

CENTRAL PATTANA CPN TB  
THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

## คาดว่าจะผลประกอบการจะดีอีกไตรมาส

- ธุรกิจอสังหาริมทรัพย์น่าจะเป็นปัจจัยหนุนการเติบโตของรายได้ที่สำคัญใน 2Q23 เนื่องจาก Escent Ville Ayutthaya และคอนโด Escent Korat เริ่มโอนกรรมสิทธิ์
- คาดการณ์กำไรปี 2023 จะโต 7% q-q และ 23% y-y
- คงแนะนำซื้อที่ราคาเป้าหมาย 82 บาท

TARGET PRICE	THB82.00
CLOSE	THB67.00
UP/DOWNSIDE	+22.4%
PRIOR TP	THB82.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.9%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	35,575	41,462	44,890	47,661
Net profit	10,760	12,898	14,064	14,927
EPS (THB)	2.40	2.87	3.13	3.33
vs Consensus (%)	-	2.6	(0.4)	(1.9)
EBITDA	19,608	23,096	25,387	27,208
Recurring net profit	10,945	12,898	14,064	14,927
Core EPS (THB)	2.44	2.87	3.13	3.33
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	114.6	17.8	9.0	6.1
Core P/E (x)	27.5	23.3	21.4	20.1
Dividend yield (%)	1.3	1.6	1.8	1.8
EV/EBITDA (x)	21.9	17.6	16.4	15.6
Price/book (x)	3.7	3.4	3.1	2.8
Net debt/Equity (%)	133.7	100.4	101.4	100.1
ROE (%)	14.2	15.1	15.0	14.5

## เปิดโรงแรมใหม่ 1 แห่งในเดือน พ.ค. 2023

ใน 2Q23 จำนวนโครงการที่ CPN บริหารคงที่จาก 1Q23 ยกเว้นในธุรกิจโรงแรมซึ่งเปิดโรงแรมใหม่ 1 แห่ง (GO! Hotel Ban Chang, 79 ห้อง) ในจังหวัดระยองในเดือน พ.ค. 2023 ซึ่งทำให้จำนวนโรงแรมเพิ่มขึ้นเป็น 6 แห่ง จำนวนห้องพักเพิ่มขึ้นเป็น 1,099 ห้อง จำนวนศูนย์การค้ายังคงมีจำนวน 56 แห่งพร้อมพื้นที่เช่าสุทธิ (NLA) รวมอยู่ที่ 2.3 ล้าน ตรม. เราคาดว่าอัตราการเช่าพื้นที่ของศูนย์การค้าจะทรงตัว q-q ที่ประมาณ 90% สำหรับส่วนลดค่าเช่ากลับสู่ระดับก่อนโควิดตั้งแต่ 1Q23

## ธุรกิจอสังหาริมทรัพย์เป็นปัจจัยหนุนการเติบโตสำคัญใน 2Q23

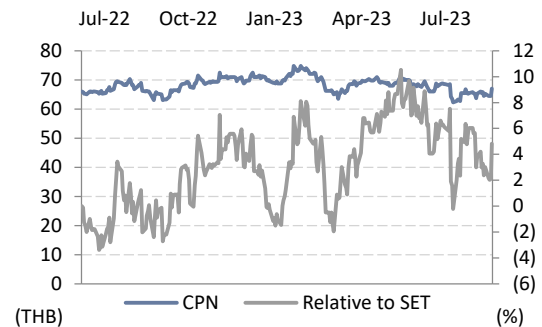
ธุรกิจที่พักอาศัยน่าจะเป็นปัจจัยผลักดันการเติบโตของรายได้ที่สำคัญใน 2Q23 เนื่องจาก Escent Ville Ayutthaya และคอนโด Escent Korat เริ่มโอนกรรมสิทธิ์ เราคาดว่ารายได้จากธุรกิจดังกล่าวจะเพิ่ม 49% q-q และ 50% y-y เป็น 999 ลบ. คิดเป็น 9% ของรายได้รวม นอกจากนี้ บริษัทฯ ยังวางแผนเปิดตัวโครงการแนวราบและคอนโดใหม่หลายแห่งใน 4Q23

