

CENTRAL RETAIL CORP

CRC TB

THAILAND / COMMERCE

BUY

UNCHANGED

TARGET PRICE	THB48.00
CLOSE	THB34.50
UP/DOWNSIDE	+39.1%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+3.4%

กำไรปกติ 4Q23 ถูกกดดันจากเวียดนาม แผนปี 2024 in-line

- ราคาต่อกำไรปกติ 4Q23 ที่ 2.65 พันลบ. (+101% q-q, +3% y-y) จากยอดขายที่คาดว่าจะเติบโตจากการเร่งขยายสาขาของไอวีสตุ
- Guidance จากงาน CEO Forum 2024 ใกล้เคียงกับประมาณการของเรา
- คงคำแนะนำซื้อ ราคาเป้าหมาย 48 บาท

ราคาต่อกำไรปกติ 4Q23 ที่ 2.65 พันลบ. (+101% q-q, 3% y-y)

ราคาต่อกำไรปกติ 4Q23 ที่ 2.65 พันลบ. เติบโต 101% q-q จากปัจจัยด้านฤดูกาล และเติบโต 3% y-y จากยอดขายที่คาดว่าจะเติบโตได้ 0.5% y-y แม้ SSSG จะยังติดลบราว 2% แต่ชดเชยด้วยการเปิดสาขาอย่างต่อเนื่องโดยเฉพาะไอวีสตุ ขณะที่ GPM ราคาต่อหน่วยปรับดีขึ้น q-q จากช่วง high season ของกลุ่มสินค้า fashion และทรงตัว y-y โดย SG&A to revenue ราคาต่อหน่วยปรับดีขึ้นทั้ง q-q และ y-y

Guidance ปี 2024 ใกล้เคียงกับประมาณการของเรา

CRC จัดงาน CEO Forum 2024 โดยที่ผู้บริหารให้ guidance ปี 2024 Target sales growth ที่ 9-11% และ Target rental & Services income growth ที่ 3-4% , Target GPM Flat หรือลงเล็กน้อย จากการขยาย Go wholesale ซึ่งคาดว่าจะเติบโตได้ดีกว่า Segment อื่น ขณะที่ Target SG&A to sales ที่ 27.5%, Target EBITDA growth ที่ 15-17% และ Target CAPEX ที่ 22-24 พันลบ. โดยรวม guidance ของบริษัทใกล้เคียงกับประมาณการปี 2024 ซึ่งเราคาดว่ากำไรปกติเติบโตได้ราว 15-16% สำหรับการขยายสาขายังเน้นใน Format ยังเติบโตได้ดีอย่าง ไอวีสตุ และ Go wholesale

กำไรปกติปี 2023 อาจมี downside จากดอกเบี้ยจ่ายใน 4Q23 ที่สูงกว่าที่เราคาด

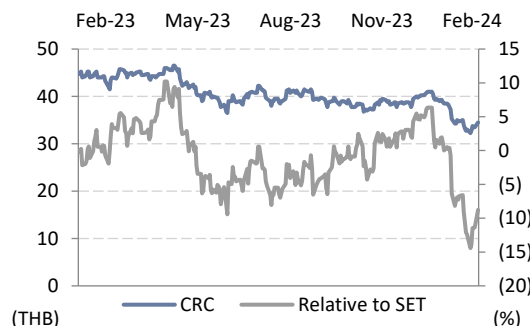
หากกำไรปกติ 4Q23 เป็นไปตามคาด กำไรปกติปี 2023 มี downside ราว 3.5% ภาพแนวโน้มระยะสั้น SSSG ของ Total CRC ในช่วงเดือน ม.ค. ถึง อาทิตย์แรกของ ก.พ. ยังเป็นบวกได้ 1-2% หากแบ่งเป็นรายประเทศพบว่า ไทยทรงตัว, อิตาลี +4-5% และเวียดนาม +7-8% (ผลจากฐานต่ำในช่วงเทศกาล Tet) หากแบ่งเป็นราย Segment กลุ่ม Fashion +1-2%, Food +7-8% Hardline -1-2%

