



Sansiri PCL

SIRI TB Neutral

Target Price Bt 0.82

Price (01/03/2021) Bt 0.85

Downside % 3.53

Valuation PER

Sector Property Development

Market Cap Btm 12,633

30-day avg turnover Btm 35.22

No. of shares on issue m 14,863

CG Scoring Excellent

Anti-Corruption Indicator Certified

Investment fundamentals

Year end Dec 31 2019A 2020A 2021E 2022E

Company Financials

Revenue (Btmn) 24,310 33,833 27,734 30,400

Core profit (Btmn) 2,190 1,595 1,413 1,913

Net profit (Btmn) 2,392 1,673 1,393 1,893

Net EPS (Bt) 0.17 0.11 0.09 0.13

DPS (Bt) 0.08 0.04 0.05 0.06

BVPS (Bt) 2.19 2.51 2.53 2.58

Net EPS growth (%) 20.39 (33.46) (16.74) 35.92

ROA (%) 2.23 1.32 1.22 1.63

ROE (%) 7.74 4.90 3.72 4.99

Net D/E (x) 1.74 1.47 1.52 1.57

Valuation

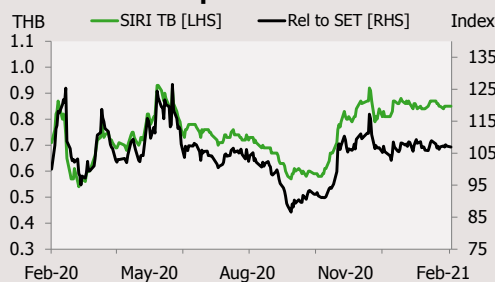
P/E (x) 6.44 7.55 9.07 6.67

P/BV (x) 0.50 0.34 0.34 0.33

EV/EBITDA (x) 23.98 20.49 23.34 19.41

Dividend yield (%) 7.34 4.64 5.51 7.49

SIRI TB rel SET performance



Source: Bloomberg (All figures in THB unless noted.)

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2 March 2021

Kasikorn Securities Public Company Limited

4Q20 earnings slightly below expectations

- **SIRI reported 4Q20 earnings of Bt588mn, down 53% YoY and 23% QoQ. This was 4.5% below our forecast and 4.3% lower than BB consensus.**
- **While heavy sales promotions lifted 2020 gross profit by 11.5% YoY, 2020 net earnings fell 30% on sharp drops in equity income and extra gains.**
- **We maintain our Neutral rating on SIRI with a 2021 TP of Bt0.82. SIRI announced a 2020 DPS of Bt0.04. XD date is set for Mar. 15, 2021.**

Investment Highlights

- **4Q20 earnings slid YoY and QoQ.** SIRI reported 4Q20 earnings of Bt588mn, down 53% YoY and 23% QoQ. This was 4.5% below our forecast and 4.3% lower than Bloomberg's consensus number. Higher-than-expected admin costs due to a change in cost allocation from JV projects on much fewer JV projects under development and a bonus that had not accrued in 9M20 was the main reason for the deviation between the actual result and our forecast even though SIRI realized much higher-than-expected other income on the seizure of deposits and booked additional gains from the sale of investments in joint ventures. In our view, the strong improvement in GPM was the main highlight of its 4Q20 results.

The earnings contraction YoY was due to 8% drop in core revenue, primarily from the housing business (-7% to Bt7.2bn) and business management (-21% to Bt675mn) plus a drop in equity income (-88% to Bt82mn). This was because SIRI had a number of large, newly completed condominium projects like La Casita Hua Hin, DCondo Campus Rangsit, The Line Sukhumvit 101, The Line Phahon-Pradipat and Khun by U in 4Q19 while it had smaller and fewer condo projects like La Habana, DCondo Than Charan and XT Ekkamai that kicked off transfers in 4Q20. Note, however, that these newly completed condo projects and many other new low-rise projects delivered strong margins, which allowed 4Q20 GPM to rise 7.5% ppt YoY.

QoQ, a slowdown in presales from 3Q20, which pared 4Q20 core revenue by 4% and the big surge in admin expenses mentioned earlier, which swelled 4Q20 SG&A-to-sales ratio to 25% from 17% in 3Q20, hurt the QoQ earnings growth. This was despite SIRI booking another extra gain from the sale of its stake in a JV for Bt19mn and equity income improving to Bt82mn from Bt52mn in 3Q20. Also, less aggressive sales promotions helped 4Q20 GPM rise by 2.0ppt QoQ.

