

CENTRAL RETAIL CORP

CRC TB

THAILAND / CONSUMER DISCRETIONARY

BUY

UNCHANGED

ฟื้นตัวรวดเร็วต่อเนื่องในปี 2022

- แผนเชิงรุก 5 ปีพร้อมเป้าหมายการเติบโตของยอดขายที่ 2.5x และยอดขายปี 2022 ฟื้นตัว 15-20% y-y
- คาดกำไร 4Q21 ที่ 2.3พัน ลบ. กระแสเป็นบวกต่อเนื่องในเดือน ม.ค. 22 พร้อมคาดการณ์เติบโตของยอดขายจากสาขาเดิม (SSSG) ที่ 25-30%
- คงแนะนำซื้อที่ราคาเป้าหมาย 43 บาท (DCF)

| | |
|-----------------|----------|
| 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% |

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 |

เป้าหมายยอดขายเชิงรุกในช่วง 5 ปีข้างหน้า

CRC จัดงาน 2022 CEO forum ไปเมื่อวานนี้ บริษัท ยืนยันแนวโน้มการฟื้นตัวที่ดีในทุกประเทศและทุกกลุ่มนับตั้งแต่การผ่อนคลายมาตรการควบคุมใน 4Q21 CRC มีเป้าหมายเชิงรุกในช่วง 5 ปีข้างหน้า ผู้บริหารตั้งเป้าอัตราการเติบโตของยอดขายไว้ที่ 2.5x เมื่อเทียบกับปัจจุบัน, EBITDA เพิ่ม 3.5x จากปัจจุบัน, และมูลค่าตามราคาตลาดเพิ่ม 2.5x จากปี 2021 ตามแผนปฏิรูปองค์กรให้เป็น "CRC Retailigence" เพื่อให้บริการแพลตฟอร์มอัจฉริยะและเติบโตตามกระแสนวัตกรรมใหม่ของผู้บริโภคอย่าง Cryptocurrency หรือ Metaverse

แนวโน้มการฟื้นตัวดีในปี 2022

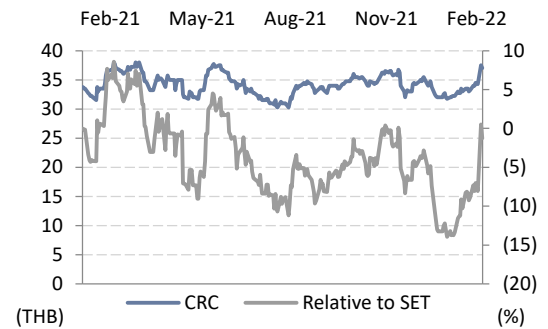
กระแสเป็นบวกต่อเนื่องในเดือน ม.ค. 22 ด้วย SSSG ที่เรคาดว่าเป็นบวกที่ 25-30% จากฐานที่ต่ำใน 1Q21 สำหรับเป้าประมาณการปี 2022 ผู้บริหารคาดว่าจะฟื้นตัว 15-20% y-y ในปี 2022 (เทียบกับประมาณการของเราที่ 15%) จากการเติบโตของยอดขายที่ 30-35% จากสินค้าแฟชั่น, 15-20% จากสินค้า Hardline, และ 5-10% จากสินค้าอาหาร นอกจากนี้ยอดขายจาก Omnichannel อาจเป็นหนึ่งในปัจจัยหนุนการเติบโตสำคัญ โดย CRC ตั้งเป้าให้ยอดขายดังกล่าวคิดเป็น 25% ของยอดขายรวมในปี 2022 (เทียบกับประมาณ 20% ใน 2021) CRC ระบุว่าค่าใช้จ่ายการขยายและการบริหารต่อยอดขายรวมน่าจะลดลงเหลือ 29% (เทียบกับประมาณการของเราที่ 28.7%)

