

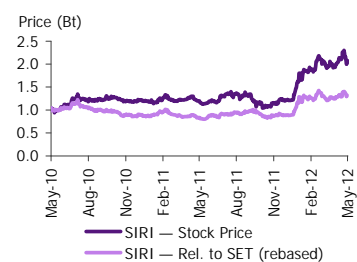
## BUY

## Stock Data

Last close (May 18) (Bt)	2.04
12-m target price (Bt)	2.90
Upside (Downside) to TP (%)	42.16
Mkt cap (Btbn)	14.71
Mkt cap (US\$m)	469

Bloomberg code	SIRI TB
Reuters code	SIRI.BK
Risk rating	H
Mkt cap (%) SET	0.15
Sector % SET	5.68
Shares issued (mn)	7,211
Par value (Bt)	1
12-m high / low (Bt)	5.7 / 1
Avg. daily 6m (US\$m)	0.06
Foreign limit / actual (%)	39 / 20
Free float (%)	58.1
Dividend policy (%)	50

## Price Performance



Source: SET, SCBS Investment Research

## Share performance

	1M	3M	12M
Absolute	2.0	7.9	74.4
Relative to SET	4.7	6.2	62.7

Source: SET, SCBS Investment Research

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## Raise target on higher demand than expected

- Presales target raised by 13% this year and 5% next, but revenue forecast unchanged
- Guidance for upside of 10-40% to SCBS and consensus forecast
- Increasing activities in the provinces, raising the proportion of provincial launches to 30% this year
- Large backlog of Bt35.5bn, securing 90% of 2012, 56% of 2013 and 12% of 2014

**Presales target raised.** SIRI lifted its target 2012 presales by 13% to Bt36bn and 2013 target by 5% to Bt40bn to incorporate the solid demand and higher new launch value than earlier planned. SIRI was one of the developers least impacted by last year's floods (only two projects were flooded), and this backed a more rapid recovery in presales, which have reached Bt14.4bn YTD, 40% of the raised target. Though it expects a QoQ fall in presales to about Bt8.7bn in 2Q12 because of the high base of ~Bt11bn in 1Q12, it is still relatively high versus peers.

**Revenue recognition unchanged.** The company expects to book revenue from housing of Bt27bn with net margin of 10-11% this year and Bt35bn with net margin of 11-10% next year, working out to a net profit of Bt2.8-3.1bn for 2012 and Bt3.5-4bn for 2013. This implies upside risk of 10%-30% to consensus forecast and 23-40% to SCBS. The heavy presales in 2012 will lead to heavy revenue recognition next year.

**Expanding in the provinces.** SIRI has increased its exposure to the provinces materially to 30% of new launches this year from 5% last year. It already has a foothold in several provinces - Phuket, Hua Hin, Kao Yai, Pattaya and Khon Kaen. It is planning to add more provinces, particularly Chiang Mai, Udorn Thani, Haad Yai and Korat, which are increasingly becoming urbanized.

**Backlog of Bt35.5bn.** Of its backlog, 78% is condo, 15% SDH and 7% TH. This secures 90% of our 2012 forecast, 56% of 2013 and 12% of 2014.

**Maintain BUY.** We like SIRI's strong brands and its increasing exposure in the provinces. With such a large backlog, earnings risk is relatively small. In our view, the stock is relatively cheap, trading at fully diluted 1.3 PBV. Thus, we maintain BUY.

## Forecasts &amp; valuation

Year to 31 Dec	Unit	2010	2011	2012F	2013F	2014F
Revenue	(Btmn)	18,596	20,542	24,103	28,521	31,513
EBITDA	(Btmn)	3,176	3,317	3,533	4,225	4,560
Core Profit	(Btmn)	1,975	2,003	2,267	2,887	3,130
Reported Profit	(Btmn)	1,898	2,015	2,267	2,887	3,130
Core EPS	(Bt)	0.33	0.30	0.32	0.40	0.44
DPS	(Bt)	0.03	0.14	0.16	0.20	0.21
P/E, core	(x)	6.1	6.8	6.4	5.0	4.7
EPS growth, core	(%)	55.6	-9.7	5.3	27.3	8.4
P/BV, core	(x)	1.3	1.2	1.1	1.0	0.9
ROE	(%)	22.3	19.2	18.8	21.2	20.3
Dividend yield	(%)	1.4	6.9	7.6	9.7	10.5
EV/EBITDA	(x)	9.6	10.9	10.7	9.4	9.3

