

Land And Houses Pcl (LH TB) - BUY, Price Bt9.45, TP Bt11.00**Results Comment**

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Strong 3Q22, in line

- LH reported strong and in-line 3Q22 net profit of Bt2.2bn, up 72% y-y and 5% q-q.
- As expected, the y-y growth was driven by all key businesses; residential property, rental income from hotels and mall, and associates' equity income.
- Real estate sales revenues rose by 15% y-y to Bt7.5bn. Condominium sales increased to Bt1.5bn vs Bt456m in 3Q21 and Bt1.0bn in 2Q22 driven by unit transfers of the Key Rama 3 condo that finished the construction in late 2Q22.
- Real estate gross margin was 32.0%, quite stable y-y from 32.1% in 3Q21 but fell from 33.6% in 2Q22.
- Hotel revenues increased by 458% y-y and 69% q-q to Bt938m on improving performance of existing hotels and contribution from the highly successful Grande Centre Point Space Pattaya hotel launched in the quarter. Gross profit from hotel business rose to Bt277m, grew from 39m in 3Q21 and Bt122m in 2Q22.
- Equity income rose by 63% y-y and 17% q-q to Bt762m. Key growth contributors were HMPRO (Bt464m profit contribution, up from Bt263m in 3Q21) and QH (Bt160m shared profit vs Bt66m in 3Q21).
- 9M22 net profit accounted for 75% of our 2022F, maintain BUY to Bt11 TP.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	6,909	8,915	7,627	9,280	8,865	Revenue	(4)	28	70	36,835	40,267
Gross profit	2,124	2,965	2,476	3,011	2,802	Gross profit	(7)	32	71	11,723	13,101
SG&A	934	1,077	1,006	1,221	933	SG&A	(24)	(0)	68	4,678	5,114
Operating profit	1,191	1,888	1,470	1,790	1,869	Operating profit	4	57	73	7,045	7,987
EBITDA	1,583	2,256	1,848	2,172	2,309	EBITDA	6	46	73	8,710	9,702
Other income	152	316	235	148	147	Other income	(0)	(3)	56	949	1,008
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	285	275	246	254	252	Interest expense	(0)	(11)	65	1,155	1,173
Profit before tax	1,058	1,928	1,459	1,684	1,764	Profit before tax	5	67	72	6,838	7,821
Income tax	229	440	320	399	469	Income tax	18	105	87	1,368	1,564
Equity & invest. income	466	577	717	651	762	Equity & invest. income	17	63	71	2,979	3,485
Minority interests	(6)	(4)	(1)	2	(4)	Minority interests	na	na	88	(3)	(3)
Extraordinary items	19	(46)	76	201	196	Extraordinary items	(2)	959	na	0	0
Net profit	1,308	2,015	1,931	2,139	2,249	Net profit	5	72	75	8,447	9,739
Normalized profit	1,289	2,061	1,856	1,938	2,053	Normalized profit	6	59	69	8,447	9,739
EPS (Bt)	0.11	0.17	0.16	0.18	0.19	EPS (Bt)	5	72	75	0.71	0.81
Normalized EPS (Bt)	0.11	0.17	0.16	0.16	0.17	Normalized EPS (Bt)	6	59	69	0.71	0.81

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22	(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	4,902	10,331	6,135	4,816	6,527	Sales growth	(15.3)	9.4	0.7	4.6	28.3
A/C receivable	125	170	153	168	202	Operating profit growth	(24.7)	17.6	6.3	4.0	57.0
Inventory	51,868	47,256	47,789	48,316	47,441	EBITDA growth	(12.4)	24.4	5.1	3.4	45.8
Other current assets	2,993	2,707	5,450	1,946	2,539	Norm profit growth	(26.0)	4.6	12.3	3.0	59.2
Investment	23,583	24,227	24,921	23,998	3,968	Norm EPS growth	(26.0)	4.6	12.3	3.0	59.2
Fixed assets	12,129	11,884	11,772	12,392	15,229	Gross margin	30.7	33.3	32.5	32.4	31.6
Other assets	23,977	28,623	29,654	29,625	47,669	Operating margin	17.2	21.2	19.3	19.3	21.1
Total assets	119,577	125,198	125,874	121,261	123,575	EBITDA margin	22.9	25.3	24.2	23.4	26.0
S-T debt	17,511	21,041	19,590	16,168	18,169	Norm net margin	18.7	23.1	24.3	20.9	23.2
A/C payable	2,747	3,184	3,075	3,215	3,564	D/E (x)	1.1	1.2	1.1	1.1	1.1
Other current liabilities	4,137	3,898	4,217	3,939	4,066	Net D/E (x)	1.0	1.0	1.0	1.0	1.0
L-T debt	37,712	38,050	38,362	38,595	39,166	Interest coverage (x)	5.6	8.2	7.5	8.6	9.1
Other liabilities	8,803	8,379	8,218	8,201	8,292	Interest rate	1.9	1.9	1.7	1.8	1.8
Minority interest	695	699	700	698	702	Effective tax rate	21.6	22.8	21.9	23.7	26.6
Shareholders' equity	47,972	49,947	51,713	50,444	49,615	ROA	4.2	6.7	5.9	6.3	6.7
Working capital	49,245	44,242	44,867	45,269	44,079	ROE	10.5	16.8	14.6	15.2	16.4
Total debt	55,223	59,091	57,951	54,763	57,335						
Net debt	50,321	48,760	51,816	49,947	50,808						

Sources: Company data, Thanachart estimates

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