

CENTRAL RETAIL CORP  
THAILAND / CONSUMER DISCRETIONARY

## CRC TB

BUY

UNCHANGED

## Central to life, centre for growth

- ในปี 2022 เราคาดว่ากำไรสุทธิของ CRC จะแตะ 5.6 พัน ลบ. และโตเป็น 7.6 พัน ลบ. ในปี 2023 จากรูปแบบการทำธุรกิจและการควบคุมต้นทุน
- เวียดนามกำลังจะกลายเป็นธุรกิจที่โตเร็วที่สุดของ CRC นับตั้งแต่ปี 2022 เป็นต้นไป จากความต้องการที่อ่อนแอในประเทศหลังมาตรการปิดเมือง
- คงแนะนำซื้อหลังปรับเพิ่มราคาเป้าหมายจาก 43 เป็น 45 บาท (DCF)

## มุ่งสู่ความแข็งแกร่งและจุดสูงสุดใหม่ ๆ

ตั้งแต่ประสบปัญหาจากโควิด-19 ในช่วงปี 2020-21 CRC ได้แสดงให้เห็นอย่างชัดเจนถึงความแข็งแกร่งของรูปแบบธุรกิจและการควบคุมต้นทุนของบริษัทฯ โดยปรับตัวเองไม่เพียงเพื่อให้รอดแต่ยังเตรียมพร้อมสำหรับการฟื้นตัวของความต้องการหลังการกลับมาเปิดเศรษฐกิจอย่างเต็มรูปแบบทั้งในประเทศไทยและทั่วโลก ในปี 2022 เราคาดว่ากำไรสุทธิของ CRC จะแตะ 5.6 พัน ลบ. และโตต่อเนื่องเป็น 7.6 พัน ลบ. ในปี 2023 ซึ่งสูงกว่าระดับก่อนโควิดที่ 7.4 พัน ลบ. ในปี 2019 ในปี 2024 เราคาดว่ากำไรสุทธิของบริษัทฯ จะโตในระดับสูงถึง 44.8% y-y ไปแตะ 11 พัน ลบ. ซึ่งสูงกว่ากำไรสูงสุดที่ 8.5 พัน ลบ. ในปี 2018

## คาดกำไรสุทธิ 2Q22 จะออกมาดีที่ 2.2 พัน ลบ.

เราคาดว่ากำไรสุทธิ 2Q22 จะอยู่ที่ 2.2 พัน ลบ. เพิ่มขึ้นจาก 1.2 พัน ลบ. ใน 1Q22 ปัจจัยหนุนสำคัญน่าจะอยู่ที่รายได้ที่สูงขึ้นจากกลุ่มแฟชั่นที่มีอัตรากำไรสูง ซึ่งเราคาดว่าจะโต 19% y-y ใน 2Q22 จากปริมาณลูกค้าและตัวเลขนักท่องเที่ยวที่สูงขึ้น เราคาดว่ารายได้จากธุรกิจค้าปลีกจะปรับขึ้นต่อเนื่องใน 2Q22-2023 จากความต้องการที่อ่อนแอเป็นจำนวนมากหลังโรคระบาดโควิด-19 และอำนาจการจับจ่ายใช้สอยที่เพิ่มขึ้นซึ่งจะเป็นประโยชน์ต่อกลุ่มค้าปลีกของบริษัทฯ โดยเฉพาะอย่างยิ่งในสินค้าแฟชั่นและอาหาร

## ตัวแทนการเติบโตสำหรับประเทศโตเร็วอย่างเวียดนามและการฟื้นตัวของนักท่องเที่ยว

นอกจากการเติบโตอย่างสม่ำเสมอของ CRC ในตลาดค้าปลีกและสังหาริมทรัพย์ของไทยแล้ว เวียดนามกำลังจะกลายเป็นธุรกิจที่โตเร็วที่สุดของบริษัทฯ ตั้งแต่ปี 2022 เป็นต้นไป จากความต้องการที่อ่อนแอในประเทศหลังมาตรการปิดเมือง, ความต้องการที่มาพร้อมกับตัวเลขประชากรและอำนาจในการจับจ่ายใช้สอยที่สูงขึ้น รวมถึงการพัฒนาประเทศอย่างรวดเร็วในกลุ่มอุตสาหกรรม ในอิตาลี CRC น่าจะรายงานรายได้โตในปี 2022-23 และเราคาดว่ารายได้รายไตรมาสในอิตาลีจะสูงเกิน 3 พัน ลบ. ภายในปี 2023 เมื่ออุตสาหกรรมการท่องเที่ยวน่าจะกลับสู่ระดับปกติหลังโรคโควิดระบาดเป็นเวลานานถึง 2 ปี.

## ปรับประมาณการจากแนวโน้มที่ดี

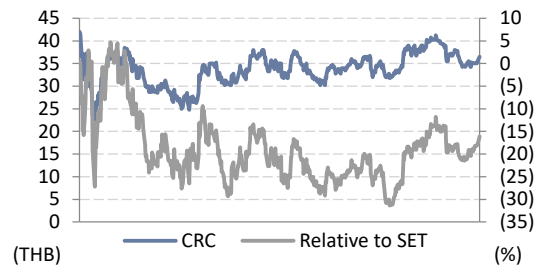
เราคงแนะนำซื้อหลังปรับเพิ่มราคาเป้าหมายจาก 43 เป็น 45 บาท (DCF) เพื่อสะท้อนการปรับเพิ่มประมาณการกำไรต่อหุ้นของเรา อย่างไรก็ดีเราปรับเพิ่ม WACC เป็น 8.2% จาก 7.6% เนื่องจากเราปรับเพิ่มต้นทุนในการกู้ยืมจาก 3% เป็น 4% และ Risk premium จาก 8.0% เป็น 8.5% เพื่อสะท้อนมุมมองมหภาคที่ระมัดระวังมากยิ่งขึ้นของเรา เราปรับเพิ่มประมาณการกำไรต่อหุ้นในปี 2022-24 อีก 13.3-36.5% เพื่อสะท้อน 1) ประมาณการรายได้ที่สูงขึ้นจากสมมติฐานการเติบโตของยอดขายจากสาขาเดิมที่สูงขึ้นในธุรกิจค้าปลีก; 2) สมมติฐานอัตรากำไรขั้นต้นที่สูงขึ้นอีก 1.2-1.8%; และ 3) สัดส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายที่ลดลงเหลือ 27.0-28.5% เพื่อสะท้อนการประหยัดต้นทุนบางส่วน

