

14 DECEMBER 2021

THAILAND / REAL ESTATE

LAND AND HOUSES LH TB

BUY

UNCHANGED

TARGET PRICE	THB10.20
CLOSE	THB8.75
UP/DOWNSIDE	+16.6%
PRIOR TP	THB10.50
CHANGE IN TP	-2.9%
TP vs CONSENSUS	+2.1%

All-around recovery

All businesses should recover in 2022

LH is one of property developers which should benefit from the country's re-opening in 2022, as c20% of its total revenue in 2019 (pre-Covid level) was derived from its hotel and mall operations, which were hard hit in 2020-21 by the lockdowns and travel restrictions, as well as equity income from Home Product Center (HMPRO TB, BUY, TP THB18.3) (28% of 2021E net profit). We expect all operations to improve in 2022, while its residential business should continue to deliver impressive performance in 2022 after posting positive 2021E presales and transfer growth of 5% and 6%, respectively.

Solid low-rise presales persist in Oct and Nov 2021

Presales were solid at THB2.8b and continued grow m-m in Nov-21. 2021 presales could amount to THB30b, beating LH's presales target of THB28b (9M21 presales were at THB22b). LH has launched five projects worth THB8.9b in 4Q21. The average take-up rate has been satisfactory at 10-20%. Overall, we expect 4Q21 earnings to grow q-q but drop y-y due to the high base from the net of tax divestment gain of THB0.3b in 4Q20. For 2022, we expect that the new project launch value could grow by c50% y-y to THB30b vs THB19.7b in 2021. Hence, residential transfers and presales could reach record highs in 2022 at THB32.5b and THB32.0b, respectively, driven by solid demand for low-rise projects.

Acquiring a hotel in the US

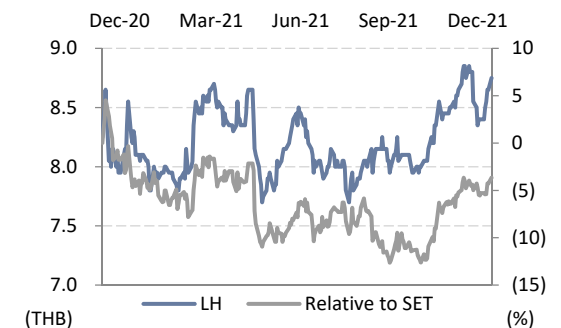
On 8 December 2021, LH acquired the SpringHill Suites by Marriott for a total value of THB1.1b. This hotel has 120 rooms with an occupancy rate of c70%. We expect this hotel to generate revenue of USD6m-7m per year, accounting for c10% of 2021E rental income with an average GPM of 20%. Hence, this hotel could boost LH's 2022 net profit by 0.5%.

Maintain BUY with a lower TP to THB10.2 (from THB10.5)

We cut our 2021E earnings by 7.7% to reflect the weaker-than-expected 9M21 performance, dragged down by the one-month closure of construction camps and lower equity income from HMPRO. We lower our SoTP-based TP to THB10.2 (from THB10.5) to reflect our earnings downgrade. LH is trading at an attractive valuation of 13.0x 2022E P/E vs its 5-year average of 14.6x. We see an upside risk from the divestment of Terminal 21 Pattaya after being postponed from the previous plan this year, as LH is waiting for mall and hotel operations to resume as normal.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	29,668	31,942	36,050	37,411
Net profit	7,145	6,860	8,069	8,882
EPS (THB)	0.60	0.57	0.68	0.74
vs Consensus (%)	-	(1.0)	2.1	4.5
EBITDA	6,128	6,177	7,259	8,032
Core net profit	6,557	6,860	8,069	8,882
Core EPS (THB)	0.55	0.57	0.68	0.74
Chg. In EPS est. (%)	-	(7.7)	(4.5)	(0.8)
EPS growth (%)	(15.4)	4.6	17.6	10.1
Core P/E (x)	15.9	15.2	13.0	11.8
Dividend yield (%)	5.7	5.5	6.5	7.1
EV/EBITDA (x)	24.8	24.3	20.9	18.2
Price/book (x)	2.1	2.1	2.1	2.1
Net debt/Equity (%)	92.7	88.4	91.6	80.5
ROE (%)	12.8	13.7	16.2	17.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.2	8.0	2.9
Relative to country (%)	1.4	8.7	(6.1)
Mkt cap (USD m)	3,133		
3m avg. daily turnover (USD m)	10.6		
Free float (%)	52		
Major shareholder	Mr. Anant Asavabhokhin (24%)		
12m high/low (THB)	8.90/7.50		
Issued shares (m)	11,949.71		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

LH is a dominant player in the low-rise segment, with a c10% market share in the single-detached house (SDH) segment in the Bangkok area. We believe the shifting consumer trend toward low-rise properties due to the Covid-19 outbreak will continue in 2022. LH diversified its core property business to the hotel and department store segment (11% of total revenue), for which we expect to see a recovery in 2022 after being hit hard by the absence of tourists during the pandemic. LH plans to divest at least one property per year to stabilise its bottom line, and could pay a sustainable dividend yield.

