

Prestige Estates Projects

"Buy"
24th May '13

"Discovering new highs....."

Result	Buy
CMP	165
Target Price	195
Previous	195
Upside	18%
Change from	0%

Market Data

BSE Code	533274
NSE Symbol	PRESTIGE
52wk Range	96/195
Mkt Capital	5780
Average Daily Volume	161912
Nifty	5967

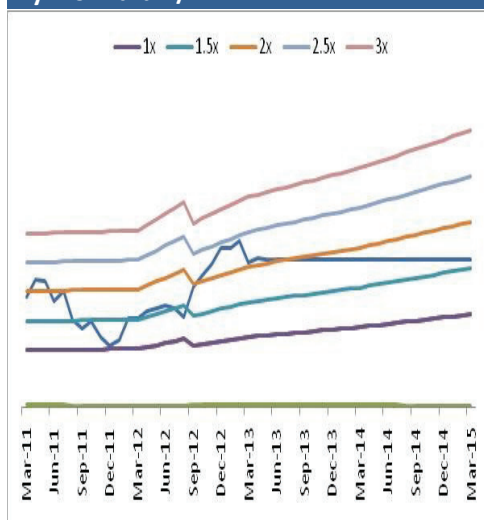
Stock

	1M	1yr	YTD
Absolute	-4	57	1
Rel. to Nifty	(7)	34	(4)

Share

	Current	4QFY13	3QFY13
Promoters	75	80	80
FII	15.5	11.0	11.8
DII	7.5	6.7	6.2
Others	1.9	2.3	2.1

1 yr Forward P/B



Volume outlook robust; beats FY13 revenue guidance.....

PEPL net sales during 4QFY13 degrew (standalone) by 176.9% YoY to Rs.559.7 cr. The company registered EBIDTA margins of 23.7% vs 34.0%. EBIDTA decrease by 92.3% to Rs 132.1 cr. The company beats its revenue & sale booking guidance on consolidated basis for FY13. Further, management of the company is confident of achieving 14m volumes in FY14, with a expected average realisation of Rs 6000+. Customer collections improved and grey by 48% to Rs 1970 cr, further It has guided for collections of INR2300 cr (17% growth) in FY14. In light of healthy volume guidance of 14 million guidance, stronger launch schedule, and sustainable average realisation of Rs. 6000/sft we have revised our rating on stock form "Hold" to "Buy" with a target price of Rs.195.

For the year ended March 31,2013, On consolidated basis, net sales of the company were Rs. 1947.6 cr, an increase of 85.1% over last year. Net profit before tax (excluding exceptional items) decrease by 233.7% to Rs. 294.1 cr, significantly below our expectation. The company surpasses its FY13 guidance revenue guidance by 29.8% and FY13 sales booking guidance by, JMC Project 24.9%

Outlook :

As the company surpasses its all of its guidance which were provided for FY13 & continuously improving its performance & in evidence of stronger launch, stronger revenue visibility. Further, company management sets a huge launch schedule of 14 million square feet (residential) in FY14 and 2.5 million square feet of leasing and sale for commercial. We believe these events are likely to be the key volumes / cash flow drivers for the company in coming 2-3 years, as existing projects are witnessing slowing volumes due to projects attaining mid-stage in its life cycle. Further the Bangalore market continues to outperform on the back of strong demand from the mid-income segment and superior commercial leasing over the last couple of years, despite of emerging skepticism of oversupply pressure, moderation in IT hiring, etc.

Valuation:

At the current CMP of Rs. 165, the stock is trading at a PE of 13.9x FY14E & 11.3x 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 have revised our rating on stock form "Hold" to "Buy" with a target price of Rs.195. One can buy this stock as a medium term to long term investment with a target price of INR 195.

