

25 OCTOBER 2021

Thailand Property

LTV easing to turn the tables

LTV easing until December 2022

On 21 Oct 2021, the Bank of Thailand (BoT) announced it would temporarily ease its LTV regulations for mortgage lending to 100% until Dec 2022 to boost property demand and support second home buyers after seeing low speculation on the property market. Hence, the second and third mortgage loans for houses priced both below and above THB10m/unit will increase to 100% from 70-90%. The first mortgage loans for houses priced below THB10m/unit are unchanged at 110% if the top-up mortgage is included.

To benefit developers with high inventories and backlogs in low to mid segments

We are positive on the LTV easing, which surprised the market as there was no indication from the BoT before. We expect to see an upside risk to the sector's earnings in 2022 on the heels of higher purchasing power and a low rejection rate from banks. We believe that property developers with a focus on the low to mid-income segments with high backlogs and inventories that are ready to be transferred in 2022 could benefit the most. We have no doubt that low to mid-income high-rises could benefit, as investment demand normally accounts for 40-60% of the total condominium demand, according to a survey from each developer. The rejection rate from banks could drop after surging to 10-20% vs the pre-LTV rules at below 10%. We think some low-rises in the price range of THB5m could also benefit, as this segment also has demand from second home buyers.

Upside risk to sector's earnings; SPALI, PSH, and AP should benefit the most

SPALI, PSH, and AP should benefit the most, in our view, from their high inventories on hand and condominium backlogs available for transfer in 2022. These developers also focus on the low to mid-income segments (price/unit below THB5.0m), which could be the prime beneficiaries of the LTV easing. Hence, we fine-tune our 2022E net profit after incorporating the upside risk for the developers under our coverage and roll forward our valuations to 2022.

Upgrade property sector to OVERWEIGHT

We upgrade our recommendation on the property sector to OVERWEIGHT from Neutral, as we expect presales to bottom out in 3Q21, plus the surprising LTV easing should increase the demand from second home buyers. On top of that, we believe the travel restriction easing will bring foreign demand back, which should be the key catalyst in 2022, in our view. The property sector is now trading at 9.2x or at almost -1.0SD of its 5-year average of 10.2x. Our top picks remain SPALI and AP due to their solid earnings growth, high earnings visibility and strong positions to capture the upcoming demand.



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Exhibit 1: Easing of LTV regulations until December 2022

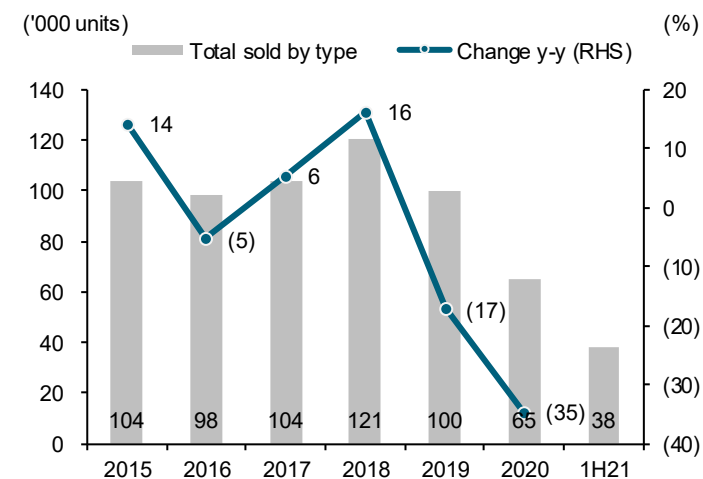
House price	Number of mortgage contracts	Minimum down payment	
		New	Previous
<THB 10m	First	- No minimum requirement but borrowers can seek a home loan of up to 110% if top-up mortgage is included	- No minimum requirement but the loan was capped at 100% if a top-up mortgage was included
	Second	- 0% if the first mortgage has been paid ≥ 2 years - 0% if the first mortgage has been paid < 2 years	- 10% if the first mortgage has been paid ≥ 3 years - 20% if the first mortgage has been paid < 3 years
	Third and subsequent	0%	30%
≥THB 10m	First	0%	20%
	Second	0%	20%
	Third and subsequent	0%	30%

