TRIS RATING
A Strategic Partner of S&P Global

Investor Outreach
“2023 Economic and Industry Outlook”

Mr. Sakda Pongcharoenyong
President

Thursday, 23 February 2023

01 **Continued Recovery**

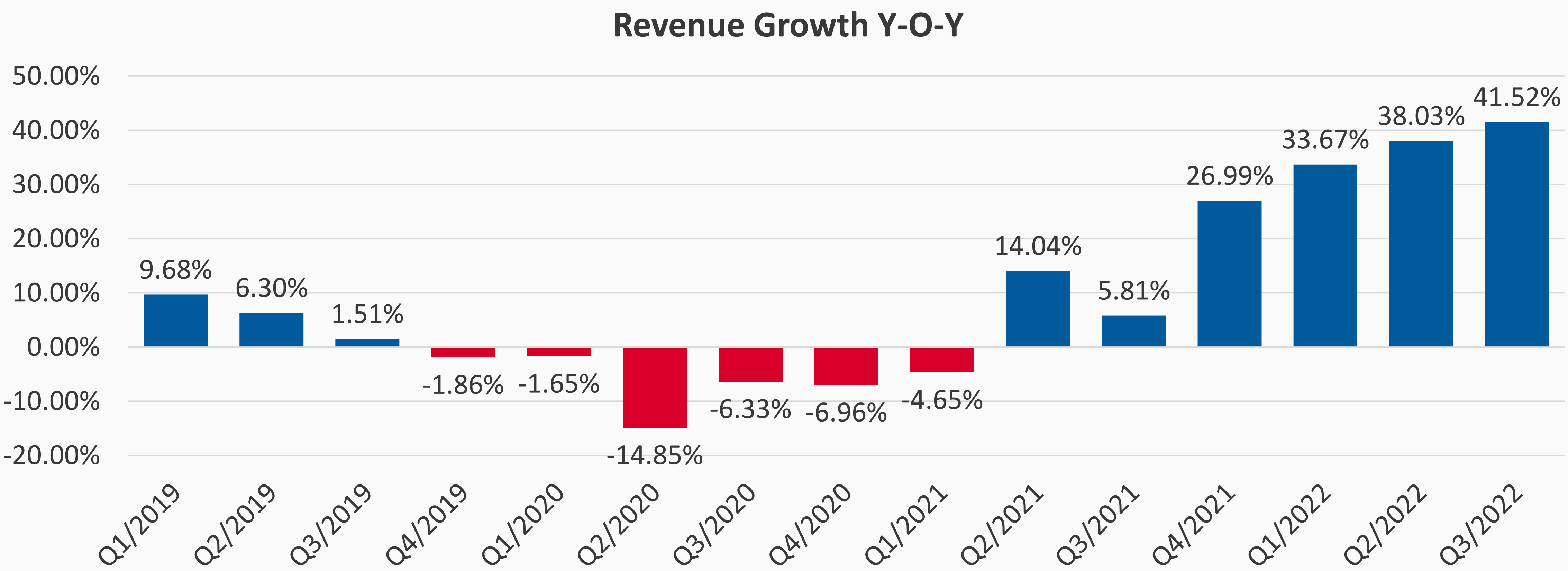
02 **Trend of Financial Leverage**

03 **Trend of Rating Actions**

04 **Thailand Bond Market**

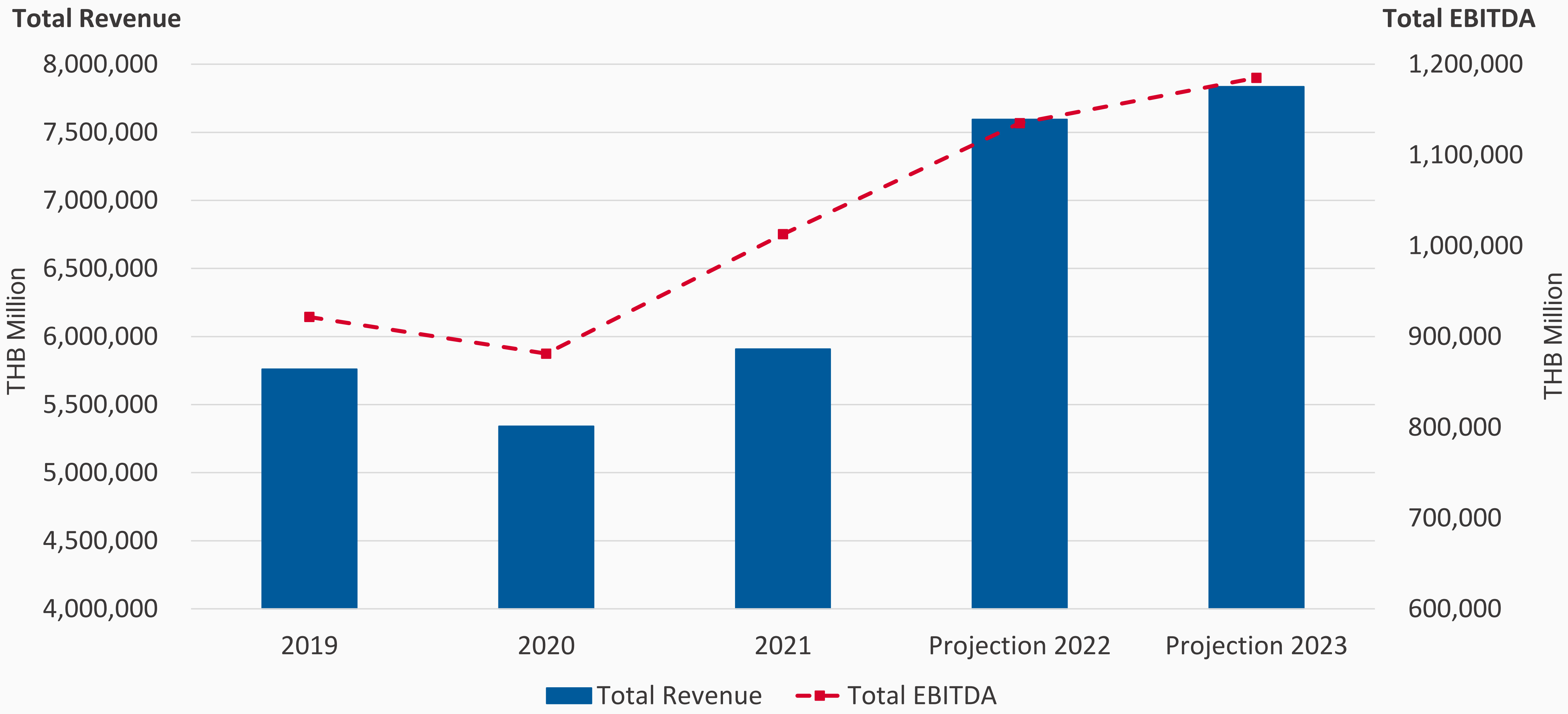
Revenue Growth Rate

Accelerated recovery in 2022



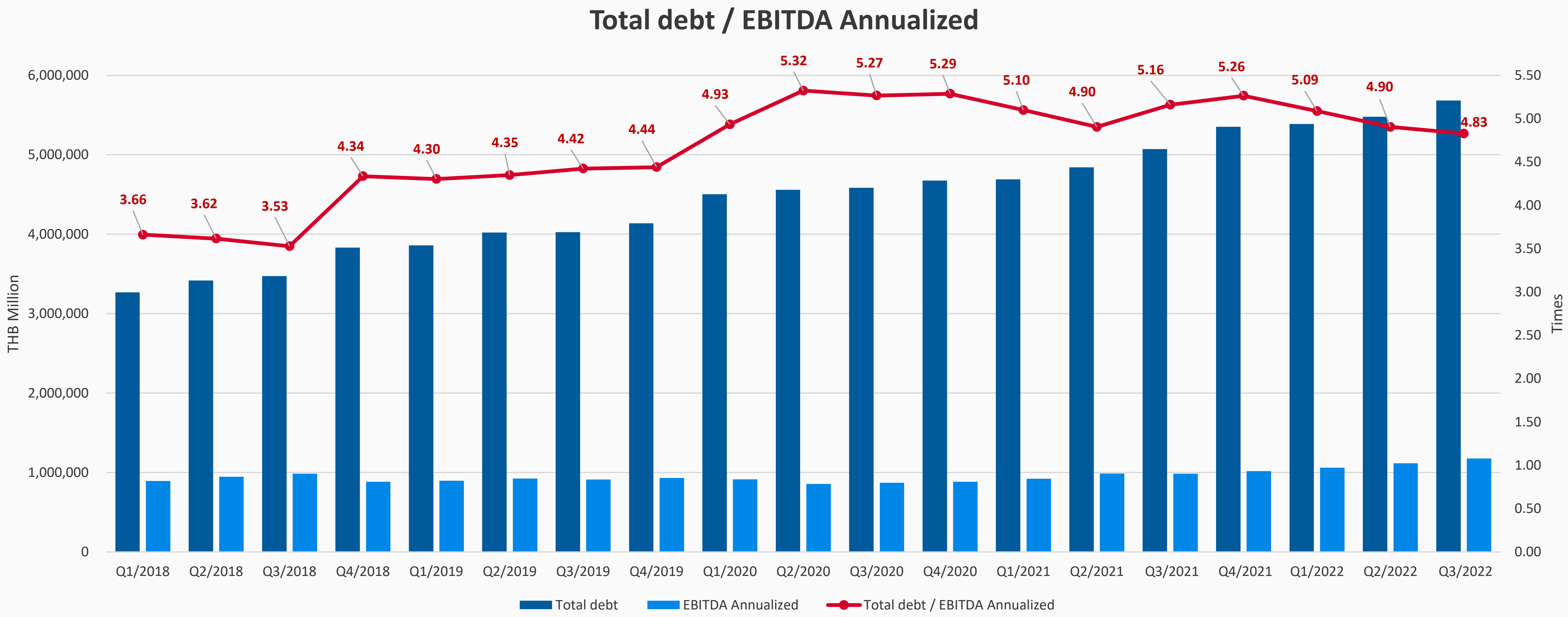
Source: Based on 132 Corporate issuers rated by TRIS Rating
Investor Outreach “2023 Economic and Industry Outlook”

Continued Recovery in 2023



Source: Based on 127 Corporate issuers rated by TRIS Rating
Investor Outreach “2023 Economic and Industry Outlook”

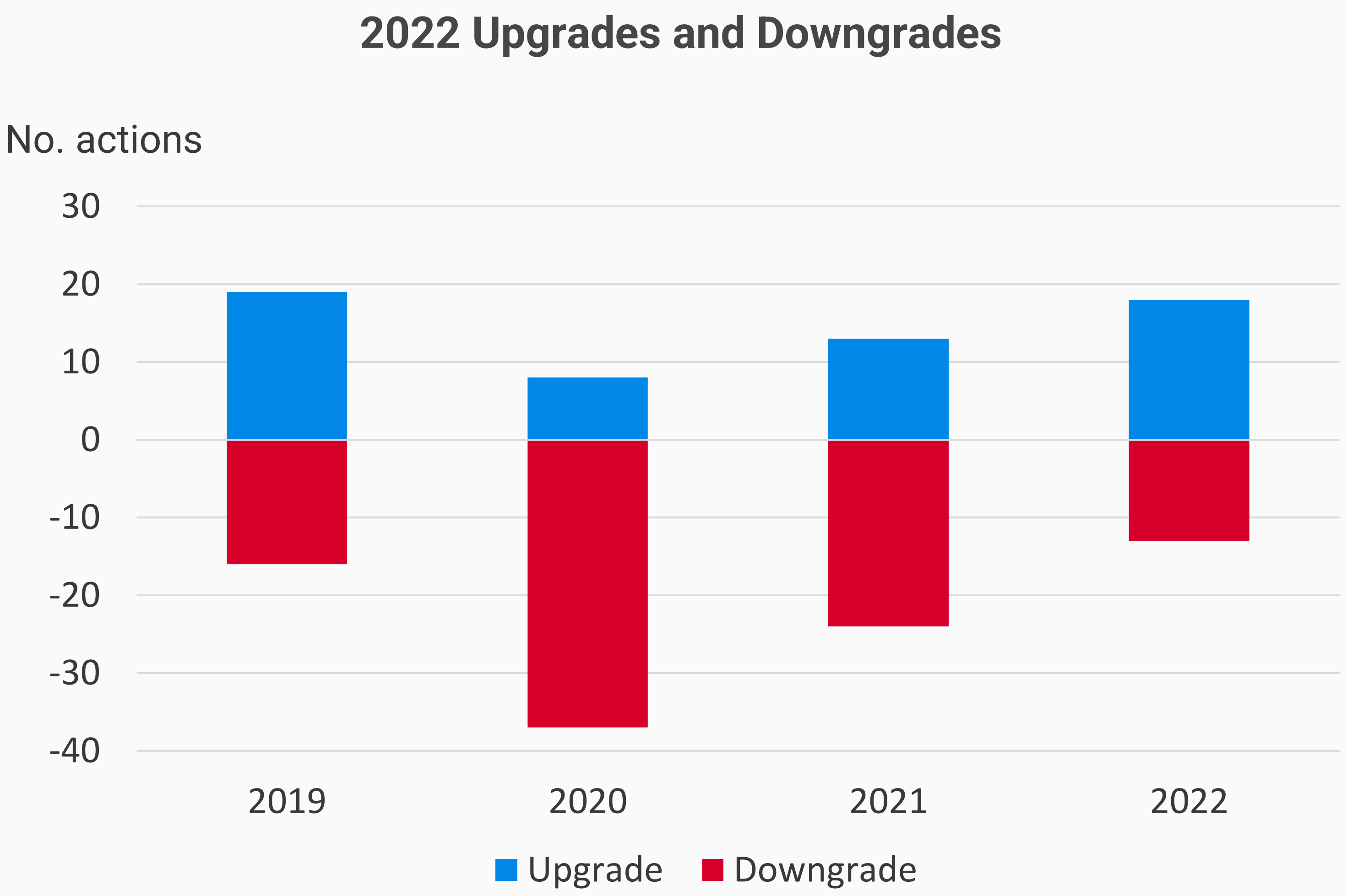
Total Debt / EBITDA

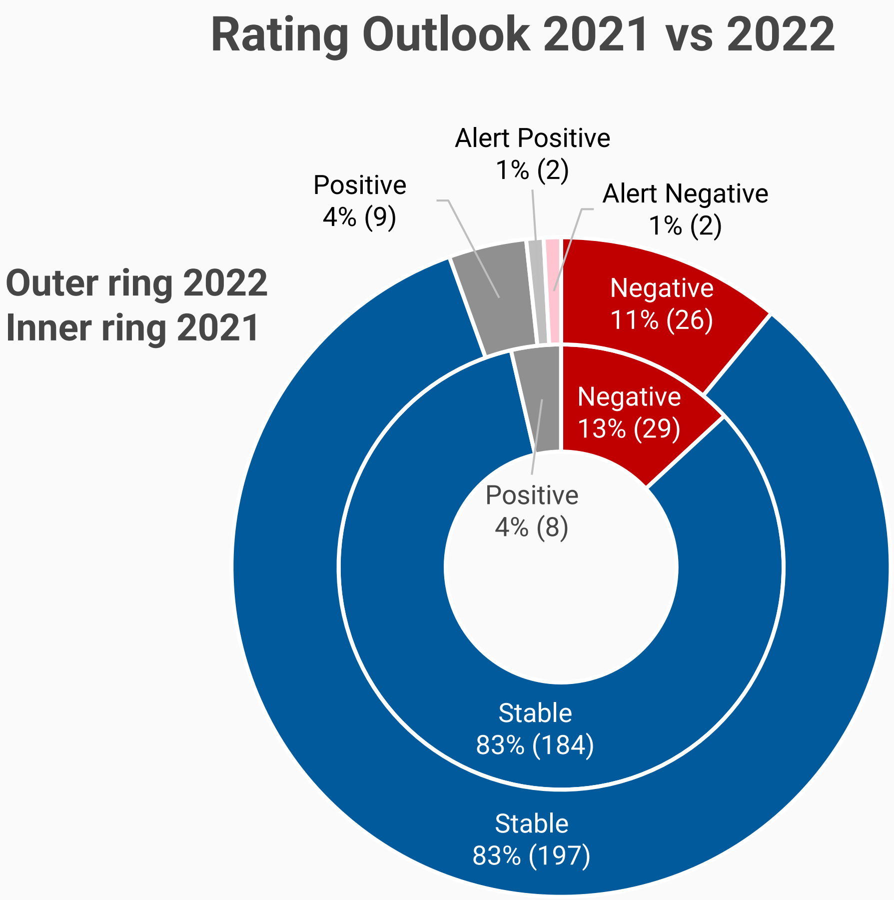


* EBITDA calculated on trailing 12-month basis

Source: Based on 132 Corporate issuers rated by TRIS Rating
Investor Outreach “2023 Economic and Industry Outlook”

Rating Actions





Source: TRIS Rating
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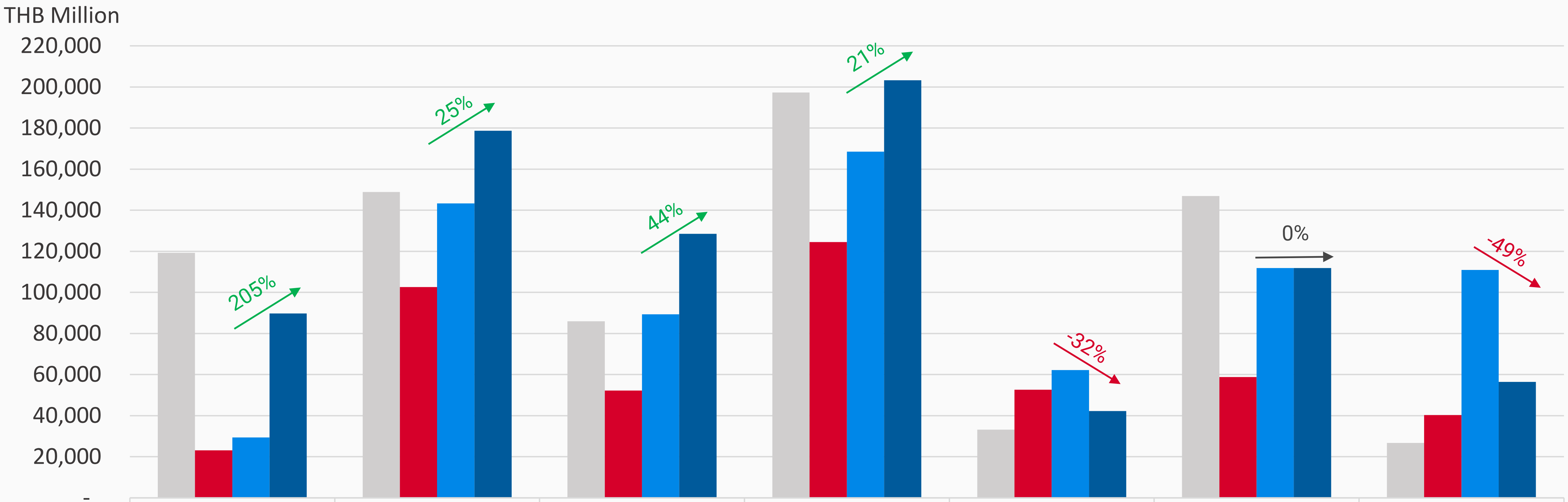
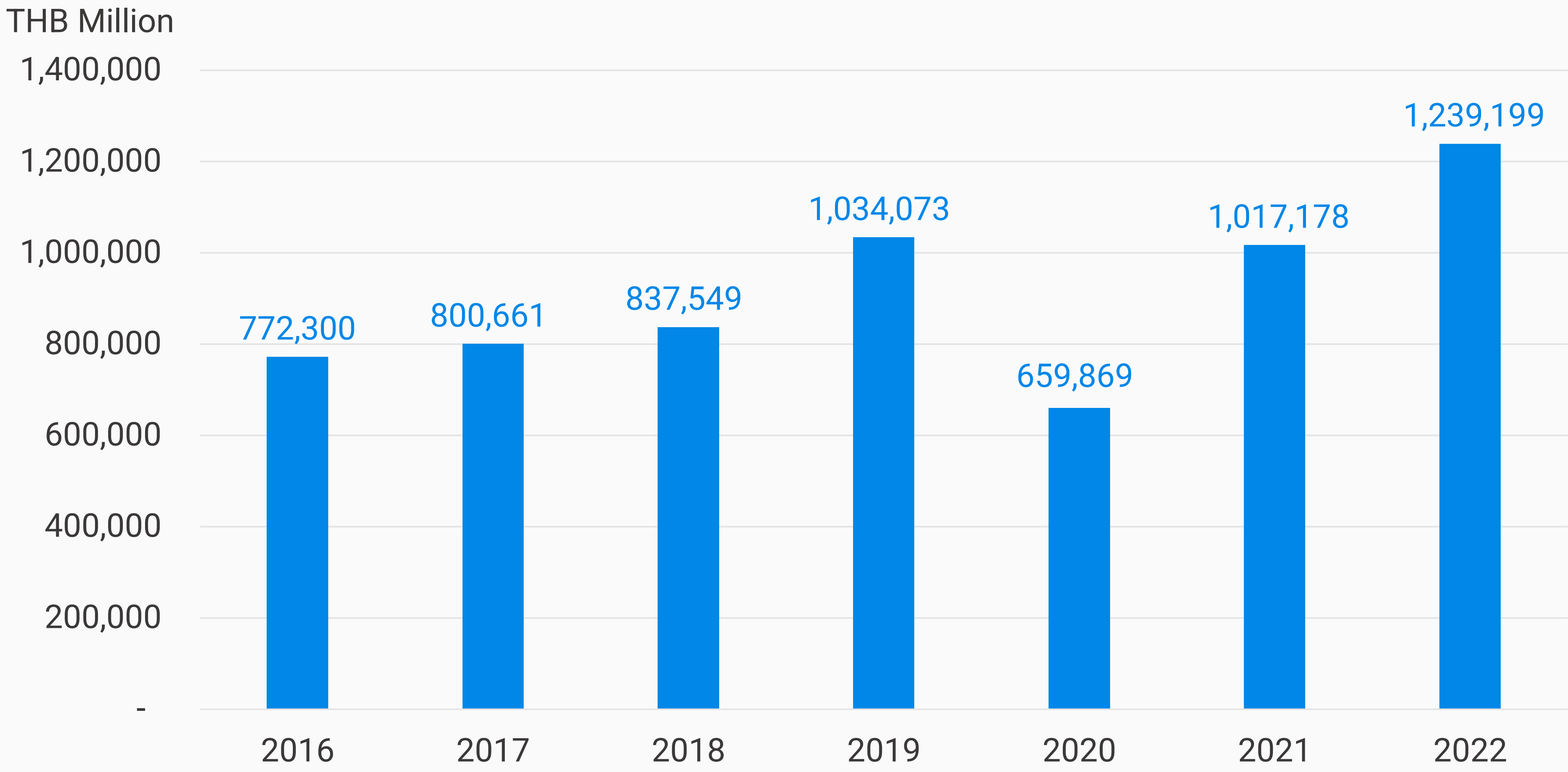
Bond Issuance by major sectors



	Bank	Non-Bank	Regulated Utility	Property	Agri/Food	ICT	Retailer
2019	119,226	148,869	85,964	197,287	33,208	146,935	26,704
2020	23,080	102,570	52,156	124,457	52,569	58,786	40,300
2021	29,402	143,334	89,324	168,454	62,150	111,882	110,923
2022	89,721	178,679	128,481	203,280	42,215	111,800	56,366

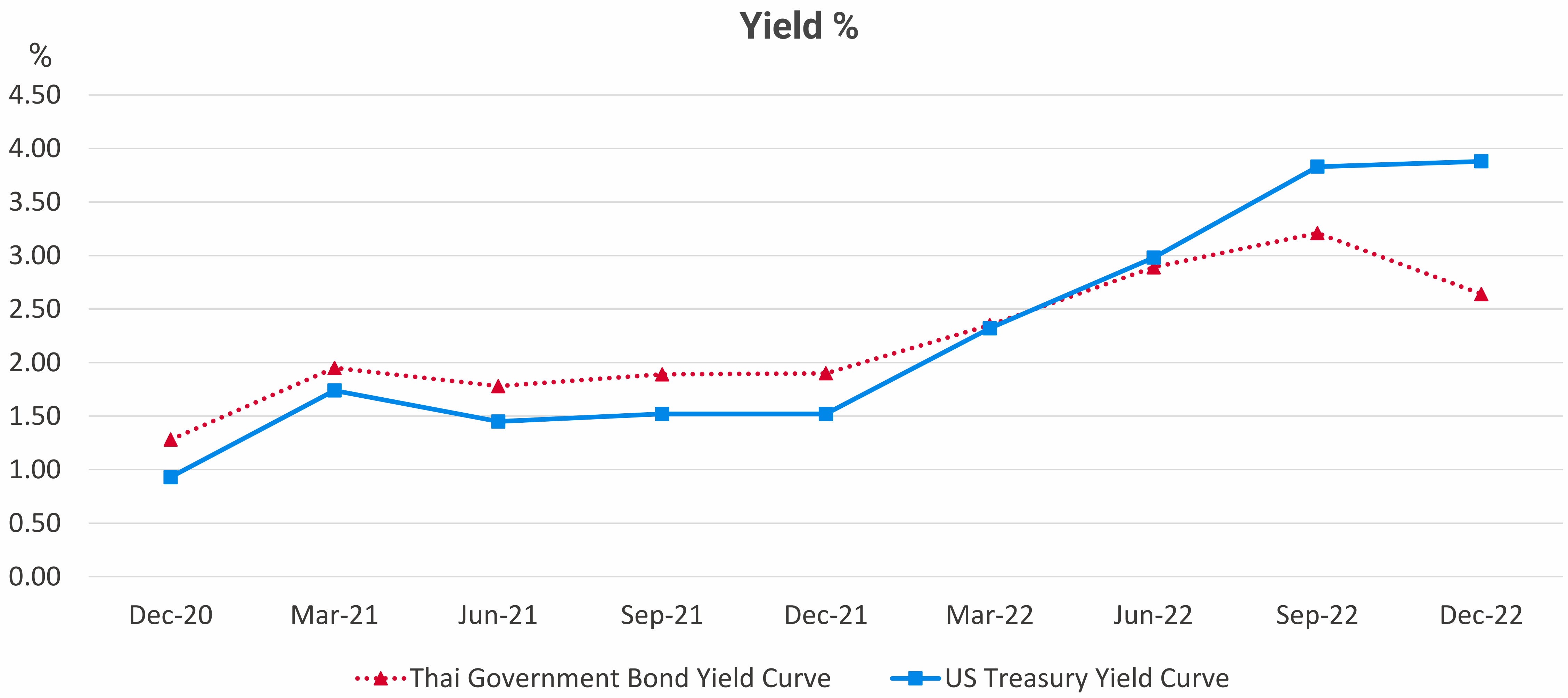
Source: TRIS Rating

Issuance of L-T Corporate Debentures (Market)



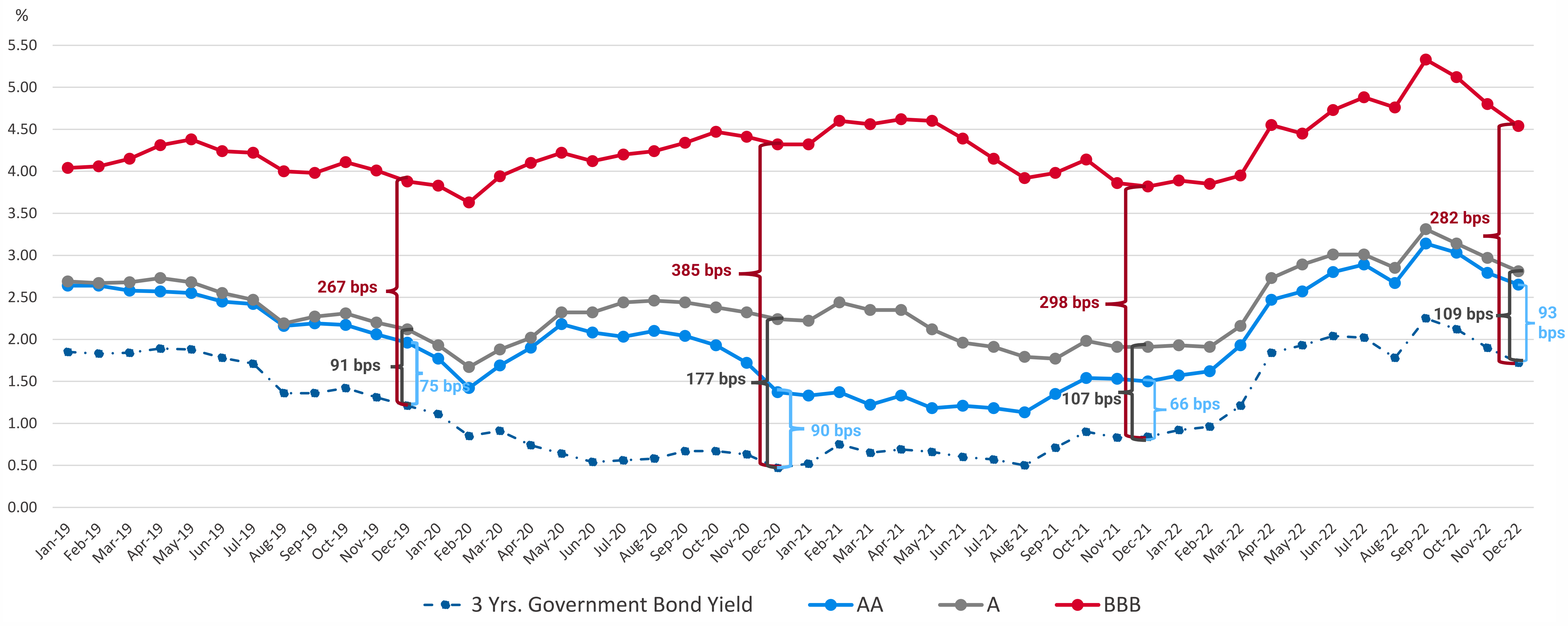
Source: Thai BMA

Thai Government Bond Yield vs. US Treasury Yield Curve (10-Yrs)



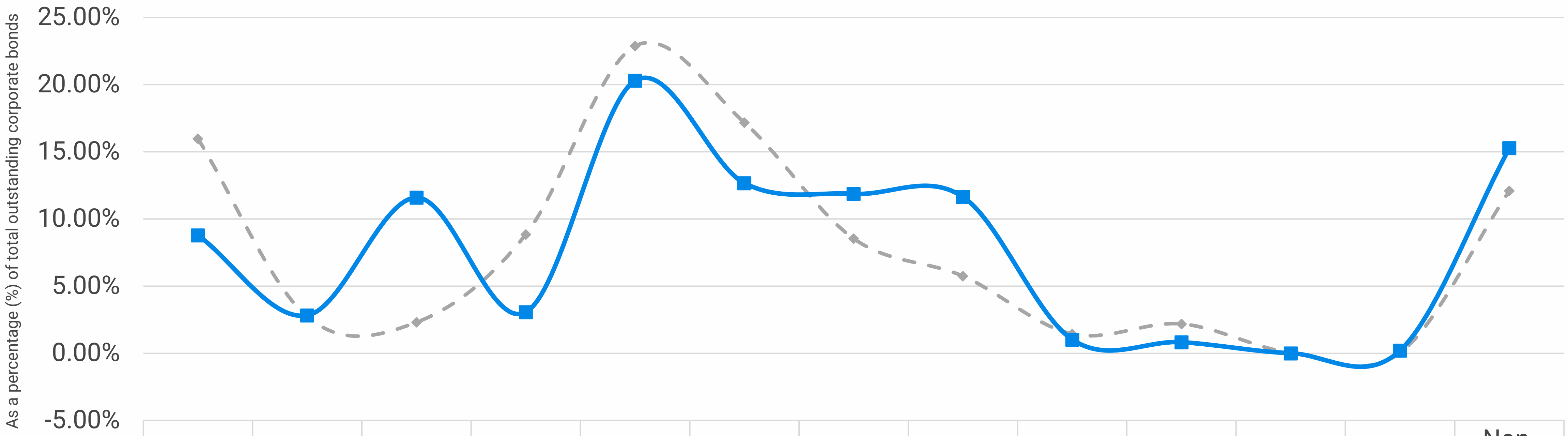
Source: Thai BMA

Corporate Credit Spreads



Source: Thai BMA

Distribution of Rating Categories
(based on principal amount of outstanding bonds)



	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB to D	Non-rated
2015	15.98%	2.72%	2.31%	8.85%	22.88%	17.18%	8.54%	5.75%	1.44%	2.19%	0.03%	0.05%	12.09%
2022	8.78%	2.82%	11.58%	3.06%	20.29%	12.66%	11.87%	11.64%	1.02%	0.82%	0.00%	0.20%	15.27%

*Included issues that rated from both TRIS and Fitch so the figures may differ from actual bond issuance

As of 30 December 2022
Source: Thai BMA

Thank You

Thai Economic Outlook 2023

Continued Recovery Amid Global Economic Uncertainty

Dr. Boondhiva Cheewatragoongit
Senior Researcher

23 February 2023

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2023 growth of 3.5% supported by tourism recoveries, private consumption and total investment.

Key Indicators	2019	2020	2021	2022	2023F
Real GDP (% y-o-y)	2.1	-6.1	1.5	2.6	3.5
Private Consumption	4.0	-0.8	0.6	6.3	3.5
Public Consumption	1.6	1.4	3.7	0.0	-0.5
Private Investment	2.6	-8.1	3.0	5.1	3.2
Public Investment	0.1	5.1	3.4	-4.9	2.8
Export volume (Goods and Services)	-3.0	-19.7	11.1	6.8	6.4
Import volume (Goods and Services)	-5.2	-13.9	17.8	4.1	3.3
No. Tourists (mil people)	39.9	6.7	0.4	11.2	27

Assumptions

Dubai oil price
Average 2022: $96.2/Barrel
Average 2023: $80-$95/Barrel

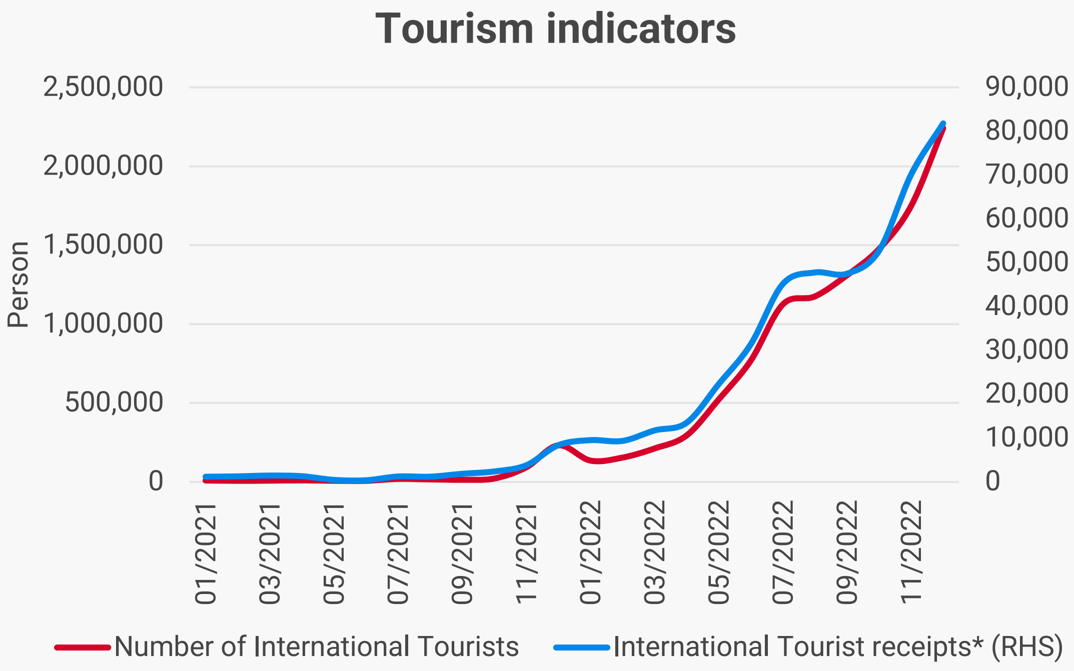
Headline inflation
Average 2022: 6%
Average 2023: 2.5%-3.5%

Exchange rate
Average 2022: 35 Baht/USD
Average 2023: 33 Baht/USD

Policy interest rate
Year-end 2022: 1.25%
Year-end 2023: 1.75%

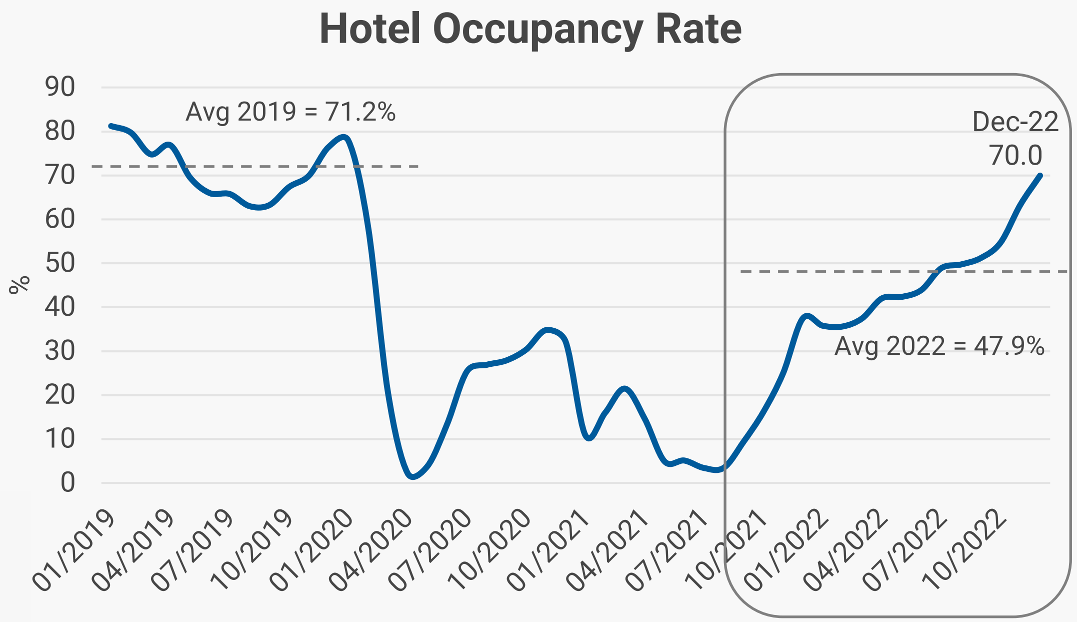
Sources: Office of National Economic and Social Development Council (NESDC), Ministry of Tourism and Sports (MOTS), TRIS Rating

Exports of services continue to be the main driver of growth in 2023



* Preliminary data

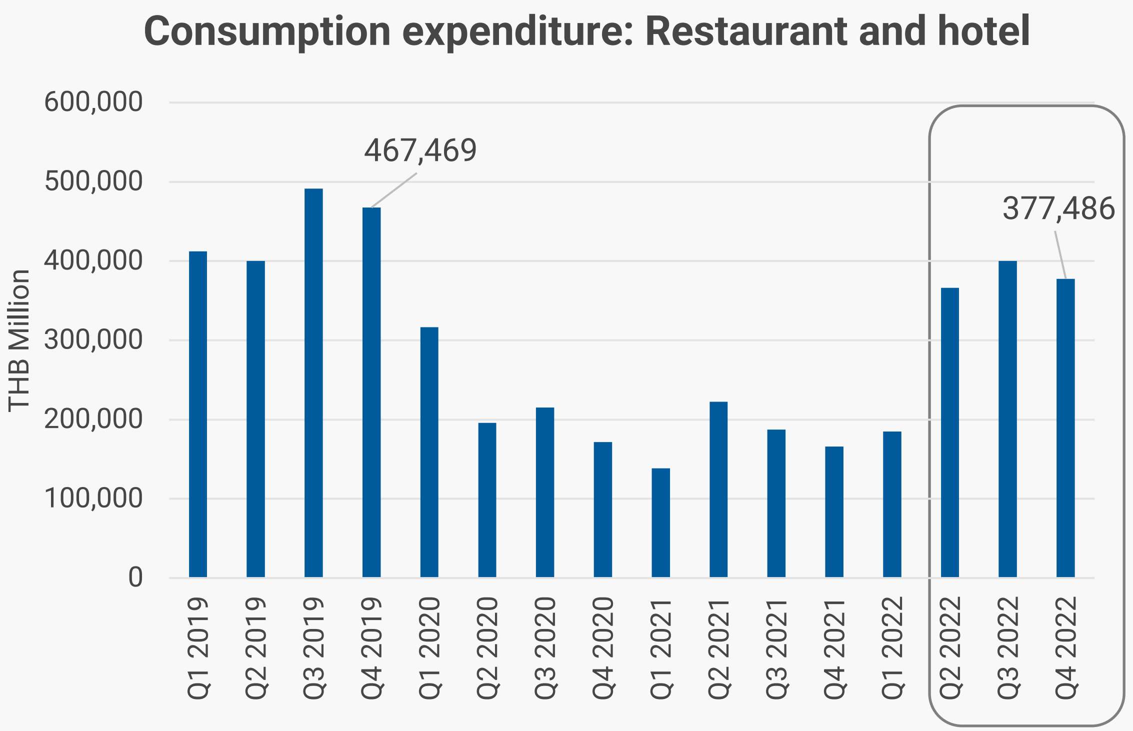
Source: Ministry of Tourism and Sports (MOTS)



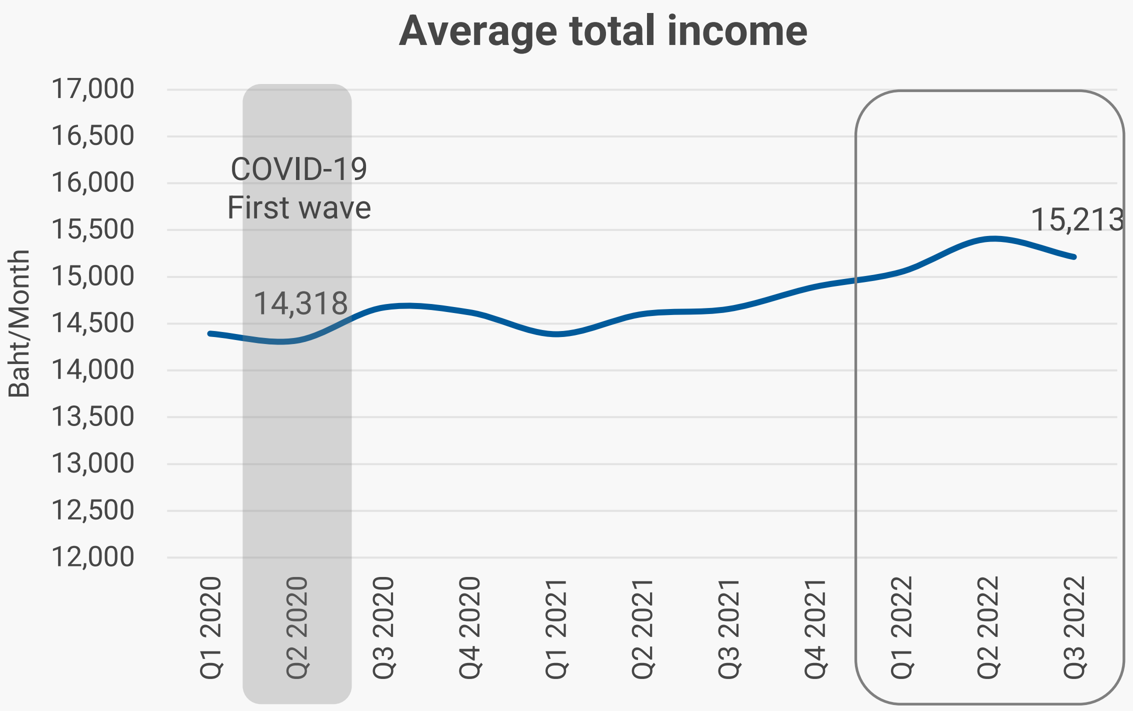
Source: Bank of Thailand (BOT)

- Accelerated recovery in exports of services is expected to continue in 2023 from increasing numbers of international tourists.
- In 2022, number of international tourists reached 11.2 million with the largest contribution from Malaysia, followed by India, Singapore, South Korea, and Laos.
- Plenty of room for recovery from both demand and supply side as the number is only 28% of 2019 total and the average occupancy rate for 2022 is around 47.9% comparing to 71.2% in 2019.
- In 2023, we forecast 27 million tourists assuming continuous recovery with significant increase in Chinese tourists in the second half of the year.