Source: SCBS Investment Research

**Financial statement**

**Profit & Loss Statement (Btmn)**

FY December 31	2010	2011	2012F	2013F	2014F
Total revenue	18,596	20,542	24,103	28,521	31,513
Cost of goods sold	12,541	13,509	16,533	19,595	21,642
Gross profit	6,055	7,032	7,570	8,926	9,871
SG&A	3,291	4,166	4,493	5,163	5,780
Other income	159	137	137	137	137
Interest expense	245	222	270	291	316
Pre-tax profit	2,677	2,781	2,944	3,609	3,912
Corporate tax	702	779	677	722	782
Equity a/c profits	0	0	0	0	0
Minority interests	0	0	0	0	0
Core profit	1,975	2,003	2,267	2,887	3,130
Extra-ordinary items	-77	11	0	0	0
Net Profit	1,898	2,015	2,267	2,887	3,130
EBITDA	3,176	3,317	3,533	4,225	4,560
Core EPS (Bt)	0.33	0.30	0.32	0.40	0.44
Net EPS (Bt)	0.32	0.30	0.32	0.40	0.44
DPS (Bt)	0.03	0.14	0.16	0.20	0.21

**Profit & Loss Statement (Btmn)**

FY December 31	1Q11	2Q11	3Q11	4Q11	1Q12
Total revenue	3,614	4,272	4,907	7,749	5,109
Cost of goods sold	2,394	2,895	3,364	4,857	3,374
Gross profit	1,221	1,378	1,542	2,892	1,735
SG&A	833	898	923	1,512	1,285
Other income	25	41	28	43	73
Interest expense	43	48	54	78	95
Pre-tax profit	370	473	593	1,346	428
Corporate tax	153	164	179	283	86
Equity a/c profits	0	0	0	0	0
Minority interests	0	0	0	0	0
Core profit	216	309	414	1,063	341
Extra-ordinary items	7	19	-8	-5	-1
Net Profit	224	328	406	1,058	340
EBITDA	488	611	733	1,486	523
Core EPS (Bt)	0.04	0.04	0.06	0.15	0.05
Net EPS (Bt)	0.04	0.05	0.06	0.15	0.05
DPS (Bt)	-	-	-	0.14	0.14

**Balance Sheet (Btmn)**

FY December 31	2010	2011	2012F	2013F	2014F
Total current assets	27,694	32,293	33,583	36,105	39,433
Total fixed assets	3,496	3,944	4,285	4,619	4,948
Total assets	31,190	36,237	37,868	40,725	44,381
Total loans	15,464	18,564	18,822	19,902	21,843
Total current liabilities	10,747	14,868	11,841	10,981	10,981
Total long-term liabilities	10,996	9,992	13,277	15,218	17,159
Total liabilities	21,743	24,860	25,118	26,199	28,139
Paid-up capital	6,380	7,547	7,638	7,638	7,638
Total equity	9,448	11,377	12,750	14,526	16,241
BVPS (Bt)	1.58	1.61	1.79	2.03	2.28

**Balance Sheet (Btmn)**

FY December 31	1Q11	2Q11	3Q11	4Q11	1Q12
Total current assets	28,111	29,461	32,278	32,293	34,640
Total fixed assets	3,483	3,402	3,505	3,944	4,011
Total assets	31,594	32,863	35,783	36,237	38,652
Total Loans	10,703	13,325	14,253	13,592	15,635
Total current liabilities	11,903	13,513	15,535	14,868	16,692
Total long-term liabilities	9,968	9,477	9,942	9,992	10,113
Total liabilities	21,871	22,991	25,477	24,860	26,805
Paid-up capital	6,446	7,520	7,547	7,547	7,651
Total equity	9,723	9,872	10,306	11,377	11,878
BVPS (Bt)	1.61	1.40	1.46	1.61	1.66

**Cash Flow Statement (Btmn)**

FY December 31	2010	2011	2012F	2013F	2014F
Core Profit	1,975	2,003	2,267	2,887	3,130
Depreciation and amortization	254	313	319	325	331
Operating cash flow	-2,844	-2,966	205	-146	-535
Investing cash flow	-164	-428	-660	-660	-660
Financing cash flow	2,933	2,908	-636	-30	526
Net cash flow	-75	-486	-1,092	-836	-668

