

# SUPALAI SPALI TB

THAILAND / REAL ESTATE

## BUY

  
 UNCHANGED

## Recovery remains on track

- SPALI's weak NP of THB1.2b, down 59% q-q, may be the bottom as the 59% y-y growth signifies improvement, in our view.
- Improving margins y-y across the board and large backlog of THB28.1b are key operational supports.
- Maintain BUY with 8.7x 2022E P/E-derived TP of THB28.

|                 |          |
|-----------------|----------|
| TARGET PRICE    | THB28.00 |
| CLOSE           | THB20.80 |
| UP/DOWNSIDE     | +34.6%   |
| TP vs CONSENSUS | +8.5%    |

### KEY STOCK DATA

| YE Dec (THB m)      | 2021   | 2022E  | 2023E  | 2024E  |
|---------------------|--------|--------|--------|--------|
| Revenue             | 29,160 | 32,203 | 34,439 | 35,462 |
| Net profit          | 7,070  | 6,248  | 6,443  | 6,076  |
| EPS (THB)           | 3.30   | 3.21   | 3.31   | 3.12   |
| vs Consensus (%)    | -      | 1.9    | 3.4    | (4.3)  |
| EBITDA              | 8,444  | 8,310  | 9,084  | 8,755  |
| Core net profit     | 7,070  | 6,248  | 6,443  | 6,076  |
| Core EPS (THB)      | 3.30   | 3.21   | 3.31   | 3.12   |
| EPS growth (%)      | 66.3   | (2.7)  | 3.1    | (5.7)  |
| Core P/E (x)        | 6.3    | 6.5    | 6.3    | 6.7    |
| Dividend yield (%)  | 6.0    | 6.9    | 6.4    | 6.0    |
| EV/EBITDA (x)       | 7.5    | 10.5   | 10.2   | 11.2   |
| Price/book (x)      | 1.1    | 1.1    | 1.1    | 1.1    |
| Net debt/Equity (%) | 42.5   | 120.7  | 130.7  | 140.6  |
| ROE (%)             | 18.0   | 15.8   | 17.2   | 15.9   |

### Recovery all but confirmed in 1Q22

SPALI posted a weak net profit of THB1.2b, down 59% q-q but up 59% y-y, 5% below Bloomberg's consensus estimate, due to lower-than-expected real estate sales. However, in our opinion, the 1Q22 earnings clearly indicate that the worst should be over for SPALI as its quarterly net profit has continued to improve y-y, reflected in the 59% y-y higher net profit in 1Q22. The gross margin was 39.2%, down from 40.3% in 4Q21 but up from 37.9% in 1Q21, indicating that SPALI is now in a recovery trend to sustain a high earnings level in 2022, in our view.

### Margins improved y-y across the board

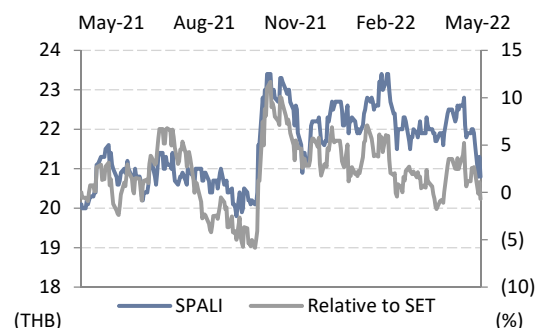
Margins improved y-y across the board, led by the gross margin at 39.2% (vs 37.9% in 1Q21), followed by the operating margin at 26.0% (vs 21.8%), the EBITDA margin at 26.5% (vs 22.5%), and recurring net profit margin at 21.7% (vs 20.2% in 1Q21). SG&A to sales dropped sharply y-y to 13.2% due to better cost control, though jumped from 10.1% in 4Q21 as a result of the 50% q-q lower sales to THB5.4b in 1Q22.

### Strong backlog in 2022

SPALI secured a large backlog of THB28.1b at the end of 1Q22, and the company expects to see up to a THB15.9b backlog transferred within the nine months in 2022 and THB12.3b in 2023-24. As a result, we think our revenue estimate of THB32.2b in 2022 should be achievable given the already secured THB15.9b out of the THB32.2b forecast. We also see a limited impact from the high inflation on SPALI as it has already completed many new construction projects. In 2022, SPALI has 7 finished condominium projects that will begin to be transferred starting in 2Q22, according to the company's guidance.

