

Thailand Commerce

SSSG for 4QTD is showing improvement

- SSSG for 4QTD is showing improvement from 3Q24, with a stronger recovery in provincial areas than in Bangkok.
- We maintain a positive outlook on the growth prospects of the retail sector's core profit in 2024 and 2025, with expected growth of 16% and 14%, respectively.
- We maintain an Overweight recommendation and our top picks are CPALL and CRC.

SSSG for 4QTD is showing improvement from 3Q24

We have observed a recovery in SSSG during 4QTD, turning positive at 0.9% compared to -1.5% in 3Q24. The consumer staples segment continues to post growth, with CPALL and BJC performing better than in 3Q24. Meanwhile, the discretionary segment has improved to -0.3% from -4.1% in 3Q24, with a stronger recovery observed in provincial areas compared to Bangkok. Notably, GLOBAL and DOHOME have rebounded to stable or positive territory, supported by government measures focusing on vulnerable groups, cash handouts, and post-flood recovery efforts in the northern region. The SSSG outlook for 4Q24 suggests sustained growth for the retail sector overall.

3Q24 core profit posted robust growth; 4Q24 to grow both q-q and y-y

The commerce sector posted robust core profit growth of 27% y-y (aggregate of companies under coverage) in 3Q24. 9M24 core profit grew 22% y-y and accounted for 72% of our full-year forecast (9M23 was 69%). We anticipate 2024 core profit to grow 16% y-y, with 4Q24 core profit growing both q-q and y-y, supported by the high season for consumption and tourism.

Positive outlook on the growth prospects of the retail sector's core profit in 2025

For the 2025 outlook, we anticipate continued growth in core profit for the commerce sector by 14% y-y driven by: 1) sustained growth in consumption and tourism; 2) a shift in consumer behavior toward increased online purchases, driving opportunities for the omnichannel segment; 3) government economic stimulus measures, including assistance for vulnerable groups and anticipated initiatives to boost purchasing power for big-ticket items, such as Easy E-Receipts; 4) An increase in the minimum wage, which, despite its impact on expenses, is expected to enhance purchasing power and convert into sales for the retail sector; and 5) normalized government budget disbursements in 1H25.

We maintain Overweight recommendation; top picks are CPALL and CRC

We maintain an Overweight stance on the commerce sector, favoring select staple and discretionary players. Our top picks are CPALL and CRC. For CPALL, we believe the risk from the Hapitat project has been mostly priced into the stock. Core businesses, i.e. convenience stores, wholesale, and retail operations, remain strong. For CRC, we believe the stock remains a laggard, with the YTD return down c18%. The valuation is attractive, trading at 22x 2025E P/E, below its 5-year historical average of 28x. Key drivers: 1) completed renovations at flagship stores in 4Q24, boosting sales in the fashion segment; 2) effective cost and expense management; and 3) benefits from lower interest rates, as 90% of CRC's debt is floating rate. We estimate that every 10bps reduction in rates would raise 2025 core profit by 0.8%.



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Exhibit 1: Quarterly same-store sales growth

SSSG (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4QTD
CPALL	8.0	7.9	3.5	3.6	4.9	3.8	3.3	3.5
MAKRO	10.9	6.0	3.2	1.7	3.4	1.8	1.5	2.0
Lotus's	0.8	(0.9)	2.5	5.5	7.1	3.5	2.3	2.0
BJC	5.8	4.8	2.1	(0.5)	0.1	(1.9)	0.0	2.5
Consumer stable average	6.4	4.5	2.8	2.6	3.9	1.8	1.8	2.5
Total CRC	13.0	4.0	0.0	(2.4)	1.0	(1.0)	(3.0)	(2.0)
HMPRO	5.8	4.9	(3.6)	(8.5)	(2.0)	(7.3)	(5.8)	(2.5)
GLOBAL	(8.7)	(9.5)	(12.3)	(12.3)	(5.4)	(2.3)	(6.5)	0.0
DOHOME	(9.0)	(9.9)	(7.1)	(9.1)	(9.8)	(5.3)	(4.5)	3.0
ILM	8.5	9.0	12.0	8.9	8.4	1.0	(0.5)	0.0
Consumer discretionary average	1.9	(0.3)	(2.2)	(4.7)	(1.6)	(3.0)	(4.1)	(0.3)
Total average	3.9	1.8	0.0	(1.5)	0.9	(0.9)	(1.5)	0.9

