



# Pruksa Real Estate PLC

## BUY

### Stock Data

Last close (Jun 23) (Bt)	17.30
Foreign price (Apr 29) (Bt)	14.70
12-m target price (Bt)	25.00
Mkt cap (Btbn)	38.18
Mkt cap (US\$mn)	1,181

Bloomberg code	PS TB
Reuters code	PS.BK
Risk rating	M
Mkt cap (%) SET	0.59
Sector % SET	5.63
Shares issued (mn)	2,207
Par value (Bt)	1
12-m high / low (Bt)	18.8 / 8
Avg. daily 6m (US\$mn)	1.77
Foreign limit / actual (%)	40 / 7
Free float (%)	23.3
Dividend policy (%)	≥ 30

### Price Performance



Source: SET

### Share performance

	1M	3M	12M
Absolute	13.8	(3.4)	101.2
Relative	8.0	(6.2)	42.1

Source: SET

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## Presales break another record, TP up on move to 2011

- **Reiterate BUY and top pick** — We roll PS's valuation to 2011 and this lifts price target to Bt25 from Bt18.4. Grounded with a strong business platform plus good cost competitiveness, PS is well positioned to exhibit strong 3-Yr CAGR earnings growth of 17% with ROE as high as 24%, beating out its peers. With a high ETR of 47%, we reiterate BUY and keep it as our sector pick.
- **Presales already beat Bt10bn** — PS broke past records again with presales of Bt10bn QTD, building off its strong business platform and firm market positioning in the mid-to low-end, where the market is largest. Confirming this is the good reception to its newly launched condos - *The Seed Atom Area 4* (73% of Bt2.2bn sold), *The Tree Kiakkai Station* (75% of Bt2bn sold) and *Urbano Sathorn-Taksin* (26% of Bt2bn sold) plus continuing solid sales momentum for townhouses (TH) and single detached houses (SDH). Of the Bt10bn presales, Bt6.3bn is condo and Bt3.8bn is TH and SDH. Presales YTD have now reached Bt18.7bn or 64% of the company's full year target.
- **Presales could beat target** — We see PS as very likely not only to achieve its target of Bt29bn for the year but to surge past its target, supported by the doubling of new launches to Bt33.6bn in 2010 and more condos in the pipeline. These condos are in the popular Pahonyothin (near *The Seed Atom Area 2*), Sathorn (near Sukhothai Hotel) and Ladprao areas. In our view, strong presales at home alleviate the concerns over delays in its projects abroad (the launch of the Maldives is postponed to July, as is the Vietnam and Bangalore projects).
- **Upside risk to 2010 forecast** — PS's backlog now amounts to Bt27.2bn: TH & SDH 53% (Bt14.5bn), and condo 47% (Bt12.7bn). Coupled with the Bt6.6bn revenue already booked in 1Q10A, PS is likely to book total revenue of Bt23.3bn this year, exceeding our full year 2010 forecast by 7% and consensus by 2%. Further upside remains from its home activities as some of the presales added in 3Q10 will be booked as income this year – even leaving out any contribution from international projects. Backlog secures 16% of 2011 and 15% of 2012 forecasts.

### Forecasts and valuation

FY Dec	08	09	10F	11F	12F
Core profit (Btmn)	2,373	3,622	3,385	4,594	5,778
EPS (Bt)	1.08	1.64	1.53	2.08	2.62
EPS growth (%)	85.54	51.59	-6.54	35.71	25.75
BVPS (Bt)	4.61	5.90	6.89	8.45	10.37
DPS (Bt)	0.33	0.55	0.51	0.70	0.88
SCBS core PER (x)	15.98	10.54	11.28	8.31	6.61
SCBS PBV (x)	3.75	2.93	2.51	2.05	1.67
Dividend yields (%)	1.91	3.18	2.97	4.03	5.07

