



SELL (Unchanged)

Change in Numbers

TP: Bt 3.50

(From: Bt 3.70)

Downside : 20.8%

16 FEBRUARY 2026

Land & Houses Pcl (LH TB)

In a heavy capex cycle

While we see no turnaround for LH's residential business, the firm is in a heavy capex cycle to expand its hotel portfolio over the next three years. We expect the new hotels to be a drag on earnings in their early years of operation. Maintain SELL with a lower Bt3.5 TP.



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Cutting earnings and TP; still a SELL

We maintain our SELL call on LH. **First**, we cut our core earnings by 18-28% for 2025-28F, reflecting our lower property presales and gross margin assumptions, and higher SG&A/sales from new hotels. Our DCF-derived SOTP-based 12-month TP (2026F base year) drops to Bt3.5 (from Bt3.7). **Second**, we forecast property presales to decline 13% this year, from an already low base last year. This will also likely come with a further drop in gross margin. **Third**, four new hotels are scheduled to open during 2025-28F, which would put pressure on SG&A, and some will likely be an earnings drag during their early years of operation. Together with weak property sales, we estimate only 3/22/3% EPS growth in 2026-28F. **Lastly**, with a 4.1% dividend yield in 2026F, LH is no longer the best dividend play in the sector.

No turnaround for residential property

LH's presales have continued to decline each year, from Bt30bn in 2022 to Bt14.3bn in 2025, representing a 24% contraction from 2024. With its strategy to lower debt and clear inventory, LH plans only two single-detached housing project launches this year, worth Bt3.7bn, down from Bt43/31/9bn in 2023-25, and targets a flat property gross margin. Given weak demand, fewer new launches, and continued price promotions to sell existing stock, we estimate a 13% presales contraction this year to Bt12.4bn (vs. LH's 5% presales growth target) and a 34bp property gross margin decline to 24.1%.

Cost pressure from new hotels

While we believe it's the right strategy to expand the hotel business, given LH's strong hotel performance so far, the hotel business inherently requires significant investment and a longer payback period. LH opened two new hotels last year: Grand Centre Point (GCP) Lumpini in April and GCP Prestige in December, both in the Bangkok CBD. This year, it plans to launch a third hotel in Pattaya, GCP Voyage (4Q26F). The next hotel would be GCP Chinatown in Bangkok (2H28F). We estimate SG&A to rise from Bt4.3bn last year to Bt6.0bn in 2028F.

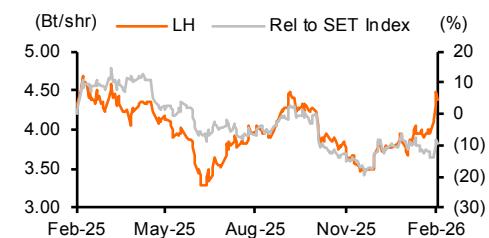
Towards more recurring income

We like LH's new business direction, shifting away from property development for sale toward an asset-based, recurring-income business model. The planned launch of six Grande Centre Point hotels in Thailand over 2022-28F should drive recurring rental income from 3/13% of total gross profit in 2021-22 to 45% in 2025F and 59% in 2029F. The asset-based business model should also support LH's valuation, enabling it to trade at a higher PE multiple than pure property developers. However, we still have a SELL on LH due to its unexciting earnings outlook.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	25,221	21,209	23,329	26,212
Net profit	5,491	3,820	3,122	3,817
Consensus NP	—	3,899	4,157	4,729
Diff frm cons (%)	—	(2.0)	(24.9)	(19.3)
Norm profit	4,088	3,026	3,122	3,817
Prev. Norm profit	—	3,671	4,144	4,849
Chg frm prev (%)	—	(17.6)	(24.7)	(21.3)
Norm EPS (Bt)	0.3	0.3	0.3	0.3
Norm EPS grw (%)	(29.4)	(26.0)	3.2	22.2
Norm PE (x)	12.9	17.5	16.9	13.8
EV/EBITDA (x)	28.0	31.3	28.3	23.0
P/BV (x)	1.0	1.0	1.0	1.0
Div yield (%)	7.2	5.1	4.1	5.1
ROE (%)	7.9	5.8	5.9	7.0
Net D/E (%)	130.9	124.1	120.1	117.5

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 16-Feb-26 (Bt)	4.42
Market Cap (US\$ m)	1,698.2
Listed Shares (m shares)	11,949.7
Free Float (%)	69.8
Avg Daily Turnover (US\$ m)	3.9
12M Price H/L (Bt)	4.70/3.28
Sector	PROP
Major Shareholder	Anant Asavabhokhin 24.23%

Sources: Bloomberg, Company data, Thanachart estimates

Cutting our earnings and TP; maintaining SELL

Lowering our TP to Bt3.5/share; still a SELL

Core earnings cut by 18-28% in 2025-28F

We maintain our SELL call on Land & Houses (LH TB).

First, we cut our core earnings for LH by 18-28% for 2025-28F, reflecting lower property presales and gross margin assumptions, and higher SG&A/sales from new hotels. Our DCF-derived SOTP-based 12-month TP (2026F base year) falls to Bt3.5 (from Bt3.7). This reflects its weaker-than-expected residential business and incorporates two new hotels, GCP Voyage (4Q26F) and GCP Chinatown in Bangkok (2H28F), into our projections.

