FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

FSSIA ESG rating ★★★★★

CENTRAL PATTANA   CPN TB
THAILAND / PROPERTY DEVELOPMENT

BUY
UNCHANGED

TARGET PRICE	**THB83.00**
CLOSE	**THB65.25**
UP/DOWNSIDE	**+27.2%**
PRIOR TP	**THB82.00**
CHANGE IN TP	**+1.2%**
TP vs CONSENSUS	**+1.3%**

เป็นอีกปีที่ดีแม้ว่าจะโตช้า

- เราปรับเพิ่มประมาณการกำไรสุทธิปี 2024-26 ขึ้น 0.3%/3.3%/5.4% ตามลำดับจาก รายได้จากธุรกิจอสังหาริมทรัพย์ที่เปลี่ยนไป
- ปัจจุบันเราคาดว่ากำไรปกติจะโต 7%/8%/6% หรือ 7.2% CAGR ในช่วงปี 2024-26
- คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 83 บาท

ปรับเพิ่มประมาณการเพื่อสะท้อนยอดขายโครงการอสังหาฯ ที่อยู่ในเกณฑ์ดี

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2024-26 ขึ้น 0.3%/3.3%/5.4% ตามลำดับส่วนมากจาก สมมติฐานรายได้จากธุรกิจอสังหาริมทรัพย์ที่เปลี่ยนไปจากก่อนหน้าที่ 3.3พัน ลบ. ต่อปีเป็น มากกว่า 5พัน ลบ. ในแต่ละปี ณ สิ้นปี 2023 CPN มียอดขายโครงการอสังหาฯ รอรับรู้เป็น รายได้จำนวน 4.3พัน ลบ. ซึ่งบริษัทฯ จะโอน 75% เป็นรายได้ในปี 2024 และที่เหลือใน ปี 2025 บริษัทฯ คาดว่ารายได้จากธุรกิจอสังหาฯ จะโต 20% ในปี 2024 ซึ่งหมายถึงว่าบริษัทฯ จะต้องโอนเพิ่มอีกประมาณ 3.7พัน ลบ. จากโครงการแนวราบ

รายได้จากธุรกิจอสังหาฯ ที่อยู่ในระดับสูงในปี 2023 น่าจะทรงตัวในปี 2024

CPN วางแผนพัฒนาโครงการที่อยู่อาศัย 10 แห่ง (คอนโด 7 และแนวราบ 3) ในปี 2024 คิด เป็นมูลค่ารวม 12-13พัน ลบ. เทียบกับเพียง 5 โครงการใหม่ในปี 2023 เราตั้งสมมติฐานให้ บริษัทฯ มีรายได้ 5.8พัน ลบ. จากธุรกิจอสังหาฯ ในปี 2024 (-1% จากรายได้สูงสุดในปี 2023) และ 5พัน ลบ. ต่อปี ในช่วงปี 2025-26 โดยน่าจะมาจากโครงการอสังหาฯ 3 แห่งภายใต้แบ รนด์ BAAN NIRADA ที่จะเปิดตัวในปี 2024 ซึ่งมีเป้าหมายเจาะตลาดบ้านหรูที่ราคาเริ่มต้น 25- 30 ลบ. แม้ว่าจะเป็นอีกปีที่ท้าทายสำหรับตลาดที่อยู่อาศัย โครงการอสังหาฯ ของ CPN กลับมี จุดแข็งอยู่ที่คุณภาพที่อยู่ในระดับสูง ชุมชนที่ดี ทำเลใกล้ศูนย์การค้า Central และราคาที่ สมเหตุสมผล

กำหนดเปิดศูนย์การค้า 2 แห่งใน 1Q24

CPN เปิดตัว Central Nakhon Sawan ไปเมื่อวันที่ 31 ม.ค. 2024 และจะเปิด Central Nakhon Pathom ในเดือน มี.ค. ในปี 2024 พื้นที่เช่าสุทธิ (NLA) จะเพิ่ม 2.4% เป็น 2.3ล้าน ตรม. ใน ปี 2025 นอกจากนี้บริษัทฯ ยังมีแผนเปิด Central Krabi และพื้นที่ค้าปลีกของ Dusit Central Park เราคาดว่ารายได้จากธุรกิจให้เช่าและบริการจะโตในระดับปานกลางที่ 7%/8%/7% ในปี 2024-26 เป็น 82-85% ของรายได้รวมซึ่งลดลงจาก 90% ในช่วงหลายปีก่อนหน้า เราคาดว่า อัตรากำไรขั้นต้นในธุรกิจให้เช่าและบริการจะลดลงในปี 2024 จากต้นทุนค่าเสื่อมที่สูงขึ้นจาก ศูนย์การค้าใหม่ก่อนปรับขึ้นตั้งแต่ปี 2025 เป็นต้นไป

