CP ALL (CPALL TB)

3Q26: Results Beat; Earnings Set To Take Off

Highlights

- 3Q26 net profit declined 7% yoy, in line with our and consensus estimates, while core profit grew 14% yoy, beating our expectations.
- CVS net profit grew 28% yoy, driven by positive SSSG, gross margin expansion and lower SG&A-to-sales.
- The overhang from Lotus's Go Fresh eased following the closure of 673 loss-making stores. We expect earnings momentum to improve in 2027.
- Maintain BUY with a higher target price of Bt63.00 (from Bt62.00), following a 7% earnings upgrade.

3Q26 Results

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Sales and services	242,599	257,098	252,925	4.3	(1.6)	990,663	1,026,928	3.7
Gross profit	55,241	58,669	58,435	5.8	(0.4)	225,117	234,994	4.4
SG&A	51,004	53,803	54,970	7.8	2.2	203,279	213,854	5.2
Other income	7,917	8,543	8,963	13.2	4.9	28,737	31,480	9.5
EBIT	12,033	13,299	12,345	2.6	(7.2)	52,764	57,012	8.1
Interest expense	3,592	3,605	3,648	1.6	1.2	14,894	14,603	(2.0)
Equity income	170	183	180	5.9	(1.4)	580	725	25.0
Net profit	**6,597**	**7,512**	**6,162**	**(6.6)**	**(18.0)**	**28,206**	**30,954**	**9.7**
Core profit	**6,597**	**7,512**	**7,487**	**13.5**	**(0.3)**	**28,206**	**32,280**	**14.4**
Percent	**3Q25**	**2Q26**	**3Q26**	**(ppts)**	**(ppts)**	**2025**	**2026**	**(ppts)**
Gross margin	22.8	22.8	23.1	0.3	0.3	22.7	22.9	0.2
SG&A to sales	21.0	20.9	21.7	0.7	0.8	20.5	20.8	0.3
Net profit margin	2.7	2.9	2.4	(0.3)	(0.5)	2.8	3.0	0.2

Source: CP All, UOB Kay Hian

Analysis

- **Results beat.** CPALL reported 3Q26 net profit of Bt6.16b (-7% yoy, -18% qoq), in line with our and consensus estimates. Excluding CP Axtra's (CPAXT) one-off items, core profit came in at Bt7.08b, up 14% yoy and flat qoq. Despite an 11% yoy decline in CPAXT's core profit, strong CVS core profit growth of 29% yoy boosted overall performance. Sales increased 4.3% yoy, while gross margin expanded 33bps yoy to 23.1%, driven by improvements in both CVS and CPAXT. SG&A-to-sales increased 71bps yoy to 21.7%, mainly due to one-off expenses at CPAXT. Interest expenses edged up 1.6% yoy, mainly due to CPAXT following the opening of The Happitat.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	987,143.0	1,021,588.0	1,062,800.1	1,096,838.7	1,141,415.4
EBITDA	87,269.0	90,540.2	95,158.4	100,443.6	105,657.1
Operating profit	50,064.2	52,763.7	57,012.0	59,951.6	62,793.1
Net profit (rep./act.)	25,345.8	28,206.1	30,954.3	34,103.8	35,892.1
Net profit (adj.)	25,345.8	28,206.1	32,279.8	34,103.8	35,892.1
EPS	2.8	3.1	3.6	3.8	4.0
PE (x)	16.7	15.0	13.1	12.4	11.8
P/B (x)	3.3	3.1	2.7	2.4	2.2
EV/EBITDA (x)	11.3	11.1	10.3	9.8	9.2
Dividend yield (%)	2.9	3.5	3.9	4.3	4.5
Net margin (%)	2.6	2.8	2.9	3.1	3.1
Net debt/(cash) to equity(%)	291.6	281.4	234.5	208.7	184.8
Interest cover (x)	5.9	6.3	6.5	6.6	6.7
ROE (%)	21.3	21.3	20.9	18.4	18.5
Consensus net profit	n.a	n.a	30,863.9	33,345.4	36,441.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: CP ALL, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt47.00
Target Price	Bt63.00
Upside	34.04%
Previous TP	Bt62.00

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CPALL TB
Shares issued (m)	8,911.5
Market cap (Btm)	416,612.8
Market cap (US$m)	12,683.8
3-mth avg daily t'over (US$m)	43.3

