EQUITY RESEARCH - COMPANY REPORT

CP AXTRA   CPAXT TB
THAILAND / COMMERCE

FSSIA ESG rating ★★★★

BUY
UNCHANGED

TARGET PRICE	THB36.00
CLOSE	THB30.00
UP/DOWNSIDE	+20.0%
PRIOR TP	THB36.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.6%

กำไรปกติที่น่าประทับใจ

- กำไรปกติ 4Q23 ออกมาที่ 3.28พัน ลบ. (+91% q-q, +22% y-y) สูงกว่าที่เราคาด 6% และที่ตลาดคาด 15%
- เราเห็นแนวโน้มเชิงบวกจากแผนการปรับโครงสร้างธุรกิจ
- เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 36 บาท

CPAXT รายงานกำไรปกติที่น่าประทับใจใน 4Q23

CPAXT รายงานกำไรปกติ 4Q23 อยู่ที่ 3.28พัน ลบ. เพิ่มขึ้น 91% q-q จากปัจจัยด้านฤดูกาล และ 22% y-y ส่วนมากจากยอดขายที่โตขึ้นและค่าใช้จ่ายดอกเบี้ยที่ลดลง ยอดขายปลีกโต 4% y-y โดยได้ปัจจัยหนุนจากการเติบโตของยอดขายจากสาขาเดิม (SSSG) ทั้งในธุรกิจค้าส่งและค้าปลีกด้วยตัวเลข 1.7%, 5.8% และ 3.6% (Lotus's มาเลเซีย) ตามลำดับ อัตรากำไรขั้นต้นจากการขายอยู่ที่ 14.0% เพิ่มขึ้น 20 bps q-q โดยได้ปัจจัยหนุนจากสัดส่วนผลิตภัณฑ์อาหารสดในธุรกิจค้าปลีกแต่ลดลง 30 bps y-y จากกิจกรรมส่งเสริมการขาย ในขณะที่ค่าใช้จ่ายดอกเบี้ยลดลง 34% y-y จากการปรับโครงสร้างหนี้

แนวโน้มเชิงบวกจากแผนปรับโครงสร้างธุรกิจ

CPAXT ประกาศแผนปรับโครงสร้างธุรกิจประกอบด้วยการโอนธุรกิจทั้งหมดของ Lotus's Stores (Thailand) Co., Ltd. และรวมกิจการของ CP Axtra PCL. และ Ek-Chai Distribution System Co., Ltd. รายการดังกล่าวมีจุดประสงค์เพื่อ 1) เพิ่มความสามารถในการแข่งขันทั้งในระดับประเทศและภูมิภาคโดยจะเพิ่มความสามารถในการตอบสนองความต้องการของลูกค้า, 2) เพื่อเสริมสร้างประสิทธิภาพและความคล่องตัวของการดำเนินงานในกลุ่ม CPAXT, 3) เพื่อสร้างมูลค่าเพิ่มจากประโยชน์ของการควบรวมกิจการ, 4) เพื่อเพิ่มประสิทธิภาพในการบริหารการเงิน, และ 5) เพื่อให้การสนับสนุนแก่เกษตรกรในประเทศ ผู้ผลิตขนาดเล็กและ SME

SSSG ในช่วง 1QTD น่าจะโตต่อเนื่องโดยได้ปัจจัยหนุนจากเทศกาลตรุษจีน

สำหรับแนวโน้ม SSSG ในช่วง 1QTD ธุรกิจค้าส่งอาจรายงานตัวเลขเพิ่ม 4-5% โดยได้ปัจจัยหนุนจากอาหารแห้งและอาหารสด ธุรกิจค้าปลีกน่าจะโต 5-6% โดยเป็นการเติบโตในทุก format ในขณะที่กำไรปกติปี 2024-25 น่าจะโต 21% และ 17% ตามลำดับ โดยได้ปัจจัยหนุนจาก SSSG ของทั้ง 2 ธุรกิจตามการฟื้นตัวของนักท่องเที่ยวและการบริโภค นอกจากนี้เรายังคาดด้วยว่าอัตรากำไรขั้นต้นจะปรับขึ้นจากการมุ่งเน้นไปที่ผลิตภัณฑ์อาหารสดในธุรกิจค้าปลีก

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 36 บาท

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 36 บาทเนื่องจากเราคาดว่าผลประกอบการจะโตต่อเนื่องหลังหันกลับไปให้ความสำคัญกับผลิตภัณฑ์อาหารสดและ Private label นอกจากนี้เรายังคาดด้วยว่า Omnichannel จะโตได้จากการควบคุมต้นทุนและประโยชน์จากการควบรวมของ 2 ธุรกิจ

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	486,472	511,022	537,998	565,731
Net profit	8,640	10,623	12,461	14,025
EPS (THB)	0.82	1.00	1.18	1.33
EBITDA	34,456	35,324	37,799	40,907
Recurring net profit	8,777	10,623	12,461	14,025
Core EPS (THB)	0.83	1.00	1.18	1.33
Chg. In EPS est. (%)	nm	(0.1)	(0.1)	nm
EPS growth (%)	10.8	21.0	17.3	12.6
Core P/E (x)	36.2	29.9	25.5	22.6
Dividend yield (%)	1.9	2.3	2.7	3.1
EV/EBITDA (x)	11.2	11.1	10.5	9.8
Price/book (x)	1.1	1.1	1.1	1.0
Net debt/Equity (%)	23.4	24.9	26.8	27.7
ROE (%)	3.0	3.6	4.2	4.6
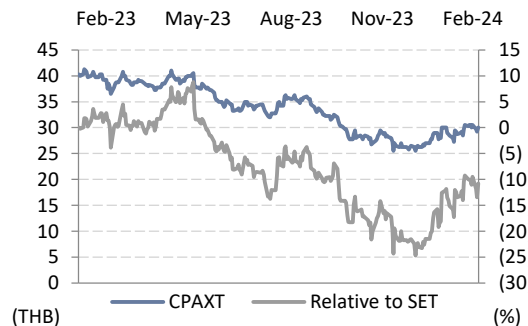
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	8.1	(24.5)
Relative to country (%)	2.1	8.2	(9.9)

