

Sansiri Public Co

SIRI.TB / SIRI.BK

COMPANY NOTE

➤ **Market Cap**
US\$430.6m
THB13,275m

➤ **Avg Daily Turnover**
US\$4.91m
THB153.5m

➤ **Free Float**
58.1%
7,099 m shares

Current **THB1.87**
Target **THB2.75**
Previous Target **THB2.13**
Up/downside **47.3%**

SHORT TERM (3 MTH) **LONG TERM**
TRADING BUY **OUTPERFORM**
TRADING SELL NEUTRAL
UNDERPERFORM

Notes from the Field



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Company Visit Expert Opinion
Channel Check Customer Views

“Not only [do] we construct the buildings but [we] also [create] better living for our customers. This is reflected in our strong brand equity and our successful expansion over the past decade...”

— Strettha Thavisin, President

When pain turns to gain

FY11 net profit may surprise on the upside despite the severe floods in 4Q11. SIRI expects an even more aggressive 30-40% revenue growth over FY12-13 thanks to its strong brand equity. Even on a fully diluted basis, we expect EPS to stabilise in FY12 and rebound by 60% in FY13.

We raise our FY11-13 EPS by 4-12% for possible stronger FY11 results, rising backlog, improving SG&A and lower FY11 tax rate. Combined with rerating potential, we raise our target price by 29% to THB2.75, now based on 7.5x CY13 P/E (from 6x). Reiterate Outperform.

Turning number one ➤

We see SIRI not only as a rising star but as an intimidating rival to other major developers. Its successful brand building exercise and product diversification in the past nine years resulted in an almost 2,000% growth in sales revenue. It overtook LH to clinch the number two spot, just below PS in 2010. With its more aggressive FY12 presale and revenue targets, the possibility of SIRI outpacing PS and continuing to eat into the market share of others are strong possibilities. Management expects sales growth to expand by 30-40% over FY12-13.

Beating bullish presales target ➤

It may be right after the floods but we believe SIRI will meet its bullish 1Q12 presale target of THB10bn. It

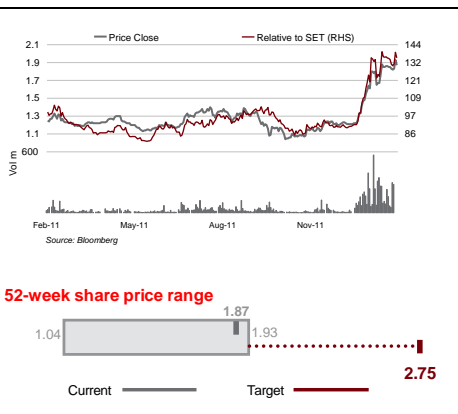
has posted THB4.1bn YTD and the remaining will be filled up via SIRI's 7 new condos and other SDH/TH launches at Paragon Mall on 17-19 Feb. If SIRI meets its target, 1Q12 presale will account for 31% of its FY12 target of THB32bn. It will also underscore SIRI's superior market position and preferred brand perception among homebuyers.

Upside surprise for FY11 ➤

We expect FY11 results to beat market consensus on robust 4Q11 performance despite the floods. Vibrant high-end condo transfers more than compensated for weak demand for SDH/TH transfers. We expect FY11 net profit growth of 5.6% (vs. -7.1% for consensus) while FD EPS to slightly drop 0.9%.

Still cheap ➤

Valuation is undemanding at 7x CY12 P/E and 5.3x CY13 P/E (vs. peer average of 10x and 9x respectively) while offering an attractive yield of 7% vs. 4.2% peer average. More catalysts include strong FY11 results, 1Q12 presale report and dynamic new launches in the pipeline.



Financial Summary

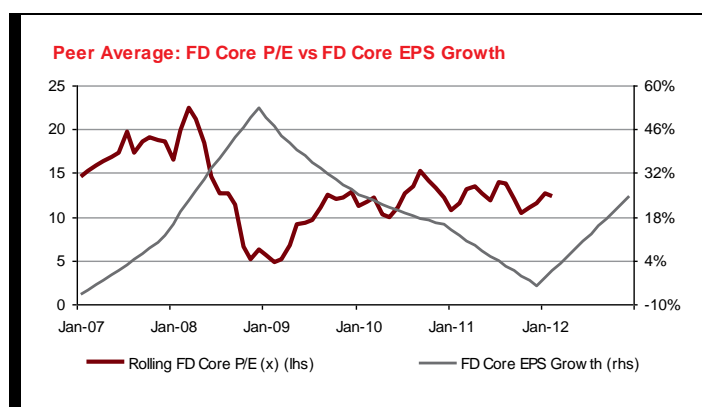
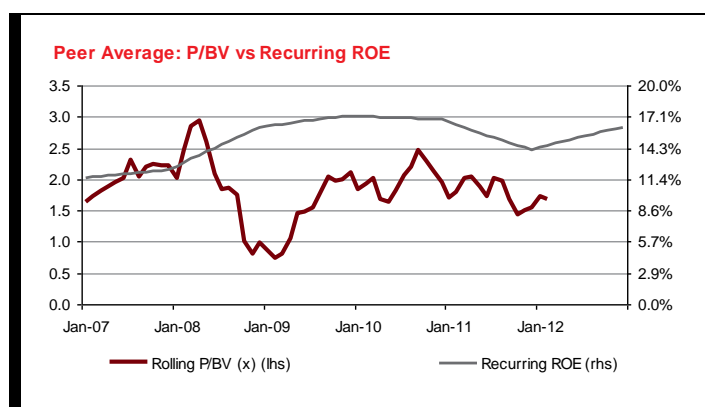
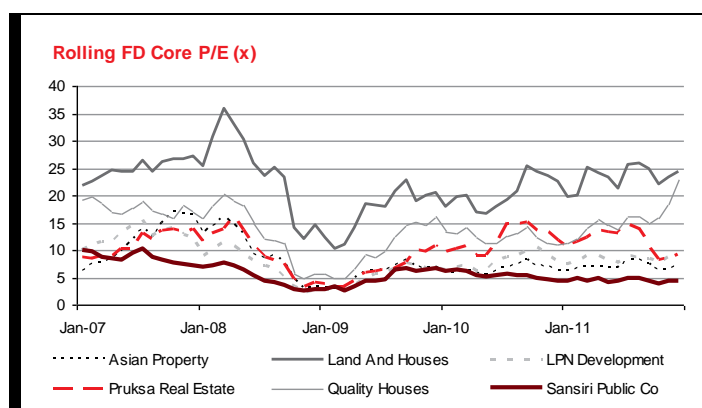
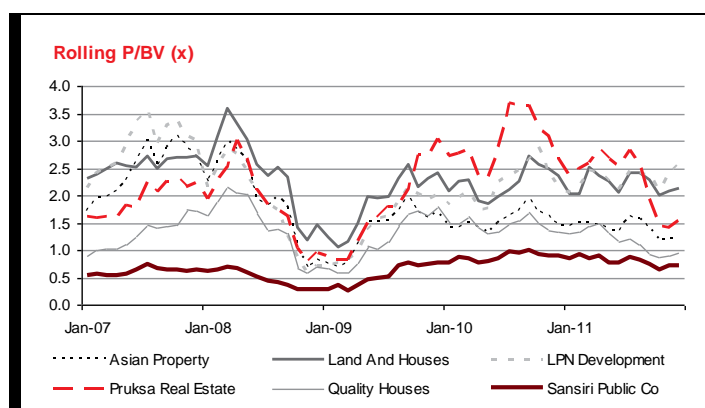
	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Revenue (THBm)	15,824	18,596	20,499	27,820	35,402
Operating EBITDA (THBm)	2,413	3,199	3,416	4,354	6,337
Net Profit (THBm)	970	1,898	2,004	2,778	4,428
Core EPS (THB)	0.14	0.27	0.28	0.31	0.43
Core EPS Growth	6.1%	93.8%	1.1%	12.9%	37.6%
FD Core P/E (x)	13.30	6.86	6.79	6.85	5.09
DPS (THB)	0.52	0.02	0.13	0.16	0.21
Dividend Yield	27.8%	1.2%	7.1%	8.3%	11.4%
EV/EBITDA (x)	7.48	7.21	7.67	6.21	4.89
P/FCFE (x)	4.33	5.59	9.65	NA	NA
Net Gearing	62%	108%	100%	67%	56%
P/BV (x)	1.56	1.39	1.08	1.08	0.93
Recurring ROE	11.3%	21.4%	17.9%	18.0%	22.9%
% Change In Core EPS Estimates			12.4%	9.4%	3.8%
CIMB/consensus EPS (x)			1.10	1.10	1.30

