

## 2Q25 Margins Shine as Growth Cools

- 2Q25 net profit of THB7b (+14% y-y), despite weak SSSG.
- 3Q25 outlook stays flat from slow tourism, but store expansion help.
- Maintain a BUY with a TP of THB65

### CPALL 2Q25: Solid Earnings Despite Softer SSSG

In 2Q25, CPALL reported revenue of THB249b (+1% q-q, +3% y-y), supported primarily by the addition of 700 new stores. However, SSSG declined by 0.7%, reflecting weaker consumer sentiment and a slowdown in tourist spending. GPM improved to 22.8%, up from 22.4% in 2Q24, driven by margin improvements across all product categories. SG&A expenses remained stable at 19.9% of revenue, while interest expenses fell by 2% y-y, highlighting effective debt management. As a result, net profit came in at THB7b (-7% q-q, +14% y-y).

### Flat SSSG, Strong Margins: CPALL Navigates 3Q25 Challenges

We expect flat SSSG for 3Q25E, as the recovery in tourist traffic remains limited. The Thailand-Cambodia border conflict is not expected to affect CPALL, given that the company operates only 123 stores in Cambodia, primarily located in urban areas. While some stores near the border may experience disruptions, the overall earning impact should be less than 0.5%. Meanwhile, CPALL continues to strengthen operational through localized product segmentation, tailoring store assortments to the preferences of each location, which should help sustain sales momentum despite external headwinds.

### At 14x P/E, CPALL Looks Cheap—Buyback Adds More Support

For the share repurchase program, CPALL has so far purchased 41.2m shares out of the approved limit of 150m, with the program running until 14-Nov-2025. The initiative is expected to provide support to the share price by reducing the share count, thereby enhancing ROE through higher EPS. Fundamentally, we see CPALL's operations remain solid, but the macro environment is still unsupportive, limiting near-term catalysts. Nevertheless, from a longer-term perspective, CPALL's valuation at around 14x 2025E P/E appears undervalue relative to peers in the sector, reinforcing its attractiveness as a structural play.

### Complement or Contender? CJ Express vs 7-Eleven

CJ Express is often viewed as a potential contender to 7-11, with its network expanding to over 1,000 stores vs 7-11's 15,000. While not yet a direct threat, CJ targets non-7-11 customers through a low-margin, rapid expansion, in lower-tier markets. In contrast, 7-11 retains a strong edge with its wider product assortment, customer insight, and in-store innovation. For now, CJ Express is more complementary than disruptive, though its rapid growth warrants close monitoring.

### Maintain with a BUY and TP of THB65

We maintain our BUY rating on CPALL with a target price of THB65, implying a 2026E P/E of 19x (-1SD). The current valuation of 14x already reflects external uncertainties. However, given CPALL's solid fundamentals and resilient earnings outlook, we believe the stock can re-rate toward our target price once external factors improve

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ESG Rating : AAA

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>65.00</b>
VS. BB Consensus TP (%)	-11.1%
Share Price) THB(	45.25
Upside/Downside	+43.6%

#### Share Data

Market Cap )THB m(	406,485.34
Par) THB(	1.00
Free Float (%)	64.31
Issued shares (m shares)	8,983

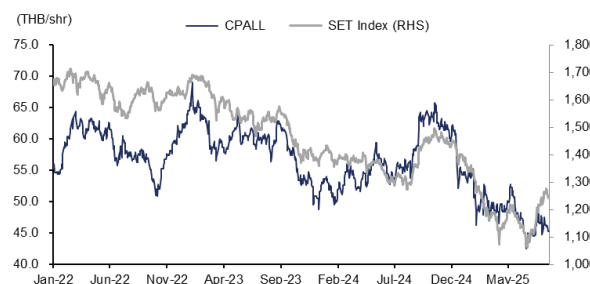
#### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	958,998	1,009,983	1,052,930	1,096,678
Net profit	25,346	28,420	30,334	32,692
Core net profit	25,346	28,420	30,334	32,692
vs Consensus (%)	-	0.7	(4.6)	(6.8)
Net profit growth (%)	37.1	12.1	6.7	7.8
Core net profit growth (%)	37.1	12.1	6.7	7.8
EPS (THB)	2.82	3.16	3.38	3.64
Core EPS (THB)	2.82	3.16	3.38	3.64
Chg in core EPS (%)	-	4.29	4.26	5.63
DPS (THB)	1.35	1.58	1.69	1.82
P/E (x)	19.76	14.30	13.40	12.43
P/BV (x)	3.95	2.84	2.55	2.30
ROE (%)	23.26	22.73	21.47	20.68
Dividend yield (%)	2.42	3.50	3.73	4.02

