

CENTRAL RETAIL CORP

THAILAND / COMMERCE

CRC TB

BUY

UNCHANGED

TARGET PRICE	THB42.00
CLOSE	THB32.00
UP/DOWNSIDE	+31.3%
PRIOR TP	THB40.00
CHANGE IN TP	+5.0%
TP vs CONSENSUS	+7.9%

Entering a high season in 4Q24

- We have a neutral view of CRC's 3Q24 earnings, with an expected core profit of THB1.44 b (-11% q-q, +9.2% y-y).
- We maintain our 2024E core profit growth of 8% and a further increase of 10% in 2025E.
- Retain BUY call after rolling over to our 2025 TP of THB42/share.

Expect a trough in 3Q24 before a seasonal peak in 4Q24

We anticipate a 3Q24 core profit of THB1.44b, dropping 11% q-q mainly due to seasonal factors and renovations at La Rinascente but increasing 9.2% y-y, driven by total sales growth and improved controls on SG&A expenses, which should help offset reduced GPM. We expect total revenue to rise by 4.7% y-y. Although overall 3Q24 SSSG might go negative by c2%, new stores could drive sales growth of department stores, Thaiwatsadu (TWD), Tops, and Go Wholesale. Also, the SSSG in 3Q24 is expected to be slightly softer than in 2Q24, with La Rinascente's SSSG in Italy anticipated to turn negative by 5% (compared to +6% in 2Q24) as it temporarily closed some locations for renovations ahead of the 4Q24 high season, with scheduled completion by October.

Lower expenses would offset reduced GPM from fashion sales

We expect a 3Q24 GPM of 25.6% (-100bps q-q, -110bps y-y) due to a slowdown in fashion sales, reflecting slower purchasing power recovery, discretionary demand reduction, and increased price promotions during a low season. The renovation impact at La Rinascente in Italy and a higher revenue share from TWD and Go Wholesale should also play a role. However, given improved controls on expenses, SG&A-to-total revenue should remain within its guidance of 27.5% (-60bps q-q, -180bps y-y), with crucial reductions in personnel, marketing, and utilities.

Potentially recovering TH-SSSG in Oct, Maintain 2024-26E

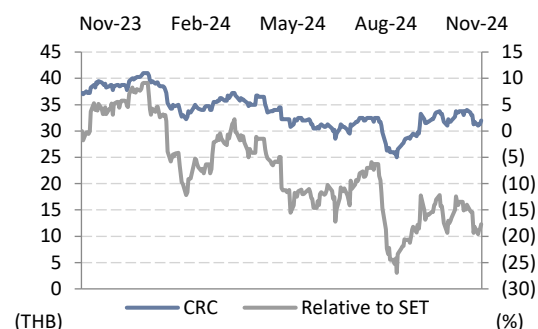
If 3Q24 meets expectations, 9M24 core profit accounts for 65% of our 2024 forecast (compared to 67% for 9M23). We maintain our 2024E core profit of THB8.5b (+8% y-y). For 4Q24, SSSG is expected to improve from our 3Q24 estimate of -c2%, supported by completed renovations at Chidlom and La Rinascente and economic and tourism stimulus measures. In October, Thailand's SSSG is anticipated to recover to around 0-1%.

Retain BUY call after rolling over our 2025 TP of THB42/share

We keep our BUY call unchanged after rolling forward our 2025 DCF-based TP of THB42/share, implying 27x 2025E P/E. We expect core profit to peak in 4Q24 and CRC to benefit from a downtrend in interest rates, with its debt structure consisting of 85% floating and 15% fixed rates. CRC traded at 20.6x 2025E P/E, below its five-year historical average P/E of 28.5x and the 2025E sector average of 22x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	248,391	261,386	280,688	300,732
Net profit	8,016	8,524	9,365	10,135
EPS (THB)	1.33	1.41	1.55	1.68
vs Consensus (%)	-	(3.3)	(7.1)	(11.3)
EBITDA	31,000	33,906	36,503	39,474
Recurring net profit	7,868	8,524	9,365	10,135
Core EPS (THB)	1.30	1.41	1.55	1.68
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	13.5	8.3	9.9	8.2
Core P/E (x)	24.5	22.6	20.6	19.0
Dividend yield (%)	1.7	1.8	2.0	2.2
EV/EBITDA (x)	10.4	9.6	9.0	8.4
Price/book (x)	2.9	2.7	2.5	2.3
Net debt/Equity (%)	177.5	167.7	159.6	150.6
ROE (%)	12.2	12.2	12.4	12.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.2	0.8	(12.9)
Relative to country (%)	2.0	(9.2)	(17.9)
Mkt cap (USD m)	5,718		
3m avg. daily turnover (USD m)	11.0		
Free float (%)	55		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	41.50/24.20		
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. In 2023, it had 1,969 stores, including 85 department stores, 114 specialty stores, 338 brand shops, 38 hypermarkets, 725 supermarkets & CVSs, four food wholesales, 81 home DIYs, 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

