



## Sansiri PCL

SIRI TB Outperform

Target Price Bt 1.45

Price (01/03/2022) Bt 1.24

Upside % 16.94

Valuation PER

Sector Property Development

Market Cap Btm 18,456

30-day avg turnover Btm 243.17

No. of shares on issue m 14,884

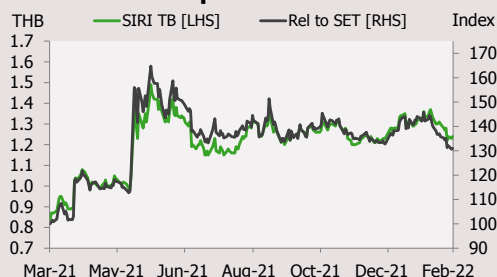
CG Scoring Excellent

Anti-Corruption Indicator Certified

### Investment fundamentals

Year end Dec 31	2020A	2021A	2022E	2023E
<b>Company Financials</b>				
Revenue (Btmn)	33,833	28,642	32,257	34,188
Core profit (Btmn)	1,595	2,017	2,372	2,648
Net profit (Btmn)	1,673	2,017	2,354	2,632
Net EPS (Bt)	0.11	0.14	0.16	0.18
DPS (Bt)	0.04	0.06	0.07	0.08
BVPS (Bt)	2.51	2.64	2.69	2.77
Net EPS growth (%)	-33.46	20.41	16.86	11.78
ROA (%)	1.32	1.69	2.04	2.17
ROE (%)	4.90	5.27	5.95	6.49
Net D/E (x)	1.47	1.57	1.37	1.50
<b>Valuation</b>				
P/E (x)	7.20	9.15	7.83	7.00
P/BV (x)	0.32	0.47	0.46	0.45
EV/EBITDA (x)	20.49	18.42	15.63	15.72
Dividend yield (%)	4.94	4.84	5.71	6.42

### SIRI TB rel SET performance



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

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### Analyst

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2 March 2022

Kasikorn Securities Public Company Limited

## 4Q21 earnings fall short of expectations

- ▶ **SIRI reported 4Q21 earnings of Bt343mm, down 42% YoY and 45% QoQ. This was 6% below our forecast and 15% lower than consensus.**
- ▶ **Still, it was enough to grow 2021 earnings by 20% YoY. To reflect SIRI's aggressive 2022 business plan, we raise 2022-23E earnings by 3.4-3.6%**
- ▶ **We maintain our Outperform rating and revise up our 2022 TP to Bt1.45 from Bt1.40. SIRI announced a 2021 DPS of Bt0.06. XD date is Mar. 15.**

### Investment Highlights

- ▶ **4Q21 earnings fell YoY and QoQ.** SIRI reported 4Q21 earnings of Bt343mn, down 42% YoY and 45% QoQ. This was 6% below our forecast and 15% lower than Bloomberg consensus. While SIRI booked sales revenue at almost the same level as we expected and it delivered a 1.7ppt higher GPM than our forecast, a large lower-than-expected core profit at its hotel management business (-Bt177mn vs +Bt15mn) and abnormally high SG&A expenses resulted in the earnings miss. This was despite SIRI booking equity income of nearly Bt100mn in the quarter against almost zero in our projections. Despite the unexciting earnings, it was enough to turn SIRI's 2021 earnings growth positive at +20% YoY to Bt2.0bn.
- ▶ **Surge in SG&A expenses was key drag.** Although SIRI's core revenue fell 12% YoY on the impact of the 30-day construction stoppage in 3Q21, it was able to enlarge core GPM by 2.4ppt YoY, which helped narrow the drop in 4Q21 gross profit to only 5%. However, a jump in expenses in the quarter, which resulted in 4Q21 SG&A-to-sales ratio ballooning to 31% from 25% in 4Q20 and 19% in 3Q21 dragged down YoY growth. We believe this item involved a sizable amount of provisions that SIRI realized in the quarter. This factor also had a big negative impact on QoQ growth with SIRI posting 1% core revenue growth and a meagre 0.8ppt increase in core GPM. A larger loss at its hotel management business, which surged to Bt177mn in 4Q21 from losses of Bt74mn in 4Q20 and Bt59mn in 3Q21 further squeezed earnings growth in 4Q21.
- ▶ **2022-23E earnings revised up by 3.6% and 3.4%.** To reflect SIRI's aggressive new business plan that will see it launch 46 new projects worth Bt50bn in 2022, including 11 SDH projects (Bt25.7bn), 12 TH projects (Bt8.4bn), 5 mixed-use projects (Bt4.9bn) and 18 condos (Bt11bn), much higher than our previous forecast of Bt30bn, we revise up our 2022-23E earnings forecasts by 3.6% and 3.4% respectively, despite the much higher marketing costs that will be needed to support such an expansion. We expect the larger number of low-rise projects, for which SIRI has an outstanding reputation for design, will help to boost its presales and revenue compared to our previous forecast. We thus expect SIRI to continue to grow its earnings for at least a few more years.