## คาดการณ์กำไรปี 2023 จะเพิ่ม 7% q-q และ 23% y-y

ในภาพรวมเราคาดว่ารายได้จะโต 8% q-q และ 25% y-y นับเป็นการเติบโต y-y เป็นไตรมาสที่ 6 ติดต่อกัน อัตรากำไรขั้นต้นน่าจะลดลงเล็กน้อย q-q จาก Revenue mix ที่เปลี่ยนไป อัตราดอกเบี้ยในท้องตลาดที่สูงขึ้นน่าจะทำให้ค่าใช้จ่ายดอกเบี้ยเพิ่มขึ้น แต่เนื่องจากเราคาดว่ารายได้จะโตดี จึงคาดว่ากำไรปี 2023 จะโต 7% q-q และ 23% y-y ทำให้กำไรในช่วง 1H23 เพิ่มขึ้น 32% y-y และคิดเป็น 52% ของประมาณการทั้งปีของเรา (+18% y-y) CPN วางแผนเปิด Central Westville ซึ่งมี NLA อยู่ที่ 36,000 ตรม. ใน 4Q23 และศูนย์การค้า Central อีก 3 แห่งในจังหวัดนครสวรรค์ นครปฐมและกระบี่ในปี 2024

## คงแนะนำซื้อที่ราคาเป้าหมายเดิม

เราคงแนะนำซื้อที่ราคาเป้าหมาย 82 บาท (DCF, 7% WACC, 3% LTG) ราคาเป้าหมายของเราคิดเป็น 29x ของค่า 2023 P/E และ 26x ของค่า 2024 P/E ซึ่งต่ำกว่าค่า P/E เฉลี่ยในปัจจุบันของหุ้น Modern trade ที่ 30x ราคาหุ้นของ CPN ได้ปรับตัวลดลงไปแล้ว 5% ตั้งแต่ต้นปี 2023 ทั้งที่กำไรโตดี นอกจากนี้บริษัทฯ ยังมีโครงสร้างเงินทุนที่ดีพร้อมสัดส่วนหนี้มีดอกเบี้ยต่อส่วนผู้ถือหุ้นที่ต่ำกว่า 1 เพื่อสนับสนุนแผนการเติบโตในโครงการ Mixed-used retail



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.9	(2.9)	5.5
Relative to country (%)	1.5	(3.7)	7.8
Mkt cap (USD m)	8,790		
3m avg. daily turnover (USD m)	14.3		
Free float (%)	66		
Major shareholder	Chirathivat Family (37%)		
12m high/low (THB)	75.50/61.75		
Issued shares (m)	4,488.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 31 กรกฎาคม 2023

### Investment thesis

We think CPN stands as one of the most attractive domestic plays with its solid five-year investment plan to develop mixed-use projects including shopping malls, office buildings, residential properties, and hotels, in addition to the acquisition of Siam Future Development (SF, not rated).

CPN has low exposure to high energy prices and rising interest rates. The company also has a long-term plan to achieve net-zero carbon emissions by reducing energy consumption by 50% and increasing the use of clean energy by 50%.

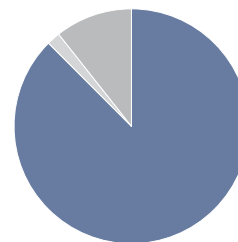
### Company profile

Central Pattana PCL is the largest retail property developer in Thailand with over 40 years of experience. At end-3Q22, CPN managed 38 shopping centres, 17 community malls and one super-regional mall in Malaysia, along with 10 office buildings, three hotels and 25 residential projects. Its retail net leasable area stands at 2.3m sqm with an average 90% occupancy rate.

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

### Principal activities (revenue, 2022)

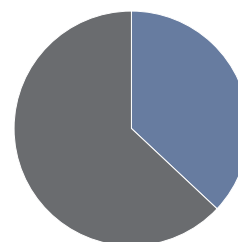
- Revenue from rent and services - 87.5 %
- Revenue from food and beverage - 1.8 %
- Revenue from hotel operation - 10.6 %



Source: Central Pattana

### Major shareholders

- Chirathivat Family - 37.0 %
- Others - 63.0 %



Source: Central Pattana

### Catalysts

Key catalysts include 1) stronger earnings growth from retail rents driven by the NLA expansion with new shopping malls, improving margins on gradually lower rental rate discounts, and higher occupancy rates for offices and hotels; 2) effective cost control to lower the variable cost portion; and 3) the acquisition of SF, which we expect will boost CPN's net profit by 10-20%, annually.

### Risks to our call

Key downside risks to our DCF-derived TP are deviations to our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.

