

26 OCTOBER 2021

THAILAND / REAL ESTATE

## SUPALAI SPALI TB

BUY

UNCHANGED

TARGET PRICE	THB28.00
CLOSE	THB22.80
UP/DOWNSIDE	+22.8%
PRIOR TP	THB26.00
CHANGE IN TP	+7.7%
TP vs CONSENSUS	+13.0%

## ได้ประโยชน์จากการผ่อนคลาย LTV พร้อมเติบโตในปีหน้า

## ยอดขายโครงการสะดุดชั่วคราวใน 3Q, คาดฟื้นตัวดีใน 4Q

ใน 3Q21 ยอดขายโครงการของ SPALI ลดลง 21% q-q เหลือ 4.5 พัน ลบ. (เทียบกับ 5.8 พัน ลบ. ใน 2Q21) ตามการชะลอการเปิดตัว 6 โครงการแนวราบใหม่มูลค่ารวม 6.8 พัน ลบ. เป็นไปพลายเดือน ก.ย. 21 และอัตราการเข้ามห้องตัวอย่างและสำนักงานขายที่อยู่ในระดับต่ำจากการติดเชื้อโควิดที่สูงขึ้น ใน 9M21 ยอดขายโครงการรวมอยู่ที่ 17.5 พัน ลบ. คิดเป็น 65% ของเป้าหมายยอดขายโครงการปี 2021 ที่ 27 พัน ลบ. เราคาดว่ายอดขายโครงการจะเร่งตัวขึ้นใน 4Q21 และแตะระดับสูงเป็นประวัติการณ์ที่ 7.0-8.0 พัน ลบ. โดยได้ปัจจัยหนุนจากมูลค่าการเปิดโครงการที่อยู่ในระดับสูงถึง 16.1 พัน ลบ. จากตัวเลขดังกล่าว 5.8 พัน ลบ. จะมาจากคอนโดมิเนียม SPALI จะเปิดตัว Supalai Premier Samsen Ratchawat (1.5 พัน ลบ.) ในตอนปลายเดือน ต.ค. 21 หลังเปิดรับจองออนไลน์และได้ผลตอบรับที่ดี เราคาดว่าอัตราการจองของโครงการดังกล่าวจะอยู่ที่ 80-90%

## เป็นไปได้สูงที่จะบรรลุเป้าหมายการรายได้ปี 2021 ของเรา

เราคาดว่ากำไร 3Q21 จะลดลง q-q เป็น 1.5 พัน ลบ. (เทียบกับ 1.7 พัน ลบ. ใน 2Q21) จากรายได้ตามส่วนการลงพื้นที่ลดลงอย่างมีนัยสำคัญ เนื่องจากการโอนมูลค่าโครงการที่พักอาศัยในออสเตรียส่วนมากใน 2Q21 และ 4Q21 อาจเป็นไตรมาสที่มีกำไรสูงสุดจากการเร่งโอนคอนโด 3 แห่ง เราเชื่อว่าประมาณการรายได้ปี 2021 ของเราที่ 28 พัน ลบ. มีความเป็นไปได้สูงโดยจะได้ปัจจัยหนุนจากมูลค่าโครงการในมือในปัจจุบันที่ 9.8 พัน ลบ.

## แนวโน้มจะดีต่อเนื่องในปี 2022

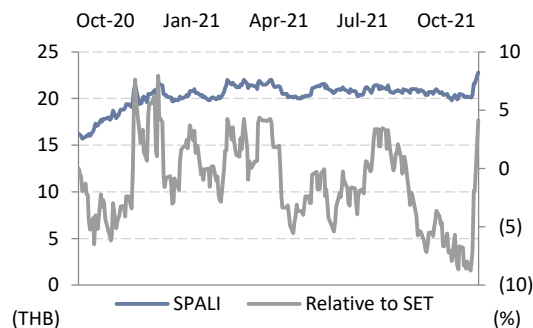
ในปี 2022 เราเห็นว่า SPALI ยังมีแนวโน้มที่ดี การเปิดโครงการใหม่จะใกล้เคียงกับในปีที่ 32-33 พัน ลบ. โครงการทั้งหมดมีที่ดินเรียบร้อยแล้ว SPALI มีมูลค่าโครงการในมือรวม 23.5 พัน ลบ. จากตัวเลขดังกล่าว 14 พัน ลบ. น่าจะโอนได้ในปี 2022 (คิดเป็น 44% ของประมาณการรายได้ปี 2022) ผู้บริหารมีมุมมองที่เป็นบวกเกี่ยวกับการผ่อนคลายเกณฑ์ LTV โดยคาดว่า 10%/8% ของลูกค้าโครงการแนวราบและคอนโดจะได้รับผลกระทบจากเกณฑ์ LTV อัตราการปฏิเสธสินเชื่อเพิ่มเป็นประมาณ 20% ในปี 2020 และได้ลดลงเหลือ 15% ในปัจจุบัน เราคาดว่าอัตราการปฏิเสธสินเชื่อจะอยู่ที่ต่ำกว่า 15% หลังการผ่อนคลายเกณฑ์ LTV

