

## CENTRAL RETAIL CORP

## CRC TB

THAILAND / COMMERCE

BUY

UNCHANGED

## Unexciting core profit outlook with a sharper recovery expected in 2H24

- We expect a 1Q24 core profit of THB2.25b, down 14% q-q due to seasonality but up 1.2% y-y owing to improved sales and a more efficient control on expenses.
- The 2Q-3Q24 core profit outlook is unexciting, with a q-q loss projection in line with seasonal factors.
- We retain a BUY call at our TP of THB44.0 on the prospect of a more significant recovery in 2H24.

TARGET PRICE	THB44.00
CLOSE	THB34.50
UP/DOWNSIDE	+27.5%
PRIOR TP	THB44.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.3%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	248,391	270,111	291,698	312,356
Net profit	8,016	9,021	10,077	11,093
EPS (THB)	1.33	1.50	1.67	1.84
vs Consensus (%)	-	(2.9)	(6.2)	(8.1)
EBITDA	31,000	34,521	37,392	40,614
Recurring net profit	7,868	9,021	10,077	11,093
Core EPS (THB)	1.30	1.50	1.67	1.84
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	13.5	14.6	11.7	10.1
Core P/E (x)	26.4	23.1	20.6	18.8
Dividend yield (%)	1.6	1.8	2.0	2.2
EV/EBITDA (x)	10.8	9.9	9.3	8.6
Price/book (x)	3.1	2.9	2.6	2.4
Net debt/Equity (%)	177.5	170.6	161.4	150.3
ROE (%)	12.2	12.9	13.3	13.4

## 1Q24 core profit should inch up y-y

We anticipate a 1Q24 core profit of THB2.25b, down 14% q-q due to seasonal impacts but edging up 1.2% y-y due to higher sales and better control of expenses. Total revenue should equal THB59.5b (+1.7% q-q, +5.0% y-y), with an expected total SSSG of 1%, supported by Food SSSG projection of 4% and Fashion SSSG estimate of 2%. Hardline SSSG should remain in the red at 4% due to prolonged negative SSSG of 3-4% and 20% from Thai Watsadu and Nguyen Kim, its hardline unit in Vietnam, respectively.

## Stubbornly soft GPM forecast, despite more efficient control of expenses

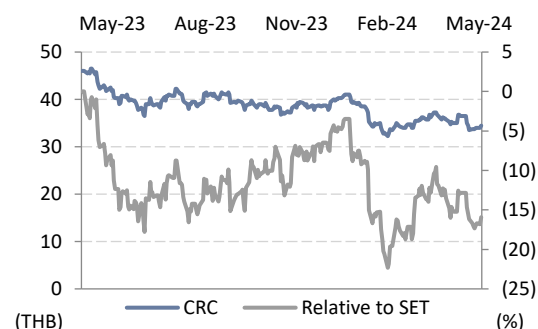
We project a gross margin of 25.8% (vs 27.7% in 4Q23 and 25.9% in 1Q23). It implies a decrease of c180bps q-q in tandem with seasonality (since 4Q is a high season for fashion, which has the highest margin) and c10bps y-y. SG&A-to-total revenue should improve to 26.7% from 27.9% in 4Q23 and 26.9% in 1Q23 on a lower utility expense projection. However, interest expense should increase following interest rate hikes since 75% of its debts are floating-rate loans.

## Unexciting 2Q-3Q24E, with q-q loss forecast in line with seasonality

If 1Q24 is in line, it secures 25% of our 2024E core profit. We expect a persistently weak 2Q-3Q24 core profit, with a projected q-q decrease in line with seasonal factors. However, we still expect them to post y-y growth due to sales from the new branches of Thai Watsadu and Go Wholesale and a higher recovery from Vietnam in 2H24.

