

PS

Pruksa Real Estate

Current	Previous	Close	2015 TP	Exp Return	Support	Resistance	CGR 2014
BUY	BUY	24.80	36.00	+ 45.2%	24.5 - 24	25.5 - 26.5	▲▲▲▲

Consolidated earnings				
BT (mn)	2013	2014	2015E	2016E
Normalized earnings	5,802	6,655	6,762	7,837
Net profit	5,802	6,655	6,762	7,837
EPS (Bt) - Normalized	2.61	2.99	3.00	3.46
EPS (Bt)	2.61	2.99	3.00	3.46
% Norm EPS growth Y-Y	48.19	14.50	0.52	15.33
Dividend (Bt)	0.85	1.00	1.05	1.20
BV/share (Bt)	11.22	13.35	15.29	17.63
EV/EBITDA (x)	9.3	8.3	7.9	6.6
PER (x)	9.4	8.2	8.2	7.1
PER (x) - Normalized	9.4	8.2	8.2	7.1
PBV (x)	2.2	1.8	1.6	1.4
Dividend yield (%)	3.5	4.1	4.3	4.9
YE No. of shares (million)	2,223	2,227	2,251	2,262
No. of shares - full dilution	2,266	2,270	2,285	2,285
Par (Bt)	1.00	1.00	1.00	1.00

Source: Company data, FSS estimates

Share data	
Close (24/07/2015)	24.80
SET Index	1,438.08
Foreign limit/actual (%)	40.00/11.27
Paid up shares (million)	2,230.76
Free float (%)	30.54
Market cap (Bt mn)	55,322.93
Avg. daily T/O (Bt mn) (2015 YTD)	135.34
hi, lo, avg (Bt) (2015 YTD)	34.00, 23.60, 27.89

Source: Setsmarts

Normalized earnings set to increase both Q-Q and Y-Y in 2Q15 and up H-H in 2H15

PS's 1H15 presales are equal to Bt24bn, securing 51% of the company's full-year target of Bt47bn, with gain seen in both low-rise and condo presales. In terms of earnings, our forecast calls for PS's 2Q15 normalized earnings to jump 121.3% Q-Q and increase 5.4% Y-Y thanks to rises in condo presales. Looking ahead, we expect PS's normalized earnings to continue to increase Q-Q in 3Q15-4Q15 thanks to completion of condo projects. Moreover, we predict the company's core profit to hit the peak of this year in 4Q15. PS currently trades at a forward PE of 8.2x, lower than the property development sector's average of 10x. Moreover, we expect the counter to offer annualized dividend yield of 4.3%. For these reasons, we retain our BUY rating on PS after our 2015 TP is maintained at Bt36 (PE 12x).

2Q15 presales fall 12.4% Q-Q, but jump 14.7% Y-Y

PS's 2Q15 presales come in at Bt11.2bn (-12.4% Q-Q, +14.7% Y-Y). They comprise low-rise presales of Bt9.5bn (+11.7% Q-Q, +15.8% Y-Y thanks to rises in townhouse presales after the company launched 12 low-rise projects with a combined value of Bt7.3bn during the quarter) and condo presales of Bt1.7bn (-60.3% Q-Q after PS launched just one condo project, i.e. The Tree Elegance Tiwanon (Bt2.7bn, 18% sold or Bt484mn), +9.2% Y-Y).

1H15 presales secure 51% of full-year target

PS's 1H15 presales amount to Bt24bn. It is sufficient to secure 51% of the company's full-year target of Bt47bn. They comprise low-rise presales of Bt18bn (+25.2% Y-Y) and condo presales of Bt6bn (+66.4% Y-Y). Such rises are attributed to the fact that PS launched a larger number of projects when compared to last year when the company introduced only a small number of projects due to political problem. PS maintains its plan to launch a total of 45-48 projects with a combined value of Bt30.7-34.7bn in 2H15 and continues to believe that it will achieve its presales target.

