

HOME PRODUCT CENTER
THAILAND / CONSUMER DISCRETIONARY

HMPRO TB

BUY

UNCHANGED

ผลประกอบการ 1Q22 สูงกว่าค่าเฉลี่ยตั้งแต่ 1Q18

- HMPRO รายงานกำไรสุทธิ 1Q22 ที่ 1.5 พัน ลบ. (+11% y-y, -15% q-q); ต่ำกว่าที่ตลาดคาด 4.2%
- กำไรขั้นต้นปรับตัวดีขึ้น 8% y-y เป็น 4.85 พัน ลบ. พร้อมอัตรากำไรในธุรกิจค้าปลีกที่สูงขึ้นเป็น 26% ในขณะที่สัดส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายเพิ่มเล็กน้อย y-y เป็น 17.2%
- เราคงแนะนำซื้อที่ราคาเป้าหมาย 18.3 บาท

| | |
|-----------------|-----------|
| TARGET PRICE | THB18.30 |
| CLOSE | THB15.20 |
| UP/DOWNSIDE | +20.4% |
| PRIOR TP | THB18.30 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +5.1% |

KEY STOCK DATA

| YE Dec (THB m) | 2021 | 2022E | 2023E | 2024E |
|----------------------|--------|--------|--------|--------|
| Revenue | 63,926 | 69,363 | 75,952 | 81,222 |
| Net profit | 5,441 | 6,424 | 7,350 | 8,063 |
| EPS (THB) | 0.41 | 0.49 | 0.56 | 0.61 |
| vs Consensus (%) | - | 0.2 | 1.4 | (1.5) |
| EBITDA | 10,274 | 11,234 | 12,476 | 13,442 |
| Core net profit | 5,441 | 6,424 | 7,350 | 8,063 |
| Core EPS (THB) | 0.41 | 0.49 | 0.56 | 0.61 |
| Chg. In EPS est. (%) | nm | 0.3 | 0.0 | nm |
| EPS growth (%) | 5.5 | 18.1 | 14.4 | 9.7 |
| Core P/E (x) | 36.7 | 31.1 | 27.2 | 24.8 |
| Dividend yield (%) | 2.1 | 2.5 | 2.8 | 3.1 |
| EV/EBITDA (x) | 20.3 | 18.3 | 16.3 | 15.0 |
| Price/book (x) | 8.7 | 8.2 | 7.7 | 7.2 |
| Net debt/Equity (%) | 38.5 | 21.1 | 13.7 | 6.6 |
| ROE (%) | 24.5 | 27.2 | 29.2 | 29.9 |

กำไรสุทธิ 1Q22 สูงกว่าค่าเฉลี่ย 4 ปีย้อนหลัง

HMPRO รายงานกำไรสุทธิ 1Q22 ที่ 1.5 พัน ลบ. (+11% y-y, -15% q-q) ต่ำกว่าที่ตลาดคาด 4.2% ส่วนมากจากราคาสินค้าที่สูงขึ้นสำหรับผู้บริโภคจากปัญหาความขัดแย้งระหว่างรัสเซียและยูเครน กำไรสุทธิที่ดีถึง 1.5 พัน ลบ. ใน 1Q22 ซึ่งเป็นกำไรรายได้รวมที่สูงกว่าค่าเฉลี่ย 4 ปีย้อนหลังอยู่ 8.1% ได้พิสูจน์ให้เห็นว่ากำไรสุทธิของ HMPRO อยู่ในระดับที่ดีจากการควบคุมต้นทุนและกลยุทธ์สัดส่วนผลิตภัณฑ์ (Product mix)

