Retail

MARKET WEIGHT
(Maintained)

Value Play Amid Uncertainties

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Highlights

- Dec 25 SSSG remained negative, pressured by negative events and weak consumer spending. However, home improvement retail appeared to improve in Dec 25, benefitting from post-flood demand in the south.
- A short-term SSSG recovery is likely in 2Q26, supported by a low base in 2Q25, particularly within the home improvement segment.
- Maintain MARKET WEIGHT. Top pick is GLOBAL as it has resilient SSSG momentum in 1Q26, thanks to a very low base in 1Q25.

Analysis

- **December SSSG remained slightly more negative than November,** pressured mainly by ongoing negative events and weak consumer purchasing power. Home improvement retail improved in Dec 25, benefitting from post-flood demand in southern Thailand.
- **Grocery retail performance was weak.** In 4Q25, grocery retail SSSG was negative and in line with 3Q25, reflecting a combination of heavy rainfall, a decline in foreign tourist arrivals, ongoing border tension, and the mourning period. Within the segment, Cash & Carry formats were the only clear beneficiaries of the Half-Half Plus copayment scheme, while supermarkets remained relatively resilient. In contrast, convenience stores and hypermarkets weakened, as demand was diverted toward traditional mom-and-pop stores, alongside softer spending from tourists. As a result, CPAXT and CRC (food) outperformed in the grocery segment.
- **Home improvement was hit but gradually improved in December.** Home improvement SSSG in 4Q25 softened from 3Q25, pressured by similar headwinds seen by the grocery segment. In addition, the segment faced a high base effect, as post-flood repair demand in northern Thailand was weaker than in 4Q24. However, SSSG in the south was lifted by post-flood demand, resulting in an overall improvement in Dec 25 SSSG. GLOBAL and CRC (hardline) outperformed in the home improvement segment in 4Q25.
- **2Q26 would be the recovery point.** Looking ahead, we expect 1Q26 earnings momentum to remain subdued, as the Shop For Nation tax incentive scheme will not take place in 1Q26 and the recovery in tourism remains slow. A short-term SSSG recovery is more likely in 2Q26, supported by a low base in 2Q25, particularly within the home improvement segment, and expectations of lower rainfall as La Niña conditions ease. If the new government introduces the Shop For Nation tax incentive scheme during 2Q26, it could provide additional upside potential to our current outlook in 2Q26.

Segmental Rating

Segment	Rating
Grocery segment	MARKETWEIGHT (Maintained)
Home improvement segment	OVERWEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
GLOBAL	GLOBAL TB	BUY	6.80	9.50

Source: Bloomberg, UOB Kay Hian

Peer Comparison

Company	Rec	Price 7 Jan 26 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US$m)	Net Profit 2025F (Btm)	Net Profit 2026F (Btm)	PE 2025F (x)	PE 2026F (x)	Net EPS Growth 2026F (%)	P/B 2026F (x)	Yield 2026F (%)	ROE 2026F (%)
BJC TB	BUY	14.40	24.00	66.7	1,776	4,484	4,993	12.9	11.6	11.3	0.5	6.2	3.8
COM7 TB	HOLD	20.00	29.50	47.5	1,469	3,904	4,159	12.3	11.5	6.5	3.4	5.2	30.8
CPALL TB	BUY	43.50	65.00	49.4	12,024	28,183	29,511	13.9	13.2	4.7	2.5	3.8	8.4
CPAXT TB	BUY	15.80	24.00	51.9	5,069	10,992	11,835	15.0	13.9	7.7	0.5	5.0	3.8
CRC TB	BUY	18.10	23.00	27.1	3,359	12,656	7,551	8.6	14.5	(40.3)	1.4	3.1	9.1
DOHOME TB	BUY	3.60	5.00	38.9	375	673	799	18.1	15.3	18.6	0.8	0.2	5.7
GLOBAL TB	BUY	6.80	9.50	39.7	1,130	2,085	2,372	17.6	15.5	13.7	1.3	2.6	8.8
HMPRO TB	HOLD	6.65	6.30	(5.3)	2,691	5,838	6,160	15.0	14.2	5.5	3.0	5.6	21.9
Sector					27,893	68,815	67,379	13.6	13.5	1.0	1.9	4.2	9.8