Source: Financial Statement and Globlex securities

#### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(4.74)	(11.27)	(12.56)	(18.83)
Market	(7.48)	(14.50)	(11.49)	(8.52)
12M High/Low (THB)	68.00 / 41.50			



#### Major Shareholders (%) as of 7 May 2025

C.P. Merchandising	30.78
Thai NVDR Company Limited	12.95
SOCIAL SECURITY OFFICE	3.15

#### Company Profile

The Company operates the convenience store business under the 7-Eleven trademark and franchises to other retailers in the territory of Thailand and has invested in supporting businesses such as manufacturing facility of food & bakery products, bill payment services and so on

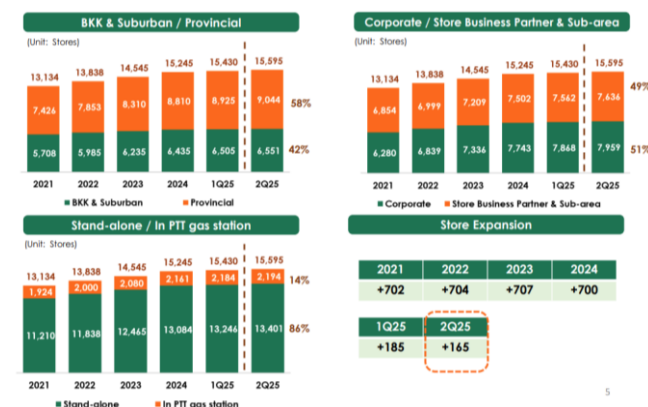
Source: SETSMART, SET

## Exhibit 1: Summary of 2Q25 operations

	2Q24	1Q25	2Q25			2024	2025E	chg.
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	
Revenue	240,948	245,798	248,865	1	3	958,998	1,009,983	5
Operating costs	(235,735)	(238,636)	(243,285)	2	3	(937,079)	(984,475)	5
EBITDA	14,310	16,454	5,580	(66)	(61)	59,124	60,852	3
EBITDA margin (%)	5.9	6.7	2.2	na	na	6	6	na
EBIT	5,213	7,163	5,580	(22)	7	21,919	25,508	16
Interest expense	(3,878)	(3,769)	(3,803)	1	(2)	(15,495)	(15,747)	2
Exceptionals	7,228	7,188	7,616	6	5	29,469	30,248	3
Pretax profit	8,563	10,582	9,393	(11)	10	35,893	40,009	11
Tax	(1,476)	(1,955)	(1,724)	(12)	17	(6,381)	(7,202)	13
Tax rate (%)	17	18	18	na	na	18	18	na
Minority interests	(847)	(1,042)	(901)	na	na	(4,166)	(4,387)	na
Net profit	6,239	7,585	6,768	(11)	8	25,346	28,420	12
Non-recurring	84	25	(237)			59	0	
Core net profit	6,155	7,560	7,006	(7)	14	25,286	28,420	12
EPS (THB)	0.69	0.84	0.75	(11)	8	2.82	3.16	12
Core EPS (THB)	0.69	0.84	0.78	(7)	14	2.81	3.16	12

