

Quality Houses Pcl (QH TB) - HOLD, Price Bt2.16, TP Bt2.50**Results Comment**

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Stronger-than-expected 3Q22

- QH reported strong 3Q22 net profit of Bt640m, rose by 143% y-y and 24% q-q, 16% above consensus.
- Key drivers were rising property sales revenues, improving hotel business along with a full country reopening and higher equity income.
- Property sales revenues rose by 48% y-y and 9% q-q to Bt2.1bn (90% low-rise housing sales, 10% condo revenues).
- Hotel revenues increased to Bt201m (Bt67m in 3Q21, Bt149m in 2Q22). It made gross profit from hotel business since 4Q21 and gross profit was higher to Bt61m, from Bt17m in 4Q21.
- Equity income increased by 41% y-y and 12% q-q to Bt407m. The growth y-y was mainly due to stronger HMPRO profit contribution (lockdown impact in 3Q21) of Bt305m, up from Bt173m in 3Q21.
- 9M22 net profit made up 80% of our full-year forecast.

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	1,588	2,394	2,091	2,195	2,417	Revenue	10	52	73	9,181	9,680
Gross profit	461	748	719	754	793	Gross profit	5	72	84	2,709	2,975
SG&A	428	475	450	531	476	SG&A	(10)	11	72	2,020	2,130
Operating profit	33	272	269	223	318	Operating profit	42	851	118	689	845
EBITDA	126	365	359	314	409	EBITDA	30	223	108	1,002	1,167
Other income	57	55	51	64	58	Other income	(10)	1	65	265	279
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	84	80	71	62	62	Interest expense	(0)	(26)	56	350	445
Profit before tax	6	248	249	225	313	Profit before tax	39	5,047	130	604	679
Income tax	31	81	64	73	80	Income tax	9	160	144	151	155
Equity & invest. income	288	326	399	363	407	Equity & invest. income	12	41	68	1,727	2,007
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	0	0	0	0	1	Extraordinary items	124	105	na	0	0
Net profit	263	494	585	515	640	Net profit	24	143	80	2,180	2,531
Normalized profit	263	494	584	515	640	Normalized profit	24	143	80	2,180	2,531
EPS (Bt)	0.02	0.05	0.05	0.05	0.06	EPS (Bt)	24	143	80	0.20	0.24
Normalized EPS (Bt)	0.02	0.05	0.05	0.05	0.06	Normalized EPS (Bt)	24	143	80	0.20	0.24
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	2,921	3,206	3,858	1,429	2,863	Sales growth	(36.2)	(1.2)	2.9	4.2	52.2
A/C receivable	44	26	37	48	47	Operating profit growth	(87.6)	(21.1)	137.0	22.1	850.8
Inventory	21,049	19,987	20,107	19,722	20,012	EBITDA growth	(65.5)	(17.5)	72.6	12.9	223.3
Other current assets	156	145	211	216	158	Norm profit growth	(54.3)	(14.8)	35.7	7.0	143.5
Investment	11,217	11,524	11,885	11,388	11,138	Norm EPS growth	(54.3)	(14.8)	35.7	7.0	143.5
Fixed assets	8,674	1,546	1,518	1,494	1,481	Gross margin	29.0	31.2	34.4	34.3	32.8
Other assets	2,367	9,801	9,035	9,184	8,467	Operating margin	2.1	11.4	12.9	10.2	13.1
Total assets	46,427	46,236	46,651	43,481	44,166	EBITDA margin	8.0	15.2	17.2	14.3	16.9
S-T debt	5,400	9,100	9,100	6,100	5,975	Norm net margin	16.5	20.6	28.0	23.5	26.5
A/C payable	487	556	602	591	607	D/E (x)	0.6	0.6	0.5	0.5	0.5
Other current liabilities	1,690	1,666	1,898	1,780	1,830	Net D/E (x)	0.5	0.4	0.4	0.4	0.4
L-T debt	10,437	6,038	5,639	6,164	6,893	Interest coverage (x)	1.5	4.6	5.1	5.0	6.6
Other liabilities	1,960	1,890	1,854	1,806	1,774	Interest rate	2.1	2.1	1.9	1.8	2.0
Minority interest	0	0	0	0	0	Effective tax rate	508.1	32.6	25.8	32.6	25.6
Shareholders' equity	26,454	26,985	27,558	27,041	27,086	ROA	2.3	4.3	5.0	4.6	5.8
Working capital	20,606	19,457	19,542	19,178	19,451	ROE	4.0	7.4	8.6	7.5	9.5
Total debt	15,836	15,138	14,739	12,264	12,868						
Net debt	12,915	11,932	10,881	10,834	10,006						

Sources: Company data, Thanachart estimates

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