

CP ALL CPALL TB

THAILAND / CONSUMER STAPLES

BUY
 UNCHANGED

Three engines on three strategies

- We project CPALL to deliver strong earnings growth of 47% y-y in 2022, 30% y-y in 2023, and 21% y-y in 2024.
- Key strategies: changes in product mix toward high-margin food and fresh food, expansion of CVS, and distribution synergies.
- Maintain BUY and our DCF-based TP of THB82.

'Three pillars' growth strategy for CPALL

With the consolidation of earnings from Siam Makro (MAKRO TB, BUY, TP THB52) and Lotus's, we think the synergies and efficiency gains that could be created across the three retail value chain segments and the room for improvement in operational efficiency is significant in 2022-24. We project CPALL to deliver strong earnings growth of 47% y-y in 2022, 30% y-y in 2023, and 21% y-y in 2024.

Three-pronged strategies underline growth roadmap

We see three key strategies driving net profit growth and higher GPMs for CPALL in 2022-24. First, the change in product mix toward high-margin food and fresh food should further strengthen CPALL's revenue and GPM with higher customer visit intensity and larger bill sizes. Second, the expansion in the number of CVS stores by over 700 locations and greater penetration into new markets overseas should further grow CPALL's earnings in 2022-24. Third, the synergies across the entire distribution value chain of its commerce business from embracing the small, convenience-focused CVS format (CPALL's 7-11) targeting the B2C group, to the mini-, super-, and hypermarket (Lotus's) segments targeting both B2C and B2B groups, and the cash-and-carry modern trade format (MAKRO) targeting B2B, (HoReCa) and traditional mom-and-pop shops.

'Park-and-purchase' overtakes 'grab-and-go'

Around 60% of CPALL's total 13,433 CVS stores as of 2Q22 were stand-alone format with a parking space. The remaining 40% of its stores use the traditional 7-11 shop house format without parking but located in highly populated areas with large volumes of foot traffic. This trend toward 'park-and-purchase' vs 'grab-and-go' reflects CPALL's highly consumer-centric and 'agile' organisational culture that is able to adopt and adapt to any changes in consumer lifestyles, in our view.

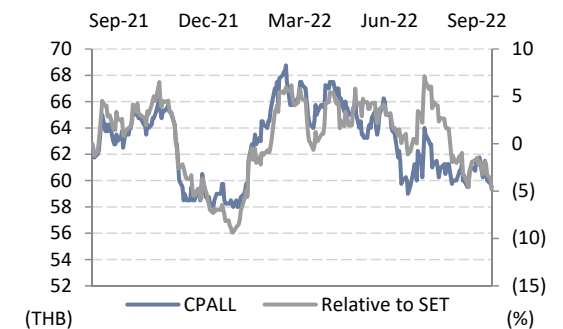
A proxy for strong grass-roots consumer spending

We maintain BUY and our DCF-based TP of THB82. We revise our EPS forecasts by -0.3%/-1.8%/+24.7% in 2022-24 to reflect potentially higher interest expenses following the higher-than-expected quarterly interest expenses, and our view on the interest rate uptrend. In 2024, we raise our EPS forecast by 24.7% as we project the net profit from Lotus's to significantly improve to over THB3.0b due to higher revenue growth and lower interest expenses related to the investment in IT and rebranding.

TARGET PRICE	THB82.00
CLOSE	THB59.50
UP/DOWNSIDE	+37.8%
PRIOR TP	THB82.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+11.2%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	585,743	861,347	950,970	1,040,472
Net profit	12,985	17,188	22,365	27,007
EPS (THB)	1.45	1.91	2.49	3.01
vs Consensus (%)	-	13.4	6.3	6.7
EBITDA	37,315	59,629	70,748	80,287
Core net profit	11,706	17,188	22,365	27,007
Core EPS (THB)	1.30	1.91	2.49	3.01
Chg. In EPS est. (%)	-	(0.3)	(1.8)	24.7
EPS growth (%)	(26.3)	46.8	30.1	20.8
Core P/E (x)	45.7	31.1	23.9	19.8
Dividend yield (%)	1.0	1.3	1.7	2.0
EV/EBITDA (x)	27.6	21.4	17.7	15.2
Price/book (x)	6.3	5.7	5.0	4.3
Net debt/Equity (%)	97.9	88.4	77.5	65.7
ROE (%)	11.7	15.7	18.5	19.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.8)	(8.5)	(4.8)
Relative to country (%)	(2.8)	(7.8)	(4.0)
Mkt cap (USD m)	14,651		
3m avg. daily turnover (USD m)	41.2		
Free float (%)	40		
Major shareholder	CP Group (45%)		
12m high/low (THB)	69.00/57.75		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com
+66 2611 3558

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 CPALL can potentially achieve its target to expand its stores by 700 branches annually to over 14,000 by the end of 2022.

On top of its SSSG growth and expansion plan, CPALL plans to increase its GPM by 10-20 bps a 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% should rise on a greater high-margin product volume.

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

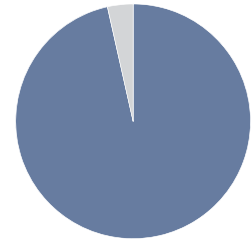
Company profile

CP All is the market leader in the CVS segment, with at least a 50% market share in terms of store numbers. As of end-2020, it operated 12,432 stores. It currently owns 59.9% of Siam Makro (MAKRO TB)

www.cpall.co.th

Principal activities (revenue, 2021)

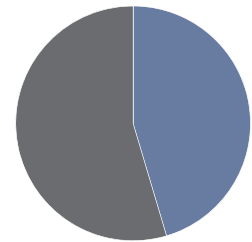
- Sales - 96.5 %
- Other income - 3.5 %



Source: CP All

Major shareholders

- CP Group - 45.4 %
- Others - 54.6 %



Source: CP All

Catalysts

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

Risks to our call

The key downside risks to our DCF-derived TP are: 1) a 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) a slow recovery in tourist numbers.

Event calendar

Date	Event
Oct 2022	3Q22 results announcement

Key assumptions

	2022E (%)	2023E (%)	2024E (%)
SSSG	6.0	8.0	8.0
New store growth	5.1	4.8	4.6
GPM (CVS only)	28.0	28.3	28.5
SG&A to sales	19.7	19.7	19.6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2022 EPS to rise 0.8%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2022 EPS to rise 1.3%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2022 EPS to fall 1.6%, and vice versa, all else being equal.

Source: FSSIA estimates

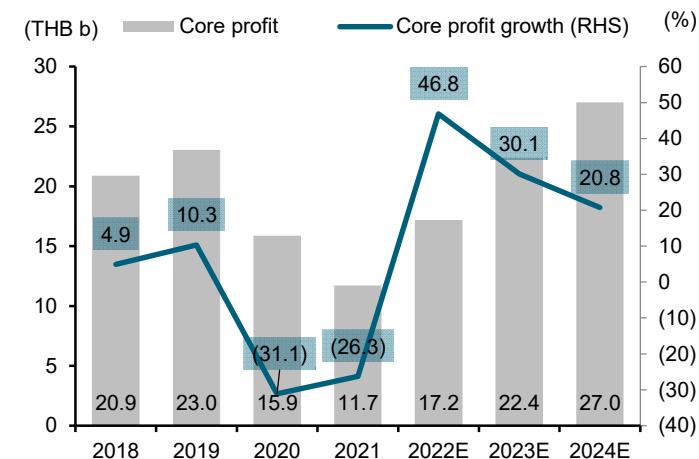
Three engines on three strategies

After a period of stumbling net profits in 2020-21 due to the impact of the Covid-19 pandemic that led to multiple lockdowns, a ban on alcohol sales, and the recent minimum wage hike, we think CPALL is now poised to see strong net profit growth momentum of 47% y-y in 2022, 30% y-y in 2023, and 21% y-y in 2024.

Gross profit margins (GPM) for the 7-11 convenience store (CVS) format are also projected to improve from 26.2% y-y in 2021 to 26.5% y-y in 2022, 26.8% in 2023, and 27% in 2024, backed by:

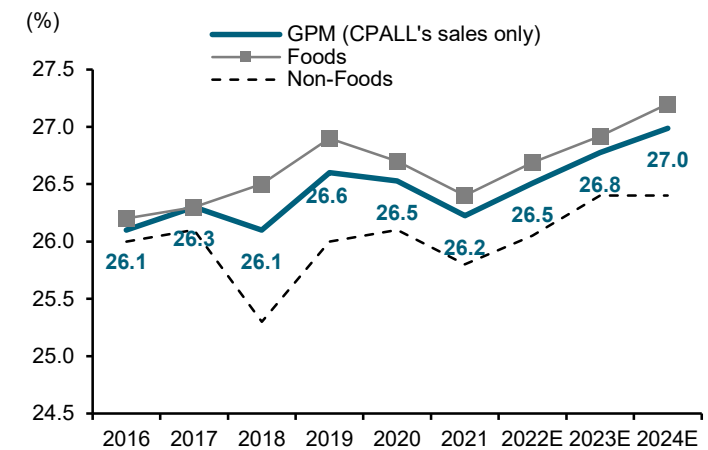
- 1) A higher number of customer visits per day, per store;
- 2) A higher ticket bill due to the changing product mix towards high-margin food;
- 3) Continued store expansion by c700 annually;
- 4) Effective cost control;
- 5) Increased purchasing power triggered by the higher minimum wage.

