

51st ACF Council Meeting - Country Report

TCA - Thai Contractors Association under H.M. the King's Patronage

August 26th, 2021

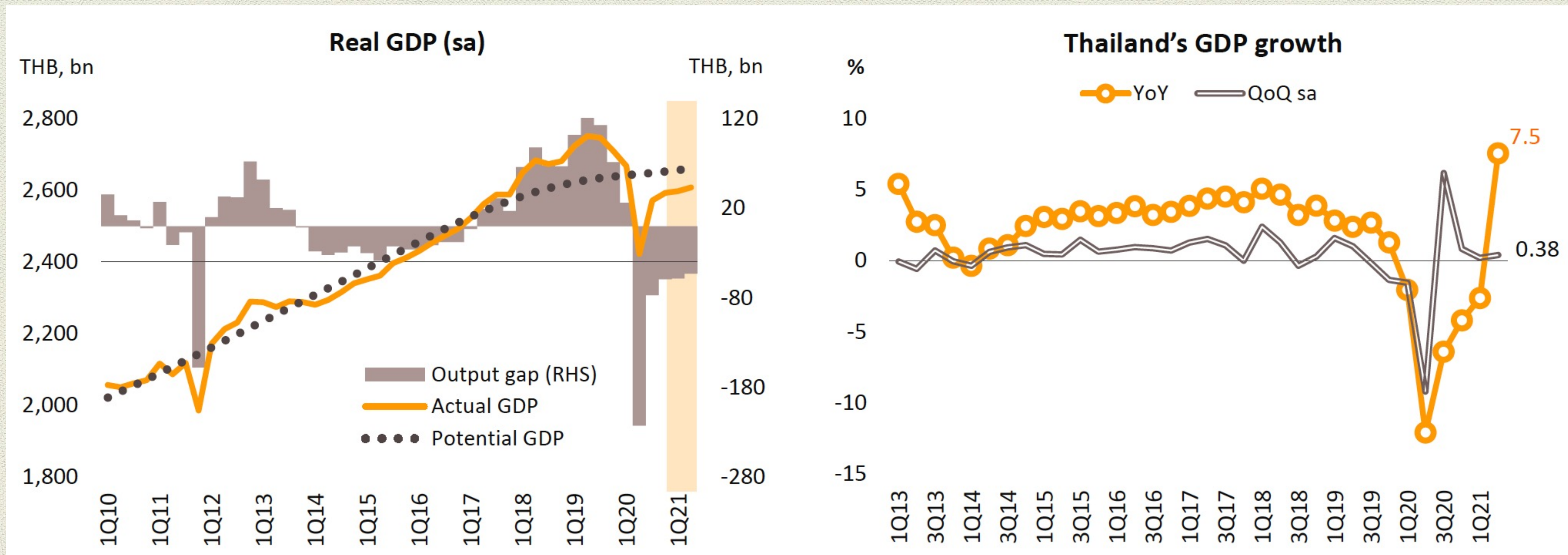


Presentation Outline

1. Economic Update and Construction Situations
2. Labor Wages
3. Major Building Materials Prices and Changes
4. Issues related to the Construction Industry
5. Present & Future Construction Projects and Investment Opportunities



