



# Central Pattana Public Company Limited

## Management's Discussion and Analysis (MD&A) Consolidated Financial Results: 4Q14 & FY2014

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### Performance Overview

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The overall Thai economy in 2014 remained volatile along with the slowdown of global economy. Conversely, for 2015, optimistic outlooks on stronger GDP growth of Thailand and a rebound of global economy have been widely forecasted. Thailand's growth prospects might be derived from some major factors including the significant drop in global oil prices, acceleration of foreign direct investment (FDI) in Thailand and the government spending on infrastructure projects, together with rising tourism.

In 2014, amid the sluggish Thai economy and weak retail sentiment affected by political situation in 1H14; nevertheless, gradual recovery in 2H14 supported by the acceleration of government spending and a pick-up in tourism and export sectors, Central Pattana Public Company Limited ("CPN") continued to keep growing in revenue and net profit, and gear strategic plan towards business expansion.

*Given economic uncertainty, CPN managed to post remarkable performance with a net profit increase of 16% y-o-y.*

FY2014 CPN reported its consolidated net profit of 7,307 MB, increased by 16% y-o-y with total revenues of 23,891 MB, grew by 11% y-o-y.

For 4Q14, consolidated net profit was 1,820 MB, up 4% y-o-y and down 6% q-o-q with total revenues of 6,202 MB, up 1% y-o-y and 2% q-o-q.

#### 2014 Year in brief:

- In 2014, CPN accomplished its expansion plan with the launches of two new projects namely CentralFestival Samui and CentralPlaza Salaya with well-received responses from customers and tenants.
- On April 23, 2014, CPN successfully leased out partial properties of CentralPlaza Chiangmai Airport to the CPNRF, amounted 10,496 MB and re-invested in 23.53% of the additional investment units of CPNRF, or 135,593,664 units at a value of Baht 15, for a total of 2,034 MB. This leads CPN to hold the percentage of investment in CPNRF to 26.69% after the capital increase. The afore-mentioned lease amount received was totally booked under unearned rental and service income and would be recognized on a straight-line basis throughout the lease period of 30 years according to generally accepted accounting principles given that CPN has the ownership over land and building and entered into 30-year land and building lease contract with the CPNRF.
- On May 12, 2014, TRIS Rating upgraded the company and the existing senior debenture ratings to "AA-" from "A+". The upgrade reflects

improvements in CPN's operating and financial performances during the last three years and also reflects CPN's leading position in the retail property development industry in Thailand, proven record in managing high-quality shopping centers, reliable cash flow from contract-based rental and service income, and conservative financial policy. The ratings also take into consideration the large amount of capital expenditures needed for business expansion during 2014-2016. The "stable" outlook reflects the expectation that CPN will continue to sustain its strong operating performance for its shopping center portfolio. Despite pursuing its growth strategy, the company is expected to maintain its financial discipline. The net interest-bearing debt to equity ratio is expected to stay below 1 time in the medium term.

- In September 2014, CPN, the first and only Thai company in the real estate sector, has been selected as an index component of 2014 Dow Jones Sustainability Indices Emerging Markets (DJSI Emerging Markets), the first global sustainability benchmark that tracks the stock performance of the world's leading companies in terms of economic, social, and environmental criteria for sustainable investment practices.

Note that FY2013 and FY2014 financial results incorporated the following non-recurring items:

FY2013:

- A 377 MB income from reversals of provisions for impairments of assets at CentralPlaza Grand Rama 9 incorporated in the 4Q13 under other income. *(See notes to the financial statements for the year ended 31 December 2013, Item 28)*

FY2014:

- In 2Q14, CPN booked a 157 MB execution fee received from CPNRF in proceeding with the lease of the properties in CentralPlaza Chiangmai Airport incorporated in other income and a 128-MB finance cost associated with asset monetization into CPNRF.
- Revenue and depreciation of 2Q14 in connection with the lease of properties in CentralPlaza Chiangmai Airport were recorded in 3Q14.
- A 66.25 MB income from reversals of provisions for impairments of long-term investment in a related company, namely Siam Retail Development Co., Ltd., incorporated in the 4Q14 under other income. *(See notes to the financial statements for the year ended 31 December 2014, Item 11)*