Source: SCBS Investment Research

**Financial statement**

**Profit and Loss Statement (Btmn)**

FY December 31	2008	2009	2010F	2011F	2012F
Total revenue	12,969	18,943	21,727	30,574	36,682
Cost of goods sold	8,086	11,749	13,881	19,799	23,732
<b>Gross profit</b>	<b>4,883</b>	<b>7,194</b>	<b>7,846</b>	<b>10,775</b>	<b>12,950</b>
SG&A	1,887	2,438	3,599	4,636	5,229
Other income	65	91	91	91	91
Interest expense	28	47	44	41	51
<b>Pre-tax profit</b>	<b>3,033</b>	<b>4,800</b>	<b>4,294</b>	<b>6,189</b>	<b>7,761</b>
Corporate tax	659	1,177	908	1,594	1,983
Equity a/c profits	0	0	0	0	0
Minority interests	-1	0	0	0	0
<b>Core profit</b>	<b>2,373</b>	<b>3,622</b>	<b>3,385</b>	<b>4,594</b>	<b>5,778</b>
Extra-ordinary items	0	0	0	0	0
<b>Net Profit</b>	<b>2,373</b>	<b>3,622</b>	<b>3,385</b>	<b>4,594</b>	<b>5,778</b>
EBITDA	3,251	5,062	4,601	6,492	8,074
<b>Core EPS (Bt)</b>	<b>1.08</b>	<b>1.64</b>	<b>1.53</b>	<b>2.08</b>	<b>2.62</b>
Net EPS (Bt)	1.08	1.64	1.53	2.08	2.62
DPS (Bt)	0.33	0.55	0.51	0.70	0.88

**Profit and Loss Statement (Btmn)**

FY December 31	1Q09	2Q09	3Q09	4Q09	1Q10
Total revenue	3,766	3,641	3,826	7,734	6,655
Cost of goods sold	2,404	2,325	2,454	4,567	4,246
<b>Gross profit</b>	<b>1,362</b>	<b>1,316</b>	<b>1,372</b>	<b>3,167</b>	<b>2,410</b>
SG&A	455	466	519	998	808
Other income	15	22	18	13	17
Interest expense	15	7	12	13	15
<b>Pre-tax profit</b>	<b>907</b>	<b>864</b>	<b>860</b>	<b>2,168</b>	<b>1,603</b>
Corporate tax	220	224	209	524	374
Equity a/c profits	0	0	0	0	0
Minority interests	0	0	0	-0	0
<b>Core profit</b>	<b>687</b>	<b>639</b>	<b>651</b>	<b>1,644</b>	<b>1,230</b>
Extra-ordinary items	0	0	0	0	0
<b>Net Profit</b>	<b>687</b>	<b>639</b>	<b>651</b>	<b>1,644</b>	<b>1,230</b>
EBITDA	987	911	927	2,237	1,689
<b>Core EPS (Bt)</b>	<b>0.31</b>	<b>0.29</b>	<b>0.30</b>	<b>0.74</b>	<b>0.56</b>
Net EPS (Bt)	0.31	0.29	0.30	0.74	0.56

**Balance Sheet (Btmn)**

FY December 31	2008	2009	2010F	2011F	2012F
Total current assets	14,427	17,104	22,658	25,288	28,761
Total fixed assets	1,865	1,767	2,047	2,584	3,122
<b>Total assets</b>	<b>16,292</b>	<b>18,871</b>	<b>24,705</b>	<b>27,872</b>	<b>31,883</b>
Total loans	3,600	2,100	5,800	5,400	5,000
Total current liabilities	4,945	4,307	4,069	5,676	5,849
Total long-term liabilities	1,237	1,541	5,441	3,541	3,141
<b>Total liabilities</b>	<b>6,182</b>	<b>5,848</b>	<b>9,510</b>	<b>9,217</b>	<b>8,990</b>
Paid-up capital	2,191	2,207	2,207	2,207	2,207
<b>Total equity</b>	<b>10,110</b>	<b>13,023</b>	<b>15,194</b>	<b>18,654</b>	<b>22,893</b>
<b>BVPS (Bt)</b>	<b>4.61</b>	<b>5.90</b>	<b>6.89</b>	<b>8.45</b>	<b>10.37</b>

