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THAILAND / COMMERCE

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3Q23 results at first glance

กำไรปกติ 3Q23 ดีกว่าที่เราและตลาดคาด 8% และ 2% ตามลำดับ

Highlights

- CPALL รายงานกำไรสุทธิ 3Q23 ที่ 4.4 พันลบ. (-0.3% q-q, 20% y-y) หากไม่รวม Fx gain 161 ลบ. CPALL มีกำไรปกติ 4.3 พันลบ. ลดลง 5% q-q ตามปัจจัยด้านฤดูกาล ขณะที่เพิ่มขึ้น 12% y-y จาก SSSG - CVS ที่ยังเติบโตได้ 3.5% (เรคาด 3%) และ Gross margin ที่ดีขึ้น 30 bps y-y จาก Product mix ที่ดีขึ้น
- CPALL มีรายได้จากการขายและบริการ 220 พันลบ. ลดลง 2.5% q-q จากปัจจัยด้านฤดูกาล ขณะที่เพิ่มขึ้น 6% y-y จาก SSSG ที่ยังโตได้ 3.5% y-y หนุนจากสาขาในจังหวัดท่องเที่ยวยังเติบโตดี ตามจำนวน Traffic ที่เพิ่มขึ้น 3.3% ทำให้ยอดขายต่อร้านต่อวันอยู่ที่ 79,308 บาท/ร้าน/วัน (+3.5% y-y) รวมถึงการขยายสาขาที่เพิ่มขึ้น 5.2% y-y
- อัตรากำไรขั้นต้นเฉพาะของ CVS ใน 3Q23 ที่ 27.9% ลดลง 46 bps q-q แต่เพิ่มขึ้น 27 bps y-y หนุนจาก Product mix ในกลุ่ม High margin เช่น Ready-to-eat และ Personal care สูงขึ้น ขณะที่กลุ่ม Low margin เช่น บุหรี่ ขายลดลง รวมถึงผลของการขึ้นราคาในปีที่แล้วของกลุ่ม All Cafe ขณะที่ SG&A expense ปรับลดลง 3% q-q จากค่าไฟที่ลดลง แต่เพิ่มขึ้น 6% y-y ตามจำนวนสาขาที่เพิ่มขึ้น

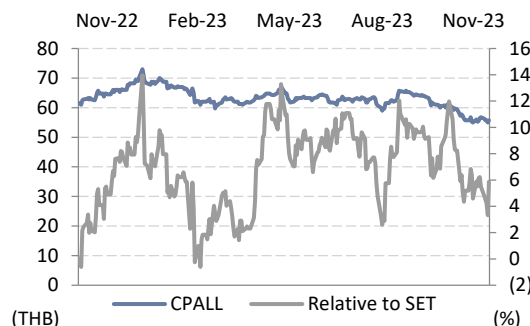
Outlook

- กำไรปกติ 9M23 เท่ากับ 12.8 พันลบ. (+24% y-y) คิดเป็น 78% ของประมาณการกำไรของเราทั้งปี ทั้งนี้เราเชื่อว่าจากผลการดำเนินงานของธุรกิจ CVS ที่ดี จะสามารถชดเชยผลการดำเนินงานของ CPAXT ที่น้อยกว่าที่เราคาดได้ ทำให้ downside ต่อประมาณการกำไรของ CPALL จำกัด สำหรับแนวโน้ม 4Q23 เราเชื่อว่าจะสามารถโตได้ y-y จาก Low base ในปีที่แล้วจากค่าใช้จ่ายพิเศษที่เกี่ยวข้องกับพนักงานในธุรกิจ CVS ขณะที่ SSSG เดือน Oct ยังเป็นบวกได้ราว 2% ธุรกิจ Wholesale บวกได้ 1% และธุรกิจ Retail บวกได้ 5%

