

Pruksa Real Estate

PS TB / PS.BK

FLASH NOTE

➤ **Market Cap**
US\$1,123m
THB35,351m


➤ **Avg Daily Turnover**
US\$2.61m
THB81.77m

➤ **Free Float**
22.5%
2,209 m shares

Current **THB16.00**
Target **THB19.81**
Previous Target **THB17.61**
Up/downside **23.8%**

SHORT TERM (3 MTH) **LONG TERM**
TRADING BUY **OUTPERFORM**
TRADING SELL NEUTRAL
UNDERPERFORM

CIMB Analyst



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Share price info

Share price perf. (%)	1M	3M	12M
Relative	12.3	7	-29.9
Absolute	19.4	6.7	-20.4

Major shareholders	% held
Mr. Thongma's family	70.2
Mrs. Rattana Promsawadi	3.7
Investment Funds	1.4

Recovery intact

PS's 1H12 presales making up 44% of its FY12 target, above its initial 35% estimate and catching up with peer average of 55%, indicate a faster than expected recovery. 2Q12 transfers are likely to beat market expectations. We see further rerating justified for PS.

Despite our unchanged above-consensus EPS estimates, PS's strong recovery and rising market confidence in the stock provide ample reason for a rerating. Our new target price, up by 12.5%, is based on 9x CY13 P/E (vs. 8x previously), on par with PS's five-year historical average of 9.2x. Reiterate Outperform.

What Happened ➤

PS reported presales of THB7bn in 2Q12 (+24% qoq) and THB12.7bn in 1H12 (forming 44% of FY12 target of THB29bn). SDH/TH was the key driver accounting for 70% of 1H12's number. Non-core condos also added more to presales and overseas presales have started to show signs of a recovery (Fig 1). PS has guided for 2Q12 sales revenue of THB6.8bn (+44% qoq) of which THB6.2bn will come from TH/SDH (implying a new high for quarterly SDH/TH sales and 1H12 sales of THB11.5bn or 44% of our FY12 estimate). Also, PS's top management continues to be buyers of PS's shares for the third consecutive quarter (Fig 5). Notably, the soft launch of PS's flagship The Plant SDH project last weekend in

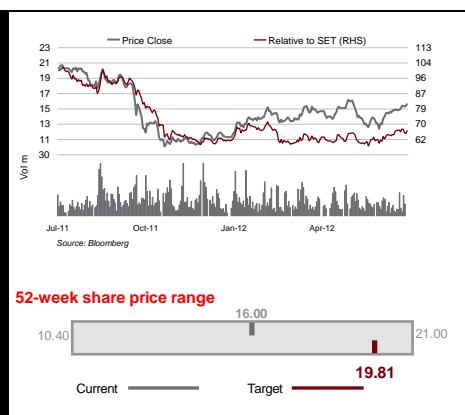
Pattanakarn was 100% presold for the first phase generating THB300m in presales (total project is THB1.16bn on 49 rai with a starting price of THB5.7m/unit) which is expected to be transferred in 4Q12.

What We Think ➤

We view the 1H12 numbers as highly positive for an on-track recovery. While PS was worst-hit by the floods given its larger exposure to flooded areas and lower-income customers, its 1H12 topline has been catching up with peers and is almost back to normal (Fig 2-3). PS has also remained number one for SDH/TH presales in 1H12 (Fig 4). We expect PS's 2Q12 net profit margin to rise closer to 15% (vs. 13.6% in 1Q12) on its new guidance of THB6.8bn in sales (higher than our estimate of THB5.5bn-6.0bn)

What You Should Do ➤

Strong BUY on bargain valuation at 7.5x CY13 P/E below its five-year historical average of 9.2x, and at a discount to peer average of 10x. A slew of upgrades on EPS and stock ratings, as well as top management's share buying are near-term catalysts.