Source: BoT

Property sector to bottom out in 3Q21

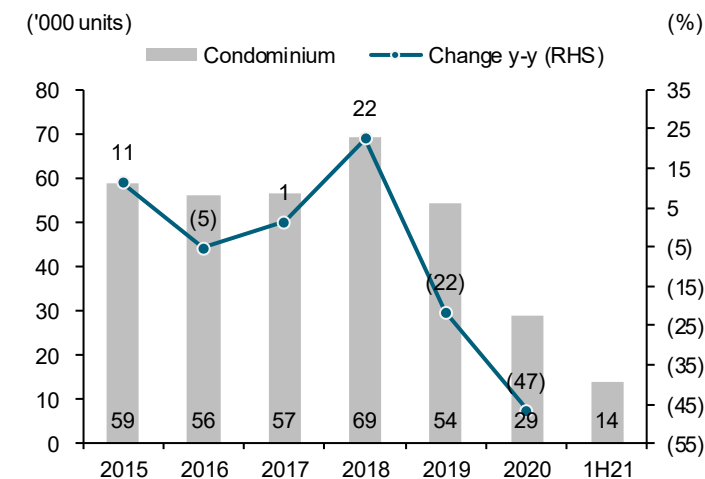
We are positive on the easing of the LTV rules, and this move from the BoT has surprised the market as there was no indication before. We believe the LTV rules have had a significant negative impact on residential developers, especially for the high-rise segment, after they were implemented in 2019. Hence, we expect that the one-year LTV cancellation should improve property demand along with the economic recovery.

Exhibit 2: Housing demand has been in a downward trend since 2019 – we expect it to bottom out in 3Q21