### Valuation and Recommendation

- ▶ We maintain our Outperform rating on SIRI and raise our 2022 target price to Bt1.45 from Bt1.40 to reflect our earnings revision. Compared with its latest closing price, our new TP offers attractive potential upside of 17% plus a 2022E DY of 5.7%. After releasing 2021 earnings, SIRI announced a 2021 DPS of Bt0.06. XD date is set for Mar.15. Also, according to the information SIRI disclosed to SET, the company plans to propose to shareholders at its AGM an extension of its capital increase plan under general mandate of up to 1,400mn shares (9.41% of current paid-up capital) on the PP method for one more year



**Fig 1 4Q21 earnings fell 41.7% YoY and 45.4% QoQ**

	4Q20	1Q21	2Q21	3Q21	4Q21	%YoY	%QoQ	2020	2021	% change
<b>Financials</b>										
Sales (Btmn)	8,035	6,694	7,845	7,016	7,087	-11.8	1.0	33,833	28,642	-15.3
EBITDA (Btmn)	1,063	1,017	1,442	1,361	763	-28.3	-44.0	3,490	4,583	31.3
Operating profit (Btmn)	847	808	1,236	1,163	559	-34.0	-51.9	2,663	3,766	41.4
Core profit (Btmn)	620	384	662	628	343	-44.7	-45.4	1,595	2,017	26.5
Net profit (Btmn)	588	384	662	628	343	-41.7	-45.4	1,673	2,017	20.6
Net EPS (Bt)	0.04	0.03	0.04	0.04	0.02	-41.8	-45.4	0.11	0.14	20.4
<b>Performance Drivers</b>										
Presales (Btmn)	3,510	6,042	7,929	6,133	5,976	70.3	-2.6	26,325	26,081	-0.9
New launch (Btmn)	10,805	0	2,180	1,273	3,447	-68.1	170.8	15,441	6,900	-55.3
Net D/E (x)	1.5	1.5	1.5	1.5	1.6	6.6	4.8	1.5	1.6	6.6
<b>Ratios</b>										
						<b>Change *</b>		<b>2020</b>	<b>2021</b>	<b>Change *</b>
Gross margin (%)	30.5	28.3	32.6	32.1	32.9	2.4	0.8	23.8	31.5	7.7
EBITDA margin (%)	13.2	15.2	18.4	19.4	10.8	-2.5	-8.6	10.3	16.0	5.7
Optg. margin (%)	10.5	12.1	15.8	16.6	7.9	-2.7	-8.7	7.9	13.1	5.3
ROE (%)	6.3	4.0	6.9	6.4	3.5	-2.8	-2.9	0.0	0.1	0.0

Remark: \* = Change in ppt

Source: Company data and KS Research

**Fig 2 2022-23E earnings revised up by 3.4-3.6%**

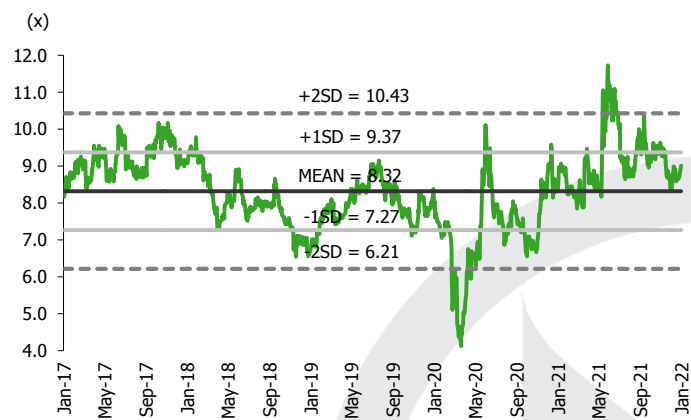
Unit: Btmn. Profit and loss statement	2022E			2023E		
	New	Previous	% Change	New	Previous	% Change
Sales revenue	29,243	28,068	4.2%	31,191	30,363	2.7%
Service revenue	3,015	2,967	1.6%	2,998	2,964	1.1%
Total revenue	32,257	31,036	3.9%	34,188	33,327	2.6%
Cost of sales	20,230	19,395	4.3%	21,453	20,796	3.2%
Cost of services	2,315	2,289	1.1%	2,302	2,274	1.3%
Gross profit	9,713	9,351	3.9%	10,433	10,257	1.7%
SG&A	6,801	6,399	6.3%	7,169	6,888	4.1%
Other income (operating)	1,047	860	21.7%	1,068	866	23.3%
Operating profit	3,959	3,813	3.8%	4,332	4,235	2.3%
EBITDA	4,854	4,707	3.1%	5,265	5,169	1.9%
EBIT	4,112	3,947	4.2%	4,461	4,355	2.4%
Interest expense	1,104	1,042	5.9%	1,105	1,108	-0.3%
Net Profit	2,354	2,272	3.6%	2,632	2,544	3.4%
Extra-ordinary items	-18	-18	0.0%	-16	-16	0.0%
Core profit	2,372	2,290	3.6%	2,648	2,560	3.4%
<b>Key assumptions</b>						
New launch (Btmn)	50,000	30,000	66.7%	32,000	32,000	0.0%
Pre-sales	30,401	26,545	14.5%	36,229	31,056	16.7%
Revenue growth (%) *	12.6	8.1	4.5	6.0	7.4	-1.4
Gross margin (%) *	30.1	30.1	0.0	30.5	30.8	-0.3
SG&A to sales (%) *	21.1	20.6	0.5	21.0	20.7	0.3