*FY2014 total revenues of 23,668 MB, up by 11% y-o-y with a 21% y-o-y growth in recurring net profit to 7,231 MB.*

Without the non-recurring items, FY2014 consolidated net profit would have grown by 21% y-o-y to 7,231 MB and total revenues would have increased by 11% y-o-y to 23,668 MB mainly from

- The full-year operation in 2014 of CentralPlaza Ubonratchathani, CentralFestival Chiangmai and CentralFestival Hatyai after starting operation in 2013.
- Contributions from two new projects launched in 2014

- Solid performance of hotel business
- Efficient cost management, lower finance costs as well as the economy of scale, reflecting in higher margins.

In addition, if excluding backdated service income of 2012 recorded in revenue from rent and services in 1Q13, FY2014 total revenues would have increased by 13% y-o-y.

*4Q14 total revenues of 6,136 MB, up by 6% y-o-y with a 22% y-o-y growth in recurring net profit to 1,767 MB.*

Without the non-recurring items, a y-o-y comparison showed a continuing growth, recording 4Q14 consolidated total revenues of 6,136 MB, up 6% y-o-y, in spite of the absence of revenue from CentralPlaza Chiangmai Airport as part of lease of its properties (partial) to CPNRF. Net profit excluding non-recurring items of 1,767 MB was recorded during the quarter, up 22% y-o-y. The increase in total revenues and net profit were largely attributable to

- Contributions from two projects launched in 4Q13 and two projects launched in 2014
- Efficient cost & administrative expense management resulting in higher gross and operating margins,
- Effective finance cost management reflecting lower interest expenses owing to partial debt prepayment and issuance of debenture to refinance high-cost borrowings.

*4Q14 total revenues were up 2% q-o-q with a drop of 6% q-o-q in normal net profit.*

Compared to the preceding quarter, without the non-recurring items, 4Q14 net profit would have decreased by 6% owing primarily to the seasonal increases in SG&A from marketing and promotion expenses during year-end celebrations and higher personnel expenses. However, total revenues would have increased by 2%, mainly from hotel business, especially at Hilton Pattaya Hotel, during high season.

The implementation of efficient & effective cost management programs led costs and expenses to increase at slower rate than the increase of total revenues, reflecting in higher margins. CPN will continue improving productivity and efficiency in 2015 in order to maintain its margin in the long term.

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## **Operational Performance**

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As of December 31, 2014, CPN managed 25 shopping centers (11 projects in Bangkok and 14 projects in the provinces), 7 office towers, and 2 residential properties (totaling 62 units). These include the properties which had been transferred to CPN Retail Growth Leasehold Property Fund ("CPNRF") and CPN Commercial Growth Leasehold Property Fund ("CPNCG"), of which CPN acts as the property manager. In addition, CPN owned 2 hotel properties (totaling 561 guest rooms), but outsourced their managements.

At the end of 4Q14, the occupancy rate for CPN's retail properties remained high at average of 96%. Occupancy at CentralPlaza Grand Rama IX was temporarily down due to the change of tenants during renewal of expired 3-year contracts. Higher occupancy was shown at CentralPlaza Bangna after renovation and at CentralPlaza Chiangmai Airport after the replacement of vacant area of an anchor tenant that unoccupied for a while with a new fashion anchor.