พลิกเป็นกำไรใน 4Q21

เรคาดว่า CRC จะรายงานกำไรสุทธิ 2.3พัน ลบ. ใน 4Q21 พลิกจากที่เคยขาดทุน 2.2พัน ลบ. ใน 3Q21 จากการฟื้นตัวในทุกกลุ่ม SSSG น่าจะเป็นบวกที่ 9% (SSSG ในอิตาลีอยู่ที่ประมาณ 50%, ไทยอยู่ที่ประมาณ 2%, และเวียดนามอยู่ที่ประมาณ 12%) อัตรากำไรขั้นต้น (GPM) น่าจะอยู่ที่ 25.7% (เทียบกับ 23.1% ใน 3Q21 และ 24.3% ใน 4Q20) ตามสัดส่วนยอดขายที่เพิ่มขึ้นของสินค้าแฟชั่นและสินค้าหมวดอายุที่ต่ำเกินคาด สัดส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายรวมน่าจะลดลงเหลือ 26.6% (เทียบกับ 33.4% ใน 3Q21 และ 29.1% ใน 4Q20) จากฐานรายได้ที่สูงขึ้น

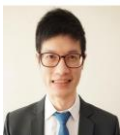
คงแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 43 บาท

เรคาดว่าผลประกอบการปี 2021 ของ CRC จะพลิกเป็นกำไรได้ที่ 22 ลบ. เทียบกับประมาณการก่อนหน้าของเราที่เคยคาดว่าจะขาดทุนสุทธิ 590 ลบ. ผลประกอบการดังกล่าวสะท้อนการฟื้นตัวที่ดีในทุกประเทศใน 4Q21 ปัจจุบันหุ้นมีการซื้อขายที่ 47x ของค่า 2022E P/E แต่อาจลดลงเหลือ 33x ของค่า 2023E P/E หลังกำไรฟื้นตัว ซึ่งเรคาดว่าจะอยู่ที่ 6.7พัน ลบ. ในปี 2023 ใกล้เคียงกับระดับก่อน Covid ที่ 7.0-8.0พัน ลบ.



| 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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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 9 กุมภาพันธ์ 2022

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.

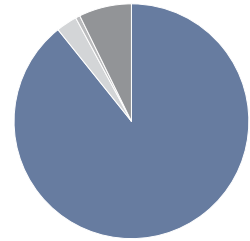
Company profile

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

Principal activities (revenue, 2020)

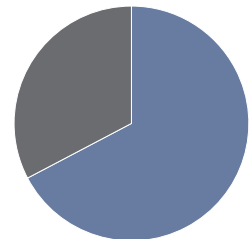
- Sales of goods - 89.2 %
- Rental services - 2.9 %
- Rendering services - 0.6 %
- Other income - 7.2 %



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

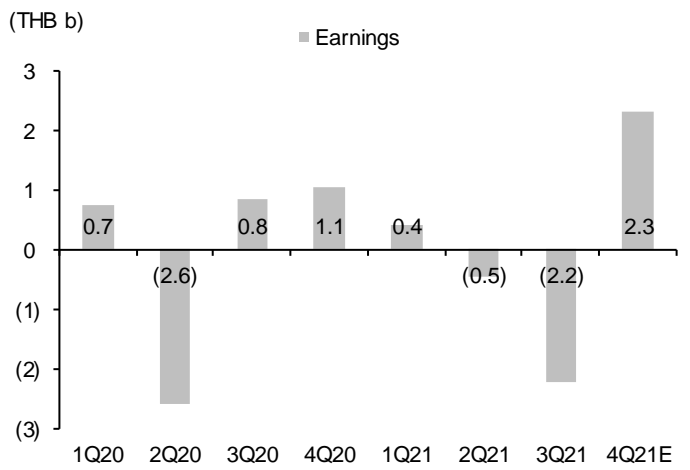
CRC hosted its 2022 CEO forum yesterday and reaffirmed the strong recovery outlook for all countries and segments since the restriction easing in 4Q21.

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%.

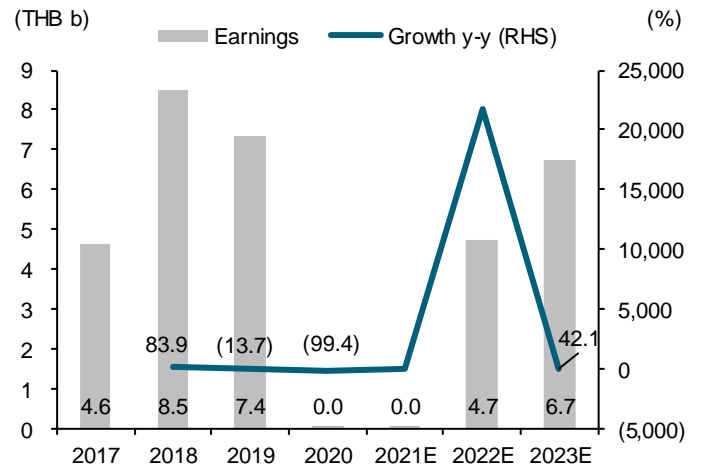
Moreover, omnichannel sales could be one of the key growth driver with target to contribute at 25% of total sales (vs c20% in 2021). CRC plans to spin off its subsidiary – MEB corporation (not rated), number one Thailand's E-book and web novel, by 4Q22.

