

# LPN DEVELOPMENT LPN TB

## THAILAND / REAL ESTATE

# HOLD

UNCHANGED

TARGET PRICE	THB4.60
CLOSE	THB5.00
UP/DOWNSIDE	-8.0%
PRIOR TP	THB4.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+16.2%

## Inventory is still an overhang

- LPN booked THB32m NP in 4Q21, missing BBG's consensus estimate by 54%.
- Expect NP to recover strongly in 2022 to THB0.7b (vs THB0.3b in 2021), but still far below its historical level at THB1.1-2.4b.
- Maintain HOLD with THB4.6 TP.

### Weak 4Q21 earnings missed consensus estimate

LPN reported a net profit of THB32m in 4Q21 (+21% q-q, -87% y-y), missing Bloomberg's consensus estimate by 54%. The weak y-y results were dragged down by lower transfers from both low-rise and high-rise projects and a weak GPM. Residential transfers dropped 47% y-y to THB1.2b as there were no new high-rise projects ready to be transferred. Residential GPM plunged to 21.4% in 4Q21 (vs 27.7% in 4Q20 and 20.9% in 3Q21) following the aggressive promotional campaign to clear inventory. LPN announced the payment of a cash dividend of THB0.05/shr, implying a 1% dividend yield. The XD date is 23 Feb.

### Challenging environment persists

We received negative feedback from the analyst meeting. Management is targeting 2022 presales of THB13b (+46% y-y), which will be challenging to achieve, in our view. The low-end segment (valued below THB3.0m) will likely suffer from banks' tightening lending measures and the Covid impact, resulting in a high rejection rate that we estimate at c40-50%. LPN plans to launch new projects worth THB11.4b in 2022 (vs THB4.9b in 2021).

### High 2022E NP growth, but still far below its historical level

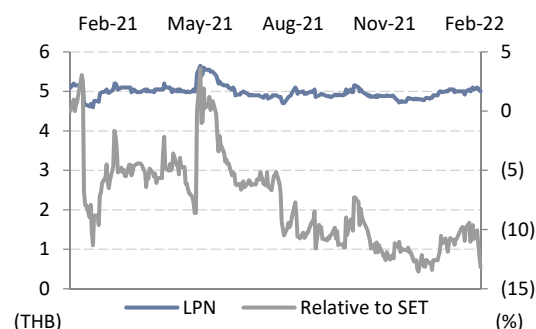
We expect LPN's 2022 earnings to recover strongly to THB0.7b (vs THB0.3b in 2021), but still far below its historical level at THB1.1-2.4b during 2015-19. LPN is targeting residential transfers of THB7.5b, above out estimate of THB6.5b. Residential GPM remains the key drag as LPN intends to focus more on sales rather than profitability. Moreover, construction costs should increase by c3-5% amid the high inflation environment. Overall, high-rise GPM in 2022 should be at c25% vs LPN's average of 30%, and low-rise projects should be lower than 25%.

### Maintain HOLD with THB4.6 TP

Our TP is pegged to 9.7x 2022E P/E, or -0.5 SD of its mean. We see no near-term catalysts but expect solid earnings growth in 2022 due to the low base. We are waiting to see the take-up rate and feedback from the new project launches, of which around 68% of total new projects are scheduled to launch by 1H22.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	5,570	8,072	8,330	8,598
Net profit	302	703	737	815
EPS (THB)	0.20	0.48	0.50	0.55
vs Consensus (%)	-	7.9	2.5	(14.1)
EBITDA	658	1,178	1,272	1,396
Core net profit	302	703	737	815
Core EPS (THB)	0.20	0.48	0.50	0.55
Chg. In EPS est. (%)	nm	(0.2)	(3.2)	nm
EPS growth (%)	(57.8)	132.4	4.8	10.6
Core P/E (x)	24.4	10.5	10.0	9.1
Dividend yield (%)	28.0	6.7	7.0	7.7
EV/EBITDA (x)	25.1	16.8	15.8	14.6
Price/book (x)	0.6	0.6	0.6	0.6
Net debt/Equity (%)	80.4	106.5	107.8	107.8
ROE (%)	2.6	6.1	6.3	6.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	2.0	2.0
Relative to country (%)	(2.7)	(2.3)	(9.1)
Mkt cap (USD m)	223		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	94		
Major shareholder	Techakraisri family (6%)		
12m high/low (THB)	5.80/4.60		
Issued shares (m)	1,475.74		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

LPN is a pioneer of affordable mass-market residential condominiums in Bangkok. It has diversified its products in the low-rise segment with low-rise property and rental income. Its earnings outlook has been affected by the loan-to-value (LTV) restriction and the Covid-19 outbreak, as its main customer target is the affordable segment. Moreover, the demand for low-priced condo products has been undermined by the limited borrowing capacity and prolonged economic stagnation. Due to banks' tightened lending measures, LPN's target client base has been hit harder than higher-priced segments.

