

17 MARCH 2021

THAILAND / CONSUMER STAPLES

CP ALL CPALL TB

BUY
UNCHANGED

TARGET PRICE	THB86.00
CLOSE	THB66.75
UP/DOWNSIDE	+28.8%
PRIOR TP	THB73.00
CHANGE IN TP	+17.8%
TP vs CONSENSUS	+16.1%

ร้านค้าปลีกชั้นนำในกระแสการฟื้นตัวของอุตสาหกรรมท่องเที่ยว

มีปัจจัยบวกหลายประการรออยู่

เรามองว่า CPALL จะเป็นหนึ่งในผู้นำในกระแสการฟื้นตัวของธุรกิจค้าปลีกซึ่งได้รับการผลักดันจากการกลับมาเปิดการท่องเที่ยว เราเห็นโอกาสสำหรับปัจจัยบวกหลายประการตลอดช่วง 2Q21-2022 ประกอบด้วย 1) การเติบโตของยอดขายจากสาขาเดิม (SSSG) ที่จะเริ่มเป็นครั้งแรกในรอบ 5 ไตรมาสใน 2Q21; 2) กิจกรรมที่เพิ่มขึ้น เช่น การท่องเที่ยวในประเทศ และการเปิดภาคการศึกษาใน 2Q-3Q21; 3) การสิ้นสุดของโครงการที่ได้รับความนิยมของรัฐบาล เช่น คนละครึ่ง เราชนะ ซึ่งผลักดันความต้องการจากร้านค้าสมัยใหม่ไปยังร้านค้าท้องถิ่น; 4) การกลับมาของนักท่องเที่ยวต่างชาติตั้งแต่ช่วง 3Q21 เป็นต้นไป; 5) ต้นทุนการกักขังที่ลดลงจากการแปลงหนี้ระยะสั้น; และ 6) ประโยชน์จาก Lotus ซึ่งอาจช่วยหนุนการเติบโตในระยะกลางถึงยาว ในภาพรวมเราคาดว่า CPALL จะรายงานกำไรโตได้ถึง 10.2-24.9% ในปี 2021-23

2Q21 SSSG จะบวกเป็นครั้งแรกในรอบ 5 ไตรมาส

เราคาดว่า SSSG ของ CPALL จะตกต่ำสุดใน 1Q21 โดยจะออกมาเป็นลบในระดับสิบปลายเทียบกับ -18% ใน 4Q20 ตามมาตรการปิดเมืองเป็นบางส่วนจากปัญหาการแพร่ระบาด COVID ในรอบที่ 2 และความต้องการที่เคลื่อนสู่ร้านค้าท้องถิ่นจากโครงการคนละครึ่งและเราชนะ โดย SSSG ลดลงมอยู่ที่ -20% ถึง -22% ในช่วงครึ่งแรกของไตรมาส แต่จะฟื้นตัวกลับมาอยู่ที่ -15% ถึง -18% ในครึ่งหลัง โดยรวมเราคาดว่า SSSG จะทรงตัว q-q ที่ -18% ใน 1Q21

การกลับมาของนักท่องเที่ยวจะช่วยกระตุ้นยอดขายและอัตรากำไรขึ้นต้น

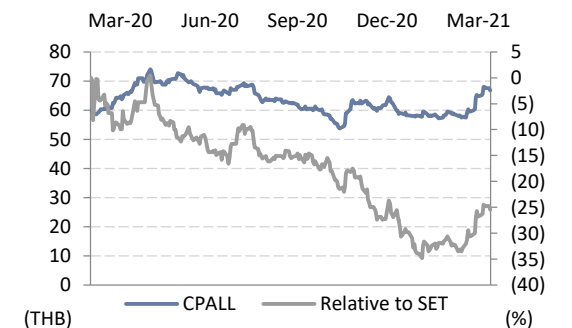
ในปีปกติ ยอดขายของ CPALL จากนักท่องเที่ยวต่างชาติคิดเป็น 7-8% ในขณะที่ยอดขายจากนักท่องเที่ยวในประเทศคิดเป็น 3-4% เราคาดว่าความต้องการของนักท่องเที่ยวในประเทศจะฟื้นตัวตั้งแต่ 2Q21 เป็นต้นไปตามเทศกาลสงกรานต์และกิจกรรมกลางแจ้งที่กำลังเพิ่มขึ้น ในขณะที่นักท่องเที่ยวต่างชาติอาจเริ่มกลับมาตั้งแต่ 3Q21 เป็นต้นไป การกลับมาของนักท่องเที่ยวต่างชาติจะไม่เพียงแต่ช่วยเพิ่ม SSSG แต่ยังจะทำให้อัตรากำไรขึ้นต้นของบริษัทดีขึ้นโดยทั่วไป เนื่องจากปกตินักท่องเที่ยวจะซื้อสินค้าอัตรากำไรสูง เช่น อาหารพร้อมรับประทาน เครื่องดื่มจาก All Café เครื่องดื่มนำเข้า และของใช้ส่วนตัว

หุ้นเด่นในกลุ่มค้าปลีกไทย

เราปรับราคาเป้าหมายของเราเป็น 86 บาท (DCF) เนื่องจากเราปรับการประเมินมูลค่าไปในปี 2022 และลดค่า WACC จาก 7.9% เป็น 7.0% เพื่อสะท้อนหนี้เพิ่มเติมจากการซื้อกิจการ Lotus นอกจากนี้เรายังปรับประมาณการกำไรสุทธิปี 2021-23 หลังรวมรายได้จากการลงทุนรวมถึงค่าใช้จ่ายดอกเบี้ยเพิ่มเติมจาก Lotus ปัจจุบัน CPALL มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจ โดยอยู่ที่ 27.4x ของค่า 2022E P/E เทียบกับค่าเฉลี่ยย้อนหลัง 5 ปี ที่ 31.4x

