

17 JANUARY 2025

EQUITY RESEARCH - COMPANY REPORT

CP AXTRA CPAXT TB

THAILAND / COMMERCE

Robust 4Q24E profit and upward revisions

- We anticipate a 4Q24 core profit of THB3.9b (+62% q-q, +19% y-y), driven by sales growth and gross margin expansion.
- Raise 2024E core profit by 5% to THB11b (+25% y-y) and 2025-26E by 1.3% and 1%, implying 17% y-y and 11% y-y growth.
- Maintain Buy recommendation and TP of THB34 (DCF).

Strong 4Q24E profit growth and upward earnings revisions

We anticipate a 4Q24 core profit of THB3.9b (+62% q-q, +19% y-y), with the q-q jump likely driven by seasonal factors and the y-y growth probably due to sales growth and gross margin improvements in both segments. We estimate a 4% y-y increase in sales revenue, supported by SSSG in both businesses and the addition of two new Makro stores, two large-format Lotus stores, and 52 small-format Lotus stores.

Likely impressive gross margin expansion

We expect the 4Q24 gross margin to expand impressively to 15.2% (+120bps y-y), driven by 1) its fresh food focus in wholesale and retail segments, 2) a higher proportion of higher-margin private label sales mix, 3) reduced sales of cigarettes from Makro to distributors. It should drive the 2024 gross margin from sales to 14.4%, up from our previous forecast of 14.1%. SG&A expenses would grow by 5% y-y, mainly due to higher costs in the wholesale business, leading to a 4Q24 SG&A to total revenue of 12.9% (+20bps y-y).

Raise 2024-26E earnings due to better-than-expected GPM

We increase our 2024E core profit by 5% to THB11b (+25% y-y) and our 2025-26E by 1.3% and 1% to THB12.8b (+17% y-y) and THB14.3b (+11% y-y), respectively, due to better-than-expected gross margin improvement and inclusion of synergy value which company expects to boost the 2025 gross margin by 60bps y-y (we have factored in a 40bps y-y increase in our forecast).

Maintain Buy recommendation and TP of THB34 (DCF)

We maintain a BUY recommendation with a target price of THB34, as we believe the stock has already priced in negative factors. CPAXT is currently trading at 2025E P/E of 23x and P/BV of 1x. Also, we obtained slightly positive data from the CPAXT open house event, including accelerated synergy realization, robust sales growth plans, and a focus on margin expansion, indicating strong growth potential in 2025.



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FINANSIA

FSS INTERNATIONAL INVESTMENT ADVISORY

FSSIA ESG rating



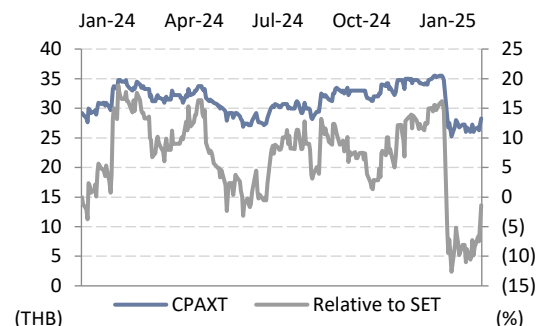
BUY

UNCHANGED

TARGET PRICE	THB34.00
CLOSE	THB28.25
UP/DOWNSIDE	+20.4%
PRIOR TP	THB34.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.2%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	486,472	507,884	526,511	545,656
Net profit	8,640	10,966	12,847	14,289
EPS (THB)	0.83	1.05	1.23	1.37
vs Consensus (%)	-	5.4	6.4	4.3
EBITDA	34,456	36,758	41,611	46,269
Recurring net profit	8,777	10,966	12,847	14,289
Core EPS (THB)	0.84	1.05	1.23	1.37
Chg. In EPS est. (%)	-	5.1	1.3	0.5
EPS growth (%)	10.8	24.9	17.2	11.2
Core P/E (x)	33.6	26.9	22.9	20.6
Dividend yield (%)	2.0	2.6	3.1	3.4
EV/EBITDA (x)	10.6	9.7	8.7	7.6
Price/book (x)	1.0	1.0	1.0	1.0
Net debt/Equity (%)	23.4	20.2	22.2	19.1
ROE (%)	3.0	3.7	4.3	4.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(13.1)	(7.2)
Relative to country (%)	5.0	(4.6)	(3.8)
Mkt cap (USD m)	8,513		
3m avg. daily turnover (USD m)	11.0		
Free float (%)	15		
Major shareholder	CP ALL (60%)		
12m high/low (THB)	35.50/25.25		
Issued shares (m)	10,427.66		

