

19 MARCH 2024

EQUITY RESEARCH - COMPANY REPORT

CP ALL CPALL TB

THAILAND / COMMERCE

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



BUY

UNCHANGED

TARGET PRICE	THB77.00
CLOSE	THB56.25
UP/DOWNSIDE	+36.9%
PRIOR TP	THB77.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.1%

1Q24 set to see continued growth in all three units

- Management targets continued growth in 2024 with a 0.2% y-y rise in GPM.
- Raise our 2024-26E core profit by 5%, 1%, and 2%, respectively to reflect an above-estimate GPM from CVS.
- Maintain BUY call at our TP of THB77.

Targeting continued growth in 2024

The analyst meeting ended on a slightly bullish note. The SSSG remained positive. The high gross margin extended due to a change in the product mix, with higher ready-to-eat (RTE) and lower low-margin cigarettes. Management sets its 2024 SSSG target at 3-5%, in line with GDP growth and inflation forecasts, and aims for a higher CVS gross margin of 0.2% y-y.

2024 strategy: Branch expansion and improvement, O2O, and F&B product development

CPALL plans to improve outlets to make them more appealing to target customers through three new concepts. First is Convenience Food by increasing premium products and focusing more on RTE, such as All select premium coffee at All café. Second is Convenience Mart, focusing on dried and frozen food and larger pack sizes. Third is Convenience HBW (ALLife), which emphasizes health-and-beauty-related personal and healthcare products. Also, CPALL has other initiatives, such as a 7-Community format with a car park and rented shops on site, All select premium coffee, co-branded RTE with renowned chefs, Japanese and Korean RTE menu expansion, and 7-Eleven exclusive.

Raise our profit estimate by 1-5% to reflect above-estimate 2023

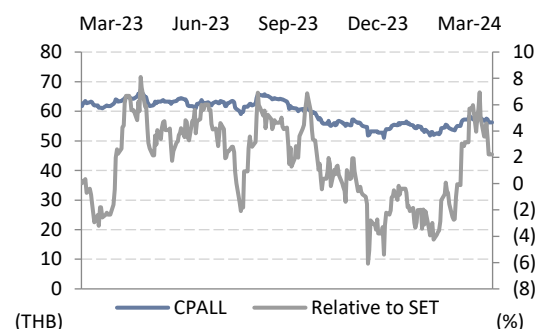
We have increased our 2024-26E core profit by 1-5% to factor in the higher-than-expected 2023 brought on by an above-estimate gross margin from CVS. Our 2024-26E core profit implies growth of 16%, 17%, and 13%, respectively. In 1Q24, we anticipate a y-y growth, supported by continued positive SSSG in all three units, with an expected 3-4% from CVS and 4-5% from wholesale and retail.

Retain BUY call at our TP of THB77

We maintain our BUY rating at our TP of THB77. In the short term, we expect an extended growth in 2024, in line with tourism and domestic consumption recoveries and O2O growth. We project a three-year average core profit growth of 15% CAGR for 2024-26. Additionally, CPALL trades at an attractive valuation of 24x 2024E P/E, its five-year historical average -2SD.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	895,281	949,172	999,896	1,049,860
Net profit	18,482	21,037	24,588	27,795
EPS (THB)	2.06	2.34	2.74	3.09
vs Consensus (%)	-	(1.3)	0.7	1.8
EBITDA	52,942	57,596	65,852	73,655
Recurring net profit	18,136	21,037	24,588	27,795
Core EPS (THB)	2.02	2.34	2.74	3.09
Chg. In EPS est. (%)	nm	4.7	1.1	nm
EPS growth (%)	36.6	16.0	16.9	13.0
Core P/E (x)	27.9	24.0	20.6	18.2
Dividend yield (%)	1.8	2.1	2.4	2.8
EV/EBITDA (x)	20.1	18.9	16.3	14.3
Price/book (x)	5.0	4.5	4.1	3.7
Net debt/Equity (%)	119.4	119.4	108.0	95.2
ROE (%)	17.1	18.1	19.3	19.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.3	4.2	(8.2)
Relative to country (%)	2.3	4.7	3.6
Mkt cap (USD m)	14,045		
3m avg. daily turnover (USD m)	34.3		
Free float (%)	58		
Major shareholder	CP Group (35%)		
12m high/low (THB)	67.75/50.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Thada Jiracharoenyong

Research Assistant
thada.j@fssia.com, +66 2646 9964

Investment thesis

CPALL is the #1 convenience store (CVS) operator in Thailand. It is expanding rapidly and has set foot in Cambodia and Laos. At end-2Q23, it has 14,545 branches in Thailand, 82 in Cambodia, and three in Laos.

