Pruksa Real Estate

PS

Rec. : BUY

Good and inexpensive

PS was with the highest presales among the sector in 2014. Its income also met the target. FY2015 earnings are estimated to grow by 15.5% thanks to its new precast concrete factories, new projects, and high backlog. PS's fair value is B40.52.

■ New projects to boost presales in 2015

PS's 11M14 presales of B37.2bn (B27bn from horizontal projects, B10.2bn from condominiums) were the largest among the housing sector, but still far from the target of B43bn. In 2015, PS aims to win larger market share and prepare for the AEC liberalization by expanding its new business to upper-middle class and outside Bangkok, focusing on border areas and special economic zones (Chiang Rai, Tak, Trat, Sakaeo, and Songkla); this would raise PS's income from other provinces from 7% to 8-9% of total income. After 62 projects worth of B58bn were launched in 2014, PS initially plans to launch new 70 projects valued B70bn in 2015, projected to boost presales by at least 20%.

■ New factories, high backlog to boost profit by 15.5% in 2015

FY2015 income is estimated to grow 8%yoy and reach the target of B42bn. 4Q14 net profit is projected to make the year's peak because B12bn backlog will generate income in this quarter. FY2015 profit is expected to exceed our projection of B6.5bn. PS is likely to grow rapidly in 2015 as its new precast concrete factories (PCF6 and PCF7) already started its commercial run in 4Q14, possibly working at its full capacity of 480 units/month and raising PS's total capacity to 1,120 units/month in 2015 (PCF1-5 are currently working at 113% of their actual capacity). PS has B39bn backlog now; B16.3bn of which will generate income in 2015. Overall, FY2015 profit is projected to grow by 15.5%yoy and reach B7.5bn.

■ 8.5x P/E ratio, 41% upside, 3.3% dividend yield

Despite strong earnings, PS is currently underperforming the market, having 41% upside and P/E ratio as low as 8.5x; it is advisable to buy PS.

We derive PS's fair value (12x P/E ratio) at B40.52. PS is expected to pay dividend in early 2015 at B0.95/share (3.3% dividend yield, paid annually).

Current Price (B): 28.75

Target Price (B): 40.52

Upside : 41%

Dividend Yield : 3.3%

Total Return : 44.3%

Market Cap. (Bm) : 63,906

CG Score

Technical Chart

ASP vs IAA concensus

EPS (B)	ASP	Cons	%diff
2014F	2.93	2.83	4%
2015F	3.38	3.19	6%

Source: IAA concensus and ASP

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)	16.3	11.0	9.8	8.5	8.5
DPS (B)	0.50	0.85	0.95	1.10	1.10
Dividend Yield (%)	1.7	3.0	3.3	3.8	3.8
BV (B)	9.1	11.2	13.2	15.6	17.9
PBV (x)	3.17	2.56	2.17	1.84	1.61

Source : ASP Research

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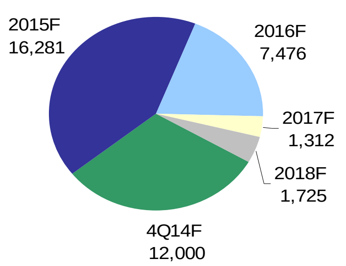
Result Note by Quarter

