

# CENTRAL RETAIL CORP

## CRC TB

THAILAND / CONSUMER DISCRETIONARY

# BUY

UNCHANGED

TARGET PRICE	THB43.00
CLOSE	THB37.00
UP/DOWNSIDE	+16.2%
PRIOR TP	THB40.00
CHANGE IN TP	+7.5%
TP vs CONSENSUS	+5.1%

## V-shaped recovery persists in 2022

- Ambitious 5-year plan with a target to achieve sales growth of 2.5x and a 2022 sales recovery by 15-20% y-y.
- Expect 4Q21 earnings of THB2.3b. Positive momentum continued in Jan-22 with SSSG estimated at 25-30%.
- Maintain BUY with DCF-based TP of THB43.

### Ambitious sales target over next five years

CRC hosted its 2022 CEO forum yesterday and reaffirmed the strong recovery outlook for all countries and segments since the restriction easing in 4Q21. CRC has an ambitious target over the next five years. Management aims to achieve sales growth of 2.5x above current sales, 3.5x above current EBITDA, and 2.5x above market capitalisation in 2021. This would follow CRC's transformation to "CRC Retailgence" to serve its intelligent platform and grow along with the new consumer paradigms like cryptocurrency or the Metaverse.

### Strong recovery outlook in 2022

Positive momentum continued in Jan-22 with positive SSSG that we estimate at 25-30% following the low base in 1Q21. For its 2022 guidance, management expects sales to recover by 15-20% y-y in 2022 (vs our estimate of 15%), driven by sales growth of 30-35% from fashion, 15-20% from hardline, and 5-10% from food. Moreover, omnichannel sales could be one of the key growth drivers, which CRC is targeting to contribute 25% of total sales in 2022 (vs c20% in 2021). CRC indicated that SG&A to total revenue should be lower at 29% vs our estimate of 28.7%.

### Turning profitable in 4Q21

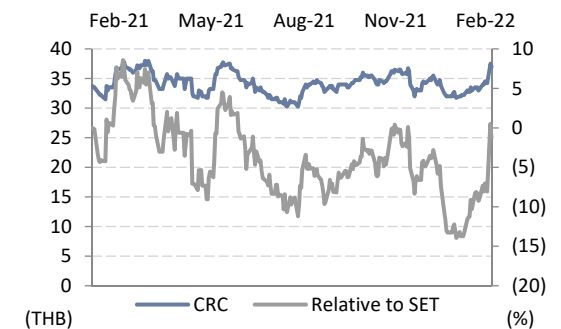
We expect CRC to report a net profit of THB2.3b in 4Q21, turning from a loss of THB2.2b in 3Q21, driven by the recovery from all segments. SSSG in 4Q21 should be positive at 9% (Italy's SSSG was at c50%, Thailand's SSSG was at c2%, and Vietnam's SSSG was at c12%). 4Q21 GPM should be at 25.7% (vs 23.1% in 3Q21 and 24.3% in 4Q20) following a higher proportion of fashion sales and lower-than-expected obsolete inventory. SG&A to total revenue should drop to 26.6% in 4Q21 (vs 33.4% in 3Q21 and 29.1% in 4Q20) on a higher revenue base.

### Maintain BUY with higher TP to THB43

We expect CRC's 2021 earnings to turn profitable at THB22m vs our previous projection of a net loss of THB590m, reflecting the strong recovery of all countries in 4Q21. It is currently trading at 47x 2022E P/E but could drop to 33x 2023E P/E after its earnings recover – we estimate to THB6.7b in 2023 – near the pre-Covid level of THB7.0b-8.0b.