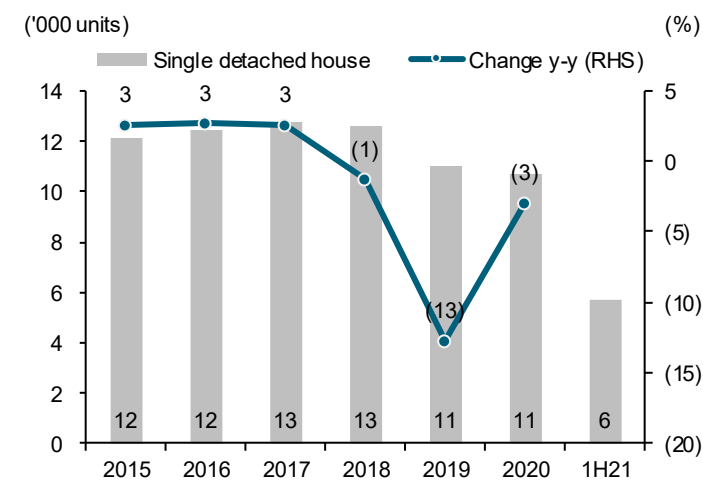
Sources: AREA; FSSIA's compilation

Exhibit 3: Condominium units sold



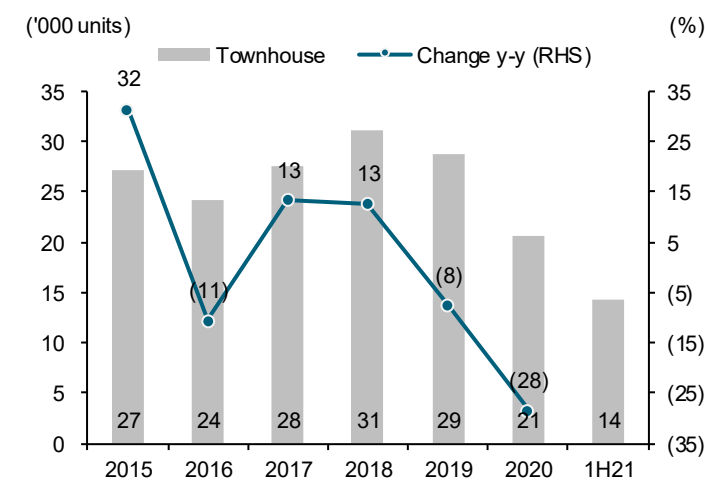
Sources: AREA; FSSIA's compilation

Exhibit 4: Single-detached house units sold



Sources: AREA; FSSIA's compilation

Exhibit 5: Townhouse units sold

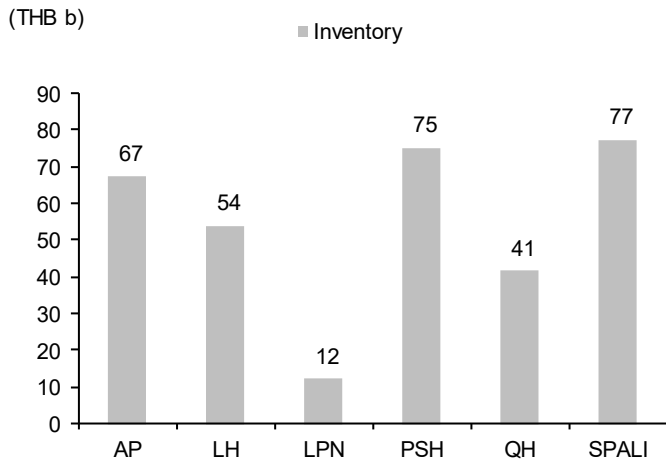


Sources: AREA; FSSIA's compilation

Benefit developers with high inventories and backlogs in low-mid segments

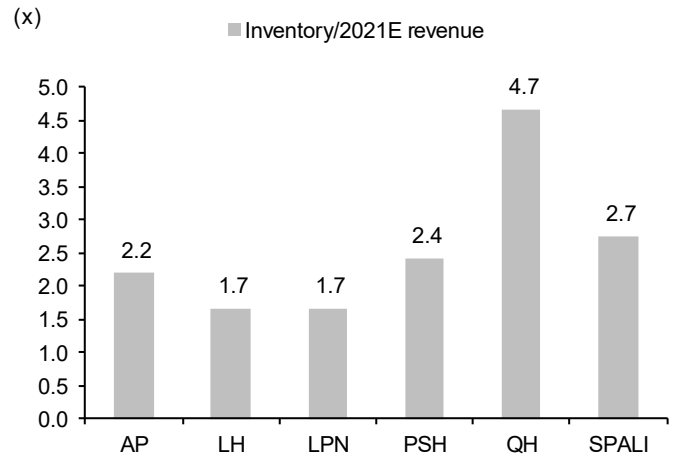
We believe that property developers with a focus on the low to mid-income segments with high backlogs and inventories that are ready to be transferred in 2022 could benefit the most. We have no doubt that low to mid-income high-rises could benefit, as investment demand normally accounts for 40-60% of the total condominium demand, according to a survey from each developer. The rejection rate from banks could drop after surging to 10-20% vs the pre-LTV rules at below 10%. We think some low-rises in the price range of THB5m could also benefit, as this segment also has demand from second home buyers.

Exhibit 6: Inventory on hand as of 1H21



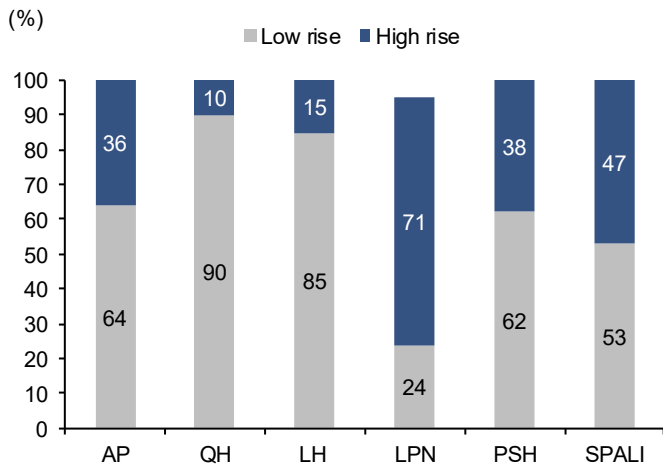
Sources: Companies; FSSIA's compilation

Exhibit 7: Inventory on hand / 2021E revenue



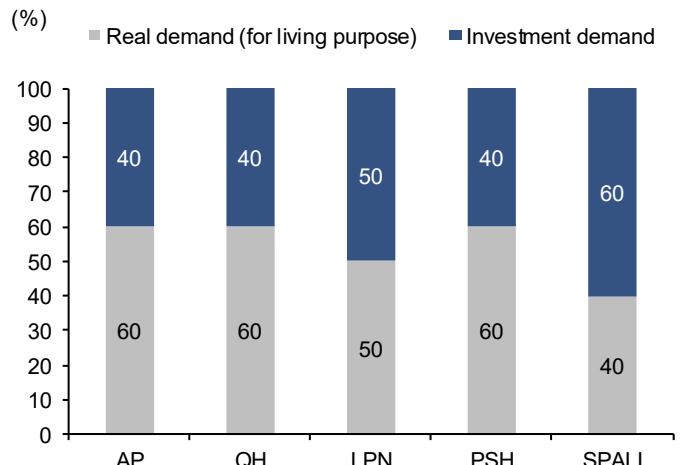
Sources: Companies; FSSIA estimates

Exhibit 8: Average presales breakdown by segment from past three years



Sources: Companies; FSSIA's compilation

Exhibit 9: Investment demand accounts for 40-60% of condominium value sold (survey of real demand from each developer)

