

Prestige Estates Projects Ltd.

"Hold"
5th Aug' 14

"Volume growth & sustained realization to drive out performance"

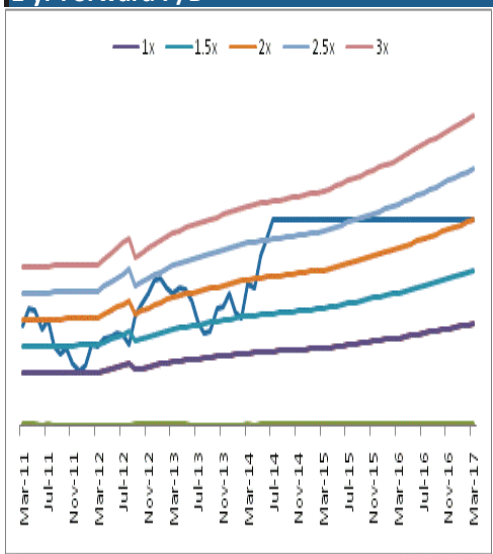
Result update	Hold
CMP	250
Target Price	265
Previous Target Price	210
Upside	6%
Change from Previous	26%

Market Data	
BSE Code	533274
NSE Symbol	PRESTIGE
52wk Range H/L	105/270
Mkt Capital (Rs Crores)	8,737
Average Daily Volume	161,912
Nifty	7,684

Stock Performance-%	1M	1yr	YTD
Absolute	2.8	102.1	44.9
Rel. to Nifty	3.2	71.5	30.3

Share Holding Pattern-%	1QFY15	4QFY14	3QFY14
Promoters	75.0	75.0	75.0
FII	18.0	17.4	17.4
DII	5.5	6.3	6.3
Others	1.6	1.3	1.3

1 yr Forward P/B



Prestige Estates reported numbers a head of our estimate in 1QFY15. Revenue for the 1QFY15 grew at 13.0% yoy which largely in line with our estimate. EBITDA for 1QFY15 surged and shown a growth of 6.3% yoy. PAT for the same period surged by 20.0% yoy mainly on account of higher other income which increased by 69.1% yoy. Sales volumes for the quarter (Prestige share) stood at 2.1 mn sft, to Rs. 1307.3 crore up by 28% yoy.

Prestige Estates comfortably surpasses its sales guidance for FY14 at Rs. 4300 crore. Company has up its FY15E guidance on all account. It has given the pre-sales guidance of Rs. 5000 crore, advances Rs. 3000 crore, & rental revenue of Rs. 390 crore. Further, company plan to launch a 14-16 mn sft & delivery of 10-12 mn sft in FY15E.

We believe that most of the positives are largely priced in and left a limited potential upside in near term. We changed maintain our "Buy" rating however, on back of strong sales booking momentum and strong presence of company in southern market space we increased our target price to Rs. 265 (Earlier- 210). Our only key concern is the company debt level which get increased by 385 crore in FY14 to Rs. 2805 crore hence it should be the key monitorable in near term.

Other Result Highlights :

- Prestige Estates launched its flagship project Falcon City (4.6 mn sft, Prestige share of 35.7%) and garnered strong sales of Rs. 9.8b. It accounted for 75% of overall pre-sales in. It met with 30% of FY15 pre-sales guidance in 1Q.
- New leasing in 1QFY15 was 0.69 mn sft (Prestige share of 0.06 mn sft) v/s guidance of 2 mn sft of annual leasing in FY15. Rental income grew 4% QoQ (+30% YoY) to Rs.74.6 crore.
- Customer collections strengthened QoQ to Rs. 760 crore (v/s Rs. 660 crore in 4Q) led by stronger pre-sales in recent launches.
- Consolidated net debt stood at Rs. 2570 crore (+Rs. 40 crore QoQ), while effective debt as PEPL's stake was stable QoQ at Rs. 2460 crore (0.76x).

