

Buy (unchanged)

Share price: Bt26.50
Target price: Bt33.00 (from Bt29.00)

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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) : | 2,213 |
| Market Cap (Btmn) : | 58,650 |
| Market Cap (US\$m) : | 1,930 |
| 3-mth Avg. Daily Turnover (Btmn) : | 123.47 |
| SET Index : | 1,423.46 |
| Free float (%) : | 25.91 |

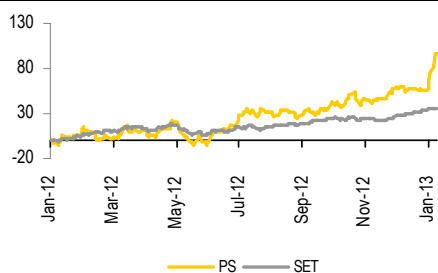
Major Shareholders :

| | |
|------------------------|-------|
| | % |
| Vijitpongpun Family | 70.16 |
| Mrs. Rattana Promsawat | 3.67 |

Key Indicators

| | |
|----------------------|--------|
| ROE – annualised (%) | 21.0 |
| Net cash (Btmn) | 12,721 |
| NTA/shr (Bt) | 10.7 |
| Interest cover (x) | 26.9 |

Historical Chart



Performance

| | | | | | |
|--------------------|-------------------|-------|-------|------|------|
| 52-week High / Low | Bt27.00 / Bt12.60 | | | | |
| | 1-mth | 3-mth | 6-mth | 1-yr | Ytd |
| Absolute (%) | 13.9 | 28.1 | 40.6 | 82.2 | 16.6 |
| Relative (%) | 7.4 | 18.1 | 19.6 | 34.5 | 14.7 |

Pruksa Real Estate (PS)

Solid secured backlog with new technology

We still like PS and maintain PS as our sector top pick from the outstanding 2013 backlog and secured revenue, the strong presales from new projects and also the new construction technology to reduce labour needs, increase quality and shorten construction time (more than 25%). We have thus upgraded our FY13 projection to reflect 30% revenue and 33% net profit growth. We maintain our Buy rating with a new TP of Bt33.00/share from Bt29.00 based on a PER of 14.8x on 1 SD and a PEG of 0.45x.

2013F presales to grow 21% from 78 new projects. PS targets 2013F presales at Bt35.425bn (+21% YoY) with townhouse 46%, SDH 26% and condos 27%. PS will launch 78 new projects; 47 townhouse, 16 SDH, 13 condo and 2 foreign projects. In 2013, PS will use the new technologies; Prefab and REM, to shorten construction times.

Solid Bt35bn backlog to be recognised through 2015. At the end of 2012, the PS backlog was Bt35.4bn with Bt24.8bn to be recognised in 2013 (37% condos and 63% low rise), Bt7.4bn in 2014 and Bt3.245bn in 2015, with a low rise : high rise ratio of 42 : 58.

Strong 2013 secured revenue leads to earnings upgrade. In 2013, there is more than Bt24.776bn in backlog awaiting recognition or 73% of our previous projection of Bt33.9bn (+25.6% YoY). As REM technology will help reduce the business cycle from 167 days in 2012 to 120-130 days, revenue could exceed the target. Hence, we have revised our FY13 revenue up by 3.2% to Bt35.012bn (+30%) and the net profit up by 5.4% to Bt5.008bn (+33% YoY).

4Q12 earnings to remain healthy, FY12 projection upgraded 2%. We anticipate the 4Q12 revenue at Bt8.324bn (+78.7% YoY and +15.6% QoQ) with an expected flat gross margin of 34%. The net profit thus will remain at Bt1.124bn (+238% YoY and +15.6% QoQ). We have decided to revise our FY12 revenue and net profit up by 2% to +16% YoY and +34% YoY to reflect our expected better-than-estimated 4Q12 earnings.

Buy with a 2013 TP of Bt33.00/share. We maintain our positive view on our sector top pick, PS, for 2013. We still rate this a Buy with a new TP of Bt33.00/share (from Bt29.00) based on a PER of 14.7x (from 13.6x) or 1SD, higher than our other top picks (AP and QH) with a target PER of 12x due to the highest growth prospects and a low 0.45x PEG.

