

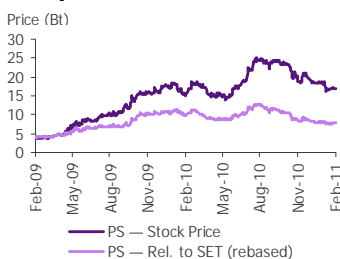
## BUY

## Stock Data

Last close (Feb 21) (Bt)	18.10
12-m target price (Bt)	26.30
Upside (Downside) to TP (%)	45.30
Mkt cap (Btbn)	39.94
Mkt cap (US\$m)	1,307

Bloomberg code	PS TB
Reuters code	PS.BK
Risk rating	M
Mkt cap (% SET)	0.50
Sector % SET	5.51
Shares issued (mn)	2,207
Par value (Bt)	1
12-m high / low (Bt)	25.5 / 14
Avg. daily 6m (US\$m)	4.28
Foreign limit / actual (%)	40 / 7
Free float (%)	25.9
Dividend policy (%)	≥ 30

## Price performance



Source: SET, SCBS Investment Research

## Share performance

	1M	3M	12M
Absolute	1.1	-3.2	16.0
Relative	2.2	-1.9	-18.4

Source: SET, SCBS Investment Research

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## 2010A: Nonrecurring expense – unhappy surprise

- 2010A below SCBS & consensus on one-off allowance for land depreciation
- Good presales of Bt5.6bn so far and 2011 target of Bt42bn appears possible
- Fine-tune earnings; expect good profit growth of 39% in 2011, 29% in 2012
- New model for TH: Bt3-5mn/unit; new design/model for SDH
- Maintain BUY, PT Bt26.3 (down from Bt27.1)

**2010A performance surprises on the downside.** Coming in below our forecast and consensus, PS reported net profit of Bt3.49bn, -3.7% YoY, this was brought by a non-recurring allowance for land depreciation (Bt129mn). Revenue was good, with growth of 22.9% to Bt23.3bn, thanks to its new business model, which accounted for a high 74% of total revenue, but this mostly offset by a sharp drop in net margin to 15% from 19.1%. This came from the combination of the resumption of special business tax and transfer fee expenses, marketing costs for new projects, plus a slimmed gross margin of 37.5% from 38.1%, and the one-off allowance for land depreciation. 4Q10A profit was Bt1.06bn, +194.8% QoQ but -35.6% YoY. DPS is announced at Bt0.5 (yield 2.8%), implied payout 32%, XD on March 11.

**Strong presales.** In the first six weeks of the year, PS achieved total presales of Bt5.6bn, largely TH and SDH. If presales continue at this rate, they could reach Bt44-45bn. Deducting Bt1.6bn for cancellation of *The Tree Kiak Kai*, it appears positioned to reach its full year target of Bt42bn, +8.4% YoY.

**Looking for 2011 to be better.** In line with the company's guidance, we fine tune our forecasts, which reduces 2011 by 3.1% to a net profit of Bt4.8bn and 2012 by 4.5% to a net profit of Bt6.2bn, in turn leading to a downward revision of PT to Bt26.3. Despite the forecast reduction, earnings still have strong growth of 39% in 2011 and 29% in 2012, backed by: 1) good revenue growth of 37% supported by large backlog of Bt34.9bn that secures 72% of 2011 forecast and 18% of 2012; 2) stable net margin of 37% supported by a sustainable gross margin of 37-38%; and 3) lower marketing expense/revenue from a more rapid business cycle of 90 days from 115 days. Our forecast is ahead of consensus by 9-18%.

**Continues developing new business models.** PS will focus on TH and SDH this year with about 59 of the proposed 78 project launches focused on these products. Adding to its existing business model, PS will forge into new market segments, beginning with the upper-end TH priced at Bt3-5mn/unit and a new model/design for SDH (*Baan Passorn, Prueksa Puri*).

**Reiterate BUY and keep as sector's preferred stock.** We maintain our positive view on PS in recognition of its superior growth outlook and good visibility. Based on our forecast, this stock is valued the cheapest among peers with PEG of just 0.42x. We see a price catalyst lying in strong presales in the domestic market in the short term and progress oversea would be a plus. With attractive ETR of 49%, we remain BUYers.

## Forecasts and valuations

Year to 31 Dec	Unit	2008	2009	2010	2011F	2012F
Revenue	(Btmn)	12,969	18,943	23,307	32,000	39,526
EBITDA	(Btmn)	3,251	5,062	4,850	7,102	9,078
Core profit	(Btmn)	2,373	3,622	3,488	4,835	6,223
Reported profit	(Btmn)	2,373	3,622	3,488	4,835	6,223
Core EPS	(Bt)	1.08	1.64	1.58	2.19	2.82
DPS	(Bt)	0.33	0.55	0.50	0.69	0.89
P/E, core	(x)	16.7	11.0	11.5	8.3	6.4
EPS growth, core	(%)	85.5	51.6	(3.7)	38.6	28.7
P/BV, core	(x)	3.9	3.1	2.6	2.1	1.7
ROE	(%)	25.9	31.3	24.7	28.2	29.2
Dividend yield	(%)	1.8	3.0	2.8	3.8	4.9
EV/EBITDA	(x)	13.6	8.4	11.8	8.0	6.1

