

# CP ALL CPALL TB

THAILAND / COMMERCE

## BUY

UNCHANGED

TARGET PRICE	THB77.00
CLOSE	THB53.00
UP/DOWNSIDE	+45.3%
PRIOR TP	THB77.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+7.5%

## Expect strong 4Q23 core profit growth

- We expect a 4Q23 core profit of THB4.7b (+11% q-q, +63% y-y), supported by sales growth of the three units and y-y lower employee bonus.
- We have increased our 2023-24E core profit by 2.6%-0.1% to factor in a faster-than-expected recovery of Lotus's.
- We retain our BUY rating at our TP of THB77 (DCF).

### Expect a 4Q23 core profit of THB4.7b, its seven-quarter peak

We anticipate a 4Q23 core profit of THB4.7b, up 11% q-q due to a high season of the three units and 63% y-y due to three crucial factors. They include 1) an extended SSSG of the three units, i.e., CVS (3.5% after increased traffic in line with tourism recovery), wholesale (3%), and retail (5%), 2) a lower SG&A-to-sales ratio due to y-y lower employee bonus after CPALL has recorded it every quarter and a continuously low electricity price, and 3) lower interest expenses of CPAXT after completing its refinance in 2Q23.

### Raise our 2023-24E by 2.6%-0.1%

We have increased our 2023-24E normalized earnings by 2.6%-0.1%, respectively, to reflect a faster-than-expected recovery of the retail unit and a higher gross margin of CVS after an improved product mix, supported by higher ready-to-eat and personal care sales mix, in line with the high tourism season. However, we maintain our 2025 estimate.

### Expect three-year core profit growth of 16% CAGR

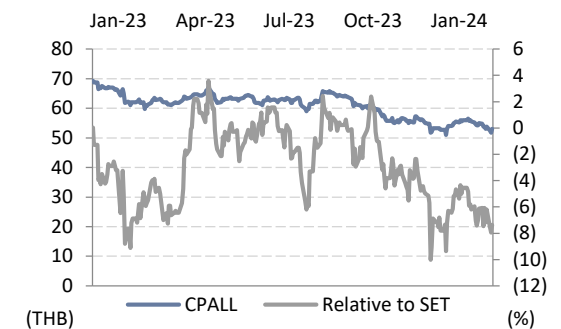
In the short term, CPALL should continue to grow. Its 1QTD SSSG of CVS, wholesale, and retail remained positive at 2-3%, 2-3%, and 1%, respectively. In 2024, we project an extended SSSG of 3-5% in line with economic expansion, supported by domestic consumption, tourism recovery, the government's stimulus, and lower interest expenses.

### Maintain BUY rating at our TP of THB77

We retain our BUY call at our TP of THB77. The current valuation is attractive. In particular, CPALL trades on a forward P/E of 23.7x (its five-year average -2.3SD). Our forecast assumes 2024-25E core profit growth of 16.4% and 21%, respectively, supported by a continued branch expansion of CVS (700 in Thailand, 30-40 in Cambodia, and 2-3 in Laos), and increased synergies between MAKRO and Lotus's.

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	829,099	894,350	957,661	1,025,491
Net profit	13,272	17,725	20,089	24,313
EPS (THB)	1.48	1.97	2.24	2.71
vs Consensus (%)	-	2.9	(3.8)	0.8
EBITDA	49,129	52,806	59,112	67,701
Recurring net profit	13,281	17,263	20,089	24,313
Core EPS (THB)	1.48	1.92	2.24	2.71
Chg. In EPS est. (%)	-	2.6	0.1	0.0
EPS growth (%)	13.5	30.0	16.4	21.0
Core P/E (x)	35.8	27.6	23.7	19.6
Dividend yield (%)	1.4	1.9	2.1	2.6
EV/EBITDA (x)	21.4	19.9	17.6	15.2
Price/book (x)	5.2	4.8	4.3	3.9
Net debt/Equity (%)	129.2	123.0	113.7	102.5
ROE (%)	13.0	16.4	17.5	19.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.5)	(4.9)	(24.3)
Relative to country (%)	(2.6)	(3.5)	(7.8)
Mkt cap (USD m)			13,355
3m avg. daily turnover (USD m)			38.7
Free float (%)			58
Major shareholder			CP Group (35%)
12m high/low (THB)			70.25/50.50
Issued shares (m)			8,983.10

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

CPALL is the #1 convenience store (CVS) operator in Thailand. It is expanding and has set foot in Cambodia and Laos. At end-2Q23, it has 14,391 branches in Thailand, 72 in Cambodia, and one in Laos (opened on September 7, 2023).