ยอดขายโต 4.7% y-y ใน 1Q22 จาก 2 ปัจจัยหนุน

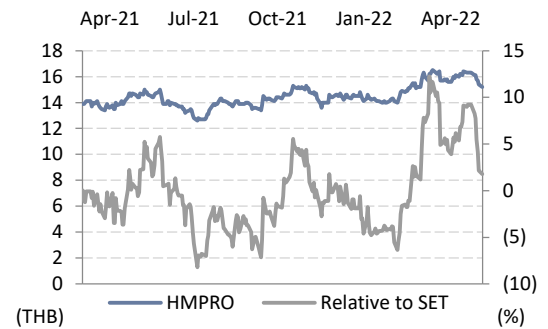
ใน 1Q22 มี 2 ปัจจัยหนุนสำคัญที่ช่วยส่งเสริมยอดขายปลีก ซึ่งโต 4.7% y-y ปัจจัยทั้ง 2 ประกอบด้วย: 1) มาตรการกระตุ้นเศรษฐกิจของรัฐ กล่าวคือโครงการช้อปดีมีคืนซึ่งเริ่มตั้งแต่วันที่ 1 ม.ค. ถึง 15 ก.พ. 22 มาตรการดังกล่าวมีส่วนลดภาษีรายได้ส่วนบุคคลสำหรับการใช้จ่ายไม่เกิน 30,000 บาทในผลิตภัณฑ์และบริการต่าง ๆ; และ 2) งาน HomePro Electric Expo ในช่วง 11-20 มี.ค. 22 ซึ่งทำให้รายได้รวมเพิ่ม 5.3% y-y ใน 1Q22 พร้อมรายได้บริการและค่าเช่าที่เพิ่มสูงขึ้น

สัดส่วนผลิตภัณฑ์ที่ดีขึ้นช่วยชดเชยค่าใช้จ่ายการขายและการบริหารที่สูงขึ้น

กำไรขั้นต้นของ HMPRO ใน 1Q22 ปรับตัวดีขึ้น 8% y-y เป็น 4.8 พัน ลบ. พร้อมอัตรากำไรขั้นต้นในธุรกิจค้าปลีกเป็น 26% จากสัดส่วนผลิตภัณฑ์ที่มีสินค้าจ้างผลิตเพิ่มขึ้นเป็น 20.4% ค่าใช้จ่ายการขายและการบริหารเพิ่ม 6.8% y-y ในขณะที่สัดส่วนค่าใช้จ่ายการขายและการบริหารต่อยอดขายเพิ่มเล็กน้อย y-y เป็น 17.2% จาก 17.0% ใน 1Q21 จากค่าใช้จ่ายที่เกี่ยวข้องกับสวัสดิการพนักงานอันเนื่องมาจาก Covid-19 และค่าการตลาด

อดทนสำหรับโอกาสที่หุ้นจะปรับตัวดีกว่าตลาดในช่วง 2H22

เราคงแนะนำซื้อที่ราคาเป้าหมาย 18.3 บาท ราคาตั้งกล่าวคิดจาก 37.5x ของค่า 2022E P/E ซึ่งต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังอยู่เล็กน้อยเพื่อสะท้อน SSSG ที่อ่อนแอในระยะสั้น เราคิดว่า SSSG จะปรับตัวดีขึ้นในช่วง 2H22 จากการใช้จ่ายใช้สอยในประเทศที่สูงขึ้นและการกลับมาของธุรกิจท่องเที่ยวอย่างเต็มตัว



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|---------------------|---------|----------|
| Absolute (%) | (2.6) | 8.6 | 10.1 |
| Relative to country (%) | (2.5) | 6.2 | 2.1 |
| Mkt cap (USD m) | 5,871 | | |
| 3m avg. daily turnover (USD m) | 17.0 | | |
| Free float (%) | 42 | | |
| Major shareholder | Land & Houses (30%) | | |
| 12m high/low (THB) | 16.60/12.40 | | |
| Issued shares (m) | 13,151.12 | | |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 26 เมษายน 2022

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.