## ความเสี่ยงขาขึ้นจากโอกาสในการขยายมาตรการลดค่าธรรมเนียมการโอนและจดทะเบียนเป็น 0.01%

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 28 บาท (9.0x ของค่า 2022E P/E) คิดเป็น +0.5SD ของค่าเฉลี่ย 5 ปีย้อนหลัง เราชอบ SPALI จากการเติบโตของกำไรที่อยู่ในระดับสูงและกำไรที่มีความชัดเจนสูง SPALI มีผลตอบแทนในรูปเงินปันผลในปี 2022-23E ในระดับที่ดีปานกลางที่ 5.8-6.3% นอกจากนี้เรายังเห็นความเสี่ยงขาขึ้นสำหรับกำไรของ SPALI จากโอกาสในการขยายมาตรการลดค่าธรรมเนียมการโอนและจดทะเบียนเป็น 0.01% ไปถึงสิ้นปี 2022 มาตรการดังกล่าวอาจใช้ได้กับอสังหาริมทรัพย์ที่มีมูลค่าไม่เกิน 5.0 ลบ. ต่อหลังจากในปัจจุบันที่ 3.0 ลบ. ซึ่งจะเพิ่ม กลุ่มลูกค้าของ SPALI ที่ได้ประโยชน์จากมาตรการดังกล่าวเป็น 60% จาก 30%

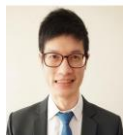
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	20,588	28,223	32,203	34,439
Net profit	4,251	5,589	6,248	6,443
EPS (THB)	1.98	2.87	3.21	3.31
vs Consensus (%)	-	1.4	8.9	11.8
EBITDA	5,363	7,218	8,310	9,084
Core net profit	4,251	5,589	6,248	6,443
Core EPS (THB)	1.98	2.87	3.21	3.31
Chg. In EPS est. (%)	-	-	5.0	4.3
EPS growth (%)	(21.3)	44.8	11.8	3.1
Core P/E (x)	11.5	7.9	7.1	6.9
Dividend yield (%)	4.4	6.0	6.3	5.8
EV/EBITDA (x)	13.0	11.3	11.0	10.6
Price/book (x)	1.3	1.2	1.2	1.2
Net debt/Equity (%)	53.5	98.0	120.7	130.7
ROE (%)	11.5	15.3	17.1	17.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.8	6.5	39.0
Relative to country (%)	10.8	1.2	3.2
Mkt cap (USD m)	1,342		
3m avg. daily turnover (USD m)	4.5		
Free float (%)	60		
Major shareholder	Tangmatitham Family (30%)		
12m high/low (THB)	23.20/15.50		
Issued shares (m)	1,948.14		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 ตุลาคม 2021

## 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 its long industry experience.

SPALI is the safest play among property developers, given its highly secured revenue in 2021-22. Its current backlog is cTHB40b. Around THB16.2b and THB12.8b should be recognised in 2021-22. 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 over a 50% 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.

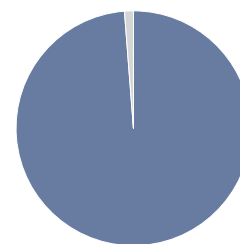
## Company profile

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, 2020)

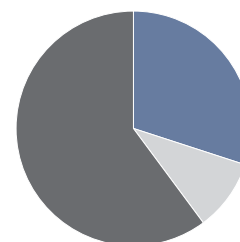
- Real estate - 98.8 %
- Rentals & Services - 1.2 %



Source: Supalai

## Major shareholders

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



Source: Supalai

## Catalysts

Potential catalysts to drive SPALI's share price include:

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

## Risks to our call

Downside risks to our P/E-derived TP 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
November 2021	3Q21 results announcement

## Key assumptions

	2020	2021E	2022E	2023E
	(%)	(%)	(%)	(%)
Residential sales (THB m)	20,336	28,032	30,433	32,563
Residential sales growth	(12.4)	37.8	8.6	7.0
GPM	39.4	37.8	38.0	38.2
SG&A to sales	12.6	12.7	12.6	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

