

Sansiri

SIRI TB / SIRI.BK

March 2, 2021

4Q20 result in line with our model (below the street); good DPS

In line with our model, but below consensus

SIRI reported a net profit of Bt588m for 4Q20. Excluding a Bt23m net-of-tax gain from an associate's sale of land and investments, the core result would be Bt565m, down by 55% YoY and 25% QoQ, in line with our estimate (but 7% short of the consensus). The 2020 core profit was Bt1.6bn, down 26% YoY. SIRI announced a DPS of Bt0.04, a 4.7% yield, which surprised us (we had assumed no dividend), but it was below the street assumption of Bt0.057 (XD Mar 15, payment May 20).

Result highlights

The YoY and QoQ core profit slump was mainly due to a high SG&A/sales ratio. Residential sales were Bt7.2bn (62% low-rise, 48% condo), down by 6% YoY and 6% QoQ. Low-rise sales were Bt4.5bn, down 6% YoY but flat QoQ. Condo sales were Bt2.7bn, down by 5% YoY and 14% QoQ. Residential GM was 32.2% (the fattest of 2020), up from 30.5% in 4Q19 and 28.8% in 3Q20, due to more fat-GM units in the sales mix—particularly from the transference of *XT Ekkamai* (Bt3.6bn, 25% transferred), *LA HABANA* (Bt2.3bn, 47%), and *dcondo Tann Charan* (Bt1bn, 57%).

The SG&A/sales ratio was 24.7%, up by 11.5% YoY and 7.3% QoQ, due to about Bt500m in one-time staff benefits (bonus and organizational restructuring expenses). Profit-sharing from JV projects totaled Bt81m, down 88% YoY but up 65% QoQ. Net gearing remained high at 1.5x at YE20 (but was down from 1.6x at end-Sep).

Outlook

For 1Q21, we expect a YoY core turnaround (a core loss was posted for 1Q20) but a QoQ decline (seasonality). Residential sales are likely to rise YoY but soften QoQ. Residential GM will probably fatten YoY (from a 17-year low of 17.9% in 1Q20) but slim back QoQ (intense competition). The SG&A/revenue ratio will decline YoY and QoQ.

What's changed?

Our 2021 core profit forecast is Bt1.6bn (flattish YoY). We assume residential sales of Bt22bn, down 28% YoY. Residential GM is expected at 27.7%, fatter by 260bps YoY. The SG&A/revenue ratio should be 19.1%. Thus, we expect core margin to expand 180bps to 6.5%, offsetting the effect of lower income. Net gearing will remain in the 1.4-1.5x range at YE21.

Recommendation

The stock price is likely to move sideways until there is a clear profit driver in view. However, it's currently a 60% discount to its YE21 BV (excluding a Bt5bn perp bond). Our HOLD call stands with a target price of Bt0.85, pegged to a PER of 7.5x (SIRI's long-term mean). Note that the board has proposed expanding the new share allocation in the General Mandate (up to 1,400m shares) through a Private Placement. The proposal will be voted on at the AGM.

Sector: Residential Property **NEUTRAL**

Rating: HOLD

Target Price: Bt0.85

Price (March 1, 2021): Bt0.85

Key statistics

Market cap	Bt12.6bn	USD0.4bn
12-mth price range	Bt0.5/Bt1.0	
12-mth avg daily volume	Bt55m	USD1.8m
# of shares (m)	14,863	
Est. free float (%)	73.2	
Foreign limit (%)	39.0	

Share price perf. (%)	1M	3M	12M
Relative to SET	(1.5)	(0.3)	(0.5)
Absolute	-	6.3	11.8

Financial summary

FY Ended 31 Dec	2020	2021E	2022E	2023E
Revenues (Btm)	33,780	25,264	27,395	29,066
Net profit (Btm)	1,673	1,641	2,153	2,464
EPS (Bt)	0.11	0.11	0.14	0.17
EPS grow th (%)	-30.1%	-1.9%	+31.2%	+14.5%
Core profit (Btm)	1,590	1,641	2,153	2,464
Core EPS (Bt)	0.11	0.11	0.14	0.17
Core EPS grow th (%)	-25.5%	+3.2%	+31.2%	+14.5%
PER (x)	7.2	7.7	5.9	5.1
PBV (x)	0.3	0.3	0.3	0.3
Dividend (Bt)	0.0	0.0	0.1	0.1
Dividend yield (%)	4.9	4.7	6.8	7.8
ROE (%)	4.9	4.3	5.5	6.1

