

EQUITY TALK

1Q22 Analyst Meeting

BY RESEARCH DIVISION

May 13, 2022



1Q22 normal profit grows yoy, qoq as expected

1Q22 net profit was B3.45bn, up 32.9%yoy but down 48.5%qoq. 1Q22 normalized profit was B3.5bn (as expected), growing 37.9%yoy and 25%qoq. Sales growth were driven by CPALL and MAKRO's same store sales (SSS) growth and new stores. Plus, CPALL booked higher profit from Lotus's thanks to higher indirect shareholding. 1Q22 normalized profit made up 20.5% of 2022 forecast. 2022 profit will be driven by SSS growth, 13%yoy in 1Q22 and probably higher in April thanks to easing measures. 1H22 profit margin may be drop due to inflation, but CPALL can partly push cost burden away.

2022-2023 forecast has upside from convenience store SSS growth, but MAKRO SSS may be weak. Consumer confidence index (CCI) in April made an eight-month low. Oil and electricity (Ft) costs are still high. Still, profit is estimate to grow at least 75% in 2022 and 25% in 2023 thanks to country reopening. BUY.

CPALL

Rec. : **BUY**

Current Price (B) 63.5

Target Price (B) 75.0

Upside (%) 18.9

Dividend Yield (%) 1.5

Key Financial Forecast

Ending Dec 31	2020	2021	2022F	2023F	2024F
Net Profit	16,166	12,985	17,093	21,335	25,663
Normalized Profit	16,166	8,716	17,093	21,335	25,663
Normalized EPS (B)	1.79	0.97	1.90	2.38	2.86
PER (x)	34.9	64.4	32.8	26.3	21.9
DPS (B)	0.9	0.6	1.0	1.2	1.4
Dividend Yield (%)	1.4	1.0	1.5	1.9	2.3
PBV (x)	7.3	6.7	5.9	5.1	4.3
ROE (%)	21.5	16.1	19.0	20.7	21.3

Source: ASPS Research

Technical Chart



Source: ASPS Research

Technical Comment

CPALL Price Trend: Sideway

Supportive: 63.00

Resistance : 63.75 / 67.75

Consensus Analysis

ASPS vs IAA Consensus

EPS (B)	ASPS	IAA Cons	% diff
2022F	1.90	1.85	3%
2023F	2.38	2.43	-2%

Source: ASPS and IAA consensus

CG Score : 5 = Excellent
Anti-corruption Progress Indic. = Certified

Source: IAA / ASPS Research

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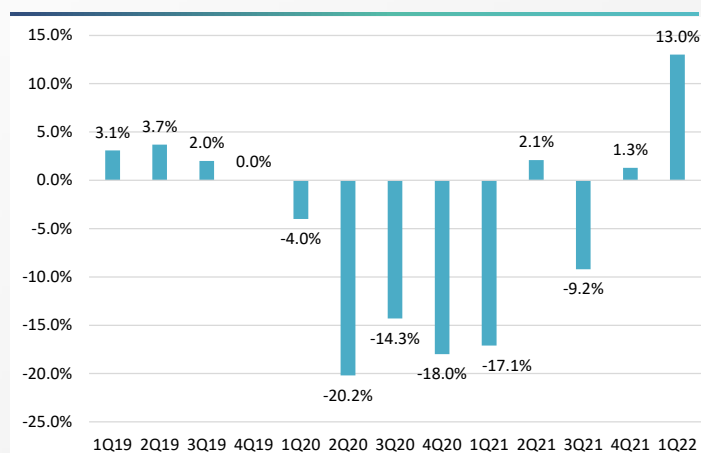


Earnings Results by Quarter

Million B	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	%QoQ	%YoY	2020	2021	% YoY
Sales & Service Revenue	123,101	129,990	131,823	128,549	132,146	125,287	179,226	194,409	8.5%	47.5%	525,884	565,207	7.5%
Cost of Sales & Service	96,659	101,422	103,010	101,269	104,083	99,023	140,463	152,587	8.6%	48.1%	410,880	444,838	8.3%
SG&A	26,013	27,307	27,232	26,217	27,438	26,602	36,610	38,295	4.6%	40.6%	107,858	116,867	8.4%
Other Income	4,926	5,499	5,225	62,922	5,246	5,033	108,179	118,016	9.1%	2158.6%	20,480	181,380	785.7%
Net Profit	2,887	3,998	2,757	2,599	2,190	1,493	6,704	3,453	-48.5%	25.2%	15,287	12,985	-15.1%
Normalized Profit	2,890	3,986	3,411	2,540	1,906	1,469	2,801	3,502	25.0%	2.6%	15,876	8,716	-45.1%
EPS	0.96	1.34	0.92	0.87	0.73	0.50	2.24	1.15	-48.5%	25.2%	5.11	4.34	-15.1%
Gross Margin	21.5%	22.0%	21.9%	21.2%	21.2%	21.0%	21.6%	21.5%			21.9%	21.3%	
SG&A/Sales	21.1%	21.0%	20.7%	20.4%	20.8%	21.2%	20.4%	19.7%			20.5%	20.7%	
Net Profit Margin	2.3%	3.1%	2.1%	2.0%	1.7%	1.2%	3.7%	1.8%			2.9%	2.3%	