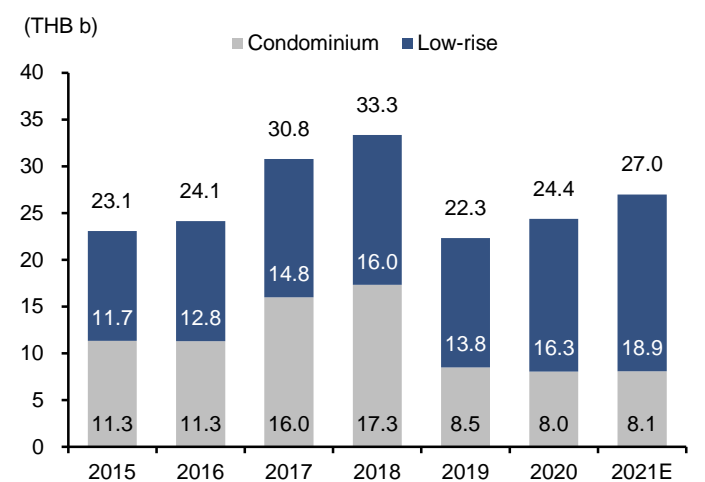


## Exhibit 1: SPALI – 3Q21E results preview

Year to Dec 31	3Q20	4Q20	1Q21	2Q21	3Q21E	Change		2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)
<b>Sales</b>	<b>5,894</b>	<b>8,041</b>	<b>3,662</b>	<b>7,131</b>	<b>7,196</b>	<b>1</b>	<b>22</b>	<b>28,223</b>	<b>37</b>
Gross profit	2,156	3,275	1,389	2,844	2,823	(1)	31	10,677	36
Operating costs	(660)	(909)	(592)	(784)	(870)	11	32	(3,579)	38
<b>Operating profit</b>	<b>1,496</b>	<b>2,367</b>	<b>797</b>	<b>2,060</b>	<b>1,953</b>	<b>(5)</b>	<b>31</b>	<b>7,098</b>	<b>35</b>
Operating EBITDA	1,526	2,396	825	2,093	1,953	(7)	28	7,218	35
Other income	110	53	103	105	102	(3)	(7)	536	41
Interest expense	(61)	(57)	(65)	(68)	(69)	1	13	(653)	169
<b>Profit before tax</b>	<b>1,545</b>	<b>2,363</b>	<b>834</b>	<b>2,097</b>	<b>1,986</b>	<b>(5)</b>	<b>29</b>	<b>6,981</b>	<b>30</b>
Tax	(396)	(479)	(235)	(555)	(503)	(9)	27	(1,501)	19
Associates	90	19	157	199	27	(86)	(70)	213	2
Reported net profit	1,217	1,865	741	1,730	1,502	(13)	23	5,589	31
<b>Recurring net profit</b>	<b>1,217</b>	<b>1,865</b>	<b>741</b>	<b>1,730</b>	<b>1,502</b>	<b>(13)</b>	<b>23</b>	<b>5,589</b>	<b>31</b>
EPS (THB)	0.57	0.87	0.35	0.81	0.70	(13)	23	2.87	45
Recurring EPS (THB)	0.57	0.87	0.35	0.81	0.70	(13)	23	2.87	45
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	36.6	40.7	37.9	39.9	39.2	(0.7)	2.7	37.8	(0.2)
Operating margin	25.4	29.4	21.8	28.9	27.1	(1.8)	1.8	25.1	(0.3)
EBITDA margin	25.9	29.8	22.5	29.4	27.1	(2.2)	1.3	25.6	(0.5)
<b>Recurring net margin</b>	<b>20.6</b>	<b>23.2</b>	<b>20.2</b>	<b>24.3</b>	<b>20.9</b>	<b>(3.4)</b>	<b>0.2</b>	<b>19.8</b>	<b>(0.8)</b>
SG&A / Sales	11.2	11.3	16.2	11.0	12.1	1.1	0.9	12.7	0.1
Effective tax rate	25.6	20.3	28.1	26.5	25.3	(1.7)	(1.8)	21.5	(2.0)
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>		
<b>Property transfers</b>	<b>5,824</b>	<b>7,974</b>	<b>3,602</b>	<b>7,075</b>	<b>7,146</b>	<b>1</b>	<b>23</b>		
-- Low-rise	3,844	4,674	2,557	3,537	3,573	1	(7)		
-- High-rise	1,980	3,300	1,045	3,537	1,786	(50)	(10)		
<b>Presales</b>	<b>8,347</b>	<b>3,954</b>	<b>7,229</b>	<b>5,776</b>	<b>4,548</b>	<b>(21)</b>	<b>(46)</b>		
-- Low-rise	3,887	896	5,639	1,271	1,001	(21)	(74)		
-- High-rise	4,460	3,058	1,590	4,505	3,547	(21)	(20)		
<b>New launches</b>	<b>9,220</b>	<b>6,580</b>	<b>3,850</b>	<b>5,330</b>	<b>7,280</b>	<b>37</b>	<b>(21)</b>		
Backlog	38,717	40,022	38,838	36,002	32,843	(9)	(15)		

