

SANSIRI SRI TB

THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

Expect a stellar 2Q23 profit

- 2Q23 net profit should jump to THB1.63b (+3% q-q, +78% y-y), supported by growth from both SIRI's and its JV's transfers.
- We raise our 2023E profit to reflect stronger expected transfers.
- Maintain BUY with a higher TP of THB2.3, with outstanding 2Q23E earnings and a high dividend yield of 5.1% for 1H23 performance.

TARGET PRICE	THB2.30
CLOSE	THB2.00
UP/DOWNSIDE	+15.0%
PRIOR TP	THB2.20
CHANGE IN TP	+4.5%
TP vs CONSENSUS	+5.6%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	33,712	40,940	38,577	38,415
Net profit	4,280	5,984	4,702	4,693
EPS (THB)	0.29	0.35	0.27	0.27
vs Consensus (%)	-	24.1	(4.3)	(6.9)
EBITDA	4,807	6,117	5,665	5,855
Recurring net profit	4,040	4,969	4,702	4,693
Core EPS (THB)	0.27	0.29	0.27	0.27
Chg. In EPS est. (%)	-	10.6	2.4	1.5
EPS growth (%)	99.7	7.1	(5.4)	(0.2)
Core P/E (x)	7.4	6.9	7.3	7.3
Dividend yield (%)	7.5	8.7	7.3	7.3
EV/EBITDA (x)	21.1	18.8	20.4	19.9
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	158.4	162.6	156.1	164.6
ROE (%)	9.9	11.1	9.8	9.7

2Q23 transfers to grow for both low-rise and condos

We are impressed by SIRI's transfer growth for both low-rise and condo projects in 2Q23, driven by the gradual backlog realisation and a great response from new launches. 2Q23 transfers should jump by 19% q-q and 21% y-y to THB8b, split 64:36 between low-rise and condo projects. We expect low-rise transfers to reach THB5.1b (+28% q-q, +3% y-y), mainly from projects located on Krungthepkreetha Rd., plus new projects like Setthasiri Don Mueang and Narasiri Phahol-Wacharapol. Meanwhile, 2Q condo transfers should rise to THB2.9b (+5% q-q, +76% y-y) from two small newly built condos as well as continued transfers of XT Phayathai.

New launches and solid backlog to drive 2Q23 profit

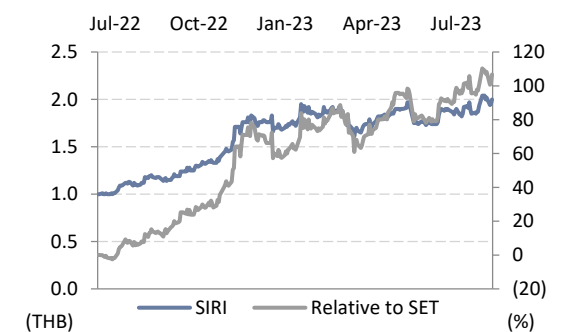
We anticipate a strong 2Q23 net profit of THB1.63b (+3% q-q, +78% y-y). Excluding gains from land sales to its JV project worth THB392m, its core profit would be THB1.24b (+29% q-q, +45% y-y). Apart from its transfer growth, 2Q23 earnings should be supported by an increase in profit sharing from its JV of THB170m (+133% q-q, +228% y-y), especially from Burasiri Krungtheptha. According to an accounting adjustment of SIRI's financial statements, project expenses such as staff costs will move from SG&A to cost of projects. This should lead to a lower property gross margin at 33% in 2Q23 from 35.8% in 1Q23. However, SG&A to revenue should drop to 17% in 2Q23 (vs 18% in 1Q23 and 20.6% in 2Q22).

Revising up 2023E earnings to reflect the stronger transfers

We revise up our 2023 core profit forecast by 10% to THB4.97b (+23% y-y) to reflect the higher transfers. Including 1H23E extra items worth THB1b, we raise 2023E net profit by 33% to THB5.98b (+40% y-y), reaching a record high. Assuming in line-results, SIRI's 1H23 core profit would equal THB2.2b (+111% y-y), accounting for 44% of our full-year forecast. We project a brighter 2H23 outlook following numerous new launches worth THB56b (+2.1x h-h) and a solid backlog realisation in 2H23 of THB10b – enough to secure 64% of our 2023E transfers.

