

# SUPALAI SPALI TB

## THAILAND / PROPERTY DEVELOPMENT

BUY

FROM HOLD

TARGET PRICE	THB18.80
CLOSE	THB15.10
UP/DOWNSIDE	+24.5%
PRIOR TP	THB18.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-9.9%

### กำไร 2Q24 ตามคาด ทิศทาง 3Q24 เร่งขึ้น

- กำไร 2Q24 ตามคาด -6% y-y แต่ +161% q-q จากการเริ่มโอนคอนโดใหม่ 3 แห่ง
- แนวโน้มกำไร 3Q24 คาดโต q-q, y-y เป็นจุดสูงสุดของปี จากการโอนต่อเนื่องจาก 2Q24 และมีคอนโดสร้างเสร็จใหม่ 1 แห่ง รวมถึง Backlog แนวราบ 8 พันล้านบาท
- ปรับเพิ่มคำแนะนำเป็นซื้อ ราคาเหมาะสม 18.80 บาท

### กำไร 2Q24 ตามคาด พื้นตัว q-q แต่ลดลงเล็กน้อย y-y

SPALI รายงานกำไรสุทธิ 2Q24 เท่ากับ 1.6 พันล้านบาท (+161% q-q, -6% y-y) ไกล่เคียงเราและตลาดคาด ตามทิศทางยอดโอน +76% q-q, -3% y-y ที่ 7.86 พันล้านบาท (แนวราบ 69% และคอนโด 31%) โดยแนวราบ +57% q-q, +8% y-y หลักๆจากการเติบโตของโครงการในออสเตรเลีย ส่วนคอนโด -21% y-y แต่ +137% q-q จากการเริ่มโอนคอนโดใหม่ 3 แห่งในปลายไตรมาสอย่าง Supalai Icon Sathorn, Supalai Premier Samsen-Ratchawat และ City Home Sanambinnam Rattanathibet

### คอนโดใหม่หนุนมาร์จิ้นเพิ่ม พร้อมการเติบโตส่วนแบ่ง JV ออสเตรเลีย

สัดส่วนของยอดโอนเพิ่มขึ้นของคอนโดซึ่งมีมาร์จิ้นดีกว่าแนวราบและโครงการในออสเตรเลีย ผลักดันให้อัตรากำไรขั้นต้นขายอสังหาริมทรัพย์เพิ่มขึ้นเป็น 36.1% จาก 36% ใน 1Q24 และ 35% ใน 2Q23 ส่วนค่าใช้จ่ายขายและบริหารต่อรายได้อยู่ที่ 12.7% ปรับลดจาก 17.1% ใน 1Q24 จากการเปิดโครงการใหม่ลดลงและ Economies of scale นอกจากนี้ ส่วนแบ่งกำไร JV เพิ่มขึ้นมีนัยเป็น 237 ล้านบาท จาก 0.3 ล้านบาทใน 1Q24 และ 127 ล้านบาทใน 2Q23 ตามการโอนมากขึ้นของโครงการในออสเตรเลีย

