

18 AUGUST 2021

THAILAND / CONSUMER DISCRETIONARY

## CENTRAL RETAIL CORP CRC TB

BUY

UNCHANGED

TARGET PRICE	THB40.00
CLOSE	THB31.00
UP/DOWNSIDE	+29.0%
PRIOR TP	THB44.00
CHANGE IN TP	-9.1%
TP vs CONSENSUS	+2.5%

## ช่วงเวลาที่ยากลำบากจะจบลงไหมที่สุด

## 2Q21 พลิกเป็นขาดทุนเนื่องจากได้รับผลกระทบจากมาตรการปิดเมือง

CRC รายงานผลขาดทุนสุทธิจำนวน 471 ลบ. ใน 2Q21 (เทียบกับที่เคยขาดทุน 2.6 ลบ. ใน 2Q20 และกำไร 401 ลบ. ใน 1Q21) แย่กว่าที่ตลาดคาดไว้ที่ 192 ลบ. จากยอดขายสินค้าอาหารและแฟชั่นที่อ่อนแอในประเทศไทยและเวียดนาม และค่าใช้จ่ายการขายและการบริหารที่สูงเกินคาด ปัญหาการแพร่ระบาด Covid ในรอบที่ 3 ในประเทศไทยเริ่มขึ้นในกลางเดือน เม.ย. พร้อมการจำกัดชั่วโมงดำเนินงานตั้งแต่กลางเดือน พ.ค. โดยไม่มีการปิดร้านค้า ในขณะที่เวียดนามได้ออกมาตรการปิดเมืองบางส่วนในภาคเหนือตั้งแต่ต้นเดือน พ.ค.

## ผลกระทบเพิ่มเติมจากมาตรการปิดเมืองในประเทศไทยและเวียดนาม

CRC จะเป็นหนึ่งในผู้ได้รับผลกระทบจากสถานการณ์ Covid ในประเทศไทยและเวียดนามในปัจจุบัน ประเทศไทยได้ออกมาตรการปิดเมืองมาตั้งแต่วันที่ 20 ก.ค. ประมาณ 35-40% ของพื้นที่ขายสุทธิในประเทศไทยและ 35% ในเวียดนามถูกปิด ในขณะที่ประมาณ 60% ของพื้นที่เข้าร่วมในประเทศไทยและเวียดนามไม่สามารถให้บริการได้ ทำให้การเติบโตยอดขายสาขาเดิม (SSSG) ในเดือน ก.ค. ตีลบที่ประมาณ 20-25% (หลังสืบต่ำในอดีต, -20% ในประเทศไทย, และ -25% ในเวียดนาม) เราคาดว่า SSSG ในเดือน ส.ค. จะเลวร้ายกว่าเดิมโดยจะตกมาอยู่ที่ต่ำกว่า -30% ตามมาตรการปิดเมืองเพิ่มเติม ในด้านดี รัฐบาลได้อนุญาตให้ธนาคารในศูนย์การค้าเปิดทำการได้ และเราคาดว่ามาตรการต่าง ๆ จะผ่อนคลายตั้งแต่เดือน ก.ย. 21

