Central Pattana (CPN TB)

2Q26: Strong Growth Within Expectation

Highlights

- CPN reported 2Q26 core profit of Bt4.65b (+19% yoy, -5% qoq), in line with our and consensus expectations.
- Rental and services revenue reached a record high while the hotel and residential businesses also recorded healthy growth.
- CPN's earnings momentum should continue in 2H26. Maintain BUY with a target price of Bt80.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	yoy %	qoq %	2025	2026	yoy %
Sales and services	11,661	12,590	12,634	8.3	0.3	50,034	52,817	5.6
Gross profit	6,778	7,640	7,492	10.5	(1.9)	28,999	31,114	7.3
SG&A	1,994	2,181	2,148	7.7	(1.5)	8,685	9,084	4.6
EBIT	4,784	5,459	5,343	11.7	(2.1)	20,314	22,030	8.4
EBITDA	7,034	7,834	7,755	10.3	(1.0)	29,517	32,477	10.0
Other income	486	762	471	(3.1)	(38.2)	2,975	2,054	(30.9)
Interest expense	880	1,004	1,017	15.5	1.2	3,705	3,922	5.9
Equity income	507	794	741	46.1	(6.6)	2,414	3,283	36.0
Net profit	4,305	4,971	4,750	10.3	(4.4)	18,841	19,594	4.0
Core profit	3,902	4,873	4,652	19.2	(4.5)	14,087	16,307	15.8
Percent	2Q25	1Q26	2Q26	yoy ppt	qoq ppt	2025	2026	yoy ppt
Gross margin	58.1	60.7	59.3	1.2	(1.4)	58.0	58.9	1.0
SG&A to sales	17.1	17.3	17.0	(0.1)	(0.3)	17.4	17.2	(0.2)
EBIT margin	41.0	43.4	42.3	1.3	(1.1)	40.6	41.7	1.1
Net margin	36.9	39.5	37.6	0.7	(1.9)	37.7	37.1	(0.6)

Source: Central Pattana, UOB Kay Hian

Analysis

- **Results in line.** Central Pattana (CPN) reported 2Q26 net profit of Bt4.75b (+10% yoy, -4% qoq) and core profit of Bt4.65b (+19% yoy, -5% qoq), in line with our and consensus expectations. The solid earnings growth was driven by strong operating performance across all business segments, with total revenue rising 8% yoy to Bt13.1b. Gross margin remained healthy at around 59.3%, while SG&A-to-revenue was broadly stable yoy. Interest expense declined yoy, supported by lower borrowing costs, while equity income also increased yoy, providing additional support to core profit. For 1H26, core profit reached around Bt9.6b, accounting for approximately 50% of our full-year forecast.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	50,184.2	50,034.1	52,816.8	55,837.0	57,878.0
EBITDA	28,039.5	29,517.4	32,477.0	34,723.7	36,376.5
Operating profit	18,831.8	20,313.6	22,029.5	23,502.6	24,431.8
Net profit (rep./act.)	16,729.0	18,841.3	19,593.6	21,060.0	22,001.2
Net profit (adj.)	15,594.0	16,721.3	19,201.6	20,668.0	21,609.2
EPS	3.5	3.7	4.3	4.6	4.8
PE (x)	19.4	18.1	15.8	14.7	14.0
P/B (x)	3.0	2.8	2.6	2.4	2.2
EV/EBITDA (x)	13.4	12.4	11.4	10.8	10.3
Dividend yield (%)	3.1	3.6	3.7	4.0	4.2
Net margin (%)	33.3	37.7	37.1	37.7	38.0
Net debt/(cash) to equity(%)	63.8	48.3	50.0	47.2	44.0
Interest cover (x)	7.5	8.0	8.3	8.6	8.8
ROE (%)	17.4	17.9	17.2	17.1	16.5
Consensus net profit	n.a	n.a	19,343.9	20,977.1	22,198.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Central Pattana, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt67.75
Target Price	Bt80.00
Upside	18.52%

Stock Data

Sector	Real Estate
Bloomberg ticker	CPN TB
Shares issued (m)	4,488.0
Market cap (Btm)	304,062.0
Market cap (US$m)	9,077.0
3-mth avg daily t'over (US$m)	13.7

Price Performance (%)