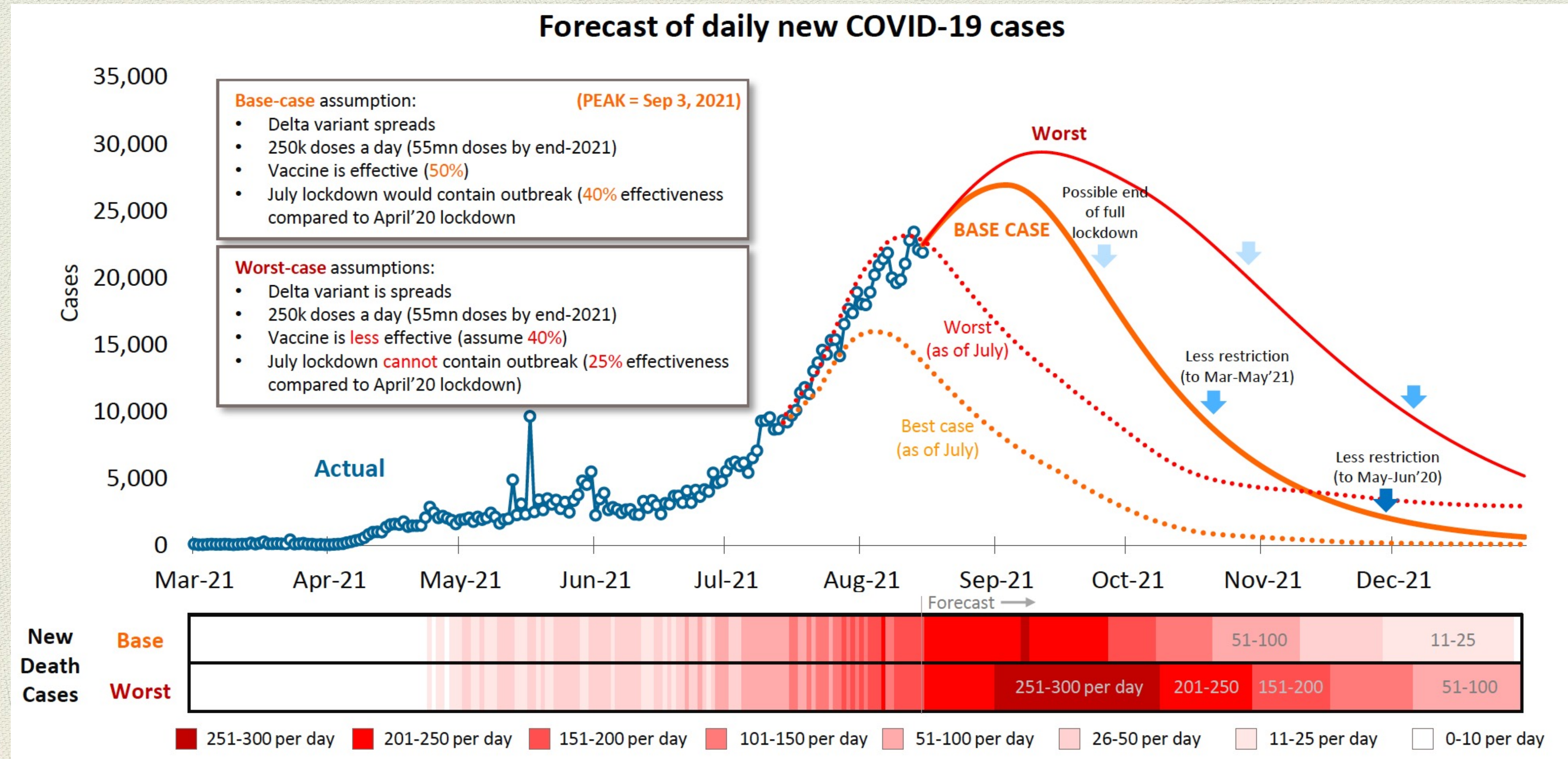
Economic Update



Source: Office of the National Economic and Social Development Council



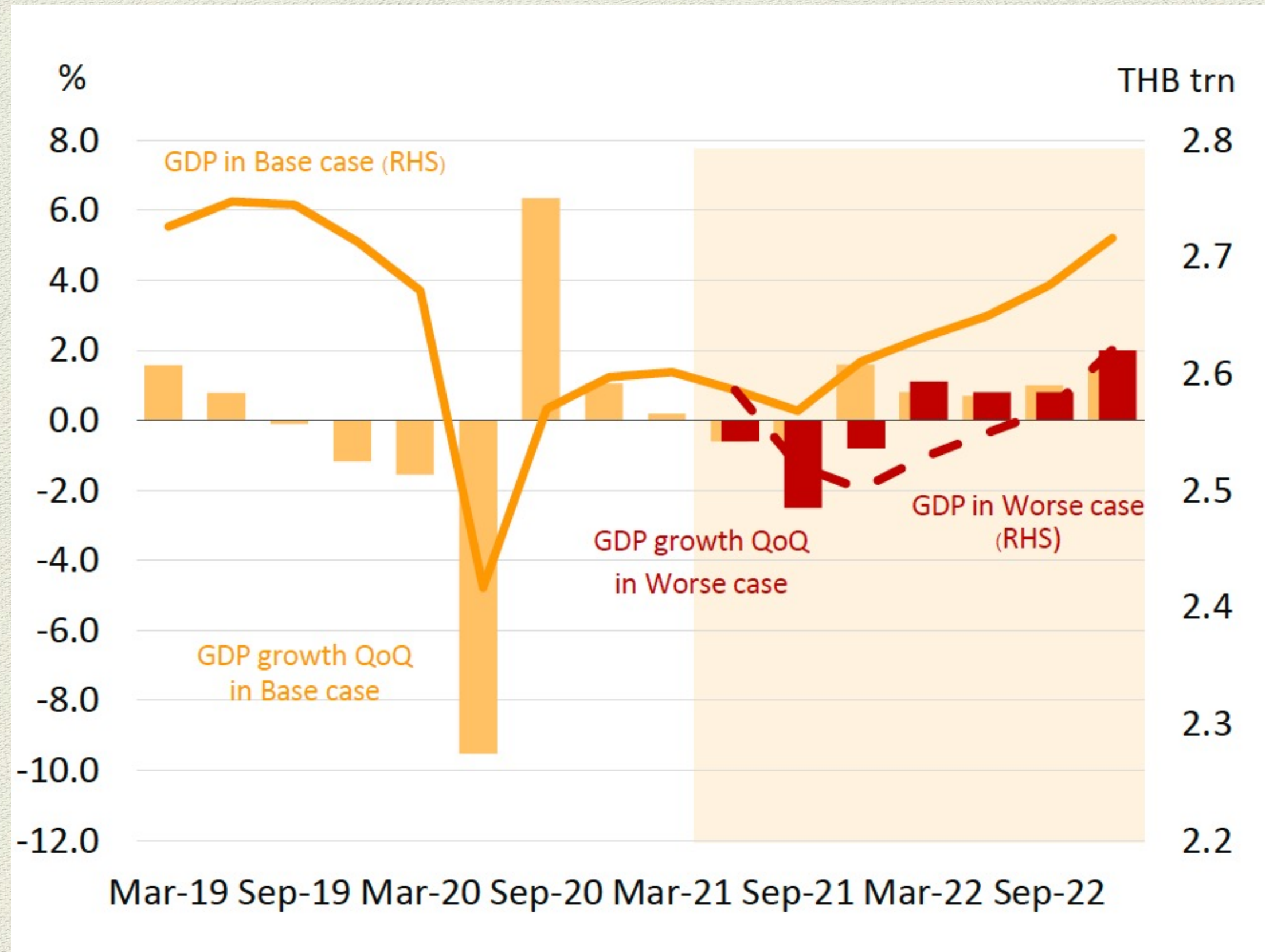
Forecast of daily new COVID-19 cases



Forecast as of August 15, 2021



Thailand GDP Growth Forecast



| Krungsri Research Forecast | | 2019 | 2020 | 2021F |
|--------------------------------------|-------------|------|-------|-------|
| GDP growth | YoY (%) | 2.3 | -6.1 | 1.2 |
| Private Consumption Expenditure | YoY (%) | 4.0 | -1.0 | 1.1 |
| Government Consumption Expenditure | YoY (%) | 1.7 | 0.9 | 4.3 |
| Private Investment | YoY (%) | 2.7 | -8.4 | 3.9 |
| Public Investment | YoY (%) | 0.1 | 5.7 | 7.9 |
| Nominal Exports in USD (f.o.b.) | YoY (%) | -3.3 | -6.5 | 15.0 |
| Nominal Imports in USD (f.o.b.) | YoY (%) | -5.6 | -13.8 | 21.5 |
| Current Account Balance | USD, bn | 38.2 | 17.6 | -2.4 |
| Tourist Arrivals | Mn, persons | 39.8 | 6.7 | 0.21 |
| Headline Inflation | YoY (%) | 0.7 | -0.8 | 1.2 |
| Exchange rate (end of period) | THB/USD | 30.1 | 30.0 | 32.8 |
| Policy Interest rate (end of period) | (%) | 1.25 | 0.50 | 0.50 |
| Dubai crude price (period average) | USD/bbl | 63 | 42 | 66 |



