

Management Discussion and Analysis
2Q/2023

August 11, 2023



ไม่ใช่แค่พัฒนาที่อยู่อาศัย
แต่เป็น
เพราะเรา ใส่ใจเพื่อทั้งชีวิต “อยู่ดี มีสุข”



“การอยู่(อาศัย)”

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



ขอบคุณจากใจ ที่ไว้ใจให้เราดูแล
เราจะมุ่งมั่นใส่ใจสร้างความเป็นอยู่ที่ดี
เพื่อให้ทุกชีวิตที่พวกเขา “อยู่ดีมีสุข”

1H23 Market Reviews

Real Estate Industry

- The housing market in the Bangkok Metropolitan Region for the first half of 2023 grew 7% compared to the same period last year, especially single-detached houses priced above Bt30 million with a healthy growth rate of more than 97% due to the demand of both Thai and foreign customers. The condominium market segment grew by 11% YoY. Chinese customers remain the number one foreign customer buying properties in Thailand, especially condominiums. The townhouse market, however, continued to slow down due to purchasing power of low-end customers and strict credit consideration by financial institutions. For the real estate market in the upcountry, ownership transfer volume is higher in tourist provinces and large provinces including Phuket, Chiangmai and Chonburi provinces.
- The whole market has experienced the impact of political uncertainty, rising interest rates, an economic slowdown, and high household debt. These factors have compelled financial institutions to adopt stringent loan criteria, thereby influencing decision-making and affordability, particularly within the housing sector at a price of Bt1.5 - 3 million. In addition, the cost of construction materials, land, and labor is likely to increase, forcing real estate developers to adjust housing prices under highly competitive conditions. The developers must employ promotional strategies including discounts, giveaway or after-sales service that impact real estate business' profitability as a whole.

Healthcare Industry

- Private hospitals tend to invest continuously to capture market share by expanding service boundaries, increasing specialized medical centers, cooperating with various alliance groups, and investing in the health-tech sector. The future industry trends are anticipated to focus on wellness, elderly care center, preventive care, and aesthetic and anti-aging center as an alternative medical center, which in turn helps generate additional revenue streams.
- In the second quarter, a new Covid variant XBB.1.16 was detected to be spreading. This has spread rapidly but without violence, allowing the hospital business to benefit from Covid-19 treatment revenue. After June, the trend of cases and deaths continued to decline.

Company Performance Analysis

- In 2Q23 and 1H23, Pruksa Holding PCL ("the Company") reported total revenues of Bt7,107 million and Bt13,665 million, rising by 31.9% YoY and 20.2% HoH respectively as a result of continuous revenue growth of residential property, rising revenue from healthcare business thanks to a consolidated Theptarin Hospital's revenue and significant improvement of non-Covid revenue, coupled with extraordinary item of gain on share swap and revaluation fair value of investment of precast business's a profit unit separation.
- In addition, the Company strives to improve cost efficiency, leading to an increase in the Company's 2Q23 and 1H23 gross profit to Bt1,850 million and Bt3,961 million or up by 12.6% YoY and 16.5% HoH respectively. The Company reported net profit of Bt1,038 million and Bt1,690 million or up by 141.4% YoY and 72.2% HoH.
- Following 1H23 performance, the Company has announced dividend payment of Bt0.31 per share. A record date is targeted on August 28th 2023 and dividend payment date is targeted on September 8th 2023.

Table 1: Performance Comparison of the Company for Second Quarter and First Half of 2023 and 2022