- **2020 earnings fell 30% YoY.** Although SIRI successfully liquidated its unsold inventory in 2020, which boosted 2020 core revenue by 39.2%, 2020 earnings still fell by 30% to Bt1.67bn due to: 1) an extreme promotion used to liquidate unsold but completed inventory that squeezed GPM by 1.5ppt to 23.8%; 2) the disappearance of a gain on the sale of investments in 2020 from Bt423mn booked in 2019 and a sharp fall in gains from land sales to only Bt10mn in 2020 from Bt508mn in 2019; and 3) as well as a steep drop in equity income by 49% to Bt452mn due to its price-cutting strategy. The full impact of these negative factors was partly offset by SIRI booking a gain from sales of JVs of Bt93mn in 2020 against zero in 2019 and as it was able to maintain SG&A-to-sales ratio at 19.1%.

Valuation and Recommendation

- We maintain our Neutral rating on SIRI with 2021 TP of Bt0.82. After posting its 2020 result, SIRI announced a 2020 DPS of Bt0.04. XD date is Mar. 15. While the much lower backlog carried over to 2021 of Bt24.4bn from Bt43.2bn a year earlier suggests 2021 earnings are very likely to fall, the plan to roll out a number of new low-rise product and the potential recovery of the tourism industry should allow its earnings to rebound in 2022-23. This factor together with a DY of more than 5% support our Neutral view of the stock. Note that SIRI plans to extend the general mandate for 1,400mn newly issued shares for a private placement by another year.



Fig 1 4Q20 earnings fell 53% YoY and 23% QoQ on revenue slowdown and large expansion of admin costs

	4Q19	1Q20	2Q20	3Q20	4Q20	%YoY	%QoQ	2019	2020	% change
Financials										
Sales (Btmn)	8,731	6,252	11,138	8,408	8,035	-8.0	-4.4	24,310	33,833	39.2
EBITDA (Btmn)	1,149	163	917	1,346	1,063	-7.4	-21.0	2,991	3,490	16.7
Operating profit (Btmn)	1,020	-24	701	1,139	847	-17.0	-25.7	2,563	2,663	3.9
Core profit (Btmn)	1,272	-50	256	765	620	-51.2	-18.9	2,190	1,595	-27.2
Net profit (Btmn)	1,251	62	258	765	588	-53.0	-23.1	2,392	1,673	-30.1
Net EPS (Bt)	0.09	0.00	0.02	0.05	0.04	-55.3	-23.1	0.17	0.11	-33.5
Performance Drivers										
Presales (Btmn)	6,416	6,652	12,915	3,250	3,510	-45.3	8.0	20,337	25,690	26.3
New launch (Btmn)	15,595	1,317	1,834	1,485	10,805	-30.7	627.6	29,558	17,180	-41.9
Net D/E (x)	1.9	2.0	1.6	1.5	1.5	-22.1	-4.6	1.7	1.5	-15.4
Ratios										
						Change **		2019	2020	Change **
Gross margin (%)	23.0	15.7	20.0	28.5	30.5	7.5	2.0	25.3	23.8	-1.5
EBITDA margin (%)	13.2	2.6	8.2	16.0	13.2	0.1	-2.8	12.3	10.3	-2.0
Optg. margin (%)	11.7	-0.4	6.3	13.5	10.5	-1.1	-3.0	10.5	7.9	-2.7
ROE (%)	16.2	0.8	3.0	8.6	6.3	-9.9	-2.3	0.1	0.0	-0.0

Remark: ** = Change in ppt

Source: Company data and KS Research


Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	24,310	33,833	27,734	30,400	37,218
Cost of sales and services	-18,154	-25,768	-20,416	-22,122	-26,963
Gross Profit	6,156	8,065	7,318	8,277	10,254
SG&A	-4,644	-6,460	-5,596	-5,867	-6,899
Other income	1,050	1,058	958	990	1,031
EBIT	3,833	3,196	2,717	3,443	4,433
EBITDA	2,991	3,490	3,109	3,901	4,963
Interest expense	-936	-978	-964	-1,014	-1,125
Equity earnings	881	452	57	63	66
EBT	2,897	2,218	1,753	2,429	3,308
Income tax	-622	-760	-360	-499	-678
NPAT	2,275	1,458	1,393	1,930	2,630
Minority Interest	117	215	0	-37	-37
Core Profit	2,190	1,595	1,413	1,913	2,613
Extraordinary items	203	79	-20	-20	-20
FX gain (loss)	0	0	0	0	0
Reported net profit	2,392	1,673	1,393	1,893	2,593

Balance Sheet (Btmn)