SOURCE: CIMB, COMPANY REPORTS

PEER COMPARISON

Research Coverage

	Bloomberg Code	Market	Recommendation	Mkt Cap US\$m	Price	Target Price	Upside
Asian Property	AP TB	TH	OUTPERFORM	476	5.20	6.90	32.7%
Land And Houses	LH TB	TH	OUTPERFORM	2,033	6.25	7.46	19.4%
LPN Development	LPN TB	TH	OUTPERFORM	651	13.60	17.50	28.7%
Pruksa Real Estate	PS TB	TH	OUTPERFORM	1,039	14.50	17.83	23.0%
Quality Houses	QH TB	TH	UNDERPERFORM	440	1.60	1.25	-22.1%
Sansiri Public Co	SIRI TB	TH	OUTPERFORM	431	1.87	2.75	47.3%



Valuation

	FD Core P/E (x)			P/BV (x)			EV/EBITDA (x)		
	Dec-10	Dec-11	Dec-12	Dec-10	Dec-11	Dec-12	Dec-10	Dec-11	Dec-12
Asian Property	6.59	7.30	5.99	1.55	1.28	1.12	7.14	8.19	6.52
Land And Houses	21.89	24.77	19.19	2.28	2.17	2.12	18.82	21.50	15.18
LPN Development	12.26	10.01	7.90	3.30	2.76	2.29	8.91	7.41	6.19
Pruksa Real Estate	9.16	11.68	8.40	2.10	1.91	1.62	8.77	12.74	9.59
Quality Houses	8.36	24.87	16.02	1.01	1.03	0.97	12.20	36.21	22.84
Sansiri Public Co	6.86	6.79	6.85	1.39	1.08	1.08	7.21	7.67	6.21

Growth and Returns

	FD Core EPS Growth			Recurring ROE			Dividend Yield		
	Dec-10	Dec-11	Dec-12	Dec-10	Dec-11	Dec-12	Dec-10	Dec-11	Dec-12
Asian Property	14.8%	-9.8%	21.8%	25.4%	19.2%	19.9%	2.85%	5.45%	6.66%
Land And Houses	-6.6%	-11.6%	29.1%	10.7%	9.0%	11.2%	4.90%	6.00%	5.02%
LPN Development	9.0%	22.5%	26.7%	28.9%	30.1%	31.7%	4.12%	5.00%	6.33%
Pruksa Real Estate	-4.2%	-21.6%	39.0%	24.7%	17.1%	20.8%	3.79%	2.56%	3.56%
Quality Houses	16.0%	-66.4%	55.2%	12.5%	4.1%	6.3%	6.64%	3.38%	4.52%
Sansiri Public Co	93.8%	1.1%	-0.9%	21.4%	17.9%	18.0%	1.25%	7.08%	8.32%

SOURCE: CIMB, COMPANY REPORTS

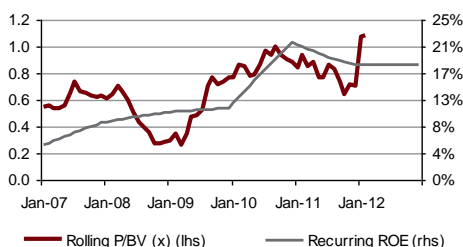
Calculations are performed using EFA™ Monthly Interpolated Annualisation and Aggregation algorithms to December year ends

BY THE NUMBERS

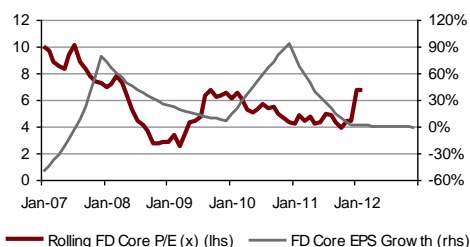
Share price info

Share px perf. (%)	1M	3M	12M
Relative	11.7	50.2	40.1
Absolute	17.6	62.6	54.5
Major shareholders			% held
TS Star Company Limited			18.1
Thai NVDR			16.8
Chase Nominees Limited 42			7.4

P/BV vs Recurring ROE



FD Core P/E vs FD Core EPS Growth



Earnings rebound is seen over FY12-13 thanks to the solid backlog, sustainable gross margins, well-contained SG&A and tax cuts

Profit & Loss

(THBm)	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Revenue	15,824	18,596	20,499	27,820	35,402
Cost Of Sales	(11,158)	(12,348)	(13,586)	(18,918)	(23,555)
Gross Profit	4,666	6,248	6,913	8,903	11,847
Total Operating Costs	(2,474)	(3,291)	(3,802)	(4,926)	(5,941)
Operating Profit	2,192	2,957	3,111	3,976	5,906
Operating EBITDA	2,413	3,199	3,416	4,354	6,337
Depreciation And Amortisation	(221.1)	(242.8)	(305.0)	(377.8)	(431.8)
Operating EBIT	2,192	2,957	3,111	3,976	5,906
Net Interest Income	(123.7)	(245.2)	(231.7)	(249.8)	(249.3)
Exchange Gains	-	-	-	-	-
Other Income	(145.1)	(111.0)	(114.3)	(117.7)	(121.2)
Associates' Profit	-	-	-	-	-
Profit Before Tax (pre-EI)	1,923	2,600	2,765	3,609	5,535
Exceptional Items	-	-	-	-	-
Pre-tax Profit	1,923	2,600	2,765	3,609	5,535
Taxation	(951)	(702)	(760)	(830)	(1,107)
Profit After Tax	972	1,898	2,005	2,779	4,428
Minority Interests	(2.12)	(0.36)	(0.38)	(0.40)	(0.42)
Net Profit	970	1,898	2,004	2,778	4,428
Recurring Net Profit	970	1,898	2,004	2,778	4,428