Retain BUY call with new TP of THB2.3

We raise our 2023 TP to THB2.3 from THB2.2, based on 7.9x 2023E P/E (fully diluted after PP Warrant and ESOP #8). Short-term, we expect a strong 2Q23 profit, well above peers which might be flat q-q and down y-y, as well as a DPS of THB0.10 for 1H23; a high dividend yield of 5.1%.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.7	8.1	102.0
Relative to country (%)	5.9	9.5	105.8
Mkt cap (USD m)	959		
3m avg. daily turnover (USD m)	11.4		
Free float (%)	0		
Major shareholder	UBS AG Singapore Branch (10%)		
12m high/low (THB)	2.10/0.98		
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

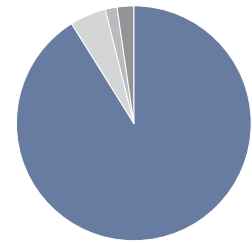
SIRI aims to be Thailand’s leading property developer with over 38 years of experience. Its core operation is divided into three businesses, namely property development, property services, and investment.

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.

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Principal activities (revenue, 2022)

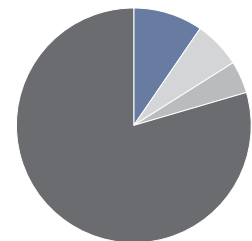
- Project sales - 91.1 %
- Business management - 5.0 %
- Hotel management - 1.6 %
- Others - 2.3 %



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
15 August 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	37,276	34,939	34,666
Rental and service income (THB m)	3,664	3,638	3,750
Property GPM (%)	33.7	33.3	33.4
GPM (%)	31.7	32.1	32.5
SG&A to sales (%)	18.8	19.7	19.6

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in SIRI’s transfers, we estimate 2023 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2023 net profit to fall by 3.2%, and vice versa, all else being equal.

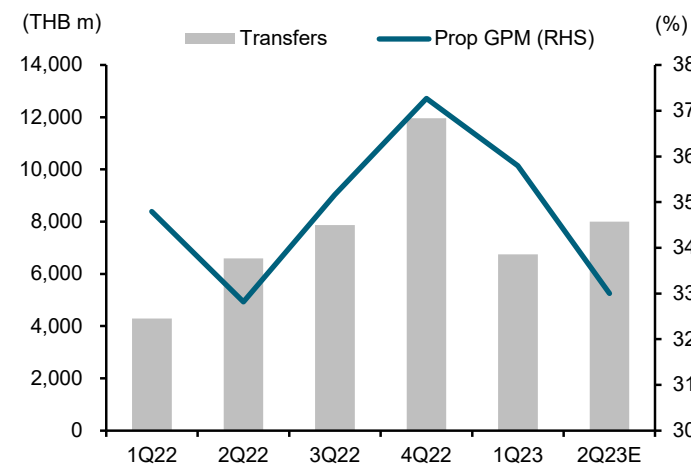
Source: FSSIA estimates

Exhibit 1: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	7,269	8,669	12,835	7,648	9,006	17.8	23.9
Cost of sales	5,053	5,829	8,334	5,180	6,355	22.7	25.8
Gross profit	2,216	2,841	4,501	2,468	2,651	7.4	19.6
SG&A	1,496	1,553	2,926	1,379	1,530	11.0	2.3
Operating profit	720	1,288	1,575	1,088	1,120	2.9	55.6
Interest expense	231	104	78	120	140	16.2	(39.3)
Tax expense	264	357	337	410	256	(37.6)	(2.8)
Equity income from JV	52	151	272	73	170	133.4	227.7
Reported net profit	918	1,268	1,791	1,582	1,630	3.1	77.7
Core profit	856	1,258	1,741	959	1,238	29.2	44.7
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Property gross margin	32.8	35.2	37.3	35.8	33.0	(2.8)	0.2
Gross margin	30.5	32.8	35.1	32.3	29.4	(2.8)	(1.1)
SG&A / Sales	20.6	17.9	22.8	18.0	17.0	(1.0)	(3.6)
Operating margin	9.9	14.9	12.3	14.2	12.4	(1.8)	2.5
Net margin	12.6	14.6	14.0	20.7	18.1	(2.6)	5.5
Normalised profit	11.8	14.5	13.6	12.5	13.7	1.2	2.0
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Residential	6,596	7,869	11,964	6,754	8,005	18.5	21.4
Rental & Services	673	800	871	894	1,001	12.1	48.8
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Residential	32.8	35.2	37.3	35.8	33.0	(2.8)	0.2
Rental & Services	7.7	9.2	4.9	5.6	0.9	(4.7)	(6.7)

