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Public Company Limited**CPALL**Bloomberg CPALL.TB
Reuters CPALL.BK


A Subsidiary of SCBX Group

2H24F earnings looking strong

Its 2H24F growth is expected to beat peers YoY, backed by solid growth from sales and margin improvement at both CVS and CPAXT. To date in 3Q24, its SSS at CVS and CPAXT is outperforming peers. The new government will send its version of the welfare card and digital wallet schemes to Cabinet for approval on September 17. This version carries no spending limit on product or store type or locations. The target payment timeline will run from Sep 2024 through 2025. This plus the expected cut in market interest rate adds upside to earnings. CPALL is now trading at a compelling level of 25x 2024PE (-2S.D. over its 10-year PE). We maintain Outperform with an end-2024 DCF TP (WACC 7%, LT growth 2.5%) of Bt77.

Solid 2H24F earnings. In 3Q24TD, SSS growth at the convenience store (CVS) unit (+2.5-3% YoY) and CPAXT (+2-3% YoY in the B2B & B2C units) is outdoing peers and we expect this to give it better YoY growth than peers in 3Q24F (though, like peers, earnings will slip QoQ from seasonality). At the CVS, we expect better sales and margin YoY on more tourists, more impulse buying, a satisfactory response to this year's stamp campaign running August 24 to November 23 (customers can use stamps gained from their first purchase to discount their next purchase or can collect the stamps to exchange for "Doraemon" cartoon character products later), and more high-margin items i.e., RTE and RTD products. At CPAXT, we expect better sales and margin YoY, contributed by both B2B and B2C units. Earnings in 4Q24F will grow both YoY and QoQ to this year's high.

Upside from new government stimulus. The new government is focusing on ways to boost local consumption. On September 9, newspapers report that Deputy Prime Minister Phumtham Wechayachai said the government is considering first enacting an urgent new measure of a Bt10,000 cash handout for 14.5mn vulnerable persons under the welfare card scheme, budgeted at Bt145bn, hopefully starting on September 20 or within this month, as a part of the digital wallet, where Bt450bn will be budgeted to give Bt10,000 to 50mn Thais. The digital wallet scheme will start with Bt5,000 in either cash or as a digital wallet in 4Q24F, with the other Bt5,000 provided via the digital wallet in 2025F. The conditions are likely to be more flexible than originally envisioned, not placing limits on products and store types or on store locations. The measure will be sent to Cabinet for approval on September 17. The revised conditions, if they are as reported in the press, will benefit all retailers under coverage, including CPALL. Though we have not yet included earnings upside from these measures, a sensitivity analysis shows that each 1% rise in SSS in will boost CPALL's earnings by 1%.

Upside from lower interest rate. On August 22, CPALL issued new debentures worth Bt13bn (3.44% p.a. cost of funds) to refinance its existing debentures (5% p.a.). The interest cost savings would add Bt160mn to earnings (+1% of annualized earnings); we have not put this in our forecast as yet. For the potential cut in market interest rate over a year, our sensitivity analysis suggests that each 25bps cut in market interest rate would boost CPALL's annualized earnings by 1%.

Key risks are changes in purchasing power and 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) | 829,099 | 895,281 | 955,276 | 1,016,884 | 1,081,019 |
| EBITDA | (Btmn) | 72,636 | 78,541 | 86,457 | 92,288 | 98,322 |
| Core profit | (Btmn) | 13,416 | 18,278 | 23,713 | 27,327 | 31,308 |
| Reported profit | (Btmn) | 13,272 | 18,482 | 23,713 | 27,327 | 31,308 |
| Core EPS | (Bt) | 1.41 | 1.98 | 2.59 | 2.99 | 3.43 |
| DPS | (Bt) | 0.75 | 1.01 | 1.32 | 1.52 | 1.74 |
| P/E, core | (x) | 46.9 | 33.3 | 25.5 | 22.1 | 19.2 |
| EPS growth, core | (%) | 63.8 | 41.0 | 30.5 | 15.5 | 14.8 |
| P/BV, core | (x) | 5.9 | 5.3 | 4.7 | 4.2 | 3.7 |
| ROE | (%) | 13.1 | 17.3 | 20.0 | 20.5 | 20.9 |
| Dividend yield | (%) | 1.1 | 1.5 | 2.0 | 2.3 | 2.6 |
| EV/EBITDA | (x) | 13.2 | 12.0 | 10.8 | 9.9 | 9.1 |

Source: InnovestX Research

Tactical: OUTPERFORM

(3-month)