PS – Summary Earnings Table

| FYE: Dec 31 (Btmn) | 2010 | 2011 | 2012F | 2013F | 2014F |
|-----------------------------|--------|--------|--------|--------|--------|
| Revenue | 23,307 | 23,263 | 26,991 | 35,012 | 39,464 |
| EBITDA | 4,750 | 4,224 | 5,273 | 6,678 | 7,385 |
| Recurring Net Profit | 3,488 | 2,835 | 3,759 | 5,008 | 5,584 |
| Recurring Basic EPS (Bt) | 1.58 | 1.28 | 1.70 | 2.27 | 2.53 |
| EPS growth (%) | (3.9) | (19.8) | 34.31 | 33.29 | 11.50 |
| DPS (Bt) | 0.49 | 0.40 | 0.51 | 0.67 | 0.75 |
| PER | 16.93 | 21.10 | 15.71 | 11.79 | 10.57 |
| EV/EBITDA (x) | 12.81 | 14.83 | 11.63 | 9.10 | 8.10 |
| Div Yield (%) | 1.86 | 1.52 | 1.91 | 2.55 | 2.84 |
| P/BV(x) | 3.83 | 3.44 | 2.93 | 2.46 | 2.10 |
| Net Gearing (%) | 15.4 | 24.5 | 14.2 | 9.7 | 4.9 |
| ROE (%) | 22.6 | 16.5 | 18.9 | 21.0 | 20.0 |
| ROA (%) | 13.0 | 7.4 | 9.5 | 12.4 | 13.2 |
| Consensus Net Profit (Btmn) | - | - | 3,675 | 4,675 | 4,910 |

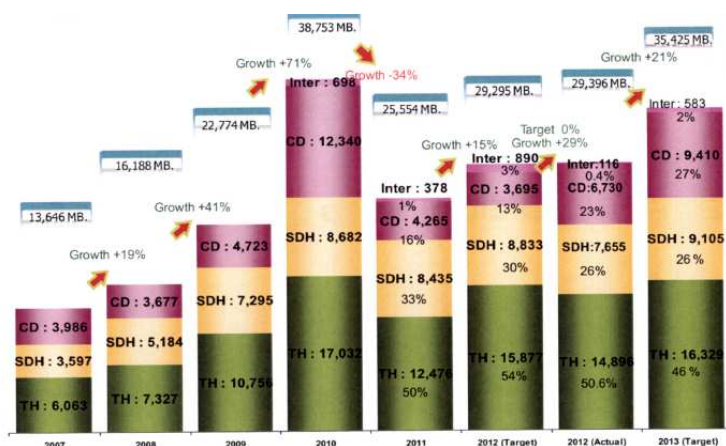
Source: Company reports and KELIVE Research estimates.

Table 1 : PS 4Q12 earnings preview

| (Btmn) | 4Q12F | 3Q12 | QoQ | 4Q11 | YoY |
|-------------------------|---------|---------|--------|---------|--------|
| Sales | 8,324 | 7,199 | 15.6% | 4,659 | 78.7% |
| Costs of Sales | (5,493) | (4,744) | 15.8% | (3,025) | 81.6% |
| Gross Profit | 2,831 | 2,454 | 15.3% | 1,633 | 73.3% |
| SG&A expenses | (1,351) | (1,130) | 19.6% | (988) | 36.7% |
| EBIT | 1,480 | 1,325 | 11.7% | 645 | 129.4% |
| Depreciation | 70 | 93 | -24.7% | 98 | -28.3% |
| EBITDA | 1,550 | 1,418 | 9.3% | 743 | 108.7% |
| Interest expenses | (75) | (80) | -5.8% | (57) | 30.9% |
| Other Income (expense) | 27 | 36 | -25.1% | 42 | -35.9% |
| Pre-tax Profit | 1,431 | 1,281 | 11.8% | 642 | 122.8% |
| Corporate Tax | (308) | (281) | 9.6% | (275) | 12.0% |
| Pre-exceptional Profit | 1,124 | 1,000 | 12.3% | 368 | 205.6% |
| Extraordinary Items | 0 | 0 | n.m. | (36) | n.m. |
| Minority Interest | 0 | 0 | n.m. | 0 | n.m. |
| Net Profit | 1,124 | 1,000 | 12.3% | 332 | 238.3% |
| Normalised Profit | 1,124 | 1,000 | 12.3% | 368 | 205.6% |
| EPS (Bt) | 0.50 | 0.45 | 12.3% | 0.15 | 238.3% |
| Financial Ratios | | | | | |
| Gross Margin (%) | 34.0% | 34.1% | | 35.1% | |
| EBIT Margin (%) | 17.8% | 18.4% | | 13.8% | |
| EBITDA Margin (%) | 18.6% | 19.7% | | 15.9% | |
| Net Margin (%) | 13.5% | 13.9% | | 7.1% | |