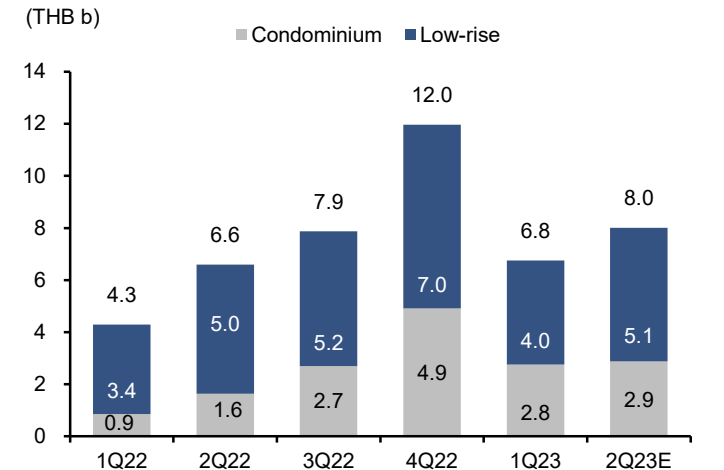
Sources: SIRI; FSSIA estimates

Exhibit 2: Quarterly transfers and property GPM



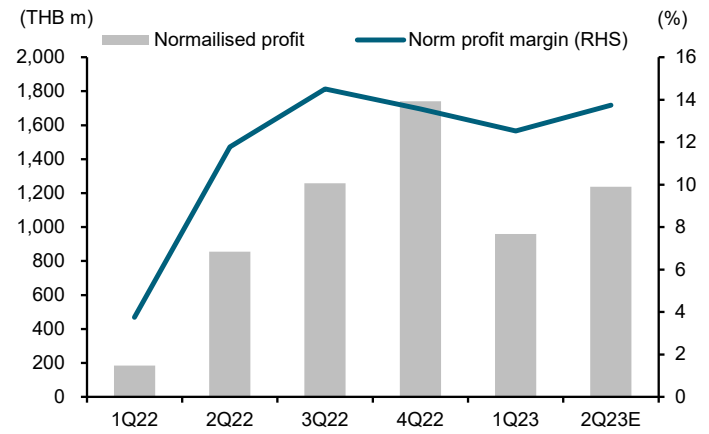
Sources: SIRI; FSSIA estimates

Exhibit 3: Quarterly transfers breakdown



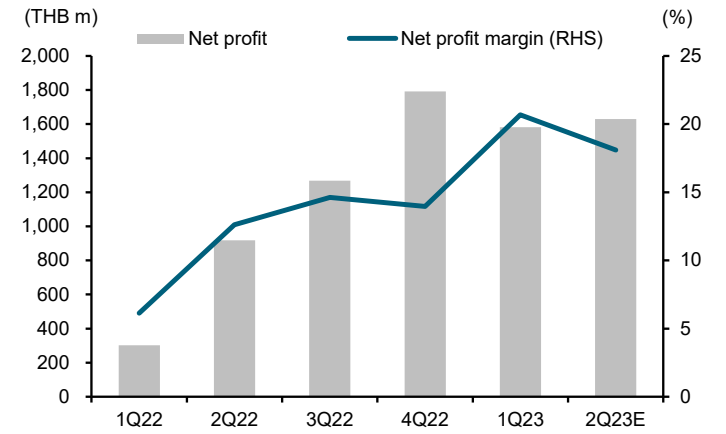
Sources: SIRI; FSSIA estimates

Exhibit 4: Quarterly normalised profit and norm profit margin



Sources: SIRI; FSSIA estimates

Exhibit 5: Quarterly net profit and net profit margin



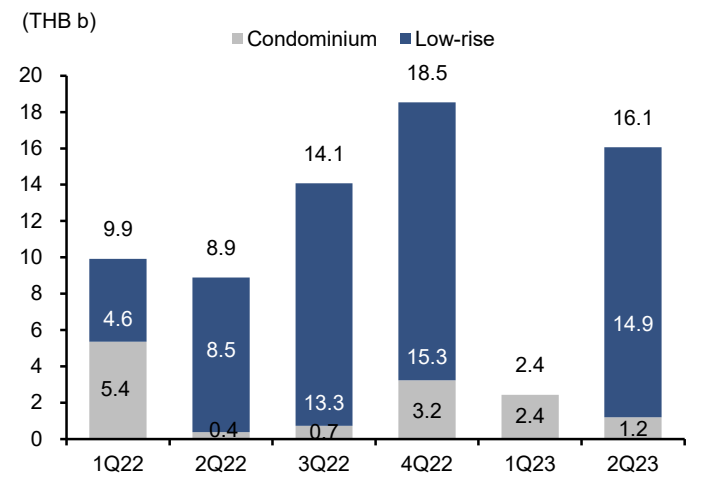
Sources: SIRI; FSSIA estimates

Exhibit 6: Condo values to be transferred in 2Q23



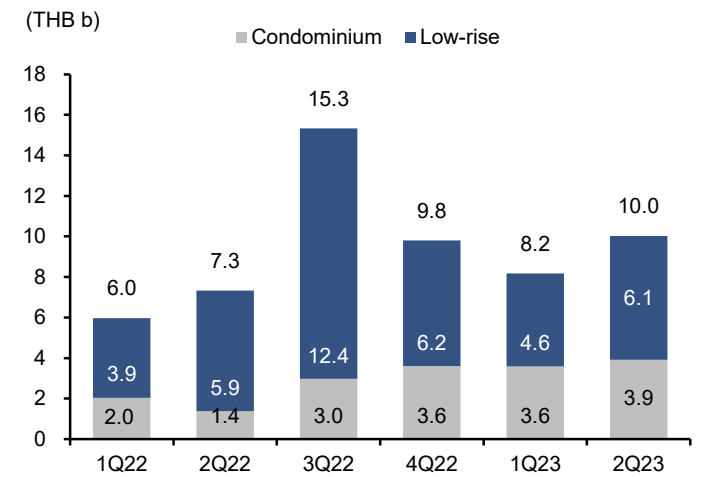
Source: SIRI

