

CP Aextra (CPAXT TB)

Weak 3Q26 Earnings But Expected To Bottom Out

Highlights

- 3Q26 earnings are likely to be weak, with a net loss of Bt142m. Excluding the one-time loss from the closure of non-performing stores, core profit is projected to drop 17% yoy to Bt1.5b.
- We expect 4Q26 earnings to improve from the closure of non-performing stores, softer impact from the Thai Help Thai Plus campaign and low base in 4Q25.
- Maintain HOLD with a target price of Bt14.50. We roll over our target price based on a 2027F PE of 15x.

3Q26 Earnings Forecast

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)
Sales and services	126,475	131,283	129,029	2.0	(1.7)
Gross profit	20,342	20,853	20,869	2.6	0.1
SG&A	(17,470)	(18,253)	(20,676)	18.4	13.3
Other income	545	1,001	665	22.1	(33.5)
EBIT	3,417	3,600	858	(74.9)	(76.2)
Interest expense	(1,211)	(1,323)	(1,363)	12.6	3.0
Tax expenses	(523)	(626)	127	(124.2)	(120.3)
Net profit	1,864	1,874	(142)	(107.6)	(107.6)
Core profit	1,864	1,874	1,544	(17.2)	(17.6)
Percent	3Q25	2Q26	3Q26	(ppts)	(ppts)
Gross margin	16.1	15.9	16.2	0.1	0.3
SG&A to sales	(13.8)	(13.9)	(16.0)	(2.2)	(2.1)
EBIT margin	3.2	3.3	0.8	(2.4)	(2.5)

Source: CP Aextra, UOB Kay Hian

Analysis

- Weak earnings expected in 3Q26.** We estimate that CP Aextra (CPAXT) will report a net loss of Bt142m. Excluding a one-time loss from the closure of non-performing stores, core profit is expected at Bt1.5b, down 17% yoy and 18% qoq. 3Q26 earnings could be driven by: a) revenue growth of 2% yoy, supported by the wholesale business; and b) a 10bp improvement in gross margin to 16.2%, supported by better price management and shrinkage control. However, earnings will be pressured by: a) higher SG&A expenses from one-time loss related to the closure of the Makro Siem Reap store and Lotus's small-format, pre-opening expenses for The Happitat; and b) slightly higher interest expenses from debt raised to acquire The Food Purveyor (TFP). Nevertheless, the tax benefit from the reported loss should provide some support to earnings.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	512,041.9	520,706.4	535,470.4	544,745.0	554,136.9
EBITDA	36,253.5	34,252.4	32,294.6	37,378.3	39,191.8
Operating profit	18,633.2	16,788.2	13,786.1	17,328.2	17,574.7
Net profit (rep./act.)	10,569.1	9,356.5	7,649.1	10,194.3	10,372.9
Net profit (adj.)	10,569.1	9,356.5	7,649.1	10,194.3	10,372.9
EPS	1.0	0.9	0.7	1.0	1.0
PE (x)	14.4	16.3	19.9	14.9	14.7
P/B (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x)	7.9	9.1	9.7	8.4	8.0
Dividend yield (%)	4.9	4.9	3.9	5.2	5.2
Net margin (%)	2.1	1.8	1.4	1.9	1.9
Net debt/(cash) to equity(%)	44.1	52.6	52.4	52.2	51.2
Interest cover (x)	6.3	6.4	6.2	7.1	7.4
Consensus net profit	n.a	n.a	9,478.0	10,249.2	11,165.1
UOBKH/Consensus (x)	n.a	n.a	0.8	1.0	0.9

Source: CP Aextra, Bloomberg, UOB Kay Hian

Analyst(s)

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HOLD (Maintained)

Share Price	Bt14.20
Target Price	Bt14.50
Upside	2.11%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CPAXT TB
Shares issued (m)	10,427.7
Market cap (Btm)	148,072.8
Market cap (US\$m)	4,403.8
3-mth avg daily t'over (US\$m)	3.0

Price Performance (%)

52-week high/low				Bt23.0/Bt14.0
1mth	3mth	6mth	1yr	YTD
(4.0)	(8.4)	(10.7)	(38.0)	(9.6)

