

# CENTRAL PATTANA

  
 THAILAND / REAL ESTATE

## CPN TB

# BUY

UNCHANGED

TARGET PRICE	THB82.00
CLOSE	THB63.00
UP/DOWNSIDE	+30.2%
PRIOR TP	THB68.00
CHANGE IN TP	+20.6%
TP vs CONSENSUS	+22.4%

## Time to shop for malls

- CPN's three non-core businesses have all witnessed significant rises in their revenues since 4Q21 through 1Q22.
- We expect a strong earnings recovery in 2Q22 with improvements in both demand and margins likely coming across the board.
- Maintain BUY with higher DCF-based TP of THB82 from THB68.

### Recoveries across the board with more cost competitiveness

CPN is on track to see a strong earnings growth recovery in 2Q22 onward, with improvements in both demand and margins likely coming across the board. We see the key drivers as 1) higher traffic and a new retail shopping mall opening (84% of total pre-Covid revenue) with a higher tenant occupancy rate; 2) a rising occupancy rate to 95% for offices (5%); 3) higher y-y sales of residential estates (9%), mainly from low-rise projects; 4) rising occupancy rates for its two provincial hotels (2%) to over 50% in Apr-22; and 5) a lower cost structure with a 12% drop in fixed costs and a 25% dip in variable costs from pre-Covid levels.

### Shopping malls are coming back to life

Since 4Q21, CPN has seen its traffic improve greatly, rising from 70% in 4Q21 to 75% in 1Q22 to over 80% in Apr-22. The discount for its rental rate to tenants has similarly narrowed from 29% in 4Q21 down to 16% in 1Q22, and is likely to decline further to below 10% by 4Q22 as the traffic at CPN's malls are likely to reach over 90-95% in 4Q22, based on our estimate. As of 1Q22, CPN owns and operates 38 shopping malls and 17 community malls, including the malls acquired from SF, with a total of 2.2m sqm of NLA. CPN's new THB3.5b, 20k-sqm mall opened its doors in May-22 in Chanthaburi, and is likely to be a key revenue driver in 2022 ahead of the new THB6.5b, 32k-sqm Central Westville opening in 4Q23.

### Rising incomes from residential sales, office rentals, and hotels

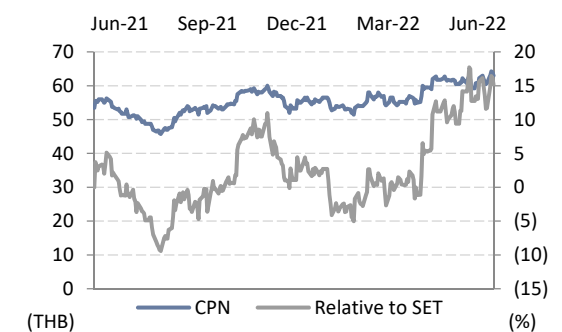
CPN's three non-core businesses have seen rising revenues since 4Q21. In 1Q22, revenues from residential sales rose to THB435m (+13%y-y), offices to THB336m (+4% y-y), and hotels to THB127m (+88% y-y). While residential sales may slow down in 2022 due to the smaller projected transfer revenue, CPN expects to see strong revenue growth from improving occupancy rates for hotels and office buildings as well as the 15-25% cost reduction achieved in 2020-21.

### Time to shop the malls

Maintain BUY and raise our DCF-based TP to THB82 from THB68 to reflect our EPS revisions on our higher occupancy rates for retail, offices, and hotels and our revised WACC to 5.7% with a higher DE to 0.55x, up from 0.4x, to reflect our higher leverage projection to fund its expansion.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	24,515	34,743	41,954	46,545
Net profit	7,148	10,190	13,523	14,934
EPS (THB)	1.59	2.27	3.01	3.33
vs Consensus (%)	-	15.8	22.9	16.7
EBITDA	12,356	19,679	24,420	26,980
Core net profit	3,380	10,190	13,523	14,934
Core EPS (THB)	0.75	2.27	3.01	3.33
Chg. In EPS est. (%)	-	20.4	21.6	7.8
EPS growth (%)	(39.9)	201.5	32.7	10.4
Core P/E (x)	83.7	27.7	20.9	18.9
Dividend yield (%)	1.0	1.4	1.8	2.0
EV/EBITDA (x)	33.2	22.6	19.5	18.9
Price/book (x)	3.9	3.6	3.2	2.9
Net debt/Equity (%)	143.7	172.3	190.9	204.1
ROE (%)	4.8	13.4	16.2	16.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.1	11.5	20.6
Relative to country (%)	4.4	14.8	18.4
Mkt cap (USD m)	8,202		
3m avg. daily turnover (USD m)	18.7		
Free float (%)	47		
Major shareholder	Chirathivat Family (37%)		
12m high/low (THB)	64.50/45.25		
Issued shares (m)	4,488.00		

Sources: Bloomberg consensus; FSSIA estimates


**Suwat Sinsadok, CFA, FRM, ERP**

 suwat.sin@fssia.com  
 +66 2611 3558

## Investment thesis

CPN is currently trading at an undemanding 28x 2022E P/E vs its premium valuation in 2018 (36x 2017 P/E). Its business model is strong, proven by its occupancy rate of over 90% during the pandemic. We also believe CPN's solid long-term outlook remains intact. It plans to add 23% net leasable area (NLA) growth over the next five years. We believe its new plan can still offer sustainable growth vs its 2018 plan at 38% NLA growth, and we expect its bottom line to recover to double-digit growth by 2022 onward.

