

Sansiri

Buy (TP Bt2.26)

Don't miss the train; SIRI's quality is for real!

Price Bt1.82

We reiterate a BUY rating on SIRI. We wrote in Aug'11 that "The more doubt over earnings quality, the stronger rally it will be!". We see the recent rally being based on the expectation of a strong 4Q11 result and dividend. In our view, the next share price catalyst will be robust presales from the grand event during 17-19 Feb based on its stellar brand recognition. Lastly, earning growth of 47% on the back of 5.7x PER still remains cheap from our 7x target.

Paving the way to Bt10bn presales target for 1Q12

We are confident that SIRI will achieve its presales target of Bt10bn for 1Q12. After the success of D condo Kathu (Bt824m) and HQ Thonglor (Bt1.6bn), YTD presales have reached Bt4.5bn (before cancellations). We expect SIRI to at least achieve a 60% take-up rate (including sold-out HQ Thonglor) in its grand event during 17-19 February, featuring "7 wonders" new condo projects totaling Bt7.4bn.

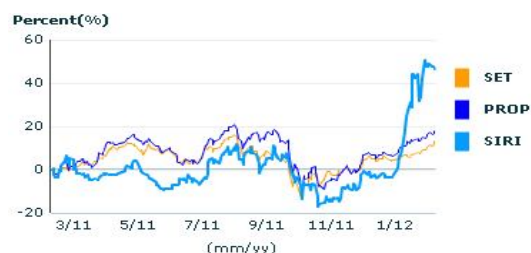
Strong brand recognition is key according to our survey

Why are we so confident? We conducted an in-house survey with a sample size of 100 at five mass transit stations to measure condo brand recognition. (Please see the survey questions on page 2). Sansiri was top ranked in total score, second in the number of times the brand was mentioned, and top ranked again in the number of times the Sansiri brand was mentioned first among our 100 respondents.

Financial and Valuation

FY Ended 31 Dec	2009	2010	2011E	2012E	2013E
Revenues (Btm)	15,824	18,596	20,250	23,803	28,740
Net profit (Btm)	970	1,898	1,555	2,282	2,856
EPS (Bt)	0.16	0.32	0.22	0.32	0.41
EPS growth (%)	6.1	93.5	-30.7	46.8	25.2
Dividend (Bt)	0.13	0.15	0.11	0.16	0.20
BV (Bt)	1.4	1.6	1.6	1.8	2.0

FY Ended 31 Dec	2009	2010	2011E	2012E	2013E
PER (x)	11.1	5.7	8.3	5.7	4.5
EV/EBITDA (x)	7.5	7.7	9.8	8.9	7.3
PBV (x)	1.3	1.2	1.1	1.0	0.9
Dividend yield (%)	7.1	8.4	6.0	8.8	11.1
ROE (%)	11.3	21.4	14.9	19.0	21.4
Net gearing (%)	0.86	1.28	1.42	1.70	1.51



Share data

Reuters / Bloomberg	SIRI.BK/SIRI TB
Sector	Property Development
Price (Bt) (08/02/2012)	1.83
Paid-up Shares (m)	7,098.90
Par (Bt)	1.07
Market cap (Bt bn / US\$ m)	13/423
Foreign limit / actual (%)	39.00/17.53
52 week High / Low (Bt)	1.95/1.02
Avg. daily T/O (shares 000)	28,061.70
NVDR (%)	14.01
Estimated free float (%)	45.60
Beta	0.86

Major Shareholders (02/09/2011)

T.S. Star Co., Ltd.	18.06%
Thai NVDR	16.79%
Chase Nominees Limited 42	7.44%

	FY12	FY13
Consensus EPS (Bt)	0.30	0.33
KT ZMICO vs. consensus	6.7%	24.2%

Company Profile

is a property developer specialising in residential condominiums, apartments, office buildings in the central business district in Bangkok.

CGR 2011



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Grand event during 17-19 Feb. will boost 1Q12 presales to Bt10bn

SIRI will hold a grand event at Siam Paragon during 17-19 February under the theme "Life Comes Home" by featuring "7 wonders" new condo projects totaling Bt7.4bn. This is part of the strategy to achieve targeted presales of Bt10bn in 1Q12. Previously, D Condo Kathu and pre-selling of HQ Thonglor were sold out within days. As of the second week of February, SIRI had already achieved Bt4.5bn of presales (preliminary number before cancellation).

Figure 1: Condo projects to be featured in Feb 17-19 grand sale event

Project	Location	Units	Value
D Condo	Rattanaibhet	1,325	1,312
D Condo	Ramkhamhaeng 64	486	628
The Base	Ramkhamhaeng-Rama9	923	1,669
HQ	Thonglor	284	1,600
Sari by Sansiri	Sukhumvit 64	206	719
Chelona	Kao Tao	174	1,122
23 degree	Kao Yai	104	357
		3,502	7,407

Source: Company Data, KT ZMICO Research

Our in-house survey suggests strong brand recognition for Sansiri

We expect SIRI to achieve a high presales number from this event. Why are we so confident? Over this week, we conducted an in-house survey with a sample size of 100 at five mass transit stations. The results of our survey suggest strong brand recognition for Sansiri.

