BUY (Unchanged)

Change in Numbers

TP: Bt 64.00 (From: Bt 58.00)

Upside : 15.3%

13 OCTOBER 2021

Central Pattana Pcl (CPN TB)

A way of life

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Shopping malls continue to be a way of life for many Thais along with the fast-growing e-commerce market. Traffic has tended to bounce back swiftly after lockdowns. We lift our earnings for CPN by 10% p.a. over 2021-32F and reaffirm our BUY call with a higher TP of Bt64.

Thanachart Securities

Boosting our earnings

We raise our normalized earnings for CPN by 10% pa in 2021-32F to reflect 1) a faster-than-expected mall traffic recovery, which in turn should result in a swifter fall in rent discounts to its tenants, and 2) profit contribution from Siam Future Development (SF TB, Bt12.00, not rated). We now expect rent discounts to disappear by mid-2023F (Exhibit 1) vs. the end of 2023 previously. As a result, we lift our SOTP-derived (2022F base year) 12-month TP to Bt64/share (from Bt58). We reaffirm our BUY call on CPN as a post-COVID turnaround play with EPS growth of 163/44/26% in 2022-24F, expecting earnings to get back to the 2019 level in 2023F. Its PE (net profit) looks inexpensive to us at 29.1x/21.5x in 2022-23F, vs. 30x in 2015-19.

A way of life

We believe shopping malls are a way of life for Thais, perhaps due in part to it being a country with hot temperatures and strong family values. Mall traffic has bounced back quickly and strongly after lockdowns. Traffic in the first post-lockdown month in September 2021 bounced back to 50-70% of 2019 levels, vs. 10-20% in July and August. We estimate a 70-80% level in the high season in 4Q21F and that level should continue into 2022F. We expect a normal traffic level in 2023F, when tourists start to come back. CPN isn't exposed to the sunset department store business with its tenant mix geared towards lifestyle and service-based businesses that are being threatened less by e-commerce.

SF takeover

We are not excited by CPN's acquisition plan for SF, a large open-air shopping-mall developer, given its high valuation. On CPN's accounting standard and at SF's acquisition price of Bt12, we estimate the takeover at 42x PE on SF's normal earnings level in 2023F, when we project SF to contribute Bt616m profit, or 5% of CPN's earnings. CPN owned a 56% stake in SF as of 30 August 2021 and the tender offer period for the remaining 44% stake ends on 18 October. We assume a 100% stake of SF in our CPN model. See SF's assets in Exhibit 8.

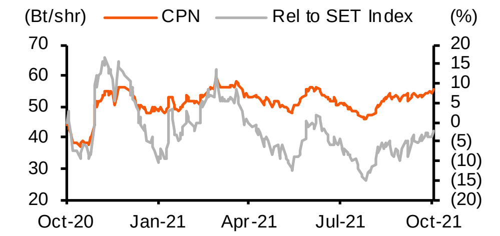
Expansion plan

As Thailand's urbanization rate is still at only 52%, there is room for CPN to expand. We expect 10 new malls (four announced in Ayutthaya, Sri Racha, Chanthaburi, Dusit Central Park) to be opened by 2025F. Note that CPN currently operates 33 shopping malls in Thailand and one in Malaysia. We assume the 10 new projects add 27% to leasable space from the current 1.56m sqm. As for SF, it has a total of 332,254 sqm, 30% of which is at its flagship Megabangna shopping center which has an IKEA store and 70% in 18 community malls.

COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	26,730	24,814	32,303	38,927
Net profit	9,557	7,497	8,569	11,603
Consensus NP	—	8,181	9,719	11,533
Diff frm cons (%)	—	*(8.4)*	*(11.8)*	*0.6*
Norm profit	5,258	2,637	6,938	9,971
Prev. Norm profit	—	2,906	6,613	9,026
Chg frm prev (%)	—	*(9.3)*	*4.9*	*10.5*
Norm EPS (Bt)	1.2	0.6	1.5	2.2
Norm EPS grw (%)	(54.3)	(49.9)	163.1	43.7
Norm PE (x)	47.4	94.5	35.9	25.0
EV/EBITDA (x)	19.9	23.2	16.2	13.5
P/BV (x)	3.6	3.4	3.1	2.9
Div yield (%)	1.3	0.9	1.4	1.9
ROE (%)	7.5	3.7	9.1	12.0
Net D/E (%)	47.1	42.8	45.6	54.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 12-Oct-21 (Bt)	55.50
Market Cap (US$ m)	7,448.7
Listed Shares (m shares)	4,488.0
Free Float (%)	62.8
Avg Daily Turnover (US$ m)	15.4
12M Price H/L (Bt)	60.00/37.25
Sector	PROP
Major Shareholder	Chirathivat family 36.85%

