

Pruksa Real Estate

Presales make new high. Profit to remain strong

3Q14 presales made a record high at B13.4bn thanks to sales from four new condominiums. Revenue is projected to grow; business cycle of horizontal projects has decreased to 90 days, and five new condominiums have started to be transferred. We maintain FY2014 fair value at B35.11.

■ No.1 presales

3Q14 presales grew by 37.5%qoq and made a record high at B13.4bn. Condominium presales leapt from B1.6bn in 2Q14 to B5.3bn in 3Q14 after four new condominiums were launched and sold: The Signature by Urbano Saphan Khwai (70% of B2.1bn total value), The Tree Rio Bang Aor (47% of B3.6bn total value), Plum Condo Samakkhi (18% of B914m total value), and Plum Condo Park Rangsit (34% of B3.1bn total value). Horizontal project presales stayed flat qoq at B8bn. 9M14 presales were B31.3bn, making up 73% of FY2014 presales target of B43bn. PS has planned to launch 73 new projects in 2014, totaling B73bn; 35 projects valued B41.4bn would be launched in 2H14.

■ 3Q14 profit projected at B1.9bn

3Q14 total transfer is anticipated to rise continuously from five new condominiums (Plum Condo Ladprao 101, Plum Condo Bangkaen, Ivy Ampio, The Tree Privata, and Condolette Dwell), as well as Chapter one Modern Dutch valued B4.1bn that has been transferred since 2Q14. For horizontal projects, business cycle has decreased from 96 to 90 days in 3Q14. PCF6 have started their test run after PCF1-PCF5 factories have been working at 730 units/month capacity (exceeding its actual capacity of 640 units/month). Under the assumption that revenue from property sales is B11.5bn (growing 6%qoq) and normalized profit margin is 16.5% in 3Q14, 3Q14 net profit is estimated at B1.9bn, staying flat qoq.

■ Maintain fair value at B35.11 in 2014, B40.52 in 2015

PS has still possessed the largest presales and revenue among peers. Its earnings are projected to continue growing in 2H14 and 2015. With P/E ratio of 12x, we maintain PS's fair value at B35.11 in 2014 and B40.52 in 2015.

Key Data

FY: Dec 31	FY12A	FY13A	FY14F	FY15F	FY16F
Sales (Bm)	27,023	38,848	41,650	47,656	47,477
Net Profit (Bm)	3,898	5,802	6,497	7,506	7,514
Norm. Profit (Bm)	3,898	5,802	6,497	7,506	7,514
Norm. EPS (B)	1.76	2.61	2.93	3.38	3.38
PER (x)	19.2	12.9	11.5	10.0	10.0
DPS (B)	0.50	0.85	0.88	1.01	1.01
Dividend Yield (%)	1.5	2.5	2.6	3.0	3.0
BV (B)	9.1	11.2	13.3	15.7	18.1
PBV (x)	3.72	3.01	2.54	2.15	1.87

Source : ASP Research

PS

Rec. : HOLD



Current Price (B): 33.75

Target Price 14F (B): 35.11

Target Price 15F (B): 40.52

Upside : 4%

Dividend Yield : 2.6%

Total Return : 6.6%

Market Cap. (Bm) : 75,147

CG Score: ▲▲▲▲▲

Technical Chart



ASP vs IAA consensus

EPS (B)	ASP	Cons	%diff
2014F	2.93	2.85	3%
2015F	3.38	3.26	4%

Source: IAA consensus and ASP

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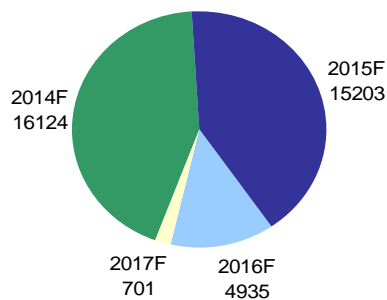
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Result Note by Quarter