Exhibit 1: Core net profit vs core profit growth



Sources: CPALL; FSSIA estimates

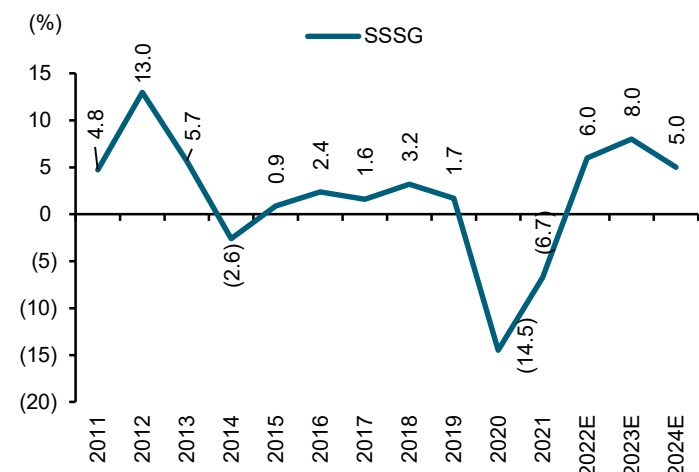
Exhibit 2: GPMs for overall, food and non-food segments



Sources: CPALL; FSSIA estimates

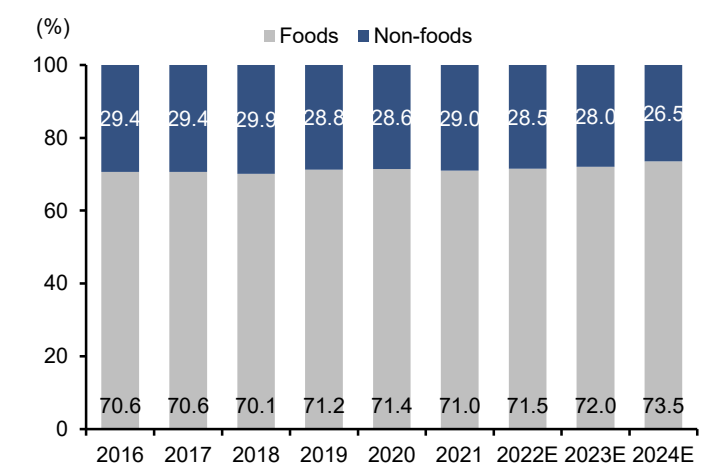
We forecast same store sales growth (SSSG), the backbone of CPALL's CVS business, to jump from -14.5% y-y in 2020 and -6.7% in 2021 to +5-8% y-y in 2022-24 as consumers resume their normal spending habits. However, from 2023 onward, we expect purchasing power to rise due to the impact of the higher minimum wage.

Exhibit 3: SSSG should improve in 2022-24



Sources: CPALL; FSSIA estimates

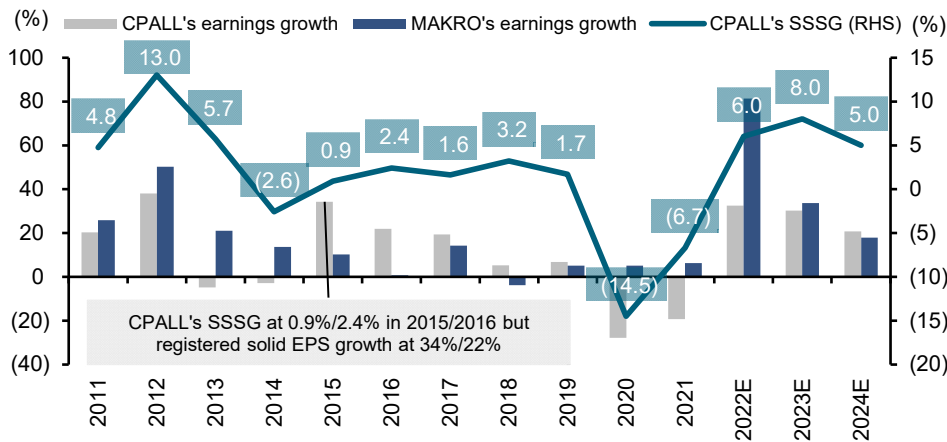
Exhibit 4: Revenue from food is expected to rise over time



Sources: CPALL; FSSIA estimates

'Three pillars' growth strategy for CPALL. In our view, the consolidation of earnings from MAKRO and Lotus's, the synergies and efficiency that could be created across all three segments of its retail value chain, and the room for the improvement in operational efficiency, should be significant drivers for CPALL's earnings in 2022-24.

Exhibit 5: CPALL's net profit, MAKRO's net profit, and CPALL's SSSG



Sources: CPALL; MAKRO; FSSIA estimates

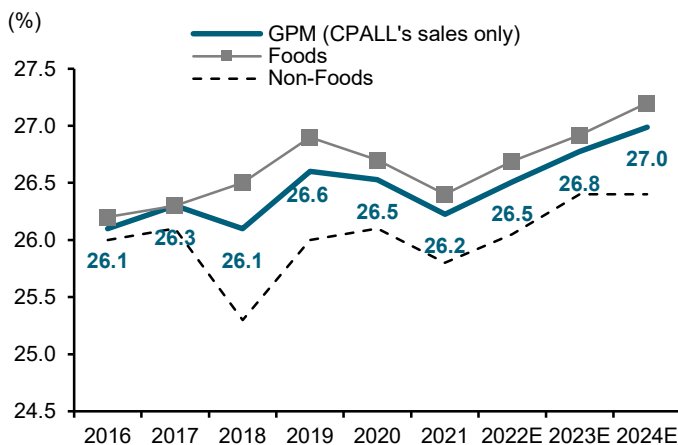
We see three key strategies driving net profit growth and higher GPMs for CPALL in 2022-24.

First, the change in its product mix toward high-margin food and fresh food should further strengthen CPALL's revenue and GPM with higher intensities from customer visits and larger bill sizes.

Second, the continued expansion by over 700 stores a year – mostly in the standalone outlet format with an area of at least 120sqm which now accounts for over 60% of CPALL's total 13,433 stores as of 2Q22 – and the penetration into new markets overseas, should further grow CPALL's earnings in 2022-24.

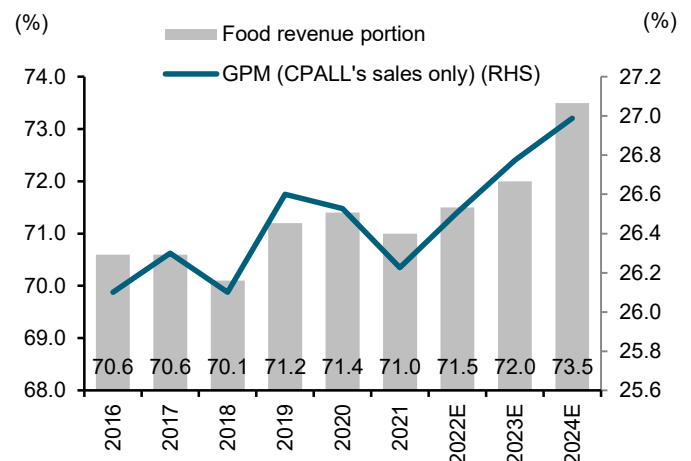
Third, the synergies from integration and syndication across the entire value chain of its commerce business that embraces various formats, from the small, convenience-focused CVS format (CPALL's 7-11) targeting the B2C group, to medium-sized supermarkets, hypermarkets, and modern trade (Lotus's) outlets targeting both B2C and B2B groups, and cash-and-carry modern trade (MAKRO) stores mainly targeting B2B customers in the hotel, restaurant, and catering (HoReCa) businesses and traditional mom-and-pop shops.

Exhibit 6: GPMs for CVS, food and non-food



Sources: CPALL; FSSIA estimates

Exhibit 7: GPM vs food revenue as % of total revenue



Sources: CPALL; FSSIA estimates

Three-pronged strategy for higher earnings growth and sustainability

We think CPALL's three key strategies – product mix, expansion, and synergies among three major segments – after its 100% acquisition of Lotus's in 2021, should enable CPALL's three growth engines – 7-11, MAKRO, and Lotus's – to hit a net profit of THB27b in 2024.

Exhibit 8: Business comparison of CPALL's three major segments

	Store format	Focus customer	Value proposition	Strengths	GPM (%)	Market presence	Est. annual revenue in 2022E-24E (THB b)
MAKRO	Modern trade	B2B, HoReCa	Price competitiveness	Food products	11-14	Thailand, Cambodia, Laos, China, and Myanmar	250
Lotus's	Supermarket, hypermarket	B2C, B2B	Product variety	Market presence in Malaysia	16-18	Thailand, Malaysia	200
CPALL's 7-11	CVS	B2C	Ready-to-eat products and convenience	Distribution	18-20	Thailand	350

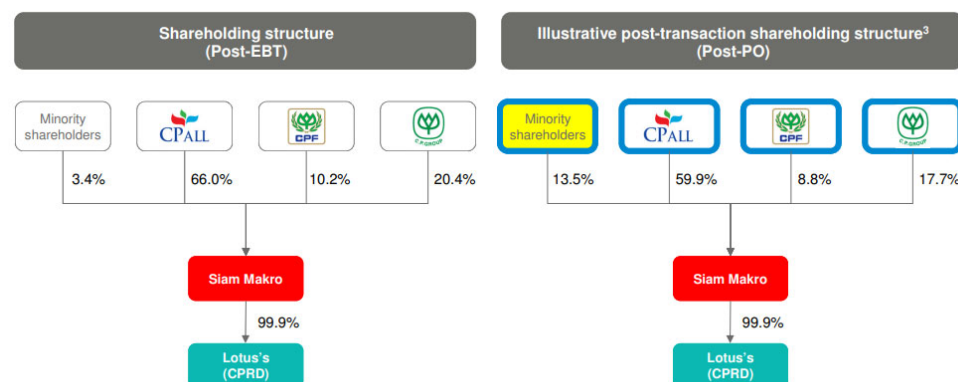
Sources: CPALL; MAKRO; FSSIA estimates

CPALL now has three main businesses, including wholesale (MAKRO), retail (Lotus's), and CVS (7-11). Each business unit, despite operating in the same commerce and consumer retail industry, contains different business and financial characteristics that generate different profitability, ROE, and earnings growth outlooks, depending on the customer target base.

