

SANSIRI SRI TB

THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

Bright 1Q23 earnings prospects

- We estimate a solid 1Q23 net profit of THB1.47b, jumping 386% y-y but dropping 18% q-q from the high base in 4Q22.
- Expect presales and earnings momentum to rise in 2Q23 onwards from its strong backlog and numerous new launches.
- Maintain our BUY call and TP of THB2.2, based on 8x 2023E P/E.

TARGET PRICE	THB2.20
CLOSE	THB1.86
UP/DOWNSIDE	+18.3%
PRIOR TP	THB2.20
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.3%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	33,712	38,178	38,875	39,808
Net profit	4,280	4,500	4,630	4,693
EPS (THB)	0.29	0.26	0.27	0.27
vs Consensus (%)	-	(5.5)	(3.6)	(4.6)
EBITDA	4,807	5,690	6,026	6,118
Core net profit	4,040	4,500	4,630	4,693
Core EPS (THB)	0.27	0.26	0.27	0.27
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	99.7	(3.2)	2.2	0.7
Core P/E (x)	6.9	7.1	6.9	6.9
Dividend yield (%)	8.1	7.3	7.5	7.5
EV/EBITDA (x)	20.6	20.1	19.1	18.9
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	158.4	167.2	160.4	166.8
ROE (%)	9.9	10.1	9.7	9.7

1Q23 presales grew y-y for both low-rise and condo projects

In 1Q23, SIRI introduced only two condos in the affordable segment under the 'dcondo' brand worth THB2.4b. Nonetheless, it reported solid presales of THB8.1b (-17% q-q, +36% q-q), comprising 56% low-rise and 44% condo presales. Low-rise presales amounted to THB4.6b (-27% q-q, +16% y-y), mainly from high-priced projects. Condo presales were flat q-q and up 76% y-y, led by the improvement of ready-to-move projects. Additionally, more marketing activities in overseas markets reflected international presales increasing to 15% of total presales (vs 7% in 1Q22). 1Q23 presales represent 17% of its full-year target of THB47b (+22% y-y).

Expect 1Q23 profit to jump y-y but fall q-q from the high base

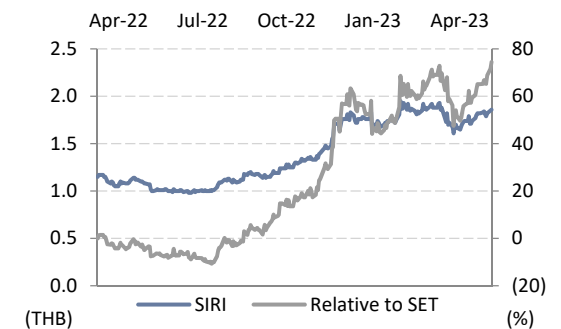
We project a healthy net profit of THB1.47b (-18% q-q, +386% y-y) in 1Q23. Excluding gains from Satit Pattana School sales worth THB500m, its core profit would be THB970m (-44% q-q, +424% y-y). The q-q drop is due to the high base in 4Q22. However, performance should skyrocket y-y since it has continued to realise transfers from its backlog, mainly from low-rise projects: Narasiri and Burasiri Krungthep Kreetha (JV), and condos from XT Phayathai and a new project named THE MUVE Bangna (THB730m, 48% sold). We expect 1Q23 transfers worth THB6.8b (-43% q-q, +59% y-y) and profit sharing from its JV of THB78m (-71% q-q, +299% y-y). Property gross margin should be equal to 1Q22 at 34.8%.

Uptrend in presales and earnings momentum

Assuming in-line results, 1Q23 earnings would account for 22% of our 2023E core profit. We think earnings should build in 2Q-4Q23, especially in 2H23. This would be driven by the realisation of its 1Q23E backlog of THB15b at the end of the quarter, especially from low-rise projects, as well as three new condos in 2Q-3Q23. Moreover, it plans to launch numerous new projects worth THB16b in 2Q23 and THB56.5b in 2H23, accounting for 21% and 75% of its new launch plan in 2023, respectively.