ยังคงแนะนำซื้อ ราคาเป้าหมาย 48 บาท

เรายังคงแนะนำซื้อ ราคาเป้าหมาย 48 บาท โดยเราคาดว่าจะเห็นการฟื้นตัวเด่นในแง่ของ SSSG และผลประกอบการในช่วง 2H24 จากการฟื้นตัวของเศรษฐกิจเวียดนามและการเบิกจ่ายงบประมาณภาครัฐแล้วเสร็จ โดยปัจจุบันราคาหุ้นปรับลงในระดับที่น่าสนใจ เทเรตใกล้เคียงค่าเฉลี่ย 2 ปี - 2.6SD

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	236,031	248,115	272,189	297,576
Net profit	7,175	7,815	9,550	11,061
EPS (THB)	1.19	1.30	1.58	1.83
vs Consensus (%)	-	(1.7)	0.8	0.7
EBITDA	29,015	25,497	29,663	34,295
Recurring net profit	7,175	8,194	9,550	11,061
Core EPS (THB)	1.19	1.36	1.58	1.83
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	11,985.2	14.2	16.6	15.8
Core P/E (x)	29.0	25.4	21.8	18.8
Dividend yield (%)	1.4	1.5	1.9	2.1
EV/EBITDA (x)	11.5	13.4	11.9	10.7
Price/book (x)	3.3	3.1	2.8	2.5
Net debt/Equity (%)	187.2	182.2	180.4	176.4
ROE (%)	12.1	12.6	13.4	14.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.4)	(9.8)	(24.2)
Relative to country (%)	(8.8)	(9.8)	(9.2)
Mkt cap (USD m)	5,798		
3m avg. daily turnover (USD m)	10.1		
Free float (%)	55		
Major shareholder	Chirathivat family (67%)		
12m high/low (THB)	47.50/32.00		
Issued shares (m)	6,031.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

CRC เป็นผู้ผู้นำในด้าน Multi-format (physical/online) และ Multi-category (fashion/hardline/food) นอกจากนี้ CRC ยังได้ขยายธุรกิจไปในประเทศอิตาลี และเวียดนาม CRC มีรูปแบบร้านค้าหลากหลาย โดยงวด 9M23 มีจำนวน Stores ทั้งสิ้น 1,937 stores แบ่งเป็น 84 Department stores, 94 Specialty stores, 357 Brand shops, 38 Hypermarkets, 725 Supermarkets & CVS, 77 Home DIY, 173 Electronics stores, 219 OFM & B2S, 72 Malls และ 98 Health&Wellness stores. ทั้งนี้จากข้อมูลของ Euromonitor การเติบโตของขนาดตลาดของอุตสาหกรรมค้าปลีกและค้าส่งสินค้าอุปโภคบริโภคสมัยใหม่ในปี 2023-27 ทั้งไทยและเวียดนามมีศักยภาพในการเติบโตโดยเฉลี่ย 7.8% และ 9.4% CAGR ตามลำดับ โดยเวียดนามมีศักยภาพเติบโตสูงกว่าไทย ซึ่ง CRC มีสัดส่วนรายได้จากเวียดนามราว 20-25% ของรายได้จากการขาย

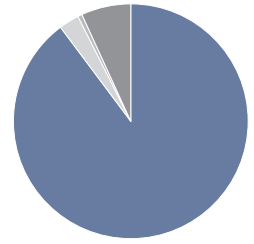
Company profile

บริษัทก่อตั้งเมื่อปี 1947 โดยครอบครัวจิราธิวัฒน์ ปัจจุบัน ดำเนินธุรกิจค้าปลีกสินค้าหลากหลายประเภทผ่านรูปแบบและช่องทางที่หลากหลายในไทย อิตาลี และเวียดนาม และเป็นผู้บุกเบิกธุรกิจค้าปลีกในรูปแบบ Omni-channel ในประเทศไทย ซึ่งช่วยเสริมสร้างเครือข่ายร้านค้าปลีกในการนำเสนอสินค้าและบริการแก่ผู้บริโภค

www.centralretail.com

Principal activities (revenue, 2022)