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. We project a 2024-26 core profit growth of 15% 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

Principal activities (revenue, 2023)

■ 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
May 2024	1Q24 results announcement

Key assumptions

CPALL	2023A	2024E	2025E	2026E
SSSG CVS (%)	5.5	3.0	3.0	3.0
SSSG Makro (%)	5.3	3.0	3.0	3.0
SSSG Lotus-TH (%)	2.1	3.0	3.0	3.0
SSSG Lotus-ML (%)	(2.5)	3.0	3.0	3.0
New stores - CVS (no.)	707	700	700	700
GPM - CVS (%)	28.2	28.4	28.6	28.7
SG&A to sales	20.1	20.0	20.0	20.0

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.

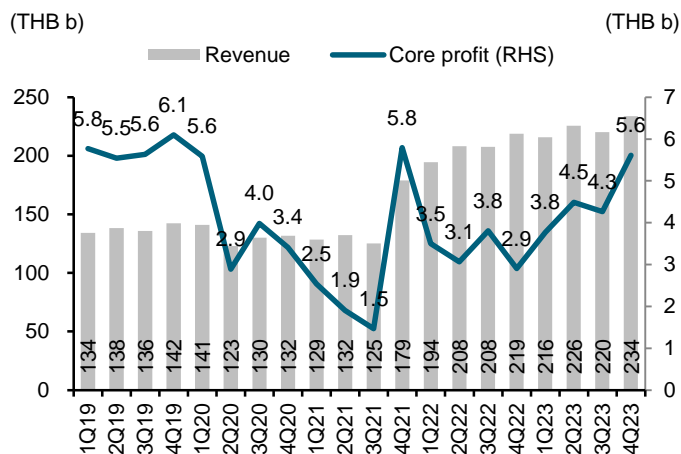
Source: FSSIA estimates

Exhibit 1: 4Q23 results summary and 2024 forecast

	4Q22	1Q23	2Q23	3Q23	4Q23	Change		2023	2024E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	218,863	215,895	225,603	220,051	233,732	6	7	895,281	949,172	6
COGS	(171,615)	(168,983)	(176,041)	(172,085)	(181,901)	6	6	(699,010)	(740,991)	6
Gross profit	47,248	46,913	49,561	47,966	51,831	8	10	196,271	208,181	6
Other income	6,548	6,125	6,399	6,215	6,821	10	4	25,560	27,967	9
Operating costs	(44,398)	(43,178)	(45,867)	(44,486)	(46,381)	4	4	(179,912)	(190,196)	6
Operating profit	9,397	9,859	10,094	9,695	12,272	27	31	41,920	45,951	10
FX gain (loss)	231	352	(51)	161	(116)	(172)	(150)	346	0	(100)
Interest expense	(4,747)	(4,408)	(4,145)	(3,995)	(4,010)	0	(16)	(16,558)	(16,185)	(2)
Profit before tax	4,651	5,451	5,949	5,700	8,262	45	78	25,362	29,766	17
Tax	(996)	(1,043)	(1,073)	(970)	(1,517)	56	52	(4,602)	(5,401)	17
Equity income	175	193	201	185	168	(9)	(4)	746	826	11
Minority interests	(923)	(831)	(588)	(651)	(1,300)	100	41	(3,370)	(4,155)	23
Non-recurring items	231	352	(51)	161	(116)	(172)	(150)	346	0	(100)
Reported net profit	3,138	4,123	4,438	4,424	5,497	24	75	18,482	21,037	14
Recurring net profit	2,907	3,771	4,490	4,264	5,612	32	93	18,136	21,037	16
EPS (THB)	0.35	0.46	0.49	0.49	0.61	24	75	2.06	2.34	2
Recurring EPS (THB)	0.32	0.42	0.50	0.47	0.62	32	93	2.02	2.34	13
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin-overall	21.6	21.7	22.0	21.8	22.2	0.4	0.6	21.9	21.9	0.0
Gross margin-CVS	27.6	27.9	28.4	27.9	28.7	0.7	1.0	28.2	28.4	0.2
Operating margin	4.3	4.6	4.5	4.4	5.3	0.8	1.0	4.7	4.8	0.2
Recurring net margin	1.3	1.7	2.0	1.9	2.4	0.5	1.1	2.0	2.2	0.2
SG&A / Sales	20.3	20.0	20.3	20.2	19.8	(0.4)	(0.4)	20.1	20.0	(0.1)
Operating statistics						(q-q%)	(y-y%)			(y-y%)
Expansion (no.)	178	209	168	176	154	(13)	(13)	707	700	(1)
Outstanding store (no.)	13,838	14,047	14,215	14,391	14,545	1.1	5.1	14,545	15,245	5
Average daily sales/store (THB)	76,659	78,735	83,558	79,308	79,308	0.0	3.5	80,837	n/a	
Spending per ticker (THB)	84	84	84	82	83	1.2	(1.2)	83	n/a	
Daily customer/store (no.)	916	941	995	959	959	0.0	4.7	965	n/a	
SSSG CVS (%)	14.5	8.0	7.9	3.5	3.6			5.5	3.0	
SSSG - MAKRO (%)	9.6	10.9	6.0	3.2	1.7			5.3	3.0	
SSSG - Lotus's TH (%)	2.4	0.8	(0.9)	2.5	5.8			2.1	3.0	
SSSG - Lotus's ML (%)	(2.4)	(0.9)	(12.2)	0.6	3.6			(2.5)	3.0	

