

27 February 2020

Subject : Management Discussion and Analysis of the year ended 31 December 2019  
Attn. : Director and Manager  
The Stock Exchange of Thailand  
Encls. : A copy of Audited Financial Statements for the year ended 31 December 2019

The Company, Land and Houses Public Company Limited, would like to submit the audited financial statements for period of the year ended 31 December 2019, for your information and publication.

According to the Company's income statements for the year ended 31 December 2019, the Company recorded the net profit in an amount of 10,024.91 million baht while the same period last year recorded the net profit margin in an amount of 10,475.43 million baht, decreased of 450.52 million baht or decreased by 4.30% because of the followings;

1. In the year of 2019, the Company recorded sales income in an amount of 25,151.37 million baht while the same period last year the Company recorded sales income in an amount of 30,513.63 million baht, decreased of 5,362.26 million baht or decreased by 17.57%.
2. In the year of 2019, the Company recorded gross profit margin of 32.43%, while the same period last year the Company recorded gross profit margin of 36.42%, decreased by 3.99% as resulted by;
  - 2.1 A decrease of gross profit margin by 0.92% due to the practice to comply with Thai Financial Reporting Standard No. 15: Revenue, which is effective in 2019.
  - 2.2 The decrease gross profit margin in the remaining portion resulted from the Indirect costs, most of which are fixed costs, were not decreased in the same direction of Sales. Gross profit margin of the certain residential projects was also decreased as a higher competition.

The decrease in sales and slightly increase in gross profit margin in 1 and 2 make a decrease of 2,957.72 million baht in gross margin.

3. In the year of 2019, the Company sold the Grand Centerpoint Sukhumvit 55 Hotel as a selling price of 4,155 million baht and recorded the profit before tax in an amount of 2,418.31 million bath white the year of 2018, the Company sold a property in USA at selling price of 4,544.13 million baht and recorded the profit before tax in an amount of 1,335.49 million baht.

4. Details of the revenue from sale are as follows:

Type of product	The year of 2019	The year of 2018
Single Detached House	75.8%	59.5%
Town House	10.8%	7.0%
Condominium	13.4%	33.5%
Total	100.0%	100.0%

5. Details of the Company's rental and services income compared to last year are as follows:

(million baht)

	The year of 2019	The year of 2018
Rental and Hotel service Income	4,610.20	3,468.22
Cost	3,172.77	2,666.53
Gross profit	1,437.43	801.69
Gross profit margin	31.18%	23.11%

6. In the year of 2019, details of share of profit from investment in associates compared to the year of 2018 are as follows:

Name of the Company	The year of 2019	The year of 2018
LH Financial Group PCL.	703.32	680.04
Quality Construction Products PCL.	38.02	12.12
Home Product Center PCL	1,867.48	1,696.82
LH Property and Loan Fund II	56.81	66.28
Quality House PCL.	716.88	949.23
Total	3,382.51	3,404.49

7. The comparison of the Company's administration expenses of the year of 2019 and the year of 2018 are as follows:

	The year of 2019	%	The year of 2018	%	Increase / Decrease	
					MB.	%
Sales income	25,151.37	100.00	30,513.63	100.00	(5,362.26)	-17.57
Selling expenses	728.32	2.90	1,095.55	3.59	(367.23)	-33.52
Administrative expenses	2,367.72	9.41	2,681.09	8.79	(313.37)	-11.69
Specific Business Tax	974.71	3.87	1,166.59	3.82	(191.88)	-16.45
Finance Cost	835.45	3.32	730.58	2.39	104.87	14.35
Income Tax	1,718.79	6.83	1,707.53	5.60	11.26	0.66
Total	6,624.99	26.34	7,381.34	24.19	(756.36)	-10.25

In the year of 2019, the Company's administrative expenses decreased in an amount of 313.37 million as a result of provision set aside for utility repair works in order to hand over to housing juristic person and for repurchasing of houses from customers, totaling 247 million baht in the same period in 2018.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong  
Senior Executive Vice President