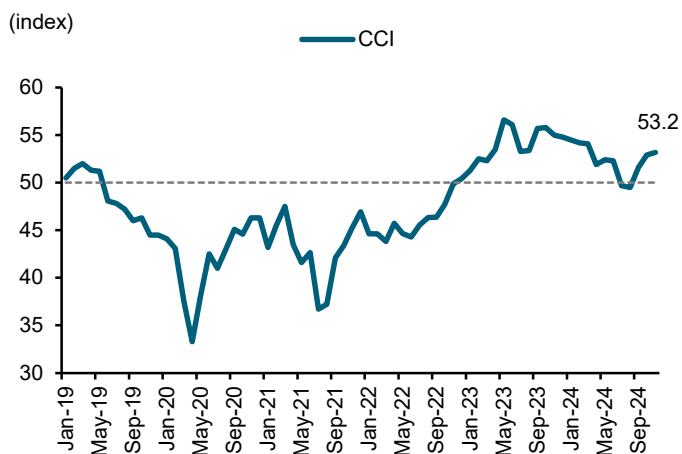
Sources: Company data; FSSIA estimates

Exhibit 2: Core profit of commerce sector

Core profit	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change	%24E	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%)	(THB m)	(%)
BJC	669	1,673	989	1,203	883	-26.6%	31.9%	3,075	1.3%	70%	4,419	-6.2%
COM7	611	668	822	752	709	-5.7%	16.0%	2,283	4.3%	72%	3,180	11.3%
CPALL	4,264	5,612	6,022	6,155	6,190	0.6%	45.2%	18,367	46.6%	75%	24,480	35.0%
CPAXT	1,716	3,282	2,481	2,176	2,410	10.8%	40.5%	7,067	28.6%	68%	10,434	18.9%
CRC	1,321	2,611	2,524	1,613	1,635	1.4%	23.8%	5,772	9.8%	68%	8,524	8.3%
DOHOME	91	144	244	193	77	-60.1%	-15.0%	514	32.4%	81%	636	19.5%
GLOBAL	525	560	725	765	363	-52.5%	-30.9%	1,853	-12.2%	73%	2,542	-4.8%
HMPRO	1,533	1,677	1,713	1,622	1,442	-11.1%	-5.9%	4,777	0.3%	74%	6,433	-0.1%
ILM	191	197	209	171	194	13.5%	1.3%	574	8.3%	76%	755	4.0%
Total	10,921	16,424	15,729	14,650	13,903	-5.1%	27.3%	44,282	22.0%	72%	61,403	16.5%

