

Growth outperforming sector in 2H24F & 2025F

CPAXT is one of the sector's key gainers on government stimulus, evidenced in the growth in SSS in Sep of at least in the low single digits YoY from Jul-Aug, partly on the Bt10,000-cash handout to 14.5mn vulnerable persons that began Sep 25. We have not yet included the stimulus boost in our 4Q24F and 2025F. With 3Q24 showing better SSS growth than peers, we expect 3Q24F earnings to grow YoY on better sales and margin, then rise to the year's best in 4Q24F (up YoY and QoQ). Post amalgamation, synergy will be seen gradually in 4Q24F and more clearly in mid-2025F and be a medium-term catalyst. CPAXT is trading at 28x 2025PE, above its peers at 23x 2025PE, reflecting its status as the sector's lead growth in 2025F (+19% YoY, vs +14% YoY for peers on average). We maintain Outperform with a mid-2025 DCF TP of Bt40 (WACC of 7.0%, LT growth of 2.5%).

Catalyst #1: Sales upside from stimulus. The government approved a Bt10,000 cash handout to 14.5mn vulnerable persons (state welfare card holders and the disabled), with payment on Sep 25-30. CPAXT is positioned to be one of the sector's key gainers, with better SSS growth, particularly in late September. We estimate its SSS growth at 5% YoY in the B2C unit and 2-3% YoY in the B2B unit in September, accelerating from 2% YoY in the B2C and B2B units in 3Q24F, led by revived sales of non-food products, better sales in the big store formats (hypermarkets and supermarkets in B2C and partly on Eco Plus stores in B2B) and stores located upcountry (notably the northeast and north). We have not yet included upside from stimulus in our forecasts, either the Bt10,000 cash paid to 14.5mn people or the Bt10,000 planned for the remaining 30mn people as a digital wallet, for which details and timeline have not yet been concluded. We estimate that each 1% rise in SSS growth will grow earnings by 1%.

Catalyst #2: Strong 2H24F earnings growth YoY. We expect 3Q24F core earnings to show more outstanding YoY growth than peers, backed by solid SSS growth (+2% YoY vs -1% YoY for peers on average), led by resilient food sales amid revived non-food sales, more high-margin products at both B2B and B2C units and under-control SG&A/sales (lower utilities and operating expenses on earlier closure of non-performing small B2C stores) but be flat/down slightly QoQ on seasonality. 4Q24F earnings will grow both YoY and QoQ to this year's high.

Catalyst #3: Business restructuring completed, synergy ahead. After combining the B2B and B2C units via amalgamation, we see a neutral impact in the near term but positive impact from synergy in the medium to longer term. Based on proforma financial statements pre & post transaction in 2022-1H24, CPAXT's key items on the P&L and B&S were relatively unchanged (Figure 5). CPAXT targets Bt5bn in synergy from amalgamation in 4Q24-2027: Bt2.5bn (50%) from sales and margin improvement and lower funding costs (gradually seen in 4Q24F from back-office cost savings, and more clearly in mid-2025F from joint purchasing and distribution from repackaging products in small and large sizes) and Bt2.5bn (50%) from capex reduction. We have conservatively factored Bt1.7bn on the P&L for synergy post amalgamation for 4Q24-2027 (below its target), translating into 3-4% p.a. core earnings growth, included in our 2025-27 forecasts.

Key risks are changes in government policies and purchasing power. Key ESG risks are energy & waste management, sustainable products (E) and product quality management, labor practices and data privacy (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	37,760	40,620	43,359
Core profit	(Btmn)	7,922	8,777	10,302	12,252	14,219
Reported profit	(Btmn)	7,697	8,640	10,302	12,252	14,219
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)	43.4	39.2	33.4	28.1	24.2
EPS growth, core	(%)	(39.9)	10.8	17.4	18.9	16.1
P/BV, core	(x)	1.2	1.2	1.2	1.1	1.1
ROE	(%)	2.7	3.0	3.5	4.1	4.6
Dividend yield	(%)	1.6	1.8	1.5	1.8	2.1
EV/EBITDA	(x)	13.6	13.5	12.3	11.2	10.3

