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KEY HIGHLIGHTS

Update

Central Pattana (CPN TB/BUY/Bt66.25/Target: Bt83.00)

Site visit to projects in Phuket; earnings outlook for 2H24.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,451.69	(3.15)	(0.22)
SET50	913.59	(4.15)	(0.45)
Value (Btm) - SET	65,389		
Top 5 Sector			
BANK	402.95	0.95	0.24
PETRO	624.61	(4.00)	(0.64)
PROP	220.15	(3.52)	(1.57)
ENERG	19,613.80	39.87	0.20
ICT	191.53	(1.85)	(0.96)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
BANPU	7.40	12.98	1,900.8
BDMS	30.50	1.67	1,952.8
PTTEP	138.00	0.00	1,564.2
CPALL	65.00	0.39	2,100.6
BBL	154.50	(0.32)	1,943.9

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
TMC	1.44	30.91	5.0
EP	2.36	30.39	2.9
NEW	82.50	28.91	0.1
TFI	0.09	28.57	0.0
CIG	0.05	25.00	1.3

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
SDC	0.02	(33.33)	2.9
NATION	0.04	(20.00)	0.1
GRAND	0.12	(14.29)	2.3
CHO	0.06	(14.29)	0.9
UMS	0.60	(11.76)	0.0

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	74.7	(4.4)	(9.9)	(0.7)
Dubai crude*	74.9	(2.6)	(11.9)	(2.1)
Baltic Dry Index	1,977.0	12.2	(1.0)	(5.6)
Gold Spot***	2,618.7	4.2	12.8	26.9

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
42.5	919.2	(2,528.8)	(404.5)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.97

Interest Rate (%) - TH 1-day RP = 2.50

Thai Lending Rate (%)* - MLR = 7.10

COMPANY UPDATE

Central Pattana (CPN TB)

Site Visit To Projects In Phuket; Earnings Outlook For 2H24

We visited CPN's shopping malls and condominium projects in Phuket last week. Phuket continues to be a key area for growth in tourism, consumer spending, and residential property, and CPN is well-positioned to capitalise on this trend. We remain confident on CPN's earnings outlook, which is supported by its strong fundamentals and strategic business plan. Maintain BUY. Target price: Bt83.00.

WHAT'S NEW

- **Site visit to projects in Phuket.** We visited Central Pattana's (CPN) shopping malls and condo projects in Phuket on 20 Sep 24 to gather information and updates about its performance, especially projects in the tourist area.
- Central Phuket consists two buildings, Festival and Floresta, which opened in 2004 and 2018 respectively. Together, they offer a total net leasable area of 83,126 sqm, accounting for 5% of CPN's total net leasable area. The mall attracts an average of 80,000 visitors daily, with numbers rising to 150,000 during high seasons. Of the total sales, 65% come from international tourists, while 35% are from domestic shoppers. The majority of international visitors are from Russia and China. Central Phuket is an example of best practices for luxury shopping malls within a tourist area. Despite the ongoing floods in Phuket due to heavy rains, the mall is expected to be minimally impacted, as it is located outside the flood-prone zones.
- We also visited Phyll Phuket, a condominium project valued at Bt1.5b, which was launched in Dec 21. Strategically located on a major route to Phuket City, the development offers convenient access to other parts of the island and is just 300 metres from Central Phuket. The project is fully sold out, demonstrating the success of its market strategy and the strong synergy within the Central Group's ecosystem. Additionally, CPN has recently launched another condominium this month in Phuket, Escent Phuket, to capitalise on the increased demand, and transfers are expected to begin in 2026.
- Overall, we see Phuket as a strategic province and an attractive destination with strong growth potential in tourism, consumer spending, and residential property, including infrastructure developments. CPN is well-positioned to capitalise on this trend. We noticed that luxury brands are expanding their lease areas in Central Phuket. Additionally, CPN plans to launch new residential projects beyond the Phyll and Escent in the future.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	35,574.6	45,613.4	47,105.6	47,773.0	48,695.6
EBITDA	19,473.4	24,924.4	25,586.4	26,221.0	27,259.2
Operating profit	10,923.4	16,378.5	16,491.0	16,535.0	16,892.4
Net profit (rep./act.)	10,759.9	15,061.6	15,594.0	15,751.9	16,120.1
Net profit (adj.)	10,759.9	15,061.6	15,594.0	15,751.9	16,120.1
EPS (Bt)	2.4	3.4	3.5	3.5	3.6
PE (x)	27.6	19.7	19.1	18.9	18.4
P/B (x)	3.6	3.2	3.0	2.8	2.6
EV/EBITDA (x)	23.2	18.1	17.7	17.4	16.9
Dividend yield (%)	1.7	2.7	2.6	2.6	2.7
Net margin (%)	30.2	33.0	33.1	33.0	33.1
Net debt/(cash) to equity (%)	90.4	77.7	75.3	71.8	70.6
Interest cover (x)	8.8	9.5	9.4	9.4	9.5
ROE (%)	17.6	22.6	22.2	21.2	20.6
Consensus net profit	-	-	16,427	17,598	18,761
UOBKH/Consensus (x)	-	-	0.95	0.90	0.86