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 83 บาท

หลังปรับประมาณการกำไร ปัจจุบันเราคาดว่ากำไรปกติจะโต 7%/8%/6% หรือ 7.2% CAGR ในช่วงปี 2024-26 เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 83 บาท (DCF, 7.4% WACC, 3% LTG) คิดเป็นเพียง 23.5x ของค่า 2024E P/E

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	45,613	48,320	51,027	53,963
Net profit	15,062	15,858	17,107	18,217
EPS (THB)	3.36	3.53	3.81	4.06
vs Consensus (%)	-	7.9	7.4	5.9
EBITDA	24,924	26,015	27,845	29,515
Recurring net profit	14,991	15,858	17,107	18,217
Core EPS (THB)	3.34	3.53	3.81	4.06
Chg. In EPS est. (%)	-	0.3	1.8	4.0
EPS growth (%)	37.0	5.8	7.9	6.5
Core P/E (x)	19.5	18.5	17.1	16.1
Dividend yield (%)	2.8	2.7	2.9	3.1
EV/EBITDA (x)	16.8	15.3	14.3	13.7
Price/book (x)	3.2	2.9	2.7	2.5
Net debt/Equity (%)	117.1	89.4	82.7	80.1
ROE (%)	17.3	16.5	16.4	16.1
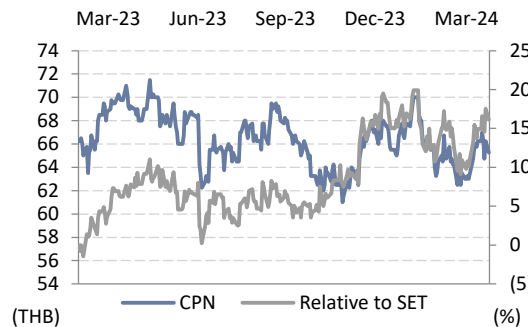
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.6	(3.3)	(1.5)
Relative to country (%)	3.2	(1.8)	16.1

Mkt cap (USD m)	8,174
3m avg. daily turnover (USD m)	15.8
Free float (%)	66
Major shareholder	Chirathivat Family (37%)
12m high/low (THB)	71.75/60.50
Issued shares (m)	4,488.00

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 5 มีนาคม 2024

Investment thesis

Although we estimate CPN's earnings growth to be slower in 2024, the company's long-term fundamentals are still solid, with a visible plan to maintain its leadership in the retail property sector in Thailand.

We revise up our net profit forecasts for CPN by 0.3%/3.3%/5.4% in 2024-26, respectively, mainly from the change in our revenue assumption for residential property to reflect its healthy backlog and transfers. Following our earnings revisions, we now forecast core profit growth of 7%/8%/6% or 7.2% CAGR during 2024-26. We reiterate our BUY call with a new TP of THB83 (DCF, 7.4% WACC, 3% LTG), implying only 23.5x 2024E P/E. We reiterate our BUY call for CPN.

Company profile

Central Pattana PCL is the largest retail property developer in Thailand, with over 40 years of experience. At end-3Q23, CPN managed 38 shopping centers, 17 community malls, one super-regional mall in Malaysia, 10 office buildings, eight hotels, and 27 residential projects. It has a net retail leasable area of 2.3m sqm. with an average 90% occupancy rate.

www.centralpattana.co.th

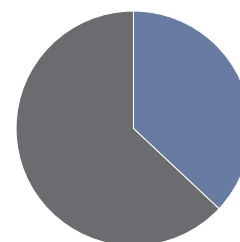## Principal activities (revenue, 2023)

- Revenue from rent and services - 81.8 %
- Revenue from food and beverage - 2.0 %
- Revenue from hotel operation - 3.4 %
- Revenue from residential project - 12.8 %
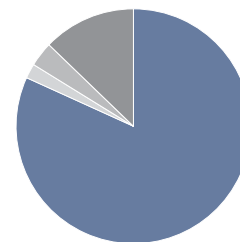
Source: Central Pattana

Major shareholders

- Chirathivat Family - 37.0 %
- Others - 63.0 %

Source: Central Pattana

Catalysts

Key potential catalysts include 1) NLA expansions with new shopping malls; 2) effecting cost control or the ability to pass through the increased costs to tenants; and 3) the success of the its housing projects.

