

CP Aextra

CP Aextra
Public Company Limited

CPAXT

Bloomberg CPAXT TB
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Operational improvement & synergy ahead

We raise our 2024F by 2% in 2024F and 2025F by 5%, factoring in: 1) strong sales and margin at both B2B and B2C units in 2024TD; 2) post amalgamation synergy which we conservatively estimate at Bt1.7bn in 2025-27F (below its target synergy on the P&L of Bt2.5bn and capex savings of Bt2.5bn). We expect 1Q24F earnings to grow YoY on better sales and margin and lower interest expenses post refinancing but fall QoQ on seasonality. Outperform with a new end-2024 DCF TP of Bt39 (from Bt35) (WACC of 7.0% and LT growth of 2.5%).

Robust sales and margin in 1Q24TD. Sales. Despite a fragile economy, more tourists and business adjustment in 1Q24TD has led SSS growth to top the sector. SSS has grown in mid-single digits YoY at the B2B unit (vs +10.9% YoY in 1Q23 and +1.7% YoY in 4Q23) from strong fresh and dry food sales and above mid-single digits YoY for the B2C unit in both Thailand and Malaysia (vs +0.8% YoY in 1Q23 and +5.8% YoY in 4Q23 in Thailand, -0.9% YoY in 1Q23 and +3.6% YoY in 4Q23 in Malaysia). Behind this is higher fresh food and electronic product sales after making products available both in stores and online plus on-demand delivery for hypermarket stores in Thailand, expanding from small stores in 4Q23. Gross margin. In 1Q24TD, the B2C gross margin has expanded over 60bps YoY from a more favorable sales mix on more high-margin fresh food and electronics; B2B gross margin is relatively stable YoY, with operating margin improvement offset by higher costs related to the transition to a new distribution center (all transitioning from the existing to the new distribution center will be completed in 3Q24). It expects B2C gross margin to improve 50bps in 2024 and B2B to widen 20 bps.

Business synergy from amalgamation in 2025-27F. In 2022-23, CPAXT reported synergy between the B2B and B2C units of Bt3.3bn (above its earlier target at Bt2.7bn). Of this, 20% came from sales and margin improvement via fresh food, private brands, rental income management and sharing back-office services, 40% from finance cost reduction and 40% from capex reduction. After the completion of internal business restructuring (amalgamation of CPAXT and Ek-Chai, the operator of a retail business under the name Lotus's in Thailand) in 4Q24, CPAXT targets to achieve target synergy at 1% of sales or Bt5bn in 2025-27. Of this, 50% (Bt2.5bn) will come from sales and margin improvement (i.e., flexibility on transferred pricing, global sourcing and joint procurement on branded non-food and imported fruits and seafoods, and supply chain cost savings) and lower funding costs, and 50% (Bt2.5bn) will come from capex reduction (i.e., distribution center).

Earnings upgrade. We raise our 2024 by 2% and 2025F by 5% factoring in: 1) better sales and margin to reflect strong operations in 2024TD; 2) business synergy post amalgamation from better sales and margin at Bt1.7bn in 2025-27F (conservatively below its target of Bt2.5bn), implying earnings accretion (after tax) at ~Bt500mn p.a. in 2025-27F or equivalent to a contribution to earnings growth of 5% in 2025F, 4% in 2026F and 3% in 2027F.

Key risks are changes in purchasing power, an inflation-led rise in costs and higher interest rate, and new government policies. Key ESG risks are energy management, sustainable products (E), and labor/employment practices (S).

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	466,082	486,472	509,876	534,060	558,744
EBITDA	(Btmn)	34,252	33,986	38,070	41,062	43,942
Core profit	(Btmn)	7,922	8,777	10,275	12,222	14,185
Reported profit	(Btmn)	7,697	8,640	10,275	12,222	14,185
Core EPS	(Bt)	0.75	0.83	0.97	1.16	1.34
DPS	(Bt)	0.51	0.57	0.49	0.58	0.67
P/E, core	(x)	45.7	41.3	35.3	29.6	25.5
EPS growth, core	(%)	(39.9)	10.8	17.1	19.0	16.1
P/BV, core	(x)	1.2	1.2	1.2	1.2	1.2
ROE	(%)	2.7	3.0	3.5	4.1	4.6
Dividend yield	(%)	1.5	1.7	1.4	1.7	2.0
EV/EBITDA	(x)	14.1	14.1	12.6	11.5	10.5