Exhibit 1: Quarterly earnings



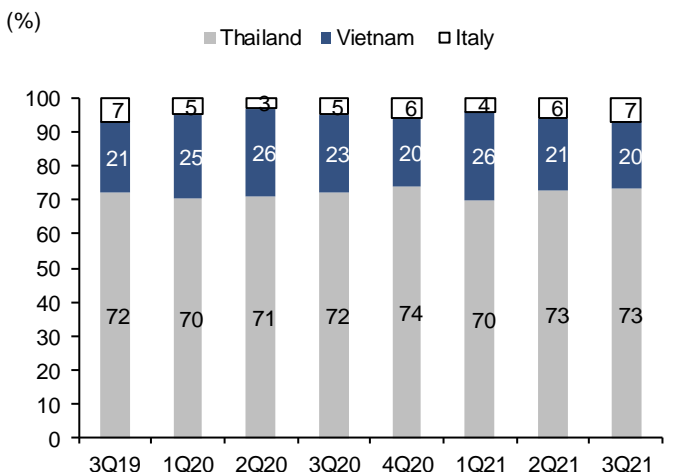
Sources: CRC; FSSIA estimates

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



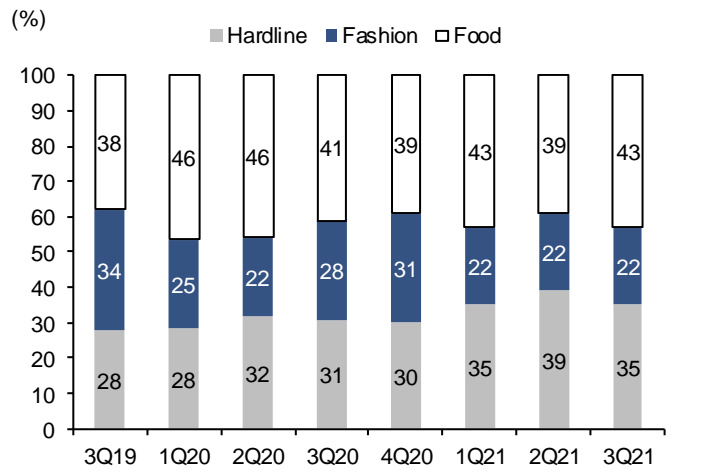
Sources: CRC; FSSIA estimates

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

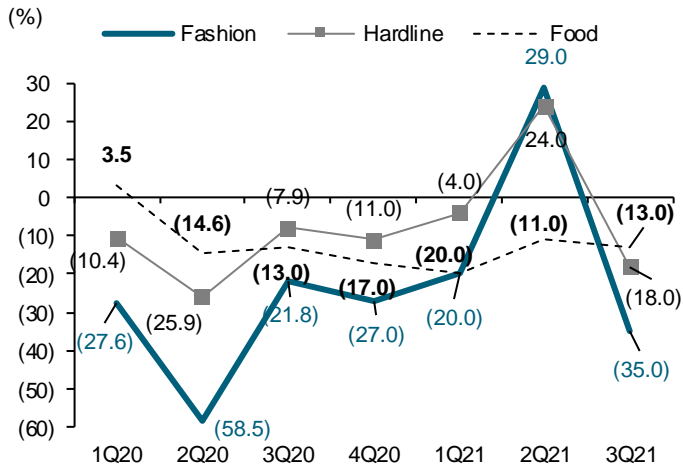
We expect CRC to report a net profit of THB2.3b in 4Q21, turning from a loss of THB2.2b in 3Q21, driven by the recovery from all segments, but especially from the fashion segment in Thailand and Italy. SSSG in 4Q21 should be positive at 9% (Italy's SSSG was at c50%, Thailand's SSSG was at c2%, and Vietnam's 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 |
| Retail sales | 45,415 | 43,749 | 41,844 | 37,660 | 51,703 | 37 | 14 | 174,957 | 1 |
| 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 |
| Gross profit | 16,167 | 14,776 | 13,800 | 12,037 | 19,068 | 58 | 18 | 59,682 | 1 |
| 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 |
| Operating EBITDA | 5,589 | 5,275 | 3,988 | 2,494 | 2,500 | 0 | (55) | 14,257 | (23) |
| Other income/expenses | 78 | 43 | 68 | 35 | 60 | 73 | (23) | 206 | (32) |
