

### Buy (unchanged)

CGR Scoring Rating


 Share price: Bt22.00  
 Target price: Bt32.50 (Unchanged)

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#### Stock Information

**Description:** The Company is a residential developer of townhouses, single detached houses and condominiums for sale.

Ticker :	PS
Shares Issued (mn) :	2,222
Market Cap (Btmn) :	48,894
Market Cap (US\$m) :	1,570
3-mth Avg. Daily Turnover (Btmn) :	159.22
SET Index :	1,487.19
Free float (%) :	26.06

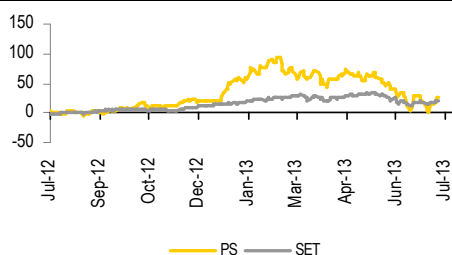
**Major Shareholders :**

Vijitpongpun Family	70.25
Mrs. Rattana Promsawat	3.57

#### Key Indicators

ROE – annualised (%)	20.9
Net cash (Btmn)	13,207
NTA/shr (Bt)	10.8
Interest cover (x)	24.7

#### Historical Chart



#### Performance

52-week High / Low	Bt35.50 / Bt16.60				
	1-mth	3-mth	6-mth	1-yr	Ytd
Absolute (%)	-2.7	-20.0	-21.4	25.0	4.3
Relative (%)	-6.6	-17.7	-24.2	2.9	-2.4

## Pruksa Real Estate (PS) 2Q13 profit to grow YoY and QoQ

We maintain a positive view on PS with expected 2Q13 earnings growth both QoQ and YoY with a current backlog now securing 110% of revenue, with lowering risk from the stricter loan regulations. The 2013 revenue and net profit are expected to grow 30% YoY and 29% YoY, respectively. There is also the chance that PS presales will be re-rated in the near future. We thus recommend a Buy with a TP of Bt32.50/share (through 2Q14), based on a PER of 14x.

**2Q13 earnings to grow both YoY and QoQ.** We estimate the PS 2Q13 revenue at Bt8.846bn (+30% YoY and +4% QoQ) with a gross margin staying at 34.5% vs. 34.3% in 1Q13 and 34.2% in 2Q12. The SG&A expenses will slightly increase from new condo projects. We thus estimate the net profit at Bt1.283bn (+28% YoY and 68% QoQ).

**1H13 presales reach 65% of yearly target,** with a chance for a re-rating. The 1H13 presales are Bt22.669bn (+79% YoY) with a condo : low rise ratio of 36 : 64. As the 1H13 presales have already reached 65% of our yearly target of Bt35bn (+21% YoY), we may upgrade our PS presales projection. After the launch of 33 new projects, valued at Bt33bn, PS will launch 45 more new projects, valued at Bt25bn+/- in 2H13.

**Bt42.7bn backlog in hand.** At the end of June 2013, the PS backlog was Bt42.7bn with Bt24.5bn to be recognised in 2H13, Bt7.8bn in 2014, and Bt9.9bn in 2015. Combining the backlog with 1H13 revenue, PS has secured revenue at over 110% and exceeding our revenue projection of Bt35.012bn (+30% YoY). Hence, there is high possibility of a revision in the revenue forecast higher. We project a record high net profit of Bt5.008bn (+29% YoY) for 2013.

**Risks.** With main customers in the medium-upper scale price ranges, the stricter loan conditions by financial institutions will likely increase rejection rates. However, with 110% secured revenue, increasing rejection rates is less of a concern.

**Buy with a 12 month TP of Bt32.50/share.** We maintain our positive view on PS and we may well upgrade our PS presales projection upward. We thus reiterate a Buy call with a 12 month TP (through 2Q14) of Bt32.50, based on a PER of 14x.

