CP ALL (CPALL TB)

2Q26 Results Preview: Earnings Expected To Remain Resilient

BUY (Maintained)

Share Price	Bt46.25
Target Price	Bt62.00
Upside	34.05%

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Highlights

- We expect CPALL's 2Q26 core earnings to come in at Bt7.2b (+7% yoy, -20% qoq). The key driver is the convenience store segment, with earnings expected to grow yoy.
- The company is less affected by the Thai Help Thai Plus scheme compared with hypermarket operators.
- Maintain BUY with a target price of Bt62.00.

2Q26 Earnings Forecast

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)
Sales and services	248,865	259,355	257,575	3.5	(0.7)
Gross profit	56,695	58,969	58,341	2.9	(1.1)
SG&A	51,115	51,309	53,498	4.7	4.3
EBIT	13,141	15,670	13,059	(0.6)	(16.7)
Interest expense	3,803	3,594	3,576	(6.0)	(0.5)
Net profit	6,768	9,118	7,249	7.1	(20.5)
Percent	2Q25	1Q26	2Q26	(ppts)	(ppts)
Gross margin	22.8	22.7	22.7	(0.13)	(0.09)
SG&A to sales	20.5	19.8	20.8	0.23	0.99
Net profit margin	2.7	3.5	2.8	0.09	(0.70)

Source: CP ALL, UOB Kay Hian

Analysis

- **Resilient earnings growth.** We expect CP ALL's (CPALL) 2Q26 core earnings to reach Bt7.2b, up 7.1% yoy but down 20.5% qoq. Growth will be driven mainly by the convenience store (CVS) business, where earnings are expected to increase 11% yoy. In contrast, CP Axtra (CPAXT) is likely to remain a drag, with earnings projected to decline 20% yoy. We forecast sales of Bt257b (+3.5% yoy), supported by 1% yoy SSSG in the CVS business and contributions from new store openings. However, weaker performance at CPAXT is expected to weigh on overall profitability, with gross margin declining 13bps yoy and the SG&A-to-revenue ratio increasing 23bps yoy. Nevertheless, the resilient performance of the CVS business should support overall earnings growth in 2Q26.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	987,143.0	1,021,588.0	1,047,830.2	1,078,528.6	1,112,133.4
EBITDA	87,269.0	90,540.2	94,367.8	97,801.2	101,331.9
Operating profit	50,064.2	52,763.7	56,221.4	57,309.2	58,467.9
Net profit (rep./act.)	25,345.8	28,206.1	30,930.9	31,714.1	32,575.8
Net profit (adj.)	24,613.6	27,711.8	30,350.8	31,128.2	31,984.0
EPS	2.7	3.1	3.4	3.5	3.6
PE (x)	17.1	15.2	13.8	13.5	13.1
P/B (x)	3.3	3.0	2.6	2.4	2.2
EV/EBITDA (x)	11.3	11.1	10.4	10.0	9.7
Dividend yield (%)	2.9	3.5	3.9	4.0	4.1
Net margin (%)	2.6	2.8	3.0	2.9	2.9
Net debt/(cash) to equity(%)	291.6	281.4	234.4	212.6	191.4
Interest cover (x)	5.9	6.3	6.7	7.0	7.3
ROE (%)	21.3	21.3	20.9	17.5	17.2
Consensus net profit	n.a	n.a	30,856.0	33,502.8	36,377.8
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	0.9

Source: CP ALL, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	CPALL TB
Shares issued (m):	8,911.5
Market cap (Bt$m):	383,194.6
Market cap (US$m):	11,703.1
3-mth avg daily t'over (US$m):	65.1

Price Performance (%)

52-week high/low: Bt54.5/Bt41.0

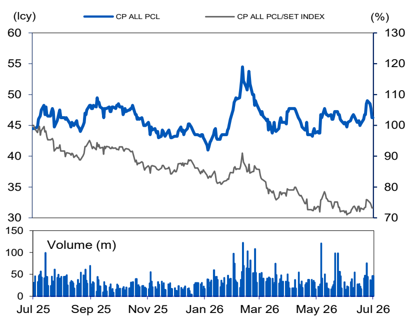
1mth	3mth	6mth	1yr	YTD
(5.0)	(4.4)	(3.9)	(15.6)	(0.6)