### แนวโน้มกำไร 3Q24 คาดเร่งขึ้น q-q, y-y เป็นไตรมาสดีสุดของปี

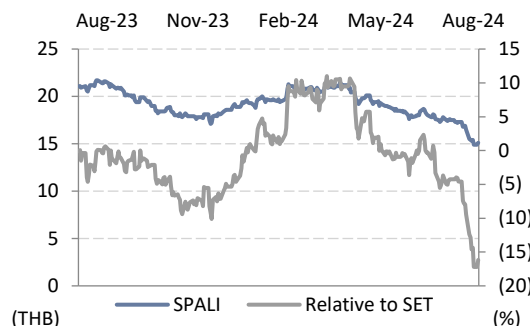
กำไรสุทธิ 1H24 อยู่ที่ 2.2 พันล้านบาท (-20% y-y) คิดเป็น 41% ของประมาณการทั้งปีของเราที่ 5.4 พันล้านบาท (-10% y-y) โดยมี Backlog ณ สิ้น 2Q24 อยู่ที่ 1.64 หมื่นล้านบาท ทอยอร์รับรู้ถึงปี 2026 ซึ่งเป็นส่วนรอนใน 2H24 ที่ 1.26 หมื่นล้านบาท รองรับประมาณการยอดโอนปีนี้แล้ว 85% ขณะที่ทิศทางยอดโอนและกำไร 3Q24 คาดเร่งขึ้น q-q, y-y เป็นระดับสูงสุดของปี จากการโอนต่อเนื่องของคอนโดใหม่ 3 แห่งใน 2Q24 และมีคอนโดสร้างเสร็จใหม่ Supalai Loft Phasi Charoen Station (มูลค่า 1.1 พันล้านบาท มียอดขาย 96%) รวมถึงแนวราบที่มี Backlog ยกมาราว 8 พันล้านบาท และเปิดโครงการใหม่เพิ่ม 10 แห่ง มูลค่ารวม 1.45 หมื่นล้านบาท ขณะที่แม้มีแผนทำโปรโมชันกระตุ้นยอดขายแต่การรับรู้คอนโดใหม่เพิ่มทำให้คาดการณ์มาร์จิ้นไม่มาก

### คงราคาเหมาะสม 18.80 บาท ปรับเพิ่มคำแนะนำเป็นซื้อ

เราคงราคาเหมาะสม 18.80 บาท (อิง PER 6.8x) แต่ปรับเพิ่มคำแนะนำเป็นซื้อ (จากเดิมถือ) เนื่องจากราคาหุ้นปรับลงจนมี Upside มากกว่า 10% บวกกับแนวโน้มกำไร 3Q24 ดี และฐานะการเงินแข็งแกร่ง Net gearing ณ สิ้น 2Q24 ที่ 0.47x ขณะที่ราคาหุ้นซื้อขายบน PE2024 ที่ 5.5x หรือค่าเฉลี่ยอดีต -1SD และจ่ายปันผล 1H24 ที่ 0.60 บาท/หุ้น (มากกว่าค่าไถ่ 0.51 บาท) Yield 4% ขึ้น XD 27 ส.ค. และจ่าย 12 ก.ย.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	31,177	29,909	30,267	30,939
Net profit	5,989	5,395	5,586	5,691
EPS (THB)	3.07	2.76	2.86	2.91
vs Consensus (%)	-	(10.6)	(11.5)	(15.2)
EBITDA	7,386	6,892	6,923	7,043
Recurring net profit	5,989	5,395	5,586	5,691
Core EPS (THB)	3.07	2.76	2.86	2.91
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(26.7)	(9.9)	3.5	1.9
Core P/E (x)	4.9	5.5	5.3	5.2
Dividend yield (%)	4.8	8.2	8.5	8.7
EV/EBITDA (x)	7.2	7.7	7.5	7.3
Price/book (x)	0.6	0.6	0.5	0.5
Net debt/Equity (%)	43.6	41.7	37.0	33.5
ROE (%)	12.4	10.4	10.2	9.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.2)	(22.2)	(28.4)
Relative to country (%)	(12.9)	(17.7)	(15.3)
Mkt cap (USD m)	839		
3m avg. daily turnover (USD m)	2.8		
Free float (%)	60		
Major shareholder	Tangmatitham Family (30%)		
12m high/low (THB)	21.80/14.80		
Issued shares (m)	1,953.05		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

SPALI เป็นผู้พัฒนาอสังหาริมทรัพย์ระดับแนวหน้าของประเทศ และมีแบรนด์เป็นที่ยอมรับจากลูกค้า จุดแข็งคือมีพอร์ตสินค้าที่ยืดหยุ่น และกระจายตัวได้ดี ทั้งประเภทอสังหาฯ ประกอบด้วย บ้านเดี่ยว บ้านแฝด ทาวน์โฮม และอาคารชุด ซึ่งมีกลยุทธ์ขยายการเติบโตในด้านทำเลที่หลากหลายอย่างกรุงเทพฯและปริมณฑล รวมถึงต่างจังหวัดรวม 28 จังหวัดในปี 2023 และมีแผนเพิ่มจังหวัดต่อเนื่องทุกปี อีกทั้ง ยังมีการลงทุนโครงการในออสเตรเลีย นอกจากนี้ บริษัทมีฐานะการเงินแข็งแกร่ง และสามารถรักษาค่าไรชันทันให้อยู่ในระดับที่สูงกว่าคู่แข่ง

