

30 DECEMBER 2021

THAILAND / CONSUMER DISCRETIONARY

HOME PRODUCT CENTER

HMPRO TB

BUY
UNCHANGED

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

Tables turning for home improvement

- คาดการณ์เติบโตของยอดขายสาขาเดิมสำหรับ 4Q21 ไว้ที่ 10%; คาดว่ากำไรสุทธิจะพุ่งสูงสุดที่ 1.6 พัน ลบ. ใน 4Q21
- คาด SSSG จะยังเป็นบวกใน 1Q22 จากมาตรการทางภาษีเพื่อกระตุ้นการใช้จ่ายใช้สอย ความเสี่ยงหลักสำคัญอยู่ที่ตัวเลขผู้ติดเชื้อ Covid ที่กำลังเพิ่มขึ้นจากสายพันธุ์ Omicron ซึ่งอาจทำให้รัฐบาลออกมาตรการปิดเมือง
- คงแนะนำซื้อที่ราคาเป้าหมาย 18.30 บาท (DCF)

ได้เวลาของหุ้น Home Improvement

HMPRO สดุดีในปี 2020-21 จากปัญหาการแพร่ระบาด Covid ในรอบแรกและรอบที่ 3 ซึ่งทำให้รัฐบาลประกาศปิดเมือง เราคาดว่า HMPRO จะรายงานการเติบโตที่ดีในปี 2022 จากการฟื้นตัวจากฐานที่ต่ำและแผนการขยายธุรกิจเชิงรุก ในภาพรวมเราคาดว่ากำไรของ HMPRO จะโต 22%/15% ในปี 2022/23

ฟื้นตัวได้อย่างเห็นได้ชัดใน 4Q21

SSSG ยังคงดีใน 4Q21 QTD โดยมีตัวเลขเป็นบวกอยู่ที่ 12% ในเดือน ต.ค. 21 จากความต้องการที่อ่อนอยู่หลังการผ่อนคลายมาตรการปิดเมืองที่มีมาตั้งแต่วันที่ 1 ก.ย. และการจัดงาน Super Expo เป็นระยะเวลา 5 วัน ในเดือน พ.ย. 21 SSSG อยู่ที่ 6-7% และอยู่ที่ประมาณ 15% ใน 2 อาทิตย์แรกของเดือน ธ.ค. 21 จากการจัดงาน Super Expo อีก 5 วัน ในภาพรวมเราคาดว่า SSSG ใน 4Q21 จะอยู่ที่ 10% ใน 4Q21 อัตรากำไรขั้นต้น (GPM) น่าจะปรับตัวดีขึ้นเล็กน้อย q-q จากยอดขายที่สูงขึ้นและสัดส่วนสินค้าอัตรากำไรสูงที่เพิ่มขึ้น เช่น สินค้า Soft Line ดังนั้นเราจึงคาดว่ากำไร 4Q21 จะโต q-q และ y-y มาอยู่ที่ 1.6 พัน ลบ.

แนวโน้มที่เป็นบวกจะต่อเนื่องไปใน 1Q22

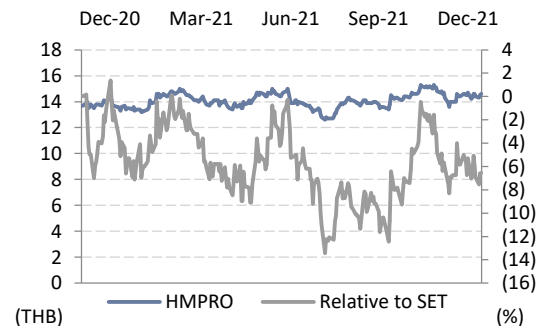
เราคาดว่า SSSG จะยังเป็นบวกใน 1Q22 ในท่ามกลางความกังวลเกี่ยวกับสายพันธุ์ Omicron เมื่อวันที่ 21 ธ.ค. 21 รัฐบาลได้อนุมัติมาตรการข้อปดิมัติน ซึ่งสามารถใช้เป็นค่าใช้จ่ายในการหักภาษีสำหรับบุคคลธรรมดาเป็นจำนวนไม่เกิน 30,000 บาทต่อคนสำหรับการซื้อสินค้าและบริการที่คิดภาษีมูลค่าเพิ่ม (VAT) 7% โครงการดังกล่าวจะมีผลตั้งแต่วันที่ 1 ม.ค. ถึง 15 ก.พ. 22 ถ้าคิดจากฐานผู้จ่ายภาษีบุคคลธรรมดาที่คาดว่าจะมี 3.7 ล้านคนและจำนวนที่หักได้สูงสุดที่ 30,000 บาทต่อคนจะมีเงิน 110 พัน ลบ. อัตราเงินเฟ้อในเศรษฐกิจ ซึ่งอาจเพิ่ม GDP ได้ 0.3% เราเชื่อว่าโครงการดังกล่าวจะเป็นประโยชน์ต่อ HMPRO และอาจเพิ่ม SSSG ได้ 2-3% ใน 1Q22