Exhibit 7: Quarterly new launches



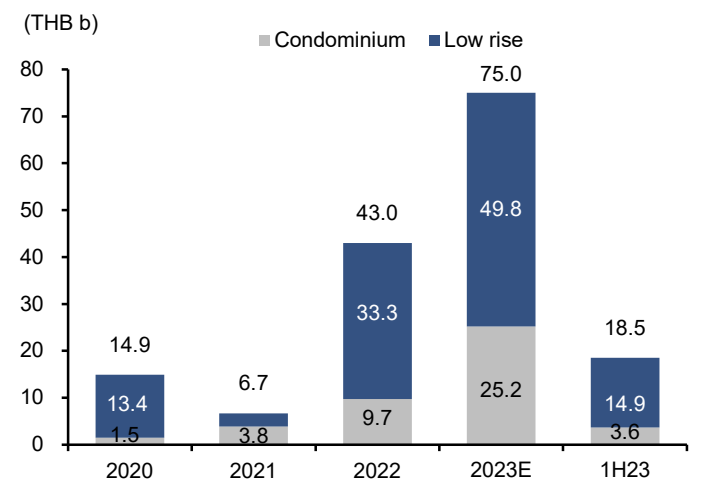
Sources: SIRI; FSSIA's compilation

Exhibit 8: Quarterly presales



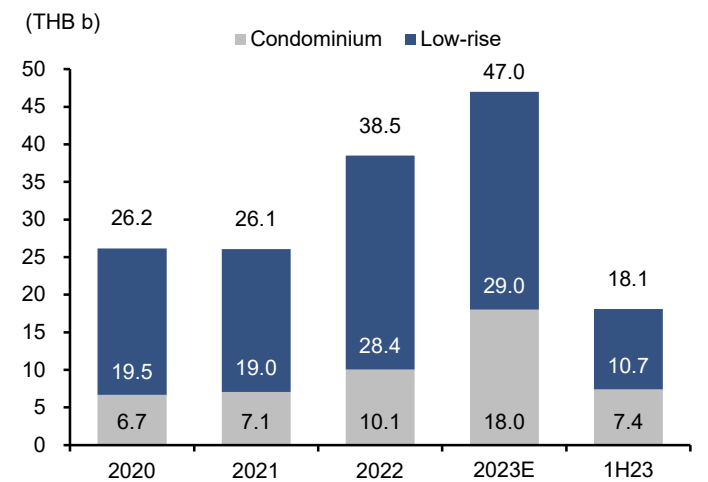
Sources: SIRI; FSSIA's compilation

Exhibit 9: Yearly new launches



Sources: SIRI; FSSIA's compilation

Exhibit 10: Yearly presales



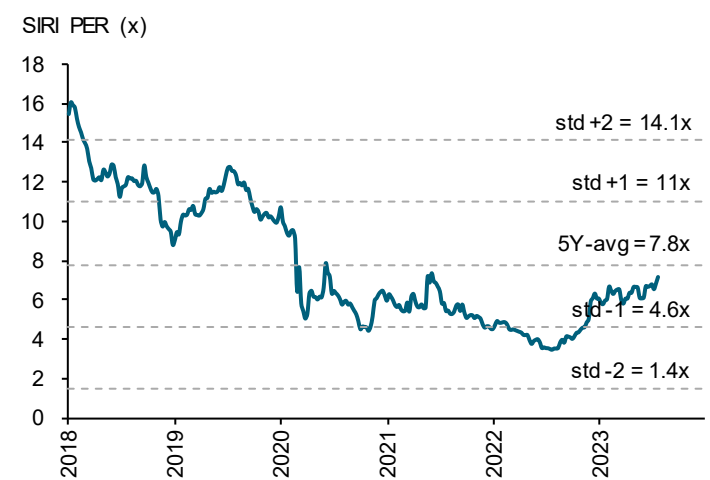
Sources: SIRI; FSSIA's compilation

Exhibit 11: Key assumptions for SIRI

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Revenue	40,940	38,577	38,415	38,178	38,875	39,808	7	(1)	(3)
- Transfers	37,276	34,939	34,666	35,191	35,816	36,658	6	(2)	(5)