Source: InnovestX Research

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Feb 22) (Bt)	34.25
Target price (Bt)	39.00
Mkt cap (Btmn)	362.38
Mkt cap (US\$m)	10,086

Beta	L
Mkt cap (%) SET	2.09
Sector % SET	10.01
Shares issued (mn)	10,580
Par value (Bt)	0.50
12-m high / low (Bt)	41.8 / 25.3
Avg. daily 6m (US\$m)	7.24
Foreign limit / actual (%)	49 / 2
Free float (%)	15.0
Dividend policy (%)	≥ 40

Share performance

(%)	1M	3M	12M
Absolute	25.7	20.2	(16.0)
Relative to SET	21.6	20.5	(1.0)

Source: SET, InnovestX Research

2023 Sustainability /2022 ESG Score

SET ESG Ratings	AAA
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ESG Bloomberg Rank in the sector

ESG Score Rank	2/34
Environmental Score Rank	2/34
Social Score Rank	3/34
Governance Score Rank	2/34

ESG comment

CPAXT has an above-average ESG score, with above-average environmental, social and governance scores versus peers in the sector in 2022.

Source: Bloomberg Finance L.P.

Analyst

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Value proposition

CP Axta PCL (CPAXT), renamed from Siam Makro PCL (MAKRO) in June 2023, is a membership-based cash & carry trade center registered under the “Makro” banner in Thailand, Cambodia, and Myanmar and the “LOTS Wholesale Solutions” banner in India, to sell groceries and consumer products and engage in the import, export and distribution of frozen and chilled food products as well as provide storage and delivery services for the food service business.

After the Oct 25, 2021 completion of the EBT via offering new CPAXT shares to Lotus’s shareholders in exchange for Lotus’s business instead of cash, CPAXT holds 99.99% in CPRD, which holds: 1) 99.9% in Lotus’s Stores (Thailand), which holds 99.9% of Ek-Chai, which operates a retail business under the name Lotus’s in Thailand; 2) 100% of Lotus’s Stores (Malaysia), which operates a retail business under the name Lotus’s in Malaysia. According to *Euromonitor*, CPAXT (B2B) and Lotus’s (B2C) combined made it the largest modern grocery wholesaler and retailer in Southeast Asia, based on 2020 retail sales.

Business outlook

In 2024, CPAXT targets total sales to grow in the high single digits YoY. In the retail unit, it plans to improve sales via SSS growth and store expansion, with a focus on raising the proportion of fresh food sales and O2O sales. In 2024, it plans to add eight B2B stores and 106 B2C stores (100 in Thailand and six in Malaysia). For the mall unit, it plans to both expand and improve malls, and targets occupancy rate at 96-97% at end-2024 from 95% at end-2023, with higher rental rate from tenant mix adjustment. Its 2024 capex budget is Bt13bn, flat YoY.

In 2024, CPAXT targets a widening in gross margin of 50bps in the B2C unit and 20bps in the B2B unit through offering more high-margin fresh food products, with a wider product assortment plus synergy from fully integrated global sourcing for the B2B and B2C units and manageable market competition. It targets a reduction in SG&A/sales for B2C, with high IT and store adjustment expenses booked earlier, but SG&A/sales for the B2B unit will be pushed up by more O2O investment. For the B2B unit, SG&A/sales is expected to be stable or slip YoY from late 2024 with a goal of more O2O sales by then.

To leverage synergy for the B2B and B2C units and enhance management flexibility, CPAXT’s board approved an internal business restructuring plan to be completed in 4Q24, as follows. First, CPAXT will accept the transfer of the entire business (EBT) of Lotus’s Thailand and later dissolve and liquidate Lotus’s Thailand. Second, CPAXT will undertake an amalgamation with Ek-Chai, forming a new company (NewCo). Post amalgamation, CPAXT targets to achieve synergy of Bt5n in 2025-27; 50% will come from sales and margin improvement and lower funding costs, and the rest from capex reduction.