Sources: Bloomberg consensus; FSSIA estimates

Investment thesis

CPAXT is a leading wholesaler (under Makro). After its retail and 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 strengths in the retail and rental market. In 2024-26, we expect revenue growth of 4% CAGR to THB546b and core profit growth of 17.6% CAGR to THB14.3b, supported by 1) a recovery in tourism and domestic consumption, which should boost domestic purchasing power; 2) a synergy value over two years (2025-26); 3) the O2O strategy; and 4) its fresh food focus to drive sales and GPM.

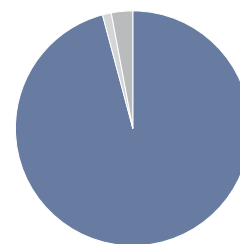
Company profile

CPAXT operates a wholesale unit under Makro to distribute consumer products to SMEs, retailers, restaurant operators, freelancers, and various institutions. Also, it is in the food service business to import and distribute frozen and chilled food to restaurants and small retailers. Finally, it has retail and rental subsidiaries under Lotus's.

www.cpaxtra.com

Principal activities (revenue, 2023)

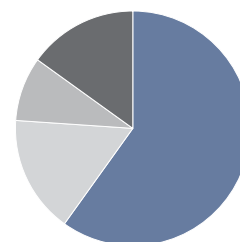
- Sales - 95.8 %
- Service income - 1.2 %
- Rental and rendering retail services - 2.9 %



Source: CP Aextra

Major shareholders

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



Source: CP Aextra

Catalysts

Potential catalysts for CPAXT include: 1) a faster-than-expected domestic consumption and tourism recovery; 2) a better-than-expected recovery of its retail operation; and 3) a higher-than-expected synergy value from the amalgamation.

Risks to our call

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; 4) an operating loss from its overseas units; 5) lower-than-expected synergy value; and 6) higher-than-expected losses in the Happitap project.

Event calendar

Date	Event
Feb 2025	4Q24 results announcement

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 (%)	2.3	2.3	2.2
GPM from sales (%)	14.4	14.8	15.1
GPM (%)	16.5	16.8	17.0
SG&A to revenue (%)	13.3	13.3	13.3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 EPS to rise by 0.8% and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 EPS to rise by 3.0% and vice versa, all else being equal.
- For every 0.1% increase in SG&A to revenue, we estimate 2025 EPS to fall by 3.1% and vice versa, all else being equal.