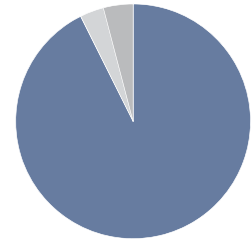
Company profile

LH, after the 1997 Asian financial crisis, was the first developer to successfully recapitalise. During the past 20 years, LH has been the market leader in the prebuilt residential development segment, and has produced top quality products.

www.lh.co.th

Principal activities (revenue, 2020)

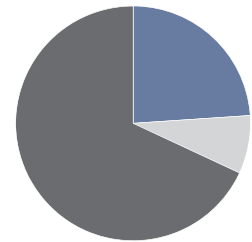
- Sales of real estate - 92.6 %
- Hotel operation income - 3.3 %
- Rental income - 4.1 %



Source: Land and Houses

Major shareholders

- Mr. Anant Asavabhokhin - 23.9 %
- Government of Singapore Investment Corp - 8.0 %
- Others - 68.1 %



Source: Land and Houses

Catalysts

Potential catalysts to drive LH's share price include:

- 1) New launches with good take-up rates from its low-rise projects;
- 2) A stronger-than-expected recovery of its hotel and department store business.

Risks to our call

Key downside risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.

Event calendar

Date	Event
February 2022	4Q21 results announcement

Key assumptions

	2020	2021E	2022E	2023E
	(%)	(%)	(%)	(%)
Residential sales (THB m)	27,481	29,130	32,567	33,544
Residential sales growth	9.3	6.0	11.8	3.0
Residential GPM	31.7	31.6	31.9	32.2
SG&A to sales	13.2	13.7	13.5	13.4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in residential revenue, we project 2021 earnings to rise by 0.5%, and vice versa, all else being equal.
- For every 1% increase in GPM, we project 2021 earnings to rise by 3.4%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2021 earnings to drop by 3.3%, and vice versa, all else being equal.

Source: FSSIA estimates

Acquiring a hotel in the US

On 8 December 2021, LH acquired the SpringHill Suites by Marriott, a hotel in Anaheim, California, USA, for a total value of THB1.1b. This hotel has 120 rooms with an occupancy rate of c70%. We expect this hotel to generate revenue of USD6m-7m per year, accounting for c10% of 2021E rental income with an average GPM of 20%. Hence, this hotel could boost LH's 2022 net profit by 0.5%. This aligns with LH's strategy to buy rental properties at a reasonable price or develop greenfield projects and sell to real estate investment trusts (REITs) each year.

Currently, LH has four US assets comprising 1) Parc (acquired in 2015 with an investment cost of USD105m); 2) Yard (2016, USD127m); 3) Revere (2017, USD119m); and 4) SpringHill (2021, USD31m). LH normally recognises a c10-50% GPM from asset monetisation as shown in the table below.

Exhibit 1: Details of rental assets

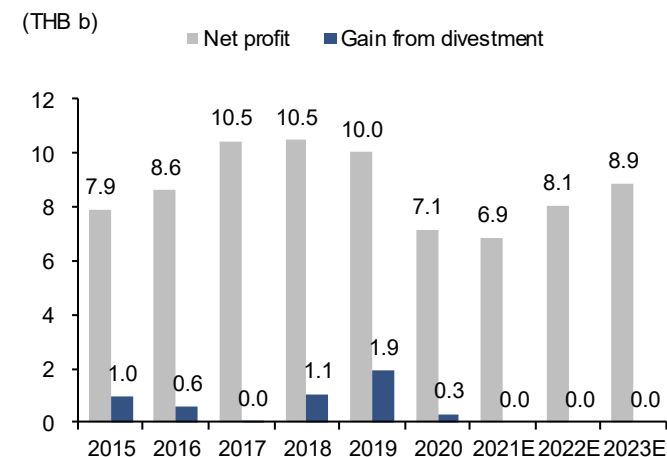
Hotel in US	Acquiring year	Investment cost (USD m)	Divestment value (USD m)	Investment gain (%)
Verona	2012	12	18	50
Domain	2013	103	140	36
Mode	Feb-15	74	80	8
Parc	Sep-15	100	n/a	n/a
Yard	Dec-16	127	n/a	n/a
Revere	Nov-17	119	n/a	n/a
SpringHill Suites by Marriott	Dec-21	31	n/a	n/a

Rental assets in Thailand	Operating year	Investment cost (THB b)	Market value (THB b)	Investment gain (THB b)
Grande Centre Point Ratchadamri Hotel	n/a	n/a	n/a	2.1
Grande Centre Point Sukhumvit 55 Hotel	n/a	n/a	n/a	2.0
Terminal 21 Pattaya (hotel + shopping mall)	2018	4.4	5.0	n/a
Terminal 21 Shopping Center Rama III (under construction)	2022	4.9	n/a	n/a