#### PS – Summary Earnings Table

FYE: Dec 31 (Btmn)	2010	2011	2012	2013F	2014F
Revenue	23,307	23,263	27,023	35,012	37,205
EBITDA	4,750	4,224	5,576	6,696	7,391
Recurring Net Profit	3,488	2,835	3,898	5,016	5,584
Net profit	3,454	2,799	3,893	5,016	5,584
EPS (Bt)	1.58	1.28	1.76	2.27	2.52
EPS growth (%)	(3.9)	(19.8)	39.09	28.91	11.33
DPS (Bt)	0.49	0.40	0.50	0.68	0.75
PER	14.06	17.52	12.59	9.77	8.78
EV/EBITDA (x)	10.72	12.48	9.45	7.68	6.58
Div Yield (%)	2.24	1.83	2.26	3.07	3.42
P/BV(x)	3.18	2.86	2.42	2.02	1.73
Net Gearing (%)	15.4	24.5	20.1	11.4	-0.3
ROE (%)	22.6	16.5	19.4	20.9	19.9
ROA (%)	13.0	7.4	9.5	11.9	13.3
Consensus Net Profit (Btmn)	-	-	-	5,251	5,691

Source: Company reports and MBKET estimates.

Table 1 : PS 2Q13F earnings result

(Btmn)	2Q13F	1Q13	QoQ	2Q12	YoY	1H12	1H13F	Change
Sales	8,846	6,312	40.2%	6,814	29.8%	11,469	15,158	32.2%
Costs of Sales	(5,794)	(4,148)	39.7%	(4,485)	29.2%	(7,488)	(9,942)	32.8%
Gross Profit	3,053	2,164	41.1%	2,329	31.1%	3,981	5,216	31.0%
SG&A expenses	(1,415)	(1,173)	20.6%	(1,023)	38.4%	(1,860)	(2,589)	39.2%
EBIT	1,637	990	65.3%	1,306	25.4%	2,121	2,627	23.9%
Depreciation	71	96	-26.4%	91	-22.6%	185	166	-10.2%
EBITDA	1,708	1,086	57.2%	1,397	22.2%	2,306	2,794	21.1%
Interest expenses	(62)	(85)	-27.0%	(65)	-4.1%	(125)	(147)	17.2%
Other Income (expenses)	28	28	0.6%	54	-47.3%	74	56	-23.6%
Pre-tax Profit	1,603	934	71.8%	1,295	23.8%	2,070	2,537	22.6%
Corporate Tax	(321)	(160)	100.1%	(292)	9.7%	(434)	(481)	10.8%
Pre-exceptional Profit	1,283	773	65.9%	1,002	28.0%	1,636	2,056	25.7%
Extraordinary Items	0	0	0.0%	0	0.0%	0	0	0.0%
Minority Interest	0	0	0.0%	0	0.0%	0	0	0.0%
Net Profit	1,283	773	65.9%	1,002	28.0%	1,636	2,056	25.7%
Normalised Profit (ex. extra)	1,283	773	65.9%	1,002	28.0%	1,636	2,056	25.7%
EPS (Bt)	0.58	0.35	-38.5%	0.45	22.1%	0.73	0.92	25.7%
<b>Financial Ratios</b>								
Gross Margin (%)	34.5%	34.3%		34.2%				
EBIT Margin (%)	18.5%	15.7%		19.2%				
EBITDA Margin (%)	19.3%	17.2%		20.5%				
Net Margin (%)	14.5%	12.3%		14.7%				

Source: Company reports and KELIVE Research estimates.

**INCOME STATEMENT (Btmn)**

FY December	2011	2012	2013F	2014F
Revenue	23,263	27,023	35,012	39,464
EBITDA	4,224	5,576	6,688	7,385
Depreciation & Amortisation	339	368	282	282
<b>Operating Profit (EBIT)</b>	<b>3,884</b>	<b>5,208</b>	<b>6,406</b>	<b>7,103</b>
Interest (Exp) / Inc	(137)	(305)	(248)	(248)
Associates	0	0	0	0
One-offs	1	0	0	0
<b>Pre-Tax Profit</b>	<b>2,835</b>	<b>3,898</b>	<b>5,016</b>	<b>5,584</b>
Tax	(1,071)	(1,123)	(1,255)	(1,397)
Minority Interest	0	0	0	0
<b>Net Profit</b>	<b>2,799</b>	<b>3,893</b>	<b>5,016</b>	<b>5,584</b>
<b>Recurring Net Profit</b>	<b>2,835</b>	<b>3,898</b>	<b>5,016</b>	<b>5,584</b>
Revenue Growth %	(0.2)	16.2	29.6	12.7
EBITDA Growth (%)	(11.1)	32.0	19.9	10.4
EBIT Growth (%)	(13.7)	34.1	23.0	10.9
Net Profit Growth (%)	(19.0)	39.1	28.8	11.3
Recurring Net Profit Growth (%)	(13.7)	34.1	23.0	10.9
Tax Rate %	27.4	22.4	20.0	20.0