TARGET PRICE	THB45.00
CLOSE	THB36.50
UP/DOWNSIDE	+23.3%
PRIOR TP	THB43.00
CHANGE IN TP	+4.7%
TP vs CONSENSUS	+4.8%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	195,433	223,841	249,570	269,267
Net profit	59	5,568	7,616	11,030
EPS (THB)	0.01	0.92	1.26	1.83
vs Consensus (%)	-	4.9	(0.6)	13.8
EBITDA	19,559	22,064	27,528	34,478
Core net profit	59	5,568	7,616	11,030
Core EPS (THB)	0.01	0.92	1.26	1.83
Chg. In EPS est. (%)	-	17.7	13.3	36.5
EPS growth (%)	28.3	9,278.7	36.8	44.8
Core P/E (x)	3,707.8	39.5	28.9	20.0
Dividend yield (%)	0.8	1.3	1.7	2.5
EV/EBITDA (x)	17.4	16.3	13.6	11.2
Price/book (x)	3.9	3.8	3.6	3.3
Net debt/Equity (%)	198.4	222.4	234.5	230.6
ROE (%)	0.1	9.7	12.7	17.2

Jul-21 Oct-21 Jan-22 Apr-22 Jul-22



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.8	(8.8)	15.9
Relative to country (%)	6.4	(2.0)	14.7
Mkt cap (USD m)	6,013		
3m avg. daily turnover (USD m)	14.3		
Free float (%)	33		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	41.75/29.75		
Issued shares (m)	6,031.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 กรกฎาคม 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

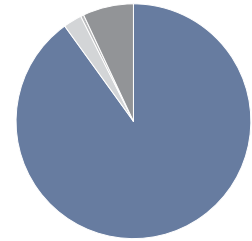
### Company profile

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

### Principal activities (revenue, 2021)

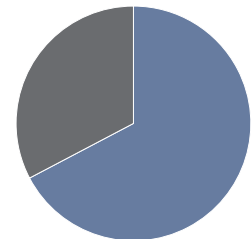
- Sales of goods - 90.0 %
- Rental services - 2.6 %
- Rendering services - 0.4 %
- Other income - 7.0 %



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
Aug 2022	2Q22 results announcement

### Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
SSSG Fashion	25.0	11.0	1.0
SSSG Hardline	13.0	7.0	5.0
SSSG Food	5.0	5.0	5.0
Gross margin	26.1	26.3	26.8
SG&A to sales	28.5	28.0	27.0

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

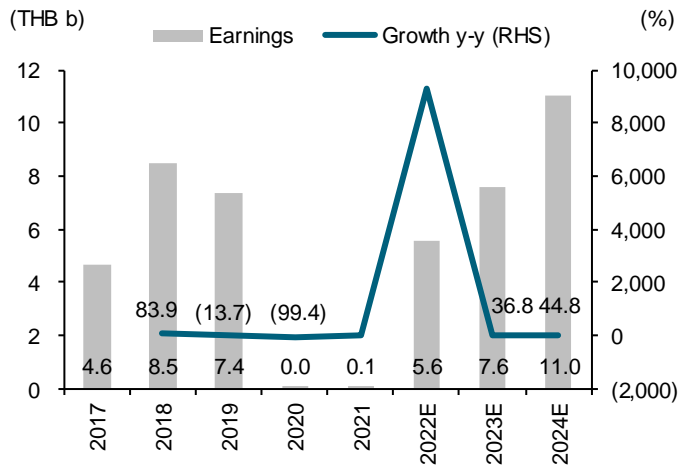


## Central to life, centre for growth

Since suffering from the Covid-19 pandemic in 2020-21, CRC has clearly demonstrated the resiliency of its business model and cost control by adapting itself to not only survive but to also prepare for the rebound in demand after the full economic reopening both in Thailand and globally.

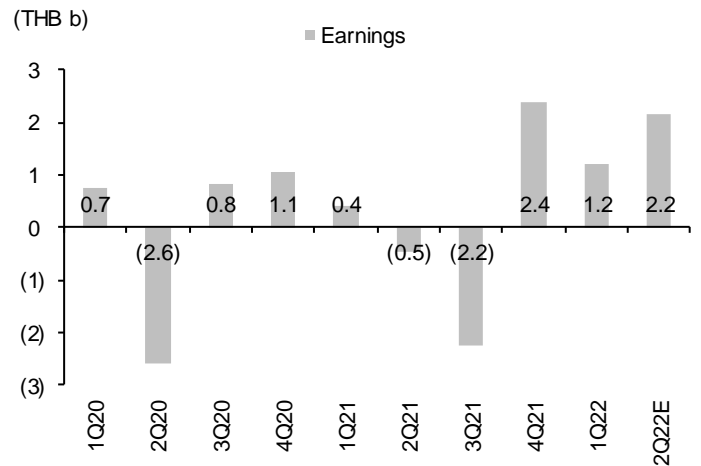
In 2022, we project CRC's net profit to hit THB5.6b and grow further to THB7.6b in 2023, surpassing the pre-Covid pandemic level of THB7.4b in 2019. In 2024, we expect CRC's net profit to grow substantially by 44.8% y-y to reach THB11b, exceeding its earnings peak of THB8.5b in 2018.