### Company profile

SPALI ก่อตั้งวันที่ 26 มิ.ย. 1989 และจดทะเบียนในตลาดท. 17 พ.ย. 1993 บริษัทประกอบธุรกิจพัฒนาอสังหาริมทรัพย์เพื่อเป็นที่อยู่อาศัย และเพื่อการพาณิชย์ ขณะที่ปี 2014 ได้ขยายการลงทุนไปยังประเทศออสเตรเลีย โดยเป็นการร่วมลงทุนกับบริษัทพัฒนาอสังหาริมทรัพย์ใหญ่ของประเทศออสเตรเลีย ทั้งนี้ ในปี 2023 มีสัดส่วนรายได้จากโครงการแนวราบ, คอนโด และออสเตรเลียที่ 54%, 46% และ 2% ของรายได้รวม ตามลำดับ

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

### Principal activities (revenue, 2023)

Real estate - 98.9 %

Rentals & Services - 1.1 %

Source: Supalai

### Major shareholders

Tangmatitham Family - 30.0 %

Thai NVDR - 9.9 %

Others - 60.2 %

Source: Supalai

Catalysts

ปัจจัยบวกต่อราคาหุ้นคือ 1) ความสำเร็จของการรุกเปิดโครงการใหม่ 2) ความคืบหน้าการขายสต็อกคอนโดเหลือขาย 3) ส่วนแบ่งกำไรจากการลงทุนในโครงการในออสเตรเลียสูงกว่าคาด 4) ผลบวกจากมาตรการกระตุ้นอสังหาฯ โดยเฉพาะการเพิ่มราคาที่อยู่อาศัยจากไม่เกิน 3 ลบ. เป็นไม่เกิน 7 ลบ.ที่ได้ลดค่าธรรมเนียมโอน-จดจำนองเหลือ 0.01%

Risks to our call

ความเสี่ยงต่อประมาณการ 1) เศรษฐกิจและตลาดอสังหาฯชะลอตัวมากกว่าคาด 2) อัตราการขายโครงการต่ำกว่าคาด และการเปิดโครงการใหม่ล่าช้ากว่าแผน 3) ดอกเบี้ยขาขึ้นกระทบกำลังซื้อ 4) อัตราการปฏิเสธสินเชื่อจากธนาคารและยอดยกเลิกจากลูกค้าสูงขึ้น 5) การก่อสร้างล่าช้า และการขาดแคลนแรงงาน 6) การแข่งขันรุนแรง 7) ผลประกอบการในโครงการออสเตรเลียต่ำกว่าคาด และ 8) ความล่าช้าของการลงทุนใหม่ในออสเตรเลีย

Event calendar

Date	Event
15 August 2024	2Q24 Opportunity Day
November 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Project sales (THB m)	29,535	29,874	30,526
Rental and services income (THB m)	374	393	413
Property GPM (%)	35.9	35.7	35.5
GPM (%)	36.0	35.8	35.6
SG&A to sales (%)	13.4	13.4	13.3

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in transfers, we estimate 2024 net profit to rise by 6%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2024 net profit to rise by 2%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 2%, and vice versa, all else being equal.