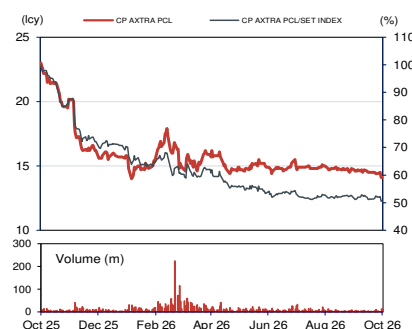
Major Shareholders (%)

Cp All	34.92
Makro	25.01
Charoenpokphand Holding	15.96

Balance Sheet Metrics

FY26 NAV/Share (Bt)	28.8
FY26 Net Debt/Share (Bt)	15.1

Price Chart



Source: Bloomberg

Company Description

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

- Wholesale: Sales are expected to increase, but higher expenses to pressure earnings.** We expect 3Q26 SSSG to grow 1-2% yoy, supported by the Thai Help Thai Plus scheme, which should drive strong sales growth among food retailer customers, while Horeca customers should continue to recover with the improvement in tourism. However, overseas operations remain a drag on earnings. Gross margin is projected to improve slightly yoy, driven by: a) better price management alongside more effective shrinkage control; and b) higher fresh food prices, which should partly offset the impact from the changing product mix. SG&A-to-revenue is forecast to increase both yoy and qoq, mainly due to: a) higher staff and last-mile delivery expenses, and b) around Bt10m of one-time costs. Overall, the improvement in gross margin is likely to be offset by higher SG&A, resulting in lower wholesale EBIT yoy.
- Retail: Lotus's operation improved but expected to post a loss from one-time expenses.** We expect sales to drop 2% yoy, with SSSG declining around 5% yoy, mainly due to Lotus's Thailand, which was fully impacted by the Thai Help Thai Plus scheme during the quarter. This should be partly offset by improving performance in Malaysia and one month of revenue contribution from TFP, supporting overall retail sales. Gross margin could improve both yoy and qoq, supported by better price management and more effective shrinkage control. SG&A-to-revenue is projected to increase significantly due to: a) pre-opening expenses for The Happitat; and b) a large one-time loss from the closure of underperforming small-format stores, which account for around 7% of retail net sellable area. As a result, retail EBIT should turn negative.

Valuation/Recommendation

- Maintain HOLD with a target price of Bt14.50.** We roll over our target price based on a 2027F PE of 15x, equivalent to -1.5SD to peers' five-year average PE and -2SD to BJC's five-year average PE with the current share price having limited upside to our target price.
- We expect earnings to bottom in 3Q26 and are confident that 4Q26 earnings will improve from the closure of non-performing stores, softer impact from the Thai Help Thai Plus campaign and low base in 4Q25.

Earnings Revision/Risk

- Revise down earnings.** We revise down 2026-27 net profit by 22% and 2% respectively to reflect weak 3Q26 earnings forecast.

Share Price Catalyst

- 3Q26 earnings expected to bottom out.

Environment, Social, Governance (ESG) Updates

CG Report: 5, SET ESG Rating: AA*

Environmental

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

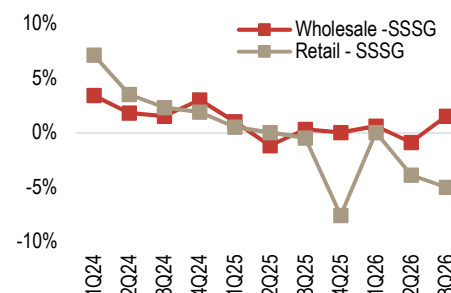
Social

- Supports SME development in its wholesale/retail ecosystem.

Governance

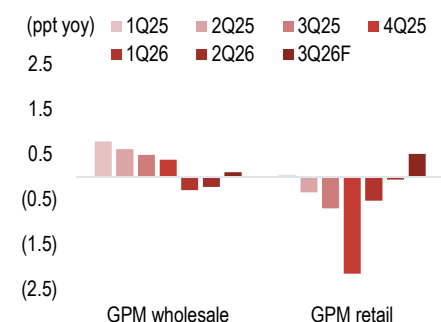
- Demonstrates strong corporate governance through transparent management practices and a well-structured board.

