Central Retail Corporation (CRC TB)

Earnings Momentum Set To Surge

Highlights

- There was a positive tone at the Asian Gems Conference. Management guided that SSSG in Jul-Aug 26 was at a low positive single digit yoy.
- In our view, with lower rainfall and improving consumer spending sentiment, the strong SSSG momentum could continue in Sep 26.
- Maintain BUY with a higher target price of Bt35.00 (from Bt33.00) following our earnings revision.

Analysis

- **Positive tone at Asian Gems Conference.** Central Retail Corporation's (CRC) management presented at the Asian Gems conference, and the tone was positive. Management guided that SSSG in Jul-Aug 26 was at positive low single-digit yoy (our estimates: food 5-6% yoy, Hardline -2% to -3% yoy, fashion 1-2% yoy). The operational improvement and better environment lifted the overall SSSG. In our view, with lower rainfall and improving consumer spending sentiment, the strong SSSG momentum could continue in Sep 26 and we preliminarily estimate 3Q26 SSSG at 2-3% yoy.
- **Food retail showed the strongest momentum.** The food retail segment is expected to be the sales driver in 2H26-2027. Tops continued to benefit from effective marketing, while completed store renovations provided additional support through better product visibility and improved traffic. In addition, the company has been working closely with suppliers to introduce more exclusive products at Tops, allowing it to better meet consumer demand.

  Go Wholesale has continued to build stronger brand awareness. With its current store scale providing a sufficient customer base for data analysis, the company can better respond to consumer demand and reduce shrinkage. As a result, revenue growth remained in the double-digit range, while gross margin also improved. GO! and go! in Vietnam recorded positive low single-digit yoy SSSG in Thai baht partly due to the appreciation of the Vietnamese dong against the Thai baht, which had a positive accounting translation impact. Given the aggressive pace of new store openings in Vietnam, the pre-operating expenses should be more than offset by the better gross margin from the larger scale.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	226,713.4	228,376.8	234,489.1	243,992.1	256,307.8
EBITDA	32,102.4	31,786.7	31,726.4	33,576.4	35,215.0
Operating profit	14,002.9	13,722.0	15,022.2	16,173.5	17,049.4
Net profit (rep./act.)	8,136.3	7,411.9	9,757.2	10,489.8	11,164.3
Net profit (adj.)	8,869.6	8,122.9	9,757.2	10,489.8	11,164.3
EPS	1.5	1.4	1.6	1.7	1.8
PE (x)	20.6	22.5	18.7	17.4	16.3
P/B (x)	2.6	2.8	2.7	2.5	2.3
EV/EBITDA (x)	9.9	8.9	9.0	8.3	7.8
Dividend yield (%)	1.8	4.3	3.7	2.3	2.5
Net margin (%)	3.6	3.2	4.2	4.3	4.4
Net debt/(cash) to equity(%)	190.8	147.8	144.1	125.1	108.3
Interest cover (x)	7.4	8.7	10.6	11.1	11.6
Consensus net profit	n.a	n.a	9,158.0	9,944.4	10,832.2
UOBKH/Consensus (x)	n.a	n.a	1.1	1.0	1.0

Source: Central Retail Corporation, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt30.25
Target Price	Bt35.00
Upside	15.70%
Previous TP	Bt33.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	CRC TB
Shares issued (m)	6,031.0
Market cap (Btm)	182,437.8
Market cap (US$m)	5,488.0
3-mth avg daily t'over (US$m)	11.9

Price Performance (%)

52-week high/low: Bt30.8/Bt16.7

1mth	3mth	6mth	1yr	YTD
23.9	47.4	36.0	56.0	64.7

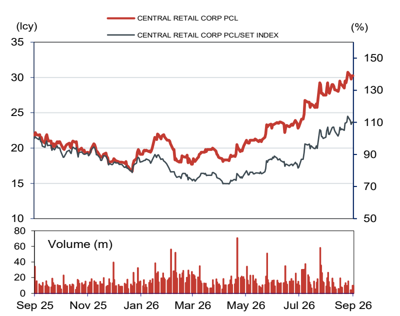
Major Shareholders (%)

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)	14.8

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.

- **Hardline retail is still gaining market share.** Management maintained its guidance for margin expansion in the Hardline retail segment, mainly driven by Thai Watsadu, while sales are declining at a slower pace than peers. The improvement is largely driven by organic improvements in team capabilities. Management highlighted that a key success factor for Thai Watsadu is its highly dynamic team, which continues to expand its assortment, increase private-label and direct-sourcing products, optimise operating expenses, and continuously improve productivity. Private-label contribution is also expected to increase in 3Q26. Moreover, Auto1 and B2S are also tracking well.
- **Fashion retail is moving in the right direction.** Inventory profile was better than last year, following CRC's stock clearance efforts. The team continues to identify new brands to ensure that newly acquired brands can achieve success. Furthermore, CRC's larger scale in Vietnam also provides stronger bargaining power with brand principals. The new brand portfolio and larger scale should support gross margin expansion through 2027.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt35.00,** based on a 2027F PE of 20x, or -1SD below peers' five-year average. CRC deserves to trade at a premium valuation, given its clearer recovery trajectory and stronger growth outlook, with earnings growth expected at 20% in 2026 and 8% in 2027.

Earnings Revision/Risk

- **Revise up earnings.** We revise up our 2026-27 core profit forecasts by 5% and 7%, respectively, reflecting a 10bp yoy increase in gross margin and a 10bp yoy decrease in SG&A-to-sales, in line with the stronger profitability outlook. Our earnings forecasts are 7% and 5% above consensus for 2026-27, respectively.