Source: CPN, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt66.25
Target Price	Bt83.00
Upside	+25.3%

COMPANY DESCRIPTION

Thailand's largest retail property developer which focuses on developing retail properties like shopping malls in major cities for rental, as well as other mall-related businesses like F&B, hotels and residential properties.

STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	CPN TB
Shares issued (m):	4,488.0
Market cap (Btm):	297,330.0
Market cap (US\$m):	9,029.7
3-mth avg daily t'over (US\$m):	11.3

Price Performance (%)

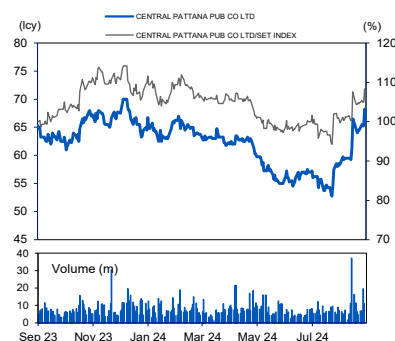
52-week high/low	Bt70.00/Bt52.50			
1mth	3mth	6mth	1yr	YTD
13.7	20.5	3.9	-	(5.4)

Major Shareholders

	%
CENTRAL HOLDING CO., LTD.	26.2
Thai NVDR Company Limited	8.1
SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	2.7

FY24 NAV/Share (Bt)	20.79
FY24 Net Debt/Share (Bt)	16.67

PRICE CHART



Source: Bloomberg

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CENTRAL PHUKET



Source: CPN

STOCK IMPACT

- **Earnings outlook.** In 3Q24, CPN is expected to see yoy growth in earnings, mainly driven by the strength of its rental business and project expansion. However, on a qoq basis, earnings may soften due to seasonal factors, including a potential normalisation in consumer spending and the tourism off-season. Meanwhile, 4Q24 earnings are projected to peak for the year, with yoy and qoq growths, driven by all business segments. In particular, the rental and service business and the hotel business should benefit from the high season. Expansions of projects such as a hotel in Rayong and a JV project (Dusit Thani Bangkok) also would drive its earnings in 4Q24.

EARNINGS REVISION/RISK

- Risks include higher-than-expected utility costs.

VALUATION/RECOMMENDATION

- **Maintain BUY with an SOTP-based target price of Bt83.00.** We value CPN's core business at Bt81.80/share, based on DCF, assuming a WACC of 7.4%, risk-free rate of 2%, debt premium of 1%, equity risk premium of 8.5%, and terminal growth rate of 3.0%. Cash flows are discounted to 2024. We value the residential business at Bt1.20/share, assuming 10x 2024F PE.
- 2H24 earnings are expected to improve compared with 1H24, with full-year earnings projected to reach a new record high again. We still like in the company's resilient financials, business strategy, and expansion plan, which will support a continued growth in earnings.