We believe CPN is poised to capture the benefits from the anticipated tourism recovery. The reopening of the tourism sector should positively impact its business in terms of higher revenue sharing from consignment contracts (42%) and lower discounts for tenants.

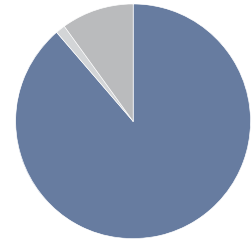
## Company profile

Central Pattana PCL is Thailand's largest retail developer with about a 20% market share of Bangkok's shopping centres by leasable area. It currently manages 38 shopping centres, 17 community malls, ten office buildings, two hotels and one residential project. CPN is the flagship company of the Central Group (not listed).

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

## Principal activities (revenue, 2021)

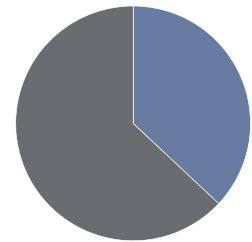
- Revenue from rent and services - 88.7 %
- Revenue from food and beverage - 1.3 %
- Revenue from hotel operation - 10.0 %



Source: Central Pattana

## Major shareholders

- Chirathivat Family - 37.0 %
- Others - 63.0 %



Source: Central Pattana

## Catalysts

Potential share price catalysts for CPN include: 1) a stronger-than-expected expansion plan for its retail space; and 2) M&A and joint investment opportunities.

## Risks to our call

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.

## Event calendar

Date	Event
August 2022	2Q22 results

## Key assumptions

	2021 (%)	2022E (%)	2023E (%)	2024E (%)
NLA (m sqm.) – excluding SF	1.85	1.92	2.01	2.15
NLA growth (%)	2.1	3.7	4.7	7.0
Retail rental rate (THB/sqm/m)	1,009	1,379	1,586	1,634
Occupancy rate (%)	88.0	90.0	92.0	93.0
Residential sales (THB m)	2,200	2,600	3,600	4,000
Blended GPM (%)	41.3	47.7	50.9	51.3
SG&A to sales (%)	24.5	16.0	15.0	15.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in rental rate, we project 2022 earnings to rise by 3%, and vice versa, all else being equal.
- For every 1% increase in occupancy rate, we project 2022 earnings to rise by 1%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we project 2022 earnings to drop by 2.8%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: Change of key assumptions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenue (THB m)	34,743	41,954	46,545	34,241	41,120	45,728	1.5	2.0	1.8
NLA (sqm m) - excluding SF	1.92	2.01	2.15	1.92	2.01	2.15	0.0	0.0	0.0
Retail rental rate (THB/sqm)	1,379	1,586	1,634	1,346	1,547	1,594	2.5	2.5	2.5
Occupancy rate (%)	90.0	92.0	93.0	90.0	92.0	93.0	0.0	0.0	0.0
Residential sales (THB m)	2,600	3,600	4,000	2,700	3,500	4,000	(3.7)	2.9	0.0
Blended GPM (%)	47.7	50.9	51.3	46.7	49.0	51.2	1.1	1.9	0.0
SG&A to sales (%)	16.0	15.0	15.0	22.0	21.0	19.0	(6.0)	(6.0)	(4.0)
Net profit (THB m)	10,190	13,523	14,934	8,461	11,125	13,859	20.4	21.6	7.8

