

30 DECEMBER 2021

THAILAND / CONSUMER DISCRETIONARY

## HOME PRODUCT CENTER

## HMPRO TB

**BUY**  
 UNCHANGED

## Tables turning for home improvement

- Solid 4Q21E SSSG at 10%; expect highest net profit at THB1.6b in 4Q21.
- Expect SSSG to continue to be positive in 1Q22, driven by the shopping tax scheme. The key downside risk is the surging Covid cases due to the Omicron variant which could prompt the government to implement lockdown measures.
- BUY maintained with DCF-based TP of THB18.30.

TARGET PRICE	THB18.30
CLOSE	THB14.60
UP/DOWNSIDE	+25.3%
PRIOR TP	THB18.30
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+12.6%

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	61,749	64,537	69,714	76,320
Net profit	5,155	5,255	6,402	7,353
EPS (THB)	0.39	0.40	0.49	0.56
vs Consensus (%)	-	(2.0)	1.9	2.8
EBITDA	9,822	9,807	11,379	12,648
Core net profit	5,155	5,255	6,402	7,353
Core EPS (THB)	0.39	0.40	0.49	0.56
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(16.5)	1.9	21.8	14.9
Core P/E (x)	37.2	36.5	30.0	26.1
Dividend yield (%)	2.1	2.1	2.6	2.9
EV/EBITDA (x)	20.6	20.5	17.5	15.7
Price/book (x)	8.9	8.4	7.9	7.4
Net debt/Equity (%)	46.8	39.0	30.9	24.3
ROE (%)	24.1	23.7	27.2	29.2

## Time for an urban home improvement player

2020-21 were hiccup years for HMPRO due to the first and third waves of Covid which prompted the government to implement lockdown restrictions. We expect HMPRO to post solid growth in 2022, driven by a recovery from the low base and its aggressive expansion plan. Overall, we expect HMPRO's earnings to grow by 22%/15% in 2022/23.

## Strong recovery evident in 4Q21

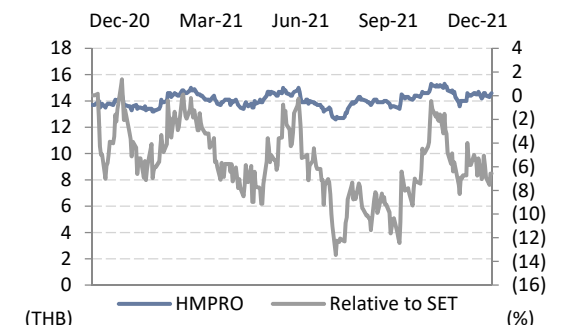
SSSG has remained solid in 4Q21 QTD. It was positive at 12% in Oct-21, supported by pent-up demand following the lockdown easing since 1 Sep and the 5-day Super Expo event. SSSG was at 6-7% in Nov-21 and c15% for the first two weeks in Dec-21, driven by another 5-day Super Expo event. Overall, we expect SSSG in 4Q21 to be at 10%. HMPRO's 4Q21 GPM should slightly improve q-q, driven by higher sales and higher contributions from high-margin products such as soft-line products. Hence, we expect 4Q21 earnings to grow q-q and y-y to THB1.6b.

## Positive momentum to continue in 1Q22

We expect SSSG to continue to be positive in 1Q22 amid the concern over the Omicron variant. On 21 Dec-21, the government approved the "Shop Dee Mee Kuen" scheme, which is deductions for individuals – amounting to no more than THB30,000 per person – on the purchase of goods and services subject to the national 7% value-added tax (VAT). This program will be effective from 1 Jan to 15 Feb-22. Assuming that an estimated 3.7m taxable individuals spend the maximum deductible amount of THB30,000, a potential THB110b would be injected into the economy, which could boost GDP by 0.3%. We believe this program would benefit HMPRO and could boost its SSSG by 2-3% in 1Q22.

## Maintain BUY with DCF-based TP of THB18.30

Near-term catalysts would be HMPRO's solid 4Q21E earnings outlook and the government's shopping scheme to boost SSSG in 1Q22. Even though Covid case are expected to surge in 1Q22 from the Omicron variant, we expect to see fewer restrictions compared to 2020-21, suggesting that the downside risk could be limited to THB13.5. HMPRO is trading at 30x 2022E P/E, or close to -1.0SD of its 5-year avg of 33x.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.0	7.4	5.8
Relative to country (%)	(0.3)	4.3	(7.3)
Mkt cap (USD m)	5,727		
3m avg. daily turnover (USD m)	12.4		
Free float (%)	42		
Major shareholder	Land & Houses (30%)		
12m high/low (THB)	15.40/12.40		
Issued shares (m)	13,151.12		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

HMPRO is the leading player in the home improvement sector, with a c22% market share based on revenue of THB62b in 2020. Despite the slowdown in the property sector in 2018-20, HMPRO has continued to deliver double-digit earnings growth, even though new-home customers have declined from 50% of total customers to about 20% (2015-20). Sales to renovation customers have grown to c50% currently, which are more sustainable, in our view. Moreover, about 30% of total customers are contractors, which should benefit from government spending.