Price Performance (%)

52-week high/low				Bt54.5/Bt41.0
1mth	**3mth**	**6mth**	**1yr**	**YTD**
8.7	(2.6)	6.2	3.9	7.5

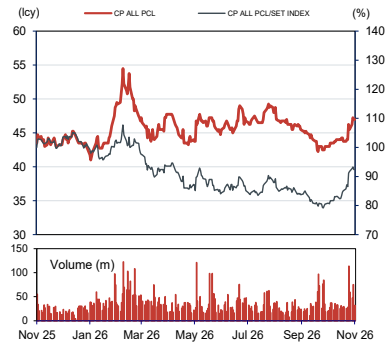
Major Shareholders (%)

CP ALL	34.92
MAKRO	25.01
CHAROENPOKPHAND HOLDING	15.96

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

- **Convenience store business remains the key earnings driver.** Net profit from the CVS business grew 28% yoy, above our expectations. Key operating highlights in 3Q26 included: a) sales growth of 7% yoy, driven by SSSG of +2.5% yoy (spending per ticket grew 3-4% yoy) and new store expansion; b) gross margin expansion of 18bps yoy to 29.6%, supported by improved product margins in both food and non-food categories; c) SG&A-to-sales declining 21bps yoy to 27.8%, reflecting well-controlled personnel expenses; d) other income reaching a new record high; and e) lower interest expenses. Overall, the CVS business delivered improvements in both sales growth and profitability.
- **CP Axtra reached its earnings trough in 3Q26; expect a recovery ahead.** CPAXT, which is 60% held by CPALL, closed 673 loss-making stores, all of which had negative EBITDA. While CPAXT's management expects CPAXT's retail revenue to decline by 6%, it guides for quarterly EBIT savings of Bt400m-500m, which will boost 2027 net profit by Bt1.2b-1.6b. We conservatively assume Bt900m in net profit, below management guidance. The closed stores were small-format stores (100-200 sqm) with limited competitiveness against peers' operating larger formats. Going forward, CPAXT plans to focus on larger stores (400-500sqm) with a wider product assortment and improved shopping experience through enhanced store look and feel. Overall, 3Q26 should mark the earnings trough for both CPALL and CPAXT, with earnings momentum expected to pick up in 4Q26.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt63.00 (from Bt62.00).** Our target price is based on 17x 2027F PE, or -1SD to its five-year average.
- **Overhang eased.** Following the closure of 673 loss-making Lotus's Go Fresh stores, we expect the overhang to ease and earnings momentum for both CPALL and CPAXT to improve in 2027. Meanwhile, CPALL trades at an attractive valuation at 2027F PE of 13.5x, below sector peers.

Earnings Revision/Risk

- **Revise up earnings.** We increase our 2026–27 core profit forecasts by 0.1% and 7.5%, respectively, reflecting stronger CVS and CPAXT performance. 9M26 core profit accounted for 75% of our full-year forecast (vs 74% in 9M25).

Share Price Catalyst

- Strong CVS performance, and b) CPAXT's earnings recovery.

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.

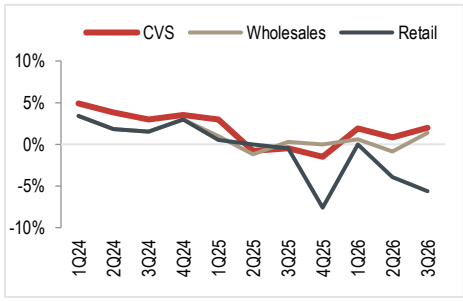
Social

- **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

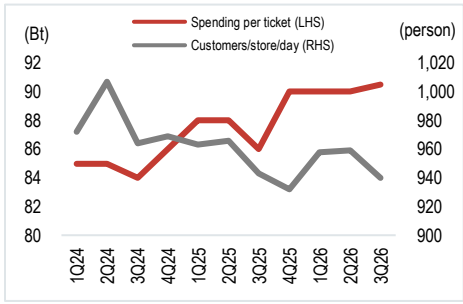
- **7 Go Right.** CPALL was certified for renewed membership in Thailand's Private Sector Collective Action Coalition Against Corruption for 2023-26.

