

Company Update

Outperform (15E TP Bt1.90)

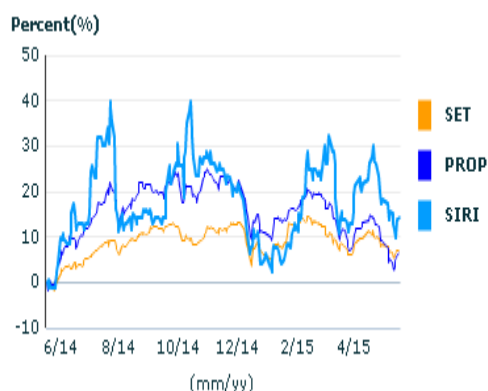
Close Bt1.83

Property Development

May 19, 2015

Earnings upgrade/Earnings downgrade/Overview unchanged

Management raises performance targets for 2015



	FY15	FY16
Consensus EPS (Bt)	0.224	0.241
KT ZMICO vs. consensus	20.5%	20.3%

Share data

Reuters / Bloomberg	SIRI.BK/SIRI TB
Paid-up Shares (m)	14,273.14
Par (Bt)	1.07
Market cap (Bt bn / US\$ m)	26.00/783.00
Foreign limit / actual (%)	39.00/27.70
52 week High / Low (Bt)	2.28/1.54
Avg. daily T/O (shares 000)	128,401.00
NVDR (%)	4.44
Estimated free float (%)	85.79
Beta	1.58
URL	www.sansiri.com
CGR	



Strong presales and transfer outlook lead us to maintain Outperform

Due to the strong response to its recent event and launches, SIRI has raised 2015 targets of presales and transfers. Although the new revenue target is in line with our forecast, we raise net profit by 9.5% to reflect one-time items. Maintain Outperform with TP of Bt1.90 (8.0x PER).

SIRI raises performance targets

After quite successful sales of inventories in Hua Hin and the 100% take-up rate of The Monument (Bt1.5bn), SIRI has raised the 2015 presales target from Bt30.0bn to Bt33.0bn (+273.0% YoY) and the transfer target from Bt33.0bn to Bt35.0bn (+28.8% YoY).

Maintain norm. profit and raise net profit in 2015E

The company's target revision is in line with our forecast of Bt35.4bn transfers (+30.3%), which are already 76.6% secured by the backlog. Nevertheless, we raise net profit by 9.5% to Bt3.7bn (+9.5% YoY) to take into account Bt403m gain on land sales and Bt207m devaluation of property developments for sale and investment properties in 1Q15.

Transfers expected to gradually improve

We expect SIRI to generate transfers of around Bt8.0bn in 2Q15 (+36.5% YoY, +28.5% QoQ) before having Bt10.0bn-Bt11.0bn transfers in 3Q15 and 4Q15 on the back of gradual completions of condo projects.

Bright prospects from 2Q15E onward, maintain Outperform

In addition to expected quarterly growth in transfers, presales should also rise further. We expect total presales of Bt7.0bn in 2Q15 (+80.7% YoY, +117.8% QoQ) thanks to the recently sold-out The Monument (Bt1.5bn) and the upcoming launch of The Line Chatuchak (Bt5.5bn) to buyers in Bangkok, Hong Kong and Singapore on 30-31 May 15.

Financials and Valuation

FY Ended 31 Dec	2012	2013	2014	2015E	2016E
Revenues (Btmn)	29,821	28,597	28,093	36,351	38,586
Net profit (Btmn)	2,939	1,929	3,393	3,717	4,148
Norm. profit (Btmn)	2,885	1,915	2,659	3,395	4,148
EPS (Bt)	0.41	0.21	0.33	0.27	0.29
EPS growth (%)	41.4	-48.5	55.6	-18.9	9.0
Dividend (Bt)	0.19	0.10	0.12	0.13	0.14
BV (Bt)	2.06	1.87	2.40	1.97	2.08
FY Ended 31 Dec	2012	2013	2014	2015E	2016E
PER (x)	4.7	8.7	7.1	7.5	6.3
EV/EBITDA (x)	9.0	17.8	13.4	10.5	9.3
PBV (x)	0.9	1.0	0.8	0.9	0.9
Dividend yield (%)	10.6	5.7	6.6	7.0	7.6
ROE (%)	22.1	12.0	16.2	14.2	14.5
Net gearing (%)	1.35	1.91	1.45	1.34	1.30

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Figure 1: Quarterly earnings review

