

BUY (Unchanged)

Change in Numbers

TP: Bt 65.00

(From: Bt 64.00)

28 MARCH 2022**Upside : 17.6%**

Central Pattana Pcl (CPN TB)

Falling rent discounts

Traffic at CPN's malls has been more resilient than we'd expected YTD, leading to a swift fall in rental discounts to the high-teens level. We expect the discounts to end in 1Q23F and net profit to surpass 2019's in 2023F. We see CPN as an inexpensive COVID recovery play based on its PE with its share price 31% below its 2019 peak.

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Resilient mall traffic

Despite the surge in Omicron cases in Thailand, CPN's YTD foot traffic to its 35 domestic malls has been at 70-80% of the pre-pandemic level, flat from 4Q21 but rising y-y from 65% in 1Q21. As vaccination rates have increased and booster shots have become available, Thai people are becoming more confident about going out and are gradually returning to live a normal life. Under current circumstances, we don't expect a lockdown to be imposed so mall traffic and rental fees are returning to normal which we forecast by next year along with foreign tourists coming back after the easing of travel restrictions.

Lower rent discounts

Rent discounts have been cut to the high teens YTD, falling from 29% in 4Q21 and 30% in 1Q21, and ahead of our earlier expectation of 25% in 1Q22F. By tenants, IT and technology stores, making up 12% of total retail space, have seen the strongest sales recovery back to or with some even surpassing pre-COVID level. Food and fashion, each contributing one-third of space, are back to nearly 80% of normal sales. Education, entertainment and cinemas have seen the slowest recovery at 60-70% of normal. To reflect the faster reduction in rent discounts, we now forecast them to decline to 12.5% this year (34% and 39% in 2020-21) with rents increasing by 5% in 2023F and 10% in 2024F vs. those in 2019.

New malls quickly make profit

CPN launched two new malls in 4Q21 at Sri Racha and Ayutthaya with occupancy rates rising to 80-85% and contributing to profit from 1Q22F. The acquisition of Siam Future Development Pcl (SF TB, non-rated), a community mall developer with 18 community malls and a 49% JV in a super-regional mall, Mega Bangna, is also a profitable investment. Acquired in September last year, SF contributed Bt180m in profit or 2.5% of CPN's 2021 net profit. With a full-year contribution and Mega Bangna quickly returning to normal, we estimate higher profit for SF of Bt495m/572m/617m in 2022-24F or 5.4/4.7/4.4% of CPN's net profit.

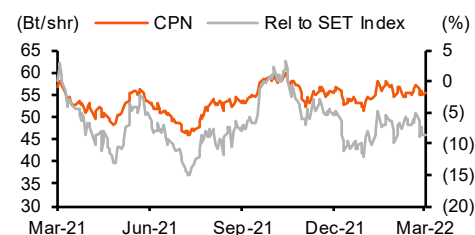
Valuation largely behind 2019's

With our earnings hikes of 9% and 6% in 2022-23F on a faster-than-expected cut in rental discounts, we lift our SOTP-based 12-month TP by 2% to Bt65 (from Bt64). We reaffirm our BUY on CPN as we see it as a strong COVID recovery play with normalized EPS growth of 124% and 40% in 2022-23F. While we estimate its net profit to beat the 2019 level in 2023F, its share price is 31% below 2019's peak of Bt80.5. Its PE (reported net profit) looks inexpensive to us at 26.9x/20.2x in 2022-23F, vs. 30x in 2015-19.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	24,515	32,507	39,007	43,454
Net profit	7,148	9,201	12,246	13,952
Consensus NP	—	9,084	11,329	13,084
Diff frm cons (%)	—	1.3	8.1	6.6
Norm profit	3,379	7,570	10,614	12,592
Prev. Norm profit	—	6,938	9,971	12,518
Chg frm prev (%)	—	9.1	6.5	0.6
Norm EPS (Bt)	0.8	1.7	2.4	2.8
Norm EPS grw (%)	(35.7)	124.0	40.2	18.6
Norm PE (x)	73.4	32.8	23.4	19.7
EV/EBITDA (x)	26.2	18.6	14.8	12.8
P/BV (x)	3.4	3.1	2.8	2.6
Div yield (%)	1.1	1.5	2.0	2.3
ROE (%)	4.8	9.9	12.8	13.8
Net D/E (%)	92.2	85.3	74.9	66.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 28-Mar-22 (Bt)	55.25
Market Cap (US\$ m)	7,344.8
Listed Shares (m shares)	4,488.0
Free Float (%)	62.8
Avg Daily Turnover (US\$ m)	16.2
12M Price H/L (Bt)	60.00/45.75
Sector	PROP
Major Shareholder	Central Holding Co., Ltd 26.21%

