

Inferior growth with premium valuations



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Increase PO; Maintain Underperform

We increase our PO on PS to Bt17.3 (from Bt15.2) to reflect our earnings upgrade and the roll-over of valuations to year-end 2013 from mid-2013. We maintain our Underperform rating on PS given our view that the recent share price increase has reflected the recovery of its presales and revenue operations. We view PS as fairly valued given that it is trading at premium valuations over its peers, Meanwhile, we expect earnings growth to decelerate in 2013 onwards from the risk on presales and the plan to slow down its condominium business.

Earnings revision

We raised our 2012E-2013E by 20% and 6% respectively but cut our 2014E by 3%. The revision is mainly to take into account the faster-than-expected recovery of presales and revenue from low-rise projects. Note that our estimates are 7% above the consensus for 2012E but 4% below consensus for 2013E.

Decelerating growth anticipated

While PS should deliver decent growth of 34% this year, we expect the earnings growth to decelerate from 2013E onwards. This should be attributed to a) expected weaker presales (below the company's target) given that 7M12 presales accounts for only 52% of its target; b) the slowdown on condominium launches, which would affect revenue in 2015E onwards; and c) lower condominium margin in 2014E given that contractors' bidding prices are 20% higher than its plan.

Estimates (Dec)

(Bt)	2010A	2011A	2012E	2013E	2014E
Net Income (Adjusted - mn)	3,488	2,835	3,796	4,280	4,739
EPS	1.56	1.27	1.70	1.91	2.14
EPS Change (YoY)	-4.0%	-18.8%	33.8%	12.8%	12.1%
Dividend / Share	0.500	0.406	0.544	0.613	0.679
Free Cash Flow / Share	(5.13)	(2.63)	0.943	1.64	2.02

Valuation (Dec)

	2010A	2011A	2012E	2013E	2014E
P/E	11.34x	13.96x	10.43x	9.25x	8.25x
Dividend Yield	2.83%	2.29%	3.07%	3.46%	3.83%
EV / EBITDA*	11.81x	13.29x	10.74x	9.74x	8.92x
Free Cash Flow Yield*	-29.17%	-14.97%	5.37%	9.36%	11.51%

* For full definitions of *iQmethod*SM measures, see page 10.

Stock Data

Price	Bt17.70
Price Objective	Bt17.30
Date Established	15-Aug-2012
Investment Opinion	C-3-7
Volatility Risk	HIGH
52-Week Range	Bt10.30-Bt20.90
Mrkt Val / Shares Out (mn)	US\$1,234 / 2,191.4
Market Value (mn)	Bt38,788
Average Daily Volume	6,161,330
BofAML Ticker / Exchange	PKARF / SET
Bloomberg / Reuters	PS TB / PS.BK
ROE (2012E)	20.5%
Net Dbt to Eqty (Dec-2011A)	107.1%
Est. 5-Yr EPS / DPS Growth	12.2% / 11.9%
Free Float	26.0%

Key Changes

(Bt)	Previous	Current
Price Obj.	15.20	17.30
2012E EPS	1.42	1.70
2013E EPS	1.80	1.91
2014E EPS	2.25	2.14
2012E EBITDA (m)	4,451.5	5,226.1
2013E EBITDA (m)	5,425.2	5,762.4
2014E EBITDA (m)	6,520.2	6,290.4

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Refer to important disclosures on page 11 to 12. Analyst Certification on Page 8. Price Objective Basis/Risk on page 8. Link to Definitions on page 8. 11195127

15 August 2012

iQprofileSM Pruksa Real Est

Key Income Statement Data (Dec)	2010A	2011A	2012E	2013E	2014E
(Bt Millions)					
Sales	23,307	23,263	26,628	29,724	34,249
Gross Profit	8,746	8,538	9,255	10,381	11,655
Sell General & Admin Expense	(4,243)	(4,654)	(4,399)	(5,005)	(5,766)
Operating Profit	4,503	3,884	4,856	5,376	5,889
Net Interest & Other Income	33	22	(64)	(58)	(1)
Associates	NA	NA	NA	NA	NA
Pretax Income	4,536	3,906	4,792	5,318	5,888
Tax (expense) / Benefit	(1,048)	(1,071)	(996)	(1,037)	(1,148)
Net Income (Adjusted)	3,488	2,835	3,796	4,280	4,739
Average Fully Diluted Shares Outstanding	2,234	2,236	2,237	2,237	2,209