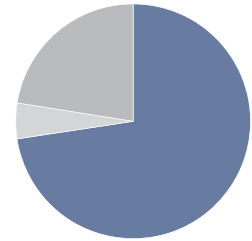
## Company profile

LPN is one of the best value-for-money condo developers in the mass-market segment. Its strength lies in its after-sales service and project quality, which enhances its asset/resale prices.

[www.lpn.co.th](http://www.lpn.co.th)

## Principal activities (revenue, 2021)

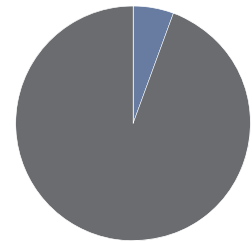
- Sales - 72.6 %
- Rental and service fees - 4.9 %
- Management business - 22.5 %



Source: LPN Development

## Major shareholders

- Techakraisri family - 5.6 %
- Others - 94.4 %



Source: LPN Development

## Catalysts

Potential catalysts to drive LPN's share price include:

- 1) LTV cancellation or relaxation;
- 2) Government stimulus packages;
- 3) Economic conditions improving, such as lower household debt or higher consumer confidence.

## Risks to our call

Upside risks to our P/E-based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.

## Event calendar

Date	Event
May 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
Residential sales (THB m)	6,500	6,711	6,930
Residential sales growth y-y	60.7	3.2	3.3
GPM	25.0	25.4	25.4
SG&A to sales	16.3	16.3	16.3

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in residential revenue, we project 2022 earnings to rise by 0.7%, and vice versa, all else being equal.
- For every 1% increase in GPM, we project 2022 earnings to rise by 5.9%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2022 earnings to drop by 5.9%, and vice versa, all else being equal.

