

Thailand Property

Unexciting 2Q results, but road to recovery in 2H

- 2Q23 aggregate core profit recovered 8% q-q but dropped 3% y-y due to the high base of low-rise transfers in 2Q22 and lower GPM from high competition.
- Expect improvement momentum to continue in 3Q23 and peak in 4Q23, led by a sizable number of new low-rise projects and more newly built condos.
- Maintain Neutral rating; we like AP and ASW for strong 3Q23E and 2H23E earnings.

2Q23 core profit was up q-q but down y-y from soft low-rise transfers

The aggregate 2Q23 net profit of 12 developers remained stable vs 2Q22 and improved by 14.5% q-q to THB10.2b. Excluding extra items, their 2Q23 core profit would be THB8.8b (+8% q-q, -3% y-y). Overall, 2Q23 results were unexciting and in line with estimates. The q-q improvement came from more new launches, but the slide y-y was mainly due to a softer low-rise transfer value and a slimmer property gross margin amid high competition.

Slightly positive view from the 2Q23 meetings with a brighter 2H23 outlook

The tone of the post-results analyst briefings was slightly positive. The low-rise market seems slower due to the high base in 2021-22 and the intense competition, but the condo market is on the path to recovery from both local and foreign buyers, especially potential new buyers from Taiwan, Myanmar and Cambodia. Also, the condo demand/supply is more balanced. Developers are maintaining their launch plans for this year, but we see a downside risk for the 2023 presale and transfer targets of some companies like BRI, LH, LPN, NOBLE, ORI, and PSH due to softer 1H23 presales, mainly from low-rise projects and the low-income segment. However, management sees a gradual improvement for 3QTD presales, and momentum should rise for the rest of the year, led by numerous new low-rise and condo launches (aggregate condo take-up rate target of 30%). The formation of the new government should also lift the property market's sentiment on greater customer purchasing power and confidence. They will focus on the mid to high segments in low-rise projects and the mid segment in condos. Apart from projects in Bangkok, developers are expanding upcountry, especially tourist destinations like Chonburi and Phuket.

Expect positive quarterly earnings momentum in 2H23

2H23 earnings should grow h-h, with an improvement q-q in 3Q23 to peak in 4Q23. Key drivers in 2H23 would come from a greater number of new projects worth THB315b (+2.4x h-h), accounting for 70% of the aggregate 2023 launch plan, mainly from low-rise projects worth THB229b (+2.9x h-h) and several newly built condos. Developers will also realise a backlog of THB69b carried over to 2H23 – enough to secure 65% of their 2023 transfer target. However, some companies' 2H23 profit might drop y-y due to the high base in 2H22.

Maintain Neutral recommendation; AP and ASW are our top picks

We remain Neutral on the sector, as we expect profit to grow slowly in 2023-24. Developers currently trade on an average of 8.8x 2023E P/E and 1.0x 2023E P/BV, in line with the five-year average of 9x and 1.1x, respectively. Also, we expect an annual dividend yield of 6-7%. We prefer AP and ASW for their strong 3Q23E and 2H23E earnings momentum.



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2Q23 core profit improved q-q but dropped y-y

In 2Q23, the property market faced various factors including the slow economic recovery and political uncertainty, as well as the upward trend in interest rates which led to softer residential demand. Real Estate Information Center (REIC) reported that the 2Q23 total transfer volume dropped 4% y-y to 95,285 units due to a decline in low-rise transfers for almost all segments (except units priced from THB7.5m-10m). However, condominiums delivered transfer improvements in almost all segments, except those units priced from THB2m-3m, which were affected by consumers' low purchasing power and high household debt.

12 property developers' aggregate net profit came in at THB10.2b (+14.5% q-q, +0.2% y-y) in 2Q23. Excluding one-time gains from ORI, PSH and SIRI, their 2Q23 core profit was THB8.8b (+8% q-q, -3% y-y), in line with our forecast and BBG's consensus estimate. The q-q recovery was the result of more new projects and the low base in 1Q23, which was hit by the impact of the expiration of the LTV limit easing at end-2022. However, the slight decrease y-y in 2Q23 performance was mainly due to a softer low-rise transfer value and a slimmer property gross margin.

In conclusion, SIRI outperformed its peers with strong growth q-q and y-y, while ASW's and LPN's profits were the weakest. ASW had no new condo projects to transfer from and LPN was pressured by sluggish presales in the low-end segment. Given that, developers' aggregate normalised earnings were equal to THB16.9b (+3% y-y) in 1H23, accounting for 43% of our 2023 profit forecast.

Developers' 2Q23 transfers came in at THB49.4b (+7% q-q, -7% y-y), split 72:28 between low-rise and condo transfers. Low-rise transfers amounted to THB35.6b, up 10% q-q, but down 10% y-y due to soft demand in the housing market from the uncertain situation and compared to the high base in 2021-22, as well as late-quarter launches after the long holidays in April. Meanwhile, condo transfers gradually recovered to THB13.7b (+1% q-q, +3.5% y-y) in 2Q23, mainly from inventory sales improvement.

Their aggregate property gross margin was down to 32.4% in 2Q23 from 32.9% in 1Q23 and 33% in 2Q22, reflecting the project mix and price promotions for some projects to accumulate presales amid intense competition. Meanwhile, higher SG&A costs in 2Q23 followed a number of ongoing projects and an increase in their finance costs due to the upward trend in interest rates.

For developers' liquidity, their average D/E was at 1.5x at end-2Q23, slightly increasing from 1.3x at end-2022 following their aggressive launch plans. Meanwhile, their IBD/E stood at 1.2x at end-2Q23 (vs 1.1x at the end of 2022), which is still below their average covenant of 2.5x. In accordance with the negative issues in the market – All Inspire Development (ALL TB, NR) has defaulted on its debentures and the Supreme Court has ruled the Ashton Asoke project from Ananda Development (ANAN TB, NR) illegal – financial institutions are getting tighter with financing conditions and lending standards. However, we believe that major developers will still be able to manage and pay their debts from additional cash from their rising quarterly performance in 2H23 on the back of more newly built condos. Besides, developers will continue to focus mainly on their low-rise launches, which are easier to manage and have lower risks. For lenders, banks' overall 2Q23 rejection rate was stable with that in 1Q23. Low-price housing continues to have a high rejection rate and is sensitive to the economic uncertainty, reflected in LPN's rejection rate remaining at a high level of 40-45% in 2Q23.

Exhibit 1: Net profit in 2Q23

| Net profit | 2Q22 | 1Q23 | 2Q23 | Change | | 1H22 | 1H23 | Change |
|--------------|---------------|--------------|---------------|-------------|------------|---------------|---------------|------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| AP | 1,574 | 1,478 | 1,544 | 4.5 | (1.9) | 3,304 | 3,023 | (8.5) |
| ASW | 273 | 283 | 157 | (44.6) | (42.5) | 498 | 440 | (11.8) |
| BRI | 376 | 329 | 348 | 6.0 | (7.5) | 729 | 677 | (7.2) |
| LH | 2,139 | 1,354 | 1,450 | 7.1 | (32.2) | 4,071 | 2,804 | (31.1) |
| LPN | 147 | 145 | 87 | (39.9) | (40.9) | 339 | 232 | (31.5) |
| NOBLE | (14) | 73 | 112 | 54.2 | (893.4) | (21) | 184 | (989.7) |
| ORI | 1,155 | 798 | 873 | 9.4 | (24.4) | 1,893 | 1,671 | (11.7) |
| PSH | 430 | 652 | 1,038 | 59.1 | 141.4 | 982 | 1,690 | 72.2 |
| QH | 515 | 592 | 669 | 13.0 | 29.9 | 1,100 | 1,262 | 14.7 |
| SC | 581 | 535 | 593 | 10.9 | 2.1 | 969 | 1,128 | 16.4 |
| SIRI | 918 | 1,582 | 1,621 | 2.5 | 76.7 | 1,220 | 3,203 | 162.5 |
| SPALI | 2,075 | 1,080 | 1,701 | 57.4 | (18.0) | 3,253 | 2,781 | (14.5) |
| Total | 10,170 | 8,901 | 10,193 | 14.5 | 0.2 | 18,337 | 19,094 | 4.1 |

Sources: Company data; FSSIA's compilation

Exhibit 2: Core profit in 2Q23

| Core profit | 2Q22 | 1Q23 | 2Q23 | Change | | 1H22 | 1H23 | Change |
|--------------|--------------|--------------|--------------|------------|--------------|---------------|---------------|------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| AP | 1,574 | 1,478 | 1,544 | 4.5 | (1.9) | 3,304 | 3,023 | (8.5) |
| ASW | 273 | 172 | 157 | (8.6) | (42.5) | 353 | 328 | (7.0) |
| BRI | 284 | 328 | 344 | 4.8 | 21.1 | 492 | 673 | 36.6 |
| LH | 1,938 | 1,472 | 1,461 | (0.8) | (24.6) | 3,794 | 2,934 | (22.7) |
| LPN | 147 | 145 | 87 | (39.9) | (40.9) | 339 | 232 | (31.5) |
| NOBLE | (161) | 71 | 108 | 52.4 | (167.4) | (169) | 179 | (206.2) |
| ORI | 545 | 675 | 492 | (27.2) | (9.7) | 986 | 1,167 | 18.3 |
| PSH | 424 | 613 | 524 | (14.5) | 23.6 | 976 | 1,137 | 16.6 |
| QH | 515 | 592 | 669 | 13.0 | 29.9 | 1,100 | 1,262 | 14.7 |
| SC | 581 | 535 | 497 | (7.1) | (14.6) | 969 | 1,031 | 6.4 |
| SIRI | 856 | 959 | 1,219 | 27.1 | 42.4 | 1,041 | 2,177 | 109.1 |
| SPALI | 2,075 | 1,080 | 1,701 | 57.4 | (18.0) | 3,253 | 2,781 | (14.5) |
| Total | 9,052 | 8,122 | 8,803 | 8.4 | (2.8) | 16,439 | 16,925 | 3.0 |

