

Action

We reinitiate our coverage of SIRI with a BUY rating, which is based on PER multiple of 7.5x, as well as a FY12F EPS that is based on the number of fully-diluted shares in order to factor in the possible dilution from the exercise of outstanding warrants. We view SIRI as a value play owing to its favorable earnings prospects and cheap PER valuation.

Catalysts

Potential catalysts for SIRI's share price include lower-than-expected SG&A expenses that would help to bring down its SG&A expenses as percentage of its total revenue and thus improve its profitability.

Anchor themes

With the government's stimulus policies and the likelihood that interest rates are on a downward trend, the residential property sector, which relies on domestic demand, is a good choice for investors amid increasing uncertainty in global financial markets. We prefer developers with a well-balanced revenue mix between low-rise housing and condos, which in turn should enable them to deliver more sustainable earnings growth.

Closing price on 6 Dec	THB1.22
Price target 12F (PER)	THB1.46
Upside/downside	19.7%
Difference from consensus	-2.7%
FY12F net profit (THBmn)	2,123.8
Difference from consensus	+9.5%

CNS vs. consensus

Our FY12F NP estimate is higher than the consensus forecast by 9.5% due to our more bullish revenue assumption. However, our TP is 2.7% below the market consensus due to our lower PER multiple.

Well positioned for FY12F

① Reinitiating coverage with a BUY and FY12F TP of THB1.46/share

We reinitiate our coverage of SIRI with a BUY rating and a FY12F TP of THB1.46/share that is based on a PER multiple of 7.5x. The company's earnings growth prospects are promising, as its NP is likely to achieve a CAGR of 25.2% during FY12-13F. SIRI is trading on a FY12F PER of 6.2x, which is lower than the industry's average PER of 8.5x.

② Reaping the benefits of well-established brands

Starting out as a high-end condo developer, more recently SIRI has successfully penetrated into the mid-priced and low-end housing segments thanks to the support provided by its strong brand names and "right" products. Its presales are estimated to increase by 19% y-y to THB25,000mn in FY12F. We estimate that SIRI's revenue from residential sales in FY12F will amount to THB21,086mn, 67.1% of which is secured by its current backlog.

③ Diversified portfolio to result in sustainable growth

SIRI is continuing with its diversification strategy that includes coverage of all market segments and an effort to increase the contribution from projects in upcountry markets. Given the company's diversified portfolio, its operations are likely to be less affected by unexpected events. As of 21 Nov 11, only four of SIRI's residential property developments had flood water inside the project site and these accounted for only 8% of the total value of the company's housing available for sale. For FY12F, SIRI is planning to launch 31 projects with a total value of THB31,300mn with an emphasis on the mid to low-end segments.

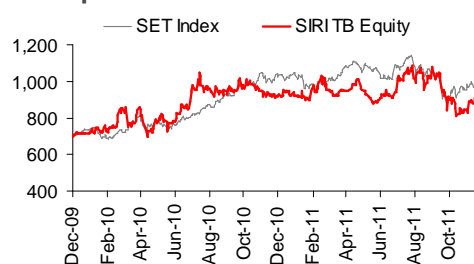
④ New precast factory to mitigate labor shortages

Labor shortages and higher building material prices driven by strong demand for post-flooding refurbishment spending are likely to be challenges during FY12F. SIRI is using prefab technology to shorten its cash cycle and reduce its dependence on labor. Construction of its new precast factory is expected to be completed by around mid-Jan 2012 and start test-run operations by the middle of the following month.

Forecasts & Valuation

31 Dec (THBmn)	FY10	FY11F	FY12F	FY13F
Revenue	18,596	18,556	22,007	23,776
EBITDA	2,919	2,609	3,163	3,527
Norm. Profit	1,898	1,583	2,124	2,482
Net Profit	1,898	1,583	2,124	2,482
EPS (THB)	0.32	0.21	0.20	0.23
EPS Growth (%)	95.0	(35.5)	(5.6)	16.9
PER (x)	3.8	5.9	6.2	5.3
BV/share (THB)	1.6	1.6	1.2	1.4
P/BV (x)	0.8	0.8	1.0	0.9
EV/EBITDA (x)	6.4	9.9	9.9	8.8
DPS (THB)	0.03	0.08	0.09	0.11
Dividend yield (%)	2.4	6.8	7.4	9.0
ROE (%)	21.4	14.7	16.6	17.4
Int. bearing D/E (x)	1.55	1.65	1.50	1.31

Share price relative to SET



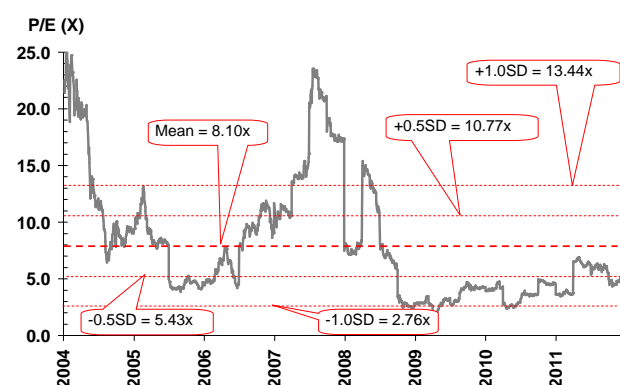
Relative Performance (%)	1m	6m	12m
SIRI	12.96	4.27	5.52
Relative to SECTOR	0.59	3.64	6.16
Relative to SET	5.14	4.66	3.48
Shares in Issue (mn)			7,053.23
Market Cap (THBmn)			8,604.94
12-mth High / Low (THB)			1.42 / 1.02
3-mth avg daily turnover (THBmn)			29.72
Foreign Limit / Actual (%)			39.00 / 21.10
Free Float (%)			47.96
NVDR (%)			16.79
Dividend Policy (%)			50
Par Value (THB)			1.07
Major Shareholders (%)			
1. T.S. Star Co., Ltd.			18.06
2. NVDR			16.79
3. CHASE NOMINEES LIMITED			7.44