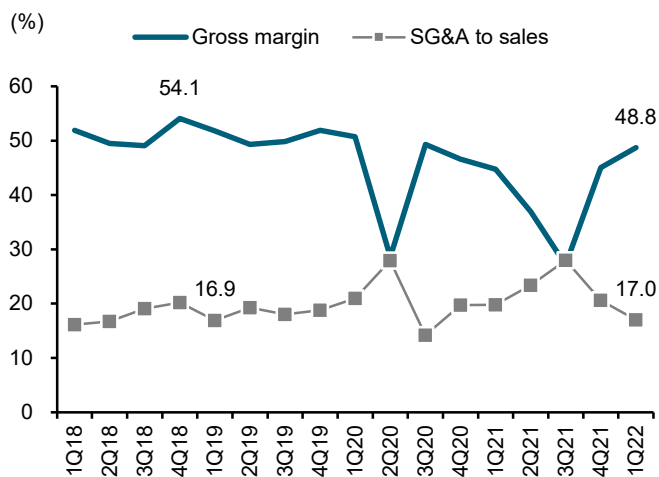
Source: FSSIA estimates

## Exhibit 2: DCF-derived TP

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
<b>EBITDA</b>	<b>19,679</b>	<b>24,420</b>	<b>26,980</b>	<b>28,629</b>	<b>29,823</b>	<b>31,294</b>	<b>32,779</b>	<b>34,194</b>	<b>35,621</b>	<b>37,064</b>	<b>38,514</b>	
(less) tax on EBIT	(2,607)	(3,540)	(3,931)	(4,111)	(4,197)	(4,373)	(4,565)	(4,752)	(4,953)	(5,169)	(5,401)	
decrease in working cap	(1,653)	(1,140)	(514)	(261)	(157)	(243)	(255)	(243)	(253)	(264)	(275)	
(less) capex & investments	(20,700)	(21,400)	(21,000)	(18,900)	(17,010)	(16,160)	(15,352)	(14,584)	(13,855)	(13,162)	(11,846)	
extraordinary cash												
Free cash flow	(5,281)	(1,660)	1,535	5,358	8,459	10,518	12,608	14,615	16,561	18,470	20,993	798,950
WACC (%)	5.7											
Terminal growth (%)	3.0											
PV of FCF	(5,281)	(1,571)	1,374	4,535	6,774	7,969	9,034	9,908	10,620	11,205	12,046	458,470
Enterprise value - add investments	530,365											
Net debt	152,470											
Minority interest	9,055											
Equity value	368,841											
No. of shares (m)	4,488											
<b>Equity value (THB/shr)</b>	<b>82</b>											

