Central Retail Corporation (CRC TB)

Strongest Earnings Momentum In Thai Retail Sector

Highlights

- We came away from the analyst meeting with a slightly positive tone, with management raising its 2026 EBITDA growth target to +6-8% from +5-7%.
- Consumer spending has shown a recovery, which was a positive surprise for management, particularly in the food and fashion businesses.
- Maintain BUY with a higher target price of Bt33.00 (from 31.00).

Analysis

- **Top-line growth outpaces peers.** July SSSG at Central Retail Corporation (CRC) turned positive at around +2% yoy, driven by food at +5-6% yoy and fashion at +1-2% yoy, supported by FIFA World Cup campaigns, effective marketing initiatives, and improved product merchandising. Hardline SSSG declined 2-3% yoy, in line with the industry trend. Consumer spending has shown a better-than-expected recovery, which was a positive surprise for management, particularly in the food and fashion businesses. Tourist spending, which accounts for around 15% of fashion sales, remains strong.
- **Go Wholesale monetisation drives the food retail segment.** The recovery of Go Wholesale remains the key growth driver, with sales growing more than 10% and gross margin improving. The company is focusing on generating higher revenue from its existing asset base and larger customer base, while slowing store expansion. CRC plans to open one additional Go Wholesale store in 2H26. Management believes Go Wholesale earnings have bottomed out after recording a significant loss in 2025. Tops is also expected to maintain its growth momentum. In Vietnam, consumer behaviour differs from Thailand. Following the Iran war, consumers have reduced their basket size but increased purchase frequency. As a result, CRC may use pricing strategies to stimulate sales. However, given the appreciation of the Vietnam dong against the Thai baht, we expect Vietnam operations to remain on a positive trajectory.
- **Fashion retail outperformed, offsetting the softening in hardline retail.** Inventory clearance in 2025 was a key driver of 2026 gross margin expansion. As clearance activity was higher in 1H25 than in 2H25, gross margin expansion in 1H26 should therefore be stronger than in 2H26. However, there remains upside potential from the FIFA World Cup, with the benefit extending into July, which should support sales of high-margin sportwear. The closure of unprofitable brands should also provide a positive contribution to 2H26 earnings.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	226,713.4	228,376.8	234,489.1	244,434.0	256,084.5
EBITDA	32,102.4	31,786.7	31,250.9	32,980.0	34,678.5
Operating profit	14,002.9	13,722.0	14,433.1	15,265.2	16,061.2
Net profit (rep./act.)	8,136.3	7,411.9	9,280.7	9,772.2	10,384.5
Net profit (adj.)	8,869.6	8,122.9	9,280.7	9,772.2	10,384.5
EPS	1.5	1.4	1.5	1.6	1.7
PE (x)	17.5	19.1	16.7	15.9	15.0
P/B (x)	2.2	2.4	2.3	2.2	2.0
EV/EBITDA (x)	5.2	4.1	4.0	3.7	3.3
Dividend yield (%)	2.1	5.0	4.3	2.6	2.7
Net margin (%)	3.6	3.2	4.0	4.0	4.1
Net debt/(cash) to equity(%)	190.8	147.8	133.9	116.1	98.2
Interest cover (x)	7.4	8.7	10.4	10.9	11.4
Consensus net profit	n.a	n.a	7,855.5	8,696.4	9,357.1
UOBKH/Consensus (x)	n.a	n.a	1.2	1.1	1.1

Source: Central Retail Corporation, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Bt29.00
Target Price	Bt33.00
Upside	13.79%
Previous TP	Bt31.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	CRC TB
Shares issued (m)	6,031.0
Market cap (Btm)	155,300.0
Market cap (US$m)	4,780.0
3-mth avg daily t'over (US$m)	11.6

Price Performance (%)