Following the launch of MAKRO's business-to-business (B2B) model, which operates cash-and-carry modern trade stores focusing on high-volume customers with relatively higher price sensitivity and a preference for more product variety than individual consumers, CPALL expanded into Lotus's business model combining mini-, super-, and hypermarket formats in 2021.

After MAKRO acquired a 100% stake in Lotus's via its public offering, CPALL, which owns 59.9% of MAKRO, now owns an effective 59.9% stake in Lotus's. When combined with CPALL's existing 7-11 CVS assets, CPALL now has the most comprehensive value chain in Thailand's commerce and retail sector, covering everything from B2B (MAKRO), B2B & B2C (Lotus's), and business-to-consumer (B2C) (CPALL's 7-11 CVS).

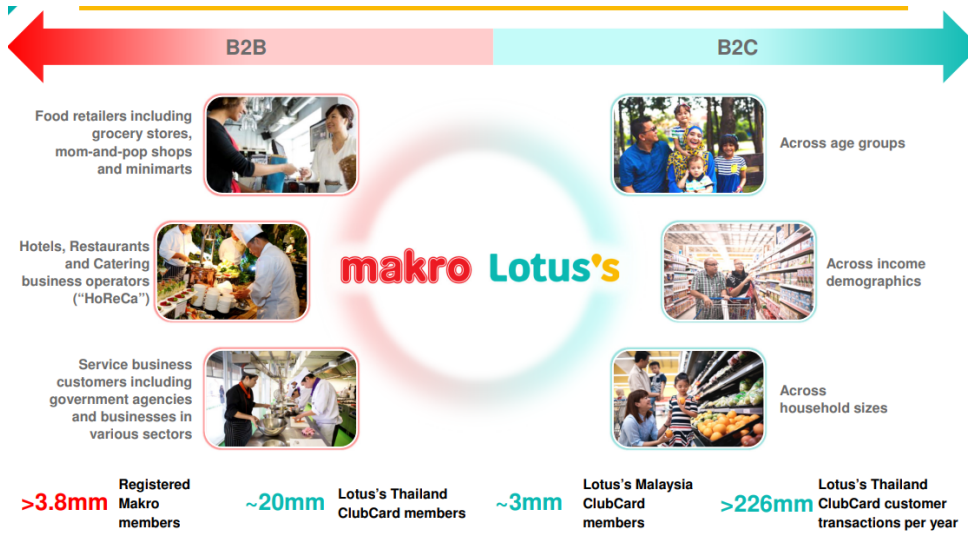
Exhibit 9: MAKRO's shareholder structure pre and post public offering



Source: MAKRO

Wholesale: the backbone of its product mix strategy. After being acquired in 2013 by CPALL, MAKRO went through a business restructuring process. Since then, it has become CPALL's flagship store generating a rising net profit that reached THB6.6b in 2020, up from THB2.4b in 2011, the year before it was acquired by CPALL.

Exhibit 10: Customer coverage under MAKRO and Lotus's



Source: MAKRO

MAKRO now operates 154 stores under different formats as of 2Q22, covering the small- to large-scale store formats targeting HoReCa and mom-and-pop retail operators. With its strength in both fresh and dry food product offerings, and its competitive price proposition, MAKRO has successfully grown its revenue and net profit in the past 10 years under CPALL's umbrella.

Exhibit 11: MAKRO and Lotus's store formats as of 2Q22

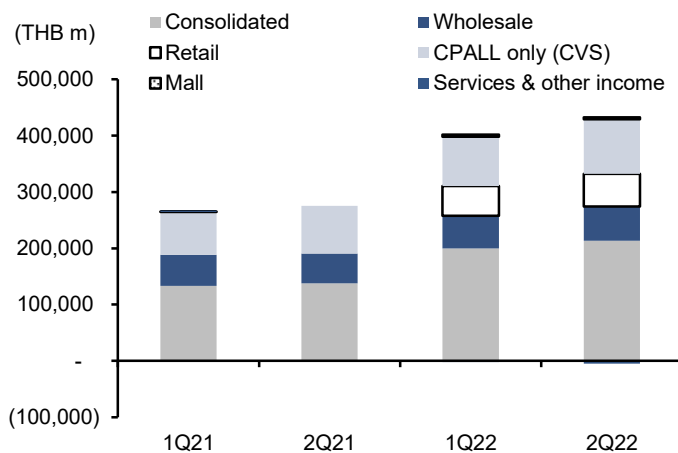
	B2B					B2C			
	Classic	Eco Plus	Foodservice	Food Shop	Small Formats	Hypermarkets	Supermarkets	Mini-supermarkets	
	79	15	40	4	2	7	224	202	2,171
	147					2,597			
	1	1					46	18	
		3							
			1						
			1						
	7					64			
Total	154					2,661			
	830,216 sq.m					1,829,330 sq.m			

Source: MAKRO

While MAKRO has generated consistently higher quarterly revenue and net profits in recent years, and a net profit of THB1.4b on revenue of THB61b in 2Q22, we project MAKRO to continue to deliver strong revenue and net profit growth in 2022-24, backed by its solid market presence in five countries, including Thailand, Cambodia, Vietnam, Laos, and China.

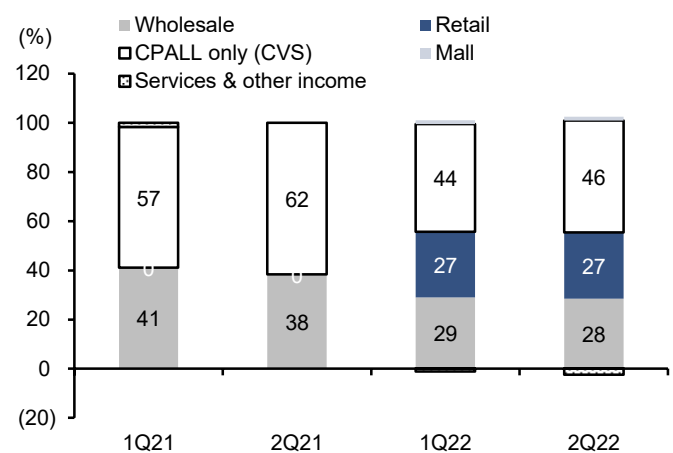
Positioned between the cash-and-carry, B2B-focused MAKRO, and the B2C-focused 7-11 CVS stores, Lotus's business model attracts both individual (B2C) and corporate (B2B) customers with a variety of products at a reasonable price. This, in our view, uniquely positions Lotus's to grow its revenue based on a rental-driven, market-focused retail business model that exploits gaps in the consumer retail industry.

Exhibit 12: Revenue breakdown by segment



Sources: CPALL; MAKRO; FSSIA estimates

Exhibit 13: Revenue breakdown by segment (%)

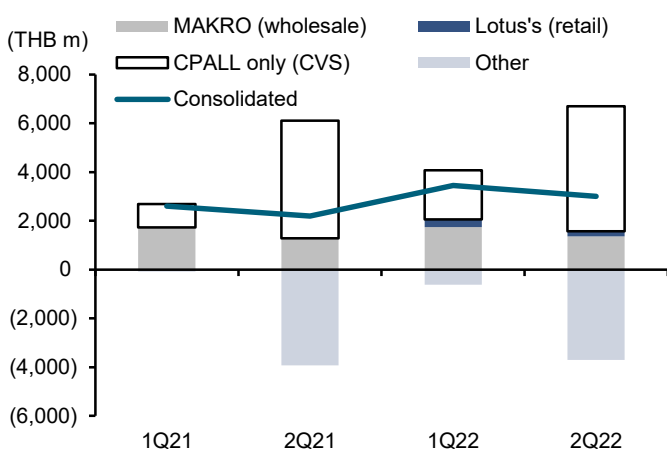


Sources: CPALL; MAKRO; FSSIA estimates

CPALL's CVS sits at the other end of consumer demand, offering a "convenience" value proposition rather than the "competitive price" offered by MAKRO, and Lotus's mixed format of convenience and competitiveness.

