

# Synergetic Auto Performance

## Tax credit boosted 1Q17 results

### Positive outlook aided by tax benefits; maintain BUY

ASAP reported better than expected 1Q17 results, mainly due to a tax reversal from its investment last year. We maintain our revenue and earnings forecasts as we have already factored in expected tax benefits allowing Capex used by the company to invest or acquire new assets eligible for a 100% (1x of Capex) tax exemption equally spread out over five fiscal accounting periods. The company also announced an interim dividend of Bt0.04 (XD date 22 May 2017). Maintain **Buy** with a TP of Bt6.20.

### 1Q17 net profit of Bt33m (+83% YoY, +129% QoQ) was better than expected

ASAP's net profit of Bt33m (+83% YoY and +129% QoQ) surprised on the upside. Higher than expected GPM, a lower than estimated SG&A expenses to sales ratio and tax credit of Bt6m in 1Q17 boosted overall earnings. Revenue growth of 64% YoY and 14% QoQ to Bt477m was driven by an increase in the number of cars under long-term and short-term rental contracts. GPM dipped to 21.6% vs. 22.3% YoY and 22.4% QoQ due to ASAP's short-term car rental business not yet breaking even. SG&A expenses to sales ratio rose to 5.7% vs. 5.0% YoY due to increased employee costs and benefits to support business expansion, promotional expenses and additional expenses related to the IPO transaction.

### 2017-19 revenue and earnings forecasts unchanged

We maintain our 2017-19 revenue and earnings forecasts. These are based on our assumptions of a corporate tax rate of 12% in 2017F, 14% in 2018F and 16% in 2019F following the increase in tax deductible amounts. Note that we have not yet factored in additional revenue from the company's auto park on the Bangna-Trad highway (km. 12-13) which is expected to begin recognition in 1Q18.

### Target price of Bt6.20 is based on 2017F PER of 31x

Our target price of Bt6.20 is based on a 2017F PER of 31x. We derived this using the finance sector's PEG of 1x and applying a 20% discount and ASAP's 4-year Cagr (2017-21F) for net profit of 38.4%. Key risks include lower than estimated appraisal value of cars at the end of the lease term, lower than expected revenue from used car sales and high reliance on a single, large distributor.

## Rating

## BUY

(unchanged)

### 12 month Target Price

**Bt6.20**

Current Price (09/05/2017)	Bt4.58
Upside/Downside	35%
CG Rating	N/R
Thai CAC	n.a.

Sector	FIN
Sector PER (x)	18.0x

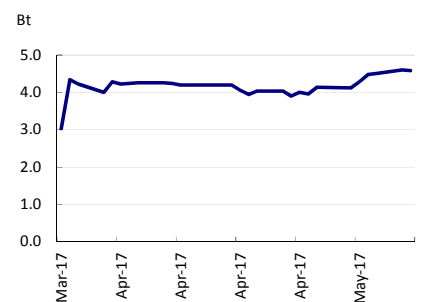
## SHARE SUMMARY

Issued shares:	660.0m
Par value:	Bt0.5
Market capitalization:	Bt3.0bn
Avg. Daily Turnover:	Bt174.3m
Foreign Limit/Actual (%)	49/4
Free Float:	28.6%
NVDR:	0.2%
Beta (3 years)	0.1x

### TISCO's forecast vs. consensus

EPS (Bt)	TISCO	Consensus	% Diff.
2017F	0.20	0.21	-3.7%
2018F	0.22	0.26	-15.2%

## PRICE / PRICE RELATIVE



Source: Bloomberg Finance LP

Performance (%)	-1m	-3m	-12m
ASAP	7.51	0.00	0.00
SET	(1.32)	(1.82)	12.87

## CONSOLIDATED FINANCIAL SUMMARY

Year	2014	2015	2016	2017F	2018F	2019F
Revenue (Bt, m)	827	1,069	1,437	2,366	3,039	3,713
EBITDA (Bt, m)	475	596	843	1,106	1,342	1,567
Net profit (Bt, m)	35	56	70	122	144	191
Net profit growth	-61.5%	62.1%	24.6%	74.3%	18.1%	32.8%
EPS (Bt)	0.15	0.48	0.16	0.20	0.22	0.29
EPS growth	-61.5%	213.6%	-66.8%	25.2%	8.7%	32.8%
PER (X)	29.8	9.5	28.6	22.9	21.0	15.8
PBV (X)	0.4	0.3	0.3	0.4	0.3	0.3
Yield (%)	0.0%	0.0%	0.0%	2.6%	2.9%	3.8%
RoE (%)	1.4%	1.8%	1.4%	1.7%	1.5%	1.7%

