

Pruksa Real Estate - PS

Market Stock Exchange of Thailand
Sector Property Development
Reuters PS.BK
Bloomberg PS.TB

Closing Price

Bt21.20

12-month target price

Bt21.60 (+8.9%)

TRADING BUY
(Unchanged)

Price

Last Price 21.20
52wk High (09/08/2010) 25.25
52wk Low (25/05/2010) 14.00
Shares Outstanding (mil) 2,207.48
Market Cap (Btm) 46,798.58
Avg. Daily Turnover (Btm) 90.23
Free float (%) 25.85
PE (X) 10.29
PB (X) 2.49

Price performance %

	1M	3M	6M
Absolute	11.6%	22.5%	0.5%
Relative	12.5%	12.0%	-1.9%



Major Shareholders (16/03/11)

Rank	Shareholder Name	Percentage (%)
1	Mr.Thongma Vichitpongphant	58.66
2	Mrs.Malinee Vichitpongphant	3.85
3	Mrs. Topsyda Vichitpongphant	3.85

CG Report - 2010



1Q11 profit above forecast

- Homebuilder PS posted a profit decline of 40% YoY and 30% QoQ in 1Q11.
- Growth prospects are confirmed for 2011. Transfers under the government's first home scheme are expected in 2Q11-3Q11.
- We revise upwards our price target for PS to Bt21.60/share to reflect better-than-expected 1Q11 results but we maintain a 'TRADING BUY' rating on PS as the new target offers limited upside from current trading levels.

1Q11 profit down 40% YoY and 30% QoQ

Homebuilder PS posted a 1Q11 profit of Bt731m, beating our forecast of Bt522m as (1) gross margin of 39% came in better than our forecast of 37% as a result of downward adjustment in costs of transferred units as actual costs were below estimate and (2) SG&A expenses were 10% lower than forecast. Overall the quarterly results were down QoQ and YoY as revenue slipped 18% YoY and 22% QoQ. In this period, condo revenue fell sharply to Bt290m from Bt934m and Bt1.5b in 4Q10 and 1Q10 respectively. TH/SDH revenue arrived at Bt5b, down from Bt6b in 4Q10 but flat from Bt5b in 1Q10. Despite better margins, SG&A expenses continued to stay high.

Growth prospects confirmed for 2011, transfers for first home scheme expected in 2Q11-3Q11

SDH/TH presales grew 16% in 1Q11 on the back of a 44% rise in SDH presales and a 2% growth in TH presales. We forecast PS to achieve 2011 SDH/TH presales growth of 6% YoY to Bt27b, of which (i) Bt14b would come from townhouses, down 18% YoY and (ii) Bt13b from single detached houses, up 51% YoY. Overall SDH/TH presales in 1Q11 came in line with our expectations, accounting for 27% of our full-year target for PS. Management sticks to its plan for new project launches with focus on TH/SDH. PS plans to launch 35 more new projects in 2Q11-3Q11, consisting of 19 TH projects, 10 SDH projects, 5 condo projects and one overseas project. Full-year presales target is still likely to be met, in our view. PS currently has a backlog of about Bt33.7b, of which Bt18.4b and Bt6.5b would be realized as revenue in 2Q11-4Q11 and 2012 respectively. Current backlog covers 70% of our revenue target of Bt26.1b for PS in 2Q11-4Q11. To meet full-year target, the balance of nearly Bt8b would come from SDH/TH presales in 2Q11 and early 3Q11, which could be realized as revenue in 4Q11. The problems of construction delays still persist as it continues to take 140 days from booking to transfer but the duration is expected to be less than 140 days in 4Q11. On this basis, we maintain our 2011 revenue target of Bt31.6b for PS, up 36% YoY. Gross margin for the year is estimated at 37%-38%. We expect no more cost adjustments to boost margins as seen in 1Q11. SG&A expenses are expected to edge upwards along with revenues. Property