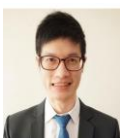
KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	546,207	582,216	645,449	707,005
Net profit	16,102	17,503	21,857	25,433
EPS (THB)	1.79	1.95	2.43	2.83
vs Consensus (%)	-	(5.4)	(3.1)	(5.4)
EBITDA	39,116	39,797	45,205	49,935
Core net profit	15,876	17,503	21,857	25,433
Core EPS (THB)	1.77	1.95	2.43	2.83
Chg. In EPS est. (%)	-	(3.5)	(0.9)	(0.6)
EPS growth (%)	(31.1)	10.2	24.9	16.4
Core P/E (x)	37.8	34.3	27.4	23.6
Dividend yield (%)	1.9	1.2	1.5	1.7
EV/EBITDA (x)	21.6	21.5	18.6	16.6
Price/book (x)	7.8	6.9	6.0	5.2
Net debt/Equity (%)	187.4	180.6	152.3	127.7
ROE (%)	16.7	17.2	19.2	19.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.6	6.4	11.3
Relative to country (%)	11.6	0.8	(25.6)
Mkt cap (USD m)	19,491		
3m avg. daily turnover (USD m)	73.9		
Free float (%)	40		
Major shareholder	CP Group (45%)		
12m high/low (THB)	74.50/53.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



Karun Intrachai

karun.int@fssia.com

+66 2611 3555

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 17 มีนาคม 2021

Investment thesis

The convenience store (CVS) format has the most resilient same-store sales growth (SSSG) in Thailand under varying economic conditions. The sector is far from saturation, in our view, and this suggests that CPALL can potentially achieve its target to expand its stores by 700 branches annually to 13,000 by the end of 2021.

On top of its SSSG growth and expansion plan, CPALL plans to increase its GPM by 10-20bps per year by focusing on high-margin ready-to-eat products and non-food high-margin products. We think CPALL's current retail sales GPM of 26-27% could rise from a greater high-margin product volume.

The key upside risk is a faster-than-expected recovery of the tourism industry. In 2019, tourists in Thailand spent THB1.9t, accounting for 12% of GDP, 20% of which (THB380b) was from food & beverage spending. Note that 4-5% of CPALL's sales are derived from tourism.

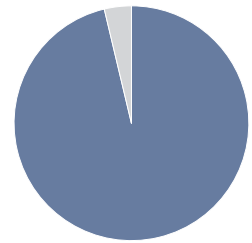
Company profile

CP All is the market leader in the convenience store segment, with at least a 50% market share in terms of store numbers. At the end of 2019, it operated 11,712 stores. It now owns 94% of Siam Makro (MAKRO TB).

www.cpall.co.th

Principal activities (revenue, 2020)

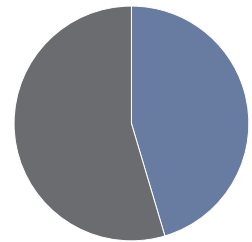
- Sales - 96.3 %
- Other income - 3.7 %



Source: CP All

Major shareholders

- CP Group - 45.4 %
- Others - 54.6 %



Source: CP All

Catalyst

Potential catalysts for CPALL include the recovery of Thailand's economy and increasing consumer confidence, as well as a higher proportion of food products to drive its GPM.

Risk to our call

The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.

Event calendar

Date	Event
May 2021	1Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG	2.3	6.0	6.0
New store growth	5.3	5.1	4.8
GPM (CVS only)	27.8	28.0	28.3
SG&A to sales	19.7	19.6	19.6

