

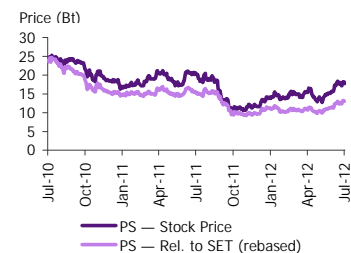
BUY

Stock Data

Last close (Aug 3) (Bt)	17.70
12-m target price (Bt)	21.00
Upside (Downside) to TP (%)	18.64
Mkt cap (Btbn)	39.11
Mkt cap (US\$m)	1,243

Bloomberg code	PS TB
Reuters code	PS.BK
Risk rating	M
Mkt cap (%) SET	0.39
Sector % SET	6.12
Shares issued (mn)	2,209
Par value (Bt)	1
12-m high / low (Bt)	20.9 / 10.3
Avg. daily 6m (US\$m)	3.20
Foreign limit / actual (%)	40 / 11
Free float (%)	25.9
Dividend policy (%)	≥ 30

Price performance



Source: SET, SCBS Investment Research

Share performance

	1M	3M	12M
Absolute	10.6	8.6	-11.5
Relative to SET	10.3	11.3	-16.9

Source: SET, SCBS Investment Research

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HongKong NDR: Recovery confirmed, upside seen

- Management confirms operational recovery - with any risk to the upside.
- Based on current backlog, it can book Bt28bn in revenue, exceeding its target but in line with our forecast; further upside is sale of finished stock.
- Focus on low-rise housing and turnover rather than condo and presales has halted the rise of completed stock in inventory, easing concerns
- Expect more successful launches at Pattanakarn

Recovery reaffirmed. We hosted an NDR for PS in Hong Kong last week, where management confirmed that operations have recovered faster than earlier expected. Backing this is the June transfers of Bt950mn for its flood-affected TH, exceeding the Bt900mn transfers for TH not affected by floods. Both reached 18-month highs. This echoes PS's view that buyers prefer to buy close to familiar areas and to live near the workplace and has eased our concern of demographic change after the floods. PS looks for sequential presales and revenue growth QoQ to peak in 4Q12 and is confident it will achieve its presales target of Bt29bn and revenue recognition of Bt26bn.

Upside risk. I: PS is likely to achieve its full year revenue target of Bt26bn if the amount of transfers seen in July continues throughout the rest of the year. II: There is upside risk that revenue will reach Bt28bn or more, 8% above current target and 12% above consensus forecast, based on backlog of Bt16.5bn being transferred this year plus 1H12 revenue. Sale of completed stock will provide further upside risk as income from these can be booked immediately. We see our forecast of Bt28bn as achievable.

Focus on turnover – rise in inventory has stopped. PS's strategy is to focus on turnover, rather than presales, and low-rise houses rather than condo, meaning it will not launch condo after condo as others do. Since these take far longer to build, there is time risk of construction delay especially in the current climate of labor shortages and contractors overloaded with jobs. This focus has proved fruitful, with active stock declining ~8% to Bt56.7bn as of June while finished stock fell by 12% to Bt5.3bn. This confirms an end of the rise in unsold finished stock and a consequent strengthening in its balance sheet and cash flow.

More launches in Pattanakarn in 2H12. PS has been successful in its entry into the mid to high end SDH segment, as seen in the rapid sell-out of *The Plant Pattanakarn* phase 1 in just a few days. All signs point to a similar success for the remaining eight projects worth Bt11-14bn on the same piece of land as they are launched over time. This will keep it busy for the next 3-4 years. Over the remainder of this year PS plans to launch another 3-5 TH and SDH projects on that land.

Reiterate BUY. We like PS's turnaround and upside risk stories as a near term share price catalyst. The sale of inventory will help improve the balance sheet and cash flow, and ease our concerns. With attractive ETR of 22%, we maintain a BUY rating on the stock.

