

8 DECEMBER 2020

THAILAND / REAL ESTATE

SUPALAI SPALI TB

BUY

TARGET PRICE	THB21.00
CLOSE	THB18.80
UP/DOWNSIDE	+11.7%
TP vs CONSENSUS	+12.0%

## ตัวอย่างสม่ำเสมอ

รายได้มีความชัดเจนสูงจากยอดขายรอรับรู้เป็นรายได้ที่มีคุณภาพ

SPALI เป็นหุ้นที่ปลอดภัยที่สุดในกลุ่มอสังหาริมทรัพย์ เนื่องจากรายได้มีความมั่นคงสูงในปี 2021-22 ปัจจุบัน SPALI มียอดขายรอรับรู้เป็นรายได้ (Backlog) อยู่ที่ 4หมื่น ลบ. ซึ่งบริษัทฯ ควรรับรู้เป็นรายได้ประมาณ 13.5พัน ลบ. และ 12.3พัน ในปี 2021-22 คิดเป็น 55% และ 44% ของประมาณการรายได้ของเราตามลำดับ เราเห็นว่า Backlog ดังกล่าวมีคุณภาพดีจากเงินดาวน์เฉลี่ยที่อยู่ในระดับสูงถึง 18-20% เทียบกับประมาณ 15% ในปัจจุบัน นอกจากนี้โครงการของบริษัทฯ ยังอยู่ในทำเลที่ดี SPALI มีสัดส่วนยอดขายประมาณ 40% จากโครงการแนวราบ ซึ่งเราเห็นแนวโน้มยอดขายโครงการที่ดี (+17% และ +28% y-y ในช่วง 9M20 สำหรับโครงการแนวราบในกรุงเทพและต่างจังหวัดตามลำดับ) ในภาพรวม เราเห็นว่ากำไรของบริษัทฯ มีความชัดเจนสูงในปี 2021-22

### แนวโน้มยอดขายโครงการดี

เราเห็นว่ามีความเป็นไปได้สูงที่ SPALI จะบรรลุเป้าหมายยอดขายโครงการ (Presales) ที่ 26พัน ลบ. ในปี 2020 บริษัทฯ เปิดตัวโครงการคอนโด 2 โครงการ ประกอบด้วย Loft Sathorn-Ratchaphruek (มูลค่าโครงการ 1.4พัน ลบ.) และ Premier Sripraya-Samyam (มูลค่าโครงการ 2.3พัน ลบ.) ใน 3Q20 และคาดว่าจะสร้างทั้งสองโครงการแล้วเสร็จในปี 2023 โครงการแรกมีอัตราการจองอยู่ที่ 82% ในขณะที่โครงการที่สองมียอดจองเต็ม 100% ทำให้ยอดขายในช่วง 9M20 เพิ่ม 11% y-y เป็น 20.4พัน ลบ. (เทียบกับ 18.4พัน ลบ. ในช่วง 9M19) นอกจากนี้ SPALI ยังมีแผนเปิดโครงการแนวราบอีก 2 โครงการใน 4Q20 รวมมูลค่า 6.6พัน ลบ. ซึ่งจะทำให้มูลค่าโครงการเปิดตัวใหม่อยู่ที่ 25พัน ลบ. ในปี 2020

### คาดบริษัทฯ จะบันทึกกำไร 1.3พัน ลบ. จาก SPALIRT ในปี 2021

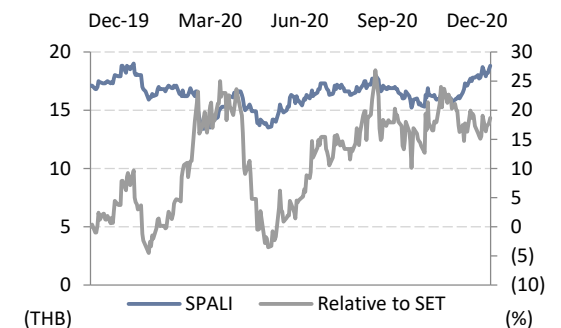
SPALI วางแผนขายอาคารสำนักงาน กล่าวคือ Supalai Grand Tower ให้กับ Supalai Real Estate Investment Trust (SPALIRT, not listed) และอยู่ระหว่างยื่นข้อมูลให้กับ กสท. มูลค่าการขายจะไม่เกิน 3.2พัน ลบ. และ SPALI จะลงทุนใน SPALIRT ไม่เกิน 20% จากรายการดังกล่าว เราคาดว่าบริษัทฯ จะบันทึกกำไรพิเศษจำนวน 1.3พัน ลบ. ในปี 2021 โดยพิจารณาจาก 1) มูลค่าทางบัญชีของสินทรัพย์ที่ 850 ลบ.; 2) ค่าธรรมเนียมสำหรับรายการดังกล่าวที่ 140 ลบ.; 3) มูลค่าปัจจุบันสำหรับสัญญาประกันการเช่าจำนวน 200 ลบ.; และ 4) การลงทุน 20% ใน SPALIRT โดยรายการดังกล่าวควรมีผลกระทบต่อกำไรสุทธิของ SPALI โดยคาดว่าจะน้อยกว่า 20 ลบ. หรือ 0.4% ของประมาณการกำไรสุทธิในปี 2021

