

CP AXTRA PLC

No. 106/2025
1 July 2025

CORPORATES

Company Rating:	AA-
Issue Ratings:	
Senior unsecured	AA-
Outlook:	Stable

Last Review Date: 23/05/25

Company Rating History:

Date	Rating	Outlook/Alert
01/10/24	AA-	Stable

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RATIONALE

TRIS Rating affirms the company rating on CP Axtra PLC (CPAXT) and the ratings on its outstanding senior unsecured debentures at “AA-”, with a “stable” rating outlook.

The ratings reflect CPAXT’s status as a core subsidiary of CPALL PLC (CPALL, rated at “AA-/Stable”). The group status reflects our view on CPAXT’s vital role in cementing the group’s leading position in the wholesale and grocery retail businesses, together with CPAXT’s significant earnings contribution to CPALL.

KEY RATING CONSIDERATIONS

Core subsidiary of CPALL

TRIS Rating considers CPAXT as a core subsidiary of CPALL owing to its role as a flagship entity for the wholesale and grocery retail businesses of the group, coupled with its significant earnings contribution to CPALL.

As of May 2025, CPALL, directly and indirectly held approximately 60% equity interest in CPAXT. CPAXT’s operating performance and strategies are aligned with CPALL’s business direction. CPAXT’s operating revenue contributed around 52% of CPALL’s total operating revenue in 2024, while its EBITDA accounted for 42% of CPALL’s EBITDA.

Leading position in wholesale and retail businesses

CPAXT’s business profile is underpinned by its leading position in the wholesale sector through "Makro" stores and the retail sector under "Lotus’s" stores in Thailand and Malaysia.

Makro has a success track record in managing fresh products and maintaining cost efficiency. The company has successfully tapped into the growing business-to-business (B2B) market, particularly catering to hotels, restaurants, catering businesses (HORECA), and food retailers.

CPAXT’s strong reputation in the grocery retail market is supported by its extensive store network. The "Lotus’s" hypermarket chain further solidifies CPAXT’s position in both Thailand and Malaysia.

Total sales continue to improve

In 2024, CPAXT reported total revenue of THB494 billion, which included both sales of goods and rendering of services. Based on sales of goods, wholesale contributed 56%, followed by the retail business in Thailand at 37%, with the remaining 7% from the retail business in Malaysia.

Looking ahead to 2025-2027, CPAXT is expected to achieve an average annual sales growth of 4%, primarily driven by store expansion and the ongoing rapid growth from omnichannel contributions. However, TRIS Rating views same-store sales to remain flat in 2025 due to weak consumer spending, threats of economic downturn, and uncertainty of government stimulus. Improvement is expected from 2026 onward, with same-store sales growth projected to be in the low single digits across all segments.

For the wholesale segment under the “Makro” brand, annual revenue growth is projected at 2%-6% over the next three years. The company is expected to maintain its leadership in the food wholesaling sector due to its strong B2B track record, solid infrastructure, together with extensive membership base, despite increased competition from new entrants.

In the retail segment under the “Lotus’s” stores, minimal sales growth is anticipated for 2025 due to stiff competition. However, sales growth is expected to improve to 4%-5% in 2026-2027, driven by expanding omnichannel presence, a robust nationwide network, and strategic product improvements focusing on fresh products.

Profit enhancement anticipated

We expect CPAXT’s profitability to improve gradually on the back of improved product mix strategy and cost saving measures. These savings are anticipated to stem from efficiency improvements attributed to optimized utilization of omnichannel infrastructures and new centralized distribution centers. Additionally, the recent amalgamation helps bolster profit margins, particularly in procurement, together with operational efficiency from shared resources and investment planning. In our base-case projection, we forecast CPAXT’s EBITDA to hover around THB37-THB39 billion in 2025-2027, with an EBITDA margin of around 7% over the next three years. Funds from operations (FFO) are forecast to range between THB28-THB30 billion annually.