### Maintain BUY and our positive earnings outlook in 2022

We maintain BUY and our target price of THB28, pegged to 8.7x 2022E P/E, at +0.5SD of its 5-year average, which we think is justified by its strong earnings outlook. We like SPALI for its high earnings visibility and undemanding valuation. It has a well-developed new product segment to capture new customer trends in the post-Covid period, which should allow it to gain more market share and seek more growth, backed by its strong balance sheet.



| Share price performance        | 1 Month                   | 3 Month | 12 Month |
|--------------------------------|---------------------------|---------|----------|
| Absolute (%)                   | (7.1)                     | (9.6)   | 3.0      |
| Relative to country (%)        | (3.4)                     | (4.8)   | 0.8      |
| Mkt cap (USD m)                | 1,172                     |         |          |
| 3m avg. daily turnover (USD m) | 4.6                       |         |          |
| Free float (%)                 | 60                        |         |          |
| Major shareholder              | Tangmatitham Family (30%) |         |          |
| 12m high/low (THB)             | 23.60/19.00               |         |          |
| Issued shares (m)              | 2,145.69                  |         |          |

Sources: Bloomberg consensus; FSSIA estimates


**Suwat Sinsadok, CFA, FRM, ERP**

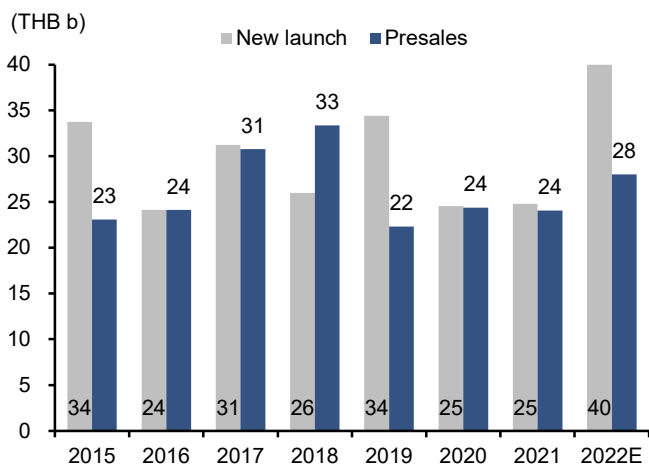
 suwat.sin@fssia.com  
 +66 2611 3558

## Exhibit 1: SPALI – summary of 1Q22 operations

| Year to Dec 31              | 1Q21         | 2Q21         | 3Q21         | 4Q21          | 1Q22         | Change       |              | 1Q22      | 2021          | 2022E         | Change       |
|-----------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------|---------------|---------------|--------------|
|                             | (THB m)      | (THB m)      | (THB m)      | (THB m)       | (THB m)      | (q-q%)       | (y-y%)       | (%22E)    | (THB m)       | (THB m)       | (y-y%)       |
| <b>Sales</b>                | <b>3,662</b> | <b>7,131</b> | <b>7,430</b> | <b>10,938</b> | <b>5,433</b> | <b>(50)</b>  | <b>48</b>    | <b>17</b> | <b>29,160</b> | <b>32,203</b> | <b>10</b>    |
| Gross profit                | 1,389        | 2,844        | 3,001        | 4,409         | 2,129        | (52)         | 53           | 17        | 11,642        | 12,242        | 5            |
| Operating costs             | (592)        | (784)        | (844)        | (1,101)       | (717)        | (35)         | 21           | 18        | (3,321)       | (4,057)       | 22           |
| <b>Operating profit</b>     | <b>797</b>   | <b>2,060</b> | <b>2,157</b> | <b>3,307</b>  | <b>1,412</b> | <b>(57)</b>  | <b>77</b>    | <b>17</b> | <b>8,321</b>  | <b>8,185</b>  | <b>(2)</b>   |
| Operating EBITDA            | 825          | 2,093        | 2,187        | 3,338         | 1,442        | (57)         | 75           | 17        | 8,444         | 8,310         | (2)          |
| Other income                | 103          | 105          | 92           | 187           | 105          | (44)         | 2            | 17        | 487           | 612           | 26           |
| Interest expense            | (65)         | (68)         | (64)         | (61)          | (59)         | (3)          | (9)          | 6         | (259)         | (972)         | 275          |
| <b>Profit before tax</b>    | <b>834</b>   | <b>2,097</b> | <b>2,185</b> | <b>3,434</b>  | <b>1,458</b> | <b>(58)</b>  | <b>75</b>    | <b>19</b> | <b>8,550</b>  | <b>7,825</b>  | <b>(8)</b>   |
| Tax                         | (235)        | (555)        | (456)        | (698)         | (322)        | (54)         | 37           | 19        | (1,943)       | (1,682)       | (13)         |
| Associates                  | 157          | 199          | 9            | 169           | 58           | (66)         | (63)         | 26        | 533           | 224           | (58)         |
| Reported net profit         | 741          | 1,730        | 1,720        | 2,879         | 1,178        | (59)         | 59           | 19        | 7,070         | 6,248         | (12)         |
| <b>Recurring net profit</b> | <b>741</b>   | <b>1,730</b> | <b>1,720</b> | <b>2,879</b>  | <b>1,178</b> | <b>(59)</b>  | <b>59</b>    | <b>19</b> | <b>7,070</b>  | <b>6,248</b>  | <b>(12)</b>  |
| EPS (THB)                   | 0.35         | 0.81         | 0.80         | 1.34          | 0.55         | (59)         | 59           | 17        | 3.30          | 3.21          | (3)          |
| Recurring EPS (THB)         | 0.35         | 0.81         | 0.80         | 1.34          | 0.55         | (59)         | 59           | 17        | 3.30          | 3.21          | (3)          |
| <b>Key Ratios (%)</b>       | <b>(%)</b>   | <b>(%)</b>   | <b>(%)</b>   | <b>(%)</b>    | <b>(%)</b>   | <b>(ppt)</b> | <b>(ppt)</b> |           | <b>(%)</b>    | <b>(%)</b>    | <b>(ppt)</b> |
| Gross margin                | 37.9         | 39.9         | 40.4         | 40.3          | 39.2         | (1.1)        | 1.3          |           | 39.9          | 38.0          | (1.9)        |
| Operating margin            | 21.8         | 28.9         | 29.0         | 30.2          | 26.0         | (4.2)        | 4.2          |           | 28.5          | 25.4          | (3.1)        |
| EBITDA margin               | 22.5         | 29.4         | 29.4         | 30.5          | 26.5         | (4.0)        | 4.0          |           | 29.0          | 25.8          | (3.2)        |
| Recurring net margin        | 20.2         | 24.3         | 23.1         | 26.3          | 21.7         | (4.6)        | 1.4          |           | 24.2          | 19.4          | (4.8)        |
| SG&A / Sales                | 16.2         | 11.0         | 11.4         | 10.1          | 13.2         | 3.1          | (3.0)        |           | 11.4          | 12.6          | 1.2          |
| Effective tax rate          | 28.1         | 26.5         | 20.9         | 20.3          | 22.1         | (0.5)        | 0.6          |           | 22.7          | 21.5          | (1.2)        |
| <b>Presales</b>             | <b>7,229</b> | <b>5,776</b> | <b>4,548</b> | <b>6,516</b>  | <b>8,852</b> | <b>36</b>    | <b>22</b>    |           |               |               |              |