Source: TISCO Research

### Rasmiman Sermprasert

(ID: 018175)  
 (66) 2633 6421  
 rasmiman@tisco.co.th

Figure 1. Flash Result: ASAP 1Q17

Bt,m	1Q17	1Q16	YoY	4Q16	QoQ
<b>Revenue from sales and services</b>	<b>477</b>	<b>291</b>	<b>63.9%</b>	<b>418</b>	<b>14.3%</b>
Cost of sales and services	374	226	65.3%	324	15.4%
Gross profit	103	65	58.9%	93	10.4%
SG&A expenses	27	15	85.3%	30	-10.2%
EBIT	84	55	52.3%	69	20.9%
Financial cost	57	32	75.7%	50	14.6%
EBT	27	23	19.2%	20	36.7%
Corporate income tax	(6)	5	n.a.	5	n.a.
<b>Net profit</b>	<b>33</b>	<b>18</b>	<b>83.3%</b>	<b>15</b>	<b>129.0%</b>
<b>EPS</b>	<b>0.07</b>	<b>0.04</b>	<b>73.3%</b>	<b>0.03</b>	<b>116.5%</b>
Gross profit (%)	21.6%	22.3%		22.4%	
EBIT margin (%)	17.6%	18.9%		16.6%	
Net margin (%)	7.0%	6.3%		3.5%	
SG&A expenses to sales (%)	5.7%	5.0%		7.2%	

Source: Company data, TISCO Research

## CONSOLIDATED INCOME STATEMENT (Bt, m)

	Year Ended December 31,				
	2015	2016	2017F	2018F	2019F
Total Revenue	1,069	1,437	2,366	3,039	3,713
Total Cost	858	1,127	1,869	2,401	2,933
Gross Profit	211	311	497	638	780
S&A Expenses	46	85	150	185	233
Other income	17	22	36	47	57
Financial cost	110	158	246	333	377
Net Profit before Tax	72	90	138	166	227
Income tax	16	20	16	23	36
Net Profit before Extra. Items	56	70	122	144	191
<b>Net Profit</b>	<b>56</b>	<b>70</b>	<b>122</b>	<b>144</b>	<b>191</b>
Revenue Growth (%)	29.3%	34.5%	64.6%	28.4%	22.2%
Gross profit margin (%)	19.7%	21.6%	21.0%	21.0%	21.0%
Net Profit Margin (%)	5.2%	4.9%	5.1%	4.7%	5.1%
Net Profit Growth (%)	62.1%	24.6%	74.3%	18.1%	32.8%

## CONSOLIDATED QUARTERLY RESULTS (Bt, m)

	1Q16	2Q16	3Q16	4Q16	1Q17
	Total Revenue	291	331	398	418
Total Cost	226	261	315	324	374
Gross Profit	65	69	83	93	103
S&A Expenses	15	19	22	30	27
Other income	5	6	5	6	8
Financial cost	32	34	42	50	57
Net Profit before Tax	23	22	25	20	27
Income tax	5	4	5	5	(6)
Net Profit before Extra. Items	18	17	19	15	33
<b>Net Profit</b>	<b>18</b>	<b>17</b>	<b>19</b>	<b>15</b>	<b>33</b>
Revenue Growth (YoY %)	18.8%	29.4%	39.1%	48.0%	63.9%
Gross Margin (%)	22.3%	21.0%	20.8%	22.4%	21.6%
Net Profit Margin (%)	6.3%	5.3%	4.9%	3.5%	7.0%
Net Profit Growth (YoY %)	59.4%	14.5%	64.2%	-16.3%	83.3%

## KEY FINANCIAL RATIOS

	2015	2016	2017F	2018F	2019F
Other Incomes to Total Revenue (%)	1.5%	1.5%	1.5%	1.5%	1.5%
S&A to Sales (%)	5.9%	6.3%	6.1%	6.3%	6.5%
Current (Times)	0.2	0.2	1.1	1.0	1.0
Quick (Times)	0.2	0.2	1.1	1.0	1.0
A/R Turnover (Days)	36.0	54.0	54.0	54.0	54.0
Inventory Turnover (Days)	0.0	6.8	6.8	6.8	6.8
A/P Turnover (Days)	96.5	91.8	91.8	91.8	91.8
Debt to Equity (Times)	5.2	8.6	5.1	6.6	7.1
Gearing (Times)	4.7	8.1	4.8	6.2	6.6
Net D/E (Times)	4.7	8.1	4.7	6.1	6.6
Interest Coverage (Times)	5.4	5.3	4.7	4.2	4.3
Return on Avg. Assets (%)	1.8%	1.4%	1.7%	1.5%	1.7%
Return on Avg. Equity (%)	11.7%	11.1%	12.1%	10.5%	13.3%

