UOBKayHian

SECTOR UPDATE

Retail – Thailand

Slight Improvement For Home Improvement Retailers. Staples Remain Resilient

August SSS is expected to remain slightly negative for both consumer staples and home improvement retailers. SSS momentum in the consumer staples segment was broadly similar to that of July, while home improvement retailers are expected to show signs of normalisation. Given the undemanding valuation, we maintain OVERWEIGHT, with CPALL as our top pick.

OVERWEIGHT

(Maintained)

OUR TOP PICKS

Company	Ticker	Rec	Current Price (Bt)	Target Price (Bt)
CP ALL	CPALL TB	BUY	45.00	63.00

Source: UOB Kay Hian

SAME-STORE SALES GROWTH

*** CPAXT,BJC and GLOBAL information covers the first three weeks of August.

Grocery retailers	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25F	Jul 25F	Aug 25F
CPALL (7-11)	4.9%	3.8%	3.3%	4.0%	3.0%	-0.8%	-0.8%	-0.6%
CPAXT (Makro wholesale)	3.4%	1.8%	1.5%	2.8%	1.0%	0.5%	1.0%	0.0%
CPAXT (Lotus's retail)	6.9%	2.4%	1.9%	3.6%	0.5%	-0.3%	-1.0%	0.0%
BJC (Big C)	0.5%	-1.9%	0.0%	1.5%	2.1%	-2.5%	-2.5%	-2.0%
Average	**3.9%**	**1.5%**	**1.7%**	**3.0%**	**1.7%**	**-0.8%**	**-0.8%**	**-0.7%**
Home Improvements	**1Q24**	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25F**	**Jul 25F**	**Aug 25F**
Home Pro TH	-2.5%	-1.3%	-5.8%	-0.5%	-3.3%	-8.8%	-4.8%	-5.2%
Mega Home	-0.7%	-3.5%	-3.0%	-0.5%	0.2%	-1.6%	2.5%	0.0%
GLOBAL	-5.3%	-2.3%	-3.5%	-3.5%	-10.0%	-10.5%	-3.0%	0.0%
Average	**-3.5%**	**-2.4%**	**-4.0%**	**-2.0%**	**-5.8%**	**-7.0%**	**-1.8%**	**-1.7%**

Source: UOB Kay Hian

WHAT'S NEW

- **Same-store sales in Aug 25.** Same-store sales (SSS) in Aug 25 for grocery retailers (CPALL, CPAXT, and BJC) are expected at -0.7% yoy, compared with -0.8% yoy in Jul 25. Meanwhile, SSS for home improvement retailers (HMPRO and GLOBAL) are expected at -1.7% yoy, improving slightly from -1.8% yoy in Jul 25.

- **Home improvement retailers SSS to normalise.** SSS for HomePro and Mega Home in Aug 25 was -5.2% yoy and flat yoy, respectively. For HomePro, SSS was weak in Aug 25, with basket size falling faster than traffic, signalling weak purchasing power. Meanwhile, construction material retailers (Mega Home and GLOBAL) are expected to report flattish SSS in Aug 25. Overall, we expect 3Q25 SSS for home improvement retailers to recover from 2Q25.

- **Consumer staples remain resilient.** SSS momentum in Aug 25 for 7-Eleven, Makro, and Lotus' was broadly in line with that of Jul 25. Fresh food remained the key growth driver, supporting both CPAXT (CPALL subsidiary) and BJC, while non-food categories stayed under pressure from uneven demand. We continue to prefer CPALL as our top pick in the consumer staples segment, given its resilient earnings outlook.

ACTION

- **Maintain OVERWEIGHT on the retail sector.** We maintain OVERWEIGHT on the sector, supported by attractive valuations. CPALL remains our top pick, with valuations in line with peers but stronger earnings resilience. Its diversified portfolio should help cushion earnings amid ongoing economic uncertainties.