Private consumption recovery supported mainly by expenditure in restaurants and hotels in tandem with improving incomes



Source: NESDC

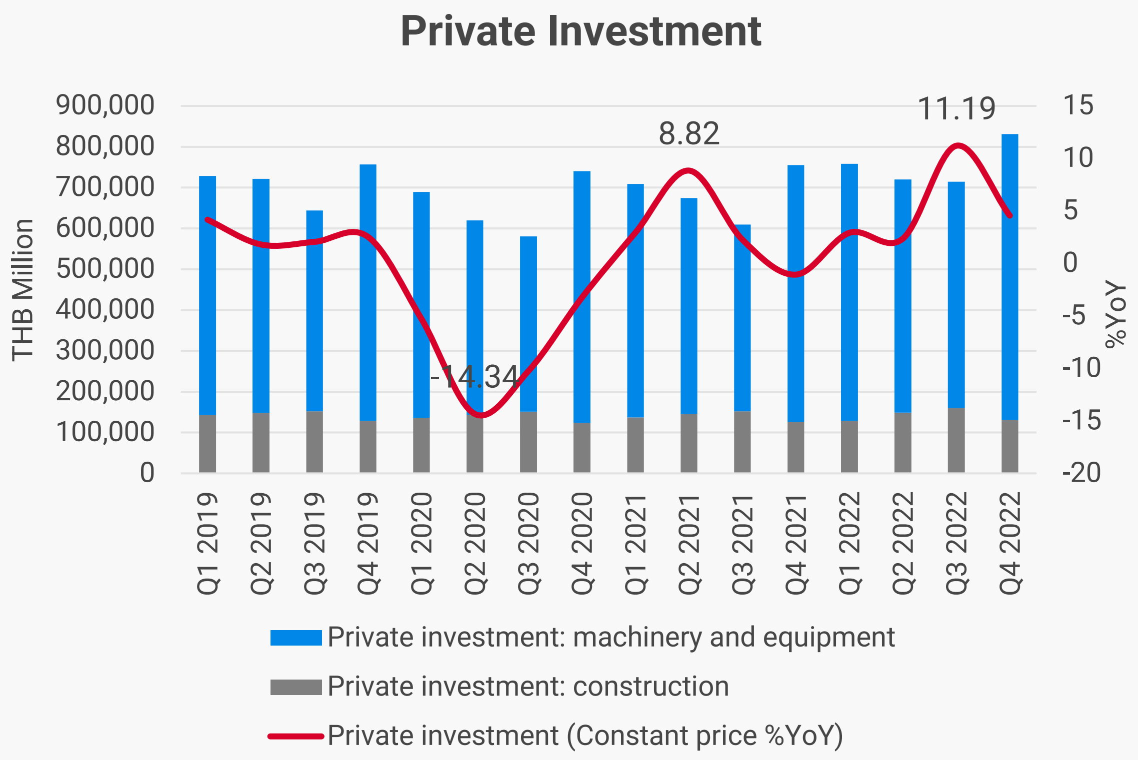


*Total income = farm income + non-farm income

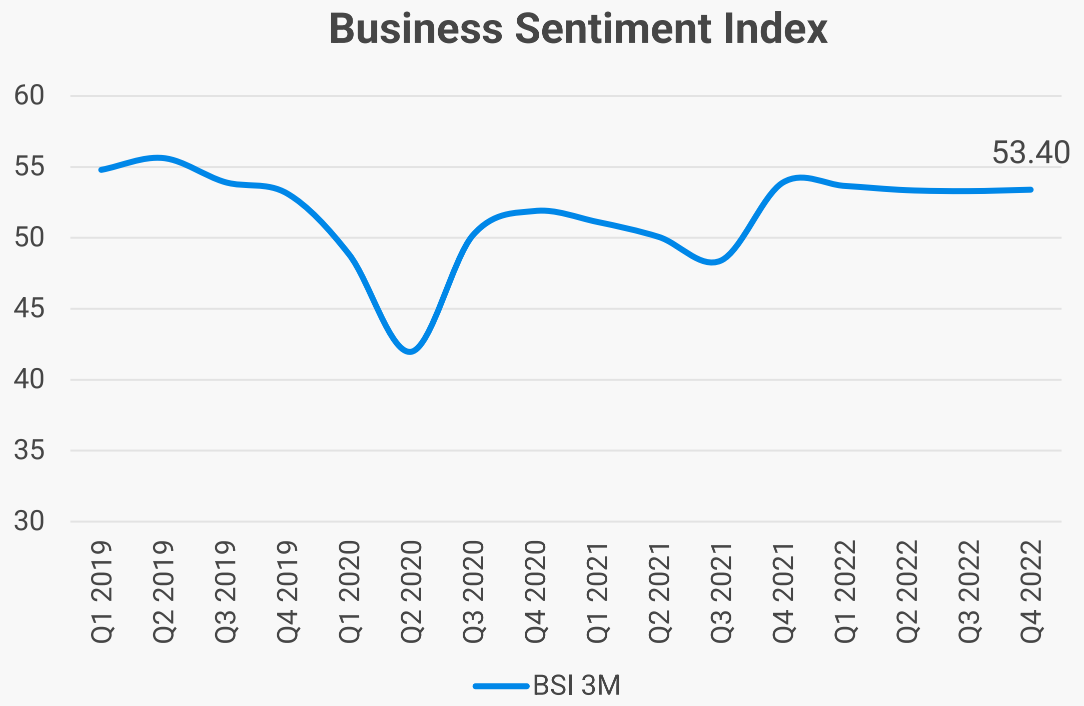
Sources: Bank of Thailand (BOT), National Statistical Office (NSO)

- Consumption expenditure in restaurants and hotels recovered sharply since the second quarter of 2022 (Q2/2022) after the lifting of travel restrictions. The number of 2022 total reached 75% of the pre-COVID-19 level.
- Improving average total incomes and international tourist receipts will support consumption going forward.

In 2023, private investment to improve gradually in line with exports of goods



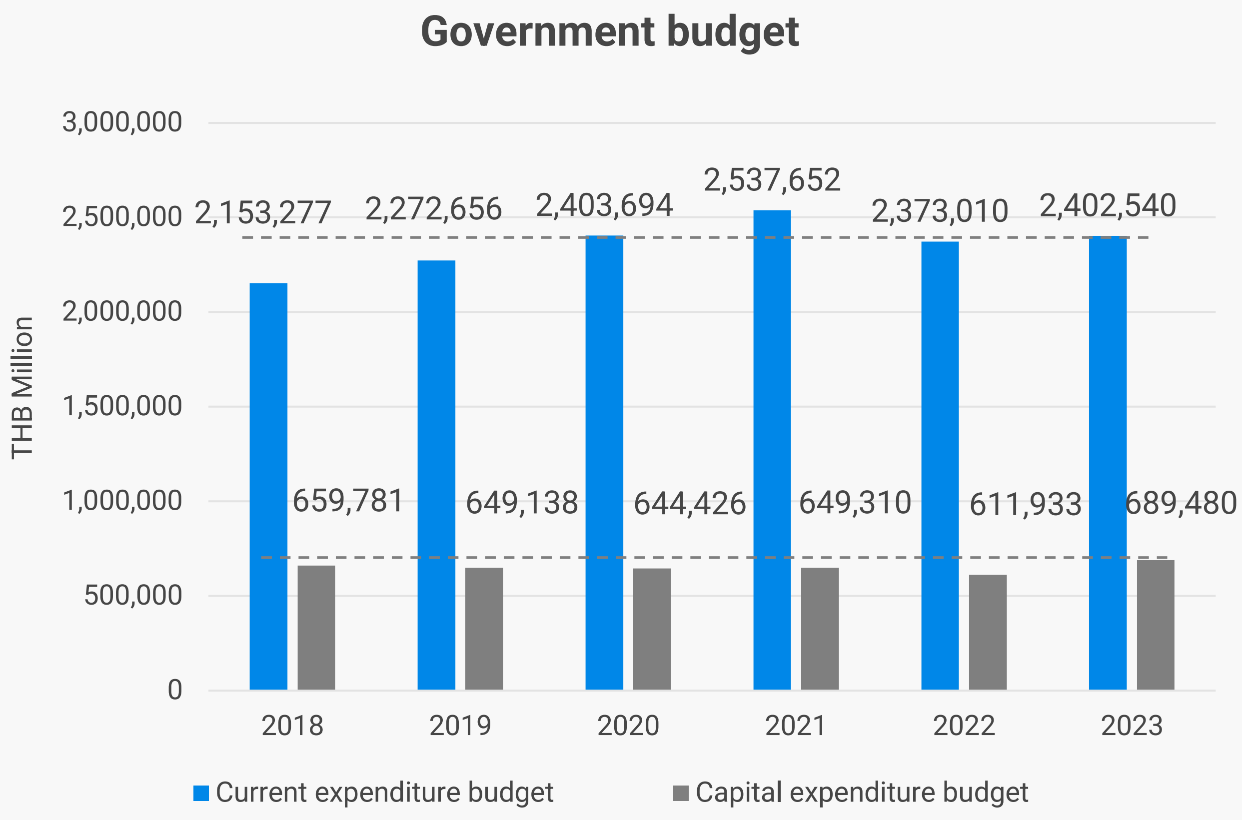
Source: NESDC



Sources: Bank of Thailand (BOT), CEIC

- In 2022, private investment recovered sharply y-o-y, especially in machinery and equipment.
- Going forward, the Business Sentiment Index suggests a slow recovery in private investment in line with exports of goods.

Public investment to slightly rebound due to higher capital expenditure budget while government consumption is expected to continue subsiding in 2023



Public investment

- Higher FY2023 budget compared to previous year and low base of disbursement in 2022.
- Continued disbursement in ongoing investment projects by state-owned enterprises such as Khon Kaen - Nong Khai double-track railway, Tao Poon - Rat Burana MRT Purple Line Railway, and the Provincial Electricity Authority's Transmission Line Development Phase II.

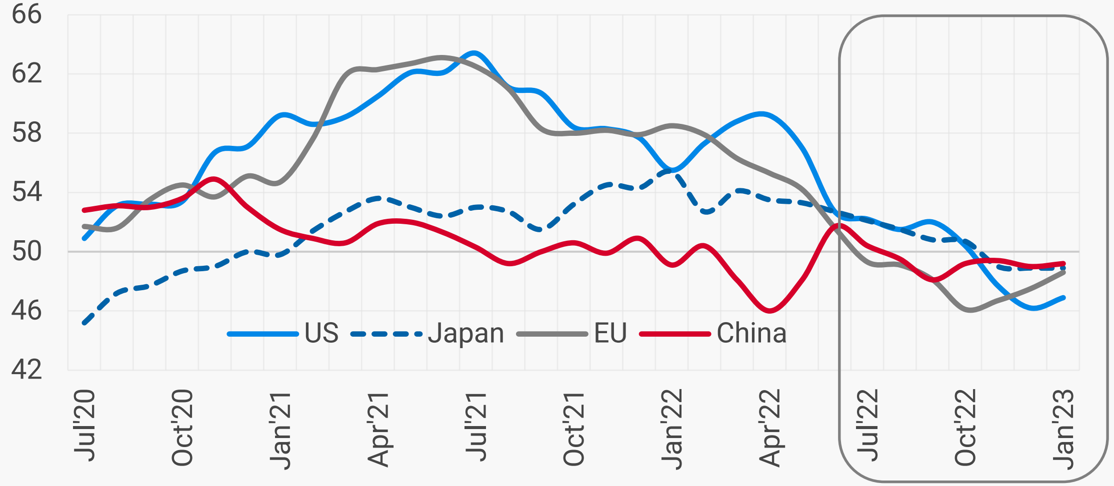
Government consumption

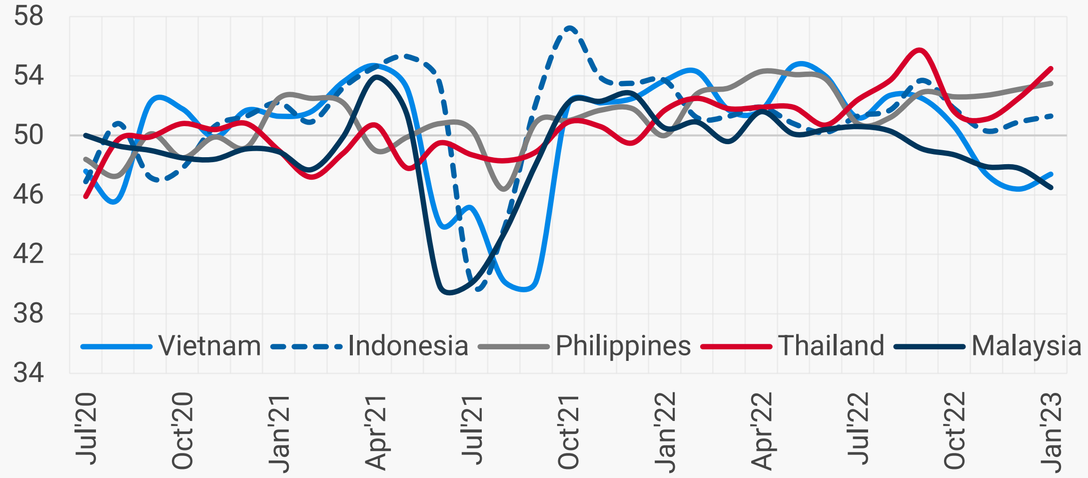
- Slightly higher fiscal year (FY) 2023 budget compared to previous year.
- Limited room for disbursement from THB1.5 trillion emergency decree as the disbursement rate from approved budget as of January 2023 was already at 96.36%.

Source: Budget Bureau

Exports of goods likely to experience a slower pace of recovery in 2023 due to higher risk of global recession

[> 50] = prod. expand, [< 50] = prod. contract, and [=50] prod. unchanged





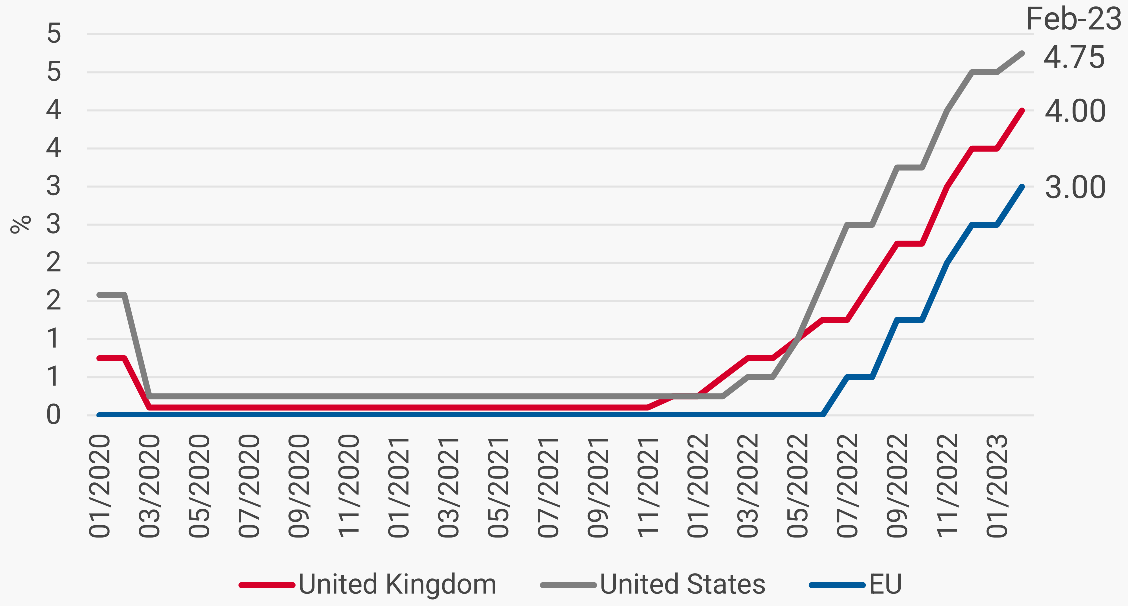
Source: Bloomberg

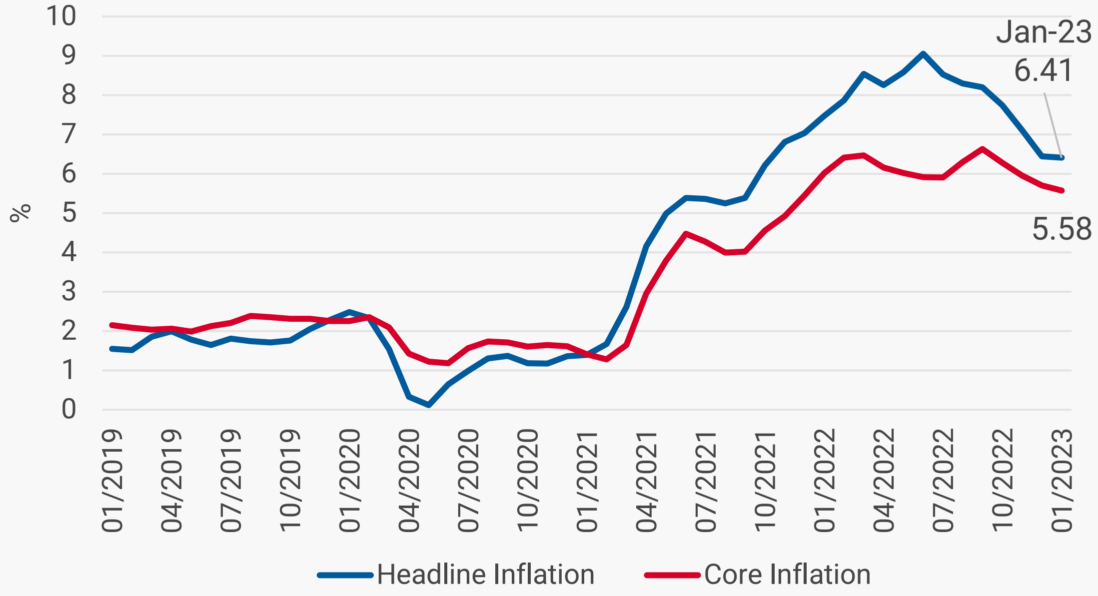
Country	Share of Thai exports as of 2021
US	21%
ASEAN-4	19%
China	19%
Japan	13%
EU	9%

Source: Bank of Thailand (BOT)

- G3 slowdown since June following the Fed's aggressive rate hikes which heightened the chance of recession. Latest seasonally adjusted purchasing manager index (PMI) data is already below 50 suggesting contracting production.
- China PMI reflects domestic COVID-19 restrictions. Seasonally adjusted PMI was down to 46 after lockdown in Shanghai during April-May 2022 while the figure rose above 50 after lockdown easing in June. The figure is expected to recover further after the easing of domestic COVID-19 restrictions in December 2022.
- Slowdown in ASEAN countries seasonally adjusted PMI since October reflects some lags in global spillover.

Inflation is declining following aggressive monetary policy normalization by advanced economies

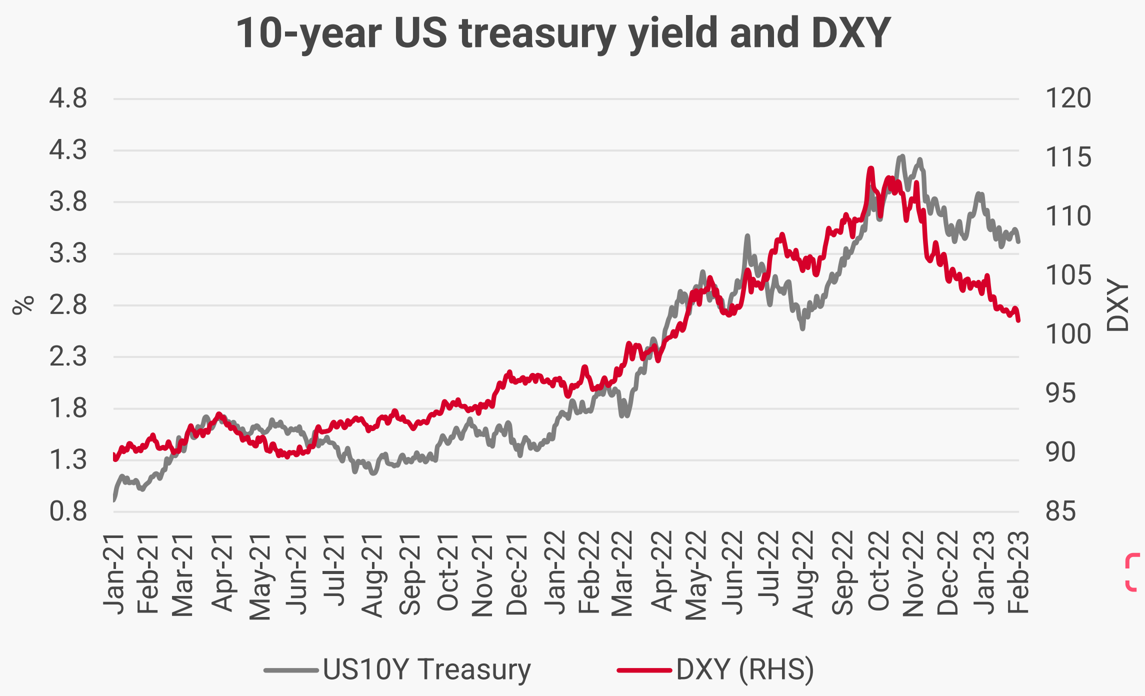


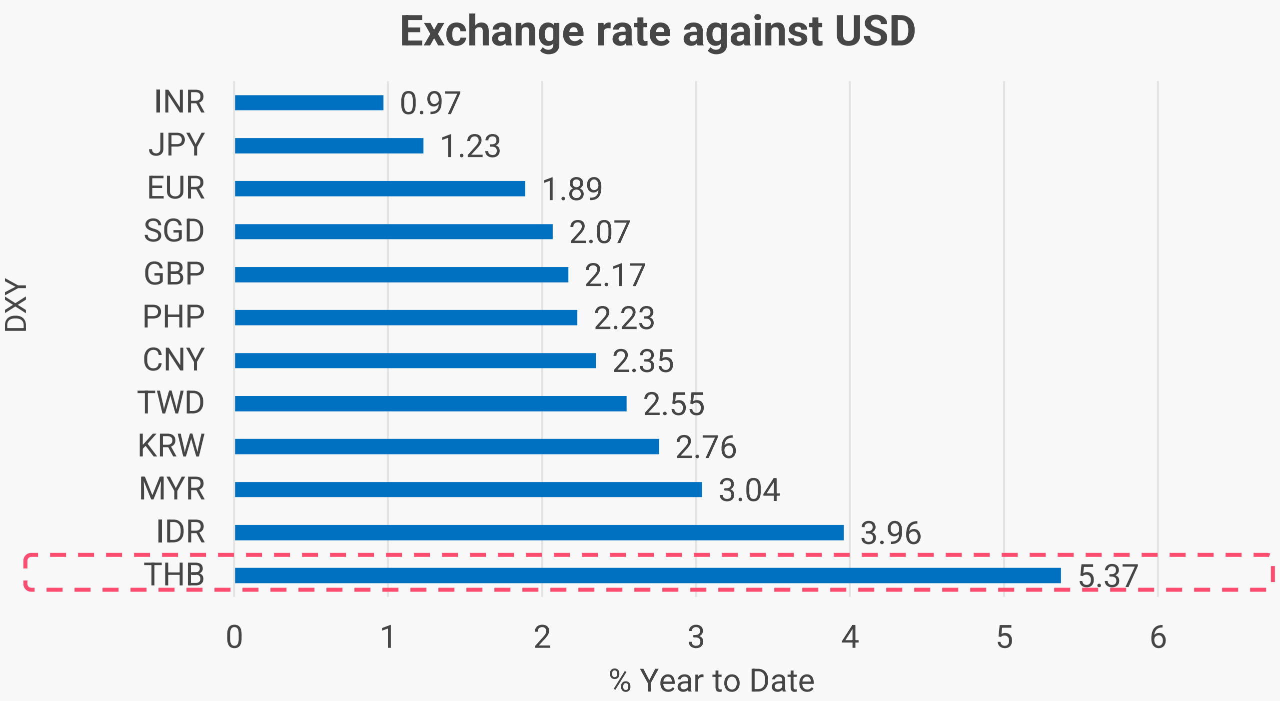


- In February 2023, policy interest rates for the US, UK, and EU reached 4.5%-4.75%, 4.00%, and 3.00%, respectively, while the latest figures for US inflation in January 2023 revealed a decline in both headline and core inflation to 6.41% and 5.58%, respectively.
- The Fed curtailed the hike to 25 bps in February 2023. However, the Federal Open Market Committee (FOMC) dots plot at the end of 2022 suggested that the Fed fund rate will remain high at around 5.1% throughout 2023 before declining in 2024 and 2025.

Source: CEIC

Weakening US treasury yield alongside USD after the Fed signaled a slow down in policy rate hikes. Thai Baht is relatively attractive compared to peers.

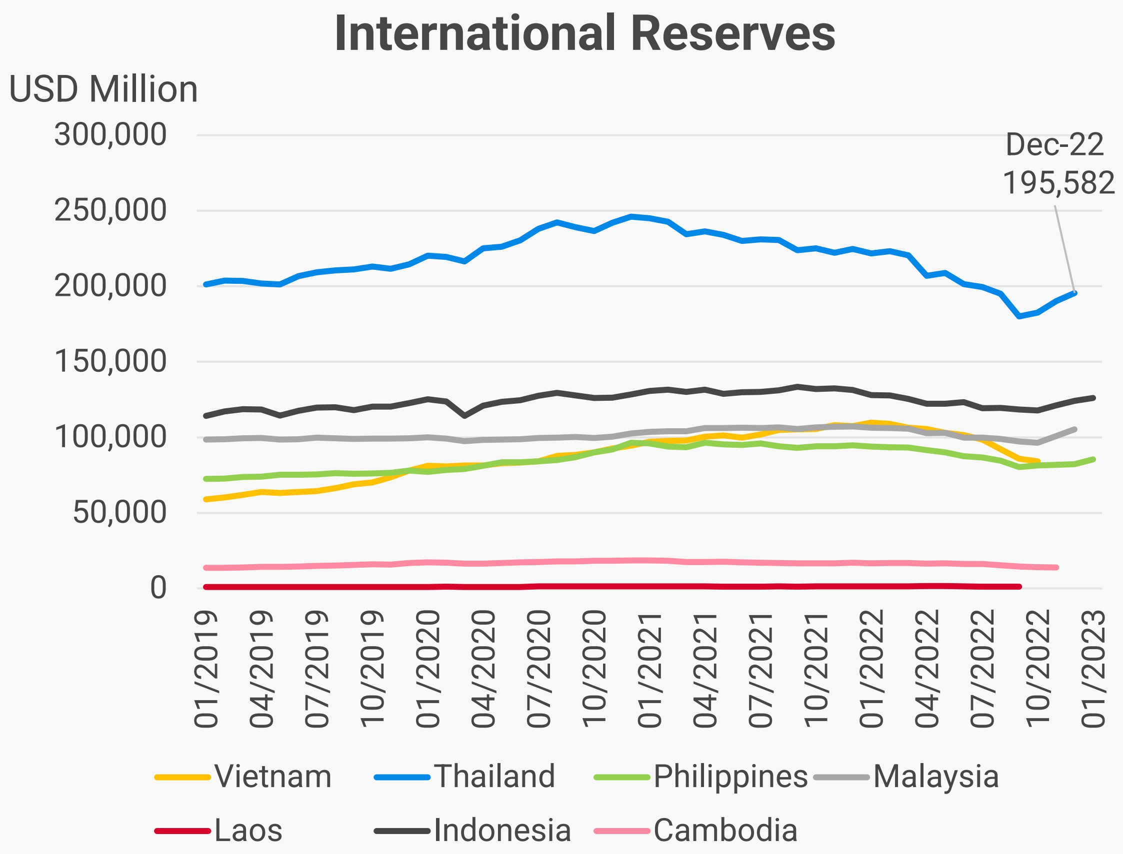


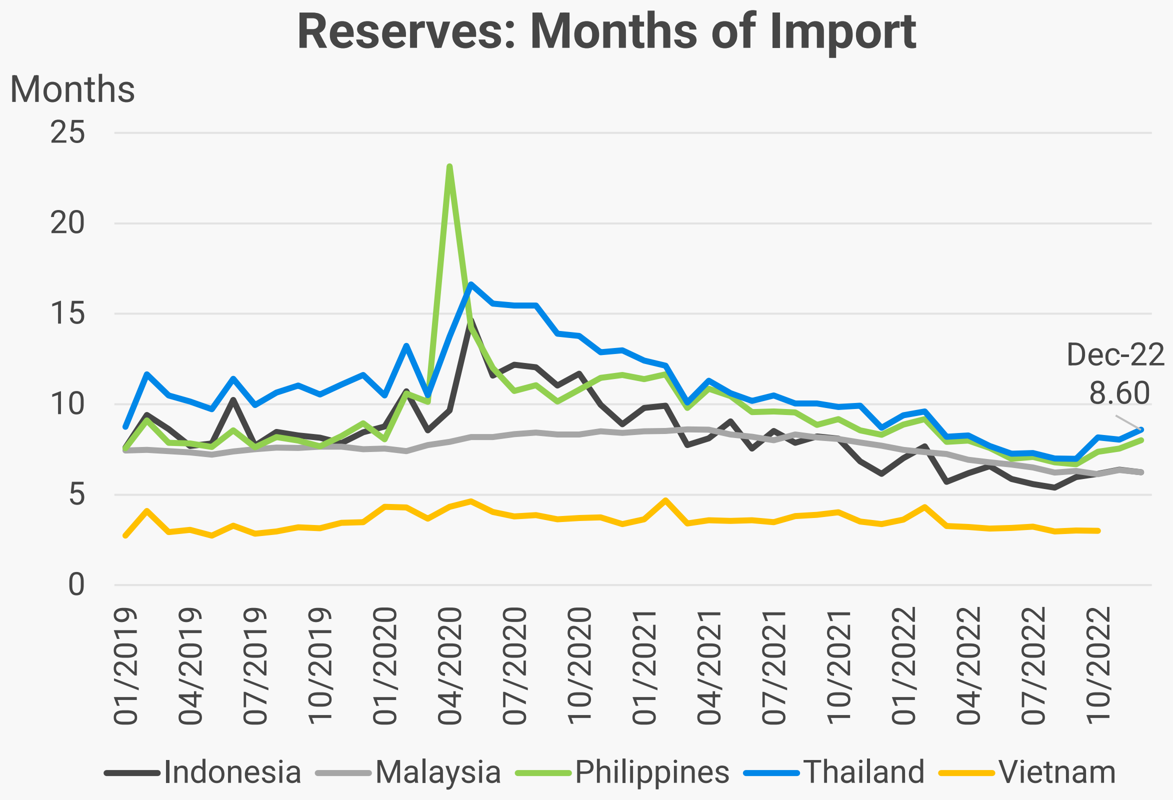


- US 10-year government bond yield and US dollar index (DXY) declined to 3.42% and 101.22, respectively, on 1 February 2023 after the Fed slowed down its policy rate hikes.
- Comparing to regional and trading partner currency, THB appreciated more against USD year to date due to strong external sector reflected by high level of international reserves in tandem with improving exports of services thanks to a sharp recovery in the number of international tourists.

As of 1 February 2023
Source: Bloomberg

Thailand has relatively stronger external sector comparing to peers

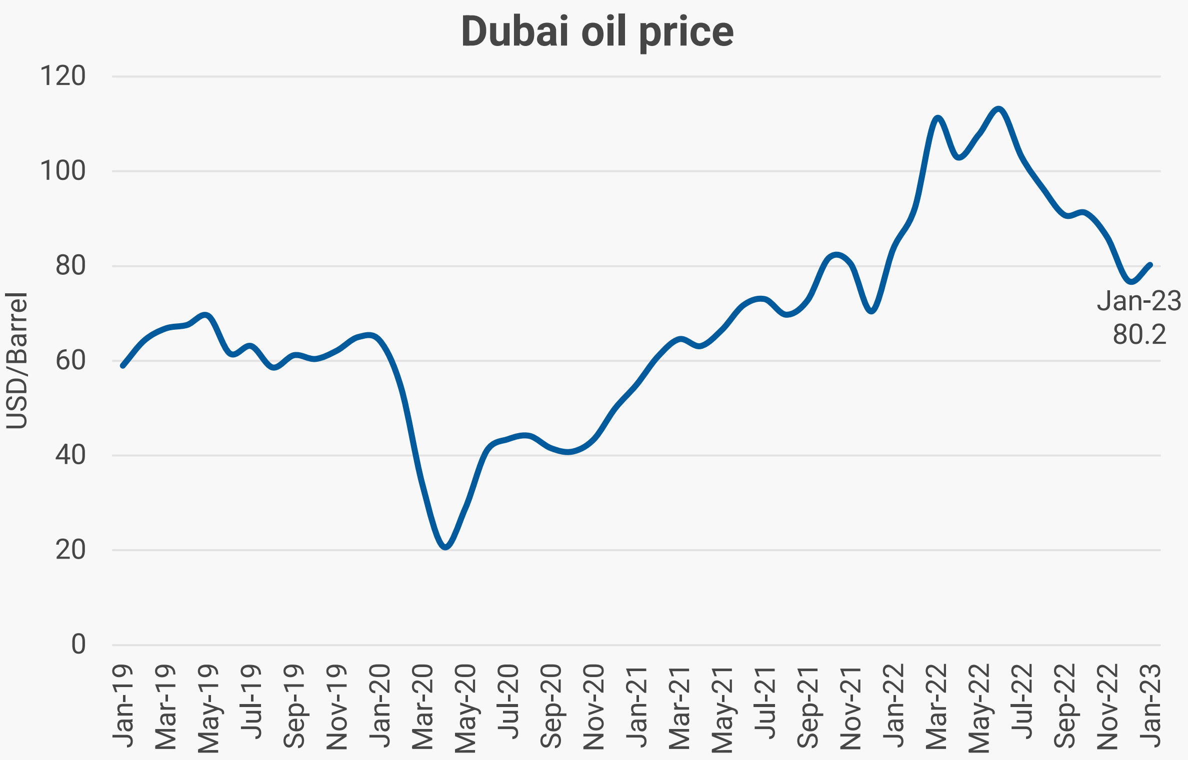




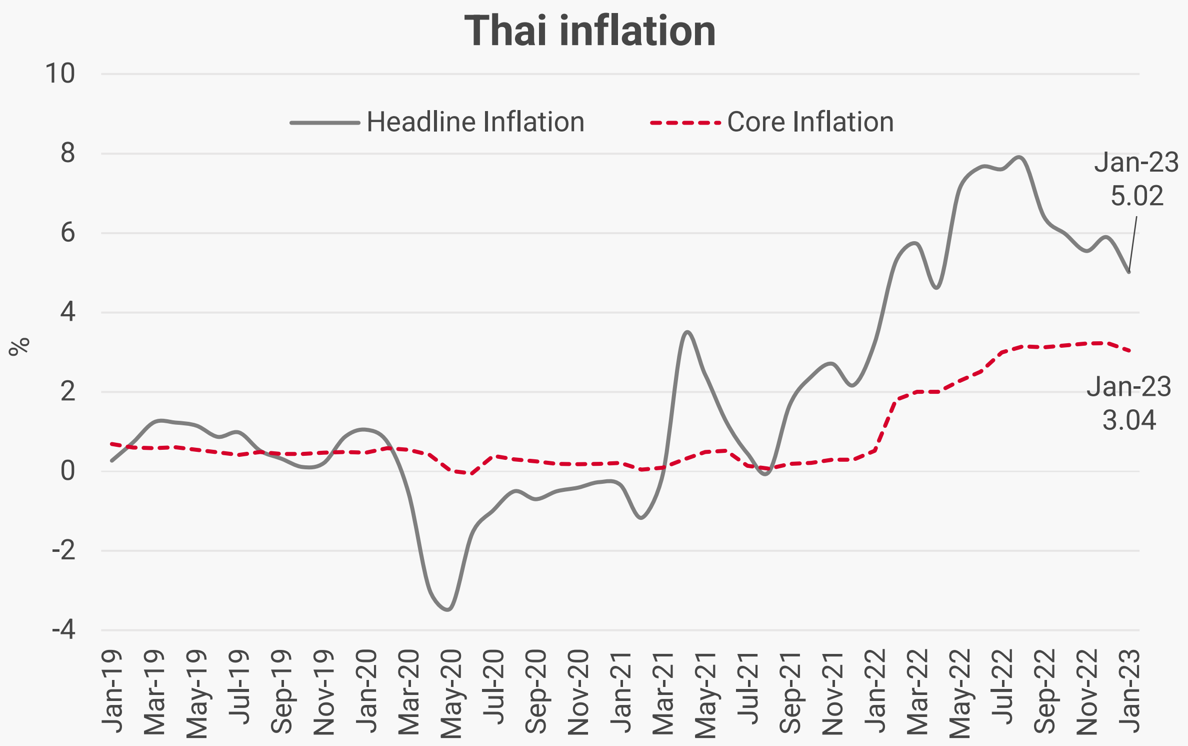
- Thailand has relatively stronger external sector reflected by higher international reserves comparing to peers both in absolute terms (195 billion USD as of December 2022) and months of import metrics (8.6 months as of December 2022).

Source: CEIC

Less pressure on cost-push inflation going forward as crude oil price decreases from lower demand



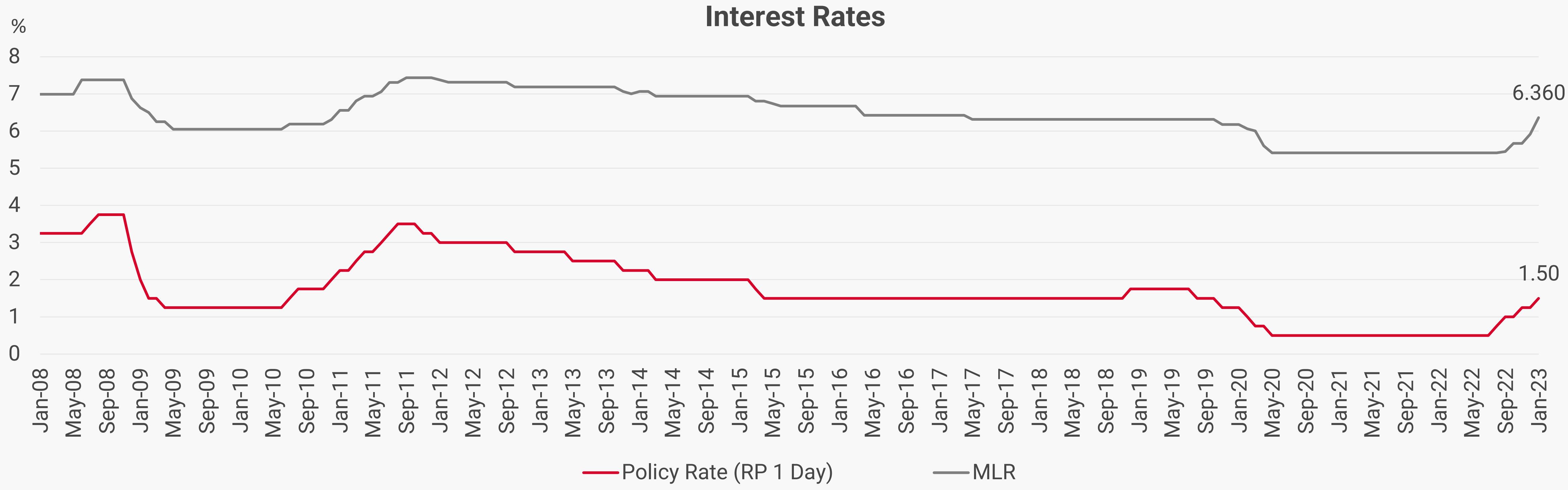
Sources: Bangkok Biz News, Thai Oil



Sources: Ministry of Commerce (MOC)

- Oil price decreases as a result of weaker demand due to global economic slowdown and increasing risk of global economic recession after monetary policy normalization.
- Thailand's headline and core inflation rate declined to 5.02% and 3.04% respectively in January 2023. We expect average headline inflation to decline to 2.5%-3.5% in 2023.

We expect policy rate hikes of 50 bps altogether in 2023 on the back of lower pressure from both FX and inflation going forward.



- Owing to lower pressure from both foreign exchange market (FX) and inflation going forward, we expect the Bank of Thailand to hike the policy interest rate by 50 basis points altogether in 2023 (25 basis points in two monetary policy committee meetings).
- Thus, we forecast a 2023 year-end policy interest rate of 1.75%.

Source: Bank of Thailand (BOT)

Downside Risks and Potential Impacts

Downside Risks	Potential Impacts
Lingering inflationary pressure especially in advanced economy	Pressuring central banks to increase interest rates at the expense of economic recovery Upward pressure on bond yields, tightened liquidity, and heightened FX volatility especially in emerging economies.
Global economic slowdown	Lower global demand from tightening monetary conditions globally weigh on Thai exports of goods
Escalating geopolitical risks	Impact on global supply chain, investment environment, and Thai tourism recoveries. Oil prices that remain high will continue to support inflationary pressure.

