

DOHOME PCL DOHOME TB
THAILAND / COMMERCE

BUY

เวลาที่ยากลำบากได้ผ่านพ้นไปแล้ว

- แหล่งรวมสินค้าเกี่ยวกับบ้านขนาดใหญ่ที่มุ่งเน้นในด้านวัสดุก่อสร้าง
- คาดกำไร 3Q23 ที่ 78 ลบ. (+98% q-q, +55% y-y) โดยได้ปัจจัยหนุนจากการเติบโตของยอดขายสาขาเดิม (SSSG) ที่เป็นลบน้อยลงมาอยู่ที่ -6.5% y-y หลังราคาเหล็กกลับมาเป็นปกติ
- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 13 บาท (DCF)

TARGET PRICE	THB13.00
CLOSE	THB11.00
UP/DOWNSIDE	+18.2%
TP vs CONSENSUS	+19.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	31,321	31,840	35,961	40,081
Net profit	774	595	1,112	1,517
EPS (THB)	0.27	0.19	0.36	0.49
vs Consensus (%)	-	(16.7)	(12.2)	(15.5)
EBITDA	2,074	2,120	3,075	3,897
Recurring net profit	774	595	1,112	1,517
Core EPS (THB)	0.27	0.19	0.36	0.49
EPS growth (%)	(58.0)	(27.7)	87.0	36.4

ที่มาของบริษัท

DOHOME เริ่มก่อตั้งในปี 1983 โดยเริ่มต้นอยู่ในจังหวัดอุบลราชธานี ณ. สิ้นไตรมาส 2Q23 บริษัท มีสาขา รวม 29 สาขา (Dohome 21 สาขา, Dohome ToGo 8 สาขา) มากกว่า 95% ของยอดขายมาจากร้าน Dohome ที่มีขนาด XL และ L บริษัท จัดสินค้าออกเป็น 3 หมวด ประกอบด้วยวัสดุก่อสร้าง (45-50% ของยอดขายรวมในปี 2022) วัสดุซ่อมแซม (37-38%) และ วัสดุตกแต่ง (17-19%)

ผลประกอบการน่าจะผ่านจุดต่ำสุดใน 3Q23

เรคาดกำไรสุทธิ 3Q23 ที่ 78 ลบ. (+98% q-q, +55% y-y) โดยได้ปัจจัยหนุนจาก SSSG ที่เป็นลบน้อยลงมาอยู่ที่ -6.5% y-y (เทียบกับ -9.9% ใน 2Q23) หลังราคาเหล็กในประเทศกลับสู่ระดับปกติ (เหล็กคิดเป็น 30% ของยอดขายรวม) และไม่มีการขายสินค้าคลังสต็อกเช่นใน 2Q23 ซึ่งคาดว่าทำให้อัตรากำไรขั้นต้นปรับขึ้นเป็น 15.5% ใน 3Q23 (เทียบกับ 14.0% ใน 2Q23 และ 3Q22) สัดส่วนค่าใช้จ่ายการขายและบริหาร (SG&A) ต่อยอดขายคาดว่าจะเพิ่มเป็น 13.2% (เทียบกับ 12.4% ใน 2Q23 และ 12.6% ใน 3Q22) จากค่าใช้จ่ายก่อนดำเนินงานตาม การขยายสาขาใน 3Q23 โดยมีแผนว่าจะเปิด 2 สาขาในเชียงใหม่และอยุธยา

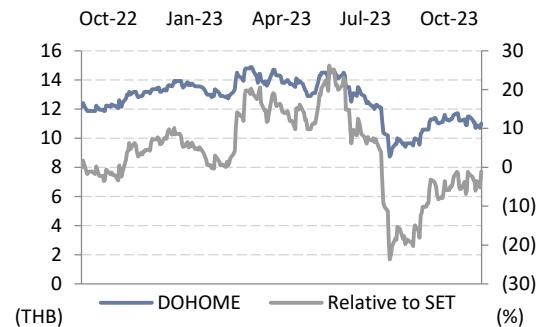
แนวโน้ม 4Q23 จนถึง 2024 เป็นบวก

ถ้ากำไร 3Q23 ออกมาตามคาด กำไรสุทธิ 9M23 ที่ 376 ลบ. (-54% y-y) จะคิดเป็น 63% ของ ประสิทธิภาพทั้งปีของเรา เรายังมีมุมมองเชิงบวกสำหรับไตรมาส 4Q23 โดยมีสมมติฐานว่า 1) ราคาเหล็กจะยังทรงตัวหรือปรับขึ้นจากมาตรการกระตุ้นเศรษฐกิจของจีน; 2) SSSG ใน 4Q23 จะเป็นบวกหลังเหตุหน้าท่วมในอุบลฯ เมื่อปีที่แล้ว; และ 3) บริษัท จะบันทึกรายการพิเศษจากการเรียกคืนใหม่ทดแทนมูลค่า 60-65 ลบ. ใน 4Q23 หรือ 1Q24 สำหรับในปี 2024 เราคาด กำไรสุทธิที่ 1.1 พัน ลบ. (+87% y-y) โดยคาดว่าเศรษฐกิจไทยจะโตจากมาตรการทางเศรษฐกิจ ซึ่งจะช่วยกระตุ้นการบริโภคและลดค่าครองชีพ

เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 13.0 บาท

เราเริ่ม DOHOME ด้วยคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 13.0 บาท (DCF) คิดเป็นค่า 2024E P/E ที่ 36.2x ซึ่งต่ำกว่าค่า P/E เฉลี่ย 5 ปีย้อนหลังที่ 41.9x พร้อมแนวโน้มการเติบโตของกำไรปี 2024 เป็นบวกที่ 87% y-y โดยน่าจะได้ปัจจัยหนุนจากการฟื้นตัวของ การท่องเที่ยว และมาตรการกระตุ้นเศรษฐกิจเพื่อเร่งการบริโภค

Core P/E (x)	41.3	57.1	30.5	22.4
Dividend yield (%)	1.7	-	-	-
EV/EBITDA (x)	23.6	25.1	18.5	15.3
Price/book (x)	2.8	2.7	2.5	2.3
Net debt/Equity (%)	145.9	154.7	167.9	170.2
ROE (%)	6.9	4.9	8.5	10.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.7)	(9.1)	(8.7)
Relative to country (%)	5.0	(5.4)	(1.7)
Mkt cap (USD m)			916
3m avg. daily turnover (USD m)			3.7
Free float (%)			30
Major shareholder	Tangmitrpracha Family (36%)		
12m high/low (THB)			15.15/8.60
Issued shares (m)			3,089.13

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 4 ตุลาคม 2023

Investment thesis

DOHOME is a large one-stop home product destination focusing on the northeast region under the concept of “Complete, Cheap and Good at DOHOME”.

We like DOHOME in terms of growth. We forecast 2023-25 earnings growth at a 24.9% CAGR – the highest in the home improvement sector. The steel price has adjusted downward from its elevated levels in 2021, and we expect the steel price should return to a normal level in 2H23.

We have a positive outlook from DOHOME entering the high season for construction, renovation, and home improvement in 1Q-2Q, sales from which normally contribute 60% of full-year earnings.

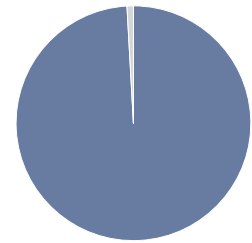
Company profile

The Group operates retail, wholesale and services for construction materials and home decoration products, including related services under the trade name “DOHOME”. The concept is a “One-stop Home Products Destination”, which is a large distribution building with service areas consisting of sales areas and warehouses, approximately 22,000 - 65,000 square meters, and parking space..

www.dohome.co.th

Principal activities (revenue, 2022)

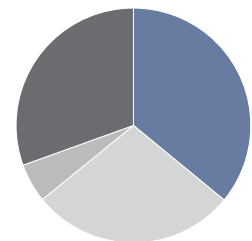
- Sales - 99.1 %
- Service income - 0.9 %



Source: Dohome PCL

Major shareholders

- Tangmitphracha Family - 36.0 %
- Dohome Holding Company Limited - 28.2 %
- Amplus Holdings Limited - 5.4 %
- Others - 30.5 %



Source: Dohome PCL

Catalysts

Potential catalysts for DOHOME include:

1. Increases in the steel price (steel contributes 30% of total sales).
2. The growth of the real estate sector.
3. Government measures to support agricultural prices.
4. Government spending on infrastructure.

Risks to our call

Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino..

Event calendar

Date	Event
November 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
SSSG (%)	(5.0)	6.0	5.0
Store expansion growth (%)	10.3	9.4	8.6
House brand (%)	20.0	21.0	22.0
GPM (%)	15.6	16.5	17.2
SG&A to sales	12.3	11.6	11.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2023 net profit to rise by 1.4%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2023 net profit to rise by 4.3%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A, we estimate 2023 net profit to fall by 4.0%, and vice versa, all else being equal.

