

# CP AXTRA CPAXT TB

THAILAND / COMMERCE

**BUY**  
UNCHANGED

## 3Q23 results at first glance

TARGET PRICE THB38.00  
CLOSE THB28.00  
UP/DOWNSIDE +35.7%  
TP vs CONSENSUS +4.3%

### 3Q23 core profit weaker than estimates

#### Highlights

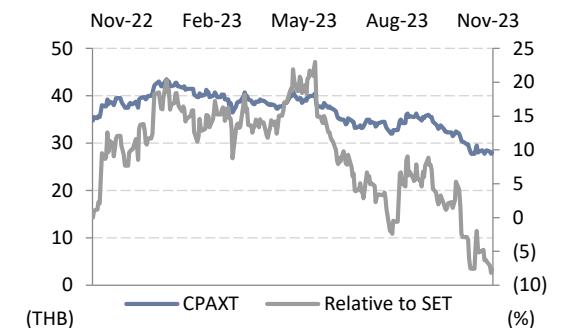
- CPAXT reported a 3Q23 net profit of THB1,677m (+11% q-q, +5% y-y). Excluding a loss of THB39m from asset sales in China, the core profit equaled THB1,716m (+1% q-q, +7% y-y) from lower interest expenses after CPAXT has refinanced its USD debts.
- 3Q23 sales amounted to THB114b, down by 2% q-q due to seasonality and up by 3% y-y due to higher SSSG in two businesses. Specifically, wholesale revenue stood at THB63b, increasing 5% y-y from SSSG of 3.2% and branch expansion. Excluding price deflation, wholesale SSSG was 6.6%, while retail sales equaled THB50b, up by 1% y-y due to SSSG of 2.2% y-y after a shift in the strategy to focus on fresh food and ready-to-cook and sales promotion. Excluding price deflation, retail SSSG was 4%.
- The overall gross margin was 13.7% (vs 2Q23 of 13.5% and 3Q22 of 14.5%). It was down by 80bps y-y due mainly to its core retail unit introducing sales promotions to stimulate sales during a slow economic recovery. SG&A expenses increased by 1.4% y-y due to wholesale in tandem with branch expansion, investment in Omni Channel, and y-y higher electricity prices.

#### Outlook

- 9M23 core profit equaled THB5,495m (+5% y-y), securing 62% of our full-year estimate. We put our profit estimate and 2024 TP under review.
- We expect continued q-q and y-y growth in 4Q23 due to a high wholesale and retail season and lower expenses.
- Wholesale 4QTD SSSG remained positive at 1% due to last year's high base, the half-half co-payment scheme, and price deflation, while retail 4QTD SSSG continued at 5% due to sales promotions.

#### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	466,082	497,903	530,641	571,933
Net profit	7,697	8,835	11,126	13,810
EPS (THB)	0.73	0.84	1.05	1.31
vs Consensus (%)	-	(2.4)	(5.6)	0.7
EBITDA	34,252	34,143	37,672	41,626
Recurring net profit	7,697	8,933	11,126	13,810
Core EPS (THB)	0.73	0.84	1.05	1.31
EPS growth (%)	10.4	16.1	24.6	24.1
Core P/E (x)	38.5	33.2	26.6	21.5
Dividend yield (%)	1.8	2.1	2.6	3.3
EV/EBITDA (x)	10.8	10.6	9.7	8.8
Price/book (x)	1.0	1.0	1.0	1.0
Net debt/Equity (%)	25.7	21.7	23.6	23.0
ROE (%)	2.7	3.1	3.8	4.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.8)	(12.5)	(21.1)
Relative to country (%)	(12.2)	(5.9)	(8.8)
Mkt cap (USD m)	8,321		
3m avg. daily turnover (USD m)	8.2		
Free float (%)	15		
Major shareholder	CP ALL (60%)		
12m high/low (THB)	43.50/27.50		
Issued shares (m)	10,580.32		