**Exhibit 1: Expect net profit to return to the pre-Covid level (2019) by 2023**



Sources: CRC; FSSIA estimates

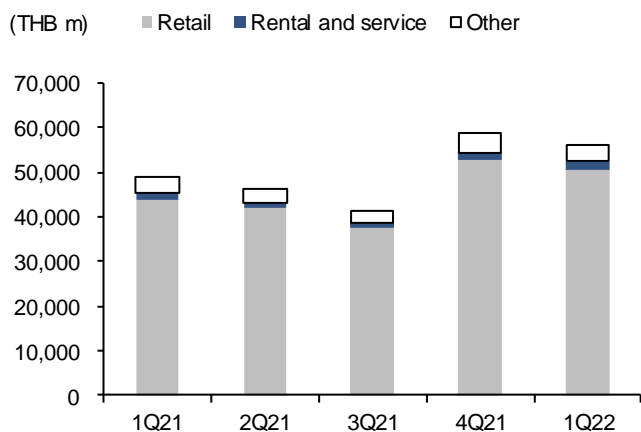
**Exhibit 2: Quarterly net profit has continued to improve**



Sources: CRC; FSSIA estimates

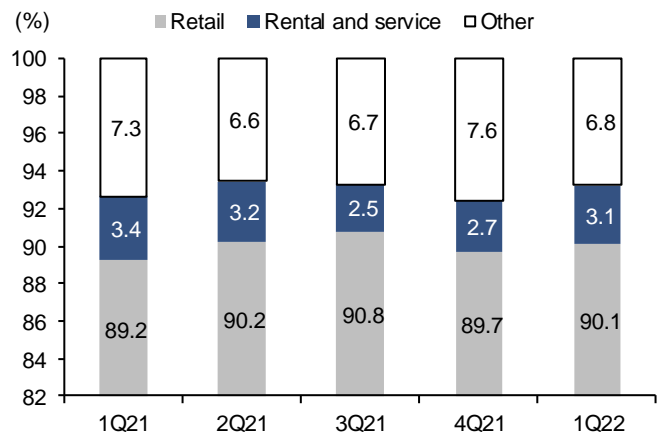
In 2Q22, we project CRC to post a strong net profit of THB2.2b, up from 1.2b in 1Q22. The key driver would be stronger revenue from the high-margin fashion segment, which we project to grow by 19% y-y in 2Q22 due to higher customer traffic and rising tourist numbers. We expect CRC's revenue from retail to continue to improve in 2Q22-2023, based on the strong pent-up demand post Covid-19 pandemic and higher purchasing power to benefit its retail segment, particularly fashion and food.

**Exhibit 3: Revenue breakdown by segment**



Sources: CRC; FSSIA estimates

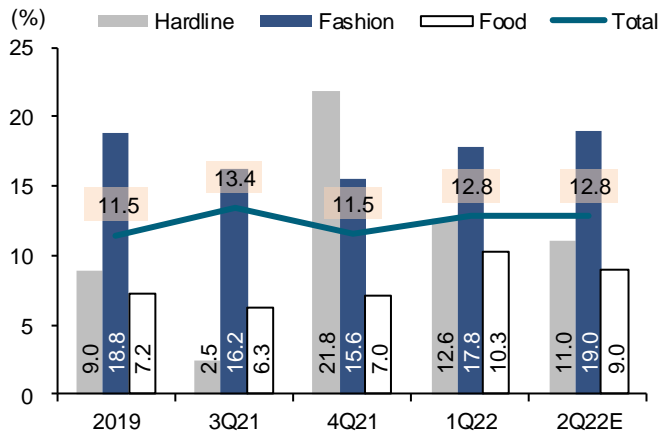
**Exhibit 4: Revenue breakdown by segment (%)**



Sources: CRC; FSSIA estimates

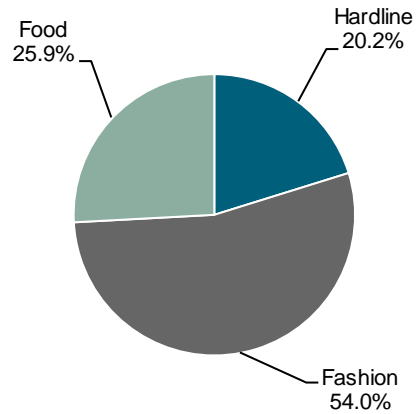
We project revenue growth of 23% y-y in 2Q22, in line with CRC's guided 20-25% revenue growth range for 2022, backed by revenue growth across all three segments. EBITDA for retail segment should improve further in 2Q22-2023, supported by improving EBITDA margins for fashion in both Thailand and Italy on the back of rising tourism numbers; for food on domestic strong spending; and for hardline on the sustained demand for construction.