## Maintain a BUY call at our TP of THB44.0

We reaffirm a BUY rating at our TP of THB44.0 as we keep our 2024E core profit unchanged at THB9.0b (+15% y-y), with a sharper 2H24 recovery projection, supported by a recovery from Vietnam and government disbursement.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.5)	3.8	(22.9)
Relative to country (%)	(2.8)	3.5	(13.8)
Mkt cap (USD m)	5,615		
3m avg. daily turnover (USD m)	10.9		
Free float (%)	55		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	47.00/32.00		
Issued shares (m)	6,031.00		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

CRC is a leading multi-format (physical/online) and multi-category (fashion/hardline/food) retailer. Also, it has expanded its business to Italy and Vietnam. CRC has multi-store formats. In 2023, it has 1,969 stores, including 85 department stores, 114 specialty stores, 338 brand shops, 38 hypermarkets, 725 supermarkets & CVS, 4 Food wholesales, 81 home DIY, 171 electronics stores, 219 OFM & B2S, 72 malls, and 122 health & wellness stores.

According to Euromonitor, the projected market growth of the modern retail and wholesale industry in Thailand and Vietnam during 2023-27 equals 7.8% and 9.4% CAGR, respectively. In this regard, Vietnam has a higher growth potential than Thailand. Also, revenue from Vietnam accounted for 20-25% of sales.

### Company profile

Established in 1947 by the Chirathivat family, CRC is a multi-category retailer. It operates multi-store formats in Thailand, Italy, and Vietnam. Also, it is an omni-channel pioneer in Thailand, which helps strengthen its retail store network in offering products and services to consumers.

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

### Principal activities (revenue, 2023)

Sales of goods - 89.3 %

Rental services - 3.1 %

Rendering services - 0.7 %

Other income - 6.8 %

Source: Central Retail Corp

### Major shareholders

Chirathivat family - 67.3 %

Others - 32.7 %

Source: Central Retail Corp

### Catalysts

Potential growth drivers include 1) a recovery in domestic purchasing power, 2) a recovery in tourist arrivals, 3) the government's stimulus, and 4) an economic recovery in Vietnam.

### Risks to our call

Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.

Event calendar

Date	Event
3 May 2024	Ex-dividend date
13 May 2024	1Q24 results announcement

### Key assumptions

CRC	2024E (%)	2025E (%)	2026E (%)
SSSG Fashion	4.1	4.1	3.0
SSSG Hardline	4.1	4.5	3.0
SSSG Food	3.0	3.0	3.0
GPM from sales	26.6	26.5	26.4
SG&A to sales	27.7	27.5	27.2

Source: FSSIA estimates

### Earnings sensitivity

For every 1% increase in SSSG, we estimate 2024 EPS would rise 0.7%, and vice versa, all else being equal.

For every 0.1% increase in GPM, we estimate 2024 EPS would rise 2.0%, and vice versa, all else being equal.

For every 0.1% increase in SG&A to sales, we estimate 2024 EPS would fall 2.3%, and vice versa, all else being equal.