### กลับมาเริ่มรายงานด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 21 บาท

เรากลับมาเริ่มรายงาน SPALI ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 21 บาท โดยมีสมมติฐานจากค่า 2021E P/E ที่ 9.1x เท่ากับค่าเฉลี่ย 5 ปีย้อนหลัง เราชอบ SPALI ในแง่การเติบโตของกำไรที่สูงถึง 22% ในปี 2021E พร้อมรายได้ที่มีความชัดเจนสูง และโอกาสที่บริษัทฯ จะบันทึกกำไรพิเศษในช่วง 1H21 จากการขายอาคารสำนักงานให้กับ SPALIRT

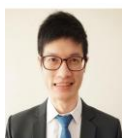
## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	23,557	20,546	24,706	26,843
Net profit	5,403	4,084	4,962	5,449
EPS (THB)	2.52	1.90	2.31	2.54
vs Consensus (%)	-	(8.5)	(5.2)	(0.6)
EBITDA	6,540	4,963	6,037	6,677
Core net profit	5,403	4,084	4,962	5,449
Core EPS (THB)	2.52	1.90	2.31	2.54
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(6.4)	(24.4)	21.5	9.8
Core P/E (x)	7.5	9.9	8.1	7.4
Dividend yield (%)	5.3	5.9	5.9	6.1
EV/EBITDA (x)	8.2	10.5	9.1	8.5
Price/book (x)	1.1	1.0	1.0	0.9
Net debt/Equity (%)	32.7	27.5	32.8	34.4
ROE (%)	15.2	10.8	12.4	12.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	17.5	11.2	9.9
Relative to country (%)	(0.9)	0.7	18.7
Mkt cap (USD m)	1,215		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	60		
Major shareholder	Tangmatitham Family (30%)		
12m high/low (THB)	19.50/13.00		
Issued shares (m)	2,145.69		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 8 ธันวาคม 2020

## Investment thesis

SPALI's performance has been outstanding compared with its peers due to its product strengths, i.e. value-for-money and functionality, and also thanks to SPALI's long industry experience.

SPALI is the safest play among property developers, given its highly secured revenue in 2021-22. SPALI's current backlog is THB40b. Around THB13.5b and THB12.3b should be recognized in 2021-22, accounting for 55% and 44% of our revenue estimates. The backlog is of good quality, in our view, due to the high average down payment at 18-20% vs c15% currently. Moreover, SPALI has a c40% sales breakdown from low-rise projects, for which we see strong presales momentum. Overall, the company's earnings visibility is quite solid in 2021-22, in our view.

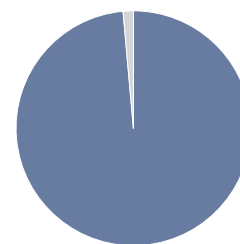
## Company profile

Supalai was established on 26 June 1989, listed in 1993 and hit by the economic crisis in 1997. SPALI started restructuring THB8,113m in debt in 1999 and completed it in 2002. The company is currently one of the leading listed developers in Thailand.

[www.supalai.com](http://www.supalai.com)

## Principal activities (revenue, 2019)

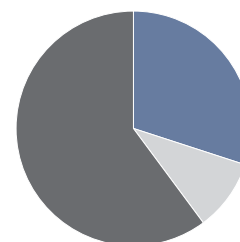
- Real estate - 98.6 %
- Rentals & Services - 1.4 %



Source: Supalai

## Major shareholders

- Tangmatitham Family - 30.0 %
- Thai NVDR - 9.9 %
- Others - 60.2 %



Source: Supalai

## Catalyst

Potential catalysts to drive SPALI's share price include:

- Stronger-than-expected presales momentum for both low-rise and condominium projects;
- Faster-than-expected project completions and a better GPM.

## Risk to our call

Downside risks are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.

## Event calendar

Date	Event
February 2021	4Q20 results announcement

## Key assumptions

	2019	2020E	2021E	2022E
	(%)	(%)	(%)	(%)
Residential sales (THB m)	23,224	20,228	24,395	26,538
Residential sales growth	(7.9)	(12.9)	20.6	8.8
GPM	39.4	36.0	36.0	36.5
SG&A to sales	12.1	12.5	12.1	12.2

Source: FSSIA estimates

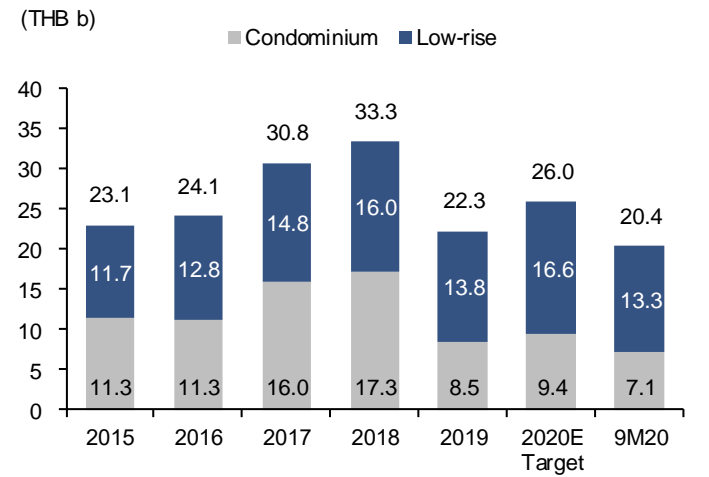
## Earnings sensitivity

- For every 1% increase in residential revenue, we project 2021 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in GPM, we project 2021 earnings to rise by 4.1%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2021 earnings to drop by 3.8%, and vice versa, all else being equal.