Sources: Company data; FSSIA's compilation

Exhibit 3: Transfers in 2Q23

| Transfers | 2Q22 | 1Q23 | 2Q23 | Change | |
|--------------|---------------|---------------|---------------|------------|--------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) |
| AP | 9,620 | 9,144 | 9,009 | (1.5) | (6.4) |
| ASW | 1,574 | 1,513 | 1,185 | (21.7) | (24.7) |
| BRI | 1,484 | 1,107 | 1,062 | (4.0) | (28.4) |
| LH | 8,360 | 4,832 | 5,010 | 3.7 | (40.1) |
| LPN | 1,539 | 1,280 | 1,173 | (8.4) | (23.8) |
| NOBLE | 559 | 1,233 | 1,294 | 5.0 | 131.6 |
| ORI | 2,914 | 2,150 | 1,812 | (15.7) | (37.8) |
| PSH | 5,101 | 6,030 | 5,650 | (6.3) | 10.8 |
| QH | 1,970 | 1,590 | 2,120 | 33.3 | 7.6 |
| SC | 4,975 | 4,673 | 4,948 | 5.9 | (0.5) |
| SIRI | 6,596 | 6,754 | 8,007 | 18.6 | 21.4 |
| SPALI | 8,136 | 5,641 | 8,089 | 43.4 | (0.6) |
| Total | 52,827 | 45,949 | 49,360 | 7.4 | (6.6) |

Sources: Company data; FSSIA's compilation

Exhibit 4: Low-rise transfers in 2Q23

| Low-rise transfers | 2Q22 | 1Q23 | 2Q23 | Change | |
|--------------------|---------------|---------------|---------------|-------------|--------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) |
| AP | 9,139 | 8,657 | 8,701 | 0.5 | (4.8) |
| ASW | 0 | 50 | 33 | (33.9) | n/a |
| BRI | 1,484 | 1,107 | 1,062 | (4.0) | (28.4) |
| LH | 7,315 | 4,534 | 4,602 | 1.5 | (37.1) |
| LPN | 580 | 285 | 368 | 29.0 | (36.5) |
| NOBLE | 290 | 128 | 159 | 24.3 | (45.3) |
| ORI | 1,484 | 1,107 | 1,063 | (4.0) | (28.4) |
| PSH | 3,719 | 3,271 | 3,917 | 19.8 | 5.3 |
| QH | 1,689 | 1,456 | 1,729 | 18.8 | 2.4 |
| SC | 4,418 | 3,759 | 3,838 | 2.1 | (13.1) |
| SIRI | 4,957 | 4,037 | 5,133 | 27.1 | 3.6 |
| SPALI | 4,475 | 3,893 | 5,015 | 28.8 | 12.1 |
| Total | 39,549 | 32,284 | 35,620 | 10.3 | (9.9) |

Sources: Company data; FSSIA's compilation

Exhibit 5: Condo transfers in 2Q23

| Condo transfers | 2Q22 | 1Q23 | 2Q23 | Change | |
|-----------------|---------------|---------------|---------------|------------|------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) |
| AP | 481 | 487 | 308 | (36.8) | (36.0) |
| ASW | 1,574 | 1,463 | 1,151 | (21.3) | (26.8) |
| BRI | 0 | 0 | 0 | n/a | n/a |
| LH | 1,045 | 298 | 409 | 37.2 | (60.9) |
| LPN | 960 | 995 | 805 | (19.1) | (16.2) |
| NOBLE | 269 | 1,105 | 1,136 | 2.8 | 322.4 |
| ORI | 1,431 | 1,044 | 750 | (28.2) | (47.6) |
| PSH | 1,382 | 2,759 | 1,733 | (37.2) | 25.4 |
| QH | 281 | 134 | 391 | 191.1 | 39.2 |
| SC | 557 | 914 | 1,110 | 21.5 | 99.4 |
| SIRI | 1,639 | 2,717 | 2,874 | 5.8 | 75.4 |
| SPALI | 3,661 | 1,749 | 3,074 | 75.8 | (16.0) |
| Total | 13,278 | 13,665 | 13,740 | 0.6 | 3.5 |