Construction Situation

COVID-19 Control Zones

| Zone | Started on 20 July | Started on 3 Aug |
|-------------------|--------------------|------------------|
| Maximum control | 13 provinces | 29 provinces |
| High-control | 53 provinces | 37 provinces |
| Control | 10 provinces | 11 provinces |
| High-surveillance | 1 provinces | - |
| Surveillance | - | - |

- ❖ Sudden Publish on Royal Gazette's Website on late Saturday night to confine construction site, and camp for 30 days, start Monday June 28th.
- ❖ All construction sites and workers' dorms are closed.
- ❖ Construction Work halted.
- ❖ Movement of Construction workers banned for at least 30 days.

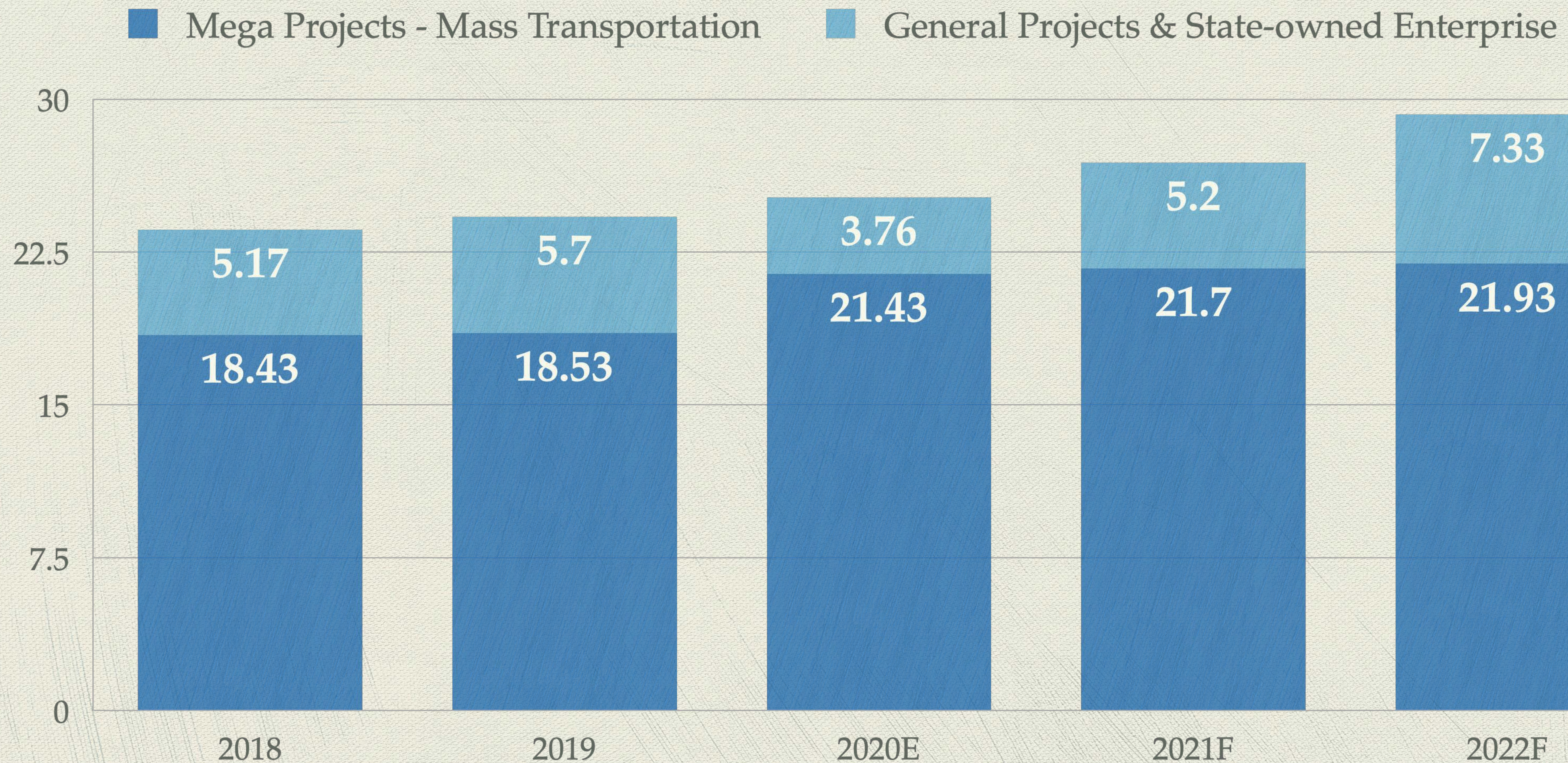


Construction Sector Growth

| | 2019 | 2020 | 2020 | | | | 2021 |
|--------------|------|------|-------|------|------|------|------|
| | | | Q1 | Q2 | Q3 | Q4 | Q1 |
| Construction | 1.7 | 2.2 | -9.4 | 7.6 | 10.3 | -0.2 | 12.9 |
| Private | 0.9 | -2.2 | -4.0 | -1.4 | 0.5 | -3.8 | -0.4 |
| Public | 2.3 | 5.7 | -13.2 | 15.5 | 17.7 | 2.9 | 23.1 |



Investment in USD



Labor Wages & Issues

| | Labor Wage in USD |
|------|-------------------|
| 2016 | 9.22 |
| 2017 | 9.22 |
| 2018 | 9.67 |
| 2019 | 9.67 |
| 2020 | 9.85 |
| 2021 | 9.85 |

Issues about Labor

1. Labor Shortage
2. Restriction for construction work and workers movement
3. Comprehensive plan for the Thai and Foreign Labor in Construction