Mkt cap (USD m)	8,777
3m avg. daily turnover (USD m)	5.9
Free float (%)	15
Major shareholder	CP ALL (60%)
12m high/low (THB)	41.75/25.25
Issued shares (m)	10,580.32

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 15 กุมภาพันธ์ 2024

Investment thesis

CPAXT is a leading wholesaler (under Makro). After its retail and space rental units merged under Lotus's, CPAXT achieved synergies from Makro's expertise in the wholesale business, especially in the food segment, and Lotus's proficiency in the retail and space rental unit. In 2024-26, we expect revenue growth of 5.2% CAGR to THB565b and normalized earnings growth of 17% CAGR to THB14b, supported by 1) a recovery in tourism and domestic consumption, which would boost domestic purchasing power; 2) synergies between Makro and Lotus's; 3) the O2O strategy; and 4) the government's economic stimulus.

Company profile

Siam Makro Public Company Limited was established in 1988 to operate wholesale businesses throughout Thailand and overseas under the name Makro, selling food and non-food products to registered members, predominantly small and medium-sized businesses, retailers, caterers, professional sectors, and institutions. It also operates a food service that imports and trades frozen and chilled foods, and restaurants and minimarts. In addition, its subsidiaries operate retail businesses and provide mall rental services.

www.cpaxtra.com

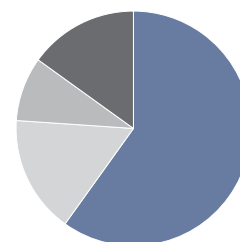## Principal activities (revenue, 2023)

- Sales - 95.8 %
- Service income - 1.2 %
- Rental and rendering retail services - 2.9 %
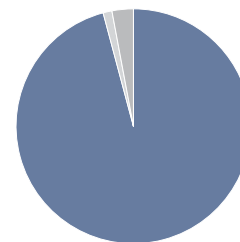
Source: CP Axtra

Major shareholders

- CP ALL - 59.9 %
- Charoen Pokphand Holdings - 16.2 %
- CP Merchandising - 8.9 %
- Others - 15.1 %

Source: CP Axtra

Catalysts

Potential catalysts for CPAXT include: 1) a faster-than-expected domestic consumption and tourism recovery; and 2) a speedy turnaround for Lotus's.

Key assumptions

MAKRO	2024E	2025E	2026E
SSSG MAKRO (%)	3.0	3.0	3.0
SSSG Lotus-TH (%)	3.0	3.0	3.0
SSSG Lotus-ML (%)	3.0	3.0	3.0
New stores growth (%)	4.5	4.3	4.0
GPM (%)	16.3	16.4	16.4
SG&A to revenue (%)	13.2	13.1	13.0

Source: FSSIA estimates

Risks to our call

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.

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 EPS to rise by 0.9% and vice versa, all else being equal.

- For every 0.1% increase in GPM, we estimate 2024 EPS to rise by 3.8% and vice versa, all else being equal.

- For every 0.1% increase in SG&A to revenue, we estimate 2024 EPS to fall by 3.9% and vice versa, all else being equal.

Source: FSSIA estimates

Event calendar

Date	Event
22 Feb 2024	4Q23/2023 analyst meeting
May 2024	1Q24 results announcement