In the medium to long term, CPAXT’s strategies are to build a fresh food-focused omnichannel retail platform in South and Southeast Asia, targeting fresh food sales contribution to total sales at 40-50% (vs 34% in 2023). It plans to extend its leadership position in online sales, targeting a jump in online sales to total sales to 25% in 2028F (vs 14% in 2023). Its mall transformation plan targets the addition of 220K sq.m. in net leasable area within 2028F via mall extension and improvement.

Bullish views	Bearish views
1. Resumption of domestic activities from revived economic activities	1. Weak purchasing power from inflationary pressure
2. Rental income to recover as it reduces rent discount for tenants as the economy revives	2. Rental income to come back slowly from a continued rent discount in response to fragile purchasing power
3. More local and international travel will support SSS	3. Slow return in tourists would delay the return of SSS

Key catalysts

Factor	Event	Impact	Comment
1Q24F core earnings	Better sales and margin, and lower funding costs	Up YoY but down QoQ	We expect 1Q24F earnings to improve YoY from better sales and margin and lower interest expenses post debt refinancing but slip QoQ on seasonality.
Business synergy in 2025-27F	Better sales & margin post amalgamation in 4Q24	Earnings added	Of its target synergy of Bt5bn in 2025-27, 50% will come from sales and margin improvement and lower funding costs, and the rest will come from capex reduction.

Sensitivity Analysis

Factor	Earnings impact	TP impact
1% change in SSS in B2B&B2C units	1% and 3%	Bt0.5-1.5/sh.

Our view on ESG

We view that CPAXT is in the leading position compared to other companies under coverage, providing concrete targets and progress on key environmental issues (i.e., waste & energy management) and social issues (i.e., product quality management and labor practices), with on average information provided on the sustainable product issue. On the governance issue, we view that it is in the lagging position compared to peers on board composition, the executive compensation, and shareholder rights based on its lower free float than peers. Key ESG risks are waste & energy management, sustainable products with quality management, and labor practices.

ESG Disclosure Score

Bloomberg ESG Score	61.61 (2022)
Rank in Sector	2/34

CG Rating	DJSI	SETESG	SET ESG Ratings
CPAXT	5	No	AAA

Source: Thai Institute of Directors (IOD), SET

Environmental Issue (E)

- By 2030, CPAXT commits to achieving carbon neutral operations (scope 1&2). Of this, 45% will be contributed by improved energy efficiency, followed by 25% renewable energy, 10% green refrigerant, 10% electric vehicle, 5% carbon absorption and 5% carbon credit.
- By 2030, it targets 100% food waste to landfill and use of sustainable packaging, 100% drop in water withdrawals per revenue from 2020, 100% traceability of high-risk raw materials and 100% business collaboration with relevant international partners to enhance biodiversity.
- In 2022, greenhouse gas emissions intensity (scope 1&2) per revenue decreased by 16% (vs yearly target of 14%), its food waste to landfill reduced 11% (vs yearly target of 20%), water intensity per revenue unit rose by 11% YoY compared to 2020 (vs yearly target for reduction by 2% YoY).
- We view that CPAXT is in the leading position compared to peers for providing information on waste & energy management, but it is on average compared to peers on providing the commitment on the sustainable products.

Governance Issue (G)

- By 2030, CPAXT plans to achieve 100% implementation of a corporate governance impact scoring assessment.
- In 2022, 100% of its business units had a Corporate Governance (CG) structure, and 100% of its employees passed the anti-corruption training.
- In 2022, CPAXT had nomination & remuneration, audit, and corporate governance committees.
- In 2022, CPAXT's board of directors consisted of 15 directors. Of this, 13 were non-executive directors (87% of the entire board), 5 were independent directors (33% of the entire board), and 3 were female members (20% of the entire board). Its board average tenure was 7.8 years
- In 2022, CG rating was excellent and anti-corruption progress indicator was certified.
- We view that it is in the lagging position compared to peers on director roles and diversity for the board composition, and the incentive structure for the executive compensation. On shareholder rights, we view its free float at 15% (even up from 13.5% since late 2022) is the sector's lowest vs peers under our coverage.

