CP ALL (CPALL TB)

2Q26: Results In Line; Strong CVS performance.

Highlights

- CPALL reported a net profit of Bt7.5b (+11% yoy, -17% qoq), in line with our and consensus forecasts. Earnings were supported by the CVS business.
- 3Q26 earnings are expected to gradually improve, as Jul 26 SSSG increased by 1% yoy.
- Management noting that the copayment scheme had only a mild impact on 7-Eleven convenience stores.
- Maintain BUY with a target price of Bt62.00.

2Q26 Results

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26	yoy (%)	qoq (%)	2025	2026	yoy (%)
Sales and services	248,865	259,355	257,098	3.3	(0.9)	990,663	1,014,740	2.4
Cost of sales	192,170	200,386	198,429	3.3	(1.0)	765,546	783,137	2.3
Gross profit	56,695	58,969	58,669	3.5	(0.5)	225,117	231,603	2.9
SG&A	51,115	51,309	53,803	5.3	4.9	203,279	208,472	2.6
Other income	7,703	8,125	8,543	10.9	5.1	28,737	31,480	9.5
EBIT	13,141	15,670	13,299	1.2	(15.1)	52,764	56,221	6.6
EBITDA	22,432	24,981	22,863	1.9	(8.5)	90,540	94,368	4.2
Interest expense	3,803	3,594	3,605	(5.2)	0.3	14,894	14,649	(1.6)
Core profit	7,006	8,926	7,399	5.6	(17.1)	24,623	26,889	9.2
Net profit	6,768	9,118	7,512	11.0	(17.6)	28,206	30,931	9.7
Percent	2Q25	1Q26	2Q26	(ppts)	(ppts)	2025	2026	(ppts)
Gross margin	22.8	22.7	22.8	0.04	0.08	22.7	22.8	0.1
SG&A to sales	20.5	19.8	20.9	0.39	1.14	20.5	20.5	0.0
Net profit margin	2.7	3.5	2.9	0.20	(0.59)	2.8	3.0	0.2

Source: Bloomberg, UOB Kay Hian

Analysis

- **Results in line.** CP ALL (CPALL) reported a net profit of Bt7.5b (+11% yoy, -17% qoq), in line with our and consensus forecasts. The strong earnings were supported by the convenience store (CVS) business, which saw profit grow 13% yoy, leading to consolidated results of: a) revenue growth of 3% yoy, b) gross margin remaining flat yoy at 22.8%, c) other income growing 11% yoy, and d) interest expenses falling 5% yoy, which were offset by a 40bp yoy increase in SG&A-to-sales. 1H26 earnings accounted for 54% of our full-year forecast (vs 51% in 1H25), suggesting no downside risk to our earnings estimate.

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	31,038.6	33,764.9	36,799.4
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	0.9

Source: CP ALL, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt48.75
Target Price	Bt62.00
Upside	27.18%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CPALL TB
Shares issued (m)	8,911.5
Market cap (Btm)	414,384.9
Market cap (US$m)	12,380.8
3-mth avg daily t'over (US$m)	45.6

Price Performance (%)

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

1mth	3mth	6mth	1yr	YTD
2.8	(1.6)	8.1	2.8	6.9

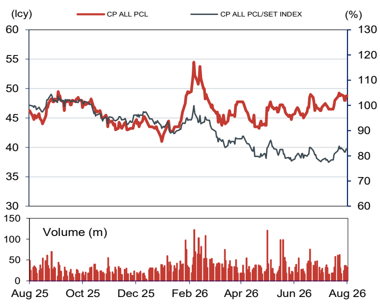
Major Shareholders (%)

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.