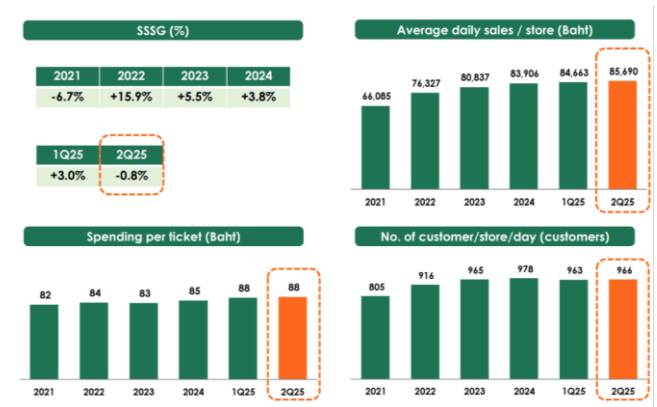
Sources: SET, Globlex Research

## Exhibit 2: Store breakdown



Sources: CPALL

## Exhibit 3: SSSG



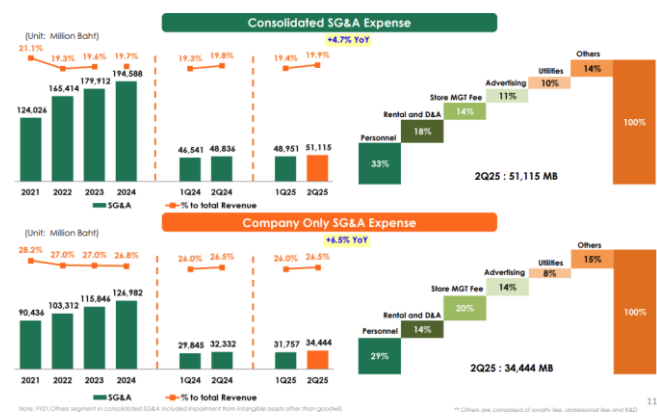
Sources: CPALL

## Exhibit 4: Product sales mix and product margin



Sources: CPALL

## Exhibit 5: SG&A



Sources: CPALL



Exhibit 6: Food product collaboration



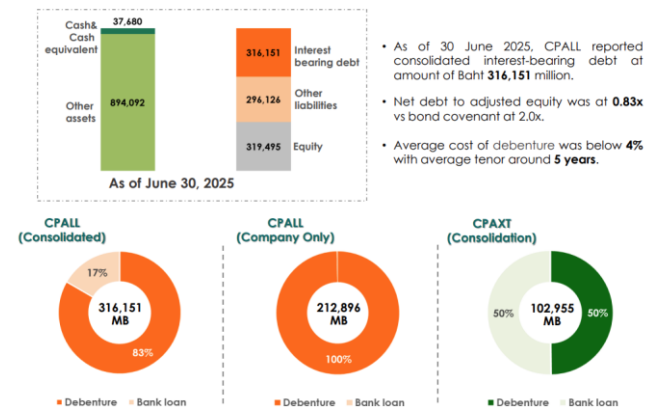
Sources: CPALL

Exhibit 7: Non-food product collaboration



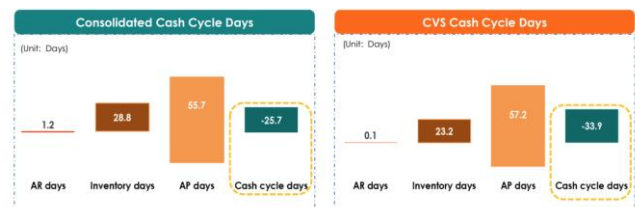
Sources: CPALL

Exhibit 8: Leverage ratio



Sources: CPALL

Exhibit 9: Working capital



Sources: CPALL

Balance sheet (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>					
Cash & ST investment	67,234	54,613	79,233	100,123	122,914
Account receivable	3,326	3,856	4,045	4,189	4,510
Inventories	57,501	61,269	67,681	70,442	73,253
Others	15,737	17,414	18,324	19,103	19,897
<b>Non-current assets</b>					
Net fixed assets	213,792	216,589	220,610	224,238	227,453
Others	568,902	590,379	590,379	590,379	590,379
<b>Total Assets</b>	<b>926,491</b>	<b>944,120</b>	<b>980,272</b>	<b>1,008,475</b>	<b>1,038,405</b>
<b>Current liabilities</b>					
Account payable	128,096	128,294	141,719	147,501	153,386
ST borrowing	73,781	65,589	65,589	65,589	65,589
Others	36,320	38,493	40,540	42,264	44,020
<b>Long-term liabilities</b>					
Long-term debts	353,745	359,000	359,000	359,000	359,000
Others	32,954	33,134	33,134	33,134	33,134
<b>Total liabilities</b>	<b>624,896</b>	<b>624,510</b>	<b>639,982</b>	<b>647,487</b>	<b>655,128</b>
