

SANSIRI SIRI TB  
THAILAND / PROPERTY DEVELOPMENTBUY  
UNCHANGED

## คาดการณ์ 2Q23 โตเด่น

- กำไรสุทธิ 2Q23 คาดโตก้าวกระโดดเป็น 1.63 พันลพ. (+3% q-q, +78% y-y) บั๊จจย หนุนจากการเติบโตของยอดโอนทั้งของ SIRI และ JV
- เราปรับเพิ่มประมาณการกำไรปี 2023 สะท้อนยอดโอนที่ดีกว่าคาด
- คงแนะนำซื้อ ปรับราคาเป้าหมายเพิ่มเป็น 2.3 บาท โดยกำไร 2Q23 คาดว่าโตเด่น และคาดให้ผลตอบแทนปันผลสูง 5.1% ใน 1H23

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

## ยอดโอน 2Q23 โตจากทั้งโครงการแนวราบและคอนโด

เรามีมุมมองบวกต่อการเติบโตของยอดโอนของ SIRI ทั้งแนวราบและคอนโดใน 2Q23 ผลักดันจากการทยอยรับรู้ Backlog และผลตอบรับที่ดีจากเปิดโครงการใหม่ ยอดโอน 2Q23 คาดกระโดดเพิ่ม 19% q-q และ 21% y-y เป็น 8 พันลพ. แบ่งเป็นโครงการแนวราบ 64% และคอนโด 36% โดยเราคาดว่ายอดโอนแนวราบจะแตะ 5.1 พันลพ. (+28% q-q, +3% y-y) หลักๆ มาจากโครงการในทำเลกรุงเทพมหานครกับโครงการใหม่ อาทิ Setthasiri Don Mueang และ Narasiri Phahol-Watcharapol ขณะที่ยอดโอนคอนโดคาดว่าจะเพิ่มเป็น 2.9 พันลพ. (+5% q-q, +76% y-y) จาก 2 โครงการคอนโดขนาดเล็กที่สร้างเสร็จใหม่และการโอนต่อเนื่องของโครงการ XT Phayathai.

## โครงการเปิดใหม่และการรับรู้ Backlog ที่สูงจะช่วยผลักดันกำไร 2Q23

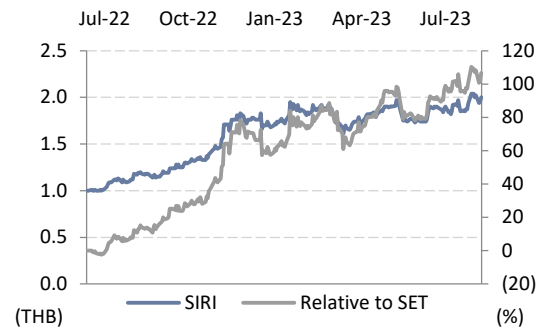
เราคาดการณ์กำไรสุทธิ 2Q23 แข็งแกร่งที่ 1.63 พันลพ. (+3% q-q, +78% y-y) หากหักกำไรจากการขายที่ดินให้แก่โครงการของ JV มูลค่า 392 ลพ. กำไรปกติคาดอยู่ที่ 1.24 พันลพ. (+29% q-q, +45% y-y) นอกจากยอดโอนที่เติบโต กำไร 2Q23 ยังได้บั๊จจยหนุนจากส่วนแบ่งกำไรจาก JV ที่เพิ่มขึ้นเป็น 170 ลพ. (+133% q-q, +228% y-y) หลักๆ จากโครงการ Burasiri Krungtheptha ขณะที่การปรับปรุงวิธีการบันทึกบัญชีในงบการเงินของ SIRI ทำให้ค่าใช้จ่ายการพัฒนาโครงการ อาทิ ต้นทุนบุคลากร จากเดิมบันทึกอยู่ในรายการค่าใช้จ่ายการขายและบริหาร จะถูกย้ายเป็นต้นทุนของโครงการ ทำให้อัตรากำไรขั้นต้นของธุรกิจอสังหาริมทรัพย์คาดปรับลงเป็น 33% จาก 35.8% ใน 1Q23 อย่างไรก็ตาม สัดส่วนค่าใช้จ่ายการขายและบริหารต่อรายได้คาดว่าจะลดลงเป็น 17% ใน 2Q23 (เทียบกับ 18% ใน 1Q23 และ 20.6% ใน 2Q22)