Forecasts and valuation

Year to 31 Dec	Unit	2010	2011	2012F	2013F	2014F
Revenue	(Btmn)	23,307	23,263	28,492	35,119	36,475
EBITDA	(Btmn)	4,850	4,383	5,363	6,474	6,719
Core profit	(Btmn)	3,488	2,834	3,947	4,988	5,178
Reported profit	(Btmn)	3,488	2,836	3,947	4,988	5,178
Core EPS	(Bt)	1.58	1.28	1.79	2.26	2.34
DPS	(Bt)	0.50	0.40	0.56	0.70	0.73
P/E, core	(x)	11.2	13.8	9.9	7.8	7.6
EPS growth, core	(%)	(4.1)	(18.8)	39.2	26.4	3.8
P/BV, core	(x)	2.6	2.3	1.9	1.6	1.4
ROE	(%)	24.7	17.6	21.3	22.7	20.2
Dividend yield	(%)	2.8	2.3	3.1	4.0	4.1
EV/EBITDA	(x)	11.6	14.2	10.5	7.8	7.4

Source: SCBS Investment Research

Financial statement

Profit and Loss Statement (Btmn)

FY December 31	2010	2011	2012F	2013F	2014F
Total revenue	23,307	23,263	28,492	35,119	36,475
Cost of goods sold	14,561	14,724	18,324	22,872	23,624
Gross profit	8,746	8,539	10,168	12,246	12,851
SG&A	4,243	4,654	5,252	6,247	6,634
Other income	100	159	80	80	80
Interest expense	67	137	108	69	58
Pre-tax profit	4,536	3,906	4,888	6,011	6,239
Corporate tax	1,048	1,071	941	1,022	1,061
Equity a/c profits	0	0	0	0	0
Minority interests	0	-1	-1	-1	-1
Core profit	3,488	2,834	3,947	4,988	5,178
Extra-ordinary items	-0	1	0	0	0
Net Profit	3,488	2,836	3,947	4,988	5,178
EBITDA	4,850	4,383	5,363	6,474	6,719
Core EPS (Bt)	1.58	1.28	1.79	2.26	2.34
Net EPS (Bt)	1.58	1.28	1.79	2.26	2.34
DPS (Bt)	0.50	0.40	0.56	0.70	0.73

Profit and Loss Statement (Btmn)

FY December 31	1Q11	2Q11	3Q11	4Q11	1Q12
Total revenue	5,422	6,724	6,459	4,661	4,657
Cost of goods sold	3,289	4,189	4,222	3,027	3,005
Gross profit	2,133	2,535	2,237	1,633	1,652
SG&A	1,203	1,245	1,218	988	837
Other income	28	55	35	42	20
Interest expense	13	32	35	57	61
Pre-tax profit	945	1,312	1,019	629	775
Corporate tax	214	325	258	275	142
Equity a/c profits	0	0	0	0	0
Minority interests	0	0	0	-1	0
Core profit	731	988	761	354	633
Extra-ordinary items	0	0	0	0	0
Net Profit	731	988	761	355	633
EBITDA	1,034	1,419	1,145	784	929
Core EPS (Bt)	0.33	0.45	0.34	0.16	0.29
Net EPS (Bt)	0.33	0.45	0.34	0.16	0.29

Balance Sheet (Btmn)

FY December 31	2010	2011	2012F	2013F	2014F
Total current assets	31,358	38,916	36,526	36,578	40,355
Total fixed assets	2,733	3,067	2,951	2,857	2,735
Total assets	34,091	41,983	39,477	39,435	43,090
Total loans	13,101	20,288	15,000	11,000	11,000
Total current liabilities	9,671	13,826	11,220	4,419	7,452
Total long-term liabilities	9,157	11,160	8,198	11,198	8,198
Total liabilities	18,828	24,986	19,418	15,617	16,500
Paid-up capital	2,207	2,209	2,209	2,209	2,209
Total equity	15,263	16,996	20,059	23,817	27,439
BVPS (Bt)	6.92	7.69	9.08	10.78	12.42

Balance Sheet (Btmn)

FY December 31	1Q11	2Q11	3Q11	4Q11	1Q12
Total current assets	35,474	37,899	38,879	38,916	38,720
Total fixed assets	3,228	3,351	3,191	3,066	3,033
Total assets	38,702	41,250	42,070	41,982	41,753
Total Loans	16,609	18,666	19,266	20,288	18,985
Total current liabilities	14,778	17,043	15,880	13,827	13,801
Total long-term liabilities	7,921	8,313	9,532	11,160	10,324
Total liabilities	22,699	25,356	25,412	24,986	24,125
Paid-up capital	2,207	2,208	2,209	2,209	2,209
Total equity	16,003	15,894	16,657	16,996	17,628
BVPS (Bt)	7.25	7.20	7.54	7.69	7.98