Table 1: Operational Statistics

Retail property	Net leaseable area (sqm.)	Occupancy Rate (%)		
		3Q14	4Q13	4Q14
Lardprao	48,148	97%	100%	100%
Ramindra	17,193	99%	100%	100%
Pinklao	57,601	99%	100%	99%
Pattaya Center	15,226	96%	98%	96%
Rama 3	55,666	95%	98%	95%
Chiangmai Airport	76,476	95%	94%	99%
Bangna	61,193	93%	88%	96%
Rama 2	93,714	96%	96%	97%
Rattathibet	77,273	99%	100%	99%
CentralWorld	199,501	94%	97%	94%
Chaengwattana	65,864	95%	96%	94%
Pattaya Beach Festival	57,590	97%	95%	98%
Udonthani	72,416	95%	98%	94%
Chonburi	40,332	98%	98%	98%
Khonkaen	49,743	95%	96%	96%
Chiangrai	22,325	99%	100%	99%
Phitsanulok	26,382	97%	100%	96%
Grand Rama 9	59,672	99%	99%	97%
Suratthani	34,537	95%	97%	95%
Lampang	22,227	99%	100%	100%
Ubonratchathani	32,213	98%	100%	98%
Chiangmai Festival	66,237	93%	92%	93%
Hatyai	69,701	88%	78%	88%
Samui	28,611	91%	n.a.	91%
Salaya	38,474	93%	n.a.	94%
<b>Total</b>	<b>1,388,313</b>	<b>95%</b>	<b>96%</b>	<b>96%</b>

Office	Net leaseable area (sqm.)	Occupancy Rate (%)		
		3Q14	4Q13	4Q14
Lardprao	16,250	97%	98%	94%
Pinklao A	22,426	98%	100%	96%
Pinklao B	11,334	98%	93%	98%
Bangna	10,007	98%	95%	95%
CentralWorld	83,059	98%	99%	99%
Chaengwattana	19,936	85%	99%	97%
Grand Rama 9	6,454	95%	100%	97%
<b>Total</b>	<b>169,466</b>	<b>96%</b>	<b>98%</b>	<b>97%</b>

  

Residential	Net leaseable area (sqm.)	Occupancy Rate (%)		
		3Q14	4Q13	4Q14
Central City Residence Bangna	1,907	38%	43%	38%
Langsuan Colonade	4,466	77%	78%	59%
<b>Total</b>	<b>6,373</b>	<b>66%</b>	<b>68%</b>	<b>53%</b>

  

Hotel	No. of available (rooms)	Occupancy Rate (%)		
		3Q14	4Q13	4Q14
Centara Udonthani Hotel	259	66%	63%	64%
Hilton Pattaya Hotel	302	81%	87%	89%
<b>Total</b>	<b>561</b>	<b>75%</b>	<b>76%</b>	<b>78%</b>

\*Occupancy rate of Hotel Business was an average of 3 months (October - December)

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## Financial Performance

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### Total Revenues

#### *Revenues from rent and services*

4Q14 consolidated revenues from rent and services registered 5,239 MB, up 8% y-o-y primarily due to

- Full-quarter realization of two new projects launched in 4Q13, namely, CentralFestival Chiangmai, and CentralFestival Hatyai.
- Contributions from two new projects launched in 2014, i.e. CentralFestival Samui and CentralPlaza Salaya.
- In 4Q14, the average rental rate of all retail properties was 1,492 Baht/sqm./mth. Excluding CentralFestival Chiangmai, CentralFestival Hatyai, CentralFestival Samui, and CentralPlaza Salaya, the same store average rental rate grew 2% y-o-y from 1,515 to 1,549 Baht/sqm./mth.

- However, the lower growth in revenues from rent and services than previous quarters was partly due to the fact that a 168 MB revenue from CentralPlaza Chiangmai Airport had been transferred to CPNRF during the period, offset by increased revenue from revenue recognition and share of profit from the investment in CPNRF in amount of 86 MB and 45 MB respectively for the lease of the properties in CentralPlaza Chiangmai Airport to the CPNRF.

In addition, normal rental discount was given to assist tenants at the newly opened projects such as CentralFestival Chiangmai, CentralFestival Hatyai and CentralFestival Samui during their initial stage as well as special rental discount to other existing projects given the political situation in 1H14, resulting in economic slowdown in 2014.