Earnings Revision

Year to 31 Dec (Btm)	2026F			2027F		
	New	Previous	Change	New	Previous	Change
Revenue	234,489	234,489	0%	243,992	244,434	0%
Core profit	9,757	9,281	5%	10,490	9,772	7%
Gross margin	27.0%	26.9%	+0.1 ppt	27.2%	27.0%	+0.1 ppt
SG&A to sales	28.4%	28.5%	-0.1 ppt	28.4%	28.5%	-0.1 ppt

Source: UOB Kay Hian

Share Price Catalyst

- Earnings recover across all segments.

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

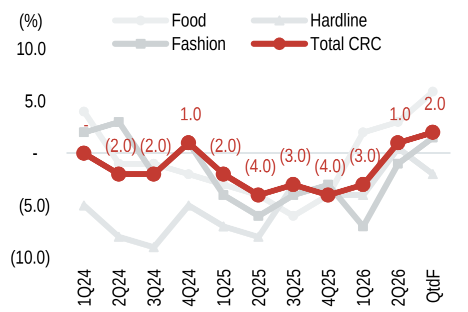
- Adheres to high governance standards under CRC's compliance framework.

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

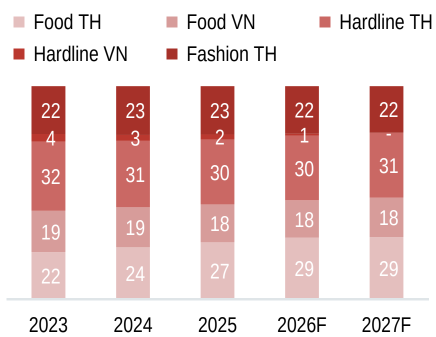
Source: Central Retail Corporation, UOB Kay Hian

SSSG Turned Positive In 2Q26



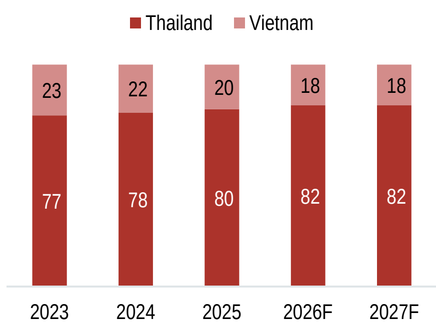
Source: Central Retail Corporation, UOB Kay Hian

Sales By Segment



Source: Central Retail Corporation, UOB Kay Hian

Sales By Country



Source: Central Retail Corporation, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	228,377	234,489	243,992	256,308
EBITDA	31,787	31,726	33,576	35,215
Deprec. & amort.	18,065	16,704	17,403	18,166
EBIT	13,722	15,022	16,174	17,049
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)	(3,037)
Pre-tax profit	10,578	12,836	13,796	14,686
Tax	(3,482)	(2,759)	(2,962)	(3,155)
Minorities	(374)	(320)	(344)	(366)
Net profit	7,412	9,757	10,490	11,164
Net profit (adj.)	8,123	9,757	10,490	11,164

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	158,804	155,149	157,614	160,892
Other LT assets	17,750	19,598	20,372	20,988
Cash/ST investment	10,004	17,897	21,255	24,903
Other current assets	60,290	67,054	67,817	70,104
Total assets	246,848	259,698	267,058	276,887
ST debt	49,761	55,461	52,961	49,936
Other current liabilities	57,748	58,439	60,033	63,917
LT debt	56,978	59,078	60,078	61,578
Other LT liabilities	13,073	14,052	14,691	15,155
Shareholders' equity	65,469	67,075	73,357	79,998
Minority interest	3,819	5,593	5,937	6,303
Total liabilities & equity	246,848	259,698	267,058	276,887

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	32,216	20,707	29,068	31,293
Pre-tax profit	10,578	12,836	13,796	14,686
Tax	(3,482)	(2,759)	(2,962)	(3,155)
Deprec. & amort.	18,065	16,704	17,403	18,166
Working capital changes	(128)	(3,726)	(1,067)	1,393
Non-cash items	921	(2,348)	1,898	204
Other operating cashflows	6,263	0	0	0
Investing	1,669	(13,918)	(20,002)	(21,596)
Capex (growth)	14,677	(13,049)	(19,868)	(21,443)
Investments	4,078	(229)	(252)	(265)
Others	(17,086)	(640)	118	112
Financing	(32,834)	1,104	(5,708)	(6,049)
Dividend payments	(8,225)	(6,696)	(4,208)	(4,524)
Issue of shares	(615)	0	0	0
Proceeds from borrowings	(34,845)	7,800	(1,500)	(1,525)
Others/interest paid	10,851	0	0	0
Net cash inflow (outflow)	1,051	7,893	3,358	3,648
Beginning cash & cash equivalent	9,275	9,797	17,690	21,048
Ending cash & cash equivalent	10,326	17,690	21,048	24,695

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.9	13.5	13.8	13.7
Pre-tax margin	4.6	5.5	5.6	5.7
Net margin	3.2	4.2	4.3	4.4
Growth				
Net profit (adj.)	(8.4)	20.1	7.5	6.4
Leverage				
Debt to total capital	154.0	157.6	142.6	129.2
Debt to equity	163.0	170.8	154.1	139.4
Net debt/(cash) to equity	147.8	144.1	125.1	108.3
Interest cover	8.7	10.6	11.1	11.6