Source: TRIS Rating

Key takeaways

- ✓ TRIS Rating views that the Thai economy will grow by 3.5% in 2023
- ✓ Tourism recoveries, private consumption, and total investment will be the main drivers of growth in 2023

Key drivers

- Accelerated recovery in exports of services from increasing numbers of international tourists
- Continued recovery of private consumption especially expenditure in restaurants and hotels thanks to improving average incomes and increasing tourist receipts
- Revival in total investment
    - Private investment continues to grow at a slower pace in line with exports of goods
    - Public investment recovers on the back of higher budget, continued disbursements in ongoing investment projects and low base in 2022

Key risks

- Lingering inflationary pressure especially in advanced economy could lead to further tightening in monetary conditions and heighten Emerging Market FX volatilities
- Global economic slowdown weigh on Thai exports of goods
- Escalating geopolitical risks impact global supply chain, investment environment, and Thai tourism recoveries

Source: TRIS Rating

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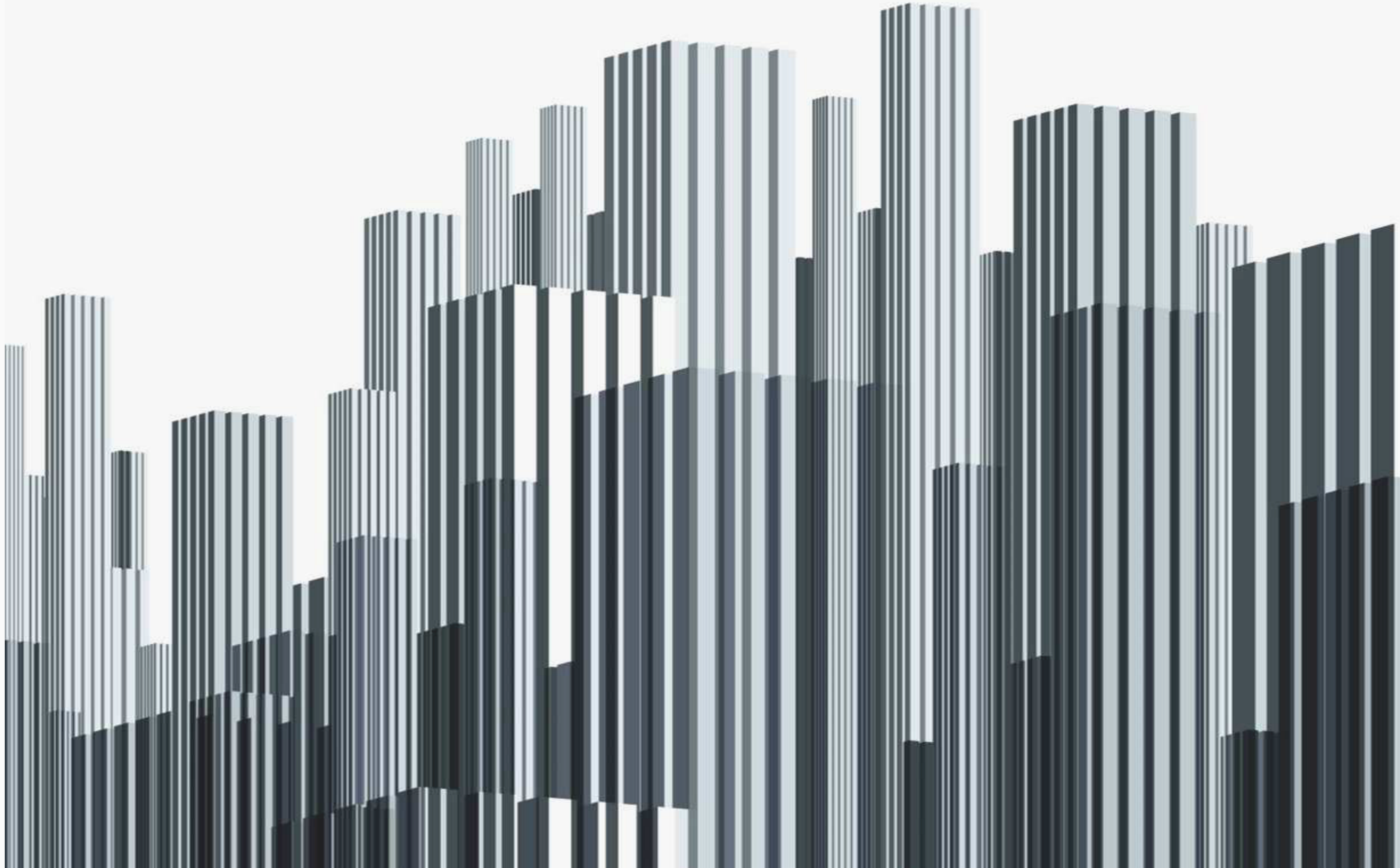
Banking Sector

Ms. Narumol Charnchanavivat
Executive Vice President

Thursday, 23 February 2023



Banking Sector

01 Ratings and financial Performance

Ratings unchanged supported by strong performance and capital

02 Loan growth and net interest margin

Loan growth decelerated in 4Q22 due to loan repayments. NIM expanded as banks started to raise lending rates at a faster pace than deposit rates

03 Interest rate trend and funding cost

Smaller banks are likely to be more impacted from higher funding costs due to active deposit acquisitions

04 Capital and Earnings Buffer

Tier 1 remains strong for most banks with adequate earnings buffer to absorb credit losses

05 Asset quality and reserves

Asset quality still a challenge but credit costs continued to trend downwards as banks have largely boosted reserves in the past few years

Banks Rated by TRIS Rating

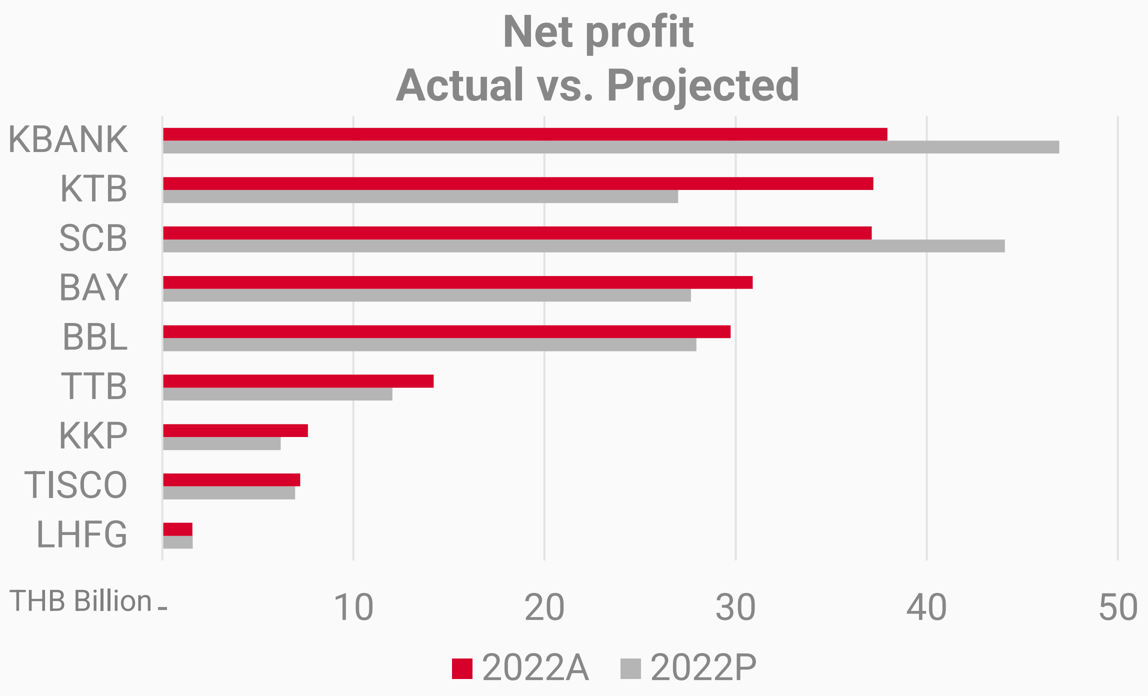
	ICR	Outlook
Bank of Ayudhya (BAY)	AAA	Stable
Hattha Bank (HB)	BBB+	Stable
Kiatnakin Phatra Bank (KKP)	A	Stable
Land and Houses Bank (LHBANK)	A-	Negative
LH Financial Group (LHFG)	BBB+	Negative
Mega International Commercial Bank (MEGA ICBC)	AAA	Stable
RHB Bank Berhad (RHB)	AA	Stable
TISCO Bank (TISCOB)	A	Stable
TISCO Financial Group (TISCO)	A-	Stable

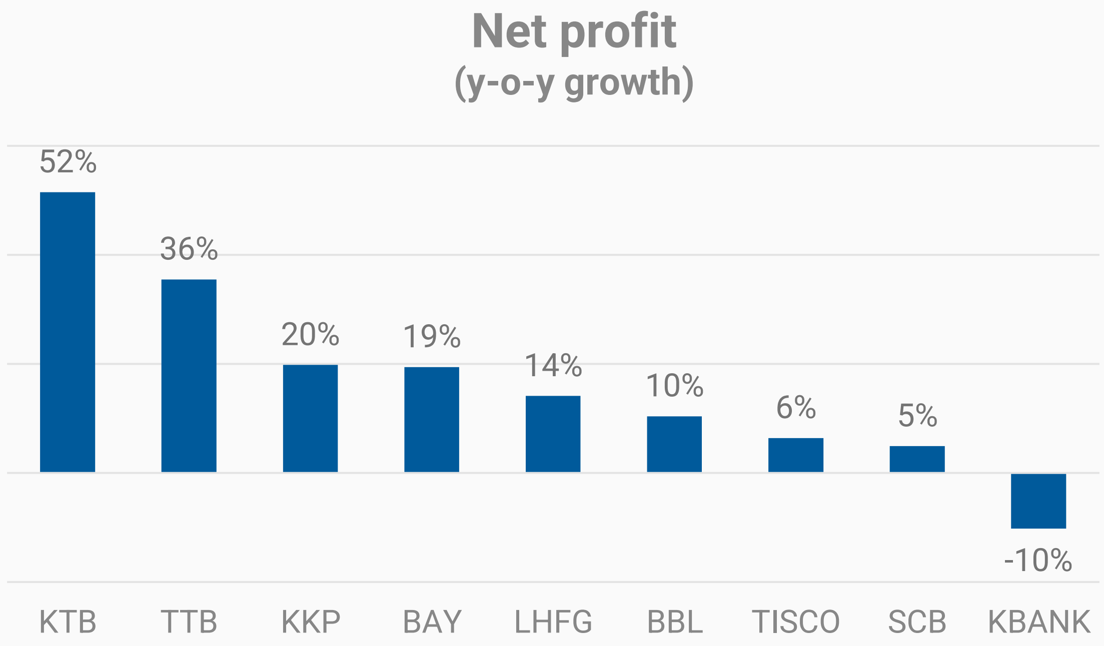
No rating change in 2022

- Capital remains strong for most banks
- Sound earnings capacity
- Manageable asset quality and credit losses

Source: TRIS Rating

2022 Performance in line

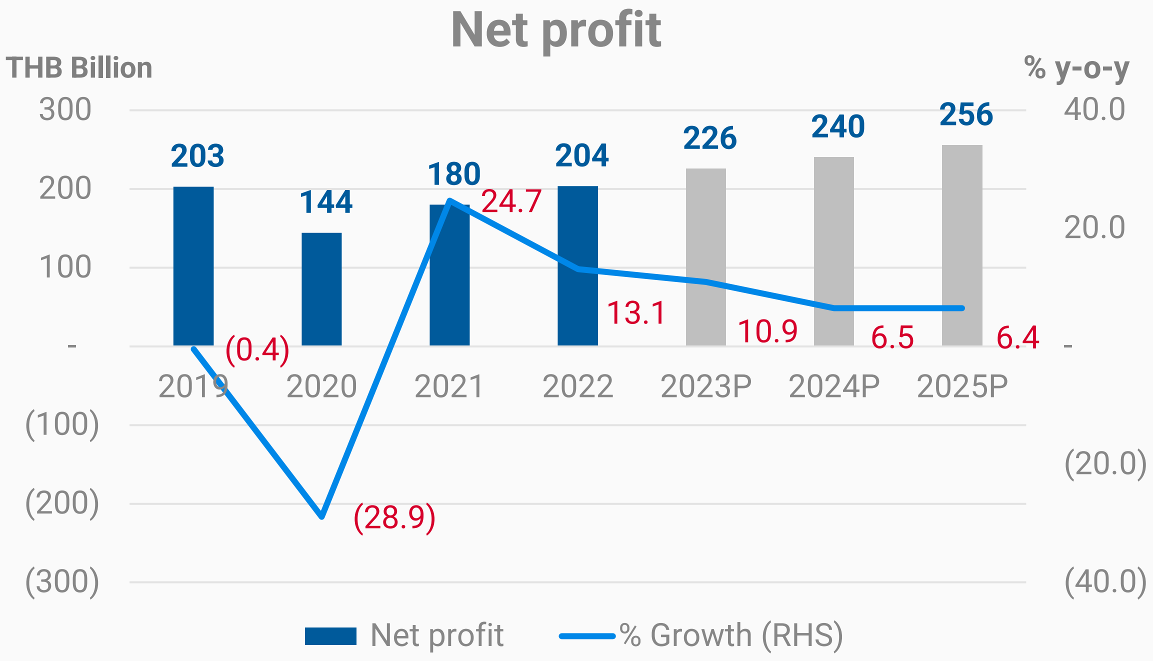


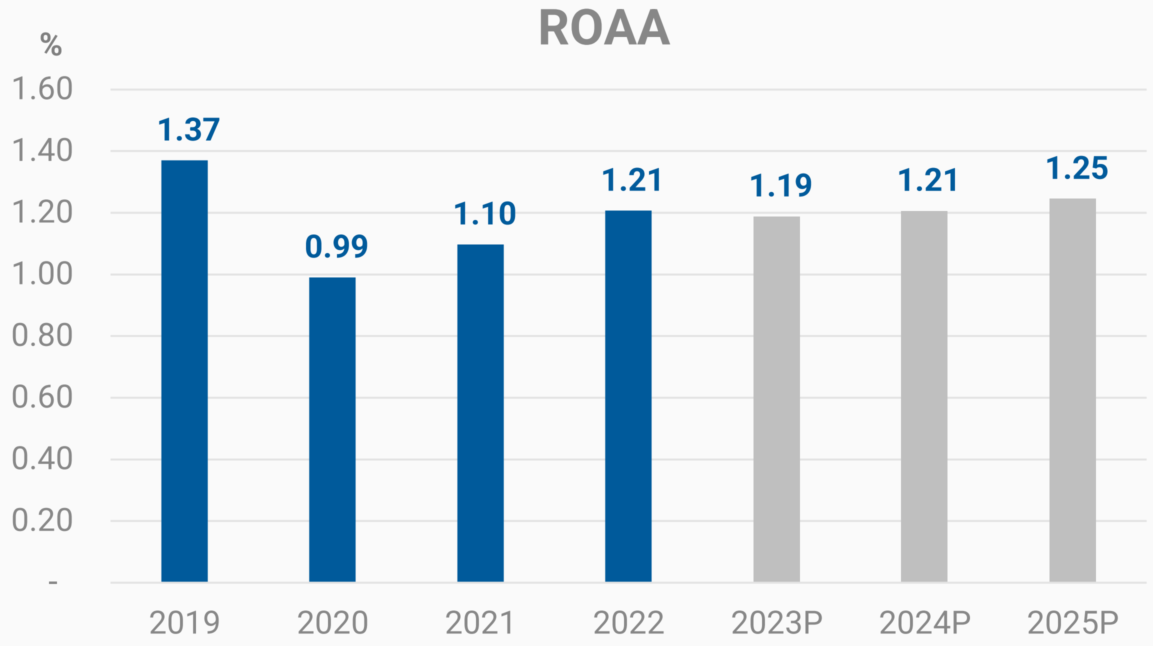


- KTB was the best performer in 2022, with net profit above our projection due to NIM expansion from change in asset mix and lower provisions.
- KBANK missed our forecasts due to above-guidance provisions, while SCB also reported lower earnings on the back of higher operating expenses

(BAY excludes gain on sale of TIDLOR's shares)

Financial performance normalizing



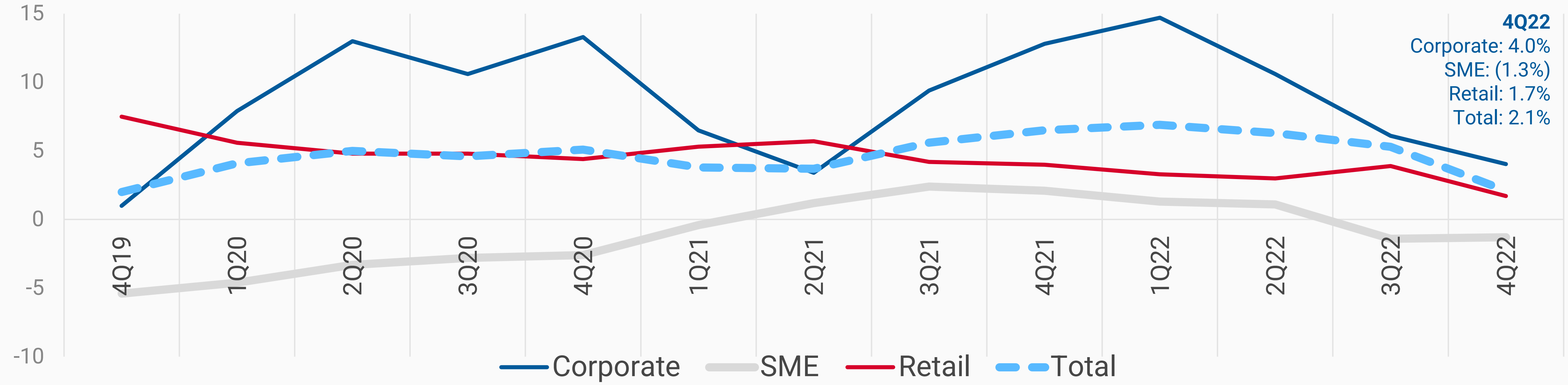


- Normalized net profit of nine listed banks improved to THB204 billion in 2022, in line with our expectation, thanks to lower provisions and expanded NIM
- Earnings to strengthen further with ROAA of 1.2%, assuming system credit growth of 3% p.a. and further NIM expansion to 3.1%-3.2%. Average credit cost is likely to decline to c.130bp from a peak of c.180bp in 2020

Normalized net profit excludes one-time items

Source: Bank data and TRIS Rating

Loan growth slowed in 4Q22

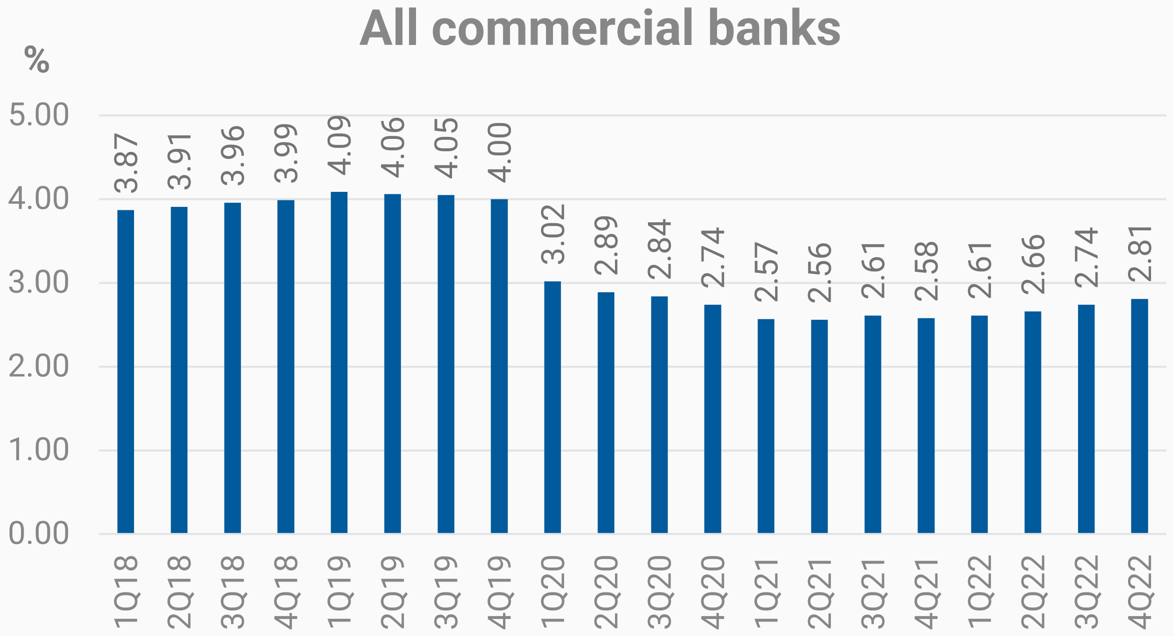


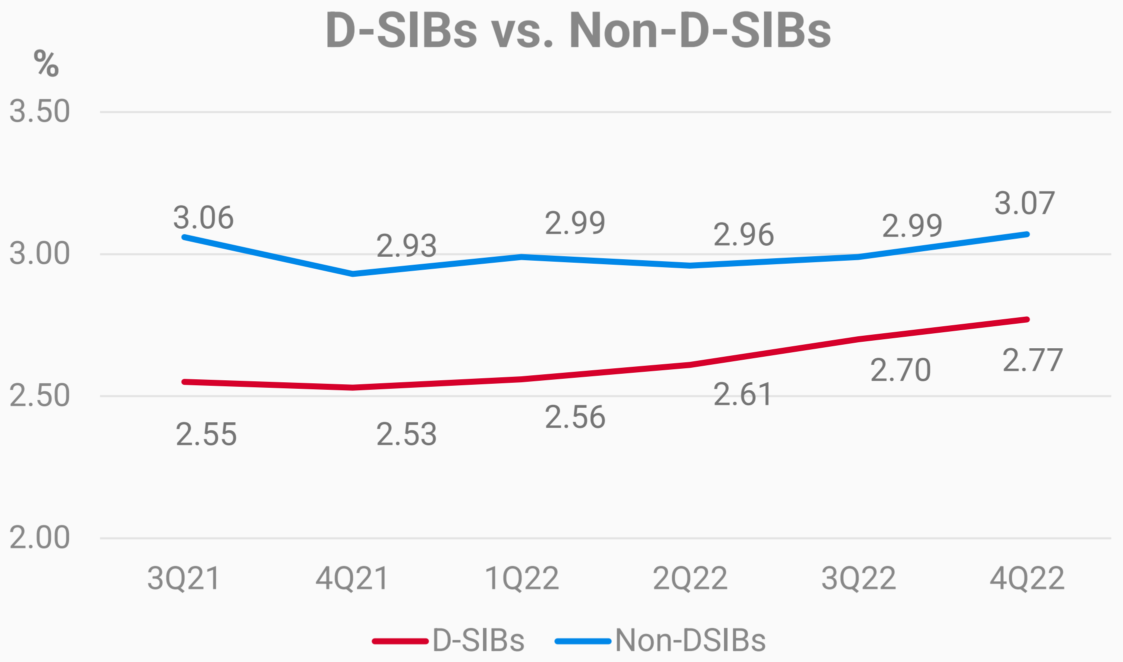
- **Banking system loans** (excluding interbank) at the end of 2022 totaled THB15.4 trillion, expanding at a slower pace by 2.1% y-o-y vs. 6.5% at end-2021 due to loan repayments
- **Corporate:** Strong growth in wholesale/retail trades (+5%) and financial/insurance activities (+13%) supported loan growth in 2022 despite large loan repayment in the public administration and defense segment.
- **SME:** Loans continued to fall by -1.3% y-o-y in 4Q22 due to repayment of soft loans. Loans to manufacturing and wholesale/retail trades contracted, while loan demand from financial/insurance activities were strong
- **Retail:** Home loans and personal loans were the main drivers, helping to offset credit card loan repayments

(Banking system includes locally registered commercial banks and foreign bank branches)

Sources: Bank of Thailand

Net interest margin to improve gradually

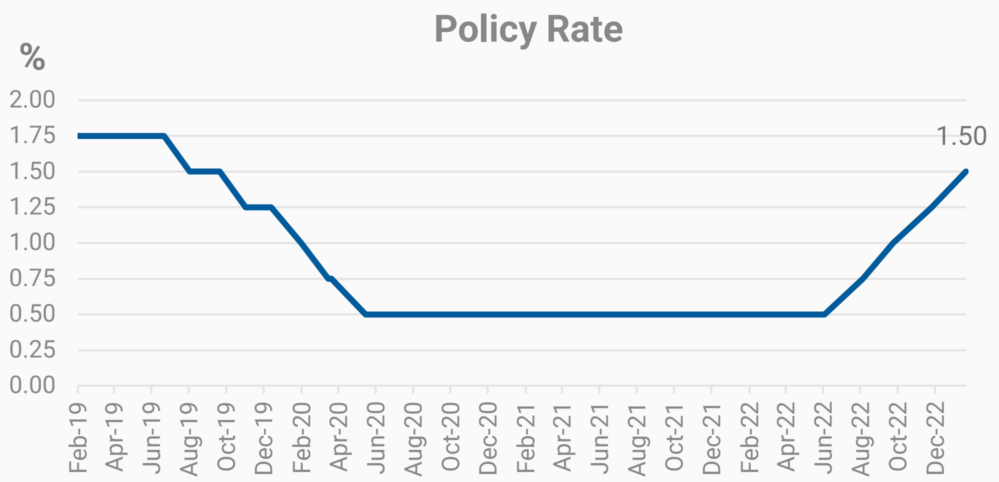




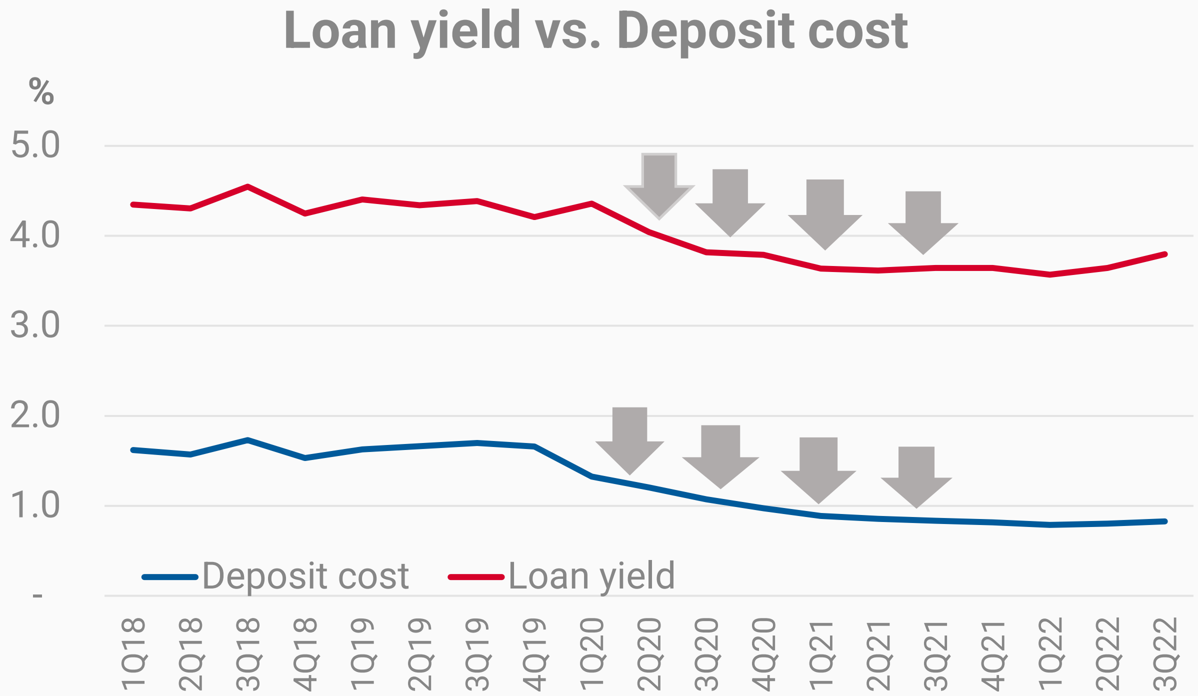
- Net interest margin (NIM) of all 14 commercial banks reported by the BOT showed significant drop since the start of COVID in 2020 due mainly to: (1) impact from rate cuts; (2) lowering of lending rates as the banks passed on the benefit from the BOT's FIDF fee cut to borrowers; (3) the lower of ceiling rates on consumer loans; (4) declining yields from debt relief programs
- NIM of the large and mid-sized banks (D-SIBs) remains lower than smaller banks (non-D-SIBs) given higher exposure to low-margin corporate loans. Nonetheless, the gap is smaller in recent quarters as larger banks benefit from low-cost deposits

D-SIBs: BBL, KBANK, KTB, SCB, BAY, TTB)

Loan yield and deposit rates on rising trend



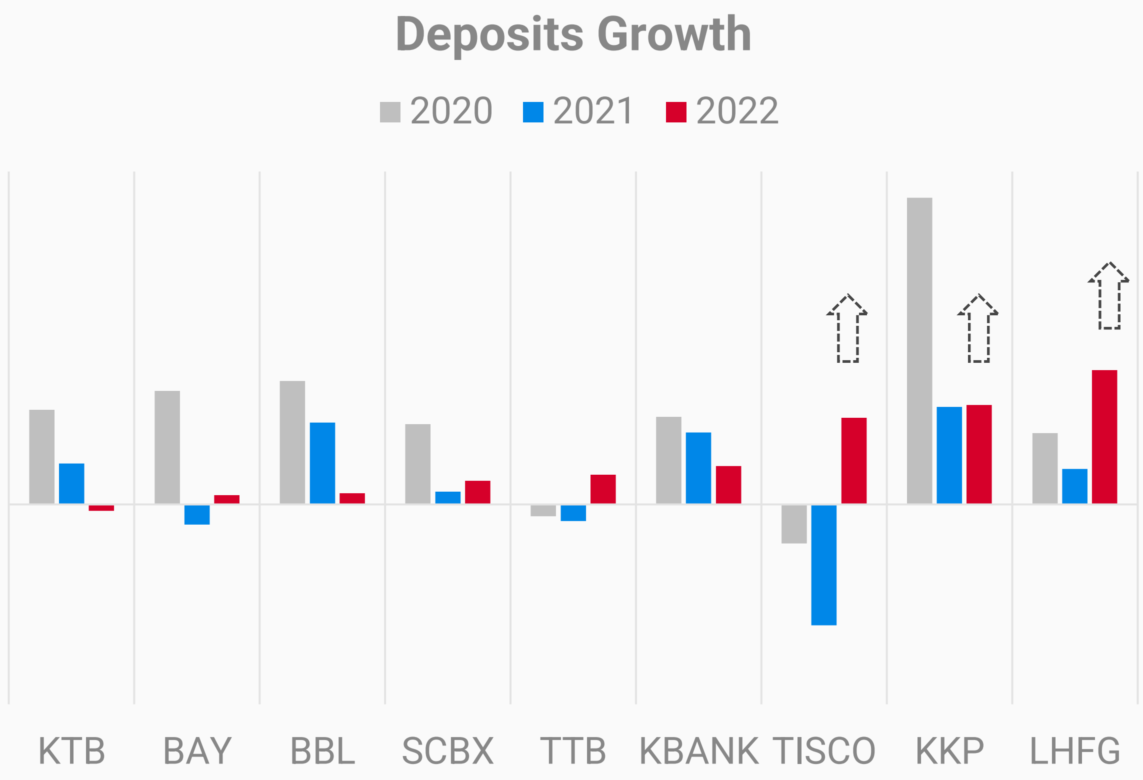
	FIDF Fee (Normal rate)	FIDF Fee (Revised rate)
Jan-Jun 2020 / Jul-Dec 2020	46bp	23bp
Jan-Jun 2021 / Jul-Dec 2021	46bp	23bp
Jan-Jun 2022 / Jul-Dec 2022	46bp	23bp (extended)
Jan 2023 onwards	46bp	

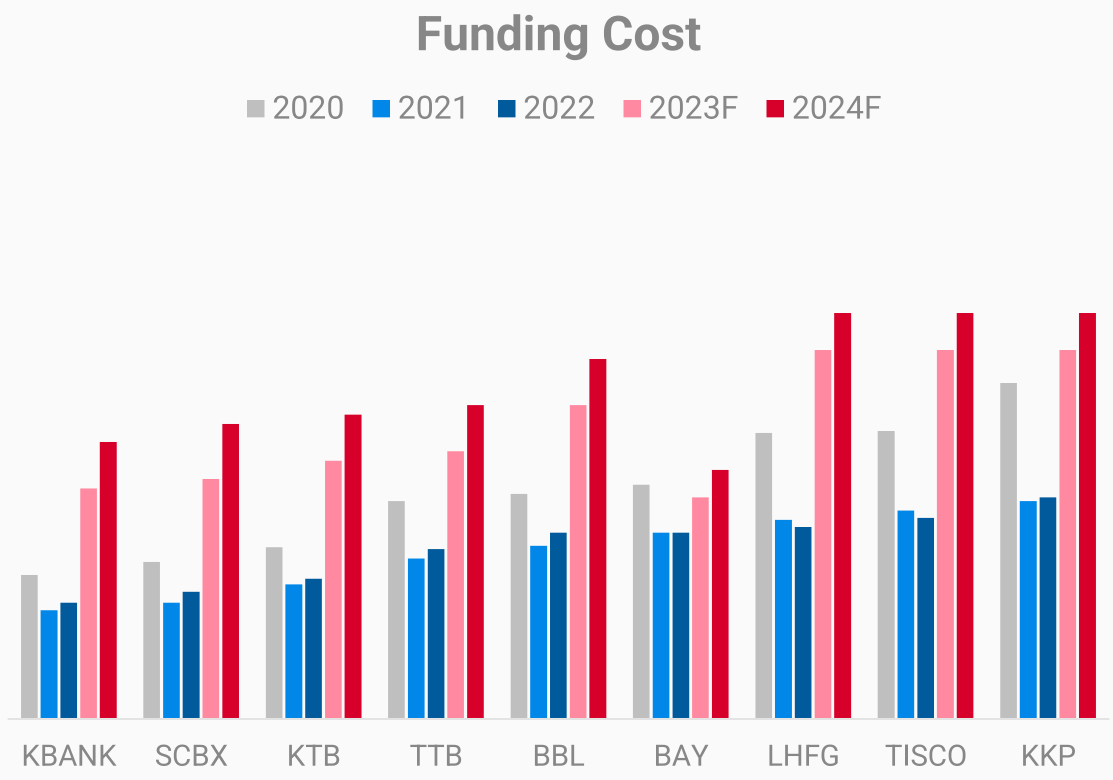


Data of nine listed banks

- The benefit from lower FIDF fee charged on deposits had been passed on to borrowers in the form of lower lending rates in 2020-2022.
- We expect NIM to continue to expand as banks are likely to raise lending rates further and more rapidly than they raise deposit rates

Funding cost increasing for smaller banks



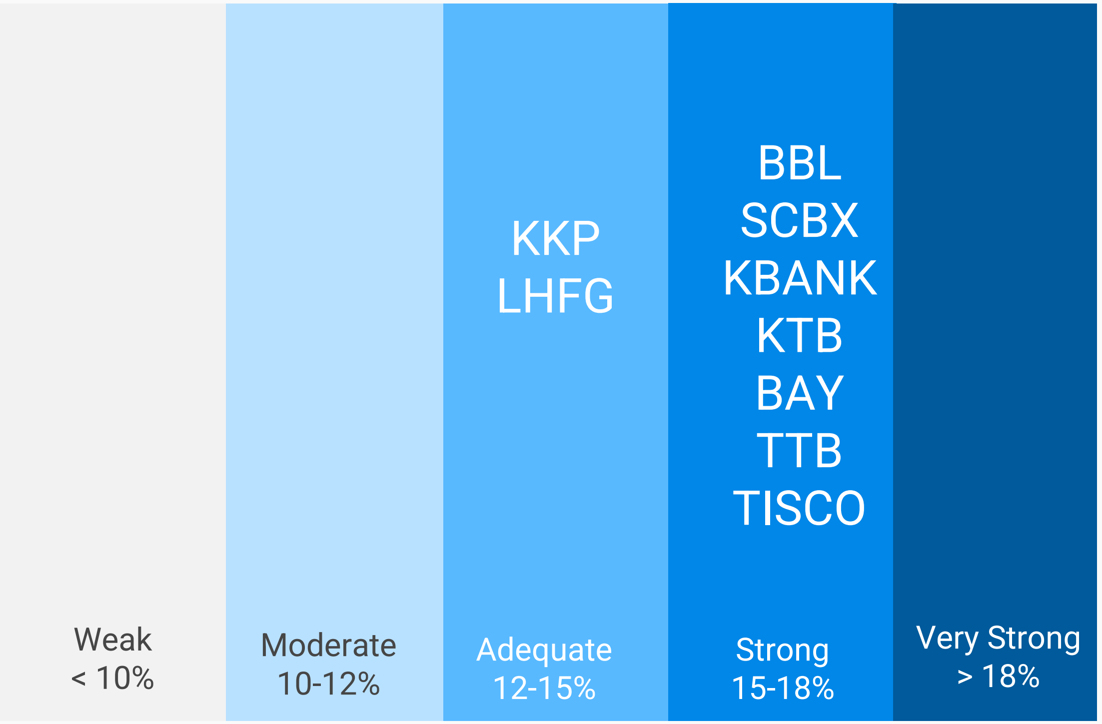


➢ In 2023, expect funding cost to increase at a measured pace for larger banks, while smaller banks are likely to see funding cost rising more rapidly given less proportion of low-cost savings deposits and more active deposit acquisitions

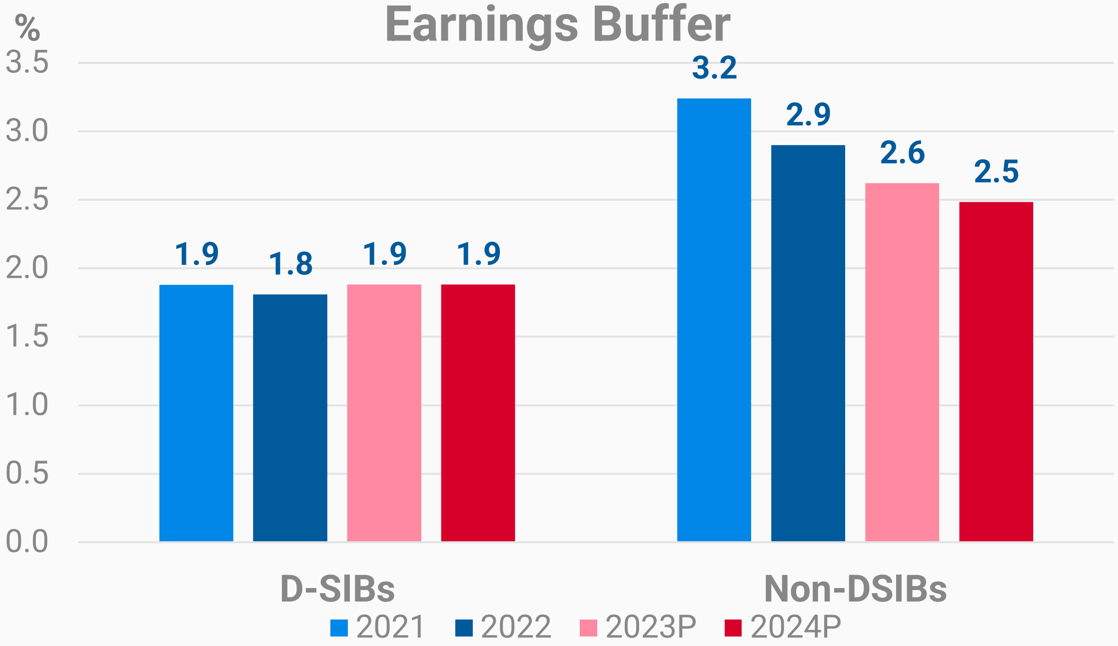
Sources: TRIS Rating and Bloomberg

Strong capital and earnings buffer

Tier 1 / CET1 ratio



➢ Major banks' capital still assessed as strong. Smaller banks' capital are at adequate level due to active credit expansion.

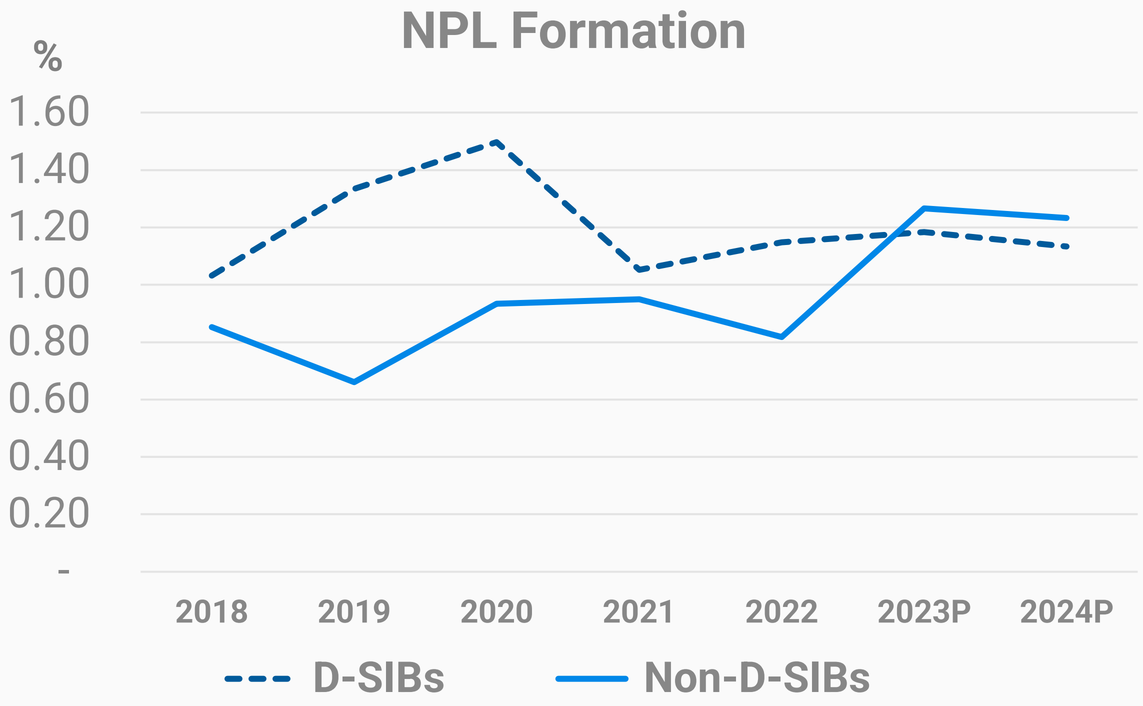


D-SIBs: BBL, KBANK, KTB, SCB, BAY, TTB; **Non-D-SIBs**: KKP, TISCO,LHFG

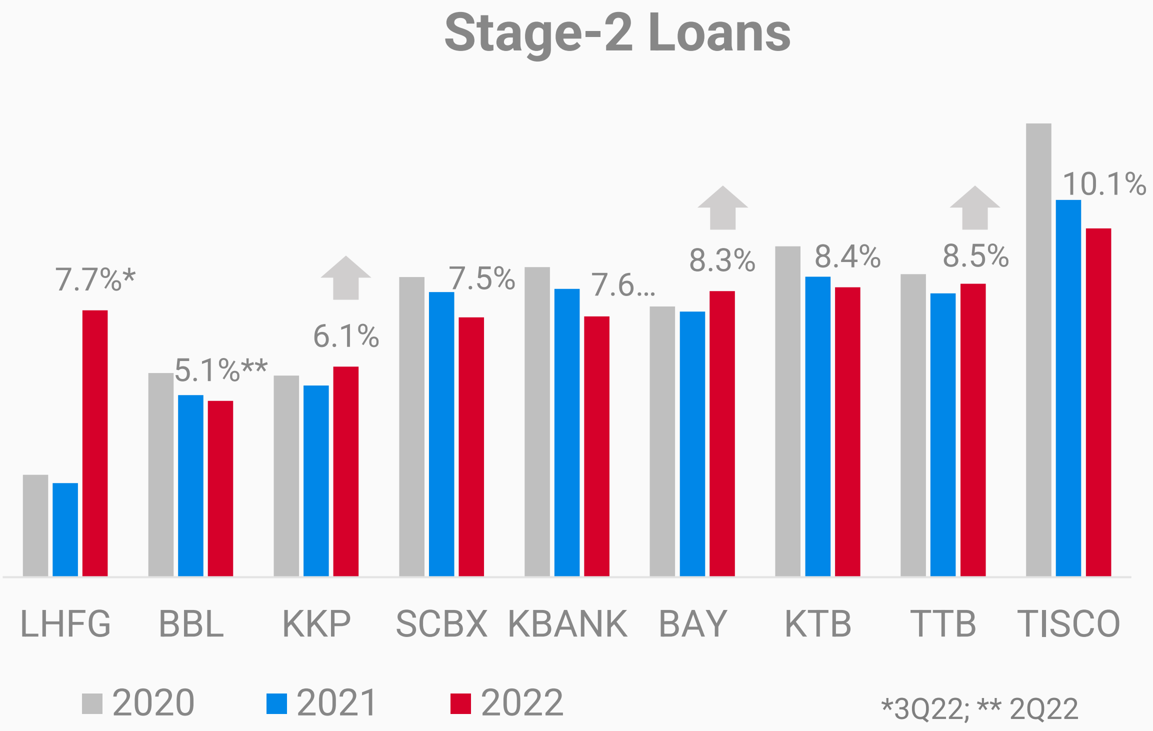
➢ Non-DSIBs earnings buffer likely to decline due to higher funding costs and credit costs

Earnings buffer gauges a bank's earnings capacity to absorb losses, measured by a 3-year average ratio of pre-provision operating profit less average expected credit losses over the last five years compared to average risk-weighted assets

Asset quality remains a challenge

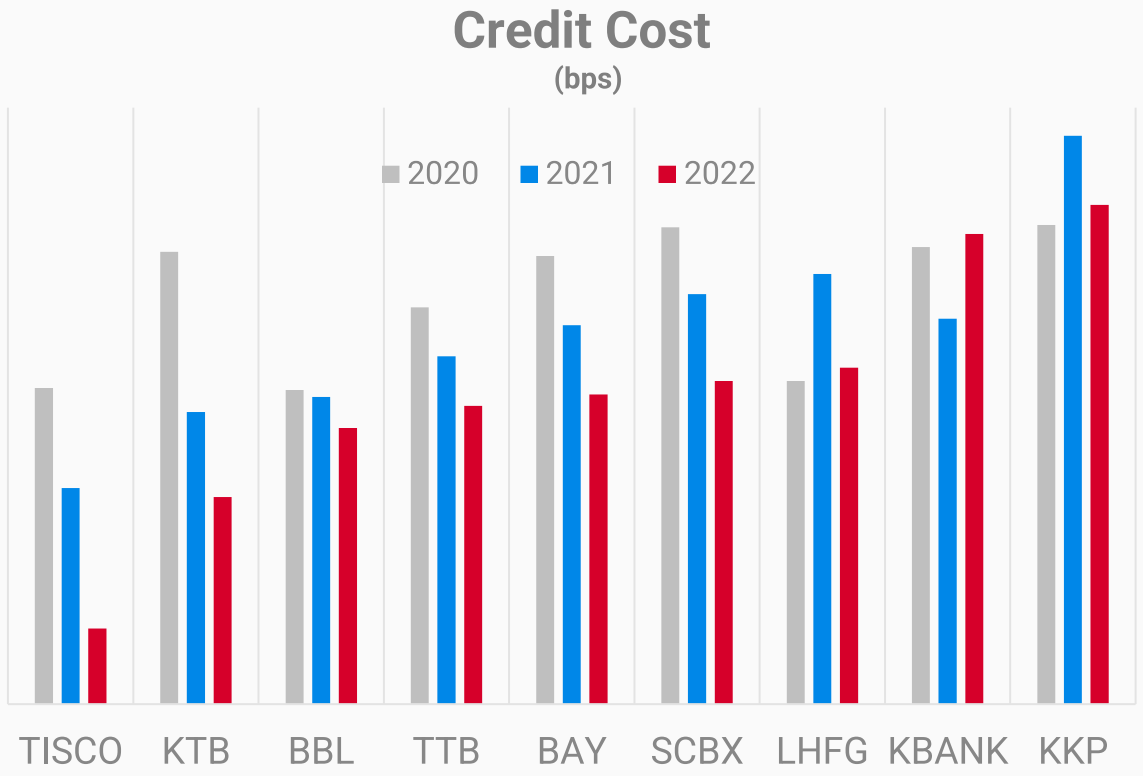


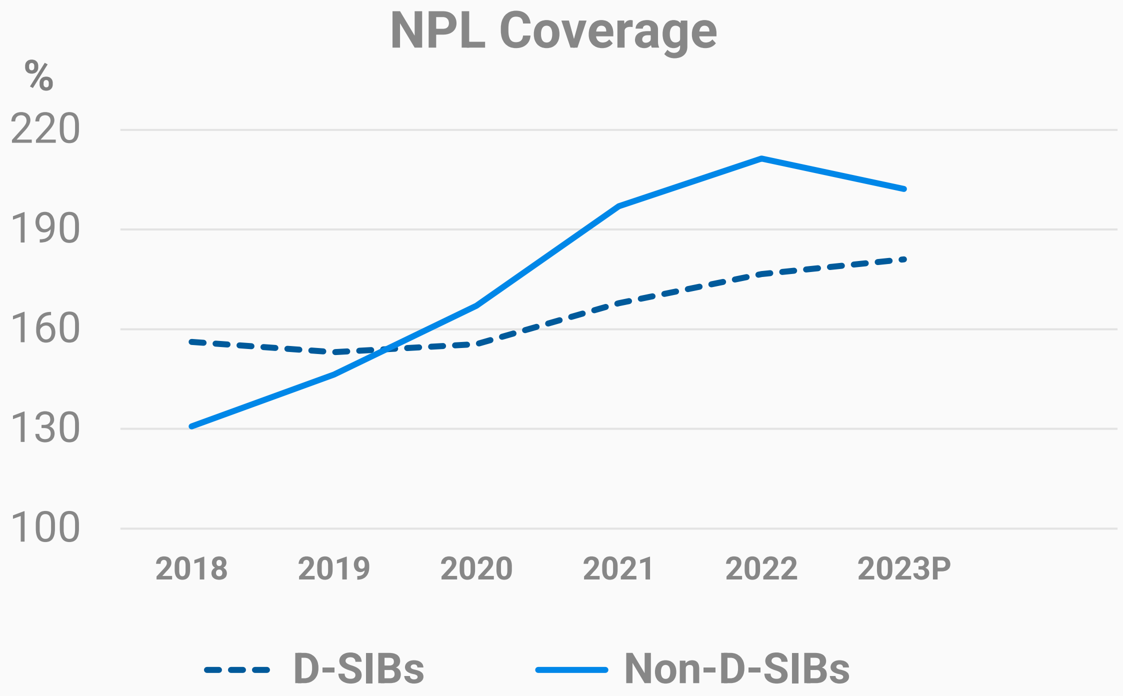
D-SIBs: BBL, KBANK, KTB, SCB, BAY, TTB; **Non-D-SIBs**: KKP, TISCO,LHFG



