

ORIGIN PROPERTY ORI TB

THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

2Q23 results at first glance

TARGET PRICE	THB13.90
CLOSE	THB10.10
UP/DOWNSIDE	+37.6%
TP vs CONSENSUS	+2.5%

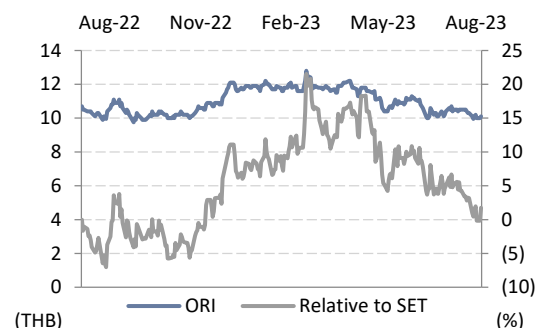
2Q23 profit beat our estimate due to lower SG&A

Highlights

- ORI reported a 2Q23 net profit of THB873m (+9% q-q, -24% y-y). Excluding a gain from investments on 25 new JV projects worth THB381m, its core profit amounted to THB492m (-27% q-q, -10% y-y), beating our forecast by 7% due to lower-than-expected SG&A.
- The q-q and y-y decrease in 2Q23 core operations was due mainly to declining ORI transfers and a lower property gross margin.
- ORI's 2Q23 transfers came in at THB1.8b (-16% q-q, -38% y-y), mainly due to poor condo transfers worth THB750m (-28% q-q, -48% y-y) from a lack of new condo transfers. Also, low-rise transfers dropped to THB1b (-4% q-q, -28% y-y) from late-quarter launches and sluggish presales.
- Its 2Q23 property gross margin was lower at 31.8% (vs 33.9% in 1Q23 and 36.3% in 2Q22), below our forecast of 33.9% due to an impairment of the rental guarantee expense for its IP (Investment Property) program for the first period.
- SG&A to revenue was equal to 2Q22's at 22.8% in 2Q23, but increased from 20.3% in 1Q23 following more new project launches.
- Despite the increase in its JV transfers, sharing from its JV showed a loss of THB64m in 2Q23, weaker than the loss of THB32m in 1Q23 and a profit of THB97m in 2Q22 as a slower-than expected backlog realisation from the sizable condo, Park Origin Chula-Samyang, was not able to offset the higher expenses from new JV projects.
- ORI's 1H23 core profit was equal to THB1.2b (+18% y-y), accounting for 35% of our 2023 profit forecast, which is challenging. ORI has announced a DPS of THB0.16 for its performance in 1H23, implying a dividend yield of 1.6%. The stock's XD is on 28 August and the dividend will be paid on 13 September 2023.
- We expect core profit to gradually recover in 3Q23, but the results will likely be unexciting as there is only one newly built JV condo named SOHO Bangkok Ratchada (worth THB1.8b, 97% sold). Although ORI might book the transfers from the sales of Park Origin Phrom Phong, Phaya Thai, and Thong Lor (JV) when RealX tokens are listed, these projects have a lower margin.
- We retain our BUY call for ORI with a TP of THB13.9. The positive stories should occur in 4Q23 as earnings peak this year along with its plan to list One Origin.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	14,397	14,241	17,298	19,566
Net profit	3,775	3,309	3,704	3,801
EPS (THB)	1.54	1.35	1.51	1.55
vs Consensus (%)	-	(9.6)	(1.4)	(3.6)
EBITDA	4,271	4,096	4,759	5,211
Recurring net profit	2,613	3,309	3,704	3,801
Core EPS (THB)	1.07	1.35	1.51	1.55
EPS growth (%)	3.8	26.6	11.9	2.6
Core P/E (x)	9.5	7.5	6.7	6.5
Dividend yield (%)	7.1	7.3	7.5	7.7
EV/EBITDA (x)	10.8	11.6	10.0	9.0
Price/book (x)	1.4	1.3	1.2	1.1
Net debt/Equity (%)	98.6	97.3	90.2	81.1
ROE (%)	15.8	17.5	18.0	17.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.9)	(9.8)	(2.9)
Relative to country (%)	(3.1)	(7.4)	3.6
Mkt cap (USD m)	710		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	38		
Major shareholder	Peerapong and Arada Jaroong-Ek (36%)		
12m high/low (THB)	12.90/9.65		
Issued shares (m)	2,454.12		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

