

A snowflake out of a cloudy sky in 4Q24

- Spending confidence is yet to recover, slowing the growth of CRC
- We think CRC's will benefit from a festive spending during 4Q24
- Initiated with a BUY and TP of THB40

Fashion-driven, Confidence-dependent

In 2024, demand for discretionary products fell short of expectations, reflecting broader economic challenges in Thailand and weighing on key segments such as fashion and hardline. CRC's earnings remain heavily influenced by its significant exposure to discretionary categories. Over 50% of CRC's profit comes from its fashion segment, while hardline products contribute 30% and food accounts for the remaining 20%. This reliance on discretionary spending highlights CRC's vulnerability to economic fluctuations, making it more sensitive to shifts in consumer confidence and spending patterns (Exhibit 1).

Diversified strength, but discretionary headwinds loom

Despite these challenges, CRC's diversified revenue streams across Thailand, Vietnam (food business), and Italy (fashion business) supported a 6% revenue growth to THB194b in 9M24. However, this growth fell short of investor expectations, resulting in a YTD stock price decline of 17%. The market's reaction highlights concern about CRC's vulnerability to discretionary spending trends, even as its geographic diversification provides some degree of resilience against localized economic pressures (Exhibit 2).

Will Festive winds bring Snowflakes to 4Q24?

The festive season in 4Q24E is traditionally CRC's strongest quarter, driven by its fashion segment, the company's most profitable category. Early signs are promising, with QTD SSSG for fashion turning positive at around 2%, while food remains at -1%, primarily due to FX impacts; operationally, the food segment shows positive momentum. This seasonal boost could attract short-term fund flows, offering potential for a near-term lift in CRC's stock price.

Uncertainty to Opportunity: CRC's valuation play

Shopping malls remain integral to Thai daily life, and we believe that consumer spending confidence could recover by 2H25E, supported by the mass distribution of the THB10,000 government scheme, which is likely to boost spending and directly benefit CRC. Currently, CRC is trading at a blended forward P/E of 20x, below its 2-year average of 24x, reflecting ongoing economic uncertainties in Thailand. As consumer confidence improves, we anticipate a valuation uplift toward its historical trading average, presenting a upside opportunity.

Initiated with a BUY and TP of THB40

We initiated coverage on CRC with a BUY and a TP of THB40, implying a 25E P/E of 23x, aligned with its 2-year historical average of 24x. Its diversified revenue streams across multiple countries and a strong recovery outlook in its fashion segment, which benefits from seasonal spending in 4Q24E.

Analyst

Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

Assistant Analyst

Peerayu Sirivorawong

ESG Rating : AAA

CG Rating : ▲▲▲▲▲▲

BUY

Target Price 12M (THB)	40.00
VS. BB Consensus TP (%)	+0.2%
Share Price (THB)	34.00
Upside/Downside	+17.6%

Share Data

Market Cap (THB m)	205,054.00
Par (THB)	1.00
Free Float (%)	57.77
Issued shares (m shares)	6,031

Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	248,391	262,354	275,308	288,316
Net profit	8,016	9,463	10,186	11,735
Core net profit	8,016	9,463	10,186	11,735
vs Consensus (%)	-	11.0	4.6	5.9
Net profit growth (%)	11.7	18.0	7.6	15.2
Core net profit growth (%)	11.7	18.0	7.6	15.2
EPS (THB)	1.33	1.57	1.69	1.95
Core EPS (THB)	1.33	1.57	1.69	1.95
Chg in core EPS (%)	-	0.00	0.00	0.00
DPS (THB)	0.55	0.63	0.68	0.78
P/E (x)	30.85	21.67	20.13	17.47
P/BV (x)	4.49	3.69	2.80	2.58
ROE (%)	12.41	13.49	13.33	14.06
Dividend yield (%)	1.04	1.34	1.85	1.99

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	8.80	5.43	8.80	(17.07)
Market	10.09	4.23	0.17	(18.89)
12M High/Low (THB)	41.50 / 24.20			



Major Shareholders (%) as of 07 May 2024

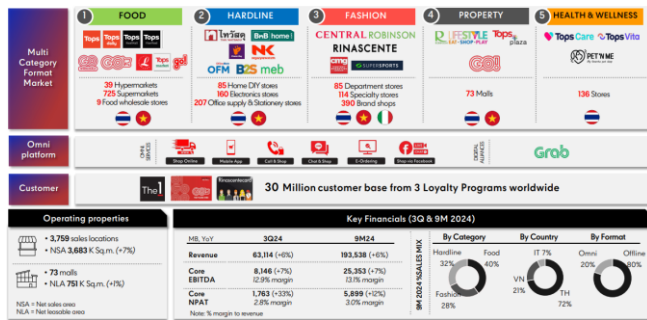
Central Department Store	35.06
Deutsche Bank AG Singapore PWM	4.61
Thai NVDR Company Limited	3.49

Company Profile

Central Retail Corporation operates a diverse portfolio across three key categories: Food (40% of revenue), Fashion (28% of revenue), and Hardline (32% of revenue). The company's major brands include Central and Robinson in the department store sector, Tops and Go Wholesale in food retail, and Thai Watsadu in hardline products.