## คาดว่ามาตรการต่าง ๆ จะผ่อนคลายในเดือน ก.ย. 21

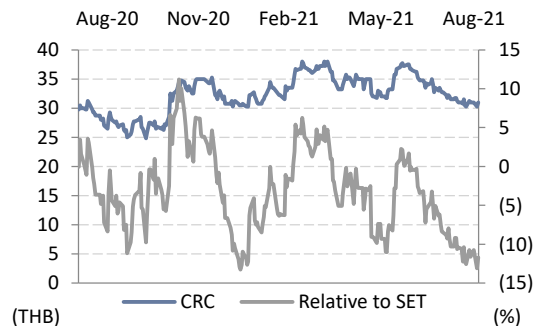
เราปรับลดประมาณการอัตราการเติบโตของยอดขายในปี 2021 เหลือ 192 พัน ลบ. (-1% y-y) ให้สอดคล้องกับเป้าหมายการของ CRC ที่คาดว่าจะตีลบเป็นเลขหนึ่งหลักต่ำ อัตรากำไรขั้นต้นอาจเพิ่ม 30-60bps จากยอดขาย Private Brand ที่อยู่ในระดับสูงจาก Thai Watsadu และ COL (not listed) เราคาดว่าสัดส่วนค่าใช้จ่ายการขายและการบริหารต่อรายได้รวมในปี 2021 จะอยู่ที่ 29.5-30% (+10-60bps y-y) จากค่าใช้จ่ายที่เกี่ยวข้องกับ Covid CRC เชื่อว่าการดำเนินงานใน 3Q21 จะดีกว่าใน 2Q20 ถ้ามาตรการปิดเมืองเริ่มผ่อนคลายในต้นเดือน ก.ย. 21 (ปิดเมืองประมาณ 45 วันในทั้งสองช่วงเวลา) โดยได้ปัจจัยหนุนจากการประหยัดต้นทุนและสัดส่วนที่สูงขึ้นของยอดขาย Omnichannel ซึ่งแต่ละระดับสูงเป็นประวัติการณ์ที่ 17% ของยอดขายรวมในเดือน มิ.ย. 21 อัตรากำไรขั้นต้นของยอดขาย Omnichannel อาจใกล้เคียงกับยอดขาย Offline อย่างไรก็ดีอัตรากำไรขั้นต้นของยอดขายออนไลน์จะต่ำกว่าค่าเฉลี่ยอยู่ประมาณ 1-2ppt

## ราคาน่าจะรวมปัจจัยลบส่วนมากไว้แล้ว

ปัจจุบันเราคาดว่า CRC จะรายงานผลขาดทุนสุทธิจำนวน 0.6 พัน ลบ. ในปี 2021 พลิกจากที่เราเคยคาดว่าบริษัท จะรายงานกำไรสุทธิจำนวน 3.4 พัน ลบ. ประมาณการใหม่ดังกล่าวสะท้อนผลกระทบจากมาตรการปิดเมืองในประเทศไทยและเวียดนาม อย่างไรก็ตามราคาหุ้นได้ปรับลดลง 20% จากจุดสูงสุดในช่วง 2 เดือนที่ผ่านมา ซึ่งหมายความว่าราคาน่าจะรวมปัจจัยลบส่วนมากไว้แล้ว ปัจจุบัน CRC มีการซื้อขายที่ 49.7x ของค่า 2022E P/E แต่อาจลดลงเหลือ 29x ของค่า 2023E P/E หลังกำไรฟื้นตัว โดยเราคาดว่าค่าอยู่ที่ 6.4 พัน ลบ. ในปี 2023 ซึ่งเกือบถึงระดับก่อน Covid ที่ 7.0-8.0 พัน ลบ.

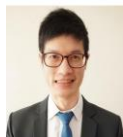
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	194,009	192,456	210,212	234,915
Net profit	46	(590)	3,766	6,434
EPS (THB)	0.01	(0.10)	0.62	1.07
vs Consensus (%)	-	nm	(32.2)	(19.4)
EBITDA	18,531	14,140	20,843	25,884
Core net profit	46	(590)	3,766	6,434
Core EPS (THB)	0.01	(0.10)	0.62	1.07
Chg. In EPS est. (%)	-	nm	(50.6)	(23.8)
EPS growth (%)	(99.5)	nm	nm	70.9
Core P/E (x)	4,041.0	(316.6)	49.7	29.1
Dividend yield (%)	1.3	-	0.8	1.4
EV/EBITDA (x)	15.8	20.6	14.2	11.7
Price/book (x)	3.5	3.5	3.4	3.2
Net debt/Equity (%)	187.0	182.5	183.7	180.6
ROE (%)	0.1	(1.1)	7.0	11.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.3)	(2.4)	6.0
Relative to country (%)	(3.5)	(0.9)	(8.7)
Mkt cap (USD m)	5,617		
3m avg. daily turnover (USD m)	10.1		
Free float (%)	33		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	38.50/24.50		
Issued shares (m)	6,031.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 18 สิงหาคม 2021

## Investment thesis

CRC is the leading multi-format (physical/online), and multi-category (fashion/food/hardline) retailing platform in Thailand. The company expanded overseas to Italy and became a market leader in Vietnam. CRC's portfolio consists of 2,083 stores, including 82 department stores, 332 specialty stores, 421 brand shops, 218 supermarkets, and 968 convenience stores, with a total net selling space of 3m sqm. CRC's omni-channel services differentiate it from other pure e-commerce players in terms of 1) variety of products; 2) ease of orders/returns; and 3) after sales services.