คงแนะนำซื้อที่ราคาเป้าหมาย 18.30 บาท (DCF)

ในระยะสั้นปัจจัยบวกจะอยู่ที่แนวโน้มกำไร 4Q21 ที่คาดว่าจะดีของ HMPRO และมาตรการกระตุ้นการใช้จ่ายใช้สอยของรัฐ ซึ่งจะเพิ่ม SSSG ใน 1Q22 แม้เราจะคาดว่าตัวเลขผู้ติดเชื้อ Covid จะเพิ่มใน 1Q22 จากสายพันธุ์ Omicron เราคาดว่ามาตรการควบคุมต่าง ๆ จะน้อยกว่าในปี 2020-21 ซึ่งหมายถึงความเสี่ยงอาจจำกัดอยู่ที่ 13.5 บาท HMPRO มีการซื้อขายอยู่ที่ 30x ของค่า 2022E P/E ใกล้กับ -1.0SD ของค่าเฉลี่ย 5 ปีที่ 33x

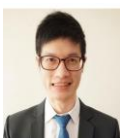
KEY STOCK DATA

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



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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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 30 ธันวาคม 2021

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.

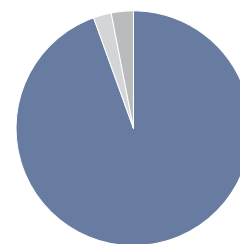
Company profile

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

Principal activities (revenue, 2020)

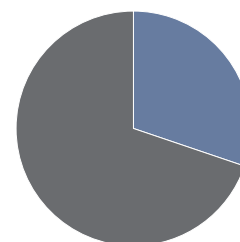
- Sales - 94.5 %
- Rental and service - 2.5 %
- Others - 3.0 %



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

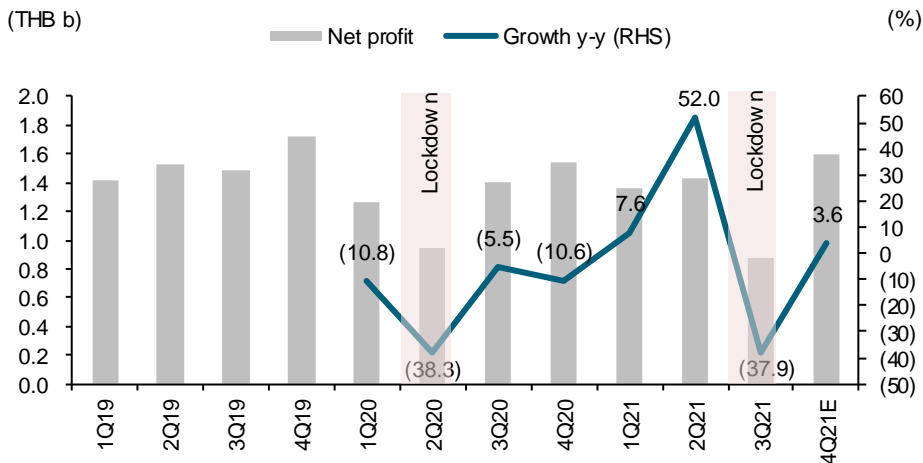
- For every 1% increase in SSSG we estimate 2021 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2021 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2021 EPS would fall 1.1%, and vice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