- Expect NPL formation to normalize for larger banks, but SMEs remain the major concern that may cause NPLs to rise
- Banks with focus on auto HP are likely to face challenges of rising NPLs after the debt relief measures expired. This is evidenced by the rising stage-2 loans

Credit cost trending downwards





D-SIBs: BBL, KBANK, KTB, SCB, BAY, TTB; **Non-D-SIBs**: KKP, TISCO,LHFG

- Credit costs are on a declining trend as major banks have strengthened reserves since 2020. BBL remains the most conservative in terms of provisioning
- Smaller banks' NPL coverage is strong, thanks to TISCO Bank's low NPLs and LHFG's heightened required reserves

2023 Banking Outlook

LENDING

Expect retail lending to lead growth, mainly mortgages, auto title loans, and unsecured personal loans

EARNINGS

NIM expansion and lower credit costs to support earnings growth, especially for larger banks

ASSET QUALITY

Concern over retail and SME sectors but overall asset quality manageable as banks focus on long-term restructuring and NPL management

FUNDING

Deposit rates are likely to rise at a slower pace than lending rates helped by excess system liquidity

Thank you

TRIS RATING
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Nonbank Financial Institutions

Mr. Taweechok Jiamsakunthum
Senior Vice President

Thursday, 23 February 2023

Nonbank Financial Institutions

01 Rating Actions

02 Risk Factors

03 Funding and Capital

04 2023 Outlook

NBFI Rated by TRIS Rating

Leasing

Automobile / Motorcycle / Machinery & equipment

AYCAL	AA+/Stable
BSL	BBB+/Stable
ECL	BBB-/Stable
HLTC	AAA/Stable
MICRO	BB+/Stable
ML	BB/Stable
NCAP	BBB-/Stable
S11	BBB-/Stable
THANI	A-/Stable
TK	BBB+/Stable
TLS	BBB/Stable
TLT	AAA/Stable

Title loans

Automobile / Motorcycle / Property

MTC	BBB+/Stable
SAWAD	BBB+/Stable
SINGER	BBB/Stable
TIDLOR	A/Stable

Consumer finance

Credit card / Personal loans

KCC	AAA/Stable
KTC	AA-/Stable
KBJ	A-/Stable

Other

Asset management / Operating lease / Finance

BAM	A-/Stable
CHAYO	BB+/Stable
JMT	BBB+/Stable
KCAR	A-/Stable
LIT	BB/Negative
PAMCO	AA/Stable
PL	BBB+/Stable
SAM	AA+/Stable

Source: TRIS Rating

NBFI 2022 Rating Actions

Company	Industry	Rating Action	Outlook Revision	Rationale
ECL	Leasing		Stable from Negative	Performance and asset quality improvement
JMT	Asset management / Financial services	Upgrade		Capital injection (RO)
LIT	Finance	Downgrade		Performance and asset quality deterioration
ML	Leasing		Stable from Negative	Lower liquidity risk at parent level
SINGER	Consumer finance	Upgrade		Capital injection (RO)

No. of rated entities	2020	2021	2022
Rating Upgrade	1	2	2
Upward Outlook Revision	3	3	2
Downward Outlook Revision	3		
Rating Downgrade	5	3	1

Auto & Motorcycle Leasing

OCPB's new regulations

- **Interest rate ceiling**

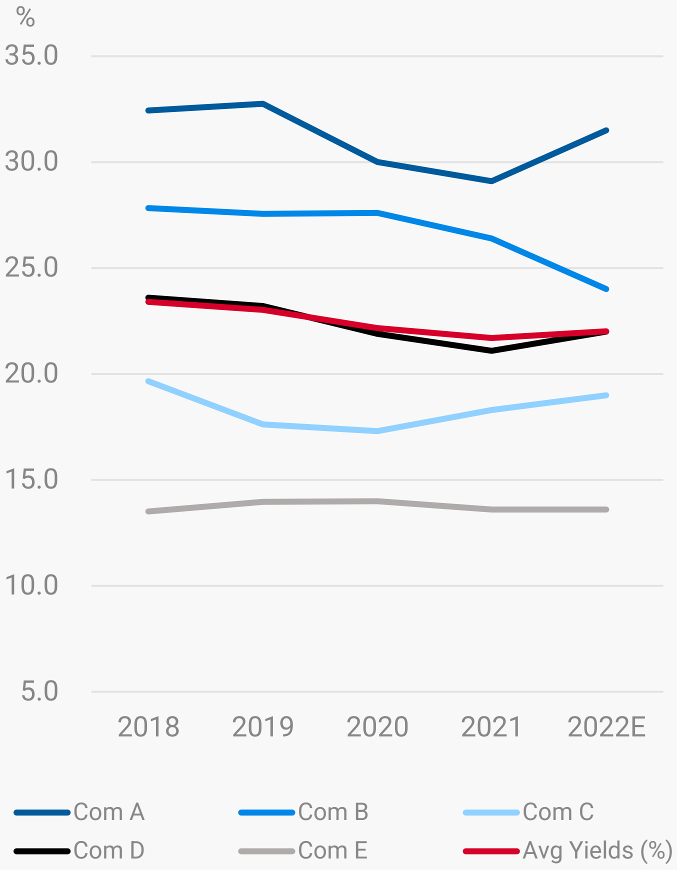
Vehicle types	Max int. rate (% EIR)
New Car	10%
Used Car	15%
Motorcycle	23%

Degree of impact	
High	
Medium	
Low/No	

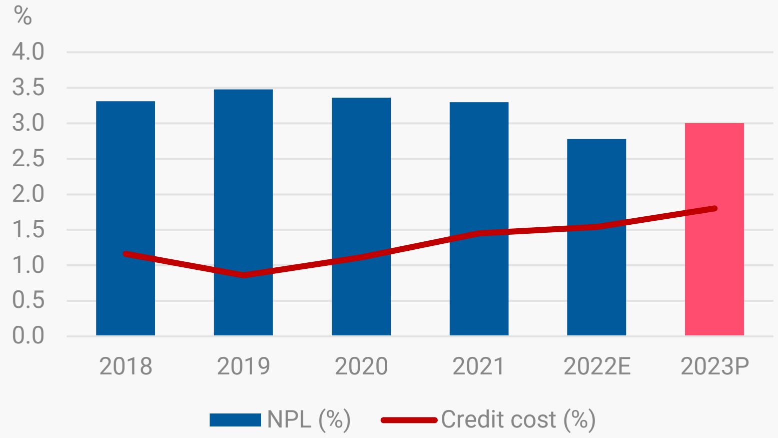
- **Interest discount for early contract termination (% discount for undue interest)**

Proportion of installment paid	Previous	Current
<1/3	50%	60%
1/3 - <2/3		70%
>2/3		100%

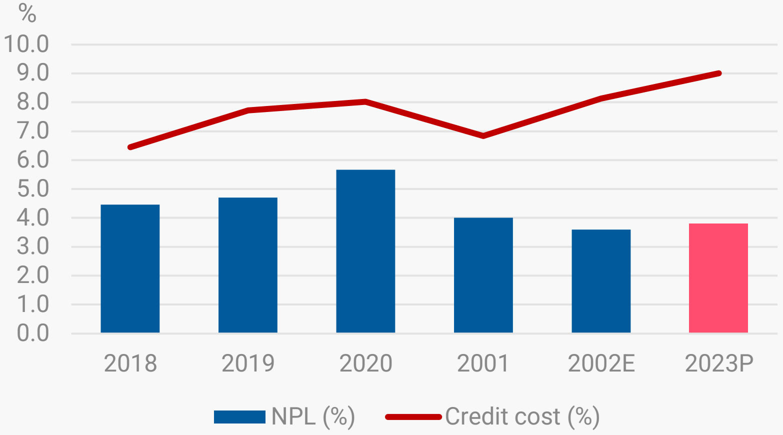
Loan yield of rated motorcycle leasing operators



Asset quality – Auto loans

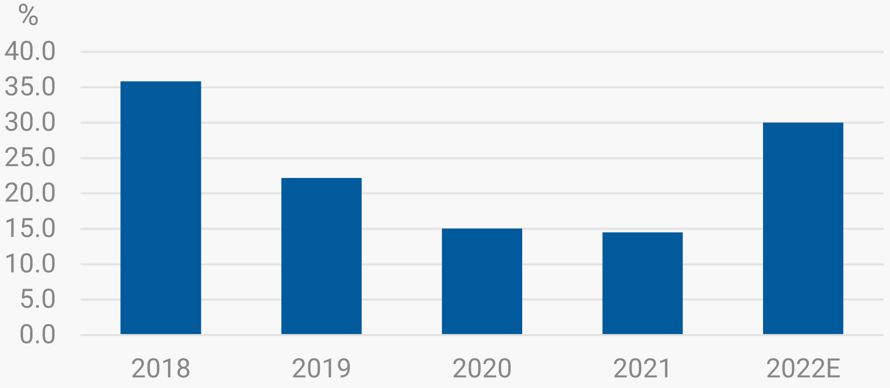


Asset quality – Motorcycle loans

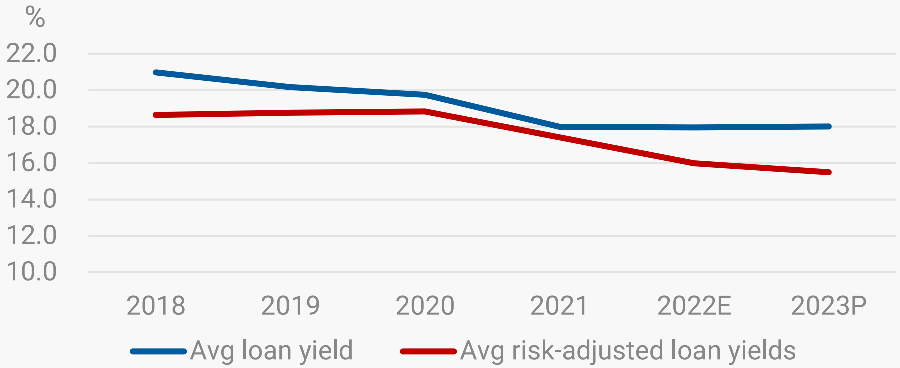


Title Loans

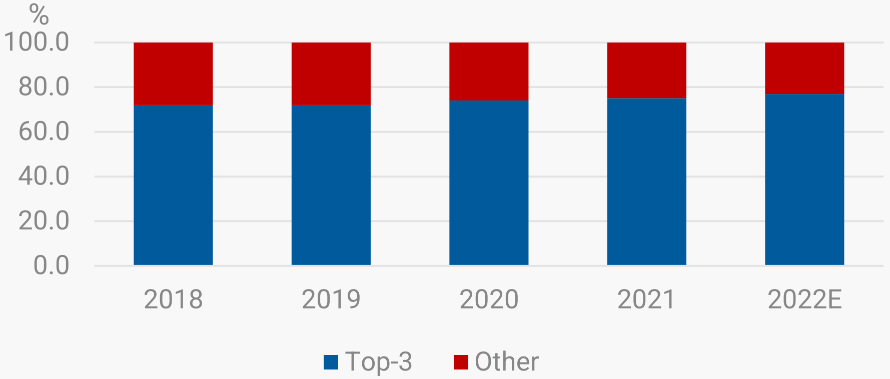
Title loans growth



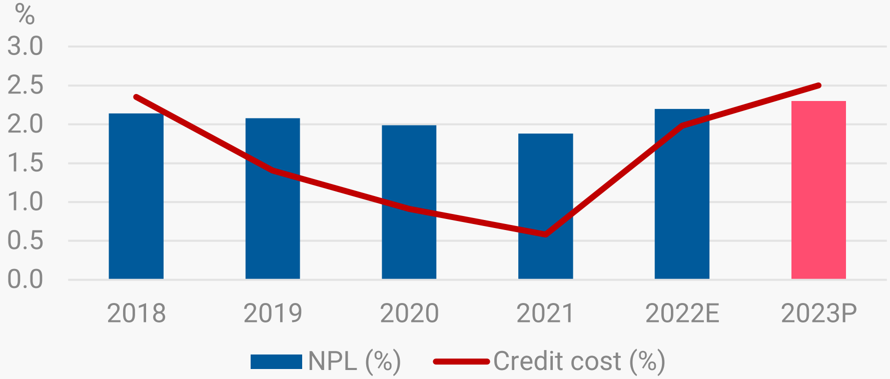
Loan yield vs. Risk-adjusted loan yield



Top-3 market share (% outstanding loans)

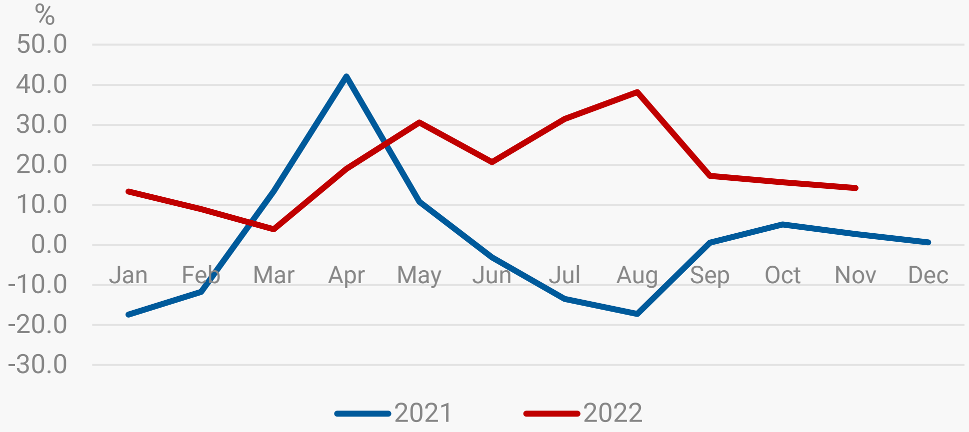


Asset quality

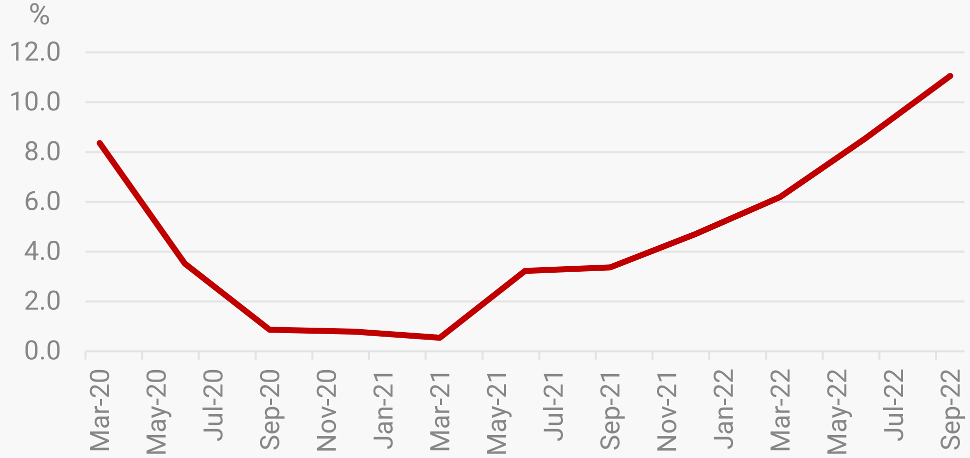


Consumer Finance

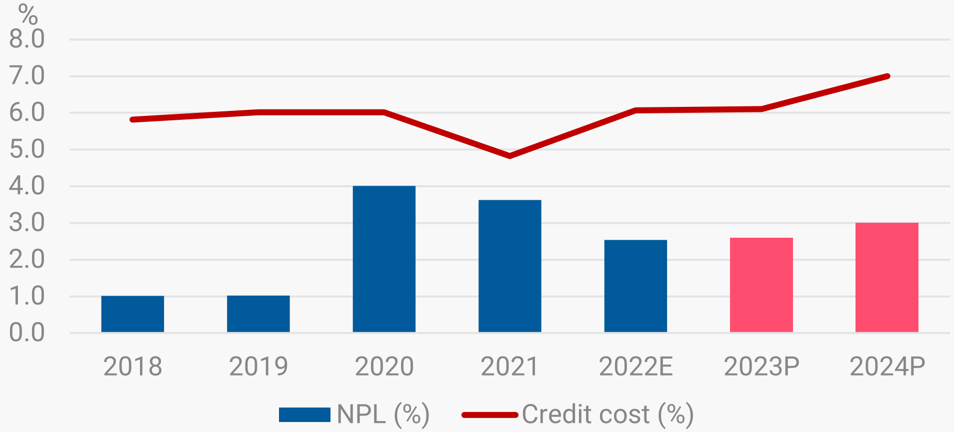
Credit card spending (%YOY growth)



Nonbank personal loan (% YOY growth of outstanding loans)



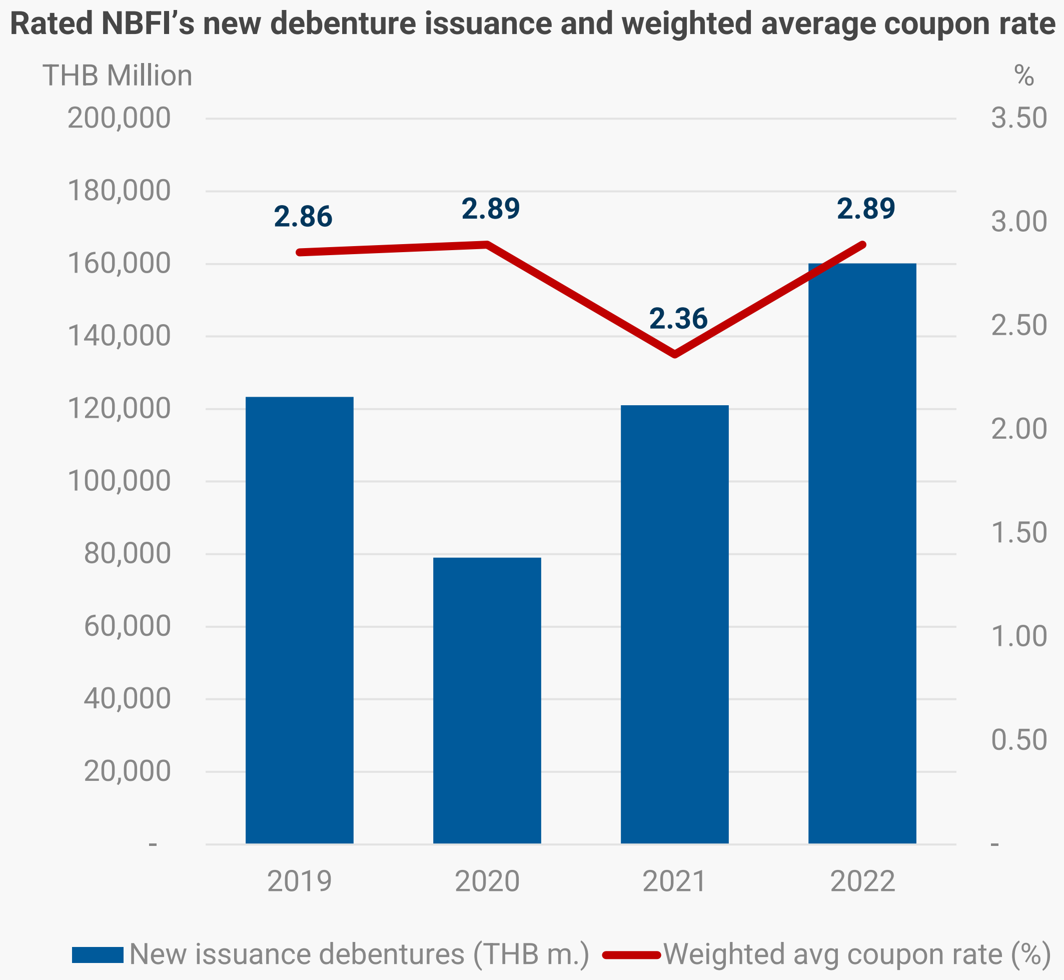
Asset quality

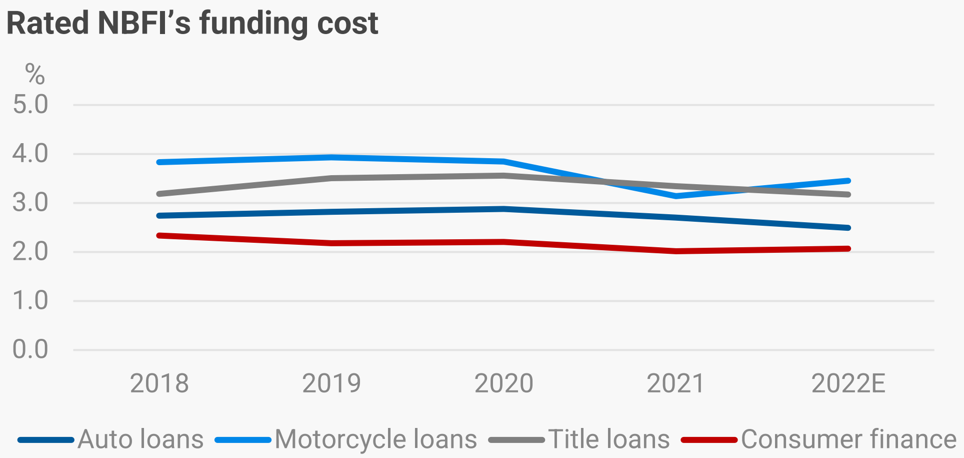


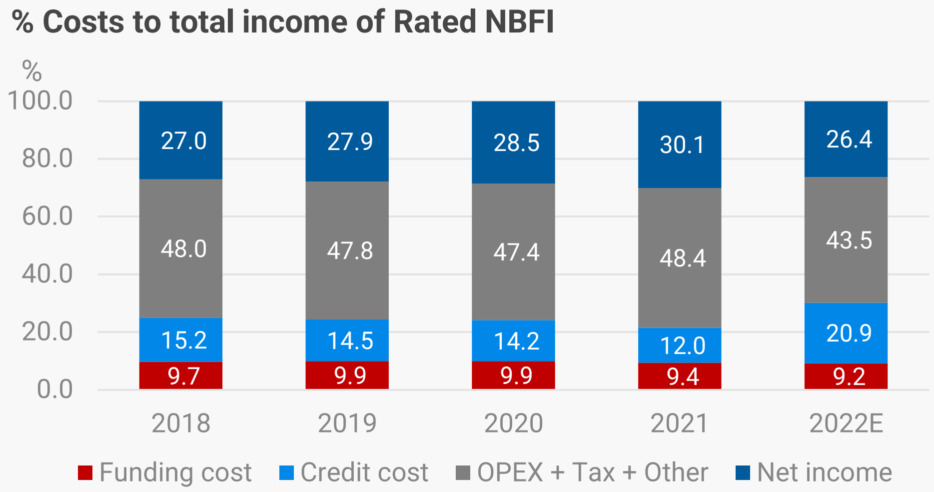
Credit card minimum repayment

Period	Credit Card minimum payment
2023	5%
2024	8%
2025 onwards	10%

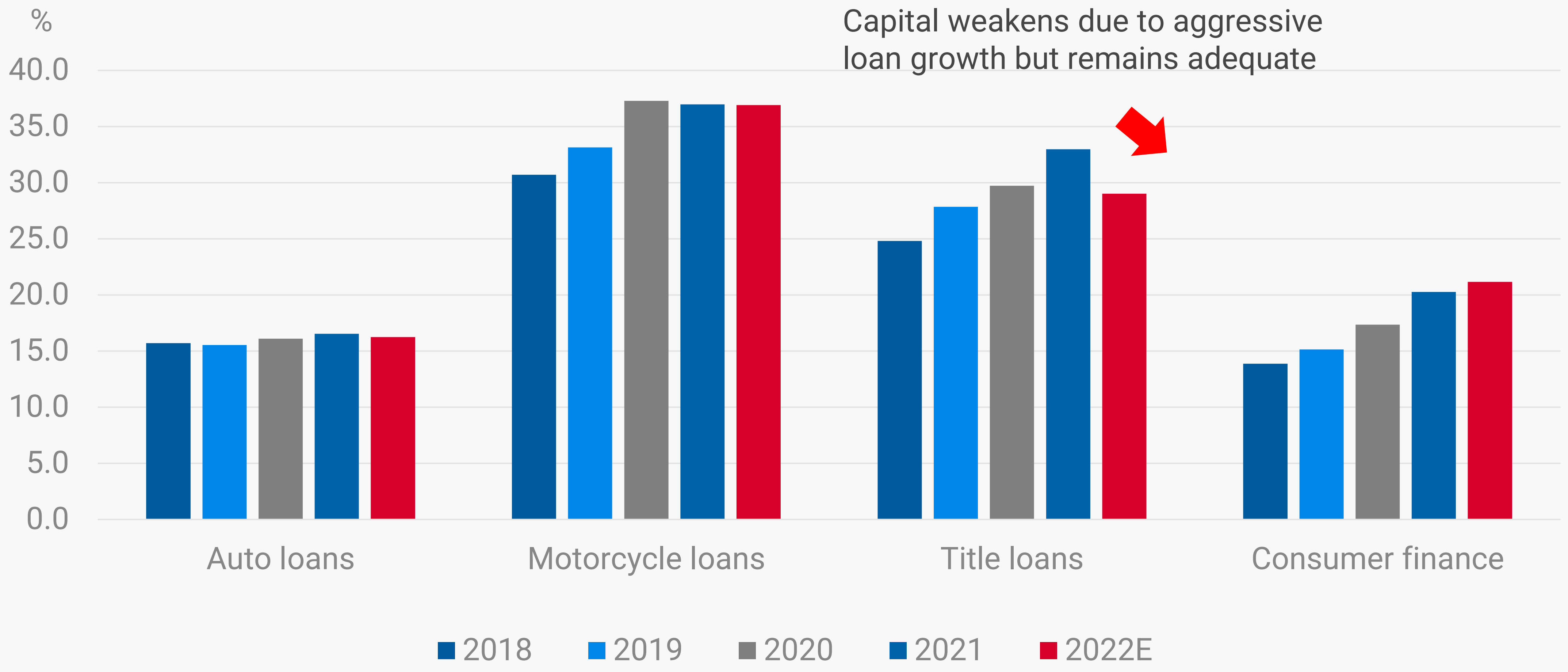
Impact from higher funding costs







Risk-Adjusted Capital (RAC)



NBFI 2023 Outlook

1 Growth

Expect credit expansion to still be supported by high demand and economic recovery.

2 Competition

Motorcycle lenders face challenges of stricter regulations and fierce competition. Adapting to the changes is key to survival.

3 Asset quality

Asset quality remains to be closely monitored, particularly for auto financing segment. Expects rising credit cost after the debt relief programs ended.

4 Earning

Revenue under pressure from intense competition, tighter regulations, as well as higher credit costs and funding costs. Risk of weakening earnings capabilities is rising.

5 Capital

Aggressive loan growth and lower earnings are causing capital generation to decelerate and capital position to weaken in some segments; however, capital remains sufficient to absorb credit risk.

Source: TRIS Rating

Thank you

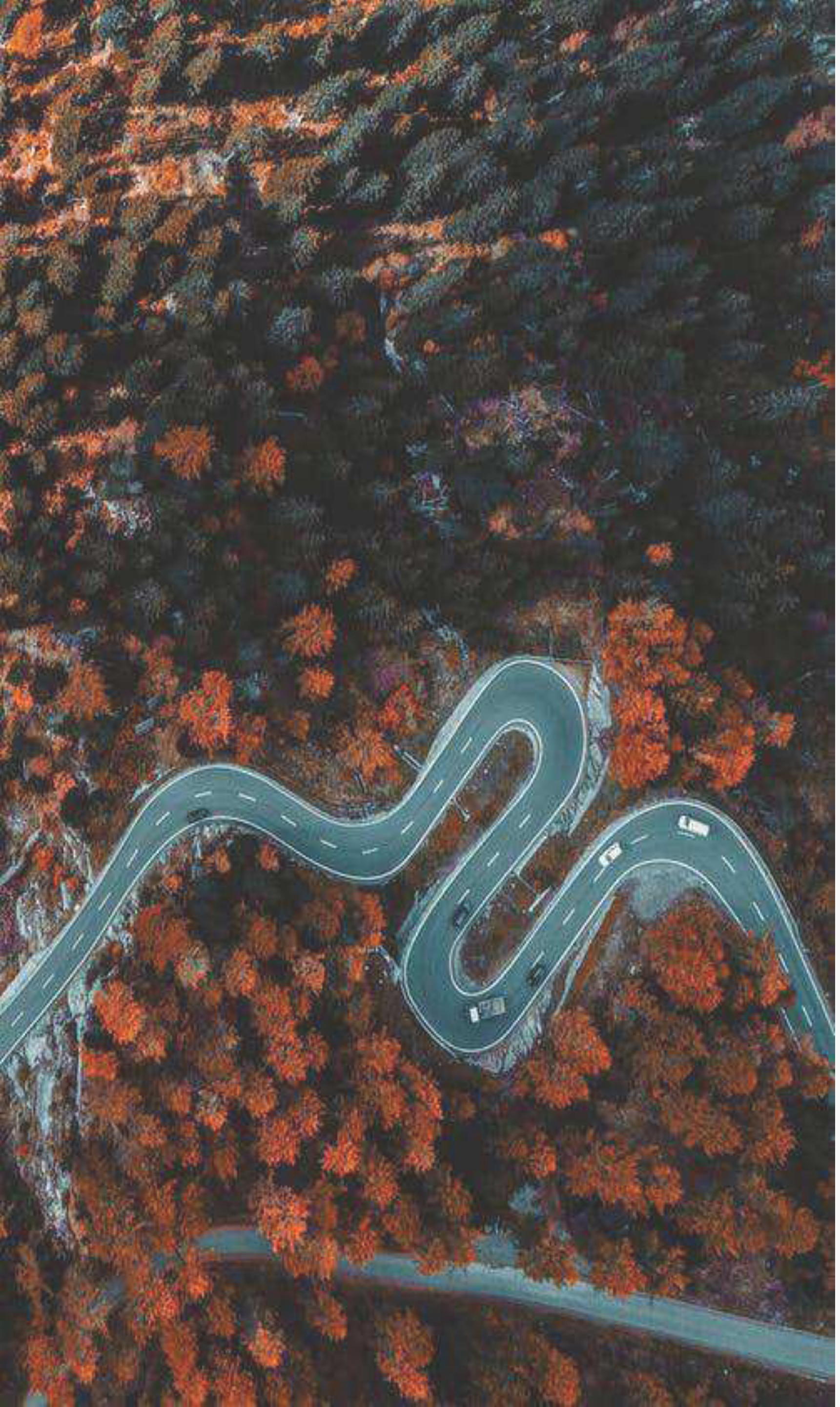


Power Industry

Mr. Monthian Chantarklam

Executive Vice President

Thursday, 23 February 2023



OUTLINE

01 Rated Entities

02 Market Overview

03 Financial Estimates

04 Outlook

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Power Entities Rated by TRIS Rating

State Enterprises

EGAT	AAA/Stable
MEA	AAA/Stable
PEA	AAA/Stable
EDL-GEN	BBB-/Stable

Large Corporates

BGRIM	A/Stable
EGCO	AA+/Negative
GPSC	AA+/Stable
GULF	A+/Stable
RATCH	AA+/Stable

Mid-sized / Renew

ACE	BBB+/Stable
BCPG	A/Alert Negative
BPP	A+/Stable
CKP	A/Stable
EA	A/Stable
ETP	BBB-/Negative
GUNKUL	BBB+/Stable
NN2PC	A/Stable
NPS	BBB+/Stable
PRIME	BBB-/Stable
SPCG	A-/Stable
SSP	BBB+/Stable
SUPER	BBB/Positive
TPCH	BBB-/Stable
TPIPP	BBB+/Positive
TSE	BBB-/Stable
WHAUP	A-/Stable

Rated Entities

37

Total Assets

THB 3.4 Trillion

As of 2022 (TRIS Rating estimates)
Excl. MEA, PEA

Capacity

56 GWe

As of 2022 (TRIS Rating estimates)
Excl. MEA, PEA

Source: TRIS Rating

Market Overview

Power GO GREEN

- Commitment on climate change
- Response to global trend

Restored Demand

- Post-pandemic recovering demand
- High reserve (38%)

Return under pressure

- Cut-off of incentive tariff
- Rising Fuel Cost
- Intense competition

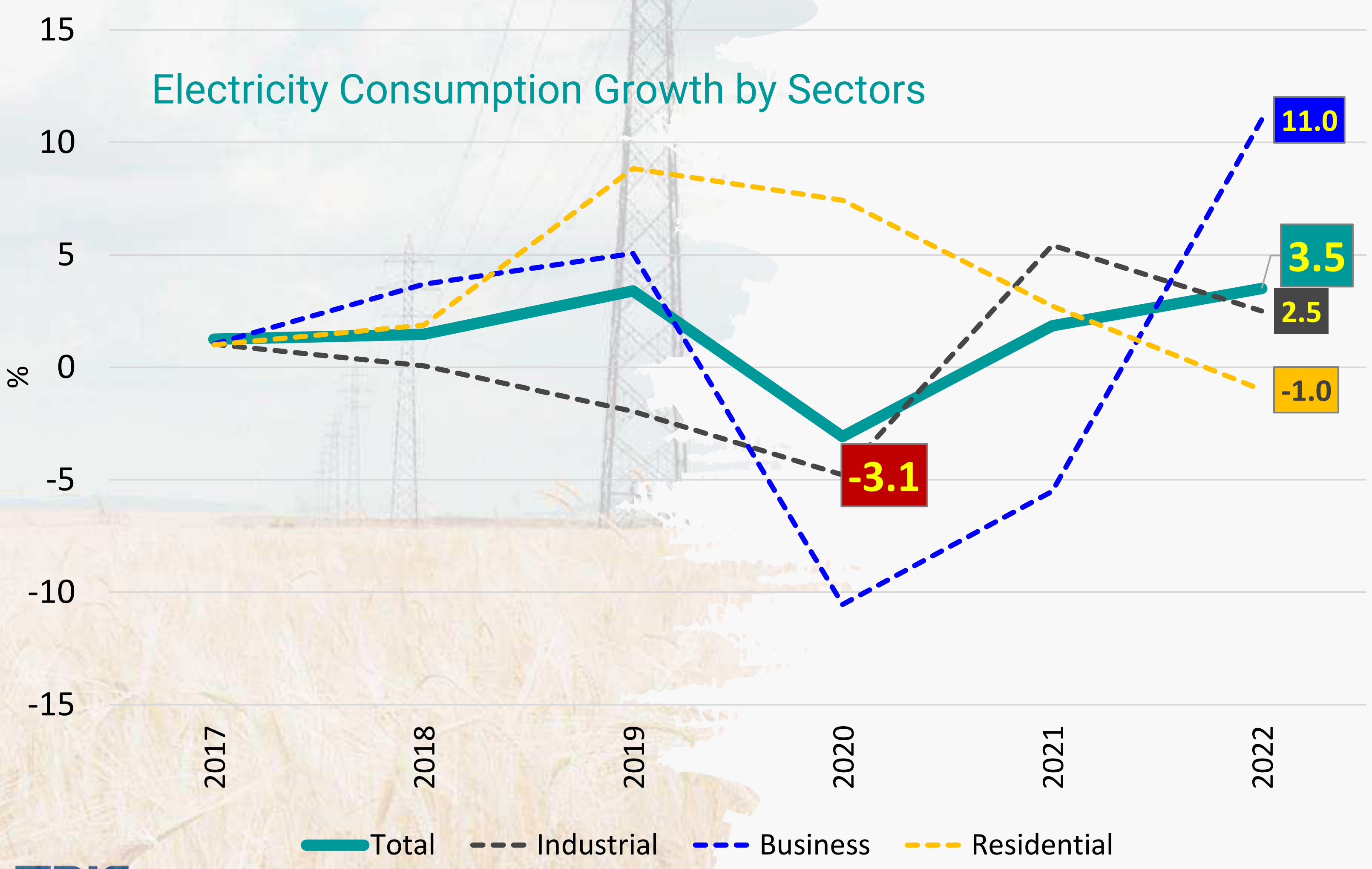
Business expansion

- More opportunity in Thailand
- Overseas exposures continue
- Expansion to different competition landscape

Acquisitions

- Acquisitions to boost growth
- Divestments for reinvestment or exit

Post-COVID Demand Recovery



Source: EPPO

3.5%

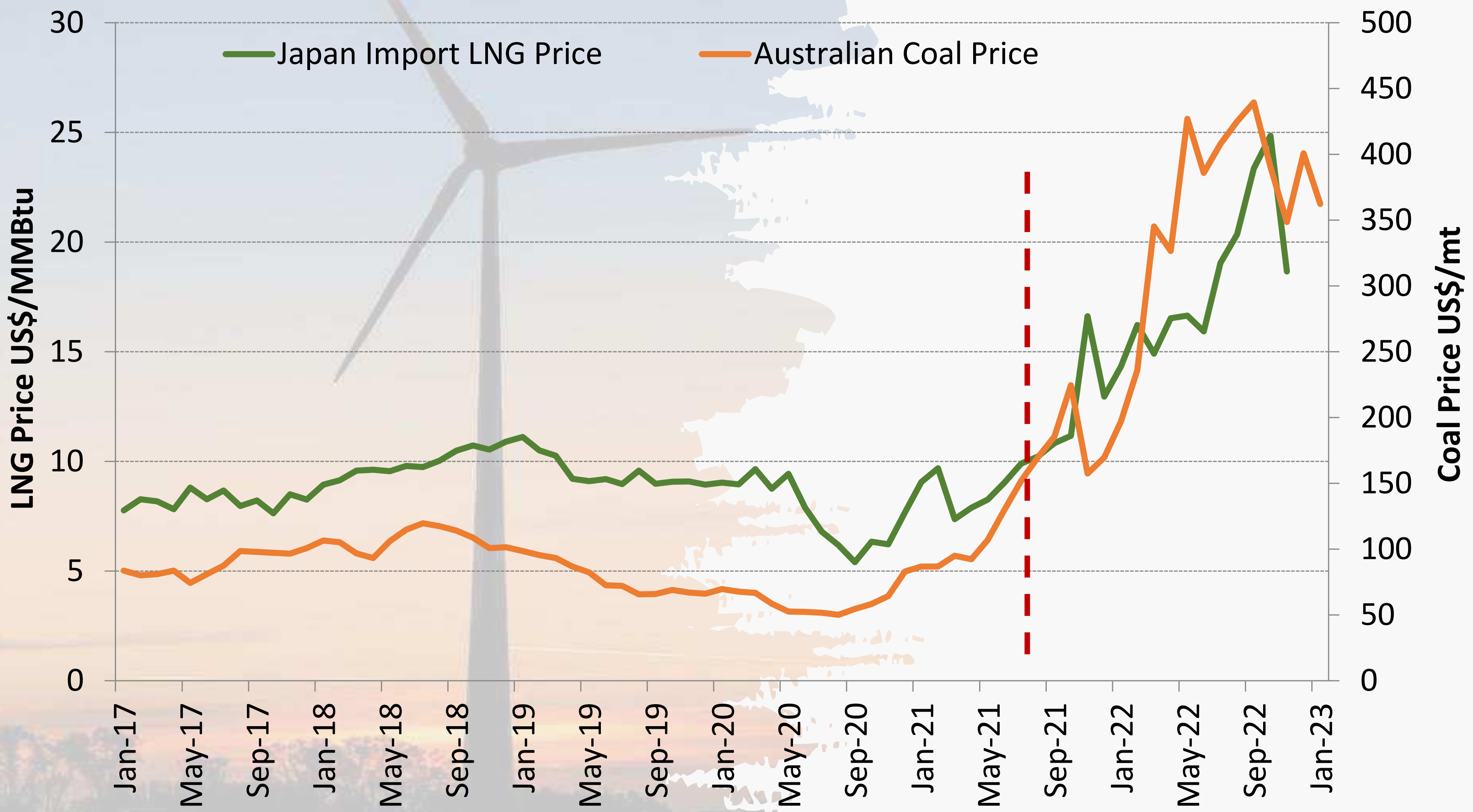
Power demand rose by 3.5% in 2022, driven by reviving consumption in industrial and business segments.

COVID-19 pandemic plunged demand in 2020 by 3.1%. This contraction rate is the historical low level.

3.1%

Expected 2.5% annual growth, just below GDP growth rate

Surging Fuel Cost



- Ft could not keep up pace with fuel cost
- Acute pressure on profitability of gas-fired power SPPs
- Heavy burden of EGAT relating to electricity subsidy
- Expected easing fuel cost and Ft adjustment

Sources: EGAT, TOP

New PDP Draft

PDP2022

1 Increase Renewables

- Increase renewable power by 1,000 MW from existing PDP towards 2030.
- Significant increase in wind and imported hydropower

2 Reduce Fossil Fuels

- Reduce gas-fired power by 700 MW from existing PDP.

3 Mix of Renewables

- Expect contribution from renewable power of 26%-27% by 2030.

4 Ultimate Goal

- 50% of energy usage would be renewable energy

Source: Ministry of Energy

Power Companies' Missions

EGAT — Power for Thai Happiness: *Carbon Neutrality by 2050*

RATCH GROUP: *Carbon Neutrality by 2050*

B.GRIMM SINCE 1878: *Empowering the World Compassionately*

BANPU: *Greener & Smarter*

EGCO GROUP: *Reduce Carbon Emission Intensity by 10% by 2030*
Carbon Neutrality by 2050

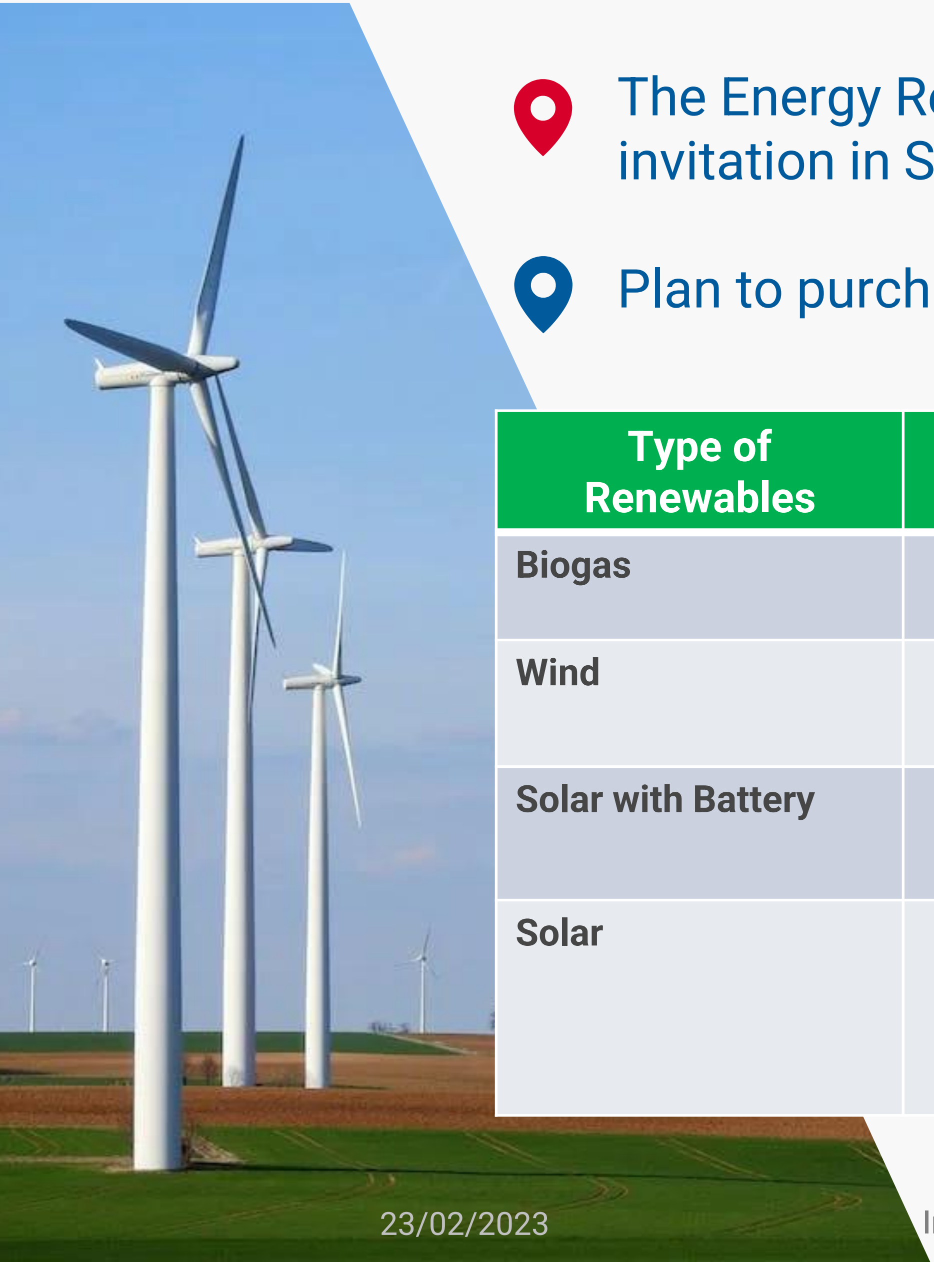
GPSC: *Carbon Neutrality by 2050*
Net Zero by 2060

GULF: *30% Green Energy by 2030*

Energy Absolute: *EV and Battery Storage*

Sources: EGAT, EGCO, RATCH, GPSC, BGRIM, GULF, BANPU, EA

New Round of Renewables Auctions



- The Energy Regulatory Commission (ERC) issued regulation and invitation in Sep-22
- Plan to purchase electricity from RE during 2024-2030, totaling **5,203 MW**

Type of Renewables	2024	2025	2026	2027	2028	2029	2030	Total
Biogas			75	75	75	70	40	335
Wind		250	250	250	250	250	250	1,500
Solar with Battery	100	100	100	100	200	200	200	1,000
Solar	190	290	258	440	490	310	390	2,368

The Wait is OVER!!

