

Quality Houses Pcl (QH TB) - BUY, Price Bt1.61, TP Bt2.30**Results Comment**

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Weaker-than-expected 4Q24

- QH reported weak 4Q24 net profit of Bt467m, down by 23% y-y and 18% q-q, missed us and consensus on real estate sales revenues and gross margin.
- Real estate sales fell by 16% y-y and 20% q-q to Bt1.6bn, dragged by lower low-rise housing sales.
- Property gross margin dropped to 25.2% from 31.6% in 4Q23 and 29.2% in 3Q24. Gross margin on low-rise houses declined a sharp to 25.9% from 33.7% in 4Q23 and 29.9% in 3Q24.
- Equity income held up well at Bt460m, increasing by 4% y-y and 12% q-q, mainly from higher profit contribution from HMPRO.
- 2024 net profit made up 87% of our full-year forecast.
- 2024 net profit fell by 14% y-y to Bt2.1bn due to weak property business with property sales revenues decreasing by 9% y-y to Bt6.9bn and property gross margin falling to 28.7% in 2024 from 31.9% in 2023.
- 2H24 DPS is Bt0.08/share, XD on Apr 28th, to be paid on May 20th. 2024 payout ratio was 55%, lowering from 60-64% in 2020-23.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(Bt m)	q-q%	y-y%	% 2024F	2024A	2025F
Revenue	2,292	1,735	2,372	2,348	1,984	Revenue	(16)	(13)	91	8,439	9,634
Gross profit	770	598	757	717	553	Gross profit	(23)	(28)	87	2,624	3,134
SG&A	589	528	500	486	520	SG&A	7	(12)	92	2,033	2,312
Operating profit	181	70	257	231	33	Operating profit	(86)	(82)	76	591	822
EBITDA	254	134	324	311	114	EBITDA	(63)	(55)	102	883	914
Other income	60	63	71	54	72	Other income	34	19	99	259	274
Other expense	0	0	0	0	0	Other expense					
Interest expense	56	55	58	69	65	Interest expense	(6)	16	107	247	215
Profit before tax	185	78	270	216	40	Profit before tax	(82)	(78)	74	604	881
Income tax	18	33	72	54	33	Income tax	(39)	82	94	192	205
Equity & invest. income	440	445	422	411	460	Equity & invest. income	12	4	94	1,737	2,022
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	0	0	0	0	1	Extraordinary items	103	69			
Net profit	607	490	620	573	467	Net profit	(18)	(23)	87	2,150	2,698
Normalized profit	607	490	620	573	467	Normalized profit	(19)	(23)	87	2,149	2,698
EPS (Bt)	0.06	0.05	0.06	0.05	0.04	EPS (Bt)	(18)	(23)	87	0.20	0.25
Normalized EPS (Bt)	0.06	0.05	0.06	0.05	0.04	Normalized EPS (Bt)	(19)	(23)	87	0.20	0.25

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q23	1Q24	2Q24	3Q24	4Q24	(%)	4Q23	1Q24	2Q24	3Q24	4Q24
Cash & ST investment	1,348	1,357	1,466	1,228	1,463	Sales growth	(9.2)	(8.9)	(2.1)	(0.0)	(13.4)
A/C receivable	94	78	87	67	102	Operating profit growth	(44.3)	(61.9)	(15.2)	(13.6)	(81.5)
Inventory	20,312	20,260	20,671	19,719	20,860	EBITDA growth	(38.8)	(49.9)	(16.5)	(10.0)	(55.1)
Other current assets	119	191	159	146	130	Norm profit growth	(7.3)	(17.3)	(7.4)	(9.6)	(23.1)
Investment	11,695	12,130	11,802	11,937	12,290	Norm EPS growth	(7.3)	(17.3)	(7.4)	(9.6)	(23.1)
Fixed assets	1,435	1,417	1,396	1,383	1,373	Gross margin	33.6	34.5	31.9	30.5	27.9
Other assets	8,439	8,661	8,662	9,809	8,602	Operating margin	7.9	4.0	10.8	9.8	1.7
Total assets	43,442	44,095	44,244	44,290	44,821	EBITDA margin	11.1	7.7	13.7	13.2	5.8
S-T debt	6,288	4,101	4,497	4,096	5,138	Norm net margin	26.5	28.2	26.1	24.4	23.5
A/C payable	691	632	511	420	478	D/E (x)	0.4	0.4	0.4	0.4	0.4
Other current liabilities	1,822	1,880	1,902	1,795	1,754	Net D/E (x)	0.3	0.3	0.4	0.3	0.3
L-T debt	4,697	7,026	7,044	6,876	5,992	Interest coverage (x)	4.5	2.5	5.6	4.5	1.7
Other liabilities	1,571	1,562	1,893	2,207	2,154	Interest rate	2.1	2.0	2.0	2.5	2.4
Minority interest	0	0	0	0	0	Effective tax rate	9.8	42.2	26.6	25.0	82.5
Shareholders' equity	28,373	28,894	28,398	28,896	29,305	ROA	5.6	4.5	5.6	5.2	4.2
Working capital	19,716	19,705	20,248	19,367	20,484	ROE	8.7	6.8	8.7	8.0	6.4
Total debt	10,985	11,127	11,540	10,972	11,130						
Net debt	9,638	9,770	10,074	9,743	9,667						

Sources: Company data, Thanachart estimates

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