We see the Vietnamese market as a long-term growth driver for CRC. Currently, Big C & Go Mall have a 60% market share in the hypermarket segment, which is poised for potential rapid growth (9% five-year CAGR GDP growth) and caters to a younger demographic.

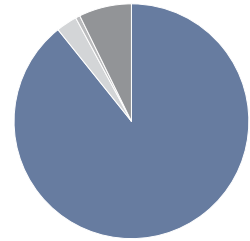
## Company profile

Founded in 1947 by the Chirathivat family, today, CRC is the largest department store operator in Thailand under the brands Central and Robinson. CRC has also diversified into the hardline business (e.g. Thai Watsadu brand) and the food business (under Big C and Lanchi Mart in Vietnam and Tops in Thailand).

[www.centralretail.com](http://www.centralretail.com)

## Principal activities (revenue, 2020)

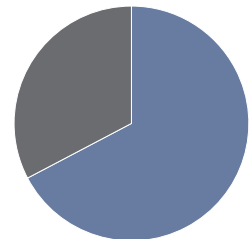
- Sales of goods - 89.2 %
- Rental services - 2.9 %
- Rendering services - 0.6 %
- Other income - 7.2 %



Source: Central Retail Corp

## Major shareholders

- Chirathivat family - 67.3 %
- Others - 32.7 %



Source: Central Retail Corp

## Catalysts

More global economies reopening, the recovery of Thailand's tourism sector, and rising consumer confidence would be key catalysts.

## Risks to our call

The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.

## Event calendar

Date	Event
November 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG – fashion	(15.0)	15.0	12.0
SSSG – hardline	9.0	7.0	7.0
SSSG – food	(11.0)	2.0	5.0
GPM	23.6	24.5	25.4
SG&A to sales	29.6	28.0	27.6

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2021 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2021 EPS would rise 2.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2021 EPS would fall 2.3%, and vice versa, all else being equal.

Source: FSSIA estimates



## 2Q21 earnings impacted by restriction measures

CRC reported a net loss of THB471m in 2Q21 (vs a loss of THB2.6m in 2Q20 and a profit of THB401m in 1Q21) – missing BBG’s consensus estimate at THB192m – dragged by weak fashion and food sales from Thailand and Vietnam and higher-than-expected SG&A expenses.

Revenue from fashion grew 14% y-y but dropped 5% q-q to THB9.3b in 2Q21, dragged down by the restriction measures in Thailand from the rising Covid cases.

Fashion SSSG was at +29% in 2Q21 (vs -20% in 1Q21 and -58.5% in 2Q20).

Revenue from hardline grew 40% y-y and 7% q-q to THB16.3b due to the low base from store closures. Hardline SSSG was at 24% in 2Q21 (vs -4% in 1Q21 and -25.9% in 2Q20). Revenue from food dropped 5% y-y and 13% q-q to THB16.3b following the high base from panic buying in 2Q20. Food SSSG was at -11% in 2Q21 (vs -14.4% in 1Q21 and -14.6% in 2Q20).

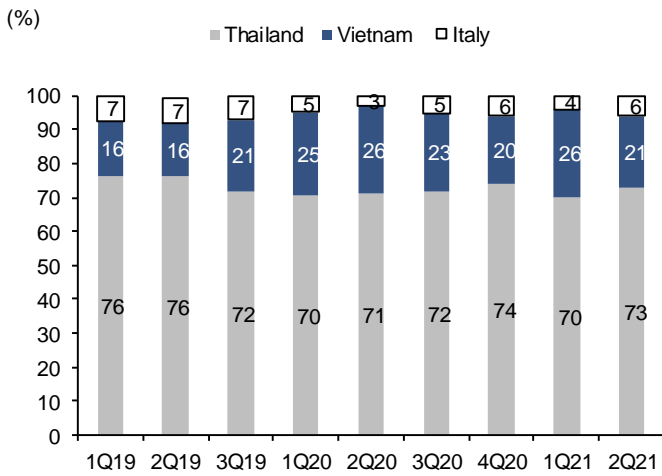
2Q21 GPM dropped 40bps q-q to 29.8% due to the lower rental income at THB1.5b vs THB1.7b in 1Q21. SG&A expenses rose 1% q-q to THB13.8b due to expenses related to new store openings, such as personnel expenses and depreciation.