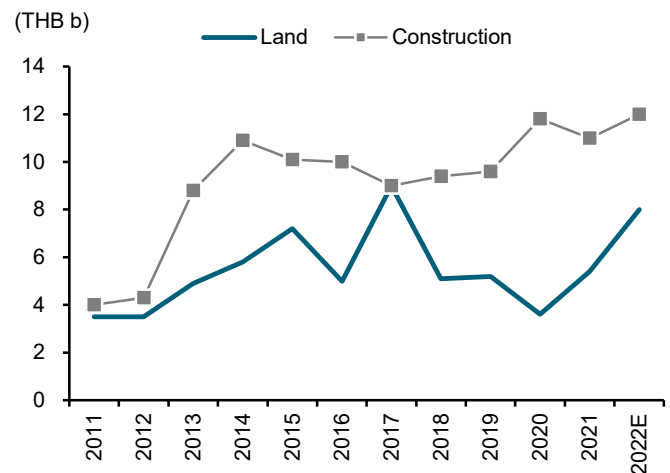
Sources: SPALI; FSSIA estimates

## Exhibit 2: New launch and presales



Source: SPALI estimates; FSSIA's compilation

## Exhibit 3: Capital expenditure



Sources: SPALI estimates

## Exhibit 4: SPALI's share buy-back program, current status

|   | (shares)    | (THB m)              | Average price (THB/share) |
|---|-------------|----------------------|---------------------------|
| Maximum number of shares repurchased                    | 200,000,000 |                      |                           |
| Cumulative number of shares repurchased                 | 194,938,600 |                      |                           |
| <b>Total buy-back during 12 Feb - 11 Aug 2020</b>       |             | <b>2,999,998,710</b> | <b>15.39</b>              |
| Number of shares resale                                 | 2,654,500   |                      |                           |
| <b>Total value resale to 10 May (to end 9 Jul 2023)</b> |             | <b>59,771,250</b>    | <b>22.52</b>              |
| Potential gain (%)                                      |             |                      | 46                        |

Sources: SET; FSSIA's compilation

## Financial Statements

Supalai

| Profit and Loss (THB m) Year Ending Dec           | 2020         | 2021          | 2022E         | 2023E         | 2024E         |
|---|--------------|---------------|---------------|---------------|---------------|
| Revenue   | 20,588       | 29,160        | 32,203        | 34,439        | 35,462        |
| Cost of goods sold                                | (12,636)     | (17,395)      | (19,836)      | (21,150)      | (22,376)      |
| <b>Gross profit</b>                               | <b>7,952</b> | <b>11,765</b> | <b>12,367</b> | <b>13,289</b> | <b>13,086</b> |
| Other operating income                            | 0            | 0             | 0             | 0             | 0             |
| Operating costs                                   | (2,589)      | (3,321)       | (4,057)       | (4,205)       | (4,331)       |
| <b>Operating EBITDA</b>                           | <b>5,363</b> | <b>8,444</b>  | <b>8,310</b>  | <b>9,084</b>  | <b>8,755</b>  |
| Depreciation                                      | (117)        | (123)         | (124)         | (129)         | (134)         |
| Goodwill amortisation                             | 0            | 0             | 0             | 0             | 0             |
| <b>Operating EBIT</b>                             | <b>5,246</b> | <b>8,321</b>  | <b>8,185</b>  | <b>8,955</b>  | <b>8,621</b>  |
| Net financing costs                               | (242)        | (259)         | (972)         | (1,539)       | (1,703)       |
| Associates  | 209          | 533           | 224           | 235           | 247           |
| Recurring non-operating income                    | 590          | 1,020         | 836           | 890           | 921           |
| Non-recurring items                               | 0            | 0             | 0             | 0             | 0             |
| <b>Profit before tax</b>                          | <b>5,594</b> | <b>9,083</b>  | <b>8,049</b>  | <b>8,306</b>  | <b>7,839</b>  |
| Tax   | (1,266)      | (1,943)       | (1,682)       | (1,735)       | (1,632)       |
| <b>Profit after tax</b>                           | <b>4,327</b> | <b>7,139</b>  | <b>6,367</b>  | <b>6,571</b>  | <b>6,207</b>  |
| Minority interests                                | (76)         | (69)          | (119)         | (127)         | (131)         |
| Preferred dividends                               | 0            | 0             | 0             | 0             | 0             |
| Other items                                       | 0            | 0             | 0             | 0             | 0             |
| <b>Reported net profit</b>                        | <b>4,251</b> | <b>7,070</b>  | <b>6,248</b>  | <b>6,443</b>  | <b>6,076</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>4,251</b> | <b>7,070</b>  | <b>6,248</b>  | <b>6,443</b>  | <b>6,076</b>  |
