

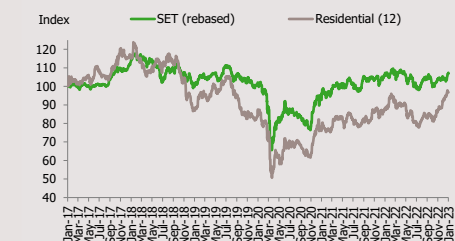


Residential Sector

Residential Sector

Positive

Share price performance SET vs residential



Source: Bloomberg and KS Research

2022 summary – A great year!

- ▶ **2022E presales of the 12 developers under our coverage rose 25% to Bt282bn, backed by big new launches, great response from homebuyers.**
- ▶ **Low-rise presales set new highs, rising a further 14%, even as condo presales jumped, growing by 50%. We expect 2022 earnings to rise 27%.**
- ▶ **Aggressive 2023 business plans and return of foreign buyers will support our call. AP, LH, ORI, SPALI, SC and SIRI will lead the sector in 2023.**

Investment highlights

- ▶ **Overall 2022E presales met sector target.** The 12 major residential developers under our coverage reported 2022E presales of Bt282bn, up 25% YoY. This was in line with their combined target of Bt287bn. Demand for low-rise products remained very strong, with presales rising a further 14% to a new high of Bt180bn. This was despite clear signs of a recovery in condo demand in 2022 as condo presales surged 50% to Bt102bn. We attribute the sector's strong performance to the favorable economic recovery after Thailand reopened its borders in mid-2022. AP, BRI, ORI, SC and SENA all posted record high annual presales.
- ▶ **Confidence brought back heavy new launches.** The value of new launches by the 12 developers showed significant growth of 127% in 2022E, reaching Bt319bn. Broken down by product type, the value of new low-rise projects increased 118% YoY to Bt226bn, while that of new condos ballooned to Bt92bn, representing a 152% YoY increase. However, this was still far below the peak level of Bt183bn in 2018. Although this new launch value was sizable, it was much lower than the initial plan of Bt385bn. This deviation was due to a labor shortage, not a lack of demand.
- ▶ **Strong earnings growth expected in 2022.** Due to labor shortages and the THB's appreciation against the USD in 4Q22, which hurt some developers' earnings, we expect that the sector's 4Q22 earnings will remain flat QoQ, although they will still show growth YoY. However, rights transfers at many developers will remain robust, due to the heavy backlog transfer and decisions to move forward some planned revenue from 1Q23E to 4Q22E, in order to reduce the impact of higher transfer fees. As a result, we expect the sector's 2022 earnings growth will be strong at 27%. AP, BRI, ORI, SC, SIRI and SPALI should all report record high annual earnings in 2022.

Valuation and Recommendation

- ▶ We maintain our Positive view of the sector. Strong 2022E earnings, the announcement of aggressive 2023 business plans and dividend season will back our call, at least for the next few months. However, a more selective strategy should be applied in 2023 when growth will likely slow. We still like the winners like AP, LH, ORI, SPALI, SC and SIRI while high potential growth stocks like BRI and recovery plays like ANAN and QH are interesting for those with different investment needs.

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Kasikorn Securities Public Company Limited