Key Cash Flow Statement Data

Net Income	3,488	2,835	3,796	4,280	4,739
Depreciation & Amortization	246	339	370	387	401
Change in Working Capital	(13,815)	(8,331)	(1,583)	(537)	(174)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	0	0	0	0	0
Cash Flow from Operations	(10,081)	(5,157)	2,583	4,130	4,966
Capital Expenditure	(1,234)	(648)	(500)	(500)	(500)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	22	(24)	(47)	(52)	(57)
Cash Flow from Investing	(1,212)	(672)	(547)	(552)	(557)
Shares Issue / (Repurchase)	0	37	0	0	0
Cost of Dividends Paid	(1,214)	(1,104)	(897)	(1,201)	(1,354)
Cash Flow from Financing	9,806	6,265	(3,866)	(3,578)	(4,409)
Free Cash Flow	(11,315)	(5,806)	2,083	3,630	4,466
Net Debt	11,481	18,276	17,138	14,761	11,706
Change in Net Debt	12,507	6,896	(1,139)	(2,377)	(3,055)

Key Balance Sheet Data

Property, Plant & Equipment	2,287	2,596	2,727	2,840	2,938
Other Non-Current Assets	446	470	517	569	627
Trade Receivables	0	0	0	0	0
Cash & Equivalents	1,630	2,031	200	200	200
Other Current Assets	29,728	36,886	39,069	40,119	41,114
Total Assets	34,091	41,982	42,512	43,728	44,880
Long-Term Debt	9,107	10,973	7,619	3,119	3,119
Other Non-Current Liabilities	50	186	186	186	186
Short-Term Debt	4,004	9,333	9,719	11,842	8,787
Other Current Liabilities	5,667	4,493	5,093	5,606	6,426
Total Liabilities	18,828	24,986	22,617	20,753	18,519
Total Equity	15,297	17,065	19,964	23,043	26,428
Total Equity & Liabilities	34,125	42,051	42,581	43,796	44,947

iQmethodSM - Bus Performance*

Return On Capital Employed	15.9%	8.6%	10.3%	11.5%	12.4%
Return On Equity	24.6%	17.5%	20.5%	19.9%	19.2%
Operating Margin	19.3%	16.7%	18.2%	18.1%	17.2%
EBITDA Margin	20.4%	18.2%	19.6%	19.4%	18.4%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	-2.9x	-1.8x	0.7x	1.0x	1.0x
Asset Replacement Ratio	5.0x	1.9x	1.4x	1.3x	1.2x
Tax Rate (Reported)	23.1%	27.4%	20.8%	19.5%	19.5%
Net Debt-to-Equity Ratio	75.1%	107.1%	85.8%	64.1%	44.3%
Interest Cover	NM	28.3x	21.7x	24.3x	31.0x

Key Metrics

* For full definitions of iQmethodSM measures, see page 10.

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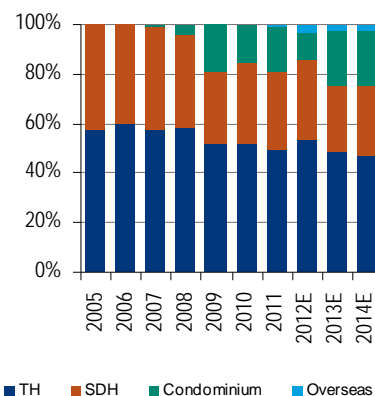
Company Description

Pruksa Real Estate (PS) is the market leader in the low-end segment with average housing price of Bt1-2mn/unit, the lowest among listed property developers. Some 80% of revenue is derived from projects with average housing price below Bt3mn/unit. PS is a mass-market developer, transferring over 10,000 housing units/year, the highest among property developers. This leads PS to be the dominant player in townhouses, commanding about 40% market share.

Investment Thesis

PS will continue to focus on low-rise products and the presales this year will rely more on the success of its new low-rise projects in more concentrated locations. While the operations has recovered from the flood, the recent rally of the share price has put high expectation on the stock. Its growth has decelerated which does not justify its historical premium valuations. We consider that its risk reward profile becomes less appealing compared with peers.

Figure 1: PS - Revenue breakdown



Source: Company; Phatra Securities estimates

Stock Data

Price to Book Value 1.9x

Investment conclusion

Increase PO; Maintain Underperform

We increase our PO on PS to Bt17.3 (from Bt15.2) to reflect our earnings upgrade and the roll-over of valuations to year-end 2013 from mid-2013.

