



Sansiri PCL

SIRI TB Neutral

Target Price Bt 1.22

Price (16/08/2021) Bt 1.16

Upside % 5.17

Valuation PER

Sector Property Development

Market Cap Btm 17,257

30-day avg turnover Btm 271.41

No. of shares on issue m 14,877

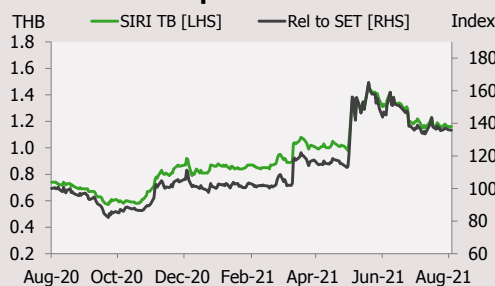
CG Scoring Excellent

Anti-Corruption Indicator Certified

Investment fundamentals

Year end Dec 31	2020A	2021E	2022E	2023E
Company Financials				
Revenue (Btmn)	33,833	27,702	30,695	33,292
Core profit (Btmn)	1,595	1,619	2,052	2,469
Net profit (Btmn)	1,673	1,604	2,034	2,453
Net EPS (Bt)	0.11	0.11	0.14	0.17
DPS (Bt)	0.04	0.05	0.07	0.08
BVPS (Bt)	2.51	2.54	2.60	2.66
Net EPS growth (%)	-33.46	-4.14	26.81	20.60
ROA (%)	1.32	1.38	1.79	2.13
ROE (%)	4.90	4.27	5.33	6.28
Net D/E (x)	1.47	1.50	1.43	1.37
Valuation				
P/E (x)	7.20	10.75	8.48	7.03
P/BV (x)	0.32	0.46	0.45	0.44
EV/EBITDA (x)	20.49	18.53	16.88	14.68
Dividend yield (%)	4.94	4.65	5.90	7.11

SIRI TB rel SET performance



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

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Analyst

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17 August 2021

Kasikorn Securities Public Company Limited

Strong 2Q21 earnings as expected

- SIRI posted 2Q21 earnings of Bt662mn, up 156% YoY and 72% QoQ. This was slightly better than expected. 1H21 earnings rose 226% YoY.
- Solid transfers and margin expansion were the key earnings drivers. While 2H21 earnings will slow down, we see exciting growth in 2022.
- We maintain OP rating, mid-2022 TP of Bt1.22. Success of new projects and revival of tourism will be key performance drivers going forward.

Investment Highlights

► **2Q21 earnings grew strongly YoY and QoQ.** SIRI reported 2Q21 earnings of Bt662mn, up 156% YoY and 72% QoQ. This was 6.4% higher than our forecast of Bt622mm and 4.9% above the Bloomberg consensus estimate of Bt631mn. A great GPM expansion of 12.6ppt, largely fueled by its housing business, was the key earnings growth driver YoY. This was despite 1) transfer activity falling strongly by almost 50% to Bt8.8bn given SIRI did not utilize any heavy sales promotions as it did in 2Q20 to raise cash inflow amid the uncertainty caused by the first wave of COVID-19 in Thailand; and 2) 2Q21 equity income falling from Bt163mn in 2Q20 into negative territory of -Bt31mn due to the slim margins generated by some of its key JV projects. QoQ, apart from a GPM improvement of 4.3ppt, incremental transfer activity by almost 20% supported the growth. This was despite more active new launch activity swelling SG&A-to-sales ratio to 20.0% from 15.2% in 2Q20 and 18.8% in 2Q21. Note that SIRI's hotel business continued to generate slightly larger losses in 2Q21, both YoY and QoQ. Business management still made a profit while showing something of a recovery in 2Q21. 1H21 earnings thus accounted for 65.2% of our 2021E earnings.