Sources: Bloomberg consensus; FSSIA estimates



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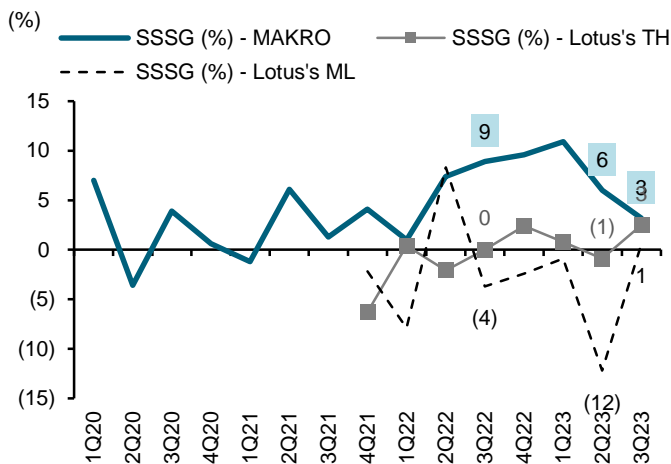
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Exhibit 1: 3Q23 results summary

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	Change		9M23		
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)	(%23)
<b>Total revenue</b>	<b>114,963</b>	<b>121,995</b>	<b>119,089</b>	<b>120,909</b>	<b>118,837</b>	<b>(2)</b>	<b>3</b>	<b>358,835</b>	<b>4</b>	<b>72</b>
- Retail sales	110,162	117,389	114,044	115,980	113,838	(2)	3	343,863	4	72
- Service income	1,354	1,165	1,487	1,445	1,405	(3)	4	4,336	2	76
- Rental and rendering retail services	3,447	3,952	3,558	3,484	3,594	3	4	10,636	12	71
<b>Gross profit</b>	<b>19,232</b>	<b>20,332</b>	<b>19,473</b>	<b>19,001</b>	<b>18,930</b>	<b>(0)</b>	<b>(2)</b>	<b>57,405</b>	<b>2</b>	<b>70</b>
Operating costs	(16,031)	(16,419)	(16,106)	(16,306)	(16,263)	(0.3)	1.4	(48,676)	5	71
<b>Operating profit</b>	<b>3,201</b>	<b>3,913</b>	<b>3,367</b>	<b>2,695</b>	<b>2,667</b>	<b>(1)</b>	<b>(17)</b>	<b>8,729</b>	<b>(10)</b>	<b>63</b>
Other income	597	1,386	1,133	703	665	(5)	11	2,501	50	97
EBIT	3,798	5,299	4,500	3,398	3,332	(2)	(12)	11,230	n/a	68
Interest expense	(1,826)	(2,204)	(1,895)	(1,570)	(1,403)	(11)	(23)	(4,868)	(1)	76
Profit before tax	1,972	3,095	2,605	1,828	1,929	6	(2)	6,362	(2)	64
Tax	(603)	(810)	(647)	(527)	(448)	(15)	(26)	(1,622)	(15)	81
Associates	230	175	193	201	185	(8)	(20)	579	(12)	63
Minority interests	3	11	15	14	11	(19)	231	40	837	266
Non-recurring items	0	(225)	87	(185)	(39)	(79)	n/a	(137)	n/a	100
Reported net profit	1,602	2,471	2,166	1,516	1,677	11	5	5,358	3	61
<b>Recurring net profit</b>	<b>1,602</b>	<b>2,696</b>	<b>2,079</b>	<b>1,701</b>	<b>1,716</b>	<b>1</b>	<b>7</b>	<b>5,495</b>	<b>5</b>	<b>62</b>
EPS (THB)	0.15	0.23	0.20	0.14	0.16	11	5	0.51	3	61
<b>Recurring EPS (THB)</b>	<b>0.15</b>	<b>0.25</b>	<b>0.20</b>	<b>0.16</b>	<b>0.16</b>	<b>1</b>	<b>7</b>	<b>0.52</b>	<b>5</b>	<b>62</b>
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>	
Gross profit margin from sales	14.5	14.2	14.0	13.5	13.7	0.2	(0.8)	13.7	(0.5)	
Gross profit margin	16.7	16.6	16.4	15.7	15.9	0.2	(0.8)	16.0	(0.3)	
Operating margin	2.8	3.2	2.8	2.2	2.2	0.0	(0.5)	2.4	(0.4)	
Recurring net margin	1.4	2.2	1.7	1.4	1.4	0.0	0.1	1.5	0.0	
SG&A / Sales	14.6	14.0	14.1	14.1	14.3	0.2	(0.3)	14.2	0.1	
<b>Operating statistics</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>			
SSSG (%) - MAKRO	8.9	9.6	10.9	6.0	3.2	(2.8)	(5.7)			
SSSG (%) - Lotus's TH	0.0	2.4	0.8	(0.9)	2.5	3.4	2.5			
SSSG (%) - Lotus's ML	(3.7)	(2.4)	(0.9)	(12.2)	0.6	12.8	4.3			
Number of stores (Wholesales) (no.)	154	162	163	163	164					
Number of stores (Lotus) (no.)	2,644	2,643	2,654	2,565	2,525					