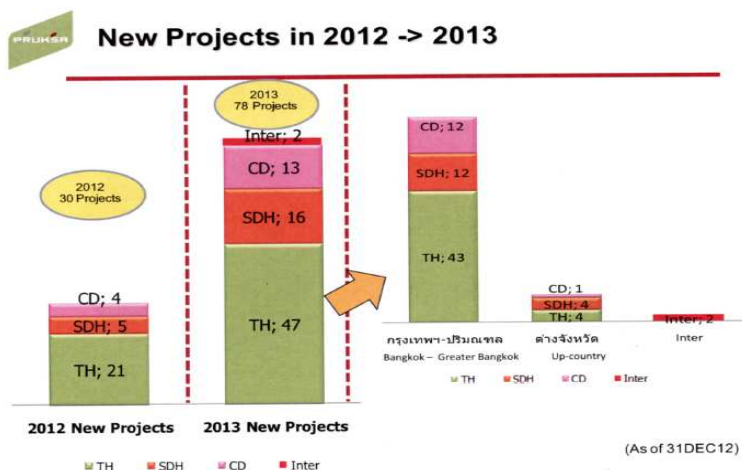
Source : Company reports and KELIVE Research estimates.

Chart 1: Yearly presales



Source: Company reports and KELIVE Research estimates.

Chart 1: Yearly presales



Source: Company reports and KELIVE Research estimates.

INCOME STATEMENT (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|---------------------------------|--------------|--------------|--------------|--------------|
| Revenue | 23,263 | 26,991 | 35,012 | 39,464 |
| EBITDA | 4,224 | 5,273 | 6,678 | 7,385 |
| Depreciation & Amortisation | 339 | 348 | 282 | 282 |
| Operating Profit (EBIT) | 3,884 | 4,925 | 6,396 | 7,103 |
| Interest (Exp) / Inc | (137) | (280) | (248) | (248) |
| Associates | 0 | 0 | 0 | 0 |
| One-offs | 1 | 0 | 0 | 0 |
| Pre-Tax Profit | 2,835 | 3,759 | 5,008 | 5,584 |
| Tax | (1,071) | (1,022) | (1,253) | (1,397) |
| Minority Interest | 0 | 0 | 0 | 0 |
| Net Profit | 2,799 | 3,759 | 5,008 | 5,584 |
| Recurring Net Profit | 2,835 | 3,759 | 5,008 | 5,584 |
| Revenue Growth % | (0.2) | 16.0 | 29.7 | 12.7 |
| EBITDA Growth (%) | (11.1) | 24.8 | 26.7 | 10.6 |
| EBIT Growth (%) | (13.7) | 26.8 | 29.9 | 11.0 |
| Net Profit Growth (%) | (19.0) | 34.3 | 33.2 | 11.5 |
| Recurring Net Profit Growth (%) | (13.7) | 26.8 | 29.9 | 11.0 |
| Tax Rate % | 27.4 | 21.4 | 20.0 | 20.0 |