Source: FSSIA estimates

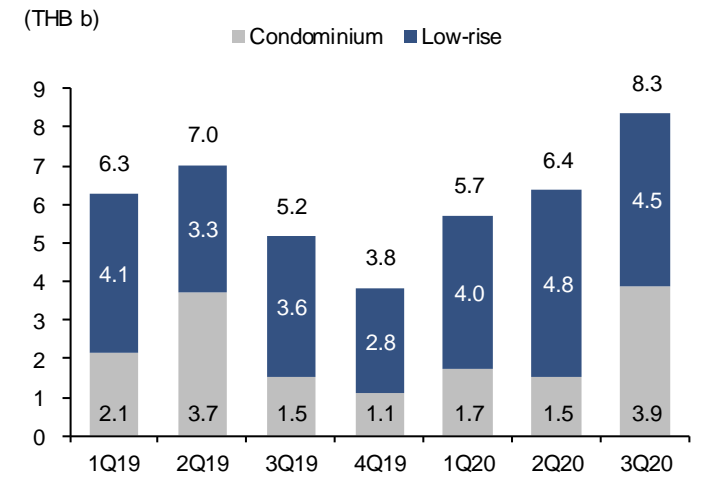


**Exhibit 1: Yearly presales and target**



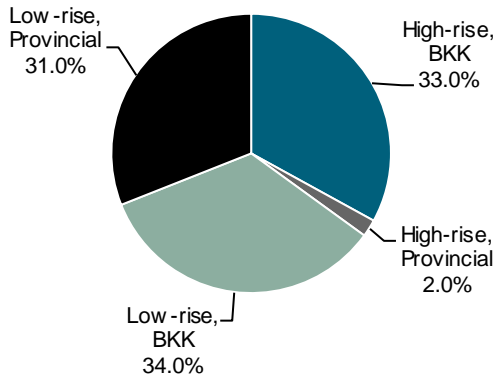
Sources: SPALI; FSSIA's compilation

**Exhibit 2: Quarterly presales**



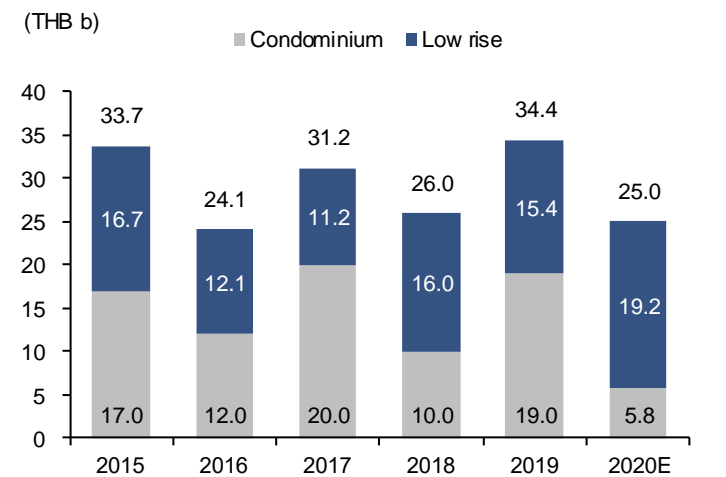
Sources: SPALI; FSSIA's compilation

**Exhibit 3: Presales breakdown by geography in 2020E**



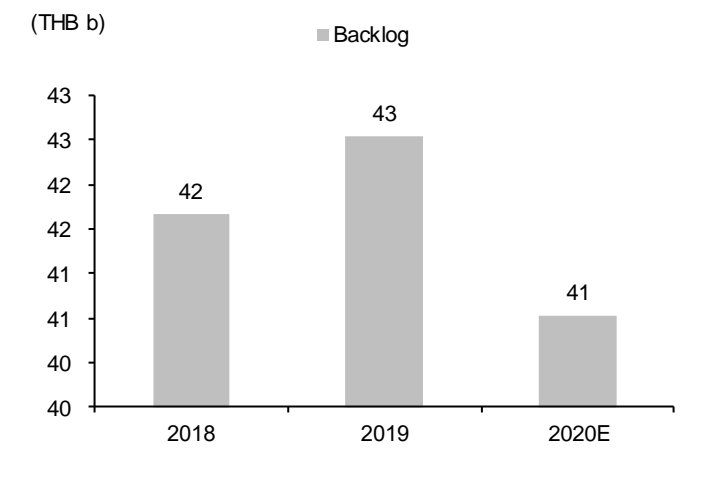
Sources: SPALI; FSSIA estimates

**Exhibit 4: New launch plan**



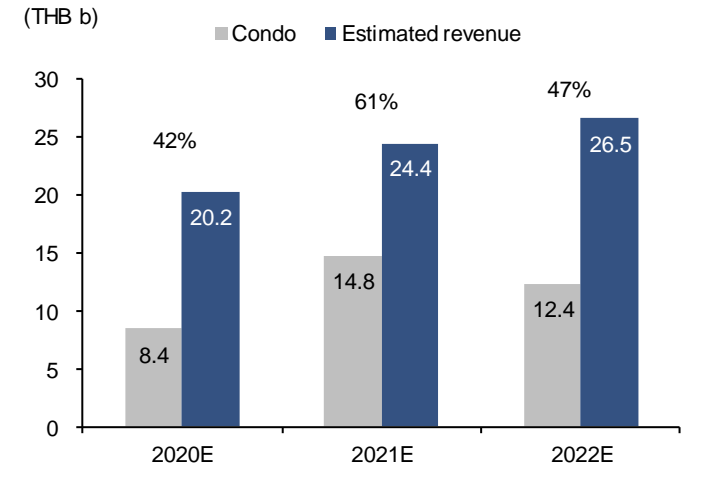
Sources: SPALI estimates

**Exhibit 5: Backlog**



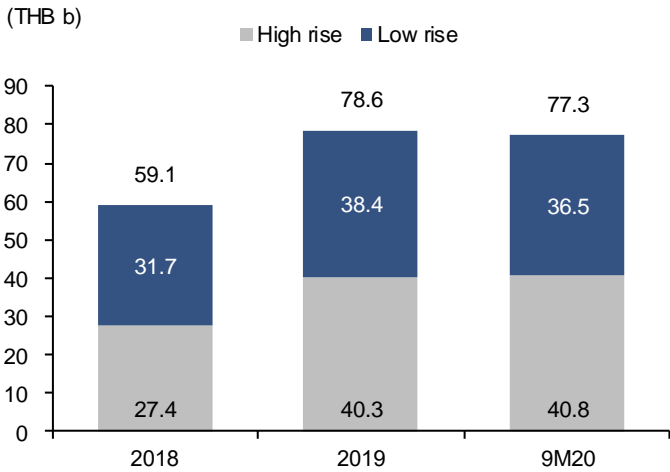
Sources: SPALI estimates

**Exhibit 6: Condo backlog transfer schedule vs revenue forecast**



Sources: SPALI; FSSIA estimates

**Exhibit 7: Inventory**



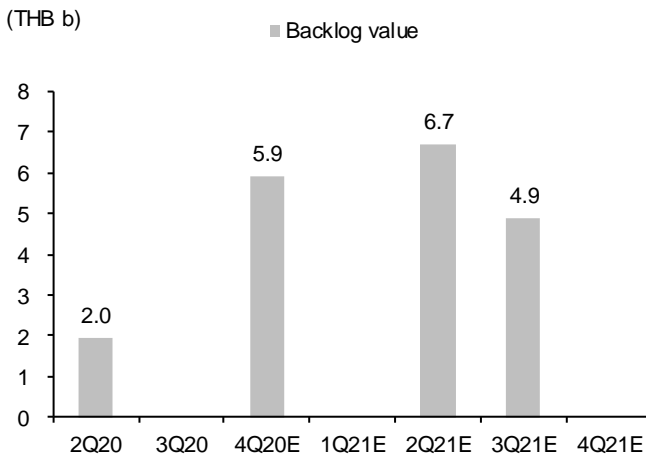
Sources: SPALI; FSSIA's compilation

**Exhibit 8: Condominium transfers in 2021**



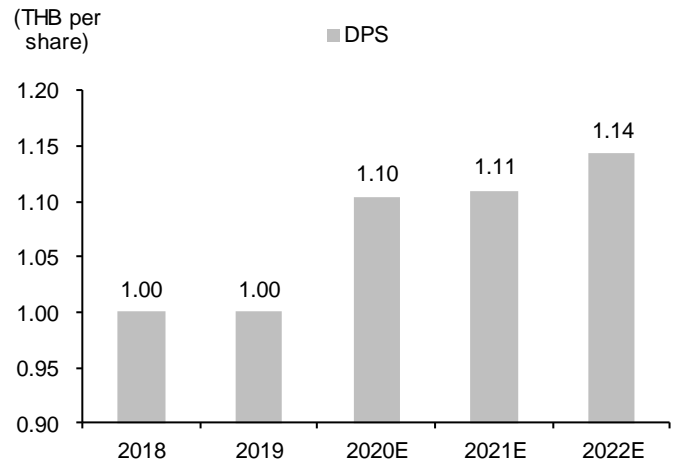
Source: SPALI

**Exhibit 9: Condo value to be transferred in 2020-21**



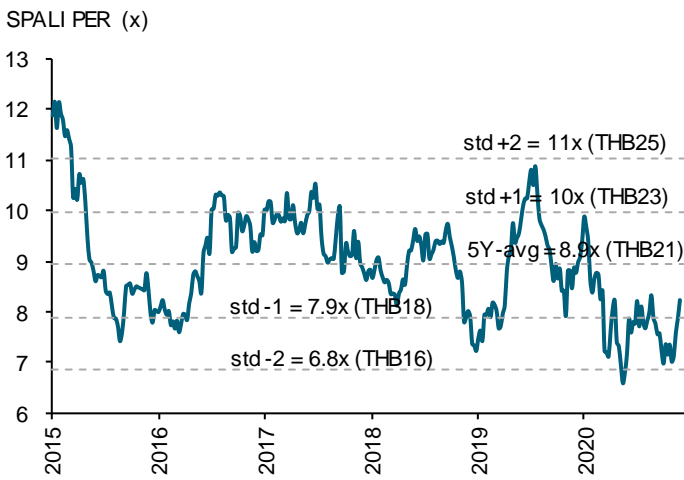
Sources: SPALI; FSSIA's compilation

**Exhibit 10: Dividend per share**



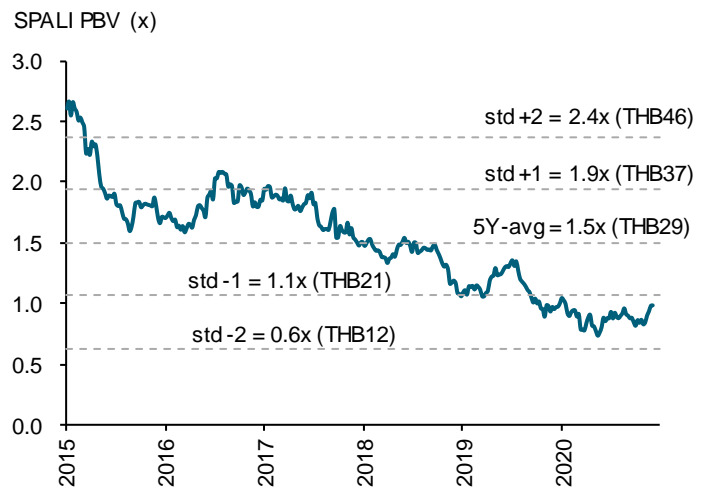
