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KEY HIGHLIGHTS

Update

Land and Houses (LH TB/BUY/Bt8.25/Target: Bt11.10)

A more interesting recovery in 2H23.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,542.03	(3.11)	(0.20)
SET50	946.02	(1.33)	(0.14)
Value (Btm) - SET	49,660		
Top 5 Sector			
BANK	402.63	(1.99)	(0.49)
PETRO	744.91	7.72	1.05
PROP	242.06	(1.90)	(0.78)
ENERG	21,808.05	93.96	0.43
ICT	161.45	0.39	0.24

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
CRC	39.25	(4.27)	60,013.2
COCOCO	9.25	17.09	267,487.2
PTTEP	167.50	0.30	13,714.1
CPALL	63.75	(0.39)	27,981.4
PTT	35.00	0.72	42,812.9

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NEWS	0.02	100.00	6,111.4
JCKH	0.05	25.00	419.7
COCOCO	9.25	17.09	267,487.2
RP	2.10	16.67	38,452.5
URBNPF	1.79	11.18	0.1

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NPK	10.10	(27.86)	8.8
INGRS	0.66	(13.16)	50,859.7
PPPM	0.07	(12.50)	2,907.3
TFI	0.11	(8.33)	693.7
KCM	0.48	(7.69)	2,939.8

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	94.0	11.5	23.6	14.6
Dubai crude*	96.0	9.5	31.0	22.1
Baltic Dry Index	1,381.0	11.6	28.3	(8.8)
Gold Spot***	1,923.8	1.8	(1.7)	5.5

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(54.2)	(347.3)	(4,258.4)	(8,713.8)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.71

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 6.85

COMPANY UPDATE

Land and Houses (LH TB)

A More Interesting Recovery In 2H23

Following project launches in high-demand areas, we expect a recovery in 3Q23 presales and continued improvement in 4Q23. The new condo would be a highlight and would boost presales in 4Q23. Earnings are expected to be a quarterly peak in 4Q23, driven by its core business. The extra gain will limit downside risks in transfers. LH's valuation is undemanding. Maintain BUY. Target price: Bt11.10.

WHAT'S NEW

- Expect an improvement in 3Q23 presales.** Land and Houses' (LH) presales is expected to see a recovery in 3Q23 after recording weak presales of Bt8.8b (-43% yoy) in 1H23, which accounted for 25% of its full-year target. Management revealed that presales had improved in Jul-Aug 23 compared with Apr-May 23, especially in the low-rise segment. This was mainly due to faster construction in high-demand projects. We also expect presales to continue ramping up following new luxury project launches in Sep 23 (Vive Krungthep Kritha, Vive Bangna KM 13 and Chaiyapruk) in prime areas. We expect 3Q23 presales of Bt6b-7b (1Q23: Bt4.8b, 2Q23: Bt4.0b).
- New condo project to boost presales in 4Q23.** Apart from substantial low-rise project launches in 2H23, a new condo project will also boost presales in 4Q23. LH has started VIP campaigns for a new condo project launch (Wan Vayla Na Chaopraya, value of Bt15b with 1,512 units) following the absence of condo project launches since 2020. The new project is located at Samsen Road near Rajinibon School and is conveniently connected to transport systems. Management expects a take-up rate of 30% in 2023. In our view, the target is quite challenging due to market conditions.
- Outstanding earnings in 4Q23.** We expect 4Q23 core earnings to be a quarterly peak. The substantial low-rise project launches slated for the final quarter as well as improving presales will underpin LH's transfers in 4Q23. Meanwhile, revenue from the rental business is expected to be more robust following the high season of tourism, and a new hotel project (Grande Centre Point Surawong, 399 keys) is scheduled to be launched in 4Q23. In addition, there will be extra gains recognised from LH's plan to sell its hotels (GCP Pattaya and GCP Space Pattaya) for integration into a REIT (LHHOTEL), with an expected selling price not exceeding Bt9.8b. We expect a gain before tax of Bt2.5b-3.5b.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	32,269.9	35,597.0	37,434.4	38,338.9	39,515.5
EBITDA	7,699.5	8,500.7	8,877.3	9,000.3	9,180.2
Operating profit	6,182.6	6,834.0	7,086.9	7,261.7	7,489.8
Net profit (rep./act.)	6,936.1	8,312.5	8,662.0	9,014.9	9,222.1
Net profit (adj.)	6,936.1	8,312.5	8,662.0	9,014.9	9,222.1
EPS (Bt)	0.6	0.7	0.7	0.8	0.8
PE (x)	14.2	11.9	11.4	10.9	10.7
P/B (x)	2.0	1.9	1.9	1.8	1.8
EV/EBITDA (x)	19.3	17.5	16.8	16.5	16.2
Dividend yield (%)	6.1	7.3	7.5	7.8	8.0
Net margin (%)	21.5	23.4	23.1	23.5	23.3
Net debt/(cash) to equity (%)	96.4	96.6	93.3	88.3	83.5
Interest cover (x)	7.2	8.3	8.3	8.5	8.7
ROE (%)	13.9	16.4	16.6	16.8	16.7
Consensus net profit	-	-	8,252	8,724	9,584
UOBKH/Consensus (x)	-	-	1.05	1.03	0.96