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

Thailand’s economic recovery, increased consumer confidence, government stimulus packages, and policy rate cut.

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
13 Nov 2024	3Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Revenue (THB m)	261,386	280,688	300,732
SSSG Fashion (%)	2.0	3.0	3.0
SSSG Hardline (%)	(2.0)	3.0	3.0
SSSG Food (%)	2.0	3.0	3.0
Gross margin (%)	26.5	26.3	26.2
SG&A to sales (%)	27.7	27.5	27.2
Net profit (THB m)	8,524	9,365	10,135
Core EPS	1.41	1.55	1.68

Source: FSSIA estimates

Earnings sensitivity

For every 1% increase in SSSG, we estimate 2025 EPS would rise 1%, and vice versa, all else being equal.

For every 0.1% increase in GPM, we estimate 2025 EPS would rise 2.1%, and vice versa, all else being equal.

For every 0.1% increase in SG&A to revenue, we estimate 2025 EPS would fall 2.4%, and vice versa, all else being equal.

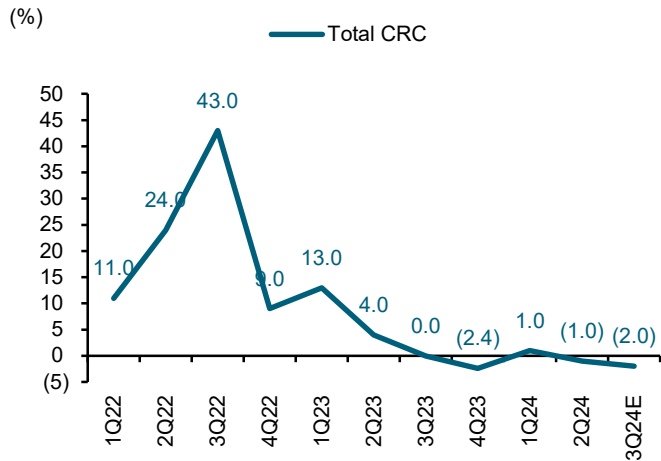
Source: FSSIA estimates

Exhibit 1: CRC – 3Q24 results preview

Profit & Loss Statement	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M24E	Change	9M24E	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%24E)	(THB m)	(y-y%)
Retail sales	53,162	58,530	60,347	56,242	55,662	(1.0)	4.7	172,251	5	74	233,780	5
Rental and rendering services	2,360	2,573	2,416	2,476	2,478	0.1	5.0	7,370	6	75	9,865	4
Total revenue	55,522	61,103	62,763	58,718	58,140	(1.0)	4.7	179,621	5	74	243,645	5
Cost of retail sales	(38,947)	(42,340)	(44,849)	(41,284)	(41,413)	0.3	6.3	(127,546)	6	74	(171,859)	6
Cost of rental and rendering services	(590)	(612)	(611)	(596)	(619)	4.0	5.0	(1,826)	5	75	(2,432)	3
Gross profit	15,985	18,150	17,303	16,838	16,108	(4.3)	0.8	50,249	4	72	69,354	4
Investment income	54	90	52	90	58	(35.3)	6.7	200	(4)	64	314	7
Other income	3,999	4,711	4,440	4,194	4,099	(2.3)	2.5	12,732	4	72	17,741	5
