

13 November 2019

Subject : Management Discussion and Analysis of third quarter ended 30 September 2019
Attn. : Director and Manager
The Stock Exchange of Thailand
Encls. : A copy of Reviewed Financial Statements for the third quarter ended 30
September 2019

The Company, Land and Houses Public Company Limited, would like to submit the reviewed financial statements for period of the third quarter ended 30 September 2019, for your information and publication.

According to the Company's third quarter income statements ended 30 September 2019, the Company and its subsidiaries recorded net profit of 2,201.39 million baht while the same period last year the Company and its subsidiaries recorded net profit of 2,313.88 million baht, decreased of 112.49 million baht or decreased by 4.86% because of the following;

1. In the third quarter of 2019, the Company recorded sales income in an amount of 6,347.07 million baht while the same period last year the Company recorded sales income, in an amount of 7,095.01 million baht, decreased of 747.94 million baht or decreased by 10.54%.
2. In the third quarter of 2019, the Company recorded gross profit margin of 33.07%, while the same period last year the Company recorded gross profit margin of 35.27%, decreased by 2.23% as a result of the following;
 - 2.1 A decrease of gross profit margin by 0.69% 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 came from the decrease of gross profit margin of the certain highly competitive residential projects.

The decrease in sales and gross profit margin in 1 and 2 make a decrease of 405.07 million baht in gross margin.

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

Type of product	Quarter 3 rd /2019	Quarter 3 rd /2018
Single Detached House	78%	73%
Town House	12%	11%
Condominium	10%	16%
Total	100%	100%

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

(million baht)

	Quarter 3 rd /2019	Quarter 3 rd /2018
Rental and services income	1,250.43	864.31
Cost	850.85	682.20
Gross profit	399.58	182.11
Gross profit margin	31.96%	21.07%

5. In the third quarter of 2018, details of share of profit from investment in associates compared to the third quarter of 2017 are as follows:

Name of the Company	Quarter 3 rd /2019	Quarter 3 rd /2018
LH Financial Group PCL.	167.80	170.45
Quality Construction Products PCL.	9.45	(2.05)
Home Product Center PCL.	448.19	412.92
LH Property and Loan Fund II	15.03	18.63
Quality House PCL.	178.92	330.14
Total	819.40	930.09

6. The comparison of the Company's administration expenses of the third quarter 2019 and the third quarter of 2018 are as follows:

	Q3/2019	%	Q3/2018	%	Increase / Decrease	
					MB.	%
Sales income	6,347.07	100.00	7,095.01	100.00	(747.94)	-10.54
Selling expenses	185.80	2.93	254.76	3.59	(68.96)	-27.07
Administrative expenses	604.14	9.52	599.68	8.45	4.46	0.74
Specific Business Tax	245.84	3.87	272.19	3.84	(26.35)	-9.68
Finance Cost	207.33	3.27	150.59	2.12	56.74	37.68
Exchange Losses	3.27	0.05	64.12	0.90	(60.84)	-94.89
Income Tax	402.64	6.34	398.66	5.62	3.98	1.00
Total	1,649.02	25.98	1,740.00	24.52	(90.97)	-5.23

In the third quarter of 2019, the Company's Selling Expenses and Specific Business Tax Expenses decreased in an amount of 68.96 million baht and 26.35 million baht accordingly due to the decrease of sales income in an amount of 747.94 million baht.

In the third quarter of 2019, finance cost was increased in an amount of 56.74 million baht came from the issuance of Debentures in the amount of 6,000 million baht.

In the third quarter of 2019, income tax rose in an amount of 3.98 million baht.

For the period of 9 months in 2019, the Company recorded the net profit in an amount of 5,879.58 million baht while the same period last year recorded the net profit margin in an amount of 8,204.18 million baht, decreased of 2,304.60 million baht or decreased by 28.33% because of the followings;

1. In the first nine months of 2019, the Company recorded sales income in an amount of 18,584.34 million baht while the same period last year the Company recorded sales income in an amount of 22,749.79 million baht, decreased of 4,165.44 million baht or decreased by 18.31%.
2. In the first nine months of 2019, the Company recorded gross profit margin of 32.43%, while the same period last year the Company recorded gross profit margin of 36.49%, decreased by 4.06% as resulted by;

- 2.1 A decrease of gross profit margin by 0.99% 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 2,273.79 million baht in gross margin.

3. In the first nine months 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 1,332.51 million baht while the same period this year the Company wasn't record such revenue.
4. Details of the revenue from sale are as follows:

Type of product	9 months of 2019	9 months of 2018
Single Detached House	75%	67%
Town House	11%	10%
Condominium	13%	23%
Total	100%	100%

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

(million baht)

	First 9 months of 2019	First 9 months of 2018
Rental and services income	3,662.05	2,585.31
Cost	2,537.42	2,023.07
Gross profit	1,124.64	562.24
Gross profit margin	30.71%	21.75%

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

Name of the Company	First 9 months of 2019	First nine months of 2018
LH Financial Group PCL.	510.81	515.59
Quality Construction Products PCL.	27.84	1.68
Home Product Center PCL	1,339.06	1,187.17
LH Property and Loan Fund II	42.88	49.47
Quality House PCL.	548.29	753.03
Total	2,468.88	2,506.94

7. The comparison of the Company's administration expenses of the first nine months of 2018 and the first nine months of 2017 are as follows:

	Q3/2018	%	Q3/2017	%	Increase / Decrease	
					MB.	%
Sales income	18,584.34	100.00	22,749.79	100.00	(4,165.44)	-18.31
Selling expenses	540.58	2.91	711.85	3.13	(171.27)	-24.06
Administrative expenses	1,758.91	9.46	1,940.83	8.53	(181.93)	-9.37
Specific Business Tax	717.10	3.86	872.69	3.84	(156.60)	-17.83
Finance Cost	611.84	3.29	518.22	2.28	93.62	18.06
Exchange Losses	9.58	0.05	19.39	0.09	(9.81)	-50.58
Income Tax	968.78	5.21	1,295.74	5.70	(326.96)	-25.23
Total	4,606.79	24.79	5,358.73	23.56	(751.94)	-14.03

In the first nine months of 2019, the Company's administrative expenses decreased in an amount of 181.93 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.

In the first nine months of 2019, finance cost is increased in an amount of 93.62 million baht due to the issuance of debenture in the amount of 6,000 million baht.

In the first nine months of 2019, income tax is decreased in an amount of 326.96 million baht due to the decrease in net profit.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong
Senior Executive Vice President