

Ref. LPN/SorKor/119/2563

7<sup>th</sup> May 2020

Re: Financial Statements Analysis Report Q1/2020

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co.,Ltd. would like to submit the financial statements in Q1/2020 of the Company and subsidiary companies to the Stock Exchange of Thailand as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies are developers of real estate and providers of real estate services. The main focus is put on the quality of life of residents managed with “Livable Community” strategy. In 2020, the operational guideline of the Company has been revised to be in accordance with the real estate business slowdown, particularly in the residential condominium section. Single house projects and real estate service business are developed to expand the income base as evident in the financial performance in Q1.

In 2020, the net profit of the Company and subsidiary companies decreases 38.03% from the same period of the previous year as the income from sales decreases 40.08%. However, the gross profit is still maintained at no less than 30%. At the same time, the income from service and rental businesses increases 42.17% from the same period of the previous year. It is as a result of the expansion of rental business since the end of 2018. The income from rental fee at Lumpini Township Rangsit-Klong 1 Phase 3 increases 80%. In 2020, condominium units in other 2 projects i.e. Lumpini Park Pahol 32 and Lumpini Place Rama 3-Riverine will be available for rent. Furthermore, financial liquidity has been managed to enhance the financial stability of the Company, therefore, the interesting bearing debt to equity ratio and the debt to equity ratio of shareholders do not exceed 1:1 which is in compliance with the Company’s policy. The financial costs are also managed to be lower, resulting from the credit rating. This reflects the financial stability of the Company.

#### Completed projects, new projects launched, sales volume and backlog in Q1/2020

##### **1. Completed projects that are ready to be handed over in Q1/2020**

There are 2 projects of the Company and subsidiary company completed in Q1/2020 with the combined value of 1.86 billion THB, namely,

##### 1) Residential condominium: 1 project

- Lumpini Place Rama 3 - Riverine, worth 1.7 billion THB.

##### 2) Single house: 1 project of a subsidiary company

- Lumpini Townville Rangsit Klong 2 (Phase 2), worth 160 million THB.

## 2. New projects launched, sales volume and backlog as of 31<sup>st</sup> March 2020

The sales volume in Q1/2020 is 2.62 billion THB i.e.

2.1 52.92% are ready-to-move-in projects completed before 2020 comprising 36.77% residential condominiums and 16.15% single house projects. The combined sales volume is 1.386 billion THB.

2.2 40.30% are 4 new projects launched in Q1/2020 with the combined sales volume of 1.056 billion THB.

The total value of new projects launched are 4.6 billion THB as follows:

1) 1 residential condominium project i.e. Lumpini Place Taopoon Interchange with the sales volume of 750 million THB. The project is worth 1.8 billion THB.

2) 3 single house projects with the combined sales volume of 260 million THB. The projects are worth 1.8 billion THB, namely,

2.1) Baan Lumpini Townplace Sukhumvit-Srinakarin

2.2) 2 single house projects of a subsidiary company, namely,

2.2.1) Baan Lumpini Townville Ladkrabang - Suvarnabhumi (Phase 1)

2.2.2) Baan Lumpini Townville Paholyothin - Saphanmai (Phase 1)

2.3 3.88% are 2 projects completed in Q1/2020, namely, 1 residential condominium project i.e. Lumpini Place Rama 3-Riverine and 1 single house project i.e. Baan Lumpini Townville Rangsit Klong 2 (Phase 2). The combined sales volume is 102 million THB.

2.4 2.91% are projects under construction. The combined sales volume is 76 million THB.

As of 31<sup>st</sup> March 2020, the sales volume and backlog of the Company and subsidiary company are as follows:

Unit: Million THB

<u>Sales Volume</u>	Amount	<u>Backlog</u>	Handed Over in 2020	To Hand Over in 2021	Total
1. Residential Condominium	1,870	1. Residential Condominium	2,300	800	3,100
2. Single House	750	2. Single House	700	-	700
<b>3. Total Sales Volume</b>	<b>2,620</b>	<b>3. Total Backlog</b>	<b>3,000</b>	<b>800</b>	<b>3,800</b>

### Performance in Q1/2020 and 2019

#### Consolidated profit(loss) statements

The net profit of the Company and subsidiary companies decreases 38.03% from the same period of the previous year. It is because the income from sales decreases 40.08%. There are 2 projects completed and ready to be handed over in Q1/2020 i.e. 1 residential condominium project and 1 single house project. At the same time, the income from rental and service business increases 42.17% from the same period of the previous year. It is the continuous expansion of rental business at Lumpini Township Rangsit Klong 1. The income from rental at the project has increased 80% from the same period of the previous year.

