

Thursday, January 10, 2013

EQUITY TALKS

2013 profit to take big step... fair value at 12x PER or B28.08

BUY

- ▶ **78 new project openings worth of B55bn, expecting B35.4bn of presales**
- ▶ **Maintain profit forecast, 32.75% YoY growth in 2013**
- ▶ **Maintain 2013 fair value at 12x PER, implying B28.08 of fair value in 2013**

- ▶ **78 new project openings worth of B55bn, expecting B35.4bn of presales**

In 2013, PS has an aggressive plan to march toward new high for its presales, revenue recognition, and operating profit. There would be openings of 78 new projects worth of B55bn in total which can be divided into 47 townhouse projects, 16 detached house projects, 13 condominium projects and 2 international projects. At present, the company has bought lands in order to prepare for 40 new projects. For projects during development at end-2012, there are 141 projects worth of B49.3bn. Accordingly, PS is projected to make presales worth of B35.4bn or 21% YoY increase, which is considered a record high. In terms of revenue recognition, the management has aimed at B34-36bn for the target in 2013 due to the transfer of 7 newly-finished condominium projects (backlog at year's end is B9.1bn). For the horizontal projects after adoption of REM system, the business cycle of condominiums has declined notably to 167 days (counting from trading day until the day of transfer). PS's profitability is projected to rise due to revenue from condominiums that is projected to be recognized by B10bn, which are of projects with the average gross margin over 40% and the average net profit margin at 18.3%.

- ▶ **Maintain profit forecast, 32.75% YoY growth in 2013**

In 2012, PS has recognized sales revenue by B26,997m which is close to our projection at B26,997m, therefore we maintain our 2012 forecast. In 2013, the company's sales revenue is projected to be recognized by B34,584m which is close to the management's assignment, so we accordingly maintain our forecast. The mentioned revenue recognition is supported by backlog at end-2012 of B35.4bn, divided into B20.5bn from condominium projects while the rest is from horizontal and international projects. The mentioned backlog is projected to bring not less than B24.8bn of 2013 revenue recognition (72% of revenue forecast) while the rest would be from selling condominium stock and horizontal projects which isn't unlikely. Accordingly, our forecast could be categorized as conservative. In terms of 2013 profitability, the norm profit margin is projected at 14.96%. From the aforementioned factors, PS's 2013 profit is likely to stand at B5.17bn or B2.34, increasing by 32.75% YoY.

- ▶ **Maintain 2013 fair value at 12x PER, implying B28.08 of fair value in 2013**

After recommending "BUY" for PS last April 2012 (around B14-15), investors should have obtained a considerable amount of return. We reiterate our recommendation of "BUY", assigning fair value at 12x PER or B28.08.

Key Data (Bm)					
FY: Close Dec. 31	FY09A	FY10A	FY11A	FY12F	FY13F
Sales	18,966	23,307	23,263	26,997	34,584
Net Profit	3,622	3,488	2,835	3,898	5,175
Norm Profit	3,622	3,488	2,835	3,898	5,175
Norm EPS (B)	1.65	1.58	1.28	1.76	2.34
DPS (B)	0.55	0.5	0.4	0.62	0.82
Norm PER (X)	16.1	16.8	20.7	15	11.3
Dividend Yield (%)	2.07	1.88	1.5	2.33	3.09
BVS (B)	5.9	6.92	7.69	9.03	10.75
ROE (%)	27.8	22.9	16.7	19.5	21.8

Source : Research ASP

Current price (B) 26.50

Fair Value (B) 28.08




Market cap (B bn) 57.23

CGR 

Comparison ASP & SAA consensus

EPS (B)	ASP	Cons	% diff
2012F	1.76	1.69	4%
2013F	2.34	1.98	18%

Source : ASP & SAA consensus

Symbol	Level	Mean
	90-100	Excellence
	80-89	Very good
	70-79	Good
na.	<70	Not Available

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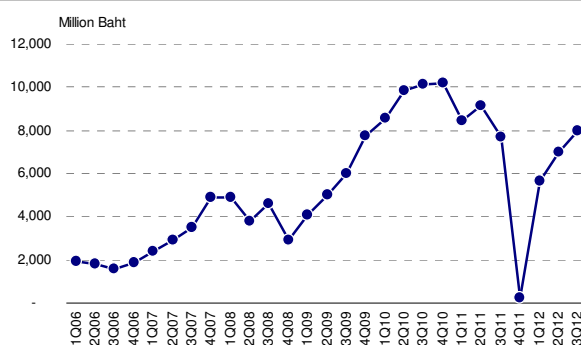
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Quarterly Net Profit Forecast