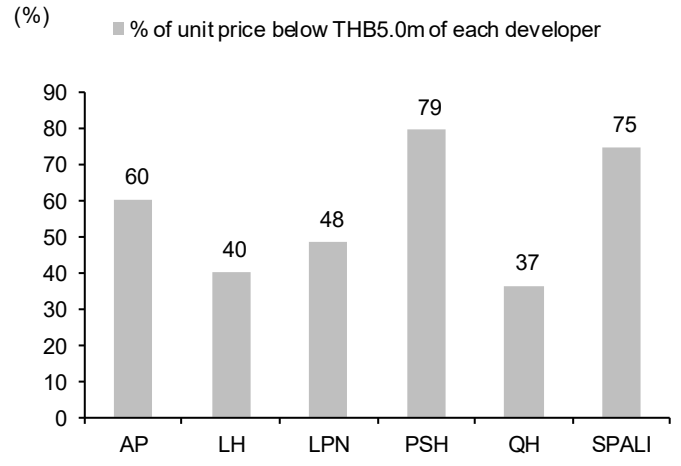
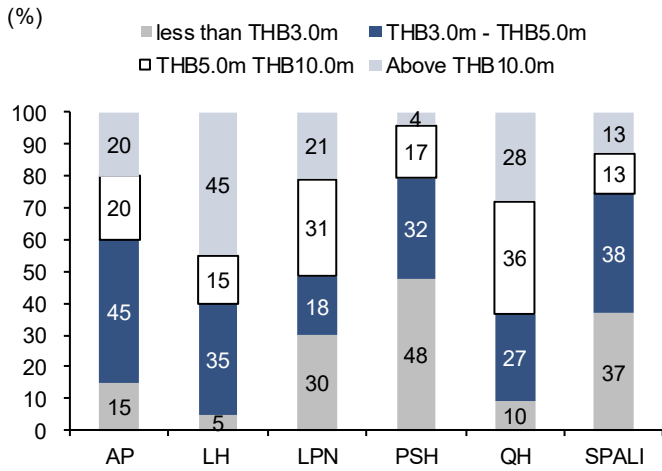


Sources: Survey from companies

SPALI, PSH and AP have high inventories on hand at THB77b, THB75b, and THB67b, respectively, of which 75%/79%/60% are in the price range of THB0-5m, which could benefit the most from the LTV easing.

Exhibit 10: Price distribution of each developers' inventory

Exhibit 11: % of units priced below THB5.0m for each developer



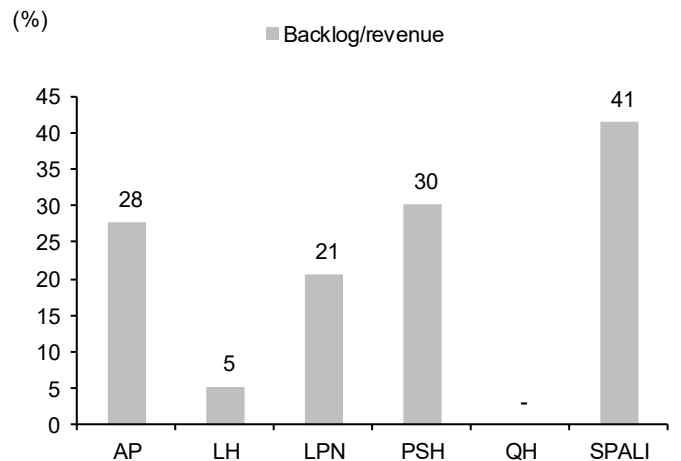
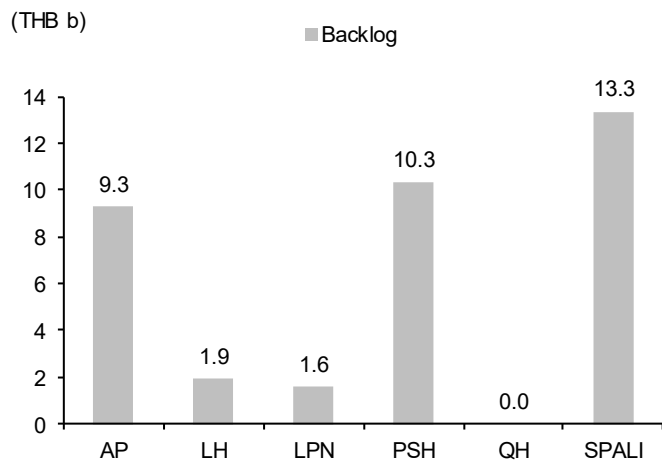
Sources: Companies; FSSIA's compilation