Table 1: Income Proportion of the Company and Subsidiary Companies in Q1/2020 and 2019

Unit: Million THB

Type of Income	Q1/2020	Q1/2019	% Variance	Note
1. Income from sales of real estate <sup>1</sup>	1,493.92	2,493.06	(40.08%)	<b>Note</b> <sup>1</sup> Most of the income from sales of real estate are income recognition from residential condominium projects (75%) and single house projects (25%) i.e. 1. Residential condominium projects: 61% are projects completed before 2020 and 14% is one project completed in Q1/2020 (Lumpini Place Rama3 - Riverine). 2. Single house projects: 22% are projects completed before 2020 and 3% is one project completed in Q1/2020 (Lumpini Townville Rangsit Klong 2 Phase 2).
1.1 Residential condominium	1,118.74	1,731.87	(35.40%)	
Proportion (%)	74.89%	69.47%	5.42%	
1.2 Single house	375.18	761.19	(50.71%)	
Proportion (%)	25.11%	30.53%	(5.42%)	
2. Income from rental and service business <sup>2</sup>	56.95	40.01	42.17%	<b>Note</b> <sup>2</sup> Income from rental and service business increases 42.17% from the continuous expansion of rental business at Lumpini Township Rangsit Klong 1.
3. Income from management business	270.03	257.13	5.02%	
<b>4. Total main income</b>	<b>1,820.90</b>	<b>2,790.24</b>	<b>(34.74%)</b>	

After Revision

**Statement of financial position as of 31<sup>st</sup> March 2020 and 31 December 2019****Total assets**

The total assets of the Company increases 834.39 million THB or 3.55% i.e. from 23.47335 billion THB to 24.30774 billion THB. The main reasons are as follows:

- Cash increases 461.18 million THB or 92% from 2019 as a result of the amount of cash reserved for dividend payment to shareholders on 9<sup>th</sup> April 2020.
- A deposit is paid for a plot of land on Charansanitwong soi 22 for future project development.
- Inventory increases 633.64 million THB or 6.72% i.e. from 9.42968 billion THB to 10.06332 billion THB, resulting from 2 projects completed in Q1/2020, one of which is a residential condominium project and the other one is a single house project as mentioned above.
- Non-current assets increase 892.11 million THB or 25.25% i.e. from 3.53287 billion THB to 4.42498 billion THB as a result of a halt in construction of Lumpini Mix Narathiwat-Ratchada.

**Total liabilities**

Total liabilities increase 1.21955 billion THB or 11.82% i.e. from 10.31425 billion THB to 11.53380 billion THB. It is mainly because the loan from financial institutions for project development and operation increase 956.73 million THB or 12.52% i.e. from 7.64102 billion THB to 8.59775 billion THB.

As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio has increased from 0.58:1 to 0.67:1 and from 0.78:1 to 0.90:1 as of 31 December 2019 and 31 December 2020 respectively. Comparing to the same period of the previous year, the interest bearing debt to equity ratio and the debt to equity ratio has increased from 0.44:1 to 0.67:1 and from 0.70:1 to 0.90:1. The ratios do not exceed 1:1 and are in compliance with the

policy of the Company. The cost management of the Company is very efficient. The interest cost is lower than 3%, decreasing from 4% as a result of the credit rating of the Company.

### Cash flow statements

As for cash flow statements as of 31<sup>st</sup> March 2020 and 31<sup>st</sup> December 2019, the net cash flow increases 461.18 million THB or 92% as a result of the reserved amount for dividend payment to shareholders on 9<sup>th</sup> April 2020.

Comparing with the same period of the previous year, the net cash flow as of 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019 increases 349.01 million THB or 56.89%. It is mainly because the ownership transfer volume is less than that of the same period of the previous year. Therefore, the amount of loan repaid to financial institutions is lower while cash flow increases from loan for project development.