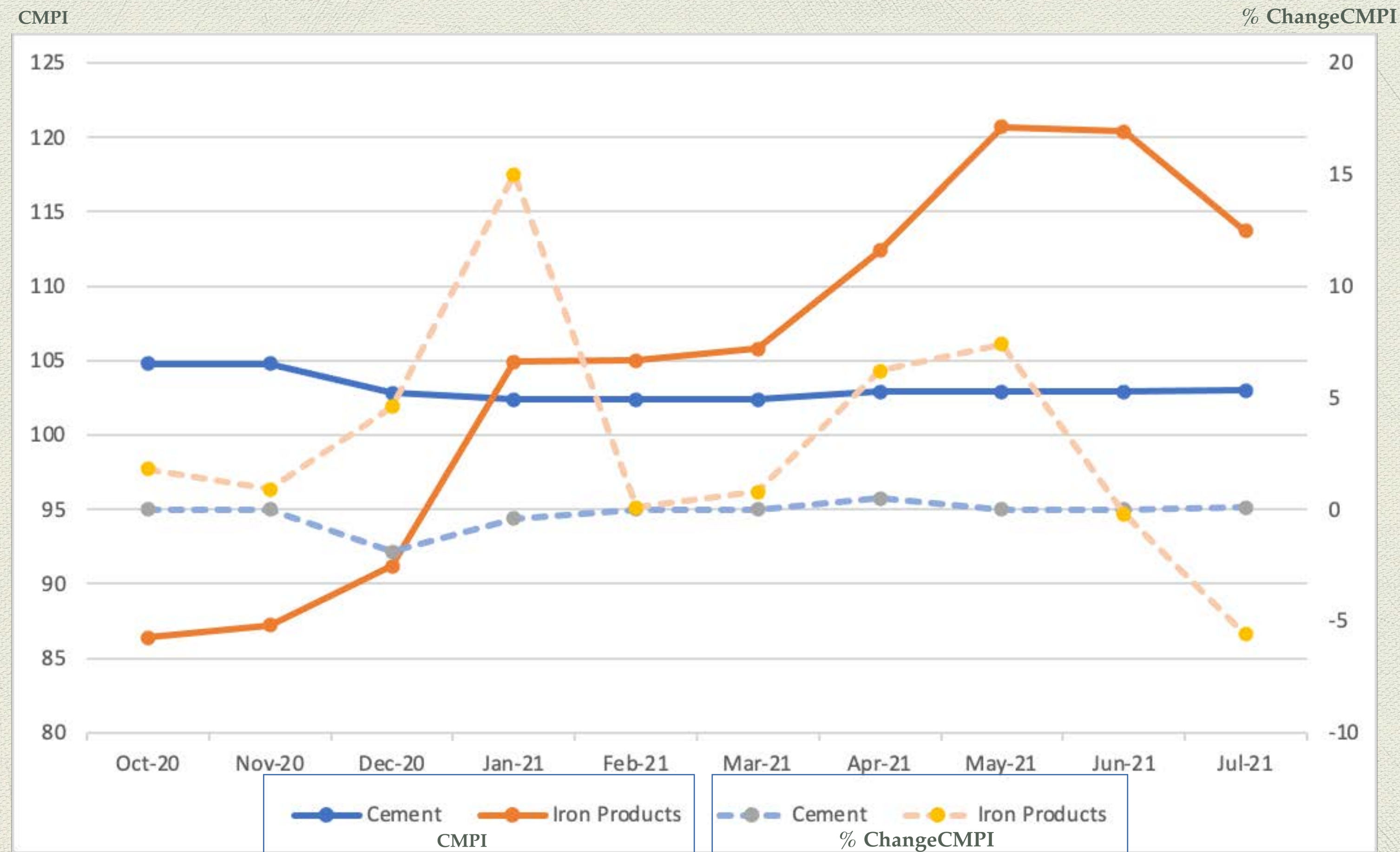


Major Building Material Prices (USD)

| | Unit | April 2021 | May 2021 | June 2021 | July 2021 |
|---|----------------|------------|----------|-----------|-----------|
| Ready Mixed Concrete. 240 KSC, cube | m ³ | 67.27 | 67.27 | 67.27 | 67.27 |
| Concrete Block - Standard Type 19 x 39 x 7 cm ³ | pcs | 0.21 | 0.21 | 0.21 | 0.21 |
| Concrete Block - Light Weight 7 x 16 x 35 cm ³ | m ³ | 4.46 | 4.46 | 4.46 | 4.46 |
| Clay Brick 7 x 16 x 3.5 cm ³ | pcs | 0.04 | 0.04 | 0.04 | 0.04 |
| PVC Water Pipe Class 8.5 1/2" x 4 m. | pcs | 1.21 | 1.21 | 1.17 | 1.14 |
| Round Bar SR 24 6 mm. X 10 m. | Ton | 708.12 | 804.32 | 798.37 | 745.81 |