### Exhibit 1: Summary of 2Q21 results

YE Dec 31	2Q20	3Q20	4Q20	1Q21	2Q21	Change			2021E	Chg.
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%21E)	(THB m)	(y-y%)
Total revenue	41,274	47,506	50,999	48,988	46,308	(5)	12	24	192,456	(1)
<b>Retail sales</b>	<b>36,952</b>	<b>42,140</b>	<b>45,415</b>	<b>43,749</b>	<b>41,844</b>	<b>(4)</b>	<b>13</b>	<b>24</b>	<b>171,376</b>	<b>(1)</b>
Other revenue	4,322	5,366	5,585	5,239	4,464	(15)	3	21	21,079	1
Cost of retail sales	(29,320)	(32,091)	(34,397)	(33,776)	(32,085)	(5)	9	24	(130,996)	(2)
<b>Gross profit</b>	<b>11,471</b>	<b>14,859</b>	<b>16,167</b>	<b>14,776</b>	<b>13,800</b>	<b>(7)</b>	<b>20</b>	<b>23</b>	<b>59,764</b>	<b>1</b>
Operating costs	(14,135)	(13,245)	(14,829)	(13,655)	(13,840)	1	(2)	24	(56,967)	(0)
Operating profit	(2,664)	1,614	1,338	1,120	(40)	(104)	(99)	(1)	2,797	42
<b>Operating EBITDA</b>	<b>1,144</b>	<b>5,994</b>	<b>5,589</b>	<b>5,275</b>	<b>3,988</b>	<b>(24)</b>	<b>249</b>	<b>28</b>	<b>14,140</b>	<b>(24)</b>
Other income/expenses	102	67	78	43	68	60	(33)	33	206	(32)
Interest expense	(790)	(771)	(775)	(739)	(779)	5	(1)	23	(3,422)	16
<b>Profit before tax</b>	<b>(3,352)</b>	<b>910</b>	<b>640</b>	<b>424</b>	<b>(750)</b>	<b>(277)</b>	<b>(78)</b>	<b>179</b>	<b>(419)</b>	<b>nm</b>
Tax	839	(125)	472	(45)	291	(743)	(65)	n/a	0	(100)
Associates	(6)	84	(11)	80	33	(59)	(626)	24	139	5
Minority interests	(71)	(31)	(45)	(58)	(46)	(21)	(36)	15	(310)	5
Non-recurring items	0	0	0	0	0	n/a	n/a	n/a	0	n/a
<b>Reported net profit</b>	<b>(2,590)</b>	<b>837</b>	<b>1,056</b>	<b>401</b>	<b>(471)</b>	<b>(217)</b>	<b>(82)</b>	<b>80</b>	<b>(590)</b>	<b>(1,376)</b>
EPS (THB)	(0.43)	0.14	0.18	0.07	(0.08)	(217)	(82)	80	(0.10)	(1,376)
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Retail sales margin	20.7	23.8	24.3	22.8	23.3	0.5	2.7	0.2	23.6	0.4
Gross margin	27.8	31.3	31.7	30.2	29.8	(0.4)	2.0	1.3	31.1	0.6
EBIT margin	(6.5)	3.4	2.6	2.3	(0.1)	(2.4)	6.4	1.5	1.5	0.4
Recurring net margin	(6.1)	1.7	2.2	0.8	(1.0)	(1.8)	5.1	0.7	(0.3)	(0.3)
SG&A / Sales	34.2	27.9	29.1	27.9	29.9	2.0	(4.4)	(0.3)	29.6	0.2
Effective tax rate	25.0	13.7	(73.7)	10.7	38.9				n/a	
<b>Operating stat</b>										
<b>SSSG</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>					
---Fashion	(58.5)	(21.8)	(27.0)	(20.0)	29.0					
---Hardline	(25.9)	(7.9)	(11.0)	(4.0)	24.0					
---Food	(14.6)	(13.0)	(17.0)	(20.0)	(11.0)					
Average SSSG	(28.0)	(13.9)	(18.3)	(14.4)	11.5					
<b>Revenue proportion</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>					
---Fashion	22	28	31	22	22					
---Hardline	32	31	30	35	39					
---Food	47	41	39	43	39					
<b>Retail sales breakdown</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>			
---Fashion	8,121	11,791	13,969	9,750	9,275	(5)	14			
---Hardline	11,642	12,925	13,812	15,236	16,285	7	40			
---Food	17,189	17,424	17,634	18,763	16,285	(13)	(5)			
Total retail sales	36,952	42,140	45,415	43,749	41,845	(4)	13			