Expansion mode to continue in FY12 with lower cash outflow on fewer land acquisitions; cash inflow to improve in FY13 on a larger chunk of condo transfers

Cash Flow

(THBm)	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Pre-tax Profit	1,923	2,600	2,765	3,609	5,535
Depreciation And Non-cash Adj.	344.8	488.0	536.7	627.6	681.2
Change In Working Capital	(421)	(4,410)	(6,220)	(3,913)	(2,719)
Tax Paid	(726.4)	(951.3)	(702.3)	(760.4)	(830.1)
Other Operating Cashflow	1,740	(370)	979	(31)	(33)
Cashflow From Operations	2,860	(2,643)	(2,642)	(468)	2,634
Capex	(677.5)	(633.1)	(485.5)	(520.6)	(466.1)
Disposals Of FAs/subsidiaries	-	-	-	-	-
Acq. Of Subsidiaries/investments	-	-	-	-	-
Other Investing Cashflow	357.0	233.8	27.4	21.2	21.4
Cash Flow From Investing	(320.5)	(399.3)	(458.0)	(499.5)	(444.7)
Debt Raised/(repaid)	649	5,796	4,810	(1,600)	(1,925)
Equity Raised/(Repaid)	(0)	58	1,679	3,042	1
Dividends Paid	(3,585)	(162)	(962)	(1,389)	(2,214)
Net Cash Interest	(212.9)	(424.0)	(300.0)	(350.0)	(323.0)
Other Financing Cashflow	2,073	(2,334)	(1,135)	581	557
Cash Flow From Financing	(1,077)	2,935	4,092	284	(3,904)
Total Cash Generated	1,463	(108)	992	(683)	(1,715)
Change In Net Cash	814	(5,904)	(3,818)	917	210
Free Cashflow To Equity	2,976	2,330	1,410	(2,917)	(59)

BY THE NUMBERS

Relatively high gearing to stay to support construction of strong backlog, new presales and entry into new markets

Balance Sheet

(THBm)	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Fixed Assets	999	1,390	1,570	1,713	1,747
Intangible Assets	-	-	-	-	-
Other Long Term Assets	562.3	403.5	397.4	391.5	385.6
Total Non-current Assets	1,562	1,793	1,967	2,104	2,133
Total Cash And Equivalents	4,511	5,304	7,260	6,680	5,072
Inventories	19,665	24,043	31,080	35,016	37,756
Accounts Receivable	45.23	50.40	58.47	68.41	80.72
Other Current Assets	0.000	0.000	(0.000)	(0.000)	0.000
Total Current Assets	24,221	29,397	38,399	41,764	42,909
Trade Creditors	832	805	1,630	1,663	1,696
Short-term Debt	5,226	5,207	8,500	7,700	6,775
Other Current Liabilities	6,267	4,735	4,733	4,928	4,939
Total Current Liabilities	12,325	10,747	14,863	14,291	13,410
Total Long-term Debt	4,442	10,258	11,774	10,974	9,974
Other Liabilities	764.6	738.6	760.0	775.2	790.7
Deferred Tax	-	-	-	-	-
Total Non-current Liabilities	5,207	10,996	12,534	11,749	10,765
Shareholders' Equity	8,258	9,448	12,969	17,828	20,866
Minority Interests	(6.47)	(0.14)	(1.20)	(1.13)	(1.20)
Preferred Shareholders Funds	-	-	-	-	-
Total Equity	8,251	9,448	12,968	17,827	20,865

Key Ratios

	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Revenue Growth	5.2%	17.5%	10.2%	35.7%	27.3%
Operating EBITDA Growth	2.2%	32.6%	6.8%	27.5%	45.5%
Operating EBITDA Margin	15.2%	17.2%	16.7%	15.7%	17.9%
Net Cash Per Share (THB)	(0.75)	(1.45)	(1.73)	(1.16)	(1.13)
BVPS (THB)	1.20	1.34	1.73	1.72	2.02
Gross Interest Cover	17.72	12.06	13.43	15.92	23.69
Tax Rate	49.5%	27.0%	27.5%	23.0%	20.0%
Net Dividend Payout Ratio	370%	9%	48%	50%	50%
Accounts Receivables Days	26.13	0.94	0.97	0.83	0.77
Inventory Days	600.3	646.0	740.5	639.4	563.8
Accounts Payables Days	26.75	24.19	32.70	31.85	26.02
ROIC (%)	6.7%	11.5%	8.7%	9.7%	13.5%
ROCE (%)	12.2%	13.8%	10.7%	11.4%	15.9%

Key Drivers

	Dec-09A	Dec-10A	Dec-11F	Dec-12F	Dec-13F
Unbooked Presales (m) (THB)	2,313.1	2,660.0	7,564.0	15,161.0	12,613.0
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	29.5%	33.6%	33.6%	32.0%	33.5%
Contracted Sales ASP (per Sm) (THB)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	15.6%	17.7%	18.5%	17.7%	16.7%

SOURCE: CIMB, COMPANY REPORTS

When pain turns to gain

1. OUTLOOK

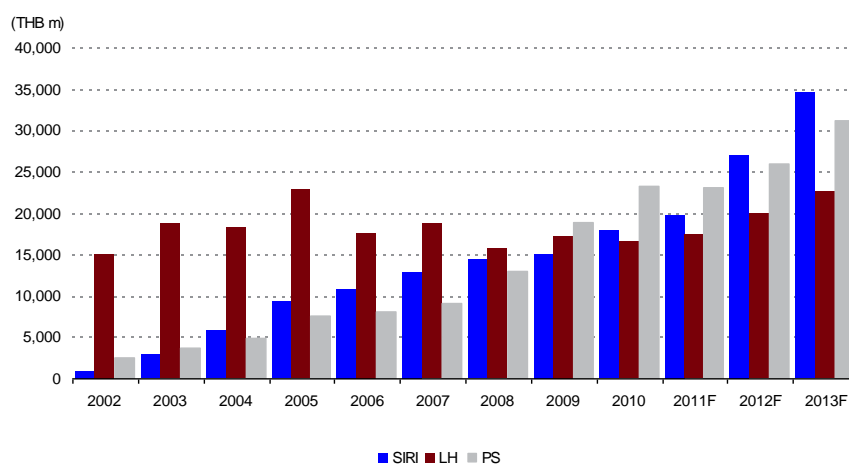
1.1 Turning number one ▶

Not only is SIRI as a rising star, it is also an intimidating player and competitor to other major listed developers. Its successful brand building exercise in the past decade had resulted in an almost 2,000% growth in sales revenue during 2002-2010. Note that SIRI first entered into the SDH market in 2002 after purely focusing on mid-to-high-end condos. In 2010 its revenue, for the first time, surpassed legacy housing developer LH to become the second largest developer in Thailand next to PS. With its more aggressive FY12 targets for presale of THB32bn and total revenue of THB28bn, the possibility of SIRI topping PS to become the number one developer is high as it continues to eat into the market share of others. Management expects sales growth to expand by 30-40% over FY12-13 with growth seen in all product segments.

