

BRITANIA **BRI TB**

THAILAND / PROPERTY DEVELOPMENT

REDUCE

FROM HOLD

| | |
|-----------------|---------|
| TARGET PRICE | THB4.20 |
| CLOSE | THB4.38 |
| UP/DOWNSIDE | -4.1% |
| PRIOR TP | THB5.40 |
| CHANGE IN TP | -22.2% |
| TP vs CONSENSUS | -26.3% |

Likely dull q-q and y-y lower 2Q24 profit

- Expect a 2Q24 net profit of THB200m (-33% q-q, -43% y-y) due to fewer new JV projects, soft transfers, and decreased margins.
- 2H24 earnings look to be lackluster, as the low-rise market remains tepid and its new launches are mainly in 4Q24.
- We downgrade BRI to REDUCE at a lower TP of THB4.2.

2Q24 presales down y-y but up q-q following new launches

BRI reported 2Q24 presales of THB2b (+13% q-q, -28% y-y). The q-q improvement came from two new projects worth THB3.2b. However, the y-y decrease was due to the sluggish market, intense competition, and high rejection rates. 1H24 presales were THB3.8b (-29% y-y), securing only 30% of the company's full-year target of THB13b. Meanwhile, the 2024 new launch plan might drop to seven projects from the 20 initially planned. Hence, we project 2024 presales to end at cTHB8b (-36% y-y).

Expect 2Q24 net profit to drop 33% q-q and 43% y-y

We expect a lower 2Q24 net profit of THB200m (-33% q-q, -43% y-y). Excluding a share premium of THB88m from signing one JV project (vs THB111m from four JV projects in 1Q24), core profit should be THB112m (-40% q-q, -68% y-y). This would be pressured by lower management fees in line with the decreasing number of new JVs as well as a decline in the gross margin of property sales to 28% (vs 30.3% in 1Q24 and 32.7% in 2Q23) owing to fierce competition and promotional campaigns. 2Q24 transfers should remain soft at THB824m (-4% q-q, -22% y-y) due to slow presales, and its new projects will not be realized within the quarter. Meanwhile, we expect a 1H24 DPS of THB0.10, implying a 2.3% yield.

2H24 performance should remain lackluster

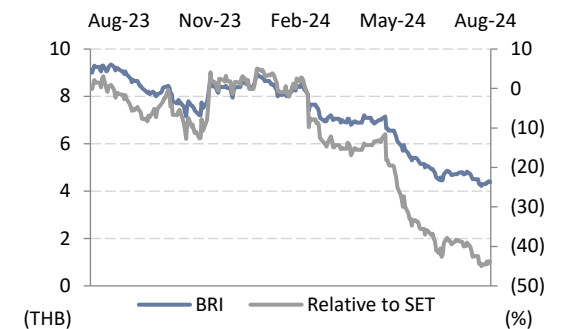
Assuming in-line results, 1H24 core profit would be equal to THB297m (-56% y-y), accounting for 49% of our full-year estimate of THB1.1b (-45% y-y). In 2H24, BRI plans to introduce four new projects worth THB6.5b, up from three projects worth THB3.6b in 1H24. Since three of them might be introduced in 4Q24, BRI should not realize much this year. Hence, we expect unexciting earnings momentum in 3Q-4Q24, pressured by the unfavorable market and aggressive promotions to clear existing projects.

Downgrade to REDUCE with a lower TP of THB4.2

We lower our TP to THB4.2 from THB5.4, assuming a 6x P/E target (its historical average -2SD), down from 7.6x. BRI already trades above our TP. Hence, we downgrade our rating to REDUCE from Hold on the unfavorable view. BRI remains cautious and is focused on preserving cash on hand due to its tight financial position with a high net gearing of 2x at end-1Q24. Since BRI depends solely on the low-rise market, especially the mid segment, which has a weaker outlook, it might take longer to improve vs other developers with well-diversified portfolios.