Source: InnovestX Research

See the end of this report for disclaimer

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Oct 2) (Bt)	32.50
Target price (Bt)	40.00
Mkt cap (Btbn)	343.86
12-m high / low (Bt)	34.8 / 25.3
Avg. daily 6m (US\$m)	5.74
Foreign limit / actual (%)	49 / 2
Free float (%)	15.3
Outstanding Short Position (%)	-

Share price performance

(%)	1M	3M	12M
Absolute	12.1	21.5	(1.5)
Relative to SET	2.3	8.4	2.1

INVX core earnings vs consensus

Earnings vs consensus	2024F	2025F
Consensus (Bt mn)	10,481	12,252
INVX vs Consensus (%)	(1.7)	0.0

Earnings momentum	YoY	QoQ
INVX 3Q24 core earnings	Up	Down

2023 Sustainability/2022 ESG Score

SET ESG Ratings	AAA
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Bloomberg ESG Score and Rank in the sector

ESG Score and Rank	4.00	6/33
Environmental Score and Rank	3.46	4/33
Social Score and Rank	3.97	6/33
Governance Score and Rank	4.62	6/33

Source: SET, InnovestX Research, Bloomberg Finance L.P.

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Value proposition

CP Aextra 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 “LOTS Wholesale Solutions” 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, 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.

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 ten B2B stores (eight in Thailand and two overseas) and more than 100 B2C stores (a hypermarket store, four supermarkets and more than 100 Lotus’ Go Fresh stores). 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 via 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 and benefit from the earlier closure of non-performing small stores in Thailand, 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 synergy of Bt5n in 4Q24-2027: 50% will come from sales and margin improvement and lower funding costs and the rest from capex reduction. We have factored Bt1.7bn in P&L business synergy post amalgamation in 4Q24-2027 (below its target of Bt2.5bn).

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 210K sqm in net leasable area to reach 1mn sqm within 2028F (+25% from 2023) via mall extension and improvement.

Bullish views	Bearish views
1. Better sentiment and purchasing power boosted by government stimulus	1. Weak purchasing power from a fragile economy
2. Rental income to recover from higher rental rate and occupancy rate as the economy gradually revives	2. Fragile purchasing power delays the return of rental rate to pre-COVID level
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
3Q24F core earnings	Better sales and margin	Up YoY but be flat/down slightly QoQ	We expect 3Q24F earnings to continue to grow YoY from better sales and margin but be flat/down slightly QoQ on seasonality, before reaching the year’s high in 4Q24F.
Business synergy in 4Q24-2027F	Better sales & margin post amalgamation	Business synergy in 4Q24-27F	We factor in P&L business synergy post amalgamation of Bt1.7bn in 4Q24-27F (below its target of Bt2.5bn).

Sensitivity Analysis

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

Our view on ESG

Key ESG risks are energy & waste management, sustainable products (E) and product quality management, labor practices and data privacy (S). On environment issue, CPAXT showed its long-term commitment on climate resilience policy (net zero target) similar to other sector's leaders, but it had the absence of short-term target to track the progress. It also provides medium-term target with progress on waste management and sustainable products. On social issue, we view CPAXT's commitment and progress in product quality management is in the leading position compared to peers, with positive development on its employee turnover rate YoY in 2023.

ESG Ratings and Indices

Bloomberg ESG Financial Materiality Score 4.00(2022)

Rank in Sector 6/33

CG Rating DJSI SETESG SET ESG Ratings

CPAXT 5 No No AAA

Source: Thai Institute of Directors and SET

Environmental Issue (E)

- CPAXT has committed to being carbon neutral by 2030 with net zero GHG emissions by 2050. 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 (vs 8.3% in 2023), 100% drop in water withdrawals per revenue from 2020.
- By 2030, it targets 100% use of sustainable packaging.
- CPAXT showed its long-term commitment on climate resilience policy (net zero target), amid the absence of short-term target to track the progress. It also provides medium-term target with progress on waste management and sustainable products.

