

# SUPALAI SPALI TB

## THAILAND / PROPERTY DEVELOPMENT

# BUY

UNCHANGED

TARGET PRICE	THB24.00
CLOSE	THB19.80
UP/DOWNSIDE	+21.2%
PRIOR TP	THB24.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.3%

## แผนเชิงรุกผลักดันการเติบโตปี 2024

- ปี 2024 แผนเปิดโครงการใหม่ 5 หมื่นล้านบาท (+69% y-y) พร้อมตั้งเป้ายอด Presale และยอดโอนทำระดับสูงสุดใหม่ที่ 3.6 หมื่นล้านบาท ซึ่งเรามองว่าท้าทาย
- คาดการณ์ 4Q23 +51% q-q แต่ -17% y-y ปรับประมาณการทั้งปีลงเป็น -29% y-y
- กำไรปี 2024 พื้นฐานจากฐานต่ำ คงคาด +14% y-y บนมุมมองอนุรักษ์นิยมกว่าบริษัท

### เดินหน้าเปิดโครงการใหม่สูงสุดเป็นประวัติการณ์

SPALI เปิดเผยแผนธุรกิจเชิงรุกในปี 2024 ทำ New High ในทุกมิติ ผ่านแผนเปิดโครงการใหม่ 42 โครงการ มูลค่ารวม 5 หมื่นล้านบาท (+69% y-y) ซึ่งรวมถึงโครงการที่ถูกเลื่อนมาจาก 4Q23 รวม 9 พันล้านบาท ขณะที่การกระจายตัวดีขึ้นเป็นสัดส่วนมากกว่า 50% อยู่ใน 1H24 เพื่อรับรู้ได้ทันภายในปี โดยการเปิดตัวแนวราบ 38 โครงการ มูลค่า 4.35 หมื่นล้านบาท (+86% y-y) ทำต่างจังหวัด 22 แห่ง และกทม. 16 แห่ง เน้นกลุ่ม Mid-End ราคา 4-8 ล้านบาท พร้อมเพิ่มกลุ่ม High-end ราคาสูงกว่า 10 ล้านบาท ในสัดส่วน 10-15% ส่วนคอนโด เปิดตัว 4 โครงการใหม่ มูลค่า 6.5 พันล้านบาท เป็น กทม. 2 แห่ง และต่างจังหวัด 2 แห่ง เพื่อเติม Backlog ปี 2025-26 ที่มีไม่มาก

### ยอด Presales และยอดโอนเติบโตจากโครงการใหม่และเน้นขายสต็อก

การรุกเปิดโครงการใหม่จำนวนมาก ควบคู่กับการเน้นขายสต็อก โดยเฉพาะคอนโดที่สร้างเสร็จใหม่ในปี 5 แห่ง มูลค่ารวม 1.8 หมื่นล้านบาท มียอดขายเฉลี่ย 27% ผลักดันสู่การตั้งเป้าเติบโตของยอด Presales ที่ 3.6 หมื่นล้านบาท (+25% y-y) แบ่งเป็นแนวราบ 76% ที่ 2.7 หมื่นล้านบาท (+39% y-y) และคอนโด 8.6 พันล้านบาท (-6% y-y) รวมถึงตั้งเป้ายอดโอน 3.6 หมื่นล้านบาท (แนวราบ 70% และคอนโด 30%) พื้นตัวจากปี 2023 ที่เรคาดจบระดับ 3 หมื่นล้านบาท ขณะที่การลงทุนใหม่ในออสเตรเลีย 12 โครงการ (SPALI ถือ 49.9%) เริ่มรับรู้ตั้งแต่ 2Q24 หนุนส่วนแบ่งกำไร JV เพิ่มขึ้น

### คาดการณ์ 4Q23 +51% q-q แต่ -17% y-y ต่ำกว่าที่เคยมอง

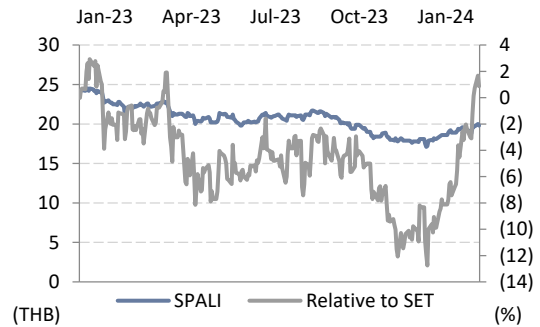
เราประเมินกำไร 4Q23 อยู่ที่ 1.8 พันล้านบาท (+51% q-q, -17% y-y) ต่ำกว่าที่เคยมองจากยอดโอนน้อยกว่าคาด ทำได้ 9.7 พันล้านบาท +35% q-q, ทรงตัว y-y ตามยอด Presales ชะลอ อย่างไรก็ตาม การลดลง y-y จากอัตรากำไรขั้นต้นอสังหาริมทรัพย์ลดลง เป็น 36% (-55bps q-q, -156bps y-y) ตามยอดโอนที่มากขึ้นของโครงการออสเตรเลีย ซึ่งมาร์จิ้นต่ำกว่าไทย อีกทั้ง ส่วนแบ่งกำไรของโครงการ JV ในออสเตรเลียที่ลดลง ส่งผลให้เราปรับลดประมาณการกำไรปี 2023 ลง 9% เป็น 5.8 พันล้านบาท (-29% y-y)

