

Buy (unchanged)

CGR Scoring Rating



Share price: Bt22.70

Target price: Bt32.50 (unchanged)

Temporn Tantivat

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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):	2,223
Market Cap (Btmn)	50,451
Market Cap (US\$ m)	1,577
3-mth Avg. daily turnover (Btmn)	141.0
SET index	1,472.90
Free float (%)	26.06

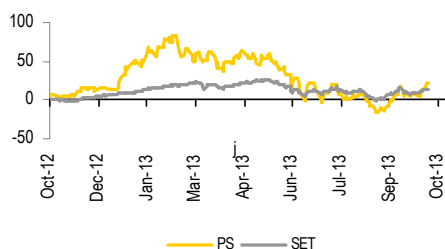
Major Shareholders :

	%
Vijitpongpun Family	70.25
Mrs. Rattana Promsawat	3.57

Key Indicators

ROE – annualised (%)	20.9
Net cash (THB m):	17,786
NTA/shr (THB):	10.8
Interest cover (x):	19.5

Historic Chart



Performance

52-week High/Low	THB 35.50/THB 15.20				
	1-mth	3-mth	6-mth	1-yrs	YTD
Absolute (%)	12.4	9.7	-17.5	19.5	7.6
Relative (%)	10.3	8.1	-14.7	4.7	1.7

Pruksa Real Estate (PS)

An impressive 3Q13 profit expected, but down YoY

PS remains our favorite stock in the sector with the no.1 rank on our scorecard. We expect PS to report a 3Q13 net profit growing 37.5% YoY, but with a slight drop of 2.4% QoQ. With a strong backlog, we project PS earnings to reach a new high in 4Q13 and possibly beating our 2013 growth estimate of +29% YoY. We reiterate a Buy call and a TP of Bt32.50 based on a PER of 14x.

3Q13 profit with impressive growth YoY, but softer QoQ. We project the 3Q13 PS revenue at Bt9.514bn (+32.2% YoY and +5% QoQ), reaching a new company high with a gross profit margin of 33.6% and similar to the 2Q13 gross margin at 33.8%. However, the SG&A/revenue will likely increase to 15% (vs. 14.4% in 2Q13) along with higher marketing costs with the many new condos launched in 3Q13. Hence, we estimate the 3Q13 net profit at Bt1.375bn (+37.5% YoY, but -2.4% QoQ).

The 9M13 presales reach 94% of the yearly target, with a high chance of an upgrade. The 9M13 presales are Bt33.767bn (+11% YoY), accounting for 94% of the yearly company target of Bt35bn (+21% YoY). We see a high opportunity that PS will raise the presales target to Bt38-40bn to reflect growth over 30% YoY.

Expected 4Q13 earnings high to beat our estimate. We project the PS revenue and net profit in 4Q13 to reach a new high with the current backlog securing 110% of revenue. We expect revenue to beat our estimate of Bt35.012bn (+30% YoY) by 6-10% and we anticipate the 2013 net profit at Bt5.008bn (+29% YoY), a new high. Our 2014 earnings forecast could be raised if the 3Q13 earnings result meets our expectation and/or the 2014 development plan exceeds our forecast.

Risks. Construction delays, especially for the condos, and control of loan rejection rates.

Buy with a 12 month TP of Bt35.20. We maintain a positive view on PS and we see a high possibility that the 2013 presales will be upgraded, strengthening growth in the future. We thus reiterate a Buy call and a TP of Bt35.20, based on a PER of 14x.

PS – Summary Earnings Table

FYE: Dec 31 (Btmn)	2011	2012	2013F	2014F	2015F
Revenue	23,263	27,023	35,012	37,205	40,138
EBITDA	4,224	5,576	6,734	7,472	8,217
Recurring Net Profit	2,835	3,898	5,016	5,584	6,187
Net profit	2,799	3,893	5,016	5,584	6,187
EPS (Bt)	1.28	1.76	2.27	2.52	2.80
EPS growth (%)	(19.8)	39.09	28.87	11.36	10.80
DPS (Bt)	0.40	0.50	0.68	0.75	0.83
PER	18.07	13.00	10.08	9.06	8.17
EV/EBITDA (x)	14.69	10.37	8.55	7.51	6.88
Div Yield (%)	1.77	2.19	2.98	3.31	3.67
P/BV(x)	2.95	2.50	2.09	1.79	1.54
Net Gearing (%)	70.4	37.8	30.4	20.8	19.2
ROE (%)	16.5	19.4	20.9	19.9	19.0
ROA (%)	7.4	9.5	11.4	12.1	12.9
Cons. Net Profit (THB m)	-	-	5,230	5,679	6,156

Source: Company reports and MBKET estimates.