Statement of income	2Q23 (Bt million)	2Q22 (Bt million)	Better/ (Worse) (%)	1H23 (Bt million)	1H22 (Bt million)	Better/ (Worse) (%)
Revenue from sales of real estate	5,650	5,101	10.8	11,680	10,780	8.3
Revenue from hospital operations	440	203	117.0	852	447	90.7
Other Income	1,017	85	1,102.0	1,134	143	693.8
Total Revenues	7,107	5,389	31.9	13,665	11,370	20.2
Cost of sales of real estate ¹⁾	(3,861)	(3,451)	11.9	(7,836)	(7,391)	6.0
Cost of hospital operations ²⁾	(379)	(210)	80.1	(735)	(436)	68.5
Gross profit ³⁾	1,850	1,643	12.6	3,961	3,400	16.5
Selling and Administrative expenses	(1,350)	(1,087)	24.2	(2,638)	(2,076)	27.1
Loss on Exchange Rate	(49)	0	N/A	(10)	0	N/A
Profit from operating activities	1,468	641	129.1	2,447	1,467	66.9
Finance costs	(176)	(91)	94.0	(289)	(210)	37.6
Share of profit / (loss) of associate & joint ventures accounted for using equity method	1	9	(83.0)	0.2	23	(99.2)
Profit before income tax expense	1,294	559	131.5	2,158	1,280	68.7
Tax expense	(239)	(120)	99.7	(428)	(278)	54.2
Profit for the period	1,055	439	140.2	1,731	1,002	72.7
Non-controlling interests	17	9	81.9	40	21	94.5
Profit attributable to owners of the parent	1,038	430	141.4	1,690	982	72.2

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

Revenue

Revenue from Real Estate Business

Table 2: Revenue from Real Estate Business by Product Type for Second Quarter and First Half of 2023 and 2022

Revenue	2Q23 (Bt million)	2Q22 (Bt million)	Better/ (Worse) (%)	1H23 (Bt million)	1H22 (Bt million)	Better/ (Worse) (%)
Townhouse	2,399	2,552	(6.0)	4,444	5,012	(11.3)
Single-detached House	1,443	1,168	23.5	2,643	2,312	14.3
Condominium	1,733	1,382	25.4	4,492	2,814	59.6
Land Sale	75	0	N/A	101	643	(84.3)
Total Revenue from Real Estate Business	5,650	5,101	10.8	11,680	10,780	8.3

The Company reported 2Q23 and 1H23's increasing revenue of Bt5,650 million and Bt11,680 million, up by 10.8% YoY and 8.3% HoH respectively. In 2Q23, townhouse segment's revenue was reported by Bt2,399 million, down by 6% YoY due to lower ownership transfer volume in line with the impact of consumer purchasing power of low-end customers in the current market situation. As opposed to the revenues from single-detached house and

condominium, it decreased by 23.5% and 25.4% YoY respectively. It was a result of housing's real demand from local and international buyers and the continued transfer of condominium projects since from last year.

Revenue from Healthcare Business

Table 3: A Comparison of ViMUT Hospital's Medical Service Revenue for Second Quarter of 2023 and 2022

Medical Service Revenue (only ViMUT Hospital)	Better/(Worse) (%)	% to Revenue (%)
Growth of Medical Service Revenue	5	100
Breakdown by Type of Patients		
Outpatients	49	46
Inpatients	37	54
Breakdown by Nationality		
Thai	38	92
International Patients	124	8

ViMUT Hospital's revenue grew from both outpatient and inpatient services. Despite a drop in inpatients due to fewer Covid treatments, medical costs per patient increased because of higher treatment expertise, a wider range of services, and increased recognition. Additionally, since the establishment of a dedicated treatment center for foreign patients, the number of foreign patients has increased significantly. Consequently, the Company had revenue of Bt440 million, up by 117.0% YoY thanks to revenue growth from the regular medical services (non-Covid) through campaigns and promotions offering to large corporates and insurance companies. The increase in foreign patients was due to collaboration with international agencies to attract Arab customers with high purchasing power, and collaboration with Ramathibodi Hospital for sleep test services and transitional care after chemotherapy. The higher revenue was also from a consolidated revenue from Theptarin Hospital.

Other Revenue

Other revenue of Bt1,017 million increased from extraordinary item of gain on share swap and revaluation fair value of investment of precast business's a profit unit separation and new revenue creation. The transaction was a share swap of 51% stake of Inno Precast Co. Ltd. in exchange for an 18.26% stake in General Engineering PCL or GEL in May this year. In addition, it was a result of revenue from investment for liquidity management, rental income and installation and sale of precast concrete to external customers.