Maintain BUY with a TP of THB2.2

We maintain our 2023 core profit forecast to reach a record high of THB4.5b (+11% y-y) and our TP of THB2.2. The success of new launches, especially high-priced low-rise projects, might provide upside potential to our 2023E earnings, as well as a catalyst for the stock.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.4	6.3	60.3
Relative to country (%)	15.1	16.1	74.4
Mkt cap (USD m)	857		
3m avg. daily turnover (USD m)	11.3		
Free float (%)	0		
Major shareholder	UBS AG Singapore Branch (10%)		
12m high/low (THB)	1.98/0.97		
Issued shares (m)	15,397.75		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

Management has revealed an aggressive 2023 business plan as follows: 1) the company targets presales at THB47.0b (+22% y-y) and transfers (including JV) at THB41.0b (+11% y-y); 2) it plans to launch 52 projects with a combined value to hit a record high of THB75.0b (+74% y-y), comprising 68% low-rise and 32% condos; 3) it will focus more on the premium and upcountry markets; and 4) it targets overseas presales to surge 54% y-y to THB12.0b from its strong markets (China, Taiwan, Hong Kong and Russia) and new potential markets throughout CLMV.

Company profile

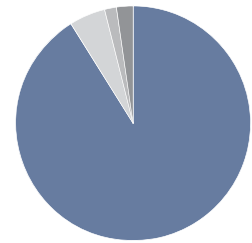
SIRI aims to be Thailand’s leading property developer with over 38 years of experience. Its core operation is divided into three businesses, namely property development, property services, and investment.

In 2022, property development for sale was its largest source of revenue, constituting about 91% of total revenue. It develops single-detached houses, semi-detached houses, townhouses, home offices, and condominium projects for all customer groups, both in Bangkok and its vicinity and upcountry areas.

www.sansiri.com

Principal activities (revenue, 2022)

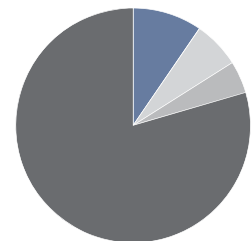
- Project sales - 91.1 %
- Business management - 5.0 %
- Hotel management - 1.6 %
- Others - 2.3 %



Source: Sansiri

Major shareholders

- UBS AG Singapore Branch - 9.6 %
- Viriyah Insurance PCL - 6.5 %
- Mr. Srettha Thavisin - 4.4 %
- Others - 79.5 %



Source: Sansiri

Catalysts

Key potential growth drivers include 1) the success of new launches in the low-rise segment, especially the Narasiri, BuGaan and Setthasiri brands; 2) high take-up rates for new condominiums; 3) the potential for more foreign buyers, as SIRI is well known in international markets; and 4) a new brand launch which would be positively received.

Risks to our call

Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E.

Event calendar

Date	Event
12 May 2023	1Q23 results announcement
16 May 2023	1Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	35,191	35,816	36,658
Rental and services income (THB m)	2,987	3,058	3,150
Property GPM (%)	35.0	35.0	34.7
GPM (%)	33.1	33.9	33.8
SG&A to sales (%)	20.4	20.6	20.6

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 4.6%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 3.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2023 net profit to fall by 3.1%, and vice versa, all else being equal.