Ex 1: Key Assumption Changes

	2022	2023	2024	2025F	2026F	2027F	2028F
Presales (Bt m)							
- New	30,244	23,013	18,755	14,297	12,429	12,655	13,037
- Old				15,570	15,651	16,124	16,611
Change (%)				(8.2)	(20.6)	(21.5)	(21.5)
Property sales (Bt m)							
- New	30,752	18,966	16,100	13,153	13,403	14,596	13,887
- Old				14,813	15,448	17,699	17,196
Change (%)				(11.2)	(13.2)	(17.5)	(19.2)
Property gross margin (%)							
- New	33.0	27.9	24.9	24.4	24.1	25.0	25.2
- Old				24.4	24.8	25.5	25.4
Change (bp)				8	(65)	(50)	(23)
SG&A/sales (%)							
- New	13.4	18.0	19.0	20.5	21.5	22.0	23.0
- Old				19.5	20.0	20.0	19.0
Change (bp)				100	150	200	400
Normalized profit (Bt m)							
- New	8,058	5,789	4,088	3,026	3,122	3,817	3,928
- Old				3,671	4,144	4,849	5,492
Change (%)				(17.6)	(24.7)	(21.3)	(28.5)

Sources: Company data, Thanachart estimates

Ex 2: Our DCF Calculation For LH's Property Development Business

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA	4,171	5,158	5,241	5,189	5,371	5,402	5,842	6,072	6,182	6,305	6,661	
Free cash flow	2,231	(318)	4,282	5,943	6,713	5,697	4,943	5,751	5,409	3,524	5,219	95,109
PV of free cash flow	2,224	(275)	3,438	4,434	4,655	3,671	2,960	3,201	2,798	1,694	2,331	42,484
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.1											
WACC (%)	7.6											
Terminal growth (%)	2.0											
Enterprise value – property development business	73,616											
SOTP Calculation												(Bt m)
Enterprise value - property development business (plus rental business)												73,616
Investment in property fund/REITs												1,069
Investment in associates												34,571
- Quality Construction Products Plc (QCON)												488
- LH Financial Group Plc (LHFG)												4,354
- Home Product Center Plc (HMPRO)												22,765
- Quality Houses Plc (QH)												3,490
- LH Hotel Leasehold Real Estate Investment Trust (LHHOTEL)												3,474
Total enterprise value												109,256
Less Net debt (end-2025F)												66,656
Less Minority interest												749
Equity value												41,851
# of shares (m)												11,950
Equity value/share (Bt)												3.50

Sources: Company data, Thanachart estimates

Weak residential property outlook this year

Second, we estimate LH's property presales will fall 13% this year, from an already low base last year. This will also likely come with a further drop in gross margin. Since last year's presales missed our earlier forecast by 8%, caused by weak 4Q25 presales, we expect 4Q25F core profit to decline by 15% y-y to Bt821m. For 4Q25F net profit, we estimate it to drop by 68% y-y as LH booked a gain on the divestment of its Terminal 21 Pattaya shopping mall to its LHSC REIT in 4Q24.

Ex 3: 4Q25F Earnings Preview

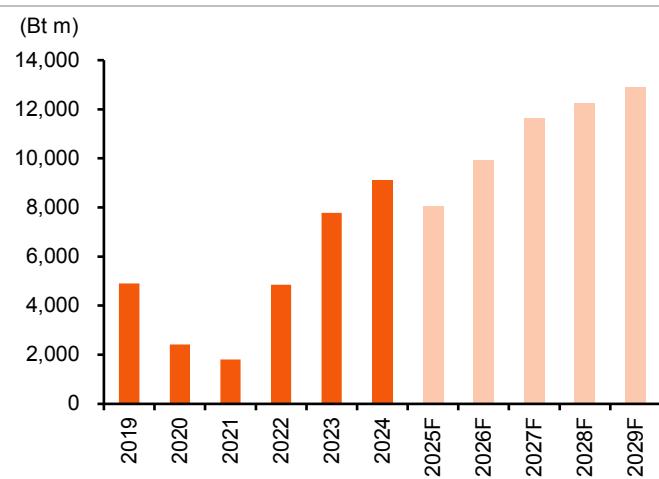
Yr-end Dec (Bt m)	Income Statement					Change	
	4Q24	1Q25	2Q25	3Q25	4Q25F	(q-q%)	(y-y%)
Revenue	6,146	4,721	5,833	5,131	5,525	8	(10)
Gross profit	1,728	1,317	1,533	1,355	1,618	19	(6)
SG&A	1,222	1,060	1,055	1,024	1,208	18	(1)
Operating profit	507	257	478	331	409	24	(19)
EBITDA	997	753	986	832	1,241	49	24
Other income	204	176	170	169	143	(15)	(30)
Other expenses	0	0	0	0	0		
Interest expenses	569	526	585	495	552	12	(3)
Profit before tax	142	(93)	63	5	0	(91)	(100)
Income tax	35	27	44	16	7	(54)	(79)
Equity & invest. Income	872	840	672	804	838	4	(4)
Minority interest	(8)	4	(1)	(1)	(10)	na	na
Extraordinary items	1,623	113	686	(5)	0		
Net profit	2,593	837	1,375	787	821	4	(68)
Normalized profit	970	724	689	792	821	4	(15)

Sources: Company data, Thanachart estimates

New hotels to pressure earnings

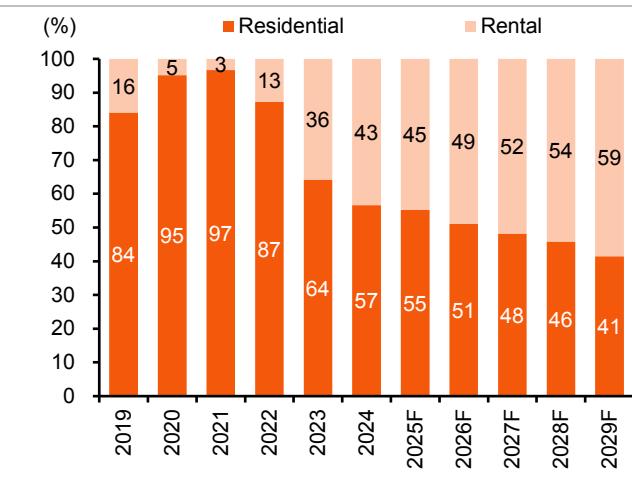
Third, four new hotels are scheduled to open during 2025-28F, which would put pressure on SG&A, and some will likely be an earnings drag during the early years of operation. Although the launch of six Grande Centre Point hotels in Thailand during 2022-28F has driven its recurring rental income from 3/13% of total gross profit in 2021-22 to 45% in 2025F and 59% in 2029F, we project the rental business to contribute a loss in 2025-26F due to rising SG&A expenses and a small profit contribution of 4/2/3% to LH in 2027-29F.