Operating costs	(17,429)	(18,337)	(17,530)	(17,695)	(17,116)	(3.3)	(1.8)	(52,340)	1	72	(72,378)	3
Operating profit	2,610	4,615	4,266	3,427	3,149	(8.1)	20.7	10,842	19	72	15,031	10
Interest expense	(1,215)	(1,278)	(1,140)	(1,303)	(1,290)	(1.0)	6.1	(3,732)	11	73	(5,079)	9
Profit before tax	1,395	3,336	3,125	2,124	1,860	(12.5)	33.3	7,109	24	70	10,151	12
Tax	(424)	(156)	(760)	(555)	(446)	(19.5)	5.3	(1,761)	26	77	(2,280)	47
Associates	283	86	306	164	157	(4.2)	(44.6)	626	(31)	67	935	(6)
Minority interests	(112)	(128)	(147)	(121)	(128)	6.0	14.5	(396)	5	75	(532)	5
Non-recurring items	(178)	527	(353)	47	0	(100.0)	(100.0)	(306)	(19)	n/a	-	(100)
Reported net profit	1,143	3,138	2,171	1,660	1,442	(13.1)	26.2	5,273	8	62	8,524	6
Normalized profit	1,321	2,611	2,524	1,613	1,442	(10.6)	9.2	5,579	6	65	8,524	8
EPS (THB)	0.19	0.52	0.36	0.28	0.24	(13.1)	26.2	0.87	8	62	1.41	6
Normalized EPS (THB)	0.22	0.43	0.42	0.27	0.24	(10.6)	9.2	0.93	6	65	1.41	8
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(ppt)
Retail sales margin	26.7	27.7	25.7	26.6	25.6	(1.0)	(1.1)	26.0	(0.5)		26.5	(0.2)
Rental and rendering services margin	75.0	76.2	74.7	75.9	75.0	(0.9)	(0.0)	75.2	0.3		75.3	0.1
Gross margin	28.8	29.7	27.6	28.7	27.7	(1.0)	(1.1)	28.0	(0.4)		28.5	(0.3)
EBIT margin	4.7	7.6	6.8	5.8	5.4	(0.4)	0.7	6.0	0.7		6.2	0.2
Recurring net margin	1.7	5.2	3.8	2.7	2.4	(0.2)	0.7	3.0	0.4		3.2	(0.0)
SG&A / revenue	29.3	27.9	26.1	28.1	27.5	(0.6)	(1.8)	27.2	(3.1)		27.7	(0.5)
Operational statistics	(%)	(%)	(%)	(%)	(%)	(%)	(%)				(%)	(ppt)
SSSG												
Total SSSG	0.0	(2.4)	1.0	(1.0)	(2.0)	(1.0)	(2.0)				0.7	(2.3)
---Fashion	6.0	3.0	2.0	3.0	(1.0)	(4.0)	(7.0)				2.0	(10.0)
---Hardline	(6.0)	(8.0)	(5.0)	(8.0)	(8.0)	-	(2.0)				(2.0)	2.0
---Food	(3.0)	(5.0)	4.0	(1.0)	(1.0)	-	2.0				2.0	2.2
SSSG by country												
---Thailand	3.0	(1.0)	0.0	(2.0)	(1.0)	1.0	(4.0)					
---Vietnam	(15.0)	(16.0)	2.0	(4.0)	(2.0)	2.0	13.0					
---Italy	10.0	9.0	9.0	6.0	(5.0)	(11.0)	(15.0)					