After the consolidation of CPAXT (BUY, 2024 TP THB36), in which it holds a 59.9% stake, CPALL has three main units. They include CVS, wholesale, and retail.

We believe CPALL will benefit from domestic consumption recovery and the government's measures to stimulate domestic purchasing power. Given that, we project a 2024-26 core profit growth of 16% CAGR.

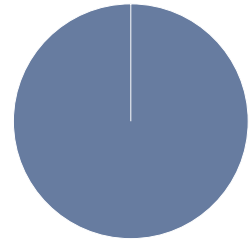
## Company profile

CPALL is the operator and franchiser of CVS under the 7-Eleven trademark in Thailand. Also, it invests in CVS supporting businesses, such as manufacturing and distribution of ready-to-eat food and bakery, and a cash-and-carry business under MAKRO.

[www.cpall.co.th](http://www.cpall.co.th)

## Principal activities (revenue, 2022)

■ Sales - 100.0 %

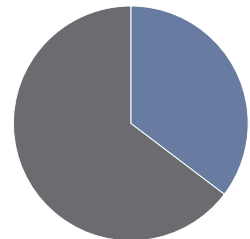


Source: CP All

## Major shareholders

■ CP Group - 35.3 %

■ Others - 64.7 %



Source: CP All

## Catalysts

Potential catalysts for CPALL are 1) higher-than-expected recovery in domestic consumption and the tourism industry and 2) better-than-expected wholesale and retail operating performance.

## Risks to our call

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.

## Event calendar

Date	Event
23 Feb 2024	4Q23 results announcement

## Key assumptions

CPALL	2023E	2024E	2025E
SSSG CVS (%)	8.0	5.0	5.0
SSSG Makro (%)	6.0	3.0	3.0
SSSG Lotus-TH (%)	1.0	3.0	3.0
SSSG Lotus-ML (%)	0.0	1.0	3.0
New stores (no.)	700	700	700
GPM (%)	28.2	28.2	28.4
SG&A to sales	20.0	20.1	20.1

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 EPS to rise 1.3%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 EPS to rise 3.0%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2024 EPS to fall 3.1%, and vice versa, all else being equal.

