

Management Discussion and Analysis

1Q/2023

May 12, 2023

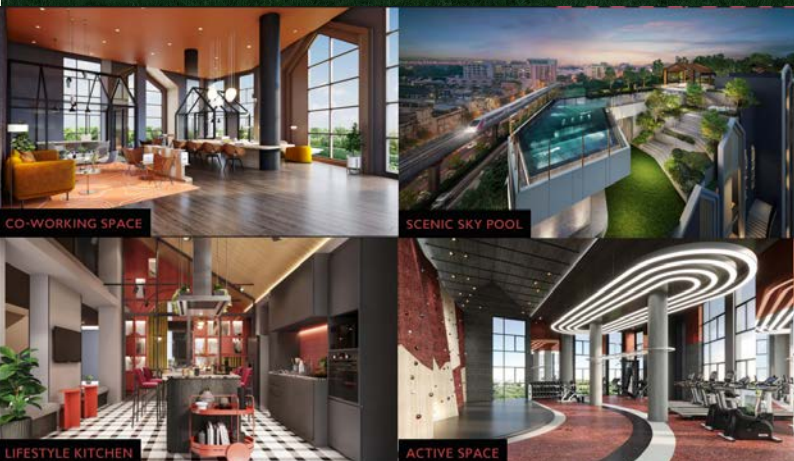


ไม่ใช่แค่พัฒนาที่อยู่อาศัย
แต่เป็น
เพราะเรา ใส่ใจเพื่อทั้งชีวิต “อยู่ดี มีสุข”



“การอยู่(อาศัย)”

Enriching people's lives. *Live well Stay well.*



PSH-CS 24/2023

1Q/2023 Market Reviews

- The confidence index of real estate operators in the stock market during 1Q/2023 had a negative outlook due to various concerns. However, operators remain optimistic about the situation in the next 6 months thanks to the growth of tourism industry, the return of foreign investors, and the change in behavior of Chinese customers to purchase condominiums as residences rather than investments. The housing markets that continued to expand were the single-detached house at the price range of Bt4-5 million and the condo at the price over of Bt2 million where would expand in investment zones, such as around universities. In addition, the real estate market in provincial zones is expanding, and more operators have shifted their products to higher-end markets.
- As China fully opens its borders, the tourism and real estate markets tend to grow as well, as Chinese customers are the key buyers of Thai real estate. However, foreign purchasing power may not be sufficient to return the Thai real estate market to its former state because domestic consumers, our main target group, continue to face many challenges including;
 1. The decreased purchasing power caused by the continuous economic slowdown, inflation, and higher interest rates has a direct impact on home loan borrowers, who will have to pay higher interest rates or take longer to repay their loans.
 2. Some of the government's measures to help the real estate sector, such as the relaxation of loan-to-value (LTV) regulations governing mortgage lending, expired in 2022. As for the measure to reduce the ownership transfer fee, despite its renewal, the detail has been changed to reduce the fee by 1% as opposed to the original measure that reduced the fee by 0.01%, resulting in increased costs for buyers and sellers of housing this year.
 3. The upcoming election may cause Thai and foreign customers and investors to postpone their decision to purchase housing in early 2023 to await clarity on policies related to the real estate sector, including the new government's economic stimulus plan.
- On the whole, the real estate market is expected to grow in the second half of 2023 due to the growth of tourism industry and the return of Chinese and other tourists. These will drive a growing real estate demand and overall economy's bounce back.

Company Performance Analysis

- In terms of Prukisa Holding PCL (“**the Company**”)’s 1Q/2023 performance, the Company reported increasing revenue of Bt6,598 million, up by 10.3% YoY and net profit of Bt652 million, rising by 18.3% YoY. The supporting factors stem from the real estate business's ability to continue delivering 6 condo projects and the hospital business's performance improved by 68.9% YoY because of additional revenue contribution of Theptarin Hospital and significant growth of ViMUT Hospital’s revenues from non-Covid-related services. The Company remains committed to effective cost management and the separation of the precast business unit to be a profit unit. As a result, the Company's profit margin increased over the previous year. The Company's 1Q/2023 net profit posted at Bt652 million, increased by 18.3% YoY.
- The ViMUT Group launched a new wellness center project in March under the name Senera ViMUT Health Service located on Kubon Road, which is a holistic health rehabilitation center offering services including

prevention, health rehabilitation, and care for the highly dependent elderly. This center is in accordance with the VIMUT Group's plan to expand its offline and online network, maximize the use of shared resources, and generate sustainable growth. It is expected to generate revenue from 2Q/2023 onwards.

