

(Translation)

12 July 2013

Subject: Submission of the Opinion of the Company on the Tender Offer for the Securities (Form 250-2)

To: Secretary-General of the Office of the Securities and Exchange Commission  
The President of the Stock Exchange of Thailand (SET)  
Shareholders of Siam Makro Public Company Limited

Enclosed: Copy of the Opinion of the Company on the Tender Offer for the Securities (Form 250-2)

Since Siam Makro Public Company Limited (the "**Company**") has received the Announcement of Intention to Make a Tender Offer (Form 247-3) and the Tender Offer Document (Form 247-4) dated 27 June 2013 together with subsequent amendments of the Tender Offer Document on 28 June 2013 and 2 July 2013 from CP ALL Public Company Limited. On 12 June 2013, we have prepared an Opinion of the Company on the Tender Offer for Securities and have appointed Phatra Securities Public Company Limited to act as the independent financial advisor to provide opinion on fairness of the Tender Offer to the Company's shareholders as per the Notification of the Capital Market Supervisory Board No. KorChor 59/2545 re: Form and Preparation Period of Opinion on the Tender Offer.

The Company is pleased to hereby submit the Opinion of the Company on the Tender Offer for Securities (Form 250-2) accompanied by the Opinion of shareholders' advisor to the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and Shareholders of the Company as details of which are shown in the attachment.

Please be informed accordingly

Yours faithfully,

Siam Makro Public Company Limited



A handwritten signature in blue ink, appearing to read 'Suchada', is written over a horizontal line.

Mrs. Suchada Ithijarakul

A handwritten signature in blue ink, appearing to read 'Saowaluck', is written over a horizontal line.

Mrs. Saowaluck Thithapant

- Translation-

**Opinion of the Company on the Tender Offer  
(Form 250-2)**

of

**Siam Makro Public Company Limited**

The Offeror

**CP ALL Public Company Limited**

*The English translation has been prepared solely for the convenience of foreign shareholders of Siam Makro Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the document is the definitive and official document and shall prevail in all respects in the event of any inconsistency with the English translation.*

**Opinion of the Company on the Tender Offer**

12 July 2013

To: Shareholders of Siam Makro Public Company Limited

On 27 June 2013, Siam Makro Public Company Limited (the "Company") received a copy of the Tender Offer for all of the Company's securities (Form 247-4) and the subsequent amendments dated 28 June 2013 and 2 July 2013 from CP ALL Public Company Limited (the "Offeror" or "CP ALL"), which details are set out below.

Type of Securities	Number of Offered Securities		Percentage of Offered Securities		Offer Price Per Unit (THB)	Offer Value (Million THB)	
	Shares/Units	Voting Rights	To the Total Issued Securities	To the Total Voting Rights			
Ordinary Shares	81,264,900	81,264,900	33.86	33.86	787.00	Approximately 63,955	
Preferred Shares	-	-	-	-	-	-	
Warrants	-	-	-	-	-	-	
Convertible Debentures	-	-	-	-	-	-	
Other Securities (if any)	-	-	-	-	-	-	
				<b>Total</b>	<b>33.86</b>	<b>Total</b>	<b>Approximately not more than 63,955</b>

**Offer Price and Tender Offer Period**

The Offeror is offering to purchase the ordinary shares of the Company at THB 787.0 per share (the "Offer Price"). The Company's shareholders who wish to tender their shares (the "Offeree") are subject to pay the Tender Offer agent fee at the rate of 0.25% of the Offer Price and the value added tax (VAT) of 7.0% of Tender Offer agent fee. Therefore, the net Offer Price to be received by the Offeree will be THB 784.8948 per share. The Tender Offer Period totals 25 business days from 9:30 a.m. to 4:30 p.m. on every business day from 28 June 2013 to 5 August 2013 inclusive (the "Tender Offer Period"). Such Offer Price is the final offer price which shall not be changed (Final Offer) and such Tender Offer Period is the final period which will not be extended unless following conditions apply:

- The Offeror may reduce the Offer Price or extend the Tender Offer Period if any event or action causing a severe damage to the financial status or assets of the Company, occurs during the Tender Offer Period; or
- The Offeror may change the offer or extend the Tender Offer Period to compete with another offeror who has submitted a Tender Offer for securities of the Company during the Tender Offer period.

**Conditions for cancellation of the Tender Offer**

The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events:

- An occurrence of any event or action after the offer document has been submitted to the Securities and Exchange Commission, Thailand (the "SEC"), but within the Tender Offer Period which causes or may cause serious damage to the status or assets of the Company's business, and such events or actions do not result from the acts of the Offeror or any act for which the Offeror is responsible
- The taking of any action by the Company's business after the offer document has been submitted to the SEC but during the Tender Offer Period which results in a significant decrease in the share value
- An occurrence of any event or action resulting that may impact to the Tender Offer as per the Capital Market Supervisory Board No. ThorJor. 14/2554 Re: Action or Exceptions from Requirement to Make the Tender Offer for All Securities of the Company

**Period during which securities holders may cancel their acceptance of the Tender Offer**

The Offeree is able to cancel their acceptance of the Tender Offer at the Tender Offer Agent's office at any time during the Tender Offer Period from 9:30 a.m. to 4:30 p.m. on every business day from 28 June 2013 to 29 July 2013, including the period that may be extended

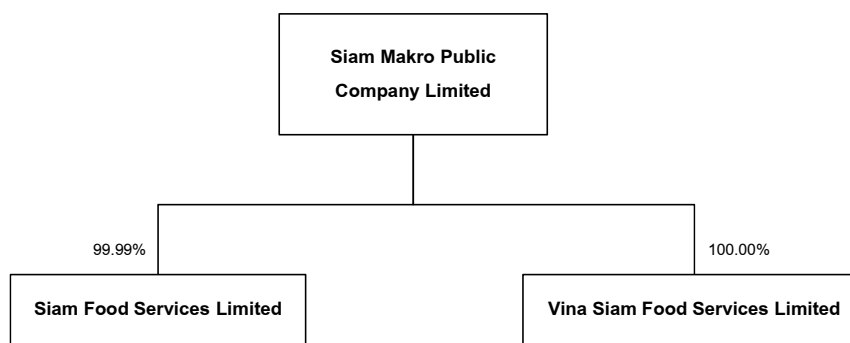
The Company has considered the Tender Offer statement on the basis of the interests of the securities holders, and the Company would like to express the opinion for consideration as follow:

- 1. Status of the Company relating to the historical and forecasted operating results, including assumptions used in its forecasting**

**The Company's background**

Siam Makro Public Company Limited operates the membership based Cash & Carry trade centers. The Company is managed by highly professionals with head office located in Bangkok. There are also branch management teams providing support to the branch operation, thriving to achieve to the targeted goal. At the end of 2012, the Company has altogether 57 Makro stores and 5 small frozen food shops, namely "Siam Frozen". In addition, the Company has expanded its business line to cover import and distribution of premium food products through its subsidiaries, which are Siam Food Services Limited and Vina Siam Food Services (Ho Chi Minh City, Vietnam).

The Company group structure as of 31 December 2012 is as follow:



Apart from Makro Cash & Carry operation, the Company also provides alternatives for customers by offering products under its trademarks (D.O.B: Distributor Own Brand). Currently, the Company distributes D.O.B. products which are consumer goods under several house brands as follows:



The Company has consistently put emphasis on the food products, which is regarded as the Company's core business and strength. In recent years, the Company has established a dedicated Food Service Commercial Team, together with hiring of food specialists and expanding its presence to capitalize on the robust growing food industry especially, the hotel, restaurant, and catering customer group ("HoReCa"). Also, the Company has been pursuing continual enhancement of products and services including the development of new store formats and concept (Makro Foodservice Store and Siam Frozen shop) and the development of a comprehensive product range, with the aim of enabling the Company to offer Food Service business "solutions" to address the specific needs of its members.

#### List of shareholder of the Company

List of top 10 shareholders of the Offeror as of 9 July 2013 which is the book closing date after the Offeror has acquired, both directly and indirectly, the ordinary shares of the Company held by SHV Nederland B.V. ("SHV")

No.	Name	No. of Ordinary Shares (Shares)	Percentage of Total Issued and Paid-up Shares (%)
1.	Siam Makro Holding (Thailand) Limited	132,015,140	55.0
2.	CP ALL Public Company Limited	26,719,960	11.1
3.	Thai NVDR Company Limited	12,362,915	5.2
4.	Morgan Stanley & Co. International Plc	6,960,700	2.9
5.	Social Security Fund (2 case)	6,737,100	2.8
6.	Credit Suisse Securities (Europe) Limited	5,784,161	2.4
7.	Bangkok Life Assurance Public Company Limited	2,600,000	1.1
8.	CPF Investment Limited	2,421,262	1.0
9.	Raffles Nominees (Pte) Limited	2,067,600	0.9
10.	AIA Company Limited - APEX	1,700,000	0.7
	<b>Total Top 10 Major Shareholders</b>	<b>199,368,838</b>	<b>83.1</b>

In this matter, if all of the tendered ordinary shares are offered for sale by the Offeree, CP ALL will hold 100.0% of the Company issued and paid-up shares.

**Board of Directors of the Company**

The Board of Director's meeting of the Company No. 3/2013 held on 4 June 2013 passed the resolution to appoint 3 new substitute directors, naming Mr. Korsak Chairasmisak, Mr. Pittaya Jearavisitkul, and Mr. Piyawat Titasattavorakul, to replace the resigned directors. The Extraordinary General Meeting of Shareholders of the Company No. 1/2013 held on 5 July 2013 passed the resolution to appoint the additional 7 director members to the Board of Directors, totaling 18 director members (previously having 11 director members). In addition, the Board of Director's meeting of the Company No. 4/2013 held on 12 July 2013 appointed Mr. Korsak Chairasmisak as the first Vice Chairman and Mrs. Suchada Ithijarakul as the second Vice Chairman. The Company's Board of Directors as of 12 July 2013 shall be as stated below:

<b>No.</b>	<b>Name</b>	<b>Position</b>
1.	Mr. Arsa Sarasin	Independent Director and Chairman
2.	Mr. Korsak Chairasmisak	First Vice Chairman
3.	Mrs. Suchada Ithijarakul	Second Vice Chairman
4.	Mrs. Saowaluck Thithapant	Director
5.	Mr. Pittaya Jearavisitkul	Director
6.	Mr. Philip William Cox	Director
7.	Mr. Piyawat Titasattavorakul	Director
8.	Dr. Prasert Jarupanich	Director
9.	Mr. Athaporn Khaimarn	Independent Director
10.	Mr. Chavalit Uttasart	Independent Director
11.	Mr. Thira Wipuchanin	Independent Director
12.	Dr. Chaiyawat Wibulswasdi	Independent Director
13.	Mr. Joti Bhokavanij	Independent Director
14.	Mr. Soopakij Chearavanont	Director
15.	Mr. Suphachai Chearavanont	Director
16.	Mr. Narong Chearavanont	Director
17.	Mr. Adirek Sripratak	Director
18.	Mr. Umroong Sanphasitvong	Director

After completion of the Tender Offer, the Offeror may make a change to the Board of Directors as deemed appropriate, such as any resignation or retirement by rotation of any board members or appointment of more board members according to the percentage of share ownership. Should there be any such change in the Board composition, the Offeror will take appropriate actions in conformity with the Company's Articles of Association and the notification of the SEC for guidance in seeking approval for appointing directors or executives of the securities company and the notification of the SEC KorChor 8/2553 Re: Determination of Untrustworthy Characteristics of Company Directors and Executives including all relevant laws and regulation imposed by the relevant agencies and authorities.

**Summary of the Company's operational performance and financial status (Consolidated figures)**

Unit: THB Million	Financial Statements					Percentage Change		
	Year Ending 31 December			3-Month Period Ending 31 March		2011/2010	2012/2011	1Q 2013/2012
	2010	2011	2012	2012 <sup>(1)</sup>	2013			
<b>Statement of Comprehensive Income</b>								
Sale of goods and services revenues	88,187.6	99,101.5	114,332.7	27,801.9	31,304.4	12.4%	15.4%	12.6%
Other revenues	476.0	568.5	623.1	151.1	164.0	19.4%	9.6%	8.6%
<b>Total revenues</b>	<b>88,663.6</b>	<b>99,670.0</b>	<b>114,955.8</b>	<b>27,953.0</b>	<b>31,468.4</b>	<b>12.4%</b>	<b>15.3%</b>	<b>12.6%</b>
Cost of sale of goods	80,148.4	89,402.4	102,760.4	25,100.2	28,086.8	11.5%	14.9%	11.9%
Selling and administrative expenses	5,640.6	6,076.2	7,418.7	1,698.2	2,054.6	7.7%	22.1%	21.0%
Other operating expenses relating to floods	-	238.1	-	-	-	100.0%	(100.0)%	-
<b>Total expenses</b>	<b>85,789.0</b>	<b>95,716.7</b>	<b>110,179.1</b>	<b>26,798.4</b>	<b>30,141.4</b>	<b>11.6%</b>	<b>15.1%</b>	<b>12.5%</b>
Profit before finance costs and income tax	2,874.6	3,953.3	4,776.7	1,154.6	1,327.0	37.5%	20.8%	14.9%
<b>Net profit</b>	<b>1,881.0</b>	<b>2,604.4</b>	<b>3,555.9</b>	<b>874.8</b>	<b>1,009.8</b>	<b>38.5%</b>	<b>36.5%</b>	<b>15.4%</b>
Basic earnings per share (unit: THB)	7.84	10.85	14.82	3.65	4.21	38.5%	36.5%	15.4%
<b>Statement of Financial Position</b>								
Current assets	12,227.2	14,585.4	14,687.6	13,889.9	16,114.7	19.3%	0.7%	9.7% <sup>(3)</sup>
Non-current assets	13,264.5	15,734.0	17,397.0	15,958.4	18,183.9	18.6%	10.6%	4.5% <sup>(3)</sup>
<b>Total assets</b>	<b>25,491.7</b>	<b>30,319.4</b>	<b>32,084.6</b>	<b>29,848.3</b>	<b>34,298.6</b>	<b>18.9%</b>	<b>5.8%</b>	<b>6.9%</b> <sup>(3)</sup>
Current liabilities	15,948.9	20,248.6	21,001.3	18,914.1	21,998.4	27.0%	3.7%	4.7% <sup>(3)</sup>
Non-current liabilities	366.7	390.3	426.7	389.8	428.5	6.4%	9.3%	0.4% <sup>(3)</sup>
<b>Total liabilities</b>	<b>16,315.6</b>	<b>20,638.9</b>	<b>21,428.0</b>	<b>19,303.9</b>	<b>22,426.9</b>	<b>26.5%</b>	<b>3.8%</b>	<b>4.7%</b> <sup>(3)</sup>
<b>Total shareholders' equity</b>	<b>9,176.1</b>	<b>9,680.5</b>	<b>10,656.6</b>	<b>10,544.4</b>	<b>11,871.7</b>	<b>5.5%</b>	<b>10.1%</b>	<b>11.4%</b> <sup>(3)</sup>
<b>Statement of Cash Flows</b>								
Cash flows from operating activities	4,850.7	5,596.5	5,166.3	229.2	1,989.6	15.4%	(7.7)%	768.2%
Cash flows from investing activities	(1,481.0)	(3,319.4)	(2,831.4)	(469.0)	(765.8)	124.1%	(14.7)%	63.3%
Cash flows from financing activities	(1,084.0)	(1,282.4)	(2,567.4)	51.9	6.9	18.3%	100.2%	(86.6)%
<b>Net changes in cash</b>	<b>2,285.7</b>	<b>994.7</b>	<b>(232.5)</b>	<b>(187.9)</b>	<b>1,230.7</b>	<b>(56.5)%</b>	<b>(123.4)%</b>	<b>(755.0)%</b>
<b>Key Financial Ratios</b>								
Total revenues growth	13.1%	12.4%	15.3%	17.4%	12.6%	(5.1)%	23.5%	(27.8)%
Net profit growth	23.2%	38.5%	36.5%	27.7%	15.4%	65.9%	(5.0)%	(44.3)%
Gross profit margin	7.3%	8.0%	8.4%	7.9%	8.6%	9.6%	5.0%	8.9%
EBIT margin	3.3%	4.2%	4.2%	4.2%	4.3%	27.3%	0.0%	2.4%
Net profit margin	2.1%	2.6%	3.1%	3.1%	3.2%	23.2%	18.4%	2.5%
Return on assets <sup>(2)</sup>	7.8%	9.3%	11.4%	11.6%	12.2%	20.1%	22.1%	4.6%
Return on equity <sup>(2)</sup>	21.0%	27.6%	35.0%	34.6%	35.9%	31.5%	26.6%	3.6%

Note: (1) 1Q 2012 statement of comprehensive income figures are restated  
(2) Return on assets and return on equity ratio are calculated based on average ending balances  
(3) Percentage growth from ending 31 December 2012 to 1Q 2013

**Summary of the Company's operational performance****Revenues**

The total revenues of the Company was THB 114,955.8 in 2012, increased by 15.3% from THB 99,670.0 million in 2011. This was due primarily to new stores opening, customer development, product offering development to respond to target customers' requirement, and sales space extension in existing stores. SSSG rose slightly from 8.4% in 2011 to 8.5% in 2012, driven mainly by the strong growth in the fresh food department.

Total revenues in 2011 increased by 12.4% from THB 88,663.6 million in 2010. This was due to the opening of new stores and the growth of revenues from existing stores. SSSG was 8.4% in 2011, increased from 6.9% in 2010 because of the continuous improvements in various operational areas such as customer development, product assortment, the ability to have stocks available in stores throughout the flooding period, and new store format development.

Total revenues for the three months period ended 31 March 2013 was THB 31,468.4 million, an increase of 12.6% from THB 27,953.0 million for the same period in 2012.

**Net Profit**

Net profit grew 36.5% from THB 2,604.4 million or THB 10.85 earnings per share in 2011 to THB 3,555.9 million or THB 14.82 earnings per share in 2012. This growth in net profit was significantly greater than the growth of total revenues which was 15.3%, reflecting the Company's improvement in gross profit, better cost management, and lower tax rate. The return on asset was calculated at 11.4% in 2012, improving from 9.3% in 2011, and the return on equity was 35.0% in 2012, increased from 27.6% of the previous year.

The net profit was THB 2,604.4 million or THB 10.85 earnings per share in 2011, showing an improvement of 38.5% from THB 1,881.0 million or THB 7.84 earnings per share in 2010 in spite of the impact from severe flooding in 2011. This growth of net profit was higher than the growth of total revenues which was 12.4%. In 2011, the return on asset was 9.3%, improved from 7.8% in 2010, and the return on equity rose from 21.0% in 2010 to 27.6% in 2011.

Net profit for the three months period ended 31 March 2013 was THB 1,009.8 million or 15.4% growth from THB 874.8 million for the same period in 2012. The net profit margin increased slightly from 3.1% for the first quarter in 2012 to 3.2% for the same period in 2013. The earnings per share was THB 4.21 in the first quarter of 2013 improving from THB 3.65 for the first quarter of 2012. The return on asset and the return on equity for the three months period ended 31 March 2013 were 12.2% and 35.9%, respectively improving from 11.6% and 34.6%, respectively for the same period in 2012.

**Summary of the Company's financial status****Assets**

The Company's total assets at the end of first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 34,298.6 million, THB 32,084.6 million, THB 30,319.4 million and THB 25,491.7 million, respectively, representing growth of 6.9% in first quarter 2013, 5.8% in 2012 and 18.9% in 2011. The increases were due mainly to an increase in cash and cash equivalent as well as the increase in Property, Plant, and Equipment from new land acquisition for new store opening.

**Liabilities**

The Company's total liabilities at the end of first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 22,426.9 million, THB 21,428.0 million, THB 20,638.9 million and THB 16,315.6 million. These growths of 4.7% in the first quarter 2013, 3.8% in 2012 and 26.5% in 2011 were driven by increasing trade accounts payable and short term loans due to additional inventory needed to support new stores and additional borrowings used to finance fixed assets.



### **Shareholders' Equity**

The Company's shareholders' equity at the end of first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 11,871.7 million, THB 10,656.6 million, THB 9,680.5 million and THB 9,176.1 million, respectively. These represented an increase of 11.4% in the first quarter of 2013, 10.1% in 2012 and 5.5% in 2011. The increases were a result of increasing retained earnings.

### **Projection of the Company's future performance**

The Offeror does not have any plan or policy to materially change the Company's business operations or the dividend policy within 12 months and has the intention to maintain the Company's original course of business unless there is material adverse change in the financial conditions or business prospects of any of the Company and/or its subsidiaries. Therefore, the Company expects that its financial performance will be driven mainly by Thailand's economic condition and the business fundamentals and risks that are not substantially changed from the current conditions.

Thailand's promising economic outlook in 2013 is anticipated to continue with gross domestic product growth forecast of 4.2% - 5.2% driven mainly by government's policy for economic stimulus and the increasing in minimum wage. Consequently, the rising consumer purchasing power would lead to continual growth of Thai retail industry. However, an intense competition remains an important challenge for Thai retailers in 2013. As such, the Company has developed the business strategy and initiatives to focus on the customer development, productivity and efficiency improvement, and profitability sustainability in the long-term.

In recent years, Thai Food Services Industry has been apparently expanding from an increase in middle to high-income customer base with higher purchasing power, a shift in dining behavior toward out-of-home dining and an improvement in growth of international tourism industry. With such development together with the strength of the Company's food product offerings and business insights, the Company has capitalized on the robust market trends and continuously grown this business to become a prominent player pursuing its mission of "To be the 1st Choice Supplier to our Registered Food Professionals".

As part of strengthening its market leading position, the Company continues to pursue opportunity to expand more branches and explore new store formats that will better serve its customers. In the first half of 2013, the Company opened 3 new branches which are branches in Mukdahan, Satun, and Trat. Furthermore, a pilot 1,000 sq.m Foodservice Store was launched in February 2013 at Patong, Phuket, specifically targeting the restaurants and food services operators. Apart from store expansion, other developments include a feasibility study to establish a second dry food DC to effectively support growing business while reducing associated risks.

## **2. Opinion on the accuracy of the Company's information stated in the Tender Offer Document**

Board of Directors of the Company have the opinion that the Company's information presented in the Tender Offer document (Form 247-4) is materially accurate.

3. Relationship or any agreement between the directors of the Company and the Offeror, whether done personally or in accordance with the status of directors or the Offeror, which includes the holding in the Offeror and any contract or understanding or agreement between each other in such transaction (such as management)

**3.1 Relationship between directors of the Company and the Offeror (CP ALL)**

No.	Name	Position in the Company	Position in the Offeror
1.	Mr. Arsa Sarasin	Independent Director and Chairman	-
2.	Mr. Korsak Chairasmisak	First Vice Chairman	Vice Chairman
3.	Mrs. Suchada Ithijarukul	Second Vice Chairman	-
4.	Mrs. Saowaluck Thithapant	Director	-
5.	Mr. Pittaya Jearavisitkul	Director	Director
6.	Mr. Philip William Cox	Director	-
7.	Mr. Piyawat Titasattavorakul	Director	Director
8.	Dr. Prasert Jarupanich	Director	Director
9.	Mr. Athaporn khaimarn	Independent Director	-
10.	Mr. Chavalit Uttasart	Independent Director	-
11.	Mr. Thira Wipuchanin	Independent Director	-
12.	Dr. Chaiyawat Wibulswasdi	Independent Director	-
13.	Mr. Joti Bhokavanij	Independent Director	-
14.	Mr. Soopakij Chearavanont	Director	Director
15.	Mr. Suphachai Chearavanont	Director	-
16.	Mr. Narong Chearavanont	Director	Director
17.	Mr. Adirek Sripratak	Director	Director
18.	Mr. Umroong Sanphasitvong	Director	Director

Note: As of 12 July 2013

**3.2 Shareholding by directors of the Company in the Offeror (CP ALL)**

No.	Name	Position in the Company	Shareholding in the Offeror <sup>(1)</sup> (shares)
1.	Mr. Arsa Sarasin	Independent Director and Chairman	-
2.	Mr. Korsak Chairasmisak	First Vice Chairman	9,615,048
3.	Mrs. Suchada Ithijarakul	Second Vice Chairman	-
4.	Mrs. Saowaluck Thithapant	Director	-
5.	Mr. Pittaya Jearavisitkul	Director	1,590,547
6.	Mr. Philip William Cox	Director	-
7.	Mr. Piyawat Titasattavorakul	Director	345,589
8.	Dr. Prasert Jarupanich	Director	-
9.	Mr. Athaporn khaimarn	Independent Director	-
10.	Mr. Chavalit Uttasart	Independent Director	-
11.	Mr. Thira Wipuchanin	Independent Director	-
12.	Dr. Chaiyawat Wibulswasdi	Independent Director	-
13.	Mr. Joti Bhokavanij	Independent Director	-
14.	Mr. Soopakij Chearavanont	Director	222,396
15.	Mr. Suphachai Chearavanont	Director	198,000
16.	Mr. Narong Chearavanont	Director	304,802
17.	Mr. Adirek Sripratak	Director	-
18.	Mr. Umroong Sanphasitvong	Director	-

Remark: (1) Include shares hold by directors and related persons

(2) As of 8 May 2013

**3.3 Existing or perspective mutual contracts or agreements**

Prior to the Tender Offer, the Company had related party transaction ("RPT") with SHV Group, which was a major shareholder of the Company, in relation to the right to use the intellectual property ("IP") and information technology ("IT"). The Company was contractual to pay royalty fee consisting 1) IP fee or trademark fee and 2) IT fee. The trademark fee is determined based on the Company sales of the first 10 stores with 1 year contract period with annual renewal term. The IT fee could be in term of one-time fee or actual expense in each year.

In 2011 and 2012, the RPT between the Company and SHV Group was approximately THB 163.9 million and 176.2 million, respectively.

However, the shares acquisition from SHV Group may cause future RPT as the Company may have to pay the royalty and service fees for the rights to use the IP and IT to the Offeror's subsidiary instead under the similar terms and conditions to the current fee structure.

#### 4. Opinion of the Board of Directors of the Company to the securities holders

The Company held the Board of Directors' Meeting No. 4/2013 on 12 July 2013 to consider the Tender Offer Document (Form 247-4), to approve the opinion of the Company with regards to the Tender Offer, and to acknowledge Phatra Securities Public Company Limited's opinion as an Independent Financial Advisor to the shareholders. There were 16 directors attending the meeting as follows:

No.	Name	Position	Attendance
1.	Mr. Arsa Sarasin	Independent Director and Chairman	/
2.	Mr. Korsak Chairasmisak	First Vice Chairman	/
3.	Mrs. Suchada Ithjarukul	Second Vice Chairman	/
4.	Mrs. Saowaluck Thithapant	Director	/
5.	Mr. Pittaya Jearavisitkul	Director	/
6.	Mr. Philip William Cox	Director	/
7.	Mr. Piyawat Titasattavorakul	Director	/
8.	Dr. Prasert Jarupanich	Director	✗
9.	Mr. Athaporn khaimarn	Independent Director	/
10.	Mr. Chavalit Uttasart	Independent Director	/
11.	Mr. Thira Wipuchanin	Independent Director	/
12.	Dr. Chaiyawat Wibulswasdi	Independent Director	/
13.	Mr. Joti Bhokavanij	Independent Director	/
14.	Mr. Soopakij Chearavanont	Director	✗
15.	Mr. Suphachai Chearavanont	Director	/
16.	Mr. Narong Chearavanont	Director	/
17.	Mr. Adirek Sripratak	Director	/
18.	Mr. Umroong Sanphasitvong	Director	/

*Remark:*

(1) Board of Directors' meeting No. 3/2013 approved the appointment of 3 directors naming Mr. Korsak Chairasmisak, Mr. Pittaya Jearavisitkul, and Mr. Piyawat Titasattavorakul to substitute the resigning directors

(2) Company's Extraordinary General Shareholders No. 1/2013 on 5 July 2013 approved the amendment of number of Directors from 11 director members to 18 director members and approved the appointment of additional 7 directors naming Dr. Chaiyawat Wibulswasdi, Mr. Joti Bhokavanij, Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Adirek Sripratak and Mr. Umroong Sanphasitvong.

(3) The Board of Director's meeting of the Company No. 4/2013 appointed Mr. Korsak Chairasmisak as the first Vice Chairman and Mrs. Suchada Ithjarukul as the second Vice Chairman.

For transparency and independence in the Company's opinion regarding the Tender Offer, 7 directors with conflict of interests who attended the Board of Directors' Meeting No. 4/2013, naming Mr. Korsak Chairasmisak, Mr. Pittaya Jearavisitkul, Mr. Piyawat Titasattavorakul, Mr. Suphachai Chearavanont, Mr. Narong Chearavanont, Mr. Adirek Sripratak, and Mr. Umroong Sanphasitvong, abstained from voting in this agenda.

