +89% Y-Y). Since AMATA still has a backlog of over Bt3bn, we expect the company's profit to accelerate in 2H19 after the new government helps restore investor confidence. We stand by our 2019E normalized earnings of Bt1.68bn (+38% Y-Y) and retain our BUY rating on AMATA at our 2019 TP of Bt28 (PE 17x).

Trade wars and new government result in large land sales

AMATA's land sales and transfers look stronger in 2Q19. It is obvious that AMATA benefited from Chinese investors' relocation of production base. This is seen from Amata Thai-Chinese's land sales, which look likely to continue to improve, even though it was somewhat volatile during the quarter. In 2Q19, AMATA's land sales amounted to 166 rai. It jumps 30% Q-Q and 26% Y-Y thanks to Amata City (Rayong)'s land sales of 152 rai (90%). The rest was from Amata Thai-Chinese's land sales of 14 rai. Although the aforementioned land sales decreased from the previous two quarters, customers continued to express interest in it. Meanwhile, land transfers surged 92% Q-Q and 175% Y-Y to 154 rai. Most of them were from Amata City (Rayong) and Amata Thai-Chinese. Although their margin is lower than that of Amata Nakhon (Chonburi), land transfers were very high. Hence, we expect AMATA's profit to increase from the previous quarters.

Expect 2Q19 net profit to jump by 28% Q-Q and 89% Y-Y

In 2Q19, our forecast calls for AMATA's revenues from sales of land to surge by 62.8% Q-Q and 130.3% Y-Y to Bt638.3mn. Including utilities sales, which are fairly constant at about Bt460-480mn a quarter and rent income of Bt160-180mn on ready-made factories, AMATA's revenues should come in at Bt1.29bn (+23.2% Q-Q, +44.6% Y-Y). Furthermore, we expect costs and expenses to remain under control. During the quarter, AMATAV did not transfer any land. Hence, we expect AMATAV's loss to drag. However, it will not be significant. Given that, we expect AMATA's 2Q19 normalized earnings at Bt355.4mn (+28.4% Q-Q, +89.4% Y-Y).

Maintain BUY rating at 2019 TP of Bt28

Although 1H19 land sales were below 300 rai, AMATA maintains its 2019 land sales target of 900 rai. We believe that the target is still possible thanks to Chinese investors' relocation of production base and the government's push for the EEC to take place. What's more, land sales, transfers and profit are usually made late in the year. As a result, we also maintain our forecast which calls for 2019 normalized earnings to jump 38% Y-Y to Bt1.67bn and retain our BUY rating on AMATA at our 2019 TP of Bt28 (PE 17x).

Risks: Changes in the government's policy in Thailand and Vietnam, natural disasters

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Income Statement (Consolidated)

(Bt mn)	2016	2017	2018	2019E	2020E
Revenue	4,427	4,491	4,354	5,385	5,897
Cost of sales	2,070	2,078	2,101	2,570	2,845
Gross profit	2,357	2,413	2,253	2,815	3,052
SG&A	808	862	1,025	1,034	1,103
Operating profit	1,549	1,551	1,228	1,781	1,949
Other income	206	119	125	140	150
EBIT	1,754	1,670	1,353	1,921	2,099
EBITDA	2,082	1,986	1,668	2,205	2,411
Interest charge	266	228	246	198	234
Tax on income	304	283	271	394	431
Earnings after tax	1,184	1,159	836	1,329	1,434
Minority interest	159	327	308	250	256
Normalized earnings	1,350	1,508	1,218	1,673	1,847
Extraordinary items	-151	-98	-200	0	0
Net profit	1,198	1,409	1,018	1,673	1,847

Cash Flow Statement (Consolidated)

(Bt mn)	2016	2017	2018	2019E	2020E
Net profit	1,198	2,019	1,597	2,067	2,278
Deprec. & amortization	327	316	315	284	313
Change in working capital	-459	-649	430	-319	-160
Other adjustments	581	-502	-471	-267	-255
Cash flow from operations	1,648	1,185	1,871	1,765	2,175
Capital expenditure	-2,278	-2,265	-3,042	-2,576	-2,115
Others	251	-560	26	0	0
Cash flow from investing	-2,027	-2,826	-3,017	-2,576	-2,315
Free cash flow	-378	-1,641	-1,146	-811	-140
Net borrowings	8	2,323	2,076	1,150	850
Equity capital raised	0	0	0	0	0
Dividends paid	-610	-617	-713	-418	-462
Others	-319	-240	-323	-251	-85
Cash flow from financing	-921	1,466	1,039	481	303
Net change in cash	-1,300	-174	-106	-330	164

Balance Sheet (Consolidated)