### ปี 2024 ภาพฟื้นตัวจากฐานต่ำ คงราคาเหมาะสม 24 บาท ยังแนะนำซื้อ

ปี 2024 เรามองว่าเป้าหมายมีความท้าทายจากสภาพตลาดอสังหาริมทรัพย์ที่ไม่แน่นอนท่ามกลางการแข่งขันสูงและความเข้มงวดจากธนาคาร โดยคงคาดยอดโอนที่ 3.4 หมื่นล้านบาท ต่ำกว่าเป้าหมายบริษัท 7% ซึ่งมี Backlog รอรับรู้ 1.35 หมื่นล้านบาท รองรับแล้ว 40% คงประมาณการกำไรปี 2024 ที่ 6.6 พันล้านบาท (+14% y-y) และคงราคาเหมาะสม 24 บาท ยังแนะนำซื้อ โดยคาดปันผล 2H23 ที่ 0.60 บาท/หุ้น Yield 3%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	34,486	30,753	33,865	32,357
Net profit	8,173	5,776	6,612	6,195
EPS (THB)	4.18	2.96	3.39	3.17
vs Consensus (%)	-	(3.0)	(2.4)	(13.6)
EBITDA	9,514	7,215	8,100	7,504
Recurring net profit	8,173	5,776	6,612	6,195
Core EPS (THB)	4.18	2.96	3.39	3.17
Chg. In EPS est. (%)	-	(8.8)	0.0	0.4
EPS growth (%)	27.0	(29.3)	14.5	(6.3)
Core P/E (x)	4.7	6.7	5.8	6.2
Dividend yield (%)	7.3	6.0	6.6	6.6
EV/EBITDA (x)	6.6	8.5	7.7	8.1
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	48.9	43.1	40.9	35.2
ROE (%)	18.5	12.0	12.7	11.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.5	7.6	(17.2)
Relative to country (%)	9.8	9.4	1.4
Mkt cap (USD m)	1,093		
3m avg. daily turnover (USD m)	3.5		
Free float (%)	60		
Major shareholder	Tangmatitham Family (30%)		
12m high/low (THB)	24.80/17.10		
Issued shares (m)	1,953.05		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

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

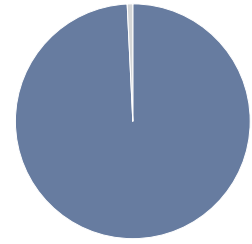
## Company profile

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

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

## Principal activities (revenue, 2022)

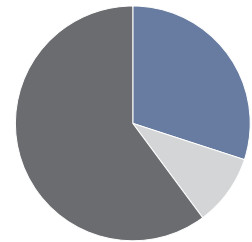
- Real estate - 99.2 %
- Rentals & Services - 0.8 %



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

## Risks to our call

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

## Event calendar

Date	Event
20 February 2024	4Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	30,485	33,583	32,061
Rental and services income (THB m)	268	282	296
Property GPM (%)	36.0	36.3	36.1
GPM (%)	36.1	36.4	36.2
SG&A to sales (%)	13.0	12.8	13.4