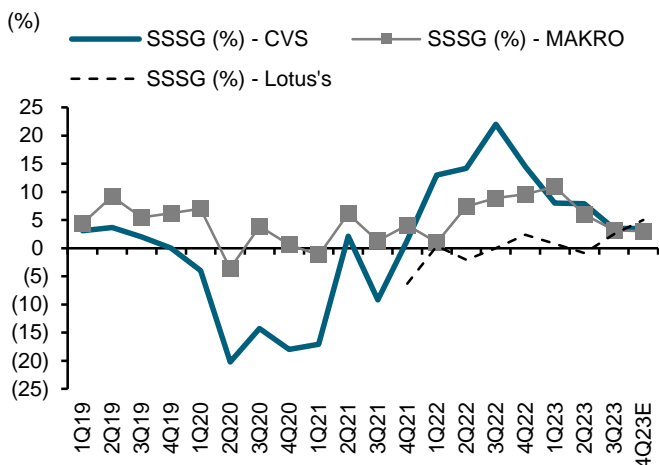
Source: FSSIA estimates

## Exhibit 1: 4Q23 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)
<b>Revenue</b>	<b>218,863</b>	<b>215,895</b>	<b>225,603</b>	<b>220,051</b>	<b>232,801</b>	<b>6</b>	<b>6</b>	<b>894,350</b>	<b>8</b>
COGS	(171,615)	(168,983)	(176,041)	(172,085)	(183,912)	7	7	(701,021)	8
<b>Gross profit</b>	<b>47,248</b>	<b>46,913</b>	<b>49,561</b>	<b>47,966</b>	<b>48,889</b>	<b>2</b>	<b>3</b>	<b>193,329</b>	<b>9</b>
Other income	6,548	6,125	6,399	6,215	6,970	12	6	25,709	11
Operating costs	(44,398)	(43,178)	(45,867)	(44,486)	(44,918)	1	1	(178,449)	8
<b>Operating profit</b>	<b>9,397</b>	<b>9,859</b>	<b>10,094</b>	<b>9,695</b>	<b>10,941</b>	<b>13</b>	<b>16</b>	<b>40,589</b>	<b>13</b>
FX gain (loss)	231	352	(51)	161	0	(100)	(100)	461	63
Interest expense	(4,747)	(4,408)	(4,145)	(3,995)	(3,934)	(2)	(17)	(16,482)	(2)
Profit before tax	4,651	5,451	5,949	5,700	7,007	23	51	24,107	25
Tax	(996)	(1,043)	(1,073)	(970)	(1,254)	29	26	(4,339)	12
Equity income	175	193	201	185	208	13	19	787	(5)
Minority interests	(923)	(831)	(588)	(651)	(1,222)	88	32	(3,291)	12
Non-recurring items	231	352	(51)	161	0	(100)	(100)	461	nm
Reported net profit	3,138	4,123	4,438	4,424	4,739	7	51	17,725	34
<b>Recurring net profit</b>	<b>2,907</b>	<b>3,771</b>	<b>4,490</b>	<b>4,264</b>	<b>4,739</b>	<b>11</b>	<b>63</b>	<b>17,263</b>	<b>30</b>
EPS (THB)	0.35	0.46	0.49	0.49	0.53	7	51	1.97	34
<b>Recurring EPS (THB)</b>	<b>0.32</b>	<b>0.42</b>	<b>0.50</b>	<b>0.47</b>	<b>0.53</b>	<b>11</b>	<b>63</b>	<b>1.92</b>	<b>30</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 margin-overall	21.6	21.7	22.0	21.8	21.6	(0.2)	0.1	21.6	0.1
Gross margin-CVS	27.6	27.9	28.4	27.9	27.9	(0.0)	0.3	28.2	0.8
Operating margin	4.3	4.6	4.5	4.4	4.7	0.3	0.4	4.5	0.2
Recurring net margin	1.3	1.7	2.0	1.9	2.0	0.1	0.7	1.9	0.3
SG&A / Sales	20.3	20.0	20.3	20.2	19.3	(0.9)	(1.0)	20.0	0.0
<b>Operating statistics</b>						<b>(q-q%)</b>	<b>(y-y%)</b>		
Expansion (no.)	178	209	168	176	147	4.8	(22)	700	(1)
Outstanding store (no.)	13,838	14,047	14,215	14,391	14,538	1.2	5.4	14,538	5
Average daily sales/store (THB)	76,659	78,735	83,558	79,308	n/a	(5.1)	3.5	n/a	
Spending per ticker (THB)	84	84	84	82	n/a	(2.4)	0.0	n/a	
Daily customer/store (no.)	916	941	995	959	n/a	(3.6)	3.3	n/a	
SSSG CVS (%)	14.5	8.0	7.9	3.5	3.5			8.0	
SSSG - MAKRO (%)	9.6	10.9	6.0	3.2	3.0			6.0	
SSSG - Lotus's TH (%)	2.4	0.8	(0.9)	2.5	5.0			1.0	
SSSG - Lotus's ML (%)	(2.4)	(0.9)	(12.2)	0.6	0.0			0.0	

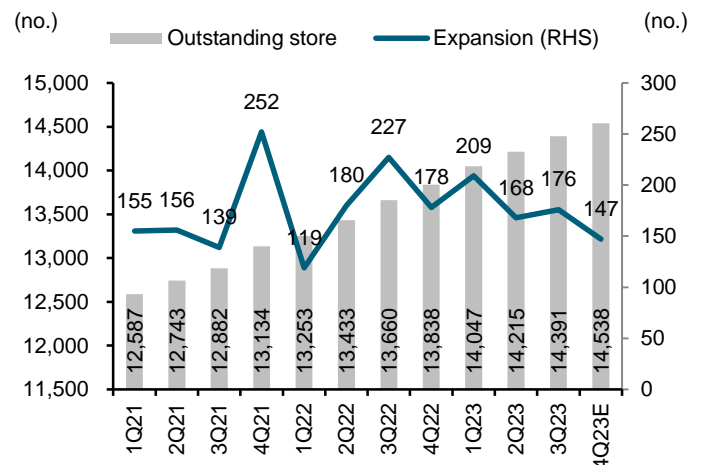
Sources: CPALL; FSSIA estimates

## Exhibit 2: Expect same-store sales continue to grow



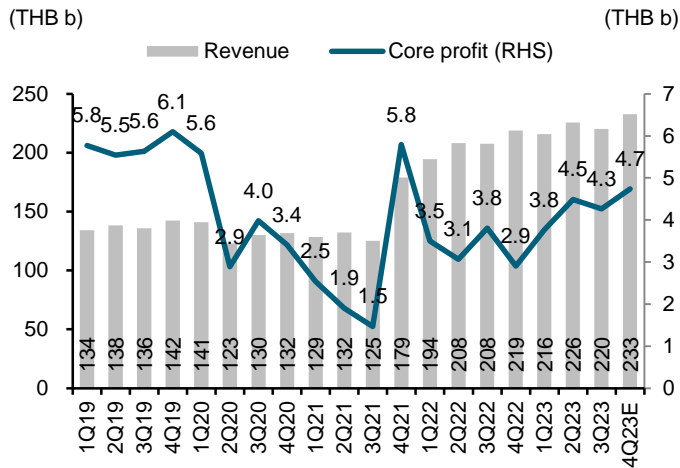
Sources: CPALL; FSSIA estimates

## Exhibit 3: Achieve expansion target 700 stores



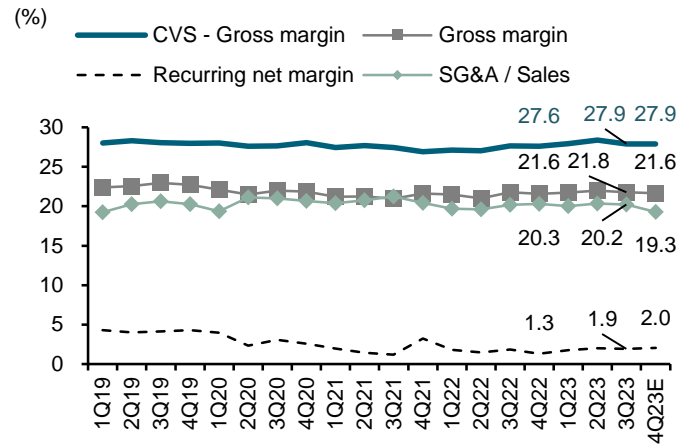
Sources: CPALL; FSSIA estimates

**Exhibit 4: Quarterly revenue and core profit**



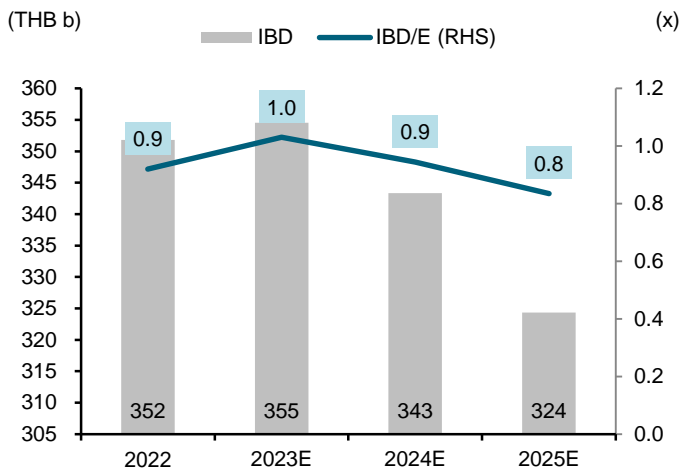
Sources: CPALL; FSSIA estimates

**Exhibit 5: Profitability**



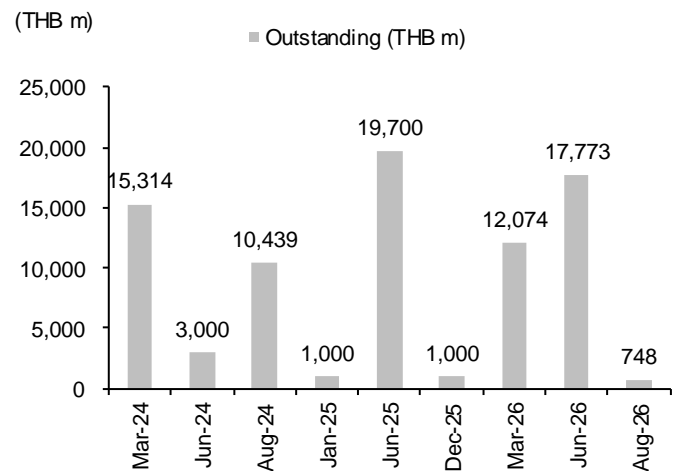
Sources: CPALL; FSSIA estimates

**Exhibit 6: Strong balance sheet**



Sources: CPALL; FSSIA estimates

**Exhibit 7: Debenture**



Sources: Thaibma; FSSIA's compilation

**Exhibit 8: Debenture breakdown**

Symbol	Maturity Date	Outstanding (THB m)	Term (years)	Coupon Rate (%)
CPALL243A	Mar-24	5,379	10	5.14
CPALL243B	Mar-24	9,935	10	5.14
CPALL246A	Jun-24	3,000	3	1.76
CPALL248B	Aug-24	10,439	10	5.05
CPALL251A	Jan-25	1,000	2	0.00
CPALL256C	Jun-25	6,500	4	3.00
CPALL256B	Jun-25	13,200	5	2.14
CPALL25DA	Dec-25	1,000	3	0.00
CPALL263B	Mar-26	10,000	5	4.00
CPALL263A	Mar-26	2,074	10	2.86
CPALL266A	Jun-26	17,773	5	3.00
CPALL268A	Aug-26	748	10	3.68

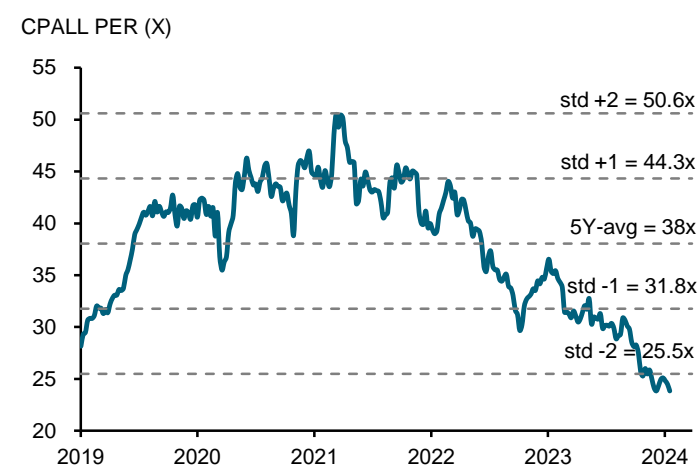
Sources: Thaibma; FSSIA's compilation

## Exhibit 9: Key assumption for CPALL

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenues (THB m)	894,350	957,661	1,025,491	889,629	954,952	1,026,183	0.5	0.3	(0.1)
SSSG CVS (%)	8.0	5.0	5.0	8.0	5.0	5.0	0.0	0.0	0.0
SSSG MAKRO (%)	6.0	3.0	3.0	6.0	3.0	3.0	0.0	0.0	0.0
SSSG Lotus-TH (%)	1.0	3.0	3.0	(0.5)	3.0	3.0	1.5	0.0	0.0
SSSG Lotus-ML (%)	0.0	1.0	3.0	(1.0)	1.0	3.0	1.0	0.0	0.0
CVS Gross margin (%)	28.2	28.2	28.4	28.1	28.3	28.4	0.1	(0.2)	0.0
Consolidated GPM (%)	21.6	21.8	22.1	21.6	21.9	22.1	0.0	(0.0)	0.0
No. of new stores	700	700	700	700	700	700	0	0	0
SG&A to sales (%)	20.0	20.1	20.1	20.0	20.1	20.2	(0.1)	(0.0)	(0.1)
Core profit (THB m)	17,263	20,089	24,313	16,833	20,077	24,317	2.6	0.1	(0.0)

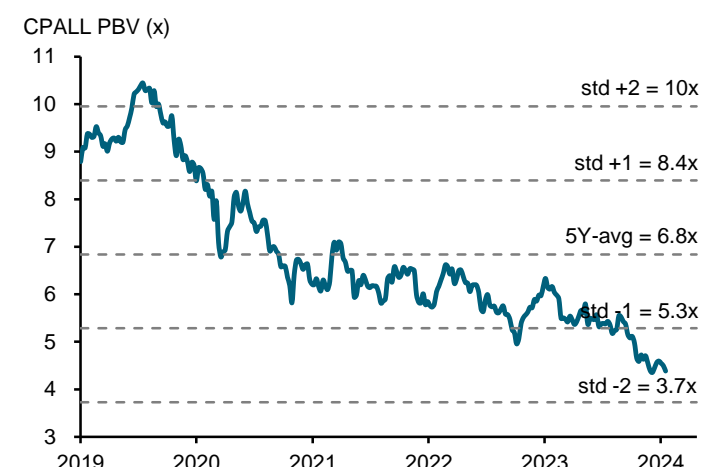
Source: FSSIA estimates

## Exhibit 10: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

## Exhibit 11: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 12: Commerce peers as of 24 January 2024

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	53.00	77.00	45	13,355	27.6	23.7	16.4	17.5	4.8	4.3	19.9	17.6
CP Aextra	CPAXT TB	BUY	29.50	36.00	22	8,755	36.3	29.4	2.9	3.6	1.1	1.1	11.0	10.3
Berli Jucker*	BJC TB	n/a	24.70	n/a	n/a	2,734	19.5	16.8	4.2	4.6	0.8	0.8	12.7	12.1
<b>Consumer Staple average</b>						<b>24,845</b>	<b>27.8</b>	<b>23.3</b>	<b>7.8</b>	<b>8.6</b>	<b>2.2</b>	<b>2.1</b>	<b>14.5</b>	<b>13.3</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	21.60	30.00	39	1,445	16.5	14.8	41.6	41.7	6.6	5.8	11.7	10.6
Central Retail Corp	CRC TB	BUY	35.00	48.00	37	5,921	25.8	22.1	12.6	13.4	3.1	2.8	13.5	12.0
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	22.20	26.70	20	314	16.2	14.5	12.0	12.7	1.9	1.8	7.8	7.0
Home Product Center	HMPRO TB	BUY	10.80	16.00	48	3,984	21.6	19.5	26.4	27.7	5.6	5.3	12.8	11.8
Siam Global House	GLOBAL TB	BUY	15.50	18.00	16	2,175	28.2	25.7	12.1	12.2	3.3	3.0	21.2	19.4
Dohome	DOHOME TB	BUY	10.40	13.00	25	901	54.0	28.9	4.9	8.5	2.6	2.4	24.2	17.9
<b>Home Improvement avg.</b>						<b>7,375</b>	<b>30.0</b>	<b>22.2</b>	<b>13.8</b>	<b>15.3</b>	<b>3.3</b>	<b>3.1</b>	<b>16.5</b>	<b>14.0</b>
<b>Consumer Discretionary avg.</b>						<b>14,741</b>	<b>27.0</b>	<b>20.9</b>	<b>18.3</b>	<b>19.4</b>	<b>3.8</b>	<b>3.5</b>	<b>15.2</b>	<b>13.1</b>
<b>Total average</b>						<b>39,586</b>	<b>27.3</b>	<b>21.7</b>	<b>14.8</b>	<b>15.8</b>	<b>3.3</b>	<b>3.0</b>	<b>15.0</b>	<b>13.2</b>

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	894,350	957,661	1,025,491
Cost of goods sold	(444,771)	(651,100)	(701,021)	(748,630)	(798,827)
<b>Gross profit</b>	<b>120,289</b>	<b>177,999</b>	<b>193,329</b>	<b>209,031</b>	<b>226,664</b>
Other operating income	0	0	0	0	0
Operating costs	(116,867)	(165,414)	(178,449)	(192,509)	(206,448)
<b>Operating EBITDA</b>	<b>27,908</b>	<b>49,129</b>	<b>52,806</b>	<b>59,112</b>	<b>67,701</b>
Depreciation	(24,486)	(36,544)	(37,926)	(42,591)	(47,486)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,422</b>	<b>12,585</b>	<b>14,880</b>	<b>16,522</b>	<b>20,215</b>
Net financing costs	(12,514)	(16,549)	(16,196)	(15,538)	(14,972)
Associates	(226)	831	787	826	868
Recurring non-operating income	20,389	24,055	26,210	28,727	30,991
Non-recurring items	1,280	(9)	461	0	0
<b>Profit before tax</b>	<b>12,577</b>	<b>20,082</b>	<b>25,355</b>	<b>29,712</b>	<b>36,235</b>
Tax	(525)	(3,861)	(4,339)	(5,488)	(7,073)
<b>Profit after tax</b>	<b>12,052</b>	<b>16,221</b>	<b>21,016</b>	<b>24,223</b>	<b>29,162</b>
Minority interests	933	(2,949)	(3,291)	(4,134)	(4,849)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>12,985</b>	<b>13,272</b>	<b>17,725</b>	<b>20,089</b>	<b>24,313</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(1,280)</b>	<b>9</b>	<b>(461)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>11,706</b>	<b>13,281</b>	<b>17,263</b>	<b>20,089</b>	<b>24,313</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.30	1.48	1.92	2.24	2.71
Reported EPS	1.45	1.48	1.97	2.24	2.71
DPS	0.60	0.75	0.99	1.12	1.35
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
<b>Growth</b>					
Revenue (%)	7.4	46.7	7.9	7.1	7.1
Operating EBITDA (%)	0.4	76.0	7.5	11.9	14.5
Operating EBIT (%)	(52.1)	267.8	18.2	11.0	22.4
Recurring EPS (%)	(26.3)	13.5	30.0	16.4	21.0
Reported EPS (%)	(19.4)	2.2	33.6	13.3	21.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	21.3	21.5	21.6	21.8	22.1
Gross margin exc. depreciation (%)	25.6	25.9	25.9	26.3	26.7
Operating EBITDA margin (%)	4.9	5.9	5.9	6.2	6.6
Operating EBIT margin (%)	0.6	1.5	1.7	1.7	2.0
Net margin (%)	2.1	1.6	1.9	2.1	2.4
Effective tax rate (%)	4.6	20.0	18.0	19.0	20.0
Dividend payout on recurring profit (%)	46.0	50.7	51.3	50.0	50.0
Interest cover (X)	1.9	2.2	2.5	2.9	3.4
Inventory days	35.7	32.3	33.3	33.5	33.5
Debtor days	8.4	7.9	7.9	7.9	7.9
Creditor days	98.2	85.0	82.9	82.1	82.4
Operating ROIC (%)	3.2	7.4	8.8	9.7	12.1
ROIC (%)	4.2	4.2	4.8	5.1	5.7
ROE (%)	11.7	13.0	16.4	17.5	19.3
ROA (%)	3.1	3.2	3.7	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	894,350	957,661	1,025,491

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	17,263	20,089	24,313
Depreciation	24,486	36,544	37,926	42,591	47,486
Associates & minorities	(707)	2,118	2,504	3,308	3,981
Other non-cash items	-	-	-	-	-
Change in working capital	24,046	(180)	39	4,758	5,430
<b>Cash flow from operations</b>	<b>59,531</b>	<b>51,763</b>	<b>57,733</b>	<b>70,745</b>	<b>81,210</b>
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)	(344)	(316)	(286)
Other investments (net)	(297,198)	(3,773)	(3,359)	(3,765)	(4,153)
<b>Cash flow from investing</b>	<b>(341,720)</b>	<b>(42,827)</b>	<b>(46,051)</b>	<b>(48,670)</b>	<b>(51,090)</b>
Dividends paid	(5,390)	(6,737)	(8,862)	(10,045)	(12,156)
Equity finance	174,772	(12,001)	0	0	0
Debt finance	169,315	(15,440)	(31,389)	(10,745)	(16,639)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>338,697</b>	<b>(34,179)</b>	<b>(40,252)</b>	<b>(20,790)</b>	<b>(28,796)</b>
Non-recurring cash flows	0	0	0	0	0
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>56,508</b>	<b>(25,243)</b>	<b>(28,570)</b>	<b>1,286</b>	<b>1,324</b>
Free cash flow to firm (FCFF)	(269,546.20)	25,767.66	28,163.68	38,047.71	45,539.51
Free cash flow to equity (FCFE)	(112,874.06)	(6,504.42)	(19,707.25)	11,330.33	13,480.60

### Per share (THB)

FCFF per share	(30.01)	2.87	3.14	4.24	5.07
FCFE per share	(12.57)	(0.72)	(2.19)	1.26	1.50
Recurring cash flow per share	3.95	5.78	6.42	7.35	8.44