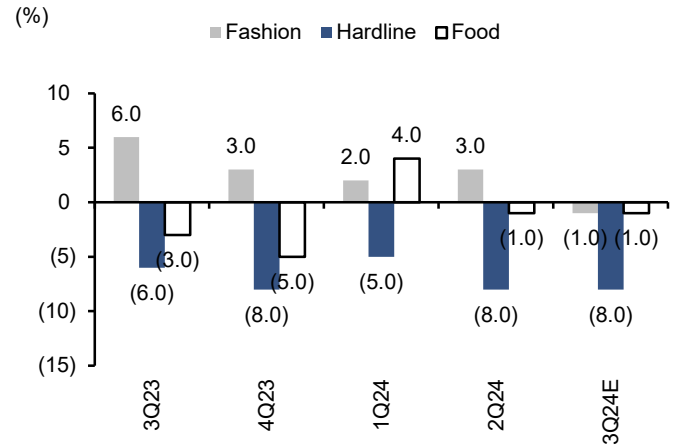
Sources: CRC; FSSIA estimates

Exhibit 2: Quarterly total SSSG



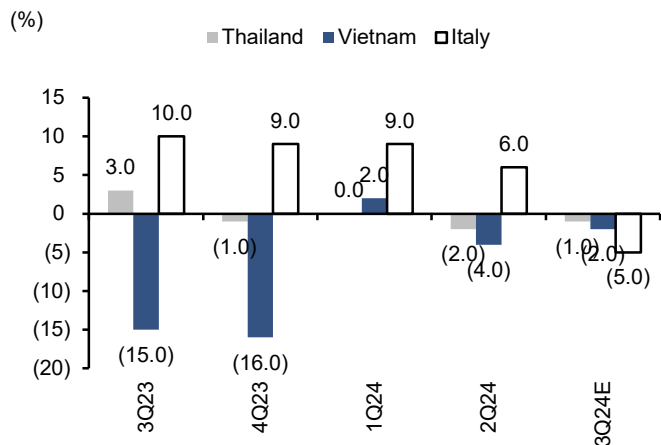
Sources: CRC; FSSIA estimates

Exhibit 3: SSSG by segments



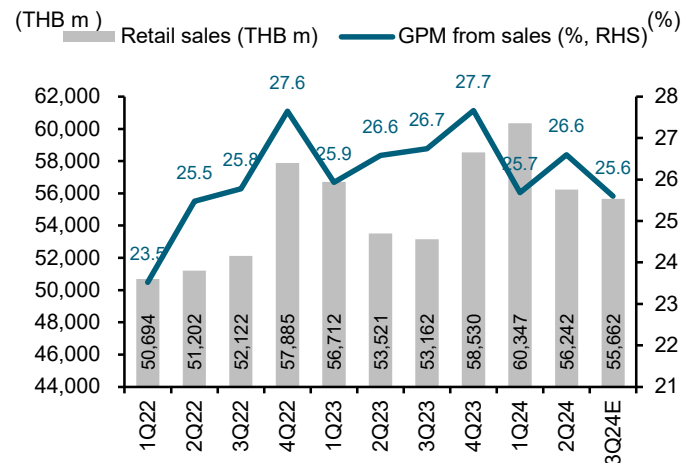
Sources: CRC; FSSIA estimates

Exhibit 4: SSSG by countries



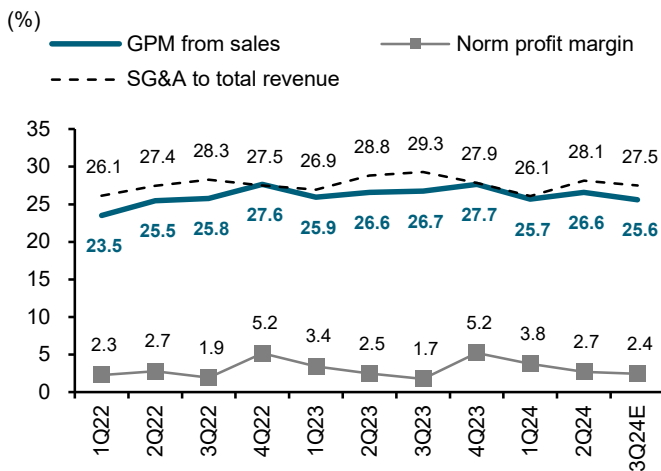
Sources: CRC; FSSIA estimates

Exhibit 5: Sales and GPM from sales



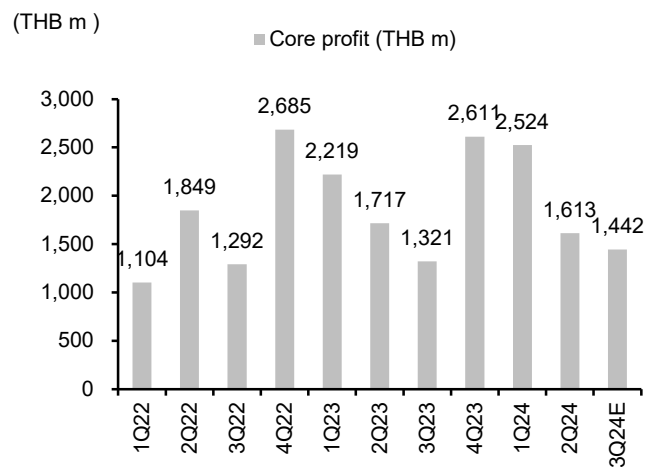
Sources: CRC; FSSIA estimates

Exhibit 6: Profitability



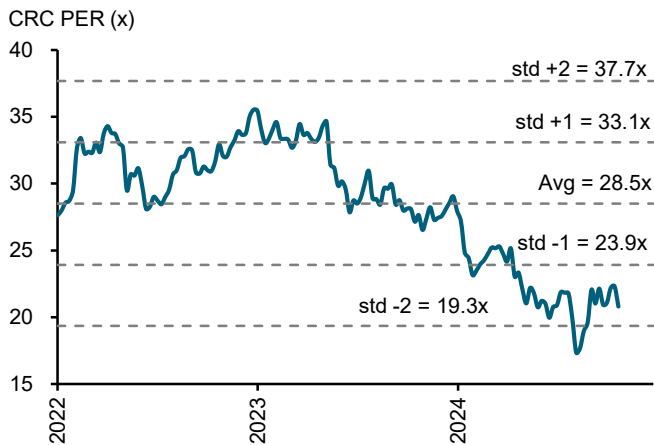
Sources: CRC; FSSIA estimates

Exhibit 7: Core profit



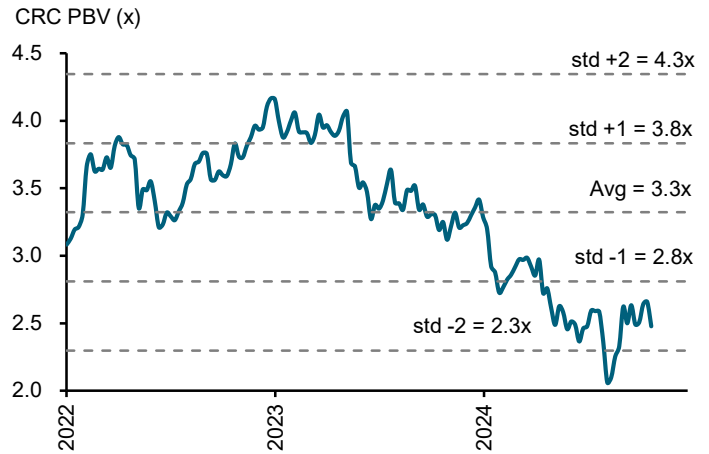
Sources: CRC; FSSIA estimates

Exhibit 8: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Commerce peers as of 31 October 2024

Company	BBG	Rec	----- Share price -----			Market Cap (USD m)	----- PE -----		---- ROE ---		---- PBV ----		- EV/ EBITDA -	
			Current	Target	<i>Upside</i>		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	63.25	83.00	31	16,834	23.2	20.5	20.9	21.3	5.0	4.5	19.0	16.6