Exhibit 1: 4Q23 results summary

Year to Dec 31	4Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	Change (q-q%)	Change (y-y%)	2022 (THB m)	2023 (THB m)	Change (y-y %)
Total revenue	**121,995**	**119,089**	**120,909**	**118,837**	**127,637**	**7**	**5**	**466,082**	**486,472**	**4**
- Retail sales	117,389	114,044	115,980	113,838	122,371	7	4	447,182	466,234	4
- Service income	1,165	1,487	1,445	1,405	1,599	14	37	5,422	5,935	9
- Rental and rendering	3,952	3,558	3,484	3,594	3,667	2	(7)	13,477	14,303	6
Gross profit	**20,332**	**19,473**	**19,001**	**18,930**	**20,793**	**10**	**2**	**76,494**	**78,198**	**2**
Operating costs	(16,419)	(16,106)	(16,306)	(16,263)	(16,292)	0	(1)	(62,842)	(64,968)	3
Operating profit	**3,913**	**3,367**	**2,695**	**2,667**	**4,501**	**69**	**15**	**13,651**	**13,230**	**(3)**
Other income	1,386	1,133	703	665	976	47	(30)	3,050	3,477	14
EBIT	**5,299**	**4,500**	**3,398**	**3,332**	**5,477**	**64**	**3**	**16,701**	**16,707**	**0**
Interest expense	(2,204)	(1,895)	(1,570)	(1,403)	(1,451)	3	(34)	(7,122)	(6,319)	(11)
Profit before tax	3,095	2,605	1,828	1,929	4,025	109	30	9,579	10,388	8
Tax	(810)	(647)	(527)	(448)	(912)	104	13	(2,729)	(2,535)	(7)
Associates	175	193	201	185	168	(9)	(4)	831	746	(10)
Minority interests	11	15	14	11	1	(92)	(91)	15	41	172
Non-recurring items	(225)	87	(185)	(39)	0	(100)	(100)	(225)	(137)	(39)
Reported net profit	2,471	2,166	1,516	1,677	3,282	96	33	7,697	8,640	12
Recurring net profit	**2,696**	**2,079**	**1,701**	**1,716**	**3,282**	**91**	**22**	**7,922**	**8,777**	**11**
EPS (THB)	0.23	0.20	0.14	0.16	0.31	96	33	0.73	0.82	12
Recurring EPS (THB)	**0.25**	**0.20**	**0.16**	**0.16**	**0.31**	**91**	**22**	**0.75**	**0.83**	**11**
Key ratios (%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**
GPM from sales	14.2	14.0	13.5	13.7	14.0	0.2	(0.3)	14.2	14.0	(0.2)
Gross profit margin	16.6	16.4	15.7	15.9	16.3	0.4	(0.3)	16.4	16.1	(0.3)
Operating margin	3.2	2.8	2.2	2.2	3.5	1.3	0.3	2.9	2.7	(0.2)
Recurring net margin	2.2	1.7	1.4	1.4	2.6	1.1	0.4	1.7	1.8	0.1
SG&A / Revenue	13.3	13.4	13.4	13.6	12.7	(0.9)	(0.6)	13.4	13.3	(0.1)
Operating statistics	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**	**(%)**	**(%)**	**(ppt)**
SSSG (%) - MAKRO	9.6	10.9	6.0	3.2	1.7	(1.5)	(7.9)	6.8	5.3	(1.5)
SSSG (%) - Lotus's TH	2.4	0.8	(0.9)	2.5	5.8	3.3	3.4	0.2	2.1	1.9
SSSG (%) - Lotus's ML	(2.4)	(0.9)	(12.2)	0.6	3.6	3.0	6.0	(1.8)	(2.5)	(0.7)
No. of stores (Wholesales) (no.)	162	163	163	164	168			162	168	
Number of stores (Lotus) (no.)	2,643	2,654	2,565	2,525	2,522			2,643	2,522	

| Operations by business	4Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	Change (q-q%)	Change (y-y%)
Sales	**117,389**	**114,044**	**115,980**	**113,838**	**122,371**	**7**	**4**
Wholesale business	66,095	63,993	63,795	63,486	68,537	8	4
Retail business	51,294	50,051	52,185	50,352	53,835	7	5
Revenue from rental and rendering	3,952	3,558	3,484	3,594	3,667	2	(7)
Total revenue	**123,892**	**120,222**	**121,612**	**119,502**	**128,613**	**8**	**4**
Gross profit from sales	**16,718**	**16,017**	**15,629**	**15,620**	**17,075**	**9**	**2**
GPM from sales (%)	14.2	14.0	13.5	13.7	14.0	2	(2)
EBITDA	9,937	9,038	8,003	7,961	10,063	26	1
Finance cost	2,204	1,895	1,570	1,403	1,451	3	(34)
Net profit	**2,471**	**2,166**	**1,516**	**1,677**	**3,282**	**96**	**33**
Wholesale business	2,404	1,897	1,089	1,247	1,742	40	(28)
Retail business	67	269	427	430	1,540	258	2,183

Sources: CPAXT; FSSIA's compilation

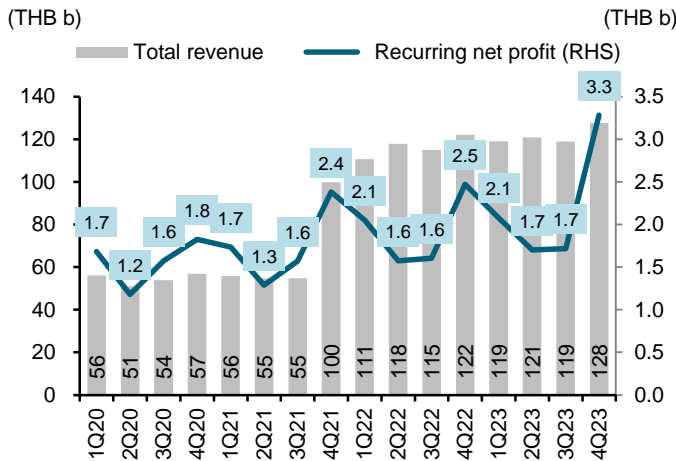## Exhibit 2: Stores by business unit
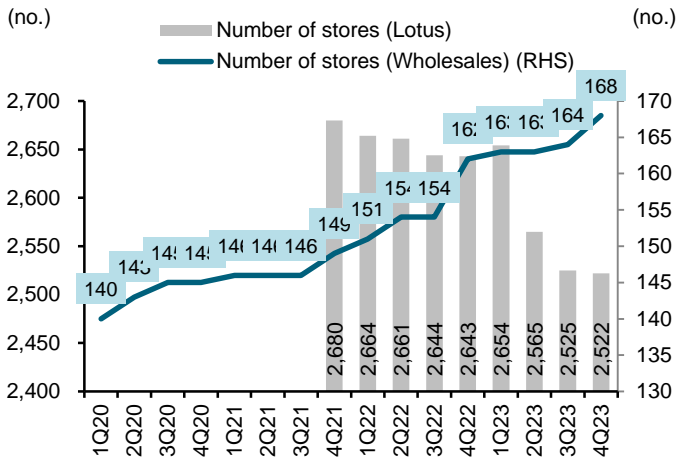
Sources: CPAXT; FSSIA's compilation
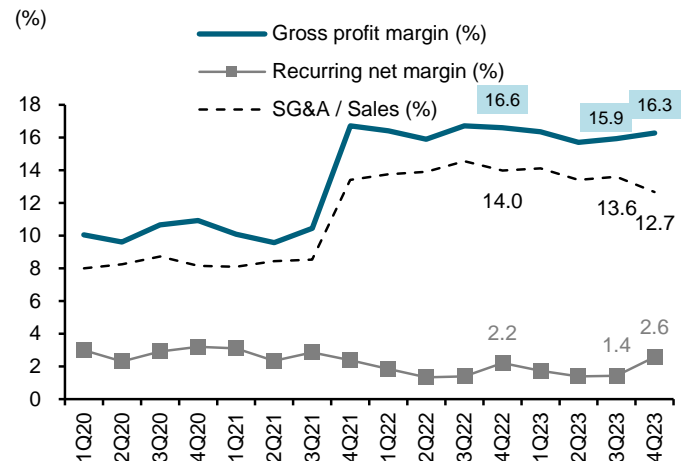
Exhibit 3: SSSG continues to grow
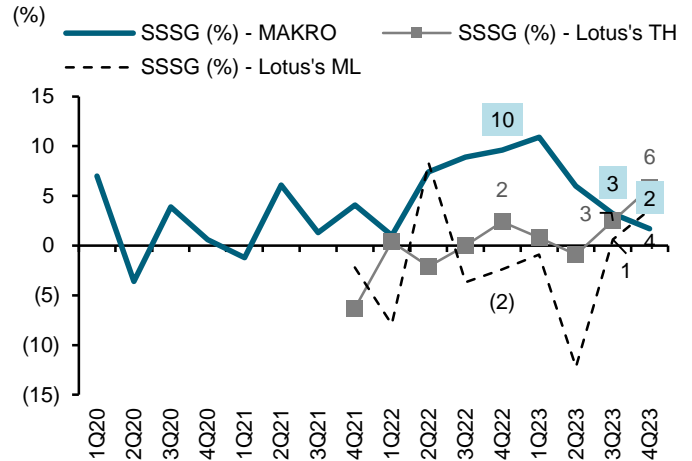
Sources: CPAXT; FSSIA's compilation
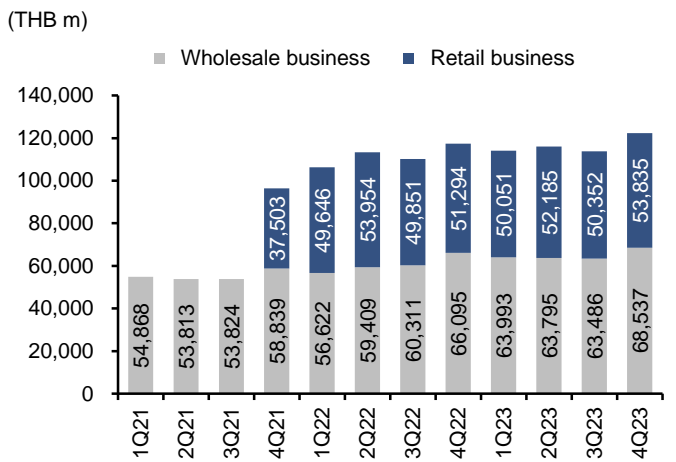
Exhibit 4: Quarterly earnings

Sources: CPAXT; FSSIA's compilation

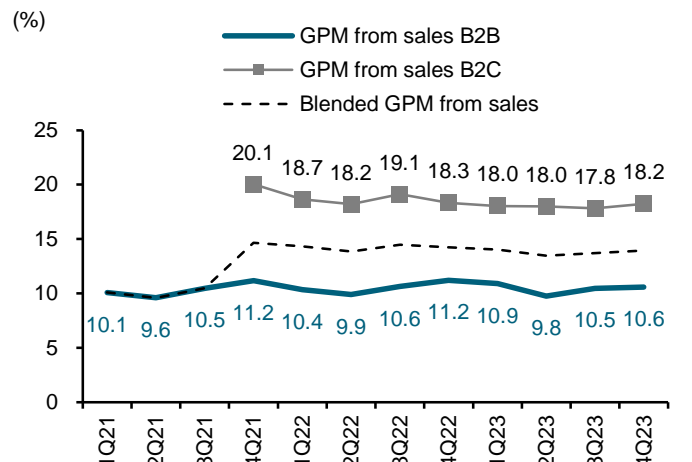## Exhibit 5: Profitability

Sources: CPAXT; FSSIA's compilation

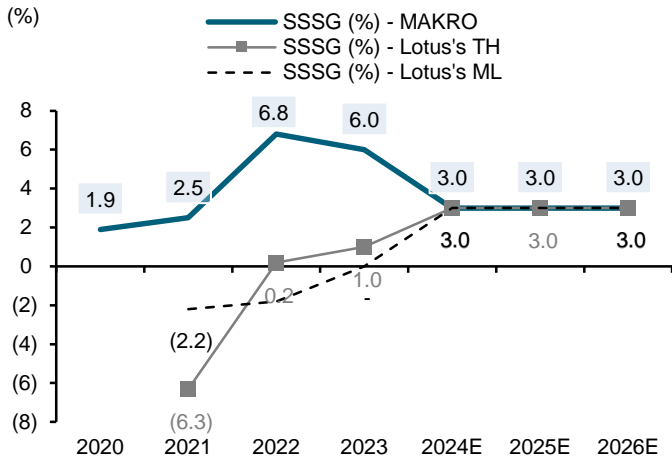## Exhibit 6: Revenue from sales by business unit

Sources: CPAXT; FSSIA's compilation

Exhibit 7: GPM from sales by business unit

Sources: CPAXT; FSSIA's compilation

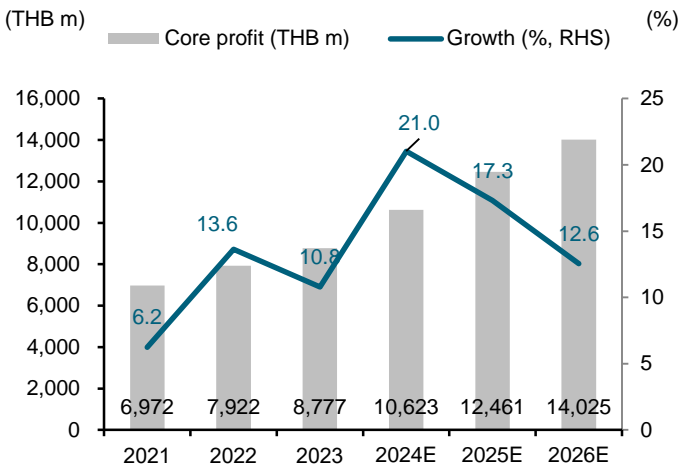## Exhibit 8: Yearly SSSG

Sources: CPAXT; FSSIA estimates

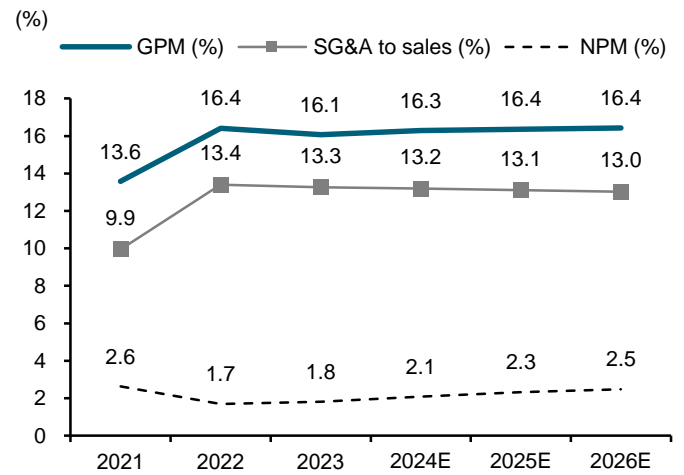## Exhibit 9: Yearly revenue and growth
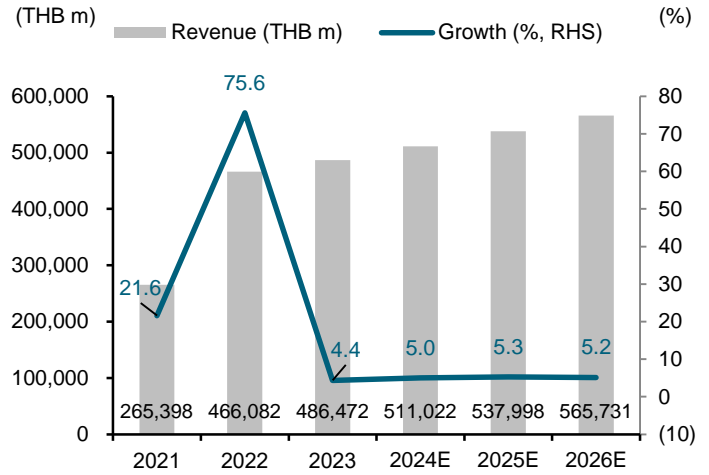
Sources: CPAXT; FSSIA estimates

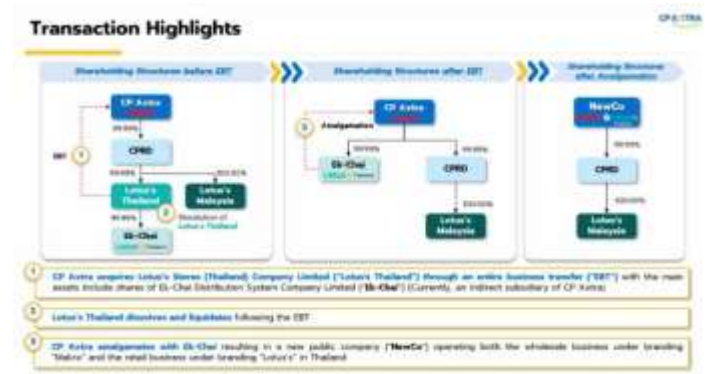## Exhibit 10: Yearly core profit and growth

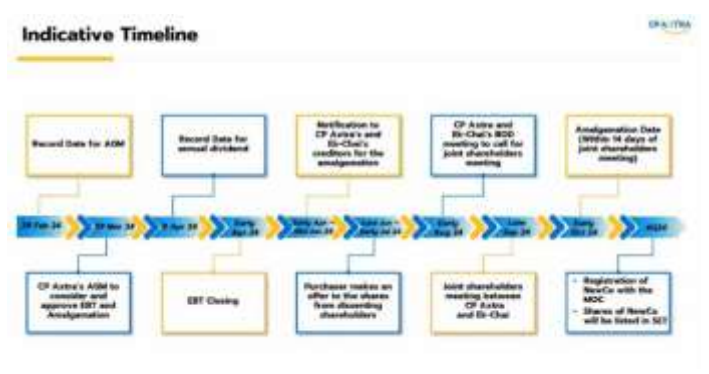Sources: CPAXT; FSSIA estimates

Exhibit 11: Profitability

Sources: CPAXT; FSSIA estimates
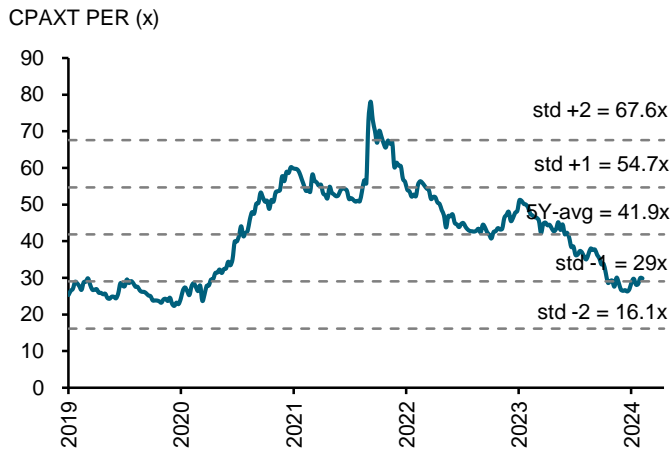
Exhibit 12: Transaction highlights
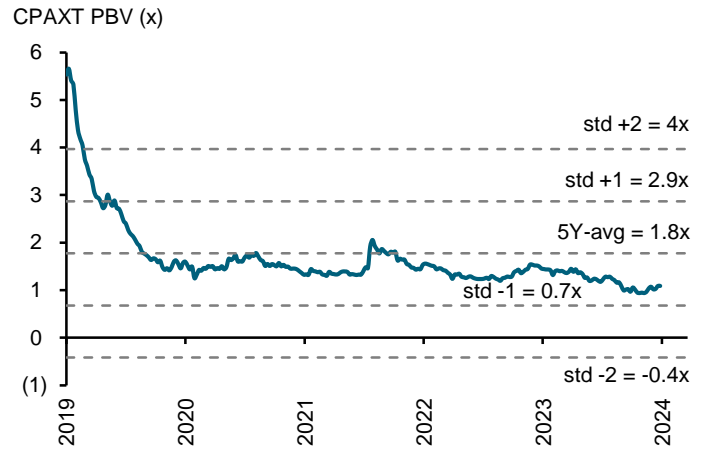

Source: CPAXT

Exhibit 13: Indicative timeline

Source: CPAXT

FINANSIA

Exhibit 14:   Rolling one-year forward P/E band

CPAXT PER (x)

std +2 = 67.6x
std +1 = 54.7x
5Y-avg = 41.9x
std -1 = 29x
std -2 = 16.1x

Sources: Bloomberg; FSSIA estimates

Exhibit 15:   Rolling one-year forward P/BV band

CPAXT PBV (x)

std +2 = 4x
std +1 = 2.9x
5Y-avg = 1.8x
std -1 = 0.7x
std -2 = -0.4x

Sources: Bloomberg; FSSIA estimates

Exhibit 16: Commerce peers as of 14 February 2024

Company	BBG	Rec	---------- Share price -----------			Market Cap	----- PE -----		---- ROE ----		---- PBV ----		-- EV/ EBITDA --	
			Current	Target	*Upside*	Cap	23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	*(%)*	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	53.50	77.00	*44*	13,290	27.8	23.9	16.4	17.5	4.8	4.4	20.0	17.7
CP Axtra	CPAXT TB	BUY	30.00	36.00	*20*	8,777	36.2	29.9	3.0	3.6	1.1	1.1	11.2	11.1
Berli Jucker*	BJC TB	n/a	24.60	n/a	*n/a*	2,729	20.3	17.9	4.0	4.5	0.8	0.8	12.8	12.0
Consumer Staple average						24,796	28.1	23.9	7.8	8.5	2.2	2.1	14.7	13.6
Consumer Discretionary														
Com7	COM7 TB	BUY	22.30	30.00	*35*	1,471	17.0	15.3	41.6	41.7	6.8	6.0	12.1	10.9
Central Retail Corp	CRC TB	BUY	34.75	48.00	*38*	5,796	25.6	21.9	12.6	13.4	3.1	2.8	13.4	12.0
Home Improvement														
Index Living Mall	ILM TB	BUY	21.60	26.70	*24*	302	15.7	14.1	12.0	12.7	1.8	1.8	7.6	6.9
Home Product Center	HMPRO TB	BUY	10.90	13.60	*25*	3,964	22.6	21.1	25.5	26.0	5.6	5.3	13.1	12.3
Siam Global House	GLOBAL TB	BUY	16.40	17.70	*8*	2,268	30.7	27.7	11.9	12.3	3.5	3.3	23.6	21.4
Dohome	DOHOME TB	BUY	11.10	12.30	*11*	948	67.2	35.3	4.3	7.7	2.8	2.6	25.7	19.1
Home Improvement avg.						7,482	34.1	24.6	13.4	14.7	3.5	3.3	17.5	14.9
Consumer Discretionary avg.						14,749	29.8	22.6	18.0	19.0	3.9	3.6	15.9	13.8
Total average						39,545	29.2	23.0	14.6	15.5	3.4	3.1	15.5	13.7

Sources: *Bloomberg; FSSIA estimates

Financial Statements
CP Axtra

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	466,082	486,472	511,022	537,998	565,731
Cost of goods sold	(389,588)	(408,274)	(427,815)	(449,984)	(472,817)
Gross profit	**76,494**	**78,198**	**83,207**	**88,014**	**92,914**
Other operating income	3,050	3,477	3,336	3,477	3,618
Operating costs	(62,617)	(64,831)	(67,876)	(71,001)	(74,165)
Operating EBITDA	**34,477**	**34,456**	**35,324**	**37,799**	**40,907**
Depreciation	(17,551)	(17,612)	(16,657)	(17,308)	(18,539)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**16,926**	**16,844**	**18,667**	**20,490**	**22,367**
Net financing costs	(7,122)	(6,319)	(5,998)	(6,050)	(6,026)
Associates	831	746	826	868	911
Recurring non-operating income	831	746	826	868	911
Non-recurring items	(225)	(137)	0	0	0
Profit before tax	**10,411**	**11,134**	**13,495**	**15,308**	**17,253**
Tax	(2,729)	(2,535)	(2,914)	(2,888)	(3,268)
Profit after tax	**7,682**	**8,599**	**10,582**	**12,420**	**13,984**
Minority interests	15	41	41	41	41
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	**7,697**	**8,640**	**10,623**	**12,461**	**14,025**
Non-recurring items & goodwill (net)	**225**	**137**	**0**	**0**	**0**
Recurring net profit	**7,922**	**8,777**	**10,623**	**12,461**	**14,025**
Per share (THB)					
Recurring EPS *	0.75	0.83	1.00	1.18	1.33
Reported EPS	0.73	0.82	1.00	1.18	1.33
DPS	0.51	0.57	0.70	0.82	0.93
Diluted shares (used to calculate per share data)	10,580	10,580	10,580	10,580	10,580
Growth					
Revenue (%)	75.6	4.4	5.0	5.3	5.2
Operating EBITDA (%)	107.4	(0.1)	2.5	7.0	8.2
Operating EBIT (%)	61.3	(0.5)	10.8	9.8	9.2
Recurring EPS (%)	13.6	10.8	21.0	17.3	12.6
Reported EPS (%)	(43.8)	12.3	22.9	17.3	12.6
Operating performance					
Gross margin inc. depreciation (%)	16.4	16.1	16.3	16.4	16.4
Gross margin exc. depreciation (%)	20.2	19.7	19.5	19.6	19.7
Operating EBITDA margin (%)	7.4	7.1	6.9	7.0	7.2
Operating EBIT margin (%)	3.6	3.5	3.7	3.8	4.0
Net margin (%)	1.7	1.8	2.1	2.3	2.5
Effective tax rate (%)	28.5	24.4	23.0	20.0	20.0
Dividend payout on recurring profit (%)	68.1	68.7	70.0	70.0	70.0
Interest cover (X)	2.5	2.8	3.3	3.5	3.9
Inventory days	34.2	34.4	32.6	32.5	32.6
Debtor days	1.9	1.8	1.7	1.7	1.7
Creditor days	59.9	60.2	61.0	60.9	61.0
Operating ROIC (%)	15.6	16.7	18.8	19.2	19.0
ROIC (%)	3.0	3.2	3.5	3.9	4.2
ROE (%)	2.7	3.0	3.6	4.2	4.6
ROA (%)	2.3	2.5	2.7	3.0	3.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	447,182	466,234	490,153	515,913	542,558
Service income	5,422	5,935	5,971	6,019	6,051
Rental and rendering retail services	13,477	14,303	14,898	16,066	17,122

Sources: CP Axtra; FSSIA estimates

Financial Statements

CP Axtra

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	7,922	8,777	10,623	12,461	14,025
Depreciation	17,551	17,612	16,657	17,308	18,539
Associates & minorities	96	13	0	0	0
Other non-cash items	(412)	(161)	21	7	18
Change in working capital	(4,400)	7,381	1,380	1,569	1,616
Cash flow from operations	**20,757**	**33,623**	**28,680**	**31,345**	**34,200**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(15,872)	(13,319)	(26,538)	(26,882)	(27,232)
Net acquisitions & disposals	(5,027)	(6,765)	(3,659)	(3,846)	(4,037)
Other investments (net)	815	(3,249)	2,975	(382)	1,444
Cash flow from investing	**(20,085)**	**(23,333)**	**(27,222)**	**(31,110)**	**(29,826)**
Dividends paid	(5,396)	(6,031)	(7,436)	(8,723)	(9,818)
Equity finance	50	(39)	616	616	616
Debt finance	(23,753)	(12,616)	18,734	(1,825)	507
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(29,099)**	**(18,686)**	**11,914**	**(9,932)**	**(8,695)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(28,426)**	**(8,396)**	**13,373**	**(9,697)**	**(4,321)**
Free cash flow to firm (FCFF)	7,794.01	16,609.15	7,456.39	6,284.90	10,399.71
Free cash flow to equity (FCFE)	(23,080.44)	(2,325.68)	20,192.83	(1,589.78)	**4,880.76**

