

Central Retail Corp. Pcl (CRC TB) - HOLD**Earnings Preview**

Phannarai Tiypittayarat | Email: Phannarai.von@thanachartsec.co.th

Huge loss in 3Q21F

- **We forecast a larger loss of Bt2.1bn in 3Q21F.**
 - **3Q21F SSSG is expected at -22% on TH and VN lockdowns.**
 - **Rental income should also fall by nearly 40% y-y.**
 - **As Oct SSSG turns positive, profit will resume in 4Q21F.**
- We forecast Bt2.1bn net loss, larger than our previous estimate of Bt1.2bn loss on higher-than-expected SG&A.
 - 3Q21F SSSG should come in line as expectation at -22% y-y (-34% vs pre-COVID, slightly better than -36% during countrywide lockdown in 2Q20). Fashion is expected to be the most hit (-35% SSSG), followed by hardline (-17%) and food (-12%). By country, Vietnam SSSG was the weakest at negative high twenties due to stricter lockdown, followed by negative mid-to-high twenties for Thailand and positive mid-teen for Italy as COVID is more relieved and all dept branches open as normal.
 - Total retail sales are expected to fall by 12% y-y and 11% q-q to Bt37bn, declining by lower percentage to SSSG as it consolidated COL since 1Q21 and omni-channel sales grew by three digits during the partial lockdown which we estimate it contributing 25% of 3Q21F sales.
 - Rental income is projected to drop by 38% y-y and 24% q-q to Bt1.1bn as leasable area in Thailand and Vietnam was temporarily closed by 60%.
 - Gross margin on sales are expected to fall by 75bp y-y and 23bp q-q to 23.1%. Rental gross margin should also drop to 60% (69% in 3Q20, 72% in 2Q21).
 - Despite falling revenues, we expect SG&A rising by 5% y-y and flat q-q on COL consolidation, shrinkage and obsolete provision and FX loss from weaker Baht.
 - As Oct SSSG recovered fast to +mid single digit, we maintain our 2021F net loss forecast of Bt1.5bn. We now expect it to turn profit quicker than expected in 4Q21F at Bt708m, from earlier expectation of continuing loss in 4Q21F.
 - Maintain HOLD to Bt34 TP.

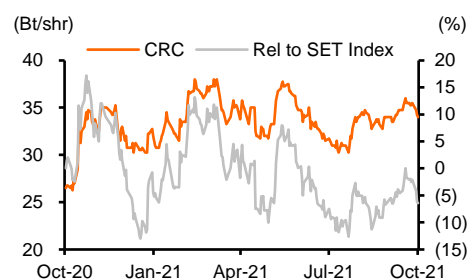
Key Valuations

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Revenue	179,947	163,558	201,855	228,179
Net profit	46	(1,462)	4,291	6,663
Norm net profit	46	(1,462)	4,291	6,663
Norm EPS (Bt)	0.0	(0.2)	0.7	1.1
Norm EPS gr (%)	(99.5)	na	na	55.3
Norm PE (x)	4,298.5	na	47.8	30.8
EV/EBITDA (x)	13.2	14.6	10.5	9.1
P/BV (x)	3.8	4.0	3.7	3.5
Div. yield (%)	1.2	0.0	0.8	1.3
ROE (%)	0.1	na	8.1	11.7
Net D/E (%)	82.8	104.8	112.7	101.4

Source: Thanachart estimates

Stock Data

Closing price (Bt)	34.00
Target price (Bt)	34.00
Market cap (US\$ m)	6,161
Avg daily turnover (US\$ m)	11.3
12M H/L price (Bt)	38.00/26.25

Price Performance

Source: Bloomberg

Ex 1: Quarter SSSG

SSSG (%)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21F
Fashion	(28)	(58)	(22)	(27)	(20)	29	(35)
Hardline	(3)	(29)	(8)	(11)	(4)	24	(17)
Food	3	(15)	(13)	(17)	(20)	(11)	(12)
Total SSSG (%)	(13)	(36)	(15)	(20)	(16)	10	(22)
SSSG vs pre-COVID (%)	(13)	(36)	(15)	(20)	(27)	(30)	(34)
Net profit (Bt m)	743	(2,590)	837	1,056	401	(471)	(2,100)

