



Sansiri PCL

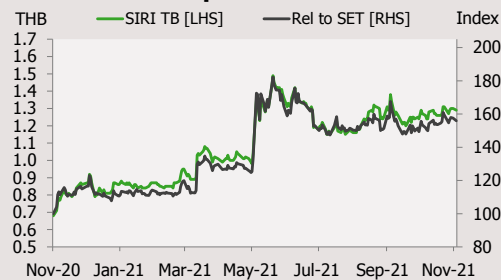
SIRI TB Outperform

Target Price	Bt	1.40
Price (15/11/2021)	Bt	1.29
Upside	%	8.53
Valuation		PER
Sector		Property Development
Market Cap	Btm	19,197
30-day avg turnover	Btm	159.05
No. of shares on issue	m	14,881
CG Scoring		Excellent
Anti-Corruption Indicator		Certified

Investment fundamentals

Year end Dec 31	2020A	2021E	2022E	2023E
Company Financials				
Revenue (Btmn)	33,833	29,044	31,036	33,327
Core profit (Btmn)	1,595	2,114	2,290	2,561
Net profit (Btmn)	1,673	2,103	2,272	2,545
Net EPS (Bt)	0.11	0.14	0.15	0.17
DPS (Bt)	0.04	0.07	0.08	0.09
BVPS (Bt)	2.51	2.57	2.63	2.69
Net EPS growth (%)	-33.46	25.70	8.01	12.02
ROA (%)	1.32	1.81	1.97	2.13
ROE (%)	4.90	5.56	5.88	6.44
Net D/E (x)	1.47	1.48	1.44	1.50
Valuation				
P/E (x)	7.20	9.12	8.44	7.53
P/BV (x)	0.32	0.50	0.49	0.48
EV/EBITDA (x)	20.49	16.28	16.64	15.89
Dividend yield (%)	4.94	5.48	5.92	6.64

SIRI TB rel SET performance



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

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Analyst

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16 November 2021

Kasikorn Securities Public Company Limited

3Q21 earnings beat expectations

- ▶ **SIRI posted 3Q21 earnings of Bt628mn, down 17.8% YoY and 5.1% QoQ. This was 29.7% above our number and 28.9% higher than consensus.**
- ▶ **A stronger-than-expected margin and other income were responsible for this good result. 9M21 earnings thus grew 54.3% YoY to Bt1.67bn.**
- ▶ **Reiterate Outperform and 2022 TP of Bt1.4. Faster-than-expected return of tourism, big contribution from XPG will create upside risk for our call.**

Investment Highlights

- ▶ **3Q21 earnings fell YoY and QoQ but beat expectations.** SIRI reported 3Q21 earnings of Bt628mn, down 17.8% YoY and 5.1% QoQ. This was 29.7% above our forecast of Bt485mn and 28.9% stronger than Bloomberg's consensus estimate of Bt488mn. Slightly higher GPM and other income as well as lower-than-expected admin expenses were the main factors behind the deviation between the actual result and our forecast. A revenue contraction dragged down 3Q21 bottom line both YoY and QoQ although we note profit margin improved nicely YoY, and savings at the SG&A level were impressive on the QoQ basis. Due to an abnormally low base in 2020, when SIRI applied heavy sales promotions to raise liquidity amid an uncertain situation caused by the COVID-19 pandemic, 9M21 earnings surged 54.3% YoY to Bt1.67bn, which is comparable to its full-year earnings in 2020.
- ▶ **Lockdown measures caused recent performance.** While SIRI was able to start rights transfers at its medium-sized condo project Edge Central Pattaya (Bt3.3bn, 70% sold) in 3Q21 as planned and was successful in generating Bt1.0bn of sales revenue in the quarter, and also kicked off transfers of DCondo Hydeway (Bt1.5bn, 45% sold), which contributed sales revenue of Bt300mn, the 30-day construction stoppage and the national lockdown implemented in 3Q21 brought down 3Q21 core revenue by 16.6% YoY and 10.6% QoQ. SG&A-to-sales ratio thus surged 2.1ppt YoY on the lower economies of scale, but fell 0.8ppt QoQ on strong admin controls. These factors had a direct negative impact on bottom line growth although SIRI was able to grow GPM by 3.5ppt YoY to a good level of 32.1% despite falling by 0.5ppt QoQ on a lower contribution from high-margin units at XT Huaykwang compared to 2Q21.
- ▶ **Looking for a more solid performance in 2022.** While we see SIRI's presales in 4Q21 improving strongly on the easing of the COVID-19 situation and 8 new projects totaling Bt4.5bn (3 low-rise projects valued at Bt2.5bn and 5 condo projects worth Bt2.0bn) in a variety of locations, the lack of newly completed condo projects in the quarter and seasonally high SG&A expenses mean its 4Q21E earnings will not be very exciting compared with the performance in the first three quarters of the year. However, we see it being enough to lift 2021E earnings by 25.7% from an abnormally low base of Bt1.67bn in 2020. Given the better economic outlook, we see SIRI applying a more aggressive development strategy in 2022. Besides, the completion of a few big condo projects in 2022 like XT Phayathai (Bt10bn, 43% sold) and The Line Phaholyothin Park (Bt5.0bn, 74% sold) will drive 2022 earnings nicely from the level in 2021E.