Sources: SPALI; FSSIA estimates

**Exhibit 11: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 12: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Exhibit 13: Project launches in 2020

Location	Type	Rai	Unit (no.)	Value (THB m)	Unit price (THB m/unit)
Supalai Ville Sanphisuea (Chiangmai)	TH	9	94	240	2.6
Supalai Bliss Maliwan R8 (Khonkaen)	TH	11	121	260	2.1
Supalai Prima Villa Phetkasem-Bhuddamonthon Sai 1	DH	8	18	260	14.4
Supalai Urbana Chaengwattana - Pakkret	TH	9	118	460	3.9
Supalai Bella Rama2 - Pantainorasingh	TH	23	179	520	2.9
Palm Spring Parkville (Songkhla)	DH	40	178	800	4.5
Supalai Bella Mabyangporn - Pruekdaeng (Rayong)	DH	56	260	480	1.8
Supalai Pride Udonthani (Udonthani)	DH	96	492	2,000	4.1
Supalai City Resort Charan 91	CD	11	1,040	2,100	2.0
<b>Total - 1Q20</b>		<b>263</b>	<b>2,514</b>	<b>7,120</b>	<b>2.8</b>
Supalai Park Ville Rangsit Klong 4	DH	93	375	2,120	5.7
<b>Total - 2Q20</b>		<b>93</b>	<b>375</b>	<b>2,120</b>	<b>5.7</b>
Supalai Primo Rangsit	TH	6	59	170	2.9
Supalai Urbana Bangna Ringroad	TH	7	73	300	4.1
Supalai Primo Rattanathibeth	TH	11	125	350	2.8