## ปรับเพิ่มประมาณการกำไรปี 2023 สะท้อนยอดโอนที่ดีกว่าคาด

เราปรับเพิ่มประมาณการกำไรปกติปี 2023 ขึ้นจากเดิม 10% เป็น 4.97 พันลพ. (+23% y-y) สะท้อนยอดโอนที่สูงกว่าคาด เมื่อรวมกำไรพิเศษที่คาดว่าจะเกิดขึ้นในช่วง 1H23 มูลค่ารวม 1 พันลพ. ส่งผลให้ปรับเพิ่มประมาณการกำไรสุทธิปี 2023 ขึ้น 33% เป็น 5.98 พันลพ. (+40% y-y) ทำสถิติสูงสุดใหม่ หากผลประกอบการ 2Q23 ออกมาตามคาด กำไรปกติใน 1H23 จะอยู่ที่ 2.2 พันลพ. (+111% y-y) คิดเป็น 44% ของประมาณการทั้งปีของเรา แนวโน้ม 2H23 จะดีขึ้นจากเปิดตัวโครงการใหม่จำนวนมากรวม 56 พันลพ. (+2.1x h-h) และ Backlog ที่รอรับรู้ในช่วงที่เหลือของปีราว 10 พันลพ. ซึ่งรองรับ 64% ของประมาณการยอดโอนปีนี้ของเรา

## คงแนะนำซื้อ ปรับราคาเป้าหมายใหม่เป็น 2.3 บาท

เราปรับเพิ่มราคาเป้าหมายปี 2023 เป็น 2.3 บาท จากเดิม 2.2 บาท ถึง P/E 2023E ที่ 7.9x (รวมผลจากการแปลง PP Warrant และ ESOP #8) Catalyst ระยะสั้นจากกำไร 2Q23 โต q-q, y-y ซึ่งดีกว่ากลุ่มที่อาจทรงตัว q-q และลดลง y-y รวมถึงจ่ายปันผล 0.10 บาท/หุ้นในช่วง 1H23 คิดเป็นผลตอบแทนเงินปันผลสูง 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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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 27 กรกฎาคม 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

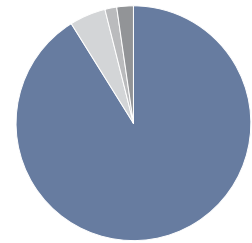
SIRI aims to be Thailand’s leading property developer with over 38 years of experience. Its core operation is divided into three businesses, namely property development, property services, and investment.

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](http://www.sansiri.com)

### Principal activities (revenue, 2022)

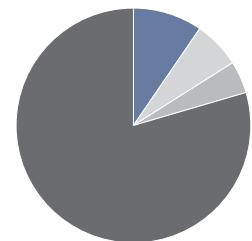
- Project sales - 91.1 %
- Business management - 5.0 %
- Hotel management - 1.6 %
- Others - 2.3 %



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
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

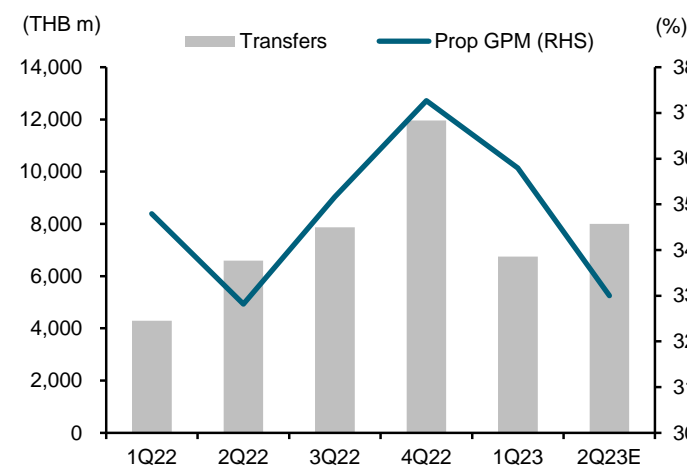


Exhibit 1: 2Q23 results preview

	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
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
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
<b>Revenue breakdown</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>
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
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
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)