Risks to our call

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

Event calendar

Date	Event
14 March 2024	Ex-dividend date
25 April 2024	Annual General Meeting for shareholders
15 May 2024	The dividend payment date

Key assumptions

	2024E	2025E	2026E
NLA (sqm m)	2.6	2.7	2.7
Retail rental rate (THB/sqm/month)	1,415	1,471	1,530
Rental revenue (THB m)	39,861	43,045	45,868
Hotel revenue (THB m)	1,697	1,842	1,977
Residential revenue (THB m)	5,777	5,086	5,000
Total revenue (THB m)	48,320	51,027	53,963
Blended GPM (%)	51.6	52.5	52.8
SG&A to sales (%)	17.0	17.1	17.0

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in rental rate, we project 2024 earnings to rise by 3%, and vice versa, all else being equal.

- For every 1% increase in occupancy rate, we project 2024 earnings to rise by 1%, and vice versa, all else being equal.

- For every 1% increase in SG&A to sales, we project 2024 earnings to drop by 2.8%, and vice versa, all else being equal.

Source: FSSIA estimates

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Exhibit 1: Changes in key assumptions

	(unit)	------------- Current --------------			------------ Previous -------------			-------------- *Change* ---------------		
		2024E	2025E	2026E	2024E	2025E	2026E	*2024E*	*2025E*	*2026E*
Total revenue	(THB m)	48,320	51,027	53,963	46,020	48,830	49,883	*5.0*	*4.5*	*8.2*
NLA	(m sqm)	2.60	2.69	2.75	2.24	2.27	2.27	*15.9*	*18.4*	*21.0*
Retail rental rate	(THB/sqm/month)	1,415	1,471	1,530	1,684	1,734	1,786	*(16.0)*	*(15.2)*	*(14.3)*
Revenue from rental and services	(THB m)	39,861	43,045	45,868	40,236	42,847	44,582	*(0.9)*	*0.5*	*2.9*
Revenue from hotels	(THB m)	1,697	1,842	1,977	1,502	1,623	1,655	*12.9*	*13.5*	*19.4*
Revenue from residential property	(THB m)	5,777	5,086	5,000	3,300	3,300	3,300	*75.0*	*54.1*	*51.5*
Blended GPM	(%)	51.6	52.5	52.8	52.4	52.5	52.9	*(0.8)*	*0.0*	*(0.1)*
SG&A to sales	(%)	17.0	17.1	17.0	16.6	16.5	16.2	*0.4*	*0.6*	*0.8*
Net profit	(THB m)	15,858	17,107	18,217	15,809	16,567	17,292	*0.3*	*3.3*	*5.4*

Sources: CPN, FSSIA estimates

Exhibit 2: Backlog for residential projects
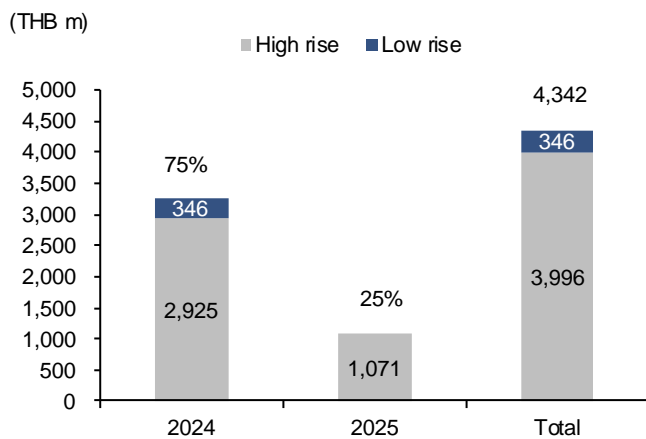
Source: CPN
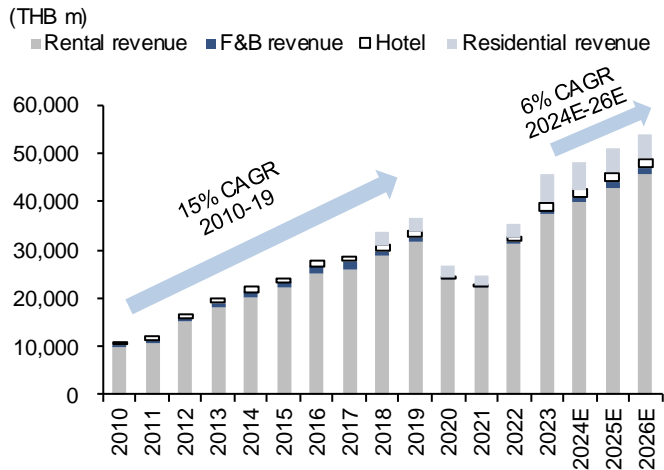
Exhibit 3: Residential projects pipeline 2024