Ex 4: Rental Income

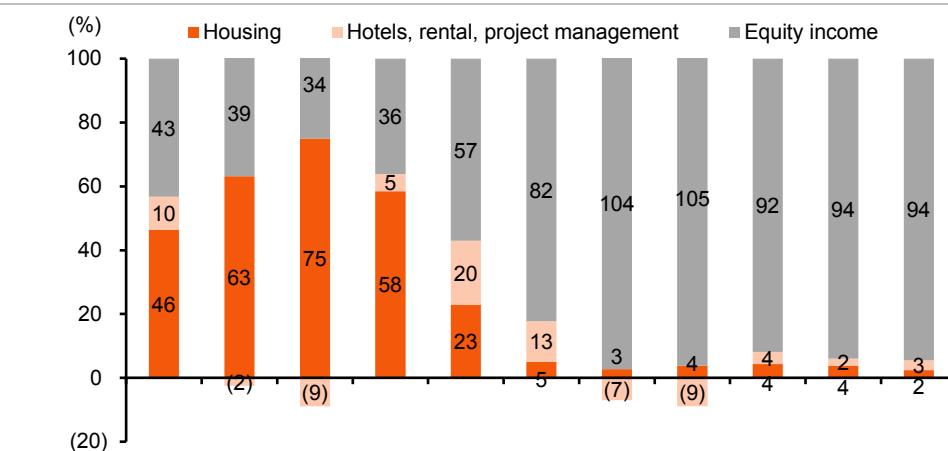


Sources: Company data, Thanachart estimates

Ex 5: Gross Profit Breakdown



Sources: Company data, Thanachart estimates

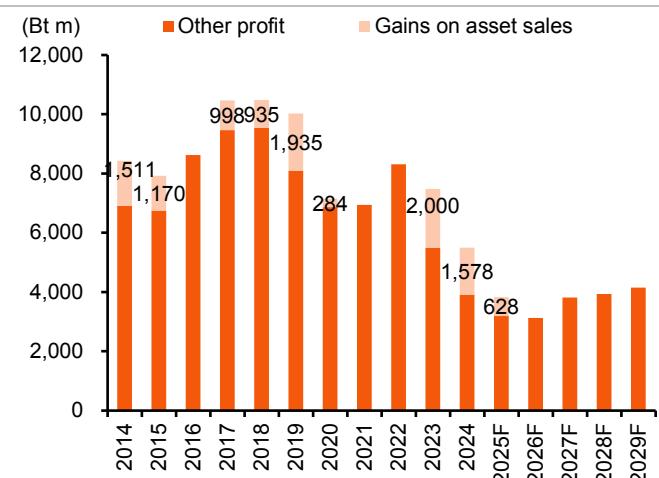
Ex 6: Core Profit Breakdown

Sources: Company data, Thanachart estimates

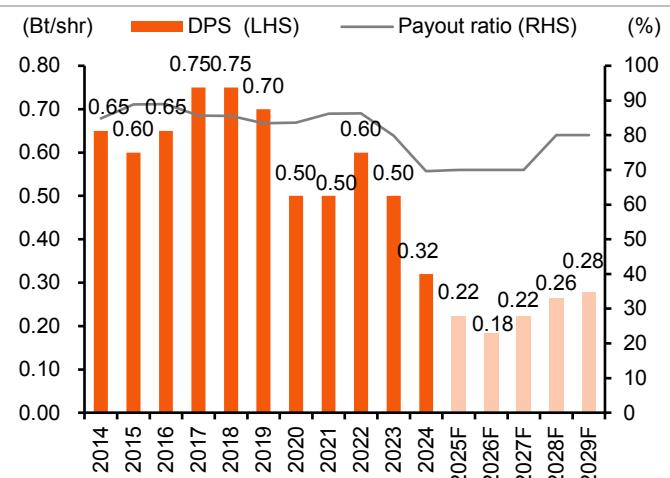
No longer the best dividend play in the sector

Lastly, with a 4.1% dividend yield in 2026F, LH is no longer the best dividend play in the sector. In a high-capex cycle, we expect the payout ratio to remain at 70% in 2025-27F, rather than return to the 80-89% range seen in 2016-23.

We estimate 3/22/3/5% core EPS growth in 2026-29F. We view the strong growth of 22% in 2027F as a one-off, given the backlog from the Bt15bn Wanvayla condominium, 57% sold, which is scheduled for completion and transfer in 4Q26F.

Ex 7: Net Profit Breakdown

Sources: Company data, Thanachart estimates

Ex 8: DPS & Payout Ratio

Sources: Company data, Thanachart estimates

No turnaround for residential property

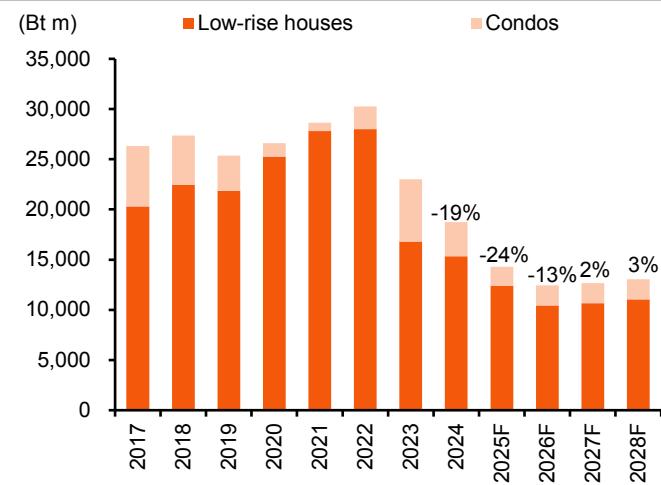
We expect further drops in presales and gross margin this year

LH's 2025 presales missed our forecast by 8%, coming in at Bt14.3bn, a 24% y-y contraction, marking three consecutive years of presales decline from Bt30.2bn in 2022. With its strategy to lower debt and clear inventory, it plans only two single-detached housing project launches this year, worth Bt3.7bn, down from Bt43.31.9bn in 2023-25, and targets a flat property gross margin. Given no demand catalysts, new launches being scaled back, and continued price promotions to clear existing stock, we forecast a 13% presales

contraction this year to Bt12.4bn (vs. LH's 5% presales growth target) and a 34bp decline in property gross margin to 24.1%.