We believe that SIRI's heavy spending on SG&A to facilitate its brand building has borne fruit with rising market presence and improving gross margins (ability to command higher prices). While the other big boys face deteriorating market presence and slower gross margin expansion, SIRI is seeing a rising trend in both aspects.

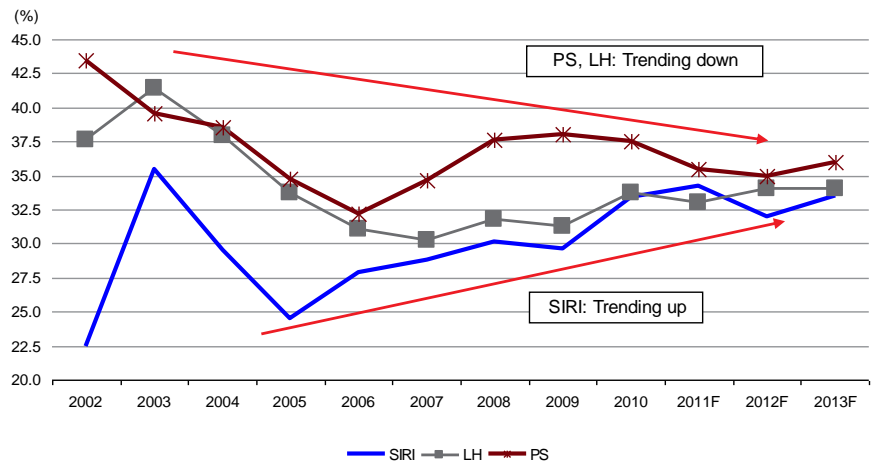
We do value SIRI's philosophy that they are not only constructing buildings but also creating a better living environment for its customers. With a rising middle income population we expect homebuyers to be more selective on value-for-money buying to provide them with good quality products and a life style to match. That said poor and cheap products may no longer sell well with the rising middle class.

Figure 1: SIRI's transformation over the past decade; growing stronger



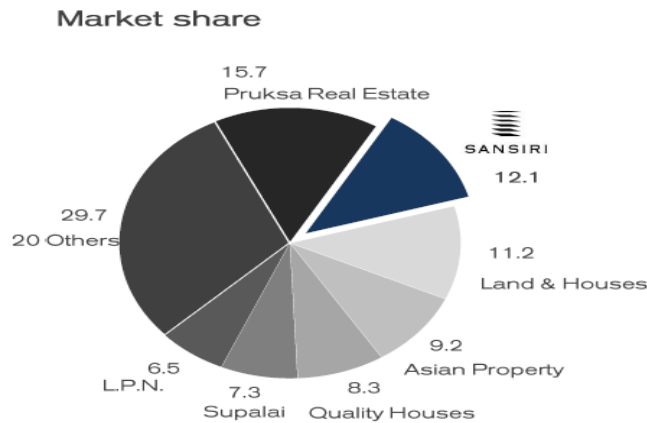
SOURCES: CIMB, COMPANY REPORTS

Figure 2: SIRI's improving gross margins vs. deteriorating margins among big boys



SOURCES: CIMB, COMPANY REPORTS

Figure 3: SIRI surpassed LH to become second largest developer in 2010



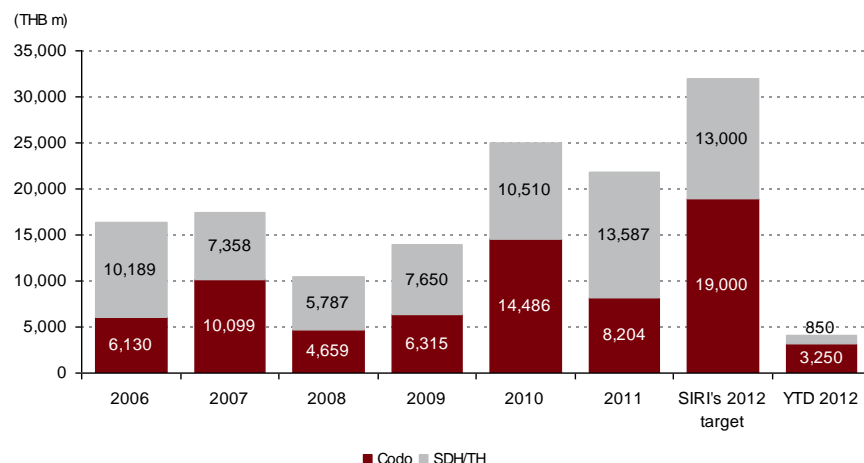
Notes :
1. Based on Revenue from Project Sales 2010
2. Others denotes other listed developers

SOURCES: CIMB, COMPANY REPORTS

1.2 Beating bullish presale target ➤

We believe SIRI is well on track to meet its bullish quarterly presale of THB10bn in 1Q12 (most aggressive in the industry; SIRI's new record high). YTD it has posted THB4.1bn and the remaining shall be filled up through presales of SIRI's 7 new condos and other SDH/TH launches at Paragon Mall during 17-19 Feb. If the target is met, 1Q12 presale will account for 31% of SIRI's FY12 target of THB32bn. Seasonally, second half tends to account for more than 50% of the full year. It would appear that presales of SDH/TH in the locations unaffected by floods have 60-70% recovered while presales activity in the flooded locations is still slow.

Figure 4: YTD presale accounted for 40% of its aggressive 1Q12 target of THB10bn



SOURCES: CIMB, COMPANY REPORTS

Figure 5: 44 new projects to be launched in 2012 worth THB46bn

2012 PROJECT LAUNCHES

Year 2012	Single-Detached Houses	Townhouses	Condominiums	Number of Projects	Project Value (THB Million)
1Q2012	23 villa	VILLAGE	dcondo, the BASE, 23 condo, SARU, CHEONG	12	12,216
2Q2012	3 houses	1 townhouse	4 condos	8	7,197
3Q2012	4 houses	3 townhouses	9 condos	16	15,686
4Q2012	2 houses	2 townhouses	4 condos	8	10,728
Number of Projects	15	10	19	44	
Project Value (THB Million)	19,200	7,447	19,180		45,827
%	44	14	42		100

SOURCES: CIMB, COMPANY REPORTS

1.3 Further EPS upgrade ▶

Due to possible better-than-expected FY11 results, stronger backlog, improving SG&A control and lower-than-expected effective tax rate, we raise our FY11-13 core EPS forecasts by 3.8%-12.4% and FD EPS by 3.5%-12.4%. We expect FY11 net profit of THB2.0bn (+5.6% yoy) and 4Q11 net profit of THB1.0bn (+69% yoy; +153% qoq). Backlog YTD was estimated at THB29.4bn (excluding THB7.56bn pending transfer in 4Q11) of which THB15.1bn will be booked as revenue in FY12, THB12.6bn in FY13 and THB1.6bn in FY14. This means our FY12 and FY13 sale revenue estimate is 56% and 37% secured respectively.

