

Pruksa Real Estate

Presales past first-half target

THAILAND | SET | PROP | TRADE FLASH

BLOOMBERG PS TB | REUTERS PS.BK

1HFY15 presales making up more than 50% of full-year target

In 2QFY15, PS registered total presales of Bt11.1bn in 2QFY15, a slight decrease from the first-quarter Bt12.7bn. SDH/TH presales accelerated from the first-half Bt8.4bn to Bt9.4bn as the developer opened 12 projects in the period (13 projects in 1QFY15) and the market demand remained strong. Meanwhile, condo presales dropped from the prior-quarter Bt4.2bn to Bt1.7bn as the condo project "The Elegance", which was launched in late quarter, is off the mass rapid transit line in Tiwanont and thus receiving poor response from buyers with take-up rate only 17% or Bt357mn of Bt2.1bn total value. PS recorded strong take-up rate of 90% or Bt1.7bn of Bt1.9bn total value for "Chapter One Midtown", which was launched in 1QFY15 as buyers are opted for downtown area at Lardproh.

For the first-half of 2015, total presales made up 51% of full-year target of Bt47bn. We believe PS full-year target will likely be achievable.

Sizable backlog still key driver to earnings growth in 2015

PS has shortened its revenue visibility to 85 days for SDH/TH project. This means presales made in the second quarter will be able to recognize by year-end. The developer recorded as high as Bt9.4bn SDH/TH presales in 2QFY15, adding revenue backlog to Bt33bn for 2Q-4QFY15. As PS booked total revenue of Bt8.3bn in 1QFY15, the company will have carried revenue on hand as much as Bt41bn, representing 87% of our FY15 revenue estimate of Bt47.9bn (+12% y-y). To meet our forecast, the remaining Bt7bn would come from condo inventories that will be ready for transfers by year-end, which appears to be justified.

Looking into expense and profitability, we do not think PS will raise its selling price for SDH/TH project this year given the economic sluggishness and bleaker sentiment in the property market, and the developer may have to create the marketing campaigns to boost sales. Meanwhile, its fixed expense of amortization charges in its new phase of precast factory, which looks set to run at full capacity in 4QFY15. Based on assumptions, we expect gross margin to soften slightly from the prior-year 36% to 34% this year while benefits of economy of scale in view of higher revenue should reduce some burden on operating expense and thus SG&A to sales would narrow from 16% to 15% over the same periods.

As revenue looks likely to grow at a robust pace that appears to mitigate the impact from the slightly weaker profitability, net profit would continue to grow a mere 4% in 2015.

Share valuation cheap, below historical level, We thus maintain a 'BUY' rating on PS with a price target of Bt30.50.

Presales momentum appears to build up and earnings are likely to meet estimates, but share prices are currently trading on compelling P/E of 8x, well below its historical of 10x. We thus maintain a 'BUY' rating on PS with a price target of Bt30.50.

07 July 2015

Buy (Maintain)

Closing Price(Bt) 24.20
Target Price(Bt) 30.50 (+26.03%)

COMPANY DATA

O/S Shares (mn):	2,223
Market Cap. (Btmn):	53,984
Market Cap. (USDmn):	1,595
52-WK Hi/Lo (Bt):	37/23.6
3M Average Daily T/O (mn):	5.68
Par Value (Bt):	1.00

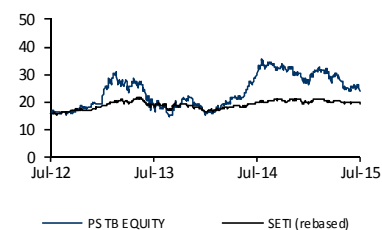
MAJOR SHAREHOLDERS (%) 16 March 2015

1. Mr.Thongma Vichitpongphant	54.4
2. UBS AG SINGAPORE BRANCH	4.5
3. Mrs.Malinee Vichitpongphant	3.8

PRICE PERFORMANCE (%)

	1MTH	3MTH	1YR
ABS	-5%	-17%	-18%
REL TO SET INDEX	-3%	-14%	-16%

PRICE VS SET INDEX



Source: Bloomberg, PSR

KEY FINANCIALS

FYE Dec	FY13	FY14	FY15E	FY16E
Sales(Btmn)	38,848	42,781	47,931	50,431
Net Profit(Btmn)	5,802	6,655	6,923	7,505
EPS (Bt)	2.61	2.99	3.06	3.31
P/E (X)	9.3	8.1	7.9	7.3
BVPS (Bt)	11.28	13.45	15.63	17.99
P/B (X)	2.1	1.8	1.5	1.3
DPS (Bt)	0.85	1.00	1.01	1.09
Dividend Yield (%)	3.5	4.1	4.2	4.5
ROE (%)	25.78	24.36	21.55	20.21
Debt/Equity (X)	1.94	1.53	1.29	1.36

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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Industry Group

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
Technology [TECH]	Transportation & Logistics	TRANS
	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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Siam Tiyanont	Securities Investment Analyst #17970	662 635 1700#483	Transportation, Media & Publishing,
Ornmongkol Tantitanatorn	Capital Market Investment Analyst #34100	662 635 1700#491	Automotive, Energy, Packaging
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