Reinitiate coverage with BUY rating and FY12F TP of THB1.46/share

We reinitiate our coverage of (Sansiri) SIRI with a BUY rating and a FY12F TP of THB1.46/share that is based on the PER valuation method. We used a PER multiple of 7.5x, which represents a discount of around 7% to the company's historical average PER multiple since 2004. Next, we multiplied its FY12F EPS by the number of fully-diluted shares in order to factor in the possible dilution from the exercise of outstanding warrants. Note that holders of SIRI-W1 (2,947,168,104 units with a ratio of 1 warrant: to 1.167 common shares and an exercise price of THB1.114/share) will be able to start exercising their warrants from 30 March 2012 onwards. SIRI's earnings growth prospects are promising, as we expect its NP to achieve a CAGR of 25.2% during FY12-13F. The company is continuing with its diversification strategy that includes coverage of all market segments and an effort to increase the contribution from projects in upcountry markets, which should help it to deliver sustainable growth. After being a leading player in high-end condo market, SIRI has successfully penetrated into the mid-priced and low-end segments. Its presales and backlog have increased significantly over the past few years, which can be attributed to the quality of its housing products and their well-established brand names, as well as its pricing strategy and the location of its projects that are designed to match customers' needs. SIRI has also been successful in developing strong brand names. Its sizable backlog on hand should secure 100% of our revenue forecast for FY11F, as well as 67.1% of our revenue forecast for FY12F and 52.9% of our revenue forecast for FY13F. This makes the company's revenue over the next two years highly visible. We view SIRI as a value play owing to its favorable earnings growth prospects and its cheap PER valuation. It shares are currently trading on a FY12F PER of 6.2x (based on a fully-diluted EPS), which is lower than industry's average PER of 8.5x. Finally, our FY12F TP implies an upside potential of 19.7% from the company's current share price.

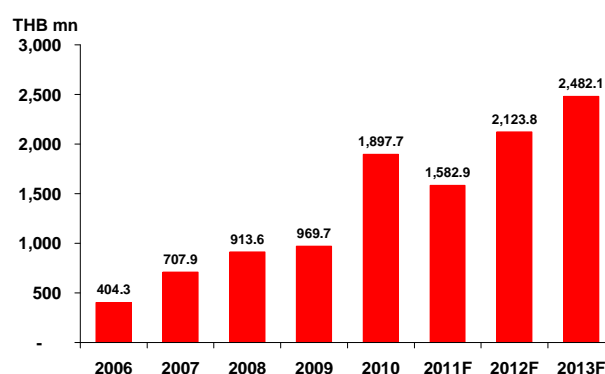
We reinitiate our coverage of SIRI with a BUY rating and a FY12F TP of THB1.46/share that is based on a PER multiple of 7.5x.

Exhibit 1: SIRI – Historical PER band



Source: Bloomberg, CNS estimates

Exhibit 2: SIRI – Net profit in FY06-13F



Source: SIRI, CNS estimates

Exhibit 3: SIRI – No. of outstanding common shares and warrants

	After par split
No. of registered shares as of 30 Sep 11	10,879,990,328
No. of paid-up shares as of 30 Sep 11	7,053,228,452
No. of remaining warrants: SIRI-W1	2,947,168,104
No. of remaining warrants: ESOP #5	79,265,156
No. of remaining warrants: ESOP #6	252,694,940
Exercise ratio (per 1 unit of warrant)	1 : 1.167
Exercise price (THB/share)	1.072 (ESOP #5) / 1.114 (SIRI-W1 & ESOP #6)

Source: SIRI

Exhibit 4: Comparative valuations for the residential property stocks under our coverage

Company	Rating	Target price	EPS growth			PER (x)			PBV (x)			Div yield		
			FY10A	FY11F	FY12F	FY10A	FY11F	FY12F	FY10A	FY11F	FY12F	FY10A	FY11F	FY12F
AP	BUY	6.07	-5.6%	-28.2%	35.4%	6.5	9.1	6.7	1.5	1.3	1.1	3.5%	4.3%	5.8%
LH	BUY	7.49	1.6%	16.3%	-9.5%	16.2	13.9	15.4	2.3	2.2	2.2	5.3%	5.3%	5.5%
LPN	BUY	12.10	9.0%	18.7%	10.9%	11.1	9.3	8.4	3.0	2.5	2.2	4.6%	5.5%	6.1%
PS	NEUTRAL	12.18	-4.0%	-23.1%	25.3%	7.6	9.9	7.9	1.7	1.6	1.4	4.2%	3.2%	4.1%
QH	BUY	2.00	16.7%	-49.1%	69.8%	6.8	13.3	7.8	1.0	1.0	0.9	7.5%	4.5%	7.4%
SPALI	BUY	15.90	-3.2%	15.5%	8.6%	8.8	7.6	7.0	2.4	2.0	1.7	4.6%	5.3%	5.7%
SIRI	BUY	1.46	95.0%	-35.5%	-5.6%	3.8	5.9	6.2	0.8	0.8	1.0	2.4%	6.8%	7.4%
Avg.			15.6%	-12.2%	19.3%	8.7	9.9	8.5	1.8	1.6	1.5	4.6%	5.0%	6.0%

Source: Company data, SET, and CNS estimates

Note: 1) Market prices of AP, LH, LPN, PS, QH, and SPALI are as of 6 December 2011.