Sources: Company data; FSSIA's compilation

Exhibit 6: Property GPM in 2Q23

| Property GPM | 2Q22 | 1Q23 | 2Q23 | Change | |
|--------------|-------------|-------------|-------------|--------------|--------------|
| | (%) | (%) | (%) | (q-q %) | (y-y %) |
| AP | 32.4 | 35.5 | 36.3 | 0.8 | 3.8 |
| ASW | 44.5 | 40.5 | 42.7 | 2.2 | (1.7) |
| BRI | 33.9 | 32.8 | 32.7 | (0.1) | (1.2) |
| LH | 33.6 | 28.7 | 29.0 | 0.3 | (4.5) |
| LPN | 22.0 | 24.1 | 21.4 | (2.8) | (0.6) |
| NOBLE | 23.0 | 27.6 | 33.1 | 5.5 | 10.1 |
| ORI | 36.3 | 33.9 | 31.8 | (2.1) | (4.5) |
| PSH | 32.4 | 34.1 | 31.7 | (2.4) | (0.7) |
| QH | 34.0 | 33.6 | 31.9 | (1.7) | (2.1) |
| SC | 31.3 | 32.2 | 31.3 | (0.9) | 0.1 |
| SIRI | 32.8 | 35.8 | 32.0 | (3.8) | (0.8) |
| SPALI | 39.5 | 36.4 | 35.0 | (1.4) | (4.4) |
| Total | 33.0 | 32.9 | 32.4 | (0.5) | (0.6) |

Sources: Company data; FSSIA's compilation

Exhibit 7: SG&A to revenue in 2Q23

| SG&A to revenue | 2Q22 | 1Q23 | 2Q23 | Change | |
|-----------------|-------------|-------------|-------------|------------|--------------|
| | (%) | (%) | (%) | (q-q %) | (y-y %) |
| AP | 17.4 | 19.7 | 18.6 | (1.1) | 1.2 |
| ASW | 19.9 | 22.2 | 28.2 | 6.0 | 8.4 |
| BRI | 10.5 | 11.9 | 12.1 | 0.3 | 1.7 |
| LH | 13.2 | 18.8 | 16.3 | (2.5) | 3.0 |
| LPN | 14.8 | 13.8 | 14.3 | 0.5 | (0.5) |
| NOBLE | 34.8 | 17.9 | 16.8 | (1.2) | (18.1) |
| ORI | 22.7 | 20.3 | 22.8 | 2.5 | 0.2 |
| PSH | 20.5 | 20.0 | 22.2 | 2.2 | 1.7 |
| QH | 24.2 | 25.3 | 20.7 | (4.6) | (3.5) |
| SC | 18.3 | 18.7 | 19.4 | 0.7 | 1.1 |
| SIRI | 20.6 | 18.0 | 18.9 | 0.8 | (1.7) |
| SPALI | 11.5 | 14.2 | 11.7 | (2.5) | 0.2 |
| Total | 19.0 | 18.4 | 18.5 | 0.1 | (0.5) |

Sources: Company data; FSSIA's compilation

Exhibit 8: D/E and IBD/E at end-2Q23

| | D/E | | IBD/E | |
|--------------|------------|------------|------------|------------|
| | 2022 | 2Q23 | 2022 | 2Q23 |
| | (x) | (x) | (x) | (x) |
| AP | 0.9 | 1.1 | 0.6 | 0.9 |
| ASW | 1.6 | 2.1 | 1.2 | 1.7 |
| BRI | 1.6 | 2.3 | 1.2 | 1.7 |
| LH | 1.4 | 1.6 | 1.0 | 1.3 |
| LPN | 1.0 | 1.2 | 0.9 | 1.0 |
| NOBLE | 2.8 | 3.0 | 2.3 | 2.3 |
| ORI | 1.4 | 1.9 | 1.1 | 1.4 |
| PSH | 0.5 | 0.6 | 0.3 | 0.4 |
| QH | 0.6 | 0.6 | 0.4 | 0.4 |
| SC | 1.6 | 1.7 | 1.3 | 1.4 |
| SIRI | 1.9 | 2.0 | 1.6 | 1.6 |
| SPALI | 0.7 | 0.7 | 1.3 | 0.6 |
| Total | 1.3 | 1.5 | 1.1 | 1.2 |

Sources: Company data; FSSIA's compilation

Exhibit 9: Backlog at end-2Q23

| Backlog | Total backlog at end-2Q23 | Backlog in 2H23 | 2023 transfer target | % secured |
|--------------|---------------------------|-----------------|----------------------|-------------|
| | (THB m) | (THB m) | (THB m) | (%) |
| AP | 20,226 | 15,342 | 44,300 | 75.6 |
| ASW | 11,899 | 4,448 | 7,200 | 99.3 |
| BRI | 1,857 | 1,857 | 8,000 | 50.3 |
| LH | 2,449 | 2,449 | 22,800 | 53.9 |
| LPN | 2,749 | 796 | 7,250 | 44.8 |
| NOBLE | 10,037 | 3,745 | 12,000 | 52.3 |
| ORI | 18,864 | 3,293 | 15,000 | 48.4 |
| PSH | 4,974 | 3,935 | 28,000 | 55.8 |
| QH | 815 | 815 | 9,000 | 50.3 |
| SC | 13,000 | 9,100 | 24,000 | 78.0 |
| SIRI | 16,184 | 11,468 | 37,600 | 69.8 |
| SPALI | 19,804 | 11,606 | 36,000 | 70.4 |
| Total | 122,858 | 68,854 | 251,150 | 65.4 |

