Sansiri Public Co Ltd (SIRI TB) - SELL, Price Bt1.16, TP Bt0.88

Results Comment

Phannarai Tiyapittayarut | Email: phannarai.von@thanachartsec.co.th

Stronger-than-expected 2Q21 results

- SIRI posted a strong 2Q21 net profit of Bt662m, up 156% y-y and 72% q-q, beat our forecast on higher-than-expected property gross margin.
- Property sales revenues were Bt7.2bn, down 30% y-y on high sales base from inventory liquidation in 2Q20 but up 20% q-q.
- Property gross margin improved to 34.8%, an increase from 21.0% in 2Q20 and 29.8% in 1Q21.
- JVs and associates contributed equity loss of Bt35m. JVs shared Bt31m loss mainly loss from projects with U City while projects with Tokyu Corporation shared some profit.
- 1H21 net profit accounted for 65% of our full-year estimates. There is some earnings upside to our 2021F on gross margin which we assume 30% property gross margin this year.
- It omitted 1H21 dividend, same as in 1H20, to preserve cash flow for ongoing project development and interest service given high gearing and Bt4.97bn perpetual debentures.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Revenue	11,138	8,408	8,035	6,694	7,808
Gross profit	**2,229**	**2,400**	**2,452**	**1,897**	**2,575**
SG&A	1,696	1,435	2,025	1,258	1,567
Operating profit	533	966	428	639	1,008
EBITDA	**682**	**1,120**	**584**	**791**	**1,121**
Other income	168	174	419	170	247
Other expense	0	0	0	0	0
Interest expense	303	213	260	306	286
Profit before tax	**398**	**926**	**587**	**502**	**969**
Income tax	301	243	177	151	273
Equity & invest. income	159	49	81	7	(35)
Minority interests	63	33	60	25	19
Extraordinary items	(60)	0	37	0	(18)
Net profit	**258**	**765**	**588**	**384**	**662**
Normalized profit	**318**	**765**	**551**	**384**	**680**
EPS (Bt)	0.02	0.05	0.03	0.02	0.04
Normalized EPS (Bt)	0.02	0.05	0.03	0.02	0.04

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	17	(30)	51	28,627	30,001
Gross profit	**36**	**16**	**56**	**8,049**	**8,509**
SG&A	25	(8)	52	5,439	5,700
Operating profit	58	89	63	2,610	2,809
EBITDA	**42**	**64**	**61**	**3,138**	**3,331**
Other income	45	47	74	561	604
Other expense			na	0	0
Interest expense	(7)	(6)	51	1,164	1,194
Profit before tax	**93**	**143**	**73**	**2,007**	**2,219**
Income tax	81	(9)	70	602	666
Equity & invest. income	na	na	(24)	112	116
Minority interests	(23)	(69)	54	82	86
Extraordinary items		na	na	0	0
Net profit	**72**	**156**	**65**	**1,599**	**1,755**
Normalized profit	**77**	**114**	**67**	**1,599**	**1,755**
EPS (Bt)	91	127	69	0.09	0.10
Normalized EPS (Bt)	97	90	71	0.09	0.10

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Cash & ST investment	3,806	2,425	5,570	5,441	7,513
A/C receivable	1,966	2,031	1,667	1,429	1,598
Inventory	64,101	63,303	56,081	57,170	57,390
Other current assets	6,967	6,481	5,591	7,493	5,296
Investment	1,013	955	371	377	631
Fixed assets	20,911	20,846	31,156	29,297	29,507
Other assets	12,761	14,461	12,196	13,256	13,310
Total assets	**111,524**	**110,502**	**112,632**	**114,462**	**115,245**
S-T debt	11,721	13,537	18,848	22,360	22,299
A/C payable	2,846	2,356	2,214	2,393	2,632
Other current liabilities	8,600	12,057	9,651	10,732	11,424
L-T debt	46,361	40,062	38,911	35,333	34,937
Other liabilities	6,302	5,130	3,810	3,832	3,968
Minority interest	1,023	1,928	1,822	1,796	1,776
Shareholders' equity	**34,672**	**35,432**	**37,376**	**38,017**	**38,210**
Working capital	63,221	62,978	55,533	56,206	56,356
Total debt	58,081	53,599	57,759	57,693	57,235
Net debt	**54,275**	**51,174**	**52,189**	**52,251**	**49,723**

Financial Ratios					
(%)	**2Q20**	**3Q20**	**4Q20**	**1Q21**	**2Q21**
Sales growth	180.8	58.6	(8.0)	7.1	(29.9)
Operating profit growth	358.3	1,097.1	17.9	(298.9)	89.1
EBITDA growth	280.1	645.7	37.1	(497.9)	64.3
Norm profit growth	6.1	1,039.3	(22.6)	(688.7)	113.7
Norm EPS growth	5.2	962.7	(33.2)	(565.1)	89.7
Gross margin	20.0	28.5	30.5	28.3	33.0
Operating margin	4.8	11.5	5.3	9.5	12.9
EBITDA margin	6.1	13.3	7.3	11.8	14.4
Norm net margin	2.9	9.1	6.9	5.7	8.7
D/E (x)	1.7	1.5	1.5	1.5	1.5
Net D/E (x)	1.6	1.4	1.4	1.4	1.3
Interest coverage (x)	2.3	5.2	2.3	2.6	3.9
Interest rate	1.9	1.5	1.9	2.1	2.0
Effective tax rate	75.7	26.2	30.1	30.0	28.2
ROA	1.1	2.8	2.0	1.4	2.4
ROE	3.8	8.7	6.1	4.1	7.1

Sources: Company data, Thanachart estimates

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