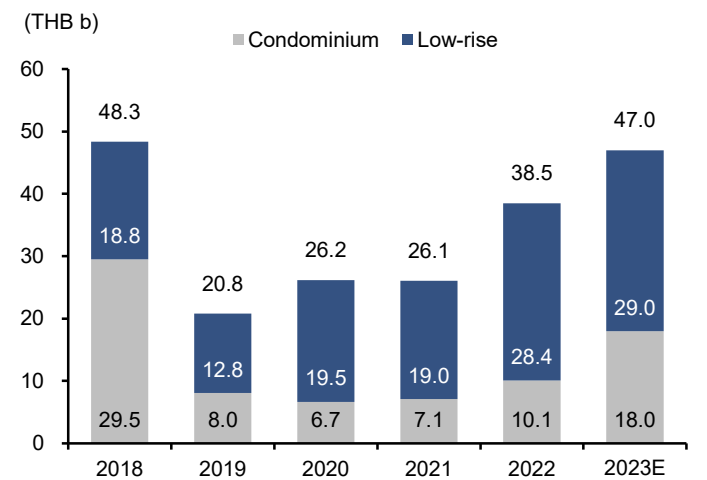
Source: FSSIA estimates

Exhibit 1: 1Q23 results preview

	1Q22	2Q22	3Q22	4Q22	1Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	4,939	7,269	8,669	12,835	7,707	(40.0)	56.0
Cost of sales	3,376	5,053	5,829	8,334	5,260	(36.9)	55.8
Gross profit	1,564	2,216	2,841	4,501	2,447	(45.6)	56.5
SG&A	1,190	1,496	1,553	2,926	1,451	(50.4)	21.9
Operating profit	374	720	1,288	1,575	996	(36.8)	166.5
Interest expense	325	231	104	78	80	3.0	(75.4)
Tax expense	130	264	357	337	228	(32.3)	76.0
Reported net profit	303	918	1,268	1,791	1,470	(17.9)	386.0
Core profit	185	856	1,258	1,741	970	(44.3)	423.6
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Property gross margin	34.8	32.8	35.2	37.3	34.8	(2.5)	0.0
Gross margin	31.7	30.5	32.8	35.1	31.8	(3.3)	0.1
SG&A / Sales	24.1	20.6	17.9	22.8	18.8	(4.0)	(5.3)
Operating margin	7.6	9.9	14.9	12.3	12.9	0.7	5.4
Net margin	6.1	12.6	14.6	14.0	19.1	5.1	13.0
Normalised profit	3.8	11.8	14.5	13.6	12.6	(1.0)	8.8
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Residential	4,288	6,596	7,869	11,964	6,818	(43.0)	59.0
Rental & Services	652	673	800	871	889	2.1	36.4
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Residential	34.8	32.8	35.2	37.3	34.8	(2.5)	0.0
Rental & Services	11.1	7.7	9.2	4.9	8.4	3.5	(2.7)