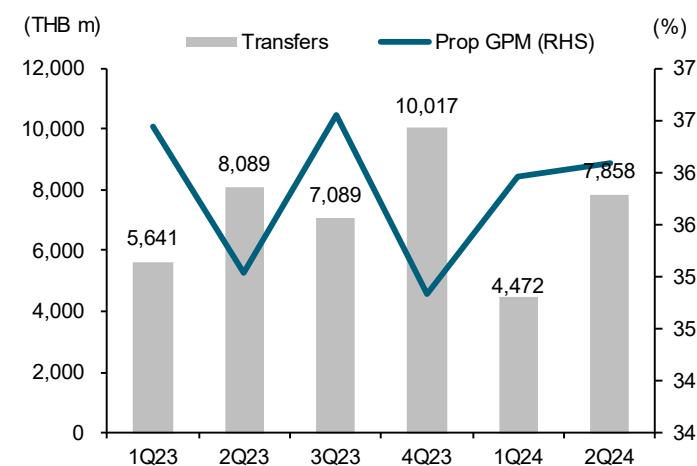
Source: FSSIA estimates

## Exhibit 1: SPALI – 2Q24 results summary

	2Q23	3Q23	4Q23	1Q24	2Q24	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	8,165	7,166	10,111	4,580	7,942	73	(3)
Cost of sales	5,306	4,546	6,580	2,919	5,071	74	(4)
Gross profit	2,859	2,620	3,531	1,661	2,870	73	0
SG&A	957	982	1,103	781	1,008	29	5
Operating profit	3,816	3,602	4,634	2,442	3,878	59	2
Other income	279	26	169	94	191	102	(32)
Interest expense	103	137	132	145	158	9	54
Profit before tax	2,078	1,527	2,465	829	1,895	129	(9)
Tax	483	327	459	199	510	156	6
Associates	127	4	49	0.3	237	90,727	86
Reported net profit	1,701	1,191	2,018	614	1,599	161	(6)
Normalized profit	1,701	1,191	2,018	614	1,599	161	(6)
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	35.0	36.6	34.8	36.0	36.1	0.1	1.1
Gross margin	35.0	36.6	34.9	36.3	36.1	(0.1)	1.1
Operating margin	46.7	50.3	45.8	53.3	48.8	(4.5)	2.1
Net profit margin	20.8	16.6	20.0	13.4	20.1	6.7	(0.7)
Normalized profit margin	20.8	16.6	20.0	13.4	20.1	6.7	(0.7)
<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>8,089</b>	<b>7,089</b>	<b>10,017</b>	<b>4,472</b>	<b>7,858</b>	<b>76</b>	<b>(3)</b>
-- Low-rise	5,015	4,395	7,049	3,444	5,422	57	8
-- High-rise	3,074	2,694	2,968	1,029	2,436	137	(21)