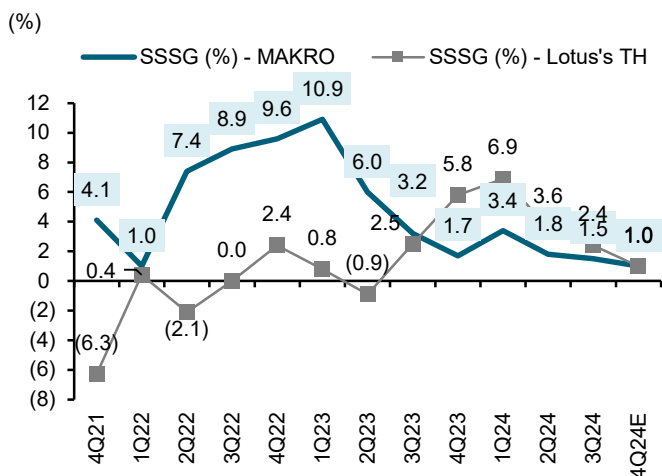
Source: FSSIA estimates

Exhibit 1: CPAXT - 4Q24 results preview

Year to Dec 31	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	4Q24E (THB m)	----- Change----- (q-q%) (y-y%)		2024E (THB m)	Change (y-y %)	2025E (THB m)	Change (y-y %)
Total revenue	127,637	126,157	126,223	123,727	131,777	7	3	507,884	4	526,511	4
- Retail sales	122,371	121,182	121,374	118,864	126,776	7	4	488,196	5	506,301	4
- Service income	1,599	1,452	1,275	1,265	1,339	6	(16)	5,331	(10)	5,644	6
- Rental and services	3,667	3,523	3,574	3,598	3,662	2	(0)	14,356	0	14,566	1
Gross profit	20,793	20,454	20,316	20,371	22,546	11	8	83,687	7	88,663	6
Operating costs	(16,292)	(16,838)	(16,919)	(16,883)	(17,073)	1	5	(67,713)	4	(70,300)	4
Operating profit	4,501	3,616	3,397	3,488	5,473	57	22	15,974	21	18,363	15
Other income	976	863	733	714	770	8	(21)	3,080	(11)	3,194	4
EBIT	5,477	4,479	4,130	4,202	6,243	49	14	19,054	14	21,556	13
Interest expense	(1,451)	(1,414)	(1,449)	(1,434)	(1,434)	0	(1)	(5,732)	(9)	(5,818)	2
Profit before tax	4,025	3,065	2,681	2,769	4,808	74	19	13,322	28	15,739	18
Tax	(912)	(765)	(663)	(536)	(1,101)	105	21	(3,064)	21	(3,620)	18
Associates	168	174	149	173	181	5	8	677	(9)	697	3
Minority interests	1	7	9	4	10	131	935	31	(25)	31	0
Non-recurring items	0	0	0	(458)	0	(100)	n/a	0	(100)	0	n/a
Reported net profit	3,282	2,481	2,176	1,952	3,899	100	19	10,966	27	12,847	17
Recurring net profit	3,282	2,481	2,176	2,410	3,899	62	19	10,966	25	12,847	17
EPS (THB)	0.31	0.24	0.21	0.19	0.37	100	19	1.05	27	1.23	17
Recurring EPS (THB)	0.31	0.24	0.21	0.23	0.37	62	19	1.05	25	1.23	17
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)		(%)	
Gross profit margin from sales	14.0	14.1	14.1	14.4	15.2	0.8	1.2	14.4	0.6	14.8	0.4
Gross profit margin	16.3	16.2	16.1	16.5	17.1	0.6	0.8	16.5	0.4	16.8	0.4
Operating margin	3.5	2.9	2.7	2.8	4.2	1.3	0.6	3.1	0.4	3.5	0.3
Recurring net margin	2.6	2.0	1.7	1.9	3.0	1.0	0.4	2.2	0.4	2.4	0.3
SG&A / Revenue	12.7	13.3	13.3	13.6	12.9	(0.7)	0.2	13.3	(0.0)	13.3	0.0
Operating statistics	(%)	(%)	(%)	(%)	(%)			(%)		(%)	
SSSG (%) - MAKRO	1.7	3.4	1.8	1.5	1.0			3.0		3.0	
SSSG (%) - Retail business	5.5	7.1	3.5	2.3	1.0						
SSSG (%) - Lotus's TH	5.8	6.9	3.6	2.4	1.0			3.0		3.0	
SSSG (%) - Lotus's ML	3.6	8.4	3.1	1.7	2.0			3.0		3.0	
Number of stores (Wholesales) (no.)	168	169	170	172	174			176		183	
Number of stores (Lotus) (no.)	2,522	2,517	2,520	2,498	2,552			2,577		2,633	