Supalai Primo Ayuthaya (Ayuthaya)	TH	15	168	370	2.2
Supalai Parkville Hangdong Chiangmai (Chiangmai)	DH	32	145	720	5.0
Supalai Prima Villa Pinklao Bhuddamonthon Sai 2	DH	27	56	1,000	17.9
Supalai Ville Sriracha Bowin (Chonburi)	DH	88	498	1,650	3.3
Supalai Pride Ringroad Lumlookka Klong 6	DH	44	321	960	3.0
Supalai Loft Sathorn Ratchapruek	CD	3	565	1,400	2.5
Supalai Premier Si Praya Samyan	CD	2	384	2,300	6.0
<b>Total - 3Q20</b>		<b>235</b>	<b>2,394</b>	<b>9,220</b>	<b>3.9</b>
Supalai Parkville Bangna Theparak 2	DH	13	62	270	4.4
Supalai Bliss Nakornratchasrima (Nakornratchasrima)	DH	22	182	450	2.5
Bliss Bankai Rayong (Rayong)	DH	28	217	500	2.3
Supalai Parkville Bangna Theparak 1	DH	21	103	510	5.0
Supalai Bliss Sriracha Bowin (Chonburi)	DH	28	309	530	1.7
Supalai Bella Bansuan Setthakit (Chonburi)	DH	30	212	660	3.1
Supalai Ville Ayuthaya (Ayuthaya)	DH	32	185	700	3.8
Supalai Pride Phisanulok (Phisanulok)	DH	45	266	1,100	4.1
Supalai Gardenville Nanglae Chiamgrai (Chiangrai)	DH	86	408	1,860	4.6
<b>Total - 4Q20</b>		<b>305</b>	<b>1,944</b>	<b>6,580</b>	<b>3.4</b>
<b>Total - 2020</b>		<b>896</b>	<b>7,227</b>	<b>25,040</b>	<b>3.5</b>

