

**CPN Retail Growth (CPNREIT TB) - BUY, Price Bt20.7, TP Bt24.0****Results Comment**

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**4Q21 decent profit as expected**

- Excluding extra items, we estimate a normalized profit of Bt514m in post-lockdown COVID 4Q21, recovering 80% q-q but still drop 20% y-y. This was as expected.
- Key earning recovery was rental income, which increased by 45% q-q though still dropped 9% y-y.
- 4Q21 rental discounts dropped to 27% in 4Q21 vs. 54% in lockdown quarter 3Q21 and 27% in 4Q20.
- Average occupancy rate at all 7 malls was 90.6%, relatively flat q-q but dropped from 92.2% in 4Q20.
- Mall traffic has recovered to 60% of normal in 4Q21 (from 32% in 3Q21)
- Extra items: non-cash gain from asset revaluation and non-cash interest expense from lease liability of Central Rama 2 (renewal) in accordance with TFRS 16
- CPNREIT announced to pay a dividend of Bt0.0552/share and a capital reduction of Bt0.1609/share. X-date is 3 March and payment date is 17 March 2022.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,010	937	787	637	924	Revenue	45	(9)	100	3,502	5,713
<b>Gross profit</b>	<b>1,005</b>	<b>881</b>	<b>719</b>	<b>579</b>	<b>857</b>	<b>Gross profit</b>	<b>48</b>	<b>(15)</b>	<b>97</b>	<b>3,252</b>	<b>5,484</b>
SG&A	211	194	170	151	192	SG&A	27	(9)	105	708	867
Operating profit	793	687	548	427	665	Operating profit	56	(16)	95	2,544	4,617
<b>EBITDA</b>	<b>793</b>	<b>687</b>	<b>548</b>	<b>427</b>	<b>665</b>	<b>EBITDA</b>	<b>56</b>	<b>(16)</b>	<b>95</b>	<b>2,544</b>	<b>4,617</b>
Other income	8	4	9	4	9	Other income	152	15	119	26	28
Other expense						Other expense					
Interest expense	159	150	145	145	160	Interest expense	10	0	92	2,193	704
<b>Profit before tax</b>	<b>642</b>	<b>542</b>	<b>412</b>	<b>286</b>	<b>514</b>	<b>Profit before tax</b>	<b>80</b>	<b>(20)</b>	<b>96</b>	<b>377</b>	<b>3,941</b>
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Extraordinary items	(689)	(80)	(311)	(1,131)	634	Extraordinary items	na	na	50	489	109
<b>Net Investment Income</b>	<b>(47)</b>	<b>462</b>	<b>102</b>	<b>(846)</b>	<b>1,148</b>	<b>Net Investment Income</b>	<b>na</b>	<b>na</b>	<b>3,150</b>	<b>866</b>	<b>4,050</b>
<b>Norm Net Invest. Income</b>	<b>642</b>	<b>542</b>	<b>412</b>	<b>286</b>	<b>514</b>	<b>Norm Net Invest. Income</b>	<b>80</b>	<b>(20)</b>	<b>96</b>	<b>377</b>	<b>3,941</b>
EPS (Bt)	(0.02)	0.18	0.04	(0.33)	0.45	EPS (Bt)	na	na	3,090	0.34	1.58
Normalized EPS (Bt)	0.29	0.21	0.16	0.11	0.20	Normalized EPS (Bt)	80	(31)	95	0.15	1.53
Balance Sheet						Financial Ratios					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & equivalent	1,162	992	935	688	688	Sales grow th	(19.6)	(19.3)	43.9	(41.4)	(8.5)
A/C receivable	644	864	894	966	966	Operating profit grow th	(22.6)	(25.9)	39.8	(51.1)	(16.2)
Inventory						EBITDA grow th	(22.6)	(25.9)	39.8	(51.1)	(16.2)
Other current assets						Norm profit grow th	(29.6)	(32.6)	69.2	(60.2)	(19.9)
Investment	69,343	75,688	75,902	75,317	75,317	Norm EPS grow th	(29.6)	(41.9)	45.8	(65.7)	(31.0)
Fixed assets						Gross margin	99.5	94.1	91.3	90.8	92.8
Other assets	428	477	443	439	439	Operating margin	78.5	73.4	69.7	67.1	72.0
<b>Total assets</b>	<b>71,577</b>	<b>78,022</b>	<b>78,174</b>	<b>77,410</b>	<b>77,410</b>	EBITDA margin	78.5	73.4	69.7	67.1	72.0
S-T debt						Norm net margin	63.6	57.9	52.4	44.8	55.7
A/C payable	167	175	128	123	123	D/E (x)	1.5	1.2	1.2	1.3	1.3
Other current liabilities						Net D/E (x)	1.4	1.2	1.2	1.3	1.3
L-T debt	40,762	40,564	41,134	41,469	41,469	Interest rate	2.3	1.4	1.4	1.4	1.5
Other liabilities	1,973	2,245	2,233	2,196	2,196	Effective tax rate	-	-	-	-	-
Minority interest						ROA	3.6	2.9	2.1	1.5	2.7
<b>Shareholders' equity</b>	<b>28,044</b>	<b>34,409</b>	<b>33,995</b>	<b>32,886</b>	<b>32,886</b>	ROE	9.1	6.9	4.8	3.4	6.3
Working capital	478	689	766	844	844	Dividend payout ratio (%)*	90.0	95.0	63.8	75.5	-
Total debt	41,393	41,193	41,817	42,204	42,204						
<b>Net debt</b>	<b>40,231</b>	<b>40,201</b>	<b>40,882</b>	<b>41,517</b>	<b>41,517</b>						

Sources: Company data, Thanachart estimates

\*Based on normalized profit

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