

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Sector

Property

3Q23: Results wrap-up; multiple headwinds in 2024. Downgrade to UNDERWEIGHT.

Page 2

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,414.15	(9.46)	(0.66)
SET50	874.59	(6.88)	(0.78)
Value (Btm) - SET	31,831		
Top 5 Sector			
BANK	371.56	(0.39)	(0.10)
PETRO	731.14	(10.43)	(1.41)
PROP	228.81	(0.78)	(0.34)
ENERG	20,952.82	(139.72)	(0.66)
ICT	151.90	0.60	0.40

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
AOT	66.00	(1.86)	1,863.0
BBL	151.50	(0.33)	1,248.9
DELTA	81.00	(3.57)	733.5
PTT	34.75	0.00	1,673.3
BH	222.00	(0.45)	850.9

TOP GAINERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
STOWER	0.16	33.33	0.7
UREKA	0.75	31.58	15.3
JKN	0.64	30.61	57.0
OTO	1.03	30.38	49.9
AQUA	0.40	29.03	15.3

TOP LOSERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
NEWS	0.01	(50.00)	0.2
PPPM	0.05	(16.67)	0.1
CHO	2.00	(9.09)	1.1
KC	0.10	(9.09)	0.1
MILL	0.38	(7.32)	2.5

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	81.1	(8.6)	(1.4)	(0.2)
Dubai crude*	83.7	(11.6)	(2.8)	6.4
Baltic Dry Index	1,796.0	(11.0)	56.0	18.5
Gold Spot***	1,992.4	1.0	4.0	9.2

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(40.0)	(306.1)	(5,263.4)	(10,207.6)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.24

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 7.10

SECTOR UPDATE

Property – Thailand

3Q23: Results Wrap-up; Multiple Headwinds In 2024

The property stocks under our coverage reported disappointing results (-29% yoy, -16% qoq) in 3Q23, below our expectations by 5%, mainly due to decreased earnings from most developers except AP and ORI. We expect a qoq improvement in 4Q23 earnings. However, developers still face multiple headwinds in 2024, including uncertainties over the stimulus packages. Downgrade to UNDERWEIGHT.

WHAT'S NEW

- **Weak earnings in 3Q23.** Property stocks under our coverage reported a combined net profit of Bt6.2b (-29% yoy, -16% qoq) in 3Q23. 9M23 sector earnings decreased 17% yoy. The decelerated earnings growth was mainly due to softened performance from most developers under our coverage except AP Thailand (AP) and Origin Property (ORI), reflecting: a) weak presales, and b) decreased backlogs. The sector's transfers declined 11% yoy, pressured by homebuyers' delayed decisions and lower backlogs. In addition, the mid- to low-end segment transfers were pressured by higher cancellation and rejection rates. Sector residential gross margin decreased 200bp yoy, pressured by: a) the increased proportion of low-rise transfers, and b) a higher proportion of fixed costs.
- **Expect performances to improve in 4Q23.** In 4Q23, the presales momentum is expected to be more robust due to increased economic activities and the introduction of substantial projects. The sector's core profit is projected to increase qoq but decrease yoy, with the qoq improvement attributed to two main factors: a) developers' backlogs scheduled to transfer in 4Q23, and b) the launch of new projects, especially in the low-rise segment with ready-to-move units.
- **Multiple headwinds in 2024.** On the demand side, homebuyers will face slow economic recovery and high interest rates. Meanwhile, we expect unattractive stimulus packages for the residential sector in 2024. The extension of reducing transfer and mortgage fees is the most feasible option, but the impact would be limited. Regarding the supply side, developers will experience higher competition and increased cost of funds. Also, the tightening bank policy and environmental impact assessment (EIA) issues might delay project launches.

ACTION

- **Downgrade to UNDERWEIGHT.** Demand for new residential units saw a slowdown, and we expect unattractive stimulus packages. Meanwhile, developers still face multiple headwinds, such as rate hikes, tightening bank policies and rising minimum wages. We recommend selective BUY, and we believe the market leader or big players are more advantageous than the mid-small developers amid multiple headwinds. We still consider AP as our top pick.