**Balance Sheet (Btmn)**

FY December 31	1Q09	2Q09	3Q09	4Q09	1Q10
Total current assets	15,462	14,866	15,124	17,104	19,588
Total fixed assets	1,885	1,899	1,894	1,767	1,898
<b>Total assets</b>	<b>17,347</b>	<b>16,765</b>	<b>17,018</b>	<b>18,871</b>	<b>21,486</b>
Total Loans	3,731	3,109	2,504	2,100	2,100
Total current liabilities	3,935	3,304	3,710	4,307	5,690
Total long-term liabilities	2,607	2,745	1,942	1,541	1,542
<b>Total liabilities</b>	<b>6,542</b>	<b>6,049</b>	<b>5,653</b>	<b>5,848</b>	<b>7,232</b>
Paid-up capital	2,197	2,197	2,202	2,207	2,207
<b>Total equity</b>	<b>10,805</b>	<b>10,717</b>	<b>11,365</b>	<b>13,023</b>	<b>14,254</b>
<b>BVPS (Bt)</b>	<b>4.92</b>	<b>4.88</b>	<b>5.16</b>	<b>5.90</b>	<b>6.46</b>

**Cash Flow Statement (Btmn)**

FY December 31	2008	2009	2010F	2011F	2012F
Core Profit	2,373	3,622	3,385	4,594	5,778
Depreciation and amortization	190	216	262	262	262
Operating cash flow	(987)	4,175	(2,595)	(1,193)	(2,484)
Investing cash flow	(321)	(2,459)	(542)	(800)	(800)
Financing cash flow	1,807	(2,395)	4,091	1,263	2,041
<b>Net cash flow</b>	<b>499</b>	<b>(680)</b>	<b>954</b>	<b>(730)</b>	<b>(1,242)</b>

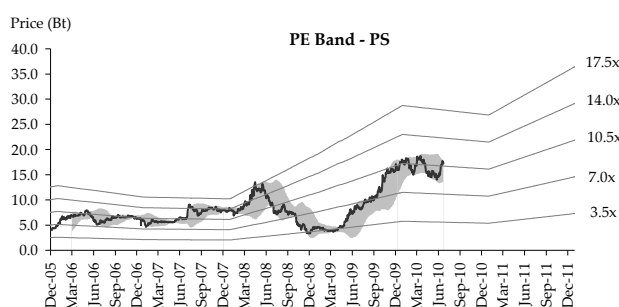
**Main Assumptions**

	2008	2009	2010F	2011F	2012F
Bol TH revenue (Btmn)	2,434	1,523	3,000	4,122	5,500
Non Bol TH and SDH revenue (Btmn)	9,971	13,825	15,314	17,000	19,000
Condo revenue (Btmn)	564	3,595	3,413	6,452	7,182
Oversea revenue (Btmn)	0	0	0	3,000	5,000
S&A/Revenue (%)	14.6	12.9	16.6	15.2	14.3
Effective tax rate (%)	21.7	24.5	21.2	25.8	25.6

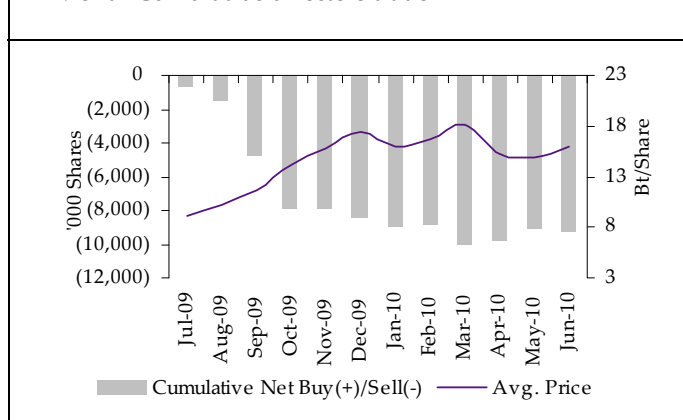
**Key Financial Ratios**

	2008	2009	2010F	2011F	2012F
Gross margin (%)	37.7	38.0	36.1	35.2	35.3
Operating margin (%)	23.1	25.1	19.5	20.1	21.0
EBITDA margin (%)	25.1	26.7	21.2	21.2	22.0
EBIT margin (%)	23.6	25.6	20.0	20.4	21.3
Net profit margin (%)	18.3	19.1	15.6	15.0	15.8
ROE (%)	25.9	31.3	24.0	27.1	27.8
Sector ROE (%)	18.1	20.2	17.0	18.1	20.0
ROA (%)	17.4	20.6	15.5	17.5	19.3
Net gearing (x)	0.2	-0.1	0.1	0.1	0.1
Interest cover (x)	115.3	107.6	104.3	158.5	159.5
Debt service cover (x)	85.1	2.1	7.1	14.7	4.1
Payout Ratio (%)	30.5	33.5	33.5	33.5	33.5