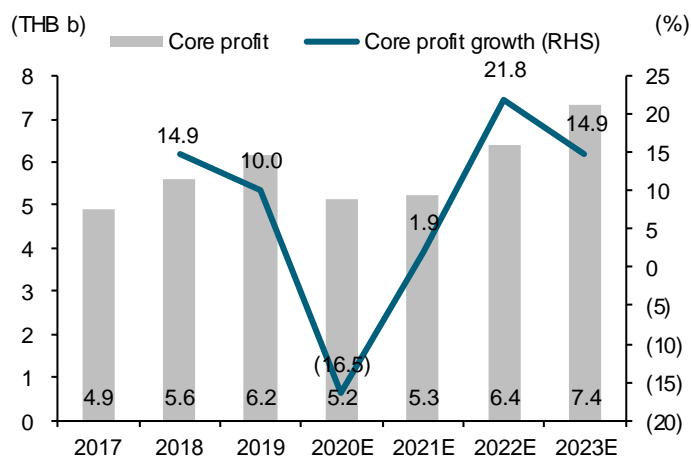
Sources: HMPRO; FSSIA estimates

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

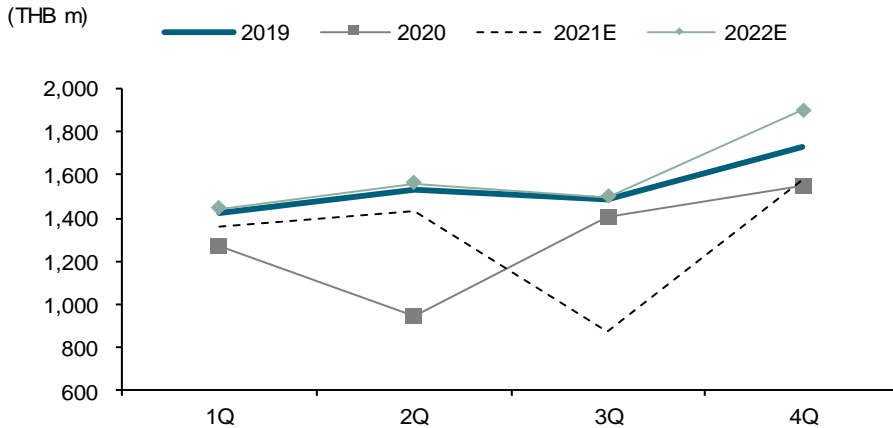


Sources: HMPRO; FSSIA estimates

Positive momentum to continue in 1Q22

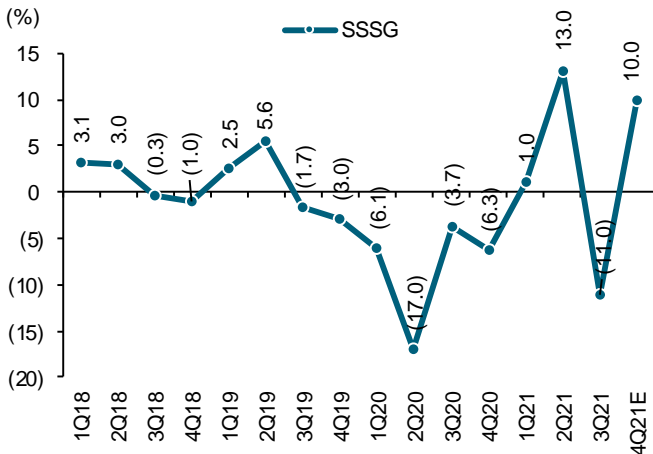
We expect SSSG to continue to be positive in 1Q22 amid the concern over the Omicron variant. On 21 Dec-21, the government approved the “Shop Dee Mee Kuen” scheme, which is deductions for individuals – amounting to no more than THB30,000 per person – on the purchase of goods and services subject to the 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



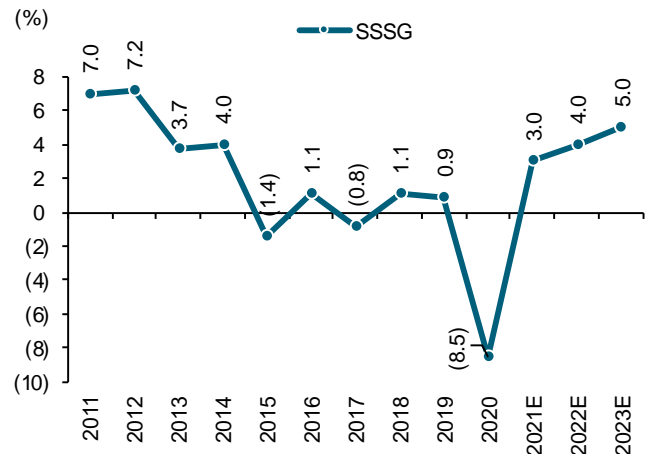
Sources: HMPRO; FSSIA estimates

Exhibit 5: Quarterly SSSG



Sources: HMPRO; FSSIA estimates

Exhibit 6: Yearly SSSG



Sources: HMPRO; FSSIA estimates

Exhibit 7: Shopping tax deduction schemes

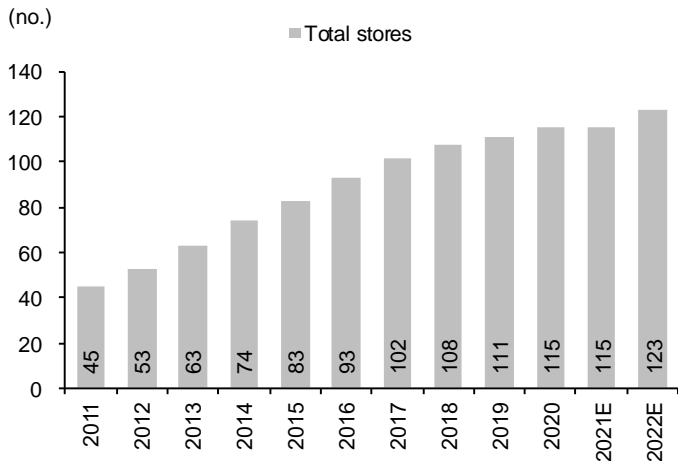
Shopping tax scheme	Tax deduction amount (THB)	Period	Details
1st Shop Chua Chart	15,000	25 Dec-15 – 31 Dec-15	Except for alcoholic beverages, tobacco products, cars, motorcycles, and fuel
2nd Shop Chua Chart	15,000	14 Dec-16 – 31 Dec-16	Except for alcoholic beverages, tobacco products, gold, insurance, 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

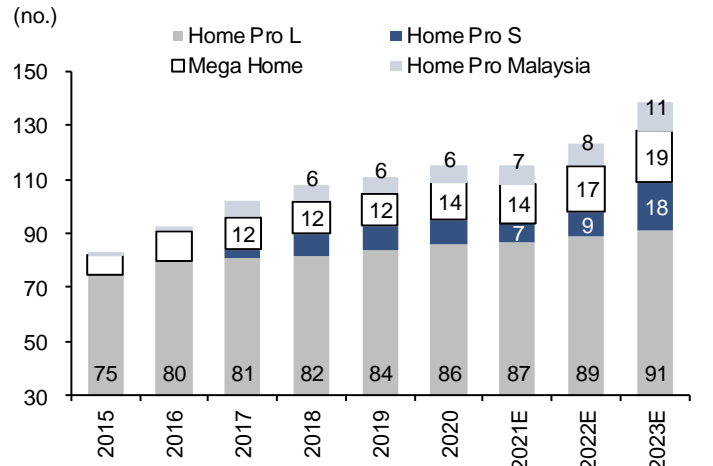
HMPRO opened only two stores under the HomePro format in 2020 and two stores under the format in 2021 (one store in Thailand in 4Q21 and one store in Malaysia in 2Q21). However, HMPRO closed two HomePro S format stores in 2021. Hence, the company's total store count remains at 115. We expect to see a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