Sources: Bloomberg, Company data, Thanachart estimates

An inexpensive recovery play, BUY

Earnings and TP raised on a faster reduction in rent discounts

In spite of the surge in Omicron infections in Thailand from the beginning of this year, customer traffic at all of Central Pattana Pcl's (CPN) 35 shopping malls in Thailand has been holding up well at 70-80% vs. normal traffic before COVID, maintaining the level from 4Q21 when traffic spiked after the lockdown was lifted from September last year. Together with an overall sales recovery of tenants, this has caused a faster cut in rental discounts given to tenants from 29% in 4Q21 to the high teens YTD. The recent acquisition of a leading community mall developer, Siam Future Development Pcl (SF TB, non-rated), also contributed higher-than-expected profit in 4Q21 on a rapid recovery of one of the popular shopping malls in Bangkok's suburbs, Mega Bangna. We revise up our normalized profit forecasts by 9% this year and 6% next year to reflect the swifter reduction of rental discounts at CPN's shopping malls and a quicker recovery in SF's profit this year. Our SOTP-based 12-month TP therefore increases by 2% to Bt65/share, from Bt64 earlier.

Ex 1: Key Assumption Changes

	2020	2021	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
SS rental revenue growth (%)													
New	(34)	(8)	44	20	5	2	2	2	2	2	2	2	2
Old	(34)	(11)	40	22	10	2	2	2	2	2	2	2	2
Rent discounts (increases) vs 2019 (%)													
New	34	39	13	(5)	(10)	(12)	(15)	(17)	(19)	(22)	(24)	(27)	(29)
Old	34	41	18	(1)	(11)	(13)	(15)	(17)	(20)	(22)	(25)	(27)	(30)
SF's profit contribution													
New	0	180	495	572	617	636	655	674	695	715	737	759	782
Old	0	54	398	616	628	641	654	667	680	694	708	722	736
Normalized profit (Bt m)													
New	5,258	3,379	7,570	10,614	12,592	13,193	14,790	15,482	16,538	17,839	18,972	20,525	22,199
Old	5,258	2,637	6,938	9,971	12,518	12,692	14,413	15,377	16,476	17,434	18,862	20,455	22,124
Change (%)	0.0	28.2	9.1	6.5	0.6	3.9	2.6	0.7	0.4	2.3	0.6	0.3	0.3
Net profit (Bt m)													
New	9,557	7,148	9,201	12,246	13,952	13,873	14,790	15,482	16,538	17,839	18,972	20,525	22,199
Old	9,557	7,497	8,569	11,603	13,878	13,372	14,413	15,377	16,476	17,434	18,862	20,455	22,124
Change (%)	0.0	(4.7)	7.4	5.5	0.5	3.7	2.6	0.7	0.4	2.3	0.6	0.3	0.3

Sources: Company data, Thanachart estimates

Ex 2: Our Sum-of-the-parts Valuation

SOTP valuation			(Bt m)
Risk-free rate (Rf) (%)	2.5	Total present value of FCF	342,229
Market risk premium (Rm-Rf) (%)	8.0	Less: net debt	75,664
Beta	0.80	Less: minority interest	8,973
Cost of equity (Ke) (%)	8.9	Equity value	257,592
After-tax cost of debt (Kd) (%)	1.4	No of shares (end-2022F) (m)	4,488
Debt to total assets (%)	29.9	Equity value/share (Bt/share)	57.40
WACC (%)	6.7	plus Value of CPNREIT (30.3%-owned) (Bt/CPN share)	3.55
		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)			65.00

Source: Thanachart estimates

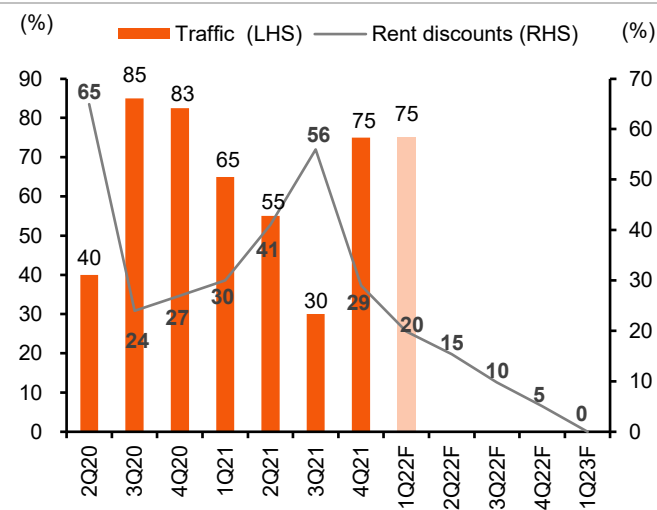
Reaffirm BUY as an inexpensive recovery play with a new Bt65 SOTP TP