## CONSOLIDATED CASHFLOW STATEMENT (Bt, m)

	Year Ended December 31,				
	2015	2016	2017F	2018F	2019F
<b>Cash Flows from Operations (CFO)</b>					
Net Profit	56	70	122	144	191
Adjusting Items Not Affecting Cash					
Depreciation and Amortization	415	596	767	888	1,008
Unrealized FX Loss (Gain)	0	0	0	0	0
Others	0	0	0	0	0
+ (-) in Working Capital	141	(130)	55	71	3
<b>Net CFO</b>	<b>611</b>	<b>535</b>	<b>944</b>	<b>1,103</b>	<b>1,203</b>
<b>Cash Flows from Investing Activities (CFI)</b>					
- (+) in Investment in Affiliates and others	0	0	0	0	0
- (+) in Fixed Assets	(1,391)	(3,101)	(2,470)	(2,088)	(2,208)
- (+) in Other Assets	0	0	0	0	0
<b>Net CFI</b>	<b>(1,397)</b>	<b>(3,109)</b>	<b>(2,470)</b>	<b>(2,088)</b>	<b>(2,208)</b>
<b>Cash Flows from Financing Activities (CFF)</b>					
+ (-) in Debt Financing	620	2,564	1,024	2,280	1,140
+ (-) in Share Capital and Premium	175	0	636	0	0
+ (-) in Minority Interest	0	0	0	0	0
+ (-) in Warrant	0	0	0	0	0
+ (-) in Equity Adjustment	0	1	(0)	(1)	0
- Cash Dividend Paid	0	0	0	0	0
<b>Net CFF</b>	<b>795</b>	<b>2,564</b>	<b>1,660</b>	<b>2,279</b>	<b>1,140</b>
<b>Net Cash Increase (Decrease)</b>	<b>10</b>	<b>(9)</b>	<b>134</b>	<b>1,294</b>	<b>135</b>

## CONSOLIDATED FINANCIAL POSITION (Bt, m)

	As of December 31,				
	2015	2016	2017F	2018F	2019F
Current Assets	168	319	454	551	701
Current Liabilities	1,062	1,506	422	577	713
Total Assets	3,665	6,375	8,190	10,642	12,015
Total Liabilities	3,071	5,711	6,847	9,242	10,538
Minority Interest	0	0	0	0	0
Total Equity	594	664	1,343	1,400	1,477
Paid-up Capital	225	225	330	330	330
Share Premium	0	0	531	531	531
Retained Earnings	369	439	481	539	615
Equity Adjustment	0	0	0	0	0
Market Cap (Bt, m)					3,023
Cash&cash equivalent (Bt, m)					307
Borrowings (Bt, m)					5,617
Gearing (X)					4.3

## FORECAST ASSUMPTIONS

	2015	2016	2017F	2018F	2019F
<b>Sale and Service Income Breakdown (%)</b>					
Revenue from car rental	74%	78%	74%	80%	80%
Revenue from used car sales and others	26%	22%	26%	20%	20%
<b>Revenue from car rental breakdown (%)</b>					
Self-drive long-term car rental services	99.98%	96.5%	89%	87%	83%
Self-drive short-term and chauffeur-driven car rental services	0.02%	3.5%	11%	13%	17%
<b>Number of rental cars under self-drive long-term car rental service</b>	4,748	7,162	10,000	12,000	14,000
<b>Number of rental cars under self-drive short-term car rental service</b>	n.a.	312	800	1,000	1,749

# TISCO Securities Company Limited

[www.tiscosec.com](http://www.tiscosec.com)

## Bangkok

48/8 TISCO Tower 4th Floor, North Sathorn Road, Bangkok 10500, Thailand  
Tel : (66) 2633 6999 Fax : (66) 2633 6490, (66) 2633 6660

## Chiang Mai

275/4, 2nd Floor, Chang Phuak Road, Chang Phuak, Muang District, Chiang Mai 50300  
Tel. 0 5322 4722 Fax. 0 5322 4711

## Nakhon Pathom

386, 388 Petchkasem Road, Prapatone, Muang District, Nakhon Pathom 73000  
Tel: 0 3421 1812 Fax: 0 3425 1676

## Nakhon Ratchasima

Tesco Lotus Korat, 719/5 Mittraphap Road, Naimuang, Muang District, Nakhon Ratchasima 30000  
Tel: 0 4425 7752 Fax: 0 4425 3752

## Udon Thani

227/21 2nd Floor, Udondussadee Road, Muang District, Udon Thani 41000  
Tel: 0 4224 6888 Fax: 0 4224 5793



### Corporate Governance Report of Thai Listed Companies 2016

Score Range	Level	Description
90 - 100	5	Excellent
80 - 89	4	Very Good
70 - 79	3	Good
60 - 69	2	Satisfactory
50 - 59	1	Pass
< 50	n.a.	n.a.
	N/R	Does not appear in the CGR report

### Anti-Corruption Progress Indicator :

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 6, 2016) are categorised into :

Certified :	Companies certified by CAC.
Declared :	Companies that have declared their intention to join CAC.
Ensure its compliance by parent company	Ensure its compliance by parent company The company declares that its parent company is under the Bribery Act or other similar laws that required parent company to be responsible for bribery act of its overseas subsidiaries. Such responsibilities shall include the establishment of policy, practices and investigation and ensure that its subsidiaries regularly comply with the policy and practices.
n.a.	Not intention to join CAC. / no policy

### Disclaimer

The disclosure of the Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 6, 2016)

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, TISCO Securities Company Limited does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. TISCO and other companies in the TISCO Group and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. No person is authorized to give any information or to make any representation not contained in this document and any information or representation not contained in this document must not be relied upon as having been authorized by or on behalf of TISCO. This document is for private circulation only and is not for publication in the press or elsewhere. TISCO accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user.