ANALYST(S)

Tanapon Cholkadidamrongkul
+66 2090 3359
Tanapon.c@uobkayhian.co.th

PEER COMPARISON

Company	Rec.	Last Price (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2025F (Btm)	Net Profit 2026F (Bt m)	PE 2025F (x)	PE 2026F (x)	Net EPS Growth 2025F (%)	P/B 2025F (x)	Yield 2025F (%)	ROE 2025F (%)
BJC TB	BUY	17.20	22.00	27.9	2,121	4,494	4,994	15.3	13.8	12.3	0.6	4.6	3.5
COM7 TB	BUY	25.25	29.50	16.8	1,865	3,760	4,003	16.1	15.1	13.7	4.9	3.7	35.2
CPALL TB	BUY	45.00	63.00	40.0	12,438	28,183	29,511	14.3	13.7	11.2	2.8	3.5	8.5
HMPRO TB	SELL	7.55	5.60	(25.8)	3,055	5,838	6,160	17.0	16.1	(10.2)	3.6	4.7	21.5
Sector					19,479	42,276	44,668	15.0	14.2	8.2	2.9	3.8	12.5

Source: UOB Kay Hian,

ESSENTIALS

- **CPAXT has acquired 100% of Renewed Hope.** CP Axtra (CPALL subsidiaries) has acquired 100% of Renewed Hope for RM1,051m (Bt8.1b), funded through bank borrowings. Funding will be via a bridging loan with an interest rate below the company's current cost of debt. Consolidation will start from 1 Sep 25**.** Management guided that operating profit net of interest expense will be positive. However, there will be one-time deal-related expenses in 3Q25, so we expect the earnings to be net positive from 4Q25 onward. Based on preliminary estimates, this deal is expected to increase earnings by Bt200-250m per year. We are neutral on the deal, as the earnings impact on CPAXT is only around 2%.

EARNINGS REVISION

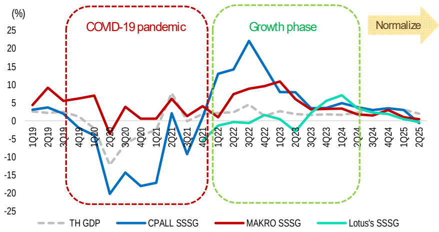
- **BJC.** We revise our 2025-26 earnings forecasts by 12% and 8% respectively to reflect the softer-than-expected SSS and gross margin for the modern retail business. We also revise down our target price to Bt22.00 (previously Bt28.00) and pegged with forward PE of 19x which implies -1 SD of its five-year average.

BJC EARNINGS REVISION

	2025F			2026F		
(Bt m)	New	Previous	Change	New	Previous	Change
Sales	158,366	166,274	-4.8%	163,928	173,199	-5.4%
Net profit	4,494	5,089	-11.7%	4,994	5,429	-8.0%

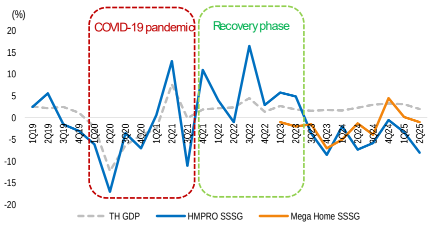
Source: UOB Kay Hian

GROCERY SAME-STORE SALES GROWTH



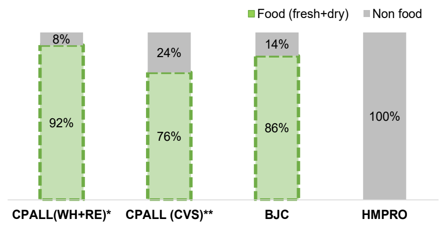
Source: Respective companies, NESDC, UOB Kay Hian

HMPRO SAME-STORE SALES GROWTH



Source: HMPRO, UOB Kay Hian

PRODUCT MIX



Source: Respective companies, UOB Kay Hian

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

http://research.uobkayhian.com

RCB Regn. No. 197000447W