

Central Pattana Pcl (CPN TB) - BUY**Earnings Preview**

Phannarai Tiyaipittayarat | Email: Phannarai.von@thanachartsec.co.th

Good recovery in 4Q21F

- **4Q21F core profit of Bt1.6bn, best quarter of last year.**
 - **Key drivers are improving mall traffic and hotel revenues.**
 - **Full quarter contribution from SF.**
 - **Good momentum in January this year.**
- We expect CPN to deliver strong results post lockdown with 4Q21F normalized profit of Bt1,623m, flat y-y and turned from net loss of Bt185m in 3Q21, which will be the quarterly best of last year.
 - Key drivers are improving mall traffic (leading to lower rent discount), higher hotel income and a full quarter contribution from SF, a community mall operator that it completed acquisition in 4Q21.
 - Post lockdown lifting in September, CPN's average shopping mall traffic is expected to rise to 75% of normal level pre COVID, a fast recovery from 30% traffic amid lockdown measure in 3Q21, but still lower than 80-85% traffic in 4Q20. Rental rate discount is estimated at 28-30% in 4Q21F, falling from 56% discount in 3Q21, but slightly higher than 26-27% discount in 4Q20.
 - Rental income from shopping malls should then recover strongly by 58% q-q but flat y-y to Bt6.5bn, supported by rental income from two new malls opened in 4Q21 at Ayutthaya and Sriracha (1% of 4Q21F rental income) and rental income from SF (3% of rental income). Average mall occupancy is maintained at 90%.
 - Strong equity income growth both y-y and q-q due to shared profit from SF's JV, Mega Bangna mall.
 - Hotel revenues are projected to increase by 120% y-y and 314% q-q to Bt150m (Bt68m in 4Q20, Bt36m in 3Q21) driven by rising occupancy rates of two hotels and higher room rates on recovery in domestic travelling. Hilton Pattaya hotel had 60% occupancy (20% in 3Q21, 40-50% in 4Q20) and Centara Udonthani had 35% occupancy (<20% in 3Q21, 30-35% in 4Q20).
 - 4Q21F net profit is forecasted at Bt1,745m, up 661% q-q. Two extra items will be Bt340m (Bt272m net of tax) investment income on Rama 2 lease renewal and reversal of rent discount amortization by Bt187m (Bt150m net of tax).
 - In January, despite the Omicron, mall traffic increases to 85-90% of normal level, so rent discount is lower to 20-25%, in line with our 17.5% rent discount for 2022F.
 - Maintain BUY as a turnaround play post COVID.

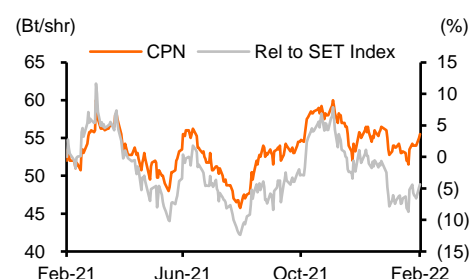
Key Valuations

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	26,730	24,814	32,303	38,927
Net profit	9,557	7,497	8,569	11,603
Norm net profit	5,258	2,637	6,938	9,971
Norm EPS (Bt)	1.2	0.6	1.5	2.2
Norm EPS gr (%)	(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

Source: Thanachart estimates

Stock Data

Closing price (Bt)	55.50
Target price (Bt)	64.00
Market cap (US\$ m)	7,563
Avg daily turnover (US\$ m)	16.9
12M H/L price (Bt)	60.00/45.75