Expect normalized earnings to increase both Q-Q and Y-Y in 2Q15 and peak in 4Q15

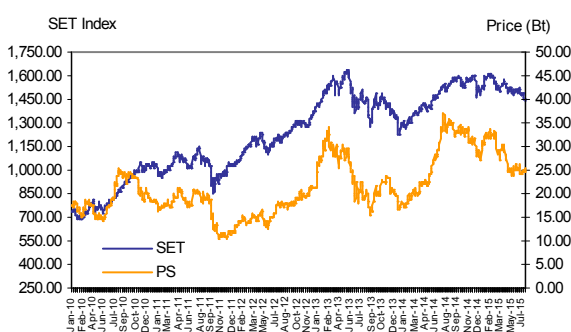
Our forecast calls for PS's 2Q15 normalized earnings to amount to about Bt2bn (+121.3% Q-Q, 5.4% Y-Y), in line with transfer revenues which we expect to jump 48.7% Q-Q and 14.6% Y-Y to Bt12.4bn after the company completed construction of five condo projects with a combined backlog of Bt8.4bn. In April-June quarter, we expect average gross margin at 34%, down from 34.1% in 1Q15 and 36.8% in 2Q14 due to aggressive marketing campaign to close some projects. SG&A expenses-to-revenues ratio is likely to decrease to 13.4% from 20.1% in 1Q15 and 19.6% in 2Q14 thanks to rises in transfer revenues.

Normalized earnings set to improve in 3Q15-4Q15

Looking ahead, we expect PS's normalized earnings to increase Q-Q in 3Q15 and 4Q15 thanks to completion of three condo projects with a combined value of Bt6.9bn in 3Q15 and five new condo projects with a combined value of Bt12.4bn in 4Q15. Given that, we predict PS's normalized earnings to reach the peak of this year in 4Q15.

Maintain BUY rating and stand by 2015 TP at Bt36 (PE 12x)

We retain our BUY rating on PS after our 2015 TP is maintained at Bt36 (PE 12x). We believe that the company's normalized earnings will increase Q-Q in 2Q15-4Q15 after larger transfer revenues top SG&A expenses.



Source: SET

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Income Statement (Consolidated)					
(Bt mn)	2012	2013	2014	2015E	2016E
Revenue	27,023	38,848	42,781	47,573	52,436
Cost of sales	17,890	25,350	27,095	31,160	34,345
Gross profit	9,133	13,498	15,686	16,413	18,090
SG&A costs	3,925	6,077	7,091	7,696	8,049
Operating profit	5,208	7,421	8,595	8,717	10,041
Other income	117	193	246	238	262
EBIT	5,326	7,614	8,841	8,955	10,303
EBITDA	5,670	7,960	9,156	9,298	10,674
Interest charge	305	415	376	503	507
Tax on income	1,123	1,399	1,812	1,690	1,959
Earnings after tax	3,898	5,801	6,654	6,762	7,837
Minority interests	0	1	1	0	0
Normalized earnings	3,898	5,802	6,655	6,762	7,837
Extraordinary items	0	0	0	0	0
Net profit	3,898	5,802	6,655	6,762	7,837

Cash Flow Statement (Consolidated)					
(Bt mn)	2012	2013	2014	2015E	2016E
Net profit	3,898	5,802	6,655	6,762	7,837
Depreciation etc.	344	346	315	343	371
Change in working capital	-1,182	-8,262	-7,257	-1,183	-2,400
Other adjustments	-310	17	88	49	49
Cash flow from operations	2,750	-2,097	-200	5,970	5,857
Capital expenditure	-130	-849	-1,516	157	129
Others	-38	2	0	0	0
Cash flow from investing	-168	-846	-1,516	157	129
Free cash flow	2,581	-2,944	-1,716	6,127	5,986
Net borrowings	-2,724	3,580	1,416	-2,270	-3,989
Equity capital raised	4	10	4	24	11
Dividends paid	-884	-1,110	-1,890	-2,227	-2,363
Others	901	785	1,613	-828	-643
Cash flow from financing	-2,703	3,264	1,143	-5,301	-6,984
Net change in cash	-122	320	-572	826	-998