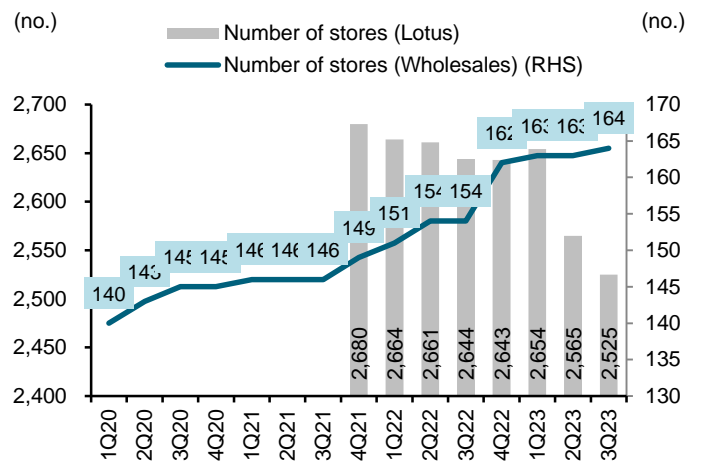
Sources: CPAXT; FSSIA estimates

Exhibit 2: Same-store sales growth by business unit



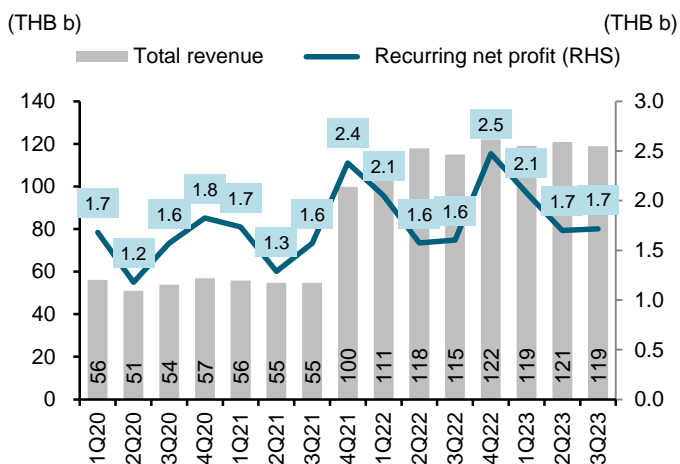
Source: CPAXT

Exhibit 3: Number of stores



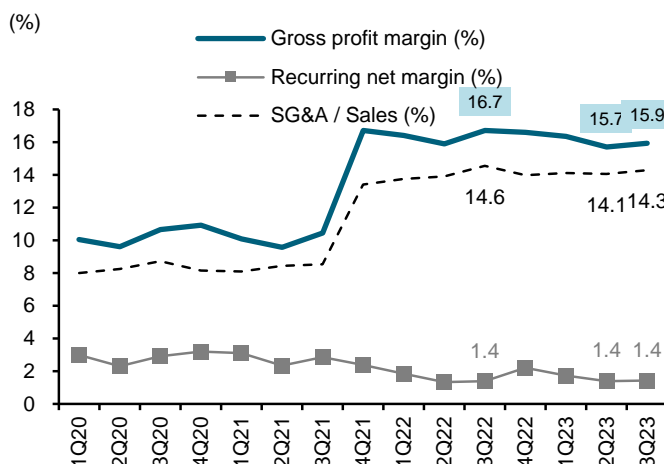
Source: CPAXT

**Exhibit 4: Quarterly earnings**



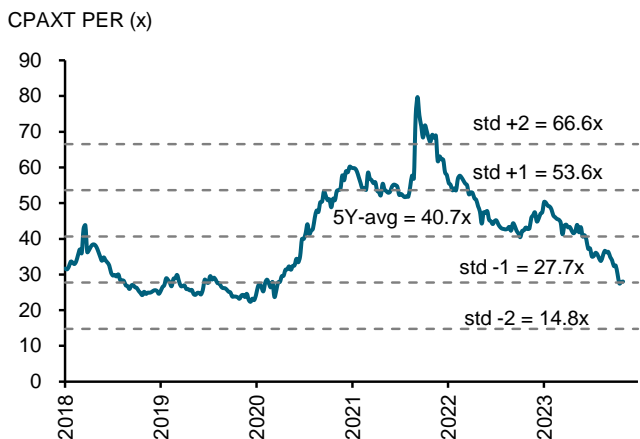
Source: CPAXT

**Exhibit 5: Profitability**



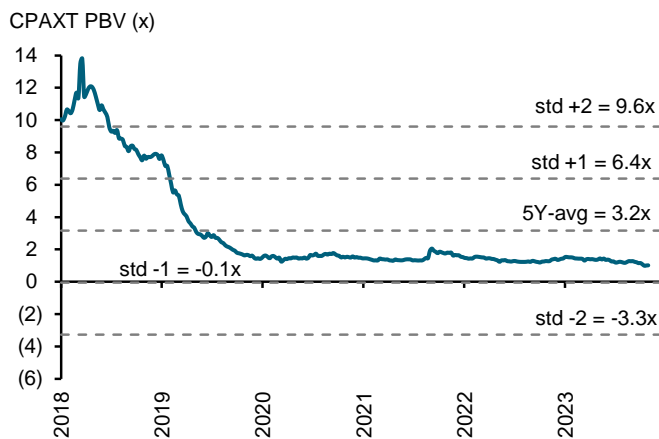
Source: CPAXT

**Exhibit 6: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 8: Commerce peers as of 8 November 2023**

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Consumer Staple</b>														
CP All	CPALL TB	BUY	55.75	77.00	38	14,066	30.5	25.8	15.6	17.0	5.0	4.6	21.5	19.1
CP Axta	CPAXT TB	BUY	28.00	38.00	36	8,321	33.2	26.6	3.1	3.8	1.0	1.0	10.6	9.7
Berli Jucker*	BJC TB	n/a	29.75	n/a	n/a	3,355	20.8	18.0	4.6	5.3	1.0	0.9	13.4	12.8
