

## Sansiri Pcl (SIRI.BK/SIRI TB)

2012 earnings to be a new record

**Bt3.84**

**Outperform**

Maintained

**Earnings preview  
Company update**

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- Six strategies to drive presale target at Bt48.6bn in 2013
- 4Q12 earnings to make a quarter record of Bt1.9bn
- Maintain Outperform with new target price of Bt4.50

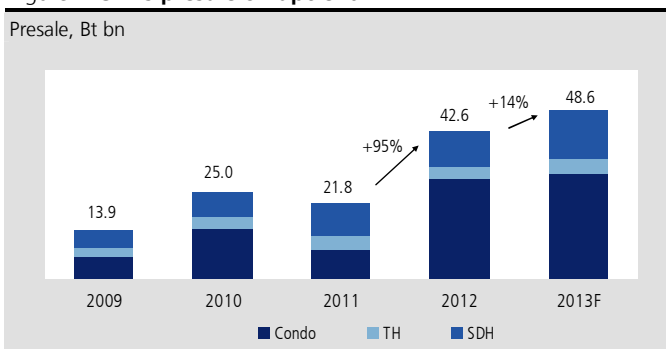
### 2013 to show a strong earning

Yesterday, we came away from SIRI's analyst meeting with our optimistic view on the company outlook in 2013 and still confident SIRI to show strong growth with its prudent business strategy. SIRI expect its 2013 presale to grow 14%YoY to Bt48.6bn supported by its six key strategies and 45 new projects to be launched this year. We estimate SIRI's 4Q12 earnings to make a new record at Bt1.9bn, up 80.3% YoY and 369% QoQ, with that we fine tune our 2012 - 13 estimate by 4% and 3% to Bt3.1bn and Bt4.0bn respectively. We raised our target price to Bt4.50 from Bt3.70 based on 10x of 2013PE. We reiterate a rating of Outperform on the counter.

### Expect strong presales to continue in 2013

SIRI set its 2013 presale target at 48.6bn, up 14%YoY following a company presale record of Bt42.6bn in 2012 (+95%YoY) supported by 45 new projects, worth Bt60.5bn combined (+6.4%YoY) to be launched in 2013. This comprised of 13 single detached house projects, 8 townhouse projects, and 24 condo projects.

Figure 1: SIRI's presale on uptrend



Source: Company data; KGI Securities (Thailand) estimates

### Six key strategies to sustain its growth in 2013

Management revealed six key strategies to facilitate its revenue and presale growth in 2013. There are including i) continue expansion to up-country following urbanization trend ii) explore new market with strong demand like "dcondo campus concept" and "dcondo old town concept" iii) increase portion of foreign clients which currently accounted for only 3% in SIRI's portfolio iv) gaining market share in hi-end single detached house v) tapping lower single detached

house and townhouse segment vi) fully utilize its pre-cast factory which still have room to increase capacity this year. With these all strategies, we believe its revenue and presale target are reachable.

### 4Q12 earnings to make a record

We expect SIRI to report 4Q12 earning of Bt1.9bn, up 80.3% YoY and 369% QoQ. The stellar earning should be thanks to i) its record high revenue at Bt14bn, up 80.5%YoY and 169%QoQ led by its huge backlog and speeding up of title transfer in 4Q12 ii) Gross margin should be sustained at 33 – 34% iii) SG&A to sales should be lowered to 15.7% (vs. 19.5% in 4Q11 and 25.7% in 3Q12).

2012 earnings should be around Bt3.1bn, up 54.9% YoY which higher than our earlier forecast by 4%, driven by i) solid revenue growth by 45% or Bt29.8bn. ii) lower corporate income tax.

Figure 2: 4Q12 and 2012 preview

Bt mn	4Q12F	4Q11	YoY (%)	3Q12	QoQ (%)	2012F	2011	YoY (%)
Sales and services	13,985	7,749	80.5	5,209	168.5	29,780	20,542	45.0
Gross profit	4,685	2,892	62.0	1,819	157.5	10,069	7,032	43.2
SG&A	(2,200)	(1,512)	45.5	(1,337)	64.6	-6,020	-4,166	44.5
EBIT	2,485	1,380	80.1	483	414.7	4,049	2,867	41.3
Interest expenses	(67)	(78)	(13.9)	(67)	0.0	-386	-222	28.6
Corporate income tax	(573)	(283)	102.5	(78)	632.7	-936	-779	20.2
Normalized profit	1,919	1,064	80.3	409	368.9	3,120	2,015	54.9
Net profit	1,919	1,064	80.3	409	368.9	3,120	2,015	54.9
EPS (Bt)	0.23	0.15	52.6	0.05	350.9	0.41	0.29	42.0
Percent	4Q12F	4Q11	YoY (ppts)	3Q12	QoQ (ppts)	2012F	2011	YoY (ppts)
Gross margin	33.5	37.3	(3.8)	34.9	(1.4)	33.8	34.2	(0.4)
SG&A to sales	15.7	19.5	(3.8)	25.7	(9.9)	20.2	20.3	(0.1)
Net margin	13.7	13.7	(0.0)	7.9	5.9	10.5	9.8	0.7

Source: Company data; KGI Securities (Thailand) estimates

### Raised target price on strong earning and presale momentum

With the management guidance, we fine-tuned our 2012-2013F forecast by 4% and 3% to Bt3.1bn and Bt4.0bn respectively. In addition, SIRI's valuation still laggard to its peers at 8.5x 2013 PE (vs. trading PE of its peers, 10x – 19x). Meanwhile, it was able to show the highest presale and backlog in the market last year. We believe now SIRI deserves to re-rate from 8.5x to 10x 2013PE. Our new target price is Bt4.50.

### Valuation and Recommendation

We maintain our rating of Outperform on the counter with a new target price of Bt4.50 from Bt3.70.

Year to Dec	Sales (Bt mn)	Sales growth (%)	EBITDA (Bt mn)	NP (Bt mn)	EPS (Bt)	EPS growth (%)
2010	18,596	17.5	3,017	1,898	0.27	63.5
2011	20,542	10.5	3,180	2,015	0.29	6.2
2012F	29,780	45.0	4,324	3,120	0.41	42.0
2013F	35,192	18.2	5,519	4,084	0.45	12.2
2014F	46,478	32.1	7,386	5,588	0.54	19.7

Year to Dec	GM (%)	EV/EBITDA (X)	PBV (X)	PER (X)	Dividend Yield (%)	ROAE (%)
2010	32.6	13.0	2.9	14.3	0.8	21.4
2011	34.2	13.5	2.4	13.4	3.6	19.4
2012F	33.8	11.9	2.1	9.5	5.2	23.7
2013F	33.4	10.6	2.0	8.4	5.8	24.1
2014F	33.4	9.6	1.7	7.0	7.0	26.1

Sector	Property	52-week trading range (Bt)	1.4 - 3.8
12M target price (Bt/shr)	4.50	Mkt cap-Bt bn/US\$ bn	30.27/0.76
Upside/downside (%)	17.2	Outstanding shares (mn)	7,882.5
The percentile of excess return (%)	73.0	Free floating shares (mn)	3,594.4
Dividend yield-12/12F (%)	5.2	Foreign ownership (mn)	2,250.4
Book value/shr-12/12F (Bt)	1.8	3M avg. daily trading (mn)	68.3
P/B-12/12F (x)	2.1	Abs. performance (3,6,12M)(%)	23.9; 69.9; 170.4
Net debt/equity-12/12F (%)	128.9	Rel. performance (3,6,12M)(%)	12.7; 44.8; 99.3

\*The Company may be issuer of Derivative Warrants on these securities.

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