Social Issue (S)

- By 2030, CPAXT aims to create 400,000 jobs supported to generate income for the community (vs 262,696 in 2023), with 150,000 people supported through education and upskilling.
- By 2030, CPAXT aims to achieve 70% of total sales volume of B2B & B2C products & services to promote health & wellness (vs 47% in 2023).
- By 2030, it aims to have 100% of employees engaged in learning and initiatives (vs 100% employees trained and developed in 2023), and all stakeholder engagement of 80% (vs 88% in 2023).
- In 2023, the portion of its female employees was 59% (unchanged vs 2022) and employee turnover was 32% (vs 42% in 2022).
- In 2023, it had customer data protection policy.
- We view CPAXT's commitment and progress in product quality management is in the leading position compared to peers. Regarding on employment practices, we observed the positive development on its employee turnover rate YoY in 2023.

Governance Issue (G)

- In 2023, CPAXT's board of directors consists of 15 directors. Of total, two were female number (13% of the entire board), 5 were independent directors (33% of the entire board), and 13 were non-executive directors (87% of the entire board). We view its board consists of high expertise and experience persons in the business, but lack of gender diversity might result in the lack of perspective variety in strategic decision.
- In 2023, its chairman of board was not the highest-ranking executive, showing independency in board structure.
- In 2023, the number of board of directors meeting was 10 times and the number of audit committee meeting was 9 times. Its regular meetings help it to enhance effectiveness in overseeing business management.
- 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.

ESG Financial Materiality Score and Disclosure

	2022	2023
ESG Financial Materiality Score	4.00	—
Environment Financial Materiality Score	3.46	—
GHG Scope 1 ('000 metric tonnes)	147	175
GHG Scope 2 Location-Based ('000 metric tonnes)	571	650
GHG Scope 3 ('000 metric tonnes)	6,876	7,818
Total Energy Consumption ('000 MWh)	1,359	1,575
Renewable Energy Use ('000 MWh)	9	13
Total Waste ('000 metric tonnes)	131	158
Waste Recycled ('000 metric tonnes)	91	117
Social Financial Materiality Score	3.97	—
Quality Assurance and Recall Policy	No	No
Consumer Data Protection Policy	Yes	Yes
Community Spending (millions)	35	23
Women in Workforce (%)	59	59
Employee Turnover (%)	42	32
Employee Training (hours)	2,305,950	3,057,710
Governance Financial Materiality Score	4.62	—
Company Conducts Board Evaluations	Yes	Yes
Board Size (persons)	15	15
Number of Non Executive Directors on Board (persons)	13	14
Number of Board Meetings for the Year (times)	7	10
Number of Women on Board (persons)	2	2
Number of Independent Directors (persons)	5	5

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Scores rate companies on their level of management of financially material industry-specific ESG issues. Bloomberg offers four financially material scores, for overall ESG, as well as Environmental, Social, and Governance. Values range from 0 to 10; 10 is best. To review the fully transparent methodology, see ESG Financial Materiality 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)	(68,100)	(70,828)	(73,728)
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	12,920	15,046	17,007
Corporate tax	(Btmn)	(1,710)	(1,813)	(2,128)	(2,729)	(2,460)	(3,437)	(3,675)	(3,737)
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	10,302	12,252	14,219
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	10,302	12,252	14,219
EBITDA	(Btmn)	10,948	12,534	16,819	34,252	33,986	37,760	40,620	43,359
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	94,074	99,423	106,289
Total fixed assets	(Btmn)	39,308	131,336	459,490	461,288	463,632	465,734	467,437	468,730
Total assets	(Btmn)	62,641	159,587	569,490	548,643	540,371	559,807	566,860	575,019
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	297,744	304,845	312,938
BVPS (Bt)	(Bt)	4.22	4.63	27.22	27.44	27.69	28.09	28.76	29.53

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	10,302	12,252	14,219
Depreciation and amortization	(Btmn)	2,723	3,577	6,128	17,551	17,612	18,993	19,826	20,699
Operating cash flow	(Btmn)	10,270	13,353	16,769	22,014	34,863	23,311	34,049	36,915
Investing cash flow	(Btmn)	(3,130)	(2,288)	14,966	(17,164)	(14,239)	(21,081)	(21,530)	(21,993)
Financing cash flow	(Btmn)	(7,402)	(5,413)	26,461	(32,955)	(28,552)	1,666	(10,151)	(11,126)
Net cash flow	(Btmn)	(262)	5,653	58,195	(28,105)	(7,928)	3,896	2,368	3,796