TARGET PRICE	THB77.00
CLOSE	THB55.75
UP/DOWNSIDE	+38.1%
TP vs CONSENSUS	+2.2%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	829,099	902,362	975,667	1,060,793
Net profit	13,272	16,396	19,434	23,582
EPS (THB)	1.48	1.83	2.16	2.63
vs Consensus (%)	-	(4.6)	(9.6)	(6.0)
EBITDA	49,129	50,815	56,911	64,062
Recurring net profit	13,281	16,396	19,434	23,582
Core EPS (THB)	1.48	1.83	2.16	2.63
EPS growth (%)	13.5	23.5	18.5	21.3
Core P/E (x)	37.7	30.5	25.8	21.2
Dividend yield (%)	1.3	1.6	1.9	2.3
EV/EBITDA (x)	21.9	21.5	19.1	16.8
Price/book (x)	5.5	5.0	4.6	4.1
Net debt/Equity (%)	129.2	129.2	120.1	109.3
ROE (%)	13.0	15.6	17.0	18.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.9)	(6.7)	(8.6)
Relative to country (%)	(2.9)	3.0	6.5
Mkt cap (USD m)	13,946		
3m avg. daily turnover (USD m)	40.8		
Free float (%)	58		
Major shareholder	CP Group (35%)		
12m high/low (THB)	73.75/53.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



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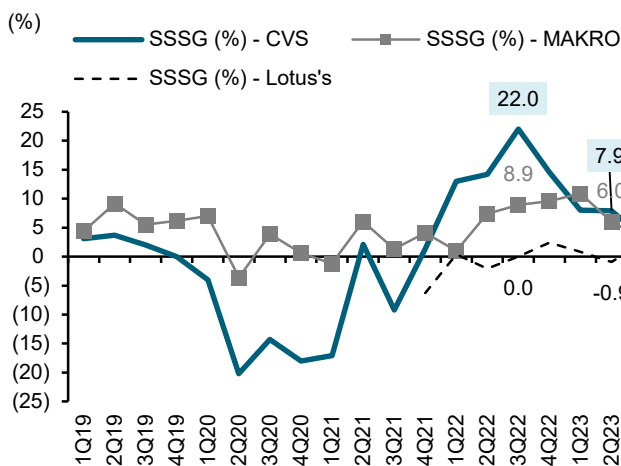
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Exhibit 1: 3Q23 results summary