Same-store Sales Growth



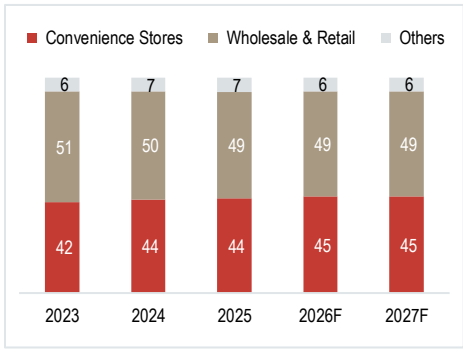
Source: CP All, CP Axtra, UOB Kay Hian

Traffic and Spending Per Ticket



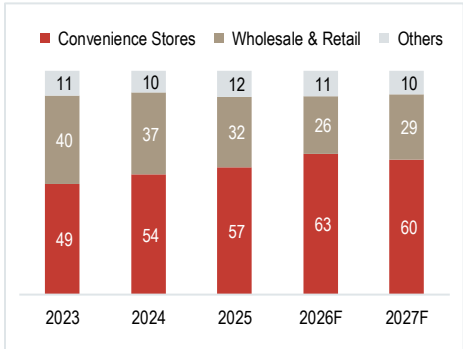
Source CP All, UOB Kay Hian

Sales Contribution Before Inter-transaction (%)



Source CP All, UOB Kay Hian

EBIT Contribution Before Inter-transaction (%)



Source CP All, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**1,021,588**	**1,062,800**	**1,096,839**	**1,141,415**
EBITDA	90,540	95,158	100,444	105,657
Deprec. & amort.	37,777	38,146	40,492	42,864
EBIT	52,764	57,012	59,952	62,793
Total other non-operating income	9	0	0	0
Associate contributions	580	725	732	740
Net interest income/(expense)	(14,347)	(14,603)	(15,250)	(15,748)
Pre-tax profit	**38,919**	**41,240**	**46,297**	**48,673**
Tax	(7,045)	(7,704)	(8,384)	(8,792)
Minorities	(3,669)	(2,582)	(3,809)	(3,989)
Net profit	**28,206**	**30,954**	**34,104**	**35,892**
Net profit (adj.)	28,206	32,280	34,104	35,892

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	27,147	32,970	39,299
Cash/ST investment	53,561	70,433	73,657	82,107
Other current assets	98,997	92,906	97,468	103,547
Total assets	**982,814**	**1,006,862**	**1,031,679**	**1,062,443**
ST debt	75,885	75,885	75,885	75,885
Other current liabilities	174,694	182,761	186,236	194,371
LT debt	366,454	365,754	365,054	364,354
Other LT liabilities	34,236	36,256	36,813	38,358
Shareholders' equity	138,141	158,327	176,004	193,799
Minority interest	193,403	187,878	191,687	195,676
Total liabilities & equity	**982,814**	**1,006,862**	**1,031,679**	**1,062,443**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**74,255**	**85,840**	**77,317**	**84,802**
Pre-tax profit	38,919	41,240	46,297	48,673
Tax	(7,045)	(7,704)	(8,384)	(8,792)
Deprec. & amort.	37,777	38,146	40,492	42,864
Working capital changes	(8,655)	14,120	(1,389)	1,872
Non-cash items	89	37	302	185
Other operating cashflows	13,170	0	0	0
Investing	**(37,017)**	**(26,446)**	**(34,019)**	**(34,608)**
Capex (growth)	(59,493)	(50,838)	(51,699)	(52,770)
Investments	111	(290)	(293)	(296)
Others	22,366	24,682	17,973	18,458
Financing	**(38,370)**	**(42,522)**	**(40,073)**	**(41,744)**
Dividend payments	(12,128)	(18,876)	(16,426)	(18,098)
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)**	**16,872**	**3,225**	**8,450**
Beginning cash & cash equivalent	**54,628**	**53,561**	**70,433**	**73,657**
Ending cash & cash equivalent	**53,497**	**70,433**	**73,657**	**82,107**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.9	9.0	9.2	9.3
Pre-tax margin	3.8	3.9	4.2	4.3
Net margin	2.8	2.9	3.1	3.1
ROE	21.3	20.9	18.4	18.5
Growth				
Net profit (adj.)	11.3	14.4	5.6	5.2
Leverage				
Debt to total capital	133.4	127.6	119.9	113.0
Debt to equity	320.2	278.9	250.5	227.2
Net debt/(cash) to equity	281.4	234.5	208.7	184.8
Interest cover	6.3	6.5	6.6	6.7

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