Pruksa Holding Pcl (PSH TB) - SELL, Price Bt12.40, TP Bt10.00

Results Comment

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Weak 2Q22

- PSH reported weak 2Q22 normalized profit of Bt424m, down 1% y-y and 23% q-q, mainly due to falling real estate sales revenues.
- Total real estate sales were Bt5.1bn, down 19% y-y and 10% q-q. Lower revenues were along with presales contraction of 18% y-y to Bt11.7bn in 1H22. TH (its concentration is on low-end segment) and condo presales dropped the most.
- However, performance was supported by higher real estate gross margin to 32.4% in 2Q22 vs 29.2% in 2Q21 and 30.6% in 1Q22.
- As Vimut hospital generated lower revenues by 17% q-q to Bt203m, it made gross loss of Bt8m in 2Q22 vs gross profit of Bt18m in 1Q22.
- 1H22 net profit made up only 38% of our full-year forecast. This is due to its soft 1H22 presales that achieved only 38% of its Bt31bn full-year target.
- We see earnings downside and reaffirm SELL rating.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Revenue	6,362	6,058	9,002	5,923	5,304
Gross profit	**1,807**	**1,745**	**2,795**	**1,757**	**1,643**
SG&A	1,099	1,179	1,437	989	1,087
Operating profit	708	565	1,358	768	556
EBITDA	**820**	**692**	**1,484**	**887**	**677**
Other income	27	33	50	58	79
Other expense	0	0	0	0	0
Interest expense	146	129	130	120	91
Profit before tax	**589**	**469**	**1,278**	**706**	**544**
Income tax	150	125	278	158	120
Equity & invest. income	(1)	(4)	8	15	9
Minority interests	(11)	(9)	(20)	(11)	(9)
Extraordinary items	0	0	0	0	6
Net profit	**427**	**331**	**988**	**552**	**430**
Normalized profit	**427**	**331**	**988**	**552**	**424**
EPS (Bt)	0.20	0.15	0.45	0.25	0.20
Normalized EPS (Bt)	0.20	0.15	0.45	0.25	0.19

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2022F**	**2022F**	**2023F**
Revenue	(10)	(17)	37	30,492	28,858
Gross profit	**(6)**	**(9)**	**37**	**9,096**	**8,774**
SG&A	10	(1)	38	5,403	5,087
Operating profit	(28)	(21)	36	3,693	3,687
EBITDA	**(24)**	**(17)**	**37**	**4,215**	**4,234**
Other income	35	193	59	231	245
Other expense			na	0	0
Interest expense	(24)	(38)	46	454	440
Profit before tax	**(23)**	**(8)**	**36**	**3,470**	**3,492**
Income tax	(24)	(20)	35	790	775
Equity & invest. income	(40)	na	228	10	12
Minority interests	na	na	15	(134)	(143)
Extraordinary items			na	0	0
Net profit	**(22)**	**1**	**38**	**2,555**	**2,586**
Normalized profit	**(23)**	**(1)**	**38**	**2,555**	**2,586**
EPS (Bt)	(22)	1	38	1.17	1.18
Normalized EPS (Bt)	(23)	(1)	38	1.17	1.18

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Cash & ST investment	1,651	870	3,348	1,127	1,030
A/C receivable	0	0	0	0	0
Inventory	61,102	59,336	56,757	55,309	54,135
Other current assets	1,384	1,564	1,771	1,719	1,649
Investment	0	0	0	0	0
Fixed assets	6,581	6,604	6,566	6,523	6,490
Other assets	4,400	4,300	3,610	6,172	6,537
Total assets	**75,118**	**72,673**	**72,052**	**70,850**	**69,842**
S-T debt	7,050	8,950	9,904	8,150	5,170
A/C payable	1,068	1,046	1,350	1,289	1,261
Other current liabilities	5,811	4,176	6,648	6,840	6,513
L-T debt	15,807	13,407	9,207	9,107	12,536
Other liabilities	1,978	2,023	870	835	786
Minority interest	733	728	748	759	740
Shareholders' equity	**42,672**	**42,343**	**43,324**	**43,870**	**42,836**
Working capital	60,034	58,290	55,407	54,020	52,874
Total debt	22,857	22,357	19,111	17,257	17,706
Net debt	**21,206**	**21,487**	**15,763**	**16,130**	**16,676**

Financial Ratios					
(%)	**2Q21**	**3Q21**	**4Q21**	**1Q22**	**2Q22**
Sales growth	3.2	(4.6)	(6.1)	(14.0)	(16.6)
Operating profit growth	13.1	(35.9)	20.1	(3.7)	(21.4)
EBITDA growth	11.7	(30.6)	19.4	(1.3)	(17.3)
Norm profit growth	2.5	(45.2)	19.3	(9.0)	(0.8)
Norm EPS growth	2.5	(45.2)	19.3	(9.0)	(0.8)
Gross margin	28.4	28.8	31.1	29.7	31.0
Operating margin	11.1	9.3	15.1	13.0	10.5
EBITDA margin	12.9	11.4	16.5	15.0	12.8
Norm net margin	6.7	5.5	11.0	9.3	8.0
D/E (x)	0.5	0.5	0.4	0.4	0.4
Net D/E (x)	0.5	0.5	0.4	0.4	0.4
Interest coverage (x)	5.6	5.3	11.4	7.4	7.5
Interest rate	2.5	2.3	2.5	2.6	2.1
Effective tax rate	25.4	26.7	21.7	22.4	22.0
ROA	2.3	1.8	5.5	3.1	2.4
ROE	4.0	3.1	9.2	5.1	3.9

Sources: Company data, Thanachart estimates

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