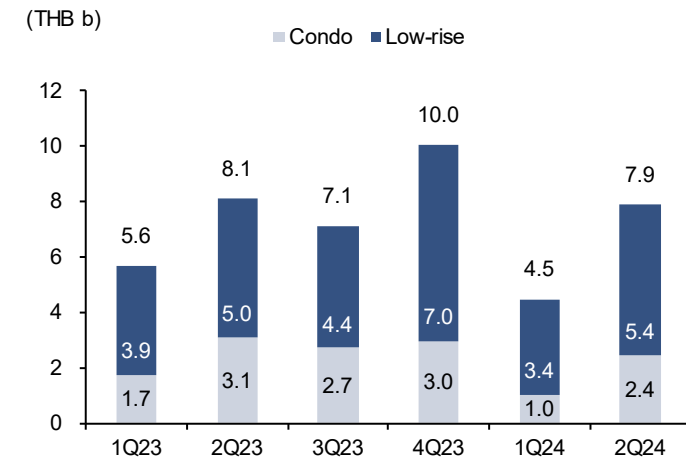
Sources: SPALI; FSSIA's compilation

## Exhibit 2: Quarterly transfers and GPM



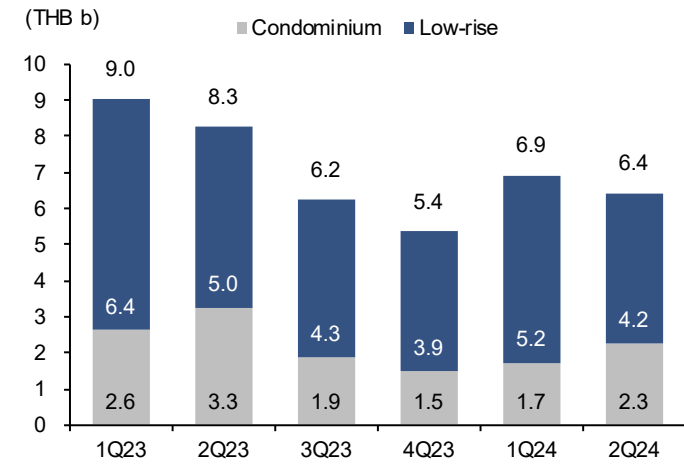
Sources: SPALI; FSSIA's compilation

## Exhibit 3: Quarterly transfers breakdown



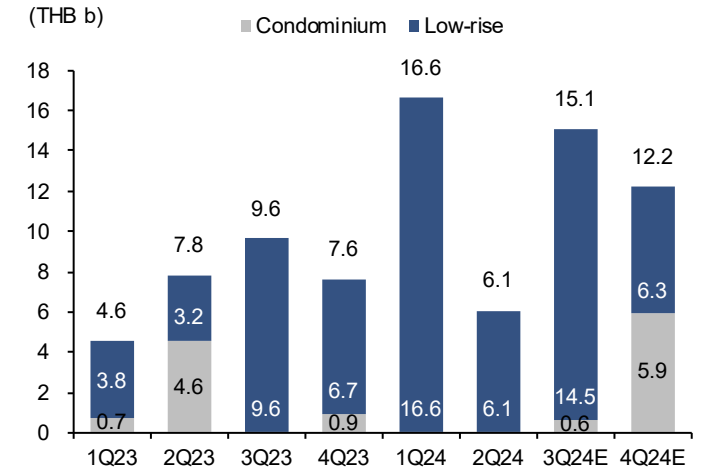
Sources: SPALI; FSSIA's compilation

Exhibit 4: Quarterly presales



Sources: SPALI; FSSIA's compilation

Exhibit 5: Quarterly new launches



Sources: SPALI; FSSIA's compilation

Exhibit 6: Condo value to be transferred in 2024



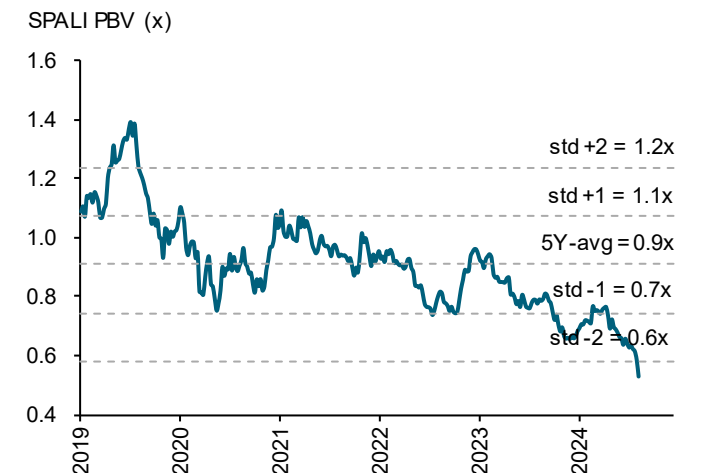
Source: SPALI

Exhibit 7: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Supalai

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	34,486	31,177	29,909	30,267	30,939
Cost of goods sold	(21,070)	(20,071)	(19,144)	(19,432)	(19,923)
<b>Gross profit</b>	<b>13,416</b>	<b>11,106</b>	<b>10,766</b>	<b>10,836</b>	<b>11,016</b>
Other operating income	0	0	0	0	0
Operating costs	(4,029)	(3,857)	(4,007)	(4,051)	(4,117)
<b>Operating EBITDA</b>	<b>9,514</b>	<b>7,386</b>	<b>6,892</b>	<b>6,923</b>	<b>7,043</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>6,759</b>	<b>6,785</b>	<b>6,899</b>
Net financing costs	(277)	(467)	(594)	(553)	(531)
Associates	390	247	260	400	400
Recurring non-operating income	1,405	888	760	900	900
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>10,515</b>	<b>7,670</b>	<b>6,925</b>	<b>7,132</b>	<b>7,268</b>
Tax	(2,212)	(1,586)	(1,440)	(1,454)	(1,483)
<b>Profit after tax</b>	<b>8,303</b>	<b>6,083</b>	<b>5,485</b>	<b>5,678</b>	<b>5,784</b>
Minority interests	(130)	(94)	(90)	(91)	(93)
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>5,395</b>	<b>5,586</b>	<b>5,691</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>5,395</b>	<b>5,586</b>	<b>5,691</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.18	3.07	2.76	2.86	2.91
Reported EPS	4.18	3.07	2.76	2.86	2.91
DPS	1.45	0.73	1.24	1.29	1.31
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)	(4.1)	1.2	2.2
Operating EBITDA (%)	12.7	(22.4)	(6.7)	0.5	1.7
Operating EBIT (%)	12.8	(22.8)	(6.8)	0.4	1.7
Recurring EPS (%)	27.0	(26.7)	(9.9)	3.5	1.9
Reported EPS (%)	27.0	(26.7)	(9.9)	3.5	1.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	38.9	35.6	36.0	35.8	35.6
Gross margin exc. depreciation (%)	39.3	36.1	36.4	36.3	36.1
Operating EBITDA margin (%)	27.6	23.7	23.0	22.9	22.8
Operating EBIT margin (%)	27.2	23.3	22.6	22.4	22.3
Net margin (%)	23.7	19.2	18.0	18.5	18.4
Effective tax rate (%)	21.8	21.4	21.6	21.6	21.6
Dividend payout on recurring profit (%)	34.6	23.6	45.0	45.0	45.0
Interest cover (X)	39.0	17.4	12.7	13.9	14.7
Inventory days	1,113.5	1,252.5	1,404.6	1,439.5	1,442.0
Debtor days	0.5	0.6	0.7	0.7	0.7
Creditor days	47.1	56.1	60.0	58.4	58.1
Operating ROIC (%)	12.3	8.8	7.6	7.4	7.3
