Sansiri Public Co Ltd (SIRI TB) - SELL, Price Bt1.29, TP Bt0.88

Results Comment

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Softer 3Q21, but beats consensus

- SIRI posted 3Q21 net profit of Bt628m, down 18% y-y and 5% q-q on falling property sales. However, results beats consensus by 29% on strong property gross margin.
- Property sales were Bt6.4bn, down 16% y-y and 11% q-q.
- Property gross margin improved to 33.4%, an increase from 28.8% in 3Q20 and maintained a high level for two quarters after achieving 34.8% in 2Q21.
- JVs and associates contributed equity loss of Bt4m. JVs shared Bt2.55m loss mainly loss from projects with U City while projects with Tokyu Corporation shared some profit. Shared loss from associates was Bt1.1m, mainly Bt1.88m loss from its 14% investment in XSpring Capital Pcl.
- 9M21 profit already surpassed our 2021F while sales revenues were quite in line at 75% of our full-year forecast. There is earnings upside from a recovery in gross margin to 32.9% in 9M21 vs 22.8% in 9M20 and our 30% assumption for 2021F.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Revenue	8,408	8,035	6,694	7,808	7,016
Gross profit	**2,400**	**2,452**	**1,897**	**2,575**	**2,250**
SG&A	1,435	2,025	1,258	1,567	1,349
Operating profit	966	428	639	1,008	901
EBITDA	**1,120**	**584**	**791**	**1,160**	**1,044**
Other income	174	419	170	247	262
Other expense	0	0	0	0	0
Interest expense	213	260	306	286	284
Profit before tax	**926**	**587**	**502**	**969**	**879**
Income tax	243	177	151	273	245
Equity & invest. income	49	81	7	(35)	(4)
Minority interests	33	60	25	19	(2)
Extraordinary items	0	37	0	(18)	0
Net profit	**765**	**588**	**384**	**662**	**628**
Normalized profit	**765**	**551**	**384**	**680**	**628**
EPS (Bt)	0.05	0.03	0.02	0.04	0.04
Normalized EPS (Bt)	0.05	0.03	0.02	0.04	0.04

Income Statement			9M as		
(Bt m)	**q-q%**	**y-y%**	**% 2021F**	**2021F**	**2022F**
Revenue	(10)	(17)	75	28,627	30,001
Gross profit	**(13)**	**(6)**	**84**	**8,049**	**8,509**
SG&A	(14)	(6)	77	5,439	5,700
Operating profit	(11)	(7)	98	2,610	2,809
EBITDA	**(10)**	**(7)**	**95**	**3,138**	**3,331**
Other income	6	51	121	561	604
Other expense			na	0	0
Interest expense	(1)	33	75	1,164	1,194
Profit before tax	**(9)**	**(5)**	**117**	**2,007**	**2,219**
Income tax	(10)	1	111	602	666
Equity & invest. income	na	na	(28)	112	116
Minority interests	na	na	52	82	86
Extraordinary items			na	0	0
Net profit	**(5)**	**(18)**	**105**	**1,599**	**1,755**
Normalized profit	**(8)**	**(18)**	**106**	**1,599**	**1,755**
EPS (Bt)	(6)	(23)	112	0.09	0.10
Normalized EPS (Bt)	(9)	(23)	114	0.09	0.10

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Cash & ST investment	2,425	3,007	2,729	3,477	2,844
A/C receivable	2,031	1,667	1,429	1,598	1,447
Inventory	63,303	56,081	57,170	57,390	57,785
Other current assets	6,481	8,155	10,205	9,332	9,017
Investment	955	371	377	631	2,697
Fixed assets	20,846	31,156	29,297	29,507	28,852
Other assets	14,461	12,196	13,256	13,310	13,771
Total assets	**110,502**	**112,632**	**114,462**	**115,245**	**116,413**
S-T debt	13,537	18,848	22,360	22,299	26,728
A/C payable	2,356	2,214	2,393	2,632	2,476
Other current liabilities	12,057	9,651	10,732	11,424	7,716
L-T debt	40,062	38,911	35,333	34,937	34,570
Other liabilities	5,130	3,810	3,832	3,968	4,018
Minority interest	1,928	1,822	1,796	1,776	1,775
Shareholders' equity	**35,432**	**37,376**	**38,017**	**38,210**	**39,130**
Working capital	62,978	55,533	56,206	56,356	56,756
Total debt	53,599	57,759	57,693	57,235	61,298
Net debt	**51,174**	**54,753**	**54,963**	**53,759**	**58,454**

Financial Ratios					
(%)	**3Q20**	**4Q20**	**1Q21**	**2Q21**	**3Q21**
Sales growth	58.6	(8.0)	7.1	(29.9)	(16.6)
Operating profit growth	1,097.1	17.9	(298.9)	89.1	(6.7)
EBITDA growth	645.7	37.1	(497.9)	70.2	(6.8)
Norm profit growth	1,039.3	(22.6)	(688.7)	113.7	(17.8)
Norm EPS growth	962.7	(33.2)	(565.1)	89.7	(23.5)
Gross margin	28.5	30.5	28.3	33.0	32.1
Operating margin	11.5	5.3	9.5	12.9	12.8
EBITDA margin	13.3	7.3	11.8	14.9	14.9
Norm net margin	9.1	6.9	5.7	8.7	9.0
D/E (x)	1.5	1.5	1.5	1.5	1.6
Net D/E (x)	1.4	1.5	1.4	1.4	1.5
Interest coverage (x)	5.2	2.3	2.6	4.1	3.7
Interest rate	1.5	1.9	2.1	2.0	1.9
Effective tax rate	26.2	30.1	30.0	28.2	27.9
ROA	2.8	2.0	1.4	2.4	2.2
ROE	8.7	6.1	4.1	7.1	6.5

Sources: Company data, Thanachart estimates

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