Central Pattana (CPN TB)

2Q26 Results Preview: Promising Growth Outlook

BUY (Maintained)	
Share Price	Bt67.75
Target Price	Bt80.00
Upside	18.52%
Previous TP	Bt73.50

Analyst(s)
Tanapon Cholkadidamrongkul
tanapon.c@uobkh.co.th
662 090 3359

Highlights

- 2Q26 core profit is expected to increase 16% yoy, driven by revenue growth, improved gross margin, lower SG&A-to-revenue, and higher equity income.
- Continued shopping mall expansion remains a key catalyst for CPN. New projects scheduled to open during 3Q26-2Q27 will add 11% to total NLA.
- Maintain BUY with a target price of Bt80.00 (from Bt73.50), following our earnings revision.

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy %	qoq %	2025	2026	yoy %
Revenue	11,661	12,590	12,664	8.6	0.6	50,034	52,817	5.6
Gross profit	6,778	7,640	7,452	9.9	(2.5)	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	5,304	10.9	(2.8)	20,314	22,030	8.4
Interest expense	(880)	(1,004)	(1,004)	14.1	0.0	(3,705)	(3,922)	5.9
Equity income	507	794	761	50.0	(4.1)	2,414	3,283	36.0
Core profit	3,902	4,873	4,507	15.5	(7.5)	14,087	16,307	15.8
Net profit	4,305	4,971	4,605	7.0	(7.4)	18,841	19,594	4.0
Percent	2Q25	1Q26	2Q26	ppt	ppt	2025	2026	ppt
Gross margin	58.1	60.7	58.8	0.7	(1.8)	58.0	58.9	1.0
SG&A to revenue	17.1	17.3	17.0	(0.1)	(0.4)	17.4	17.2	(0.2)
EBIT margin	41.0	43.4	41.9	0.9	(1.5)	40.6	41.7	1.1
Net margin	36.9	39.5	36.4	(0.6)	(3.1)	37.7	37.1	(0.6)

Source: CPN, UOB Kay Hian

Analysis

- **Strong earnings growth.** We expect 2Q26 net profit of Bt4.6b (+7% yoy, -7% qoq) from Central Pattana (CPN). Excluding non-operating items, core profit is expected to come in at Bt4.5b (+16% yoy, -8% qoq), driven by 9% yoy revenue growth, a 72bps yoy improvement in gross margin, a 14bps yoy decline in SG&A-to-revenue, and higher share of profit.
- **Robust rental revenue growth.** The shopping mall business remains strong, with revenue expected to grow 8% yoy, supported by 5-6% yoy tenant sales growth, 2-3% yoy traffic growth, an occupancy rate of around 92% (similar to 1Q26), and the opening of Central Khon Kaen Campus.
- **Hotel and residential businesses remain resilient.** Hotel revenue is expected to grow 5% yoy, driven by improved occupancy rates at existing hotels and the expansion of GO! Khon Kaen Campus and Nakhon Sawan. Residential revenue is expected to grow 25% yoy, supported by transfers of low-rise projects and a low base in 2Q25.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	50,184	50,034	52,817	55,837	57,878
EBITDA	28,039	29,517	32,477	34,724	36,377
Operating profit	18,832	20,314	22,030	23,503	24,432
Net profit (rep./act.)	16,729	18,841	19,594	21,060	22,001
Net profit (adj.)	15,594	16,721	19,202	20,668	21,609
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	19,238	20,724	21,994
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Central Pattana, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	CPN TB
Shares issued (m):	4,488.0
Market cap (Bt$m):	276,012.0
Market cap (US$m):	8,429.6
3-mth avg daily t'over (US$m):	17.6

Price Performance (%)

52-week high/low: Bt70.0/Bt41.2

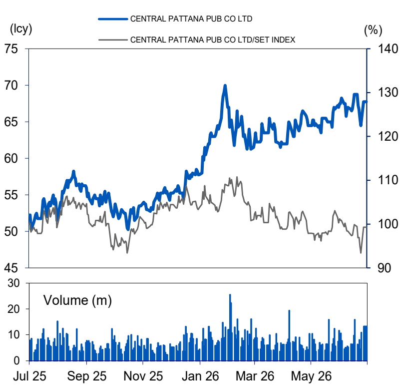
1mth	3mth	6mth	1yr	YTD
(1.2)	0.0	18.3	23.6	11.3

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.