| <b>Per share (THB)</b>                            |              |               |               |               |               |
| Recurring EPS *                                   | 1.98         | 3.30          | 3.21          | 3.31          | 3.12          |
| Reported EPS                                      | 1.98         | 3.30          | 3.21          | 3.31          | 3.12          |
| DPS   | 1.00         | 1.25          | 1.44          | 1.32          | 1.25          |
| Diluted shares (used to calculate per share data) | 2,146        | 2,146         | 1,948         | 1,948         | 1,948         |
| <b>Growth</b>                                     |              |               |               |               |               |
| Revenue (%)                                       | (12.6)       | 41.6          | 10.4          | 6.9           | 3.0           |
| Operating EBITDA (%)                              | (18.0)       | 57.4          | (1.6)         | 9.3           | (3.6)         |
| Operating EBIT (%)                                | (18.3)       | 58.6          | (1.6)         | 9.4           | (3.7)         |
| Recurring EPS (%)                                 | (21.3)       | 66.3          | (2.7)         | 3.1           | (5.7)         |
| Reported EPS (%)                                  | (21.3)       | 66.3          | (2.7)         | 3.1           | (5.7)         |
| <b>Operating performance</b>                      |              |               |               |               |               |
| Gross margin inc. depreciation (%)                | 38.1         | 39.9          | 38.0          | 38.2          | 36.5          |
| Gross margin of key business (%)                  | 38.1         | 40.0          | 39.0          | 38.2          | 36.5          |
| Operating EBITDA margin (%)                       | 26.0         | 29.0          | 25.8          | 26.4          | 24.7          |
| Operating EBIT margin (%)                         | 25.5         | 28.5          | 25.4          | 26.0          | 24.3          |
| Net margin (%)                                    | 20.6         | 24.2          | 19.4          | 18.7          | 17.1          |
| Effective tax rate (%)                            | 23.5         | 22.7          | 21.5          | 21.5          | 21.5          |
| Dividend payout on recurring profit (%)           | 50.4         | 37.9          | 45.0          | 40.0          | 40.0          |
| Interest cover (X)                                | 24.1         | 36.1          | 9.3           | 6.4           | 5.6           |
| Inventory days                                    | 1,638.9      | 1,280.5       | 1,399.3       | 1,611.9       | 1,632.4       |
| Debtor days                                       | 0.6          | 0.6           | 0.4           | 0.3           | 0.3           |
| Creditor days                                     | 68.6         | 51.4          | 57.2          | 66.9          | 67.1          |
| Operating ROIC (%)                                | 7.9          | 11.6          | 9.4           | 8.5           | 7.6           |
| ROIC (%)  | 8.2          | 12.0          | 9.7           | 8.8           | 8.0           |
| ROE (%)   | 11.5         | 18.0          | 15.8          | 17.2          | 15.9          |
| ROA (%)   | 7.0          | 10.5          | 8.3           | 7.5           | 6.9           |
| * Pre exceptional, pre-goodwill and fully diluted |              |               |               |               |               |
| <b>Revenue by Division (THB m)</b>                |              |               |               |               |               |
| Real estate                                       | 20,336       | 28,938        | 32,003        | 34,243        | 35,270        |
| Rentals & Services                                | 252          | 222           | 200           | 196           | 192           |