Figure 2: PS price objective calculation

(Bt)	2013E
Target PER of 9.0x (a)	17.2
20% discounted on discounted cash flow (b)	17.5
Average of (a) and (b)	17.3

Source: Phatra Securities estimates

We maintain our Underperform rating on PS given our view that the recent share price increase has reflected the recovery of its presales and revenue operations. We view PS as fairly valued given that it is trading at premium valuations over its peers. Meanwhile, we expect earnings growth to decelerate in 2013E onwards from the risk on presales and the plan to slow down its condominium business.

Earnings revision

We raised our 2012E-2013E by 20% and 6% respectively, but cut our 2014E by 3%. The revision is mainly to take into account the faster-than-expected recovery of presales and revenue from low-rise projects and lower operating costs. Note that our estimates are 7% above the consensus for 2012E but 4% below the consensus for 2013E.

Figure 3: PS - Changes in basic assumptions

	2012E	2013E	2014E
Presales (Bt mn)			
Current	27,892	29,531	32,094
Previous	25,164	28,305	30,641
% Change	10.84	4.33	4.74
Revenue (Bt mn)			
Current	26,628	29,724	34,249
Previous	24,449	29,994	35,044
% Change	8.91	(0.90)	(2.27)
Gross margin (%)			
Current	34.76	34.93	34.03
Previous	35.61	35.15	35.47
Operating expenses as % of sales			
Current	16.52	16.84	16.84
Previous	18.92	18.36	18.01
Effective tax rate (%)			
Current	21.00	19.50	19.50
Previous	20.70	18.50	18.50
Net income (Bt mn)			
Current	3,796	4,280	4,739
Previous	3,171	4,029	4,964
% Change	19.70	6.24	(4.53)

Source: Phatra Securities estimates

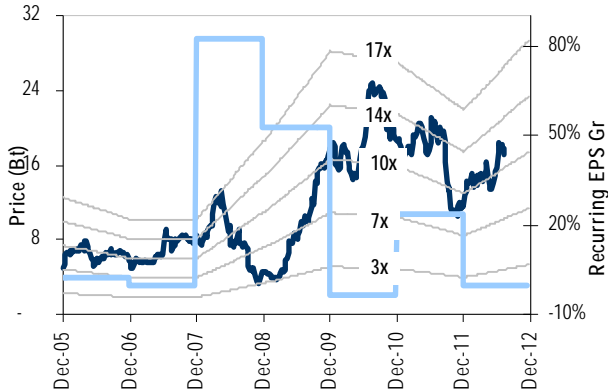
Decelerating growth anticipated

While PS should deliver decent growth of 34% this year, we expect earnings growth to decelerate in 2013E onwards. This should be attributed to a) expected weaker presales (below the company's target) given that 7M12 presales accounted for only 52% of its presales target; b) the slowdown on condominium launches, which would affect revenue in 2015E onwards; and c) lower condominium margin in 2014E given that the contractors' bidding prices are 20% higher than its plan.

Less attractive risk-reward profile; inferior growth with premium valuation

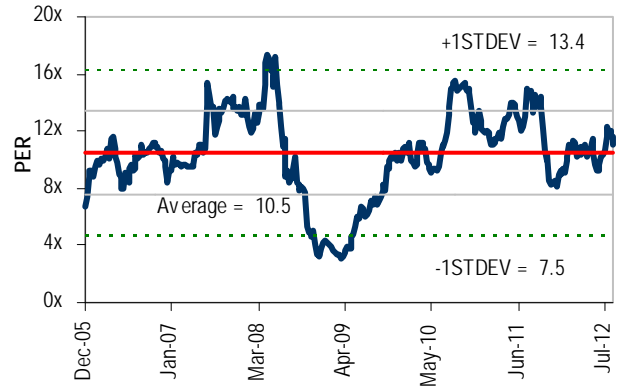
In our view, PS offers a less attractive risk-reward profile given that the company has a decelerating growth profile. Meanwhile, it continues to trade at premium valuations compared to its mid-cap peers. Note that PS used to trade at premium valuations versus peers. With its less exciting growth profile, we see this premium valuation as unjustified.