Profit and Loss (Btmn)								
FY Ended 31 Dec	1Q14	4Q14	1Q15	% YoY	% QoQ	2015E	% YoY	YTD (% 2015E)
Revenue from project sales	4,152	10,124	6,224	49.9	(38.5)	35,412	30.3	17.6
Total revenue	4,355	10,373	6,488	49.0	(37.5)	36,351	29.4	17.8
Gross profit	1,405	3,413	1,926	37.1	(43.6)	11,501	30.0	16.1
EBITDA	103	1,976	683	563.1	(65.5)	5,168	25.8	13.6
Interest expense	(155)	(181)	(188)	21.0	3.7	(736)	14.0	25.5
Other income	74	115	77	4.1	(33.1)	300	(12.3)	25.7
Income tax	(201)	(334)	(162)	(19.4)	(51.5)	(929)	(9.4)	17.4
Other extraordinary Items	1,086	(151)	196	(81.9)	(229.5)	403	(100.0)	48.7
Gn (Ls) from affiliates	0	(0)	(0)	n.a.	129.0	0	(100.0)	n.a.
Net profit (loss)	830	1,335	541	(34.9)	(59.5)	3,717	0.1	14.5
Normalized profit (loss)	(39)	1,456	384	(1,090.2)	(73.6)	3,395	27.7	11.3
Reported EPS (THB)	0.09	0.10	0.04	(54.9)	(59.9)	0.27	(25.9)	14.7
Gross margin - residential (%)	33.4	33.6	30.1			32.0		
Gross margin - overall (%)	32.3	32.9	29.7			31.6		
EBITDA margin (%)	2.4	19.1	10.5			14.2		
Net margin (%)	19.1	12.9	8.3			10.2		
Current ratio (x)	2.5	2.4	2.4			3.3		
Interest coverage (x)	0.2	10.4	3.3			6.5		
Debt / equity (x)	2.1	1.6	1.5			1.5		
BVPS (Bt)	1.8	1.7	1.7			2.0		
ROE (%)	18.5	21.5	8.4			14.2		

Source: SIRI, KT ZMICO Research

Extraordinary items in 1Q15 explained

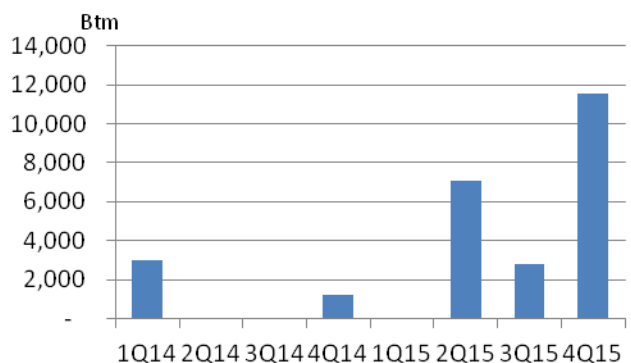
Firstly, SIRI incurred losses on the diminution in the value of property developments for sale and investment properties of Bt207m. This was brought about by price discounts on provincial condos; when discounts were given to the bulk of units in the project(s), the value of the remaining available-for-sale units was marked down. Secondly, SIRI had Bt403m gain on land sales, of which Bt153m was from selling a land plot in Taphra-Petchkasem to its JV with BTS; the rest of the gain came from selling a land plot in Sukhumvit 77.

Figure 2: New CD launches in 2Q15 (both are in May)

	Location	Value (Btm)	Sold (%)
The Monument	near BTS Sanampao	1,500	100%
The Line	near BTS Mochit	5,500	Launch on 30-31 May 15 in Bangkok, Hong Kong and Singapore
Total		7,000	

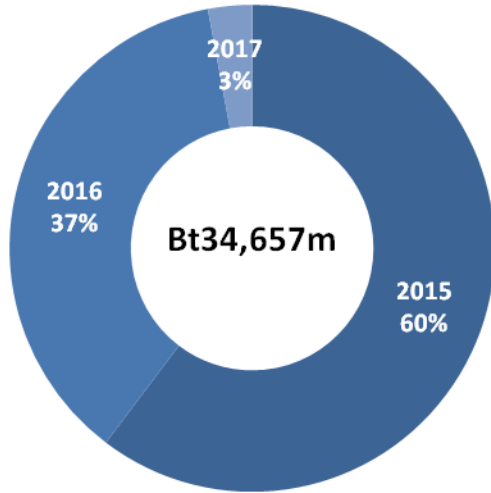
Source: SIRI, KT ZMICO Research

Figure 3: Quarterly CD launches



Source: SIRI, KT ZMICO Research

Figure 4: Distribution of backlog as of 10 May 15



Source: SIRI, KT ZMICO Research

Figure 5: CD completions in 2Q15

	Location	Project value (Btm)	% Sold
dcondo karnjanavanich	Hatyai	1,997	80%
dcondo hyde	Chiangrai	893	60%
NYE by SANSIRI	Wongwian Yai	2,671	90%
Total		5,561	