Price Performance

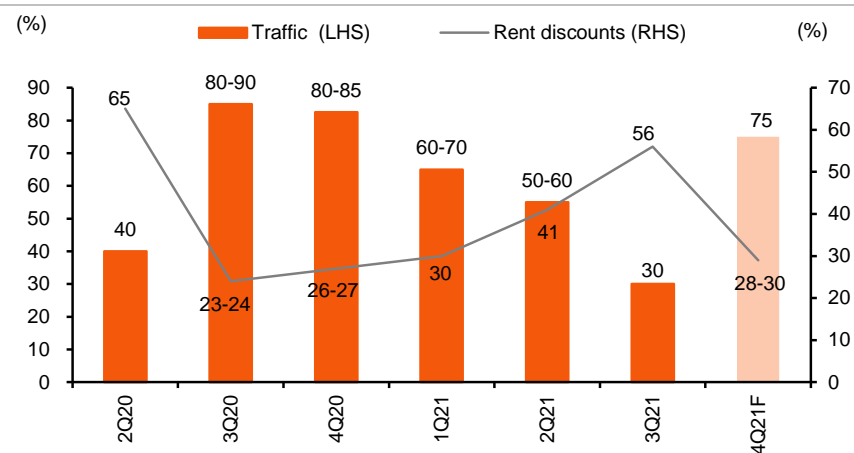
Source: Bloomberg

Ex 1: CPN's 4Q22F Earnings Preview

Yr-end Jun (Bt m)	Income Statement					Change	
	4Q20	1Q21	2Q21	3Q21	4Q21F	q-q%	y-y%
Revenue	7,931	6,382	5,665	4,609	7,697	67	(3)
Gross profit	3,696	2,863	2,091	1,249	3,520	182	(5)
SG&A	1,615	1,275	1,335	1,274	1,594	25	(1)
Operating profit	2,081	1,588	756	(25)	1,926	na	(7)
EBITDA	3,979	3,555	2,707	1,989	3,926	97	(1)
Other income	265	277	288	214	305	42	15
Other expense	0	0	0	0	0		
Interest expense	458	392	422	436	523	20	14
Profit before tax	1,888	1,473	622	(246)	1,708	na	(10)
Income tax	413	381	138	28	342	1,105	(17)
Equity & invest. income	170	167	152	78	306	292	80
Minority interests	(44)	(2)	(16)	11	(50)	na	na
Extraordinary items	416	2,578	649	414	122	(70)	(71)
Net profit	2,017	3,835	1,269	229	1,745	661	(14)
Normalized profit	1,601	1,257	620	(185)	1,623	na	1

Sources: Company data, Thanachart estimates

Ex 2: Traffic VS Rent Discounts



Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 110 Derivative Warrants which are ACE16C2202A, ADVA16C2202A, ADVA16C2203A, AOT16C2202A, AOT16C2204A, BAM16C2204A, BANP16C2205A, BANP16C2202A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2202A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2202A, CBG16C2204A, CBG16C2205A, CHG16C2202A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CPN16C2202A, CRC16C2204A, DELT16C2202A, DELT16C2203A, DOHO16C2202A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, ESSO16C2202A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2202A, GULF16C2203A, GULF16C2205A, GUNK16C2203A, GUNK16C2205A, HANA16C2202A, HANA16C2204A, HANA16C2205A, HMPR16C2202A, INTU16C2202A, INTU16C2205A, IRPC16C2205A, IVL16C2202A, IVL16C2203A, JAS16C2202A, JMAR16C2206A, JMAR16C2202A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2202A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, KTC16C2202A, LH16C2202A, MINT16C2203A, MINT16C2204A, MTC16C2202A, MTC16C2204A, OR16C2202A, OR16C2203A, OR16C2205A, PTG16C2202A, PTG16C2203A, PTL16C2202A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RBF16C2202A, RCL16C2205A, RS16C2205A, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2202A, SAWA16C2204A, SAWA16C2205A, SCB16C2202A, SCC16C2204A, SCGP16C2202A, SPAL16C2202A, STA16C2203A, STEC16C2204A, STGT16C2202A, SYNE16C2202A, TOP16C2202A, TRUE16C2205A, TRUE16C2202A, TRUE16C2203A, TRUE16C2203B, TU16C2202A, TU16C2204A, WHA16C2202A, WHA16C2204A (underlying securities are ACE, ADVANC, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, CHG, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, LH, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RBF, RCL, RS, SAWAD, SCB, SCC, SCGP, SET50, SPALI, STA, STEC, STGT, SYNEX, TOP, TU, WHA, TRUE). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)