Sources: Companies; FSSIA estimates

Based on the current 2022E backlog available for transfer, SPALI has a high backlog value of THB13b, while PSH and AP come in second and third at THB10b and THB9b, respectively. Hence, we expect these backlogs to be higher quality following a lower rejection rate from banks. Moreover, SPALI also has a high secured 2022 revenue target at 41% from its current backlog. PSH and AP are second and third at 30% and 28%, respectively.

Exhibit 12: 2022E backlog to be transferred

Exhibit 13: 2022E backlog transfers vs revenue forecasts



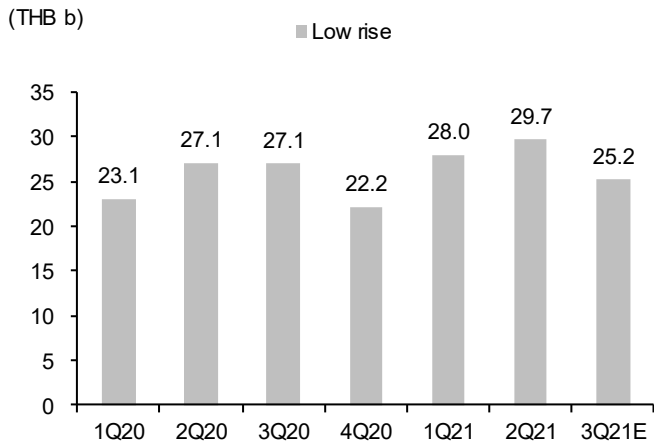
Sources: Companies; FSSIA's compilation

Sources: Companies; FSSIA estimates

Presales should recover by 4Q21 onward

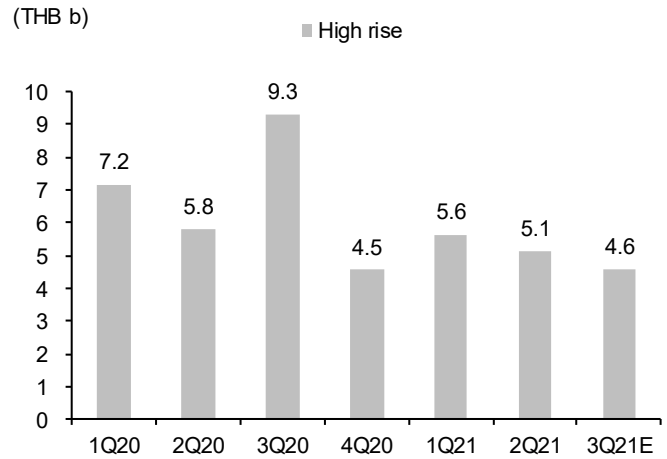
Presales in 3Q21 had a hiccup due to the surging in Covid-19 cases as people were hesitant to visit projects. Moreover, many developers delayed their new launches following the 1-month closure of construction camps and the lockdown restrictions. We expect low and high-rise presales to drop by 15% and 10% q-q to THB25.2b and THB4.6b, respectively. The bottom should already be behind us, and we expect presales to recover by 4Q21 onward following aggressive new launches in 4Q21.

Exhibit 14: Presales trend of low-rise projects



Sources: Companies; FSSIA estimates

Exhibit 15: Presales trend of high-rise projects



Sources: Companies; FSSIA estimates

Fine-tune 2022E revenue after incorporating LTV upside risk

We incorporate the upside risk from the LTV easing for all property developers under our coverage by assuming 3% sales growth for inventory priced below THB5.0m per unit. Hence, we revise up our 2022E revenue for the developers under coverage by 1.8-5.6%.

