

Pruksa Holding Pcl (PSH TB) - SELL, Price Bt13.50, TP Bt11.00**Results Comment**

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Weak 3Q21, in line

- PSH posted weak 3Q21 net profit of Bt331m, down 45% y-y and 23% q-q, in line with us and consensus.
- Real estate sales were Bt5,970m, decreased by 6% y-y and 6% q-q, due to delay in revenue transfer from one-month closure of construction camp.
- Real estate gross margin fell to 29.8% vs 32.1% in 3Q20 as inventory release strategy continues.
- Despite lower sales, SG&A increased by 2% y-y and 7% q-q, partly because Vimut Hospital has fully operated in 3Q21 (commenced in 2Q21). Vimut operated lower loss at gross profit level of Bt33m in 3Q21 (growing revenues to Bt88m, Bt120m cost of goods sold) vs Bt44m gross loss in 2Q21. Theptarin Hospital, acquired in 1Q21, shared equity loss of Bt4m in 3Q21, increased slightly from Bt1m equity loss in 2Q21.
- 9M21 net profit accounted for 49% of our full-year forecast, maintain SELL. We expect 4Q21F to be strong from transfers of 7 new condos. 9M21 property gross margin fell to 28.5% from 33.4% in 9M20. If it could transfer condos as plan in 4Q21F, its 30% gross margin target for 2021 could be met (we forecast 29.6%).

Income Statement (consolidated)						Income Statement 9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	6,353	9,584	6,888	6,362	6,058	Revenue	(5)	(5)	64	30,020	31,305
Gross profit	2,038	2,803	1,836	1,807	1,745	Gross profit	(3)	(14)	61	8,884	9,645
SG&A	1,156	1,673	1,039	1,099	1,179	SG&A	7	2	65	5,103	5,322
Operating profit	882	1,130	797	708	565	Operating profit	(20)	(36)	55	3,780	4,323
EBITDA	996	1,243	898	820	692	EBITDA	(16)	(31)	56	4,273	4,845
Other income	50	128	9	27	33	Other income	21	(35)	24	282	296
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	112	151	144	146	129	Interest expense	(11)	15	81	519	483
Profit before tax	820	1,108	662	589	469	Profit before tax	(20)	(43)	49	3,543	4,136
Income tax	204	262	153	150	125	Income tax	(17)	(39)	57	744	869
Equity & invest. income	0	0	107	(1)	(4)	Equity & invest. income	na		95	107	10
Minority interests	(12)	(17)	(10)	(11)	(9)	Minority interests	na	na	24	(125)	(134)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	603	829	606	427	331	Net profit	(23)	(45)	49	2,781	3,144
Normalized profit	603	829	606	427	331	Normalized profit	(23)	(45)	49	2,781	3,144
EPS (Bt)	0.28	0.38	0.28	0.20	0.15	EPS (Bt)	(23)	(45)	49	1.27	1.44
Normalized EPS (Bt)	0.28	0.38	0.28	0.20	0.15	Normalized EPS (Bt)	(23)	(45)	49	1.27	1.44

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(%)	3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	796	1,337	1,794	1,651	870	Sales growth	(25.4)	(18.1)	(3.6)	3.2	(4.6)
A/C receivable	0	0	0	0	0	Operating profit growth	(28.9)	(50.8)	(38.3)	13.1	(35.9)
Inventory	71,222	66,863	63,404	61,102	59,336	EBITDA growth	(26.5)	(48.5)	(36.4)	11.7	(30.6)
Other current assets	1,475	1,653	1,264	1,384	1,564	Norm profit growth	(34.1)	(54.6)	(34.2)	2.5	(45.2)
Investment	0	0	0	0	0	Norm EPS growth	(34.1)	(54.6)	(34.2)	2.5	(45.2)
Fixed assets	5,822	6,010	6,373	6,581	6,604	Gross margin	32.1	29.3	26.7	28.4	28.8
Other assets	2,835	2,411	3,908	4,400	4,300	Operating margin	13.9	11.8	11.6	11.1	9.3
Total assets	82,150	78,273	76,741	75,118	72,673	EBITDA margin	15.7	13.0	13.0	12.9	11.4
S-T debt	13,950	8,450	8,550	7,050	8,950	Norm net margin	9.5	8.6	8.8	6.7	5.5
A/C payable	1,072	1,277	1,164	1,068	1,046	D/E (x)	0.7	0.6	0.5	0.5	0.5
Other current liabilities	8,715	6,337	5,349	5,811	4,176	Net D/E (x)	0.6	0.5	0.5	0.5	0.5
L-T debt	14,207	16,557	14,957	15,807	13,407	Interest coverage (x)	8.9	8.2	6.2	5.6	5.3
Other liabilities	1,279	1,865	2,305	1,978	2,023	Interest rate	1.5	2.3	2.4	2.5	2.3
Minority interest	723	740	750	733	728	Effective tax rate	24.9	23.7	23.0	25.4	26.7
Shareholders' equity	42,204	43,047	43,665	42,672	42,343	ROA	2.9	4.1	3.1	2.3	1.8
Working capital	70,149	65,586	62,239	60,034	58,290	ROE	5.7	7.8	5.6	4.0	3.1
Total debt	28,157	25,007	23,507	22,857	22,357						
Net debt	27,361	23,670	21,713	21,206	21,487						

Sources: Company data, Thanachart estimates

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