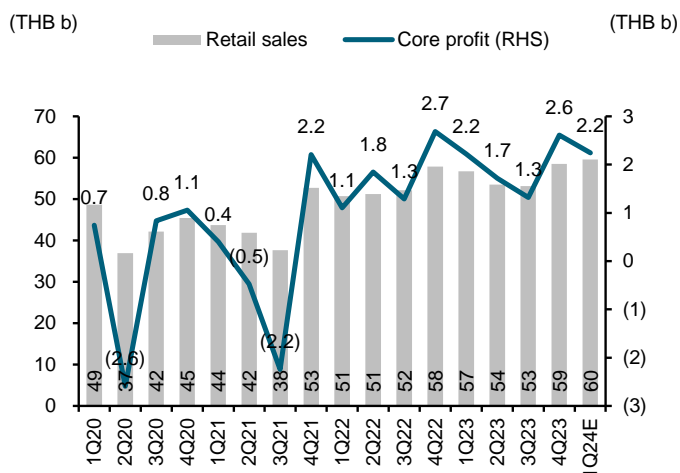
Source: FSSIA estimates

## Exhibit 1: CRC - 1Q24E results preview

Profit & Loss Statement	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		1Q24E	2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%24E)	(THB m)	(THB m)	(y-y%)
Retail sales	56,712	53,521	53,162	58,530	59,548	1.7	5.0	25	221,926	241,831	9
Rental and services	2,248	2,331	2,360	2,573	2,473	(3.9)	10.0	25	9,512	9,928	4
<b>Total revenue</b>	<b>58,960</b>	<b>55,853</b>	<b>55,522</b>	<b>61,103</b>	<b>62,021</b>	<b>1.5</b>	<b>5.2</b>	<b>25</b>	<b>231,438</b>	<b>251,759</b>	<b>9</b>
Cost of retail sales	(42,006)	(39,297)	(38,947)	42,340)	(44,166)	4.3	5.1	25	(162,590)	(177,537)	9
Cost of rental and services	(568)	(581)	(590)	(612)	(589)	(3.9)	3.5	24	(2,351)	(2,448)	4
<b>Gross profit</b>	<b>16,386</b>	<b>15,975</b>	<b>15,985</b>	<b>18,150</b>	<b>17,267</b>	<b>(4.9)</b>	<b>5.4</b>	<b>24</b>	<b>66,497</b>	<b>71,775</b>	<b>8</b>
Investment income	69	84	54	90	60	(33.3)	(12.9)	18	292	324	11
Other income	4,176	4,065	3,999	4,711	4,403	(6.5)	5.4	24	16,952	18,352	8
Operating costs	(16,999)	(17,258)	(17,429)	(18,337)	(17,751)	(3.2)	4.4	24	(70,023)	(74,794)	7
<b>Operating profit</b>	<b>3,632</b>	<b>2,866</b>	<b>2,610</b>	<b>4,615</b>	<b>3,979</b>	<b>(13.8)</b>	<b>9.5</b>	<b>25</b>	<b>13,719</b>	<b>15,657</b>	<b>14</b>
Interest expense	(1,031)	(1,117)	(1,215)	(1,278)	(1,342)	4.9	30.2	27	(4,642)	(5,016)	8
Profit before tax	2,602	1,749	1,395	3,336	2,637	(21.0)	1.4	25	9,082	10,641	17
Tax	(589)	(380)	(424)	(156)	(589)	277.6	0.1	28	(1,550)	(2,128)	37
Associates	299	322	283	86	310	262.6	3.6	30	990	1,040	5
Minority interests	(144)	(123)	(112)	(128)	(112)	(12.5)	(22.3)	21	(506)	(532)	5
Non-recurring items	(51)	(150)	(178)	527	0	(100.0)	(100.0)	n/a	148	-	(100)
Reported net profit	2,168	1,567	1,143	3,138	2,246	(28.4)	3.6	25	8,016	9,021	13
<b>Normalized profit</b>	<b>2,219</b>	<b>1,717</b>	<b>1,321</b>	<b>2,611</b>	<b>2,246</b>	<b>(14.0)</b>	<b>1.2</b>	<b>25</b>	<b>7,868</b>	<b>9,021</b>	<b>15</b>
EPS (THB)	0.36	0.26	0.19	0.52	0.37	(28.4)	3.6	25	1.33	1.50	13
<b>Normalized EPS (THB)</b>	<b>0.37</b>	<b>0.28</b>	<b>0.22</b>	<b>0.43</b>	<b>0.37</b>	<b>(14.0)</b>	<b>1.2</b>	<b>25</b>	<b>1.30</b>	<b>1.50</b>	<b>15</b>
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Retail sales margin	25.9	26.6	26.7	27.7	25.8	(1.8)	(0.1)		26.7	26.6	(0.2)
Rental&Services margin	74.7	75.1	75.0	76.2	76.2	(0.0)	1.5		75.3	75.3	0.1
Gross margin	27.8	28.6	28.8	29.7	27.8	(1.9)	0.0		28.7	28.5	(0.2)
EBIT margin	6.2	5.1	4.7	7.6	6.4	(1.1)	0.3		5.9	6.2	0.3
Recurring net margin	3.4	2.5	1.7	5.2	3.3	(1.9)	(0.1)		3.3	3.4	0.1
SG&A / revenue	26.9	28.8	29.3	27.9	26.7	(1.1)	(0.2)		28.2	27.7	(0.5)
<b>Operational statistics</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>		<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
<b>Total SSSG</b>	<b>13.0</b>	<b>4.0</b>	<b>0.0</b>	<b>(2.4)</b>	<b>1.0</b>	<b>3.4</b>	<b>(12.0)</b>		<b>3.0</b>	<b>3.6</b>	<b>0.6</b>
---Fashion	31.0	14.0	6.0	3.0	2.0	(1.0)	(29.0)		12.0	4.1	(8.0)
---Hardline	0.3	(2.0)	(6.0)	(8.0)	(4.0)	4.0	(4.3)		(4.0)	4.1	8.1
---Food	8.0	(2.0)	(3.0)	(5.0)	4.0	9.0	(4.0)		(0.2)	3.0	3.2

