BUY (Unchanged)

Change in Numbers

TP: Bt 70.00 (From: Bt 65.00)

Upside : 16.2%

19 MAY 2022

Thanachart Securities

Central Pattana Pcl (CPN TB)

Back to good basics

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CPN started its turnaround in 4Q21 and regained most of its momentum in 1Q22. We now expect its performance to become even stronger with the country's reopening and return to pre-COVID level in 1Q23F. We reaffirm our BUY call with a higher TP of Bt70.

Raising our TP to Bt70

CPN's 1Q22 earnings beat our expectation on a faster-than-expected fall in its average rental discount to 16% vs. 29% in 4Q21 and 39% in 2021. We lower our rental discount assumption to 10% from 12.5% in 2022F. Looking at it on a rental rate growth basis, we estimate 48/19/5% growth in 2022-24F vs. -34/-8% in 2020-21. Our old forecasts were 44/20/5%. The new assumptions result in us raising our earnings by 7% p.a. in 2022-24F and our SOTP-based 12-month TP by 8% to Bt70 (from Bt65). We reaffirm our BUY call on CPN as a post-COVID turnaround play.

Swift recovery

CPN's business recovery started in 4Q21 and gained pace in 1Q22 despite the Omicron wave. Growth momentum should continue in the following quarters with the country reopening and all schools reopening this month. We then expect its business to return to pre-COVID level in 1Q23F. Traffic at CPN's malls in 1Q22 was at 75% of 2019's level and CPN's occupancy rate was at 90% in 1Q22 vs. 91% in 2019. As occupancy is already high, further upside would be from revenue sharing that should grow along with business activity in its malls. CPN's revenue sharing now makes up one-third of rental income whereas it accounts for 45% of NLA. As for a direct link to the reopening theme, CPN has seven of its total 35 domestic malls in tourist destinations and foreign traffic at all malls accounted for 12% of traffic in 2019.

New project update

Mall expansion resumed in 4Q21 with two malls (Sri Racha and Ayutthaya). Both are profitable with current occupancy rates of 79% and 82%. Its 99.73%-held SF, a community mall developer, acquired in 3Q21, saw its profit return to pre-COVID level and it contributed Bt160m, or 7% of CPN's 1Q22 profit. As of last year, it operated 36 malls with a plan to add 2-3 new malls/year until 2026. Its new Chanthaburi branch is due to open on 26 May (over 80% preleased), to be followed by Central WestVille in 2023 and Dusit Central Park in 2024. To survive in the current era, CPN's malls are not just about shopping, but offer a lifestyle environment to shop, work and live via its mixed-use developments comprising a mall, offices, hotel and residential projects.

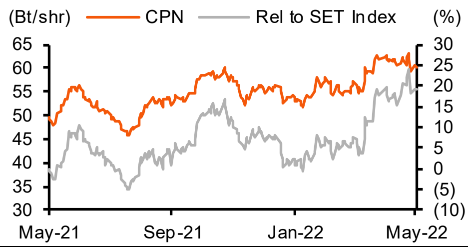
Inexpensive retail stock in our view

CPN looks inexpensive to us trading at 21.5x 2023F PE vs. other reopening retail plays such as Central Retail Corporation Pcl's (CRC TB, HOLD, Bt36.75) 29.9x and CP All Pcl's (CPALL, BUY, Bt64.00) 23.6x. CPN's stock price is still 25% lower than its 2019 peak of Bt80.5 and we expect its earnings in 2023F to surpass its pre-COVID level by 7%. Our normalized EPS growth estimates are 146/34/19% in 2022-24F.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	24,515	33,041	39,464	43,934
Net profit	7,148	9,701	12,556	14,601
Consensus NP	—	9,146	11,468	13,218
Diff frm cons (%)	—	*6.1*	*9.5*	*10.5*
Norm profit	3,379	8,313	11,168	13,235
Prev. Norm profit	—	7,570	10,614	12,592
Chg frm prev (%)	—	*9.8*	*5.2*	*5.1*
Norm EPS (Bt)	0.8	1.9	2.5	2.9
Norm EPS grw (%)	(35.7)	146.0	34.3	18.5
Norm PE (x)	80.0	32.5	24.2	20.4
EV/EBITDA (x)	28.0	19.0	15.4	13.3
P/BV (x)	3.7	3.4	3.1	2.8
Div yield (%)	1.0	1.4	1.9	2.2
ROE (%)	4.8	10.9	13.4	14.4
Net D/E (%)	92.2	84.4	73.8	65.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 19-May-22 (Bt)	60.25
Market Cap (US$ m)	7,825.3
Listed Shares (m shares)	4,488.0
Free Float (%)	65.7
Avg Daily Turnover (US$ m)	17.1
12M Price H/L (Bt)	63.00/45.75
Sector	Property
Major Shareholder	Central Holding Co., Ltd 26.21%