**Exhibit 5: EBITDA margin breakdown by segment and y-y growth**



Sources: CRC; FSSIA estimates

**Exhibit 6: Retail EBITDA breakdown by segment (2019 pre-Covid)**



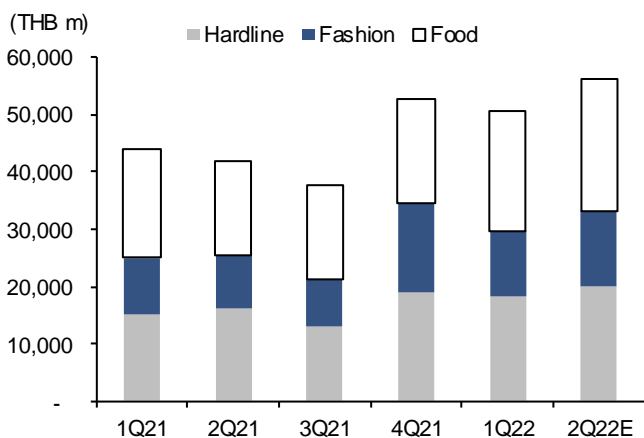
Sources: CRC; FSSIA estimates

Within the retail segment, CRC has seen significant and continuous improvement in EBITDA since 1Q21, with EBITDA generated from all segments of fashion, food, and hardline rising to over THB6b a quarter, already surpassing the quarterly EBITDA average of THB5.3b-5.4b a quarter seen in the 2018-19 pre-Covid levels.

For retail, we project strong revenue growth of 12.8% y-y in 2Q22, led by a 19% y-y rise in the fashion segment, 11% y-y growth in the hardline segment, and a 9% y-y increase in the food segment.

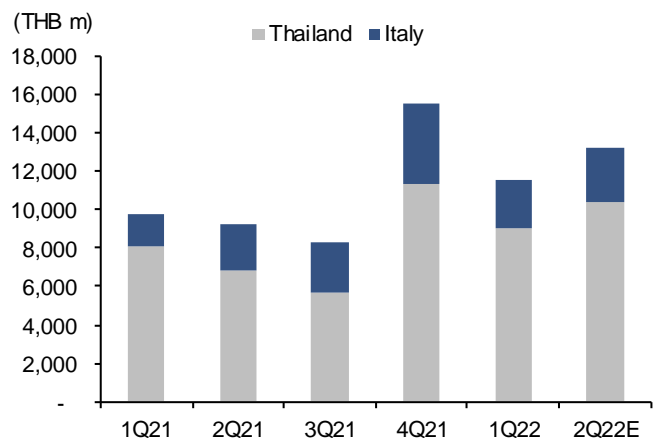
Compared to the pre-Covid level, revenue from the fashion segment accounted for 24% as of 1Q22, still far below the 30-35% proportion during the pre-Covid period in 2018-19. Hence, we think the revenue and EBITDA upsides for fashion in 2022-23 are still ample for CRC to drive up its EBITDA growth.

**Exhibit 7: Revenue breakdown**



Sources: CRC; FSSIA estimates

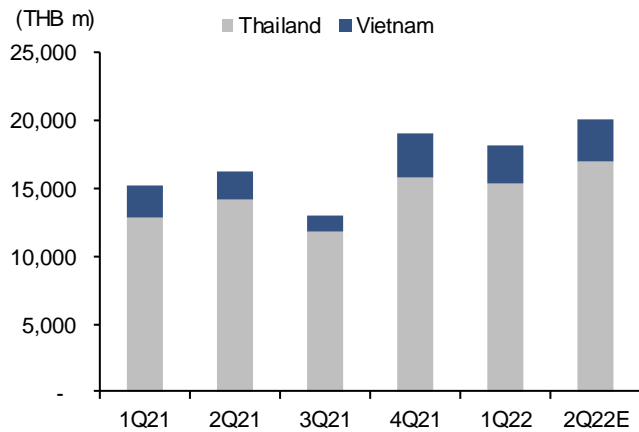
**Exhibit 8: Revenue breakdown for fashion**



Sources: CRC; FSSIA estimates

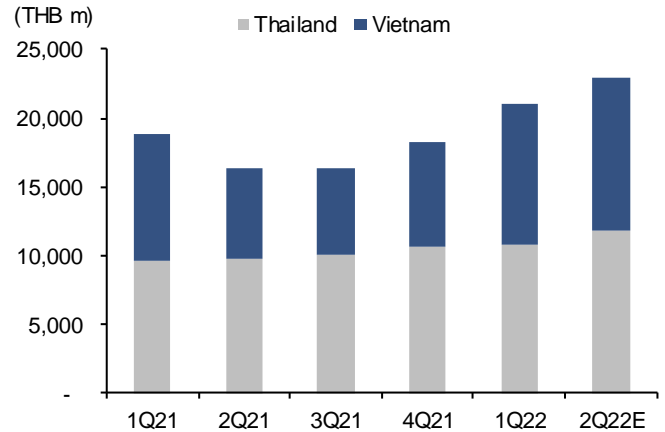
Revenue from food and hardline have similarly seen significant growth in the past three quarters since 2Q21, and we expect revenues from food and hardline to grow further to hit THB23b for food and THB20b for hardline in 2Q22.

**Exhibit 9: Revenue breakdown for hardline**



Sources: CRC; FSSIA estimates

**Exhibit 10: Revenue breakdown for food**



Sources: CRC; FSSIA estimates

**Vietnam is slowly emerging as CRC’s core growth driver.** On top of CRC’s steady growth in Thailand’s retail and property segments, Vietnam is emerging as CRC’s fastest growing unit in 2022 onward, thanks to Vietnam’s pent-up demand after the lockdowns in 2021, the organic demand growth from the growing population and its higher purchasing power, and the country’s fast development in industrial sectors.

**Exhibit 11: CRC’s current operational coverage as of 1Q22**



Source: CRC

CRC currently operates 38 large-scale hypermarkets under the brand “GO!” and 23 small-scale “go!” modern trade complexes which have seen sales growing by a rate of 130% higher than CRC’s original budget. CRC has already commanded the number one market share in Vietnam’s hypermarket segment and should be able to secure additional market share in other commerce segments in the fast-growing market in Vietnam.

