

**BUY**

# Pruksa Real Estate (PS)

## Inline 3Q12 earnings, growth to continue

Share price: Bt19.50  
 Target price: Bt23.00

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**Stock Information**

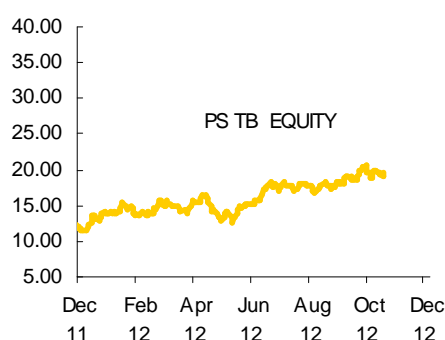
**Description:** The Company develops commercial buildings and residential housing. The Company offers single-detached houses, townhouses and condominiums. The Company develops residential housing projects mainly in Bangkok and the surrounding areas.

Ticker :	PS
Shares Issued (mn) :	2,211
Market Cap (Btmn) :	42,234
Market Cap (US\$m) :	1,400
3-mth Avg. Daily Turnover (Btmn) :	139.45
SET Index :	1,294.50
Free float (%) :	25.91

<b>Major Shareholders :</b>	%
Vijitpongpun Family	70.16
Mrs. Rattana Promsawat	3.67

**Key Indicators**

ROE – annualised (%)	18.7
Net cash (Btmn) :	11.8
NTA/shr (Bt) :	10.44
Interest cover (x) :	32.4

**Historical Chart**

**Performance**

52-week High/Low	Bt20.80/Bt10.40				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	5.4	10.7	39.0	75.0	69.0
Relative (%)	5.6	4.9	26.0	33.1	33.8

**Inline earnings growth, up 33.5% YoY and flat QoQ.** The recovery of the low rise presales in 2Q12 was a key driver for PS revenue growth 3Q12 to Bt7.199bn (+11.5% YoY and 5.6% QoQ), inline with our estimate of Bt7.127bn. The gross margin was 34% inline with estimates. The SG&A was also inline at 15.7% of sales. However, the slightly higher-than-estimated interest dragged the 3Q12 net profit slightly down 0.2% QoQ, but grew 33.5% YoY to Bt1.015bn. The 9M12 revenue reached Bt18.668bn (+0.3% YoY) and the 9M12 net profit was Bt2.636bn (+6.8% YoY).

**Over 110% secured with 2012 backlog, as growth continues.** At the end of 3Q12, the PS backlog was Bt35.049bn with Bt10.424bn to be recognized in 4Q12, Bt15.55bn in 2013, Bt6.456bn in 2014 and Bt2.619bn to be recognized in 2015. When combining the awaiting backlog with 9M12 revenue, total revenue is Bt29.049bn and 10% above our estimate. However, we will not adjust our 2012 revenue projection and maintain it at Bt26-27bn as the excess will be booked next year and this is inline with our projection of Bt26.506bn (+13.9% YoY). We expect the FY12 net profit at Bt3.69bn (+31.8% YoY).

**A re-rating possibility for FY13.** In 2013, PS will book revenue from 7 newly completed condos with a backlog of over Bt9bn, as well as, low rise projects of over Bt6.5bn. This backlog will secure 50% of our FY13 revenue. With a plan to develop projects valued at Bt24bn and the faster construction time using new technology, we estimate that our FY13 revenue projection of Bt30.912bn (+16.6% YoY) may be too low. PS targets FY13 presales at Bt35bn (+17% YoY) with revenue at Bt34bn, while we expect an FY13 PS net profit at Bt4.321bn (+17.1% YoY).