Table 1 : PS 3Q13 Earnings Table

(Btmn)	3Q13F	2Q13	QoQ	3Q12	YoY	9M12	9M13F	Change
Sales	9,514	9,058	5.0%	7,199	32.2%	18,668	24,884	33.3%
Costs of sales	(6,317)	(5,995)	5.4%	(4,744)	33.1%	(12,233)	(16,460)	34.6%
Gross profit	3,197	3,063	4.4%	2,454	30.3%	6,435	8,424	30.9%
SG&A expenses	(1,427)	(1,302)	9.6%	(1,130)	26.3%	(2,989)	(3,902)	30.5%
EBIT	1,770	1,761	0.5%	1,325	33.6%	3,446	4,522	31.2%
Depreciation	71	103	-31.4%	93	-24.2%	278	269	-3.2%
EBITDA	1,841	1,864	-1.3%	1,418	29.8%	3,724	4,791	28.6%
Interest	(82)	(97)	-15.1%	(80)	3.0%	(205)	(263)	28.6%
Other Income (expenses)	30	66	-54.0%	36	-14.4%	109	125	13.9%
Pre-tax Profit	1,719	1,731	-0.7%	1,281	34.2%	3,351	4,383	30.8%
Corporate Tax	(344)	(322)	6.8%	(281)	22.5%	(715)	(826)	15.5%
Pre-exceptional Profit	1,375	1,409	-2.4%	1,000	37.5%	2,636	3,557	35.0%
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	1,375	1,409	-2.4%	1,000	37.5%	2,636	3,557	35.0%
Normalised Profit (ex FX & extra)	1,375	1,409	-2.4%	1,000	37.5%	2,636	3,557	35.0%
EPS (Bt)	0.62	0.63	-2.4%	0.45	37.5%	1.18	1.60	35.0%
Financial Ratios								
Gross Margin (%)	33.6%	33.8%			34.1%			
EBIT Margin (%)	18.6%	19.4%			18.4%			
EBITDA Margin (%)	19.3%	20.6%			19.7%			
Net Margin (%)	14.5%	15.6%			13.9%			

Source: Company reports and KELIVE Research estimates.

INCOME STATEMENT (Btmn)

FY December	2011	2012	2013F	2014F
Revenue	27,023	35,012	37,205	40,138
EBITDA	5,576	6,734	7,472	8,217
Depreciation & Amortisation	368	340	282	282
Operating Profit (EBIT)	5,208	6,395	7,190	7,935
Interest (Exp) / Inc	(305)	(345)	(328)	(328)
Associates	0	0	0	0
One-offs	0	0	0	0
Pre-Tax Profit	3,898	5,016	5,584	6,187
Tax	(1,123)	(1,191)	(1,397)	(1,548)
Minority Interest	0	0	0	0
Net Profit	3,893	5,016	5,584	6,187
Recurring Net Profit	3,898	5,016	5,584	6,187
Revenue Growth %	16.2	29.6	6.3	7.9
EBITDA Growth (%)	32.0	20.8	10.9	10.0
EBIT Growth (%)	34.1	22.8	12.4	10.4
Net Profit Growth (%)	39.1	28.8	11.3	10.8
Recurring Net Profit Growth (%)	34.1	22.8	12.4	10.4
Tax Rate %	22.4	19.2	20.0	20.0

CASH FLOW (Btmn)

