

21 FEBRUARY 2024

EQUITY RESEARCH – RESULTS FLASH

# SUPALAI SPALI TB

THAILAND / PROPERTY DEVELOPMENT

**FINANSIA**  
FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



**BUY**

UNCHANGED

## 4Q23 results at first glance

4Q23 profit beat our estimate by 12% due to lower SG&A

### Highlights

- SPALI reported a 4Q23 net profit of THB2b (+69% q-q, -7% y-y), beating our estimate and the Bloomberg consensus forecast by 12% due to lower-than-expected SG&A.
- The q-q improvement in 4Q23 profit was due mainly to the increase in transfers, which came in at THB10b (+41% q-q, +4% y-y), split 70:30 between low-rise and condo transfers. Low-rise transfers jumped by 60% q-q and 22% y-y to THB7b, driven by Australia projects. Meanwhile, condo transfers were at THB3b, up 10% q-q but down 23% y-y due to fewer newly built condos.
- We are disappointed in its 4Q23 property gross margin, which was lower at 34.8% (vs 36.6% in 3Q23 and 37.6% in 4Q22), below our forecast of 36%. This was pressured by the increasing proportion of Australia project transfers, which had a low margin.
- The profit sharing from JV projects totaled THB49m in 4Q23, up from THB4m in 3Q23, but down from THB165m in 4Q22 due to fewer transfers.
- SPALI's 2023 earnings amounted to THB6b (-27% y-y). The company has announced a DPS of THB0.75 for its performance in 2H23, implying a dividend yield of 3.8%. The stock's XD is on 7 May 2024 and the dividend will be paid on 21 May 2024.

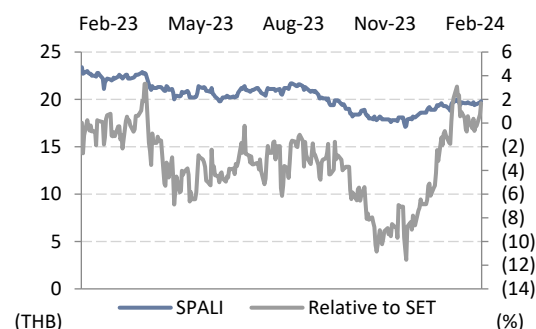
### Outlook

- We reaffirm our 2024E profit of THB6.6b (+10% y-y) following the increase in transfers from both SPALI and JV projects in Australia.
- SPALI's transfers should be supported by the realization from five newly built condos and its aggressive new launch plan. Meanwhile, SPALI had a backlog of THB15.7b at end-2023. Of that, it will book THB13.5b this year, which is enough to secure 40% of our 2024 transfer estimate at THB33.5b (+9% y-y).
- JV transfers should grow with the addition of 12 new residential projects in Australia, which might recognize profit sharing in 2Q24 onwards.
- We expect 1Q24 performance might drop q-q to be the bottom of the year, but it should ramp up in 2Q24 following four newly built condos in 1H24, such as Supalai Icon Sathorn (worth THB12b, 22% sold) and Supalai Premier Samsen-Ratchawat (THB1.6b, 61% sold).
- We maintain our TP of THB24 and our BUY rating premised on a recovery in 2024 earnings from the low base. Additionally, the stock is trading on a 2024E P/E of 5.9x, below its historical average of 6.6x. The positive 4Q23 results should boost the share price in the short term.

TARGET PRICE	THB24.00
CLOSE	THB19.80
UP/DOWNSIDE	+21.2%
PRIOR TP	THB24.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+3.3%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	31,177	33,869	32,360	33,868
Net profit	5,989	6,589	6,197	6,480
EPS (THB)	3.07	3.37	3.17	3.32
vs Consensus (%)	-	11.3	(7.9)	(7.8)
EBITDA	7,386	8,007	7,415	7,776
Recurring net profit	5,989	6,589	6,197	6,480
Core EPS (THB)	3.07	3.37	3.17	3.32
Chg. In EPS est. (%)	nm	(0.3)	0.0	nm
EPS growth (%)	(26.7)	10.0	(6.0)	4.6
Core P/E (x)	6.5	5.9	6.2	6.0
Dividend yield (%)	3.7	7.6	7.3	7.6
EV/EBITDA (x)	8.4	7.8	8.2	7.5
Price/book (x)	0.8	0.7	0.7	0.6
Net debt/Equity (%)	43.6	41.1	35.2	29.7
ROE (%)	12.4	12.6	11.1	10.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.6	8.8	(17.5)
Relative to country (%)	2.7	11.8	(1.0)
Mkt cap (USD m)	1,072		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	60		
Major shareholder	Tangmatitham Family (30%)		
12m high/low (THB)	24.30/17.10		
Issued shares (m)	1,953.05		