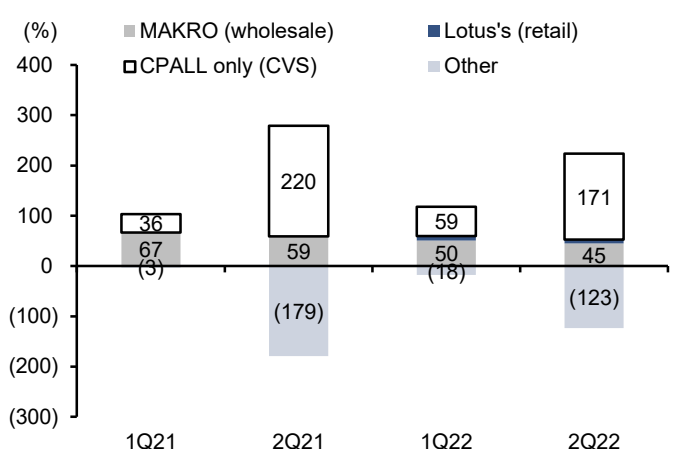
The convenience-centric value proposition has helped CPALL expand the number of its CVS outlets by around 700 outlets annually in the past decade without reaching the point of market saturation. We think this is because each 7-11 store's size and format is capable of serving only a limited number of customers at any given time in order to ensure the maximum 'convenience' value to customers.

Exhibit 14: Net profit breakdown by segment



Sources: CPALL; MAKRO

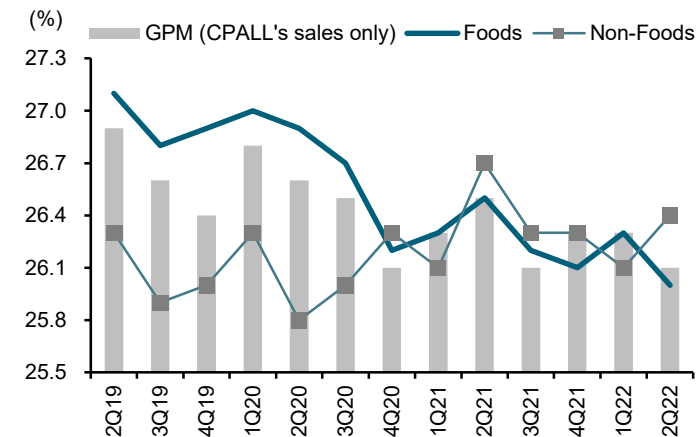
Exhibit 15: Net profit breakdown by segment (%)



Sources: CPALL; MAKRO

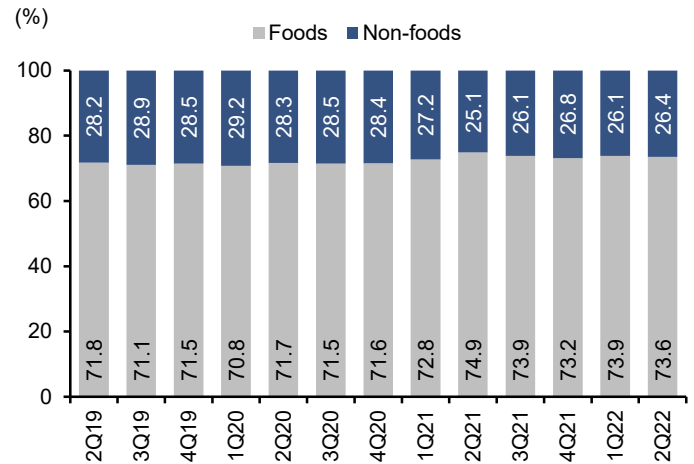
Strategy #1: Improve product mix via higher food sales proportion. In the past four years, CPALL has successfully raised the proportion of its food revenue by introducing and increasing the number of ready-to-eat (RTE) products at its flagship 7-11 CVS stores, which now total 13,433 stores as of 2Q22. Since 2Q19, CPALL has gradually increased the revenue proportion from food and beverages (F&B) to 73.6% in 2Q22, up from 71.8% in 2Q19. The higher GPM of F&B, excluding the dry food segment, should continue to enhance CPALL's CVS business GPM toward 28-30% in the next five years, based on our estimate.

Exhibit 16: GPM breakdown



Sources: CPALL, FSSIA estimates

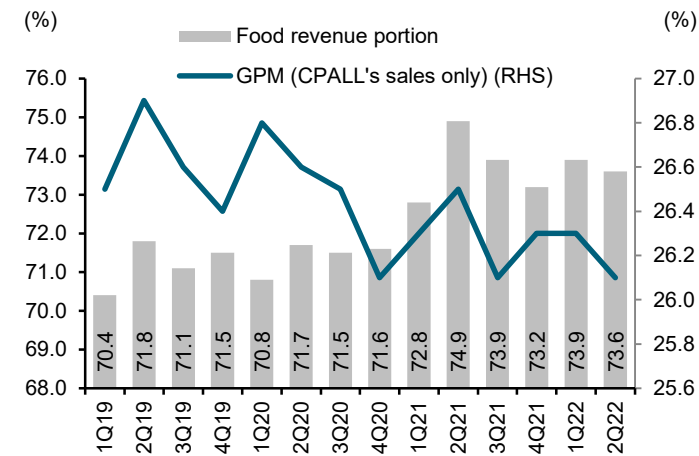
Exhibit 17: Sales mix breakdown (%)



Sources: CPALL, FSSIA estimates

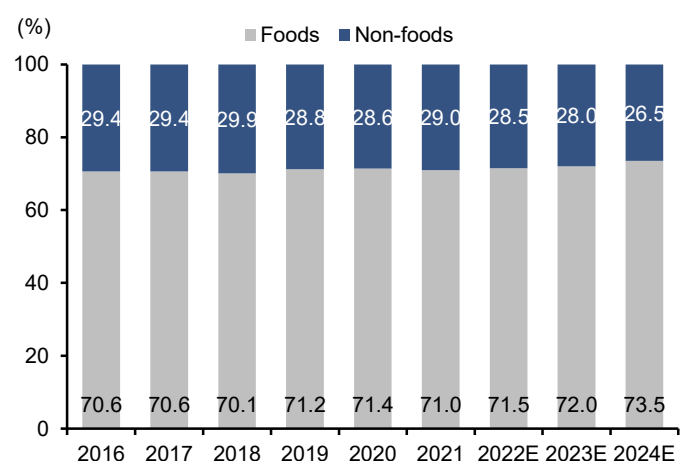
Within the CVS F&B segment (49.3% of CVS revenue in 2Q22), food accounted for 25.8% and beverages 23.6%. With a high GPM of 29.4% for food, mostly RTE products and 'All Café' beverages under the 'Eat Now' marketing concept, CPALL has succeeded in boosting its revenue and net profit from F&B in the past decade, based on our estimates.

Exhibit 18: Food (F&B) revenue as % of total revenue vs CVS GPM



Source: CPALL

Exhibit 19: CVS revenue breakdown by food and non-food

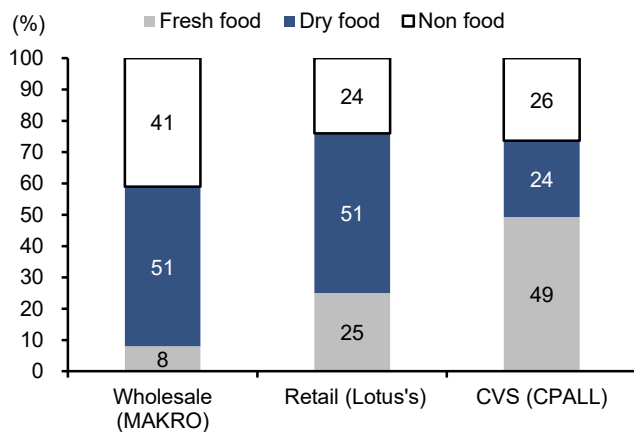


Sources: CPALL; FSSIA estimates

While dry food (24%) generates a lower GPM at 19% vs 29.4% for F&B, we believe CPALL should continue to benefit from the higher revenue generated by the rising number of product SKUs thanks to 7-11's strong brand and franchise model with nationwide branch coverage.

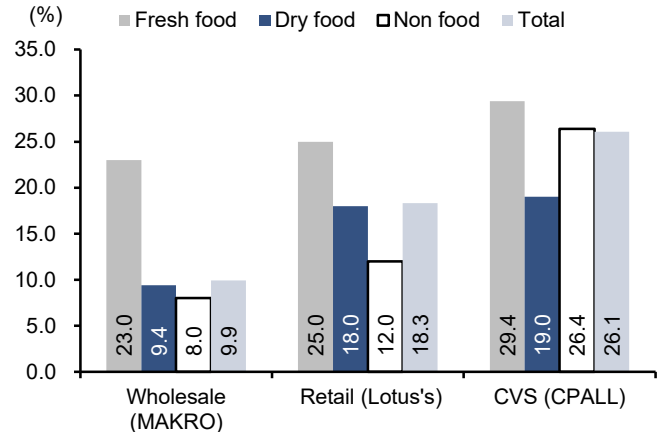
For the non-food segment (26%), there are three product categories. Cigarettes (8%) generate a low GPM due to price competition, while personal care and other household products have higher GPMs, resulting in a 26.4% GPM for the non-food segment. Hence, CPALL is likely to continue to enjoy good performance from its non-food segment while boosting F&B sales.