CG/Anti-corruption

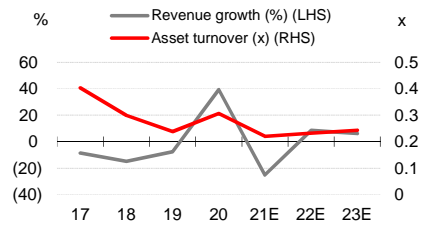

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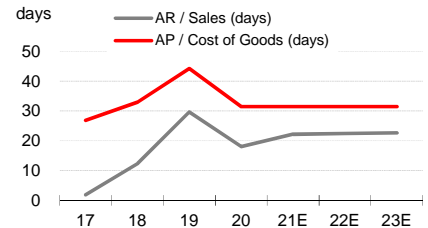
SIRI: Financial Tables – Year

PROFIT & LOSS (Btm)	2019	2020	2021E	2022E	2023E
Revenue	24,266	33,780	25,264	27,395	29,066
Cost of sales and services	(18,116)	(25,721)	(18,696)	(19,914)	(20,847)
Gross profit	6,150	8,059	6,569	7,480	8,219
SG&A	(4,591)	(6,460)	(4,835)	(5,117)	(5,437)
EBIT	1,559	1,599	1,734	2,364	2,783
Interest expense	(936)	(978)	(1,068)	(1,162)	(1,221)
Other income/exp.	1,057	1,064	908	936	966
EBT	1,680	1,685	1,574	2,138	2,527
Corporate tax	(455)	(739)	(356)	(484)	(562)
After-tax net profit (loss)	1,225	946	1,218	1,653	1,965
Minority interest	117.0	215.3	215.3	215.3	215.3
Equity earnings from affiliates	791	429	208	285	285
Extra items	260	83	0	0	0
Net profit (loss)	2,392	1,673	1,641	2,153	2,464
Reported EPS	0.16	0.11	0.11	0.14	0.17
Fully diluted EPS	0.16	0.11	0.11	0.14	0.17
Core net profit	2,133	1,590	1,641	2,153	2,464
Core EPS	0.14	0.11	0.11	0.14	0.17
EBITDA	1,791	1,918	1,844	2,479	2,901
KEY RATIOS					
Revenue growth (%)	(7.5)	39.2	(25.2)	8.4	6.1
Gross margin (%)	25.3	23.9	26.0	27.3	28.3
EBITDA margin (%)	7.4	5.7	7.3	9.0	10.0
Operating margin (%)	6.4	4.7	6.9	8.6	9.6
Net margin (%)	9.9	5.0	6.5	7.9	8.5
Core profit margin (%)	8.8	4.7	6.5	7.9	8.5
ROA (%)	2.3	1.5	1.4	1.8	2.1
ROCE (%)	2.7	1.7	1.6	2.1	2.3
Asset turnover (x)	0.2	0.3	0.2	0.2	0.2
Current ratio (x)	2.6	2.2	2.3	2.3	2.3
Gearing ratio (x)	2.0	1.5	1.6	1.5	1.5
Interest coverage (x)	1.7	1.6	1.6	2.0	2.3
BALANCE SHEET (Btm)					
Cash & Equivalent	2,473	3,007	4,141	4,753	2,514
Accounts receivable	1,970	1,667	1,537	1,685	1,801
Inventory	62,844	56,081	59,537	59,805	63,020
PP&E-net	2,663	3,546	3,278	3,586	3,894
Other assets	38,387	48,332	48,540	48,824	49,109
Total assets	108,336	112,632	117,032	118,654	120,337
Accounts payable	2,193	2,214	1,610	1,714	1,795
ST debts & current portion	17,136	19,971	21,971	21,971	21,971
Long-term debt	46,028	38,911	40,911	40,911	40,911
Other liabilities	11,105	12,338	12,338	12,338	12,338
Total liabilities	76,461	73,435	76,830	76,935	77,015
Paid-up capital	15,903	15,903	15,903	15,903	15,903
Share premium	2,296	2,355	2,355	2,355	2,355
Retained earnings	13,251	14,491	15,495	17,012	18,616
Shareholders' equity	30,943	37,376	38,380	39,897	41,500
Minority interests	931	1,822	1,822	1,822	1,822
Total Liab.&Shareholders' equity	108,336	112,632	117,032	118,654	120,337
CASH FLOW (Btm)					
Net income	2,392	1,673	1,641	2,153	2,464
Depreciation and amortization	232	318	110	115	118
Change in working capital	(24,500)	(23,792)	(3,931)	(311)	(3,250)
FX, non-cash adjustment & others	14,588	24,631	0	0	(0)
Cash flows from operating activities	(7,287)	2,831	(2,180)	1,956	(667)
Capex (Invest)/Divest	(1,112)	319	(50)	(707)	(711)
Others	0	0	0	0	0
Cash flows from investing activities	(1,112)	319	(50)	(707)	(711)
Debt financing (repayment)	18,653	(4,911)	4,000	0	0
Equity financing	0	0	0	0	0
Dividend payment	(1,432)	(976)	(636)	(636)	(861)
Others	0	0	0	0	0
Cash flows from financing activities	6,702	(2,302)	3,364	(636)	(861)
Net change in cash	(1,697)	848	1,134	613	(2,239)
Free cash flow (Btm)	(8,400)	3,150	(2,230)	1,249	(1,378)
FCF per share (Bt)	(0.57)	0.21	(0.15)	0.08	(0.09)
KEY ASSUMPTIONS	2019	2020	2021E	2022E	2023E
Total presales (Btm)	20,805	26,327	28,960	31,856	35,041
YoY change in presales	-57%	27%	10%	10%	10%
Housing revenue (Btm)	19,126	30,559	21,951	24,067	25,722
YoY change in housing revenue	-11%	60%	-28%	10%	7%
Secured revenue by backlogs (Btm)	-	-	11,118	8,602	394
% of secured revenue by backlogs	-	-	51%	36%	2%
Housing GM	29.0%	25.0%	27.7%	29.0%	30.0%