ROIC (%)	12.6	8.8	7.7	7.6	7.6
ROE (%)	18.5	12.4	10.4	10.2	9.8
ROA (%)	11.3	7.8	6.8	6.8	6.7

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Real estate	34,222	30,836	29,535	29,874	30,526
Rentals & Services	264	340	374	393	413

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	5,395	5,586	5,691
Depreciation	127	138	133	138	144
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(5,013)	(5,562)	(3,683)	(1,701)	(2,160)
<b>Cash flow from operations</b>	<b>3,288</b>	<b>565</b>	<b>1,845</b>	<b>4,024</b>	<b>3,676</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(4,608)	-	-	-	-
Net acquisitions & disposals	-	2,190	-	(203)	(282)
Other investments (net)	-	-	205	-	-
<b>Cash flow from investing</b>	<b>(4,608)</b>	<b>2,190</b>	<b>205</b>	<b>(203)</b>	<b>(282)</b>
Dividends paid	(5,111)	(2,476)	(2,428)	(2,514)	(2,561)
Equity finance	1,474	488	90	91	93
Debt finance	4,646	2,628	(164)	(650)	(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>(2,502)</b>	<b>(3,073)</b>	<b>(3,535)</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>(452)</b>	<b>748</b>	<b>(142)</b>
Free cash flow to firm (FCFF)	(1,043.62)	3,222.83	2,643.89	4,374.17	3,924.41
Free cash flow to equity (FCFE)	3,325.97	5,383.69	1,885.63	3,170.82	2,325.97

#### Per share (THB)

FCFF per share	(0.53)	1.65	1.35	2.24	2.01
FCFE per share	1.70	2.76	0.97	1.62	1.19
Recurring cash flow per share	4.25	3.14	2.83	2.93	2.99

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	6,281	6,356	6,497
Cash & equivalents	1,315	4,711	4,259	5,007	4,865
A/C receivable	38	60	60	61	62
Inventories	65,675	71,125	75,193	76,985	79,296
Other current assets	2,065	1,838	1,645	1,665	1,702
<b>Current assets</b>	<b>69,093</b>	<b>77,734</b>	<b>81,157</b>	<b>83,717</b>	<b>85,925</b>
Other assets	441	330	299	303	309
<b>Total assets</b>	<b>79,924</b>	<b>86,126</b>	<b>89,180</b>	<b>91,809</b>	<b>94,161</b>
Common equity	46,514	50,475	53,442	56,515	59,645
Minorities etc.	949	990	1,080	1,171	1,264
<b>Total shareholders' equity</b>	<b>47,463</b>	<b>51,465</b>	<b>54,522</b>	<b>57,686</b>	<b>60,909</b>
Long term debt	3,886	6,684	6,300	6,208	5,727
Other long-term liabilities	804	819	766	777	797
<b>Long-term liabilities</b>	<b>4,690</b>	<b>7,504</b>	<b>7,066</b>	<b>6,985</b>	<b>6,524</b>
A/C payable	2,939	3,192	3,063	3,109	3,188
Short term debt	20,650	20,480	20,700	20,143	19,555
Other current liabilities	4,182	3,486	3,829	3,886	3,985
<b>Current liabilities</b>	<b>27,772</b>	<b>27,157</b>	<b>27,592</b>	<b>27,138</b>	<b>26,728</b>
<b>Total liabilities and shareholders' equity</b>	<b>79,924</b>	<b>86,126</b>	<b>89,180</b>	<b>91,809</b>	<b>94,161</b>
Net working capital	60,657	66,346	70,006	71,715	73,888
Invested capital	71,488	74,737	78,029	79,806	82,123