- **Impressive profitability enhancement.** Gross margin is expected to improve by 100bps yoy to 60.2%, driven by higher shopping mall revenue. More efficient electricity usage should also support gross margin in 2Q26. Meanwhile, SG&A-to-revenue is expected to decline 14 bps yoy to 17.0%, reflecting effective expense management. Equity income is forecast to increase yoy, supported by improved performance from CPNREIT, Mega Bangna and Viman Suriya.
- **Promising outlook.** Continued shopping mall expansion is likely to be a key earnings catalyst for CPN. Central Northville, Central Phuket New Luxury, The Central and CenTRal cENtrAL are scheduled to open in 3Q26, 4Q26,1Q27 and 2Q27, respectively, adding 185,000 sqm of NLA, or 11% of the total shopping mall NLA. Tenant sales are also expected to see positive momentum in 3Q26, while gross margin should expand, supported by a higher contribution from the shopping mall segment.

Valuation/Recommendation

- **Maintain BUY and raise target price to Bt80.00 (from 73.50),** following the earnings revision. We use SOTP methodology, value 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 Bt0.2/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 a long-term strategic expansion.

Earnings Revision/Risk

- **Revise up earnings forecasts.** We revise our 2026-27 earnings forecasts up by 5% to reflect the better-than-expected 1H26 earnings expectation. 1H26 earnings account for 49% of our 2026 forecast, compared with 46% in 1H25. We therefore see no downside to our full-year forecast.
- **Risk:** Every 10% increase in utility expenses would reduce earnings by 1.2%.

Share Price Catalyst

- CenTRal cENtrAL rental business to boost 1.5% of 2028 earnings.
- Mega Bangna Phase 2 to add 1% of 2029 earnings.

Environment, Social, Governance (ESG) Updates

CG Report: 5, SET ESG Rating: AAA

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.

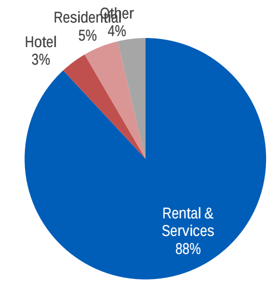
Social

- 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

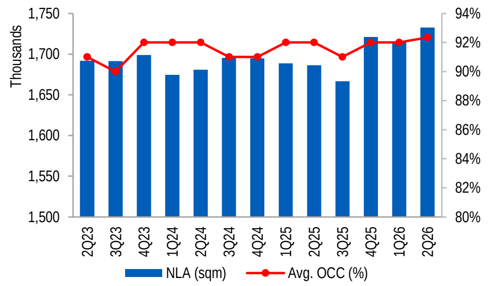
- CPN prioritises ethical, transparent, and auditable business conduct for sustainable growth through a Code of Conduct and CG Principles handbook.

2Q26 Revenue Contributions



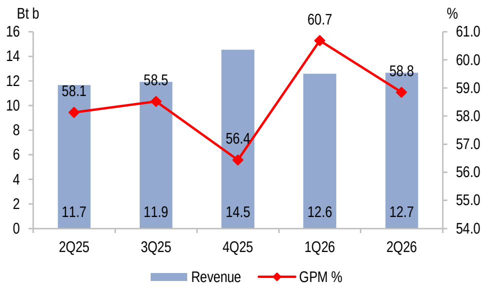
Source: UOB Kay Hian

Shopping Mall Net Leasable Area and Occupancy



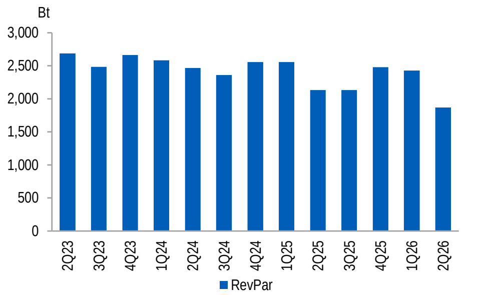
Source: CPN, UOB Kay Hian

Impressive Gross Margin Expansion



Source: CPN, UOB Kay Hian

Hotel RevPar



Source: CPN, 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 Metrics

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