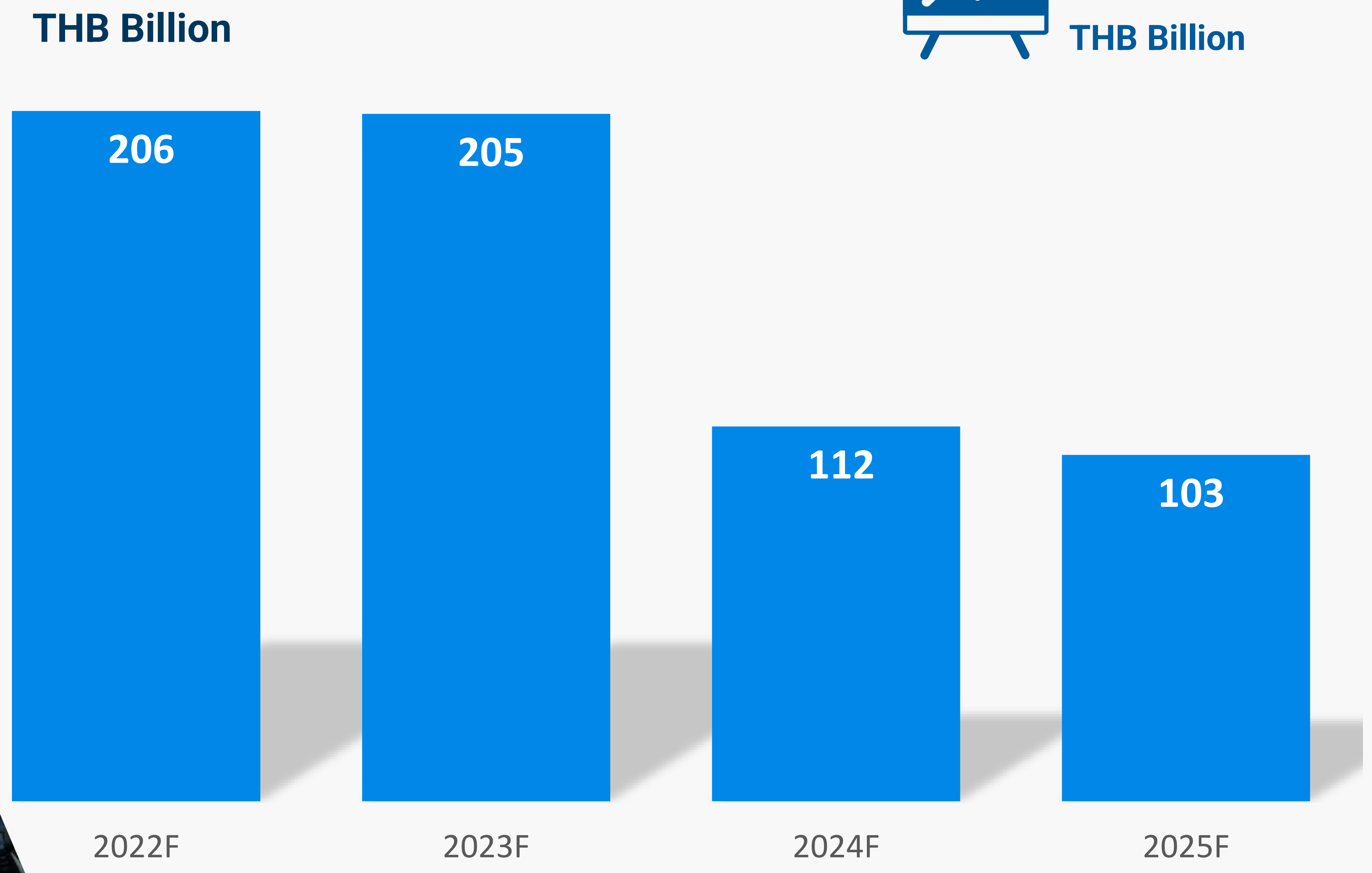
Source: ERC

Investments for Growth

CAPEX & Investment

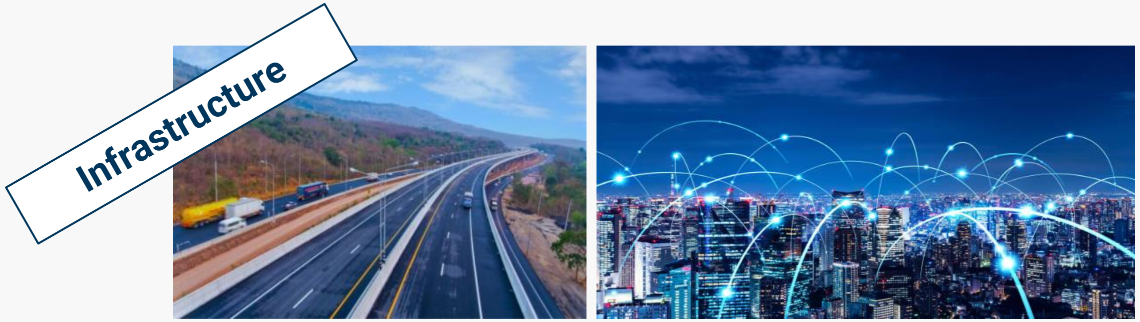
625

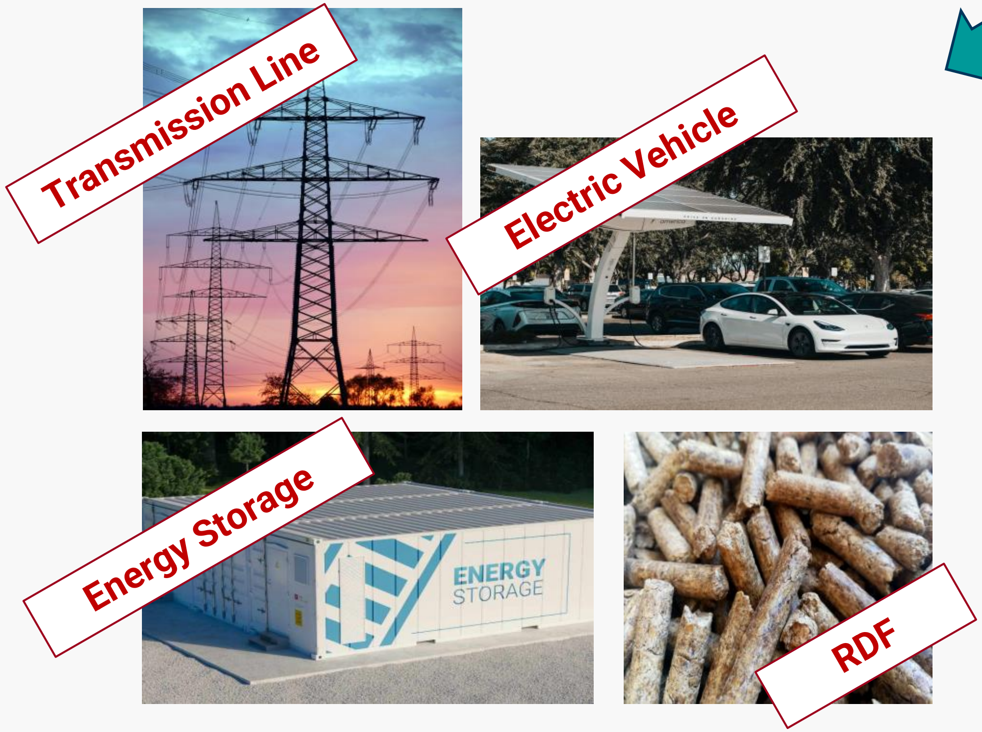
THB Billion



Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)
Investor Outreach "2023 Economic and Industry Outlook"

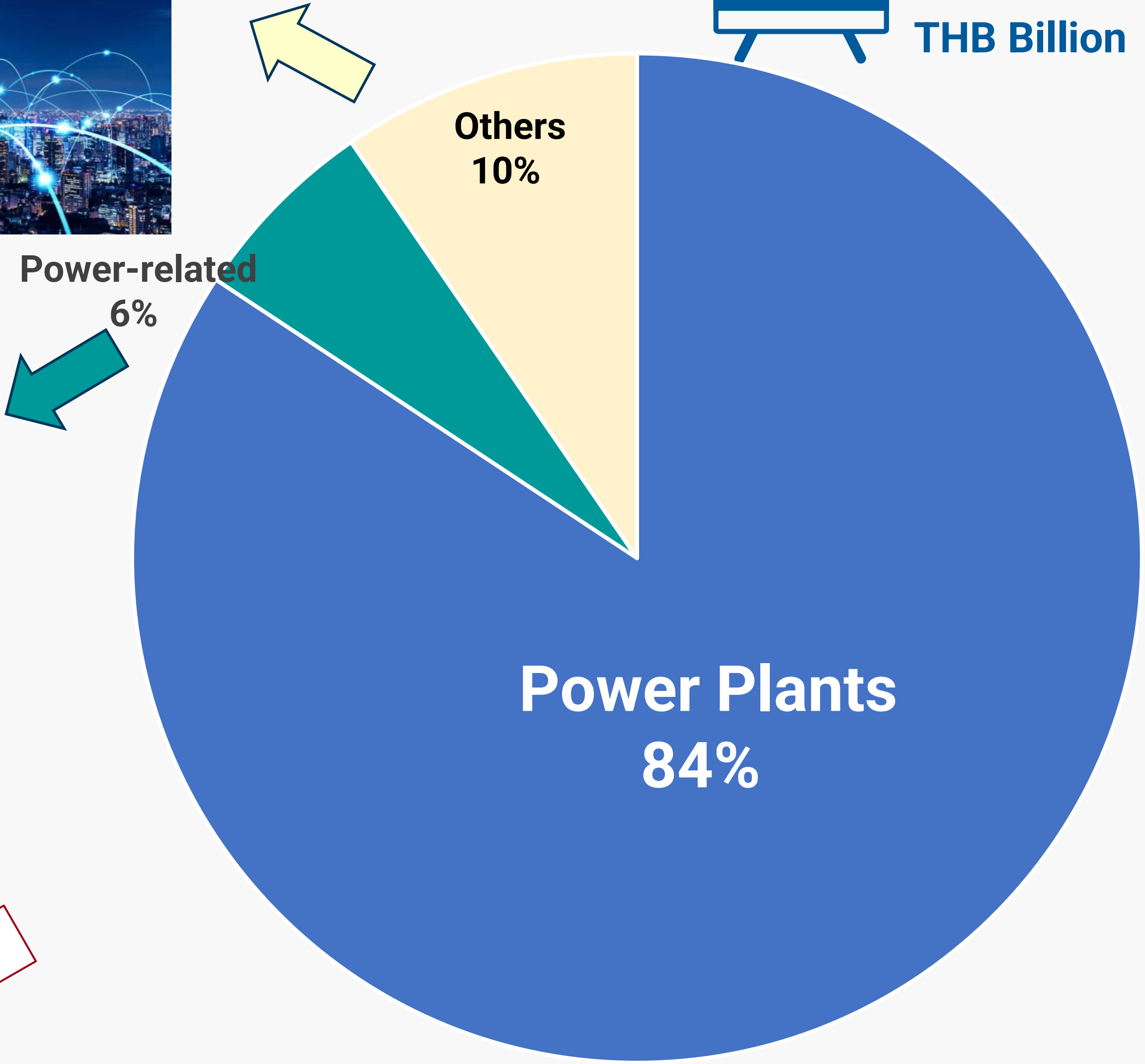
Investments for Growth





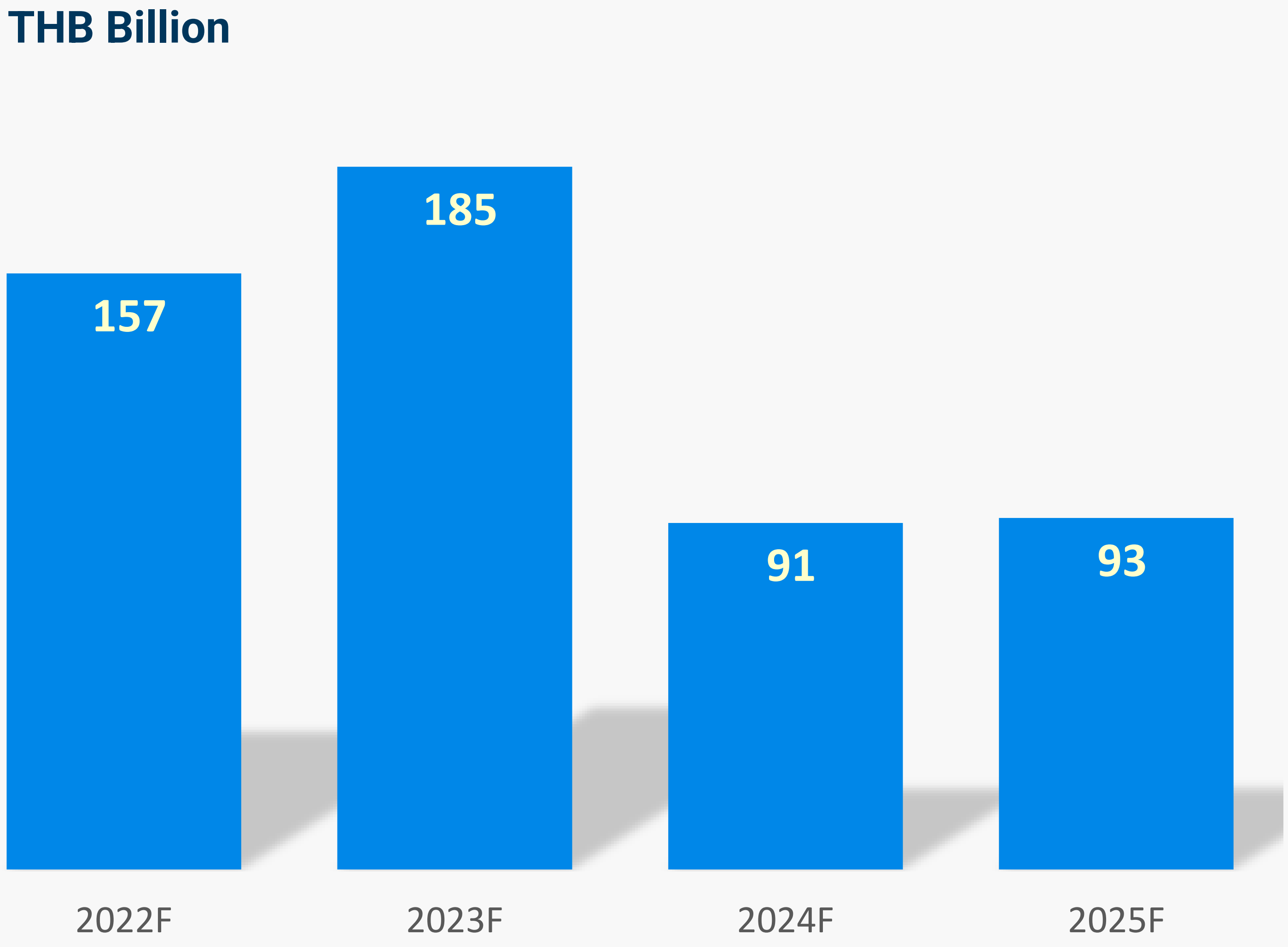
CAPEX & Investment

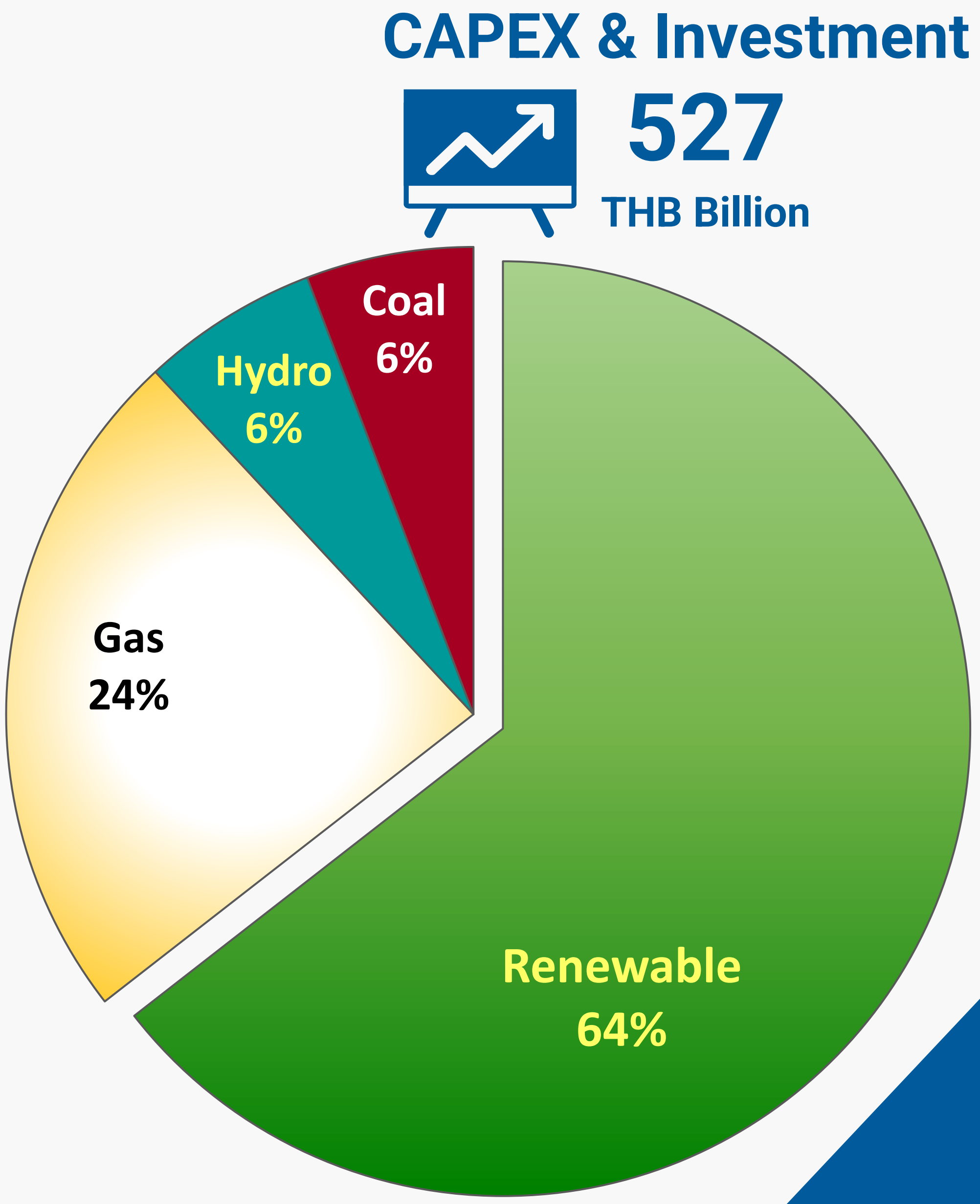
625
THB Billion



Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)

Investments for Power Plants





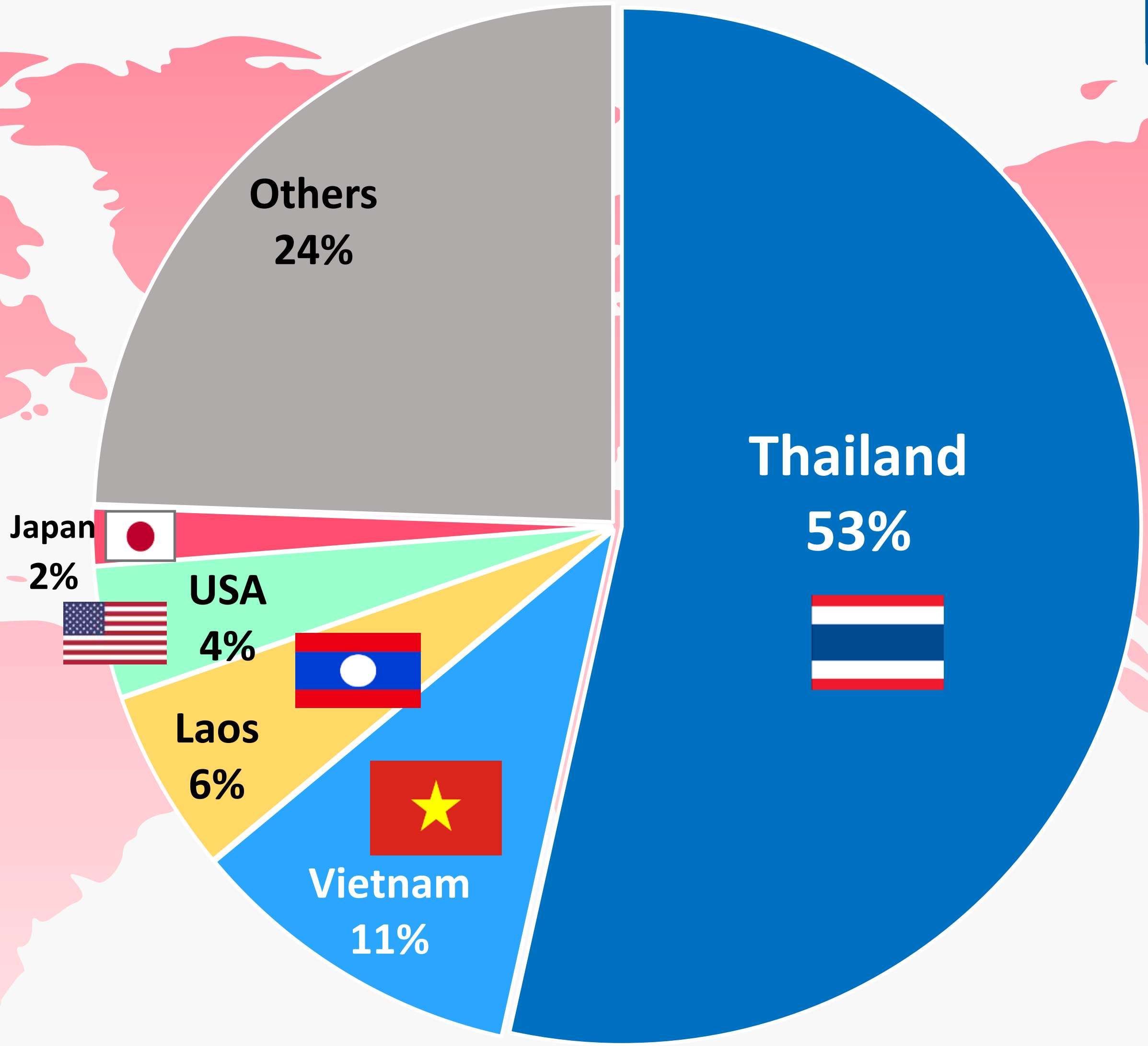
Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)
Investor Outreach "2023 Economic and Industry Outlook"

Investments for Power Plants

CAPEX & Investment

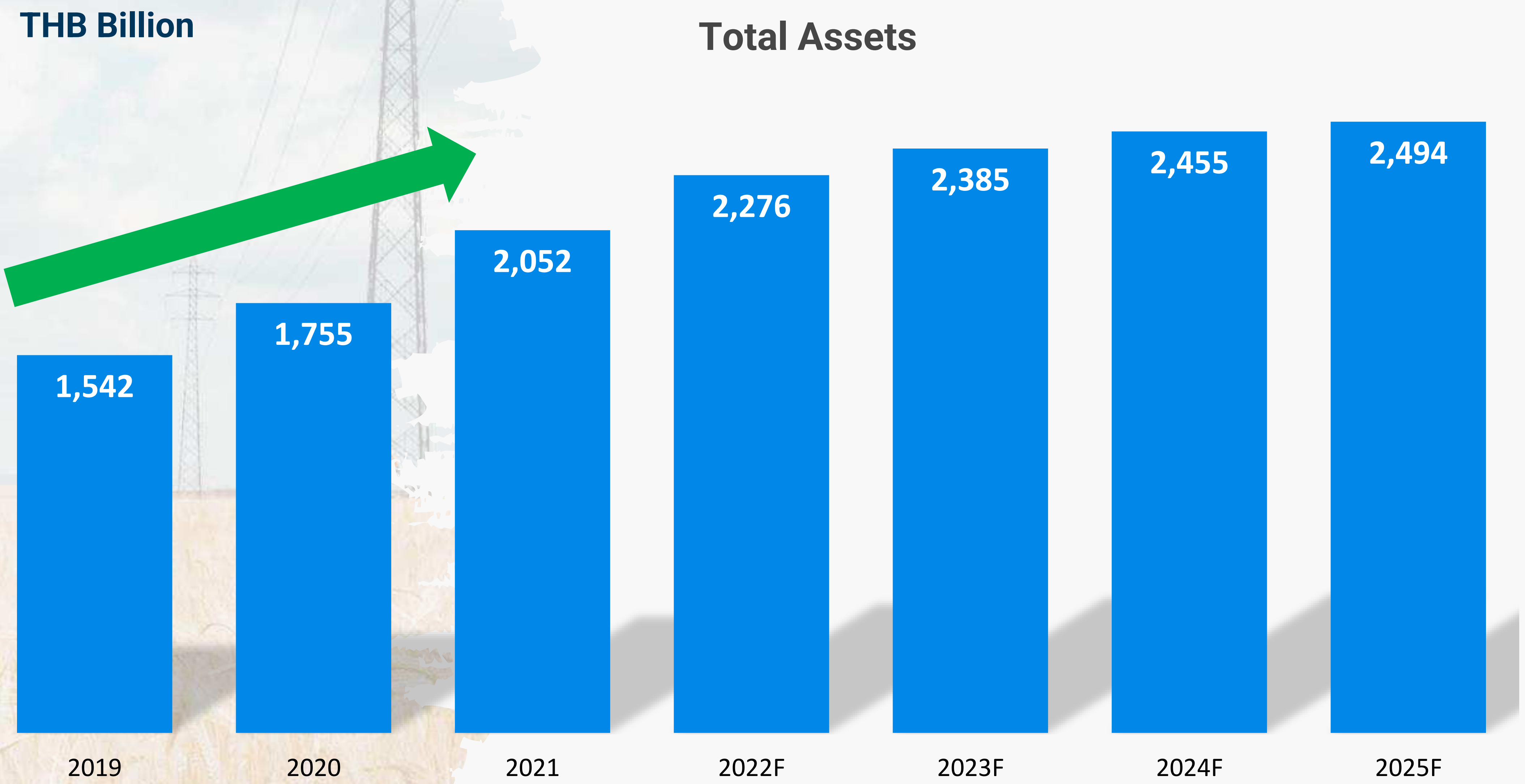
527

THB Billion



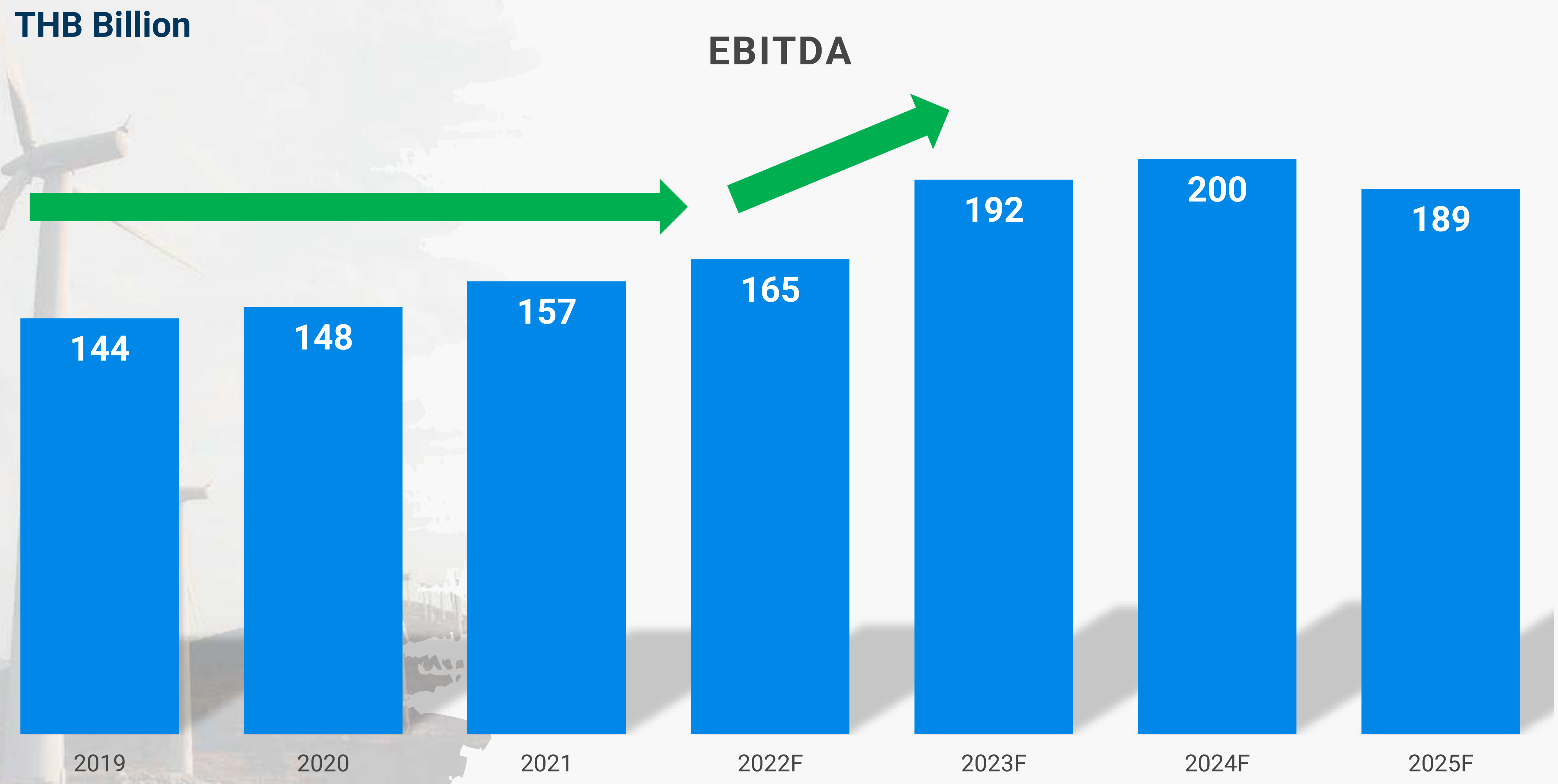
Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)

Financial Forecast



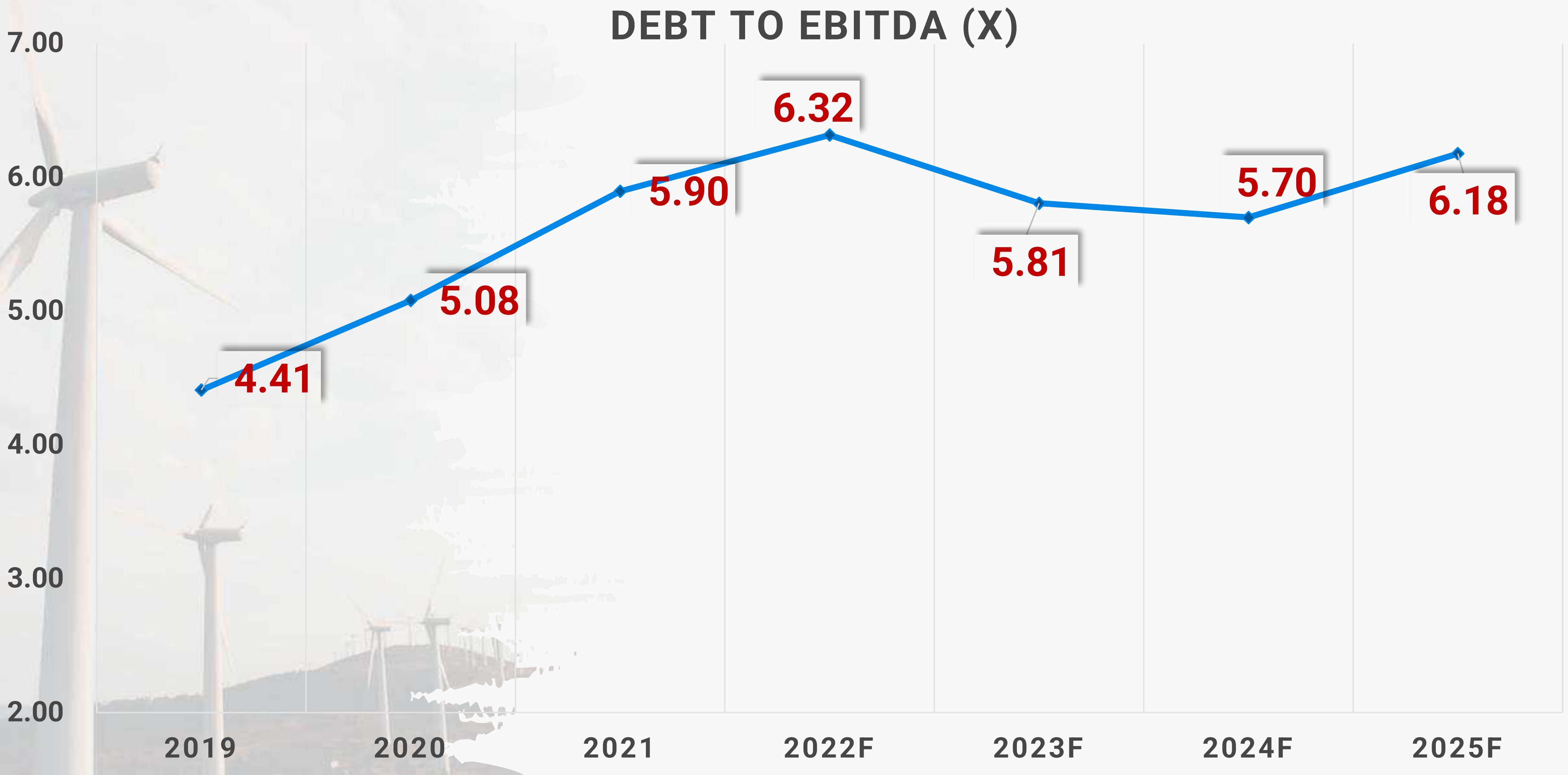
Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)

Financial Forecast



Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)
Investor Outreach "2023 Economic and Industry Outlook"

Financial Forecast



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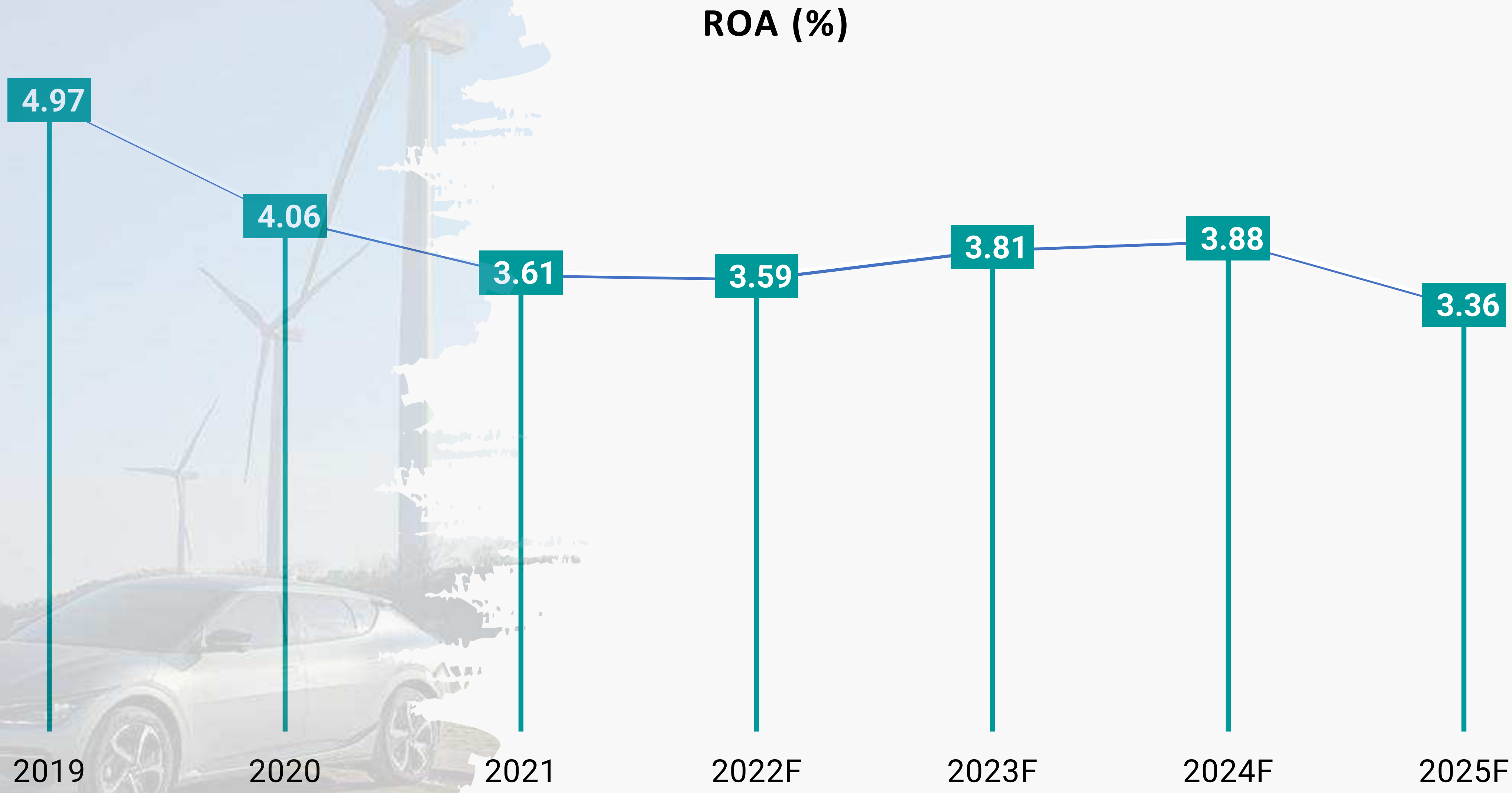
Financial Forecast



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Investor Outreach "2023 Economic and Industry Outlook"

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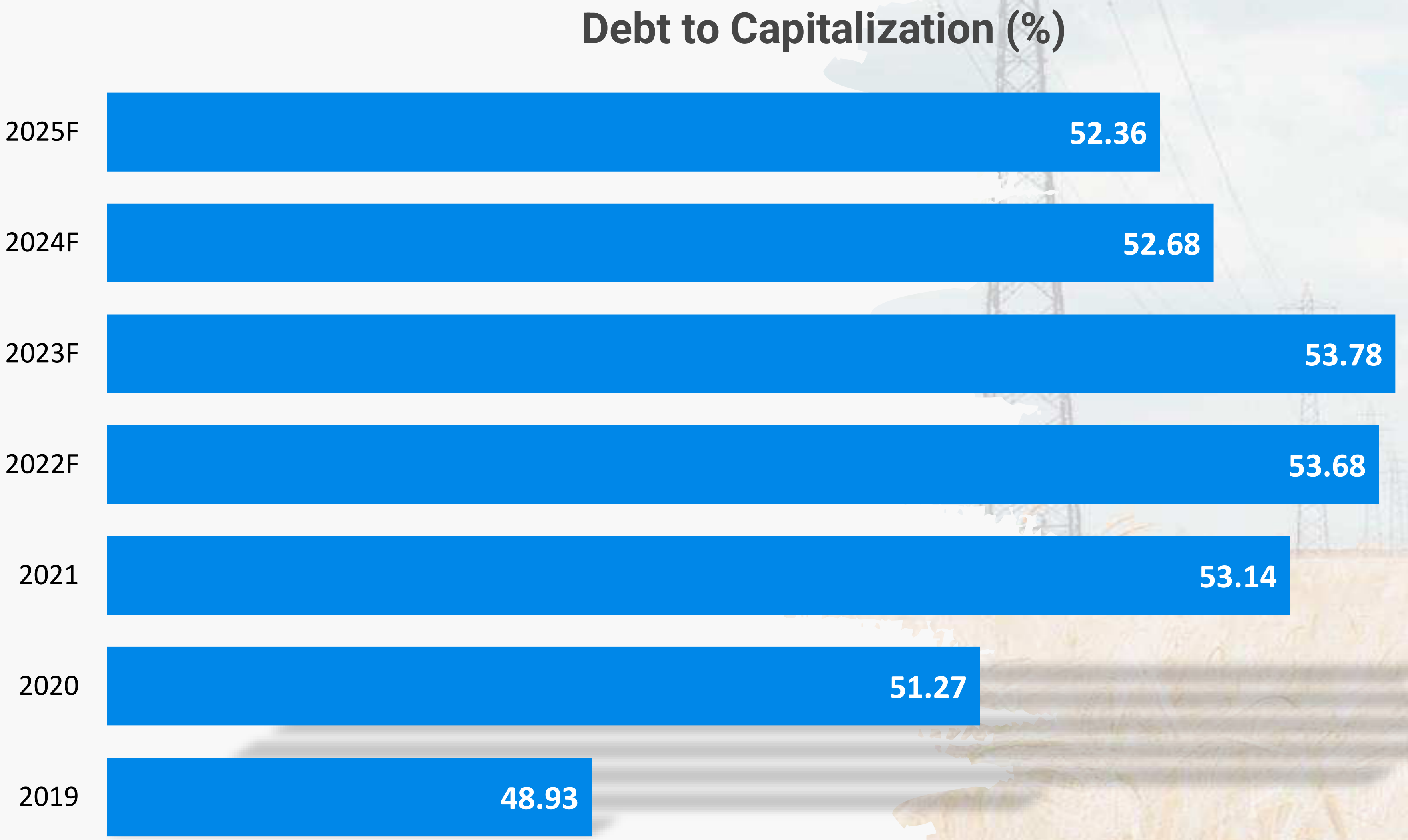


Source: TRIS Rating estimates (exclusion of EGAT, PEA, MEA)

Industry Outlook

Overseas Exposure

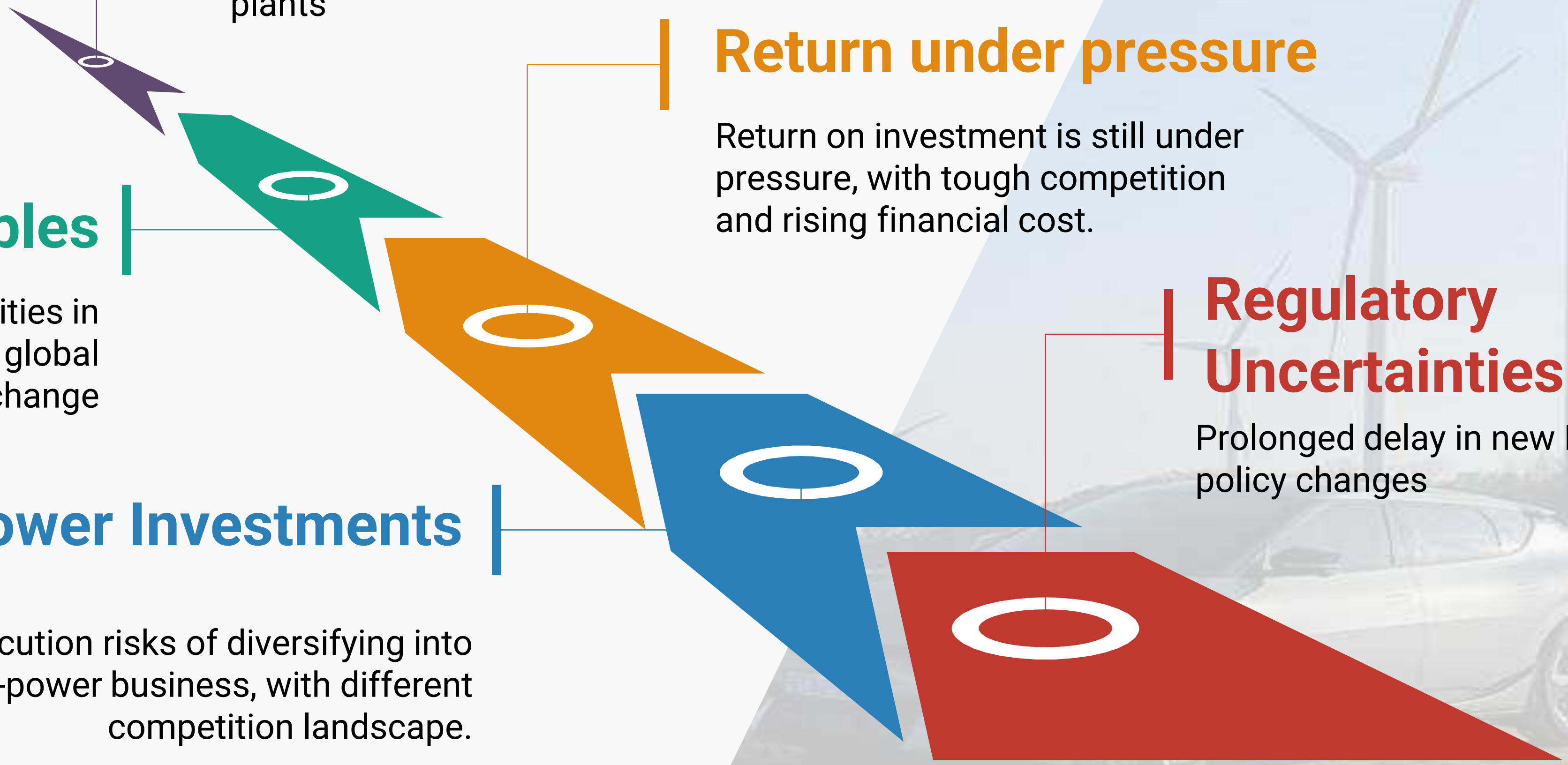
Overseas exposures continue to rise as domestic power consumption tends to grow modestly, with low demand for new large-scale power plants

Return under pressure

Return on investment is still under pressure, with tough competition and rising financial cost.