Stock data

| | |
|-------------------------|--------|
| Last close (Sep 9) (Bt) | 66.00 |
| Target price (Bt) | 77.00 |
| Mkt cap (Btmn) | 593 |
| Mkt cap (US\$m) | 17,515 |

| | |
|----------------------------|-------------|
| Beta | L |
| Mkt cap (%) SET | 3.34 |
| Sector % SET | 9.85 |
| Shares issued (mn) | 8,983 |
| Par value (Bt) | 1.00 |
| 12-m high / low (Bt) | 66.8 / 50.5 |
| Avg. daily 6m (US\$m) | 47.73 |
| Foreign limit / actual (%) | 49 / 26 |
| Free float (%) | 64.3 |
| Dividend policy (%) | - 50 |

Share performance

| (%) | 1M | 3M | 12M |
|-----------------|------|------|------|
| Absolute | 14.3 | 14.8 | 2.7 |
| Relative to SET | 3.6 | 5.8 | 11.1 |

Source: SET, InnovestX Research

2023 Sustainability/2022 ESG Score

| | |
|-----------------|-----|
| SET ESG Ratings | AAA |
|-----------------|-----|

ESG Bloomberg Rank in the sector

| | |
|--------------------------|------|
| ESG Score Rank | 1/34 |
| Environmental Score Rank | 1/34 |
| Social Score Rank | 2/34 |
| Governance Score Rank | 4/34 |

ESG comment

CPALL has the sector's best ESG score, with the best environmental score and above-average social and governance scores vs. peers in the sector in 2022.

Source: Bloomberg Finance L.P.

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Value proposition

CP ALL (CPALL) is Thailand's leading convenience store (CVS) retailer with 14,545 convenience stores in Thailand, 82 stores in Cambodia and three stores in Laos at end-2023. It operates other related businesses such as a bill payment collection service (Counter Service Co., Ltd.), the manufacture and sale of convenience food and bakery products (CPRAM Co., Ltd), an educational institution (Suksapiwat Co., Ltd.) and catalog sales and e-commerce (Twenty-Four Shopping Co., Ltd.), among others.

In 2013, CPALL acquired Siam Makro PCL (MAKRO) - renamed CP Aextra PCL (CPAXT) in June 2023 - which operates membership-based cash & carry trade centers in Thailand. After an entire business transfer (EBT) and a public offering (PO) by MAKRO in 4Q21, CPALL holds 60% in MAKRO and MAKRO holds 99.99% in Lotus's (via C.P. Retail Development Co. Ltd, CPRD). Before the transaction, CPALL held 93.1% in MAKRO and 40% in Lotus's (via CPRD).

Business outlook

Of 2023 SSS growth (+5.5%), 5% came from traffic at 965 persons/store/day (19% below 2019, before COVID) amid stable contribution YoY from ticket size at Bt83/ticket (19% below 2019, pre-COVID). Looking ahead, while traffic will tend to recover in tandem with the return of stronger economic activities and more tourists, ticket size is expected to continue to be higher than 2019 from more 7-Eleven delivery sales (free delivery on purchases above Bt100 starting in 2020), more large-pack product sales (starting in 2020) and higher product prices from higher costs.

In 2024, CPALL plans to continue to introduce new products to boost sales growth, with premium products including: 1) *All Select*, a new premium fresh coffee brand with starting price at Bt55 in select locations, to allow customers with high purchasing power to level up their coffee choice from the existing fresh coffee brand under *All Café* (starting price at Bt35), targeting availability in 200 stores at end-2024; 2) adding differentiated products, such as Japanese and Korean RTE foods, foods in cooperation with premium brands i.e., Chef Cares, and available only at 7-Eleven.

O2O sales (7-Eleven delivery and All Online) grew to 11% of sales in 2023 from 10% in 2022, 8% in 2021 and 3% in 2020. It aims to raise O2O sales further in 2024, focusing on shortening delivery time for items in 7-Eleven stores (delivery within 30 minutes) and items unavailable in 7-Eleven stores (same day for large items, and next day for hardline and soft line items).

In terms of expansion, CPALL plans to open 700 CVS stores p.a. in 2024 and for the next 3-5 years. Overseas, after opening its first CVS store in Cambodia in Aug 2021 and Laos in 4Q23, it plans to open 40 stores in Cambodia and seven stores in Laos in 2024.

| Bullish views | Bearish views |
|--|--|
| 1. Resumption of local activities from revived economic activity and government stimulus will boost SSS growth | 1. Weak purchasing power will pressure SSS |
| 2. More domestic and international travel will support SSS | 2. Slow return of tourists, especially from China, will delay the return of its SSS to pre-COVID level in 2019 |

Key catalysts

| Factor | Event | Impact | Comment |
|----------------|---------------------------------------|------------------------------|--|
| 3Q24F earnings | Better CVS and CPAXT contribution YoY | Earnings up YoY but down QoQ | We expect 3Q24F core earnings to grow YoY on better CVS sales and margin and more contribution from CPAXT but slip QoQ on seasonality. |
| 4Q24F earnings | Better CVS and CPAXT contribution YoY | Earnings up YoY and QoQ | Its 4Q24F earnings will grow both YoY on better sales and margin from CVS and CPAXT and QoQ to this year's high from seasonality. |

Sensitivity Analysis

| Factor | Earnings impact | TP impact |
|--|-----------------|-----------|
| 1% change in SSS growth in CVS and CPAXT | 1% | Bt1-2/sh. |

Our view on ESG

We view that CPALL is in the leading position compared to peers, providing concrete targets on key environmental issues (i.e., energy management and sustainable products) and social issues (i.e., labor/employment practices) with a committed timeline and performance progresses relative to targets. While CPALL's board and management reflect their expertise and experience in the business, we view that it is in the lagging position compared to peers on director roles and board diversity for the board composition, and the incentive structure for the executive compensation. Key ESG risks are energy management, sustainable products, and labor/employment practices.