BALANCE SHEET (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|----------------------------------|---------------|---------------|---------------|---------------|
| Fixed Assets | 3,066 | 3,098 | 3,042 | 2,893 |
| Other LT Assets | 470 | 545 | 707 | 797 |
| Cash / ST Investments | 837 | 1,144 | 1,517 | 1,717 |
| Other Current Assets | 541 | 675 | 700 | 789 |
| Total Assets | 41,982 | 39,828 | 42,886 | 43,263 |
| ST Debt | 5,988 | 125 | 125 | 125 |
| Other Current Liabilities | 1,046 | 2,159 | 2,801 | 3,157 |
| LT Debt | 24,986 | 19,899 | 19,077 | 15,372 |
| Other LT Liabilities | 198 | 229 | 298 | 335 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Shareholders' Equity | 16,996 | 19,928 | 23,808 | 27,890 |
| Total Liabilities-Capital | 41,982 | 39,828 | 42,886 | 43,263 |
| Share Capital (mn) | 2,207 | 2,207 | 2,207 | 2,207 |
| Gross Debt / (Cash) | 4,997 | 3,980 | 3,815 | 3,074 |
| Net Debt / (Cash) | (21,203) | (16,195) | (12,721) | (9,231) |
| Working Capital | 25,090 | 31,869 | 32,782 | 33,970 |

CASH FLOW (Btmn)

| FY December | 2011 | 2012F | 2013F | 2014F |
|------------------------------------|----------------|----------------|----------------|----------------|
| Profit before taxation | 2,835 | 3,759 | 5,008 | 5,584 |
| Depreciation | 339 | 348 | 282 | 282 |
| Net interest receipts / (payments) | (137) | (280) | (248) | (248) |
| Working capital change | (8,182) | 2,026 | (330) | (667) |
| Cash tax paid | (1,071) | (1,022) | (1,253) | (1,397) |
| Others (inc. exceptional items) | 1,137 | 1,302 | 1,501 | 1,645 |
| Cash flow from operations | (5,079) | 6,133 | 4,959 | 5,199 |
| Capex | (648) | (284) | (19) | (19) |
| Disposals / (purchases) | (1) | 0 | 0 | 0 |
| Others | (1,002) | 55 | (338) | (188) |
| Cash flow from investing | (1,651) | (229) | (358) | (207) |
| Debt raised / (repaid) | 6,207 | (407) | (101) | (3,290) |
| Equity raised / (repaid) | 0 | 0 | 0 | 0 |
| Dividends (paid) | (1,088) | (896) | (1,128) | (1,502) |
| Interest payments | (137) | (280) | (248) | (248) |
| Others | 1,147 | (4,014) | (2,752) | 248 |
| Cash flow from financing | 6,128 | (5,597) | (4,229) | (4,792) |
| Change in cash | (602) | 307 | 373 | 200 |