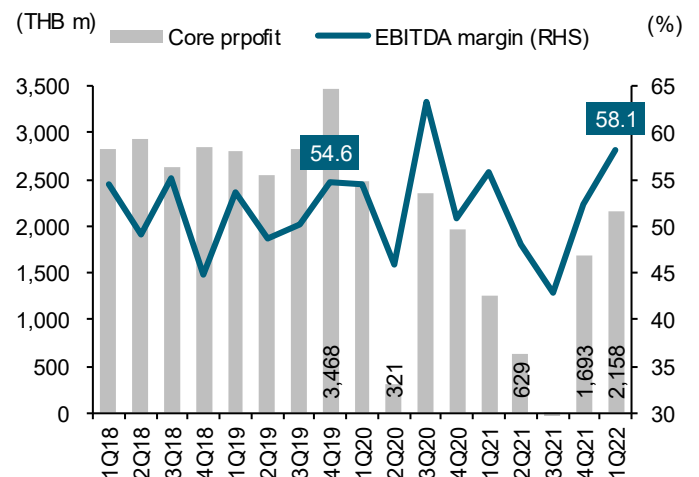
Source: FSSIA estimates

## Exhibit 3: Gross margin vs SG&amp;A to sales



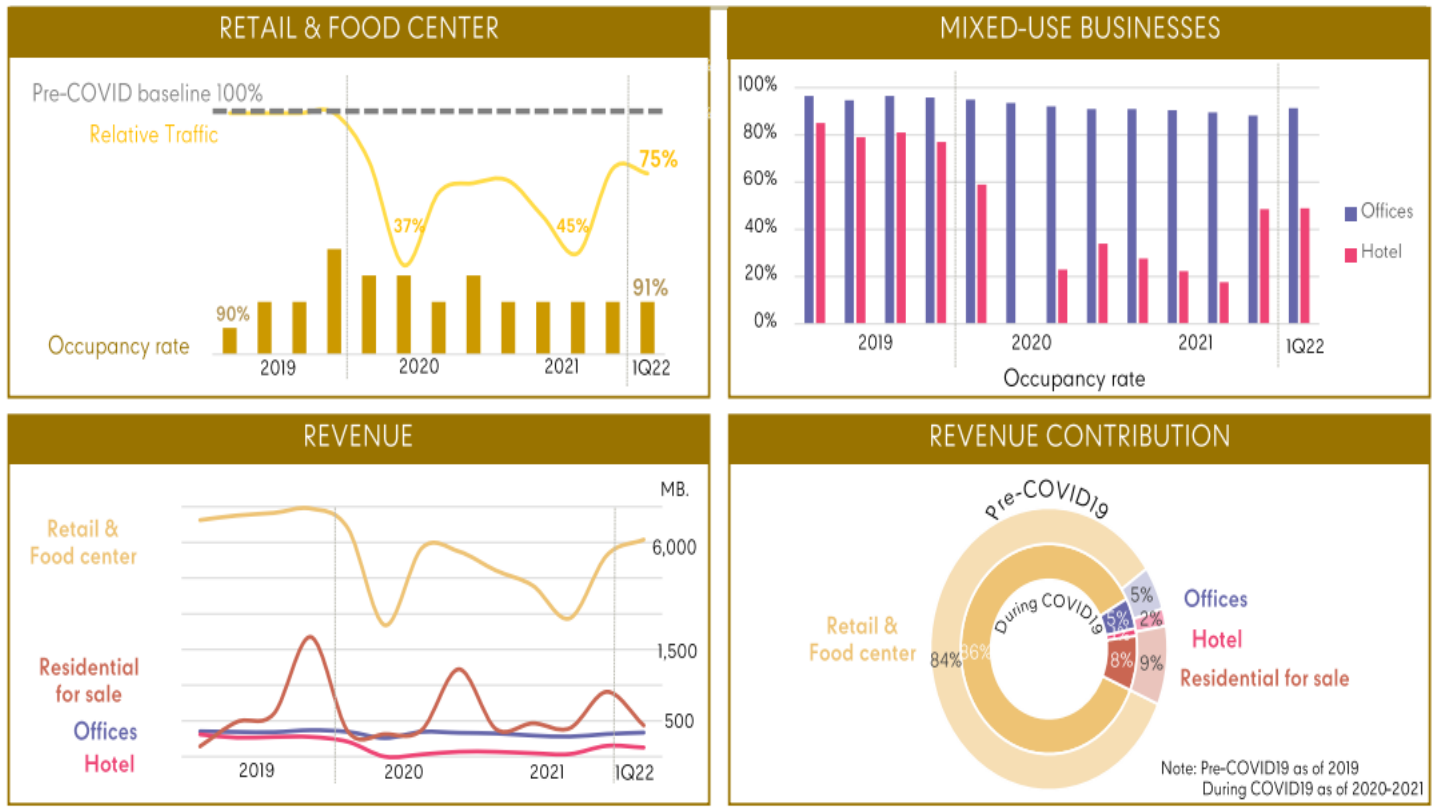
Sources: CPN; FSSIA's compilation

## Exhibit 4: Core profit and EBITDA margin



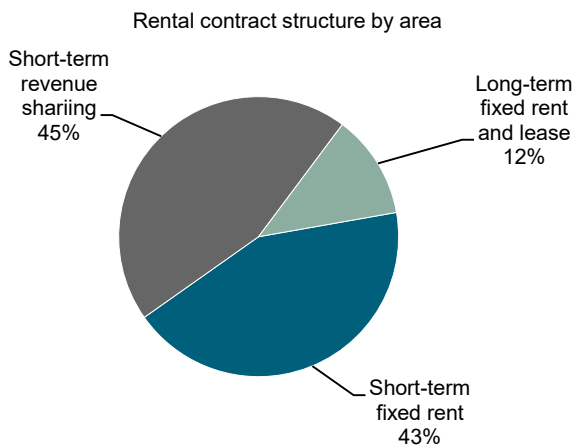
Sources: CPN; FSSIA's compilation

**Exhibit 5: Recovery of key operations**



Source: CPN

**Exhibit 6: Rental contract structure by area (sqm), end 2021**

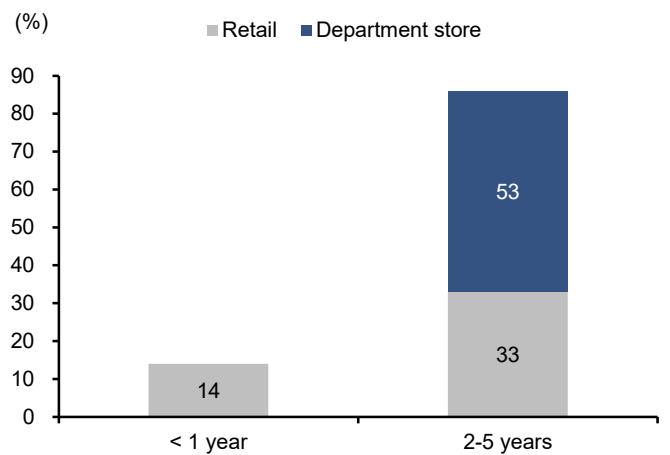


Note:

- Short-term fixed rent contract is mainly adopted by local/small size retailers, banks/financial services/technology service providers and most specialty shops;
- Short-term revenue-sharing contract is mainly adopted by international brands (e.g. fast fashion, café, restaurant, fine dining chains, etc.), cinemas, and food courts;
- Long-term fixed rent and long-term lease contracts are combined contracts set to expire in the next few years and encompass a considerable upside upon renewal. Leaseable area of long-term lease contract is less than 100,000 sqm which is mostly paid upfront.

