

# Prestige Estates Projects Ltd.

"Discovering new highs....."

"Buy"

19th Aug' 13

Result update	Buy
CMP	122
Target Price	165
Previous Target Price	195
Upside	35%
Change from Previous	0%

## Market Data

BSE Code	533274
NSE Symbol	PRESTIGE
52wk Range H/L	100/195
Mkt Capital (Rs Crores)	4,268
Average Daily Volume	161,912
Nifty	5,508

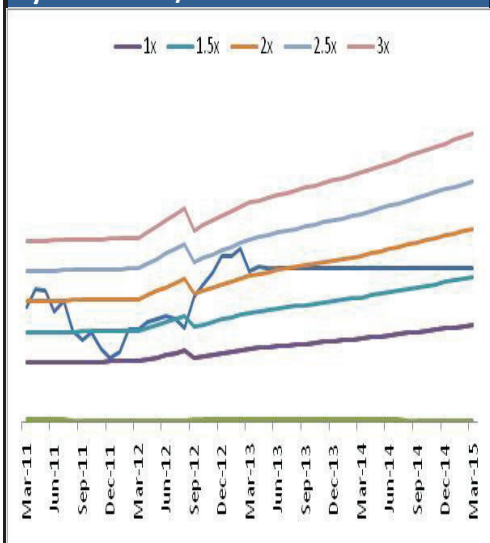
## Stock Performance-%

	1M	1yr	YTD
Absolute	(17.1)	5.5	(25.0)
Rel. to Nifty	(8.4)	2.0	(22.0)

## Share Holding Pattern-%

	1QFY14	4QFY13	3QFY13
Promoters	75.0	75.0	80.1
FII	17.2	15.5	11.0
DII	6.1	7.5	6.7
Others	1.7	1.9	2.3

## 1 yr Forward P/B



Prestige Estates posted strong revenue recognition trajectory, growing 127% yoy to Rs. 498.3 crore. On a sequential basis, the decline was 11%. EBITDA margins expanded by 230bps qoq to 25.9%. PAT declined by 3% QoQ to Rs. 86 crore, increased by 76% yoy. Several projects are yet to reach the recognition threshold of 25%, Hence, the unrecognized revenues at the end of Q1FY14 stood at Rs. 5580 crore. Volumes for the quarter stood at 1.77 mn sft, a jump of 99% qoq on the back of three new residential launches in Bengaluru to the tune of 4.09 mn sft, which includes Prestige West Woods, Augusta Golf Village and Sunrise Park (Phase I). Realizations in Q1FY14 stood at Rs. 5,799/sq.ft, an increase of 17% yoy & decline of 5% qoq. Sales in value terms stood at Rs. 1020 crore, an increase of 89% qoq (24% of the sales guidance for FY14). Collections were strong at Rs. 607 crore. Prestige Estates remains well on track to achieve its sales guidance for FY14 at Rs. 4300 crore as the management commentary on the result call regarding launches in Q2FY14 as well as through the year remained extremely positive. We trim our target price to Rs. 165 (Rs195 earlier) as we adjust FY14E/FY15E EPS by -9% for both expected year to reflect business momentum and expected pressure in EBITDA margin.

## Management Guidance FY14E

- Company is only into selling and pre-selling of its products currently. Company is Not looking to raise any funds . Company will launch another big project in North Bangalore called Prestige Royal Gardens which has got 1696 units and is hopeful to perform well.
- Company aims to maintain revenues around Rs 500 crore per quarter on the back of strong Q1 FY14 earnings. Better presales in previous quarters and a good pipeline of projects for Q2 will help in achieving sales guidance of Rs 4,000 crore . The firm will also continue to maintain realisation at Rs 5,800 per sqft. The company will launch Prestige Ivy Terrace at Bangalore in this quarter. Chennai will also see two launches viz. Silver Springs and Downtown in this quarter.

