3Q13 EARNING PREVIEW

Pruksa Real Estate (PS)

Friday, November 1, 2013

EQUITY TALK

3Q13 condominium transfers not fully booked. 3Q13 profit to grow 5%qoq, 48%yoy

BUY

- **3Q13 revenue to grow 12%qoq. Rising SG&A to press net profit margin**
- **Maintain FY2013 profit forecast at B5.46bn, B2.47/share**
- **Reiterate "BUY". Fair value at 12x PER or B29.61**

Current price (B)	**22.30**
2013 Fair Value (B)	**29.16**
Market cap (B bn)	**49.36**
CGR	

► 3Q13 revenue to grow 12%qoq. Rising SG&A to press net profit margin

PS's 3Q13 presales were at B11.1bn, improving from B10.3bn in 2Q13. Condominiums are likely to make up the highest presales, as there was the opening of three condominium projects, including two big projects: The Campus (B1.8bn presales) and The Reserve (B1.5bn presales). SDH project presales dropped, as only one project was opened. Townhouse presales improved slightly from 2Q13. 3Q13 revenue is projected to grow by 12% to B10.2bn, B7.2bn from SDH projects (close to 2Q13) and B2.97bn from condominium transfers, mainly Fuse Mobius, The Seed Mingle and The Tree Bangpho; Urbano Absolute has just been transfer late in the quarter, so its total transfer is still low. PS's gross margin is projected to stay flat. However, SG&A is expected to rise due to increase in employees and expenses on the opening of new condominiums and brand strengthening. Thus, SG&A/Sales would rise above 15% and press net profit margin to 14.56%, falling 1% from 1Q13. Overall, 3Q13 profit is projected at B1.48, growing 5%qoq and 48%yoy.

► Maintain FY2013 profit forecast at B5.46bn, B2.47/share

Though 3Q13 earnings result would not be as high as expected because condominium transfers were later than expected, we maintain FY2013 profit forecast, as there would be no significant change in 2013 transfer plan (transfer of Plum Condominium Ladprao 101 with backlog of B510 is postponed to 1Q14). Most condominiums transfers are scheduled in 4Q13, and horizontal projects would be transferred continuously. Construction period has been shortened. Cancelation or rejection of loan from financial has not exceeded the normal level. Total backlog of B14bn is scheduled to be transferred in 4Q13. Thus, PS's FY2013 revenue is likely to reach the target at B34.5bn.

► Reiterate "BUY". Fair value at 12x PER or B29.61

Current PS's share price is at 9x PER and 3.87%/year dividend yield, lower than FY2013 fair value at 12x PER or B29.61. We reiterate "BUY"

ASP vs SAA concensus

EPS (B)	ASP	Cons	%diff
2013F	2.47	2.27	9%
2014F	2.78	2.53	10%

Source: SAA concensus and ASP

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

Key Data (Bm)					
FY: Dec	**FY10A**	**FY11A**	FY12A	**FY13F**	**FY14F**
Sales	23,307	23,263	27,023	34,584	38,034
Net Profit	3,488	2,835	3,898	5,462	6,163
Norm Profit	3,488	2,835	3,898	5,462	6,163
Norm EPS (B)	1.58	1.28	1.76	2.47	2.78
DPS (B)	0.50	0.40	0.62	0.86	0.97
Norm PER (x)	14.1	17.4	12.6	9.0	8.0
Div. yields (%)	2.24	1.79	2.77	3.87	4.37
BVS (B)	6.92	7.69	9.07	10.9	12.82
ROE (%)	22.9	16.7	19.4	22.6	21.7

