Supalai Public Co Ltd (SPALI TB) - BUY, Price Bt21.3, TP Bt27.0

Results Comment

Phannarai Tiyapittayarut | Email: phannarai.von@thanachartsec.co.th

In-line 1Q22 results

- SPALI reported an in-line 1Q22 net profit of Bt1,178m, up 59% y-y from low base last year but down 59% q-q. Results were in line with property sales revenues which increased by 49% y-y but decreased by 51% q-q to Bt5.4bn.
- Property gross margin improved by 124bp y-y to 39.3% on higher condominium sales mix to 44% in 1Q22 vs 29% in 1Q21, but reduced by 110bp q-q as it booked condo sales at 53% of total in 4Q21.
- Equity income from Australian JV housing projects fell y-y and q-q to Bt58m on lower transfers, but it expects a slight increase in profit contribution this year.
- 1Q22 net profit comprised 18% of our full-year forecast and is expected to be bottom quarter of this year on stronger revenues in 2Q-4Q22F from both low-rise houses (record high 1Q22 low-rise housing presales) and condos (transfers of penthouse units at Sukhumvit 39 from 2Q22F and revenue recognition from 7 new condos).
- We maintain our earnings projection and BUY call to Bt27 TP.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	3,662	7,131	7,430	10,938	5,433
Gross profit	**1,389**	**2,844**	**3,001**	**4,409**	**2,129**
SG&A	592	784	844	1,101	717
Operating profit	797	2,060	2,157	3,307	1,412
EBITDA	**825**	**2,093**	**2,187**	**3,338**	**1,442**
Other income	103	105	92	187	105
Other expense	0	0	0	0	0
Interest expense	65	68	64	61	59
Profit before tax	**834**	**2,097**	**2,185**	**3,434**	**1,458**
Income tax	235	555	456	698	322
Equity & invest. income	157	199	9	169	58
Minority interests	(15)	(10)	(18)	(25)	(15)
Extraordinary items	0	0	0	0	0
Net profit	**741**	**1,730**	**1,720**	**2,879**	**1,178**
Normalized profit	**741**	**1,730**	**1,720**	**2,879**	**1,178**
EPS (Bt)	0.35	0.81	0.80	1.34	0.55
Normalized EPS (Bt)	0.35	0.81	0.80	1.34	0.55

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(50)	48	18	29,521	31,042
Gross profit	**(52)**	**53**	**18**	**11,704**	**12,190**
SG&A	(35)	21	19	3,690	3,632
Operating profit	(57)	77	18	8,014	8,558
EBITDA	**(57)**	**75**	**18**	**8,133**	**8,684**
Other income	(44)	2	26	404	417
Other expense			na	0	0
Interest expense	(3)	(9)	18	336	301
Profit before tax	**(58)**	**75**	**18**	**8,082**	**8,674**
Income tax	(54)	37	20	1,616	1,735
Equity & invest. income	(66)	(63)	29	200	200
Minority interests	na	na	14	(109)	(115)
Extraordinary items			na	0	0
Net profit	**(59)**	**59**	**18**	**6,556**	**7,024**
Normalized profit	**(59)**	**59**	**18**	**6,556**	**7,024**
EPS (Bt)	(59)	59	18	3.06	3.27
Normalized EPS (Bt)	(59)	59	18	3.06	3.27

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,376	2,244	1,292	1,626	1,723
A/C receivable	39	13	34	51	45
Inventory	62,106	62,550	62,987	62,104	62,866
Other current assets	1,221	1,124	1,224	1,407	1,445
Investment	1,153	1,211	1,206	1,213	1,243
Fixed assets	351	345	347	344	346
Other assets	4,526	5,446	4,972	4,688	4,810
Total assets	**70,770**	**72,931**	**72,061**	**71,432**	**72,477**
S-T debt	16,839	18,915	19,670	15,913	16,385
A/C payable	2,177	1,964	2,086	2,469	1,822
Other current liabilities	6,785	6,281	5,717	5,435	5,904
L-T debt	6,063	5,959	3,961	3,976	3,459
Other liabilities	576	603	644	713	720
Minority interest	807	815	831	857	846
Shareholders' equity	**37,523**	**38,393**	**39,154**	**42,070**	**43,341**
Working capital	59,968	60,599	60,935	59,686	61,089
Total debt	22,901	24,874	23,630	19,890	19,844
Net debt	**21,526**	**22,630**	**22,338**	**18,264**	**18,121**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(0.9)	140.9	26.1	36.0	48.4
Operating profit growth	(6.1)	285.3	44.2	39.7	77.2
EBITDA growth	(5.9)	271.2	43.4	39.3	74.7
Norm profit growth	(1.2)	311.9	41.3	54.4	58.9
Norm EPS growth	(1.2)	311.9	41.3	54.4	58.9
Gross margin	37.9	39.9	40.4	40.3	39.2
Operating margin	21.8	28.9	29.0	30.2	26.0
EBITDA margin	22.5	29.4	29.4	30.5	26.5
Norm net margin	20.2	24.3	23.1	26.3	21.7
D/E (x)	0.6	0.6	0.6	0.5	0.5
Net D/E (x)	0.6	0.6	0.6	0.4	0.4
Interest coverage (x)	12.7	30.7	33.9	54.6	24.4
Interest rate	1.2	1.1	1.1	1.1	1.2
Effective tax rate	28.1	26.5	20.9	20.3	22.1
ROA	4.3	9.6	9.5	16.1	6.5
ROE	8.0	18.2	17.7	28.4	11.0

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 65 Derivative Warrants which are AMAT16C2206A , AOT16C2206A , AWC16C2207A , BAM16C2206A , BAM16C2207A , BANP16C2205A , BANP16C2207A , BCH16C2207A , BEC16C2207A , BGRI16C2205A , BLA16C2208A, BLA16C2205A , CBG16C2205A , CBG16C2207A , CHG16C2207A , COM716C2208A, COM716C2205A , CPF16C2205A , DOHO16C2207A , EA16C2205A , EA16C2206A , EA16C2207A , GPSC16C2205A , GPSC16C2206A , GPSC16C2207A , GULF16C2205A , GULF16C2207A , GUNK16C2205A , GUNK16C2206A , GUNK16C2207A , HANA16C2205A , HANA16C2207A , INTU16C2205A , IRPC16C2205A , IVL16C2206A , JMAR16C2205A , JMAR16C2206A , JMT16C2205A , JMT16C2207A , KBAN16C2208A, KBAN16C2206A , KCE16C2209A, KCE16C2208A, KCE16C2205A , KCE16C2205B , MEGA16C2207A , MINT16C2207A , OR16C2205A , PTT16C2205A , PTTE16C2209A, PTTG16C2207A , RCL16C2208A, RCL16C2205A , RS16C2205A , S5016C2206A , S5016P2206A , S5016P2206B , SAWA16C2205A , SCB16C2208A, SYNE16C2206A , TOP16C2206A , TRUE16C2205A , TRUE16C2205B , TTA16C2208A, TTA16C2207A , (underlying securities are AMATA , AOT , AWC , BAM , BANPU , BBL , BCH , BEC , BGRIM , BLA , CBG , CHG , COM7 , CPF , DOHOME , EA , GPSC , GULF , GUNKUL , HANA , INTUCH , IRPC , IVL , JMART , JMT , KBANK , KCE , MEGA , MINT , OR , PTT, PTTEP, PTTGC , RCL , RS , SAWAD , SCB, SET50 , TOP, TRUE, TTA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: SCG Packaging Pcl (SCGP TB)