FINANSIA SYRUS

EARNINGS PREVIEW

25 October 2013

Property Development

PS

Pruksa Real Estate

Current	Previous	Close	2014 TP	Exp Return	Support	Resistance	CGR 2012
BUY	BUY	22.50	27.00	+ 20.0%	22.20-21.80	23.20-23.60	

Consolidated earnings

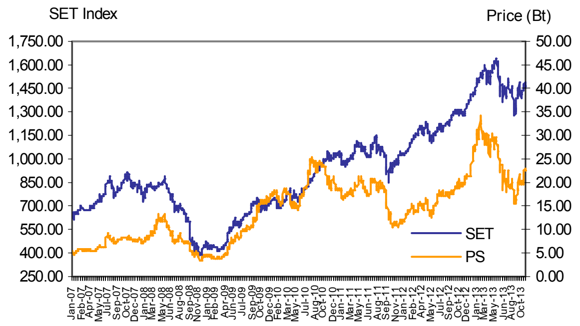
BT (mn)	2011	2012	2013E	2014E
Normalized earnings	2,835	3,898	5,288	5,988
Net profit	2,835	3,898	5,288	5,988
EPS (Bt)	1.28	1.76	2.36	2.67
EPS (Bt) - Normalized	1.28	1.76	2.36	2.67
% growth Y-Y	-18.83	37.27	33.73	13.23
Dividend (Bt)	0.40	0.50	0.66	0.80
BV/share (Bt)	7.69	9.07	10.83	12.84
EV/EBITDA (x)	15.6	11.6	8.9	7.7
PER (x)	17.5	12.8	9.6	8.4
PER (x) - Normalized	17.5	12.8	9.6	8.4
PBV (x)	2.9	2.5	2.1	1.8
Dividend yield (%)	1.8	2.2	2.9	3.5
YE No. of shares (million)	2,209	2,213	2,245	2,245
No. of shares - full dilution	2,251	2,251	2,251	2,251
Par (Bt)	1.00	1.00	1.00	1.00

Source: Company data, FSS estimates

Share data

Close (24/10/2013)	22.50
SET Index	1,466.32
Foreign limit/actual (%)	40.00/15.29
Paid up shares (million)	2,222.51
Free float (%)	26.06
Market cap (Bt mn)	50,006.46
Avg. daily T/O (Bt mn) (2013 YTD)	163.80
hi, lo, avg (Bt) (2013 YTD)	35.50, 15.20, 23.93

Source: Setsmarts



Source: SET

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3Q13 normalized earnings likely to edge down 1.6% Q-Q, but surge 38.6% Y-Y

Our forecasts call for PS's 3Q13 normalized earnings to dip 1.6% Q-Q, but jump 38.6% Y-Y to Bt1.4bn. Looking ahead, we anticipate that the company's normalized earnings will peak in 4Q13. We revise down our 2013E normalized earnings by 5.4% after we have increased our 2013E SG&A expenses by 5%. PS' 9M13 presales are already sufficient to secure 95% of the company's 2013E presales. Hence, we anticipate that PS will be able to achieve its 2013E presales. Moreover, the company might decide to launch less new projects in 4Q13 than planned. Given such estimates and outlook, we roll over to our 2014 TP of Bt27 (PE 10x, 2006-2012 average PE) from our 2013 TP of Bt32 (PE 13x, +1 SD). Finally, we maintain our BUY rating on PS to bet on its 4Q13 earnings.

Expect normalized earnings to down 1.6% Q-Q, but up 38.6% Y-Y in 3Q13 and peak in 4Q13

Our forecasts call for PS's 3Q13 normalized earnings to amount to Bt1.4bn (-1.6% Q-Q, +38.6% Y-Y). Such forecasts assume transfer revenues of Bt9.8bn, implying gains of 8.4% Q-Q and 36.4% Y-Y thanks to a rise in condo transfer revenue after three condo projects (Bt4.8bn, 91% sold) were completed and ready for transfers in 3Q13. In this quarter, gross margin is likely to be equal to 34% (nearly flat Q-Q), while we expect SG&A expenses to jump 19.7% Q-Q and 38.0% Y-Y due to expenses related to project launches and a rise in marketing expenses. Looking ahead, we anticipate that PS's normalized earnings will reach the peak of this year in 4Q13 thanks to continuous transfers of condo projects completed in 3Q13 and completion of two condo projects with a combined value of Bt1.3bn (76% sold) during the quarter.

Revise down 2013E normalized earnings by 5.4%

We revise down our 2013E normalized earnings by 5.4% to Bt5.3bn (+35.7% Y-Y) after we have increased our 2013E SG&A expenses by 5% to reflect higher-than-expected SG&A expenses. However, we maintain our 2014E normalized earnings at Bt5.98bn (+13.2% Y-Y).