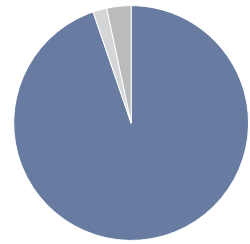
Company profile

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, 2021)

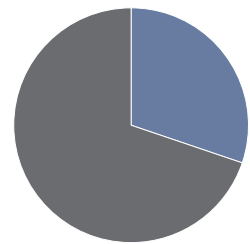
- Sales - 94.7 %
- Rental and service - 1.9 %
- Others - 3.3 %



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 |
|----------|---------------------------|
| May 2022 | 2Q22 results announcement |

Key assumptions

| | 2022E | 2023E | 2024E |
|--------------------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| Same-Store-Sales Growth (SSSG) | 4.0 | 3.0 | 3.0 |
| New store growth | 5.2 | 5.0 | 5.0 |
| Gross profit margin | 25.9 | 26.2 | 26.2 |
| SG&A to sales | 17.5 | 17.4 | 17.6 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG we estimate 2022 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2022 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2022 EPS would fall 1.1%, and vice versa, all else being equal.

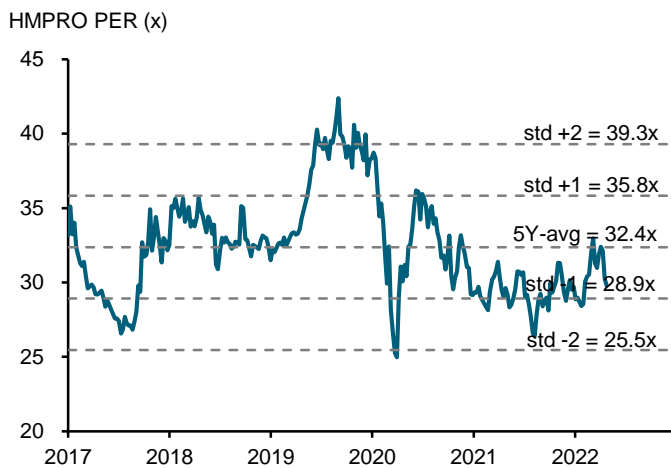
Source: FSSIA estimates

Exhibit 1: HMPRO - 1Q22 results summary

| YE Dec 31 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | Change | | 1Q22 | 2022E | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-------------|---------------|--------------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | %22E | (THB m) | (y-y%) |
| Total revenue | 15,833 | 16,954 | 13,777 | 17,362 | 16,673 | (4.0) | 5.3 | 24.0 | 69,363 | 8.5 |
| Retail sales | 15,052 | 16,154 | 13,170 | 16,191 | 15,761 | (2.7) | 4.7 | 24.2 | 65,130 | 7.5 |
| Rental and service income | 325 | 302 | 217 | 379 | 411 | 8.4 | 26.6 | 21.8 | 1,889 | 54.4 |
| Other income | 456 | 498 | 390 | 792 | 501 | (36.8) | 9.9 | 21.4 | 2,345 | 9.8 |
| Gross profit | 4,491 | 4,709 | 3,781 | 5,411 | 4,853 | (10.3) | 8.1 | 23.9 | 20,344 | 10.6 |