Sources: LH; FSSIA's compilation

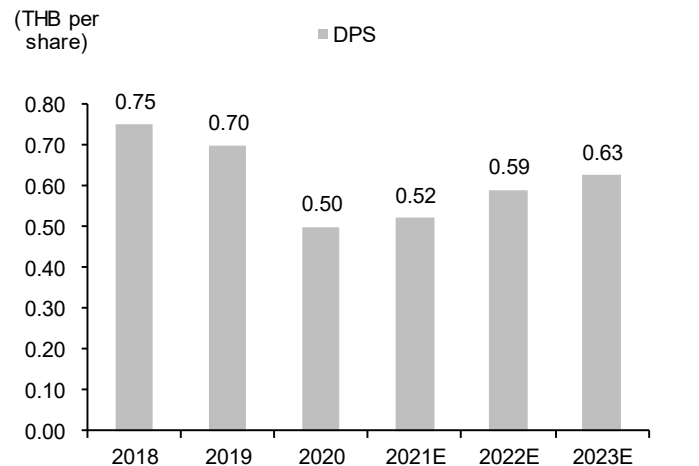
Early this year, LH had planned to divest Terminal 21 Pattaya in alignment with its strategy to divest its assets to REITs once a year, but postponed the planned divestment to 2022 due to the low occupancy rate of below 30% in 2021. We believe LH will divest this asset in 2022. We see an upside risk to our dividend yield forecasts of 6.5%/7.1% in 2022/23, as LH had a dividend payout ratio of 83-89% of net profit during 2015-20.

Exhibit 2: Gains from asset divestments



Sources: LH; FSSIA estimates

Exhibit 3: Dividend per share

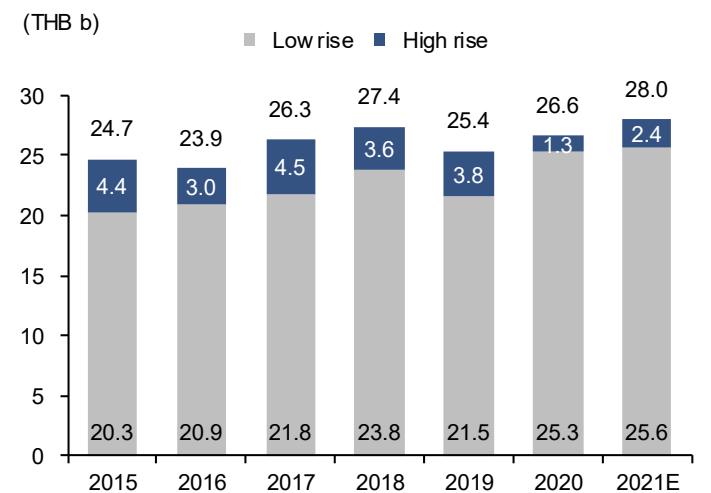


Sources: LH; FSSIA estimates

Expect solid low-rise performance to continue in 2022

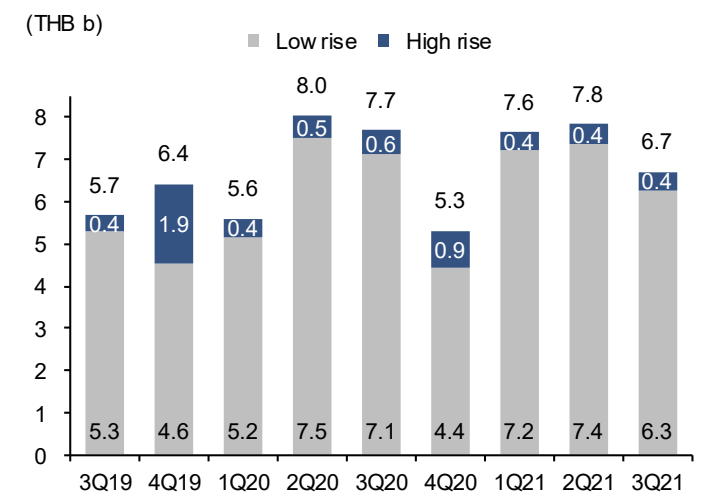
Presales were solid at THB2.8b and continued grow m-m in Nov-21. 2021 presales could amount to THB30b, beating LH's presales target of THB28b (9M21 presales were at THB22b). LH has launched five projects worth THB8.9b in 4Q21. The average take-up rate has been satisfactory at 10-20%. Overall, we expect 4Q21 earnings to grow q-q but drop y-y due to the high base from the net of tax divestment gain of THB0.3b in 4Q20. For 2022, we expect that the new project launch value could grow by c50% y-y to THB30b vs THB19.7b in 2021. Hence, residential transfers and presales could reach record highs in 2022 at THB32.5b and THB32.0b, respectively, driven by solid demand for low-rise projects.