Balance Sheet (Consolidated)					
(Bt mn)	2012	2013	2014	2015E	2016E
Cash	1,566	1,815	911	1,740	741
Accounts receivable	0	0	0	0	0
Inventory	37,818	48,687	53,827	54,719	57,721
Other current assets	1,605	1,789	1,212	1,522	1,678
Total current assets	40,989	52,291	55,950	57,981	60,141
Investments	0	0	124	0	0
Plant, property & equipment	2,220	2,702	3,890	4,047	4,176
Other assets	612	1,201	1,087	1,387	1,426
Total assets	43,821	56,194	61,051	63,416	65,742
Short-term loans	1,529	6,698	2,048	0	0
Accounts payable	1,527	2,090	2,129	2,561	2,823
Current maturities	7,730	250	3,247	7,000	5,000
Other current liabilities	4,496	7,959	6,552	6,185	6,715
Total current liabilities	15,281	16,997	13,976	15,747	14,538
Long-term debt	8,250	14,000	17,000	13,000	11,000
Other LT liabilities	208	265	346	264	314
Total non-current liabilities	8,458	14,265	17,346	13,264	11,314
Total liabilities	23,739	31,262	31,321	29,011	25,852
Registered capital	2,251	2,266	2,270	2,285	2,285
Paid-up capital	2,213	2,223	2,227	2,251	2,262
Share premium	1,452	1,594	1,672	1,672	1,672
Legal reserve	226	227	227	226	226
Retained earnings	16,248	20,939	25,702	30,237	35,711
Others	-57	-51	-100	18	18
Minority Interests	0	2	1	1	1
Shareholders' equity	20,082	24,933	29,729	34,405	39,890

Important Ratios (Consolidated)					
	2012	2013	2014	2015E	2016E
Growth (%)					
Revenue	16.2	43.8	10.1	11.2	10.2
EBITDA	30.0	40.4	15.0	1.5	14.8
Net profit	37.5	48.8	14.7	1.6	15.9
Normalized earnings	37.5	48.8	14.7	1.6	15.9
Profitability Ratios (%)					
Gross profit margin	33.8	34.7	36.7	34.5	34.5
EBITDA margin	21.0	20.5	21.4	19.5	20.4
EBIT margin	19.7	19.6	20.7	18.8	19.6
Normalized profit margin	14.4	14.9	15.6	14.2	14.9
Net profit margin	14.4	14.9	15.6	14.2	14.9
Normalized ROA	8.9	10.3	10.9	10.7	11.9
Normalize ROE	19.4	23.3	22.4	19.7	19.6
Normalized ROCE	18.7	19.4	18.8	18.8	20.1
Risk (x)					
D/E	1.18	1.25	1.05	0.84	0.65
Net D/E	0.79	0.77	0.72	0.53	0.38
Net debt/EBITDA	2.81	2.40	2.34	1.96	1.43
Per share data (Bt)					
Reported EPS	1.76	2.61	2.99	3.00	3.46
Normalized EPS	1.76	2.61	2.99	3.00	3.46
EBITDA	2.56	3.58	4.11	4.13	4.72
FCF	1.17	-1.32	-0.77	2.72	2.65
Book value	9.07	11.22	13.35	15.29	17.63
Dividend	0.50	0.85	1.00	1.05	1.20
Par	1.0	1.0	1.0	1.0	1.0
Valuations (x)					
P/E	14.0	9.4	8.2	8.2	7.1
Normalized P/E	14.0	9.4	8.2	8.2	7.1
P/BV	2.7	2.2	1.8	1.6	1.4
EV/EBTDA	12.4	9.3	8.3	7.9	6.6
Dividend yield (%)	2.0	3.5	4.1	4.3	4.9

Source: Company data, FSS research

Finansia Syrus Securities Public Company Limited
Head Office

999/9 The offices at Central World
17th, 18th, 25th Fl.,
Rama 1 Rd., Patumwan,
Bangkok

Alma Link

9th, 14th, 15th Fl.,
Alma Link Building 25
Soi Chidlom, Ploenchit, Lumpini,
Patumwan, Bangkok

Amarin Tower

496-502 Amarin Tower
20th Floor, Pleonchit,
Lumpini, Pathumwan,
Bangkok

Thaisummit Tower

1768 Thaisammit Tower Building,
4nd, 31th Floor, New Petchburi
Road, Bangkapi, Huaykwang,
Bangkok

Pinklao 1

7/129-221 Central Pinklao Office
Building, Room 1404, 14th Fl.,
Baromratchonnanee Road,
Arumamarin, Bangkoknoi, Bangkok

Bangkapi

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Klongjan, Bangkapi, Bangkok

Italthai Tower

2034/52 Italthai Tower,
11st Floor, Unit 11-07/01,
New Petchburi Road, Bangkapi,
Huaykwang, Bangkok

Bangna

1093 Tower 1 Office, 19th Floor,
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Bangna-Trad Road, Bangna,
Bangkok

Sindhorn 1

130-132 Sindhorn Building 1,
2nd Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 2

130-132 Sindhorn Building 3,
24th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Sindhorn 3