Sources: Bloomberg consensus; FSSIA estimates



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## Exhibit 1: SPALI - 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	9,723	5,734	8,165	7,166	10,111	41	4
Cost of sales	6,071	3,638	5,306	4,546	6,580	45	8
Gross profit	3,652	2,096	2,859	2,620	3,531	35	(3)
SG&A	1,248	815	957	982	1,103	12	(12)
Operating profit	4,900	2,911	3,816	3,602	4,634	29	(5)
Other income	323	168	279	26	169	550	(48)
Interest expense	81	96	103	137	132	(4)	62
Profit before tax	2,646	1,353	2,078	1,527	2,465	61	(7)
Tax	596	318	483	327	459	40	(23)
Associates	165	66	127	4	49	1,168	(70)
Reported net profit	2,171	1,080	1,701	1,191	2,018	69	(7)
Normalized profit	2,171	1,080	1,701	1,191	2,018	69	(7)
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	37.6	36.4	35.0	36.6	34.8	(1.7)	(2.7)
Gross margin	37.6	36.6	35.0	36.6	34.9	(1.6)	(2.6)
Operating margin	50.4	50.8	46.7	50.3	45.8	(4.4)	(4.6)
Net profit margin	22.3	18.8	20.8	16.6	20.0	3.3	(2.4)
Normalized profit margin	22.3	18.8	20.8	16.6	20.0	3.3	(2.4)
<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>9,646</b>	<b>5,641</b>	<b>8,089</b>	<b>7,089</b>	<b>10,017</b>	<b>41</b>	<b>4</b>
-- Low-rise	5,795	3,893	5,015	4,395	7,049	60	22
-- High-rise	3,851	1,749	3,074	2,694	2,968	10	(23)