Exhibit 4: Yearly presales and target



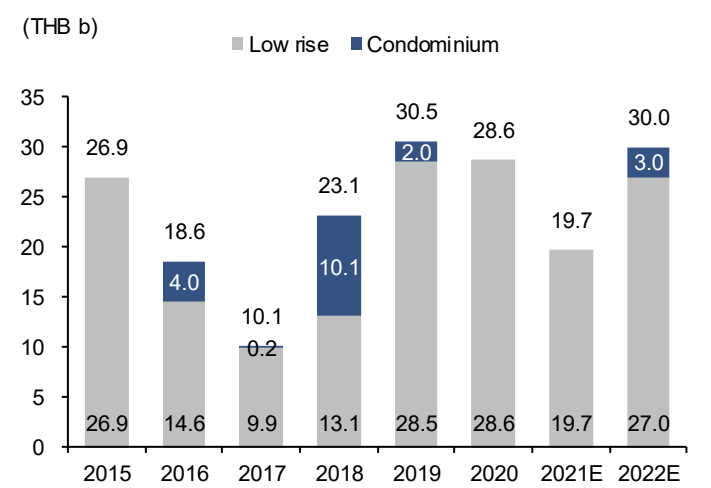
Sources: LH; FSSIA's compilation

Exhibit 5: Quarterly presales



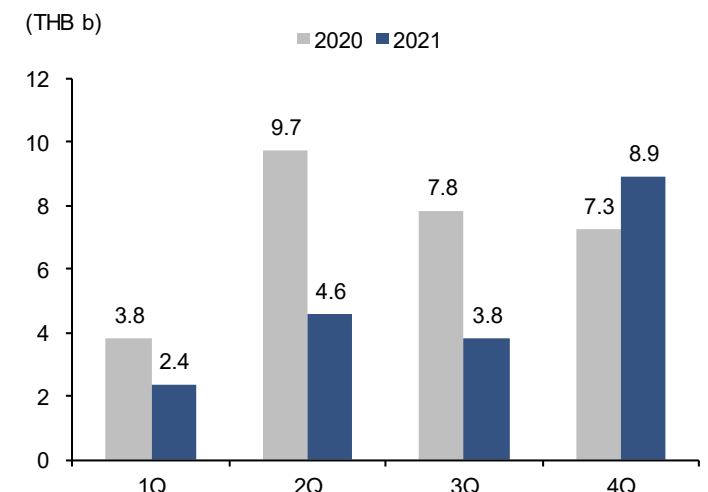
Sources: LH; FSSIA's compilation

Exhibit 6: Expect new launches to rise to THB30b in 2022



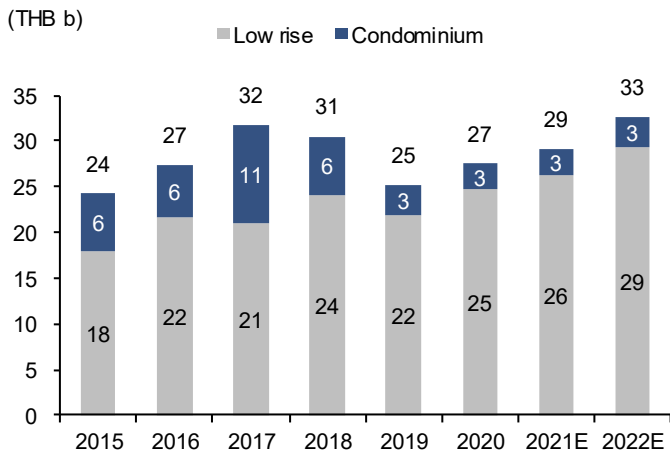
Sources: LH; FSSIA estimates

Exhibit 7: Launch plan by quarter



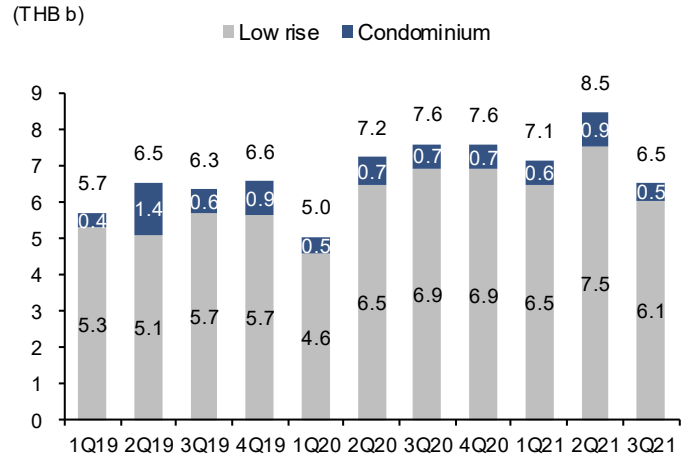
Sources: LH; FSSIA's compilation

Exhibit 8: Yearly transfers and target



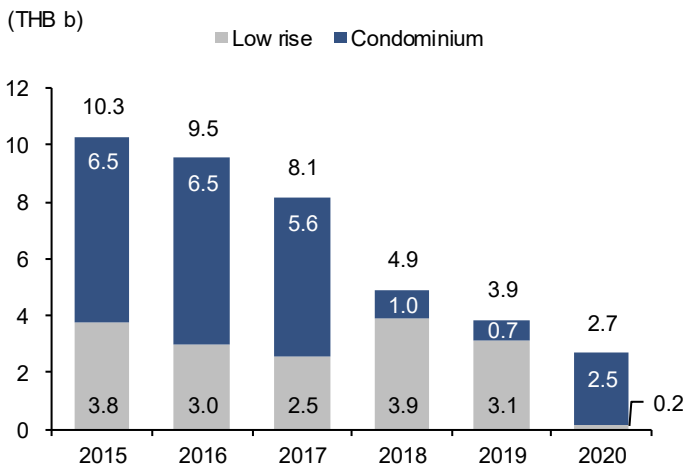
Sources: LH; FSSIA's compilation

Exhibit 9: Quarterly transfers



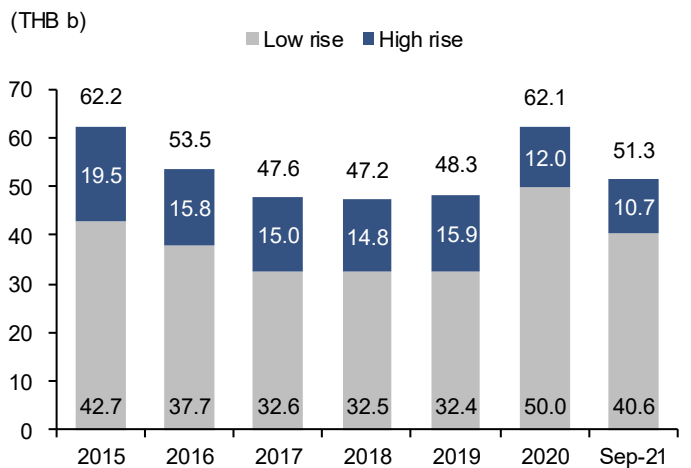
Sources: LH; FSSIA's compilation

Exhibit 10: Backlog



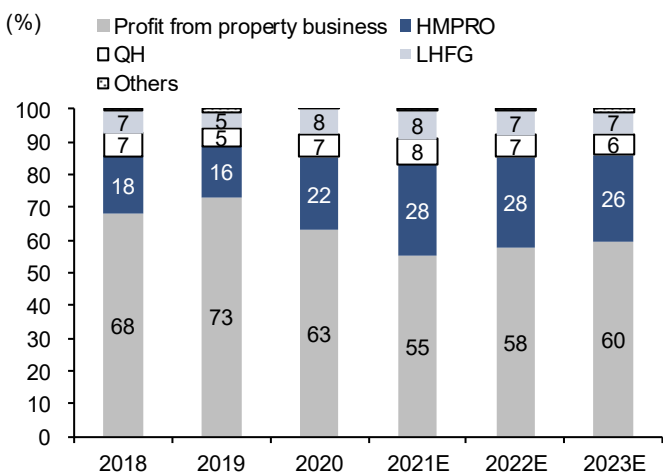
Source: LH estimates

Exhibit 11: Inventory



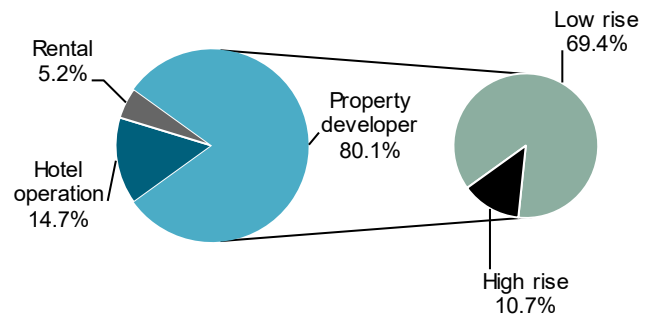
Sources: LH; FSSIA estimates

Exhibit 12: Net profit contribution breakdown



Sources: LH; FSSIA's compilation

Exhibit 13: Revenue breakdown by business as of 2019



Sources: LH; FSSIA's compilation

Net profit and target price revisions

We cut our 2021E earnings by 7.7% to reflect the weaker-than-expected 9M21 performance, dragged down by the one-month closure of construction camps and lower equity income from HMPRO following the store closures in 3Q21. We lower our 2022E earnings by 3.6% due to the lower profit contributions from its subsidiaries.