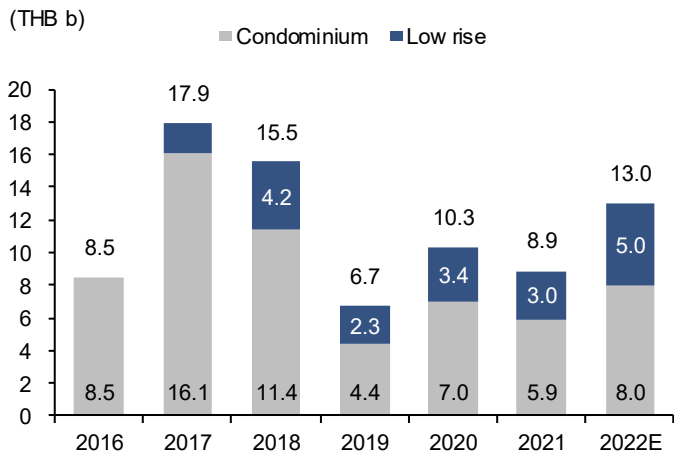
Source: FSSIA estimates

## Exhibit 1: 4Q21 results summary

Year to Dec 31	4Q20	1Q21	2Q21	3Q21	4Q21	----- Change -----			2021
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%21A	(THB m)
Sales	2,649	1,423	1,361	1,183	1,603	36	(39)	29	5,570
<b>Gross profit</b>	<b>745</b>	<b>448</b>	<b>431</b>	<b>328</b>	<b>403</b>	<b>23</b>	<b>(46)</b>	<b>25</b>	<b>1,611</b>
Operating costs	(411)	(250)	(235)	(253)	(322)	27	(22)	30	(1,059)
Operating profit	335	198	196	75	81	8	(76)	15	551
<b>Operating EBITDA</b>	<b>337</b>	<b>223</b>	<b>199</b>	<b>99</b>	<b>84</b>	<b>(16)</b>	<b>(75)</b>	<b>13</b>	<b>658</b>
Other income	24	4	8	7	9	21	(63)	32	28
Other expense	0	0	0	0	0	n/a	n/a	n/a	0
Interest expense	(34)	(46)	(54)	(47)	(44)	(7)	28	23	(189)
<b>Profit before tax</b>	<b>324</b>	<b>157</b>	<b>151</b>	<b>36</b>	<b>47</b>	<b>31</b>	<b>(86)</b>	<b>12</b>	<b>390</b>
Tax	(80)	(33)	(29)	(8)	(13)	70	(83)	16	(83)
Associates	(1)	(1)	(1)	(1)	(1)	n/a	n/a	23	(5)
Minority interests	0	(0)	(0)	(0)	0	n/a	171	(19)	(0)
Non-recurring items	0	0	0	0	0	n/a	n/a	n/a	0
<b>Reported net profit</b>	<b>243</b>	<b>123</b>	<b>121</b>	<b>26</b>	<b>32</b>	<b>21</b>	<b>(87)</b>	<b>11</b>	<b>302</b>
<b>Recurring net profit</b>	<b>243</b>	<b>123</b>	<b>121</b>	<b>26</b>	<b>32</b>	<b>21</b>	<b>(87)</b>	<b>11</b>	<b>302</b>
EPS (THB)	0.16	0.08	0.08	0.02	0.02	21	(87)	11	0.20
Recurring EPS (THB)	0.16	0.08	0.08	0.02	0.02	21	(87)	11	0.20
BV/share (THB)	8.01	7.70	7.78	7.70	7.72	0	(4)		7.72
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>
Gross margin	28.1	31.5	31.7	27.8	25.1	(3)	(3)		21.9
<i>GM from residential sales</i>	<i>27.7</i>	<i>25.6</i>	<i>25.8</i>	<i>20.9</i>	<i>21.4</i>	<i>0</i>	<i>(6)</i>		<i>23.4</i>
Operating margin	12.6	13.9	14.4	6.3	5.1	(1)	(8)		7.5
EBITDA margin	12.7	15.6	14.6	8.4	5.2	(3)	(7)		8.9
Recurring net margin	9.2	8.6	8.9	2.2	2.0	(0)	(7)		4.1
SG&A / Sales	15.5	17.6	17.3	21.4	20.1	(1)	5		14.4
Effective tax rate	24.7	20.8	19.1	22.3	28.9	7	4		21.2
<b>Key operating stat</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>		<b>(THB m)</b>
<b>Presales</b>	<b>2,220</b>	<b>2,100</b>	<b>2,070</b>	<b>2,130</b>	<b>2,600</b>	<b>22</b>	<b>17</b>		<b>10,339</b>
High-rise	1,550	1,500	1,240	1,460	1,700	16	10		6,966
Low-rise	670	600	830	670	900	34	34		3,373
<b>Sales of real estate</b>	<b>2,274</b>	<b>1,057</b>	<b>977</b>	<b>814</b>	<b>1,197</b>	<b>47</b>	<b>(47)</b>		<b>4,044</b>
High-rise	1,596	674	532	567	753	33	(53)		2,526
Low-rise	678	383	445	247	444	80	(35)		1,518
<i>% High-rise</i>	<i>70.2</i>	<i>63.8</i>	<i>54.5</i>	<i>69.7</i>	<i>62.9</i>	<i>(7)</i>	<i>(7)</i>		<i>62.5</i>
<i>% Low-rise</i>	<i>29.8</i>	<i>36.2</i>	<i>45.5</i>	<i>30.3</i>	<i>37.1</i>	<i>7</i>	<i>7</i>		<i>37.5</i>