- **CVS business earnings surged impressively.** The CVS business delivered a strong performance, with earnings reaching Bt10.4b, up 14% yoy. The key drivers were: a) positive SSSG of 0.8% yoy, driven by stronger performance in April–May, supported by improving tourist arrivals, hot weather, and the long holiday period, but softened in June mainly due to the Thai Help Thai Plus copayment scheme, b) store expansion, c) an 8% increase in other income; and d) flat yoy gross margin, as improved product margins were offset by the impact of higher oil prices.
- **Weak 2Q26 contribution from CP AXTRA.** CP Axtra (CPAXT) reported 2Q26 net profit of Bt1.87b, down 18% yoy and 33% qoq, reflecting weaker wholesale and retail operations. **Wholesale EBIT fell 8% yoy to Bt1.6b**, as sales grew 3.5% to Bt71.2b but SSSG declined 0.9%; gross margin fell 23bp to 11.2% and SG&A-to-sales rose 34bp to 10.6%. **Retail EBIT declined 18% yoy** to Bt2.2b, with sales up 0.4% to Bt55.3b and SSSG down 3.9%; gross margin was broadly stable at 17.7%, but SG&A-to-sales rose 249bp to 17.7% due to higher Omni Channel, IT and Happitat costs. Service and other income increased from data monetisation and promotional income, partly cushioning weaker operations.
- **Expect a strong recovery in 4Q26.** 3Q26 earnings are expected to gradually improve, as Jul 26 SSSG increased by 1% yoy, with management noting that the copayment scheme had only a mild impact on 7-Eleven convenience stores. Moreover, we expect gross margins to expand yoy in 2H26 as pressure from high diesel prices gradually eases. This strong recovery in 4Q26 will be driven by improved consumer spending since the copayment scheme ended, alongside a low base in 4Q25.

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 14x PE, below sector peers, while CPALL's long-term outlook remains strong. The company is less affected by the Thai Help Thai Plus scheme than hypermarket operators. We therefore maintain our BUY call.

Earnings Revision/Risk

- **No earnings revision.**

Share Price Catalyst

- Positive SSSG, 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.

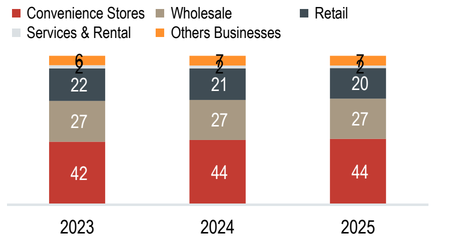
Social

- **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

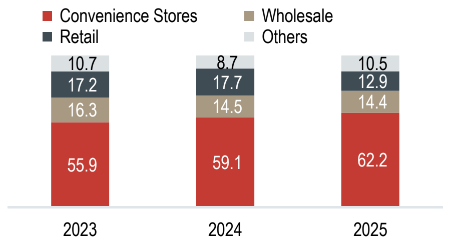
- **7 Go Right.** CPALL was certified for renewed membership in Thailand's Private Sector Collective Action Coalition Against Corruption for 2023-26.

Sales Contribution Before Elimination



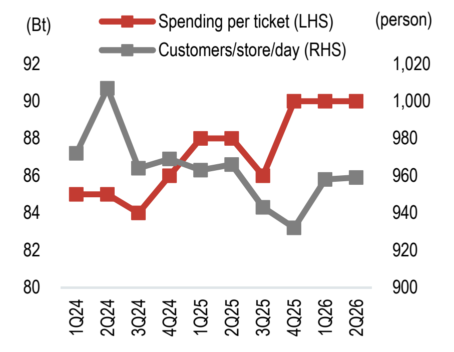
Source: UOB Kay Hian

EBIT Contribution Before Elimination



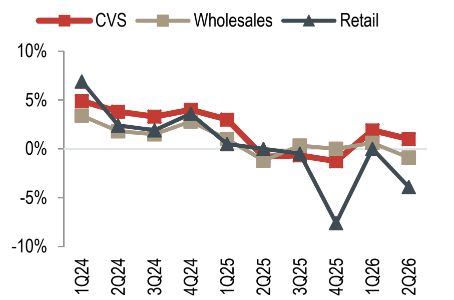
Source: UOB Kay Hian

Ticket Size And Foot Traffic



Source: CPALL, UOB Kay Hian

Same-store Sales growth



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

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

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

Key Metric

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