| Interest expense | (775) | (739) | (779) | (789) | (827) | 5 | 7 | (3,134) | 6 |
| Profit before tax | 640 | 424 | (750) | (2,571) | 2,883 | (212) | 350 | (14) | (98) |
| 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 |
| Reported net profit | 1,056 | 401 | (471) | (2,241) | 2,333 | (204) | 121 | 22 | (53) |
| EPS (THB) | 0.18 | 0.07 | (0.08) | (0.37) | 0.39 | (204) | 121 | 0.00 | n/a |
| Key Ratios | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | (%) | (ppt) |
| 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 | |
| Operational statistics | (%) | (%) | (%) | (%) | (%) | | | | |
| SSSG | | | | | | | | | |
| ---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 | | | | |
| Revenue proportion | | | | | | | | | |
| ---Fashion | 31 | 22 | 22 | 22 | 25 | | | | |
| ---Hardline | 30 | 35 | 39 | 35 | 32 | | | | |
| ---Food | 39 | 43 | 39 | 43 | 44 | | | | |

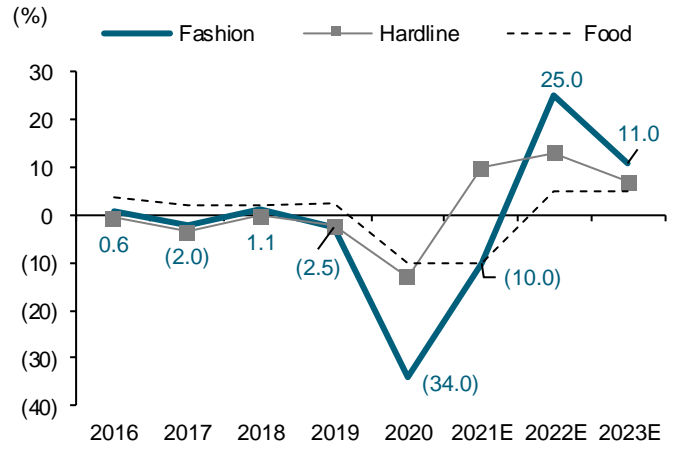
Sources: CRC; FSSIA estimates

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 |

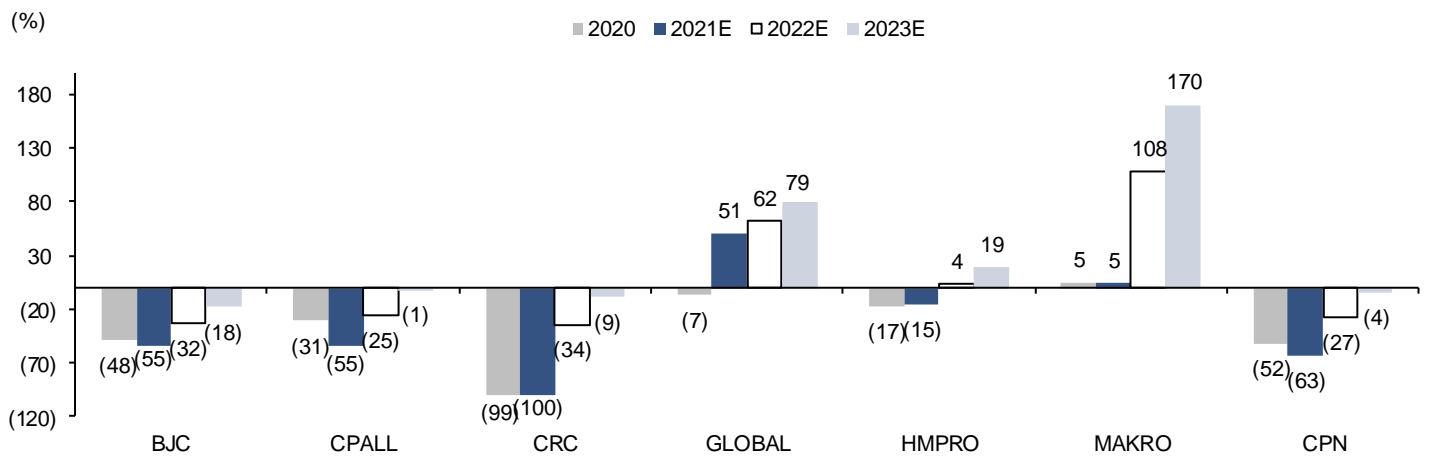
Note: Change of items in percentage terms are represented in ppt change