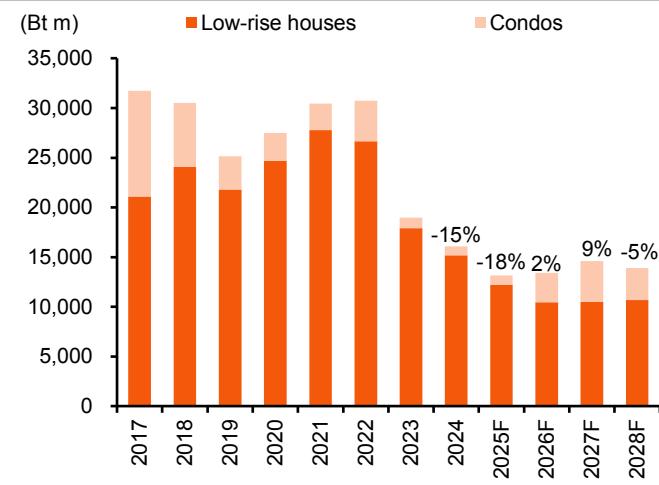
As of December 2025, LH had Bt76.2bn existing inventories available for sale, or 5.3x its 2025 presales. Backlog stood at Bt9.8bn, with Bt2.9/6.9bn to be realized as sales in 2026-27F.

Ex 9: Property Presales



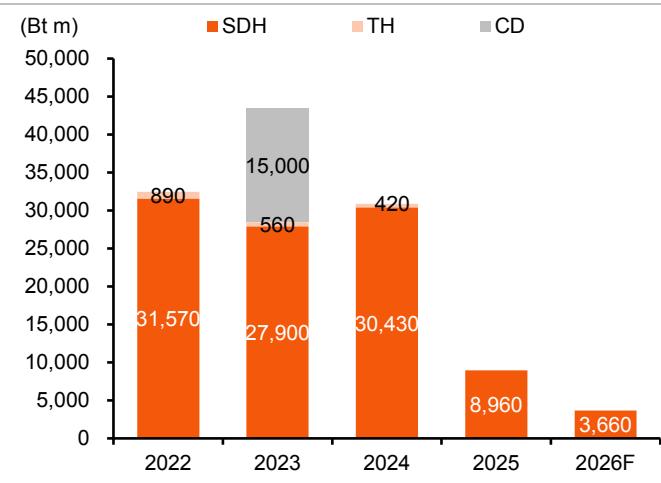
Sources: Company data, Thanachart estimates

Ex 10: Property Sales



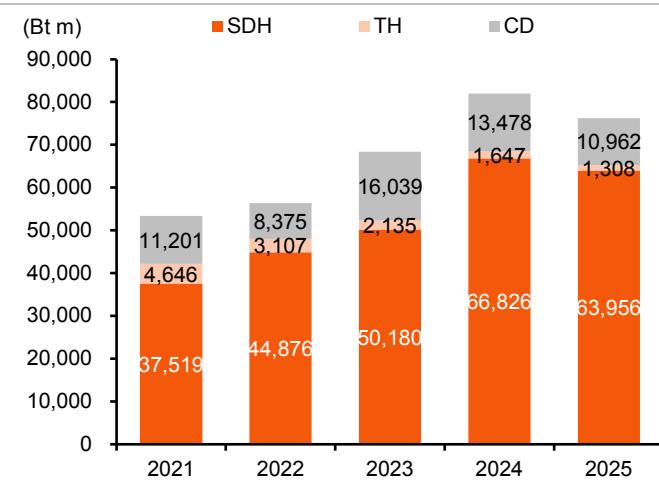
Sources: Company data, Thanachart estimates

Ex 11: New Project Launches

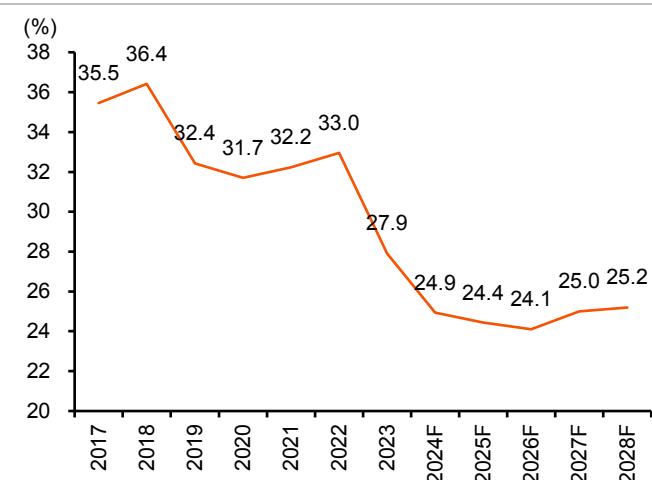


Sources: Company data, Thanachart estimates

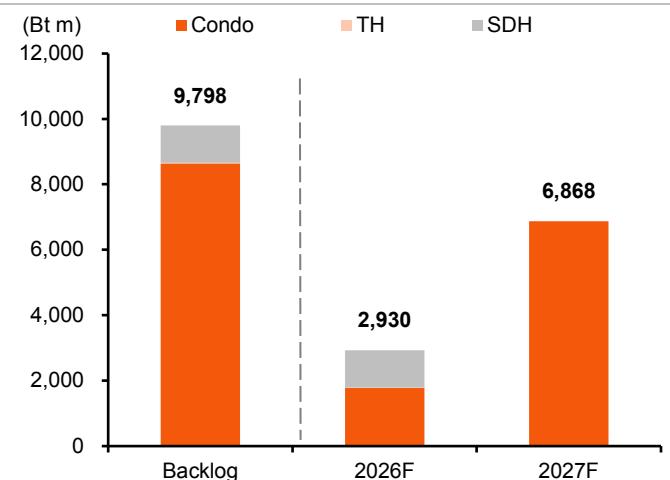
Ex 12: Available-for-sale Inventory



Sources: Company data, Thanachart estimates

Ex 13: Property Gross Margin

Sources: Company data, Thanachart estimates

Ex 14: Property Backlog (Dec 2025F)

