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Company Update 29 November 2012

Pruksa Real Estate (PS)

High growth with peaking earnings in 2013F

Buy (unchanged)

Share price: Bt20.60
Target price: Bt29.00 *(from 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.

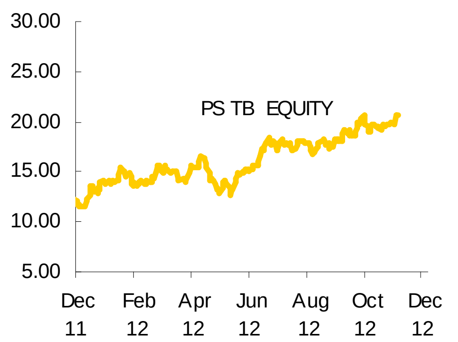
Ticker :	PS
Shares Issued (mn) :	2,211
Market Cap (Btmn):	45,550
Market Cap (US$mn):	1,480
3-mth Avg. Daily Turnover (Btmn):	135.75
SET Index:	1,299.94
Free float (%):	25.91

Major Shareholders :	%
Vijitpongpun Family	70.16
Mrs. Rattana Promsawat	3.67

Key Indicators

ROE – annualised (%)	20.2
Net cash (THB m):	10.3
NTA/shr (THB):	10.6
Interest cover (x):	35.3

Historical Chart



Performance

52-week High/Low Bt21.00/Bt10.40

	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	9.0	20.5	49.3	90.7	77.6
Relative (%)	7.3	13.1	31.1	45.0	40.1

We are maintaining our positive view on PS and have revised our FY13 earnings up by 10% from the strong low-rise project sales and the solid backlog. We have chosen PS as our top pick for 2013 due to the highest earnings growth among peers and the efficient cost management from new technology. The backlog is expected help drive the FY13 revenue up +27.9% YoY and net profit +28.7% YoY. We maintain our Buy call with a new TP of Bt29.00 from Bt23.00/share, based on a PER of 13.6x for an implied lowest PEG in the sector of 0.46x.

9M12 presales to reach 91% of target for growth of 15% YoY. We estimate the November presales at Bt2.8bn, down 7% MoM, but better than November of last year of –Bt76mn during the flood. Hence, we expect the 11M12 presales to reach Bt26.5bn, or 91% of our yearly target of Bt29.25bn (+15% YoY). If the Nov presales are inline, December presales need to be Bt2.75bn (inline with 2012 average) to achieve the yearly target. We believe the recovery of demand and better confidence will drive presales to the target. In 2013F, PS targets presales at Bt35bn (+20% YoY) with the launch of over Bt50bn in project value, higher than the previous plan and this year's value of Bt30bn.

Solid backlog. At the end of 3Q12, PS had a backlog of Bt35.049bn with Bt10.424bn to be recognised in 4Q12, Bt15.55bn in 2013, Bt6.456bn in 2014 and Bt2.619bn in 2015. Including the backlog awaiting along with the 9M12 revenue, the backlog is Bt29.049bn, exceeding our target by 10%. However, PS will not adjust the FY12 revenue projection of Bt26-27bn and will book any excess backlog next year instead, which is inline with our target revenue and net profit projection of Bt26.506bn (+13.9% YoY) and Bt3.690bn (+31.8% YoY).

Raised FY13 earnings, 10% to new high. In 2013, PS will book revenue from 7 newly completed condos with a backlog of over Bt9bn along with low rise projects of over Bt6.5bn. This backlog will secure our FY13 revenue of Bt15.5bn. With a plan to use REM technology (Real Estate Manufacturing), which will shorten by half the construction time, compounded with a recovery in low-rise project demand, we thus have upgraded our FY13 revenue up by 11.3% to Bt33.912bn (+27.9% YoY with 46% secured) and the net profit 11.6% to Bt4.749bn (+28.7% YoY).