Exhibit 16: Upside risk to 2022E revenue

	Inventory (THB b)	% of unit price below THB5.0m (%)	Inventory value below THB5.0m (THB b)	Assume 3% upside risk (THB b)	Upside to 2022E revenue (%)
AP	67.2	60	40.3	1.2	3.7
LH	53.8	40	21.5	0.6	1.8
LPN	12.1	48	5.8	0.2	2.3
PSH	75.1	79	59.5	1.8	5.5
QH	41.5	37	15.2	0.5	4.6
SPALI	77.2	75	57.6	1.7	5.6

Source: FSSIA estimates

We fine-tune our 2022E earnings after including the upside risk from the LTV easing and roll forward our valuation to 2022. Note that we cut QH's 2021E earnings by 16% on the back of our lower sales growth and GPM assumptions due to the weaker-than-expected performance in 1H21. QH's condominium inventory mostly belongs to Q One Sukhumvit (THB7.7b, 23% sold, 209 units remaining out of 273 units) and provincial projects (THB2.3b) which have been quite difficult to sell due to the absence of foreign demand and weak purchasing power.

We also upgrade PSH to BUY from Hold. We revise down our 2021E net profit to reflect the weak performance in 1H21 but revise up our 2022/23E net profit by 8.7%/4.7% after incorporating the upside risk from the LTV easing. We roll forward our valuation to 2022 with a higher TP to THB15, pegged at 9.5x 2022E P/E or at its 5-year mean. The worst has already passed, in our view, and PSH is in a good position to capture the low-end demand from the economic recovery and LTV easing. Its current share price has a limited downside risk, cushioned by its decent dividend yield that we estimate at 8.8%/9.3% in 2022/23.

Exhibit 17: Assumption revisions

		Current			Previous			Change		
		2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
AP	Residential sales (THB m)	30,720	33,493	35,395	30,720	32,356	34,194	0.0	3.5	3.5
	Residential GPM (%)	31.5	31.4	32.5	31.5	31.4	32.5	0.0	0.0	0.0
	Earnings (THB m)	4,230	4,471	4,455	4,230	4,389	4,367	0.0	1.9	2.0
LH	Residential sales (THB m)	32,411	36,340	37,506	32,411	35,816	36,966	0.0	1.5	1.5
	Residential GPM (%)	31.6	31.9	32.2	31.6	31.9	32.2	0.0	0.0	0.0
	Earnings (THB m)	7,433	8,450	8,951	7,433	8,373	8,878	0.0	0.9	0.8
LPN	Residential sales (THB m)	5,887	6,185	6,357	5,887	6,050	6,218	0.0	2.2	2.2
	Residential GPM (%)	28.6	28.6	29.0	28.6	28.6	29.0	0.0	0.0	0.0
	Earnings (THB m)	752	819	886	752	805	871	0.0	1.7	1.7
PSH	Residential sales (THB m)	31,098	34,363	36,081	31,098	32,653	34,285	0.0	5.2	5.2
	Residential GPM (%)	30.5	31.9	32.0	31.0	31.5	32.0	(0.5)	0.4	0.0
	Earnings (THB m)	2,645	3,448	3,629	2,913	3,172	3,466	(9.2)	8.7	4.7
QH	Residential sales (THB m)	8,267	8,888	9,308	8,903	9,162	9,594	(7.2)	(3.0)	(3.0)
	Residential GPM (%)	29.4	30.2	30.9	30.9	31.7	32.5	(1.5)	(1.5)	(1.6)
	Earnings (THB m)	2,128	2,559	2,754	2,536	2,718	2,937	(16.1)	(5.9)	(6.2)
SPALI	Residential sales (THB m)	28,032	32,003	34,243	28,032	30,433	32,563	0.0	5.2	5.2
	Residential GPM (%)	37.8	38.0	38.2	37.8	38.0	38.2	0.0	0.0	0.0
	Earnings (THB m)	5,589	6,248	6,443	5,589	5,951	6,176	0.0	5.0	4.3

Source: FSSIA estimates

Exhibit 18: Recommendations and target prices of property stocks under coverage

Company	Share price (THB)	Rating		Target price			
		Current	Previous	Current (THB)	Previous (THB)	% change (%)	% up/downside (%)
AP	8.75	BUY	unchanged	11.1	10.5	5.7	26.9
LH	8.35	BUY	unchanged	10.5	9.6	9.4	25.7
LPN	5.15	HOLD	unchanged	5.1	4.7	8.5	(1.0)
PSH	13.5	BUY	HOLD	15.0	12.0	25.0	11.1
QH	2.34	HOLD	unchanged	2.5	2.5	0.0	6.8
SPALI	21.6	BUY	unchanged	28.0	26.0	7.7	29.6