Remark: \* = change in ppt

Source: Company data and KS Research

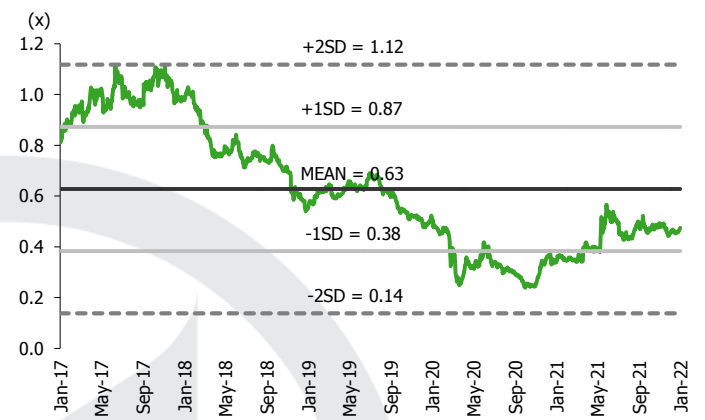


**Fig 3 5-year 12M Fwd PER**



Source: Bloomberg and KS Research

**Fig 4 5-year 12M Fwd PBV**



Source: Bloomberg and KS Research


**Year-end 31 Dec**

Income Statement (Btmn)	2019A	2020A	2021A	2022E	2023E	Cashflow (Btmn)	2019A	2020A	2021A	2022E	2023E
Revenue	24,310	33,833	28,642	32,257	34,188	Net profit	2,275	1,458	1,939	2,391	2,668
Cost of sales and services	-18,154	-25,768	-19,607	-22,544	-23,756	Depreciation & amortization	429	827	817	895	934
<b>Gross Profit</b>	6,156	8,065	9,035	9,713	10,433	Change in working capital	-23,661	-23,079	-24,275	5,496	-5,895
SG&A	-4,644	-6,460	-6,375	-6,801	-7,169	Others	13,669	23,625	19,146	-152	-130
Other income	1,050	1,058	1,106	1,047	1,068	<b>CF from operation activities</b>	-7,287	2,831	-2,374	8,630	-2,423
<b>EBIT</b>	3,833	3,196	3,841	4,112	4,461	Capital expenditure	-2,131	-4,365	-702	955	-790
<b>EBITDA</b>	2,991	3,490	4,583	4,854	5,265	Investment in subs and affiliates	180	-200	-220	84	-56
Interest expense	-936	-978	-1,165	-1,104	-1,105	Others	838	4,884	-2,508	-1,043	-2,160
Equity earnings	881	452	75	170	145	<b>CF from investing activities</b>	-1,112	319	-3,430	-3	-3,005
<b>EBT</b>	2,897	2,218	2,675	3,008	3,356	Cash dividend	-1,432	-848	-594	-1,246	-1,094
Income tax	-622	-760	-737	-617	-688	Net proceeds from debt	8,359	-7,133	5,825	-5,672	7,104
<b>NPAT</b>	2,275	1,458	1,939	2,391	2,668	Capital raising	0	0	0	-26	0
Minority Interest	117	215	79	-37	-37	Others	-328	5,706	-253	-961	-409
<b>Core Profit</b>	2,190	1,595	2,017	2,372	2,648	<b>CF from financing activities</b>	6,599	-2,275	4,977	-7,904	5,602
Extraordinary items	203	79	-0	-18	-16	<b>Net change in cash</b>	-1,801	875	-826	722	174
FX gain (loss)	0	0	0	0	0						
<b>Reported net profit</b>	2,392	1,673	2,017	2,354	2,632						
						<b>Key Statistics &amp; Ratios</b>					
<b>Balance Sheet (Btmn)</b>						<b>Per share (Bt)</b>					
Cash & equivalents	2,132	3,007	2,181	2,903	3,077	Reported EPS	0.17	0.11	0.14	0.16	0.18
ST investments	341	0	0	484	513	Core EPS	0.15	0.11	0.14	0.16	0.18
Accounts receivable	1,970	1,667	1,385	2,097	2,051	DPS	0.08	0.04	0.06	0.07	0.08
Inventories	64,157	56,766	55,691	55,488	62,565	BV	2.19	2.51	2.64	2.69	2.77
Other current assets	5,983	7,470	6,782	8,329	8,145	EV	5.07	4.81	5.67	5.11	5.57
<b>Total current assets</b>	74,583	68,909	66,039	69,301	76,351	Free Cash Flow	-0.67	-0.10	-0.21	0.64	-0.22
Investment in subs & others	561	172	444	323	342						
Fixed assets-net	22,886	38,449	42,645	43,016	45,233	<b>Valuation analysis</b>					