► **Expecting a slowdown in 2H21.** While SIRI was able to report very strong 1H21 earnings growth of 226% to Bt1.04bn, thanks to a rising trend for low-rise presales in 1H21 and its successful transfer of planned backlog including units from OKA Haus, The Base Saphammai, Khun by U, XT Ekkamai and XT Huaykwang, its diminishing backlog and delayed launch activity in 3Q21 due to the 30-day construction halt suggests its 2H21E earnings will slow from 1H21. Also, in 2H21, the newly completed condominium projects that are due to start rights transfers in 3Q21 (Edge Central Pattaya: Bt3.2bn, 69% sold) and in 4Q21 (DCondo Hideaway; Bt1.5bn, 45% sold) are much smaller than XT Huay Kwang (Bt7.5bn, 42% sold), which began transfers in 2Q21.

Valuation and Recommendation

► We maintain our Neutral view on SIRI with an unchanged mid-2022 target price of Bt1.22, derived from a PER of 8.06x. While SIRI was able to generate an outstanding operating performance in 1H21 and is in the process of building backlog from many new projects planned to open in the 2H21, we believe the soft 2H21 earnings outlook and diminishing trend for backlog indicates that great success at its new projects will be required to turn its earnings direction positive in 2022. Also, its potentially high-growth new investment in XPG will take a few years to start delivering sound returns. However, SIRI is also one of the key beneficiaries of the reopening theme given the operating performance of its hotel business should turn positive once the tourism industry bounces back to life.



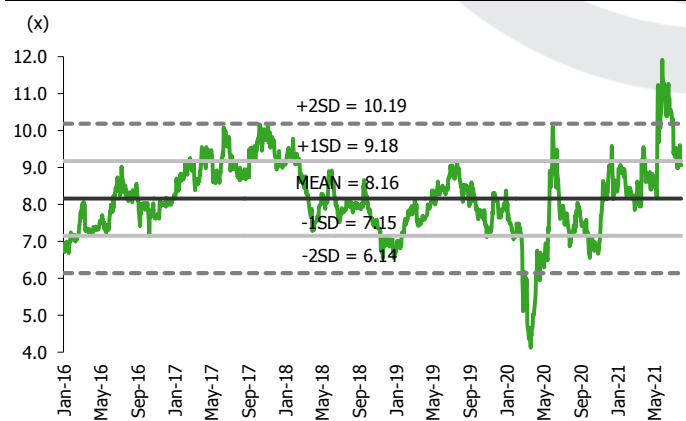
Fig 1 2Q21 earnings up 156% YoY and 72% QoQ

	2Q20	3Q20	4Q20	1Q21	2Q21	%YoY	%QoQ	%YTD2021E	2021E
Financials									
Sales (Btmn)	11,138	8,408	8,035	6,694	7,845	-29.6	17.2	52.5	27,702
EBITDA (Btmn)	917	1,346	1,063	1,017	1,442	57.2	41.8	59.3	4,146
Operating profit (Btmn)	701	1,139	847	808	1,236	76.4	52.9	61.9	3,303
Core profit (Btmn)	256	765	620	384	662	158.9	72.3	64.6	1,619
Net profit (Btmn)	258	765	588	384	662	156.4	72.3	65.2	1,604
Net EPS (Bt)	0.02	0.05	0.04	0.03	0.04	156.4	72.3	65.2	0.11
Performance Drivers									
Presales (Btmn)	12,915	3,250	3,510	6,041	7,923	-38.7	31.2	49.9	27,999
New launch (Btmn)	1,834	1,485	10,805	0	2,180	18.9	n.m.	10.1	21,568
Net D/E (x)	1.6	1.5	1.5	1.5	1.5	-10.0	-0.1	97.7	1.5
						Change **	Avg YTD	2021E	
Ratios									
Gross margin (%)	20.0	28.5	30.5	28.3	32.6	12.6	4.3	30.5	30.3
EBITDA margin (%)	8.2	16.0	13.2	15.2	18.4	10.1	3.2	16.8	15.0
Optg. margin (%)	6.3	13.5	10.5	12.1	15.8	9.5	3.7	13.9	11.9
ROE (%)	3.0	8.6	6.3	4.0	6.9	3.9	2.9	5.5	0.0