Reaping the benefits of well-established brands

Starting out as a high-end condo developer, more recently SIRI has successfully penetrated into the mid-priced and low-end housing segments thanks to the support provided by its strong brand names and “right” products. At present, SIRI develops single-detached housing (SDH), townhouses (TH), and condominiums under various recognized brands across all segments ranging from high to low-end markets in order to capture all categories of potential property demand (for details see Exhibit 5). The company aims to have around 40% of its total revenue coming from the mid-priced segment, followed by 30% each from the high-end and low-end segments. Its presales and backlog have increased significantly over the past few years. Based on data from SIRI’s existing projects as of 21 Nov 11, the cumulative value of its housing sold to date amounted to THB51,085mn, which accounted for 74% of its total project value. The average presales level for its condo projects was 85%, which exceeded the presales levels for both its SDH projects (at 65%) and its TH developments (70%). These impressive presales levels can be attributed to the quality of its housing products and their well-established brand names, as well as its pricing strategy and the location of its projects that are designed to match customers’ needs.

SIRI’s impressive presales levels can be attributed to the quality of its housing products and their well-established brand names, as well as its pricing strategy and the location of its projects that are designed to match customers’ needs.

Exhibit 5: SIRI – Brand and product segments

Price Range (THB Million)	Single-detached houses	Townhouses	Condominiums
	Price/Unit	Price/Unit	Price/sqm.
> 10.10	> 7.10	> 100,000	
High-End			
5.10 - 10.10	3.10 - 7.10	60,000 - 100,000	
Medium-End			
2.51 - 5.10	1.20 - 3.10	40,000 - 60,000	
Low-End			

Source: SIRI

Exhibit 6: SIRI – Active projects as of 21 November 2011

Active projects	No. of projects	Project value (THB mn)	Accumulative sold value (THB mn)	% sold	Available for sale (THB mn)	Avg. price per unit (THB mn)
SDH	20	25,841	15,597	60%	10,244	6.4
TH	14	11,267	7,879	70%	3,388	3.9
Condo	20	32,319	27,609	85%	4,710	3.4
Total	54	69,427	51,085	74%	18,342	4.8

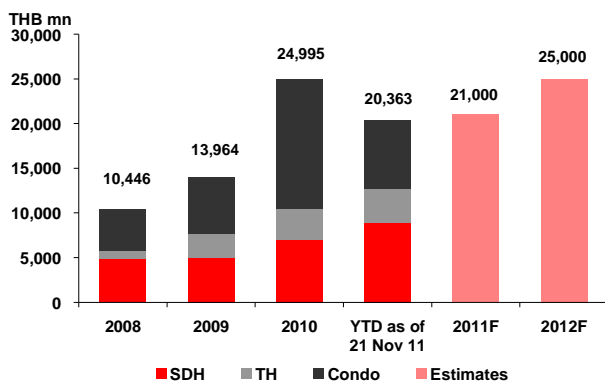
Source: SIRI, CNS estimates

SIRI's presales YTD (i.e. as of 21 Nov 11) amounted to THB20,363mn. We estimate that SIRI's presales in FY11F will come to THB21,000mn, which would be a decrease from its presales for FY10 of THB24,995mn since demand is expected to slow in 4Q11F. This should be particularly true for landed property due to the impact of the severe floods in Greater Bangkok. However, we expect the company's presales to increase by 19% y-y in FY12F to THB25,000mn as property demand in flood-free areas and areas that have been less affected by the floods should recover after the flood water recedes. Demand in heavily flooded areas (i.e. the northern and western parts of Bangkok, such as Bangbuathong and Rangsit) is expected to recover by 2H12F.

We expect SIRI's presales to increase by 19% y-y in FY12F to THB25,000mn, as property demand in flood-free areas and areas that have been less affected by the floods should recover after the flood water recedes.

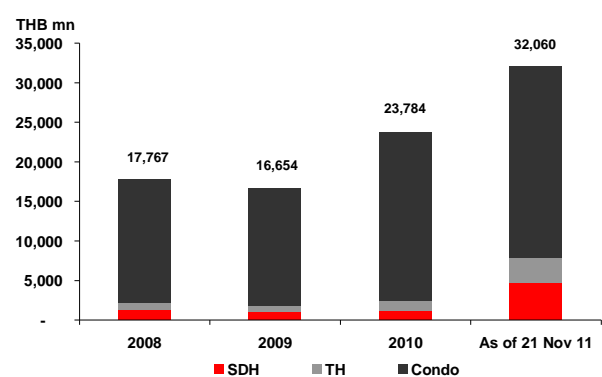
SIRI's revenue from residential sales in FY11F is likely to amount to THB17,724mn, for a slight decline of -0.8% y-y. However, we estimate its revenue from residential sales will grow strongly in FY12F with a gain of 19% y-y to THB21,086mn owing to a higher contribution from condos, most of which are secured by its current backlog. As of 21 Nov 11, the company's backlog amounted to THB32,060mn, which represents a significant increase from its backlog of THB23,784mn at the end FY10. This improvement can be attributed to its successful presales of its residential projects. Note that SIRI's sizable backlog amounted to THB32,060mn, most of which came from condo sales (at THB24,245mn), followed by SDH sales (at THB4,689mn) and TH sales (at THB3,126mn). SIRI's current backlog should be sufficient to secure all of our forecast for SIRI's revenue in FY11F, followed by 67.1% of our FY12F revenue forecast and 52.9% of our FY13F revenue forecast. Hence, the company's revenue outlook over the next two years is highly visible in our view.