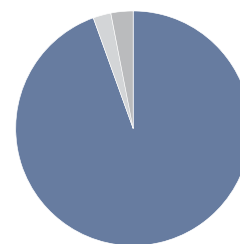
## Company profile

HMPRO is a home-improvement product seller that targets the mid- to high-end segment. From 2013, it started to expand aggressively, both with its HomePro stores and in the budget segment with its Mega Home stores. It also expanded to Malaysia by setting up a store around the end of 2014.

[www.homepro.co.th](http://www.homepro.co.th)

## Principal activities (revenue, 2020)

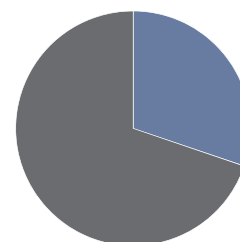
- Sales - 94.5 %
- Rental and service - 2.5 %
- Others - 3.0 %



Source: Home Product Center

## Major shareholders

- Land & Houses - 30.2 %
- Others - 69.8 %



Source: Home Product Center

## Catalysts

Potential catalysts include the faster-than-expected turnaround of overseas operations, a better-than-expected macro outlook in Thailand, and a higher proportion of house brands to drive its gross profit margin (GPM).

## Risks to our call

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.

## Event calendar

Date	Event
January 2022	4Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG	3.0	4.0	5.0
New store growth	2.7	5.2	6.2
GPM	25.3	25.9	26.2
SG&A to sales	18.0	17.6	17.5

Source: FSSIA estimates

## Earnings sensitivity

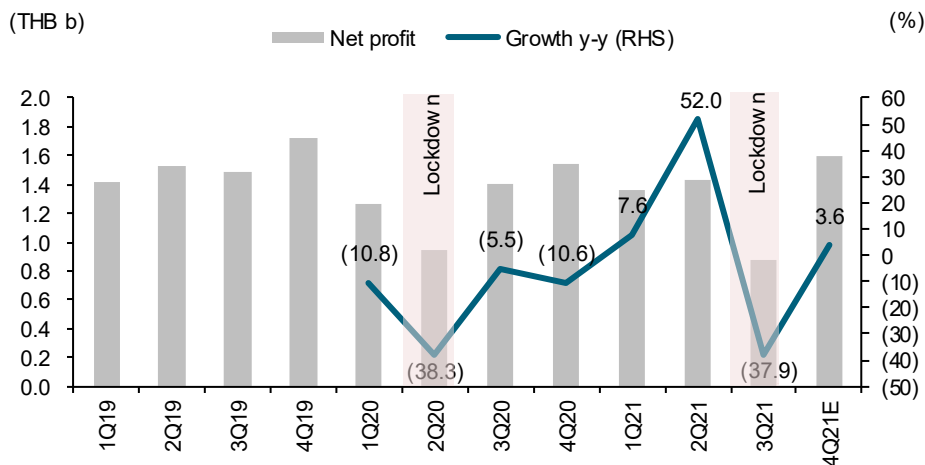
- For every 1% increase in SSSG we estimate 2021 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2021 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2021 EPS would fall 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

### Solid recovery evident in 4Q21

SSSG has remained solid in 4Q21 QTD. It was positive at 12% in Oct-21, supported by pent-up demand following the lockdown easing since 1 Sep and the 5-day Super Expo event. SSSG was at 6-7% in Nov-21 and c15% for the first two weeks in Dec-21, driven by another 5-day Super Expo event. Overall, we expect SSSG in 4Q21 to be at 10%. HMPRO's 4Q21 GPM should slightly improve q-q, driven by higher sales and higher contributions from high-margin products such as soft-line products. Hence, we expect 4Q21 earnings to grow q-q and y-y to THB1.6b.

Exhibit 1: Earnings have been hit hard by lockdown measures



Sources: HMPRO; FSSIA estimates

Exhibit 2: Sensitivity analysis of lockdown impact on earnings

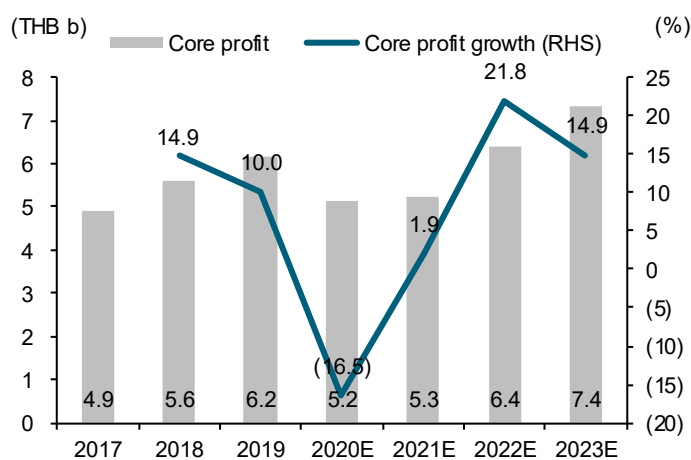
Period	Period	Lockdown (days)	No. of store closures (no.)	Sales impact (y-y%)
2Q20	3 Apr - 17 May	44	83	(16)
3Q21	20 Jul - 31 Aug	41	39	(13)

No. of store closure days	30 days (%)	40 days (%)	50 days (%)	60 days (%)
Impact to sales	(9)	(12)	(15)	(18)
Impact to earnings	(26)	(35)	(42)	(48)

Sources: HMPRO; FSSIA estimates

Exhibit 3: Earnings could exceed pre-Covid level in 2022

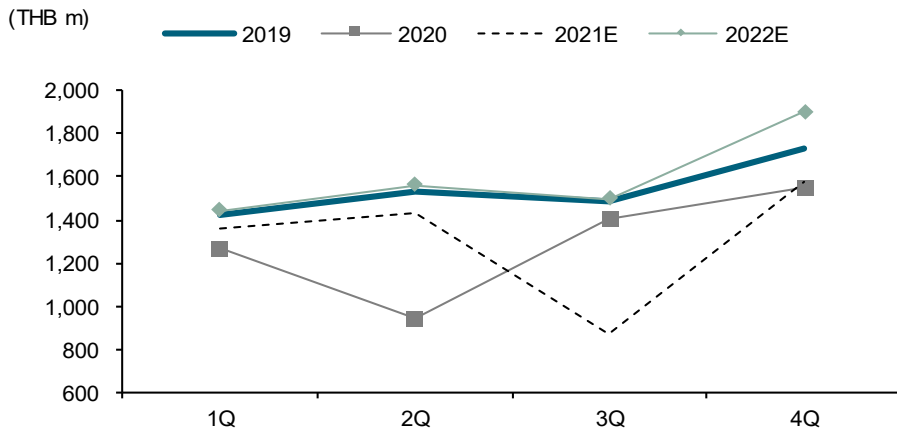


Sources: HMPRO; FSSIA estimates

## Positive momentum to continue in 1Q22

We expect SSSG to continue to be positive in 1Q22 amid the concern over the Omicron variant. On 21 Dec-21, the government approved the “Shop Dee Mee Kuen” scheme, which is deductions for individuals – amounting to no more than THB30,000 per person – on the purchase of goods and services subject to the national 7% VAT. This program will be effective from 1 Jan to 15 Feb-22. Assuming that an estimated 3.7m taxable individuals spend the maximum deductible amount of THB30,000, a potential THB110b would be injected into the economy, which could boost GDP by 0.3%. We believe this program would benefit HMPRO and could boost its SSSG by 2-3% in 1Q22.