Conso' Ending	Profits (Btm)	EPS (Bt)	DPS (Bt)	BV (Bt)	ROE (%)	P/E (x)	Yield (%)	P/BV (x)
12/07 A	1,302	0.59	0.19	3.76	15.87	35.93	0.90	5.64
12/08 A	2,373	1.08	0.33	4.61	23.47	19.63	1.56	4.60
12/09 A	3,622	1.84	0.55	5.90	27.81	11.52	2.59	3.59
12/10 A	3,488	1.58	0.52	6.92	22.85	13.42	2.46	3.06
12/11 E	4,667	2.06	0.68	8.51	24.84	10.29	3.21	2.49

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Pruksa Real Estate - PS

taxes would be paid at normal rates but we believe revenue growth would lead PS to deliver 2011 profit growth of 34%.

The government approved housing loans of Bt25b to help low-income earners buy first home costing below Bt3m/unit. The Government Housing Bank would offer the loans at zero interest for the first two years with repayment terms of 30 years. Many potential homebuyers have applied for loans from GHB. It is expected that loans will be fully drawn in three to four months. For this reason, we believe property developers with a sales backlog of houses below Bt3m/unit scheduled for transfer in 2Q11-3Q11 are likely to reap windfall from the government's first home scheme. PS also focuses on this market segment and it has a SDH/TH backlog of around Bt15b. Management expects Bt10b out of the Bt15b backlog will be rapidly realized as revenue thanks to the government's measures. PS expects SDH/TH revenue will rise further in 2Q11-4Q11. Revenue from condo backlog is also set to pick up in 2H11. Overall we think revenues and profits would improve sequentially for the rest of the year.

Valuation and recommendation

The better-than-expected 1Q11 results prompt us to raise our 2011 profit outlook for PS by 7%. We also revise upwards our price target for PS to Bt21.60/share from Bt20/share. We expect PS share prices will get a short-term boost from the government's first home scheme, which could drive revenues in 2Q11-3Q11 and the prospect of strong earnings momentum for the rest of the year. We maintain a 'TRADING BUY' rating on PS.

PS (Btm)	1Q11	4Q10	1Q10	YoY+/-	QoQ+/-
Sales	5,422.05	6,974.24	6,655.42	-18.53%	-22.26%
Costs of sales	3,288.93	4,273.86	4,245.78	-22.54%	-23.05%
Gross profit	2,133.12	2,700.38	2,409.64	-11.48%	-21.01%
SG&A	1,203.04	1,344.20	807.63	48.96%	-10.50%
Interest Expenses	12.66	28.85	15.27	-17.07%	-56.12%
Income Tax	214.08	297.52	373.00	-42.61%	-28.05%
Operating profit	945.46	1,356.46	1,603.43	-41.04%	-30.30%
Extra Items	0.00	0.00	0.00	0.00%	0.00%
Net profit	731.38	1,058.94	1,229.63	-40.52%	-30.93%
EPS (Bt)	0.33	0.48	0.56	-41.07%	-31.25%
Cost of sales/sales	60.66%	61.28%	63.79%	-4.92%	-1.02%
SG&A exp/sales	22.19%	19.27%	12.13%	82.84%	15.12%
Gross margin	39.34%	38.72%	36.21%	8.66%	1.61%
Operating profit margin	17.44%	19.45%	24.09%	-27.62%	-10.35%
Net profit margin	13.49%	15.18%	18.48%	-26.99%	-11.16%
Balance sheet (Btm)					
Assets	38,701.99	34,211.24	21,483.18	80.15%	13.13%
Liabilities	22,699.05	18,948.03	7,232.41	213.85%	19.80%
Paid-up (m shrs) - Par Bt1	2,207.48	2,206.81	2,206.81	0.03%	0.03%
Equities	16,002.48	15,263.21	14,253.77	12.27%	4.84%
Book value/share(Bt)	7.25	6.92	6.46	12.23%	4.81%
Debt/equity (x)	1.42	1.24	0.51	179.55%	14.26%

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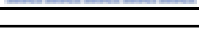
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Results Presentation

Score Range	Number of Logo
Less than 50	No logo given
50 - 59	
60 - 69	
70 - 79	
80 - 89	
90 - 100	

The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative disclosed to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

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