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in transfers, we estimate 2024 net profit to rise by 7%, 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: 4Q23 results preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	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	9,677	35	(0)
Cost of sales	6,071	3,638	5,306	4,546	6,193	36	2
Gross profit	3,652	2,096	2,859	2,620	3,485	33	(5)
SG&A	1,248	815	957	982	1,259	28	1
Operating profit	4,900	2,911	3,816	3,602	4,744	32	(3)
Other income	323	168	279	26	200	670	(38)
Interest expense	81	96	103	137	140	2	72
Profit before tax	2,646	1,353	2,078	1,527	2,286	50	(14)
Tax	596	318	483	327	503	54	(16)
Associates	165	66	127	4	30	668	(82)
Reported net profit	2,171	1,080	1,701	1,191	1,800	51	(17)
Normalised profit	2,171	1,080	1,701	1,191	1,800	51	(17)
<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	36.0	(0.6)	(1.6)
Gross margin	37.6	36.6	35.0	36.6	36.0	(0.5)	(1.6)
Operating margin	50.4	50.8	46.7	50.3	49.0	(1.2)	(1.4)
Net profit margin	22.3	18.8	20.8	16.6	18.6	2.0	(3.7)
Normalised profit margin	22.3	18.8	20.8	16.6	18.6	2.0	(3.7)
<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>9,646</b>	<b>5,641</b>	<b>8,089</b>	<b>7,089</b>	<b>9,600</b>	<b>35</b>	<b>(0)</b>
-- Low-rise	5,795	3,893	5,015	4,395	6,720	53	16
-- High-rise	3,851	1,749	3,074	2,694	2,880	7	(25)
<b>Presales</b>	<b>7,408</b>	<b>9,029</b>	<b>8,256</b>	<b>6,227</b>	<b>5,352</b>	<b>(14)</b>	<b>(28)</b>
-- Low-rise	4,787	6,411	4,998	4,359	3,861	(11)	(19)
-- High-rise	2,621	2,618	3,258	1,868	1,491	(20)	(43)

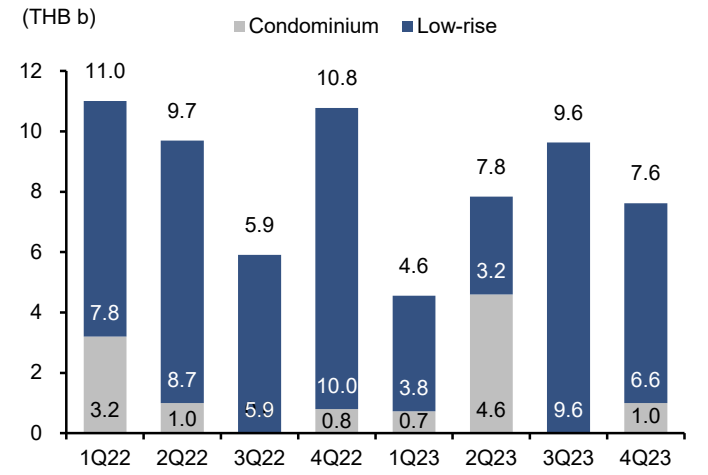
Sources: SPALI; FSSIA estimates

## Exhibit 2: Key assumptions for SPALI

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue	30,753	33,865	32,357	32,565	33,865	32,357	(6)	0	0
- Transfers	30,485	33,583	32,061	32,297	33,583	32,061	(6)	0	0
- Management fees	268	282	296	268	282	296	0	0	0
Property gross margin (%)	36.0	36.3	36.1	36.3	36.3	36.0	(0.3)	0.0	0.1
Gross margin (%)	36.1	36.4	36.2	36.4	36.3	36.0	(0.3)	0.0	0.1
SG&A to revenue (%)	13.0	12.8	13.4	12.7	12.0	12.3	0.3	0.8	1.1
Equity income	300	300	300	300	300	300	0	0	0
Core profit	5,776	6,612	6,195	6,332	6,612	6,173	(9)	(0)	0
Net profit	5,776	6,612	6,195	6,332	6,612	6,173	(9)	(0)	0