Major Shareholders	%
CPF	30.78
NVDR	13.20
SOUTH EAST EUROPE LIMITED	3.13

Balance Sheet Metrics

FY26 NAV/Share (Bt)	17.6
FY26 Net Debt/Share (Bt)	41.3

Price Chart



Source: Bloomberg

Company Description

Operator of Thai 7-Eleven stores, controlling more than 50% share of convenience store market in Thailand.

Essential

- **CVS segment outperforms.** We expect CVS SSSG to grew by 1% yoy, driven by stronger performance in April-May, supported by improving tourist arrivals, hot weather, and the long holiday period. SSSG in June softened and was flat yoy due to the impact from the Thai Help Thai Plus copayment scheme, which shifted demand to mom-and-pop shops. CVS Gross margin is expected to be flat yoy. Although product margins improved yoy, the benefit was offset by the impact of higher oil prices. SG&A-to-revenue is expected to increase slightly due to higher energy costs. However, the company has mitigated the impact by reducing energy usage. As a results, CVS earnings are expected to increase 11% yoy in 2Q26.
- **Weak earnings from CPAXT.** We expect CPAXT's 2Q26 earnings to come in at Bt1.8b, down 20% yoy and 34% qoq, pressured by weaker performance in both the wholesale and retail businesses. Key operating metrics were softer than expected due to negative SSSG, lower gross margins, and higher SG&A-to-sales. Operations in Malaysia, particularly Lucky Frozen and Lotus's Malaysia, remained key earnings supports, while the Thailand business continued to weaken.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt62.00.** Our target price is based on 18x 2026F PE, or -1SD to its five-year average. The stock is trading at an undemanding 13.8x PE, below sector peers, while CPALL's earnings outlook remains stronger than its peers. The company is less affected by the Thai Help Thai Plus scheme compared with hypermarket operators.

Earnings Revision/Risk

- **We finetune our 2026-27F earnings forecasts up by 0.6%.** We estimate 1H26 earnings will account for 54% of our full-year forecast (vs 51% in 1H25), suggesting no downside risk to our earnings estimate.

Share Price Catalyst

- a) Gross margin expansion, b) positive SSSG, c) strong CVS performance.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environment

- **7 Go Green.** CPALL plans to achieve carbon neutrality by 2030 and to achieve net zero greenhouse gas emissions by 2050.
- CPALL is keen to improve sustainable developments such as green packaging management and food waste management.

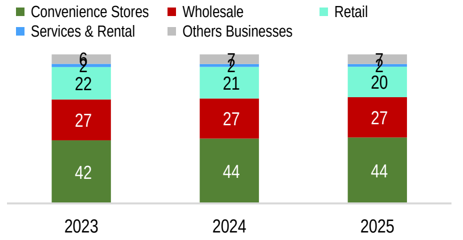
Social

- **7 Go Together.** CPALL supports social development through various initiatives, such as supporting SMEs and increasing the number of new health and nutrition products and services.

Governance

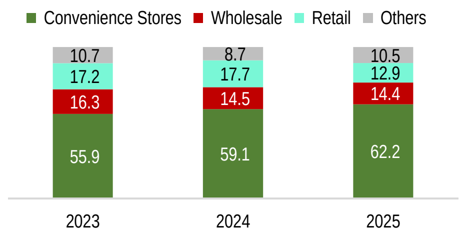
- **7 Go Right.** CPALL was certified for renewed membership in Thailand's Private Sector Collective Action Coalition Against Corruption for 2023-26.