A rapid recovery in rental rates

We regard CPN as a strong play on the economic recovery after being hit by mall closures from the lockdown policy for some periods of 2020-21. Based on our assumption of no more lockdowns, CPN's earnings passed the bottom last year with a strong earnings turnaround starting from this year. We reaffirm our BUY rating on CPN for the following reasons:

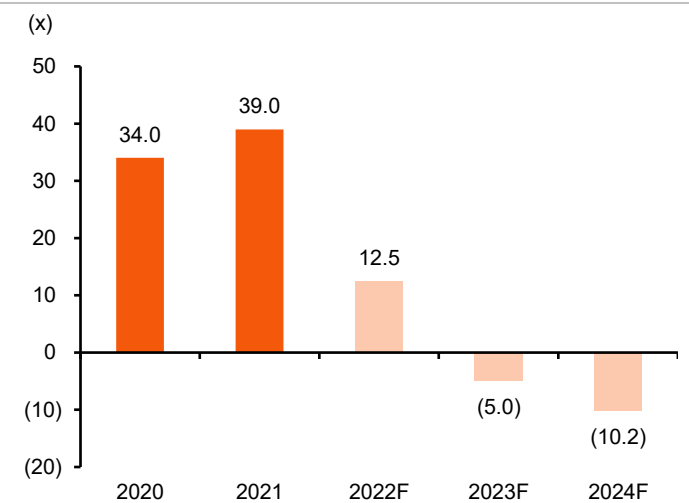
First, there has been a swift recovery in rental fees with rental discounts having been lowered to the high teens YTD. We project rental discounts to fall from 34% in 2020 and 39% in 2021 to 12.5% in 2022F (17.5% previously). With our expectation for more foreign tourists to come back to Thailand next year, we expect rent discounts to end in 1Q23F and rental rates in 2023-24F to be above 2019's level by 5% and 10% respectively.