On a q-o-q basis, excluding revenue of 2Q14 in connection with the lease of properties in CentralPlaza Chiangmai Airport that was recorded in 3Q14, a q-o-q comparison showed flat revenue. This was mainly due to grace period offered to new tenants during their fitting for the renewal of 3-year contracts and the change of tenant mix in 4Q14 in some projects, such as CentralPlaza Lardprao and CentralPlaza Grand Rama 9.

FY2014 consolidated revenues from rent and services increased by 12% y-o-y to 20,375 MB, confirming a well-diversified portfolio despite the exclusion of the revenues from CentralPlaza Chiangmai Airport after partial assets had been transferred to CPNRF since April 23, 2014.

The increase in revenue was primarily due to

- Full-year contribution in 2014 of CentralPlaza Ubonratchathani, CentralFestival Chiangmai, and CentralFestival Hatyai after starting the operation in 2013.
- Contributions from two new projects launched in 2014, i.e. CentralFestival Samui and CentralPlaza Salaya.
- FY2014, the average rental rate of all retail properties were 1,510 Baht/sqm./mth. Excluding CentralWorld (including The Groove), CentralPlaza Ubonratchathani, CentralFestival Chiangmai, CentralFestival Hatyai, CentralFestival Samui, and CentralPlaza Salaya, the same store average rental rate of other retail properties grew 3.5% y-o-y from 1,469 to 1,521 Baht/sqm./mth.

#### *Revenues from food and beverage*

In 4Q14, the in-mall food court business recorded a flat sales growth y-o-y and q-o-q at 247 MB. While food centers in new projects, such as CentralFestival Chiangmai, CentralFestival Hatyai, and CentralPlaza Salaya, showed double digits growth, some other projects showed a slowdown.

FY2014, the business posted an 11% y-o-y sales growth to 975 MB. The increase was mainly attributed to the new food courts at CentralPlaza Ubonratchathani, CentralFestival Chiangmai, CentralFestival Hatyai, CentralFestival Samui, and CentralPlaza Salaya coupled with an impressive sales growth at CentralPlaza Udonthani, CentralPlaza Pinklao, CentralPlaza Suratthani, CentralPlaza Rama 3, and CentralPlaza Rattathibet.

#### *Revenues from hotel operation*

Hotel operations are considered CPN's non-core businesses. In 4Q14, revenues from its 2 hotels increased by 10% y-o-y to 269 MB. The growth was mainly driven by higher RevPAR of both Centara Hotel & Convention Centre Udonthani and Hilton Pattaya Hotel.

On a q-o-q basis, revenues from hotel operation increased by 2.2% due to higher RevPAR of both hotels and especially high occupancy at Hilton Pattaya Hotel during peak season.

FY2014, hotel operations reported a 6% y-o-y revenue growth to 958 MB, thanks to better performances of both hotels regardless of a slowdown in foreign tourist arrivals due to concern on Thai political uncertainty in 1H14.

### **Total Costs**

#### *Costs of rent and services*

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned to earn rentals.

In 4Q14, costs of rent and services rose by 6% y-o-y to 2,710 MB due to full quarter realization of operating costs of projects opened in 4Q13 and additional operating costs of projects launched in 2014.

On a q-o-q basis, costs of rent and services decreased by 1% due to energy cost saving through adjusting suitable temperature during cold weather at the end of the year.

FY2014, costs of rental and services increased by 10% y-o-y to 10,522 MB. The increase was primarily due to compounding effects of the following factors:

- Full-year realization of operating costs and depreciation of the new projects launched in 2013.

- Additional operating costs and depreciation of the new projects launched in 2014.
- Increased repair and maintenance costs and personnel expenses in general.

#### *Costs of food and beverage*

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 4Q14, costs of food and beverage stood at 201 MB, up 7% y-o-y due to newly opened food courts at new shopping malls and flat q-o-q in line with the revenue.

Likewise, FY2014 costs of food and beverage increased by 13% y-o-y to 780 MB, stemmed primarily from new food courts launched in 2013 and 2014 as previously mentioned.