Figure 4: PS - PER Band



Source: SET; Phatra Securities estimates

Figure 5: PS - Trailing P/E



Source: SET; Phatra Securities estimates

Figure 6: Property Comp

	Market		Core EPS (Bt)			Recurring EPS growth			Core PER (x)			Yield (%)	PBV (x)		ROE (%)
	Price (Bt)	cap (US\$ mn)	2011A	2012E	2013E	2011A	2012E	2013E	2011A	2012E	2013E	2012E	2012E	2012E	2012E
SPALI	18.30	999	1.50	1.81	2.06	-0.5%	20.7%	14.2%	12.23	10.13	8.87	4.14	2.49	26.6%	
AP	7.45	553	0.54	0.80	1.00	-28.8%	48.0%	25.2%	13.80	9.33	7.45	4.38	1.68	19.7%	
QH	1.78	520	0.08	0.17	0.20	-56.9%	98.2%	21.2%	21.29	10.74	8.86	6.95	1.06	10.7%	
LPN	16.30	765	1.29	1.52	1.87	20.6%	17.7%	23.0%	12.60	10.70	8.70	4.67	2.86	28.9%	
LH	7.75	2,088	0.38	0.42	0.49	5.5%	8.2%	17.4%	20.17	18.65	15.89	5.14	2.57	14.0%	
SIRI	2.36	542	0.21	0.26	0.33	-4.1%	22.8%	25.1%	10.98	8.95	7.15	7.12	1.48	20.2%	
PS	17.40	1,206	1.27	1.70	1.91	-18.8%	33.8%	12.8%	13.72	10.25	9.09	3.12	1.44	20.6%	
Average						-11.5%	27.1%	17.9%	15.76	12.77	10.83	4.81	2.11	19.5%	

Source: Phatra Securities estimates, Company Data

2012 results highlights

2Q slightly below expectation

PS posted stronger 2Q12 results with net income of Bt1bn, up 2% YoY and 58% QoQ. However the results were 6% below our expectation. 1H12 net income came in at Bt1.6bn, down 5% YoY. This accounted for 43% of our 2012E.

Stronger revenue was key

The improvement was seen in housing revenue, which picked up by 1% YoY and 46% QoQ to Bt6.8bn in 2Q12. The majority of revenue (89%) was derived from the low-rise segment while gross margin dropped by 130bp QoQ to 34.2% in 2Q12. With higher revenue, operating costs to sales ratio is expected to decline to 15.0% from 18.0% in 1Q12.

Improving balance sheet

PS's balance sheet improved slightly with net gearing of 1.0x at end-2Q12 from 1.1x at year-end 2011.

Figure 7: PS - 2Q12 earnings review

(Bt mn)	2Q12	2Q11	% YoY	1Q12	% QoQ	1H12	1H11	% YoY
Sales of real estate	6,814	6,724	1.3	4,655	46.4	11,469	12,146	(5.6)
Cost of real estate sales	4,485	4,189	7.1	3,003	49.4	7,488	7,478	0.1
Gross Profit	2,329	2,535	(8.1)	1,652	41.0	3,981	4,668	(14.7)
<i>Gross margin (%)</i>	<i>34.2</i>	<i>37.7</i>		<i>35.5</i>		<i>34.7</i>	<i>38.4</i>	
Operating expenses	1,023	1,245	(17.8)	837	22.3	1,860	2,448	(24.0)
<i>OPEX as % of sales</i>	<i>15.0</i>	<i>18.5</i>		<i>18.0</i>		<i>16.2</i>	<i>20.2</i>	
EBIT	1,306	1,290	1.2	815	60.2	2,121	2,220	(4.5)
<i>Operating margin (%)</i>	<i>19.2</i>	<i>19.2</i>		<i>17.5</i>		<i>18.5</i>	<i>18.3</i>	
Other income	54	55	(1.5)	20	168.1	74	83	(10.7)
Interest expenses	65	32	99.8	61	6.4	125	45	178.5
EBT	1,295	1,312	(1.3)	775	67.2	2,069	2,258	(8.3)
Income tax expenses	292	325	(10.0)	142	106.6	434	539	(19.5)
Net Income	1,002	988	1.5	633	58.4	1,635	1,719	(4.9)
EPS weighted average (Bt)	0.45	0.45	1.5	0.29	58.4	0.74	0.78	(4.9)

Source: Company; Phatra Securities estimates

Operations update and outlook

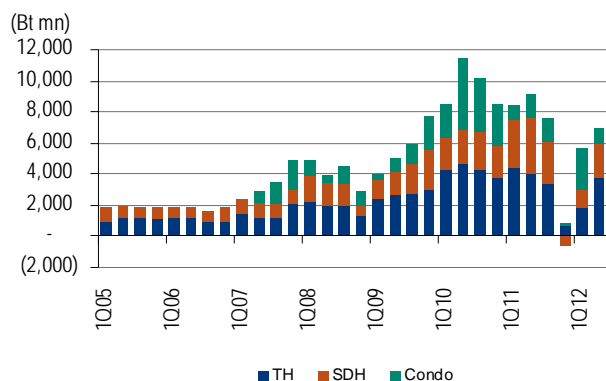
2Q12 presales signaled recovery of low-rise projects

PS achieved presales of Bt7.0bn in 2Q12, up 24% QoQ but down 23% YoY. The majority of presales (84%) was derived from the low-rise segment. We saw strong recovery of presales of low-rise products in 2Q12 (up 94% QoQ but down 23% YoY).