Sources: Supalai; FSSIA estimates

## Financial Statements

Supalai

| Cash Flow (THB m) Year Ending Dec | 2020           | 2021           | 2022E          | 2023E        | 2024E        |
|-----------------------------------|----------------|----------------|----------------|--------------|--------------|
| Recurring net profit              | 4,251          | 7,070          | 6,248          | 6,443        | 6,076        |
| Depreciation                      | 117            | 123            | 124            | 129          | 134          |
| Associates & minorities           | (23)           | (29)           | 0              | 0            | 0            |
| Other non-cash items              | (112)          | (220)          | 397            | (44)         | (58)         |
| Change in working capital         | (6,045)        | (3,519)        | (9,793)        | (6,234)      | (5,931)      |
| <b>Cash flow from operations</b>  | <b>(1,811)</b> | <b>3,425</b>   | <b>(3,025)</b> | <b>294</b>   | <b>221</b>   |
| Capex - maintenance               | 0              | 0              | (109)          | (114)        | (120)        |
| Capex - new investment            | 0              | 0              | 0              | 0            | 0            |
| Net acquisitions & disposals      | (1,240)        | (401)          | (95)           | (54)         | (25)         |
| Other investments (net)           | 188            | 289            | (278)          | 171          | 189          |
| <b>Cash flow from investing</b>   | <b>(1,052)</b> | <b>(112)</b>   | <b>(482)</b>   | <b>3</b>     | <b>45</b>    |
| Dividends paid                    | (2,143)        | (2,679)        | (2,811)        | (2,577)      | (2,430)      |
| Equity finance                    | (2,615)        | 1,099          | (2,919)        | (2,919)      | (2,919)      |
| Debt finance                      | 7,635          | (1,442)        | 9,278          | 5,241        | 5,127        |
| Other financing cash flows        | 0              | 0              | 0              | 0            | 0            |
| <b>Cash flow from financing</b>   | <b>2,877</b>   | <b>(3,022)</b> | <b>3,548</b>   | <b>(255)</b> | <b>(222)</b> |
| Non-recurring cash flows          | -              | -              | 0              | 0            | 0            |
| 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>13</b>      | <b>291</b>     | <b>41</b>      | <b>42</b>    | <b>44</b>    |
| Free cash flow to firm (FCFF)     | (2,621.04)     | 3,572.30       | (2,534.44)     | 1,836.87     | 1,968.17     |
| Free cash flow to equity (FCFE)   | 4,771.22       | 1,871.25       | 5,771.40       | 5,538.51     | 5,392.84     |