Exhibit 7: SIRI – Presales in FY08-12F



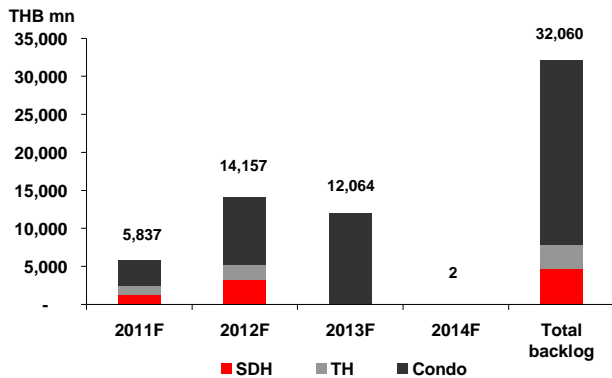
Source: SIRI, CNS estimates

Exhibit 8: SIRI – Backlog



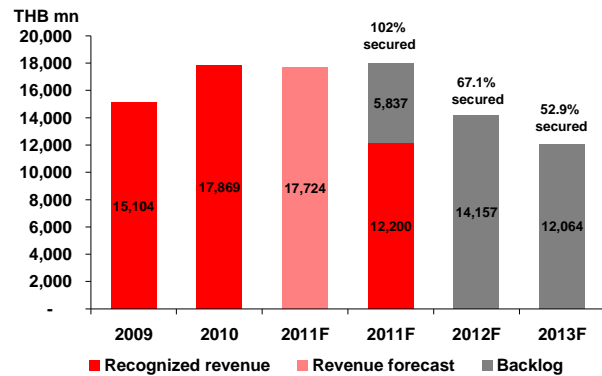
Source: SIRI

Exhibit 9: SIRI – Backlog to be recognized in FY11-14F



Source: SIRI Note: Backlog as of 21 Nov 2011

Exhibit 10: SIRI – Revenue and backlog



Source: SIRI, CNS estimates

Diversified portfolio to result in sustainable growth

SIRI is continuing with its diversification strategy that includes coverage of all market segments and an effort to increase the contribution from projects in upcountry markets. During FY12F, SIRI plans to launch 31 projects (including 12 SDH projects, nine TH projects, and 10 condo projects) with a total value of THB31,300mn. By comparison, in FY11 the company launched 14 projects with total value of THB16,830mn. Note that value of its new project launches in FY12F is much higher than the launches value in FY11, as the company has postponed some project launches from 4Q11 until FY12F due to the floods. All of projects that are scheduled for launch in FY12F are located in flood-free areas. According to our recent update with the company, its new project launches next year will be concentrated in the mid to low-end market segments. SIRI will continue with its strategy aimed at covering more segments (i.e. TH with selling prices of THB7-10mn/unit), as well as increase its number of new project launches in upcountry markets such as Hua Hin and Phuket. Finally, SIRI intends to enter to new upcountry markets such as Khaoyai to meet demand from its existing customers.

During FY12F, SIRI plans to launch 31 projects (including 12 SDH projects, nine TH projects, and 10 condo projects) with a total value of THB31,300mn.

Exhibit 11: SIRI – New project launches in FY11-12F

	2011		2012F	
	No. of projects	Value (THB mn)	No. of projects	Value (THB mn)
SDH	5	8,195	12	14,600
TH	3	1,624	9	5,700
Condo	6	7,011	10	11,000
Total	14	16,830	31	31,300

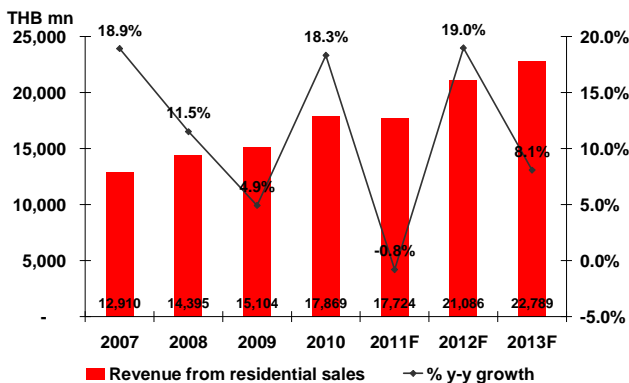
Source: SIRI

Exhibit 12: SIRI – Details of new launches in FY11

Project	No. of units	Project value (THB mn)	Price/unit (THB mn)	Launch period	% sold (in unit) as of 22 Nov 11
Single detached house					
Habitia Watcharapol	206	1,008	4.89	Feb-11	46%
Setthasiri Ratchaprupek-Charun	234	2,336	9.98	Mar-11	53%
Setthasiri Srinagarindra-Rama IX	248	2,004	8.08	Jun-11	52%
Narasiri Hideaway	60	956	15.93	Oct-11	5%
Setthasiri Watcharapol	197	1,806	9.17	Oct-11	2%
Total SDH	945	8,110	8.58		
Townhouse					
B Square Rama IX-Mengjai	78	929	11.91	Jan-11	41%
Residence Sukhumvit 65	10	180	18.00	Aug-11	12%
Town Avenue Rama II Soi. 30	120	514	4.28	Aug-11	25%
Total TH	208	1,623	7.80		
Condominium					
CEIL by Sansiri	376	1,625	4.32	Mar-11	69%
9 Elvaston Place - London	6	525	87.50	Jun-11	n.a.
Baan Sankraam	266	1,428	5.37	Sep-11	100%
The Base Changwattana	1,231	2,378	1.93	Sep-11	38%
Dcondo Charun-Bangkunnon	445	526	1.18	Oct-11	99%
Dcondo Kathu	556	627	1.13	Oct-11	100%
Total condo	2,880	7,109	2.47		

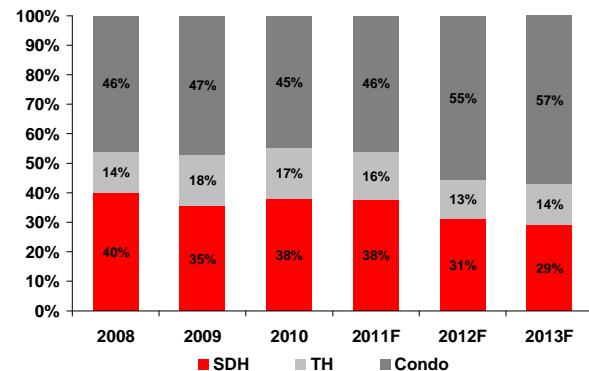
Source: SIRI, CNS estimates

Exhibit 13: SIRI – Revenue from residential sales in FY07-13F



Source: SIRI, CNS estimates

Exhibit 14: SIRI – Revenue breakdown by product type



Source: SIRI, CNS estimates

Given SIRI's diversified portfolio in terms of product type, location, and geographical location, its operations should be less affected from unexpected events (i.e. floods). As of 21 November 2011, only four of SIRI's developments had flood water inside the project and these accounted for just 8% of the total value of the company's housing available for sale. Hence, this figure shows that SIRI's projects have been less affected by the floods that its peers.