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	194,009	194,674	226,184	252,286
Net profit	46	22	4,729	6,720
EPS (THB)	0.01	0.00	0.78	1.11
vs Consensus (%)	-	nm	(4.9)	(7.2)
EBITDA	18,531	14,257	21,509	25,848
Core net profit	46	22	4,729	6,720
Core EPS (THB)	0.01	0.00	0.78	1.11
Chg. In EPS est. (%)	-	nm	25.6	4.4
EPS growth (%)	(99.5)	(53.2)	21,751.0	42.1
Core P/E (x)	4,823.1	10,311.1	47.2	33.2
Dividend yield (%)	1.1	0.0	0.8	1.2
EV/EBITDA (x)	17.8	23.0	15.7	13.4
Price/book (x)	4.2	4.2	4.0	3.7
Net debt/Equity (%)	187.0	181.8	191.4	188.5
ROE (%)	0.1	0.0	8.6	11.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	16.5	3.5	10.4
Relative to country (%)	14.7	0.3	(0.4)
Mkt cap (USD m)	6,776		
3m avg. daily turnover (USD m)	13.0		
Free float (%)	33		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	38.50/29.75		
Issued shares (m)	6,031.00		

Sources: Bloomberg consensus; FSSIA estimates


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## 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.

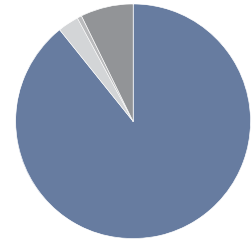
## Company profile

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)

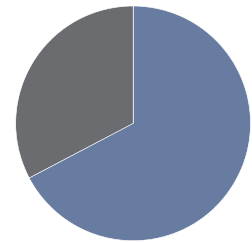
- Sales of goods - 89.2 %
- Rental services - 2.9 %
- Rendering services - 0.6 %
- Other income - 7.2 %



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
February 2022	4Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG – Fashion	(10.0)	25.0	11.0
SSSG – Hardline	10.0	13.0	7.0
SSSG – Food	(10.0)	5.0	5.0
GPM	23.8	25.3	25.4
SG&A to sales	29.2	28.7	28.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2022 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2022 EPS would rise 2.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2022 EPS would fall 2.3%, and vice versa, all else being equal.

Source: FSSIA estimates

## Targeting ambitious sales growth of 2.5x by 2026

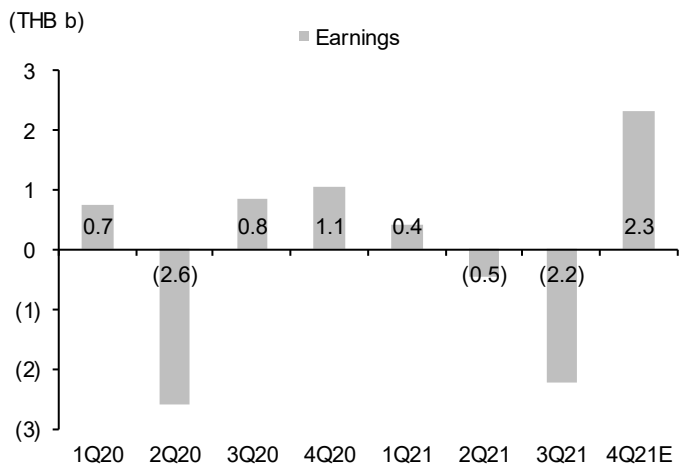
CRC hosted its 2022 CEO forum yesterday and reaffirmed the strong recovery outlook for all countries and segments since the restriction easing in 4Q21.

CRC has an ambitious target over the next five years. Management aims to achieve sales growth of 2.5x above current sales, 3.5x above current EBITDA, and 2.5x above market capitalisation in 2021. This would follow CRC's transformation to "CRC Retailgence" to serve its intelligent platform and grow along with the new consumer paradigms like cryptocurrency or the Metaverse.

For its 2022 guidance, management expects sales to recover by 15-20% y-y in 2022 (vs our estimate of 15%), driven by sales growth of 30-35% from fashion, 15-20% from hardline, and 5-10% from food. Thailand and Vietnam sales should grow by 15-20% y-y in 2022, while Italy should recover by 10-15%. We are positive on this guidance as food and hardline sales could recover to the pre-Covid level while fashion sales would be around 85-90% of the pre-Covid level, and we would expect sales to recover to the pre-Covid level by 2023, driven by demand from international tourists. CRC indicated that SG&A to total revenue should be lower at 29% vs our estimate of 28.7%.

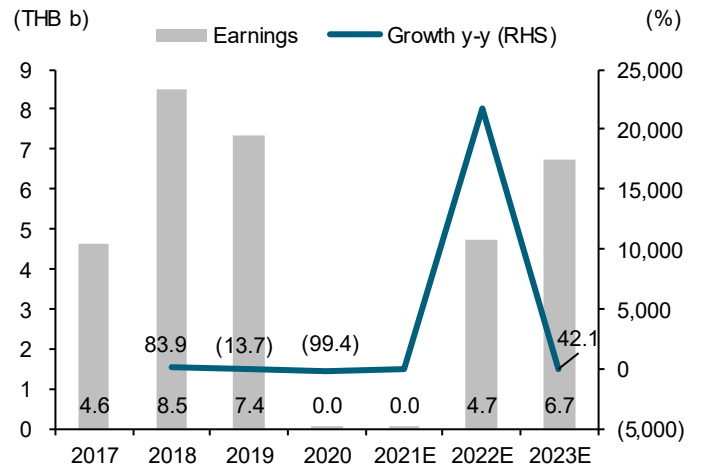
Moreover, omnichannel sales could be one of the key growth driver with target to contribute at 25% of total sales (vs c20% in 2021). CRC plans to spin off its subsidiary – MEB corporation (not rated), number one Thailand's E-book and web novel, by 4Q22.

**Exhibit 1: Quarterly earnings**



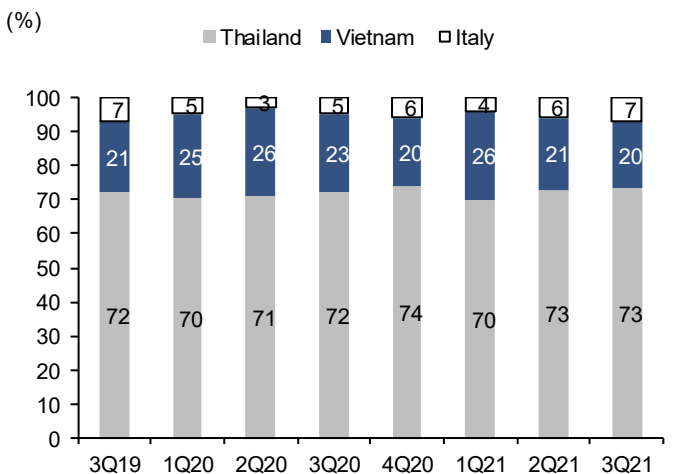
Sources: CRC; FSSIA estimates

**Exhibit 2: Expect earnings to recover near to pre-Covid level in 2023**



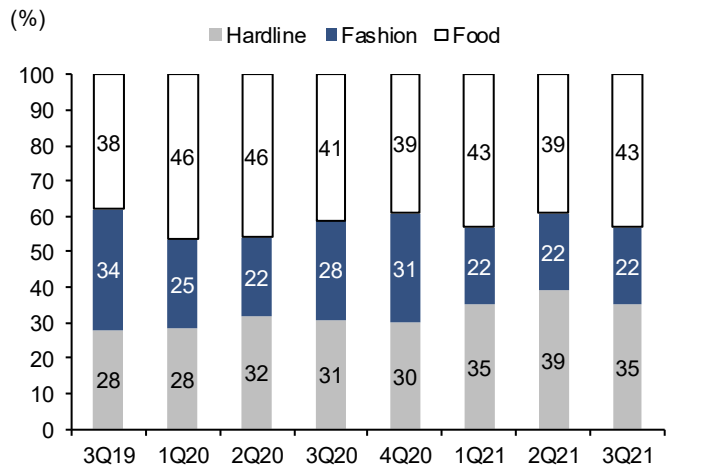
Sources: CRC; FSSIA estimates

**Exhibit 3: Sales mix breakdown by country**



Sources: CRC; FSSIA estimates

**Exhibit 4: Sales mix by products**



Sources: CRC; FSSIA estimates

## Turning profitable in 4Q21

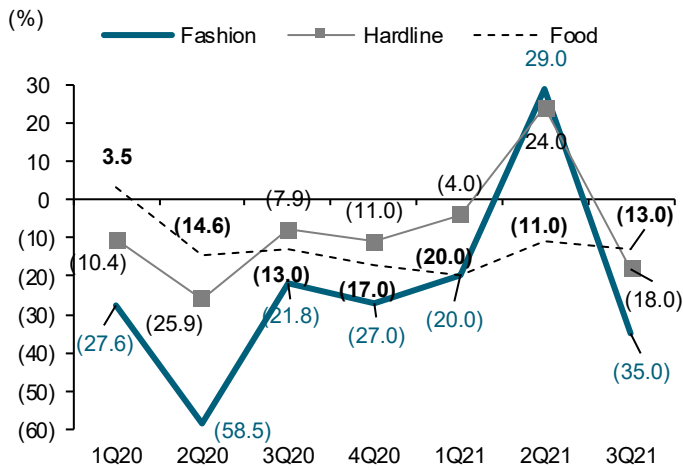
We expect CRC to report a net profit of THB2.3b in 4Q21, turning from a loss of THB2.2b in 3Q21, driven by the recovery from all segments, but especially from the fashion segment in Thailand and Italy. SSSG in 4Q21 should be positive at 9% (Italy's SSSG was at c50%, Thailand's SSSG was at c2%, and Vietnam's SSSG was at c12%). The fashion segment's SSSG should be at c18% in 4Q21 as Italy's fashion sales have been recovering to the pre-Covid level, but Thailand's fashion sales are still below the pre-Covid level by c10-15%. 4Q21 GPM should be at 25.7% (vs 23.1% in 3Q21 and 24.3% in 4Q20) following a higher proportion of fashion sales and lower-than-expected obsolete inventory. SG&A to total revenue should drop to 26.6% in 4Q21 (vs 33.4% in 3Q21 and 29.1% in 4Q20) on a higher revenue base.

### Exhibit 5: 4Q21 earnings forecast

	4Q20	1Q21	2Q21	3Q21	4Q21E	----- Change -----		2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)
Total revenue	50,999	48,988	46,308	41,447	57,931	40	14	194,674	0
<b>Retail sales</b>	<b>45,415</b>	<b>43,749</b>	<b>41,844</b>	<b>37,660</b>	<b>51,703</b>	<b>37</b>	<b>14</b>	<b>174,957</b>	<b>1</b>
Other revenue	5,585	5,239	4,464	3,787	6,228	64	12	19,718	(6)
Cost of retail sales	(34,397)	(33,776)	(32,085)	(28,977)	(38,436)	33	12	(133,274)	0
<b>Gross profit</b>	<b>16,167</b>	<b>14,776</b>	<b>13,800</b>	<b>12,037</b>	<b>19,068</b>	<b>58</b>	<b>18</b>	<b>59,682</b>	<b>1</b>
Operating costs	(14,829)	(13,655)	(13,840)	(13,854)	(15,418)	11	4	(56,767)	(1)
Operating profit	1,338	1,120	(40)	(1,817)	3,651	(301)	173	2,915	48
<b>Operating EBITDA</b>	<b>5,589</b>	<b>5,275</b>	<b>3,988</b>	<b>2,494</b>	<b>2,500</b>	<b>0</b>	<b>(55)</b>	<b>14,257</b>	<b>(23)</b>
Other income/expenses	78	43	68	35	60	73	(23)	206	(32)
Interest expense	(775)	(739)	(779)	(789)	(827)	5	7	(3,134)	6
<b>Profit before tax</b>	<b>640</b>	<b>424</b>	<b>(750)</b>	<b>(2,571)</b>	<b>2,883</b>	<b>(212)</b>	<b>350</b>	<b>(14)</b>	<b>(98)</b>
Tax	472	(45)	291	339	(481)	(242)	(202)	103	(88)
Associates	(11)	80	33	12	13	7	(219)	139	5
Minority interests	(45)	(58)	(46)	(21)	(82)	282	82	(207)	(30)
Non-recurring items	0	0	0	0	0	n/a	n/a	0	n/a
<b>Reported net profit</b>	<b>1,056</b>	<b>401</b>	<b>(471)</b>	<b>(2,241)</b>	<b>2,333</b>	<b>(204)</b>	<b>121</b>	<b>22</b>	<b>(53)</b>
EPS (THB)	0.18	0.07	(0.08)	(0.37)	0.39	(204)	121	0.00	n/a
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Retail sales margin	24.3	22.8	23.3	23.1	25.7	2.6	1.4	23.8	0.7
Gross margin	31.7	30.2	29.8	29.0	32.9	3.9	1.2	30.7	0.2
EBIT margin	2.6	2.3	(0.1)	(4.4)	6.3	10.7	3.7	1.5	0.5
Recurring net margin	2.2	0.8	(1.0)	(5.4)	4.1	9.5	2.0	0.0	(0.0)
SG&A / Sales	29.1	27.9	29.9	33.4	26.6	(6.8)	(2.5)	29.2	(0.3)
Effective tax rate	(73.7)	10.7	38.9	13.2	16.7			n/a	
<b>Operational statistics</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>				
<b>SSSG</b>									
---Fashion	(27.0)	(20.0)	29.0	(35.0)	19.0				
---Hardline	(11.0)	(4.0)	24.0	(18.0)	15.0				
---Food	(17.0)	(20.0)	(11.0)	(13.0)	(1.0)				
Average SSSG	(18.3)	(14.4)	11.5	(19.6)	9.0				
<b>Revenue proportion</b>									
---Fashion	31	22	22	22	25				
---Hardline	30	35	39	35	32				
---Food	39	43	39	43	44				

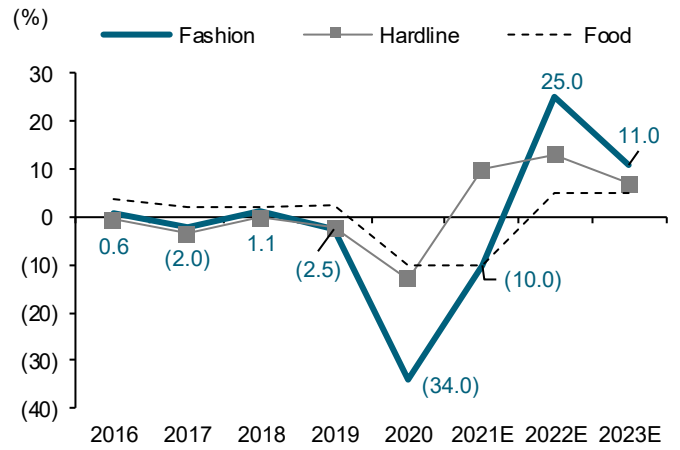
Sources: CRC; FSSIA estimates

Exhibit 6: SSSG trend – quarterly



Sources: CRC; FSSIA estimates

Exhibit 7: SSSG trend – yearly



Sources: CRC; FSSIA estimates

## Net profit and target price revisions

We expect CRC's 2021 earnings to turn to a net profit of THB22m from our previous projection of a net loss of THB590m, reflecting the strong recovery of all countries in 4Q21. We revise up our 2022/23E earnings by 25.6%/4.4% to reflect the faster-than-expected sales recovery, especially from Italy, and the expectation of fewer restriction measures. We revise up our TP to THB43 (from THB40) to reflect our earnings upgrade. Its current share price is trading at 47x 2022E P/E but could drop to 33x 2023E P/E after its earnings recover – we estimate to THB6.7b in 2023 – near the pre-Covid level of THB7.0b-8.0b.

### Exhibit 8: Revised assumptions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue (THB m)	194,674	226,184	252,286	192,456	210,212	234,915	1.2	7.6	7.4
SSSG Fashion (%)	(10.0)	25.0	11.0	(15.0)	15.0	12.0	5.0	10.0	(1.0)
SSSG Hardline (%)	10.0	13.0	7.0	9.0	7.0	7.0	1.0	6.0	0.0
SSSG Food (%)	(10.0)	5.0	5.0	(11.0)	2.0	5.0	1.0	3.0	0.0
Gross margin (%)	23.8	25.3	25.4	23.6	24.5	25.4	0.3	0.8	0.0
SG&A to sales (%)	29.2	28.7	28.0	29.6	28.0	27.6	(0.4)	0.7	0.4
Net profit (THB m)	22	4,729	6,720	(590)	3,766	6,434	(103.7)	25.6	4.4

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

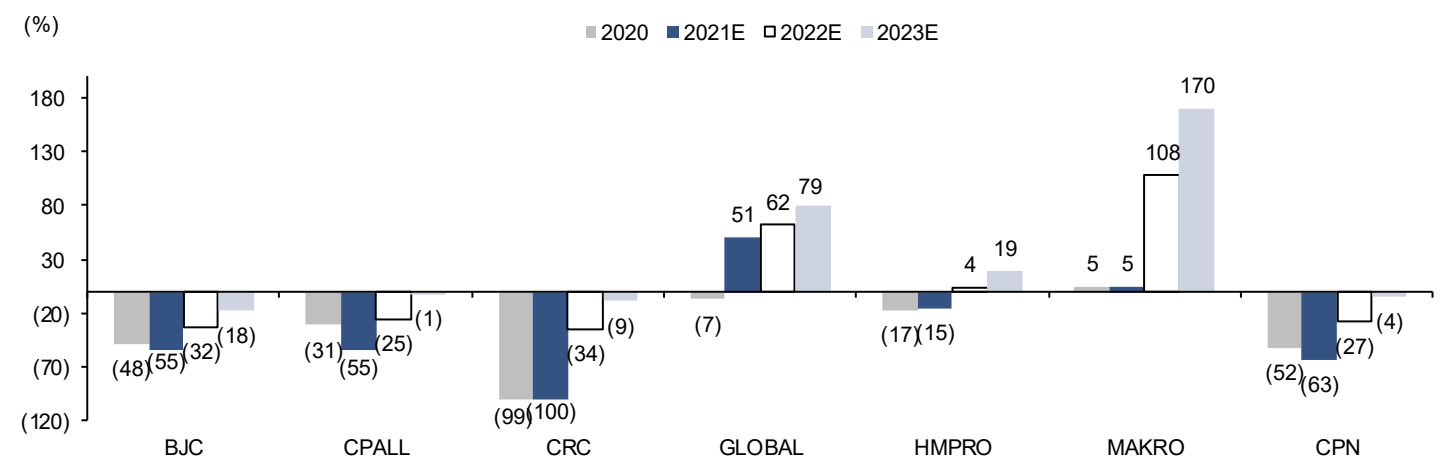
Source: FSSIA estimates

### Exhibit 9: DCF-derived TP

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.6	
Terminal growth	2.0	
NPV		130
Add: terminal value		246
Sum of PV		376
Add: investment		0
Less: debt		113
Less: minorities		3
Residual ordinary equity		261
No. of shares (m)		6,031
<b>Residual ordinary equity (THB/share)</b>		<b>43.0</b>

Source: FSSIA estimates

### Exhibit 10: Expect earnings to return to pre-Covid level by 2023



Source: CRC; FSSIA estimates

**Exhibit 11: Valuation comparison**

	CPALL	MAKRO	BJC	CRC	HMPRO	GLOBAL	CPN
Current price (THB)	63.0	40.0	32.3	37.0	14.2	19.3	55.5
TP (THB)	82.0	52.0	38.0	43.0	18.3	27.5	68.0
<i>Upside (%)</i>	30	30	18	16	29	42	23
No. of share (m shares)	8,983	11,172	4,008	6,031	13,151	4,602	4,488
2021E NP (THB m)	10,406	6,533	3,428	22	5,255	3,176	4,341
2022E NP (THB m)	17,239	12,977	5,115	4,729	6,402	3,411	8,461
2023E NP (THB m)	22,767	16,862	6,228	6,720	7,353	3,769	11,125
2021E EPS (THB/share)	1.16	0.58	0.86	0.00	0.40	0.63	0.97
2022E EPS (THB/share)	1.92	1.14	1.28	0.78	0.49	0.70	1.89
2023E EPS (THB/share)	2.53	1.51	1.55	1.11	0.56	0.78	2.48
2021E P/E (x)	54.4	29.4	37.7	n/a	35.5	28.0	57.4
2022E P/E (x)	32.8	34.4	25.3	47.2	29.2	26.0	29.4
2023E P/E (x)	24.9	26.4	20.8	33.2	25.4	23.6	22.4
5-Year Average (x)	35.2	29.3	29.5	40.0	34.5	37.2	26.3
2022E EPS growth (%)	65.7	95.2	49.2	n/a	21.8	11.3	94.9
2023E EPS growth (%)	32.1	32.7	21.8	42.1	14.9	12.2	31.5

Sources: Company Data; 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	194,674	226,184	252,286
Cost of goods sold	(134,983)	(118,390)	(123,650)	(139,761)	(155,797)
<b>Gross profit</b>	<b>84,221</b>	<b>75,619</b>	<b>71,024</b>	<b>86,424</b>	<b>96,488</b>
Other operating income	0	0	0	0	0
Operating costs	(62,332)	(57,088)	(56,767)	(64,915)	(70,640)
<b>Operating EBITDA</b>	<b>21,889</b>	<b>18,531</b>	<b>14,257</b>	<b>21,509</b>	<b>25,848</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>2,915</b>	<b>8,894</b>	<b>11,929</b>
Net financing costs	(837)	(2,648)	(2,939)	(3,052)	(3,655)
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>125</b>	<b>5,999</b>	<b>8,439</b>
Tax	(2,495)	884	103	(1,054)	(1,492)
<b>Profit after tax</b>	<b>12,359</b>	<b>341</b>	<b>228</b>	<b>4,946</b>	<b>6,948</b>
Minority interests	(1,726)	(295)	(207)	(217)	(228)
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>22</b>	<b>4,729</b>	<b>6,720</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>22</b>	<b>4,729</b>	<b>6,720</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.56	0.01	0.00	0.78	1.11
Reported EPS	2.26	0.01	0.00	0.78	1.11
DPS	7.71	0.40	0.00	0.31	0.45
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)	0.3	16.2	11.5
Operating EBITDA (%)	(2.9)	(15.3)	(23.1)	50.9	20.2
Operating EBIT (%)	5.0	(83.6)	47.7	205.2	34.1
Recurring EPS (%)	(13.7)	(99.5)	(53.2)	21,751.0	42.1
Reported EPS (%)	(2.7)	(99.7)	(53.2)	21,751.0	42.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.9	30.4	30.7	32.6	32.7
Gross margin of key business (%)	27.0	23.2	23.8	25.3	25.4
Operating EBITDA margin (%)	10.0	9.6	7.3	9.5	10.2
Operating EBIT margin (%)	5.5	1.0	1.5	3.9	4.7
Net margin (%)	3.4	0.0	0.0	2.1	2.7
Effective tax rate (%)	22.3	0.0	25.0	18.0	18.0
Dividend payout on recurring profit (%)	493.0	5,214.2	40.0	40.0	40.0
Interest cover (X)	14.8	0.8	1.0	3.0	3.3
Inventory days	94.2	110.6	102.2	97.2	97.7
Debtor days	7.4	8.4	8.0	6.9	7.0
Creditor days	101.2	105.9	97.7	96.3	96.8
Operating ROIC (%)	30.4	5.6	5.3	18.7	26.8
ROIC (%)	8.9	1.5	1.3	4.1	5.1
ROE (%)	18.3	0.1	0.0	8.6	11.6
ROA (%)	5.4	1.4	1.0	3.0	3.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales of goods	195,355	173,138	174,957	201,232	224,453
Rental services	6,979	5,598	6,123	7,043	7,856
Rendering services	1,674	1,212	1,347	1,811	2,020
Other income	15,194	14,062	12,247	16,099	17,956

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	22	4,729	6,720
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)	539	100	376
Change in working capital	10,174	(15,932)	3,077	1,924	1,587
<b>Cash flow from operations</b>	<b>27,735</b>	<b>(10,481)</b>	<b>14,980</b>	<b>19,368</b>	<b>22,602</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)	(389)	(16,338)	(13,534)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(6,625)</b>	<b>(72,753)</b>	<b>(12,389)</b>	<b>(28,578)</b>	<b>(26,141)</b>
Dividends paid	(36,237)	(2,412)	(9)	(1,892)	(2,688)
Equity finance	(4,943)	30,950	(38)	(38)	(38)
Debt finance	18,946	60,762	(7,310)	10,025	5,261
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(22,235)</b>	<b>89,300</b>	<b>(7,356)</b>	<b>8,095</b>	<b>2,535</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)	5,725.51	(5,980.30)	279.64
Free cash flow to equity (FCFE)	40,055.68	(22,472.08)	(4,718.09)	814.97	1,722.91

