

Management Discussion and Analysis  
1Q/2024

May 13, 2024



 **MYHAUS**  
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## 1Q24 Market Overview

### Real Estate Industry

- The real estate sector remains affected by persistently high interest rates carried over from the previous year. This has prompted banks to be cautious in lending to lower-income customers who continue to face weakened purchasing power. As a result, loan rejection rates exceed 50%, leading to an 18% decline in sales compared to the same period last year, particularly impacting sales in townhouses and condominiums. This decline is attributed to both purchasing power issues and a decrease in new project launches. In the first quarter, there has been competition driven by pricing strategies employed by various developers, particularly in the low- to mid-range price segment. Residential transfers have contracted alongside presales, but there are positive signs from condominium transfers of international customers, notably from Myanmar and Taiwan, which have shown increased activity in the past quarter. Simultaneously, the Bangkok metropolitan area's heightened competition has led to expansion into provincial markets, particularly in important tourist destinations like Chonburi and Phuket. Mainly driven by Chinese and Russian customers, provincial markets have grown by over 7% compared to the same period last year.
- In the first quarter, property developers have continued to exercise caution in selecting new projects to launch, with a tighter pricing strategy in place. Although the overall number of new projects launches in Bangkok and its vicinity increased by 24% YoY, there was a focus on single-detached and twin houses, which accounted for 74% of the total value of new projects launched. This represents a growth in value of 94% YoY, primarily focusing on high-end projects priced at over THB15 million per unit. As for condominium and townhouse projects, the value of project launches decreased by 49% and 6% respectively compared to the same period last year.
- Due to the aforementioned circumstances, the value of unsold single-detached house projects has increased over the past two years, leading to heightened competition. Meanwhile, value of condominiums and townhouses have remained relatively stable. However, vigilance is still required for the low-rise market segment, particularly in the mid to lower price ranges, which has experienced a slowdown in sales.

### Healthcare Industry

- In recent years, the healthcare business in Thailand has continued to grow due to key factors. Thailand is transitioning into an aged society and will become a super-aged society, with the elderly population aged 60 and above comprising more than 28% of the total population by the year 2029. Additionally, there has been a rise in non-communicable diseases, a resurgence in medical tourism due to the country's reopening and visa fee exemptions, a heightened focus on preventive healthcare, an expansion of treatment scopes, a more than 10% increase in social security's capitation for medical service fees. Furthermore, there has been a return to regular hospital services after COVID era.
- Private hospital business has benefited from positive factors stemming from consumer spending behavior, which increasingly prioritizes health-related expenses. The emphasis is placed on purchasing backup health insurance for private hospital services during illness periods to reduce waiting times compared to receiving services from public hospitals with high patient volumes.
- With the aforementioned positive factors, it is expected that there will be a merger and acquisition of medium and small-sized hospital businesses. Business expansion plans are in place to meet the growing demand for services from both Thai and international patients. This includes increasing the number of beds, renovating,

and upgrading hospitals to larger sizes, expanding services through new innovations to treat complex and specialized diseases, as well as planning to open comprehensive healthcare and preventive care centers.