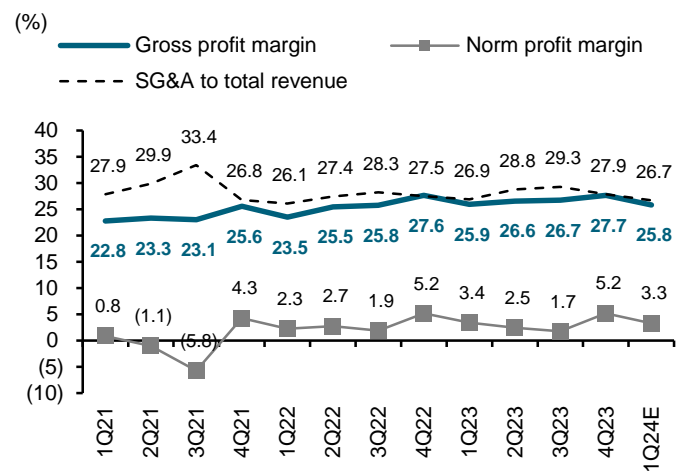
Sources: CRC. FSSIA estimates

## Exhibit 2: Retail sales and core profit



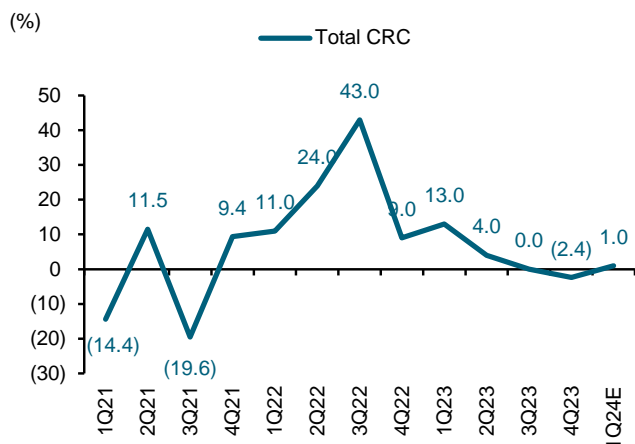
Sources: CRC. FSSIA estimates

## Exhibit 3: Profitability



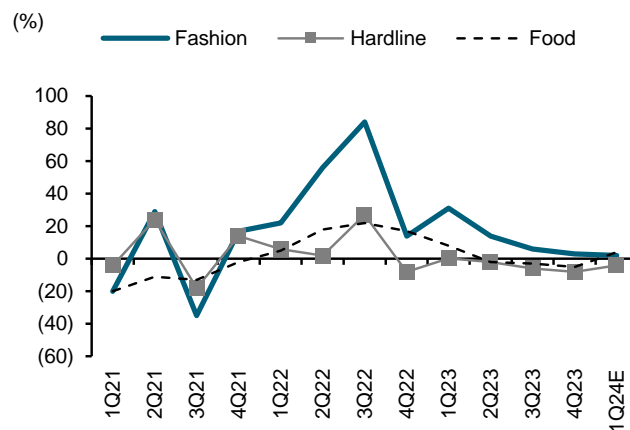
Sources: CRC. FSSIA estimates

Exhibit 4: SSSG of total CRC



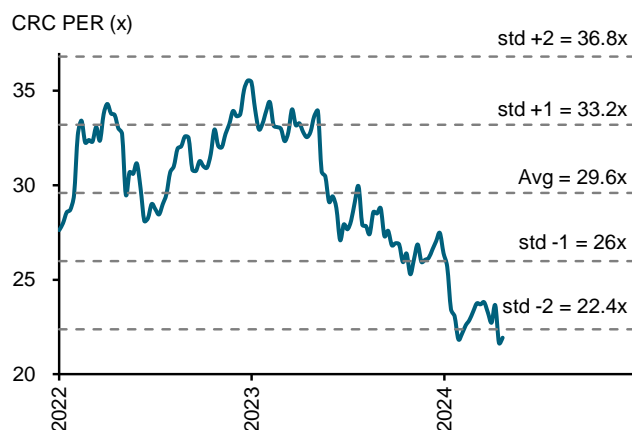
Sources: CRC, FSSIA estimates

Exhibit 5: SSSG breakdown by segments



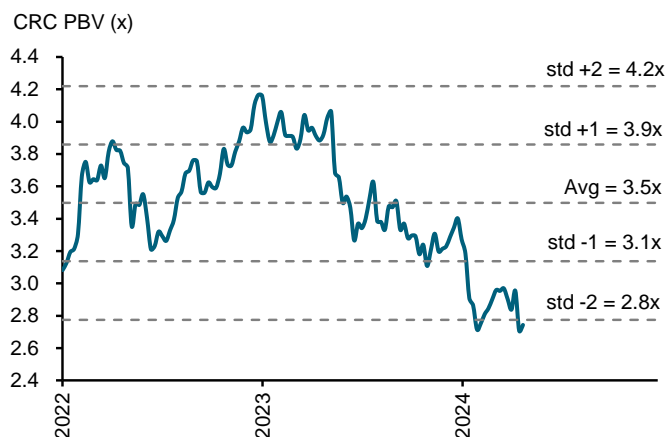
Sources: CRC, FSSIA estimates

Exhibit 6: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 8: Commerce peers as of 30 April 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	57.50	77.00	34	13,940	24.6	21.0	18.1	19.3	4.6	4.2	19.1	16.5
CP Aextra	CPAXT TB	BUY	32.50	36.00	11	9,280	32.3	27.5	3.6	4.2	1.2	1.1	11.8	11.1
Berli Jucker*	BJC TB	n/a	24.50	n/a	n/a	2,685	18.0	16.6	4.5	4.8	0.8	0.8	12.0	11.4