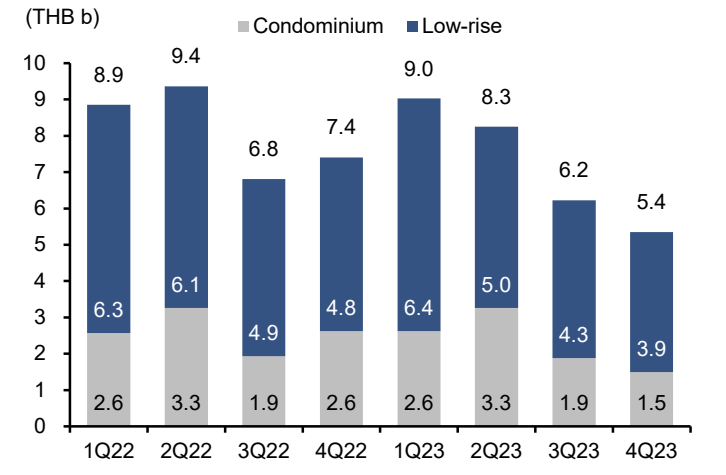
Source : FSSIA estimates

**Exhibit 3: Quarterly new launches**



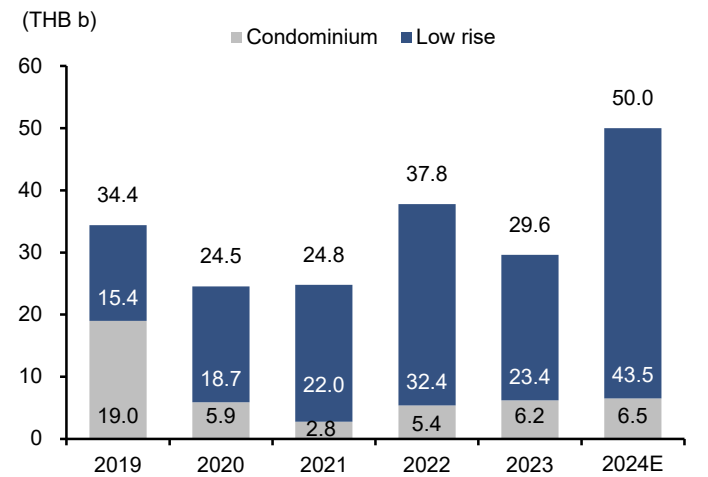
Sources: SPALI; FSSIA's compilations

**Exhibit 4: Quarterly presales**



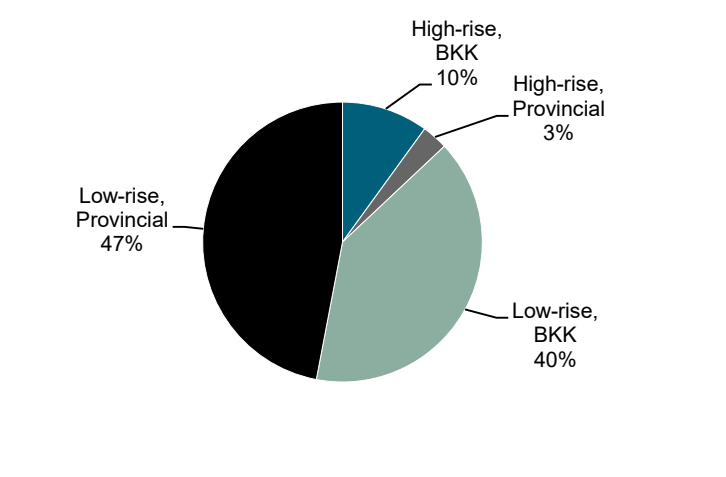
Sources: SPALI; FSSIA's compilations

**Exhibit 5: Yearly new launches**



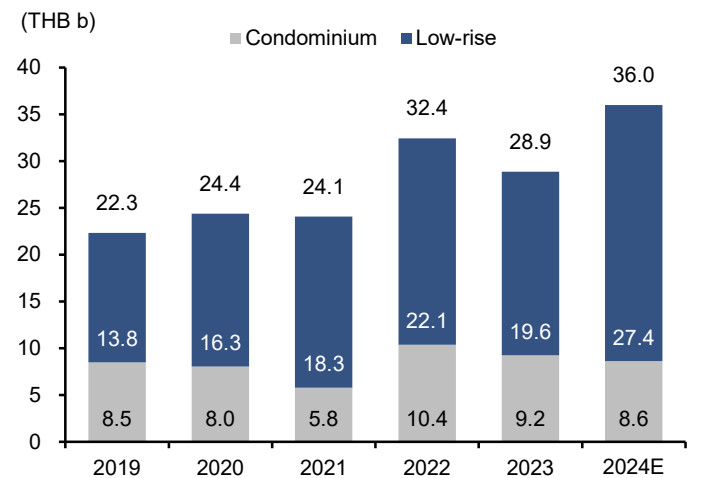
Sources: SPALI; FSSIA's compilations

**Exhibit 6: 2024E Target presales by geography**



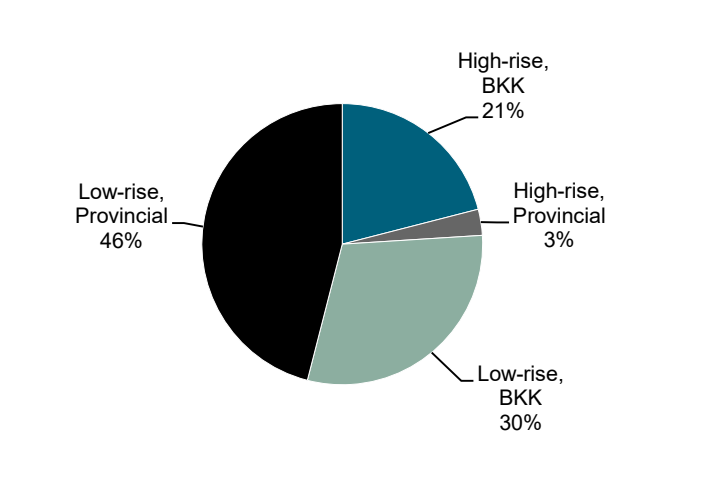
Sources: SPALI; FSSIA's compilations

**Exhibit 7: Yearly presales**



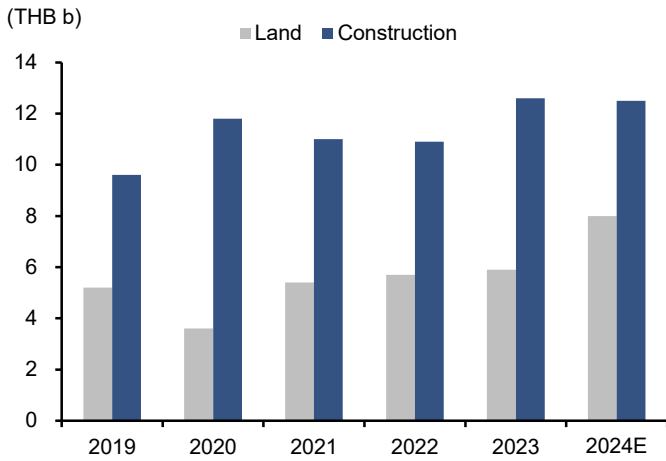
Sources: SPALI; FSSIA's compilations

**Exhibit 8: 2024E Launch plan by geography**



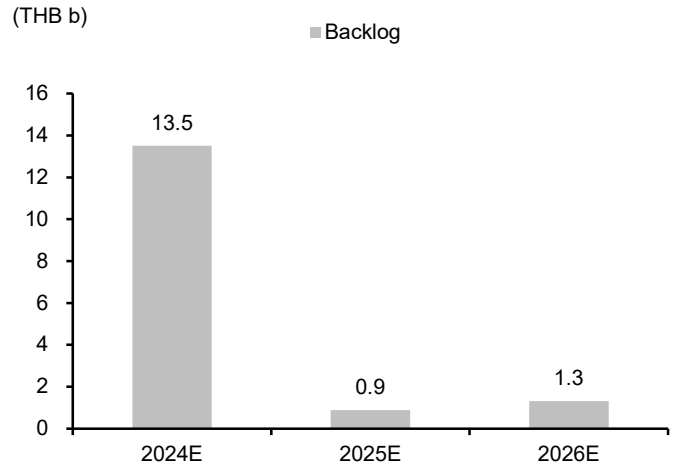
Sources: SPALI; FSSIA's compilations

Exhibit 9: CAPEX



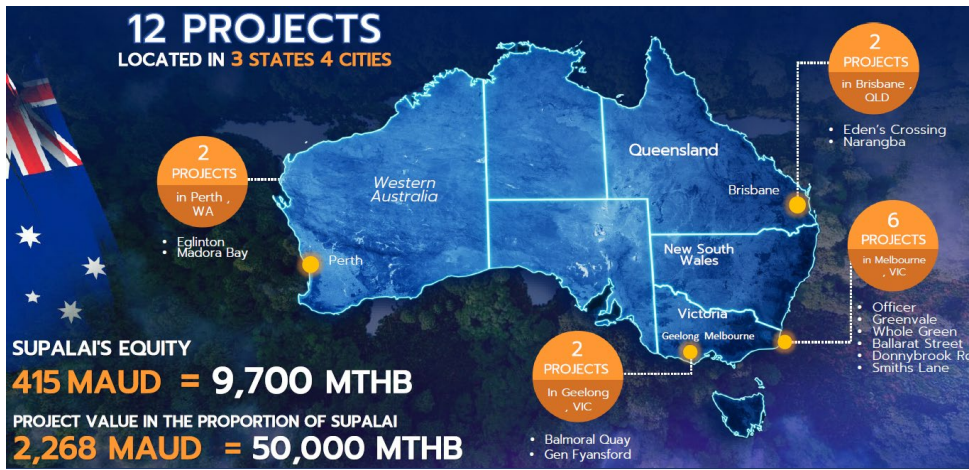
Sources: SPALI; FSSIA's compilations

Exhibit 10: Backlog at end-23



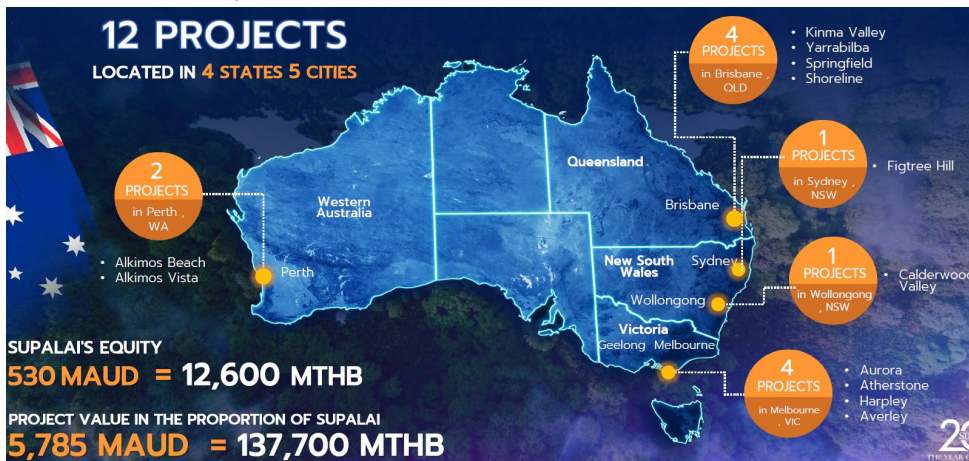
Sources: SPALI; FSSIA's compilations

Exhibit 11: Current projects in Australia



Source: SPALI

Exhibit 12: New projects in Australia



Source: SPALI

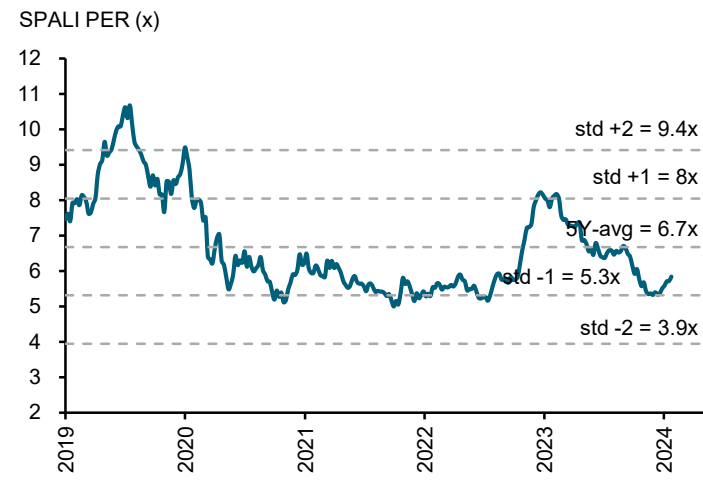


Exhibit 13: Condo value to be transferred in 2024



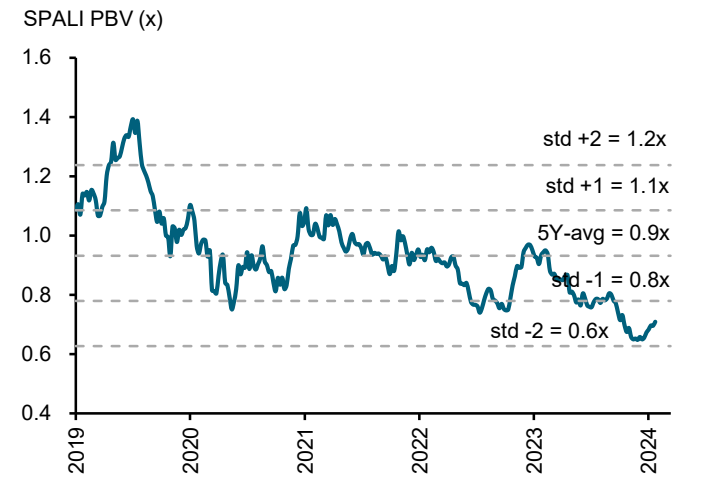
Source: SPALI