Sources: Bloomberg, Company data, Thanachart estimates

Boosting our earnings and TP

Raising our TP on a better rental rate outlook

After Central Pattana Pcl's (CPN) 1Q22 earnings beat on a faster-than-expected fall in its average mall rental discount to 16% vs. 39% in 2021 and 34% in 2020 on the back of recovering customer traffic and tenants' improving sales, we foresee the environment returning to the pre-COVID normal from 2Q22F. We lower our rental discount assumption to 10% this year with no more discounts from next year and rent increases vs. 2019 of 7% and 12% in 2023-24F. This implies same-store rental revenue growth of 48/19/5% in 2022-24F vs. -34/-8% in 2020-21. This leads us to raise our earnings estimates by 7% p.a. in 2022-24F and boost our SOTP-based 12-month TP by 8% to Bt70 (from Bt65 previously).

Ex 1: Key Assumption Changes

	2020	2021	2022F	2023F	2024F
SS rental revenue growth (%)					
New	(34)	(8)	48	19	5
Old	(34)	(8)	44	20	5
Rent discounts (increases) vs 2019 (%)					
New	34	39	10	(7)	(12)
Old	34	39	13	(5)	(10)
Gross margin - rent (%)					
New	45.0	40.8	49.1	52.0	53.3
Old	45.0	40.8	48.1	51.0	52.1
SF's profit contribution (Bt m)					
New	0	180	639	677	716
Old	0	180	495	572	617
Normalized profit (Bt m)					
New	5,258	3,379	8,313	11,168	13,235
Old	5,258	3,379	7,570	10,614	12,592
Change (%)	*0.0*	*0.0*	*9.8*	*5.2*	*5.1*

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**	**364,716**
Market risk premium (Rm-Rf) (%)	8.0	Less: net debt	75,664
Beta	0.96	Less: minority interest	8,973
Cost of equity (Ke) (%)	10.1	**Equity value**	**280,079**
After-tax cost of debt (Kd) (%)	1.4	No of shares (end-2022F) (m)	4,488
Debt to total assets (%)	35.0	**Equity value/share (Bt/share)**	**62.41**
WACC (%)	7.1	**plus Value of CPNREIT (30.3%-owned) (Bt/CPN share)**	**3.55**
		Value of CPNCG (25%-owned) (Bt/CPN share)	**0.28**
		Value of six land plots (Bt/CPN share)	**3.76**
		CPN's SOTP-based target price (Bt/share)	**70.00**

Source: Thanachart estimates

BUY as a post-COVID turnaround play

With 16% potential upside to our new TP, we reaffirm our BUY rating on shares of CPN as a fast turnaround reopening play.

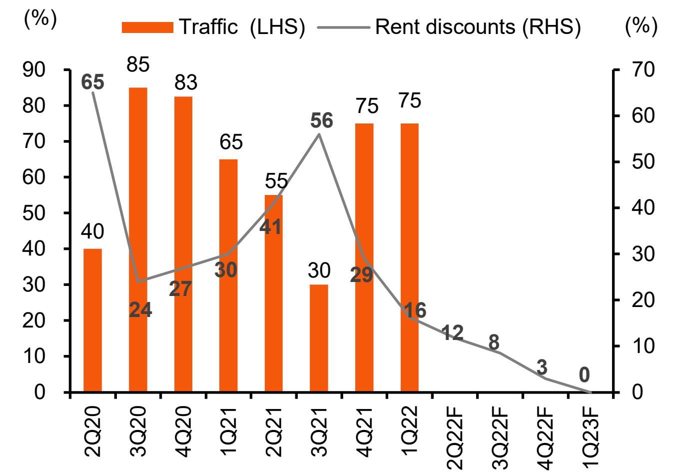
1) CPN stands to benefit from a return to normalcy

First, CPN stands to benefit from the return to normalcy in Thailand. CPN's mall performance has proved to be resilient with a high 90-92% occupancy rate during the COVID spread period. Post the lifting of lockdown from September 2021, its rental discounts offered to tenants fell quickly from 56% in 3Q21 to 29% in 4Q21 and 16% in 1Q22, which was faster than we'd expected. This was along with traffic recovering at its malls from 30% in 3Q21 (with the two-month lockdown in July and August) to 75% in 4Q21-1Q22.