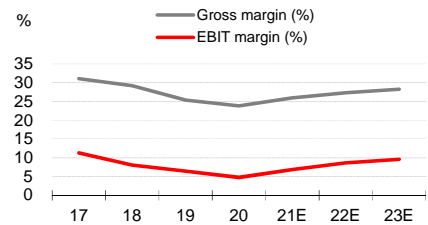
Revenue growth and asset turnover



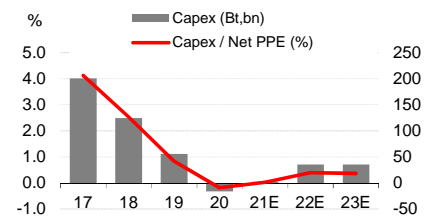
A/C receivable & A/C payable days



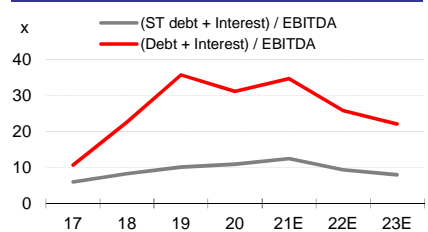
Profit margins



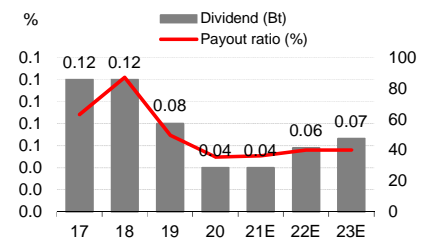
Capital expenditure



Debt serviceability



Dividend payout



SIRI: Financial Tables – Quarter

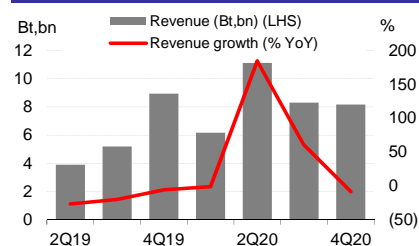
QUARTERLY PROFIT & LOSS (Btm)	4Q19	1Q20	2Q20	3Q20	4Q20
Revenue	8,942	6,169	11,127	8,316	8,168
Cost of sales and services	(6,964)	(5,185)	(8,842)	(5,932)	(5,762)
Gross profit	1,978	984	2,285	2,384	2,406
SG&A	(1,183)	(1,305)	(1,696)	(1,442)	(2,017)
EBIT	795	(321)	589	942	389
Interest expense	(304)	(202)	(303)	(213)	(260)
Other income/exp.	235	298	112	190	464
EBT	726	(225)	398	918	594
Corporate tax	(231)	(25)	(301)	(243)	(171)
After-tax net profit (loss)	495	(250)	97	675	423
Minority interest	88.8	59.6	62.7	32.7	61.4
Equity earnings from affiliates	670	140	159	49	81
Extra items	(2)	112	(60)	8	23
Net profit (loss)	1,252	62	258	765	588
Reported EPS	0.08	0.00	0.02	0.05	0.04
Fully diluted EPS	0.08	0.00	0.02	0.05	0.04
Core net profit	1,254	(51)	318	757	565
Core EPS	0.08	(0.00)	0.02	0.05	0.04
EBITDA	1,037	(24)	701	1,131	853