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 |
| Residual ordinary equity (THB/share) | | 43.0 |

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 |
| Upside (%) | 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) |
| Gross profit | 84,221 | 75,619 | 71,024 | 86,424 | 96,488 |
| Other operating income | 0 | 0 | 0 | 0 | 0 |
| Operating costs | (62,332) | (57,088) | (56,767) | (64,915) | (70,640) |
| Operating EBITDA | 21,889 | 18,531 | 14,257 | 21,509 | 25,848 |
| Depreciation | (9,874) | (16,558) | (11,342) | (12,615) | (13,919) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 12,016 | 1,973 | 2,915 | 8,894 | 11,929 |
| 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 |
| Profit before tax | 14,855 | (543) | 125 | 5,999 | 8,439 |
| Tax | (2,495) | 884 | 103 | (1,054) | (1,492) |
| Profit after tax | 12,359 | 341 | 228 | 4,946 | 6,948 |
| Minority interests | (1,726) | (295) | (207) | (217) | (228) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 10,633 | 46 | 22 | 4,729 | 6,720 |
| Non-recurring items & goodwill (net) | (3,283) | 0 | - | - | - |
| Recurring net profit | 7,351 | 46 | 22 | 4,729 | 6,720 |
| Per share (THB) | | | | | |
| 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 |
| Growth | | | | | |
| 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 |
| Operating performance | | | | | |
| 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 | | | | | |
| Revenue by Division (THB m) | | | | | |
| 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 |
| Cash flow from operations | 27,735 | (10,481) | 14,980 | 19,368 | 22,602 |
| 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 |
| Cash flow from investing | (6,625) | (72,753) | (12,389) | (28,578) | (26,141) |
| 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 |
| Cash flow from financing | (22,235) | 89,300 | (7,356) | 8,095 | 2,535 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (1,125) | 6,065 | (4,765) | (1,115) | (1,003) |
| 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) |
| Tangible fixed assets (net) | 41,862 | 41,654 | 42,312 | 41,937 | 40,624 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| 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 |
| Current assets | 65,785 | 67,177 | 62,473 | 66,574 | 70,652 |
| Other assets | 63,803 | 113,908 | 114,298 | 132,799 | 148,124 |
| Total assets | 183,505 | 239,180 | 235,524 | 257,750 | 275,841 |
| Common equity | 24,810 | 53,394 | 53,369 | 56,168 | 60,162 |
| Minorities etc. | 12,709 | 2,321 | 2,528 | 2,745 | 2,972 |
| Total shareholders' equity | 37,519 | 55,715 | 55,896 | 58,912 | 63,134 |
| 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 |
| Long-term liabilities | 26,473 | 94,416 | 93,966 | 104,508 | 111,322 |
| 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 |
| Current liabilities | 119,513 | 89,049 | 85,662 | 94,329 | 101,385 |
| Total liabilities and shareholders' equity | 183,505 | 239,180 | 235,524 | 257,750 | 275,841 |
| 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 |
|---|-------------|----------------|-----------------|-------------|-------------|
| Recurring P/E (x) * | 23.7 | 4,823.1 | 10,311.1 | 47.2 | 33.2 |
| Recurring P/E @ target price (x) * | 27.5 | 5,605.2 | 11,983.1 | 54.8 | 38.6 |
| 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 | 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 | 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) |

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

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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 Finasia 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 Finasia 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.