

SANSIRI SRI TB
THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

ผลประกอบการที่ดีรออยู่ข้างหน้า

- กำไรปกติ 1Q23 ลดลง 45% q-q จากฐานที่สูงใน 4Q22 แต่กระโดดเพิ่ม 417% y-y จากยอดโอนและอัตรากำไรขั้นต้นที่สูงขึ้น
- มุมมองบวกใน 2Q23 จากการเปิดตัวโครงการใหม่เพิ่มและการรับรู้ Backlog ที่อยู่ในระดับสูง
- คงแนะนำซื้อที่ราคาเป้าหมาย 2.2 บาท (อิง 8x ของค่า 2023E P/E)

TARGET PRICE	THB2.20
CLOSE	THB1.74
UP/DOWNSIDE	+26.4%
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 (%)	-	(5.8)	(3.2)	(4.9)
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)	6.4	6.6	6.5	6.4
Dividend yield (%)	8.6	7.8	8.0	8.1
EV/EBITDA (x)	20.3	19.7	18.8	18.5
Price/book (x)	0.6	0.6	0.6	0.6
Net debt/Equity (%)	158.4	167.2	160.4	166.8
ROE (%)	9.9	10.1	9.7	9.7

กำไร 1Q23 กระโดดเพิ่ม y-y แต่ลดลง q-q จากฐานที่สูง

SIRI รายงานกำไรสุทธิ 1Q23 ที่ 1.58 พันลบ. (-12% q-q, +423% y-y) หากหักกำไรจากการขายโรงเรียนสาธิตพัฒนามูลค่า 623 ลบ. กำไรปกติอยู่ที่ 959 ลบ. (-45% q-q, +417% y-y) ใกล้เคียงกับที่เราคาด ยอดโอนอยู่ที่ 6.75 พันลบ. (-44% q-q, +58% y-y) ในขณะที่ส่วนแบ่งกำไรจากกิจการร่วมค้าอยู่ที่ 73 ลบ. (เทียบกับ 20 ลบ. ใน 1Q22) หลักๆมาจากโครงการแนวราบในย่านกรุงเทพมหานคร รวมถึงคอนโด XT Huaykwang และ XT Phayathai อัตรากำไรขั้นต้นธุรกิจอสังหาริมทรัพย์เพิ่มเป็น 35.8% จาก 34.8% ใน 1Q22 จากการรับรู้โครงการแนวราบที่มีราคาสูง

การขึ้นค่าแรงอาจทำให้ราคาขายปรับขึ้น

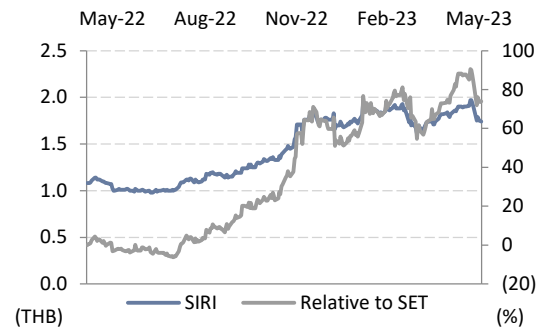
ในที่ประชุมนักวิเคราะห์วานนี้ ผู้บริหารคาดว่าจะการปรับขึ้นค่าจ้างรายวันเป็น 450 บาท (+25%) จากนโยบายของรัฐบาลใหม่ เมื่อรวมปัจจัยดังกล่าวเข้ากับต้นทุนวัตถุดิบที่ปรับขึ้น SIRI อาจต้องปรับราคาขายขึ้น 8-10% โดยมองว่าความสามารถของการปรับราคาจะขึ้นอยู่กับความต้องการ ทำเลและตลาดในขณะที่พอร์ตหลักของโครงการเปิดใหม่ในปี 2023 เป็นระดับ Premium ในทำเลที่มีศักยภาพ ซึ่งมีความอ่อนไหวกับราคาน้อยกว่า นอกจากนี้บริษัท อาจควบคุมต้นทุนการก่อสร้างได้จากการพัฒนาโครงการแนวราบด้วยการก่อสร้างโดยใช้ Precast มากขึ้น ซึ่งใช้แรงงานน้อยกว่าและใช้ระยะเวลาเร็วกว่าการก่อสร้างแบบดั้งเดิม