KEY RATIOS	4Q19	1Q20	2Q20	3Q20	4Q20
Gross margin (%)	22.1	15.9	20.5	28.7	29.5
EBITDA margin (%)	11.6	(0.4)	6.3	13.6	10.4
Operating margin (%)	8.9	(5.2)	5.3	11.3	4.8
Net margin (%)	14.0	1.0	2.3	9.2	7.2
Core profit margin (%)	14.0	(0.8)	2.9	9.1	6.9
BV (Bt)	2.1	2.2	2.4	2.5	2.6
ROE (%)	16.2	0.8	3.0	8.6	6.3
ROA (%)	4.6	0.2	0.9	2.8	2.1
Current ratio (x)	2.6	2.6	3.3	2.7	2.2
Gearing ratio (x)	2.0	2.1	1.7	1.6	1.6
Interest coverage (x)	2.6	n.m.	1.9	4.4	1.5

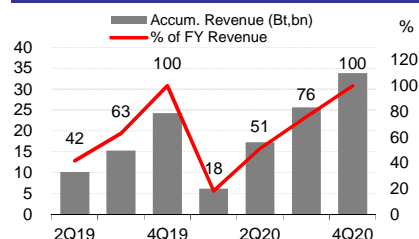
QUARTERLY BALANCE SHEET (Btm)	4Q19	1Q20	2Q20	3Q20	4Q20
Cash & Equivalent	2,473	3,288	3,806	2,425	3,007
Accounts receivable	1,970	1,973	1,966	2,031	1,667
Inventory	62,844	66,443	64,101	63,303	56,081
PP&E-net	20,608	21,202	20,911	20,846	31,156
Other assets	20,442	22,293	20,740	21,897	20,722
Total assets	108,336	115,199	111,524	110,502	112,632
Accounts payable	2,193	2,271	2,846	2,356	2,214
ST debts & current portion	6,897	6,715	3,338	2,786	4,042
Long-term debt	58,197	61,536	58,379	56,976	58,388
Other liabilities	9,174	11,601	11,267	11,025	8,790
Total liabilities	76,461	82,123	75,829	73,143	73,435
Paid-up capital	15,903	15,903	15,903	15,903	15,903
Share premium	2,296	2,296	2,296	2,296	2,355
Retained earnings	13,251	13,211	13,249	13,962	14,491
Shareholders' equity	30,943	31,984	34,672	35,432	37,376
Minority interests	931.5	1,092.3	1,022.9	1,928.1	1,821.7
Total Liab.&Shareholders' equity	108,336	115,199	111,524	110,502	112,632

KEY STATS	4Q19	1Q20	2Q20	3Q20	4Q20
Total presales (Btm)	6,865	6,652	12,915	3,250	3,510
YoY change in presales	-4%	0%	190%	14%	-49%
Resi revenue (Btm)	7,634	5,383	10,338	7,635	7,203
YoY change in resi revenue	-4%	10%	309%	87%	-6%
Resi GM	30.5%	17.9%	21.0%	28.8%	32.2%
Rental revenue (Btm)	1,307	786	788	681	965

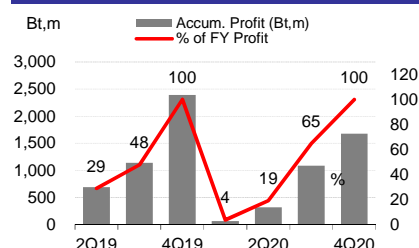
Revenue trend



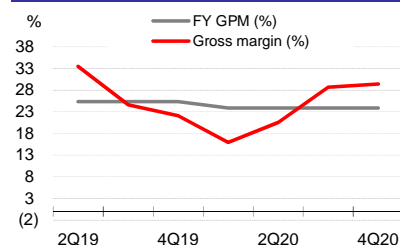
Revenue trend (accumulated)