Cost

The Company reported 2Q23 and 1H23's cost of real estate sales of Bt3,861 million and Bt7,836 million, or up by 11.9% YoY and 6.0% HoH respectively. These were in proportion to an increase in revenue from real estate sales and consistently rising cost of construction materials. The cost of the hospital business recorded Bt379 million and Bt735 million, rose by 80.1% YoY and 68.5% HoH respectively. These were in line with the increasing revenue of the hospital expansion and the change in consolidation method for results from Theptarin Hospital. However, the cost to revenue ratio from healthcare business reduced following economy of scale and better cost management from shared resources.

Selling & Administrative Expenses

2Q23 and 1H23's selling and administrative expenses were reported of Bt1,350 million and Bt2,638 million or 19.0% and 19.2% of total revenue. 24.2% increase YoY and 27.1% increase HoH were due to a rise in selling expenses including advertising expenses resulting from the launch of higher numbers of new projects compared to the previous quarter, promotional campaigns to accelerate the transfer of low-rise housing and condominium projects, higher transfer fee, an increase in expenses of Theptarin Hospital as a result of the change on accounting method to consolidation basis, and administrative expenses from investment preparation for the expansion of businesses related to core businesses. The Company recorded 2Q23 unrealized foreign exchange losses of Bt49 million due to fluctuations in quarterly exchange rates resulting from financial support transactions within the group for foreign investment. As a whole, the Company posted unrealized foreign exchange losses for 1H23 of Bt10 million.

Finance Costs

In 2Q23 and 1H23, the Company reported finance costs of Bt176 million and Bt289 million, increased by 94.0% YoY and 37.6% HoH respectively. It was due to additional loan obtained for 1) Strategic investment to support the core businesses 2) Investment for liquidity management and 3) Loan for natural hedge. An increase in policy interest rate also affected higher finance cost.

Profit / (Loss)

2Q23 and 1H23's profit for the parent company posted at Bt1,038 million and Bt1,690 million or 14.6% and 12.3% of total revenue respectively. The profits increased by 141.4% HoH and 72.2% YoY respectively. It was a result of an improving revenue from real estate business including single-detached house and condominium segments, hospital business, and profit from share swap of precast business. However, if excluding extraordinary item of gain on share swap and revaluation fair value of investment of precast business, the Company's core earnings for 1H23 grew by 9.9% HoH.

Table 4: Financial Position and Liquidity as of June 30, 2023 and December 31, 2022

	June 30, 2023	December 31, 2022		June 30, 2023	December 31, 2022
	(Bt million)			(Bt million)	
Assets			Non-interest bearing debt		
Current Assets			Trade accounts payable	1,392	1,972
Cash and cash equivalents	4,816	3,877	Other liabilities	6,088	7,352
Real estate development for sale	43,512	48,722	Total non interest bearing debt	7,480	9,324
Other current assets	3,851	1,514	Short-term loans	3,204	3
			Current portion of long-term loans	634	-
			Long-term loans	4,477	3,002
Total current assets	52,179	54,114	Current portion of long-term debentures	6,000	2,750
Property, plant and equipment	5,781	8,007	Long-term debentures	4,000	8,000
Other non-current assets	13,690	6,535	Total interest bearing debt	18,315	13,755
Total non-current assets	19,471	14,542	Total liabilities	25,795	23,078
Total assets	71,651	68,656	Equity	44,270	43,971
			Non-controlling interests	1,586	1,607
			Total liabilities and equity	71,651	68,656

Remark: A summary of consolidated statement of financial position

As of June 30, 2023, the Company reported total assets of Bt71,651 million, up by 4.4% from December 31, 2022. It was a result of an increase in cash and cash equivalent as well as non-current assets. In term of total liabilities of Bt25,795 million and up by 11.8%. It was due to bank loan for strategic investment and fund management to support the core businesses and investment in new business. The real estate business has 120 active real estate projects (excluding almost closed projects) with available-for-sale value of Bt63,111 million, including 71 townhouse projects with available-for-sale value of Bt30,218 million, 33 single-detached house projects with available-for-sale value of Bt19,148 million, and 16 condominium projects with available-for-sale value of Bt13,745 million.