Table 1: Presales comparison of the real estate business for first quarter of 2023 and 2022

Unit: Bt million

Product Type	1Q/2023	1Q/2022	Change (Bt million)	Change (%)
Townhouse	2,316	2,801	(485)	(17.3)
Single-detached house	1,158	1,705	(547)	(32.1)
Condominium	992	838	155	18.5
Total	4,466	5,344	(878)	(16.4)

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

In 1Q/2023, the Company reported real estate's presales of Bt4,466 million or a decrease of 16.4% YoY. Presales dropped due mainly to townhouse and single detached house as the Company only launched 2 projects; 1 townhouse project of Bt207 million and 1 condominium project of Bt1,536 million, totaling Bt1,743 million. However, a launch of Chapter One All Ramintra has attracted the buyers with 50% sold to both local and foreign buyers.

Table 2: Performance comparison of the Company for first quarter of 2023 and 2022

Unit: Bt million

Statement of income	1Q/2023	Proportion (%)	1Q/2022	Proportion (%)	Change (Bt million)	Change (%)
Townhouse	2,045	31.0	2,461	41.1	(416)	(16.9)
Single-detached house	1,199	18.2	1,143	19.1	56	4.9
Condominium	2,759	41.8	1,432	23.9	1,327	92.6
Revenue from Land Sale	26	0.4	643	10.8	(616)	95.9
Revenue from sales of real estate-net	6,030	91.4	5,679	94.9	351	6.2
Revenue from hospital operations	412	6.2	244	4.1	168	68.9
Other Income	156	2.4	58	1.0	98	168.4
Total Revenues	6,598	100.0	5,981	100.0	617	10.3
Cost of sales of real estate ¹⁾	(3,975)	(65.9)	(3,941)	(69.4)	35	0.9
Cost of hospital operations ²⁾	(356)	(86.4)	(226)	(92.5)	130	57.8
Gross profit ³⁾	2,111	32.8	1,757	29.7	354	20.2
Selling and Administrative expenses	(1,288)	(19.5)	(989)	(16.5)	299	30.2
Profit from operating activities	979	14.8	826	13.8	153	18.6
Finance costs	(113)	(1.7)	(120)	(2.0)	(6)	(5.2)
Share of profit / (loss) of associate & joint ventures accounted for using equity method	(1)	(0.0)	15	0.2	(16)	(108.7)
Profit before income tax expense	865	13.1	721	12.1	144	19.9
Tax expense	(189)	(2.9)	(158)	(2.6)	31	19.7
Profit for the period	676	10.2	563	9.4	113	20.0

Statement of income	1Q/2023	Proportion (%)	1Q/2022	Proportion (%)	Change (Bt million)	Change (%)
Non-controlling interests	23	0.4	11	0.2	12	105.0
Profit attributable to owners of the parent	652	9.9	552	9.2	101	18.3

Remark: Percentage in statement of income is calculated from total revenues, while 1) percentage of cost of sales of real estate and 2) cost of hospital operations is calculated from revenue from net sales of real estate and revenue from hospital operations, respectively. 3) Gross profit is calculated from revenue from net sales of real estate and revenue from hospital operations.

Revenue

In 1Q/2023, the Company's total revenue was Bt6,598 million, comprising revenue from real estate sales of Bt6,030 million, revenue from hospital business of Bt412 million, and other income of Bt156 million. Total revenue increased by 10.3% YoY, driven by the continuous transfer of 6 completed condominium projects in 3Q/2022. The improved performance of the hospital business was from business cooperation with large companies, insurance companies, marketing activities, and country's reopening borders. This resulted in an increase of non-Covid-related revenue YoY. The revenue contribution was also from a change to full quarter consolidation method of Theptarin Hospital starting from August 2022.