### Per share (THB)

|                               |        |      |        |      |      |
|-------------------------------|--------|------|--------|------|------|
| FCFF per share                | (1.22) | 1.66 | (1.18) | 0.86 | 0.92 |
| FCFE per share                | 2.22   | 0.87 | 2.69   | 2.58 | 2.51 |
| Recurring cash flow per share | 1.97   | 3.24 | 3.47   | 3.35 | 3.16 |

| Balance Sheet (THB m) Year Ending Dec             | 2020          | 2021          | 2022E         | 2023E          | 2024E          |
|---|---------------|---------------|---------------|----------------|----------------|
| Tangible fixed assets (gross)                     | 2,787         | 2,850         | 2,999         | 3,114          | 3,233          |
| Less: Accumulated depreciation                    | (1,247)       | (1,346)       | (1,492)       | (1,621)        | (1,754)        |
| <b>Tangible fixed assets (net)</b>                | <b>1,540</b>  | <b>1,505</b>  | <b>1,508</b>  | <b>1,493</b>   | <b>1,479</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              | 3,220         | 4,404         | 3,220         | 3,220          | 3,220          |
| Cash & equivalents                                | 1,334         | 1,626         | 1,416         | 1,458          | 1,502          |
| A/C receivable                                    | 47            | 51            | 26            | 28             | 29             |
| Inventories                                       | 59,945        | 62,104        | 89,990        | 96,808         | 103,334        |
| Other current assets                              | 1,074         | 1,407         | 1,728         | 1,848          | 1,902          |
| <b>Current assets</b>                             | <b>62,401</b> | <b>65,188</b> | <b>93,160</b> | <b>100,142</b> | <b>106,767</b> |
| Other assets                                      | 1,046         | 336           | 1,636         | 1,750          | 1,802          |
| <b>Total assets</b>                               | <b>68,207</b> | <b>71,432</b> | <b>99,524</b> | <b>106,604</b> | <b>113,268</b> |
| Common equity                                     | 36,579        | 42,070        | 36,889        | 37,837         | 38,563         |
| Minorities etc.                                   | 817           | 857           | 1,040         | 1,167          | 1,298          |
| <b>Total shareholders' equity</b>                 | <b>37,396</b> | <b>42,926</b> | <b>37,929</b> | <b>39,004</b>  | <b>39,862</b>  |
| Long term debt                                    | 6,376         | 3,976         | 14,752        | 16,390         | 17,993         |
| Other long-term liabilities                       | 552           | 713           | 864           | 924            | 951            |
| <b>Long-term liabilities</b>                      | <b>6,928</b>  | <b>4,689</b>  | <b>15,616</b> | <b>17,314</b>  | <b>18,945</b>  |
| A/C payable                                       | 2,434         | 2,469         | 3,752         | 4,000          | 4,231          |
| Short term debt                                   | 14,956        | 15,913        | 32,431        | 36,034         | 39,558         |
| Other current liabilities                         | 6,493         | 5,435         | 9,795         | 10,252         | 10,672         |
| <b>Current liabilities</b>                        | <b>23,882</b> | <b>23,817</b> | <b>45,979</b> | <b>50,286</b>  | <b>54,461</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>68,207</b> | <b>71,432</b> | <b>99,524</b> | <b>106,604</b> | <b>113,268</b> |
| Net working capital                               | 52,140        | 55,659        | 78,197        | 84,431         | 90,362         |
| Invested capital                                  | 57,945        | 61,903        | 84,561        | 90,894         | 96,863         |