KEY STOCK DATA

| YE Dec (THB m) | 2023 | 2024E | 2025E | 2026E |
|----------------------|-------|--------|-------|-------|
| Revenue | 5,712 | 4,358 | 4,680 | 4,806 |
| Net profit | 1,195 | 717 | 715 | 781 |
| EPS (THB) | 1.40 | 0.84 | 0.84 | 0.92 |
| vs Consensus (%) | - | 10.5 | (5.1) | (5.6) |
| EBITDA | 2,043 | 1,065 | 1,118 | 1,134 |
| Recurring net profit | 1,104 | 606 | 715 | 781 |
| Core EPS (THB) | 1.29 | 0.71 | 0.84 | 0.92 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | (2.9) | (45.1) | 18.0 | 9.3 |
| Core P/E (x) | 3.4 | 6.2 | 5.2 | 4.8 |
| Dividend yield (%) | 17.7 | 9.6 | 9.6 | 10.5 |
| EV/EBITDA (x) | 7.2 | 13.8 | 13.3 | 13.6 |
| Price/book (x) | 0.7 | 0.7 | 0.6 | 0.6 |
| Net debt/Equity (%) | 206.9 | 192.5 | 184.0 | 181.5 |
| ROE (%) | 21.6 | 11.0 | 12.2 | 12.5 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------------|---------|----------|
| Absolute (%) | (7.2) | (33.1) | (53.2) |
| Relative to country (%) | (8.9) | (30.6) | (44.7) |
| Mkt cap (USD m) | 106 | | |
| 3m avg. daily turnover (USD m) | 0.2 | | |
| Free float (%) | 27 | | |
| Major shareholder | Origin Property (70%) | | |
| 12m high/low (THB) | 9.60/4.20 | | |
| Issued shares (m) | 852.81 | | |

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

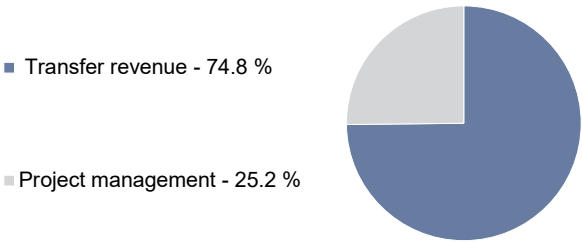
We view 2024 as challenging for the low-rise market, which BRI solely depends upon. The company is also facing pressure from weak purchasing power, fierce competition, and strict credit underwriting, as evidenced by higher rejection and cancellation rates. Management has a more cautious view of the new launch plan, which may drop to 6-10 projects with a combined value of THB10b (from 20 projects with a combined value of THB17b), probably resulting in a weak earnings performance this year. Meanwhile, the end-1Q24 net gearing was high at 2x, prompting BRI to focus on maintaining cash on hand.

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).

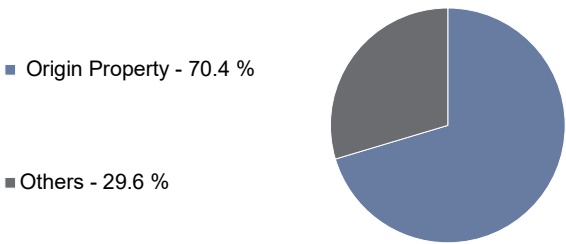
www.britania.co.th

Principal activities (revenue, 2023)



Source: Britania

Major shareholders



Source: Britania

Catalysts

Potential catalysts for BRI's earnings growth in 2024 are 1) new launches and the progress of existing project sales; 2) the success of its expansion in provincial markets; and 3) new JV projects that will generate project management revenue and a share premium.

Risks to our call

Upside risks to our P/E-based TP include 1) higher-than-expected presales; 2) more new launches than planned; 3) more new JV projects than expected; 4) a faster-than-expected low-rise market and economic recovery; and 5) lower-than-expected rejection and cancellation rates.

Event calendar

| Date | Event |
|----------------|---------------------------|
| 13 August 2024 | 2Q24 results announcement |

Key assumptions

| | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|
| Transfer revenue (THB m) | 3,858 | 4,180 | 4,306 |
| Project management (THB m) | 500 | 500 | 500 |
| Property GPM (%) | 29.0 | 29.0 | 29.0 |
| GPM (%) | 37.1 | 36.6 | 36.4 |
| SG&A to revenue (%) | 14.1 | 14.0 | 14.1 |
| Share profit/loss from JV | (161) | (93) | (37) |

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in transfers, we estimate 2024 core profit to rise by 5%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2024 core profit to rise by 2%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2024 core profit to fall by 3%, and vice versa, all else being equal.