Ex 3: Traffic Vs. Rent Discounts



Sources: Company data, Thanachart estimates

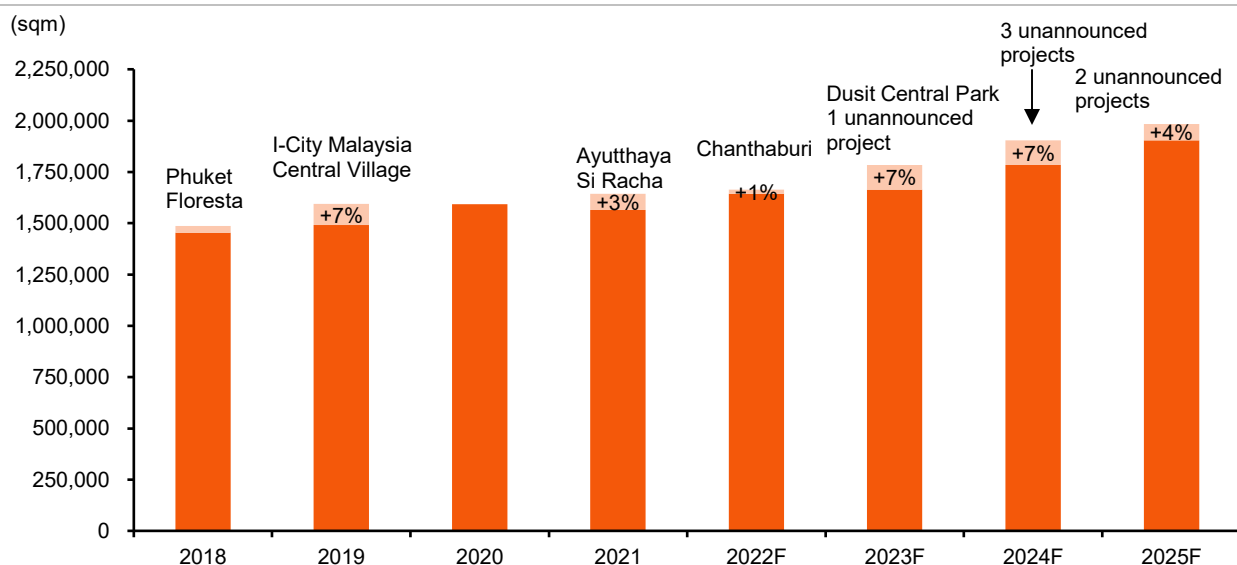
Ex 4: Rent Discount Assumptions



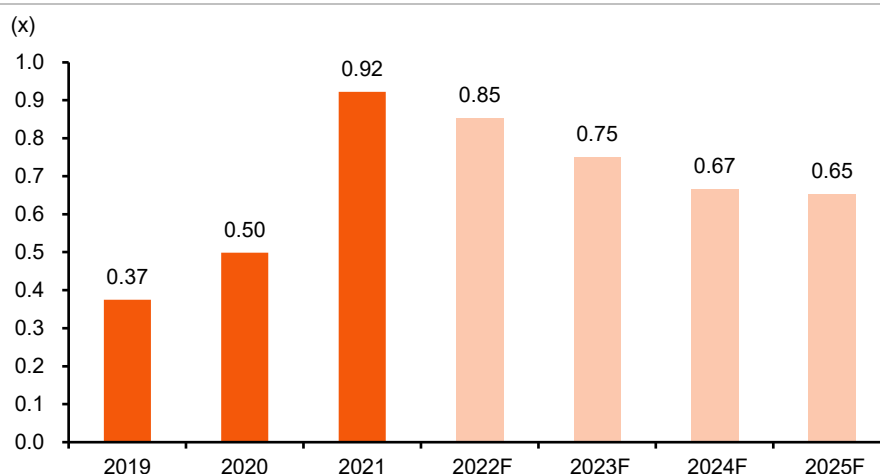
Sources: Company data, Thanachart estimates

New malls/assets quickly contribute profit

Second, CPN has been pursuing its expansion of mixed-use project developments in 4Q21 with the opening of two new malls at Sri Racha and Ayutthaya. Besides the already announced projects at Chanthaburi (in 2022) and Dusit Central Park (in 2023), it has more than 10 yet-to-be disclosed projects in the pipeline and targets a total five-year revenue CAGR of 14-16% during 2022-26. In our projections, we factor in six unannounced projects to be opened in 2023-25. Though net D/E rose to 0.92x in 2021 from the SF acquisition and mall openings resuming, we project net D/E to fall to 0.65-0.85x in 2022-25F on yearly capex of Bt20.7bn-29.0bn over these four years, which is well below its 1.75x debt covenant. The company still plans to divest two malls, Central Ubon Ratchathani and Central Surat Thani, into CPNREIT which would help to reduce net gearing further.

Ex 5: Our New Mall Assumptions

Sources: Company data, Thanachart estimates

Ex 6: Net D/E

Sources: Company data, Thanachart estimates

We project SF to contribute 5.4/4.7/4.4% to CPN's 2022-24F net profits

Two new malls just launched in 4Q21 quickly made profits in 1Q22F with occupancy rates ramping up to 80-85% from 77% at launch at Sri Racha and 81% at the Ayutthaya branch. The acquisition of SF was also a profitable one. After acquiring a 52.15% stake from the major shareholders on 30 August last year with its ownership rising from 4.11% to 56.26%, it tendered for more shares in 4Q21 with its total stake increasing to 96.89% at year-end 2021. SF contributed profit of Bt180m during September to December last year, or 2.5% of CPN's 2021 net profit. As a popular shopping mall in Bangkok's suburbs, Mega Bangna's traffic and mall performance recovered nicely driving SF a Bt150m profit in 4Q21 (Bt8m profit from 18 community malls and a Bt143m profit from Mega Bangna, a 49%-owned JV project), turning from a net loss of Bt92m in 3Q21 hit by about two months of mall closures. CPN is in the process of making a final tender offer for the 3.11% remaining stake before delisting SF from the SET. We estimate SF's profit growth at 138% this year to Bt495m and 16% and 8% to Bt572m and Bt617m in 2022-23F, contributing 5.4/4.7/4.4% of CPN's net profit in 2022-24F.

Ex 7: 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 Ratchadaphisek
Super regional mall	1	201,491 (49% JV)	1. Megabangna
Total	19	332,254	

