

Pruksa Holding Pcl (PSH TB) - SELL, Price Bt14.60, TP Bt10.00**Results Comment**

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4Q21 slightly better than expected

- PSH reported 4Q21 net profit of Bt988m, up 19% y-y and 199% q-q, 7% above our forecast on lower-than-expected SG&A.
- 4Q21 was the best quarter of last year as expected on strong condominium transfers at 36% of real estate sales revenues (-8% y-y, +48% q-q to Bt8.8bn). This also boosted gross margin to 32.3% vs 29.3% in 4Q20 and 29.8% in 3Q21.
- In 4Q21, it recorded higher revenues from Vimut hospital of Bt154m due to rising patients and vaccine revenues. But since it just commenced the hospital in May last year, a gradual revenue increase was not enough to cover hospital cost. It reported Bt59m loss at gross profit.
- 2021 net profit came in 3% above our estimates on falling SG&A/sales to 16.8% vs 18.6% in 2020 and 17.7% in 2019. Despite this, last year's profit was down 15% y-y on a 4% decrease in real estate sales revenues, a further reduction in property gross margin to 29.7% (32.0% in 2020, 35.4% in 2019) and loss from Vimut hospital.
- We maintain SELL on PSH as it is still in early stage of diversification into hospital business. With its plan to open more hospitals over the next five years, ROE will remain low at single-digit comparing to peers' mid-teen ROE.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	9,584	6,888	6,362	6,058	9,002	Revenue	49	(6)	96	28,311	30,492
Gross profit	2,803	1,836	1,807	1,745	2,795	Gross profit	60	(0)	96	8,183	9,096
SG&A	1,673	1,039	1,099	1,179	1,437	SG&A	22	(14)	92	4,754	5,403
Operating profit	1,130	797	708	565	1,358	Operating profit	140	20	103	3,429	3,693
EBITDA	1,243	898	820	692	1,484	EBITDA	115	19	102	3,894	4,215
Other income	128	9	27	33	50	Other income	55	(61)	55	119	231
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	151	144	146	129	130	Interest expense	1	(14)	100	550	454
Profit before tax	1,108	662	589	469	1,278	Profit before tax	173	15	100	2,999	3,470
Income tax	262	153	150	125	278	Income tax	122	6	100	705	790
Equity & invest. income	0	107	(1)	(4)	8	Equity & invest. income	na		102	110	10
Minority interests	(17)	(10)	(11)	(9)	(20)	Minority interests	na	na	41	(51)	(134)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	829	606	427	331	988	Net profit	199	19	103	2,353	2,555
Normalized profit	829	606	427	331	988	Normalized profit	199	19	103	2,353	2,555
EPS (Bt)	0.38	0.28	0.20	0.15	0.45	EPS (Bt)	199	19	103	1.08	1.17
Normalized EPS (Bt)	0.38	0.28	0.20	0.15	0.45	Normalized EPS (Bt)	199	19	103	1.08	1.17

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	1,337	1,794	1,651	870	3,348	Sales growth	(18.1)	(3.6)	3.2	(4.6)	(6.1)
A/C receivable	0	0	0	0	0	Operating profit growth	(50.8)	(38.3)	13.1	(35.9)	20.1
Inventory	66,863	63,404	61,102	59,336	56,757	EBITDA growth	(48.5)	(36.4)	11.7	(30.6)	19.4
Other current assets	1,653	1,264	1,384	1,564	1,771	Norm profit growth	(54.6)	(34.2)	2.5	(45.2)	19.3
Investment	0	0	0	0	0	Norm EPS growth	(54.6)	(34.2)	2.5	(45.2)	19.3
Fixed assets	6,010	6,373	6,581	6,604	6,566	Gross margin	29.3	26.7	28.4	28.8	31.1
Other assets	2,411	3,908	4,400	4,300	3,610	Operating margin	11.8	11.6	11.1	9.3	15.1
Total assets	78,273	76,741	75,118	72,673	72,052	EBITDA margin	13.0	13.0	12.9	11.4	16.5
S-T debt	8,450	8,550	7,050	8,950	9,904	Norm net margin	8.6	8.8	6.7	5.5	11.0
A/C payable	1,277	1,164	1,068	1,046	1,350	D/E (x)	0.6	0.5	0.5	0.5	0.4
Other current liabilities	6,337	5,349	5,811	4,176	6,648	Net D/E (x)	0.5	0.5	0.5	0.5	0.4
L-T debt	16,557	14,957	15,807	13,407	9,207	Interest coverage (x)	8.2	6.2	5.6	5.3	11.4
Other liabilities	1,865	2,305	1,978	2,023	870	Interest rate	2.3	2.4	2.5	2.3	2.5
Minority interest	740	750	733	728	748	Effective tax rate	23.7	23.0	25.4	26.7	21.7
Shareholders' equity	43,047	43,665	42,672	42,343	43,324	ROA	4.1	3.1	2.3	1.8	5.5
Working capital	65,586	62,239	60,034	58,290	55,407	ROE	7.8	5.6	4.0	3.1	9.2
Total debt	25,007	23,507	22,857	22,357	19,111						
Net debt	23,670	21,713	21,206	21,487	15,763						

Sources: Company data, Thanachart estimates

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