

Pruksa Real Estate

Presales growth remarkable in 1QFY15

THAILAND | SET | PROP | TRADE FLASH

BLOOMBERG PS TB | REUTERS PS.BK

1QFY15 presales see robust growth of 56% y-y

PS announced the strong presales in 1QFY15, rising 56% y-y. Low-rise presales grew 38% while condo ones jumped 110%. Much of the robust growth can attribute to an aggressive opening of new projects since the beginning year. PS opened as much as 18 projects, worth a combined Bt14bn in the first quarter—13 low-rise project valued Bt10bn and five condo projects worth Bt5.6bn. The first-quarter presales made up to 27% of the company's full-year target of Bt47bn. Breaking by segment, the low-rise presales arrived at Bt12.7bn, accounting for 39% of the full-year target of Bt32.6bn, while condo presales were Bt4.2bn, representing 29% of Bt14.4bn full-year target.

Looking ahead, PS plans to launch up to Bt41.2bn projects, dividing to Bt16bn in 2QFY15, Bt17bn in 3QFY15, and Bt8.2bn in the final quarter. If presales momentum, particularly low-rise projects, continues to build up, the odds of full-year presales target upgrade are therefore very high.

FY15 net profit likely to grow 14%

PS recorded Bt47bn backlog at end-March, well above Bt34bn at end-2014. About Bt30bn of which is expected to recognize this year, which accounts for nearly 63% of our Bt47bn revenue estimate. To achieve this, the remaining Bt17bn would derive from both low-rise and condo projects over the rest of the year.

Based on the company's low-rise presales of Bt8.4bn in 1QFY15 or an average of Bt2.8bn per month and taking into account the long holidays in April and December, we estimate presales of Bt2.6bn per month over the rest of the year, and thus low-rise presales should reach Bt24bn or an average of Bt8bn per quarter. Given the company's construction period of 80-90 days, implying that presales PS makes in the fourth quarter should be recognized in 2016, the company would book up to Bt16bn revenue in 2Q-4QFY15.

To meet our revenue forecast, PS appears to need just the Bt1bn condo presales. This should be a cakewalk for PS as the company has had Bt8bn standing inventories (from 14 projects) that will have been able to transfer in 2015.

From the above assumptions, our FY15 revenue forecast of Bt47bn, which represents 10% growth, looks very likely to be achievable. Gross margin is likely to remain flat as operating expense is expected to stay level from benefits of an economy of scale on the robust revenue growth outlook. Net profit margin would thus improve from the prior-year 15.55% to 16.19%. For this reason, we project net profit to grow 14% to Bt7.6bn.

'BUY' rating upgrade

With strong presales, bright earnings prospect, and cheap valuation at undemanding P/E of 9x against an estimated growth of 14% in 2015, we upgrade rating on PS to 'BUY' with a price target of Bt34.00.

09 April 2015

Buy (Upgraded from Neutral)

Closing Price(Bt) 30.25
Target Price(Bt) 34.00 (+12.4%)

COMPANY DATA

O/S Shares (mn) :	2,223
Market Cap. (Btmn) :	67,480
Market Cap. (USDmn) :	2,073
52-WK Hi/Lo (Bt) :	37/21.2
3M Average Daily T/O (mn) :	4.45
Par Value (Bt) :	1.00

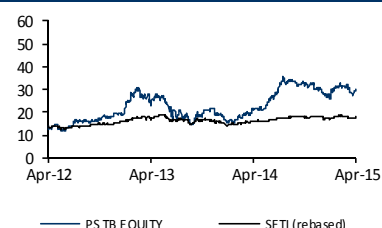
MAJOR SHAREHOLDERS (%) 14 March 2014

1. Mr.Thongma Vichitpongphant	54.6
2. UBS AG SINGAPORE BRANCH	4.5
3. Mrs.Malinee Vichitpongphant	3.8

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	-5%	8%	44%
REL TO SET INDEX	-5%	6%	28%

PRICE VS SET INDEX



Source: Bloomberg, PSR

KEY FINANCIALS

FYE Dec	FY13	FY14	FY15E	FY16E
Sales(Btmn)	38,848	42,781	47,181	50,286
Net Profit(Btmn)	5,802	6,655	7,637	8,098
EPS (Bt)	2.61	2.99	3.37	3.58
P/E (X)	11.6	10.1	9.0	8.5
BVPS (Bt)	11.28	13.45	15.90	18.42
P/B (X)	2.7	2.2	1.9	1.6
DPS (Bt)	0.85	1.00	1.11	1.18
Dividend Yield (%)	2.8	3.3	3.7	3.9
ROE (%)	25.78	24.36	23.56	21.36
Debt/Equity (X)	1.94	1.53	1.27	1.33

Source: Company, PSR Est.