Valuation and Recommendation

- ▶ We maintain our Outperform rating and 2022 target price of Bt1.4 for SIRI. In addition to the rising trend for earnings, mainly supported by its housing business, which also boosts the DY return of the stock, we see the potential strong return of tourism globally allowing its investment in this sector to reach breakeven faster and adding more positive impact to earnings. Given its sizable investment in XPG, any solid progress in the financial firm's performance (new business plan should be announced early next year) will add more excitement to SIRI's share price.



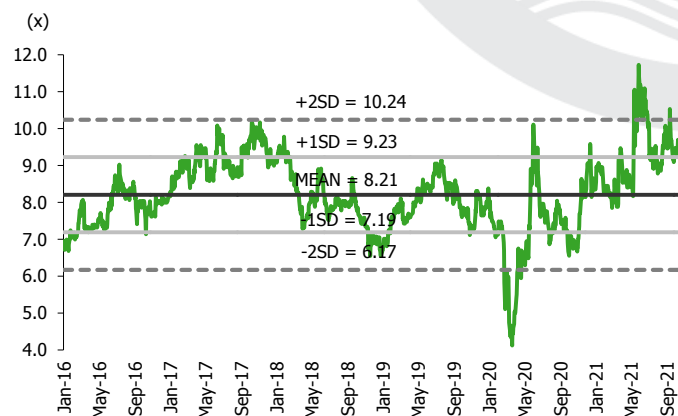
Fig. 1 3Q21 earnings declined 17.8% YoY and 5.1% QoQ

	3Q20	4Q20	1Q21	2Q21	3Q21	%YoY	%QoQ	%YTD2021E	2021E
Financials									
Sales (Btmn)	8,408	8,035	6,694	7,845	7,016	-16.6	-10.6	74.2	29,044
EBITDA (Btmn)	1,346	1,063	1,017	1,442	1,361	1.1	-5.6	79.0	4,835
Operating profit (Btmn)	1,139	847	808	1,236	1,163	2.1	-5.9	80.0	4,008
Core profit (Btmn)	765	620	384	662	628	-17.8	-5.1	79.2	2,114
Net profit (Btmn)	765	588	384	662	628	-17.8	-5.1	79.6	2,103
Net EPS (Bt)	0.05	0.04	0.03	0.04	0.04	-17.9	-5.1	79.6	0.14
Performance Drivers									
Presales (Btmn)	3,250	3,510	6,041	7,929	6,132	88.7	-22.7	70.5	28,514
New launch (Btmn)	1,485	10,805	0	2,180	1,273	-14.3	-41.6	43.1	8,019
Net D/E (x)	1.5	1.5	1.5	1.5	1.5	-2.9	2.0	100.8	1.5
Ratios									
						Change **	Avg YTD	2021E	
Gross margin (%)	28.5	30.5	28.3	32.6	32.1	3.5	-0.5	31.0	31.0
EBITDA margin (%)	16.0	13.2	15.2	18.4	19.4	3.4	1.0	17.7	16.6
Optg. margin (%)	13.5	10.5	12.1	15.8	16.6	3.0	0.8	14.8	13.8
ROE (%)	8.6	6.3	4.0	6.9	6.4	-2.2	-0.5	5.8	0.1

Remark: ** = Change in ppt

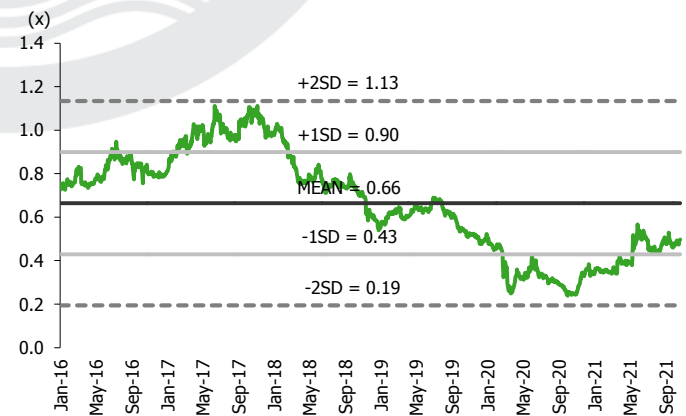
Source: Company data and KS Research

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)						Cashflow (Btmn)					
	2019A	2020A	2021E	2022E	2023E		2019A	2020A	2021E	2022E	2023E
Revenue	24,310	33,833	29,044	31,036	33,327	Net profit	2,275	1,458	2,065	2,308	2,581
Cost of sales and services	-18,154	-25,768	-20,031	-21,685	-23,070	Depreciation & amortization	429	827	827	895	934
Gross Profit	6,156	8,065	9,013	9,351	10,257	Change in working capital	-23,661	-23,079	-3,021	1,893	-2,261
SG&A	-4,644	-6,460	-5,948	-6,399	-6,888	Others	13,669	23,625	20	-135	-119
Other income	1,050	1,058	943	857	863	CF from operation activities	-7,287	2,831	-109	4,962	1,135
EBIT	3,833	3,196	3,988	3,944	4,351	Capital expenditure	-2,131	-4,365	-29	-768	-790
EBITDA	2,991	3,490	4,835	4,704	5,166	Investment in subs and affiliates	180	-200	-81	-57	-60
Interest expense	-936	-978	-1,142	-1,040	-1,104	Others	838	4,884	-2,419	-2,234	-2,566
Equity earnings	881	452	-8	153	135	CF from investing activities	-1,112	319	-2,530	-3,058	-3,416
EBT	2,897	2,218	2,847	2,904	3,247	Cash dividend	-1,432	-848	-910	-1,077	-1,177
Income tax	-622	-760	-781	-596	-666	Net proceeds from debt	8,359	-7,133	4,197	-239	4,073
NPAT	2,275	1,458	2,065	2,308	2,581	Capital raising	0	0	0	0	0
Minority Interest	117	215	38	-37	-37	Others	-328	5,706	-1,041	-409	-409
Core Profit	2,190	1,595	2,114	2,290	2,561	CF from financing activities	6,599	-2,275	2,246	-1,725	2,487
Extraordinary items	203	79	-11	-18	-16	Net change in cash	-1,801	875	-393	179	206
FX gain (loss)	0	0	0	0	0						
Reported net profit	2,392	1,673	2,103	2,272	2,545						
Balance Sheet (Btmn)						Key Statistics & Ratios					
Cash & equivalents	2,132	3,007	2,614	2,793	2,999	Per share (Bt)					
ST investments	341	0	436	466	500	Reported EPS	0.17	0.11	0.14	0.15	0.17
Accounts receivable	1,970	1,667	1,888	2,017	2,000	Core EPS	0.15	0.11	0.14	0.15	0.17
Inventories	64,157	56,766	57,685	57,471	60,988	DPS	0.08	0.04	0.07	0.08	0.09
Other current assets	5,983	7,470	8,154	7,839	7,729	BV	2.19	2.51	2.57	2.63	2.69
Total current assets	74,583	68,909	70,777	70,586	74,216	EV	5.07	4.81	5.30	5.27	5.52
Investment in subs & others	561	172	290	310	333	Free Cash Flow	-0.67	-0.10	-0.01	0.28	0.02
Fixed assets-net	22,886	38,449	39,501	41,794	44,372	Valuation analysis					
Other assets	10,306	5,103	5,372	5,302	5,329	Reported P/E (x)	6.44	7.20	9.12	8.44	7.53
Total assets	108,336	112,632	115,940	117,992	124,250	Core P/E (x)	7.04	7.55	9.07	8.37	7.49
Short-term debt	15,807	20,147	22,190	24,628	26,026	P/BV (x)	0.50	0.32	0.50	0.49	0.48
Accounts payable	2,193	2,214	2,614	2,793	2,999	P/BV (x) - excluding perp bond	0.50	0.37	0.58	0.56	0.55
Other current assets	10,240	8,352	9,439	10,552	11,331	EV/EBITDA (x)	23.98	20.49	16.28	16.64	15.89
Total current liabilities	28,240	30,713	34,243	37,974	40,357	Price/Cash flow (x)	-2.12	4.25	-176.66	3.86	16.90
Long-term debt	42,060	40,500	39,290	36,613	39,287	Dividend yield (%)	7.34	4.94	5.48	5.92	6.64
Other liabilities	6,161	2,222	3,057	3,270	3,511	Profitability ratios					
Total liabilities	76,461	73,435	76,591	77,857	83,155	Gross margin (%)	25.32	23.84	31.03	30.13	30.78
Paid-up capital	15,903	15,903	15,903	15,903	15,903	EBITDA margin (%)	12.31	10.31	16.65	15.16	15.50
Share premium	2,296	2,355	2,355	2,355	2,355	EBIT margin (%)	15.77	9.45	13.73	12.71	13.06
Reserves & others, net	1,116	6,333	6,409	6,409	6,409	Net profit margin (%)	9.36	4.31	7.11	7.44	7.75
Retained earnings	11,628	12,785	13,569	14,355	15,314	ROA (%)	2.23	1.32	1.81	1.97	2.13
Minority interests	931	1,822	1,113	1,113	1,113	ROE (%)	7.74	4.90	5.56	5.88	6.44
Total shareholders' equity	31,875	39,197	39,349	40,135	41,094	Liquidity ratios					
Total equity & liabilities	108,336	112,632	115,940	117,992	124,250	Current ratio (x)	2.64	2.24	2.07	1.86	1.84
						Quick ratio (x)	0.16	0.15	0.14	0.14	0.14
Key Assumptions						Leverage Ratios					
New launch (Btmn)	29,558	15,441	8,019	30,000	32,000	Liabilities/Equity ratio (x)	2.40	1.87	1.95	1.94	2.02
Pre-sales	20,337	26,325	28,514	26,545	31,056	Net debt/EBITDA (x)	18.52	16.52	12.08	12.33	11.97
Revenue growth (%)	-7.37	39.17	-14.15	6.86	7.38	Net debt/equity (x)	1.74	1.47	1.48	1.44	1.50
Gross margin (%)	25.32	23.84	31.03	30.13	30.78	Int. coverage ratio (x)	4.10	3.27	3.49	3.79	3.94
SG&A to sales (%)	19.10	19.09	20.48	20.62	20.67	Growth					
						Revenue (%)	-7.37	39.17	-14.15	6.86	7.38
						EBITDA (%)	-6.97	16.66	38.56	-2.72	9.82
						Reported net profit (%)	16.93	-30.07	25.70	8.01	12.02
						Reported EPS (%)	20.39	-33.46	25.70	8.01	12.02
						Core profit (%)	-3.59	-27.18	32.60	8.28	11.84
						Core EPS (%)	-0.74	-30.71	32.60	8.28	11.84

Source: Company, KS estimates



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