Stock	Rating	Price (Bt) 16-Jan-23	Target price (Bt)	Upside (%)	P/E (x)		P/BV (x)		EV/EBITDA (x)*		Net profit grth (%)		Div. yield (%)		ROE (%)		
					2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	
ANAN	OP	1.51	1.48	-2.0	-16.0	13.2	0.4	0.4	50.5	20.1	n.m.	n.m.	0.0	2.3	-2.5	3.3	
AP	OP	11.40	13.80	21.1	6.2	5.9	1.0	0.9	8.9	8.6	30.2	3.3	5.6	5.9	17.1	15.7	
BRI	OP	11.70	13.30	13.7	7.4	7.0	2.2	1.8	10.4	10.5	131.3	3.2	5.4	5.7	34.1	27.5	
LH	OP	9.70	10.50	8.2	14.5	13.1	2.3	2.2	19.0	17.7	17.9	8.2	5.8	6.7	16.1	16.8	
LPN	N	4.58	4.10	-10.5	9.5	9.2	0.6	0.5	12.4	13.6	134.3	2.0	6.3	7.1	6.1	6.0	
ORI	OP	11.90	13.90	16.8	7.8	7.2	1.7	1.5	12.5	16.2	19.5	6.5	5.2	5.7	23.7	22.1	
PSH	N	13.20	12.10	-8.3	10.5	10.7	0.7	0.6	9.7	9.7	16.7	-2.0	7.2	6.9	6.3	6.1	
QH	OP	2.34	2.50	6.8	10.6	10.4	0.9	0.9	21.6	23.8	38.6	4.5	6.6	6.8	8.3	8.3	
SC	OP	4.14	4.60	11.1	7.3	6.6	0.8	0.7	12.0	10.7	18.0	8.0	5.5	6.1	11.7	11.7	
SENA	N	3.94	4.10	4.1	6.4	6.4	0.7	0.6	20.6	23.2	-29.3	0.9	4.9	6.3	11.1	10.6	
SIRI	OP	1.70	1.69	-0.6	7.6	7.5	0.6	0.6	17.8	19.3	69.6	-2.1	5.9	6.0	8.5	8.1	
SPALI	OP	23.60	26.00	10.2	6.2	6.7	1.0	0.9	7.6	7.9	7.7	-9.5	6.0	6.2	17.1	14.1	
Simple Average						6.5	8.7	1.1	1.0			23.8	3.8	5.4	6.0	13.1	12.5



Fig 1 2022E presales grew 25% YoY, attaining 99% of full-year target. Low-rise continued to outperform condos.

Total pre-sales	4Q21	3Q22	4Q22E	% YoY	% QoQ	2021	2022E	% YoY	2022E	2022T	% to target
ANAN	3,148	4,102	7,297	132%	78%	12,718	17,500	38%	17,500	18,846	93%
AP	7,809	11,924	12,960	66%	9%	35,049	50,415	44%	50,415	50,000	101%
BRI	2,012	2,843	3,205	59%	13%	8,371	11,045	32%	11,045	11,000	100%
LH	6,608	9,235	5,563	-16%	-40%	28,635	30,207	5%	30,207	31,000	97%
LPN	2,633	4,569	1,624	-38%	-64%	8,893	10,950	23%	10,950	13,000	84%
ORI	7,369	11,626	11,628	58%	0%	30,257	41,026	36%	41,026	35,000	117%
PSH	5,360	2,858	2,456	-54%	-14%	25,427	17,000	-33%	17,000	31,000	55%
QH	2,206	2,355	1,730	-22%	-27%	7,497	8,204	9%	8,204	9,200	89%
SC	5,722	5,161	7,286	27%	41%	21,805	24,467	12%	24,467	22,000	111%
SENA	1,762	3,378	3,275	86%	-3%	5,607	12,133	116%	12,133	13,979	87%
SIRI	5,976	15,337	9,807	64%	-36%	26,080	38,442	47%	38,442	35,000	110%
SPALI	6,516	6,809	7,408	14%	9%	24,069	32,433	35%	32,433	28,000	116%
Total	57,121	80,197	74,239	30%	-7%	234,408	293,822	25%	293,822	298,025	99%
Total - excluding BRI *	55,109	77,354	71,034	29%	-8%	226,037	282,777	25%	282,777	287,025	99%