Consumer Staple average						25,905	24.9	21.7	8.7	9.4	2.2	2.0	14.3	13.0
Consumer Discretionary														
Com7	COM7 TB	BUY	18.30	22.50	23	1,178	14.7	13.5	34.3	32.0	4.7	4.0	10.0	8.8
Central Retail Corp	CRC TB	BUY	34.50	44.00	28	5,615	23.1	20.6	12.9	13.3	2.9	2.6	9.9	9.3
Home Improvement														
Index Living Mall	ILM TB	BUY	20.80	26.70	28	283	13.4	12.3	12.9	13.5	1.7	1.6	7.0	6.5
Home Product Center	HMPRO TB	BUY	10.40	13.60	31	3,691	20.0	18.9	26.1	26.4	5.1	4.9	11.7	11.1
Siam Global House	GLOBAL TB	HOLD	16.20	17.30	7	2,274	28.5	25.3	12.3	12.9	3.4	3.2	21.9	19.7
Dohome	DOHOME TB	HOLD	10.80	11.80	9	941	35.8	27.8	7.7	9.2	2.6	2.5	18.1	15.7
Home Improvement avg.						7,190	24.4	21.1	14.8	15.5	3.2	3.0	14.7	13.3
Consumer Discretionary avg.						13,984	22.6	19.8	17.7	17.9	3.4	3.1	13.1	11.9
Total average						39,889	23.4	20.4	14.7	15.1	3.0	2.8	13.5	12.2