We lower our SoTP-based TP to THB10.2 (from THB10.5) to reflect our earnings downgrade. LH is trading at an attractive valuation of 13.0x 2022E P/E vs its 5-year average of 14.6x. We see an upside risk from the divestment of Terminal 21 Pattaya after being postponed from the previous plan this year, as LH is waiting for mall and hotel operations to resume as normal.

Exhibit 14: Revised assumptions

Key assumptions	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Residential sales	29,130	32,567	33,544	29,130	32,567	33,544	0.0	0.0	0.0
Residential sales growth (%)	6.0	11.8	3.0	6.0	10.0	3.0	0.0	1.8	0.0
Residential GPM (%)	31.6	31.9	32.2	31.6	31.9	32.2	0.0	0.0	0.0
SG&A to sales (%)	13.7	13.5	13.4	13.6	13.4	13.3	0.1	0.1	0.0
Equity income	1,588	1,934	2,221	1,875	2,065	2,168	(15.3)	(6.3)	2.5
Net profit	6,860	8,069	8,882	7,433	8,373	8,878	(7.7)	(3.6)	0.0

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

Exhibit 15: LH – SoTP valuation

SoTP valuation	Stake (%)	Total shares (m)	Price (THB/share)	Value (THB b)	Remark
HMPRO	30	13,151	18.3	72.8	Target price (THB18.3)
QH	25	10,714	2.5	6.7	Target price (THB2.5)
LHFG	21	20,919	1.3	5.9	Market price
LHPF	50	330	5.5	0.9	Market price
Q-CON	22	85	5.6	0.1	Market price
Total NAV				86.3	
NAV @10% holding discount				77.7	
LH's share fully-diluted (m)				11,949	
NAV of its investment				6.5	
Profit from property business				4.7	
EPS for property business				0.39	
Assumed 9.5x 2022PE	9.5			3.71	
Total NAV/share				10.2	