Exhibit 20: Revenue breakdown by distribution and product segment as of 2Q22 (%)



Sources: CPALL; MAKRO; FSSIA estimates

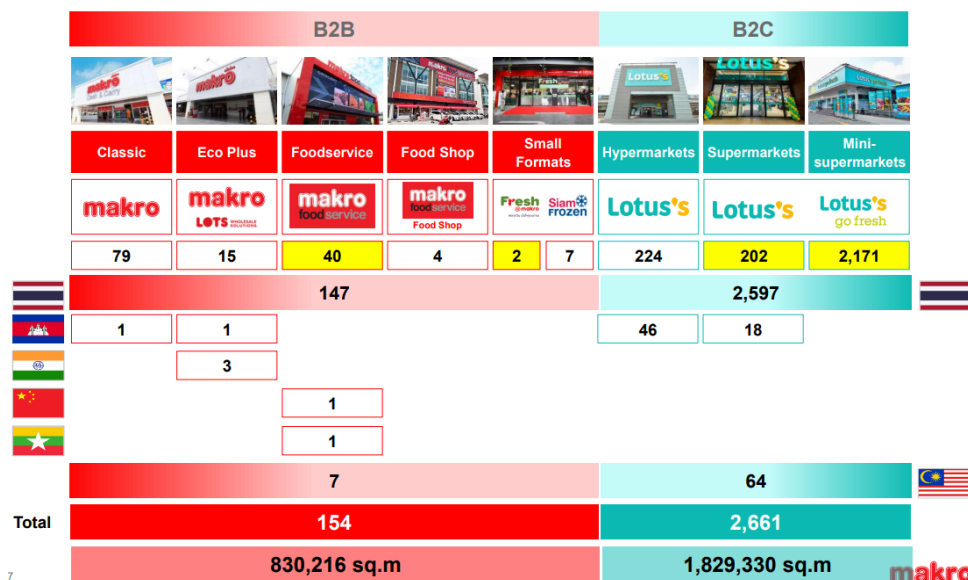
Exhibit 21: Gross profit margin by distribution and product segment as of 2Q22 (%)



Sources: CPALL; MAKRO; FSSIA estimates

Strategy #2: Market and outlet expansions. CPALL now aims to expand not only the number of its 7-11 outlets (+c700 annually), MAKRO (+c10-20), and Lotus's (+c20-30) but also targets penetrating into new markets where each business unit already has a presence.

Exhibit 22: MAKRO and Lotus's store formats as of 2Q22





Source: MAKRO

In 2Q22, MAKRO added three stores in the food service format and one store in the Fresh@Makro format – a small- to medium-sized store serving mainly food customers, which is MAKRO's core product strength. As of 2Q22, MAKRO operates a total of 154 stores.

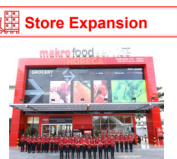


Meanwhile, Lotus's added 18 new stores in Thailand, comprising 17 mini supermarkets and one supermarket, bringing its total to 2,597 stores in Thailand and 64 stores in Malaysia as of 2Q22.

Exhibit 23: MAKRO and Lotus's store expansion in 2H22E

Store Expansion	
	THAILAND
	1. Uttaradit - Eco Plus 5,000 m ²
	2. Phatthanakan - Fresh@Makro 700 m ²
	3. Muangthong - Foodservice 2,000 m ²
	4. LeabKlong 2 - Foodservice 1,800 m ²
	5. Aom Noi - Classic 3,866 m ²
	INTERNATIONAL
	1. Delhi (Sarita Vihar) - Eco Plus 3,252 m ²
	2. Phnom Penh II - Eco Plus 5,000 m ²
	THAILAND
	1. Nuan chan BKK - Supermarket 890 m ²
	2. North Ratchapruet BKK - Hypermarket 5,000 m ²
	3. Icon Siam BKK - Hypermarket 2,400 m ²
	4. 45-50 stores of Mini - Go Fresh
	MALAYSIA
	1. 3 stores of Supermarket

Source: MAKRO

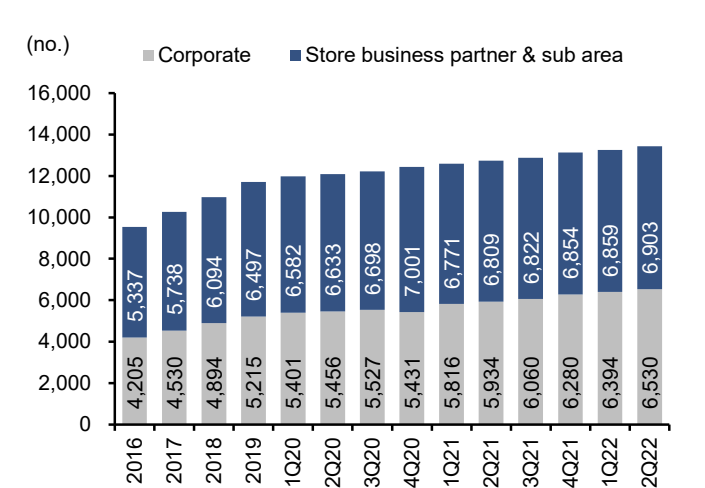
Exhibit 24: MAKRO and Lotus's store expansion in 2Q22

Store Expansion	
	• 3 Foodservice & 1 Fresh@Makro opened
	• Total 147 stores in Thailand, with total sales space 796,277 m²
	• 18 stores opened: 1 Super and 17 Mini
	• Total 2,597 stores with total sales space 1,530,279 m² and Mall space 724,906 m²
	• NO new store opened
	• Total 64 stores with total sales space 299,051 m² and Mall space 303,579 m²

Source: MAKRO

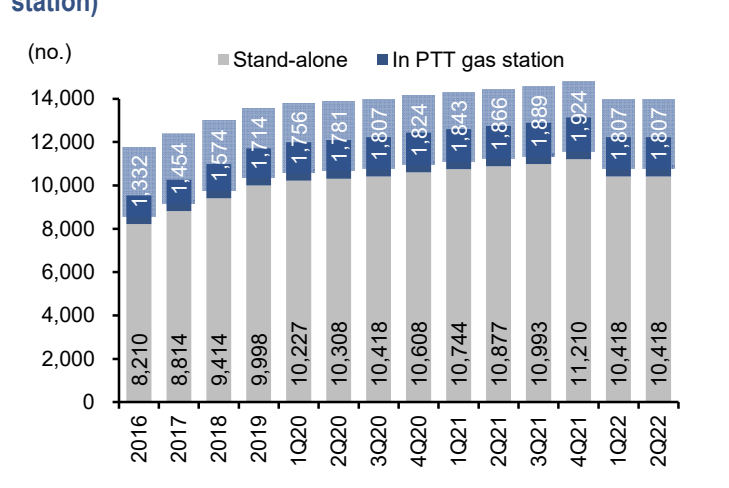
As for CVS, CPALL added 299 new stores in 1H22 and still targets 700 new stores in 2022. Most of the new CVS stores follow the stand-alone format while a few new stores were opened inside PTT Oil and Retail Business (OR TB, BUY, TP THB31)'s oil stations in tandem with OR's plan for adding 100 new oil stations annually.

Exhibit 25: Number of CVS stores (corporate and partner)



Source: CPALL

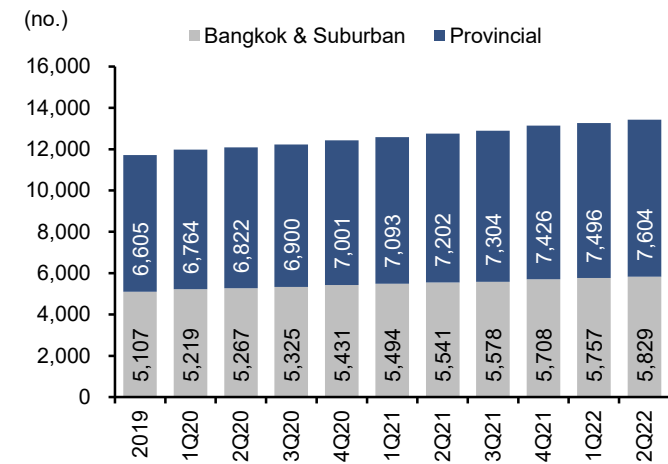
Exhibit 26: Number of CVS stores (stand-alone and in-station)



Source: CPALL

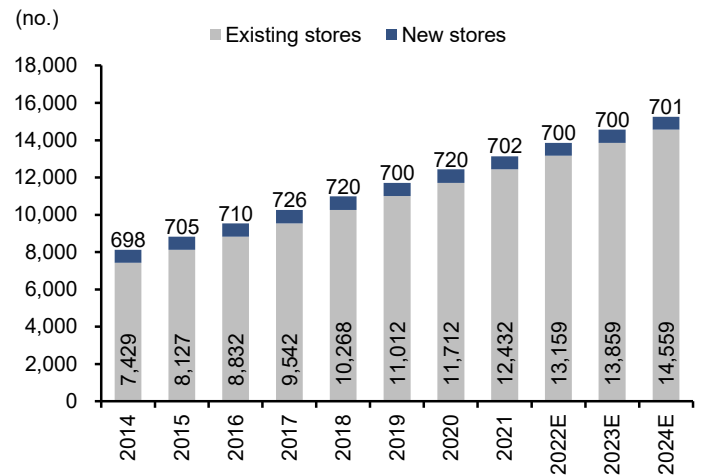
According to management, CPALL plans to expand the number of 7-11 stores, mostly outside Bangkok's centre, in the stand-alone format with a parking space in front or surrounding the store to serve the growing demand from 'park-and-purchase' customers.

