

Retail Sector – Overweight

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News Update

Improved SSSG in 2Q26F

- **SSSG declined has stabilized**
- **Home improvement saw the largest improvement**
- **Limited co-payment impact**
- **Maintain OVERWEIGHT**

We expect the nine retail stocks under our coverage to report SSSG growth of 0.7% y-y after -3.4/-1.9% in 4Q25-1Q26. Overall, we believe the decline in SSSG over the past three years has stabilized, supported by the gradually improving economy and consumer confidence following the stabilization of the government, and the rollout of stimulus measures. We do not expect the Middle East situation to have a meaningful structural impact, as neither the negative impact from higher oil prices nor the positive impact from higher construction product prices is significant. We expect the home improvement segment to experience the largest improvement, with the end of the decline in SSSG due to the very low base effect and some improvement in consumer confidence, followed by consumer discretionary. We expect the consumer staple segment to remain broadly stable.

- **Home improvements:** We expect flat SSSG in 2Q26F after average declines of -7.5/5.8% in 4Q25/1Q26 and -5.4% p.a. during 2023-25. Excluding the positive pricing impact from war-related supply shortages, we still expect only a -1.3% y-y SSSG, which would represent a much smaller decline.
 - **DOHOME (SELL)** saw the largest improvement from rising government-driven construction demand due to its larger exposure than other companies.
 - **HMPRO (BUY)** experienced a smaller improvement as its mid-to-high-end consumer group began to benefit from the stabilized economy.
 - **GLOBAL (BUY)** still saw a decline due to its more exposure to low-end upcountry consumers, who were more affected by higher oil prices. That said, GLOBAL is our top pick in the home improvement sector. We expect it to deliver strong 33% y-y EPS growth in 2Q26F due to its focus on high-margin house-brand products and cost savings, which we see as structural growth drivers into next year. We expect its SSSG to improve in 2H26F after high oil prices subside.
- **Consumer discretionary:** We expect companies to maintain positive SSSG, with slightly better growth supported by the improving economy and company-specific strategies.
 - **CRC's (BUY)** SSSG is expected to grow by 1.0% after average declines of 1.9% p.a. during 2023-25. The most improved segment is department stores (fashion), with a -1.5% SSSG after the high-single digit declines earlier this year. After multiple years of decline, the new management team's restructuring initiatives, such as new product assortments, store layout changes and a greater focus on higher-end customers, have begun to show results. Its construction business is also improving (flat) due to the aforementioned reasons, while its food business (+5%) continues to grow well due to market share gains. Note that the slight negative total SSSG in June was mainly due to the shift of department store promotions to July, in our view.
 - **CPN (BUY)** is likely to maintain decent SSSG thanks to its continued successful mall strategy.

- **MOSHI (BUY)** is likely to continue reporting above-average SSSG due to the continued adoption of its lifestyle products among younger consumers, while its successful product assortment strategy has helped it capture new trends, such as squeeze toys in this quarter.
 - **MRDIYT (BUY)** is likely to maintain flat SSSG due to stabilized demand for its repair, small home improvement and affordable lifestyle products. However, we expect its total sales to grow much faster due to rapid store expansion.
- **Consumer staple:** We expect continued very slight declines in SSSG in this segment. While we do not see a drop in demand for essential products, we believe BJC continues to lose market share to competitors.
- **CPALL (BUY)** is likely to maintain slightly positive SSSG despite pressure from the co-payment scheme due to its product assortment strategy.
 - **BJC (SELL)** is likely to report a larger-than-average decline in SSSG due to continued market share losses, in our view.
- **Minimal co-payment impact:** The government does not allow chain stores to participate in the co-payment scheme during June-September 2026. However, we believe CPALL's, BJC's and CRC's food businesses' did not experience much negative impact and performed better than during the previous co-payment scheme in 4Q25. We believe this reflects the better overall consumption environment, while companies were also better prepared than during the previous scheme, likely by focusing more on products that are generally unavailable at eligible street vendors, such as premium ready-to-eat food and small gift items.

Ex 1: Jun26F SSSG

(%)	1Q25	2Q25	3Q25	4Q25	1Q26	Apr26F	May26F	Jun26F	2Q26F
BJC	2.1	(3.2)	(3.8)	(3.3)	(3.3)	(3.0)	(1.5)	(2.0)	(2.2)
CPALL	3.0	(0.8)	(0.5)	(1.5)	1.9	1.8	1.2	0.0	1.0
CPN* 1Q26 estimate	2.5	2.0	1.5	2.0	4.0	4.0	4.0	4.0	4.0
CRC	(4.0)	(6.0)	(4.0)	(4.0)	(2.0)	2.0	2.5	(1.5)	1.0
DOHOME	0.4	(9.3)	(11.2)	(10.4)	(4.1)	5.5	0.5	2.0	2.7
GLOBAL	(10.0)	(10.7)	(0.9)	(4.9)	(2.8)	2.0	(4.0)	(5.5)	(2.8)
HMPRO (HomePro)	(3.3)	(8.8)	(5.7)	(7.8)	(12.5)	2.0	(1.0)	(3.0)	(0.7)
HMPRO (Mega Home)	0.2	(1.6)	0.9	(6.9)	(4.0)	4.0	(1.0)	(1.0)	0.7
MOSHI	7.9	15.2	6.0	1.6	3.5	0.0	6.5	5.0	3.8
MRDIY	0.4	4.0	2.5	1.4	0.1	(2.0)	0.0	(1.0)	(1.0)
Average	(0.1)	(1.9)	(1.5)	(3.4)	(1.9)	1.6	0.7	(0.3)	0.7
Consumer staples	2.6	(2.0)	(2.2)	(2.4)	(0.7)	(0.6)	(0.2)	(1.0)	(0.6)
Home improvement	(3.2)	(7.6)	(4.2)	(7.5)	(5.8)	3.4	(1.4)	(1.9)	0.0
Consumer discretionary									
exc. Home improvement	1.7	3.8	1.5	0.3	1.4	1.0	3.3	1.6	2.0

Sources: Company data, ttb wealth estimates

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