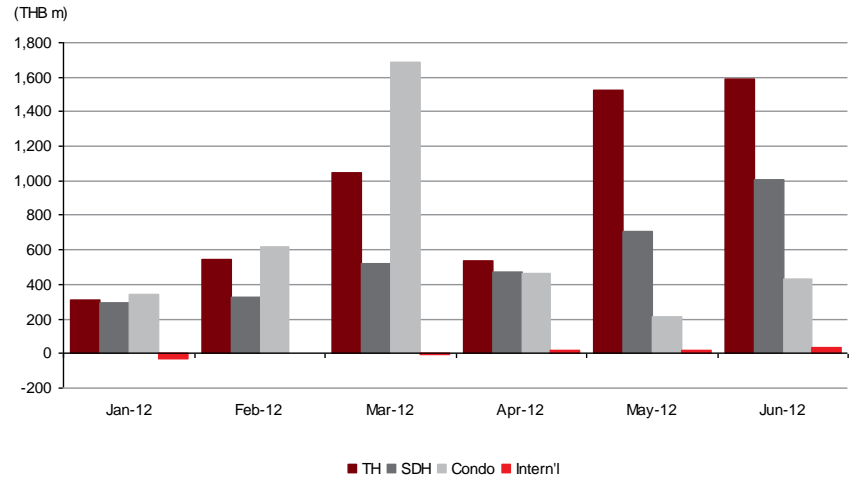


Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (THBm)	23,307	23,263	26,000	30,680	35,282
Operating EBITDA (THBm)	4,749	4,098	5,056	6,228	7,138
Net Profit (THBm)	3,488	2,835	3,846	4,890	5,643
Core EPS (THB)	1.58	1.28	1.73	2.20	2.54
Core EPS Growth	(4.0%)	(19.0%)	35.2%	27.1%	15.4%
FD Core P/E (x)	10.10	12.48	9.23	7.27	6.30
DPS (THB)	0.55	0.38	0.52	0.66	0.76
Dividend Yield	3.44%	2.40%	3.25%	4.13%	4.76%
EV/EBITDA (x)	9.47	12.91	10.74	8.37	7.25
P/FCFE (x)	NA	29.57	12.47	23.46	69.48
Net Gearing	63%	103%	94%	70%	58%
P/BV (x)	2.31	2.09	1.78	1.50	1.27
Recurring ROE	24.7%	17.6%	20.8%	22.4%	21.9%
% Change In Core EPS Estimates			0.000%	0.000%	0.000%
CIMB/consensus EPS (x)			1.14	1.15	1.12

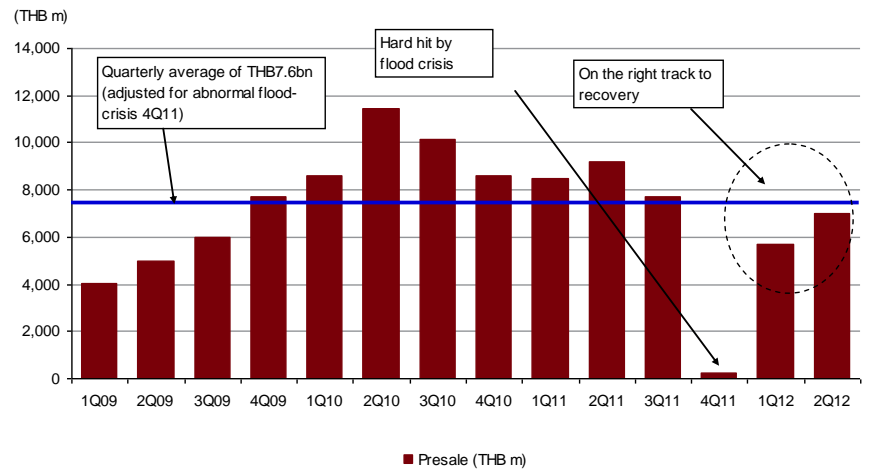
SOURCE: CIMB, COMPANY REPORTS

Figure 1: Recovery evident in monthly presales thanks to higher demand for TH/SDH. Condos are not a key focus but make a nice income sweetener