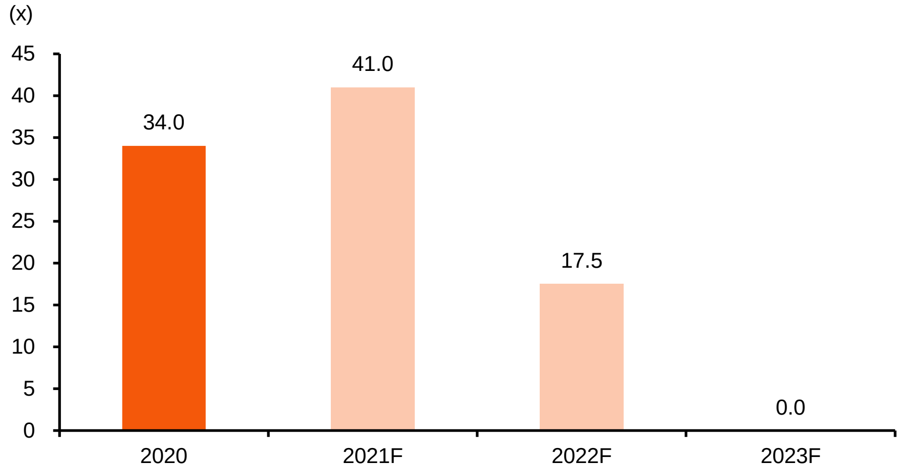
Sources: Bloomberg, Company data, Thanachart estimates

Boosting our earnings

We lift 2021-23F earnings by 10% on a faster cut in rent discounts and SF's profit

We raise our normalized earnings estimates for Central Pattana Pcl (CPN) by 10% p.a. over 2021-32F to reflect a quicker-than-expected traffic recovery at its shopping malls where we now expect rental discounts to end by mid-2023F (vs. the end of 2023F earlier), and profit contribution from Siam Future Development Pcl (SF TB, Bt12.00, not rated), in which it now owns 56% while it is tendering for the remaining SF shares (we assume it can tender for all the shares). Affected by the COVID pandemic since last year, CPN offered rent discounts to tenants at an average of 34% in 2020 and 41% in 2021. Note that Thailand imposed lockdown measures for some periods both last year and this year, so many businesses were forced to close and received rent waivers. As the vaccination rate is now accelerating, we believe there is a low risk of future lockdowns and assume rent discounts are lowered to 17.5% in 2022F and are gone by the middle of 2023F with some rate increases in 2H23F to be higher than the rental rate pre-COVID in 2019.

Ex 1: Rent Discount Assumptions



Sources: Company data, Thanachart estimates

We lift our TP by 10% to Bt64/share

Following this, we raise our SOTP-derived (2022F base year) TP by 10% to Bt64 from Bt58 previously. We reaffirm our BUY rating on CPN as a post-COVID play. We expect its strong business recovery and new projects in the pipeline to drive a strong normalized three-year EPS CAGR of 68% or 163/44/26% in 2022-24F while we project earnings to get back to the 2019 level in 2023F. Its PE (net profit) looks inexpensive to us at 29.1x in 2022F and 21.5x in 2023F, vs. its five-year historical PE of 30x in 2015-19. In our SOTP-derived TP, we add Bt0.19/share from the value of two land plots in Rangsit and Bangyai owned by SF's JV (SF holds 49% in this JV, SF Development Co Ltd).