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

#### Per share (THB)

Book value per share	23.82	25.84	27.36	28.94	30.54
Tangible book value per share	23.82	25.84	27.36	28.94	30.54

#### Financial strength

Net debt/equity (%)	48.9	43.6	41.7	37.0	33.5
Net debt/total assets (%)	29.1	26.1	25.5	23.2	21.7
Current ratio (x)	2.5	2.9	2.9	3.1	3.2
CF interest cover (x)	29.7	12.5	4.2	6.7	5.4

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>3.6</b>	<b>4.9</b>	<b>5.5</b>	<b>5.3</b>	<b>5.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>4.5</b>	<b>6.1</b>	<b>6.8</b>	<b>6.6</b>	<b>6.5</b>
Reported P/E (x)	3.6	4.9	5.5	5.3	5.2
Dividend yield (%)	9.6	4.8	8.2	8.5	8.7
Price/book (x)	0.6	0.6	0.6	0.5	0.5
Price/tangible book (x)	0.6	0.6	0.6	0.5	0.5
EV/EBITDA (x) **	5.6	7.2	7.7	7.5	7.3
EV/EBITDA @ target price (x) **	6.4	8.1	8.8	8.6	8.3
EV/invested capital (x)	0.8	0.7	0.7	0.7	0.6

\* 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



### Exhibit 9: FSSIA ESG score implication

**59.80 /100**

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.
★★★★★	<b>&gt;59-79</b>	<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 10: 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 11: 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 12: 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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainalytics</a>	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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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

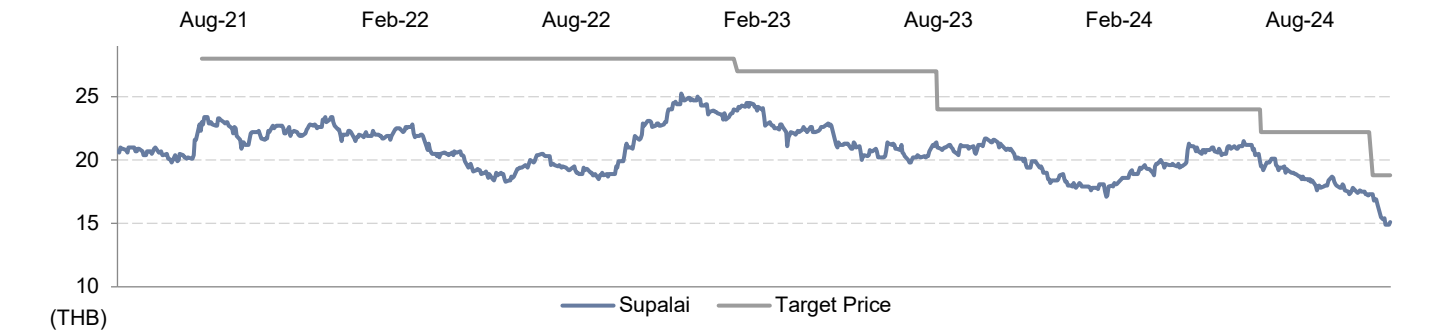
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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
26-Oct-2021	BUY	28.00	20-Jul-2023	BUY	24.00	26-Jul-2024	HOLD	18.80
27-Jan-2023	BUY	27.00	23-Apr-2024	HOLD	22.20			

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 15.10	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 13-Aug-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.