



## Vulnerable

2Q20 presales are expected at B3.5bn, down 42%yoy. 2Q20 profit is estimated to fall 56%yoy to B407m due to lower transfer revenue, lower margin (discount), and higher SG&A (personnel expense rises after organization restructuring). Switch to SC.

## 2Q20 presales still weak

2Q20 presales are estimated at B3.5bn, falling 42%qoq. Condominium presales are expected at only B100m as no new condominium were opened and development of The Tree Charan – Bangphlat project was halted (resulting in presales cancellation). Low-rise presales are projected at B3.4bn (mostly townhomes), mainly from low- and medium-income customer bases (higher rejection rate). 1H20 presales are estimated at B9.5bn, falling 59%yoy and making up 40% of our 2020 presales forecast of B24.5bn.

## 2Q20 profit to fall yoy, qoq

2Q20 transfer revenue is estimated at B6.2bn, falling 20%yoy and 13%qoq, B3.7bn from low-rise projects and B2.5bn from condominiums, partly from transfers of Plum Condo Saphanmai worth B1.2bn (30% presold). Gross margin from sales is expected to fall to 32% due to sales promotion, while SG&A/Sales is projected to rise to 22% due to lower revenue base and higher personnel expense (after organization restructuring). Overall, 2Q20 profit is estimated at B407m, plunging 56.4%yoy and 56%qoq.

## Switch to SC

2020 fair value is B10.4 (P/E ratio of 7x), lower than the current price. The property industry is still weak. Switch to SC(FV@B2.72) with stronger business performance in terms of 2Q20 sales and earnings.

### Key Financial Forecast

Ending Dec 31	2018	2019	2020F	2021F	2022F
Sales (Million B)	44,901	39,885	26,998	28,538	30,283
Net Profit (Million B)	6,022	5,359	3,251	3,514	3,792
Normalized Profit (Million B)	6,022	5,359	3,251	3,514	3,792
Normalized EPS (B)	2.75	2.45	1.49	1.61	1.73
PER (x)	4.2	4.7	7.7	7.2	6.6
DPS (B)	1.55	1.55	0.89	0.96	1.04
Dividend Yield (%)	13.5	13.5	7.8	8.4	9.0
BV (B)	18.8	19.7	19.9	20.6	21.3
PBV (x)	0.6	0.6	0.6	0.6	0.5
EV/EBITDA (x)	6.4	7.0	11.6	11.2	10.9
ROE (%)	15.2	12.7	7.5	7.9	8.3

Source: ASPS Research

# PSH

Rec.:

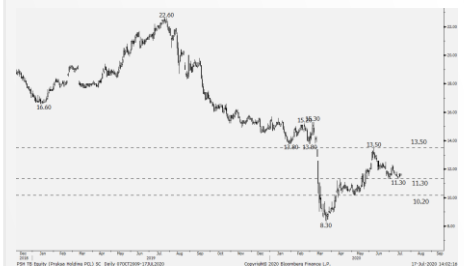
Switch



**PRUKSA**

Current Price (B):	11.50
Target Price (B):	10.40
Upside:	-9.6
Dividend Yield:	7.8
Total Return:	-1.8
Market Cap. (Million B)	25,168

### Technical Chart



### ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2020F	1.49	1.62	-8%
2021F	1.61	1.72	-7%

Source: ASPS and IAA consensus

CG Score : 5 = Excellent

Anti-corruption Progress Indic.

= Certified

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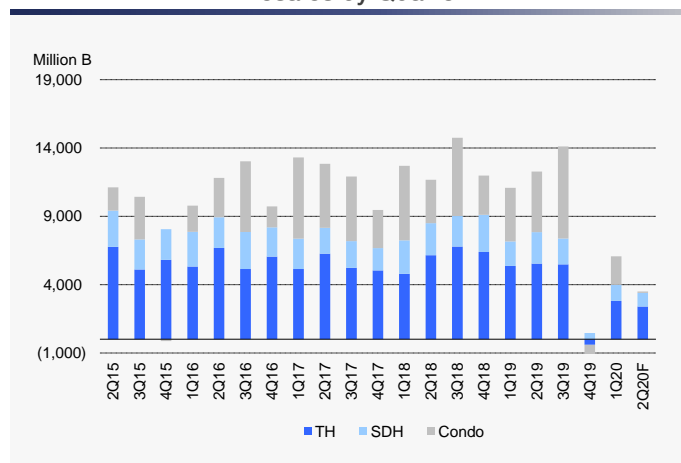
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### Earnings Results by Quarter