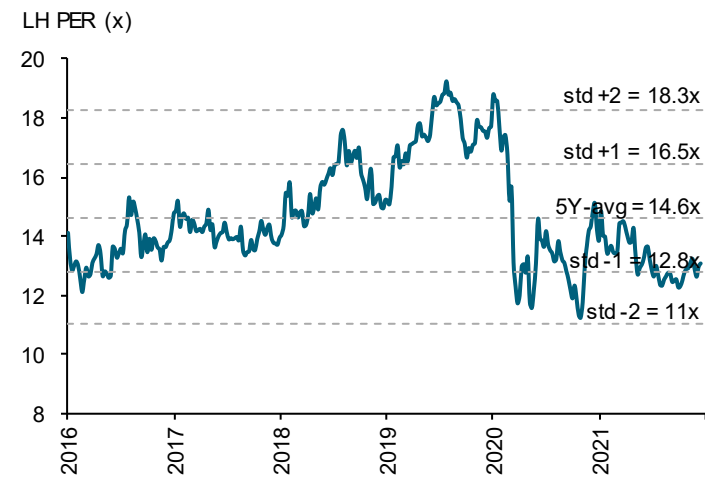
Source: FSSIA estimates

Exhibit 16: Peers valuations as of 13 Dec 2021

Company	BBG	Rec	Share Price (LCY)	Target price (LCY)	Up side (%)	Market Cap (USD m)	3Y EPS CAGR (%)	PE		ROE		PBV		EV/EBITDA	
								21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
AP Thailand	AP TB	BUY	9.5	11.6	22	896	4.1	6.6	6.4	14.6	13.8	0.9	0.8	13.5	13.4
Land & Houses	LH TB	BUY	8.75	10.2	17	3,133	10.6	15.2	13.0	13.7	16.2	2.1	2.1	24.3	20.9
LPN Development	LPN TB	HOLD	4.8	4.6	(4)	209	2.1	16.5	10.1	3.6	5.8	0.6	0.6	17.7	13.7
Pruksa Holding	PSH TB	BUY	13	15	15	853	9.4	10.8	8.3	6.1	8.0	0.7	0.7	15.7	13.4
Quality Houses	QH TB	HOLD	2.2	2.5	14	706	9.0	11.1	9.2	7.9	9.2	0.9	0.8	32.8	30.4
Supalai	SPALI TB	BUY	22.2	28	26	1,296	18.6	7.7	6.9	15.3	17.1	1.2	1.2	11.2	10.8
FSSIA coverage						7,093	11.2	11.3	9.0	10.2	11.7	1.1	1.0	19.2	17.1
ORIGIN Property	ORI TB	NA	11.8	n/a	n/a	863	10.1	9.6	8.1	23.9	24.4	2.1	1.8	11.3	10.6
SC Asset	SC TB	NA	3.46	n/a	n/a	426	5.4	7.0	6.5	10.5	11.0	0.7	0.7	11.4	10.3
NOBLE Development	NOBLE TB	NA	6.25	n/a	n/a	256	n/a	6.3	5.6	26.7	26.4	1.2	1.1	8.3	7.4
Peer average						1,545	0.7	7.6	6.7	20.4	20.6	1.4	1.2	10.3	9.4
Overall average						8,637	15.3	10.1	8.2	13.6	14.6	1.2	1.1	16.2	14.5

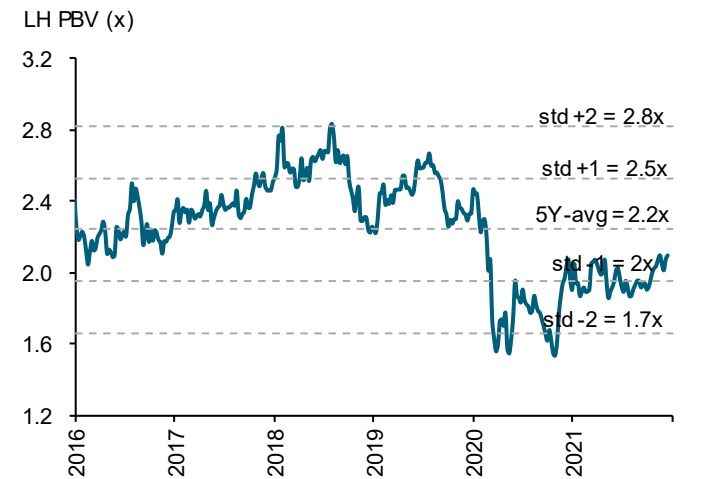
Sources: Bloomberg; FSSIA estimates

Exhibit 17: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 19: Condominium transfer schedule as of Sep 2021

Project	Value (THB m)	% sales (%)	2021				2022				2023			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
The Room - Sathorn 11	1,880	102												
The Room - Charoen Krung	2,000	87												
The Bangkok - Sathorn	7,500	98												
The Bangkok - Suk. 55	4,000	42												
North 2 - Chiang Mai	160	102												
North 3 - Chiang Mai	160	94												
North 4 - Chiang Mai	185	99												
North 5 - Chiang Mai	160	96												
North 6 - Chiang Mai	170	75												
The Ease 2 - Rama II	760	64												
The Room Phayathai	3,900	45												
The Room Sukhumvit 38	3,200	10												
The Key Petchkasem	2,200	35												
The Key Rama 3	2,000	100												