Source: CPN

Exhibit 4: DCF valuation

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.0
Market risk premium	8.5	Tax rate	20.0
Stock beta	1.2		
Cost of equity, Ke	13.4	Cost of debt, Kd	0.9
Weight applied	61.6	Weight applied	38.4
WACC	7.4		
Terminal growth	3.0		
Sum of PV of FCF	159,199		
PV of Terminal value	318,849		
Enterprise value	478,049		
Net debt	(97,088)		
Minority interest	(8,456)		
Equity value	372,504		
No. of shares	4,488		
Equity value per share	**83.00**		

Source: FSSIA estimates

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Exhibit 5: Revenue structure projection

(THB m)
- Rental revenue ■ F&B revenue □ Hotel ■ Residential revenue

15% CAGR 2010-19

6% CAGR 2024E-26E

Sources: CPN, FSSIA estimates

Exhibit 6: Gross margin by business

(%)
- Rental and services — F&B
- Hotel ---- Residential
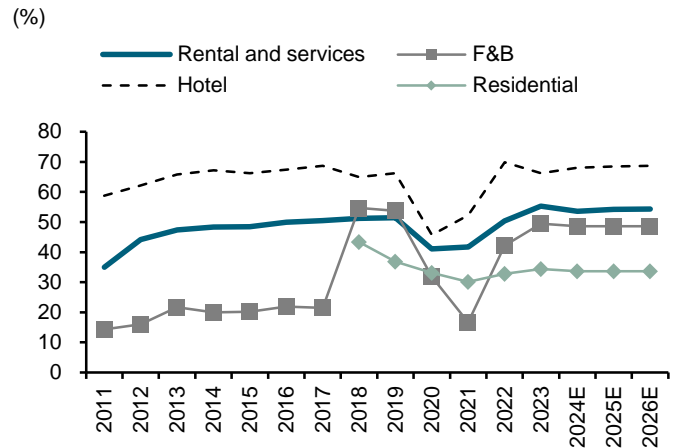
Sources: CPN, FSSIA estimates

Exhibit 7: Core profit and core profit margin

(THB m) Core profit Core profit margin (RHS) (%)
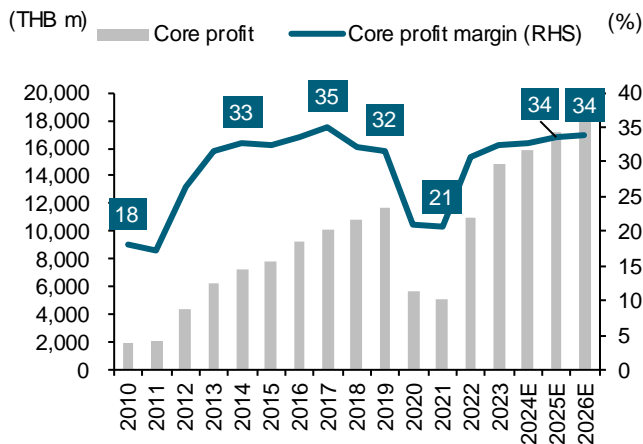
Sources: CPN, FSSIA estimates

Exhibit 8: Strong capital structure

(x) ■ Net IBD/E
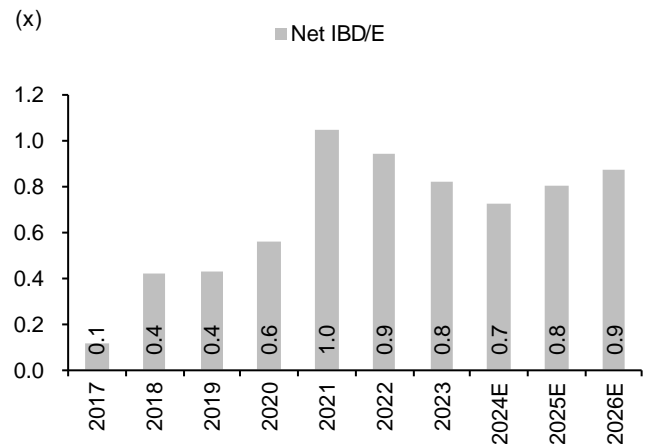
Sources: CPN, FSSIA estimates