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		----- 9M23 -----			2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%23E)	(THB m)	(y-y%)
Total revenue	207,617	218,863	215,895	225,603	220,051	(2.5)	6.0	661,548	8	73	902,362	9
Retail sales	207,617	218,863	215,895	225,603	220,051	(2.5)	6.0	661,548	8	73	902,362	9
COGS	(162,429)	(171,615)	(168,983)	(176,041)	(172,085)	(2.2)	5.9	(517,109)	8	73	(708,164)	9
Gross profit	45,188	47,248	46,913	49,561	47,966	(3.2)	6.1	144,440	10	74	194,198	9
Other income	6,191	6,548	6,125	6,399	6,215	(2.9)	0.4	18,739	10	70	26,837	16
Operating costs	(41,916)	(44,398)	(43,178)	(45,867)	(44,486)	(3.0)	6.1	(133,531)	10	74	(181,310)	10
Operating profit	9,463	9,397	9,859	10,094	9,695	(4.0)	2.4	29,648	11	75	39,725	11
Foreign exchange gain (loss)	(133)	231	352	(51)	161	(413)	(221)	461	(292)	2	27,068	15
Interest expense	(4,283)	(4,747)	(4,408)	(4,145)	(3,995)	(4)	(7)	(12,547)	4	78	(16,133)	(4)
Profit before tax	5,180	4,651	5,451	5,949	5,700	(4)	10	17,100	17	72	23,823	24
Tax	(987)	(996)	(1,043)	(1,073)	(970)	(10)	(2)	(3,085)	8	65	(4,765)	23
Equity income	230	175	193	201	185	(8)	(20)	579	n/a	63	918	10
Minority interests	(614)	(923)	(831)	(588)	(651)	11	6	(2,070)	2	58	(3,580)	21
Non-recurring items	(133)	231	42	(51)	161	(413)	(221)	152	(163)	n/a	0	(100)
Reported net profit	3,677	3,138	4,123	4,438	4,424	(0.3)	20	12,985	28	79	16,396	24
Recurring net profit	3,810	2,907	4,080	4,490	4,264	(5.0)	11.9	12,834	24	78	16,396	23
EPS (THB)	0.41	0.35	0.46	0.49	0.49	(0)	20	1.45	28	81	1.77	28
Recurring EPS (THB)	0.42	0.32	0.42	0.50	0.47	(5.0)	11.9	1.39	21	79	1.77	27
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(ppt)	(ppt)
Gross margin-overall	21.8	21.6	21.7	22.0	21.8	(0.2)	0.0	21.8	0.4		21.5	0.1
Gross margin-CVS	27.6	27.6	27.9	28.4	27.9	(0.46)	0.27	28.2	0.9		27.7	0.4
Operating margin	4.6	4.3	4.6	4.5	4.4	(0.1)	(0.2)	4.5	0.1		4.4	0.1
Recurring net margin	1.8	1.3	1.9	2.0	1.9	(0.1)	0.1	1.9	0.2		1.8	0.2
SG&A / Sales	20.2	20.3	20.0	20.3	20.2	(0.1)	0.0	20.2	0.4		20.1	0.1
Operating statistics					(q-q%)		(y-y%)					
Expansion (no.)	227	178	209	168	176	4.8	(22.5)	553	5.1		700	(1)
Outstanding store (no.)	13,660	13,838	14,047	14,215	14,391	1.2	5.4	14,391	5.4		14,538	5
Average daily sales/store (THB)	76,612	76,659	78,735	83,558	79,308	(5.1)	3.5				n/a	
Spending per ticker (THB)	82	84	84	84	82	(2.4)	0.0				n/a	
Daily customer/store (no.)	928	916	941	995	959	(3.6)	3.3				n/a	
SSSG CVS (%)	22.1	14.5	8.0	7.9	3.5						8.0	
SSSG - MAKRO (%)	8.9	9.6	10.9	6.0	3.2						6.0	
SSSG - Lotus's TH (%)	0.0	2.4	0.8	(0.9)	2.5						(0.5)	
SSSG - Lotus's ML (%)	(3.7)	(2.4)	(0.9)	(12.2)	0.6						(1.0)	