Even though SG&A is expected to rise on more aggressive new launches (44 new projects worth THB46bn in FY12), we see the increase rate at a slower pace than the topline growth and hence improving SG&A to revenue ratio. We lower the effective tax rate for FY11 from previous 30% to 27.5% to reflect the tax savings from the transfer of the Quattro condo in 4Q11 given that revenue for this project had been booked on a percentage of completion basis and most of the income tax had already been paid.

Even on a fully diluted basis, we still expect FD EPS for FY12 to contract by only 0.9% from a 1.1% rise in FY11 while we foresee a strong rebound of 34% in FY13. Note that SIRI-W1 can be exercised from Mar 2012 until Jan 2015. The total number of outstanding warrants is 2,947m units with the exercise price of THB1.072 and conversion ratio of 1 to 1.167.

Figure 6: Earnings revisions: New vs. Old – second upgrade in a row YTD

Profit & loss, FYE Dec, THB m	New			Old			% change		
	2011F	2012F	2013F	2011F	2012F	2013F	2011F	2012F	2013F
Revenue - housing sales	19,700	26,989	34,546	19,700	26,004	33,805	0.0%	3.8%	2.2%
Revenue - service	799	831	856	799	839	865	0.0%	-1.0%	-1.0%
Other income	164	169	174	164	169	174	0.0%	0.0%	0.0%
Total revenue	20,663	27,989	35,576	20,663	27,012	34,844	0.0%	3.6%	2.1%
Cost of sales	(12,963)	(18,352)	(22,973)	(13,081)	(17,683)	(22,480)	-0.9%	3.8%	2.2%
Cost of service	(624)	(565)	(582)	(624)	(571)	(588)	0.0%	-1.0%	-1.0%
Other cost	(278)	(287)	(295)	(278)	(287)	(295)	0.0%	0.0%	0.0%
Total cost	(13,864)	(19,204)	(23,850)	(13,983)	(18,540)	(23,363)	-0.8%	3.6%	2.1%
Gross profit	6,913	8,903	11,847	6,795	8,590	11,601	1.7%	3.6%	2.1%
% margin	34	32	33	33	32	33	1.7%	0.0%	0.0%
GPM - housing	6,737	8,636	11,573	6,619	8,321	11,325	1.8%	3.8%	2.2%
% margin	34	32	34	34	32	34	1.8%	0.0%	0.0%
GPM - service	176	266	274	176	269	277	0.0%	-1.0%	-1.0%
% margin	22	32	32	22	32	32	0.0%	0.0%	0.0%
SG&A/others	(3,802)	(4,926)	(5,941)	(3,843)	(4,862)	(5,819)	-1.1%	1.3%	2.1%
EBIT	2,997	3,859	5,784	2,837	3,610	5,661	5.6%	6.9%	2.2%
Interest expense	(232)	(250)	(249)	(288)	(311)	(331)	-19.6%	-19.6%	-24.6%
EBT	2,765	3,609	5,535	2,549	3,299	5,331	8.5%	9.4%	3.8%
Taxes	(760)	(830)	(1,107)	(765)	(759)	(1,066)	-0.6%	9.4%	3.8%
Net profit (pre-extra)	2,005	2,779	4,428	1,784	2,540	4,264	12.4%	9.4%	3.8%
Net profit	2,004	2,778	4,428	1,784	2,540	4,264	12.4%	9.4%	3.8%
FD core EPS (THB)	0.28	0.27	0.37	0.25	0.25	0.35	12.4%	7.9%	3.5%
Sale growth (%)	10.2	37.0	28.0	1.0	38.0	22.0	920.0%	-2.6%	27.3%
Gearing (x)	1.6	1.6	1.0	1.5	1.0	0.8	8.3%	55.0%	32.6%
Effective tax rate (%)	(27.5)	(23.0)	(20.0)	(30.0)	(23.0)	(20.0)	-8.3%	0.0%	0.0%

SOURCES: CIMB, COMPANY REPORTS

Figure 7: Warrants and ESOP outstanding

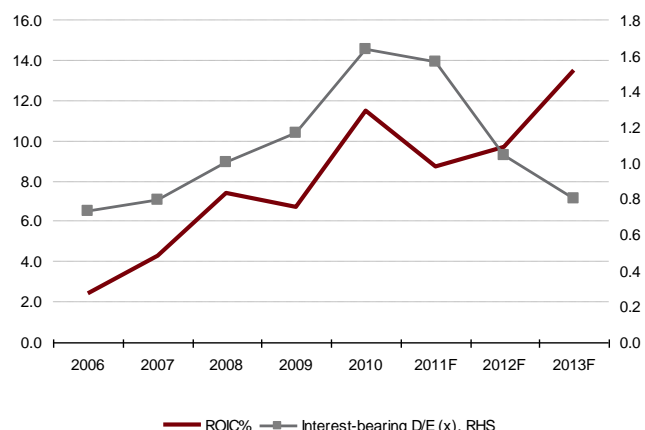
	Units	Start exercise date	Expiration date	Exercise price (THB)	Conversion ratio
SIRIW1	2,947,168,104	Mar-12	Jan-15	1.072	1 to 1.167
ESOP # 5 (remaining)	64,647,797	Jun-09	Jun-14	1.114	1 to 1.167
ESOP # 6 (remaining)	228,173,900	Aug-10	Aug-15	1.114	1 to 1.167

SOURCES: CIMB, COMPANY REPORTS

1.4 High gearing to come down; ROIC to improve ►

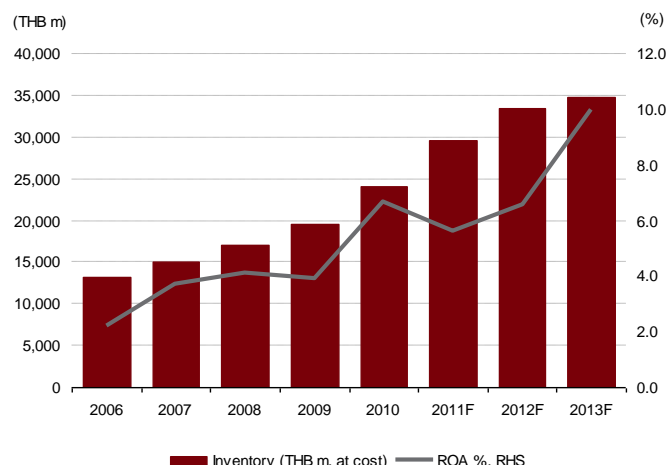
While SIRI's relatively high gearing (1.74x as of 9M11) may crimp some investor appetite, we believe it is nothing to be worried about. The company's high quality backlog of THB30bn, successful expansion strategy that covers most potential market segments and products, and improving ROE give us comfort that SIRI's highly geared balance sheet is justifiable. Nonetheless, we expect gearing to have improved to 1.6x at end-FY11 as large cash inflows from condo transfers in 4Q11 are used to pare down debt. Gearing will likely stabilise at 1.5x for FY12 and fall further to 1.0x in FY13 as higher cash from revenue growth brings down the debt level, and on the assumption that the warrants will be fully exercised from Mar 2012.