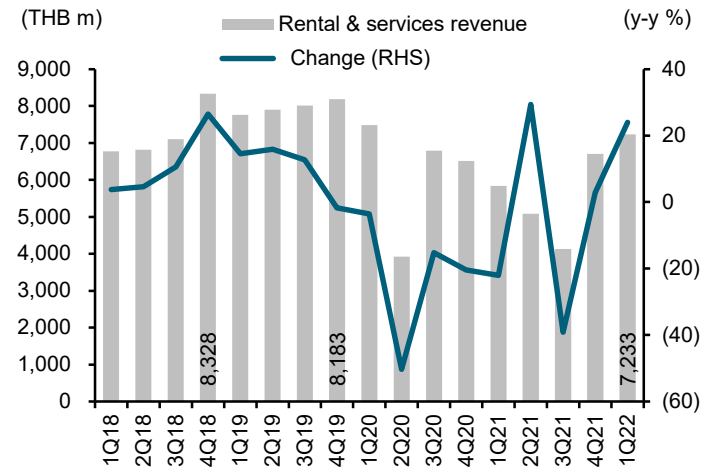
Source: CPN

**Exhibit 7: Expiry profile of long-term lease contract, end-2021**



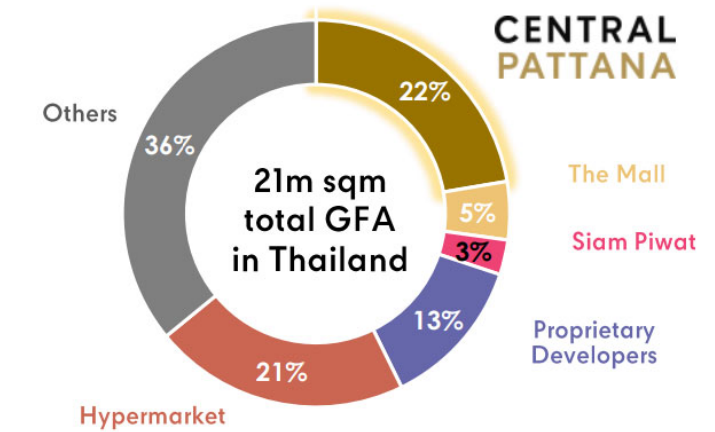
Source: CPN

**Exhibit 8: Sharp recovery of rental & service revenue which contributed 86.7% of total revenue in 2019**



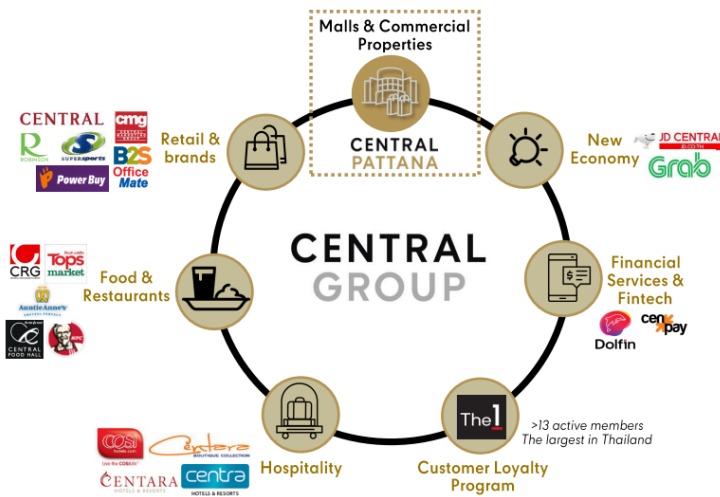
Sources: CPN; FSSIA's compilation

**Exhibit 9: CPN's market share**



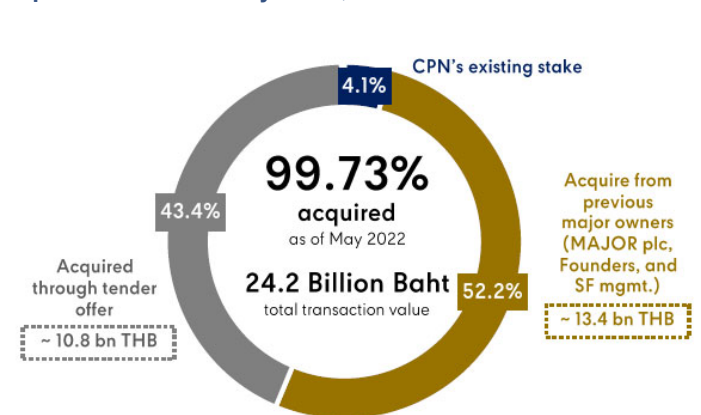
Source: CPN

**Exhibit 10: Strategic collaboration**



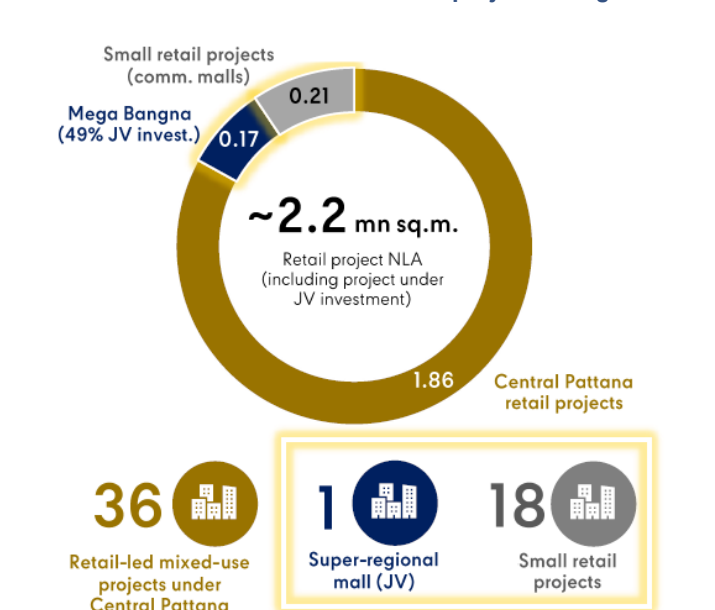
Source: CPN

**Exhibit 11: Acquisition of SF worth THB24.2b in May 2022 expanded asset size by c15%, to THB263.4b from THB230.3b**



Source: CPN

**Exhibit 12: SF contributes c20% retail project NLA growth**



Source: CPN

## Exhibit 13: Summary of 1Q22 operations

Year to Dec 31	1Q21	2Q21	3Q21	4Q21	1Q22	-----Change-----		1Q22	2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	%22E	(THB m)	(THB m)	(y-y %)
<b>Sales</b>	<b>6,382</b>	<b>5,665</b>	<b>4,609</b>	<b>7,859</b>	<b>7,914</b>	<b>1</b>	<b>24</b>	<b>23</b>	<b>24,515</b>	<b>34,743</b>	<b>42</b>
Cost of sales	3,529	3,574	3,360	4,320	4,056	(6)	15	22	14,784	18,168	23
<b>Gross profit</b>	<b>2,852</b>	<b>2,091</b>	<b>1,249</b>	<b>3,539</b>	<b>3,859</b>	<b>9</b>	<b>35</b>	<b>23</b>	<b>9,731</b>	<b>16,574</b>	<b>70</b>
Operating costs	1,264	1,326	1,289	1,621	1,347	(17)	7	24	5,499	5,559	1
Operating profit	1,588	765	(40)	1,918	2,511	31	58	23	4,231	11,016	160
<b>Operating EBITDA</b>	<b>3,555</b>	<b>2,716</b>	<b>1,974</b>	<b>4,111</b>	<b>4,602</b>	<b>12</b>	<b>29</b>	<b>23</b>	<b>12,356</b>	<b>19,679</b>	<b>59</b>
Other income	279	288	214	342	310	(9)	11	17	1,043	1,776	70
Interest expense	392	422	436	540	529	(2)	35	27	1,790	1,936	8