Source: UOB Kay Hian

Same-Store Sales Growth

Grocery	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25F
CPALL (7-11)	8.0%	7.9%	3.5%	3.6%	4.9%	3.8%	3.3%	4.0%	3.0%	-0.8%	-0.7%	-1.8%
CPAXT (Makro)	10.8%	6.0%	3.2%	1.7%	3.4%	1.8%	1.5%	2.8%	1.0%	-1.2%	0.3%	1.2%
CPAXT (Lotus's)	0.5%	-0.9%	2.6%	5.5%	6.9%	2.4%	1.9%	3.6%	0.5%	0.0%	-0.5%	-1.0%
BJC (Big C)	1.7%	4.3%	3.3%	-0.4%	-1.1%	-4.0%	-0.4%	2.2%	2.1%	-3.2%	-3.8%	-3.5%
CRC (Tops & Go TH)	11.0%	4.0%	3.0%	1.0%	2.0%	0.0%	1.0%	2.0%	2.0%	1.0%	-3.0%	-1.5%
Average	6.4%	4.3%	3.1%	2.3%	3.2%	0.8%	1.5%	2.9%	1.7%	-0.8%	-1.5%	-1.3%

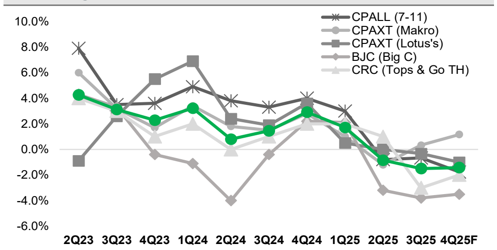
Home Improvement	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25F
HMPRO (HomePro TH)	5.8%	4.9%	-3.6%	-8.5%	-2.1%	-7.3%	-5.8%	-0.7%	-3.3%	-8.8%	-5.7%	-7.0%
HMPRO (Mega Home)	-0.3%	2.1%	-1.5%	-7.5%	-4.1%	-1.3%	-3.9%	4.5%	0.2%	-1.6%	0.9%	-7.0%
GLOBAL	-8.7%	-9.5%	-12.0%	-12.0%	-5.3%	-2.3%	-3.5%	-3.5%	-10.0%	-10.5%	-0.9%	-5.0%
DOHOME	-9.0%	-9.9%	-7.1%	-9.1%	-9.8%	-5.3%	-4.5%	1.5%	2.0%	-9.3%	-11.0%	-10.0%
CRC (TWD/B2S/OFM)	6.0%	2.0%	0.0%	-3.0%	-3.0%	-7.0%	-7.0%	-5.1%	-6.0%	-7.0%	-3.0%	-4.0%
Average	-1.2%	-2.1%	-4.8%	-8.0%	-4.9%	-4.6%	-4.9%	-0.7%	-3.4%	-7.4%	-3.9%	-6.6%

CRC	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25F
CRC (Food)	8.0%	-2%	-3%	-5%	4.0%	-1.0%	-1.0%	-2.0%	-3.0%	-4.0%	-5.0%	-3.5%
CRC (Hardline)	0.3%	-2%	-6%	-8%	-5.0%	-8.0%	-9.0%	-5.0%	-7.0%	-8.0%	-3.0%	-3.5%
CRC (Fashion)	31.0%	14%	6%	3%	2.0%	3.0%	-2.0%	1.0%	-4.0%	-6.0%	-3.0%	-1.5%
Average	12.0%	2%	0%	-2%	1.0%	-2.0%	-3.0%	-1.0%	-4.0%	-6.0%	-4.0%	-3.0%