### Exhibit 4: Expect quarterly earnings to grow y-y in 2022 and exceed pre-Covid level in 2019



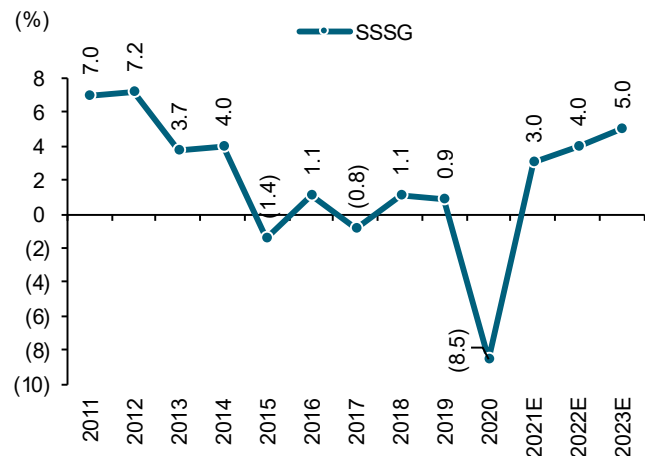
Sources: HMPRO; FSSIA estimates

### Exhibit 5: Quarterly SSSG



Sources: HMPRO; FSSIA estimates

### Exhibit 6: Yearly SSSG



Sources: HMPRO; FSSIA estimates

### Exhibit 7: Shopping tax deduction schemes

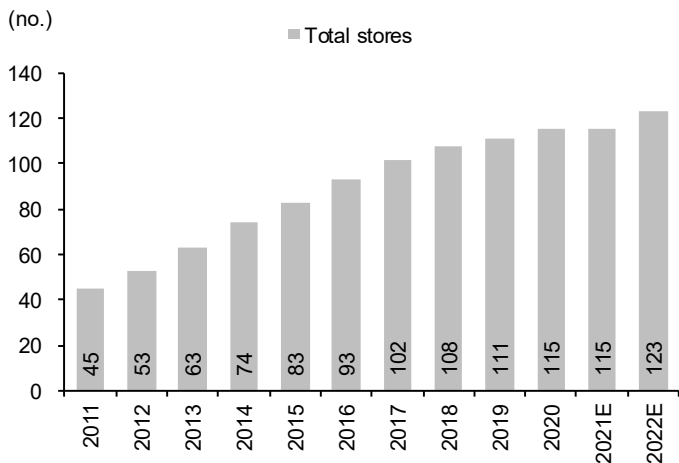
Shopping tax scheme	Tax deduction amount (THB)	Period	Details
1st Shop Chua Chart	15,000	25 Dec-15 – 31 Dec-15	Except for alcoholic beverages, tobacco products, cars, motorcycles, and fuel
2nd Shop Chua Chart	15,000	14 Dec-16 – 31 Dec-16	Except for alcoholic beverages, tobacco products, gold, insurance, gift vouchers, medical fees, utilities fees, fuel, and accommodation services
3rd Shop Chua Chart	15,000	11 Nov-17 – 3 Dec-17	Except for alcoholic beverages, tobacco products, cars, motorcycles, fuel, and accommodation services
4th Shop Chua Chart	15,000	15 Dec-18 – 16 Dec-19	Tyres, books (both hard copies and e-books), and One Tambon One Product (OTOP) items
1st Shop dee mee kuen	30,000	23 Oct-20 – 31 Dec-20	All types of products and services subject to VAT, except for alcoholic beverages, tobacco products, government lotteries, fuel, accommodation services and air tickets
2nd Shop dee mee kuen	30,000	1 Jan-22 – 15 Feb-22	All types of products and services subject to VAT, except for alcoholic beverages, tobacco products, government lotteries, fuel, accommodation services and air tickets

Sources: Cabinet resolutions; FSSIA's compilation

## Expect more store openings in 2022

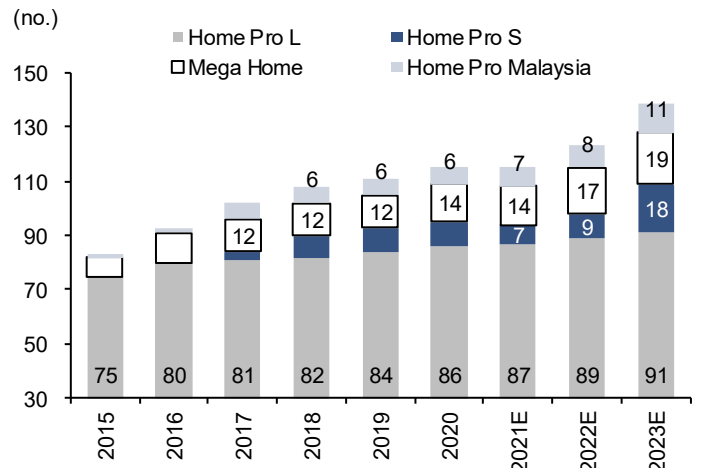
HMPRO opened only two stores under the HomePro format in 2020 and two stores under the format in 2021 (one store in Thailand in 4Q21 and one store in Malaysia in 2Q21). However, HMPRO closed two HomePro S format stores in 2021. Hence, the company's total store count remains at 115. We expect to see a more aggressive expansion plan in 2022, particularly three to four new stores in the Mega Home format.