Sources: Company data, Thanachart estimates

Ex 8: SF's Profit

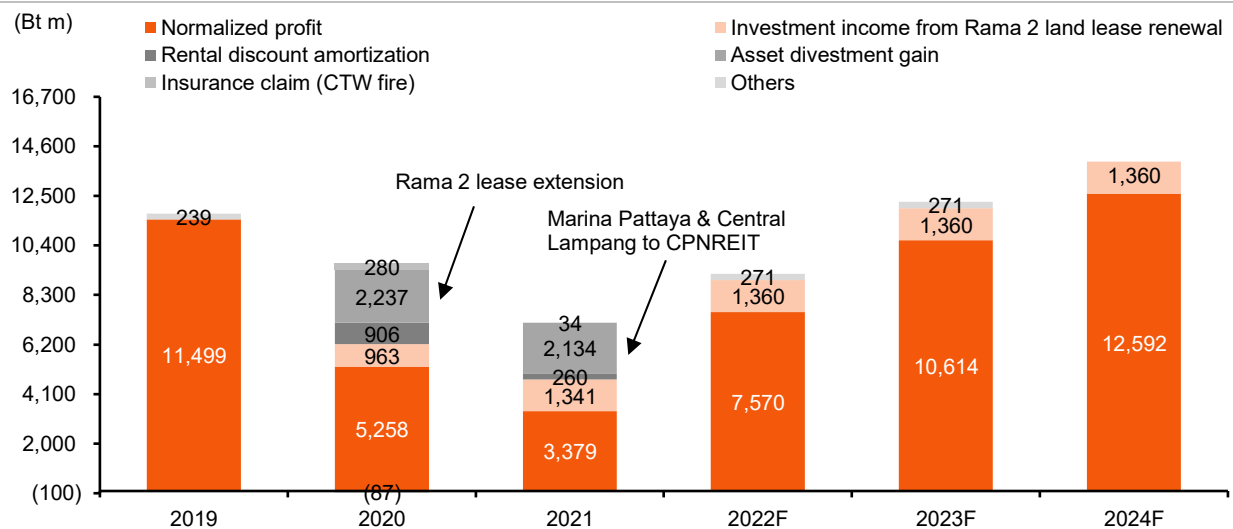
(Bt m)	2017	2018	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	2022F	2023F	2024F
Recurring profit (cost method)	499	482	616	398	99	50	(92)	150	208	495	572	617
- Community malls	130	88	114	(28)	(10)	(27)	(93)	8	(123)	35	70	100
- Profit from JV (Megabangna)	369	394	502	426	109	77	2	143	330	460	502	517
Net profit	1,841	1,654	2,031	2,083					1,332			

Sources: Company data, Thanachart estimates

We expect net profit to beat 2019's in 2023F

Third, we estimate net profit of Bt12.2bn in 2023F, beating the Bt11.7bn in 2019. This is on normalized profit growth of 124% in 2022F to Bt7.6bn and 40% in 2023F to Bt10.6bn due to a recovery of mall rental income and contribution from new malls.

Ex 9: Net Profit Estimates

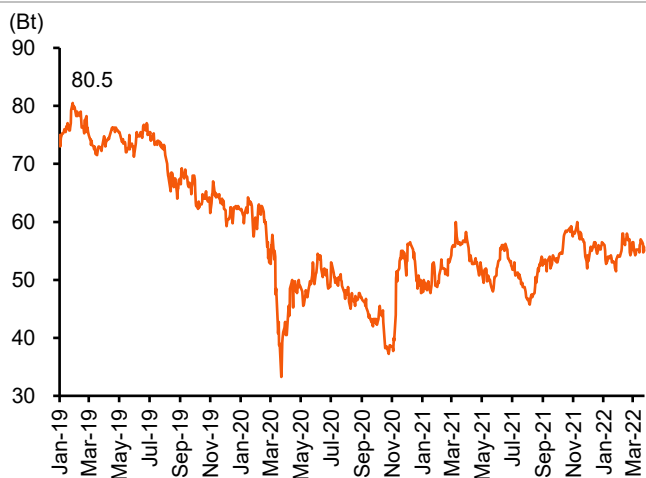


Sources: Company data, Thanachart estimates

**Valuation now well below
2019's level**

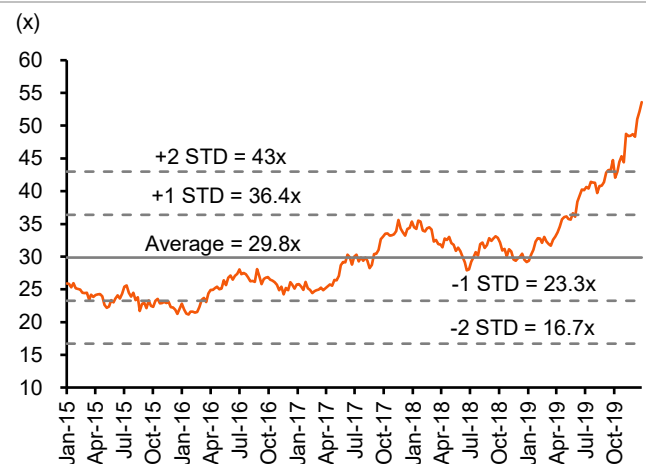
Fourth, while we estimate CPN's net profit to beat the 2019 level in 2023F, its current share price is 31% below 2019's peak of Bt80.5. Its PE multiples (reported net profit) are also inexpensive in our view at 26.9x/20.2x in 2022-23F, vs. 30x in 2015-19.