มุมมองบวกต่อยอดขายและผลประกอบการ 2Q23

ยอดขายคาดเร่งตัวขึ้นใน 2Q23 ตามการเปิดตัว 11 โครงการใหม่รวมมูลค่า 16 พันลบ. ตั้งแต่ปลายเดือนพ.ค.ถึงเดือน มิ.ย. (เทียบกับ 2 โครงการ มูลค่ารวม 2.4 พันลบ.ใน 1Q23) โดยมีโครงการ Highlight คือโครงการแนวราบหรูขนาดใหญ่อย่าง Narasiri Phahol-Watcharapol และ Setthasiri Don Mueang ซึ่งมีเป้าหมายยอดขายโครงการที่ 1 พันลบ./โครงการ ขณะที่เราคาดว่ากำไรปกติ 2Q23 จะเพิ่ม q-q และ y-y จากการรับรู้ Backlog โครงการแนวราบที่รอรับรู้ในช่วงที่เหลือของปีราว 7.4 พันลบ. และคอนโดสร้างเสร็จใหม่ 2 โครงการ นอกจากนี้ผลประกอบการยังอาจมี Upside จากกำไรพิเศษจากร่วมทุนในโครงการ JV ใหม่ ซึ่งจะผลักดันทำให้กำไรสุทธิ 2Q23 คาดอยู่ในเกณฑ์ที่ดีที่ 1.5-1.6 พันลบ. (เทียบกับ 1.58 พันลบ.ใน 4Q22 และ 918 ลบ.ใน 2Q22)

คงแนะนำซื้อที่ราคาเป้าหมาย 2.2 บาท

เราคงประมาณการกำไรปกติปี 2023 ทำสถิติสูงสุดใหม่ที่ 4.5 พันลบ. (+11% y-y) เราคงแนะนำซื้อ ราคาเป้าหมาย 2.2 บาท จากแนวโน้มผลประกอบการที่แข็งแกร่งและ Valuation ระดับที่น่าสนใจ โดยราคาหุ้นปรับตัวลดลง 10% ในสัปดาห์ที่ผ่านมา ปัจจุบันหุ้นมีการซื้อขายที่ 6.6x ของค่า 2023E P/E ต่ำกว่าค่าเฉลี่ยในอดีตที่ 7.9x และกลุ่มอสังหาริมทรัพย์ที่ 7.7x พร้อมคาดผลตอบแทนเงินปันผลที่ดี 7.8%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.9)	(4.4)	61.1
Relative to country (%)	0.3	4.2	70.8
Mkt cap (USD m)	802		
3m avg. daily turnover (USD m)	10.5		
Free float (%)	0		
Major shareholder	UBS AG Singapore Branch (10%)		
12m high/low (THB)	2.00/0.97		
Issued shares (m)	15,397.75		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 พฤษภาคม 2023

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

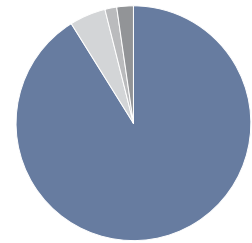
SIRI aims to be Thailand’s leading property developer with over 38 years of experience. Its core operation is divided into three businesses, namely property development, property services, and investment.

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)

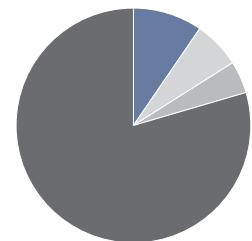
- Project sales - 91.1 %
- Business management - 5.0 %
- Hotel management - 1.6 %
- Others - 2.3 %



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
August 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	35,191	35,816	36,658
Rental and service 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.