Source: Land and Houses, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt8.25
Target Price	Bt11.10
Upside	+34.5%

COMPANY DESCRIPTION

LH is the leading property developer in Thailand. The company develops residential projects ranging from single detached houses, townhouses and condominiums. Another source of income is rental income from its serviced apartments and rental properties.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	LH TB
Shares issued (m):	11,949.7
Market cap (Btm):	98,585.1
Market cap (US\$m):	2,754.2
3-mth avg daily t'over (US\$m):	9.0

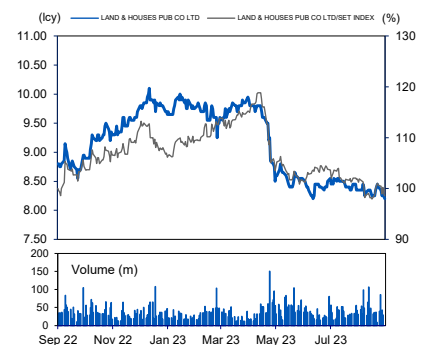
Price Performance (%)

52-week high/low	Bt10.10/Bt8.20
1mth	(2.4)
3mth	(3.5)
6mth	(10.8)
1yr	(6.8)
YTD	(16.7)

Major Shareholders

	%
Mr. Anant Asavabhokhin	23.9
Thai NVDR	18.5
Mayland Co.,Ltd.	5.7
FY23 NAV/Share (Bt)	4.43
FY23 Net Debt/Share (Bt)	4.14

PRICE CHART



Source: Bloomberg

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NEW PROJECTS PLANNED FOR LAUNCH IN 2023

No.	Project Name	Location	Type	Size (Rai)	Unit	Unit Price	Project Value	Launch Date
1	Chaiyapruk 1	Serene Lake	SH	4.1	10	9.8	98	Jan
2	Chaiyapruk 2	Serene Lake	SH	4.1	9	10.4	94	Jan
3	Chaiyapruk 3	Serene Lake	SH	10.1	20	10.2	203	Feb
4	inizio	Srinakarin	Semi	27.1	176	5.5	970	Feb
5	Mantana	Kanchana - Bangbon 5	SH	97.8	200	17.0	3,400	May
6	Chaiyapruk	Chaengwattana	SH	74.5	233	11.7	2,730	Jun
7	Vive	Krungthep Kritha	SH	19.4	49	41.8	2,050	Sep
8	Vive	Bangna KM 13	SH	40.4	95	33.2	3,150	Sep
9	Chaiyapruk	Prannok - Sai 2	SH	25.7	56	19.3	1,080	Sep
10*	Villaggio 3	Srinakarin - Bangna	SH	51.4	204	7.1	1,450	Q.4
	Villaggio 3	Srinakarin - Bangna	TH	14.9	154	3.6	560	
11	Wan Vayla Na Chaopraya	Samsen	CD	18.3	1,512	9.9	15,000	Q.4
12	Pruklada	Pinklao - Salaya	SH	36.7	142	7.2	1,025	Q.4
13	Chaiyapruk	Rangsit Klong 4	SH	99.6	324	11.4	3,700	Q.4
14	Chaiyapruk	Phetkasem 69	SH	94.3	219	12.8	2,800	Q.4
15	Chaiyapruk	Bangna KM 13	SH	53.7	170	13.5	2,300	Q.4
16	Mantana	Motorway - Rama 9	SH	22.6	52	15.4	800	Q.4
17	Mantana	Maliwan - Khonkaen	SH	66.7	182	11.3	2,050	Q.4
Total				761.4	3,807	11.4	43,460	

Source: LH

STOCK IMPACT

- **Expect 3Q23 earnings to improve yoy but decrease qoq.** We expect earnings to improve qoq following project launches with higher presales, especially in the single-detached house segment in prime areas. Also, residential gross margin is expected to increase qoq, driven by higher transfers. However, earnings might decrease yoy due to its low level of backlog.

EARNINGS REVISION/RISK

- **None.**

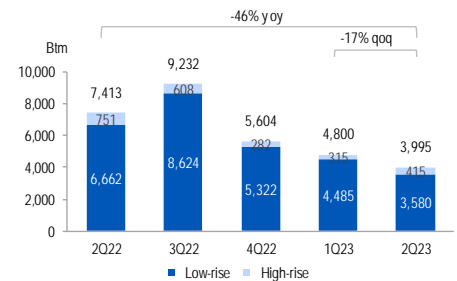
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt11.10.** Our SOTP-based target price values: a) the residential business at Bt5.20/share, based on 12.8x 2023F PE, or its mean historical PE; and b) affiliated companies (LHFG, Q-CON, HMPRO, QH, LHPF II) at Bt5.90/share.
- Although there are downside risks in presales and transfers, we recommend a trading BUY for LH as: a) it will see gains from selling assets in 4Q23, b) its performance has already bottomed out in 2Q23, and c) its valuation is inexpensive.