**Buy with a 2013 TP of Bt23/share.** We still recommend a Buy on PS with a 2013 TP of Bt23.00, based on a PER of 12.0x.

**PS – Summary Earnings Table**

FYE: Dec 31 (Btmn)	2010	2011	2012F	2013F	2014F
Revenue	23,307	23,263	26,506	30,912	34,848
EBITDA	4,750	4,224	5,100	5,764	6,380
Recurring Net Profit	3,488	2,835	3,690	4,321	4,824
Recurring Basic EPS (Bt)	1.58	1.28	1.67	1.96	2.19
EPS growth (%)	(3.9)	(19.8)	31.89	17.15	11.63
DPS (Bt)	0.49	0.40	0.50	0.58	0.65
PER	13.16	16.40	12.44	10.62	9.51
EV/EBITDA (x)	10.07	11.75	9.46	8.36	7.43
Div Yield (%)	2.39	1.95	2.41	2.83	3.15
P/BV(x)	2.98	2.67	2.29	1.97	1.71
Net Gearing (%)	15.4	24.5	14.0	11.8	7.2
ROE (%)	22.6	16.5	18.6	18.7	18.1
ROA (%)	13.0	7.4	9.3	10.9	11.8
Consensus Net Profit (Btmn)	-	-	3,660	4,481	4,969

Source: Company reports and KELIVE Research estimates.

Table 1 : PS 3Q12 earnings results

(Btmn)	3Q12	2Q12	QoQ	3Q11	YoY	Comment
Sales	7,199	6,814	5.6%	6,458	11.5%	Inline with estimate of Bt7.127bn
Costs of Sales	(4,744)	(4,485)	5.8%	(4,221)	12.4%	
Gross Profit	2,454	2,329	5.4%	2,237	9.7%	
SG&A expenses	(1,130)	(1,023)	10.4%	(1,218)	-7.3%	
EBIT	1,325	1,306	1.5%	1,019	30.0%	
Depreciation	93	91	2.1%	98	-5.2%	
EBITDA	1,418	1,397	1.5%	1,117	26.9%	
Interest expenses	(80)	(65)	23.2%	(35)	126.5%	Interest slightly higher than estimates
Other Income (expenses)	36	54	-33.7%	35	1.0%	
Pre-tax Profit	1,281	1,295	-1.1%	1,007	27.2%	
Corporate Tax	(281)	(292)	-4.0%	(258)	8.9%	
Pre-exceptional Profit	1,000	1,002	-0.2%	749	33.5%	
Extraordinary Items	0	0	n/a	(0)	n/a	
Minority Interest	0	0	0.0%	0	0.0%	
Net Profit	1,000	1,002	-0.2%	749	33.5%	Net profit inline with estimate of Bt1.015
Normalised Profit	1,000	1,002	-0.2%	749	33.5%	
EPS (Bt)	0.45	0.45	-0.2%	0.34	33.5%	
<b>Financial ratios</b>						
Gross Margin (%)	34.1%	34.2%		34.6%		Gross margin in line
EBIT Margin (%)	18.4%	19.2%		15.8%		
EBITDA Margin (%)	19.7%	20.5%		17.3%		
Net Margin (%)	13.9%	14.7%		11.6%		

Source : Company reports and KELIVE Research estimates.

Table 2 : PS – Consolidated financial Forecast

	1Q12	2Q12	3Q12	4Q12F	9M11	9M12	% Change
Sales	4,655	6,814	7,199	7,839	18,604	18,668	0.3%
Costs of Sales	(3,003)	(4,485)	(4,744)	(5,173)	(11,699)	(12,233)	4.6%
Gross Profit	1,652	2,329	2,454	2,666	6,905	6,435	-6.8%
SG&A expenses	(837)	(1,023)	(1,130)	(1,272)	(3,666)	(2,989)	-18.5%
EBIT	815	1,306	1,325	1,394	3,239	3,446	6.4%
Depreciation	94	91	93	70	242	278	15.1%
EBITDA	909	1,397	1,418	1,464	3,481	3,724	7.0%
Interest expenses	(61)	(65)	(80)	(75)	(80)	(205)	155.7%
Other Income (expenses)	20	54	36	25	118	109	-7.1%
Pre-tax Profit	775	1,295	1,281	1,344	3,264	3,351	2.7%
Corporate Tax	(142)	(292)	(281)	(289)	(797)	(715)	-10.3%
Pre-exceptional Profit	633	1,002	1,000	1,055	2,467	2,636	6.8%
Extraordinary Items	0	0	0	0	(0)	0	0.0%
Gains (Losses) from affiliates	0	0	0	0	0	0	0.0%
Net Profit	<b>633</b>	<b>1,002</b>	<b>1,000</b>	<b>1,055</b>	2,467	2,636	6.8%
Normalised Profit	633	1,002	1,000	1,055	2,467	2,636	6.8%
EPS (Bt)	0.28	0.45	0.45	0.47	1.11	1.18	6.8%
<b>Financial ratios</b>							
Gross Margin (%)	35.5%	34.2%	34.1%	34.0%			
EBIT Margin (%)	17.5%	19.2%	18.4%	17.4%			
EBITDA Margin (%)	19.5%	20.5%	19.7%	18.3%			
Net Margin (%)	13.6%	14.7%	13.9%	13.5%			