Social Issue (S)

- By 2030, CPAXT aims to achieve 70% of total sales volume of B2B & B2C products & services to promote health and wellness, 400,000 jobs supported to generate income for the community, 150,000 people supported to get access to safe and nutritious food and supported through education and upskilling, 100% conduction of human rights impact assessment at high-risk own operations and tier 1 suppliers and 100% of employees engaged in learning and initiatives.
- In 2022, 44% of B2B & B2C sales helped promote health and well-being, 192,020 people had access to education and upskilling, 74,700 retailers participated in the Makro Retailer Alliance program, 255,627 people had jobs to generate income, 108,078 people were encouraged to access safe & nutritious food, 100% of Makro operations in Thailand conducted a human rights risk assessment, 100% of employees participated in training development.
- We view that CPAXT is in the leading position compared to peers for providing information on product quality management, and labor practices.

ESG Disclosure Score

	2021	2022
ESG Disclosure Score	63.15	62.61
Environment	48.51	51.89
GHG Scope 1 ('000 metric tonnes)	65.93	146.75
GHG Scope 2 Location-Based ('000 metric tonnes)	185.59	571.33
GHG Scope 3 ('000 metric tonnes)	58.94	135.87
Total Energy Consumption ('000 MWh)	418.79	441.98
Renewable Energy Use ('000 MWh)	35.58	39.66
Total Waste ('000 metric tonnes)	67.91	85.10
Waste Recycled ('000 metric tonnes)	39.24	58.56
Social	44.71	44.71
Pct Women in Management (%)	58.06	56.00
Pct Women in Workforce (%)	55.20	52.19
Lost Time Incident Rate - Employees (per 100 employees)	0.52	0.48
Number of Employees - CSR (persons)	16,920	23,280
Employee Turnover Pct (%)	16.31	42.01
Total Hours Spent by Firm - Employee Training (hours)	249,570	778,018
Governance	96.12	91.12
Size of the Board (persons)	15	15
Number of Non Executive Directors on Board (persons)	13	13
Number of Board Meetings for the Year (times)	13	7
Board Meeting Attendance Pct (%)	98	99
Number of Female Executives (persons)	2	1

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	206,180	218,259	265,398	466,082	486,472	509,876	534,060	558,744
Cost of goods sold	(Btmn)	(185,012)	(192,072)	(229,384)	(389,588)	(408,274)	(427,847)	(447,528)	(467,695)
Gross profit	(Btmn)	21,168	26,186	36,014	76,494	78,198	82,030	86,532	91,049
SG&A	(Btmn)	(17,390)	(17,731)	(26,293)	(62,842)	(64,929)	(68,141)	(70,871)	(73,773)
Other income	(Btmn)	4,447	502	970	3,050	3,105	4,837	5,089	5,339
Interest expense	(Btmn)	(310)	(619)	(1,557)	(6,897)	(5,923)	(5,847)	(5,747)	(5,652)
Pre-tax profit	(Btmn)	7,915	8,337	9,134	9,804	10,451	12,879	15,003	16,962
Corporate tax	(Btmn)	(1,710)	(1,813)	(2,128)	(2,729)	(2,460)	(3,422)	(3,662)	(3,726)
Equity a/c profits	(Btmn)	0	0	149	831	746	819	881	949
Minority interests	(Btmn)	60	39	14	15	41	0	0	0
Core profit	(Btmn)	6,265	6,563	7,169	7,922	8,777	10,275	12,222	14,185
Extra-ordinary items	(Btmn)	(20)	0	6,517	(225)	(137)	0	0	0
Net Profit	(Btmn)	6,245	6,563	13,687	7,697	8,640	10,275	12,222	14,185
EBITDA	(Btmn)	10,948	12,534	16,819	34,252	33,986	38,070	41,062	43,942
Core EPS (Bt)	(Btmn)	1.31	1.37	1.25	0.75	0.83	0.97	1.16	1.34
Net EPS (Bt)	(Bt)	1.30	1.37	2.38	0.73	0.82	0.97	1.16	1.34
DPS (Bt)	(Bt)	0.96	1.00	0.72	0.51	0.57	0.49	0.58	0.67

