

Retail Sector – Overweight

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News Update**SSS turned positive in 4Q24F**

- **Average 4Q24F SSSG of 2.4%, improved q-q from -1.6%**
 - **Strong recovery for consumer discretionary retailers.**
 - **Consumer staples remained resilient.**
 - **Strong 4Q24F profit for CPALL, CPAXT and MOSHI**
- Retailers' 4Q24F SSSG is expected to turn positive to 2.4%, from negative numbers in 1Q-3Q24, backed by government stimulus ie the first phase of cash handouts of Bt10,000, more government projects driving building materials demand, and tourism high season with strong growth in foreign tourists arrival.
- However, December SSSG is forecasted to slow to a 1.4% positive, from 3.4-3.5% positive in October and November. Apart from high tourist base started from December 2023 impacting overall consumption, a slowdown in construction activities ahead of New Year holidays affected SSSG of DOHOME and GLOBAL. BIGC's SSSG softened m-m to flat level in December dragged by falling dry food sales. MOSHI's Dec SSSG slowed to a normalized level post extensive new product launches (K Pop and collaboration items) in Oct-Nov, aggressive store expansion and rising competition from KKV. HMPRO, with super expo campaign held in December (the expo was held in November for 2023), should see its Dec SSSG improving to 2.5%.
- **Consumer staples:** CPALL and CPAXT (wholesale and retail businesses) continued to have resilient 4Q24F SSSG. BIGC had good Nov SSSG, but softened in December.
- **Home improvement:** We expect a strong recovery from a 4-5% negative in 1Q-3Q24, to a 1.1% positive in 4Q24F, boosted by DOHOME and Mega Home.
- **Other discretionary:** While MOSHI should post the sector's best by SSSG of 15% in 4Q24F, MC is expected to recover nicely q-q. CRC's 4Q24F SSSG should be less negative q-q to -1.5%, supported by Thailand business with a low-single digit positive SSSG in 4Q24F (boosted by TH fashion SSSG of nearly mid-single digit positive and Thai Watsadu's flat SSSG in 4Q24F from -4% in 3Q24) whereas Vietnam (a high-single digit negative SSSG in Thai Baht, but negative less than 1% in Vietnamese Dong) and Italy (a low-to-mid single digit negative in Thai Baht, but a low-single digit positive in Euro currency) sales were hit by strong Baht vs VND and EUR.
- **Strong 4Q24F profit for CPALL, CPAXT, MOSHI:** We expect CPALL, CPAXT and MOSHI are not just having a sales growth driver (from positive 4Q24F SSSG and branch expansion), their product-mix strategy towards higher-margin products will help to expand their gross margin. Besides direct sourcing initiative from 3Q24, CPAXT from Oct has reduced the thin-margin tobacco sales at Makro wholesale business. Despite

Ex 1: Stock Rating And TP

| | Rating | Price Current (Bt) | Price Target (Bt) |
|--------|--------|--------------------|-------------------|
| BJC | SELL | 22.80 | 22.00 |
| COM7 | BUY | 25.25 | 32.00 |
| CPALL | BUY | 56.00 | 73.00 |
| CPAXT | BUY | 27.25 | 41.00 |
| CPN | BUY | 56.00 | 75.00 |
| CRC | BUY | 34.75 | 43.00 |
| DOHOME | BUY | 9.05 | 12.70 |
| GLOBAL | BUY | 13.80 | 18.50 |
| HMPRO | BUY | 9.50 | 14.00 |
| MC | BUY | 10.50 | 15.00 |
| MOSHI | BUY | 42.00 | 63.00 |

Sources: Bloomberg, Thanachart estimates

improving SSSG for home improvement, rising lower-margin building materials sales mix is a challenge to gross margin. HMPRO, with a much SSSG improvement q-q in 4Q24F and low building materials exposure, should resume profit growth y-y in 4Q24F.

Ex 2: Quarterly SSSG

| (%) | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24F | Oct-24F | Nov-24F | Dec-24F |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| BIGC (exc B2B) | 5.8 | 4.8 | 2.1 | (0.5) | 0.1 | (1.9) | 0.0 | 1.5 | 0.0 | 5.5 | 0.0 |
| CPALL | 8.0 | 7.0 | 3.5 | 3.6 | 4.9 | 3.8 | 3.3 | 3.5 | 4.0 | 4.0 | 2.5 |
| CPN | 14.6 | 13.4 | 8.5 | 3.8 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| CRC | 13.0 | 4.0 | 0.0 | (2.0) | 1.0 | (1.0) | (3.0) | (1.5) | (3.0) | 1.0 | (1.0) |
| DOHOME | (9.0) | (9.9) | (7.1) | (9.5) | (9.8) | (5.3) | (4.5) | 2.3 | 3.5 | 3.5 | 1.0 |
| GLOBAL | (8.7) | (9.5) | (12.3) | (12.3) | (5.3) | (2.3) | (6.5) | (2.0) | 0.0 | 0.0 | (5.0) |
| HMPRO (HomePro) | 5.8 | 4.9 | (3.6) | (8.5) | (2.1) | (7.3) | (5.8) | (0.5) | (2.0) | (3.0) | 2.5 |
| HMPRO (Mega Home) | (0.3) | (2.1) | (1.5) | (7.5) | (4.0) | (1.3) | (3.9) | 4.5 | 4.5 | 4.5 | 4.5 |
| CPAXT (Makro wholesale) | 10.9 | 6.0 | 3.2 | 1.7 | 3.4 | 1.8 | 1.8 | 2.4 | 2.5 | 1.7 | 2.7 |
| CPAXT (Lotus's) | 0.5 | (2.9) | 2.2 | 5.5 | 7.1 | 3.5 | 2.3 | 2.0 | 1.8 | 1.5 | 2.3 |
| MC | 27.6 | 5.0 | 4.6 | 8.0 | 0.0 | 0.0 | (10.0) | (1.0) | (2.5) | (2.0) | 0.0 |
| MOSHI | 43.6 | 19.9 | 11.5 | 4.0 | 0.4 | (8.5) | 5.7 | 15.0 | 30.0 | 23.0 | 5.0 |
| Average | 9.3 | 3.4 | 0.9 | (1.1) | (0.1) | (1.4) | (1.6) | 2.4 | 3.4 | 3.5 | 1.4 |
| Consumer staples | 6.3 | 3.7 | 2.8 | 2.6 | 3.9 | 1.8 | 1.9 | 2.4 | 2.1 | 3.2 | 1.9 |
| Home improvement | (3.0) | (4.1) | (6.1) | (9.5) | (5.3) | (4.1) | (5.2) | 1.1 | 1.5 | 1.3 | 0.8 |
| Consumer discretionary exc. | 24.7 | 10.6 | 6.2 | 3.5 | 1.1 | (1.9) | (1.3) | 3.6 | 6.6 | 6.0 | 1.5 |
| Home improvement | | | | | | | | | | | |

Sources: Company data, Thanachart estimates

Note: Makro wholesale's SSSG from 3Q24 includes overseas business (Makro Int'l, food service)

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