<b>Consumer Staple average</b>						<b>25,743</b>	<b>28.2</b>	<b>23.5</b>	<b>7.8</b>	<b>8.7</b>	<b>2.3</b>	<b>2.2</b>	<b>15.2</b>	<b>13.9</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	27.00	38.70	43	1,809	18.8	16.1	44.8	45.6	7.9	6.8	13.5	11.5
Central Retail Corp*	CRC TB	n/a	37.25	n/a	n/a	6,322	27.3	22.2	12.8	14.1	3.3	3.0	11.2	10.2
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	23.20	26.70	15	329	16.9	15.2	12.0	12.7	2.0	1.9	8.0	7.3
Home Product Center	HMPRO TB	BUY	11.90	16.00	34	4,396	23.8	21.5	26.4	27.7	6.1	5.8	14.0	12.9
Siam Global House	GLOBAL TB	BUY	16.90	18.00	7	2,374	30.7	28.0	12.1	12.2	3.6	3.3	22.8	20.9
Dohome	DOHOME TB	BUY	11.60	13.00	12	1,006	60.3	32.2	4.9	8.5	2.9	2.6	26.0	19.1
<b>Home Improvement avg.</b>						<b>8,105</b>	<b>32.9</b>	<b>24.2</b>	<b>13.8</b>	<b>15.3</b>	<b>3.6</b>	<b>3.4</b>	<b>17.7</b>	<b>15.0</b>
<b>Consumer Discretionary avg.</b>						<b>16,236</b>	<b>29.6</b>	<b>22.5</b>	<b>18.8</b>	<b>20.2</b>	<b>4.3</b>	<b>3.9</b>	<b>15.9</b>	<b>13.6</b>
<b>Total average</b>						<b>41,979</b>	<b>29.1</b>	<b>22.8</b>	<b>15.1</b>	<b>16.3</b>	<b>3.6</b>	<b>3.3</b>	<b>15.7</b>	<b>13.7</b>