Exhibit 14: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Supalai

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	29,160	34,486	30,753	33,865	32,357
Cost of goods sold	(17,518)	(21,070)	(19,663)	(21,553)	(20,656)
<b>Gross profit</b>	<b>11,642</b>	<b>13,416</b>	<b>11,090</b>	<b>12,312</b>	<b>11,701</b>
Other operating income	0	0	0	0	0
Operating costs	(3,321)	(4,029)	(4,005)	(4,347)	(4,337)
<b>Operating EBITDA</b>	<b>8,444</b>	<b>9,514</b>	<b>7,215</b>	<b>8,100</b>	<b>7,504</b>
Depreciation	(123)	(127)	(130)	(135)	(140)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>8,321</b>	<b>9,387</b>	<b>7,085</b>	<b>7,965</b>	<b>7,364</b>
Net financing costs	(259)	(277)	(476)	(493)	(437)
Associates	533	390	220	450	450
Recurring non-operating income	1,020	1,405	870	1,080	1,080
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>9,083</b>	<b>10,515</b>	<b>7,479</b>	<b>8,552</b>	<b>8,007</b>
Tax	(1,943)	(2,212)	(1,633)	(1,864)	(1,738)
<b>Profit after tax</b>	<b>7,139</b>	<b>8,303</b>	<b>5,846</b>	<b>6,689</b>	<b>6,269</b>
Minority interests	(69)	(130)	(70)	(77)	(74)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>7,070</b>	<b>8,173</b>	<b>5,776</b>	<b>6,612</b>	<b>6,195</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>7,070</b>	<b>8,173</b>	<b>5,776</b>	<b>6,612</b>	<b>6,195</b>