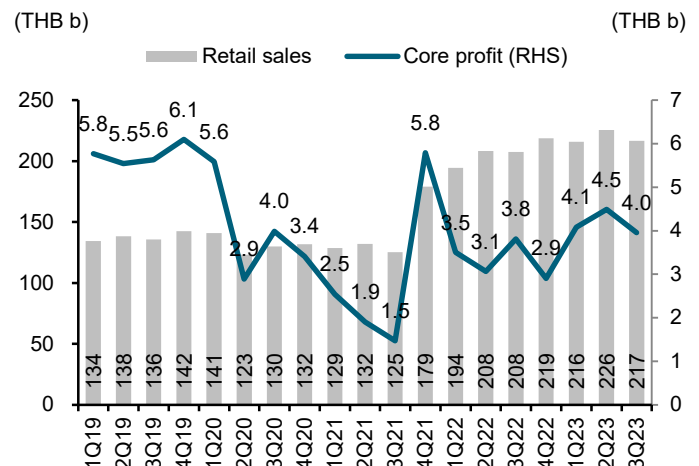
Sources: CPALL; FSSIA estimates

Exhibit 2: CPALL's SSSG breakdown by business unit



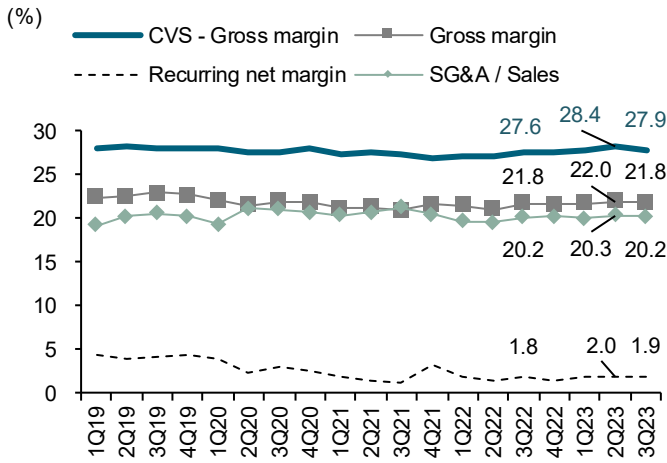
Sources: CPALL; FSSIA's compilation

Exhibit 3: CPALL's performance by quarter



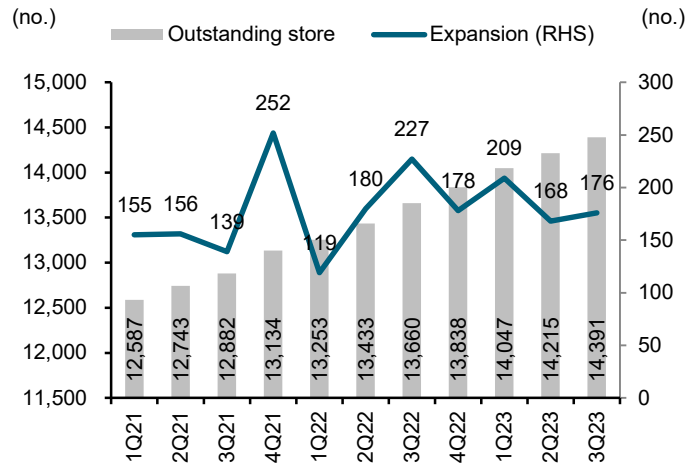
Sources: CPALL; FSSIA's compilation

Exhibit 4: CPALL's profitability



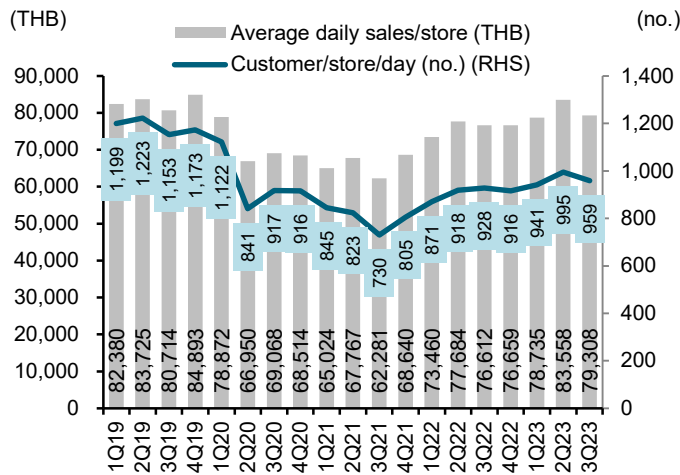
Sources: CPALL; FSSIA's compilation

Exhibit 5: CPALL's convenience stores



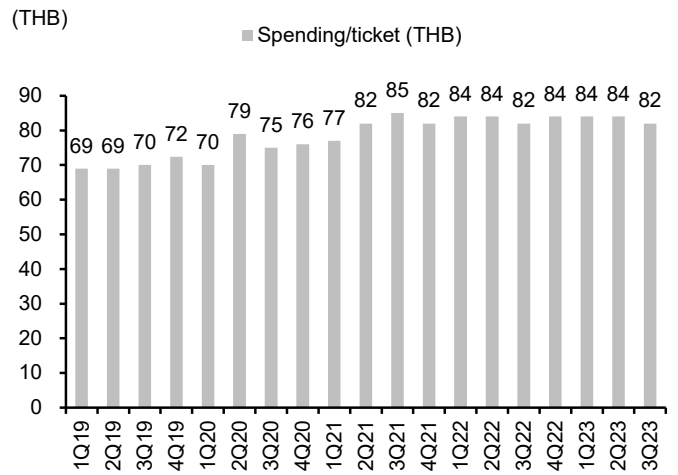
Sources: CPALL; FSSIA's compilation

Exhibit 6: Store performance and traffic



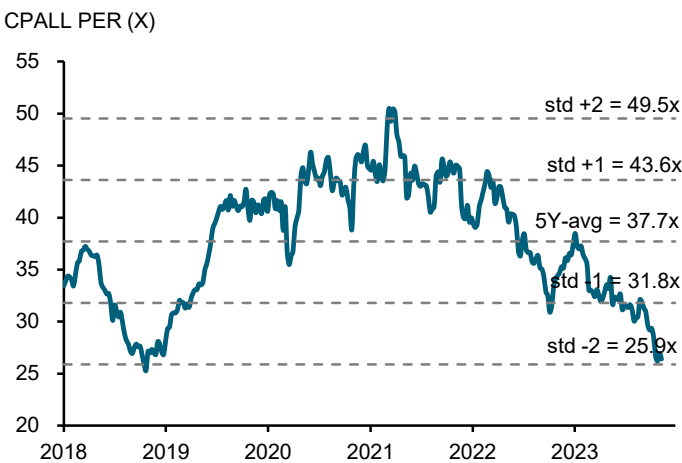
Sources: CPALL; FSSIA's compilation

Exhibit 7: Spending per ticket



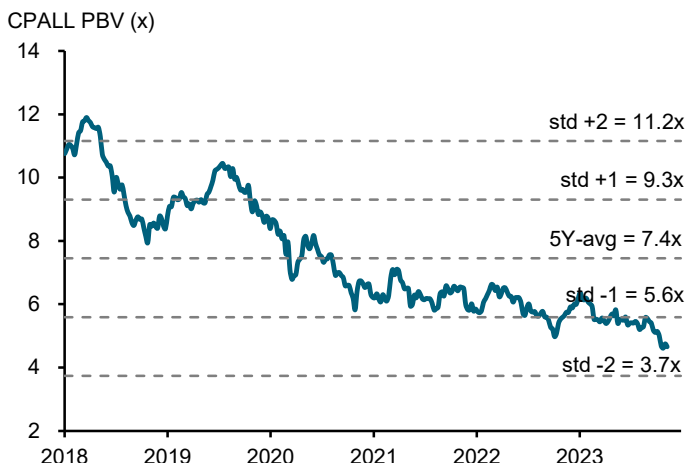
Sources: CPALL; FSSIA's compilation

Exhibit 8: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Commerce peers as of 10 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)
Consumer Staple														
CP All	CPALL TB	BUY	55.75	77.00	38	13,946	30.5	25.8	15.6	17.0	5.0	4.6	21.5	19.1