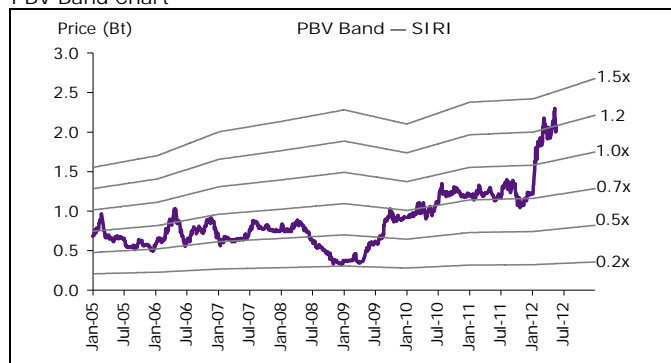
**Main Assumptions**

	2010	2011	2012F	2013F	2014F
Rev. of SDH (Btmn)	6,788	7,098	7,951	8,746	9,621
Rev. of TH (Btmn)	3,081	3,371	4,231	4,654	5,120
Rev. of CD (Btmn)	7,988	9,263	11,149	14,348	16,000
Rev. of service (Btmn)	739	810	772	772	772
Effective tax (%)	26.2	28.0	23.0	20.0	20.0
SG&A/Revenue (%)	17.7	20.3	18.6	18.1	18.3

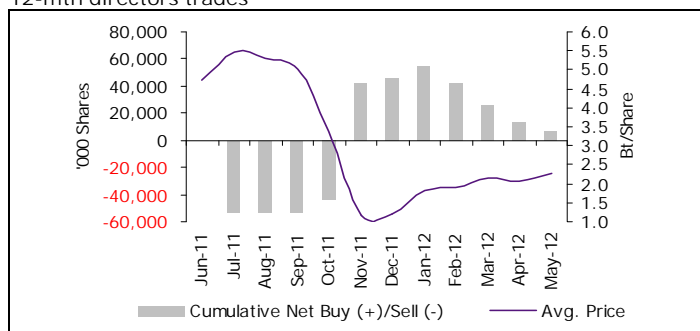
**Key Financial Ratios**

	2010	2011	2012F	2013F	2014F
Gross margin (%)	32.6	34.2	31.4	31.3	31.3
Operating margin (%)	14.9	14.0	12.8	13.2	13.0
EBITDA margin (%)	17.1	16.1	14.7	14.8	14.5
EBIT margin (%)	15.7	14.6	13.3	13.7	13.4
Net profit margin (%)	10.2	9.8	9.4	10.1	9.9
ROE (%)	22.3	19.2	18.8	21.2	20.3
ROA (%)	6.9	5.9	6.1	7.3	7.4
Net D/E (x)	1.3	1.4	1.3	1.3	1.3
Debt service cover (x)	0.6	0.6	0.4	0.6	0.8
Payout Ratio (%)	9.2	46.1	49.0	49.0	49.0