<b>Per share (THB)</b>					
Recurring EPS *	3.30	4.18	2.96	3.39	3.17
Reported EPS	3.30	4.18	2.96	3.39	3.17
DPS	1.25	1.45	1.18	1.30	1.30
Diluted shares (used to calculate per share data)	2,146	1,953	1,953	1,953	1,953
<b>Growth</b>					
Revenue (%)	41.6	18.3	(10.8)	10.1	(4.5)
Operating EBITDA (%)	57.4	12.7	(24.2)	12.3	(7.4)
Operating EBIT (%)	58.6	12.8	(24.5)	12.4	(7.5)
Recurring EPS (%)	66.3	27.0	(29.3)	14.5	(6.3)
Reported EPS (%)	66.3	27.0	(29.3)	14.5	(6.3)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	39.9	38.9	36.1	36.4	36.2
Gross margin exc. depreciation (%)	40.3	39.3	36.5	36.8	36.6
Operating EBITDA margin (%)	29.0	27.6	23.5	23.9	23.2
Operating EBIT margin (%)	28.5	27.2	23.0	23.5	22.8
Net margin (%)	24.2	23.7	18.8	19.5	19.1
Effective tax rate (%)	22.7	21.7	22.5	23.0	23.0
Dividend payout on recurring profit (%)	37.9	34.6	40.0	38.4	41.0
Interest cover (X)	36.1	39.0	16.7	18.4	19.3
Inventory days	1,280.5	1,113.5	1,270.4	1,238.2	1,348.0
Debtor days	0.6	0.5	0.6	0.7	0.7
Creditor days	51.4	47.1	53.2	49.2	52.6
Operating ROIC (%)	11.6	12.3	8.6	9.2	8.1
ROIC (%)	12.0	12.7	8.5	9.1	8.2
ROE (%)	18.0	18.5	12.0	12.7	11.1
ROA (%)	10.5	11.3	7.6	8.1	7.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Real estate	28,938	34,222	30,485	33,583	32,061
Rentals & Services	222	264	268	282	296