Exhibit 8: New store opening plan



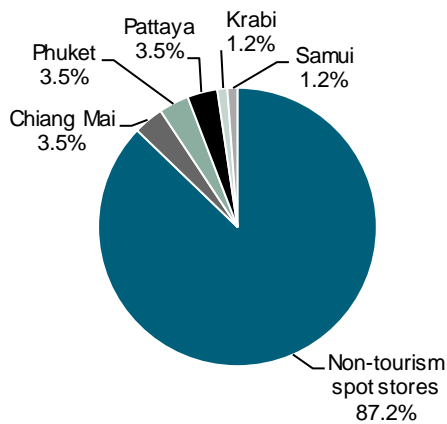
Sources: HMPRO; FSSIA estimates

Exhibit 9: Store breakdown by format



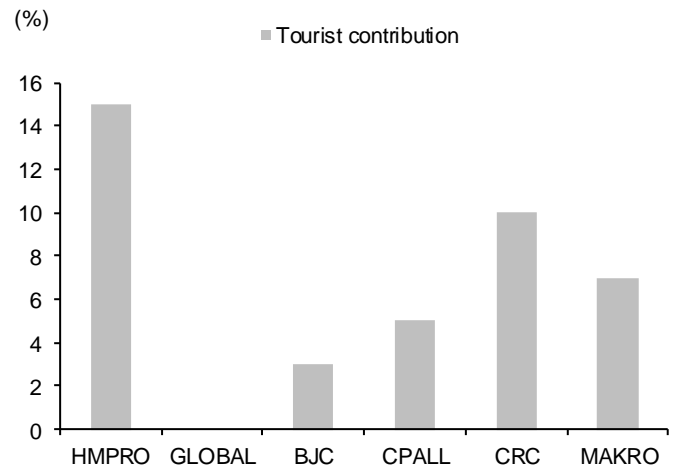
Sources: HMPRO; FSSIA estimates

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

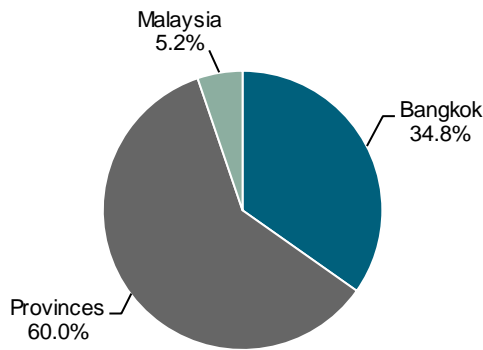


Sources: HMPRO; FSSIA estimates

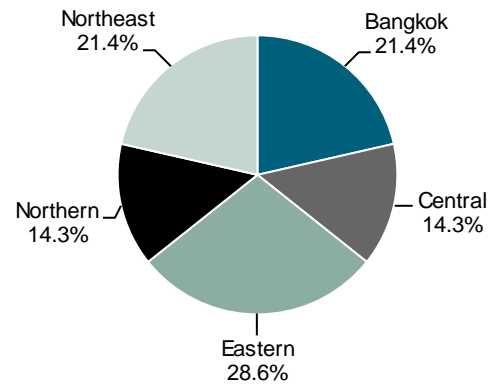
Exhibit 11: c10-15% of total sales are derived from indirect and direct spending from tourists



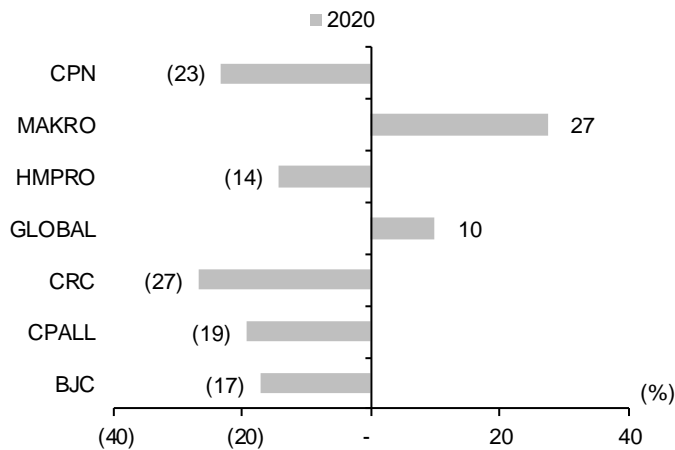
Remarks: HMPRO's number represents the direct and indirect demand from the tourism sector while BJC, CPALL, and CRC represent sales contributions from international tourists and MAKRO's number represents stores located in tourist spots. Source: FSSIA estimates