Exhibit 9: One-year rolling forward P/E band

CPN PER (x)

std +2 = 49.7x
std +1 = 39.8x
5Y-avg = 30x
std -1 = 20.2x
std -2 = 10.3x
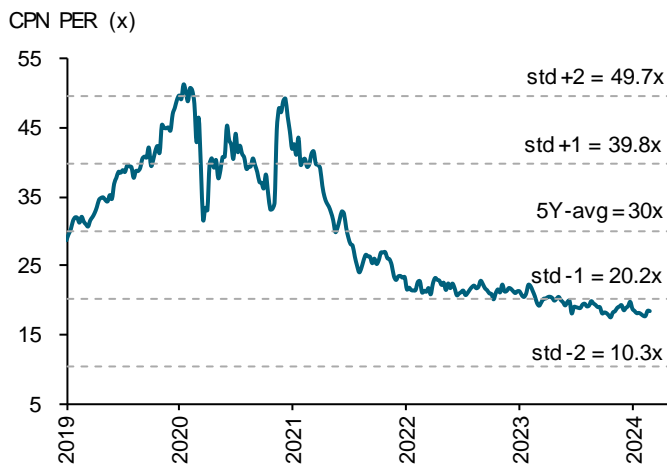
Sources: Bloomberg, FSSIA estimates

Exhibit 10: One-year rolling forward P/BV band

CPN PBV (x)

std +2 = 4.6x
std +1 = 4x
5Y-avg = 3.4x
std -1 = 2.8x
std -2 = 2.2x
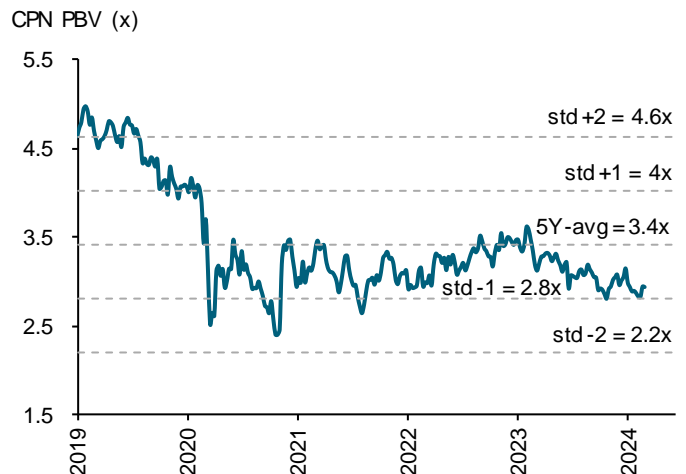
Sources: Bloomberg, FSSIA estimates

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Financial Statements
Central Pattana