<b>Profit before tax</b>	<b>1,475</b>	<b>631</b>	<b>(261)</b>	<b>1,719</b>	<b>2,293</b>	<b>33</b>	<b>55</b>	<b>20</b>	<b>3,564</b>	<b>11,517</b>	<b>223</b>
Tax	382	138	28	259	438	69	15	17	807	2,607	223
Associates	167	152	78	307	343	12	105	25	704	1,363	94
Minority interests	(2)	(16)	11	(74)	(39)	(47)	1,503	48	(81)	(81)	0
<b>Reported net profit</b>	<b>3,835</b>	<b>1,269</b>	<b>229</b>	<b>1,816</b>	<b>2,328</b>	<b>28</b>	<b>(39)</b>	<b>23</b>	<b>7,148</b>	<b>10,190</b>	<b>43</b>
<b>Core profit</b>	<b>1,258</b>	<b>629</b>	<b>(199)</b>	<b>1,693</b>	<b>2,158</b>	<b>27</b>	<b>72</b>	<b>21</b>	<b>3,380</b>	<b>10,190</b>	<b>201</b>
Reported EPS (THB)	0.85	0.28	0.05	0.40	0.52	28	(39)	23	1.59	2.27	43
Recurring EPS (THB)	0.28	0.14	(0.04)	0.38	0.48	27	72	21	0.75	2.27	201
<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>
<b>Gross margin</b>	<b>44.7</b>	<b>36.9</b>	<b>27.1</b>	<b>45.0</b>	<b>48.8</b>	<b>3.7</b>	<b>4.1</b>		<b>39.7</b>	<b>47.7</b>	<b>8.0</b>
Operating margin	24.9	13.5	(0.9)	24.4	31.7	7.3	6.8		17.3	31.7	14.4
EBITDA margin	55.7	47.9	42.8	52.3	58.1	5.8	2.4		50.4	56.6	6.2
Recurring net margin	19.7	11.1	(4.3)	21.5	27.3	5.7	7.6		13.8	29.3	15.5
SG&A / Sales	19.8	23.4	28.0	20.6	17.0	(3.6)	(2.8)		22.4	16.0	(6.4)
<b>Key operating data</b>											
Rental and services	5,964	5,396	4,199	6,513	7,097	9	19				
Hotel operations	67	47	36	136	127	(7)	88				
Food center services	95	72	43	115	119	4	26				
Real estate sales	385	466	397	907	435	(52)	13				
<i>GPM from rent and services</i>	46.8	41.6	28.5	45.6	48.9	3.3	2.1				
<i>GPM from hotel operations</i>	59.3	44.7	32.3	56.7	68.4	11.7	9.1				
<i>GPM from food center services</i>	24.7	4.9	(27.1)	33.8	30.9	(2.9)	6.2				
<i>GPM from real estate sales</i>	33.6	29.7	29.8	29.1	29.6	0.5	(4.1)				