(Bt mn)	2016	2017	2018	2019E	2020E
Cash	2,104	2,509	2,059	1,729	1,892
Accounts receivable	365	556	473	679	679
Land develop costs	7,642	6,892	7,667	8,233	8,549
Other current assets	107	99	92	115	114
Total current assets	10,218	10,057	10,291	10,756	11,234
Investments in subs	6,677	7,513	8,480	8,863	9,255
PPE	1,022	1,969	2,093	2,200	2,243
Land await for future	5,169	5,318	7,324	7,318	7,369
Other assets	3,509	4,422	4,833	4,886	4,897
Total assets	26,596	29,280	33,021	34,022	34,997
Short-term loans	1,881	2	227	100	100
Accounts payable	446	510	514	570	585
Current maturities	2,124	623	1,402	823	802
Other current liabilities	1,411	1,025	1,724	1,225	1,229
Total current liabilities	5,863	2,160	3,866	2,718	2,716
Long-term debt	2,645	8,347	9,828	9,475	9,035
Other non-current liab.	3,848	3,801	3,758	4,120	4,251
Total non-current liab.	6,493	12,148	13,586	13,595	13,286
Total liabilities	12,356	14,308	17,452	16,314	16,002
Registered capital	1,067	1,067	1,067	1,067	1,067
Paid up capital	1,067	1,067	1,067	1,067	1,067
Share premium	174	174	174	174	174
Legal reserve	107	107	107	107	107
Retained earnings	9,940	10,818	11,238	12,687	13,424
Minority Interests	2,293	2,416	2,602	3,292	3,843
Shareholders' equity	14,240	14,971	15,569	17,708	18,995

Important Ratios (Consolidated)

	2016	2017	2018	2019E	2020E
Growth (%)					
Revenue	-13.5	1.5	-3.1	23.7	9.5
EBITDA	10.0	-4.6	-16.0	32.2	9.4
Net profit	-1.5	17.6	-27.8	64.3	10.4
Normalized earnings	275.7	11.7	-19.2	37.3	10.4
Profitability (%)					
Gross profit margin	53.2	53.7	51.7	52.3	51.8
EBITDA margin	47.0	44.2	38.3	40.9	40.9
EBIT margin	39.6	37.2	31.1	35.7	35.6
Normalized profit margin	30.5	33.6	28.0	31.1	31.3
Net profit margin	27.1	31.4	23.4	31.1	31.3
Normalized ROA	4.6	5.0	3.3	5.0	5.4
Normalize ROE	10.4	11.5	8.0	12.2	12.5
Normalized ROCE	8.5	6.2	4.6	6.1	6.5
Risk (x)					
D/E	1.03	1.14	1.35	1.13	1.06
Net D/E	0.89	1.04	1.26	1.06	0.98
Net debt/EBITDA	2.40	3.94	6.26	4.32	3.69
Per share data (Bt)					
Reported EPS	1.12	1.32	0.95	1.57	1.73
Normalized EPS	1.26	1.41	1.14	1.57	1.73
EBITDA	1.95	1.86	1.56	2.07	2.26
Book value	-0.35	-1.54	-1.07	-0.76	-0.13
Dividend	11.20	11.77	12.15	13.51	14.20
Par	1.00	1.00	1.00	1.00	1.00
Valuations (x)					
P/E	21.1	17.9	24.8	15.1	13.7
Norm P/E	18.7	16.8	20.8	15.1	13.7
P/BV	2.1	2.0	2.0	1.8	1.7
EV/EBITDA	17.1	18.7	24.4	18.1	16.3
Dividend yield (%)	1.3	1.4	1.0	1.7	1.8

Source: Company data, FSS research

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Rang sit

1/832 Moo 17
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Pratumtane

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Patumwan, Bangkok

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Kian Gwan (Sindhorn 2)

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Rattanatibet

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Ladprao

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Chaengwattana

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Moo 2, Chaengwattana Rd.,
Bangtalad, Pakkret, Nonthaburi

Bangkapi

3105 N Mark Building, 3rd Floor,
Room A3R02, Ladprao Road,
Klongjan, Bangkapi, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutujak, Bangkok

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumthoe Meung,
Khonkaen

Khonkaen 3

311/1
Khang Meung Road,
Tumbon Nai Meung,
Aumthoe Meung Khonkaen,
Khonkaen

Udonthani

197/29, 213/3
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumthoe Muang Udon Thani,
Udon Thani

Chiangmai 1

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 3

Malipace Building 32/4 moo 2
1 fl., Room B1-1, B1-2
Tumbon Maehia
Chiangmai

Chiangrai

353/15 Moo 4,
Tumbon Rimkok
Aumthoe Muang, Cheangrai

Measai

119 Moo 10,
Tumbon Maesai,
Aumthoe Muang, Cheangrai

Nakornratchasima

1242/2 Room A3, 7 fl.,
The Mall Ratchasima
Mittraphap road Tumbon Nai Muang
Aumthoe Muang Nakornratchasima
Nakornratchasima

Samutsakorn

813/30 Norrasing Road,
Tumbon Maha Chai,
Aumthoe Meungsamutsakorn,
Samutsakorn

Online Phuket

22/18 Luangporwatchalong Road,
Tumbon Talad Yai,
Amphoe Muang Phuket,
Phuket

Hatyai

106 Prachathipat Road,
Aumthoe Hadyai, Songkhla

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumthoe Meungtrang, Trang

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumthoe Mueang, Suratthani

Pattane

300/69-70 Moo 4,
Tumbon Rusamirae,
Aumthoe Meung, Pattane

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average






Note: The expected return may change as market risks increase or decline.

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Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2018

Score Range	Rating	Description
100-90		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	no logo given	n/a

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Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

1 CG Score 2018 from Thai Institute of Directors Association (IOD)

2 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorised into:

- companies that have declared their intention to join CAC, and
- companies certified by CAC.