52-week high/low: Bt23.3/Bt15.2

1mth	3mth	6mth	1yr	YTD
(4.3)	(5.3)	(3.8)	(18.2)	3.1

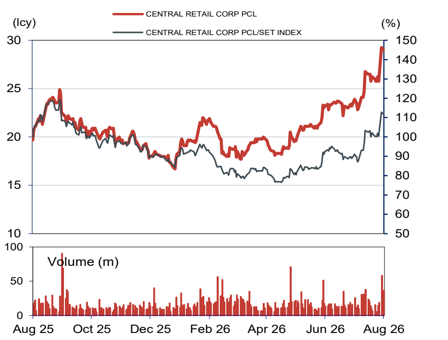
Major Shareholders (%)

Harng Central Department Store	35.06
Deutsche Bank AG Singapore PWM	4.61
Social Security Office	3.01

Balance Sheet Metrics

FY26 NAV/Share (Bt)	11.0
FY26 Net Debt/Share (Bt)	14.9

Price Chart



Source: Bloomberg

Company Description

Central Retail Corporation is a leading retail and wholesale player in Thailand and Vietnam, operating a multi-format, multi-category, omnichannel platform through its subsidiaries and associated companies.

Essential

- **The acquisition of Max Valu creates upside to 2027 earnings.** The acquisition of Aeon Thailand, including 30 Max Valu stores, is expected to be completed on 30 September. Management expects CRC to recognise only one quarter of losses, estimated at no more than Bt60m (2% of our 4Q26 earnings estimate). The business is expected to turn profitable from 1Q27 onward.
- **Divested businesses should not weigh on 3Q26 earnings growth.** Based on the 3Q25 earnings base of the divested businesses, Nguyen Kim's loss was roughly equivalent to Rinascente's profit. Therefore, the discontinued businesses should not be a significant drag on yoy growth in 3Q26.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt33.00 (from 31.00).** We roll over our target price to 2027 EPS and maintain a 20x PE multiple, equivalent to -1SD below peers' five-year average, in line with our existing valuation methodology. We remain confident that CRC is in a recovery phase in 2026, with expansion phase expected in 2027.

Earnings Revision/Risk

- **No earnings revision.**

Share Price Catalysts

- The acquisition of Aeon Thailand, strong earnings recovery.

Environment, Social, Governance (ESG) Updates

CG Report: 5 / SET ESG Rating: AA

Environmental

- Ensures energy-efficient operations and waste reduction across retail formats.

Social

- Prioritises diversity, inclusion, and fair labour practices across its regional workforce.

Governance

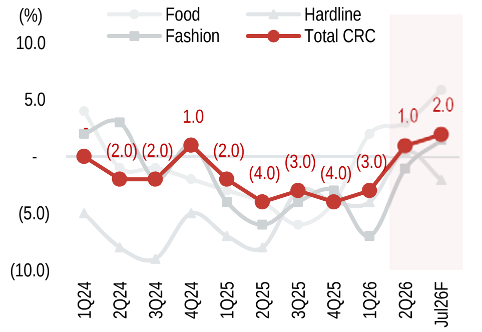
- Adheres to high governance standards under CRC's compliance framework.

Key Operating Statistics

Percent	2Q25	3Q25	4Q25	1Q26	2Q26
SSSG					
SSSG – Total	(6.0)	(4.0)	(4.0)	(2.0)	1.0
SSSG – Food	(4.0)	(6.0)	(4.0)	2.0	3.0
SSSG – Hardline	(8.0)	(3.0)	(4.0)	(4.0)	0.5
SSSG – Fashion	(6.0)	(4.0)	(3.0)	(7.0)	(1.0)
EBITDA Margin					
EBITDA (%) – Total	14.4	14.2	12.2	12.9	14.9
EBITDA (%) – Food	6.7	8.6	6.1	7.4	9.2
EBITDA (%) - Hardline	12.8	13.8	12.7	12.4	13.1
EBITDA (%) - Fashion	29.3	25.7	23.0	23.7	26.2