Renewables

More growth opportunities in renewable power, driven by global commitments on climate change

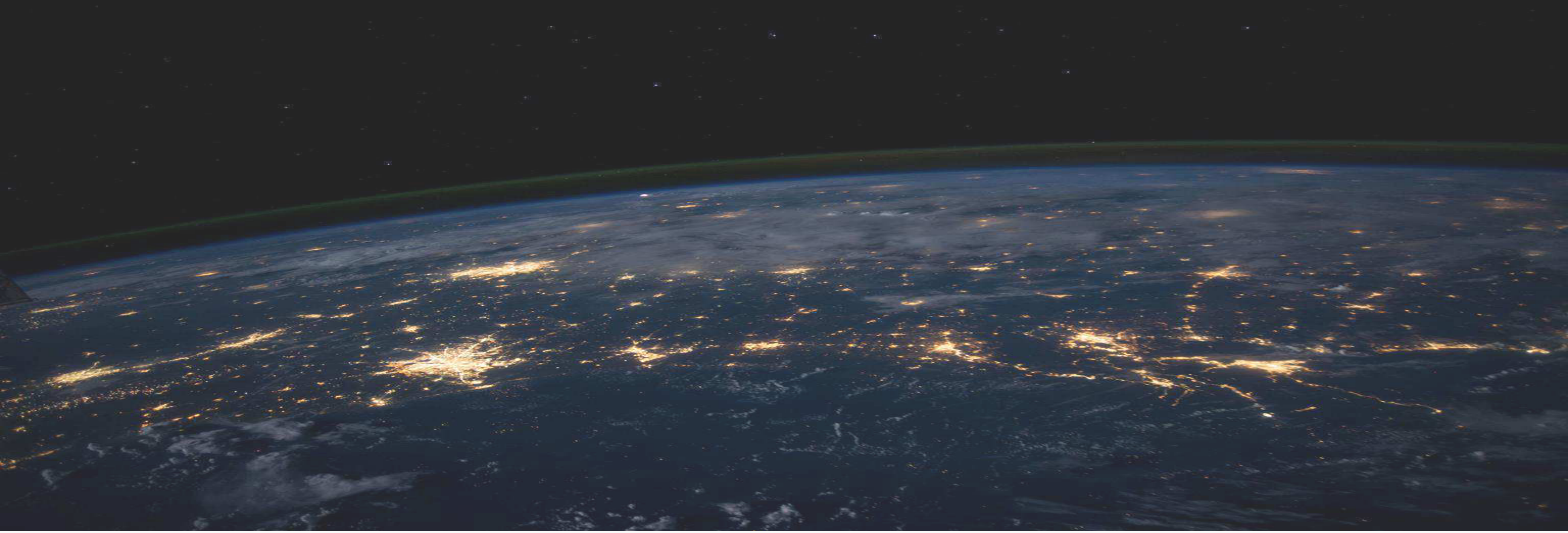


Regulatory Uncertainties

Prolonged delay in new PDP and policy changes

Non-Power Investments

Execution risks of diversifying into non-power business, with different competition landscape.



Thank You

TRIS RATING
A Strategic Partner of S&P Global

Homebuilders and Real Estate Developers

Dr. Suchada Pantu
First Senior Executive Vice President

Thursday, 23 February 2023

Contents

Rating Actions

Market Recap

Operating Performance of Rated Developers

Outlook

Rating Actions

Issuer	Rating	Issuer	Rating
ANAN	BBB-/Stable	NOBLE	BBB/Stable
AP	A-/Positive	ORI	BBB+/Stable
AREEYA	B+/Stable	PF	BB/Stable
ASW	BBB-/Stable	PRIN	BBB-/Stable
BRI	BBB/Stable	PS	A/Negative
CI	BB/Stable	QH	A-/Negative
GOLD	A/Stable	SA	BB+/Stable
KUN	BB/Stable	SC	BBB+/Stable
LALIN	BBB+/Stable	SENA	BBB/Negative
LH	A+/Stable	SIRI	BBB+/Stable
LPN	BBB/Stable	SPALI	A/Stable
MJD	BB/Stable	UV	BBB+/Stable
MK	BBB-/Negative		

Rating Actions

↓ Downgrade → 2 issuers

↑ Upgrade → 1 issuer

Downward outlook → 4 issuers

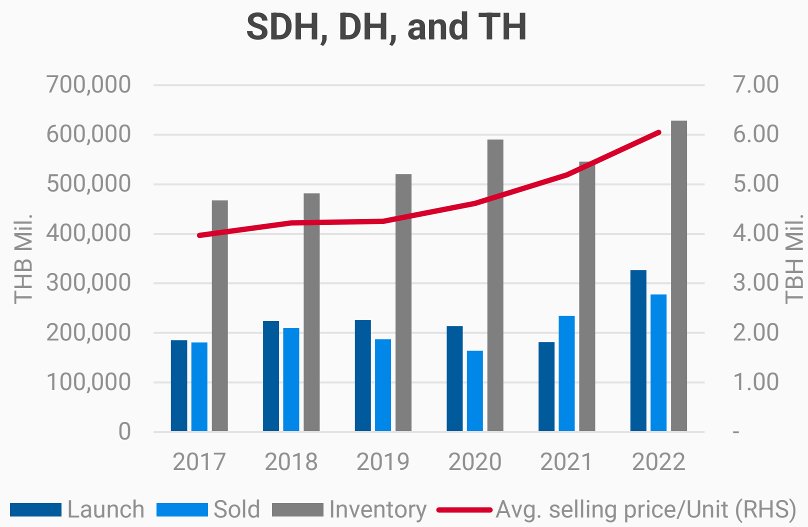
Upward outlook → 1 issuer

Market Recap - Industry Overview

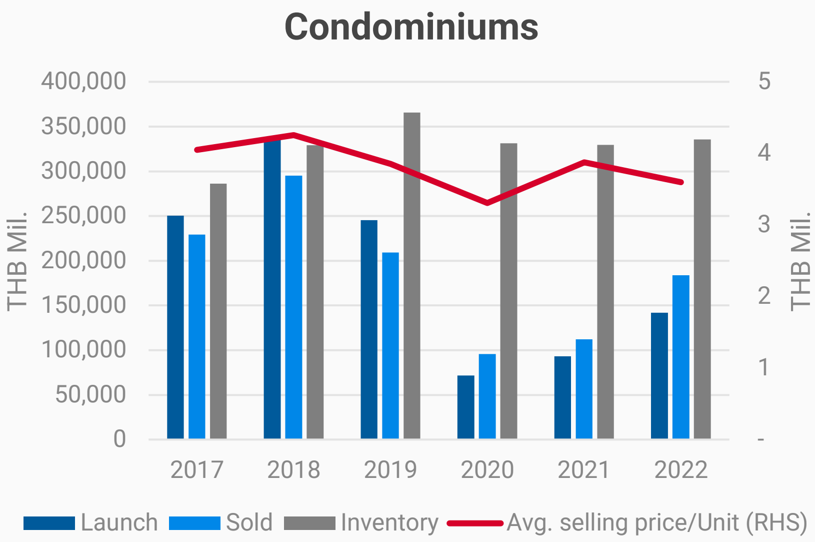
Landed properties showed strong growth momentum as expected

Condominium market recovered to almost the pre-COVID level but still significantly lower than the peak in 2018

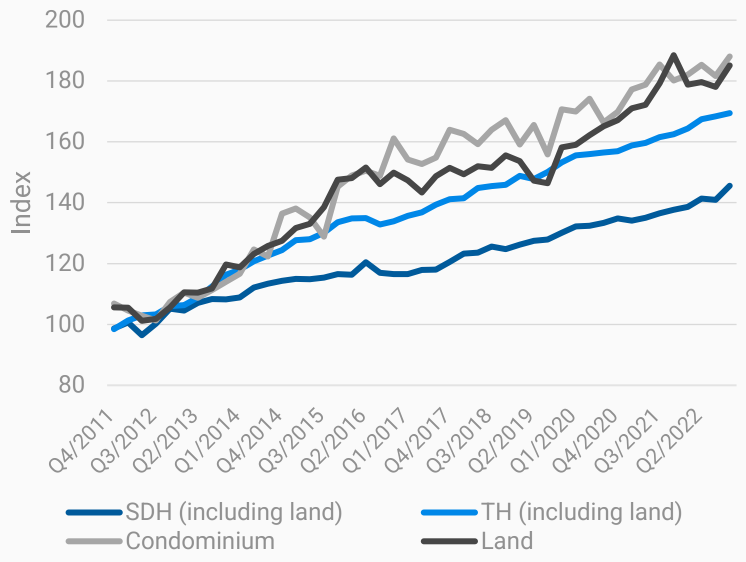
Housing prices increased from cost-push and increasing demand



Source: AREA

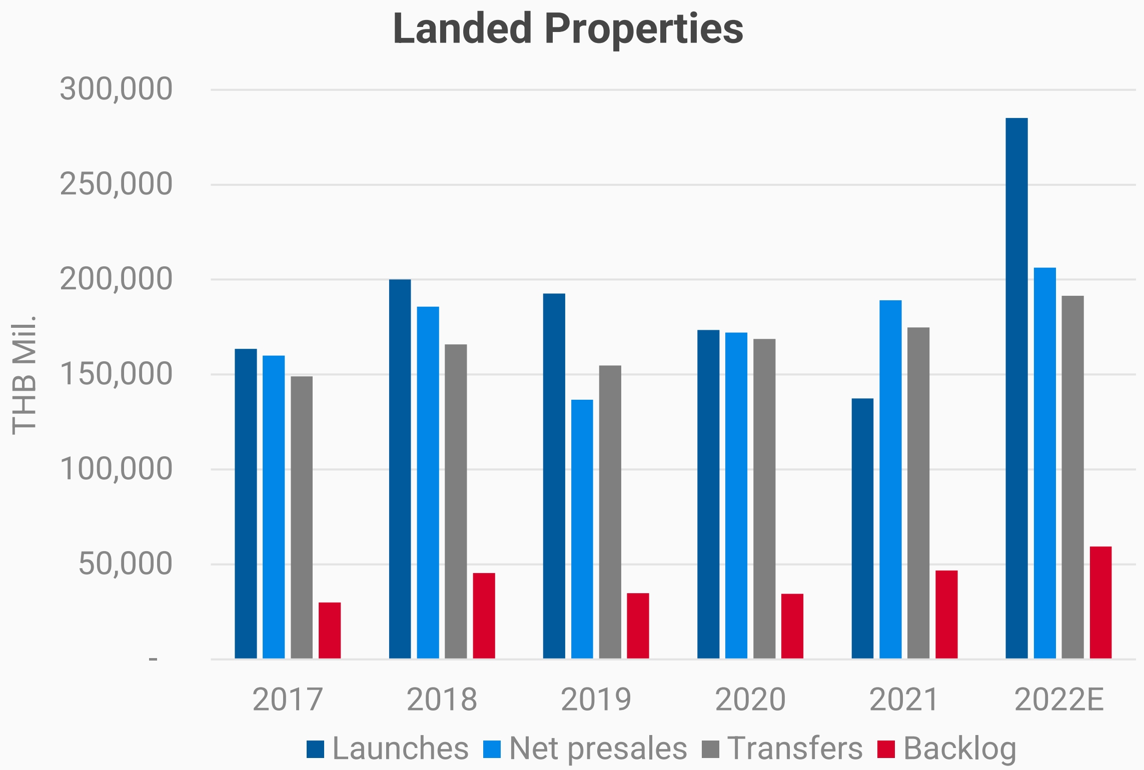


Source: AREA



Source: Bank of Thailand

Operating Performance of 25 Rated Developers

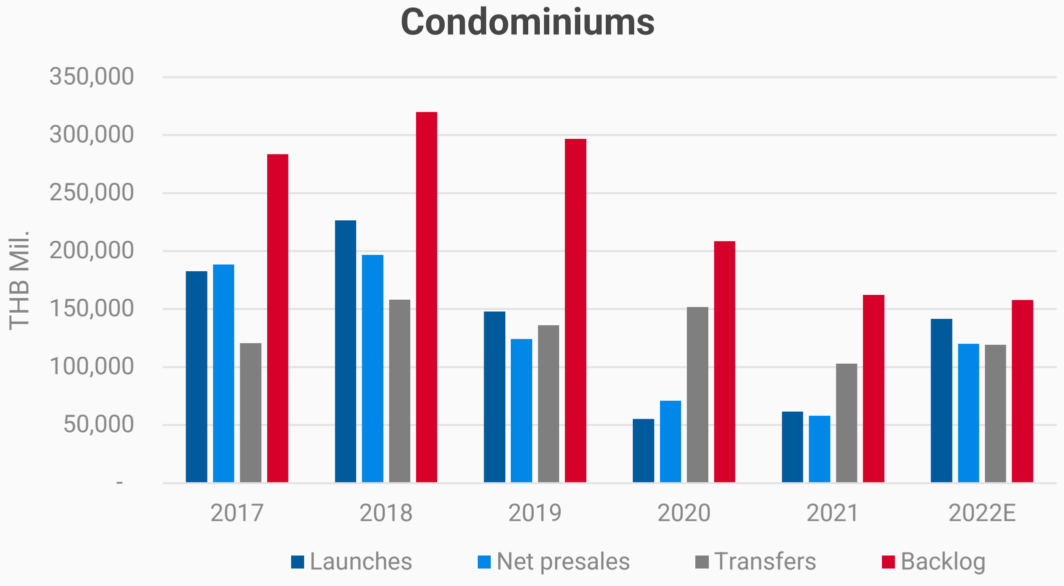


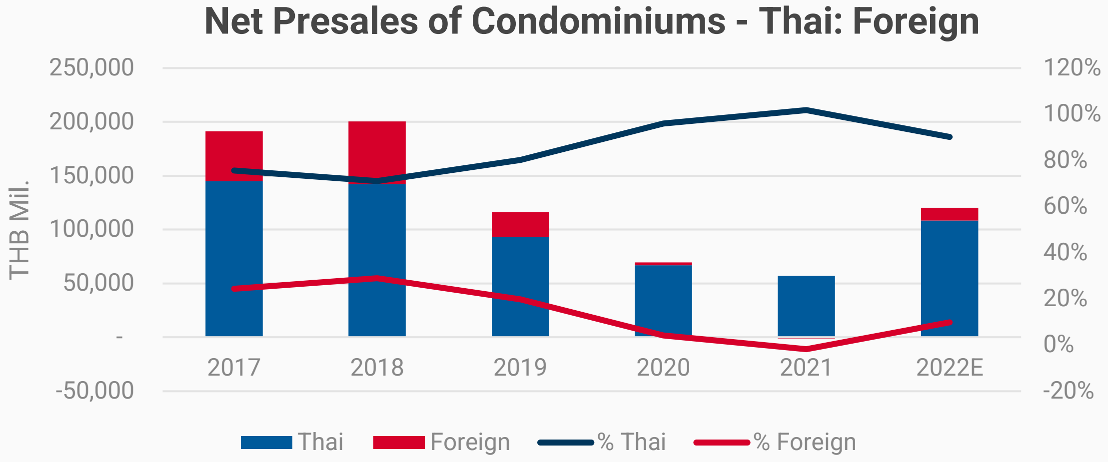
Landed properties

- ✓ New launches almost double those of 2021
- ✓ Net presales and transfers increased by around 10% y-o-y
- ✓ Ending backlog rose temporarily to around THB60 billion amid high demand and delays in construction

Source: TRIS Rating's database

Operating Performance of 25 Rated Developers





Condominiums

- ✓ New launches and net presales more than doubled from 2021 and were almost the same as 2019 level
- ✓ Transfers are expected to increase by 15%-20% y-o-y, becoming close to net presales and resulting in the ending backlog remaining unchanged from the end of 2021
- ✓ Units available for sale worth around THB344 billion, increased by almost 10% y-o-y. This level is around 2.8 times the value of 2022 net presales and 1.75 times that of 2018 net presales
- ✓ Foreign buyers accounted for only 10% of total net presales in 2022, declining from around 30% in 2018

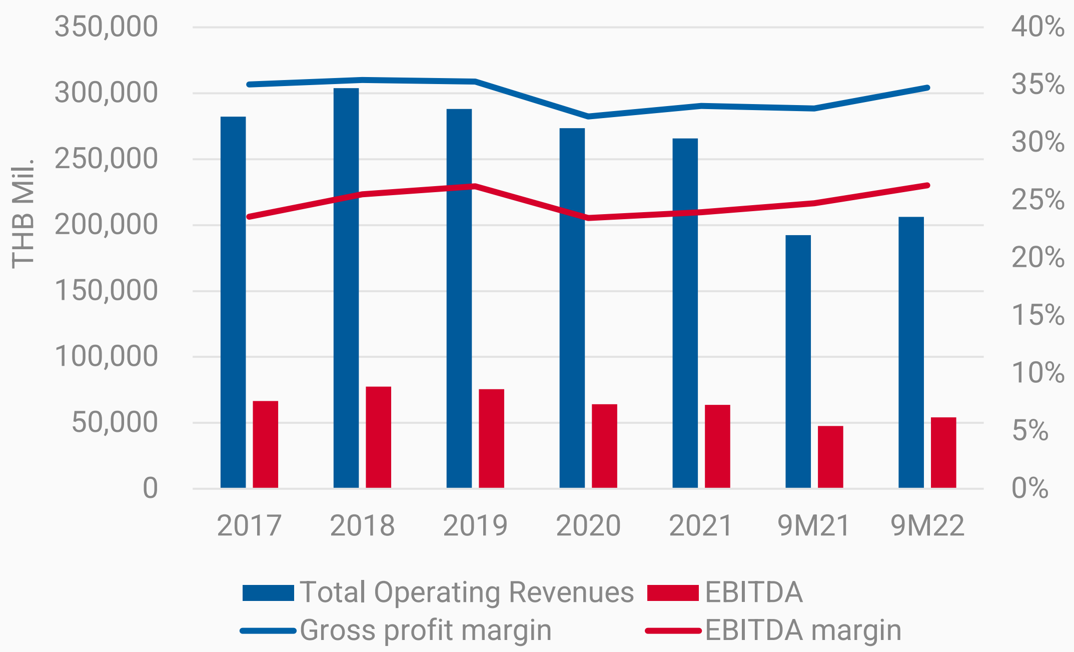
Source: TRIS Rating's database

Financial Performance*

Earnings & Profitability

✓ Revenues in 9M22 increased 7% y-o-y and EBITDA grew by 14% y-o-y, reflecting higher profit margins

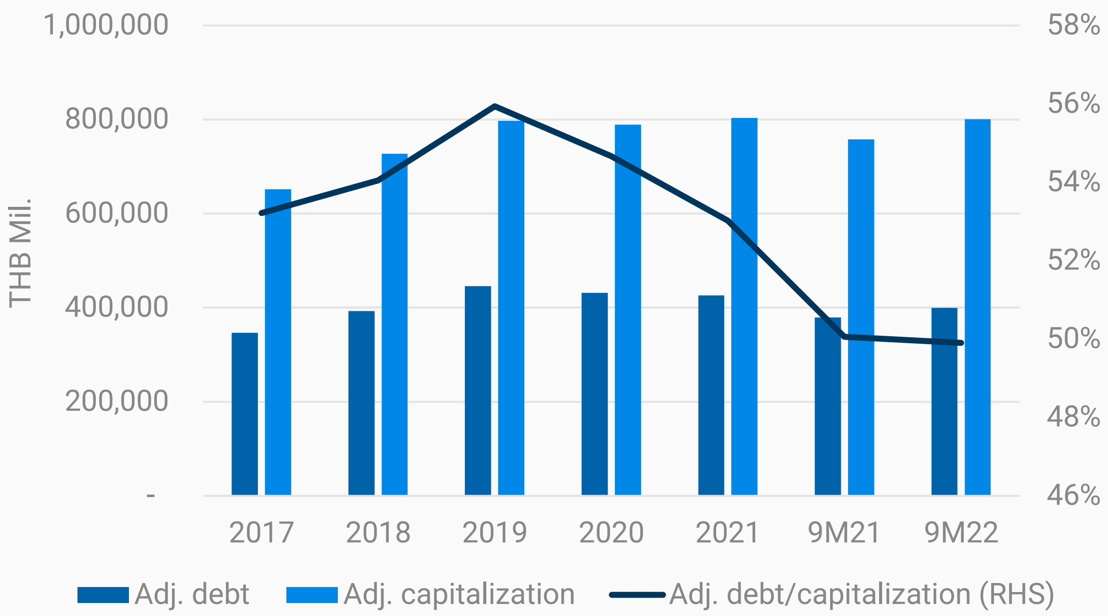
✓ Gross profit margin in 9M22 improved to 35% from 33% and EBITDA margin improved to 26% from 24% in 2021



*Excluding Univentures PLC

Capital Structure

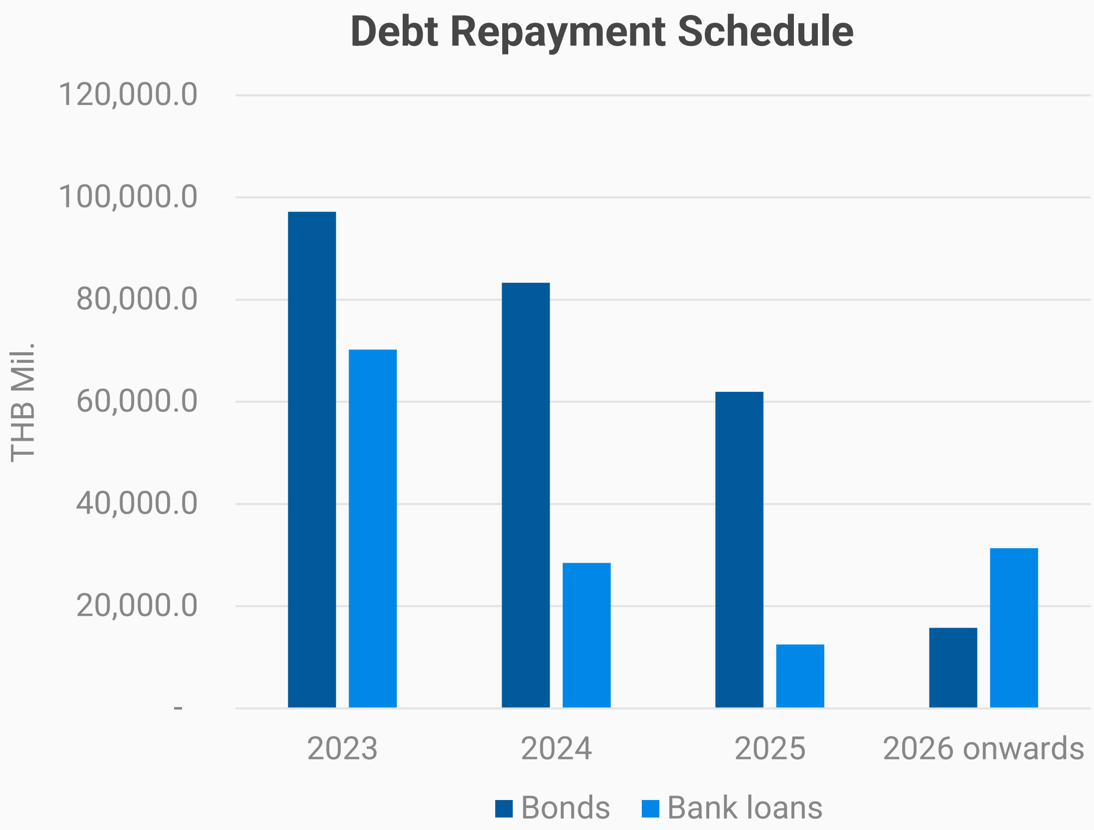
✓ Debt to capitalization ratio dropped slightly to 50% at the end of 9M22 from 53% at the end of 2021



*Excluding Univentures PLC

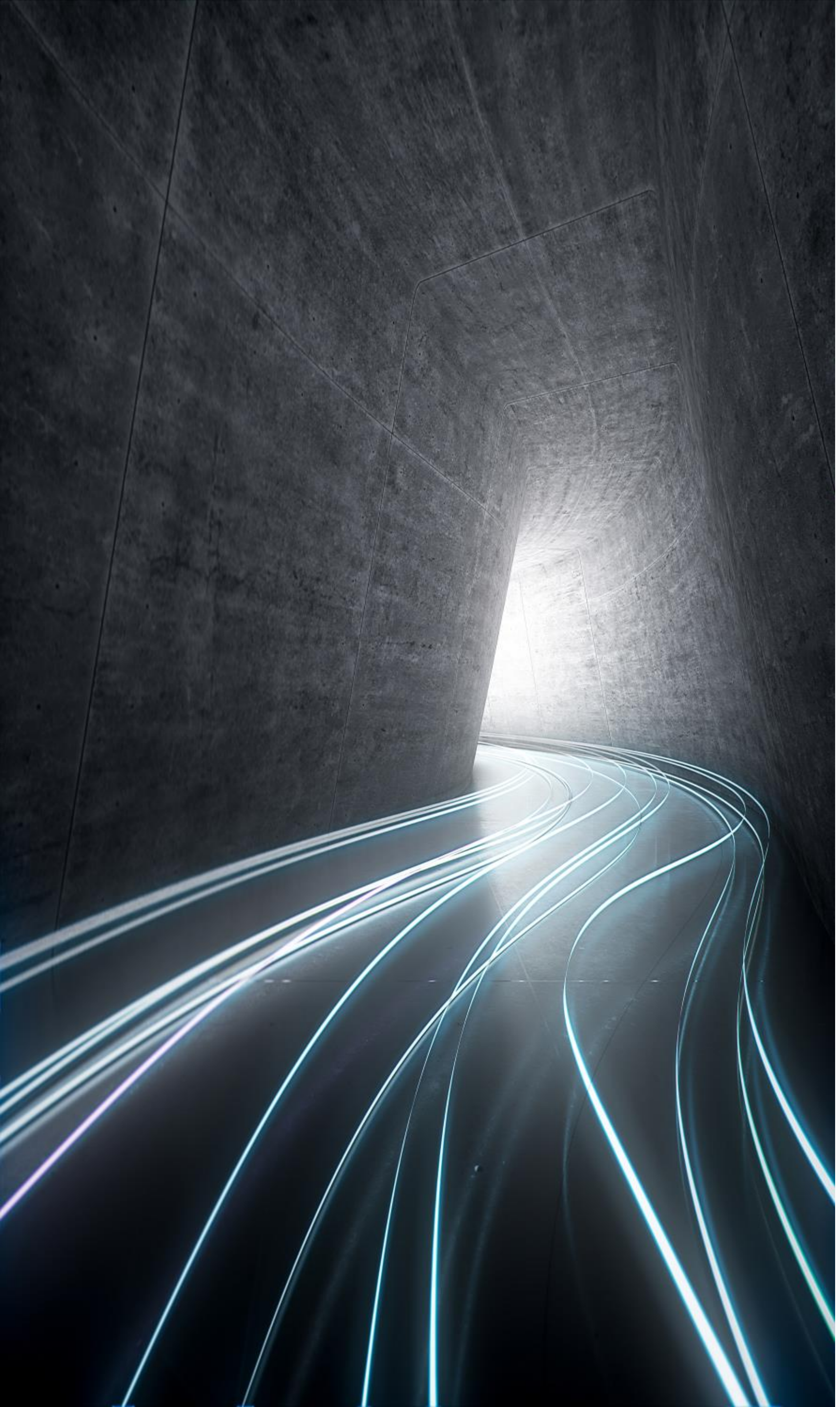
Source: TRIS Rating's database

Debt Profile*



- ✓ Total debts of 24 rated developers at the end of 2022, including proportionate shares of debts from JVs, worth around THB400 billion
- ✓ Total debts comprised bonds 64% and bank loans 36%
- ✓ Debt due in 2023 of around THB167 billion, comprising THB97 billion in bonds and THB70 billion in bank loans

*Excluding Univentures PLC



Outlook

- Recovery in demand for condominiums amid the opening of the Chinese economy, and increasing onsite work and study
- Demand for landed properties may not change much from last year
- High interest rates and LTV rules could weigh down domestic demand
- Uncertainties – Ukraine-Russia war, geopolitical tension

TRIS RATING
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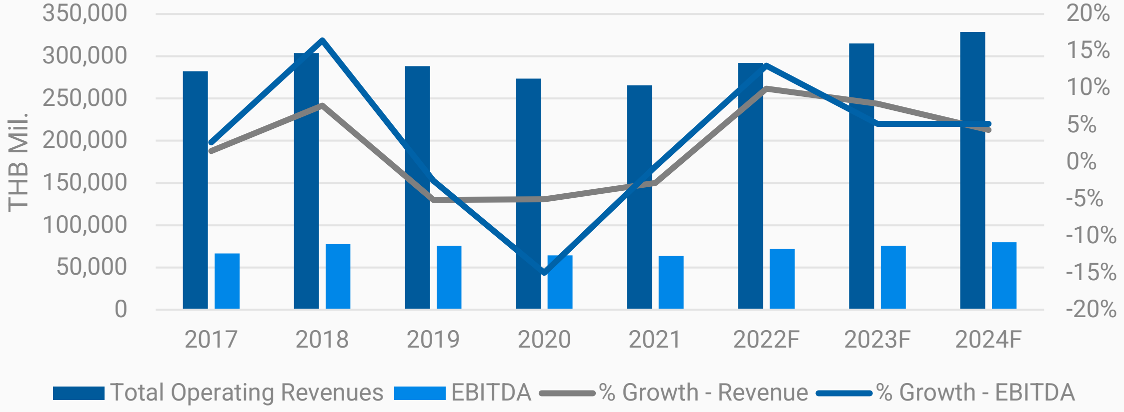
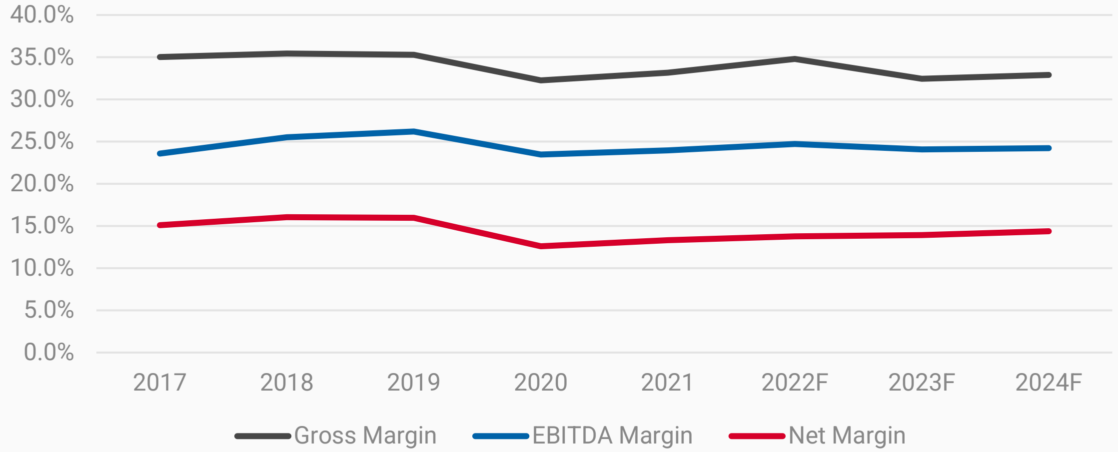
Forecasts - Operating Performance and Profitability*



Operating performance

- ✓ Revenues are expected to increase by 5%-10% in 2023-2024
- ✓ EBITDA are expected to increase by 5% during 2023-2024

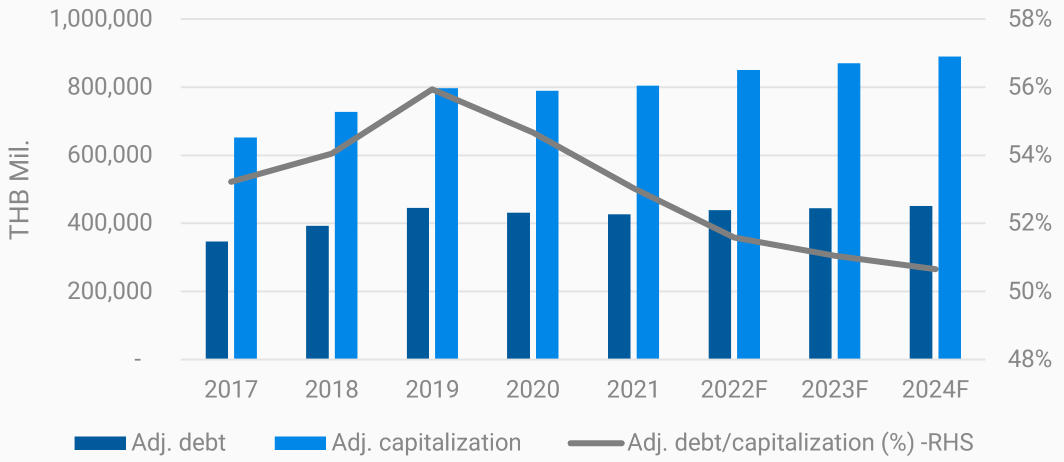


Profitability

- ✓ Profit margins are expected to decline by 1%-2% in 2023-2024 from 2022, reflecting the increasing development costs
- ✓ EBITDA margin is expected to stay at around 24%
- ✓ Net margin is expected to range around 13%-14%

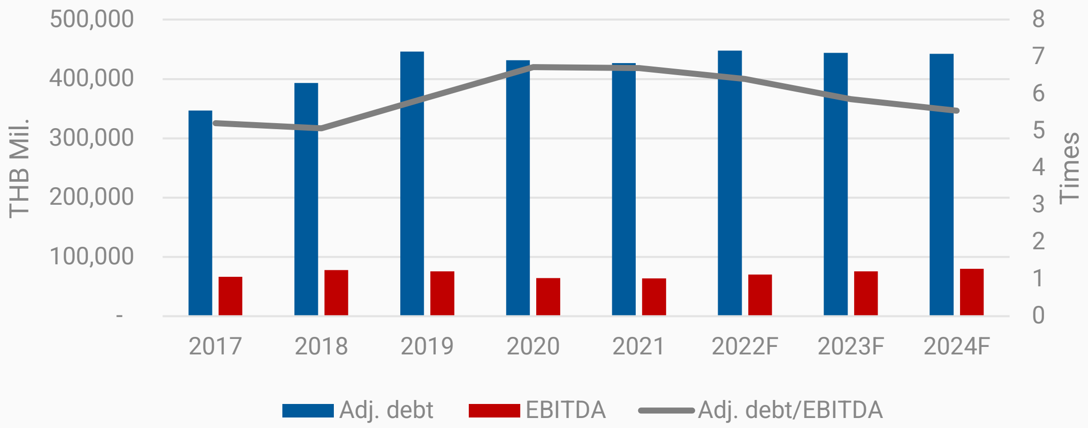
*Excluding Univentures PLC

Forecasts – Leverage*



Capital structure

✓ Debt to capitalization ratio is expected to maintain at around 50-52% during 2023-2024



Cash flow protection

✓ Debt/EBITDA ratio is expected to improve from around 6.4 times in 2022 to around 5.5-6.0 times in 2023-2024

*Excluding Univentures PLC

Source: TRIS Rating's database

Thank You

REITs

Ms. Wiyada Pratoomsuwan
First Senior Executive Vice President

Thursday, 23 February 2023

Outline

01 Rated REIT Operators

02 2022 Look Back

03 2022 REIT Performance

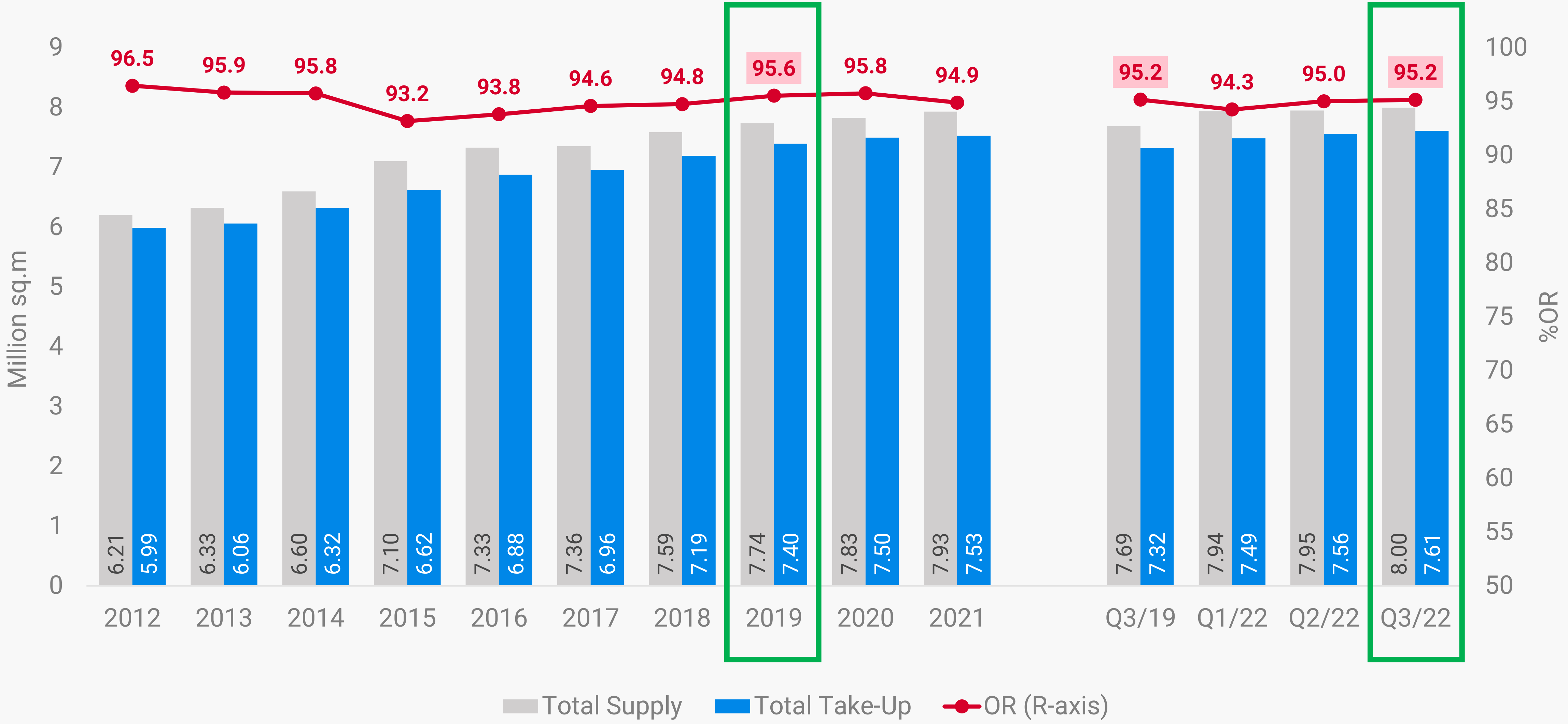
04 2023 Outlook

REITs Rated by TRIS Rating

Name	Property type	2019	2020	2021	2022 to date
ALLY	Retail	N.A.	N.A.	N.A.	BBB+
CPNREIT	Retail	AA	AA/Neg	AA/Neg	AA/Neg
GVREIT	Office	A-	A-	A-	A-
TPRIME	Office	A-	A-	A-	A-/Neg
FTREIT	Industrial	A	A	A	A
WHAIR	Industrial	BBB+	BBB+	BBB+	BBB+
WHART	Industrial	A	A	A	A

