Supalai (SPALI TB)

9M26: Earnings At 65% Of 2026 Forecast; Margin Pressure Persists, While Attractive Dividend Yield Provides Support

Highlights

- SPALI reported a 3Q26 net profit of Bt832.7mn (-28.7% yoy, -49.4% qoq), broadly in line with market expectations of Bt832.9m but 29% below our estimate.
- Gross profit margin has not improved. While lower contributions from joint ventures weighed on earnings, a lower tax rate provided support.
- Maintain BUY with a lower target price of Bt16.25 (from Bt17.50), based on 2027F EPS of Bt2.30 and a target P/E of 7.08x. We also roll forward our valuation base to 2027F and lower our target price to Bt16.30 from Bt17.50 with an attractive yield of 8.4%.

3Q26 Results

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	yoy ppt	qoq ppt
Gross margin	35.3	30.3	30.1	(5.2)	(0.2)
Residential gross margin	35.8	30.3	30.2	(5.6)	(0.2)
Service gross margin	6.7	27.7	27.6	20.9	(0.1)
SG&A to sales	15.3	14.5	15.9	0.6	1.4
EBIT margin	20.0	15.8	14.2	(5.8)	(1.5)
EBITDA margin	21.1	15.8	15.3	(5.8)	(0.5)
Core net margin	14.6	23.5	12.4	(2.2)	(11.1)
Net margin	18.3	24.0	16.1	(2.3)	(8.0)

Source: Supalai, UOB Kay Hian

Analysis

- **3Q26 net profit was in line with market expectations but below our forecast.** Supalai (SPALI) reported a 3Q26 net profit of Bt832.7mn (-28.7% yoy, -49.4% qoq), broadly in line with market expectations of Bt832.9m but 29% below our estimate. Lower-than-expected property transfers and gross profit margin weighed on earnings, while lower finance costs and a reduced effective tax rate provided some support.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	31,194.4	24,124.3	24,518.7	26,024.6	26,814.8
EBITDA	7,664.6	4,680.3	4,022.0	5,253.1	6,099.5
Operating profit	7,461.5	4,467.0	3,793.9	5,022.7	5,866.8
Net profit (rep./act.)	6,189.5	4,015.0	4,294.6	4,483.9	5,134.5
Net profit (adj.)	6,189.5	4,015.0	4,294.6	4,483.9	5,134.5
EPS	3.2	2.1	2.2	2.3	2.6
PE (x)	4.9	7.5	7.0	6.8	5.9
P/B (x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA (x)	6.6	12.0	14.4	11.0	9.5
Dividend yield (%)	9.4	8.1	8.0	8.4	9.6
Net margin (%)	19.8	16.6	17.5	17.2	19.2
Net debt/(cash) to equity(%)	54.7	63.6	64.8	62.6	59.8
Interest cover (x)	10.8	6.5	6.4	7.4	8.5
ROE (%)	11.9	7.5	7.9	7.9	8.7
Consensus net profit	n.a	n.a	4,432.6	4,643.9	5,012.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Supalai, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt15.50
Target Price	Bt16.25
Upside	4.83%
Previous TP	Bt17.50

Stock Data

Sector	Real Estate
Bloomberg ticker	SPALI TB
Shares issued (m)	1,902.0
Market cap (Btm)	30,052.0
Market cap (US$m)	891.8
3-mth avg daily t'over (US$m)	2.4

Price Performance (%)

52-week high/low				Bt18.8/Bt14.9
1mth	3mth	6mth	1yr	YTD
(1.9)	(1.9)	(4.2)	(12.2)	(7.1)

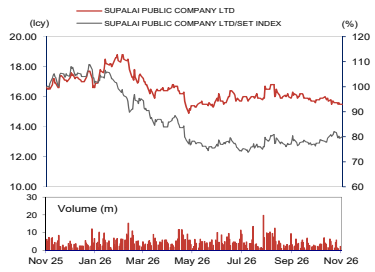
Major Shareholders (%)

Dr. Prateep Tangmatitham	35.7
Mrs. Ajchara Tangmatitham	6.3

Balance Sheet Metrics

FY26 NAV/Share (Bt)	28.6
FY26 Net Debt/Share (Bt)	18.1

Price Chart



Source: Bloomberg

Company Description

SPALI is a nationwide residential developer with a portfolio of low-rise housing and condominiums. The company is known for a decentralised project expansion approach across major provincial cities in addition to Bangkok.