Sales Contribution Before Elimination



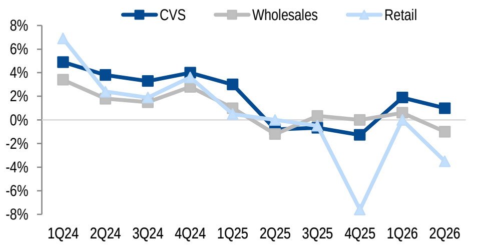
Source: CPALL, UOB Kay Hian

EBIT Contribution Before Elimination



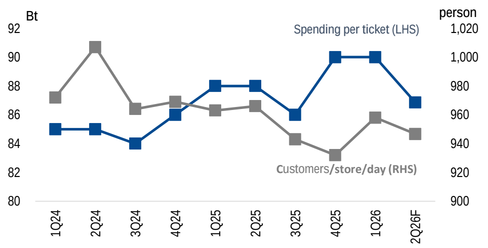
Source: CPALL, UOB Kay Hian

Same-Store Sales Growth



Source: CPALL, UOB Kay Hian

Ticket Size And Foot Traffic



Source: CPALL, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	1,021,588	1,047,830	1,078,529	1,112,133
EBITDA	90,540	94,368	97,801	101,332
Deprec. & amort.	37,777	38,146	40,492	42,864
EBIT	52,764	56,221	57,309	58,468
Total other non-operating income	9	0	0	0
Associate contributions	580	580	586	592
Net interest income/(expense)	(14,347)	(14,022)	(13,980)	(13,937)
Pre-tax profit	38,919	42,780	43,915	45,123
Tax	(7,045)	(7,807)	(8,016)	(8,238)
Minorities	(3,669)	(4,042)	(4,185)	(4,309)
Net profit	28,206	30,931	31,714	32,576
Net profit (adj.)	27,712	30,351	31,128	31,984

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	803,684	816,376	827,584	837,490
Other LT assets	26,572	26,993	32,691	38,745
Cash/ST investment	53,561	70,526	71,870	77,881
Other current assets	98,997	91,803	96,301	101,553
Total assets	982,814	1,005,699	1,028,445	1,055,669
ST debt	75,885	75,885	75,885	75,885
Other current liabilities	174,694	180,592	184,007	190,628
LT debt	366,454	365,754	365,054	364,354
Other LT liabilities	34,236	35,826	36,372	37,619
Shareholders' equity	138,141	158,304	173,604	189,350
Minority interest	193,403	189,338	193,523	197,832
Total liabilities & equity	982,814	1,005,699	1,028,445	1,055,669

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	74,255	86,210	75,308	81,119
Pre-tax profit	38,919	42,780	43,915	45,123
Tax	(7,045)	(7,807)	(8,016)	(8,238)
Deprec. & amort.	37,777	38,146	40,492	42,864
Working capital changes	(8,655)	13,118	(1,381)	1,230
Non-cash items	89	(27)	297	140
Other operating cashflows	13,170	0	0	0
Investing	(37,017)	(26,723)	(33,904)	(34,631)
Capex (growth)	(59,493)	(50,838)	(51,699)	(52,770)
Investments	111	(232)	(234)	(237)
Others	22,366	24,348	18,030	18,376
Financing	(38,370)	(42,522)	(40,061)	(40,476)
Dividend payments	(12,128)	(18,876)	(16,414)	(16,830)
Issue of shares	0	0	0	0
Proceeds from borrowings	17,751	(700)	(700)	(700)
Others/interest paid	(43,993)	(22,947)	(22,947)	(22,947)
Net cash inflow (outflow)	(1,131)	16,965	1,344	6,011
Beginning cash & cash equivalent	54,628	53,561	70,526	71,870
Ending cash & cash equivalent	53,497	70,526	71,870	77,881

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.9	9.0	9.1	9.1
Pre-tax margin	3.8	4.1	4.1	4.1
Net margin	2.8	3.0	2.9	2.9
ROE	21.3	20.9	17.5	17.2
Growth				
Net profit (adj.)	12.6	9.5	2.6	2.8
Leverage				
Debt to total capital	133.4	127.0	120.1	113.7
Debt to equity	320.2	279.0	254.0	232.5
Net debt/(cash) to equity	281.4	234.4	212.6	191.4
Interest cover	6.3	6.7	7.0	7.3

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