

# BRITANIA BRI TB

## THAILAND / PROPERTY DEVELOPMENT

# BUY

UNCHANGED

### โครงการ JV ใหม่จะช่วยหนุนกำไร 2Q23

- คาดกำไรปกติ 2Q23 ที่ 339 ลบ. (+3% q-q, +19% y-y) จากค่าธรรมเนียมบริหารที่เพิ่มขึ้นจาก 10 โครงการ JV ใหม่
- ผลประกอบการคาดปรับตัวดีขึ้นในช่วง 2H23 จากโครงการเปิดใหม่ที่เพิ่มขึ้น มูลค่ารวม 17.5 พันลบ. (+3.5x h-h)
- คงแนะนำซื้อ ราคาเป้าหมาย 14 บาทจาก Valuation อยู่โซนต่ำ

TARGET PRICE	THB14.00
CLOSE	THB9.35
UP/DOWNSIDE	+49.7%
PRIOR TP	THB14.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.3%

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,848	7,610	8,435	9,746
Net profit	1,471	1,485	1,623	1,824
EPS (THB)	1.72	1.74	1.90	2.14
vs Consensus (%)	-	(5.2)	(5.7)	(6.6)
EBITDA	1,607	1,944	2,109	2,371
Recurring net profit	1,053	1,485	1,623	1,824
Core EPS (THB)	1.24	1.74	1.90	2.14
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	74.8	41.0	9.3	12.4
Core P/E (x)	7.6	5.4	4.9	4.4
Dividend yield (%)	7.7	7.8	8.5	9.6
EV/EBITDA (x)	8.1	6.2	5.5	4.4
Price/book (x)	1.6	1.4	1.2	1.0
Net debt/Equity (%)	103.3	70.8	52.9	31.5
ROE (%)	25.5	28.1	26.2	25.4

### Presales ใน 2Q23 โต q-q และ y-y

BRI รายงาน Presales ใน 2Q23 อยู่ที่ 2.84 พันลบ. (+12% q-q, +8% y-y) แบ่งเป็น BRI 79% และโครงการ JV อีก 21% โดยได้ปัจจัยหนุนจาก Presales ที่มาจากสินค้าคงคลังที่สูงขึ้น นอกจากนี้ บริษัท ยังเปิด 3 โครงการใหม่ มูลค่า 3.8 พันลบ. ในปลายเดือน มิ.ย. ซึ่งเพิ่มขึ้นจาก 1.2 พันลบ. ใน 1Q23 และ 2.25 พันลบ. ใน 2Q22 โครงการใหม่ของบริษัท ประกอบด้วย Britania Ayutthaya, Britania Thepharak-Srinakarin, และ Britania Bangna KM39 (โครงการ JV) ทั้งนี้ ในช่วง 1H23 Presales อยู่ที่ 5.4 พันลบ. (+8% y-y) คิดเป็น 41% ของเป้าหมายปีของบริษัทที่ 13 พันลบ. (+18% y-y)