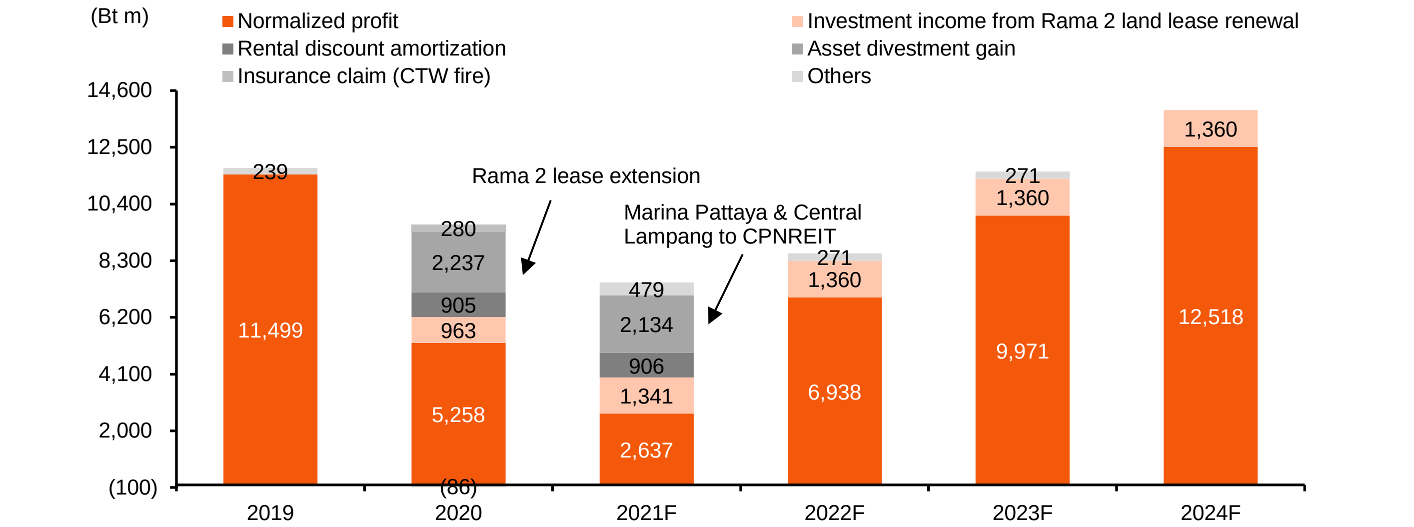
Ex 2: Key Assumption Changes

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
SS rental revenue growth (%)												
New	(11)	40	22	10	2	2	2	2	2	2	2	2
Old	(12)	38	19	10	2	2	2	2	2	2	2	2
SF's net contribution (Bt m)	(80)	(93)	125	138	150	163	176	189	203	217	231	246
Interest expense	134	491	491	491	491	491	491	491	491	491	491	491
Recurring profit (cost method)	54	398	616	628	641	654	667	680	694	708	722	736
Normalized profit (Bt m)												
New	2,637	6,938	9,971	12,518	12,692	14,413	15,377	16,476	17,434	18,862	20,455	22,124
Old	2,906	6,613	9,026	11,258	11,896	12,717	13,584	14,503	15,355	16,627	18,083	19,626
Change (%)	*(9.3)*	*4.9*	*10.5*	*11.2*	*6.7*	*13.3*	*13.2*	*13.6*	*13.5*	*13.4*	*13.1*	*12.7*
Net profit (Bt m)												
New	7,497	8,569	11,603	13,878	13,372	14,413	15,377	16,476	17,434	18,862	20,455	22,124
Old	6,757	8,271	10,684	12,644	12,589	12,717	13,584	14,503	15,355	16,627	18,083	19,626
Change (%)	*11.0*	*3.6*	*8.6*	*9.8*	*6.2*	*13.3*	*13.2*	*13.6*	*13.5*	*13.4*	*13.1*	*12.7*

Source: Thanachart estimates

Note: The difference in normalized and net profit is shown in Exhibit 3

Ex 3: Net Profit Estimates



Sources: Company data, Thanachart estimates

Ex 4: Our Sum-of-the-parts Valuation

SOTP valuation			**(Bt m)**
Risk-free rate (Rf) (%)	2.5	**Total present value of FCF**	**298,515**
Market risk premium (Rm-Rf) (%)	8.0	Less: net debt	35,066
Beta	0.80	Less: minority interest	8,414
Cost of equity (Ke) (%)	8.9	**Equity value**	**255,034**
After-tax cost of debt (Kd) (%)	2.0	No of shares (end-2021F) (m)	4,488
Debt to total assets (%)	22.0	**Equity value/share (Bt/share)**	**56.83**
WACC (%)	7.4	**plus Value of CPNREIT (25.8%-owned) (Bt/CPN share)**	**3.13**
		Value of CPNCG (25%-owned) (Bt/CPN share)	**0.29**
		Value of six land plots (Bt/CPN share)	**3.76**
		CPN's SOTP-based target price (Bt/share)	**64.00**

Source: Thanachart estimates

Ex 5: Land Banks And Estimated Values

Land plots	Area (rai)	Price/Sqw (Bt)	Estimated value (Bt m)	% owned	Bt/CPN share
Rama 9	23	300,000	2,760	67.53	0.42
Kampangpetch Road	35	40,000	560	67.53	0.08
Phaholyothin	48	800,000	15,360	83.80	2.87
Don Muang	85	40,000	1,360	67.53	0.20
Mega Bangyai	50	50,000	1,000	49.00	0.11
Mega Rangsit	250	7,000	700	49.00	0.08
Total	**491**		**21,740**		**3.76**

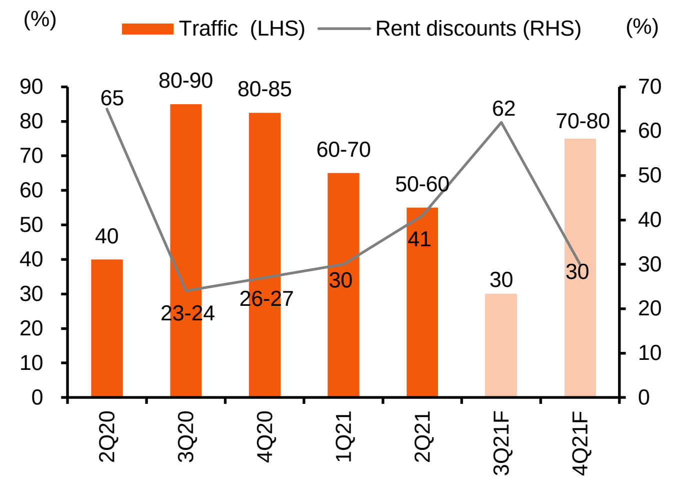
Sources: Company data, Thanachart estimates