Sources: SPALI; FSSIA's compilation

## Exhibit 14: Details of active high-rise projects and condominium transfer plan

Project	----- Project value -----		Backlog (THB m)	Remaining project value (THB m)	Sold (%)	Starting delivery period
	Units	(THB m)				
Supalai Mare Pattaya (Chonburi)	1,179	2,530	187	371	85	2016
Supalai Vista Phuket (Phuket)	324	700	8	315	55	2016
City Resort Pasawang (Songkhla)	552	1,200	20	593	51	2016
Supalai City Resort Phranungkiao-Chaophraya	741	1,770	9	429	76	2017
Supalai City Resort @ Rayong (Rayong)	525	920	29	320	65	2017
Supalai Monte @ Viang Chiangmai (Chiangmai)	738	1,670	26	157	91	2017
Supalai Vista Sriracha Tharua-Laemchabang (Chonburi)	410	890	13	493	45	2017
Supalai Lagoon Phuket (Phuket) -HR	406	570	-	65	89	2017
Supalai Veranda Ratchavibha-Prachachuen	1,731	4,500	5	171	96	2017
Supalai Vista @ Pakkred Intersection	410	1,100	8	359	67	2017
Supalai Wellington II	1,099	3,600	74	117	97	2017
Supalai Veranda Rattanathibeth	1,066	2,430	7	1,586	35	2018
Supalai Monte II (Chiangmai)	738	1,800	13	517	71	2018
Supalai City Resort Chonburi (Chonburi)	590	1,100	35	510	54	2018
Supalai City Resort Chaeng Watthana	752	2,000	9	736	63	2018
Supalai Loft @ Kaerai Station	424	1,100	-	650	41	2018
Supalai @ Loft Talat Phlu Station	883	2,700	3	27	99	2018
Supalai Elite Surawong	277	2,200	78	680	69	2019
Supalai Veranda Rama 9	1,424	4,280	30	168	96	2019
Supalai Park Talat Phlu Station	788	1,860	419	811	56	2020
Supalai Oriental Sukhumvit 39	1,054	10,000	5,751	4,249	58	2020
Supalai Loft Yaek Fai Chai Station	370	1,200	375	29	98	2020
Supalai Prime Rama 9	217	780	259	516	33	2020
Supalai Premier Charoen Nakhon	584	2,990	2,974	8	100	2021
Supalai Veranda Phasi Charoen Station	1,810	4,500	3,806	694	85	2021
Supalai Riva Grande	720	6,800	4,952	1,848	73	2021
Supalai City Resort Sukhumvit 107	851	2,000	136	1,865	7	2022
Supalai Veranda Sukhumvit 117	1,105	2,800	1,696	1,104	61	2022
Supalai Loft Prajadhipok - Wongwian Yai	365	1,500	1,405	93	94	2022
Supalai Veranda Ramkamhaeng	2,088	6,050	5,131	911	85	2022
Supalai Park Fai Chai Station	726	2,270	481	1,789	21	2022
Supalai Lite Thapra Wongwian Yai	421	1,200	268	932	22	2022
Supalai City Resort Charan 91	1,040	2,100	606	1,494	29	2022
Supalai Loft Sathorn-Ratchaprupek	565	1,400	1,120	280	80	2023
Supalai Premier Si Phraya - Samyan	384	2,300	-	2,300	0	2023
Supalai Icon Sathorn	787	13,340	3,344	9,996	25	2024

Sources: SPALI; FSSIA's compilation

## Exhibit 15: Key valuations of companies under coverage

	BBG	Rec	---Share price---		Up(down) side	Market Cap	EPS growth		--- PE ---		-- DivYld --		--- ROE ---		--- PBV ---	
			Current (THB)	Target (THB)			(%)	(%)	21E	22E	21E	22E	21E	22E	21E	22E
AP (Thailand)	AP TB	BUY	7.70	9.50	23	803	(1.1)	9.6	6.1	5.6	5.8	6.3	13.1	13.2	0.8	0.7
Land and Houses	LH TB	BUY	8.20	9.60	17	3,250	17.4	12.2	13.2	11.8	6.3	7.1	13.4	14.5	1.7	1.7
LPN Development	LPN TB	HOLD	4.94	4.70	(5)	238	2.0	4.9	9.5	9.1	5.3	5.5	6.4	6.5	0.6	0.6
Pruksa Holding	PSH TB	HOLD	12.70	12.90	2	922	11.8	11.7	8.1	7.3	7.4	8.2	7.6	8.2	0.6	0.6
Quality Houses	QH TB	HOLD	2.36	2.50	6	839	12.4	11.1	11.4	10.2	6.6	7.3	8.0	8.7	0.9	0.9
Supalai	SPALI TB	BUY	18.80	21.00	12	1,215	21.5	9.8	8.1	7.4	5.9	6.1	12.4	12.7	1.0	0.9
<b>Coverage</b>						<b>7,266</b>	<b>12.6</b>	<b>10.8</b>	<b>9.8</b>	<b>8.8</b>	<b>6.3</b>	<b>6.9</b>	<b>10.8</b>	<b>11.5</b>	<b>1.0</b>	<b>1.0</b>