**Multiples and yields are based on latest closing price

VALUATION METHOD

P/E'15 (10x)

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Corporate Governance -2014



BAFS	BCP	BTS	CPN	EGCO	GRAMMY	HANA	INTUCH	IRPC	TOP
KBANK	KKP	KTB	MINT	PSL	PTT	PTTEP	PTTGC	SAMART	IVL
SAT	SC	SCB	SE-ED	SIM	SPALI	TISCO	TMB	THCOM	SAMTEL



AAV	ACAP	ADVANC	ANAN	AOT	ASIMAR	ASK	ASP	BANPU	BAY
BBL	BECL	BIGC	BKI	BLA	BMCL	BROOK	CENTEL	CFRESH	CIMBT
CK	CNT	CPF	CSL	DELTA	DRT	DTAC	DTC	EASTW	EE
ERW	GBX	GC	GFPT	GUNKUL	HEMRAJ	HMPRO	ICC	KCE	KSL
LANNA	LH	LHBANK	LOXLEY	LPN	MACO	MC	MCOT	NBC	NCH
NINE	NKI	NMG	NSI	OCC	OFM	PAP	PE	PG	PHOL
PJW	PM	PPS	PR	PRANDA	PS	PT	QH	RATCH	ROBINS
RS	S & J	SAMCO	SCC	SINGER	SIS	SITHAI	SNC	SNP	SPI
SSF	SSI	SSSC	STA	SVI	TCAP	TF	THAI	THANI	TSTE
TIP	TIPCO	TK	TKT	TNITY	TNL	TOG	TRC	TRUE	
TSTH	TTA	TTW	TVO	UAC	VGI	VNT	WACOAL		



2S	AF	AH	AHC	AIT	AJ	AKP	AKR	AMANAHA	AMARIN
AMATA	AP	APCO	APCS	AQUA	ARIP	AS	ASIA	AYUD	BEAUTY
BEC	BFIT	BH	BJC	BJCHI	BOL	BTNC	BWG	CCET	CGD
CGS	CHOW	CI	CKP	CM	CMR	CSC	CSP	CSS	DCC
DEMCO	DNA	EA	ESSO	FE	FORTH	FPI	GENCO	GL	GLOBAL
GLOW	GOLD	HOTPOT	HTC	HTECH	HYDRO	IFS	IHL	INET	IRC
IRCP	ITD	KBS	KGI	KKC	KTC	L&E	LRH	LST	MAJOR
MAKRO	MATCH	MBK	MBKET	MEGA	MFC	MFEC	MJD	MODERN	MONO
MOONG	MPG	MTI	NC	NTV	NUSA	NWR	NYT	OGC	OISHI
PACE	PATO	PB	PDI	PICO	PPM	PPP	PREB	PRG	PRIN
PTG	QLT	QTC	RCL	SABINA	SALEE	SCBLIF	SCCC	SCG	SEAFCO
SEAOIL	SFP	SIAM	SIRI	SKR	SMG	SMK	SMPC	SMT	SOLAR
SPC	SPCG	SPPT	SST	STANLY	STEC	STPI	SUC	SWC	SYMC
SYNEX	SYNTEC	TASCO	TBSP	TEAM	TFD	TFI	THANA	THIP	THREL
TIC	TICON	TIW	TKS	TLUXE	TMI	TMT	TNDT	TPC	TPCORP
TRT	TRU	TSC	TTCL	TUF	TVD	TWFP	UMI	UP	UPF
UPOIC	UT	UV	UWC	VIH	WAVE	WHA	WIN	WINNER	YUASA
ZMICO									

Results Presentation

Score Range

< 50%
50-59%
60-60%
70-79%
80-89%
90-100%

Number of Logo



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Name	Sector Name	Sector Index
Agro & Food Industry[AGRO]	Agribusiness	AGRI
	Food & Beverage	FOOD
Consumer Products[CONSUMP]	Fashion	FASHION
	Home & Office Products	HOME
	Personal Products & Pharmaceuticals	PERSON
Financials [FINCIAL]	Banking	BANK
	Finance & Securities	FIN
	Insurance	INSUR
Industrials [INDUS]	Automotive	AUTO
	Industrial Materials & Machinery	IMM
	Packaging	PKG
	Paper & Printing Materials	PAPER
	Petrochemicals & Chemicals	PETRO
	Steel	STEEL
Property & Construction[PROPCON]	Construction Materials	CONMAT
	Construction Services	CONS
	Property Development	PROP
	Property Fund & REITs	PF&REIT
Resources [RESOURC]	Energy & Utilities	ENERG
	Mining	MINE
Services [SERVICE]	Commerce	COMM
	Media & Publishing	MEDIA
	Health Care Services	HEALTH
	Tourism & Leisure	TOURISM
	Professional Services	PROF
	Transportation & Logistics	TRANS
Technology [TECH]	Electronic Components	ETRON
	Information & Communication Technology	ICT

PSR Rating System

Capital Gain	Recommendation
> +10%	Buy
0% to + 10%	Neutral
< 0%	Sell

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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ICT, Energy, Health
Care
Construction, Property
Development
Agro & Food,
Electronics
Transportation, Media
& Publishing,
Automotive, Energy,
Packaging
Banking, Securities &
Finance, Insurance
Commerce, Tourism
Materials, Construction

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