July presales remained firm; but risks on its presales target

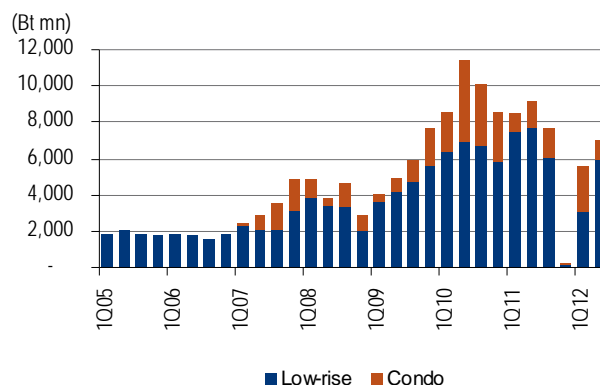
The presales in July remained firm at Bt2.7bn, totaling Bt15.3bn in 7M12. This accounted for 52% of the company's presales target for this year. We see downside risks for PS in achieving its presales target of Bt29bn given that the company will slow down launches this year especially on condominium projects.

Figure 8: Quarterly presales



Source: Company; Phatra Securities estimates

Figure 9: Quarterly revenue

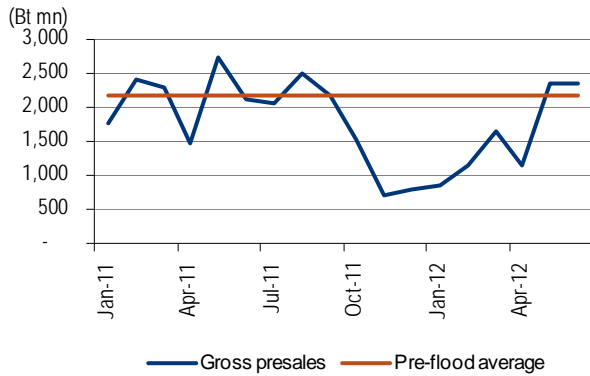


Source: Company; Phatra Securities estimates

Operations back to normal

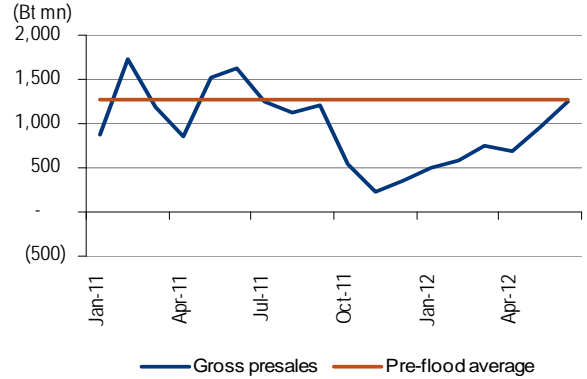
PS's operations have recovered to normal, as evidenced in higher monthly presales of its low-rise projects in the past two months. Meanwhile, the cancellation rate has dropped back to normal levels of 35% for townhouses and 27% for single detached houses.

Figure 10: Monthly presales of TH - still below pre-flood level



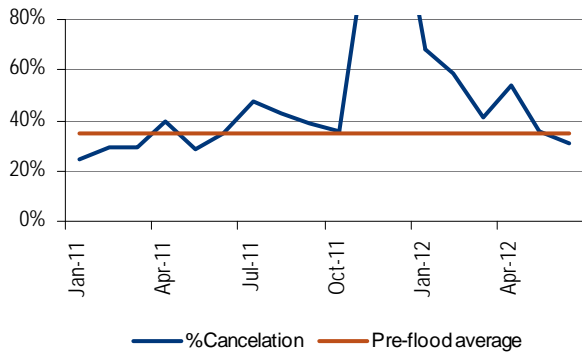
Source: Company; Phatra Securities estimates