## Company Performance Analysis

**Table 1: Performance Comparison of the Company for First Quarter of 2024 and 2023**

Income Statement	1Q/2024	Proportion	1Q/2023	Proportion	Increase/ (Decrease)	Increase/ (Decrease)
	(THB million)	(%)	(THB million)	(%)	(THB million)	(%)
Revenue from sales of real estate	3,475	83.3	6,030	91.4	(2,555)	(42.4)
Revenue from hospital operations	499	12.0	412	6.2	87	21.1
Other income	197	4.7	156	2.4	41	26.1
<b>Total revenues</b>	<b>4,171</b>	<b>100.0</b>	<b>6,598</b>	<b>100.0</b>	<b>(2,427)</b>	<b>(36.8)</b>
Cost of sales of real estate	(2,425)	(69.8)	(3,975)	(65.9)	1,550	(39.0)
Cost of hospital operations	(410)	(82.2)	(356)	(86.4)	(54)	15.3
<b>Gross profit</b>	<b>1,335</b>	<b>32.0</b>	<b>2,267</b>	<b>35.2</b>	<b>(932)</b>	<b>(41.1)</b>
Selling and administrative expenses	(1,013)	(24.3)	(1,288)	(19.5)	275	(21.4)
Loss on exchange rate	(24)	(0.6)	0	0.0	(24)	N/A
<b>Profit from operating activities</b>	<b>299</b>	<b>7.2</b>	<b>979</b>	<b>14.8</b>	<b>(680)</b>	<b>(69.5)</b>
Finance costs	(169)	(4.1)	(113)	(1.7)	(56)	49.4
Share of profit / (loss) of associate & joint ventures accounted for using equity method	2	0.0	(1)	(0.0)	3	260.3
<b>Profit before income tax expense</b>	<b>132</b>	<b>3.2</b>	<b>865</b>	<b>13.1</b>	<b>(733)</b>	<b>(84.8)</b>
Tax expenses	(54)	(1.3)	(189)	(2.9)	135	(71.3)
<b>Profit for the period</b>	<b>77</b>	<b>1.9</b>	<b>676</b>	<b>10.2</b>	<b>(599)</b>	<b>(88.6)</b>
Non-controlling interests	12	0.3	23	0.4	(11)	(48.4)
<b>Profit attributable to owners of the parent</b>	<b>65</b>	<b>1.6</b>	<b>652</b>	<b>9.9</b>	<b>(587)</b>	<b>(90.0)</b>

During 1Q/2024 operating results, Pruksa Holding Public Company Limited (the “Company”) reported total revenue of THB4,171 million, a decrease of 36.8% YoY. It was attributable to a declining purchasing power of real estate business, particularly in the low-income customers which is a continuation effect from last year. Consequently, townhouse and condominium products largely priced below THB3 million per unit, have been greatly affected. In terms of healthcare business, the Company has continued to generate consistent revenue growth from the higher number of out- and in-patients. Other income also increased by 26.1% YoY due to space rental fees from both core businesses and income from liquidity management.

In terms of 1Q/2024 profitability, the Company reported gross profit of THB1,335 million, a decrease of 41.1% YoY, mainly due to a decrease in revenue from the real estate business group. Meanwhile, the hospital business continued to experience gross profit growth. Net profit attributable to the parent of the Company recorded at THB65 million, decreased by 90.0% YoY, driven by a decrease in gross profit from the real estate business, fixed expenses from sales and administration expenses, and an increase in financial costs from additional loan and interest rates.

## Revenue from Real Estate Business

**Table 2: Revenue from Real Estate Business by Product Type for First Quarter of 2024 and 2023**

Revenue	1Q/2024 (THB million)	Proportion (%)	1Q/2023 (THB million)	Proportion (%)	Increase/ (Decrease) (THB million)	Increase/ (Decrease) (%)
Townhouse	1,402	40.4	2,045	33.9	(643)	(31.4)
Single-detached House	1,104	31.8	1,199	19.9	(95)	(8.0)
Condominium	900	25.9	2,759	45.8	(1,860)	(67.4)
Land Sale	69	2.0	26	0.4	43	161.0
<b>Revenue from Real Estate Business</b>	<b>3,475</b>	<b>100.0</b>	<b>6,030</b>	<b>100.0</b>	<b>(2,555)</b>	<b>(42.4)</b>