As of 21 Nov 11, only four of SIRI's developments had flood water inside the project site and these accounted for just 8% of the total value of the company's housing available for sale.

Exhibit 15: SIRI – Update on flood situation as of 21 Nov 11

	No. of projects	Remaining units	Remaining value (THB mn)	% of remaining value
Projects not affected by the floods	42	2,799	12,747	70%
Flooded outside the projects	8	807	4,050	22%
Flooded inside the projects	4	232	1,545	8%
	54	3,838	18,342	100%

Source: SIRI

Exhibit 16: SIRI – Projects affected by floods as of 21 Nov 11

Project	Product type	Remaining unit	Remaining value (THB mn)	Water level on main road (cm.)	Water level inside project (cm.)
<i>Flooded outside the projects:</i>					
1. Habitia Watcharapol	SDH	121	548	+35	-
2. Baan Promptpatt Prime	SDH	150	380	+9	-
3. Habitia Panyaindra (PN1-2)	SDH	40	178	+11	-
4. Saransiri Phaholyothin-Saimai	SDH	177	837	+12	-
5. B Avenue Watcharapol	Commercial	28	123	+17	-
6. Setthasiri Watcharapol	SDH	194	1,770	+17	-
7. Habittown Watcharapol	TH	54	141	+43	-
8. V-Village Phase I	TH	43	72	+5	-
Total		807	4,050		
<i>Flooded inside the projects:</i>					
1. Habitia Ratchapruerk	SDH	61	236	+40	+1
2. Setthasiri Chaiyapruerk-Changwattana	SDH	158	1,244	+10	+25
3. Burasiri Ratchapruerk	SDH	3	21	+25	+0
4. Habitia Bangyai	SDH	10	44	+28	+0
Total		232	1,545		

Source: SIRI

Based on our revenue forecasts for SIRI, we expect the contribution from condos to increase from 46% of its total revenue from residential sales in FY11F to 55% by FY12F, while the contribution from low-rise housing in FY12F is likely to decrease to 45% of its total revenue from residential sales. Revenue from condos in FY12F should grow strongly by 43.3% y-y to THB11,700mn from THB8,164mn in FY11F as a result of the start of unit transfers from its 10 condo projects, as well as the continuation of unit transfers from “Quattro by Sansiri”, “Bloc 77”, and its “Dcondo Ramindra” projects (for details see Exhibit 17).

Based on our revenue forecasts for SIRI, we expect the contribution from condos to increase from 46% of its total revenue from residential sales in FY11F to 55% by FY12F, while the contribution from low-rise housing in FY12F is likely to decrease to 45% of its total revenue from residential sales.

On the balance sheet side, SIRI's D/E ratio as of 30 Sep 2011 was rather high at 1.76x. Its D/E ratio is expected to remain high at end-FY11F and FY12F at 1.65x and 1.50x, respectively, before its declines to 1.31x by end-FY13F owing to cash inflows from its 14 condo projects that are scheduled to be completed and transferred to their customers during FY12-13F.

Exhibit 17: SIRI – Schedule of condo transfers

Project	Target transfer starting dates	Estimated transfers (THB mn)			
		FY11F	FY12F	FY13F	FY14F
1. 39 by Sansiri	4Q10	28	-	-	-
2. HIVE Taksin	1Q11	87	-	-	-
3. The Vertical Aree	2Q11	178	-	-	-
4. Dcondo Onnuch-Suvarnabhumi	3Q11	263	19	-	-
5. Blocs 77	3Q11	708	215	-	-
6. Quattro by Sansiri	4Q11	2,042	1,468	-	-
7. Dcondo Ramindra	4Q11	116	923	-	-
8. Dcondo Ramkamhaeng	1Q12	-	1,688	-	-
9. Via 49	1Q12	-	597	-	-
10. WYNE Sukhumvit	3Q12	-	785	-	-
11. Via BOTANI	3Q12	-	672	10	-
12. TEAL Sathorn-Taksin	4Q12	-	765	587	-
13. The Base	4Q12	-	613	1,835	-
14. KEYNE by Sansiri	4Q12	-	130	1,565	-
15. Dcondo Charun-Bangkunnon	4Q12	-	303	219	-
16. CEIL by Sansiri	4Q12	-	646	482	-
17. Dcondo Kathu	4Q12	-	58	568	-
18. PYNE by Sansiri	1Q13	-	-	2,049	-
19. Baan Sankraam	2Q13	-	-	1,423	-
20. ONYX Phaholyothin	2Q13	-	-	2,293	-
21. The Base Changwattana	3Q13	-	-	908	2
Total		3,422	8,882	11,939	2