**Exhibit 12: Vietnam property**



Source: CRC

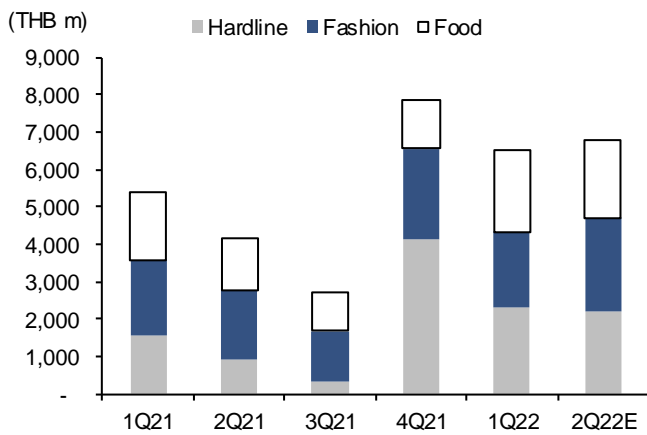
**Exhibit 13: Vietnam food**



Source: CRC

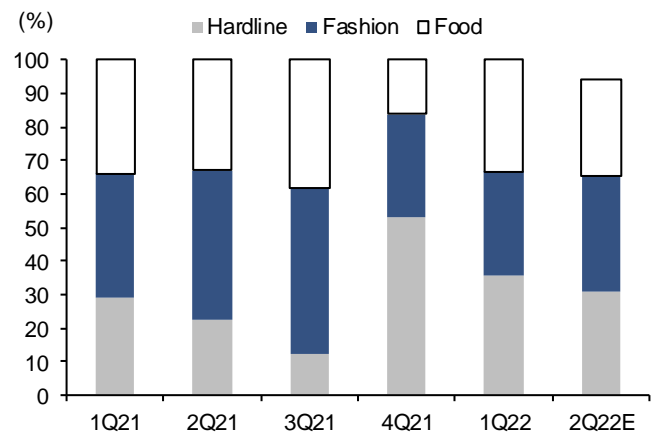
EBITDA contributions from Vietnam were at 31% of CRC's total EBITDA of THB6.5b as of 1Q22, and we project EBITDA contributions to grow in both absolute and relative terms, with quarterly EBITDA growing to THB2.5b-3.0b by 2023 and accounting for 35-38% of CRC's total EBITDA by 2024.

**Exhibit 14: EBITDA breakdown by segment**



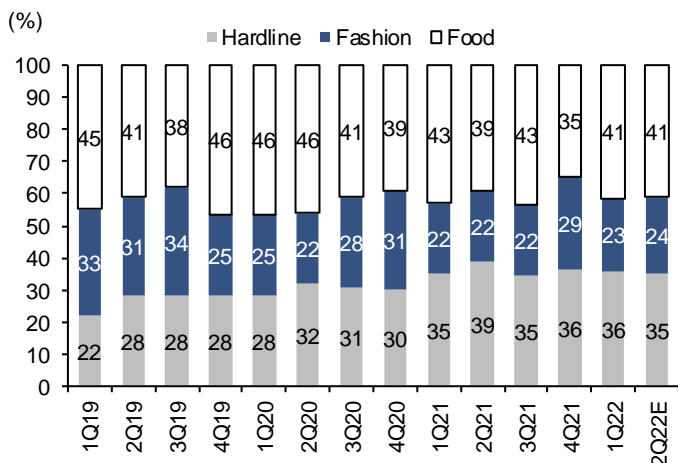
Sources: CRC; FSSIA estimates

**Exhibit 15: EBITDA breakdown by segment (%)**



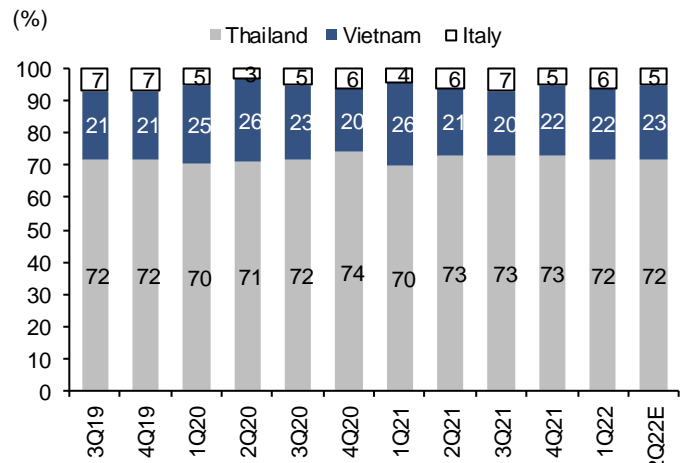
Sources: CRC; FSSIA estimates

**Exhibit 16: Revenue breakdown by segment**



Sources: CRC; FSSIA estimates

**Exhibit 17: Revenue breakdown by country**

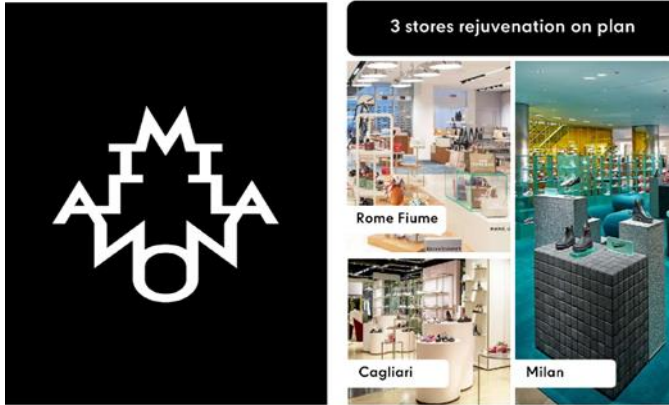


Sources: CRC; FSSIA estimates

**Italy: recovery on track.** After CRC's acquisition of the La Rinascente luxury department store in Italy on 27 May 2011, CRC has seen growing revenue contributions from Italy until 2020-21 when the impact of Covid-19 hit Europe and the revenue from CRC's Italy unit dropped. We project quarterly revenues from Italy to exceed THB3b by 2023 when the tourism industry should return to normalcy after the 2-year Covid-19 pandemic.