Sources: Company data; FSSIA's compilation

Exhibit 10: New launch plans for 2H23

| New launches | 1Q23 | 2Q23 | 3Q23E | 4Q23E | 1H23 | 2H23E | Change (h-h %) | % of 2023 target (%) |
|--------------|---------------|---------------|----------------|----------------|----------------|----------------|-------------------|-------------------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | | |
| AP | 4,180 | 16,880 | 19,800 | 36,140 | 21,060 | 55,940 | 165.6 | 72.6 |
| ASW | 5,410 | 6,450 | 7,050 | 3,970 | 11,860 | 11,020 | (7.1) | 48.2 |
| BRI | 1,200 | 3,800 | 3,000 | 14,500 | 5,000 | 17,500 | 250.0 | 77.8 |
| LH | 1,365 | 6,130 | 6,280 | 29,685 | 7,495 | 35,965 | 379.9 | 82.8 |
| LPN | 3,390 | 1,875 | 6,060 | 2,740 | 5,265 | 8,800 | 67.1 | 62.6 |
| NOBLE | 4,000 | 0 | 13,500 | 4,700 | 4,000 | 18,200 | 355.0 | 82.0 |
| ORI | 11,660 | 9,735 | 15,625 | 15,930 | 21,395 | 31,555 | 47.5 | 59.6 |
| PSH | 1,758 | 3,090 | 4,300 | 14,700 | 4,848 | 19,000 | 291.9 | 79.7 |
| QH | 2,259 | 0 | 2,598 | 6,034 | 2,259 | 8,632 | 282.1 | 79.3 |
| SC | 930 | 18,600 | 8,900 | 14,190 | 19,530 | 23,090 | 18.2 | 54.2 |
| SIRI | 2,440 | 15,830 | 25,000 | 31,730 | 18,270 | 56,730 | 210.5 | 75.6 |
| SPALI | 4,550 | 7,840 | 9,650 | 18,960 | 12,390 | 28,610 | 130.9 | 69.8 |
| Total | 43,142 | 90,230 | 121,763 | 193,279 | 133,372 | 315,042 | 136.2 | 70.3 |

Sources: Company data; FSSIA's compilation

Exhibit 11: New low-rise projects in 2H23

| New low-rise projects | 1Q23 | 2Q23 | 3Q23E | 4Q23E | 1H23 | 2H23E | Change (h-h %) | % of 2023 target (%) |
|-----------------------|---------------|---------------|---------------|----------------|---------------|----------------|-------------------|-------------------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | | |
| AP | 4,180 | 13,380 | 19,800 | 27,840 | 17,560 | 47,640 | 171.3 | 73.1 |
| ASW | 0 | 0 | 5,250 | 1,420 | 0 | 6,670 | n/a | 100.0 |
| BRI | 1,200 | 3,800 | 3,000 | 14,500 | 5,000 | 17,500 | 250.0 | 77.8 |
| LH | 1,365 | 6,130 | 6,280 | 14,685 | 7,495 | 20,965 | 179.7 | 73.7 |
| LPN | 3,390 | 0 | 3,960 | 1,980 | 3,390 | 5,940 | 75.2 | 63.7 |
| NOBLE | 1,600 | 0 | 3,600 | 4,700 | 1,600 | 8,300 | 418.8 | 83.8 |
| ORI | 1,200 | 3,800 | 3,000 | 14,500 | 5,000 | 17,500 | 250.0 | 77.8 |
| PSH | 206 | 1,648 | 2,500 | 11,000 | 1,854 | 13,500 | 628.2 | 87.9 |
| QH | 2,259 | 0 | 2,598 | 6,034 | 2,259 | 8,632 | 282.1 | 79.3 |
| SC | 930 | 12,600 | 8,900 | 10,190 | 13,530 | 19,090 | 41.1 | 58.5 |
| SIRI | 0 | 14,560 | 15,500 | 20,400 | 14,560 | 35,900 | 146.6 | 71.1 |
| SPALI | 3,820 | 3,240 | 9,650 | 18,160 | 7,060 | 27,810 | 293.9 | 79.8 |
| Total | 20,150 | 59,158 | 84,038 | 145,409 | 79,308 | 229,447 | 189.3 | 74.3 |

