

Central Retail Corp. Pcl (CRC TB) - BUY

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Analyst Meeting**CEO forum 2025**

- **Introducing new CEO, Mr.Suthisarn Chirathivat.**
 - **A 3-year target: A mid-single digit revenue & EBITDA growth pa.**
 - **Enhancing group synergy, cost efficiency and shareholder return.**
 - **2025 outlook: capex cut to Bt17-19bn, a 4% sales growth**
- CRC held a CEO forum introducing a new CEO, Mr.Suthisarn Chirathivat, effective from May 1st 2025, who has been with CRC for long and established SuperSports in 2001, PowerBuy in 2004 and Thai Watsadu in 2010.
- The CEO reveals a three-year target for 2025-27 to deliver a mid-single digit revenues and EBITDA growth CAGR by improving existing businesses, continuing store expansion, accelerating growth of new businesses "GO Wholesale" and "Auto1 – a full service one-stop car care destination", and increasing cost efficiency through one tech platform (to reduce IT cost) and more efficient personnel and A&P expense.
- By country, it expects Thailand and Vietnam to have 5-6% revenues growth pa in 2025-27 vs flat growth for Italy. By segment, food is expected to be the key driver from store expansion of GO Wholesale and GO! hypermarkets in Vietnam with 10% revenues growth pa, followed by 4% sales growth pa for hardline, and 2% sales growth pa for fashion.
- It sets total Bt45-47bn capex for 2025-27; 55% for new stores and 45% for store renovation. This is slower than Bt77bn spent in 2022-24. This reflects slower store expansion in weak economic outlook. By store format, it targets, in 2025-27, to open one to two new department stores (from 76 stores in 2024), 25-30 new Tops supermarkets (175 branches in 2024), 13-16 Thai Watsadu branches (86 stores in 2024), two to three Robinson lifestyle malls (28 malls in 2024), four to six GO! malls in Vietnam (42 malls in 2024), and 12 to 15 mini go! in Vietnam (14 stores in 2024).
- With the new CEO's sophistication in IT system and cost efficiency, key focus will be on cost reduction with a target to lower SG&A/sales ratio further. Also, he aims to scale up synergies within CRC across all business units and within Central Group of companies.
- For a loss-making GO Wholesale, a new business started in 4Q23, it slows down new launches to four this year (ten in 2024) to fine tune business in terms of product mix and targeted customers. So far, sales have been in line with the target, but gross margin was below the budget. However, some progress was seen this year with improving gross margin m-m due to product mix changes and falling shrinkage. It expects GO Wholesale to contribute loss in the same amount as last year.
- 2025 outlook: 2QTD same-store sales (SSS) growth (till June 19th) was a mid-single digit negative (see Exhibit 1) and it maintains SSSG target at a low-to-mid single digit negative this year. As consumption gets weaker, it now expects this year's revenues growth at 4%, the low range of its earlier 4-6% revenues growth guidance. As one way to reduce cost, it cuts this year's

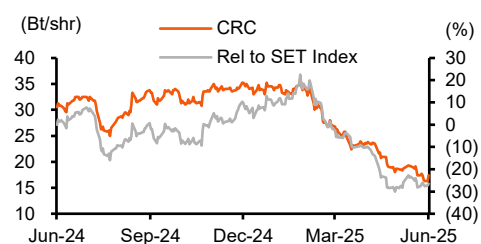
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	244,200	249,500	266,210	291,918
Net profit	8,136	8,700	9,319	10,014
Norm net profit	8,742	8,700	9,319	10,014
Norm EPS (Bt)	1.4	1.4	1.5	1.7
Norm EPS gr (%)	7.0	(0.5)	7.1	7.5
Norm PE (x)	12.0	12.1	11.3	10.5
EV/EBITDA (x)	5.5	5.2	5.0	4.7
P/BV (x)	1.5	1.4	1.3	1.2
Div. yield (%)	3.4	3.3	3.6	3.8
ROE (%)	12.9	12.2	12.1	12.1
Net D/E (%)	110.4	102.0	92.1	79.8

Source: Thanachart estimates

Stock Data

Closing price (Bt)	17.40
Target price (Bt)	30.00
Market cap (US\$ m)	3,212
Avg daily turnover (US\$ m)	11.7
12M H/L price (Bt)	36.00/16.30

Price Performance

Source: Bloomberg

capex to Bt15-17bn, from the recent Bt17-19bn guidance, by postponing some store renovation and deterring some investment for future expansion while keeping new store expansion target for this year unchanged.

- We maintain our BUY call on CRC due to attractive valuation of 12.1/11.3x 2025-26F PE vs its long-term growth opportunity from many of its businesses in Thailand and under-penetrated modern trade in Vietnam.

Ex 1: CRC SSSG

(%)	1Q24	2Q24	3Q24	4Q24	1Q25	2QTD (Apr1st-Jun19th)
SSS - total CRC	1.0	(1.0)	(3.0)	(1.3)	(4.0)	(5.0)
<u>By segment</u>						
Fashion	2	3	(2)	1	(4)	(6)
Hardline	(5)	(8)	(9)	(5)	(7)	(8)
Food	4	(1)	(1)	(2)	(3)	(2)
<u>By country</u>						
TH	0	(2)	(2)	1	(2)	(4)
Fashion	0	1	0	4	(2)	(5)
Hardline	(3)	(7)	(7)	(3)	(6)	(8)
Food	2	0	1	2	2	3
VN	2	(4)	(6)	(9)	(7)	(11)
Hardline	(20)	(15)	(21)	(19)	(12)	(22)
Food	5	(2)	(3)	(7)	(7)	(7)
Italy	9	6	(4)	(4)	(10)	(9)

Sources: Company data, Thanachart estimates

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