Pruksa Holding Pcl (PSH TB) - SELL, Price Bt12.70, TP Bt10.00

Results Comment

Phannarai Tiyapittayarut | Email: phannarai.von@thanachartsec.co.th

Soft 1Q22, in line

- PSH reported weak 1Q22 net profit of Bt552m, down 9% y-y and 44% q-q, mainly due to falling real estate sales revenues.
- Total real estate sales were Bt5.7bn. Excluding Bt643m revenue from land sale, property sales were Bt5.0bn, down 27% y-y and 43% q-q. A drop in revenues was on all products, -29% y-y for TH to Bt2.5bn, -29% y-y for SDH to Bt1.1bn and -22% y-y for condos to Bt1.4bn. Lower revenues were along with presales contraction of 23% y-y to Bt5.3bn in 1Q22.
- Real estate gross margin increased by 396bp y-y from bottom level of 26.7% in 1Q21 to 30.6% in 1Q22, but decreased q-q from 32.3% in 4Q21.
- It recorded higher hospital revenues q-q of Bt244m in 1Q22 after the commencement of Vimut hospital since 2Q21. The hospital business generated a slim gross profit of Bt18m which is expected to take a few more years to cover operating expenses.
- Equity income was Bt15m that was share profit from its 51% ownership in Theptarin hospital. A fall y-y was because it booked one-time gain (fair value was above purchase price) upon acquisition of Theptarin in 1Q21.
- 1Q22 net profit accounted for 22% of our full-year forecast. We maintain our earnings projection and SELL rating.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Revenue	6,888	6,362	6,058	9,002	5,923
Gross profit	**1,836**	**1,807**	**1,745**	**2,795**	**1,757**
SG&A	1,039	1,099	1,179	1,437	989
Operating profit	797	708	565	1,358	768
EBITDA	**898**	**820**	**692**	**1,484**	**887**
Other income	9	27	33	50	58
Other expense	0	0	0	0	0
Interest expense	144	146	129	130	120
Profit before tax	**662**	**589**	**469**	**1,278**	**706**
Income tax	153	150	125	278	158
Equity & invest. income	107	(1)	(4)	8	15
Minority interests	(10)	(11)	(9)	(20)	(11)
Extraordinary items	0	0	0	0	0
Net profit	**606**	**427**	**331**	**988**	**552**
Normalized profit	**606**	**427**	**331**	**988**	**552**
EPS (Bt)	0.28	0.20	0.15	0.45	0.25
Normalized EPS (Bt)	0.28	0.20	0.15	0.45	0.25

Income Statement			3M as		
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	(34)	(14)	19	30,492	28,858
Gross profit	**(37)**	**(4)**	**19**	**9,096**	**8,774**
SG&A	(31)	(5)	18	5,403	5,087
Operating profit	(43)	(4)	21	3,693	3,687
EBITDA	**(40)**	**(1)**	**21**	**4,215**	**4,234**
Other income	15	530	25	231	245
Other expense			na	0	0
Interest expense	(8)	(17)	26	454	440
Profit before tax	**(45)**	**7**	**20**	**3,470**	**3,492**
Income tax	(43)	4	20	790	775
Equity & invest. income	81	(86)	143	10	12
Minority interests	na	na	8	(134)	(143)
Extraordinary items			na	0	0
Net profit	**(44)**	**(9)**	**22**	**2,555**	**2,586**
Normalized profit	**(44)**	**(9)**	**22**	**2,555**	**2,586**
EPS (Bt)	(44)	(9)	22	1.17	1.18
Normalized EPS (Bt)	(44)	(9)	22	1.17	1.18

