

29 JULY 2020

THAILAND / CONSUMER DISCRETIONARY

HOME PRODUCT CENTER

HMPRO TB

HOLD

UNCHANGED

TARGET PRICE	THB16.50
CLOSE	THB15.40
UP/DOWNSIDE	+7.1%
TP vs CONSENSUS	+3.6%

ผลประกอบการ 2Q20 ดี แม้มีการปิดสาขา

ผลประกอบการ 2Q20 ดีเกินตลาดคาดเล็กน้อย

การปิดสาขาในช่วงการแพร่ระบาด Covid-19 เป็นปัจจัยถ่วงสำคัญสำหรับผลประกอบการของ HMPRO บริษัท รายงานกำไรสุทธิที่ 943 ลบ. (-26% q-q, -38% y-y) ใน 2Q20 ตัวเลขดังกล่าวสูงกว่าตลาดคาดอยู่ 6% จากการเติบโตของรายได้ต่อสาขา (SSSG) ที่สูงเกินคาด รายได้จากการขายลดลง 6% q-q และ 18% y-y เนื่องจาก SSSG ลดลง 18% สาขาของ HomePro ในประเทศไทยและมาเลเซียถูกปิดเป็นเวลา 2 และ 1.5 เดือนตามลำดับ นอกจากนี้ การยกเลิกงาน HomePro Expo (รายได้ 500-600 ลบ.) ซึ่งปกติเกิดขึ้นในปลายเดือน มี.ค. ก็มี ส่วนทำให้รายได้จากการขายลดลงในไตรมาส 2 โดยปกติบริษัท จะบันทึกยอดขายที่ไม่ได้จัดส่งบางส่วน (30-40% ของยอดขายรวม) ในไตรมาส 2 รายได้ค่าเช่าลดลง 58% y-y จากการปิดพื้นที่เช่าที่ HomePro และ Market Village รายได้อื่นลดลง 300% y-y จากกิจกรรมส่งเสริมการขายที่ทำร่วมกับ supplier ลดลง

อัตรากำไรได้รับผลกระทบจากการเปลี่ยนของ Sales Mix

อัตรากำไรขั้นต้น (GPM) ลดลง 120 bps เหลือ 23.8% เทียบกับ 25.0 ใน 2Q19 ตามการเพิ่มของสินค้าที่มีอัตรากำไรขั้นต้นต่ำกว่าค่าเฉลี่ยที่ 25% ตัวอย่างเช่นเครื่องใช้ไฟฟ้าภายในบ้าน และเครื่องทำความเย็น ซึ่งมีอัตรากำไรขั้นต้นประมาณ 15-20% แม้ว่าสัดส่วน Private Brand จะเพิ่มเป็น 19.8% ใน 2Q20 เทียบกับ 19.0% ใน 2Q19 ตัวเลขที่เพิ่มขึ้นดังกล่าวกลับไม่สามารถชดเชยผลกระทบทางลบจากการเปลี่ยนของ Sales Mix ได้

SSSG เป็นบวกในเดือน ก.ค. แต่ยังเร็วเกินไปที่จะมองในแง่ดี

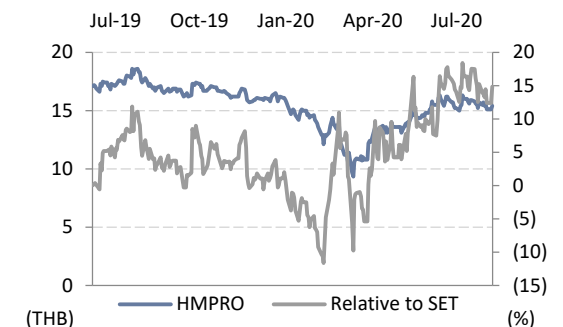
SSSG ในเดือน ก.ค. ยังคงเป็นบวกที่ 2-3% เทียบกับประมาณการของเราที่ -2% ใน 2H20 เราเชื่อว่าตัวเลขวกดังกล่าวเกิดจากการปรับเปลี่ยนพฤติกรรมคนที่ใช้เวลาอยู่กับบ้านมากขึ้น มากกว่าผลจาก pent up demand นอกจากนี้บริษัท ยังเลื่อนงาน HomePro Expo ไปเดือน ก.ค. แทนที่ HomePro Fair ซึ่งปกติมียอดขายที่ต่ำกว่า โดยอยู่ที่เพียง 400-500 ลบ. เนื่องจากพื้นที่น้อยกว่า อย่างไรก็ตามเราเชื่อว่าเร็วเกินไปที่จะมอง SSSG ในครึ่งปีหลังเป็นบวก เนื่องจากสภาวะเศรษฐกิจในปัจจุบันยังคงอ่อนแอ ในภาพรวมเราคาดว่ากำไรใน 3Q20 จะลดลง 10-15% y-y