**Exhibit 18: La Rinascente's newly renovated three branches**

**Exhibit 19: CRC's country presence**



Source: CRC

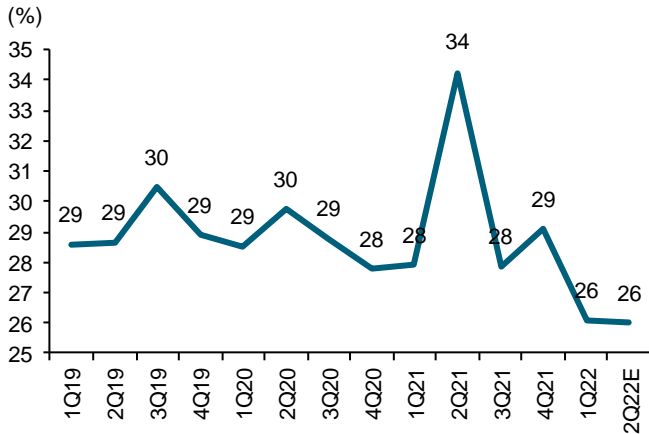
	THAILAND	VIETNAM	ITALY
2021 Revenue contribution	72%	22%	6%
2022F GDP growth <sup>1</sup>	↗ 2.7-4.0%	↗ 5.3-6.0%	↗ 2.3%
Network coverage	56/77 provinces 90% of GDP covered	41/63 provinces 85% of GDP covered	8 cities

Source: CRC

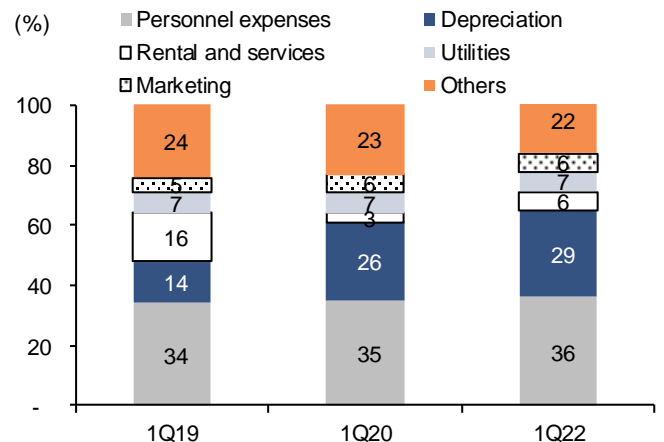
**Structurally lower cost post Covid-19 pandemic.** During the 2020-21 pandemic period, CRC successfully streamlined its cost structure, reducing its SG&A expense-to-sales ratio from 29-30% during the pre-Covid-19 period in 2019 down to 26% in 1Q22. According to management, CRC aims to maintain its SG&A-to-sales ratio at 26%, cutting its personnel, utilities, and marketing expenses.

**Exhibit 20: SG&A-to-sales ratio**

**Exhibit 21: Cost structure**



Sources: CRC; FSSIA estimates



Sources: CRC; FSSIA estimates



## EPS and target price revisions

We raise our EPS forecasts in 2022-24 by 13.3-36.5% to reflect 1) our higher revenue estimates by 1.6-4.7% due to our higher SSSG assumptions for fashion, hardline, and food; 2) higher gross margin assumptions for 2022-24 by 1.2-1.8% due to the higher revenue; and 3) lower SG&A-to-sales ratio estimates to 27.0-28.5% for 2022-24, down from 29% previously, to partly incorporate the cost savings.

**WACC revision from 7.6% to 8.2%.** We lift our DCF-based TP from THB43 to THB45 to reflect our upgraded EPS forecasts. However, we raise our WACC to 8.2% from 7.6%, as we raise the cost of debt from 3% to 4% and the risk premium from 8.0% to 8.5% to reflect our more conservative top-down macro view as a result of the potential global recession caused by the US Federal Reserve's rate hike and higher inflation.

### Exhibit 22: Key changes in EPS forecasts and assumptions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenue (THB m)	223,841	249,570	269,267	213,841	245,570	259,267	4.7	1.6	3.9
SSSG Fashion (%)	25.0	11.0	1.0	24.0	10.0	1.0	1.0	1.0	0.0
SSSG Hardline (%)	13.0	7.0	5.0	12.0	5.0	4.0	1.0	2.0	1.0
SSSG Food (%)	5.0	5.0	5.0	4.6	4.9	4.9	0.4	0.1	0.1
Gross margin (%)	26.1	26.3	26.8	24.9	25.0	25.0	1.2	1.3	1.8
SG&A to sales (%)	28.5	28.0	27.0	29.0	29.0	29.0	(0.5)	(1.0)	(2.0)
Net profit (THB m)	5,568	7,616	11,030	4,729	6,720	8,082	17.7	13.3	36.5
Core EPS (THB/share)	0.92	1.26	1.83	0.78	1.12	1.34	17.7	13.3	36.5

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

Sources: CRC; FSSIA estimates

### Exhibit 23: DCF-based valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	8.2	
Terminal growth	2.0	
NPV		140
Add: terminal value		269
<b>Sum of PV</b>		<b>409</b>
Add: investment		0
Less: debt		137
Less: minorities		3
Residual ordinary equity		269
No. of shares (m)		6,031
<b>Residual ordinary equity (THB/share)</b>		<b>45.0</b>