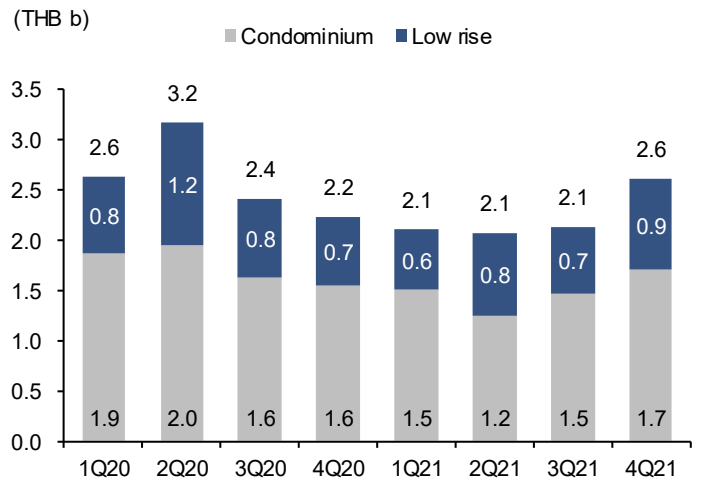
Sources: LPN; FSSIA estimates

**Exhibit 2: Yearly presales and target**



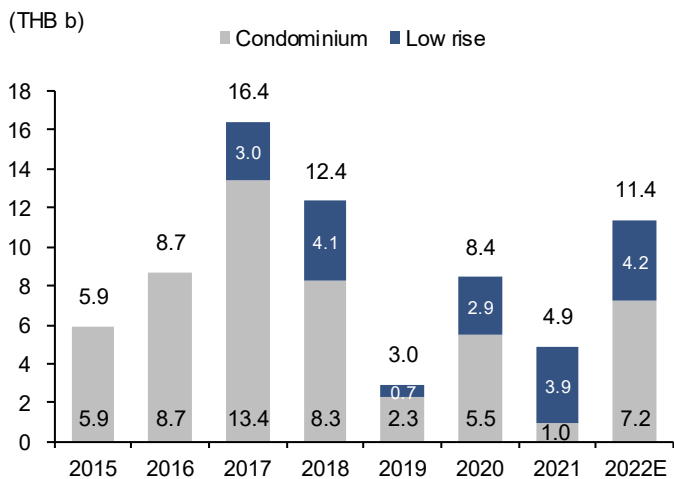
Sources: LPN target; FSSIA's compilation