Figure 8: High gearing justified by rising ROIC



SOURCES: CIMB, COMPANY REPORTS

Figure 9: Expansion with improving ROA



SOURCES: CIMB, COMPANY REPORTS

Figure 10: Du Pont analysis (%)

	2006	2007	2008	2009	2010	2011F	2012F	2013F
Net profit margin %	3.6	5.4	6.1	6.1	10.2	9.8	10.0	12.5
THB in revenue per THB100 of assets	59.6	66.0	64.7	61.3	62.7	55.1	64.1	77.7
Assets/equity (x)	2.3	2.4	2.6	2.9	3.2	3.2	2.7	2.3
Return on equity %	5.0	8.6	10.1	10.8	20.6	17.2	17.5	22.3

SOURCES: CIMB, COMPANY REPORTS

1.5 HK/SING NDR feedback: Rising interest ►

We took SIRI's management to meet with 16 funds in Hong Kong and Singapore during 1-3 Feb 2012. It was interesting to note that SIRI's robust share price performance of a 50% gain YTD drew more attention from non-shareholders, while existing shareholders appeared to be well satisfied with their holding and some even wished they had taken a bigger stake. Still, the key concerns among investors were: (1) the relatively highly-g geared balance sheet; (2) the relatively higher SG&A structure and (3) skepticism over a capital increase in the future given the aggressive expansion and high gearing.

Management was firm in insisting that there are no plans for a capital increase. It believes that the company's internal business plan to grow revenue by 30-40% over FY12-13 is well funded by internal cash from project transfers, project loans from banks and debentures. Moreover, the warrant exercise worth of THB3.5bn over Mar 2012 until Jan 2015 should help strengthen its cash position. SIRI is committed to lowering its gearing to about 1.0x by 2015. While it believes that its strong brand, benefits from increasing economies of scale and prefabrication factory (commencing production in Mar 2012) should help sustain its gross margins at around 34% (except for FY12 when it expects gross margin of 31-32% on a conservative scenario that no incremental cost will be passed on to customers) and bring down SG&A to operating revenue ratio to 14-15% by 2015.

We believe that non-shareholders appeared hesitant to buy in after the share price surged 50% YTD but they were more receptive about SIRI's turnaround story and would put the stock on the radar while closely monitoring the price performance in anticipation of the share price retreating with new entry level at some point. However, management strongly believe that the company's shares are undervalued and deserve further rerating.

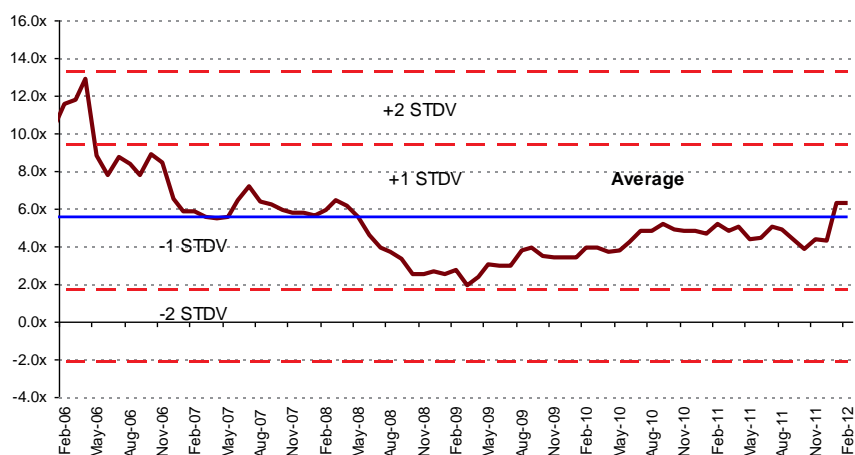
2. VALUATION AND RECOMMENDATION

2.1 Still cheap; reiterate Outperform with 47% upside ►

We raise our target price to THB2.75 based on 7.5x CY13 P/E from THB2.13 based on 6x CY13 P/E on the back of: (1) an EPS forecast upgrade and (2) possible rerating. We believe that SIRI should be trading at a higher P/E multiple closer to PS's 8x in view of its business size by sales value, market leader position, gearing above 1.0x and ROE of 17-18%. Also, SIRI's strong presence in the condo market should be rewarded with a higher P/E multiple closer to LPN's 8x (see Figure 11-13).

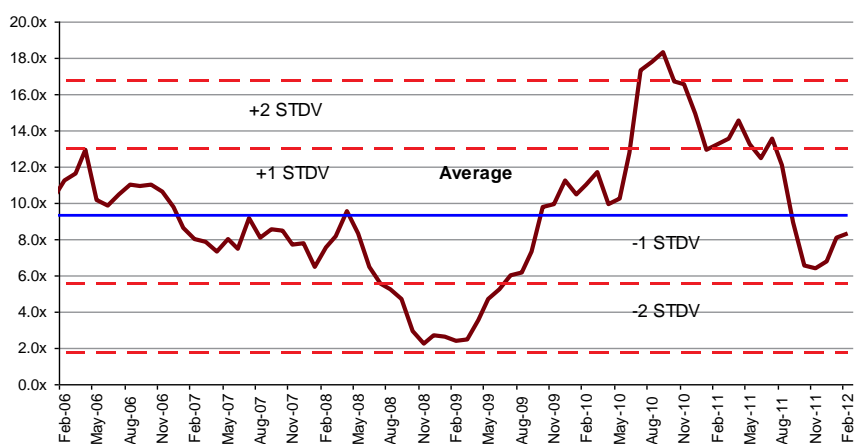
The stock is unfairly cheap at 7.7x CY12 P/E and 5.3x CY13 P/E on fully diluted basis, compared to peer average of 10x and 8.9x respectively. SIRI is well known as a high yield stock with a prospective yield of 7% for FY performance. Dividend is expected to be paid in May. Near-term catalysts include possible better-than-expected strong FY11 results, favourable 1Q12 presale report and dynamic new launches in the pipeline.