Same-store Sales Growth



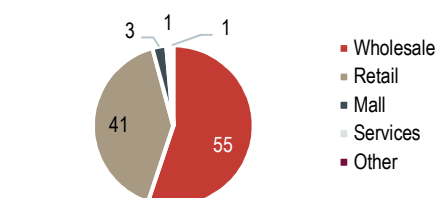
Source: CP Aextra, UOB Kay Hian

Gross Margin Expansion



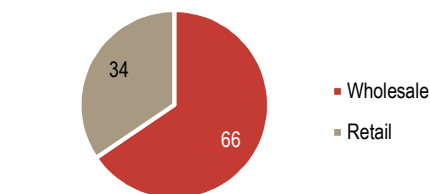
Source: CP Aextra, UOB Kay Hian

2026 Revenue Contribution (%)



Source: CP Aextra, UOB Kay Hian

2026 EBIT Contribution (%)



Source: CP Aextra, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	520,706	535,470	544,745	554,137
EBITDA	34,252	32,295	37,378	39,192
Deprec. & amort.	17,464	18,509	20,050	21,617
EBIT	16,788	13,786	17,328	17,575
Total other non-operating income	0	0	0	0
Associate contributions	580	754	762	769
Net interest income/(expense)	(5,398)	(5,248)	(5,279)	(5,309)
Pre-tax profit	11,970	9,292	12,811	13,035
Tax	(2,645)	(1,793)	(2,771)	(2,821)
Minorities	31	150	154	159
Net profit	9,356	7,649	10,194	10,373
Net profit (adj.)	9,356	7,649	10,194	10,373

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	21,052	33,439	30,315	35,657
Pre-tax profit	11,970	9,292	12,811	13,035
Tax	(2,645)	(1,793)	(2,771)	(2,821)
Deprec. & amort.	17,464	18,509	20,050	21,617
Working capital changes	(5,648)	7,352	143	3,741
Non-cash items	133	80	82	85
Other operating cashflows	(223)	0	0	0
Investing	(25,786)	(25,756)	(25,995)	(26,235)
Capex (growth)	(37,318)	(25,269)	(25,500)	(25,731)
Investments	(181)	(302)	(305)	(308)
Others	11,714	(185)	(191)	(196)
Financing	(169)	(7,404)	(4,890)	(6,850)
Dividend payments	(7,404)	(7,404)	(5,890)	(7,850)
Issue of shares	0	0	0	0
Proceeds from borrowings	21,248	0	1,000	1,000
Others/interest paid	(14,014)	0	0	0
Net cash inflow (outflow)	(4,903)	280	(570)	2,572
Beginning cash & cash equivalent	19,461	14,558	14,838	14,268
Ending cash & cash equivalent	14,558	14,838	14,268	16,841

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	33,262	34,074	34,903
Cash/ST investment	14,558	14,838	14,268	16,841
Other current assets	59,817	49,505	52,842	51,405
Total assets	576,671	574,193	583,221	589,300
ST debt	37,257	37,257	37,257	37,257
Other current liabilities	93,988	91,108	94,670	97,059
LT debt	134,815	134,815	135,815	136,815
Other LT liabilities	10,224	10,530	10,846	11,172
Shareholders' equity	299,457	300,135	304,439	306,962
Minority interest	930	348	193	34
Total liabilities & equity	576,671	574,193	583,221	589,300

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	6.6	6.0	6.9	7.1
Pre-tax margin	2.3	1.7	2.4	2.4
Net margin	1.8	1.4	1.9	1.9
Growth				
Net profit (adj.)	(11.5)	(18.2)	33.3	1.8
Leverage				
Debt to total capital	57.3	57.3	56.8	56.7
Debt to equity	57.5	57.3	56.8	56.7
Net debt/(cash) to equity	52.6	52.4	52.2	51.2
Interest cover	6.4	6.2	7.1	7.4

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