A way of life

Mall traffic has bounced back quickly post lockdown

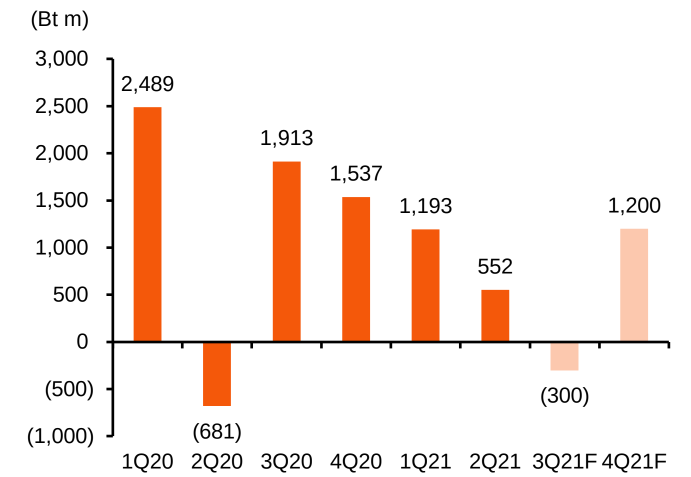
CPN has again experienced a swift traffic recovery post lockdown lifting with September traffic, the first month after lockdown, improving to 50-70% of the pre-COVID level in 2019 from 10-20% in July and August during the partial lockdown. Back to last year, mall traffic bounced back to 80-90% of the normal level in 3Q20, only a quarter after the lifting of nationwide lockdown from 17 May. This has proved that CPN's shopping malls are highly resilient and that business can return to normal which we expect by the middle of 2023F when tourists have started to come back. We believe this is because of a good tenant mix geared towards lifestyle and service offerings and its market-leading position in the shopping mall segment with 34 malls in good locations. In our view, shopping malls are places for Thai people to hang out with friends and family and are part of most Thais' lifestyles. We estimate traffic to rise to 70-80% amid the spending season, turning the company to a Bt1.2bn profit in 4Q21F, from a Bt300m normalized loss expected for 3Q21F. We only expect CPN to make losses during lockdowns as shopping malls are closed and it can't collect rental fees as normal. At an average occupancy rate of 90-91%, it still makes a profit if rent discounts are below 50%.

Ex 6: Traffic Vs. Rent Discounts



Sources: Company data, Thanachart estimates

Ex 7: Quarterly Normalized Profit



Sources: Company data, Thanachart estimates

SF takeover

CPN has acquired 56% of SF, the largest open-air shopping mall developer

On 30 August, CPN closed the SF share acquisition deal with Major Cineplex (MAJOR TB, Bt22.70, BUY) and SF's management for a 52% stake, adding to already-owned shares to provide a total of 56%. The tender offer for the remaining 44% is scheduled to end on 18 October. We are not excited about CPN's SF acquisition plan given the lofty valuation. The Bt12 takeover price is not cheap in our view at 42x pre-COVID 2019 PE (using adjusted recurring profit based on the cost method, to comply with CPN's) which also implies a 42x 2023F PE multiple as we estimate SF to return to a normal profit of Bt616m in 2023F, contributing 5% to CPN's earnings.

Tender offer for the remaining 44% will end on 18 October

However, SF is the first mover and the largest open-air community mall developer which could be complementary to CPN's businesses. Despite our forecast for a small net loss contribution (SF's profit net of acquisition interest assuming a 2.5% cost) of Bt80-93m in 2021-22F, we estimate a net positive contribution from 2023F. Also, we see upside potential from SF's most profitable mall, Megabangna (a 49% JV with IKANO, owned by the founder IKEA) contributing 80% to SF's profit, from rate hikes and another 50 rai of undeveloped land. SF's JV also owns two land plots, 250 rai in Rangsit and 50 rai in Bangyai, for future projects. SF now operates 18 community malls with the last one just launched at Krungthep Kreecha in 3Q21 and one super-regional mall Megabangna. See SF's assets in Exhibit 8.

Ex 8: SF's Assets

Shopping center	No of malls	GLA (sqm)	Project
Neighborhood center	8	50,502	1. Market Place Bangbon
			2. Market Place Pracha Utit
			3. Market Place Sukhaphiban 3
			4. Market Place Thonglor
			5. Market Place Nanglinchee
			6. Market Place Nawamin (Sukhaphiban 1)
			7. Market Place Dusit
			8. Market Place Krungthep Kreetha *3Q21*
Lifestyle center	6	78,587	1. J Avenue Thonglor
			2. La Villa Ari
			3. The Avenue Chaeng Wattana
			4. Pattaya Avenue
			5. The Avenue Ratchayothin
			6. Nawamin City Avenue
Power center	2	61,436	1. Petchkasem Power Center
			2. Ekkamai Power Center
Automotive service center	1	466	1. Mengjai
Entertainment center	1	42,532	1. Esplanade Ratchadapisek
Super regional mall	1	201,491 (49% JV)	1. Megabangna
Total	**19**	**332,254**	

Sources: Company data, Thanachart estimates

Ex 9: SF's Profit

(Bt m)	2017	2018	2019	2020	1Q21	2Q21	3Q21F	Sep21F	4Q21F
Recurring profit (cost method)	***499***	***482***	***616***	***398***	***99***	***50***	***(85)***	***15***	***50***
- Community malls	130	88	114	(28)	(10)	(27)	(85)	(25)	(27)
- Profit from JV (Megabangna)	369	394	502	426	109	77	0	40	77
Net profit	***1,841***	***1,654***	***2,031***	***2,083***	***307***	***478***			

Sources: Company data, Thanachart estimates

Expansion plans

Room to open shopping malls in Thailand given only a 52% urbanization rate

As Thailand's urbanization rate is still at 52%, there's room for CPN to expand. As a lifestyle retail-led (shopping malls) mixed-use developer (offices, hotels, residential projects), CPN is subject to less risk from e-commerce disruption and has prepared itself for growth. Of its total 34 shopping malls at present, 33 are in Thailand (15 in the Bangkok metropolitan area and 18 in the provinces) and one in Malaysia. We expect it to open 10 new malls by 2025F which would add 420,000 sqm of retail leasable area to the existing 1.56m sqm. Four projects have been announced – Central Ayutthaya and Central Sri Racha which are scheduled to open in 4Q21, Central Chanthaburi in mid-2022, and Dusit Central Park in 2H23. As for SF, it has a total retail area of 332,254 sqm, 30% of which is in its flagship Megabangna shopping center which has an IKEA store and 70% in 18 community malls. After the tender offer, we expect SF to add 21% of retail space to CPN's portfolio.