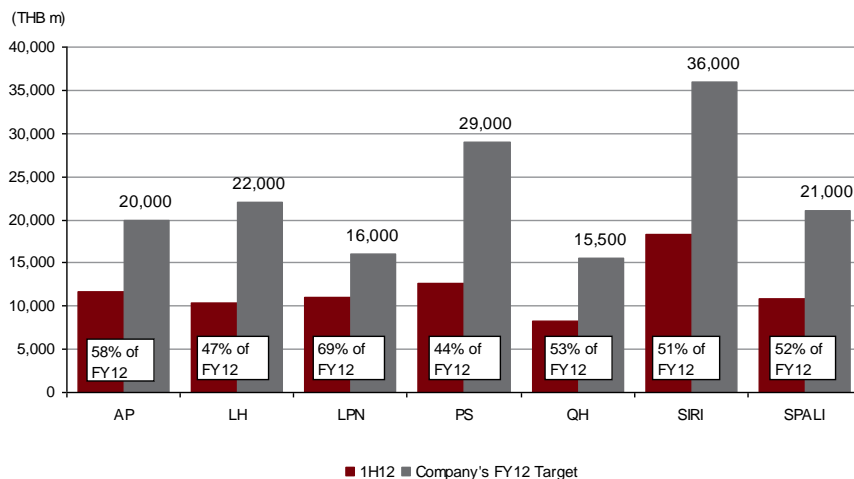
SOURCES: CIMB, COMPANY REPORTS

Figure 2: Quarterly presales: On the right track to recovery; getting back to historical norm over FY09-2Q12 (excluding an abnormal 4Q11 due to the flood crisis)



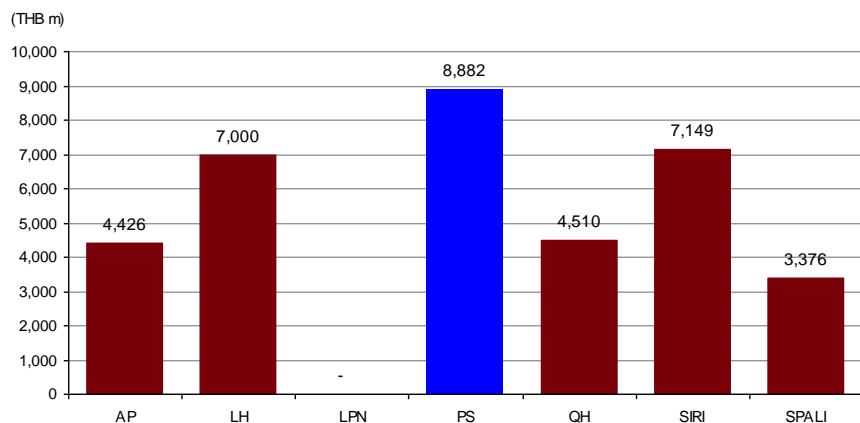
SOURCES: CIMB, COMPANY REPORTS

Figure 3: 1H12 presales catching up well with peers despite being worst hit by the 4Q11 floods (given larger exposure to flooded areas and lower-income customers)



SOURCES: CIMB, COMPANY REPORTS

Figure 4: PS remained number one for SDH/TH presales in 1H12



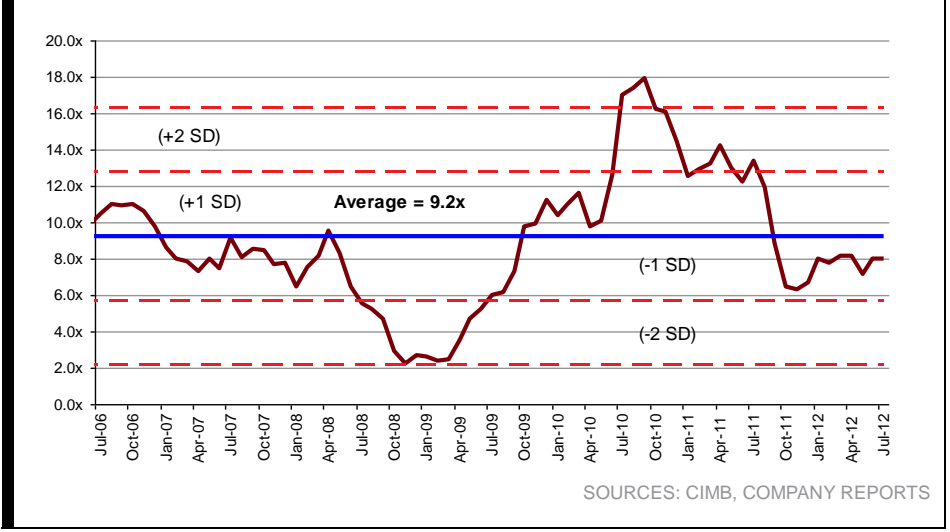
SOURCES: CIMB, COMPANY REPORTS

Figure 5: Top management continued to buy shares for the third consecutive quarter

