Retail

A Sign Of Structural Improvement In The Thai Retail Industry

Highlights

- Upgrade to OVERWEIGHT; we favour BJC, CPN and GLOBAL, with BJC as our top pick on the back of a structural recovery.
- The easing of competition in the modern grocery segment, margin enhancement in home improvement, and attractive valuations in lifestyle retail underpin our positive outlook for the retail sector.
- In Oct 26, SSSG turned positive in almost all segments, with 4Q26 expected to be promising.
- We raise BJC's 2027 core earnings by 13% to reflect the structural recovery in the modern retail business and raise target price to Bt24.50.

Analysis

- **The top performing sector over the past 30 days.** The retail sector's share prices rose 2.3% in Oct 26, outperforming the SET Index (-5.7%) and making it the top performing sector over the past 30 days. Fund flows rotated out of growth and cyclical stocks, such as electronics (-27.6%) and petrochemicals (-11.1%), into laggard sectors, including retail (+2.3%). Outperforming stocks included our top picks BJC (+13.6%), GLOBAL (+8.3%), and CRC (+6.7%), supported by specific structural improvements. Foreign ownership in the retail sector also increased by 13bp to 19.9%. The sector's outperformance was supported by fund flows and improving fundamentals.
- **In Oct 26, SSSG turned positive in almost all segments, with 4Q26 expected to be promising.** For modern grocery, supermarket- and hypermarket-based retailers such as BJC and CRC outperformed convenience store-based CPALL in Oct 26. Supply chain disruptions following the Bangkok floods had a less severe impact on hypermarkets and supermarkets, given their significantly higher inventory levels. Food categories were the key outperformers, while non-food categories, particularly home-related products, also performed well on stronger demand for home repairs. We expect modern grocery same-store sales growth (SSSG) to remain strong throughout 4Q26, supported by a low base in 4Q25 following the Half-Half Plus co-payment scheme, which diverted spending from modern trade to traditional mom-and-pop stores. Home improvement retailers saw SSSG surge in Oct 26, driven by post-flood demand for home repairs and renovations, with HMPRO being the key beneficiary. Lifestyle retailers' SSSG improved in Oct 26 following the disruption caused by the Bangkok floods in Sep 26. With continued gross margin expansion and lower interest expenses, we expect 4Q26 core earnings to improve.

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OVERWEIGHT (Upgraded)

Segmental Rating

Segment	Rating
Grocery Retail	MARKETWEIGHT (Maintained)
Home Improvement Retail	OVERWEIGHT (Maintained)
Lifestyle Retail	OVERWEIGHT (Maintained)

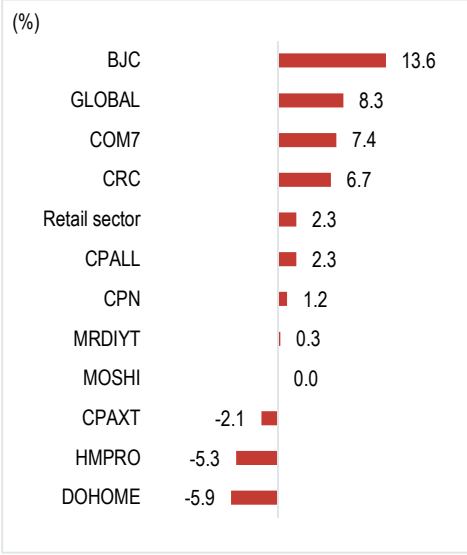
Source: Bloomberg, UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (Bt)	Target Price (Bt)
Berli Jucker	BJC TB	BUY	19.70	24.50
Central Patana	CPN TB	BUY	64.75	80.00

Source: Bloomberg, UOB Kay Hian

Last 30 Days Price Performance



Source: Bloomberg, UOB Kay Hian

Peer Comparison

Ticker	Rec	Price 3 Oct 26 (Bt)	Target Price (Bt)	Upside To TP (%)	Net Profit 2026F (Btm)	Net Profit 2027F (Bt m)	PE 2026F (x)	PE 2027F (x)	Net EPS Growth 2026F (%)	Yield 2026F (%)	ROE 2026F (%)	Market Cap. (US$m)	Price/ NAV ps (x)
BJC TB	BUY	19.70	24.50	24.4	7,258	5,711	10.9	13.8	80.9	4.7	5.6	2,364	0.6
CPALL TB	BUY	44.00	62.00	40.9	30,931	31,714	12.8	12.5	9.7	4.2	9.1	11,834	2.5
CPAXT TB	HOLD	14.00	14.50	3.6	7,649	10,194	19.1	14.3	(18.2)	4.0	2.5	4,371	0.5
CPN TB	BUY	64.75	80.00	23.6	20,024	21,825	14.5	13.3	6.3	4.0	16.2	8,701	2.4
CRC TB	BUY	32.25	35.00	8.5	9,757	10,490	19.9	18.5	31.6	3.4	13.7	5,823	2.9
DOHOME TB	BUY	3.52	4.50	27.8	774	783	15.4	15.2	28.7	0.2	5.6	357	0.8
GLOBAL TB	BUY	7.15	9.00	25.9	2,828	2,857	13.7	13.5	44.0	3.7	10.6	1,156	1.4
HMPRO TB	BUY	6.40	8.00	25.0	6,021	6,319	14.0	13.3	0.2	5.9	22.6	2,520	3.1
MOSHI TB	BUY	34.75	50.00	43.9	790	866	14.5	13.2	17.8	4.1	27.0	343	3.7
MRDIYT TB	BUY	8.45	10.00	18.3	3,094	3,531	16.4	14.4	17.6	2.9	29.1	1,522	4.4
Avg					**89,125**	**94,291**	**14.6**	**13.8**	**11.8**	**4.0**	**12.3**	**38,991**	**2.3**

Source: Bloomberg, UOB Kay Hian

Key Events And Outlook, By Segment

Timeline	Events	Modern Grocery	Home Improvement	Lifestyle Retail
2Q26	**Iran war drove inflation.** Home improvement retailers raised selling prices, driving strong margin expansion. **THB appreciated.**	Neutral	👍	👍
3Q26	**Thai Help Thai Plus co-payment** shifted demand to traditional trade, with panic buying after the **Bangkok flood. THB depreciated.**	Neutral	Neutral	👎
4Q26	**Very low base** in 4Q25 due to the Half-Half Plus co-payment scheme. Home improvement also benefits from **post-flood demand** and **margin expansion.**	👍	👍	Neutral
1Q27	Purchasing power may stay supported in 1Q27. The home improvement earnings base normalizes, as last year had no e-receipt tax rebate scheme.	👍	👍	Neutral
2Q27	Base effects normalize. Stocks with structural change and organic operational improvement will be the survivors.	Neutral	👎	Neutral

Source: UOB Kay Hian

- **Modern grocery: Competition is becoming less intense, with structural changes emerging across the sector.** Competition in the modern grocery segment is expected to become less intense as: a) CPAXT decided to aggressively close more than 500 non-performing Lotus's Go Fresh stores in 3Q26, accounting for 7% of its retail net selling area; b) BJC has also closed more than 10 non-performing Big C Hypermarkets and over 183 Mini Big C stores since 2025; and c) CRC acquired Aeon Thailand. Rather than pursuing aggressive store expansion, all retailers are focusing on improving store efficiency through store renovations, optimising store formats to increase rental area, reducing shrinkage and maintaining promotions at appropriate levels. These initiatives have already contributed to improved gross margins across the sector since 3Q26. Moreover, all operators are seeking new growth engines by aggressively expanding into higher-growth markets, particularly Vietnam for BJC and CRC and Malaysia for CPAXT.
- **Home improvement: Earnings recovery, better margins and attractive valuations. W**e see signs of recovery in the home improvement retail segment, supported by: a) a strong recovery in farm income, and b) normalised rebar prices, which should improve steel margins. Beyond the favourable macro environment, internal improvements are also driving better gross margins, tighter SG&A control and lower interest expenses. Gross margins are expected to expand across all retailers as they push higher-margin private brands sale contributions to increasing each quarter. GLOBAL and DOHOME have also made good progress in streamlining operating expenses, resulting in improved EBITDA margins. Interest expenses are also declining following debt repayments. GLOBAL is our preferred stock in the segment, as it offers the strongest earnings growth.
- **Lifestyle retail: Deep discount valuation.** MOSHI risk being removed from SET100 index in Dec 26, following share price underperformance amid an uninspiring outlook However, valuations are already near their lowest PE levels since IPO. MOSHI trades at 13.2x 2027F PE, with a 4% dividend yield, 27% ROE and 18% EPS growth, while MRDIYT trades at 14.4x PE, with 29% ROE and a 3% dividend yield.

Valuation/Recommendation

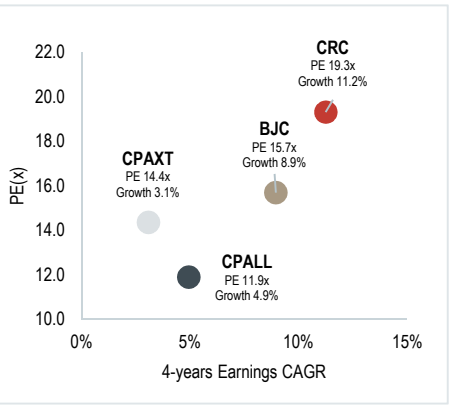
- **Upgrade the retail sector to OVERWEIGHT (from MARKET WEIGHT), with BJC as our top picks.** Easing competition in modern grocery, margin expansion in home improvement, and attractive valuations in lifestyle retail underpin our positive sector outlook. We favour BJC, CPN and GLOBAL, with BJC as our top pick on the back of a structural recovery in its modern retail business.
- For CRC, we maintain our BUY rating but remove it from our top picks following a 62% share price gain since our upgrade in Nov 25. We would like to see clearer evidence to support the earnings upgrade.

3Q26 Core Earnings Forecast

(Btm)	3Q25	2Q26	3Q26F	yoy	qoq
BJC	639	1,245	891	40%	-28%
CPALL	6,597	7,512	7,078	7%	-6%
CPAXT	1,931	1,900	1,544	-20%	-19%
CPN	4,186	4,652	4,690	12%	1%
CRC	1,298	2,114	1,769	36%	-16%
DOHOME	102	306	112	9%	-63%
GLOBAL	392	955	551	41%	-42%
HMPRO	1,304	1,594	1,317	1%	-17%
MOSHI	137	162	153	12%	-5%
MRDIYT	605	757	648	7%	-14%
Total	**17,190**	**21,198**	**18,754**	**9%**	**-12%**

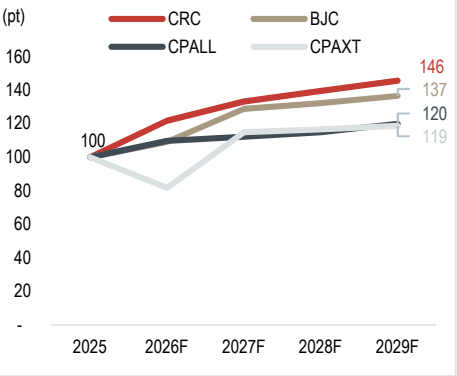
Source: Respective companies, UOB Kay Hian

Valuation Matrix



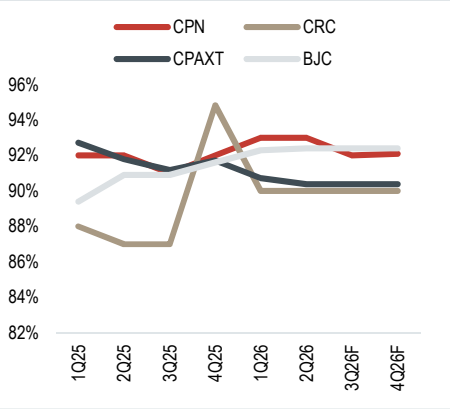
Source: UOB Kay Hian

Sales Index – Modern Grocery



Source: UOB Kay Hian

Mall Occupancy Rate



Source: Respective companies, UOB Kay Hian

Quarterly SSSG

	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26F	Oct26F
Modern Grocery										
CPALL (7-Eleven)	3.3%	4.0%	3.0%	-0.8%	-0.7%	-1.5%	1.9%	0.8%	2.0%	0.0%
CPAXT (Makro)	1.5%	2.8%	1.0%	-1.2%	0.3%	0.0%	0.6%	-0.9%	1.2%	0.0%
CPAXT (Lotus's)	1.9%	3.6%	0.5%	0.0%	-0.5%	-7.6%	0.0%	-3.9%	-5.3%	0.0%
BJC (Big C)	-0.4%	2.2%	2.1%	-3.2%	-3.8%	-3.3%	-3.3%	-3.5%	0.5%	1.5%
CRC (Tops & Go TH)	1.0%	2.0%	2.0%	1.0%	-3.0%	-2.0%	6.0%	5.0%	8.3%	8.0%
Average	**1.5%**	**2.9%**	**1.7%**	**-0.8%**	**-1.5%**	**-2.9%**	**1.0%**	**-0.5%**	**1.3%**	**1.9%**
Home Improvement										
HMPRO (HomePro TH)	-5.8%	-0.7%	-3.3%	-8.8%	-5.7%	-7.8%	-12.7%	-1.0%	-2.9%	6.5%
HMPRO (Mega Home)	-3.9%	4.5%	0.2%	-1.6%	0.9%	-6.9%	-3.7%	1.4%	-0.2%	11.5%
GLOBAL	-3.5%	-3.5%	-10.0%	-10.5%	-0.9%	-4.9%	-2.8%	-4.0%	-6.9%	-2.0%
DOHOME	-4.5%	1.5%	2.0%	-9.3%	-11.0%	-10.4%	-4.1%	1.8%	5.0%	6.0%
CRC (TWD//PWB/B2S)	-7.0%	-5.1%	-6.0%	-7.0%	-3.0%	-4.0%	-5.0%	0.5%	-2.0%	8.0%
Average	**-4.9%**	**-0.7%**	**-3.4%**	**-7.4%**	**-3.9%**	**-6.8%**	**-5.7%**	**-0.3%**	**-1.4%**	**6.0%**
CRC										
CRC (Food)	-1.0%	-2.0%	-3.0%	-4.0%	-5.0%	-4.0%	2.0%	3.0%	6.1%	5.6%
CRC (Hardline)	-9.0%	-5.0%	-7.0%	-8.0%	-3.0%	-4.0%	-4.0%	0.5%	-2.0%	8.0%
CRC (Fashion)	-2.0%	1.0%	-4.0%	-6.0%	-3.0%	-3.0%	-7.0%	-1.0%	1.7%	-2.0%
Average	**-3.0%**	**-1.0%**	**-4.0%**	**-6.0%**	**-4.0%**	**-3.0%**	**-2.0%**	**1.0%**	**2.5%**	**4.0%**
Lifestyle Retail										
MRDIYT	4.4%	1.6%	0.4%	4.0%	2.5%	1.4%	0.1%	-1.2%	0.8%	5.0%
MOSHI	5.7%	15.4%	7.9%	15.0%	6.0%	1.6%	3.8%	4.0%	4.1%	2.5%
Average	**5.1%**	**8.5%**	**4.2%**	**9.5%**	**4.2%**	**1.5%**	**2.0%**	**1.4%**	**2.4%**	**3.8%**

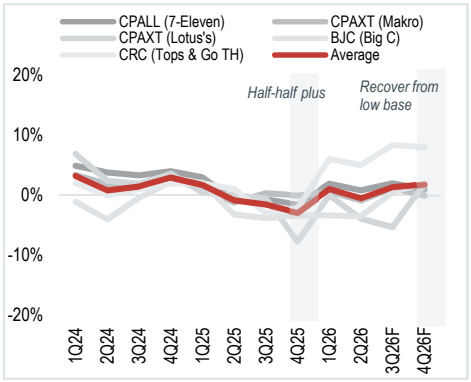
Source: Respective companies, UOB Kay Hian

Monthly SSSG

	Jan26F	Feb26F	Mar26F	Apr26F	May26F	Jun26F	Jul26F	Aug26F	Sep26F	Oct26F
Modern Grocery										
CPALL (7-Eleven)	0.9%	2.5%	1.5%	1.5%	1.5%	0.0%	2.0%	1.0%	3.0%	0.0%
CPAXT (Makro)	0.0%	-0.5%	2.0%	1.0%	-0.5%	-1.0%	0.5%	1.0%	2.0%	0.0%
CPAXT (Lotus's)	-2.0%	-1.0%	2.0%	0.0%	-2.0%	-7.0%	-6.0%	-5.0%	-5.0%	0.0%
BJC (Big C)	-3.5%	-4.0%	-1.5%	-3.3%	-1.5%	-2.8%	-2.2%	1.8%	2.5%	1.5%
CRC (Tops & Go TH)	2.5%	5.0%	9.0%	7.8%	6.0%	1.2%	8.0%	8.0%	9.0%	8.0%
Average	**-0.4%**	**0.4%**	**2.6%**	**1.4%**	**0.7%**	**-1.9%**	**0.5%**	**1.4%**	**2.3%**	**1.9%**
Home Improvement										
HMPRO (HomePro TH)	-10.0%	-19.0%	-7.0%	2.5%	-1.5%	-3.5%	-1.8%	-3.7%	-2.6%	6.5%
HMPRO (Mega Home)	-3.0%	-8.0%	0.0%	4.5%	-0.5%	-0.5%	0.8%	-1.8%	0.0%	11.5%
GLOBAL	-3.5%	-5.0%	1.0%	3.0%	-4.0%	-5.0%	-6.0%	-7.5%	-6.0%	-2.0%
DOHOME	-8.0%	-5.0%	4.5%	4.5%	1.0%	2.0%	8.0%	5.0%	2.0%	6.0%
CRC (TWD//PWB/B2S)	-6.0%	-10.0%	1.0%	5.5%	1.0%	-5.0%	-2.0%	-2.0%	-2.0%	8.0%
Average	**-6.1%**	**-9.4%**	**-0.1%**	**4.0%**	**-0.8%**	**-2.4%**	**-0.2%**	**-2.0%**	**-1.7%**	**6.0%**
CRC										
CRC (Food)	1.0%	5.0%	1.5%	6.2%	3.5%	-2.2%	5.9%	5.9%	6.6%	5.6%
CRC (Hardline)	-6.0%	-8.0%	2.0%	5.5%	1.0%	-5.0%	-2.0%	-2.0%	-2.0%	8.0%
CRC (Fashion)	-8.0%	-9.0%	-3.0%	-3.0%	2.0%	-2.0%	1.5%	1.5%	2.0%	-2.0%
Average	**-4.0%**	**-4.0%**	**1.0%**	**3.9%**	**2.4%**	**-3.0%**	**2.0%**	**2.0%**	**2.7%**	**4.0%**
Lifestyle Retail										
MRDIYT	-0.5%	4.0%	0.0%	1.5%	0.0%	0.0%	-1.5%	0.0%	-2.0%	5.0%
MOSHI	-9.8%	2.0%	9.0%	8.0%	0.3%	0.7%	0.0%	6.5%	5.0%	2.5%
Average	**-5.2%**	**3.0%**	**4.5%**	**4.8%**	**0.1%**	**0.4%**	**-0.8%**	**3.3%**	**1.5%**	**3.8%**

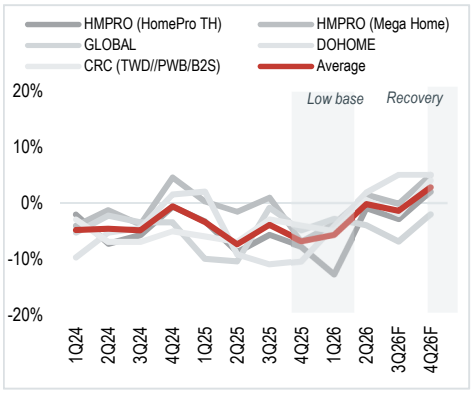
Source: Respective companies, UOB Kay Hian

Modern Grocery SSSG



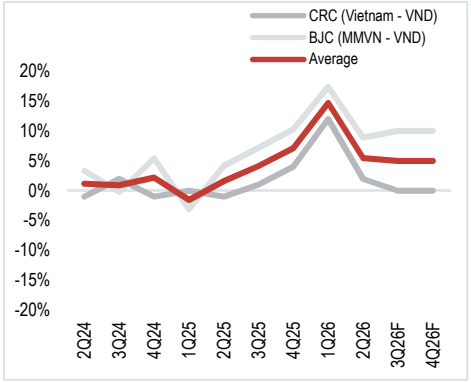
Source: Respective companies, UOB Kay Hian

Home Improvement Retail SSSG



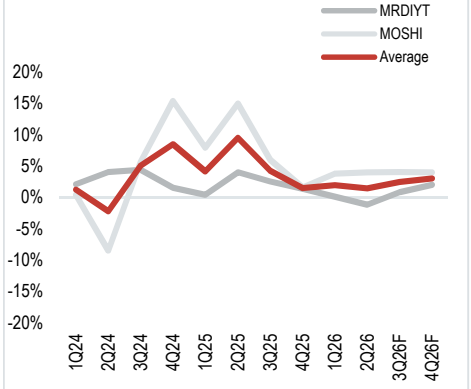
Source: Respective companies, UOB Kay Hian

Vietnam Retail SSSG



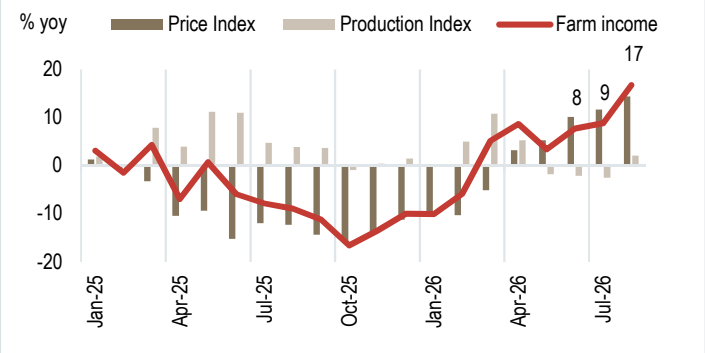
Source: Respective companies, UOB Kay Hian

Lifestyle Retail SSSG



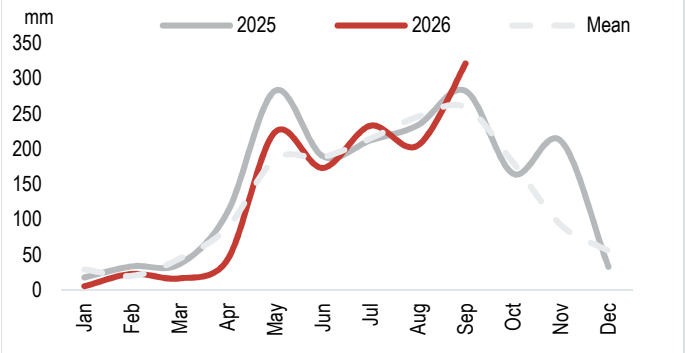
Source: Respective companies, UOB Kay Hian

Surging Farm Income



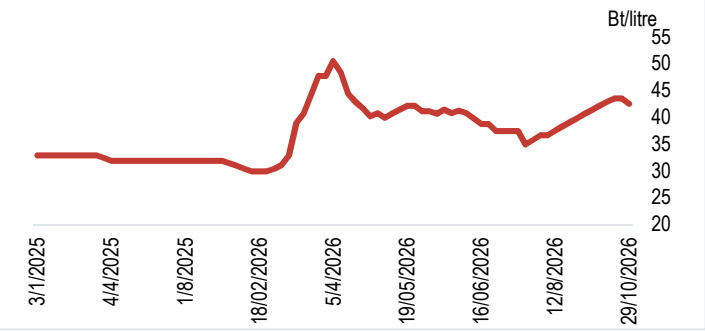
Source: Office of Agricultural Economics, UOB Kay Hian

Thailand's YTD Rainfall Remains Below 2025 Levels



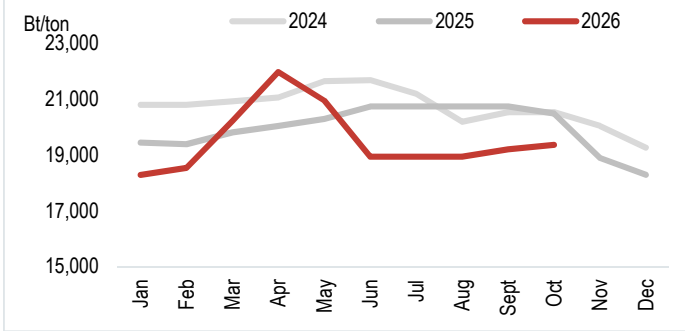
Source: Thai Meteorological Department, UOB Kay Hian