Valuation ดีพอใช้ แต่ขาดปัจจัยบวกระยะสั้น

เราคงคำแนะนำ "ถือ" HMPRO ที่ราคาเป้าหมาย 16.5 บาท (DCF) เราชอบ HMPRO ในฐานะที่เป็นผู้นำในกลุ่ม Home Improvement ในระดับกลางถึงสูง อย่างไรก็ตาม Valuation ในปัจจุบันไม่น่าสนใจ กล่าวคือหุ้นมีข้อขายที่ FY21E PE ที่ 33x และยังขาดปัจจัยบวกในระยะสั้นจากแนวโน้มเศรษฐกิจมหภาคที่อ่อนแอ

KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	67,424	61,726	67,240	72,622
Net Profit	6,177	4,957	6,207	6,835
EPS (THB)	0.47	0.38	0.47	0.52
vs Consensus (%)	-	(2.3)	(2.5)	(3.3)
EBITDA	10,969	9,451	11,250	12,294
Core net profit	6,177	4,957	6,207	6,835
Core EPS (THB)	0.47	0.38	0.47	0.52
EPS growth (%)	10.0	(19.7)	25.2	10.1
Core P/E (x)	32.8	40.9	32.6	29.6
Dividend yield (%)	2.4	2.0	2.5	2.7
EV/EBITDA (x)	19.4	22.5	19.0	17.3
Price/book (x)	9.6	9.2	8.7	8.2
Net debt/Equity (%)	49.7	43.9	46.3	41.7
ROE (%)	30.1	22.9	27.4	28.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.7	13.2	(10.5)
Relative to country (%)	2.1	7.2	14.9
Mkt cap (USD m)	6,439		
3m avg daily turnover (USD m)	11.3		
Free float (%)	42		
Major shareholder	Land & Houses (30%)		
12m high/low (THB)	18.80/9.00		
Issued shares (m)	13,151.16		

Sources: Bloomberg consensus; FSSIA estimates



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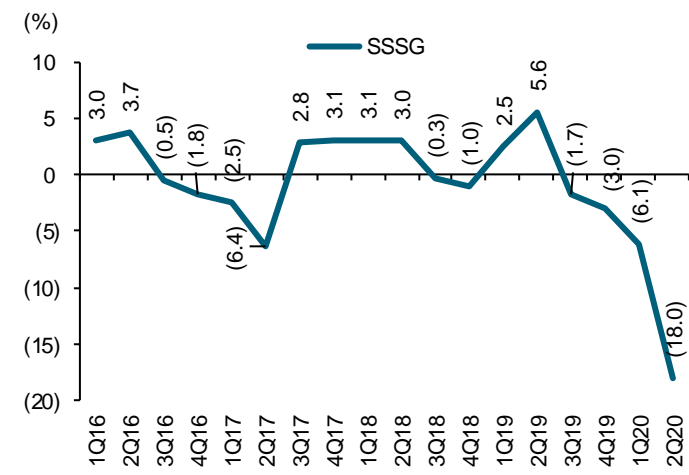
บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 30 กรกฎาคม 2020