Valuation:

At the current CMP of Rs. 250, the stock is trading at a PE of 21.6x FY15E, 16.9x FY16E & 12.8x FY17E . The company can post EPS of Rs. 11.6, 14.8 & Rs. 13.5 in FY15E-17E and RoE of 12.2%, 13.7% & 15.5%. Prestige Estates remains well on track to achieve its sales guidance for FY15 at Rs. 5000 crore as the management commentary on the result call regarding launches in Q4FY14 as well as through the year remained extremely positive. Prestige Estates comfortably surpasses its sales guidance for FY14 at Rs. 4300 crore. Company has up its FY15E guidance on all account. It has given the pre-sales guidance of Rs. 5000 crore, advances Rs. 3000 crore, & rental revenue of Rs. 390 crore. Further, company plan to launch a 14-16 mn sft & delivery of 10-12 mn sft in FY15E. We changed our rating on stock from buy to hold however, on back of strong sales booking momentum and strong presence of company in southern market space we increased our target price to Rs. 265 (Earlier- 210).

Financials	Rs, Crore				
	1QFY15	4QFY14	(QoQ)-%	1QFY14	(YoY)-%
Revenue	563.1	601.2	-6.3%	498.3	13.0%
EBITDA	137.0	123.1	11.3%	128.9	6.3%
PAT	104.0	95.1	9.3%	86.7	20.0%
EBITDA Margin	24.3%	20.5%	380 bps	25.9%	(160) bps
PAT Margin	16.9%	14.4%	250 bps	16.4%	50 bps

(Source: Company/ Eastwind Research)

(Standalone)

Prestige Estates Projects Ltd.

Key financials :

PARTICULAR	2011A	2012A	2013A	2014E	2014A	2015E	2016E	2017E
Performance								
Revenue	1543	1052	1948	2532	2549	3186	3824	4589
Other Income	68	34	64	64	98	64	64	64
Total Income	1611	1086	2011	2595	2647	3250	3887	4652
EBITDA	442	331	579	696	720	902	1109	1331
EBIT	381	270	511	621	631	798	985	1207
DEPRICIATION	61	61	68	75	89	104	124	124
INTREST COST	123	119	149	163	229	265	285	285
PBT	326	185	426	522	500	596	763	985
TAX	91	63	131	161	175	191	244	304
Reported PAT	235	122	294	361	324	406	519	681
Dividend	39	39	39	39	39	61	61	61
EPS	7.2	3.7	8.4	10.3	9.3	11.6	14.8	19.5
DPS	1.2	1.2	1.1	1.1	1.1	1.7	1.7	1.7
Yeild %								
EBITDA %	28.6%	31.4%	29.7%	27.5%	28.3%	28.3%	29.0%	29.0%
NPM %	14.6%	11.3%	14.6%	13.9%	12.3%	12.5%	13.4%	14.6%
Earning Yeild %	5.7%	3.7%	5.2%	6.0%	5.4%	4.6%	5.9%	7.8%
Dividend Yeild %	1.0%	1.2%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
ROE %	11.1%	5.7%	10.7%	11.8%	10.9%	12.2%	13.7%	15.5%
ROCE%	6.5%	3.0%	5.7%	6.6%	5.6%	6.5%	7.4%	9.0%
Position								
Net Worth	2114	2151	2743	3065	2979	3323	3781	4401
Total Debt	1505	1864	2420	2420	2805	2900	3200	3200
Capital Employed	3619	4015	5163	5485	5784	6223	6981	7601
No of Share	33	33	35	35	35	35	35	35
CMP	125	100	163	172	172	250	250	250
Valuation								
Book Value	64.4	65.6	78.4	87.6	85.1	95.0	108.0	125.8
P/B	1.9	1.5	2.1	2.0	2.0	2.6	2.3	2.0
Int/Coverage	3.1	2.3	3.4	3.8	2.8	3.0	3.5	4.2
P/E	17.5	26.8	19.4	16.7	18.6	21.6	16.9	12.8

(Source: Eastwind Research)

(Figures in crore)