Analyst register no. 101203

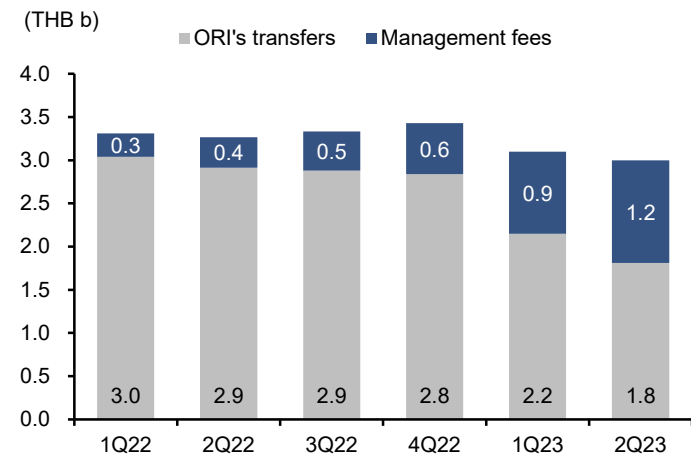
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Exhibit 1: ORI – 2Q23 operations summary

	2Q22	3Q22	4Q22	1Q23	2Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	3,267	3,332	4,486	3,478	3,363	(3.3)	2.9
Cost of sales	1,857	1,845	2,504	1,643	1,546	(5.9)	(16.7)
Gross profit	1,410	1,487	1,982	1,835	1,817	(1.0)	28.8
SG&A	741	738	327	708	768	8.6	3.7
Operating profit	669	749	1,654	1,127	1,048	(7.0)	56.7
Interest expense	99	112	111	101	131	29.4	32.3
Tax expense	235	230	260	261	278	6.6	18.2
Equity income from JV	97	39	328	(32)	(64)	na	na
Reported net profit	1,155	848	1,033	798	873	9.4	(24.4)
Normalised profit	545	671	955	675	492	(27.2)	(9.7)
Key ratios (%)						(ppt)	(ppt)
Property gross margin	36.3	35.9	32.0	33.9	31.8	(2.1)	(4.5)
Gross margin	43.2	44.6	44.2	52.8	54.0	1.3	10.9
SG&A / Sales	22.7	22.1	7.3	20.3	22.8	2.5	0.2
Operating margin	20.5	22.5	36.9	32.4	31.2	(1.2)	10.7
Net margin	35.4	25.4	23.0	22.9	26.0	3.0	(9.4)
Normalised margin	16.7	20.1	21.3	19.4	14.6	(4.8)	(2.1)
Revenue breakdown							
Residential	2,914	2,881	2,840	2,150	1,812	(15.7)	(37.8)
Project management	353	452	590	950	1,187	25.0	236.5