3Q13 presales jumped 28.2% Q-Q and 62.3% Y-Y

PS's 3Q13 presales amounted to Bt11.6bn (+28.2% Q-Q, +62.3% Y-Y) after presales of both condo and low-rise projects surged Q-Q and Y-Y. In this quarter, PS launched 10 new projects with a combined value of Bt10bn, e.g. (1) The Reserve Kasemsan 3 (Bt1.8bn, 83% sold), (2) Chapter One: The Campus Kaset (Bt2bn, 84% sold), (3) The Privacy Ngamwongwan (Bt330mn, 25.8% sold), and (4) Condolette Midst Rama 9 (Bt1.6bn, 38.6% sold).

9M13 presales secured 95% of 2013E presales

PS's 9M13 presales stood at Bt33.8bn which is already sufficient to secure 95% of the company's 2013E presales of Bt35.4bn. Given this outlook, we anticipate that PS will be able to achieve its target. Moreover, PS might decide to launch less new projects in 4Q13 than planned. As a result, the company's new launches in 2013 are likely to be less than its plan of 45 projects with a combined value of Bt22bn.

2Q13 backlog equal to Bt42bn, to be realized in next three years

PS's backlog at end-2Q13 was equal to Bt42bn. Of which, Bt39.7bn is likely to be realized as revenue in 2013. Combining this with 1H13 transfer revenues, they will be sufficient to secure 115% of our 2013E transfer revenues. Moreover, Bt7.8bn is likely to be realized as revenue in 2014 which would be sufficient to secure 21% of our 2014E transfer revenues. Finally, Bt9.9bn is likely to be realized as revenue in 2015.

Roll over to 2014 TP of Bt27 (PE 10x), maintain BUY rating

Given such estimates and outlook, we roll over to our 2014 TP of Bt27 (PE 10x, 2006-2012 average PE) from 2013 TP of Bt32 (PE 13x, +1SD). Finally, we maintain our BUY rating on PS.

Income Statement (Consolidated)

(Bt mn)	2010	2011	2012	2013E	2014E
Revenue	23,307	23,263	27,023	34,792	38,108
Cost of sales	14,561	14,724	17,890	22,615	24,770
Gross profit	8,746	8,538	9,133	12,177	13,338
SG&A costs	4,243	4,654	3,925	5,442	5,790
Operating profit	4,503	3,884	5,208	6,735	7,548
Other income	100	159	117	191	210
EBIT	4,603	4,044	5,326	6,927	7,757
EBITDA	4,850	4,361	5,670	7,275	8,112
Interest charge	67	137	305	357	319
Tax on income	1,048	1,071	1,123	1,281	1,450
Earnings after tax	3,488	2,835	3,898	5,288	5,988
Minority interests	0	0	0	0	0
Normalized earnings	3,488	2,835	3,898	5,288	5,988
Extraordinary items	0	0	0	0	0
Net profit	3,488	2,835	3,898	5,288	5,988

Cash Flow Statement (Consolidated)

(Bt mn)	2010	2011	2012	2013E	2014E
Net profit	3,488	2,835	3,898	5,288	5,988
Depreciation etc.	246	317	344	349	355
Change in working capital	-14,865	-8,790	-1,182	-3,135	-2,078
Other adjustments	100	160	-310	140	8
Cash flow from operations	-11,030	-5,478	2,750	2,642	4,273
Capital expenditure	-1,084	-640	-130	-223	-205
Others	-51	-71	-38	0	0
Cash flow from investing	-1,135	-712	-168	-223	-205
Free cash flow	-12,166	-6,189	2,581	2,420	4,068
Net borrowings	11,001	7,225	-2,724	-1,254	280
Equity capital raised	0	3	4	32	0
Dividends paid	-1,214	-1,104	-884	-1,107	-1,481
Others	2,972	-536	901	-807	-2,867
Cash flow from financing	12,759	5,587	-2,703	-3,135	-4,068
Net change in cash	593	-602	-122	-716	0

Balance Sheet (Consolidated)