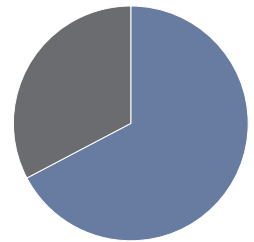
- Sales of goods - 89.8 %
- Rental services - 2.8 %
- Rendering services - 0.6 %
- Other income - 6.8 %



Source: Central Retail Corp

Major shareholders

- Chirathivat family - 67.3 %
- Others - 32.7 %



Source: Central Retail Corp

Catalysts

- ปัจจัยบวกต่อราคาหุ้นได้แก่ 1) การฟื้นตัวของกำลังซื้อในประเทศ 2) จำนวนนักท่องเที่ยวฟื้นตัว 3) นโยบายการกระตุ้นการบริโภคของภาครัฐ 4) การฟื้นตัวของเศรษฐกิจเวียดนาม

Risks to our call

- ความเสี่ยง 1) กำลังซื้อในประเทศลดลง 2) นักท่องเที่ยวที่น้อยกว่าที่คาด 3) ไม่มีนโยบายกระตุ้นเศรษฐกิจจากภาครัฐ 4) เศรษฐกิจเวียดนามฟื้นตัวช้ากว่าที่คาด

Event calendar

Date	Event
28 Feb 2024	4Q23 results announcement

Key assumptions

CRC	2023E (%)	2024E (%)	2025E (%)
SSSG Fashion	13.0	6.4	6.2
SSSG Hardline	(1.0)	4.8	4.7
SSSG Food	0.5	4.8	4.7
GPM from sales	26.6	26.8	26.9
SG&A to total revenue	28.0	27.9	27.8

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 EPS would rise 0.7%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 EPS would rise 2.0%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2024 EPS would fall 2.3%, and vice versa, all else being equal.