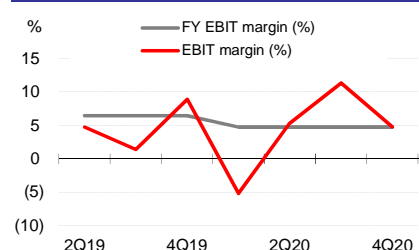
Net profit trend (accumulated)



Gross profit margin



EBIT margin



Company profile

Sansiri Plc (SIRI) builds single-detached housing, townhouses and condos using a presales model. The company had earlier focused on the upper-mid to high-end of the market. In 2H10, the company expanded to the low-end segment, particularly for condos. SIRI also owns Plus Property Co Ltd, a property and asset management, brokerage service, and property sales management firm. The core revenue generator is residential sales. Its residential presales breakdown is typically 60% condo and 40% low-rise. In 2015, SIRI started a JV with BTS Group, to develop condos near mass transit stations.

Figure 1 : 4Q20 results

FY Ended 31 Dec (Btm)	4Q20	4Q19	YoY %	3Q20	QoQ %	2020	2019	YoY %
Income Statement								
Revenue	8,168	8,942	(9)	8,316	(2)	33,779	24,266	39
Cost of sales and services	(5,762)	(6,964)	(17)	(5,932)	(3)	(25,721)	(18,116)	42
EBITDA	853	1,037	(18)	1,131	(25)	2,662	2,848	(7)
EBIT	389	795	(51)	942	(59)	1,598	1,559	3
Interest expense	(260)	(304)	(15)	(213)	22	(978)	(936)	5
Other income/exp.	464	235	98	190	145	1,064	1,057	1
Equity earnings from affiliates	81	670	0	49	0	429	791	0
Extra items	23	(2)	nm	8	197	83	260	(68)
EBT	594	726	(18)	918	(35)	1,684	1,680	0
Corporate tax	(171)	(231)	nm	(243)	nm	(739)	(455)	nm
Minority interest	61.4	88.8	100	32.7	100	216.5	117.0	100
Net profit (loss)	588	1,252	(53)	765	(23)	1,673	2,392	(30)
Reported EPS	0.04	0.08	(53)	0.05	(23)	0.11	0.16	(30)
Core net profit	565	1,254	(55)	757	(25)	1,590	2,133	(25)
Key ratios								
Gross margin (%)	29.5	22.1		28.7		23.9	25.3	
EBITDA margin (%)	10.4	11.6		13.6		7.9	11.7	
EBIT margin (%)	4.8	8.9		11.3		4.7	6.4	
Tax rate (%)	28.8	31.8		26.4		43.9	27.1	
Net margin (%)	7.2	14.0		9.2		5.0	9.9	
Current ratio (x)	2.2	2.6		2.7		2.2	2.6	
Gearing ratio (x)	1.6	2.0		1.6		1.6	2.0	
Interest coverage (x)	1.5	2.6		4.4		1.6	1.7	
Balance Sheet								
Cash & Equivalent	3,007	2,473	22	2,425	24			
Total assets	112,632	108,336	4	110,502	2			
ST debts & current portion	4,042	6,897	(41)	2,786	45			
Long-term debt	58,388	58,197	0	56,976	2			
Total liabilities	73,435	76,461	(4)	73,143	0			
Retained earnings	14,491	13,251	9	13,962	4			
Shareholders equity	37,376	30,943	21	35,432	5			
Minority interests	1,822	931	96	1,928	(6)			
BV (Bt)	2.6	2.1	23	2.5	5			

- Residential sales declined by 6% YoY and 6% QoQ
- Residential GM fattened YoY and QoQ
- The SG&A/sales ratio rose YoY and QoQ, due to a big one-time staff benefit
- Net gearing remained high at 1.5x at YE20
- Core earnings were in line with our estimate, but beat the consensus by 7%

Sources: Company data, Bualuang Research estimates

Bualuang Securities Public Company Limited

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CKP	STA	BGRIM	GULF	MTC	AWC	TCAP	CRC	CPF	CFN	HANA	HMPRO	IVL	OSP	SAWAD
THANI	BANPU	BCH	BTS	CK	SCC	STEC	TISCO	TRUE	TU	INTUCH	RATCH	VGI	PRM	SCGP
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CG Rating

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 00359		Pass
Below 50	No logo given	N/A

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BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK

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

HOLD: Expected total returns of between -15% and +15% over the next 12 months.

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

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

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.

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