52-week high/low				Bt70.0/Bt50.2
1mth	3mth	6mth	1yr	YTD
0.7	8.8	17.3	30.9	22.6

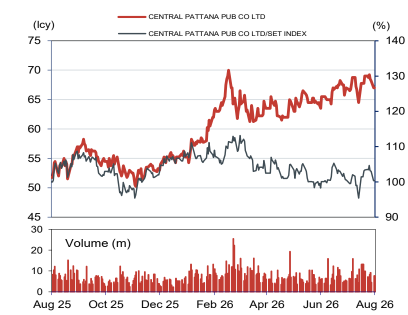
Major Shareholders (%)

Central Holding	26.21
Thai NVDR Company Limited	7.97
Social Security Office	2.71

Balance Sheet Metrics

FY26 NAV/Share (Bt)	26.4
FY26 Net Debt/Share (Bt)	13.2

Price Chart



Source: Bloomberg

Company Description

CPN is a real estate developer and operator of retail properties, primarily shopping malls, under the "Central" brand across Thailand. Its portfolio also includes office buildings, hotels, and mixed-use developments integrated with its retail assets.

- **Rental and services revenue reached a record high**, with revenue reaching a record Bt11.5b (+8% yoy,+1% qoq). Growth was supported by higher rental income from new and recently opened assets, including Central Park, Central Krabi and Central Khon Kaen, as well as positive rental growth from existing malls. Occupancy remained strong at around 91%, while rental rates and tenant sales continued to support revenue growth. The segment also benefitted from a favourable tenant mix and operating leverage, helping rental and services maintain a strong gross margin expansion of 120bp yoy despite the addition of new assets. CPN's rental and services accounted for around 88% of total operating revenue in 2Q26.
- **Hotel and residential businesses also recorded healthy growth.** Hotel revenue increased **5% yoy**, supported by higher room revenue and an improvement in operating performance, with hotel occupancy at around **79%.** The residential business delivered stronger growth, with revenue increasing **29% yoy,** driven by higher transfers from new condominium and housing projects. Together, hotel and residential revenue contributed around **12% of total operating revenue.**
- **CPN's earnings momentum is expected to continue in 2H26**, supported by the ramp-up of newly opened assets and continued growth of existing malls. Key catalysts include the continued ramp-up of Central Park and Central Krabi, as well as the upcoming opening of Central Northville and new hotel projects. Management targets 5-8% yoy growth in rental and service income in 2026, while occupancy is expected to remain at a healthy level. We also expect operating leverage from mature assets to partly offset the initial margin dilution from new projects. Overall, the strong 2Q26 rental performance, solid occupancy and expanding asset base should support continued earnings growth in 2H26.

Valuation/Recommendation

- **Maintain BUY with a target price to Bt80.00.** We use the SOTP method, valuing CPN's core business at Bt79.80/share using DCF, assuming a WACC of 7.0%, and terminal growth of 1.5%. The residential business is valued at Bt0.20/share, based on 5x 2026F PE. Our target price implies 2026F PE of 18x and EV/EBITDA of 11x. We maintain an optimistic outlook on CPN, underpinned by its long-term strategic expansions.

Earnings Revision/Risk

- **No earnings revision.**

Share Price Catalyst

- Double-digit earnings growth, new shopping mall launches, and asset divestments to CPNREIT.

Environment, Social, Governance (ESG) Updates

Environmental

- 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.

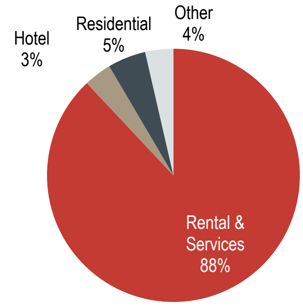
Social

- 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.

Governance

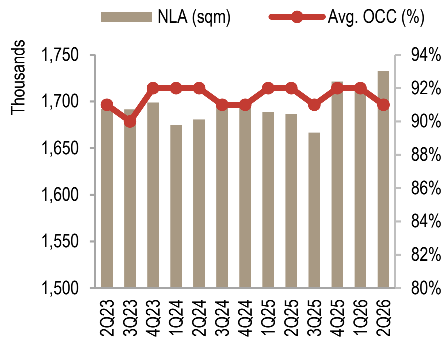
- CPN prioritises ethical, transparent, and auditable business conduct for sustainable growth through a Code of Conduct and CG Principles handbook.