**Exhibit 3: Quarterly presales**



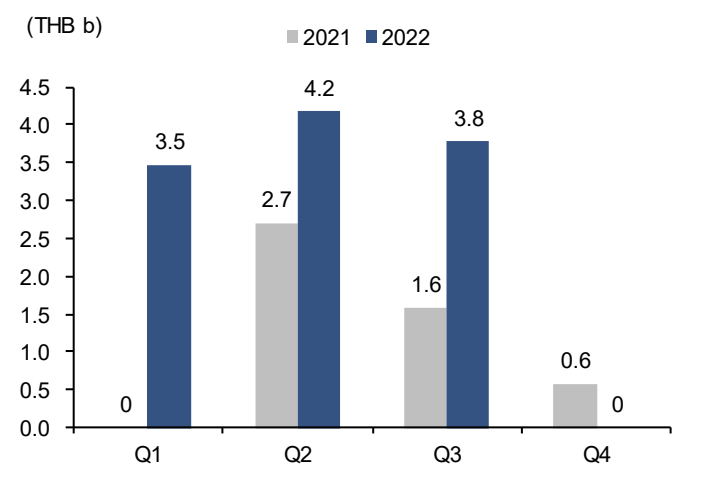
Sources: LPN; FSSIA's compilation

**Exhibit 4: New launch plan**



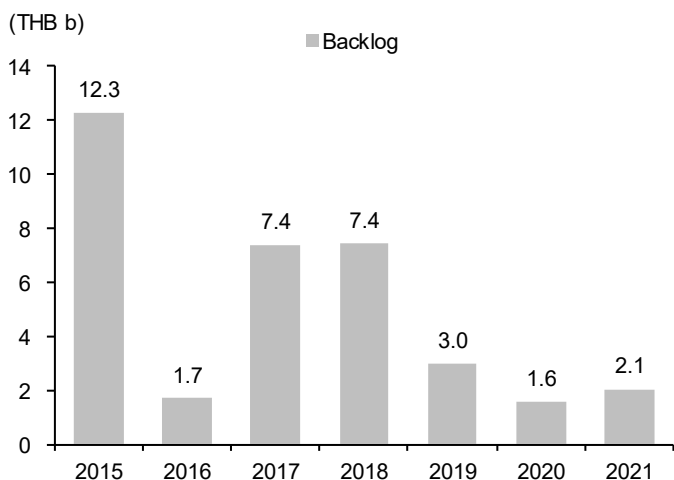
Sources: LPN; FSSIA estimates

**Exhibit 5: New launches by quarter**



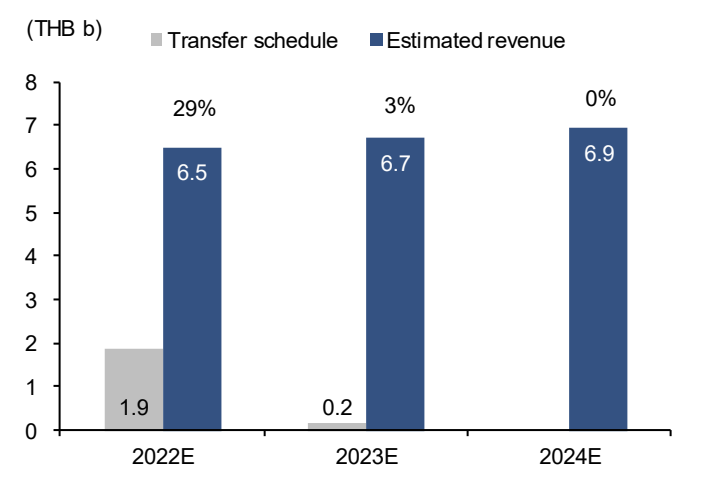
Sources: LPN; FSSIA's compilation

**Exhibit 6: Condominium backlog**



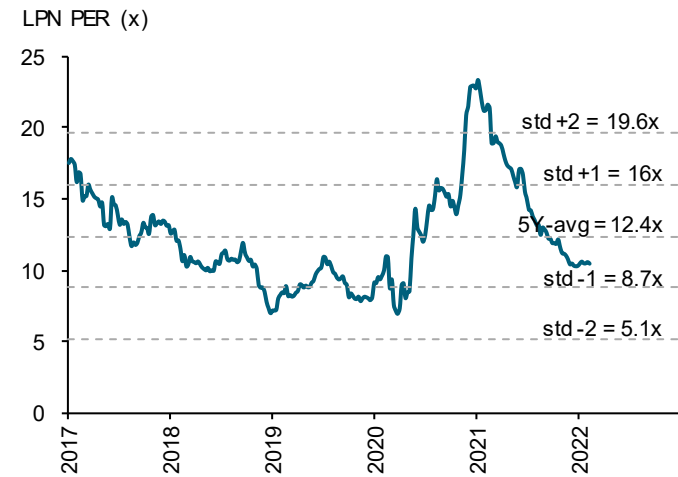
Source: LPN

**Exhibit 7: Condo transfer schedule vs revenue forecast**



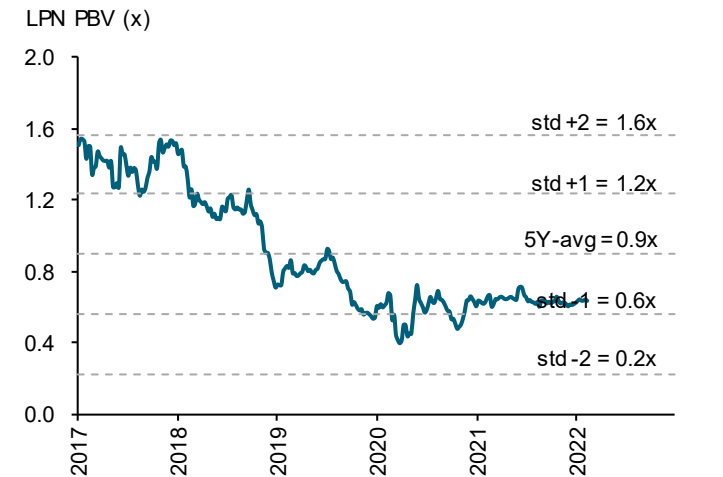
Percentages on top of bars are % of condo transfer to estimated revenue from backlog  
Sources: LPN condo backlog; FSSIA estimates

Exhibit 8: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Planned new launches in 2022

As end of Dec-21			Project value (THB m)	Launch	Realised
<b>Condominium</b>	1	Lumpini Charan Fai Chai (Phase 2)	2,250	1Q22	3Q23
	2	Lumpini Place Chaengwatthana Pakkret Station	1,220	1Q22	1Q24
	3	Borommaratchachonnani Soi 7	2,400	2Q22	4Q23
	4	Ratchapruek Soi 5	1,350	3Q22	4Q23
		Additional projects	-	-	-
<b>Total</b>			<b>7,220</b>		
<b>Housing</b>	1	Ratchaphruek Chaengwatthana	880	2Q22	4Q22
	2	Lat Pla Duk Westgate	900	2Q22	4Q22
	3	Lumlukka Khukhot Station	1,500	3Q22	4Q22
	4	Villa 168 @ Westgate	230	3Q22	4Q22
	5	BAAN 365 Inthrawat	700	3Q22	1Q23
	Additional projects	-	-	-	
<b>Total</b>			<b>4,210</b>		

