

Land And Houses Pcl (LH TB) - BUY, Price Bt5.25, TP Bt8.00**Results Comment**

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Weak 3Q24 results

- LH's 3Q24 net profit was Bt650m. Excluding non-recurring items, Bt209m FX loss (net of derivatives gain), normalized profit was Bt859m, down 30% y-y and 19% q-q, 9% below consensus.
- Weak results were caused by property business with real estate sales revenues falling by 23% y-y and 21% q-q to Bt3.4bn.
- With lower real estate sales base, real estate gross margin decrease y-y and q-q to 21.1% from 26.3% in 3Q23 and 25.9% in 2Q24.
- Equity income held up well, growing by 1% y-y to Bt811m, backed by Bt65m shared profit from LHHOTEL REIT with stake increasing from 14% to 26% since 4Q23. For q-q, equity income fell 4% q-q due to lower shared profit from HMPRO on seasonality impact.
- 9M24 net profit made up only 48% of our 2024F. We maintain our earnings projection as 4Q24F will be strong with an estimated divestment gain of at least Bt1.5bn from sale of Terminal 21 Pattaya Mall to LHSC REIT for Bt5.68bn on Nov 19th.
- It announced to pay an interim dividend of Bt0.15/share, XD on Nov 28th with payment date set on Dec 13th from 9M24 operations. This 62% payout is lower than average payout ratio of 84% over the past five years. We hope it is paying higher payout on 4Q24F profit to make a full-year payout of 80%.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	6,423	6,726	6,666	6,600	5,809	Revenue	(12)	(10)	72	26,512	28,116
Gross profit	1,892	2,144	1,970	1,876	1,515	Gross profit	(19)	(20)	69	7,782	8,325
SG&A	1,125	1,349	1,249	1,220	1,105	SG&A	(9)	(2)	71	5,037	5,202
Operating profit	767	795	720	656	410	Operating profit	(37)	(47)	65	2,745	3,124
EBITDA	1,238	1,265	1,217	1,182	932	EBITDA	(21)	(25)	70	4,771	5,496
Other income	191	293	262	139	173	Other income	25	(9)	70	820	700
Other expense	0	0	0	0	0	Other expense					
Interest expense	392	478	431	556	525	Interest expense	(6)	34	73	2,079	2,171
Profit before tax	567	610	551	238	58	Profit before tax	(76)	(90)	57	1,486	1,653
Income tax	134	(189)	190	12	6	Income tax	(45)	(95)	70	297	331
Equity & invest. income	805	829	837	843	811	Equity & invest. income	(4)	1	74	3,370	3,667
Minority interests	(12)	1	(4)	(4)	(4)	Minority interests	na	na	na	(13)	(14)
Extraordinary items	(41)	1,864	36	(48)	(209)	Extraordinary items	na	na	na	1,520	0
Net profit	1,185	3,493	1,231	1,017	650	Net profit	(36)	(45)	48	6,065	4,975
Normalized profit	1,226	1,629	1,195	1,065	859	Normalized profit	(19)	(30)	69	4,545	4,975
EPS (Bt)	0.10	0.29	0.10	0.09	0.05	EPS (Bt)	(36)	(45)	48	0.51	0.42
Normalized EPS (Bt)	0.10	0.14	0.10	0.09	0.07	Normalized EPS (Bt)	(19)	(30)	69	0.38	0.42

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	3,234	4,337	3,515	4,077	4,081	Sales growth	(27.5)	(31.5)	(0.6)	(4.2)	(9.6)
A/C receivable	345	477	531	470	424	Operating profit growth	(51.5)	(60.1)	(12.8)	(36.3)	(46.5)
Inventory	54,867	56,194	59,715	62,915	64,269	EBITDA growth	(38.8)	(48.6)	(5.7)	(21.4)	(24.7)
Other current assets	1,659	2,145	3,100	2,941	3,232	Norm profit growth	(34.1)	(32.2)	(18.9)	(27.1)	(30.0)
Investment	24,173	27,083	27,763	27,137	27,501	Norm EPS growth	(34.1)	(32.2)	(18.9)	(27.1)	(30.0)
Fixed assets	14,402	13,444	16,691	16,736	14,695	Gross margin	29.5	31.9	29.5	28.4	26.1
Other assets	30,832	28,241	28,100	28,395	29,419	Operating margin	11.9	11.8	10.8	9.9	7.1
Total assets	129,511	131,920	139,415	142,672	143,621	EBITDA margin	19.3	18.8	18.3	17.9	16.1
S-T debt	21,923	22,493	28,736	31,600	31,572	Norm net margin	19.1	24.2	17.9	16.1	14.8
A/C payable	3,726	3,423	3,532	3,439	3,875	D/E (x)	1.3	1.2	1.2	1.4	1.4
Other current liabilities	3,427	3,714	3,955	3,849	3,869	Net D/E (x)	1.3	1.1	1.2	1.3	1.3
L-T debt	42,943	38,458	37,409	40,905	41,699	Interest coverage (x)	3.2	2.6	2.8	2.1	1.8
Other liabilities	8,869	11,599	12,271	12,172	10,965	Interest rate	2.5	3.0	2.7	3.2	2.9
Minority interest	720	720	724	728	732	Effective tax rate	23.6	(30.9)	34.5	5.0	11.1
Shareholders' equity	47,904	51,513	52,787	49,978	50,909	ROA	3.8	5.0	3.5	3.0	2.4
Working capital	51,485	53,247	56,714	59,946	60,818	ROE	10.1	13.1	9.2	8.3	6.8
Total debt	64,865	60,951	66,146	72,505	73,271						
Net debt	61,632	56,614	62,630	68,428	69,190						

Sources: Company data, Thanachart estimates

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