In our survey, we asked three simple questions

In the survey, we asked three simple questions: 1) Please name the first three condo brands that come to your mind, 2) Do you own a condo? If yes, what brand?, and 3) Do you intend to buy a condo?

Sansiri ranked first in terms of total score...

In the first method of interpretation, we assigned scores of 3 points to the 1st rank, 2 points to the 2nd rank, and 1 point to the 3rd rank, and then added up the total scores for each brand to measure total brand awareness. From this approach, SIRI was top ranked with a total of 121 points out of a possible 600 points.

...ranked second in no. of times brand was mentioned

In the second method, we tallied the number of times each brand was mentioned by our 100 respondents. In this method, the Sansiri brand ranked second, with its name mentioned 55 times out of 300 possible times.

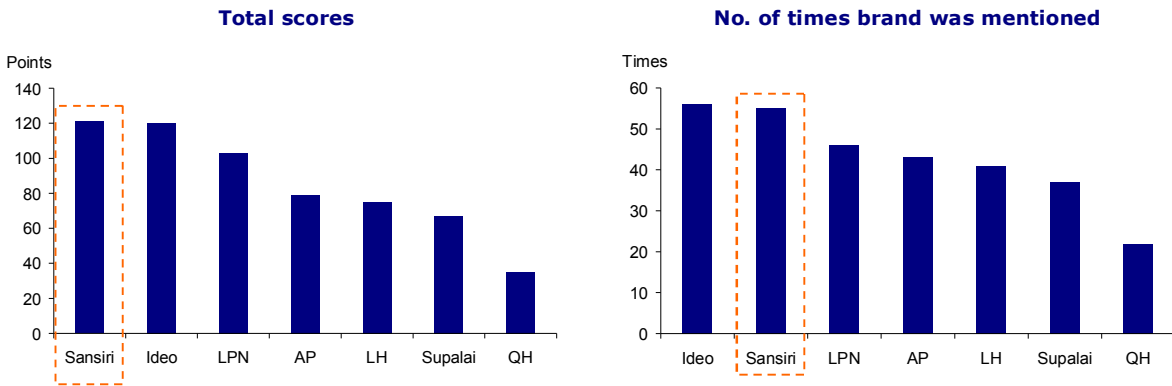
...and ranked first again in terms of first brand mentioned

In the last method, we counted the number of times each brand was ranked first in the survey. In this method, the Sansiri brand was top ranked again as it was ranked first 27 times by our 100 respondents.

Acquiring good land bank in Bangna

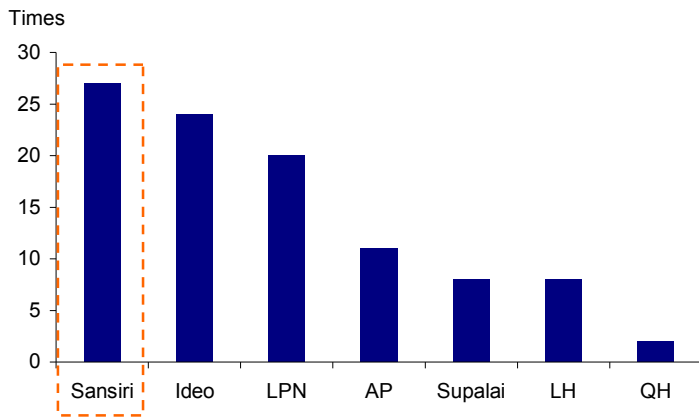
In addition, the company has acquired a 40-rai land bank in Bangna (previously set out for the China City Complex) for future development of middle-upper segment low-rise products. This is a good location with proximity to the expressway, the Mega Bangna project, and most importantly, a dry area during last year's floods.

Figure 2: Results of in-house market survey on condo brand awareness



Source: KT ZMICO Research

Figure 3: Sansiri led in "No. of times brand was ranked 1st" in our survey



Source: KT ZMICO Research

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KT ZMICO RESEARCH – RECOMMENDATION DEFINITIONS

STOCK RECOMMENDATIONS

BUY: Expecting positive total returns of 15% or more over the next 12 months

TRADING BUY: Expecting positive total returns of 10% or more over the next 3 months

SELL INTO STRENGTH: Expecting total returns of not more than 10% over the next 3 months; share price has largely priced in fundamentals

BUY ON WEAKNESS: Expecting negative total returns of not more than -10% over the next 3 months, while expecting positive developments in the medium to longer term

SELL: Expecting negative total returns of 15% or more over the next 12 months

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.