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

CP Axtra

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	265,398	466,082	497,903	530,641	571,933
Cost of goods sold	(229,384)	(389,588)	(415,901)	(442,719)	(476,706)
<b>Gross profit</b>	<b>36,014</b>	<b>76,494</b>	<b>82,002</b>	<b>87,921</b>	<b>95,228</b>
Other operating income	970	3,050	2,570	2,667	2,799
Operating costs	(26,490)	(62,842)	(68,126)	(71,655)	(75,728)
<b>Operating EBITDA</b>	<b>16,622</b>	<b>34,252</b>	<b>34,143</b>	<b>37,672</b>	<b>41,626</b>
Depreciation	(6,128)	(17,551)	(17,698)	(18,738)	(19,328)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>10,494</b>	<b>16,701</b>	<b>16,445</b>	<b>18,933</b>	<b>22,298</b>
Net financing costs	(1,557)	(7,122)	(6,446)	(6,250)	(6,319)
Associates	(226)	831	918	964	1,012
Recurring non-operating income	(226)	831	918	964	1,012
Non-recurring items	6,714	0	(98)	0	0
<b>Profit before tax</b>	<b>15,425</b>	<b>10,411</b>	<b>10,820</b>	<b>13,648</b>	<b>16,991</b>
Tax	(2,128)	(2,729)	(2,000)	(2,537)	(3,196)
<b>Profit after tax</b>	<b>13,298</b>	<b>7,682</b>	<b>8,820</b>	<b>11,111</b>	<b>13,795</b>
Minority interests	389	15	15	15	15
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>13,687</b>	<b>7,697</b>	<b>8,835</b>	<b>11,126</b>	<b>13,810</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(6,714)</b>	<b>0</b>	<b>98</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,972</b>	<b>7,697</b>	<b>8,933</b>	<b>11,126</b>	<b>13,810</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.66	0.73	0.84	1.05	1.31
Reported EPS	1.29	0.73	0.84	1.05	1.31
DPS	0.32	0.51	0.58	0.74	0.91
Diluted shares (used to calculate per share data)	10,580	10,580	10,580	10,580	10,580
<b>Growth</b>					
Revenue (%)	21.6	75.6	6.8	6.6	7.8
Operating EBITDA (%)	32.6	106.1	(0.3)	10.3	10.5
Operating EBIT (%)	17.2	59.1	(1.5)	15.1	17.8
Recurring EPS (%)	(51.8)	10.4	16.1	24.6	24.1
Reported EPS (%)	(5.4)	(43.8)	14.8	25.9	24.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	13.6	16.4	16.5	16.6	16.7
Gross margin exc. depreciation (%)	15.9	20.2	20.0	20.1	20.0
Operating EBITDA margin (%)	6.3	7.3	6.9	7.1	7.3
Operating EBIT margin (%)	4.0	3.6	3.3	3.6	3.9
Net margin (%)	2.6	1.7	1.8	2.1	2.4
Effective tax rate (%)	23.8	28.5	20.0	20.0	20.0
Dividend payout on recurring profit (%)	48.6	70.1	69.2	70.0	70.0
Interest cover (X)	6.6	2.5	2.7	3.2	3.7
Inventory days	38.0	34.2	33.0	30.4	30.2
Debtor days	2.2	1.9	2.9	3.9	3.9
Creditor days	72.1	59.9	60.7	64.3	66.4
Operating ROIC (%)	17.7	15.4	17.6	20.2	22.0
ROIC (%)	2.9	3.0	3.3	3.8	4.3
ROE (%)	3.5	2.7	3.1	3.8	4.6
ROA (%)	2.1	2.3	2.5	2.8	3.2
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	258,630	447,182	477,221	507,973	547,261
Service income	4,136	5,422	5,704	5,826	6,011
Rental and rendering retail services	2,631	13,477	14,978	16,841	18,661