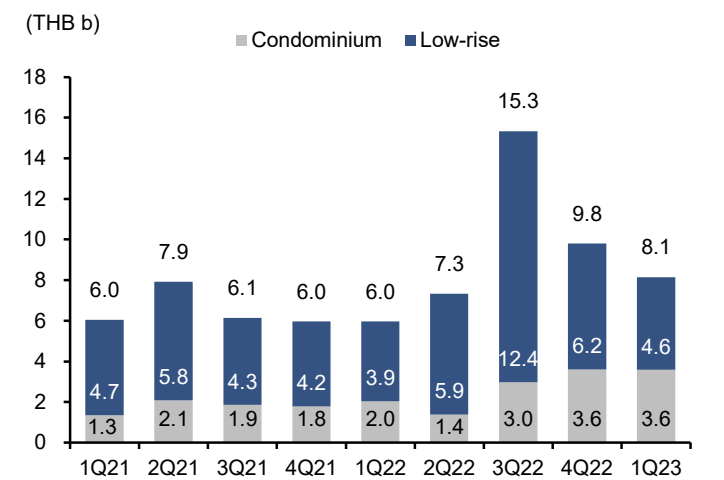
Sources: SIRI; FSSIA's compilation

Exhibit 2: Yearly presales and 2023 target



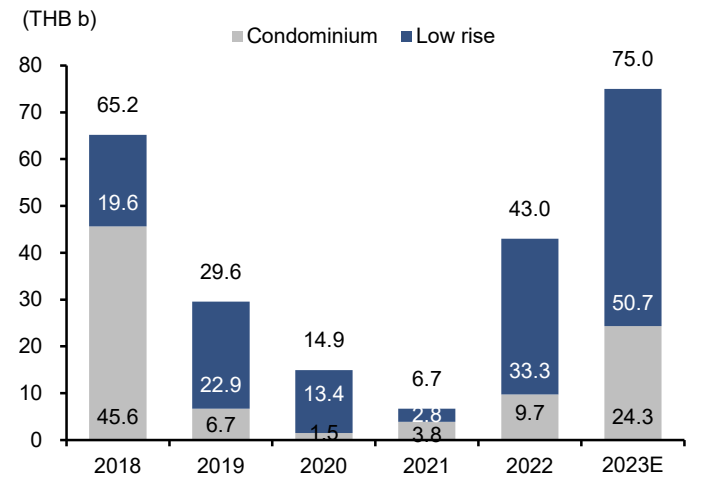
Sources: SIRI; FSSIA's compilation

Exhibit 3: Quarterly presales



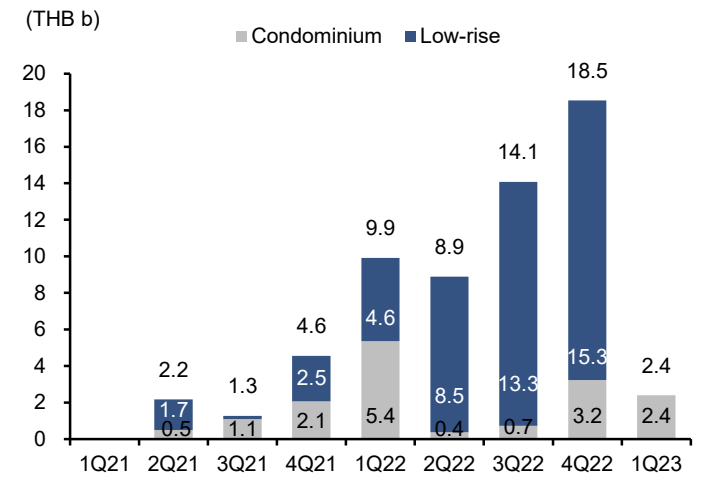
Sources: SIRI; FSSIA's compilation

Exhibit 4: Yearly planned new launches




Sources: SIRI; FSSIA's compilation

Exhibit 5: Quarterly new launches



Sources: SIRI; FSSIA's compilation


Exhibit 6: New projects in 1Q23



dcondo reef

Kathu Sub-district, Kathu District, Phuket

- 706 Units
- THB 1,400 Million



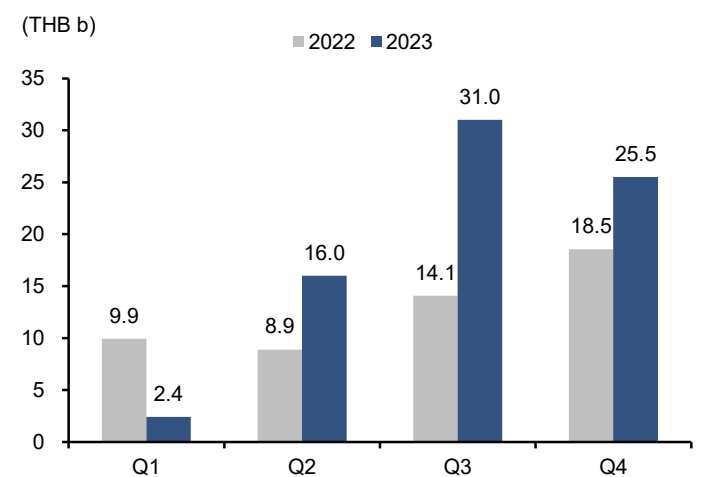
dcondo sand

Kho Hong Sub-district, Hat Yai District, Songkhla

- 480 Units
- THB 1,000 Million

Source: SIRI

Exhibit 7: New launch plans by quarter



Sources: SIRI; FSSIA's compilation

Exhibit 8: Condo project started transferring in 1Q23



MOVE BARONG

- 464 Units
- THB 734 Million

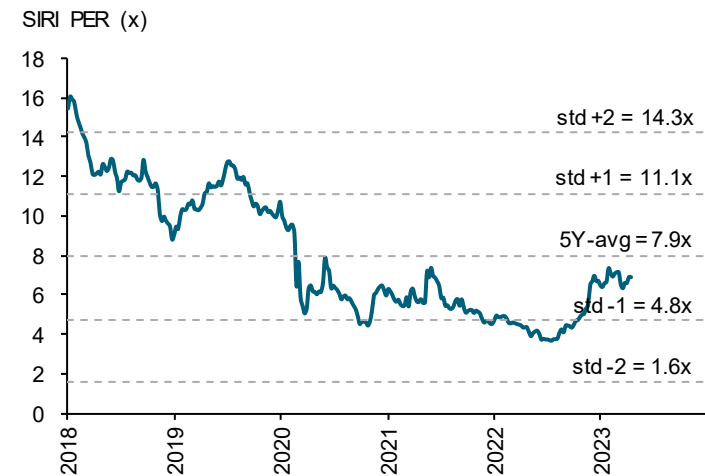
Source: SIRI

Exhibit 9: Value of expected transfers by condo project

Transfer	Project	Value (THB m)	% Sold (%)
1Q23	THE MUVE Bangna	730	48
2Q23	THE MUVE Bangkok	440	43
	Dcondo Panna	980	39
3Q23	HAY HUA HIN	380	53