- Rental and service income	3,664	3,638	3,750	2,987	3,058	3,150	23	19	19
Property gross margin (%)	33.7	33.3	33.4	35.0	35.0	34.7	(1.3)	(1.6)	(1.3)
Gross margin (%)	31.7	32.1	32.5	38.0	37.8	37.2	(6.3)	(5.6)	(4.7)
SG&A to revenue (%)	18.8	19.7	19.6	20.4	20.6	20.6	(1.6)	(0.9)	(1.1)
Interest expense	634	686	685	679	752	751	(7)	(9)	(9)
Equity income from JV	273	390	228	367	294	289	(26)	33	(21)
Core profit	4,969	4,702	4,693	4,500	4,630	4,693	10	2	(0)
Net profit	5,984	4,702	4,693	4,500	4,630	4,693	33	2	(0)

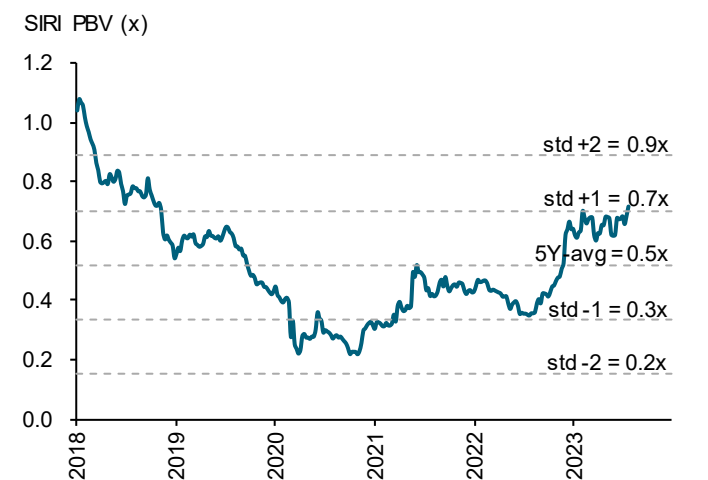
Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 12: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Historical P/BV band