Note: ■ Construction period; ■ Transfer

Sources: LH; FSSIA's compilation

Exhibit 20: Project launches in 2021

No.	Project name	Location	Type	Size (rai)	Unit (no.)	Unit price (THB m/unit)	Project value (THB m)	Launch date
1	Anya	Ratchaphruek - Nakhon In	Semi	50.9	250	7.4	1,850	Feb-21
2	Indy 4	Bangna KM.7	TH	14.5	136	3.8	520	1Q21
3	Mantana	Ratchaphruek - Nakhon In	SH	98.9	346	12.2	4,210	2Q21
4	Indy 5	Bangna KM.7	TH	10.1	81	4.4	360	2Q21
5*	Villaggio	Suksawat - Pracha Uthit	SH	44.9	190	5.8	1,100	3Q21
	Villaggio	Suksawat - Pracha Uthit	TH	28.4	292	2.8	820	
6	Indy 2	Bangna - Ramkhamhaeng 2	TH	49.3	489	3.9	1,900	3Q21
7	Inizio 4	Pinklao - Wongwaen	Semi	26.0	158	5.1	800	Oct-21
8*	Villaggio 2	Srinakarin - Bangna	SH	50.2	201	6.5	1,300	4Q21
	Villaggio 2	Srinakarin - Bangna	TH	19.3	198	3.5	700	
9	Chaiyapruk	Bangna KM.15	SH	86.2	329	11.0	3,620	4Q21
10	Prukklada	Kanchanaphisek 345	SH	86.0	379	6.6	2,500	4Q21
TOTAL				564.8	3,049	6.5	19,680	

Note: *Villaggio consists of 2 products: SH and TH

Sources: LH; FSSIA's compilation

Exhibit 21: Projects shifted to 2022

No.	Project name	Location	Type	Size (rai)	Unit (no.)	Unit price (THB m/unit)	Project value (THB m)	Launch date
1	The Ease 3	Rama 2	CD	4.4	329	2.5	820	2022
2	North 7	Chiang Mai	CD	1.6	57	2.8	160	2022
TOTAL				6.0	386	2.5	980	

Sources: LH; FSSIA's compilation

Financial Statements

Land and Houses

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	29,762	29,668	31,942	36,050	37,411
Cost of goods sold	(19,428)	(19,637)	(21,391)	(23,916)	(24,378)
Gross profit	10,333	10,032	10,552	12,134	13,033
Other operating income	0	0	0	0	0
Operating costs	(4,071)	(3,904)	(4,374)	(4,875)	(5,001)
Operating EBITDA	6,262	6,128	6,177	7,259	8,032
Depreciation	(739)	(951)	(790)	(1,010)	(1,220)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	5,523	5,177	5,388	6,249	6,812
Net financing costs	(760)	(848)	(904)	(861)	(828)
Associates	3,383	2,588	2,681	3,090	3,409
Recurring non-operating income	4,246	3,340	3,546	4,076	4,434
Non-recurring items	2,273	588	0	0	0
Profit before tax	11,283	8,256	8,030	9,464	10,418
Tax	(1,235)	(1,135)	(1,195)	(1,424)	(1,566)
Profit after tax	10,048	7,122	6,835	8,040	8,853
Minority interests	(23)	23	25	28	29
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	10,025	7,145	6,860	8,069	8,882
Non-recurring items & goodwill (net)	(2,273)	(588)	0	0	0
Recurring net profit	7,751	6,557	6,860	8,069	8,882
Per share (THB)					
Recurring EPS *	0.65	0.55	0.57	0.68	0.74
Reported EPS	0.84	0.60	0.57	0.68	0.74
DPS	0.70	0.50	0.48	0.56	0.62
Diluted shares (used to calculate per share data)	11,950	11,950	11,950	11,950	11,950
Growth					
Revenue (%)	(12.4)	(0.3)	7.7	12.9	3.8
Operating EBITDA (%)	(17.5)	(2.1)	0.8	17.5	10.6
Operating EBIT (%)	(20.8)	(6.3)	4.1	16.0	9.0
Recurring EPS (%)	(14.1)	(15.4)	4.6	17.6	10.1
Reported EPS (%)	(4.3)	(28.7)	(4.0)	17.6	10.1
Operating performance					
Gross margin inc. depreciation (%)	32.2	30.6	30.6	30.9	31.6
Gross margin of key business (%)	32.4	31.7	31.6	31.9	32.2
Operating EBITDA margin (%)	21.0	20.7	19.3	20.1	21.5
Operating EBIT margin (%)	18.6	17.4	16.9	17.3	18.2
Net margin (%)	26.0	22.1	21.5	22.4	23.7
Effective tax rate (%)	22.0	22.3	22.3	22.3	22.3
Dividend payout on recurring profit (%)	107.9	91.1	83.6	83.6	83.6
Interest cover (X)	12.9	10.0	9.9	12.0	13.6
Inventory days	954.5	987.6	921.9	883.5	909.4
Debtor days	2.9	2.6	2.2	2.2	2.3
Creditor days	70.5	64.6	55.7	54.8	57.7
Operating ROIC (%)	9.3	8.2	8.5	9.3	9.8
ROIC (%)	7.7	6.3	6.5	7.5	8.3
ROE (%)	15.1	12.8	13.7	16.2	17.8
ROA (%)	7.5	6.1	6.3	7.3	8.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales of real estate	25,151	27,481	29,130	32,567	33,544
Hotel operation income	2,970	976	996	1,394	1,673
Rental income	1,640	1,211	1,816	2,089	2,193