Cash Flow Statement (Btmn)

FY December 31	2010	2011	2012F	2013F	2014F
Core Profit	3,488	2,834	3,947	4,988	5,178
Depreciation and amortization	246	339	367	394	422
Operating cash flow	(9,915)	(4,151)	6,546	7,479	2,792
Investing cash flow	990	(1,708)	(252)	(300)	(300)
Financing cash flow	9,519	5,256	(6,172)	(5,230)	(1,555)
Net cash flow	593	(602)	123	1,948	937

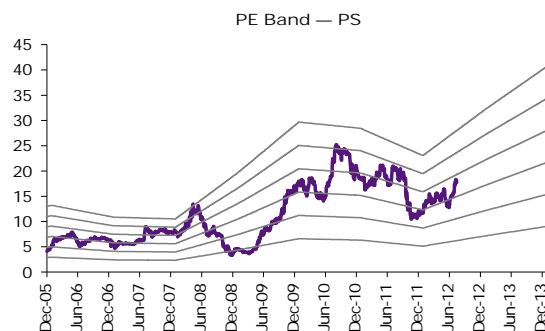
Main Assumptions

	2010	2011	2012F	2013F	2014F
Bol TH revenue (Btmn)	1,792	1,495	1,529	2,172	2,498
Non Bol TH and SDH revenue (Btmn)	17,879	17,148	22,814	23,393	27,410
Condo revenue (Btmn)	3,608	4,487	3,314	8,718	5,732
Oversea revenue (Btmn)	0	600	835	835	835
S&A/Revenue (%)	18.2	20.0	18.4	17.8	18.2
Effective tax rate (%)	23.1	27.4	19.2	17.0	17.0

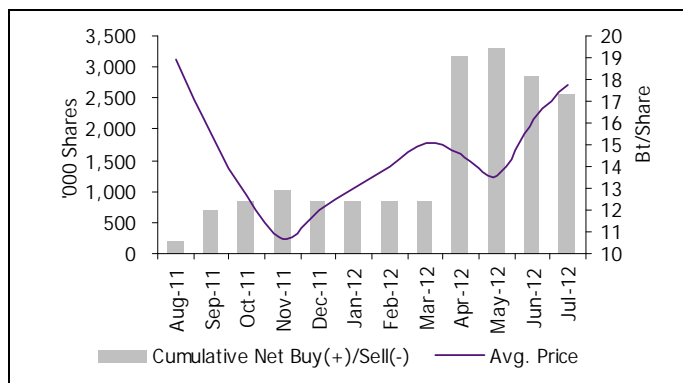
Key Financial Ratios

	2010	2011	2012F	2013F	2014F
Gross margin (%)	37.5	36.7	35.7	34.9	35.2
Operating margin (%)	19.3	16.7	17.3	17.1	17.0
EBITDA margin (%)	20.8	18.8	18.8	18.4	18.4
EBIT margin (%)	19.8	17.4	17.5	17.3	17.3
Net profit margin (%)	15.0	12.2	13.9	14.2	14.2
ROE (%)	24.7	17.6	21.3	22.7	20.2
ROA (%)	13.2	7.5	9.7	12.6	12.5
Net gearing (x)	0.8	1.1	0.6	0.3	0.2
Interest cover (x)	72.3	31.9	49.6	94.1	116.6
Debt service cover (x)	7.3	1.1	0.6	0.9	116.6
Payout Ratio (%)	31.6	31.2	31.2	31.2	31.2