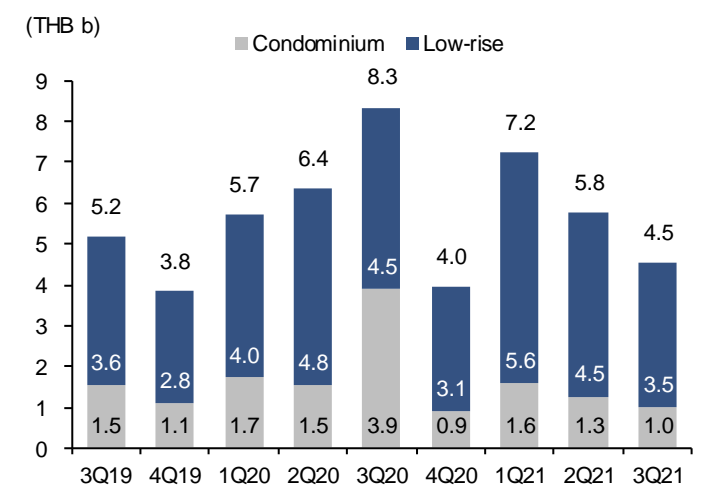
Sources: SPALI; FSSIA estimates

## Exhibit 2: Yearly presales and target



Sources: SPALI; FSSIA's compilation

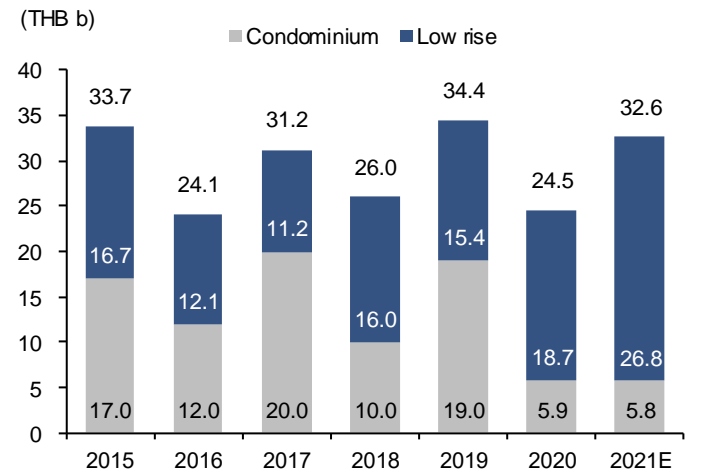
## Exhibit 3: Quarterly presales



Remark: Presales value in 4Q20 is total presales minus all cancellations in 2020 at cTHB2.0b