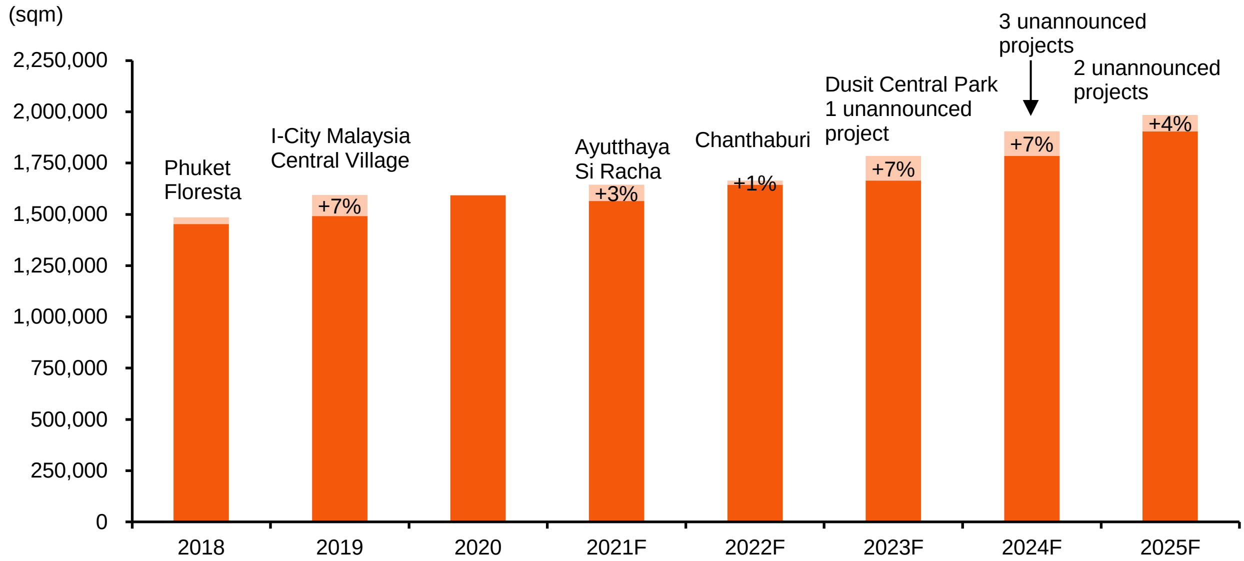
SF acquisition would add 21% of retail space

We expect CPN to open 10 new malls by 2025

No funding concerns as net gearing is low at 0.59x with REIT as a funding tool

Given its low net D/E of 0.59x as of 2Q21 with asset divestments to REIT as a funding channel, CPN continues to explore new growth opportunities, mostly via the development of mixed-use projects. Two projects were recently announced but we have yet to include these in our projections as the project details have not been concluded upon. However, the plan is for these two projects to be developed on the most expensive land plots in Thailand in Bangkok's central business district. The first is a 25%:26%:49% JV between CPN, Central Group and Hongkong Land to develop a mixed-use project (70,000 sqm of retail space, 140,000 sqm of office space), Embassy 2, on ex-British Embassy location targeted for 2026. The second is the Scala project that CPN just won the bid for in July from Chulalongkorn University on 7 rai of 30-year leasehold land in the Siam Square area near MBK intersection.

Ex 10: Our New Mall Assumptions



Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 11: Valuation Comparison With Regional Peers

			EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
Name	**BBG code**	**Country**	**21F**	**22F**	**21F**	**22F**	**21F**	**22F**	**21F**	**22F**	**21F**	**22F**
			(%)	**(%)**	**(x)**	**(x)**	**(x)**	**(x)**	**(x)**	**(x)**	**(%)**	**(%)**
Marks & Spencer	MKS LN	Britain	(86.7)	na	72.6	10.6	0.9	1.3	8.6	6.0	0.0	0.7
J Sainsbury PLC	SBRY LN	Britain	(44.4)	99.1	24.1	12.1	0.8	0.9	6.5	5.6	5.5	4.3
Tesco	TSCO LN	Britain	(53.0)	96.1	23.9	12.2	1.2	1.4	8.7	7.2	3.3	4.1
Carrefour SA	CA FP	France	12.4	13.1	11.0	9.8	1.2	1.1	6.3	5.9	3.6	4.0
Casino Guichard	CO FP	France	29.1	16.9	10.6	9.0	0.7	0.8	7.2	6.9	4.9	5.3
L'Oreal SA	OR FP	France	19.4	9.7	41.6	37.9	6.5	6.1	25.4	23.4	1.3	1.4
Alimentation Couche	ATD/B CN	Canada	22.7	2.3	20.2	19.8	4.4	4.1	9.7	9.5	0.6	0.7
Aeon	8267 JP	Japan	na	na	na	83.9	2.2	2.3	9.7	8.3	1.4	1.4
Kao Corporation	4452 JP	Japan	1.0	10.9	24.6	22.2	3.3	3.1	12.2	11.2	2.2	2.3
Lion Corporation	4912 JP	Japan	(25.1)	5.3	24.1	22.9	2.2	2.0	10.6	9.9	1.3	1.4
Shiseido Co. Ltd	4911 JP	Japan	na	28.2	61.4	47.9	5.6	5.1	26.5	18.3	0.7	0.8
Lawson	2651 JP	Japan	(56.6)	98.1	59.3	29.9	2.0	2.0	4.9	4.3	2.8	2.8
Seven & I Holdings	3382 JP	Japan	(25.7)	32.5	26.6	20.1	1.6	1.5	10.1	8.4	2.1	2.2
Lotte Corp	004990 KS	South Korea	152.4	22.8	10.9	8.9	0.5	0.4	8.8	8.5	3.7	4.0
Shinsegae	004170 KS	South Korea	na	33.4	10.9	8.2	0.7	0.6	7.9	7.5	0.7	0.8
Amore Pacific Group	002790 KS	South Korea	199.3	14.1	21.4	18.8	1.3	1.2	5.4	4.6	0.8	0.8
Best Buy Co Inc	BBY US	USA	25.1	(4.5)	11.0	11.5	6.5	6.5	6.0	6.3	2.0	2.6
Wal-Mart Stores	WMT US	USA	13.7	4.3	22.0	21.1	4.6	4.3	11.3	11.0	1.5	1.6
Home Depot Inc	HD US	USA	21.3	4.6	23.1	22.1	256.8	537.4	16.1	15.7	1.8	2.0
Yonghui Superstores	601933 CH	China	na	na	na	50.1	2.2	2.1	62.4	24.7	1.2	0.7
Sa International	178 HK	Hong Kong	na	na	na	94.4	3.6	3.3	na	23.3	0.0	0.9
Dairy Farm Intl Hldgs	DFI SP	Hong Kong	(27.0)	57.5	27.1	17.2	3.6	3.3	12.4	14.0	3.2	4.5
President Chain Store	2912 TT	Taiwan	(5.1)	17.6	30.5	25.9	8.5	7.5	12.3	11.4	2.9	3.3
7-Eleven Malaysia	SEM MK	Malaysia	(20.8)	63.2	40.3	24.7	19.9	21.0	9.9	8.4	1.8	2.9
Berli Jucker *	BJC TB	Thailand	(0.5)	25.7	34.9	27.7	1.2	1.1	13.9	13.5	1.4	1.8
COM7 *	COM7 TB	Thailand	44.3	39.6	41.2	29.5	19.1	16.0	27.4	20.4	2.0	2.8
CP All *	CPALL TB	Thailand	(37.9)	84.8	62.3	33.7	5.7	5.2	17.9	15.1	0.8	1.5
Central Pattana *	CPN TB	Thailand	(49.9)	163.1	94.5	35.9	3.4	3.1	23.2	16.2	0.9	1.4
Central Retail Corp. *	CRC TB	Thailand	na	na	na	49.5	4.2	3.9	15.0	10.8	0.0	0.8
Siam Global House *	GLOBAL TB	Thailand	62.8	20.1	31.0	25.8	5.1	4.6	23.4	19.7	1.3	1.6
Home Product*	HMPRO TB	Thailand	(1.0)	19.8	36.9	30.8	8.6	8.0	19.4	17.0	2.2	2.6
Siam Makro *	MAKRO TB	Thailand	(5.0)	16.4	45.9	39.5	1.9	1.8	30.0	47.2	0.9	2.0
Mc Group *	MC TB**	Thailand	(20.6)	29.5	21.2	16.4	2.1	2.1	8.4	7.6	4.8	5.9
Average			**5.3**	**36.6**	**33.3**	**28.2**	**11.9**	**20.2**	**14.9**	**13.0**	**1.9**	**2.3**

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth, ** MC's fiscal year ends in June. The figures shown in the table are for FY22F and FY23F

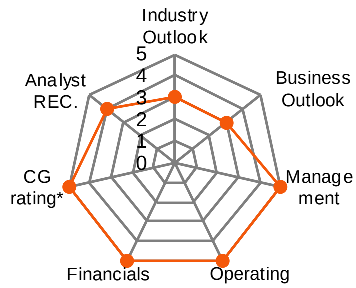
Based on 12 October 2021 closing price

COMPANY DESCRIPTION

Central Pattana Pcl (CPN) is Thailand's largest shopping mall developer with more than 30 years of experience. CPN currently manages 34 shopping malls, seven office buildings, two hotels and 10 residential projects. The company is the leader in the retail development and management sector with the biggest share of Bangkok's retail market. It also invests in property fund/REITs with a 25.8% holding in CPNREIT and 25.0% in CPNCG.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Market leader with the most proactive expansion plans.
- The major shareholder, the Chirathivat family, has many businesses under its wing, mostly retail. Thus, a certain occupancy level is secured prior to project launches.
- Prime locations secured in Bangkok and first-tier provinces.

