

CP All Pcl (CPALL TB) - BUY, Price Bt61.50, TP Bt75.00**Results Comment**

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Strong 3Q22, beat Street

- CPALL reported stronger-than-expected 3Q22 results. 3Q22 norm profit was Bt3.8bn, up 159% y-y and 24% q-q, beat us and consensus by 16%.
- The beat was on 7-Eleven CVS business from higher-than-expected SSSG of 22.1% (vs our 19% estimates) and gross margin. The strong growth was achieved despite falling profit contribution from its 59.92% MAKRO of Bt960m (26% of CPALL's profit) from Bt1,463m in 3Q21 when it owned 93.08% in MAKRO.
- Strong CVS operations were from 1) a 22.1% SSSG (traffic/store/day increased by 27% y-y to 928 persons, from 730 in 3Q21 and 918 in 2Q22) on country reopening and back-to-normal activities but spending/ticket fell to Bt82, from Bt85 in 3Q21 and Bt84 in 2Q22, 2) new 7-Eleven branch openings of 778 branches from 3Q21 to 13,660 stores as of 3Q22, or 6% increase, 3) total product margin was maintained y-y at 26.6% (-40bp y-y in 2Q22, -20bp y-y in 1Q22) and improved by 50bp q-q due to product price adjustment caused by inflation. Non-food gross margin rose to a new record at 27.1% on strong sales of healthcare and personal care products.
- 9M22 core profit made up 79% of our 2022F. Maintain BUY to Bt75 TP as a top retail pick.