Sources: Company data; FSSIA's compilation

Exhibit 12: New condo projects in 2H23

| New condo projects | 1Q23 | 2Q23 | 3Q23E | 4Q23E | 1H23 | 2H23E | Change (h-h %) | % of 2023 target (%) |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | | |
| AP | 0 | 3,500 | 0 | 8,300 | 3,500 | 8,300 | 137.1 | 70.3 |
| ASW | 5,410 | 6,450 | 1800 | 2,550 | 11,860 | 4,350 | (63.3) | 26.8 |
| BRI | 0 | 0 | 0 | 0 | 0 | 0 | n/a | n/a |
| LH | 0 | 0 | 0 | 15,000 | 0 | 15,000 | n/a | 100.0 |
| LPN | 0 | 1,875 | 2,100 | 760 | 1,875 | 2,860 | 52.5 | 60.4 |
| NOBLE | 2,400 | 0 | 9,900 | 0 | 2,400 | 9,900 | 312.5 | 80.5 |
| ORI | 10,460 | 5,935 | 12,625 | 1,430 | 0 | 14,055 | n/a | 100.0 |
| PSH | 1,552 | 1,442 | 1,800 | 3,700 | 2,994 | 5,500 | 83.7 | 64.8 |
| QH | 0 | 0 | 0 | 0 | 0 | 0 | n/a | n/a |
| SC | 0 | 6,000 | 0 | 4,000 | 6,000 | 4,000 | (33.3) | 40.0 |
| SIRI | 2,440 | 1,270 | 9,500 | 11,330 | 3,710 | 20,830 | 461.5 | 84.9 |
| SPALI | 730 | 4,600 | 0 | 800 | 5,330 | 800 | (85.0) | 13.1 |
| Total | 22,992 | 31,072 | 37,725 | 47,870 | 37,669 | 85,595 | 127.2 | 69.4 |

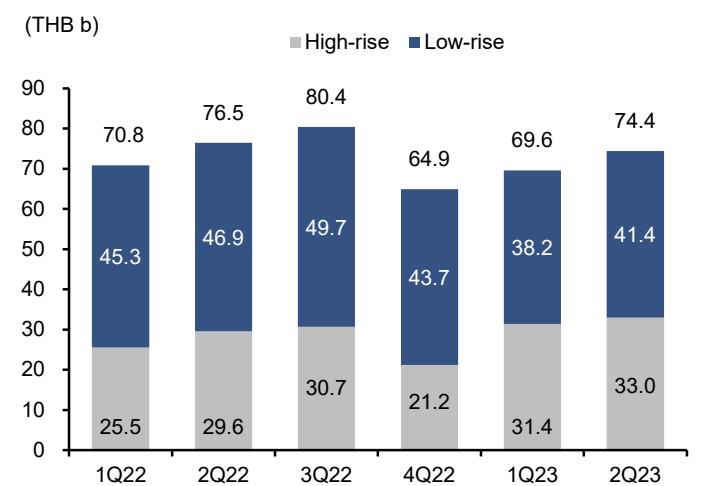
Sources: Company data; FSSIA's compilation

Exhibit 13: New condo launches in 3Q23

| Developer | Project | Location | Project value (THB m) | Average price (THB m/unit) |
|--------------|--------------------------------------|-----------|-----------------------|----------------------------|
| ASW | Modiz Avantgarde | Bangkok | 1,800 | 2.4 |
| LPN | EARN Condo by LPN | Chonburi | 2,100 | 1.2 |
| NOBLE | The Embassy Wireless | Bangkok | 9,900 | 13.0 |
| ORI | Grand Hampton Thonglor | Bangkok | 3,000 | 8.4 |
| | Soho Bangkok Ratchada | Bangkok | 1,500 | 3.1 |
| | Origin Place Khon Kaen-Kanlapaphruok | Khon Kaen | 800 | 1.8 |
| | The Origin Oasis Bangsaen | Chonburi | 950 | 1.7 |
| PSH | Plum Condo New West | Bangkok | 1,800 | 1.6 |
| SIRI | SHUSH Ratchathewi | Bangkok | 4,900 | 12.8 |
| | NIA by Sansiri | Bangkok | 1,300 | 3.1 |
| | Dcondo Vale Sriracha | Chonburi | 800 | 1.6 |
| | The Base Bukit | Phuket | 1,400 | 2.5 |
| | Condo Me Sinsakorn | Bangkok | 100 | 1.9 |
| | Condo Me Bang Na-Bang Bo | Bangkok | 100 | 1.3 |
| | The Muve Srinakarin | Bangkok | 800 | 1.7 |
| Total | | | 31,250 | 3.6 |