ESG Disclosure Score

| | |
|----------------------------|---------------------|
| Bloomberg ESG Score | 65.44 (2022) |
| Rank in Sector | 1/34 |

Environmental Issue (E)

- CPALL has committed to being carbon neutral by 2030 with net zero GHG emissions by 2050 (vs 1.93mt Co2 in 2022).
- By 2030, CPALL targets to reduce final energy consumption compared to the business-as-usual case (BAU) by 25% (vs 3.67% in 2022), achieve a private brand with 100% reusable, recyclable or compostable plastic packaging (vs 97.94% in 2022), a 100% reduction in excess or leftover food requiring disposal and in waste generated by operations (vs 79.78% in 2022) and 100% collaboration in all areas of business operations with local and national stakeholders or independent third parties for biodiversity protection (vs 100% in 2022).
- We view that CPALL is in the leading position compared to peers for providing information on energy management and sustainable products, with concrete targets, committed timeline, and actual performance relative to its targets. However, it is in the lagging position for providing water management policy without the concrete target.

Governance Issue (G)

- In 2022, it achieved 100% of employees and suppliers communicating about anti-corruption policy.
- In 2022, CPALL had nomination & remuneration, audit, and sustainable & corporate governance committees.
- In 2022, CPALL's board of directors consists of 16 directors. Of total, 11 were non-executive directors (69% of the entire board), 6 were independent directors (35% of the entire board), and one was a female member (6% of the entire board).
- In 2022, CG rating (Corporate Governance Report of Thai Listed Companies: CGR) was excellent, and anti-corruption progress indicator was certified.
- We view CPALL's board and management reflect their expertise and experience in the business. However, 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.

| | | | | |
|-------|------------------|-------------|---------------|------------------------|
| | CG Rating | DJSI | SETESG | SET ESG Ratings |
| CPALL | 5 | Yes | Yes | AAA |

Source: Thai Institute of Directors (IOD), SET

Social Issue (S)

- By 2030, CPALL aims to develop skills and promote jobs to generate income for SMEs and vulnerable groups at 250,000 persons (vs 291,255 persons in 2022), support education for children and vulnerable groups, with access to technical and professional skills necessary for their profession at 500,000 persons (vs 358,482 persons in 2022), support access by 5mn underserved and vulnerable people to safe food and water (vs 2.34mn persons in 2022), conduct human rights impact assessment following UN guidelines at 100% (vs 100% in 2022).
- By 2030, CPALL targets to increase the number of new health & nutrition products and services by 25% (vs 26.5% in 2022) and generate income from products and services innovation at 20% (vs 10.4% in 2022).
- We view that CPALL is in the leading position compared to peers for providing information on labor and employment practices, product quality and supply chain management, together with data security and customer privacy.