Source: Respective companies, UOB Kay Hian

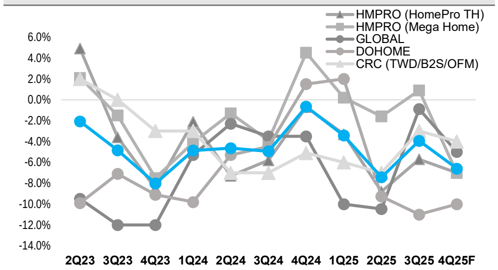
- **Grocery retail segment (MARKET WEIGHT)**
  - **CPALL.** Dec 25 SSSG is estimated at -2.5% yoy, broadly in line with Nov 25. Overall 4Q25 SSSG is expected at -1.8% yoy. In 4Q25, CPALL was negatively affected by the Half-Half Plus copayment scheme, which diverted demand away from modern trade, slower tourist arrivals, and flooding in the south. We expect the ready-to-eat food mix to decline in 4Q25 due to the scheme. However, the negative impact from the scheme is expected to fade in 1Q26. Maintain BUY with a target price of Bt65.00.
  - **CPAXT.** SSSG is expected to outperform its grocery peers'. The Half-Half Plus copayment scheme supports stronger SSSG in the wholesale business, while the retail business benefits from Lotus's Malaysia, supported by improved purchasing power following government stimulus measures. However, Lotus's Thailand remains under pressure from intense competition and negative sentiment related to border tension. Maintain BUY with a target price of Bt24.00.
  - **BJC.** Dec 25 SSSG turned more negative, pressured by lower tourism and intense competition, which softened hypermarket performance. Post-flood demand in the south was insufficient to offset temporary store closures and border tension weighing on sentiment, leading to store closures in Ubon Ratchathani and Poipet. Categories most affected remain non-food, while the fresh food and dry food categories maintained a slightly negative momentum similar to Oct-Nov 25. Maintain BUY with a target price of Bt24.00.
  - **CRC.** Dec 25 SSSG is estimated at -3.5% yoy, slowing from -2.0 to -3.0% yoy in Oct-Nov 25. Overall, 4Q25 SSSG is expected at -3.0% yoy, the least negative quarter of 2025. Segments with greater declines in Dec 25 include: a) fashion retail, which slowed as demand for black mourning apparel faded, combined with store closures from the southern floods and weaker sentiment in the northeast due to border tensions; and b) food retail Vietnam, which slowed in Dec 25 as demand was deferred to the Tet festival in 2026 (17 February), which falls earlier than in 2025 (29 January). In contrast, segments with smaller declines in Dec 25 include: a) food retail Thailand; and b) hardline retail Thailand, including both Thai Watsadu and Power Buy. Thai Watsadu benefitted the most from the southern floods compared with its home improvement retail peers. Maintain BUY with a target price of Bt23.00.

Grocery Retail SSSG



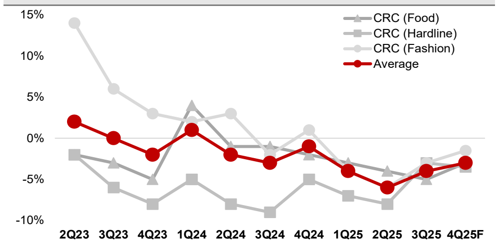
Source: Respective companies, UOB Kay Hian

Home Improvement Retail SSSG



Source: Respective companies, UOB Kay Hian

CRC SSSG



Source: CRC, UOB Kay Hian

PE Band

Peers	-2SD	-1SD	Mean	+1SD	+2SD
BJC	14.5	19.5	24.5	29.5	34.5
CPALL	9.4	19.4	29.4	39.4	49.4
CPAXT	12.9	24.2	35.6	46.9	58.3
CRC	13.2	19.8	26.4	33.0	39.6
DOHOME	3.2	22.2	41.3	60.3	79.4
GLOBAL	16.2	22.6	28.9	35.3	41.7
HMPRO	13.2	19.7	26.1	32.6	39
Average	11.8	21.1	30.3	39.6	48.8

Source: UOB Kay Hian

- **Home improvement retail segment (OVERWEIGHT)**
  - **HMPRO.** For HomePro, Dec SSSG was -5% yoy, an improvement from Oct-Nov 25. Overall, 4Q25 SSSG stood at -7% yoy. Positive factors include: a) post-flood demand following the floods in Hat Yai. Two Hat Yai branches saw 70% sales growth in Dec 25; and b) HomePro Online growing 5% yoy driven by the promotions. For Mega Home, December SSSG was -7% yoy, pressured by the temporary closure of Mega Home stores affected by flooding and weaker traffic in the north-eastern region due to tensions along the border. Maintain HOLD. Target price: Bt6.30.
  - **GLOBAL.** Dec 25 SSSG was -5%, broadly in line with the prior month, resulting in 4Q25 SSSG of around -5%. Southern-region stores improved following the easing of the southern flood situation, but were negatively impacted by the border tension. Maintain BUY with a target price of Bt9.50.
  - **DOHOME.** Dec 25 SSSG declined 12.5% yoy, pressured by a 13% yoy drop in delivery-fee income and a 10% yoy decline in retail sales, bringing 4Q25 SSSG to -10% yoy. In December, sentiment was negatively affected by the border tensions, leading to lower traffic at border-area stores and the Ubon Ratchathani branch, the company's largest store. Excluding border-area stores, DOHOME's SSSG improved to around -5% yoy. Maintain BUY with a target price of Bt5.00.

