



No. IDR 07/2024

Date: 10 May 2024

Re: Management Discussion and Analysis (MD&A) for the First Quarter of 2024

To: The President

The Stock Exchange of Thailand

CP All Public Company Limited (CPALL or the Company) would like to clarify operating results for the first quarter of 2024 in which the company and its subsidiaries has reported a net profit of Baht 6,319 million. The main reasons are as follows:

Total Revenues

In 1Q24, the Company reported total revenues at Baht 241,307 million, increased by 8.5 percent YoY. This was the result of an increase in revenue from sale of goods from all business units, including convenience store business, grocery wholesaling and retailing business and other supporting businesses, following an expanding of domestic consumption which was driven by various economic activities. In addition, tourism and government's economic stimulus measures at the beginning of the year also created a good atmosphere for spending. Moreover, O2O strategy of each business unit continued to be another additional factor in revenue growth.

Gross Profit

Gross profit from sales and services in 1Q24 was reported at Baht 52,223 million, increased by 11.3 percent YoY, resulted from an improved sale of goods from all business units, including a successful product strategy which not only delivering products that satisfy customer needs but also offering differentiation for the purpose to enhance profitability. According to reasons above, the Company reported higher consolidated gross profit margin at 22.3 percent in 1Q24 from 21.7 percent in 1Q23.

Distribution Costs and Administrative Expenses

In 1Q24, CPALL reported proportion of distribution costs and administrative expenses as follows:

Costs and Expenses	1Q24
Employee Benefits	32.6%
Store management fees	13.5%
Rental and depreciation and amortization	19.7%
Advertising and sales promotion	10.1%
Utilities and others	24.1%
Total	100.0%



The Company reported distribution costs and administrative expenses at Baht 46,541 million, increased by 7.8 percent YoY. Distribution costs was reported at Baht 38,548 million, increased by 6.2 percent YoY, along with an increase of Administrative expenses to Baht 7,993 million, increased by 16.2 percent YoY. An increased expenses were mainly due to employee benefits and store management fee while electricity cost was started to reduce from lower electricity price per unit. However, each business unit has maintained stringent and efficient cost control.

Profit before Finance Costs and Tax Expense, and Net Profit

In 1Q24, the Company reported profit before interest and tax expense at Baht 12,846 million, increased by 23.5 percent YoY from as a consequence of an improved performance of all business units and efficient cost control. Additionally, the Company reported a decrease of finance costs as a consequence of debenture issuance for debt prepayments of CPAXT for the purpose to reduce costs and risks of financial expenses last year. Therefore, the Company reported net profit at amount of Baht 6,319 million, increased by 53.3 percent YoY and reported consolidated earnings per share at Baht 0.69 per share.

Proportion of Total Revenues and Profit before Tax Expense before Elimination Contributed from Major Businesses

In 1Q24, total revenue before elimination contributed from major businesses were, (1) convenience store business and other businesses, accounted for 51 percent and (2) grocery wholesaling and retailing businesses, accounted 49 percent which were in similar level with 2023.

Profit before tax expense before elimination contributed from major businesses in 1Q24 were, (1) convenience store business and other businesses, accounted for 72 percent and (2) grocery wholesaling and retailing businesses, accounted for 28 percent. Profit proportion of (1) increased from the previous year due to higher operating profit growth rate of convenience store business.

Operating Results of the Convenience Store Business

In 1Q24, the convenience store business opened a total of 185 new stores. At the end of 1Q24, CPALL had a total of 14,730 stores, divided into

- (1) 7,485 corporate stores (approximately 51 percent of total stores) or a net new store of 149 stores in this quarter.
- (2) 7,245 SBP and sub-area stores (approximately 49 percent of total stores) or a net new store of 36 stores in this quarter.

Majority of our stores were stand-alone, accounted for 86 percent of total stores, while the rest portion of total stores were in PTT gas stations.



In 1Q24, the convenience store business reported revenue from sales and services of Baht 105,861 million, increased by 11.9 percent YoY. The average sales per store per day in 1Q24 was at Baht 82,619, together with SSSG which was at 4.9 percent. For average spending per ticket was approximately at Baht 85, and average number of customer per store per day was 972 persons. The number of customers increased from same period of last year due to continuously improved economic activities. In addition, the number of both Thai and foreign tourists also continued to increase from the previous year, together with government measures that was another supportive factor. Moreover, the convenience store business has used strategic plans to be consistent with the current situation by retaining the existing customers' base and expanding new customers' base by offering new products with promotions to attract customers in each period of time. In addition, revenue from selling products through the O2O strategy, such as 7Delivery and All Online, were still able to meet customer's needs in the current situation, O2O sales was approximately 11 percent of total sales revenue.

In 1Q24, 75.2 percent of revenue from sales contributed from food categories and 24.8 percent from non-food categories. The sales mix of food and non-food categories were in the similar level with 2023. The Company still focuses on being the number 1 for food and drinks destination in customers' minds, according to the slogan 'Whenever you're hungry, stop by' and 'Whenever you're hungry, order now' for every group of customers anywhere and anytime.

Gross profit for convenience store business in 1Q24 was at Baht 30,378 million, increased by Baht 3,950 million or 14.9 percent YoY. Gross profit margin was reported at 28.7 percent, increased from 27.9 percent in 1Q23. The main reason was from product strategy adjustment as mentioned above as well as emphasized on the product margin by continually increase the proportion of high margin products.

The convenience store business also recognized other income at Baht 6,236 million, increased by Baht 518 million or 9.1 percent YoY mainly due to an additional revenue from non-merchandising income, including and income from utilizing commercial space in each store.

In 1Q24, distribution costs and administrative expenses were Baht 29,845 million, increased by Baht 2,499 million or 9.1 percent YoY, mainly due to employee benefits and store management fee, while electricity costs reduced from lower electricity price per unit, together with an efficient energy management.

However, the Company continued to control expenses tightly and maximize efficiency, even some type of expenses were increased. The Company continued to expand 7-Eleven stores as planed and added more channels for customers to access products and services. The convenience store business continued to report an increase in operating profit to Baht 9,314 million, an increase of 70.7 percent YoY, and a net profit of Baht 6,181 million, an increase of 124.1 percent YoY. For earnings per share from separate financial statements was reported at Baht 0.68 per share.



Outlook for Convenience Stores Business in 2024

Store expansion	The Company plans to develop distribution channels for products and services both online and offline platforms, together with new store rollout following the growth of communities, various infrastructures, tourist destinations and other high potential areas to facilitate and access the needs of customers as much as possible. The Company plans to open about 700 new stores in Thailand and plans to continue expanding number of new stores both in Cambodia as well as Laos PDR in 2024.
Sales and services revenue growth	Revenue growth of Convenience Stores Business is driven by contribution from new store, positive SSSG and sales through other channels including 7Delivery and All Online which forecast to grow in line with the projected economic growth in Thailand (GDP growth). However, this is subjected to other factors including inflation rate, raw material price, energy price and private consumption growth, etc.
Gross profit margin	Gross profit margin advancement is expected to continue on the back of our product strategy in order to cater to consumer demand. We also continue to drive higher sales participation of the higher-margin products in both food and non-food categories.
CAPEX	<p>CAPEX is projected to be approximately Baht 12,000-13,000 million with details as follows (unit: million Baht)</p> <ul style="list-style-type: none"> ● Stores expansion 3,800 - 4,000 ● Stores renovation 2,900 - 3,500 ● Investment in new project, subsidiaries and DC 4,000 - 4,100 ● Fixed assets and 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