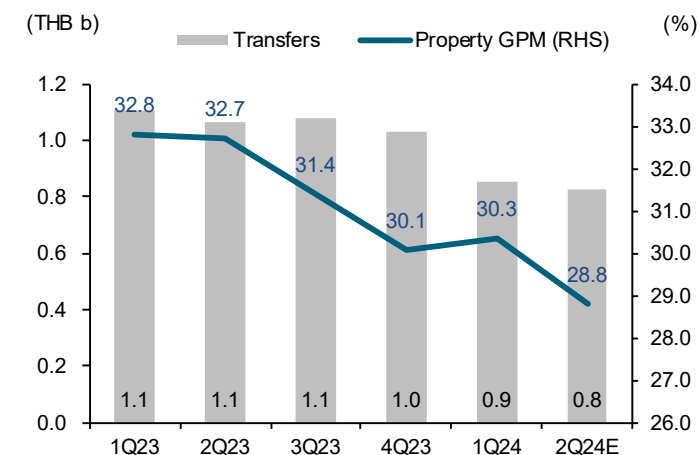
Source: FSSIA estimates

Exhibit 1: BRI – 2Q24 results preview

| | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24E | Change | |
|--------------------------|---------|---------|---------|---------|---------|--------------|--------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) |
| Total revenue | 1,544 | 1,625 | 1,079 | 1,120 | 929 | (17.1) | (39.9) |
| Cost of sales | 715 | 739 | 719 | 596 | 586 | (1.5) | (18.0) |
| Gross profit | 829 | 886 | 360 | 525 | 342 | (34.8) | (58.7) |
| SG&A | 187 | 195 | 246 | 153 | 153 | 0.5 | (18.0) |
| Operating profit | 642 | 691 | 114 | 372 | 189 | (49.3) | (70.6) |
| Interest expense | 5 | 10 | 3 | 23 | 36 | 58.8 | 656.6 |
| Tax expense | 131 | 139 | 30 | 76 | 34 | (55.3) | (74.1) |
| Equity income from JV | (167) | (216) | 5 | (98) | (20) | na | na |
| Reported net profit | 348 | 417 | 101 | 296 | 200 | (32.6) | (42.6) |
| Core profit | 345 | 330 | 101 | 185 | 112 | (39.6) | (67.6) |
| Key ratios (%) | | | | | | (ppt) | (ppt) |
| Property gross margin | 32.7 | 31.4 | 30.1 | 30.3 | 28.8 | (1.5) | (3.9) |
| Gross margin | 53.7 | 54.5 | 33.4 | 46.8 | 36.9 | (10.0) | (16.9) |
| SG&A / Sales | 12.1 | 12.0 | 22.8 | 13.6 | 16.5 | 2.9 | 4.4 |
| Operating margin | 41.6 | 42.5 | 10.6 | 33.2 | 20.3 | (12.9) | (21.3) |
| Net margin | 22.5 | 25.7 | 9.3 | 26.5 | 21.5 | (4.9) | (1.0) |
| Norm margin | 22.3 | 20.3 | 9.3 | 16.5 | 12.0 | (4.5) | (10.3) |
| Revenue breakdown | | | | | | | |
| Residential | 1,062 | 1,077 | 1,028 | 855 | 824 | (3.7) | (22.5) |
| Project management | 482 | 548 | 51 | 265 | 105 | (60.4) | (78.2) |

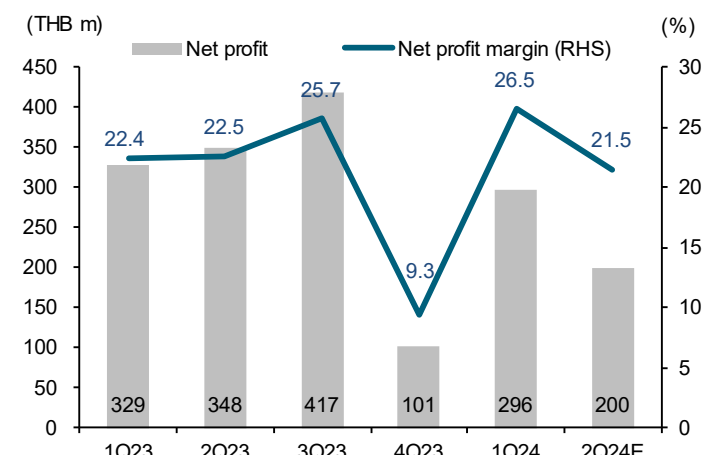
Sources: BRI; FSSIA estimates

Exhibit 2: Quarterly transfers and property GPM



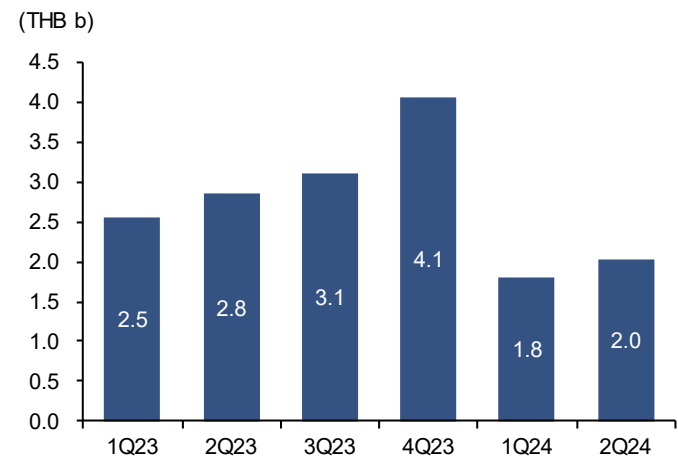
Sources: BRI; FSSIA estimates

Exhibit 3: Quarterly net profit and NPM



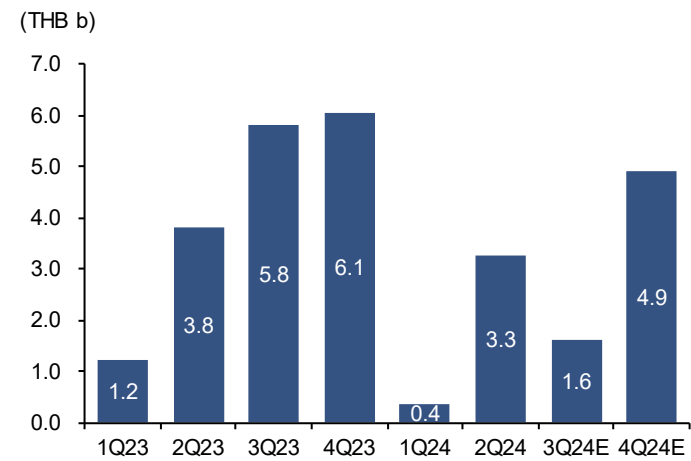
Sources: BRI; FSSIA estimates

Exhibit 4: Quarterly presales



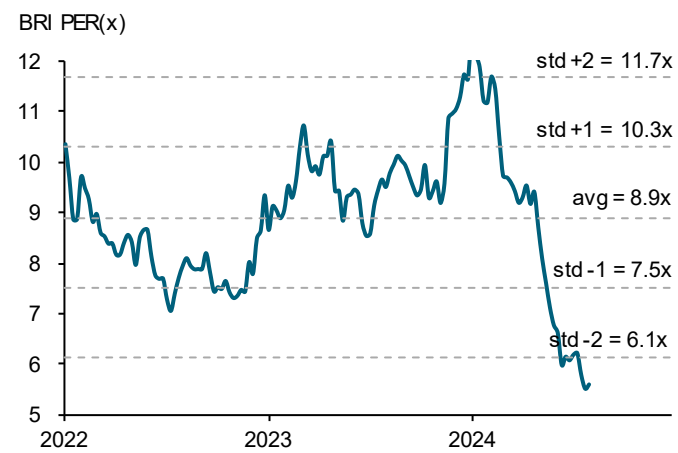
Sources: BRI; FSSIA's compilations

Exhibit 5: Yearly presales



Sources: BRI; FSSIA's compilations

Exhibit 6: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Britania

| Profit and Loss (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|---------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 5,848 | 5,712 | 4,358 | 4,680 | 4,806 |
| Cost of goods sold | (3,620) | (2,916) | (2,739) | (2,967) | (3,057) |
| Gross profit | 2,228 | 2,796 | 1,619 | 1,712 | 1,749 |
| Other operating income | 30 | 37 | 45 | 45 | 45 |
| Operating costs | (660) | (802) | (614) | (655) | (677) |
| Operating EBITDA | 1,607 | 2,043 | 1,065 | 1,118 | 1,134 |
| Depreciation | (9) | (12) | (15) | (16) | (17) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 1,598 | 2,031 | 1,050 | 1,102 | 1,116 |
| Net financing costs | (10) | (21) | (91) | (92) | (94) |
| Associates | (135) | (494) | (161) | (93) | (37) |
| Recurring non-operating income | (135) | (494) | (161) | (93) | (37) |
| Non-recurring items | 334 | 90 | 111 | 0 | 0 |
| Profit before tax | 1,787 | 1,606 | 909 | 917 | 986 |
| Tax | (317) | (412) | (192) | (202) | (204) |
| Profit after tax | 1,471 | 1,195 | 717 | 715 | 781 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 1,471 | 1,195 | 717 | 715 | 781 |
| Non-recurring items & goodwill (net) | (334) | (90) | (111) | 0 | 0 |
| Recurring net profit | 1,137 | 1,104 | 606 | 715 | 781 |
| Per share (THB) | | | | | |
| Recurring EPS * | 1.33 | 1.29 | 0.71 | 0.84 | 0.92 |
| Reported EPS | 1.72 | 1.40 | 0.84 | 0.84 | 0.92 |
| DPS | 0.93 | 0.78 | 0.42 | 0.42 | 0.46 |
| Diluted shares (used to calculate per share data) | 853 | 853 | 853 | 853 | 853 |
| Growth | | | | | |
| Revenue (%) | 53.6 | (2.3) | (23.7) | 7.4 | 2.7 |
| Operating EBITDA (%) | 108.9 | 27.1 | (47.9) | 5.0 | 1.4 |
| Operating EBIT (%) | 109.6 | 27.1 | (48.3) | 5.0 | 1.3 |
| Recurring EPS (%) | 88.6 | (2.9) | (45.1) | 18.0 | 9.3 |
| Reported EPS (%) | 144.0 | (18.8) | (40.0) | (0.3) | 9.3 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 38.1 | 48.9 | 37.1 | 36.6 | 36.4 |
| Gross margin exc. depreciation (%) | 38.2 | 49.2 | 37.5 | 36.9 | 36.8 |
| Operating EBITDA margin (%) | 27.5 | 35.8 | 24.4 | 23.9 | 23.6 |
| Operating EBIT margin (%) | 27.3 | 35.6 | 24.1 | 23.5 | 23.2 |
| Net margin (%) | 19.4 | 19.3 | 13.9 | 15.3 | 16.3 |
| Effective tax rate (%) | 17.7 | 25.6 | 21.1 | 22.0 | 20.7 |
| Dividend payout on recurring profit (%) | 70.0 | 60.0 | 59.2 | 50.0 | 50.0 |
| Interest cover (X) | 147.2 | 74.6 | 9.8 | 11.0 | 11.5 |
| Inventory days | 856.6 | 1,523.2 | 2,053.2 | 1,944.3 | 1,976.4 |
| Debtor days | 24.4 | 78.2 | 121.5 | 94.0 | 96.7 |
| Creditor days | 144.8 | 232.4 | 259.7 | 223.7 | 229.3 |
| Operating ROIC (%) | 16.3 | 13.8 | 5.6 | 5.8 | 5.7 |
| ROIC (%) | 13.8 | 9.3 | 4.3 | 4.8 | 4.9 |
| ROE (%) | 27.6 | 21.6 | 11.0 | 12.2 | 12.5 |
| ROA (%) | 10.4 | 6.8 | 3.4 | 3.9 | 4.0 |

* Pre-exceptional, pre-goodwill and fully diluted

| Revenue by Division (THB m) | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------|-------|-------|-------|-------|-------|
| Transfer revenue | 5,404 | 4,274 | 3,858 | 4,180 | 4,306 |
| Project management | 444 | 1,438 | 500 | 500 | 500 |