Share prices as of 4 December 2020

Source: FSSIA estimates



## Financial Statements

### Supalai

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	25,553	23,557	20,546	24,706	26,843
Cost of goods sold	(15,627)	(14,162)	(13,015)	(15,670)	(16,903)
<b>Gross profit</b>	<b>9,926</b>	<b>9,395</b>	<b>7,531</b>	<b>9,036</b>	<b>9,940</b>
Other operating income	0	0	0	0	0
Operating costs	(2,813)	(2,855)	(2,568)	(3,000)	(3,263)
<b>Operating EBITDA</b>	<b>7,113</b>	<b>6,540</b>	<b>4,963</b>	<b>6,037</b>	<b>6,677</b>
Depreciation	(117)	(118)	(121)	(126)	(131)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6,996</b>	<b>6,422</b>	<b>4,842</b>	<b>5,911</b>	<b>6,546</b>
Net financing costs	(269)	(233)	(243)	(302)	(368)
Associates	307	234	211	243	255
Recurring non operating income	564	634	560	662	710
Non recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>7,291</b>	<b>6,823</b>	<b>5,158</b>	<b>6,270</b>	<b>6,888</b>
Tax	(1,449)	(1,355)	(1,017)	(1,240)	(1,364)
<b>Profit after tax</b>	<b>5,843</b>	<b>5,468</b>	<b>4,141</b>	<b>5,030</b>	<b>5,524</b>
Minority interests	(72)	(65)	(57)	(68)	(74)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>5,770</b>	<b>5,403</b>	<b>4,084</b>	<b>4,962</b>	<b>5,449</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,770</b>	<b>5,403</b>	<b>4,084</b>	<b>4,962</b>	<b>5,449</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.69	2.52	1.90	2.31	2.54
Reported EPS	2.69	2.52	1.90	2.31	2.54
DPS	1.00	1.00	1.10	1.11	1.14
Diluted shares (used to calculate per share data)	2,146	2,146	2,146	2,146	2,146
<b>Growth</b>					
Revenue (%)	3.0	(7.8)	(12.8)	20.3	8.6
Operating EBITDA (%)	4.6	(8.1)	(24.1)	21.6	10.6
Operating EBIT (%)	5.1	(8.2)	(24.6)	22.1	10.7
Recurring EPS (%)	7.6	(6.4)	(24.4)	21.5	9.8
Reported EPS (%)	(0.7)	(6.4)	(24.4)	21.5	9.8
<b>Operating performance</b>					
Gross margin inc depreciation (%)	38.4	39.4	36.1	36.1	36.5
Gross margin of key business (%)	38.3	39.4	36.0	36.0	36.5
Operating EBITDA margin (%)	27.8	27.8	24.2	24.4	24.9
Operating EBIT margin (%)	27.4	27.3	23.6	23.9	24.4
Net margin (%)	22.6	22.9	19.9	20.1	20.3
Effective tax rate (%)	20.7	20.6	20.6	20.6	20.6
Dividend payout on recurring profit (%)	37.1	39.7	58.0	48.0	45.0
Interest cover (X)	28.1	30.3	22.2	21.7	19.7
Inventory days	1,168.5	1,341.2	1,491.7	1,312.7	1,351.0
Debtor days	0.3	0.3	0.4	0.3	0.3
Creditor days	39.9	50.3	62.4	54.7	57.5
Operating ROIC (%)	12.3	11.0	8.0	9.2	9.3
ROIC (%)	12.6	11.4	8.5	9.7	9.8
ROE (%)	18.7	15.2	10.8	12.4	12.7
ROA (%)	10.7	9.6	7.2	8.3	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Real estate	25,203	23,224	20,228	24,395	26,538
Rentals & Services	349	333	317	311	305