### โครงการ JV ใหม่ที่เพิ่มขึ้นคาดว่าจะช่วยชดเชยยอดโอนและอัตรากำไรขั้นต้นที่ลดลง

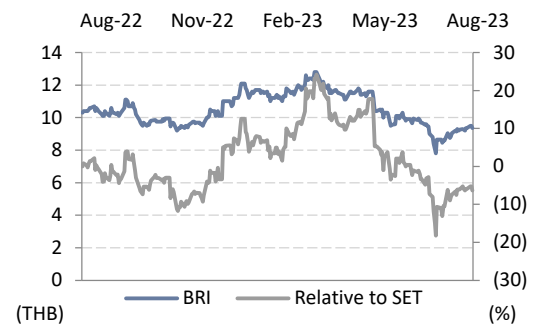
เรคาดกำไรสุทธิ 2Q23 ที่ 344 ลบ. (+5% q-q, -9% y-y) หากหักรายการพิเศษ กำไรปกติคาดจะอยู่ที่ 339 ลบ. (+3% q-q, +19% y-y) โดยน่าจะได้ปัจจัยหนุนจากค่าธรรมเนียมบริหารโครงการ JV ที่เพิ่มขึ้นเป็น 480 ลบ. (เทียบกับ 358 ลบ. ใน 1Q23 และ 73 ลบ. ใน 2Q22) จาก 10 โครงการ JV ใหม่ มูลค่ารวม 8.7 พันลบ. อย่างไรก็ตาม เราคาดว่ายอดขายโอนจะลดลง 5% q-q และ 29% y-y มาอยู่ที่ 1 พันลบ. จากการเปิดโครงการใหม่ในช่วงปลายไตรมาส รวมถึงผลกระทบจากความไม่แน่นอนทางเศรษฐกิจและการเมือง เราคาดว่าอัตรากำไรขั้นต้นในธุรกิจอสังหาริมทรัพย์ใน 2Q23 จะลดลงเหลือ 32.5% จาก 32.8% ใน 1Q23 และ 33.9% ใน 2Q22 กดดันจากการแข่งขันที่สูงขึ้นและการทำโปรโมชันราคาในบางทำเล ในขณะที่เดียวกันเรคาดว่าส่วนแบ่งผลประโยชน์จาก JV จะอ่อนลง โดยคาดว่า JV จะให้ส่วนแบ่งผลขาดทุน 180 ลบ. (เทียบกับส่วนแบ่งผลขาดทุน 116 ลบ. ใน 1Q23 และ 26 ลบ. ใน 2Q22) จากค่าใช้จ่ายโครงการใหม่เพิ่มขึ้นและยอดโอนของ JV ที่อาจลดลง q-q

### แนวโน้ม 2H23 พุ่งตัวจากการเปิดโครงการใหม่จำนวนมาก

หากผลประกอบการออกมาตามคาด กำไรปกติในช่วง 1H23 จะอยู่ที่ 667 ลบ. (+36% y-y) คิดเป็น 45% ของประมาณการทั้งปีของเรา กำไรคาดจะปรับตัวดีขึ้นในช่วง 2H23 ตามการเปิดโครงการใหม่จำนวนมาก มูลค่ารวม 17.5 พันลบ. (+3.5x h-h) ประกอบด้วย 3 พันลบ. และ 14.5 พันลบ. ใน 3Q-4Q23 ตามลำดับ นอกจากนี้กำไรยังน่าจะได้ปัจจัยหนุนจากการทยอยรับรู้ Backlog ราว 2.2 พันลบ. ณ สิ้น 2Q23 รวมถึงการเซ็นสัญญาพัฒนาโครงการ JV ใหม่ที่เพิ่มขึ้น

### คำแนะนำซื้อจากการประเมินมูลค่าที่อยู่ในระดับต่ำ

ราคาหุ้นของ BRI ปรับตัวลดลงถึง 22% ในช่วง 2023 YTD เทียบกับ SETPROP ที่ลดลงเพียง 11% ปัจจุบันหุ้นมีการซื้อขายใน Valuation น่าสนใจที่ 5.4x ของค่า 2023E P/E ต่ำกว่าค่าเฉลี่ยในอดีตและของกลุ่มที่ 6.9x และ 8.3x ตามลำดับ นอกจากนี้เรายังคาดเงินปันผลต่อหุ้นที่ 0.16 บาทในช่วง 1H23 คิดเป็นผลตอบแทนปันผล 2%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.1	(16.5)	(8.3)
Relative to country (%)	5.1	(17.4)	(5.7)
Mkt cap (USD m)	232		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	27		
Major shareholder	Origin Property (70%)		
12m high/low (THB)	13.10/7.65		
Issued shares (m)	852.81		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 3 สิงหาคม 2023