Sources: Company data, Thanachart estimates

Valuation Comparison**Ex 15: Valuation Comparison With Regional Peers**

Name	BBG Code	Market	EPS growth		PE		P/BV		EV/EBITDA		Div yield	
			25F	26F	(%)	(x)	25F	26F	(x)	(x)	25F	26F
Poly Real Estate Group	600048 CH	China	(71.8)	47.1	35.7	24.2	0.4	0.4	30.8	31.2	0.5	1.2
Agile Property Holdings	3383 HK	China	13.1	(8.2)	na	na	0.1	na	na	na	na	na
Country Garden Holdings	2007 HK	China	(11.1)	127.3	na	1.4	na	na	na	24.6	0.0	0.0
China Overseas Land & Invest	688 HK	Hong Kong	(31.6)	5.0	10.8	10.3	0.4	0.4	12.7	12.2	3.3	3.5
China Resources Land	1109 HK	Hong Kong	(7.2)	5.6	9.1	8.6	0.8	0.7	9.4	9.1	3.9	4.2
Hang Lung Properties	101 HK	Hong Kong	(14.8)	0.5	15.5	15.4	0.4	0.4	17.9	16.9	5.3	5.3
Henderson Land Development	12 HK	Hong Kong	(25.1)	16.3	20.1	17.3	0.5	0.5	30.8	26.4	5.5	5.5
Shimao Property Holdings	813 HK	Hong Kong	62.5	41.4	na	na	na	na	na	na	na	na
Sun Hung Kai Properties	16 HK	Hong Kong	0.0	2.3	17.5	17.1	0.6	0.6	15.1	15.3	2.8	2.8
Sino Land	83 HK	Hong Kong	(12.1)	(10.6)	21.9	24.5	0.7	0.7	21.1	20.1	4.6	4.6
City Developments	CIT SP	Singapore	46.2	(7.7)	22.0	23.8	1.0	0.9	21.8	20.3	1.7	1.4
Asian Property Devt *	AP TB *	Thailand	(13.2)	9.2	6.8	6.2	0.6	0.6	11.8	10.7	5.9	6.5
Land and Houses *	LH TB *	Thailand	(26.0)	3.2	17.5	16.9	1.0	1.0	31.3	28.3	5.1	4.1
Quality Houses *	QH TB *	Thailand	(2.8)	10.2	7.2	6.5	0.5	0.5	33.5	27.4	7.7	8.4
Sansiri	SIRI TB	Thailand	(67.7)	(4.8)	14.2	14.9	0.5	0.5	25.9	24.3	2.8	2.7
Supalai *	SPALI TB *	Thailand	(29.6)	7.7	8.2	7.6	0.7	0.6	14.4	12.2	5.5	5.9
L.P.N. Development Pcl	LPN TB	Thailand	(49.5)	(7.5)	14.8	16.0	0.2	0.2	26.8	26.1	5.5	5.1
Pruksa Holding Pcl	PSH TB	Thailand	(56.4)	13.5	14.8	13.1	0.2	0.2	18.4	16.2	4.9	6.3
Average			(16.5)	13.9	15.7	14.0	0.5	0.5	21.4	20.1	4.1	4.2

Sources: Bloomberg consensus, *Thanachart estimates

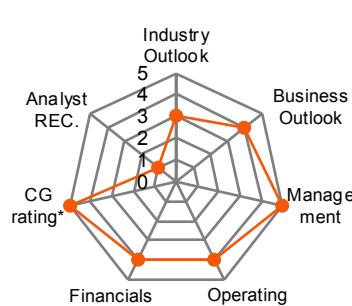
Based on 16 February 2026 closing prices

COMPANY DESCRIPTION

Land & Houses Pcl (LH) develops real estate projects, i.e., single-detached houses, townhouses, and condominiums. To date, almost all its developments have been in Greater Bangkok and its vicinity and in other major cities in Thailand: Chiang Mai, Nakorn Ratchasima, Khon Kaen, and Phuket. It also earns rental income from Grande Centre Point hotels, Terminal 21 malls, and serviced apartments in the US. The company receives equity income from six associates: LH Property Fund I & II (49.9%), HMPRO (30.2%), LHFG (21.9%), QH (25.0%), QCON (21.2%), and LHHOTEL (26.2%).

Source: Thanachart

COMPANY RATING



Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Very strong product franchise.
- Leader in the SDH market.
- High housing quality standards.
- High volume gives good economies of scale.

O — Opportunity

- Expanding beyond core products into the condo segment and the mid-to-low end SDH and TH segments.
- Growing rental income from rental properties in its portfolio.
- Hidden value from investments in affiliates.

W — Weakness

- High proportion of prebuilt houses which requires substantial capital.

T — Threat

- Rising land prices.
- Fiercer competition in the SDH market, including luxury segment.
- Land and building tax.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	4.03	3.50	-13%
Net profit 25F (Bt m)	3,899	3,820	-2%
Net profit 26F (Bt m)	4,157	3,122	-25%
Consensus REC	BUY: 3	HOLD: 14	SELL: 4

HOW ARE WE DIFFERENT FROM THE STREET?

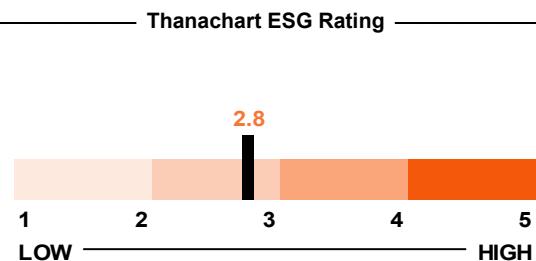
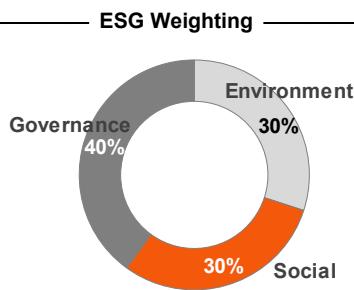
- Our 2025-26F net profits are 2-25% below the Bloomberg consensus estimates, likely due to us having lower property sales and gross margin assumptions.
- Therefore, our SOTP-based TP is 13% lower than the Street's.