Source: SIRI

New precast factory to mitigate labor shortages

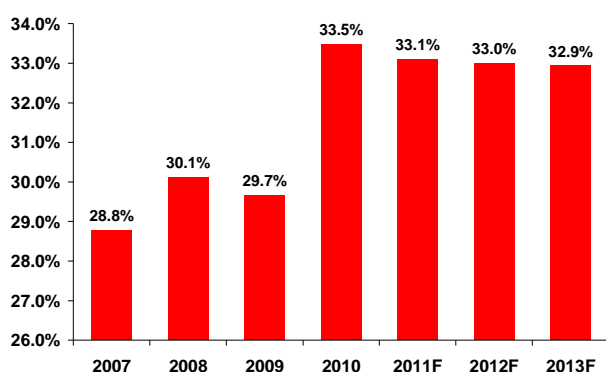
The challenges for property developers in FY12F are likely to include labor shortages and higher building material prices as a consequence of strong post-flooding refurbishment spending. SIRI intends to put more emphasis on the shortening of its cash cycle and to reduce its dependence on labor, as well as mitigate the risk of labor shortages by using more prefab technology. At present, the company has two precast yards (free mold) with a capacity of 30 units/ month/ yard. SIRI uses precast concrete parts from these yards to build SDH under its Habitia brand in the low-end segment. The company intends to use more precast methods for other projects starting from its low-end brands (i.e. Saransiri, Burasiri, and V Village). Moreover, SIRI has invested THB500mn in a fully-automated precast factory with a capacity of 150 units/ month to prepare for the anticipated growth in the demand for precast parts and mitigate the risk of labor shortages. Its new precast factory will be used for its SDH and some parts of its TH products. The construction of this precast factory is expected to be completed by around mid-Jan 2012. The factory is scheduled to install machinery in Feb 2012 and start test-run operations by mid-Feb 2012. The use of precast methods should help reduce SIRI's construction period to 75 days/ unit compared to 6-8 months for conventional methods. The company also makes use of tunnel form technology to construct TH with a capacity of 15 units/ month/ project. About five TH projects under its Town Plus brand use this technology. SIRI's gross margin from residential sales in FY12F is likely to be relatively stable at 33.0% (vs. 33.1% in FY11F). The company aims to have a gross margin of around 33-34% after its new precast factory starts operations.

SIRI intends to put more emphasis on the shortening of its cash cycle and to reduce its dependence on labor, as well as mitigate the risk of labor shortages by using more prefab technology.

Meanwhile, SIRI's ratio of SG&A expenses to total revenue in FY12F should remain high level at 19.7% for a slight decline from 20.1% in FY11F, as the company expects to book expenses related to the floods (i.e. expenses for flood prevention and housing repair expenses after the flood water recedes). SIRI hopes to be able to finalize the total expenses related to the floods by around the end of this year. Note that SIRI is likely to book flood-related expenses of approximately THB50mn in 4Q11F and then book the remainder in FY12F. However, the company's administrative costs, especially its staff expenses as a percentage of its total revenue, are likely to decrease when its revenue base is larger.

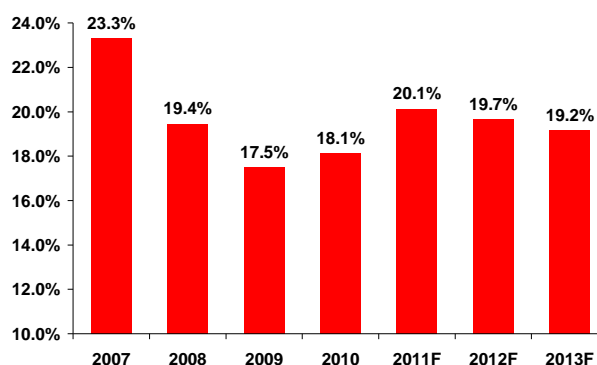
Finally, SIRI's net margin is expected to increase to 9.7% in FY12F vs. 8.5% in FY11F, mainly due to the lowering of Thailand's corporate tax rate to 23% in FY12F from 30% in FY11F. The company's effective tax rate for FY11F is estimated to be around 30%. Note that its effective tax rate for each quarter in FY11F is likely to remain volatile (i.e. 41.5% in 1Q11, 33.8% in 2Q11, 30.2% in 3Q11, and 22% in 4Q11F). This was caused by the change in company's revenue recognition policy from the percentage of completion method to the transfer method in 4Q10. Note that during 1H11 the company was still paying tax for some its condo projects based on the percentage of completion method despite the change in its revenue recognition policy to the transfer method. The company's effective tax rate in FY12F should be less volatile, as from 2Q12F onwards all of its condo projects that are still paying taxes based on the percentage of completion will have been completed and transferred to their customers.