ESG Disclosure Score

| | 2021 | 2022 |
|---|--------------|--------------|
| ESG Disclosure Score | 66.82 | 65.44 |
| Environment | 56.78 | 56.78 |
| GHG Scope 1 ('000 metric tonnes) | 324.36 | 435.38 |
| GHG Scope 2 Location-Based ('000 metric tonnes) | 1,454.37 | 1,555.36 |
| GHG Scope 3 ('000 metric tonnes) | 13,131.50 | 13,191.70 |
| Electricity Used ('000 MWh) | 3,181.41 | 3,504.06 |
| Self Generated Renewable Electricity ('000 MWh) | 3.73 | 13.31 |
| Total Waste ('000 metric tonnes) | 219.41 | 207.70 |
| Waste Recycled('000 metric tonnes) | 149.41 | 139.99 |
| Social | 56.26 | 52.09 |
| Pct Women in Management (%) | 38.71 | 36.84 |
| Pct Women in Workforce (%) | 65.58 | 64.54 |
| Lost Time Incident Rate - Employees (per 100 employees) | 0.55 | 0.33 |
| Number of Employees - CSR (persons) | 190,008 | 167,401 |
| Employee Turnover Pct (%) | 40.35 | 58.66 |
| Total Hours Spent by Firm - Employee Training (hours) | 3,929,370 | 5,022,030 |
| Governance | 87.36 | 87.36 |
| Size of the Board (persons) | 16 | 16 |
| Number of Non Executive Directors on Board (persons) | 11 | 11 |
| Number of Board Meetings for the Year (times) | 9 | 8 |
| Board Meeting Attendance Pct (%) | 99 | 95 |
| Number of Female Executives (persons) | 2 | 3 |
| Number of Women on Board (persons) | 1 | 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) | 550,901 | 525,884 | 565,207 | 829,099 | 895,281 | 955,276 | 1,016,884 | 1,081,019 |
| Cost of goods sold | (Btmn) | (426,063) | (410,880) | (444,838) | (651,100) | (699,010) | (742,302) | (788,016) | (835,529) |
| Gross profit | (Btmn) | 124,838 | 115,004 | 120,369 | 177,999 | 196,271 | 212,974 | 228,868 | 245,491 |
| SG&A | (Btmn) | (110,753) | (107,858) | (116,867) | (165,414) | (179,873) | (193,369) | (206,984) | (221,271) |
| Other income | (Btmn) | 20,106 | 20,480 | 20,665 | 23,506 | 25,560 | 29,172 | 31,594 | 34,128 |
| Interest expense | (Btmn) | (6,721) | (8,026) | (12,643) | (16,607) | (16,162) | (15,935) | (15,732) | (15,458) |
| Pre-tax profit | (Btmn) | 27,469 | 19,600 | 11,524 | 19,485 | 25,797 | 32,843 | 37,746 | 42,890 |
| Corporate tax | (Btmn) | (4,232) | (2,859) | (1,693) | (3,861) | (4,572) | (5,827) | (6,399) | (6,843) |
| Equity a/c profits | (Btmn) | 0 | (63) | (226) | 831 | 746 | 819 | 881 | 949 |
| Minority interests | (Btmn) | (351) | (400) | (888) | (3,039) | (3,693) | (4,121) | (4,901) | (5,688) |
| Core profit | (Btmn) | 22,887 | 16,276 | 8,716 | 13,416 | 18,278 | 23,713 | 27,327 | 31,308 |
| Extra-ordinary items | (Btmn) | (544) | (174) | 4,269 | (144) | 204 | 0 | 0 | 0 |
| Net Profit | (Btmn) | 22,343 | 16,102 | 12,985 | 13,272 | 18,482 | 23,713 | 27,327 | 31,308 |
| EBITDA | (Btmn) | 45,410 | 48,276 | 48,653 | 72,636 | 78,541 | 86,457 | 92,288 | 98,322 |
| Core EPS (Bt) | (Btmn) | 2.44 | 1.70 | 0.86 | 1.41 | 1.98 | 2.59 | 2.99 | 3.43 |
| Net EPS (Bt) | (Bt) | 2.38 | 1.68 | 1.33 | 1.39 | 2.01 | 2.59 | 2.99 | 3.43 |
| DPS (Bt) | (Bt) | 1.25 | 0.90 | 0.60 | 0.75 | 1.01 | 1.32 | 1.52 | 1.74 |

Balance Sheet (Btmn)

| FY December 31 | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F | 2026F |
|-----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total current assets | (Btmn) | 71,923 | 81,426 | 165,773 | 148,955 | 143,798 | 150,154 | 159,127 | 164,992 |
| Total fixed assets | (Btmn) | 303,694 | 441,929 | 766,119 | 775,106 | 782,693 | 786,974 | 790,344 | 792,782 |
| Total assets | (Btmn) | 375,617 | 523,354 | 931,893 | 924,061 | 926,491 | 937,128 | 949,471 | 957,774 |
| Total loans | (Btmn) | 145,612 | 285,567 | 452,334 | 436,630 | 415,928 | 410,913 | 394,679 | 371,709 |
| Total current liabilities | (Btmn) | 112,917 | 123,275 | 215,072 | 207,443 | 238,197 | 230,489 | 243,102 | 242,833 |
| Total long-term liabilities | (Btmn) | 154,333 | 288,485 | 424,013 | 426,317 | 386,699 | 390,313 | 374,573 | 365,501 |
| Total liabilities | (Btmn) | 267,250 | 411,759 | 639,085 | 633,760 | 624,896 | 620,803 | 617,675 | 608,334 |
| Paid-up capital | (Btmn) | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 |
| Total equity | (Btmn) | 108,368 | 111,595 | 292,807 | 290,301 | 301,595 | 316,325 | 331,796 | 349,440 |
| BVPS (Bt) | (Bt) | 10.44 | 10.77 | 11.59 | 11.21 | 12.36 | 14.00 | 15.72 | 17.68 |