Construction Material Price Index



Higher Steel Price

1. Robust Demand
2. Steel Production Curb
3. Iron Ore Price jumped 35% YTD
4. Thai Baht Depreciation
5. China Policy



Issues related to the Construction Industry

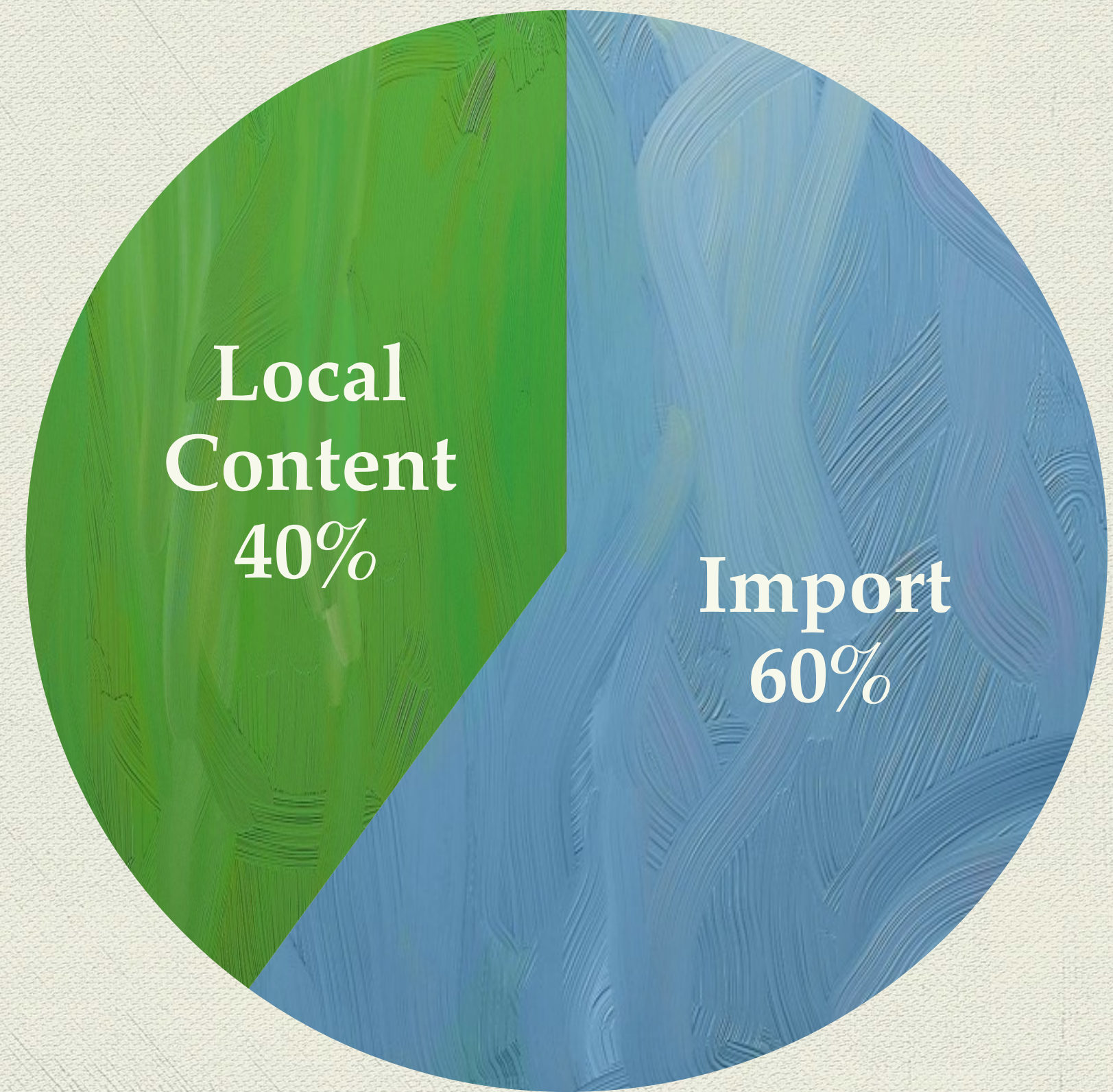
1. Government Public Procurement Act
2. Made in Thailand and SMEs' Bidding Handicap
3. Construction-Technology Adoption



MIT & SME's Bidding Handicap

Made in Thailand Policy (MIT) for the Governmental Projects

- ◆ Positive Impact for domestic manufacturers
- ◆ Lower Competitiveness of local business



MIT & SME's Bidding Handicap

Public Procurements encourage SMEs' Bidding

- ◆ Procurement by Selection:
Procurement from SMEs is not less than **30%** of total procurement budget
- ◆ Procurement by e-bidding: Give SME's bidders a price handicap of **10%**

Barrier



Unable to
access information/
announcement



Complication
in documents'
preparation



Lack of
financial
collateral

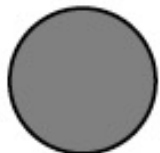
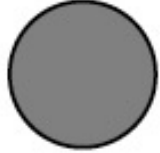
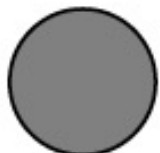
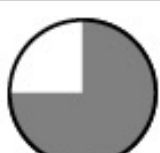
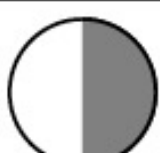
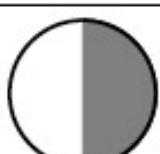
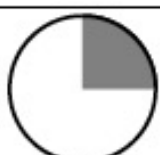
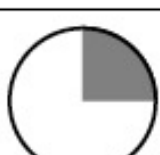