PEER COMPARISON

Company	Ticker	Rec	Current	Target	Upside	Market	PE			EPS Growth			ROE	Div Yield
			Price	Price			2022	2023F	2024F	2022	2023F	2024F		
			(Bt)	(Bt)	(%)	(Btm)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	(%)
AP (Thailand)	AP TB	BUY	11.00	13.50	23	34,605	5.9	5.5	5.7	29.4	7.5	-4.0	16.3	6.4
Land and Houses	LH TB	BUY	7.80	9.00	15	93,208	11.2	13.1	12.8	19.8	-14.1	1.7	13.6	6.5
LPN Development	LPN TB	SELL	3.90	3.35	-14	5,671	9.3	12.2	11.8	104.0	-23.5	3.6	3.9	4.3
Origin Property	ORI TB	BUY	8.70	11.20	29	21,351	5.7	6.2	5.9	18.2	-9.0	5.9	16.6	7.2
Pruksa Holding	PSH TB	SELL	12.20	9.20	-25	26,700	9.6	11.2	10.9	17.8	-14.4	3.0	5.2	7.4
Quality Houses	QH TB	HOLD	2.18	2.38	9	23,357	9.8	9.3	9.5	43.5	5.3	-2.0	8.9	7.1
Supalai	SPALI TB	BUY	17.90	24.20	35	34,960	4.3	6.2	5.2	15.6	-30.9	19.3	11.5	5.7
Sector							6.2	7.5	7.0	22.4	-12.5	4.3	11.0	6.5

Source: UOB Kay Hian

UNDERWEIGHT

(Downgraded)

SECTOR PICKS

Company	Ticker	Rec	Current Price	Target Price
			(Bt)	(Bt)
AP (Thailand)	AP TB	BUY	11.00	13.50
Supalai	SPALI TB	BUY	17.90	24.20

Source: Bloomberg, UOB Kay Hian

ANALYST(S)

Kasemsun Koonnara
+66 2659 8027
kasemsun@uobkh.co.th

2023 RESULTS WRAP-UP

	3Q22	2Q23	3Q23	yoy (%)	qoq (%)	9M22	9M23	yoy (%)
Residential revenue (Btm)								
AP	8,689	9,009	9,765	12.4	8.4	28,930	27,919	(3.5)
LH	7,505	5,010	4,451	(40.7)	(11.2)	22,830	14,293	(37.4)
LPN	3,726	1,173	1,397	(62.5)	19.1	7,050	3,850	(45.4)
ORI	2,881	1,812	3,162	9.8	74.5	8,836	7,125	(19.4)
PSH	6,430	5,650	5,306	(17.5)	(6.1)	17,211	16,985	(1.3)
QH	2,143	2,120	1,993	(7.0)	(6.0)	6,027	5,704	(5.4)
SPALI	11,068	8,089	7,089	(36.0)	(12.4)	24,576	20,819	(15.3)
Total	42,441	32,863	33,163	(21.9)	0.9	115,460	96,695	(16.3)
Core profit (Btm)								
AP	1,322	1,607	1,687	27.7	5.0	4,685	4,747	1.3
LH	988	487	268	(72.9)	(44.9)	3,178	1,174	(63.1)
LPN	236	87	104	(55.9)	19.3	575	336	(41.5)
ORI	620	620	790	27.4	27.5	1,699	2,103	23.8
PSH	555	262	26	(95.4)	(90.2)	1,399	817	(41.6)
QH	233	231	211	(9.4)	(8.4)	571	582	2.1
SPALI	2,749	1,701	1,191	(56.7)	(30.0)	6,002	3,972	(33.8)
Total	6,704	4,995	4,278	(36.2)	(14.4)	18,110	13,731	(24.2)
Net profit (Btm)								
AP	1,419	1,544	1,696	19.6	9.8	4,723	4,719	(0.1)
LH	2,249	1,450	1,185	(47.3)	(18.2)	6,320	3,989	(36.9)
LPN	236	87	104	(55.9)	19.3	575	336	(41.5)
ORI	848	873	1,000	18.0	14.6	2,741	2,671	(2.5)
PSH	619	1,038	392	(36.8)	(62.3)	1,601	2,082	30.1
QH	640	669	634	(1.0)	(5.3)	1,740	1,896	8.9
SPALI	2,749	1,701	1,191	(56.7)	(30.0)	6,002	3,972	(33.8)
Total	8,759	7,362	6,202	(29.2)	(15.8)	23,700	19,665	(17.0)
Residential gross margin (%)								
AP	32.4	36.3	34.2	1.8	(2.1)	32.4	35.3	2.9
LH	32.0	29.0	26.3	(5.6)	(2.7)	32.8	28.1	(4.7)
LPN	20.3	21.4	22.0	1.7	0.6	21.1	22.5	1.4
ORI	35.6	31.8	23.6	(12.0)	(8.2)	35.4	28.8	(6.6)
PSH	32.0	31.7	30.5	(1.5)	(1.1)	31.7	32.2	0.5
QH	32.1	31.9	31.0	(1.2)	(0.9)	33.3	32.0	(1.3)
SPALI	39.6	35.0	36.6	(3.1)	1.5	39.5	35.9	(3.6)
Total	33.3	33.0	31.3	(2.0)	(1.7)	33.5	32.6	(0.8)
SG&A to total revenue (%)								
AP	20.1	18.6	18.1	(2.0)	(0.5)	17.6	18.8	1.2
LH	13.8	16.1	17.5	3.7	1.4	13.4	17.4	4.0
LPN	14.0	14.3	14.7	0.6	0.4	14.2	14.3	0.1
ORI	15.7	22.8	16.3	0.7	(6.5)	16.1	19.4	3.3
PSH	19.0	22.2	23.8	4.8	1.6	18.7	21.9	3.2
QH	19.7	20.7	21.2	1.6	0.6	21.7	22.2	0.5
SPALI	10.1	11.7	13.7	3.6	2.0	11.2	13.1	1.8
Total	15.4	17.5	17.8	2.5	0.3	15.5	18.0	2.5