Cash Flow Statement (Btmn)

| FY December 31 | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F | 2026F |
|-------------------------------|---------------|----------------|---------------|---------------|-----------------|----------------|--------------|--------------|------------|
| Core Profit | (Btmn) | 22,887 | 16,276 | 8,716 | 13,416 | 18,278 | 23,713 | 27,327 | 31,308 |
| Depreciation and amortization | (Btmn) | 11,220 | 20,650 | 24,486 | 36,544 | 36,582 | 37,680 | 38,810 | 39,974 |
| Operating cash flow | (Btmn) | 40,477 | 39,148 | 46,319 | 69,873 | 87,172 | 61,585 | 74,177 | 79,643 |
| Investing cash flow | (Btmn) | (16,584) | (97,405) | 1,878 | (30,506) | (28,067) | (45,982) | (42,180) | (42,413) |
| Financing cash flow | (Btmn) | (27,939) | 68,959 | 7,510 | (64,312) | (62,988) | (13,997) | (28,091) | (36,634) |
| Net cash flow | (Btmn) | (4,045) | 10,703 | 55,707 | (24,945) | (3,883) | 1,605 | 3,907 | 597 |

Key Financial Ratios

| FY December 31 | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F | 2026F |
|-----------------------|------|------|------|------|------|------|-------|-------|-------|
| Gross margin | (%) | 22.7 | 21.9 | 21.3 | 21.5 | 21.9 | 22.3 | 22.5 | 22.7 |
| Operating margin | (%) | 2.6 | 1.4 | 0.6 | 1.5 | 1.8 | 2.1 | 2.2 | 2.2 |
| EBITDA margin | (%) | 8.2 | 9.2 | 8.6 | 8.8 | 8.8 | 9.1 | 9.1 | 9.1 |
| EBIT margin | (%) | 6.2 | 5.3 | 4.3 | 4.4 | 4.7 | 5.1 | 5.3 | 5.4 |
| Net profit margin | (%) | 4.1 | 3.1 | 2.3 | 1.6 | 2.1 | 2.5 | 2.7 | 2.9 |
| ROE | (%) | 25.6 | 17.1 | 8.7 | 13.1 | 17.3 | 20.0 | 20.5 | 20.9 |
| ROA | (%) | 6.1 | 3.6 | 1.2 | 1.4 | 2.0 | 2.5 | 2.9 | 3.3 |
| Net D/E | (x) | 1.1 | 2.2 | 1.2 | 1.3 | 1.2 | 1.1 | 1.0 | 0.9 |
| Interest coverage | (x) | 6.8 | 6.0 | 3.8 | 4.4 | 4.9 | 5.4 | 5.9 | 6.4 |
| Debt service coverage | (x) | 2.0 | 1.7 | 0.7 | 1.2 | 1.0 | 1.2 | 1.3 | 1.6 |
| Payout Ratio | (%) | 52.6 | 53.5 | 45.0 | 53.9 | 49.8 | 50.0 | 50.0 | 50.0 |

Main Assumptions

| FY December 31 | Unit | 2019 | 2020 | 2021 | 2022 | 2023 | 2024F | 2025F | 2026F |
|------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|
| SSS growth - CPALL | (%) | 1.7 | (14.5) | (6.7) | 15.9 | 5.5 | 3.3 | 3.0 | 3.0 |
| No. of stores, ending - CPALL | (stores) | 11,712 | 12,432 | 13,134 | 13,838 | 14,545 | 15,245 | 15,945 | 16,645 |
| SSS growth - CPAXT: B2B | (%) | 6.3 | 1.9 | 2.5 | 6.8 | 5.3 | 3.5 | 3.0 | 3.0 |
| No. of stores, ending - CPAXT: B2B | (Stores) | 140 | 144 | 149 | 162 | 168 | 176 | 184 | 192 |
| SSS growth - CPAXT: B2C TH | (%) | (2.5) | (6.4) | (6.3) | 0.2 | 2.1 | 3.5 | 3.0 | 3.0 |
| SSS growth - CPAXT: B2C MY | (%) | 2.2 | 0.7 | (2.2) | (1.8) | (2.5) | 3.5 | 3.0 | 3.0 |