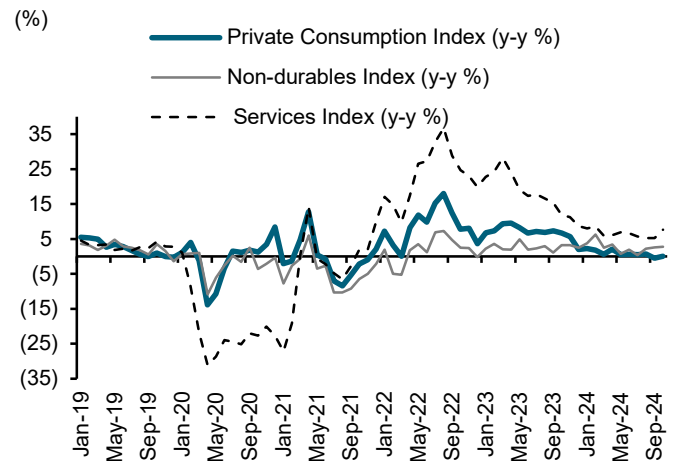
Sources: Company data; FSSIA estimates

Exhibit 3: Consumer confidence index



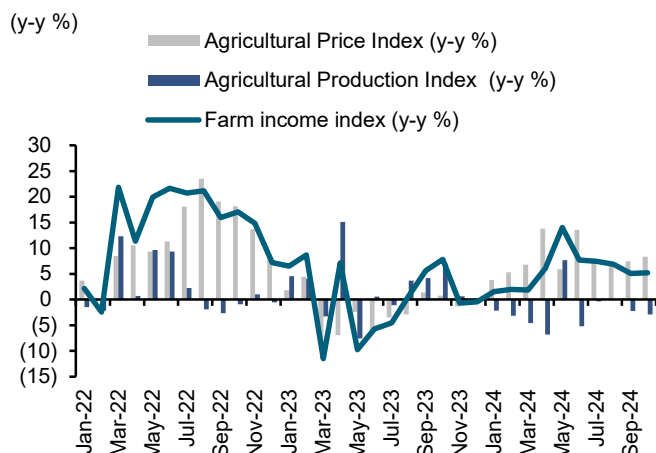
Source: BOT

Exhibit 4: Private consumption indicators



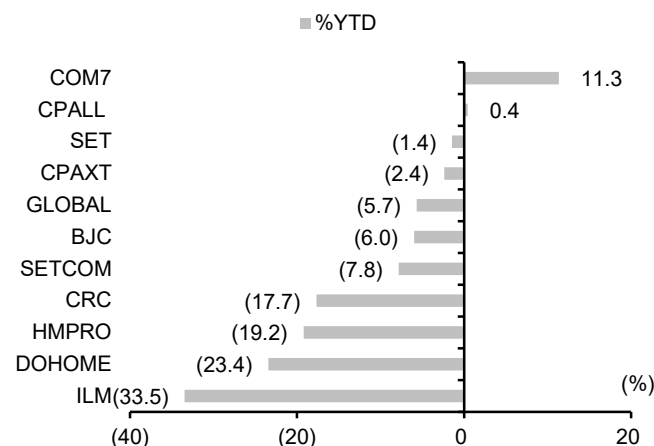
Source: MOC

Exhibit 5: Farm income



Source: Office of Agricultural Economics

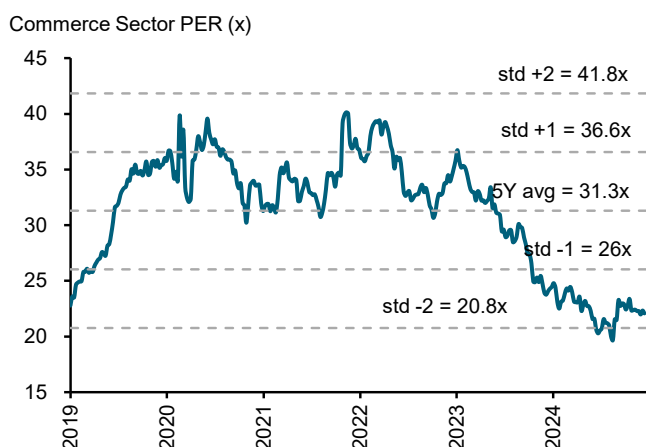
Exhibit 6: Stock performance (%YTD)



Note: as of 17 Dec 2024

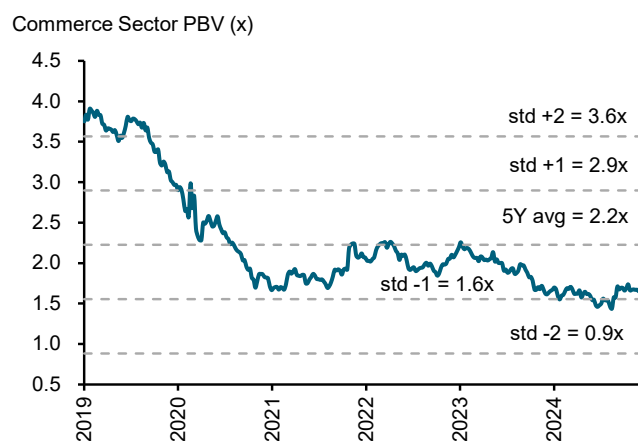
Source: FSSIA's compilation

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Exhibit 9: Commerce peers as of 17 Dec 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	56.25	83.00	48	14,754	20.6	18.2	20.9	21.3	4.5	4.0	18.0	15.7
CP Extra	CPAXT TB	BUY	26.75	34.00	27	8,144	26.7	22.0	3.5	4.2	0.9	0.9	9.5	8.4
Berli Jucker*	BJC TB	BUY	23.50	31.00	32	2,750	21.3	18.4	3.7	4.2	0.8	0.8	12.0	11.6
Consumer Staple average						25,648	22.9	19.6	9.4	9.9	2.1	1.9	13.1	11.9
Consumer Discretionary														
Com7	COM7 TB	BUY	26.50	30.00	13	1,822	20.0	18.5	36.1	33.2	6.7	5.7	13.6	12.1
Central Retail Corp	CRC TB	BUY	33.75	42.00	24	5,943	23.9	21.7	12.2	12.4	2.8	2.6	9.9	9.3
Home Improvement														
Index Living Mall	ILM TB	BUY	15.90	22.00	38	234	10.6	9.7	12.4	13.1	1.3	1.2	6.5	6.0
Home Product Center	HMPRO TB	BUY	9.45	13.20	40	3,629	19.3	18.3	24.6	24.8	4.6	4.4	11.2	10.6
Siam Global House	GLOBAL TB	HOLD	15.60	17.30	11	2,369	31.9	27.4	10.6	11.7	3.3	3.1	24.6	21.4
Dohome	DOHOME TB	HOLD	9.30	10.50	13	877	47.3	32.4	5.1	7.0	2.3	2.2	19.3	16.7
Home Improvement avg.						7,109	27.3	21.9	13.2	14.2	2.9	2.8	15.4	13.7
Consumer Discretionary avg.						14,875	25.5	21.3	16.8	17.0	3.5	3.2	14.2	12.7
Total average						40,523	24.6	20.7	14.4	14.7	3.0	2.8	13.8	12.4

Sources: *Bloomberg; FSSIA estimates

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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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 Sustainabilitycs	The Sustainabilitycs' 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+										
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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="3">Average:</td><td rowspan="3">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></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</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	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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 Jirachoenying FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 56.25	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 Axtra	CPAXT TB	THB 26.75	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; 4) an operating loss from its overseas units; 5) lower-than-expected synergy value; and 6) lower-than-expected losses in Happitat project.
Berli Jucker	BJC TB	THB 23.50	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.
Com7	COM7 TB	THB 26.50	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.
Central Retail Corp	CRC TB	THB 33.75	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.
Index Living Mall	ILM TB	THB 15.90	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 9.45	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 15.60	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 9.30	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 17-Dec-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.