Sources: LPN; FSSIA's compilation

Exhibit 11: Active low-rise projects

Housing projects as of Dec-21			Project value (THB m)	Units (no.)	Sold (%)	Transferred (%)	Launch	Realised	Remaining value (THB m)
Inventory	1	Baan Lumpini Town Ville Permsin - Wacharapon	680	255	100	100	4/15	2/16	0
	2	Baan Lumpini Town Ville Ratpladuk - Bangpai Station	395	200	95	89	2/17	4/17	43
	3	Baan Lumpini Town Ville Ratchaphruek - Pinklao	1,000	349	85	73	2/17	4/17	270
	4	Baan Lumpini Town Place Rama2 - Thakham	650	108	35	28	3/19	4/19	468
	5	Baan Lumpini Town Place Sukhumvit - Srinakarin	750	133	45	38	1/20	3/20	465
	6	Baan Lumpini Town Ville Phahonyothin - Saphanmai	900	262	99	75	1/20	3/20	225
	7	Baan Lumpini Town Ville Latkrabang - Suvarnabhumi	1,250	334	37	32	1/20	3/20	850
	8	Latkrabang - Suvarnabhumi (Commercial Building)	110	14	100		2/21	1/22	
	9	Lumpini Town Place Lat Phrao 101 - Pho Kaeo	620	95	16		3/21	1/22	
	10	Lumpini Town Ville Sai Mai18 - Phahonyothin	580	184	11		4/21	3/22	
<b>Total inventory</b>			<b>6,935</b>	<b>1,934</b>	<b>59</b>	<b>48</b>			<b>2,321</b>

Sources: LPN; FSSIA's compilation

## Exhibit 12: Active high-rise projects

Condominium projects as of Dec-21			Project value	Units	Sold	Transferred	Launch	Realised	Remaining value
			(THB m)	(no.)	(%)	(%)			(THB m)
Inventory	1	Lumpini Park Beach Jomtien	4,254	1,846	100	100	4/11	2/13-3/13	0
	2	Lumpini Ville Naklua-Wong Amat	2,914	2,168	99	99	4/11	3/13-1/14	29
	3	Lumpini Place Udon-Posri	2,114	1,370	90	90	1/13	4/14	211
	4	Lumpini Township Rangsit-Klong 1 (P1)	2,400	3,472	99	98	4/13	3/15	48
	5	Lumpini Township Rangsit-Klong 1 (P2)	2,600	3,674	81	79	1/16	1/16	546
	6	Lumpini ParkBeach Chaam 2	430	124	31	31	1/17	1/18	297
	7	Lumpini Park Petchakasem 98 (P2)	1,850	1,354	63	62	2/16	1/18	703
	8	Lumpini Ville Phranangklae - RiverView	1,000	909	67	64	1/17	2/18	360
	9	Lumpini SeaView Chaam (A Building)	700	536	37	36	1/18	3/18	448
	10	Lumpini Suite Dindaeng-Ratchaparop	1,750	491	81	81	2/17	4/18	333
	11	Lumpini Place Ratchada-Sathu	1,640	543	76	74	4/17	4/19	426
	12	Lumpini Park Phahol 32	2,000	546	20	16	3/17	4/19	1,680
	13	Lumpini Selected - Sutthisan-Saphan-Khwal	1,200	389	59	58	2/18	4/19	504
	14	Lumpini Park Vibhavadi - Chatuchak	2,000	736	93	90	2/18	4/19	200
	15	Lumpini Ville Suksawat Rama 2	700	377	70	68	3/18	4/19	224
<b>Total inventory</b>			<b>27,552</b>	<b>18,535</b>	<b>62</b>	<b>61</b>			<b>6,009</b>
Finish 2020	1	Lumpini Place Rama 3 - Riverine	1,640	719	41	38	4/17	1/20	1,017
	2	Lumpini Park Boromarajonani - Sirindhorn	1,550	649	49	45	2/18	4/20	853
	3	Lumpini Ville Pattanakarn - Srinakarin	1,460	795	87	81	3/18	4/20	277
	4	Lumpini Ville Sukhumvit 101/1 Punnavithi	700	328	51	47	2/19	4/20	371
<b>Total finish 2020</b>			<b>5,350</b>	<b>2,491</b>	<b>57</b>	<b>53</b>			<b>2,518</b>
Finish 2022	1	Lumpini Place Taopoon Interchange	1,700	710	53	0	1/20	1/22	1,700
	2	Lumpini Selected Charan 65 - Sirindhorn Station	1,100	514	19	0	4/20	2/22	1,100
	3	Lumpini Ville Chaengwattana 10	540	476	10	0	4/20	4/22	540
	4	Lumpini Ville Chaengwattana Pakkret Station	1,065	647	28	0	4/20	4/22	1,065
<b>Total finish 2022</b>			<b>4,405</b>	<b>2,347</b>	<b>48</b>				<b>4,405</b>
Finish 2023	1	Lumpini Ville Charan Fai chai	960	526	18	0	3/21	1/23	960
	2	Lumpini Condotown Ekachai 48 (Phase 1)	1,130	1,085	8	0	4/20	2/23	1,130
<b>Total finish 2023</b>			<b>2,090</b>	<b>1,611</b>	<b>12</b>				<b>2,090</b>
Housing	1	Baan 365 Rama 3	3,200	99	80	77	3/18	4/18	736
	2	Baan 365 Muangthong	2,600	190	3		2/21	3/22	
<b>Total housing</b>			<b>5,800</b>	<b>289</b>	<b>82</b>				<b>736</b>
<b>Grand total</b>	<b>Total inventory</b>		<b>45,197</b>	<b>25,273</b>	<b>59</b>	<b>54</b>			<b>15,758</b>

