

CP Aextra Pcl (CPAXT TB) - HOLD, Price Bt30.50, TP Bt33.00**Results Comment**

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Strong 2Q24, a slight beat

- CPAXT reported strong 2Q24 net profit of Bt2,176m, grew by 44% y-y but down 12% q-q on seasonality impact. It came in 7% higher than us on lower-than-expected Lotus's SG&A and 2% above consensus.
- Excluding Bt185m one-off expenses in 2Q23 from Lotus's early debt repayment and operating loss from forward contracts, 2Q24 core profit rose by 28% y-y from Bt1,701m core profit in 2Q23.
- Key driver was Lotus's earnings turnaround and retail business contributed 57% of total profit and 43% from wholesale business.
- It announced to 1H24 DPS of Bt0.18/share, XD on Aug 22nd.
- Note that CPAXT's shares will be suspended from Sep 20th – Oct 2nd and the NewCo will be traded thereafter due to amalgamation plan.
- Wholesale business:** 2Q24 net profit was Bt939m, down 14% y-y. Wholesale profit continued to be pressured by rising SG&A of 15% y-y (10.4% of sales vs 9.5% in 2Q23) from costs related to omni channel and higher interest cost. Wholesale gross profit rose by 14% y-y, driven by a 5% sales growth (1.8% SSSG) and expanding gross margin by 86bp y-y (36bp increase y-y was impact from accounting reclassification regarding suppliers' support on loyalty points) to 10.86% from higher fresh food gross margin.
- Retail business:** 2Q24 net profit was Bt1,237m, a significant growth from Bt427m in 2Q23 and Bt913m in 1Q24. Drivers were from all lines; sales growth of 4% y-y (3.5% SSSG: 3.6% in Thailand, 3.1% in Malaysia) and 2% q-q to Bt54.2bn, higher gross margin by 40bp y-y and 52bp q-q to 18.1% boosted by Lotus's Thailand, falling SG&A by 3% y-y and 1% q-q on cost management and lower Ft, and falling interest cost.

Income Statement						Income Statement					
(consolidated)						6M as					
Yr-end Dec (Bt m)	2Q23	3Q23	4Q23	1Q24	2Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	120,909	118,837	127,637	126,157	126,223	Revenue	0	4	47	533,090	566,800
Gross profit	19,001	18,930	20,793	20,454	20,316	Gross profit	(1)	7	47	86,125	92,306
SG&A	16,306	16,263	16,292	16,838	16,919	SG&A	0	4	48	70,908	75,348
Operating profit	3,398	3,332	5,477	4,479	4,130	Operating profit	(8)	22	46	18,832	20,774
EBITDA	6,866	6,811	9,065	8,003	7,373	EBITDA	(8)	7	46	33,177	36,247
Other income	703	665	976	863	733	Other income	(15)	4	44	3,615	3,816
Other expense	0	0	0	0	0	Other expense					
Interest expense	1,570	1,403	1,451	1,414	1,449	Interest expense	2	(8)	50	5,746	5,205
Profit before tax	1,828	1,929	4,025	3,065	2,681	Profit before tax	(13)	47	44	13,085	15,569
Income tax	527	448	912	765	663	Income tax	(13)	26	46	3,101	3,665
Equity & invest. income	201	185	168	174	149	Equity & invest. income	(14)	(26)	42	761	776
Minority interests	14	11	1	7	9	Minority interests	28	(32)	55	30	33
Extraordinary items	0	0	0	0	0	Extraordinary items			na		
Net profit	1,516	1,677	3,282	2,481	2,176	Net profit	(12)	44	43	10,776	12,714
Normalized profit	1,516	1,677	3,282	2,481	2,176	Normalized profit	(12)	44	43	10,776	12,714
EPS (Bt)	0.14	0.16	0.31	0.23	0.21	EPS (Bt)	(12)	44	43	1.02	1.20
Normalized EPS (Bt)	0.14	0.16	0.31	0.23	0.21	Normalized EPS (Bt)	(12)	44	43	1.02	1.20

