

Land And Houses Pcl (LH TB) - BUY, Price Bt9.40, TP Bt11.00**Results Comment**

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In-line 4Q21 results

- LH reported an in-line 4Q21 normalized profit of Bt2,061m, up 5% y-y and 60% q-q.
- Strong property business helped to offset lower-than-expected equity income with shared loss from LHFG in 4Q21.
- Property sales revenues grew by 10% y-y and 28% q-q to Bt8.3bn in 4Q21. Property gross margin improved y-y and q-q to 33.3% (32.8% in 4Q20, 32.1% in 3Q21).
- Equity income fell by 12% y-y to Bt577m on shared loss of Bt82m from LHFG (Bt45m shared profit in 4Q20). HMPRO still contributed the most at Bt537m, up from Bt467m in 4Q20.
- 2021 normalized profit increased by 4% y-y to Bt6,884m. Property business was the driver with real estate sales revenues growth of 11% to Bt30.5bn and property gross margin widening by 53bp y-y to 32.2%. COVID affected its rental business with hotel revenues falling by 22% to Bt764m and rental income declining by 30% to Bt844m. Equity income was down 10% y-y to Bt2.3bn on lower shared profit from LHFG (Bt272m vs Bt496m in 2020) and QH (Bt417m vs Bt530m in 2020). HMPRO was key contributor at Bt1,645m, increasing by Bt86m.
- 2H21 DPS is Bt0.25/share, XD on May 5th, to be paid on May 20th.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	8,146	7,575	8,871	6,909	8,915	Revenue	29	9	101	32,270	36,755
Gross profit	2,621	2,346	2,721	2,124	2,965	Gross profit	40	13	103	10,157	11,683
SG&A	1,015	963	1,001	934	1,077	SG&A	15	6	98	3,974	4,668
Operating profit	1,606	1,384	1,720	1,191	1,888	Operating profit	59	18	106	6,183	7,015
EBITDA	1,813	1,759	2,101	1,583	2,256	EBITDA	42	24	110	7,699	8,317
Other income	170	164	130	152	316	Other income	107	86	92	762	917
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	234	259	293	285	275	Interest expense	(3)	18	101	1,112	1,159
Profit before tax	1,542	1,288	1,557	1,058	1,928	Profit before tax	82	25	105	5,832	6,773
Income tax	231	284	326	229	440	Income tax	92	91	115	1,279	1,355
Equity & invest. income	656	647	644	466	577	Equity & invest. income	24	(12)	90	2,333	3,013
Minority interests	2	2	6	(6)	(4)	Minority interests	na	na	(10)	(2)	28
Extraordinary items	388	92	(12)	19	(46)	Extraordinary items	na	na	na	52	0
Net profit	2,357	1,744	1,870	1,308	2,015	Net profit	54	(15)	98	6,936	8,460
Normalized profit	1,969	1,652	1,881	1,289	2,061	Normalized profit	60	5	98	6,884	8,460
EPS (Bt)	0.20	0.15	0.16	0.11	0.17	EPS (Bt)	54	(15)	98	0.58	0.71
Normalized EPS (Bt)	0.16	0.14	0.16	0.11	0.17	Normalized EPS (Bt)	60	5	98	0.58	0.71
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	7,113	9,398	12,845	5,506	10,926	Sales growth	4.3	25.5	17.4	(15.3)	9.4
A/C receivable	187	174	161	125	170	Operating profit growth	7.3	65.4	40.2	(24.7)	17.6
Inventory	52,893	53,793	53,155	51,868	47,256	EBITDA growth	8.5	51.2	48.1	(12.4)	24.4
Other current assets	3,162	2,480	2,613	2,389	2,113	Norm profit growth	(11.1)	7.8	39.1	(26.0)	4.6
Investment	23,964	24,437	23,920	23,583	24,227	Norm EPS growth	(11.1)	7.8	39.1	(26.0)	4.6
Fixed assets	10,961	11,359	11,542	12,129	11,884	Gross margin	32.2	31.0	30.7	30.7	33.3
Other assets	24,292	23,766	24,002	23,977	28,623	Operating margin	19.7	18.3	19.4	17.2	21.2
Total assets	122,571	125,407	128,238	119,577	125,198	EBITDA margin	22.3	23.2	23.7	22.9	25.3
S-T debt	18,071	17,966	23,479	17,511	18,469	Norm net margin	24.2	21.8	21.2	18.7	23.1
A/C payable	3,140	2,817	3,173	2,747	3,184	D/E (x)	1.1	1.1	1.2	1.2	1.1
Other current liabilities	3,880	4,065	3,987	4,137	6,469	Net D/E (x)	1.0	0.9	1.0	1.0	0.9
L-T debt	37,384	39,194	38,108	37,712	38,050	Interest coverage (x)	7.8	6.8	7.2	5.6	8.2
Other liabilities	9,495	9,297	8,947	8,803	8,379	Interest rate	1.7	1.8	2.0	1.9	2.0
Minority interest	697	695	689	695	699	Effective tax rate	15.0	22.1	21.0	21.6	22.8
Shareholders' equity	49,904	51,372	49,855	47,972	49,947	ROA	6.5	5.3	5.9	4.2	6.7
Working capital	49,940	51,150	50,143	49,245	44,242	ROE	16.2	13.1	14.9	10.5	16.8
Total debt	55,455	57,160	61,587	55,223	56,519						
Net debt	48,342	47,762	48,742	49,717	45,594						

Sources: Company data, Thanachart estimates

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