Investment thesis

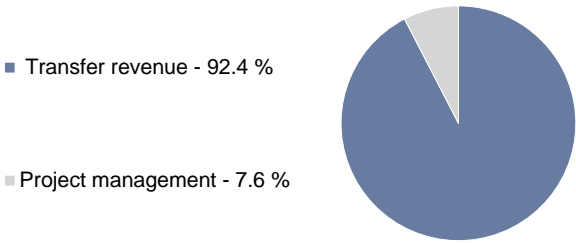
The key potential growth driver is a rapid increase in new launches. BRI has launched 30 projects worth THB36.4b within four brand segments as of end-2022, up from its initial launches in 2017 worth THB867m. It focuses on developing products to match customers' needs and lifestyles via outstanding home designs, large usable areas, and different project styles and amenities. Its portfolio is flexible and well diversified in terms of product segment and location. It also has full support from its major shareholder Origin Property (ORI TB, BUY, TP THB13.9), which helps with brand reputation, bargaining power with suppliers, liquidity, and business strategies.

Company profile

Britania was established by Origin Property (ORI) in 2016. It operates low-rise residential projects in Bangkok and its vicinity as well as in industrial estates and the upcountry market. Its offers detached homes, semi-detached homes, and townhomes under various brands and price ranges, including Belgravia (THB20m-50m/unit), Grand Britania (THB8m-20m/unit), Britania (THB4m-8m/unit), and Brighton (THB2.5m-4m/unit).

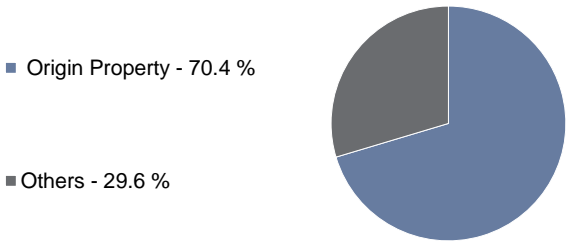
[www.britania.co.th](http://www.britania.co.th)

Principal activities (revenue, 2022)



Source: Britania

Major shareholders



Source: Britania

Catalysts

Key catalysts include 1) the success of new launches; 2) higher-than-expected inventory presales; 3) faster-than-expected construction progress and backlog realisation; and 4) new JV project developments that leave room for one-time gains on investments.

Risks to our call

Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.

Event calendar

Date	Event
11 August 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Transfer revenue (THB m)	7,110	7,935	9,246
Project management (THB m)	500	500	500
Property GPM (%)	32	32	32
GPM (%)	36.5	36.0	35.5
SG&A to sales (%)	11.4	11.5	11.6

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 3.7%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 1.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 2%, and vice versa, all else being equal.

