Central Retail Corp. Pcl (CRC TB) - BUY

News Update

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Acquiring Max Value for Tops rebranding

- **Acquired Max Value**
- **A store acquisition strategy for Tops expansion**
- **We see upside to our numbers**
- **Reaffirm BUY CRC**

CRC last Friday announced the acquisition of 30 Max Value (MV) stores from AEON for an undisclosed amount, with the intention to rebrand them into Tops supermarkets. MV made a Bt266m loss in 2025, compared with CRC's profit base of Bt7.4bn in 2025. CRC expects the deal to be completed by September this year. It expects to record a loss of ~Bt65m in 4Q26 but expects the business to at least break even in 2027 after the rebranding. We see the deal as positive as it accelerates CRC's expansion of Tops supermarkets, which have performed well.

- MV has 30 stores in Bangkok and nearby areas, with a customer base of ~900k. It made a Bt266m loss in 2025, which we believe was mainly due to insufficient revenue scale, while its gross margin of ~16% is relatively close to CRC's Tops business, which provides a benchmark for profitable operations. MV's business is a mix of higher-end Japanese-based grocery products and daily-consumption goods, where competition is more intense, while Tops focuses more on mid-to-high-end grocery products, where it is the market leader. CRC does not plan to continue operating the MV business but, instead, will rebrand all 30 MV stores into Tops supermarkets. CRC sees this as a strategy to accelerate Tops expansion, as it can normally open only around 10 Tops supermarkets p.a., mainly because securing suitable locations takes time. This is in line with CRC's plan to expand Tops supermarkets in Bangkok and nearby areas, where it currently has around 100 stores, or 172 stores nationwide. CRC did not disclose the deal size but mentioned that the acquisition cost is cheaper than opening the same number of Tops stores from scratch.
- As for the profit outlook, despite MV making a Bt266m loss in 2025, CRC does not expect the acquired stores to remain loss-making in 2027 and expects at least a profit breakeven. This is because CRC will discontinue the MV operations, meaning MV's historical loss is unlikely to be representative of the earnings base for the rebranded Tops stores. CRC expects the stores to reach breakeven faster than newly opened Tops stores, which normally take around one year, as the acquisition cost is lower than opening new stores from scratch. For potential synergies, CRC will assess how it can utilize MV's strength in fresh and ready-to-eat food products, which have received good customer interest, while the key focus will remain the broader Tops supermarket format.
- As for the balance-sheet impact, CRC will use internal cash to fund the transaction. MV has total debt of Bt1.6bn, equivalent to only around 2.2% of CRC's total debt. CRC will decide whether to repay or refinance MV's debt, given CRC's lower financing cost. We therefore expect limited impact on CRC's debt/equity ratio of 1.0x as of 1Q26.

Key Valuations

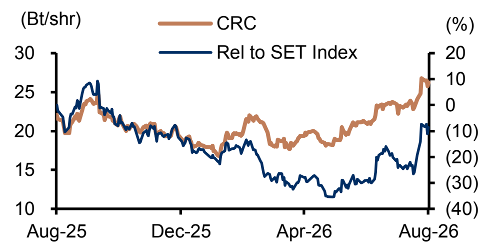
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	228,377	235,310	247,148	257,363
Net profit	6,721	8,829	9,714	10,554
Norm net profit	7,432	8,829	9,714	10,554
Norm EPS (Bt)	1.23	1.46	1.61	1.75
Norm EPS gr (%)	(5.5)	18.8	10.0	8.6
Norm PE (x)	21.3	17.9	16.3	15.0
EV/EBITDA (x)	6.9	6.6	6.2	5.7
P/BV (x)	2.4	2.4	2.2	2.1
Div. yield (%)	6.9	2.8	3.1	3.3
ROE (%)	11.1	13.4	14.0	14.2
Net D/E (%)	86.6	74.1	63.5	49.7

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	26.25
Target price (Bt)	31.00
Market cap (US$ m)	4,789
Avg daily turnover (US$ m)	11.7
12M H/L price (Bt)	26.75/16.70

Price Performance



Source: Bloomberg

- We expect CRC to successfully rebrand MV stores into Tops supermarkets and see the deal as upside to our earnings forecasts from 2027F.

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