| Operating costs | (2,686) | (2,859) | (2,560) | (3,220) | (2,870) | (10.9) | 6.8 | 23.5 | (12,208) | 7.8 |
| Operating profit | 1,804 | 1,850 | 1,221 | 2,190 | 1,983 | (9.5) | 9.9 | 27.0 | 7,352 | 8.7 |
| Operating EBITDA | 2,605 | 2,647 | 2,030 | 2,992 | 2,756 | (7.9) | 5.8 | 26.2 | 10,515 | 5.8 |
| Other income | 3 | 2 | 1 | 2 | 2 | 23.8 | (31.4) | 14.9 | 13 | (32.3) |
| Interest expense | (107) | (102) | (108) | (99) | (94) | (5.8) | (12.3) | 23.5 | (398) | (4.1) |
| Profit before tax | 1,694 | 1,743 | 1,082 | 2,115 | 1,891 | (10.6) | 11.7 | 24.5 | 7,714 | 16.3 |
| Tax | (331) | (311) | (212) | (340) | (380) | 11.8 | 14.9 | 29.5 | (1,290) | 8.1 |
| Reported net profit | 1,362 | 1,433 | 870 | 1,775 | 1,511 | (14.9) | 10.9 | 23.5 | 6,424 | 18.1 |
| Recurring net profit | 1,362 | 1,433 | 870 | 1,775 | 1,511 | (14.9) | 10.9 | 23.5 | 6,424 | 18.1 |
| EPS (THB) | 0.10 | 0.11 | 0.07 | 0.13 | 0.11 | (14.9) | 10.9 | 23.5 | 0.49 | 18.1 |
| Recurring EPS (THB) | 0.10 | 0.11 | 0.07 | 0.13 | 0.11 | (14.9) | 10.9 | 23.5 | 0.49 | 18.1 |
| BV/share (THB) | 1.75 | 1.65 | 1.60 | 1.74 | 1.86 | 6.6 | 6.3 | | 1.85 | 6.4 |
| Key Ratios (%) | (%) | (%) | (%) | (%) | (%) | (ppt) | (ppt) | | (%) | (ppt) |
| Retail sales margin | 25.7 | 25.2 | 25.2 | 27.1 | 26.0 | (1.1) | 0.3 | | 25.9 | 0.1 |
| Operating margin | 12.0 | 11.5 | 9.3 | 13.5 | 12.6 | (0.9) | 0.6 | | 11.3 | 0.1 |
| Recurring net margin | 8.6 | 8.4 | 6.3 | 10.2 | 9.1 | (1.2) | 0.5 | | 9.3 | 0.8 |
| SG&A / sales | 17.0 | 16.9 | 18.6 | 18.5 | 17.2 | (1.3) | 0.2 | | 17.6 | (0.1) |
| Effective tax rate | 19.5 | 17.8 | 19.6 | 16.1 | 20.1 | 4.0 | 0.6 | | 16.7 | (1.3) |

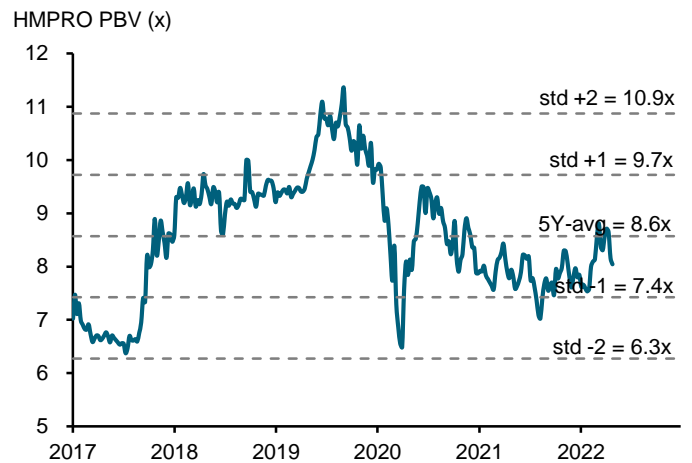
Sources: HMPRO; FSSIA estimates

Exhibit 2: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 3: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Home Product Center