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

### Central Retail Corp

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	236,031	248,391	270,111	291,698	312,356
Cost of goods sold	(159,647)	(164,941)	(179,985)	(194,926)	(209,259)
<b>Gross profit</b>	<b>76,384</b>	<b>83,449</b>	<b>90,127</b>	<b>96,772</b>	<b>103,097</b>
Other operating income	0	0	0	0	0
Operating costs	(64,784)	(70,171)	(74,794)	(80,188)	(85,085)
<b>Operating EBITDA</b>	<b>28,771</b>	<b>31,000</b>	<b>34,521</b>	<b>37,392</b>	<b>40,614</b>
Depreciation	(17,171)	(17,722)	(19,189)	(20,808)	(22,603)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>11,600</b>	<b>13,278</b>	<b>15,332</b>	<b>16,584</b>	<b>18,011</b>
Net financing costs	(3,269)	(4,349)	(4,692)	(4,655)	(4,845)
Associates	820	990	1,040	1,091	1,146
Recurring non-operating income	824	995	1,040	1,091	1,146
Non-recurring items	245	148	0	0	0
<b>Profit before tax</b>	<b>9,399</b>	<b>10,072</b>	<b>11,680</b>	<b>13,021</b>	<b>14,312</b>
Tax	(1,794)	(1,550)	(2,128)	(2,386)	(2,633)
<b>Profit after tax</b>	<b>7,605</b>	<b>8,523</b>	<b>9,552</b>	<b>10,635</b>	<b>11,679</b>
Minority interests	(430)	(506)	(532)	(558)	(586)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>7,175</b>	<b>8,016</b>	<b>9,021</b>	<b>10,077</b>	<b>11,093</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(245)</b>	<b>(148)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,930</b>	<b>7,868</b>	<b>9,021</b>	<b>10,077</b>	<b>11,093</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.15	1.30	1.50	1.67	1.84
Reported EPS	1.19	1.33	1.50	1.67	1.84
DPS	0.48	0.55	0.62	0.69	0.76
Diluted shares (used to calculate per share data)	6,031	6,031	6,031	6,031	6,031
<b>Growth</b>					
Revenue (%)	20.8	5.2	8.7	8.0	7.1
Operating EBITDA (%)	47.1	7.8	11.4	8.3	8.6
Operating EBIT (%)	360.7	14.5	15.5	8.2	8.6
Recurring EPS (%)	11,573.4	13.5	14.6	11.7	10.1
Reported EPS (%)	11,985.2	11.7	12.5	11.7	10.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	32.4	33.6	33.4	33.2	33.0
Gross margin exc. depreciation (%)	39.6	40.7	40.5	40.3	40.2
Operating EBITDA margin (%)	12.2	12.5	12.8	12.8	13.0
Operating EBIT margin (%)	4.9	5.3	5.7	5.7	5.8
Net margin (%)	2.9	3.2	3.3	3.5	3.6
Effective tax rate (%)	20.9	17.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	41.8	42.2	41.4	41.4	41.4
Interest cover (X)	3.8	3.3	3.5	3.8	4.0
Inventory days	102.7	111.7	109.5	108.7	108.1
Debtor days	7.9	8.1	7.9	8.0	8.1
Creditor days	98.3	101.2	98.6	97.8	97.1
Operating ROIC (%)	20.5	20.3	20.4	21.6	23.3
ROIC (%)	5.0	5.8	6.1	6.2	6.4
ROE (%)	11.7	12.2	12.9	13.3	13.4
ROA (%)	3.7	4.3	4.5	4.6	4.7

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales of goods	211,903	221,926	241,831	261,715	280,756
Rental services	6,583	7,785	8,046	8,216	8,389
Rendering services	1,411	1,727	1,882	2,037	2,185
Other income	16,133	16,952	18,352	19,730	21,025

