

PSH-CS 6/2023

A year of laying groundwork for the Group, and branching out into related businesses to create sustainable supply chain and ecosystem

- Year 2022 was a year of recovery from the Covid-19 pandemic and normalcy was likely to return. However, overall purchasing power was still influenced by the fragile economy. This was due to 1) the recent economic recovery, which led to an increase in demand for goods and energy; 2) a supply bottleneck caused by China's Covid-19 control policy; and 3) the war between Russia and Ukraine, which exacerbated the imbalance between supply and demand and exerted additional pressure on commodity prices. This caused a significant increase in inflation, forcing governments in many countries to pursue monetary policy to curb inflation.
- The Company reported increasing revenue of Bt28,640 million, up by 0.7% YoY and net profit of Bt2,772 million, rising by 17.8% YoY. This was driven by significant improved revenue from the hospital business and housing projects were transferred as planned. Efficient cost management through value engineering principles to be applied in work processes, and blockchain implementation reduced freight cost and working hours. Financial costs were reduced from loan repayments and effective funding cost management. This resulted in higher profit margin compared to previous year.
- The synergy between the two core businesses, both real estate and hospital businesses, continued in line with the mission to create sustainable growth. To promote and improve the quality of living for all Thai people, 19 newly designed projects were launched with a total value of Bt11,100 million, and ViMUT Hospital expanded its services to the ViMUT Wellness (Bangna-Wongwaen) in August 2022, which opened to serve both Prukسا's residents and the general public.
- Investments in related businesses through strategic investments and partnerships with leading local and global partners with over Bt3,000 million investments. These resulted in generating investment return and bringing outside-in innovation in order to develop related business operation and long-term growth.
- Announced a dividend payment for the past year's performance equal to Bt0.96 per share or Bt2,101 million. However, the Company paid an interim dividend payment of Bt0.31 per share, totaling Bt678 million in August 2022. The remaining of Bt0.65 per share or Bt1,423 million will be paid by cash on May 19, 2023. This must be approved by the annual general meeting of shareholders 2023.

Table 1: Presales comparison of the Company for year 2022 and 2021

Product Type	FY2022 (Bt million)	FY2021 (Bt million)	Increase / (Decrease) (Bt million)	%YoY
Townhouse	9,668	14,238	(4,750)	(32.1)
Single-detached house	5,792	6,564	(772)	(11.8)
Condominium	1,554	4,626	(3,072)	(66.4)
Total	17,014	25,428	(8,414)	(33.1)

Note: All presale was reported as net presale (net presale = presale - promotion).

In 2022, the Company reported a decline in real estate's presales totaling Bt8,414 million or a decrease of 33.1% YoY. Presales dropped mainly from townhouse and condominium businesses. A spurt in premium housing demand was only slightly affected by a rise in inflation and interest rate hike which the Company has limitation on the delivery. On the contrary, medium-to-low market was affected by the economy downturn which resulted in a delay in decision making of target group. In addition, the Company terminated 2 condominium projects with a total value of Bt1,500 million causing presale cancelation in 3Q-4Q22.

Table 2: Performance comparison of the Company for the year 2022 and 2021

Statement of income	FY2022 (Bt million)	%	FY2021 (Bt million)	%	Increase / (Decrease) (Bt million)	%YoY
Revenue from sales of real estate-net	27,191	95.0	28,041	98.6	(850)	(3.0)
Revenue from hospital operations	1,211	4.2	270	1.0	941	348.3
Other Income	238	0.8	119	0.4	119	99.7
Total Revenues	28,640	100.0	28,430	100.0	210	0.7
Cost of sales of real estate	(18,364)	(67.5)	(19,722)	(70.3)	(1,358)	(6.9)
Cost of hospital operations	(1,099)	(90.7)	(406)	(150.2)	693	170.8
Gross profit	8,939	31.5	8,183	28.9	756	9.2
Selling and Administrative expenses	(5,177)	(18.1)	(4,754)	(16.7)	423	8.9
Profit from operating activities	4,001	14.0	3,548	12.5	452	12.8
Finance costs	(427)	(1.5)	(550)	(1.9)	(123)	(22.3)
Share of profit / (loss) of associate & joint ventures accounted for using equity method	29	0.1	110	0.4	(80)	(73.3)
Profit before income tax expense	3,603	12.6	3,108	10.9	495	15.9
Tax expense	(768)	(2.7)	(705)	(2.5)	63	9.0
Profit for the period	2,835	9.9	2,403	8.5	432	18.0
Non-controlling interests	63	0.2	51	0.2	12	23.4
Profit attributable to owners of the parent	2,772	9.7	2,353	8.3	420	17.8

Remark: Percentage in statement of income is calculated from total revenues, while percentage of cost of sales of real estate and cost of hospital operations is calculated from revenue from net sales of real estate and revenue from hospital operations, respectively. Gross profit is calculated from revenue from net sales of real estate and revenue from hospital operations.