Key Data (Bm)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	%QoQ	%YoY	2011	2012E	%YoY
Revenue from Sale	5,422	6,724	6,458	4,659	4,655	6,814	7,199	6%	11%	23,263	26,997	16.1%
Other Revenue	28	55	35	42	20	54	36	-34%	1%	159	112	-30.0%
Total Revenue	5,450	6,779	6,493	4,700	4,675	6,868	7,234	5%	11%	23,422	27,108	15.7%
Cost of Sell Asset	3,289	4,189	4,221	3,025	3,003	4,485	4,744	6%	12%	14,724	17,601	19.5%
Sale & Admin. Expenses	1,203	1,245	1,218	988	837	1,023	1,130	10%	-7%	4,654	4,329	-7.0%
Total Expenses	4,492	5,434	5,439	4,013	3,840	5,508	5,874	7%	8%	19,379	21,930	13.2%
EBIT	958	1,345	1,054	687	835	1,359	1,360	0%	29%	4,044	5,178	28.1%
Interest Expenses	13	32	35	57	61	65	80	23%	127%	137	181	31.6%
EBT	945	1,312	1,019	629	775	1,295	1,281	-1%	26%	3,906	4,997	27.9%
Corporate Income Tax	214	325	258	275	142	292	281	-4%	9%	1,071	1,099	2.6%
Operation Profit	731	988	761	355	633	1,002	1,000	0%	31%	2,835	3,898	37.5%
Extraordinary Items	0	0	0	0	0	0	0	NM	NM	0	0	NM
Net Profit	731	988	761	355	633	1,002	1,000	0%	31%	2,835	3,898	37.5%
EPS (B/share)	0.33	0.45	0.34	0.16	0.29	0.45	0.45	0%	31%	1.28	1.76	37.4%
Norm Margin	13.5%	14.7%	11.8%	7.6%	13.6%	14.7%	13.9%			12.2%	14.4%	
Gross Margin	39.3%	37.7%	34.6%	35.1%	35.5%	34.2%	34.1%			36.7%	34.8%	
SG&A/Sale	22.2%	18.5%	18.9%	21.2%	18.0%	15.0%	15.7%			20.0%	16.0%	

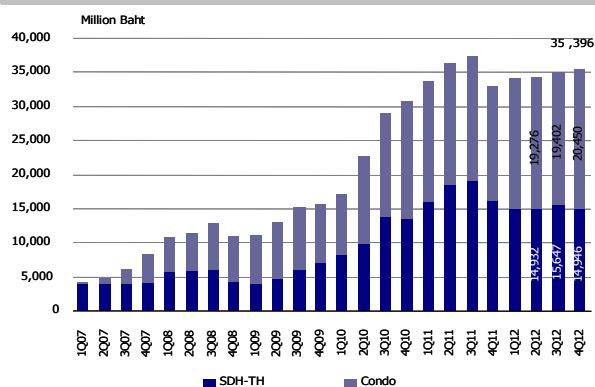
Source : Financial Statement of / ASP Research

Quarter Presale of PS end of 4Q12



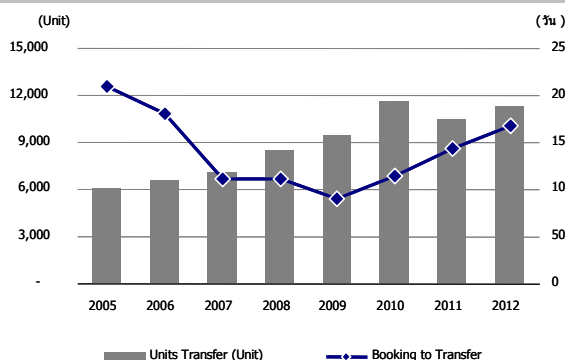
Source : PS

Backlog end of 2012 of PS



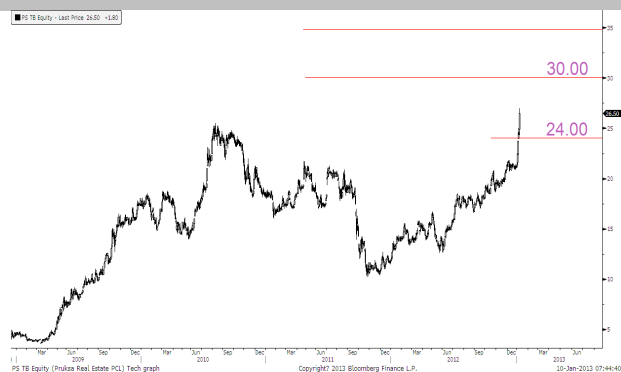
Source : PS

Yearly Unit Transfer & Business Cycle Horizontal



Source : PS

Technical Chart of PS



Source : ASP