Figure 11: SIRI's rolling forward P/E band



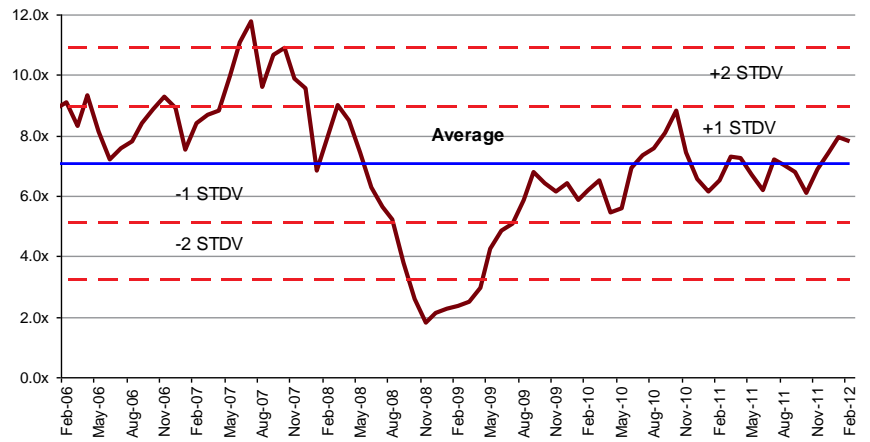
SOURCES: CIMB, COMPANY REPORTS

Figure 12: PS's rolling forward P/E band



SOURCES: CIMB, COMPANY REPORTS

Figure 13: LPN's rolling forward P/E band



SOURCES: CIMB, COMPANY REPORTS

Figure 14: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price	Tgt Px	Mkt Cap	Core P/E (x)		3-yr	RNAV	Prem./	Gearing	P/BV (x)			Recurring ROE (%)		Dividend Yield (%)	
			(local curr)	(local curr)	(US\$ m)	CY2011	CY2012	EPS CAGR (%)	CY2012	(Disc.) to RNAV (%)	(%)	CY2011	CY2011	CY2012	CY2011	CY2012	CY2011	CY2012
Bukit Sembawang Estates	BS SP	Outperform	4.42	4.72	906	7.5	5.6	17.7%	9.44	-53%	37.8%	1.06	0.92	14.9%	17.6%	2.5%	3.2%	
CapitaLand	CAPL SP	Outperform	2.90	3.34	9,743	34.6	35.0	25.3%	4.45	-35%	24.3%	0.84	0.83	2.5%	2.3%	1.4%	1.4%	
CapitaMalls Asia	CMA SP	Underperform	1.50	1.35	4,598	35.5	24.7	3.0%	1.80	-17%	3.8%	0.93	0.91	2.7%	3.7%	2.0%	2.0%	
City Developments	CIT SP	Underperform	10.77	8.20	7,752	17.4	17.9	9.0%	10.25	5%	30.5%	1.46	1.37	8.9%	7.9%	1.6%	1.1%	
Fraser & Neave	FNN SP	Neutral	6.45	6.75	7,240	16.4	14.8	9.3%	7.95	-19%	28.3%	1.30	1.24	8.1%	8.6%	2.8%	2.8%	
Global Logistic Properties	GLP SP	Outperform	1.98	2.27	7,203	32.9	23.6	25.7%	2.27	-13%	30.5%	1.04	1.00	3.6%	4.3%	0.3%	0.8%	
Ho Bee Investments	HOBEE SP	Underperform	1.24	1.16	689	6.5	12.1	-18.8%	1.93	-36%	14.0%	0.56	0.53	9.1%	4.5%	1.6%	0.8%	
Keppel Land	KPLD SP	Underperform	3.02	2.40	3,562	16.8	12.2	10.5%	4.00	-25%	1.6%	1.00	0.74	6.3%	6.9%	2.7%	2.7%	
Overseas Union Enterprise	QUE SP	Outperform	2.40	2.76	1,729	27.1	19.4	29.8%	3.67	-35%	55.0%	0.77	0.76	3.1%	3.8%	1.9%	2.6%	
Singapore Land	SL SP	Neutral	6.08	5.94	1,985	11.6	13.4	5.3%	10.79	-44%	8.4%	0.59	0.57	5.2%	4.3%	3.3%	3.3%	
United Engineers	UEM SP	Outperform	2.23	2.14	505	2.5	6.5	-4.0%	3.86	-42%	42.9%	0.48	0.46	20.9%	7.2%	4.6%	4.5%	
UOL Group	UOL SP	Outperform	4.74	4.90	2,882	7.2	11.5	-11.2%	7.00	-32%	27.7%	0.69	0.66	10.3%	5.9%	3.1%	1.9%	
Wheelock Properties (S)	WP SP	Neutral	1.63	1.55	1,539	9.3	14.0	-19.2%	2.32	-30%	Net Cash	0.67	0.66	7.5%	4.8%	3.7%	3.7%	
Wing Tai Holdings	WINGT SP	Neutral	1.33	1.33	833	5.8	7.3	0.2%	2.05	-35%	30.9%	0.54	0.51	9.4%	6.9%	3.3%	3.4%	
Singapore average						16.7	17.2	7.1%		-28%	22.2%	0.94	0.89	5.9%	5.3%	1.9%	1.9%	
Agile Property	3383 HK	Neutral	9.21	9.40	4,097	6.3	5.5	11.6%	19.18	-52%	66.4%	1.20	1.03	20.7%	20.1%	4.0%	4.5%	
China Overseas Grand Oceans	81 HK	Outperform	8.14	9.80	1,597	9.8	7.9	66.6%	12.26	-34%	7.7%	2.40	1.93	30.7%	27.0%	2.0%	2.5%	
China Overseas Land	688 HK	Outperform	15.10	18.90	15,916	10.2	8.9	21.8%	20.95	-28%	36.1%	1.92	1.63	20.3%	19.8%	2.0%	2.2%	
China Resources Land	1109 HK	Outperform	14.56	17.00	10,941	14.2	12.2	30.8%	21.24	-31%	67.9%	1.53	1.41	11.2%	12.0%	2.3%	2.6%	
Evergrande Real Estate	3333 HK	Trading Buy	4.32	5.00	8,298	6.2	4.8	38.0%	10.01	-57%	69.9%	1.98	1.54	36.0%	36.0%	4.8%	6.2%	
Guangzhou R&F	2777 HK	Neutral	8.65	6.10	3,595	5.5	5.1	11.9%	15.27	-43%	85.3%	1.02	0.91	19.5%	18.7%	7.3%	7.4%	
KWG Property Holding	1813 HK	Neutral	3.83	2.55	1,429	5.1	4.2	24.9%	9.07	-58%	69.6%	0.70	0.62	14.4%	15.5%	4.9%	5.9%	
Poly Hong Kong	119 HK	Neutral	4.20	3.25	1,955	8.3	6.7	24.7%	10.85	-61%	105.9%	0.65	0.61	8.0%	9.5%	3.7%	4.5%	
Shimao Property	813 HK	Neutral	9.08	7.00	4,059	6.3	5.6	30.5%	20.10	-55%	68.6%	0.88	0.80	14.8%	14.9%	4.8%	5.7%	
Sino-Ocean Land	3377 HK	Neutral	4.26	3.50	3,110	7.7	6.6	20.2%	8.90	-52%	58.1%	0.59	0.55	7.9%	8.6%	3.2%	3.8%	
SOHO China	410 HK	Outperform	5.20	7.00	3,480	16.0	5.2	13.2%	10.11	-49%	Net Cash	1.14	1.00	7.1%	20.4%	6.6%	6.7%	
Hong Kong average						8.6	7.1	24.4%		-56%	58.4%	1.32	1.16	16.2%	17.5%	3.4%	4.0%	
Alam Sutera	ASRI IJ	Outperform	580.0	610.0	1,259	18.1	13.1	70.5%	1,027	-44%	Net Cash	4.21	3.16	23.6%	27.6%	1.4%	1.9%	
Bumi Serpong Damai	BSDE IJ	Outperform	1,190	1,200	2,301	27.2	18.9	33.0%	2,857	-58%	Net Cash	3.02	2.64	11.8%	14.9%	0.3%	0.7%	
Ciputra Development	CTRA IJ	Outperform	640.0	700.0	1,073	28.9	18.9	46.9%	963.6	-34%	Net Cash	1.88	1.75	6.7%	9.6%	0.7%	0.9%	
Lippo Karawaci	LPKR IJ	Neutral	720.0	700.0	1,836	26.3	22.7	10.0%	1,025	-30%	Net Cash	1.82	1.72	7.5%	7.8%	1.1%	1.2%	