Name of Management	Relationship to Management	Types of Securities	Filing Date	Transaction Date	Volume	Average Price (THB)	The methods of Acquisition/Disposition
PRASERT TAEDULLAYASATIT	CBO/Director/Board member	Common share	28/03/12	26/03/12	736,300	14.7	Buy
PRASERT TAEDULLAYASATIT	CBO/Director/Board member	Common share	28/03/12	23/03/12	178,700	14.7	Buy
PRASERT TAEDULLAYASATIT	CBO/Director/Board member	Common share	11/04/12	10/04/12	440,500	14.5	Buy
PRASERT TAEDULLAYASATIT	CBO/Director/Board member	Common share	11/04/12	05/04/12	59,500	14.8	Buy
PRASERT TAEDULLAYASATIT	CBO/Director/Board member	Common share	03/07/12	02/07/12	285,000	15.7	Buy
THONGMA VIJITPONGPUN	CEO/Board member	Common share	24/04/12	19/04/12	1,444,000	14.5	Buy
THONGMA VIJITPONGPUN	CEO/Board member	Common share	24/04/12	20/04/12	491,000	14.8	Buy

SOURCES: CIMB, COMPANY REPORTS

Figure 6: PS's forward P/E band: firm recovery; re-rating in the making



SOURCES: CIMB, COMPANY REPORTS

Figure 7: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Tgt Px (local curr)	Mkt Cap (US\$ m)	Core P/E (x)		2-yr EPS CAGR (%)	Gearing (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY2012	CY2013		CY2012	CY2012	CY2013	CY2012	CY2013	CY2012	CY2013
Bukit Sembawang Estate	BS SP	Outperform	4.78	5.72	979	5.7	5.4	27.9%	Net Cash	1.00	0.87	18.9%	17.4%	4.2%	3.6%
CapitaLand	CAPL SP	Outperform	2.90	3.61	9,750	35.3	21.5	26.1%	29.6%	0.82	0.80	2.3%	3.8%	1.4%	1.9%
CapitalMalls Asia	CMA SP	Underperform	1.62	1.42	4,982	28.2	26.3	21.1%	45.2%	0.97	0.96	3.5%	3.7%	1.9%	1.9%
City Developments	CIT SP	Underperform	11.26	9.05	8,099	21.9	16.6	-3.6%	34.9%	1.49	1.39	6.9%	8.7%	1.1%	1.5%
Fraser & Neave	FNN SP	Neutral	7.30	7.20	8,209	16.7	15.0	12.3%	19.7%	1.40	1.32	8.6%	9.1%	2.5%	2.5%
Global Logistic Properties	GLP SP	Outperform	2.17	2.40	7,890	24.8	21.9	23.6%	30.8%	0.99	0.97	4.1%	4.5%	1.8%	1.7%
Ho Bee Investments	HOBEE SP	Neutral	1.23	1.20	686	7.7	6.8	-2.0%	31.0%	0.52	0.49	6.8%	7.4%	3.3%	3.3%
Keppel Land	KPLD SP	Neutral	3.32	3.43	4,055	12.2	12.4	21.0%	8.4%	0.87	0.83	7.9%	6.9%	2.7%	2.7%
Overseas Union Enterpris	OUE SP	Outperform	2.23	2.98	1,605	20.0	16.4	19.8%	54.3%	0.71	0.69	3.5%	4.3%	2.5%	3.1%
Singapore Land	SL SP	Outperform	5.74	6.76	1,873	12.2	9.4	-7.3%	5.3%	0.53	0.51	4.3%	5.5%	3.5%	3.5%
United Engineers	UEM SP	Outperform	1.94	2.14	428	2.2	5.7	-28.9%	42.9%	0.42	0.40	20.9%	7.2%	5.2%	5.2%
UOL Group	UOL SP	Outperform	5.07	5.47	3,082	12.1	11.9	-22.0%	28.8%	0.73	0.70	6.2%	6.0%	1.8%	1.8%
Wheellock Properties (S)	WP SP	Neutral	1.78	1.78	1,680	19.7	14.1	-11.4%	Net Cash	0.72	0.71	3.6%	5.1%	3.4%	3.4%
Wing Tai Holdings	WINGT SP	Outperform	1.35	1.60	835	6.5	6.4	-3.0%	15.3%	0.51	0.48	7.9%	7.8%	3.9%	3.9%
Singapore average						18.3	15.3	7.0%	26.3%	0.93	0.90	5.2%	6.0%	2.9%	2.2%