#### *Costs of hotel operation*

4Q14 costs of hotel operation raised 2% y-o-y and increased 8% q-o-q to 83 MB mainly arising from Hilton Pattaya Hotel in parallel to higher revenue during high season.

The costs of hotel operation increased at a slower pace than the growth in revenue from hotel operation, reflecting considerably higher in gross margin both y-o-y and q-o-q.

FY2014 costs of hotel operations posted 315 MB, up 2% y-o-y. The rise in costs in line with the growth in hotel revenues.

### **Administrative Expenses**

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

Total administrative expenses in 4Q14 stood at 1,230 MB, a rise of 2% y-o-y from expenses of two newly opened malls and additional personnel expense arising from business expansion.

Compared to last quarter, 4Q14 total administrative expenses increased by 54%, led by

- Marketing and promotion expenses during year-end celebrations.
- Higher personnel expenses from yearly reserve for staff bonus.

- Full quarter realization of depreciation of equipment at the back office at CentralPlaza Salaya.

FY2014, total administrative expenses amounted to 3,667 MB, up 6% y-o-y due primarily to reasons mentioned earlier as well as higher depreciation of back office equipment at new shopping malls.

### **Gross Profit Ratio & Operating Profit Ratio**

The Gross Profit ratio (excluding other income) for 4Q14 was up to 48.0% from 47.0% in 4Q13 and the Operating Profit ratio this quarter increased slightly to 31.4% from 30.8% last year. Similarly, for FY 2014, Gross Profit ratio was up to 47.9% from 47.0% in FY2013 and the Operating Profit ratio this year increased to 35.6% from 34.5% last year. The improvement of profit margins was supported by the growth in revenues earned and the efficiency of costs & expenses management.

On a q-o-q basis, gross profit ratio increased slightly from 47.5% to 48.0%, thanks to efficient cost management programs, especially costs of hotel operations, which increased considerably at the lower rate than the increase in revenues from hotel operations. Operating Profit ratio, however, decreased from 36.6% to 31.4% as a result of higher SG&A in the fourth quarter every year when the company normally records high marketing and promotion expenses for year-end celebrations and set aside yearly reserve for staff bonus reflecting higher personnel expenses.

### **Net Profit**

Without the non-recurring items:

For 4Q14, net profit was 1,767 MB, up 22% y-o-y, mainly from contributions from newly opened malls in 4Q13 and 2014, and effective cost management.

Compared to the preceding quarter, 4Q14 net profit decreased by 6%, owing to the seasonal increases in SG&A as mentioned above.

FY2014 consolidated net profit would have grown by 21% y-o-y to 7,231 MB. The y-o-y continuing growth for the CPN's performance was primarily attributable to the following factors:

- The full-year contribution of three new projects launched in 2013.
- The contributions from two newly opened projects in 2014.
- Efficient costs and expenses management:
  - The increase in costs significantly lower than the increase in revenues, especially retail and hotel businesses, reflecting in

higher gross profit. Excluding non-recurring items, gross profit of rent and services, food and beverage, and hotel operations increased 17%, 2%, and 8% respectively.

- o Similarly, the increase in SG&A (+6% y-o-y) was significantly lower than the increase in core revenues (revenues from rent and services (excluding non-recurring items), revenues from food and beverage, and revenues from hotel operations) (+14% y-o-y), reflecting efficient & effective cost management programs and economy of scale.
- o SG&A to core revenues decreased from 18% in 2013 to only 16% in 2014.