FY December	2012	2013F	2014F	2015F
Profit before taxation	3,898	5,016	5,584	6,187
Depreciation	368	340	282	282
Net interest receipts / (payments)	(305)	(345)	(328)	(328)
Working capital change	(1,017)	(3,291)	(2,162)	(1,724)
Cash tax paid	(1,123)	(1,191)	(1,397)	(1,548)
Others (inc. exceptional items)	1,418	1,536	1,725	1,876
Cash flow from operations	3,239	2,065	3,704	4,746
Capex	(119)	(262)	(19)	(19)
Disposals / (purchases)	0	0	0	0
Others	343	150	(44)	(59)
Cash flow from investing	224	(112)	(63)	(78)
Debt raised / (repaid)	1,183	632	(876)	(1,862)
Equity raised / (repaid)	6	0	0	0
Dividends (paid)	(896)	(1,110)	(1,505)	(1,675)
Interest payments	(305)	(345)	(328)	(328)
Others	(3,530)	(1,058)	(672)	(672)
Cash flow from financing	(3,542)	(1,881)	(3,381)	(4,537)
Change in cash	(122)	129	260	130

Source: Company reports and MBKET estimates.

BALANCE SHEET (Btmn)

FY December	2011	2012	2013F	2014F
Fixed Assets	2,832	3,042	2,835	2,648
Other LT Assets	484	707	751	811
Cash / ST Investments	716	845	1,104	1,235
Other Current Assets	801	788	837	903
Total Assets	43,821	47,376	47,991	51,379
ST Debt	1,529	125	125	125
Other Current Liabilities	1,990	2,101	2,232	2,408
LT Debt	23,739	23,331	19,867	18,743
Other LT Liabilities	208	298	316	341
Minority Interest	0	0	0	0
Shareholders' Equity	20,081	24,045	28,124	32,636
Total Liabilities-Capital	43,821	47,376	47,991	51,379
Share Capital (mn)	2,213	2,213	2,213	2,213
Gross Debt / (Cash)	8,309	8,166	6,954	7,497
Net Debt / (Cash)	(18,630)	(17,786)	(15,650)	(12,658)
Working Capital	25,708	35,019	37,742	39,894
BVPS	9.07	10.86	12.71	14.75

RATES & RATIOS

FY December	2012	2013F	2014F	2015F
Gross Margin %	33.8	33.8	35.0	35.0
EBITDA Margin %	20.6	19.2	20.1	20.5
Op. Profit Margin %	19.3	18.3	19.3	19.8
Net Profit Margin %	14.4	14.3	15.0	15.4
ROE %	19.3	18.3	19.3	19.8
ROA %	9.5	11.4	12.1	12.9
Net Margin Ex. EI %	14.4	14.3	15.0	15.4
Dividend Cover (x)	3.51	3.33	3.33	3.33
Interest Cover (x)	18.3	19.5	22.8	25.1
Asset Turnover (x)	0.63	0.77	0.78	0.81
Asset / Debt (x)	2.50	2.83	3.23	4.28
Debtors Turn (days)	30.7	24.4	20.0	15.0
Creditors Turn (days)	0.0	0.2	0.4	0.4
Inventory Turn (days)	754.6	622.5	626.0	605.9
Net Gearing %	37.81	30.45	20.80	19.19
Debt / EBITDA (x)	4.26	3.46	2.66	2.28
Debt / Market Cap (x)	7.92	7.57	6.72	5.43

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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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						Score Range	Number of Logo	Description
▲▲▲▲▲	ADVANC	BKI	GRAMMY	NUBLE	HS	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	SEED	TMB	TTA	No logo given
	BECL	ERW	MCDT	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	GC	LANNA	NSI	S&P	SUC	TLUXE
	ASP	CPALL	GFPT	LH	OCC	SABINA	SUSCO	TMT
	AYUD	CPF	GL	LRH	OFM	SAMCO	SVI	TNITY
	BEC	CSC	GLOW	LST	OGC	SCCC	SYNTEC	TNL
	BFIT	DCC	GUNKUL	MACO	OISHI	SCG	TASCO	TOG
	BH	DELTA	HANA	MAKRO	PAP	SCSMG	TCAP	TPC
	BIGC	DEMCO	HMPRO	MBK	PDI	SFP	TCP	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
	AJ	CEN	FSS	KBS	MDX	PSAAP	SIRI	TMD
	AJ	CHUO	GENCO	KC	MJD	PTL	SKR	TMI
	ALUCON	CI	GFM	KDH	MK	Q-CON	SMT	TNH
	AMANAH	CIG	GLOBAL	KIAT	MOONG	QLT	SMK	TNPC
	APCO	CITY	GOLD	KKC	MPIC	QTC	SOLAR	TOPP
	APCS	CMO	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	TPIPL
	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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