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

### Per share (THB)

|                               |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|
| Book value per share          | 17.05 | 19.61 | 18.94 | 19.42 | 19.79 |
| Tangible book value per share | 17.05 | 19.61 | 18.94 | 19.42 | 19.79 |

### Financial strength

|                           |      |      |       |       |       |
|---------------------------|------|------|-------|-------|-------|
| Net debt/equity (%)       | 53.5 | 42.5 | 120.7 | 130.7 | 140.6 |
| Net debt/total assets (%) | 29.3 | 25.6 | 46.0  | 47.8  | 49.5  |
| Current ratio (x)         | 2.6  | 2.7  | 2.0   | 2.0   | 2.0   |
| CF interest cover (x)     | 20.7 | 8.2  | 6.9   | 4.6   | 4.2   |

| Valuation                                 | 2020        | 2021       | 2022E      | 2023E      | 2024E      |
|---|-------------|------------|------------|------------|------------|
| <b>Recurring P/E (x) *</b>                | <b>10.5</b> | <b>6.3</b> | <b>6.5</b> | <b>6.3</b> | <b>6.7</b> |
| <b>Recurring P/E @ target price (x) *</b> | <b>14.1</b> | <b>8.5</b> | <b>8.7</b> | <b>8.5</b> | <b>9.0</b> |
| Reported P/E (x)                          | 10.5        | 6.3        | 6.5        | 6.3        | 6.7        |
| Dividend yield (%)                        | 4.8         | 6.0        | 6.9        | 6.4        | 6.0        |
| Price/book (x)                            | 1.2         | 1.1        | 1.1        | 1.1        | 1.1        |
| Price/tangible book (x)                   | 1.2         | 1.1        | 1.1        | 1.1        | 1.1        |
| EV/EBITDA (x) **                          | 12.2        | 7.5        | 10.5       | 10.2       | 11.2       |
| EV/EBITDA @ target price (x) **           | 15.1        | 9.4        | 12.2       | 11.7       | 12.8       |
| EV/invested capital (x)                   | 1.1         | 1.0        | 1.0        | 1.0        | 1.0        |

\* 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   | PCSGH | PDJ    | PG     | 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   | TRC    | TSC    | TSR    | TSTE   | TSTH   |
| 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  | MITISB | 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)  |

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

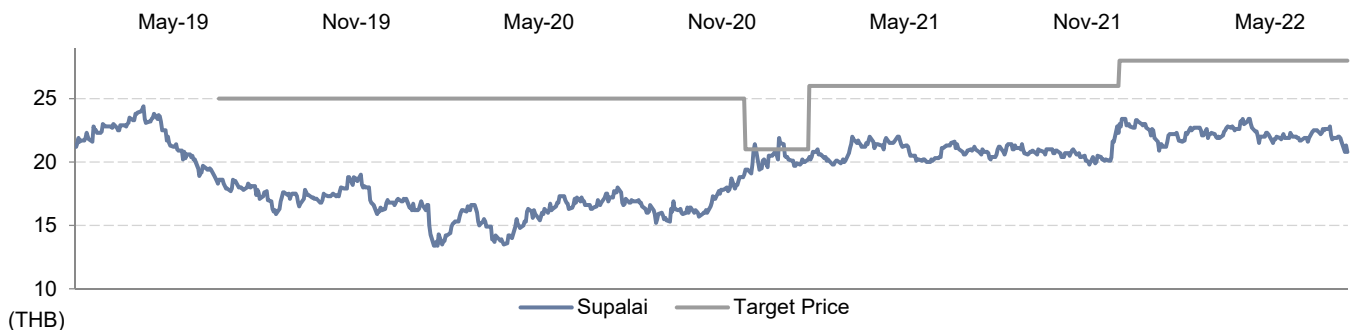
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

### 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        | 01-Feb-2021 | BUY    | 26.00        | -    | -      | -            |
| 08-Dec-2020 | BUY    | 21.00        | 26-Oct-2021 | BUY    | 28.00        |      |        |              |

Suwat Sinsadok, CFA, FRM, ERP 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 20.80 | 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. |

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 11-May-2022 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.