Sources: Central Retail Corp; FSSIA estimates

## Financial Statements

### Central Retail Corp

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	6,930	7,868	9,021	10,077	11,093
Depreciation	17,171	17,722	19,189	20,808	22,603
Associates & minorities	(361)	(68)	0	0	0
Other non-cash items	762	539	585	644	651
Change in working capital	(2,748)	274	832	819	772
<b>Cash flow from operations</b>	<b>21,754</b>	<b>26,337</b>	<b>29,626</b>	<b>32,346</b>	<b>35,119</b>
Capex - maintenance	(22,856)	(26,174)	(22,000)	(22,660)	(23,340)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,704)	(372)	(10,131)	(10,088)	(9,693)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(24,561)</b>	<b>(26,546)</b>	<b>(32,131)</b>	<b>(32,748)</b>	<b>(33,033)</b>
Dividends paid	(2,895)	(3,317)	(3,733)	(4,170)	(4,590)
Equity finance	1,454	237	448	448	448
Debt finance	1,776	2,486	6,220	4,567	2,514
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>336</b>	<b>(594)</b>	<b>2,936</b>	<b>845</b>	<b>(1,628)</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>(2,471)</b>	<b>(803)</b>	<b>431</b>	<b>444</b>	<b>457</b>
Free cash flow to firm (FCFF)	672.19	4,432.31	2,511.34	4,604.76	7,307.59
Free cash flow to equity (FCFE)	(1,030.54)	2,276.66	3,715.58	4,165.50	4,599.43

#### Per share (THB)

FCFF per share	0.11	0.73	0.42	0.76	1.21
FCFE per share	(0.17)	0.38	0.62	0.69	0.76
Recurring cash flow per share	4.06	4.32	4.77	5.23	5.70

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	116,316	128,631	150,631	173,291	196,631
Less: Accumulated depreciation	(67,271)	(71,134)	(90,323)	(111,131)	(133,734)
<b>Tangible fixed assets (net)</b>	<b>49,045</b>	<b>57,497</b>	<b>60,308</b>	<b>62,160</b>	<b>62,897</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	25,588	26,190	26,720	27,267	27,830
Cash & equivalents	15,617	14,814	15,245	15,689	16,146
A/C receivable	16,691	18,238	18,780	19,328	19,864
Inventories	43,675	46,413	50,076	53,616	56,896
Other current assets	548	492	535	578	619
<b>Current assets</b>	<b>76,532</b>	<b>79,956</b>	<b>84,635</b>	<b>89,211</b>	<b>93,526</b>
Other assets	124,820	123,455	134,251	144,980	155,247
<b>Total assets</b>	<b>275,984</b>	<b>287,097</b>	<b>305,914</b>	<b>323,618</b>	<b>339,499</b>
Common equity	62,123	67,060	72,796	79,151	86,102
Minorities etc.	2,762	3,201	3,732	4,290	4,876
<b>Total shareholders' equity</b>	<b>64,885</b>	<b>70,260</b>	<b>76,528</b>	<b>83,441</b>	<b>90,978</b>
Long term debt	89,032	84,662	95,500	92,476	98,256
Other long-term liabilities	13,579	13,669	14,864	16,052	17,189
<b>Long-term liabilities</b>	<b>102,611</b>	<b>98,331</b>	<b>110,364</b>	<b>108,528</b>	<b>115,445</b>
A/C payable	39,828	41,831	45,083	48,216	51,106
Short term debt	48,039	54,895	50,278	57,869	54,602
Other current liabilities	20,621	21,779	23,661	25,564	27,368
<b>Current liabilities</b>	<b>108,488</b>	<b>118,505</b>	<b>119,022</b>	<b>131,648</b>	<b>133,076</b>
<b>Total liabilities and shareholders' equity</b>	<b>275,984</b>	<b>287,097</b>	<b>305,914</b>	<b>323,618</b>	<b>339,499</b>
Net working capital	466	1,532	647	(257)	(1,094)
Invested capital	199,919	208,673	221,925	234,149	244,879

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

#### Per share (THB)

Book value per share	10.30	11.12	12.07	13.12	14.28
Tangible book value per share	10.30	11.12	12.07	13.12	14.28