- **Property transfers declined due to the timing of condominium revenue recognition and a slowdown in the low-rise housing market.** Revenue from property transfers in 3Q26 stood at Bt5,081m (-19.1% yoy, -25.6% qoq), compared with Bt6,279m in 3Q25 and Bt6,831m in 2Q26. Two newly completed condominium projects began transferring units only toward the end of the quarter, resulting in limited revenue recognition during 3Q26. In contrast, condominium projects in the previous year started transferring units in late-2Q25, allowing revenue to be recognised throughout 3Q25. Meanwhile, low-rise property transfers softened in line with sluggish market conditions. Low-rise projects accounted for 72% of total property transfers in 3Q26, while condominiums contributed the remaining 28%.
- **Gross profit margin has not improved.** Gross profit margin from sales and services stood at 30.14%, compared with 30.31% in 2Q26 and 35.34% in 3Q25, representing declines of 0.17ppt qoq and 5.20ppt yoy, respectively. The contraction reflected intensifying price competition in the property market.
- **Lower contributions from joint ventures weighed on earnings, but a lower tax rate provided support.** Share of profit from joint ventures and associates declined to Bt119.0m (-22.1% yoy, -86.6% qoq), largely due to a high base in 2Q26, when SPALI recognised substantial contributions from its Australian joint ventures. This was another key factor behind the sharp qoq decline in net profit. Nevertheless, finance costs decreased 10.1% yoy to Bt159.6m, supported by lower debenture funding costs. Meanwhile, the effective tax rate fell to 10.3% from 23.4% in 3Q25, partially offsetting the pressure on net profit.

Earning Revision

	----------	2026F	----------	----------	2027F	----------
Year to 31 Dec (Btm)	New	Old	Chg.	New	Old	Chg.
Revenue from sales	24,065	25,207	-4.5%	25,549	25,549	0.0%
Revenue from services	453	413	9.9%	476	433	9.9%
Sales and services	24,519	25,620	-4.3%	26,025	25,982	0.2%
Gross profit	7,667	8,871	-13.6%	8,848	9,455	-6.4%
Operating profit	3,794	5,053	-24.9%	2,023	5,636	-64.1%
Core Profit	3,794	4,382	-13.4%	5,023	4,562	10.1%
Net profit	4,295	4,822	-10.9%	4,484	4,962	-9.6%
Percent	New	Old	Chg.	New	Old	Chg.
Residential gross margin	31.2	34.7	-3.5	34.1	36.5	-2.4
Service gross margin	32.5	30.0	2.5	30.0	30.0	0.0
Gross margin	31.3	34.6	-3.3	34.0	36.4	-2.4
SG&A to sales	15.8	14.9	0.9	14.7	14.7	0.0
EBIT margin	15.5	19.7	-4.2	19.3	21.7	-2.4
Net margin	15.2	18.8	-3.6	15.9	19.1	-3.2

Source: UOB Kay Hian

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- **9M26 earnings accounted for 65% of our revised full-year 2026 forecast.** SPALI reported a 9M26 net profit of Bt2,882m, representing 65% of our revised 2026 earnings forecast of Bt4,295m. This compares with 9M25 earnings, which accounted for 66.7% of actual full-year 2025 net profit.

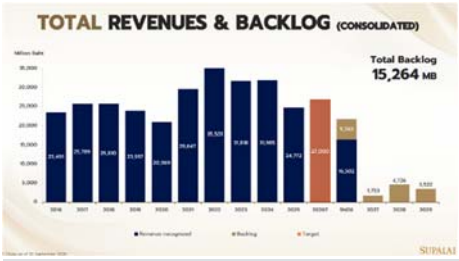
Valuation/Recommendation

- **Maintain BUY with a lower target price of Bt16.25 (from Bt17.50),** based on 2027F EPS of Bt2.30 and a target P/E of 7.08x. We also roll forward our valuation base to 2027F and lower our target price to Bt16.30 from Bt17.50 with an attractive yield of 8.4%.

Earnings Revision/Risk

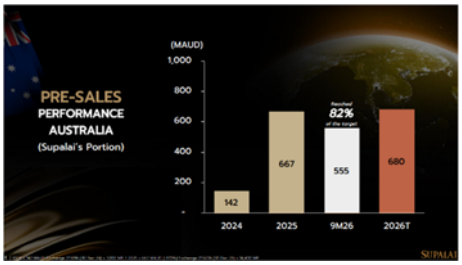
- We revise down our 2026F-27F earnings forecasts by -10.9% and -9.6%, respectively, with our revised 2026F net profit forecast at Bt4,295m, equivalent to EPS of Bt2.20. The downward revision primarily reflects a reduction in our 2026F gross profit margin assumption to 31.2% from 34.7%, amid intensifying price competition and delays in property transfers caused by flooding in Bangkok.