**BALANCE SHEET (Btmn)**

FY December	2011	2012	2013F	2014F
Fixed Assets	3,066	2,832	3,042	2,893
Other LT Assets	470	484	707	797
Cash / ST Investments	837	716	1,100	1,276
Other Current Assets	541	801	788	888
<b>Total Assets</b>	<b>41,982</b>	<b>43,821</b>	<b>43,097</b>	<b>43,522</b>
ST Debt	5,988	1,529	125	125
Other Current Liabilities	1,046	1,990	2,801	3,157
LT Debt	24,986	23,739	19,052	15,397
Other LT Liabilities	198	208	298	335
Minority Interest	0	0	0	0
Shareholders' Equity	16,996	20,081	24,045	28,124
<b>Total Liabilities-Capital</b>	<b>41,982</b>	<b>43,821</b>	<b>43,097</b>	<b>43,522</b>
Share Capital (mn)	2,207	2,213	2,213	2,213
Gross Debt / (Cash)	4,997	4,748	3,810	3,079
Net Debt / (Cash)	(21,203)	(18,630)	(13,207)	(9,742)
Working Capital	25,090	25,708	33,019	34,204
BVPS	7.70	9.07	10.86	12.70

**CASH FLOW (Btmn)**

FY December	2011	2012	2013F	2014F
Profit before taxation	2,835	3,898	5,016	5,584
Depreciation	339	368	282	282
Net interest receipts / (payments)	(137)	(305)	(248)	(248)
Working capital change	(8,182)	(1,017)	1,288	(787)
Cash tax paid	(1,071)	(1,123)	(1,255)	(1,397)
Others (inc. exceptional items)	1,137	1,418	1,503	1,645
<b>Cash flow from operations</b>	<b>(5,079)</b>	<b>3,239</b>	<b>6,586</b>	<b>5,079</b>
Capex	(648)	(119)	(204)	(19)
Disposals / (purchases)	(1)	0	0	0
Others	(1,002)	343	150	(89)
<b>Cash flow from investing</b>	<b>(1,651)</b>	<b>224</b>	<b>(54)</b>	<b>(108)</b>
Debt raised / (repaid)	6,207	1,183	(1,691)	(3,290)
Equity raised / (repaid)	0	6	0	0
Dividends (paid)	(1,088)	(896)	(1,110)	(1,505)
Interest payments	(137)	(305)	(248)	(248)
Others	1,147	(3,530)	(3,156)	248
<b>Cash flow from financing</b>	<b>6,128</b>	<b>(3,542)</b>	<b>(6,204)</b>	<b>(4,795)</b>
Change in cash	(602)	(122)	384	176

**RATES & RATIOS**

FY December	2011	2012	2013F	2014F
Gross margin %	36.7	33.8	34.5	35.0
EBITDA Margin %	18.2	20.6	19.1	19.9
Op. Profit Margin %	16.7	19.3	18.2	19.1
Net Profit Margin %	12.0	14.4	14.3	15.0
ROE %	16.7	19.3	18.2	19.1
ROA %	7.4	9.5	11.9	13.3
Net Margin Ex. EI %	12.2	14.4	14.3	15.0
Dividend Cover (x)	3.13	3.51	3.33	3.33
Interest Cover (x)	30.7	18.3	24.7	29.8
Asset Turnover (x)	0.61	0.63	0.81	0.86
Asset / Debt (x)	2.07	2.50	3.47	4.71
Debtors Turn (days)	18.4	30.7	19.4	15.0
Creditors Turn (days)	0.9	0.0	0.2	0.4
Inventory Turn (days)	792.7	754.6	593.1	539.4
Net Gearing %	24.48	20.08	11.36	Net Cash
Debt / EBITDA (x)	5.92	4.26	2.85	2.01
Debt / Market Cap (x)	9.20	7.92	5.61	4.13

Source: Company reports and MBKET estimates.

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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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## THAI INSTITUTE OF DIRECTORS ASSOCIATION (IOD) CORPORATE GOVERNANCE REPORT RATING 2012

						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	MCOT	RATCH	SIM	TOP		
			ROBINS	SIS	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	HTC	MBK	PDI	SFP	TCP	TRC
	BJC	DTAC	IFEC	MBKET	PE	SITHAI	TFD	TRT
	BROOK	DTC	INTUCH	MFC	PG	SMT	TFI	TRU
			MFEK	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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