

Supalai Pcl (SPALI TB) - BUY, Price Bt18.70, TP Bt25.00**Results Comment**

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Strong 3Q24, 7% beat

- SPALI reported strong 3Q24 net profit of Bt1,989m, up 67% y-y and 24% q-q, driven by growing property sales and higher gross margin from rising condo sales mix. It came in 7% above our estimates as blended property gross margin beats to 39.7% (vs our 37.0% forecast).
- Property sales revenues grew by 38% y-y and 24% q-q to Bt9.7bn, driven by higher condo revenues from one new condo project completed in 3Q24; Supalai Loft Phasicharoen Station (Bt1.1bn, 96% sold, 83% transfer), and continuing transfers of three condos completed in 2Q24.
- Due to higher condo sales mix of 45% vs 38% in 3Q23 and 31% in 2Q24, property gross margin increased y-y and q-q to 39.7% vs 36.6% in 3Q23 and 36.1% in 2Q24.
- Equity income from Australian JVs was Bt39m, down q-q from Bt237m in 2Q24 but increase y-y from Bt4m in 3Q23 owing to lower transfers q-q as the fiscal year ended of Australian JVs is in June so most of the transfers were rushed in 2Q.
- 9M24 net profit accounted for 71% of our 2024F. We maintain our earnings forecast.
- Due to weak property market, SPALI's 9M24 presales fell 15% y-y to Bt20.1bn. While demand for low-rise houses has been weaker than expected YTD and SPALI's lower condo backlog for next year's recognition, we forecast for a 9% earnings fall in 2025F.
- Maintain BUY for its cheap 6.8x 2025F PE with a 5.2% dividend yield in 2025F.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	7,166	10,111	4,580	7,942	9,836	Revenue	24	37	76	29,281	27,061
Gross profit	2,620	3,531	1,661	2,870	3,892	Gross profit	36	49	79	10,673	9,737
SG&A	982	1,103	781	1,008	1,319	SG&A	31	34	82	3,807	3,518
Operating profit	1,638	2,428	880	1,862	2,573	Operating profit	38	57	77	6,866	6,219
EBITDA	1,671	2,463	916	1,901	2,621	EBITDA	38	57	78	7,010	6,367
Other income	26	169	94	191	149	Other income	(22)	473	66	661	681
Other expense	0	0	0	0	0	Other expense					
Interest expense	137	132	145	158	201	Interest expense	27	47	96	526	548
Profit before tax	1,527	2,465	829	1,895	2,522	Profit before tax	33	65	75	7,001	6,352
Income tax	327	459	199	510	558	Income tax	9	70	82	1,540	1,397
Equity & invest. income	4	49	0	237	39	Equity & invest. income	(83)	908	56	494	494
Minority interests	(13)	(38)	(17)	(23)	(14)	Minority interests	na	na	na	(73)	(88)
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	1,191	2,018	614	1,599	1,989	Net profit	24	67	71	5,881	5,361
Normalized profit	1,191	2,018	614	1,599	1,989	Normalized profit	24	67	71	5,881	5,361
EPS (Bt)	0.61	1.03	0.31	0.82	1.02	EPS (Bt)	24	67	71	3.01	2.74
Normalized EPS (Bt)	0.61	1.03	0.31	0.82	1.02	Normalized EPS (Bt)	24	67	71	3.01	2.74
Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	3,834	4,711	6,408	8,286	9,824	Sales growth	(35.6)	4.0	(20.1)	(2.7)	37.3
A/C receivable	38	60	118	44	588	Operating profit growth	(50.1)	1.0	(31.3)	(2.1)	57.1
Inventory	71,931	71,125	74,731	76,335	75,068	EBITDA growth	(49.5)	0.9	(30.2)	(2.0)	56.8
Other current assets	1,613	1,838	1,728	1,755	1,483	Norm profit growth	(56.7)	(7.1)	(43.2)	(6.0)	67.0
Investment	1,178	1,256	1,273	1,400	1,155	Norm EPS growth	(56.7)	(7.1)	(43.2)	(6.0)	67.0
Fixed assets	381	388	387	392	496	Gross margin	36.6	34.9	36.3	36.1	39.6
Other assets	7,018	6,748	6,150	5,289	9,262	Operating margin	22.9	24.0	19.2	23.5	26.2
Total assets	85,993	86,126	90,795	93,502	97,876	EBITDA margin	23.3	24.4	20.0	23.9	26.7
S-T debt	21,515	20,480	20,406	23,814	28,054	Norm net margin	16.6	20.0	13.4	20.1	20.2
A/C payable	3,553	3,192	3,636	3,231	3,973	D/E (x)	0.6	0.5	0.6	0.6	0.7
Other current liabilities	3,405	3,486	3,874	3,657	3,236	Net D/E (x)	0.5	0.4	0.5	0.5	0.5
L-T debt	7,440	6,684	9,651	9,324	8,869	Interest coverage (x)	12.2	18.7	6.3	12.0	13.1
Other liabilities	859	819	768	810	814	Interest rate	1.9	1.9	2.0	2.0	2.3
Minority interest	953	990	986	1,004	1,020	Effective tax rate	21.4	18.6	24.0	26.9	22.1
Shareholders' equity	48,268	50,475	51,473	51,661	51,908	ROA	5.6	9.4	2.8	6.9	8.3
Working capital	68,417	67,994	71,213	73,148	71,683	ROE	9.9	16.3	4.8	12.4	15.4
Total debt	28,955	27,164	30,057	33,138	36,923						
Net debt	25,121	22,453	23,649	24,852	27,099						

Sources: Company data, Thanachart estimates

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