2Q26 Revenue Contributions



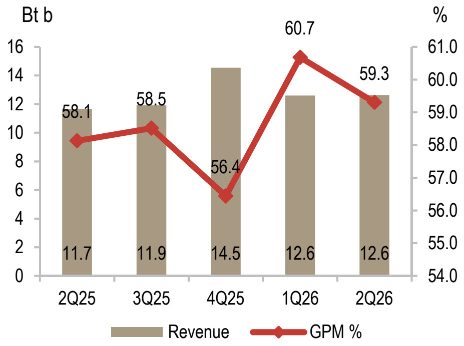
Source: Central Pattana, UOB Kay Hian

Shopping Mall NLA and Occupancy.



Source: Central Pattana, UOB Kay Hian

Impressive Gross Margin Expansion



Source: Central Pattana, UOB Kay Hian

Shopping Mall Pipeline

Shopping Mall	Expected	NLA(sq.m.)
Central Northville	Jul 26	40,000
Central Phuket - Luxury	4Q26	10,000
The Central	1Q27	100,000
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- Retail	2Q27	30,000
- Office	4Q27	n.a.
- Hotel	1Q29	n.a.
Central GR9	Mid 28	34,000
Mega Bangna - P2	3Q28	n.a.

Source: Central Pattana, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	50,034	52,817	55,837	57,878
EBITDA	29,517	32,477	34,724	36,377
Deprec. & amort.	9,204	10,448	11,221	11,945
EBIT	20,314	22,030	23,503	24,432
Total other non-operating income	4,545	2,706	2,788	2,871
Associate contributions	2,414	3,283	3,611	3,792
Net interest income/(expense)	(3,705)	(3,922)	(4,054)	(4,116)
Pre-tax profit	23,561	24,096	25,847	26,979
Tax	(4,385)	(4,163)	(4,447)	(4,637)
Minorities	(335)	(340)	(340)	(340)
Net profit	18,841	19,594	21,060	22,001
Net profit (adj.)	16,721	19,202	20,668	21,609

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	196,352	210,292	220,833	230,150
Other LT assets	74,309	75,841	77,508	79,248
Cash/ST investment	8,806	6,718	7,730	8,528
Other current assets	23,156	23,573	24,014	24,368
Total assets	302,623	316,424	330,085	342,294
ST debt	19,980	17,880	13,880	22,580
Other current liabilities	18,939	19,457	20,290	20,742
LT debt	41,940	48,044	54,257	46,601
Other LT liabilities	102,504	103,016	103,531	104,049
Shareholders' equity	109,881	118,307	128,067	137,923
Minority interest	9,380	9,720	10,060	10,400
Total liabilities & equity	302,623	316,424	330,085	342,294

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	37,194	30,482	33,013	34,385
Pre-tax profit	23,561	24,096	25,847	26,979
Tax	(4,385)	(4,163)	(4,447)	(4,637)
Deprec. & amort.	9,204	10,448	11,221	11,945
Working capital changes	(1,564)	(207)	68	(15)
Non-cash items	10,378	308	324	113
Other operating cashflows	0	0	0	0
Investing	(16,265)	(25,408)	(22,913)	(22,485)
Capex (growth)	(12,289)	(24,388)	(21,762)	(21,262)
Investments	1,837	(1,313)	(1,444)	(1,517)
Others	(5,813)	293	293	294
Financing	(17,416)	(7,163)	(9,088)	(11,102)
Dividend payments	(9,531)	(10,771)	(11,300)	(12,146)
Issue of shares	0	(396)	0	0
Proceeds from borrowings	(7,590)	4,005	2,212	1,044
Others/interest paid	(296)	0	0	0
Net cash inflow (outflow)	3,514	(2,088)	1,012	798
Beginning cash & cash equivalent	5,292	8,806	6,718	7,730
Ending cash & cash equivalent	8,806	6,718	7,730	8,528

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	59.0	61.5	62.2	62.8
Pre-tax margin	47.1	45.6	46.3	46.6
Net margin	37.7	37.1	37.7	38.0
ROA	6.2	6.3	6.5	6.5
ROE	17.9	17.2	17.1	16.5
Growth				
Turnover	(0.3)	5.6	5.7	3.7
EBITDA	5.3	10.0	6.9	4.8
Pre-tax profit	14.1	2.3	7.3	4.4
Net profit	12.6	4.0	7.5	4.5
Net profit (adj.)	7.2	14.8	7.6	4.6
EPS	7.2	14.8	7.6	4.6
Leverage				
Debt to total capital	51.9	51.5	49.3	46.6
Debt to equity	56.4	55.7	53.2	50.2
Net debt/(cash) to equity	48.3	50.0	47.2	44.0
Interest cover	8.0	8.3	8.6	8.8