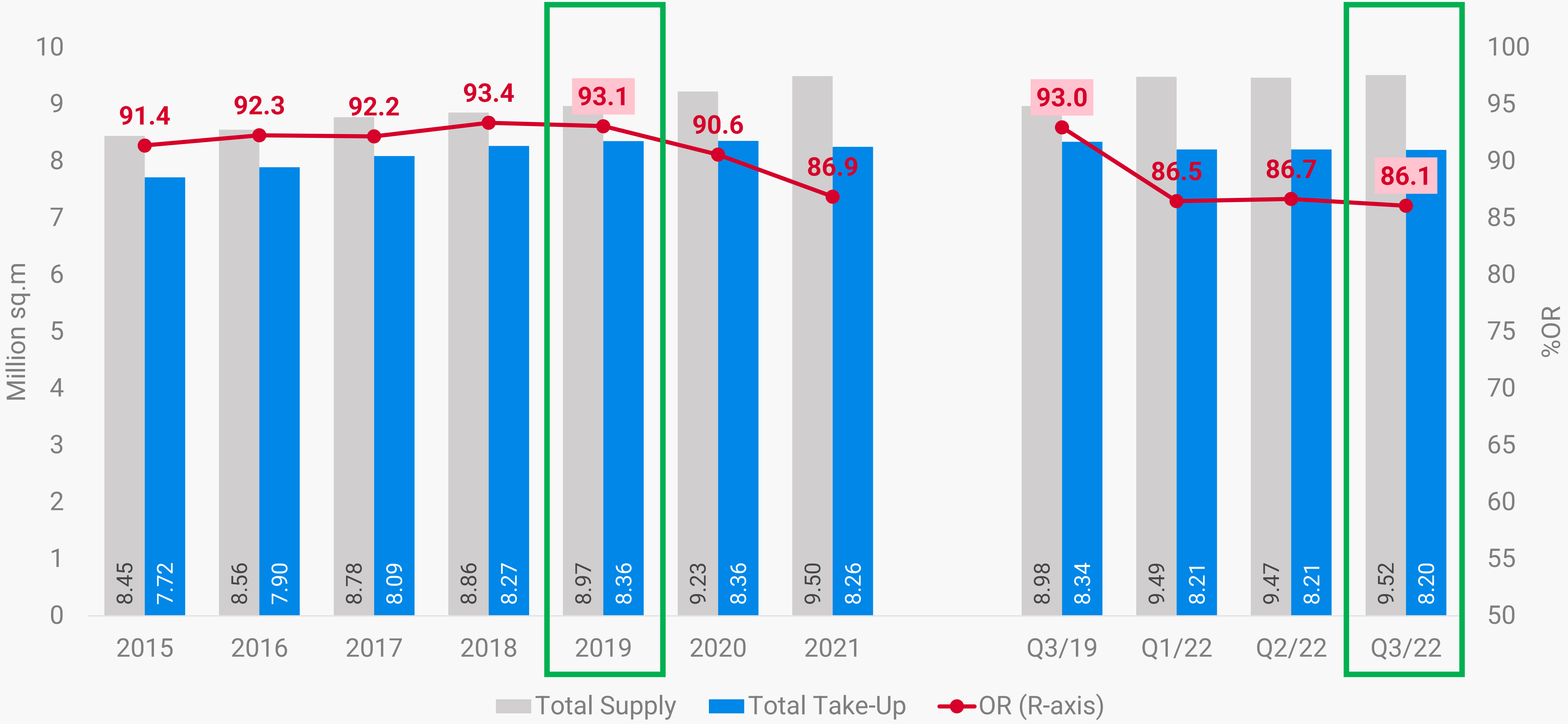
Source: TRIS Rating

Retail Property in BMA



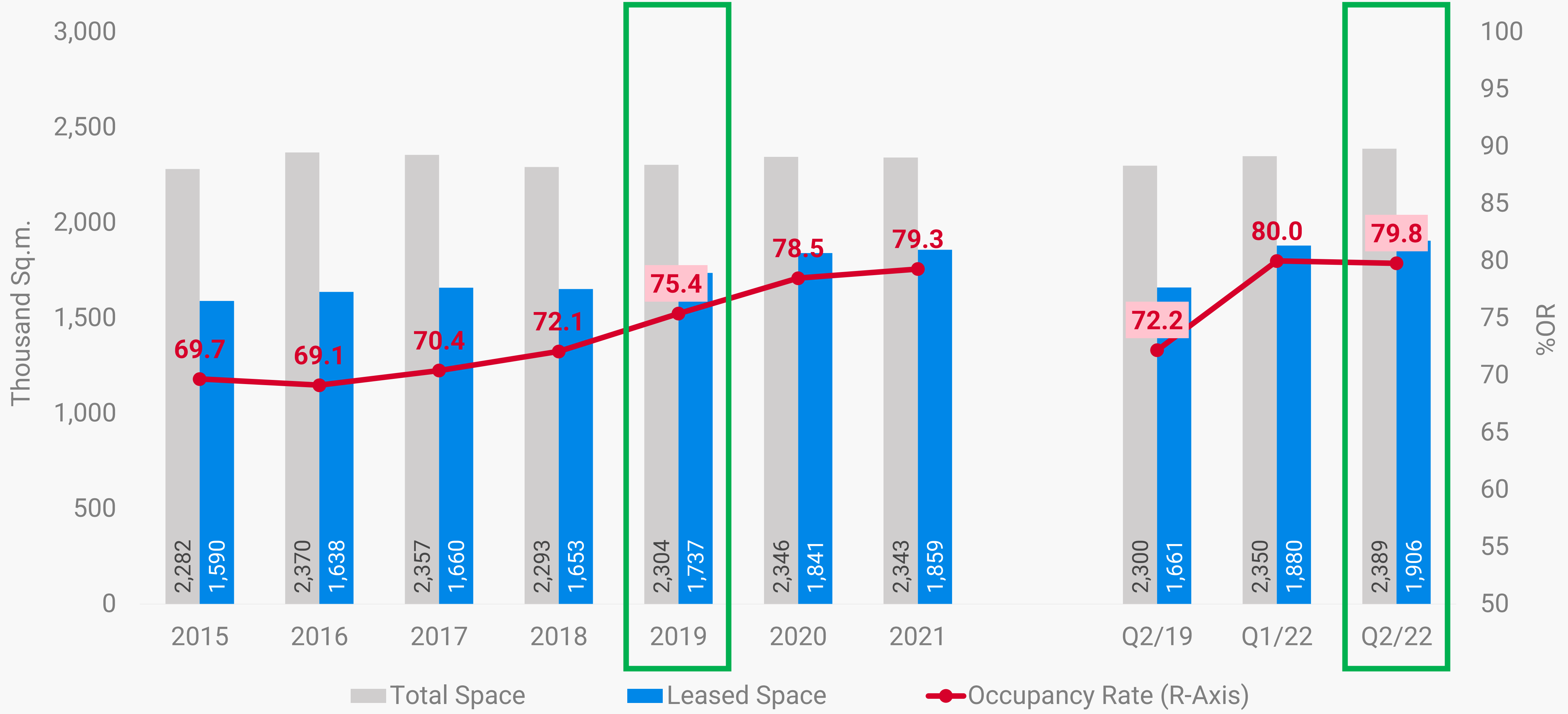
Source: CBRE

Office Space in BMA – Falling OR



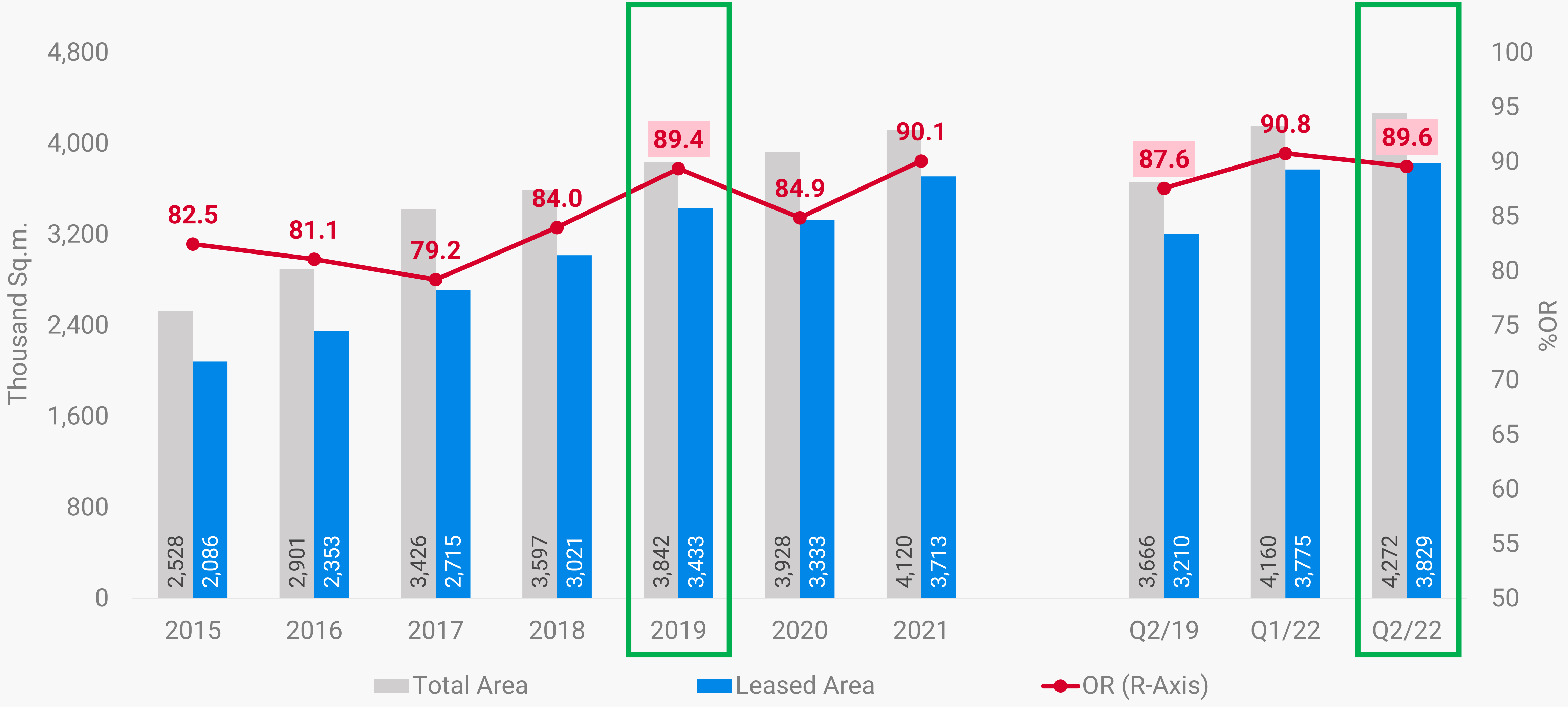
Source: CBRE

Factory for Rent



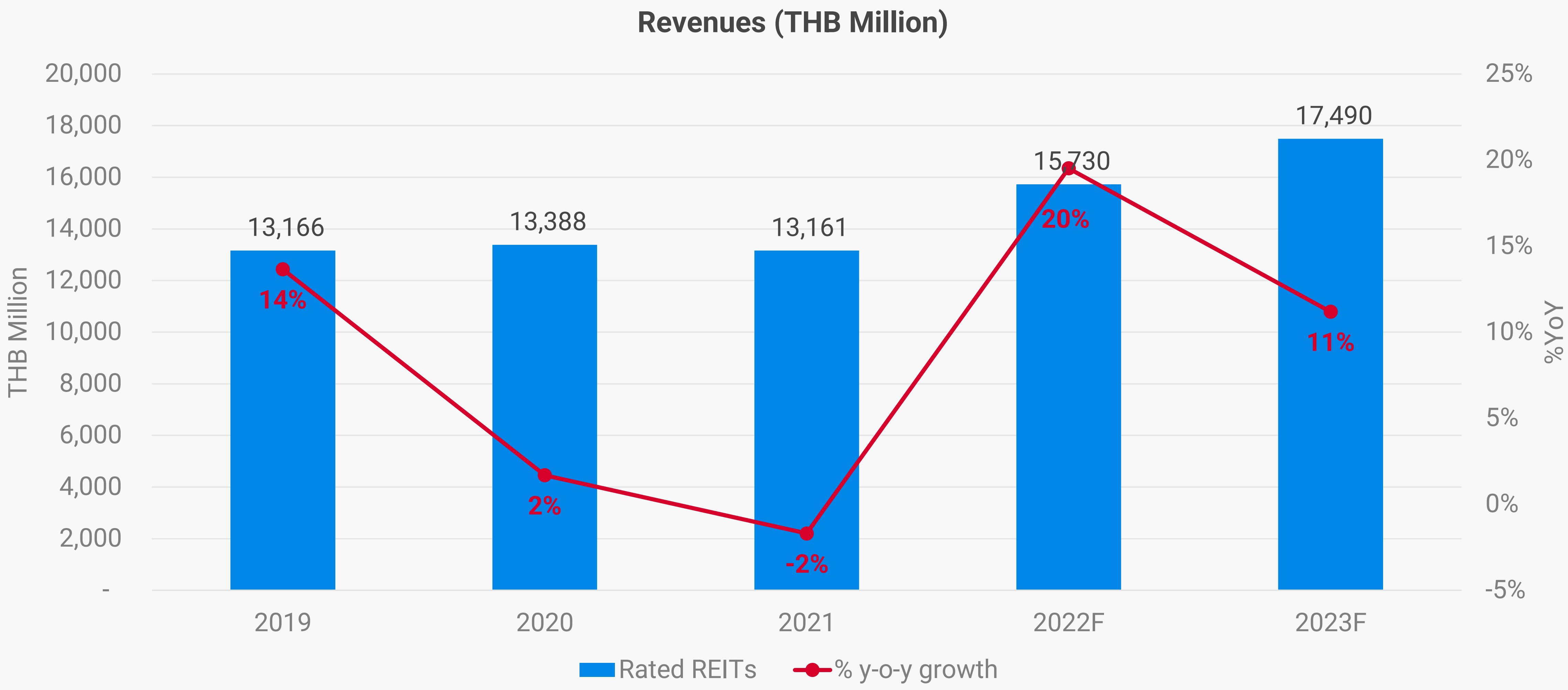
Source: CBRE

Warehouse for Rent



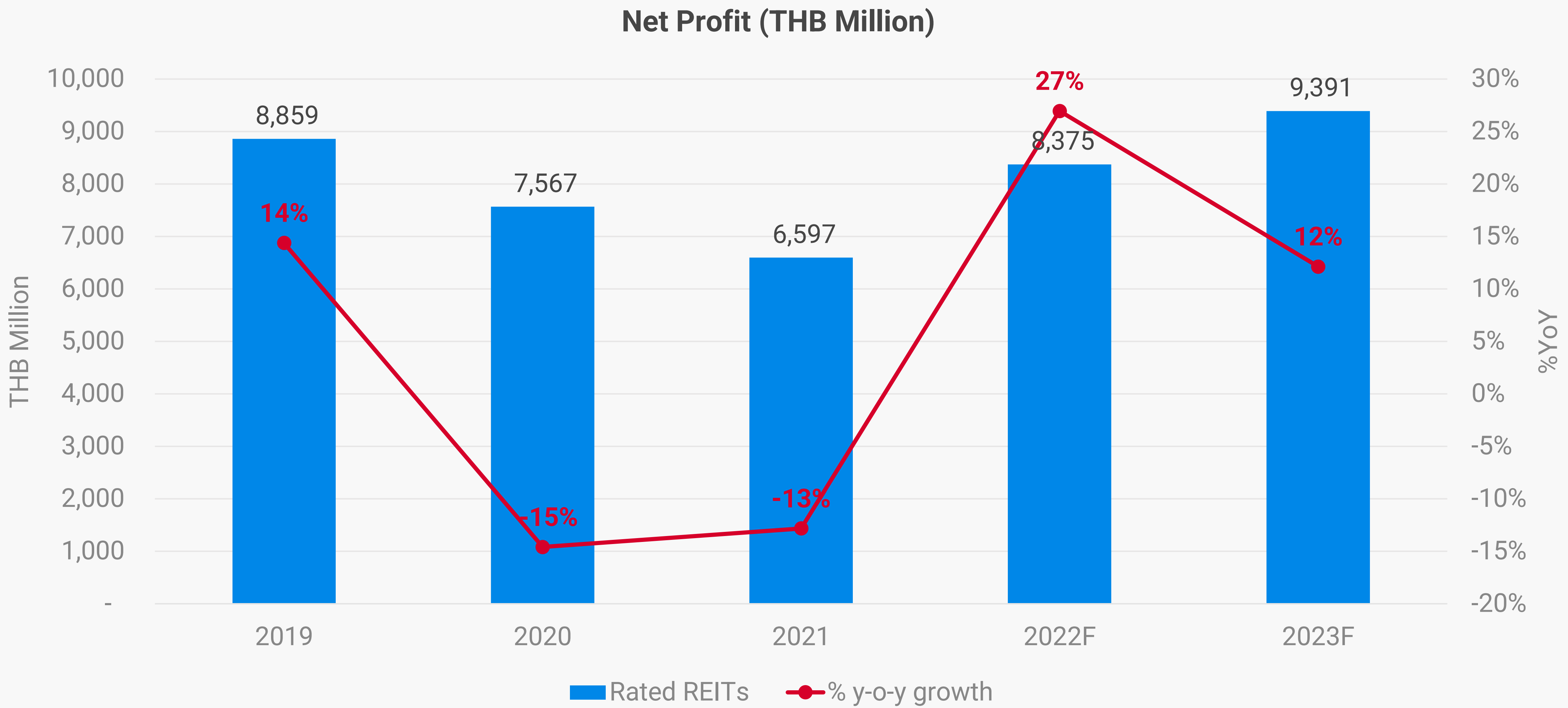
Source: CBRE

2022 Performance



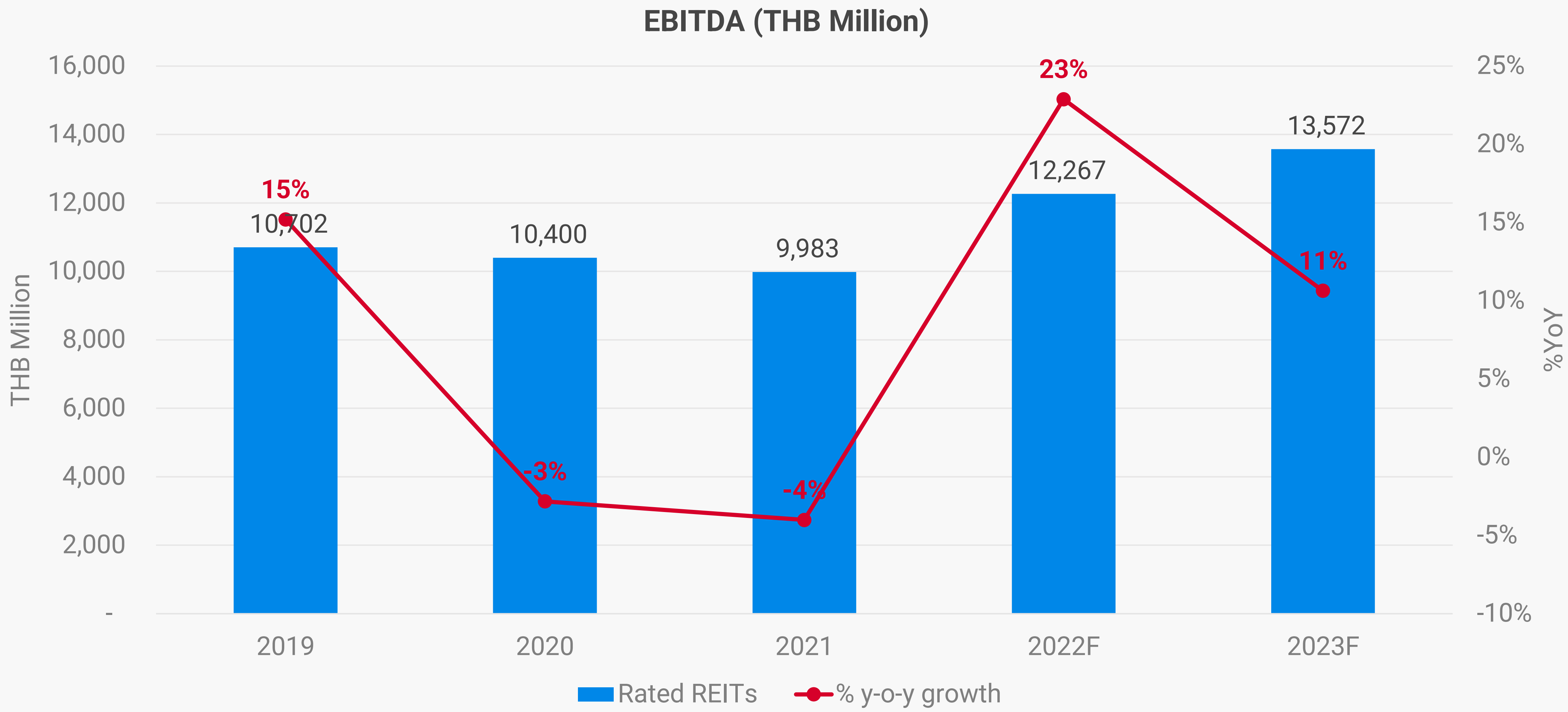
Sources: 7 rated REITs, TRIS Rating estimates

2022 Performance



Sources: 7 rated REITs, TRIS Rating estimates

2022 Performance



Sources: 7 rated REITs, TRIS Rating estimates

2023 Outlook

Retail space

Recovery follows country openings

Domestic spending

HH Debt/Purchasing power

Office space

Huge future supply

Lower demand from WFH trend

Rental rate - under pressure

Factory/Warehouse

Stabilized demand from e-commerce, manufacturing and export sectors

Source: TRIS Rating

Thank You

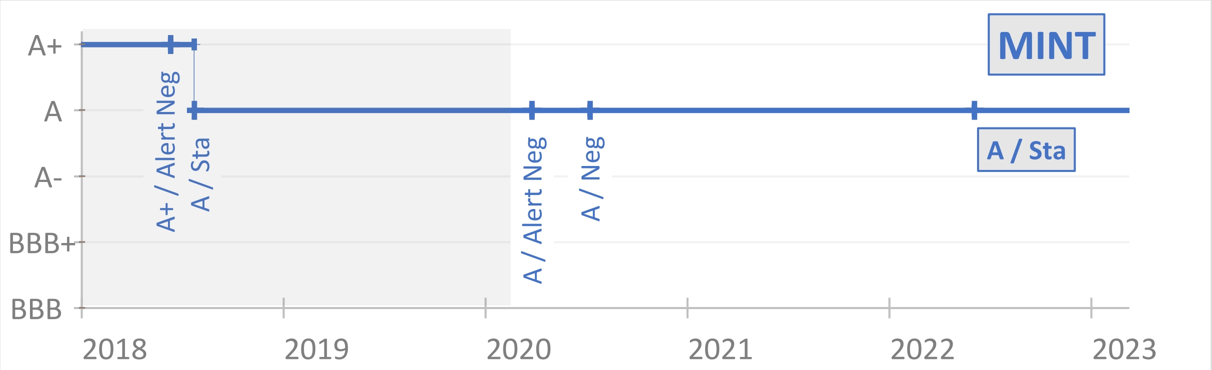
TRIS RATING
A Strategic Partner of S&P Global

Hotel Industry

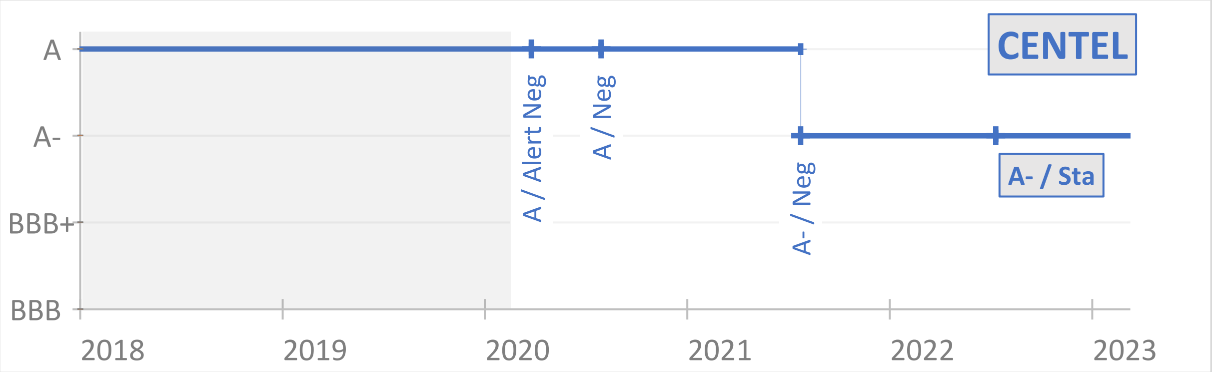
Dr. Thiti Karoonyanont
Executive Vice President

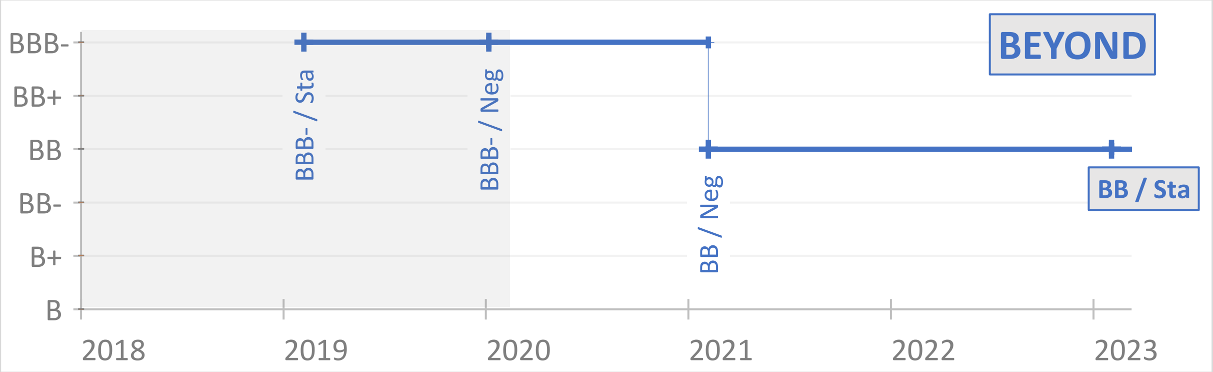
Thursday, 23 February 2023

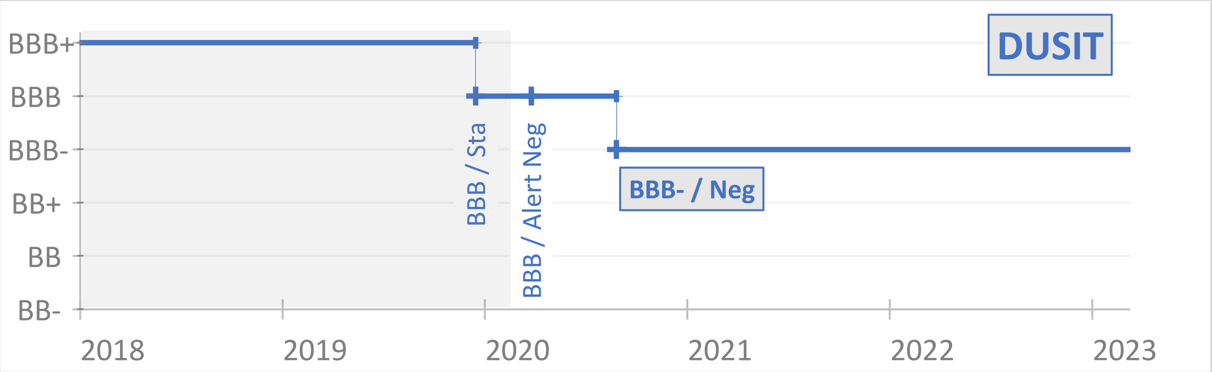
Rating Actions

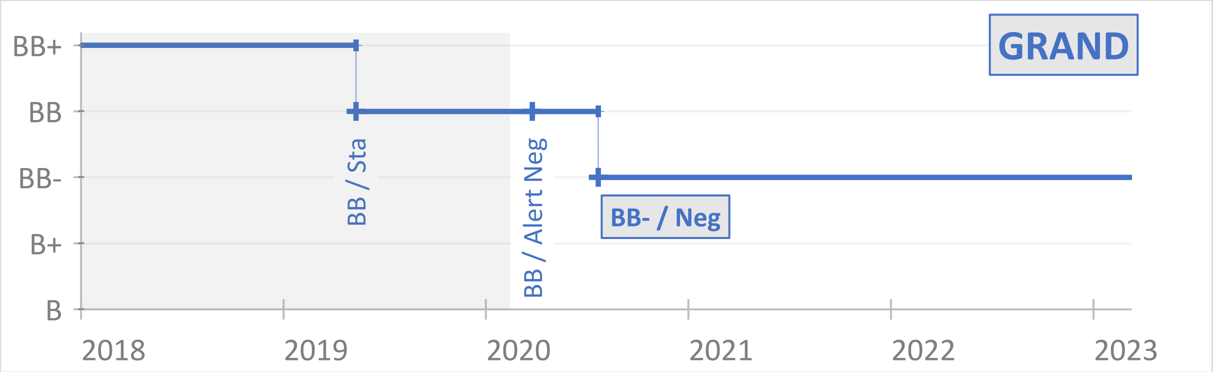


ISSUER	RATING / OUTLOOK
MINT	A / Stable
CENTEL	A- / Stable
DUSIT	BBB- / Negative
BEYOND	BB / Stable
GRAND	BB- / Negative

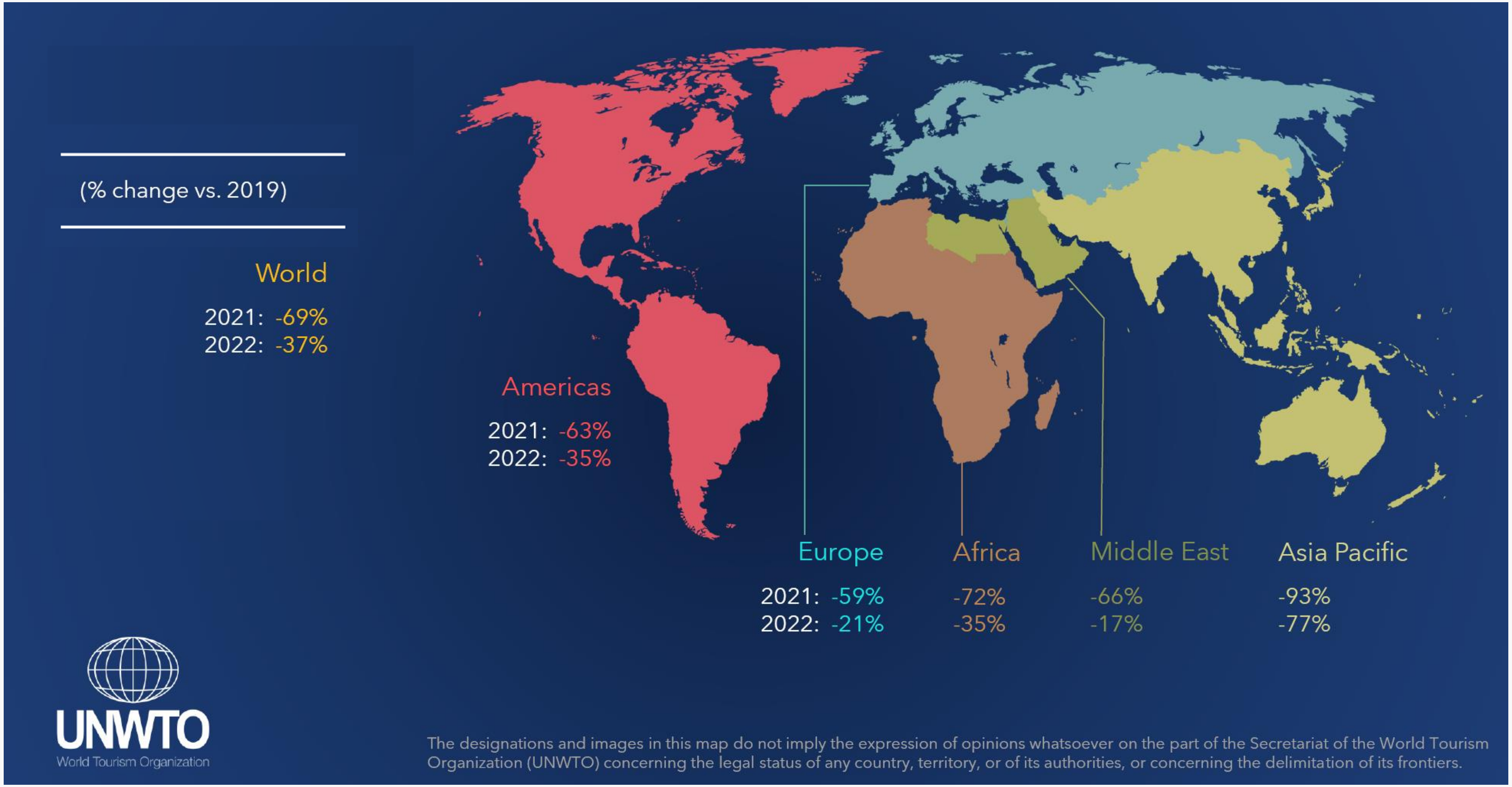






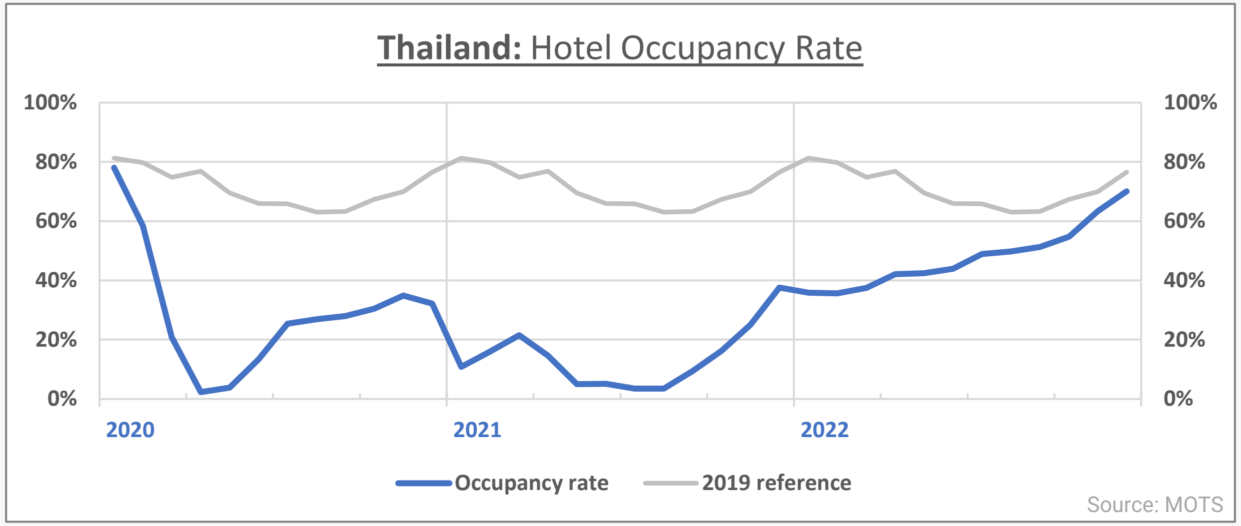


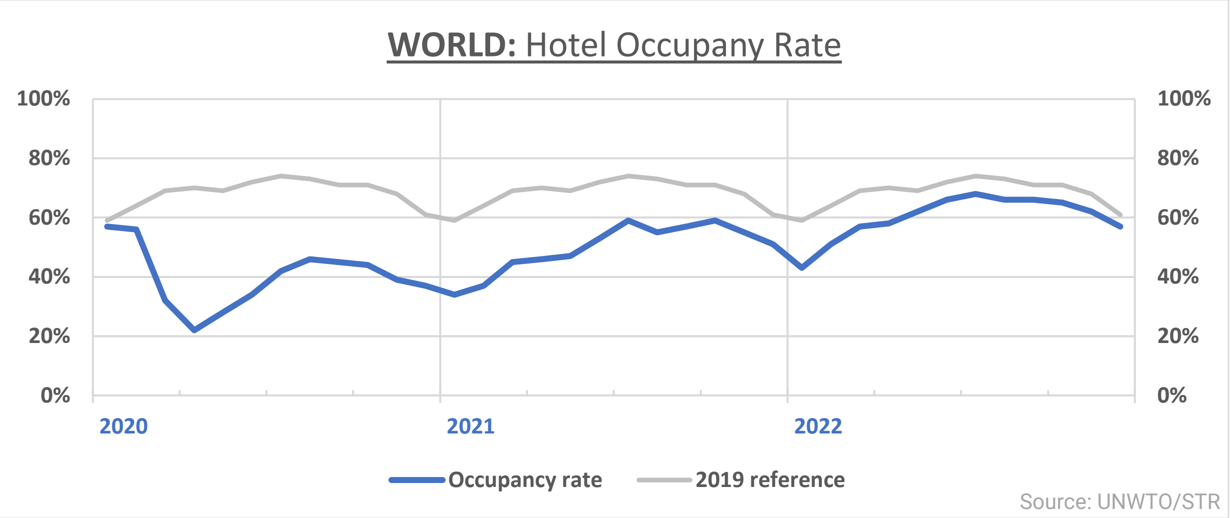
International Tourist Arrivals by Region



Source: UNWTO

Strong Recovery Progress

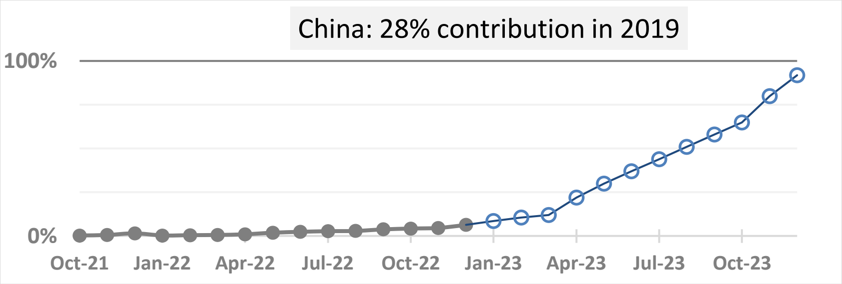


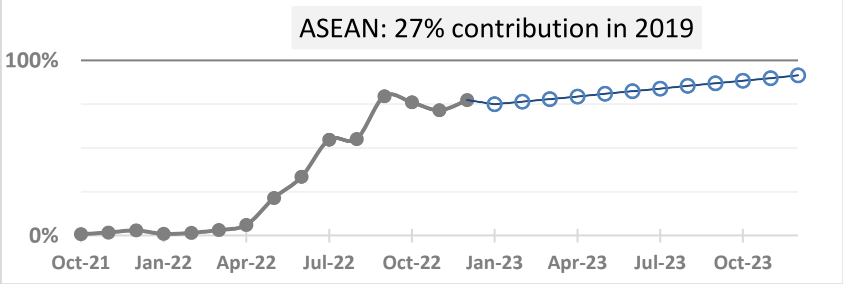


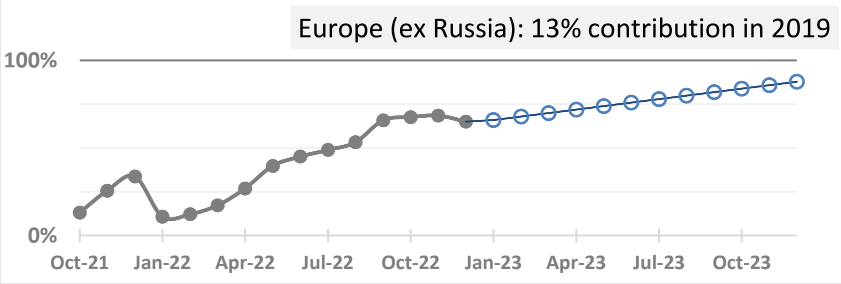
Thailand's Tourist Arrivals by Source Market

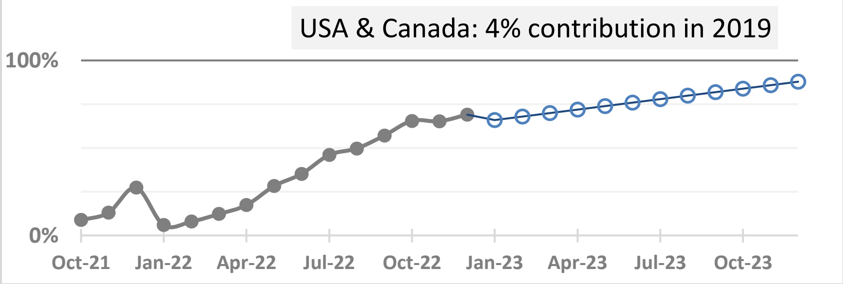
as percentage of same month in 2019

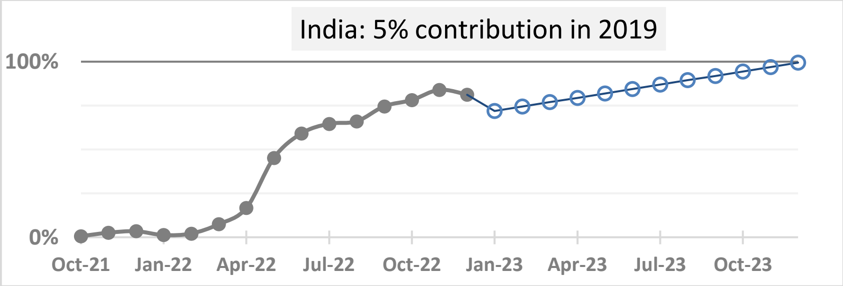
Source market	2019	2022		2023
China	11.0	0.3	→	4.5 ?
Non-China	28.9	10.9	→	22.5 ?
Total	**39.9**	**11.2**	→	**27.0 ?**