Source: FSSIA estimates

Earnings sensitivity

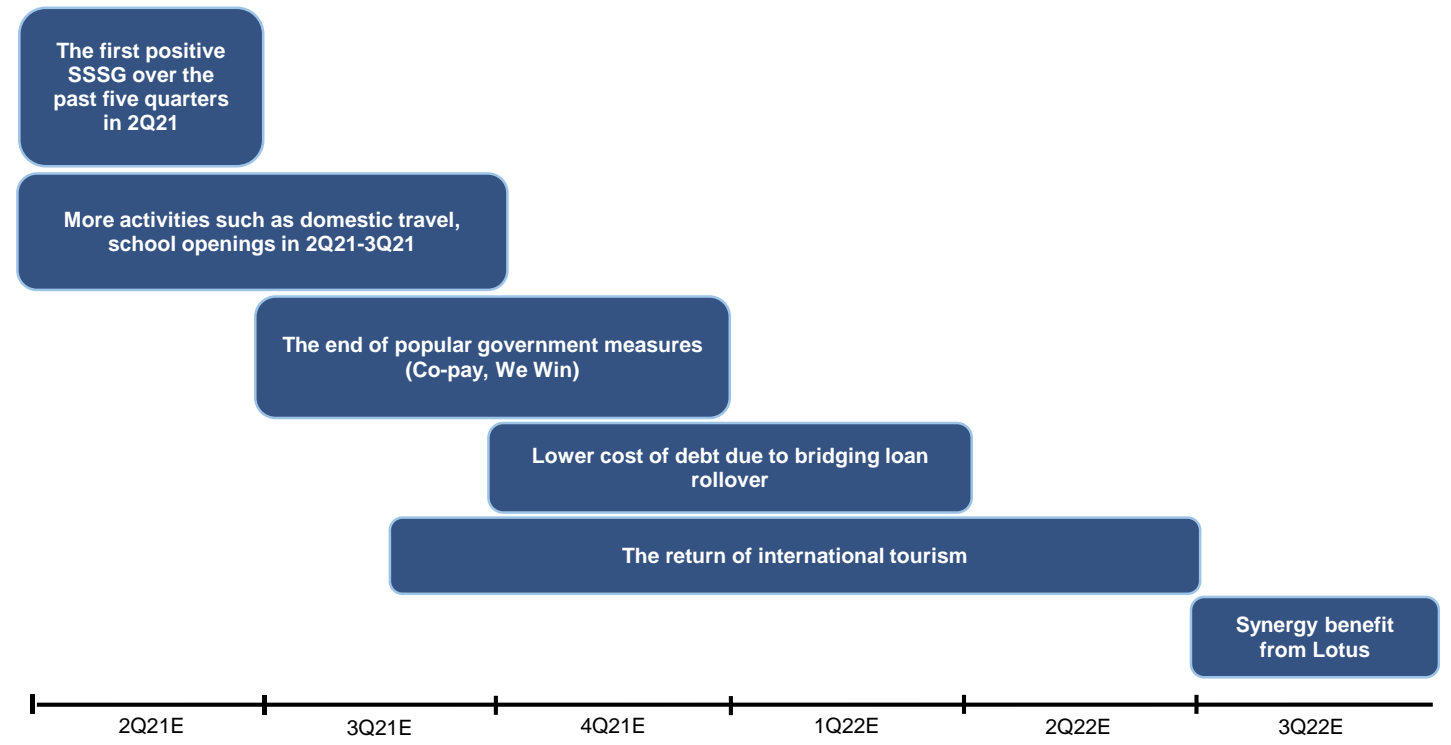
- For every 1% increase in SSSG we estimate 2021 EPS would rise 0.7%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2021 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales we estimate 2021 EPS would fall 1.3%, and vice versa, all else being equal.

Source: FSSIA estimates

Multiple catalysts lining up

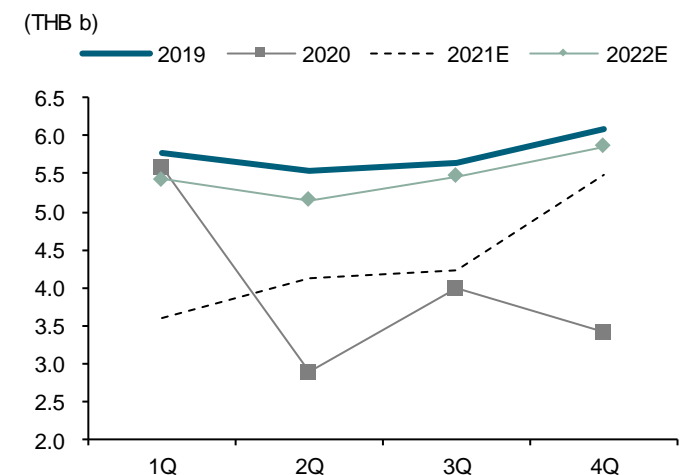
CPALL will be one of the leaders in the retailing sector recovery driven by the re-opening of tourism, in our view. We see several positive catalysts throughout 2Q21-2022, including 1) the first positive SSSG in the past five quarters in 2Q21; 2) increased activities such as domestic travel and school openings in 2Q-3Q21, compared to the restrictions to control the outbreak in 2020; 3) the end of popular government measures like Co-pay and We Win which shifted demand from the modern trade format to local grocery stores; 4) the return of international tourism from 3Q21 onward; 5) a lower cost of debt due to rolling over its bridging loan; and 6) synergy benefits from Lotus which could support medium- to long-term growth. Overall, we expect CPALL to post solid earnings growth of 10.2-24.9% in 2021-23.