Exhibit 27: CVS store numbers by location



Source: CPALL

Exhibit 28: Number of CVS stores



Source: CPALL

'Park-and-purchase' vs 'grab-and-go'. As of 2Q22, around 60% of CPALL's total 13,433 CVS stores were stand-alone format with a parking space. The remaining 40% were the traditional 7-11 shop house format without a parking space but located in highly populated areas where customers could walk to the store within a few minutes.

The trend of 'park-and-purchase' (PP) vs 'grab-and-go' (GG) reflects CPALL's highly consumer-centric and agile organisational culture that is able to adapt to changing consumer lifestyles, in our view.

While the investment cost for both PP and GG stores is almost equal at around THB6m-7m per store, the key differences are 1) an average area of 120-150sqm for PP vs only 40sqm for GG; and 2) over 50% of the cost for PP is for construction whereas over 50% of the cost for GG is for renovations.

Exhibit 29: A shop house CVS format without parking space



Source: CPALL

Exhibit 30: A stand-alone CVS format with parking space



Source: CPALL

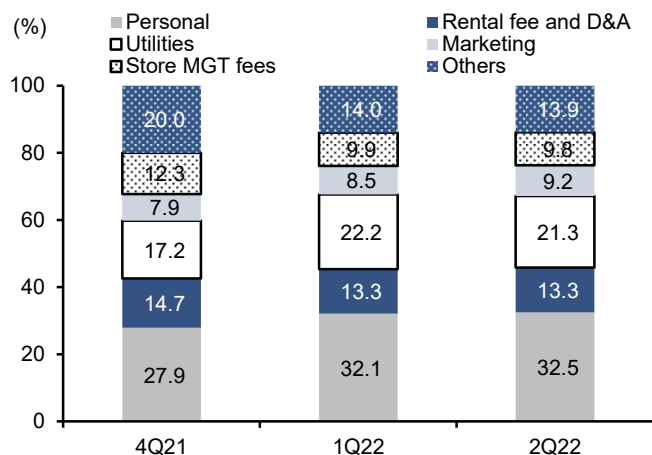
Overseas market opportunities. In addition, CPALL plans 'cross penetration' into new markets for each of its business units. While MAKRO could enter the Malaysian market where Lotus's already has a market presence, Lotus's could also expand into MAKRO's overseas markets in Laos, Cambodia, China, and Vietnam, given that Lotus's and MAKRO now have few or no limitations in terms of licensing issues when expanding into new markets.

Capex for expansion. CPALL plans to invest THB11.5b-12b in its CVS business, including store expansions (THB3.8b-THB4.0b), renovations (THB2.4b-2.5b), investment in new projects and distribution centres (THB4.0b-4.1b), and investments in fixed assets and information technology systems (IT).

For the wholesale segment, capex in the range of THB10.2b-11.4b would be invested in 2022 for the domestic expansion of MAKRO stores (THB4.5b-5.5b), international store expansion (THB1.2b-1.3b), distribution centres, business initiatives, and customer engagement (THB4.1b), and B2B marketplaces (THB0.4b-0.5b).

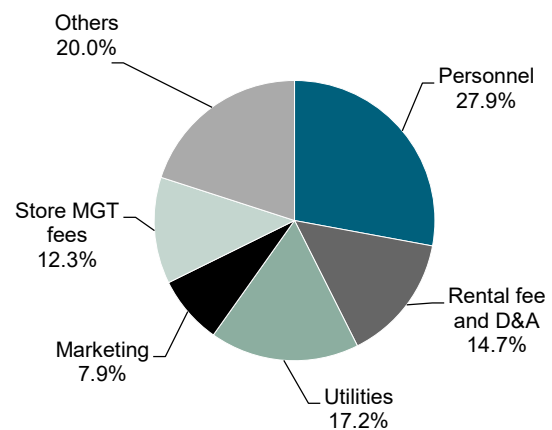
For the Lotus's unit, CPALL aims to spend THB12.5b-13.5b, mainly on new stores and malls (THB4.0b-THB5.0b), IT and rebranding (THB3.0b-3.5b) ahead of the exit of the former parent company of Lotus's at the end of 2022, renovations (THB2.5b), and energy savings, maintenance, and new businesses (THB3.0b).

Exhibit 31: SG&A expense breakdown by major expenses



Source: CPALL

Exhibit 32: SG&A breakdown in 2Q22



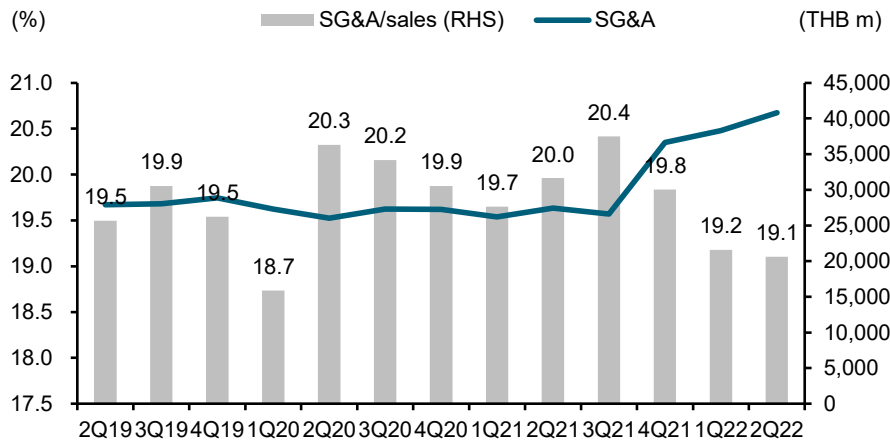
Source: CPALL

Strategy #3: Synergies for distribution, products, and markets. The third and most important strategy is to integrate and synergise CPALL's three business units to enhance operational efficiency, cost savings, infrastructure and information sharing, cross-product selling, improvements in customer offerings, and overseas market expansion.

Cost savings. During the Covid-19 pandemic in 2020-21, CPALL successfully reduced its cost structure by lowering the SG&A to sales ratio from the 19.5-20.4% range to 19.2% in 1Q22 and 19.1% in 2Q22 – lower than the pre-Covid-19 level of 19.5-19.9% seen in 2Q19-4Q19. Management expects the SG&A to sales ratio to stay within the 19.0-19.3% range in 2022-24 and decline further to below 19% by 2023 as revenue growth continues to outpace SG&A growth.

Product and distribution synergies. Management believes the strengths of MAKRO's food value chain and CPALL's distribution channel should allow CPALL to create a more effective and expansive marketing strategy that allows the cross selling of fresh food, dry food, and non-food among its three business units. The efficient distribution network of its 7-11 CVS stores in terms of both delivery and online-to-offline channels should help create an integrated marketplace platform for all the products offered by 7-11, MAKRO, and Lotus's stores, in our view.

Exhibit 33: SG&A/sales ratio continues to decline



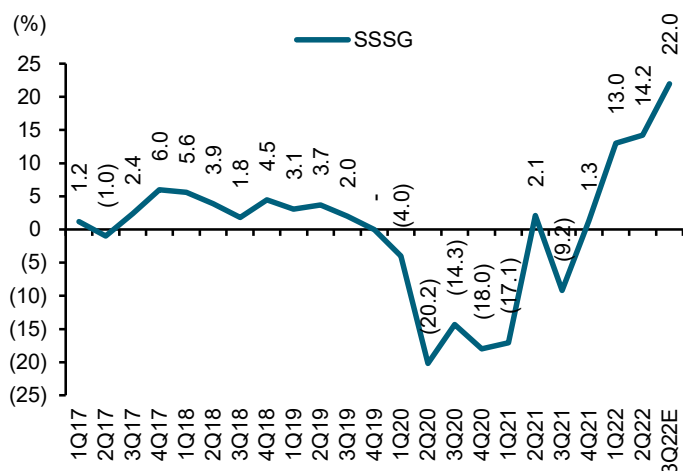
Source: CPALL

Expect strong earnings growth momentum to continue in 2H22-2023

We project CPALL to deliver strong earnings growth of 47% y-y in 2022, 30% y-y in 2023, and 21% y-y in 2024. The key catalysts, in our view, would be:

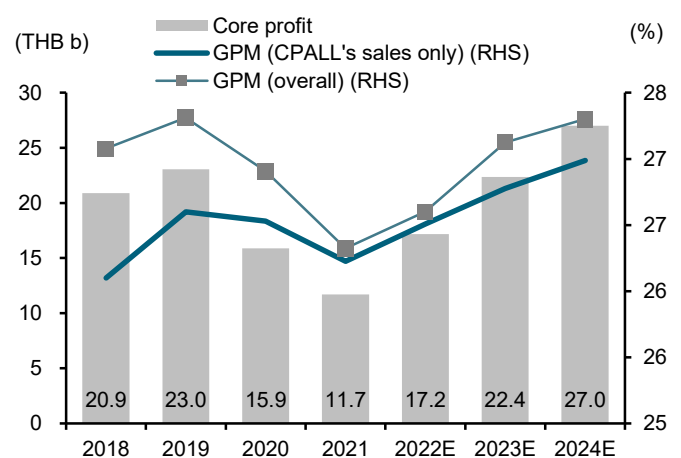
- Strong revenue growth from branch expansions, new market penetration, and higher customer numbers per store per day.
- Higher estimated SSSG of over 20% in 3Q22 and above 10% in 4Q22 onward due to higher demand following the recent 5% minimum wage hike.
- Lower interest expenses after MAKRO uses the funds raised from its PO to repay debts, and improving operating net profits from Lotus's and MAKRO which should further reduce CPALL's outstanding interest-bearing debt of THB121.9b as of 2Q22 (31% in THB, 15% in MYR, and 54% in USD).