SHARE PRICE CATALYST

- a) Better-than-expected performance, especially from the rental and service business, b) announcement of new projects, and c) better profitability.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<p>CG Report: 5 SET ESG Rating: AA</p>
<p>• Environmental</p> <ul style="list-style-type: none"> - CPN is committed to reducing energy consumption and promoting renewable energy. The company also practices effective waste management by recycling, segregating waste, and minimising single-use plastics.
<p>• Social</p> <ul style="list-style-type: none"> - CPN prioritises community engagement and green spaces. It provides educational programmes, health campaigns, and support for underprivileged groups. CPN also creates parks and gardens to provide recreational areas for visitors.
<p>• Governance</p> <ul style="list-style-type: none"> - CPN prioritises ethical, transparent, and auditable business conduct for sustainable growth through a Code of Conduct and CG Principles handbook.

Source: CPN, UOB Kay Hian

PHYLL PHUKET CONDO



Source: CPN, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	45,613	47,106	47,773	48,696
EBITDA	24,924	25,586	26,221	27,259
Deprec. & amort.	8,546	9,095	9,686	10,367
EBIT	16,379	16,491	16,535	16,892
Total other non-operating income	2,723	3,076	3,169	3,264
Associate contributions	2,133	2,233	2,345	2,415
Net interest income/(expense)	(2,613)	(2,721)	(2,798)	(2,876)
Pre-tax profit	18,693	19,079	19,250	19,695
Tax	(3,461)	(3,369)	(3,381)	(3,456)
Minorities	(171)	(116)	(117)	(119)
Net profit	15,062	15,594	15,752	16,120
Net profit (adj.)	15,062	15,594	15,752	16,120

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	24,691	25,270	25,749	26,792
Pre-tax profit	18,693	19,079	19,250	19,695
Tax	(3,461)	(3,369)	(3,381)	(3,456)
Deprec. & amort.	8,546	9,095	9,686	10,367
Working capital changes	(414)	445	316	273
Non-cash items	1,326	20	(122)	(86)
Other operating cashflows	0	0	0	0
Investing	(18,472)	(19,920)	(20,170)	(23,510)
Capex (growth)	(11,636)	(18,487)	(20,107)	(24,597)
Investments	(2,487)	(893)	(938)	(966)
Others	(4,349)	(540)	876	2,052
Financing	(7,281)	(5,474)	(5,797)	(2,876)
Dividend payments	(5,182)	(8,078)	(7,797)	(7,876)
Issue of shares	396	(396)	0	0
Proceeds from borrowings	(2,984)	3,000	2,000	5,000
Others/interest paid	489	0	0	0
Net cash inflow (outflow)	(1,061)	(124)	(218)	406
Beginning cash & cash equivalent	6,121	5,059	4,935	4,717
Ending cash & cash equivalent	5,059	4,935	4,717	5,123

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	177,088	186,480	196,902	211,131
Other LT assets	77,238	79,118	80,497	82,073
Cash/ST investment	5,059	4,935	4,717	5,123
Other current assets	20,487	19,737	19,539	19,430
Total assets	279,873	290,271	301,656	317,758
ST debt	36,999	34,499	40,099	39,999
Other current liabilities	16,869	16,584	16,581	16,657
LT debt	39,762	45,262	41,662	46,762
Other LT liabilities	85,661	86,108	87,424	90,087
Shareholders' equity	92,273	99,392	107,347	115,592
Minority interest	8,309	8,425	8,542	8,661
Total liabilities & equity	279,873	290,271	301,656	317,758

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	54.6	54.3	54.9	56.0
Pre-tax margin	41.0	40.5	40.3	40.4
Net margin	33.0	33.1	33.0	33.1
ROA	5.5	5.5	5.3	5.2
ROE	17.3	16.3	15.2	14.5
Growth				
Turnover	28.2	3.3	1.4	1.9
EBITDA	28.0	2.7	2.5	4.0
Pre-tax profit	39.9	2.1	0.9	2.3
Net profit	40.0	3.5	1.0	2.3
Net profit (adj.)	40.0	3.5	1.0	2.3
EPS	40.0	3.5	1.0	2.3
Leverage				
Debt to total capital	43.3	42.5	41.4	41.1
Debt to equity	83.2	80.2	76.2	75.1
Net debt/(cash) to equity	77.7	75.3	71.8	70.6
Interest cover (x)	9.5	9.4	9.4	9.5

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