(Million B)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20F	% QoQ	% YoY	1H20F	1H19	% YoY
Revenue	14,420	11,881	7,781	8,517	11,706	7,143	6,214	-13.0%	-20.1%	13,357	19,662	-32.1%
Cost of Sales	9,227	7,780	5,007	5,525	7,442	4,582	4,226	-7.8%	-15.6%	8,807	12,787	-31.1%
Gross Profit	5,193	4,102	2,774	2,992	4,264	2,561	1,989	-22.4%	-28.3%	4,550	6,875	-33.8%
SG&A	2,654	1,855	1,487	1,752	1,966	1,268	1,368	7.9%	-8.0%	2,637	3,342	-21.1%
EBITDA	2,734	2,396	1,411	1,389	2,592	1,446	774	-46.5%	-45.1%	2,220	3,807	-41.7%
Net Profit	2,006	1,686	933	916	1,825	922	407	-55.9%	-56.4%	1,329	2,618	-49.2%
Normalized Profit	2,006	1,686	933	916	1,825	922	407	-55.9%	-56.4%	1,329	2,618	-49.2%
Normalized EPS	0.92	0.77	0.43	0.42	0.83	0.42	0.19	-55.9%	-56.4%	0.61	1.20	-49.2%
Gross Margin (%)	36.0%	34.5%	35.6%	35.1%	36.4%	35.9%	32.0%			34.1%	35.0%	
Normalized Profit Margin (%)	13.9%	14.2%	12.0%	10.7%	15.6%	12.9%	6.5%			9.9%	13.3%	

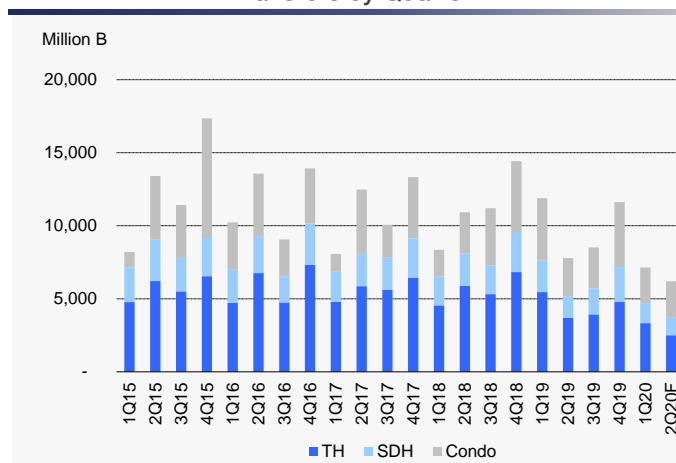
Source: PSH / ASPS Research

### Presales by Quarter



Source: PSH

### Transfers by Quarter



Source: PSH

### New Projects Transferred in 2020

Project	Transferred in	Value (Million B)	1Q20 Presales (%)
The Tree Dindaeng - Ratchaprarop	1Q20	559	88%
Plum Condo Saphanmai Station	2Q20	1,217	31%
The Tree Hua Mark	3Q20	2,112	27%
The Reserve Sukhumvit 61	3Q20	2,723	99%

Source: PSH

### Key Risk

- 1) Property sales depends on consumers' confidence about future income. If economic forecast misses projection, it will adversely affected consumers' confidence and discourage home buying.
- 2) Since PSH focuses on middle- and low-income customers that depend on housing loans from commercial banks, higher household debt may result in higher rejection rate.

Source: ASPS Research

## 2020-2021F Earnings Forecast

### Income Statement (Million B)

Ended 31 Dec.	2019	2020F	2021F	2022F
Revenue	39,885	26,998	28,538	30,283
Cost of sales	25,754	17,684	18,607	19,684
<b>Gross profit</b>	<b>14,131</b>	<b>9,314</b>	<b>9,931</b>	<b>10,599</b>
SG&A	7,060	4,860	5,137	5,451
Interest expenses	324	326	333	332
Shared profit from associates	(0)	(0)	(0)	(0)
Other incomes	267	119	128	136
Earnings before taxes	7,014	4,247	4,589	4,952
Income taxes	1,555	934	1,010	1,089
Minority interest	(100)	(61)	(66)	(71)
Extraordinary items	-	-	-	-
<b>Net profit</b>	<b>5,359</b>	<b>3,251</b>	<b>3,514</b>	<b>3,792</b>
EPS	<b>2.45</b>	<b>1.49</b>	<b>1.61</b>	<b>1.73</b>
<b>Normalized profit</b>	<b>5,359</b>	<b>3,251</b>	<b>3,514</b>	<b>3,792</b>
<b>Normalized EPS</b>	<b>2.45</b>	<b>1.49</b>	<b>1.61</b>	<b>1.73</b>
Sales growth (%)	-11.2%	-32.3%	5.7%	6.1%
Normalized profit growth (%)	-11.0%	-39.3%	8.1%	7.9%
Gross profit margin (%)	35.4%	34.5%	34.8%	35.0%
Normalized profit margin (%)	13.4%	12.0%	12.3%	12.5%