**PE Band Chart**

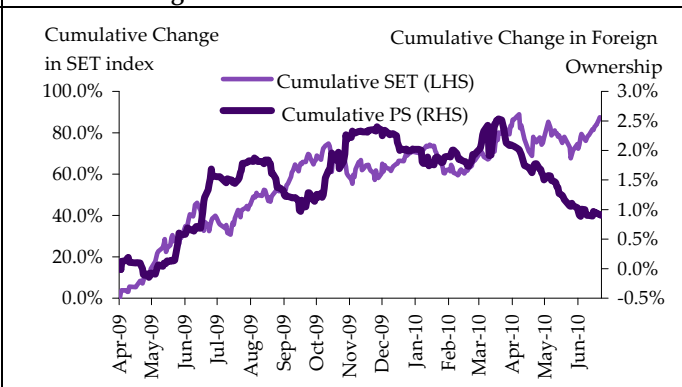


**12-Month Cumulative directors trade**

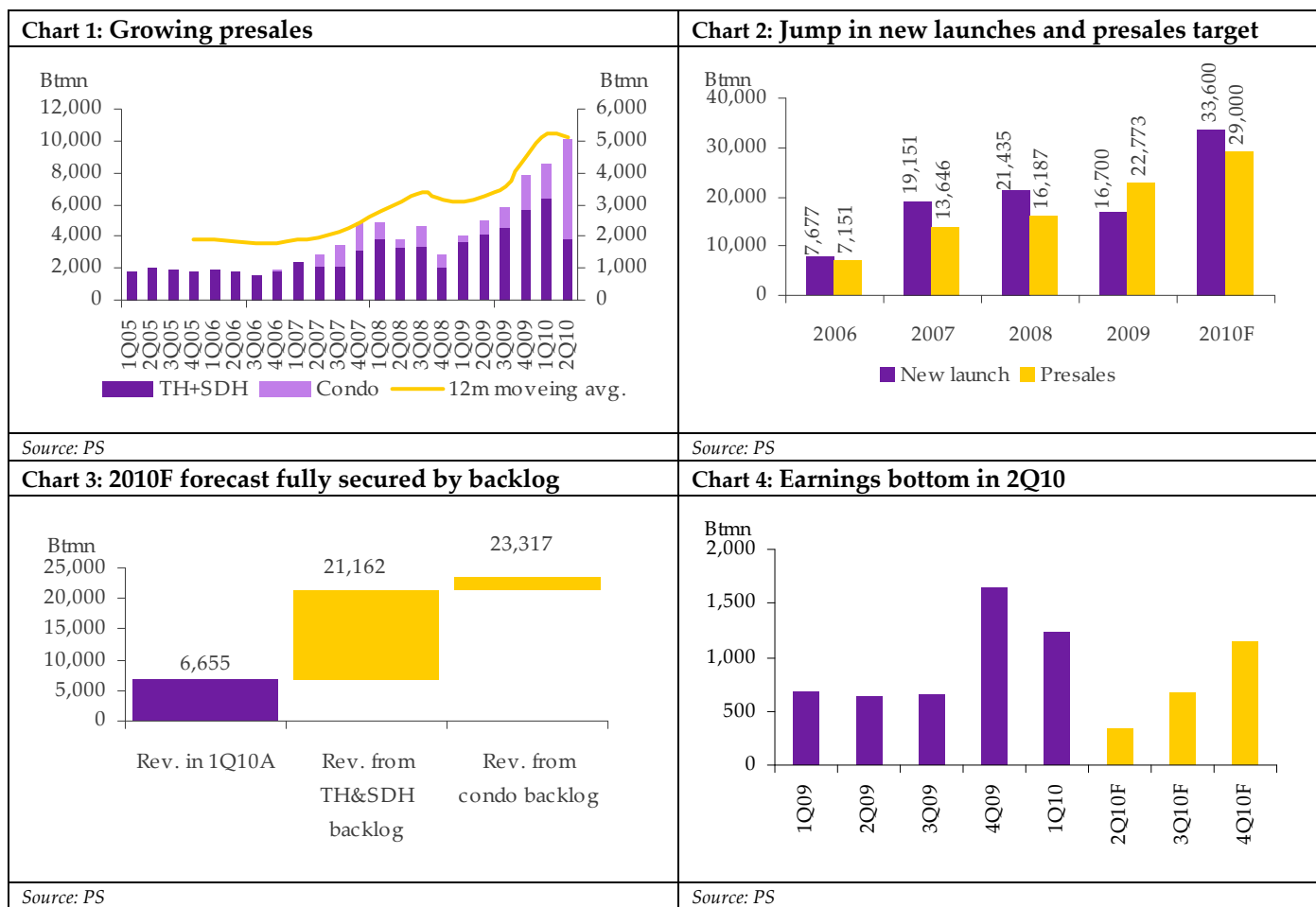


Source: SEC

**12 Month cumulative chg in foreign ownership versus cumulative chg in SET index**



Source: SET, SCBS Investment Research



**Table 1: New launches 1Q10**

Project	Type	Location	Units	Value (Btmn)	Avg. (Btmn)	Launch date	% sold
Baan Pruksa 49	TH	Bangyai-Nontaburi	493	442	0.90	Mar-10	9.3
Baan Pruksa 49/1	TH	Bangyai-Nontaburi	453	442	0.98	Jan-10	36.2
Baan Pruksa 50	TH	Bangkok-Pathumburi	339	390	1.15	Jan-10	23.3
Baan Pruksa 52/1	TH	Bangkok-Pathumburi	325	359	1.10	Mar-10	15.1
Baan Panalee 51	TH	N.A.	443	468	1.06	Jan-10	27.3
Pruksa Ville 28	TH	Bangyai Nontaburi	439	491	1.12	Jan-10	28.2
Pruksa Ville 29	TH	Bangyai Nontaburi	234	346	1.48	Feb-10	18.4
Pruksa Ville 30	TH	Bangplee	153	270	1.76	Jan-10	42.5
Pruksa Ville 31	TH	N.A.	291	524	1.80	Feb-10	8.6
Pruksa Ville 32	TH	N.A.	366	621	1.70	Feb-10	25.4
The Connect 10	TH	N.A.	492	972	1.98	Feb-10	27.6