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	7.4	7.6	7.8
EBIT margin	(%)	4.0	4.1	4.0	3.6	3.4	3.7	3.9	4.1
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	7.7
Debt service coverage	(x)	8.8	1.7	0.5	2.9	0.9	3.0	3.3	3.5
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	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total revenue	(Btmn)	114,963	122,409	119,089	120,909	118,837	127,637	126,157	126,223
Cost of goods sold	(Btmn)	(95,731)	(101,969)	(99,615)	(101,908)	(99,906)	(106,844)	(105,703)	(105,907)
Gross profit	(Btmn)	19,232	20,440	19,473	19,001	18,930	20,793	20,454	20,316
SG&A	(Btmn)	(16,031)	(16,215)	(16,106)	(16,306)	(16,224)	(16,292)	(16,838)	(16,919)
Other income	(Btmn)	597	1,075	761	703	665	976	863	733
Interest expense	(Btmn)	(1,826)	(1,979)	(1,684)	(1,385)	(1,403)	(1,451)	(1,414)	(1,449)
Pre-tax profit	(Btmn)	1,972	3,320	2,444	2,013	1,968	4,025	3,065	2,681
Corporate tax	(Btmn)	(603)	(810)	(573)	(527)	(448)	(912)	(765)	(663)
Equity a/c profits	(Btmn)	230	175	193	201	185	168	174	149
Minority interests	(Btmn)	3	11	15	14	11	1	7	9
Core profit	(Btmn)	1,602	2,696	2,079	1,701	1,716	3,282	2,481	2,176
Extra-ordinary items	(Btmn)	0	(225)	87	(185)	(39)	0	0	0
Net Profit	(Btmn)	1,602	2,471	2,166	1,516	1,677	3,282	2,481	2,176
EBITDA	(Btmn)	7,847	9,360	8,063	7,366	7,363	9,442	8,383	7,962
Core EPS (Bt)	(Btmn)	0.15	0.25	0.20	0.16	0.16	0.31	0.23	0.21
Net EPS (Bt)	(Bt)	0.15	0.23	0.20	0.14	0.16	0.31	0.23	0.21

Balance Sheet (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Total current assets	(Btmn)	74,540	87,355	61,841	57,630	63,160	76,739	70,574	66,237
Total fixed assets	(Btmn)	461,230	461,288	461,079	461,947	462,250	463,632	467,085	467,674
Total assets	(Btmn)	535,771	548,643	522,920	519,577	525,410	540,371	537,660	533,912
Total loans	(Btmn)	167,346	137,187	145,314	151,583	150,731	147,925	149,564	155,608
Total current liabilities	(Btmn)	74,526	90,763	97,389	101,285	92,289	118,150	126,651	112,660
Total long-term liabilities	(Btmn)	172,395	166,949	132,716	127,381	142,276	128,749	118,630	126,476
Total liabilities	(Btmn)	246,921	257,713	230,105	228,666	234,564	246,899	245,282	239,136
Paid-up capital	(Btmn)	5,290	5,290	5,290	5,290	5,290	5,290	5,290	5,290
Total equity	(Btmn)	288,850	290,931	292,814	290,911	290,845	293,473	292,378	294,776
BVPS (Bt)	(Bt)	27.24	27.44	27.62	27.44	27.43	27.69	27.58	27.81

Cash Flow Statement (Btmn)

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Core Profit	(Btmn)	1,602	2,471	2,166	1,516	1,677	3,282	2,481	2,176
Depreciation and amortization	(Btmn)	4,383	4,462	4,345	4,404	4,444	4,419	4,360	4,277
Operating cash flow	(Btmn)	(2,895)	16,853	(704)	2,264	13,374	19,929	(879)	(703)
Investing cash flow	(Btmn)	(2,498)	(4,554)	(3,942)	(3,011)	(2,770)	(4,516)	(6,156)	(3,318)
Financing cash flow	(Btmn)	(9,378)	174	(19,494)	(1,642)	(4,656)	(2,760)	(1,230)	240
Net cash flow	(Btmn)	(14,771)	12,473	(24,139)	(2,389)	5,947	12,653	(8,265)	(3,781)