Low-rise pre-sales	4Q21	3Q22	4Q22E	% YoY	% QoQ	2021	2022E	% YoY	2022E	2022T	% to target
ANAN	690	711	641	-7%	-10%	2,722	3,785	39%	3,785	2,071	183%
AP	7,593	8,354	10,049	32%	20%	32,841	38,975	19%	38,975	38,000	103%
BRI	2,012	2,843	3,205	59%	13%	8,371	11,045	32%	11,045	11,000	100%
LH	6,916	8,627	5,282	-24%	-39%	27,807	27,964	1%	27,964	28,850	97%
LPN	876	698	517	-41%	-26%	2,954	2,516	-15%	2,516	4,000	63%
ORI	2,012	2,843	3,205	59%	13%	8,371	11,045	32%	11,045	11,000	100%
PSH	4,628	2,703	2,945	-36%	9%	20,801	15,450	-26%	15,450	23,000	67%
QH	2,032	2,066	1,600	-21%	-23%	6,989	7,374	6%	7,374	8,280	89%
SC	4,117	4,181	5,669	38%	36%	17,386	19,686	13%	19,686	14,520	136%
SENA	204	801	742	264%	-7%	931	3,364	261%	3,364	4,166	81%
SIRI	4,182	12,366	6,201	48%	-50%	18,994	28,445	50%	28,445	21,000	135%
SPALI	4,601	4,880	4,787	4%	-2%	18,292	22,054	21%	22,054	21,560	102%
Total	39,863	51,073	44,843	12%	-12%	166,460	191,704	15%	191,704	187,447	102%
Total - excluding BRI *	37,851	48,230	41,638	10%	-14%	158,089	180,659	14%	180,659	176,447	102%

Condo pre-sales	4Q21	3Q22	4Q22E	% YoY	% QoQ	2021	2022E	% YoY	2022E	2022T	% to target
ANAN	2,458	3,391	6,656	171%	96%	9,996	13,715	37%	13,715	16,775	82%
AP	216	3,570	2,911	1248%	-18%	2,208	11,440	418%	11,440	12,000	95%
BRI	0	0	0	n.m.	n.m.	0	0	n.m.	0	0	n.m.
LH	-308	608	281	-191%	-54%	828	2,243	171%	2,243	2,150	104%
LPN	1,757	3,871	1,107	-37%	-71%	5,939	8,434	42%	8,434	9,000	94%
ORI	5,357	8,783	8,423	57%	-4%	21,886	29,981	37%	29,981	24,000	125%
PSH	732	155	-489	-167%	-415%	4,626	1,550	-66%	1,550	8,000	19%
QH	174	289	130	-25%	-55%	508	830	63%	830	920	90%
SC	1,605	980	1,617	1%	65%	4,419	4,780	8%	4,780	7,480	64%
SENA	1,558	2,577	2,533	63%	-2%	4,676	8,769	88%	8,769	9,813	89%
SIRI	1,794	2,971	3,606	101%	21%	7,086	9,997	41%	9,997	14,000	71%
SPALI	1,915	1,929	2,621	37%	36%	5,777	10,379	80%	10,379	6,440	161%
Total	17,258	29,123	29,396	70%	1%	67,948	102,118	50%	102,118	110,578	92%

Remark: 4Q22E presales numbers of QH and SENNA are our estimates based on company guidance

* = excluding BRI given its presales were counted in ORI's low-rise presales

Source: Company data, KS Research



Fig 2 2022 new launches rose 127% YoY even as both planned low-rises and condos were delayed.

Total new launch	2020	2021	2022	% YoY	2022	2022T	% to target
ANAN	0	0	21,801	n.m.	21,801	28,413	77%
AP	45,020	22,540	63,600	182%	63,600	78,000	82%
BRI	6,200	7,750	12,000	55%	12,000	13,400	90%
LH	28,620	19,680	32,460	65%	32,460	29,520	110%
LPN	8,435	4,870	10,700	120%	10,700	11,000	97%
ORI	13,200	17,375	41,000	136%	41,000	42,000	98%
PSH	15,720	21,580	10,028	-54%	10,028	16,300	62%
QH	4,606	2,553	7,598	198%	7,598	9,527	80%
SC	14,330	9,730	44,200	354%	44,200	39,680	111%
SENA	3,193	10,761	7,288	-32%	7,288	27,527	26%
SIRI	15,441	6,700	42,933	541%	42,933	50,000	86%
SPALI	24,540	24,790	37,400	51%	37,400	40,000	94%
Total *	173,105	140,579	319,008	127%	331,008	385,367	86%