Other assets	10,306	5,103	7,504	5,452	5,432	Reported P/E (x)	6.44	7.20	9.15	7.83	7.00
<b>Total assets</b>	108,336	112,632	116,632	118,091	127,358	Core P/E (x)	7.04	7.55	9.15	7.77	6.96
Short-term debt	15,807	20,147	30,352	24,628	26,026	P/BV (x)	0.50	0.32	0.47	0.46	0.45
Accounts payable	2,193	2,214	1,084	2,903	3,077	P/BV (x) - excluding perp bond	0.50	0.37	0.54	0.53	0.51
Other current assets	10,240	8,352	6,209	10,968	11,624	EV/EBITDA (x)	23.98	20.49	18.42	15.63	15.72
<b>Total current liabilities</b>	28,240	30,713	37,645	38,499	40,727	Price/Cash flow (x)	-2.12	4.25	-7.78	2.14	-7.61
Long-term debt	42,060	40,500	36,063	35,104	40,810	Dividend yield (%)	7.34	4.94	4.84	5.71	6.42
Other liabilities	6,161	2,222	1,957	3,400	3,604						
<b>Total liabilities</b>	76,461	73,435	75,665	77,003	85,142	<b>Profitability ratios</b>					
Paid-up capital	15,903	15,903	15,925	15,903	15,903	Gross margin (%)	25.32	23.84	31.55	30.11	30.52
Share premium	2,296	2,355	2,359	2,355	2,355	EBITDA margin (%)	12.31	10.31	16.00	15.05	15.40
Reserves & others, net	1,116	6,333	7,151	7,228	7,228	EBIT margin (%)	15.77	9.45	13.41	12.75	13.05
Retained earnings	11,628	12,785	13,790	14,489	15,618	Net profit margin (%)	9.36	4.31	6.77	7.41	7.80
Minority interests	931	1,822	1,741	1,113	1,113	ROA (%)	2.23	1.32	1.69	2.04	2.17
<b>Total shareholders' equity</b>	31,875	39,197	40,967	41,088	42,217	ROE (%)	7.74	4.90	5.27	5.95	6.49
<b>Total equity &amp; liabilities</b>	108,336	112,632	116,632	118,091	127,358						
						<b>Liquidity ratios</b>					
<b>Key Assumptions</b>						Current ratio (x)	2.64	2.24	1.75	1.80	1.87
New launch (Btmn)	29,558	15,441	6,700	50,000	32,000	Quick ratio (x)	0.16	0.15	0.09	0.14	0.14
Pre-sales	20,337	26,325	26,081	30,401	36,229						
Revenue growth (%)	-7.37	39.17	-15.34	12.62	5.99	<b>Leverage Ratios</b>					
Gross margin (%)	25.32	23.84	31.55	30.11	30.52	Liabilities/Equity ratio (x)	2.40	1.87	1.85	1.87	2.02
SG&A to sales (%)	19.10	19.09	22.26	21.08	20.97	Net debt/EBITDA (x)	18.52	16.52	14.02	11.61	12.01
						Net debt/equity (x)	1.74	1.47	1.57	1.37	1.50
						Int. coverage ratio (x)	4.10	3.27	3.30	3.72	4.04
						<b>Growth</b>					
						Revenue (%)	-7.37	39.17	-15.34	12.62	5.99
						EBITDA (%)	-6.97	16.66	31.32	5.92	8.47
						Reported net profit (%)	16.93	-30.07	20.57	16.70	11.78
						Reported EPS (%)	20.39	-33.46	20.41	16.86	11.78
						Core profit (%)	-3.59	-27.18	26.52	17.59	11.60
						Core EPS (%)	-0.74	-30.71	26.35	17.75	11.60

Source: Company, KS estimates



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