Key Financial Ratios

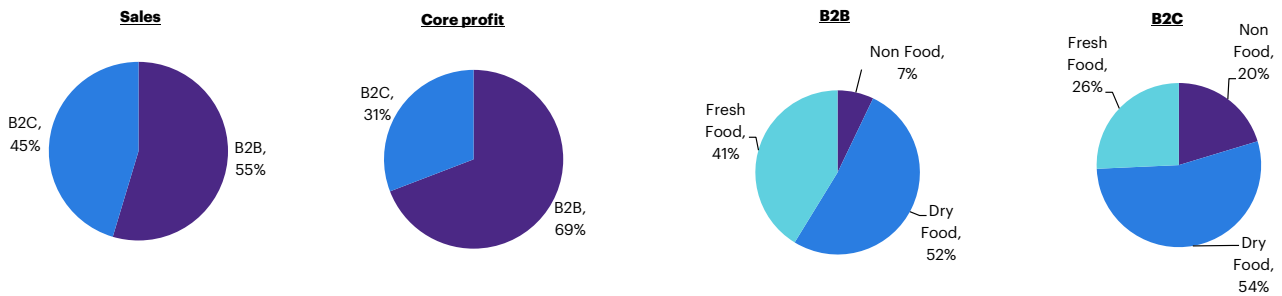
FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross margin	(%)	16.7	16.7	16.4	15.7	15.9	16.3	16.2	16.1
Operating margin	(%)	2.8	3.5	2.8	2.2	2.3	3.5	2.9	2.7
EBITDA margin	(%)	6.8	7.6	6.8	6.1	6.2	7.4	6.6	6.3
EBIT margin	(%)	3.3	4.3	3.5	2.8	2.8	4.3	3.6	3.3
Net profit margin	(%)	1.4	2.0	1.8	1.3	1.4	2.6	2.0	1.7
ROE	(%)	2.2	3.7	2.9	2.3	2.4	4.5	3.4	3.0
ROA	(%)	1.2	2.0	1.6	1.3	1.3	2.5	1.8	1.6
Net D/E	(x)	0.5	0.3	0.4	0.5	0.5	0.4	0.4	0.4
Interest coverage	(x)	4.3	4.7	4.8	5.3	5.2	6.5	5.9	5.5
Debt service coverage	(x)	1.3	2.4	2.8	1.0	0.7	1.5	0.9	0.7

Main Assumptions

FY December 31	Unit	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
SSS growth (%) - B2B	(%)	8.9	9.6	10.9	6.0	3.2	1.7	3.4	1.8
No. of stores, ending - B2B	(Stores)	154	162	163	163	164	168	169	170
SSS growth (%) - B2C TH	(%)	0.0	2.4	0.8	(0.9)	2.5	5.8	6.9	3.6
No. of stores, ending - B2C TH	(Stores)	2,580	2,578	2,589	2,499	2,459	2,454	2,448	2,451
SSS growth (%) - B2C MY	(%)	(3.7)	(2.4)	(0.9)	(12.2)	0.6	3.6	8.4	3.1
No. of stores, ending - B2C MY	(Stores)	64	65	65	66	66	68	69	69