| Profit and Loss (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|---------------|---------------|---------------|---------------|
| Revenue | 61,749 | 63,926 | 69,363 | 75,952 | 81,222 |
| Cost of goods sold | (40,970) | (42,326) | (45,921) | (50,184) | (53,647) |
| Gross profit | 20,779 | 21,600 | 23,442 | 25,768 | 27,575 |
| Other operating income | - | - | - | - | - |
| Operating costs | (10,957) | (11,326) | (12,208) | (13,292) | (14,133) |
| Operating EBITDA | 9,822 | 10,274 | 11,234 | 12,476 | 13,442 |
| Depreciation | (3,182) | (3,208) | (3,098) | (3,251) | (3,419) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 6,641 | 7,066 | 8,136 | 9,225 | 10,024 |
| Net financing costs | (442) | (408) | (398) | (376) | (318) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | (8) | (23) | (23) | (23) | (23) |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 6,190 | 6,634 | 7,714 | 8,826 | 9,683 |
| Tax | (1,035) | (1,194) | (1,290) | (1,476) | (1,620) |
| Profit after tax | 5,155 | 5,441 | 6,424 | 7,350 | 8,063 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 5,155 | 5,441 | 6,424 | 7,350 | 8,063 |
| Non-recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 5,155 | 5,441 | 6,424 | 7,350 | 8,063 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.39 | 0.41 | 0.49 | 0.56 | 0.61 |
| Reported EPS | 0.39 | 0.41 | 0.49 | 0.56 | 0.61 |
| DPS | 0.30 | 0.32 | 0.38 | 0.43 | 0.47 |
| Diluted shares (used to calculate per share data) | 13,151 | 13,151 | 13,151 | 13,151 | 13,151 |
| Growth | | | | | |
| Revenue (%) | (8.3) | 3.5 | 8.5 | 9.5 | 6.9 |
| Operating EBITDA (%) | (10.0) | 4.6 | 9.3 | 11.1 | 7.7 |
| Operating EBIT (%) | (16.7) | 6.4 | 15.1 | 13.4 | 8.7 |
| Recurring EPS (%) | (16.5) | 5.5 | 18.1 | 14.4 | 9.7 |
| Reported EPS (%) | (16.5) | 5.5 | 18.1 | 14.4 | 9.7 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 28.5 | 28.8 | 29.3 | 29.6 | 29.7 |
| Gross margin of key business (%) | 25.3 | 25.8 | 25.9 | 26.2 | 26.2 |
| Operating EBITDA margin (%) | 15.9 | 16.1 | 16.2 | 16.4 | 16.6 |
| Operating EBIT margin (%) | 10.8 | 11.1 | 11.7 | 12.1 | 12.3 |
| Net margin (%) | 8.3 | 8.5 | 9.3 | 9.7 | 9.9 |
| Effective tax rate (%) | 16.7 | 18.0 | 16.7 | 16.7 | 16.7 |
| Dividend payout on recurring profit (%) | 76.5 | 77.4 | 77.4 | 77.4 | 77.4 |
| Interest cover (X) | 15.0 | 17.3 | 20.4 | 24.5 | 31.5 |
| Inventory days | 92.5 | 98.8 | 95.9 | 88.9 | 91.7 |
| Debtor days | 10.9 | 9.8 | 9.6 | 10.0 | 10.1 |
| Creditor days | 120.8 | 116.5 | 115.4 | 114.5 | 115.6 |
| Operating ROIC (%) | 21.1 | 22.3 | 27.6 | 33.5 | 37.1 |
| ROIC (%) | 15.6 | 15.3 | 18.2 | 20.9 | 22.3 |
| ROE (%) | 24.1 | 24.5 | 27.2 | 29.2 | 29.9 |
| ROA (%) | 10.2 | 10.1 | 11.6 | 13.0 | 13.6 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Sales | 58,347 | 60,568 | 65,130 | 71,316 | 76,122 |
| Rental and service | 1,527 | 1,223 | 1,889 | 2,068 | 2,284 |
| Others | 1,875 | 2,135 | 2,345 | 2,567 | 2,817 |