The Company had total revenue from real estate sales of THB3,475 million, a decrease of 42.4% YoY. Revenue generated from townhouse projects of THB1,402 million, accounted for 40.4% of total revenue from real estate business. It decreased by 31.4% YoY due to weakened purchasing power of target customers effected by commercial banks' more stringent housing loan policies. Revenue from detached house projects of THB1,104 million, accounted for 31.8% of total revenue from real estate business. It decreased by 8.0% YoY as a result of the preparation of new project launches ranged between THB15-30 million. These projects have been in demand which are expected to be launched in the second and third quarter of this year. Revenue from Condominium projects of THB900 million, accounted for 25.9% of total revenue from real estate business. It decreased because of the project delays during COVID. By focusing on draining existing inventories, it resulted in a slowdown in new condominium transfers in the past period. However, the Company has continued to introduce new condominium projects in potential location, which will gradually be transferred in the fourth quarter of this year onwards.

## Revenue from Hospital Business

**Table 3: Revenue from Hospital Business by Hospital Group for First Quarter of 2024 and 2023**

Revenue	1Q/2024 (THB million)	Proportion (%)	1Q/2023 (THB million)	Proportion (%)	Increase/ (Decrease) (THB million)	Increase/ (Decrease) (%)
Revenue from ViMUT Hospital	259	52.0	186	45.0	74	39.9
Revenue from Theptarin Hospital	239	48.0	226	55.0	13	5.7
<b>Revenue from Hospital Business</b>	<b>499</b>	<b>100.0</b>	<b>412</b>	<b>100.0</b>	<b>87</b>	<b>21.1</b>

The Company generated revenue from hospital operations of THB499 million, an increase of 21.1% YoY. It consisted of revenue from ViMUT Hospital of THB259 million, accounted for 52.0% of revenue from hospital business or an increase of 39.9% YoY. It stemmed from the increased number of both out- and in-patients, including the promotion focusing on creating visibility on online media among the target group, an opening of new medical centers such as LASIK and maxillofacial centers, adding treatment packages for large corporate customers and health insurance customers, as well as providing treatment services for more complex diseases. These led to higher average revenue per hospital bill. The revenue from Theptarin Hospital was THB239 million, accounted for 48.0% of revenue from hospital business or an increase of 5.7% YoY. In the first quarter, Theptarin Hospital has improved its corporate image and changed its name to "ViMUT-Theptarin Hospital" emphasizing an excellence in treating diabetes and endocrine-related diseases as well as preparing medical services for specialized diseases to support referral patients under the social security program.

### **Cost of Sales and Services**

The cost of real estate sales was at THB2,425 million, a decrease of 39.0% YoY. The cost of sales decreased but at a lower rate as compared to the rate of a decline in revenue from the real estate business. This was due to an increase in project development costs, a proportion of transfer of high-cost housing, and an implementation of pricing strategies in the past quarter. The amount of the cost of hospital business was at THB410 million, an increase of 15.3% YoY. The cost increased but at a lower rate as compared to an increased income, resulted in improving profitability. The cost-to-revenue ratio of hospital business decreased due to economies of scale and better efficiency of doctor fee management.

### **Selling & Administrative Expenses**

The Company reported selling and administrative expenses of THB1,036 million, a decrease of 19.5% YoY. This was due to a decline in transfer amount of real estate business, leading to a decrease in transfer fees specific business tax and commissions accordingly. However, the Company has had fixed expenses of sales and administration related to advertising and human resources expenses amidst the uncertainty of the industry situation. In addition, as a result of Thai Baht depreciation, the Company reported a loss from exchange rates of THB24 million, half of which represented an unrealized loss.

### **Finance Costs**

The Company reported financial costs of THB169 million, an increase of 49.4% YoY. It increased from bank loans for foreign investment, which were mostly from the borrowings in same currencies for natural hedge, and higher interest rate associated with policy interest rate.

### **Profit / (Loss)**

The Company reported profit attributable to the parent of the Company of THB65 million, a decrease of 90.0% YoY. The main reason stemmed from the lower performance of the real estate business in line with housing market situation, weakened purchasing power of middle-to-low income customers affected by the economic downturn. The increase in interest rates resulted in delaying decision making.