RISKS TO OUR INVESTMENT CASE

- Better-than-expected economic growth would impact housing demand, so our sales and presales assumptions might be exceeded. This is the key upside risk to our call.
- There would be a secondary upside risk to our earnings if new rental properties are highly successful, i.e., if they exceed our current expectations.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
LH	YES	AAA	-	2.79	0	58.64	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

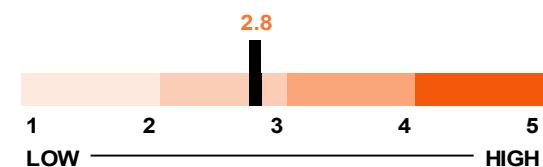
ESG Summary

- 
- LH is a leading residential property developer, mainly in Greater Bangkok and its vicinity. Due to the weak condominium market, LH is focusing on single-detached house projects. LH has gradually shifted its focus over the past decade toward an asset-based business model. It operates 12 rental assets, i.e., hotels, malls, and serviced apartments, in Thailand and the US.
 - Our ESG score for LH is moderate at 2.8, with the highest score for Social (S), followed by Environment (E) and Governance (G).
 - We assign LH a decent 3.2 S score, reflecting its commitment to creating a better living environment through eco-friendly projects where its housing products are perceived as having high quality with eco-friendly designs, materials, and green areas. It is also responsible for community health and safety throughout its production processes, from land acquisition to construction and project maintenance.
 - We assign LH a moderate 2.8 E score to reflect an average execution of short-term environmental targets and a lack of long-term environmental plans, including concrete actions for climate change.
 - LH's G score is the weakest pillar at 2.6. The business founder was indicted in February 2024 for money laundering in connection with a 46-rai land purchase allegedly linked to the Klongchan Credit Union Cooperative (KCUC) embezzlement scandal. The case is still at trial. Other parts of its G score are standard.

Sector: Property & Construction | Property Dev.

We assign a moderate E score of 2.8 to LH. It has short-term environmental targets that benefit all stakeholders, but execution is only average in our view, as it lacks long-term targets and plans.

Thanachart Environment (E) Rating



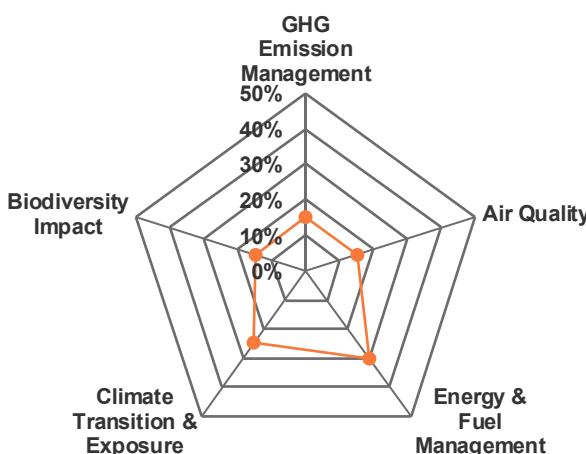
ENVIRONMENT

Our Comments

- GHG Emission Management
- Air Quality
- Energy & Fuel Management
- Climate Transition & Exposure
- Biodiversity Impact

- We assign LH an E score of 2.8. Its execution of emissions management and climate transition analysis drags down the score, as long-term plans and actions are lacking. On the positive side, LH strictly complies with National Environmental Quality Promotion efforts, the Conservation Act, and environmental regulations.
- LH set targets to reduce scope 1 and 2 GHG emissions by 5% by 2025 and 8% by 2027 from the 2022 base year. Nonetheless, its GHG emissions increased from 1,937 tonnes of CO2 equivalent in 2022 to 2,776 and 3,411 in 2023-24.
- LH has not publicly disclosed net zero policy and long-term actions and targets to tackle climate change.
- Its strong point is a solid commitment to developing eco-friendly residential projects. In 2024, the value of eco-label construction material purchases rose to 24 (19% in 2023). 100% of new projects are designed with solar-roof clubhouses and with electricity systems that support EV charging. None of its projects is located in natural protection and conservation areas and habitat areas of biological species listed on the International Union for Conservation of Nature's (IUCN) red list. For each low-rise project, an average of 12% of project area is allocated for green space.
- LH recognizes that air pollution is the leading cause of health issues for construction workers and people living in nearby communities, it focuses on the reduction of dust at project sites. Measures include the installation of dust barriers between construction areas and outside communities. Contractors are required to use dust collecting tools to minimize airborne materials from sanding, cutting and grinding processes in all construction projects. Construction waste must be kept in separate bins from general waste.
- LH encourages waste reduction in offices and construction projects by using eco-friendly and precast construction materials to reduce waste. In 2024, it achieved a 17% reduction in general waste to landfills from the 2022 base year, beating its 5% reduction target by 2025 and 10% by 2027.

SCALE WEIGHTING

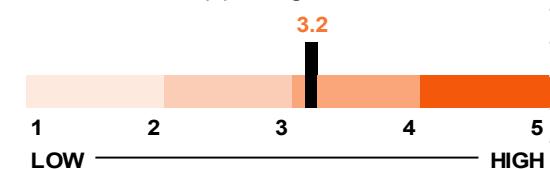


Sources: Thanachart, Company data

Sector: Property & Construction | Property Dev.

We assign LH a decent S score of 3.2, reflecting its commitment to human rights and compliance with international standards. As a residential developer, it takes responsibility for customers, communities, and society by delivering housing products that support a good quality of life.