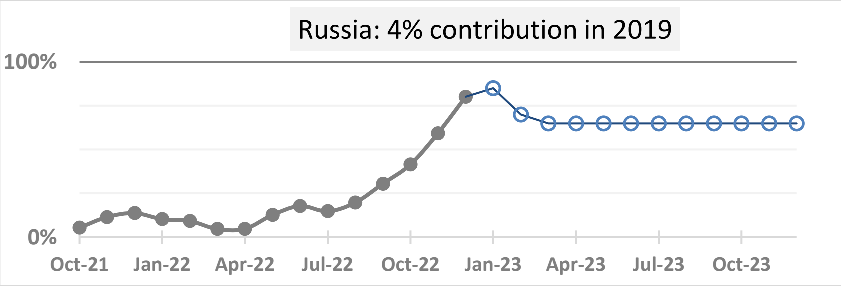


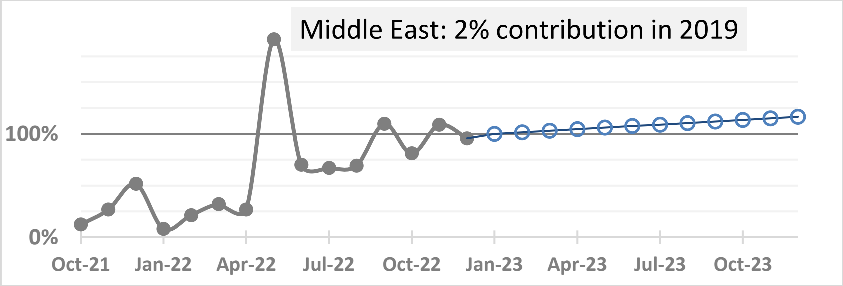


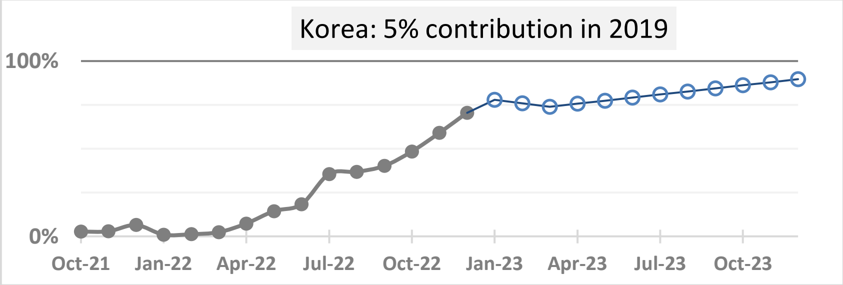


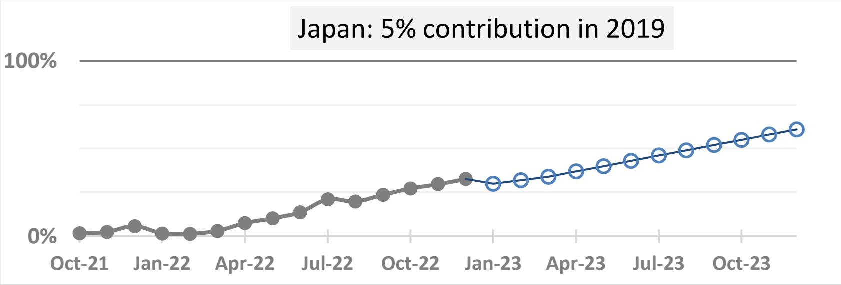


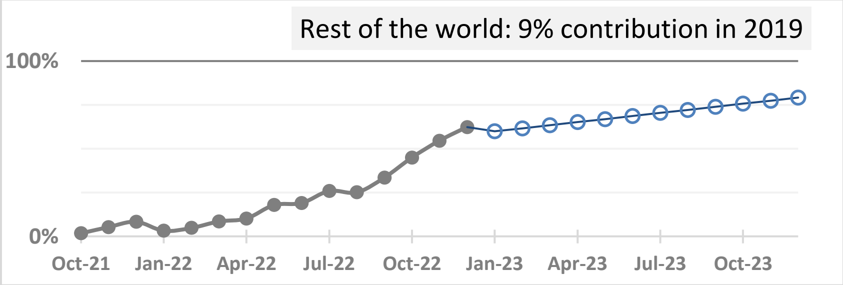






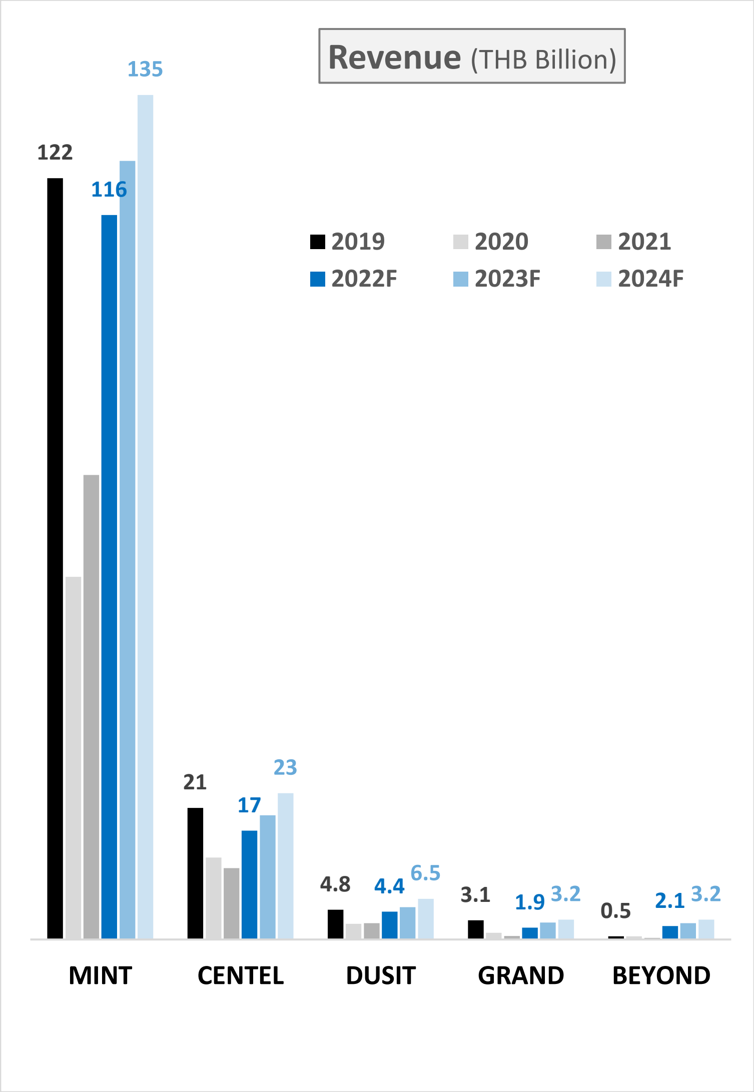


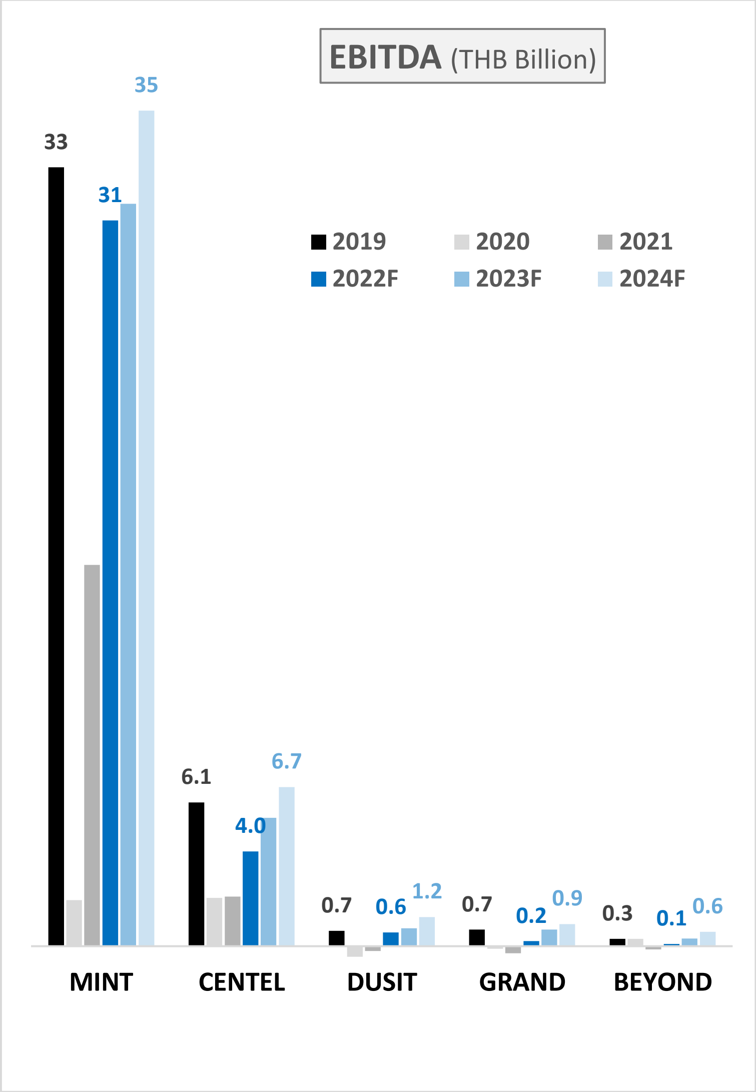


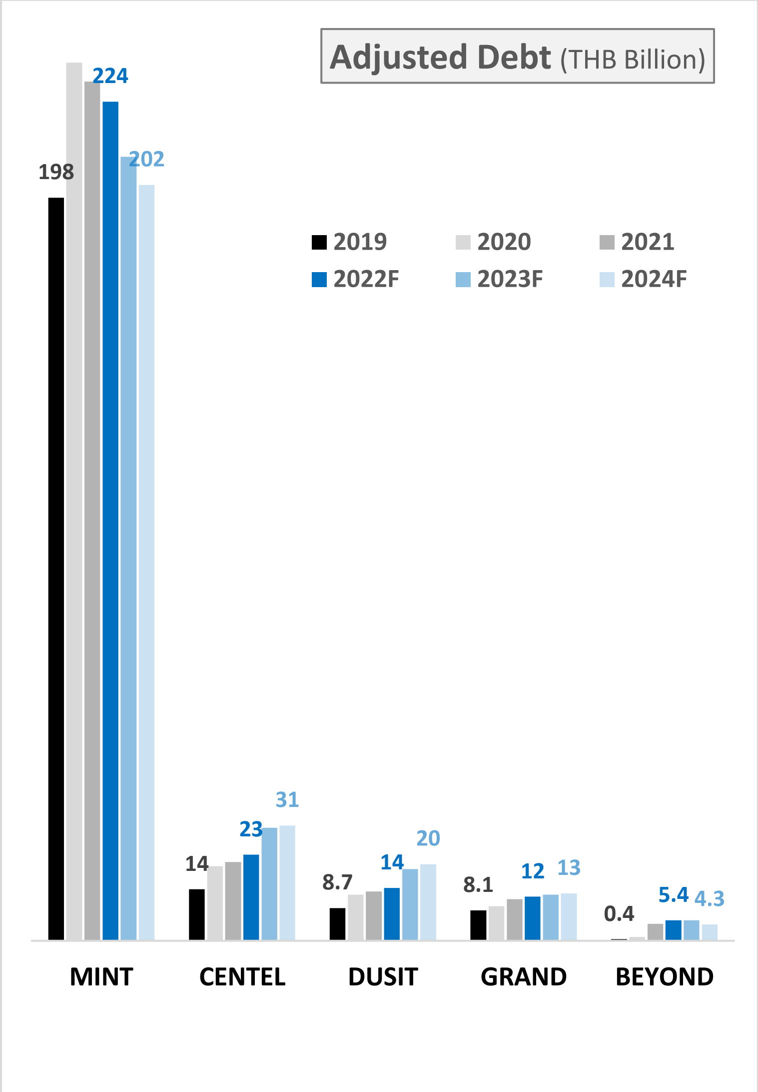


Source: MOTS & TRIS Rating estimates

Projected Revenue, EBITDA, and Debt of Rated Entities

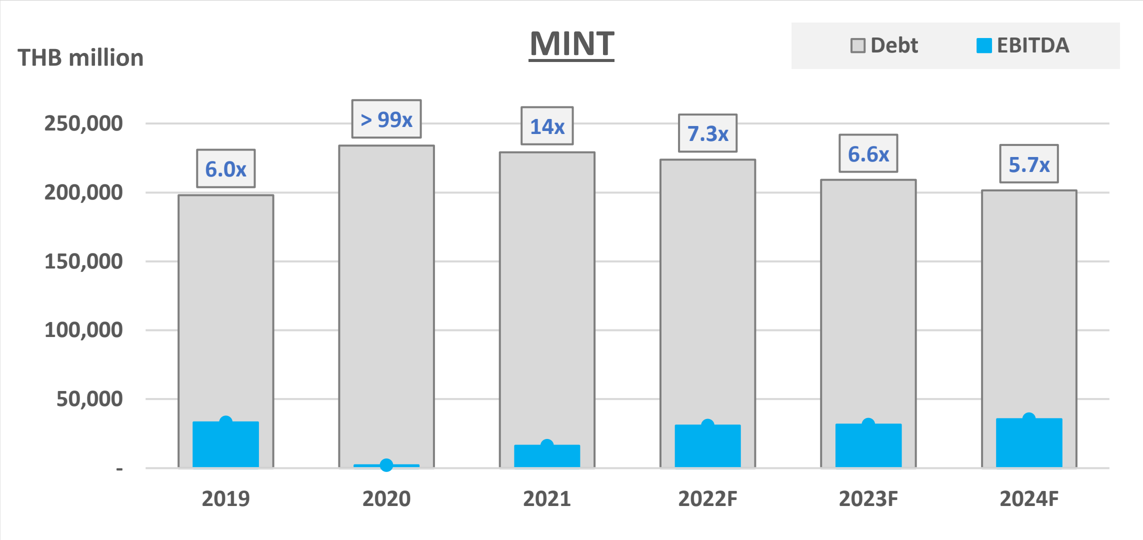


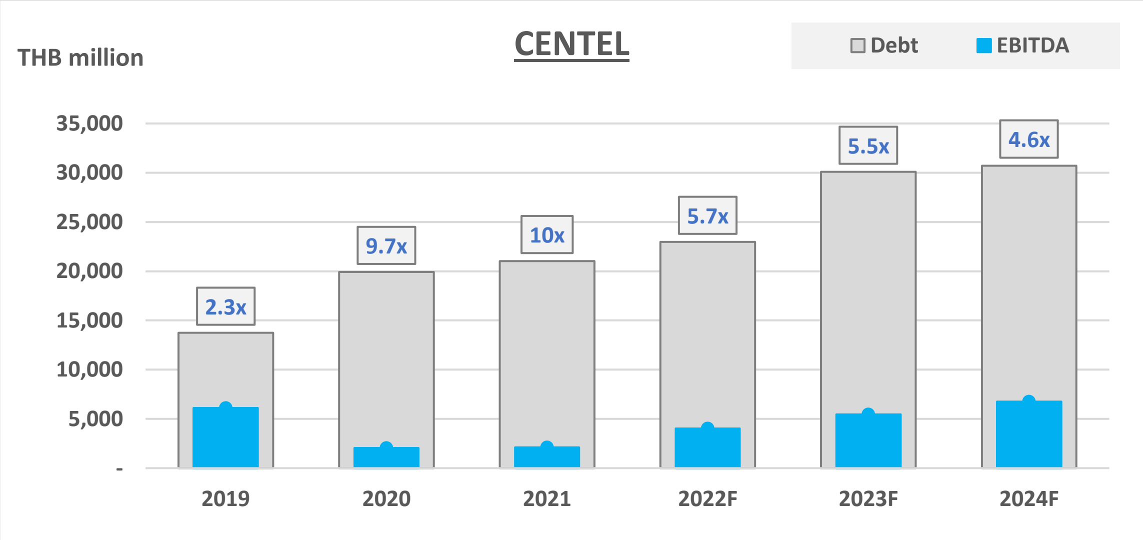


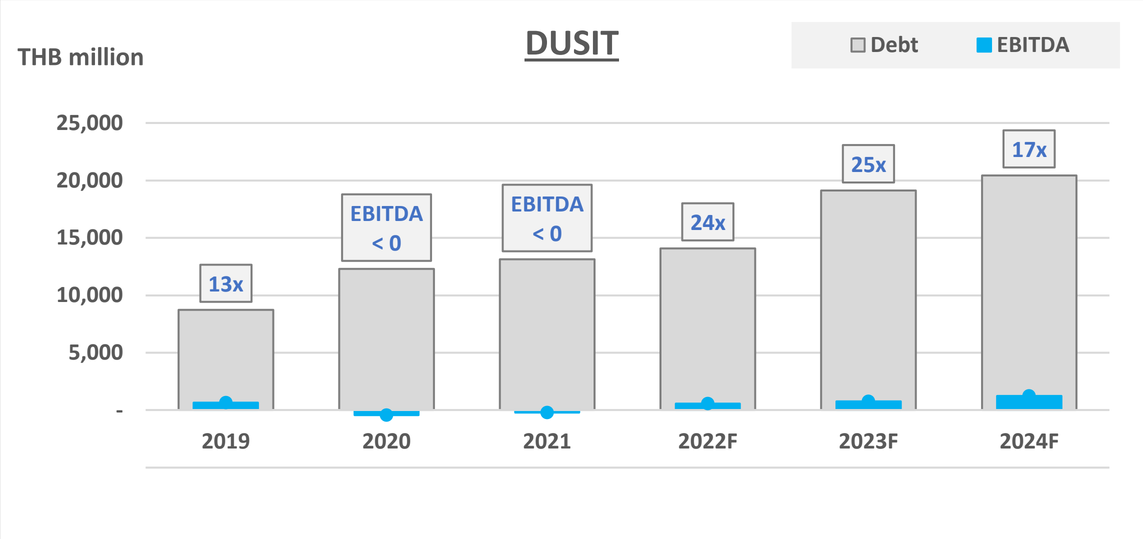


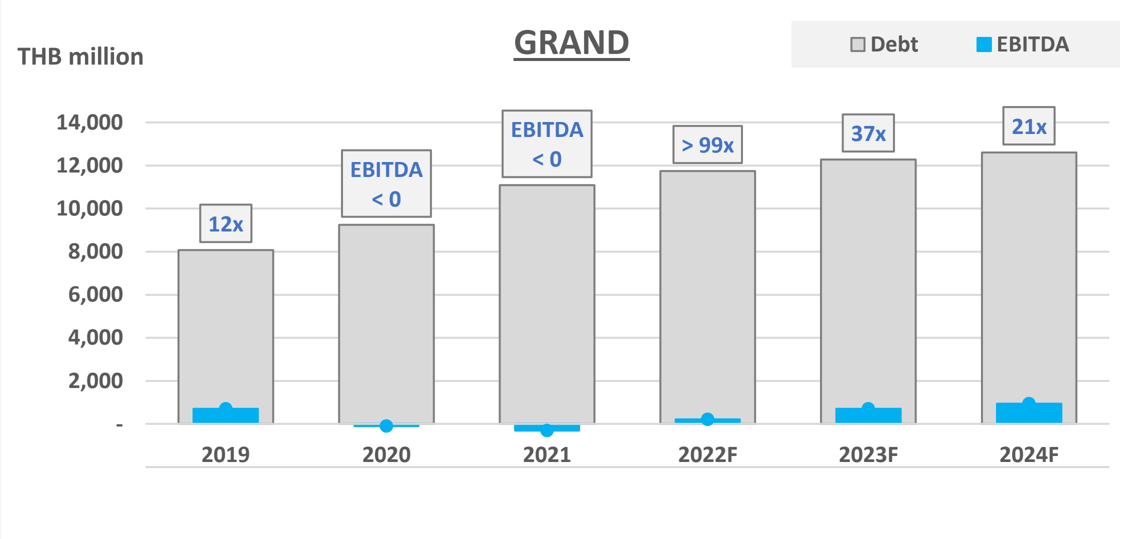
Source: Company, TRIS Rating estimates

Projected **Debt-to-EBITDA** ratio of Rated Entities









Source: Company, TRIS Rating estimates

Key Trends / Growth Drivers / Risk Factors

- China reopen
- Cost / capacity constraints of air travel
- Pent-up demand / Shifting consumer spending more towards experiences
- Virtual meetings / Workplace flexibility
- Labor shortage
- Risk of slowdown in major economies / Geopolitical conflicts

THANK YOU

RETAILER OUTLOOK

Ms. Sasiporn Vajarodaya
Senior Vice President

Thursday, 23 February 2023

Wh- Questions for Retailers

What just happened?

What signals from Retailers?

What signals from Consumers?

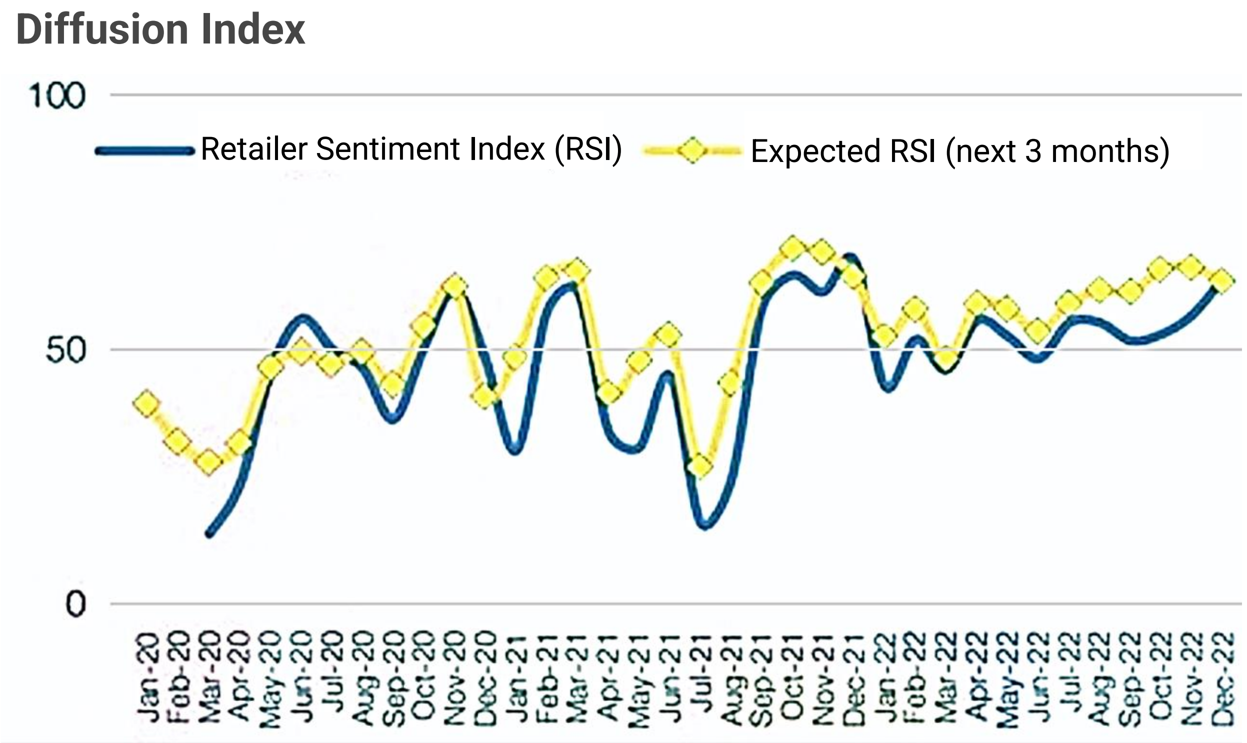
What effects?

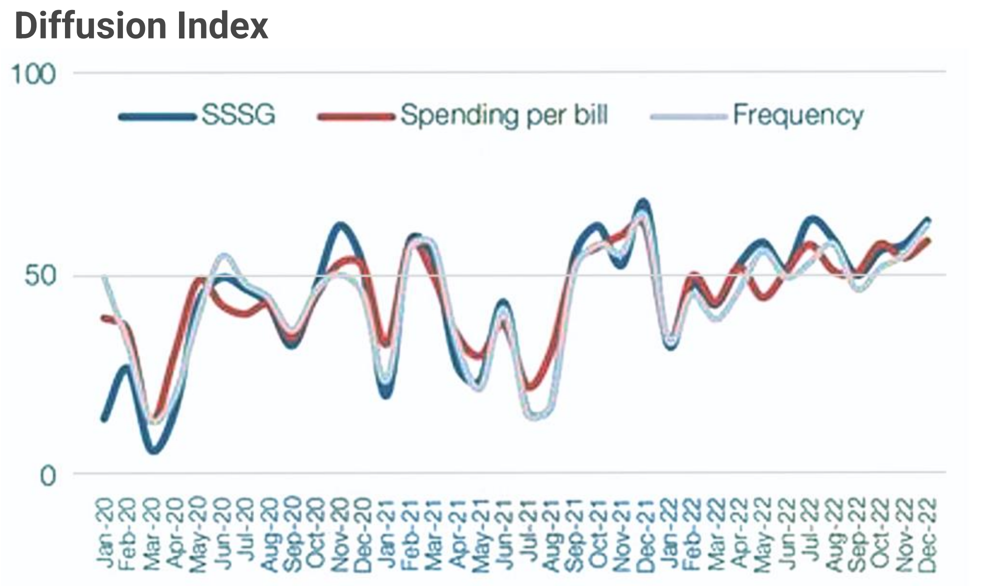
What’s next?

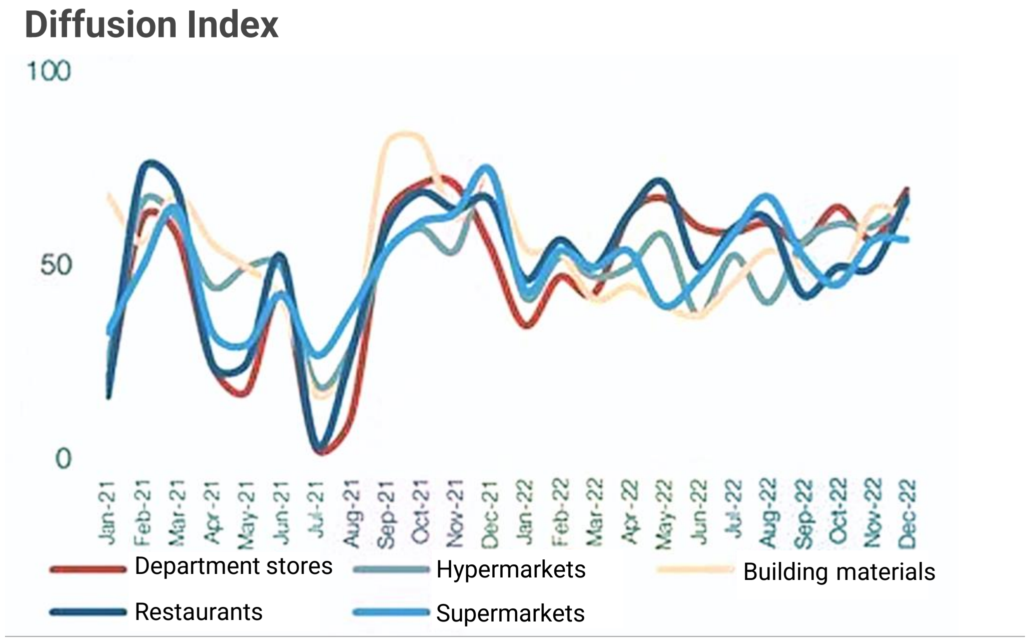
What just happened?

- Consumers have a diverse range of options and consumer behavior changes rapidly
- Rise in inflation has hit consumer confidence
- Consumers favor private label to cut spending
- More price competitive, even as costs are escalating. Is the profit margin squeeze temporary or enduring?

What signals from Retailers?



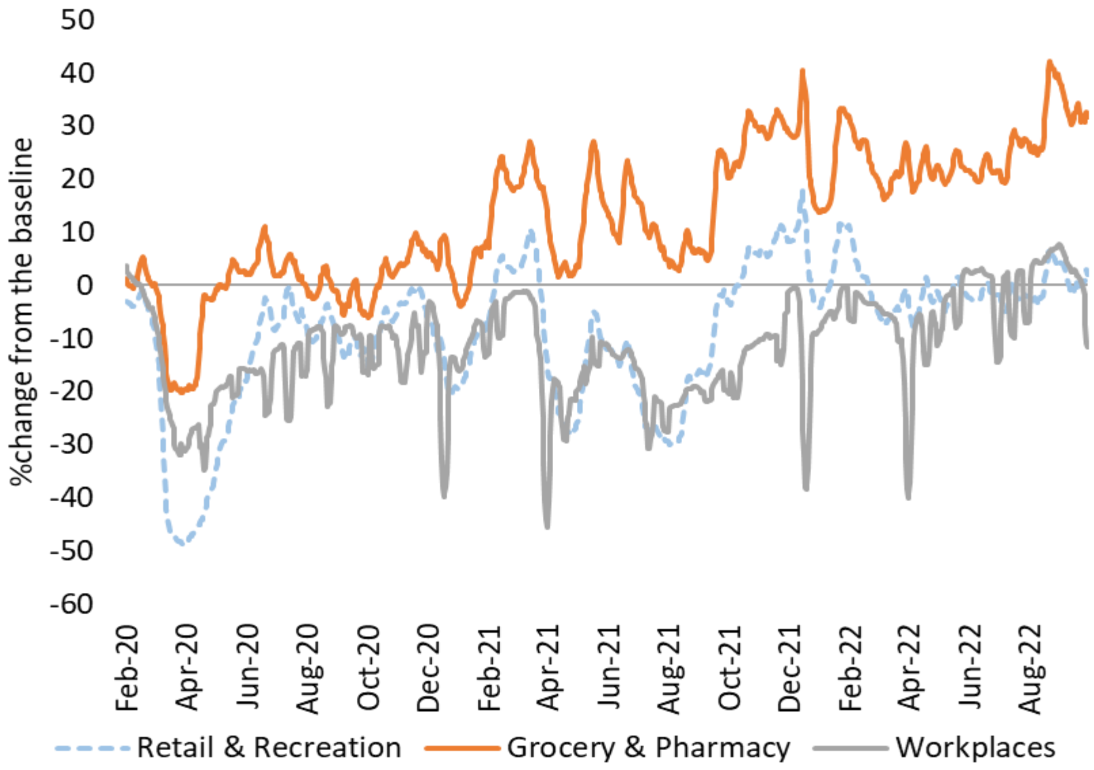




Source: Bank of Thailand

What signals from Consumers?

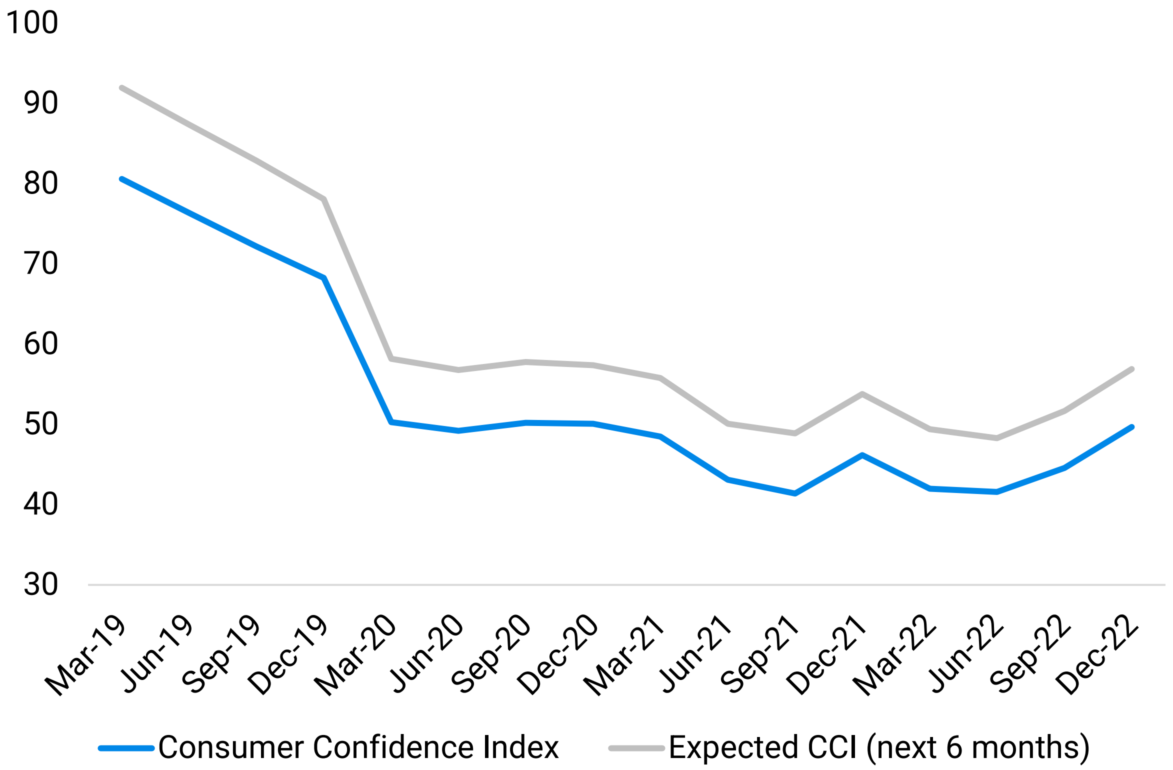
Google Mobility Index



*The baseline day is the median value from the five-week period 3 Jan – 6 Feb 2020

Source: Google COVID-19 Community Mobility Trends.

Consumer Confidence Index



Source: Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce (UTCC)

What effects?

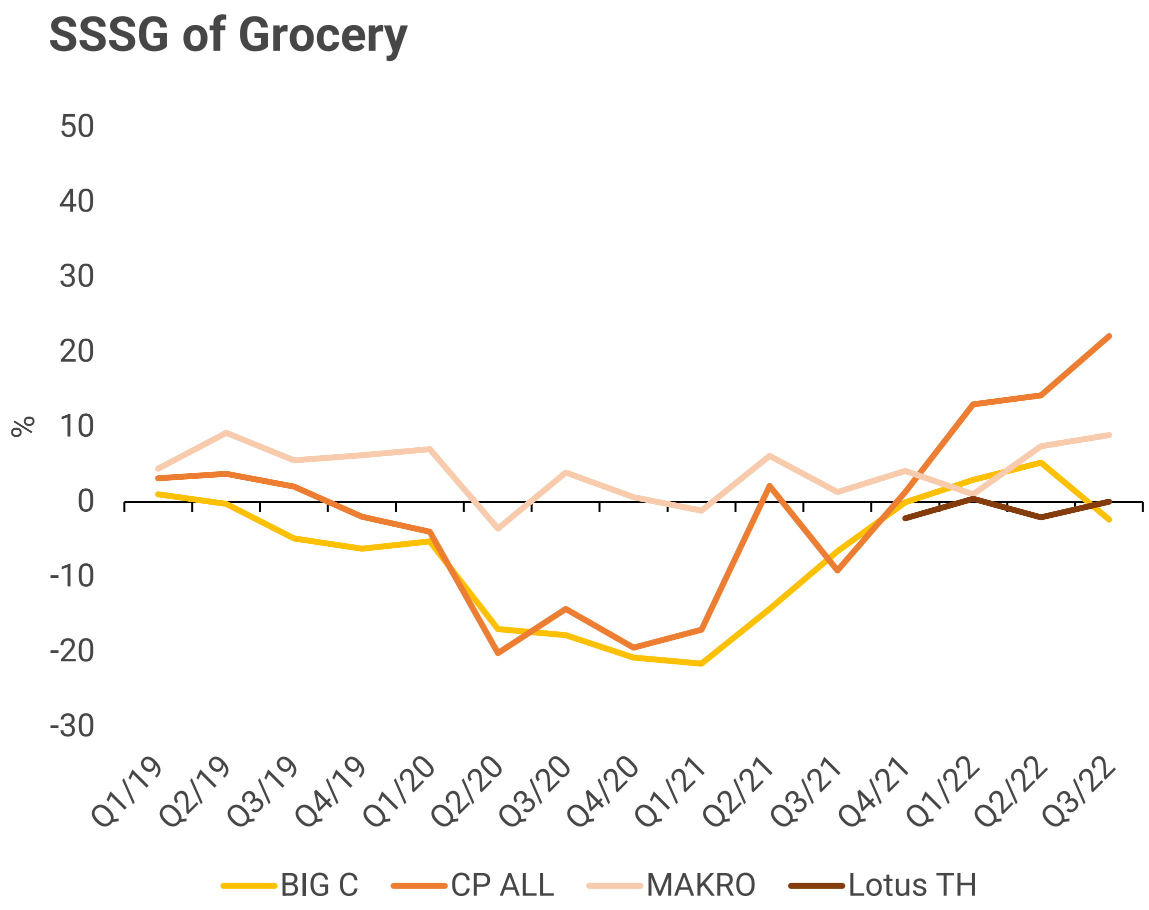
Company	Banner	Rating Action			
		2019	2020	2021	2022
CPALL	7-11	AA-/Sta	A+/Sta	A+/Sta	A+/Sta
MAKRO	Makro				A+/Sta
LOTUSS	Lotus's				A+/Sta
BJC	Big C	A+/Neg	A+/Neg	A/Sta	A/Sta
HMPRO	HomePro	AA-/Sta	AA-/Sta	AA-/Sta	AA-/Sta
GLOBAL	Global	A/Sta	A/Sta	A/Sta	A/Sta
DOHOME	Dohome				BBB/Positive

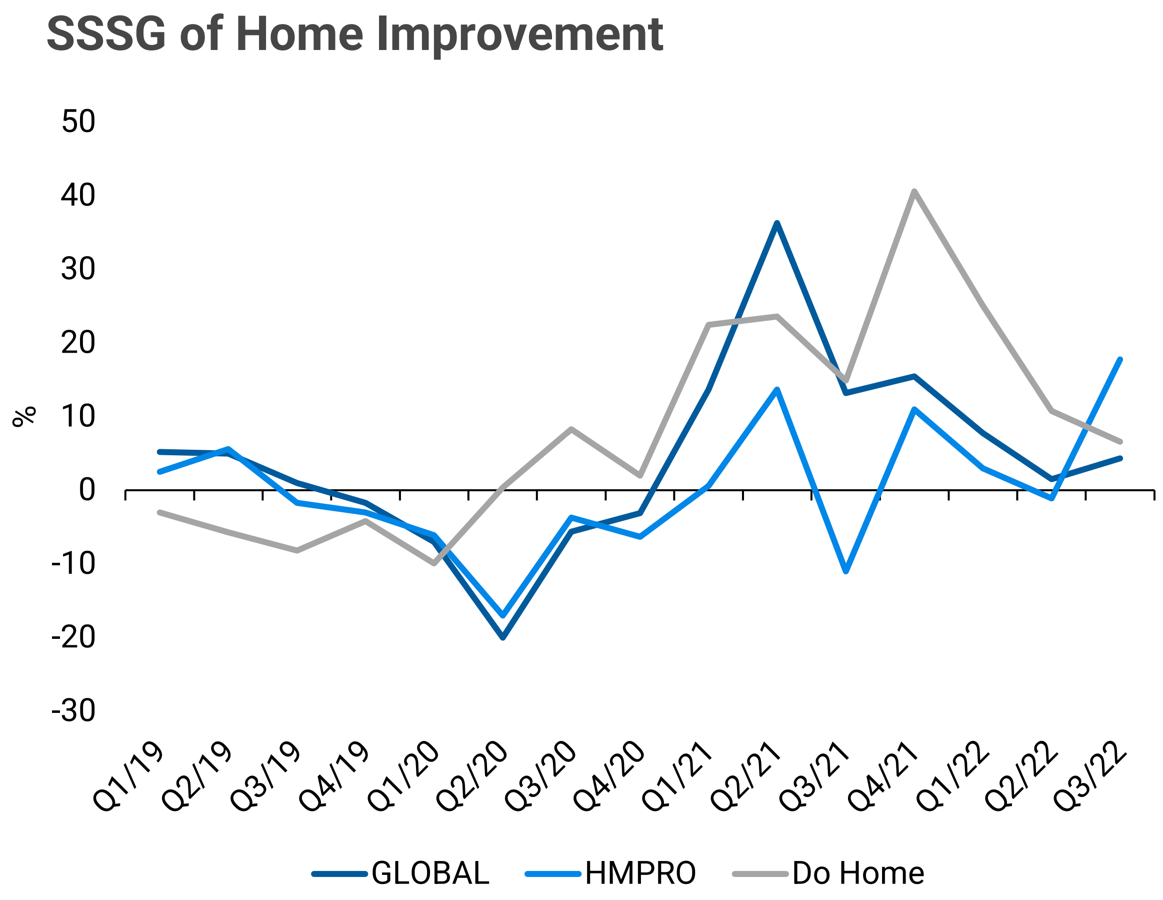
Grocery

Home Improvement

Source: TRIS Rating

What SSSG performances?

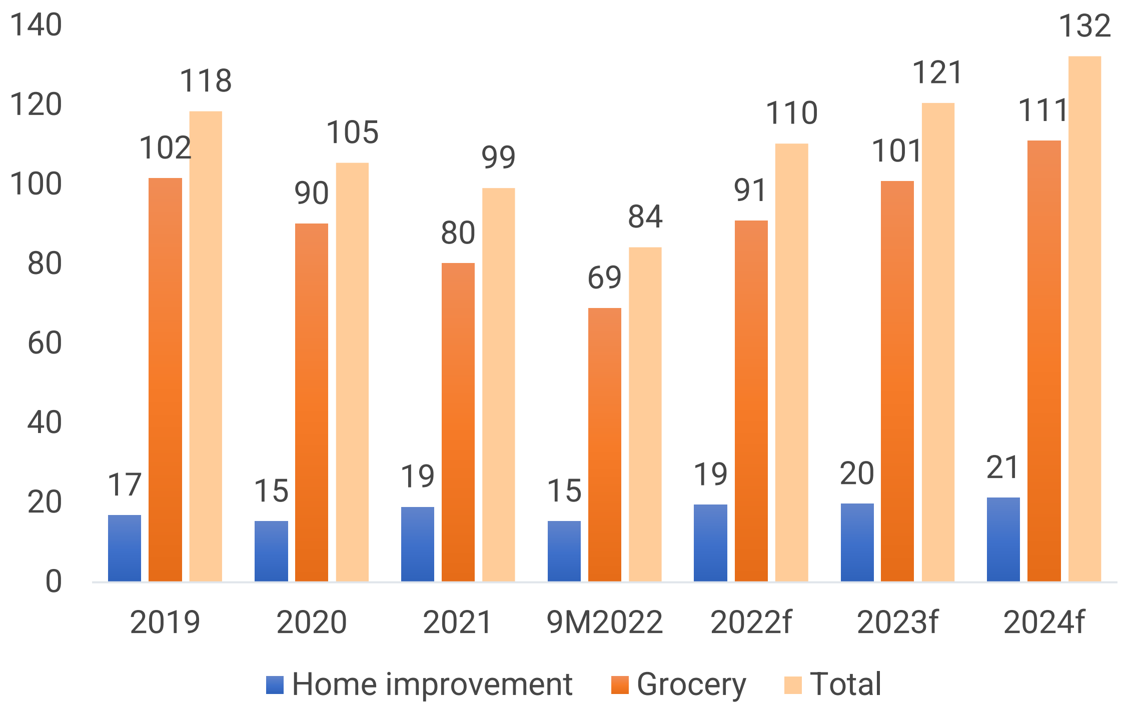




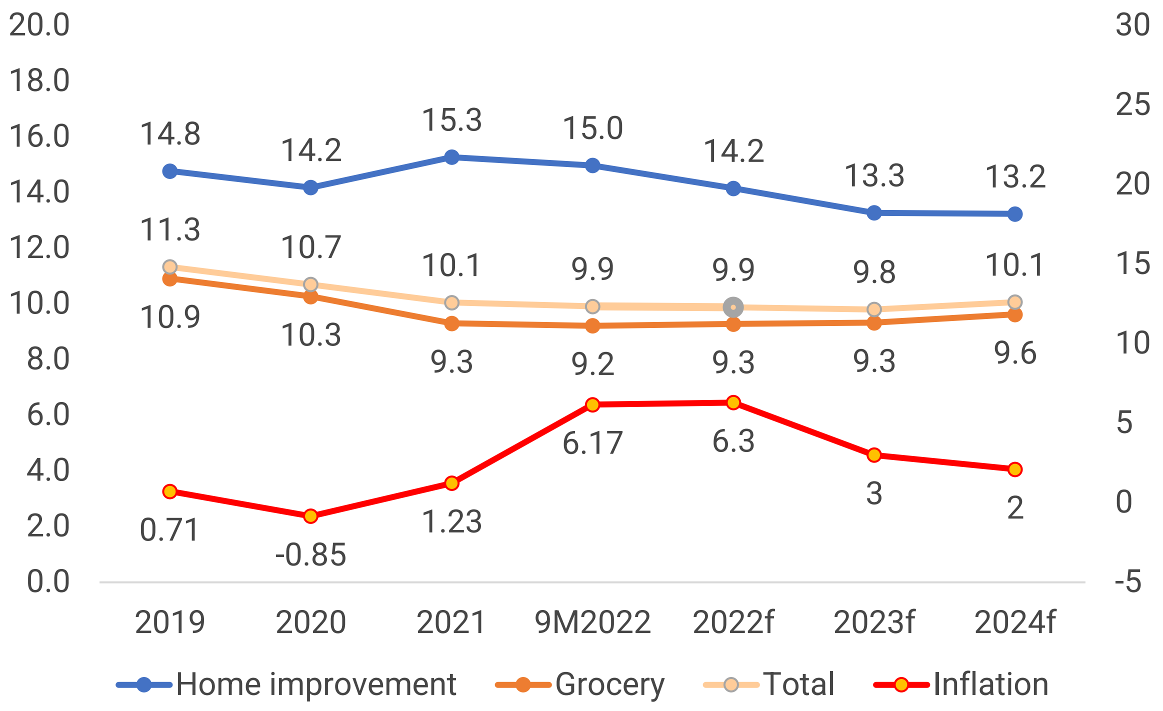
Sources: TRIS Rating and Companies' websites

What effects on P&L?

Aggregated EBITDA (THB Billion)



% EBITDA Margin vs Headline Inflation*

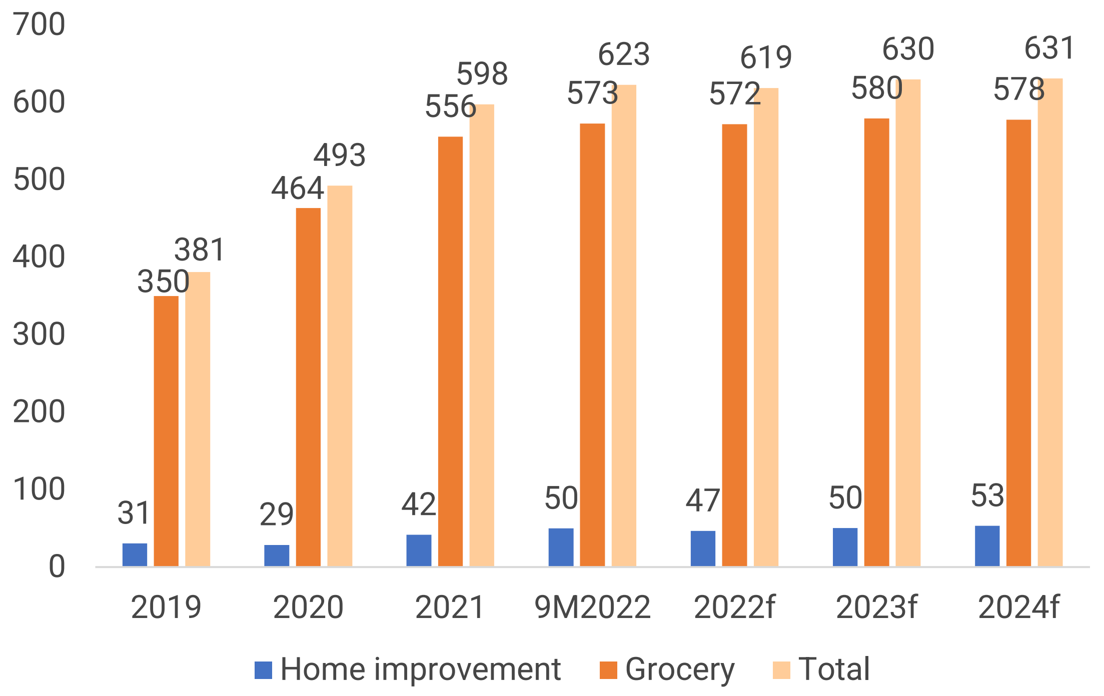


*Source: 2019-9M2022 based on TRIS Rating, from 2022f onwards based on BOT

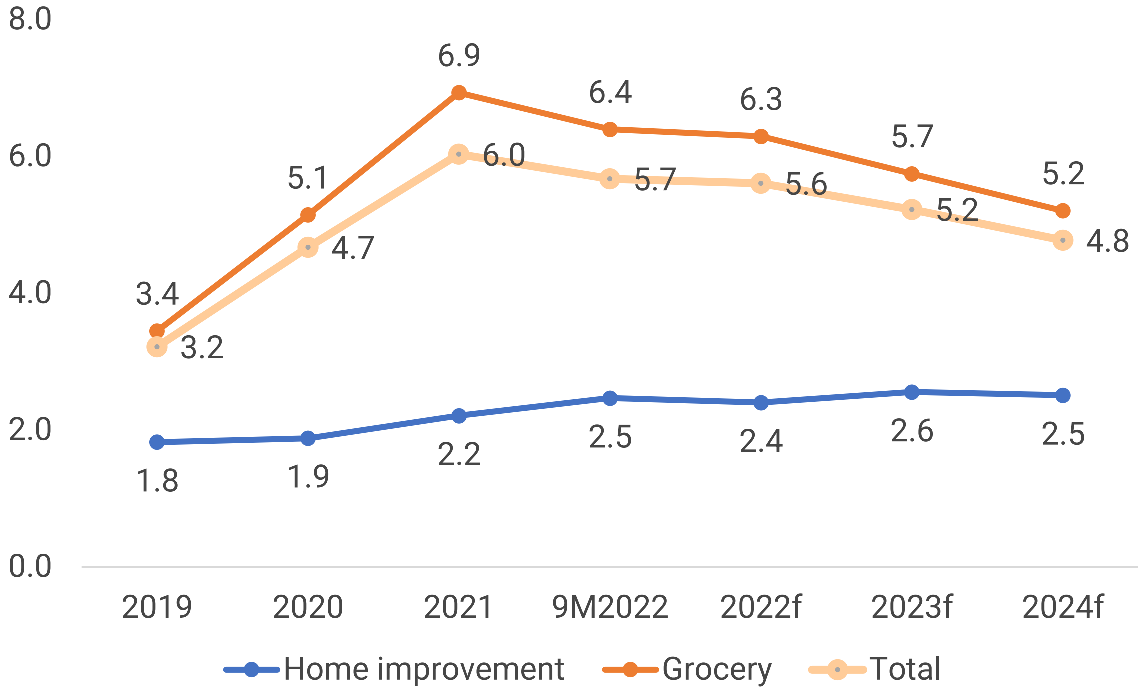
Sources: TRIS Rating and Bank of Thailand

What effects on leverage?

Aggregated Net Debt (THB Billion)



Net Debt/ EBITDA (Times)

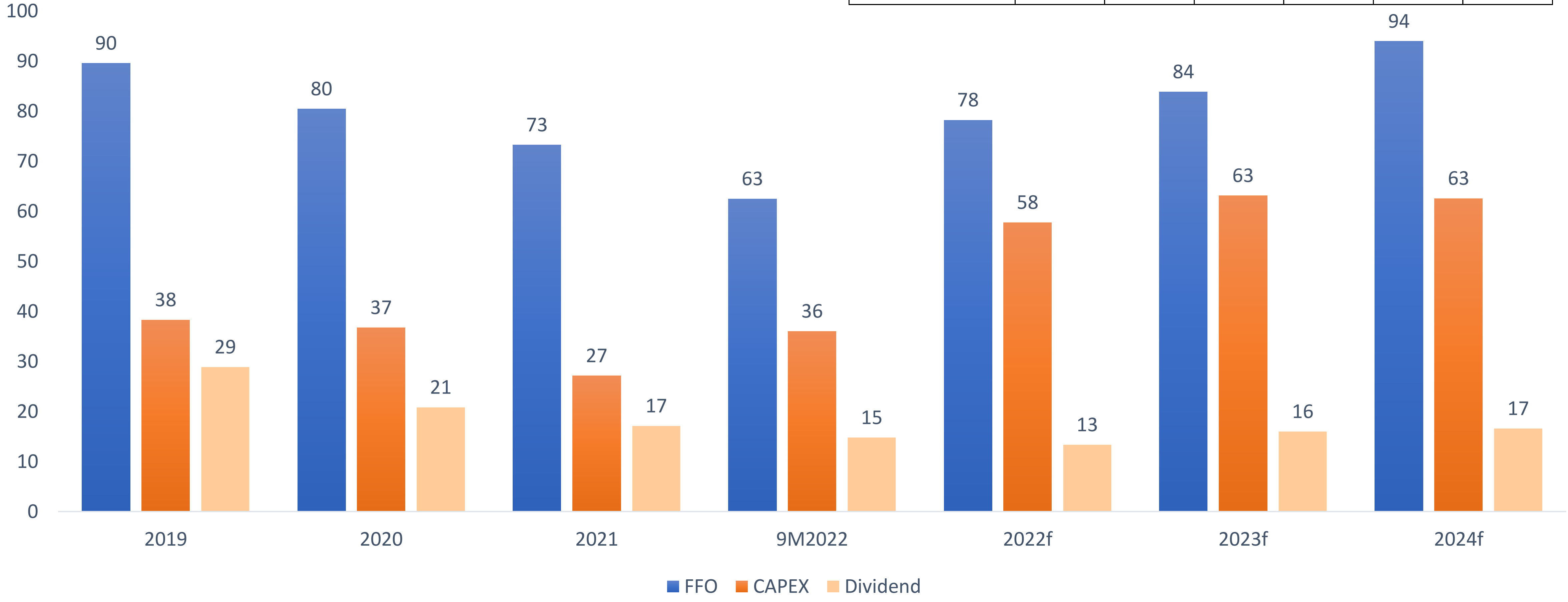


Source: TRIS Rating

What effects on cashflow?

Branch expansion	2019	2020	2021	2022	2023f	2024f
CPALL	724	720	702	700	700	700
MAKRO	6	6	5	19	66	68
LOTUSS	n.a.	106	524	162	213	213
BIGC	237	199	152	120	400	400
HMPRO	5	2	2	5	6	6
GLOBAL	5	5	4	6	6	7
DOHOME	6	8	6	5	5	5

Aggregated FFO, CAPEX, Dividend (THB Billion)



Source: TRIS Rating

- Trends are looking ***"Positive"*** in short- and medium-term
- Would gain tailwinds from return of tourists, stimulus measures, and general election. ***BUT consistency doesn't mean profitability***
- Investment in ***omnichannel*** will continue
- Ensuring ***smooth supply chains***, need to have extra layer of cushion
- ***Sustainability*** will be a key competitive advantage

Thank you

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