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	1Q21	2Q21	3Q21	4Q21	1Q22
Cash & ST investment	1,794	1,651	870	3,348	1,127
A/C receivable	0	0	0	0	0
Inventory	63,404	61,102	59,336	56,757	55,309
Other current assets	1,264	1,384	1,564	1,771	1,719
Investment	0	0	0	0	0
Fixed assets	6,373	6,581	6,604	6,566	6,523
Other assets	3,908	4,400	4,300	3,610	6,172
Total assets	**76,741**	**75,118**	**72,673**	**72,052**	**70,850**
S-T debt	8,550	7,050	8,950	9,904	8,150
A/C payable	1,164	1,068	1,046	1,350	1,289
Other current liabilities	5,349	5,811	4,176	6,648	6,840
L-T debt	14,957	15,807	13,407	9,207	9,107
Other liabilities	2,305	1,978	2,023	870	835
Minority interest	750	733	728	748	759
Shareholders' equity	**43,665**	**42,672**	**42,343**	**43,324**	**43,870**
Working capital	62,239	60,034	58,290	55,407	54,020
Total debt	23,507	22,857	22,357	19,111	17,257
Net debt	**21,713**	**21,206**	**21,487**	**15,763**	**16,130**

Financial Ratios					
(%)	1Q21	2Q21	3Q21	4Q21	1Q22
Sales growth	(3.6)	3.2	(4.6)	(6.1)	(14.0)
Operating profit growth	(38.3)	13.1	(35.9)	20.1	(3.7)
EBITDA growth	(36.4)	11.7	(30.6)	19.4	(1.3)
Norm profit growth	(34.2)	2.5	(45.2)	19.3	(9.0)
Norm EPS growth	(34.2)	2.5	(45.2)	19.3	(9.0)
Gross margin	26.7	28.4	28.8	31.1	29.7
Operating margin	11.6	11.1	9.3	15.1	13.0
EBITDA margin	13.0	12.9	11.4	16.5	15.0
Norm net margin	8.8	6.7	5.5	11.0	9.3
D/E (x)	0.5	0.5	0.5	0.4	0.4
Net D/E (x)	0.5	0.5	0.5	0.4	0.4
Interest coverage (x)	6.2	5.6	5.3	11.4	7.4
Interest rate	2.4	2.5	2.3	2.5	2.6
Effective tax rate	23.0	25.4	26.7	21.7	22.4
ROA	3.1	2.3	1.8	5.5	3.1
ROE	5.6	4.0	3.1	9.2	5.1

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 76 Derivative Warrants which are AMAT16C2206A, AOT16C2206A, AWC16C2207A, BAM16C2206A, BAM16C2207A, BANP16C2205A, BANP16C2207A, BCH16C2207A, BEC16C2207A, BGRI16C2205A, BLA16C2205A, BLA16C2208A, CBG16C2205A, CBG16C2207A, CHG16C2207A, COM716C2205A, COM716C2208A, COM716C2209A, CPF16C2205A, DOHO16C2207A, EA16C2205A, EA16C2206A, EA16C2207A, EA16C2209A, GPSC16C2205A, GPSC16C2206A, GPSC16C2207A, GPSC16C2209A, GULF16C2205A, GULF16C2207A, GUNK16C2205A, GUNK16C2206A, GUNK16C2207A, GUNK16C2209A, HANA16C2205A, HANA16C2207A, HANA16C2209A, INTU16C2205A, IRPC16C2205A, IVL16C2206A, JMAR16C2205A, JMAR16C2206A, JMT16C2205A, JMT16C2207A, KBAN16C2206A, KBAN16C2208A, KBAN16C2209A, KCE16C2205A, KCE16C2205B, KCE16C2208A, KCE16C2209A, MEGA16C2207A, MINT16C2207A, OR16C2205A, PTG16C2209A, PTT16C2205A, PTTE16C2209A, PTTG16C2207A, RBF16C2209A, RCL16C2205A, RCL16C2208A, RS16C2205A, S5016C2206A, S5016C2209A, S5016P2206A, S5016P2206B, S5016P2209A, SAWA16C2205A, SCB16C2208A, SPRC16C2209A, SYNE16C2206A, TOP16C2206A, TRUE16C2205A, TRUE16C2205B, TTA16C2207A, TTA16C2208A (underlying securities are AMATA, AOT, AWC, BAM, BANPU, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPF, DOHOME, EA, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MEGA, MINT, OR, PTG, PTT, PTTEP, PTTGC, RBF, RCL, RS, SET50, SAWAD, SCB, SPRC, SYNEX, TOP, TRUE, TTA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: SCG Packaging Pcl (SCGP TB)