### Event calendar

Date	Event
August 2023	2Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
NLA (sqm m)	2.38	2.52	2.68
Retail rental rate (THB/sqm)	1,635	1,684	1,734
Occupancy rate (%)	92	93	94
Residential sales (THB m)	2,500	2,500	2,500
Blended GPM (%)	49.6	50.5	51.1
SG&A to sales (%)	15.7	15.8	16.2

Source: FSSIA estimates

### Earnings sensitivity

- For every 5% increase in rental rate, we project 2023 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2023 earnings to drop by 2.8%, and vice versa, all else being equal.

Source: FSSIA estimates



## 2Q23 earnings preview

The Thai economy in 2Q23 continued to grow in line with the robust tourism and consumption recovery despite political uncertainty in the post-election period and lack of government stimulus. The strong rebound in tourism led to solid performances for CPN's food courts both in the Bangkok Metropolitan Area and the provinces.

In 2Q23, the number of assets under CPN's management was unchanged from 1Q23 except for its hotel unit, which opened one GO! Hotel Ban Chang in Rayong province with 79 rooms in May 2023, bringing the company's number of hotels to six with a total of 1,099 rooms. In 2Q23, the company had 56 shopping malls with a total NLA of 2.3m sqm. We expect the occupancy rate for its malls to be stable at around 90%, but flat q-q. The rental discount rate returned to the pre-Covid level in 1Q23.

CPN's residential business should be the key revenue growth driver in 2Q23 as Escent Ville Ayutthaya and Escent Korat condos start to transfer ownership. We estimate the revenue from residential units to increase 49% q-q and 50% y-y to THB999m, contributing 9% of total operating revenue.

Overall, we expect revenue growth of 8% q-q and 25% y-y, marking six consecutive quarters of y-y growth. The q-q slight decline in gross margin was due to the revenue mix. The higher funding cost should result in a higher interest expense. However, with solid revenue growth expected, we forecast its 2Q23 core profit to rise 7% q-q and 23% y-y.

### Exhibit 1: 2Q23 earnings preview

Year to Dec 31	2Q22	3Q22	4Q22	1Q23	2Q23E	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Total operating revenue	8,576	9,011	10,209	9,982	10,726	7.5	25.1	35,575	41,462	16.6
Cost of services	(4,407)	(4,523)	(5,047)	(4,755)	(5,165)	8.6	17.2	18,033	20,916	16.0
Gross profit	4,168	4,489	5,162	5,226	5,560	6.4	33.4	17,542	20,546	17.1
Operating costs	(1,424)	(1,537)	(2,159)	(1,756)	(1,757)	0.1	23.4	6,483	6,510	0.4
Operating profit	2,745	2,951	3,003	3,471	3,803	9.6	38.6	11,058	14,037	26.9
Operating EBITDA	4,891	5,073	5,194	5,513	5,846	6.0	19.5	19,608	23,096	17.8
Other income	956	737	374	309	278	(10.0)	(70.9)	1,580	1,218	(22.9)
Interest expense	(523)	(551)	(601)	(596)	(677)	13.6	29.5	2,204	2,137	(3.0)
Tax	(713)	(642)	(651)	(798)	(837)	4.8	17.3	2,487	2,965	19.3
Associates	384	399	434	477	519	9.0	35.3	1,560	1,658	6.3
<b>Reported net profit</b>	<b>2,753</b>	<b>2,872</b>	<b>2,806</b>	<b>3,246</b>	<b>3,460</b>	<b>6.6</b>	<b>25.7</b>	<b>10,760</b>	<b>12,898</b>	<b>19.9</b>
<b>Core profit</b>	<b>2,822</b>	<b>2,872</b>	<b>2,939</b>	<b>3,242</b>	<b>3,460</b>	<b>6.7</b>	<b>22.6</b>	<b>10,945</b>	<b>12,898</b>	<b>17.8</b>
Reported EPS (THB)	0.61	0.64	0.63	0.73	0.73	0.0	20.2	2.40	2.87	19.9
Recurring EPS (THB)	0.63	0.64	0.65	0.72	0.77	6.7	22.6	2.44	2.87	17.8
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	48.6	49.8	50.6	52.4	51.8	(0.5)	3.2	49.3	49.6	0.2
Operating margin	32.0	32.7	29.4	34.8	35.5	0.7	3.5	31.1	33.9	2.8
EBITDA margin	57.0	56.3	50.9	55.2	54.5	(0.7)	(2.5)	55.1	55.7	0.6
Core profit margin	32.9	31.9	28.8	32.5	32.3	(0.2)	(0.6)	30.8	31.1	0.3
SG&A / Sales	(16.6)	(17.1)	(21.1)	(17.6)	(16.4)	1.2	0.2	18.2	15.7	(2.5)
<b>Revenue breakdown</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>(THB m)</b>	<b>(y-y %)</b>
Rental and services	7,552	7,951	8,531	8,751	9,114	4.2	20.7	31,131	36,988	18.8
Food centre services	203	182	198	207	244	17.8	20.1	655	725	10.7
Hotel operations	156	252	337	353	369	4.5	136.4	918	1,249	36.0
Residential sales	665	627	1,143	670	999	49.0	50.2	2,870	2,500	(12.9)
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Rental and services	49.6	50.6	52.0	53.4	53.4	(0.0)	3.8	50.4	50.5	0.1
Food centre services	71.2	44.6	47.6	47.3	51.3	4.0	(19.9)	42.2	39.0	(3.2)
Hotel operations	41.3	69.4	69.8	66.6	66.6	(0.0)	25.3	69.8	65.0	(4.8)
Residential sales	31.9	32.8	34.5	32.4	32.3	(0.1)	0.4	32.8	30.9	(1.9)