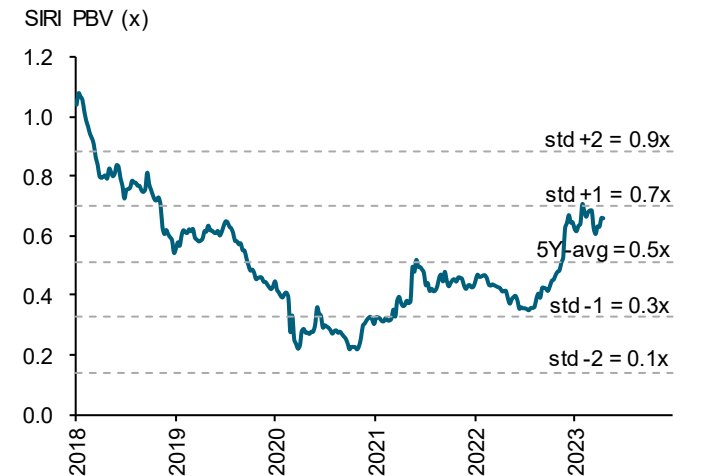
Sources: SIRI; FSSIA's compilation

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 25 April 2023

Company	BBG	Rec	Market Cap (USD m)	3Y EPS CAGR (%)	PE		DivYld		ROE		PBV	
					23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand												
Assetwise	ASW TB	BUY	211	18	7.1	6.8	6.3	6.6	17.6	17.5	1.2	1.1
Noble Development	NOBLE TB	BUY	186	59	6.0	5.6	10.0	10.7	17.3	17.3	1.0	0.9
SC Asset Corp	SC TB	BUY	523	2	6.7	6.5	5.9	6.1	11.7	11.3	0.8	0.7
Supalai	SPALI TB	BUY	1,203	(5)	5.8	5.6	6.8	6.9	14.7	13.9	0.8	0.7
Sansiri	SIRI TB	BUY	857	(0)	7.1	6.9	7.3	7.5	10.1	9.7	0.7	0.7
AP Thailand	AP TB	BUY	1,124	4	6.2	6.0	5.7	5.8	16.2	15.0	0.9	0.9
Britania	BRI TB	BUY	280	20	6.5	5.9	6.5	7.1	28.1	26.2	1.7	1.4
Origin Property	ORI TB	BUY	817	13	8.4	7.5	6.6	6.7	17.5	18.0	1.4	1.3
Land & Houses	LH TB	n/a	3,368	9	12.9	12.2	6.6	6.9	17.0	17.4	2.1	2.1
LPN Development	LPN TB	n/a	193	30	11.4	10.2	5.1	5.7	4.9	5.5	0.5	0.5
Prukha Holding	PSH TB	n/a	776	6	9.5	9.6	7.6	7.6	6.3	6.2	0.6	0.6
Quality Houses	QH TB	n/a	753	16	10.6	9.6	6.1	6.5	8.8	9.1	0.9	0.9
Average			10,291	7	8.2	7.7	6.7	7.0	14.2	13.9	1.1	1.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

