CP Axtra Pcl (CPAXT TB) - HOLD, Price Bt15.00, TP Bt14.00

Results Comment

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Weak core 2Q26 earnings

- CPAXT reported net earnings of Bt1.87bn. Excluding revenue from data sales, we estimate core earnings of Bt1.57bn, down 33% y-y and 41% q-q (due to seasonal weakness). Results were weaker than our expectations, mainly due to higher operating expenses and weaker-than-expected MAKRO overseas business performance.
- Average MAKRO SSSG fell by 0.9% y-y. While MAKRO Thailand wholesale benefited from the co-payment scheme, which encouraged eligible small street vendors to purchase raw materials from MAKRO, MAKRO overseas businesses faced intense competition. Lotus's retail business SSSG declined by 3.9% y-y as it faced a negative reversal from the co-payment scheme, with consumers shifting purchases toward the aforementioned street vendors. Total sales grew 2% y-y, supported by store expansion and rising omni-channel sales.
- Gross margin declined to 15.9% from 16.1% last year but increased slightly from 1Q26. MAKRO gross margin declined to 11.2% from 11.5% last year as consumers continued to trade down toward lower-margin products. Lotus's gross margin remained relatively stable at 17.7% (17.8% in 2Q25).
- Core SG&A to sales increased to 13.9% from 13.3% last year and 12.9% in 1Q26, on our estimate. Besides the negative operating leverage impact from weaker SSSG, operating expenses increased due to higher costs, including labor expenses, to support omni-channel expansion.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	128,448	126,475	133,579	135,364	131,283
Gross profit	**20,650**	**20,342**	**21,205**	**21,394**	**20,853**
SG&A	17,023	17,470	17,815	17,418	18,253
Operating profit	4,310	3,378	4,493	4,532	3,600
EBITDA	**6,716**	**5,810**	**6,944**	**6,843**	**5,963**
Other income	684	506	1,103	556	1,001
Other expense	0	0	0	0	0
Interest expense	1,422	1,211	1,362	1,290	1,323
Profit before tax	**2,889**	**2,168**	**3,131**	**3,241**	**2,277**
Income tax	698	523	716	794	626
Equity & invest. income	144	170	160	180	183
Minority interests	3	11	13	36	40
Extraordinary items	(51)	39	(25)	130	0
Net profit	**2,286**	**1,864**	**2,563**	**2,794**	**1,874**
Normalized profit	**2,337**	**1,825**	**2,588**	**2,664**	**1,874**
EPS (Bt)	0.22	0.18	0.25	0.27	0.18
Normalized EPS (Bt)	0.22	0.18	0.25	0.26	0.18

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	(3)	2	49	542,036	552,906
Gross profit	**(3)**	**1**	**50**	**85,129**	**86,836**
SG&A	5	7	50	70,829	71,881
Operating profit	(21)	(16)	47	17,149	17,861
EBITDA	**(13)**	**(11)**	**48**	**26,961**	**27,746**
Other income	80	46	55	2,849	2,906
Other expense					
Interest expense	3	(7)	51	5,089	5,027
Profit before tax	**(30)**	**(21)**	**46**	**12,059**	**12,834**
Income tax	(21)	(10)	48	2,955	3,144
Equity & invest. income	2	27	65	559	512
Minority interests	10	1,403	51	149	146
Extraordinary items					
Net profit	**(33)**	**(18)**	**48**	**9,813**	**10,348**
Normalized profit	**(30)**	**(20)**	**46**	**9,813**	**10,348**
EPS (Bt)	(33)	(18)	48	0.94	0.99
Normalized EPS (Bt)	(30)	(20)	46	0.94	0.99

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	12,274	11,484	14,558	12,042	9,527
A/C receivable	2,449	3,387	4,044	3,834	3,598
Inventory	37,073	38,174	46,498	40,795	40,882
Other current assets	7,847	7,737	9,274	9,582	10,465
Investment	0	0	0	0	0
Fixed assets	117,746	120,417	124,285	124,167	124,736
Other assets	367,048	373,884	378,011	381,122	382,090
Total assets	**544,438**	**555,082**	**576,671**	**571,543**	**571,298**
S-T debt	54,747	46,576	33,412	38,048	43,875
A/C payable	50,251	52,302	62,981	62,790	51,308
Other current liabilities	30,132	32,264	34,852	24,946	32,188
L-T debt	48,208	62,088	79,450	74,110	75,700
Other liabilities	63,074	63,854	65,589	67,371	67,490
Minority interest	919	960	930	1,235	1,204
Shareholders' equity	**297,107**	**297,039**	**299,457**	**303,043**	**299,534**
Working capital	(10,729)	(10,741)	(12,438)	(18,161)	(6,828)
Total debt	102,955	108,664	112,862	112,158	119,574
Net debt	**90,681**	**97,180**	**98,304**	**100,116**	**110,047**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	1.8	2.2	0.7	4.7	2.2
Operating profit growth	3.5	(14.2)	(26.5)	(2.0)	(16.5)
EBITDA growth	4.0	(9.1)	(19.6)	(2.3)	(11.2)
Norm profit growth	5.7	(17.1)	(30.8)	1.6	(19.8)
Norm EPS growth	5.7	(17.1)	(30.8)	1.6	(19.8)
Gross margin	16.1	16.1	15.9	15.8	15.9
Operating margin	3.4	2.7	3.4	3.3	2.7
EBITDA margin	5.2	4.6	5.2	5.1	4.5
Norm net margin	1.8	1.4	1.9	2.0	1.4
D/E (x)	0.3	0.4	0.4	0.4	0.4
Net D/E (x)	0.3	0.3	0.3	0.3	0.4
Interest coverage (x)	4.7	4.8	5.1	5.3	4.5
Interest rate	5.8	4.6	4.9	4.6	4.6
Effective tax rate	24.2	24.1	22.9	24.5	27.5
ROA	2.8	2.2	2.8	2.7	2.2
ROE	3.1	2.5	3.5	3.5	2.5

Sources: Company data, ttb wealth estimates

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