Key Data (Bm)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14F	% QoQ	% YoY	1H14	1H13	% YoY	2014F	2013	% YoY
Core business	6,312	9,058	9,773	13,705	8,018	10,812	11,500	34.8%	19.4%	18,829	15,370	22.5%	41,650	38,848	7.2%
Cost of sales	4,148	5,995	6,408	8,798	5,101	6,833	7,360	34.0%	14.0%	11,935	10,144	17.7%	26,656	25,350	5.2%
Gross profit	2,164	3,063	3,364	4,907	2,916	3,978	4,140	36.4%	29.9%	6,895	5,227	31.9%	14,994	13,498	11.1%
Selling & admin. Expenses	1,173	1,302	1,609	1,992	1,469	1,613	1,725	9.8%	23.9%	3,082	2,475	24.5%	6,664	6,077	9.7%
EBITDA	1,114	1,930	1,866	3,071	1,580	2,500	2,552	58.2%	29.5%	4,081	3,044	34.0%	8,945	7,988	12.0%
Net Profit	773	1,409	1,357	2,263	1,065	1,871	1,902	75.7%	32.7%	2,935	2,182	34.5%	6,497	5,802	12.0%
Norm Profit	773	1,409	1,357	2,263	1,065	1,871	1,902	75.7%	32.7%	2,935	2,182	34.5%	6,497	5,802	12.0%
Norm EPS	0.35	0.63	0.61	1.02	0.48	0.84	0.86	75.7%	32.7%	1.32	0.98	34.5%	2.93	2.61	12.0%
Gross Margin (%)	34.3%	33.8%	34.4%	35.8%	36.4%	36.8%	36.0%			36.6%	34.0%		36.0%	34.7%	
Norm Profit Margin (%)	12.2%	15.4%	13.8%	16.4%	13.2%	17.2%	16.5%			15.6%	14.2%		15.5%	14.9%	

Source : Financial Statement of / ASP Research

Backlog Transfer



Source : PS

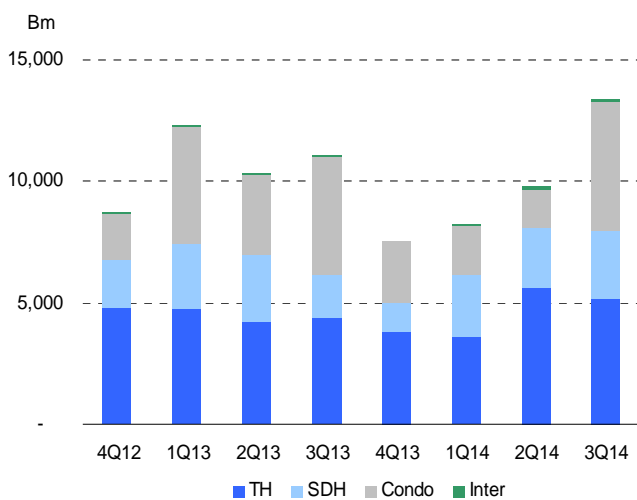
Condominium to be finished in 2014

Project	Value (Bm)	Start to Transfer	Presale end of 2Q14	Backlog
The Privacy Ngamwongwang	337	2Q14	80%	270
Condolette Ratchatawee	1,474	2Q14	95%	1,400
The Privacy Revadee16	264	2Q14	53%	140
Chapter One Modern Dutch	4,070	2Q14	80%	3,256
The Tree Privata	726	3Q14	83%	603
IVY Ampio	1,806	3Q14	79%	1,427
Plum Ladprao101	655	3Q14	73%	478
Plum Bangkokhaen	387	3Q14	99%	383
Condolette Dwell	984	3Q14	61%	600
The Privacy Tiwanon	284	4Q14	22%	62
The Privacy Rewadee18	276	4Q14	31%	86
Total	11,263			8,705

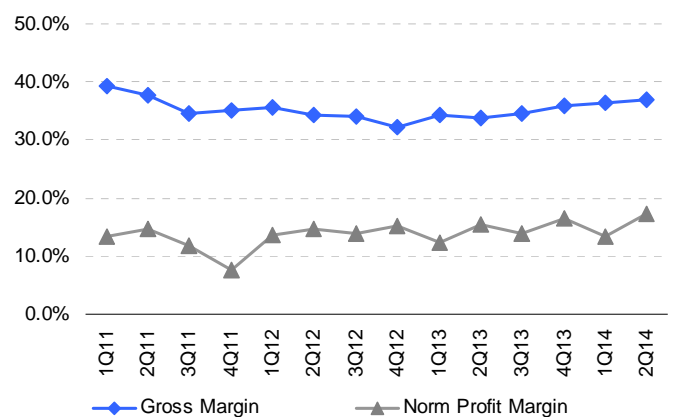
Source : PS

Presale by Quarter

Estimate Adjust



Source : PS



Source : PS