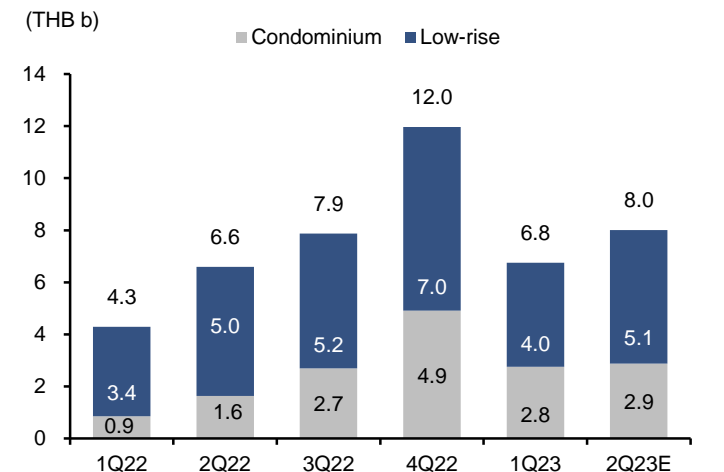
Sources: SIRI; FSSIA estimates

Exhibit 2: Quarterly transfers and property GPM



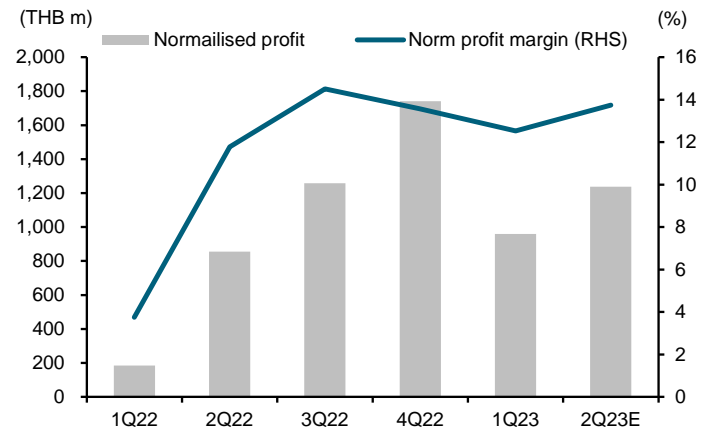
Sources: SIRI; FSSIA estimates

Exhibit 3: Quarterly transfers breakdown



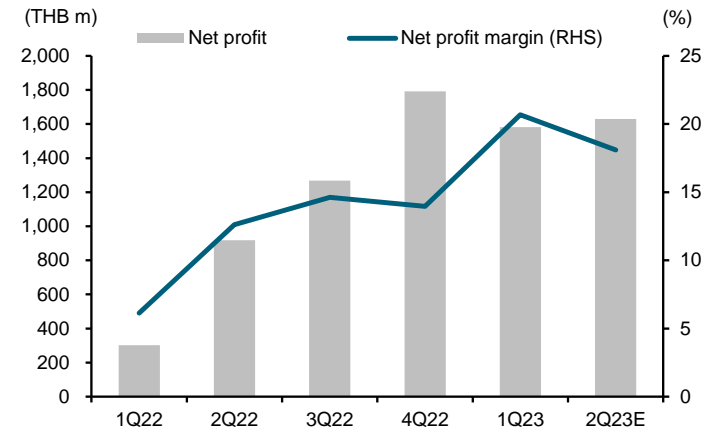
Sources: SIRI; FSSIA estimates

**Exhibit 4: Quarterly normalised profit and norm profit margin**



Sources: SIRI; FSSIA estimates

