



No. IDR 11/2021

Date: 12 May 2021

Re: Management Discussion and Analysis (MD&A) for the First Quarter of 2021

To: The President

The Stock Exchange of Thailand

CP All Public Company Limited (the Company or CPALL) would like to clarify operating results for the first quarter of 2021 which the Company and its subsidiaries reported net profit of Baht 2,599 million. The main reasons are as follows:

Total Revenue

In 1Q21, CPALL's total revenue were Baht 133,431 million, decreased by 8.5 percent from 1Q20 was mainly due to soften revenue from sales and services. A decrease of revenue was a consequence of new wave of COVID-19 pandemic which it once again had a negative impact on the Thai economy, especially in January. These affected slower recovery of domestic consumption and the purchasing power of consumers, including tourism.

Gross Profit

In 1Q21, CPALL recognized gross profit from sales and services at Baht 27,279 million, decreased by 12.5 percent from the same period of last year as a result of lower revenue from sales and services of convenience store business.

Consolidated Gross Profit margin to revenue from sales and services was 21.2 percent in this quarter, decreased from 22.1 percent in 1Q20, mainly from higher gross profit contributed from cash and carry business.



Distribution Costs and Administrative Expenses

In 1Q21, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	1Q21
Employee Benefits	29.9%
Store management fees	16.8%
Rental and depreciation and amortization	18.4%
Advertising and sale promotion	13.2%
Utilities and others	21.7%
Total	100.0%

CPALL had distribution costs and administrative expenses at amount of Baht 26,217 million, decreased by 4 percent from 1Q20. Distribution costs was Baht 22,112 million, declined by 3.4 percent YoY, along with administrative expenses which dropped to Baht 4,105 million, 7.3 percent decreased YoY. CPALL maintained cost control effectiveness which resulted in a decrease of expenses, consisted of lower of Store management fees, Utilities and others. While, Employee Benefits was similar to the same period of last year despite the expansion, and an increase in online sales channels which provided delivery services.

Profit before Interest and Tax Expenses, and Net Profit

In 1Q21, CPALL recognized profit before interest and tax expenses at Baht 5,980 million, declined by 31.7 percent YoY. Net profit was Baht 2,599 million, decreased by 54.0 percent from the same period last year. This was mainly due to the operating results, especially the convenience store business, which had not yet recovered from the



effect of the COVID-19 pandemic, together with an increased interest expense burden from long-term loans from financial institutions due to an investment in an associate at the end of 2020, while the equity income was recorded at amount of Baht 36 million. Consolidated Earnings per share in 1Q21 was Baht 0.26.

Proportion of total revenue and profit before tax expenses before elimination contributed from major businesses

In 1Q21, total revenue before elimination contributed from major businesses were, (1) convenience store business and other businesses accounted for 61 percent and (2) Siam Makro cash & carry business accounted for 39 percent. Portion of revenue contribution from (1) CVS business and other businesses decreased from the same period last year due to lower revenue growth than (2) Cash & Carry business.

Profit before tax before elimination contributed from major businesses in 1Q21 were, (1) convenience store business and other businesses accounted for 40 percent and (2) Siam Makro cash & carry business accounted for 60 percent. Portion of profit before tax contribution from (1) CVS business and other businesses significantly dropped from the same period last year as a result of lower profit before tax growth than (2) Cash & Carry business.

Operating Results of the Convenience Store Business

In the first quarter of 2021, the convenience store business opened a total of 155 new stores. At the end of the 1Q21, CPALL had a total of 12,587 stores, divided into

(1) 5,816 corporate stores (46 percent of total stores), or a net new store of 131 stores in this quarter.

(2) 6,771 SBP and sub-area stores (54 percent of total stores), or a net new store of 24 stores in this quarter.



Majority of our stores were stand-alone, accounted for 85 percent of total stores, while the rest portion of total stores were in PTT gas stations.

In 1Q21, the convenience store business reported revenue from sales and services of Baht 70,450 million, decreased by 15.0 percent YoY. Average sales per store per day was Baht 65,024, along with soften convenience store business SSSG which reported at -17.1 percent. For average spending per ticket was approximately at Baht 77 and there were 845 customer visits per store per day. Number of customer declined from the same period of last year as a consequence of the outbreak of COVID-19 since the first wave, following a new wave of pandemic in late 2020. The government announced measures to control the situation, resulting in a decrease in economic activities. The recovery of the tourism industry and domestic consumption has been further delayed. Furthermore, customer's lifestyle also shifted to New Normal.

Nevertheless, the Company continues to implement O2O strategies such as 7-Eleven Delivery, All Online and 24Shopping to satisfy customer's needs during this situation, also aim to provide prompt access for customers to various consumer products including products in 7-Eleven stores, both delivery service or pick up at the store which the Company had received a good response from customers. As a result, there was revenue from sales that partially offset the impact of the situation.

In 1Q21, the decrease in revenue from sales was an effect from both food and non-food categories. Food products sales mix accounted for 72.8 percent of total sales, while non-food products (excluding phone cards) accounted for 27.2 percent. Revenue from sales of non-food products declined more than food products, causing the decreased proportion, compared to the previous year.

In 1Q21 gross profit of convenience store business was Baht 19,335 million, decreased by 16.8 percent YoY. Gross profit margin was at 27.4 percent decreased from 28.0 percent in 1Q20, mainly due to lower gross profit from food category, together with a less economy of scale at distribution center operation from lower sales than target.



In Addition, convenience store business recognized other income at Baht 4,936 million, increased by Baht 26 million or 0.5 percent YoY, from sales promotion with partners, purpose to boost sales. Nevertheless, the Company recognized dividend income from subsidiaries at amount of Baht 640 million, increased by Baht 444 million YoY.

In 1Q21, distribution costs and administrative expenses were Baht 21,635 million, decreased by Baht 732 million or 3.3 percent YoY, mainly from lower store management fees and having stringent and efficient cost control.

In 1Q21, convenience store business recognized profit before finance costs and tax expenses was Baht 3,462 million, decreased by 42.9 percent YoY and reported net profit at Baht 947 million, decreased by 75.4 percent YoY. This was due to the negative impact of the COVID-19 pandemic situation and the interest expense burden from financial institution loans.

Outlook for Convenience Store Business in 2021

According to the current situation of the COVID-19 pandemic, it still has a negative impact on revenue and cost, along with other uncertainties in the future that may impact to purchasing power and the Company's operation. Therefore, business forecasting has opportunity to adjust, depends on situations. However, CPALL has closely monitored the situation and attempt to minimize the impact on our business as possible. Also, ensuring that employees, customers, store business partners and business partners are safe and able to pass through this challenging time as well.



Projected Investment CAPEX

CPALL plans to expand around 700 new stores in 2021.

Projected Investment CAPEX around Baht 11,500 – 12,000 million, details as follows:

	(Unit : MB)
• Stores expansion	3,800 - 4,000
• Stores renovation	2,400 - 2,500
• Investment in new projects, subsidiaries & DC	4,000 - 4,100
• Fixed assets & IT system	1,300 – 1,400

Please be informed accordingly.

Sincerely yours,

Mr. Kriengchai Boonpoapichart

Chief Financial Officer

Authorized to sign on behalf of the Company