Sansiri

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	28,642	33,712	38,178	38,875	39,808
Cost of goods sold	(18,790)	(21,741)	(24,689)	(24,831)	(25,481)
Gross profit	9,852	11,972	13,489	14,044	14,327
Other operating income	-	-	-	-	-
Operating costs	(6,375)	(7,165)	(7,799)	(8,018)	(8,209)
Operating EBITDA	3,477	4,807	5,690	6,026	6,118
Depreciation	(817)	(850)	(856)	(866)	(876)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	2,660	3,957	4,834	5,160	5,242
Net financing costs	(976)	(508)	(439)	(512)	(511)
Associates	75	473	362	292	289
Recurring non-operating income	991	1,505	1,066	996	993
Non-recurring items	0	240	0	0	0
Profit before tax	2,675	5,193	5,461	5,643	5,724
Tax	(737)	(1,087)	(1,060)	(1,113)	(1,130)
Profit after tax	1,939	4,107	4,400	4,530	4,593
Minority interests	79	173	100	100	100
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,017	4,280	4,500	4,630	4,693
Non-recurring items & goodwill (net)	0	(240)	0	0	0
Recurring net profit	2,017	4,040	4,500	4,630	4,693
Per share (THB)					
Recurring EPS *	0.14	0.27	0.26	0.27	0.27
Reported EPS	0.14	0.29	0.26	0.27	0.27
DPS	0.06	0.15	0.14	0.14	0.14
Diluted shares (used to calculate per share data)	14,883	14,923	17,164	17,276	17,388
Growth					
Revenue (%)	(15.3)	17.7	13.2	1.8	2.4
Operating EBITDA (%)	43.0	38.2	18.4	5.9	1.5
Operating EBIT (%)	65.7	48.7	22.2	6.7	1.6
Recurring EPS (%)	28.4	99.7	(3.2)	2.2	0.7
Reported EPS (%)	20.4	111.6	(8.6)	2.2	0.7
Operating performance					
Gross margin inc. depreciation (%)	31.5	33.0	33.1	33.9	33.8
Gross margin of key business (%)	33.8	35.4	35.0	35.0	34.7
Operating EBITDA margin (%)	12.1	14.3	14.9	15.5	15.4
Operating EBIT margin (%)	9.3	11.7	12.7	13.3	13.2
Net margin (%)	7.0	12.0	11.8	11.9	11.8
Effective tax rate (%)	27.5	20.9	19.4	19.7	19.7
Dividend payout on recurring profit (%)	44.3	55.4	52.0	52.0	52.0
Interest cover (X)	3.7	10.8	13.4	12.0	12.2
Inventory days	1,080.3	1,183.6	1,350.9	1,431.7	1,390.8
Debtor days	19.4	12.8	13.5	17.4	17.4
Creditor days	32.0	19.5	20.1	22.0	21.9
Operating ROIC (%)	3.3	4.0	3.9	3.8	3.9
ROIC (%)	2.8	3.9	3.8	3.7	3.7
ROE (%)	5.3	9.9	10.1	9.7	9.7
ROA (%)	2.4	3.5	3.5	3.4	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Project sales	26,170	30,716	35,191	35,816	36,658
Business management	1,687	1,679	1,646	1,663	1,679
Hotel management	315	548	546	573	619
Others	470	769	795	822	852

Sources: Sansiri; FSSIA estimates

Financial Statements

Sansiri

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,017	4,040	4,500	4,630	4,693
Depreciation	817	850	856	866	876
Associates & minorities	-	-	-	-	-
Other non-cash items	(79)	(173)	(100)	(100)	(100)
Change in working capital	(1,549)	(28,335)	(12,331)	(1,026)	2,003
Cash flow from operations	1,207	(23,618)	(7,074)	4,370	7,473
Capex - maintenance	(7,551)	-	(3,607)	(3,063)	(976)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	19,685	-	-	-
Cash flow from investing	(7,551)	19,685	(3,607)	(3,063)	(976)
Dividends paid	(911)	(1,528)	(2,149)	(2,211)	(6,700)
Equity finance	663	562	1,876	120	120
Debt finance	5,766	5,378	10,404	1,492	(226)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	5,519	4,411	10,131	(599)	(6,806)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(826)	479	(551)	709	(309)
Free cash flow to firm (FCFF)	(5,178.84)	(3,195.32)	(10,002.59)	2,059.93	7,248.01
Free cash flow to equity (FCFE)	(577.76)	1,445.18	(277.64)	2,799.72	6,270.81

Per share (THB)

FCFF per share	(0.34)	(0.21)	(0.65)	0.13	0.47
FCFE per share	(0.04)	0.09	(0.02)	0.18	0.41
Recurring cash flow per share	0.19	0.32	0.31	0.31	0.31