Cost

The Company reported cost of real estate sales of Bt3,975 million, up by 0.9% YoY due to an increase in revenue from real estate sales in spite of lower cost to revenue ratio from the transfer of higher margin products. The cost of the hospital business recorded Bt356 million, rose by 57.8% YoY in line with the increasing revenue of the hospital. This includes the cost of the commercial operation of the ViMUT Wellness Center (Bangna-Wongwaen) since August 2022 as well as the change in consolidation method for results from Theptarin Hospital. However, the cost to revenue ratio from healthcare business reduced thanks to better cost management.

Selling & Administrative expenses

Selling and administrative expenses were reported of Bt1,288 million or 19.5% of total revenue. A 30.2% increase YoY 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 Bt113 million, decreased by 5.2% YoY. This was due to bond redemption and efficient risk management on interest rate.

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

The Company recognized the share of loss of associate company accounted of Bt1.3 million in 1Q23. It significantly decreased due to a replacement of equity method of Theptarin Hospital (or Theptanyapa Co., Ltd.) by consolidation method. Other main JV items includes an investment in Pun New Energy Co., Ltd. which operates solar rooftop installations and selling electricity, as well as an investment in Senera ViMUT Health Service Co., Ltd, which operates an elderly health center.

Profit / (Loss)

Profit for the parent company posted at Bt652 million or 9.9% of total revenue, increased by 18.3% YoY. It was a result of an improving revenue from both real estate and hospital businesses, efficient cost management and being aware of overall financial health for the whole Group.

Table 3: Financial position and Liquidity as of March 31, 2023 and December 31, 2022

	March 31,	December 31,		March 31,	December 31,
	2023	2022		2023	2022
	(Bt million)			(Bt million)	
Assets			Non-interest bearing debt		
			Trade accounts payable	1,909	1,972
Current Assets			Other liabilities	6,845	7,352
Cash and cash equivalents	6,028	3,877	Total non interest bearing debt	8,753	9,324
Real estate development for sale	46,173	48,722	Short-term loans	691	3
Other current assets	1,938	1,514	Current portion of long-term loans	1,476	-
			Long-term loans	4,324	3,002
			Current portion of long-term debentures	2,750	2,750
			Long-term debentures	8,000	8,000
Total current assets	54,138	54,114	Total interest bearing debt	17,241	13,755
Property, plant and equipment	7,957	8,007	Total liabilities	25,994	23,078
Other non-current assets	10,174	6,535	Equity	44,654	43,971
Total non-current assets	18,131	14,542	Non-controlling interests	1,622	1,607
Total assets	72,270	68,656	Total liabilities and equity	72,270	68,656

Remark: A summary of consolidated statement of financial position

As of March 31, 2023, the Company has 127 active real estate projects (excluding almost closed projects) with available-for-sale value of Bt65,605 million, including 77 townhouse projects with available-for-sale value of Bt33,120 million, 34 single-detached house projects with available-for-sale value of Bt18,512 million, and 16 condominium projects with available-for-sale value of Bt13,972 million. The Company reported total assets of Bt72,270 million, an increase was from cash and cash equivalent as well as non-current assets as a result of bank loan for strategic investment and fund management to support the core businesses and investment in new business.

Table 4: Key Financial Ratio

Financial Ratio	Unit	1Q/2023	1Q/2022
Return-on-Asset (ROA) ¹⁾	%	5.86	4.89
Return-on-Shareholder's Equity (ROE) ²⁾	%	6.49	5.25
Debt-to-Equity (D/E) ³⁾	Time	0.58	0.60
Net Interest-bearing Debt-to-Equity (Net IBD/E) ⁴⁾	Time	0.25	0.37