Sources: CPN; FSSIA estimates

## Financial Statements

### Central Pattana

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	26,730	24,515	34,743	41,954	46,545
Cost of goods sold	(8,063)	(6,660)	(9,505)	(11,241)	(12,583)
<b>Gross profit</b>	<b>18,667</b>	<b>17,855</b>	<b>25,237</b>	<b>30,713</b>	<b>33,962</b>
Other operating income	-	-	-	-	-
Operating costs	(5,137)	(5,499)	(5,559)	(6,293)	(6,982)
<b>Operating EBITDA</b>	<b>13,531</b>	<b>12,356</b>	<b>19,679</b>	<b>24,420</b>	<b>26,980</b>
Depreciation	(7,906)	(8,124)	(8,663)	(9,373)	(10,088)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>5,624</b>	<b>4,231</b>	<b>11,016</b>	<b>15,047</b>	<b>16,892</b>
Net financing costs	(696)	(1,790)	(1,936)	(2,037)	(2,412)
Associates	772	704	1,363	1,508	1,584
Recurring non-operating income	1,976	1,827	3,800	4,134	4,466
Non-recurring items	3,936	3,769	0	0	0
<b>Profit before tax</b>	<b>10,840</b>	<b>8,037</b>	<b>12,879</b>	<b>17,145</b>	<b>18,947</b>
Tax	(1,223)	(807)	(2,607)	(3,540)	(3,931)
<b>Profit after tax</b>	<b>9,617</b>	<b>7,230</b>	<b>10,272</b>	<b>13,604</b>	<b>15,016</b>
Minority interests	(60)	(81)	(81)	(81)	(81)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>9,557</b>	<b>7,148</b>	<b>10,190</b>	<b>13,523</b>	<b>14,934</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(3,936)</b>	<b>(3,769)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>5,621</b>	<b>3,380</b>	<b>10,190</b>	<b>13,523</b>	<b>14,934</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.25	0.75	2.27	3.01	3.33
Reported EPS	2.13	1.59	2.27	3.01	3.33
DPS	0.70	0.60	0.86	1.14	1.25
Diluted shares (used to calculate per share data)	4,488	4,488	4,488	4,488	4,488
<b>Growth</b>					
Revenue (%)	(27.2)	(8.3)	41.7	20.8	10.9
Operating EBITDA (%)	(28.9)	(8.7)	59.3	24.1	10.5
Operating EBIT (%)	(52.8)	(24.8)	160.3	36.6	12.3
Recurring EPS (%)	(51.7)	(39.9)	201.5	32.7	10.4
Reported EPS (%)	(18.6)	(25.2)	42.6	32.7	10.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	40.3	39.7	47.7	50.9	51.3
Gross margin of key business (%)	45.1	41.3	47.7	50.9	51.3
Operating EBITDA margin (%)	50.6	50.4	56.6	58.2	58.0
Operating EBIT margin (%)	21.0	17.3	31.7	35.9	36.3
Net margin (%)	21.0	13.8	29.3	32.2	32.1
Effective tax rate (%)	19.9	22.6	22.6	22.6	22.6
Dividend payout on recurring profit (%)	55.9	79.7	37.7	37.7	37.7
Interest cover (X)	10.9	3.4	7.7	9.4	8.9
Inventory days	-	-	-	-	-
Debtor days	71.5	96.1	93.9	100.6	104.7
Creditor days	286.5	319.5	267.8	266.6	265.8
Operating ROIC (%)	3.3	1.9	4.7	5.9	6.3
ROIC (%)	3.4	2.1	4.2	4.5	4.3
ROE (%)	8.0	4.8	13.4	16.2	16.1
ROA (%)	3.2	2.0	4.0	4.3	4.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Revenue from rent and services	23,716	21,748	30,120	36,185	40,267
Revenue from food and beverage	446	325	913	1,005	1,055
Revenue from hotel operation	2,568	2,443	3,709	4,765	5,223

Sources: Central Pattana; FSSIA estimates



## Financial Statements

### Central Pattana

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	5,621	3,380	10,190	13,523	14,934
Depreciation	7,906	8,124	8,663	9,373	10,088
Associates & minorities	(60)	558	0	0	0
Other non-cash items	60	81	81	81	81
Change in working capital	(1,024)	(1,750)	(3,385)	(1,660)	(1,261)
<b>Cash flow from operations</b>	<b>12,503</b>	<b>10,394</b>	<b>15,549</b>	<b>21,318</b>	<b>23,842</b>
Capex - maintenance	(65,031)	(14,748)	(20,700)	(21,400)	(21,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	15,781	(30,928)	(25,565)	(27,534)	(29,244)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(49,249)</b>	<b>(45,676)</b>	<b>(46,265)</b>	<b>(48,934)</b>	<b>(50,244)</b>
Dividends paid	(3,142)	(2,693)	(3,839)	(5,094)	(5,626)
Equity finance	(9,754)	(144)	0	0	0
Debt finance	55,812	34,951	34,648	32,549	31,874
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>42,917</b>	<b>32,114</b>	<b>30,809</b>	<b>27,455</b>	<b>26,248</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>6,170</b>	<b>(3,168)</b>	<b>94</b>	<b>(161)</b>	<b>(153)</b>
Free cash flow to firm (FCFF)	(36,050.39)	(33,492.06)	(28,779.50)	(25,578.97)	(23,989.19)
Free cash flow to equity (FCFE)	19,065.78	(331.39)	3,932.57	4,932.84	5,472.50

#### Per share (THB)

FCFF per share	(8.03)	(7.46)	(6.41)	(5.70)	(5.35)
FCFE per share	4.25	(0.07)	0.88	1.10	1.22
Recurring cash flow per share	3.01	2.71	4.22	5.12	5.59

