

CP All Pcl (CPALL TB) - BUY, Price Bt63.00, TP Bt73.00**Results Comment**

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Stronger-than-expected core 3Q24

- CPALL reported strong 3Q24 net profit of Bt5,608m, increasing by 27% y-y, in line with consensus.
- Excluding Bt582m FX loss (from 7-Eleven CVS and CPAXT's wholesale) and CPAXT's amalgamation expense, 3Q24 core profit was Bt6,190m, a strong beat to a 45% growth y-y, boosted by higher profit contribution from a 59.93% CPAXT and strong 7-Eleven business (top-line growth with an all-time high in-store product margin maintained from a record level in 2Q24).
- In 3Q24, CPAXT contributed 23% of CPALL's core profit.
- Excluding profit from CPAXT, 7-Eleven business had Bt4.7bn profit, an increase of 46% y-y. Drivers were 1) a 3.3% SSSG, 662 new branch openings (+4.6% y-y) to 15,053 7-Eleven stores in Thailand, and total product gross margin widening by 70bp y-y and flat q-q, maintaining a record product margin of 27.7%.
- Total SG&A/company only's total revenues rose to 27.3% (from 26.8% in 3Q23) on higher staff cost along with minimum wage hike and accounting reclassification on stamp campaign.
- 3Q24's average daily sales/store of Bt81,781 surpassed 3Q19's by 1.3%. A 3.3% SSSG was boosted by 0.5% increase in customers/store/day to 964 persons from 959 in 3Q23 while spending/ticket rose by Bt2 y-y to Bt84/bill.
- Total product margin was 27.7%. Gross margin on foods expanded by 50bp y-y to 27.2% and non-foods by 110bp y-y to 29.0%. Drivers were strong sales of ready-to-eat and ready-to-drink products and higher margin from personal care, healthcare and household goods while cigarette sale mix continued to fall.
- 9M24 net profit comprised 76% of our 2024F, implying a 4% earnings growth y-y for 4Q24F. There is earnings upside to our forecast from this year onwards. BUY as a top sector pick.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	226,153	240,401	240,840	247,774	241,149	Revenue	(3)	7	72	1,009,501	1,079,208
Gross profit	54,068	58,500	58,748	60,876	60,279	Gross profit	(1)	11	74	244,300	263,312
SG&A	44,486	46,381	46,541	48,836	48,330	SG&A	(1)	9	74	195,133	208,539
Operating profit	9,582	12,119	12,207	12,039	11,950	Operating profit	(1)	25	74	49,167	54,772
EBITDA	17,700	20,454	20,389	19,986	20,022	EBITDA	0	13	69	87,702	95,613
Other income	113	153	168	168	134	Other income	(20)	18	111	423	432
Other expense	0	0	0	0	0	Other expense					
Interest expense	3,995	4,010	3,902	3,878	3,861	Interest expense	(0)	(3)	72	16,095	15,770
Profit before tax	5,700	8,262	8,473	8,329	8,222	Profit before tax	(1)	44	75	33,495	39,434
Income tax	970	1,591	1,643	1,476	1,365	Income tax	(8)	41	74	6,029	7,098
Equity & invest. income	185	168	174	149	173	Equity & invest. income	16	(6)	65	761	776
Minority interests	(651)	(1,419)	(982)	(847)	(840)	Minority interests	na	na	na	(4,319)	(5,096)
Extraordinary items	161	78	298	84	(582)	Extraordinary items	na	na	na	0	0
Net profit	4,424	5,497	6,319	6,239	5,608	Net profit	(10)	27	76	23,908	28,017
Normalized profit	4,264	5,418	6,022	6,155	6,190	Normalized profit	1	45	77	23,908	28,017
EPS (Bt)	0.48	0.60	0.69	0.68	0.61	EPS (Bt)	(10)	28	76	2.61	3.07
Normalized EPS (Bt)	0.46	0.59	0.66	0.67	0.68	Normalized EPS (Bt)	1	47	77	2.61	3.07
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	3Q23	4Q23	1Q24	2Q24	3Q24	
Cash & ST investment	47,262	67,317	56,515	54,115	46,018	Sales growth	5.8	6.8	8.5	6.8	6.6
A/C receivable	3,061	3,326	4,394	3,044	3,315	Operating profit growth	1.9	30.1	21.7	17.8	24.7
Inventory	54,427	57,501	59,269	56,402	57,763	EBITDA growth	1.1	15.2	13.3	9.4	13.1
Other current assets	15,432	15,654	14,174	14,287	14,511	Norm profit growth	11.9	86.4	47.2	33.8	45.2
Investment	16,823	16,766	16,990	17,743	17,596	Norm EPS growth	14.4	90.0	48.5	34.6	46.5
Fixed assets	212,265	213,792	214,694	214,745	213,954	Gross margin	23.9	24.3	24.4	24.6	25.0
Other assets	550,985	552,136	555,326	555,473	555,893	Operating margin	4.2	5.0	5.1	4.9	5.0
Total assets	900,254	926,491	921,361	915,810	909,051	EBITDA margin	7.8	8.5	8.5	8.1	8.3
S-T debt	65,497	62,182	54,856	71,341	53,407	Norm net margin	1.9	2.3	2.5	2.5	2.6
A/C payable	106,872	128,096	121,244	113,943	110,997	D/E (x)	1.1	1.1	1.0	1.1	1.0
Other current liabilities	45,093	47,919	45,848	44,344	46,414	Net D/E (x)	1.0	0.9	0.9	0.9	0.9
L-T debt	265,377	265,163	268,283	257,014	264,883	Interest coverage (x)	4.4	5.1	5.2	5.2	5.2
Other liabilities	121,068	121,536	122,791	122,505	122,832	Interest rate	4.8	4.9	4.8	4.8	4.8
Minority interest	189,579	190,600	190,170	191,111	190,766	Effective tax rate	17.0	19.3	19.4	17.7	16.6
Shareholders' equity	106,769	110,995	118,169	115,551	119,751	ROA	4.0	4.8	4.7	4.7	4.8
Working capital	(49,384)	(67,269)	(57,581)	(54,497)	(49,919)	ROE	16.3	19.9	21.0	21.1	21.0
Total debt	330,874	327,345	323,139	328,355	318,290						
Net debt	283,611	260,029	266,624	274,240	272,272						

Sources: Company data, Thanachart estimates

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