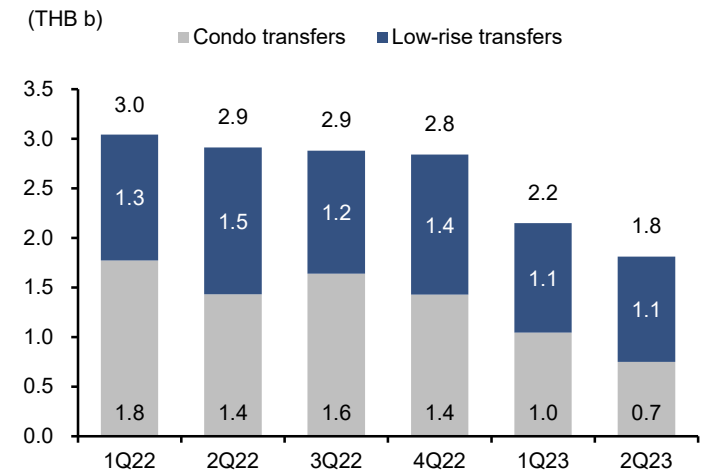
Sources: ORI; FSSIA's compilation

Exhibit 2: ORI's transfers and management fees



Sources: ORI; FSSIA's compilation

Exhibit 3: ORI's transfers breakdown



Sources: ORI; FSSIA's compilation

Financial Statements

Origin Property

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	14,923	14,397	14,241	17,298	19,566
Cost of goods sold	(9,277)	(8,177)	(8,155)	(10,113)	(11,596)
Gross profit	5,646	6,220	6,086	7,185	7,970
Other operating income	344	182	190	190	190
Operating costs	(2,085)	(2,431)	(2,492)	(2,941)	(3,287)
Operating EBITDA	4,087	4,271	4,096	4,759	5,211
Depreciation	(183)	(300)	(312)	(324)	(337)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,904	3,971	3,784	4,434	4,873
Net financing costs	(297)	(390)	(487)	(506)	(507)
Associates	(42)	416	1,388	1,367	1,213
Recurring non-operating income	(42)	416	1,388	1,367	1,213
Non-recurring items	676	1,162	0	0	0
Profit before tax	4,242	5,159	4,685	5,295	5,579
Tax	(865)	(947)	(857)	(1,021)	(1,135)
Profit after tax	3,377	4,212	3,828	4,274	4,444
Minority interests	(183)	(438)	(519)	(570)	(642)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	3,194	3,775	3,309	3,704	3,801
Non-recurring items & goodwill (net)	(676)	(1,162)	0	0	0
Recurring net profit	2,518	2,613	3,309	3,704	3,801
Per share (THB)					
Recurring EPS *	1.03	1.07	1.35	1.51	1.55
Reported EPS	1.30	1.54	1.35	1.51	1.55
DPS	0.54	0.72	0.74	0.75	0.77
Diluted shares (used to calculate per share data)	2,453	2,453	2,453	2,453	2,453
Growth					
Revenue (%)	42.3	(3.5)	(1.1)	21.5	13.1
Operating EBITDA (%)	37.7	4.5	(4.1)	16.2	9.5
Operating EBIT (%)	39.3	1.7	(4.7)	17.2	9.9
Recurring EPS (%)	0.0	3.8	26.6	11.9	2.6
Reported EPS (%)	18.4	18.2	(12.3)	11.9	2.6
Operating performance					
Gross margin inc. depreciation (%)	37.8	43.2	42.7	41.5	40.7
Gross margin exc. depreciation (%)	39.1	45.3	44.9	43.4	42.5
Operating EBITDA margin (%)	27.4	29.7	28.8	27.5	26.6
Operating EBIT margin (%)	26.2	27.6	26.6	25.6	24.9
Net margin (%)	16.9	18.1	23.2	21.4	19.4
Effective tax rate (%)	20.4	18.4	18.3	19.3	20.3
Dividend payout on recurring profit (%)	52.6	67.6	55.0	50.0	50.0
Interest cover (X)	13.0	11.3	10.6	11.5	12.0
Inventory days	928.6	1,139.6	1,286.0	1,110.3	1,013.5
Debtor days	19.8	59.1	79.6	66.6	68.8
Creditor days	102.2	121.3	140.4	126.0	130.2
Operating ROIC (%)	12.9	11.3	9.4	10.4	11.0
ROIC (%)	10.5	10.0	10.0	10.6	10.7
ROE (%)	19.1	15.8	17.5	18.0	17.0
ROA (%)	8.5	8.1	8.6	9.0	8.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Project sales	13,623	11,676	11,195	14,145	16,279
Project management	925	1,665	1,700	1,700	1,700
Hotel operations and rental	87	394	414	422	431
Service income	288	661	932	1,031	1,156

Sources: Origin Property; FSSIA estimates

Financial Statements

Origin Property

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,518	2,613	3,309	3,704	3,801
Depreciation	183	300	312	324	337
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,335)	(5,183)	(2,064)	(1,590)	(1,021)
Cash flow from operations	1,366	(2,270)	1,556	2,438	3,118
Capex - maintenance	(577)	(5,166)	-	(724)	(637)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	(922)	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(577)	(5,166)	(922)	(724)	(637)
Dividends paid	(578)	(237)	(1,820)	(1,852)	(1,901)
Equity finance	1,992	1,618	0	0	0
Debt finance	(1,046)	7,272	666	50	50
Other financing cash flows	-	-	-	-	-
Cash flow from financing	369	8,653	(1,154)	(1,802)	(1,851)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	1,158	1,217	(519)	(88)	630
Free cash flow to firm (FCFF)	1,085.95	(7,046.40)	1,121.43	2,219.67	2,987.32
Free cash flow to equity (FCFE)	(256.33)	(163.71)	1,300.25	1,763.67	2,530.24

Per share (THB)

FCFF per share	0.44	(2.87)	0.46	0.90	1.22
FCFE per share	(0.10)	(0.07)	0.53	0.72	1.03
Recurring cash flow per share	1.10	1.19	1.48	1.64	1.69