SHARE PRICE CATALYST

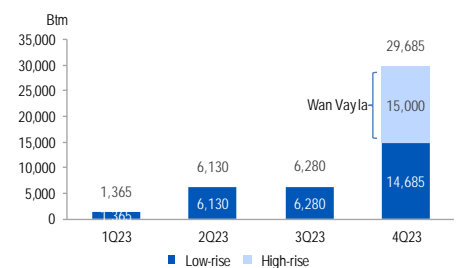
- a) Better-than-expected presales and faster-than-expected transfers; and b) improvement in gross margin, SG&A-to-sales ratio, and the sale of assets going according to plan.

QUARTERLY PRESALES



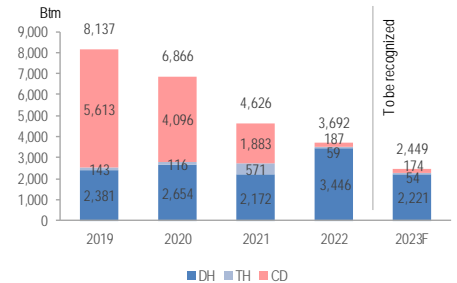
Source: LH, UOB Kay Hian

LAUNCH PLAN IN 2023



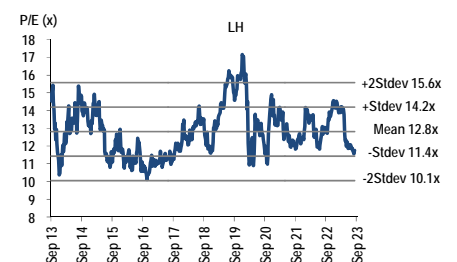
Source: LH, UOB Kay Hian

BACKLOG AS OF JUN 23



Source: LH, UOB Kay Hian

PE BAND



Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	35,597	37,434	38,339	39,516
EBITDA	8,501	8,877	9,000	9,180
Deprec. & amort.	1,667	1,790	1,739	1,690
EBIT	6,834	7,087	7,262	7,490
Total other non-operating income	857	857	883	909
Associate contributions	2,911	3,196	3,388	3,391
Net interest income/(expense)	(1,021)	(1,066)	(1,064)	(1,061)
Pre-tax profit	9,830	10,074	10,469	10,729
Tax	(1,511)	(1,396)	(1,437)	(1,490)
MinLHties	(6)	(16)	(16)	(17)
Net profit	8,313	8,662	9,015	9,222
Net profit (adj.)	8,313	8,662	9,015	9,222

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	10,227	10,652	10,598	10,899
Pre-tax profit	9,830	10,074	10,469	10,729
Tax	(1,511)	(1,396)	(1,437)	(1,490)
Deprec. & amort.	1,667	1,790	1,739	1,690
Working capital changes	(924)	746	(307)	(187)
Non-cash items	1,165	(562)	134	156
Other operating cashflows	0	0	0	0
Investing	(5,192)	(3,021)	(1,760)	(1,749)
Capex (growth)	(4,444)	(450)	(451)	(452)
Investments	(970)	(686)	(1,355)	(1,356)
Others	221	(1,884)	46	60
Financing	(11,134)	(7,266)	(7,513)	(7,751)
Dividend payments	(5,975)	(7,266)	(7,513)	(7,751)
Issue of shares	0	0	0	0
Proceeds from borrowings	(4,454)	0	0	0
Others/interest paid	(706)	0	0	0
Net cash inflow (outflow)	(6,100)	365	1,325	1,400
Beginning cash & cash equivalent	10,926	4,826	5,191	6,516
Ending cash & cash equivalent	4,826	5,191	6,516	7,915

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	38,438	37,098	35,810	34,572
Other LT assets	30,049	31,499	32,990	34,521
Cash/ST investment	4,826	5,191	6,516	7,915
Other current assets	50,636	50,247	50,618	50,906
Total assets	123,949	124,035	125,933	127,915
ST debt	16,479	16,479	16,479	16,479
Other current liabilities	8,421	8,215	8,413	8,672
LT debt	38,158	38,158	38,158	38,158
Other LT liabilities	8,606	7,487	7,668	7,903
Shareholders' equity	51,579	52,975	54,477	55,948
MinLHty interest	706	722	738	755
Total liabilities & equity	123,949	124,035	125,933	127,915

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	23.9	23.7	23.5	23.2
Pre-tax margin	27.6	26.9	27.3	27.2
Net margin	23.4	23.1	23.5	23.3
ROA	6.7	7.0	7.2	7.3
ROE	16.4	16.6	16.8	16.7
Growth				
Turnover	10.3	5.2	2.4	3.1
EBITDA	10.4	4.4	1.4	2.0
Pre-tax profit	19.6	2.5	3.9	2.5
Net profit	19.8	4.2	4.1	2.3
Net profit (adj.)	19.8	4.2	4.1	2.3
EPS	19.8	4.2	4.1	2.3
Leverage				
Debt to total capital	51.1	50.4	49.7	49.1
Debt to equity	105.9	103.1	100.3	97.7
Net debt/(cash) to equity	96.6	93.3	88.3	83.5
Interest cover (x)	8.3	8.3	8.5	8.7

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