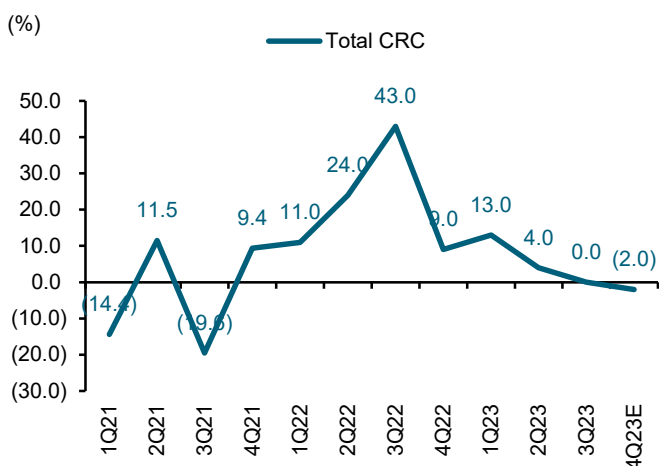
Source: FSSIA estimates

Exhibit 1: 4Q23 results preview

Profit & Loss Statement	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Retail sales	57,885	56,712	53,521	53,162	58,174	9.4	0.5
Rental and rendering services	2,200	2,248	2,331	2,360	2,596	10	18
Total revenue	60,085	58,960	55,853	55,522	60,770	9	1
Cost of retail sales	(41,882)	(42,006)	(39,297)	(38,947)	(42,176)	8	1
Cost of rental and rendering services	(579)	(568)	(581)	(590)	(649)	10	12
Gross profit	17,624	16,386	15,975	15,985	17,945	12.3	1.8
Investment income	55	69	84	54	60	10	10
Other income	5,007	4,176	4,065	3,999	4,315	8	(14)
Operating costs	(17,890)	(16,999)	(17,258)	(17,429)	(17,833)	2	(0)
Operating profit	4,795	3,632	2,866	2,610	4,486	72	(6)
Interest expense	(1,007)	(1,031)	(1,117)	(1,215)	(1,342)	10	33
Profit before tax	3,788	2,602	1,749	1,395	3,145	125	(17)
Tax	(680)	(589)	(380)	(424)	(690)	63	1
Associates	309	299	322	283	304	7	(2)
Minority interests	(106)	(144)	(123)	(112)	(109)	(2)	3
Non-recurring items	747	(51)	(150)	(178)	0	(100)	(100)
Reported net profit	3,311	2,168	1,567	1,143	2,649	132	(20)
Normalized profit	2,564	2,219	1,717	1,321	2,649	101	3
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Retail sales margin	27.6	25.9	26.6	26.7	27.5	0.8	(0.1)
Rental and rendering services margin	73.7	74.7	75.1	75.0	75.0	(0.0)	1.3
Gross margin	29.3	27.8	28.6	28.8	29.5	0.7	0.2
EBIT margin	8.0	6.2	5.1	4.7	7.4	2.7	(0.6)
Recurring net margin	5.2	3.4	2.5	1.7	4.0	2.3	(1.1)
SG&A / revenue	27.5	26.9	28.8	29.3	27.4	(1.9)	(0.1)
Operational statistics	(%)	(%)	(%)	(%)	(%)		
Total SSSG	9.0	13.0	4.0	0.0	(2.0)		
---Fashion	14.0	31.0	14.0	6.0	2.0		
---Hardline	(8.0)	0.3	(2.0)	(6.0)	(8.0)		
---Food	17.0	8.0	(2.0)	(3.0)	(2.0)		
SSSG by country							
---Thailand	5.0	16.0	5.0	3.0	(0.5)		
---Vietnam	16.0	(1.0)	(11.0)	(15.0)	(15.0)		
---Italy	23.0	37.0	26.0	10.0	8.0		