Per share (THB)					
FCFF per share	0.74	1.57	0.70	0.59	0.98
FCFE per share	(2.18)	(0.22)	1.91	(0.15)	0.46
Recurring cash flow per share	2.38	2.48	2.58	2.81	3.08

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	148,498	150,596	177,134	204,016	231,248
Less: Accumulated depreciation	(30,383)	(35,022)	(49,770)	(65,016)	(81,339)
Tangible fixed assets (net)	**118,115**	**115,574**	**127,364**	**139,000**	**149,910**
Intangible fixed assets (net)	**0**	**0**	**0**	**0**	**0**
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	14,961	14,783	14,783	14,783	14,783
Cash & equivalents	40,103	31,707	45,080	35,383	31,061
A/C receivable	2,431	2,304	2,420	2,548	2,679
Inventories	37,820	35,884	37,601	39,550	41,557
Other current assets	7,001	6,844	7,190	7,569	7,959
Current assets	**87,355**	**76,739**	**92,291**	**85,049**	**83,256**
Other assets	328,213	333,275	335,246	337,256	339,307
Total assets	**548,643**	**540,371**	**569,684**	**576,089**	**587,256**
Common equity	290,348	292,918	296,720	301,074	305,898
Minorities etc.	583	555	514	473	432
Total shareholders' equity	**290,931**	**293,473**	**297,234**	**301,547**	**306,329**
Long term debt	110,025	70,180	104,578	83,648	109,557
Other long-term liabilities	56,925	58,569	58,951	60,130	61,333
Long-term liabilities	**166,949**	**128,749**	**163,529**	**143,778**	**170,890**
A/C payable	61,818	67,136	70,350	73,995	77,750
Short term debt	4,796	30,253	14,429	32,581	6,206
Other current liabilities	24,148	20,760	24,142	24,188	26,081
Current liabilities	**90,763**	**118,150**	**108,921**	**130,764**	**110,037**
Total liabilities and shareholders' equity	**548,643**	**540,371**	**569,684**	**576,089**	**587,256**
Net working capital	(38,715)	(42,865)	(47,281)	(48,516)	(51,636)
Invested capital	422,573	420,767	430,112	442,523	452,364
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	27.44	27.69	28.04	28.46	28.91
Tangible book value per share	27.44	27.69	28.04	28.46	28.91
Financial strength					
Net debt/equity (%)	25.7	23.4	24.9	26.8	27.7
Net debt/total assets (%)	13.6	12.7	13.0	14.0	14.4
Current ratio (x)	1.0	0.6	0.8	0.7	0.8
CF interest cover (x)	0.0	2.7	8.8	5.2	6.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**40.1**	**36.2**	**29.9**	**25.5**	**22.6**
Recurring P/E @ target price (x) *	**48.1**	**43.4**	**35.9**	**30.6**	**27.2**
Reported P/E (x)	41.2	36.7	29.9	25.5	22.6
Dividend yield (%)	1.7	1.9	2.3	2.7	3.1
Price/book (x)	1.1	1.1	1.1	1.1	1.0
Price/tangible book (x)	1.1	1.1	1.1	1.1	1.0
EV/EBITDA (x) **	11.4	11.2	11.1	10.5	9.8
EV/EBITDA @ target price (x) **	13.2	13.1	12.9	12.2	11.4
EV/invested capital (x)	0.9	0.9	0.9	0.9	0.9
* 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)

Exhibit 17: 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 18: 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; FSSIA's compilation

Exhibit 19: 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	—	—	—	—	—	—	3.80	—
BESG environmental pillar score	—	—	—	—	—	—	3.80	—
BESG social pillar score	—	—	—	—	—	—	3.77	—
BESG governance pillar score	—	—	—	—	—	—	3.84	—
ESG disclosure score	33.03	42.58	50.91	61.55	61.98	62.50	62.50	—
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	—
Environmental								
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 20: 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
Social								
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
Governance								
Board size	**18**	**15**	**15**	**15**	**15**	**15**	**15**	**15**
No. of independent directors (ID)	**6**	**5**	**5**	**5**	**5**	**5**	**5**	**5**
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	—
No. of executives / company managers	**12**	**12**	**13**	**11**	**11**	**6**	**6**	**7**
No. of female executives	2	2	3	3	2	1	2	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**5**	**5**	**5**	**5**	**3**	**3**	**3**	**3**
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
Size of compensation committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
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
Size of nomination committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of nomination committee meetings	1	3	2	2	4	2	3	2
Nomination meeting attendance %	100	100	100	100	100	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%). *(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.)*	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.
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.	
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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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.

Morningstar Sustainalytics Rating:

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

MSCI Ratings:

AAA	8.571-10.000		
AA	7.143-8.570	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities
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	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

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 Axtra	CPAXT TB	THB 30.00	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 53.50	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 22.30	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 34.75	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 21.60	BUY	Downside risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 10.90	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Siam Global House	GLOBAL TB	THB 16.40	BUY	Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.
Dohome PCL	DOHOME TB	THB 11.10	BUY	Downside risks to our DCF-based TP include 1) lower farm income, 2) a delay in government disbursement, 3) a decreased private brand exposure and its lower margins, 4) higher-than-expected expenses, and 5) a higher-than-expected impact of the 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 14-Feb-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.