Source: FSSIA estimates

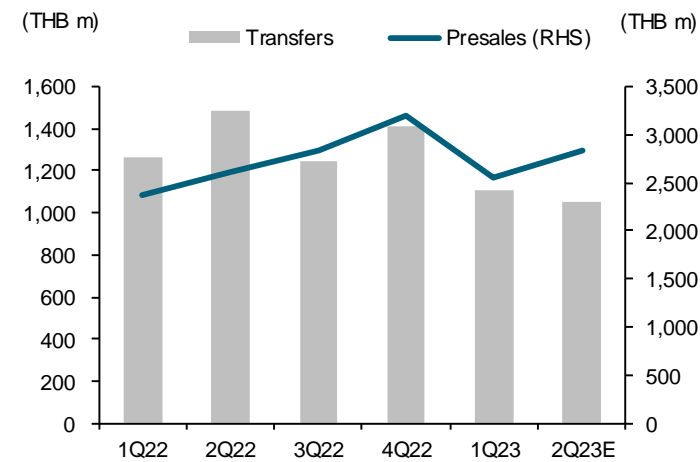


## Exhibit 1: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	1,556	1,314	1,641	1,464	1,530	4.5	(1.7)
Cost of sales	980	834	954	744	709	(4.7)	(27.7)
Gross profit	576	480	687	721	821	14.0	42.6
SG&A	163	162	183	174	183	5.4	12.4
Operating profit	413	318	504	547	638	16.7	54.5
Interest expense	3	1	4	3	3	(8.3)	(24.9)
Tax expense	103	87	115	112	130	15.6	25.8
Equity income from JV	(26)	(6)	(73)	(116)	(180)	na	na
Reported net profit	376	331	411	329	344	4.7	(8.6)
Core profit	284	245	316	328	339	3.2	19.3
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	33.9	32.9	32.4	32.8	32.5	(0.3)	(1.4)
Gross margin	37.0	36.6	41.9	49.2	53.7	4.5	16.7
SG&A / Sales	10.5	12.3	11.2	11.9	12.0	0.1	1.5
Operating margin	26.5	24.2	30.7	37.4	41.7	4.4	15.2
Net margin	24.2	25.2	25.0	22.4	22.5	0.1	(1.7)
Norm margin	18.3	18.6	19.3	22.4	22.2	(0.3)	3.9
<b>Revenue breakdown</b>							
Residential	1,484	1,242	1,411	1,107	1,050	(5.1)	(29.2)
Project management	73	72	231	358	480	34.2	560.9

