

### CP Aextra (CPAXT TB)

1Q26: Results Beat; Lower-Than-Expected Interest Expenses

#### Highlights

- Core profit came in at Bt2.7b (+2% yoy), beating our and market expectations by 8% and 5%, respectively.
- The earnings beat was driven by better-than-expected Malaysia operations, lower SG&A, and lower interest expenses from reduced financing costs.
- We expect earnings momentum to remain challenging in 2Q26.
- Maintain HOLD with a target price of Bt14.80.

#### 1Q26 Results

Year to 31 Dec (Btm)	1Q25	4Q25	1Q26	yoy (%)	qoq (%)
Sales and services	129,300	133,579	135,364	4.7	1.3
Gross profit	21,068	21,205	21,394	1.5	0.9
SG&A	17,073	17,815	17,418	2.0	(2.2)
EBITDA	8,942	8,936	8,930	(0.1)	(0.1)
Interest expense	1,404	1,362	1,290	(8.1)	(5.3)
Core profit	2,622	2,483	2,664	1.6	7.3
Net profit	2,643	2,563	2,794	5.7	9.0
Percent	1Q25	4Q25	1Q26	(ppts)	(ppts)
Gross margin	16.3	15.9	15.8	(0.5)	(0.1)
SG&A to sales	13.2	13.3	12.9	(0.3)	(0.5)
EBITDA margin	6.9	6.7	6.6	(0.3)	(0.1)

Source: CP Aextra

#### Analysis

- Results beat.** CP Aextra (CPAXT) reported a net profit of Bt2,794m (+6% yoy, +4% qoq). Excluding mark-to-market gains, core profit came in at Bt2,664m (+2% yoy, +4% qoq), beating our and market expectations by 8% and 5%, respectively.
- The earnings beat was due to the following:** a) Better-than-expected operations in Malaysia and improved personnel expense utilisation; b) a change in amortisation recognition (extension of the useful life of intangible assets), which led to lower-than-expected SG&A; and c) lower-than-expected interest expenses due to reduced financing costs.

#### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	512,041.9	520,706.4	522,738.2	532,879.6	542,960.5
EBITDA	36,253.5	34,252.4	36,196.5	38,227.6	40,217.9
Operating profit	18,633.2	16,788.2	17,688.0	18,177.5	18,600.9
Net profit (rep./act.)	10,569.1	9,356.5	10,104.9	10,463.6	10,771.6
Net profit (adj.)	10,569.1	9,356.5	10,104.9	10,463.6	10,771.6
EPS	1.0	0.9	1.0	1.0	1.0
PE (x)	15.5	17.5	16.2	15.6	15.2
P/B (x)	0.6	0.6	0.5	0.5	0.5
EV/EBITDA (x)	8.2	9.5	8.9	8.5	8.0
Dividend yield (%)	4.5	4.5	4.8	4.9	5.1
Net margin (%)	2.1	1.8	1.9	2.0	2.0
Net debt/(cash) to equity(%)	44.1	52.6	51.4	51.9	50.8
Interest cover (x)	6.3	6.4	6.8	7.1	7.4
Consensus net profit	n.a	n.a	10,025.7	10,838.5	11,751.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	0.9

Source: CP Aextra, Bloomberg, UOB Kay Hian

**HOLD** (Maintained)

Share Price	Bt14.70
Target Price	Bt14.80
Upside	0.68%

#### Analyst(s)

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#### Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	CPAXT TB
Shares issued (m):	10,427.7
Market cap (Bt\$m):	153,286.6
Market cap (US\$m):	4,681.5
3-mth avg daily t'over (US\$m):	14.0

#### Price Performance (%)

52-week high/low	Bt25.8/Bt14.0			
1mth	3mth	6mth	1yr	YTD
(7.6)	(4.6)	(24.6)	(41.8)	(6.4)

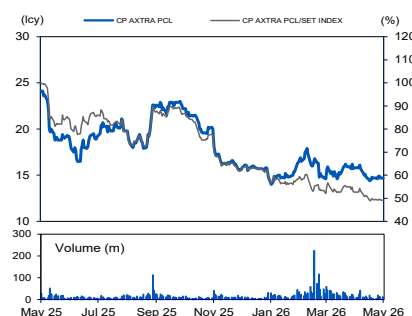
#### Major Shareholders

	%
CP All	34.92
Siam Makro Holding	25.01
Charoen Pokphand Holding	15.96

#### Balance Sheet Metrics

FY26 NAV/Share (Bt)	29.0
FY26 Net Debt/Share (Bt)	14.9

#### Price Chart



Source: Bloomberg

#### Company Description

Wholesale business under the brand name "Makro" and retail business under the brand name "Lotus's".