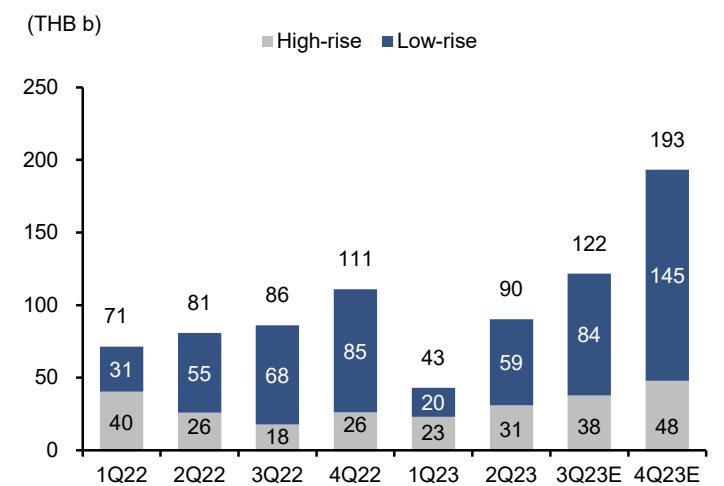
Sources: Company data; FSSIA's compilation

Exhibit 14: Quarterly presales



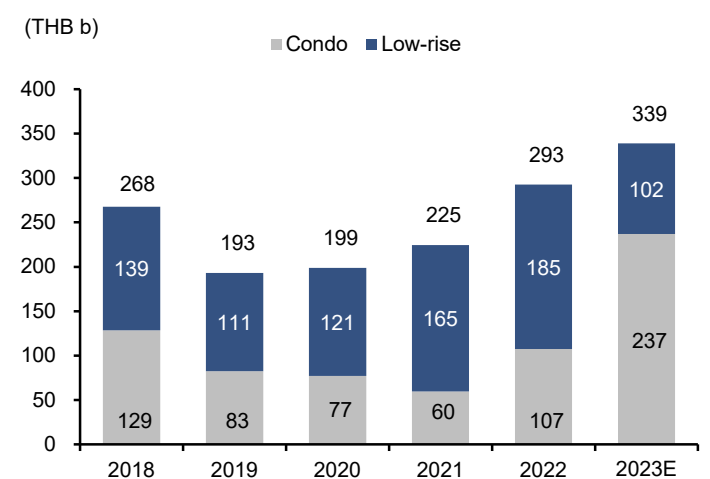
Sources: Company data; FSSIA's compilation

Exhibit 15: Quarterly new launches



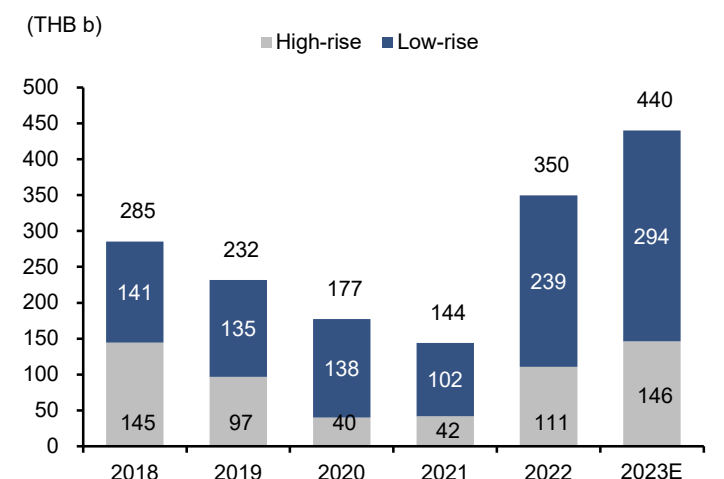
Sources: Company data; FSSIA's compilation

Exhibit 16: Yearly presales



Note: ASW and BRI were listed in 2021
Sources: Company data; FSSIA's compilation

Exhibit 17: Yearly new launches



Note: ASW and BRI were listed in 2021
Sources: Company data; FSSIA's compilation

Exhibit 18: 3Q23E performances

| 3Q23E performances | ----- Net profit ----- | | ----- Core profit ----- | |
|--------------------|------------------------|----------|-------------------------|----------|
| | (q-q %) | (y-y %) | (q-q %) | (y-y %) |
| AP | + | + | + | + |
| ASW | + | + | + | + |
| BRI | + | + | + | + |
| LH | + | - | + | - |
| LPN | + | - | + | - |
| NOBLE | + | + | + | 0 |
| ORI | + | - | + | - |
| PSH | - | - | - | - |
| QH | 0 | 0 | 0 | 0 |
| SC | + | 0 | + | 0 |
| SIRI | - | + | + | + |
| SPALI | + | - | + | - |
| Total | + | 0 | + | - |