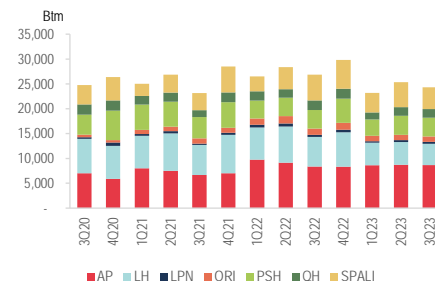
Source: Respective companies, UOB Kay Hian

- **Disappointing results in 3Q23.** The property sector reported a combined net profit of Bt6.2b in 3Q22 (-29% yoy, -16% qoq), with the sector results below our estimates by 5%. Meanwhile, its combined core profit was Bt4.3b (-36% yoy, -14% qoq). The weak performances were due to decreased earnings from most developers under our coverage, especially LH and SPALI, while AP and ORI were outstanding in 3Q23. Overall, the sector's transfers decreased 11% yoy in 3Q23 due to homebuyers' delayed decisions and lower condo backlogs. The sector experienced a decrease in residential gross margin, down 200bp from the previous year. This decline can be attributed to: a) a rise in the percentage of low-rise transfers, and b) an increase in fixed costs.

RISK

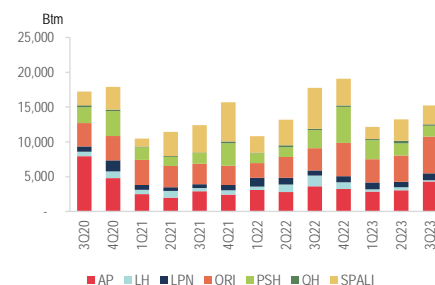
- Delay in project launches and completions, tightening of bank policies, rising cost, labour shortages, interest rate hikes and weaker-than-expected economic growth.

LOW-RISE TRANSFER SOFTENED FOLLOWING WEAK PRESALES



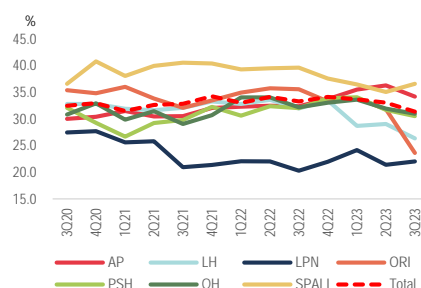
Source: Respective companies, UOB Kay Hian

HIGH-RISE TRANSFER PRESSURED BY LOWER BACKLOGS



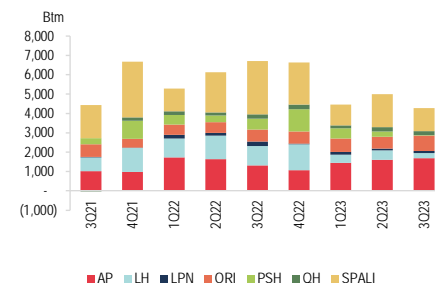
Source: Respective companies, UOB Kay Hian