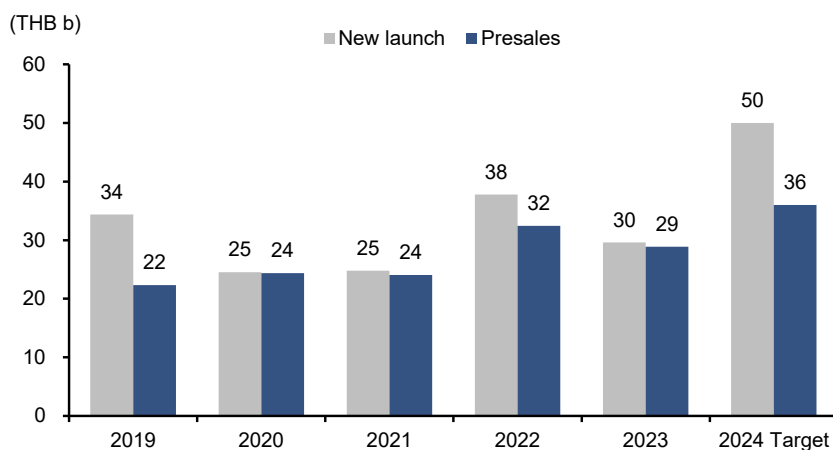
Sources: SPALI; FSSIA's compilation

## Exhibit 2: Condo values to be transferred in 2024



Source: SPALI

## Exhibit 3: Yearly new launches and presales



Sources: SPALI; FSSIA's compilation

## Financial Statements

### Supalai

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	34,486	31,177	33,869	32,360	33,868
Cost of goods sold	(21,070)	(20,071)	(21,650)	(20,746)	(21,714)
<b>Gross profit</b>	<b>13,416</b>	<b>11,106</b>	<b>12,219</b>	<b>11,613</b>	<b>12,155</b>
Other operating income	0	0	0	0	0
Operating costs	(4,029)	(3,857)	(4,346)	(4,336)	(4,523)
<b>Operating EBITDA</b>	<b>9,514</b>	<b>7,386</b>	<b>8,007</b>	<b>7,415</b>	<b>7,776</b>
Depreciation	(127)	(138)	(133)	(138)	(144)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>9,387</b>	<b>7,249</b>	<b>7,874</b>	<b>7,277</b>	<b>7,631</b>
Net financing costs	(277)	(467)	(450)	(366)	(349)
Associates	390	247	450	450	450
Recurring non-operating income	1,405	888	1,080	1,080	1,080
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>10,515</b>	<b>7,670</b>	<b>8,504</b>	<b>7,991</b>	<b>8,363</b>
Tax	(2,212)	(1,586)	(1,812)	(1,697)	(1,780)
<b>Profit after tax</b>	<b>8,303</b>	<b>6,083</b>	<b>6,691</b>	<b>6,295</b>	<b>6,582</b>
Minority interests	(130)	(94)	(102)	(98)	(102)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>8,173</b>	<b>5,989</b>	<b>6,589</b>	<b>6,197</b>	<b>6,480</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>8,173</b>	<b>5,989</b>	<b>6,589</b>	<b>6,197</b>	<b>6,480</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.18	3.07	3.37	3.17	3.32
Reported EPS	4.18	3.07	3.37	3.17	3.32
DPS	1.45	0.73	1.50	1.45	1.50
Diluted shares (used to calculate per share data)	1,953	1,953	1,953	1,953	1,953
<b>Growth</b>					
Revenue (%)	18.3	(9.6)	8.6	(4.5)	4.7
Operating EBITDA (%)	12.7	(22.4)	8.4	(7.4)	4.9
Operating EBIT (%)	12.8	(22.8)	8.6	(7.6)	4.9
Recurring EPS (%)	27.0	(26.7)	10.0	(6.0)	4.6
Reported EPS (%)	27.0	(26.7)	10.0	(6.0)	4.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	38.9	35.6	36.1	35.9	35.9
Gross margin exc. depreciation (%)	39.3	36.1	36.5	36.3	36.3
Operating EBITDA margin (%)	27.6	23.7	23.6	22.9	23.0
Operating EBIT margin (%)	27.2	23.3	23.2	22.5	22.5
Net margin (%)	23.7	19.2	19.5	19.2	19.1
Effective tax rate (%)	21.8	21.4	22.5	22.5	22.5
Dividend payout on recurring profit (%)	34.6	23.6	44.5	45.6	45.1
Interest cover (X)	39.0	17.4	19.9	22.9	25.0
Inventory days	1,113.5	1,252.5	1,246.0	1,355.1	1,319.9
Debtor days	0.5	0.6	0.7	0.7	0.7
Creditor days	47.1	56.1	56.5	60.1	57.5
Operating ROIC (%)	12.3	8.8	8.8	7.8	8.0
ROIC (%)	12.6	8.8	9.0	8.1	8.3
ROE (%)	18.5	12.4	12.6	11.1	10.9
ROA (%)	11.3	7.8	8.0	7.4	7.5

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Real estate	34,222	30,836	33,512	31,984	33,475
Rentals & Services	264	340	357	375	394

Sources: Supalai; FSSIA estimates

## Financial Statements

### Supalai

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	8,173	5,989	6,589	6,197	6,480
Depreciation	127	138	133	138	144
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(5,013)	(5,562)	(3,531)	(1,727)	(1,224)
<b>Cash flow from operations</b>	<b>3,288</b>	<b>565</b>	<b>3,192</b>	<b>4,608</b>	<b>5,400</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(4,608)	-	(627)	-	-
Net acquisitions & disposals	-	2,190	-	189	(458)
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(4,608)</b>	<b>2,190</b>	<b>(627)</b>	<b>189</b>	<b>(458)</b>
Dividends paid	(5,111)	(2,476)	(2,932)	(2,826)	(2,923)
Equity finance	1,474	488	102	98	102
Debt finance	4,646	2,628	(2,164)	(2,150)	(1,068)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>1,010</b>	<b>641</b>	<b>(4,994)</b>	<b>(4,878)</b>	<b>(3,888)</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>(311)</b>	<b>3,396</b>	<b>(2,429)</b>	<b>(81)</b>	<b>1,054</b>
Free cash flow to firm (FCFF)	(1,043.62)	3,222.83	3,015.23	5,162.66	5,290.89
Free cash flow to equity (FCFE)	3,325.97	5,383.69	400.98	2,647.06	3,874.87

#### Per share (THB)

FCFF per share	(0.53)	1.65	1.54	2.64	2.71
FCFE per share	1.70	2.76	0.21	1.36	1.98
Recurring cash flow per share	4.25	3.14	3.44	3.24	3.39