Source: FSSIA estimates

Exhibit 19: 2H23E performances

| 2H23E performances | ----- Net profit ----- | | ----- Core profit ----- | |
|--------------------|------------------------|----------|-------------------------|----------|
| | (h-h %) | (y-y %) | (h-h %) | (y-y %) |
| AP | + | + | + | + |
| ASW | + | + | + | + |
| BRI | + | + | + | + |
| LH | + | + | + | - |
| LPN | + | 0 | + | 0 |
| NOBLE | + | - | + | - |
| ORI | + | + | + | 0 |
| PSH | - | - | 0 | - |
| QH | + | 0 | + | 0 |
| SC | + | - | + | - |
| SIRI | - | 0 | + | 0 |
| SPALI | + | - | + | - |
| Total | + | 0 | + | - |

Source: FSSIA estimates

Exhibit 20: Peer comparisons as of 29 August 2023

| Company | BBG | Rec | Market Cap (USD m) | Rec profit growth | | ----- PE ----- | | ----- DivYld ----- | | ----- ROE ----- | | ----- PBV ----- | |
|-------------------|----------|------|--------------------------|-------------------|------------|----------------|------------|--------------------|------------|-----------------|-------------|-----------------|------------|
| | | | | 23E (%) | 24E (%) | 23E (x) | 24E (x) | 23E (%) | 24E (%) | 23E (x) | 24E (x) | 23E (x) | 24E (x) |
| Thailand | | | | | | | | | | | | | |
| Assetwise | ASW TB | BUY | 215 | 48.3 | 9.7 | 7.0 | 6.7 | 6.4 | 6.7 | 17.6 | 17.5 | 1.2 | 1.1 |
| Noble Development | NOBLE TB | HOLD | 170 | 46.2 | 81.2 | 13.8 | 7.6 | 7.0 | 7.2 | 7.1 | 12.1 | 0.9 | 0.9 |
| SC Asset Corp | SC TB | BUY | 529 | 1.5 | 2.6 | 6.9 | 6.7 | 5.7 | 5.9 | 11.7 | 11.3 | 0.8 | 0.7 |
| Supalai | SPALI TB | BUY | 1,171 | (22.5) | 4.4 | 6.5 | 6.2 | 6.1 | 6.2 | 13.1 | 12.6 | 0.8 | 0.8 |
| Sansiri | SIRI TB | BUY | 912 | 23.0 | (5.4) | 6.7 | 7.1 | 9.0 | 7.5 | 11.1 | 9.8 | 0.7 | 0.7 |
| AP Thailand | AP TB | BUY | 1,108 | 6.8 | 2.8 | 6.2 | 6.0 | 5.6 | 5.7 | 16.2 | 15.0 | 1.0 | 0.9 |
| Britania | BRI TB | BUY | 221 | 41.0 | 9.3 | 5.2 | 4.8 | 8.0 | 8.8 | 28.1 | 26.2 | 1.4 | 1.2 |
| Origin Property | ORI TB | BUY | 749 | 26.6 | 11.9 | 7.9 | 7.0 | 7.0 | 7.1 | 17.5 | 18.0 | 1.3 | 1.2 |
| Land & Houses | LH TB | n/a | 2,849 | (0) | 5 | 12.1 | 11.4 | 7.1 | 7.6 | 15.7 | 16.3 | 1.9 | 1.8 |
| LPN Development | LPN TB | n/a | 174 | (10) | 15 | 11.2 | 9.7 | 5.1 | 5.7 | 4.7 | 5.2 | 0.5 | 0.5 |
| Prukha Holding | PSH TB | n/a | 850 | (11) | 6 | 11.7 | 11.5 | 6.8 | 5.7 | 5.8 | 5.7 | 0.7 | 0.6 |
| Quality Houses | QH TB | n/a | 710 | 4 | 7 | 10.2 | 9.8 | 6.4 | 6.6 | 8.6 | 8.9 | 0.8 | 0.8 |
| Average | | | 9,657 | 2 | 5 | 8.8 | 7.9 | 6.7 | 6.7 | 13.1 | 13.2 | 1.0 | 0.9 |

Sources: Bloomberg; 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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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

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.

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| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------|----------|-----------|--------|---|
| Assetwise | ASW TB | THB 8.40 | BUY | Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs. |
| Noble Development | NOBLE TB | THB 4.38 | HOLD | Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; 4) delays in construction work and transfers; and 5) fierce competition. Upside risks would be 1) stronger-than-expected presales; 2) a sooner-than-expected overseas buyer recovery; and 3) selling other projects to investors so that it might book extra gains from sales. |
| SC Asset Corporation | SC TB | THB 4.36 | BUY | Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) weak purchasing power; 3) cancellation of presales; 4) bank loan rejections; and 5) construction delays. |
| Supalai | SPALI TB | THB 21.10 | BUY | Downside risks to our P/E derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and weak take-up rates and reduced pricing power from rising competition. |
| Sansiri | SIRI TB | THB 1.95 | BUY | Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E. |
| AP (Thailand) | AP TB | THB 12.40 | BUY | Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing. |
| Britania | BRI TB | THB 9.10 | 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 10.60 | 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 29-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.