Appendix

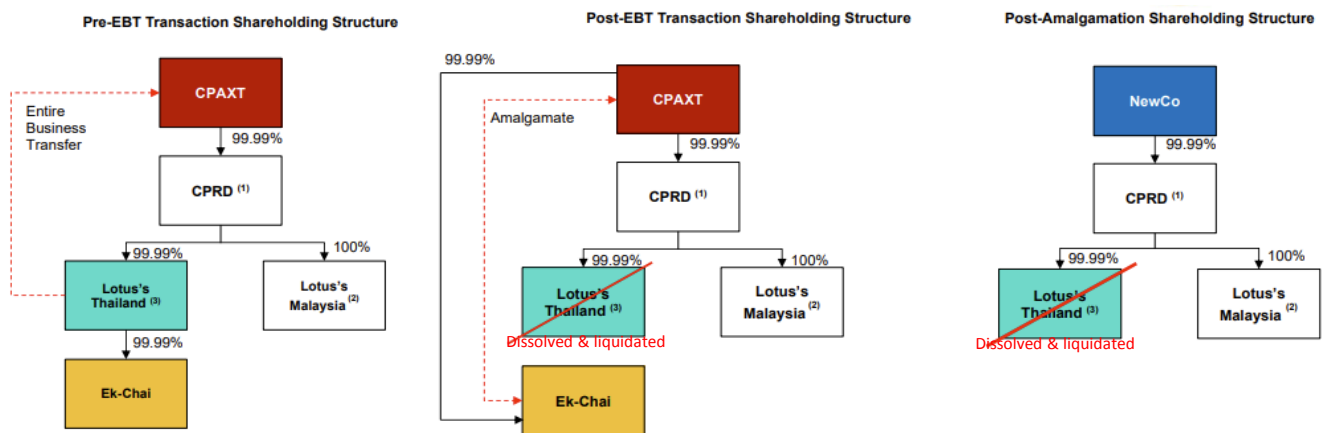
Figure 1: Sales and core profit contribution by business in 2023 **Figure 2: Sales mix breakdown by business in 2023**



Source: Company data and InnovestX Research

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-Early Oct 2024	Joint shareholders meeting for CPAXT and Ek-Chai and amalgamation date
Oct 3, 2024	Shares of NewCo traded in the SET

Source: Company data and InnovestX Research

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

	CPAXT (Pre-transaction)			CAPXT (Post-transaction; NewCo)			Change (%) (Post/Pre)		
	2022	2023	1H24	2022	2023	1H24	2022	2023	1H24
Total revenue (Bt mn)	469,131	489,949	253,976	469,131	489,949	253,976	0.0%	0.0%	0.0%
Net profit (Bt mn)	7,697	8,640	4,657	7,697	8,645	4,677	0.0%	0.1%	0.4%
No. of shares (mn shares)	10,580	10,580	10,580	10,428	10,428	10,428	-1.4%	-1.4%	-1.4%
EPS (Bt/share)	0.73	0.82	0.44	0.74	0.83	0.45	1.7%	1.6%	2.2%
Total assets (Bt mn)	548,643	540,371	533,912	548,643	540,371	533,932	0.0%	0.0%	0.0%
Total liabilities (Bt mn)	257,712	246,894	239,136	257,712	246,894	239,136	0.0%	0.0%	0.0%
Total equity (Bt mn)	290,931	293,477	294,776	290,931	293,477	294,796	0.0%	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 Oct 2, 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	25.25	27.5	11.6	20.9	22.5	20.1	(2)	(7)	12	0.8	0.8	0.8	4	4	4	3.2	2.7	3.0	12.7	11.8	11.2
CPALL	Outperform	65.25	80.0	24.6	32.9	25.2	21.8	41	31	16	5.3	4.7	4.1	17	20	21	1.6	2.0	2.3	11.9	10.7	9.8
CPAXT	Outperform	32.50	40.0	24.6	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	Outperform	31.75	38.0	21.4	24.0	23.5	21.0	14	2	12	2.9	2.7	2.5	12	11	12	1.7	1.7	1.9	9.8	9.4	8.9
GLOBAL	Outperform	16.30	18.5	14.5	31.7	33.4	28.9	(27)	(5)	16	3.6	3.4	3.1	12	10	11	1.1	1.0	1.2	20.5	21.4	19.2
HMPRO	Outperform	10.60	13.5	31.1	21.6	20.8	18.6	4	4	12	5.5	5.2	4.8	26	25	27	3.8	3.7	3.8	13.1	12.6	11.5
Average				28.4	26.5	23.1	7	7	14	3.2	3.0	2.7	12	12	13	2.2	2.1	2.3	13.6	13.0	12.0	

Source: InnovestX Research

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