130-132 Sindhorn Building 3,
19th Floor, Wireless Road,
Lumpini, Pathumwan,
Bangkok

Ladprao

555 Rasa Tower 2, 11st Floor,
Unit 1106, Phaholyothin Road,
Chatuchak, Bangkok

Prachachuen

105/1 B Building, 4th Floor,
Thessabansongkhrao Road,
Ladyao, Jutujak, Bangkok

Rang sit

1/832 Phaholyothin 60
Kukod, Lumlookka
Pratumtanee

Thaisummit Tower

1768 Thaisammit Tower Building,
2nd Floor, New Petchburi Road,
Bangkapi, Huaykwang,
Bangkok

Rattanatibet

68/127 Moo 8 Rattanatibet Road,
Tumbon Banggrasor,
Aumphoe Muang,
Nonthaburi

Sriracha

135/99 (G fl.) Sukumvit Road,
Tumbon Sriracha
Aumphoe Sriracha, Chonburi

Khonkaen 1

311/16 2nd Floor, Klangmeung
Road, Tumbon Nai Meung,
Aumphoe Meung,
Khonkaen

Khonkaen 3

4/6, 2 fl., ICBC Bank Tower
Khang Meung Road,
Tumbon Nai Meung,
Aumphoe Meung Khonkaen,
Khonkaen

Udonthani

104/6, 2 fl., ICBC Bank Tower
Udon Dusadee Road,
Tumbon Mak Khaeng,
Aumphoe Muang Udon Thani,
Udon Thani

Chiangmai

308 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 2

310 Chiang Mai Land,
Chang Klan R., Chang Klan
Muang
Chiangmai

Chiangmai 3

Maliplace Building 32/4 moo 2
1 fl., B1-1, B1-2 room
Tumbon Maehia
Chiangmai

Chiangrai

353/15 Moo 4,
Tumbon Rimkok
Aumphoe Muang, Cheangrai

Measai

119 Moo 10,
Tumbon Maesai,
Aumphoe Muang, Cheangrai

Nakornratchasima

1242/2 A3 room, 7 fl.,
The Mall Ratchasima
Mittraphap rood Tumbon Nai Muang
Aumphoe Muang Nakornratchasima
Nakornratchasima

Samutsakorn

1045/16-17 Vichienchodok,
Tumbon Mhachai, Aumphoe
Meungsamutsakorn, Samutsakorn

Nakornpathom

28/16-17 Yingpao Road,
Tumbon Sanamjan,
Aumphoe Muang, Nakornpathom

Phuket

22/18 Vanish Plaza Shopping
Mall, Luangporwatchalong Road,
Tumbon Talad Yai,

Hatyai 1

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2rd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Hatyai 2

106 Prachathipat Road,
Aumphoe Hadyai, Songkhla

Hatyai 3

200/222, 200/224, 200/226
Juldis Hadyai Plaza, 2rd Floor,
Building, Niphat Uthit 3 Road,
Aumphoe Hadyai, Songkhla

Krabi

223/20 Mharaj Road,
Tumbon Paknam,
Aumphoe Meung, Krabi

Trang

59/28 Huaiyod Road,
Tumbon Thaptieng,
Aumphoe Meungtrang, Trang

Suratthani

173/83-84 Moo 1
Watpho-Bangyai Road.,
Tumbon Makamtia,
Aumphoe Mueang, Suratthani

Pattane

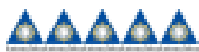
Aumphoe Meung, Phuket
300/69-70 Moo 4,
Tumbon Ruramirae,
Aumphoe Meung, Pattane

Recommendation Definitions

BUY	The latest close is below our target price and the estimated upside is 10% or more.
HOLD	The latest close is below our target price and the estimated upside is 0-10%.
SELL	The latest close is above our target price.
TRADING BUY	The latest close is above our target price but the price is expected to be driven by short-term positive factors
OVERWEIGHT	The estimated return is higher than the market average.
NEUTRAL	The estimated return is the same as the market average.
UNDERWEIGHT	The estimated return is lower than the market average

Note: The expected return may change as market risks increase or decline.

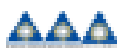
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Thai Institute of Directors Association (IOD) - Corporate Governance Report Rating 2014


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



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



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

Score Range

100-90
80-89
70-79
60-69
50-59
<50

Rating

Description

Excellent
Very Good
Good
Satisfactory
Pass
n/a

IOD (IOD Disclaimer)

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