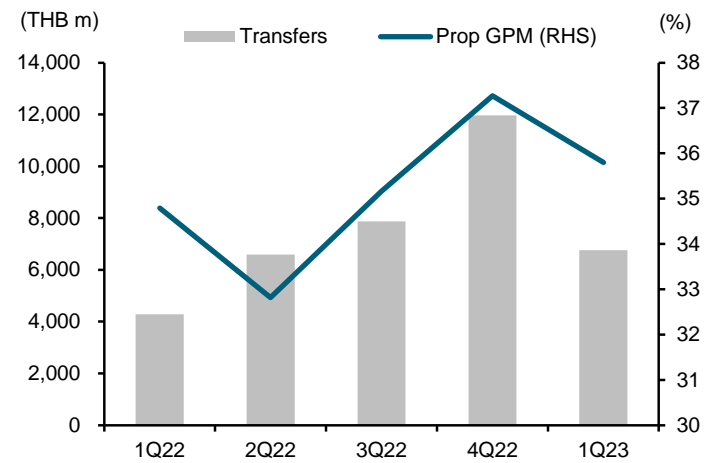
Source: FSSIA estimates

Exhibit 1: 1Q23 results summary

	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	7,648	(40.4)	54.8
Cost of sales	3,376	5,053	5,829	8,334	5,180	(37.8)	53.4
Gross profit	1,564	2,216	2,841	4,501	2,468	(45.2)	57.8
SG&A	1,190	1,496	1,553	2,926	1,379	(52.9)	15.9
Operating profit	374	720	1,288	1,575	1,088	(30.9)	191.2
Interest expense	325	231	104	78	120	55.1	(63.0)
Tax expense	130	264	357	337	410	21.8	216.7
Equity income from JV	20	52	151	272	73	(73.2)	271.3
Reported net profit	303	918	1,268	1,791	1,582	(11.7)	422.8
Core profit	185	856	1,258	1,741	959	(44.9)	417.3
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Property gross margin	34.8	32.8	35.2	37.3	35.8	(1.5)	1.0
Gross margin	31.7	30.5	32.8	35.1	32.3	(2.8)	0.6
SG&A / Sales	24.1	20.6	17.9	22.8	18.0	(4.8)	(6.1)
Operating margin	7.6	9.9	14.9	12.3	14.2	2.0	6.7
Net margin	6.1	12.6	14.6	14.0	20.7	6.7	14.6
Normalised profit	3.8	11.8	14.5	13.6	12.5	(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	6,754	(43.5)	57.5
Rental & Services	652	673	800	871	894	2.6	37.1
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Residential	34.8	32.8	35.2	37.3	35.8	(1.5)	1.0
Rental & Services	11.1	7.7	9.2	4.9	5.6	0.7	(5.5)