(Bt mn)	2010	2011	2012	2013E	2014E
Cash	1,630	2,031	1,566	450	450
Accounts receivable	0	0	0	0	0
Inventory	27,923	36,160	37,818	40,483	43,163
Other current assets	1,805	726	1,605	1,496	1,258
Total current assets	31,358	38,916	40,989	42,429	44,870
Investments	0	0	0	0	0
Plant, property & equipment	2,159	2,469	2,220	1,997	1,793
Other assets	574	598	612	718	705
Total assets	34,091	41,982	43,821	45,145	47,368
Short-term loans	3,501	5,988	1,529	723	1,003
Accounts payable	1,425	1,083	1,527	1,859	2,036
Current maturities	500	3,338	7,730	4,000	2,000
Other current liabilities	4,245	3,417	4,496	4,126	4,375
Total current liabilities	9,671	13,827	15,281	10,707	9,413
Long-term debt	9,100	10,962	8,250	10,000	9,000
Other LT liabilities	57	198	208	114	124
Total non-current liabilities	9,157	11,159	8,458	10,114	9,124
Total liabilities	18,828	24,986	23,739	20,822	18,538
Registered capital	2,229	2,251	2,251	2,251	2,251
Paid-up capital	2,207	2,209	2,213	2,245	2,245
Share premium	1,362	1,396	1,452	1,422	1,422
Legal reserve	226	226	226	226	226
Retained earnings	11,503	13,234	16,248	20,430	24,937
Others	-33	-69	-57	0	0
Minority Interests	0	1	0	0	0
Shareholders' equity	15,263	16,996	20,082	24,323	28,830

Source: Company data, FSS research

Important Ratios (Consolidated)

	2010	2011	2012	2013E	2014E
Growth (%)					
Revenue	22.9	-0.2	16.2	28.7	9.5
EBITDA	-4.2	-10.1	30.0	28.3	11.5
Net profit	-3.7	-18.7	37.5	35.7	13.2
Normalized earnings	-3.7	-18.7	37.5	35.7	13.2
Profitability Ratios (%)					
Gross profit margin	37.5	36.7	33.8	35.0	35.0
EBITDA margin	20.8	18.7	21.0	20.9	21.3
EBIT margin	19.8	17.4	19.7	19.9	20.4
Normalized profit margin	15.0	12.2	14.4	15.2	15.7
Net profit margin	15.0	12.2	14.4	15.2	15.7
Normalized ROA	10.2	6.8	8.9	11.7	12.6
Normalize ROE	22.9	16.7	19.4	21.7	20.8
Normalized ROCE	18.9	14.4	18.7	20.1	20.4
Risk (x)					
D/E	1.23	1.47	1.18	0.86	0.64
Net D/E	0.75	1.07	0.79	0.59	0.40
Net debt/EBITDA	2.37	4.19	2.81	1.96	1.42
Per share data (Bt)					
Reported EPS	1.58	1.28	1.76	2.36	2.67
Normalized EPS	1.58	1.28	1.76	2.36	2.67
EBITDA	2.20	1.97	2.56	3.24	3.61
FCF	-5.51	-2.80	1.17	1.08	1.81
Book value	6.92	7.69	9.07	10.83	12.84
Dividend	0.50	0.40	0.50	0.66	0.80
Par	1.0	1.0	1.0	1.0	1.0
Valuations (x)					
P/E	14.2	17.5	12.8	9.6	8.4
Normalized P/E	14.2	17.5	12.8	9.6	8.4
P/BV	3.3	2.9	2.5	2.1	1.8
EV/EBTDA	12.6	15.6	11.6	8.9	7.7
Dividend yield (%)	2.2	1.8	2.2	2.9	3.5

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Bangkok

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Arunamarin, Bangkoknoi, Bangkok

Pinklao 3
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Road, Arunamarin, Bangkoknoi,
Bangkok

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Nonthaburi

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Chatuchak, Bangkok

Prachachuen
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Ladyao, Jutujak, Bangkok

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Bangkok

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Klongjan, Bangkapi, Bangkok

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Kukod, Lumlookka
Pratumtanee

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Aumphoe Muang, Nakornpathom

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Tumbon Bangplasoi,
Aumphoe Muang, Chonburi

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Tumbon Mhachai, Aumphoe
Meungsamutsakorn, Samutsakorn

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Sukprayoon Road,
Tumbon Namuang, Aumphoe
Muang, Chachoengsao

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Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2
310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Khonkaen 1
311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 2
26/9 Moo 7 2nd Floor,
Srijan new Road, Tumbon
Nai Meung, Aumphoe Meung,
Khonkaen

Measai
119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Hatyai 1
200/222, 200/224, 200/226
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Aumphoe Hadyai, Songkhla

Hatyai 2
106 Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3
200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2rd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Phuket
22/18 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,
Aumphoe Meung, Phuket

Suratthani
173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Krabi
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Tumbon Paknam,
Aumphoe Meung, Krabi

Pattane
300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

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Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Khonkaen
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Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

Trang
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Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