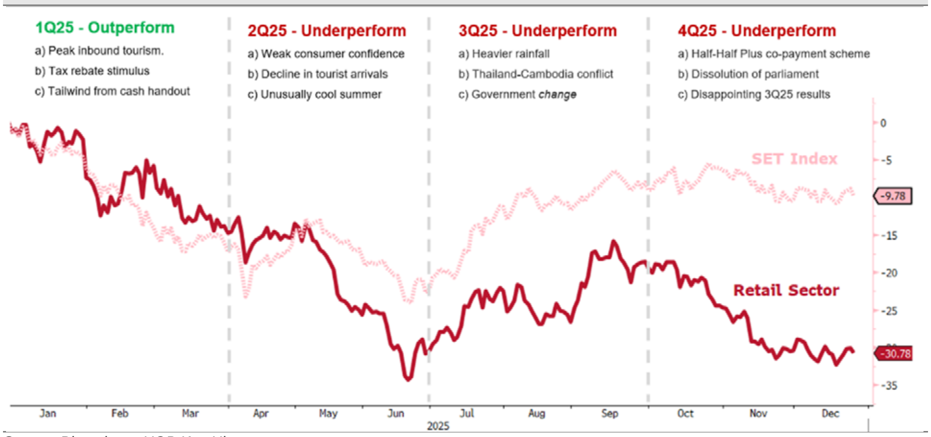
Valuation/Recommendation

- **Maintain MARKET WEIGHT on the retail sector.** Valuations look attractive, with the sector trading at 15x 2026F PE, which is below -1SD to the five-year average. Hence, we maintain MARKET WEIGHT to reflect the lacklustre outlook.
- **We favour GLOBAL, CRC and CPALL.** Top pick is GLOBAL, as it has a solid SSSG momentum in 1Q26, supported by a very low base in 1Q25. We also favour CPALL and CRC. CPALL has a discounted valuation and the least downside risk to earnings forecasts, while CRC's current share price provides an attractive dividend yield of 6.4%.

Sector Catalyst/Risk

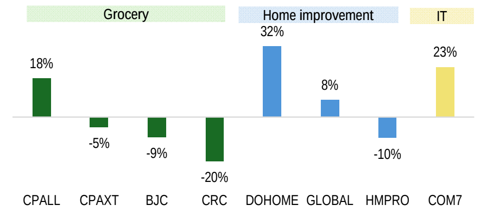
- **Catalysts:** Attractive valuation, election period.
- **Risks:** High base effect in 4Q25-1Q26, climate uncertainty, absence of tax rebate programmes in 1Q26.

Sector Price Performance In 2025



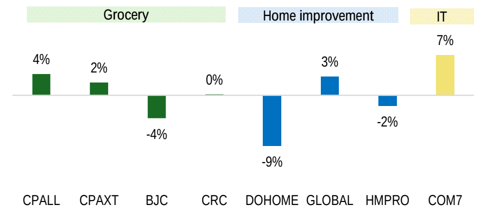
Source: Bloomberg, UOB Kay Hian

3Q25 Earnings Growth



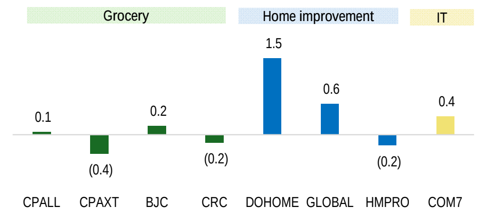
Source: Respective companies, UOB Kay Hian

3Q25 Sales Growth



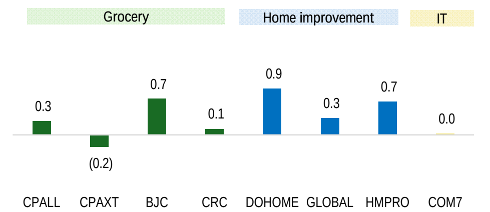
Source: Respective companies, UOB Kay Hian

3Q25 Gross Margin Expansion (ppt yoy)



Source: Respective companies, UOB Kay Hian

3Q25 SG&A-To-Sales Change (ppt yoy)



Source: Respective companies, UOB Kay Hian