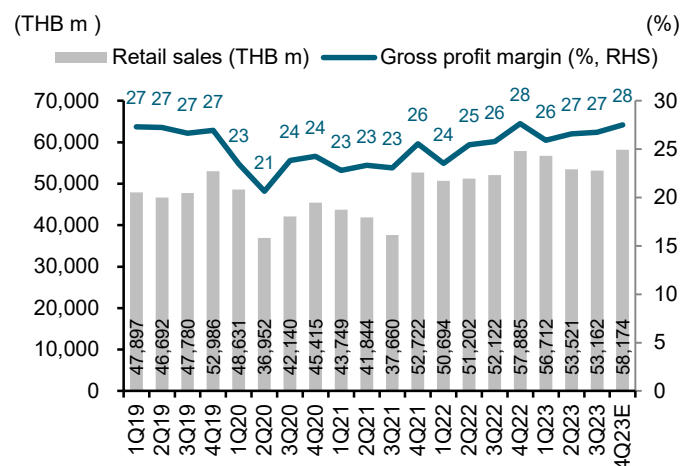
Sources: CRC; FSSIA estimates

Exhibit 2: SSSG would drag by Vietnam's economy



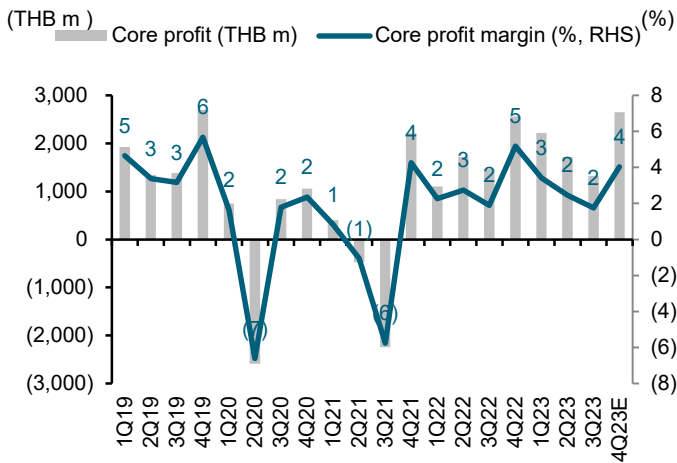
Sources: CRC; FSSIA estimates

Exhibit 3: Quarterly revenue and GPM



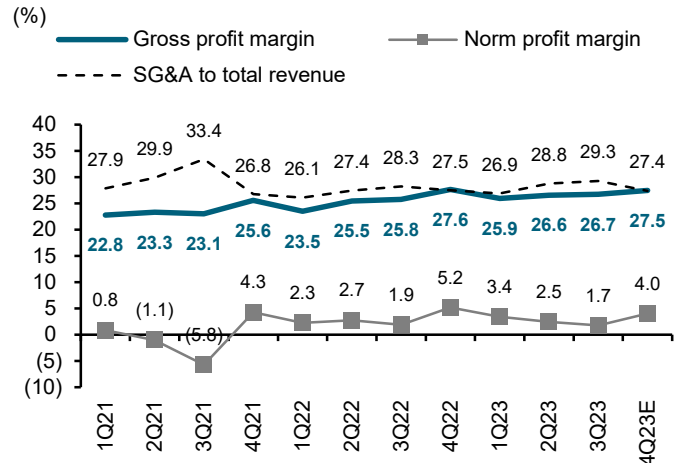
Sources: CRC; FSSIA estimates

Exhibit 4: Quarterly core profit and core profit margin



Sources: CRC; FSSIA estimates

Exhibit 5: Profitability



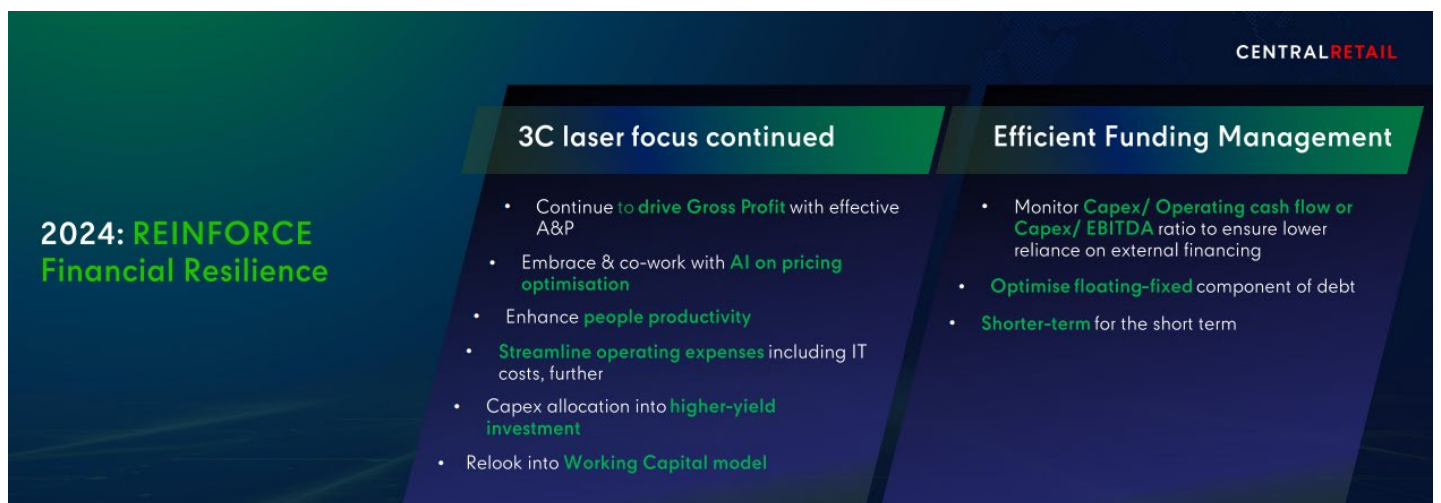
Sources: CRC; FSSIA estimates

Exhibit 6: 2024 expansion plan



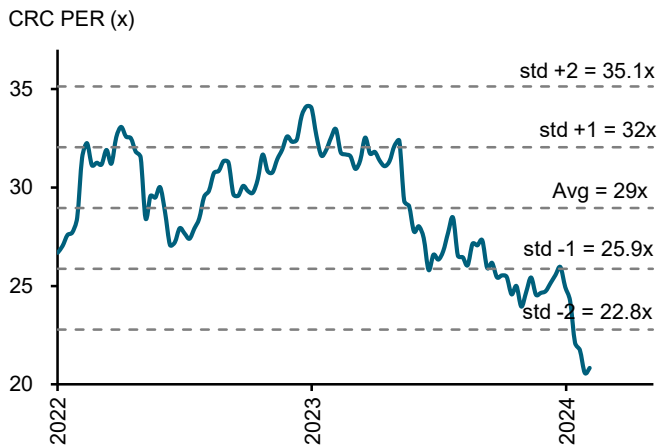
Source: CRC

Exhibit 7: Driving GP, saving costs and optimizing CAPEX could potentially enable prepayment of debt by 2025