Sources: Britania; FSSIA estimates

Financial Statements

Britania

| Cash Flow (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|---------------|---------------|
| Recurring net profit | 1,137 | 1,104 | 606 | 715 | 781 |
| Depreciation | 9 | 12 | 15 | 16 | 17 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | (1,749) | (5,590) | (6) | (409) | (821) |
| Cash flow from operations | (603) | (4,474) | 615 | 322 | (22) |
| Capex - maintenance | - | - | - | - | - |
| Capex - new investment | (1,077) | (943) | (233) | (134) | (147) |
| Net acquisitions & disposals | - | - | - | - | - |
| Other investments (net) | - | - | - | - | - |
| Cash flow from investing | (1,077) | (943) | (233) | (134) | (147) |
| Dividends paid | (307) | (612) | (303) | (357) | (391) |
| Equity finance | 7 | 5 | 0 | 0 | 0 |
| Debt finance | 1,686 | 5,391 | 60 | 107 | 507 |
| Other financing cash flows | - | - | - | - | - |
| Cash flow from financing | 1,385 | 4,784 | (243) | (251) | 117 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 641 | 0 | 0 | 0 | 0 |
| Net other adjustments | 641 | (14) | 0 | 0 | 0 |
| Movement in cash | 346 | (647) | 139 | (63) | (52) |
| Free cash flow to firm (FCFF) | (1,670.27) | (5,396.10) | 472.69 | 279.50 | (74.48) |
| Free cash flow to equity (FCFE) | 646.77 | (40.19) | 441.65 | 294.60 | 338.87 |
| Per share (THB) | | | | | |
| FCFF per share | (1.96) | (6.33) | 0.55 | 0.33 | (0.09) |
| FCFE per share | 0.76 | (0.05) | 0.52 | 0.35 | 0.40 |
| Recurring cash flow per share | 1.34 | 1.31 | 0.73 | 0.86 | 0.94 |
| Balance Sheet (THB m) Year Ending Dec | 2022 | 2023 | 2024E | 2025E | 2026E |
| Tangible fixed assets (gross) | 43 | 101 | 111 | 119 | 128 |
| Less: Accumulated depreciation | (7) | (11) | (19) | (30) | (43) |
| Tangible fixed assets (net) | 36 | 91 | 92 | 89 | 85 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | 388 | 462 | 462 | 462 | 462 |
| Invest. in associates & subsidiaries | 730 | 1,009 | 1,211 | 1,332 | 1,465 |
| Cash & equivalents | 984 | 337 | 476 | 413 | 362 |
| A/C receivable | 704 | 1,743 | 1,157 | 1,254 | 1,292 |
| Inventories | 9,047 | 15,193 | 15,454 | 15,987 | 16,930 |
| Other current assets | 863 | 968 | 1,042 | 1,073 | 1,085 |
| Current assets | 11,599 | 18,242 | 18,130 | 18,727 | 19,668 |
| Other assets | 90 | 104 | 125 | 131 | 138 |
| Total assets | 12,843 | 19,908 | 20,021 | 20,741 | 21,818 |
| Common equity | 4,863 | 5,347 | 5,705 | 6,063 | 6,453 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 4,863 | 5,347 | 5,705 | 6,063 | 6,453 |
| Long term debt | 2,196 | 4,372 | 4,308 | 4,475 | 4,838 |
| Other long-term liabilities | 7 | 13 | 12 | 13 | 13 |
| Long-term liabilities | 2,204 | 4,385 | 4,320 | 4,487 | 4,851 |
| A/C payable | 1,558 | 2,141 | 1,736 | 1,881 | 1,937 |
| Short term debt | 3,814 | 7,028 | 7,152 | 7,093 | 7,236 |
| Other current liabilities | 404 | 1,006 | 1,107 | 1,218 | 1,340 |
| Current liabilities | 5,776 | 10,176 | 9,995 | 10,191 | 10,513 |
| Total liabilities and shareholders' equity | 12,843 | 19,908 | 20,021 | 20,741 | 21,818 |
| Net working capital | 8,653 | 14,757 | 14,811 | 15,215 | 16,029 |
| Invested capital | 9,897 | 16,423 | 16,701 | 17,229 | 18,179 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 5.70 | 6.27 | 6.69 | 7.11 | 7.57 |
| Tangible book value per share | 5.70 | 6.27 | 6.69 | 7.11 | 7.57 |
| Financial strength | | | | | |
| Net debt/equity (%) | 103.3 | 206.9 | 192.5 | 184.0 | 181.5 |
| Net debt/total assets (%) | 39.1 | 55.6 | 54.9 | 53.8 | 53.7 |
| Current ratio (x) | 2.0 | 1.8 | 1.8 | 1.8 | 1.9 |
| CF interest cover (x) | 174.4 | 44.8 | 8.4 | 5.7 | 6.2 |
| Valuation | 2022 | 2023 | 2024E | 2025E | 2026E |
| Recurring P/E (x) * | 3.3 | 3.4 | 6.2 | 5.2 | 4.8 |
| Recurring P/E @ target price (x) * | 3.2 | 3.2 | 5.9 | 5.0 | 4.6 |
| Reported P/E (x) | 2.5 | 3.1 | 5.2 | 5.2 | 4.8 |
| Dividend yield (%) | 21.3 | 17.7 | 9.6 | 9.6 | 10.5 |
| Price/book (x) | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 |
| Price/tangible book (x) | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 |
| EV/EBITDA (x) ** | 5.5 | 7.2 | 13.8 | 13.3 | 13.6 |
| EV/EBITDA @ target price (x) ** | 5.4 | 7.2 | 13.7 | 13.2 | 13.5 |
| EV/invested capital (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: Britania; FSSIA estimates