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	23,333	28,251	110,000	87,355	76,739	95,518	102,792	112,084
Total fixed assets	(Btmn)	39,308	131,336	459,490	461,288	463,632	464,262	464,025	462,873
Total assets	(Btmn)	62,641	159,587	569,490	548,643	540,371	559,781	566,817	574,957
Total loans	(Btmn)	8,487	16,170	184,293	160,653	147,925	155,622	150,622	145,622
Total current liabilities	(Btmn)	32,749	40,475	118,395	90,763	118,150	100,814	105,184	109,657
Total long-term liabilities	(Btmn)	9,158	10,848	162,597	166,949	128,749	161,249	156,831	152,424
Total liabilities	(Btmn)	41,907	51,324	280,992	257,713	246,899	262,064	262,015	262,081
Paid-up capital	(Btmn)	2,400	2,400	5,290	5,290	5,290	5,290	5,290	5,290
Total equity	(Btmn)	20,734	108,263	288,498	290,931	293,473	297,717	304,802	312,876
BVPS (Bt)	(Bt)	4.22	4.63	27.22	27.44	27.69	28.09	28.76	29.52

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	6,265	6,563	7,169	7,922	8,777	10,275	12,222	14,185
Depreciation and amortization	(Btmn)	2,723	3,577	6,128	17,551	17,612	19,345	20,312	21,328
Operating cash flow	(Btmn)	10,270	13,353	16,769	22,014	34,863	23,636	34,505	37,510
Investing cash flow	(Btmn)	(3,130)	(2,288)	14,966	(17,164)	(14,239)	(19,961)	(20,074)	(20,176)
Financing cash flow	(Btmn)	(7,402)	(5,413)	26,461	(32,955)	(28,552)	1,666	(10,138)	(11,111)
Net cash flow	(Btmn)	(262)	5,653	58,195	(28,105)	(7,928)	5,341	4,293	6,223

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	10.3	12.0	13.6	16.4	16.1	16.1	16.2	16.3
Operating margin	(%)	1.8	3.9	3.7	2.9	2.7	2.7	2.9	3.1
EBITDA margin	(%)	5.3	5.7	6.3	7.3	7.0	7.5	7.7	7.9
EBIT margin	(%)	4.0	4.1	4.0	3.6	3.4	3.7	3.9	4.0
Net profit margin	(%)	3.0	3.0	5.2	1.7	1.8	2.0	2.3	2.5
ROE	(%)	32.1	30.9	4.6	2.7	3.0	3.5	4.1	4.6
ROA	(%)	10.0	5.9	2.0	1.4	1.6	1.9	2.2	2.5
Net D/E	(x)	0.2	0.1	0.4	0.4	0.4	0.4	0.4	0.3
Interest coverage	(x)	35.3	20.2	10.8	5.0	5.7	6.5	7.1	7.8
Debt service coverage	(x)	8.8	1.7	0.5	2.9	0.9	3.1	3.3	3.6
Payout Ratio	(%)	73.8	73.1	38.8	70.1	69.8	50.0	50.0	50.0

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
SSS growth (%) - B2B	(%)	6.3	1.9	2.5	6.8	5.3	3.5	3.0	3.0
No. of stores, ending - B2B	(Stores)	140	144	149	162	168	176	184	192
SSS growth (%) - B2C TH	(%)	(2.5)	(6.4)	(6.3)	0.2	2.1	3.5	3.0	3.0
No. of stores, ending - B2C TH	(Stores)	1,988	2,094	2,618	2,578	2,454	2,551	2,648	2,744
SSS growth (%) - B2C MY	(%)	2.2	0.7	(2.2)	(1.8)	(2.5)	3.5	3.0	3.0
No. of stores, ending - B2C MY	(Stores)	69	62	62	65	68	74	80	85