Sources: LPN; FSSIA's compilation

## Financial Statements

### LPN Development

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	7,363	5,570	8,072	8,330	8,598
Cost of goods sold	(5,065)	(3,852)	(5,578)	(5,700)	(5,800)
<b>Gross profit</b>	<b>2,298</b>	<b>1,718</b>	<b>2,494</b>	<b>2,630</b>	<b>2,798</b>
Other operating income	0	0	0	0	0
Operating costs	(1,259)	(1,059)	(1,316)	(1,358)	(1,401)
<b>Operating EBITDA</b>	<b>1,039</b>	<b>658</b>	<b>1,178</b>	<b>1,272</b>	<b>1,396</b>
Depreciation	(93)	(107)	(111)	(131)	(150)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>946</b>	<b>551</b>	<b>1,067</b>	<b>1,142</b>	<b>1,246</b>
Net financing costs	(89)	(179)	(194)	(226)	(232)
Associates	(8)	(5)	(5)	(5)	(5)
Recurring non-operating income	78	13	20	21	22
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>935</b>	<b>385</b>	<b>893</b>	<b>937</b>	<b>1,036</b>
Tax	(217)	(83)	(191)	(200)	(221)
<b>Profit after tax</b>	<b>718</b>	<b>302</b>	<b>703</b>	<b>737</b>	<b>815</b>
Minority interests	(1)	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>716</b>	<b>302</b>	<b>703</b>	<b>737</b>	<b>815</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>716</b>	<b>302</b>	<b>703</b>	<b>737</b>	<b>815</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.49	0.20	0.48	0.50	0.55
Reported EPS	0.49	0.20	0.48	0.50	0.55
DPS	1.40	1.40	0.33	0.35	0.39
Diluted shares (used to calculate per share data)	1,476	1,476	1,476	1,476	1,476
<b>Growth</b>					
Revenue (%)	(26.0)	(24.4)	44.9	3.2	3.2
Operating EBITDA (%)	(34.6)	(36.6)	78.9	8.0	9.8
Operating EBIT (%)	(37.2)	(41.7)	93.6	7.0	9.1
Recurring EPS (%)	(43.0)	(57.8)	132.4	4.8	10.6
Reported EPS (%)	(43.0)	(57.8)	132.4	4.8	10.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.9	28.9	29.5	30.0	30.8
Gross margin of key business (%)	28.6	23.4	25.0	25.4	25.4
Operating EBITDA margin (%)	14.1	11.8	14.6	15.3	16.2
Operating EBIT margin (%)	12.8	9.9	13.2	13.7	14.5
Net margin (%)	9.7	5.4	8.7	8.8	9.5
Effective tax rate (%)	23.1	21.2	21.2	21.2	21.2
Dividend payout on recurring profit (%)	288.4	683.3	70.0	70.0	70.0
Interest cover (X)	11.5	3.2	5.6	5.1	5.5
Inventory days	1,304.7	1,659.6	1,247.4	1,313.6	1,320.2
Debtor days	16.9	36.2	41.4	48.3	48.3
Creditor days	112.1	115.4	93.3	109.0	109.5
Operating ROIC (%)	4.2	2.5	4.4	4.4	4.7
ROIC (%)	3.7	2.0	3.5	3.4	3.6
ROE (%)	5.7	2.6	6.1	6.3	6.8
ROA (%)	3.3	1.9	3.3	3.2	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
	2020	2021	2022E	2023E	2024E
Sales	6,001	4,044	6,500	6,711	6,930
Rental and service fees	225	273	281	289	298
Management business	1,136	1,253	1,291	1,330	1,369