##### 4.1. Reason for accepting / rejecting the Tender Offer

The Company's Board of Directors excluding the directors with conflict of interests considered the Tender Offer Document and the opinion of Independent Financial Advisor on Tender Offer, which include an analysis of appropriateness of Tender Offer Price by taking into account several factors including business valuation through various valuation approaches, pricing benchmarks with historical trading price and research analyst consensus and other relevant information disclosed in CP ALL's Makro Acquisition Presentation (May 2013). The Company's Board of Directors rendered their opinion as follow;

- Based on the appropriate valuation methodologies, which are DCF and trading comparable approaches (EV/EBITDA and P/E), the fair value range of the Company on as-is basis is estimated at THB 363.7 – 658.7 per share.
- Nevertheless, an integration of the Company with CP ALL could potentially benefit the Company and shareholders because of synergy which could arise from the closed collaboration and joint operation of Thailand leading retailing and wholesaling operators with solid track record and growth profile. The Company also expects to gain supports from Charoen Pokphand Group (“CPG”) and leverage its expertise and experience in both domestic and international markets. Hence, having the Offeror as a major shareholder of the Company should benefit the Company by improving operational efficiency and returns together with increasing market expansion opportunity under “Makro” brand domestically and internationally.
- Due to limited information on the business value enhancement plan, an Independent Financial Advisor estimates the value of the Company with potential synergy using DCF approach based on the assumptions from the information disclosed in the CP ALL’s Makro Acquisition Presentation (May 2013). The valuation range with potential synergy is THB 637.8 – 811.3 per share. Nevertheless, the Company’s valuation may be positively changed as compared to the current estimated valuation range once the integration is completed and performance result is proven.
- However, the potential synergy from the integration is uncertain, may not be immediately realized, and subject to the policies, business direction, and capability of the management from the new major shareholder.
- **Therefore, the Tender Offer Price of THB 787.0 per share is appropriate as it is higher than the current fair valuation range (as-is) based on the appropriate valuation methodologies and current publicly available information. Thus, the shareholder should accept the Tender Offer.**

The opinion of the Board of Directors is intended to constitute part of the relevant information that the shareholders should consider in this regard. Whether to accept or reject the Tender Offer, it is highly advisable in that all individual shareholders to study to the best extent possible all the relevant information including but not limited to the opinion of the Independent Financial Advisor as well as other relevant information together with each individual’s investment horizon, investment objective, and tolerance level to risks and volatilities of future performance and share price in the future. The final decision whether to accept or reject the Tender Offer shall rest solely with the shareholders’ discretion.

**4.2. Opinions and reasons of the individual directors (only in case where the opinion in 4.1 is not unanimous)**

None

**4.3. Benefits or impacts from the plans and policies of the Offeror specified in the Tender Offer, including the possibility of such plans and policies**

The Board of Directors, excluding the directors with conflict of interests, reviewed the policies and business plans of the Offeror according to the Tender Offer Document together with CP ALL’s acquisition of Makro presentation and had the opinion that the general plan post-acquisition is clear and possible since there is no material change in the policies and business plans. However, the Board of Directors cannot opine or evaluate the impact from business integration due to insufficient available information.

The Offeror has specified policies and business plan for the Company's future operating as the follows:

### **The Company's status**

At present, the Offeror does not have an intention to delist the Company from the Stock Exchange of Thailand (the "SET") during the 12 months period after the end of the Tender Offer Period except in the case that the Offeror is required to comply with applicable rules and regulations.

After the Tender Offer Period, the Company's listing qualification and the free float (shareholding percentage excluding strategic shareholders) shares might be affected, which the magnitude depends on the number of minority shareholders accepting the Tender Offer. Please note that in order to qualify for SET's listing, the Company must maintain free float of at least 150 minority shareholders with minimum shareholding of 15% of the Company's total issued and paid-up shares.

### **Policies and plans of business operations**

The Offeror does not have any plan or policy to materially change the Company's business operations within 12 months and still has the intention to maintain the Company's original course of business. However, the Offeror may collaborate with the Company for the mutual discussion and revision of the business policy, the company structure, human resources, financial structure (including the divestiture of operating assets of the Company) as necessary and appropriate in order to enhance the efficiency of the business operation, management and the business development plan and growth of the Company to create the joint benefit for the Offeror and the Company.

### **Board of Directors**

The Offeror proposed the appointment of additional 7 director members to the Board of Directors, totaling 18 director members (previously having 11 director members). The Extraordinary General Meeting of Shareholders of the Company No. 1/2013 held on 5 July 2013 passed the resolution on the appointment of new directors, totaling 18 director members, and the additional remuneration for these new director members for approximately THB 4.0 million in 2013 (6 months).

### **Check and balance**

Due to the significant executive board members are nominated from CP ALL (8 out of a total of 12, excluding 6 independent directors) and the possibility of CP ALL's control in the Company could increase to reach or exceed 75% of the Company's voting right, CP ALL will have complete control in the Company by controlling most of key decisions and the minority shareholders are less likely to be able to collect their votes for check and balance.

### **Dividend payout**

Even though the Offeror does not have any plan or policy to materially change the Company's dividend policy SET during the 12 months period after the end of the Tender Offer Period, the Offeror may consider the revision of the future dividend policy for the appropriateness of business operation and financial position of the Company and to avoid potential event that may affect the Company's operation or to increase the effectiveness and efficiency of the Company's competitive positioning.

The dividend declaration and payment will typically be proposed by the Company's Board of Directors. In the past years, the Company has been consistently paying out dividend at relatively high payout ratio of 90.2% on average during the past 3 years (2010-2012), which is higher than its dividend policy of no less than 40% of net income after deducting corporate income tax. It is possible that the future change in business direction, business plan, and the growth pace might

impact the cash flows position and earnings capabilities of the Company, which would inevitably affect dividend payout capabilities.

#### **Related party transaction**

At present, the Company's Board of Directors has a specific policy and procedure regarding the related party transaction for the conformity with rules and regulations of the SET and the SEC to prevent any conflict of interests arising from the related party transaction between the Company and its subsidiaries, associated companies, related companies and/or persons with conflict of interests. After the Tender Offer is completed, the Offeror has no intention to materially change the Company's policy regarding the related party transactions.

Prior to the Tender Offer, the Company has related party transactions with SHV for the rights to use the IP and IT of the group of SHV. However, post share acquisition, CP ALL receives the rights to use the IP and IT, which may cause future RPT. The Company may have to pay the royalty and service fees to the Offeror's subsidiary instead based on the price determination methodology as described in section 3.3 (Existing or perspective mutual contracts or agreements). In this regard, the Offeror will consider and give priority to the benefit of the Company. Such related party transaction, either current or in the future, will be similar to those of arm's length transactions. There should not be any special terms or preference between the Company, its related companies and shareholders. The objective is to be in compliance with the rules and regulations of the SET as well as to ensure that all related party transactions are conducted on an arm's length basis.

#### **4.4. Additional opinions of the Board of Directors of the Company (only in case of a Tender Offer for delisting from the SET)**

None because the Tender Offer is not for delisting the Company's securities from the SET

#### **5. Opinion of the Independent Financial Advisor**

Please refer to an attached document of Independent Financial Advisor Opinion on the Tender Offer of Siam Makro Public Company Limited

The Company hereby certifies that all the above information is true, complete and correct and there has been neither any information that may cause a misunderstanding in material aspect among other parties nor any concealment of material information that should have been explicitly revealed.

Siam Makro Public Company Limited

**Mrs. Suchada Ithijarakul**



**Mrs. Saowaluck Thithapant**

**Attachment**





---

*Independent Financial Advisor Opinion on the  
Tender Offer of*

***Siam Makro Public Company Limited***

*By CP ALL Public Company Limited*

12 July 2013

Prepared by



*The English translation is prepared for the purpose of language convenience only. Phatra Securities Public Company Limited accepts no liability nor responsibility whatsoever arising from the translation as appeared in this opinion.*

## Table of Content

Topics	Page
1. Background	
1.1 Transaction Overview	5
1.2 Practices and Sources of Information in Preparation of the Opinion of Independent Financial Advisor	8
2. Summary of the Offeror and the Company	
2.1 Information of the Offeror	10
2.2 Information of the Company	18
2.3 Industry Overview	26
3. Fairness of the Tender Offer Price	
3.1 Key Assumptions in Preparation of the Opinion	35
3.2 Valuation Methodologies	35
3.3 Key Financial Assumptions	38
3.4 Discounted Cash Flows Approach	42
3.5 Trading Comparable Approach	45
3.6 Precedent Transaction Comparable Approach	58
3.7 Book Value and Adjusted Book Value Approaches	59
3.8 Historical Trading Price	60
3.9 Research Analysts Consensus	62
3.10 Summary of Makro's Fair Share Price Valuation	63
4. Rationales to Accept and / or Reject the Tender Offer Price	65
5. Benefits or Impacts from Policies and Business Directions Disclosed in the Tender Offer Document	68
6. The Opinion of the Independent Financial Advisor	70

**Glossary**

<b>AEC</b>	Means	Asian Economic Community
<b>As-is</b>	Means	As of the current condition
<b>BIY</b>	Means	Buy-it-yourself
<b>BOT</b>	Means	Bank of Thailand
<b>CAGR</b>	Means	Compound Annual Growth Rate
<b>CAPM</b>	Means	Capital Asset Pricing Model
<b>CCI</b>	Means	Consumer Confidence Index
<b>Company</b>	Means	Siam Makro Public Company Limited (“ <b>Makro</b> ” or the “ <b>Company</b> ”)
<b>CPG</b>	Means	Charoen Pokphand Group
<b>CVS</b>	Means	Convenient Store
<b>DC</b>	Means	Distribution Center
<b>DCF</b>	Means	Discounted Cash Flows Approach
<b>EBITDA Margin</b>	Means	Earnings before Interest, Tax, Depreciation and Amortization to Total Revenues
<b>EGM</b>	Means	Extraordinary General Meeting of Shareholders
<b>EV/EBITDA</b>	Means	Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio
<b>GDP</b>	Means	Gross Domestic Product
<b>GPM</b>	Means	Gross Profit Margin
<b>HoReCa</b>	Means	Hotel, Restaurant, and Catering
<b>IFA</b>	Means	Independent Financial Advisor
<b>IMF</b>	Means	International Monetary Fund
<b>IP</b>	Means	The Intellectual Property
<b>IT</b>	Means	Information Technology
<b>LVMC</b>	Means	The Lao People's Democratic Republic, the Socialist Republic of Vietnam, the Republic of the Union of Myanmar, and the Kingdom of Cambodia
<b>Makro Holding</b>	Means	Siam Makro Holding (Thailand) Limited
<b>NESDB</b>	Means	Office of the National Economic and Social Development Board
<b>Offeror</b>	Means	CP ALL Public Company Limited (“ <b>CP ALL</b> ”)
<b>Offeree</b>	Means	Makro's shareholders, excluding SHV and SHV's subsidiaries and affiliates
<b>OHT</b>	Means	OHT Company Limited
<b>Opinion</b>	Means	The Independent Financial Advisor's Opinion

## Glossary

<b>Phatra</b>	Means	Phatra Securities Public Company Limited
<b>PPE</b>	Means	Property, Plant and Equipments
<b>P/BV</b>	Means	Price to Book Value Ratio
<b>P/E</b>	Means	Price to Earnings Ratio
<b>SEC</b>	Means	The Office of the Securities and Exchange Commission
<b>SET</b>	Means	The Stock Exchange of Thailand
<b>SG&amp;A</b>	Means	Selling and Administrative Expenses
<b>ShoHuay</b>	Means	Small Retailers
<b>SHV</b>	Means	SHV Nederland B.V.
<b>SKU</b>	Means	Stock Keeping Unit
<b>SPA</b>	Means	Sale and Purchase Agreement executing between CP ALL and SHV dated 23 April 2013 as amended by an amendment dated 10 June 2013
<b>SSS</b>	Means	Same store sales
<b>SSSG</b>	Means	Same store sales growth
<b>Synergy</b>	Means	Synergies which may arise from the business integration
<b>Tender Agent</b>	Means	SCB Securities Company Limited
<b>Tender Offer</b>	Means	Tender Offer for all remaining 81,264,900 ordinary shares of Makro from other shareholders
<b>Tender Offer Price</b>	Means	THB 787.0 or equivalent to USD 27.5 per share at an exchange rate of THB/USD 28.6181
<b>Transaction</b>	Means	The acquisition of all Makro's shares by CP ALL
<b>UN</b>	Means	United Nations
<b>VWAP</b>	Means	Volume Weighted Average Price
<b>WACC</b>	Means	Weighted Average Cost of Capital

No. IB. 016/2013

Date 12 July 2013

Subject: Independent Financial Advisor's Opinion on the Tender Offer for the Securities of Siam Makro Public Company Limited by CP ALL Public Company Limited

To: Shareholders of Siam Makro Public Company Limited

On 23 April 2013, Siam Makro Public Company Limited (the "**Company**" or "**Makro**") was informed by SHV Nederland B.V. ("**SHV**"), which was a major shareholder, that SHV had entered into the Sale and Purchase Agreement ("**SPA**") with CP ALL Public Company Limited ("**CP ALL**" or the "**Offeror**") to sell all of SHV's shares in (1) Makro, (2) Siam Makro Holding (Thailand) Limited ("**Makro Holding**") and (3) OHT Company Limited ("**OHT**") (together refer to as "**Shares in Makro held by SHV Group**"), totalling of 154,429,500 shares or equivalent to 64.35% of the total Makro's issued and paid-up shares at the offer price per share of THB 787.0 or equivalent to USD 27.5, which is based on the agreed THB/USD exchange rate as per the SPA at THB 28.6181 per USD. Together with Makro shares that the Offeror has previously acquired in the amount of 4,305,600 shares or equivalent to 1.79% of the Company's total shares, the Offeror holds shares in Makro, both directly and indirectly, in the total amount of 158,735,100 shares or equivalent to approximately 66.14%.

On 12 June 2013, CP ALL's Extraordinary General Meeting of Shareholders ("**EGM**") approved, at 87.07% of the total number of votes of shareholders who were presented at the meeting and entitled to vote, excluding those having interest in the matter, the acquisition of shares in Makro held by SHV Group, the execution of the SPA, in accordance with forms, terms and conditions mutually agreed upon by all parties, and the making of Tender Offer for all remaining ordinary shares of Makro. On 26 June 2013, the Company was informed that CP ALL becomes a shareholder of Makro and holds shares reaching or exceeding the trigger point which requires CP ALL to make a Tender Offer under the relevant regulations. Subsequently, CP ALL submitted the Tender Offer documents to the Securities and Exchange Commission (the "**SEC**") and distributed the Tender Offer documents to other shareholders of Makro on 27 June 2013.

The Company has appointed Phatra Securities Public Company Limited ("**Phatra**" or "**Independent Financial Advisor**" or "**IFA**"), to act as the independent financial advisor to provide opinion on fairness of the Tender Offer to the Company's shareholders (the "**Opinion**"). In preparing the Opinion, the IFA has assumed and relied on the information of the Company as mentioned in clause 1.2 of the Opinion stated herein (Practices and Sources of Information in the Preparation of the Opinion of Independent Financial Advisor). The IFA has no reason to doubt that the aforesaid information is materially inaccurate or incomplete that would adversely affect the completeness of the information. This Opinion by the IFA is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to the IFA, as of the date hereof. Such information and assumptions are subject to change in due course and may have material effect on the Opinion of the IFA. The IFA has no obligation to update, revise or reaffirm the Opinion stated herein.

*Makro's shareholders should study all relevant details of the Opinion by the Independent Financial Advisor and all other supplement documents attached in the Form 250-2 package delivered to Makro's shareholders before making any decisions.*

## 1. Background

### 1.1 Transaction Overview

On 23 April 2013, CP ALL Public Company Limited (“**CP ALL**” or the “**Offeror**”) entered into the Sale and Purchase Agreement as amended by an amendment agreement dated 10 June 2013 (“**SPA**”), with conditions precedent, with SHV Nederland B.V. (“**SHV**”) for the acquisition of the ordinary shares of (1) Siam Makro Public Company Limited (the “**Company**” or “**Makro**”), (2) Siam Makro Holding (Thailand) Limited (“**Makro Holding**”), and (3) OHT Company Limited (“**OHT**”), (together referred to as “**Shares in Makro held by SHV Group**”).

On 26 June 2013, CP ALL has become the major shareholder of the Company, after acquiring a total of 154,429,500 shares or equivalent to 64.35% of the Company’s total issued and paid-up shares. Together with Makro shares that the Offeror has previously acquired in the amount of 4,305,600 shares or equivalent to 1.79% of the Company’s total shares, the Offeror holds shares in Makro in the total amount of 158,735,100 shares or equivalent to approximately 66.14%.

The acquisition of shares from SHV resulted in the Offeror’s shareholding percentage in both OHT and Makro Holding increase to more than 50.0% of the total voting right in OHT and Makro Holding. Since OHT is a major shareholder of Makro Holding, holding 5,436,520 shares or equivalent to 50.99% of Makro Holding’s issued and paid-up shares, and since Makro Holding is a major shareholder of the Company, holding 132,015,140 shares or equivalent to 55.01% of the total Makro’s ordinary issued and paid-up shares; the Offeror is required to make a tender offer of all shares of the Company (the “**Tender Offer**” in accordance with the Chain Principle requirement as per the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 (As amended). Therefore, CP ALL is making the Tender Offer at the tender offer price of THB 787.0 per share (the “**Tender Offer Price**”) or equivalent to USD 27.5. The Tender Offer Price is representing the highest price which the Offeror has acquired during the period of 90 days prior to the date on which the offer document is submitted to the Securities and Exchange Commission (the “**SEC**”).

On 27 June 2013, CP ALL submitted the Announcement of Intention to Make a Tender Offer (Form 247-3) and the Tender Offer Document (Form 247-4) to the SEC and made subsequent amendments of the Tender Offer Document on 28 June 2013 and 2 July 2013, which can be summarised as follows;

Key Elements	Descriptions
Type of Securities Offered to be Purchased	<ul style="list-style-type: none"> <li>■ Ordinary share</li> </ul>
Number of Securities Offered to Purchase	<ul style="list-style-type: none"> <li>■ 81,264,900 shares (equivalent to 81,264,900 voting rights)</li> </ul>
% of Securities	<ul style="list-style-type: none"> <li>■ 33.86% of total issued and paid-up shares</li> </ul>
Tender Offer Price	<ul style="list-style-type: none"> <li>■ THB 787.0 (seven hundred and eighty seven baht) per share (Final Price)</li> <li>■ The Company's shareholders who wish to tender their shares (the "Offeree") are subject to pay the Tender Offer Agent fee at the rate of 0.25% of the Tender Offer Price and the value added tax of 7%. Hence, the net Offer Price to be received by the Offeree will be THB 784.8948 per share.</li> </ul>
Tender Offer Period	<ul style="list-style-type: none"> <li>■ Total of 25 business days from 9:30 a.m. to 4:30 p.m. on every business day from 28 June 2013 to 5 August 2013 inclusive (Final Period)</li> </ul>
Conditions of Change in the Tender Offer	<p>The Offeror may change the Tender Offer terms under the followings conditions;</p> <ul style="list-style-type: none"> <li>■ The Offeror may reduce the Offer Price or extend the Tender Offer Period if any event or action occur within in the offer period, which causes a severe damage to the financial status or assets of the Company</li> <li>■ The Offeror may change the offer or extend the Tender Offer Period to compete with another offeror who has submitted a tender offer for securities of the Company during the Tender Offer Period</li> </ul>
Period Offerees May Revoke Their Acceptance of the Tender Offer	<ul style="list-style-type: none"> <li>■ The Offeree is able to cancel their acceptance on any business day from 9:30 a.m. to 4.30 p.m. from 28 June to 29 July 2013</li> </ul>
Conditions for Cancellation of the Tender Offer	<p>The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events;</p> <ul style="list-style-type: none"> <li>■ An occurrence of any event or action occur within the Tender Offer Period, which causes or may cause serious damage to the status or assets of the Company's business, and such events or actions do not result from the acts of the Offeror or any act for which the Offeror is responsible</li> <li>■ The taking of any action by the Company's business during the Tender Offer Period which results in a significant decrease in the share value</li> <li>■ An occurrence of any event or action that may impact to the Tender Offer as per the Capital Market Supervisory Board No. TorJor. 14/2554 re: Action or Exceptions from Requirement to Make the Tender Offer for all Securities of the Company</li> </ul>
Payment Conditions	<ul style="list-style-type: none"> <li>■ The Offeree who tenders shares will receive payment for the shares tendered on 8 August 2013</li> </ul>

Key Elements	Descriptions
Source of Fund for the Tender Offer	<ul style="list-style-type: none"> <li>■ The Offeror will use its internal cash flows and the credit facility supported by its banks and financial institutions</li> <li>■ The Preparer of the Tender Offer (Siam Commercial Bank Public Company Limited) has verified that the Offeror has sufficient funding to make and complete this Tender Offer without affecting its business. The Offeror has analyzed the sufficiency of the source of funds to finance the Tender Offer from two sources which comprise               <ol style="list-style-type: none"> <li>(1) The credit balance under the savings deposit with the Siam Commercial Bank Public Company Limited of THB 13,918,638,830.8</li> <li>(2) The loan facility prepared for the Offeror by banks and financial institutions in the amount of up to USD 6,000,000,000 for both directly and indirectly acquiring shares, issued by the Company, including the Tender Offer</li> </ol> </li> </ul>



## 1.2 Practices and Sources of Information in the Preparation of the Opinion of Independent Financial Advisor

The Company has appointed Phatra Securities Public Company Limited (“Phatra” or “Independent Financial Advisor” or “IFA”) as the independent financial advisor to provide the opinion on fairness and impacts of the Tender Offer offered by CP ALL to the Company’s shareholders (the “Opinion”). In preparing the Opinion, the IFA studied, reviewed, and analysed the information in the Announcement of Intention to Make a Tender Offer (Form 247-3), the Tender Offer Document (Form 247-4), the Information Memorandum Re: Acquisition of Shares, Execution of Sale and Purchase Agreement and Making Tender Offer for All Securities of Makro by CP ALL, all relevant notifications disclosed by the Offeror and the Company on the SET, Annual Reports, Annual Registration Statement (Form 56-1), financial statements, analysts and investors presentation documents, the information obtained from the management interview, information and documents provided by the Company, such as business plan, forecast, industry information and other publicly available statistics data. However, IFA did not review the SPA executed by CP ALL and SHV and contractual arrangements pertaining to the right to use Intellectual Property (“IP”) and Information Technology (“IT”) of Makro (“IP and IT related agreements”). IFA has relied on such information being complete and accurate. The IFA has assumed that the SPA and IP and IT related agreements are valid and effective, without any other, material information adversely affecting the Opinion. No representation or warranty, expressed or implied, is made as to the accuracy or completeness of such information.

In preparation of the Opinion, the IFA has conducted the followings:

- Studying the business and financial information of Makro, including industry information of Makro from publicly disclosed information and retail industry analysis from various analysts and research reports;
- Interviewing the Company’s management about the As-is strategy, business plan and the potential impacts of the acquisition of all Makro’s share by CP ALL (the “Transaction”) on the Company’s operation and financial status;
- Preparing the financial forecast on the future operation of Makro based on As-is strategic plans;
- Analysing and calculating the potential impacts or synergies which may arise from the business integration (“Synergy”);
- Analysing and conducting the implied valuation from other companies that the IFA perceives to be similar and comparable to Makro by using publicly disclosed information;
- Studying and analysing the implied valuation from other precedent transactions that the IFA perceives to be similar and comparable to Makro by using publicly disclosed information;
- Studying and analysing historical and current Makro’s stock price performance; and
- Studying the research analysts’ target price consensus in benchmarking the valuation of the Company’s share price

The IFA has no reason to doubt that the aforementioned information is materially inaccurate or incomplete that would adversely affect the analysis of the information. Moreover, the IFA did not verify, assess nor value the assets or liabilities of Makro. The IFA has no reason to suspect that the assumptions made are inappropriate or are outdated or do not reflect the opinion of the Company's management. The IFA would refrain from giving any opinion on such analysis and business plan including all the aforesaid assumptions furnished by the Company.

The Opinion is necessarily based upon the market, economic and other external conditions as they exist and can be evaluated on, as of, the time of study only. The information and assumptions are subject to change in due course and may have material effect on the Opinion. The IFA assume no obligation to update, revise or reaffirm the Opinion stated herein.

This Opinion is for the use and benefit of the Company's shareholders. In any case, the ultimate decision to tender the shares is based entirely on the opinion of each of the Company's shareholders.

## 2. Summary of the Offeror and the Company

### 2.1 Information of the Offeror

#### 2.1.1 Overview of CP ALL's Business and Major Development

Established in 1988 by Charoen Pokphand Group (“CPG”), CP ALL is a leader in convenience store business in Thailand operating the “7-Eleven” outlet network. As of 31 March 2013, CP ALL was ranked in the third largest 7-Eleven network in the world after Japan and USA with a total number of 7,041 stores nationwide, of which 3,260 stores were in Bangkok and its vicinity and 3,781 stores were in provincial areas. According to types of stores and ownership structures, there were a total of 3,123 corporate stores, 3,377 franchise stores and 541 sub-area license stores.

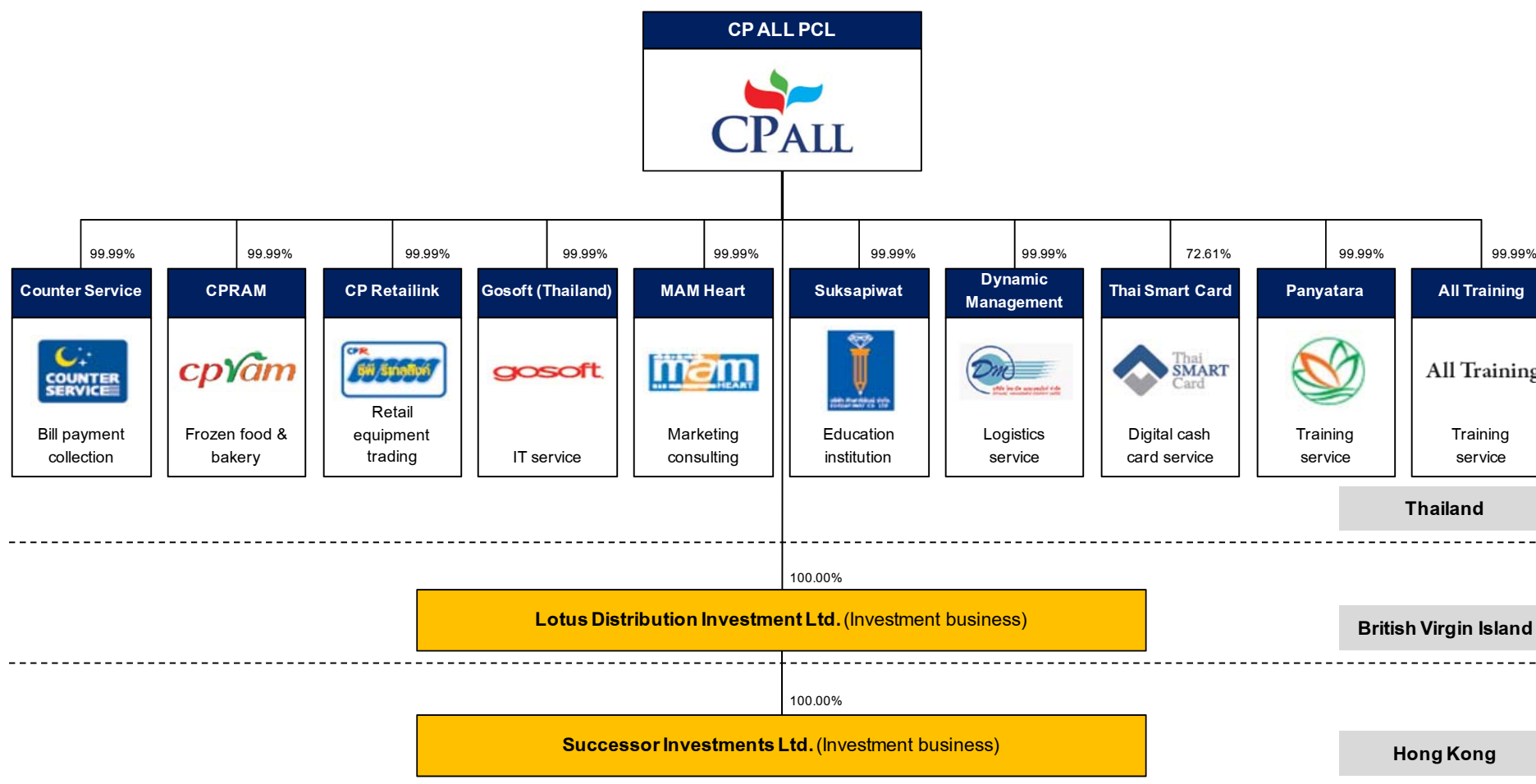
Ready-to-eat foods and beverage is considered CP ALL's key strength, accounting for 72.8% of total revenues in 2012. In addition, CP ALL has continuously developed and enhanced other services, which include new services that complement its flagship business, such as brand development, new service, and distribution channels expansion. These include bill payment services, frozen food and bakery manufacturing, logistic services, training services, marketing consulting services, information technology services and catalogue ordering.