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	40,940	38,577	38,415
Cost of goods sold	(19,607)	(22,591)	(27,971)	(26,181)	(25,920)
Gross profit	9,035	11,122	12,969	12,396	12,496
Other operating income	-	-	-	-	-
Operating costs	(6,375)	(7,165)	(7,709)	(7,597)	(7,517)
Operating EBITDA	3,477	4,807	6,117	5,665	5,855
Depreciation	(817)	(850)	(856)	(866)	(876)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	2,660	3,957	5,261	4,799	4,978
Net financing costs	(976)	(508)	(394)	(436)	(425)
Associates	75	473	268	388	228
Recurring non-operating income	991	1,505	1,272	1,292	1,132
Non-recurring items	0	240	1,015	0	0
Profit before tax	2,675	5,193	7,154	5,655	5,685
Tax	(737)	(1,087)	(1,350)	(1,053)	(1,091)
Profit after tax	1,939	4,107	5,804	4,602	4,593
Minority interests	79	173	180	100	100
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,017	4,280	5,984	4,702	4,693
Non-recurring items & goodwill (net)	0	(240)	(1,015)	0	0
Recurring net profit	2,017	4,040	4,969	4,702	4,693
Per share (THB)					
Recurring EPS *	0.14	0.27	0.29	0.27	0.27
Reported EPS	0.14	0.29	0.35	0.27	0.27
DPS	0.06	0.15	0.17	0.15	0.15
Diluted shares (used to calculate per share data)	14,883	14,923	17,138	17,138	17,138
Growth					
Revenue (%)	(15.3)	17.7	21.4	(5.8)	(0.4)
Operating EBITDA (%)	43.0	38.2	27.3	(7.4)	3.3
Operating EBIT (%)	65.7	48.7	33.0	(8.8)	3.7
Recurring EPS (%)	28.4	99.7	7.1	(5.4)	(0.2)
Reported EPS (%)	20.4	111.6	21.7	(21.4)	(0.2)
Operating performance					
Gross margin inc. depreciation (%)	31.5	33.0	31.7	32.1	32.5
Gross margin exc. depreciation (%)	34.4	35.5	33.8	34.4	34.8
Operating EBITDA margin (%)	12.1	14.3	14.9	14.7	15.2
Operating EBIT margin (%)	9.3	11.7	12.9	12.4	13.0
Net margin (%)	7.0	12.0	12.1	12.2	12.2
Effective tax rate (%)	27.5	20.9	18.9	18.6	19.2
Dividend payout on recurring profit (%)	44.3	55.4	60.2	53.0	53.0
Interest cover (X)	3.7	10.8	16.6	14.0	14.4
Inventory days	1,080.3	1,183.6	1,218.1	1,378.8	1,395.6
Debtor days	19.4	12.8	13.0	17.8	17.3
Creditor days	32.0	19.5	19.0	22.2	21.8
Operating ROIC (%)	3.3	4.0	4.2	3.6	3.8
ROIC (%)	2.8	3.9	4.3	3.7	3.7
ROE (%)	5.3	9.9	11.1	9.8	9.7
ROA (%)	2.4	3.5	3.8	3.4	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Project sales	26,170	30,716	37,276	34,939	34,666
Business management	1,687	1,679	1,930	1,834	1,871
Hotel management	315	548	603	633	665
Others	470	769	1,131	1,171	1,214

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	4,969	4,702	4,693
Depreciation	817	850	856	866	876
Associates & minorities	-	-	-	-	-
Other non-cash items	(79)	(173)	(180)	(100)	(100)
Change in working capital	(1,549)	(28,335)	(10,559)	(876)	1,179
Cash flow from operations	1,207	(23,618)	(4,914)	4,592	6,648
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)	(2,373)	(2,245)	(6,699)
Equity finance	663	562	1,848	0	0
Debt finance	5,766	5,378	10,404	1,492	(226)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	5,519	4,411	9,879	(753)	(6,925)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(826)	479	1,358	776	(1,253)
Free cash flow to firm (FCFF)	(5,178.84)	(3,195.32)	(7,887.42)	2,215.53	6,357.49
Free cash flow to equity (FCFE)	(577.76)	1,445.18	1,882.80	3,021.14	5,446.02