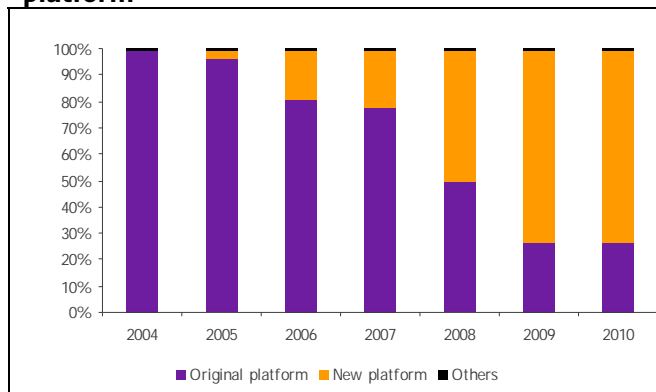
Source: SCBS Investment Research

**Table 1: Financial Statement**

P & L (Btmn)	4Q09	1Q10	2Q10	3Q10	4Q10	% Chg YoY	% Chg QoQ	12M09	12M10	% Chg YoY
Total revenue	7,734	6,655	5,916	3,761	6,974	(9.8)	85.4	18,966	23,307	22.9
Total cost of goods sold	4,567	4,246	3,711	2,330	4,274	(6.4)	83.4	11,749	14,561	23.9
Gross profit	3,167	2,410	2,205	1,431	2,700	(14.7)	88.6	7,217	8,746	21.2
SG&A expense	998	808	1,118	973	1,344	34.7	38.2	2,438	4,243	74.0
Net other income/expense	13	17	28	26	29	132.2	11.2	67	100	48.1
Interest expense	13	15	9	14	29	116.0	106.0	47	67	42.6
Pre-tax profit	2,168	1,603	1,106	471	1,356	(37.4)	188.1	4,799	4,536	(5.5)
Corporate tax	524	374	265	112	298	(43.3)	166.5	1,177	1,048	(11.0)
Equity a/c profits	-	-	-	-	-	n.a.	n.a.	-	-	n.a.
Minority interests	(0)	-	-	-	0	n.a.	n.a.	0	0	n.a.
Core profit	1,644	1,230	840	359	1,059	(35.6)	194.8	3,622	3,488	(3.7)
Extra. Gain (Loss)	-	-	-	-	-	n.a.	n.a.	-	-	n.a.
Net Profit	1,644	1,230	840	359	1,059	(35.6)	194.8	3,622	3,488	(3.7)
EPS	0.74	0.56	0.38	0.16	0.48	(35.6)	194.8	1.64	1.58	(3.9)
EBITDA	2,398	1,689	1,201	547	1,542	(35.7)	182.2	5,234	4,978	(4.9)
B/S (Btmn)										
Total assets	18,871	21,486	24,084	29,224	34,211	81.3	17.1	18,871	34,211	81.3
Total liabilities	5,848	7,232	10,214	15,015	18,948	224.0	26.2	5,848	18,948	224.0
Total equity	13,023	14,254	13,870	14,210	15,263	17.2	7.4	13,023	15,263	17.2
BVPS (Bt)	5.90	6.46	6.28	6.44	6.92	17.2	7.4	5.90	6.92	17.2
Financial ratio (%)										
Gross margin	41.0	36.2	37.3	38.1	38.7	(2.2)	0.7	38.1	37.5	(0.5)
Net profit margin	21.3	18.5	14.2	9.5	15.2	(6.1)	5.6	19.1	15.0	(4.1)
EBITDA margin	31.0	25.4	20.3	14.5	22.1	(8.9)	7.6	27.6	21.4	(6.2)
SG&A expense/Revenue	12.9	12.1	18.9	25.9	19.3	6.4	(6.6)	12.9	18.2	5.3

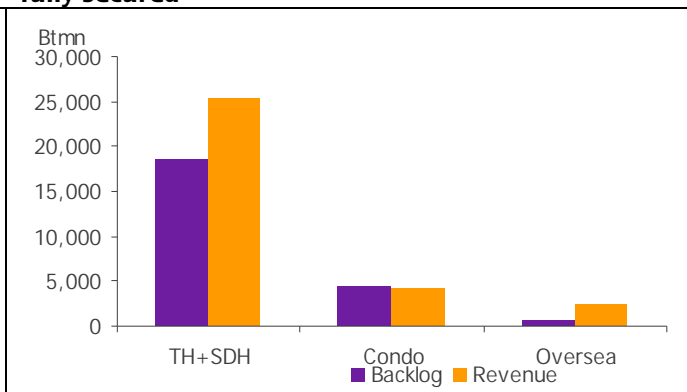
Source: PS

**Chart 1: Growing revenue from new business platform**



Source: PS

**Chart 2: Backlog versus revenue - condo revenue is fully secured**



Source: PS, SCB Investment Research

**CG Rating 2010 Companies with CG Rating under SCBS's Coverage**

★★★★	ADVANC, AMATA, AOT, BANPU, BAY, BECL, BLS, CPF, CPN, EGCO, ERAWAN, KBANK, KEST, KK, KTB, LPN, MCOT, PSL, PTT, PTTAR, PTTCH, PITTEP, RATCH, ROBINS, SAT, SCB, SCC, SSI, TCAP, TISCO, TMB, TOP, TTA
★★★★	AP, ASP, BBL, BEC, BGH, BH, BIGC, CENTEL, CK, CPALL, DTAC, GLOW, GRAMMY, HANA, HMPRO, IRC, ITD, KCE, KTC, LH, MAJOR, MAKRO, MINT, PHATRA, PS, QH, RCL, ROJNA, SCC, SIRI, STANLY, STEC, THAI, TICON, TRUE, TTW, TUF
★★★	AH, KH
N/A	BLA, CPNRF, IVL, QHPF, TPIPL

**Corporate Governance Report disclaimer**

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of 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 Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.