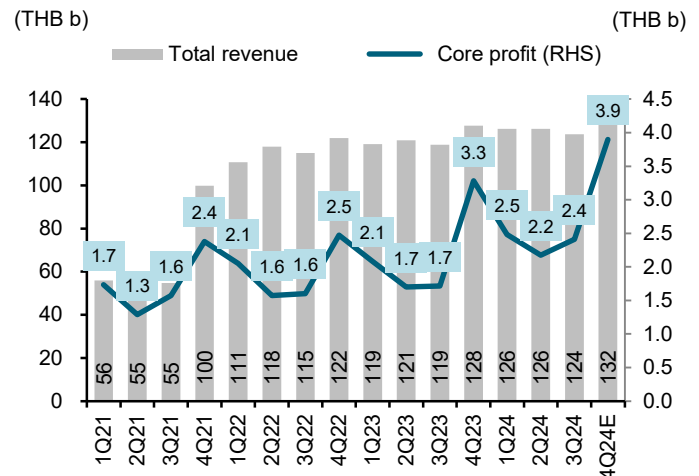
Sources: CPAXT; FSSIA estimates

Exhibit 2: SSSG of Makro and Lotus's



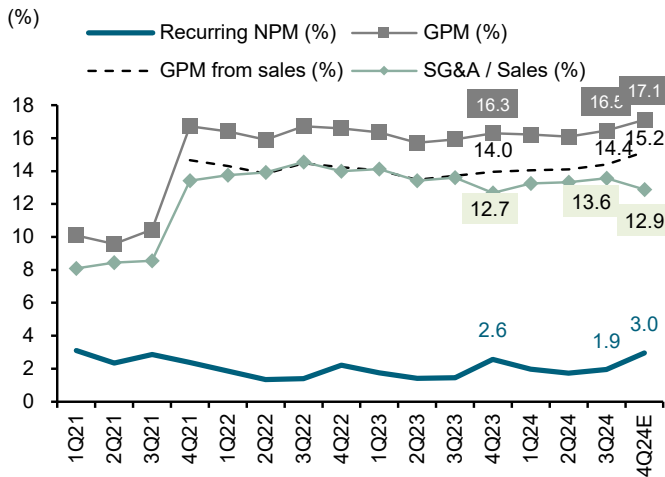
Sources: CPAXT; FSSIA estimates

Exhibit 3: Revenue and core profit



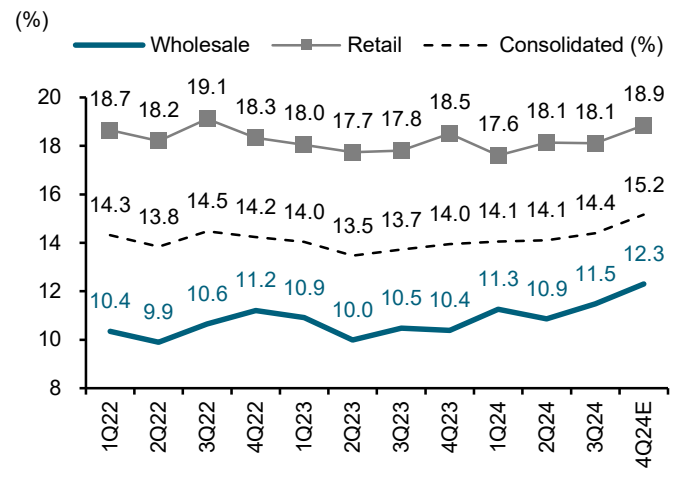
Sources: CPAXT; FSSIA estimates

Exhibit 4: Profitability



Sources: CPAXT; FSSIA estimates

Exhibit 5: GPM from sales (%)



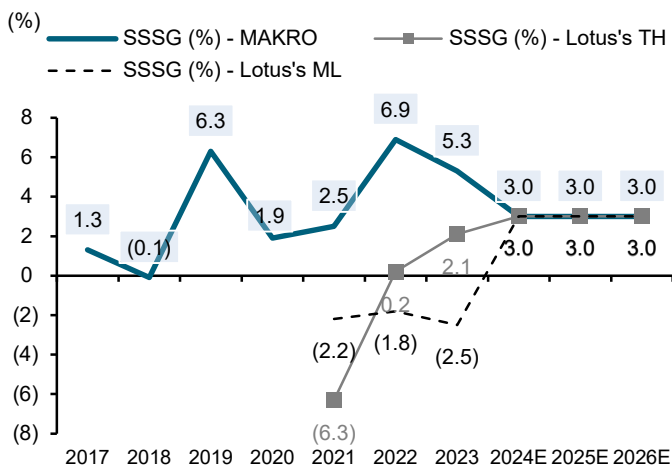
Sources: CPAXT; FSSIA estimates

Exhibit 6: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Retail sales (THB m)	507,884	526,511	545,656	510,179	529,349	550,097	(0.4)	(0.5)	(0.8)
SSSG MAKRO (%)	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0
SSSG Lotus-TH (%)	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0
SSSG Lotus-ML (%)	3.0	3.0	3.0	3.0	3.0	3.0	0.0	0.0	0.0
New stores growth - MAKRO (%)	4.8	4.0	3.8	4.8	4.0	3.8	0	0	0
New stores growth - Lotus's (%)	2.2	2.2	2.1	4.5	4.3	4.1	(2)	(2)	(2)
Gross margin (%)	16.5	16.8	17.0	16.3	16.5	16.7	0.2	0.3	0.3
Gross margin from sales (%)	14.4	14.8	15.1	14.1	14.3	14.6	0.3	0.4	0.4
SG&A expenses to total revenues (%)	13.3	13.3	13.3	13.3	13.1	13.1	(0.1)	0.2	0.2
Core profit (THB m)	10,966	12,847	14,289	10,434	12,683	14,215	5.1	1.3	0.5