Source: Company reports and KELIVE Research estimates.

**INCOME STATEMENT (Btmn)**

<b>FY December</b>	<b>2011</b>	<b>2012F</b>	<b>2013F</b>	<b>2014F</b>
Revenue	23,263	26,506	30,912	34,848
EBITDA	4,224	5,100	5,764	6,380
Depreciation & Amortisation	339	325	282	282
<b>Operating Profit (EBIT)</b>	<b>3,884</b>	<b>4,775</b>	<b>5,482</b>	<b>6,098</b>
Interest (Exp) / Inc	(137)	(215)	(178)	(178)
Associates	0	0	0	0
One-offs	1	0	0	0
<b>Pre-Tax Profit</b>	<b>2,835</b>	<b>3,690</b>	<b>4,321</b>	<b>4,824</b>
Tax	(1,071)	(992)	(1,081)	(1,207)
Minority Interest	0	0	0	0
<b>Net Profit</b>	<b>2,799</b>	<b>3,690</b>	<b>4,321</b>	<b>4,824</b>
<b>Recurring Net Profit</b>	<b>2,835</b>	<b>3,690</b>	<b>4,321</b>	<b>4,824</b>
Revenue Growth %	(0.2)	13.9	16.6	12.7
EBITDA Growth (%)	(11.1)	20.8	13.0	10.7
EBIT Growth (%)	(13.7)	22.9	14.8	11.2
Net Profit Growth (%)	(19.0)	31.8	17.1	11.6
Recurring Net Profit Growth (%)	(13.7)	22.9	14.8	11.2
Tax Rate %	27.4	21.2	20.0	20.0

**BALANCE SHEET (Btmn)**

<b>FY December</b>	<b>2011</b>	<b>2012F</b>	<b>2013F</b>	<b>2014F</b>
Fixed Assets	3,066	3,086	2,936	2,775
Other LT Assets	470	535	624	704
Cash / ST Investments	837	1,172	906	1,031
Other Current Assets	541	663	618	697
<b>Total Assets</b>	<b>41,982</b>	<b>39,621</b>	<b>41,277</b>	<b>41,340</b>
ST Debt	5,988	125	125	125
Other Current Liabilities	1,046	2,120	2,473	2,788
LT Debt	24,986	19,761	18,202	14,738
Other LT Liabilities	198	225	263	296
Minority Interest	0	0	0	0
Shareholders' Equity	16,996	19,859	23,074	26,602
<b>Total Liabilities-Capital</b>	<b>41,982</b>	<b>39,621</b>	<b>41,277</b>	<b>41,340</b>
Share Capital (mn)	2,207	2,207	2,207	2,207
Gross Debt / (Cash)	4,997	3,952	3,640	2,948
Net Debt / (Cash)	(21,203)	(16,167)	(13,332)	(9,917)
Working Capital	25,090	31,808	32,118	32,760