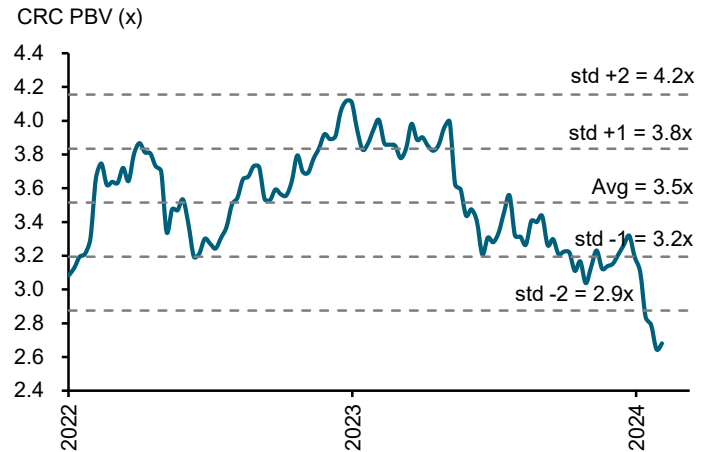
Source: CRC

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 12 February 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Consumer Staple														
CP All	CPALL TB	BUY	53.75	77.00	43	13,455	28.0	24.0	16.4	17.5	4.8	4.4	20.0	17.8
CP Extra	CPAXT TB	BUY	29.75	36.00	21	8,771	36.6	29.6	2.9	3.6	1.1	1.1	11.1	10.3
Berli Jucker*	BJC TB	n/a	24.60	n/a	n/a	2,760	20.3	17.9	4.0	4.5	0.8	0.8	12.8	12.0
Consumer Staple average						24,987	28.3	23.8	7.8	8.5	2.2	2.1	14.6	13.4
Consumer Discretionary														
Com7	COM7 TB	BUY	22.40	30.00	34	1,489	17.1	15.4	41.6	41.7	6.8	6.1	12.1	11.0
Central Retail Corp	CRC TB	BUY	34.50	48.00	39	5,798	25.4	21.8	12.6	13.4	3.1	2.8	13.4	11.9
Home Improvement														
Index Living Mall	ILM TB	BUY	22.10	26.70	21	311	16.1	14.5	12.0	12.7	1.9	1.8	7.7	7.0
Home Product Center	HMPRO TB	BUY	11.00	13.60	24	4,031	22.8	21.3	25.5	26.0	5.7	5.4	13.2	12.4
Siam Global House	GLOBAL TB	BUY	16.40	17.70	8	2,286	30.7	27.7	11.9	12.3	3.5	3.3	23.6	21.4
Dohome	DOHOME TB	BUY	11.20	12.30	10	964	67.8	35.6	4.3	7.7	2.8	2.7	25.9	19.3
Home Improvement avg.						7,592	34.4	24.8	13.4	14.7	3.5	3.3	17.6	15.0
Consumer Discretionary avg.						14,879	30.0	22.7	18.0	19.0	4.0	3.7	16.0	13.8
Total average						39,866	29.4	23.1	14.6	15.5	3.4	3.1	15.5	13.7