Agile Property	3383 HK	Neutral	10.78	9.40	4,795	7.0	6.6	8.2%	70.9%	1.24	1.08	18.8%	17.6%	3.6%	3.8%
China Overseas Grand Oc	81 HK	Outperform	7.24	8.30	2,131	9.2	7.0	35.6%	35.0%	2.45	1.86	30.0%	30.1%	1.1%	1.4%
China Overseas Land	688 HK	Outperform	18.24	20.50	19,223	9.7	8.6	16.8%	33.2%	1.80	1.55	20.1%	19.4%	2.1%	2.3%
China Resources Land	1109 HK	Outperform	16.22	18.00	12,188	14.8	13.0	10.1%	74.2%	1.45	1.34	10.2%	10.7%	1.8%	2.1%
Evergrande Real Estate	3333 HK	Outperform	4.12	6.30	7,947	5.1	4.2	19.8%	55.1%	1.28	1.05	27.5%	27.3%	5.9%	7.1%
Guangzhou R&F	2777 HK	Neutral	10.70	8.90	4,446	5.9	5.5	7.4%	82.6%	1.11	0.99	20.0%	18.9%	6.8%	7.2%
KWV Property Holding	1813 HK	Neutral	5.02	5.00	1,873	5.5	4.9	14.3%	66.8%	0.79	0.71	15.3%	15.5%	5.9%	6.2%
Lonfor Properties	960 HK	Outperform	12.80	16.00	8,518	10.0	8.2	22.4%	47.9%	2.10	1.78	22.6%	23.4%	3.0%	3.6%
Poly Hong Kong	119 HK	Neutral	4.35	3.85	2,024	7.4	6.5	14.4%	99.1%	0.59	0.55	8.3%	8.7%	1.4%	1.5%
Shimao Property	813 HK	Outperform	12.18	13.50	5,454	7.2	6.4	10.7%	68.0%	1.04	0.94	15.3%	15.5%	4.5%	5.0%
Sino-Ocean Land	3377 HK	Neutral	4.17	3.20	3,104	8.2	7.7	5.3%	61.0%	0.52	0.49	6.5%	6.6%	3.0%	3.2%
SOHO China	410 HK	Neutral	6.21	5.70	4,155	6.6	5.2	99.4%	10.2%	1.08	0.95	17.4%	19.5%	5.3%	6.7%
Hong Kong average						8.4	7.3	18.3%	58.2%	1.31	1.16	16.6%	16.9%	3.2%	3.7%
Alam Sutera	ASRI IJ	Outperform	500.0	780.0	1,049	9.6	8.8	29.2%	Net Cash	2.60	2.14	31.4%	26.7%	2.6%	2.9%
Bumi Serpong Damai	BSDE IJ	Outperform	1,210	1,600	2,260	18.8	16.1	25.4%	Net Cash	2.70	2.37	15.3%	15.7%	0.7%	0.9%
Ciutra Development	CTRA IJ	Outperform	670.0	850.0	1,085	20.1	13.3	62.1%	Net Cash	1.85	1.66	9.6%	13.1%	1.0%	1.6%
Ciputra Property	CTRP IJ	Outperform	680.0	870.0	446	17.0	9.9	63.5%	Net Cash	1.11	1.01	6.7%	10.6%	1.1%	1.2%
Lippo Karawaci	LPKR IJ	Outperform	820.0	920.0	2,020	19.1	16.8	30.5%	9.7%	2.28	2.07	11.5%	12.9%	1.7%	2.1%
Metropolitan Land	MTLA IJ	Outperform	420.0	650.0	340	17.1	11.8	26.5%	Net Cash	2.15	1.86	13.5%	16.9%	1.3%	1.2%
Summarecon Agung	SMRA IJ	Neutral	1,670	1,800	1,225	24.4	22.2	14.8%	Net Cash	4.07	3.60	17.8%	17.2%	0.7%	0.9%
Indonesia average						17.4	14.3	33.2%	Net Cash	2.36	2.09	14.2%	15.5%	1.3%	1.5%
Eastern & Oriental	EAST MK	Trading Buy	1.40	1.77	504	12.4	10.0	53.2%	14.0%	1.16	1.07	10.0%	11.2%	2.6%	2.9%
KLCC Property Holdings	KLCC MK	Trading Buy	4.71	4.99	1,396	13.5	12.6	8.8%	15.6%	0.70	0.67	6.0%	5.4%	2.4%	2.4%
Mah Sing Group	MSGB MK	Trading Buy	2.03	2.51	537	7.3	5.9	28.2%	38.9%	1.37	1.18	20.2%	21.4%	4.4%	4.8%
SP Setia	SPSB MK	Trading Buy	3.70	4.30	2,254	17.0	14.2	20.1%	32.4%	1.85	1.74	11.4%	12.6%	3.3%	3.5%
UEM Land Holdings	ULHB MK	Trading Buy	2.08	2.56	2,855	24.1	17.9	21.5%	1.6%	1.74	1.60	7.5%	9.3%	0.4%	0.7%
UOA Development	UOAD MK	Trading Buy	1.60	1.84	607	6.4	5.7	21.7%	Net Cash	0.98	0.89	15.6%	16.2%	7.5%	8.1%
Malaysia average						14.4	12.0	22.7%	14.3%	1.29	1.20	9.6%	10.4%	2.5%	2.7%