More out-of-home activities from 2Q22F should be the next traffic boost

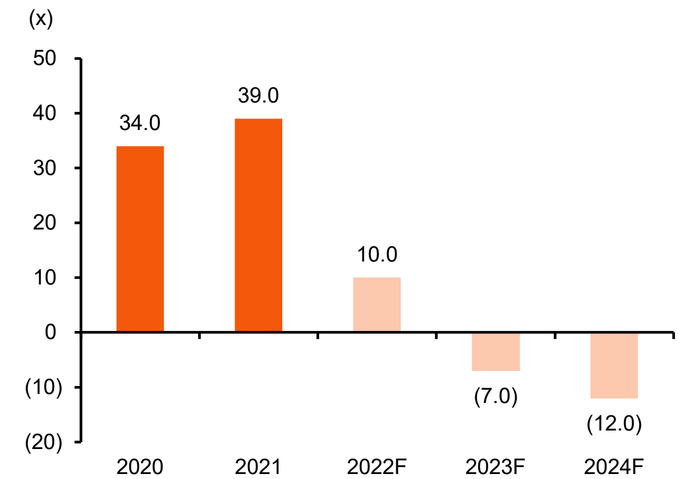
In 2Q22, the situation appears to be gradually getting back to normal which is positive for the shopping mall business. Thais traveled more during the Songkran holidays this year compared with last year, supported by the government's "We Travel Together" campaign. After the holidays from mid-April, new COVID cases have also been falling. CPN's mall traffic in April increased further to over 80%. From 1 May, Thailand fully reopened to foreign visitors which should give another boost to CPN's customer traffic given that seven malls (out of its total of 35 domestic malls) are located in tourist destinations and foreign traffic at all malls accounts for 12% of the total. Also from this month, all schools reopened for onsite learning after two years of a mix of online and onsite lessons. These factors should increase mall traffic in Bangkok and tourist locations. We now expect lower rent discounts of 12%, 8% and 3% in 2Q-4Q22F with them ending entirely by 1Q23F.

Ex 3: Traffic Vs. Rent Discounts



Sources: Company data, Thanachart estimates

Ex 4: Rent Discount Assumptions

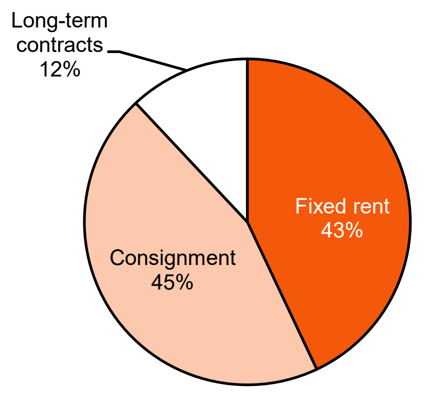


Sources: Company data, Thanachart estimates

2) Further upside from rent revenue-sharing

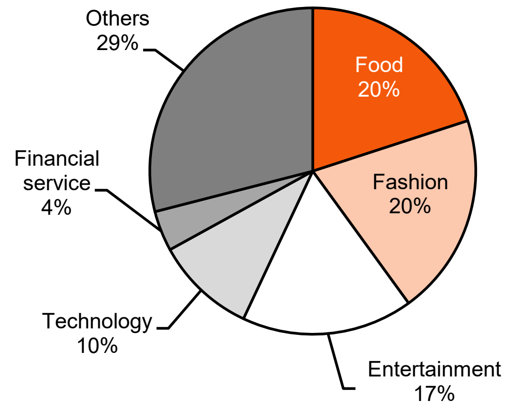
Second, we foresee further upside from revenue sharing. Of the total rental income, that from revenue-sharing consignment tenants currently accounts for one-third whereas it makes up 45% of net leasable area (NLA). When the economy turns around, we expect consignment rental income to be above the minimum guaranteed level. Another upside is from the acquisition of a 99.73% stake in community mall developer, Siam Future Development Pcl (SF), which saw its profit return to pre-COVID level, contributing Bt160m (84% of profit from Mega Bangna, 16% from 18 community malls), or 7% of CPN's 1Q22 profits. This was boosted by its 49% super-regional mall, Mega Bangna, located on the outskirts of Bangkok in a residential area. We foresee upside for Mega Bangna asset from rental rate increases given its current 100% occupancy rate and its potential expansion phase in the future with 40 rai of undeveloped land.