Per share (THB)

FCFF per share	(0.34)	(0.21)	(0.51)	0.14	0.41
FCFE per share	(0.04)	0.09	0.12	0.20	0.35
Recurring cash flow per share	0.19	0.32	0.33	0.32	0.32

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	4,018	4,794	3,540
A/C receivable	1,385	983	1,945	1,827	1,816
Inventories	55,143	85,859	95,119	96,143	95,369
Other current assets	7,330	7,753	8,731	8,201	8,155
Current assets	66,039	97,254	109,813	110,965	108,881
Other assets	2,533	2,672	2,977	2,833	2,817
Total assets	116,632	127,435	143,065	146,270	144,271
Common equity	39,225	42,433	46,877	49,334	47,328
Minorities etc.	1,741	1,608	1,608	1,608	1,608
Total shareholders' equity	40,967	44,041	48,485	50,941	48,935
Long term debt	36,699	39,922	55,592	57,652	50,763
Other long-term liabilities	1,321	1,173	1,786	1,678	1,668
Long-term liabilities	38,020	41,095	57,378	59,329	52,431
A/C payable	1,084	1,235	1,588	1,498	1,488
Short term debt	30,352	32,507	27,241	26,673	33,336
Other current liabilities	6,209	8,574	8,374	7,829	8,081
Current liabilities	37,645	42,316	37,203	35,999	42,905
Total liabilities and shareholders' equity	116,632	127,451	143,065	146,270	144,271
Net working capital	56,565	84,785	95,833	96,844	95,772
Invested capital	107,158	114,966	129,086	132,150	131,161

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

Per share (THB)

Book value per share	2.64	2.84	2.74	2.88	2.76
Tangible book value per share	2.64	2.84	2.74	2.88	2.76

Financial strength

Net debt/equity (%)	158.3	158.4	162.6	156.1	164.6
Net debt/total assets (%)	55.6	54.7	55.1	54.4	55.8
Current ratio (x)	1.8	2.3	3.0	3.1	2.5
CF interest cover (x)	0.4	3.8	5.8	7.9	13.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	14.8	7.4	6.9	7.3	7.3
Recurring P/E @ target price (x) *	17.0	8.5	7.9	8.4	8.4
Reported P/E (x)	14.8	7.0	5.7	7.3	7.3
Dividend yield (%)	3.0	7.5	8.7	7.3	7.3
Price/book (x)	0.8	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.7	0.7	0.7	0.7
EV/EBITDA (x) **	27.7	21.1	18.8	20.4	19.9
EV/EBITDA @ target price (x) **	29.0	22.0	19.6	21.3	20.8
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).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. KS does not confirm nor certify the accuracy of such survey result.

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

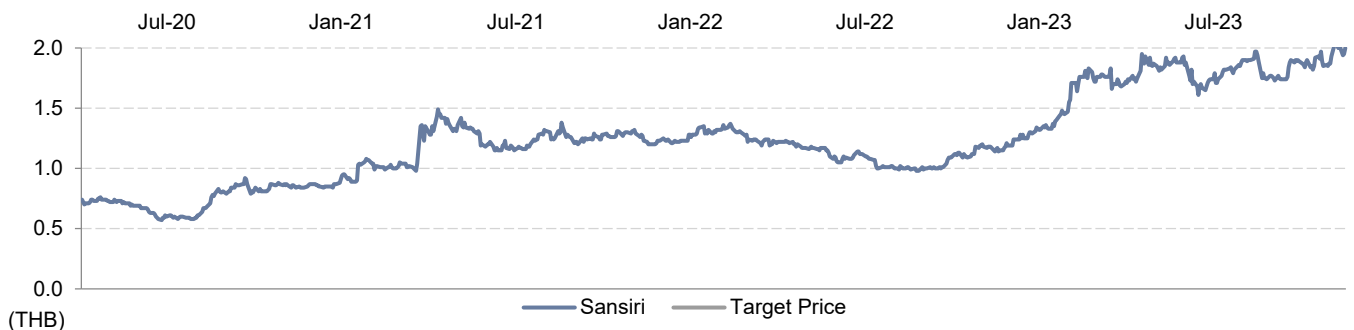
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History of change in investment rating and/or target price

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 2.00	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

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 26-Jul-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.