## Strong Leasing Portfolio

Prestige Estates leased 0.44 mn sft of area during the quarter, of which, Prestige's share stands at 0.16m. Prestige Estates is on track to achieve its guidance of 2 mn sft for FY14. Prestige Estates has been investing in rental capex and spent Rs. 1.75 crore during the quarter on rental capex. Prestige Estates expects its rental income to increase from Rs. 200 crore in FY13 to Rs. 370 crore in FY14. On account of the capex incurred towards its rental portfolio, Prestige Estates's net debt increased by Rs. 200 crore.

## Valuation:

At the current CMP of Rs. 122, the stock is trading at a PE of 12.1x FY14E & 9.9x FY15E . The company can post EPS of Rs. 11.9 & Rs. 14.6 in FY14E & FY15E and RoE of 13.3% & 14.1%. In light of healthy volume guidance of 14 million guidance, stronger launch schedule, and sustainable average realisation of Rs. 6000/sft we maintain our "Buy" rating on stock with a target price of Rs.195. **One can take a fresh exposure in this stock as a medium term to long term investment with a target price of INR 165 trim from INR 195 earlier estimate**

	Rs, Crore				
	1QFY14	4QFY13	(QoQ)-%	1QFY13	(YoY)-%
Revenue	498.3	559.7	-11.0%	219.2	127.3%
EBITDA	128.9	132.1	-2.4%	70.4	83.2%
PAT	86.7	89.0	-2.7%	49.3	75.9%
EBITDA Margin	25.9%	23.6%	230 bps	32.1%	(620) bps
PAT Margin	16.4%	15.2%	120 bps	20.0%	(360) bps

(Source: Company/ Eastwind Research)

(Standalone)

# Prestige Estates Projects Ltd.

## Key financials :

PARTICULAR	2011A	2012A	2013A	2014E	2015E	2014E Revised	2015E Revised
<b>Performance</b>							
Revenue	1543	1052	1948	2727	3272	2727	3272
Other Income	68	34	64	64	64	64	64
Total Income	1611	1086	2011	2790	3336	2790	3336
EBITDA	442	331	579	777	933	723	867
EBIT	381	270	511	702	850	648	784
DEPRICIATION	61	61	68	75	83	75	83
INTREST COST	123	119	149	163	163	163	163
PBT	326	185	426	603	750	548	685
TAX	91	63	131	186	240	169	219
Reported PAT	235	122	294	417	510	379	466
Dividend	39	39	39	39	39	39	39
EPS	7.2	3.7	8.4	11.9	14.6	10.8	13.3
DPS	1.2	1.2	1.1	1.1	1.1	1.1	1.1
<b>Yeild %</b>							
EBITDA %	28.6%	31.4%	29.7%	28.5%	28.5%	26.5%	26.5%
NPM %	15.2%	11.6%	15.1%	15.3%	15.6%	13.9%	14.2%
Earning Yeild %	5.7%	3.7%	5.2%	9.8%	11.9%	8.9%	10.9%
Dividend Yeild %	1.0%	1.2%	0.7%	0.9%	0.9%	0.9%	0.9%
ROE %	11.1%	5.7%	10.7%	13.3%	14.2%	12.3%	13.0%
ROCE%	9.9%	6.0%	8.6%	10.5%	11.6%	9.8%	10.9%
<b>Position</b>							
Net Worth	2114	2151	2743	3120	3591	3083	3574
Total Debt	1505	1864	2420	2420	2200	2420	2200
Capital Employed	3619	4015	5163	5540	5791	5503	5774
No of Share	33	33	35	35	35	35	35
CMP	125	100	163	122	122	122	122
<b>Valuation</b>							
Book Value	64.4	65.6	78.4	89.2	103.4	89.2	103.4
P/B	1.9	1.5	2.1	1.6	1.4	1.6	1.4
Int/Coverage	3.1	2.3	3.4	4.3	5.2	4.3	5.2
P/E	17.5	26.8	19.4	12.1	9.9	12.1	9.9

(Source: Eastwind Research)

(Figures in crore)