Exhibit 1: Multiple catalysts lining up starting in 2Q21



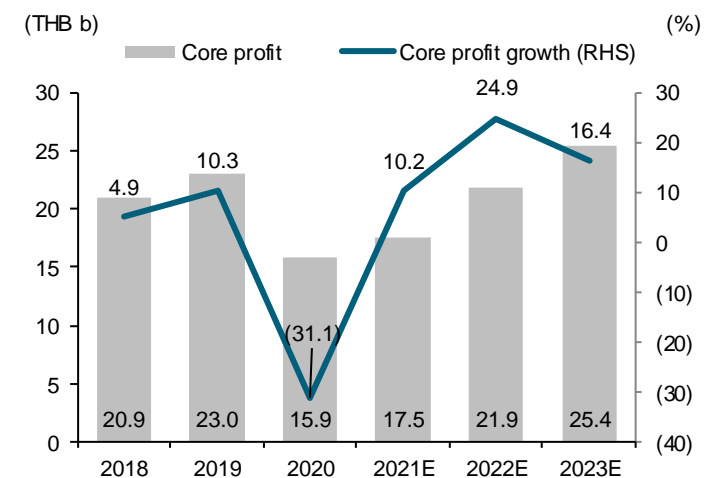
Source: FSSIA estimates

Exhibit 2: Earnings trend by quarter



Sources: CPALL; FSSIA estimates

Exhibit 3: Expect solid net profit growth of 10.2-24.9% in 2021-23



Sources: CPALL; FSSIA estimates

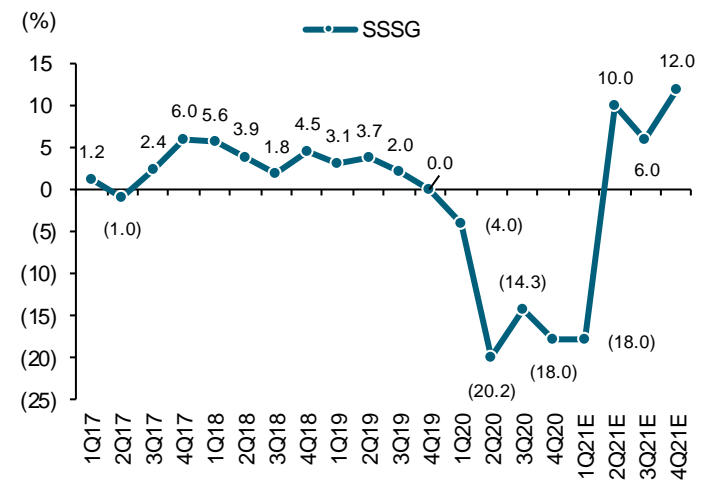
First positive SSSG in the past five quarters in 2Q21

We expect CPALL's SSSG to hit its bottom in 1Q21 at the negative high-teen level vs -18% in 4Q20 following the partial lockdown due to the second wave of COVID and the demand shift to local grocery stores due to the Co-pay and We Win schemes. SSSG dropped to -20% to -22% during first half of 1Q21 but recovered to -15% to -18% in the second half. Overall, we expect SSSG to be flat q-q at -18% in 1Q21.

We expect SSSG to recover significantly in 2Q21 to 10% y-y from the low base in 2Q20 due to the limited activities following the lockdown measures instituted during Apr to May-20.

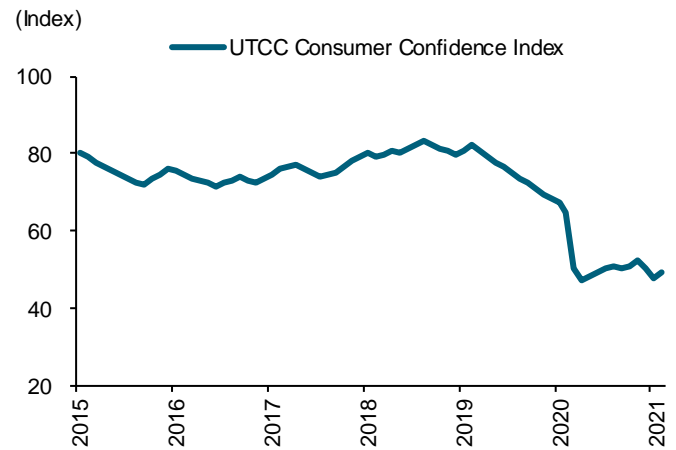
Meanwhile, the Consumer Confidence Index (CCI) picked up for the first time in three months in Feb-21 to 49.4 from the bottom at 47.8 in Jan-21. This implies a clearer sign of economic recovery from 2Q21 driven by the vaccine rollouts and the re-opening of the country for foreign tourists.

Exhibit 4: SSSG recovery trend



Sources: CPALL; FSSIA estimates

Exhibit 5: CCI bottomed out in Jan-21

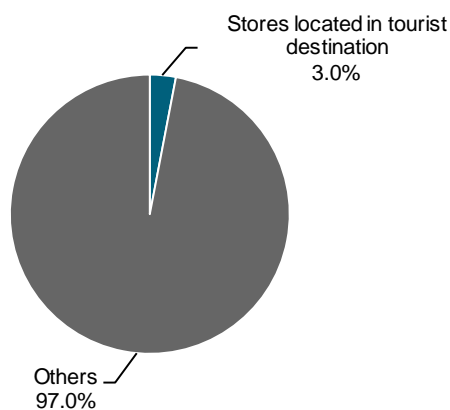


Source: Bloomberg

The return of tourism to boost sales and GPM

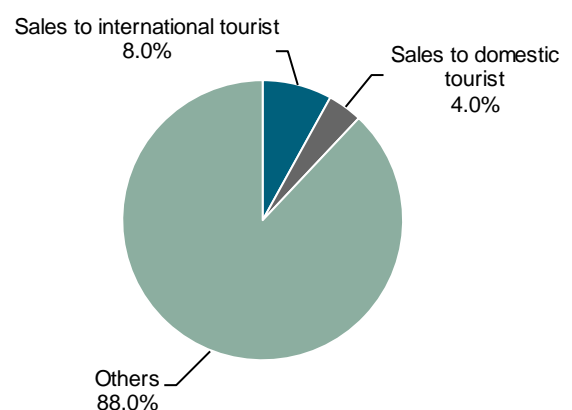
In a normal year, CPALL's sales to international tourists account for 7-8% with domestic tourists accounting for 3-4%. We expect the demand from domestic tourism to recover in 2Q21 onward following the Songkran festival, while the return of international tourism could start in 3Q21 onward.