Source: ASP

Therdsak Thaveeteeratham
No. License : 004132
therdsak@asiaplus.co.th

Quarterly Earning Forecast

Key data (Bm)	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13E	%QoQ	%YoY	2012	2013E	%YoY
Sales	4,655	6,814	7,199	8,356	6,312	9,058	10,185	12%	41%	27,023	34,584	28.0%
Other income	20	54	36	8	28	66	31	-53%	-13%	117	123	5.0%
Total revenue	4,675	6,868	7,234	8,364	6,340	9,125	10,216	12%	41%	27,141	34,707	27.9%
Cost of sales	3,003	4,485	4,744	5,658	4,148	5,995	6,747	13%	42%	17,890	22,356	25.0%
Selling & admin. Expenses	837	1,023	1,130	936	1,173	1,302	1,558	20%	38%	3,925	5,274	34.4%
Total expenses	3,840	5,508	5,874	6,593	5,322	7,297	8,305	14%	41%	21,815	27,630	26.7%
EBIT	835	1,359	1,360	1,770	1,018	1,827	1,911	5%	40%	5,326	7,078	32.9%
Interest expenses	61	65	80	100	85	97	103	6%	29%	305	250	-17.8%
EBT	775	1,295	1,281	1,671	934	1,731	1,808	4%	41%	5,021	6,827	36.0%
Income tax	142	292	281	408	160	322	325	1%	16%	1,123	1,365	21.6%
Norm profit	633	1,002	1,000	1,263	773	1,409	1,483	5%	48%	3,898	5,462	40.1%
Ex-tra item	0	0	0	0	0	0	0	NM	NM	0	0	NM
Net profit	633	1,002	1,000	1,263	773	1,409	1,483	5%	48%	3,898	5,462	40.1%
EPS(B)	0.29	0.45	0.45	0.57	0.35	0.63	0.67	5%	47%	1.76	2.47	40.0%
Norm Margin	13.6%	14.7%	13.9%	15.1%	12.3%	15.6%	14.6%			14.4%	15.8%	
Gross Margin	35.5%	34.2%	34.1%	32.3%	34.3%	33.8%	33.8%			33.8%	35.4%	
SG&A/Sale	18.0%	15.0%	15.7%	11.2%	18.6%	14.4%	15.3%			14.5%	15.2%	

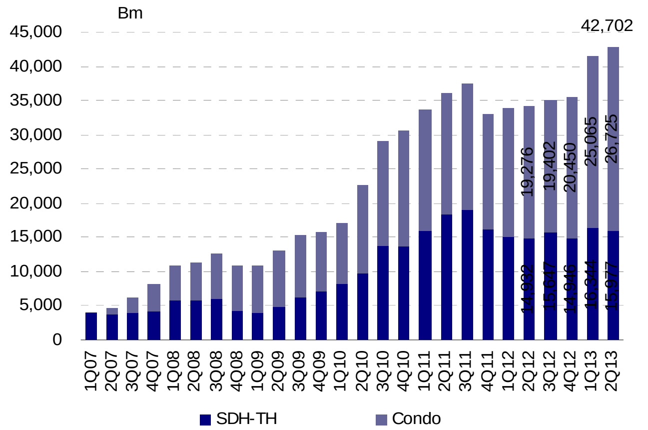
Source : Financial Statement of / ASP Research

Condominium backlog in 2Q13 to transfer in 2013

Finished Condominium 2013	Backlog 2Q13	Start Transfer	Unsold Stock
Condolette Light	478	Nov	172
Plum (Nawamin)	244	Apr	3
The Seed Mingle	920	Apr	20
Urbano Absolute	2,482	Aug	234
The Tree (Bang Pho)	1,358	Aug	47
Fuse (Mobius)	2,268	June	347
Total (Bm)	7,750		823

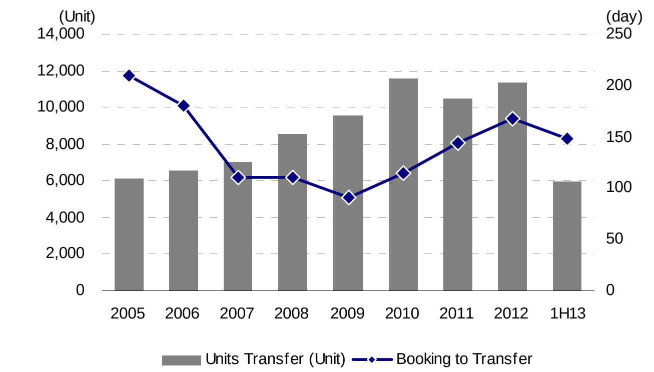
Source : PS

Backlog Quarterly end of 2Q13 of PS



Source : PS

No. of units transferred and Vertical Business Cycle



Source : PS

Technical Chart of PS

Source : PS