Remark: ** = Change in ppt

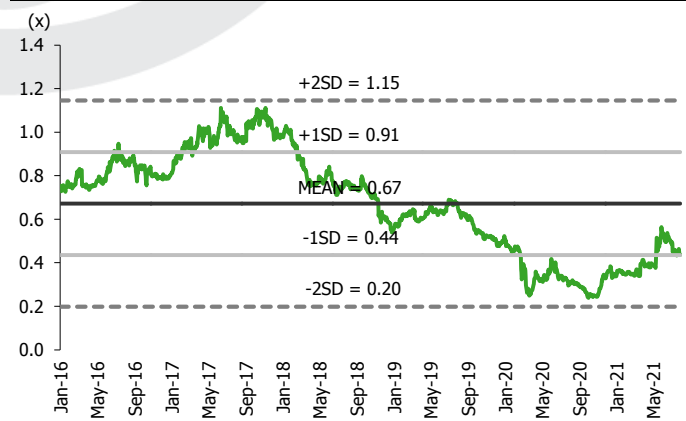
Source: Company data and KS Research

Fig 2 5-year 12M Fwd PER



Source: Bloomberg and KS Research

Fig 3 5-year 12M Fwd PBV



Source: Bloomberg and KS Research


Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E	Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	24,310	33,833	27,702	30,695	33,292	Net profit	2,275	1,458	1,570	2,071	2,489
Cost of sales and services	-18,154	-25,768	-19,296	-21,575	-23,164	Depreciation & amortization	429	827	844	895	934
Gross Profit	6,156	8,065	8,407	9,120	10,128	Change in working capital	-23,661	-23,079	-4,097	1,927	-1,164
SG&A	-4,644	-6,460	-6,001	-6,407	-6,881	Others	13,669	23,625	15	-147	-129
Other income	1,050	1,058	897	844	850	CF from operation activities	-7,287	2,831	-1,668	4,745	2,130
EBIT	3,833	3,196	3,288	3,704	4,225	Capital expenditure	-2,131	-4,365	-42	-768	-790
EBITDA	2,991	3,490	4,146	4,452	5,030	Investment in subs and affiliates	180	-200	-72	-67	-63
Interest expense	-936	-978	-1,147	-1,099	-1,094	Others	838	4,884	-945	-1,019	1,464
Equity earnings	881	452	0	165	145	CF from investing activities	-1,112	319	-1,059	-1,853	612
EBT	2,897	2,218	2,141	2,605	3,131	Cash dividend	-1,432	-848	-835	-866	-1,080
Income tax	-622	-760	-571	-535	-642	Net proceeds from debt	8,359	-7,133	4,090	-1,348	-1,020
NPAT	2,275	1,458	1,570	2,071	2,489	Capital raising	0	0	0	0	0
Minority Interest	117	215	34	-37	-37	Others	-328	5,706	-1,041	-409	-409
Core Profit	2,190	1,595	1,619	2,052	2,469	CF from financing activities	6,599	-2,275	2,214	-2,623	-2,508
Extraordinary items	203	79	-15	-18	-16	Net change in cash	-1,801	875	-513	269	234
FX gain (loss)	0	0	0	0	0	Key Statistics & Ratios					
Reported net profit	2,392	1,673	1,604	2,034	2,453	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.17	0.11	0.11	0.14	0.17
Cash & equivalents	2,132	3,007	2,493	2,763	2,996	Core EPS	0.15	0.11	0.11	0.14	0.17
ST investments	341	0	416	460	499	DPS	0.08	0.04	0.05	0.07	0.08
Accounts receivable	1,970	1,667	1,801	1,995	1,998	BV	2.19	2.51	2.54	2.60	2.66
Inventories	64,157	56,766	58,468	58,425	60,925	EV	5.07	4.81	5.17	5.06	4.97
Other current assets	5,983	7,470	7,896	7,781	7,723	Free Cash Flow	-0.67	-0.10	-0.12	0.27	0.09
Total current assets	74,583	68,909	71,073	71,425	74,141	Valuation analysis					
Investment in subs & others	561	172	277	307	333	Reported P/E (x)	6.44	7.20	10.75	8.48	7.03