CP Axtra	CPAXT TB	BUY	27.00	38.00	41	7,955	32.0	25.7	3.1	3.8	1.0	1.0	10.2	9.5
Berli Jucker*	BJC TB	n/a	27.75	n/a	n/a	3,089	21.4	18.4	4.3	4.9	0.9	0.9	13.2	12.5
Consumer Staple average						24,990	28.0	23.3	7.7	8.6	2.3	2.1	15.0	13.7
Consumer Discretionary														
Com7	COM7 TB	BUY	26.00	38.70	49	1,727	18.1	15.5	44.8	45.6	7.6	6.6	13.0	11.1
Central Retail Corp*	CRC TB	n/a	38.25	n/a	n/a	6,407	28.1	22.8	12.8	14.1	3.4	3.0	11.4	10.4
Home Improvement														
Index Living Mall	ILM TB	BUY	23.60	26.70	13	332	17.2	15.5	12.0	12.7	2.0	1.9	8.1	7.4
Home Product Center	HMPRO TB	BUY	12.10	16.00	32	4,431	24.2	21.9	26.4	27.7	6.2	5.9	14.2	13.1
Siam Global House	GLOBAL TB	BUY	17.40	18.00	3	2,424	31.6	28.8	12.1	12.2	3.7	3.4	23.4	21.5
Dohome	DOHOME TB	BUY	11.70	13.00	11	1,006	60.8	32.5	4.9	8.5	2.9	2.7	26.1	19.2
Home Improvement avg.						8,193	33.5	24.7	13.8	15.3	3.7	3.5	18.0	15.3
Consumer Discretionary avg.						16,327	30.0	22.8	18.8	20.2	4.3	3.9	16.1	13.8
Total average						41,316	29.3	23.0	15.1	16.3	3.6	3.3	15.7	13.7

