

L.P.N. Development Pcl (LPN TB) - SELL, Price Bt4.90, TP Bt3.90**Results Comment**

Phannarai Tiypittayarat | Email: phannarai.von@thanachartsec.co.th

Weak 2Q21 results

- LPN reported weak 2Q21 net profit of Bt121m, down 21% y-y and 2% q-q.
- This was along with falling residential revenues by 20% y-y and 7% q-q to Bt977m (54% from condos and 46% from low-rise houses). Condominium revenues dropped by 37% y-y and 21% q-q to Bt532m, in line with falling condo presales by 30% y-y in 1H21.
- Property gross margin was maintained at low level of 25.8%, quite stable q-q from 25.6% in 1Q21, but fell from 29.4% in 2Q20.
- 1H21 net profit accounted for 39% of our full-year forecast.
- As 1H21 presales of Bt4.1bn were still short of its full-year target of Bt10bn and construction delay causes the completion of Lumpini Place Taopoon Interchange postponing by a quarter to 1Q22F, property revenues could miss its target this year. However, with potential sale of its office tower on Vibhavadi road valued Bt2bn, its Bt7.5bn total revenues target could be met.
- It announced 1H21 DPS of Bt0.10/share, XD on Aug 18th with payment date set on Sep 3rd.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	1,538	1,354	2,649	1,423	1,361	Revenue	(4)	(12)	37	7,534	7,744
Gross profit	472	411	745	448	431	Gross profit	(4)	(9)	39	2,253	2,402
SG&A	270	261	411	250	235	SG&A	(6)	(13)	36	1,356	1,394
Operating profit	202	150	335	198	196	Operating profit	(1)	(3)	44	897	1,008
EBITDA	223	174	361	225	223	EBITDA	(1)	0	44	1,019	1,141
Other income	26	16	24	4	8	Other income	130	(68)	14	84	86
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	30	25	34	46	54	Interest expense	18	80	55	180	171
Profit before tax	198	141	324	157	151	Profit before tax	(3)	(24)	38	801	922
Income tax	43	37	80	33	29	Income tax	(11)	(34)	36	168	194
Equity & invest. income	(1)	(1)	(1)	(1)	(1)	Equity & invest. income	na	na	na	0	0
Minority interests	(0)	(0)	0	(0)	(0)	Minority interests	na	na	2	(1)	(1)
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	154	103	243	123	121	Net profit	(2)	(21)	39	631	727
Normalized profit	154	103	243	123	121	Normalized profit	(2)	(21)	39	631	727
EPS (Bt)	0.10	0.07	0.16	0.08	0.08	EPS (Bt)	(2)	(21)	39	0.43	0.49
Normalized EPS (Bt)	0.10	0.07	0.16	0.08	0.08	Normalized EPS (Bt)	(2)	(21)	39	0.43	0.49

Balance Sheet						Financial Ratios					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q20	3Q20	4Q20	1Q21	2Q21	(%)	2Q20	3Q20	4Q20	1Q21	2Q21
Cash & ST investment	1,447	785	917	1,463	785	Sales growth	(8.1)	(3.6)	(35.1)	(21.9)	(11.5)
A/C receivable	350	405	357	290	465	Operating profit growth	8.7	11.5	(56.1)	(23.6)	(2.6)
Inventory	17,533	17,836	17,166	17,316	17,359	EBITDA growth	8.5	(1.0)	(52.8)	(20.1)	0.1
Other current assets	119	119	125	150	200	Norm profit growth	(13.1)	(11.5)	(60.3)	(43.3)	(21.2)
Investment	0	0	0	0	0	Norm EPS growth	(13.1)	(11.5)	(60.3)	(43.3)	(21.2)
Fixed assets	273	277	291	290	286	Gross margin	30.7	30.4	28.1	31.5	31.7
Other assets	5,119	4,719	4,763	4,825	4,631	Operating margin	13.1	11.1	12.6	13.9	14.4
Total assets	24,841	24,142	23,619	24,333	23,726	EBITDA margin	14.5	12.9	13.6	15.8	16.4
S-T debt	6,405	6,497	6,581	7,244	6,818	Norm net margin	10.0	7.6	9.2	8.6	8.9
A/C payable	1,636	1,424	1,267	1,751	1,084	D/E (x)	0.9	0.8	0.7	0.8	0.8
Other current liabilities	480	46	99	113	96	Net D/E (x)	0.8	0.8	0.7	0.7	0.7
L-T debt	3,748	3,211	2,168	2,181	2,544	Interest coverage (x)	7.5	7.1	10.6	4.9	4.2
Other liabilities	1,097	1,385	1,682	1,681	1,701	Interest rate	1.3	1.0	1.5	2.0	2.3
Minority interest	(0)	(0)	0	0	0	Effective tax rate	21.9	26.5	24.7	20.8	19.1
Shareholders' equity	11,476	11,579	11,822	11,363	11,484	ROA	2.5	1.7	4.1	2.0	2.0
Working capital	16,247	16,817	16,256	15,856	16,740	ROE	5.1	3.6	8.3	4.2	4.2
Total debt	10,153	9,709	8,749	9,425	9,362						
Net debt	8,705	8,924	7,833	7,962	8,577						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 82 Derivative Warrants which are ACE16C2111A, ADVA16C2110A, AEON16C2108A, AOT16C2109A, BAM16C2110A, BANP16C2109A, BANP16C2110A, BCH16C2111B, BCH16C2111A, BCH16C2109A, BCPG16C2111A, BDMS16C2109A, BGRI16C2110A, BH16C2109A, CBG16C2108A, CBG16C2109A, CBG16C2109B, CHG16C2111A, COM716C2110A, CPAL16C2111A, CPAL16C2109A, CPF16C2108A, CPN16C2109A, DELT16C2108A, DELT16C2109A, DOHO16C2111A, DTAC16C2112A, EA16C2108A, EA16C2110A, EGCO16C2110A, EPG16C2109A, GPSC16C2109A, GPSC16C2110A, GUNK16C2108A, GUNK16C2110A, IRPC16C2108A, IRPC16C2110A, IVL16C2111A, IVL16C2109A, IVL16C2110A, JMAR16C2111A, JMT16C2110A, KBAN16C2111B, KBAN16C2111A, KBAN16C2108A, KBAN16C2109A, KCE16C2109A, KCE16C2110A, KTC16C2110A, KTC16C2110B, MINT16C2109A, MTC16C2108A, MTC16C2109A, OR16C2108A, OR16C2109A, PRM16C2109A, PTG16C2109A, PTT16C2109A, PTTG16C2111A, PTTG16C2108A, PTTG16C2110A, RBF16C2110A, RS16C2108A, RS16C2109A, S5016P2109B, S5016C2109D, S5016C2112A, S5016P2112A, S5016C2109C, S5016C2109A, S5016C2109B, S5016P2109A, S5016P2109B, SAWA16C2112A, SCB16C2111A, SCGP16C2109A, STEC16C2110A, STGT16C2111A, TASC16C2109A, TQM16C2108A, TU16C2111A, TU16C2110A (underlying securities are ACE, ADVANC, AEONTS, AOT, BAM, BANPU, BCH, BCPG, BDMS, BGRIM, BH, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, EA, EGCO, EPG, GPSC, GUNKUL, IRPC, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, OR, PRM, PTG, PTT, PTTGC, RBF, RS, SET50, SCGP, STEC, STGT, TASCO, TQM, TU). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.