Exhibit 1: Summary of 2Q20 results

Profit & Loss Statement	2Q19	1Q20	2Q20	----- Change -----		2Q20	----- 1H20 -----		2020E	
YE Dec 31	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	% of 20E	(THB m)	(y-y %)	(% of 20E)	(THB m)
Total revenue	17,546	15,333	14,382	(6)	(18)	23	29,715	(13)	48	61,726
Retail sales	16,545	14,546	13,824	(5)	(16)	24	28,370	(11)	48	58,564
Rental and service income	509	382	213	(44)	(58)	15	595	(44)	41	1,464
Other income	492	406	345	(15)	(30)	20	751	(24)	44	1,698
Gross profit	4,967	4,377	3,726	(15)	(25)	21	8,103	(17)	46	17,587
Operating costs	(2,993)	(2,698)	(2,462)	(9)	(18)	22	(5,160)	(13)	46	(11,111)
Operating profit	1,974	1,679	1,264	(25)	(36)	16	2,943	(23)	38	7,846
Operating EBITDA	1,974	2,492	2,067	(17)	5	19	4,559	0	42	10,887
Interest expense	(108)	(115)	(126)	9	17	35	(241)	12	68	(356)
Profit before tax	1,877	1,552	1,146	(26)	(39)	19	2,698	(26)	44	6,102
Tax	(350)	(286)	(204)	(29)	(42)	18	(489)	(28)	43	(1,145)
Reported net profit	1,527	1,267	943	(26)	(38)	19	2,209	(25)	45	4,957
Recurring net profit	1,527	1,267	943	(26)	(38)	16	2,209	(25)	37	6,043
EPS (THB)	0.12	0.10	0.07	(26)	(38)	19	0.17	(25)	45	0.38
Recurring EPS (THB)	0.12	0.10	0.07	(26)	(38)	19	0.17	(25)	45	0.38
BV/share (THB)	1.54	1.65	1.52							1.68
Key Ratios (%)										
Retail sales margin	25.0	25.7	23.8							
Operating margin	11.9	11.5	9.1							
Recurring net margin	8.7	8.3	6.6							
SG&A / Sales	17.1	17.6	17.1							
Effective tax rate	18.7	18.4	17.8							
SSSG (%)	5.6	(6.1)	(18.0)							

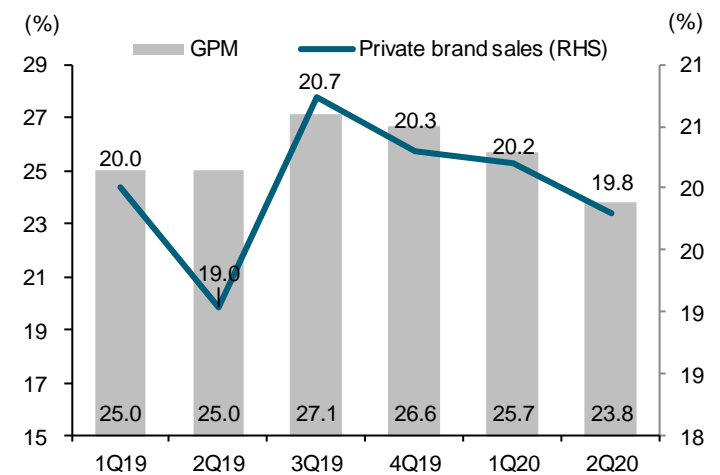
Source: HMPRO

Exhibit 2: Quarterly same-store sales growth (SSSG)



Source: HMPRO

Exhibit 3: Quarterly private brand proportion vs GPM



Sources: HMPRO; FSSIA estimates

Exhibit 4: Key assumptions

HMPRO	2019	2020E	2021E	2022E
	(%)	(%)	(%)	(%)
SSSG	0.9	(7.5)	4.0	4.0
New store growth	4.4	1.7	6.0	5.5
GPM	25.9	25.6	26.2	26.3
SG&A to sales	18.0	18.0	17.9	17.8