Table 3: Revenue from real estate business by product type for the year 2022 and 2021

Product Type	Revenue				Increase/ (Decrease) (Bt million)	%YoY
	FY2022 (Bt million)	%	FY2021 (Bt million)	%		
Townhouse	10,660	39.2	13,562	48.4	(2,902)	(21.4)
Single-detached house	5,249	19.3	5,925	21.1	(676)	(11.4)
Condominium	10,538	38.8	7,916	28.2	2,622	33.1
Others *	744	2.7	638	2.3	106	16.6
Revenue from real estate sales	27,191	100.0	28,041	100.0	(850)	(3.0)

Remark: * Revenue from Land Sale

Revenue

In 2022, the Company's total revenue was Bt28,640 million, comprising revenue from real estate sales of Bt27,191 million, revenue from hospital business of Bt1,211 million, and other income of Bt238 million. Total revenue increased by 0.7% YoY, driven by the planned transfer of condominium projects despite the somewhat tight mid-lower landed property market. On top of that, the improved full-year performance of the hospital business was compared to the previous year when it opened in May 2021. The windfall of Covid-19 also delivered an improved hospital performance. As a result, the number of inpatients grew by 3.3x, and the number of outpatients grew by 6.5x. In August 2021, the recognition of share of profit / (loss) of associate & joint ventures from Theptarin Hospital was changed from equity method to consolidation method.

Cost

The Company reported cost of real estate sales of Bt18,364 million, dropping by 6.9% YoY due to a fall of revenue from real estate sales. The cost of the hospital business was 1,099 million baht, increasing in line with the increasing revenue of the hospital. This includes the cost of preparation for the opening of the ViMUT Wellness Center (Bangna-Wongwaen) in August 2022. Moreover, the hospital business has also begun to benefit from economies of scale after more than one and a half year of operation.

Gross profit

Gross profit was Bt8,939 million or a gross profit margin of 31.5%, increased from the previous year of 28.9% due to the transfer of 7 condominium projects, most of which were middle to high-end projects with good margins. The value engineering for construction was carried out for maximum efficiency, including the development of hollow core concrete slabs, ground beam design, and new cement jointing in the construction process. The Company also implemented blockchain technology to reduce freight cost and working hours. Moreover, the hospital business began to benefit from economies of scale after more than one and a half year of operation.

Selling & Administrative expenses

Selling and administrative expenses were reported of Bt5,177 million or 18.1% of total revenue. An 8.9% increase was due to higher transfer fees pertaining to the rise in revenue from real estate sales as well as an increase in selling and administration expenses of Theptarin Hospital as a result of the change on accounting method to consolidation basis. Administrative expenses increased due to investment preparation for the expansion of businesses related to core businesses.

Finance costs

The Company reported finance costs of Bt427 million, decreased 22.3% YoY. This was largely from the repayments of debentures and the interest rate management by entering into interest rate swap contracts starting since 2Q22.

Share of profit / (loss) of associate & joint ventures accounted for using equity method

The Company recognized the share of profit of associate company accounted of Bt29 million in 2022. This was due to an acquisition of shares and voting interests of 51% of the issued and paid-up share capital in Theptanyapa Co., Ltd., which is an operator of Theptarin Hospital as well as holds shares in five subsidiaries. However, the Company

has changed the accounting method from equity method to consolidation method since August 2022 in order to reflect the Company's significant influence in the hospital.

Profit / (Loss)

Profit for the parent company posted at Bt2,772 million or 9.7% of total revenue, increased 17.8% YoY. It was a result of an improving revenue from hospital operation, efficient cost management for both real estate and hospital business, and efficient financial cost management for the whole Group.

Table 4: Financial position and Liquidity as of December 31, 2022 and 2021

	December 31, December 31,		December 31, December 31,		
	2022	2021	2022	2021	
	(Bt million)		(Bt million)		
Assets			Non-interest bearing debt		
			Trade accounts payable	1,972	1,350
Current Assets			Other liabilities	7,352	7,518
Cash and cash equivalents	3,877	3,348	Total non interest bearing debt	9,324	8,868
Real estate development for sale	48,722	56,756	Short-term loans	3	4
Other current assets	1,514	1,771	Current portion of long-term loans	-	400
			Long-term loans	3,002	457
			Current portion of long-term debentures	2,750	9,500
			Long-term debentures	8,000	8,750
Total current assets	54,114	61,875	Total interest bearing debt	13,755	19,111
Property, plant and equipment	8,007	6,566	Total liabilities	23,078	27,979
Other non-current assets	6,535	3,610	Equity	43,971	43,324
Total non-current assets	14,542	10,176	Non-controlling interests	1,607	748
Total assets	68,656	72,051	Total liabilities and equity	68,656	72,051