Ex 10: CPN's Share Price



Source: Bloomberg

Ex 11: CPN's PE Band



Sources: Bloomberg, Thanachart estimates

Valuation Comparison

Ex 12: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Marks & Spencer	MKS LN	Britain	na	(12.3)	6.7	7.7	1.1	1.0	4.9	5.1	0.0	0.6
J Sainsbury PLC	SBRY LN	Britain	109.1	(0.4)	10.4	10.5	0.8	0.8	5.2	5.2	6.1	5.1
Tesco	TSCO LN	Britain	110.8	1.4	11.9	11.7	1.5	1.4	7.1	7.0	3.2	4.2
Carrefour SA	CA FP	France	20.4	13.6	11.2	9.9	1.4	1.2	5.9	5.5	2.9	3.2
Casino Guichard	CO FP	France	36.8	22.6	8.6	7.0	0.6	0.6	6.6	6.4	4.0	1.2
L'Oreal SA	OR FP	France	15.4	8.6	35.2	32.4	7.1	6.6	22.4	20.9	1.3	1.5
Alimentation Couche	ATD/B CN	Canada	6.7	2.2	na	na	na	na	10.3	10.5	na	na
Aeon	8267 JP	Japan	na	145.1	193.7	79.0	2.4	2.4	9.1	8.4	1.3	1.3
Kao Corporation	4452 JP	Japan	(0.3)	12.1	19.8	17.6	2.4	2.3	9.4	8.7	2.9	2.9
Lion Corporation	4912 JP	Japan	(7.4)	2.7	19.8	19.2	1.5	1.4	7.5	6.9	1.7	1.8
Shiseido Co. Ltd	4911 JP	Japan	42.0	56.3	48.8	31.2	4.4	4.0	17.1	13.1	0.8	1.4
Lawson	2651 JP	Japan	106.9	22.8	26.1	21.3	1.8	1.7	3.9	3.7	3.1	3.1
Seven & I Holdings	3382 JP	Japan	36.2	33.6	22.7	17.0	1.8	1.7	8.9	7.6	1.8	1.8
Lotte Corp	004990 KS	South Korea	17.7	29.1	9.2	7.1	0.4	0.4	12.5	12.5	3.4	3.9
Shinsegae	004170 KS	South Korea	10.6	16.7	7.6	6.5	0.6	0.6	7.2	6.7	0.7	0.8
Amore Pacific Group	002790 KS	South Korea	(27.5)	13.5	23.1	20.4	1.2	1.1	5.8	4.9	1.1	1.0
Best Buy Co Inc	BBY US	USA	(9.9)	18.5	10.7	9.0	7.7	7.2	5.5	5.0	2.3	2.9
Wal-Mart Stores	WMT US	USA	6.0	7.4	21.1	19.6	4.5	4.0	11.3	10.8	1.5	1.5
Home Depot Inc	HD US	USA	4.5	6.4	19.1	18.0	na	na	13.7	13.2	1.9	2.1
Yonghui Superstores	601933 CH	China	na	84.5	72.1	39.1	2.5	2.3	24.8	17.6	1.2	0.6
Sa International	178 HK	Hong Kong	na	na	na	31.8	4.0	3.8	na	18.7	0.0	0.0
Dairy Farm Intl Hldgs	DFI SP	Hong Kong	40.8	38.4	19.1	13.8	2.8	2.6	9.4	8.0	3.5	4.4
President Chain Store	2912 TT	Taiwan	23.4	9.4	24.1	22.1	7.0	6.6	11.7	11.3	3.0	3.5
7-Eleven Malaysia	SEM MK	Malaysia	129.6	12.9	23.5	20.9	13.3	10.4	7.7	8.0	1.8	2.0
Berli Jucker *	BJC TB	Thailand	25.7	9.5	29.8	27.2	1.2	1.2	14.0	13.3	1.7	1.8
COM7 *	COM7 TB	Thailand	28.4	22.5	30.6	25.0	13.6	11.1	21.5	17.8	1.5	3.3
CP All *	CPALL TB	Thailand	121.5	43.0	33.7	23.6	5.2	4.6	15.1	12.7	1.5	2.1
Central Pattana *	CPN TB	Thailand	124.0	40.2	32.8	23.4	3.1	2.8	18.6	14.8	1.5	2.0
Central Retail Corp. *	CRC TB	Thailand	na	55.3	54.1	34.8	4.2	3.9	11.5	10.0	0.7	1.1
Siam Global House *	GLOBAL TB	Thailand	15.9	21.4	28.1	23.1	4.9	4.3	22.1	18.3	1.4	1.7
Home Product*	HMPRO TB	Thailand	21.1	20.0	31.1	26.0	8.6	7.9	17.6	15.2	2.6	3.1
Siam Makro *	MAKRO TB	Thailand	16.1	38.6	30.8	22.2	1.4	1.4	37.2	33.1	2.6	3.6
Mc Group *	MC TB**	Thailand	9.6	25.0	14.7	11.7	2.0	2.0	5.2	4.5	6.8	8.5
Average			36.9	25.6	30.0	21.5	3.7	3.3	12.2	11.1	2.2	2.4