Total Revenue & Backlog



Source: SPALI, UOB Kay Hian

Presales Target From Australia



Source: SPALI, UOB Kay Hian

Ongoing Project Status



Source: SPALI, UOB Kay Hian

- Nevertheless, we continue to like SPALI for its strong fundamentals and healthy financial position, as well as its solid yield of 8.4%. Its Australian operations should also provide additional earnings support and help offset pressure from the domestic property market.

Share Price Catalyst

- Better-than-expected presales; property transfers being recognised earlier than expected.
- Improvements in gross margin and SG&A-to-sales ratio.
- Equity income coming in above expectations.
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Environment, Social, Governance (ESG) Updates

Environmental

- SPALI aims to reduce Scope 1 and 2 greenhouse gas emissions by **40%** by 2030 and has installed solar panels across **100%** of its low-rise project sales offices.
- The company recycles **30%** of construction waste in pilot high-rise projects and maintains a 51**%** ratio of environmentally friendly procurement.

Social

- SPALI conducts comprehensive Human Rights Due Diligence and enforces strict construction site safety standards for both employees and contractor workers.

Governance

- Strict anti-corruption policies are enforced across the organization, with ESG metrics directly tied to executive performance evaluations.
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Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	24,124	24,519	26,025	26,815
EBITDA	4,680	4,022	5,253	6,099
Deprec. & amort.	213	228	230	233
EBIT	4,467	3,794	5,023	5,867
Total other non-operating income	648	788	500	500
Associate contributions	730	1,312	1,000	1,000
Net interest income/(expense)	(725)	(630)	(710)	(720)
Pre-tax profit	5,121	5,264	5,813	6,647
Tax	(1,057)	(917)	(1,279)	(1,462)
Minorities	(48)	(52)	(50)	(50)
Net profit	4,015	4,295	4,484	5,134
Net profit (adj.)	4,015	4,295	4,484	5,134

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	3,280	3,278	3,268	3,249
Other LT assets	13,635	14,443	15,256	16,062
Cash/ST investment	3,788	2,494	2,938	3,629
Other current assets	78,582	81,275	82,963	84,639
Total assets	99,285	101,490	104,424	107,579
ST debt	25,246	19,246	18,246	17,246
Other current liabilities	5,761	5,843	6,202	6,390
LT debt	12,742	19,242	20,742	22,242
Other LT liabilities	750	490	520	536
Shareholders' equity	53,728	55,559	57,554	59,955
Minority interest	1,058	1,110	1,160	1,210
Total liabilities & equity	99,285	101,490	104,424	107,579

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	473	1,964	3,435	3,930
Pre-tax profit	5,121	5,264	5,813	6,647
Tax	(1,057)	(917)	(1,279)	(1,462)
Deprec. & amort.	213	228	230	233
Working capital changes	(3,361)	(2,483)	(1,419)	(1,535)
Non-cash items	(443)	(128)	90	47
Other operating cashflows	0	0	0	0
Investing	(2,111)	(1,295)	(1,002)	(1,005)
Capex (growth)	977	(226)	(220)	(214)
Investments	(3,105)	(956)	(800)	(800)
Others	18	(113)	18	9
Financing	303	(1,964)	(1,989)	(2,234)
Dividend payments	(2,701)	(2,434)	(2,489)	(2,734)
Issue of shares	0	0	0	0
Proceeds from borrowings	3,801	500	500	500
Others/interest paid	(797)	(30)	0	0
Net cash inflow (outflow)	(1,335)	(1,294)	444	691
Beginning cash & cash equivalent	5,123	3,788	2,494	2,938
Ending cash & cash equivalent	3,788	2,494	2,938	3,629

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	19.4	16.4	20.2	22.8
Pre-tax margin	21.2	21.5	22.3	24.8
Net margin	16.6	17.5	17.2	19.2
ROA	4.1	4.3	4.4	4.8
ROE	7.5	7.9	7.9	8.7
Growth				
Turnover	(22.7)	1.6	6.1	3.0
EBITDA	(38.9)	(14.1)	30.6	16.1
Pre-tax profit	(35.5)	2.8	10.4	14.4
Net profit	(35.1)	7.0	4.4	14.5
Net profit (adj.)	(35.1)	7.0	4.4	14.5
EPS	(35.1)	7.0	4.4	14.5
Leverage				
Debt to total capital	69.3	67.9	66.4	64.6
Debt to equity	70.7	69.3	67.7	65.9
Net debt/(cash) to equity	63.6	64.8	62.6	59.8
Interest cover	6.5	6.4	7.4	8.5

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