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Central Retail Corp

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	195,433	236,031	248,115	272,189	297,576
Cost of goods sold	(135,847)	(159,647)	(164,838)	(180,450)	(196,804)
Gross profit	59,586	76,384	83,277	91,738	100,772
Other operating income	0	0	0	0	0
Operating costs	(57,068)	(64,540)	(69,543)	(76,042)	(82,864)
Operating EBITDA	19,559	29,015	25,497	29,663	34,295
Depreciation	(17,041)	(17,171)	(11,762)	(13,967)	(16,387)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,518	11,845	13,735	15,696	17,908
Net financing costs	(2,892)	(3,269)	(4,310)	(4,616)	(4,983)
Associates	279	820	1,148	1,205	1,266
Recurring non-operating income	279	824	1,148	1,205	1,266
Non-recurring items	0	0	(379)	0	0
Profit before tax	(95)	9,399	10,194	12,286	14,191
Tax	372	(1,794)	(1,885)	(2,216)	(2,585)
Profit after tax	277	7,605	8,309	10,070	11,606
Minority interests	(217)	(430)	(495)	(519)	(545)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	59	7,175	7,815	9,550	11,061
Non-recurring items & goodwill (net)	0	0	379	0	0
Recurring net profit	59	7,175	8,194	9,550	11,061
Per share (THB)					
Recurring EPS *	0.01	1.19	1.36	1.58	1.83
Reported EPS	0.01	1.19	1.30	1.58	1.83
DPS	0.30	0.48	0.52	0.64	0.74
Diluted shares (used to calculate per share data)	6,031	6,031	6,031	6,031	6,031
Growth					
Revenue (%)	0.7	20.8	5.1	9.7	9.3
Operating EBITDA (%)	5.5	48.3	(12.1)	16.3	15.6
Operating EBIT (%)	27.6	370.4	16.0	14.3	14.1
Recurring EPS (%)	28.3	11,985.2	14.2	16.6	15.8
Reported EPS (%)	28.3	11,985.2	8.9	22.2	15.8
Operating performance					
Gross margin inc. depreciation (%)	30.5	32.4	33.6	33.7	33.9
Gross margin exc. depreciation (%)	39.2	39.6	38.3	38.8	39.4
Operating EBITDA margin (%)	10.0	12.3	10.3	10.9	11.5
Operating EBIT margin (%)	1.3	5.0	5.5	5.8	6.0
Net margin (%)	0.0	3.0	3.3	3.5	3.7
Effective tax rate (%)	0.0	20.9	20.0	20.0	20.0
Dividend payout on recurring profit (%)	3,047.5	40.3	38.5	40.3	40.3
Interest cover (X)	1.0	3.9	3.5	3.7	3.8
Inventory days	108.8	102.7	105.4	102.3	102.2
Debtor days	8.8	7.9	8.2	8.1	8.1
Creditor days	105.2	98.3	96.0	93.0	92.8
Operating ROIC (%)	6.1	20.9	20.6	20.7	21.2
ROIC (%)	1.5	5.1	5.7	6.0	6.2
ROE (%)	0.1	12.1	12.6	13.4	14.1
ROA (%)	1.3	3.8	4.3	4.5	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2021	2022	2023E	2024E	2025E
Sales of goods	175,975	211,903	221,507	242,994	265,623
Rental services	4,990	6,583	7,855	8,557	9,321
Rendering services	826	1,411	1,475	1,618	1,769
Other income	13,641	16,133	17,278	19,020	20,863

Sources: Central Retail Corp; FSSIA estimates

Financial Statements

Central Retail Corp

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	59	7,175	8,194	9,550	11,061
Depreciation	17,041	17,171	11,762	13,967	16,387
Associates & minorities	154	(361)	0	0	0
Other non-cash items	531	762	410	656	586
Change in working capital	4,025	(2,748)	505	943	986
Cash flow from operations	21,810	21,998	20,870	25,116	29,019
Capex - maintenance	(18,745)	(22,856)	(20,000)	(22,000)	(24,090)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(19,032)	(1,949)	(6,560)	(12,254)	(12,918)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(37,777)	(24,805)	(26,560)	(34,254)	(37,008)
Dividends paid	(1,809)	(2,895)	(3,153)	(3,853)	(4,463)
Equity finance	4,745	1,454	1,086	1,086	1,086
Debt finance	13,378	1,776	8,577	12,360	11,835
Other financing cash flows	0	0	0	0	0
Cash flow from financing	16,313	336	6,510	9,592	8,458
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	(379)	0	0
Movement in cash	346	(2,471)	441	455	468
Free cash flow to firm (FCFF)	(12,853.60)	672.19	(1,128.97)	(4,246.52)	(2,705.84)
Free cash flow to equity (FCFE)	(2,589.13)	(1,030.54)	2,508.75	3,222.37	3,845.43