CP Axtra	CPAXT TB	BUY	34.00	42.00	24	10,505	34.0	27.3	3.5	4.3	1.2	1.2	11.6	10.1
Berli Jucker	BJC TB	BUY	24.10	31.00	29	2,862	21.9	18.9	3.7	4.2	0.8	0.8	12.1	11.7
Consumer Staple average						30,201	26.3	22.2	9.4	9.9	2.3	2.1	14.2	12.8
Consumer Discretionary														
Com7	COM7 TB	BUY	28.00	24.00	(14)	1,954	21.1	19.6	36.1	33.2	7.0	6.0	14.3	12.7
Central Retail Corp	CRC TB	BUY	32.00	42.00	31	5,718	22.6	20.6	12.2	12.4	2.7	2.5	9.6	9.0
Home Improvement														
Index Living Mall	ILM TB	BUY	17.50	26.70	53	262	11.2	10.3	12.9	13.5	1.4	1.4	6.2	5.7
Home Product Center	HMPRO TB	BUY	9.55	13.20	38	3,721	19.5	18.5	24.6	24.8	4.7	4.5	11.3	10.7
Siam Global House	GLOBAL TB	HOLD	16.10	17.30	7	2,481	32.9	28.3	10.6	11.7	3.4	3.2	25.3	22.0
Dohome	DOHOME TB	HOLD	10.40	10.50	1	995	52.9	36.2	5.1	7.0	2.6	2.5	20.8	17.9
Home Improvement avg.						7,459	29.2	23.3	13.3	14.2	3.0	2.9	15.9	14.1
Consumer Discretionary avg.						15,131	26.7	22.3	16.9	17.1	3.6	3.3	14.6	13.0
Total average						45,332	26.6	22.2	14.4	14.7	3.2	2.9	14.5	12.9

