Land & Houses Pcl (LH TB) - BUY

Analyst Meeting

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Key takeaways from analyst meeting

- **Targets 8% presales and property sales growth in 2022F.**
- **New launch growth of 50% to Bt29.5bn.**
- **Three new rental assets this year.**
- **Upside to 2022F yield from USA apartment divestment.**

- LH announced 2022 business plan at analyst meeting. While it achieved its presales (+8% to Bt28.6bn) and property sales target (approx. 11% growth to around Bt30.5bn) last year, the company sets the target to grow presales and property sales revenues by 8% to Bt31bn and Bt33bn respectively.
- New project launch will increase from 10 projects of Bt19.7bn last year to 15 projects worth Bt29.5bn this year. Most of the launches are low-rise projects; 12 SDH, 2 mixed (SDH+TH) and one small condo (Bt820m The Ease 3 @ Rama 2).
- It projects rental income (hotels, retail malls, apartments in USA) growth of 119% this year to Bt3.8bn, from Bt1.8bn last year. Apart from improving occupancy rates expected at 50% for hotels (25% in 2021), 95% for Terminal 21 Pattaya mall (87% in 2021) and over 90% for three USA apartments (80-90% in 2021), there will be revenue contribution from three new rental assets. It acquired a SpringHill hotel in California in December last year (Bt176m revenues in 2022F). Two new assets will be launched this year in 3Q22F; Terminal 21 Rama 3 retail mall (Bt311m revenues) and Grande Centre Point Space Hotel in Pattaya (Bt217m revenues).
- It plans to divest a serviced apartment in USA in late 2Q22F with an expected gain of Bt1bn.
- Despite achieving its own presales target last year, 2021 presales missed our forecast by 5% due to Bt1.1bn backlog cancellation in 4Q21 (Bt740m from condos). Most of the cancellation were from The Room Phayathai condo for Bt528m (Bt456m were Chinese backlog).
- Due to cost-push factor, it expects property gross margin to come down slightly by 10-20bp.
- However, with all guidance given, EPS growth this year should be in a range of 15-20%, in line with our forecast. With upside from asset divestment gain, DPS for 2022F could go up to Bt0.65, or a 7.4% yield. Maintain BUY as a top sector pick.

Key Valuations

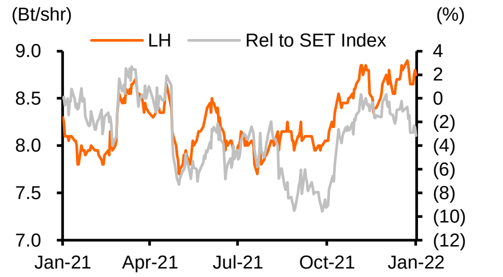
Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	29,898	31,909	36,755	39,616
Net profit	7,145	7,054	8,460	9,582
Norm net profit	6,597	7,054	8,460	9,582
Norm EPS (Bt)	0.6	0.6	0.7	0.8
Norm EPS gr (%)	(15.7)	6.9	19.9	13.3
Norm PE (x)	15.9	14.8	12.4	10.9
EV/EBITDA (x)	24.7	21.2	18.9	17.0
P/BV (x)	2.1	2.0	1.9	1.9
Div. yield (%)	5.7	5.7	6.9	7.4
ROE (%)	12.9	14.0	16.1	17.5
Net D/E (%)	95.5	86.0	97.1	92.4

Source: Thanachart estimates

Stock Data

Closing price (Bt)	8.75
Target price (Bt)	11.00
Market cap (US$ m)	3,149
Avg daily turnover (US$ m)	9.6
12M H/L price (Bt)	8.90/7.70

Price Performance



Source: Bloomberg

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