Per share (THB)

FCFF per share	(2.13)	0.11	(0.19)	(0.70)	(0.45)
FCFE per share	(0.43)	(0.17)	0.42	0.53	0.64
Recurring cash flow per share	2.95	4.10	3.38	4.01	4.65

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	102,023	102,023	122,023	144,023	168,113
Less: Accumulated depreciation	(58,664)	(52,978)	(64,741)	(78,708)	(95,095)
Tangible fixed assets (net)	43,359	49,045	57,282	65,315	73,018
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	23,461	25,588	26,453	27,361	28,314
Cash & equivalents	18,088	15,617	16,058	16,513	16,981
A/C receivable	14,727	16,691	17,004	17,598	18,231
Inventories	36,516	43,675	44,724	48,554	52,512
Other current assets	587	548	576	632	691
Current assets	69,918	76,532	78,363	83,298	88,415
Other assets	126,491	124,820	131,210	143,941	157,367
Total assets	263,228	275,984	293,308	319,915	347,114
Common equity	56,388	62,123	67,870	74,653	82,337
Minorities etc.	2,693	2,762	3,257	3,776	4,322
Total shareholders' equity	59,081	64,885	71,127	78,429	86,658
Long term debt	78,817	89,032	92,881	101,301	103,606
Other long-term liabilities	13,668	13,579	14,274	15,659	17,120
Long-term liabilities	92,485	102,611	107,155	116,960	120,726
A/C payable	36,905	39,828	40,707	44,107	47,607
Short term debt	56,478	48,039	52,768	56,707	66,237
Other current liabilities	18,279	20,621	21,552	23,711	25,885
Current liabilities	111,662	108,488	115,026	124,525	139,729
Total liabilities and shareholders' equity	263,228	275,984	293,308	319,915	347,114
Net working capital	(3,354)	466	46	(1,033)	(2,059)
Invested capital	189,956	199,919	214,992	235,584	256,640

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

Per share (THB)

Book value per share	9.35	10.30	11.25	12.38	13.65
Tangible book value per share	9.35	10.30	11.25	12.38	13.65

Financial strength

Net debt/equity (%)	198.4	187.2	182.2	180.4	176.4
Net debt/total assets (%)	44.5	44.0	44.2	44.2	44.0
Current ratio (x)	0.6	0.7	0.7	0.7	0.6
CF interest cover (x)	0.1	0.7	1.6	1.7	1.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	3,504.6	29.0	25.4	21.8	18.8
Recurring P/E @ target price (x) *	4,876.0	40.3	35.3	30.3	26.2
Reported P/E (x)	3,504.6	29.0	26.6	21.8	18.8
Dividend yield (%)	0.9	1.4	1.5	1.9	2.1
Price/book (x)	3.7	3.3	3.1	2.8	2.5
Price/tangible book (x)	3.7	3.3	3.1	2.8	2.5
EV/EBITDA (x) **	16.8	11.5	13.4	11.9	10.7
EV/EBITDA @ target price (x) **	20.9	14.3	16.6	14.7	13.0
EV/invested capital (x)	1.7	1.7	1.6	1.5	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 ESG score	Domestic ratings						Global ratings						Bloomberg	
		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 Sustainalytics	The Sustainalytics' 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. 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.	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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </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 border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">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

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Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Central Retail Corp	CRC TB	THB 34.50	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.
CP All	CPALL TB	THB 53.75	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 29.75	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Com7	COM7 TB	THB 22.40	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Index Living Mall	ILM TB	THB 22.10	BUY	Downside 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 11.00	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 16.40	BUY	Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.
Dohome PCL	DOHOME TB	THB 11.20	BUY	Downside risks to our DCF-based TP include 1) lower farm income, 2) a delay in government disbursement, 3) a decreased private brand exposure and its lower margins, 4) higher-than-expected expenses, and 5) a higher-than-expected impact of 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 12-Feb-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.