Balance Sheet						Financial Ratios					
(consolidated)											
Yr-end Dec (Bt m)	2Q23	3Q23	4Q23	1Q24	2Q24	(%)	2Q23	3Q23	4Q23	1Q24	2Q24
Cash & ST investment	13,053	19,451	31,721	23,674	23,098	Sales growth	2.5	3.4	4.3	5.9	4.4
A/C receivable	1,921	1,948	2,304	3,370	2,168	Operating profit growth	22.2	4.1	3.3	(0.5)	21.5
Inventory	34,241	34,088	35,884	37,445	34,690	EBITDA growth	9.3	2.5	2.4	0.8	7.4
Other current assets	8,415	7,671	6,830	7,085	6,281	Norm profit growth	(3.6)	4.7	32.8	14.6	43.5
Investment	0	0	0	0	0	Norm EPS growth	(3.6)	4.7	32.8	14.6	43.5
Fixed assets	114,311	114,477	115,574	115,937	116,401	Gross margin	15.7	15.9	16.3	16.2	16.1
Other assets	347,636	347,773	348,059	350,148	351,274	Operating margin	2.8	2.8	4.3	3.6	3.3
Total assets	519,577	525,410	540,371	537,660	533,912	EBITDA margin	5.7	5.7	7.1	6.3	5.8
S-T debt	30,997	15,282	26,005	38,066	36,365	Norm net margin	1.3	1.4	2.6	2.0	1.7
A/C payable	44,268	48,279	60,193	55,772	48,391	D/E (x)	0.3	0.3	0.3	0.3	0.4
Other current liabilities	26,020	28,727	31,951	32,813	27,903	Net D/E (x)	0.3	0.3	0.2	0.3	0.3
L-T debt	68,396	83,182	70,180	59,272	67,828	Interest coverage (x)	4.4	4.9	6.2	5.7	5.1
Other liabilities	58,985	59,094	58,569	59,358	58,647	Interest rate	6.5	5.7	6.0	5.8	5.8
Minority interest	568	586	555	577	568	Effective tax rate	28.8	23.2	22.7	24.9	24.7
Shareholders' equity	290,343	290,260	292,918	291,801	294,208	ROA	2.4	2.3	3.6	2.9	2.7
Working capital	(8,106)	(12,242)	(22,006)	(14,957)	(11,533)	ROE	2.1	2.3	4.5	3.4	3.0
Total debt	99,392	98,464	96,185	97,339	104,193						
Net debt	86,340	79,012	64,464	73,665	81,095						

Sources: Company data, Thanachart estimates

Ex 1: Quarterly performance

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Wholesale						
SSSG (%)	10.9	6.0	3.2	1.7	3.4	1.8
Sales growth (%)	13.0	7.4	5.3	3.7	5.9	5.3
GP - Sales (%)	11.0	10.0	10.5	10.3	11.3	10.9
SG&A/sales (%)	9.3	9.5	9.8	9.2	10.2	10.4
Wholesale's net profit (Bt m)	1,897	1,089	1,247	1,742	1,568	939
Change (y-y%)	9	(20)	(21)	(28)	(17)	(14)
Retail						
SSSG (%)	0.5	(2.9)	2.2	5.5	7.1	3.5
- TH	0.8	(0.9)	2.5	5.8	6.9	3.6
- Malaysia	(0.9)	(12.2)	0.6	3.6	8.4	3.1
Sales growth (%)	0.8	(3.3)	1.0	5.0	6.7	3.9
GP - Sales (%)	17.9	17.7	17.8	18.6	17.6	18.1
SG&A/sales (%)	20.3	19.6	19.9	18.6	18.6	18.3
Retail's net profit (Bt m)	269	427	430	1,540	913	1,237
CPAXT's net profit (Bt m)	2,166	1,516	1,677	3,282	2,481	2,176
Change (y-y%)	6	(4)	5	33	15	44

Sources: Company data, Thanachart

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