Disclaimer for ESG scoring

| ESG score | Methodology | Rating | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------|----------------|-----------------------------------------------------------------------------------|-----------|-------------|----------|-------------|------------|-------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|----------|-------------|-----------------|---------------------------------------------------------------------------------------------|------------|-------------|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion. | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe. | | | | | | | | | | | | | | | | | | | | |
| Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET) | THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years. | To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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. | | | | | | | | | | | | | | | | | | | | |
| CG Score by Thai Institute of Directors Association (Thai IOD) | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations. | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%). | | | | | | | | | | | | | | | | | | | | |
| AGM level By Thai Investors Association (TIA) with support from the SEC | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i> | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79. | | | | | | | | | | | | | | | | | | | | |
| Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC) | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i> | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements. | | | | | | | | | | | | | | | | | | | | |
| Morningstar Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i> | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table> | NEGL | Low | Medium | High | Severe | 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | | | | | | | | | |
| ESG Book | The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis. | The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance. | | | | | | | | | | | | | | | | | | | | |
| MSCI | MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table> | | AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | AA | 7.143-8.570 | A | 5.714-7.142 | BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | BB | 2.857-4.285 | B | 1.429-2.856 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | CCC | 0.000-1.428 |
| AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | | | | | | | | | | | | | | | | | | | |
| AA | 7.143-8.570 | | | | | | | | | | | | | | | | | | | | | |
| A | 5.714-7.142 | | | | | | | | | | | | | | | | | | | | | |
| BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | | | | | | | | | | | | | | | | | | | |
| BB | 2.857-4.285 | | | | | | | | | | | | | | | | | | | | | |
| B | 1.429-2.856 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | | | | | | | | | |
| CCC | 0.000-1.428 | | | | | | | | | | | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | | | | | | | | | | | |

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"**; 2) **"AGM Level"**; 3) **"Thai CAC"**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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

Britania (BRI TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|------|--------|--------------|
| 16-Mar-2023 | BUY | 14.00 | 06-Mar-2024 | HOLD | 7.20 | - | - | - |
| 06-Nov-2023 | BUY | 10.40 | 04-Jun-2024 | HOLD | 5.40 | | | |

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

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------|--------|----------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Britania | BRI TB | THB 4.38 | REDUCE | Upside risks to our P/E-based TP include 1) higher-than-expected presales; 2) more new launches than planned; 3) more new JV projects than expected; 4) a faster-than-expected low-rise market and economic recovery; and 5) lower-than-expected rejection and cancellation rates. |

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.

All share prices are as at market close on 02-Aug-2024 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.