**Exhibit 8: New store opening plan**



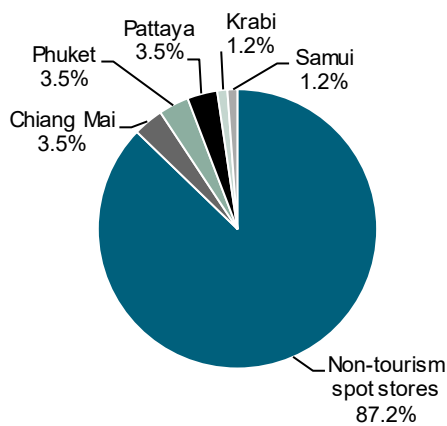
Sources: HMPRO; FSSIA estimates

**Exhibit 9: Store breakdown by format**



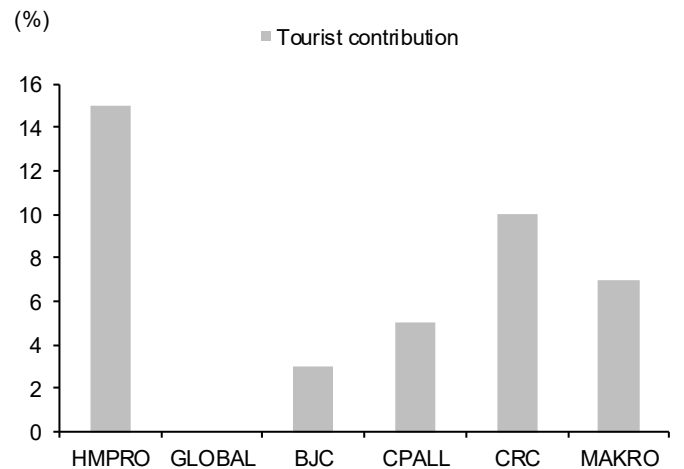
Sources: HMPRO; FSSIA estimates

**Exhibit 10: c13% of total HomePro stores are located in tourism spots as of 3Q21**

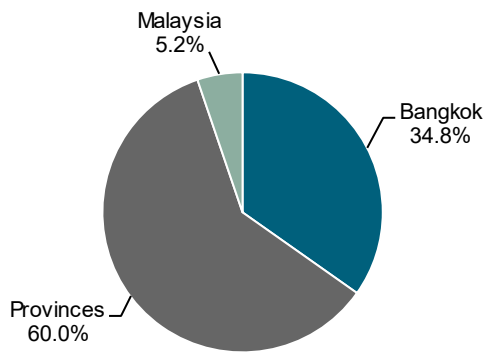


Sources: HMPRO; FSSIA estimates

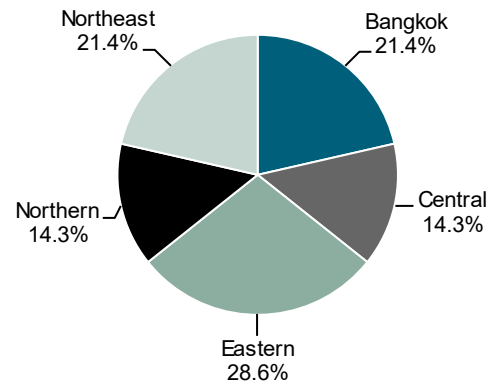
**Exhibit 11: c10-15% of total sales are derived from indirect and direct spending from tourists**



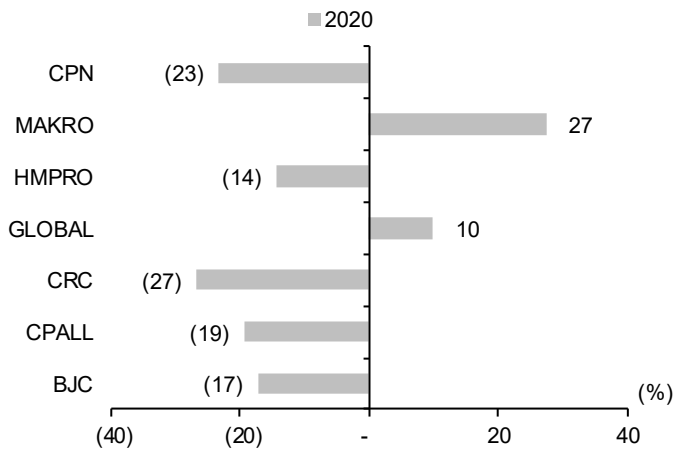
Remarks: HMPRO's number represents the direct and indirect demand from the tourism sector while BJC, CPALL, and CRC represent sales contributions from international tourists and MAKRO's number represents stores located in tourist spots. Source: FSSIA estimates