Pruksa Village 28	SDH	N.A.	482	1,393	2.89	Feb-10	7.1
Pruksa Town 3 18/3	TH	Ratchapruerk	206	425	2.06	Feb-10	4.9
Pruksa Town 2 18/2	TH	Ratchapruerk	257	473	1.84	Feb-10	8.6
Pruksa Town	TH	Petkasem 81	138	269	1.95	Jan-10	21.0
Serentity	SDH	Petkasem 81	186	639	3.44	Feb-10	4.8
Chapter One	Condo	Rajburiana	2,404	4,191	1.74	Feb-10	29.3
Condolette 642	Condo	Ladprao	471	467	0.99	Feb-10	83.0
FUSE	Condo	Sathorn-Taksin	377	1,195	3.17	Feb-10	37.7
<b>Total</b>			<b>8,549</b>	<b>14,377</b>	<b>1.68</b>		<b>25.5</b>

Source: PS

**Table 2: International projects**

Country	Province	% stake	JV	Value (Btmn)	Product	Launch	2010 forecast*	
							Presales (Btmn)	Revenue (Btmn)
India	Bangalore 1	100	-	1,600	SDH, TH	2Q10	1,500	1,000
	Chennai	70	Mohan Mutha	N.A.	N.A.	4Q10		
	Mumbai	50	Soham	N.A.	N.A.	4Q10		
	Bangalore 2		N.A.	N.A.	N.A.	N.A.		
Vietnam	Haiphong	85	Hoang Huy	2,500	TH, Condo	Jul 10	500	400
Maldives	Hulhumale, Male	80	HDC	4,500	Condo	Jul 10		

Source: PS

Note \* Internal forecast by PS