

CP Axtra Pcl (CPAXT TB) - Under Review

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

News Update

A new investment

- **CPAXT is to invest in the Happitat project.**
 - **It comprises three shopping malls and an office tower.**
 - **This is out of core business area of CPAXT's.**
 - **And we view this negatively.**
- CPAXT has announced its investment of 95% stake in a new subsidiary, Axtra Growth Plus Co Ltd with the rest of 5% stake owned by MQDC Town Corporation Ltd. This Axtra Growth Plus will invest a 100% in the Happitat project, as a part of the Forestias property project owned by a CP Group company. The Happitat is in the process of developing three shopping malls and a 10-storey office tower in the Forestias project.
 - Despite the investment is not expected to result in losses that will pull down CPAXT's profit in a meaningful way, we view this move negatively due to 1) the project being out of CPAXT's core business territory, 2) such commercial property type having higher risk profile than CPAXT's current business in our view, and 3) the move increasing risk on ESG given it being the related company transaction under CP Group. We put our TP (currently at Bt41) and our recommendation (currently a Buy) under review.
 - Total investment is expected at Bt12bn, of which Bt7.97bn for the 95% stake in Axtra Growth Plus and another Bt4.0bn for future capex to complete the Happitat project. Note that the project's construction is 80% completed by the time of the investment and the project is scheduled to open in 1Q26.
 - The Happitat mixed-use project will consist of Lotus's 5,000 sqm flagship store, three shopping malls with net leaseable area of 43,000 sqm and a 10-storey office tower with 24,000-sqm rental area.
 - **Limited balance sheet impact:** CPAXT plans for the funding at 80% debt and 20% operating cash flow. Given CPAXT's strong cash flow from its existing business, the investment is of limited concern on its balance sheet or financial status. Actually, before this deal happened, CPAXT just repaid Bt17bn debt in early 4Q24. We expect CPAXT's net gearing to remain relatively the same at 0.23x in 2024F.
 - **Limited P&L impact:** We roughly estimate this investment to pull down CPAXT's 2025F earnings by only Bt413m or 3% of our current 2025F forecast. The Bt413m is from Bt303m interest expense and Bt110m pre-operating expense. Once the project opens, loss should be lower in 2026-27F while CPAXT targets the project to start contributing profit in 2028.
 - CPAXT targets 85% occupancy rate for malls and 40% for office in the first operating year in 2026.

Key Valuations

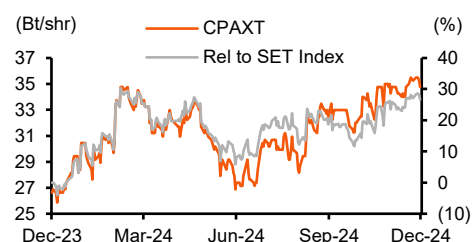
Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	486,472	509,687	537,401	563,343
Net profit	8,640	10,292	13,305	16,418
Norm net profit	8,640	10,770	13,305	16,418
Norm EPS (Bt)	0.8	1.0	1.3	1.6
Norm EPS gr (%)	12.3	24.6	23.5	23.4
Norm PE (x)	41.9	33.6	27.2	22.1
EV/EBITDA (x)	13.9	13.0	11.7	10.2
P/BV (x)	1.2	1.2	1.2	1.1
Div. yield (%)	1.7	2.0	2.6	3.2
ROE (%)	3.0	3.6	4.3	5.3
Net D/E (%)	22.0	22.7	22.8	21.1

Source: Thanachart estimates

Stock Data

Closing price (Bt)	34.75
Target price (Bt)	U.R.
Market cap (US\$ m)	10,616
Avg daily turnover (US\$ m)	6.2
12M H/L price (Bt)	35.50/31.25

Price Performance



Source: Bloomberg

- As for the project outlook, we are not overly concerned on the shopping malls given its combined area of 43,000 sqm is not large compared to CPN's Central Bangna of 60,000 sqm (85% occupied) and Mega Bangna mall of 169,000 sqm (full occupancy). More concern is on the office tower as Bangna is residential area in Bangkok outskirts and Central Bangna office (10,000 sqm) is only 70% occupied.

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 Derivative Warrants underlying securities before making investment decisions.

Note: Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in 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 24.35% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), 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.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 8/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Subordinated perpetual debentures of PTT GLOBAL CHEMICAL PUBLIC CO. LTD. No. 1/2024 payable upon dissolution with the issuer’s right to early redemption and unconditional interest deferral.

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: Euroasia Total Logistics Pcl (ETL TB).