Sources: HMPRO; FSSIA estimates

Financial Statements

Home Product Center

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	66,050	67,424	61,726	67,240	72,622
Cost of goods sold	(43,693)	(44,357)	(41,164)	(43,887)	(47,329)
Gross profit	22,357	23,067	20,562	23,353	25,293
Other operating income	-	-	-	-	-
Operating costs	(11,927)	(12,098)	(11,111)	(12,103)	(12,999)
Operating EBITDA	10,431	10,969	9,451	11,250	12,294
Depreciation	(3,064)	(2,942)	(2,975)	(3,228)	(3,506)
Goodwill amortization	0	0	0	0	0
Operating EBIT	7,366	8,027	6,477	8,022	8,787
Net financing costs	(400)	(405)	(356)	(363)	(356)
Associates	0	0	0	0	0
Recurring non operating income	(44)	(18)	(18)	(18)	(18)
Non recurring items	0	0	0	0	0
Profit before tax	6,922	7,604	6,102	7,641	8,414
Tax	(1,310)	(1,427)	(1,145)	(1,434)	(1,579)
Profit after tax	5,613	6,177	4,957	6,207	6,835
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	5,613	6,177	4,957	6,207	6,835
Non recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	5,613	6,177	4,957	6,207	6,835
Per share (THB)					
Recurring EPS *	0.43	0.47	0.38	0.47	0.52
Reported EPS	0.43	0.47	0.38	0.47	0.52
DPS	0.33	0.37	0.30	0.38	0.42
Diluted shares (used to calculate per share data)	13,151	13,151	13,151	13,151	13,151
Growth					
Revenue (%)	2.8	2.1	(8.5)	8.9	8.0
Operating EBITDA (%)	9.7	5.2	(13.8)	19.0	9.3
Operating EBIT (%)	14.4	9.0	(19.3)	23.9	9.5
Recurring EPS (%)	14.9	10.0	(19.7)	25.2	10.1
Reported EPS (%)	14.9	10.0	(19.7)	25.2	10.1
Operating performance					
Gross margin inc depreciation (%)	29.2	29.8	28.5	29.9	30.0
Gross margin of key business (%)	25.5	25.9	25.6	26.2	26.3
Operating EBITDA margin (%)	15.8	16.3	15.3	16.7	16.9
Operating EBIT margin (%)	11.2	11.9	10.5	11.9	12.1
Net margin (%)	8.5	9.2	8.0	9.2	9.4
Effective tax rate (%)	18.9	18.8	18.8	18.8	18.8
Dividend payout on recurring profit (%)	77.3	78.8	80.9	80.9	80.9
Interest cover (X)	18.3	19.8	18.1	22.1	24.6
Inventory days	86.0	85.0	89.3	83.2	82.0
Debtor days	10.5	10.6	10.8	9.9	10.0
Creditor days	118.9	117.0	120.6	112.9	112.3
Operating ROIC (%)	21.9	25.0	19.7	23.3	24.6
ROIC (%)	18.4	19.9	15.8	18.9	19.8
ROE (%)	29.1	30.1	22.9	27.4	28.6
ROA (%)	11.2	12.2	10.1	12.2	12.8

* Pre exceptional, pre-goodwill and fully diluted

Revenue By Division (THB m)	2018	2019	2020E	2021E	2022E
Sales	61,951	63,046	58,564	62,842	67,871
Rental and service	1,975	2,207	1,464	1,885	2,036
Others	2,124	2,171	1,698	2,514	2,715

Sources: Home Product Center; FSSIA estimates

Financial Statements

Home Product Center

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	5,613	6,177	4,957	6,207	6,835
Depreciation	3,064	2,942	2,975	3,228	3,506
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	182	(391)	(82)	177	253
Cash flow from operations	8,859	8,728	7,850	9,612	10,594
Capex - maintenance	0	0	0	0	0
Capex - new investment	(155)	(3,252)	(3,420)	(5,325)	(4,260)
Net acquisitions & disposals	(41)	(85)	(49)	84	138
Other investments (net)	(2,777)	(27)	437	(423)	(413)
Cash flow from investing	(2,972)	(3,364)	(3,032)	(5,664)	(4,535)
Dividends paid	(4,339)	(4,866)	(4,011)	(5,022)	(5,530)
Equity finance	0	0	0	0	0
Debt finance	2,185	(3,875)	174	306	(837)
Other financing cash flows	0	0	0	0	0
Cash flow from Financing	(2,154)	(8,742)	(3,837)	(4,716)	(6,366)
Non recurring cash flows	0	0	0	0	0
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	3,733	(3,378)	981	(768)	(307)
Free cash flow to firm (FCFF)	6,286.58	5,769.31	5,174.43	4,311.04	6,414.95
Free cash flow to equity (FCFE)	8,071.35	1,488.63	4,991.83	4,253.92	5,222.62

Per share (THB)

FCFF per share	0.48	0.44	0.39	0.33	0.49
FCFE per share	0.61	0.11	0.38	0.32	0.40
Recurring cash flow per share	0.66	0.69	0.60	0.72	0.79