Figure 11: Monthly presales of SDH - still below pre-flood level



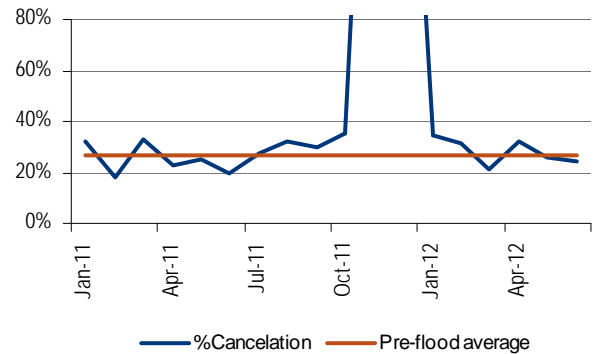
Source: Company; Phatra Securities estimates

Figure 12: Cancellation rate of TH



Source: Company; Phatra Securities estimates

Figure 13: Cancellation of SDH

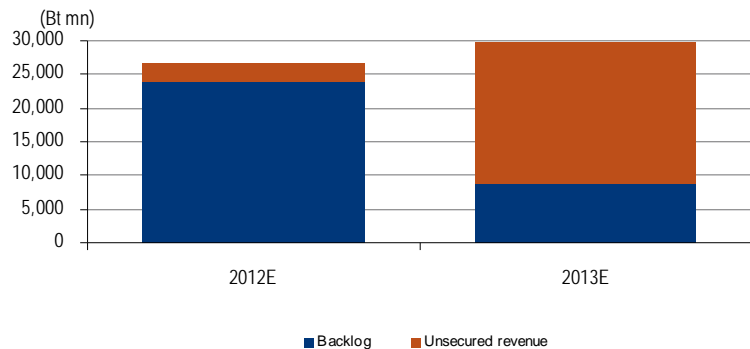


Source: Company; Phatra Securities estimates

Limited risk on revenue this year from backlog on hand

Despite the risk in achieving its presales target, we see limited risk on revenue this year from the recovery of transfer and its sizable backlog on hand. Note that PS has backlog on hand worth Bt34bn at end-2Q12, of which Bt16.8bn will be recognized in 2012. If we assume a rejection rate of 30% on low-rise backlog, which is PS's average rejection rate on low-rise, PS would secure 90% of our 2012 revenue target and 30% of our 2013 revenue target.

Figure 14: PS - Revenue secured by backlog on hand



Source: Company; Phatra Securities estimates

New launches to be revised down

PS plans to cut down new launches this year to 35-40 new projects from 49 projects planned previously. The company has launched 14 projects in 1H12 with combined value of Bt11bn, of which two projects are condominiums. We believe the launches in 2H12 will be concentrated on low-rise projects, which will be launched mainly in 4Q12.

Figure 15: PS - New launches year-to-date

Projects	Type	Units	Project value (Bt mn)	Price (Bt mn/ unit)	Launch Date
Pruksa Town Next	TH	494	1,026	2.08	Jan-12
Pruksa 58/2	TH	216	276	1.28	Mar-12
Pruksa Ville 54	TH	156	335	2.15	Mar-12
The Connect 23	TH	198	752	3.80	Mar-12
Pruksa Gallery	SDH	180	869	4.83	Jan-12
Plum Condo Ladprao 101	Condo	712	634	0.89	Feb-12
The Tree Interchange	Condo	639	1,700	2.66	Feb-12
Subtotal		2,595	5,591	2.15	
The Connect 19/2	TH	223	693	3.11	May-12
Baan Pruksa 76	TH	447	605	1.35	May-12
Baan Pruksa 64/1	TH	494	562	1.14	May-12
Baan Pruksa 74	TH	362	393	1.09	May-12
Pruksa Ville 42	TH	317	781	2.46	May-12
The Plant Citi	TH	396	1,219	3.08	Jun-12
The Plant	SDH	166	1,159	6.98	Jun-12
Subtotal		2,405	5,412	2.25	
Total		5,000	11,003	2.20	

Source: Company

Decelerating growth expected

The lower presales this year would imply that the future backlog on hand will decelerate and this should imply decelerating growth in 2013E. Meanwhile, given PS's strategy to re-focus on low-rise projects and slow down condominium launches, the contribution from condominium is expected to decline in 2015 onwards.

Higher costs to lead to lower margins in 2014E

Management expects to achieve healthy margin on condominium projects, which would be recognized as revenue in 2013E. However, PS recently completed the bidding for six condominium projects, which were projects launched last year and revealed that the construction costs on these projects were 20% higher than its plan. We believe this will affect their condominium margin in 2014E onwards.