- **Revenue growth in line with expectations.** 1Q26 revenue increased 5% yoy, supported by a 6% yoy rise in wholesale sales (SSSG +0.6%) and a 3% yoy increase in retail sales (flat SSSG). Consumer stockpiling lifted the fresh food sales mix, while the absence of a tax rebate scheme pressured retail sales. Key drivers in 1Q26 include: a) strong Lotus's Malaysia operations, b) full consolidation of Lucky Frozen, and c) improving SSSG at Makro Thailand. These were partly offset by weaker operations at Lotus's Thailand and Makro's international business.
- **Margin contraction offset by lower SG&A.** Gross margin declined across both wholesale and retail businesses due to a higher fresh food mix, clearance sales, and stock loss from shrinkage. However, SG&A was well controlled, supported by lower staff costs and changes in amortisation recognition. Overall, EBITDA was flat yoy, with wholesale EBITDA growing 3% yoy while retail EBITDA declined 2% yoy.

## Essentials

- **Unexciting outlook but we see an improvement in operations.** Looking ahead to 2Q26, we expect earnings to be challenging. Retail operations are likely to soften due to a fading contribution from the Malaysia business and loss recognition from The Happitat project. However, these should be offset by better control of SG&A and interest expenses.

## Valuation/Recommendation

- **Maintain HOLD with a target price of Bt14.80.** Our target price is based on a 2026F PE of 15x, equivalent to -1.5SD to peers' five-year average and equal to -2SD to BJC's five-year average. The stock is currently trading at 15x PE, close to our target price. We maintain our HOLD recommendation with a target price of Bt14.80.

## Earnings Revision/Risk

- No earnings revision. Our 1Q26 earnings forecast accounts for 27.6% of 2026 full year forecast.
- Every Bt1.0/litre increase in diesel prices will impact earnings by 0.2%.
- Every Bt0.10 increase in electricity prices will impact earnings by 1.4%.

## Share Price Catalyst

- **Catalysts:** Consumer stockpiling, improved SSSG.

## Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA\*

### Environmental

- Focuses on reducing energy consumption through green building design and renewable energy adoption.

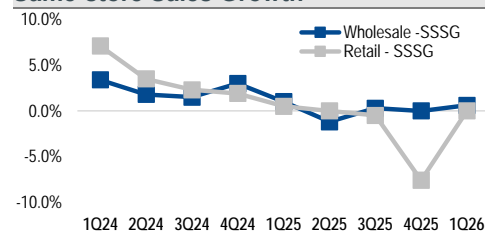
### Social

- Supports SME development in its wholesale/retail ecosystem.

### Governance

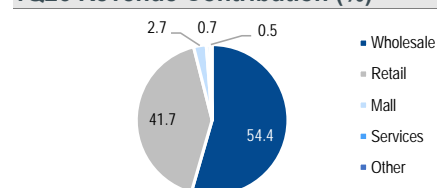
- Demonstrates strong corporate governance through transparent management practices and a well-structured board.