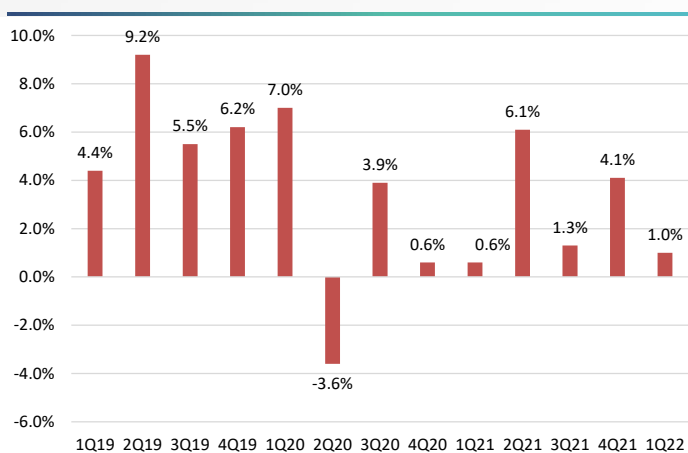
Source : ASPS Research

Same Store Sales Growth (7-11)



Source : ASPS Research

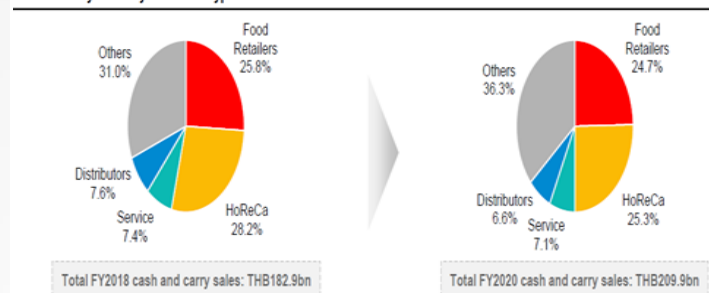
Same Store Sales Growth (Wholesale)



Source : ASPS Research

Sales by Customer Type

Cash & carry sales by customer type



Source : MAKRO

Key Risk

- 1) COVID-19 causes economic deceleration and weakens spending
- 2) Competition in the industry
- 3) COVID-19 control measures may be extended in terms of period and scale.

Source : ASPS Research



2022-2024F Earnings Forecast

Statement of Income (Million B)

Ended Dec31	2021	2022F	2023F	2024F
Sales & service revenue	565,207	800,609	881,744	953,819
Cost of sales & service	444,838	625,289	685,974	740,848
Gross profit	120,369	175,320	195,770	212,971
SG&A	116,867	158,586	174,571	187,973
Interest expense	12,643	15,334	14,441	13,302
Other expense	-	-	-	-
Shared profit from associates	(226)	850	876	902
Other income	20,536	24,686	26,766	28,276
Earnings before tax	15,567	27,068	34,537	41,015
Income tax	1,693	4,602	5,871	6,972
Minority interests	(888)	(5,374)	(7,331)	(8,379)
Other extraordinary items				
Net profit	12,985	17,093	21,335	25,663
EPS	0.88	1.57	2.05	2.51
Sales & service revenue growth (YoY)	7.5%	41.6%	10.1%	8.2%
Net profit growth (YoY)	-19.4%	31.6%	24.8%	20.3%
Gross margin	21.3%	21.9%	22.2%	22.3%
Net margin	2.3%	2.1%	2.4%	2.7%

Statement of Income (Million B)