Sources: Company data, Thanachart estimates

Ex 2: 3Q21F Earnings Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	3Q20	4Q20	1Q21	2Q21	3Q21F	(q-q%)	(y-y%)
Revenue	43,956	47,387	45,436	43,333	38,209	(12)	(13)
Gross profit	11,309	12,506	11,224	10,825	9,240	(15)	(18)
SG&A	13,245	14,781	13,655	13,840	13,841	0	4
Operating profit	1,614	1,338	1,120	(40)	(1,832)	na	na
EBITDA	5,994	5,589	5,275	3,988	2,518	(37)	(58)
Other income	3,617	3,691	3,595	3,044	2,839	(7)	(22)
Other expense	0	0	0	0	0		
Interest expense	771	775	739	779	779	-	1
Profit before tax	910	640	424	(750)	(2,540)	na	na
Income tax	125	(472)	45	(291)	(450)	na	na
Equity & invest. income	84	(11)	80	33	20	(39)	(76)
Minority interests	(31)	(45)	(58)	(46)	(30)	na	na
Extraordinary items	0	0	0	0	0		
Net profit	837	1,056	401	(471)	(2,100)	na	na
Normalized profit	837	1,056	401	(471)	(2,100)	na	na

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 130 Derivative Warrants which are ACE16C2111A, ACE16C2201A, ACE16C2202A, ADVA16C2110A, ADVA16C2201A, ADVA16C2202A, AEON16C2201A, AEON16C2201B, AMAT16C2112A, AOT16C2112A, AOT16C2202A, BAM16C2110A, BAM16C2112A, BANP16C2110A, BANP16C2112A, BANP16C2201A, BBL16C2201A, BCH16C2111A, BCH16C2111B, BCH16C2201A, BCPG16C2111A, BEC16C2202A, BGRI16C2110A, BGRI16C2112A, CBG16C2201A, CBG16C2202A, CHG16C2111A, CHG16C2112A, COM716C2110A, COM716C2112A, CPAL16C2111A, CPAL16C2112A, CPF16C2112A, CPN16C2202A, DELT16C2112A, DELT16C2202A, DOHO16C2111A, DOHO16C2112A, DOHO16C2202A, DTAC16C2112A, EA16C2110A, EA16C2201A, EGCO16C2110A, ESSO16C2202A, GLOB16C2201A, GPSC16C2110A, GPSC16C2201A, GPSC16C2201B, GULF16C2112A, GULF16C2202A, GUNK16C2110A, GUNK16C2112A, GUNK16C2201A, HANA16C2112A, HANA16C2202A, HMPR16C2202A, INTU16C2201A, INTU16C2202A, IRPC16C2110A, IRPC16C2112A, IVL16C2110A, IVL16C2111A, JAS16C2202A, JMAR16C2111A, JMAR16C2201A, JMT16C2110A, JMT16C2201A, KBAN16C2111A, KBAN16C2111B, KBAN16C2201A, KBAN16C2202A, KCE16C2110A, KCE16C2201A, KTC16C2110A, KTC16C2110B, KTC16C2112A, KTC16C2202A, MAJO16C2201A, MEGA16C2112A, MINT16C2112A, MTC16C2112A, OR16C2112A, OR16C2202A, PTG16C2201A, PTG16C2202A, PTL16C2201A, PTL16C2202A, PTT16C2112A, PTT16C2201A, PTTE16C2112A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RBF16C2112A, RBF16C2202A, RS16C2112A, RS16C2201A, S5016C2112A, S5016C2112A, S5016C2112B, S5016C2112C, S5016P2112C, S5016P2112A, S5016P2112B, S5016C2203A, S5016P2203A, SAWA16C2112A, SAWA16C2202A, SCB16C2111A, SCB16C2112A, SCB16C2201A, SCB16C2202A, SCC16C2112A, SCGP16C2202A, SCGP16C2201A, SPRC16C2201A, STA16C2112A, STA16C2201A, STEC16C2110A, STEC16C2201A, STGT16C2111A, STGT16C2202A, SYNE16C2202A, TASC16C2201A, TOP16C2112A, TOP16C2202A, TRUE16C2202A, TU16C2110A, TU16C2111A, TU16C2202A, WHA16C2202A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BBL, BCH, BCPG, BEC, BGRIM, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KTC, MAJOR, MEGA, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SPRC, SET50, STA, STEC, STGT, SYNTEC, TASCO, TOP, TRUE, TU, WHA). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB)