

# Sansiri

SIRI TB / SIRI.BK

March 2, 2022

## The worst has passed, the best is next

### In line with our expectation but above the consensus

SIRI reported net profit of Bt343m for 4Q21. Excluding the extra loss of Bt102m from staff benefits, core profit would be Bt446m, down by 21% YoY and 29% QoQ. The result was in line with our but 8% below that of the street. SIRI announced a DPS of Bt0.06, a 4.8% yield, in line with our and the street's forecasts (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 Bt6.4bn (81% low-rise, 19% condo), down by 11% YoY and flat QoQ. Low-rise sales were Bt5.2bn, up 16% YoY and 41% QoQ. Condo sales were Bt1.2bn, down by 55% YoY and 56% QoQ. Residential GM was 36.8%, up from 32.2% in 4Q20 and 33.4% in 3Q21. The SG&A/sales ratio was 28.8%, up by 4.2% YoY and 9.5% QoQ, due to the amounts tied to JV projects and about Bt102m in one-time staff benefits (company-wide provisions of Moderna vaccine expenses). Profit-sharing from JV projects totaled Bt106m, up 31% YoY and a turnaround from net loss of 4m in 3Q21. Net gearing remained high at 1.6x at YE21.

### Outlook

For 1Q22, we expect a core profit to rise YoY but stay flat QoQ. Residential sales are likely to rise YoY but modest QoQ. Residential GM will stay flat YoY but dive QoQ (due to a slimmer GM product mix). The SG&A/revenue ratio will increase YoY but down QoQ. SIRI will start transferring *The Base Phetchaburi-Thonglor* (Bt1.9bn, 55% booked) and *Condo Me Nawanakorn* (Bt200m, 80% booked).

### What's changed?

We have downgraded our 2022 core profit forecast by 7% to Bt2.3bn to factor in the SG&A expense generation tied to JV projects. Our 2022 assumptions have stayed flat for residential revenue and residential margin, but we have upsized the SG&A/sales by 1.4% to 21.8% in order to factor in the cost related to allocated staff expenditures at JV projects. Net gearings will remain high in the 1.5-1.6x range at YE22. We assume a DPS of Bt0.06 (a 39% payout rate), a 4.8% yield.

### Recommendation

We have downgraded our target price from Bt1.60 to Bt1.50 in order to factor in the negative SG&A expenses. Meanwhile we note that the stock price dropped by 12% from its peak of Bt1.41 on 10-Feb pricing in the negative 4Q21 results. Therefore, we see this as an opportunity to accumulate SIRI for the next stock price rally, we believe. SIRI is currently trading at 56% discount to its YE22 BV. Our BUY call stands with a new target price of Bt1.50, pegged to a PER of 9.5x (1-SD above its long-term mean in order to factor the aggressive business plan in 2022).

**Sector: Residential Property OVERWEIGHT**

Rating: BUY

Target Price: Bt1.50 (downgrade)

Price (March 1, 2022): Bt1.24

### Key statistics

Market cap	Bt18.5bn	USD0.6bn
12-mth price range	Bt0.8/Bt1.5	
12-mth avg daily volume	Bt370m	USD11.3m
# of shares (m)	14,884	
Est. free float (%)	71.1	
Foreign limit (%)	39.0	

Share price perf. (%)	1M	3M	12M
Relative to SET	(8.0)	(3.2)	33.0
Absolute	(6.1)	3.3	45.9

### Financial summary

FY Ended 31 Dec	2021	2022E	2023E	2024E
Revenues (Btm)	28,590	30,293	32,240	33,739
Net profit (Btm)	2,017	2,317	2,600	2,720
EPS (Bt)	0.14	0.16	0.17	0.18
EPS growth (%)	+20.4%	+14.9%	+12.2%	+4.6%
Core profit (Btm)	2,097	2,317	2,600	2,720
Core EPS (Bt)	0.14	0.16	0.17	0.18
Core EPS growth (%)	+31.7%	+10.5%	+12.2%	+4.6%
PER (x)	9.1	8.0	7.1	6.8
PBV (x)	0.4	0.4	0.4	0.4
Dividend (Bt)	0.1	0.1	0.1	0.1
Dividend yield (%)	4.9	4.9	5.5	5.7
ROE (%)	5.3	5.8	6.3	6.3

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Certified

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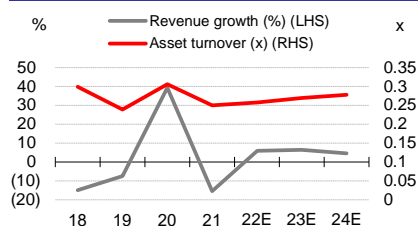
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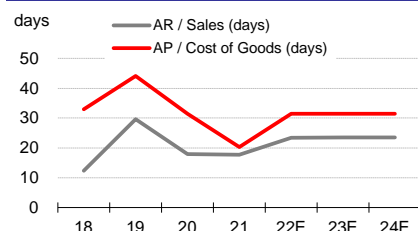
## SIRI: Financial Tables – Year

	2020	2021	2022E	2023E	2024E
<b>PROFIT &amp; LOSS (Btm)</b>					
Revenue	33,780	28,590	30,293	32,240	33,739
Cost of sales and services	(25,721)	(19,557)	(20,940)	(22,257)	(23,272)
<b>Gross profit</b>	<b>8,059</b>	<b>9,033</b>	<b>9,353</b>	<b>9,983</b>	<b>10,467</b>
SG&A	(6,460)	(6,275)	(6,590)	(7,020)	(7,351)
<b>EBIT</b>	<b>1,599</b>	<b>2,758</b>	<b>2,763</b>	<b>2,963</b>	<b>3,116</b>
Interest expense	(978)	(1,165)	(1,263)	(1,325)	(1,387)
Other income/exp.	1,064	1,108	1,207	1,268	1,333
<b>EBT</b>	<b>1,685</b>	<b>2,700</b>	<b>2,707</b>	<b>2,907</b>	<b>3,062</b>
Corporate tax	(739)	(757)	(669)	(753)	(789)
<b>After-tax net profit (loss)</b>	<b>946</b>	<b>1,944</b>	<b>2,039</b>	<b>2,154</b>	<b>2,274</b>
Minority interest	215.3	78.7	78.7	78.7	78.7
Equity earnings from affiliates	429	75	200	368	368
Extra items	83	(80)	0	0	0
<b>Net profit (loss)</b>	<b>1,673</b>	<b>2,017</b>	<b>2,317</b>	<b>2,600</b>	<b>2,720</b>
Reported EPS	0.11	0.14	0.16	0.17	0.18
<b>Fully diluted EPS</b>	<b>0.11</b>	<b>0.14</b>	<b>0.16</b>	<b>0.17</b>	<b>0.18</b>
<b>Core net profit</b>	<b>1,590</b>	<b>2,097</b>	<b>2,317</b>	<b>2,600</b>	<b>2,720</b>
Core EPS	0.11	0.14	0.16	0.17	0.18
<b>EBITDA</b>	<b>1,918</b>	<b>3,087</b>	<b>2,878</b>	<b>3,082</b>	<b>3,237</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	39.2	(15.4)	6.0	6.4	4.6
Gross margin (%)	23.9	31.6	30.9	31.0	31.0
EBITDA margin (%)	5.7	10.8	9.5	9.6	9.6
Operating margin (%)	4.7	9.6	9.1	9.2	9.2
Net margin (%)	5.0	7.1	7.6	8.1	8.1
Core profit margin (%)	4.7	7.3	7.6	8.1	8.1
ROA (%)	1.5	1.8	2.0	2.2	2.2
ROCE (%)	1.7	2.0	2.2	2.4	2.5
Asset turnover (x)	0.3	0.2	0.3	0.3	0.3
Current ratio (x)	2.2	1.8	1.8	1.8	1.8
Gearing ratio (x)	1.5	1.6	1.5	1.5	1.4
Interest coverage (x)	1.6	2.4	2.2	2.2	2.2
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	3,007	2,181	(515)	(2,624)	(3,666)
Accounts receivable	1,667	1,385	1,943	2,079	2,183
Inventory	56,081	55,143	59,045	62,152	64,207
PP&E-net	3,546	3,470	3,586	3,894	4,203
Other assets	48,332	54,453	54,653	55,021	55,388
<b>Total assets</b>	<b>112,632</b>	<b>116,632</b>	<b>118,713</b>	<b>120,522</b>	<b>122,315</b>
Accounts payable	2,214	1,084	1,803	1,916	2,004
ST debts & current portion	19,971	30,173	30,173	30,173	30,173
Long-term debt	38,911	34,532	34,532	34,532	34,532
Other liabilities	12,338	9,876	9,876	9,876	9,876
<b>Total liabilities</b>	<b>73,435</b>	<b>75,665</b>	<b>76,384</b>	<b>76,497</b>	<b>76,585</b>
Paid-up capital	15,903	15,925	15,925	15,925	15,925
Share premium	2,355	2,359	2,359	2,359	2,359
Retained earnings	14,491	15,597	16,959	18,655	20,361
<b>Shareholders' equity</b>	<b>37,376</b>	<b>39,225</b>	<b>40,587</b>	<b>42,283</b>	<b>43,989</b>
Minority interests	1,822	1,741	1,741	1,741	1,741
<b>Total Liab.&amp;Shareholders' equity</b>	<b>112,632</b>	<b>116,632</b>	<b>118,713</b>	<b>120,522</b>	<b>122,315</b>
<b>CASH FLOW (Btm)</b>					
Net income	1,673	2,017	2,317	2,600	2,720
Depreciation and amortization	318	330	115	118	121
Change in working capital	(23,792)	(24,981)	(3,742)	(3,129)	(2,072)
FX, non-cash adjustment & others	24,631	20,261	(0)	(0)	0
<b>Cash flows from operating activities</b>	<b>2,831</b>	<b>(2,374)</b>	<b>(1,310)</b>	<b>(411)</b>	<b>769</b>
Capex (Invest)/Divest	319	(3,430)	(431)	(794)	(797)
Others	0	0	0	0	0
<b>Cash flows from investing activities</b>	<b>319</b>	<b>(3,430)</b>	<b>(431)</b>	<b>(794)</b>	<b>(797)</b>
Debt financing (repayment)	(4,911)	8,202	0	0	0
Equity financing	0	0	0	0	0
Dividend payment	(976)	1,003	(955)	(904)	(1,014)
Others	0	0	0	0	0
<b>Cash flows from financing activities</b>	<b>(2,302)</b>	<b>4,844</b>	<b>(822)</b>	<b>(904)</b>	<b>(1,014)</b>
Net change in cash	848	(959)	(2,563)	(2,108)	(1,042)
<b>Free cash flow (Btm)</b>	<b>3,150</b>	<b>(5,803)</b>	<b>(1,741)</b>	<b>(1,204)</b>	<b>(28)</b>
<b>FCF per share (Bt)</b>	<b>0.21</b>	<b>(0.39)</b>	<b>(0.12)</b>	<b>(0.08)</b>	<b>(0.00)</b>
<b>KEY ASSUMPTIONS</b>					
Total presales (Btm)	26,156	28,772	31,649	34,814	38,295
YoY change in presales	26%	10%	10%	10%	10%
Housing revenue (Btm)	30,559	26,170	27,761	29,694	31,179
YoY change in housing revenue	60%	-14%	6%	7%	5%
Secured revenue by backlogs (Btm)	-	-	7,664	234	235
% of secured revenue by backlogs	-	-	28%	1%	1%
Housing GM	25.0%	33.8%	32.5%	32.5%	32.5%

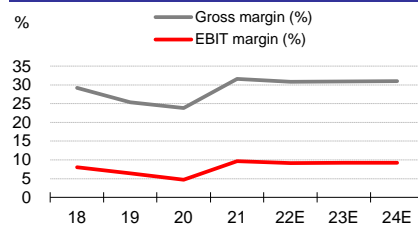
### Revenue growth and asset turnover



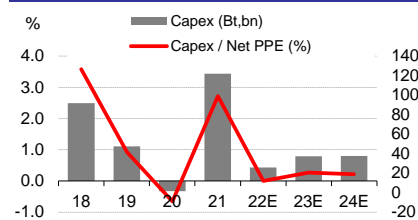
### A/C receivable & A/C payable days



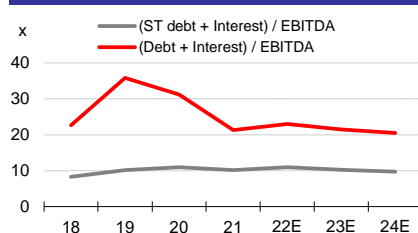
### Profit margins



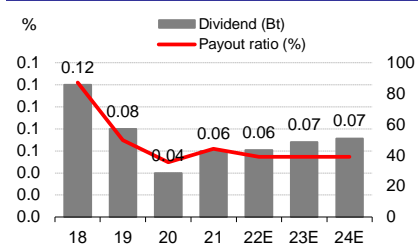
### Capital expenditure



### Debt serviceability



### Dividend payout



## SIRI: Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	8,168	6,575	7,803	6,963	7,249
Cost of sales and services	(5,762)	(4,692)	(5,229)	(4,714)	(4,922)
Gross profit	2,406	1,883	2,574	2,249	2,327
SG&A	(2,017)	(1,265)	(1,570)	(1,349)	(2,091)
<b>EBIT</b>	<b>389</b>	<b>618</b>	<b>1,004</b>	<b>900</b>	<b>236</b>
Interest expense	(260)	(306)	(286)	(284)	(290)
Other income/exp.	464	184	229	262	423
<b>EBT</b>	<b>594</b>	<b>495</b>	<b>947</b>	<b>879</b>	<b>369</b>
Corporate tax	(171)	(151)	(273)	(245)	(66)
After-tax net profit (loss)	423	344	675	634	303
Minority interest	61.4	25.3	19.5	(1.9)	37.0
Equity earnings from affiliates	81	7	(35)	(4)	106
Extra items	23	7	3	0	(102)
<b>Net profit (loss)</b>	<b>588</b>	<b>384</b>	<b>662</b>	<b>628</b>	<b>344</b>
Reported EPS	0.04	0.03	0.04	0.04	0.02
<b>Fully diluted EPS</b>	<b>0.04</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.02</b>
<b>Core net profit</b>	<b>565</b>	<b>377</b>	<b>659</b>	<b>628</b>	<b>446</b>
Core EPS	0.04	0.03	0.04	0.04	0.03
<b>EBITDA</b>	<b>853</b>	<b>801</b>	<b>1,233</b>	<b>1,163</b>	<b>659</b>

### KEY RATIOS

Gross margin (%)	29.5	28.6	33.0	32.3	32.1
EBITDA margin (%)	10.4	12.2	15.8	16.7	9.1
Operating margin (%)	4.8	9.4	12.9	12.9	3.3
Net margin (%)	7.2	5.8	8.5	9.0	4.7
Core profit margin (%)	6.9	5.7	8.4	9.0	6.2
BV (Bt)	2.6	2.7	2.7	2.8	2.8
ROE (%)	6.3	4.0	6.9	6.4	3.5
ROA (%)	2.1	1.3	2.3	2.2	1.2
Current ratio (x)	2.2	2.0	2.0	1.9	1.8
Gearing ratio (x)	1.6	1.5	1.5	1.5	1.7
Interest coverage (x)	1.5	2.0	3.5	3.2	0.8

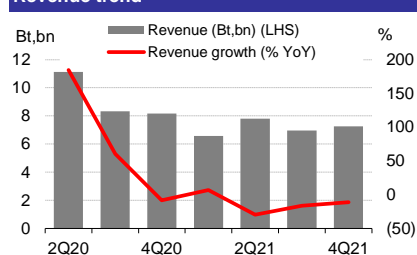
### QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent	3,007	2,729	3,477	2,844	2,181
Accounts receivable	1,667	1,429	1,598	1,447	1,385
Inventories	56,081	57,170	57,390	57,785	55,143
PP&E-net	31,156	29,297	29,366	28,852	33,936
Other assets	20,722	23,837	23,414	25,486	23,988
<b>Total assets</b>	<b>112,632</b>	<b>114,462</b>	<b>115,245</b>	<b>116,413</b>	<b>116,632</b>
Accounts payable	2,214	2,393	2,632	2,476	1,084
ST debts & current portion	4,042	3,021	3,994	6,943	9,874
Long-term debt	58,388	56,651	56,995	55,995	58,057
Other liabilities	8,790	12,585	11,639	10,094	6,651
<b>Total liabilities</b>	<b>73,435</b>	<b>74,650</b>	<b>75,259</b>	<b>75,508</b>	<b>75,665</b>
Paid-up capital	15,903	15,903	15,903	15,918	15,925
Share premium	2,355	2,355	2,355	2,358	2,359
Retained earnings	14,491	14,793	14,779	15,336	15,597
<b>Shareholders equity</b>	<b>37,376</b>	<b>38,017</b>	<b>38,210</b>	<b>39,130</b>	<b>39,225</b>
Minority interests	1,821.7	1,795.8	1,775.6	1,775.4	1,741.2
<b>Total Liab.&amp;Shareholders' equity</b>	<b>112,632</b>	<b>114,462</b>	<b>115,245</b>	<b>116,413</b>	<b>116,632</b>

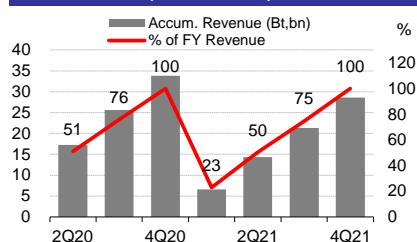
### KEY STATS

Total presales (Btm)	3,339	6,041	7,929	6,133	5,976
YoY change in presales	-51%	-9%	-39%	89%	79%
Resi revenue (Btm)	7,203	6,044	7,249	6,451	6,425
YoY change in resi revenue	-6%	12%	-30%	-16%	-11%
Resi GM	32.2%	29.8%	34.8%	33.4%	36.8%
Rental revenue (Btm)	965	531	553	511	824

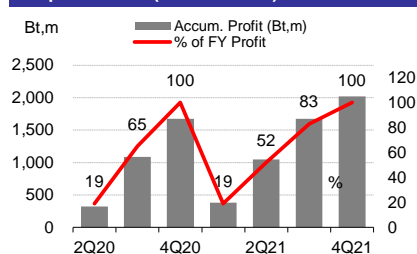
### Revenue trend



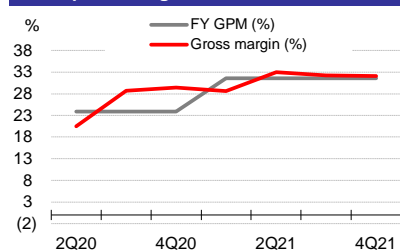
### Revenue trend (accumulated)



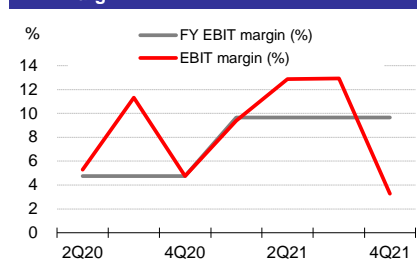
### Net profit trend (accumulated)



### 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 : 4Q21 results**

FY Ended 31 Dec (Btm)	4Q21	4Q20	YoY %	3Q21	QoQ %	2021	2020	YoY %
<b>Income Statement</b>								
Revenue	7,249	8,168	(11)	6,963	4	28,590	33,779	(15)
Cost of sales and services	(4,922)	(5,762)	(15)	(4,714)	4	(19,557)	(25,721)	(24)
EBITDA	659	853	(23)	1,163	(43)	3,856	2,662	45
EBIT	236	389	(39)	900	(74)	2,758	1,598	73
Interest expense	(290)	(260)	12	(284)	2	(1,165)	(978)	19
Other income/exp.	423	464	(9)	262	61	1,098	1,064	3
Equity earnings from affiliates	106	81	0	(4)	0	75	429	0
Extra items	(102)	23	(541)	0	#DIV/0!	(92)	83	(211)
<b>EBT</b>	<b>369</b>	<b>594</b>	<b>(38)</b>	<b>879</b>	<b>(58)</b>	<b>2,690</b>	<b>1,684</b>	<b>60</b>
Corporate tax	(66)	(171)	nm	(245)	nm	(735)	(739)	nm
Minority interest	37.0	61.4	100	(1.9)	100	79.9	216.5	100
<b>Net profit (loss)</b>	<b>344</b>	<b>588</b>	<b>(41)</b>	<b>628</b>	<b>(45)</b>	<b>2,018</b>	<b>1,673</b>	<b>21</b>
Reported EPS	0.02	0.04	(42)	0.04	(45)	0.14	0.11	21
<b>Core net profit</b>	<b>446</b>	<b>565</b>	<b>(21)</b>	<b>628</b>	<b>(29)</b>	<b>2,110</b>	<b>1,590</b>	<b>33</b>
<b>Key ratios</b>								
Gross margin (%)	32.1	29.5		32.3		31.6	23.9	
EBITDA margin (%)	9.1	10.4		16.7		13.5	7.9	
EBIT margin (%)	3.3	4.8		12.9		9.6	4.7	
Tax rate (%)	17.9	28.8		27.9		27.3	43.9	
Net margin (%)	4.7	7.2		9.0		7.1	5.0	
Current ratio (x)	1.8	2.2		1.9		1.8	2.2	
Gearing ratio (x)	1.7	1.6		1.5		1.7	1.6	
Interest coverage (x)	0.8	1.5		3.2		2.4	1.6	
<b>Balance Sheet</b>								
Cash & Equivalent	2,181	3,007	(27)	2,844	(23)			
<b>Total assets</b>	<b>116,632</b>	<b>112,632</b>	<b>4</b>	<b>116,413</b>	<b>0</b>			
ST debts & current portion	9,874	4,042	144	6,943	42			
Long-term debt	58,057	58,388	(1)	55,995	4			
<b>Total liabilities</b>	<b>75,665</b>	<b>73,435</b>	<b>3</b>	<b>75,508</b>	<b>0</b>			
Retained earnings	15,597	14,491	8	15,336	2			
<b>Shareholders equity</b>	<b>39,225</b>	<b>37,376</b>	<b>5</b>	<b>39,130</b>	<b>0</b>			
Minority interests	1,741	1,822	(4)	1,775	(2)			
BV (Bt)	2.8	2.6	5	2.8	0			

- Residential sales declined by 11% YoY and flat QoQ
- Residential GM fattened 4.6% YoY and 3.3% QoQ
- The SG&A/sales ratio rose 4.2% YoY and 9.5% QoQ
- A turnaround profit was marked on JV projects
- Core in line with our estimate but above the street
- Net gearing remains high

Sources: Company data, Bualuang Research estimates

**Figure 2 : Forecast changes**

Btm	2022E			2023E		
	Old	New	Chg.	Old	New	Chg.
Core profit	2,503	2,317	-7%	2,795	2,600	-7%
Core EPS (Bt)	0.17	0.16	-7%	0.19	0.17	-7%
DPS(Bt)	0.07	0.06	-7%	0.08	0.07	-7%
Dividend yield	5.1%	5.3%	0.2%	5.6%	5.3%	-0.4%
Total revenue	30,353	30,293	0%	32,302	32,240	0%
Residential revenue	27,761	27,761	0%	29,694	29,694	0%
Residential GM	32.5%	32.5%	0.0%	32.5%	32.5%	0.0%
SG&A/Sale	20.3%	21.8%	1.4%	20.4%	21.8%	1.4%
Equity income	200	200	0%	368	368	0%
Core margin	8.2%	8.1%	-0.2%	8.7%	8.1%	-0.6%

Sources: Company data and Bualuang Securities Research

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

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