Paid-up capital	8,983	8,983	8,983	8,983	8,983
Retained earnings	(1,033)	(488)	15,804	31,928	49,453
Others	103,046	118,365	118,365	118,365	118,365
Minority interest	190,600	192,750	197,138	201,711	206,475
<b>Shareholders' equity</b>	<b>301,595</b>	<b>319,611</b>	<b>340,291</b>	<b>360,988</b>	<b>383,277</b>

Key ratios					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (%YoY)</b>					
Sales	8.0	7.1	5.3	4.3	4.2
Operating profit	7.8	11.7	2.9	(1.5)	(0.4)
EBITDA	7.8	11.7	2.9	(1.5)	(0.4)
Net profit	39.3	37.1	12.1	6.7	7.8
Core net profit	39.3	37.1	12.1	6.7	7.8
EPS	39.3	37.1	12.1	6.7	7.8
Core EPS	39.3	37.1	12.1	6.7	7.8
<b>Profitability (%)</b>					
Gross margin	26.0	26.5	22.9	23.0	23.1
Operation margin	5.9	6.2	6.0	5.7	5.4
EBITDA margin	5.9	6.2	6.0	5.7	5.4
Net margin	2.1	2.6	2.8	2.9	3.0
ROE	19.3	23.3	22.7	21.5	20.7
ROA	2.0	2.7	3.0	3.1	3.2
<b>Stability</b>					
Interest bearing debt/equity (x)	1.4	1.3	1.2	1.2	1.1
Net debt/equity (x)	1.2	1.2	1.0	0.9	0.8
Interest coverage (x)	1.0	1.4	1.6	1.7	1.8
Interest & ST debt coverage (x)	0.2	0.3	0.3	0.3	0.3
Cash flow interest coverage (x)	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	0.6	0.6	0.7	0.8	0.8
Quick ratio (x)	0.3	0.3	0.3	0.4	0.5
Net debt (THB m)	360,292	369,976	345,356	324,465	301,675
<b>Activity</b>					
Asset turnover (X)	1.0	1.0	1.0	1.0	2.1
Days receivables	1.2	1.2	1.3	0.0	0.0
Days inventory	28.7	29.4	30.1	0.0	0.0
Days payable	54.6	55.7	56.8	0.0	0.0
Cash cycle days	(24.7)	(25.1)	(25.4)	0.0	0.0

Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Revenue from sales and services</b>					
Revenue	895,281	958,998	1,009,983	1,052,930	1,096,678
Cost of goods sold	(662,428)	(705,286)	(779,091)	(810,875)	(843,229)
<b>Gross profit</b>	<b>232,853</b>	<b>253,712</b>	<b>230,892</b>	<b>242,055</b>	<b>253,449</b>
Operating expenses	(179,912)	(194,588)	(170,039)	(182,099)	(193,752)
<b>Operating profit</b>	<b>52,942</b>	<b>59,124</b>	<b>60,852</b>	<b>59,956</b>	<b>59,697</b>
<b>EBIT</b>	<b>16,359</b>	<b>21,919</b>	<b>25,508</b>	<b>26,379</b>	<b>27,798</b>
Depreciation	(36,582)	(37,205)	(35,345)	(33,577)	(31,898)
<b>EBITDA</b>	<b>52,942</b>	<b>59,124</b>	<b>60,852</b>	<b>59,956</b>	<b>59,697</b>
<b>Non-operating income</b>					
Other incomes	25,093	28,146	29,272	30,735	32,272
Other non-op income	468	591	303	303	303
<b>Non-operating expense</b>	<b>(16,212)</b>	<b>(15,435)</b>	<b>(15,747)</b>	<b>(15,520)</b>	<b>(15,369)</b>
Interest expense	(16,558)	(15,495)	(15,747)	(15,520)	(15,369)
Other non-op expense	346	59	0	0	0
<b>Equity income/(loss)</b>	<b>746</b>	<b>673</b>	<b>673</b>	<b>673</b>	<b>673</b>
<b>Pre-tax Profit</b>	<b>26,454</b>	<b>35,893</b>	<b>40,009</b>	<b>42,570</b>	<b>45,677</b>
Extraordinary items	(4,602)	(6,381)	(7,202)	(7,663)	(8,222)
Current taxation	(3,370)	(4,166)	(4,387)	(4,574)	(4,764)
<b>Net Profit</b>	<b>18,482</b>	<b>25,346</b>	<b>28,420</b>	<b>30,334</b>	<b>32,692</b>
<b>Core net profit</b>	<b>18,482</b>	<b>25,346</b>	<b>28,420</b>	<b>30,334</b>	<b>32,692</b>
<b>EPS (THB)</b>	<b>2.06</b>	<b>2.82</b>	<b>3.16</b>	<b>3.38</b>	<b>3.64</b>
<b>Core EPS (THB)</b>	<b>2.06</b>	<b>2.82</b>	<b>3.16</b>	<b>3.38</b>	<b>3.64</b>

Cash flow (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Operating cash flow</b>					
Net profit	18,482	25,346	28,420	30,334	32,692
Depre. & amortization	36,582	37,205	35,345	33,577	31,898
Change in working capital	10,951	(3,605)	7,962	3,821	3,717
Others	(15,757)	(18,866)	(20,656)	(21,488)	(22,546)
<b>Investment cash flow</b>	<b>(46,488)</b>	<b>(42,725)</b>	<b>(18,710)</b>	<b>(15,718)</b>	<b>(12,567)</b>
Net CAPEX	(36,964)	(40,002)	(400)	(409)	(418)
Change in LT investment	15,061	(10,921)	36,747	35,100	37,957
Change in other assets	(24,585)	8,198	(55,057)	(50,409)	(50,107)
<b>Free cash flow</b>	<b>3,770</b>	<b>(2,645)</b>	<b>32,360</b>	<b>30,527</b>	<b>33,194</b>
<b>Financing cash flow</b>	<b>(7,961)</b>	<b>(9,976)</b>	<b>(7,740)</b>	<b>(9,636)</b>	<b>(10,403)</b>
Change in share capital	0	0	0	0	0
Net change in debt	1,023	2,151	4,387	4,574	4,764
Dividend paid	(8,983)	(12,127)	(12,127)	(14,210)	(15,167)
Others					
<b>Net cash flow</b>	<b>(4,190)</b>	<b>(12,621)</b>	<b>24,620</b>	<b>20,890</b>	<b>22,791</b>

Per share (THB)					
EPS	2.06	2.82	3.16	3.38	3.64
Core EPS	2.06	2.82	3.16	3.38	3.64
CFPS	6.50	7.43	7.59	7.62	7.72
BVPS	12.36	14.12	15.94	17.73	19.68
Sales/share	99.66	106.76	112.43	117.21	122.08
EBITDA/share	5.89	6.58	6.77	6.67	6.65
DPS	1.00	1.35	1.58	1.69	1.82
<b>Valuation</b>					
P/E (x)	27.2	19.8	16.3	15.3	14.2
P/BV (x)	4.53	3.95	3.23	2.90	2.62
Dividend yield (%)	1.79	2.42	3.07	3.28	3.53
Dividend payout ratio (%)	48.60	47.85	50.00	50.00	50.00

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### Analyst Certification

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

**BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Sector Recommendations

**Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral:** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight:** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.