

13 August 2020

Subject : Management Discussion and Analysis of the second quarter 2020 ended 30 June 2020  
Attn. : Director and Manager  
The Stock Exchange of Thailand  
Encls. : A copy of Reviewed Financial Statements for the second quarter 2020 ended 30 June 2020

The Company, Land and Houses Public Company Limited, would like to submit the reviewed financial statements for period of the second quarter ended 30 June 2020, for your information and publication.

In the second quarter of 2020, the Company and its subsidiaries recorded the net profit in the amount of 1,394.93 million baht while the same period last year recorded the net profit in the amount of 1,852.38 million baht, decreased of 457.45 million baht or 24.70% because of the following;

1. In the second quarter of 2020, the Company recorded sales income in the amount of 7,230.22 million baht while the same period last year the Company recorded sales income in the amount of 6,539.03 million baht, increased of 691.19 million baht or increased by 10.57%.
2. In the second quarter of 2020, the Company recorded gross profit margin of 31.00%, while the same period last year the Company recorded gross profit margin of 31.94%, decreased by 0.94% as a result of the higher competition and Covid-19 outbreak situation.

The effect from 1 and 2 make an increase of 152.47 million baht in gross profit.

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

Type of product	2 <sup>nd</sup> quarter of 2020	2 <sup>nd</sup> quarter of 2019
Single Detached House	79%	69%
Town House	11%	9%
Condominium	10%	22%
Total	100%	100%

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

(Million baht)

	2 <sup>nd</sup> quarter of 2020	2 <sup>nd</sup> quarter of 2019
Rental and services income	326.35	1,161.14
Cost	389.52	816.10
Gross (loss) profit	(63.17)	345.04
Gross (loss) profit margin	(19.36%)	29.72%

The Gross profit decreased of 408.21 million baht due to the Covid-19 pandemic situation which causes a temporary closure of the hotel service.

5. In the second quarter of 2020, details of share of profit from investment in associates compared to 2019 are as follows:

(million baht)

Name of the Company	2 <sup>nd</sup> quarter of 2020	2 <sup>nd</sup> quarter of 2019
LH Financial Group Plc.	112.15	166.51
Quality Construction Products Plc.	7.45	5.64
Home Product Center Plc.	285.28	461.62
LH Property and Loan Fund II	(7.68)	9.85
Quality House Plc.	114.25	148.05
Total	511.48	791.67

The share of profit from investment in associates decreased by 280.19 million baht resulted from the Covid-19 pandemic situation.

6. The comparison of the Company's sales income and administrative expenses of the second quarter of 2020 and 2019 are as follows:

	2 <sup>nd</sup> quarter of 2020	%	2 <sup>nd</sup> quarter of 2019	%	Increase / Decrease	
					MB.	%
Sales income	7,230.22	100.00%	6,539.03	100.00%	691.19	10.57%
Selling expenses	152.64	2.11%	187.75	2.87%	(35.11)	-18.70%
Administrative expenses	523.43	7.24%	568.84	8.70%	(45.41)	-7.98%
Specific Business Tax	274.76	3.80%	252.84	3.87%	21.92	8.67%
Finance Cost	256.25	3.54%	227.99	3.49%	28.26	12.40%
Exchange (Gain) Losses	(114.23)	-1.58%	3.60	0.06%	(117.83)	-3275.48%
Income Tax	260.81	3.61%	289.36	4.43%	(28.55)	-9.87%
Total	1,353.66	18.72%	1,530.37	23.40%	(176.71)	-11.55%

In the second quarter of 2020, the Company's administrative and selling expenses decreased in the amount of 80.52 million baht as a result of the Covid-19 pandemic situation which causes a temporary closure of the hotel service. There is the Exchange Gain in the amount of 114.23 million baht.

For the period of 6 months in 2020, ended 30 June 2020 the Company and its subsidiary recorded the net profit in the amount of 2,738.92 million baht while the same period last year recorded the net profit in the amount of 3,678.18 million baht, decrease of 939.26 million baht or decrease by 25.54% because of the followings;

1. In the first six months of 2020, the Company recorded sales income in the amount of 12,278.51 million baht while the same period last year the Company recorded sales income in the amount of 12,237.28 million baht, increase of 41.23 million baht.
2. In the second quarter of 2020, the Company recorded gross profit margin of 30.38%, while the same period last year the Company recorded gross profit margin of 32.12%, decreased by 1.74% as a result of the higher competition and Covid-19 Outbreak situation.

The effect from 1 and 2 make a decrease of 199.35 million baht in gross profit.

3 Details of the revenue from sale are as follows:

Type of product	First Half of 2020	First Half of 2019
Single Detached House	77%	74%
Town House	13%	11%
Condominium	10%	15%
Total	100%	100%

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

(million baht)

	First Half of 2020	First Half of 2019
Rental and services income	1,313.22	2,411.62
Cost	1,092.64	1,686.57
Gross profit	220.58	725.06
Gross profit margin	16.80%	30.07%

The Gross profit of Rental and services income decreased in the amount of 504.48 million baht due to the Covid-19 pandemic situation which causes a temporary closure of the hotel service.

5 In the first six months of 2020, details of share of profit from investment in associates compared to the first six months of 2019 are as follows:

Name of the Company	First Half of 2020	First Half of 2019
LH Financial Group Plc.	322.72	345.14

Name of the Company	First Half of 2020	First Half of 2019
Quality Construction Products Plc.	20.60	3.73
Home Product Center Plc.	668.17	774.26
LH Property and Loan Fund II	(5.69)	30.84
Quality House Public Plc.	241.92	422.89
Total	1,247.72	1,576.85

6 The comparison of the Company's sales income and administrative expenses of the first six months of 2020 and the first six months of 2019 are as follows:

	First Half 2020 (MB)	%	First Half 2019 (MB)	%	Increase / Decrease	
					MB.	%
Sales income	12,278.51	100.00%	12,237.28	100.00%	41.23	0.34%
Selling expenses	323.00	2.63%	354.78	2.90%	(31.78)	-8.96%
Administrative expenses	1,098.65	8.95%	1,154.77	9.44%	(56.12)	-4.86%
Specific Business Tax	465.94	3.79%	471.26	3.85%	(5.32)	-1.13%
Finance Cost	438.16	3.57%	404.51	3.31%	33.65	8.32%
Exchange Losses	146.61	1.19%	6.31	0.05%	140.30	2224.48%
Income Tax	352.09	2.87%	566.14	4.63%	(214.05)	-37.81%
Total	2,824.45	23.00%	2,957.76	24.17%	(133.31)	-4.51%

In the first six months of 2020, the Company's selling and administrative expenses decreased in the amount of 87.90 million baht as a result of the Covid-19 situation effect to the Company hotel service.

In the first 6 months quarter of 2019, income tax decreased 214.05 million baht as a result of a decrease in profit.

Please be informed accordingly.

Yours sincerely,

Mr. Wit Tantiworawong  
Senior Executive Vice President