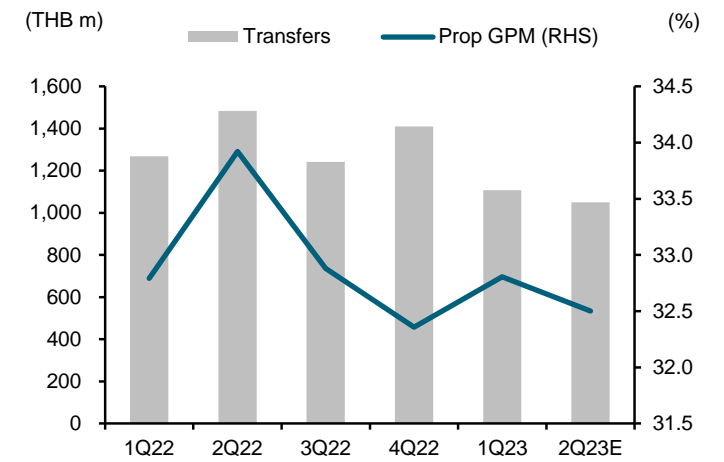
Sources: BRI; FSSIA estimates

## Exhibit 2: Quarterly transfers and presales



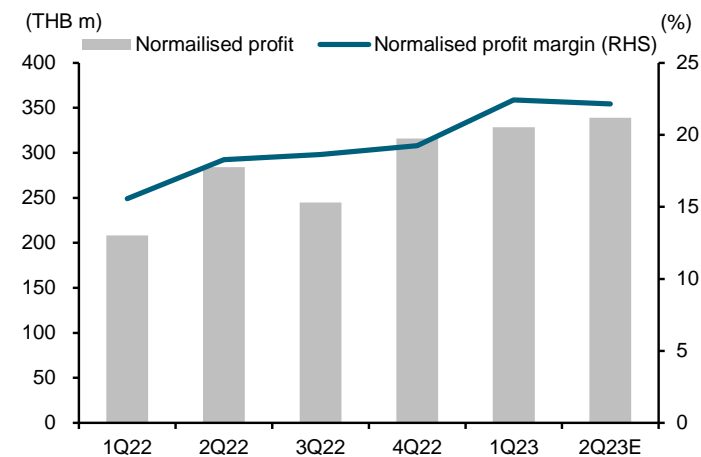
Sources: BRI; FSSIA estimates

## Exhibit 3: Quarterly transfers and property GPM



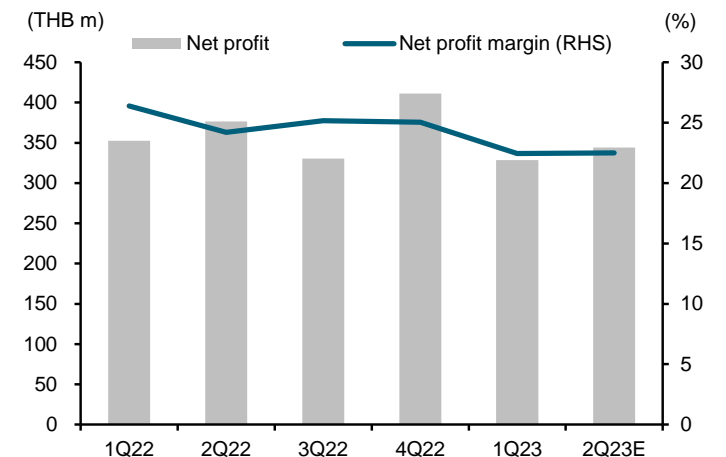
Sources: BRI; FSSIA estimates

**Exhibit 4: Quarterly core profit and normalised profit margin**



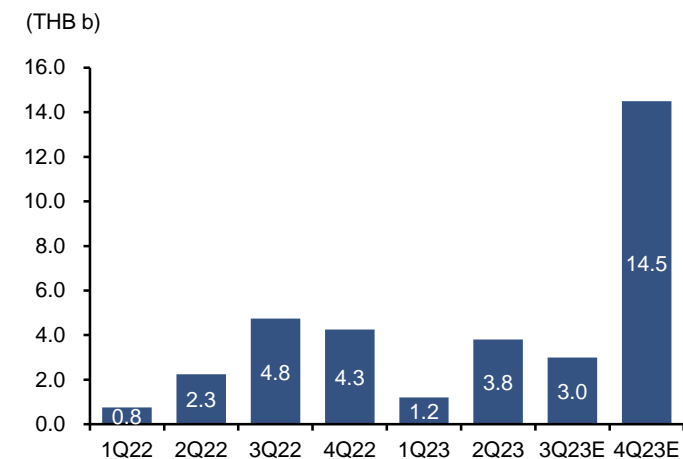
Sources: BRI; FSSIA estimates

**Exhibit 5: Quarterly net profit and net profit margin**



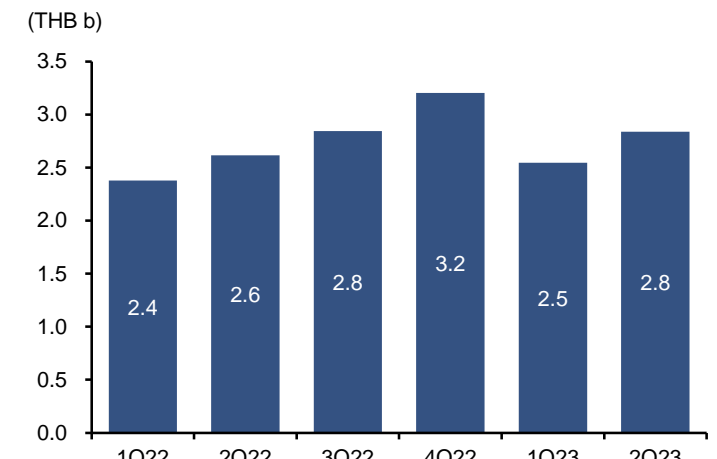
Sources: BRI; FSSIA estimates

**Exhibit 6: Quarterly new launches**



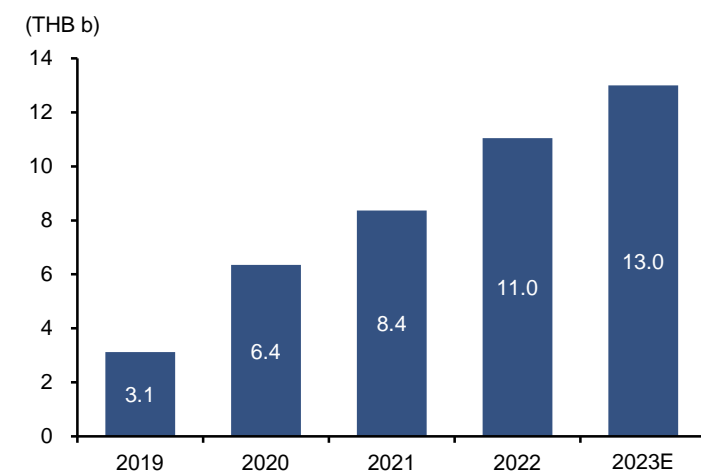
Sources: BRI; FSSIA's compilation

**Exhibit 7: Quarterly presales**



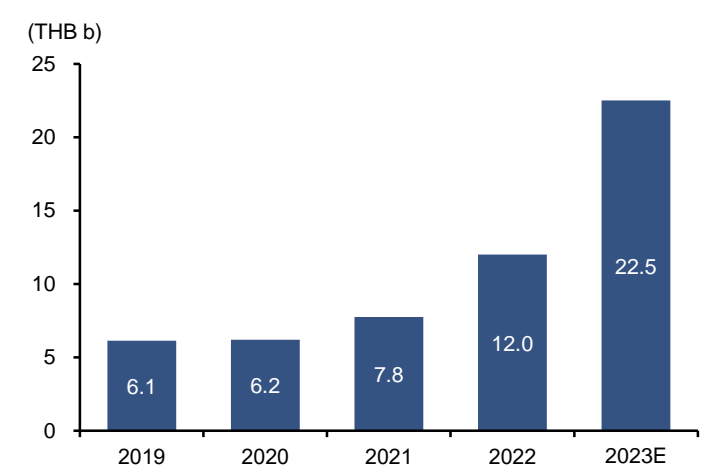
Sources: BRI; FSSIA's compilation

**Exhibit 8: Yearly presales and 2023 target**



Sources: BRI; FSSIA's compilation

**Exhibit 9: Yearly planned new launches**



Sources: BRI; FSSIA's compilation

### Exhibit 10: New launch plans in 1Q-3Q23

Period	No.	Project	Total units	Total value
			(no.)	(THB m)
1Q23	1	Britania Maliwan	232	1,200
2Q23	2	Britania Ayutthaya	239	1,400
	3	Britania Thepharak-Srinakarin	190	1,200
	4	Britania Bangna KM.39	232	1,200
3Q23	5	Grand Britania Pracha Uthit	90	1,100
	6	Britania Bangna-Thepharak	177	1,000
	7	Grand Britania Thawi Watthana	55	900

Sources: BRI; FSSIA's compilation

### Exhibit 11: Historical P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 12: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Britania

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,808	5,848	7,610	8,435	9,746
Cost of goods sold	(2,608)	(3,620)	(4,834)	(5,396)	(6,287)
<b>Gross profit</b>	<b>1,199</b>	<b>2,228</b>	<b>2,775</b>	<b>3,039</b>	<b>3,459</b>
Other operating income	8	30	30	30	30
Operating costs	(445)	(660)	(870)	(970)	(1,129)
<b>Operating EBITDA</b>	<b>769</b>	<b>1,607</b>	<b>1,944</b>	<b>2,109</b>	<b>2,371</b>