**Exhibit 12: 35% of total stores are located in the Bangkok area, but contributed 44% of total sales as of 3Q21**

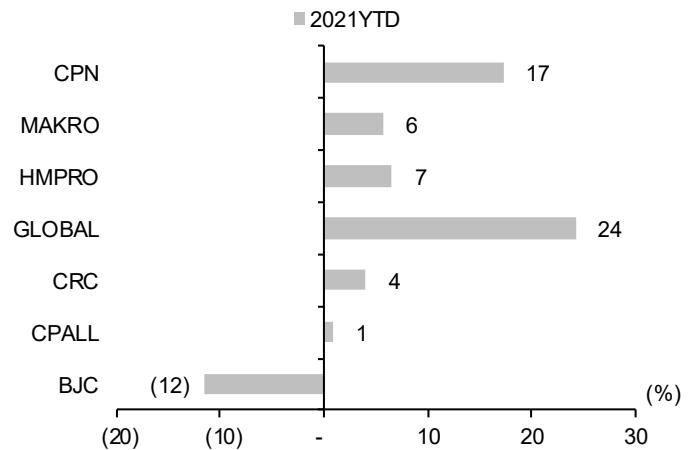
Sources: HMPRO; FSSIA estimates

**Exhibit 13: Mega Home store breakdown by location as of 3Q21**

Sources: HMPRO; FSSIA estimates

**Exhibit 14: 2020 share price performance**

Source: Bloomberg

**Exhibit 15: 2021 YTD share price performance**

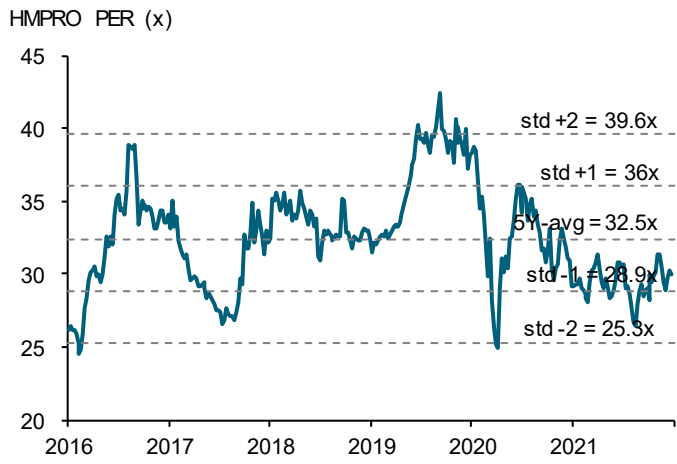
Source: Bloomberg

**Exhibit 16: Peers valuation as of 29 Dec 2021**

Company	BBG	Share price		Up side (%)	Market Cap (USD m)	3Y EPS CAGR (%)	PE		ROE		PBV		EVEBITDA	
		Current (LCY)	Target (LCY)				21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
Berli Jucker	BJC TB	30.75	38.00	23.6	3,676	16.8	35.9	24.1	3.0	4.5	1.1	1.1	14.9	13.5
Siam Global House	GLOBAL TB	20.20	27.50	36.1	2,773	22.6	29.3	27.3	17.6	17.0	4.9	4.4	20.6	19.2
Home Product Center	HMPRO TB	14.60	18.30	25.3	5,727	12.6	36.5	30.0	23.7	27.2	8.4	7.9	20.5	17.5
Central Retail Corp	CRC TB	32.00	40.00	25.0	5,757	417.4	(326.8)	51.3	(1.1)	7.0	3.7	3.5	21.0	14.5
Srinanaporn Marketing	SNNP TB	12.10	15.00	24.0	346	67.9	39.7	23.1	20.7	18.6	4.5	4.1	16.6	13.7
<b>Coverage</b>					<b>18,279</b>	<b>33.2</b>	<b>(37.1)</b>	<b>31.1</b>	<b>12.8</b>	<b>14.9</b>	<b>4.5</b>	<b>4.2</b>	<b>18.7</b>	<b>15.7</b>
Dohome	DOHOME TB	23.20	n/a	n/a	1,678	48.9	28.2	24.3	21.7	19.7	5.5	4.6	21.1	18.7
Lawson	2651 JP	5,530.00	n/a	n/a	4,826	(17.1)	61.7	29.5	3.4	7.0	2.1	2.0	5.1	4.4
Dairy Farm Intl Holding	DFI SP	2.85	n/a	n/a	3,856	47.3	29.4	14.8	10.1	18.3	3.1	2.9	11.7	10.6
Better Life Commercial	002251 CH	6.78	n/a	n/a	920	22.0	35.1	32.3	2.3	2.7	1.0	1.0	25.5	20.6
<b>Regional</b>					<b>11,279</b>	<b>(13.9)</b>	<b>38.6</b>	<b>25.2</b>	<b>9.4</b>	<b>11.9</b>	<b>2.9</b>	<b>2.6</b>	<b>15.8</b>	<b>13.6</b>
<b>Average</b>					<b>29,558</b>	<b>7.2</b>	<b>(3.4)</b>	<b>28.5</b>	<b>11.3</b>	<b>13.5</b>	<b>3.8</b>	<b>3.5</b>	<b>17.4</b>	<b>14.7</b>

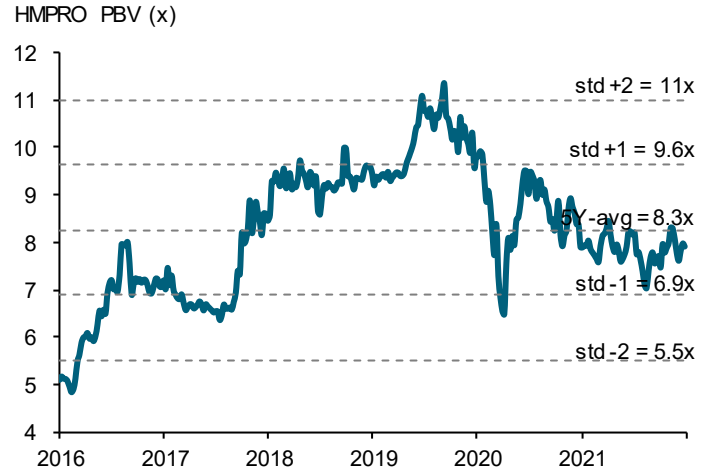
Sources: Bloomberg; FSSIA estimates

**Exhibit 17: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 18: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Home Product Center

