

CP All Public Co Ltd (CPALL TB) - BUY

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Analyst Meeting**Near-term conservative meeting**

- **1Q26 a beat, but some concerns for 2Q26F**
- **Copayment scheme and war-related expenses are negatives**
- **Margin expansion a structural driver**
- **We maintain BUY**

CPALL held an analyst meeting yesterday. The company clarified that the better-than-expected 1Q26 earnings (+20% y-y, 25% q-q) were driven mainly by margin expansion from the successful increase in higher-margin products, particularly ready-to-eat and ready-to-drink items, along with well-controlled SG&A expenses that helped generate positive operating leverage impact. CPALL believes its focus on food and beverages will continue to be the structurally right strategy over the long term. However, the company mentioned there could be near-term pressure in 2Q-3Q26F.

- In 2Q26F so far, demand remains decent and we estimate CPALL's same-store sales growth (SSSG) at above 1%, versus 1.9% in 1Q26. However, CPALL expressed concern that demand at its CVS Seven-Eleven stores may face some near-term pressure after the government's new copayment stimulus package, launched in late May, under which consumers pay part of the product price while the government subsidizes the remaining portion. Spending could shift toward small traditional trade stores that are eligible to participate, while chain stores such as CPALL's Seven-Eleven stores are not eligible for the participation, resulting in softer demand. Seven-Eleven's SSSG was -1.5% y-y in 4Q25 during the previous implementation of the copayment scheme.
- On the margin side, CPALL expects gross margin to continue improving over the long term from its successful focus on in-demand, higher-margin products. However, there will likely be near-term pressure from the rise in oil prices since March, with the full impact to be seen in 2Q26, as well as higher electricity prices from June onward. Our sensitivity analysis suggests that the 40% increase in diesel prices (vs. before the Middle East war) and the 2% rise in electricity prices could impact CPALL's profits by about 5% in 2Q26F and in 3Q26F. However, the net impact should be lower as CPALL is also studying mitigation plans, such as reducing electricity usage from billboard lighting.
- Longer term, CPALL remains confident in its business direction, particularly its successful focus on ready-to-eat and ready-to-drink products, which are categories with structurally resilient demand as consumers still need to eat and drink regardless of the economic environment. The company has also continued improving product quality and branding image, such as enhancing the taste and quality of frozen food products and collaborating with well-known chefs, restaurants, and traditional snack stores. This has allowed CPALL to sell products at higher prices while consumers still perceive them as value for money and remain willing to pay for better quality, supporting both sales growth and margin expansion.

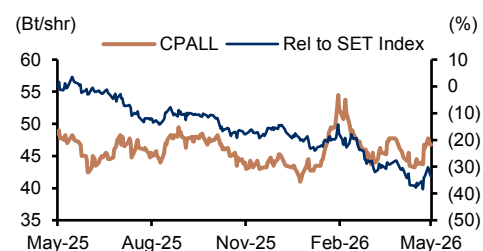
Key Valuations

Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	1,021,588	1,085,171	1,149,773	1,213,289
Net profit	28,206	31,825	36,524	41,214
Norm net profit	28,292	31,825	36,524	41,214
Norm EPS (Bt)	3.1	3.5	4.0	4.5
Norm EPS gr (%)	11.4	12.7	15.0	13.0
Norm PE (x)	15.1	13.4	11.6	10.3
EV/EBITDA (x)	8.0	7.1	6.3	5.7
P/BV (x)	3.0	2.6	2.4	2.1
Div. yield (%)	3.5	3.7	4.3	4.9
ROE (%)	21.4	21.5	21.7	21.8
Net D/E (%)	82.3	69.0	59.8	51.1

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	46.75
Target price (Bt)	60.00
Market cap (US\$ m)	12,868
Avg daily turnover (US\$ m)	51.1
12M H/L price (Bt)	54.50/41.00

Price Performance

Source: Bloomberg

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