Quarterly	2Q21	3Q21	4Q21	1Q22
Sales & service revenue	132,146	125,287	179,226	194,409
Cost of sales & service	(104,083)	(99,023)	(140,463)	(152,587)
Gross profit	28,063	26,264	38,763	41,822
SG&A	(27,438)	(26,602)	(36,610)	(38,295)
Interest expense	(3,529)	(2,600)	(3,613)	(3,825)
Other expense	-	-	-	-
Other income	5,246	5,033	108,179	118,016
Earnings before tax	2,341	2,095	106,720	117,718
Income tax	(234)	(253)	(836)	(946)
Minority interests	(72)	(91)	(615)	(801)
Other extraordinary items	284	24	-	-
Net profit	2,190	1,493	6,704	3,453
Normalized profit	1,906	1,469	2,801	3,502
Sales growth (YoY)	7.3%	-3.6%	36.0%	51.2%
Gross profit growth (YoY)	-0.24%	-1.01%	-0.23%	0.29%
Net profit growth (YoY)	-0.66%	-1.80%	1.62%	-0.22%

Financial Ratio

Ended Dec31	2021	2022F	2023F	2024F
Current ratio	0.77	0.63	0.58	0.56
Quick ratio	0.54	0.41	0.39	0.37
A/R turnover	223.2	130.4	130.4	130.4
Inventory turnover	10.7	10.0	11.5	12.3
A/P turnover	4.9	4.3	4.2	4.1
Debt to Equity ratio	2.2	2.1	2.0	1.8
Gearing ratio	0.9	0.8	0.6	0.5
ROAA	16.1%	19.0%	20.7%	21.3%
ROAE	0.9%	1.5%	1.9%	2.2%

Source : ASPS Research



2022-2024F Earnings Forecast (Cont.)

Statement of Cash Flows (Million B)				
Ended Dec31	2021	2022F	2023F	2024F
Cash flows from operating activities				
Net profit	12,052	17,093	21,335	25,663
Adjustments :				
Depreciation and amortisation	12,386	18,183	20,457	22,632
Unrealized Fx gain/loss				
Others				
Increase/decrease in operating assets	21,880	56,272	53,454	52,403
Net cash flows from operating activities	46,319	91,548	95,246	100,698
Cash flows from investing activities				
Increase/decrease in short-term investments	1,228	-	-	-
Increase/decrease in related investment	-	-	-	-
Increase/decrease in fixed assets	(3,324)	(47,047)	(40,737)	(41,714)
Net cash flows from investing activities	(2,097)	(47,047)	(40,737)	(41,714)
Cash flows from financing activities				
Increase/decrease in loans	69,321	(16,998)	(25,559)	(34,965)
Increase/decrease in capital & share premium	-	-	-	-
Increase/decrease in minority interests	-	-	-	-
Dividend paid	(9,417)	(5,390)	(8,547)	(10,668)
Net cash flows from financing activities	7,510	(51,202)	(46,417)	(57,944)
Increase/decrease in net cash	51,732	(6,701)	8,093	1,041

Statement of Financial Position				
Ended Dec31	2021	2022F	2023F	2024F
Cash and cash equivalents	92,348	85,647	93,740	94,781
Trade receivables	3,341	5,988	6,668	7,241
Inventories	50,535	61,557	59,355	60,381
Investment in associates	9,139	9,139	9,139	9,139
Other current assets	19,550	19,631	19,719	19,815
Net PP&E	211,533	234,780	251,113	266,481
Total assets	931,893	966,858	992,138	1,012,115
Trade payables	106,863	143,352	164,293	183,521
Other current liabilities	108,025	128,860	145,141	142,177
Short-term bank loans	59,689	68,250	77,656	68,391
Long-term bank loans	311,679	267,249	229,915	201,847
Total liabilities	639,085	657,314	660,268	652,287
Minority shareholders' equity	188,673	194,047	201,377	209,756
Paid-up share capital	8,983	8,983	8,983	8,983
Share premium	1,684	1,684	1,684	1,684
Retained earnings	73,242	86,031	101,027	120,605
Total shareholders' equity	292,807	309,544	331,870	359,827
Total liabilities and shareholders' equity	931,893	966,858	992,138	1,012,115

Assumption

Ended Dec31	2021	2022F	2023F	2024F
No. of 7-11 stores	13,132	13,832	14,532	15,232
Same store sales growth (SSSG)	-7.0%	7.5%	6.0%	2.5%
Total system sales growth (TSSG)	-2%	14%	12%	8%

MAKRO				
Sales growth	20.9%	77.5%	9.7%	8.6%
No. of MAKRO stores	149	263	377	491
No. of Lotus's stores	2680	2965	3250	3535

Source : ASPS Research