Cash & equivalents	2,132	3,007	2,496	2,736	3,350
ST investments	341	0	416	456	558
Accounts receivable	1,970	1,667	1,803	1,976	2,233
Inventories	64,157	56,766	72,214	73,574	74,063
Other current assets	5,983	7,470	6,654	7,047	7,587
Total current assets	74,583	68,909	83,583	85,789	87,791
Investment in subs & others	561	172	624	684	837
Fixed assets-net	22,886	38,449	22,041	24,495	25,487
Other assets	10,306	5,103	9,222	10,108	10,328
Total assets	108,336	112,632	115,470	121,075	124,443
Short-term debt	15,807	20,147	21,144	23,021	24,941
Accounts payable	2,193	2,214	2,496	2,736	3,350
Other current liabilities	10,240	8,352	9,638	10,564	12,933
Total current liabilities	28,240	30,713	33,278	36,321	41,223
Long-term debt	42,060	40,500	40,587	42,158	38,766
Other liabilities	6,161	2,222	2,909	3,187	3,913
Total liabilities	76,461	73,435	76,774	81,666	83,902
Paid-up capital	15,903	15,903	15,903	15,903	15,903
Share premium	2,296	2,355	2,296	2,296	2,296
Reserves & others, net	1,116	6,333	6,409	6,409	6,409
Retained earnings	11,628	12,785	12,974	13,688	14,820
Minority interests	931	1,822	1,113	1,113	1,113
Total shareholders' equity	31,875	39,197	38,696	39,409	40,541
Total equity & liabilities	108,336	112,632	115,470	121,075	124,443

Key Assumptions

New launch (Btmn)	29,558	15,441	26,000	32,000	32,000
Pre-sales	20,337	25,690	23,284	30,794	34,075
Revenue growth (%)	-7.37	39.17	-18.03	9.61	22.43
Gross margin (%)	25.32	23.84	26.39	27.23	27.55
SG&A to sales (%)	19.10	19.09	20.18	19.30	18.54

Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Net profit	2,275	1,458	1,393	1,930	2,630
Depreciation & amortization	429	827	430	501	576
Change in working capital	-23,661	-23,079	-15,974	-601	2,301
Others	13,669	23,625	-37	-43	-47
CF from operation activities	-7,287	2,831	-14,188	1,788	5,460
Capital expenditure	-2,131	-4,365	3,661	-1,448	-1,499
Investment in subs and affiliates	180	-200	-452	-97	-190
Others	838	4,884	7,916	-2,270	-224
CF from investing activities	-1,112	319	11,124	-3,815	-1,913
Cash dividend	-1,432	-848	-795	-772	-1,052
Net proceeds from debt	8,359	-7,133	4,448	3,448	-1,473
Capital raising	0	0	-59	0	0
Others	-328	5,706	-1,041	-409	-409
CF from financing activities	6,599	-2,275	2,553	2,267	-2,933
Net change in cash	-1,801	875	-511	240	614

Key Statistics & Ratios
Per share (Bt)

Reported EPS	0.17	0.11	0.09	0.13	0.17
Core EPS	0.15	0.11	0.10	0.13	0.18
DPS	0.08	0.04	0.05	0.06	0.09
BV	2.19	2.51	2.53	2.58	2.65
EV	5.07	4.85	4.88	5.10	4.95
Free Cash Flow	-0.67	-0.10	-0.71	0.02	0.27

Valuation analysis

Reported P/E (x)	6.44	7.55	9.07	6.67	4.87
Core P/E (x)	7.04	7.92	8.94	6.60	4.84
P/BV (x)	0.50	0.34	0.34	0.33	0.32
P/BV (x) - excluding perp bond	0.50	0.39	0.39	0.38	0.37
EV/EBITDA (x)	23.98	20.66	23.34	19.41	14.82
Price/Cash flow (x)	-2.12	4.46	-0.89	7.07	2.31
Dividend yield (%)	7.34	4.64	5.51	7.49	10.26

Profitability ratios

Gross margin (%)	25.32	23.84	26.39	27.23	27.55
EBITDA margin (%)	12.31	10.31	11.21	12.83	13.33
EBIT margin (%)	15.77	9.45	9.80	11.33	11.91
Net profit margin (%)	9.36	4.31	5.02	6.35	7.07
ROA (%)	2.23	1.32	1.22	1.63	2.14
ROE (%)	7.74	4.90	3.72	4.99	6.67

Liquidity ratios

Current ratio (x)	2.64	2.24	2.51	2.36	2.13
Quick ratio (x)	0.16	0.15	0.14	0.14	0.15

Leverage Ratios

Liabilities/Equity ratio (x)	2.40	1.87	1.98	2.07	2.07
Net debt/EBITDA (x)	18.52	16.52	18.92	15.89	12.05
Net debt/equity (x)	1.74	1.47	1.52	1.57	1.48
Int. coverage ratio (x)	4.10	3.27	2.82	3.40	3.94

Growth

Revenue (%)	-7.37	39.17	-18.03	9.61	22.43
EBITDA (%)	-6.97	16.66	-10.90	25.47	27.21
Reported net profit (%)	16.93	-30.07	-16.74	35.92	36.94
Reported EPS (%)	20.39	-33.46	-16.74	35.92	36.93
Core profit (%)	-3.59	-27.18	-11.38	35.41	36.55
Core EPS (%)	-0.74	-30.71	-11.38	35.41	36.54

Source: Company, KS estimates



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