Diesel Price Remain Elevated



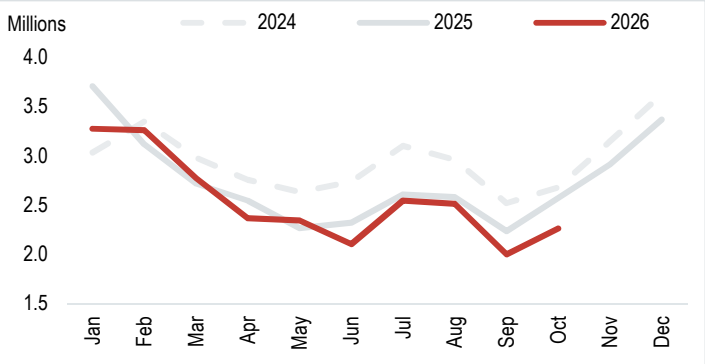
Source: Bangchak, UOB Kay Hian

Rebar Prices Increased MoM since Sep 26



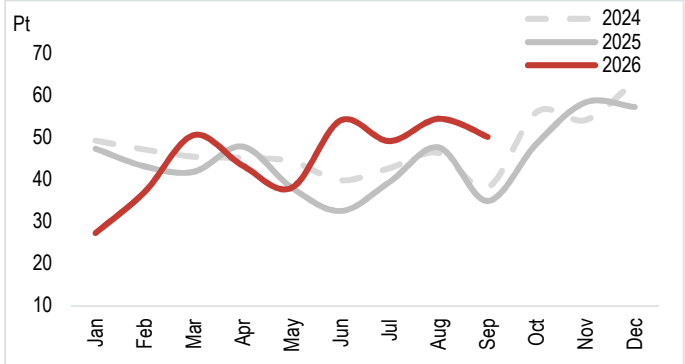
Source: Ministry Of Commerce, UOB Kay Hian

International Tourist Arrivals Weaken



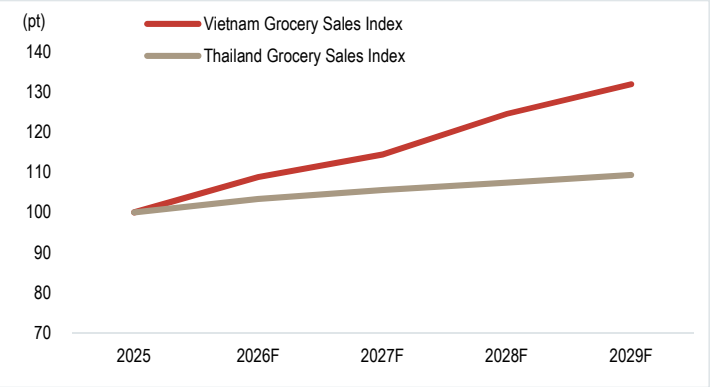
Source: Ministry of Tourism and Sports, UOB Kay Hian

Retail Sentiment Index Improves yoy



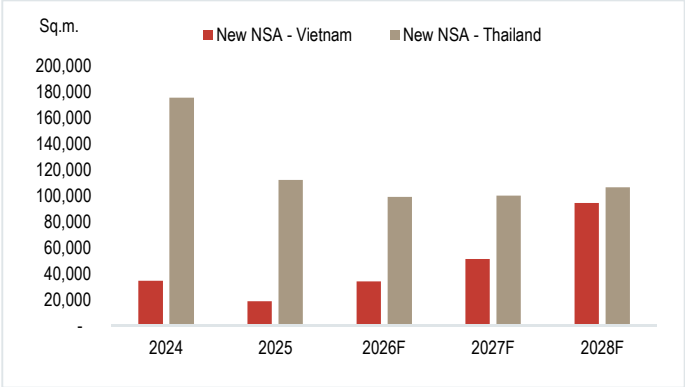
Source: Thai Retailer Association, UOB Kay Hian

Vietnam Sales Are Expected To Outpace Thailand's



Source: UOB Kay Hian

New Big-Format Retail Net Sellable Area



Source: UOB Kay Hian

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