Depreciation	(7)	(9)	(9)	(10)	(11)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>762</b>	<b>1,598</b>	<b>1,935</b>	<b>2,099</b>	<b>2,360</b>
Net financing costs	(9)	(10)	(16)	(24)	(26)
Associates	0	(135)	10	29	32
Recurring non-operating income	0	(135)	10	29	32
Non-recurring items	0	417	0	0	0
<b>Profit before tax</b>	<b>754</b>	<b>1,871</b>	<b>1,929</b>	<b>2,104</b>	<b>2,366</b>
Tax	(151)	(400)	(443)	(481)	(541)
<b>Profit after tax</b>	<b>602</b>	<b>1,471</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>602</b>	<b>1,471</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(417)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>602</b>	<b>1,053</b>	<b>1,485</b>	<b>1,623</b>	<b>1,824</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.71	1.24	1.74	1.90	2.14
Reported EPS	0.71	1.72	1.74	1.90	2.14
DPS	0.87	0.72	0.73	0.80	0.90
Diluted shares (used to calculate per share data)	853	853	853	853	853
<b>Growth</b>					
Revenue (%)	63.0	53.6	30.1	10.8	15.5
Operating EBITDA (%)	71.6	108.9	21.0	8.5	12.4
Operating EBIT (%)	72.0	109.6	21.1	8.5	12.4
Recurring EPS (%)	(93.9)	74.8	41.0	9.3	12.4
Reported EPS (%)	(93.9)	144.0	1.0	9.3	12.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	31.5	38.1	36.5	36.0	35.5
Gross margin exc. depreciation (%)	31.7	38.2	36.6	36.2	35.6
Operating EBITDA margin (%)	20.2	27.5	25.5	25.0	24.3
Operating EBIT margin (%)	20.0	27.3	25.4	24.9	24.2
Net margin (%)	15.8	18.0	19.5	19.2	18.7
Effective tax rate (%)	20.0	21.4	23.0	22.9	22.9
Dividend payout on recurring profit (%)	122.5	58.4	42.0	42.0	42.0
Interest cover (X)	86.8	147.2	118.0	88.7	92.0
Inventory days	1,028.6	856.6	728.4	712.7	635.3
Debtor days	4.2	24.4	33.9	32.6	32.2
Creditor days	182.1	144.8	147.7	169.6	168.7
Operating ROIC (%)	9.7	16.3	17.7	18.6	20.6
ROIC (%)	9.6	13.8	15.8	17.0	18.8
ROE (%)	27.9	25.5	28.1	26.2	25.4
ROA (%)	7.5	9.7	11.4	11.8	12.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Transfer revenue	3,808	5,404	7,110	7,935	9,246
Project management	0	444	500	500	500