**CASH FLOW (Btmn)**

<b>FY December</b>	<b>2011</b>	<b>2012F</b>	<b>2013F</b>	<b>2014F</b>
Profit before taxation	2,835	3,690	4,321	4,824
Depreciation	339	325	282	282
Net interest receipts / (payments)	(137)	(215)	(178)	(178)
Working capital change	(8,182)	2,102	(456)	(210)
Cash tax paid	(1,071)	(992)	(1,081)	(1,207)
Others (inc. exceptional items)	1,137	1,208	1,259	1,385
<b>Cash flow from operations</b>	<b>(5,079)</b>	<b>6,117</b>	<b>4,148</b>	<b>4,897</b>
Capex	(648)	(261)	(19)	(19)
Disposals / (purchases)	(1)	0	0	0
Others	(1,002)	76	(186)	(166)
<b>Cash flow from investing</b>	<b>(1,651)</b>	<b>(186)</b>	<b>(205)</b>	<b>(185)</b>
Debt raised / (repaid)	6,207	(407)	(101)	(3,290)
Equity raised / (repaid)	0	0	0	0
Dividends (paid)	(1,088)	(896)	(1,107)	(1,296)
Interest payments	(137)	(215)	(178)	(178)
Others	1,147	(4,078)	(2,822)	178
<b>Cash flow from financing</b>	<b>6,128</b>	<b>(5,597)</b>	<b>(4,208)</b>	<b>(4,586)</b>
Change in cash	(602)	335	(266)	125

**RATES & RATIOS**

<b>FY December</b>	<b>2011</b>	<b>2012F</b>	<b>2013F</b>	<b>2014F</b>
Gross Margin %				
EBITDA Margin %	18.2	19.2	18.6	18.3
Op. Profit Margin %	16.7	18.0	17.7	17.5
Net Profit Margin %	12.0	13.9	14.0	13.8
ROE %	16.7	18.0	17.7	17.5
ROA %	7.4	9.3	10.9	11.8
Net Margin Ex. EI %	12.2	13.9	14.0	13.8
Dividend Cover (x)	3.13	3.33	3.33	3.33
Interest Cover (x)	30.7	23.7	32.4	35.9
Asset Turnover (x)	0.61	0.65	0.76	0.84
Asset / Debt (x)	2.07	2.55	3.32	4.53
Debtors Turn (days)	18.4	25.0	15.0	15.0
Creditors Turn (days)	0.9	0.3	0.7	0.8
Inventory Turn (days)	792.7	729.7	617.6	565.7
Net Gearing %	24.48	14.00	11.85	7.20
Debt / EBITDA (x)	5.92	3.87	3.16	2.31
Debt / Market Cap (x)	9.20	7.03	5.63	4.14

Source: Company reports and KELIVE Research estimates.

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## APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