RATES & RATIOS

| FY December | 2011 | 2012F | 2013F | 2014F |
|-----------------------|-------|-------|-------|-------|
| Gross Margin % | 36.7 | 34.3 | 34.5 | 35.0 |
| EBITDA Margin % | 18.2 | 19.5 | 19.1 | 18.7 |
| Op. Profit Margin % | 16.7 | 18.2 | 18.3 | 18.0 |
| Net Profit Margin % | 12.0 | 13.9 | 14.3 | 14.2 |
| ROE % | 16.7 | 18.2 | 18.3 | 18.0 |
| ROA % | 7.4 | 9.5 | 12.4 | 13.2 |
| Net Margin Ex. EI % | 12.2 | 13.9 | 14.3 | 14.2 |
| Dividend Cover (x) | 3.13 | 3.33 | 3.33 | 3.33 |
| Interest Cover (x) | 30.7 | 18.8 | 26.9 | 29.8 |
| Asset Turnover (x) | 0.61 | 0.66 | 0.85 | 0.92 |
| Asset / Debt (x) | 2.07 | 2.57 | 3.45 | 4.74 |
| Debtors Turn (days) | 18.4 | 25.0 | 15.0 | 15.0 |
| Creditors Turn (days) | 0.9 | 0.3 | 0.7 | 0.9 |
| Inventory Turn (days) | 792.7 | 717.3 | 551.4 | 509.2 |
| Net Gearing % | 24.48 | 14.23 | 9.65 | 4.87 |
| Debt / EBITDA (x) | 5.92 | 3.77 | 2.86 | 2.08 |
| 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 |
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| | | | | | | Score Range | Number of Logo | Description |
|-------|--------|--------|--------|--------|--------|-------------|----------------|---------------|
| ▲▲▲▲▲ | ADVANC | BKI | GRAMMY | NUBLE | KS | SNC | | |
| | AOT | BMCL | HEMRAJ | PHOL | SAMART | SYMC | 90-100 | ▲▲▲▲▲ |
| | ASIMAR | BTS | ICC | PS | SAMTEL | THAI | 80-89 | ▲▲▲▲▲ |
| | BAFS | CPN | IRPC | PSL | SAT | TIP | 70-79 | ▲▲▲▲ |
| | BANPU | CSL | KBANK | PTT | SC | TIPCO | 60-69 | ▲▲▲ |
| | BAY | DRT | KK | PTTEP | SCB | TISCO | 50-59 | ▲▲ |
| | BBL | EASTW | KTB | PTTGC | SCC | TKT | Lower than 50 | ▲ |
| | BCP | EGCO | LPN | QH | SE-ED | TMB | TTA | No logo given |
| | BECL | ERW | MCDOT | RATCH | SIM | TOP | | |
| | | | NKI | ROBINS | SIS | TSTE | | |
| ▲▲▲▲ | | | | | | | | |
| | 2S | BWG | ECL | ITD | MINT | PM | SPCG | THCOM |
| | ACAP | CENDEL | EE | IVL | MODERN | PR | SPI | THIP |
| | AF | CFRESH | EIC | JAS | MTI | PRANDA | SPPT | THRE |
| | AIT | CGS | ESSO | KCE | NBC | PRG | SSF | TIC |
| | AKR | CHOW | FE | KGI | NCH | PT | SSSC | TICON |
| | AMATA | CIMBT | FORTH | KSL | NINE | PYLON | STANLY | TIW |
| | AP | CK | GBX | L&E | NMG | S&J | STEC | TK |
| | ASK | CM | LANNA | NSI | S&P | SUC | TLUXE | UP |
| | ASP | CPALL | GC | LH | OCC | SABINA | SUSCO | TMT |
| | AYUD | CPF | GFPT | LRH | OFM | SAMCO | SM | TNITY |
| | BEC | CSC | GL | LST | OGC | SCCC | SYNTEC | TNL |
| | BFIT | DCC | GUNKUL | MACO | OISHI | SCG | TASCO | TOG |
| | BH | DELTA | HANA | MAKRO | PAP | SCSMG | TCAP | TPC |
| | BIGC | DEMCO | MBK | PDI | SFP | TCP | TRC | TRC |
| | BJC | DTAC | HTC | MBKET | PE | SITHAI | TFD | TRT |
| | BROOK | DTC | IFEC | MFC | PG | SMT | TFI | TRU |
| | | | INTUCH | MFEC | PJW | SPALI | THANA | TRUE |
| ▲▲▲ | | | | | | | | |
| | AEONTS | BROCK | EASON | JMART | MAJOR | POST | SF | TEAM |
| | AFC | BSBM | BMC | JTS | MATCH | PPM | SGP | TF |
| | AGE | BTNC | EPCO | JUBILE | MATI | PREB | SIAM | TGCI |
| | AH | BUI | FNS | JUTHA | MBAX | PRECHA | SIMAT | THANI |
| | AHC | CCET | FOCUS | KASET | M-CHAI | PRIN | SINGER | TKS |
| | AI | CEN | FSS | KBS | MDX | PSAAP | SIRI | TMD |
| | AJ | CHUO | GENCO | KC | MJD | PTL | SKR | TMI |
| | ALUCON | CI | GFM | KDH | MK | Q-CON | SMIT | TNH |
| | AMANAH | CIG | GLOBAL | KIAT | MOONG | QLT | SMK | TNPC |
| | APCO | CITY | GOLD | KKC | MPIC | QTC | SOLAR | TOPP |
| | APCS | CMD | HFT | KTC | MSC | RASA | SPC | TPA |
| | APRINT | CNS | HTECH | KWC | NC | RCL | SPG | TPAC |
| | ARIP | CNT | HYDRO | KWH | NNCL | RICH | SSC | TPCORP |
| | AS | CPL | IFS | KYE | NTV | ROJNA | SST | TIPL |
| | ASIA | CRANE | IHL | LALIN | OSK | RPC | STA | TPP |
| | BGT | CSP | ILINK | LEE | PAE | SAM | SVDA | TR |
| | BLA | CSR | INET | LHBANK | PATO | SCBLIF | SWC | TTCL |
| | BNC | CTW | IRC | LHK | PB | SCP | SYNEX | TWFP |
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