Exhibit 6: 3% of stores located at tourist destinations



Sources: CPALL; FSSIA estimates

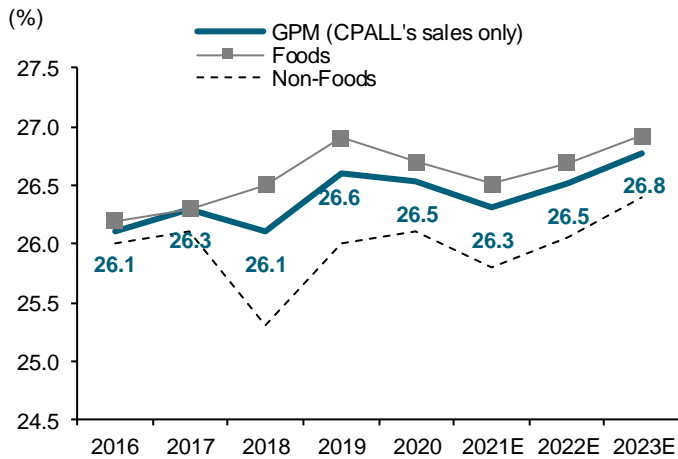
Exhibit 7: 12% of total sales exposed to tourism sector



Sources: CPALL; FSSIA estimates

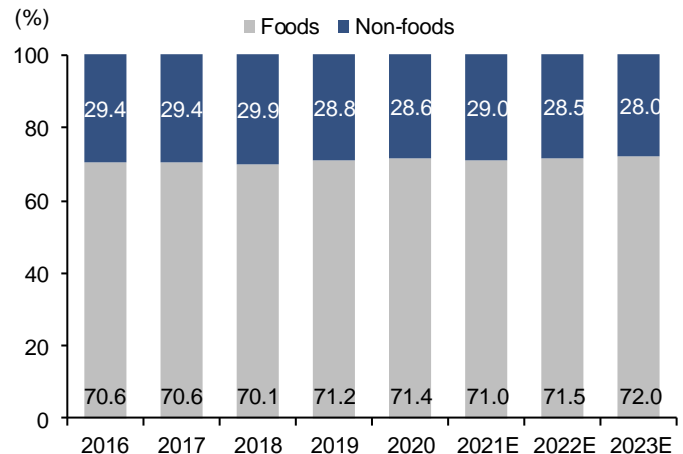
The return of international tourists would not only boost SSSG but would also improve the company's overall GPM. Food proportion has been the key driver for CPALL's sales GPM since 2015 but it temporarily dropped in 2020 due to the change in product mix, such as a lower sales proportion from high-margin ready-to-eat meals or imported beer, etc. We believe the return of international tourists would drive CPALL's overall GPM higher, as tourists typically buy high-margin products such as ready-to-eat food, drinks from All Café, imported beverages, and personal care products.

Exhibit 8: Expect CPALL's sales GPM to improve, driven by recovering tourism



Sources: CPALL; FSSIA estimates

Exhibit 9: Sales breakdown by product type



Sources: CPALL; FSSIA estimates

Interest savings from bridging loan rollover

To fund the Lotus deal, CPALL raised additional debt via a bridging loan worth THB84b at a 4.7-4.8% interest cost. While CP Retail Development (CPRD, not listed, 40% stake held by CPALL) incurred THB130b in debt funding. We see an upside risk from interest savings due to CPALL and CPRD's bridging loan rollover, which could lower the cost of debt below 4%.

Exhibit 10: Interest savings from bridging loan rollover - sensitivity to change in cost of debt

Interest savings for	Debt funding				
	The new cost of debt				
	4.0%	3.8%	3.6%	3.4%	
	(THB b)	(THB m)	(THB m)	(THB m)	(THB m)
CPALL	84	588	756	924	1,092
CPRD (40% stake)	130	364	468	572	676

Sources: CPALL; FSSIA estimates

Currently, we have limited information about Tesco Lotus' actual performance in FY21 (end Feb-21) which was affected by the COVID outbreak. Tesco Asia (Thailand and Malaysia) reported an operating profit of GBP426m in FY20 (end Feb-20) vs GBP319m in FY19, which grew 33.5% y-y at the actual exchange rate, or 24.8% y-y at the constant exchange rate. This was attributed to cost saving initiatives in Thailand, including a more efficient distribution operation and more focused and effective marketing activities which improved the GPM.

Exhibit 11: Tesco Asia financial data

	FY18 (end Feb-18)	FY19 (end Feb-19)	FY20 (end Feb-20)
Revenue (GBP m)	4,947	4,873	5,218
Revenue (THB b)	199.9	196.9	210.8
Operating profit (GBP m)	299	319	426
Operating profit (THB b)	12.0	12.8	17.0
Net profit (THB b)	9.7	7.5	12.1

Sources: Tesco; CPALL

Based on Lotus' actual operations for Mar to Aug-20, revenue dropped by 4% y-y with operating profit contracting by c-25% y-y, in line with CPALL's net profit which plunged by 25% y-y in 1H20. We estimate that Lotus' operation bottomed out in 2Q20 and is now on the way to recovery. Hence, Lotus' earnings would be around THB9.0b-9.5b in 2020.

We estimate profit contributions from Lotus (CPALL holds a 40% stake) worth THB2.1b-2.7b in 2021-23, based on 1) Lotus' 2021-23E earnings totalling THB10.0b-11.1b (we have yet to incorporate the additional interest expenses from the bridging loan); 2) an additional bridging loan of THB130b with a 4.7% cost of debt; and 3) 2021-23E interest expenses (net of tax) of THB4.4b-4.9b.