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total revenue	(Btmn)	110,777	117,933	114,963	122,409	119,089	120,909	118,837	127,637
Cost of goods sold	(Btmn)	(92,607)	(99,282)	(95,731)	(101,969)	(99,615)	(101,908)	(99,906)	(106,844)
Gross profit	(Btmn)	18,170	18,651	19,232	20,440	19,473	19,001	18,930	20,793
SG&A	(Btmn)	(14,725)	(15,871)	(16,031)	(16,215)	(16,106)	(16,306)	(16,224)	(16,292)
Other income	(Btmn)	641	737	597	1,075	761	703	665	976
Interest expense	(Btmn)	(1,494)	(1,598)	(1,826)	(1,979)	(1,684)	(1,385)	(1,403)	(1,451)
Pre-tax profit	(Btmn)	2,593	1,920	1,972	3,320	2,444	2,013	1,968	4,025
Corporate tax	(Btmn)	(767)	(549)	(603)	(810)	(573)	(527)	(448)	(912)
Equity a/c profits	(Btmn)	224	202	230	175	193	201	185	168
Minority interests	(Btmn)	0	0	3	11	15	14	11	1
Core profit	(Btmn)	2,050	1,573	1,602	2,696	2,079	1,701	1,716	3,282
Extra-ordinary items	(Btmn)	0	0	0	(225)	87	(185)	(39)	0
Net Profit	(Btmn)	2,050	1,573	1,602	2,471	2,166	1,516	1,677	3,282
EBITDA	(Btmn)	8,139	7,556	7,847	9,360	8,063	7,366	7,363	9,442
Core EPS (Bt)	(Btmn)	0.19	0.15	0.15	0.25	0.20	0.16	0.16	0.31
Net EPS (Bt)	(Bt)	0.19	0.15	0.15	0.23	0.20	0.14	0.16	0.31

Balance Sheet (Btmn)

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total current assets	(Btmn)	105,709	87,983	74,540	87,355	61,841	57,630	63,160	76,739
Total fixed assets	(Btmn)	458,777	459,791	461,230	461,288	461,079	461,947	462,250	463,632
Total assets	(Btmn)	564,486	547,773	535,771	548,643	522,920	519,577	525,410	540,371
Total loans	(Btmn)	184,611	170,885	167,346	137,187	145,314	151,583	150,731	147,925
Total current liabilities	(Btmn)	111,553	92,236	74,526	90,763	97,389	101,285	92,289	118,150
Total long-term liabilities	(Btmn)	162,715	166,751	172,395	166,949	132,716	127,381	142,276	128,749
Total liabilities	(Btmn)	274,268	258,987	246,921	257,713	230,105	228,666	234,564	246,899
Paid-up capital	(Btmn)	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290
Total equity	(Btmn)	290,218	288,786	288,850	290,931	292,814	290,911	290,845	293,473
BVPS (Bt)	(Bt)	27.38	27.25	27.24	27.44	27.62	27.44	27.43	27.69

Cash Flow Statement (Btmn)

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Core Profit	(Btmn)	2,050	1,573	1,602	2,471	2,166	1,516	1,677	3,282
Depreciation and amortization	(Btmn)	4,325	4,380	4,383	4,462	4,345	4,404	4,444	4,419
Operating cash flow	(Btmn)	1,574	6,482	(2,895)	16,853	(704)	2,264	13,374	19,929
Investing cash flow	(Btmn)	(7,629)	(2,483)	(2,498)	(4,554)	(3,942)	(3,011)	(2,770)	(4,516)
Financing cash flow	(Btmn)	(1,017)	(22,734)	(9,378)	174	(19,494)	(1,642)	(4,656)	(2,760)
Net cash flow	(Btmn)	(7,072)	(18,734)	(14,771)	12,473	(24,139)	(2,389)	5,947	12,653