W — Weakness

- Highly capital-intensive business.
- Long payback period.

O — Opportunity

- Expansion into second-tier provinces and Bangkok's suburbs.
- Opportunities to expand shopping malls in markets abroad, particularly Southeast Asian countries.

T — Threat

- Indirect competition from hypermarkets, especially upcountry.
- Risk of leasehold projects not being renewed.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	58.21	64.00	10%
Net profit 21F (Bt m)	8,181	7,497	-8%
Net profit 22F (Bt m)	9,719	8,569	-12%
Consensus REC	**BUY: 19**	**HOLD: 4**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2021-22F net profits are 8-12% below the Bloomberg consensus numbers, which we attribute to us having more conservative rent discount assumptions, which are still at 41% this year and 18% next year.
- Our SOTP-derived TP is 10% above the Street's, likely as we include more new projects and the SF acquisition in our model.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A slow economy would affect purchasing power, CPN's ability to increase rental rates, occupancy, and branch expansion, and represents the key downside risk to our call.
- Future unexpected events such as the closure of and fire at CentralWorld in the past would cause an earnings hiccup, and present a secondary downside risk.

Source: Thanachart

We project a hiccup in normalized profit in 2020-21F from COVID-19…

….but 44-163% growth in 2022-23F

An asset-based firm with shopping malls comprising the majority

INCOME STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	36,719	26,730	24,814	32,303	38,927
Cost of sales	18,086	15,037	16,365	17,768	19,841
Gross profit	**18,633**	**11,693**	**8,449**	**14,536**	**19,086**
% gross margin	50.7%	43.7%	34.1%	45.0%	49.0%
Selling & administration expenses	6,839	5,241	5,261	6,138	7,202
Operating profit	**11,794**	**6,452**	**3,189**	**8,398**	**11,885**
% operating margin	32.1%	24.1%	12.9%	26.0%	30.5%
Depreciation & amortization	7,117	7,906	9,040	9,464	10,385
EBITDA	**18,911**	**14,359**	**12,229**	**17,862**	**22,270**
% EBITDA margin	51.5%	53.7%	49.3%	55.3%	57.2%
Non-operating income	1,572	1,260	1,111	1,233	1,302
Non-operating expenses	0	0	0	0	0
Interest expense	(811)	(1,865)	(1,730)	(1,929)	(2,083)
Pre-tax profit	**12,555**	**5,848**	**2,569**	**7,702**	**11,103**
Income tax	2,277	1,301	642	1,694	2,443
After-tax profit	**10,278**	**4,547**	**1,927**	**6,007**	**8,660**
% net margin	28.0%	17.0%	7.8%	18.6%	22.2%
Shares in affiliates' Earnings	1,292	772	791	1,021	1,412
Minority interests	(71)	(60)	(81)	(91)	(101)
Extraordinary items	239	4,299	4,860	1,631	1,631
NET PROFIT	**11,738**	**9,557**	**7,497**	**8,569**	**11,603**
Normalized profit	**11,499**	**5,258**	**2,637**	**6,938**	**9,971**
EPS (Bt)	2.6	2.1	1.7	1.9	2.6
Normalized EPS (Bt)	2.6	1.2	0.6	1.5	2.2

BALANCE SHEET

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
ASSETS:					
Current assets:	16,378	23,886	19,710	23,098	26,001
Cash & cash equivalent	3,055	9,225	8,595	8,829	9,006
Account receivables	1,356	3,571	1,020	1,328	1,600
Inventories	0	0	0	0	0
Others	11,968	11,090	10,095	12,942	15,395
Investments & loans	17,333	9,117	9,117	9,117	9,117
Net fixed assets	126,882	106,793	118,352	131,572	153,447
Other assets	9,339	81,977	70,361	77,436	83,434
Total assets	**169,933**	**221,774**	**217,540**	**241,224**	**272,000**
LIABILITIES:					
Current liabilities:	21,075	30,554	26,287	30,056	35,594
Account payables	7,258	5,824	6,725	7,302	8,154
Bank overdraft & ST loans	4,970	11,732	6,549	7,336	9,212
Current LT debt	3,769	6,173	7,422	8,314	10,441
Others current liabilities	5,078	6,825	5,590	7,104	7,787
Total LT debt	**24,471**	**27,630**	**29,690**	**33,257**	**41,763**
Others LT liabilities	43,925	86,466	79,558	90,084	99,146
Total liabilities	**89,471**	**144,650**	**135,534**	**153,397**	**176,503**
Minority interest	8,334	8,333	8,414	8,505	8,606
Preferreds shares	0	0	0	0	0
Paid-up capital	2,244	2,244	2,244	2,244	2,244
Share premium	8,559	8,559	8,559	8,559	8,559
Warrants	0	0	0	0	0
Surplus	(356)	(932)	(932)	(932)	(932)
Retained earnings	**61,681**	**58,920**	**63,722**	**69,452**	**77,021**
Shareholders' equity	72,128	68,790	73,592	79,322	86,891
Liabilities & equity	**169,933**	**221,774**	**217,540**	**241,224**	**272,000**