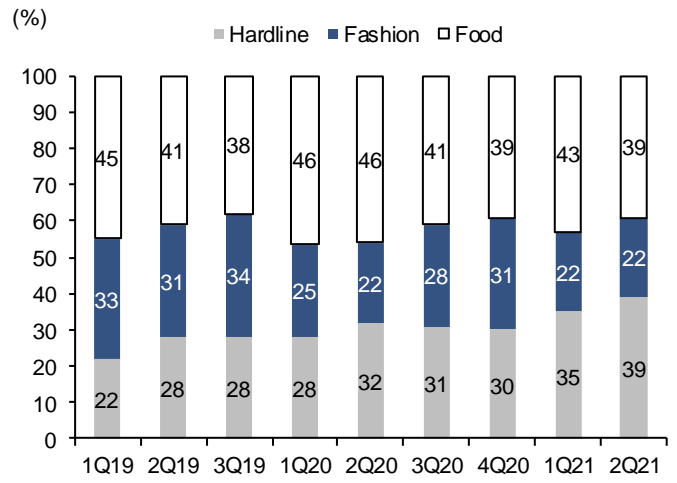
Sources: CRC; FSSIA estimates

**Exhibit 2: Sales mix breakdown by country**



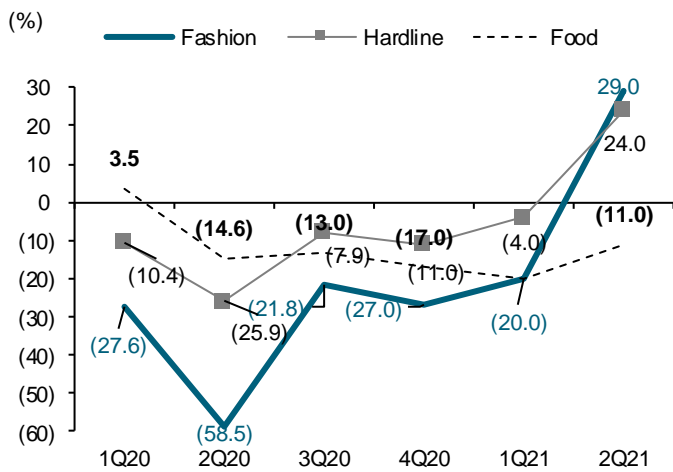
Sources: CRC; FSSIA estimates

**Exhibit 3: Sales mix by products**



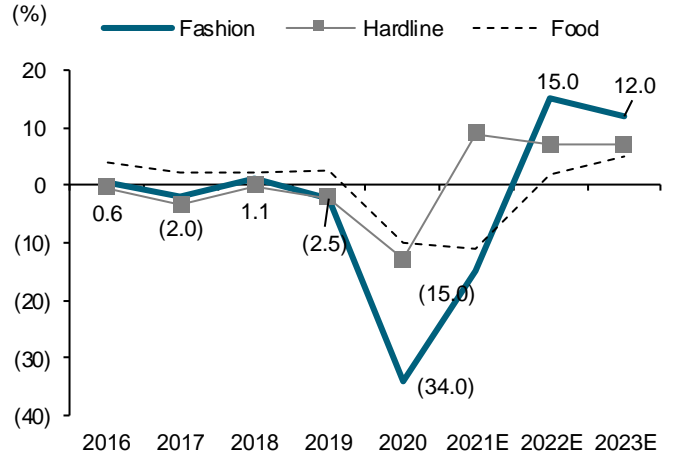
Sources: CRC; FSSIA estimates

**Exhibit 4: SSSG trend – quarterly**



Sources: CRC; FSSIA estimates

**Exhibit 5: SSSG trend – yearly**



Sources: CRC; FSSIA estimates

## Net profit and target price revisions

We expect CRC's 2021 earnings to turn to a net loss of THB0.6b from our previous projection of a net profit of THB3.4b, reflecting the impact from the lockdown measures in Thailand and Vietnam. We cut our 2022-23E earnings to reflect the weak consumption outlook and the slower-than-expected re-opening of the tourism sector. Its share price has fallen by 20% from its peak over the past two months, implying that it should have mostly priced in the negative factors. Its current share price is trading at 49.7x 2022E P/E but could drop to 29x 2023E P/E after its earnings recover – we estimate to THB6.3b in 2023 – near the pre-Covid level at THB7.0b-8.0b.

### Exhibit 6: Revised assumptions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue (THB m)	192,456	210,212	234,915	209,130	228,877	251,108	(8.0)	(8.2)	(6.4)
SSSG Fashion (%)	(15.0)	15.0	12.0	5.0	15.0	7.0	(20.0)	0.0	5.0
SSSG Hardline (%)	9.0	7.0	7.0	4.0	7.0	5.0	5.0	0.0	2.0
SSSG Food (%)	(11.0)	2.0	5.0	0.0	2.0	5.0	(11.0)	0.0	0.0
Gross margin (%)	23.6	24.5	25.4	24.0	26.2	26.3	(0.4)	(1.7)	(0.9)
SG&A to sales (%)	29.6	28.0	27.6	27.7	27.7	27.7	1.9	0.3	(0.1)
Net profit (THB m)	(590)	3,766	6,434	3,443	7,618	8,442	(117.2)	(50.6)	(23.8)

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

### Exhibit 7: DCF-derived TP

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.6	
Terminal growth	2.0	
NPV		127
Add: terminal value		225
Sum of PV		352
Add: investment		0
Less: debt		109
Less: minorities		2
Residual ordinary equity		241
No. of shares (m)		6,031
<b>Residual ordinary equity (THB/share)</b>		<b>40.0</b>