Sources: Home Product Center; FSSIA estimates

Financial Statements

Home Product Center

| Cash Flow (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 5,155 | 5,441 | 6,424 | 7,350 | 8,063 |
| Depreciation | 3,182 | 3,208 | 3,098 | 3,251 | 3,419 |
| Associates & minorities | 0 | 0 | 0 | 0 | 0 |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | (799) | (1,211) | 1,793 | (151) | (207) |
| Cash flow from operations | 7,537 | 7,438 | 11,315 | 10,449 | 11,274 |
| Capex - maintenance | 0 | 0 | 0 | 0 | 0 |
| Capex - new investment | (2,286) | (2,051) | (2,505) | (2,756) | (3,031) |
| Net acquisitions & disposals | 381 | 192 | 273 | 159 | 199 |
| Other investments (net) | (1,271) | (86) | (444) | (597) | (477) |
| Cash flow from investing | (3,176) | (1,944) | (2,676) | (3,194) | (3,310) |
| Dividends paid | (3,945) | (4,208) | (4,969) | (5,685) | (6,237) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 7 | (22) | (4,579) | (1,207) | (1,328) |
| Other financing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | (3,938) | (4,230) | (9,548) | (6,892) | (7,565) |
| 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 | 423 | 1,263 | (909) | 364 | 400 |
| Free cash flow to firm (FCFF) | 4,819.99 | 5,909.04 | 9,037.32 | 7,631.79 | 8,282.49 |
| Free cash flow to equity (FCFE) | 4,368.07 | 5,471.66 | 4,059.99 | 6,048.88 | 6,637.15 |

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|------|------|-------|-------|-------|
| FCFF per share | 0.37 | 0.45 | 0.69 | 0.58 | 0.63 |
| FCFE per share | 0.33 | 0.42 | 0.31 | 0.46 | 0.50 |
| Recurring cash flow per share | 0.63 | 0.66 | 0.72 | 0.81 | 0.87 |

| Balance Sheet (THB m) Year Ending Dec | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 51,115 | 52,164 | 54,669 | 57,424 | 60,455 |
| Less: Accumulated depreciation | (22,373) | (24,580) | (27,678) | (30,928) | (34,347) |
| Tangible fixed assets (net) | 28,741 | 27,584 | 26,991 | 26,496 | 26,109 |
| 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 | 3,283 | 4,546 | 3,637 | 4,000 | 4,400 |
| A/C receivable | 1,769 | 1,675 | 1,988 | 2,176 | 2,327 |
| Inventories | 10,345 | 12,572 | 11,550 | 12,883 | 14,071 |
| Other current assets | 432 | 127 | 138 | 151 | 162 |
| Current assets | 15,828 | 18,920 | 17,312 | 19,211 | 20,960 |
| Other assets | 11,521 | 12,082 | 13,110 | 14,355 | 15,351 |
| Total assets | 56,091 | 58,586 | 57,413 | 60,062 | 62,420 |
| Common equity | 21,565 | 22,890 | 24,345 | 26,010 | 27,836 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 21,565 | 22,890 | 24,345 | 26,010 | 27,836 |
| Long term debt | 8,056 | 8,943 | 4,741 | 4,089 | 3,372 |
| Other long-term liabilities | 5,860 | 6,242 | 6,825 | 7,474 | 7,992 |
| Long-term liabilities | 13,916 | 15,185 | 11,566 | 11,563 | 11,364 |
| A/C payable | 13,050 | 13,973 | 15,056 | 16,426 | 17,558 |
| Short term debt | 5,324 | 4,414 | 4,038 | 3,483 | 2,872 |
| Other current liabilities | 2,235 | 2,123 | 2,407 | 2,579 | 2,789 |
| Current liabilities | 20,610 | 20,510 | 21,501 | 22,489 | 23,219 |
| Total liabilities and shareholders' equity | 56,090 | 58,586 | 57,412 | 60,061 | 62,419 |
| Net working capital | (2,740) | (1,722) | (3,788) | (3,795) | (3,787) |
| Invested capital | 37,522 | 37,945 | 36,313 | 37,055 | 37,673 |