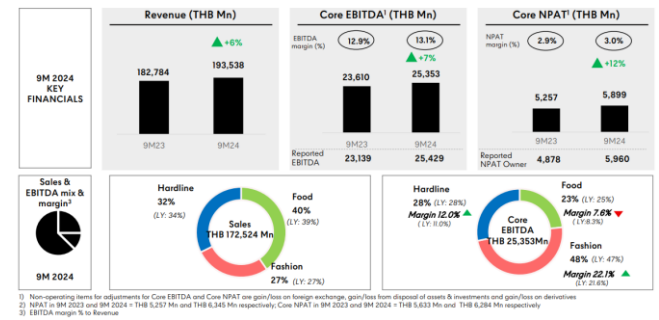
Source: SETSMART, SET

Exhibit 1: CRC's business portfolio



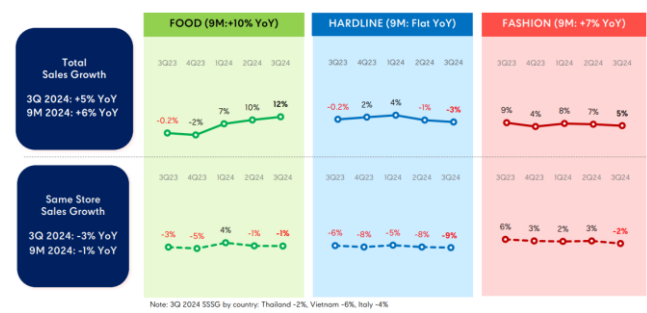
Sources: CRC

Exhibit 2: 9M24 key financials



Sources: CRC

Exhibit 3: Sales trend by business



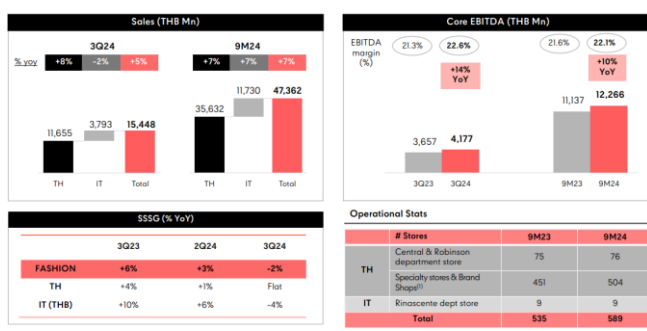
Sources: CRC

Exhibit 4: 9M24 stores expansion



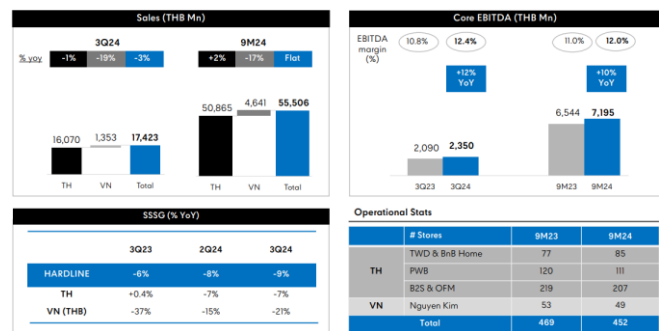
Sources: CRC

Exhibit 5: Fashion business overview



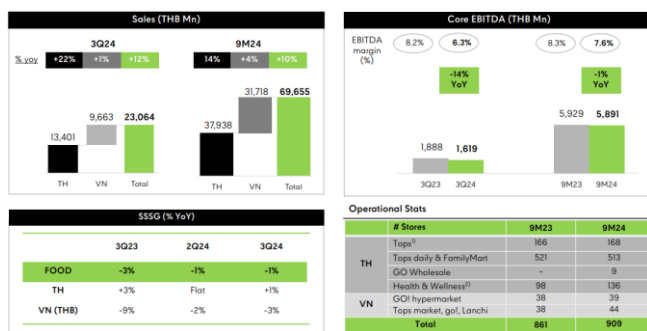
Sources: CRC

Exhibit 6: Hardline business overview



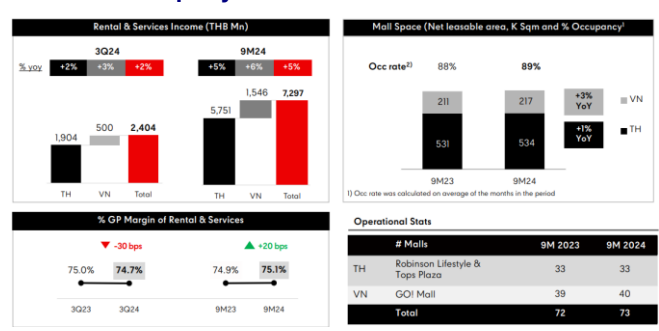
Sources: CRC

Exhibit 7: Food business overview



Sources: CRC

Exhibit 8: Property rental income



Sources: CRC

GENERAL DISCLAIMER

Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: 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: 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: 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.