Exhibit 12: Estimated profit contributions from Lotus

	2021E	2022E	2023E
	(THB b)	(THB b)	(THB b)
Lotus earnings	10.0	10.6	11.1
Additional interest expenses (Debt THB130b @ 4.7%)	6.1	6.0	5.5
Net of tax	4.9	4.8	4.4
Equity income from Lotus (40%)	2.1	2.3	2.7

Sources: Tesco; CPALL

Synergy benefits from Lotus deal

CP group has started to rebrand Tesco Lotus stores to "Lotus's" after the acquisition completion in Dec-20. The first rebranded store in the hypermarket format is located in Ekkamai Ramintra. It also unveiled the new branding for Tesco Lotus Express, a mini supermarket, in Ekkachai 99 in Bangbon district named "Lotus's go fresh".

We think the new branding is meant to reflect the lifestyle segment and is targeted at younger customers. Moreover, Lotus will offer more fresh food products to attract additional customers. Based on Charoen Pokphand Foods' (CPF TB, BUY, TP THB37) guidance, Lotus plans to increase its fresh food proportion from 18% of total sales currently to its target at 40% in the following year.

Our channel check with one of Lotus' suppliers indicated that Lotus has a strong warehouse management system and has nationwide network distribution centres which could synergize with CPALL. Furthermore, Lotus has outstanding club card subscription numbers at 15m users vs CPALL's 12m users and MAKRO's 3.4m users.

Exhibit 13: New rebranded store in hypermarket format



Source: [Prachachat](#)

Exhibit 14: New rebranded store in CVS format



Source: [Prachachat](#)

Top pick in Thai retailing sector

We raise our DCF-based TP to THB86, as we roll forward our valuation to 2022 and reduce our WACC discount rate from 7.9% to 7.0% to reflect the additional debt from the Lotus deal. We also fine-tune our net profit forecasts for 2021-23 after incorporating the equity income and additional interest expenses from Lotus. We project that CPALL should see a strong earnings recovery in 2Q21 onward, driven by 1) the low base due to the lockdown measures; 2) normalised demand after the stimulus packages like Co-pay and We Win end; and 3) the return of international tourists. Its current share price is trading at 34.3x 2021E P/E but could drop to 27.4x 2022E P/E, or almost -1.0 SD of its 5-year average, after its earnings recover to their pre-COVID level.

Exhibit 15: Revised assumptions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Retail sales (THB m)	561,443	622,419	683,096	561,443	622,419	683,096	0.0	0.0	0.0
SSSG (%)	2.3	6.0	6.0	2.3	6.0	6.0	0.0	0.0	0.0
Gross margin (%)	27.8	28.0	28.3	27.8	28.0	28.3	0.0	0.0	0.0
No. of new stores (no.)	700	700	700	700	700	700	0	0	0
SG&A to sales (%)	19.7	19.6	19.6	19.7	19.6	19.6	0.0	0.0	0.0
Interest expenses (THB m)	10,044	9,337	8,988	6,635	6,167	5,434	51.4	51.4	65.4
Equity income (THB m)	2,053	2,332	2,697	0	0	0	n/a	n/a	n/a
Net profit (THB m)	17,503	21,857	25,433	18,136	22,061	25,579	(3.5)	(0.9)	(0.6)

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

Exhibit 16: DCF-derived TP

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.0	
Terminal growth	2.0	
NPV		285
Add: terminal value		617
Sum of PV		902
Add: investment		86
Less: debt		207
Less: minorities		16
Residual ordinary equity		772
No. of shares (m)		8,983
Residual ordinary equity (THB/share)		86