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Natapon	Khamthakreauu	Derivatives	0-2646-9820	natapon.k@fnsyrus.com

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

Thai Institute of Directors Association (IOD) – Corporate Governance Report Rating 2012

Score Range	Rating	Description
100-90		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
<50	no logo given	n/a

ADVANC	BCP	DRT	IRPC	NOBLE	QH	SC	SYMC	TOP
AOT	BECL	EASTW	KBANK	PHOL	RATCH	SCB	THAI	TSTE
ASIMAR	BKI	EGCO	KKP	PS	ROBINS	SCC	TIP	TTA
BAFS	BMCL	ERW	KTB	PSL	RS	SE-ED	TIPCO	
BANPU	BTS	GRAMMY	LPN	PTT	SAMART	SIM	TISCO	
BAY	CPN	HEMRAJ	MCOT	PTTEP	SAMTEL	SIS	TKT	
BBL	CSL	ICC	NKI	PTTGC	SAT	SNC	TMB	

2S	BROOK	DTAC	HMPRO	MACO	OFM	S & J	SSSC	THRE	TSC
ACAP	BWG	DTC	HTC	MAKRO	OGC	S&P	STANLY	TIC	TSTH
AF	CENTEL	ECL	IFEC	MBK	OSIHI	SABINA	STEC	TICON	TTW
AIT	CFRESH	EE	INTUCH	MBKET	PAP	SAMCO	SUC	TIW	TUF
AKR	CGS	EIC	ITD	MFC	PDI	SCCC	SUSCO	TK	TVO
AMATA	CHOW	ESSO	IVL	MFEC	PE	SCG	SVI	TLUXE	UAC
AP	CIMBT	FE	JAS	MINT	PG	SCSMG	SYNTEC	TMT	UMI
ASK	CK	FORTH	KCE	MODERN	PHATRA***	SFP	TASCO	TNITY	UP
ASP	CM	GBX	KGI	MTI	PJW	SITHAI	TCAP	TNL	UPOIC
AYUD	CPALL	GC	KSL	NBC	PM	SMT	TCP	TOG	UV
BEC	CPF	GFPT	L&E	NCH	PR	SPALI	TFD	TPC	VIBHA
BFIT	CSC	GL	LANNA	NINE	PRANDA	SPCG	TFI	TRC	VNT
BH	DCC	GLOW	LH	NMG	PRG	SPI	THANA	TRT	WACOAL
BIGC	DELTA	GUNKUL	LRH	NSI	PT	SPPT	THCOM	TRU	YUASA
BJC	DEMCO	HANA	LST	OCC	PYLON	SSF	THIP	TRUE	ZMICO

***PHATRA was voluntarily delisted from the Stock Exchange of Thailand effectively on September 25, 2012.

AEONTS	BGT	CMO	GENCO	JTS	LHBANK	NC	PTL	SGP	SWC	TPAC	UT
AFC	BLA	CNS	GFM	JUBILE	LHK	NNCL	Q-CON	SIAM	SYNEX	TPCORP	VARO
AGE	BNC	CNT	GLOBAL	JUTHA	LIVE	NTV	QLT	SIMAT	TBSP	TPIPL	WAVE
AH	BOL	CPL	GOLD	KASET	LOXLEY	OSK	QTC	SINGER	TCB	TPP	WG
AHC	BROCK	CRANE	HFT	KBS	MAJOR	PAE	RASA	SIRI	TEAM	TR	WIN
AI	BSBM	CSP	HTECH	KC	MATCH	PATO	RCL	SKR	TF	TTCL	WORK
AJ	BTNC	CSR	HYDRO	KDH	MATI	PB	RICH	SMIT	TGCI	TWFP	
ALUCON	BUI	CTW	IFS	KIAT	MBAX	PICO	ROJNA	SMK	THANI	TYCN	
AMANAH	CCET	DRACO	IHL	KKC	M-CHAI	PL	RPC	SOLAR	TKS	UBIS	
APCO	CEN	EASON	ILINK	KTC	MDX	POST	SAM	SPC	TMD	UEC	
APCS	CHUO	EMC	INET	KWC	MJD	PPM	SCBLIF	SPG	TMI	UIC	
APRINT	CI	EPCO	IRC	KWH	MK	PREB	SCP	SSC	TNH	UMS	
ARIP	CIG	FNS	IRCP	KYE	MOONG	PRECHA	SEAFCO	SST	TNPC	UOBKH	
AS	CIMBI***	FOCUS	IT	LALIN	MPIC	PRIN	SENA	STA	TOPP	UPF	
ASIA	CITY	FSS	JMART	LEE	MSC	PSAAP	SF	SVOA	TPA	US	

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