RESIDENTIAL GROSS MARGIN AFFECTED BY PRODUCT MIX AND INCREASED FIXED COSTS



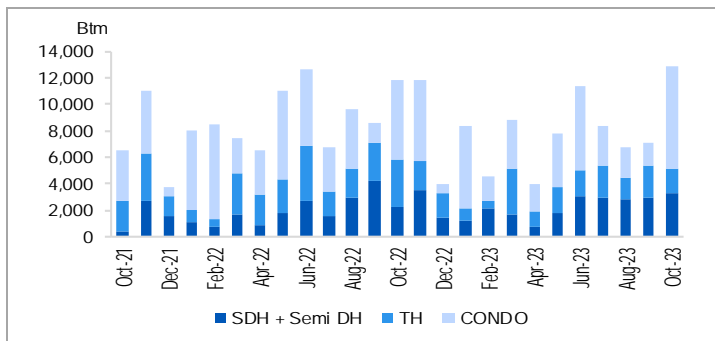
Source: Respective companies, UOB Kay Hian

CORE PROFIT: EARNINGS EXPECTED TO IMPROVE QOQ, BUT DECREASE YOY

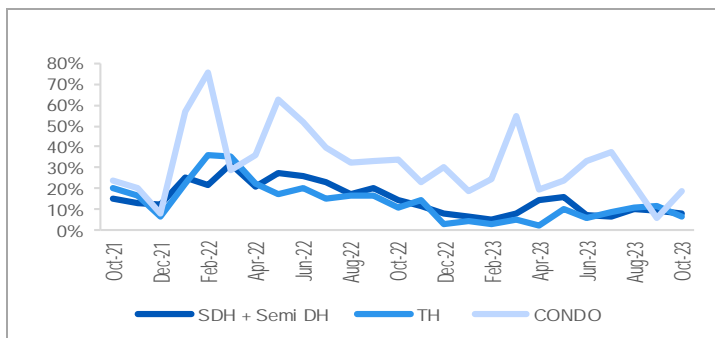


Source: Respective companies, UOB Kay Hian

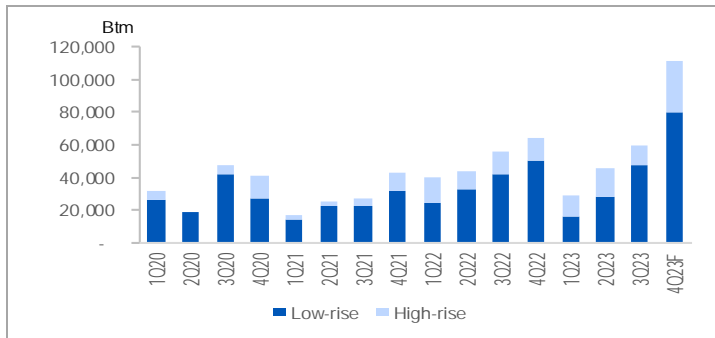
TOTAL NEW UNITS LAUNCHED



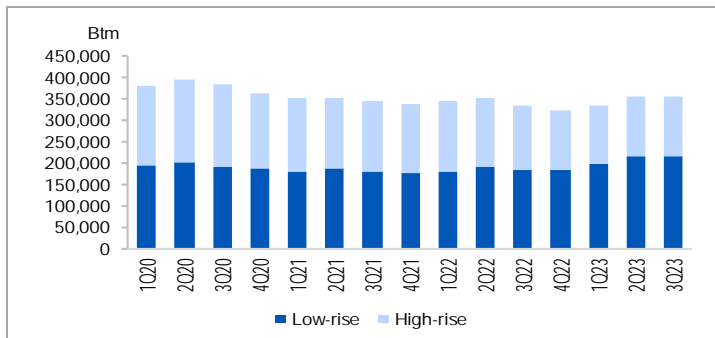
10M23 TAKE-UP RATES DECREASED TO 17% FROM 36% IN THE SAME PERIOD OF THE PREVIOUS YEAR