Exhibit 18: SIRI – Gross margin from residential sales in FY07-13F



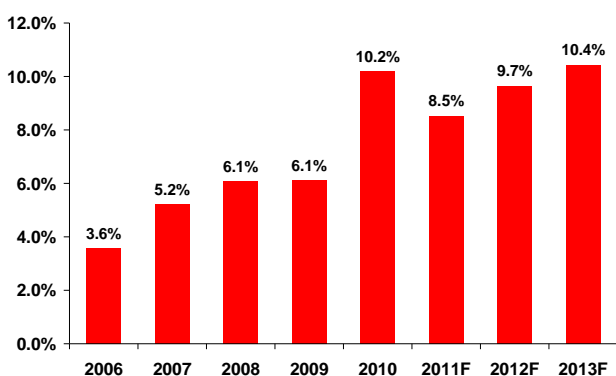
Source: SIRI, CNS estimates

Exhibit 19: SIRI – SG&A expenses as % of total revenue



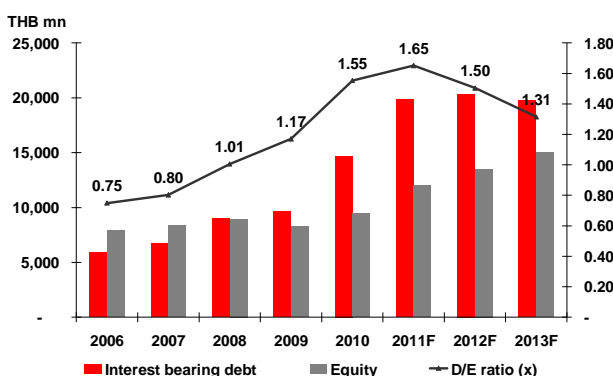
Source: SIRI, CNS estimates

Exhibit 20: SIRI – Net margin in FY07-13F



Source: SIRI, CNS estimates

Exhibit 21: SIRI – D/E ratio



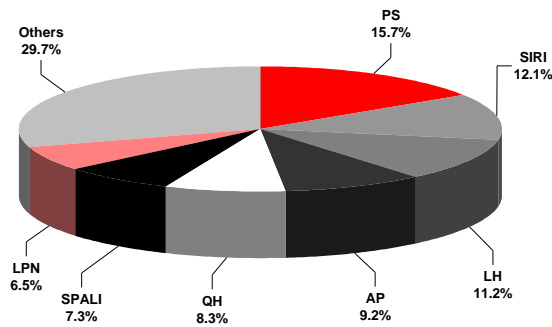
Source: SIRI, CNS estimates

Company background

Sansiri Public Company Limited (SIRI) is one of Thailand’s leading residential property developers. The company’s market share in terms of revenue from residential sales in FY10 was 12.1%, which put it in second place after PS at 15.7%. The company is involved in the property development business, including SDH, TH and condos for sale, as well as the development of property for rent (i.e. office buildings). SIRI also provides integrated property services (i.e. real estate brokerage services, sales management, building management services, property development consultancy services, building inspection, and franchisee of world-class concierge). In addition, the company is engaged in other businesses consisting of hotels, medical spas, and education. SIRI was listed on the Stock Exchange of Thailand in July 1996. Revenue from property development accounted for 95.4% of the company’s total revenue for 9M11, followed by property services (3.5%) and others (1.1%). As of 2 September 2011, SIRI’s major shareholders were T.S. Star Company Limited led by Mr. Srettha Thavisin (at 18.1%), followed by NVDRs (16.8%), Chase Nominees (7.4%), and Viriyah Insurance (6.3%).

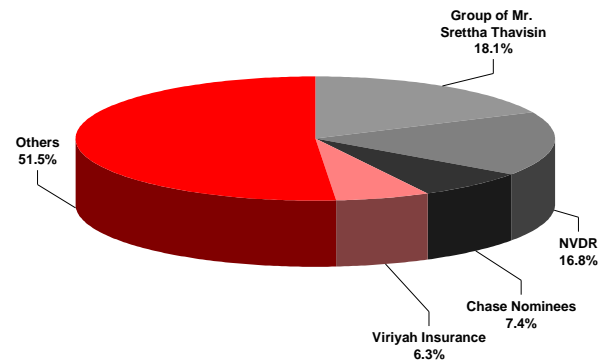
Sansiri Public Company Limited (SIRI) is one of Thailand’s leading residential property developers. The company’s market share in terms of revenue from residential sales in FY10 was 12.1%, which put it in second place after PS at 15.7%.

Exhibit 22: Market share based on revenue from residential sales in FY10



Source: SIRI

Exhibit 23: SIRI – Shareholders as of 2 Sep 2011



Source: SET

Financial statements

Profit & Loss Statement						
Year-end 31 Dec (THBmn)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Revenue	15,037	15,824	18,596	18,556	22,007	23,776
Cost of goods sold	10,520	11,158	12,541	12,477	14,812	16,022
Gross profit	4,517	4,666	6,055	6,079	7,195	7,753
SG&A	2,922	2,767	3,368	3,735	4,326	4,555
EBIT	1,595	1,898	2,686	2,344	2,869	3,198
Depreciation & amortisation	200	205	233	265	294	329
EBITDA	1,795	2,103	2,919	2,609	3,163	3,527
Interest expense	92	124	245	210	258	255
Other income	140	148	159	127	148	160
Pre-tax profit (loss)	1,643	1,923	2,600	2,261	2,758	3,103
Income tax	726	951	702	678	634	621
After-tax profit (loss)	917	972	1,898	1,583	2,124	2,482
Forex gain (loss)	-	-	-	-	-	-
Other extraordinary Items	-	-	-	-	-	-
Gn (Ls) from affiliates	-	-	-	-	-	-
Minority interests	(3)	(2)	(0)	-	-	-
Net profit (loss)	914	970	1,898	1,583	2,124	2,482
Normalised net profit (loss)	914	970	1,898	1,583	2,124	2,482
Reported EPS (THB)	0.15	0.16	0.32	0.21	0.20	0.23

Consolidated Balance Sheet Statement						
Year-end 31 Dec (THBmn)	FY08	FY09	FY10	FY11F	FY12F	FY13F
Cash & ST Investments	1,976	3,439	3,331	3,301	2,431	2,040
Accounts Receivable	2,220	45	50	50	59	64
Inventory	15,518	17,503	22,339	28,234	30,711	31,842
Other Current Assets	1,183	1,072	1,969	3,666	4,212	4,420
Total Current Assets	20,897	22,059	27,690	35,251	37,414	38,367
Fixed Assets	2,065	2,348	1,701	1,992	2,198	2,370
Other Assets	530	1,375	1,794	1,794	1,803	1,808
Total Assets	23,492	25,783	31,190	39,038	41,415	42,544
Accounts Payable	803	832	805	801	955	1,033
Short-term Loan and Overdraft	716	133	215	1,171	1,035	851
Current Portion of Long-Term Loans	4,038	5,093	4,992	1,000	1,000	-
Other Current Liabilities	3,072	6,267	4,735	4,835	5,096	5,221
Total Current Liabilities	8,630	12,325	10,747	7,807	8,086	7,104
LT Loans	4,259	4,442	9,470	17,687	18,288	18,890
Other Liabilities	1,648	765	1,526	1,519	1,526	1,530
Total Liabilities	14,537	17,532	21,743	27,014	27,901	27,524
Paid-up Capital	6,307	6,307	6,380	7,547	7,547	7,547
Share Premium	-	-	13	13	13	13
Retained Earnings	2,658	1,951	3,082	4,489	5,980	7,485
Other Adjustments	(2)	(0)	(27)	(25)	(25)	(25)
Total Equity	8,963	8,257	9,448	12,024	13,515	15,020
Minority Interest	(9)	(6)	(0)	(0)	(0)	(0)
Total Liabilities and Equity	23,492	25,783	31,190	39,038	41,415	42,544

