

**CP Aextra Pcl (CPAXT TB) - HOLD**

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**News Update****Amalgamation between CPAXT and Ek-Chai**

- **CPAXT will acquire Lotus's Thailand through an EBT.**
  - **Post EBT and amalgamation, a NewCo will be formed.**
  - **Share allocation is one CPAXT share: 0.985 NewCo share.**
  - **No impact to CPAXT's B/S and P&L from this transaction.**
- CPAXT will hold an AGM on March 29<sup>th</sup>, 2024 to propose shareholders to approve the amalgamation between CPAXT and its 99.99% indirect subsidiary, Ek-Chai Distribution System Co Ltd.
  - The transaction will start with an entire business transfer (EBT) of Lotus's Stores (Thailand) Co Ltd (CPAXT's 99.99% indirect subsidiary) "Lotus's Thailand" to CPAXT in which the main assets of Lotus's Thailand are shares in Ek-Chai Distribution System CO Ltd (CPAXT's 99.99% indirect subsidiary).
  - Post EBT, it will proceed with amalgamation between CPAXT and Ek-Chai with the share allocation ratio of one existing CPAXT share: 0.5 NewCo share and one existing Ek-Chai share: 10 NewCo shares. This implies any shareholder of one CPAXT share will be allocated 0.985 NewCo share.
  - If the Amalgamation is approved with ¾ of votes secured, shareholders who attend the shareholders' meeting but vote against the amalgamation will be entitled to sell CPAXT shares to the purchaser at selling price equal to CPAXT's closing price on March 28<sup>th</sup>. CPALL has expressed intention to be a purchaser. In case dissenting shareholders don't sell, they will become shareholders of the NewCo upon completion of amalgamation registration.
  - No of shares in the NewCo will be 10,427.7m shares, a slight decrease from 10,580.3m existing CPAXT shares. Shareholders will hold the same stake as previously; CPALL 59.92%, CP Group 15.96%, CPF 8.85% and minority shareholders 15.27%. However, if there are dissenting shareholders selling shares to the purchase offer by CPALL, % holding by CPALL will increase while minority shareholders will decrease.
  - **Timeline:** record date for AGM (Feb 29<sup>th</sup>), AGM (Mar 29<sup>th</sup>), EBT closing (early Apr), purchaser makes an offer to the dissenting shareholders' shares (late Jun – early Jul), amalgamation date (early Oct), NewCo's listing (4Q24, targeting by Oct).
  - **Our view:** We view this share restructuring won't impact CPAXT's accounting numbers pre-and-post amalgamation under a NewCo. Longer-term, we believe CPAXT will benefit from an enhanced competitiveness and synergies from the integration of Makro wholesale and Lotus's retail in Thailand. However, we can't read it clearly why CPALL has to step in as a purchaser of dissenting shareholders' shares and this could create concern over CPALL.

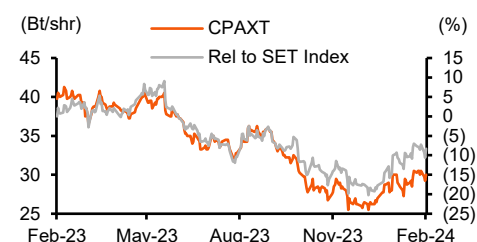
**Key Valuations**

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	486,472	520,940	547,972	577,995
Net profit	8,640	10,318	12,068	14,623
Norm net profit	8,640	10,318	12,068	14,623
Norm EPS (Bt)	0.8	1.0	1.1	1.4
Norm EPS gr (%)	12.3	19.4	17.0	21.2
Norm PE (x)	36.7	30.8	26.3	21.7
EV/EBITDA (x)	12.4	11.3	10.0	9.0
P/BV (x)	1.1	1.0	1.0	1.0
Div. yield (%)	1.9	2.4	2.9	3.5
ROE (%)	3.0	3.5	4.0	4.7
Net D/E (%)	22.0	23.9	20.8	17.8

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	30.00
Target price (Bt)	32.00
Market cap (US\$ m)	8,785
Avg daily turnover (US\$ m)	6.9
12M H/L price (Bt)	41.25/25.50

**Price Performance**

Source: Bloomberg

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