Sources: Company data, Thanachart estimates

Despite high capex, we only expect net gearing of 0.43-0.55x in 2021-23F

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Earnings before tax	12,555	5,848	2,569	7,702	11,103
Tax paid	(2,018)	(1,739)	(590)	(1,589)	(2,277)
Depreciation & amortization	7,117	7,906	9,040	9,464	10,385
Chg In w orking capital	(781)	(3,649)	3,452	269	580
Chg In other CA & CL / minorities	(1,048)	4,533	(562)	(1,243)	(1,418)
Cash flow from operations	**15,824**	**12,899**	**13,910**	**14,602**	**18,373**
Capex	(9,855)	12,183	(17,100)	(19,400)	(28,900)
Right of use	0	(56,431)	11,286	(1,693)	(1,693)
ST loans & investments	0	0	0	0	0
LT loans & investments	(834)	8,216	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(2,623)	29,874	(4,156)	4,318	3,922
Cash flow from investments	**(13,312)**	**(6,158)**	**(9,970)**	**(16,775)**	**(26,671)**
Debt financing	2,812	12,325	(1,874)	5,246	12,509
Capital increase	0	0	0	0	0
Dividends paid	(5,015)	(3,633)	(2,695)	(2,838)	(4,034)
Warrants & other surplus	(48)	(9,262)	0	0	0
Cash flow from financing	**(2,251)**	**(570)**	**(4,569)**	**2,407**	**8,475**
Free cash flow	**5,970**	**25,082**	**(3,190)**	**(4,798)**	**(10,527)**

2022F PE (using net profit) of 29.1x is below its 30x 5-year historical average from 2015-19

VALUATION

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Normalized PE (x)	21.7	47.4	94.5	35.9	25.0
Normalized PE - at target price (x)	25.0	54.6	108.9	41.4	28.8
PE (x)	21.2	26.1	33.2	29.1	21.5
PE - at target price (x)	24.5	30.1	38.3	33.5	24.8
EV/EBITDA (x)	14.8	19.9	23.2	16.2	13.5
EV/EBITDA - at target price (x)	16.8	22.5	26.4	18.3	15.3
P/BV (x)	3.5	3.6	3.4	3.1	2.9
P/BV - at target price (x)	4.0	4.2	3.9	3.6	3.3
P/CFO (x)	15.7	19.3	17.9	17.1	13.6
Price/sales (x)	6.8	9.3	10.0	7.7	6.4
Dividend yield (%)	1.4	1.3	0.9	1.4	1.9
FCF Yield (%)	2.4	10.1	(1.3)	(1.9)	(4.2)
(Bt)					
Normalized EPS	2.6	1.2	0.6	1.5	2.2
EPS	2.6	2.1	1.7	1.9	2.6
DPS	0.8	0.7	0.5	0.8	1.0
BV/share	16.1	15.3	16.4	17.7	19.4
CFO/share	3.5	2.9	3.1	3.3	4.1
FCF/share	1.3	5.6	(0.7)	(1.1)	(2.3)

Sources: Company data, Thanachart estimates

We expect a swift recovery in earnings growth from next year post-COVID

FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
Growth Rate					
Sales (%)	8.9	(27.2)	(7.2)	30.2	20.5
Net profit (%)	4.7	(18.6)	(21.6)	14.3	35.4
EPS (%)	4.7	(18.6)	(21.6)	14.3	35.4
Normalized profit (%)	6.3	(54.3)	(49.9)	163.1	43.7
Normalized EPS (%)	6.3	(54.3)	(49.9)	163.1	43.7
Dividend payout ratio (%)	30.6	32.9	30.0	40.0	40.0
Operating performance					
Gross margin (%)	50.7	43.7	34.1	45.0	49.0
Operating margin (%)	32.1	24.1	12.9	26.0	30.5
EBITDA margin (%)	51.5	53.7	49.3	55.3	57.2
Net margin (%)	28.0	17.0	7.8	18.6	22.2
D/E (incl. minor) (x)	0.4	0.6	0.5	0.6	0.6
Net D/E (incl. minor) (x)	0.4	0.5	0.4	0.5	0.5
Interest coverage - EBIT (x)	14.5	3.5	1.8	4.4	5.7
Interest coverage - EBITDA (x)	23.3	7.7	7.1	9.3	10.7
ROA - using norm profit (%)	6.9	2.7	1.2	3.0	3.9
ROE - using norm profit (%)	16.7	7.5	3.7	9.1	12.0
DuPont					
ROE - using after tax profit (%)	14.9	6.5	2.7	7.9	10.4
- asset turnover (x)	0.2	0.1	0.1	0.1	0.2
- operating margin (%)	36.4	28.9	17.3	29.8	33.9
- leverage (x)	2.4	2.8	3.1	3.0	3.1
- interest burden (%)	93.9	75.8	59.8	80.0	84.2
- tax burden (%)	81.9	77.8	75.0	78.0	78.0
WACC (%)	7.4	7.4	7.4	7.4	7.4
ROIC (%)	10.4	4.9	2.3	6.0	7.8
NOPAT (Bt m)	9,656	5,017	2,392	6,551	9,270
invested capital (Bt m)	102,284	105,100	108,658	119,400	139,301

Sources: Company data, Thanachart estimates

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