Central Retail Corp (CRC TB)

Laying The Groundwork For Growth

	BUY (Maintained)
Share Price	Bt18.90
Target Price	Bt25.50
Upside	34.92%

Analyst(s)
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Highlights

- CRC has shifted from portfolio restructuring in 2025 to re-investment in 2026 and is expected to enter expansion mode in 2027.
- The food segment will be the sales driver, while the fashion segment will be the margin driver. The hardline segment will grow in both sales and margin.
- Maintain BUY with a target price of Bt25.50.

Analysis

- **Positive tone at the Central Retail Corp (CRC) CEO Forum.**
- **2026 guidance.** Management targets revenue growth of 4-5% (SSSG 1-2%) and EBITDA increase of 5-7%. These targets imply gross margin growth of 10bp and flat SG&A-to-revenue. Sales driver in 2026 will remain the food segment, while the fashion segment will be the margin driver. The hardline segment is expected to grow in both sales and margin.
  - **The food segment is the sales driver.** Food sales are targeted to grow 5-6% yoy, supported by a higher contribution from Go Wholesale and Vietnam. With the food segment's qtd SSSG increasing 2-3% yoy, we see management's target as achievable. However, gross margin may soften slightly due to a higher mix of Go Wholesale, though EBITDA is still expected to rise yoy.
  - **The hardline segment's outlook is promising.** Hardline sales could jump 3-4%, with a yoy gross margin expansion. Thai Watsadu will remain the key penetrator with 3-5 new stores, while Auto1 plans to expand from 53 stores in 2025 to 103 stores in 2026.
  - **The fashion segment will be the margin driver.** Fashion sales are expected to rise 1-3% yoy. SSSG remains challenging, but management is confident this segment will be CRC's margin driver, as a large portion of slow-moving inventory was cleared in 2025.
- **Aggressive capex plan.** 2026 capex will increase to Bt16b-18b (from Bt12b in 2025). Around 40% will be allocated to renovation and 60% to new store expansion. In Thailand, management targets 8-10 new Tops stores, two Go Wholesale stores, and 3-5 Thai Watsadu stores. For the Vietnam business, management plans to open one GO! Mall, two GO! Hypermarkets, and six Mini GO! stores.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	226,713.4	228,376.8	237,193.8	242,714.2	252,776.4
EBITDA	32,102.4	31,786.7	30,339.6	32,393.3	33,958.6
Operating profit	14,002.9	13,722.0	13,521.8	14,678.5	15,341.4
Net profit (rep./act.)	8,136.3	7,411.4	7,707.1	8,303.8	8,819.5
Net profit (adj.)	7,866.3	7,431.9	7,707.1	8,303.8	8,819.5
EPS	1.3	1.2	1.3	1.4	1.5
PE (x)	15.6	16.5	15.9	14.7	13.9
P/B (x)	1.8	1.9	1.9	1.7	1.6
EV/EBITDA (x)	5.0	3.9	4.0	3.6	3.3
Dividend yield (%)	2.7	6.4	5.5	2.5	2.7
Net margin (%)	3.6	3.2	3.2	3.4	3.5
Net debt/(cash) to equity(%)	190.8	147.8	139.3	122.1	104.8
Interest cover (x)	7.4	8.7	8.5	8.1	8.6
Consensus net profit	n.a	n.a	8,065.8	8,938.5	9,294.9
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	1.0

Source: Central Retail Corporation, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	CRC TB
Shares issued (m):	6,031.0
Market cap (Btm):	109,764.2
Market cap (US$m):	3,468.0
3-mth avg daily t'over (US$m):	10.6

Price Performance (%)

52-week high/low				Bt29.0/Bt15.7
1mth	3mth	6mth	1yr	YTD
(15.0)	(2.7)	(21.1)	(37.7)	1.1