PE Band Chart



12-Month Cumulative directors trade



12 Month cumulative chg in foreign ownership versus cumulative chg in SET index

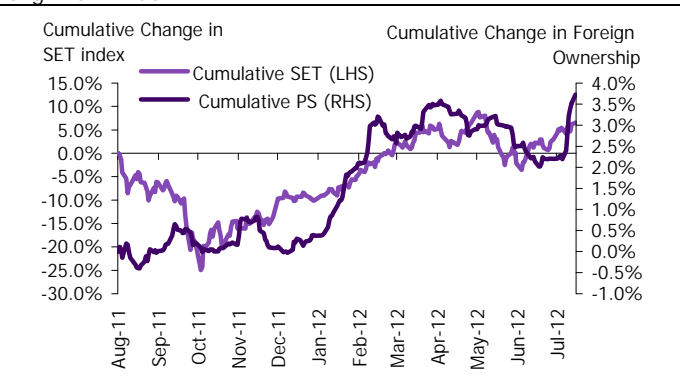
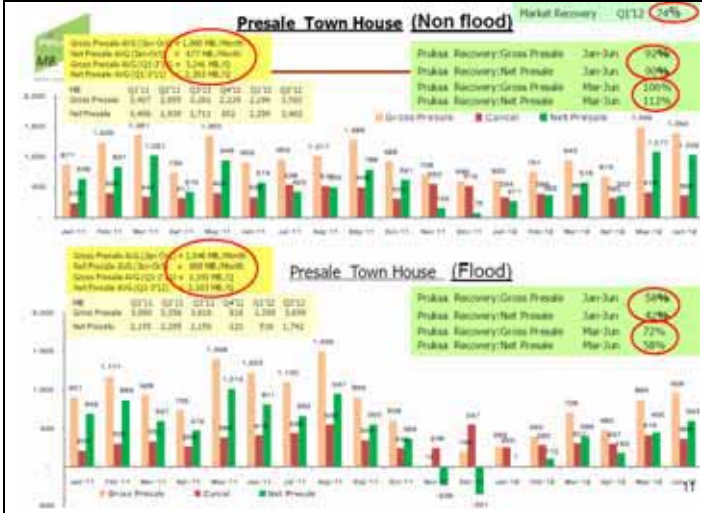


Figure 1: TH presales



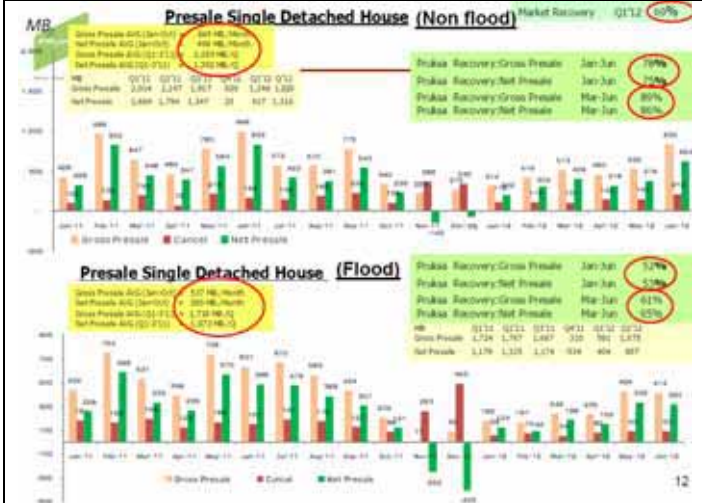
Source: PS

Figure 2: TH revenue recognition



Source: PS

Figure 3: SDH presales



Source: PS

Figure 4: SDH revenue recognition



Source: PS

Figure 5: Brand and locations



Source: PS

CG Rating 2011 Companies with CG Rating under SCB's Coverage
 ADVANC, AOT, BANPU, BAY, BBL, BCP, BMCL, CPF, CSL, EGO, ERV, HEMRAJ, IRPC, KBANK, KK, KTB, LPN, MCOI, PS, PSL, PTT, PTEP, QH, RATCH, ROBINS, SAT, SCB, SCC, TISCO, TMB, TOP
 AMATA, AP, ASP, BEC, BECL, BH, BIGC, BLA, BTS, CENTEL, CK, CPALL, DELTA, DRT, DTAC, GFT, GLOW, HANA, HMPRO, INTUCH, KCE, KEST, LH, IVL, MAJOR, MAKRO, MINT, OISHI, PHATRA, SCC, SMT, SPALI, SIRI, STANLY, STEC, SVI, TCAP, THAI, THCOM, TRUE, TTA, TTW
 AEONTS, AH, CCEC, DCC, ESSO, ITD, KH, KTC, RCL, ROJNA, TICON, TPIPL
 N/A
 AAV, BGH, BLS, CPNRF, LHANK, POPF, QHPF, SAMART, SAMTEL, SSI, TRUND, WHAPP
 PTTC is the merged entity of PTTC and PTTR

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