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	35,575	45,613	48,320	51,027	53,963
Cost of goods sold	(18,033)	(21,509)	(23,378)	(24,214)	(25,475)
Gross profit	**17,542**	**24,104**	**24,942**	**26,813**	**28,488**
Other operating income	-	-	-	-	-
Operating costs	(6,483)	(7,726)	(8,214)	(8,736)	(9,174)
Operating EBITDA	**19,608**	**24,924**	**26,015**	**27,845**	**29,515**
Depreciation	(8,550)	(8,546)	(9,287)	(9,768)	(10,200)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**11,058**	**16,379**	**16,728**	**18,078**	**19,314**
Net financing costs	(2,204)	(2,613)	(2,693)	(2,758)	(2,905)
Associates	1,560	2,133	2,734	2,931	3,143
Recurring non-operating income	4,692	4,857	5,456	5,696	5,953
Non-recurring items	(186)	71	0	0	0
Profit before tax	**13,361**	**18,693**	**19,491**	**21,016**	**22,362**
Tax	(2,487)	(3,461)	(3,486)	(3,762)	(3,998)
Profit after tax	**10,874**	**15,233**	**16,006**	**17,255**	**18,365**
Minority interests	(114)	(171)	(147)	(147)	(147)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	**10,760**	**15,062**	**15,858**	**17,107**	**18,217**
Non-recurring items & goodwill (net)	**186**	**(71)**	**0**	**0**	**0**
Recurring net profit	**10,945**	**14,991**	**15,858**	**17,107**	**18,217**
Per share (THB)					
Recurring EPS *	2.44	3.34	3.53	3.81	4.06
Reported EPS	2.40	3.36	3.53	3.81	4.06
DPS	1.15	1.80	1.77	1.91	2.03
Diluted shares (used to calculate per share data)	4,488	4,488	4,488	4,488	4,488
Growth					
Revenue (%)	43.2	28.2	5.9	5.6	5.8
Operating EBITDA (%)	53.6	27.1	4.4	7.0	6.0
Operating EBIT (%)	138.2	48.1	2.1	8.1	6.8
Recurring EPS (%)	114.6	37.0	5.8	7.9	6.5
Reported EPS (%)	50.5	40.0	5.3	7.9	6.5
Operating performance					
Gross margin inc. depreciation (%)	49.3	52.8	51.6	52.5	52.8
Gross margin exc. depreciation (%)	73.3	71.6	70.8	71.7	71.7
Operating EBITDA margin (%)	55.1	54.6	53.8	54.6	54.7
Operating EBIT margin (%)	31.1	35.9	34.6	35.4	35.8
Net margin (%)	30.8	32.9	32.8	33.5	33.8
Effective tax rate (%)	20.7	21.0	20.8	20.8	20.8
Dividend payout on recurring profit (%)	47.2	53.9	50.0	50.0	50.0
Interest cover (X)	7.1	8.1	8.2	8.6	8.7
Inventory days	-	-	-	-	-
Debtor days	65.9	37.7	30.9	31.0	31.0
Creditor days	267.0	234.2	243.7	252.1	248.9
Operating ROIC (%)	5.0	7.2	7.2	7.7	8.1
ROIC (%)	5.0	6.6	6.7	7.2	7.6
ROE (%)	14.2	17.3	16.5	16.4	16.1
ROA (%)	4.8	6.2	6.4	6.8	7.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Revenue from rent and services	31,131	37,303	39,861	43,045	45,868
Revenue from food and beverage	655	921	985	1,054	1,118
Revenue from hotel operation	918	1,554	1,697	1,842	1,977
Revenue from residential project	2,870	5,835	5,777	5,086	5,000

Sources: Central Pattana; FSSIA estimates

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Financial Statements

Central Pattana

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	10,945	14,991	15,858	17,107	18,217
Depreciation	8,550	8,546	9,287	9,768	10,200
Associates & minorities	(942)	0	0	0	0
Other non-cash items	638	1,505	147	147	147
Change in working capital	(4,317)	(3,694)	1,650	(1,350)	117
Cash flow from operations	**14,875**	**21,348**	**26,943**	**25,673**	**28,682**
Capex - maintenance	(7,273)	(13,447)	(13,319)	(13,500)	(12,150)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(165)	3,760	(61)	621	365
Other investments (net)	(1,836)	-	(4,744)	-	-
Cash flow from investing	**(9,274)**	**(9,687)**	**(18,124)**	**(12,879)**	**(11,785)**
Dividends paid	(1,365)	(5,182)	(7,929)	(8,554)	(9,109)
Equity finance	(6,163)	(6,494)	0	0	0
Debt finance	1,991	(33,111)	29,137	8,800	232
Other financing cash flows	-	32,225	(30,000)	-	(7,784)
Cash flow from financing	**(5,537)**	**(12,562)**	**(8,793)**	**246**	**(16,661)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**(160)**	**(185)**	**(13,191)**	**(379)**
Movement in cash	**63**	**(1,061)**	**(159)**	**(151)**	**(143)**
Free cash flow to firm (FCFF)	7,804.31	14,273.65	11,511.72	15,551.32	19,801.75
Free cash flow to equity (FCFE)	7,591.13	10,614.75	7,770.48	8,402.72	8,966.04

Per share (THB)					
FCFF per share	1.74	3.18	2.56	3.47	4.41
FCFE per share	1.69	2.37	1.73	1.87	2.00
Recurring cash flow per share	4.28	5.58	5.64	6.02	6.36