Source: SIRI, CNS estimates

Cashflow (THBmn)						
Year-end 31 Dec	FY08	FY09	FY10	FY11F	FY12F	FY13F
Net Profit	914	970	1,898	1,583	2,124	2,482
Forex & other extraordinary adjustment	11,395	11,961	12,873	-	-	-
Depreciation & amortization	217	221	243	265	294	329
Net change in working capital & others	(13,450)	(11,082)	(17,622)	(7,495)	(2,617)	(1,142)
Net operating cash flows	(924)	2,070	(2,608)	(5,648)	(199)	1,669
Net capital expenditure	(345)	(349)	(400)	(557)	(502)	(501)
Free cash flow	(1,269)	1,720	(3,008)	(6,205)	(702)	1,168
Other items	-	-	90	(0)	-	-
Debt issue	1,779	184	3,609	5,182	465	(582)
Equity issue	-	-	-	1,169	-	-
Dividend paid	(339)	(442)	(766)	(176)	(633)	(977)
Net financing cash flows	1,440	(259)	2,933	6,175	(168)	(1,559)
Net cash / (Debt) at beginning	1,805	1,976	3,439	3,331	3,301	2,431
Net cash	171	1,464	(108)	(30)	(869)	(391)
Net Cash / (Debt) at ending	1,976	3,439	3,331	3,301	2,431	2,040

Valuation and ratio analysis**Per Share (THB)**

EPS	0.15	0.16	0.32	0.21	0.20	0.23
DPS	0.07	0.13	0.03	0.08	0.09	0.11
BVPS	1.52	1.40	1.60	1.57	1.24	1.38
EV	2.41	2.28	3.14	3.38	2.86	2.85

Multiplier (x)

PER	7.9	7.4	3.8	5.9	6.2	5.3
P/BV	0.8	0.9	0.8	0.8	1.0	0.9
EV/EBITDA	7.9	6.4	6.4	9.9	9.9	8.8
Dividend yield (%)	6.1%	10.7%	2.4%	6.8%	7.4%	9.0%

Growth (%)

Sales growth	11.0%	5.2%	17.5%	-0.2%	18.6%	8.0%
EBITDA growth	76.1%	17.2%	38.8%	-10.6%	21.2%	11.5%
normalised profit growth	29.1%	6.1%	95.7%	-16.6%	34.2%	16.9%
Net profit growth	29.1%	6.1%	95.7%	-16.6%	34.2%	16.9%
EPS growth	29.1%	6.1%	95.0%	-35.5%	-5.6%	16.9%

Profitability Ratio (%)

Gross margin	30.0%	29.5%	32.6%	32.8%	32.7%	32.6%
EBITDA margin	11.9%	13.3%	15.7%	14.1%	14.4%	14.8%
EBIT margin	10.6%	12.0%	14.4%	12.6%	13.0%	13.5%
Net margin	6.1%	6.1%	10.2%	8.5%	9.7%	10.4%
ROE	10.5%	11.3%	21.4%	14.7%	16.6%	17.4%
ROA	4.1%	3.9%	6.7%	4.5%	5.3%	5.9%
ROCE	5.5%	5.8%	10.5%	6.3%	7.0%	7.6%

Asset Utilization (x)

Fixed asset turnover	6.7	7.2	9.2	10.0	10.5	10.4
Receivable turnover	6.4	13.3	373.7	353.1	385.2	368.3
Inventory turnover	0.7	0.7	0.6	0.5	0.5	0.5
Payable turnover	14.3	13.4	15.0	15.2	16.5	15.8

Liquidity ratio (x)

Current ratio	2.4	1.8	2.6	4.5	4.6	5.4
Quick ratio	2.3	1.7	2.4	4.1	4.1	4.8

Leverage ratios (x)

Liabilities / equity	1.6	2.1	2.3	2.2	2.1	1.8
Interest-bearing debt / equity	1.0	1.2	1.6	1.7	1.5	1.3
Interest coverage	3.3	4.1	5.0	2.8	2.8	3.1
Debt service coverage	0.3	0.4	0.5	0.9	1.0	1.9

Source: SIRI, CNS estimates

Explanation of CNS rating system for Thailand companies under coverage:**Stocks:**

Stock recommendations are based on absolute valuation upside (downside), which is defined as $(\text{Fair Value} - \text{Current Price}) / \text{Current Price}$, subject to limited management discretion. In most cases, the Fair Value will equal the analyst's assessment of the current intrinsic fair value of the stock using an appropriate valuation methodology such as Discounted Cash Flow or Multiple analysis etc. However, if the analyst doesn't think the market will revalue the stock over the specified time horizon due to a lack of events or catalysts, then the fair value may differ from the intrinsic fair value. In most cases, therefore, our recommendation is an assessment of the difference between current market price and our estimate of current intrinsic fair value. Recommendations are set with a 6-12 month horizon unless specified otherwise. Accordingly, within this horizon, price volatility may cause the actual upside or downside based on the prevailing market price to differ from the upside or downside implied by the recommendation.

- A "Buy" recommendation indicates that potential upside is 15% or more.
- A "Neutral" recommendation indicates that potential upside is less than 15% or downside is less than 5%.
- A "Reduce" recommendation indicates that potential downside is 5% or more.

Sectors:

A "Bullish" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a positive absolute recommendation.

A "Neutral" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a neutral absolute recommendation.

A "Bearish" rating means most stocks in the sector have (or the weighted average recommendation of the stocks under coverage is) a negative absolute recommendation.

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