**Table 2: Consolidated Results Summary**

Consolidated earnings (MB)	4Q13	FY13	3Q14	4Q14	FY14	% YoY (4Q13 vs 4Q14)	% CoQ Change	% YoY (FY13 vs FY14)
Revenue from rent and services	4,828	18,128	5,290	5,239	20,375	8%	(1%)	12%
Retail	4,726	17,726	5,186	5,140	19,966	9%	(1%)	13%
Office	98	383	100	95	393	(3%)	(5%)	2%
Other supportive businesses	5	19	4	4	17	(15%)	(3%)	(11%)
Revenue from hotel operation	244	903	220	269	957	10%	22%	6%
Revenue from food and beverage	247	882	249	247	975	0%	(1%)	11%
Other income	846	1,698	297	447	1,584	(47%)	50%	(7%)
<b>Total revenues</b>	<b>6,166</b>	<b>21,611</b>	<b>6,057</b>	<b>6,202</b>	<b>23,891</b>	<b>1%</b>	<b>2%</b>	<b>11%</b>
<b>Total revenues excluding non-recurring items</b>	<b>5,789</b>	<b>20,967</b>	<b>5,995</b>	<b>6,136</b>	<b>23,668</b>	<b>6%</b>	<b>2%</b>	<b>13%</b>
Cost of rent and services	2,552	9,542	2,744	2,710	10,522	6%	(1%)	10%
Retail	2,492	9,323	2,693	2,658	10,320	7%	(1%)	11%
Office	50	196	47	48	187	(5%)	2%	(5%)
Other supportive businesses	10	24	4	4	16	(61%)	(2%)	(33%)
Cost of hotel operation	81	309	77	83	315	2%	8%	2%
Cost of food and beverage	187	691	201	201	780	7%	(0%)	13%
<b>Total costs</b>	<b>2,821</b>	<b>10,542</b>	<b>3,022</b>	<b>2,994</b>	<b>11,616</b>	<b>6%</b>	<b>(1%)</b>	<b>10%</b>
<b>Operating profit</b>	<b>1,783</b>	<b>7,345</b>	<b>2,249</b>	<b>1,929</b>	<b>8,447</b>	<b>8%</b>	<b>(14%)</b>	<b>15%</b>
<b>Net profit</b>	<b>1,750</b>	<b>6,293</b>	<b>1,935</b>	<b>1,820</b>	<b>7,307</b>	<b>4%</b>	<b>(6%)</b>	<b>16%</b>
<b>Net profit excluding non-recurring items</b>	<b>1,448</b>	<b>5,991</b>	<b>1,886</b>	<b>1,767</b>	<b>7,231</b>	<b>22%</b>	<b>(6%)</b>	<b>21%</b>
<b>EPS (Bt) excluding non-recurring items<sup>(1)</sup></b>	<b>0.32</b>	<b>1.33</b>	<b>0.42</b>	<b>0.39</b>	<b>1.61</b>	<b>22%</b>	<b>(6%)</b>	<b>21%</b>

(1) Number of shares used to calculate EPS is 4,488,000,000 shares, subsequent to its par split and the capital increase in 2013

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## **Future Developments**

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Under its 5-year plan, CPN aims to increase its revenues at a compound annual growth rate (CAGR) of 15% per annum through rental increase, continuous asset enhancement, and new project development. CPN targets to grow its portfolio by adding approximately 3 new projects annually. In light of Thailand's urbanization, CPN will expand its business in Bangkok's vicinities, and the provinces. In addition, CPN will also study other formats to introduce modern shopping malls to the market as well as overseas markets to sustain growth in the long-term.

### **Domestic Expansion**

Currently, CPN's six new projects are under construction and design phase, namely CentralPlaza Rayong (east of Thailand), CentralPlaza WestGate (Bangkok suburb), CentralFestival East Ville (Bangkok), CentralPlaza Nakhonratchasima (northeast of Thailand), CentralPlaza Nakhon Si Thammarat (south of Thailand), including new projects recently announced on November 12, 2014 i.e. CentralFestival Phuket (south of Thailand) and the asset enhancement of two existing projects, namely CentralPlaza Pinklao and CentralPlaza Bangna Phase II.

### **Overseas Expansion**

CPN signed a Joint Venture Agreement with I-City Properties SdnBhd ("ICP"), an I-Berhad wholly-owned subsidiary, to establish a joint venture, in which CPN through its local subsidiaries will hold a sixty-percent (60%) stake and ICP will hold a forty-percent (40%) stake. The Joint Venture will develop a RM 740 million (or approximately Baht 7,400 million) regional shopping mall at i-City, Shah Alam, Selangor DarulEhsan, Malaysia.