Key Data (Bm)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	% QoQ	% YoY	9M14	9M13	% YoY	2014F	2013	% YoY
Revenue	6,312	9,058	9,773	13,705	8,018	10,812	11,586	7.2%	18.6%	30,415	25,143	21.0%	41,650	38,848	7.2%
Cost of Sales	4,148	5,995	6,408	8,798	5,101	6,833	7,327	7.2%	14.3%	19,261	16,552	16.4%	26,656	25,350	5.2%
Gross Profit	2,164	3,063	3,364	4,907	2,916	3,978	4,259	7.1%	26.6%	11,154	8,591	29.8%	14,994	13,498	11.1%
Sale & Admin. Expenses	1,173	1,302	1,609	1,992	1,469	1,613	1,853	14.9%	15.2%	4,935	4,084	20.8%	6,664	6,077	9.7%
EBITDA	1,114	1,930	1,866	3,071	1,580	2,500	2,505	0.2%	34.2%	6,585	4,910	34.1%	8,945	7,988	12.0%
Net Profit	773	1,409	1,357	2,263	1,065	1,871	1,838	-1.7%	35.5%	4,774	3,539	34.9%	6,497	5,802	12.0%
Norm Profit	773	1,409	1,357	2,263	1,065	1,871	1,838	-1.7%	35.5%	4,774	3,539	34.9%	6,497	5,802	12.0%
Norm EPS	0.35	0.63	0.61	1.02	0.48	0.84	0.83	-1.7%	35.5%	2.15	1.59	34.9%	2.93	2.61	12.0%
Gross Margin (%)	34.3%	33.8%	34.4%	35.8%	36.4%	36.8%	36.8%			36.7%	34.2%		36.0%	34.7%	
Norm Profit Margin (%)	12.2%	15.4%	13.8%	16.4%	13.2%	17.2%	15.8%			15.7%	14.1%		15.5%	14.9%	

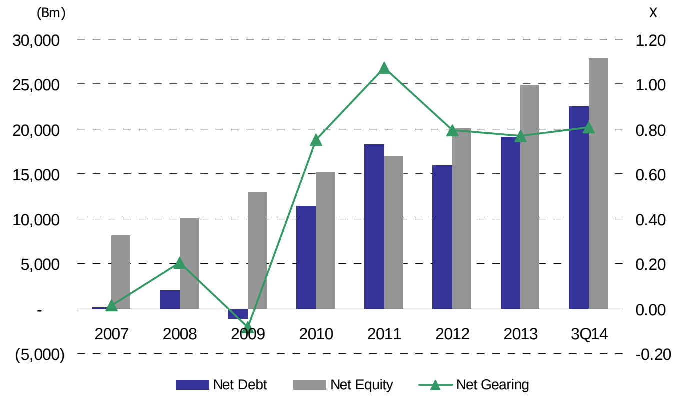
Source : Financial Statement of / ASP Research

Backlog Transfer end of 3Q14



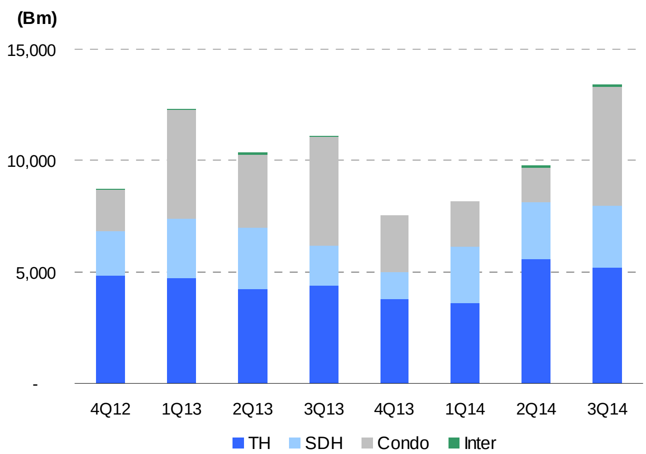
Source : PS

Financial Structure



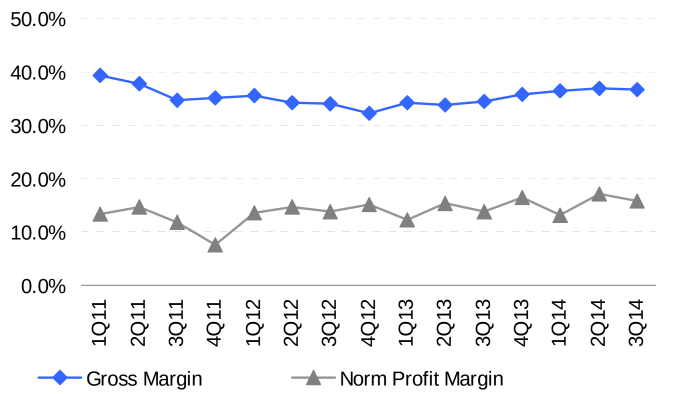
Source : PS

Presale by Quarter



Source : PS

Profit abilities by Quarters



Source : PS