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)	(170,840)	(216,266)
<b>Tangible fixed assets (net)</b>	<b>211,533</b>	<b>213,410</b>	<b>217,832</b>	<b>219,830</b>	<b>218,996</b>
<b>Intangible fixed assets (net)</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>	<b>360,641</b>
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	43,321	44,606	45,931
A/C receivable	17,085	18,633	20,099	21,522	23,046
Inventories	50,535	58,183	62,644	66,898	70,946
Other current assets	1,019	249	269	288	308
<b>Current assets</b>	<b>165,773</b>	<b>148,955</b>	<b>126,333</b>	<b>133,315</b>	<b>140,232</b>
Other assets	179,107	185,097	191,662	198,555	205,793
<b>Total assets</b>	<b>931,893</b>	<b>924,061</b>	<b>913,556</b>	<b>930,572</b>	<b>945,045</b>
Common equity	104,134	100,724	109,587	119,631	131,788
Minorities etc.	188,673	189,577	192,869	197,003	201,851
<b>Total shareholders' equity</b>	<b>292,807</b>	<b>290,301</b>	<b>302,455</b>	<b>316,634</b>	<b>333,639</b>
Long term debt	390,277	393,871	298,472	380,942	335,982
Other long-term liabilities	33,921	32,446	34,999	37,477	40,131
<b>Long-term liabilities</b>	<b>424,197</b>	<b>426,317</b>	<b>333,471</b>	<b>418,418</b>	<b>376,113</b>
A/C payable	138,666	147,682	153,648	164,083	175,085
Short term debt	72,000	52,965	116,975	23,760	52,081
Other current liabilities	4,222	6,796	7,007	7,676	8,127
<b>Current liabilities</b>	<b>214,888</b>	<b>207,443</b>	<b>277,630</b>	<b>195,520</b>	<b>235,293</b>
<b>Total liabilities and shareholders' equity</b>	<b>931,893</b>	<b>924,061</b>	<b>913,556</b>	<b>930,572</b>	<b>945,045</b>
Net working capital	(74,248)	(77,413)	(77,643)	(83,051)	(88,911)
Invested capital	691,871	697,693	709,580	714,206	715,902

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

### Per share (THB)

Book value per share	9.38	10.10	11.09	12.21	13.56
Tangible book value per share	(30.77)	(30.04)	(29.06)	(27.94)	(26.58)

### Financial strength

Net debt/equity (%)	124.7	129.2	123.0	113.7	102.5
Net debt/total assets (%)	39.2	40.6	40.7	38.7	36.2
Current ratio (x)	0.8	0.7	0.5	0.7	0.6
CF interest cover (x)	1.2	2.9	2.4	4.6	5.0

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>40.7</b>	<b>35.8</b>	<b>27.6</b>	<b>23.7</b>	<b>19.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>59.1</b>	<b>52.1</b>	<b>40.1</b>	<b>34.4</b>	<b>28.4</b>
Reported P/E (x)	36.7	35.9	26.9	23.7	19.6
Dividend yield (%)	1.1	1.4	1.9	2.1	2.6
Price/book (x)	5.7	5.2	4.8	4.3	3.9
Price/tangible book (x)	(1.7)	(1.8)	(1.8)	(1.9)	(2.0)
EV/EBITDA (x) **	37.6	21.4	19.9	17.6	15.2
EV/EBITDA @ target price (x) **	45.3	25.8	24.0	21.3	18.4
EV/invested capital (x)	1.5	1.5	1.5	1.5	1.4

\* 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 13: 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 14: 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 15: 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>1.45</b>	<b>2.14</b>	<b>2.35</b>	<b>2.64</b>	<b>3.62</b>	<b>4.51</b>	<b>3.79</b>	<b>3.74</b>
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	—
<b>ESG disclosure score</b>	<b>41.90</b>	<b>53.95</b>	<b>56.31</b>	<b>59.53</b>	<b>65.34</b>	<b>65.74</b>	<b>66.17</b>	<b>—</b>
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	—
<b>Environmental</b>								
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 16: 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
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>
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
<b>No. of executives / company managers</b>	<b>14</b>	<b>15</b>	<b>18</b>	<b>18</b>	<b>16</b>	<b>15</b>	<b>13</b>	<b>11</b>
No. of female executives	0	0	1	1	1	1	2	3
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit 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 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
<b>Size of compensation committee</b>	<b>0</b>	<b>4</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
No. of compensation committee meetings	—	1	3	3	4	2	3	3
Compensation meeting attendance %	—	75	100	89	92	100	100	100
<b>Size of nomination committee</b>	<b>0</b>	<b>4</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	3	4	2	3	3
Nomination meeting attendance %	—	75	100	89	92	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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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.																				
<a href="#">Morningstar Sustainability</a>	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"> <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+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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"> <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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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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.																				

**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

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 All	CPALL TB	THB 53.00	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 29.50	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.
Com7	COM7 TB	THB 21.60	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 35.00	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
Index Living Mall	ILM TB	THB 22.20	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 10.80	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 15.50	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 10.40	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 24-Jan-2024 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.