

CP Aextra Pcl (CPAXT TB) - BUY

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Analyst Meeting**Visit to 1st hybrid store @ Samut Prakarn**

- **A new hybrid model, Makro wholesale + Lotus's mall**
 - **A strategy to improve asset utilization**
 - **It expects 8x sales increase, implying 4x of gross margin**
 - **Two more Lotus's conversions to hybrid stores this year**
- Part of CPAXT's plan to better utilize assets and to capture synergy between Makro cash & carry and its wholly-owned subsidiary Lotus's, today CPAXT launched the first hybrid store with Makro cash & carry store as anchor tenant on a 3,900-sqm sellable area (Eco Plus format) and Lotus's mall with 4,300-sqm net leaseable area.
 - This store was originally non-performing Lotus's hypermarket with low traffic and its mall had about 50-60% occupancy rate.
 - It's now converted to Makro cash & carry with mall space extension by 600 sqm to a total of 4,300-sqm leaseable area.
 - According to K.Tanit Chearavanont, CEO Makro Thailand, being Makro wholesale it would generate 8x in sales (vs Lotus's). Though Makro's gross margin is half of Lotus's, the store's gross margin is expected to increase by 4x.
 - With more traffic to store, it will improve Lotus's mall performance. Not only assigning some parking space to additional 600-sqm leaseable area, it fully rents out space to 100% occupancy (vs 50-60% earlier).
 - By the end of this year, two more Lotus's hypermarket branches at Nakorn Sawan and Mahachai will be converted to hybrid stores. Next year, some existing Makro stores will be added the leaseable area of Lotus's malls ie Sathorn and Charansanitwong branches.

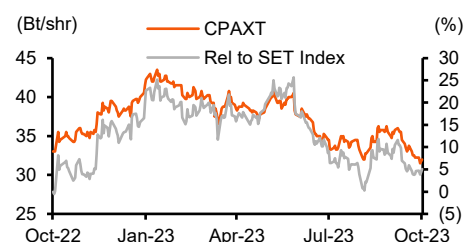
Key Valuations

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Revenue	466,082	506,419	554,421	602,777
Net profit	7,697	10,311	13,277	16,383
Norm net profit	7,697	10,311	13,277	16,383
Norm EPS (Bt)	0.7	1.0	1.3	1.5
Norm EPS gr (%)	(35.6)	34.0	28.8	23.4
Norm PE (x)	44.0	32.8	25.5	20.7
EV/EBITDA (x)	13.3	12.6	11.0	9.4
P/BV (x)	1.2	1.1	1.1	1.1
Div. yield (%)	1.6	2.3	2.9	3.6
ROE (%)	2.7	3.5	4.4	5.3
Net D/E (%)	24.6	23.8	22.6	19.7

Source: Thanachart estimates

Stock Data

Closing price (Bt)	32.00
Target price (Bt)	45.00
Market cap (US\$ m)	9,168
Avg daily turnover (US\$ m)	12.7
12M H/L price (Bt)	43.50/31.50

Price Performance

Source: Bloomberg

Ex 1: 1st Hybrid Store at Samut Prakarn branch

Sources: Company data, Thanachart

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