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	2,970	3,015	3,131	3,259	3,401
Less: Accumulated depreciation	(1,444)	(1,555)	(1,689)	(1,827)	(1,971)
<b>Tangible fixed assets (net)</b>	<b>1,527</b>	<b>1,459</b>	<b>1,443</b>	<b>1,432</b>	<b>1,429</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	8,863	6,602	7,113	6,795	7,112
Cash & equivalents	1,315	4,711	2,282	2,200	3,255
A/C receivable	38	60	68	65	68
Inventories	65,675	71,125	75,778	77,245	78,755
Other current assets	2,065	1,838	1,863	1,780	1,863
<b>Current assets</b>	<b>69,093</b>	<b>77,734</b>	<b>79,990</b>	<b>81,290</b>	<b>83,940</b>
Other assets	441	330	339	324	339
<b>Total assets</b>	<b>79,924</b>	<b>86,126</b>	<b>88,884</b>	<b>89,841</b>	<b>92,820</b>
Common equity	46,514	50,475	54,132	57,503	61,061
Minorities etc.	949	990	1,092	1,189	1,291
<b>Total shareholders' equity</b>	<b>47,463</b>	<b>51,465</b>	<b>55,224</b>	<b>58,693</b>	<b>62,352</b>
Long term debt	3,886	6,684	6,250	6,083	5,602
Other long-term liabilities	804	819	866	830	869
<b>Long-term liabilities</b>	<b>4,690</b>	<b>7,504</b>	<b>7,116</b>	<b>6,912</b>	<b>6,471</b>
A/C payable	2,939	3,192	3,464	3,319	3,474
Short term debt	20,650	20,480	18,750	16,768	16,180
Other current liabilities	4,182	3,486	4,330	4,149	4,343
<b>Current liabilities</b>	<b>27,772</b>	<b>27,157</b>	<b>26,544</b>	<b>24,236</b>	<b>23,997</b>
<b>Total liabilities and shareholders' equity</b>	<b>79,924</b>	<b>86,126</b>	<b>88,884</b>	<b>89,841</b>	<b>92,820</b>
Net working capital	60,657	66,346	69,914	71,620	72,868
Invested capital	71,488	74,737	78,808	80,172	81,749

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

#### Per share (THB)

Book value per share	23.82	25.84	27.72	29.44	31.26
Tangible book value per share	23.82	25.84	27.72	29.44	31.26

#### Financial strength

Net debt/equity (%)	48.9	43.6	41.1	35.2	29.7
Net debt/total assets (%)	29.1	26.1	25.6	23.0	20.0
Current ratio (x)	2.5	2.9	3.0	3.4	3.5
CF interest cover (x)	29.7	12.5	3.3	8.2	12.1

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>4.7</b>	<b>6.5</b>	<b>5.9</b>	<b>6.2</b>	<b>6.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>5.7</b>	<b>7.8</b>	<b>7.1</b>	<b>7.6</b>	<b>7.2</b>
Reported P/E (x)	4.7	6.5	5.9	6.2	6.0
Dividend yield (%)	7.3	3.7	7.6	7.3	7.6
Price/book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.6
EV/EBITDA (x) **	6.6	8.4	7.8	8.2	7.5
EV/EBITDA @ target price (x) **	7.5	9.5	8.8	9.3	8.6
EV/invested capital (x)	0.9	0.8	0.8	0.8	0.7

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

Sources: Supalai; FSSIA estimates

# Supalai PCL (SPALI TB)

## FSSIA ESG rating


**59.80 /100**

### Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

### Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AP	53.36	--	Y	Y	5.00	5.00	Certified	Low	43.30	--	--	16.91	24.00	1.89	34.26
ASW	27.00	--	Y	Y	5.00	4.00	Declared	--	--	--	--	--	--	--	--
BRI	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
NOBLE	30.88	--	Y	Y	5.00	5.00	Certified	--	--	--	--	--	7.00	--	--
ORI	53.22	--	Y	Y	5.00	5.00	Certified	Medium	41.33	--	--	48.60	--	3.82	52.01
SC	60.14	--	Y	Y	5.00	4.00	Certified	Low	45.20	--	--	70.85	25.00	2.34	42.60
SIRI	66.14	--	Y	Y	5.00	5.00	Certified	Low	43.82	A	--	57.85	23.00	3.00	61.14
SPALI	59.80	--	Y	Y	5.00	5.00	Certified	Low	52.93	BB	--	36.30	24.00	2.19	42.36