Exhibit 34: SSSG



Sources: CPALL; FSSIA estimates

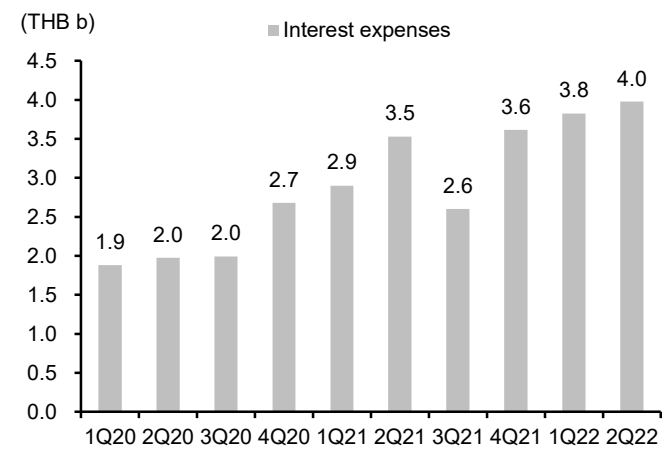
Exhibit 35: Core net profit, GPM for CVS and overall



Sources: CPALL; FSSIA estimates

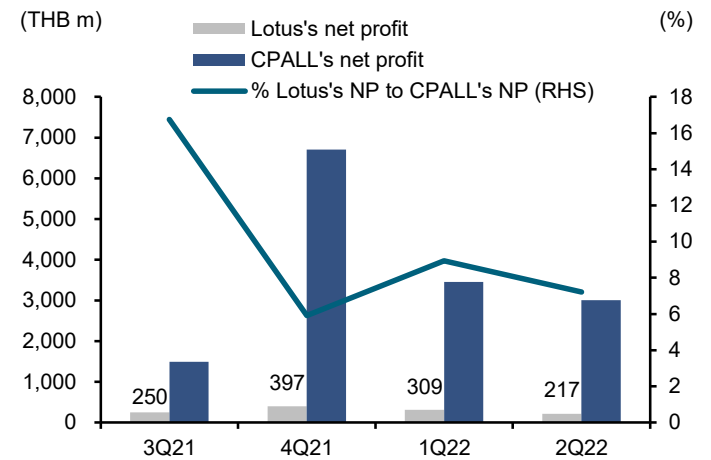
- A piecemeal improvement in the net profit contribution from Lotus's, which we project to rise from THB0.2b-THB0.3b a quarter in 1H22 to THB0.3b-THB0.4b in 2H22, and THB0.8b-THB1.2b a quarter in 2023, as we project the debts to be repaid with operating cash flow.

Exhibit 36: Quarterly interest expense



Sources: CPALL; FSSIA estimates

Exhibit 37: Lotus's net profit as % of CPALL's net profit



Sources: CPALL; MAKRO; FSSIA estimates

EPS and TP revisions

We maintain BUY and our DCF-based TP of THB82. We revise our EPS forecasts by -0.3%/-1.8%/+24.7% in 2022-24 to reflect our estimates for higher interest expenses following the higher-than-expected quarterly interest expenses, and our view on the interest rate uptrend. In 2024, we raise our EPS forecast by 24.7% as we project the net profit from Lotus's to significantly improve to over THB3.0b due to higher revenue growth and lower interest expenses as well as the normalised expenses related to the investment in IT and rebranding.

Exhibit 38: Changes in key assumptions and net profit

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenue (THB m)	861,347	950,970	1,040,472	839,830	927,135	1,005,143	2.6	2.6	3.5
SSSG (%)	6.0	8.0	8.0	6.0	8.0	8.0	0.0	0.0	0.0
CVS gross margin (%)	28.0	28.3	28.5	28.0	28.3	28.3	0.0	0.0	0.1
Consolidated GPM	22.8	23.2	23.3	22.8	23.2	23.2	(0.0)	(0.0)	0.1
No. of new stores	700	700	700	700	700	700	0.0	0.0	0.0
SG&A to sales (%)	19.7	19.7	19.6	19.7	19.7	19.6	0.0	0.0	(0.0)
Interest expenses (THB m)	16,583	16,498	16,407	16,317	16,139	17,360	1.6	2.2	(5.5)
Net profit (THB m)	17,188	22,365	27,007	17,239	22,767	21,652	(0.3)	(1.8)	24.7
Core EPS (THB/share)	1.9	2.5	3.0	1.9	2.5	2.4	(0.3)	(1.8)	24.7

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

Sources: CPALL; FSSIA estimates

Exhibit 39: DCF-based valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.0	
Terminal growth	2.0	
NPV		417
Add: terminal value		968
Sum of PV		1,386
Add: investment		15
Less: debt		393
Less: minorities		330
Residual ordinary equity		734
No. of shares (m)		8,983
Residual ordinary equity (THB/share)		82

Sources: CPALL; FSSIA estimates

Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	546,207	585,743	861,347	950,970	1,040,472
Cost of goods sold	(399,233)	(431,562)	(632,224)	(693,032)	(756,416)
Gross profit	146,974	154,181	229,124	257,937	284,055
Other operating income	0	0	0	0	0
Operating costs	(107,858)	(116,867)	(169,495)	(187,189)	(203,768)
Operating EBITDA	39,116	37,315	59,629	70,748	80,287
Depreciation	(11,647)	(13,277)	(16,116)	(18,714)	(19,828)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	27,469	24,038	43,513	52,035	60,459
Net financing costs	(8,369)	(12,514)	(15,964)	(16,201)	(16,138)
Associates	(63)	(226)	0	0	0
Recurring non-operating income	(63)	(226)	0	0	0
Non-recurring items	226	1,280	0	0	0
Profit before tax	19,262	12,577	27,550	35,834	44,321
Tax	(2,759)	(525)	(4,132)	(5,375)	(7,978)
Profit after tax	16,503	12,052	23,417	30,459	36,343
Minority interests	(400)	933	(6,229)	(8,094)	(9,336)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	16,102	12,985	17,188	22,365	27,007
Non-recurring items & goodwill (net)	(226)	(1,280)	0	0	0
Recurring net profit	15,876	11,706	17,188	22,365	27,007
Per share (THB)					
Recurring EPS *	1.77	1.30	1.91	2.49	3.01
Reported EPS	1.79	1.45	1.91	2.49	3.01
DPS	0.90	0.60	0.77	1.00	1.20
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
Growth					
Revenue (%)	(4.3)	7.2	47.1	10.4	9.4
Operating EBITDA (%)	(13.3)	(4.6)	59.8	18.6	13.5
Operating EBIT (%)	(19.0)	(12.5)	81.0	19.6	16.2
Recurring EPS (%)	(31.1)	(26.3)	46.8	30.1	20.8
Reported EPS (%)	(27.9)	(19.4)	32.4	30.1	20.8
Operating performance					
Gross margin inc. depreciation (%)	24.8	24.1	24.7	25.2	25.4
Gross margin of key business (%)	21.9	21.3	22.8	23.2	23.3
Operating EBITDA margin (%)	7.2	6.4	6.9	7.4	7.7
Operating EBIT margin (%)	5.0	4.1	5.1	5.5	5.8
Net margin (%)	2.9	2.0	2.0	2.4	2.6
Effective tax rate (%)	14.4	4.6	15.0	15.0	18.0
Dividend payout on recurring profit (%)	50.9	46.0	40.0	40.0	40.0
Interest cover (X)	3.3	1.9	2.7	3.2	3.7
Inventory days	28.9	34.8	31.0	31.4	31.5
Debtor days	6.1	8.1	8.6	9.5	9.6
Creditor days	83.2	95.7	70.8	58.9	59.0
Operating ROIC (%)	37.2	22.6	23.2	24.4	27.6
ROIC (%)	7.4	4.2	4.4	4.4	4.9
ROE (%)	16.7	11.7	15.7	18.5	19.9
ROA (%)	5.2	3.1	3.6	3.8	4.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Sales	525,884	565,207	839,481	926,738	1,012,482
Other income	20,323	20,536	21,867	24,232	27,990

Sources: CP All; FSSIA estimates

Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	15,876	11,706	17,188	22,365	27,007
Depreciation	11,647	13,277	16,116	18,714	19,828
Associates & minorities	464	(707)	6,229	8,094	9,336
Other non-cash items	-	-	-	-	-
Change in working capital	(6,528)	24,046	(44,909)	2,409	2,496
Cash flow from operations	21,459	48,321	(5,376)	51,581	58,667
Capex - maintenance	0	0	0	0	0
Capex - new investment	(15,763)	(104,611)	(19,750)	(20,177)	(20,613)
Net acquisitions & disposals	(86,238)	75,273	(2)	(2)	(2)
Other investments (net)	(5,711)	(265,758)	(209,078)	9,201	11,114
Cash flow from investing	(107,712)	(295,096)	(228,831)	(10,978)	(9,502)
Dividends paid	(8,085)	(5,390)	(6,875)	(8,946)	(10,803)
Equity finance	(193)	174,772	135,000	0	0
Debt finance	104,638	133,901	45,282	(35,322)	(40,247)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	96,360	303,283	173,407	(44,268)	(51,050)
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	10,107	56,508	(60,800)	(3,664)	(1,885)
Free cash flow to firm (FCFF)	(77,727.53)	(234,131.90)	(217,623.54)	57,101.54	65,572.63
Free cash flow to equity (FCFE)	18,384.46	(112,874.06)	(188,924.50)	5,282.12	8,917.89