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth

Based on 28 March 2022 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 36 shopping malls, seven office buildings, two hotels and 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 30.3% 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.

O — Opportunity

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

W — Weakness

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

T — Threat

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

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	62.95	65.00	3%
Net profit 22F (Bt m)	9,084	9,201	1%
Net profit 23F (Bt m)	11,329	12,246	8%
Consensus REC	BUY: 18	HOLD: 5	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F net profits are 1-8% higher than the Bloomberg consensus numbers, which we attribute to us assuming a faster reduction in rent discounts.
- Our SOTP-derived TP is therefore 3% above the Street's.

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

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	26,730	24,515	32,507	39,007	43,454
Cost of sales	15,037	14,784	17,393	19,317	20,702
Gross profit	11,693	9,731	15,115	19,690	22,752
% gross margin	43.7%	39.7%	46.5%	50.5%	52.4%
Selling & administration expenses	5,241	5,499	6,176	7,216	7,822
Operating profit	6,452	4,231	8,938	12,473	14,930
% operating margin	24.1%	17.3%	27.5%	32.0%	34.4%
Depreciation & amortization	7,906	8,124	8,476	9,194	9,970
EBITDA	14,359	12,356	17,415	21,667	24,900
% EBITDA margin	53.7%	50.4%	53.6%	55.5%	57.3%
Non-operating income	1,260	1,123	1,267	1,355	1,492
Non-operating expenses	0	0	0	0	0
Interest expense	(1,865)	(1,790)	(2,151)	(2,115)	(2,075)
Pre-tax profit	5,848	3,564	8,054	11,713	14,347
Income tax	1,301	807	1,772	2,577	3,156
After-tax profit	4,547	2,757	6,282	9,136	11,191
% net margin	17.0%	11.2%	19.3%	23.4%	25.8%
Shares in affiliates' Earnings	772	704	1,379	1,580	1,512
Minority interests	(60)	(81)	(91)	(101)	(111)
Extraordinary items	4,299	3,769	1,631	1,631	1,360
NET PROFIT	9,557	7,148	9,201	12,246	13,952
Normalized profit	5,258	3,379	7,570	10,614	12,592
EPS (Bt)	2.1	1.6	2.1	2.7	3.1
Normalized EPS (Bt)	1.2	0.8	1.7	2.4	2.8

A hiccup in normalized profit in 2020-21 from COVID-19...

....but strong 124% and 40% normalized EPS growth in 2022-23F

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	23,765	23,515	28,228	32,003	34,517
Cash & cash equivalent	9,225	6,057	9,516	9,750	9,927
Account receivables	3,571	4,203	1,336	1,603	1,786
Inventories	0	0	0	0	0
Others	10,968	13,255	17,376	20,650	22,805
Investments & loans	9,117	41,038	41,038	41,038	41,038
Net fixed assets	163,224	169,848	182,072	195,678	209,908
Other assets	25,546	29,020	38,482	41,176	40,870
Total assets	221,652	263,421	289,819	309,894	326,333
LIABILITIES:					
Current liabilities:	30,433	43,492	45,732	48,160	49,120
Account payables	664	708	7,148	7,939	8,508
Bank overdraft & ST loans	11,958	17,959	12,714	12,275	11,995
Current LT debt	8,078	14,009	14,409	13,912	13,594
Others current liabilities	9,732	10,817	11,462	14,035	15,023
Total LT debt	27,630	49,753	57,636	55,646	54,378
Others LT liabilities	86,466	88,100	98,269	109,850	117,773
Total liabilities	144,529	181,346	201,638	213,655	221,270
Minority interest	8,333	8,973	9,065	9,166	9,277
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	(932)	(619)	(619)	(619)	(619)
Retained earnings	58,920	62,919	68,933	76,890	85,602
Shareholders' equity	68,790	73,102	79,117	87,073	95,785
Liabilities & equity	221,652	263,421	289,819	309,894	326,333

