

Supalai Public Co Ltd (SPALI TB) - BUY, Price Bt22.4, TP Bt27.0**Results Comment**

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Very strong 4Q21, beat consensus

- SPALI reported strong 4Q21 net profit of Bt2.9bn, up 54% y-y and 67% q-q, beat us and consensus by 19% on higher-than-expected property transfers and lower-than-expected SG&A. 2021 net profit of Bt7.07bn then was 7% above our earnings preview of Bt6.6bn.
- Strong performance in 4Q21 was mainly due to higher real estate sales revenues which increased by 36% y-y and 48% q-q to Bt10.9bn; 47% low-rise and 53% condos. Growth was from both low-rise houses (Bt5.1bn, +10% y-y and 48% q-q) and condos (Bt5.8bn, +74% y-y and 47% q-q). Low-rise sales were from record-high low-rise housing presales last year and strong condo sales were from continuing transfers of three condos finished last year.
- Property gross margin was maintained at high level of 40.4% vs 40.8% in 4Q20 and 40.5% in 3Q21.
- 2021 net profit was a beat to a new high profit of Bt7.07bn, surged by 66% y-y. Key drivers were completions of three big condos driven up condo sales growth of 118% to Bt14.2bn or 49% of property revenues, widening property gross margin to 40% (38.1% in 2020) on rising condo sales mix, and equity income growth of 155% to Bt533m from transfers of housing projects in Australia.
- 2H21 DPS is Bt0.75/share, XD on Apr 27th with payment date on May 12th.
- Due to falling condominium revenues this year, the company guides for flat total revenues of Bt29bn, a slight decrease in property gross margin from lower condo sales mix and flat equity income from Australian JVs. Though EPS may fall this year, we maintain BUY for cheap 8.3x 2022F PE and a 4.8% dividend yield for 2022F.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	8,041	3,662	7,131	7,430	10,938	Revenue	47	36	109	29,160	29,521
Gross profit	3,275	1,389	2,844	3,001	4,409	Gross profit	47	35	111	11,642	11,704
SG&A	909	592	784	844	1,101	SG&A	30	21	95	3,321	3,690
Operating profit	2,367	797	2,060	2,157	3,307	Operating profit	53	40	118	8,321	8,014
EBITDA	2,396	825	2,093	2,187	3,497	EBITDA	60	46	120	8,603	8,133
Other income	53	103	105	92	187	Other income	103	252	124	487	404
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	57	65	68	64	61	Interest expense	(5)	7	83	259	336
Profit before tax	2,363	834	2,097	2,185	3,434	Profit before tax	57	45	120	8,550	8,082
Income tax	479	235	555	456	698	Income tax	53	46	137	1,943	1,616
Equity & invest. income	19	157	199	9	169	Equity & invest. income	1,820	769	266	533	200
Minority interests	(39)	(15)	(10)	(18)	(25)	Minority interests	na	na	70	(69)	(109)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	1,865	741	1,730	1,720	2,879	Net profit	67	54	122	7,070	6,556
Normalized profit	1,865	741	1,730	1,720	2,879	Normalized profit	67	54	122	7,070	6,556
EPS (Bt)	0.87	0.35	0.81	0.80	1.34	EPS (Bt)	67	54	122	3.30	3.06
Normalized EPS (Bt)	0.87	0.35	0.81	0.80	1.34	Normalized EPS (Bt)	67	54	122	3.30	3.06
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	1,334	1,376	2,244	1,292	1,626	Sales growth	13.4	(0.9)	140.9	26.1	36.0
A/C receivable	17	39	13	34	51	Operating profit growth	14.1	(6.1)	285.3	44.2	39.7
Inventory	59,945	62,106	62,550	62,987	62,104	EBITDA growth	13.8	(5.9)	271.2	43.4	46.0
Other current assets	1,104	1,221	1,124	1,224	1,407	Norm profit growth	1.4	(1.2)	311.9	41.3	54.4
Investment	978	1,153	1,211	1,206	1,213	Norm EPS growth	1.4	(1.2)	311.9	41.3	54.4
Fixed assets	354	351	345	347	344	Gross margin	40.7	37.9	39.9	40.4	40.3
Other assets	4,474	4,526	5,446	4,972	4,688	Operating margin	29.4	21.8	28.9	29.0	30.2
Total assets	68,207	70,770	72,931	72,061	71,432	EBITDA margin	29.8	22.5	29.4	29.4	32.0
S-T debt	14,956	16,839	18,915	19,670	15,913	Norm net margin	23.2	20.2	24.3	23.1	26.3
A/C payable	2,397	2,177	1,964	2,086	2,469	D/E (x)	0.6	0.6	0.6	0.6	0.5
Other current liabilities	6,529	6,785	6,281	5,717	5,435	Net D/E (x)	0.5	0.6	0.6	0.6	0.4
L-T debt	6,376	6,063	5,959	3,961	3,976	Interest coverage (x)	42.0	12.7	30.7	33.9	57.2
Other liabilities	552	576	603	644	713	Interest rate	1.0	1.2	1.1	1.1	1.1
Minority interest	817	807	815	831	857	Effective tax rate	20.3	28.1	26.5	20.9	20.3
Shareholders' equity	36,579	37,523	38,393	39,154	42,070	ROA	10.9	4.3	9.6	9.5	16.1
Working capital	57,564	59,968	60,599	60,935	59,686	ROE	21.0	8.0	18.2	17.7	28.4
Total debt	21,332	22,901	24,874	23,630	19,890						
Net debt	19,997	21,526	22,630	22,338	18,264						

Sources: Company data, Thanachart estimates

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