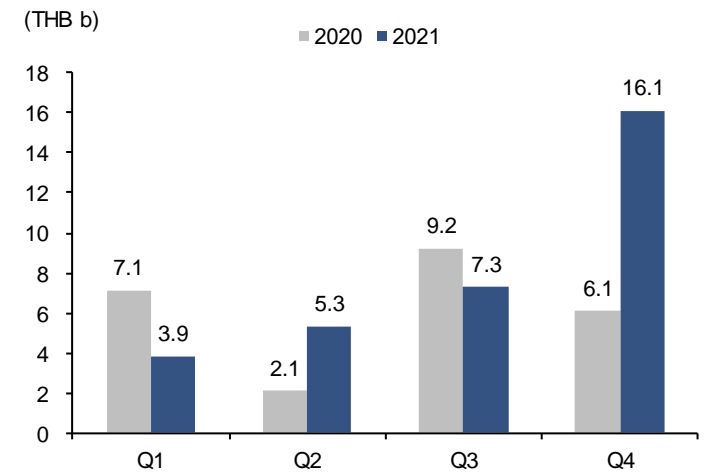
Sources: SPALI; FSSIA's compilation

**Exhibit 4: New launch plan**



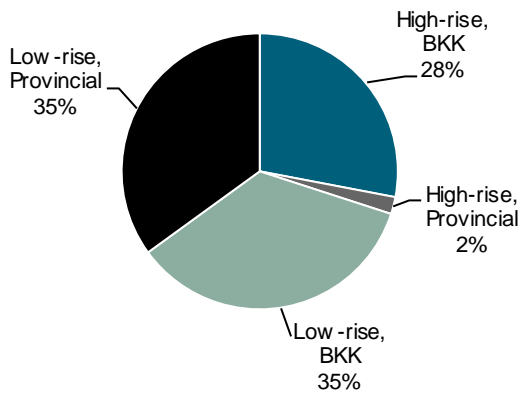
Sources: SPALI; FSSIA estimates

**Exhibit 5: New launch plan by quarter**



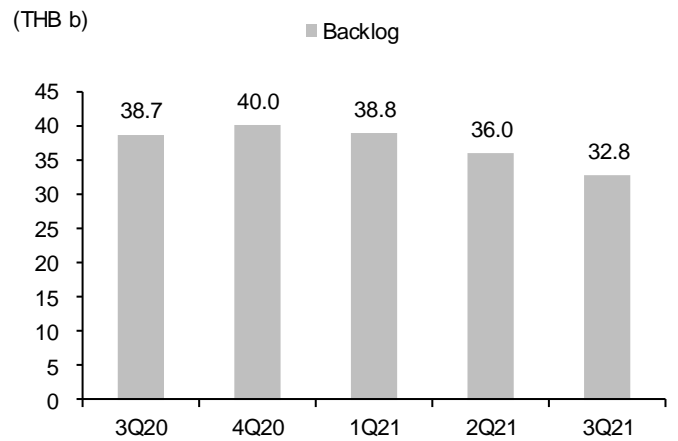
Sources: SPALI; FSSIA estimates

**Exhibit 6: Presales breakdown by geography – 2021E**



Sources: SPALI; FSSIA estimates

**Exhibit 7: Backlog remains at a high level**



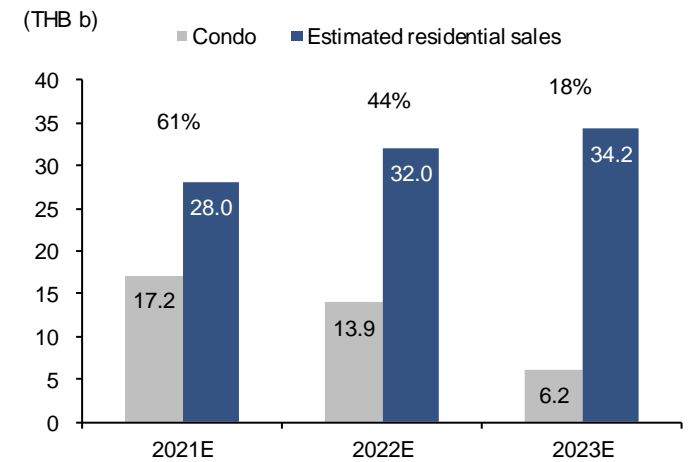
Source: SPALI

**Exhibit 8: Condo value to be transferred in 2021**

Project Name	Value (MB)	Transfer	Sold
Supalai Premier Charoen Nakorn	2,990	2Q	97%
Supalai Riva Grande	6,800	2Q	79%
Supalai Veranda Phasi Charoen Station	4,500	3Q	80%