Sources: *Bloomberg; FSSIA estimates

Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	565,060	829,099	902,362	975,667	1,060,793
Cost of goods sold	(444,771)	(651,100)	(708,164)	(764,132)	(829,233)
Gross profit	120,289	177,999	194,198	211,535	231,560
Other operating income	0	0	0	0	0
Operating costs	(116,867)	(165,414)	(181,310)	(195,368)	(210,854)
Operating EBITDA	27,908	49,129	50,815	56,911	64,062
Depreciation	(24,486)	(36,544)	(37,926)	(40,744)	(43,356)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,422	12,585	12,888	16,167	20,706
Net financing costs	(12,514)	(16,549)	(15,903)	(15,539)	(15,261)
Associates	(226)	831	918	964	1,012
Recurring non-operating income	20,389	24,055	27,755	28,998	30,698
Non-recurring items	1,280	(9)	0	0	0
Profit before tax	12,577	20,082	24,741	29,626	36,144
Tax	(525)	(3,861)	(4,765)	(5,732)	(7,026)
Profit after tax	12,052	16,221	19,977	23,894	29,117
Minority interests	933	(2,949)	(3,580)	(4,459)	(5,535)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	12,985	13,272	16,396	19,434	23,582
Non-recurring items & goodwill (net)	(1,280)	9	0	0	0
Recurring net profit	11,706	13,281	16,396	19,434	23,582
Per share (THB)					
Recurring EPS *	1.30	1.48	1.83	2.16	2.63
Reported EPS	1.45	1.48	1.83	2.16	2.63
DPS	0.60	0.75	0.89	1.06	1.29
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
Growth					
Revenue (%)	7.4	46.7	8.8	8.1	8.7
Operating EBITDA (%)	0.4	76.0	3.4	12.0	12.6
Operating EBIT (%)	(52.1)	267.8	2.4	25.4	28.1
Recurring EPS (%)	(26.3)	13.5	23.5	18.5	21.3
Reported EPS (%)	(19.4)	2.2	23.5	18.5	21.3
Operating performance					
Gross margin inc. depreciation (%)	21.3	21.5	21.5	21.7	21.8
Gross margin exc. depreciation (%)	25.6	25.9	25.7	25.9	25.9
Operating EBITDA margin (%)	4.9	5.9	5.6	5.8	6.0
Operating EBIT margin (%)	0.6	1.5	1.4	1.7	2.0
Net margin (%)	2.1	1.6	1.8	2.0	2.2
Effective tax rate (%)	4.6	20.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	46.0	50.7	48.6	48.8	49.0
Interest cover (X)	1.9	2.2	2.6	2.9	3.4
Inventory days	35.7	32.3	33.1	33.2	33.0
Debtor days	8.4	7.9	7.9	7.9	7.9
Creditor days	98.2	85.0	77.2	71.2	71.0
Operating ROIC (%)	3.2	7.4	7.0	8.2	10.6
ROIC (%)	4.2	4.2	4.6	4.9	5.6
ROE (%)	11.7	13.0	15.6	17.0	18.8
ROA (%)	3.1	3.2	3.6	4.0	4.4

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Sales	565,060	829,099	902,362	975,667	1,060,793

Sources: CP All; FSSIA estimates

Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	11,706	13,281	16,396	19,434	23,582
Depreciation	24,486	36,544	37,926	40,744	43,356
Associates & minorities	(707)	2,118	2,662	3,495	4,523
Other non-cash items	-	-	-	-	-
Change in working capital	24,046	(180)	(18,615)	4,085	5,209
Cash flow from operations	59,531	51,763	38,369	67,758	76,670
Capex - maintenance	0	0	0	0	0
Capex - new investment	(115,821)	(38,421)	(42,348)	(44,589)	(46,651)
Net acquisitions & disposals	71,299	(633)	(213)	(178)	(141)
Other investments (net)	(297,198)	(3,773)	(3,447)	(3,295)	(3,346)
Cash flow from investing	(341,720)	(42,827)	(46,007)	(48,063)	(50,138)
Dividends paid	(5,390)	(6,737)	(7,968)	(9,487)	(11,561)
Equity finance	174,772	(12,001)	0	0	0
Debt finance	169,315	(15,440)	(35,005)	3,794	(9,328)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	338,697	(34,179)	(42,973)	(5,693)	(20,889)
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	56,508	(25,243)	(50,612)	14,003	5,643
Free cash flow to firm (FCFF)	(269,546.20)	25,767.66	8,495.09	35,512.71	42,169.11
Free cash flow to equity (FCFE)	(112,874.06)	(6,504.42)	(42,643.43)	23,489.89	17,203.99