**Table 4: Financial Position and Liquidity as of March 31, 2024 and December 31, 2023**

	March 31, December 31,		March 31, December 31,	
	2024	2023	2024	2023
	(Bt million)		(Bt million)	
<b>Assets</b>			<b>Liabilities and Equity</b>	
Cash and cash equivalents	3,488	3,970	Trade accounts payable	967
Real estate development for sale	40,094	41,573	Other liabilities	6,422
Other current assets	2,788	1,376	<b>Total non interest bearing debt</b>	<b>7,389</b>
<b>Total current assets</b>	<b>46,370</b>	<b>46,918</b>	Short-term loans	3,963
Property, plant and equipment	5,946	5,889	Current portion of long-term loans	683
Other non-current assets	18,299	15,741	Long-term loans	4,658
<b>Total non-current assets</b>	<b>24,245</b>	<b>21,629</b>	Current portion of long-term debentures	7,000
			Long-term debentures	1,000
			<b>Total interest bearing debt</b>	<b>17,304</b>
			<b>Total liabilities</b>	<b>24,693</b>
			<b>Equity</b>	<b>44,179</b>
			Non-controlling interests	1,743
<b>Total assets</b>	<b>70,615</b>	<b>68,548</b>	<b>Total liabilities and equity</b>	<b>70,615</b>
				<b>68,548</b>

Remark: A summary of consolidated statement of financial position

As of March 31, 2024, the Company had total assets of THB70,615 million, an increase of 3.0% from December 31, 2023. It was driven by additional investment in new businesses and land acquisitions for future real estate projects for sale. Total liabilities amounting to THB24,693 million, an increase of 8.7%, led by bank loans for investment in new businesses. With regard to real estate business, there are 112 active housing projects (excluding almost closed projects) with a total value of THB60,407 million, divided into 65 townhouse projects worth THB25,086 million, 31 single-detached house projects worth THB19,740 million, and 16 condominium projects worth THB15,581 million.

**Table 5: Key Financial Ratio for First Quarter of 2024 and Fourth Quarter of 2023**

Financial Ratio	Unit	1Q/2024	4Q/2023
Return-on-Asset (ROA) <sup>1)</sup>	%	4.09	5.25
Return-on-Shareholder's Equity (ROE) <sup>2)</sup>	%	3.64	5.01
Debt-to-Equity (D/E) <sup>3)</sup>	time	0.56	0.51
Net Interest-bearing Debt-to-Equity (Net IBD/E) <sup>4)</sup>	time	0.31	0.27

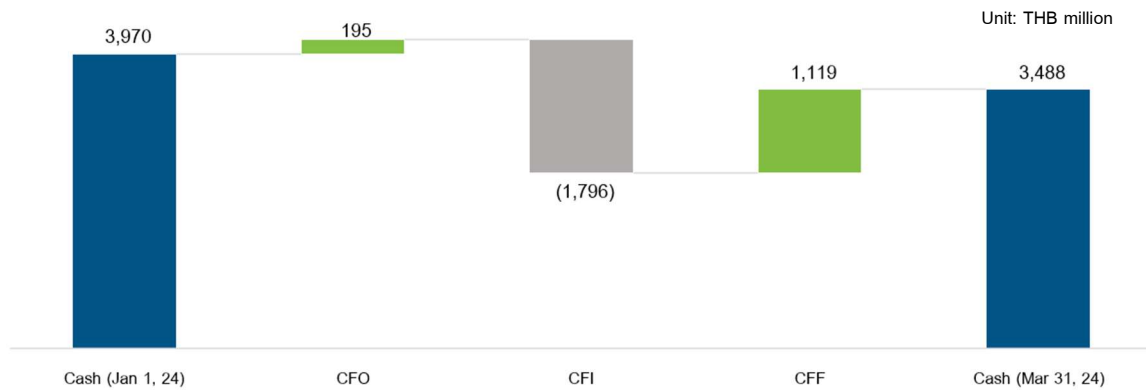
Remark: 1) ROA = trailing 12-month EBIT divided by average total asset excluding right of use asset  
2) ROE = trailing 12-month net profit divided by average total equity attributable to owners of the parent  
3) D/E = total debt divided by total equity attributable to owners of the parent  
4) Net IBD/E = net IBD divided by total equity attributable to owners of the parent