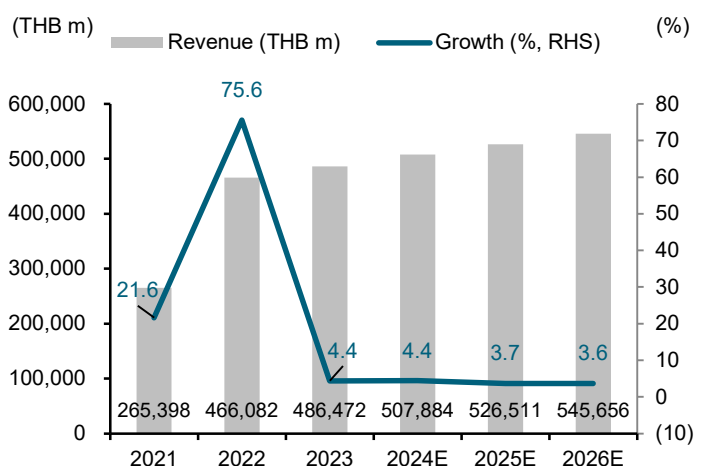
Sources: CPAXT; FSSIA estimates

Exhibit 7: Yearly SSSG by BU



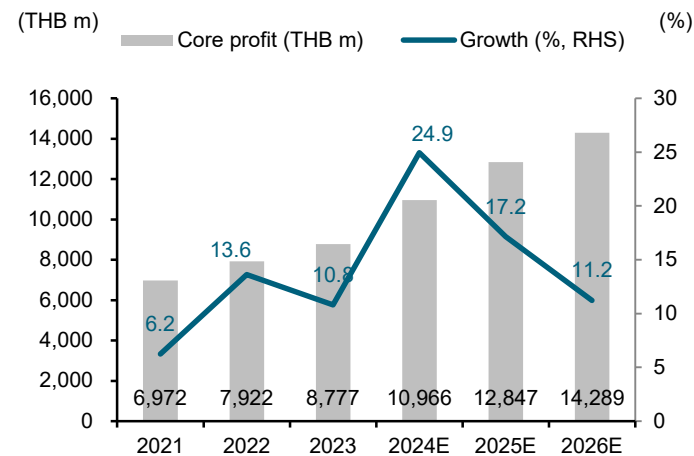
Sources: CPAXT; FSSIA estimates

Exhibit 8: Yearly revenue



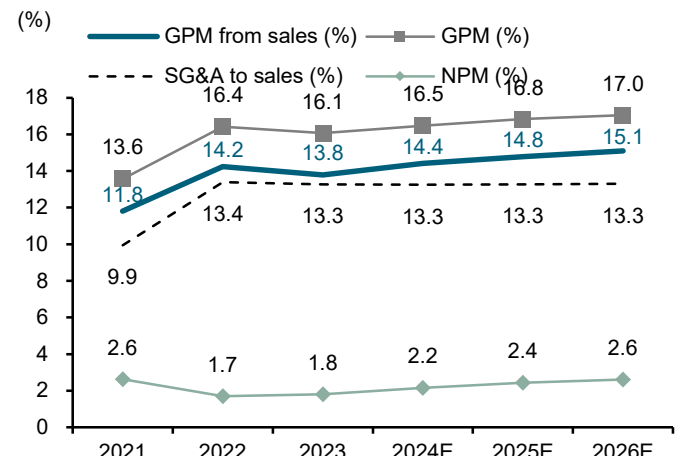
Sources: CPAXT; FSSIA estimates

Exhibit 9: Yearly core profit



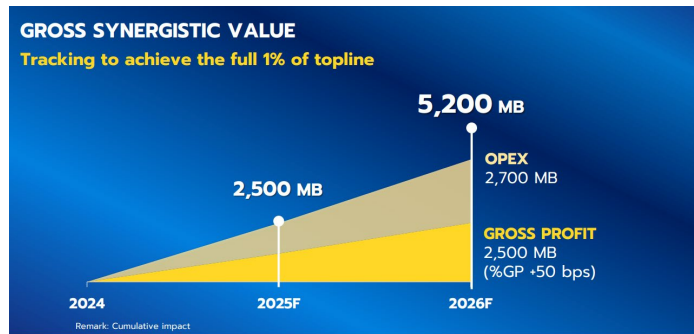
Sources: CPAXT; FSSIA estimates

Exhibit 10: Profitability



Sources: CPAXT; FSSIA estimates

Exhibit 11: Accelerated synergy realization



Source: CPAXT

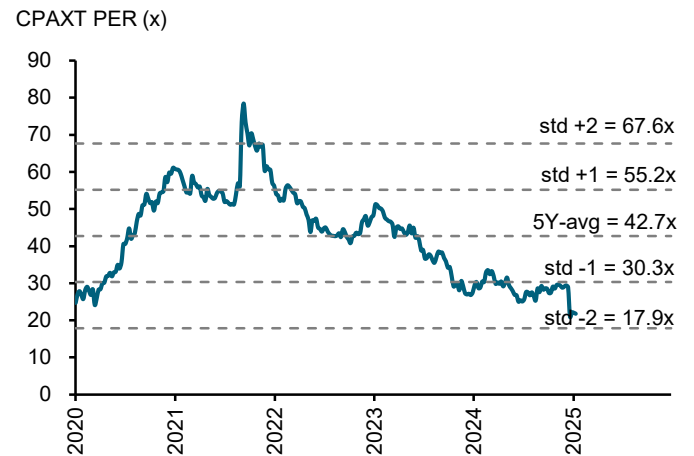
Exhibit 12: Company's targets

KEY HIGHLIGHTS	2024F	2025F
Sales Growth	Mid <small>SDG</small>	High <small>SDG</small>
GP Margin	+60 bps	+60 bps
Omni Channel Mix	18%	22%
No. of Stores	2,728	2,778
Occupancy Rate	>93%	>94%
EBITDA Growth	Mid <small>SDG</small>	Teen <small>DG</small>
CAPEX ¹⁾	THB 27 BN	THB 24 - 28 BN

Remark: ¹⁾ Including investment in a community center

Source: CPAXT

Exhibit 13: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Commerce peers as of 16 January 2025