Source: FSSIA estimates

## Financial Statements

### Central Retail Corp

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	219,204	194,009	192,456	210,212	234,915
Cost of goods sold	(134,983)	(118,390)	(121,349)	(130,510)	(144,195)
<b>Gross profit</b>	<b>84,221</b>	<b>75,619</b>	<b>71,107</b>	<b>79,702</b>	<b>90,720</b>
Other operating income	0	0	0	0	0
Operating costs	(62,332)	(57,088)	(56,967)	(58,859)	(64,837)
<b>Operating EBITDA</b>	<b>21,889</b>	<b>18,531</b>	<b>14,140</b>	<b>20,843</b>	<b>25,884</b>
Depreciation	(9,874)	(16,558)	(11,342)	(12,615)	(13,919)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>12,016</b>	<b>1,973</b>	<b>2,797</b>	<b>8,228</b>	<b>11,964</b>
Net financing costs	(837)	(2,648)	(3,228)	(3,308)	(3,698)
Associates	391	132	139	145	153
Recurring non-operating income	394	132	150	157	166
Non-recurring items	3,283	0	0	0	0
<b>Profit before tax</b>	<b>14,855</b>	<b>(543)</b>	<b>(281)</b>	<b>5,077</b>	<b>8,431</b>
Tax	(2,495)	884	0	(986)	(1,656)
<b>Profit after tax</b>	<b>12,359</b>	<b>341</b>	<b>(281)</b>	<b>4,091</b>	<b>6,776</b>
Minority interests	(1,726)	(295)	(310)	(325)	(342)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>10,633</b>	<b>46</b>	<b>(590)</b>	<b>3,766</b>	<b>6,434</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(3,283)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>7,351</b>	<b>46</b>	<b>(590)</b>	<b>3,766</b>	<b>6,434</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.56	0.01	(0.10)	0.62	1.07
Reported EPS	2.26	0.01	(0.10)	0.62	1.07
DPS	7.71	0.40	0.00	0.25	0.43
Diluted shares (used to calculate per share data)	4,700	6,031	6,031	6,031	6,031
<b>Growth</b>					
Revenue (%)	7.8	(11.5)	(0.8)	9.2	11.8
Operating EBITDA (%)	(2.9)	(15.3)	(23.7)	47.4	24.2
Operating EBIT (%)	5.0	(83.6)	41.8	194.1	45.4
Recurring EPS (%)	(13.7)	(99.5)	nm	nm	70.9
Reported EPS (%)	(2.7)	(99.7)	nm	nm	70.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.9	30.4	31.1	31.9	32.7
Gross margin of key business (%)	27.0	23.2	23.6	24.5	25.4
Operating EBITDA margin (%)	10.0	9.6	7.3	9.9	11.0
Operating EBIT margin (%)	5.5	1.0	1.5	3.9	5.1
Net margin (%)	3.4	0.0	(0.3)	1.8	2.7