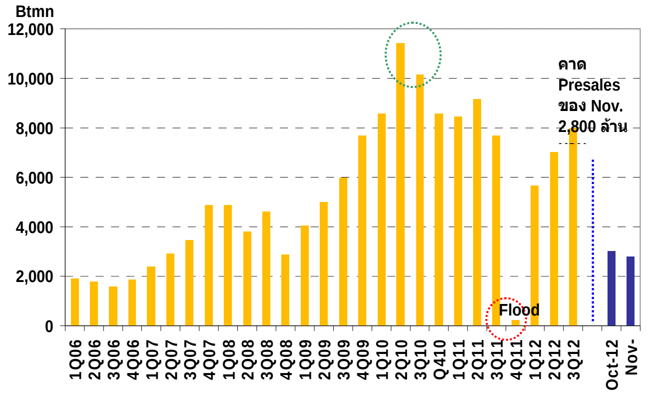
Buy with a TP 2013 of Bt29.00/share. We still have a positive view on PS as our 2013 sector top pick. We also maintain our Buy call with a new TP of Bt29.00/share, up from Bt23.00 based on a 2013 PER of 13.6x, higher than AP and QH at 12x due to the strong growth outlook with an implied low PEG of only 01.46x.

PS – Summary Earnings Table

FYE: Dec 31 (Btmn)	2010	2011	2012F	2013F	2014F
Revenue	23,307	23,263	26,506	33,912	39,201
EBITDA	4,750	4,224	5,187	6,289	7,142
Recurring Net Profit	3,488	2,835	3,690	4,749	5,445
Recurring Basic EPS (Bt)	1.58	1.28	1.67	2.15	2.47
EPS growth (%)	(3.9)	(19.8)	31.85	28.77	14.64
DPS (Bt)	0.49	0.40	0.50	0.64	0.73
PER	13.23	16.48	12.50	9.71	8.47
EV/EBITDA (x)	10.11	11.80	9.35	7.65	6.60
Div Yield (%)	2.38	1.94	2.40	3.09	3.54
P/BV(x)	2.99	2.69	2.30	1.94	1.66
Net Gearing (%)	15.4	24.5	14.3	10.3	5.3
ROE (%)	22.6	16.5	18.6	20.2	19.8
ROA (%)	13.0	7.4	9.4	11.7	12.9
Consensus Net Profit (Btmn)	-	-	3,675	4,564	4,906

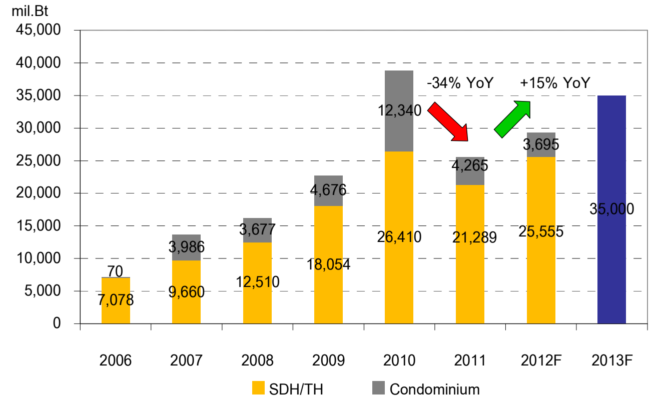
Source: Company reports and KELIVE Research estimates.

Chart 1: Quarterly Presales



Source: Company reports and KELIVE Research estimates.

Chart 2: Yearly Presales by Type



Source: Company reports and KELIVE Research estimates.

INCOME STATEMENT (Btmn)

FY December	2011	2012F	2013F	2014F
Revenue	23,263	26,506	33,912	39,201
EBITDA	4,224	5,187	6,289	7,142
Depreciation & Amortisation	339	348	282	282
Operating Profit (EBIT)	3,884	4,839	6,007	6,860
Interest (Exp) / Inc	(137)	(280)	(178)	(178)
Associates	0	0	0	0
One-offs	1	0	0	0
Pre-Tax Profit	2,835	3,690	4,749	5,445
Tax	(1,071)	(1,004)	(1,188)	(1,362)
Minority Interest	0	0	0	0
Net Profit	2,799	3,690	4,749	5,445
Recurring Net Profit	2,835	3,690	4,749	5,445
Revenue Growth %	(0.2)	13.9	27.9	15.6
EBITDA Growth (%)	(11.1)	22.8	21.2	13.6
EBIT Growth (%)	(13.7)	24.6	24.1	14.2
Net Profit Growth (%)	(19.0)	31.8	28.7	14.7
Recurring Net Profit Growth (%)	(13.7)	24.6	24.1	14.2
Tax Rate %	27.4	21.4	20.0	20.0

BALANCE SHEET (Btmn)