Per share (THB)

FCFF per share	(30.01)	2.87	0.95	3.95	4.69
FCFE per share	(12.57)	(0.72)	(4.75)	2.61	1.92
Recurring cash flow per share	3.95	5.78	6.34	7.09	7.96

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	292,181	307,562	348,042	390,670	435,261
Less: Accumulated depreciation	(80,648)	(94,152)	(130,210)	(168,993)	(210,289)
Tangible fixed assets (net)	211,533	213,410	217,832	221,677	224,972
Intangible fixed assets (net)	360,641	360,641	360,641	360,641	360,641
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	14,838	15,957	17,088	18,231	19,384
Cash & equivalents	97,134	71,891	21,279	35,282	40,925
A/C receivable	17,085	18,633	20,279	21,927	23,840
Inventories	50,535	58,183	63,282	68,284	73,647
Other current assets	1,019	249	271	293	319
Current assets	165,773	148,955	105,112	125,785	138,730
Other assets	179,107	185,097	191,662	198,555	205,793
Total assets	931,893	924,061	892,335	924,889	949,520
Common equity	104,134	100,724	109,152	119,099	131,120
Minorities etc.	188,673	189,577	193,157	197,617	203,152
Total shareholders' equity	292,807	290,301	302,310	316,716	334,272
Long term debt	390,277	393,871	296,042	391,930	354,162
Other long-term liabilities	33,921	32,446	35,313	38,181	41,513
Long-term liabilities	424,197	426,317	331,355	430,111	395,675
A/C payable	138,666	147,682	135,812	146,546	159,031
Short term debt	72,000	52,965	115,789	23,696	52,135
Other current liabilities	4,222	6,796	7,069	7,821	8,407
Current liabilities	214,888	207,443	258,671	178,062	219,573
Total liabilities and shareholders' equity	931,893	924,061	892,335	924,889	949,520
Net working capital	(74,248)	(77,413)	(59,049)	(63,863)	(69,632)
Invested capital	691,871	697,693	728,175	735,241	741,158

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

Per share (THB)

Book value per share	9.38	10.10	11.04	12.15	13.49
Tangible book value per share	(30.77)	(30.04)	(29.10)	(28.00)	(26.66)

Financial strength

Net debt/equity (%)	124.7	129.2	129.2	120.1	109.3
Net debt/total assets (%)	39.2	40.6	43.8	41.1	38.5
Current ratio (x)	0.8	0.7	0.4	0.7	0.6
CF interest cover (x)	1.2	2.9	1.0	5.4	5.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	42.8	37.7	30.5	25.8	21.2
Recurring P/E @ target price (x) *	59.1	52.1	42.2	35.6	29.3
Reported P/E (x)	38.6	37.7	30.5	25.8	21.2
Dividend yield (%)	1.1	1.3	1.6	1.9	2.3
Price/book (x)	5.9	5.5	5.0	4.6	4.1
Price/tangible book (x)	(1.8)	(1.9)	(1.9)	(2.0)	(2.1)
EV/EBITDA (x) **	38.5	21.9	21.5	19.1	16.8
EV/EBITDA @ target price (x) **	45.3	25.8	25.3	22.5	19.8
EV/invested capital (x)	1.6	1.5	1.5	1.5	1.5

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

Sources: CP All; FSSIA estimates

CP AII PCL (CPALL TB)