Financials

	Rs, Crore				
	4QFY13	3QFY13	(QoQ)-%	4QFY12	(YoY)-%
Revenue	559.7	492.1	13.7	202.1	176.9
EBITDA	132.1	142.4	-7.3	68.7	92.3
PAT	89.0	92.1	-3.3	38.3	132.3
EBITDA Margin	23.6%	28.9%	(530) bps	34.0%	(1040) bps
PAT Margin	15.2%	18.0%	(280) bps	17.6%	(240) bps

Standalone

(Source: Company/Eastwind)

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Management guidance:

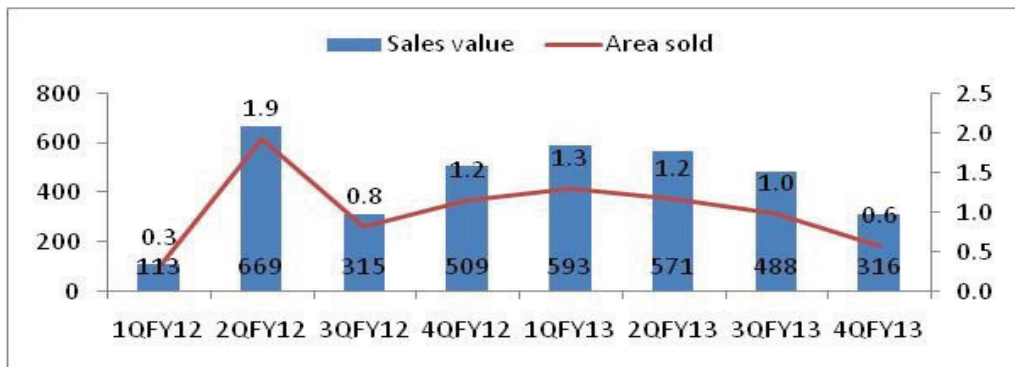
- Overall sales booking for FY14E will be Rs. 3700 crore an expected growth of 18.6% over FY13.
- It has guided exit rental run-rate of Rs. 320 crore.
- Customer collection for FY14E will be Rs. 2300 crore an expected growth of 17.0 % over FY13.
- Company expects a strong sales in FY14E and provided a volume guidance of 14 million square feet in FY14E and leasing including commercial sales of 2.5 million square feet.
- The management has guided exit rental run-rate of Rs. 320 crore. Vijaya Mall (Chennai) has commenced operations in May 2013 and is expected to contribute one month of rentals in 1QFY14, with ~60% occupancy

Healthy order book:

Consolidated unrecognised revenue of the company as on 31st March 2013 stood at Rs 4968.5 crore which providing a strong revenue visibility of 2.6x. Out of the current unrecognised revenue the company expects that Rs. 1800 crore to be hit P/L in FY14.

Story in graphs:

Residential: Mid income segment

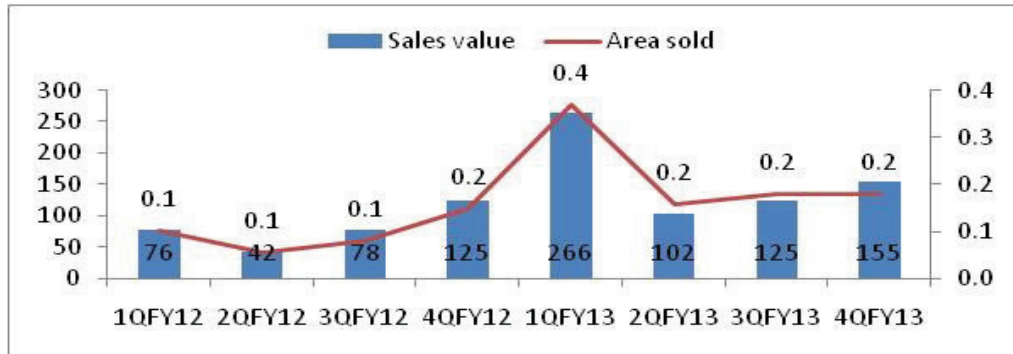


Sale value in crores

(Source: Company/Eastwind)