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	257,917	269,554	282,873	296,373	308,523
Less: Accumulated depreciation	(85,210)	(93,756)	(103,043)	(112,811)	(123,012)
Tangible fixed assets (net)	**172,707**	**175,798**	**179,830**	**183,562**	**185,511**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	41,306	42,282	42,133	43,123	44,113
Cash & equivalents	6,121	5,059	4,901	4,750	4,607
A/C receivable	5,455	4,027	4,263	4,499	4,755
Inventories	0	0	0	0	0
Other current assets	13,667	16,459	17,436	18,413	19,472
Current assets	**25,242**	**25,546**	**26,600**	**27,662**	**28,835**
Other assets	33,436	36,247	34,558	31,020	27,884
Total assets	**272,692**	**279,873**	**283,120**	**285,367**	**286,343**
Common equity	81,475	92,273	100,202	108,756	117,864
Minorities etc.	8,145	8,309	8,456	8,604	8,751
Total shareholders' equity	**89,620**	**100,582**	**108,658**	**117,359**	**126,616**
Long term debt	98,522	83,656	60,669	79,354	74,531
Other long-term liabilities	42,517	71,767	66,462	49,256	47,475
Long-term liabilities	**141,040**	**155,423**	**127,131**	**128,610**	**122,005**
A/C payable	7,614	9,018	9,801	10,152	10,681
Short term debt	27,441	39,196	41,320	22,435	31,490
Other current liabilities	6,976	5,654	7,733	7,246	8,149
Current liabilities	**42,032**	**53,868**	**58,854**	**39,832**	**50,320**
Total liabilities and shareholders' equity	**272,691**	**309,873**	**294,644**	**285,802**	**298,941**
Net working capital	4,531	5,815	4,165	5,515	5,398
Invested capital	251,981	260,142	260,685	263,219	262,905
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	18.15	20.56	22.33	24.23	26.26
Tangible book value per share	18.15	20.56	22.33	24.23	26.26
Financial strength					
Net debt/equity (%)	133.7	117.1	89.4	82.7	80.1
Net debt/total assets (%)	43.9	42.1	34.3	34.0	35.4
Current ratio (x)	0.6	0.5	0.5	0.7	0.6
CF interest cover (x)	4.4	5.1	3.9	4.0	4.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**26.8**	**19.5**	**18.5**	**17.1**	**16.1**
Recurring P/E @ target price (x) *	**34.0**	**24.8**	**23.5**	**21.8**	**20.4**
Reported P/E (x)	27.2	19.4	18.5	17.1	16.1
Dividend yield (%)	1.8	2.8	2.7	2.9	3.1
Price/book (x)	3.6	3.2	2.9	2.7	2.5
Price/tangible book (x)	3.6	3.2	2.9	2.7	2.5
EV/EBITDA (x) **	21.5	16.8	15.3	14.3	13.7
EV/EBITDA @ target price (x) **	25.5	20.0	18.4	17.2	16.4
EV/invested capital (x)	1.7	1.6	1.5	1.5	1.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Central Pattana; FSSIA estimates

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Central Pattana PCL (CPN TB)

Exhibit 11: FSSIA ESG score implication

Rating	Score	Implication
★ ★ ★ ★ ★	>79-100	**Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.**
★ ★ ★ ★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★ ★ ★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★ ★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 12: ESG – peer comparison

	FSSIA	------------------ Domestic ratings ----------------------						----------------------------------- Global ratings -------------------------					--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AP	53.36	--	Y	Y	5.00	5.00	Certified	Low	43.30	--	--	16.91	24.00	1.89	34.26
AWC	71.74	--	Y	Y	5.00	5.00	Certified	Low	55.63	AA	--	69.90	73.00	2.11	60.03
CPN	81.38	Y	Y	Y	5.00	5.00	Certified	Low	56.02	BBB	35.00	69.83	81.00	3.67	--
SIRI	66.14	--	Y	Y	5.00	5.00	Certified	Low	43.82	A	--	57.85	23.00	3.00	61.14
SPALI	59.80	--	Y	Y	5.00	5.00	Certified	Low	52.93	BB	--	36.30	24.00	2.19	42.36

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**2.24**	**2.42**	**2.76**	**3.13**	**3.12**	**3.35**	**3.67**	**—**
BESG environmental pillar score	0.97	1.31	1.29	1.93	1.90	2.22	2.60	—
BESG social pillar score	3.25	3.25	6.78	6.78	6.78	6.78	6.78	—
BESG governance pillar score	4.03	3.91	3.95	3.86	3.90	4.01	4.31	—
ESG disclosure score	**50.21**	**53.42**	**57.94**	**58.14**	**59.45**	**60.66**	**60.66**	**—**
Environmental disclosure score	40.65	52.85	54.82	52.85	56.78	56.78	56.78	—
Social disclosure score	28.75	26.18	31.53	34.10	34.10	37.73	37.73	—
Governance disclosure score	81.10	81.10	87.36	87.36	87.36	87.36	87.36	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	4	4	4	4	6	7	3	2
GHG scope 2 location-based	202	255	250	258	278	220	185	239
GHG Scope 3	191	270	284	300	305	246	167	365
Carbon per unit of production	0	0	0	0	0	75	54	0
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	846	930	909	956	1,003	810	718	1,030
Renewable energy use	0	0	1	6	9	13	19	22
Electricity used	846	923	904	951	998	806	715	922
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