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	67,374	61,749	64,537	69,714	76,320
Cost of goods sold	(44,528)	(40,970)	(43,113)	(46,065)	(50,316)
<b>Gross profit</b>	<b>22,846</b>	<b>20,779</b>	<b>21,424</b>	<b>23,648</b>	<b>26,004</b>
Other operating income	-	-	-	-	-
Operating costs	(11,927)	(10,957)	(11,617)	(12,270)	(13,356)
<b>Operating EBITDA</b>	<b>10,919</b>	<b>9,822</b>	<b>9,807</b>	<b>11,379</b>	<b>12,648</b>
Depreciation	(2,942)	(3,182)	(3,041)	(3,202)	(3,378)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>7,977</b>	<b>6,641</b>	<b>6,766</b>	<b>8,177</b>	<b>9,270</b>
Net financing costs	(355)	(442)	(448)	(481)	(432)
Associates	0	0	0	0	0
Recurring non-operating income	(18)	(8)	(8)	(8)	(8)
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>7,604</b>	<b>6,190</b>	<b>6,310</b>	<b>7,688</b>	<b>8,830</b>
Tax	(1,427)	(1,035)	(1,055)	(1,286)	(1,477)
<b>Profit after tax</b>	<b>6,177</b>	<b>5,155</b>	<b>5,255</b>	<b>6,402</b>	<b>7,353</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>6,177</b>	<b>5,155</b>	<b>5,255</b>	<b>6,402</b>	<b>7,353</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,177</b>	<b>5,155</b>	<b>5,255</b>	<b>6,402</b>	<b>7,353</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.47	0.39	0.40	0.49	0.56
Reported EPS	0.47	0.39	0.40	0.49	0.56
DPS	0.38	0.30	0.31	0.37	0.43
Diluted shares (used to calculate per share data)	13,151	13,151	13,151	13,151	13,151
<b>Growth</b>					
Revenue (%)	2.0	(8.3)	4.5	8.0	9.5
Operating EBITDA (%)	4.7	(10.0)	(0.2)	16.0	11.2
Operating EBIT (%)	8.3	(16.7)	1.9	20.8	13.4
Recurring EPS (%)	10.0	(16.5)	1.9	21.8	14.9
Reported EPS (%)	10.0	(16.5)	1.9	21.8	14.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.5	28.5	28.5	29.3	29.6
Gross margin of key business (%)	25.9	25.3	25.3	25.9	26.2
Operating EBITDA margin (%)	16.2	15.9	15.2	16.3	16.6
Operating EBIT margin (%)	11.8	10.8	10.5	11.7	12.1
Net margin (%)	9.2	8.3	8.1	9.2	9.6
Effective tax rate (%)	18.8	16.7	16.7	16.7	16.7
Dividend payout on recurring profit (%)	80.9	76.5	76.5	76.5	76.5
Interest cover (X)	22.4	15.0	15.1	17.0	21.4
Inventory days	84.7	92.5	89.8	90.1	91.1
Debtor days	10.6	10.9	10.2	10.1	10.0
Creditor days	116.6	120.8	113.0	111.9	110.6
Operating ROIC (%)	24.8	21.1	21.8	26.6	30.4
ROIC (%)	19.8	15.6	14.9	17.8	19.8
ROE (%)	30.1	24.1	23.7	27.2	29.2
ROA (%)	12.1	10.2	10.0	11.9	13.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	63,046	58,347	60,884	65,459	71,662
Rental and service	2,207	1,527	1,644	1,898	2,078
Others	2,120	1,875	2,009	2,357	2,580

Sources: Home Product Center; FSSIA estimates



## Financial Statements

### Home Product Center

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	6,177	5,155	5,255	6,402	7,353
Depreciation	2,942	3,182	3,041	3,202	3,378
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(391)	(799)	(6)	(217)	(225)
<b>Cash flow from operations</b>	<b>8,728</b>	<b>7,537</b>	<b>8,290</b>	<b>9,386</b>	<b>10,506</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(3,252)	(2,286)	(2,637)	(2,901)	(3,191)
Net acquisitions & disposals	(85)	381	(168)	266	107
Other investments (net)	104	(1,271)	(256)	(475)	(606)
<b>Cash flow from investing</b>	<b>(3,233)</b>	<b>(3,176)</b>	<b>(3,060)</b>	<b>(3,109)</b>	<b>(3,690)</b>
Dividends paid	(4,997)	(3,945)	(4,022)	(4,900)	(5,628)
Equity finance	0	0	0	0	0
Debt finance	(3,875)	7	(1,865)	(1,640)	(952)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(8,873)</b>	<b>(3,938)</b>	<b>(5,887)</b>	<b>(6,540)</b>	<b>(6,580)</b>
Non-recurring cash flows	0	0	0	0	0
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(3,378)</b>	<b>423</b>	<b>(657)</b>	<b>(263)</b>	<b>236</b>
Free cash flow to firm (FCFF)	5,900.36	4,819.99	5,678.09	6,758.16	7,248.46
Free cash flow to equity (FCFE)	1,619.68	4,368.07	3,365.38	4,637.26	5,863.99