Price objective basis & risk Pruksa Real Est (PKARF)

Our 12-month price objective of Bt17.3/share is based on the fair value at year end 2013E, which is based on a) P/E of 9.0x, which is par to other mid-cap property peers but at a 15% discount to its historical P/E, and b) a 20pct discount to our DCF valuation. Our price objective takes into account the growth potential next year and at the same time does not rule out the impact on share price from any upside/downside risks on 2012E. We believe the premium valuation of PS is not justified as we expect PS to have inferior growth compared with peers. The DCF valuation, based on a discount rate of 10% and terminal growth rate of 2%, is applied to take into account the company's backlog which has already secured revenue for 2013-2014. Downside risks to achieving our price objective are higher-than-expected competition among developers, slower than expected permits approval by the authorities, rising construction cost, stronger than expected increase in interest rates, tighter mortgage financing policy from commercial banks and weaker presales from soft demand or higher competition. Meanwhile the upside risk to our PO is better than expected presales momentum.

Link to Definitions Financials

Click [here](#) for definitions of commonly used terms.

Analyst Certification

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15 August 2012

ASEAN - Property Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
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	ARA Asset Management	XGMAF	ARA SP	Xin Yan Low
	Asian Property	XPPKF	AP TB	Jiraporn Linmaneechote
	Ayala Land, Inc.	AYAAF	ALI PM	Jidgette Velasco
	CapitaMall Trust	CPAMF	CT SP	Xin Yan Low
	CapitaRetail China Trust	XPCAF	CRCT SP	Xin Yan Low
	Fraser and Neave Ltd	FNEVF	FNN SP	Melinda Baxter
	Frasers Centrepoint Trust	XRRFF	FCT SP	Xin Yan Low
	Global Logistics Properties	XGLGF	GLP SP	Melinda Baxter
	Land & Houses	LDHXF	LH TB	Jiraporn Linmaneechote
	Land & Houses -F	LDHOF	LH/F TB	Jiraporn Linmaneechote
	LPN Devp Pub Co	LDVPF	LPN TB	Jiraporn Linmaneechote
	Mapletree Industrial Trust	XYRHF	MINT SP	Xin Yan Low
	Overseas Union Enterprise	OVUNF	OUE SP	Melinda Baxter
	PT Alam Sutera Realty Tbk	XUSTF	ASRI IJ	Melinda Baxter
	PT Ciputra Development TBK	PTCDF	CTRA IJ	Melinda Baxter
	PT Lippo Karawaci	PTLKF	LPKR IJ	Melinda Baxter
	PT Summarecon Agung Tbk	PSAHF	SMRA IJ	Melinda Baxter
	Quality Houses	QHPSF	QH TB	Jiraporn Linmaneechote
	Robinsons Land Corporation	RBLAF	RLC PM	Jidgette Velasco
	Siam City	SAMUF	SCCC TB	Jiraporn Linmaneechote
	Starhill Global REIT	SGLMF	SGREIT SP	Xin Yan Low
	Supalai	XPAYF	SPALI TB	Jiraporn Linmaneechote
	Tesco Lotus Retail Growth Property Fund	XXZLF	TLGF TB	Paveena Chewananth
	UOL Group Ltd	UOLGF	UOL SP	Melinda Baxter
NEUTRAL				
	Ascendas Real Estate	ACDSF	AREIT SP	Xin Yan Low
	Capitaland	CLLDF	CAPL SP	Melinda Baxter
UNDERPERFORM				
	CapitaCommercial Trust	CMIAF	CCT SP	Xin Yan Low
	CapitaMalls Asia	CLPAF	CMA SP	Melinda Baxter
	CDL Hospitality Trust	CDHSF	CDREIT SP	Xin Yan Low
	City Dev -A	CDEVY	CDEVY US	Melinda Baxter
	City Develops	CDEVF	CIT SP	Melinda Baxter
	Keppel Land	KPPLF	KPLD SP	Melinda Baxter
	Pruksa Real Est	PKARF	PS TB	Jiraporn Linmaneechote
	Suntec REIT	SURVF	SUN SP	Xin Yan Low
	WingTai Asia	WTHEF	WINGT SP	Melinda Baxter
RVW				
	IGB Corporation	IGBBF	IGB MK	Melinda Baxter
	SP Setia Bhd	SPSJF	SPSB MK	Melinda Baxter