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

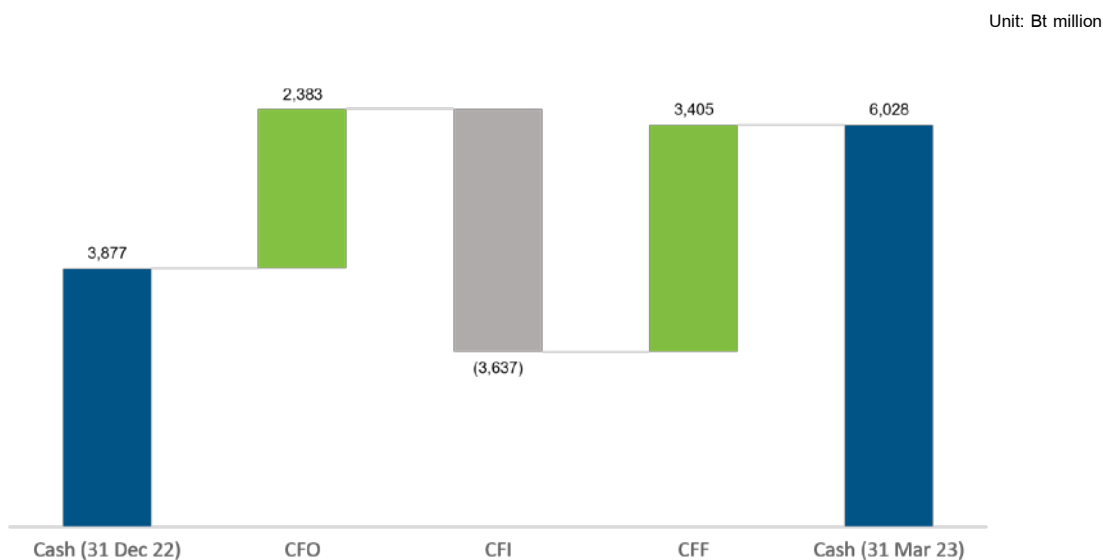
3) D/E = total debt divided by total equity attributable to owners of the parent

4) Net IBD/E = net IBD divided by total equity attributable to owners of the parent

As of March 31, 2023, the Company's return-on-asset ratio was 5.86% and return-on-equity ratio was 6.49%. Both ratios increased YoY reflecting the Company's capability in better utilizing assets and shareholders' equity to maximize profit.

The Company's debt to equity ratio was 0.58x and net interest-bearing debt-to-equity ratio was 0.25x. Both ratios significantly decreased YoY due to loan redemption totaling Bt5,356 million. It was repaid by cash flow from operation, reflecting the Company's financial wellbeing and better financial cost management.

Picture 1: Cash Flow as of March 31, 2023



The Company had net cash flow from operations of Bt2,383 million and cash flow used in investing activities of Bt3,637 million to invest in related businesses to generate recurring income and long-term growth. Cash flow from financing activities was Bt3,405 million.

Sustainable Development Performance

The Company is committed to driving business towards sustainability, reducing carbon emissions by 30% by 2030, and striving for carbon neutrality in the future. In 1Q/2023, in terms of environmental and social projects, the Company collaborated with 72 Pruksa housing projects to organize the "Reborn Box" activity with Shopee and SCGP by bringing wastepaper boxes to recycling to reduce waste by 1,710 kilograms, as well as the "Won" project, which is in its fourth consecutive year, bags and plastics were recycled totaling 55.7 kilograms. Accelerate Impact with PRUKSA is another important project in which 5 teams participated. This project focuses on conducting business that has a positive impact on society. We believe that when businesses can create good value for society, society will be a significant force driving sustainable business growth and success.

2023 Company Outlook

According to the forecasts, the tourism sector will rebound, and foreign investors will return to invest more, including Chinese customers whose housing investment behavior on the Thai real estate market has shifted to personal use. In addition, there is a growing demand for additional housing from both Russian and CLMV customers.

These factors provide a positive outlook for the Company's real estate business and the hospital business. This is in line with its plan to open 23 new residential projects totaling Bt23,500 million, with a greater number of new projects launching in 2Q/2023 onwards. Moreover, the Company expects an increase in premium projects in the second half of 2023. In terms of the hospital business, in addition to its plans to expand a new hospital and 2 wellness centers to strengthen the group's network, it can effectively allocate its resources among its service groups. In terms of building a new patient base, it will focus on both large corporate patients and foreign patients to be consistent with the overall situation of the country.

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