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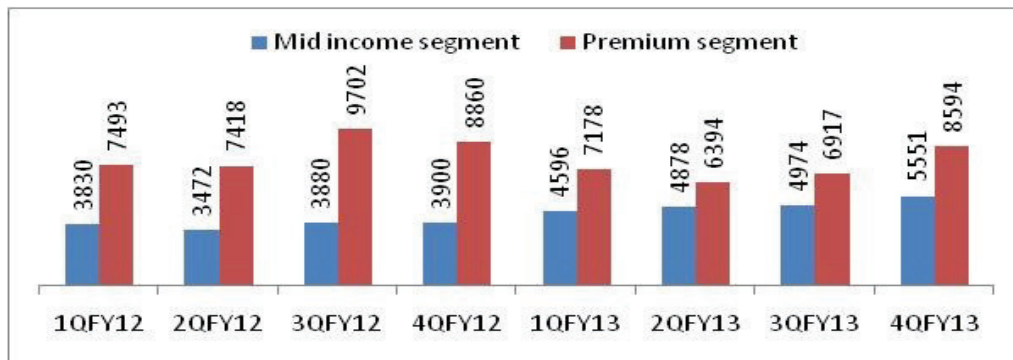
Residential: Premium segment



Sale value in crores

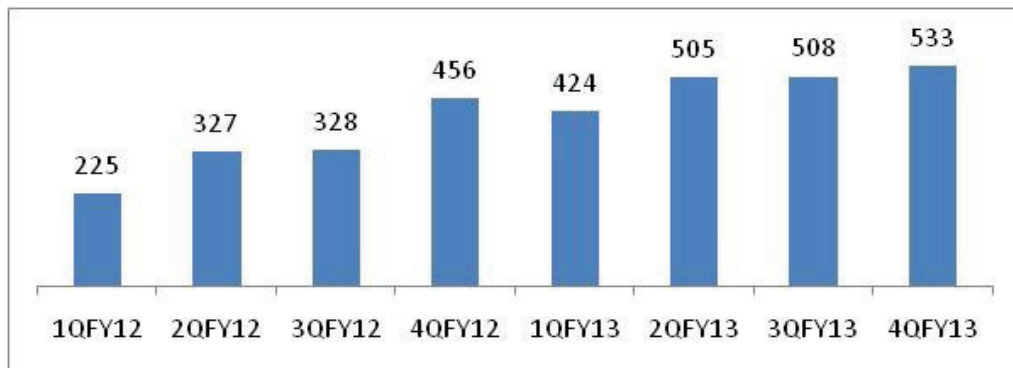
(Source: Company/Eastwind)

Average realization/sft :



(Source: Company/Eastwind)

Cash collections :



Amount in crores

(Source: Company/Eastwind)

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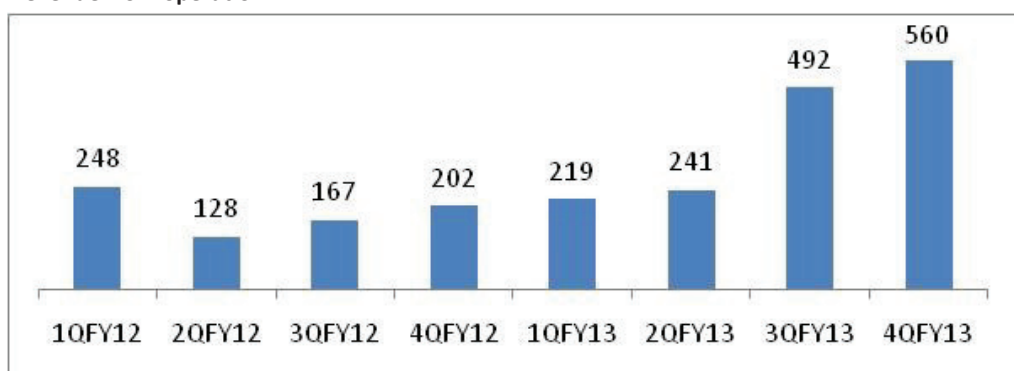
Unrecognised revenue :