#### CP ALL's Key Development










Year	Developments
1988	<ul style="list-style-type: none"> <li>■ Granted the 7-Eleven license from 7-Eleven, Inc., USA</li> <li>■ Established the company to operate a convenience store business in Thailand under 7-Eleven trademark</li> </ul>
1990	<ul style="list-style-type: none"> <li>■ Opened the first 7-Eleven outlet in Bangkok</li> </ul>
1998	<ul style="list-style-type: none"> <li>■ Became a public company</li> <li>■ Celebrated the 1,000<sup>th</sup> 7-Eleven stores in Thailand</li> </ul>
2003	<ul style="list-style-type: none"> <li>■ Offered shares to the public and listed its shares on the SET</li> </ul>
2009	<ul style="list-style-type: none"> <li>■ Celebrated the 5,000<sup>th</sup> 7-Eleven store in Thailand, making Thailand the country with the third largest 7-Eleven network in the world after Japan and USA</li> </ul>
2012	<ul style="list-style-type: none"> <li>■ Awarded as one of the 50 best largest listed companies in the Asia Pacific Region by Forbes Asia Magazine</li> <li>■ Won Gold Award for Retailers in Thailand by Retail Asia Magazine in Partnership with Euromonitor International and KPMG at the “Retail Asia-Pacific Top 500 Ranking 2012 Awards” for the third consecutive years</li> </ul>

**2.1.2 CP ALL's Group Structure**

With an aim to maintain its leadership position in the convenience store business in Thailand, CP ALL has continuously invested in various supporting businesses. As of 31 December 2012, the Company's group can be summarized as follows:



**Brief Summary of CP ALL's Subsidiaries**

Subsidiary	Business	Paid-up Capital
<b>Thai Subsidiaries and Affiliates</b>		
 Counter Service Co., Ltd. (CS)	Bill payment service	THB 70.0 mm
 CPRAM Co., Ltd. (CPRAM)	Manufacturing and distribution of frozen food and bakery	THB 600.0 mm
 CP Retailink Co., Ltd. (CPR)	Distribution and reparation of retail equipment	THB 20.0 mm
 Gosoft (Thailand) Co., Ltd. (GOSOFT)	Information technology service	THB 20.0 mm
 MAM Heart Co., Ltd. (MAM)	Marketing services	THB 1.0 mm
 Suksapiwat Co., Ltd. (SPW)	Educational services	THB 810.0 mm
 Dynamic Management Co., Ltd. (DM)	Logistics services	THB 2.0 mm
 Thai Smart Card Co., Ltd. (TSC)	Product and service payment (Smart Purse electronic cash cards)	THB 1,600.0 mm
 Panyatara Co., Ltd. (PTR)	Training and seminar services	THB 1.0 mm
<b>All Training</b> All Training Co., Ltd. (ATN)	Training and seminar services	THB 1.0 mm
<b>Oversea Subsidiaries</b>		
Lotus Distribution Investment Ltd. (LDI)	Investment business	USD 116.2 mm
Successor Investments Ltd.	Investment business	HKD 116.2 mm

Source: CP ALL's 2012 Annual Report

**CP ALL's Top Ten Major Shareholders**

As of 31 March 2013, CP ALL had registered capital of approximately THB 8,986.3 million of which THB 8,983.1 million has been paid-up. The paid-up capital comprises 8,983,101,348 shares at a par value of THB 1.0 per share.

No.	Name	No. of Shares (Shares)	Percentage of Total Issued and Paid-up shares (%)
1.	C.P. Merchandising Co., Ltd.	2,901,205,800	32.3
2.	Charoen Pokphand Group Co., Ltd.	1,014,577,400	11.3
3.	Thai NVDR Company Ltd.	440,847,886	4.9
4.	State Street Bank Europe Ltd.	242,143,060	2.7
5.	AIA Company, Limited-Di-Life	240,000,000	2.7
6.	HSBC (Singapore) Nominees Pte Ltd.	194,322,667	2.2
7.	UNS Argo Chemical Co., Ltd.	180,000,000	2.0
8.	UOB Kay Hian (Hong Kong) Ltd. - Client Account	111,000,000	1.2
9.	State Street Bank and Trust Company	101,550,077	1.1
10.	The Bank of New York (Nominees) Ltd. - CGT Exempt	100,685,323	1.1
<b>Total Top 10 Major Shareholders</b>		<b>5,526,332,213</b>	<b>61.5</b>

Source: SET

Note: Information as of 8 May 2013

**CP ALL's Board of Directors**

No.	Name	Position
1.	Prof. Dr. Komain Bhatarabhirom	Independent Director
2.	Mr. Pridi Boonyoung	Independent Director
3.	Mr. Padoong Techasarintr	Independent Director
4.	Prof. Suphachai Phisitvanich	Independent Director
5.	Pol. Gen. Phatcharavat Wongsuwan	Independent Director
6.	Mr. Dhanin Chearavanont	Chairman
7.	Mr. Korsak Chairasmisak	Vice Chairman
8.	Mr. Adirek Sripratak	Director
9.	Mr. Umroong Sanphasitvong	Director
10.	Mr. Soopakij Chearavanont	Director
11.	Mr. Narong Chearavanont	Director
12.	Dr. Prasert Jarupanich	Director
13.	Mr. Pittaya Jearavisitkul	Director
14.	Mr. Piyawat Titasattvorakul	Director
15.	Mr. Tanin Buranamanit	Director

Source: SET

## 2.1.3 Summary of CP ALL's Operational Performance and Financial Status (Consolidated Figures)

Unit: THB million	2010 <sup>(1)</sup>	2011	2012	Q1 2012 <sup>(2)</sup>	Q1 2013
<b>Statement of Comprehensive Income</b>					
Sale of goods and services revenues	134,954.8	155,359.9	188,702.0	43,014.4	50,439.1
Other revenues	5,783.9	6,529.9	9,113.6	1,660.0	2,465.9
<b>Total revenues</b>	<b>140,738.7</b>	<b>161,889.8</b>	<b>197,815.6</b>	<b>44,674.4</b>	<b>52,905.0</b>
Cost of sale of goods	101,396.4	116,862.6	140,091.2	31,966.2	37,388.9
Selling and administrative expenses	30,185.2	34,032.4	43,736.3	9,167.1	11,581.5
<b>Total expenses</b>	<b>131,581.6</b>	<b>150,895.0</b>	<b>183,827.5</b>	<b>41,133.3</b>	<b>48,970.4</b>
Profit before finance costs and income tax	9,157.1	10,994.8	13,988.1	3,541.1	3,934.6
<b>Net profit</b>	<b>6,669.8</b>	<b>8,013.3</b>	<b>11,057.3</b>	<b>2,756.7</b>	<b>3,193.3</b>
Basic earnings per share (unit : THB)	0.74 <sup>(4)</sup>	0.89 <sup>(4)</sup>	1.23	0.31	0.35
<b>Statement of Financial Position</b>					
Current assets	30,712.9	36,404.1	48,854.3	40,462.4	48,591.7
Non-current assets	17,191.2	18,936.8	22,944.2	19,665.6	24,853.6
<b>Total assets</b>	<b>47,904.1</b>	<b>55,340.9</b>	<b>71,798.5</b>	<b>60,128.0</b>	<b>73,445.3</b>
Current liabilities	27,369.3	30,479.1	41,024.7	32,326.2	39,148.1
Non-current liabilities	2,576.6	3,162.9	3,787.7	3,466.3	3,938.0
<b>Total liabilities</b>	<b>29,945.9</b>	<b>33,642.0</b>	<b>44,812.4</b>	<b>35,792.5</b>	<b>43,086.1</b>
Non-controlling interests	202.5	208.2	242.3	209.3	262.2
<b>Total shareholders' equity</b>	<b>17,958.2</b>	<b>21,698.9</b>	<b>26,986.1</b>	<b>24,335.5</b>	<b>30,359.2</b>
<b>Statement of Cash Flows</b>					
Cash flows from operating activities	12,339.9	12,590.1	23,031.6	5,868.2	2,180.3
Cash flows from investing activities	(3,872.6)	(9,637.8)	(8,502.2)	(1,052.0)	(2,637.3)
Cash flows from financing activities	(5,402.2)	(4,491.0)	(5,614.6)	5.2	0.0
<b>Net change in cash</b>	<b>3,065.1</b>	<b>(1,538.7)</b>	<b>8,914.7</b>	<b>4,821.4</b>	<b>(457.0)</b>
<b>Key Financial Ratios</b>					
Total revenues growth	20.1%	15.0%	22.2%	14.8%	18.4%
Net profit growth	33.0%	20.1%	38.0%	32.2%	15.7%
Gross profit margin	24.9%	24.8%	25.8%	25.7%	25.9%
EBIT margin	6.5%	6.8%	7.1%	7.9%	7.4%
Net profit margin	4.7%	4.9%	5.6%	6.2%	6.0%
Return on assets <sup>(3)</sup>	14.4%	15.5%	17.3%	20.0%	19.1%
Return on equity <sup>(3)</sup>	36.5%	40.8%	45.7%	50.2%	47.0%

Note: (1) Restated financial statements in 2010

(2) 1Q 2012 statement of comprehensive income figures are restated

(3) Return on assets and return on equity ratios are calculated base on average ending balance

(4) CP ALL has paid stock dividend during the year of 2012 and adjusted the amount of shares for the financial statements ending 31 December 2010 and 2011 from 4,493,148,024 shares to 8,983,101,348 shares.

**CP ALL's Operational Performance**

- **Revenues**

Total revenues of CP ALL in 2012 were reported at the amount of THB 197,815.6 million, increased by 22.2% from 2011 which stood at THB 161,889.8 million. This was due mainly to its continuously aggressive expansion plan of 7-Eleven stores and the improvement in same store sales growth (“SSSG”). In 2012, CP ALL expanded 546 new outlets, exceeding its 500 store expansion plan target. Its sale of goods and services revenues increased 21.5% from THB 155,359.9 million in 2011 to THB 188,702.0 million in 2012 and its average daily same store sales grew 11.5% from THB 82,265 per store in 2011 to THB 91,781 per store in 2012.

Total revenues were THB 161,889.8 million in 2011, grew 15.0% from 2010 figure of THB 140,738.7 million. Although there was major flood during 2011, CP ALL still achieved 97.2% of its 500 store expansion plan. Its sale of goods and services revenues increased by 15.1% from THB 134,954.8 million in 2010 to THB 155,359.9 million in 2011. The overall SSSG was 4.8%, driven mainly by an increase in the average spending per ticket (excluding technology and entertainment) from THB 51 in 2010 to THB 54 in 2011 per ticket and an increase in the number of daily customers per store from 1,221 in 2010 to 1,224 customer visits in 2011.

Total revenues for three months ended 31 March 2013 were THB 52,905.0 million, expanded 18.4% from THB 44,674.4 million of the same period in 2012. The sale of goods and service revenues of the first quarter increased 17.3% from THB 43,014.4 million in 2012 to THB 50,439.1 million in 2013. The average spending per ticket (exclude technology and entertainment) improved from THB 55 in the first quarter of 2012 to THB 59 in 2013, resulting in an increase of average daily SSSG of 11.8%.

- **Cost of Sale of Goods**

Total cost of sale of goods in 2012 was THB 140,091.2 million, showing 19.9% growth from THB 116,862.6 million in 2011 due to the aggressive store expansion. The lower cost of sale of goods growth rate than the revenues growth rate was attributed to an efficient cost management, an improvement in the product selection process and an increase in sales from ready-to-eat products, which generates higher margin.

Due to store expansion, cost of sale of goods increased 15.3% from THB 101,396.4 million in 2010 to THB 116,862.6 million in 2011.

Cost of sale of goods for the three months ended 31 March 2013 of THB 37,388.9 million rose from THB 31,966.2 million in 2012 for the same period or 17.0% growth. The gross profit margin (“GPM”) of the first quarter improved from 25.7% in 2012 to 25.9% in 2013 due mainly to a 0.3% increase in gross margin of foods and a 0.4% increase in gross margin of non-foods to 25.8% and 24.3%, respectively.

- **Selling and Administrative Expenses (“SG&A”)**

Total SG&A expenses in 2012 was THB 43,736.3 million, increased by 28.5% from 2011 which was THB 34,032.4 million. The increase was primary due to the additional expense resulting from the newly opened outlets, which were 60 stores higher than the number of stores opened in 2011. As a result, the proportion of SG&A expenses to total revenues increased from 21.4% in 2010 to 22.1% in 2012.

SG&A expenses grew 12.8% from THB 30,185.2 million in 2010 to THB 34,032.4 million in 2011 mainly driven by store expansion and rising sales which led to higher utility expenses and supplies expenses.



SG&A expenses for the three months ended 31 March 2013 was THB 11,581.5 million, increased by 26.3% compared to THB 9,167.1 million for the same period in 2012 due mainly to a rise in minimum wage. In the first quarter of 2013, the proportion of SG&A expenses to total revenues rose from 20.5% to 21.9% for the same period in 2012.

#### ■ Net Profit

In 2012, net profit was THB 11,057.3 million or THB 1.23 earnings per share, increased by 38.0% from THB 8,013.3 million or THB 1.78 earnings per share. The growth of net profit exceeded the growth of total revenues of 22.2%, reflecting CP ALL's efficiency and ability to control costs leading to higher net profit margin from 4.9% in 2011 to 5.6% in 2012.

Net profit of CP ALL was THB 8,013.3 million or THB 0.89 earnings per share in 2011, showing a 20.1% improvement from THB 6,669.8 million or THB 0.74 earnings per share in 2010 as total costs and expenses increased at a slower rate than growth of revenues.

Net profit for three months ended 31 March 2013 was THB 3,193.3 or THB 0.35 earnings per share, improved by 15.8% from THB 2,756.7 million or THB 0.31 earnings per share of the same period in 2012.

### CP ALL's Financial Status

#### ■ Assets

CP ALL's total assets at the end of the first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 73,445.3 million, THB 71,798.5 million, THB 55,340.9 million and THB 47,904.1 million, respectively, representing a growth of 2.3% in the first quarter of 2013, 29.7% in 2012 and 15.5% in 2011. The increases were primarily due to the growth in CP ALL's business and store expansion.

#### ■ Liabilities

CP ALL's total liabilities at the end of the first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 43,086.1 million, THB 44,812.4 million, THB 33,642.0 million and THB 29,945.9 million, respectively. This increasing trend in total liabilities was mainly due to an increase in accounts payable from higher sales.

#### ■ Shareholders' Equity

CP ALL's shareholders' equity at the end of the first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 30,359.2 million, THB 26,986.1 million, THB 21,698.9 million and THB 17,958.2 million, respectively. These represented an increase of 12.5% in the first quarter of 2013, 24.4% in 2012 and 20.8% in 2011. The increase was a result of increasing retained earnings.

### CP ALL's Cash Flows Summary

#### ■ Cash Flows from Operating Activities

Net cash flows from operation was THB 23,031.6 million in 2012, increased from THB 12,590.1 million in 2011 by 82.9% because of more effective working capital management that resulted in an increase in ending negative cash cycle from 48 days in 2011 to 51 days in 2012. This was driven by improving inventory days from 24 days in 2011 to 23 days in 2012 and increasing account payable days from 72 days in 2011 to 74 days in 2012.

In 2011, net cash flows from operation was THB 12,590.1 million, improved by 2.0% from THB 12,339.9 million in 2010. In 2011, the Company had negative 48 days of cash cycle days, 24 days of inventory days and 72 days of account payable days.

For three months period ended 31 March 2013, cash flows from operation was negative THB 2,180.3 million, declined from THB 5,868.2 million for the same period in 2012. The cash cycle period improved from negative 46 days in the first quarter of 2012 to negative 49 days in the same period of 2013 due mainly to the longer account payable days.

#### ■ Cash Flows from Investing Activities

In 2012, cash flows from investing activities was negative THB 8,502.2 million, 11.8% decrease from negative THB 9,637.8 million in 2011. This was due to the net investment of highly liquid assets and financial instruments with maturity over one year period, which generated THB 7,624.1 million cash inflow in 2012.

Cash flows from investing activities was negative THB 9,637.8 million in 2011, an increase of 148.9% from negative THB 3,872.6 million in 2010 as a result of large number of store expansion, land acquisition, buildings and leasehold improvements.

Cash flows from investing activities for the three months period ended 31 March 2013 and 31 March 2012 were negative THB 2,637.3 million and negative THB 1,052.0 million, respectively. The increase in cash flows from investing activities resulted from the aggressive expansion plan in the period, which was approximately 43.8% of CP ALL's annual expansion plan.

#### ■ Cash Flows from Financing Activities

Cash flows from financing activities in 2012 was negative THB 5,614.6 million, increasing by 25.0% from negative THB 4,491.0 million in 2011. The main driver for the significant cash outflow was dividends. The total amount of dividends paid to CP ALL's shareholders increased by THB 1,122.7 million, representing a 25.0% increase in total dividends paid from 2011.

In 2011, the cash flows from financing activities was negative THB 4,491.0 million, decreased 16.9% from negative THB 5,402.2 million in 2010. This was due to the distribution of cash dividend of THB 1.0 per share in 2011.

Cash flows from financing activities for the three months period ended 31 March 2013 was THB 0.0 million, declined due to small additional net drawdown, comparing to THB 5.2 million of net drawdown during the same period in 2012.

**2.2 Information of the Company**

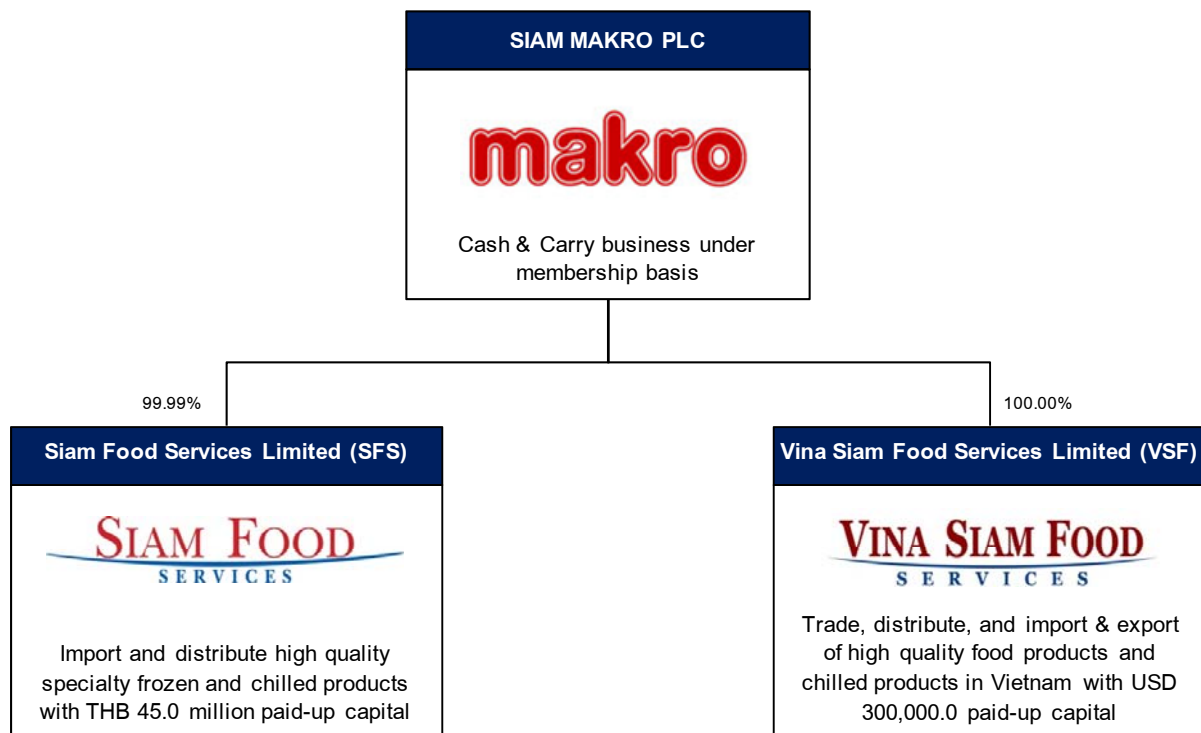
**2.2.1 Overview of Makro’s Business and Major Development**

Founded in 1988 and listed on the SET in 1994. Makro is now Thailand’s largest Cash & Carry business operator under the name “Makro” with main customer groups consisting of small retailers (“**ShoHuay**”), the Hotel, Restaurant, and Catering (“**HoReCa**”), and services sector.

As of 31 December 2012, the Company owned and operated 57 Makro stores with total selling area of approximately 443,000 square meters, of which 11 stores were located in Bangkok and its vicinity and 46 stores were located in provincial areas. Additionally, Makro owed 5 Siam Frozen Shops. Under the membership based business, Makro has developed a large loyal customer base, expanding totalling more than 2.4 million as at the end of 2012.

Thanks to raising out-of-home dining, middle-income class and growing international tourist, the Food Services Industry has been expanding in recent years. With such development together with the strength of Makro’s food product offerings, Makro has capitalised on the robust market trends to continuously grow this business to become a prominent player. Several initiatives have been developed to build a platform for accelerating Makro’s Food Service business growth, such as the initiation of Foodservice Store and Siam Frozen Shop concepts and the setup of a dedicated Food Service commercial team.

Its current group structure is as follows;



Source: Makro’s 2012 Form 56-1

**Makro's Major Development**

Year	Developments
1988	<ul style="list-style-type: none"> <li>Established the Company with registered capital of THB 750.0 million</li> </ul>
1989	<ul style="list-style-type: none"> <li>Opened the 1<sup>st</sup> Makro store in Ladprao</li> </ul>
1994	<ul style="list-style-type: none"> <li>Increased registered capital to THB 2,400.0 million</li> <li>Offered shares to the public and listed the Company on the SET</li> </ul>
2005	<ul style="list-style-type: none"> <li>Acquired 99.9% shares of Siam Food Services Limited</li> </ul>
2010	<ul style="list-style-type: none"> <li>Launched new store format initiative under Siam Frozen Shop concept in Chiang Mai, mainly target the HoReCa business operators</li> </ul>
2012	<ul style="list-style-type: none"> <li>Launched the first pilot Makro Foodservice Store in Hua Hin, which is a new store format providing a one-stop solution for the HoReCa customers group</li> <li>Established a wholly owned subsidiary in Vietnam under the name "Vina Siam Food Company Limited" in which the Company holds 100% shares</li> <li>Continued to remodel non-food areas of the Cash &amp; Carry Makro stores</li> </ul>

**2.2.2 Makro's Group Structure**

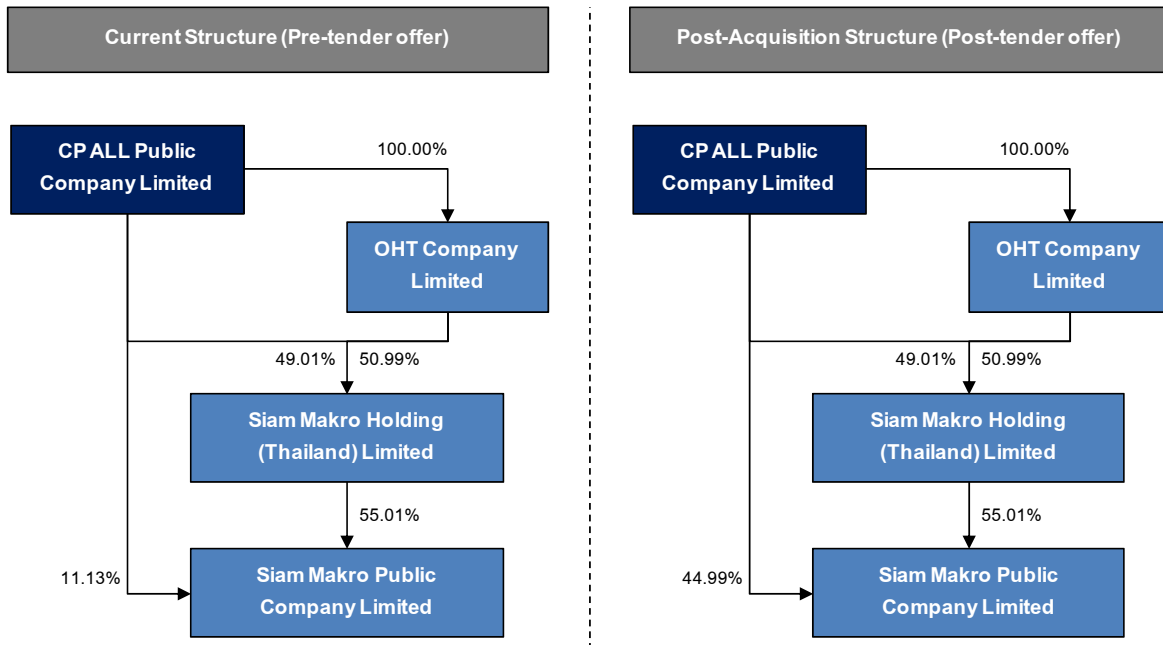
As of 31 March 2013, the Company had registered and paid-up capital of THB 2,400.0 million. The paid-up capital comprises 240.0 million shares at a par value of THB 10.0 per share. Major shareholders as at 9 July 2013 are presented in the below table.

**Top 10 major shareholders**

No.	Name	No. of Shares (Shares)	Percentage of Total Issued and Paid-up shares (%)
1.	Siam Makro Holding (Thailand) Ltd.	132,015,140	55.0
2.	CP ALL Public Company Limited	26,719,960	11.1
3.	Thai NVDR Company Limited	12,362,915	5.2
4.	Morgan Stanley & Co. International Plc	6,960,700	2.9
5.	Social Security Fund (2 case)	6,737,100	2.8
6.	Credit Suisse Securities (Europe) Limited	5,784,161	2.4
7.	Bangkok Life Assurance Public Company Limited	2,600,000	1.1
8.	CPF Investment Limited	2,421,262	1.0
9.	Raffles Nominees (Pte) Limited	2,067,600	0.9
10.	AIA Company Limited-APEX	1,700,000	0.7
<b>Total Top 10 Major Shareholders</b>		<b>199,368,838</b>	<b>83.1</b>

Source: Makro

**Current and Post-Tender Offer Shareholding Structure**



Note: By assuming all the tendered ordinary shares are offered for sale by the Offeree, CP ALL will hold 100% of the Company issued and paid-up shares

**Makro's Board of Directors**

No.	Board of Directors	Position
1.	Mr. Arsa Sarasin	Independent Director and Chairman
2.	Mr. Korsak Chairasmisak	First Vice Chairman
3.	Mrs. Suchada Ithijarukul	Second Vice Chairman
4.	Mrs. Saowaluck Thithapant	Director
5.	Mr. Pittaya Jearavisitkul	Director
6.	Mr. Philip William Cox	Director
7.	Mr. Piyawat Titasattavorakul	Director
8.	Dr. Prasert Jarupanich	Director
9.	Mr. Athaporn Khaimarn	Independent Director
10.	Mr. Chavalit Uttasart	Independent Director
11.	Mr. Thira Wipuchanin	Independent Director
12.	Dr. Chaiyawat Wibulswasdi	Independent Director
13.	Mr. Joti Bhokavanij	Independent Director
14.	Mr. Soopakij Chearavanont	Director
15.	Mr. Suphachai Chearavanont	Director
16.	Mr. Narong Chearavanont	Director
17.	Mr. Adirek Sripratak	Director
18.	Mr. Umroong Sanphasitvong	Director

Source: Makro as of 12 July 2013

## 2.2.3 Summary of Makro's Operational Performance and Financial Status (Consolidated Figures)

Unit: THB million	2010	2011	2012	Q1 2012 <sup>(1)</sup>	Q1 2013
<b>Statement of Comprehensive Income</b>					
Sale of goods and services revenues	88,187.6	99,101.5	114,332.7	27,801.9	31,304.4
Other revenues	476.0	568.5	623.1	151.1	164.0
<b>Total revenues</b>	<b>88,663.6</b>	<b>99,670.0</b>	<b>114,955.8</b>	<b>27,953.0</b>	<b>31,468.4</b>
Cost of sale of goods	80,148.4	89,402.4	102,760.4	25,100.2	28,086.8
Selling and administrative expenses	5,640.6	6,076.2	7,418.7	1,698.2	2,054.6
Other operating expenses relating to floods	-	238.1	-	-	-
<b>Total expenses</b>	<b>85,789.0</b>	<b>95,716.7</b>	<b>110,179.1</b>	<b>26,798.4</b>	<b>30,141.4</b>
Profit before finance costs and income tax	2,874.6	3,953.3	4,776.7	1,154.6	1,327.0
<b>Net profit</b>	<b>1,881.0</b>	<b>2,604.4</b>	<b>3,555.9</b>	<b>874.8</b>	<b>1,009.8</b>
Basic earnings per share (unit : THB)	7.84	10.85	14.82	3.65	4.21
<b>Statement of Financial Position</b>					
Current assets	12,227.2	14,585.4	14,687.6	13,889.9	16,114.7
Non-current assets	13,264.5	15,734.0	17,397.0	15,958.4	18,183.9
<b>Total assets</b>	<b>25,491.7</b>	<b>30,319.4</b>	<b>32,084.6</b>	<b>29,848.3</b>	<b>34,298.6</b>
Current liabilities	15,948.9	20,248.6	21,001.3	18,914.1	21,998.4
Non-current liabilities	366.7	390.3	426.7	389.8	428.5
<b>Total liabilities</b>	<b>16,315.6</b>	<b>20,638.9</b>	<b>21,428.0</b>	<b>19,303.9</b>	<b>22,426.9</b>
<b>Total shareholders' equity</b>	<b>9,176.1</b>	<b>9,680.5</b>	<b>10,656.6</b>	<b>10,544.4</b>	<b>11,871.7</b>
<b>Statement of Cash Flows</b>					
Cash flows from operating activities	4,850.7	5,596.5	5,166.3	229.2	1,989.6
Cash flows from investing activities	(1,481.0)	(3,319.4)	(2,831.4)	(469.0)	(765.8)
Cash flows from financing activities	(1,084.0)	(1,282.4)	(2,567.4)	51.9	6.9
<b>Net changes in cash</b>	<b>2,285.7</b>	<b>994.7</b>	<b>(232.5)</b>	<b>(187.9)</b>	<b>1,230.7</b>
<b>Key Financial Ratios</b>					
Total revenues growth	13.1%	12.4%	15.3%	17.4%	12.6%
Net profit growth	23.2%	38.5%	36.5%	27.7%	15.4%
Gross profit margin	7.3%	8.0%	8.4%	7.9%	8.6%
EBIT margin	3.3%	4.2%	4.2%	4.2%	4.3%
Net profit margin	2.1%	2.6%	3.1%	3.1%	3.2%
Return on assets <sup>(2)</sup>	7.8%	9.3%	11.4%	11.6%	12.2%
Return on equity <sup>(2)</sup>	21.0%	27.6%	35.0%	34.6%	35.9%

Source: Company's 56-1 and SETSMART

Note: (1) 1Q 2012 statement of comprehensive income figures are restated

(2) Return on assets and return on equity ratio are calculated based on average ending balances

**Summary of Makro's Operational Performance and Financial Status****■ Revenues**

The total revenues of Makro was THB 114,955.8 in 2012, increased by 15.3% from THB 99,670.0 million in 2011. This was due primarily to new stores opening, customer development, product offering development to respond to target customers' requirement, and sales space extension in existing stores. SSSG rose slightly from 8.4% in 2011 to 8.5% in 2012, driven mainly by the strong growth in the fresh food department.

Total revenues in 2011 increased by 12.4% from THB 88,663.6 million in 2010. This was due to the opening of new stores and the growth of revenues from existing stores. SSSG was 8.4% in 2011, increased from 6.9% in 2010 because of the continuous improvements in various operational areas such as customer development, product assortment, the ability to have stocks available in stores throughout the flooding period, and new store format development.

Total revenues for the three months period ended 31 March 2013 was THB 31,468.4 million, an increase of 12.6% from THB 27,953.0 million for the same period in 2012.

**■ Cost of Sale of Goods**

Cost of sale of goods in 2012 was THB 102,760.4 million, representing 14.9% growth from the previous year which stood at THB 89,402.4 million. GPM of 8.4% in 2012, increased from 8.0% in 2011, due to better product assortment which focused more on the HoReCa customer segment and higher sales participation of Makro's house brand products.

Cost of sale of goods increased by 11.5% from THB 80,148.4 million in 2010 to THB 89,402.4 million in 2011 due to new stores opening as well as the cost of renting 2 temporary distribution centers ("DC") during the flood. The GPM expanded from 7.3% in 2010 to 8.0% in 2011 from the re-merchandising of non-food products, which usually yield better margin than food items.

For the three months period ended 31 March 2013, cost of sale of goods was THB 28,086.8 million, increased by 11.9% from THB 25,100.2 million for the same period in 2012. GPM improved from 7.9% for the first quarter of 2012 to 8.6% for the same period in 2013.

**■ SG&A**

In 2012, the SG&A expenses were THB 7,418.7 million, increased by 22.1% from THB 6,076.2 million in 2011, excluding one-time expense related to floods in 2011 of THB 238.1 million. The growth was contributed by the opening of new stores and the increase in electricity cost, minimum wage and other labour related costs. The proportion of SG&A expenses to total revenues slightly increased from 6.1% in 2011 to 6.5% in 2012.

Total SG&A expenses grew 7.7% from THB 5,640.6 million in 2010 to THB 6,076.2 million in 2011 as a result of the additional costs from store expansion and an implementation of new organizational structure. The proportion of SG&A expenses to total revenues slightly decreased from 6.4% in 2010 to 6.1% in 2011.

Total SG&A expenses for the three months period ended 31 March 2013 was THB 2,054.6 million, increased by 21.0% from THB 1,698.2 million during the first quarter in 2012. The proportion of SG&A expenses to total revenues rose from 6.1% for the first quarter in 2012 to 6.5% for the same period in 2013.

### ■ Net Profit

Net profit grew 36.5% from THB 2,604.4 million or THB 10.85 earnings per share in 2011 to THB 3,555.9 million or THB 14.82 earnings per share in 2012. This growth in net profit was significantly greater than the growth of total revenues which was 15.3%, reflecting the Company's improvement in gross profit, better cost management and lower tax rate. The return on assets was calculated at 11.4% in 2012, improving from 9.3% in 2011, and the return on equity was 35.0% in 2012, increased from 27.6% of the previous year.

The net profit was THB 2,604.4 million or THB 10.85 earnings per share in 2011, showing an improvement of 38.5% from THB 1,881.0 million or THB 7.84 earnings per share in 2010. In spite of the impact from severe flooding in 2011, the growth of net profit was higher than the growth of total revenues which was 12.4%. In 2011, the return on assets was 9.3%, improved from 7.8% in 2010, and the return on equity rose from 21.0% in 2010 to 27.6% in 2011.

Net profit for the three months period ending 31 March 2013 was THB 1,009.8 million or 15.4% growth from THB 874.8 million for the same period in 2012. The net profit margin increased slightly from 3.1% for the first quarter in 2012 to 3.2% for the same period in 2013. The earnings per share was THB 4.21 in the first quarter of 2013 improving from THB 3.65 for the first quarter of 2012. The return on assets and the return on equity for the three months period ending 31 March 2013 were 12.2% and 35.9%, respectively improving from 11.6% and 34.6%, respectively for the same period in 2012.

## **Makro's Financial Status**

### ■ Assets

Makro's total assets at the end of the first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 34,298.6 million, THB 32,084.6 million, THB 30,319.4 million and THB 25,491.7 million, respectively, representing growth of 6.9% in first quarter 2013, 5.8% in 2012 and 18.9% in 2011. The increases were due mainly to an increase in cash and cash equivalent as well as the increase in Property, Plant and Equipments ("PPE") from new land acquisition for new store opening.

### ■ Liabilities

Makro's total liabilities at the end of first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 22,426.9 million, THB 21,428.0 million, THB 20,638.9 million and THB 16,315.6 million. These growths of 4.7% in the first quarter 2013, 3.8% in 2012 and 26.5% in 2011 were driven by increasing trade accounts payable and short term loans due to additional inventory needed to support new stores and additional borrowings used to finance fixed assets.

### ■ Shareholders' Equity

Makro's shareholders' equity at the end of first quarter of 2013, 31 December 2012, 2011 and 2010 were THB 11,871.7 million, THB 10,656.6 million, THB 9,680.5 million and THB 9,176.1 million, respectively. These represented an increase of 11.4% in the first quarter of 2013, 10.1% in 2012 and 5.5% in 2011. The increases were a result of increasing retained earnings.



**Makro's Cash Flows Summary****■ Cash Flows from Operating Activities**

Cash flows from operation was THB 5,166.3 million in 2012, decreased by 7.7% from cash flows from operation of THB 5,596.5 million in 2011. This was mainly driven by the decrease in account payable days from 57 days in 2011 to 55 days in 2012.

In 2011, cash flows from operation was THB 5,596.5 million, expanded by 15.4% from THB 4,850.7 million in 2010 due to the increase in account payable days from 54 days in 2010 to 57 days in 2011.

Cash flows from operation for the three months period ended 31 March 2013 was THB 1,989.6 million, increased from THB 229.2 million for the same period in 2012, which was due primarily to increasing operating liabilities.

**■ Cash Flows from Investing Activities**

In 2012, cash flows from investing activities was negative THB 2,831.4 million, 14.7% decreased from negative THB 3,319.4 million in 2011. This was due to the reduction in the purchase of PPE from THB 3,218.0 million in 2011 to THB 2,794.2 million in 2012.

Cash flows from investing activities in 2011 was negative THB 3,319.4 million, 124.1% higher than negative THB 1,481.0 million in 2010. This was because an increase in PPE purchased value from THB 1,466.4 million in 2010 to THB 3,218.0 million in 2011.

Cash flows from investing activities for the three months period ended 31 March 2013 and 31 March 2012 were negative THB 765.8 million and negative THB 469.0 million, respectively. The increase in cash flows from investing activities was resulted from a 64.9% increase in PPE purchased value from THB 460.2 million during three months period ended 31 March 2012 to THB 759.1 million for the same period in 2013.

**■ Cash Flows from Financing Activities**

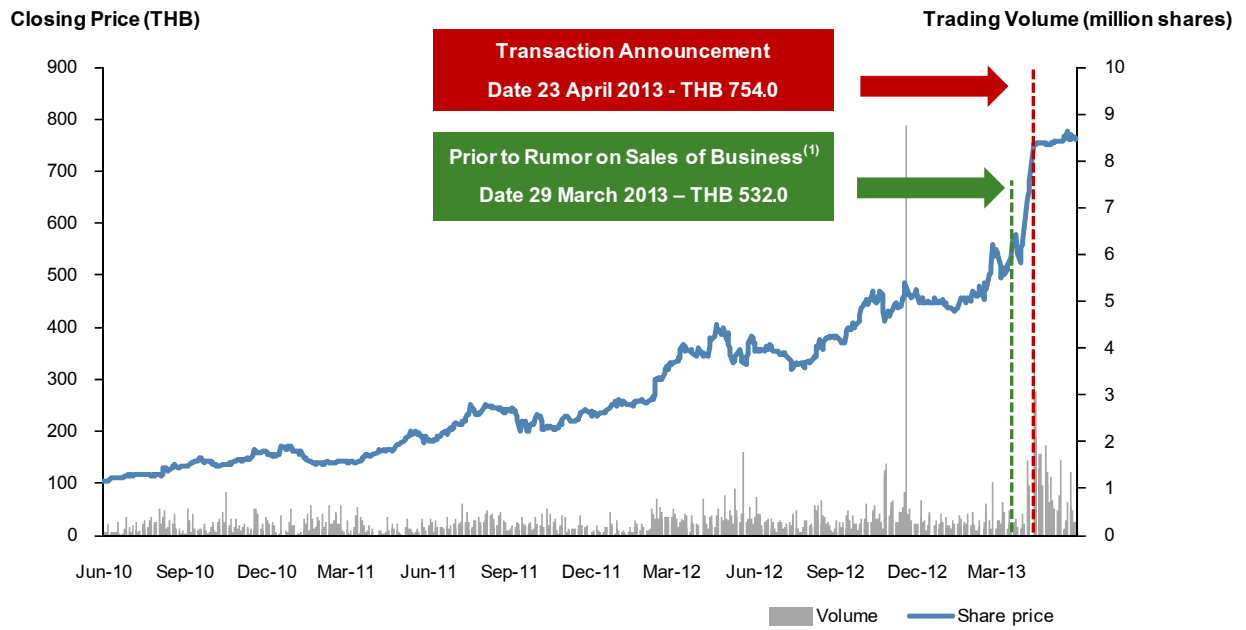
Cash flows from financing activities in 2012 was negative THB 2,567.4 million or increasing 100.2% from negative THB 1,282.4 million in 2011. This was mainly driven by the reduction in cash inflow from short term borrowing from THB 852.0 million in 2011 to THB 47.7 million in 2012 and an increase in dividend payment from THB 2,100.0 million in 2011 to THB 2,580.0 million in 2012.

In 2011, cash flows from financing activities was negative THB 1,282.4 million, an increase by 18.3% from negative THB 1,084.0 million in 2010. This expansion in cash flows from financing activities was resulted from an increasing in cash flows from short-term borrowing from THB 387.4 million in 2010 to THB 852.0 million in 2011 and higher dividend payment from THB 1,440.0 million in 2010 to THB 2,100.0 million in 2011.

Cash flows from financing activities for the three months period ended 31 March 2013 was THB 6.9 million, declining from THB 52.0 million in the same period in 2012. This was due mainly to a decrease in net cash flows from short term borrowing from THB 60.9 million in three months period ended 31 March 2012 to THB 15.5 million for the same period in 2013.

2.2.4 3 Years Share Price Performance

**Makro's Historical Price and Trading Volume**



Source: SETSMART

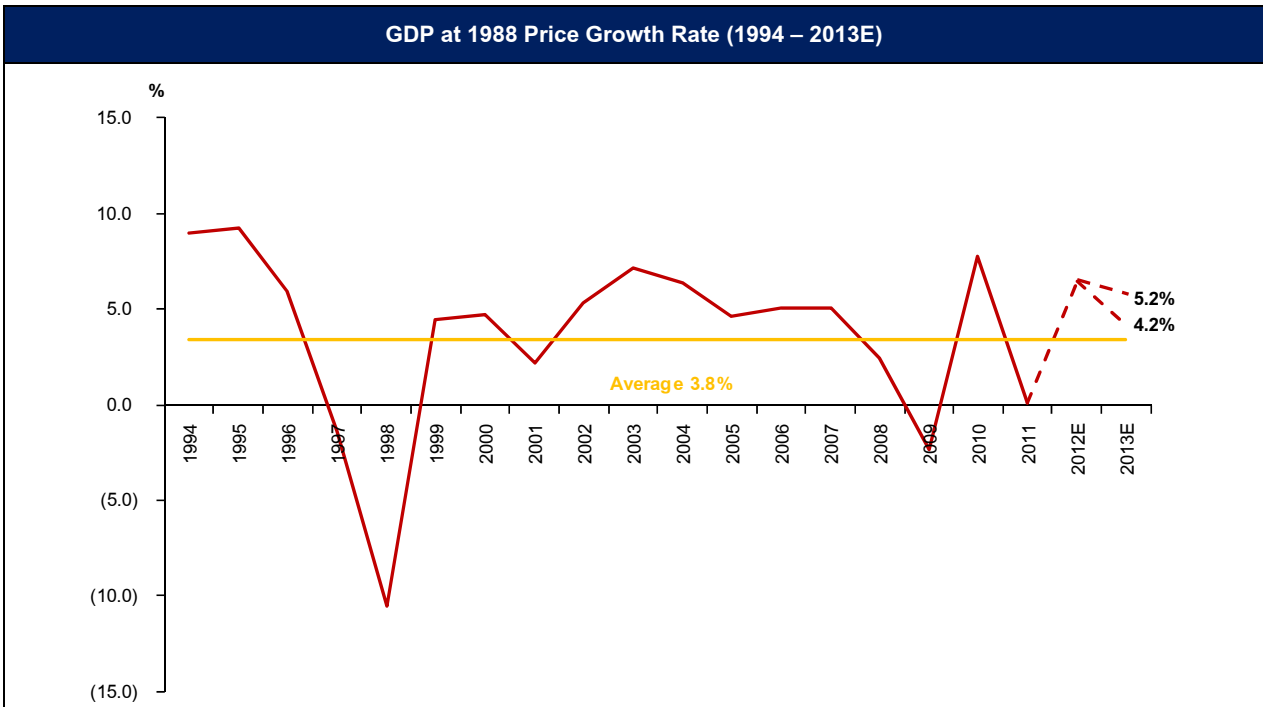
Note: (1) News regarding the sales of Makro's business by SHV Group was disclosed to the public on 1 April 2013

**2.3 Industry Overview**

**2.3.1 Thailand Economic Outlook**

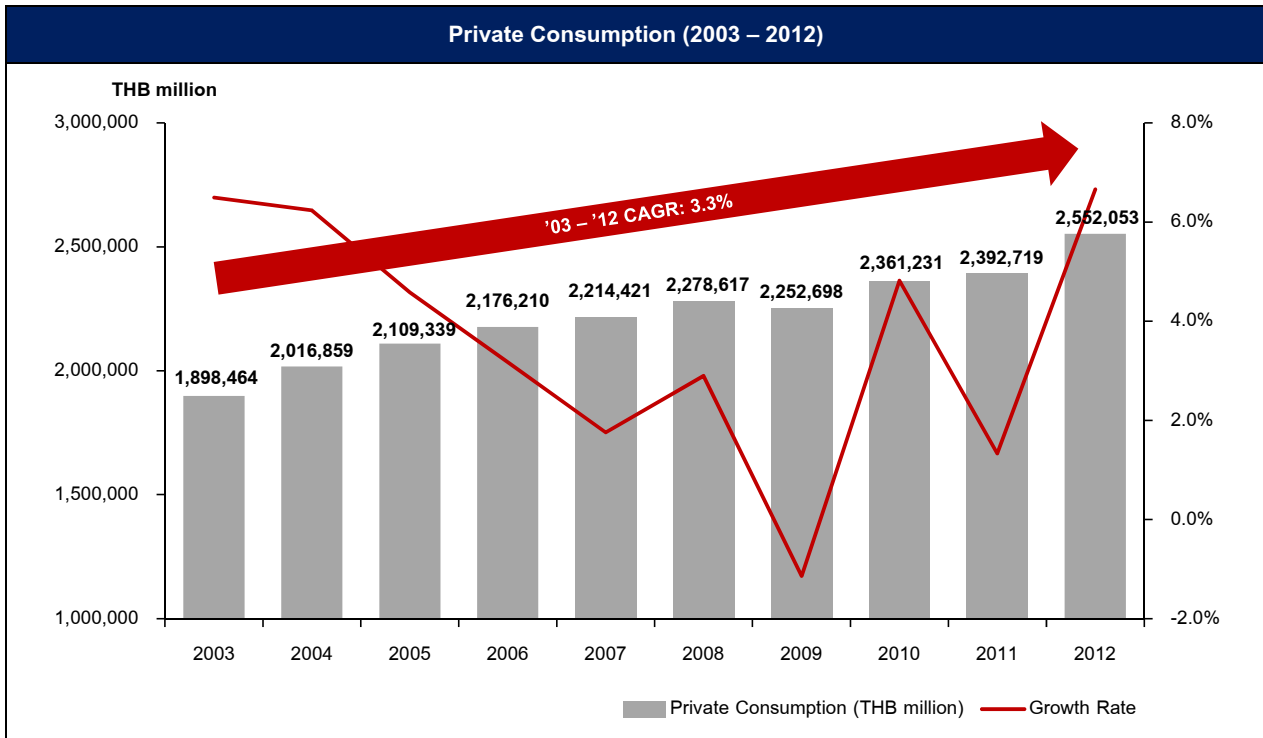
■ **Firm Gross Domestic Product (“GDP”) Growth Prospect**

Thailand economy shows a positive outlook. With 1988 as base year price, GDP has been growing for the past few years showing a sign of recovery stage from the global economic slowdown. According to NESDB, Thailand economy is expected to continue expanding by 4.2% – 5.2% in 2013, which is higher than the average historical GDP growth of 3.8%.



Source: NESDB

One of the key drivers of the growing GDP is the rising in private consumption, which is among key drivers for retail business. It shows a strong positive relationship with the overall economic growth. The private consumption has been growing at the compound annual growth rate (“CAGR”) of 3.4% over the past 10 years (2001 - 2011), in line with the growth of GDP. Additionally, according to the Monetary Policy Report (April 2013), Bank of Thailand (“BOT”) expects the private consumption to continue growing by 4.7% in 2013 – significantly higher than the CAGR of the private consumption, marking a positive outlook for retail and wholesale business.

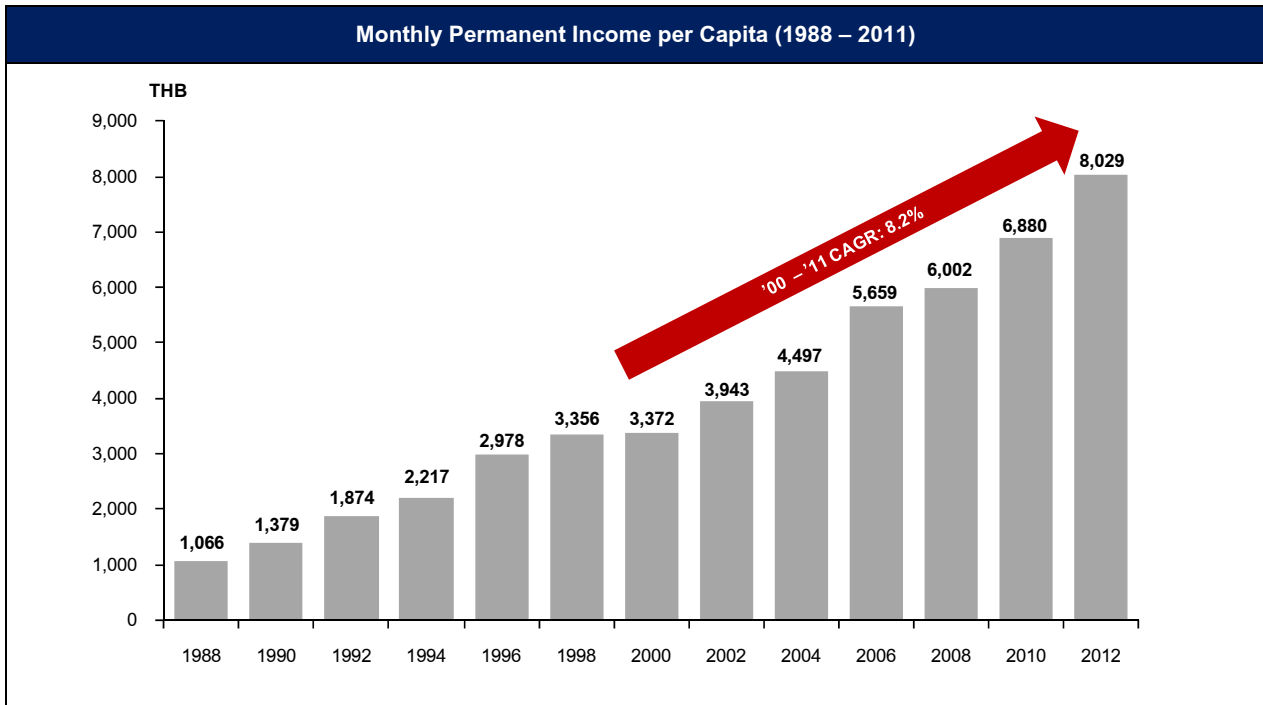


■ **Favourable Government Policy**

Many government measurements have been implemented in the past couple of years have positively stimulated household spending significantly. Several already in-placed policies include the free buses, the free electricity, the higher salaries for government officials, the minimum wages for labour, the THB 15,000.0 monthly salary for bachelor's degree graduates, the reduction in corporate income tax, the tax rebates for first car and first home buyers, and the credit cards for farmers programs. All of these schemes played a major part in stimulating the expansion of consumer disposable income.

■ **Greater Wealth**

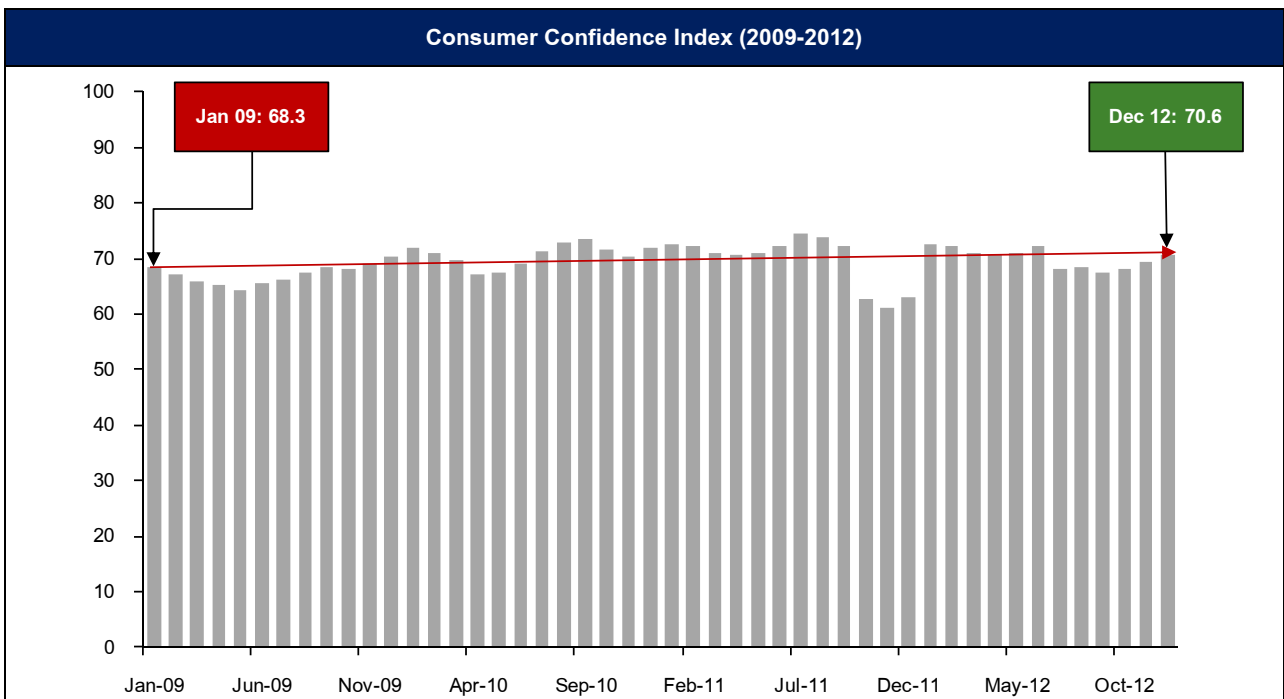
As Thailand has become more industrialized, with the rising crop prices and a growing service sector from flourishing tourism, household income has continued improving. The average monthly income, according to NESDB, has increased at a rate of approximately 8.2% over the past 11 years (2000 - 2011). Higher minimum wage and tax saving from new personal income tax scheme will lengthen this trend in the future.



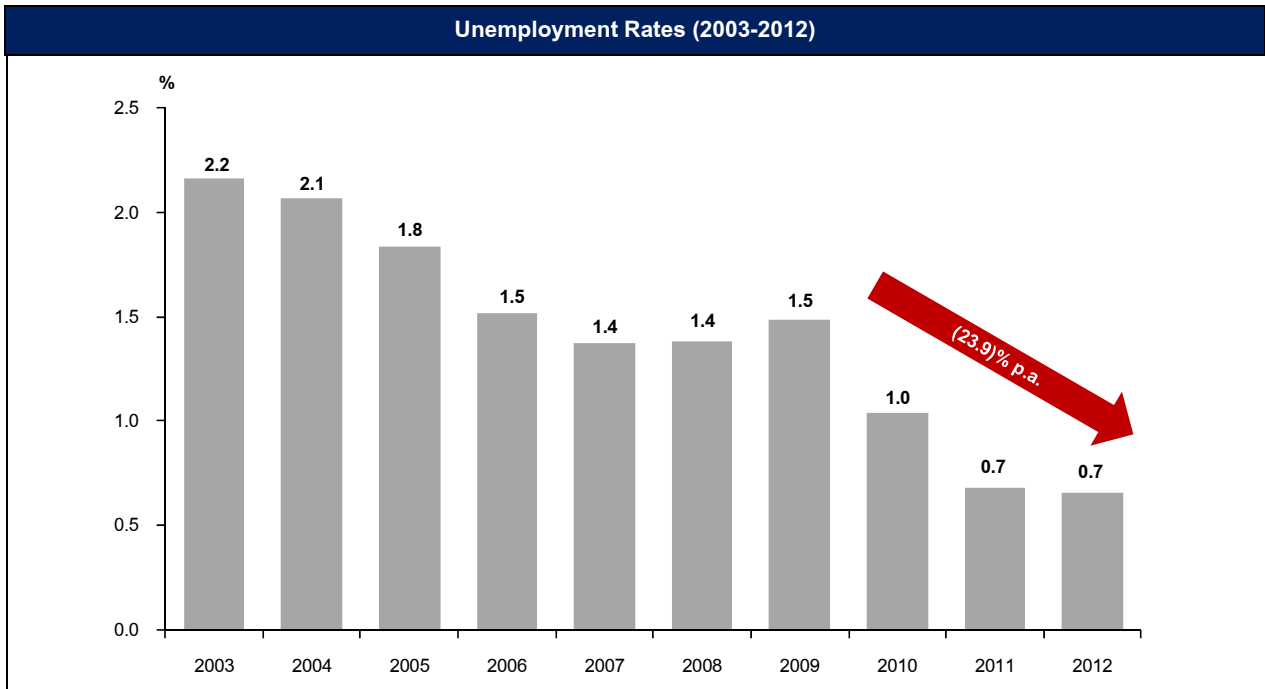
Source: NESDB

■ **More Willingness to Spend (Growing Confidence and Low Unemployment)**

Consumer confidence index (“CCI”) has been increased gradually from the end of 2009 to 2012, indicating higher confidence level in the future income and job security. In spite of higher minimum wage scheme imposed by the government, unemployment rate has remained low at 0.7% as at the end of 2012, mainly due to strong Foreign Direct Investment inflow which helped creating jobs.



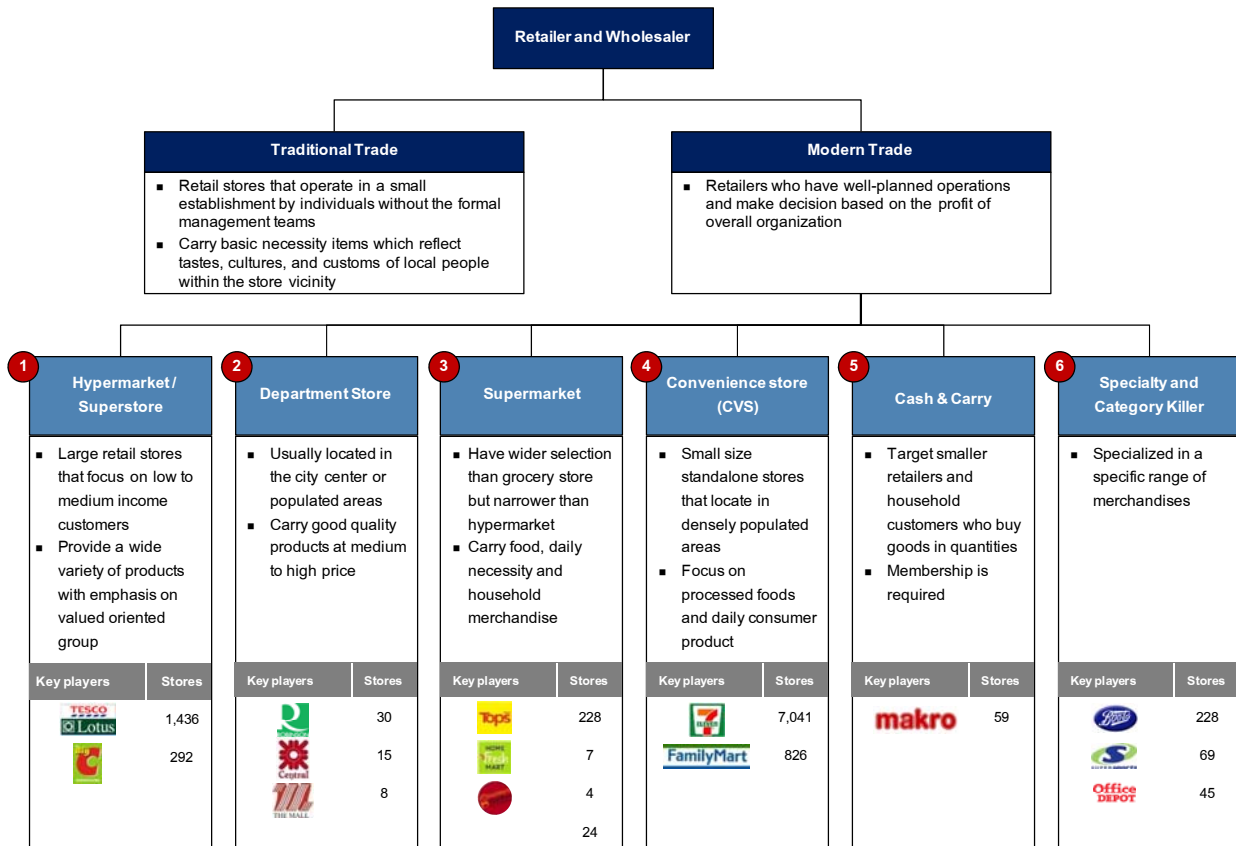
Source: The Center for Economic and Business Forecasting from Chamber of Commerce University



Source: The National Statistical Office

### 2.3.2 Thai Retail Industry

#### ■ Key Types of Players in Retail Market



Source: AC Nielsen, USDA Foreign Agricultural Service, McKinsey&Company, Companies' Websites and Analyst Presentations

Note: Number of stores as of 31 March 2013

Number of stores of Super Sports, Villa Market and Gourmet Market are latest available data disclosed on companies' websites as of 18 June 2013

Retail industry in Thailand composes of 2 types of businesses, which are traditional trade and modern trade. Traditional trade operators mainly consist of street vendors, open markets, and corner stores. Modern trade operators include hypermarkets, supermarkets, department stores, convenience stores, Cash & Carry, category killers and specialty stores. Over the past 20 years, retail trade in Thailand has gradually transformed from the traditional trade to modern trade due to more sophisticated consumer's preferences driven by changing lifestyles, increasing incomes and changing demographic trends. Based on Euromonitor, traditional retailing in 2011 accounted for 59.0% of the overall retail value, which dropped from 60.4% in 2010. Although the market share of traditional trade is expected to further decline, its sales value is still projected to grow approximately 1.2% annually over the next 4 years. Growth in modern trade will be driven mainly by convenience stores as the household size becomes smaller and consumers seek for more convenience.

Euromonitor expects CVS to grow at 8.2% CAGR during 2013-2016, supporting 5.3% CAGR growth in modern trade during the same period. In addition, the imposition of a retail law, which will restrict the growth of large scale retail format, will also lead to a shift to a small retail format. Internet retailing will continue to grow and gain popularity as Thai consumers increasingly have access to computers and smartphones.

### **Industry Solid Performance**

According to Phatra Retail Industry Research, the retail industry has posted outstanding earnings growth over the past 5 years (2008 - 2012) with an average CAGR of 28.6%. Likewise, the retail industry has posted an improving ROE from 19.5% in 2008 to 28.9% in 2012, which far exceeded the market ROE of 15.7% in 2012. The growing industry has been driven by the following factors.

#### ■ **Rapid store expansion**

Modern trade operators are increasing their number of stores to gain market share from the retail market previously dominated by traditional trade stores. Phatra research estimates the number of stores outstanding increased at a five-year CAGR of 9.1% during 2007 - 2012, in which home improvement stores had at the most aggressive growth rate (12.9%), followed by convenience stores (10.3%), department store (6.9%) and hypermarket (6.3%). The CAGR of home improvement stores was the highest due to the lower number of base stores. The leading convenience store operator, CP ALL, increases 500 stores yearly on average. Department store operators have a slow CAGR, mainly due to limitations in spending power and population density in upcountry markets. While, the difficulties in store expansion as they cannot find large land slots and encounter limitations in regulations lead to the lowest growth rate in hypermarket.

#### ■ **Strong SSSG**

SSSG is driven mainly by GDP growth and market share gained from traditional trade. Phatra Research estimates that, over the past five years, retail industry has an average SSSG of 7.4% (9.8% for convenience stores, 8.8% for home improvement, 7.4% for department stores and 3.1% for hypermarkets). Modern trade gains market share from traditional trade via (1) consumer behaviour from higher income level and demographic changes, (2) rapid store expansion, and (3) better service and competitive price.

- **Consistent Growing Profitability**

Retail industry has consistently shown strong profitability with EBITDA margin of 8.9% in 2008 and 10.9% in 2012. During 2008 – 2012, CVS has the highest EBITDA margin expansion of 0.7%, department stores ranked second of 0.5%, followed by home improvement of 0.4% and hypermarket of 0.3%. Margin growth has primarily been driven by increasing number of rebates from suppliers, economy of scale from larger store network and change in product mix to respond to changing consumers' requirements.

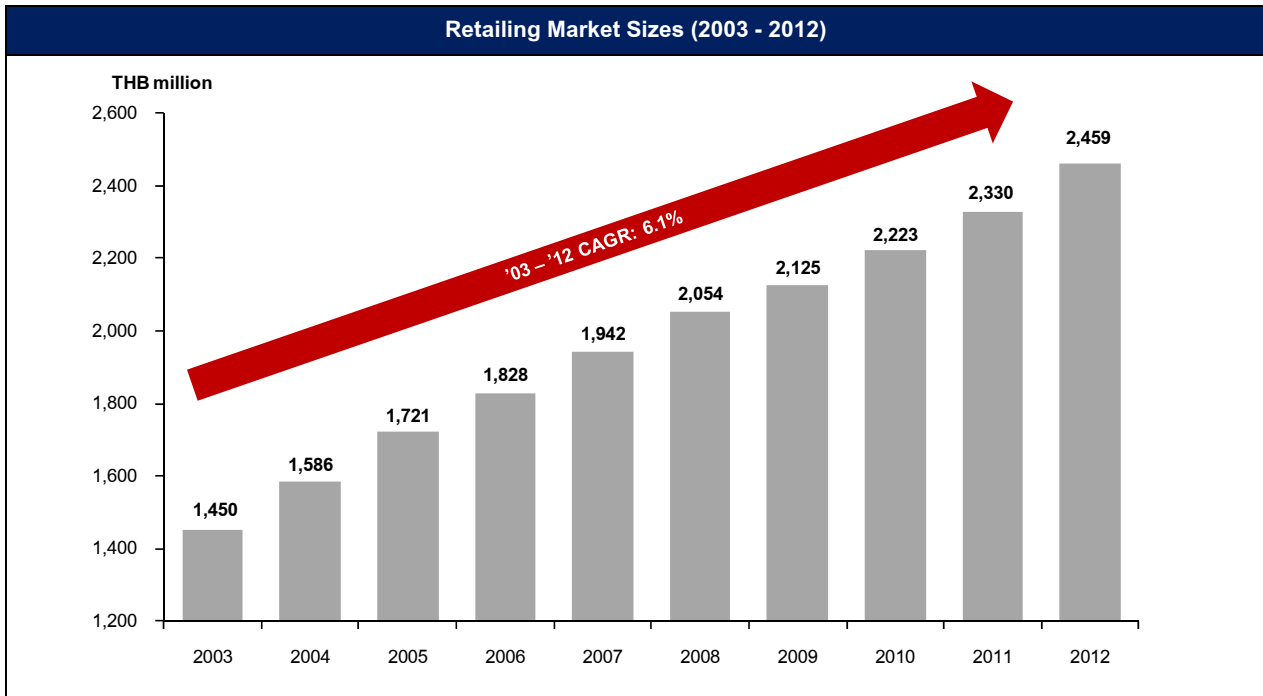
- **Improving Return on Invested Capital from Non-dilutive Growth**

Other non-dilutive growth that has driven up retail industry comes from operators' strategy to deleveraging balance sheets. Major retailers such as department stores and CVS have short cash cycle and can easily pay off debt. Moreover, they mostly have net cash positions. Debt to equity ratios of hypermarkets and home improvement stores are decreasing in spite of their expansion plans. (Exception: The company that underwent any business acquisitions, such as in the case of Big C Supercenter Public Company Limited or "BIG C".)

### **Promising Retail Industry Outlooks**

Retail market has been consistently growing for the past 10 years at the rate of over 6% CAGR from 2003 - 2012. This growth was supported by the increasing number of population, the rise in disposable income and the aggressive store expansion from modern retailers. According to Euromonitor, the industry will continue to expand at the rate of approximately 6% for the next five years, driven mainly by upcountry spending. In addition, the future participation in ASEAN Economic Community ("AEC") will allow Thai retailers to expand regionally. Opportunities to partner with foreign investors could strengthen market position in new markets while could also heat up domestic competition. Another factor supporting the industry growth is channel expansion planned by Thai retailers, which is one of many strategies adopted to increase market coverage through accessibility and more convenient shopping experience.

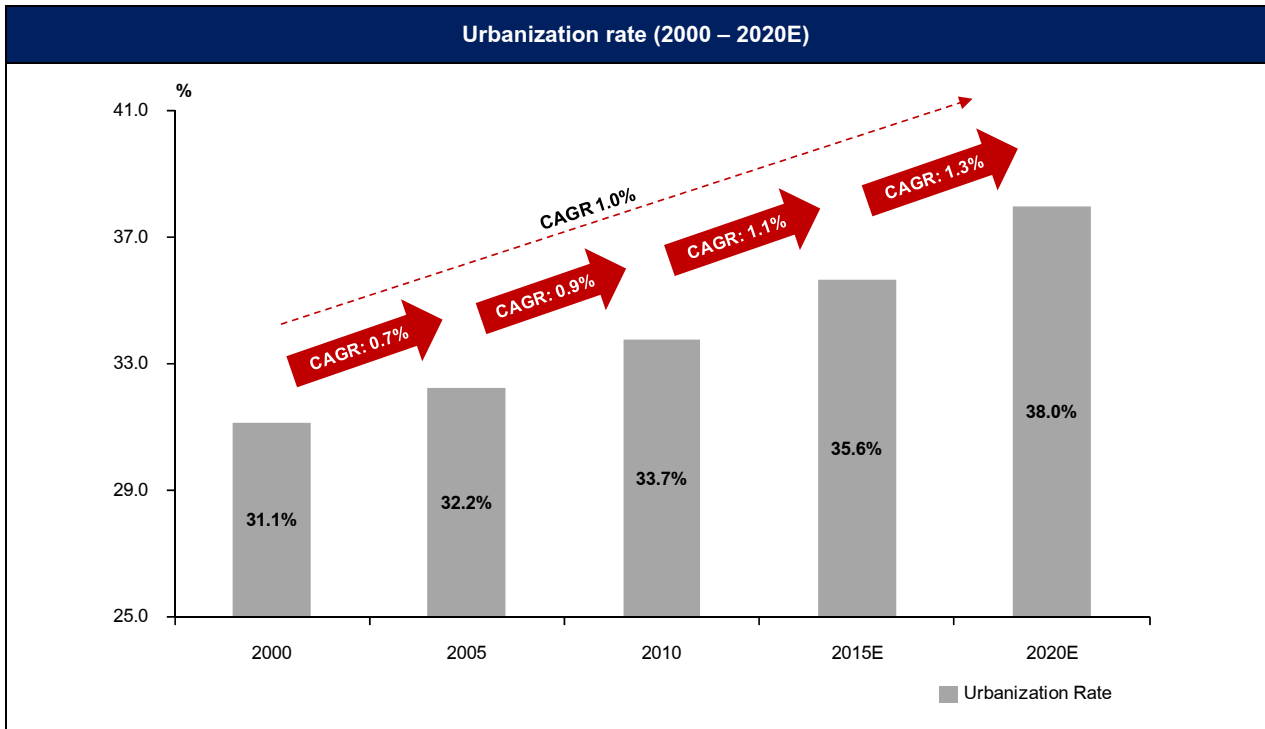




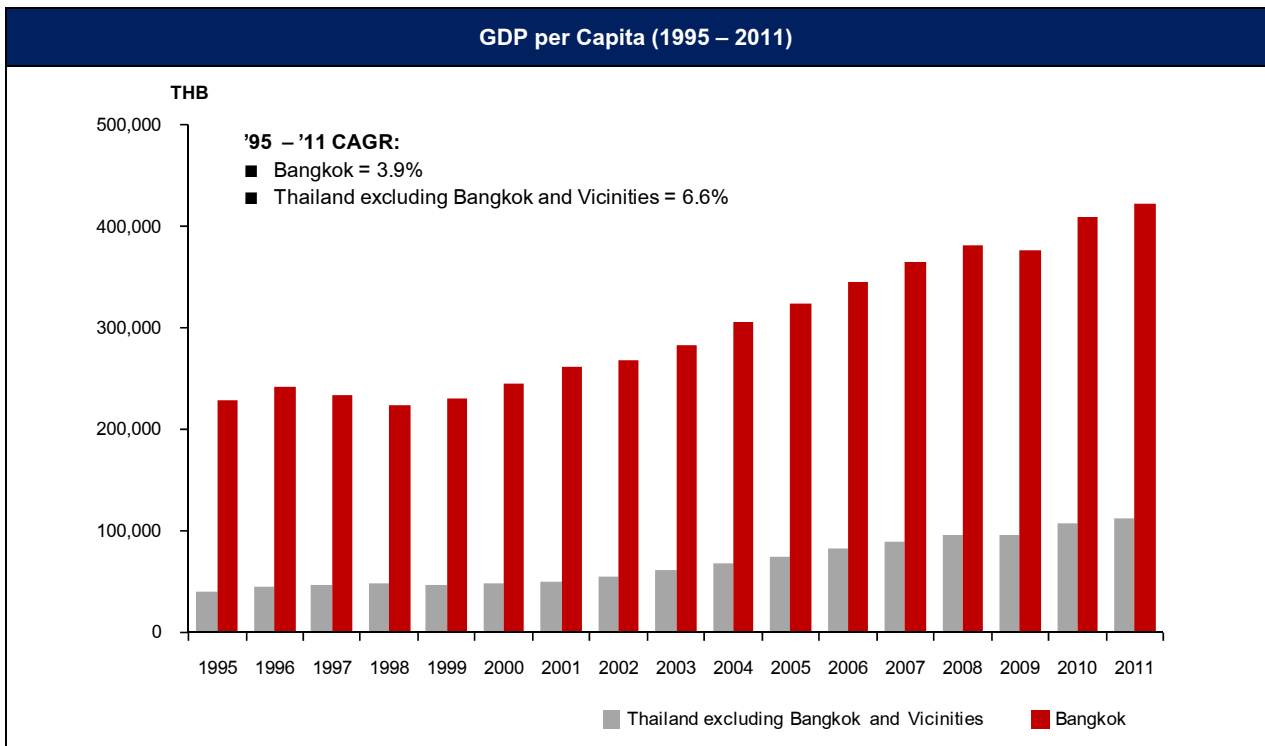
Source: Euromonitor 2012

■ **Higher urbanization**

The urban population of Thailand has been growing rapidly at an increasing rate. The United Nations (“UN”) anticipates the urbanization in Thailand to reach approximately 35.6% by 2015. Changing demographics and shifting land use patterns will significantly influence development of retail investment strategies going forward. In order to maintain competitive positions in the industry, the main players in Thai retail industry will need to refine their retail strategies to capture opportunities from higher purchasing power around new urbanized areas. The data from NESDB indicates that the upcountry GDP per capita is growing faster than Bangkok and its vicinity’s, with the upcountry’s 10 year CAGR of 6.6% (2001 - 2011) versus Bangkok and its vicinity’s CAGR of 3.9% over the same period, largely because of industrialization in the eastern region. This represents higher growth opportunity in upcountry market for retailers and wholesalers.



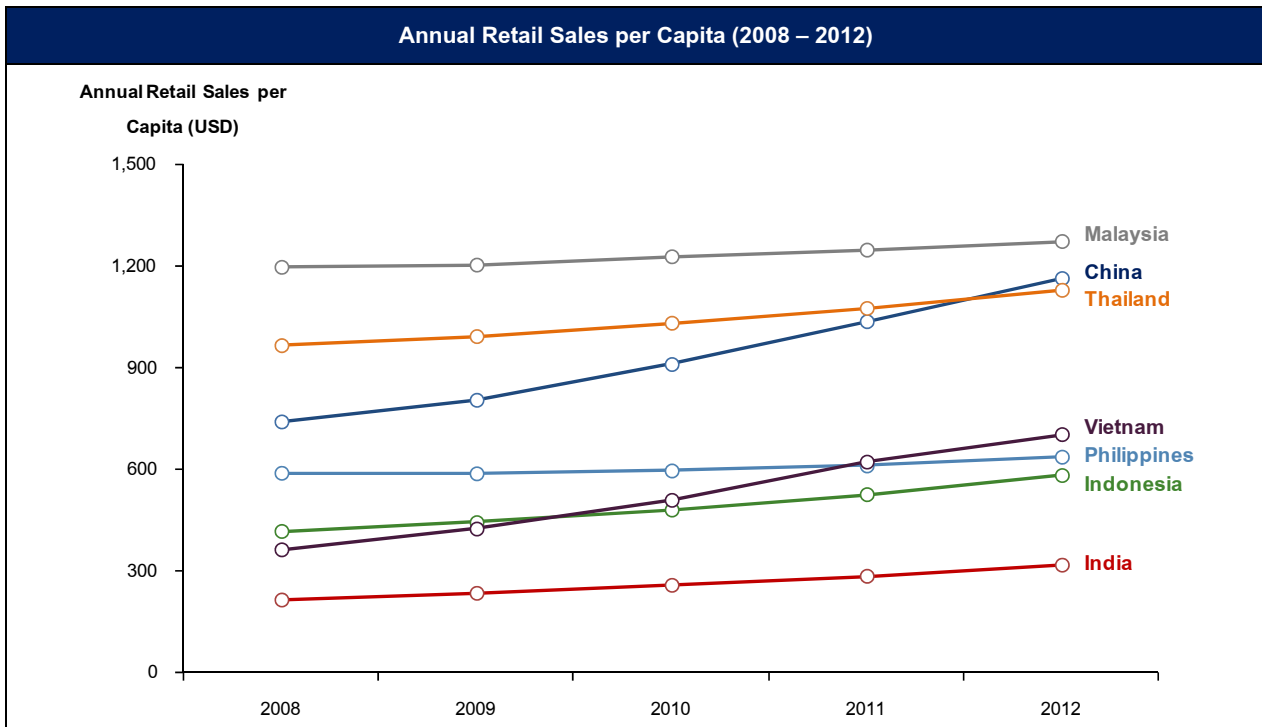
Source: United Nations, Department of Economic and Social Affairs, Population Division



Source: NESDB

■ **International Expansion Opportunities from AEC**

Retail industry has been one of the fastest-growing industries in Asia Pacific. The industry value has consistently expanded annually in spite of the recent global economic downturn, demonstrating its solid growth potential and economic resilience. In terms of total retail industry value, Vietnam had the highest compounded annual growth rate over the past five year of 19.0%, followed by China 12.5%, India 12.0%, Indonesia 9.9% and Thailand 4.6%.



Source: Euromonitor 2012

According to International Monetary Fund (“IMF”), most of retail industries in Southeast Asia region have not reached the mature stage. Store density tends to be high in the major cities, but low in provincial areas where purchasing power of consumers is lower. Vietnam and Indonesia are key emerging markets as they are still underpenetrated with an average of 50 modern trade stores per one million urban populations, compared to 300 stores per one million in Thailand, Malaysia and Singapore. This industry in Southeast Asia region is usually dominated by domestic players and has low presence of international players due to the limitation on level of foreign participation in property ownership permitted in countries like Vietnam, Malaysia and Indonesia. However, as the AEC would soon be established, foreign investment would be better-accommodated. This presents great opportunity for Thai retailers to leverage its strength and capabilities in penetrating high growth markets in Southeast Asia.

■ **New regulation to be imposed**

The situation that could possibly become a threat to retailers in Thailand is the pending of Thailand’s Retail and Wholesale Business Act. Its expressed purpose was to regulate the growth of modern mass retailers and wholesalers, and in doing so, to protect small retail businesses. The basis of the proposed legislation was that any retailing area or annual sales exceeded specified thresholds would have to apply for a license. Many retailers and wholesalers might face regulation and limitation of their future expansion plan. According to Euromonitor, international modern trade retailers have been gearing up for this and adjusted their retail formats to be smaller in size.

### 3. Fairness of the Tender Offer Price

#### 3.1 Key Assumptions in Preparation of the Opinion

In preparing this opinion, IFA have assumed, among others, on the followings:

- All information or data supplied or otherwise made available to the IFA is correct, accurate and complete. Neither the IFA nor any of its officers or employees has independently verified any of the information or data contained in this opinion or assumes any responsibility for the accuracy or completeness of such information or data (whether arising from negligence or otherwise) contained in or for any omissions from, this opinion. The IFA assumes no obligation to update or otherwise revise this opinion.
- Unless otherwise explicitly made in this opinion none of the events has occurred, is about to occur or is expected to occur that may have material adverse change in the condition (financial, operational, legal or otherwise), or in the earnings, business affairs or business prospects of any of the Company and/or its subsidiaries. Furthermore, the IFA has assumed that there is no other material adverse event including, but not limited to, economic condition, financial position or legal imposition that could have material adverse effect on the Company and/or its subsidiaries.
- Each of business contracts of Makro which is mentioned or is referred to herein including the SPA is valid, binding, and enforceable of all parties thereto under the law. There are no facts or circumstances in existence, and that no event has occurred, that would render any business contracts or any part thereto void or voidable or repudiated or frustrated or capable of rescission or revocation on the part of any of the parties thereto.
- The total number of outstanding shares as of the end of the first quarter of 2013 is equal to 240,000,000 shares.

#### 3.2 Valuation Methodologies

The IFA has conducted the valuation of the Company's As-is business ("**As-is**") using and/or referring to several methodologies and publicly available price benchmarks as follows:

1. Discounted Cash Flows Approach ("**DCF**")
2. Trading Comparable Approach
3. Precedent Transaction Comparable Approach
4. Book Value and Adjusted Book Value Approaches
5. Historical Trading Price
6. Research Analysts Consensus

The appropriateness of each methodology used by the IFA is discussed as follows:

## 1. Discounted Cash Flows Approach

DCF is an approach used to estimate the intrinsic value based upon its fundamental. The value of the firm is obtained by discounting expected cash flows to the firm. It is generally used for valuation of business, whose cash flows is currently positive and can be estimated with some reliability for future periods and where a proxy for risk that can be used to obtain discount rates is available. Since it can incorporate the Company's specific assumptions, including store expansion plan, format of new stores, cost management and product mix target that will reflect Makro's unique business model and Makro management's strategy and vision, DCF is an appropriate method in valuing Makro's shares. This method could also incorporate changes in operating assumptions in accordance with the business and industry outlook. It is anticipated that there would be no significant change in Makro's business model post-acquisition by CP ALL. Therefore, DCF can provide intrinsic value based on business fundamental and future earnings capabilities.

The IFA has applied DCF to determine fair value of the Company on As-is basis and after incorporating CP ALL's integration strategy that has been disclosed to the public to assist the Company's shareholders to envision the potential value creation, which may arise from the integration. The IFA believes that post-merger, CP ALL and Makro will work together to formulate concrete plan and strategy in order for the Company to achieve the synergy.

## 2. Trading Comparable Approach

Trading comparable approach technically assumes that the market is correct in the way it prices stocks. Therefore, a company could be valued at the same or similar range of relevant multiples as those of companies in the same or similar business being traded on one or more stock exchanges. There are many traded retailing companies on the SET and other regional & international exchanges. Nevertheless, Makro's Cash & Carry business is unique with its own business model, growth and risk profile, none of trading company can be said to be perfect comparable. Therefore, the IFA has classified companies operating the same business as or similar to Makro into 4 groups as follows;

**Tier 1:** Companies which have main operations in Thailand with most comparable operational metrics, such as the closest product offering, product mix, target customers, sales growth profile, working capital structure, and are underpinned by the similar set of macroeconomics and industry variables

**Tier 2:** Retailers whose main operations are in Thailand, have some overlapping product offerings, working capital management pattern, and capital structure, but are diverted in key product categories, and therefore, operational margins

**Tier 3:** Retailers whose main operations are in Thailand, but are distinct in terms of product offerings, target customers, sales growth profile, and working capital management

**Tier 4:** A set of operators outside of Thailand, but are in South East Asia and North Asia (excluding Japan and Australia). Hence, these companies usually face different set of macroeconomics and industry variables and are least comparable

The IFA has chosen to primarily compare Makro with peers in Thailand, especially Tier 1 to 2, due to their similarities of business environment and competitive landscape including consumers' behaviours and regulation. However, to take into account the universe of overall retail operations (domestic and regional), the IFA also conducts a second comparison set that benchmarks Makro against all domestic and regional peers. It is worth noting that due to different operating environment, the IFA gives less weight to its regional peers, hence using solely the median of selected multiples from 12 peers in evaluating the fair value of the share price.

The IFA views that the trading comparable approach based on some multiples, such as EV/EBITDA and P/E, is considered appropriate valuation approach for the Company because it takes into account the market views on Makro's performance and industry outlook. However, the P/BV approach may have limitation because it does not reflect the future earnings capability, does not capture the intangible asset value such as brand value, and could be misleading when there are significant differences in the asset intensity, such as own or lease land and when there is difference in accounting method.

### **3. Precedent Transaction Comparable Approach**

Precedent transaction comparable approach is to value the Company by analyzing multiples and/or premiums from precedent comparable merger and acquisition transactions in retail industry. However, the valuation of each transaction is driven by various factors which are specific to each company and each transaction, such as proportion of shares purchased, ability to obtain controlling stake, expected synergies and negotiation. Therefore, precedent transaction comparable approach may not be as good as DCF approach and selected Trading Comparable Approach in evaluating the Company's fair value.

### **4. Book Value and Adjusted Book Value Approaches**

Book value approach is a valuation methodology used to value Makro's share price based on the book value (total shareholder's equity) as reported on the financial statement. This method considers the accounting value of the Company's equity at a certain point in time. The book value approach has certain drawbacks including lack of consideration for future business performance, economic condition, industry trends, as well as the fair value of assets and liabilities.

The adjusted book value approach is primarily aimed to mitigate drawback of the book value approach in that assets and liabilities will be adjusted to reflect market value and subsequent events post-financial statements released date. However, due to the lack of market value information for adjustment, such as recent appraisal value, while Makro has significant asset base (land and buildings), therefore book value and adjusted book value approaches are not appropriate valuation methods used in evaluation of Makro's fair value.

### **5. Historical Trading Price**

The trading price in the secondary market reflects the demand and supply of the Company's shares in the market. The IFA has considered the Volume Weighted Average Price ("VWAP") of Makro as of 29 March 2013, which is the last trading day prior to the news regarding the divestment of Makro's business by SHV, and its respective previous 30-day, 60-day, 90-day, 180-day, and 365-day intervals. However, Makro's shares have been trading at relatively low volume with an average daily turnover ratio below 0.2% for the past 12 months. Thus, the market value may not reflect the fair value of the Company. Therefore, the historical trading price approach may not be an appropriate valuation method in evaluation of the Company's intrinsic value.

### **6. Research Analysts Consensus**

IFA has considered the target price from research analysts' consensus as another market price benchmark in evaluating the fairness of the Tender Offer Price. The research analysts' consensus is derived from collating several public research analysts' published target price published during 28 February 2013 – 22 April 2013. However, due to discrepancies in target price determination and research preparation basis, the research analysts' consensus may not be an appropriate valuation method used in evaluation of the Company's fair value.

**3.3 Key Financial Assumptions**

**3.3.1 Makro’s Revenues Projection**

Three key drivers of Makro’s revenues are Makro’s SSSG profile, its store expansion plan and ability of new stores to generate and ramp up sales.

■ **Makro’s SSSG Profile**

Sales growth of existing stores (stores that have reached stable stage of sales) depends on the Company’s ability to manage the right product offerings to the right group of target customers as well as market consumption growth in general.

Recently, Makro has been growing its Food Service Business for Food Service professional segment (the HoReCa operators), which has been proven to yield higher blended gross margin.

For assumptions of SSSG, the IFA has taken the following factors into consideration:

- Makro assumes the SSSG rate of no less than the real Thailand GDP growth plus core inflation on annual basis.
- The average SSSG during 2010 to 2012 was approximately 7.9% and indicated an upward trend as a result of effective customer development with particular focus on the HoReCa customer segment.
- Makro plans to leverage the trend of the growing retail sector and the HoReCa segment by offering the right product mix that meets this customer group’s requirements. Therefore, Makro would be able to maintain the SSSG at 7.6% - 8.5% in mid term (2013 – 2017) and then gradually decline to 4.0% in 2022.
- The historical and projection of SSSG is as follows;

	2008	2009	2010	2011	2012	2013-2017E	2018-2022E
SSSG	4.4%	5.1%	6.9%	8.4%	8.5%	7.6% - 8.5%	4.0% - 8.1%

■ **Makro’s Store Expansion Plan**

Since 2007, the Company has been expanding on an average of 4 stores annually. Below table shows the 6 year and the three month period ended 31 March 2013 historical expansion profile of the Company.

Makro's store expansion	2007	2008	2009	2010	2011	2012	1Q2013
<b>Cash &amp; Carry store</b>							
<i>Bangkok and its vicinity</i>	-	-	1	-	-	2	-
<i>Upcountry</i>	12	-	2	4	4	2	2
<b>Foodservice Store</b>							
<i>Bangkok and its vicinity</i>	-	-	-	-	-	-	-
<i>Upcountry</i>	-	-	-	-	-	1	1
<b>Total expansion</b>	<b>12</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>3</b>
<b>Ending store portfolio</b>	<b>41</b>	<b>41</b>	<b>44</b>	<b>48</b>	<b>52</b>	<b>57</b>	<b>60</b>
<i>Bangkok and its vicinity</i>	8	8	9	9	9	11	11
<i>Upcountry</i>	33	33	35	39	43	46	49

As of 31 March 2013, Makro has a total of 58 Cash & Carry stores and 2 Foodservice Store. Makro's Cash & Carry store size ranges from approximately 5,500 - 13,000 square metres; while its Foodservice Store size ranges from 1,000 - 5,000 square metres. In recent years, the Company has been increasingly focusing on expanding both its Cash & Carry store format and the new Foodservice Store format. However, due to current competitive environment among large scale retailers and zoning laws that could limit maximum store size and location, new store opening is anticipated to be in second to third tier upcountry provinces. Moreover, though self-cannibalisation can be minimised to certain extent by choosing the right location; it may not be completely avoided. Thus, sales per store could be lower than that of existing stores.

Based on the management interview, the expected store expansion plan of both Cash & Carry and Foodservice Stores is shown in table below.

	2008	2009	2010	2011	2012	2013-2017E	2018-2022E
New Stores	-	3	4	4	5	7 - 8	5 - 7

### 3.3.2 GPM

Typically, each product category, fresh food, non-food and dry food, yield different GPM. The Company's GPM are mainly driven by the composition of Makro's product offerings as well as cost management. Historically, an average Makro's GPM ranges from 9.2% - 10.4% over the past 5 years with improving trend over the past 3 years (2010-2012) by an average of 50 basis points per year.

For assumptions on GPM, the IFA has taken the following factors into consideration:

- The Company's strategy to grow the HoReCa segment, leads to the adjustment of its product mix by expanding its fresh food proportion to meet with these customers' group requirements.
- Thus, the percentage proportion of fresh food has been gradually adjusted over time and would reach the target level in 2017, in which the proportion is assumed to be stabilized afterward.
- The projection of estimated GPM percentage to sales is as follows;

	2008	2009	2010	2011	2012	2013-2017E	2018-2022E
GPM	9.2%	8.8%	9.4%	10.1%	10.4%	10.9% -12.0%	12.1% - 12.5%



**3.3.3 SG&A**

The Company’s main SG&A expenses are employee expenses, establishment expenses (e.g., utilities and cleaning), sales & promotional expenses, repair and maintenance expenses, computer related expenses, land rental expense, royalty fee, depreciation and amortization, and others.

For assumptions on SG&A, the IFA has taken the following factors into consideration:

- Additional implementation of new IT system and the direct effect from minimum wage increase results in the increasing in overall operating cost in 2013-2016. The expenses would then grow at a declining rate from 2017 onward.
- SG&A as a percentage to sales revenues in later years is expected to decline slightly because sales of stores opened during the early forecasted period ramped up and started to reach their mature stage.
- The historical and the projection of SG&A as a percentage to sales revenues is as follows;

	2008	2009	2010	2011	2012	2013-2017E	2018-2022E
% SG&A to sales revenues	6.1%	6.1%	6.4%	6.1%	6.5%	7.0% - 7.2%	6.3% - 6.8%

**3.3.4 Capital Expenditure Assumptions**

There are two main capital expenditures, which are existing store maintenance and new store expansion. Land, building and equipments are key capital expenditures for new Makro stores. The IFA incorporates the differences in capital requirement for different types of store formats, the Cash & Carry and the Foodservice types, due to their distinctive sizes, natures, and locations.

**Existing Store**

- The Company plans to invest in an IT system improvement during 2013 – 2014. The total estimated project value of THB 1,000.0 million
- The Company normally reserves certain budget for existing store renovation. The IFA incorporates the routine capital requirement into the projection by assuming the annual budget of approximately THB 1,000.0 million, which is based on current maintenance capital expenditure level, and applies the escalation factor to reflect inflation as an ongoing basis.

**New Store**

- **Cash & Carry:** Trend of Thai retail industry moves toward the second tier and third tier provincial areas in terms of population and income levels. The IFA assumes that the new Makro stores would be mostly opened in the upcountry, which generally has lower average land price than those in Bangkok and its vicinity.
- **Foodservice Store:** Foodservice Stores are mostly opened in the city centers and area with high HoReCa business potential; therefore, their availability is lower and the prices of land are generally higher. Most of the lands suitable for Foodservice Store format are normally operated under the lease format. The IFA assumes the nature of investment in new Foodservice Store would be under the lease format with certain amount of upfront payment and annual rental expenses.

- The Company’s guidance on the capital expenditures for each type of new stores opening is approximately THB 560.0 million per new Cash & Carry store and approximately THB 195.0 million per Foodservice Store. On an ongoing basis, these capital requirements for the new store are escalated by core-inflation.
- **Distribution Center:** Although existing DCs of Makro will reach their maximum capacity and the Company expects to have additional DC in the near future, there is no capital expenditure requirement as the Company normally outsources construction to a built-to-suit warehouse service provider and enters into long-term lease agreement. Hence, the DC related investment is normally treated as operating expenses.

**3.3.5 Working Capital Assumptions**

Working capital management is one of the key success factors of retail business. The lower inventory day and the longer account payable days mean better cash cycle and higher value creation to a retail company. Thanks to insightful understanding of Makro’s target customers, the Company is able to effectively manage product offering that meets customers’ requirements. This can be observed from the decreasing inventory days since 2008.

- However, due to the Company’s strategic plan of focusing on HoReCa segment, who contributes mainly to the purchase of fresh food products, it will affect flexibility of Makro to improve the working capital beyond certain level. However, the increase in fresh food products could lower the overall Makro’s inventory day.
- The IFA’s working capital assumptions are as follows:

Unit: Days	2008	2009	2010	2011	2012	Projection
Account receivable days	0.5	0.6	0.6	0.6	0.7	Maintain at the 2012 level and remain stable over the projection period
Account payable days	52.1	58.1	58.3	63.7	55.9	
Inventory days	30.5	30.3	26.9	29.4	25.8	Decline due to the increase proportion of fresh food products

*Note: Calculated base on 365 days*

**3.3.6 Macroeconomics Assumptions**

- The IFA adopts the estimated GDP based on Economist Intelligence Unit as follows:

	2008	2009	2010	2011	2012	2013-2017E	2018-2022E
Real GDP Growth	2.5%	(2.3)%	7.8%	0.1%	6.4%	4.4% - 5.5%	4.3% - 5.1%

- Core-inflation rate of 2.0%, which is consistent with historical data and target of the BOT
- Company’s effective corporate tax income rate of 22.5% from 2013 onward

**3.3.7 Other Assumptions**

Apart from the assumptions mentioned earlier, the IFA has made other key financial assumptions as follows:

- A straight-line depreciation at different useful life assumptions are applied due to the unique nature of each assets class's useful life. The adopted useful life periods are shown in the following table.

	Building	Building (Lease)	Equipment and others
Life (years)	30	25	3-10

- Interest rates are based on the Company's current deposit and interest charge rates
- The Company is contractual to pay royalty fee for the use of the IP and IT, which consist of trademark fee, software license, maintenance services for application software, virtual private networking service, and software and business intelligence application support. The trademark fee is based on percentage of sales while the other items are charged on pre-determined amount or vary with number of new stores opening. The fee would be paid to its affiliated companies, Orkam Asia Trademark AG and SHV Holdings N.V., on an annual basis. Although the acquisition of all Makro's shares by CP ALL will grant the Offeror the right to use the IP and IT, the IFA assumes the similar payment structure to continue in the future.

**3.4 Discounted Cash Flows Approach**

Under DCF approach, the IFA calculates the net present value of future cash flows of Makro's business using an appropriate discount rate which is derived as follows:

**3.4.1 Discount Rate (Weighted Average Cost of Capital "WACC")**

The discount rate used to discount future cash flows of Makro should reflect the expected rate of return required to compensate the risk undertaken for investment in Makro. While choosing an appropriate discount rate, various factors have to be taken into consideration, including the cost of debt, tax rate, risk free rate, market risk premium for investment in Thailand's stock market, and the risk of investment in the Company relative to the risk of investment in Thailand's retail business. The IFA estimates the discount rate by calculating the Weighted Average Cost of Capital as follows:

WACC is calculated as:

$$WACC = Ke*(1 - (D / (D + E))) + Kd*(1 - T)*(D / (D + E))$$

where

Ke = Rate of returns to common stock holders, which is calculated using Capital Asset Pricing Model ("CAPM") or  $Ke = Rf + \beta*(Risk\ Premium)$

Kd = Cost of debt is calculated by adding spread of AA-rated corporate bond with over 5 years to maturity to Risk-free rate

T = Marginal tax rate

D / (D+E) = Average of selected retail peers' capital structure

whereby

Rf = Risk-free investment return *Source: Phatra Research*

$\beta$  (Beta) = The volatility of retail companies' daily return in relation to the SET Index weekly returns which is calculated to be approximately 1.0 (the IFA employed the mean volatility of domestic retail companies comparable to Makro's and adjust by Makro's target capital structure, which is assumed to be equal to the mean of domestic retail

companies comparable capital structure) Source: Bloomberg as of 19 June 2013.

Risk Premium (Rm) = Market Return (from investing in the SET) that is above and beyond the returns from risk-free investments obtained by using analysts estimate. Source: Phatra Research.

Taking into consideration of all the parameters, the Ke is approximately 11.7%. The IFA uses the Kd of 5.4% which reflects the long-term borrowing rate of Makro. Therefore, the WACC of Makro is calculated to be approximately 10.0%.

**WACC Calculation**

Risk free rate (Rf)	4.5%
Rm-Rf	7.0%
Beta (times)	1.0
Cost of Equity (Ke)	11.7%
Cost of Debt (Kd)	5.4%
1 – D / (D+E)	77.9%
D / (D+E)	22.1%
Tax Rate	22.5%
<b>WACC used as discount rate for DCF</b>	<b>10.0%</b>

**3.4.2 The Summary of Makro’s Financial Projection Results during 2013 – 2022**

Unit: THB Million	2013	2014	2015	2016	2017
Earnings before interest and tax (EBIT)	5,268.9	6,411.5	7,883.4	9,074.2	10,659.3
Tax	(1,185.5)	(1,442.6)	(1,773.8)	(2,041.7)	(2,398.3)
<b>Net operating profit after tax</b>	<b>4,083.4</b>	<b>4,968.9</b>	<b>6,109.7</b>	<b>7,032.5</b>	<b>8,261.0</b>
Depreciation and amortization	1,503.0	1,706.2	1,961.0	2,132.0	2,350.9
Increase / (decrease) in working capital	1,963.4	1,469.7	1,682.5	1,912.6	2,127.4
Cash flows from investing activities	(5,370.0)	(4,753.8)	(4,418.9)	(4,507.3)	(4,575.0)
<b>Cash flows to firm</b>	<b>2,179.8</b>	<b>3,391.0</b>	<b>5,334.3</b>	<b>6,569.8</b>	<b>8,164.3</b>

Unit: THB Million	2018	2019	2020	2021	2022
Earnings before interest and tax (EBIT)	12,411.2	14,393.8	16,698.7	18,606.6	20,183.8
Tax	(2,792.5)	(3,238.6)	(3,757.2)	(4,186.5)	(4,541.4)
<b>Net operating profit after tax</b>	<b>9,618.7</b>	<b>11,155.2</b>	<b>12,941.5</b>	<b>14,420.1</b>	<b>15,642.5</b>
Depreciation and amortization	2,554.5	2,662.9	2,712.5	2,770.5	2,796.6
Increase / (decrease) in working capital	2,259.7	2,402.6	2,443.0	1,995.3	1,676.4
Cash flows from investing activities	(4,644.0)	(4,714.5)	(4,786.3)	(3,547.3)	(3,595.8)
<b>Cash flows to firm</b>	<b>9,788.8</b>	<b>11,506.3</b>	<b>13,310.8</b>	<b>15,638.5</b>	<b>16,519.7</b>

**3.4.3 The Valuation Result of Makro Using Discounted Cash Flow Approach (DCF)**

The IFA has applied valuation sensitivity factors of 0.5% to WACC and terminal growth rate to determine the DCF valuation range.

	Terminal Growth Rate 1.5% - 2.5%	
	Equity Value Range (THB million)	Price Per Share Range (THB / Share)
<b>WACC 9.5%</b>	144,465.2 - 158,092.7	601.9 - 658.7
<b>WACC 10.0%</b>	134,346.1 - 145,861.8	559.8 - 607.8
<b>WACC 10.5%</b>	125,402.4 - 135,212.5	522.5 - 563.4

**3.4.4 Sensitivity Analysis: Impact to Makro’s Value from CP ALL’s Integration Plan**

Based on IFA’s discussion with Makro’s management team on the potential business cooperation that may result from the Transaction and information obtained from CP ALL’s Investors Presentation pertaining to the Acquisition of Makro (May 2013), the IFA views that the business integration between Makro and CP ALL could create synergies and value added to the Company and benefit Makro’s shareholders. Given the market dominant position that CP ALL has in its retail sub-segment (and one of the leading players in Asia), its understanding of retailing landscape and supports from CPG, the IFA believes that further synergies could potentially be created post-acquisition and that, once materialized, would benefit Makro’s shareholders. Nonetheless, the IFA has insufficient information to evaluate the probability of success, timing and costs required to achieve such synergies.

In addition to a base valuation, the IFA has also incorporated potential synergies as disclosed by the Offeror in the financial projection to assist the shareholders to preliminarily assess the potential value from the business integration and incorporate into their consideration when making decision. Under this exercise, the IFA assumes the synergies would be realised immediately after integration without delay and without additional material investments required.

Potential synergies have been identified and reviewed as follows:

■ **Economies of scales**

With some overlapping Stock Keeping Units (“SKUs”), an integration of Makro with CP ALL could enable Makro to become more cost-efficient, which could result in higher operating margins. Greater purchasing / pricing power and lower logistic cost through joint distribution as well as stock management are key identified areas where synergies could be achievable.

■ **More efficient sourcing**

CPG is the leading agro-industrial and food conglomerate in the Asia-Pacific region. The operation is vertically integrated agro-industrial and food businesses of livestock and aquaculture starting from animal feed manufacturing, meat processing, the semi-cooked meat and fully-cooked meat manufacturing, food products and ready meal products manufacturer. By leveraging CPG’s expertise in fresh products, Makro could improve its efficiency of food sourcing, which could expand its operational margin.

CP ALL announced target synergy of 20 basis points incremental to Makro’s expected gross profit margin from 2013 to 2017 and addition of 20 basis points incremental to gross profit margin in 2014 through the benefits of economy of scale.

■ **Leveraging a well equipped personnel training institution to support future growth**

CP ALL has been seriously investing and dedicating to improve its human capital especially through Panyapiwat Institute of Technology, which aims to improve operational quality as well as to be a recruiting channel. As lack of qualified personnel is among key constraints in limiting store expansion capability, integration with CP ALL would enable Makro to accelerate producing high quality human resource sufficiently and quickly enough to support its growth plan. This could create long term benefits to existing operational improvement while enabling Makro to pursue more aggressive expansion plan with less interrupted flow of human capital supply.

■ **Higher growth in new markets**

By leveraging CPG’s expertise and understanding of market trend in Asia as well as its international presence, the Company could fully exploit its “Makro” brand to capture robust growth in new markets domestically and especially internationally. Makro could leverage CPG’s platform to effectively penetrate unfamiliar markets and prompt to every opportunity, which may arise as a result of the launch of the AEC in 2016. CP ALL disclosed Asia expansion target’s especially in the Lao People’s Democratic Republic, the Socialist Republic of Vietnam, the Republic of the Union of Myanmar, and the Kingdom of Cambodia (“LVMC”) countries, of 7 to 11 domestic and regional stores per year from 2014 to 2019.

In the projection, the IFA assumes that Makro would add 3 - 7 new Cash & Carry stores annually and add 2 - 4 Foodservice Stores annually since 2014 onward.

Under the assumptions that CP ALL has successfully executed its announced strategic plan post-acquisition, the valuation incorporating CP ALL’s synergy value ranges from THB 637.8 to 811.3 per share.

	Terminal Growth Rate 1.5% - 2.5%	
	Equity Value Range (THB million)	Price Per Share Range (THB / Share)
<b>WACC 9.5%</b>	177,270.8 - 194,708.9	738.6 - 811.3
<b>WACC 10.0%</b>	164,419.6 - 179,155.2	685.1 - 746.5
<b>WACC 10.5%</b>	153,070.0 - 165,623.3	637.8 - 690.1

This price range does not incorporate other potential synergy values apart from those disclosed in public domain that the Company and the Offeror may create post the integration.

**3.5 Trading Comparable Approach**

Trading comparable approach assumes trading multiples of companies with similar business nature, operations and environment to be comparable to the company under analysis. Based on this method, the IFA primarily selected comparable group among modern retailers and wholesalers, which share similar keys business characteristics in certain aspects from both domestic and international levels as follows:

**Local Comparable Group**

**1. CP ALL Public Company Limited (“CP ALL”)**

CP ALL operates the largest convenience store chain in Thailand under the “7-Eleven” trademark. At the end of 2012, CP ALL had a network of 6,822 7-Eleven stores nationwide. The company also owns several subsidiaries offering convenience store related services, such as pay payment collection service, marketing service, and logistics service. In

2012, total revenues of CP ALL increased by 22.3% to THB 197,815.6 million (approximately USD 6,368.1 million). The company generated total net profit of THB 11,023.2 million (approximately USD 354.9 million). 2012 GPM was recorded at 25.8% (The average exchange rate in 2012 at THB 31.1 per USD).

## **2. BIG C Supercenter Public Company Limited (“BIG C”)**

BIG C is the second largest hypermarket operator in Thailand in terms of number of stores. BIG C operates under various store formats ranging from hypermarket, supermarket, and convenience store to pharmacy. As of 31 December 2012, BIG C had a total of 113 hypermarket stores (BIG C Supercenter, BIG C Extra, and BIG C Jumbo), 18 supermarkets, 126 convenience stores (Mini BIG C), and 91 drug stores under “Pure” brand. In 2012, BIG C recorded total revenues of THB 123,732.5 million (approximately USD 3,983.2 million), a 9.3% growth from 2011, and net profit of THB 6,073.8 million (approximately USD 195.5 million). 2012 GPM was 14.4% approximately (The average exchange rate in 2012 at THB 31.1 per USD).

## **3. Robinson Department Store Public Company Limited (“ROBINS”)**

ROBINS operates a chain of department store in Thailand under the brand “Robinson”. As of 31 December 2012, ROBINS had a total of 30 branches across the country. Additionally, the company also engages in land development and specialty store business under “Power Buy” and “CRC Sport” brands. In 2012, ROBINS generated total revenues of THB 23,906.6 million (approximately USD 769.6 million), a 22.6% growth from 2011, and net profit of THB 2,063.2 million (approximately USD 66.4 million). It reported gross profit margin of 24.6% in 2012 (The average exchange rate in 2012 at THB 31.1 per USD).

## **4. Home Product Center Public Company Limited (“HMPRO”)**

HMPRO is the leading home improvement retailer in Thailand under the trade name of “Homepro”. The company distributes construction and home improvement materials under the concept “One Stop Shopping Home Center” for BIYs (“Buy-it-yourself”). As of 31 December 2012, the company had a total of 53 branches nationwide. The total revenues of HMPRO for the year 2012 was THB 36,969.3 million (approximately USD 1,190.1 million), a 21.2% growth from 2011. The company had net profit of THB 2,679.5 million (approximately USD 86.3 million). GPM in 2012 was recorded at 26.0% (The average exchange rate in 2012 at THB 31.1 per USD).

## **5. Siam Global House Public Company Limited (“GLOBAL”)**

GLOBAL is a hard-line retailer distributing construction materials and home improvement in the provincial area under the “Global House” trade name. The company offers a wide range of products, over 90,000 SKUs, under the concept “One Stop Shopping Home Improvement Center”. At the end of 2012, it operated 20 stores in Thailand. In 2012, GLOBAL generated total revenues of THB 11,098.8 million (approximately USD 357.3 million), a 31.7% growth from the previous year, and net profit of THB 609.0 million (approximately USD 19.6 million). GPM in 2012 was reported at 15.0% (The average exchange rate in 2012 at THB 31.1 per USD).

## **6. OfficeMate Public Company Limited (“OFM”)**

OFM is the distributor of stationary and office equipment through 3 main channels: online catalogue, call center and stores. The company also owns 2 other subsidiaries conducting a similar business. As of 31 December 2012, OFM had 45 branches under its brand, 890 B2S shops and 2 Trendyday.com shops. In 2012, the company generated total revenues of THB 7,176.6 million (approximately USD 231.0 million), a 17.4% increase from 2011, and net profit of

THB 287.1 million (approximately USD 9.2 million). OFM recorded GPM at 22.6% in 2012 (The average exchange rate in 2012 at THB 31.1 per USD).

### International Comparable Group

#### 1. Dairy Farm International Holdings Limited (“Dairy”)

Dairy operates supermarkets, hypermarkets, health and beauty stores, convenience stores and home furnishings stores under various brands, such as 7-Eleven, IKEA, GNC, Guardian, and Wellcome. As of 31 December 2012, the group managed over 5,600 outlets in Singapore, Taiwan, Hong Kong, the Philippines, Malaysia, Indonesia, Brunei, China, India and Cambodia. In 2012, the group recorded revenues over USD 9,800.6 million, representing a 7.1% growth from 2011. Net profit of Dairy for the year 2012 was USD 447.5 million and GPM of 28.9%.

#### 2. Sun Art Retail Group Limited (“Sun Art”)

Sun Art is China’s largest and fastest growing hypermarket operator in terms of sales. It operates two chains of hypermarkets namely “RT-Mart” and “Auchan”. As of 31 December 2012, the company had a nationwide footprint of 273 hypermarket complexes in 25 provinces across China. Sun Art revenues grew by 14.3% to RMB 77,851.0 million (approximately USD 12,338.5 million) in 2012. Net profit was recorded at RMB 2,409.0 million (approximately USD 381.8 million) and GPM of 20.7% (The average exchange rate in 2012 at RMB 6.3 per USD).

#### 3. Lotte Shopping Co., Ltd (“Lotte”)

Lotte engages in the retail operations through department stores, discount stores, supermarkets and convenience stores in South Korea and abroad. The company has 55 subsidiaries which can be divided into following segments: department store, discount store, finance, electronics and other. As of 31 December 2012, Lotte operated 31 department stores, 6 outlets, 1 Lotte mall, 103 discount stores, 391 supermarkets and 91 cinemas in South Korea. In terms of overseas operation, it managed 102 discount stores in China, 4 in Vietnam and 31 in Indonesia. The total revenues of Lotte for the year 2012 increased by 12.5% from the previous year to KRW 25,043.7 billion (approximately USD 22,243.9 million). It reached net profit of KRW 1,080.3 billion (approximately USD 959.5 million) in 2012 and GPM of 30.5% in 2012 (The average exchange rate in 2012 at KRW 1,125.9 per USD).

#### 4. China Resource Enterprise Limited (“China Resource”)

China Resource focuses on core consumer business in China. Its primary businesses include retailing, beer, food and beverage manufacturing, with approximately 66% of its revenues derived from retail business. At the end of 2012, it owned a network of over 4,400 multi-format stores in China. The group’s “Snow Beer” brand is the world’s best-selling single beer brand in terms of volume. China Resource generated total revenues of HKD 126.2 billion (approximately USD 16,273.7 million), a 14.6% increase from 2011, and net profit of HKD 3.9 billion (approximately USD 508.6 million). It reported 2012 GPM of 14.1% (The average exchange rate in 2012 at HKD 7.8 per USD).

#### 5. President Chain Store Corporation (“President”)

President is the leader of retailing industry in Taiwan operating convenience store chain under “7-Eleven” trade name in Taiwan and overseas. The company engages in various retailing business, such as ice cream stores, gas stations, chain restaurants, department stores, and online bookstores. As of the end of 2012, President owned 7,366 stores in Taiwan. The group revenues was totalled to NTD 134.6 billion (approximately USD 4,550.8 million) for 2012, representing a growth of 9.7% from the previous year. Net profit was recorded at NTD 6.8 billion (approximately USD 229.6 million). President had GPM of 29.3% in 2012 (The average exchange rate in 2012 at TWD 29.6 per USD).



#### 6. E-Mart Co., Ltd. (“E-mart”)

E-mart is the largest hypermarket chain in South Korea. The company operates E-mart Trader (a discount store), E-mart Mall (an online store) and E-mart Everyday (a supermarket). At the end of 2012, the company managed 146 stores in South Korea and 16 stores in China. For 2012, total revenues of E-mart was reported at KRW 10,939.0 billion (approximately USD 9,716.1 million), a 51.5% increase from 2011. Net profit of the company was KRW 307.3 billion (approximately USD 273.0 million). E-mart recorded GPM of 28.9% in 2012 (The average exchange rate in 2012 at KRW 1,125.9 per USD).

#### 7. Golden Eagle Retail Group Limited (“Golden Eagle”)

Golden Eagle is the largest department store chain operator in Jiangsu province, China under the concept of “Complete Lifestyle Experience”. As of 31 December 2012, the company managed 27 self-owned stores across 4 provinces and one municipality covering 16 cities. Golden Eagle revenues increased by 12.6% from 2011 to RMB 3,622.9 million (approximately USD 574.2 million). It had net profit of RMB 1,217.6 million (approximately USD 193.0 million) and GPM of 73.4% in 2012 (The average exchange rate in 2012 at RMB 6.3 per USD).

#### 8. Wumart Store, Inc. (“Wumart”)

Wumart operates retail chains of superstores and convenience stores in 4 provinces in China. Wumart had a retail network of 538 stores at the end of 2012, comprising 141 superstores and 397 convenience stores. The group revenues was totalled to RMB 15,363.0 million (approximately USD 2,434.9 million) for 2012, representing a 5.7% growth from the previous year. Net profit was recorded at RMB 601.7 million (approximately USD 95.4 million) and GPM of Wumart amounted to 19.5% in 2012 (The average exchange rate in 2012 at RMB 6.3 per USD).

#### 9. Puregold Price Club, Inc. (“Puregold”)

Puregold, one of the fastest-growing retail chains in the Philippines, operates as a retailer in the hypermarket, general merchandise and full-service supermarket, discount store, and membership shopping store format. At the end of 2012, the company managed 156 stores, which can be separated into 78 hypermarkets, 38 supermarkets, 15 discounts, 6 S&R and 19 Parco Supermarket. Puregold revenues increased by 47.4% from 2011 to PHP 57,466.5 million (approximately USD 1,362.1 million). Net profit for the period was PHP 2,717.5 million (approximately USD 64.4 million) and GPM of 16.1% in 2012 (The average exchange rate in 2012 at PHP 42.2 per USD).

#### 10. Shinsegae Co., Ltd. (“Shinsegae”)

Shinsegae operates department store chain in South Korea under its own brand. The main branch of Shinsegae is the first department store in South Korea, while its Busan store is the world’s largest department store. The company also owns several subsidiaries in department store related business. At the end of 2012, Shinsegae had 10 department stores countrywide. It generated total revenues of KRW 2,296.7 billion (approximately USD 2,039.3 million) for the year 2012, a 5.0% increase from 2011. Net profit was reported at KRW 161.6 billion (approximately USD 143.5 million) and GPM of 65.0% in 2012 (The average exchange rate in 2012 at KRW 1,125.9 per USD).

#### 11. Parkson Holdings Sdn Bhd (“Parkson”)

Parkson, the largest department store chain in Malaysia, owns and operates department stores under the “Parkson” and “Centro” brands in Malaysia, China, and Vietnam. As of 30 June 2012, Parkson managed 108 stores in China, Malaysia, Vietnam and Indonesia. For the financial year ended 30 June 2012, the company recorded total revenues at RMB 3,920.6 million (approximately USD 621.4 million), an increase of 16.1% from the previous year. Net

profit of the company was RMB 380.1 million (approximately USD 60.2 million) and GPM of 71.0% in 2012 (The average exchange rate in 2012 at RMB 6.3 per USD).

**12. Far Eastern Department Store Ltd. (“Far Eastern”)**

Far Eastern is the only listed department store chain in Taiwan. The company also engages in various operations including children’s entertainment playground, restaurants, food courts, beverage stores, film developer shops, and advertisement facilities. The group generated total revenues of NTD 39.1 billion (approximately USD 1,323.2 million) in 2012, a 40.7% increase from 2011, and net profit of NTD 1.7 billion (approximately USD 57.2 million). Far Eastern had GPM of 18.4% in 2012 (The average exchange rate in 2012 at TWD 29.6 per USD).

**Comparable Peers Selection Analysis**

To derive the closest comparables, and overcome the differences in various business aspects of each company, the IFA has considered several criteria when analysing the most comparable peers. Below table shows summary of domestic peers segregated into different categories based on the following rationales;

Name	Business Characters & Target Customers	% Revenue Contributed by Foods 2012	Leverage (Interest Bearing D/E)	Sale CAGR		GPM		Inventory Days <sup>(2)</sup>	Recent Events
			1Q2013	Y09-12	Y13-15	Y09-12 <sup>(1)</sup>	1Q2013 <sup>(2)</sup>	2012	
<b>Domestic Peers</b>									
	Cash & Carry; offering food and non-food products to professional customers mainly on wholesale basis	86.6	0.2x	13.6	13.3	7.9	8.5	25.8	Acquired by CPALL (Announced: 23/04/2013)
<b>Tier 1</b>									
	Hypermarkets & mall business with recent addition of small-format and drug store line. Catering to mass end consumers	66.2	0.9x	18.5	12.7	17.1	14.0	35.0	Acquired Carrefour Thailand (05/01/2011)
	Convenient stores focus on ready-to-eat and drink foods; targeting all classes of customers by offering shopping convenience	72.8	0.0x	18.9	23.9	25.8	25.9	23.2	Acquired Siam Makro (Announced: 23/04/2013)
<b>Tier 2</b>									
	Department stores focusing on end consumers (middle-income young professional & families)	0.0	0.0x	16.9	23.1	24.3	23.7	27.9	N.A.
<b>Tier 3</b>									
	Construction and home improvement. Target customers include end consumer and project owners/contractor	0.0	0.5x	20.3	26.8	26.2	26.0	69.7	N.A.
	Construction and home improvement supplies with more focus on contractor on top of home owner	0.0	0.1x	36.9	48.9	15.6	15.5	161.1	34.36% Acquired by SCG Distribution (06/11/2012)
	Office supplies and stationary, plus strategy to grow on-line shopping	0.0	0.0x	n.a.	24.2	13.3	21.9	63.4	Acquired Office Club (Thai) and B2S (24/12/2012)

Source: Bloomberg, Mergermarket and companies' financial statements

Note (1) Inventory days of CP ALL, BIG C, and Makro are calculated from companies' financial statements





(2) From companies' financial statements

The IFA classifies the selected comparables into two main groups, namely the Thai-based companies and regional companies (excluding Japan and Australia as they are developed countries). In order to determine a degree of comparability, the IFA analyses the following criteria;

- **Product and customer mix:** Because the Company generates most of the revenues from foods, product mix could be one key consideration. While the Company, BIG C, and CP ALL have generated large proportion of revenues from foods, other domestic modern trade companies focus on non-foods revenues. Customer focus is another key aspect for consideration. Each company provides different range of products in response to different target customers. With large overlapping customer segments among Makro, CP ALL and BIG C, the IFA considers these two comparables as fundamentally similar. While ROBINS has some overlapping non-food product offerings, HMPRO, GLOBAL, and OFM are quite distinct from product and customer mixes perspective, but would be more comparable in terms of their nature of being a retail companies.
- **Capital structure:** One of the criteria for consideration is the capital structure or the usage of debt level. From leverage level perspective, the most comparable peers would be CP ALL, ROBINS, OFM and GLOBAL. It is worth noting that BIG C's high level of gearing is a result of its acquisition of Carrefour in 2011. Before that, BIG C had also run at minimum leverage just as the Company.
- **Working capital:** Working capital, such as inventory days and account payable days, reflects similarity in business fundamentals and business models. The most comparable peers based on working capital are CP ALL, BIG C, ROBINS and OFM.
- **Sales Growth:** Assessing from growth profile or sales revenues CAGR during 2009 to 2012, CP ALL, BIG C, and ROBINS are top of the most comparable list.

Due to the Company's business policy which focuses on efficient cost structure to support pricing policy for target customers, the Company's profitability is different from other comparable companies. Therefore, the profitability may not be good criteria for comparable company selection.

According to these key considerations, the IFA classifies comparables into four tiers shown in below table.

	 Tier 1	 Tier 2	 Tier 3	 Tier 4
Operate in Thailand	●	●	●	○
Target customers	●	●	●	●
Product offering and product mix	●	●	●	●
Capital structure	●	●	●	●
Working capital structure	●	●	●	●
Sales Growth	●	●	○	●

Based on Tiers classified above, trading multiples under each combination of Tiers are as follows;

	Mkt Cap	EV	EV/EBITDA		P/E		P/BV
	(THB mm)	(THB mm)	2013E	2014E	2013E	2014E	1Q 2013
<b>Domestic Peers</b>							
<b>Tier 1</b>							
CP ALL	361,569.8	339,262.3	16.5x	12.5x	27.5x	22.6x	11.9x
BIG C	162,937.5	187,754.5	13.5x	11.9x	23.1x	19.7x	4.9x
<b>Tier 2</b>							
ROBINS	76,635.6	74,633.0	17.5x	13.9x	29.8x	23.3x	6.7x
<b>Tier 1 and Tier 2</b>							
<b>Mean</b>			15.8x	12.8x	26.8x	21.9x	7.8x
<b>Median</b>			16.5x	12.5x	27.5x	22.6x	6.7x
<b>Tier 3</b>							
HMPRO	115,074.9	119,152.7	19.1x	15.5x	34.8x	27.9x	10.8x
GLOBAL	62,455.9	63,356.4	31.2x	20.3x	51.6x	33.6x	6.6x
OFM	19,760.0	19,194.7	24.4x	19.2x	39.8x	30.8x	4.6x
<b>Regional Peers</b>							
<b>Tier 4</b>							
DAIRY FARM	506,952.6	492,431.5	19.7x	17.5x	29.8x	26.1x	13.4x
SUN ART	408,687.0	408,174.1	13.4x	11.4x	30.1x	25.7x	12.6x
LOTTE	305,738.7	420,261.3	6.7x	6.0x	11.1x	9.8x	0.8x
CHINA RESOURCES	230,984.8	289,249.0	8.3x	7.2x	32.2x	24.4x	1.1x
PRESIDENT	196,914.9	190,536.4	20.3x	19.1x	25.1x	22.7x	8.2x
E-Mart	151,195.9	223,476.6	7.8x	7.1x	12.3x	10.7x	0.9x
GOLDEN EAGLE	83,525.5	85,355.9	8.7x	7.5x	12.6x	11.0x	3.2x
WUMART	73,405.1	69,735.3	10.2x	8.9x	21.8x	19.1x	5.0x
PUREGOLD	68,872.5	68,517.4	14.5x	11.8x	24.7x	19.9x	3.4x
SHINSEGAE	59,673.8	112,168.6	11.7x	10.6x	13.3x	11.9x	1.0x
PARKSON	42,379.0	41,797.9	4.4x	4.0x	14.3x	12.7x	1.0x
FAR EASTERN	38,078.8	59,442.5	19.0x	16.5x	18.2x	18.5x	1.3x
<b>Domestic and Regional Peers</b>							
<b>All</b>							
<b>Mean</b>			19.0x	14.7x	32.4x	25.2x	6.8x
<b>Median</b>			17.5x	13.9x	29.8x	23.3x	6.6x

Source: Bloomberg as of 20 June 2013

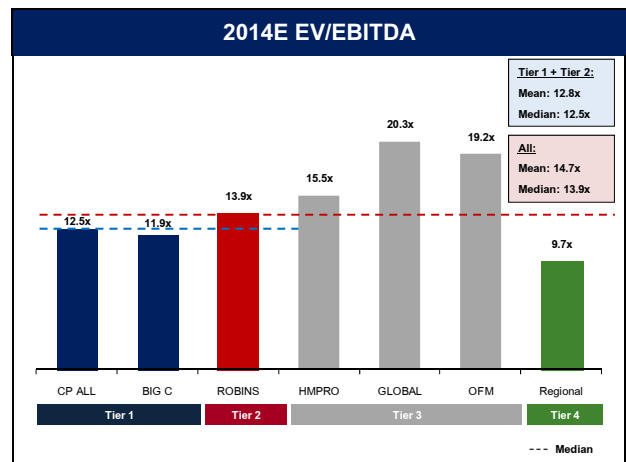
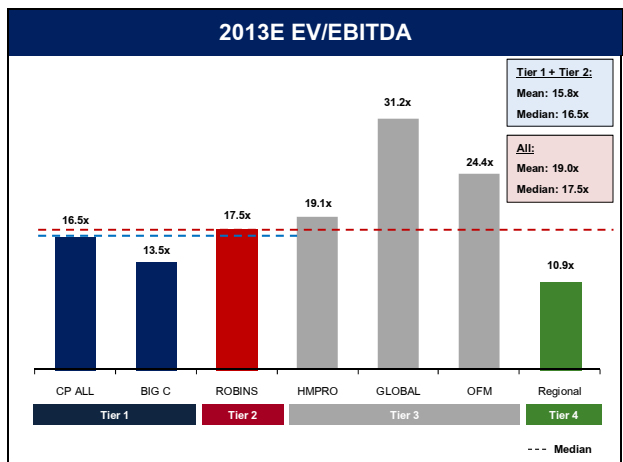
For the trading comparable approach, the IFA has selected the followings multiples to value Makro’s equity or enterprise value.

- Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio (EV/EBITDA Multiple)
- Price to Earnings Ratio (P/E Multiple)
- Price to Book Value Ratio (P/BV Multiple)

Corresponding to the multiples of the comparable group, the value of the Company or the estimated equity value per share would be calculated based on projected operational metric of the Company in 2013 and 2014. Based on the analysis of comparables in multiples angles, the IFA selects all domestic exclude Tier 3 and all Domestic / Regional peers as the comparable groups.

**3.5.1 Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortization Ratio (“EV/EBITDA”)**

Under EV/EBITDA approach, there are two steps to calculate the value of the Company. The first step is to find the enterprise value (EV) of the Company by multiplying its EBITDA with EV/EBITDA multiple of the comparable group. Then, the enterprise value will be subtracted by net debt and minority interests.



**Summary of Valuation Results based on EV/EBITDA Multiple**
**■ Tier 1 and Tier 2 Comparable Group**

Interval	2013E	2014E
Unit: THB million (unless indicated)		
<b>Assumptions</b>		
Estimated EBITDA	5,962.4	7,456.5
<b>Result</b>		
Median EV/EBITDA +10%	18.1x	13.8x
Median EV/EBITDA	16.5x	12.5x
Median EV/EBITDA -10%	14.8x	11.3x
Range of enterprise value	88,318.9 - 107,945.4	83,988.4 - 102,652.5
Range of equity value	91,627.7 - 111,254.1	87,297.2 - 105,961.3
Range of equity value per share (THB)	381.8 - 463.6	363.7 - 441.5

Based on the range of  $\pm 10\%$  of EV/EBITDA multiple of Tier 1 and Tier 2 comparable group, the estimated equity value per share of the Company lies between THB 381.8 and THB 463.6 for EV/EBITDA 2013E and between THB 363.7 and THB 441.5 for EV/EBITDA 2014E.

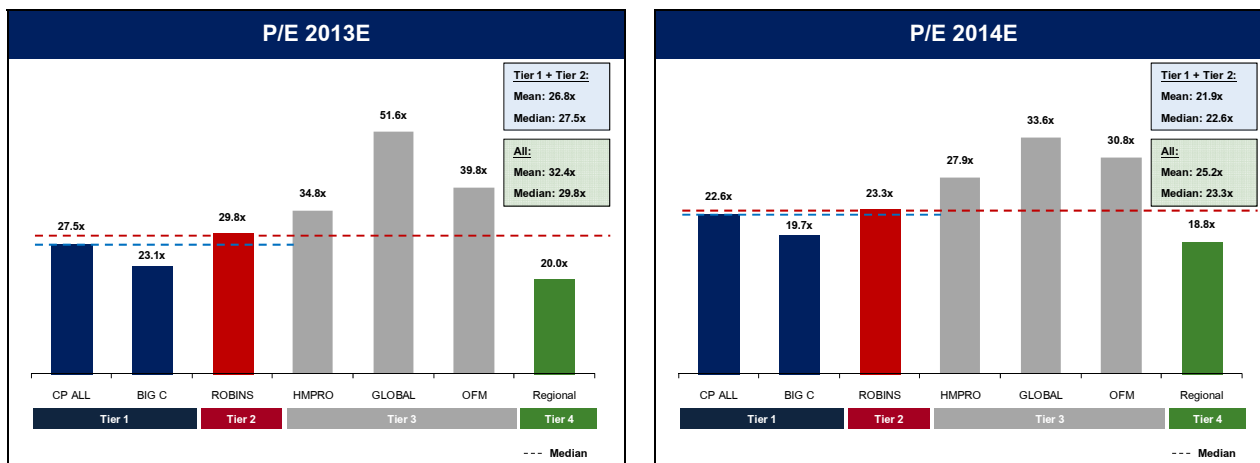
**■ All Comparable Group**

Interval	2013E	2014E
Unit: THB million (unless indicated)		
<b>Assumptions</b>		
Estimated EBITDA	5,962.4	7,456.5
<b>Result</b>		
Median EV/EBITDA +10%	19.2x	15.3x
Median EV/EBITDA	17.5x	13.9x
Median EV/EBITDA -10%	15.7x	12.5x
Range of enterprise value	93,838.0 - 114,690.9	93,489.8 - 114,265.3
Range of equity value	97,146.7 - 117,999.6	96,798.5 - 117,574.0
Range of equity value per share (THB)	404.8 - 491.7	403.3 - 489.9

Based on the range of  $\pm 10\%$  of EV/EBITDA multiple of all comparable group (domestic and regional comparable group), the estimated equity value per share of the Company lies between THB 404.8 and THB 491.7 for EV/EBITDA 2013E and between THB 403.3 and THB 489.9 for EV/EBITDA 2014E.

**3.5.2 Price to Earnings Ratio (P/E Multiple)**

Similar to EV/EBITDA multiple, P/E multiple is used to calculate value of the Company by multiplying its net profit with P/E multiple of the peer companies. Employing the same technique of minimum and maximum range, the value of the Company would also be found in range.



**Summary of Valuation Results based on P/E Multiple**

■ **Tier 1 and Tier 2 Comparable Group**

Interval	2013E	2014E
Unit: THB million (unless indicated)		
<b>Assumptions</b>		
Estimated Net Profit	4,094.7	4,964.7
<b>Result</b>		
Median P/E + 10%	30.3x	24.9x
Median P/E	27.5x	22.6x
Median P/E - 10%	24.8x	20.3x
Range of equity value	101,446.8 - 123,990.5	100,943.8 - 123,375.8
Range of equity value per share (THB)	422.7 - 516.6	420.6 - 514.1

Based on the range of ±10% of P/E multiple of Tier 1 and Tier 2 comparable group, the estimated equity value per share of the Company lies between THB 422.7 and THB 516.6 for P/E 2013E and between THB 420.6 and THB 514.1 for P/E 2014E.



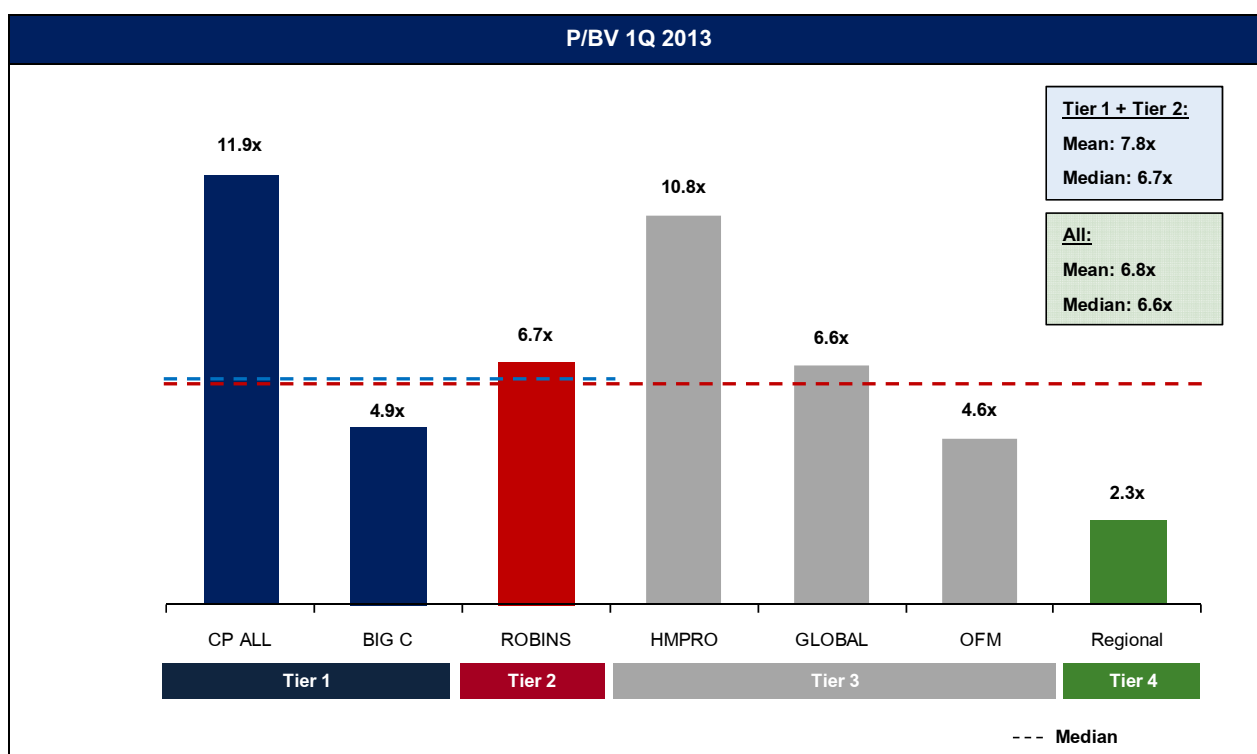
■ All Comparable Group

Interval	2013E	2014E
Unit: THB million (unless indicated)		
<b>Assumptions</b>		
Estimated Net Profit	4,094.7	4,964.7
<b>Result</b>		
Median P/E + 10%	32.8x	25.7x
Median P/E	29.8x	23.3x
Median P/E - 10%	26.8x	21.0x
Range of equity value	109,756.4 - 134,146.8	104,222.5 - 127,383.0
Range of equity value per share (THB)	457.3 - 558.9	434.3 - 530.8

Based on the range of  $\pm 10\%$  of P/E multiple of all comparable group (domestic and regional comparable group), the estimated equity value per share of the Company lies between THB 457.3 and THB 558.9 for P/E 2013E and between THB 434.3 and THB 530.8 for P/E 2014E.

**3.5.3 Price to Book Value Ratio (P/BV Multiple)**

P/BV multiple aims to calculate value of the Company by multiplying its book value with P/BV multiple of the peer companies. The same technique is employed as EV/EBITDA and P/E multiples to determine the valuation range of the company.



**Summary of Valuation Results based on P/BV Multiple**
**■ Tier 1 and Tier 2 Comparable Group**

Interval	1Q 2013
Unit: THB Million (unless indicated)	
<b>Assumptions</b>	
Book value	11,871.7
<b>Result</b>	
Median P/BV + 10%	7.3x
Median P/BV	6.7x
Median P/BV - 10%	6.0x
Range of equity value	71,308.3 - 87,154.6
Range of equity value per share (THB)	297.1 - 363.1

Based on the range of  $\pm 10\%$  of P/BV multiple of Tier 1 and Tier 2 comparable group, the estimated equity value per share of the Company lies between THB 297.1 and THB 363.1 for 1Q 2013 P/BV.

**■ All Comparable Group**

Interval	1Q 2013
Unit: THB Million (unless indicated)	
<b>Assumptions</b>	
Book value	11,871.7
<b>Result</b>	
Median P/BV + 10%	7.3x
Median P/BV	6.6x
Median P/BV - 10%	6.0x
Range of equity value	70,746.8 - 86,468.3
Range of equity value per share (THB)	294.8 - 360.3

Based on the range of  $\pm 10\%$  of P/BV multiple of all comparable group, the estimated equity value per share of the Company lies between THB 294.8 and THB 360.3 for 1Q 2013 P/BV.

Additionally, the book value of Makro used in the assumption was pre-acquisition. Change in assets or capital structure after the acquisition may cause P/BV multiple valuations to change.

### 3.6 Precedent Transaction Comparable Approach

Precedent transaction comparable approach is used to value Makro's shares by comparing past merger and acquisition transaction multiples in retail industry in North Asia (China, Hong Kong, and Korea) and South East Asia with transaction value over USD 500.0 million (except for Siam Family Mart transaction that has less than USD 500.0 million deal value). Details of past precedent transaction comparables are presented in the below table.

Announced Date	Completed Date	Target Company	Bidder	Deal Value (USD mm)	% Acquired	Implied EV/EBITDA <sup>(7)</sup>	Implied P/E <sup>(8)</sup>
20 Nov 2012	16 Jan 2013	PT Carrefour Indonesia	PT CT Corp <sup>(1)</sup>	672.0	60.0%	n.a.	n.a.
22 Oct 2012	01 Jan 2013	Lotte Midopa Co., Ltd. (Formerly named Midopa Co.)	Lotte Shopping Co., Ltd <sup>(1)</sup>	743.0	21.0%	56.7x	86.5x
16 Oct 2012	16 Oct 2012	Central City Co., Ltd.	Shinsegae Co., Ltd <sup>(1)</sup>	924.0	60.0%	n.a.	37.4x
24 Sep 2012	27 Sep 2012	Siam Family Mart Co., Ltd.	Central Retail Corporation <sup>(1)</sup>	102.0	50.3%	n.a.	69.8x
29 Jul 2011	31 Jan 2012	Jiangxi Hongkelong Department Store Investment Co., Ltd	China Resources Enterprise, Ltd <sup>(2)</sup>	573.0	100.0%	n.a.	40.6x
22 Nov 2011	31 Dec 2011	Rainbow Department Store Co., Ltd.	AVIC International Holdings Ltd <sup>(2)</sup>	995.0	39.5%	15.0x	34.3x
04 Nov 2010	05 Aug 2011	Shanghai Bailian Group Co., Ltd. (Formerly Shanghai No.1 Department Store Co., Ltd)	Shanghai Friendship Group Inc <sup>(3)</sup>	2,535.0	100.0%	15.4x	32.3x
15 Nov 2010	05 Jan 2011	Carrefour Thailand	Big C Supercenter PLC <sup>(4)</sup>	1,179.0	100.0%	14.0x	n.a.
25 Jan 2010	01 Apr 2010	Matahari Department Store Tbk PT	Meadow Asia Company Ltd <sup>(3)</sup>	777.0	90.8%	n.a.	n.a.
20 Oct 2009	11 Jan 2010	Times Ltd.	Lotte Shopping Co., Ltd <sup>(5)</sup>	644.0	100.0%	15.9x	31.2x
14 May 2008	17 Sep 2008	E-Land Retail Ltd.	Tesco PLC <sup>(6)</sup>	2,237.0	100.0%	30.6x	n.a.

Max	56.7x	86.5x
Median	15.6x	37.4x
Min	14.0x	31.2x

Source: Mergermarket and Capital IQ

Note: (1) Financials for the year ending 31 Dec 2011

(2) Financials for the year ending 31 Dec 2010

(3) Financials for the year ending 31 Dec 2009

(4) Financials for the year ending 30 Jun 2010

(5) Financials for the year ending 31 Dec 2008

(6) Financials for the year ending 31 Dec 2007

(7) Calculated based on the net transaction value as of the announced date and the latest pre-transaction EBITDA from companies' financial statements

(8) Calculated based on the shareholders' equity value as of the announced date and the latest pre-transaction net profit from companies' financial statements

**Summary of Valuation Results based on EV/EBITDA Multiple**

Interval	2012
Unit: THB Million (unless indicated)	
<b>Assumptions</b>	
EBITDA	5,346.5
<b>Result</b>	
Median EV/EBITDA +10%	17.2x
Median EV/EBITDA	15.6x
Median EV/EBITDA -10%	14.1x
Range of enterprise value	75,180.3 - 91,887.1
Range of equity value	78,489.1 - 95,195.8
Range of equity value per share (THB)	327.0 - 396.6

Based on the range of  $\pm 10\%$  of EV/EBITDA multiple of precedent transaction comparables, the estimated equity value per share of the Company lies between THB 327.0 and THB 396.6.

**Summary of Valuation Results based on P/E Multiple**

Interval	2012
Unit: THB Million (unless indicated)	
<b>Assumptions</b>	
Net Profit	3,556.2
<b>Result</b>	
Median P/E +10%	41.1x
Median P/E	37.4x
Median P/E -10%	33.6x
Range of equity value	119,554.3 - 146,121.9
Range of equity value per share (THB)	498.1 - 608.8

Based on the range of  $\pm 10\%$  of P/E multiple of precedent transaction comparables, the estimated equity value per share of the Company lies between THB 498.1 and THB 608.8.

However, the transaction price of each specific transaction may reflect various factors which are specific to each company or to each transaction, such as proportion of shares purchased, ability to obtain controlling stake, the business characteristics of each company and expected synergies. Therefore, the precedent transaction comparable approach is not considered as a meaningful methodology to further evaluate the value of Makro.

**3.7 Book Value and Adjusted Book Value Approaches**

The book value approach aims to value the company at its equity portion in its latest financial statement. However, for adjusted book value approach, the IFA takes into consideration the dividend payment after the end of the latest accounting period, as of 31 March 2013. According to the resolution of the board of director meeting of the Company No. 1/2013 held on 27 February 2013, the Company declared the final dividend of THB 7.3 per share for the operation of 2012, payable on 23 May 2013. The final dividend payment was in addition to the interim dividend of THB 3.5 per share and THB 1.8 per share paid on 7 September 2012 and 4 December 2013, respectively. The final dividend

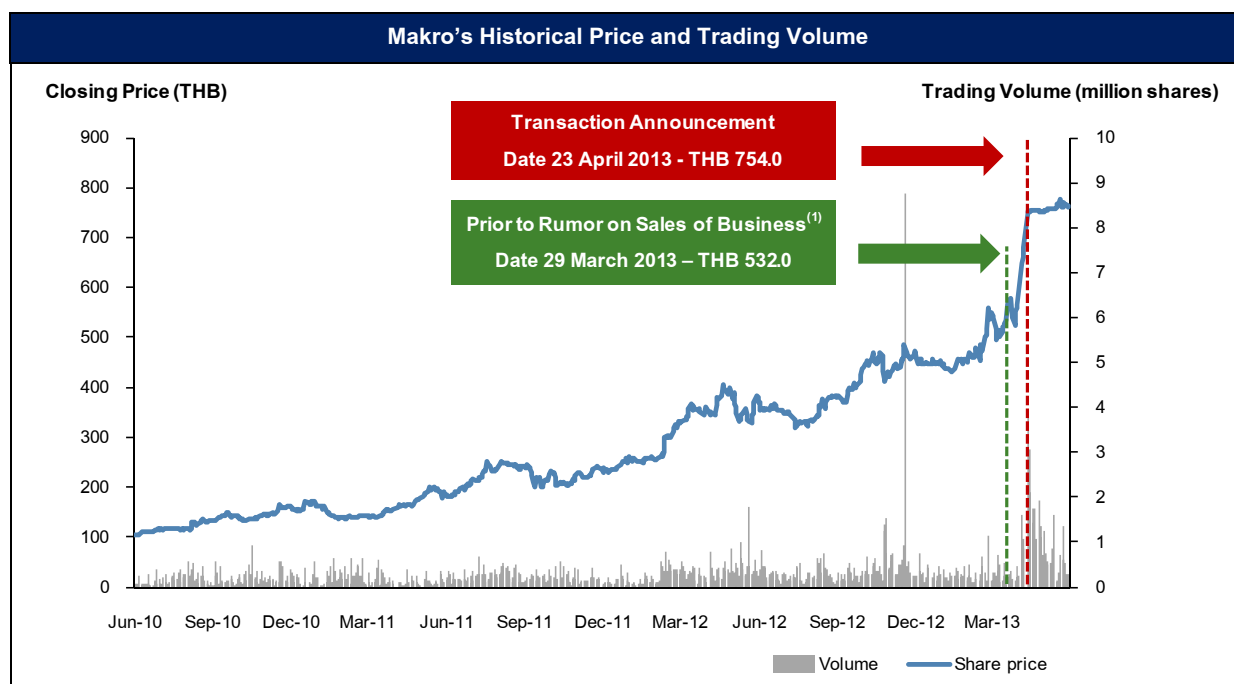
payment led to the decrease in the retained earnings of THB 1,740.0 million. The IFA did not adjust the book value for any revaluation of land as no information of recent land appraisal report is available.

**Details of Adjusted of Book Value are as follow (Unit: THB million otherwise indicated)**

Shareholders' equity as of 31 March 2013	11,871.7
Issued and paid-up shares (million shares)	240.0
<b>Book Value per Share (THB)</b>	<b>49.5</b>
<i>Adjusted</i>	
Less: Dividend Payment	1,740.0
<b>Net Book Value, post-adjustment</b>	<b>10,131.7</b>
<b>Adjusted Book Value per Share (THB)</b>	<b>42.2</b>

With this method, the adjusted book value per share is lower than book value prior to any adjustment by 17.2%

**3.8 Historical Trading Price**



Source: SETSMART

Note: (1) News regarding the sales of Makro's business by SHV Group was disclosed to the public on 1 April 2013

VWAP Prior to News of Sale of Business	Makro's Share Price (THB per Share)
VWAP as of 29 March 2013	528.3
15-day VWAP	506.0
30-day VWAP	491.1
60-day VWAP	470.4
90-day VWAP	468.9
180-day VWAP	434.5
365-day VWAP	381.4
<b>VWAP Range</b>	<b>381.4 - 528.3</b>

Period <sup>(1)</sup>	Avg. Trading Volume (THB million)	Avg. Daily Trading Volume (Shares)	% of Daily Trading Volume to Total Shares <sup>(2)</sup>
15 Trading days	126.4	254,139.3	0.1%
30 Trading days	143.6	292,383.3	0.1%
60 Trading days	129.9	276,079.0	0.1%
90 Trading days	183.8	392,025.6	0.2%
180 Trading days	159.6	367,242.7	0.2%
365 Trading days	121.8	319,491.6	0.1%

Source: SETSMART

Note: (1) Historical trading period as of 29 March 2013, which was the last trading day before the news regarding the sales of Makro's business by SHV Group was disclosed to the public

(2) Total paid-up shares of 240 million shares

The daily closing price and the daily trading volume of Makro's shares were shown in the graph above. Starting from share price on 14 June 2010 of THB 104.0 per share and ending on 19 April 2013 (the last trading day prior to announcement) at THB 682.0 share price, the graph demonstrates that the price of Makro's shares have gradually increased over the past 3 years. Makro had its lowest price of THB 103.0 on 17 June 2010 and reached its highest price of THB 682.0 on 19 April 2013. With an increasing trend of 555.8% over 3 year period, the largest increase in price was 14.8% on 17 April 2013 and the largest drop was 8.5% on 3 October 2011. However, the significant increase in price in April 2103 may relate to the acquisition of Makro transaction. Price on the last trading day prior to the announcement, Makro's share price was trading at as high as 12.7% and 21.5% premium to 15-day VWAP and 30-day VWAP, respectively.

Moreover, the share price on the last trading day prior to the announcement was trading at 34.8% and 38.9% premium over the 15-day VWAP and 30-day VWAP calculating prior to period when rumour of acquisition is expected to leak to the market (assuming 29 March 2013).

The trading value varied between THB 0.8 million and THB 4,235.7 million and the trading volume fluctuated between 5,810.0 shares to 8,755,461.0 shares, with an average volume of 268,232.7 shares.

### 3.9 Research Analysts Consensus

The IFA gathers analysts' target prices on Makro for the report issued during 28 February 2013 to 22 April 2013, the pre-announcement period of the Tender Offer that values solely Makro without incorporating synergistic potential and controlling premium between CP ALL and Makro. The target price suggested by this approach ranges from THB 370.0 to 584.0 per share, with an average value of THB 492.8. Standard deviation was calculated at THB 69.7.

No.	Date	Issuing Firm	Fair Value (THB per Share)
1	22 April 2013	A	584.0
2	8 April 2013	B	580.0
3	8 March 2013	C	565.0
4	27 March 2013	D	555.0
5	2 April 2013	E	550.0
6	18 March 2013	F	550.0
7	1 March 2013	G	550.0
8	19 April 2013	H	493.0
9	8 March 2013	I	487.0
10	17 April 2013	J	471.0
11	8 March 2013	K	469.0
12	20 March 2013	L	440.0
13	11 March 2013	M	430.0
14	28 February 2013	N	420.0
15	2 April 2013	O	370.0
16	1 April 2013	P	370.0
<b>Average price</b>			<b>492.8</b>
<b>Max</b>			<b>584.0</b>
<b>Min</b>			<b>370.0</b>

### 3.10 Summary of Makro's Share Price Valuation

The valuation of the Company's share price is determined by various methodologies, which can be summarized as below.

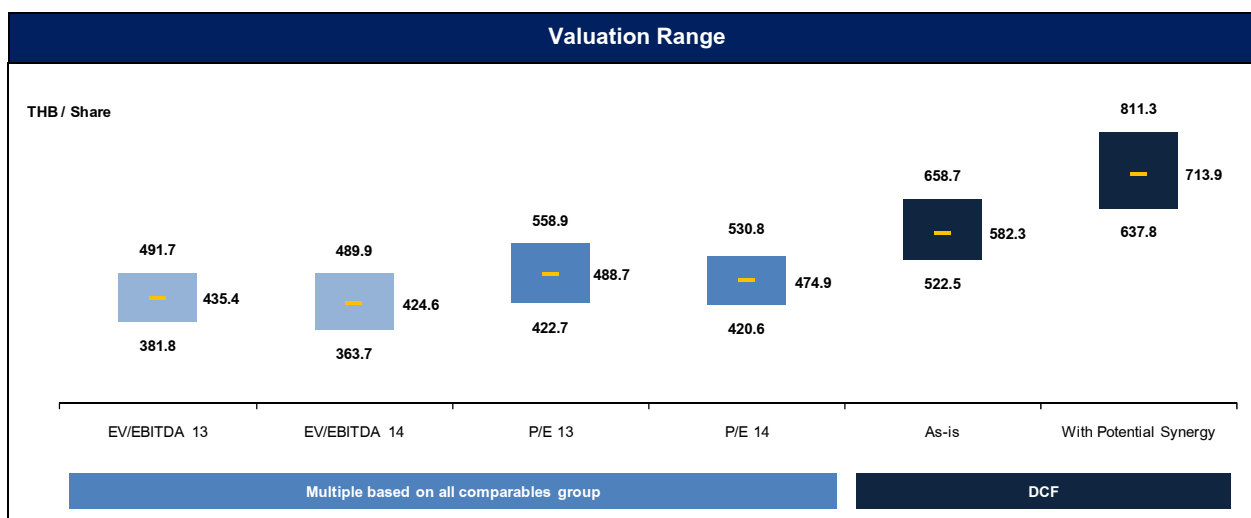
No.	Valuation Approaches	Equity Value (THB per share)	Premium (Discount) to the Tender Offer Price (%)	Appropriateness
1	Discounted Cash Flows Approach (DCF)			Appropriate
	1.1 As-is	522.5 - 658.7	(33.6%) - (16.3%)	
	1.2 With Potential Synergy	637.8 - 811.3	(19.0%) - 3.1%	
2	Trading Comparables Approach			
	2.1 EV/EBITDA	363.7 - 491.7	(53.8%) - (37.5%)	Appropriate
	2.2 P/E	420.6 - 558.9	(46.6%) - (29.0%)	Appropriate
	2.3 P/BV	294.8 - 363.1	(62.5%) - (53.9%)	Limitation
3	Precedent Transaction Comparables Approach	327.0 - 608.8	(58.4%) - (22.6%)	Limitation
4	Book Value and Adjusted Book Value Approach	42.2 - 49.5	(94.6%) - (93.7%)	Limitation
5	Historical Trading Price	381.4 - 528.3	(51.5%) - (32.9%)	Limitation
6	Research Analysts Consensus	370.0 - 584.0	(53.0%) - (25.8%)	Limitation

The IFA has contemplated an appropriate equity value based on several valuation methodologies in which the IFA is of the opinion as follows:

- DCF is an appropriate approach to determine the fair value of the Company since the method reflects the future earnings performance and cash flows generating capabilities as a result of management's decision in the long term. In addition, this approach also enables the IFA to incorporate the potential synergies post business integration between CP ALL and Makro based on the disclosed information in CP ALL's Investors Presentation pertaining to the Acquisition of Makro (May 2013) under acquisition rationales and post-acquisition target sections, which could add substantial value to the value under the As-is scenario.
- Trading Comparable Approach is also considered appropriate valuation approach because it takes into account the market views on Makro's performance and retail industry outlook. EV/EBITDA multiple seems to be appropriate trading multiple since it measures the firm value based on the EBITDA, a proxy for operating cash flows; while P/E multiple is the most commonly used valuation approach for measuring market valuation of retail stocks because it takes into account the expected earnings and growth prospect. Please note that P/BV approach may have limitation because it does not reflect the future earnings capability, does not capture the intangible asset value such as brand value. In addition, P/BV could be misleading when there are significant differences in the asset intensity, such as own or lease land and when there is difference in accounting method.



The appropriate valuation result can be summarized into graphical form as follows;



Under the DCF approach, the equity value range of As-is scenario is THB 522.5 - 658.7 per share while the valuation would be THB 637.8 - 811.3 per share if taking into account the potential synergy value, as publicly disclosed. The equity valuation range under the trading comparable approach (using 2013E and 2014E EV/EBITDA and P/E) is THB 363.7 - 558.9 per share.

#### 4. Rationales to Accept and / or Reject the Tender Offer Price

The IFA concludes that the shareholders of the Company should accept the Tender Offer Price. The rationales are as follows:

##### ■ **Appropriateness of the Tender Offer Price**

The IFA has conducted the valuation of the Company in order to determine the appropriate price range based on various valuation approaches together with benchmarking the Company's value with the historical trading price of Makro's shares and the consensus analysts' target price as detailed in the Section 3 (Fairness of the Tender Offer Price). Based on the appropriate valuation methodologies, which are DCF and Trading Comparable Approach (EV/EBITDA and P/E), the fair value range of the Company on As-is basis is estimated at THB 363.7 - 658.7 per share.

In addition, the IFA views that an integration of Makro with CP ALL could potentially benefit Makro's shareholders in terms of several operational efficiency improvements. Examples are economy of scales, more efficient sourcing especially in food products to further improving its cost structure and opening up new market opportunities by leveraging capabilities and knowledge of CP ALL and CPG, which should be well compliment to Makro's core strength in food product offerings. Additionally, the preparation of high quality personnel in retailing business through Panyapiwat Institute of Technology would prompt the Company to better capitalize on the growing business in both domestic and international. These could enhance Makro's valuation in the mid to long term. However, due to limited information of detailed plan of integration and value creation, the IFA estimated the potential value from synergy from publicly disclosed information by the Offeror using the DCF Approach and derived the share value range of the Company with synergy value of THB 637.8 - 811.3 per share. Nevertheless, when the potential synergies are realized post-consolidation, the valuation of the Company might be higher than the current preliminarily estimated valuation range (with synergy) as contained in this Opinion, which has yet been reflected other synergies in addition to cost savings and more aggressive expansion such as an introduction of new market and distribution channels to increase penetration at more competitive costs and unlock value of under-utilized assets. These could benefit the Company's shareholders in the long term.

Nonetheless, the synergy value is subject to risks and uncertainties and depends on several factors such as new business plan, economic conditions, business outlook, execution risks, and timing required. Therefore, given that the Tender Offer Price at THB 787.0 per share which is higher than the fair value range under As-is scenario (without synergy) and also in-line with the estimated value with synergy, the Company's shareholders should accept the Tender Offer.

When making the decision, the shareholders of the Company may also consider their own investment objective, investment horizon together with other aforementioned factors. Those investors with long term investment intention and having understandings as well as tolerance level to risks and volatilities which may impact the Company and its share price in the future may partially accept or reject Tender Offer for potential future benefits as described above.

##### ■ **Potential Effect on the Voting Rights to Check and Balance**

Since 26 June 2013, CP ALL has owned 66.14% of the Company's total issued and paid-up shares. On 5 July 2013, the Extraordinary General Meeting of Shareholders of the Company No. 1/2013 passed the resolution to appoint the additional 7 director members to the Board of Directors, resulting in a Board that consists mainly of directors nominated by the Offeror (8 directors out of a total of 12 members, excluding 6 independent directors). Therefore, regardless of the Tender Offer result, the Offeror is able to control virtually most of the shareholders' resolutions, such

as appointment of directors or resolutions requiring majority vote, except some important agendas which require more than three fourth of the total votes of shareholders as prescribed by the law, regulations and the Company's Article of Association, such as sales or transfer of whole or important parts of the Company's assets, purchase or acceptance of transfer of other companies or businesses, capital increase/decrease, and merger and acquisition.

However, after the Tender Offer, there is a possibility that the Offeror may aggregate its shareholding to reach or exceed 75% of the Company's voting right. In such case, the Offeror will have complete control in the Company by controlling most key agendas and decisions, which require the special resolution under the shareholders' meeting. Therefore, the minority shareholders are less likely to collect their votes for check and balance.

■ **Listing Status and Liquidity of the Company's Shares Traded in the SET**

As of 19 March 2013, the Company had 2,604 minority shareholders which represent approximately 35.7% of the Company's total issued and paid-up shares. One of the SET's listing criteria is to maintain free float (shareholding percentage excluding strategic shareholders) of at least 150 minority shareholders with minimum shareholding of 15% of the Company's total issued and paid up shares. If a significant number of minority shareholders accept the Tender Offer, the Company's listing qualification might be affected. Moreover, the number of free float shares in the market would be lower. Therefore, the trading liquidity would likely be diminished and may affect the minority shareholders who wish to sell the shares after the Tender Offer. Thus, the IFA recommends to accept the Tender Offer if the investors could not tolerate the liquidity risk that they may face after the Tender Offer period.

**Other Considerations**

■ **Potential Occurrence of Increasing Related Party Transactions in the Future**

At present, the Company's Board of Directors has a specific policy and procedure regarding the related party transaction for the conformity with rules and regulations of the SET and the SEC to prevent any conflict of interests arising from the related party transaction between the Company and its subsidiaries, associated companies, related companies and/or persons with conflict of interests.

After the Tender Offer is completed, the Offeror has no intention to materially change the Company's policy regarding the related party transactions. Any current and future related party transaction will be carefully considered and ensured that the terms and conditions of such transactions will be similar to those of arm's length transactions. There should not be any special terms or preference between the Company, its related companies and shareholders. The objective of these policies and procedures is to be in compliance with the rules and regulations of the SET as well as to ensure that all related party transactions are conducted on an arm's length basis.

At present, the Company has related party transaction with CPRAM Company Limited, a subsidiary of the Offeror, under the Trade Agreement (1 Year, to be continuously renewed on yearly basis) and the Sales Agreement (Since 1996, as amended in May 2013). Such Transaction is conducted on an arm's length basis and using the market price. As of 31 March 2013, Makro has a trade payable due to CPRAM approximately of THB 32 million.

In addition, prior to the Tender Offer, the Company had related party transaction with SHV Group, which was a major shareholder of the Company, in relation to the right to use the IP and IT. The Company was contractual to pay royalty fee consisting of 1) IP fee or trademark fee and 2) IT fee. The trademark fee is determined based on the Company sale with 1 year contract period with annual renewal term. The IT fee could be in term of one-time fee or

actual expense in each year. In 2011 and 2012, the RPT between the Company and SHV Group was approximately THB 163.9 million and THB 176.2 million, respectively.

However, the shares acquisition from SHV Group may cause future related party transaction as the Company may have to pay the fee for the right to use the IP and IT to the Offeror's subsidiary under the similar terms and conditions to the current fee structure. In this regard, the Offeror will consider and give priority to the benefit of the Company. Such related party transaction, either current or in the future, will be similar to those of arm's length.

## 5. Benefits or Impacts from Policies and Business Directions Disclosed in the Tender Offer Document

The IFA has studied policies and business plan as disclosed in the Tender Offer Document (Form 247-4) received on 27 June 2013, subsequent amendments dated 28 June 2013 and 2 July 2013 and other relevant disclosures by the Offeror such as the Investors' Presentation regarding the Acquisition of Makro (May 2013) and has the followings views upon the potential benefits or impacts from these policies and business plan.

### ■ The Company's status

The Offeror does not have an intention to delist the Company from the SET during the 12 months period after the end of the Tender Offer Period except in the case that the Offeror is required to comply with applicable rules and regulations.

However, the Company may expose to the risk of delisting from the SET if a significant number of minority shareholders accept the Tender Offer, which may cause the Company to have shareholders of less than 150 shareholders and the free float percentage of less than 15.0% of total paid-up of the Company

### ■ The Company's Board of Directors

The Board of Director's meeting of the Company No. 3/2013 held on 4 June 2013 passed the resolution to appoint 3 new substitute directors to replace the resigned directors. The Extraordinary General Meeting of Shareholders of the Company No. 1/2013 held on 5 July 2013 passed the resolution to appoint the additional 7 director members to the Board of Directors, totalling 18 director members (12 members are executive directors and 6 members are independent directors). The directors who are nominated by the Offeror account for more than half of the board members (excluding independent directors nominated by the Offeror). As such, the Offeror is able to influence virtually most of the board of directors' resolutions. Nonetheless, the Offeror would not be able to pass the resolution that requires more than 75% votes.

### ■ Policies and Plans of Business Operations

The Offeror does not have any plan or policy to materially change the Company's business operations or the dividend policy within 12 months and still has the intention to maintain Makro's original course of business.

However, the Offeror may collaborate with the Company for the mutual discussion and revision of the business policy, the Company structure, human resources, financial structure (including the divestiture of operating assets of the Company) as necessary and appropriate in order to enhance the efficiency of the business operation, management and the business development plan and growth of the Company to create the joint benefit for the Offeror and the Company.

In any case, the Offeror may consider altering the business strategy of the Company or in the event that there is material change in the Company's financial position, business environment or other necessary change, the Offeror may consider the revision and adjustment of the business policy of the Company, including the company structure, human resources, financial structure (including the divestiture of assets of the Company) and future dividend policy for the appropriateness of business operation and financial position of the Company and to avoid potential event that may affect the Company's operation or to increase the effectiveness and efficiency of the Company's competitive position.

The IFA views that the short term impact to the Company should be limited due to no significant changes in policies and plans for business operation, strategy, company structure, human resource management and financial structure.

Nonetheless, any material alteration in business course or operation would need board or shareholder resolution prior to any implementation and need to comply with the SEC and the SET's regulations. Since 26 June 2013, CP ALL becomes a major shareholder of the Company with a total direct and indirect holding exceeding 50.0% of the total issued and paid-up shares of Makro. On 5 July 2013, the Extraordinary General Meeting of Shareholders of the Company No. 1/2013 passed the resolution to appoint the additional 7 director members to the Board of Directors, resulting in a Board that consists mainly of directors nominated by the Offeror (8 directors out of a total of 12 members, excluding 6 independent directors). Therefore, the Offeror will be able to control virtually most of the general shareholders' resolutions, which require more than 50% of total votes. After the Tender Offer, the Offeror may aggregate its shareholding to reach or exceed 75% of the Company's voting right. In such case, the Offeror will have complete control in the Company by controlling most key agendas and decisions, which require the special resolution under the shareholders' meeting as described in Section 4 (Rationales to Accept and/or Reject the Tender Offer Price)

#### ■ Future Financial Performance

The Offeror disclosed the potential value creation from an integration such as the gross profit margin improvement of 0.2% per annum from 203-2017 and additional benefits from economy of scale of 0.2% in 2014. However, information disclosure lacks the detailed plan and thus is insufficient for the IFA to opine on the potential benefits. However, the Company's shareholders should consider the potential that may result from the operational and business collaboration between the two leading retailer and wholesaler as mentioned in the Section 3.4.4 (Sensitivity Analysis: Impact to Makro's Value from CP ALL's Integration Plan). Nonetheless, the synergy value is subject to risks and uncertainties and depends on several factors such as new business plan, economic conditions, business outlook, execution risks, and timing required.

#### ■ Future Dividend Payout and Capital Structure

	2010	2011	2012
Dividend per share (Baht)	7.00	10.50	12.50
Dividend payout ratio (%)	89.3	96.8	84.4

As of 31 March 2013, the Company had cash and cash equivalent on hands in an amount of THB 7,286.5 million and had no long-term interest-bearing debt. Together with ample of debt capacity, the Company has been consistently paying out dividend at relatively high payout ratio of 90.2% on an average during the past 3 years, higher than its dividend policy of no less than 40% of net income after corporate income tax. However, there is possibility that the Offeror may review and alter the capital structure and dividend payout ratio in the future so that CP ALL could unload its debt financing for Makro's acquisition by exploiting Makro's balance sheets. In addition, the cash flows position, earnings and dividend capability of Makro may be impacted from the implementation of the growth plan and synergy programs.

However, the more the interest-bearing debt can be utilised, the higher the return on equity can be generated. Therefore, theoretically, Makro's share price should be improved from lower cost of funding compared to equity fund raising.

## 6. The Opinion of the Independent Financial Advisor

The IFA has studied, reviewed and analysed information, under the conditions and certain limitations as discussed in previous sections and has the opinion that the fair valuation range of the Company under As-is scenario should be at THB 363.7 - 658.7 per share.

Nevertheless, the IFA believes that business collaboration and integration of CP ALL and Makro, which are both dominant retailer and wholesaler in Thailand could help strengthening the Company's capabilities and competitive edge as well as creating value enhancement to the business. Given such assumption, the IFA has calculated the valuation which incorporates the potential synergy which could be arisen from the integration based on information disclosed by the Offeror and derived the valuation range of THB 637.8 - 811.3 per share. However, the completion of integration in order to achieve full synergy takes time and is subject to risks and uncertainties.

Therefore, the IFA has opinion the Company's shareholders should accept the Tender Offer because the Tender Offer Price is higher than the fair valuation range under As-is basis, while consistent with the valuation range, which includes the potential synergy.

When making the decision, the shareholders of the Company may consider their own investment objective, investment horizon and other factors as mentioned. The Company's shareholders who intend to have long term investment in the Company while having understanding and being able to tolerate risks and volatilities to the Company's operation and share price in the future may partially accept the Tender Offer or reject the Tender Offer in order to wait for the future potential benefits. In making decision to accept or reject the Tender Offer, the shareholders should consider information that is part of the letter to the shareholders including all relevant details of the Opinion by IFA particularly on the scope, methodologies, assumptions used in the projection, the sources of information which is mainly from public information, and other factors. This Opinion is comprehensive only as a whole. The IFA shall not be held responsible from the disclosure, reference or dissemination of the Opinion in part unless approval is obtained from the IFA.

The IFA hereby certify that our opinion has been rendered with due care in accordance with professional standards, taking into account the interests of the shareholders.

Yours Sincerely



**Panet Mahankanurak**

Assistant Managing Director  
(Investment Banking & Equity Capital Markets)  
Phatra Securities Public Company Limited

**Weeratos Simapichaicheth**

Assistant Managing Director  
(Investment Banking & Equity Capital Markets)  
Phatra Securities Public Company Limited