Sources: LPN Development; FSSIA estimates

## Financial Statements

### LPN Development

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	716	302	703	737	815
Depreciation	93	107	111	131	150
Associates & minorities	(25)	0	0	0	0
Other non-cash items	(286)	(239)	(321)	(373)	(382)
Change in working capital	1,182	(1,354)	(2,263)	(529)	(423)
<b>Cash flow from operations</b>	<b>1,680</b>	<b>(1,183)</b>	<b>(1,770)</b>	<b>(34)</b>	<b>159</b>
Capex - maintenance	(98)	(96)	(100)	(100)	(100)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(556)	446	(1,159)	(120)	(124)
Other investments (net)	288	239	321	373	383
<b>Cash flow from investing</b>	<b>(367)</b>	<b>589</b>	<b>(938)</b>	<b>153</b>	<b>158</b>
Dividends paid	(2,066)	(2,066)	(492)	(516)	(570)
Equity finance	36	1,339	0	0	0
Debt finance	1,132	740	3,165	412	269
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(898)</b>	<b>13</b>	<b>2,673</b>	<b>(104)</b>	<b>(302)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>415</b>	<b>(582)</b>	<b>(35)</b>	<b>15</b>	<b>16</b>
Free cash flow to firm (FCFF)	1,410.57	(405.40)	(2,508.31)	350.71	555.38
Free cash flow to equity (FCFE)	2,445.28	145.30	456.89	530.65	586.17

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	0.96	(0.27)	(1.70)	0.24	0.38
FCFE per share	1.66	0.10	0.31	0.36	0.40
Recurring cash flow per share	0.34	0.12	0.33	0.34	0.39

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	496	513	613	713	813
Less: Accumulated depreciation	(205)	(233)	(343)	(474)	(624)
<b>Tangible fixed assets (net)</b>	<b>291</b>	<b>280</b>	<b>269</b>	<b>239</b>	<b>189</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	61	56	56	56	56
Cash & equivalents	917	335	300	315	331
A/C receivable	357	748	1,085	1,119	1,155
Inventories	17,166	17,866	20,262	20,765	21,192
Other current assets	125	202	293	302	312
<b>Current assets</b>	<b>18,564</b>	<b>19,151</b>	<b>21,939</b>	<b>22,502</b>	<b>22,990</b>
Other assets	4,703	4,289	6,216	6,415	6,621
<b>Total assets</b>	<b>23,619</b>	<b>23,777</b>	<b>28,480</b>	<b>29,211</b>	<b>29,855</b>
Common equity	11,822	11,397	11,608	11,829	12,073
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>11,822</b>	<b>11,397</b>	<b>11,608</b>	<b>11,829</b>	<b>12,074</b>
Long term debt	2,168	2,391	3,188	3,292	3,359
Other long-term liabilities	1,682	1,710	2,477	2,557	2,639
<b>Long-term liabilities</b>	<b>3,850</b>	<b>4,101</b>	<b>5,666</b>	<b>5,848</b>	<b>5,998</b>
A/C payable	1,267	1,170	1,681	1,722	1,758
Short term debt	6,588	7,105	9,472	9,780	9,981
Other current liabilities	92	4	54	31	45
<b>Current liabilities</b>	<b>7,947</b>	<b>8,279</b>	<b>11,207</b>	<b>11,534</b>	<b>11,783</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,619</b>	<b>23,777</b>	<b>28,480</b>	<b>29,211</b>	<b>29,855</b>
Net working capital	16,289	17,642	19,905	20,434	20,857
Invested capital	21,343	22,268	26,446	27,143	27,722

\* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	8.01	7.72	7.87	8.02	8.18
Tangible book value per share	8.01	7.72	7.87	8.02	8.18

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	66.3	80.4	106.5	107.8	107.8
Net debt/total assets (%)	33.2	38.5	43.4	43.7	43.6
Current ratio (x)	2.3	2.3	2.0	2.0	2.0
CF interest cover (x)	28.6	1.8	3.4	3.3	3.5

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>10.3</b>	<b>24.4</b>	<b>10.5</b>	<b>10.0</b>	<b>9.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.5</b>	<b>22.5</b>	<b>9.7</b>	<b>9.2</b>	<b>8.3</b>
Reported P/E (x)	10.3	24.4	10.5	10.0	9.1
Dividend yield (%)	28.0	28.0	6.7	7.0	7.7
Price/book (x)	0.6	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x) **	14.7	25.1	16.8	15.8	14.6
EV/EBITDA @ target price (x) **	14.1	24.2	16.3	15.4	14.2
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: LPN Development; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### LPN Development (LPN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Apr-2019	HOLD	7.50	17-Feb-2020	HOLD	5.50	25-Oct-2021	HOLD	5.10
06-Sep-2019	HOLD	6.40	08-Dec-2020	HOLD	4.70	05-Nov-2021	HOLD	4.60

Karun Intrachai started covering this stock from 08-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
LPN Development	LPN TB	THB 5.00	HOLD	Upside risks to our P/E-based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 10-Feb-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

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 market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.