Effective tax rate (%)	22.3	0.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	493.0	5,214.2	-	40.0	40.0
Interest cover (X)	14.8	0.8	0.9	2.5	3.3
Inventory days	94.2	110.6	103.3	99.9	98.7
Debtor days	7.4	8.4	8.0	7.1	7.0
Creditor days	101.2	105.9	98.7	99.0	97.9
Operating ROIC (%)	30.4	5.6	5.4	16.6	25.5
ROIC (%)	8.9	1.5	1.4	3.8	5.3
ROE (%)	18.3	0.1	(1.1)	7.0	11.3
ROA (%)	5.4	1.4	1.0	2.8	3.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales of goods	195,355	173,138	171,376	187,021	208,999
Rental services	6,979	5,598	5,998	6,546	7,315
Rendering services	1,674	1,212	1,371	1,683	1,881
Other income	15,194	14,062	13,710	14,962	16,720

Sources: Central Retail Corp; FSSIA estimates

## Financial Statements

### Central Retail Corp

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	7,351	46	(590)	3,766	6,434
Depreciation	9,874	16,558	11,342	12,615	13,919
Associates & minorities	(986)	(10,683)	0	0	0
Other non-cash items	1,323	(470)	637	189	480
Change in working capital	10,174	(15,932)	2,944	1,083	1,505
<b>Cash flow from operations</b>	<b>27,735</b>	<b>(10,481)</b>	<b>14,333</b>	<b>17,652</b>	<b>22,339</b>
Capex - maintenance	(12,595)	(16,350)	(12,000)	(12,240)	(12,607)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	5,970	(56,403)	762	(9,207)	(12,809)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(6,625)</b>	<b>(72,753)</b>	<b>(11,238)</b>	<b>(21,447)</b>	<b>(25,416)</b>
Dividends paid	(36,237)	(2,412)	0	(1,506)	(2,574)
Equity finance	(4,943)	30,950	(38)	(38)	(38)
Debt finance	18,946	60,762	(7,821)	4,224	4,685
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(22,235)</b>	<b>89,300</b>	<b>(7,860)</b>	<b>2,680</b>	<b>2,073</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(1,125)</b>	<b>6,065</b>	<b>(4,765)</b>	<b>(1,115)</b>	<b>(1,003)</b>
Free cash flow to firm (FCFF)	22,195.58	(80,284.07)	6,516.91	(308.23)	784.47
Free cash flow to equity (FCFE)	40,055.68	(22,472.08)	(4,726.75)	429.63	1,608.55

#### Per share (THB)

FCFF per share	3.68	(13.31)	1.08	(0.05)	0.13
FCFE per share	6.64	(3.73)	(0.78)	0.07	0.27
Recurring cash flow per share	3.74	0.90	1.89	2.75	3.45