Thanachart Social (S) Rating



SOCIAL

Our Comments

- Human Rights & Community Relations
- Access & Affordability
- Customer Welfare
- Product Quality & Safety
- Social Supply Chain Management
- Labor Relations
- Fair Labor Practices
- Health, Safety & Well-being
- Diversity & Inclusion

- We assign a decent 3.2 S score to LH. LH conducts Human Rights Due Diligence (HRDD) in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), using them as a human rights operations and management framework. In 2022-24, LH received no complaints of human rights violations and had zero work-related accidents among employees and contractors.
- It established the occupational health, safety, and working environment committee (safety committee), operating under the supervision of the risk management and sustainable development committee to formulate policy, develop a prevention plan for accidents, and inspect safety operations.
- While LH focuses on the importance of safety in life, health, and property of workers at all project sites which we also think it is a high priority, it failed to meet the employee training goals.
- LH set a goal of average training hours per employee of 16 hours/year, but it dropped from 16 hours in 2022 to 15 and 14 hours in 2023-24 and the actual training budget spent missed the Bt16m yearly goal at Bt6m each year in 2022-24.
- To develop residential projects for a better living environment for stakeholders, it places importance on the health and safety of customers and communities.
- Prior to project initiation, it conducts area surveys and community visits to understand concerns, establishes easily accessible community complaint channels, and manages environmental aspects properly in line with laws.
- For the project development process, it designs products and controls quality to be consistent with standards. It requires suppliers and contractors to comply with the codes of conduct on safety, occupational health and work environment.
- It provides fair welfare and benefits under the supervision of welfare committee.
- Social activities: Income-generation, job creation for nearby communities, a civil engineering student internship project, a luncheon for kids at the foundation for slum childcare, a project to distribute ho2me magazines to various organizations.

SCALE WEIGHTING

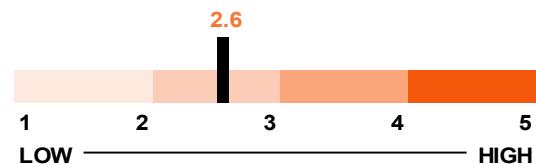


Sources: Thanachart, Company data

Sector: Property & Construction | Property Dev.

We assign LH a moderate G score of 2.6, and governance is the company's weakest pillar in its ESG profile. This reflects a board structure that is not ideal and corporate governance concerns regarding the founder's pending court case.

Thanachart Governance (G) Rating



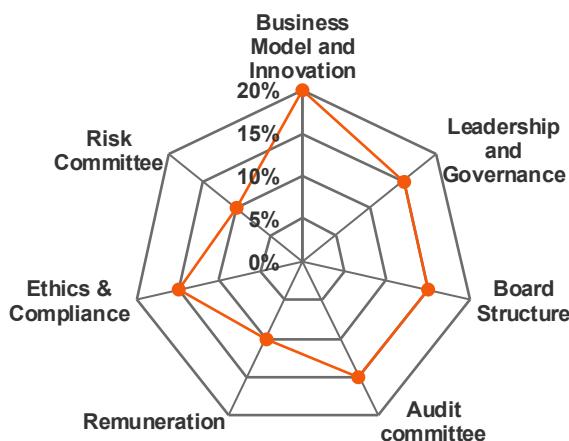
GOVERNANCE & SUSTAINABILITY

Our Comments

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

- We assign a 2.6 G score to LH. The drags on this score are its non-ideal board structure and its founder's involvement in a court case.
- LH's board chair is not independent and is the same person as the executive committee chairman. The board has three independent directors among the nine members. The independent board ratio is, therefore, below the 2/3 ideal ratio.
- LH's founder, Mr. Anant Asavabhokhin, is involved in a court case regarding a 46-rai land purchase allegedly linked to the Klongchan Credit Union Cooperative (KCUC) embezzlement scandal. Note that he currently has no position at LH. However, he still holds a 24.23% stake in the company.
- On the positive side, LH has an audit committee, a compensation committee, and a risk management committee, whose chairmen are independent directors.
- While LH focuses on delivering good-quality residences with rising scores on customer satisfaction on products and after-sale services to 94% in 2024, from 92% in 2022-23, beating its 85% goal, its product innovation is on par with peers in our view.
- LH is not a leader in innovation or smart home technologies. But it takes into account changing customer needs. It designs houses to accommodate elderly people, those with illnesses, children, and individuals with physical limitations. Examples are bedrooms on the first floor, shock absorption floors to reduce the severity of injuries from falls, stepless bathrooms, and wheelchair access to clubhouses.
- LH has strict guidelines and measures to maintain the personal data security of customers and respects the privacy of customers and the use of customers' personal data in marketing and advertisement. However, there was one case regarding a complaint about the violation of personal data security in 2024 and a fact-finding investigation is underway.

SCALE WEIGHTING



Sources: Thanachart, Company data

A well-diversified business (property development, rental income and equity income)

Weak property business pressures earnings outlook

We see hidden asset value in LH's landbank and rental properties

INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	26,745	25,221	21,209	23,329	26,212
Cost of sales	18,500	18,132	15,386	17,003	18,642
Gross profit	8,245	7,089	5,823	6,327	7,569
% gross margin	30.8%	28.1%	27.5%	27.1%	28.9%
Selling & administration expenses	4,827	4,797	4,348	5,016	5,767
Operating profit	3,418	2,293	1,475	1,311	1,803
% operating margin	12.8%	9.1%	7.0%	5.6%	6.9%
Depreciation & amortization	1,878	2,035	2,337	2,860	3,355
EBITDA	5,295	4,328	3,813	4,171	5,158
% EBITDA margin	19.8%	17.2%	18.0%	17.9%	19.7%
Non-operating income	925	778	658	602	638
Non-operating expenses	0	0	0	0	0
Interest expense	(1,550)	(2,081)	(2,158)	(1,966)	(2,010)
Pre-tax profit	2,793	990	(25)	(53)	431
Income tax	291	244	94	95	108
After-tax profit	2,502	746	(119)	(148)	323
% net margin	9.4%	3.0%	-0.6%	-0.6%	1.2%
Shares in affiliates' Earnings	3,300	3,362	3,154	3,280	3,505
Minority interests	(13)	(20)	(9)	(10)	(11)
Extraordinary items	1,693	1,403	794	0	0
NET PROFIT	7,482	5,491	3,820	3,122	3,817
Normalized profit	5,789	4,088	3,026	3,122	3,817
EPS (Bt)	0.6	0.5	0.3	0.3	0.3
Normalized EPS (Bt)	0.5	0.3	0.3	0.3	0.3

