

Thailand Result Snapshot

Pruksa Real Estate

Bloomberg: PS TB | Reuters: PS.BK

DBS Group Research . Equity

21 Feb 2012

Less contribution from condo in 2012

FULLY VALUED Bt14.80

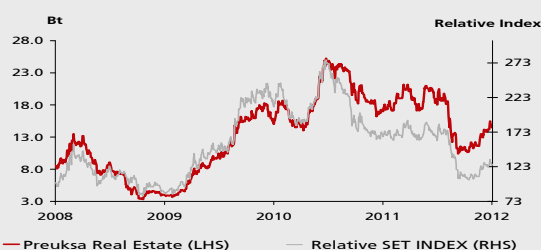
Price Target : Bt 13.10

Reporting Period	Performance	Mkt Cap	FY	EPS Pre-Ex (Bt)	EPS Gth Pre-Ex (%)	EPS Revision	PE (x)	PBV (x)	Net Dividend Yield (%)
2011	In line	Bt32,699m	2011A	1.3	(19)	-	11.5	1.9	2.6
		US\$1,062m	2012F	1.5	13	-	10.2	1.7	2.9
			2013F	1.8	21	-	8.4	1.5	3.6

Result Summary

FY Dec (Bt m)	2010	2011	Chg y-o-y
Sales Breakdown			
Townhouse	11,949	11,503	-4%
Detached House	7,723	7,139	-8%
Condo	3,608	4,487	24%
Overseas	0	100	n.m.
Land, others	27	34	26%
Total	23,307	23,129	-1%
P&L Items			
Sales	23,307	23,263	0%
Cost of sales	(14,561)	(14,724)	1%
Gross profit	8,746	8,538	-2%
SGA	(4,243)	(4,654)	10%
Operating profit	4,503	3,884	-14%
Other income	100	159	60%
EBIT	4,603	4,044	-12%
Interest expense	(67)	(137)	105%
EBT	4,536	3,906	-14%
Income tax	(1,048)	(1,071)	2%
Net income	3,488	2,835	-19%
No. of shares (m)	2,207	2,209	0%
EPS (Bt)	1.58	1.28	-19%
Gross margin	37.5%	36.7%	
Operating margin	19.3%	16.7%	
Net margin	15.0%	12.2%	
BS & CF Items			
Net Debts	11,481	18,276	
Equity	15,263	16,996	
Net Gearing	75%	108%	
BVps (Bt)	6.92	7.69	

Price Relative



Corporate Governance
CG Rating (2010)



At a Glance

- 4Q11 net profit plunged 67% y-o-y and 53% q-o-q to Bt355m, as the recent floods reduced presales and transfers
- Presales and transfers are improving, but cancellations remained high in January
- Maintain Fully Valued rating and Bt13.10 TP, pegged to 10x 2012 PE

Comment on Results

FY11 net profit fell 19% y-o-y to Bt2.8bn, despite flat revenue. This was due to (i) weaker gross margins due to higher construction material costs, (ii) a rise in SG&A expenses due to higher specific business tax & transfer fees and flood-related expenses, and (iii) higher tax rate.

Improving outlook for 2012, but back-end loaded. Jan 2012 gross presales were Bt1.8bn, but cancellations remained high at Bt856m and net presales were only Bt918m. Management is targeting 12% growth in realised revenue to Bt26bn this year against our less optimistic 7.5% forecast. Growth should be supported by (i) its large Bt33bn backlog at end 2011 (Bt19.5bn to be realised in 2012, Bt10.4bn in 2013, and Bt3.1bn in 2014), (ii) Bt61.9bn worth of inventories, and (iii) the planned launch of 49 projects (28 townhouse, 15 detached house, 4 condo, and 2 overseas). We see less condo contribution to both presales and transfer this year, which suggests PS will need to rely heavily on low-rise houses.

Net gearing rose to 108% at end-2011. It will remain elevated at 117% at end-2012, as PS will need to spend a lot on construction of several condo projects which had been presold and scheduled to be delivered in the next few years.

Recommendation

Maintain Fully Valued. PS' share price has exceeded our Bt13.1 target price, which is pegged to 9x PE and in line with its RNAV.

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10 to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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Corporate Governance Rating

Score Range	Number of Logo	Description	Disclaimer & Disclosure
>90		Excellent	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 a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. 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 date appearing in the Corporate Governance Report of Thai Listed Companies. As result, the survey result may be changed after that date. DBS Vickers Securities (Thailand) Co., Ltd. does not confirm nor certify the accuracy of such survey result.
80-89		Very Good	
70-79		Good	
60-69		Satisfactory	
50-59		Pass	
>50	N/A	N/A	