### Quarter Income Statement (Million B)

	2Q19	3Q19	4Q19	1Q20
Revenue	7,781	8,517	11,706	7,143
Cost of sales	5,007	5,525	7,442	4,582
<b>Gross profit</b>	<b>2,774</b>	<b>2,992</b>	<b>4,264</b>	<b>2,561</b>
SG&A	1,487	1,752	1,966	1,268
Interest expenses	79	82	106	121
Shared profit from associates	(0)	(0)	(0)	-
Other incomes	25	34	180	33
Earnings before taxes	1,232	1,193	2,370	1,204
Income taxes	282	260	511	264
Minority interest	(18)	(17)	(34)	(18)
Extraordinary items	-	-	-	-
<b>Net profit</b>	<b>933</b>	<b>916</b>	<b>1,825</b>	<b>922</b>
<b>Normalized profit</b>	<b>933</b>	<b>916</b>	<b>1,825</b>	<b>922</b>
Sales growth (%qoq)	-34.5%	9.5%	37.4%	-39.0%
Gross profit margin (%)	35.6%	35.1%	36.4%	35.9%
Normalized profit margin (%)	-44.7%	-1.8%	99.4%	-49.5%

### Financial Ratio

Ended 31 Dec.	2019	2020F	2021F	2022F
Current Ratio (X)	3.25	3.02	2.87	3.60
Quick Ratio (X)	0.14	0.11	0.10	0.13
Inventory Turnover (X)	0.35	0.23	0.23	0.23
A/C Payable Turnover (X)	11.51	9.70	12.48	12.51
Debt to Equity (X)	1.00	1.05	1.08	1.11
Net gearing (X)	0.68	0.77	0.80	0.83
ROAA (%)	6.4%	3.7%	3.8%	3.9%
ROAE (%)	12.7%	7.5%	7.9%	8.3%

Source: ASPS Research

## 2020-2021F Earnings Forecast

Cash Flows Statement (Million B)				
Ended 31 Dec.	2019	2020F	2021F	2022F
Net Profit	5,359	3,251	3,514	3,792
Adjustments for :	1,906	1,322	1,409	1,492
Depreciation and amortisation	451	496	546	600
Unrealized Fx gain (loss)	-	-	-	-
Shared profit from associates	-	-	-	-
Increase / Decrease in operating activities	(6,013)	(6,307)	(5,815)	(6,136)
<b>Net Cash flows from operating activities</b>	<b>1,703</b>	<b>(1,238)</b>	<b>(347)</b>	<b>(252)</b>
Increase / Decrease in short term investment	-	-	-	-
Increase / Decrease in other assets	-	-	-	-
Increase / Decrease in fixed assets	(1,028)	(297)	(312)	(328)
<b>Net cash flows from investing activities</b>	<b>(1,028)</b>	<b>(297)</b>	<b>(312)</b>	<b>(328)</b>
Increase / Decrease in loans	4,000	3,752	2,742	2,894
Increase / Decrease from capital & share premium	-	-	-	-
Others	(775)	-	-	-
Dividends paid	(3,570)	(2,672)	(2,030)	(2,192)
<b>Net cash flows from financing activities</b>	<b>(345)</b>	<b>1,080</b>	<b>713</b>	<b>702</b>
<b>Increase / Decrease in net cash</b>	<b>330</b>	<b>(455)</b>	<b>53</b>	<b>122</b>
Balance Sheet (Million B)				
Ended 31 Dec.	2019	2020F	2021F	2022F
Cash and cash equivalents	1,774	1,319	1,372	1,494
Trade and other receivables	-	-	-	-
Inventories	76,244	80,056	84,059	88,262
Current assets	1,737	1,737	1,737	1,737
Long-term investment	-	-	-	-
Net PP&E	5,950	6,247	6,560	6,888
<b>Total assets</b>	<b>86,782</b>	<b>90,436</b>	<b>94,804</b>	<b>99,458</b>
Trade payables	2,191	1,453	1,529	1,618
Short-term (one-year) loans	13,150	16,854	19,560	14,554
Other current liabilities	9,233	9,233	9,233	9,233
Long-term loans/bonds	17,950	17,998	18,034	25,933
<b>Total liabilities</b>	<b>42,990</b>	<b>46,003</b>	<b>48,822</b>	<b>51,804</b>
Paid-up share capital	2,189	2,189	2,189	2,189
Share premium	1,873	1,873	1,873	1,873
Retained earnings	39,101	39,681	41,165	42,765
<b>Total shareholders' equity</b>	<b>43,056</b>	<b>43,635</b>	<b>45,120</b>	<b>46,720</b>
Minority shareholders' equity	736	797	863	934
<b>Total liabilities and shareholders' equity</b>	<b>86,782</b>	<b>90,436</b>	<b>94,804</b>	<b>99,458</b>
Financial Assumption				
Ended 31 Dec.	2019	2020F	2021F	2022F
Interim presales	35,601	24,559	27,271	29,563
Revenue from property sales	39,885	26,998	28,538	30,283
Gross profit margin (%)	35.4%	34.5%	34.8%	35.0%
Normalized profit margin (%)	13.4%	12.0%	12.3%	12.5%
SG&A/Sales	17.7%	18.0%	18.0%	18.0%
Effective tax rate (%)	22.2%	22.0%	22.0%	22.0%

Source: ASPS Research