Sources: CRC; FSSIA estimates

## Financial Statements

### Central Retail Corp

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	194,009	195,433	223,841	249,570	269,267
Cost of goods sold	(118,390)	(118,806)	(137,982)	(152,162)	(162,087)
<b>Gross profit</b>	<b>75,619</b>	<b>76,626</b>	<b>85,858</b>	<b>97,408</b>	<b>107,180</b>
Other operating income	0	0	0	0	0
Operating costs	(57,088)	(57,068)	(63,795)	(69,880)	(72,702)
<b>Operating EBITDA</b>	<b>18,531</b>	<b>19,559</b>	<b>22,064</b>	<b>27,528</b>	<b>34,478</b>
Depreciation	(16,558)	(17,041)	(11,716)	(13,754)	(15,853)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,973</b>	<b>2,518</b>	<b>10,348</b>	<b>13,774</b>	<b>18,625</b>
Net financing costs	(2,648)	(2,892)	(3,648)	(4,582)	(5,275)
Associates	132	279	293	308	323
Recurring non-operating income	132	279	305	321	338
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>(543)</b>	<b>(95)</b>	<b>7,004</b>	<b>9,513</b>	<b>13,688</b>
Tax	884	372	(1,208)	(1,657)	(2,406)
<b>Profit after tax</b>	<b>341</b>	<b>277</b>	<b>5,796</b>	<b>7,856</b>	<b>11,282</b>
Minority interests	(295)	(217)	(228)	(240)	(252)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>46</b>	<b>59</b>	<b>5,568</b>	<b>7,616</b>	<b>11,030</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>46</b>	<b>59</b>	<b>5,568</b>	<b>7,616</b>	<b>11,030</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.01	0.01	0.92	1.26	1.83
Reported EPS	0.01	0.01	0.92	1.26	1.83
DPS	0.40	0.30	0.46	0.63	0.91
Diluted shares (used to calculate per share data)	6,031	6,031	6,031	6,031	6,031
<b>Growth</b>					
Revenue (%)	(11.5)	0.7	14.5	11.5	7.9
Operating EBITDA (%)	(15.3)	5.5	12.8	24.8	25.2
Operating EBIT (%)	(83.6)	27.6	310.9	33.1	35.2
Recurring EPS (%)	(99.5)	28.3	9,278.7	36.8	44.8
Reported EPS (%)	(99.7)	28.3	9,278.7	36.8	44.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.4	30.5	33.1	33.5	33.9
Gross margin of key business (%)	23.2	23.8	26.1	26.3	26.8
Operating EBITDA margin (%)	9.6	10.0	9.9	11.0	12.8
Operating EBIT margin (%)	1.0	1.3	4.6	5.5	6.9
Net margin (%)	0.0	0.0	2.5	3.1	4.1
Effective tax rate (%)	0.0	0.0	18.0	18.0	18.0
Dividend payout on recurring profit (%)	5,214.2	3,047.5	50.0	50.0	50.0
Interest cover (X)	0.8	1.0	2.9	3.1	3.6
Inventory days	110.6	108.8	99.6	98.0	100.3
Debtor days	8.4	8.8	7.7	7.0	7.2
Creditor days	105.9	105.2	99.6	97.2	99.4
Operating ROIC (%)	5.6	6.1	19.9	23.8	29.9
ROIC (%)	1.5	1.5	4.3	5.2	6.4
ROE (%)	0.1	0.1	9.7	12.7	17.2
ROA (%)	1.4	1.3	3.2	3.8	4.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales of goods	173,138	175,975	199,147	222,038	239,561
Rental services	5,598	4,990	6,970	7,771	8,385
Rendering services	1,212	826	1,792	1,998	2,156
Other income	14,062	13,641	15,932	17,763	19,165

