

CPN Retail Growth (CPNREIT TB) - BUY, Price Bt11.30, TP Bt12.50**Results Comment**

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3Q24 profit in-line

- Excluding extra items, normalized profit would be of Bt1,032m in 3Q24 (+1% y-y, -2% q-q). 9M24 accounting for 70% of our full year forecast.
- 3Q24 rental revenue growth was +3% y-y and +1% q-q. Operating margin was 80.3% in 3Q24 vs. 79.3% in 2Q23 and 81.0% in 3Q23.
- Average occupancy rate of malls and offices was 91.0% in 3Q24 vs. 92.1% in 2Q24 and 93.3% in 3Q23. The decrease was due to the renovation of two shopping malls, namely Central Chiangmai Airport and Central Pinklao. The average occupancy for Hilton Pattaya hotel was 89.1% in 3Q24 vs. 93.1% in 2Q24 and 88.8% in 3Q23. 3Q is a lower season for hotel.
- 3Q24 malls' average shopper traffic was 86% in 3Q24 vs. 85% in 3Q23.
- Extra items: non-cash gain from asset revaluation and non-cash interest expense from lease liability of Central Rama 2 and Central Pinklao (renewal) in accordance with TFRS 16.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	1,458	1,501	1,520	1,495	1,503	Revenue	1	3	73	6,212	6,318
Gross profit	1,371	1,410	1,429	1,400	1,409	Gross profit	1	3	73	5,839	5,952
SG&A	191	248	224	214	201	SG&A	(6)	5	67	955	941
Operating profit	1,181	1,162	1,205	1,185	1,207	Operating profit	2	2	74	4,884	5,011
EBITDA	1,181	1,162	1,205	1,185	1,207	EBITDA	2	2	74	4,884	5,011
Other income	10	26	13	9	4	Other income	(56)	(59)	83	31	33
Other expense						Other expense					
Interest expense	166	171	151	140	180	Interest expense	29	8	67	699	993
Profit before tax	1,025	1,017	1,067	1,055	1,032	Profit before tax	(2)	1	75	4,217	4,050
Income tax						Income tax					
Equity & invest. income						Equity & invest. income					
Extraordinary items	247	(445)	(181)	(1,403)	(230)	Extraordinary items	na	na	115	(1,582)	(1,613)
Net Investment Income	1,271	572	885	(348)	801	Net Investment Income	na	(37)	51	2,634	2,437
Norm Net Invest. Income	1,025	1,017	1,067	1,055	1,032	Norm Net Invest. Income	(2)	1	75	4,217	4,050
EPS (Bt)	0.50	0.22	0.34	(0.14)	0.31	EPS (Bt)	na	(37)	62	0.84	0.66
Normalized EPS (Bt)	0.40	0.40	0.42	0.41	0.40	Normalized EPS (Bt)	(2)	1	91	1.35	1.10
Balance Sheet						Financial Ratios					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & equivalent	2,903	962	1,414	1,800	1,734	Sales grow th	13.2	7.9	7.0	6.0	3.1
S-T investments						Operating profit grow th	16.5	8.3	8.1	8.0	2.3
A/C receivable	343	374	365	303	266	EBITDA grow th	16.5	8.3	8.1	8.0	2.3
Other						Norm profit grow th	18.4	12.4	11.7	12.3	0.7
Investment & Loans	77,761	79,776	77,702	89,268	89,567	Norm EPS grow th	18.4	12.4	11.7	12.3	0.7
Fixed assets						Gross margin	94.1	94.0	94.0	93.6	93.7
Other assets	276	255	211	363	332	Operating margin	81.0	77.5	79.3	79.3	80.3
Total assets	81,284	81,367	79,692	91,734	91,899	EBITDA margin	81.0	77.5	79.3	79.3	80.3
S-T debt						Norm net margin	70.3	67.8	70.2	70.6	68.6
A/C payable	147	199	178	185	167	D/E (x)	1.3	1.3	1.3	1.1	1.1
Other current liabilities						Net D/E (x)	1.3	1.3	1.2	1.0	1.0
L-T debt	44,242	44,301	42,516	45,041	45,370	Interest coverage (x)	1.5	1.5	1.4	1.3	1.6
Other liabilities	2,745	2,714	2,728	2,721	2,680	Effective tax rate	-	-	-	-	-
Minority interest						ROA	5.1	5.0	5.3	4.9	4.5
Net Assets	33,546	33,459	33,684	43,107	43,299	ROE	12.3	12.1	12.7	11.0	9.6
Net debt	41,943	44,033	41,688	43,922	44,020						
Avg outstanding units (shrs)	2,568	2,568	2,568	2,568	2,568						

Sources: Company data, Thanachart estimates

*Based on normalized profit

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