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	63,152	72,262	71,217	69,343	70,981
Cash & cash equivalent	4,337	3,927	5,000	5,500	6,000
Account receivables	477	519	291	320	359
Inventories	56,194	64,609	63,230	60,557	61,290
Others	2,145	3,206	2,696	2,966	3,332
Investments & loans	27,083	28,148	28,148	28,148	28,148
Net fixed assets	13,444	15,338	18,000	19,641	20,786
Other assets	28,241	28,711	24,158	24,681	25,392
Total assets	131,920	144,460	141,524	141,813	145,307
LIABILITIES:					
Current liabilities:	29,630	36,947	32,895	33,145	33,979
Account payables	3,423	3,375	2,318	2,562	2,809
Bank overdraft & ST loans	6,092	13,564	7,166	7,056	7,158
Current LT debt	16,401	15,786	19,347	19,050	19,326
Others current liabilities	3,714	4,222	4,063	4,477	4,686
Total LT debt	38,458	42,953	45,143	44,450	45,095
Others LT liabilities	11,599	12,336	9,778	10,052	10,425
Total liabilities	79,687	92,236	87,816	87,647	89,499
Minority interest	720	741	749	759	770
Preferreds shares	0	0	0	0	0
Paid-up capital	11,950	11,950	11,950	11,950	11,950
Share premium	15,453	15,453	15,453	15,453	15,453
Warrants	0	0	0	0	0
Surplus	(1,759)	(1,479)	0	0	0
Retained earnings	25,869	25,560	25,556	26,004	27,635
Shareholders' equity	51,513	51,483	52,959	53,407	55,038
Liabilities & equity	131,920	144,460	141,524	141,813	145,307

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	2,793	990	(25)	(53)	431
Tax paid	(712)	(277)	(103)	(89)	(90)
Depreciation & amortization	1,878	2,035	2,337	2,860	3,355
Chg In working capital	(8,081)	(8,506)	551	2,887	(525)
Chg In other CA & CL / minorities	2,537	3,128	3,289	3,180	3,235
Cash flow from operations	(1,587)	(2,630)	6,050	8,786	6,406
Capex	(1,382)	(3,929)	(5,000)	(4,500)	(4,500)
Right of use	779	(131)	(4)	(0)	(0)
ST loans & investments	0	0	0	0	0
LT loans & investments	(2,463)	(1,066)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	5,650	1,740	3,019	(10)	(244)
Cash flow from investments	2,584	(3,386)	(1,985)	(4,510)	(4,744)
Debt financing	6,062	11,126	(647)	(1,101)	1,024
Capital increase	0	0	0	0	0
Dividends paid	(6,572)	(5,377)	(3,824)	(2,674)	(2,186)
Warrants & other surplus	(976)	(143)	1,354	(218)	(224)
Cash flow from financing	(1,486)	5,606	(3,117)	(3,993)	(1,386)
Free cash flow	(2,969)	(6,559)	1,050	4,286	1,906

LH has cut its dividend payout to 70% for 2024 from a normal 80-89%

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.1	12.9	17.5	16.9	13.8
Normalized PE - at target price (x)	7.2	10.2	13.8	13.4	11.0
PE (x)	7.1	9.6	13.8	16.9	13.8
PE - at target price (x)	5.6	7.6	10.9	13.4	11.0
EV/EBITDA (x)	20.7	28.0	31.3	28.3	23.0
EV/EBITDA - at target price (x)	18.6	25.5	28.5	25.6	20.8
P/BV (x)	1.0	1.0	1.0	1.0	1.0
P/BV - at target price (x)	0.8	0.8	0.8	0.8	0.8
P/CFO (x)	(33.3)	(20.1)	8.7	6.0	8.2
Price/sales (x)	2.0	2.1	2.5	2.3	2.0
Dividend yield (%)	11.3	7.2	5.1	4.1	5.1
FCF Yield (%)	(5.6)	(12.4)	2.0	8.1	3.6
(Bt)					
Normalized EPS	0.5	0.3	0.3	0.3	0.3
EPS	0.6	0.5	0.3	0.3	0.3
DPS	0.5	0.3	0.2	0.2	0.2
BV/share	4.3	4.3	4.4	4.5	4.6
CFO/share	(0.1)	(0.2)	0.5	0.7	0.5
FCF/share	(0.2)	(0.5)	0.1	0.4	0.2

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(24.9)	(5.7)	(15.9)	10.0	12.4
Net profit (%)	(10.0)	(26.6)	(30.4)	(18.3)	22.2
EPS (%)	(10.0)	(26.6)	(30.4)	(18.3)	22.2
Normalized profit (%)	(28.2)	(29.4)	(26.0)	3.2	22.2
Normalized EPS (%)	(28.2)	(29.4)	(26.0)	3.2	22.2
Dividend payout ratio (%)	79.9	69.6	70.0	70.0	70.0
Operating performance					
Gross margin (%)	30.8	28.1	27.5	27.1	28.9
Operating margin (%)	12.8	9.1	7.0	5.6	6.9
EBITDA margin (%)	19.8	17.2	18.0	17.9	19.7
Net margin (%)	9.4	3.0	(0.6)	(0.6)	1.2
D/E (incl. minor) (x)	1.2	1.4	1.3	1.3	1.3
Net D/E (incl. minor) (x)	1.1	1.3	1.2	1.2	1.2
Interest coverage - EBIT (x)	2.2	1.1	0.7	0.7	0.9
Interest coverage - EBITDA (x)	3.4	2.1	1.8	2.1	2.6
ROA - using norm profit (%)	4.5	3.0	2.1	2.2	2.7
ROE - using norm profit (%)	11.2	7.9	5.8	5.9	7.0
Falling profitability					
ROE - using after tax profit (%)	4.9	1.4	na	na	0.6
- asset turnover (x)	0.2	0.2	0.1	0.2	0.2
- operating margin (%)	16.2	12.2	na	na	9.3
- leverage (x)	2.5	2.7	2.7	2.7	2.6
- interest burden (%)	64.3	32.2	(1.2)	(2.8)	17.6
- tax burden (%)	89.6	75.4	na	na	75.0
WACC (%)	7.6	7.6	7.6	7.6	7.6
ROIC (%)	3.0	1.6	(3.4)	(0.9)	1.1
NOPAT (Bt m)	3,062	1,728	(4,130)	(1,049)	1,352
invested capital (Bt m)	108,127	119,859	119,615	118,462	120,617

Sources: Company data, Thanachart estimates

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Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYS on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLS on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYS and SELLS.

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