Key Financial Ratios

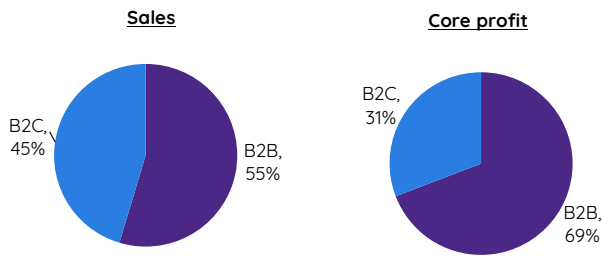
FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Gross margin	(%)	16.4	15.8	16.7	16.7	16.4	15.7	15.9	16.3
Operating margin	(%)	3.1	2.4	2.8	3.5	2.8	2.2	2.3	3.5
EBITDA margin	(%)	7.3	6.4	6.8	7.6	6.8	6.1	6.2	7.4
EBIT margin	(%)	3.7	3.0	3.3	4.3	3.5	2.8	2.8	4.3
Net profit margin	(%)	1.9	1.3	1.4	2.0	1.8	1.3	1.4	2.6
ROE	(%)	2.8	2.2	2.2	3.7	2.9	2.3	2.4	4.5
ROA	(%)	1.4	1.1	1.2	2.0	1.6	1.3	1.3	2.5
Net D/E	(x)	0.4	0.4	0.5	0.3	0.4	0.5	0.5	0.4
Interest coverage	(x)	5.4	4.7	4.3	4.7	4.8	5.3	5.2	6.5
Debt service coverage	(x)	0.8	0.7	1.3	2.4	2.8	1.0	0.7	1.5

Main Assumptions

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
SSS growth (%) - B2B	(%)	1.0	7.4	8.9	9.6	10.9	6.0	3.2	1.7
No. of stores, ending - B2B	(Stores)	151	154	154	162	163	163	164	168
SSS growth (%) -B2C TH	(%)	0.5	(2.1)	0.0	2.4	0.8	(0.9)	2.5	5.8
No. of stores, ending - B2C TH	(Stores)	2,600	2,597	2,580	2,578	2,589	2,499	2,459	2,454
SSS growth (%) -B2C MY	(%)	(8.3)	8.3	(3.7)	(2.4)	(0.9)	(12.2)	0.6	3.6
No. of stores, ending - B2C MY	(Stores)	64	64	64	65	65	66	66	68

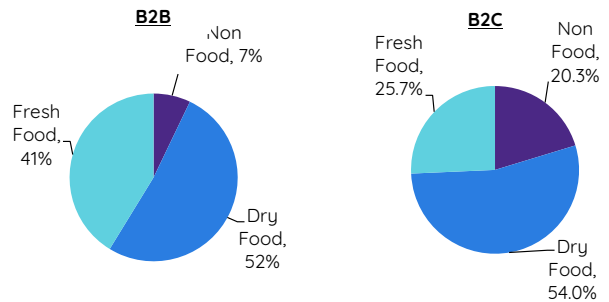
Appendix

Figure 1: Sales and core profit contribution by business in 2023



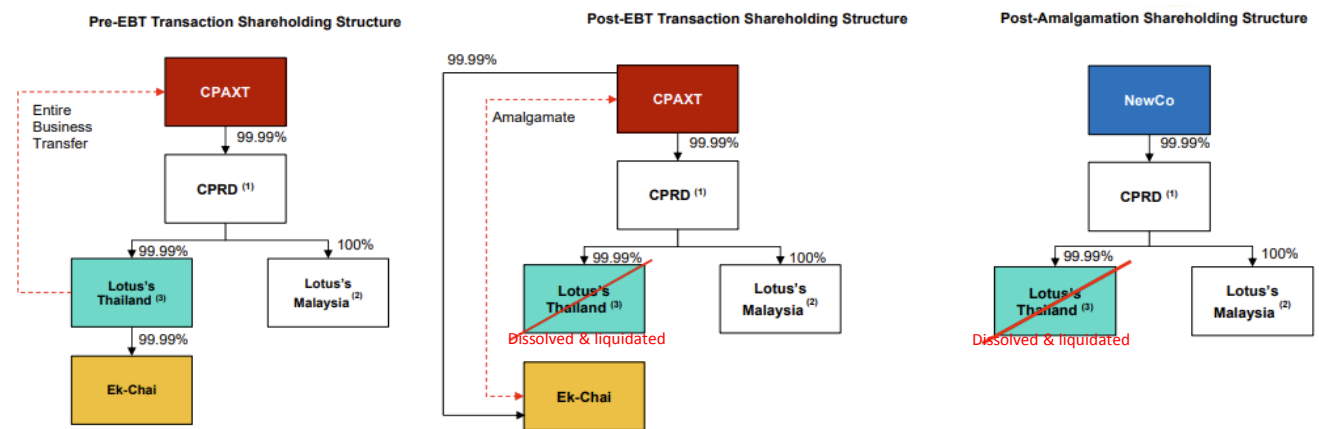
Source: Company data and InnovestX Research