#### Per share (THB)

FCFF per share	0.45	0.37	0.43	0.51	0.55
FCFE per share	0.12	0.33	0.26	0.35	0.45
Recurring cash flow per share	0.69	0.63	0.63	0.73	0.82

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	49,560	51,115	53,751	56,652	59,843
Less: Accumulated depreciation	(19,923)	(22,373)	(25,415)	(28,616)	(31,995)
<b>Tangible fixed assets (net)</b>	<b>29,637</b>	<b>28,741</b>	<b>28,337</b>	<b>28,036</b>	<b>27,848</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	2,860	3,283	2,626	2,364	2,600
A/C receivable	1,912	1,769	1,849	1,998	2,187
Inventories	10,421	10,345	10,875	11,878	13,240
Other current assets	496	432	451	487	534
<b>Current assets</b>	<b>15,690</b>	<b>15,828</b>	<b>15,801</b>	<b>16,727</b>	<b>18,560</b>
Other assets	6,722	11,521	12,042	13,007	14,240
<b>Total assets</b>	<b>52,049</b>	<b>56,091</b>	<b>56,180</b>	<b>57,770</b>	<b>60,648</b>
Common equity	21,138	21,565	22,798	24,300	26,025
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>21,138</b>	<b>21,565</b>	<b>22,798</b>	<b>24,300</b>	<b>26,025</b>
Long term debt	7,072	8,056	6,425	5,333	4,818
Other long-term liabilities	1,550	5,860	6,125	6,616	7,243
<b>Long-term liabilities</b>	<b>8,622</b>	<b>13,916</b>	<b>12,550</b>	<b>11,948</b>	<b>12,061</b>
A/C payable	14,069	13,050	13,655	14,589	15,915
Short term debt	6,301	5,324	5,090	4,543	4,105
Other current liabilities	1,919	2,235	2,087	2,389	2,542
<b>Current liabilities</b>	<b>22,289</b>	<b>20,610</b>	<b>20,831</b>	<b>21,521</b>	<b>22,561</b>
<b>Total liabilities and shareholders' equity</b>	<b>52,048</b>	<b>56,090</b>	<b>56,179</b>	<b>57,769</b>	<b>60,648</b>
Net working capital	(3,158)	(2,740)	(2,567)	(2,615)	(2,497)
Invested capital	33,201	37,522	37,812	38,428	39,591

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

#### Per share (THB)

Book value per share	1.61	1.64	1.73	1.85	1.98
Tangible book value per share	1.61	1.64	1.73	1.85	1.98

#### Financial strength

Net debt/equity (%)	49.7	46.8	39.0	30.9	24.3
Net debt/total assets (%)	20.2	18.0	15.8	13.0	10.4
Current ratio (x)	0.7	0.8	0.8	0.8	0.8
CF interest cover (x)	14.7	16.0	14.4	16.7	21.9

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>31.1</b>	<b>37.2</b>	<b>36.5</b>	<b>30.0</b>	<b>26.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>39.0</b>	<b>46.7</b>	<b>45.8</b>	<b>37.6</b>	<b>32.7</b>
Reported P/E (x)	31.1	37.2	36.5	30.0	26.1
Dividend yield (%)	2.6	2.1	2.1	2.6	2.9
Price/book (x)	9.1	8.9	8.4	7.9	7.4
Price/tangible book (x)	9.1	8.9	8.4	7.9	7.4
EV/EBITDA (x) **	18.5	20.6	20.5	17.5	15.7
EV/EBITDA @ target price (x) **	23.0	25.5	25.4	21.8	19.5
EV/invested capital (x)	6.1	5.4	5.3	5.2	5.0

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

Sources: Home Product Center; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## 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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

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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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Company	Ticker	Price	Rating	Valuation & Risks
Home Product Center	HMPRO TB	THB 14.60	BUY	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.
Berli Jucker	BJC TB	THB 30.75	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment
Siam Global House	GLOBAL TB	THB 20.20	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Central Retail Corp	CRC TB	THB 32.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Srinanaporn Marketing	SNNP TB	THB 12.10	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses 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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 29-Dec-2021 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**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

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

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

**Underweight.** 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.