FY December	2011	2012F	2013F	2014F
Fixed Assets	3,066	3,086	3,013	2,887
Other LT Assets	470	535	685	792
Cash / ST Investments	837	1,121	1,358	1,611
Other Current Assets	541	663	678	784
Total Assets	41,982	39,625	42,405	42,892
ST Debt	5,988	125	125	125
Other Current Liabilities	1,046	2,120	2,713	3,136
LT Debt	24,986	19,765	18,903	15,370
Other LT Liabilities	198	225	288	333
Minority Interest	0	0	0	0
Shareholders' Equity	16,996	19,859	23,501	27,522
Total Liabilities-Capital	41,982	39,625	42,405	42,892
Share Capital (mn)	2,207	2,207	2,207	2,207
Gross Debt / (Cash)	4,997	3,953	3,781	3,074
Net Debt / (Cash)	(21,203)	(16,219)	(12,880)	(9,337)
Working Capital	25,090	31,808	32,495	33,606

CASH FLOW (Btmn)

FY December	2011	2012F	2013F	2014F
Profit before taxation	2,835	3,690	4,749	5,445
Depreciation	339	348	282	282
Net interest receipts / (payments)	(137)	(280)	(178)	(178)
Working capital change	(8,182)	2,051	(254)	(517)
Cash tax paid	(1,071)	(1,004)	(1,188)	(1,362)
Others (inc. exceptional items)	1,137	1,284	1,366	1,540
Cash flow from operations	(5,079)	6,089	4,777	5,210
Capex	(648)	(284)	(19)	(19)
Disposals / (purchases)	(1)	0	0	0
Others	(1,002)	76	(312)	(223)
Cash flow from investing	(1,651)	(209)	(332)	(242)
Debt raised / (repaid)	6,207	(407)	(101)	(3,290)
Equity raised / (repaid)	0	0	0	0
Dividends (paid)	(1,088)	(896)	(1,107)	(1,425)
Interest payments	(137)	(280)	(178)	(178)
Others	1,147	(4,014)	(2,822)	178
Cash flow from financing	6,128	(5,597)	(4,208)	(4,715)
Change in cash	(602)	283	237	253

RATES & RATIOS

FY December	2011	2012F	2013F	2014F
Gross Margin %	36.7	34.3	34.5	35.0
EBITDA Margin %	18.2	19.6	18.5	18.2
Op. Profit Margin %	16.7	18.3	17.7	17.5
Net Profit Margin %	12.0	13.9	14.0	13.9
ROE %	16.7	18.3	17.7	17.5
ROA %	7.4	9.4	11.7	12.9
Net Margin Ex. EI %	12.2	13.9	14.0	13.9
Dividend Cover (x)	3.13	3.33	3.33	3.33
Interest Cover (x)	30.7	18.5	35.3	40.1
Asset Turnover (x)	0.61	0.65	0.83	0.92
Asset / Debt (x)	2.07	2.55	3.41	4.70
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	729.1	566.5	509.4
Net Gearing %	24.48	14.26	10.31	5.32
Debt / EBITDA (x)	5.92	3.81	3.01	2.15
Debt / Market Cap (x)	9.20	7.03	5.63	4.14

Source: Company reports and KELIVE Research estimates.

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Adex = Advertising Expenditure	FCF = Free Cashflow	PE = Price Earnings
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
EV = Enterprise Value	PBT = Profit Before Tax	

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THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2011

ADVANC	BMCL	ICC	PS	ROBINS	THRE	Score Range	Number of Logo	Description
AOT	CPN	IRPC	PSL	RS	TIP	90-100		Excellent
BAFS	CSL	KBANK	PTT	SAT	TIPCO	80-89		Very Good
BANPU	EASTW	KK	PTTAR ***	SC	TISCO	70-79		Good
BAY	EGCO	KTB	PTTCH ***	SCB	TKT	60-69		Satisfactory
BBL	ERW	LPN	PTTEP	SCC	TMB	50-59		Pass
BCP	GRAMMY	MCOT	QH	SE-ED	TOP	Lower than 50	No logo given	N/A
BKI	HEMRAJ	NMG	RATCH	SIS	*** PTTAR and PTTCH are now PTTGC			

ACAP	BWG	GC	LANNA	NINE	S&P	SPPT	THCOM	TSTH
AF	CENTEL	GFPT	LH	NKI	SABINA	SSF	THIP	TTA
AMANAH	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	UPOIC
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	BSBM	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	TPIPL	WORK
BNC	CTW	ILINK	MATI	PDI	SCP	TCC	TPP	YUASA

Source: Thai Institute of Directors (IOD)

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