Sources: CP Axtra; FSSIA estimates

## Financial Statements

### CP Axtra

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,972	7,697	8,933	11,126	13,810
Depreciation	6,128	17,551	17,698	18,738	19,328
Associates & minorities	419	96	0	0	0
Other non-cash items	(191)	(187)	597	(203)	249
Change in working capital	13,416	(4,400)	9,439	5,631	5,419
<b>Cash flow from operations</b>	<b>26,744</b>	<b>20,757</b>	<b>36,666</b>	<b>35,292</b>	<b>38,806</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(93,470)	(15,872)	(27,280)	(28,898)	(30,179)
Net acquisitions & disposals	(229,281)	(5,027)	(3,130)	(3,296)	(3,459)
Other investments (net)	12,662	815	9,898	(2,970)	4,324
<b>Cash flow from investing</b>	<b>(310,090)</b>	<b>(20,085)</b>	<b>(20,511)</b>	<b>(35,164)</b>	<b>(29,314)</b>
Dividends paid	(3,386)	(5,396)	(6,184)	(7,788)	(9,667)
Equity finance	176,619	50	185	185	185
Debt finance	168,123	(23,753)	1,162	5,524	(1,857)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>341,357</b>	<b>(29,099)</b>	<b>(4,837)</b>	<b>(2,080)</b>	<b>(11,339)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>(98)</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>58,011</b>	<b>(28,426)</b>	<b>11,220</b>	<b>(1,951)</b>	<b>(1,846)</b>
Free cash flow to firm (FCFF)	(281,788.59)	7,794.01	22,601.00	6,378.00	15,812.07
Free cash flow to equity (FCFE)	(115,221.97)	(23,080.44)	17,219.50	5,651.95	7,636.07

### Per share (THB)

FCFF per share	(26.63)	0.74	2.14	0.60	1.49
FCFE per share	(10.89)	(2.18)	1.63	0.53	0.72
Recurring cash flow per share	1.26	2.38	2.57	2.80	3.16

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	141,469	148,498	175,778	204,676	234,855
Less: Accumulated depreciation	(23,025)	(30,383)	(46,597)	(63,718)	(81,299)
<b>Tangible fixed assets (net)</b>	<b>118,444</b>	<b>118,115</b>	<b>129,181</b>	<b>140,958</b>	<b>153,556</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	14,310	14,961	14,961	14,961	14,961
Cash & equivalents	68,530	40,103	51,323	49,372	47,525
A/C receivable	2,301	2,431	5,456	5,815	6,268
Inventories	31,967	37,820	34,184	36,388	39,181
Other current assets	7,203	7,001	7,479	7,971	8,591
<b>Current assets</b>	<b>110,001</b>	<b>87,355</b>	<b>98,442</b>	<b>99,546</b>	<b>101,566</b>
Other assets	326,737	328,213	330,082	331,989	333,934
<b>Total assets</b>	<b>569,491</b>	<b>548,643</b>	<b>572,666</b>	<b>587,454</b>	<b>604,016</b>
Common equity	287,997	290,348	293,184	296,706	301,034
Minorities etc.	501	583	567	552	537
<b>Total shareholders' equity</b>	<b>288,498</b>	<b>290,931</b>	<b>293,751</b>	<b>297,259</b>	<b>301,572</b>
Long term debt	105,120	110,025	15,806	105,146	84,184
Other long-term liabilities	57,661	56,925	58,147	59,310	60,496
<b>Long-term liabilities</b>	<b>162,781</b>	<b>166,949</b>	<b>73,954</b>	<b>164,456</b>	<b>144,680</b>
A/C payable	60,236	61,818	70,646	78,840	87,505
Short term debt	34,269	4,796	99,179	14,429	32,581
Other current liabilities	23,707	24,148	35,136	32,470	37,679
<b>Current liabilities</b>	<b>118,211</b>	<b>90,763</b>	<b>204,962</b>	<b>125,739</b>	<b>157,765</b>
<b>Total liabilities and shareholders' equity</b>	<b>569,490</b>	<b>548,643</b>	<b>572,666</b>	<b>587,454</b>	<b>604,017</b>
Net working capital	(42,472)	(38,715)	(58,664)	(61,137)	(71,144)
Invested capital	417,018	422,573	415,560	426,772	431,307

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

### Per share (THB)

Book value per share	27.22	27.44	27.71	28.04	28.45
Tangible book value per share	27.22	27.44	27.71	28.04	28.45

### Financial strength

Net debt/equity (%)	24.6	25.7	21.7	23.6	23.0
Net debt/total assets (%)	12.4	13.6	11.1	12.0	11.5
Current ratio (x)	0.9	1.0	0.5	0.8	0.6
CF interest cover (x)	(13.0)	0.0	7.9	6.5	7.0