Standalone, INR in crores

(Source: Company/Eastwind)

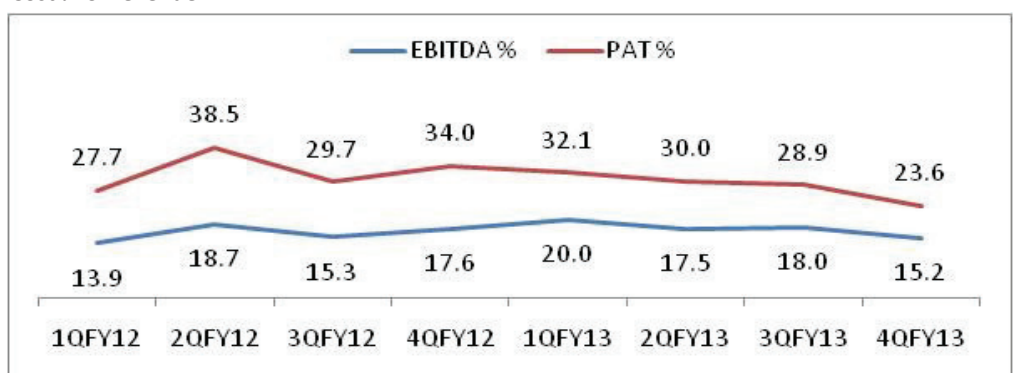
Revenue from operation :



Amount in crores

(Source: Company/Eastwind)

Cost % of revenue :



(Source: Company/Eastwind)

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Key financials :

PARTICULAR	2011A	2012A	2013E	2013A	2014E	2014E Revised	2015E
Revenue	1543	1052	1750	1948	2575	2727	3272
Other Income	68	34	66	64	66	64	64
Total Income	1611	1086	1816	2011	2641	2790	3336
EBITDA	442	331	569	579	837	777	933
EBIT	381	270	479	511	733	702	850
Depreciation	61	61	90	68	104	75	83
Intrest Cost	123	119	147	149	147	163	163
PBT	326	185	398	426	652	603	750
TAX	91	63	127	131	209	186	240
Reported PAT	235	122	270	294	443	417	510
Adjusted PAT	186	100	225	250	399	373	467
EBITDA %	28.6%	31.4%	32.5%	29.7%	32.5%	28.5%	28.5%
NPM %	14.6%	11.3%	14.9%	14.6%	16.8%	14.9%	15.3%
Tax %	28.0%	33.9%	32.0%	30.9%	32.0%	30.9%	32.0%
ROE %	11.1%	5.7%	11.3%	10.7%	14.1%	13.3%	14.1%
ROCE%	6.5%	3.0%	5.8%	5.7%	8.1%	7.5%	8.8%
Dividend Yeild %	1.0%	1.2%	0.7%	0.7%	0.7%	0.7%	0.7%
Book Value	64	66	68	78	90	89	103
P/B	1.9	1.5	2.4	2.1	1.8	1.9	1.6
P/E	17.5	26.8	21.1	19.4	12.9	13.9	11.3
EPS	7.2	3.7	7.7	8.4	12.7	11.9	14.6
EV/EBITDA	12.7	15.5	14.1	14.0	9.6	10.5	8.6
Dividend Per Share	1.2	1.2	1.1	1.1	1.1	1.1	1.1
Net Worth	2114	2151	2382	2743	3147	3120	3618
Total Debt	1505	1864	2300	2420	2300	2420	2200
Capital Employed	3619	4015	4682	5163	5447	5540	5818
Debt/equity	0.7	0.9	1.0	0.9	0.7	0.8	0.6
No of Share (Adj)	33	33	35	35	35	35	35

INR in crores

(Source: Company/Eastwind)