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BV = Book Value	FV = Fair Value	PEG = PE Ratio To Growth
CAGR = Compounded Annual Growth Rate	FY = Financial Year	PER = PE Ratio
Capex = Capital Expenditure	FYE = Financial Year End	QoQ = Quarter-On-Quarter
CY = Calendar Year	MoM = Month-On-Month	ROA = Return On Asset
DCF = Discounted Cashflow	NAV = Net Asset Value	ROE = Return On Equity
DPS = Dividend Per Share	NTA = Net Tangible Asset	ROSF = Return On Shareholders' Funds
EBIT = Earnings Before Interest And Tax	P = Price	WACC = Weighted Average Cost Of Capital
EBITDA = EBIT, Depreciation And Amortisation	P.A. = Per Annum	YoY = Year-On-Year
EPS = Earnings Per Share	PAT = Profit After Tax	YTD = Year-To-Date
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						Score Range	Number of Logo	Description			
ADVANC	BMCL	ICC	PS	ROBINS	THRE	90-100	▲▲▲▲▲	Excellent			
AOT	CPN	IRPC	PSL	RS	TIP						
BAFS	CSL	KBANK	PTT	SAT	TIPCO						
BANPU	EASTW	KK	PTTAR ***	SC	TISCO						
BAY	EGCO	KTB	PTTCH ***	SCB	TKT						
BBL	ERW	LPN	PTTEP	SCC	TMB						
BCP	GRAMMY	MCOT	QH	SE-ED	TOP						
BKI	HEMRAJ	NMG	RATCH	SIS	*** PTTAR and PTTCH are now PTTGC						
▲▲▲▲▲									Lower than 50	No logo given	N/A
ACAP	BWG	GC	LANNA	NINE	S&P				SPPT	THCOM	TSTH
AF	CENTEL	GFPT	LH	NKI	SABINA	SSF	THIP	TTA			
AMANAHA	CGS	GLOW	LOXLEY	NOBLE	SAMCO	SSSC	TIC	TTW			
AMATA	CIMBT	HANA	LRH	OCC	SCCC	STA	TK	TUF			
AP	CK	HMPRO	LST	OGC	SCG	STANLY	TMT	TVO			
ASIMAR	CM	HTC	MACO	OISHI	SCSMG	STEC	TNITY	TYM			
ASP	CPALL	IFEC	MAJOR	PB	SEAFCO	SUSCO	TNL	UAC			
AYUD	CPF	INET	MAKRO	PG	SPF	SVI	TOG	UMI			
BEC	CSC	INTUCH	MBK	PHATRA	SICCO *	SYMC	TPC	UP			
BECL	DELTA	IVL	MFC	PM	SINGER	SYNTEC	TRC	UP OIC			
BFIT	DEMCO	JAS	MFEC	PR	SIRI	TASCO	TRT	UV			
BH	DRT	KCE	MILL	PRANDA	SITHAI	TCAP	TRU	VNT			
BIGC	DTAC	KEST **	MINT	PRG	SMT	TFD	TRUE	WACOAL			
BJC	DTC	KGI	MK	PT	SNC	TFI	TSC	WAVE			
BLA	ECL	KSL	MTI	PYLON	SPALI	THAI	TSTE	ZMICO			
BROOK	FORTH	KWC	NBC	S&J	SPI						
BTS	GBX	L&E	NCH	** KEST is now MBKET, * SICCO has been delisted							
▲▲▲▲▲											
2S	BOL	DCC	IRC	MBAX	PHOL	SENA	TCP	TR			
A	BROCK	DRACO	IRCP	M-CHAI	PICO	SHANG	TEAM	TTCL			
AEONTS	B SBM	EASON	IT	MCS	PL	SIAM	TF	TTI			
AFC	BTNC	EIC	ITD	MDX	POST	SIMAT	TGCI	TWFP			
AGE	CCET	ESSO	JTS	MJD	PPM	SKR	THANA	TWZ			
AH	CFRESH	FE	JUTHA	MOONG	PREB	SMIT	THANI	TYCN			
AHC	CHARAN	FOCUS	KASET	MPIC	PRECHA	SMK	TICON	UBIS			
AI	CI	FSS	KDH	MSC	PRIN	SMM	TIW	UEC			
AIT	CITY	GENCO	KH	NC	PTL	SPC	TKS	UOBKH			
AJ	CMO	GFM	KKC	NEP	Q-CON	SPG	TLUXE	UPF			
AKR	CMR	GL	KMC	NNCL	QLT	SST	TMD	US			
APRINT	CNS	GLAND	KTC	NSI	RASA	STAR	TNH	UT			
APURE	CNT	GOLD	KWH	NTV	RCI	SUC	TNPC	UVAN			
AS	CPI	GUNKUL	KYE	NWR	RCL	SVOA	TOPP	VARO			
ASK	CPL	GYT	LALIN	OFM	ROJNA	SWC	TPA	VIBHA			
BAT-3K	CRANE	HFT	LEE	PAF	RPC	SYNEX	TPAC	VNG			
BGT	CSP	HTECH	LHK	PAP	SAUCE	TBSP	TPCORP	WG			
BLAND	CSR	IFS	MATCH	PATO	SCBLIF	TCB	TPJPL	WORK			
BNC	CTW	ILINK	MATI	PDI	SCP	TCC	TPP	YUASA			

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