Sources: Supalai; FSSIA estimates

## Financial Statements

### Supalai

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	7,070	8,173	5,776	6,612	6,195
Depreciation	123	127	130	135	140
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(2,648)	(5,013)	(2,784)	(4,240)	(1,827)
<b>Cash flow from operations</b>	<b>4,545</b>	<b>3,288</b>	<b>3,121</b>	<b>2,507</b>	<b>4,508</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,272)	(4,608)	-	(634)	(214)
Net acquisitions & disposals	-	-	351	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,272)</b>	<b>(4,608)</b>	<b>351</b>	<b>(634)</b>	<b>(214)</b>
Dividends paid	(1,864)	(5,111)	(2,310)	(2,539)	(2,540)
Equity finance	324	1,474	70	77	74
Debt finance	(1,442)	4,646	(719)	221	(1,621)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(2,982)</b>	<b>1,010</b>	<b>(2,960)</b>	<b>(2,241)</b>	<b>(4,087)</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>291</b>	<b>(311)</b>	<b>513</b>	<b>(368)</b>	<b>207</b>
Free cash flow to firm (FCFF)	3,532.04	(1,043.62)	3,948.69	2,365.82	4,731.28
Free cash flow to equity (FCFE)	1,830.99	3,325.97	2,753.08	2,094.04	<b>2,673.41</b>

#### Per share (THB)

FCFF per share	1.81	(0.53)	2.02	1.21	2.42
FCFE per share	0.94	1.70	1.41	1.07	1.37
Recurring cash flow per share	3.35	4.25	3.02	3.45	3.24

