

CP Aextra Pcl (CPAXT TB) - BUY

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Earnings Preview**2Q25F earnings preview**

- **We forecast 2Q25F net profit of Bt2.3bn, up 7% y-y.**
 - **Sales are expected to grow by 2.1% y-y from new stores.**
 - **Wholesale gross margin to improve, but falling for Lotus's.**
 - **Expecting more amalgamation synergies in 2H25F.**
- We forecast CPAXT to deliver 2Q25F net profit of Bt2,327m, increasing by 7% y-y but declining by 12% q-q on seasonality that wholesale profit is higher in 1Q than 2Q on high tourist and festive season.
- Comparing to operating performance y-y in 1Q25, we expect a softer growth y-y in 2Q25F with flat same-store sales growth for both wholesale and retail businesses (+1% SSSG for wholesale and +0.5% for Lotus's in 1Q25). Gross margin on sales are projected to grow by 20bp y-y to 14.3% (+40 bp y-y to 14.5% in 1Q25). SG&A/sales are expected to fall by 17bp y-y to 13.2%, in line with a 14bp contraction y-y in 1Q25, due to strong omni-channel sales growth of wholesale business (+27% y-y omni sales to 28.4% of wholesale sales, up from 26% in 1Q25) and cost synergies.
- For bottom line, we expect a 7% y-y profit growth in 2Q25F, same as in 1Q25 given smaller FX impact on other income from the fair value measurement (Mark-to-Market) of forward exchange contracts. We also expect equity income to rise y-y and q-q in 2Q25F vs a drop y-y in 1Q25 due to higher provision of its 50% JV, Lotus's Money.
- **Sales:** We forecast a 2.1% y-y sales growth, mainly from new stores. We anticipate a 2.1% sales growth for wholesale business, driven by food sales which should grow by a high single digit (strong HORECA sales and growth from ready to eat, to cook, and to bake products) while non-food sales are hit by weak economy. For retail (Lotus's) business, we expect a 2.2% sales growth, boosted by Lotus's Malaysia (+mid-to-high single digit sales growth) on strong fresh foods and grocery sales growth backed by government incentives that will last from April to December this year. Sales of Lotus's Thailand are expected to increase slightly on -1% SSSG from new stores. As of 2Q25, Lotus's operated 2,572 stores, of which 2,502 stores are in Thailand (net openings of 12 stores q-q in Thailand from Lotus's Go Fresh).
- **Gross margin on sales:** We expect a 20bp gross margin expansion y-y, below our full-year assumption of a 40bp increase. Wholesale gross margin is projected to rise by 40bp y-y to 11.3% from organic growth, synergies, and accounting change. We estimate Lotus's gross margin to fall by 10bp y-y to 18.0%, causing by pricing competition on non-foods products of Lotus's Thailand (flat gross margin for Lotus's Malaysia).
- The company guides for higher amalgamation synergies on gross margin in 4Q25F. We expect a 30bp improvement in gross margin on sales for 1H25F, behind our 40bp forecast for 2025F due to falling gross margin on Lotus's business. If it cannot deliver higher synergies in 2H25F as guided, there is some earnings downside to our projection. We rate the stock a BUY for a 16/28% EPS growth in 2025-26F.

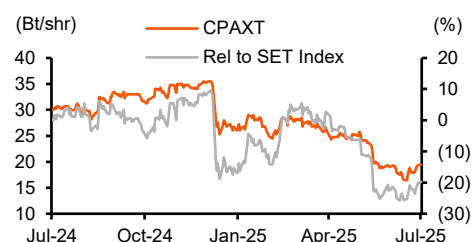
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	508,745	525,595	546,834	568,513
Net profit	10,569	12,262	15,755	18,756
Norm net profit	10,569	12,262	15,755	18,756
Norm EPS (Bt)	1.0	1.2	1.5	1.8
Norm EPS gr (%)	22.3	16.0	28.5	19.0
Norm PE (x)	19.2	16.6	12.9	10.8
EV/EBITDA (x)	8.7	7.8	6.7	6.0
P/BV (x)	0.7	0.7	0.6	0.6
Div. yield (%)	3.6	4.2	5.4	6.5
ROE (%)	3.6	4.0	5.0	5.9
Net D/E (%)	26.3	25.2	23.9	22.4

Source: Thanachart estimates

Stock Data

Closing price (Bt)	19.50
Target price (Bt)	33.00
Market cap (US\$ m)	6,241
Avg daily turnover (US\$ m)	6.5
12M H/L price (Bt)	35.50/16.50

Price Performance

Source: Bloomberg

Ex 1: 2Q25F Earnings Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	2Q24	3Q24	4Q24	1Q25	2Q25F	(q-q%)	(y-y%)
Revenue	126,223	123,727	132,638	129,300	128,408	(1)	2
Gross profit	20,316	20,371	22,534	21,068	20,566	(2)	1
SG&A	16,919	17,397	17,185	17,073	16,989	(0)	0
Operating profit	4,130	3,688	6,336	4,645	4,179	(10)	1
EBITDA	7,373	7,107	9,837	7,957	7,393	(7)	0
Other income	733	714	987	649	603	(7)	(18)
Other expenses	0	0	0	0	0		
Interest expenses	1,449	1,434	1,438	1,404	1,410	0	(3)
Profit before tax	2,681	2,255	4,898	3,241	2,769	(15)	3
Income tax	663	480	1,119	708	609	(14)	(8)
Equity & invest. Income	149	173	177	106	160	51	7
Minority interest	9	4	3	5	7	51	(26)
Extraordinary items							
Net profit	2,176	1,952	3,960	2,643	2,327	(12)	7
Normalized profit	2,176	1,952	3,960	2,643	2,327	(12)	7

Sources: Company data, Thanachart estimates

Ex 2: Quarterly Performance

Quarterly performance	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F
<u>Wholesale</u>						
SSSG (%)	3.4	1.8	1.8	3.0	1.0	0.0
Sales growth (%)	5.9	5.3	5.2	4.7	3.1	2.1
GP - Sales (%)	11.3	10.9	11.5	11.9	12.0	11.3
SG&A/sales (%)	10.2	10.4	11.0	10.1	10.1	10.3
<u>Retail</u>						
SSSG (%)	7.1	3.5	2.3	1.9	0.5	0.0
Sales growth (%)	6.7	3.9	3.5	3.4	2.7	2.2
GP - Sales (%)	17.6	18.1	18.1	18.6	17.6	18.0
SG&A/sales (%)	18.6	18.3	19.3	17.8	18.3	17.9

Sources: Company data, Thanachart estimates

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