Source: 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	261,386	280,688	300,732
Cost of goods sold	(159,647)	(164,941)	(174,291)	(187,831)	(201,941)
Gross profit	76,384	83,449	87,095	92,857	98,790
Other operating income	0	0	0	0	0
Operating costs	(64,784)	(70,171)	(72,378)	(77,161)	(81,919)
Operating EBITDA	28,771	31,000	33,906	36,503	39,474
Depreciation	(17,171)	(17,722)	(19,189)	(20,808)	(22,603)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	11,600	13,278	14,717	15,695	16,871
Net financing costs	(3,269)	(4,349)	(4,566)	(4,483)	(4,687)
Associates	820	990	935	954	973
Recurring non-operating income	824	995	935	954	973
Non-recurring items	245	148	0	0	0
Profit before tax	9,399	10,072	11,086	12,166	13,158
Tax	(1,794)	(1,550)	(2,030)	(2,242)	(2,437)
Profit after tax	7,605	8,523	9,056	9,923	10,721
Minority interests	(430)	(506)	(532)	(558)	(586)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	7,175	8,016	8,524	9,365	10,135
Non-recurring items & goodwill (net)	(245)	(148)	0	0	0
Recurring net profit	6,930	7,868	8,524	9,365	10,135
Per share (THB)					
Recurring EPS *	1.15	1.30	1.41	1.55	1.68
Reported EPS	1.19	1.33	1.41	1.55	1.68
DPS	0.48	0.55	0.58	0.64	0.70
Diluted shares (used to calculate per share data)	6,031	6,031	6,031	6,031	6,031
Growth					
Revenue (%)	20.8	5.2	5.2	7.4	7.1
Operating EBITDA (%)	47.1	7.8	9.4	7.7	8.1
Operating EBIT (%)	360.7	14.5	10.8	6.6	7.5
Recurring EPS (%)	11,573.4	13.5	8.3	9.9	8.2
Reported EPS (%)	11,985.2	11.7	6.3	9.9	8.2
Operating performance					
Gross margin inc. depreciation (%)	32.4	33.6	33.3	33.1	32.8
Gross margin exc. depreciation (%)	39.6	40.7	40.7	40.5	40.4
Operating EBITDA margin (%)	12.2	12.5	13.0	13.0	13.1
Operating EBIT margin (%)	4.9	5.3	5.6	5.6	5.6
Net margin (%)	2.9	3.2	3.3	3.3	3.4
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	3.4	3.7	3.8
Inventory days	102.7	111.7	112.2	110.9	110.9
Debtor days	7.9	8.1	8.0	8.1	8.3
Creditor days	98.3	101.2	100.6	98.5	97.5
Operating ROIC (%)	20.5	20.3	19.5	20.0	21.2
ROIC (%)	5.0	5.8	5.9	5.9	6.1
ROE (%)	11.7	12.2	12.2	12.4	12.4
ROA (%)	3.7	4.3	4.3	4.4	4.5

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales of goods	211,903	221,926	233,780	251,550	270,019
Rental services	6,583	7,785	8,046	8,216	8,389
Rendering services	1,411	1,727	1,820	1,958	2,102
Other income	16,133	16,952	17,741	18,964	20,221

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	8,524	9,365	10,135
Depreciation	17,171	17,722	19,189	20,808	22,603
Associates & minorities	(361)	(68)	0	0	0
Other non-cash items	762	539	555	635	649
Change in working capital	(2,748)	274	(30)	147	86
Cash flow from operations	21,754	26,337	28,238	30,955	33,472
Capex - maintenance	(22,856)	(26,174)	(22,000)	(22,660)	(23,340)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,704)	(372)	(6,274)	(9,078)	(9,422)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(24,561)	(26,546)	(28,274)	(31,738)	(32,762)
Dividends paid	(2,895)	(3,317)	(3,527)	(3,875)	(4,194)
Equity finance	1,454	237	448	448	448
Debt finance	1,776	2,486	3,546	4,654	3,492
Other financing cash flows	0	0	0	0	0
Cash flow from financing	336	(594)	467	1,227	(253)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(2,471)	(803)	431	444	457
Free cash flow to firm (FCFF)	672.19	4,432.31	4,843.31	4,038.27	5,759.27
Free cash flow to equity (FCFE)	(1,030.54)	2,276.66	3,510.28	3,871.12	4,202.79

Per share (THB)