Growth engine from omnichannel

In response to the shift of consumer behavior, CPAXT has gone through digital transformation focusing on developing omnichannel capabilities. In addition to physical stores, CPAXT has made significant investments in e-commerce, developing infrastructures and online applications (Lotus’s Online and Makro Pro), as well as strengthening its B2B sales team. Leveraging its extensive network and multi-fulfillment strategy, CPAXT is positioned to expand its service area and efficiently provide delivery services nationwide, catering to diverse customer needs.

As a result, CPAXT’s omnichannel sales have grown substantially with a double-digit growth rate over the past few years. The contribution from the omnichannel platform contributed 20.2% to total sales in the first quarter of 2025, up from approximately 10% in 2021.

Recurring income from rental properties

The company’s credit profile is also strengthened by recurring income from a diversified portfolio of rental properties in Lotus’s stores in Thailand and Malaysia. As of March 2025, the company had a permanent net leasable retail area of 0.8 million square meters (sq.m.) in Thailand and 0.3 million sq.m. in Malaysia, achieving occupancy rate of about 93%. Mall income generated THB14 billion per year, contributing 3% to CPAXT’s total revenue.

Looking ahead, we expect the contribution from rental properties to improve steadily in 2025-2027. Despite facing competition from new supply, the company aims to enhance rental space utilization, renovate, and revamp existing branches to attract more traffic and ultimately boost overall performance.

Investment in Happitat

CPAXT has ventured into the Happitat project in Bangna, a mixed-use development comprising retail and office spaces. This project included 48,000 sq.m. of retail space and 24,000 sq.m. of office space. By April 2025, over 90% of the structural construction was completed, with partial operations expected to commence by the end of 2025. The total investment is projected at THB15 billion, with THB9 billion allocated in 2024 and an additional THB6 billion in 2025, primarily funded through debt financing.

Despite the project’s prime location, the highly competitive market, coupled with significant debt and interest obligations, poses considerable challenges. In our view, the project is likely to experience losses for the next 3 years.

Moderate financial leverage anticipated

CPAXT’s adjusted debt increased from THB121 billion in 2023 to THB136 billion in 2024 and the first quarter of 2025, mainly due to new store openings and the Happitat project. The debt to EBITDA ratio rose from 3.5 times in 2023 to 3.7 times in 2024 through the first quarter of 2025.

Looking forward, CPAXT plans to spend approximately THB24 billion annually on capital expenditures over the next three years for Makro stores, Lotus’s stores in Thailand and Malaysia. Despite large capital expenditure (CAPEX) required for business expansion over the next three years, we project CPAXT’s financial leverage to remain moderate, with the debt to EBITDA ratio to hover around 4 times and the FFO to adjusted net debt ratio of about 19%.

Adequate liquidity profile

As of March 2025, its sources of funds comprised cash on hand and cash equivalents of THB13 billion, plus undrawn bank facilities of about THB33 billion. We forecast FFO to be around THB28 billion in 2025. Sources of funding should be sufficient to cover scheduled long-term debt repayments plus capital spending and investment in the next 12 months of THB14 billion and THB28 billion, respectively.

The financial covenant on CPAXT's debenture obligations requires the company's net interest-bearing debt to equity ratio to stay below 2.5 times. As of March 2025, the ratio was 0.26 times. We expect CPAXT to remain in compliance with the financial covenants over the next 12 to 18 months.

Debt structure

At the end of March 2025, CPAXT's total outstanding debt, excluding financial leases, was THB94 billion, of which about THB16 billion was priority debt. This translates to a priority debt to total debt ratio of 17%.

RATING OUTLOOK

The "stable" outlook follows the rating outlook on CPALL and our expectation that CPAXT will maintain its group status as a core subsidiary of CPALL. We expect CPAXT will continue to represent a core component of CPALL's revenue and business profile.

RATING SENSITIVITIES

As a core subsidiary of CPALL, the ratings on CPAXT are tied to the rating on CPALL. Any change in the rating on CPALL, or CPAXT's group status, will affect the ratings on CPAXT accordingly.

COMPANY OVERVIEW

CPAXT was established on 1 October 2024 following the merger of CPAXTT, a leader in the wholesale business in Thailand operating stores under the Makro brand and Lotus's, a leading retailer operating a hypermarket chain under the name Lotus's stores in Thailand. CPAXT's major shareholder consisted of CPALL (60%), Charoen Pokphand Holding Co., Ltd. (CPH) (16%), and Charoen Pokphand Foods PLC's (CPF) subsidiary (9%).

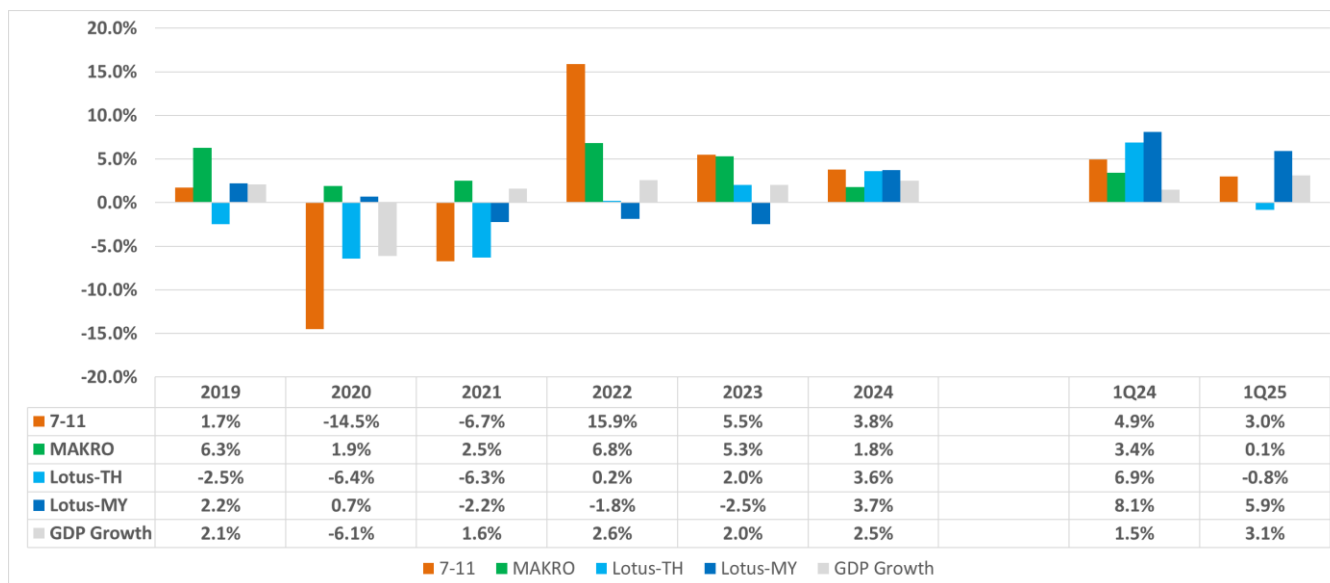
CPAXT operates both the wholesale business under the Makro brand and the retail business under the Lotus's brand in Thailand. Under the wholesale business, the company owned 166 stores in Thailand and 10 stores overseas (3 stores in Cambodia, 6 stores in India, and 1 store in Myanmar) at the end of March 2025.

For the retail business, as of March 2025, the company owned 2,490 stores in Thailand, comprising 226 large stores (Hypermarkets), 177 supermarket stores ("Lotus's Go fresh" supermarket), and 2,087 small stores ("Lotus's Go Fresh" mini supermarket). In Malaysia, the company owned 70 stores in Malaysia, comprising 43 hypermarkets, and 27 supermarket stores. Apart from retail sales, the company has rental space enclosed in its stores, including a permanent net leasable area of 0.85 million sq.m. in Thailand and 0.33 million sq.m. in Malaysia. CPAXT also holds a 25% stake in Aextra Future City Freehold and Leasehold Real Estate Investment Trust (AXTRART), which operates 23 malls in Thailand with a net leasable area of around 0.33 million sq.m.

In December 2024, CPAXT founded Aextra Growth Plus Co., Ltd. (AGP), holding 95% of the shares, with MQDC Town Corporation Ltd. holding the remaining 5%. AGP owns 100% of Aextra Happitat Co., Ltd. (AXTHP), formerly named Happitat at the Forestias Co., Ltd. (HATF), which runs project "Lotus's Mall Bangna" under the trademark "The Happitat" project, comprising of shopping malls, offices and a central utility. Total investment was approximately THB9 billion in 2024 with an additional THB6 billion anticipated in 2025.

KEY OPERATING PERFORMANCE

Chart 1: Gross Domestic Product (GDP) Growth and Same-Store-Sales Growth, (Y-O-Y)



Sources: 1) Bank of Thailand (BOT)
2) CPALL and CPAXT

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS*

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	129,950	512,042	489,949	469,131	266,367
Earnings before interest and taxes (EBIT)	4,750	19,362	17,509	17,566	10,284
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	8,942	36,946	34,886	34,744	16,719
Funds from operations (FFO)	6,830	28,152	25,852	24,122	13,054
Adjusted interest expense	1,404	5,791	6,375	7,155	1,573
Capital expenditures	4,186	17,124	14,753	17,604	4,027
Total assets	539,893	546,531	540,371	548,643	569,490
Adjusted debt	135,814	136,222	121,201	122,988	118,333
Adjusted equity	301,330	298,617	293,473	290,931	288,498
Adjusted Ratios					
EBITDA margin (%)	6.9	7.2	7.1	7.41	6.28
Pretax return on permanent capital (%)	4.3 **	4.3	3.9	3.78	3.42
EBITDA interest coverage (times)	6.4	6.4	5.5	4.86	10.63
Debt to EBITDA (times)	3.7 **	3.7	3.5	3.54	7.08
FFO to debt (%)	20.8 **	20.7	21.3	19.61	11.03
Debt to capitalization (%)	31.1	31.3	29.2	29.71	29.09

* Pro forma consolidated financial statements

** Annualized with trailing 12 months

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Group Rating Methodology, 7 September 2022
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

CP Axtra PLC (CPAXT)

Company Rating:	AA-
Issue Ratings:	
CPAXT269A: THB3,000 million senior unsecured debentures due 2026	AA-
CPAXT289A: THB1,000 million senior unsecured debentures due 2028	AA-
CPAXT309A: THB1,000 million senior unsecured debentures due 2030	AA-
LOTUSS250A: THB8,533.8 million senior unsecured debentures due 2025	AA-
LOTUSS250B: THB1,500 million senior unsecured debentures due 2025	AA-
LOTUSS264A: THB10,374.7 million senior unsecured debentures due 2026	AA-
LOTUSS270A: THB1,179.7 million senior unsecured debentures due 2027	AA-
LOTUSS270B: THB3,500 million senior unsecured debentures due 2027	AA-
LOTUSS284A: THB5,356 million senior unsecured debentures due 2028	AA-
LOTUSS280A: THB3,000 million senior unsecured debentures due 2028	AA-
LOTUSS290A: THB3,931.1 million senior unsecured debentures due 2029	AA-
LOTUSS314A: THB1,111.4 million senior unsecured debentures due 2031	AA-
LOTUSS310A: THB1,000 million senior unsecured debentures due 2031	AA-
LOTUSS334A: THB5,803.2 million senior unsecured debentures due 2033	AA-
LOTUSS334B: THB1,050 million senior unsecured debentures due 2033	AA-
Up to THB18,000 million senior unsecured debentures due within 8 years	AA-
Rating Outlook:	Stable

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