**Exhibit 5: Quarterly net profit and net profit margin**



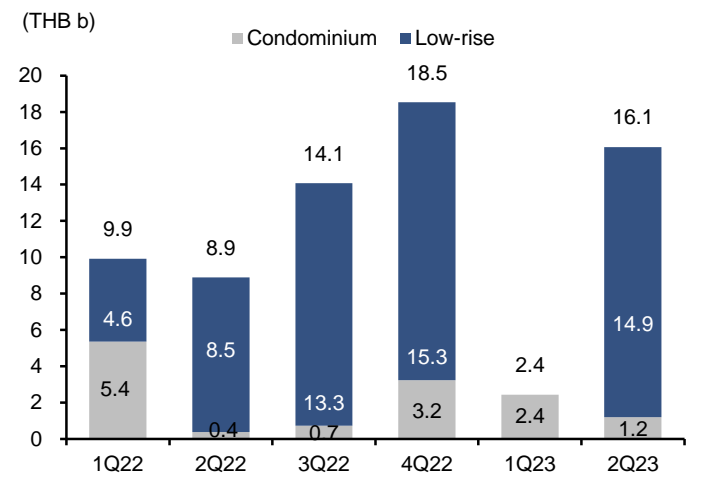
Sources: SIRI; FSSIA estimates

**Exhibit 6: Condo values to be transferred in 2Q23**



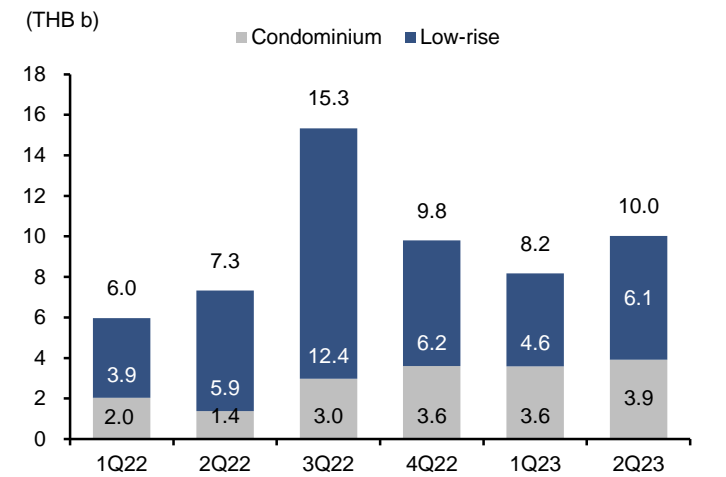
Source: SIRI

**Exhibit 7: Quarterly new launches**



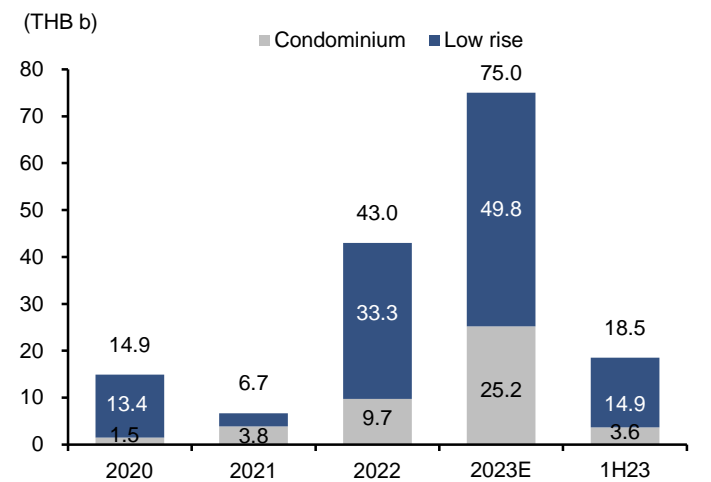
Sources: SIRI; FSSIA's compilation

**Exhibit 8: Quarterly presales**



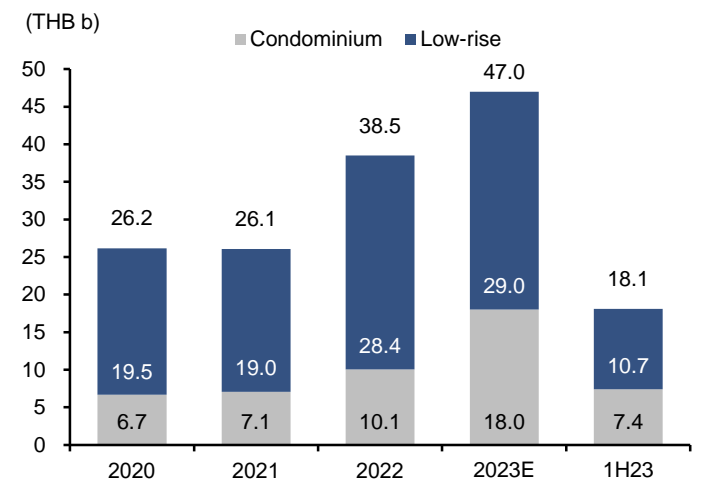
Sources: SIRI; FSSIA's compilation