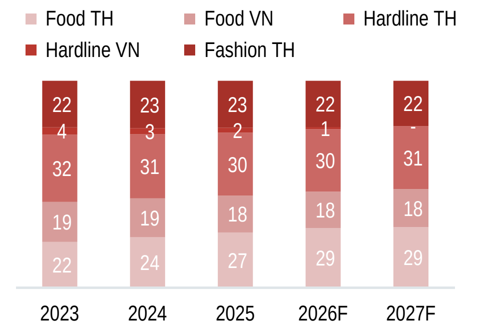
Source: UOB Kay Hian

SSSG Turning Positive In 2Q26



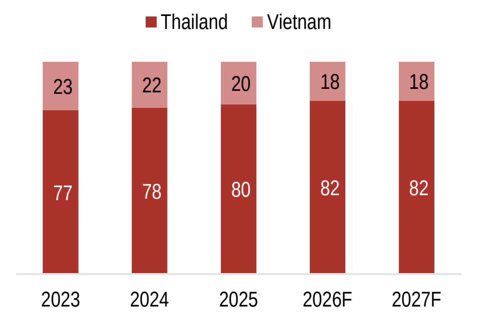
Source: UOB Kay Hian

Sales Breakdown By Segment



Source: UOB Kay Hian

Sales Breakdown By Country



Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	228,377	234,489	244,434	256,085
EBITDA	31,787	31,251	32,980	34,678
Deprec. & amort.	18,065	16,818	17,715	18,617
EBIT	13,722	14,433	15,265	16,061
Total other non-operating income	11	248	11	11
Associate contributions	483	573	631	662
Net interest income/(expense)	(3,638)	(3,007)	(3,019)	(3,036)
Pre-tax profit	10,578	12,247	12,888	13,698
Tax	(3,482)	(2,627)	(2,758)	(2,933)
Minorities	(374)	(340)	(358)	(380)
Net profit	7,412	9,281	9,772	10,385
Net profit (adj.)	8,123	9,281	9,772	10,385

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	158,804	154,231	154,610	154,570
Other LT assets	17,750	19,598	20,399	20,975
Cash/ST investment	10,004	67,593	72,732	79,611
Other current assets	60,290	65,882	67,533	69,474
Total assets	246,848	307,304	315,274	324,630
ST debt	49,761	67,761	67,761	67,761
Other current liabilities	57,748	64,301	65,477	67,859
LT debt	56,978	88,978	88,978	88,978
Other LT liabilities	13,073	14,052	14,718	15,142
Shareholders' equity	65,469	66,599	72,369	78,539
Minority interest	3,819	5,613	5,971	6,351
Total liabilities & equity	246,848	307,304	315,275	324,630

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	32,216	27,399	27,370	29,822
Pre-tax profit	10,578	12,247	12,888	13,698
Tax	(3,482)	(2,627)	(2,758)	(2,933)
Deprec. & amort.	18,065	16,818	17,715	18,617
Working capital changes	(128)	3,309	(2,374)	239
Non-cash items	921	(2,348)	1,900	201
Other operating cashflows	6,263	0	0	0
Investing	1,669	(13,114)	(18,229)	(18,729)
Capex (growth)	14,677	(12,244)	(18,094)	(18,577)
Investments	4,078	(229)	(252)	(265)
Others	(17,086)	(640)	117	113
Financing	(32,834)	43,304	(4,002)	(4,214)
Dividend payments	(8,225)	(6,696)	(4,002)	(4,214)
Issue of shares	(615)	0	0	0
Proceeds from borrowings	(34,845)	50,000	0	0
Others/interest paid	10,851	0	0	0
Net cash inflow (outflow)	1,051	57,589	5,139	6,879
Beginning cash & cash equivalent	9,275	9,797	67,386	72,525
Ending cash & cash equivalent	10,326	67,386	72,525	79,404

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.9	13.3	13.5	13.5
Pre-tax margin	4.6	5.2	5.3	5.4
Net margin	3.2	4.0	4.0	4.1
Growth				
Net profit (adj.)	(8.4)	14.2	5.3	6.3
Leverage				
Debt to total capital	154.0	217.1	200.1	184.6
Debt to equity	163.0	235.4	216.6	199.6
Net debt/(cash) to equity	147.8	133.9	116.1	98.2
Interest cover	8.7	10.4	10.9	11.4