For the total investment approximately Baht 7,400 million, CPN will use mainly its internal source of cash flows and/or proceeds from future bank loans.

Table 3: New developments

Location		Project	Progress	Completion	Net Leaseable Area (sqm.)
Domestic	Bangkok and Greater Bangkok	CentralPlaza WestGate	Under construction	July 2015	75,000
		CentralFestival East Ville	Under construction	October 2015	34,500
	Provinces	CentralPlaza Rayong	Under construction	May 2015	33,000
		CentralPlaza Nakhon Si Thammarat	Design Phase	Second quarter 2016	26,000
		CentralPlaza Nakhonratchasima	Design Phase	Fourth quarter 2016	55,000
	CentralFestival Phuket	Design Phase	2017	Pending BOD Approval	
Overseas	Selangor, Malaysia	CentralPlaza i-City	Design Phase	Second quarter 2017	89,700

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## Capital Structure

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Total CAPEX for FY2014 was approximately 11,218 MB, comprising 1,001 MB asset enhancement projects, 10,217 MB new developments and land acquisitions.

During 2014, CPN raised new debts of approximately 7,600 MB, comprising 2,000 MB short-term borrowings and 5,600 MB long-term borrowings and repay unsecured bonds and loans totaling 11,423 MB.

*Net interest-bearing debt to equity of 0.29 times*

As of December 31, 2014, outstanding interest-bearing debts was 16,019 MB, decreased by 19% from prior-year period and increased 3% from the last quarter, comprising 81% fixed and 19% floating interest rate. Net interest-bearing debt to equity ratio stood at 0.29 times, considerably decreased from 0.35 times in 3Q14 due to higher balance of cash and cash equivalents and current investments, together with higher retained earnings. Cash and cash equivalents and current investments will be used as near-term investment.

*4Q14 weighted average cost of debt 3.89% p.a.*

Finance costs in 4Q14 amounted to 92 MB, decreased by 41% y-o-y from debt repayment and partial debt prepayment and decreased 23% q-o-q. A weighted average cost of debt in 4Q14 was 3.89% pa. compared to 3.95% in 3Q14.

Excluding a 2Q14 128-MB finance cost associated with asset monetization into CPNRF, in 2014, finance costs amounted to 549 MB, decreased by 32% y-o-y thanks to a decrease in outstanding borrowings.

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## Dividend

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CPN's Board of Directors has proposed Baht 0.65 per share (2,917 MB) dividend to be paid for the FY2014 performance, comparing to Baht 0.55 per share (2,468 MB) in 2013, pending the approval at the shareholders' meeting in April 2015. The dividend payment represents a 39.90% dividend payout ratio of the FY2014 net profit.

Table 4: Financial Position

Financial position (MB)	3Q14	4Q14	% Change
Current assets			
Cash and current investments	1,482	3,773	155%
Other current assets	4,522	3,245	(28%)
Total current assets	6,004	7,018	17%
Non-current assets			
Investment properties <sup>(1)</sup>	58,609	60,927	4%
Leasehold rights	12,044	11,795	(2%)
Property & equipment (PP&E)	2,189	2,140	(2%)
Other non-current assets	7,115	7,154	1%
Total Non current assets	79,957	82,017	3%
<b>Total assets</b>	<b>85,961</b>	<b>89,035</b>	<b>4%</b>
Current liabilities	12,703	14,126	11%
Non-current liabilities	33,364	33,161	(1%)
<b>Total liabilities</b>	<b>46,067</b>	<b>47,287</b>	<b>3%</b>
<b>Total equities</b>	<b>39,894</b>	<b>41,748</b>	<b>5%</b>

<sup>(1)</sup> Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is 127,663 MB (115,803 MB in December 2013), stated in the disclosure notes to the main financial statement no. 12 under "Investment Properties".