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	102,023	102,023	114,023	126,263	138,870
Less: Accumulated depreciation	(60,161)	(60,369)	(71,711)	(84,326)	(98,246)
<b>Tangible fixed assets (net)</b>	<b>41,862</b>	<b>41,654</b>	<b>42,312</b>	<b>41,937</b>	<b>40,624</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	12,056	16,441	16,441	16,441	16,441
Cash & equivalents	11,676	17,742	12,977	11,862	10,859
A/C receivable	16,122	14,699	14,045	14,406	14,909
Inventories	37,436	34,296	34,368	37,070	40,952
Other current assets	551	441	437	478	534
<b>Current assets</b>	<b>65,785</b>	<b>67,177</b>	<b>61,827</b>	<b>63,816</b>	<b>67,254</b>
Other assets	63,803	113,908	112,996	123,421	137,925
<b>Total assets</b>	<b>183,505</b>	<b>239,180</b>	<b>233,575</b>	<b>245,615</b>	<b>262,245</b>
Common equity	24,810	53,394	52,765	54,986	58,809
Minorities etc.	12,709	2,321	2,631	2,956	3,298
<b>Total shareholders' equity</b>	<b>37,519</b>	<b>55,715</b>	<b>55,396</b>	<b>57,943</b>	<b>62,107</b>
Long term debt	9,592	81,058	80,227	84,311	88,907
Other long-term liabilities	16,881	13,358	13,208	14,426	16,121
<b>Long-term liabilities</b>	<b>26,473</b>	<b>94,416</b>	<b>93,435</b>	<b>98,737</b>	<b>105,028</b>
A/C payable	37,101	31,569	34,061	36,739	40,586
Short term debt	51,563	40,859	33,869	34,009	34,098
Other current liabilities	30,849	16,620	16,815	18,187	20,425
<b>Current liabilities</b>	<b>119,513</b>	<b>89,049</b>	<b>84,744</b>	<b>88,935</b>	<b>95,110</b>
<b>Total liabilities and shareholders' equity</b>	<b>183,505</b>	<b>239,180</b>	<b>233,575</b>	<b>245,615</b>	<b>262,245</b>
Net working capital	(13,842)	1,246	(2,025)	(2,972)	(4,616)
Invested capital	103,879	173,249	169,723	178,827	190,374

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	5.28	8.85	8.75	9.12	9.75
Tangible book value per share	5.28	8.85	8.75	9.12	9.75

#### Financial strength

Net debt/equity (%)	131.9	187.0	182.5	183.7	180.6
Net debt/total assets (%)	27.0	43.6	43.3	43.3	42.8
Current ratio (x)	0.6	0.8	0.7	0.7	0.7
CF interest cover (x)	48.8	(7.5)	(0.5)	1.1	1.4

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>19.8</b>	<b>4,041.0</b>	<b>(316.6)</b>	<b>49.7</b>	<b>29.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>25.6</b>	<b>5,214.2</b>	<b>(408.5)</b>	<b>64.1</b>	<b>37.5</b>
Reported P/E (x)	13.7	4,041.0	(316.6)	49.7	29.1
Dividend yield (%)	24.9	1.3	-	0.8	1.4
Price/book (x)	5.9	3.5	3.5	3.4	3.2
Price/tangible book (x)	5.9	3.5	3.5	3.4	3.2
EV/EBITDA (x) **	9.5	15.8	20.6	14.2	11.7
EV/EBITDA @ target price (x) **	11.4	18.8	24.4	16.8	13.8
EV/invested capital (x)	2.0	1.7	1.7	1.7	1.6

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Central Retail Corp; FSSIA estimates



## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

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### ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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### History of change in investment rating and/or target price

#### Central Retail Corp (CRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Feb-2020	REDUCE	33.00	18-Aug-2020	HOLD	30.50	09-Jun-2021	BUY	44.00
02-Apr-2020	REDUCE	33.00	16-Nov-2020	HOLD	30.50			
24-Jul-2020	HOLD	31.00	02-Mar-2021	BUY	40.00			

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Central Retail Corp	CRC TB	THB 31.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-Aug-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

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

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

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

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

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

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