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	56.00	83.00	48	14,537	20.5	18.1	20.9	21.3	4.4	4.0	17.9	15.7
CP Aextra	CPAXT TB	BUY	28.25	34.00	20	8,513	26.9	22.9	3.7	4.3	1.0	1.0	9.7	8.7
Berli Jucker	BJC TB	BUY	22.30	31.00	39	2,583	20.2	17.5	3.7	4.2	0.7	0.7	11.8	11.4
Consumer Staple average						25,633	22.5	19.5	9.4	9.9	2.1	1.9	13.1	11.9
Consumer Discretionary														
Com7	COM7 TB	BUY	23.10	30.00	30	1,572	17.4	16.1	36.1	33.2	5.8	5.0	12.0	10.6
Central Retail Corp	CRC TB	BUY	35.25	42.00	19	6,144	24.9	22.7	12.2	12.4	2.9	2.7	10.2	9.6
Home Improvement														
Index Living Mall	ILM TB	BUY	14.70	22.00	50	215	9.8	8.9	12.4	13.1	1.2	1.2	6.2	5.8
Home Product Center	HMPRO TB	BUY	9.10	13.20	45	3,458	18.6	17.7	24.6	24.8	4.5	4.3	10.8	10.2
Siam Global House	GLOBAL TB	BUY	12.60	16.70	33	1,894	27.8	23.0	9.9	11.3	2.7	2.5	21.7	18.7
Dohome	DOHOME TB	HOLD	8.45	10.50	24	789	43.0	29.4	5.1	7.0	2.1	2.0	18.2	15.7
Home Improvement avg.						6,356	24.8	19.7	13.0	14.1	2.6	2.5	14.2	12.6
Consumer Discretionary avg.						14,071	23.6	19.6	16.7	17.0	3.2	2.9	13.2	11.8
Total average						39,705	23.3	19.6	14.3	14.6	2.8	2.6	13.2	11.8