Low-rise new launch	2020	2021	2022	% YoY	2022	2022T	% to target
ANAN	0	0	5,101	n.m.	5,101	4,579	111%
AP	41,820	14,640	54,100	270%	54,100	65,000	83%
BRI	6,200	7,750	12,000	55%	12,000	13,400	90%
LH	28,620	19,680	32,460	65%	32,460	28,700	113%
LPN	2,900	3,910	1,870	-52%	1,870	4,210	44%
ORI	6,204	7,600	12,000	58%	12,000	13,400	90%
PSH	11,520	19,880	9,095	-54%	9,095	12,800	71%
QH	4,606	2,553	7,598	198%	7,598	9,527	80%
SC	14,330	5,630	37,400	564%	37,400	33,180	113%
SENA	642	3,970	799	-80%	799	16,885	5%
SIRI	13,956	2,857	33,496	1072%	33,496	39,000	86%
SPALI	18,740	23,055	32,400	41%	32,400	35,200	92%
Total *	143,338	103,775	226,319	118%	226,319	275,881	82%

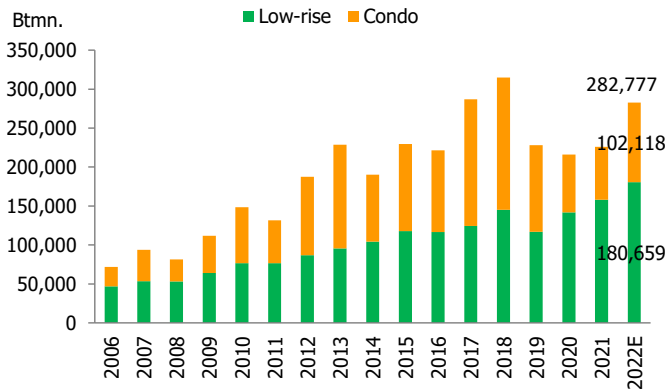
Condo new launch	2020	2021	2022	% YoY	2022	2022T	% to target
ANAN	0	0	16,700	n.m.	16,700	23,834	70%
AP	3,200	7,900	9,500	20%	9,500	13,000	73%
BRI	0	0	0	n.m.	0	0	n.m.
LH	0	0	0	n.m.	0	820	0%
LPN	5,535	960	8,830	820%	8,830	6,790	130%
ORI	6,996	9,775	29,000	197%	29,000	28,600	101%
PSH	4,200	1,700	933	-45%	933	3,500	27%
QH	0	0	0	n.m.	0	0	n.m.
SC	0	4,100	6,800	66%	6,800	6,500	105%
SENA	2,551	6,791	6,489	-4%	6,489	10,642	61%
SIRI	1,485	3,843	9,437	146%	9,437	11,000	86%
SPALI	5,800	1,735	5,000	188%	5,000	4,800	104%
Total	29,767	36,804	92,689	152%	92,689	109,486	85%

Remark: * = excluding BRI given its presales were counted in ORI's low-rise presales