15 August 2012

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

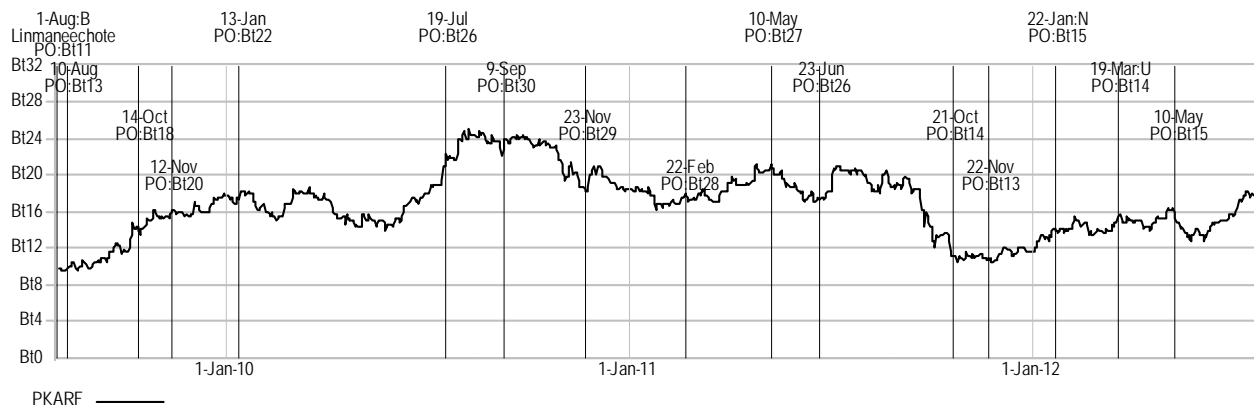
iQmethodSM is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of *iQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

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Important Disclosures

PKARF Price Chart



B : Buy, N : Neutral, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of July 31, 2012 or such later date as indicated.

Investment Rating Distribution: Real Estate/Property Group (as of 01 Jul 2012)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	73	54.89%	Buy	33	47.14%
Neutral	32	24.06%	Neutral	18	58.06%
Sell	28	21.05%	Sell	10	37.04%

Investment Rating Distribution: Global Group (as of 01 Jul 2012)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1913	50.14%	Buy	1294	73.40%
Neutral	994	26.06%	Neutral	628	70.09%
Sell	908	23.80%	Sell	513	60.71%

* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months (Merrill Lynch Relationship Only). For purposes of this distribution, a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where Research Analyst(s) believe(s) it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent Phatra research report referencing the stock.

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Corporate Governance Report of Thai Listed Companies 2011

Disclaimer

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The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. Phatra Securities Public Company Limited (“Phatra”) does not confirm nor certify the accuracy of such survey result. In addition, the list only includes companies under Phatra’s coverage except those specified.



Companies with Excellent CG Scoring by alphabetical order under Phatra’s Coverage

Advanced Info Service	Airports of Thailand	Bangkok Bank	Bank of Ayudhya	Banpu
Bangchak Petroleum	Central Pattana	Electricity Generating	The Erawan Group	IRPC Plc
Hemaraj Land and Development	Kasikornbank	Krung Thai Bank	L.P.N. Development	MCOT
Preuksa Real Estate	PTT	PTT Global Chemical	PTT Exploration	Quality Houses
Siam Commercial Bank	Siam Cement	TISCO Financial Group	Thai Military Bank	Thai Oil
Ratchaburi Electricity Generating				



Companies with Very Good CG Scoring by alphabetical order under Phatra’s Coverage

Amata Corporation	Asian Property Development	BEC World	Bumrungrad Hospital	Berli Jucker
BIG C Supercenter	BTS Group Holdings	Central Plaza Hotel	Charoen Pokphand Foods	CP All
Total Access Commun	GFPT	Glow Energy	Indorama Ventures	Land & Houses
Major Cineplex Group	Siam Makro	Minor International	Siam City Cement	Supalai
Thai Stanley Electric	Thanachart Capital	Thai Airways International	True Corporation	Thai Union Frozen Product
Thai Vegetable Oil	Vinythai			



Companies with Good CG Scoring by alphabetical order under Phatra’s Coverage

ESSO (Thailand)	Bangkok Chain Hospital	Rojana Industrial Park	Ticon Industrial Connection
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N/A

Companies without survey result available by alphabetical order under Phatra’s Coverage

Bangkok Dusit Medical Services	CPN Retail Growth Property Fund	Thai Beverage		
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