Lack of price
competitiveness,
comparing with
corporate



Construction-Technology Adoption

Potential technology to be adopted in Thailand

| Technology | Likelihood of technology adoption | Barrier to invest | Efficiency improvement | Impact on Thai construction sector |
|------------|-----------------------------------|-------------------|------------------------|---|
| BIM | Now | Medium | High |  |
| Prefab | Now | Low | Medium |  |
| PropTech | Now | Low | Medium |  |
| Modular | Now | Medium | Medium |  |
| Drone | Now | Low | Medium |  |
| VR / AR | Near future | Medium | Medium |  |
| Robot | Far future | High | High |  |
| 3D printer | Far future | High | High |  |

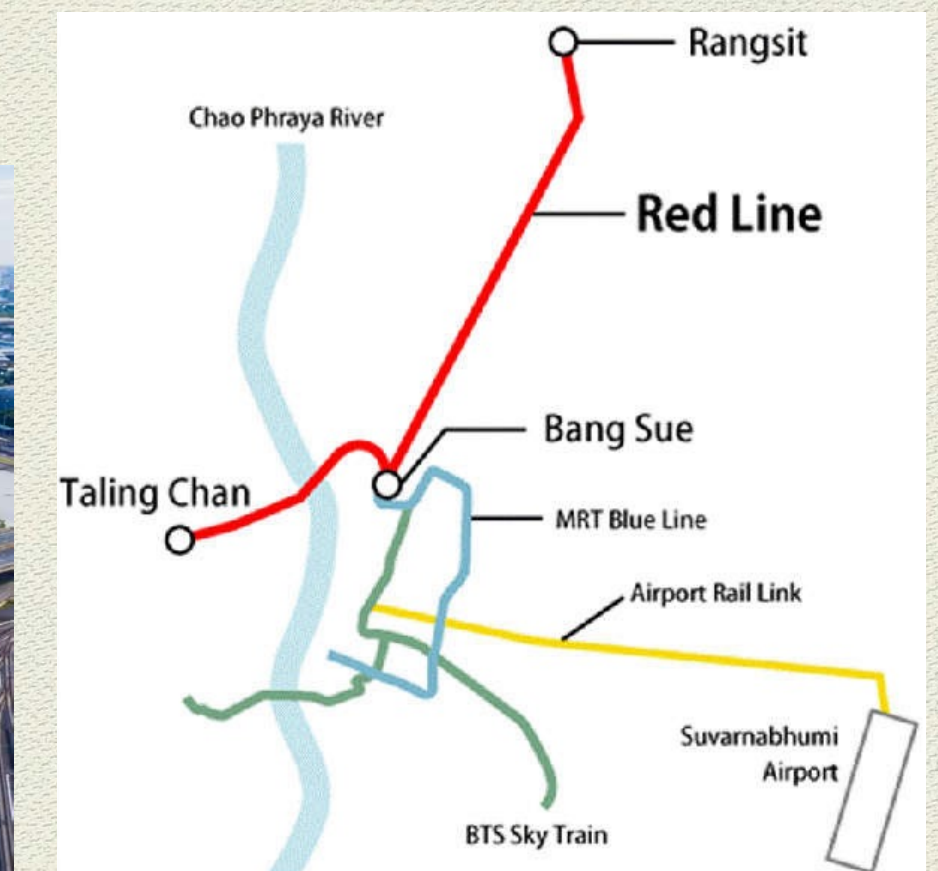


Present & Future Construction Projects

Talingchan-Bangsue-Rangsit Red Line

Talingchan- Bangsue-Rangsit Red line

- 26.4 Km north (Bangsue-Rangsit)
- 14.6 Km west (Talingchan-Bangsue)
- Civil work done by Thai Contractors
- Track work & Signaling by Japanese Contractors (Hitachi)



Present & Future Construction Projects

Dusit Central Park Complex



Present & Future Construction Projects

Dusit Central Park Complex

- ◆ 9 acres on the junction of Rama 4 and Silom Road
- ◆ 1 podium and 3 towers
- ◆ 1.5 Billion USD investment
- ◆ Open in phases from 2024



Present & Future Construction Projects

One Bangkok Project



Present & Future Construction Projects

One Bangkok Project

- ◆ 41 acres of land on the corner of Rama 4 and Wireless Road
- ◆ 4 zone - hotel, office, condo, and commercial
- ◆ Investment value of 4 Billion USD
- ◆ Opened in phases from 2023-2026