Amata Corporation	AMATA TB	Outperform	16.90	25.44	573	14.8	9.3	43.5%	83.0%	2.67	2.28	18.9%	26.4%	2.4%	3.9%
Asian Property	AP TB	Neutral	7.35	6.48	664	10.4	7.9	28.7%	104.4%	1.75	1.51	17.8%	20.4%	3.8%	5.0%
Hemari	HEMRAJ TB	Outperform	3.02	2.72	931	15.8	14.4	93.8%	52.2%	3.03	2.79	19.9%	20.1%	3.4%	3.7%
Land And Houses	LH TB	Outperform	7.90	7.46	2,517	24.3	21.6	19.7%	52.6%	2.68	2.61	11.2%	12.2%	4.0%	4.4%
LPN Development	LPN TB	Neutral	17.30	15.70	811	11.5	9.4	16.6%	2.4%	3.07	2.57	29.0%	29.9%	4.4%	5.3%
Pruksa Real Estate	PS TB	Outperform	16.50	17.61	1,158	9.5	7.5	28.8%	93.9%	1.83	1.54	20.8%	22.4%	3.1%	4.0%
Quality Houses	QH TB	Underperform	1.73	1.19	505	27.9	15.9	53.2%	148.4%	1.15	1.07	4.2%	6.9%	3.2%	4.7%
Sansiri Public Co	SIRI TB	Outperform	2.18	2.75	500	7.0	5.1	22.0%	69.3%	1.39	1.17	20.2%	25.0%	7.2%	9.8%
Supalai PCL	SPALI TB	Neutral	17.60	15.44	960	9.3	8.6	16.3%	27.5%	2.25	1.92	26.1%	24.3%	4.3%	4.7%
Thailand average						13.1	10.4	30.8%	71.6%	2.15	1.91	17.2%	19.5%	4.0%	4.9%
Average (all)						11.5	9.8	16.5%	39.7%	1.19	1.10	10.8%	11.6%	2.7%	3.0%

SOURCES: CIMB, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

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Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand and Jakarta Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

Recommendation Framework #2 **

Stock

OUTPERFORM: Expected positive total returns of 10% or more over the next 12 months.

NEUTRAL: Expected total returns of between -10% and +10% over the next 12 months.

UNDERPERFORM: Expected negative total returns of 10% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 10% or more over the next 3 months.

TRADING SELL: Expected negative total returns of 10% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 3 months.

*** This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

ADVANC - Excellent, **AMATA** - Very Good, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BBL** - Excellent, **BCP** - Excellent, **BEC** - Very Good, **BECL** - Very Good, **BGH** - not available, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Very Good, **CCET** - Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **GLOBAL** - not available, **GLOW** - Very Good, **GRAMMY** - Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** - Very Good, **ITD** - Good, **IVL** - Very Good, **JAS** - Very Good, **KBANK** - Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - not available, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **SC** - Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** - Very Good, **SPALI** - Very Good, **STA** - Very Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Very Good, **THCOM** - Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TUF** - Very Good.