**PBV Band Chart**

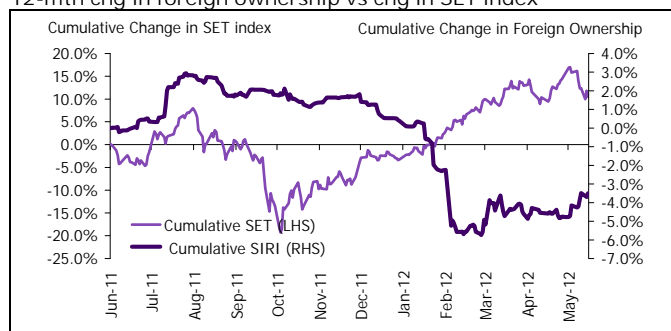


**12-mth directors trades**



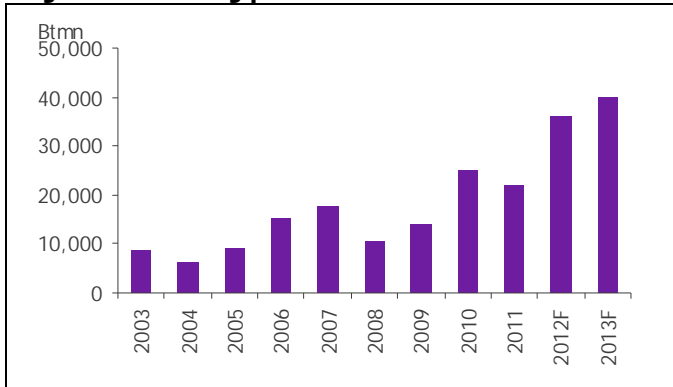
Source: SEC

**12-mth chg in foreign ownership vs chg in SET index**



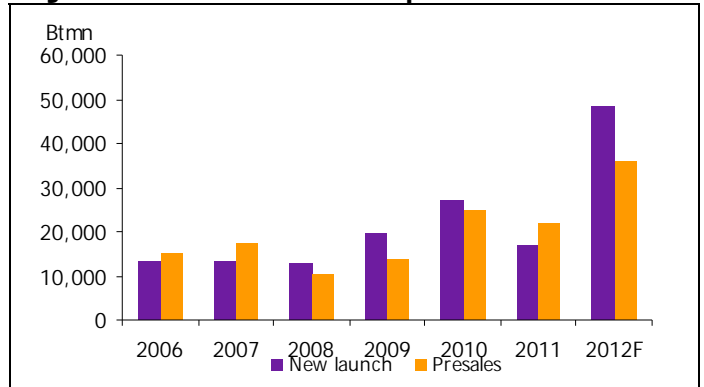
Source: SET, SCBS Investment Research

Figure 1: Growing presales



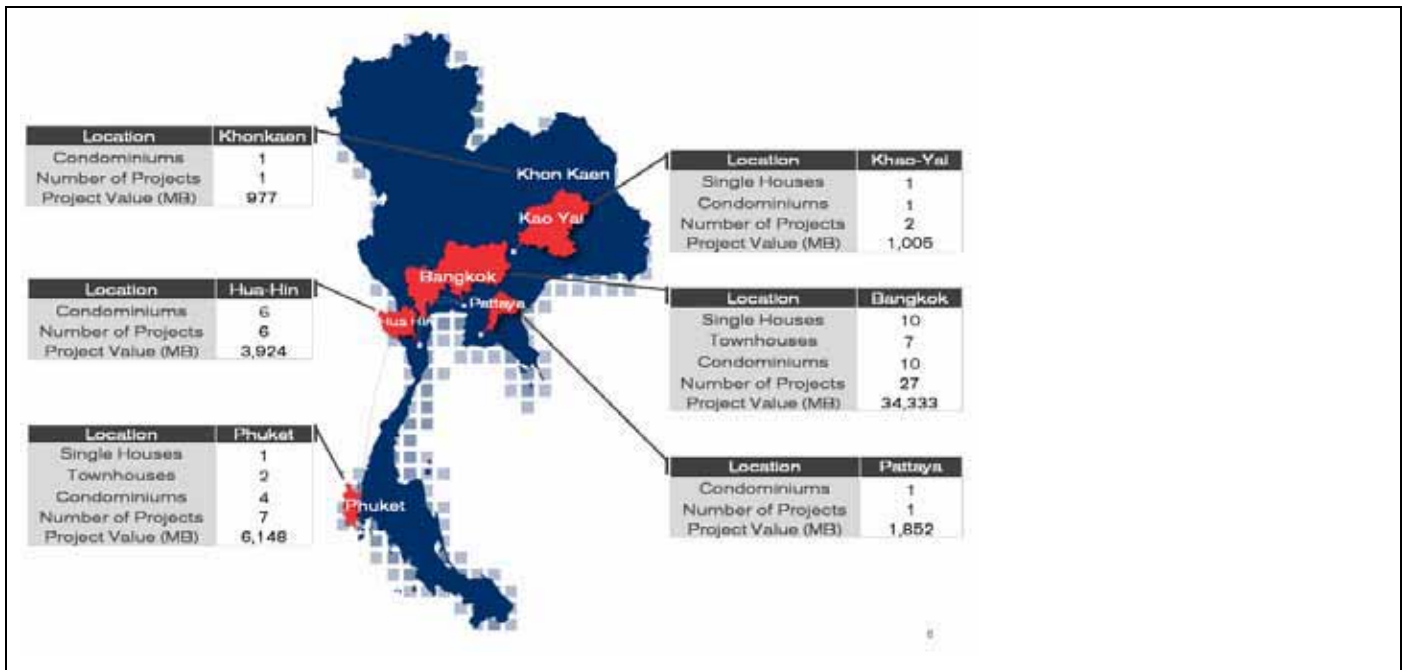
Source: SIRI

Figure 2: New launches versus presales



Source: SIRI

Figure 3: Provincial projects in 2012



Source: SIRI

CG Rating 2011 Companies with CG Rating under SCBS's Coverage

★★★★	ADVANC, AOT, BANPU, BAY, BBL, BCP, BMCL, CPF, CSL, EGO, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOT, PS, PSL, PTT, PTTEP, QH, RATCH, SAT, SCB, SCC, TISCO, TMB, TOP
★★★★	AMATA, AP, ASP, BEC, BECL, BH, BIGC, BLA, BTS, CK, LPALL, DELTA, DRT, DTAC, GPPT, GLOW, HANA, HMPRO, INTUCH, KCE, KEST, LH, IWL, MAJOR, MAKRO, PHATRA, SCCC, SMT, SPALL, SIRI, STANLY, STEC, SVI, TCAP, THAI, TRUE, ITA, ITW
★★★★	AEON'S, AH, CCEI, DCC, ESSO, ITO, KH, KTC, RCL, ROJANA, TICON, TPL
★★★	BGH, BLS, CPNRF, LHBANK, POPF, QHPF, SMART, SAMTEL, SSI, TRUND, TLOGIS, WHAPF
★★	PTTGC is the merged entity of PTTC and PTTAR

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