#### Financial strength

Net debt/equity (%)	187.2	177.5	170.6	161.4	150.3
Net debt/total assets (%)	44.0	43.5	42.7	41.6	40.3
Current ratio (x)	0.7	0.7	0.7	0.7	0.7
CF interest cover (x)	0.7	1.5	1.8	1.9	1.9

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>30.0</b>	<b>26.4</b>	<b>23.1</b>	<b>20.6</b>	<b>18.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>38.3</b>	<b>33.7</b>	<b>29.4</b>	<b>26.3</b>	<b>23.9</b>
Reported P/E (x)	29.0	26.0	23.1	20.6	18.8
Dividend yield (%)	1.4	1.6	1.8	2.0	2.2
Price/book (x)	3.3	3.1	2.9	2.6	2.4
Price/tangible book (x)	3.3	3.1	2.9	2.6	2.4
EV/EBITDA (x) **	11.5	10.8	9.9	9.3	8.6
EV/EBITDA @ target price (x) **	13.5	12.7	11.6	10.8	10.0
EV/invested capital (x)	1.7	1.6	1.5	1.5	1.4

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

Sources: Central Retail Corp; FSSIA estimates

# Central Retail Corporation PCL (CRC TB)

FSSIA ESG rating

★★★★

Exhibit 9: FSSIA ESG score implication

64.49 /100

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPAXT	59.46	--	--	--	5.00	5.00	Certified	Low	52.81	--	--	74.64	63.00	3.77	--
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.77	2.38	2.17	2.90
BESG environmental pillar score	1.58	1.37	1.29	1.76
BESG social pillar score	0.78	2.04	2.18	3.41
BESG governance pillar score	3.20	3.99	3.16	3.68
ESG disclosure score	37.16	43.07	43.18	49.23
Environmental disclosure score	16.25	15.37	15.71	35.25
Social disclosure score	25.82	32.62	32.62	31.23
Governance disclosure score	69.30	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	47	7	40	34
GHG scope 2 location-based	469	518	385	472
GHG Scope 3	71	112	37	82
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	1,046	—	—	1,122
Renewable energy use	—	—	—	79
Electricity used	946	1,081	1,250	1,033
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 12: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0
Total waste	6	72	68	49,573
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	No	No
Water consumption	6,869	6,731	6,623	12,501
<b>Social</b>				
Human rights policy	No	Yes	Yes	Yes
Policy against child labor	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	63	62	62
Pct disabled in workforce	1	1	1	0
Business ethics policy	No	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	—
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	Yes
Number of employees – CSR	58,425	58,610	53,143	61,334
Employee turnover pct	50	48	31	—
Total hours spent by firm - employee training	391,448	527,020	739,473	920,010
Social supply chain management	No	No	No	No
<b>Governance</b>				
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>15</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>
No. of women on board	4	4	3	3
No. of non-executive directors on board	14	13	12	14
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	11	10	9
Board meeting attendance pct	89	96	100	99
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	52	53	54	55
Age of the oldest director	79	80	79	80
<b>No. of executives / company managers</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>5</b>
No. of female executives	0	1	1	0
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	10	13	13	12
Audit meeting attendance %	97	100	100	100
<b>Size of compensation committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
No. of ID on compensation committee	2	2	1	2
No. of compensation committee meetings	—	5	4	4
Compensation meeting attendance %	—	100	100	100
<b>Size of nomination committee</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>
No. of nomination committee meetings	—	5	4	4
Nomination meeting attendance %	—	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
<a href="#">Thai CAC</a> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="2"><b>Average:</b></td><td rowspan="2">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
<b>AA</b>	7.143-8.570																					
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<b>BB</b>	2.857-4.285																					
<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<b>CCC</b>	0.000-1.428																					
<a href="#">Moody's ESG solutions</a>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum 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 34.50	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
CP All	CPALL TB	THB 57.50	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 32.50	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Com7	COM7 TB	THB 18.30	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Index Living Mall	ILM TB	THB 20.80	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 10.40	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Siam Global House	GLOBAL TB	THB 16.20	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome PCL	DOHOME TB	THB 10.80	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.

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.

All share prices are as at market close on 30-Apr-2024 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.