Sources: Britania; FSSIA estimates

## Financial Statements

### Britania

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	602	1,053	1,485	1,623	1,824
Depreciation	7	9	9	10	11
Associates & minorities	0	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,417)	(1,749)	(150)	(365)	81
<b>Cash flow from operations</b>	<b>(808)</b>	<b>(687)</b>	<b>1,345</b>	<b>1,269</b>	<b>1,916</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(51)	(1,077)	-	(58)	(58)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	250	-	-
<b>Cash flow from investing</b>	<b>(51)</b>	<b>(1,077)</b>	<b>250</b>	<b>(58)</b>	<b>(58)</b>
Dividends paid	(738)	(307)	(624)	(682)	(766)
Equity finance	2,594	7	0	0	0
Debt finance	(430)	1,686	(986)	(499)	(999)
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>1,426</b>	<b>1,385</b>	<b>(1,610)</b>	<b>(1,181)</b>	<b>(1,765)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	724	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>724</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>567</b>	<b>345</b>	<b>(15)</b>	<b>30</b>	<b>93</b>
Free cash flow to firm (FCFF)	(850.55)	(1,753.72)	1,611.11	1,234.30	1,884.51
Free cash flow to equity (FCFE)	(1,288.93)	646.32	608.47	711.30	859.51
<b>Per share (THB)</b>					
FCFF per share	(1.00)	(2.06)	1.89	1.45	2.21
FCFE per share	(1.51)	0.76	0.71	0.83	1.01
Recurring cash flow per share	0.71	1.25	1.75	1.92	2.15
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	40	43	57	60	64
Less: Accumulated depreciation	(5)	(7)	(11)	(16)	(23)
<b>Tangible fixed assets (net)</b>	<b>35</b>	<b>36</b>	<b>46</b>	<b>44</b>	<b>40</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	86	388	50	50	50
Invest. in associates & subsidiaries	0	730	800	850	900
Cash & equivalents	638	984	969	998	1,092
A/C receivable	79	704	711	794	925
Inventories	7,905	9,047	10,213	10,817	11,030
Other current assets	358	863	644	668	766
<b>Current assets</b>	<b>8,981</b>	<b>11,599</b>	<b>12,536</b>	<b>13,277</b>	<b>13,812</b>
Other assets	15	90	97	107	117
<b>Total assets</b>	<b>9,116</b>	<b>12,843</b>	<b>13,529</b>	<b>14,327</b>	<b>14,920</b>
Common equity	3,386	4,863	5,725	6,666	7,724
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>3,386</b>	<b>4,863</b>	<b>5,725</b>	<b>6,666</b>	<b>7,724</b>
Long term debt	526	2,196	2,211	2,462	1,940
Other long-term liabilities	6	7	10	11	13
<b>Long-term liabilities</b>	<b>531</b>	<b>2,204</b>	<b>2,221</b>	<b>2,473</b>	<b>1,953</b>
A/C payable	1,307	1,558	2,346	2,658	3,144
Short term debt	3,798	3,814	2,813	2,063	1,586
Other current liabilities	93	404	424	467	513
<b>Current liabilities</b>	<b>5,198</b>	<b>5,776</b>	<b>5,584</b>	<b>5,188</b>	<b>5,243</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,116</b>	<b>12,843</b>	<b>13,529</b>	<b>14,327</b>	<b>14,920</b>
Net working capital	6,942	8,653	8,797	9,153	9,063
Invested capital	7,078	9,897	9,790	10,204	10,171
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	3.97	5.70	6.71	7.82	9.06
Tangible book value per share	3.97	5.70	6.71	7.82	9.06
<b>Financial strength</b>					
Net debt/equity (%)	108.8	103.3	70.8	52.9	31.5
Net debt/total assets (%)	40.4	39.1	30.0	24.6	16.3
Current ratio (x)	1.7	2.0	2.2	2.6	2.6
CF interest cover (x)	(140.0)	174.3	37.9	33.1	36.3
Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>13.2</b>	<b>7.6</b>	<b>5.4</b>	<b>4.9</b>	<b>4.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>19.8</b>	<b>11.3</b>	<b>8.0</b>	<b>7.4</b>	<b>6.5</b>
Reported P/E (x)	13.2	5.4	5.4	4.9	4.4
Dividend yield (%)	9.3	7.7	7.8	8.5	9.6
Price/book (x)	2.4	1.6	1.4	1.2	1.0
Price/tangible book (x)	2.4	1.6	1.4	1.2	1.0
EV/EBITDA (x) **	15.2	8.1	6.2	5.5	4.4
EV/EBITDA @ target price (x) **	20.3	10.6	8.2	7.3	6.1
EV/invested capital (x)	1.6	1.3	1.2	1.1	1.0
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Britania; FSSIA estimates



## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Britania (BRI TB)



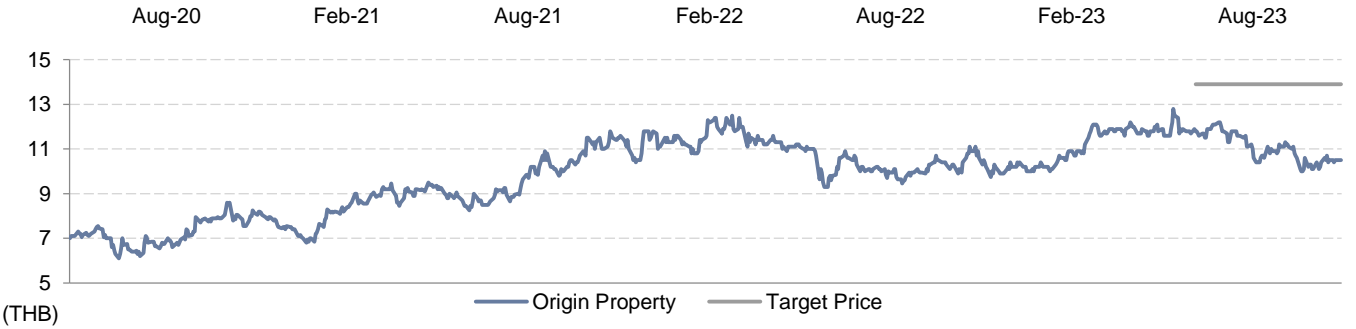
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Mar-2023	BUY	14.00	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 16-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Origin Property (ORI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Mar-2023	BUY	13.90	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 27-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Britania	BRI TB	THB 9.35	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.
Origin Property	ORI TB	THB 10.40	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

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 2-Aug-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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