Source: FSSIA estimates

Upgrade to OVERWEIGHT

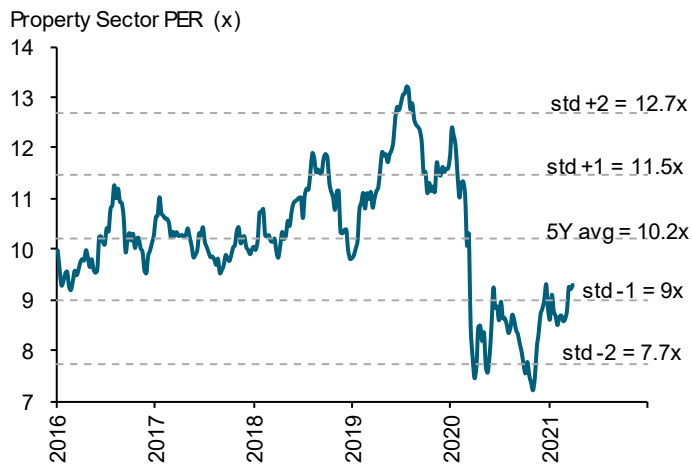
We upgrade our recommendation on the property sector to Overweight from Neutral, as we expect presales to bottom out in 3Q21, plus the surprising LTV easing should increase the demand from second home buyers. On top of that, we believe the travel restriction easing will bring foreign demand back, which should be the key catalyst in 2022, in our view. The property sector is now trading 9.2x or at almost -1.0SD of its 5-year average of 10.2x. Our top picks remain SPALI and AP due to their solid earnings growth, high earnings visibility and strong positions to capture the upcoming demand.

Exhibit 19: Summary of key ratios

		AP	LH	LPN	PSH	QH	SPALI
Recommendation		BUY	BUY	HOLD	BUY	HOLD	BUY
Target price	(THB)	11.10	10.50	5.10	15.00	2.50	28.00
Closing price	(THB)	8.75	8.35	5.15	13.50	2.34	21.60
% upside (downside)	(%)	27	26	(1)	11	7	30
Total market cap	(USD m)	803	3,250	238	922	839	1,215
3M average trading value	(USD m)	3.2	8.4	1.0	0.5	1.9	1.9
Sales (THB m)	2019	23,802	29,762	9,954	39,885	10,680	23,557
	2020	29,888	29,668	7,363	29,244	9,138	20,588
	2021E	30,755	32,411	7,278	31,098	8,914	28,223
	2022E	33,471	36,340	7,618	34,363	9,548	32,203
Sales growth (%)	2019	(13)	(12)	(12)	(11)	(33)	(8)
	2020	26	(0)	(26)	(27)	(14)	(13)
	2021E	3	9	(1)	6	(2)	37
	2022E	9	12	5	11	7	14
Recur profit (THB m)	2019	2,991	7,751	1,256	5,359	2,854	5,403
	2020	4,227	6,557	716	2,771	2,125	4,251
	2021E	4,230	7,433	752	2,645	2,128	5,589
	2022E	4,471	8,450	819	3,448	2,559	6,248
Recur profit growth (%)	2019	(24)	(14)	(8)	(11)	(25)	(6)
	2020	41	(15)	(43)	(48)	(26)	(21)
	2021E	0	13	5	(5)	0	31
	2022E	6	14	9	30	20	12
Recur EPS (THB)	2019	0.95	0.65	0.85	2.45	0.27	2.52
	2020	1.34	0.55	0.49	1.27	0.20	1.98
	2021E	1.34	0.62	0.51	1.21	0.20	2.87
	2022E	1.42	0.71	0.55	1.58	0.24	3.21
Recur EPS growth (%)	2019	(24.4)	(14.1)	(8.1)	(11.0)	(24.9)	(6.4)
	2020	41.3	(15.4)	(43.0)	(48.3)	(25.5)	(21.3)
	2021E	0.1	13.4	5.0	(4.5)	0.1	44.8
	2022E	5.7	13.7	8.9	30.4	20.3	11.8
Dividend (THB/shr)	2019	0.4	0.7	0.6	1.6	0.2	1.0
	2020	0.5	0.5	1.4	1.0	0.1	1.0
	2021E	0.5	0.5	0.3	0.9	0.1	1.4
	2022E	0.5	0.6	0.3	1.2	0.1	1.4
Recurring PER (X)	2019	9.2	12.9	6.1	5.5	8.8	8.6
	2020	6.5	15.2	10.6	10.7	11.8	10.9
	2021E	6.5	13.4	10.1	11.2	11.8	7.5
	2022E	6.2	11.8	9.3	8.6	9.8	6.7
P/BV (X)	2019	1.0	1.9	0.6	0.7	0.9	1.2
	2020	0.9	2.0	0.6	0.7	0.9	1.3
	2021E	0.9	2.0	0.6	0.7	0.9	1.2
	2022E	0.8	2.0	0.6	0.7	0.9	1.1
Dividend yield (%)	2019	4.6	8.4	11.7	11.5	8.5	4.6
	2020	5.1	6.0	27.2	7.1	5.1	4.6
	2021E	5.4	6.2	4.9	6.8	5.1	6.4
	2022E	5.7	7.1	5.4	8.8	6.2	6.7
ROE (%)	2019	11.8	15.1	9.6	12.7	10.7	15.2
	2020	15.2	12.8	5.7	6.4	8.0	11.5
	2021E	13.8	14.9	6.3	6.1	7.9	15.3
	2022E	13.3	16.9	6.6	8.0	9.2	17.1