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,553	3,125	3,227	3,327	3,427
Less: Accumulated depreciation	(322)	(427)	(427)	(427)	(427)
Tangible fixed assets (net)	2,232	2,698	2,800	2,900	3,000
Intangible fixed assets (net)	329	783	788	788	788
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,410	7,427	7,930	8,230	8,430
Cash & equivalents	1,966	3,183	2,663	2,575	3,205
A/C receivable	1,306	3,360	2,848	3,460	3,913
Inventories	22,846	26,339	28,931	30,623	31,904
Other current assets	1,939	3,435	3,464	3,579	3,603
Current assets	28,056	36,317	37,906	40,236	42,625
Other assets	372	865	921	944	920
Total assets	35,398	48,091	50,346	53,099	55,764
Common equity	14,937	18,132	19,621	21,473	23,373
Minorities etc.	1,003	1,801	1,801	1,801	1,801
Total shareholders' equity	15,940	19,933	21,422	23,274	25,175
Long term debt	7,063	14,204	14,697	14,732	14,768
Other long-term liabilities	584	595	616	707	733
Long-term liabilities	7,647	14,799	15,313	15,440	15,500
A/C payable	2,219	3,018	3,017	3,742	4,291
Short term debt	8,509	8,641	8,813	8,828	8,842
Other current liabilities	1,084	1,701	1,780	1,816	1,957
Current liabilities	11,811	13,359	13,611	14,386	15,089
Total liabilities and shareholders' equity	35,398	48,091	50,346	53,099	55,764
Net working capital	22,788	28,416	30,445	32,103	33,173
Invested capital	30,130	40,190	42,885	44,966	46,312

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	6.09	7.39	8.00	8.75	9.53
Tangible book value per share	5.96	7.07	7.68	8.43	9.21

Financial strength

Net debt/equity (%)	85.4	98.6	97.3	90.2	81.1
Net debt/total assets (%)	38.4	40.9	41.4	39.5	36.6
Current ratio (x)	2.4	2.7	2.8	2.8	2.8
CF interest cover (x)	0.1	0.6	3.7	4.5	6.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	9.8	9.5	7.5	6.7	6.5
Recurring P/E @ target price (x) *	13.5	13.0	10.3	9.2	9.0
Reported P/E (x)	7.8	6.6	7.5	6.7	6.5
Dividend yield (%)	5.3	7.1	7.3	7.5	7.7
Price/book (x)	1.7	1.4	1.3	1.2	1.1
Price/tangible book (x)	1.7	1.4	1.3	1.2	1.1
EV/EBITDA (x) **	9.6	10.8	11.6	10.0	9.0
EV/EBITDA @ target price (x) **	11.9	13.0	13.9	12.0	10.8
EV/invested capital (x)	1.3	1.2	1.1	1.1	1.0

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Origin Property; 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)¹

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)²

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)³

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)⁴ 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 Indices⁵ (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:

¹ 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.

² 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.

³ 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.

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

⁵ 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

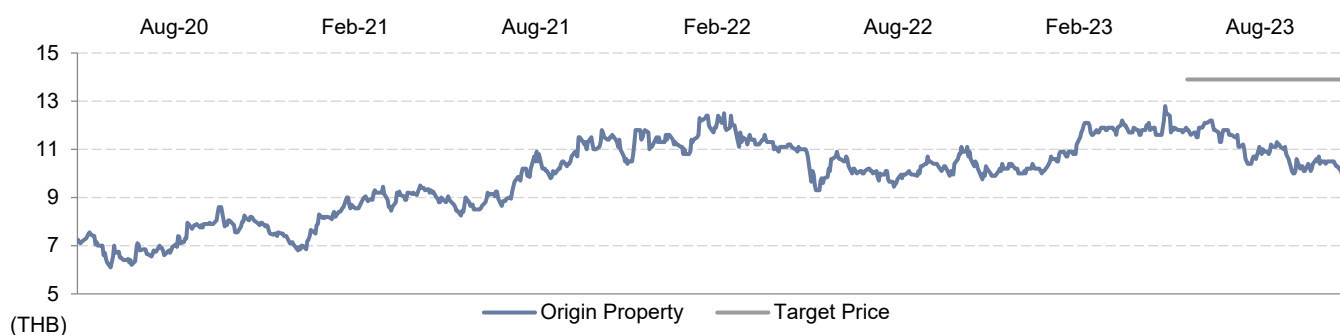
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History of change in investment rating and/or target price

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
Origin Property	ORI TB	THB 10.10	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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 15-Aug-2023 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.