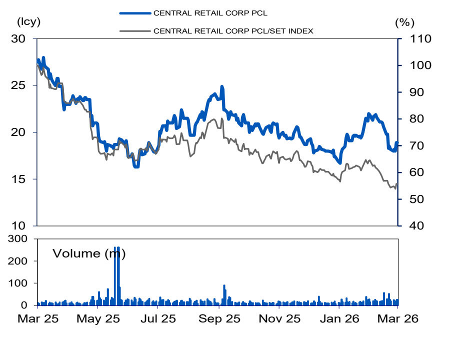
Major Shareholders

	%
Harng Central Department Store	35.06
Deutsche Bank Ag Singapore Pwm	4.61
Social Security Office	3.01

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	10.8
FY26 Net Debt/Share (Bt)	15.1

Price Chart



Source: Bloomberg

Company Description

Central Retail Corp is the leading multi-format, multicategory retailing platform in Thailand. It is also growing internationally, securing leadership status in Italy and becoming one of the leaders in Vietnam.

Essential

- **SSSG was positive in the first week of March.** SSSG in the first eight days of Mar 26 was positive across the hardline, fashion, and food segments, in line with expectations. This is because consumers did not front-load purchases earlier in the year under the e-receipt scheme. Meanwhile, the Vietnam food segment is expected to slow after the Tet festival. Overall, qtd SSSG is less negative than in 4Q25.
- **Limited impact from energy price hikes.** Total logistics and utilities expenses account for about 1% of total sales based on a worst-case scenario. Every 10% rise in logistics and utilities expenses will impact earnings by 2.3%.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt25.50** pegged to 2026F PE of 20x which equivalent to -1SD to the retail sector's five-year average. CRC has shifted from portfolio restructuring in 2025 to re-investment in 2026 and is expected to enter expansion mode in 2027. A dividend of Bt1.11 per share will be paid, implying an attractive yield of 5.9%, with the XD date on 21 April.
- We view CRC as more attractive than its grocery retail peers, given its clearer recovery outlook and more attractive dividend yield**.**

Earnings Revision/Risk

- **Fine-tune earnings.** We fine-tune our 2026-27 earnings forecasts by 0.4% and 0.6% respectively.

Share Price Catalyst

- **Accounting reclassification.** CRC has changed the accounting reclassification of Rinascente from consolidation to discontinued operations.
- **Strongest leverage ratio since IPO.** Currently the strongest since IPO, following the Rinascente divestment, a slower investment pace, and debt repayment. CRC has a net debt/EBITDA of 1.9x and net D/E of 0.9x.

Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

Environmental

- Ensures energy-efficient operations and waste reduction across retail formats.

Social

- Prioritises diversity, inclusion, and fair labour practices across its regional workforce.

Governance

- Adheres to high governance standards under CRC's compliance framework.

2026 Strategy

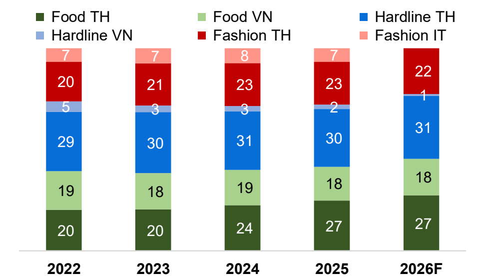
Source: Central Retail Corporation

2026 Sales Guidance

	Total	Food	Hardline	Fashion
Management Guidance	+4-5%	+5-6%	+3-4%	+1-3%
UOBKH forecast	3.8%	4.9%	4.1%	1.4%

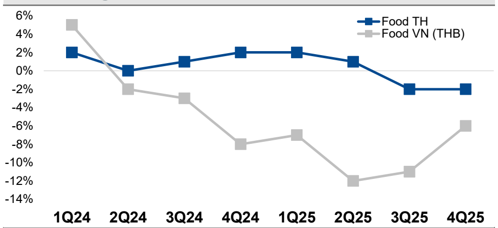
Source: Central Retail Corporation, UOB Kay Hian

Sales Contribution (%)



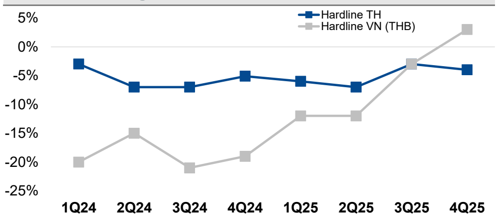
Source: Central Retail Corporation, UOB Kay Hian

Food Segment SSSG



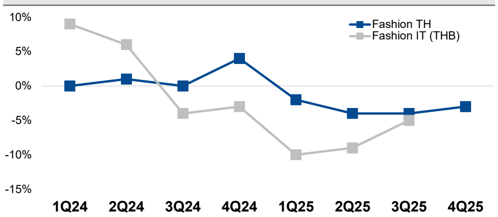
Source: Central Retail Corporation, UOB Kay Hian

Hardline Segment SSSG



Source: Central Retail Corporation, UOB Kay Hian

Fashion Segment SSSG



Source: Central Retail Corporation, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	228,377	237,194	242,714	252,776
EBITDA	31,787	30,340	32,393	33,959
Deprec. & amort.	18,065	16,818	17,715	18,617
EBIT	13,722	13,522	14,679	15,341
Total other non-operating income	22	22	22	22
Associate contributions	483	583	642	674
Net interest income/(expense)	(3,650)	(3,578)	(3,980)	(3,967)
Pre-tax profit	10,577	10,549	11,362	12,070
Tax	(3,482)	(2,342)	(2,519)	(2,678)
Minorities	(374)	(500)	(539)	(572)
Net profit	7,411	7,707	8,304	8,820
Net profit (adj.)	7,432	7,707	8,304	8,820

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	158,804	154,231	154,610	154,570
Other LT assets	17,750	19,771	20,301	20,788
Cash/ST investment	10,004	86,185	90,960	97,361
Other current assets	60,290	66,608	67,058	68,577
Total assets	246,848	326,794	332,928	341,295
ST debt	49,761	67,761	67,761	67,761
Other current liabilities	57,748	65,043	65,017	66,982
LT debt	56,978	108,978	108,978	108,978
Other LT liabilities	13,073	14,214	14,614	14,946
Shareholders' equity	65,469	65,025	70,246	75,744
Minority interest	3,819	5,773	6,312	6,884
Total liabilities & equity	246,848	326,794	332,928	341,295

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	32,216	26,001	26,082	28,455
Pre-tax profit	10,577	10,549	11,362	12,070
Tax	(3,482)	(2,342)	(2,519)	(2,678)
Deprec. & amort.	18,065	16,818	17,715	18,617
Working capital changes	(128)	3,300	(2,343)	255
Non-cash items	921	(2,323)	1,867	192
Other operating cashflows	6,264	0	0	0
Investing	1,669	(13,124)	(18,224)	(18,732)
Capex (growth)	14,677	(12,244)	(18,094)	(18,577)
Investments	4,078	(233)	(257)	(269)
Others	(17,086)	(647)	127	114
Financing	(32,834)	63,304	(3,083)	(3,322)
Dividend payments	(8,225)	(6,696)	(3,083)	(3,322)
Issue of shares	(615)	0	0	0
Proceeds from borrowings	(34,845)	70,000	0	0
Others/interest paid	10,851	0	0	0
Net cash inflow (outflow)	1,051	76,181	4,775	6,401
Beginning cash & cash equivalent	9,275	9,797	85,978	90,753
Ending cash & cash equivalent	10,326	85,978	90,753	97,154

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	13.9	12.8	13.4	13.4
Pre-tax margin	4.6	4.4	4.7	4.8
Net margin	3.2	3.2	3.4	3.5
Growth				
Net profit (adj.)	(5.5)	3.7	7.7	6.2
Leverage				
Debt to total capital	154.0	249.6	230.9	213.9
Debt to equity	163.0	271.8	251.6	233.3
Net debt/(cash) to equity	147.8	139.3	122.1	104.8
Interest cover	8.7	8.5	8.1	8.6