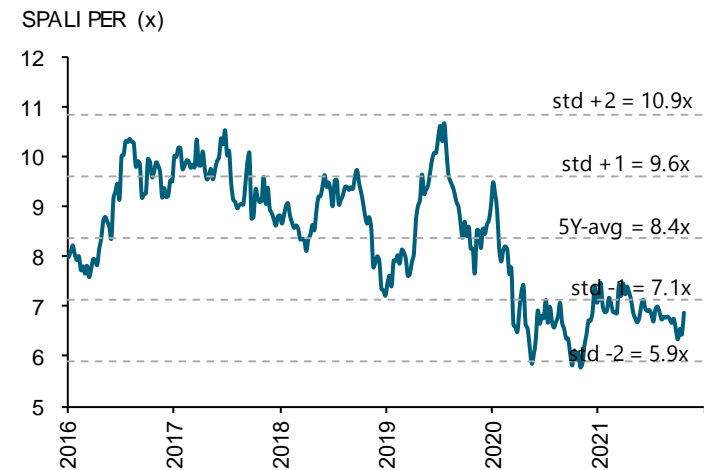
Source: SPALI estimates

**Exhibit 9: Condo backlog transfer schedule vs revenue forecast**



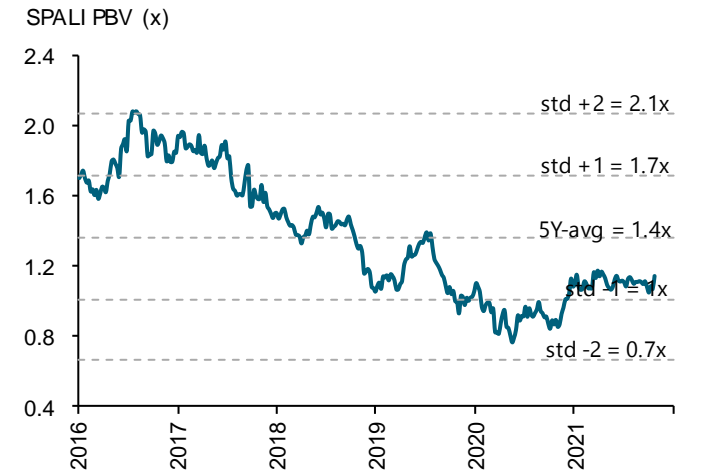
Sources: SPALI; FSSIA estimates

Exhibit 10: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer valuations

	BBG	Rec	---Share price --		Up(down) side	Market Cap	3Y EPS CAGR	--- PE ---		--- ROE ---		--- PBV ---		- EV/EBITDA -	
			Current	Target				21E	22E	21E	22E	21E	22E	21E	22E
			(THB)	(THB)				(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
AP (Thailand)	AP TB	BUY	9.15	10.5	15	870	1.1	6.8	6.6	13.8	13.0	0.9	0.8	13.8	13.4
Land and Houses	LH TB	BUY	8.55	10.1	18	3,087	10.6	13.7	12.2	14.9	16.7	2.0	2.0	23.1	20.1
LPN Development	LPN TB	HOLD	5.1	4.7	(8)	224	6.7	10.0	9.3	6.3	6.5	0.6	0.6	16.4	15.0
Pruksa Holding	PSH TB	BUY	13.8	15	9	913	9.4	11.4	8.8	6.1	8.0	0.7	0.7	16.2	13.8
Quality Houses	QH TB	HOLD	2.32	2.5	8	751	11.4	9.8	9.1	9.4	9.7	0.9	0.9	29.6	27.6
Supalai	SPALI TB	BUY	22.8	28	23	1,342	18.6	7.9	7.1	15.3	17.1	1.2	1.2	11.3	11.0
<b>FSSIA Coverage</b>						<b>7,186</b>	<b>11.0</b>	<b>10.0</b>	<b>8.9</b>	<b>11.0</b>	<b>11.8</b>	<b>1.1</b>	<b>1.0</b>	<b>18.4</b>	<b>16.8</b>
Origin Property	ORI TB	NA	11.3	n/a	n/a	830	10.1	8.9	7.8	24.8	23.8	2.1	1.8	10.7	10.0
SC Asset	SC TB	NA	3.68	n/a	n/a	453	5.4	7.8	7.0	10.0	10.5	0.8	0.7	12.1	10.9
Noble Development	NOBLE TB	NA	6.65	n/a	n/a	273	n/a	6.7	5.9	26.7	26.4	1.3	1.2	8.0	7.1
<b>Peer Average</b>						<b>1,555</b>	<b>0.7</b>	<b>7.8</b>	<b>6.9</b>	<b>20.5</b>	<b>20.3</b>	<b>1.4</b>	<b>1.2</b>	<b>10.3</b>	<b>9.4</b>
<b>Overall Average</b>						<b>8,742</b>	<b>15.1</b>	<b>9.2</b>	<b>8.2</b>	<b>14.1</b>	<b>14.6</b>	<b>1.2</b>	<b>1.1</b>	<b>15.7</b>	<b>14.3</b>

Share prices as of 25 Oct 2021

Sources: Bloomberg consensus; FSSIA estimates

## Exhibit 13: New launch plan in 2021

Location	Type	Rai	Unit (no.)	Value (THB m)	Unit price (THB m/unit)
Supalai River Ville Suratthani (Suratthani)	LR	19	67	480	7.2
Palm Ville Thepharak	LR	37	195	700	3.6
Supalai Primo Phaholyothin 54/1	LR	25	247	890	3.6
Supalai Prima Villa Phatthanakan Khu Khwang (Nakornsrihammarat)	LR	83	327	1,780	5.4
<b>Total - 1Q21</b>		<b>164</b>	<b>836</b>	<b>3,850</b>	<b>4.6</b>
Bliss Baan Kai Rayong (Rayong)	LR	28	213	540	2.5
Supalai Primo Lat Krabang	LR	35	264	840	3.2
Supalai Ville Bangna-Srinakarin	LR	25	190	890	4.7
Supalai Bella WestGate	LR	32	250	1,000	4.0
Supalai Palm Spring Thepharak	LR	99	453	2,060	4.5
<b>Total - 2Q21</b>		<b>219</b>	<b>1,370</b>	<b>5,330</b>	<b>3.9</b>
Supalai Royal River 2 (Khonkaen)	LR	13	61	180	3.0
Supalai Primo Chalong Phuket (Phuket)	LR	15	104	490	4.7
Supalai Ville Pattaya-Motorway (Chonburi)	LR	21	149	530	3.6
Supalai Palm Spring Rayong (Rayong)	LR	61	269	1,290	4.8
Supalai Garden Phitsanulok (Phitsanulok)	LR	70	342	1,300	3.8
Supalai Palmsprings Ban Pon Phuket (Phuket)	LR	86	434	1,720	4.0
Supalai Palm Springs Rama 2	LR	90	443	1,770	4.0
<b>Total - 3Q21</b>		<b>356</b>	<b>1,802</b>	<b>7,280</b>	<b>4.0</b>
Supalai Bliss Baan Na Muang (Ubonratchathani)	LR	13	112	220	2.0
Supalai Primo Rayong (Rayong)	LR	36	235	680	2.9
Supalai primo Nong Bua Sala (Nakornratchasima)	LR	41	307	700	2.3
Palmsprings Primo Thakam - HaadYai (Songkhla)	LR	53	288	900	3.1
Supalai Parkville Prachauthit - Suksawat	LR	51	220	1,600	7.3
Supalai Lake and Park (Udonthani)	LR	94	416	1,700	4.1
Supalai Elegance Borommaratchachonnani 121	LR	34	86	1,900	22.1
Supalai Grand Ville Maekorn - Chiang Rai (Chiangrai)	LR	132	340	2,650	7.8
Supalai Premier Samsen - Ratchawat	CD	2	248	1,500	6.0
	CD	2	213	250	1.2
Future project	CD	2	369	1,000	2.7
	CD	9	1,309	3,000	2.3
<b>Total - 4Q21</b>		<b>469</b>	<b>4,143</b>	<b>16,100</b>	<b>3.9</b>
<b>Total - 2021</b>		<b>1,208</b>	<b>8,151</b>	<b>32,560</b>	<b>4.0</b>