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,850	2,947	3,053	3,169	3,298
Less: Accumulated depreciation	(1,346)	(1,471)	(1,601)	(1,736)	(1,876)
<b>Tangible fixed assets (net)</b>	<b>1,505</b>	<b>1,476</b>	<b>1,451</b>	<b>1,433</b>	<b>1,421</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	1
Invest. in associates & subsidiaries	4,404	8,863	8,457	8,974	9,060
Cash & equivalents	1,626	1,315	1,828	1,460	1,667
A/C receivable	51	38	62	68	65
Inventories	62,104	65,675	70,303	75,010	76,524
Other current assets	1,407	2,065	1,691	1,863	1,780
<b>Current assets</b>	<b>65,188</b>	<b>69,093</b>	<b>73,883</b>	<b>78,401</b>	<b>80,036</b>
Other assets	336	441	461	508	485
<b>Total assets</b>	<b>71,432</b>	<b>79,873</b>	<b>84,253</b>	<b>89,316</b>	<b>91,003</b>
Common equity	42,070	46,514	49,980	54,053	57,709
Minorities etc.	857	949	1,019	1,096	1,169
<b>Total shareholders' equity</b>	<b>42,926</b>	<b>47,463</b>	<b>50,998</b>	<b>55,148</b>	<b>58,878</b>
Long term debt	3,976	3,886	8,438	5,817	5,888
Other long-term liabilities	713	804	787	862	827
<b>Long-term liabilities</b>	<b>4,689</b>	<b>4,690</b>	<b>9,224</b>	<b>6,679</b>	<b>6,715</b>
A/C payable	2,469	2,939	2,753	3,017	2,892
Short term debt	15,913	20,650	15,379	18,221	16,529
Other current liabilities	5,435	4,182	5,899	6,250	5,991
<b>Current liabilities</b>	<b>23,817</b>	<b>27,772</b>	<b>24,031</b>	<b>27,489</b>	<b>25,412</b>
<b>Total liabilities and shareholders' equity</b>	<b>71,432</b>	<b>79,924</b>	<b>84,253</b>	<b>89,316</b>	<b>91,005</b>
Net working capital	55,659	60,657	63,404	67,673	69,486
Invested capital	61,903	71,437	73,774	78,588	80,453

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

#### Per share (THB)

Book value per share	19.61	23.82	25.59	27.68	29.55
Tangible book value per share	19.61	23.82	25.59	27.68	29.55

#### Financial strength

Net debt/equity (%)	42.5	48.9	43.1	40.9	35.2
Net debt/total assets (%)	25.6	29.1	26.1	25.3	22.8
Current ratio (x)	2.7	2.5	3.1	2.9	3.1
CF interest cover (x)	13.0	29.7	6.8	6.5	7.6

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>6.0</b>	<b>4.7</b>	<b>6.7</b>	<b>5.8</b>	<b>6.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>7.3</b>	<b>5.7</b>	<b>8.1</b>	<b>7.1</b>	<b>7.6</b>
Reported P/E (x)	6.0	4.7	6.7	5.8	6.2
Dividend yield (%)	6.3	7.3	6.0	6.6	6.6
Price/book (x)	1.0	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	0.8	0.8	0.7	0.7
EV/EBITDA (x) **	7.3	6.6	8.5	7.7	8.1
EV/EBITDA @ target price (x) **	8.4	7.5	9.7	8.7	9.2
EV/invested capital (x)	1.0	0.9	0.8	0.8	0.8

\* 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 16: 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.
★★★★★	<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 17: 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 18: 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 19: 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>								
<b>Board size</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>13</b>	<b>13</b>
No. of female executives	3	3	4	4	5	5	5	5
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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.																			
<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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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 border="1" data-bbox="877 1137 1500 1205"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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<b>ESG Book</b>	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.																			
<b>MSCI</b>	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 border="1" data-bbox="239 1388 1500 1601"> <tbody> <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> </tbody> </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
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

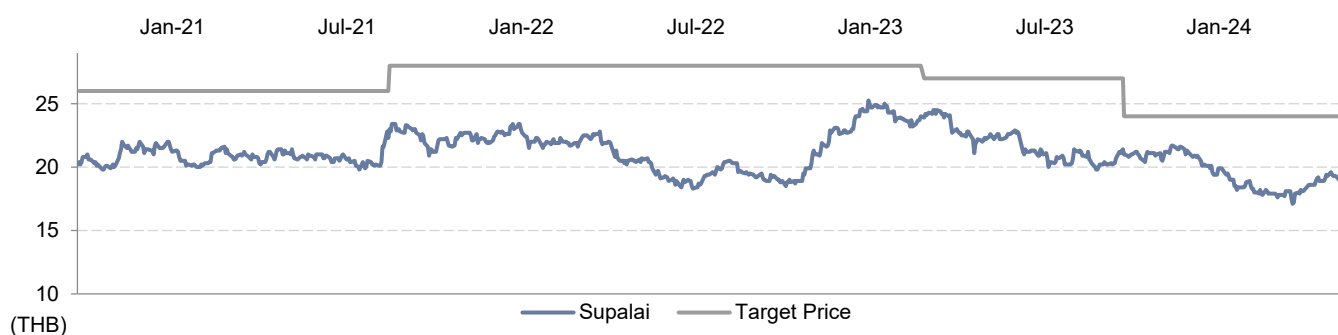
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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
01-Feb-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 derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and 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.

All share prices are as at market close on 30-Jan-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.