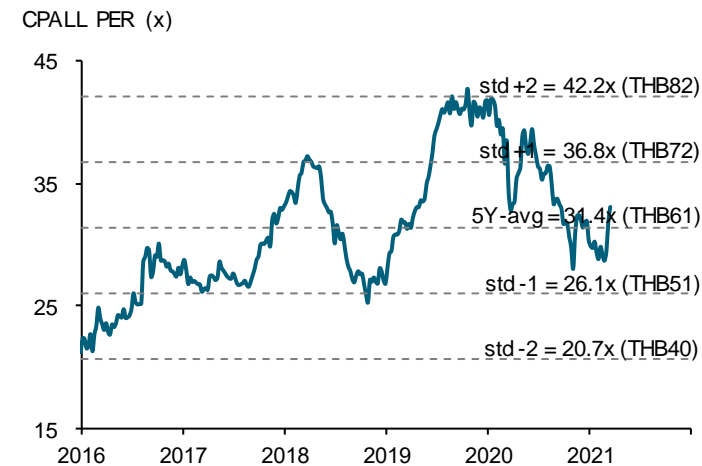
Source: FSSIA estimates

Exhibit 17: Peer comparison as of 16 Mar 2021

Year to Dec	BBG	Rec	-----Share price -----		Up	Market	----- PE ----		-- DivYld --		---- ROE ----		---- PBV ----	
Company			Current	Target	side	Cap	21E	22E	21E	22E	21E	22E	21E	22E
			(Local curr)	(Local curr)	(%)	(USD m)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)
Berli Jucker	BJC TB	HOLD	37.25	39	4.7	4,853	26.9	22.7	3.4	4.0	4.9	5.8	1.3	1.3
Cp All	CPALL TB	BUY	66.75	86	28.8	19,491	34.3	27.4	1.2	1.5	17.2	19.2	6.9	6.0
Siam Global House	GLOBAL TB	BUY	21.2	23.5	10.8	3,171	36.2	30.5	1.1	1.3	14.5	15.8	5.1	4.6
Home Product Center	HMPRO TB	BUY	14.5	16.5	13.8	6,199	30.7	27.9	2.6	2.9	27.4	28.6	8.2	7.8
Siam Makro	MAKRO TB	BUY	37.25	50	34.2	5,812	24.4	22.0	2.9	3.2	31.6	32.0	7.4	6.7
Central Retail Corp	CRC TB	BUY	36.5	40	9.6	7,155	44.6	28.8	0.9	1.4	9.0	13.1	3.9	3.6
Coverage						46,681	32.8	26.5	2.0	2.4	17.4	19.1	5.5	5.0
Dohome	DOHOME TB	NR	18.80	n/a	n/a	1,470	42.7	35.7	0.7	0.8	13.6	15.0	5.8	5.2
Lawson	2651 JP	NR	5,270.00	n/a	n/a	4,836	60.9	26.0	2.9	2.9	3.2	7.5	2.0	2.0
Dairy Farm Intl Holding	DFI SP	NR	4.42	n/a	n/a	5,926	19.5	15.4	3.9	4.5	22.0	25.2	4.2	3.8
Better Life Commercial	002251 CH	NR	8.00	n/a	n/a	1,068	23.1	18.7	n/a	n/a	4.4	5.5	1.0	0.9
Others						13,299	36.5	24.0	2.5	2.7	10.8	13.3	3.2	3.0
Total average						59,980	34.3	25.5	2.2	2.5	14.8	16.7	4.6	4.2

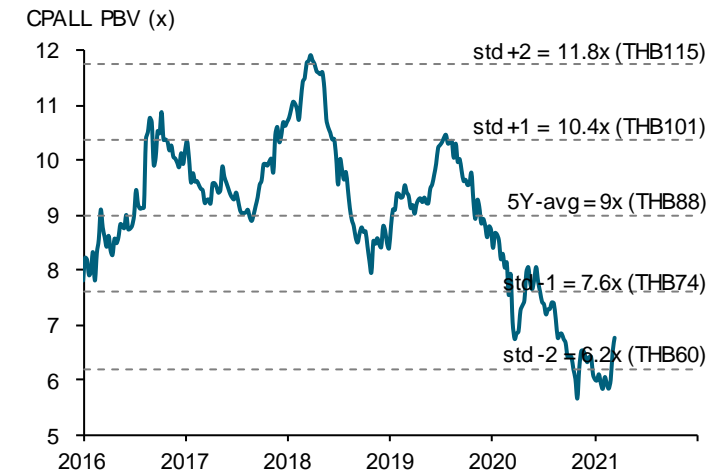
Sources: Bloomberg; FSSIA estimates

Exhibit 18: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 19: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	570,712	546,207	582,216	645,449	707,005
Cost of goods sold	(414,843)	(399,233)	(427,878)	(473,911)	(518,569)
Gross profit	155,868	146,974	154,338	171,538	188,436
Other operating income	0	0	0	0	0
Operating costs	(110,753)	(107,858)	(114,541)	(126,333)	(138,501)
Operating EBITDA	45,115	39,116	39,797	45,205	49,935
Depreciation	(11,220)	(11,647)	(10,248)	(11,169)	(12,158)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	33,896	27,469	29,549	34,036	37,777
Net financing costs	(6,427)	(8,369)	(9,686)	(9,024)	(8,691)
Associates	0	(63)	2,053	2,332	2,697
Recurring non operating income	0	(63)	2,053	2,332	2,697
Non recurring items	(705)	226	0	0	0
Profit before tax	26,764	19,262	21,916	27,344	31,783
Tax	(4,070)	(2,759)	(3,973)	(5,002)	(5,817)
Profit after tax	22,694	16,503	17,944	22,342	25,966
Minority interests	(351)	(400)	(441)	(485)	(533)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	22,343	16,102	17,503	21,857	25,433
Non recurring items & goodwill (net)	705	(226)	0	0	0
Recurring net profit	23,049	15,876	17,503	21,857	25,433
Per share (THB)					
Recurring EPS *	2.57	1.77	1.95	2.43	2.83
Reported EPS	2.49	1.79	1.95	2.43	2.83
DPS	1.25	1.25	0.78	0.97	1.13
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
Growth					
Revenue (%)	8.3	(4.3)	6.6	10.9	9.5
Operating EBITDA (%)	6.2	(13.3)	1.7	13.6	10.5
Operating EBIT (%)	5.8	(19.0)	7.6	15.2	11.0
Recurring EPS (%)	10.3	(31.1)	10.2	24.9	16.4
Reported EPS (%)	6.8	(27.9)	8.7	24.9	16.4
Operating performance					
Gross margin inc depreciation (%)	25.3	24.8	24.7	24.8	24.9
Gross margin of key business (%)	28.1	28.0	27.8	28.0	28.3
Operating EBITDA margin (%)	7.9	7.2	6.8	7.0	7.1
Operating EBIT margin (%)	5.9	5.0	5.1	5.3	5.3
Net margin (%)	4.0	2.9	3.0	3.4	3.6
Effective tax rate (%)	14.8	14.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	48.7	70.7	40.0	40.0	40.0
Interest cover (X)	5.3	3.3	3.3	4.0	4.7
Inventory days	26.9	28.9	27.9	27.3	27.4
Debtor days	6.0	6.1	5.7	5.6	5.6
Creditor days	83.2	83.2	71.0	63.8	63.9
Operating ROIC (%)	50.5	37.2	30.7	30.1	31.5
ROIC (%)	11.8	7.4	6.3	7.0	7.6
ROE (%)	25.8	16.7	17.2	19.2	19.9
ROA (%)	7.7	5.2	4.9	5.5	6.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2019	2020	2021E	2022E	2023E
Sales	550,901	525,884	561,443	622,419	683,096
Other income	19,811	20,323	20,773	23,030	23,908