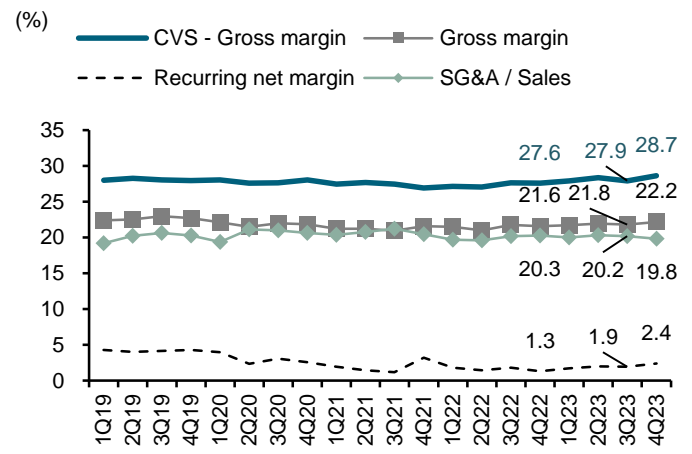
Sources: CPALL; FSSIA estimates

Exhibit 2: 4Q23 an impressive core profit driven by gpm-cvs



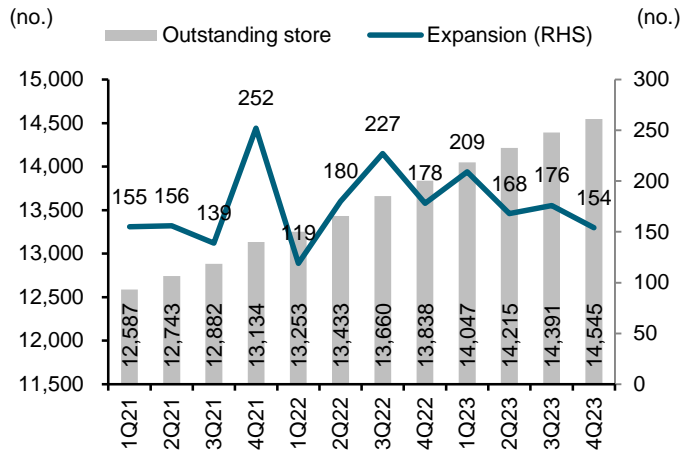
Sources: CPALL; FSSIA estimates

Exhibit 3: Profitability



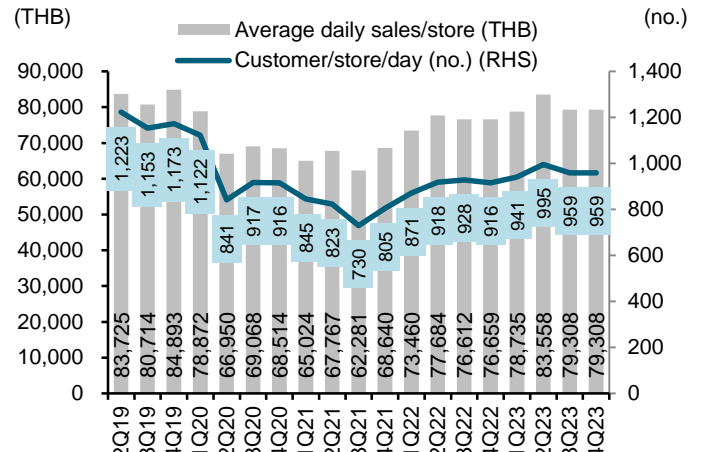
Sources: CPALL; FSSIA estimates

Exhibit 4: Achieve expansion target of 707 stores



Sources: CPALL; FSSIA estimates

Exhibit 5: Store performance



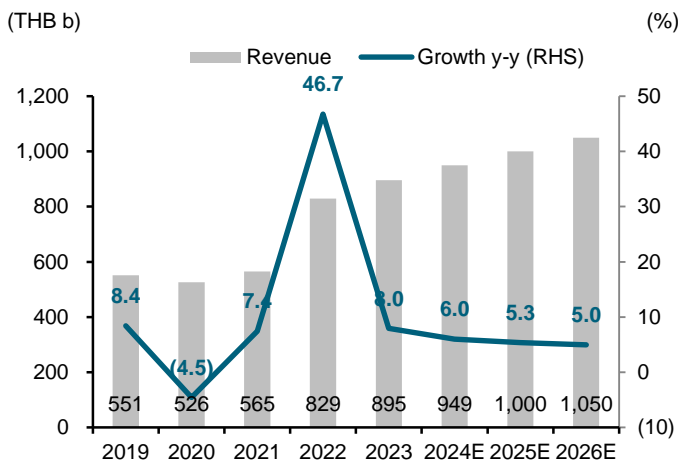
Sources: CPALL; FSSIA estimates

Exhibit 6: Revised up a core profit 2024-26E by 1-5% to factor in the higher-than-expected 2023 earnings

	Actual	Current				Previous			Change		
	2023A	2024E	2025E	2026E		2024E	2025E	2026E	2024E	2025E	2026E
Revenues (THB m)	895,281	949,172	999,896	1,049,860		957,661	1,025,491	1,097,047	(0.9)	(2.5)	(4.3)
SSSG CVS (%)	5.5	3.0	3.0	3.0		5.0	5.0	5.0	(2.0)	(2.0)	(2.0)
SSSG MAKRO (%)	6.0	3.0	3.0	3.0		3.0	3.0	3.0	0.0	0.0	0.0
SSSG Lotus-TH (%)	1.0	3.0	3.0	3.0		3.0	3.0	3.0	0.0	0.0	0.0
SSSG Lotus-ML (%)	0.0	3.0	3.0	3.0		1.0	3.0	3.0	2.0	0.0	0.0
CVS Gross margin (%)	28.2	28.4	28.6	28.7		28.2	28.4	28.3	0.3	0.2	0.3
Consolidated GPM (%)	21.9	21.9	22.2	22.4		21.8	22.1	22.2	0.1	0.1	0.2
No. of new stores	707	700	700	700		700	700	700	0	0	0
SG&A to sales (%)	20.1	20.0	20.0	20.0		20.1	20.1	20.1	(0.1)	(0.1)	(0.1)
Core profit (THB m)	18,136	21,037	24,588	27,795		20,089	24,313	27,214	4.7	1.1	2.1

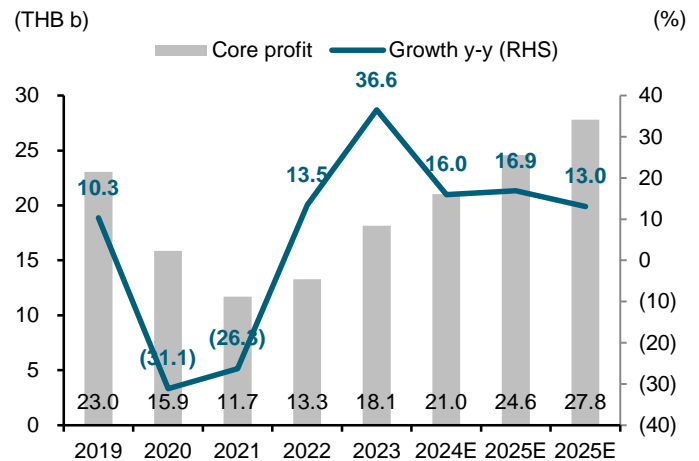
Sources: CPALL; FSSIA estimates

Exhibit 7: Revenue and growth



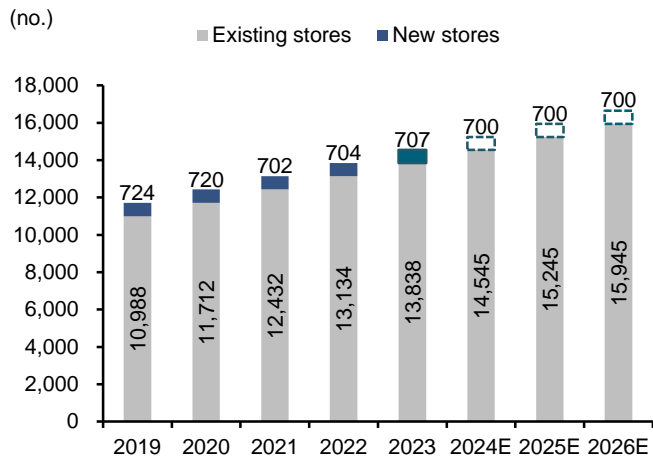
Sources: CPALL; FSSIA estimates

Exhibit 8: Core profit and growth



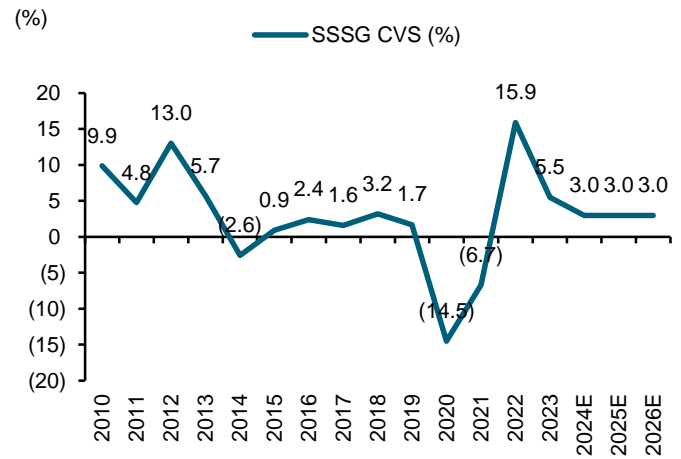
Sources: CPALL; FSSIA estimates

Exhibit 9: Store expansion



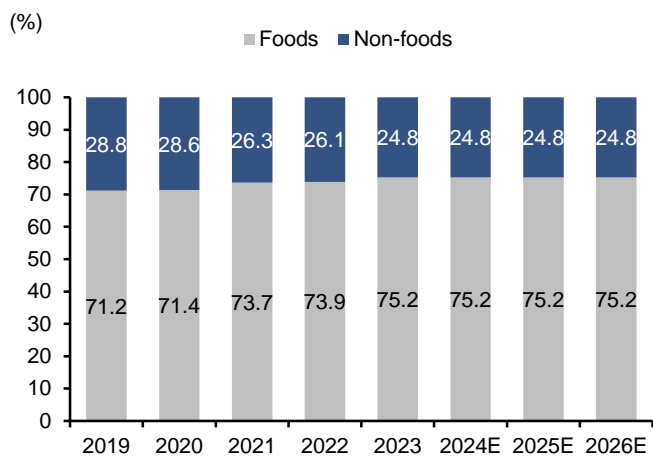
Sources: CPALL; FSSIA estimates

Exhibit 10: SSSG of CVS



Sources: CPALL; FSSIA estimates

Exhibit 11: Product sales mix



Sources: CPALL; FSSIA estimates

Exhibit 12: Product margin

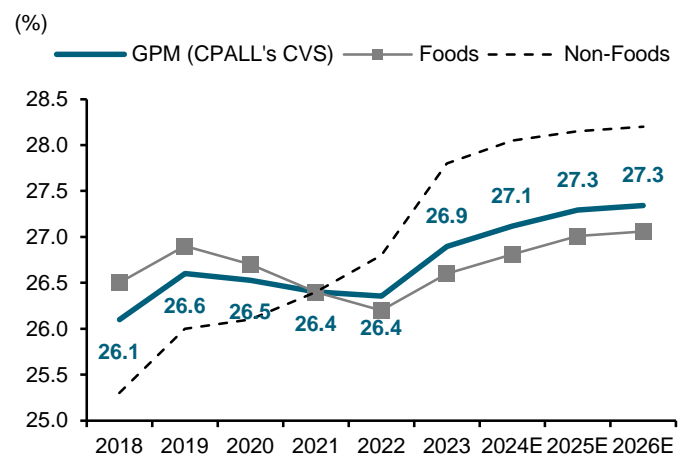
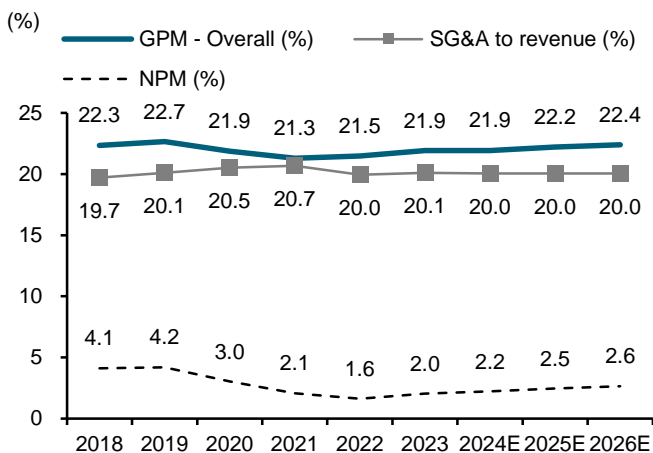
Note: excl. T&E
Sources: CPALL; FSSIA estimates

Exhibit 13: Profitability



Sources: CPALL; FSSIA estimates

Exhibit 14: Strong balance sheet

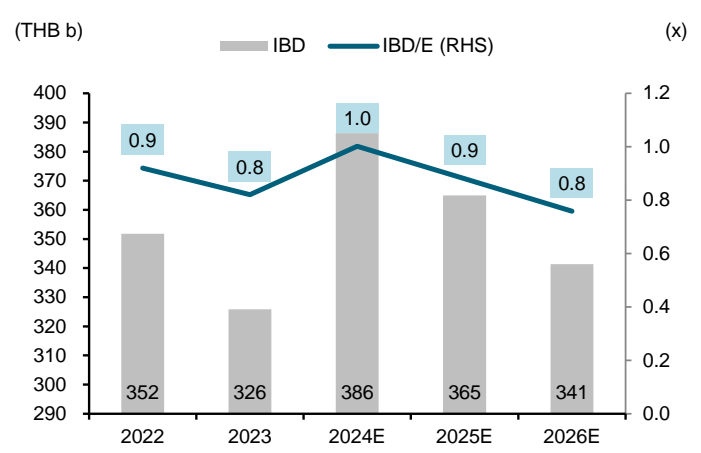
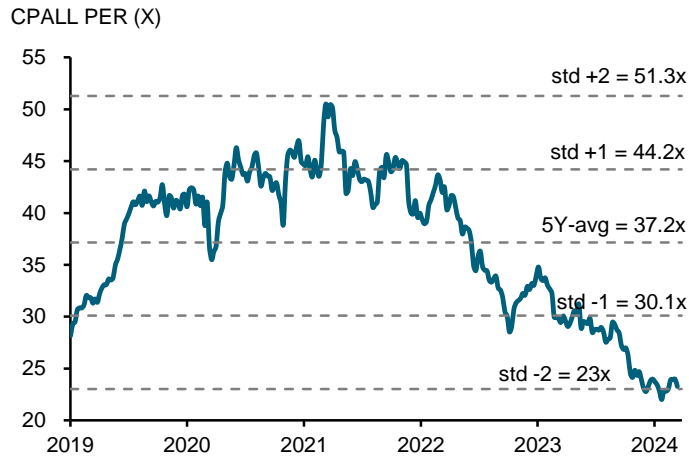
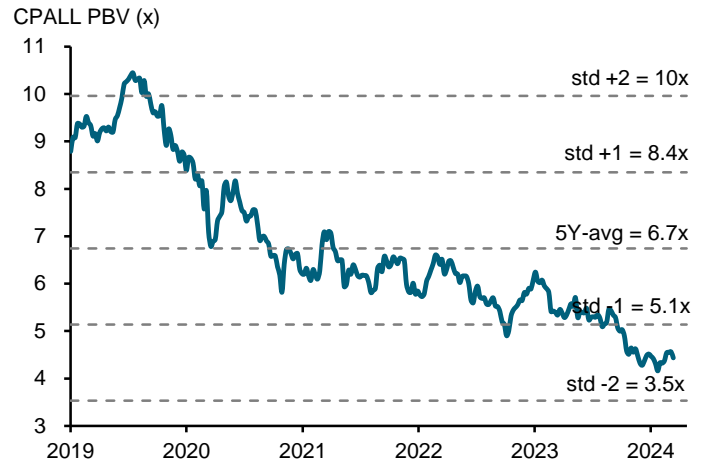
Note: excl lease liability
Sources: CPALL; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Commerce peers as of 18 March 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		- EV/ EBITDA -	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	56.25	77.00	37	14,045	24.0	20.6	18.1	19.3	4.5	4.1	18.9	16.3
CP Aextra	CPAXT TB	BUY	32.75	36.00	10	9,631	32.6	27.8	3.6	4.2	1.2	1.2	11.9	11.3
Berli Jucker*	BJC TB	n/a	25.50	n/a	n/a	2,805	18.1	17.1	4.6	4.9	0.8	0.8	12.1	11.5
Consumer Staple average						26,481	24.9	21.8	8.8	9.4	2.2	2.0	14.4	13.2
Consumer Discretionary														
Com7	COM7 TB	BUY	19.00	30.00	58	1,260	13.0	12.1	41.7	40.3	5.1	4.6	9.4	8.7
Central Retail Corp	CRC TB	BUY	37.25	44.00	18	6,244	24.9	22.3	12.9	13.3	3.1	2.8	10.4	9.7
Home Improvement														
Index Living Mall	ILM TB	BUY	21.60	26.70	24	303	14.1	13.0	12.7	13.1	1.8	1.7	6.9	6.2
Home Product Center	HMPRO TB	BUY	11.00	13.60	24	4,021	21.2	20.0	26.1	26.4	5.4	5.1	12.3	11.7
Siam Global House	GLOBAL TB	BUY	17.00	17.70	4	2,458	28.8	25.6	12.3	13.0	3.4	3.2	22.1	19.9
Dohome	DOHOME TB	BUY	11.40	12.30	8	1,023	36.1	28.1	7.7	9.3	2.7	2.5	18.2	15.9
Home Improvement avg.						7,805	25.0	21.7	14.7	15.4	3.3	3.1	14.9	13.4
Consumer Discretionary avg.						15,309	23.0	20.2	18.9	19.2	3.6	3.3	13.2	12.0
Total average						41,790	23.6	20.7	15.5	16.0	3.1	2.9	13.6	12.4

Sources: *Bloomberg; FSSIA estimates

Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	829,099	895,281	949,172	999,896	1,049,860
Cost of goods sold	(651,100)	(699,010)	(740,991)	(777,782)	(814,613)
Gross profit	177,999	196,271	208,181	222,114	235,247
Other operating income	0	0	0	0	0
Operating costs	(165,414)	(179,912)	(190,196)	(200,405)	(210,406)
Operating EBITDA	49,129	52,942	57,596	65,852	73,655
Depreciation	(36,544)	(36,582)	(39,611)	(44,143)	(48,814)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	12,585	16,359	17,985	21,709	24,841
Net financing costs	(16,549)	(16,090)	(15,639)	(16,078)	(16,421)
Associates	831	746	826	868	911
Recurring non-operating income	24,055	25,839	28,247	30,177	32,043
Non-recurring items	(9)	346	0	0	0
Profit before tax	20,082	26,454	30,593	35,808	40,463
Tax	(3,861)	(4,602)	(5,401)	(6,340)	(7,177)
Profit after tax	16,221	21,852	25,191	29,468	33,286
Minority interests	(2,949)	(3,370)	(4,155)	(4,880)	(5,491)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	13,272	18,482	21,037	24,588	27,795
Non-recurring items & goodwill (net)	9	(346)	0	0	0
Recurring net profit	13,281	18,136	21,037	24,588	27,795
Per share (THB)					
Recurring EPS *	1.48	2.02	2.34	2.74	3.09
Reported EPS	1.48	2.06	2.34	2.74	3.09
DPS	0.75	1.00	1.17	1.37	1.55
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
Growth					
Revenue (%)	46.7	8.0	6.0	5.3	5.0
Operating EBITDA (%)	76.0	7.8	8.8	14.3	11.8
Operating EBIT (%)	267.8	30.0	9.9	20.7	14.4
Recurring EPS (%)	13.5	36.6	16.0	16.9	13.0
Reported EPS (%)	2.2	39.3	13.8	16.9	13.0
Operating performance					
Gross margin inc. depreciation (%)	21.5	21.9	21.9	22.2	22.4
Gross margin exc. depreciation (%)	25.9	26.0	26.1	26.6	27.1
Operating EBITDA margin (%)	5.9	5.9	6.1	6.6	7.0
Operating EBIT margin (%)	1.5	1.8	1.9	2.2	2.4
Net margin (%)	1.6	2.0	2.2	2.5	2.6
Effective tax rate (%)	20.0	18.1	18.1	18.1	18.1
Dividend payout on recurring profit (%)	50.7	49.5	50.0	50.0	50.0
Interest cover (X)	2.2	2.6	3.0	3.2	3.5
Inventory days	32.3	31.9	30.7	30.8	30.7
Debtor days	7.9	7.6	7.4	7.4	7.5
Creditor days	85.0	84.7	77.5	71.1	72.8
Operating ROIC (%)	7.4	10.2	10.6	11.9	14.5
ROIC (%)	4.2	5.0	5.3	5.8	6.4
ROE (%)	13.0	17.1	18.1	19.3	19.7
ROA (%)	3.2	3.7	4.1	4.5	4.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	829,099	895,281	949,172	999,896	1,049,860