### Important numbers in the financial statements Q1/2020 and 2019

Table 2: Profit/Loss Statement in Q1/2020 and 2019

Percentage	Consolidated Financial Statement			Separate Financial Statement			
	Q1/2020	Q1/2019	%Variance	Q1/2020	Q1/2019	%Variance	
1. Gross income (million THB)	1,850.28	2,819.41	(34.37%)	1,345.14	2,132.04	(36.91%)	
2. Gross profit from sale (%)	30.25%	33.66%	(3.42%)	28.03%	33.05%	(5.02%)	
3. Gross profit from rental and service business (%)	50.80%	43.54%	7.26%	47.40%	39.36%	8.04%	
4. Gross profit from management business (%)	35.38%	36.82%	(1.45%)	-	-	-	
5. Gross profit from main income (million THB)	576.32	951.38	(39.42%)	378.80	694.14	(45.43%)	
	(%)	31.65%	34.10%	(2.45%)	28.88%	33.17%	(4.29%)
6. Expenses on sales (million THB)	90.75	265.51	(65.82%)	79.86	244.57	(67.35%)	
	(%)	4.90%	9.42%	(4.52%)	5.94%	11.47%	(5.53%)
7. Expenses on sales (million THB)	33.88	162.77	(79.19%)	31.75	158.23	(79.93%)	
(excluding ownership transfer)							
	(%)	1.83%	5.77%	(3.94%)	2.36%	7.42%	(5.06%)
8. Expenses on management (million THB)	224.35	259.57	(13.57%)	109.10	134.08	(18.63%)	
	(%)	12.13%	9.21%	2.92%	8.11%	6.29%	1.82%
9. Profit before financial costs and corporate income tax (million THB)	284.14	451.77	(37.11%)	221.65	351.50	(6.94%)	
	(%)	15.36%	16.02%	(0.66%)	16.48%	16.49%	(0.01%)
10. Profit before corporate income tax (million THB)	275.00	450.86	(39.01%)	207.47	351.08	(40.90%)	
	(%)	14.86%	15.99%	(1.13%)	15.42%	16.47%	(1.05%)
11. Net profit (loss) (million THB)	216.88	350.00	(38.03%)	164.70	276.23	(40.38%)	
	(%)	11.72%	12.41%	(0.69%)	12.24%	12.96%	(0.72%)
12. Net profit (loss) per share (THB)	0.15	0.24	(37.50%)	0.11	0.19	(42.11%)	
13. Book value per share (THB)	8.78	8.66	1.39%	8.15	8.01	1.75%	

After revision

Table 3: Statement of Financial Position as of 31 March 2020 and 31 December 2019

Unit : million THB

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 March 2020	as of 31 December 2019	%Variance	as of 31 March 2020	as of 31 December 2019	%Variance
14. Cash and cash equivalent	962.48	501.30	92.00%	812.75	374.41	117.07%
15. Trade debtors and other debtors	361.07	326.16	10.70%	210.64	192.67	9.33%
16. Land and project costs during construction	8,416.39	9,614.33	(12.46%)	6,708.24	7,817.35	(14.19%)
17. Backlog	10,063.32	9,429.68	6.72%	9,733.24	9,089.96	7.08%
18. Other current assets <sup>Note 1</sup>	79.50	69.00	15.22%	654.50	725.00	(9.72%)
19. Non-current assets <sup>Note 2</sup>	4,424.98	3,532.87	25.25%	4,791.89	3,784.81	26.61%
20. Total assets	24,307.74	23,473.35	3.55%	22,911.26	21,984.19	4.22%
21. Overdraft and short-term loan	4,833.99	3,475.64	39.08%	4,758.91	3,346.69	42.20%
22. Trade account payable and other creditors	2,060.07	1,844.87	11.66%	1,857.43	1,623.76	14.39%
23. Long-term loan	3,763.76	4,165.38	(9.64%)	3,825.85	4,163.80	(8.12%)
24. Overdue corporate income tax	161.29	123.80	30.28%	148.04	118.76	24.65%
25. Non-current liabilities <sup>Note 3</sup>	714.69	704.56	1.44%	455.83	455.02	0.18%
26. Total liabilities	11,533.85	10,314.25	11.82%	11,046.06	9,708.03	13.78%
27. Shareholders' equity	12,773.89	13,159.10	(2.93%)	11,865.21	12,276.16	(3.35%)

After revision

<sup>Note 1</sup> Comprising temporary investment and short-term loan to connected business.

<sup>Note 2</sup> Comprising investment in subsidiary companies and associated companies, real estate for investment, land, building and equipment, goodwill, non-tangible assets, lease hold, deferred tax assets, withholding tax and other non-current assets.

<sup>Note 3</sup> Comprising income from rental fee received in advance, estimation of staff benefits, deposit of rental and service fee and other non-current liabilities.

Table 4: Financial Ratio in Q1/2020 and 2019

Item	Unit	Q1		Item	Unit	Q1	
		2020	2019			2020	2019
<b><u>Liquidity Ratio</u></b>				9. Net Profit	%	11.72	12.41
1. Current Ratio	Time	2.82	2.95	10. Sales to Equity Ratio	%	11.69	19.84
2. Quick Ratio	Time	0.20	0.17	<b><u>Asset Management Ratio</u></b>			
3. Collection Period	Day	5.44	3.26	11. Return on Assets	%	0.91	1.64
4. Inventory Turnover Ratio	Day	841.78	426.47	12. Return on Fixed Assets	%	10.67	19.17
5. Payment Period	Day	77.38	40.19	13. Asset Growth Rate	%	3.55	0.78
<b><u>Profitability Ratio</u></b>				14. Liabilities Growth Rate	%	11.82	6.02
6. Gross Profit Margin from Sales	%	30.25	30.66	<b><u>Financial Ratio</u></b>			
7. Gross Profit Margin from Rent	%	50.80	43.54	15. D/E Ratio	Time	0.90	0.70
8. Gross Profit Margin from Management	%	35.38	36.82	16. Interest Bearing D/E Ratio	Time	0.67	0.44

After revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director