In 1Q/2024, the return on assets ratio was 4.09% and the return on equity ratio was 3.64%, decreased from end of last year. This was due to a decrease in net profit which was affected by a decrease in revenue from real estate sales.



The debt to equity ratio was 0.56 times and net interest-bearing debt-to-equity ratio was 0.31 times. Both ratios increased from end of last year. This was due to an increase in bank loans according to the investment strategy in businesses related to the core businesses to generate recurring income.

**Picture 1: Cash Flow as of March 31, 2024**



As of January 1, 2024, the Company had cash of THB3,970 million. In the 1Q/2024, the Company had net cash flow from operating activities of THB195 million and cash flow used in investing activities of THB1,796 million, which is continuously invested in Prop-Tech, Health-Tech, logistics businesses and managing liquidity. Cash flow came from financing activities was THB1,119 million, an increase in bank loans for natural hedges in accordance with foreign investments. As of March 31, 2024, the Company had cash of THB3,488 million, a decrease of THB482 million.

### Sustainable Development Performance

The Company remains committed to driving its business towards sustainability by setting a target to reduce carbon emissions by 30% by 2030 and aiming for carbon neutrality in the future. In 1Q/2024, the Company continued the Accelerate Impact with PrukSA Season 2 project by promoting knowledge sharing and providing financial support to social enterprise entrepreneurs. The Company selected 4 teams with a focus on businesses that promote environmental sustainability, quality of life, and community living, achieving a social return on investment of 6.36 times. Additionally, in the environmental aspect, the Company has been carrying out the PrukSA Green Plus project continuously since last year. In 2024, it expanded green spaces by planting trees in PrukSA Avenue Srinakarin - Nam Daeng project area, now encompassing 12 of the Company's projects with over 3,000 families residing there.

### Company Outlook in 2Q/2024

In terms of the real estate business, the Company aims to launch additional 2 premium projects. These projects, namely The Palm Residences Watcharapol and Pine Wellness Residence Prachachuen, will focus on delivering value and differentiation to customers through collaborations with companies in PrukSA Group. They will offer products and services such as 24/7 concierge services for 3 years, innovative air ventilation and cooling solutions with the Active AIRflow™ system, indoor air quality adjustment systems, age-diverse residential home designs by medical teams, special healthcare packages, and annual health check-ups from ViMUT Hospital. Additionally, solar

roof installations for energy saving and smart home applications from MyHaus will enhance convenience and comfort in daily living. Other low-rise projects, including Baan GreenHaus, are also in development to attract customers across various price ranges. This is in response to recent government measures expected to stimulate the real estate business in 2024. These include lowering transfer fee from 2.0% to 0.1% and mortgage registration fee from 1.0% to 0.1%, offering low-interest home loans, waiving corporate income tax for developers of residential properties for low- to middle-income earners under the Board of Investment (BOI) promotion policy, and loosening of Loan-to-Value (LTV) measures in different ways.

The hospital business continues to experience consistent growth due to partnerships established with large organizations and insurance companies. There is a focus on improving quality and services for international patients, as well as readiness for the opening of elderly care hospitals for long-term rehabilitation at 2 additional locations at Bearing and Watcharapol in the third and fourth quarter of this year. This expansion plan aims to increase capacity to 600 beds in the next 3 years through cooperation with the Chersery Home group.

(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 1Q/2024, which was approved by the Board of Directors in the meeting no.4/2024 held on May 13, 2024.

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