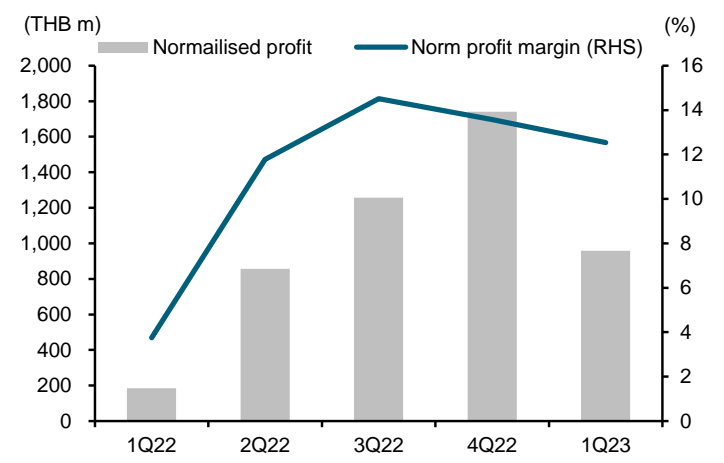
Sources: SIRI; FSSIA's compilation

Exhibit 2: Quarterly transfers and property GPM



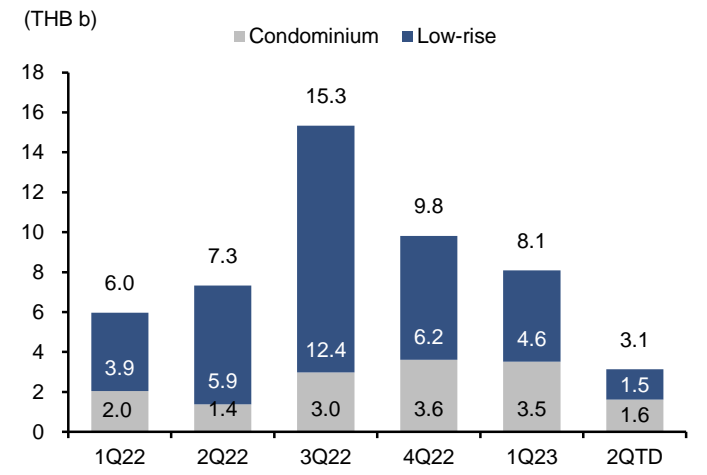
Sources: SIRI; FSSIA's compilation

Exhibit 3: Quarterly normalised profit and norm profit margin



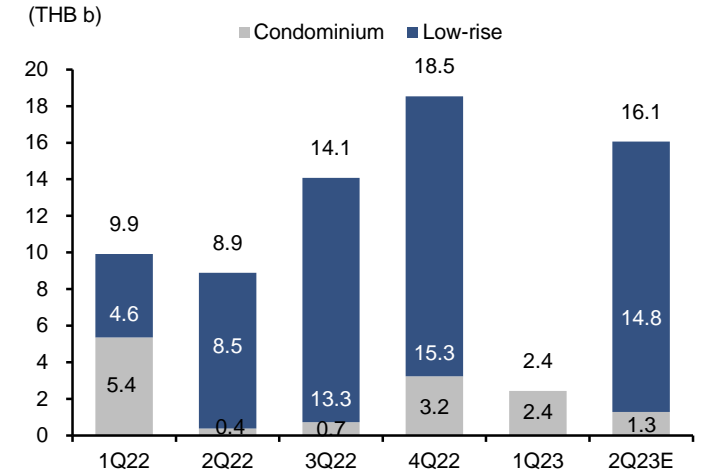
Sources: SIRI; FSSIA's compilation

Exhibit 4: Quarterly presales



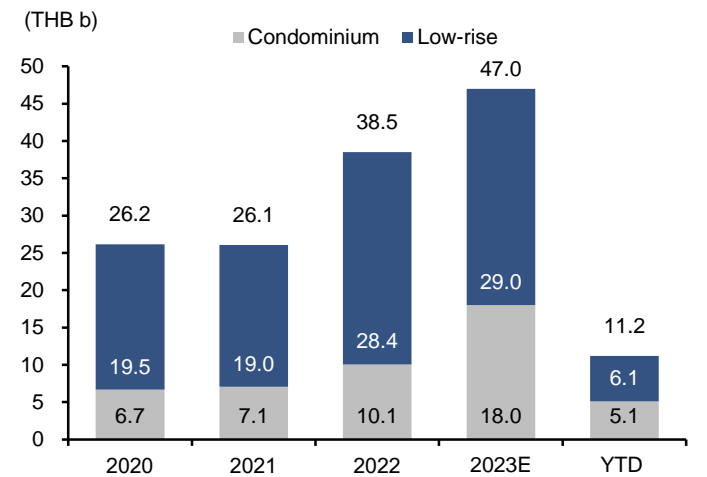
Sources: SIRI; FSSIA's compilation

Exhibit 5: Quarterly new launches



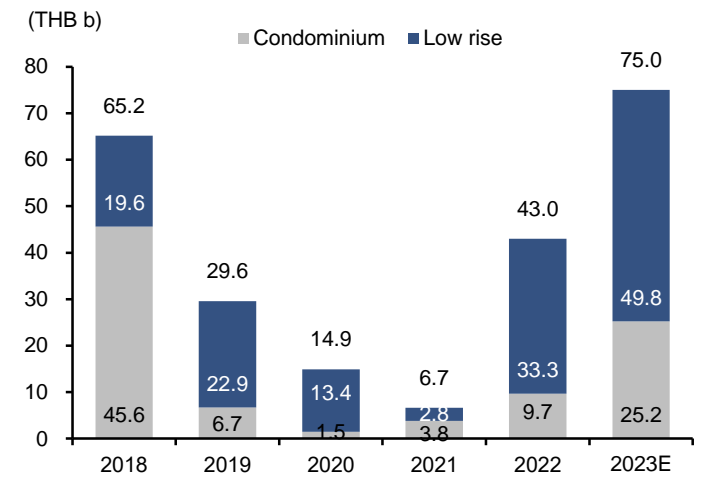
Sources: SIRI; FSSIA's compilation

Exhibit 6: Yearly presales



Sources: SIRI; FSSIA's compilation

Exhibit 7: Yearly planned new launches



Sources: SIRI; FSSIA's compilation

Exhibit 8: 2023 project launches

	SDH & MIX	TH	Condo	No. of Project	Project Value (MB)
1Q	-	-	2	2	2,440
2Q	6	1	4 ¹	11	16,060
3Q	9	2	9	20	31,000
4Q	12	-	7 ¹	19	25,500
No. of Project	27	3	22	52	
Project Value (MB)	47,870	1,900	25,230		75,000
Proportion	64%	2%	34%	100%	