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>42.5</b>	<b>38.5</b>	<b>33.2</b>	<b>26.6</b>	<b>21.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>57.7</b>	<b>52.2</b>	<b>45.0</b>	<b>36.1</b>	<b>29.1</b>
Reported P/E (x)	21.6	38.5	33.5	26.6	21.5
Dividend yield (%)	1.1	1.8	2.1	2.6	3.3
Price/book (x)	1.0	1.0	1.0	1.0	1.0
Price/tangible book (x)	1.0	1.0	1.0	1.0	1.0
EV/EBITDA (x) **	22.1	10.8	10.6	9.7	8.8
EV/EBITDA @ target price (x) **	28.5	13.9	13.7	12.6	11.3
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.8

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

Sources: CP Axtra; FSSIA estimates

# CP Axtra PCL (CPAXT TB)

## FSSIA ESG rating



**59.46 /100**

### Exhibit 9: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

### Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPAXT	59.46	--	--	--	5.00	5.00	Certified	Low	52.81	--	--	74.64	63.00	3.80	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	—	—	—	—	<b>3.80</b>	—
BESG environmental pillar score	—	—	—	—	—	—	3.80	—
BESG social pillar score	—	—	—	—	—	—	3.77	—
BESG governance pillar score	—	—	—	—	—	—	3.84	—
<b>ESG disclosure score</b>	<b>33.03</b>	<b>42.58</b>	<b>50.91</b>	<b>61.55</b>	<b>61.98</b>	<b>62.50</b>	<b>62.50</b>	—
Environmental disclosure score	7.64	17.85	32.89	45.12	48.51	48.51	48.51	—
Social disclosure score	7.68	28.66	29.84	43.29	41.17	42.74	42.74	—
Governance disclosure score	83.59	81.10	89.86	96.12	96.12	96.12	96.12	—
<b>Environmental</b>								
Emissions reduction initiatives	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	No
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No	No
GHG scope 1	—	—	—	50	43	50	66	147
GHG scope 2 location-based	—	—	—	209	220	184	186	571
GHG Scope 3	—	—	—	—	5	58	59	136
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	Yes	Yes	Yes	Yes	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	329	347	730	390	395	419	442
Renewable energy use	—	0	0	0	3	18	36	40
Electricity used	—	—	—	360	377	367	371	390
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 12: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	0	0	0	0
Total waste	40	52	61	62	91	62	68	85
Waste recycled	33	37	43	42	70	40	39	59
Waste sent to landfills	7	15	18	20	21	21	26	23
Environmental supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	994
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes	Yes
Equal opportunity policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	55	55	55	55	55	55	52
Pct disabled in workforce	—	—	—	—	—	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	1	0	1	1	1	1	0
Total recordable incident rate - employees	—	1	0	1	1	1	1	1
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	—	13,365	13,786	14,560	15,212	16,108	16,920	23,280
Employee turnover pct	—	36	39	35	31	17	16	42
Total hours spent by firm - employee training	—	—	—	130,626	162,366	231,049	249,570	778,018
Social supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>18</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of women on board	2	2	2	2	3	3	3	2
No. of non-executive directors on board	10	7	7	7	7	13	13	13
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	4	5	7	6	9	13	7
Board meeting attendance pct	83	95	92	94	96	99	98	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	48	51	52	53	54	53	54	—
Age of the oldest director	79	80	81	82	83	78	79	—
<b>No. of executives / company managers</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>6</b>	<b>6</b>	<b>7</b>
No. of female executives	2	2	3	3	2	1	2	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	5	5	5	5	3	3	3	3
Audit committee meetings	5	5	5	5	5	8	11	8
Audit meeting attendance %	96	—	92	96	100	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	1	3	2	2	4	2	3	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	1	3	2	2	4	2	3	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation



Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainability</b>	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum 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.

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Company	Ticker	Price	Rating	Valuation & Risks
CP Aextra	CPAXT TB	THB 28.00	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.
CP All	CPALL TB	THB 55.75	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Com7	COM7 TB	THB 27.00	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Index Living Mall	ILM TB	THB 23.20	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 11.90	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 Global House	GLOBAL TB	THB 16.90	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 and a larger-than-expected impact on farm income from the El Nino effect.
Dohome PCL	DOHOME TB	THB 11.60	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino.

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.

All share prices are as at market close on 08-Nov-2023 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.