Per share (THB)

FCFF per share	(8.65)	(26.06)	(24.23)	6.36	7.30
FCFE per share	2.05	(12.57)	(21.03)	0.59	0.99
Recurring cash flow per share	3.12	2.70	4.40	5.47	6.25

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	192,440	291,987	310,689	329,764	349,222
Less: Accumulated depreciation	(72,241)	(80,454)	(95,521)	(113,133)	(131,805)
Tangible fixed assets (net)	120,199	211,533	215,168	216,631	217,417
Intangible fixed assets (net)	128,096	360,641	615,641	615,641	615,641
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	85,588	14,838	14,840	14,842	14,844
Cash & equivalents	40,626	97,134	36,334	32,670	30,785
A/C receivable	8,828	17,085	23,599	26,054	28,506
Inventories	31,749	50,535	56,841	62,400	68,054
Other current assets	202	1,019	1,499	1,655	1,811
Current assets	81,404	165,773	118,272	122,778	129,156
Other assets	108,067	179,107	185,507	192,226	199,282
Total assets	523,354	931,893	1,149,428	1,162,119	1,176,340
Common equity	96,759	104,134	114,447	127,866	144,071
Minorities etc.	14,836	188,673	329,902	337,996	347,332
Total shareholders' equity	111,595	292,807	444,349	465,862	491,402
Long term debt	221,503	311,679	384,409	351,320	310,619
Other long-term liabilities	66,874	112,518	160,500	177,200	193,877
Long-term liabilities	288,377	424,197	544,908	528,520	504,496
A/C payable	87,577	138,666	106,576	116,999	127,602
Short term debt	28,276	72,000	44,553	42,320	42,774
Other current liabilities	7,529	4,222	9,041	8,418	10,066
Current liabilities	123,383	214,888	160,170	167,737	180,441
Total liabilities and shareholders' equity	523,354	931,893	1,149,428	1,162,119	1,176,340
Net working capital	(54,328)	(74,248)	(33,679)	(35,309)	(39,296)
Invested capital	387,622	691,871	997,477	1,004,032	1,007,888

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

Per share (THB)

Book value per share	8.55	9.38	10.52	12.02	13.82
Tangible book value per share	(5.70)	(30.77)	(58.01)	(56.52)	(54.71)

Financial strength

Net debt/equity (%)	187.4	97.9	88.4	77.5	65.7
Net debt/total assets (%)	40.0	30.7	34.2	31.1	27.4
Current ratio (x)	0.7	0.8	0.7	0.7	0.7
CF interest cover (x)	5.1	0.3	(9.6)	2.6	2.8

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	33.7	45.7	31.1	23.9	19.8
Recurring P/E @ target price (x) *	46.4	62.9	42.9	32.9	27.3
Reported P/E (x)	33.2	41.2	31.1	23.9	19.8
Dividend yield (%)	1.5	1.0	1.3	1.7	2.0
Price/book (x)	7.0	6.3	5.7	5.0	4.3
Price/tangible book (x)	(10.4)	(1.9)	(1.0)	(1.1)	(1.1)
EV/EBITDA (x) **	19.9	27.6	21.4	17.7	15.2
EV/EBITDA @ target price (x) **	25.1	33.0	24.8	20.6	17.8
EV/invested capital (x)	2.0	1.5	1.3	1.2	1.2

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

Sources: CP All; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEOIL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEA OIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

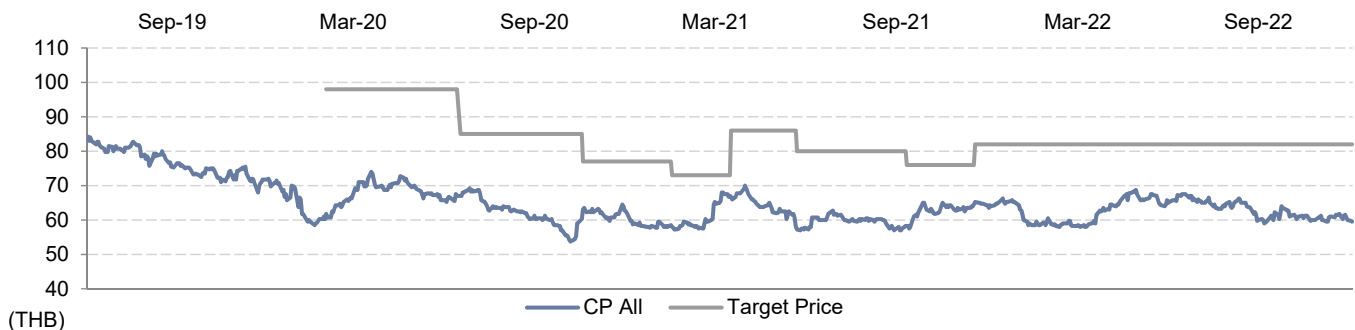
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

History of change in investment rating and/or target price

CP All (CPALL TB)



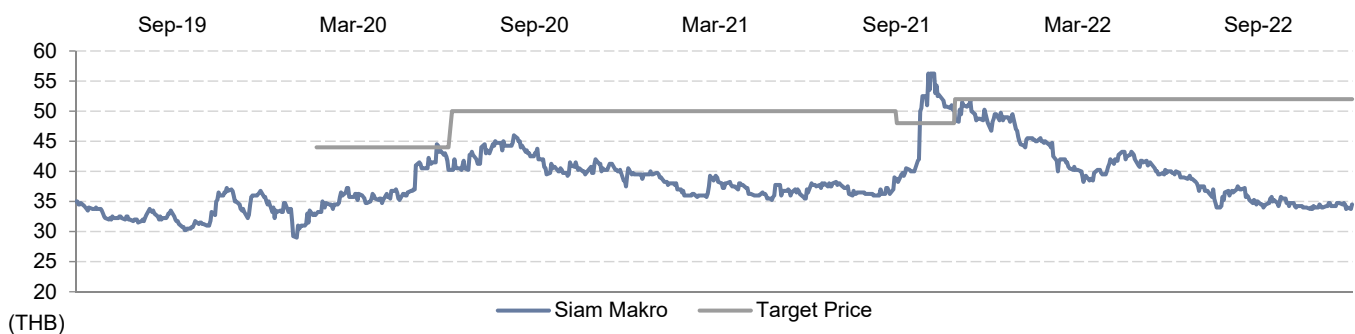
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	98.00	25-Jan-2021	BUY	73.00	16-Aug-2021	BUY	76.00
24-Jul-2020	BUY	85.00	17-Mar-2021	BUY	86.00	14-Oct-2021	BUY	82.00
09-Nov-2020	BUY	77.00	13-May-2021	BUY	80.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 29-Jul-2022

Price and TP are in local currency

Source: FSSIA estimates

Siam Makro (MAKRO TB)



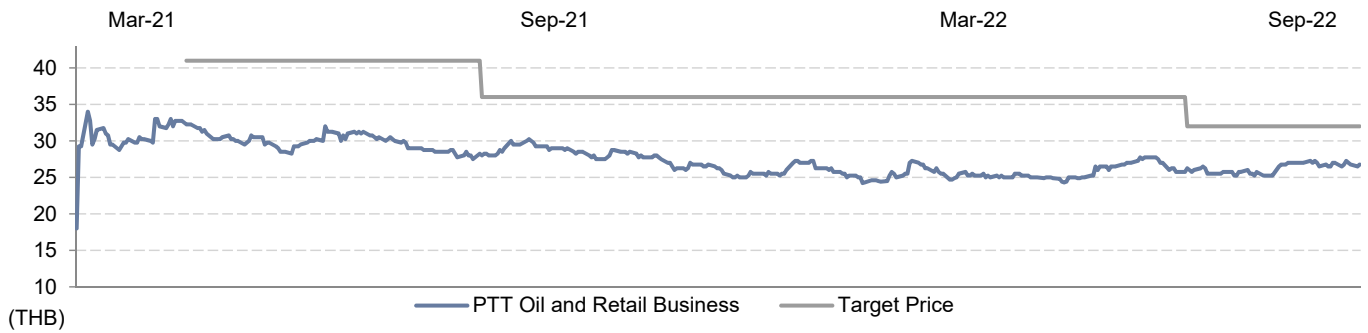
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	44.00	11-Aug-2021	BUY	48.00	22-Feb-2022	BUY	52.00
24-Jul-2020	BUY	50.00	30-Sep-2021	HOLD	52.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 29-Jul-2022

Price and TP are in local currency

Source: FSSIA estimates

PTT Oil and Retail Business (OR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	09-Aug-2021	BUY	36.00	20-Jun-2022	BUY	32.00

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 59.50	BUY	The key downside risks to our DCF-derived TP are: 1) a 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) a slow recovery in tourist numbers.
Siam Makro	MAKRO TB	THB 34.50	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
PTT Oil and Retail Business	OR TB	THB 26.75	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

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 06-Sep-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.