Sources: Supalai; FSSIA estimates

## Financial Statements

### Supalai

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	5,770	5,403	4,084	4,962	5,449
Depreciation	117	118	121	126	131
Associates & minorities	(34)	(38)	0	0	0
Other non-cash items	46	22	89	147	180
Change in working capital	(513)	(2,378)	(332)	(5,613)	(4,796)
<b>Cash flow from operations</b>	<b>5,386</b>	<b>3,127</b>	<b>3,962</b>	<b>(378)</b>	<b>964</b>
Capex - maintenance	0	0	(106)	(112)	(117)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(815)	(159)	26	(36)	(18)
Other investments (net)	26	43	(32)	(78)	(105)
<b>Cash flow from investing</b>	<b>(789)</b>	<b>(116)</b>	<b>(112)</b>	<b>(226)</b>	<b>(241)</b>
Dividends paid	(2,143)	(2,143)	(2,368)	(2,382)	(2,452)
Equity finance	2,646	(159)	6	3	3
Debt finance	(5,190)	(1,071)	(1,474)	3,002	1,746
Other financing cash flows	0	0	0	0	0
<b>Cash flow from Financing</b>	<b>(4,687)</b>	<b>(3,373)</b>	<b>(3,837)</b>	<b>624</b>	<b>(703)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(90)</b>	<b>(363)</b>	<b>13</b>	<b>20</b>	<b>21</b>
Free cash flow to firm (FCFF)	4,866.09	3,243.18	4,093.07	(301.31)	1,091.45
Free cash flow to equity (FCFE)	(592.16)	1,939.25	2,375.72	2,398.56	2,469.55

#### Per share (THB)

FCFF per share	2.27	1.51	1.91	(0.14)	0.51
FCFE per share	(0.28)	0.90	1.11	1.12	1.15
Recurring cash flow per share	2.75	2.57	2.00	2.44	2.68

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	2,651	2,730	2,836	2,948	3,065
Less: Accumulated depreciation	(1,078)	(1,171)	(1,293)	(1,419)	(1,550)
<b>Tangible fixed assets (Net)</b>	<b>1,574</b>	<b>1,559</b>	<b>1,543</b>	<b>1,529</b>	<b>1,515</b>
<b>Intangible fixed assets (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	1,884	2,368	2,368	2,368	2,368
Cash & equivalents	1,684	1,321	1,334	1,354	1,375
A/C receivable	21	22	20	23	25
Inventories	50,543	53,535	52,846	59,867	65,260
Other current assets	1,063	1,105	964	1,159	1,259
<b>Current assets</b>	<b>53,311</b>	<b>55,984</b>	<b>55,163</b>	<b>62,404</b>	<b>67,920</b>
Other assets	935	601	524	630	685
<b>Total assets</b>	<b>57,704</b>	<b>60,511</b>	<b>59,599</b>	<b>66,931</b>	<b>72,487</b>
Common equity	33,986	37,086	38,807	41,391	44,391
Minorities etc.	736	763	820	889	963
<b>Total Shareholders' equity</b>	<b>34,722</b>	<b>37,849</b>	<b>39,627</b>	<b>42,279</b>	<b>45,354</b>
Long term debt	8,273	4,497	5,600	7,201	8,027
Other long-term liabilities	303	397	346	417	453
<b>Long-term liabilities</b>	<b>8,576</b>	<b>4,894</b>	<b>5,946</b>	<b>7,618</b>	<b>8,480</b>
A/C payable	1,582	2,318	2,133	2,565	2,766
Short term debt	6,495	9,200	6,623	8,024	8,944
Other current liabilities	6,329	6,250	5,270	6,446	6,944
<b>Current liabilities</b>	<b>14,406</b>	<b>17,768</b>	<b>14,025</b>	<b>17,034</b>	<b>18,654</b>
<b>Total liabilities and shareholders' equity</b>	<b>57,704</b>	<b>60,511</b>	<b>59,599</b>	<b>66,931</b>	<b>72,487</b>
Net working capital	43,716	46,095	46,427	52,040	56,835
Invested capital	48,109	50,622	50,862	56,567	61,403

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	15.84	17.28	18.09	19.29	20.69
Tangible book value per share	15.84	17.28	18.09	19.29	20.69

#### Financial strength

Net debt/Equity (%)	37.7	32.7	27.5	32.8	34.4
Net debt/total assets (%)	22.7	20.5	18.3	20.7	21.5
Current ratio (x)	3.7	3.2	3.9	3.7	3.6
CF interest cover (x)	(1.2)	9.3	10.8	8.9	7.7

Valuation	2018	2019	2020E	2021E	2022E
<b>Recurring P/E (x) *</b>	<b>7.0</b>	<b>7.5</b>	<b>9.9</b>	<b>8.1</b>	<b>7.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>7.8</b>	<b>8.3</b>	<b>11.0</b>	<b>9.1</b>	<b>8.3</b>
Reported P/E (x)	7.0	7.5	9.9	8.1	7.4
Dividend yield (%)	5.3	5.3	5.9	5.9	6.1
Price/book (x)	1.2	1.1	1.0	1.0	0.9
Price/tangible book (x)	1.2	1.1	1.0	1.0	0.9
EV/EBITDA (x) **	7.6	8.2	10.5	9.1	8.5
EV/EBITDA @ target price (x) **	8.3	8.9	11.4	9.9	9.2
EV/invested capital (x)	1.1	1.1	1.0	1.0	0.9

\* Pre-exceptional & pre-goodwill are fully diluted \*\* EBITDA includes associate income and recurring non operating income

Sources: Supalai; FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KBS	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PNR	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

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\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

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#### Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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### History of change in investment rating and/or target price

#### Supalai (SPALI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Sep-2019	BUY	25.00	-	-	-	-	-	-

Karun Intrachai Started covering this stock from 08-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Supalai	SPALI TB	THB 18.80	BUY	Downside risks are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 04-Dec-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.