FCFF per share	0.11	0.73	0.80	0.67	0.95
FCFE per share	(0.17)	0.38	0.58	0.64	0.70
Recurring cash flow per share	4.06	4.32	4.69	5.11	5.54

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)
Tangible fixed assets (net)	49,045	57,497	60,308	62,160	62,897
Intangible fixed assets (net)	0	0	0	0	0
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	18,648	19,218	19,822
Inventories	43,675	46,413	48,926	52,600	56,416
Other current assets	548	492	518	556	596
Current assets	76,532	79,956	83,337	88,063	92,980
Other assets	124,820	123,455	129,914	139,507	149,469
Total assets	275,984	287,097	300,279	316,997	333,176
Common equity	62,123	67,060	72,505	78,443	84,832
Minorities etc.	2,762	3,201	3,732	4,290	4,876
Total shareholders' equity	64,885	70,260	76,237	82,733	89,709
Long term debt	89,032	84,662	94,163	91,383	97,964
Other long-term liabilities	13,579	13,669	14,384	15,446	16,549
Long-term liabilities	102,611	98,331	108,547	106,830	114,513
A/C payable	39,828	41,831	43,657	46,461	49,319
Short term debt	48,039	54,895	48,941	56,374	53,286
Other current liabilities	20,621	21,779	22,897	24,599	26,349
Current liabilities	108,488	118,505	115,495	127,434	128,954
Total liabilities and shareholders' equity	275,984	287,097	300,279	316,997	333,176
Net working capital	466	1,532	1,538	1,314	1,165
Invested capital	199,919	208,673	218,480	230,248	241,362

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

Per share (THB)

Book value per share	10.30	11.12	12.02	13.01	14.07
Tangible book value per share	10.30	11.12	12.02	13.01	14.07

Financial strength

Net debt/equity (%)	187.2	177.5	167.7	159.6	150.6
Net debt/total assets (%)	44.0	43.5	42.6	41.7	40.6
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
Recurring P/E (x) *	27.8	24.5	22.6	20.6	19.0
Recurring P/E @ target price (x) *	36.5	32.2	29.7	27.0	25.0
Reported P/E (x)	26.9	24.1	22.6	20.6	19.0
Dividend yield (%)	1.5	1.7	1.8	2.0	2.2
Price/book (x)	3.1	2.9	2.7	2.5	2.3
Price/tangible book (x)	3.1	2.9	2.7	2.5	2.3
EV/EBITDA (x) **	11.0	10.4	9.6	9.0	8.4
EV/EBITDA @ target price (x) **	13.1	12.3	11.4	10.7	10.0
EV/invested capital (x)	1.6	1.5	1.5	1.4	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

★★★★

64.49 /100

Exhibit 11: FSSIA ESG score implication

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 12: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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 13: 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 14: 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
Social				
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
Governance				
Board size	15	15	14	15
No. of independent directors (ID)	5	5	4	5
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
No. of executives / company managers	6	7	7	5
No. of female executives	0	1	1	0
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	10	13	13	12
Audit meeting attendance %	97	100	100	100
Size of compensation committee	4	3	3	4
No. of ID on compensation committee	2	2	1	2
No. of compensation committee meetings	—	5	4	4
Compensation meeting attendance %	—	100	100	100
Size of nomination committee	4	3	3	4
No. of nomination committee meetings	—	5	4	4
Nomination meeting attendance %	—	100	100	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) 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 (THSI) by The Stock Exchange of Thailand (SET)	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 THSI inclusion , 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. SETTHSI Index 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.																				
CG Score 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%).																				
AGM level 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&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.																				
Thai CAC 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.																				
Morningstar Sustainabilitys	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 & 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+																		
ESG Book	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.																				
MSCI	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>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																			
AA	7.143-8.570																					
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BB	2.857-4.285																					
B	1.429-2.856	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
CCC	0.000-1.428																					
Moody's ESG solutions	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.																					
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	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.																					
Bloomberg	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

Thada Jiracharoenyng 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 32.00	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.
Com7	COM7 TB	THB 28.00	BUY	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
CP All	CPALL TB	THB 63.25	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 Aextra	CPAXT TB	THB 34.00	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.
Berli Jucker	BJC TB	THB 24.10	BUY	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 higher in raw material prices.
Index Living Mall	ILM TB	THB 17.50	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 9.55	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 16.10	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	DOHOME TB	THB 10.40	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 31-Oct-2024 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.