FSSIA ESG rating



78.53 /100

Exhibit 11: 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.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>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 12: 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	3.77	--
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 13: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.45	2.14	2.35	2.64	3.62	4.51	3.79	3.74
BESG environmental pillar score	0.67	1.58	1.62	2.24	4.32	5.59	2.56	—
BESG social pillar score	1.22	1.97	2.23	2.52	3.28	4.57	4.82	—
BESG governance pillar score	2.87	3.08	3.40	3.27	3.50	3.45	3.48	—
ESG disclosure score	41.90	53.95	56.31	59.53	65.34	65.74	66.17	—
Environmental disclosure score	29.02	45.09	45.42	47.39	52.73	56.12	56.78	—
Social disclosure score	33.19	35.55	36.03	43.74	55.83	53.66	54.29	—
Governance disclosure score	63.40	81.10	87.36	87.36	87.36	87.36	87.36	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	11	8	9	13	13	11	324	435
GHG scope 2 location-based	1,011	1,124	1,058	1,273	1,216	1,177	1,454	1,555
GHG Scope 3	—	—	—	—	1,275	1,413	13,132	13,192
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	1,784	1,994	2,293	2,425	2,541	3,405	3,340	3,717
Renewable energy use	0	0	1	4	4	4	52	135
Electricity used	1,737	1,930	2,019	2,191	2,390	3,255	3,181	3,504
Fuel used - natural gas	64	441	1,050	1,423	1,554	59,257	57,213	13,143

Sources: Bloomberg; FSSIA's compilation

Exhibit 14: 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
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0	0	0	0	0
Total waste	13	22	74	135	174	82	219	208
Waste recycled	0	0	27	83	120	70	110	140
Waste sent to landfills	11	18	41	45	46	48	51	54
Environmental supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	15,199	14,470	17,393
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	Yes
Pct women in workforce	65	66	66	64	61	65	64	65
Pct disabled in workforce	1	1	—	—	1	0	1	1
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	0	0	0	0	0	0	1	0
Total recordable incident rate - employees	1	1	0	1	0	0	1	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	Yes	Yes
Number of employees – CSR	63,654	71,072	75,842	92,692	122,894	191,480	190,008	167,401
Employee turnover pct	47	49	44	42	42	34	40	59
Total hours spent by firm - employee training	—	—	—	2,360,870	2,725,790	3,620,890	3,929,370	5,055,510
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	15	15	15	15	15	15	16	16
No. of independent directors (ID)	5	5	5	5	5	5	6	6
No. of women on board	0	0	0	1	1	1	1	1
No. of non-executive directors on board	10	10	10	10	10	10	11	11
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	7	6	8	7	10	9	8
Board meeting attendance pct	82	86	90	90	95	98	99	95
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	51	52	53	54	52	53	54	55
Age of the oldest director	83	84	85	80	81	82	83	84
No. of executives / company managers	14	15	18	18	16	15	13	11
No. of female executives	0	0	1	1	1	1	2	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	11	13	12	12	12	13	13	12
Audit meeting attendance %	100	100	100	97	100	100	100	100
Size of compensation committee	0	4	3	3	3	3	3	3
No. of ID on compensation committee	—	2	2	2	2	2	2	2
No. of compensation committee meetings	—	1	3	3	4	2	3	3
Compensation meeting attendance %	—	75	100	89	92	100	100	100
Size of nomination committee	0	4	3	3	3	3	3	3
No. of nomination committee meetings	—	1	3	3	4	2	3	3
Nomination meeting attendance %	—	75	100	89	92	100	100	100
Sustainability governance								
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 THSI inclusion , 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. SETTHSI Index 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.																			
CG Score 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%).																			
AGM level 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&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.																			
Thai CAC 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.																			
Morningstar Sustainalytics	The Sustainalytics' 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 & 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+																	
ESG Book	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.																			
MSCI	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>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</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>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																				
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	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.																				
Bloomberg	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.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
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.
CP Aextra	CPAXT TB	THB 27.00	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.
Com7	COM7 TB	THB 26.00	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 23.60	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 12.10	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 17.40	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 11.70	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 10-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.