Source: FSSIA estimates

Financial Statements

CP Axtra

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	466,082	486,472	507,884	526,511	545,656
Cost of goods sold	(389,588)	(408,274)	(424,197)	(437,848)	(452,644)
Gross profit	76,494	78,198	83,687	88,663	93,012
Other operating income	3,050	3,477	3,080	3,194	3,307
Operating costs	(62,617)	(64,831)	(67,713)	(70,300)	(73,006)
Operating EBITDA	34,477	34,456	36,758	41,611	46,269
Depreciation	(17,551)	(17,612)	(17,704)	(20,054)	(22,956)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	16,926	16,844	19,054	21,556	23,313
Net financing costs	(7,122)	(6,319)	(5,732)	(5,818)	(5,739)
Associates	831	746	677	697	718
Recurring non-operating income	831	746	677	697	718
Non-recurring items	(225)	(137)	0	0	0
Profit before tax	10,411	11,134	13,999	16,436	18,292
Tax	(2,729)	(2,535)	(3,064)	(3,620)	(4,042)
Profit after tax	7,682	8,599	10,935	12,816	14,250
Minority interests	15	41	31	31	39
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	7,697	8,640	10,966	12,847	14,289
Non-recurring items & goodwill (net)	225	137	0	0	0
Recurring net profit	7,922	8,777	10,966	12,847	14,289
Per share (THB)					
Recurring EPS *	0.76	0.84	1.05	1.23	1.37
Reported EPS	0.74	0.83	1.05	1.23	1.37
DPS	0.52	0.58	0.74	0.86	0.96
Diluted shares (used to calculate per share data)	10,428	10,428	10,428	10,428	10,428
Growth					
Revenue (%)	75.6	4.4	4.4	3.7	3.6
Operating EBITDA (%)	107.4	(0.1)	6.7	13.2	11.2
Operating EBIT (%)	61.3	(0.5)	13.1	13.1	8.1
Recurring EPS (%)	15.3	10.8	24.9	17.2	11.2
Reported EPS (%)	(42.9)	12.3	26.9	17.2	11.2
Operating performance					
Gross margin inc. depreciation (%)	16.4	16.1	16.5	16.8	17.0
Gross margin exc. depreciation (%)	20.2	19.7	20.0	20.6	21.3
Operating EBITDA margin (%)	7.4	7.1	7.2	7.9	8.5
Operating EBIT margin (%)	3.6	3.5	3.8	4.1	4.3
Net margin (%)	1.7	1.8	2.2	2.4	2.6
Effective tax rate (%)	28.5	24.4	23.0	23.0	23.0
Dividend payout on recurring profit (%)	68.1	68.7	70.0	70.0	70.0
Interest cover (X)	2.5	2.8	3.4	3.8	4.2
Inventory days	34.2	34.4	32.8	33.1	33.2
Debtor days	1.9	1.8	1.7	1.7	1.7
Creditor days	59.9	60.2	61.5	61.9	62.2
Operating ROIC (%)	15.6	16.7	21.0	22.9	23.8
ROIC (%)	3.0	3.2	3.6	4.0	4.3
ROE (%)	2.7	3.0	3.7	4.3	4.7
ROA (%)	2.3	2.5	2.8	3.1	3.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	447,182	466,234	488,196	506,301	524,738
Service income	5,422	5,935	5,331	5,644	5,522
Rental and rendering retail services	13,477	14,303	14,356	14,566	15,395

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	10,966	12,847	14,289
Depreciation	17,551	17,612	17,704	20,054	22,956
Associates & minorities	96	13	0	0	0
Other non-cash items	(412)	(160)	24	1	3
Change in working capital	(4,400)	7,381	1,117	957	1,042
Cash flow from operations	20,757	33,624	29,812	33,859	38,290
Capex - maintenance	-	-	-	-	-
Capex - new investment	(15,872)	(13,319)	(14,351)	(28,800)	(18,333)
Net acquisitions & disposals	(5,027)	(6,765)	(3,676)	(3,904)	(4,152)
Other investments (net)	815	(3,255)	2,880	(618)	1,173
Cash flow from investing	(20,085)	(23,339)	(15,147)	(33,322)	(21,311)
Dividends paid	(5,396)	(6,031)	(7,676)	(8,993)	(10,002)
Equity finance	5,721	(35)	620	620	620
Debt finance	(23,753)	(12,616)	5,764	(1,995)	(7,727)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(23,427)	(18,681)	(1,292)	(10,367)	(17,109)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(5,672)	0	0	0	0
Movement in cash	(28,427)	(8,396)	13,373	(9,830)	(130)
Free cash flow to firm (FCFF)	7,794.01	16,604.38	20,396.07	6,354.57	22,717.45
Free cash flow to equity (FCFE)	(28,752.25)	(2,330.45)	20,428.38	(1,457.57)	9,251.62