Financial statement

Profit and Loss Statement

| FY December 31 | Unit | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total revenue | (Btmn) | 207,617 | 218,863 | 215,895 | 225,603 | 220,051 | 233,732 | 234,315 | 240,948 |
| Cost of goods sold | (Btmn) | (162,429) | (171,615) | (168,983) | (176,041) | (172,085) | (181,901) | (182,093) | (186,899) |
| Gross profit | (Btmn) | 45,188 | 47,248 | 46,913 | 49,561 | 47,966 | 51,831 | 52,223 | 54,049 |
| SG&A | (Btmn) | (41,916) | (44,398) | (43,178) | (45,867) | (44,447) | (46,381) | (46,541) | (48,836) |
| Other income | (Btmn) | 6,191 | 6,548 | 6,125 | 6,399 | 6,215 | 6,821 | 6,694 | 6,994 |
| Interest expense | (Btmn) | (4,283) | (4,522) | (4,197) | (3,960) | (3,995) | (4,010) | (3,902) | (3,878) |
| Pre-tax profit | (Btmn) | 5,180 | 4,876 | 5,662 | 6,134 | 5,739 | 8,262 | 8,473 | 8,329 |
| Corporate tax | (Btmn) | (987) | (996) | (1,013) | (1,073) | (970) | (1,517) | (1,643) | (1,476) |
| Equity a/c profits | (Btmn) | 230 | 175 | 193 | 201 | 185 | 168 | 174 | 149 |
| Minority interests | (Btmn) | (614) | (1,013) | (1,064) | (662) | (667) | (1,300) | (982) | (847) |
| Core profit | (Btmn) | 3,810 | 3,042 | 3,778 | 4,601 | 4,287 | 5,612 | 6,022 | 6,155 |
| Extra-ordinary items | (Btmn) | (133) | 96 | 344 | (162) | 137 | (116) | 298 | 84 |
| Net Profit | (Btmn) | 3,677 | 3,138 | 4,123 | 4,438 | 4,424 | 5,497 | 6,319 | 6,239 |
| EBITDA | (Btmn) | 16,595 | 17,840 | 18,327 | 18,652 | 18,365 | 19,094 | 20,938 | 20,742 |
| Core EPS (Bt) | (Btmn) | 0.40 | 0.33 | 0.41 | 0.50 | 0.46 | 0.61 | 0.66 | 0.67 |
| Net EPS (Bt) | (Bt) | 0.39 | 0.34 | 0.45 | 0.48 | 0.48 | 0.60 | 0.69 | 0.68 |

Balance Sheet (Btmn)

| FY December 31 | Unit | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|-----------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total current assets | (Btmn) | 124,177 | 148,955 | 120,357 | 114,429 | 120,181 | 143,798 | 134,352 | 127,848 |
| Total fixed assets | (Btmn) | 775,371 | 775,106 | 775,979 | 777,578 | 780,072 | 782,693 | 787,009 | 660,114 |
| Total assets | (Btmn) | 899,547 | 924,061 | 896,336 | 892,007 | 900,254 | 926,491 | 921,361 | 787,962 |
| Total loans | (Btmn) | 452,169 | 436,630 | 432,501 | 438,517 | 430,757 | 415,928 | 424,121 | 428,775 |
| Total current liabilities | (Btmn) | 166,499 | 207,443 | 212,083 | 218,145 | 217,462 | 238,197 | 221,948 | 229,628 |
| Total long-term liabilities | (Btmn) | 445,590 | 426,317 | 389,074 | 382,029 | 386,444 | 386,699 | 391,073 | 379,519 |
| Total liabilities | (Btmn) | 612,089 | 633,760 | 601,157 | 600,174 | 603,906 | 624,896 | 613,021 | 609,147 |
| Paid-up capital | (Btmn) | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 | 8,983 |
| Total equity | (Btmn) | 287,459 | 290,301 | 295,179 | 291,833 | 296,348 | 301,595 | 308,340 | 306,662 |
| BVPS (Bt) | (Bt) | 10.98 | 11.21 | 11.67 | 11.38 | 11.89 | 12.36 | 13.15 | 12.86 |

Cash Flow Statement (Btmn)

| FY December 31 | Unit | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|-------------------------------|---------------|-----------------|---------------|-----------------|----------------|--------------|---------------|-----------------|----------------|
| Core Profit | (Btmn) | 3,677 | 3,138 | 4,123 | 4,438 | 4,424 | 5,497 | 6,319 | 6,239 |
| Depreciation and amortization | (Btmn) | 7,572 | 11,032 | 8,984 | 9,103 | 9,201 | 9,293 | 9,135 | 9,097 |
| Operating cash flow | (Btmn) | 6,883 | 33,955 | 4,479 | 15,785 | 28,778 | 38,130 | 11,342 | 15,140 |
| Investing cash flow | (Btmn) | (7,271) | (7,177) | (7,529) | (5,957) | (6,677) | (7,903) | (9,155) | (5,637) |
| Financing cash flow | (Btmn) | (11,566) | (4,159) | (24,696) | (12,761) | (15,985) | (9,546) | (13,544) | (11,927) |
| Net cash flow | (Btmn) | (11,954) | 22,619 | (27,746) | (2,933) | 6,116 | 20,681 | (11,357) | (2,425) |