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

| Per share (THB) | 2020 | 2021 | 2022E | 2023E | 2024E |
|-------------------------------|------|------|-------|-------|-------|
| Book value per share | 1.64 | 1.74 | 1.85 | 1.98 | 2.12 |
| Tangible book value per share | 1.64 | 1.74 | 1.85 | 1.98 | 2.12 |

| Financial strength | 2020 | 2021 | 2022E | 2023E | 2024E |
|---------------------------|------|------|-------|-------|-------|
| Net debt/equity (%) | 46.8 | 38.5 | 21.1 | 13.7 | 6.6 |
| Net debt/total assets (%) | 18.0 | 15.0 | 9.0 | 5.9 | 3.0 |
| Current ratio (x) | 0.8 | 0.9 | 0.8 | 0.9 | 0.9 |
| CF interest cover (x) | 16.0 | 19.4 | 17.5 | 24.4 | 31.4 |

| Valuation | 2020 | 2021 | 2022E | 2023E | 2024E |
|---|-------------|-------------|-------------|-------------|-------------|
| Recurring P/E (x) * | 38.8 | 36.7 | 31.1 | 27.2 | 24.8 |
| Recurring P/E @ target price (x) * | 46.7 | 44.2 | 37.5 | 32.7 | 29.8 |
| Reported P/E (x) | 38.8 | 36.7 | 31.1 | 27.2 | 24.8 |
| Dividend yield (%) | 2.0 | 2.1 | 2.5 | 2.8 | 3.1 |
| Price/book (x) | 9.3 | 8.7 | 8.2 | 7.7 | 7.2 |
| Price/tangible book (x) | 9.3 | 8.7 | 8.2 | 7.7 | 7.2 |
| EV/EBITDA (x) ** | 21.4 | 20.3 | 18.3 | 16.3 | 15.0 |
| EV/EBITDA @ target price (x) ** | 25.5 | 24.3 | 21.9 | 19.6 | 18.0 |
| EV/invested capital (x) | 5.6 | 5.5 | 5.6 | 5.5 | 5.4 |

* 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 | 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) |

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

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

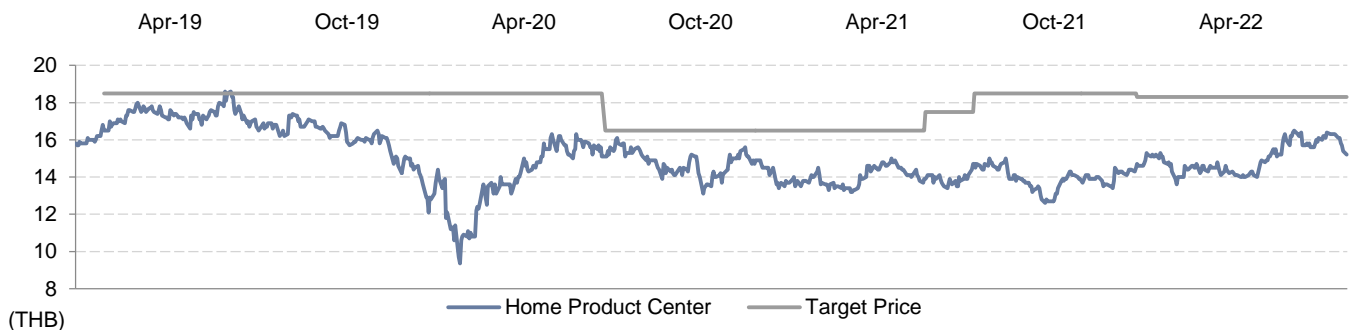
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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 |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 23-May-2019 | BUY | 18.50 | 27-Oct-2020 | BUY | 16.50 | 08-Jun-2021 | BUY | 18.50 |
| 24-Jul-2020 | HOLD | 16.50 | 27-Apr-2021 | BUY | 17.50 | 26-Oct-2021 | BUY | 18.30 |

Suwat Sinsadok, CFA, FRM, ERP 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 15.20 | 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. |

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 25-Apr-2022 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.