Sources: Central Retail Corp; FSSIA estimates

## Financial Statements

### Central Retail Corp

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	46	59	5,568	7,616	11,030
Depreciation	16,558	17,041	11,716	13,754	15,853
Associates & minorities	(10,683)	154	0	0	0
Other non-cash items	(470)	531	115	378	235
Change in working capital	(15,932)	4,025	2,075	1,709	1,309
<b>Cash flow from operations</b>	<b>(10,481)</b>	<b>21,810</b>	<b>19,475</b>	<b>23,457</b>	<b>28,427</b>
Capex - maintenance	(16,350)	(18,745)	(19,120)	(19,694)	(20,284)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(56,403)	(19,032)	(16,525)	(14,868)	(11,382)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(72,753)</b>	<b>(37,777)</b>	<b>(35,645)</b>	<b>(34,562)</b>	<b>(31,666)</b>
Dividends paid	(2,412)	(1,809)	(2,784)	(3,808)	(5,515)
Equity finance	30,950	4,745	(603)	(603)	(603)
Debt finance	60,762	13,378	17,900	14,023	8,014
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>89,300</b>	<b>16,313</b>	<b>14,513</b>	<b>9,612</b>	<b>1,896</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>6,065</b>	<b>346</b>	<b>(1,658)</b>	<b>(1,492)</b>	<b>(1,343)</b>
Free cash flow to firm (FCFF)	(80,284.07)	(12,853.60)	(12,276.11)	(6,298.12)	2,240.40
Free cash flow to equity (FCFE)	(22,472.08)	(2,589.13)	1,729.20	2,919.10	4,775.28
<b>Per share (THB)</b>					
FCFF per share	(13.31)	(2.13)	(2.04)	(1.04)	0.37
FCFE per share	(3.73)	(0.43)	0.29	0.48	0.79
Recurring cash flow per share	0.90	2.95	2.88	3.61	4.50
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	102,023	102,023	121,143	140,837	161,121
Less: Accumulated depreciation	(60,369)	(58,664)	(70,381)	(84,134)	(99,987)
<b>Tangible fixed assets (net)</b>	<b>41,654</b>	<b>43,359</b>	<b>50,762</b>	<b>56,702</b>	<b>61,134</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	16,441	23,461	23,461	23,461	23,461
Cash & equivalents	17,742	18,088	16,430	14,938	13,595
A/C receivable	14,699	14,727	14,423	14,946	15,347
Inventories	34,296	36,516	38,773	42,973	46,087
Other current assets	441	587	672	750	809
<b>Current assets</b>	<b>67,177</b>	<b>69,918</b>	<b>70,297</b>	<b>73,607</b>	<b>75,838</b>
Other assets	113,908	126,491	144,877	161,530	174,279
<b>Total assets</b>	<b>239,180</b>	<b>263,228</b>	<b>289,398</b>	<b>315,300</b>	<b>334,711</b>
Common equity	53,394	56,388	58,569	61,775	66,687
Minorities etc.	2,321	2,693	2,921	3,161	3,413
<b>Total shareholders' equity</b>	<b>55,715</b>	<b>59,081</b>	<b>61,491</b>	<b>64,935</b>	<b>70,099</b>
Long term debt	81,058	78,817	52,666	40,842	33,095
Other long-term liabilities	13,358	13,668	15,529	17,314	18,681
<b>Long-term liabilities</b>	<b>94,416</b>	<b>92,485</b>	<b>68,195</b>	<b>58,156</b>	<b>51,775</b>
A/C payable	31,569	36,905	38,426	42,589	45,675
Short term debt	40,859	56,478	100,529	126,377	142,138
Other current liabilities	16,620	18,279	20,757	23,243	25,023
<b>Current liabilities</b>	<b>89,049</b>	<b>111,662</b>	<b>159,713</b>	<b>192,209</b>	<b>212,837</b>
<b>Total liabilities and shareholders' equity</b>	<b>239,180</b>	<b>263,228</b>	<b>289,398</b>	<b>315,300</b>	<b>334,711</b>
Net working capital	1,246	(3,354)	(5,316)	(7,163)	(8,456)
Invested capital	173,249	189,956	213,785	234,530	250,417
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	8.85	9.35	9.71	10.24	11.06
Tangible book value per share	8.85	9.35	9.71	10.24	11.06
<b>Financial strength</b>					
Net debt/equity (%)	187.0	198.4	222.4	234.5	230.6
Net debt/total assets (%)	43.6	44.5	47.3	48.3	48.3
Current ratio (x)	0.8	0.6	0.4	0.4	0.4
CF interest cover (x)	(7.5)	0.1	1.5	1.6	1.9
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>4,757.9</b>	<b>3,707.8</b>	<b>39.5</b>	<b>28.9</b>	<b>20.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>5,866.0</b>	<b>4,571.3</b>	<b>48.7</b>	<b>35.6</b>	<b>24.6</b>
Reported P/E (x)	4,757.9	3,707.8	39.5	28.9	20.0
Dividend yield (%)	1.1	0.8	1.3	1.7	2.5
Price/book (x)	4.1	3.9	3.8	3.6	3.3
Price/tangible book (x)	4.1	3.9	3.8	3.6	3.3
EV/EBITDA (x) **	17.6	17.4	16.3	13.6	11.2
EV/EBITDA @ target price (x) **	20.4	20.0	18.6	15.5	12.7
EV/invested capital (x)	1.9	1.8	1.7	1.6	1.5
* 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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAHA	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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\* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

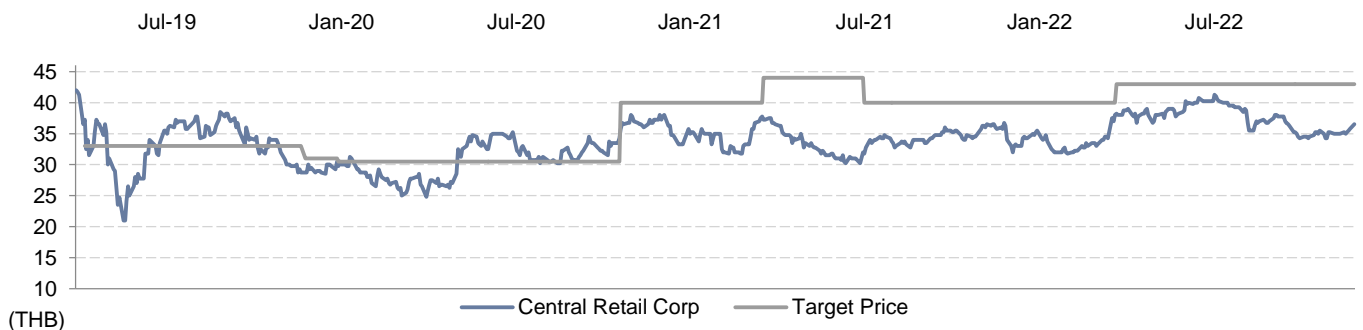
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### History of change in investment rating and/or target price

#### Central Retail Corp (CRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Feb-2020	REDUCE	33.00	02-Mar-2021	BUY	40.00	09-Feb-2022	BUY	43.00
24-Jul-2020	HOLD	31.00	09-Jun-2021	BUY	44.00			
18-Aug-2020	HOLD	30.50	18-Aug-2021	BUY	40.00			

Suwat Sinsadok, CFA, FRM, ERP 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 36.50	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 25-Jul-2022 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.