Key Financial Ratios

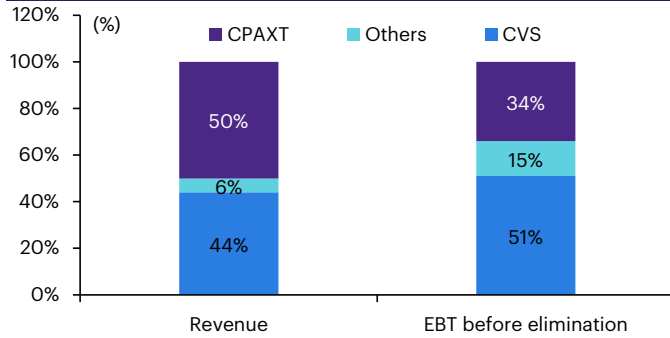
| FY December 31 | Unit | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|-----------------------|------|------|------|------|------|------|------|------|------|
| Gross margin | (%) | 21.8 | 21.6 | 21.7 | 22.0 | 21.8 | 22.2 | 22.3 | 22.4 |
| Operating margin | (%) | 1.6 | 1.3 | 1.7 | 1.6 | 1.6 | 2.3 | 2.4 | 2.2 |
| EBITDA margin | (%) | 8.0 | 8.2 | 8.5 | 8.3 | 8.3 | 8.2 | 8.9 | 8.6 |
| EBIT margin | (%) | 4.6 | 4.3 | 4.6 | 4.5 | 4.4 | 5.3 | 5.3 | 5.1 |
| Net profit margin | (%) | 1.8 | 1.4 | 1.9 | 2.0 | 2.0 | 2.4 | 2.7 | 2.6 |
| ROE | (%) | 15.0 | 12.2 | 14.7 | 17.8 | 16.4 | 20.6 | 21.0 | 21.1 |
| ROA | (%) | 1.7 | 1.3 | 1.7 | 2.1 | 1.9 | 2.5 | 2.6 | 2.9 |
| Net D/E | (x) | 1.4 | 1.3 | 1.3 | 1.4 | 1.3 | 1.2 | 1.2 | 1.2 |
| Interest coverage | (x) | 3.9 | 3.9 | 4.4 | 4.7 | 4.6 | 4.8 | 5.4 | 5.3 |
| Debt service coverage | (x) | 1.0 | 1.2 | 1.2 | 0.8 | 0.7 | 0.8 | 1.1 | 1.0 |

Main Assumptions

| FY December 31 | Unit | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 |
|------------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|
| SSS growth - CPALL | (%) | 22.1 | 15.0 | 8.0 | 7.9 | 3.5 | 3.6 | 4.9 | 3.8 |
| No. of stores, ending - CPALL | (stores) | 13,660 | 13,838 | 14,047 | 14,215 | 14,391 | 14,545 | 14,730 | 14,854 |
| SSS growth - CPAXT: B2B | (%) | 8.9 | 9.6 | 10.9 | 6.0 | 3.2 | 1.7 | 3.4 | 1.8 |
| No. of stores, ending - CPAXT: B2B | (Stores) | 154 | 162 | 163 | 163 | 164 | 168 | 169 | 170 |
| SSS growth - CPAXT: B2C TH | (%) | 0.0 | 2.4 | 0.8 | (0.9) | 2.5 | 5.8 | 6.9 | 3.6 |
| SSS growth - CPAXT: B2C MY | (%) | (3.7) | (2.4) | (0.9) | (12.2) | 0.6 | 3.6 | 8.4 | 3.1 |

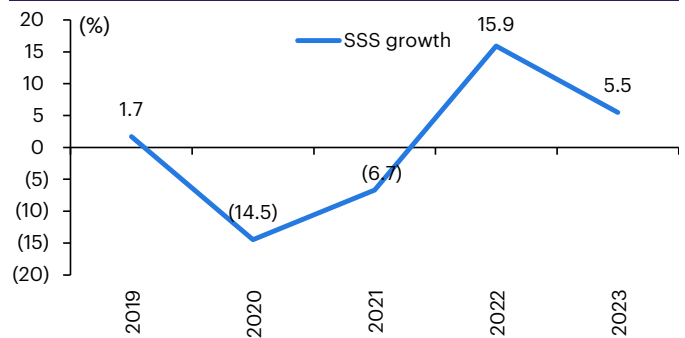
Appendix

Figure 1: Revenue and earnings before tax breakdown by business in 2023



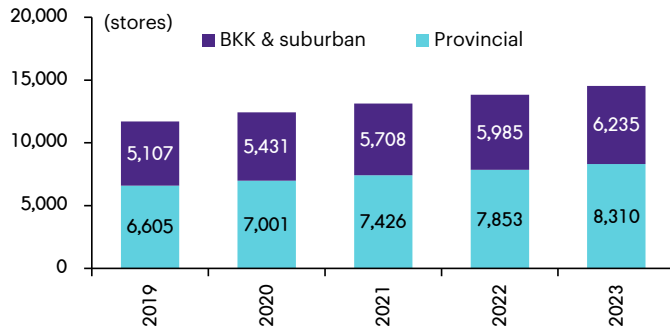
Source: Company data and InnovestX Research