Figure 2: Sales mix breakdown by business in 2023



Source: Company data and InnovestX Research

Figure 3: Shareholding structure pre and post EBT and amalgamation transactions



Source: Company data and InnovestX Research

Figure 4: Indicative timeline for CPAXT's EBT and amalgamation transactions

Timeline	Details
Feb 29, 2024	Record date for AGM
Mar 29, 2024	CPAXT's AGM to consider and approve EBT and amalgamation
Early Apr 2024	EBT closing
Early Apr-Mid Jun 2024	Notification of the amalgamation to CPAXT and Ek-Chai creditors
Late Jun-Early Jul 2024	Purchaser makes an offer to purchase the shares from dissenting shareholders
Early Aug 2024	CPAXT and Ek-Chai boards meet to call for a joint shareholders meeting
Late Sep 2024	Joint shareholders meeting for CPAXT and Ek-Chai
Early Oct 2024	Amalgamation date (within 14 days of joint shareholders meeting)
4Q24	Registration of NewCo with the MOC; Shares of NewCo listed in the SET

Source: Company data and InnovestX Research

Figure 5: Proforma financial highlights pre and post EBT and amalgamation transactions

	CPAXT		NewCo		Change (%) (NewCo/CPAXT)	
	2022	2023	2022	2023	2022	2023
Total revenue (Bt mn)	469,131	489,949	469,131	489,949	0.0%	0.0%
Net profit (Bt mn)	7,697	8,640	7,697	8,645	0.0%	0.1%
No. of shares (mn shares)	10,580	10,580	10,428	10,428		
EPS (Bt/share)	0.73	0.82	0.74	0.83	1.7%	1.6%
Total assets (Bt mn)	548,643	540,371	548,643	540,371	0.0%	0.0%
Total liabilities (Bt mn)	257,712	246,894	257,712	246,894	0.0%	0.0%
Total equity (Bt mn)	290,931	293,477	290,931	293,477	0.0%	0.0%

Source: Company data and InnovestX Research (Note* Par value for CPAXT's share is Bt0.5/share and par value for NewCo's share is Bt1/share)

Figure 6: Valuation summary (price as of Feb 22, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)			
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	
BJC	Outperform	26.25	32.0	25.0	21.8	19.3	16.9	(2)	13	14	14	0.8	0.8	0.8	4	4	5	3.0	3.1	3.6	12.8	11.9	11.1
CPALL	Outperform	57.25	74.0	31.3	29.8	25.3	21.5	36	18	18	4.6	4.2	3.7	6	7	8	1.7	2.0	2.4	11.3	10.3	9.4	
CPAXT	Outperform	34.25	39.0	15.3	41.3	35.3	29.6	11	17	19	1.2	1.2	1.2	3	3	4	1.7	1.4	1.7	14.1	12.8	11.7	
CRC	Outperform	34.50	44.0	29.3	26.3	23.1	20.1	13	14	15	3.0	2.8	2.5	12	12	13	1.5	1.7	2.0	10.6	9.8	9.1	
GLOBAL	Outperform	16.25	19.2	19.4	30.4	27.0	23.2	(27)	12	16	3.5	3.2	2.9	12	12	13	1.2	1.3	1.5	19.7	17.9	15.9	
HMPRO	Outperform	11.00	15.0	39.9	22.4	20.0	18.3	4	12	9	5.6	5.1	4.6	26	27	26	3.1	3.5	3.8	13.4	12.0	11.1	
Average					28.7	25.0	21.6	6	14	15	3.1	2.9	2.6	10	11	12	2.0	2.2	2.5	13.7	12.5	11.4	

Source: InnovestX Research

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