Sources: CP All; FSSIA estimates

Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	23,049	15,876	17,503	21,857	25,433
Depreciation	11,220	11,647	10,248	11,169	12,158
Associates & minorities	351	464	(1,613)	(1,848)	(2,164)
Other non-cash items	-	-	-	-	-
Change in working capital	(2,112)	(6,528)	(11,128)	3,166	3,660
Cash flow from operations	32,508	21,459	15,011	34,345	39,087
Capex - maintenance	0	0	0	0	0
Capex - new investment	(16,015)	(15,763)	(19,334)	(20,667)	(22,289)
Net acquisitions & disposals	(811)	(86,238)	2,051	2,330	2,695
Other investments (net)	(185)	(2,567)	(2,856)	6,626	4,042
Cash flow from investing	(17,010)	(104,568)	(20,138)	(11,711)	(15,552)
Dividends paid	(11,229)	(11,229)	(7,001)	(8,743)	(10,173)
Equity finance	(710)	(193)	0	0	0
Debt finance	(8,530)	104,638	2,667	(13,470)	(17,026)
Other financing cash flows	0	0	0	0	0
Cash flow from Financing	(20,469)	93,216	(4,335)	(22,213)	(27,199)
Non-recurring cash flows	0	0	0	0	0
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,971)	10,107	(9,462)	421	(3,664)
Free cash flow to firm (FCFF)	22,218.88	(74,583.44)	4,917.08	31,970.88	32,522.82
Free cash flow to equity (FCFE)	6,967.48	21,528.55	(2,460.87)	9,163.94	6,509.11

Per share (THB)

FCFF per share	2.47	(8.30)	0.55	3.56	3.62
FCFE per share	0.78	2.40	(0.27)	1.02	0.72
Recurring cash flow per share	3.85	3.12	2.91	3.47	3.94

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed asset (gross)	181,036	192,440	210,775	230,394	251,581
Less: Accumulated depreciation	(64,954)	(72,241)	(81,491)	(91,612)	(102,668)
Tangible fixed assets (Net)	116,082	120,199	129,284	138,782	148,913
Intangible fixed assets (Net)	128,096	128,096	128,096	128,096	128,096
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	36	85,588	85,590	85,592	85,594
Cash & equivalents	30,519	40,626	31,164	31,585	27,921
A/C receivable	9,447	8,828	9,410	10,432	11,427
Inventories	31,538	31,749	33,614	37,216	40,719
Other current assets	419	202	215	238	261
Current assets	71,923	81,404	74,402	79,471	80,327
Other assets	59,480	108,067	110,885	113,844	116,951
Total assets	375,617	523,354	528,258	545,786	559,882
Common equity	93,739	96,759	107,261	120,375	135,635
Minorities etc.	14,629	14,836	15,277	15,761	16,294
Total Shareholders' equity	108,368	111,595	122,537	136,136	151,929
Long term debt	129,193	221,503	226,148	213,421	196,799
Other long-term liabilities	25,139	66,874	69,113	76,619	83,927
Long-term liabilities	154,333	288,377	295,261	290,040	280,725
A/C payable	94,514	87,577	78,897	86,687	94,845
Short term debt	15,948	28,276	26,297	25,555	25,151
Other current liabilities	2,456	7,529	5,266	7,367	7,232
Current liabilities	112,917	123,383	110,460	119,610	127,228
Total liabilities and shareholders' equity	375,617	523,354	528,258	545,786	559,882
Net working capital	(55,565)	(54,328)	(40,923)	(46,168)	(49,671)
Invested capital	248,129	387,622	412,932	420,146	429,884

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	8.22	8.55	9.72	11.18	12.88
Tangible book value per share	(6.04)	(5.70)	(4.54)	(3.08)	(1.38)

Financial strength

Net debt/Equity (%)	105.8	187.4	180.6	152.3	127.7
Net debt/total assets (%)	30.5	40.0	41.9	38.0	34.7
Current ratio (x)	0.6	0.7	0.7	0.7	0.6
CF interest cover (x)	4.6	5.5	2.7	4.3	4.3

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	26.0	37.8	34.3	27.4	23.6
Recurring P/E @ target price (x) *	33.5	48.7	44.1	35.3	30.4
Reported P/E (x)	26.8	37.2	34.3	27.4	23.6
Dividend yield (%)	1.9	1.9	1.2	1.5	1.7
Price/book (x)	8.1	7.8	6.9	6.0	5.2
Price/tangible book (x)	(11.0)	(11.7)	(14.7)	(21.7)	(48.5)
EV/EBITDA (x) **	16.6	21.6	21.5	18.6	16.6
EV/EBITDA @ target price (x) **	20.4	26.0	25.9	22.5	20.1
EV/invested capital (x)	3.0	2.2	2.1	2.0	1.9

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: CP All; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSI	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 66.75	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Berli Jucker	BJC TB	THB 37.25	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Tesco Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment.
Siam Global House	GLOBAL TB	THB 21.20	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Home Product Center	HMPRO TB	THB 14.50	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Makro	MAKRO TB	THB 37.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operation losses from its overseas business.
Central Retail Corp	CRC TB	THB 36.50	BUY	The key downside risks to our DCF-based TP include 1) the new wave of COVID-19; and 2) lower-than-expected sales from the high-margin fashion business.
Charoen Pokphand Foods	CPF TB	THB 30.25	BUY	The key risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 16-Mar-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.