Source: SIRI, KT ZMICO Research

FINANCIAL TABLE

	2012	2013	2014	2015E	2016E
PROFIT & LOSS (Btmn)					
Revenues	29,821	28,597	28,093	36,351	38,586
Cost of sales and service	(19,877)	(19,268)	(18,905)	(24,850)	(25,956)
Gross profit	9,944	9,329	9,188	11,501	12,631
SG&A	(6,060)	(6,808)	(5,506)	(6,703)	(6,958)
EBITDA	4,209	2,803	3,999	5,168	6,061
Depreciation & amortization	324	281	330	370	389
EBIT	3,885	2,522	3,682	4,798	5,672
Interest expense	(328)	(616)	(646)	(736)	(808)
Other income / exp.	265	390	357	321	321
EBT	3,822	2,295	3,393	4,383	5,185
Corporate tax	(954)	(384)	(937)	(929)	(1,037)
Forex gain (loss)	1	0	0	0	0
Extra Items	70	18	(140)	0	0
Gain (loss) from affiliates	0	(1)	(0)	0	0
Net profit	2,938	1,930	3,393	3,717	4,148
Reported EPS	0.41	0.21	0.33	0.27	0.29
Fully diluted EPS	0.22	0.14	0.25	0.27	0.30
Core net profit	2,885	1,915	2,659	3,395	4,148
Core EPS	0.39	0.21	0.26	0.24	0.29
Dividend (Bt)	0.19	0.10	0.12	0.13	0.14
BALANCE SHEET (Btmn)					
Cash and equivalents	3,408	2,120	3,051	4,074	3,826
Accounts receivable	41	45	51	50	53
Inventories	34,267	45,621	57,049	64,969	69,807
PP&E-net	2,356	2,700	2,434	2,987	2,923
Other assets	6,423	9,555	10,561	5,209	5,086
Total assets	46,495	60,040	73,147	77,289	81,695
ST debt & current portion	11,586	11,854	19,117	13,883	7,530
Long-term debt	12,419	22,816	19,980	27,000	35,000
Total liabilities	31,270	42,972	48,331	49,828	51,873
Paid-up shares	8,434	10,201	14,582	15,309	15,309
Shareholder equity	15,225	17,068	24,816	27,461	29,822
Total liab. & shareholder equity	46,495	60,040	73,147	77,289	81,695
CASH FLOW (Btmn)					
Net income	2,938	1,930	3,393	3,717	4,148
Forex and other extraordinary adjustments	19,607	19,165	18,112	24,783	25,917
Depreciation & amortization	324	281	330	370	389
Change in working capital	(25,737)	(30,170)	(27,804)	(27,469)	(29,394)
Cash flow from operations	(2,733)	(9,589)	(5,972)	1,401	1,059
Capex (Invest)/Divest	(749)	(853)	1,294	(866)	(267)
Others	127	38	(1,199)	515	(83)
Cash flow from investing	(622)	(815)	95	(351)	(350)
Debt financing (repayment)	4,640	10,646	4,409	1,783	1,643
Equity financing	1,440	1,352	5,329	560	0
Dividend payment	(1,001)	(1,425)	(956)	(1,635)	(1,791)
Others	(1,181)	(1,481)	(1,956)	(736)	(808)
Cash flow from financing	3,899	9,093	6,827	(28)	(956)
Net change in cash	545	(1,289)	932	1,022	(247)
Free cash flow	(2,711)	(9,290)	(6,016)	1,465	1,829
FCF per share (Bt)	(0.37)	(1.02)	(0.58)	0.10	0.13
PROFITABILITY					
Revenue growth (%)	45.2	(4.1)	(1.8)	29.4	6.1
EBITDA growth (%)	32.4	(33.4)	42.7	29.2	17.3
EPS growth (%)	41.4	(48.5)	55.6	(18.9)	9.0
Gross margin (%)	33.3	32.6	32.7	31.6	32.7
EBITDA margin (%)	14.1	9.8	14.2	14.2	15.7
Operating margin (%)	13.0	8.8	13.1	13.2	14.7
Net margin (%)	9.9	6.7	12.1	10.2	10.7
Core profit margin (%)	9.7	6.7	9.5	9.3	10.7
Effective tax rate (%)	(24.5)	(16.6)	(21.6)	(20.0)	(20.0)

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KT ZMICO RESEARCH – RECOMMENDATION DEFINITIONS

STOCK RECOMMENDATIONS

BUY: Expecting positive total returns of 15% or more over the next 12 months

OUTPERFORM: Expecting total returns between -10% to +15%; returns expected to exceed market returns over a six-month period due to specific catalysts

UNDERPERFORM: Expecting total returns between -10% to +15%; returns expected to be below market returns over a six-month period due to specific catalysts

SELL: Expecting negative total returns of 10% or more over the next 12 months

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index by at least 10% over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index by 10% over the next 12 months.

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