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Exhibit 14: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	9	—	0	0	0	—
Total waste	67	77	107	84	70	52	45	65
Waste recycled	—	0	0	0	2	2	2	6
Waste sent to landfills	—	—	—	—	68	49	42	53
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	2,536	2,489	2,573	3,071	2,475	2,378	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	No	No	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	Yes	Yes	Yes	Yes	Yes	No
Pct women in workforce	49	49	50	50	50	49	49	—
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	0	0	0	0	0	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	4,099	4,301	4,658	4,911	5,093	4,863	4,712	4,991
Employee turnover pct	—	—	—	—	—	—	—	—
Total hours spent by firm - employee training	81,980	90,321	116,450	132,597	122,232	53,593	117,800	49,910
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	**12**	**12**	**11**	**11**	**11**	**12**	**12**	**14**
No. of independent directors (ID)	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
No. of women on board	2	1	1	1	1	2	3	4
No. of non-executive directors on board	11	11	10	10	10	11	9	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	6	8	8	8	10	10	9	8
Board meeting attendance pct	96	86	90	99	90	96	98	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	53	54	55	56	57	58	59	—
Age of the oldest director	75	76	77	78	79	80	79	—
No. of executives / company managers	**11**	**12**	**8**	**8**	**9**	**6**	**5**	**7**
No. of female executives	6	5	5	5	5	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**3**
No. of ID on audit committee	4	4	4	4	4	4	4	3
Audit committee meetings	11	11	11	11	11	11	11	8
Audit meeting attendance %	97	98	95	100	100	100	100	96
Size of compensation committee	**3**	**3**	**3**	**3**	**3**	**3**	**5**	**3**
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	3	3	2	3	4	3	5	4
Compensation meeting attendance %	89	88	80	100	100	100	100	100
Size of nomination committee	**3**	**3**	**3**	**3**	**3**	**3**	**5**	**3**
No. of nomination committee meetings	3	3	2	3	4	3	5	4
Nomination meeting attendance %	89	88	80	100	100	100	100	100
Sustainability governance								
Verification type	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

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Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > 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.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (*Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Morningstar Sustainalytics rating table:

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

MSCI rating table:

AAA	8.571-10.000		
AA	7.143-8.570	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities
A	5.714-7.142		
BBB	4.286-5.713	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BB	2.857-4.285		
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

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**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

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History of change in investment rating and/or target price

Central Pattana (CPN TB)
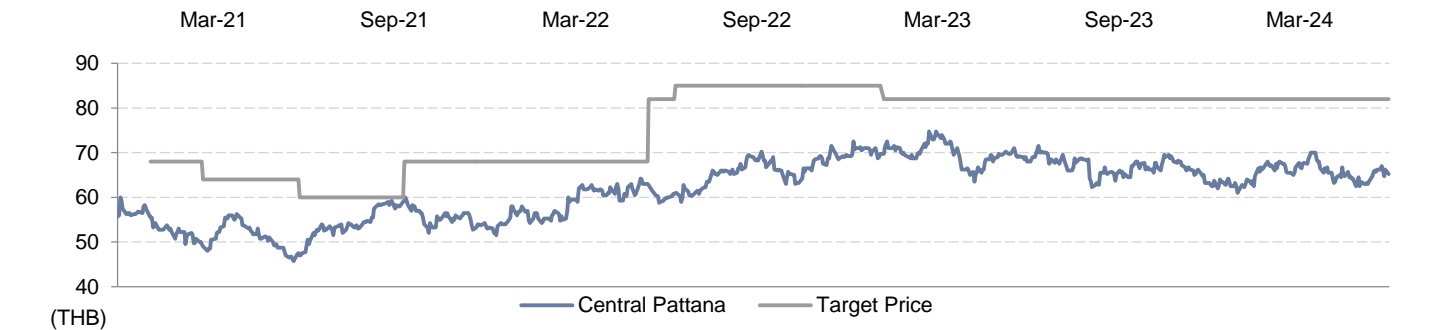
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2021	BUY	68.00	08-Nov-2021	BUY	68.00	23-Dec-2022	BUY	82.00
19-May-2021	BUY	64.00	06-Jun-2022	BUY	82.00			
10-Aug-2021	BUY	60.00	29-Jun-2022	BUY	85.00			

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

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.

All share prices are as at market close on 04-Mar-2024 unless otherwise stated.

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RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.

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