### Same-store Sales Growth



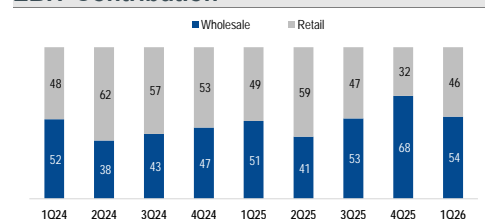
Source: CPAXT, UOB Kay Hian

### 1Q26 Revenue Contribution (%)



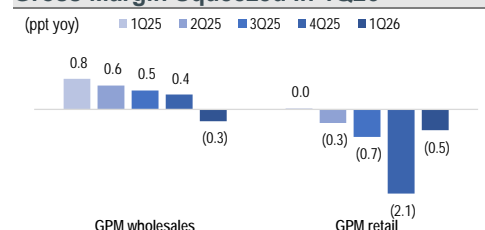
Source: CPAXT, UOB Kay Hian

### EBIT Contribution



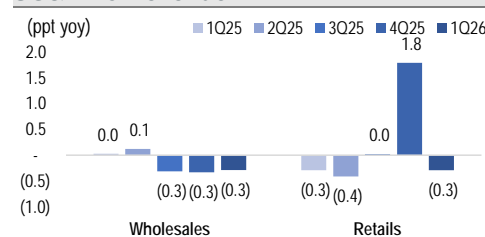
Source: CPAXT, UOB Kay Hian

### Gross Margin Squeezed In 1Q26



Source: CPAXT, UOB Kay Hian

### SG&A-To-Revenue



Source: CPAXT, UOB Kay Hian

### Peers PE Band

Peers	-2SD	-1SD	Mean	+1SD	+2SD
BJC	14.8	19.5	24.3	29.1	33.9
CPALL	7.5	17.3	27.2	37.1	47.0
CPAXT	12.1	23.6	35.1	46.6	58.1
CPN	7.8	13.6	19.3	25.1	30.8
CRC	10.3	16.5	22.8	29.1	35.3
DOHOME	-1.5	18.7	39.0	59.2	79.4
GLOBAL	14.6	21.8	29.0	36.1	43.3
HMPRO	11.9	18.4	24.9	31.4	37.9
<b>Average</b>	<b>9.7</b>	<b>18.7</b>	<b>27.7</b>	<b>36.7</b>	<b>45.7</b>

Source: Bloomberg, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	520,706	522,738	532,880	542,961
EBITDA	34,252	36,197	38,228	40,218
Deprec. & amort.	17,464	18,509	20,050	21,617
EBIT	16,788	17,688	18,178	18,601
Total other non-operating income	0	0	0	0
Associate contributions	580	586	592	598
Net interest income/(expense)	(5,398)	(5,335)	(5,367)	(5,398)
<b>Pre-tax profit</b>	<b>11,970</b>	<b>12,938</b>	<b>13,402</b>	<b>13,800</b>
Tax	(2,645)	(2,866)	(2,972)	(3,063)
Minorities	31	32	33	34
<b>Net profit</b>	<b>9,356</b>	<b>10,105</b>	<b>10,464</b>	<b>10,772</b>
Net profit (adj.)	9,356	10,105	10,464	10,772

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Operating</b>	<b>21,052</b>	<b>35,116</b>	<b>30,781</b>	<b>36,171</b>
Pre-tax profit	11,970	12,938	13,402	13,800
Tax	(2,645)	(2,866)	(2,972)	(3,063)
Deprec. & amort.	17,464	18,509	20,050	21,617
Working capital changes	(5,648)	6,455	218	3,732
Non-cash items	133	80	82	85
Other operating cashflows	(223)	0	0	0
<b>Investing</b>	<b>(25,786)</b>	<b>(25,688)</b>	<b>(25,927)</b>	<b>(26,166)</b>
Capex (growth)	(37,318)	(25,269)	(25,500)	(25,731)
Investments	(181)	(234)	(237)	(239)
Others	11,714	(185)	(191)	(196)
<b>Financing</b>	<b>(169)</b>	<b>(9,404)</b>	<b>(6,781)</b>	<b>(7,057)</b>
Dividend payments	(7,404)	(7,404)	(7,781)	(8,057)
Issue of shares	0	0	0	0
Proceeds from borrowings	21,248	(2,000)	1,000	1,000
Others/interest paid	(14,014)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(4,903)</b>	<b>24</b>	<b>(1,927)</b>	<b>2,948</b>
Beginning cash & cash equivalent	19,461	14,558	14,583	12,656
Ending cash & cash equivalent	14,558	14,583	12,656	15,604

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	469,827	476,587	482,037	486,151
Other LT assets	32,469	33,195	33,938	34,699
Cash/ST investment	14,558	14,583	12,656	15,604
Other current assets	59,817	48,515	51,872	50,542
<b>Total assets</b>	<b>576,671</b>	<b>572,880</b>	<b>580,503</b>	<b>586,996</b>
ST debt	37,257	37,257	37,257	37,257
Other current liabilities	93,988	89,221	92,879	95,366
LT debt	134,815	132,815	133,815	134,815
Other LT liabilities	10,224	10,530	10,846	11,172
Shareholders' equity	299,457	302,590	305,273	307,988
Minority interest	930	465	432	398
<b>Total liabilities &amp; equity</b>	<b>576,671</b>	<b>572,880</b>	<b>580,503</b>	<b>586,996</b>

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	6.6	6.9	7.2	7.4
Pre-tax margin	2.3	2.5	2.5	2.5
Net margin	1.8	1.9	2.0	2.0
<b>Growth</b>				
Net profit (adj.)	(11.5)	8.0	3.6	2.9
<b>Leverage</b>				
Debt to total capital	57.3	56.1	56.0	55.8
Debt to equity	57.5	56.2	56.0	55.9
Net debt/(cash) to equity	52.6	51.4	51.9	50.8
Interest cover	6.4	6.8	7.1	7.4

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