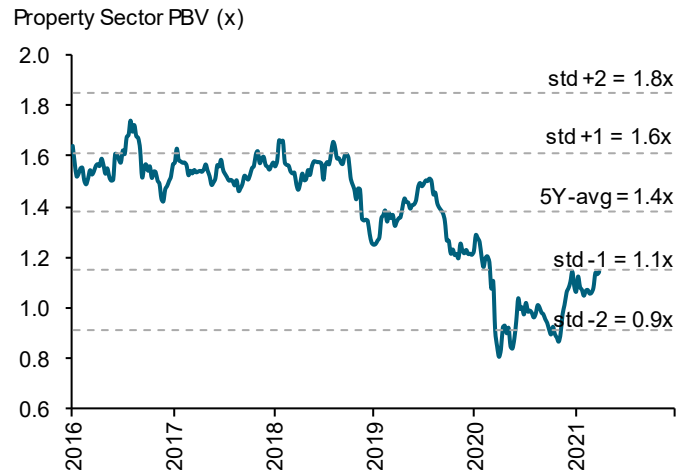
Source: FSSIA estimates

Exhibit 20: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 21: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 22: Key valuations of companies under coverage

	BBG	Rec	---Share price---		Up(down) side	Market Cap (USD m)	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current	Target			21E	22E	21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)			(%)	(%)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
AP (Thailand)	AP TB	BUY	8.75	10.50	20	824	0.1	3.8	6.5	6.3	5.4	5.6	13.8	13.0	0.9	0.8
Land and Houses	LH TB	BUY	8.35	10.10	21	2,988	13.4	12.6	13.4	11.9	6.2	7.0	14.9	16.7	2.0	2.0
LPN Development	LPN TB	HOLD	5.15	4.70	(9)	224	5.0	7.1	10.1	9.4	4.9	5.3	6.3	6.5	0.6	0.6
Pruksa Holding	PSH TB	BUY	13.50	15.00	11	885	(4.5)	30.4	11.2	8.6	6.8	8.8	6.1	8.0	0.7	0.7
Quality Houses	QH TB	HOLD	2.34	2.50	7	751	19.3	7.2	9.9	9.2	6.1	6.6	9.4	9.7	0.9	0.9
Supalai	SPALI TB	BUY	21.60	26.00	20	1,260	44.8	6.5	7.5	7.1	6.4	6.4	15.3	16.3	1.2	1.1
Coverage						6,932	14.4	10.8	10.0	9.0	6.2	6.9	11.6	12.6	1.2	1.1

Share prices as of 21 Oct 2021

Source: FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
AP (Thailand)	AP TB	THB 8.75	BUY	Downside risks to our P/E based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
Land and Houses	LH TB	THB 8.35	BUY	Key risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
LPN Development	LPN TB	THB 5.15	HOLD	Upside risks to our TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Prukha Holding	PSH TB	THB 13.50	BUY	Key downside risks to our P/E based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Quality Houses	QH TB	THB 2.34	HOLD	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin. Key upside risks are a better-than-expected take-up rate of new launches, profitability expansions and faster-than-expected asset turnovers.
Supalai	SPALI TB	THB 21.60	BUY	Downside risks to our P/E derived TP are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 21-Oct-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.