¹Including JV project with Tokyu Corporation




Source: SIRI

Exhibit 9: Examples of new low-rise projects in 2Q23

<p>NARASIRI PHAHOL - WATCHARAPOL</p>  <p>Tha Raeng Sub-district, Bang Khen District, Bangkok</p> <ul style="list-style-type: none"> • 125 Units • THB 5,600 Million 	<p>SETTHASIRI DON MUEANG</p>  <p>Don Mueang District, Bangkok</p> <ul style="list-style-type: none"> • 263 Units • THB 4,300 Million
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Source: SIRI

Exhibit 10: New condos in 2Q23

<p>dcondo hype</p>  <p>Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani</p> <ul style="list-style-type: none"> • 551 Units • THB 1,000 Million 	<p>condo me</p>  <p>Building C: • 79 Units each • THB 100 Million</p> <p>Building D: • 79 Units • THB 100 Million</p>	<p>condo me</p>  <p>Building E: • 79 Units • THB 90 Million</p> <p>Chiang Rak Noi Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya</p>
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Source: SIRI

Exhibit 11: Condos transferred in 2Q23



THE MUVE
KORNRUANG

dcondo
panna

201 Units
THB 448 Million

240 Units
THB 988 Million

Source: SIRI

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) *	12.8	6.4	6.6	6.5	6.4
Recurring P/E @ target price (x) *	16.2	8.1	8.4	8.2	8.2
Reported P/E (x)	12.8	6.1	6.6	6.5	6.4
Dividend yield (%)	3.4	8.6	7.8	8.0	8.1
Price/book (x)	0.7	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.7	0.6	0.6	0.6	0.6
EV/EBITDA (x) **	26.6	20.3	19.7	18.8	18.5
EV/EBITDA @ target price (x) **	28.6	21.7	21.1	20.1	19.9
EV/invested capital (x)	0.9	0.8	0.9	0.8	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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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

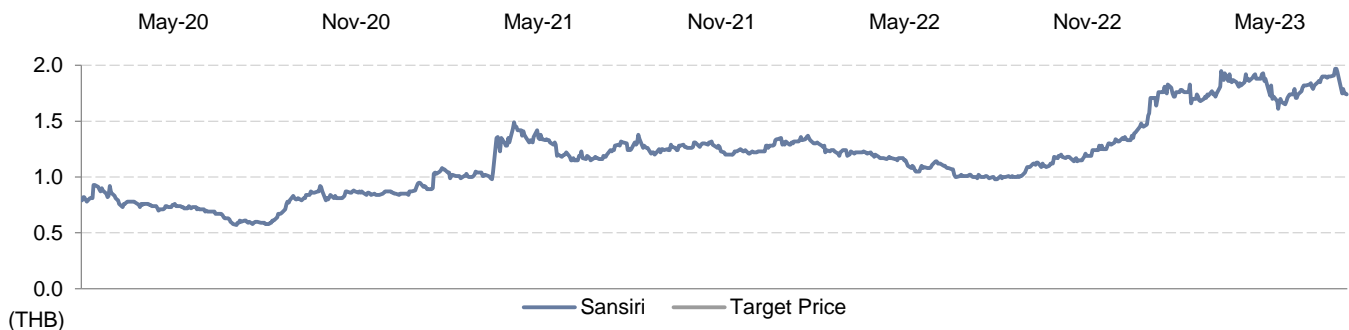
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History of change in investment rating and/or target price

Sansiri (SIRI TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
06-Feb-2023	BUY	2.20	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 06-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sansiri	SIRI TB	THB 1.74	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.

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

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All share prices are as at market close on 19-May-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.