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

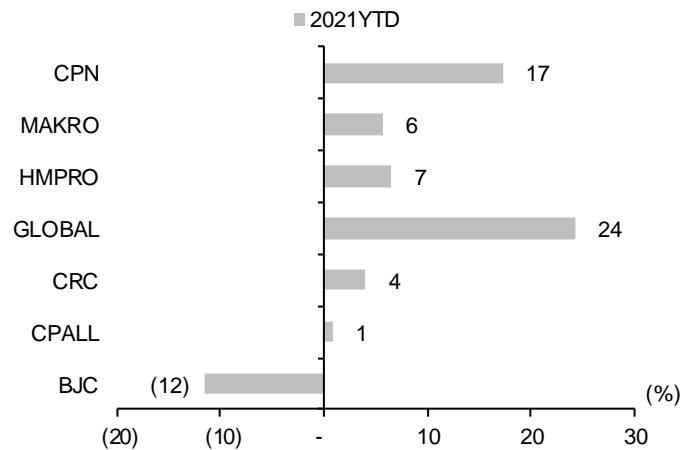
Sources: HMPRO; FSSIA estimates

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

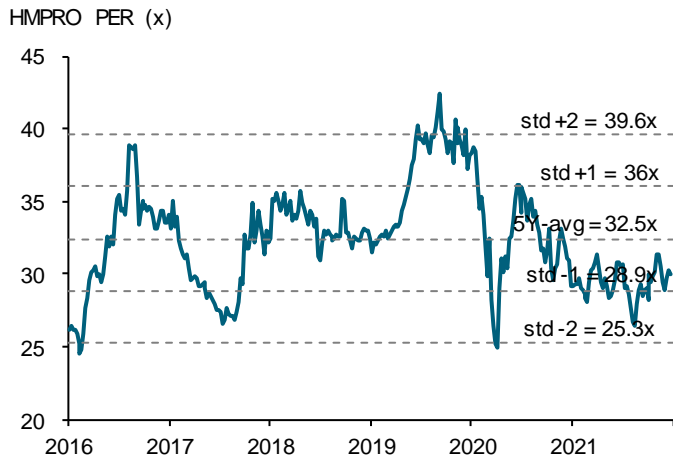
Source: Bloomberg

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
Coverage					18,279	33.2	(37.1)	31.1	12.8	14.9	4.5	4.2	18.7	15.7
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
Regional					11,279	(13.9)	38.6	25.2	9.4	11.9	2.9	2.6	15.8	13.6
Average					29,558	7.2	(3.4)	28.5	11.3	13.5	3.8	3.5	17.4	14.7

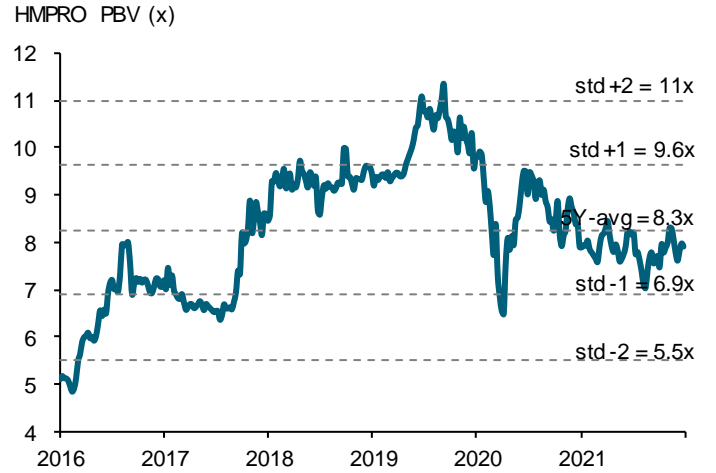
Sources: Bloomberg; FSSIA estimates

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)
Gross profit	22,846	20,779	21,424	23,648	26,004
Other operating income	-	-	-	-	-
Operating costs	(11,927)	(10,957)	(11,617)	(12,270)	(13,356)
Operating EBITDA	10,919	9,822	9,807	11,379	12,648
Depreciation	(2,942)	(3,182)	(3,041)	(3,202)	(3,378)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	7,977	6,641	6,766	8,177	9,270
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
Profit before tax	7,604	6,190	6,310	7,688	8,830
Tax	(1,427)	(1,035)	(1,055)	(1,286)	(1,477)
Profit after tax	6,177	5,155	5,255	6,402	7,353
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	6,177	5,155	5,255	6,402	7,353
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	6,177	5,155	5,255	6,402	7,353
Per share (THB)					
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
Growth					
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
Operating performance					
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					
Revenue by Division (THB m)					
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)
Cash flow from operations	8,728	7,537	8,290	9,386	10,506
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)
Cash flow from investing	(3,233)	(3,176)	(3,060)	(3,109)	(3,690)
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
Cash flow from financing	(8,873)	(3,938)	(5,887)	(6,540)	(6,580)
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	(3,378)	423	(657)	(263)	236
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)
Tangible fixed assets (net)	29,637	28,741	28,337	28,036	27,848
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	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
Current assets	15,690	15,828	15,801	16,727	18,560
Other assets	6,722	11,521	12,042	13,007	14,240
Total assets	52,049	56,091	56,180	57,770	60,648
Common equity	21,138	21,565	22,798	24,300	26,025
Minorities etc.	0	0	0	0	0
Total shareholders' equity	21,138	21,565	22,798	24,300	26,025
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
Long-term liabilities	8,622	13,916	12,550	11,948	12,061
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
Current liabilities	22,289	20,610	20,831	21,521	22,561
Total liabilities and shareholders' equity	52,048	56,090	56,179	57,769	60,648
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
Recurring P/E (x) *	31.1	37.2	36.5	30.0	26.1
Recurring P/E @ target price (x) *	39.0	46.7	45.8	37.6	32.7
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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	TSC	TSR	TSTE	TSTH	TTA
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	TPIPP	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)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat 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. Thaipat 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 Thaipat 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

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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 Finasia 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 Finasia 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.