

CP All Pcl (CPALL TB) - BUY, Price Bt57.25, TP Bt69.00**Results Comment**

Phannarai Tiyaipittayarat | Email: phannarai.von@thanachartsec.co.th

Very strong and beat 4Q23

- 4Q23 net profit came to Bt5.5bn, up 75% y-y and 24% q-q. It beats consensus estimates of Bt4.7bn by 17% and 8% above our Bt5.1bn forecast on stronger-than-expected 7-Eleven performance.
- Key beat was falling 7-Eleven's SG&A/total sales to 26.1% in 4Q23 vs 28.3% in 4Q22 and 26.8% in 3Q23. In addition to scale benefit from higher sales base, 7-Eleven's utility expense fell by 13% y-y and 19% q-q to Bt2,278m on both lower Ft and falling units of electricity usage.
- In 4Q23, CPAXT contributed Bt1,966m or 36% of CPALL's profit.
- 7-Eleven performance in 4Q23 was strong, driven by a 3.6% SSSG, 707 new store openings in 2023 to 14,545, 20bp product margin expansion to 26.8% (+100bp y-y for non-foods margin to 28.2%, flat food margin at 26.4%).
- 2023 net profit increased strongly by 39% y-y to Bt18.5bn. CPAXT contributed Bt5.2bn or 28% of total profit. The 7-Eleven business had Bt13.3bn profit (+54% y-y) with a 5.5% SSSG (rising store traffic by 5.3% y-y with customers/store/day of 965 persons), 707 new 7-Eleven branch openings to 14,545 stores nationwide, widening total product margin by 50bp to 26.9% (+100bp y-y for non-foods margin to 27.8%, +40bp food margin to 26.6%).
- 2023 net profit made up 102% of our forecast.
- 2023 DPS is Bt1.00/share, XD on May 7th, payment date is May 24th 2024.
- Maintain BUY as a top sector pick.

Income Statement (consolidated)						Income Statement 12M as					
Yr-end Dec (Bt m)	4Q22	1Q23	2Q23	3Q23	4Q23	(Bt m)	q-q%	y-y%	% 2023F	2023A	2024F
Revenue	225,124	221,926	231,893	226,153	240,401	Revenue	6	7	100	920,373	988,903
Gross profit	53,603	52,943	55,852	54,068	58,500	Gross profit	8	9	100	221,363	239,447
SG&A	44,289	42,914	45,636	44,486	46,381	SG&A	4	5	99	179,416	193,631
Operating profit	9,313	10,029	10,217	9,582	12,119	Operating profit	26	30	103	41,947	45,816
EBITDA	17,758	17,997	18,274	17,700	23,588	EBITDA	33	33	106	74,425	79,481
Other income	84	94	108	113	153	Other income	35	82	112	468	350
Other expense	0	0	0	0	0	Other expense			na	0	0
Interest expense	4,747	4,408	4,145	3,995	4,010	Interest expense	0	(16)	99	16,558	15,838
Profit before tax	4,651	5,715	6,180	5,700	8,262	Profit before tax	45	78	103	25,857	30,328
Income tax	996	1,021	1,119	970	1,591	Income tax	64	60	104	4,701	5,459
Equity & invest. income	175	193	201	185	168	Equity & invest. income	(9)	(4)	51	746	917
Minority interests	(923)	(796)	(662)	(651)	(1,419)	Minority interests	na	na	100	(3,529)	(4,135)
Extraordinary items	231	32	(162)	161	78	Extraordinary items	(51)	(66)	361	108	0
Net profit	3,138	4,123	4,438	4,424	5,497	Net profit	24	75	102	18,482	21,650
Normalized profit	2,907	4,091	4,601	4,264	5,418	Normalized profit	27	86	101	18,374	21,650
EPS (Bt)	0.34	0.45	0.48	0.48	0.60	EPS (Bt)	25	78	102	1.97	2.36
Normalized EPS (Bt)	0.31	0.44	0.50	0.46	0.59	Normalized EPS (Bt)	28	90	101	1.96	2.36

Balance Sheet (consolidated)						Financial Ratios					
Yr-end Dec (Bt m)	4Q22	1Q23	2Q23	3Q23	4Q23	(%)	4Q22	1Q23	2Q23	3Q23	4Q23
Cash & ST investment	71,891	43,698	40,885	47,262	67,317	Sales growth	21.9	11.0	8.6	5.8	6.8
A/C receivable	3,620	3,361	3,033	3,061	3,326	Operating profit growth	21.5	14.2	22.9	1.9	30.1
Inventory	58,183	57,697	54,242	54,427	57,501	EBITDA growth	(19.7)	6.4	12.1	1.1	32.8
Other current assets	15,261	15,600	16,268	15,432	15,654	Norm profit growth	4.2	16.8	50.2	11.9	86.4
Investment	15,955	16,181	14,652	16,823	16,766	Norm EPS growth	10.1	21.9	59.0	14.4	90.0
Fixed assets	213,410	212,270	211,103	212,265	213,792	Gross margin	23.8	23.9	24.1	23.9	24.3
Other assets	545,741	547,529	551,823	550,985	552,136	Operating margin	4.1	4.5	4.4	4.2	5.0
Total assets	924,061	896,336	892,007	900,254	926,491	EBITDA margin	7.9	8.1	7.9	7.8	9.8
S-T debt	42,758	65,832	78,379	65,497	62,182	Norm net margin	1.3	1.8	2.0	1.9	2.3
A/C payable	115,963	103,248	99,006	106,872	128,096	D/E (x)	1.2	1.1	1.2	1.1	1.1
Other current liabilities	48,722	43,003	40,761	45,093	47,919	Net D/E (x)	1.0	1.0	1.0	1.0	0.9
L-T debt	309,061	270,135	260,994	265,377	265,163	Interest coverage (x)	3.7	4.1	4.4	4.4	5.9
Other liabilities	117,257	118,939	121,036	121,068	121,536	Interest rate	5.4	5.1	4.9	4.8	4.9
Minority interest	189,577	190,370	189,604	189,579	190,600	Effective tax rate	21.4	17.9	18.1	17.0	19.3
Shareholders' equity	100,724	104,809	102,229	106,769	110,995	ROA	3.8	4.1	4.2	4.0	4.8
Working capital	(54,160)	(42,190)	(41,730)	(49,384)	(67,269)	ROE	11.7	15.9	17.8	16.3	19.9
Total debt	351,819	335,967	339,372	330,874	327,345						
Net debt	279,928	292,269	298,487	283,611	260,029						

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 1 Derivative Warrants which are (TIDLOR16C2402A) underlying securities are (TIDLOR) before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.31% of the shareholding in TMBThanachart Bank Pcl.

Note: Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 2/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of SRISAWAD CAPITAL 1969 PUBLIC COMPANY LIMITED No. 1/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

Disclosure of Interest of Thanachart Securities**Investment Banking Relationship**

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Moshi Moshi Retail Corporation Pcl. (MOSHI TB) and Euroasia Total Logistics Pcl (ETL TB).