Sources: CPN, FSSIA estimates



## Financial Statements

### Central Pattana

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	24,840	35,575	41,462	44,890	47,661
Cost of goods sold	(14,784)	(18,033)	(20,916)	(22,235)	(23,326)
<b>Gross profit</b>	<b>10,056</b>	<b>17,542</b>	<b>20,546</b>	<b>22,654</b>	<b>24,335</b>
Other operating income	-	-	-	-	-
Operating costs	(5,414)	(6,483)	(6,510)	(7,093)	(7,721)
<b>Operating EBITDA</b>	<b>12,766</b>	<b>19,608</b>	<b>23,096</b>	<b>25,387</b>	<b>27,208</b>
Depreciation	(8,124)	(8,550)	(9,059)	(9,825)	(10,594)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,642</b>	<b>11,058</b>	<b>14,037</b>	<b>15,562</b>	<b>16,614</b>
Net financing costs	(1,790)	(2,204)	(2,137)	(2,286)	(2,486)
Associates	704	1,560	1,658	1,749	1,860
Recurring non-operating income	3,594	4,692	4,084	4,163	4,310
Non-recurring items	2,048	(186)	0	0	0
<b>Profit before tax</b>	<b>8,495</b>	<b>13,361</b>	<b>15,984</b>	<b>17,439</b>	<b>18,438</b>
Tax	(1,265)	(2,487)	(2,965)	(3,248)	(3,383)
<b>Profit after tax</b>	<b>7,230</b>	<b>10,874</b>	<b>13,019</b>	<b>14,191</b>	<b>15,055</b>
Minority interests	(81)	(114)	(120)	(127)	(127)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>7,148</b>	<b>10,760</b>	<b>12,898</b>	<b>14,064</b>	<b>14,927</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(2,048)</b>	<b>186</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,100</b>	<b>10,945</b>	<b>12,898</b>	<b>14,064</b>	<b>14,927</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.14	2.44	2.87	3.13	3.33
Reported EPS	1.59	2.40	2.87	3.13	3.33
DPS	0.60	0.90	1.08	1.18	1.23
Diluted shares (used to calculate per share data)	4,488	4,488	4,488	4,488	4,488
<b>Growth</b>					
Revenue (%)	(7.1)	43.2	16.6	8.3	6.2
Operating EBITDA (%)	(5.7)	53.6	17.8	9.9	7.2
Operating EBIT (%)	(17.5)	138.2	26.9	10.9	6.8
Recurring EPS (%)	(9.3)	114.6	17.8	9.0	6.1
Reported EPS (%)	(25.2)	50.5	19.9	9.0	6.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	40.5	49.3	49.6	50.5	51.1
Gross margin exc. depreciation (%)	73.2	73.3	71.4	72.4	73.3
Operating EBITDA margin (%)	51.4	55.1	55.7	56.6	57.1
Operating EBIT margin (%)	18.7	31.1	33.9	34.7	34.9
Net margin (%)	20.5	30.8	31.1	31.3	31.3
Effective tax rate (%)	22.0	20.7	20.7	20.7	20.7
Dividend payout on recurring profit (%)	52.8	37.0	37.7	37.7	37.1
Interest cover (X)	4.6	7.1	8.5	8.6	8.4
Inventory days	-	-	-	-	-
Debtor days	94.8	65.9	52.0	53.8	54.3
Creditor days	319.5	267.0	253.1	267.9	275.8
Operating ROIC (%)	2.1	5.0	6.1	6.2	6.2
ROIC (%)	2.9	5.0	5.5	5.6	5.7
ROE (%)	7.2	14.2	15.1	15.0	14.5
ROA (%)	2.7	4.8	5.2	5.3	5.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from rent and services	22,073	31,131	36,988	40,236	42,847
Revenue from food and beverage	325	655	725	762	800
Revenue from hotel operation	2,443	3,788	3,749	3,892	4,014