| Income Statement | | | | | | Income Statement | | | | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|-----------|------------|-----------|----------------|----------------|
| (consolidated) | | | | | | 9M as | | | | | |
| Yr-end Dec (Bt m) | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | (Bt m) | q-q% | y-y% | % 2022F | 2022F | 2023F |
| Revenue | 130,298 | 184,737 | 199,662 | 213,584 | 213,749 | Revenue | 0 | 64 | 74 | 845,931 | 936,026 |
| Gross profit | 31,274 | 44,274 | 47,075 | 49,114 | 51,321 | Gross profit | 4 | 64 | 74 | 200,060 | 223,628 |
| SG&A | 26,602 | 36,610 | 38,295 | 40,804 | 41,916 | SG&A | 3 | 58 | 73 | 165,933 | 180,619 |
| Operating profit | 4,672 | 7,664 | 8,780 | 8,310 | 9,404 | Operating profit | 13 | 101 | 78 | 34,127 | 43,009 |
| EBITDA | 9,995 | 22,113 | 16,916 | 16,307 | 17,508 | EBITDA | 7 | 75 | 76 | 67,016 | 78,412 |
| Other income | 22 | 52 | 69 | 71 | 59 | Other income | (17) | 162 | 104 | 192 | 139 |
| Other expense | 0 | 0 | 0 | 0 | 0 | Other expense | | | na | - | - |
| Interest expense | 2,600 | 3,613 | 3,825 | 3,977 | 4,283 | Interest expense | 8 | 65 | 78 | 15,561 | 14,595 |
| Profit before tax | 2,095 | 4,103 | 5,025 | 4,404 | 5,180 | Profit before tax | 18 | 147 | 78 | 18,759 | 28,553 |
| Income tax | 253 | 836 | 946 | 933 | 987 | Income tax | 6 | 290 | 85 | 3,377 | 5,140 |
| Equity & invest. income | (282) | 149 | 224 | 202 | 230 | Equity & invest. income | 14 | na | 61 | 1,069 | 1,497 |
| Minority interests | (91) | (625) | (801) | (611) | (614) | Minority interests | na | na | 62 | (3,247) | (4,768) |
| Extraordinary items | 24 | 3,913 | (49) | (59) | (133) | Extraordinary items | na | na | na | - | - |
| Net profit | 1,493 | 6,704 | 3,453 | 3,004 | 3,677 | Net profit | 22 | 146 | 77 | 13,204 | 20,143 |
| Normalized profit | 1,469 | 2,791 | 3,502 | 3,063 | 3,810 | Normalized profit | 24 | 159 | 79 | 13,204 | 20,143 |
| EPS (Bt) | 0.14 | 0.72 | 0.36 | 0.31 | 0.39 | EPS (Bt) | 26 | 181 | 77 | 1.36 | 2.19 |
| Normalized EPS (Bt) | 0.14 | 0.28 | 0.36 | 0.31 | 0.40 | Normalized EPS (Bt) | 28 | 197 | 79 | 1.36 | 2.19 |
| Balance Sheet | | | | | | Financial Ratios | | | | | |
| (consolidated) | | | | | | 9M as | | | | | |
| Yr-end Dec (Bt m) | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | (%) | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 |
| Cash & ST investment | 26,369 | 97,134 | 88,449 | 61,494 | 49,654 | Sales growth | (3.8) | 34.8 | 49.7 | 55.5 | 64.0 |
| A/C receivable | 2,100 | 3,341 | 2,546 | 2,614 | 3,189 | Operating profit growth | (30.6) | 13.3 | 50.0 | 42.1 | 101.3 |
| Inventory | 31,385 | 50,535 | 51,007 | 52,059 | 52,903 | EBITDA growth | (14.7) | 84.9 | 53.3 | 46.3 | 75.2 |
| Other current assets | 8,722 | 14,764 | 13,581 | 15,821 | 18,430 | Norm profit growth | (63.1) | (18.2) | 37.9 | 60.7 | 159.3 |
| Investment | 85,476 | 14,015 | 14,139 | 14,221 | 15,823 | Norm EPS growth | (67.4) | (19.8) | 42.4 | 70.4 | 197.2 |
| Fixed assets | 121,926 | 211,533 | 210,590 | 209,878 | 211,983 | Gross margin | 24.0 | 24.0 | 23.6 | 23.0 | 24.0 |
| Other assets | 236,685 | 540,571 | 540,568 | 542,843 | 547,565 | Operating margin | 3.6 | 4.1 | 4.4 | 3.9 | 4.4 |
| Total assets | 512,662 | 931,893 | 920,880 | 898,929 | 899,547 | EBITDA margin | 7.7 | 12.0 | 8.5 | 7.6 | 8.2 |
| S-T debt | 22,825 | 62,057 | 64,726 | 42,519 | 30,431 | Norm net margin | 1.1 | 1.5 | 1.8 | 1.4 | 1.8 |
| A/C payable | 63,100 | 106,863 | 100,287 | 103,140 | 93,668 | D/E (x) | 2.2 | 1.3 | 1.2 | 1.2 | 1.2 |
| Other current liabilities | 24,840 | 45,968 | 42,295 | 39,525 | 42,400 | Net D/E (x) | 2.0 | 0.9 | 0.9 | 1.0 | 1.1 |
| L-T debt | 224,758 | 311,679 | 304,153 | 306,678 | 325,618 | Interest coverage (x) | 3.8 | 6.1 | 4.4 | 4.1 | 4.1 |
| Other liabilities | 66,297 | 112,518 | 112,814 | 113,357 | 119,972 | Interest rate | 4.2 | 4.7 | 4.1 | 4.4 | 4.9 |
| Minority interest | 14,829 | 188,673 | 189,341 | 188,761 | 188,832 | Effective tax rate | 12.1 | 20.4 | 18.8 | 21.2 | 19.0 |
| Shareholders' equity | 96,012 | 104,134 | 107,265 | 104,948 | 98,626 | ROA | 3.2 | 3.9 | 3.5 | 3.4 | 3.9 |
| Working capital | (29,615) | (52,988) | (46,734) | (48,468) | (37,576) | ROE | 6.2 | 11.2 | 13.3 | 11.5 | 15.0 |
| Total debt | 247,583 | 373,737 | 368,878 | 349,197 | 356,049 | | | | | | |
| Net debt | 221,214 | 276,603 | 280,429 | 287,703 | 306,395 | | | | | | |

Sources: Company data, Thanachart estimates

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