Fixed assets-net	22,886	38,449	38,159	39,151	37,679	Core P/E (x)	7.04	7.55	10.65	8.40	6.98
Other assets	10,306	5,103	5,201	5,260	5,325	P/BV (x)	0.50	0.32	0.46	0.45	0.44
Total assets	108,336	112,632	114,711	116,143	117,477	P/BV (x) - excluding perp bond	0.50	0.37	0.53	0.51	0.50
Short-term debt	15,807	20,147	19,725	21,587	23,522	EV/EBITDA (x)	23.98	20.49	18.53	16.88	14.68
Accounts payable	2,193	2,214	2,493	2,763	2,996	Price/Cash flow (x)	-2.12	4.25	-10.34	3.63	8.09
Other current liabilities	10,240	8,352	9,003	10,436	11,319	Dividend yield (%)	7.34	4.94	4.65	5.90	7.11
Total current liabilities	28,240	30,713	31,222	34,786	37,837	Profitability ratios					
Long-term debt	42,060	40,500	41,648	38,438	35,483	Gross margin (%)	25.32	23.84	30.35	29.71	30.42
Other liabilities	6,161	2,222	2,916	3,236	3,509	EBITDA margin (%)	12.31	10.31	14.97	14.50	15.11
Total liabilities	76,461	73,435	75,786	76,459	76,830	EBIT margin (%)	15.77	9.45	11.87	12.07	12.69
Paid-up capital	15,903	15,903	15,903	15,903	15,903	Net profit margin (%)	9.36	4.31	5.67	6.75	7.48
Share premium	2,296	2,355	2,355	2,355	2,355	ROA (%)	2.23	1.32	1.38	1.79	2.13
Reserves & others, net	1,116	6,333	6,409	6,409	6,409	ROE (%)	7.74	4.90	4.27	5.33	6.28
Retained earnings	11,628	12,785	13,145	13,903	14,867	Liquidity ratios					
Minority interests	931	1,822	1,113	1,113	1,113	Current ratio (x)	2.64	2.24	2.28	2.05	1.96
Total shareholders' equity	31,875	39,197	38,925	39,684	40,648	Quick ratio (x)	0.16	0.15	0.15	0.15	0.15
Total equity & liabilities	108,336	112,632	114,711	116,143	117,477	Leverage Ratios					
Key Assumptions						Liabilities/Equity ratio (x)	2.40	1.87	1.95	1.93	1.89
New launch (Btmn)	29,558	15,441	21,568	30,000	32,000	Net debt/EBITDA (x)	18.52	16.52	14.10	12.76	11.03
Pre-sales	20,337	26,325	27,999	27,298	30,810	Net debt/equity (x)	1.74	1.47	1.50	1.43	1.37
Revenue growth (%)	-7.37	39.17	-18.12	10.80	8.46	Int. coverage ratio (x)	4.10	3.27	2.87	3.37	3.86
Gross margin (%)	25.32	23.84	30.35	29.71	30.42	Growth					
SG&A to sales (%)	19.10	19.09	21.66	20.87	20.67	Revenue (%)	-7.37	39.17	-18.12	10.80	8.46
						EBITDA (%)	-6.97	16.66	18.81	7.37	12.99
						Reported net profit (%)	16.93	-30.07	-4.14	26.81	20.60
						Reported EPS (%)	20.39	-33.46	-4.14	26.81	20.60
						Core profit (%)	-3.59	-27.18	1.53	26.74	20.32
						Core EPS (%)	-0.74	-30.71	1.53	26.74	20.32

Source: Company, KS estimates



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