Source: Company data, KS Research

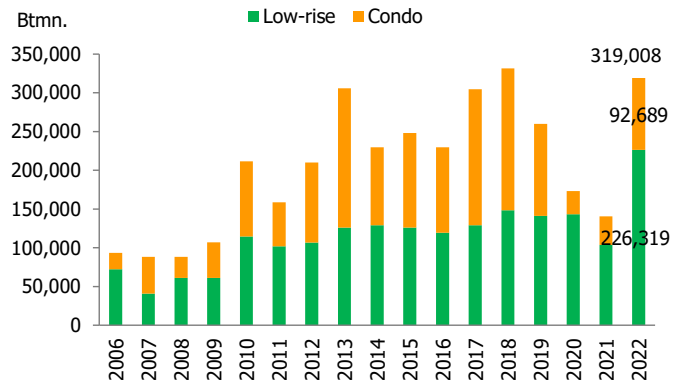


Fig 3 2022E presales jumped a dramatic 25.1% YoY



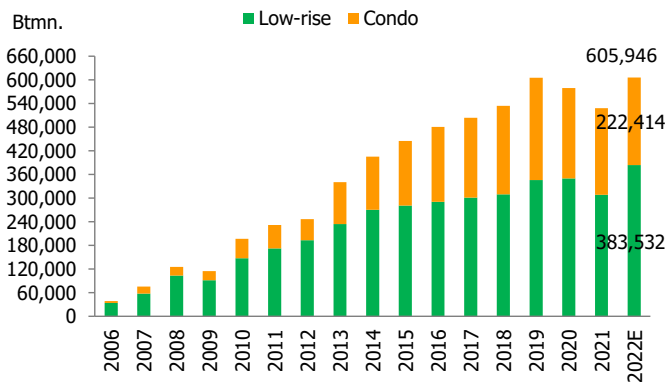
Source: Company data, KS Research

Fig 4 2022 new launches doubled from a year earlier



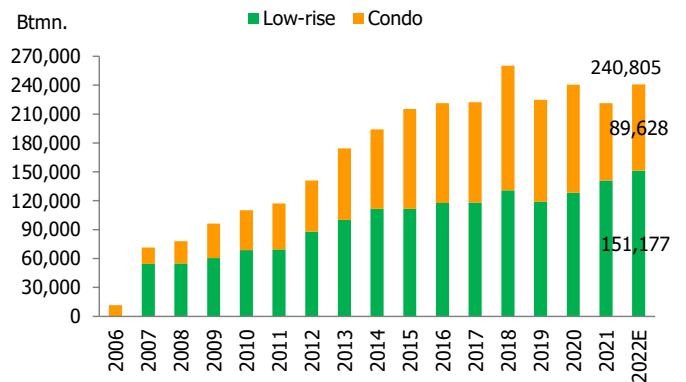
Source: Company data, KS Research

Fig 5 2022E available-for-sales value bounced back



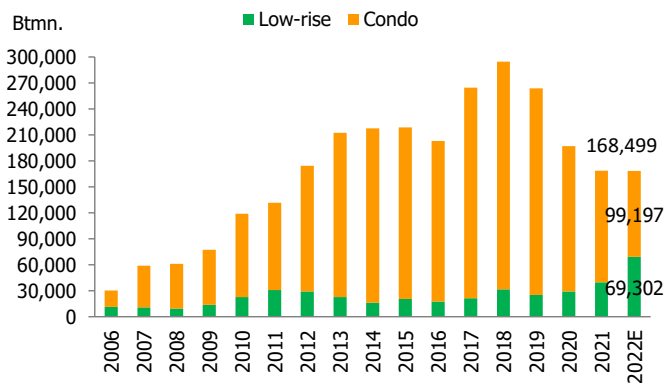
Source: Company data, KS Research

Fig 6 2022E transfer value to rebound 8.8% YoY



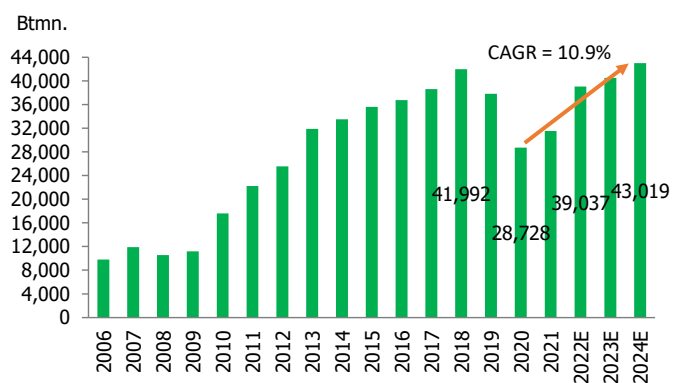
Source: Company data, KS Research

Fig 7 2022E backlog stable, shift in product-mix



Source: Company data, KS Research

Fig 8 2022E earnings to grow strongly



Source: Company data, KS Research

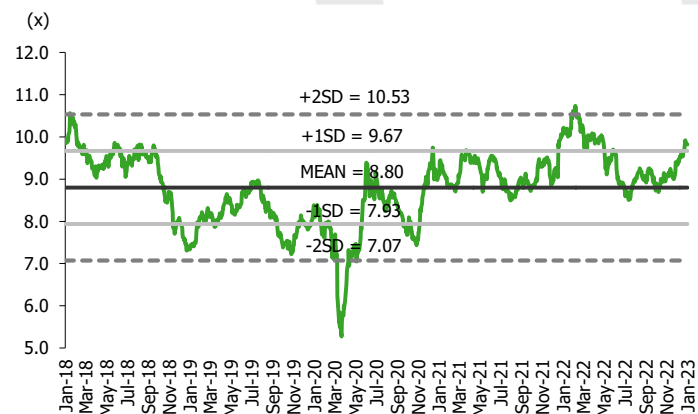


Fig 9 4Q22 earnings expected to rise moderately YoY but flat QoQ

Net profit	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22E	4Q22E	
									YoY	QoQ
ANAN	6	9	-252	-220	-281	-43	-16	350	+	+