Ex 5: Rental Contract By NLA (2021)



Source: Company data

Ex 6: Tenant Mix (2021)



Source: Company data

Ex 7: Our Profit Forecasts For SF

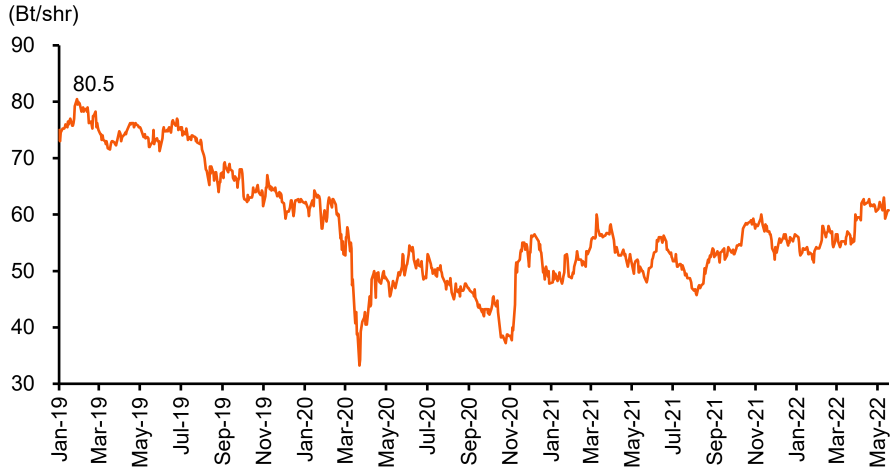
(Bt m)	2017	2018	2019	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22	2022F	2023F	2024F
Recurring profit (cost method)	***499***	***482***	***616***	***398***	***99***	***50***	***(92)***	***150***	***208***	***160***	**639**	**677**	**716**
- Community malls	130	88	114	(28)	(10)	(27)	(93)	8	(123)	25	80	90	100
- Profit from JV (Mega Bangna)	369	394	502	426	109	77	2	143	330	135	559	587	616
Net profit	***1,841***	***1,654***	***2,031***	***2,083***					***1,332***				

Sources: Company data, Thanachart estimates

3) Cheapest reopening retail play, on our estimates

Third, cheap valuation. CPN is the cheapest reopening retail play on our estimates, trading on a 2023F PE multiple (PE using net profit) of 21.5x vs. Central Retail Corporation Pcl's (CRC, HOLD, Bt36.75) 29.9x and CP All Pcl's (CPALL, BUY, Bt64.00) 23.6x. While we expect its net profit in 2023F to surpass pre-COVID level in 2019 by 7%, we don't think the stock should trade at a 25% discount to its 2019 peak of Bt80.5. Our normalized EPS growth estimates are 146/34/19% in 2022-24F.

Ex 8: CPN's Share Price



Source: Bloomberg

Valuation Comparison

Ex 9: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div. yield 22F (%)	Div. yield 23F (%)
Marks & Spencer	MKS LN	Britain	na	(16.2)	5.6	6.6	0.9	0.9	4.5	4.8	0.0	0.7
J Sainsbury PLC	SBRY LN	Britain	109.1	(2.2)	9.3	9.5	0.7	0.7	5.3	5.4	6.8	5.7
Tesco	TSCO LN	Britain	110.8	(0.5)	10.7	10.7	1.3	1.1	6.6	6.7	3.5	4.7
Carrefour SA	CA FP	France	21.3	14.4	11.3	9.8	1.4	1.3	5.7	5.3	2.8	3.2
Casino Guichard	CO FP	France	8.4	25.2	11.4	9.1	0.7	0.7	6.6	6.3	3.8	0.9
L'Oreal SA	OR FP	France	17.3	8.3	29.8	27.5	6.5	5.9	19.1	17.7	1.5	1.8
Alimentation Couche	ATD/B CN	Canada	6.9	2.2	na	na	na	na	10.0	10.3	na	na
Aeon	8267 JP	Japan	na	124.1	167.3	74.6	2.1	2.1	8.9	8.3	1.6	1.6
Kao Corporation	4452 JP	Japan	(3.7)	12.0	20.4	18.2	2.4	2.3	10.0	9.1	2.9	3.0
Lion Corporation	4912 JP	Japan	(7.2)	(0.4)	19.3	19.3	1.4	1.4	7.7	7.4	1.8	1.8
Shiseido Co. Ltd	4911 JP	Japan	25.7	64.6	46.1	28.0	3.7	3.4	17.0	12.4	1.0	1.9
Lawson	2651 JP	Japan	105.8	19.4	24.6	20.6	1.7	1.6	3.6	3.3	3.3	3.3
Seven & I Holdings	3382 JP	Japan	36.3	21.8	21.7	17.8	1.7	1.6	8.5	7.4	1.9	1.9
Lotte Corp	004990 KS	South Korea	(4.1)	33.8	11.6	8.7	0.5	0.5	11.0	10.5	3.3	4.6
Shinsegae	004170 KS	South Korea	14.4	17.5	7.2	6.2	0.6	0.6	6.6	6.1	0.7	1.1
Amore Pacific Group	002790 KS	South Korea	(23.7)	32.9	21.5	16.2	1.3	1.2	6.9	5.6	1.2	1.0
Best Buy Co Inc	BBY US	USA	(10.2)	16.8	8.4	7.2	5.9	5.6	4.2	3.9	2.9	3.7
Wal-Mart Stores	WMT US	USA	1.0	8.7	18.9	17.4	3.9	3.6	10.4	9.9	1.8	1.8
Home Depot Inc	HD US	USA	6.4	5.8	17.3	16.3	na	na	12.5	12.2	2.1	2.3
Yonghui Superstores	601933 CH	China	na	65.0	59.4	36.0	3.6	3.3	21.7	16.8	1.1	0.6
Sa International	178 HK	Hong Kong	na	na	na	50.7	3.9	3.6	na	25.5	0.0	0.0
Dairy Farm Intl Hldgs	DFI SP	Hong Kong	41.8	38.8	20.0	14.4	2.9	2.7	9.6	8.3	3.3	4.1
President Chain Store	2912 TT	Taiwan	21.4	9.5	26.6	24.3	7.7	7.2	12.0	11.9	2.8	3.2
7-Eleven Malaysia	SEM MK	Malaysia	129.6	12.9	22.6	20.0	13.0	10.0	7.4	7.7	1.9	2.1
Berli Jucker *	BJC TB	Thailand	47.9	10.7	28.9	26.1	1.2	1.2	14.0	13.6	2.6	2.9
COM7 *	COM7 TB	Thailand	28.4	22.5	26.9	21.9	11.9	9.8	18.9	15.6	1.7	3.7
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	146.0	34.3	32.5	24.2	3.4	3.1	19.0	15.4	1.4	1.9
Central Retail Corp. *	CRC TB	Thailand	na	40.3	42.0	29.9	3.7	3.4	10.2	9.2	1.0	1.3
Siam Global House *	GLOBAL TB	Thailand	15.9	21.4	26.5	21.8	4.6	4.1	21.0	17.3	1.5	1.8
Home Product*	HMPRO TB	Thailand	21.1	20.5	29.1	24.2	8.0	7.4	16.7	14.4	2.7	3.3
Siam Makro *	MAKRO TB	Thailand	16.1	38.6	27.3	19.7	1.3	1.2	33.2	29.5	2.9	4.1
Mc Group *	MC TB**	Thailand	9.6	25.0	14.5	11.6	2.0	1.9	5.1	4.5	6.9	8.6
Average			**36.2**	**24.1**	**27.5**	**21.0**	**3.5**	**3.2**	**11.5**	**10.8**	**2.3**	**2.6**

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth

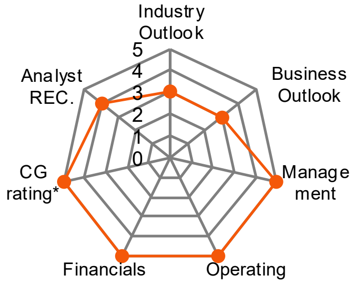
Based on 19 May 2022 closing price

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.

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)	66.66	70.00	5%
Net profit 22F (Bt m)	9,146	9,701	6%
Net profit 23F (Bt m)	11,468	12,556	9%
Consensus REC	**BUY: 18**	**HOLD: 6**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F net profits are 6-9% higher than the Bloomberg consensus numbers, which we attribute to us assuming a faster reduction in rent discounts.
- Our SOTP-derived TP is therefore 5% 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

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

….but strong 146% and 34% normalized EPS growth in 2022-23F

An asset-based firm with shopping malls comprising the majority

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	26,730	24,515	33,041	39,464	43,934
Cost of sales	15,037	14,784	17,071	19,142	20,424
Gross profit	**11,693**	**9,731**	**15,970**	**20,322**	**23,510**
% gross margin	43.7%	39.7%	48.3%	51.5%	53.5%
Selling & administration expenses	5,241	5,499	6,278	7,301	7,908
Operating profit	**6,452**	**4,231**	**9,692**	**13,021**	**15,602**
% operating margin	24.1%	17.3%	29.3%	33.0%	35.5%
Depreciation & amortization	7,906	8,124	8,476	9,194	9,970
EBITDA	**14,359**	**12,356**	**18,169**	**22,215**	**25,572**
% EBITDA margin	53.7%	50.4%	55.0%	56.3%	58.2%
Non-operating income	1,260	1,123	1,251	1,328	1,475
Non-operating expenses	0	0	0	0	0
Interest expense	(1,865)	(1,790)	(2,121)	(2,062)	(2,032)
Pre-tax profit	**5,848**	**3,564**	**8,822**	**12,287**	**15,044**
Income tax	1,301	807	1,941	2,703	3,310
After-tax profit	**4,547**	**2,757**	**6,881**	**9,584**	**11,735**
% net margin	17.0%	11.2%	20.8%	24.3%	26.7%
Shares in affiliates' Earnings	772	704	1,523	1,685	1,611
Minority interests	(60)	(81)	(91)	(101)	(111)
Extraordinary items	4,299	3,769	1,388	1,388	1,367
NET PROFIT	**9,557**	**7,148**	**9,701**	**12,556**	**14,601**
Normalized profit	**5,258**	**3,379**	**8,313**	**11,168**	**13,235**
EPS (Bt)	2.1	1.6	2.2	2.8	3.3
Normalized EPS (Bt)	1.2	0.8	1.9	2.5	2.9

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	23,765	23,515	25,449	30,047	33,598
Cash & cash equivalent	9,225	6,057	6,427	7,527	8,727
Account receivables	3,571	4,203	1,358	1,622	1,806
Inventories	0	0	0	0	0
Others	10,968	13,255	17,665	20,899	23,066
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	39,113	41,717	41,442
Total assets	**221,652**	**263,421**	**287,672**	**308,480**	**325,986**
LIABILITIES:					
Current liabilities:	30,433	43,492	44,632	47,320	48,437
Account payables	664	708	7,015	7,867	8,393
Bank overdraft & ST loans	11,958	17,959	12,185	11,848	11,659
Current LT debt	8,078	14,009	13,810	13,427	13,213
Others current liabilities	9,732	10,817	11,622	14,178	15,171
Total LT debt	**27,630**	**49,753**	**55,239**	**53,709**	**52,853**
Others LT liabilities	86,466	88,100	99,220	110,664	118,628
Total liabilities	**144,529**	**181,346**	**199,091**	**211,692**	**219,917**
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**	**69,333**	**77,438**	**86,608**
Shareholders' equity	68,790	73,102	79,517	87,621	96,791
Liabilities & equity	**221,652**	**263,421**	**287,672**	**308,480**	**325,986**