Remark: A summary of consolidated statement of financial position

As of December 31, 2022, the Company has 129 active real estate projects (excluding almost closed projects) with available-for-sale value of Bt69,145 million, including 81 townhouse projects with available-for-sale value of Bt35,411 million, 33 single-detached house projects with available-for-sale value of Bt19,166 million, and 15 condominium projects with available-for-sale value of Bt14,568 million. The Company reported total assets of Bt68,656 million, a decrease was mainly from lower amounts of real estate development for sale and fewer new-launch projects in 2022. Interest-bearing debt (IBD) consists of long-term loans of Bt3,002 million and debentures of Bt10,750 million. Significant reduction in debentures was from the repayment of matured debentures by cash flow from operation.

Table 5: Financial Ratio for the year 2022 and 2021

Financial Ratio	Unit	FY2022	FY2021
Return-on-Asset (ROA) ¹	%	5.8	4.9
Return-on-Shareholder's Equity (ROE) ²	%	6.4	5.4
Debt-to-Equity (D/E) ³	Time	0.52	0.65
Net Interest-bearing Debt-to-Equity (Net IBD/E) ⁴	Time	0.22	0.36

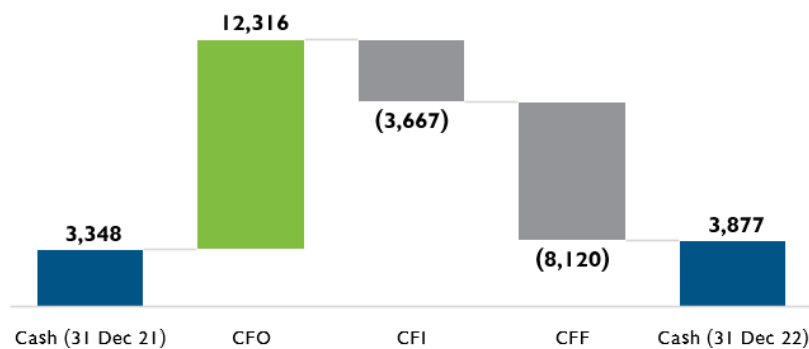
Remark: 1) ROA = EBIT divided by average total asset excluding right of use asset
 2) ROE = net profit divided by average total equity attributable to owners of the parent
 3) D/E = total debt divided by total equity attributable to owners of the parent
 4) Net IBD/E = net IBD divided by total equity attributable to owners of the parent

As of December 31, 2022, the Company's return-on-asset ratio was 5.8% and return-on-equity ratio was 6.4%. Both ratios increased from December 31, 2021 reflecting the Company's capability in better utilizing assets and shareholders' equity to maximize profit.

The Company's debt to equity ratio was 0.52x and net interest-bearing debt-to-equity ratio was 0.22x. Both ratios significantly decreased from December 31, 2021 due to the repayment of bank loan and debentures totaling Bt5,356 million during 2022. It was repaid by cash flow from operation, reflecting the Company's solid financial position and efficient financial cost management.

Picture 1: Cash Flow as of December 31, 2022 and 2021

Unit: Bt million



The Company had net cash flow from operations of **Bt12,316 million** and cash flow used in investing activities of **Bt3,667 million** to invest in related businesses to generate recurring income and long-term growth. Cash flow used in financing activities was Bt8,120 million which was used to pay off debentures and pay annual dividends of the Company.

2023 Outlook

In 2023, the Company aims to achieve a full-year revenue of Bt30,000 million while maintaining a gross profit margin above 30%. The primary source of income is derived from the real estate development business through the introduction of 23 new projects valued Bt23,500 million. It focuses on creating a home design that meets the needs of modern living and uplifting customer value to premium segment to capture high-end target customers. Together

with an introduction of 3 new wellness centers, one hospital expansion and additional strategic investment will help to generate recurring income and build competitive advantages in the long run.

Following the Company's mission to create sustainable growth, new product and service offering will be uplifted for the better quality of life for all Thai people. The synergy between real estate and hospital businesses aims to improve the wellbeing for all Pruksa residents by expanding its ecosystem with a network of clinics, wellness centers, health to home services with telemedicine, online doctor consultations, and VIMUT Life Link, a smart solution that enables the elderly to report medical emergencies and receive prompt care. Every home project has energy-saving features and smart furniture design, including solar panels, EV charging stations, natural ventilation, and extra green space. In addition, strategic investments, and partnerships with leading partners in new related businesses will continue to generate recurring income and long-term growth.

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