AP	1,403	1,115	1,031	994	1,730	1,574	1,419	1,190	+	-
BRI	131	157	165	150	352	376	331	334	+	+
LH	1,744	1,870	1,308	2,015	1,931	2,139	2,249	1,850	-	-
LPN	123	121	26	32	191	147	236	80	+	-
ORI	825	852	709	808	738	1,155	848	1,075	+	+
PSH	606	427	331	988	552	430	619	1,200	+	+
QH	431	482	263	494	585	515	640	575	+	-
SC	417	520	545	581	388	581	652	812	+	+
SENA	229	218	166	637	336	303	64	180	-	+
SIRI	384	662	628	343	303	918	1,268	1,650	+	+
SPALI	741	1,730	1,720	2,879	1,178	2,075	2,749	1,710	-	-
Total	7,040	8,163	6,639	9,701	8,003	10,171	11,058	11,006	+	Flat

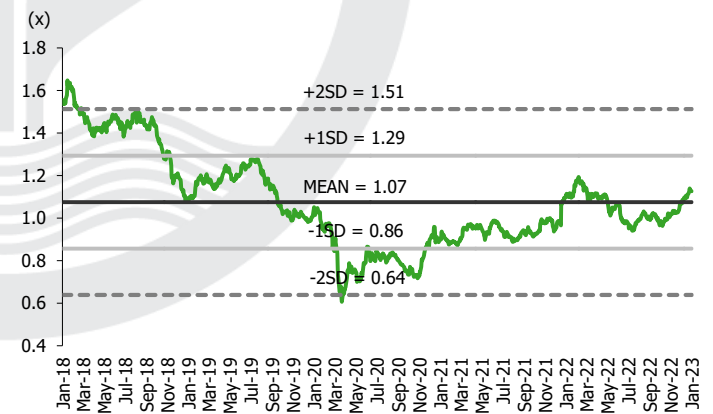
Source: Company data and KS Research

Fig 10 5-year 12M Fwd PER (12 stocks)



Source: Bloomberg, KS Research

Fig 11 5-year 12M Fwd PBV (12 stocks)



Source: Bloomberg, KS Research



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Neutral: Expected total return between -10% and 10% within a 12-month period
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