Per share (THB)

FCFF per share	0.75	1.59	1.96	0.61	2.18
FCFE per share	(2.76)	(0.22)	1.96	(0.14)	0.89
Recurring cash flow per share	2.41	2.52	2.75	3.16	3.57

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	148,498	150,596	164,947	193,747	212,080
Less: Accumulated depreciation	(30,383)	(35,022)	(50,800)	(68,734)	(89,359)
Tangible fixed assets (net)	118,115	115,574	114,147	125,013	122,721
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	35,250	35,120
A/C receivable	2,431	2,304	2,405	2,493	2,584
Inventories	37,820	35,884	37,283	38,483	39,784
Other current assets	7,001	6,844	7,145	7,407	7,677
Current assets	87,355	76,739	91,914	83,634	85,164
Other assets	328,213	333,275	335,246	337,256	339,307
Total assets	548,643	540,371	556,090	560,686	561,976
Common equity	290,348	292,923	296,833	301,307	306,214
Minorities etc.	583	555	524	493	454
Total shareholders' equity	290,930	293,477	297,357	301,800	306,669
Long term debt	110,025	70,180	89,744	68,606	86,244
Other long-term liabilities	56,925	58,569	59,740	60,935	62,153
Long-term liabilities	166,949	128,749	149,484	129,541	148,398
A/C payable	61,818	67,136	69,755	72,000	74,433
Short term debt	4,796	30,253	15,504	33,678	7,325
Other current liabilities	24,148	20,755	23,992	23,667	25,152
Current liabilities	90,763	118,145	109,250	129,345	106,909
Total liabilities and shareholders' equity	548,643	540,371	556,090	560,686	561,976
Net working capital	(38,715)	(42,860)	(46,912)	(47,283)	(49,540)
Invested capital	422,573	420,772	417,264	429,769	427,271

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

Per share (THB)

Book value per share	27.84	28.09	28.47	28.90	29.37
Tangible book value per share	27.84	28.09	28.47	28.90	29.37

Financial strength

Net debt/equity (%)	25.7	23.4	20.2	22.2	19.1
Net debt/total assets (%)	13.6	12.7	10.8	12.0	10.4
Current ratio (x)	1.0	0.6	0.8	0.6	0.8
CF interest cover (x)	(0.8)	2.7	7.1	5.7	5.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	37.2	33.6	26.9	22.9	20.6
Recurring P/E @ target price (x) *	44.8	40.4	32.3	27.6	24.8
Reported P/E (x)	38.3	34.1	26.9	22.9	20.6
Dividend yield (%)	1.8	2.0	2.6	3.1	3.4
Price/book (x)	1.0	1.0	1.0	1.0	1.0
Price/tangible book (x)	1.0	1.0	1.0	1.0	1.0
EV/EBITDA (x) **	10.7	10.6	9.7	8.7	7.6
EV/EBITDA @ target price (x) **	12.5	12.3	11.3	10.1	8.9
EV/invested capital (x)	0.9	0.9	0.9	0.8	0.8

* 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)

FSSIA ESG rating


59.46 /100

Exhibit 16: 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 17: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	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](https://www.settrade.com); FSSIA's compilation

Exhibit 18: 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 19: 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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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
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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

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Company	Ticker	Price	Rating	Valuation & Risks
CP Aextra	CPAXT TB	THB 28.25	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; 4) an operating loss from its overseas units; 5) lower-than-expected synergy value; and 6) lower-than-expected losses in Happit project.
CP All	CPALL TB	THB 56.00	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.
Berli Jucker	BJC TB	THB 22.30	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 23.10	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 35.25	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 14.70	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 9.10	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 12.60	BUY	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 8.45	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 16-Jan-2025 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.