Sources: Central Pattana; FSSIA estimates

## Financial Statements

### Central Pattana

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	5,100	10,945	12,898	14,064	14,927
Depreciation	8,124	8,550	9,059	9,825	10,594
Associates & minorities	558	(942)	0	0	0
Other non-cash items	81	2,150	120	127	127
Change in working capital	(1,750)	(4,317)	(706)	(653)	(458)
<b>Cash flow from operations</b>	<b>12,114</b>	<b>16,387</b>	<b>21,372</b>	<b>23,364</b>	<b>25,191</b>
Capex - maintenance	(14,748)	(11,409)	(21,400)	(24,000)	(21,600)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(32,648)	(6,029)	(3,464)	(1,051)	888
Other investments (net)	0	10,001	15,001	15,001	15,001
<b>Cash flow from investing</b>	<b>(47,396)</b>	<b>(7,438)</b>	<b>(9,863)</b>	<b>(10,050)</b>	<b>(5,711)</b>
Dividends paid	(2,693)	(2,709)	(4,859)	(5,298)	(5,535)
Equity finance	(144)	293	0	0	0
Debt finance	34,951	1,991	(21,812)	37,838	8,800
Other financing cash flows	0	(8,445)	0	0	0
<b>Cash flow from financing</b>	<b>32,114</b>	<b>(8,871)</b>	<b>(26,671)</b>	<b>32,540</b>	<b>3,265</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	14,999	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>(15)</b>	<b>14,999</b>	<b>(46,008)</b>	<b>(22,891)</b>
<b>Movement in cash</b>	<b>(3,168)</b>	<b>63</b>	<b>(162)</b>	<b>(154)</b>	<b>(147)</b>
Free cash flow to firm (FCFF)	(33,492.06)	11,152.76	13,646.37	15,600.00	21,965.76
Free cash flow to equity (FCFE)	(331.39)	2,479.58	4,696.33	5,143.93	5,388.82
<b>Per share (THB)</b>					
FCFF per share	(7.46)	2.49	3.04	3.48	4.89
FCFE per share	(0.07)	0.55	1.05	1.15	1.20
Recurring cash flow per share	3.09	4.61	4.92	5.35	5.72
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	246,508	257,917	279,317	303,317	324,917
Less: Accumulated depreciation	(76,660)	(85,210)	(94,270)	(104,095)	(114,689)
<b>Tangible fixed assets (net)</b>	<b>169,848</b>	<b>172,707</b>	<b>185,048</b>	<b>199,223</b>	<b>210,229</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	42,381	41,306	41,306	42,316	43,306
Cash & equivalents	6,057	6,121	5,958	5,804	5,658
A/C receivable	7,395	5,455	6,358	6,883	7,308
Inventories	0	0	0	0	0
Other current assets	10,062	13,667	15,928	17,245	18,310
<b>Current assets</b>	<b>23,515</b>	<b>25,242</b>	<b>28,245</b>	<b>29,933</b>	<b>31,276</b>
Other assets	27,677	33,436	38,970	37,972	34,269
<b>Total assets</b>	<b>263,421</b>	<b>272,692</b>	<b>293,568</b>	<b>309,443</b>	<b>319,079</b>
Common equity	73,102	81,475	89,514	98,280	107,440
Minorities etc.	8,973	8,145	8,266	8,393	8,521
<b>Total shareholders' equity</b>	<b>82,075</b>	<b>89,620</b>	<b>97,780</b>	<b>106,674</b>	<b>115,960</b>
Long term debt	94,176	98,522	79,119	87,863	94,548
Other long-term liabilities	43,677	42,517	74,588	70,541	62,059
<b>Long-term liabilities</b>	<b>137,853</b>	<b>141,040</b>	<b>153,707</b>	<b>158,404</b>	<b>156,606</b>
A/C payable	6,259	7,614	8,832	9,389	9,849
Short term debt	29,796	27,441	25,032	26,126	27,241
Other current liabilities	7,437	6,976	8,218	8,851	9,421
<b>Current liabilities</b>	<b>43,492</b>	<b>42,032</b>	<b>42,082</b>	<b>44,366</b>	<b>46,512</b>
<b>Total liabilities and shareholders' equity</b>	<b>263,420</b>	<b>272,691</b>	<b>293,569</b>	<b>309,443</b>	<b>319,078</b>
Net working capital	3,762	4,531	5,237	5,889	6,347
Invested capital	243,668	251,981	270,560	285,399	294,150
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	16.29	18.15	19.95	21.90	23.94
Tangible book value per share	16.29	18.15	19.95	21.90	23.94
<b>Financial strength</b>					
Net debt/equity (%)	143.7	133.7	100.4	101.4	100.1
Net debt/total assets (%)	44.8	43.9	33.4	35.0	36.4
Current ratio (x)	0.5	0.6	0.7	0.7	0.7
CF interest cover (x)	0.8	2.1	3.2	3.3	3.2
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>59.0</b>	<b>27.5</b>	<b>23.3</b>	<b>21.4</b>	<b>20.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>72.2</b>	<b>33.6</b>	<b>28.5</b>	<b>26.2</b>	<b>24.7</b>
Reported P/E (x)	42.1	27.9	23.3	21.4	20.1
Dividend yield (%)	0.9	1.3	1.6	1.8	1.8
Price/book (x)	4.1	3.7	3.4	3.1	2.8
Price/tangible book (x)	4.1	3.7	3.4	3.1	2.8
EV/EBITDA (x) **	33.5	21.9	17.6	16.4	15.6
EV/EBITDA @ target price (x) **	38.8	25.3	20.5	19.1	18.1
EV/invested capital (x)	1.8	1.7	1.5	1.5	1.4
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Central Pattana; FSSIA estimates



## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. KS does not confirm nor certify the accuracy of such survey result.

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

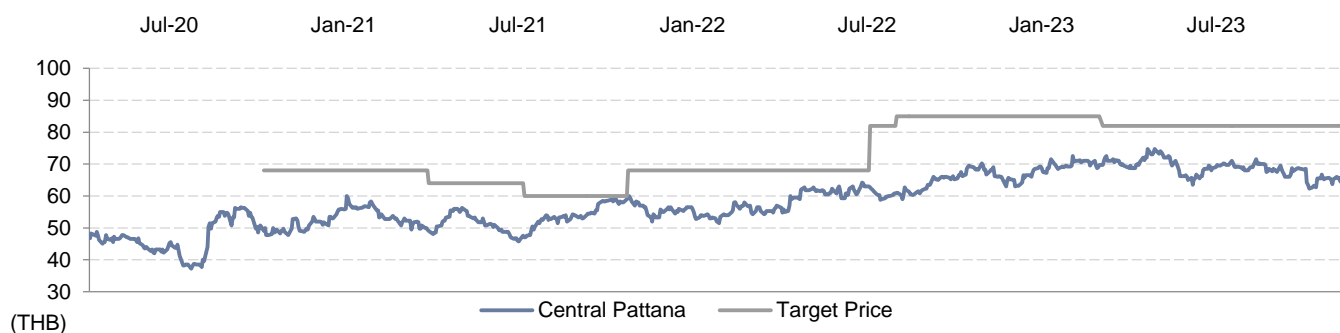
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### History of change in investment rating and/or target price

#### Central Pattana (CPN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Dec-2020	BUY	68.00	08-Nov-2021	BUY	68.00	23-Dec-2022	BUY	82.00
19-May-2021	BUY	64.00	06-Jun-2022	BUY	82.00			
10-Aug-2021	BUY	60.00	29-Jun-2022	BUY	85.00			

Jitra Amornthum started covering this stock from 23-Dec-2022

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Central Pattana	CPN TB	THB 67.00	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.

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 Finansia 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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 27-Jul-2023 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.