Exhibit 9: Yearly new launches



Sources: SIRI; FSSIA's compilation

Exhibit 10: Yearly presales



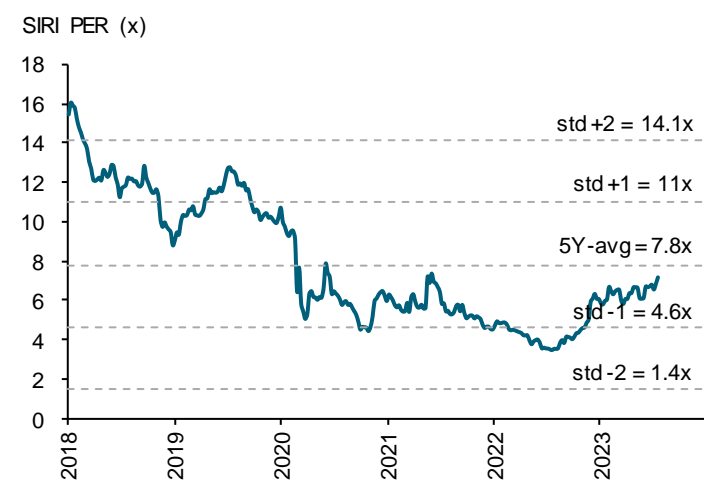
Sources: SIRI; FSSIA's compilation

Exhibit 11: Key assumptions for SIRI

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
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)

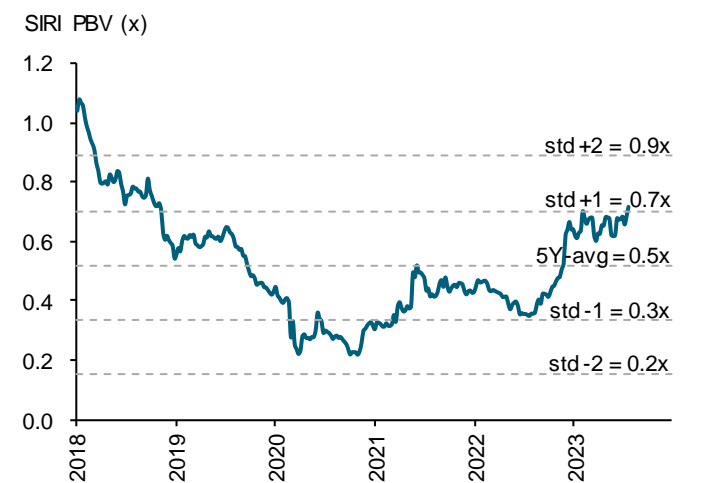
Note: Change of items in percentage terms are represented in ppt change  
Source: FSSIA estimates