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.80</b>	<b>2.22</b>	<b>2.06</b>	<b>2.11</b>	<b>2.06</b>	<b>2.05</b>	<b>1.98</b>	<b>2.19</b>
BESG environmental pillar score	0.00	0.67	0.67	0.67	0.67	0.67	0.71	1.14
BESG social pillar score	5.95	5.91	3.67	3.67	3.67	3.67	3.67	3.67
BESG governance pillar score	4.06	3.78	3.93	4.12	3.95	3.92	3.60	3.37
<b>ESG disclosure score</b>	<b>40.17</b>	<b>41.80</b>	<b>41.62</b>	<b>41.62</b>	<b>41.62</b>	<b>41.73</b>	<b>42.11</b>	<b>42.36</b>
Environmental disclosure score	14.80	16.49	16.49	16.49	16.49	16.82	17.97	17.97
Social disclosure score	21.95	25.15	24.61	24.61	24.61	24.61	24.61	25.36
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	83.59	83.59
<b>Environmental</b>								
Emissions reduction initiatives	No	No	No	No	No	No	Yes	Yes
Climate change policy	No	No	No	No	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	—	—	—	—	—
GHG scope 2 location-based	—	—	—	—	—	—	—	—
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	No	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	49	47	47	48	48	48	49	49
Pct disabled in workforce	0	0	0	0	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	1	1	1	1	0	0	0	—
Training policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	924	1,061	1,383	1,495	1,558	1,617	1,645	1,725
Employee turnover pct	—	12	12	11	10	7	10	11
Total hours spent by firm - employee training	25,253	28,997	36,318	39,677	39,168	35,234	12,091	80,454
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
Board size	11	11	11	10	10	10	10	10
No. of independent directors (ID)	5	5	5	4	4	4	4	4
No. of women on board	1	1	1	1	1	1	1	1
No. of non-executive directors on board	7	7	7	6	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	13	12	13	12	12
Board meeting attendance pct	96	98	99	99	99	99	100	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	37	38	39	40	41	42	43	44
Age of the oldest director	73	74	77	78	79	80	81	82
No. of executives / company managers	9	10	12	10	14	14	13	13
No. of female executives	3	3	4	4	5	5	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	12	12	12	12	12	12	12	12
Audit meeting attendance %	92	100	100	100	94	100	97	97
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	2	2	2	2	1	1	2	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	2	2	2	2	1	1	2	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

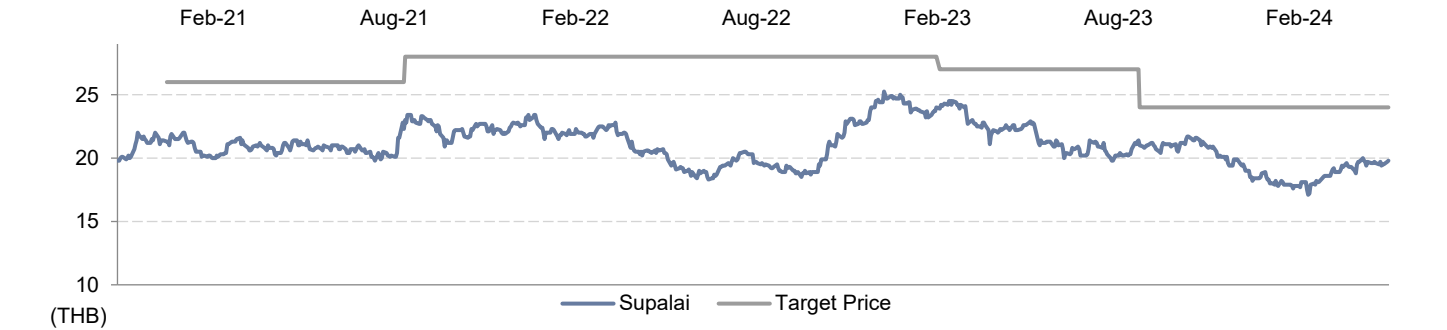
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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
02-Apr-2021	BUY	26.00	27-Jan-2023	BUY	27.00	-	-	-
26-Oct-2021	BUY	28.00	20-Jul-2023	BUY	24.00			

Thanyatorn Songwutti started covering this stock from 27-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Supalai	SPALI TB	THB 19.80	BUY	Downside risks to our P/E TP include 1) a more sluggish economy and property market than expected, 2) a lower-than-expected take-up rate and slower introduction of new projects than planned, 3) the interest rate uptrend, which would affect purchasing power, 4) a higher rejection rate and customers' cancellation, 5) construction delay and labor shortages, 6) fierce competition, and 7) weaker operating performance from the Australian projects than expected.

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.

All share prices are as at market close on 20-Feb-2024 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.