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	11,493	11,706	12,609	13,023	13,522
Less: Accumulated depreciation	(2,333)	(2,806)	(3,098)	(3,416)	(3,866)
Tangible fixed assets (net)	9,160	8,899	9,510	9,607	9,656
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	38,900	18,609	20,765	22,865	22,915
Cash & equivalents	2,181	2,660	2,109	2,818	2,509
A/C receivable	1,385	983	1,842	1,874	1,918
Inventories	55,143	85,859	96,892	97,906	96,277
Other current assets	7,330	7,753	8,268	8,415	8,611
Current assets	66,039	97,254	109,110	111,014	109,314
Other assets	2,533	2,672	2,819	2,907	2,975
Total assets	116,632	127,435	142,205	146,393	144,861
Common equity	39,225	42,433	46,660	49,199	47,313
Minorities etc.	1,741	1,608	1,608	1,608	1,608
Total shareholders' equity	40,967	44,041	48,268	50,807	48,920
Long term debt	36,699	39,922	55,592	57,652	50,763
Other long-term liabilities	1,321	1,173	1,691	1,721	1,761
Long-term liabilities	38,020	41,095	57,283	59,373	52,524
A/C payable	1,084	1,235	1,484	1,507	1,548
Short term debt	30,352	32,507	27,241	26,673	33,336
Other current liabilities	6,209	8,574	7,930	8,033	8,532
Current liabilities	37,645	42,316	36,654	36,213	43,416
Total liabilities and shareholders' equity	116,632	127,451	142,205	146,393	144,861
Net working capital	56,565	84,785	97,588	98,656	96,725
Invested capital	107,158	114,966	130,683	134,035	132,271

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	2.64	2.84	2.72	2.85	2.72
Tangible book value per share	2.64	2.84	2.72	2.85	2.72

Financial strength

Net debt/equity (%)	158.3	158.4	167.2	160.4	166.8
Net debt/total assets (%)	55.6	54.7	56.8	55.7	56.3
Current ratio (x)	1.8	2.3	3.0	3.1	2.5
CF interest cover (x)	0.4	3.8	0.4	6.5	13.3

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	13.7	6.9	7.1	6.9	6.9
Recurring P/E @ target price (x) *	16.2	8.1	8.4	8.2	8.2
Reported P/E (x)	13.7	6.5	7.1	6.9	6.9
Dividend yield (%)	3.2	8.1	7.3	7.5	7.5
Price/book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.7	0.7	0.7	0.7	0.7
EV/EBITDA (x) **	27.1	20.6	20.1	19.1	18.9
EV/EBITDA @ target price (x) **	28.6	21.7	21.1	20.1	19.9
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.9

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Sansiri; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Sansiri	SIRI TB	THB 1.86	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) rising competition; 3) construction delays and increasing raw material prices; 4) the impact of the expiration of loan-to-value (LTV) limit easing; and 5) a high level of IBD/E.
Assetwise	ASW TB	THB 8.50	BUY	Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs.
Noble Development	NOBLE TB	THB 4.68	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected purchasing power; 2) cancellation of presales; 3) bank loan rejections; 4) delays in construction work and transfers; and 5) fierce competition.
SC Asset Corporation	SC TB	THB 4.22	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) weak purchasing power; 3) cancellation of presales; 4) bank loan rejections; and 5) construction delays.
Supalai	SPALI TB	THB 21.20	BUY	Downside risks to our P/E derived TP are cost overruns; delays or poor receptions for new launches; presale cancellations; inability of homebuyers to obtain mortgage financing; and weak take-up rates and reduced pricing power from rising competition.
AP (Thailand)	AP TB	THB 12.30	BUY	Downside risks to our P/E-based TP include 1) rising competition in the low-rise market, such that it could hurt take-up rates; 2) weaker-than-expected take-up rates of new launches; 3) construction delays from labour shortages; 4) increasing raw material prices; and 5) the impact of the expiration of the loan-to-value (LTV) limit easing.
Britania	BRI TB	THB 11.30	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) a slower-than-expected economic recovery and weak purchasing power; 3) intense competition; 4) construction delays and labour shortages; 5) an increase in raw material costs; and 6) challenging new launches in the upcountry market.
Origin Property	ORI TB	THB 11.30	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 25-Apr-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.