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	233,513	246,508	267,208	288,608	309,608
Less: Accumulated depreciation	(70,289)	(76,660)	(85,323)	(94,696)	(104,784)
<b>Tangible fixed assets (net)</b>	<b>163,224</b>	<b>169,848</b>	<b>181,885</b>	<b>193,912</b>	<b>204,824</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	10,141	42,381	74,621	106,861	139,102
Cash & equivalents	9,225	6,057	6,151	5,990	5,837
A/C receivable	5,507	7,395	10,480	12,656	14,041
Inventories	0	0	0	0	0
Other current assets	9,032	10,062	14,260	17,220	19,104
<b>Current assets</b>	<b>23,765</b>	<b>23,515</b>	<b>30,892</b>	<b>35,866</b>	<b>38,982</b>
Other assets	24,522	27,677	39,224	47,365	52,549
<b>Total assets</b>	<b>221,652</b>	<b>263,421</b>	<b>326,622</b>	<b>384,005</b>	<b>435,457</b>
Common equity	68,790	73,102	79,454	87,883	97,191
Minorities etc.	8,333	8,973	9,055	9,136	9,217
<b>Total shareholders' equity</b>	<b>77,123</b>	<b>82,075</b>	<b>88,508</b>	<b>97,019</b>	<b>106,409</b>
Long term debt	71,117	94,176	120,497	145,223	169,436
Other long-term liabilities	42,979	43,677	61,899	74,747	82,927
<b>Long-term liabilities</b>	<b>114,096</b>	<b>137,853</b>	<b>182,396</b>	<b>219,970</b>	<b>252,363</b>
A/C payable	5,400	6,259	7,691	8,727	9,598
Short term debt	17,905	29,796	38,124	45,947	53,607
Other current liabilities	7,128	7,437	9,902	12,342	13,479
<b>Current liabilities</b>	<b>30,432</b>	<b>43,492</b>	<b>55,717</b>	<b>67,016</b>	<b>76,685</b>
<b>Total liabilities and shareholders' equity</b>	<b>221,652</b>	<b>263,420</b>	<b>326,621</b>	<b>384,004</b>	<b>435,456</b>
Net working capital	2,012	3,762	7,147	8,807	10,068
Invested capital	199,900	243,668	302,877	356,946	406,543

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

#### Per share (THB)

Book value per share	15.33	16.29	17.70	19.58	21.66
Tangible book value per share	15.33	16.29	17.70	19.58	21.66

#### Financial strength

Net debt/equity (%)	103.5	143.7	172.3	190.9	204.1
Net debt/total assets (%)	36.0	44.8	46.7	48.2	49.9
Current ratio (x)	0.8	0.5	0.6	0.5	0.5
CF interest cover (x)	28.4	0.8	3.0	3.4	3.3

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>50.3</b>	<b>83.7</b>	<b>27.7</b>	<b>20.9</b>	<b>18.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>65.5</b>	<b>108.9</b>	<b>36.1</b>	<b>27.2</b>	<b>24.6</b>
Reported P/E (x)	29.6	39.6	27.7	20.9	18.9
Dividend yield (%)	1.1	1.0	1.4	1.8	2.0
Price/book (x)	4.1	3.9	3.6	3.2	2.9
Price/tangible book (x)	4.1	3.9	3.6	3.2	2.9
EV/EBITDA (x) **	27.4	33.2	22.6	19.5	18.9
EV/EBITDA @ target price (x) **	33.7	40.1	26.9	23.0	22.0
EV/invested capital (x)	1.9	1.7	1.5	1.3	1.3

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

Sources: Central Pattana; 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	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
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	MITLIB	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	AMANAHA	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:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

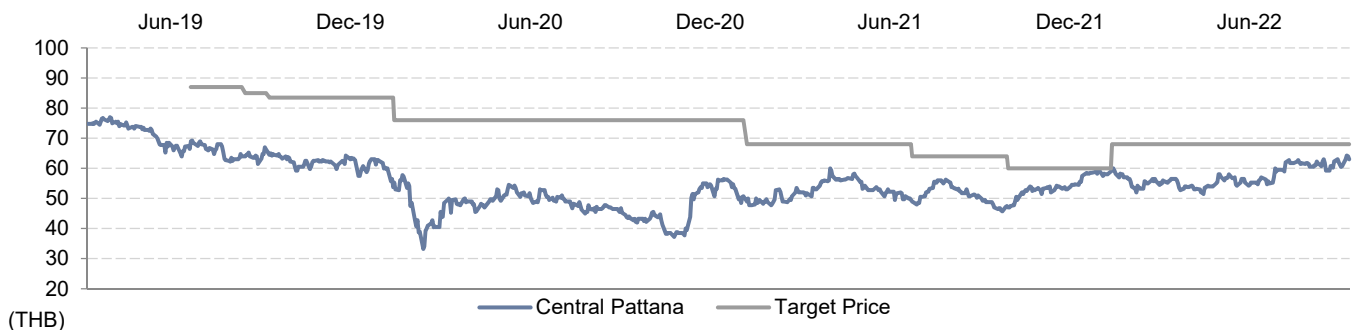
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

### 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
04-Sep-2019	BUY	87.00	27-Feb-2020	BUY	76.00	10-Aug-2021	BUY	60.00
21-Oct-2019	BUY	85.00	25-Dec-2020	BUY	68.00	08-Nov-2021	BUY	68.00
11-Nov-2019	BUY	83.50	19-May-2021	BUY	64.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 25-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Central Pattana	CPN TB	THB 63.00	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 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 02-Jun-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.