Sources: Company data, Thanachart estimates

Despite high capex, we only expect net gearing of 0.65-0.84x in 2022-24F

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	5,848	3,564	8,822	12,287	15,044
Tax paid	(1,739)	(918)	(1,764)	(2,625)	(3,223)
Depreciation & amortization	7,906	8,124	8,476	9,194	9,970
Chg In w orking capital	(8,810)	(588)	9,153	587	343
Chg In other CA & CL / minorities	7,362	143	(2,633)	565	(9)
Cash flow from operations	**10,568**	**10,326**	**22,054**	**20,009**	**22,126**
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	2,790	10,592	9,964
Cash flow from investments	**(5,959)**	**(44,711)**	**(17,910)**	**(12,208)**	**(14,236)**
Debt financing	14,457	34,054	(488)	(2,250)	(1,259)
Capital increase	0	0	0	0	0
Dividends paid	(3,633)	(3,136)	(3,287)	(4,451)	(5,431)
Warrants & other surplus	(9,262)	300	0	0	0
Cash flow from financing	**1,561**	**31,218**	**(3,774)**	**(6,701)**	**(6,690)**
Free cash flow	**(33,680)**	**(4,422)**	**1,354**	**(2,791)**	**(2,074)**

2023F PE (using net profit) of 21.5x is below its 30x 5-year historical average from 2015-19

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	51.4	80.0	32.5	24.2	20.4
Normalized PE - at target price (x)	59.7	93.0	37.8	28.1	23.7
PE (x)	28.3	37.8	27.9	21.5	18.5
PE - at target price (x)	32.9	43.9	32.4	25.0	21.5
EV/EBITDA (x)	21.5	28.0	19.0	15.4	13.3
EV/EBITDA - at target price (x)	24.6	31.6	21.4	17.4	15.0
P/BV (x)	3.9	3.7	3.4	3.1	2.8
P/BV - at target price (x)	4.6	4.3	4.0	3.6	3.2
P/CFO (x)	25.6	26.2	12.3	13.5	12.2
Price/sales (x)	10.1	11.0	8.2	6.9	6.2
Dividend yield (%)	1.2	1.0	1.4	1.9	2.2
FCF Yield (%)	(12.5)	(1.6)	0.5	(1.0)	(0.8)
(Bt)					
Normalized EPS	1.2	0.8	1.9	2.5	2.9
EPS	2.1	1.6	2.2	2.8	3.3
DPS	0.7	0.6	0.9	1.1	1.3
BV/share	15.3	16.3	17.7	19.5	21.6
CFO/share	2.4	2.3	4.9	4.5	4.9
FCF/share	(7.5)	(1.0)	0.3	(0.6)	(0.5)

Sources: Company data, Thanachart estimates

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

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(27.2)	(8.3)	34.8	19.4	11.3
Net profit (%)	(18.6)	(25.2)	35.7	29.4	16.3
EPS (%)	(18.6)	(25.2)	35.7	29.4	16.3
Normalized profit (%)	(54.3)	(35.7)	146.0	34.3	18.5
Normalized EPS (%)	(54.3)	(35.7)	146.0	34.3	18.5
Dividend payout ratio (%)	32.9	37.7	40.0	40.0	40.0
Operating performance					
Gross margin (%)	43.7	39.7	48.3	51.5	53.5
Operating margin (%)	24.1	17.3	29.3	33.0	35.5
EBITDA margin (%)	53.7	50.4	55.0	56.3	58.2
Net margin (%)	17.0	11.2	20.8	24.3	26.7
D/E (incl. minor) (x)	0.6	1.0	0.9	0.8	0.7
Net D/E (incl. minor) (x)	0.5	0.9	0.8	0.7	0.7
Interest coverage - EBIT (x)	3.5	2.4	4.6	6.3	7.7
Interest coverage - EBITDA (x)	7.7	6.9	8.6	10.8	12.6
ROA - using norm profit (%)	2.7	1.4	3.0	3.7	4.2
ROE - using norm profit (%)	7.5	4.8	10.9	13.4	14.4
DuPont					
ROE - using after tax profit (%)	6.5	3.9	9.0	11.5	12.7
- asset turnover (x)	0.1	0.1	0.1	0.1	0.1
- operating margin (%)	28.9	21.8	33.1	36.4	38.9
- leverage (x)	2.8	3.4	3.6	3.6	3.4
- interest burden (%)	75.8	66.6	80.6	85.6	88.1
- tax burden (%)	77.8	77.4	78.0	78.0	78.0
WACC (%)	7.1	7.1	7.1	7.1	7.1
ROIC (%)	4.9	3.1	5.1	6.6	7.7
NOPAT (Bt m)	5,017	3,273	7,560	10,156	12,170
invested capital (Bt m)	107,232	148,766	154,324	159,078	165,789

Sources: Company data, Thanachart estimates

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