#### Per share (THB)

FCFF per share	3.68	(13.31)	0.95	(0.99)	0.05
FCFE per share	6.64	(3.73)	(0.78)	0.14	0.29
Recurring cash flow per share	3.74	0.90	1.97	2.89	3.48

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	14,090	14,731	15,263
Inventories	37,436	34,296	34,964	39,466	43,958
Other current assets	551	441	442	514	573
<b>Current assets</b>	<b>65,785</b>	<b>67,177</b>	<b>62,473</b>	<b>66,574</b>	<b>70,652</b>
Other assets	63,803	113,908	114,298	132,799	148,124
<b>Total assets</b>	<b>183,505</b>	<b>239,180</b>	<b>235,524</b>	<b>257,750</b>	<b>275,841</b>
Common equity	24,810	53,394	53,369	56,168	60,162
Minorities etc.	12,709	2,321	2,528	2,745	2,972
<b>Total shareholders' equity</b>	<b>37,519</b>	<b>55,715</b>	<b>55,896</b>	<b>58,913</b>	<b>63,134</b>
Long term debt	9,592	81,058	80,606	88,986	94,009
Other long-term liabilities	16,881	13,358	13,360	15,522	17,314
<b>Long-term liabilities</b>	<b>26,473</b>	<b>94,416</b>	<b>93,966</b>	<b>104,508</b>	<b>111,322</b>
A/C payable	37,101	31,569	34,651	39,113	43,565
Short term debt	51,563	40,859	34,001	35,647	35,885
Other current liabilities	30,849	16,620	17,009	19,569	21,935
<b>Current liabilities</b>	<b>119,513</b>	<b>89,049</b>	<b>85,662</b>	<b>94,329</b>	<b>101,385</b>
<b>Total liabilities and shareholders' equity</b>	<b>183,505</b>	<b>239,180</b>	<b>235,524</b>	<b>257,750</b>	<b>275,841</b>
Net working capital	(13,842)	1,246	(2,164)	(3,971)	(5,706)
Invested capital	103,879	173,249	170,887	187,205	199,483

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

#### Per share (THB)

Book value per share	5.28	8.85	8.85	9.31	9.98
Tangible book value per share	5.28	8.85	8.85	9.31	9.98

#### Financial strength

Net debt/equity (%)	131.9	187.0	181.8	191.4	188.5
Net debt/total assets (%)	27.0	43.6	43.2	43.8	43.2
Current ratio (x)	0.6	0.8	0.7	0.7	0.7
CF interest cover (x)	48.8	(7.5)	(0.6)	1.3	1.5

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>23.7</b>	<b>4,823.1</b>	<b>10,311.1</b>	<b>47.2</b>	<b>33.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>27.5</b>	<b>5,605.2</b>	<b>11,983.1</b>	<b>54.8</b>	<b>38.6</b>
Reported P/E (x)	16.4	4,823.1	10,311.1	47.2	33.2
Dividend yield (%)	20.8	1.1	0.0	0.8	1.2
Price/book (x)	7.0	4.2	4.2	4.0	3.7
Price/tangible book (x)	7.0	4.2	4.2	4.0	3.7
EV/EBITDA (x) **	10.8	17.8	23.0	15.7	13.4
EV/EBITDA @ target price (x) **	12.1	19.7	25.5	17.4	14.8
EV/invested capital (x)	2.3	1.9	1.9	1.8	1.7

\* 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	SEOIL	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	AMANAH	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	TTB	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)

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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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Central Retail Corp	CRC TB	THB 37.00	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.
CP All	CPALL TB	THB 63.00	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Siam Makro	MAKRO TB	THB 40.00	HOLD	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operational losses from its overseas business. The key upside risks include: 1) the faster-than-expected recovery of Lotus' performance; and 2) a more aggressive expansion plan.
Berli Jucker	BJC TB	THB 32.25	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment.
Home Product Center	HMPRO TB	THB 14.20	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Global House	GLOBAL TB	THB 19.30	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Central Pattana	CPN TB	THB 55.50	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.

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 08-Feb-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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