Table 5: Key Financial Ratio

Financial Ratio	Unit	2Q23	4Q22
Return-on-Asset (ROA) ¹⁾	%	7.09	5.76
Return-on-Shareholder's Equity (ROE) ²⁾	%	7.99	6.35
Debt-to-Equity (D/E) ³⁾	Time	0.58	0.52
Net Interest-bearing Debt-to-Equity (Net IBD/E) ⁴⁾	Time	0.30	0.22

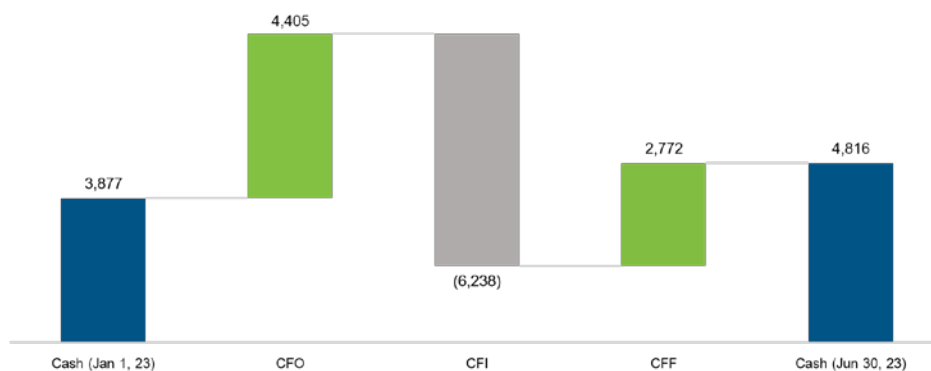
Remark: 1) ROA = EBIT divided by average total asset excluding right of use asset
 2) ROE = net profit divided by average total equity attributable to owners of the parent
 3) D/E = total debt divided by total equity attributable to owners of the parent
 4) Net IBD/E = net IBD divided by total equity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

As of June 30, 2023, the Company's return-on-asset ratio was 7.09% and return-on-equity ratio was 7.99%. Both ratios increased from end of 2022 reflecting the Company's capability in better utilizing assets and shareholders' equity to maximize return.

The Company's debt to equity ratio was 0.58x and net interest-bearing debt-to-equity ratio was 0.30x. Both ratios increased from end of 2022 due to higher proportion of bank loan as compared to shareholder's equity following the Company's strategic investment related to core businesses.

Picture 1: Cash Flow as of June 30, 2023

Unit: Bt million



The Company had net cash flow from operations of Bt4,405 million and cash flow used in investing activities of Bt6,238 million to invest in prop-tech, health-tech, logistics business and liquidity management to generate recurring income. Cash flow from financing activities recorded at Bt2,772 million.

Sustainable Development Performance

The Company is committed to driving business towards sustainability, reducing carbon emissions by 30% within 2030, and striving for carbon neutrality in the future. In the second quarter, Inno Precast Co., Ltd., the Company's

subsidiary received green loan support following being a first operator of low-carbon precast factory and the first industry player who employed near-zero waste technology in Thailand. As a result, the Company was listed as one of the ESG100 securities by the Thaipt Institute. This reaffirms the Company's intention to drive the organization with ESG principles towards long-term growth.

2H23 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 healthcare business. This is in line with its 2H23 plan to maintain 23 new residential projects totaling Bt23,500 million for 2023 with 30% of total project value in premium products. In terms of the hospital business, in addition to its plans to expand a new hospital and 2 elderly care hospitals 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.

(Miss Surawee Chaithumrongkool)
Group Chief Financial Officer

Note: The data disclosed in the management discussion and analysis is consistent with the data disclosed in the financial statements for 2Q/2023, which was approved by the Board of Directors in the meeting no.7/2023 held on August 11, 2023.

Investor Relations Contacts:

E-mail: IR@pruksa.com

Tel: +662-080-1739 # 49114