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	49,580	49,580	53,000	58,325	62,585
Less: Accumulated depreciation	(20,252)	(19,943)	(22,918)	(26,146)	(29,652)
Tangible fixed assets (Net)	29,327	29,637	30,082	32,179	32,932
Intangible fixed assets (Net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	0	0	0	0	0
Cash & equivalents	6,238	2,860	3,841	3,073	2,766
A/C receivable	1,999	1,912	1,751	1,907	2,060
Inventories	10,245	10,421	9,725	10,277	10,978
Other current assets	524	496	454	495	534
Current assets	19,006	15,690	15,771	15,752	16,337
Other assets	6,478	6,722	6,154	6,704	7,241
Total assets	54,811	52,049	52,007	54,635	56,510
Common equity	19,914	21,138	22,084	23,269	24,574
Minorities etc	0	0	0	0	0
Total Shareholders' equity	19,914	21,138	22,084	23,269	24,574
Long term debt	10,000	7,072	9,198	9,406	8,838
Other long-term liabilities	1,246	1,550	1,419	1,546	1,669
Long-term liabilities	11,246	8,622	10,617	10,951	10,507
A/C payable	14,371	14,069	13,129	14,014	15,121
Short term debt	7,248	6,301	4,348	4,447	4,178
Other current liabilities	2,032	1,919	1,828	1,952	2,130
Current liabilities	23,651	22,289	19,305	20,413	21,429
Total liabilities and shareholders' equity	54,811	52,048	52,007	54,634	56,510
Net working capital	(3,634)	(3,158)	(3,027)	(3,288)	(3,679)
Invested capital	32,171	33,201	33,209	35,595	36,494

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	1.51	1.61	1.68	1.77	1.87
Tangible book value per share	1.51	1.61	1.68	1.77	1.87

Financial strength

Net debt/Equity (%)	55.3	49.7	43.9	46.3	41.7
Net debt/total assets (%)	20.1	20.2	18.7	19.7	18.1
Current ratio (x)	0.8	0.7	0.8	0.8	0.8
CF interest cover (x)	21.6	12.7	24.6	27.4	27.7

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	36.1	32.8	40.9	32.6	29.6
Recurring P/E @ target price (x) *	38.7	35.1	43.8	35.0	31.7
Reported P/E (x)	36.1	32.8	40.9	32.6	29.6
Dividend yield (%)	2.1	2.4	2.0	2.5	2.7
Price/book (x)	10.2	9.6	9.2	8.7	8.2
Price/tangible book (x)	10.2	9.6	9.2	8.7	8.2
EV/EBITDA (x) **	20.5	19.4	22.5	19.0	17.3
EV/EBITDA @ target price (x) **	21.9	20.7	24.0	20.2	18.5
EV/invested capital (x)	6.6	6.4	6.4	6.0	5.8

* Pre exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: Home Product Center; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGC	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANAH
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENTEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMPG	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range		Number of Logo					Description			
90-100							Excellent			
80-89							Very Good			
70-79							Good			
60-69							Satisfactory			
50-59							Pass			
Less than 50		No logo given					-			

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAH	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaiapat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaiapat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaiapat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

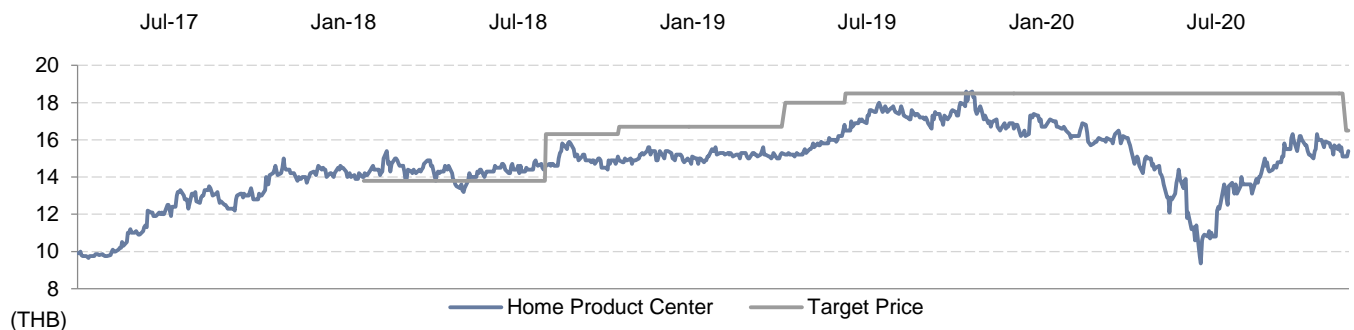
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Home Product Center (HMPRO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Apr-2018	BUY	13.80	01-Apr-2019	BUY	18.00	24-Jul-2020	HOLD	16.50
07-Sep-2018	BUY	16.30	23-May-2019	BUY	18.50			
09-Nov-2018	BUY	16.70	02-Apr-2020	BUY	18.50			

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Home Product Center	HMPRO TB	THB 15.40	HOLD	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business. The key upside risk is faster-than-expected turnaround from overseas operations.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

All share prices are as at market close on 29 July 2020 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Improving. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Stable. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Deteriorating. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.