Sources: SPALI; FSSIA's compilation

## Financial Statements

### Supalai

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	23,557	20,588	28,223	32,203	34,439
Cost of goods sold	(14,162)	(12,636)	(17,426)	(19,836)	(21,150)
<b>Gross profit</b>	<b>9,395</b>	<b>7,952</b>	<b>10,796</b>	<b>12,367</b>	<b>13,289</b>
Other operating income	0	0	0	0	0
Operating costs	(2,855)	(2,589)	(3,579)	(4,057)	(4,205)
<b>Operating EBITDA</b>	<b>6,540</b>	<b>5,363</b>	<b>7,218</b>	<b>8,310</b>	<b>9,084</b>
Depreciation	(118)	(117)	(120)	(124)	(129)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6,422</b>	<b>5,246</b>	<b>7,098</b>	<b>8,185</b>	<b>8,955</b>
Net financing costs	(233)	(242)	(653)	(972)	(1,539)
Associates	234	209	213	224	235
Recurring non-operating income	634	590	750	836	890
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>6,823</b>	<b>5,594</b>	<b>7,195</b>	<b>8,049</b>	<b>8,306</b>
Tax	(1,355)	(1,266)	(1,501)	(1,682)	(1,735)
<b>Profit after tax</b>	<b>5,468</b>	<b>4,327</b>	<b>5,694</b>	<b>6,367</b>	<b>6,571</b>
Minority interests	(65)	(76)	(104)	(119)	(127)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>5,403</b>	<b>4,251</b>	<b>5,589</b>	<b>6,248</b>	<b>6,443</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>5,403</b>	<b>4,251</b>	<b>5,589</b>	<b>6,248</b>	<b>6,443</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.52	1.98	2.87	3.21	3.31
Reported EPS	2.52	1.98	2.87	3.21	3.31
DPS	1.00	1.00	1.38	1.44	1.32
Diluted shares (used to calculate per share data)	2,146	2,146	1,948	1,948	1,948
<b>Growth</b>					
Revenue (%)	(7.8)	(12.6)	37.1	14.1	6.9
Operating EBITDA (%)	(8.1)	(18.0)	34.6	15.1	9.3
Operating EBIT (%)	(8.2)	(18.3)	35.3	15.3	9.4
Recurring EPS (%)	(6.4)	(21.3)	44.8	11.8	3.1
Reported EPS (%)	(6.4)	(21.3)	44.8	11.8	3.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	39.4	38.1	37.8	38.0	38.2
Gross margin of key business (%)	39.4	39.4	37.8	38.0	38.2
Operating EBITDA margin (%)	27.8	26.0	25.6	25.8	26.4
Operating EBIT margin (%)	27.3	25.5	25.1	25.4	26.0
Net margin (%)	22.9	20.6	19.8	19.4	18.7
Effective tax rate (%)	20.6	23.5	21.5	21.5	21.5
Dividend payout on recurring profit (%)	39.7	50.4	48.0	45.0	40.0
Interest cover (X)	30.3	24.1	12.0	9.3	6.4
Inventory days	1,341.2	1,638.9	1,448.7	1,549.1	1,611.9
Debtor days	0.3	0.3	0.3	0.3	0.3
Creditor days	50.3	68.1	59.7	64.9	66.9
Operating ROIC (%)	11.0	7.9	9.0	8.6	8.5
ROIC (%)	11.4	8.2	9.3	8.9	8.8
ROE (%)	15.2	11.5	15.3	17.1	17.2
ROA (%)	9.6	7.0	8.0	7.6	7.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Real estate	23,224	20,336	28,032	32,003	34,243
Rentals & Services	333	252	191	200	196

Sources: Supalai; FSSIA estimates



## Financial Statements

Supalai

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	5,403	4,251	5,589	6,248	6,443
Depreciation	118	117	120	124	129
Associates & minorities	(38)	(23)	0	0	0
Other non-cash items	24	(112)	274	397	(44)
Change in working capital	(2,378)	(6,045)	(16,264)	(9,793)	(6,234)
<b>Cash flow from operations</b>	<b>3,128</b>	<b>(1,811)</b>	<b>(10,281)</b>	<b>(3,025)</b>	<b>294</b>
Capex - maintenance	0	0	(103)	(109)	(114)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(159)	(1,240)	(183)	(95)	(54)
Other investments (net)	42	188	(169)	(278)	171
<b>Cash flow from investing</b>	<b>(118)</b>	<b>(1,052)</b>	<b>(456)</b>	<b>(482)</b>	<b>3</b>
Dividends paid	(2,143)	(2,143)	(2,683)	(2,811)	(2,577)
Equity finance	(159)	(2,615)	(3,114)	(2,919)	(2,919)
Debt finance	(1,071)	7,635	16,573	9,278	5,241
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(3,373)</b>	<b>2,877</b>	<b>10,777</b>	<b>3,548</b>	<b>(255)</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>(363)</b>	<b>13</b>	<b>40</b>	<b>41</b>	<b>42</b>
Free cash flow to firm (FCFF)	3,243.18	(2,621.04)	(10,083.94)	(2,534.44)	1,836.87
Free cash flow to equity (FCFE)	1,939.25	4,771.22	5,836.65	5,771.40	5,538.51
<b>Per share (THB)</b>					
FCFF per share	1.66	(1.35)	(5.18)	(1.30)	0.94
FCFE per share	1.00	2.45	3.00	2.96	2.84
Recurring cash flow per share	2.57	1.97	3.07	3.47	3.35
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	2,730	2,787	2,891	2,999	3,114
Less: Accumulated depreciation	(1,171)	(1,247)	(1,367)	(1,492)	(1,621)
<b>Tangible fixed assets (net)</b>	<b>1,559</b>	<b>1,540</b>	<b>1,524</b>	<b>1,508</b>	<b>1,493</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	2,368	3,220	3,220	3,220	3,220
Cash & equivalents	1,321	1,334	1,374	1,416	1,458
A/C receivable	22	17	23	26	28
Inventories	53,535	59,945	78,383	89,990	96,808
Other current assets	1,105	1,104	1,514	1,728	1,848
<b>Current assets</b>	<b>55,984</b>	<b>62,401</b>	<b>81,295</b>	<b>93,160</b>	<b>100,142</b>
Other assets	601	1,046	1,434	1,636	1,750
<b>Total assets</b>	<b>60,511</b>	<b>68,207</b>	<b>87,472</b>	<b>99,524</b>	<b>106,604</b>
Common equity	37,086	36,579	36,372	36,889	37,837
Minorities etc.	763	817	921	1,040	1,167
<b>Total shareholders' equity</b>	<b>37,849</b>	<b>37,396</b>	<b>37,293</b>	<b>37,929</b>	<b>39,004</b>
Long term debt	4,497	6,376	11,851	14,752	16,390
Other long-term liabilities	397	552	757	864	924
<b>Long-term liabilities</b>	<b>4,894</b>	<b>6,928</b>	<b>12,608</b>	<b>15,616</b>	<b>17,314</b>
A/C payable	2,318	2,397	3,298	3,752	4,000
Short term debt	9,200	14,956	26,054	32,431	36,034
Other current liabilities	6,250	6,529	8,219	9,795	10,252
<b>Current liabilities</b>	<b>17,768</b>	<b>23,882</b>	<b>37,571</b>	<b>45,979</b>	<b>50,286</b>
<b>Total liabilities and shareholders' equity</b>	<b>60,511</b>	<b>68,207</b>	<b>87,472</b>	<b>99,524</b>	<b>106,604</b>
Net working capital	46,095	52,140	68,403	78,197	84,431
Invested capital	50,622	57,945	74,581	84,561	90,894
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	17.28	17.05	18.67	18.94	19.42
Tangible book value per share	17.28	17.05	18.67	18.94	19.42
<b>Financial strength</b>					
Net debt/equity (%)	32.7	53.5	98.0	120.7	130.7
Net debt/total assets (%)	20.5	29.3	41.8	46.0	47.8
Current ratio (x)	3.2	2.6	2.2	2.0	2.0
CF interest cover (x)	9.3	20.7	9.9	6.9	4.6
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>9.1</b>	<b>11.5</b>	<b>7.9</b>	<b>7.1</b>	<b>6.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>11.1</b>	<b>14.1</b>	<b>9.8</b>	<b>8.7</b>	<b>8.5</b>
Reported P/E (x)	9.1	11.5	7.9	7.1	6.9
Dividend yield (%)	4.4	4.4	6.0	6.3	5.8
Price/book (x)	1.3	1.3	1.2	1.2	1.2
Price/tangible book (x)	1.3	1.3	1.2	1.2	1.2
EV/EBITDA (x) **	9.5	13.0	11.3	11.0	10.6
EV/EBITDA @ target price (x) **	11.2	15.1	12.7	12.2	11.7
EV/invested capital (x)	1.2	1.2	1.1	1.1	1.1
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Supalai; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* 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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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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### ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Supalai	SPALI TB	THB 22.80	BUY	Downside risks to our P/E-derived TP 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.
AP (Thailand)	AP TB	THB 9.15	BUY	Downside risks to our P/E-based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
Land and Houses	LH TB	THB 8.55	BUY	Key risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
LPN Development	LPN TB	THB 5.10	HOLD	Upside risks to our TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Pruksa Holding	PSH TB	THB 13.80	BUY	Key downside risks to our P/E-based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Quality Houses	QH TB	THB 2.32	HOLD	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin. Key upside risks are a better-than-expected take-up rate of new launches, profitability expansions and faster-than-expected asset turnovers.

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

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All share prices are as at market close on 25-Oct-2021 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.