Figure 2: Yearly SSS growth for convenience store (CVS) business



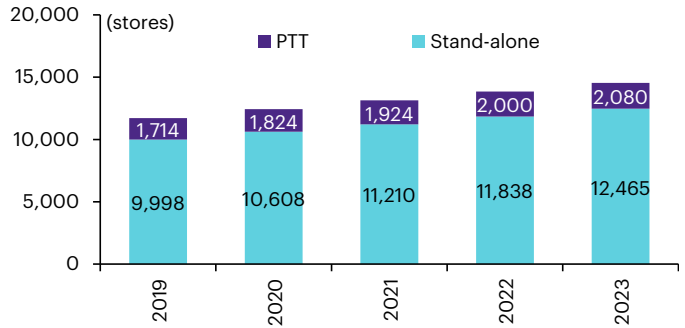
Source: Company data and InnovestX Research

Figure 3: The number of convenience stores breakdown by location in Bangkok and upcountry



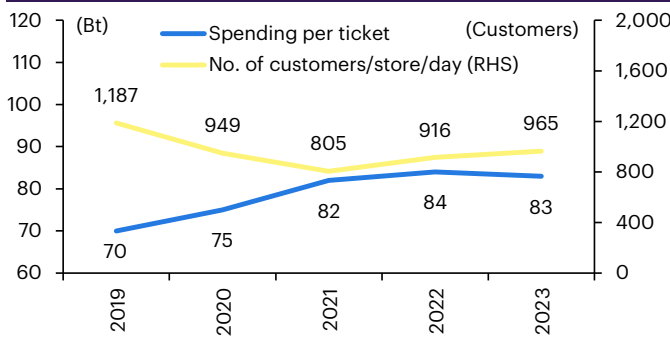
Source: Company data and InnovestX Research

Figure 4: The number of convenience stores for standalone and stores located in PTT gas stations



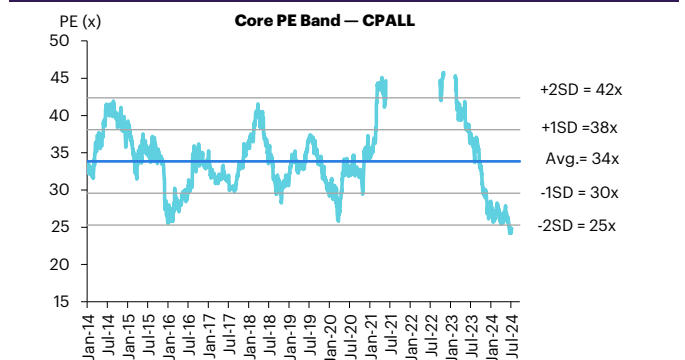
Source: Company data and InnovestX Research

Figure 5: Spending per ticket and the number of customers/store/day in CVS business



Source: Company data and InnovestX Research

Figure 6: CPALL's historical core PE band



Source: InnovestX Research

Figure 7: Valuation summary (price as of Sep 9, 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 | Neutral | 24.20 | 24.0 | 2.0 | 20.1 | 21.4 | 19.0 | (2) | (6) | 12 | 0.8 | 0.8 | 0.8 | 4 | 4 | 4 | 3.3 | 2.8 | 3.2 | 12.4 | 11.7 | 11.1 |
| CPALL | Outperform | 66.00 | 77.0 | 18.7 | 33.3 | 25.5 | 22.1 | 41 | 31 | 16 | 5.3 | 4.7 | 4.2 | 17 | 20 | 20 | 1.5 | 2.0 | 2.3 | 12.0 | 10.8 | 9.9 |
| CPAXT | Outperform | 32.50 | 39.0 | 21.5 | 39.2 | 33.4 | 28.1 | 11 | 17 | 19 | 1.2 | 1.2 | 1.1 | 3 | 3 | 4 | 1.8 | 1.5 | 1.8 | 13.5 | 12.3 | 11.2 |
| CRC | Neutral | 32.25 | 31.0 | (2.2) | 24.4 | 23.9 | 21.3 | 14 | 2 | 12 | 2.9 | 2.7 | 2.5 | 12 | 11 | 12 | 1.7 | 1.7 | 1.9 | 9.9 | 9.5 | 8.9 |
| GLOBAL | Outperform | 15.30 | 18.0 | 18.8 | 29.7 | 31.4 | 27.1 | (27) | (5) | 16 | 3.4 | 3.2 | 3.0 | 12 | 10 | 11 | 1.2 | 1.1 | 1.3 | 19.4 | 20.3 | 18.2 |
| HMPRO | Outperform | 10.70 | 12.0 | 15.8 | 21.8 | 21.2 | 19.2 | 4 | 3 | 10 | 5.5 | 5.2 | 4.8 | 26 | 25 | 26 | 3.7 | 3.6 | 3.6 | 13.3 | 12.7 | 11.8 |
| Average | | | | | 28.1 | 26.1 | 22.8 | 7 | 7 | 14 | 3.2 | 3.0 | 2.7 | 12 | 12 | 13 | 2.2 | 2.1 | 2.3 | 13.4 | 12.9 | 11.9 |

Source: InnovestX Research

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