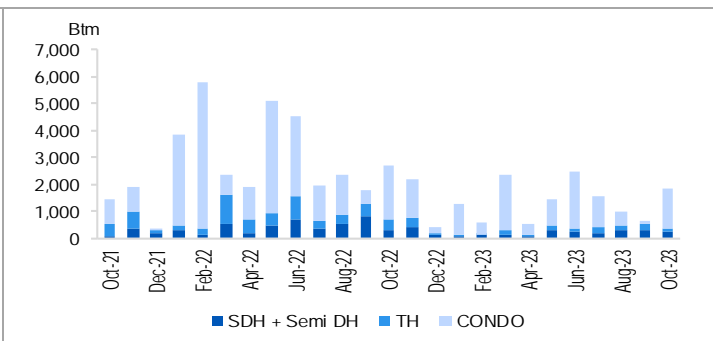
EXPECT SUBSTANTIAL PROJECT LAUNCHES IN 4Q23 FROM DEVELOPERS UNDER OUR COVERAGE



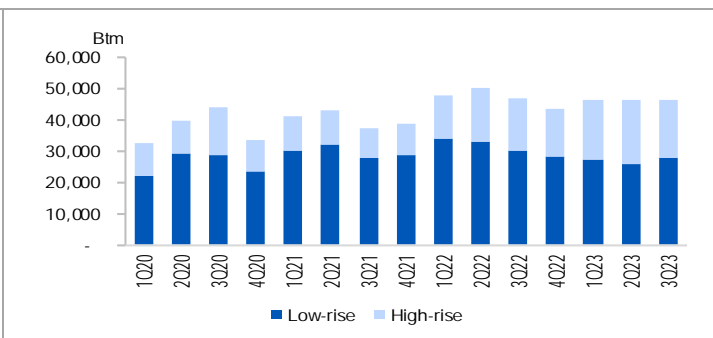
OUTSTANDING OF PRE-FINANCE LOANS FOR REAL ESTATE SECTOR, FOCUSING ON THE LOW-RISE SEGMENT



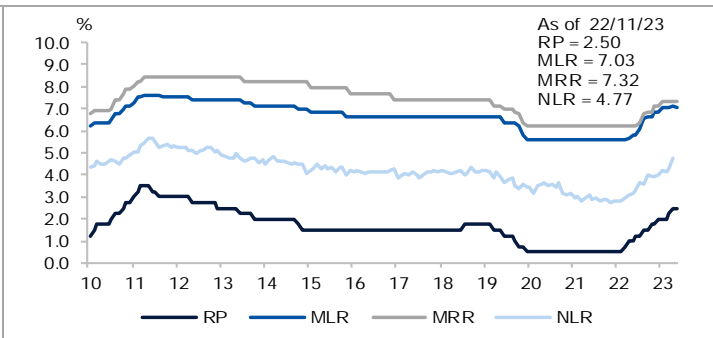
UNITS SOLD OF NEW LAUNCHES



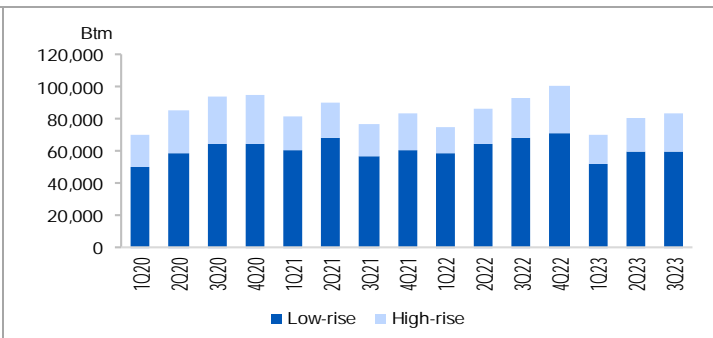
9M23 PRESALES SEE A SLOWDOWN BY 4% YOY, MAINLY DUE TO THE LOW-RISE SEGMENT



THAILAND INTEREST RATES STAND HIGHER THAN THE PRE-COVID AND ARE EXPECTED TO REMAIN HIGH



AMOUNT OF NEW MORTGAGE LOANS IN 9M23 DECREASED 8% FROM THE SAME PERIOD OF THE PREVIOUS YEAR



Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKHST"), which is a licensed corporation providing Securities Brokerage, Securities Dealing, Underwriting, Derivative Agent and Financial Advisory in Thailand.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHST. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHST may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHST and its connected persons (as defined in Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 and the Securities and Exchange Act of Thailand) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHST to be reliable. However, UOBKHST makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHST accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHST and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHST and its connected persons are subject to change without notice. UOBKHST reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHST, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHST, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHST may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHST may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHST, a company authorized, as noted above, to engage in securities and derivative activities in Thailand. UOBKHST is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHST (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHST by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHST.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKHST who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHST or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHST's total revenues, a portion of which are generated from UOBKHST's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2023, UOB Kay Hian Securities (Thailand) Public Company Limited. All rights reserved.

<http://www.utrade.co.th>