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	5,848	3,564	8,054	11,713	14,347
Tax paid	(1,739)	(918)	(1,603)	(2,497)	(3,070)
Depreciation & amortization	7,906	8,124	8,476	9,194	9,970
Chg In working capital	(8,810)	(588)	9,307	524	386
Chg In other CA & CL / minorities	7,362	143	(2,645)	425	(107)
Cash flow from operations	10,568	10,326	21,588	19,359	21,526
Capex	(44,248)	(14,748)	(20,700)	(22,800)	(24,200)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	8,216	(31,920)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	30,073	1,957	2,719	10,891	9,955
Cash flow from investments	(5,959)	(44,711)	(17,981)	(11,909)	(14,245)
Debt financing	14,457	34,054	3,038	(2,926)	(1,865)
Capital increase	0	0	0	0	0
Dividends paid	(3,633)	(3,136)	(3,187)	(4,289)	(5,239)
Warrants & other surplus	(9,262)	300	0	0	0
Cash flow from financing	1,561	31,218	(149)	(7,216)	(7,104)
Free cash flow	(33,680)	(4,422)	888	(3,441)	(2,674)

Despite high capex, we only expect net gearing of 0.67-0.85x in 2022-24F

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	47.2	73.4	32.8	23.4	19.7
Normalized PE - at target price (x)	55.5	86.3	38.5	27.5	23.2
PE (x)	25.9	34.7	26.9	20.2	17.8
PE - at target price (x)	30.5	40.8	31.7	23.8	20.9
EV/EBITDA (x)	19.9	26.2	18.6	14.8	12.8
EV/EBITDA - at target price (x)	23.0	29.7	21.1	16.8	14.5
P/BV (x)	3.6	3.4	3.1	2.8	2.6
P/BV - at target price (x)	4.2	4.0	3.7	3.4	3.0
P/CFO (x)	23.5	24.0	11.5	12.8	11.5
Price/sales (x)	9.3	10.1	7.6	6.4	5.7
Dividend yield (%)	1.3	1.1	1.5	2.0	2.3
FCF Yield (%)	(13.6)	(1.8)	0.4	(1.4)	(1.1)
(Bt)					
Normalized EPS	1.2	0.8	1.7	2.4	2.8
EPS	2.1	1.6	2.1	2.7	3.1
DPS	0.7	0.6	0.8	1.1	1.2
BV/share	15.3	16.3	17.6	19.4	21.3
CFO/share	2.4	2.3	4.8	4.3	4.8
FCF/share	(7.5)	(1.0)	0.2	(0.8)	(0.6)

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(27.2)	(8.3)	32.6	20.0	11.4
Net profit (%)	(18.6)	(25.2)	28.7	33.1	13.9
EPS (%)	(18.6)	(25.2)	28.7	33.1	13.9
Normalized profit (%)	(54.3)	(35.7)	124.0	40.2	18.6
Normalized EPS (%)	(54.3)	(35.7)	124.0	40.2	18.6
Dividend payout ratio (%)	32.9	37.7	40.0	40.0	40.0
Operating performance					
Gross margin (%)	43.7	39.7	46.5	50.5	52.4
Operating margin (%)	24.1	17.3	27.5	32.0	34.4
EBITDA margin (%)	53.7	50.4	53.6	55.5	57.3
Net margin (%)	17.0	11.2	19.3	23.4	25.8
D/E (incl. minor) (x)	0.6	1.0	1.0	0.9	0.8
Net D/E (incl. minor) (x)	0.5	0.9	0.9	0.7	0.7
Interest coverage - EBIT (x)	3.5	2.4	4.2	5.9	7.2
Interest coverage - EBITDA (x)	7.7	6.9	8.1	10.2	12.0
ROA - using norm profit (%)	2.7	1.4	2.7	3.5	4.0
ROE - using norm profit (%)	7.5	4.8	9.9	12.8	13.8
DuPont					
ROE - using after tax profit (%)	6.5	3.9	8.3	11.0	12.2
- asset turnover (x)	0.1	0.1	0.1	0.1	0.1
- operating margin (%)	28.9	21.8	31.4	35.5	37.8
- leverage (x)	2.8	3.4	3.6	3.6	3.5
- interest burden (%)	75.8	66.6	78.9	84.7	87.4
- tax burden (%)	77.8	77.4	78.0	78.0	78.0
WACC (%)	6.7	6.7	6.7	6.7	6.7
ROIC (%)	4.9	3.1	4.7	6.3	7.3
NOPAT (Bt m)	5,017	3,273	6,972	9,729	11,646
invested capital (Bt m)	107,232	148,766	154,360	159,156	165,826

Sources: Company data, Thanachart estimates

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

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