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)
<b>Gross profit</b>	<b>9,035</b>	<b>11,122</b>	<b>12,969</b>	<b>12,396</b>	<b>12,496</b>
Other operating income	-	-	-	-	-
Operating costs	(6,375)	(7,165)	(7,709)	(7,597)	(7,517)
<b>Operating EBITDA</b>	<b>3,477</b>	<b>4,807</b>	<b>6,117</b>	<b>5,665</b>	<b>5,855</b>
Depreciation	(817)	(850)	(856)	(866)	(876)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>2,660</b>	<b>3,957</b>	<b>5,261</b>	<b>4,799</b>	<b>4,978</b>
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
<b>Profit before tax</b>	<b>2,675</b>	<b>5,193</b>	<b>7,154</b>	<b>5,655</b>	<b>5,685</b>
Tax	(737)	(1,087)	(1,350)	(1,053)	(1,091)
<b>Profit after tax</b>	<b>1,939</b>	<b>4,107</b>	<b>5,804</b>	<b>4,602</b>	<b>4,593</b>
Minority interests	79	173	180	100	100
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,017</b>	<b>4,280</b>	<b>5,984</b>	<b>4,702</b>	<b>4,693</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(240)</b>	<b>(1,015)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,017</b>	<b>4,040</b>	<b>4,969</b>	<b>4,702</b>	<b>4,693</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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)
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
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
<b>Cash flow from operations</b>	<b>1,207</b>	<b>(23,618)</b>	<b>(4,914)</b>	<b>4,592</b>	<b>6,648</b>
Capex - maintenance	(7,551)	-	(3,607)	(3,063)	(976)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	19,685	-	-	-
<b>Cash flow from investing</b>	<b>(7,551)</b>	<b>19,685</b>	<b>(3,607)</b>	<b>(3,063)</b>	<b>(976)</b>
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	-	-	-	-	-
<b>Cash flow from financing</b>	<b>5,519</b>	<b>4,411</b>	<b>9,879</b>	<b>(753)</b>	<b>(6,925)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(826)</b>	<b>479</b>	<b>1,358</b>	<b>776</b>	<b>(1,253)</b>
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)
<b>Tangible fixed assets (net)</b>	<b>9,160</b>	<b>8,899</b>	<b>9,510</b>	<b>9,607</b>	<b>9,656</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Current assets</b>	<b>66,039</b>	<b>97,254</b>	<b>109,813</b>	<b>110,965</b>	<b>108,881</b>
Other assets	2,533	2,672	2,977	2,833	2,817
<b>Total assets</b>	<b>116,632</b>	<b>127,435</b>	<b>143,065</b>	<b>146,270</b>	<b>144,271</b>
Common equity	39,225	42,433	46,877	49,334	47,328
Minorities etc.	1,741	1,608	1,608	1,608	1,608
<b>Total shareholders' equity</b>	<b>40,967</b>	<b>44,041</b>	<b>48,485</b>	<b>50,941</b>	<b>48,935</b>
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
<b>Long-term liabilities</b>	<b>38,020</b>	<b>41,095</b>	<b>57,378</b>	<b>59,329</b>	<b>52,431</b>
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
<b>Current liabilities</b>	<b>37,645</b>	<b>42,316</b>	<b>37,203</b>	<b>35,999</b>	<b>42,905</b>
<b>Total liabilities and shareholders' equity</b>	<b>116,632</b>	<b>127,451</b>	<b>143,065</b>	<b>146,270</b>	<b>144,271</b>
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
<b>Recurring P/E (x) *</b>	<b>14.8</b>	<b>7.4</b>	<b>6.9</b>	<b>7.3</b>	<b>7.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>17.0</b>	<b>8.5</b>	<b>7.9</b>	<b>8.4</b>	<b>8.4</b>
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)<sup>1</sup>

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)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> 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 Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

<sup>5</sup> 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

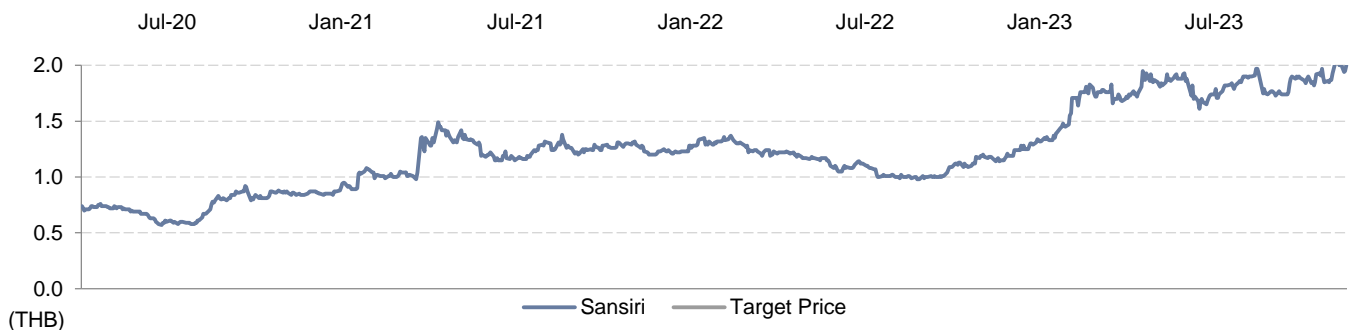
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### History of change in investment rating and/or target price

#### 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

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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.