Summarecon Agung	SMRA IJ	Neutral	1,190	1,410.0	904	24.1	22.9	30.9%	1,819	-35%	Net Cash	3.39	3.07	14.9%	14.1%	0.6%	0.8%	
Indonesia average						24.8	18.7	35.6%		-45%	Net Cash	2.54	2.27	10.7%	12.8%	0.8%	1.1%	
Eastern & Oriental	EAST MK	Trading Buy	1.78	1.71	662	29.7	17.8	60.3%	2.86	-38%	47.8%	1.60	1.60	5.8%	9.3%	1.5%	2.3%	
KLCC Property Holdings	KLCC MK	Underperform	3.30	3.03	1,012	11.1	9.9	10.1%	5.05	-35%	15.8%	0.67	0.49	5.4%	5.7%	3.4%	3.4%	
Mah Sing Group	MSGB MK	Trading Buy	2.11	2.38	576	10.3	7.6	35.2%	2.91	-27%	42.4%	1.70	1.46	17.8%	20.6%	3.2%	3.6%	
SP Setia	SPSB MK	Trading Buy	3.92	4.30	2,410	22.5	17.9	30.6%	4.52	-13%	Net Cash	2.07	1.97	10.9%	11.2%	2.7%	3.1%	
UEM Land Holdings	ULHB MK	Neutral	2.31	2.39	3,280	41.7	34.4	39.6%	2.78	-17%	3.2%	2.12	2.03	6.0%	6.0%	0.3%	1.0%	
UOA Development	UOAD MK	Trading Buy	1.47	1.84	577	7.1	5.9	37.1%	2.78	-47%	Net Cash	1.02	0.91	20.9%	16.3%	3.6%	5.1%	
Malaysia average						19.3	15.7	30.4%		-22%	9.9%	1.55	1.35	8.6%	9.2%	1.9%	2.4%	
Amata Corporation	AMATA TB	Outperform	16.80	25.44	581	22.3	14.8	27.8%	21.77	-23%	73.9%	3.02	2.69	13.8%	19.0%	1.6%	2.4%	
Asian Property	AP TB	Outperform	5.20	6.90	476	7.3	6.0	8.6%	7.00	-26%	84.8%	1.28	1.12	19.5%	19.9%	5.5%	6.7%	
Hemaraj	HEMRAJ TB	Outperform	2.68	2.72	844	62.4	14.0	19.4%	2.80	-4%	50.4%	2.91	2.69	4.8%	20.0%	0.9%	3.9%	
Land And Houses	LH TB	Outperform	6.25	7.46	2,033	24.8	19.2	9.7%	6.00	4%	58.3%	2.17	2.12	9.1%	11.2%	6.0%	5.0%	
LPN Development	LPN TB	Outperform	13.60	17.50	651	10.0	7.9	22.9%	7.40	84%	Net Cash	2.76	2.29	31.1%	31.8%	5.0%	6.3%	
Pruksa Real Estate	PS TB	Outperform	14.50	17.83	1,039	11.7	8.4	12.6%	22.80	-36%	99.6%	1.91	1.62	17.7%	20.8%	2.6%	3.6%	
Quality Houses	QH TB	Underperform	1.60	1.25	440	24.9	16.0	-13.0%	3.60	-56%	152.0%	1.03	0.97	4.2%	6.3%	3.4%	4.5%	
Sansiri Public Co	SIRI TB	Outperform	1.87	2.75	431	6.8	6.0	33.9%	2.48	-24%	100.4%	1.08	1.08	18.5%	17.8%	7.1%	8.3%	
Supalai PCL	SPALI TB	Outperform	13.90	15.10	774	9.0	7.4	13.9%	9.05	54%	30.7%	2.19	1.83	26.8%	26.9%	4.9%	5.9%	
Thailand average						14.5	10.5	14.6%		-13%	74.8%	1.94	1.74	14.3%	17.5%	4.2%	5.0%	
Average (all)						12.2	10.5	19.1%		-43%	36.2%	1.19	1.09	10.3%	10.8%	2.6%	2.9%	

SOURCES: CIMB, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

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Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

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

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand and Jakarta Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Recommendation Framework #2 **

Stock	Sector
OUTPERFORM: Expected positive total returns of 15% or more over the next 12 months.	OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 12 months.
NEUTRAL: Expected total returns of between -15% and +15% over the next 12 months.	NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next 12 months.
UNDERPERFORM: Expected negative total returns of 15% or more over the next 12 months.	UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 12 months.
TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.	TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 3 months.
TRADING SELL: Expected negative total returns of 15% or more over the next 3 months.	TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 3 months.

*** This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

ADVANC - Excellent, AMATA - Very Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCP - Excellent, BEC - Very Good, BECL - Very Good, BGH - not available, BH - Very Good, BIGC - Very Good, BTS - Very Good, CCET - Good, CK - Very Good, CPALL - Very Good, CPF - Very Good, CPN - Excellent, DELTA - Very Good, DTAC - Very Good, GLOBAL - not available, GLOW - Very Good, HANA - Very Good, HEMRAJ - Excellent, HMPRO - Very Good, ITD - Good, IVL - Very Good, KBANK - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, MAJOR - Very Good, MCOT - Excellent, MINT - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - not available, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIRI - Very Good, SPALI - Very Good, STA - Very Good, STEC - Very Good, TCAP - Very Good, THAI - Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Very Good, TUF - Very Good: