

14 NOVEMBER 2024

EQUITY RESEARCH – RESULTS FLASH

CP ALL CPALL TB
THAILAND / COMMERCE

FINANSIA

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



BUY

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3Q24 results at first glance

CPALL reported a 3Q24 core profit of THB6.2b (+1% q-q, +45% y-y), beating our estimate by 5% due to a better-than-expected GPM and beating the BBG consensus estimate by 9%

Highlights

- CPALL's 3Q24 net profit stood at THB5.6b (-10% q-q, +27% y-y). Excluding one-off expenses from an FX loss and CPAXT's amalgamation totaling THB582m, core profit would be THB6.2b (+1% q-q, +45% y-y), supported by increased sales and improved GPMs across all three business segments.
- Total revenue rose by 6% y-y in the quarter, with positive SSSG across all three segments. Revenue from CVS increased by 8.8% y-y, driven by CVS SSSG at 3.3%, spending per ticket up by 2% y-y, and traffic up by 1% y-y. Positive factors included a boost from strong tourism and the government stimulus of THB10,000, which improved spending sentiment. Online sales continued to grow, with the well-received stamp campaign. Additionally, new store openings increased by 5% y-y.
- The GPM for CVS was 29.1% (+10bps q-q, +120bps y-y), higher than expected (our forecast was 28.4%), supported by improved product margins, particularly in high-margin food segments such as RTE items like fruits and desserts, and in non-food items like personal care, healthcare, and household products. Sales of low-margin items like cigarettes decreased. Meanwhile, SG&A to sales increased to 20.8% (+50bps q-q, +50bps y-y) due to higher marketing expenses from the stamp campaign.

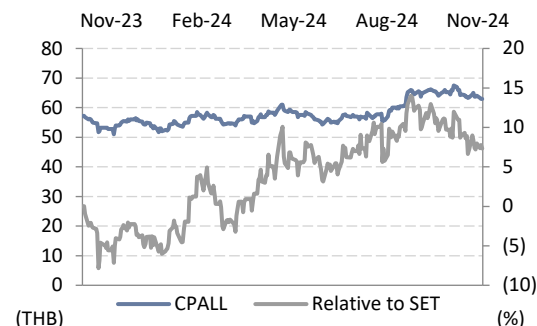
Outlook

- The core profit for 9M24 represented 75% of our full-year forecast, and we maintain our 2024 profit projection at THB24.5b (+35% y-y), the highest growth in the sector. We expect SSSG for 4QTD to remain positive at 1-3% across all three business segments.

TARGET PRICE	THB83.00
CLOSE	THB63.00
UP/DOWNSIDE	+31.7%
TP vs CONSENSUS	+3.8%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	895,281	957,718	1,009,392	1,059,728
Net profit	18,482	24,480	27,722	31,376
EPS (THB)	2.06	2.73	3.09	3.49
vs Consensus (%)	-	3.8	3.9	5.5
EBITDA	52,942	60,001	67,368	74,001
Recurring net profit	18,136	24,480	27,722	31,376
Core EPS (THB)	2.02	2.73	3.09	3.49
EPS growth (%)	36.6	35.0	13.2	13.2
Core P/E (x)	31.2	23.1	20.4	18.0
Dividend yield (%)	1.6	2.2	2.4	2.8
EV/EBITDA (x)	21.3	19.0	16.6	14.8
Price/book (x)	5.6	5.0	4.5	4.0
Net debt/Equity (%)	119.4	115.6	101.7	87.4
ROE (%)	17.1	20.9	21.3	21.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.4)	8.6	14.0
Relative to country (%)	(2.2)	(2.9)	9.0
Mkt cap (USD m)	16,327		
3m avg. daily turnover (USD m)	56.2		
Free float (%)	58		
Major shareholder	CP Group (35%)		
12m high/low (THB)	68.00/50.50		
Issued shares (m)	8,983.10		

Sources: Bloomberg consensus; FSSIA estimates



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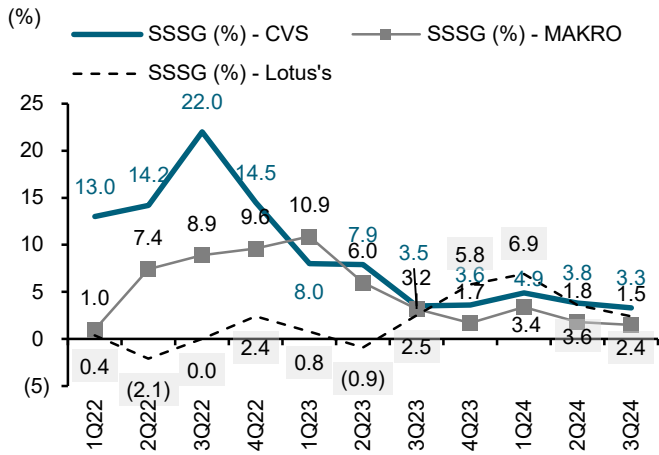
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Exhibit 1: CPALL – 3Q24 results summary

Year to Dec 31	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	----- Change ----- (q-q%) (y-y%)		----- 9M24 ----- (THB m) (y-y%) (%24E)			2024E (THB m)	Change (y-y%)
Revenue	220,051	233,732	234,315	240,948	234,044	(3)	6	709,307	7	74	957,718	7
COGS	(172,085)	(181,901)	(182,093)	(186,899)	(180,869)	(3)	5	(549,860)	6	74	(745,535)	7
Gross profit	47,966	51,831	52,223	54,049	53,175	(2)	11	159,447	10	75	212,183	8
Other income	6,215	6,821	6,694	6,994	7,238	3	16	20,926	12	74	28,232	10
Operating costs	(44,486)	(46,381)	(46,541)	(48,836)	(48,565)	(1)	9	(143,942)	8	75	(191,143)	6
Operating profit	9,695	12,272	12,375	12,207	11,848	(3)	22	36,431	23	74	49,271	18
FX gain (loss)	161	(116)	298	84	(554)	(756)	(445)	(172)	(137)	n/a	0	(100)
Interest expense	(3,995)	(4,010)	(3,902)	(3,878)	(3,861)	(0)	(3)	(11,641)	(7)	76	(15,384)	(7)
Profit before tax	5,700	8,262	8,473	8,329	7,987	(4)	40	24,790	45	73	33,887	34
Tax	(970)	(1,517)	(1,643)	(1,476)	(1,234)	(16)	27	(4,352)	41	71	(6,149)	34
Equity income	185	168	174	149	173	16	(6)	496	(14)	61	811	9
Minority interests	(651)	(1,300)	(982)	(847)	(765)	(10)	17	(2,595)	25	64	(4,069)	21
Non-recurring items	161	(116)	298	84	(582)	(789)	(462)	(200)	(143)	n/a	0	(100)
Reported net profit	4,424	5,497	6,319	6,239	5,608	(10)	27	18,167	40	74	24,480	32
Recurring net profit	4,264	5,612	6,022	6,155	6,190	1	45	18,366	47	75	24,480	35
EPS (THB)	0.49	0.61	0.70	0.69	0.62	(10)	27	2.02	40	74	2.73	32
Recurring EPS (THB)	0.47	0.62	0.67	0.69	0.69	0	45	2.04	46	75	2.73	35
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(ppt)
Gross margin - Overall	21.8	22.2	22.3	22.4	22.7	0.3	0.9	22.5	0.6		22.2	0.2
Gross margin - CVS	27.9	28.7	28.7	29.0	29.1	0.1	1.2	38.4	10.3		28.7	0.5
Product margin - CVS	27.0	27.0	27.4	27.7	27.7	0.0	0.7	n/a	n/a		27.4	0.5
Operating margin	4.4	5.3	5.3	5.1	5.1	(0.0)	0.7	5.1	0.7		5.1	0.5
Recurring net margin	1.9	2.4	2.6	2.6	2.6	0.1	0.7	2.6	0.7		2.6	0.5
SG&A / Sales	20.2	19.8	19.9	20.3	20.8	0.5	0.5	20.3	0.1		20.0	(0.1)
Operating statistics						(q-q%)	(y-y%)					
Expansion (no.)	176	154	185	124	199			508	(8.1)		700	(1)
Outstanding store (no.)	14,391	14,545	14,730	14,854	15,053	1	5	15,053	4.6		15,245	5
Average daily sales/store (THB)	79,308	80,884	82,619	86,656	81,781	(6)	3				n/a	
Spending per ticker (THB)	82	83	85	85	84	(1)	2				n/a	
Daily customer/store (no.)	959	965	972	1,007	964	(4)	1				n/a	
SSSG CVS (%)	3.5	3.6	4.9	3.8	3.3						5.0	
SSSG - MAKRO (%)	3.2	1.7	3.4	1.8	1.5						3.0	
SSSG - Lotus's TH (%)	2.5	5.8	6.9	3.6	2.4						3.0	
SSSG - Lotus's ML (%)	0.6	3.6	8.4	3.1	1.7						3.0	
Product sales mix												
Food (%)	75.4	75.4	75.2	76.3	76.3	0.0	0.9					
Non-Food (%)	24.6	24.6	24.8	23.7	23.7	0.0	(0.9)					
Product margin (excl T&E)												
Food (%)	26.7	26.7	27.1	27.3	27.2	(0.1)	0.5					
Non-Food (%)	27.9	27.9	28.5	28.8	29.0	0.2	1.1					
Total product (%)	27.0	27.0	27.4	27.7	27.7	0.0	0.7					

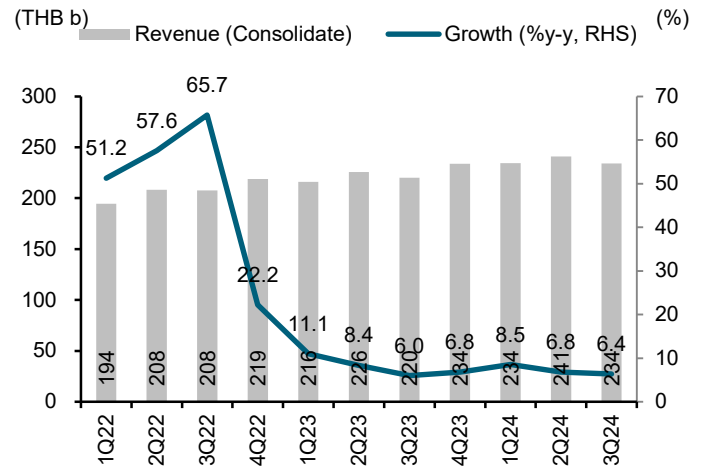
Sources: CPALL; FSSIA estimates

Exhibit 2: SSSG by business unit



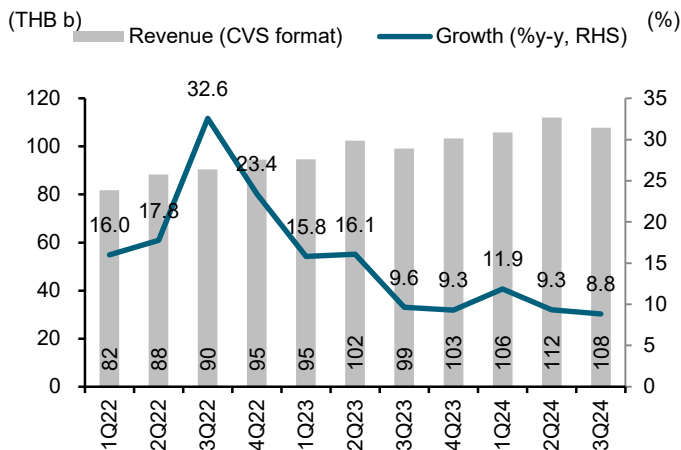
Sources: CPALL; FSSIA's compilation

Exhibit 3: Consolidated revenue and % growth



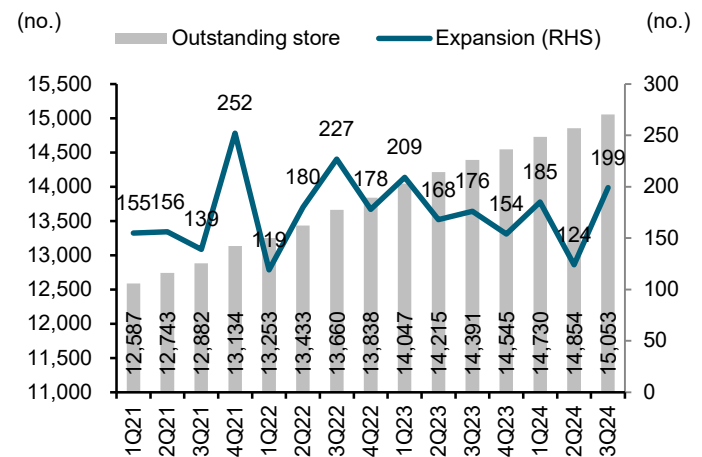
Sources: CPALL; FSSIA's compilation

Exhibit 4: CVS revenue and % growth



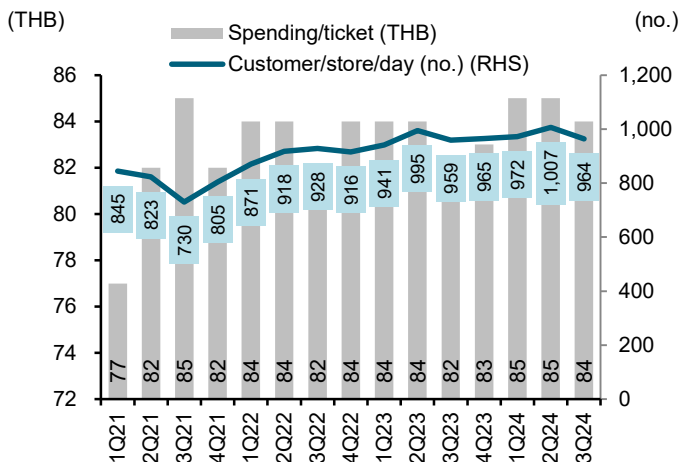
Sources: CPALL; FSSIA's compilation

Exhibit 5: Store expansion



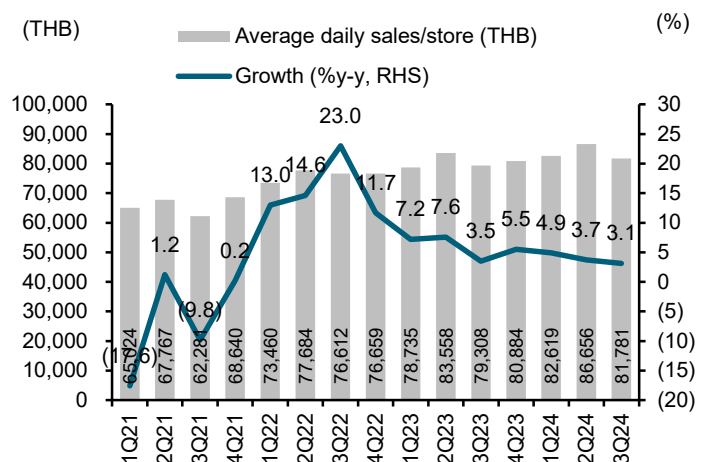
Sources: CPALL; FSSIA's compilation

Exhibit 6: Ticket size and traffic



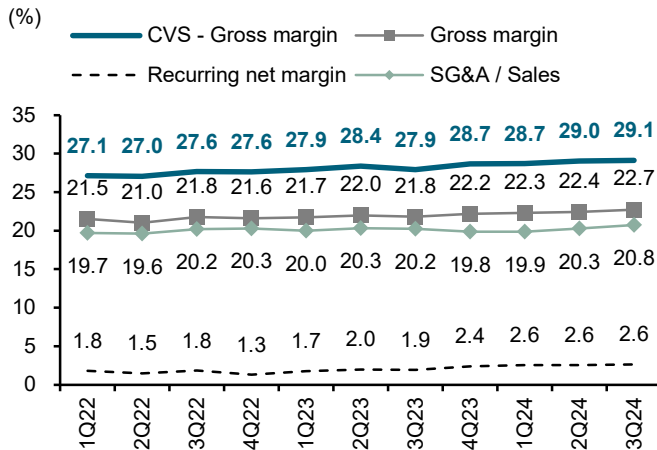
Sources: CPALL; FSSIA's compilation

Exhibit 7: Average daily sales/ CVS



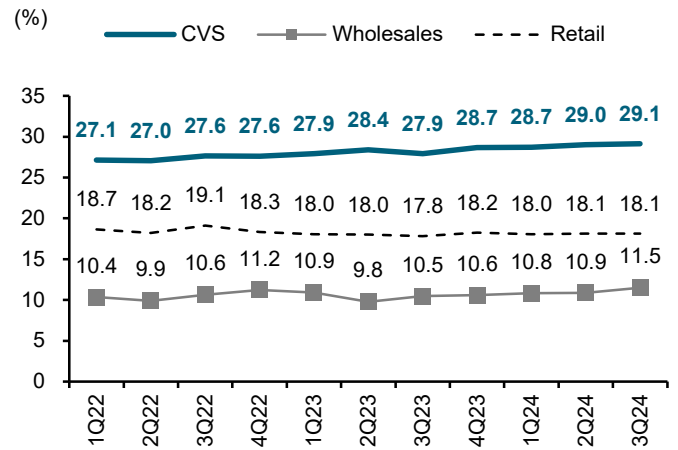
Sources: CPALL; FSSIA's compilation

Exhibit 8: Profitability



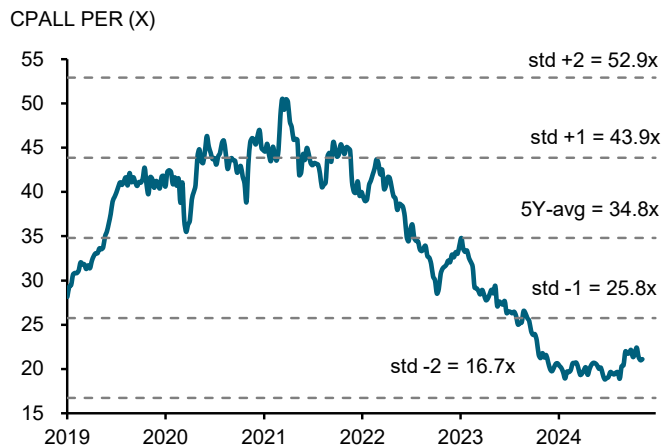
Sources: CPALL; FSSIA's compilation

Exhibit 9: Gross margin breakdown by segment



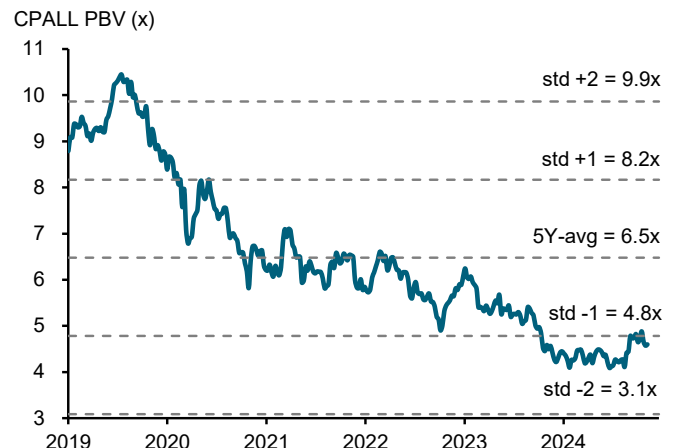
Sources: CPALL; FSSIA's compilation

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 12 Nov 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)
Consumer Staple														
CP All	CPALL TB	BUY	63.00	83.00	32	16,327	23.1	20.4	20.9	21.3	5.0	4.5	19.0	16.6
CP Aextra	CPAXT TB	BUY	35.00	42.00	20	10,529	35.0	28.1	3.5	4.3	1.2	1.2	11.9	10.4
Berli Jucker	BJC TB	BUY	22.70	31.00	37	2,625	20.6	17.8	3.7	4.2	0.8	0.7	11.9	11.5
Consumer Staple average						29,480	26.2	22.1	9.4	9.9	2.3	2.1	14.2	12.8
Consumer Discretionary														
Com7	COM7 TB	BUY	27.50	24.00	(13)	1,868	20.8	19.2	36.1	33.2	6.9	5.9	14.1	12.5
Central Retail Corp	CRC TB	BUY	30.75	42.00	37	5,350	21.8	19.8	12.2	12.4	2.6	2.4	9.4	8.8
Home Improvement														
Index Living Mall	ILM TB	BUY	17.00	22.00	29	248	11.4	10.3	12.4	13.1	1.4	1.3	6.8	6.3
Home Product Center	HMPRO TB	BUY	9.30	13.20	42	3,528	19.0	18.0	24.6	24.8	4.6	4.4	11.0	10.4
Siam Global House	GLOBAL TB	HOLD	16.00	17.30	8	2,401	32.7	28.1	10.6	11.7	3.4	3.2	25.1	21.9
Dohome	DOHOME TB	HOLD	9.90	10.50	6	922	50.4	34.5	5.1	7.0	2.5	2.4	20.1	17.3
Home Improvement avg.						7,100	28.4	22.7	13.2	14.2	3.0	2.8	15.8	14.0
Consumer Discretionary avg.						14,318	26.0	21.7	16.8	17.0	3.5	3.3	14.4	12.9
Total average						43,799	26.1	21.8	14.4	14.7	3.1	2.9	14.4	12.9

Source: FSSIA estimates

Financial Statements

CP All

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	829,099	895,281	957,718	1,009,392	1,059,728
Cost of goods sold	(651,100)	(699,010)	(745,535)	(783,290)	(820,350)
Gross profit	177,999	196,271	212,183	226,102	239,378
Other operating income	0	0	0	0	0
Operating costs	(165,414)	(179,912)	(191,143)	(200,989)	(211,158)
Operating EBITDA	49,129	52,942	60,001	67,368	74,001
Depreciation	(36,544)	(36,582)	(38,962)	(42,254)	(45,781)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	12,585	16,359	21,040	25,114	28,220
Net financing costs	(16,549)	(16,090)	(14,838)	(15,699)	(15,361)
Associates	831	746	811	835	860
Recurring non-operating income	24,055	25,839	28,496	30,454	32,326
Non-recurring items	(9)	346	0	0	0
Profit before tax	20,082	26,454	34,698	39,869	45,185
Tax	(3,861)	(4,602)	(6,149)	(7,083)	(8,043)
Profit after tax	16,221	21,852	28,549	32,786	37,142
Minority interests	(2,949)	(3,370)	(4,069)	(5,064)	(5,765)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	13,272	18,482	24,480	27,722	31,376
Non-recurring items & goodwill (net)	9	(346)	0	0	0
Recurring net profit	13,281	18,136	24,480	27,722	31,376
Per share (THB)					
Recurring EPS *	1.48	2.02	2.73	3.09	3.49
Reported EPS	1.48	2.06	2.73	3.09	3.49
DPS	0.75	1.00	1.36	1.54	1.75
Diluted shares (used to calculate per share data)	8,983	8,983	8,983	8,983	8,983
Growth					
Revenue (%)	46.7	8.0	7.0	5.4	5.0
Operating EBITDA (%)	76.0	7.8	13.3	12.3	9.8
Operating EBIT (%)	267.8	30.0	28.6	19.4	12.4
Recurring EPS (%)	13.5	36.6	35.0	13.2	13.2
Reported EPS (%)	2.2	39.3	32.5	13.2	13.2
Operating performance					
Gross margin inc. depreciation (%)	21.5	21.9	22.2	22.4	22.6
Gross margin exc. depreciation (%)	25.9	26.0	26.2	26.6	26.9
Operating EBITDA margin (%)	5.9	5.9	6.3	6.7	7.0
Operating EBIT margin (%)	1.5	1.8	2.2	2.5	2.7
Net margin (%)	1.6	2.0	2.6	2.7	3.0
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	3.3	3.5	3.9
Inventory days	32.3	31.9	30.7	31.0	31.1
Debtor days	7.9	7.6	7.4	7.4	7.5
Creditor days	85.0	84.7	76.4	68.7	69.0
Operating ROIC (%)	7.4	10.2	12.8	14.9	18.5
ROIC (%)	4.2	5.0	5.7	6.3	6.9
ROE (%)	13.0	17.1	20.9	21.3	21.6
ROA (%)	3.2	3.7	4.4	4.9	5.3

* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	829,099	895,281	957,718	1,009,392	1,059,728

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	24,480	27,722	31,376
Depreciation	36,544	36,582	38,962	42,254	45,781
Associates & minorities	2,118	2,624	3,258	4,229	4,905
Other non-cash items	-	-	-	-	-
Change in working capital	(180)	12,711	(28,850)	2,705	2,663
Cash flow from operations	51,763	70,053	37,850	76,910	84,726
Capex - maintenance	0	0	0	0	0
Capex - new investment	(38,421)	(36,964)	(30,066)	(32,443)	(34,472)
Net acquisitions & disposals	(633)	(448)	(8)	8	25
Other investments (net)	(3,773)	(6,574)	(2,790)	(5,736)	(5,016)
Cash flow from investing	(42,827)	(43,987)	(32,864)	(38,171)	(39,464)
Dividends paid	(6,737)	(8,983)	(12,240)	(13,861)	(15,688)
Equity finance	(12,001)	(2,347)	0	0	0
Debt finance	(15,440)	(19,310)	9,271	(22,800)	(27,434)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(34,179)	(30,640)	(2,969)	(36,661)	(43,122)
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	20,369.77	55,000.44	61,202.42
Free cash flow to equity (FCFE)	(6,504.42)	6,756.51	14,256.96	15,938.65	17,828.04

Per share (THB)

FCFF per share	2.87	4.74	2.27	6.12	6.81
FCFE per share	(0.72)	0.75	1.59	1.77	1.98
Recurring cash flow per share	5.78	6.38	7.43	8.26	9.14

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	307,562	319,191	346,932	376,934	408,843
Less: Accumulated depreciation	(94,152)	(105,399)	(142,036)	(181,849)	(225,066)
Tangible fixed assets (net)	213,410	213,792	204,896	195,085	183,777
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	20,040	21,122	22,175
Inventories	58,183	57,501	61,328	64,433	67,482
Other current assets	249	247	264	278	292
Current assets	148,955	143,798	150,966	157,244	163,500
Other assets	185,097	191,492	198,347	205,544	213,101
Total assets	924,061	926,491	932,437	936,929	940,269
Common equity	100,724	110,995	123,235	137,097	152,785
Minorities etc.	189,577	190,600	194,669	199,732	205,498
Total shareholders' equity	290,301	301,595	317,904	336,829	358,282
Long term debt	393,871	353,745	411,926	361,118	359,986
Other long-term liabilities	32,446	32,954	35,252	37,154	39,007
Long-term liabilities	426,317	386,699	447,178	398,272	398,992
A/C payable	147,682	159,811	136,095	142,987	149,752
Short term debt	52,965	73,781	24,872	52,880	26,578
Other current liabilities	6,796	4,604	6,388	5,962	6,664
Current liabilities	207,443	238,197	167,355	201,829	182,994
Total liabilities and shareholders' equity	924,061	926,491	932,437	936,929	940,269
Net working capital	(77,413)	(87,935)	(60,851)	(63,116)	(66,467)
Invested capital	697,693	694,759	720,620	716,569	710,302

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

Per share (THB)

Book value per share	10.10	11.25	12.61	14.15	15.90
Tangible book value per share	(30.04)	(28.90)	(27.54)	(25.99)	(24.25)

Financial strength

Net debt/equity (%)	129.2	119.4	115.6	101.7	87.4
Net debt/total assets (%)	40.6	38.9	39.4	36.6	33.3
Current ratio (x)	0.7	0.6	0.9	0.8	0.9
CF interest cover (x)	2.9	3.7	4.0	4.1	4.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	42.6	31.2	23.1	20.4	18.0
Recurring P/E @ target price (x) *	56.1	41.1	30.5	26.9	23.8
Reported P/E (x)	42.6	30.6	23.1	20.4	18.0
Dividend yield (%)	1.2	1.6	2.2	2.4	2.8
Price/book (x)	6.2	5.6	5.0	4.5	4.0
Price/tangible book (x)	(2.1)	(2.2)	(2.3)	(2.4)	(2.6)
EV/EBITDA (x) **	23.2	21.3	19.0	16.6	14.8
EV/EBITDA @ target price (x) **	26.9	24.7	22.0	19.3	17.2
EV/invested capital (x)	1.6	1.6	1.6	1.6	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 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.
★★★★★	>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 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
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 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
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="2">Average:</td><td rowspan="2">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><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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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																					
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

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Thada Jiracharoenyang FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 63.00	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 35.00	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Berli Jucker	BJC TB	THB 22.70	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices.
Com7	COM7 TB	THB 27.50	BUY	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
Central Retail Corp	CRC TB	THB 30.75	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 17.00	BUY	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 9.30	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 16.00	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome	DOHOME TB	THB 9.90	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from 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 13-Nov-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.