Sources: Land and Houses; FSSIA estimates

Financial Statements

Land and Houses

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	7,751	6,557	6,860	8,069	8,882
Depreciation	739	951	790	1,010	1,220
Associates & minorities	(72)	1	0	0	0
Other non-cash items	(2,792)	(2,653)	(2,540)	(2,395)	(2,352)
Change in working capital	(6,543)	955	(2,194)	(4,713)	(149)
Cash flow from operations	(916)	5,811	2,917	1,970	7,600
Capex - maintenance	(564)	(865)	(500)	(500)	(500)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	3,933	(1,632)	4,109	2,554	4,883
Other investments (net)	2,715	2,635	2,551	2,437	2,345
Cash flow from investing	6,084	138	6,159	4,490	6,729
Dividends paid	(8,365)	(5,975)	(5,737)	(6,747)	(7,427)
Equity finance	695	(1,519)	(1,141)	(1,330)	(1,330)
Debt finance	(777)	5,564	(6,421)	1,747	(5,481)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(8,446)	(1,930)	(13,298)	(6,330)	(14,238)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(3,278)	4,018	(4,222)	130	91
Free cash flow to firm (FCFF)	6,003.47	6,836.38	10,019.52	7,361.66	15,195.89
Free cash flow to equity (FCFE)	4,391.33	11,512.06	2,655.58	8,207.09	8,847.80

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	0.50	0.57	0.84	0.62	1.27
FCFE per share	0.37	0.96	0.22	0.69	0.74
Recurring cash flow per share	0.47	0.41	0.43	0.56	0.65

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	1,353	1,386	1,886	2,386	2,886
Less: Accumulated depreciation	(666)	(784)	(1,574)	(2,584)	(3,803)
Tangible fixed assets (net)	688	601	312	(198)	(918)
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	30,442	23,964	17,927	11,890	5,853
Cash & equivalents	4,554	8,572	4,350	4,480	4,571
A/C receivable	240	187	201	227	236
Inventories	53,374	52,893	55,161	60,623	60,854
Other current assets	2,272	1,703	1,833	2,069	2,147
Current assets	60,440	63,355	61,545	67,399	67,808
Other assets	21,569	34,651	37,307	42,105	43,693
Total assets	113,139	122,571	117,091	121,196	116,437
Common equity	52,463	49,904	49,886	49,878	50,003
Minorities etc.	720	697	672	644	615
Total shareholders' equity	53,183	50,601	50,559	50,522	50,617
Long term debt	34,218	37,384	33,185	34,367	30,658
Other long-term liabilities	2,899	9,495	10,223	11,538	11,973
Long-term liabilities	37,118	46,879	43,408	45,905	42,631
A/C payable	3,806	3,140	3,383	3,802	3,904
Short term debt	15,673	18,071	15,850	16,414	14,643
Other current liabilities	3,359	3,880	3,891	4,553	4,641
Current liabilities	22,838	25,091	23,124	24,769	23,188
Total liabilities and shareholders' equity	113,139	122,571	117,091	121,196	116,437
Net working capital	48,721	47,763	49,921	54,564	54,691
Invested capital	101,420	106,979	105,466	108,361	103,320

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	4.39	4.18	4.17	4.17	4.18
Tangible book value per share	4.39	4.18	4.17	4.17	4.18

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	85.2	92.7	88.4	91.6	80.5
Net debt/total assets (%)	40.1	38.2	38.2	38.2	35.0
Current ratio (x)	2.6	2.5	2.7	2.7	2.9
CF interest cover (x)	6.8	14.6	3.9	10.5	11.7

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	13.5	15.9	15.2	13.0	11.8
Recurring P/E @ target price (x) *	15.7	18.6	17.8	15.1	13.7
Reported P/E (x)	10.4	14.6	15.2	13.0	11.8
Dividend yield (%)	8.0	5.7	5.5	6.5	7.1
Price/book (x)	2.0	2.1	2.1	2.1	2.1
Price/tangible book (x)	2.0	2.1	2.1	2.1	2.1
EV/EBITDA (x) **	24.1	24.8	24.3	20.9	18.2
EV/EBITDA @ target price (x) **	26.8	27.7	27.1	23.3	20.3
EV/invested capital (x)	1.5	1.4	1.4	1.4	1.4

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Land and Houses; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Land and Houses	LH TB	THB 8.75	BUY	Key downside risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
AP (Thailand)	AP TB	THB 9.50	BUY	Downside risks to our P/E based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
LPN Development	LPN TB	THB 4.80	HOLD	Upside risks to our P/E based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Prukha Holding	PSH TB	THB 13.00	BUY	Key downside risks to our P/E based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Quality Houses	QH TB	THB 2.20	HOLD	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin. Key upside risks are a better-than-expected take-up rate of new launches, profitability expansions and faster-than-expected asset turnovers.
Supalai	SPALI TB	THB 22.20	BUY	Downside risks to our P/E derived TP are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.
Home Product Center	HMPRO TB	THB 14.60	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 13-Dec-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

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 market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.