

**L.P.N. Development Pcl (LPN TB) - SELL, Price Bt5.00, TP Bt3.60****Results Comment**

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**Very weak 4Q21, missed consensus**

- LPN reported weaker-than-expected 4Q21 net profit of Bt32m, down 87% y-y. Its 2021 net profit of Bt302m came to 85% of our Bt354m forecast and 77% of Bt391m consensus estimates.
- 4Q21 property sales came in line at Bt1,197m (down 47% y-y, up 47% q-q), higher than sales in 1Q-3Q21 due to pent-up demand post the closure of construction sites and lockdown measure in 3Q21. A miss was on weak gross margin and a rise in SG&A.
- Property gross margin stayed at low level of 21.4% on continuing sales promotions given, fell from 27.7% in 4Q20 but closed to 20.9% in 3Q21.
- SG&A/sales in 4Q21 increased to 20.1%, from 15.5% in 4Q20.
- 2021 net profit dropped by 58% y-y to Bt302m on a 33% decrease in property sales revenues since there were no new property projects finished last year and declining property gross margin from 28.6% in 2020 to 23.4% in 2021 on low gross margin from sales of finished projects.
- Maintain SELL to Bt3.6 TP. 2H21 DPS is Bt0.05/share (XD on Feb 23rd, payment date is Apr 21st), or a 0.9% dividend yield.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	2,649	1,423	1,361	1,183	1,603	Revenue	36	(39)	101	5,570	6,072
<b>Gross profit</b>	<b>745</b>	<b>448</b>	<b>431</b>	<b>328</b>	<b>403</b>	<b>Gross profit</b>	<b>23</b>	<b>(46)</b>	<b>99</b>	<b>1,611</b>	<b>1,771</b>
SG&A	411	250	235	253	322	SG&A	27	(22)	105	1,059	1,093
Operating profit	335	198	196	75	81	Operating profit	8	(76)	89	551	678
<b>EBITDA</b>	<b>361</b>	<b>225</b>	<b>223</b>	<b>102</b>	<b>161</b>	<b>EBITDA</b>	<b>57</b>	<b>(55)</b>	<b>97</b>	<b>658</b>	<b>798</b>
Other income	24	4	8	4	12	Other income	187	(50)	117	28	25
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	34	46	54	47	44	Interest expense	(7)	28	96	189	205
<b>Profit before tax</b>	<b>324</b>	<b>157</b>	<b>151</b>	<b>33</b>	<b>50</b>	<b>Profit before tax</b>	<b>53</b>	<b>(85)</b>	<b>87</b>	<b>390</b>	<b>498</b>
Income tax	80	33	29	8	13	Income tax	70	(83)	91	83	101
Equity & invest. income	(1)	(1)	(1)	(1)	(1)	Equity & invest. income	na	na	na	(5)	0
Minority interests	0	(0)	(0)	(0)	0	Minority interests	na	171	2	(0)	(1)
Extraordinary items	0	0	0	3	(3)	Extraordinary items	na		na	0	0
<b>Net profit</b>	<b>243</b>	<b>123</b>	<b>121</b>	<b>26</b>	<b>32</b>	<b>Net profit</b>	<b>21</b>	<b>(87)</b>	<b>85</b>	<b>302</b>	<b>396</b>
<b>Normalized profit</b>	<b>243</b>	<b>123</b>	<b>121</b>	<b>23</b>	<b>35</b>	<b>Normalized profit</b>	<b>51</b>	<b>(86)</b>	<b>85</b>	<b>302</b>	<b>396</b>
EPS (Bt)	0.16	0.08	0.08	0.02	0.02	EPS (Bt)	21	(87)	85	0.20	0.27
Normalized EPS (Bt)	0.16	0.08	0.08	0.02	0.02	Normalized EPS (Bt)	51	(86)	85	0.20	0.27
Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	917	1,463	785	967	335	Sales grow th	(35.1)	(21.9)	(11.5)	(12.7)	(39.5)
A/C receivable	357	290	465	431	748	Operating profit grow th	(56.1)	(23.6)	(2.6)	(50.0)	(75.7)
Inventory	17,166	17,316	17,359	18,264	17,866	EBITDA grow th	(52.8)	(20.1)	0.1	(41.3)	(55.4)
Other current assets	125	150	200	211	202	Norm profit grow th	(60.3)	(43.3)	(21.2)	(77.3)	(85.5)
Investment	0	0	0	0	0	Norm EPS grow th	(60.3)	(43.3)	(21.2)	(77.3)	(85.5)
Fixed assets	291	290	286	283	280	Gross margin	28.1	31.5	31.7	27.8	25.1
Other assets	4,763	4,825	4,631	4,193	4,345	Operating margin	12.6	13.9	14.4	6.3	5.1
<b>Total assets</b>	<b>23,619</b>	<b>24,333</b>	<b>23,726</b>	<b>24,349</b>	<b>23,777</b>	EBITDA margin	13.6	15.8	16.4	8.6	10.0
S-T debt	6,581	7,244	6,818	6,798	7,001	Norm net margin	9.2	8.6	8.9	2.0	2.2
A/C payable	1,267	1,751	1,084	1,040	1,170	D/E (x)	0.7	0.8	0.8	0.9	0.8
Other current liabilities	99	113	96	9	108	Net D/E (x)	0.7	0.7	0.7	0.8	0.8
L-T debt	2,168	2,181	2,544	3,431	2,391	Interest coverage (x)	10.6	4.9	4.2	2.2	3.7
Other liabilities	1,682	1,681	1,701	1,705	1,710	Interest rate	1.5	2.0	2.3	1.9	1.8
Minority interest	0	0	0	0	0	Effective tax rate	24.7	20.8	19.1	24.4	27.1
<b>Shareholders' equity</b>	<b>11,822</b>	<b>11,363</b>	<b>11,484</b>	<b>11,365</b>	<b>11,397</b>	ROA	4.1	2.0	2.0	0.4	0.6
Working capital	16,256	15,856	16,740	17,655	17,445	ROE	8.3	4.2	4.2	0.8	1.2
Total debt	8,749	9,425	9,362	10,229	9,392						
<b>Net debt</b>	<b>7,833</b>	<b>7,962</b>	<b>8,577</b>	<b>9,263</b>	<b>9,057</b>						

Sources: Company data, Thanachart estimates

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