Sources: CP All; FSSIA estimates

Financial Statements

CP All

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	13,281	18,136	21,037	24,588	27,795
Depreciation	36,544	36,582	39,611	44,143	48,814
Associates & minorities	2,118	2,624	3,328	4,012	4,580
Other non-cash items	-	-	-	-	-
Change in working capital	(180)	12,711	(26,001)	6,064	6,395
Cash flow from operations	51,763	70,053	37,975	78,808	87,584
Capex - maintenance	0	0	0	0	0
Capex - new investment	(38,421)	(36,964)	(41,877)	(43,180)	(44,524)
Net acquisitions & disposals	(633)	(448)	7	41	76
Other investments (net)	(3,773)	(6,574)	(3,159)	(5,769)	(5,036)
Cash flow from investing	(42,827)	(43,987)	(45,029)	(48,908)	(49,484)
Dividends paid	(6,737)	(8,983)	(10,518)	(12,294)	(13,897)
Equity finance	(12,001)	(2,347)	0	0	0
Debt finance	(15,440)	(19,310)	19,589	(15,528)	(22,062)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(34,179)	(30,640)	9,071	(27,822)	(35,960)
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	(25,243)	(4,574)	2,017	2,078	2,140
Free cash flow to firm (FCFF)	25,767.66	42,623.96	9,131.20	46,539.40	55,099.56
Free cash flow to equity (FCFE)	(6,504.42)	6,756.51	12,535.34	14,371.62	16,037.21

Per share (THB)

FCFF per share	2.87	4.74	1.02	5.18	6.13
FCFE per share	(0.72)	0.75	1.40	1.60	1.79
Recurring cash flow per share	5.78	6.38	7.12	8.10	9.04

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	307,562	319,191	358,743	399,482	441,442
Less: Accumulated depreciation	(94,152)	(105,399)	(142,686)	(184,388)	(230,639)
Tangible fixed assets (net)	213,410	213,792	216,057	215,094	210,804
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	15,957	16,768	17,587	18,414	19,250
Cash & equivalents	71,891	67,317	69,334	71,411	73,551
A/C receivable	18,633	18,734	19,861	20,923	21,968
Inventories	58,183	57,501	60,543	63,117	65,654
Other current assets	249	247	262	276	290
Current assets	148,955	143,798	150,000	155,727	161,463
Other assets	185,097	191,492	198,347	205,544	213,101
Total assets	924,061	926,491	942,632	955,420	965,259
Common equity	100,724	110,995	121,514	133,808	147,705
Minorities etc.	189,577	190,600	194,754	199,634	205,126
Total shareholders' equity	290,301	301,595	316,268	333,442	352,831
Long term debt	393,871	353,745	422,602	379,105	383,369
Other long-term liabilities	32,446	32,954	34,937	36,804	38,643
Long-term liabilities	426,317	386,699	457,540	415,910	422,012
A/C payable	147,682	159,811	137,980	147,680	157,657
Short term debt	52,965	73,781	24,513	52,483	26,157
Other current liabilities	6,796	4,604	6,331	5,906	6,602
Current liabilities	207,443	238,197	168,824	206,068	190,416
Total liabilities and shareholders' equity	924,061	926,491	942,632	955,420	965,259
Net working capital	(77,413)	(87,935)	(63,645)	(69,270)	(76,347)
Invested capital	697,693	694,759	728,988	730,423	727,449

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

Per share (THB)

Book value per share	10.10	11.25	12.42	13.79	15.33
Tangible book value per share	(30.04)	(28.90)	(27.73)	(26.36)	(24.81)

Financial strength

Net debt/equity (%)	129.2	119.4	119.4	108.0	95.2
Net debt/total assets (%)	40.6	38.9	40.1	37.7	34.8
Current ratio (x)	0.7	0.6	0.9	0.8	0.8
CF interest cover (x)	2.9	3.7	4.5	4.6	4.7

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	38.0	27.9	24.0	20.6	18.2
Recurring P/E @ target price (x) *	52.1	38.1	32.9	28.1	24.9
Reported P/E (x)	38.1	27.3	24.0	20.6	18.2
Dividend yield (%)	1.3	1.8	2.1	2.4	2.8
Price/book (x)	5.6	5.0	4.5	4.1	3.7
Price/tangible book (x)	(1.9)	(1.9)	(2.0)	(2.1)	(2.3)
EV/EBITDA (x) **	22.0	20.1	18.9	16.3	14.3
EV/EBITDA @ target price (x) **	25.8	23.7	22.1	19.2	16.9
EV/invested capital (x)	1.5	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 18: 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 19: 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 20: 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 21: 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 Sustainability	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 & 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><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></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
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																			
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

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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 56.25	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 Axtra	CPAXT TB	THB 32.75	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 19.00	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 37.25	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 11.00	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 17.00	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 11.40	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 18-Mar-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.