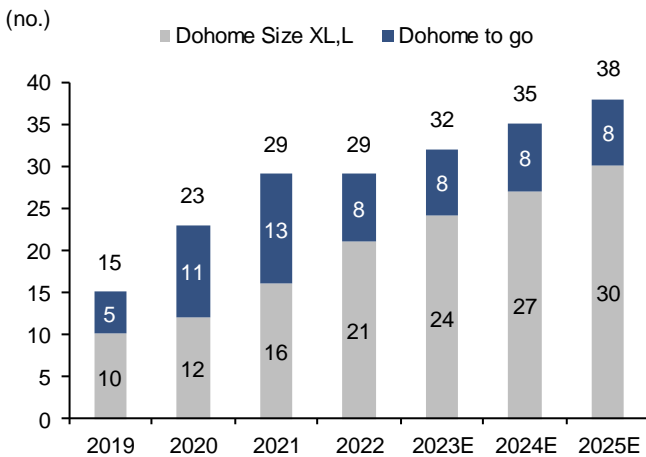
Source: FSSIA estimates

Company background

The company was established in 1983 by Mr. Adisak Tangmitrphracha and Mrs. Nattaya Tangmitrphracha, originally located in Ubon Ratchathani to sell steel products, roofing materials, plywood and construction materials. As of 2Q23, the company has a total of 29 stores (Dohome 21 stores, Dohome ToGo 8 stores), of which more than 95% of total sales are contributed by Dohome stores in the XL and L sizes. The remaining sales are contributed by DOHOME ToGo. The company targets a large store expansion to 36 stores within 2025. However, we anticipate that the company will be able to open only 30 large stores in that timeframe, more conservative than the company's target, as historical data shows that the company has been opening an average of only 3-5 stores per year.

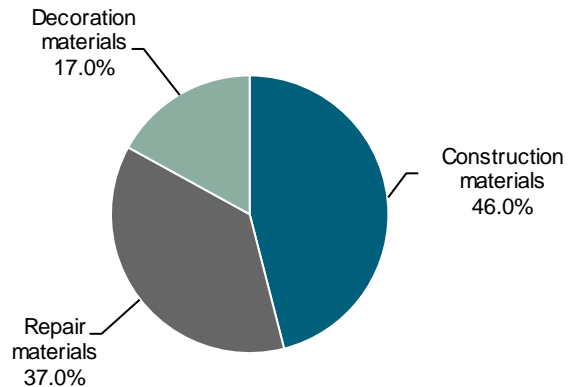
The company categorises its products into three main groups, which are construction materials contributing 45-50% of total sales, repair materials contributing 37-38% to total sales, and decoration materials contributing 17-19% to total sales as of 2022. In addition, the company provides house-brand products designed and/or made from the factory, which are exclusively sold for the company. This enables DOHOME to sell house-brand products with competitive prices and a higher gross margin than non-house brand products. The company targets a revenue contribution from house-brand products of 20% by 2023.

Exhibit 1: Store breakdown by format



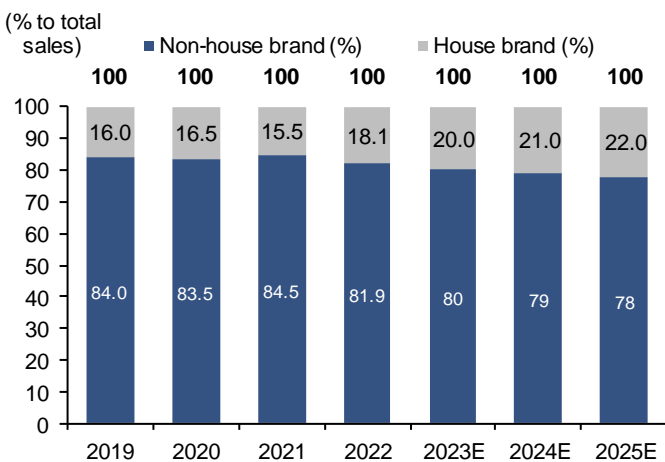
Sources: DOHOME; FSSIA estimates

Exhibit 2: Product categories as of 2022



Sources: DOHOME; FSSIA's compilation

Exhibit 3: House-brand contribution



Sources: DOHOME; FSSIA estimates

Exhibit 4: Example of house-brand products



Source: DOHOME

3Q23 should pass the bottom

We anticipate a 3Q23 net profit of THB78m (+98% q-q, +55% y-y) driven by less negative SSSG at -6.5% y-y (vs -9.9% in 2Q23) thanks to the domestic steel price normalising (steel contributes 30% of total sales), and no clearance of inventory like in 2Q23, resulting in a potential gross margin expansion to 15.5% in 3Q23 (vs 14.0% in 2Q23 and 3Q22). SG&A to sales should increase to 13.2% (vs 12.4% in 2Q23 and 12.6% in 3Q22) due to pre-operating expenses from the store expansion in 3Q23, with 2 stores expected to open – Chiang Rai and Ayutthaya.

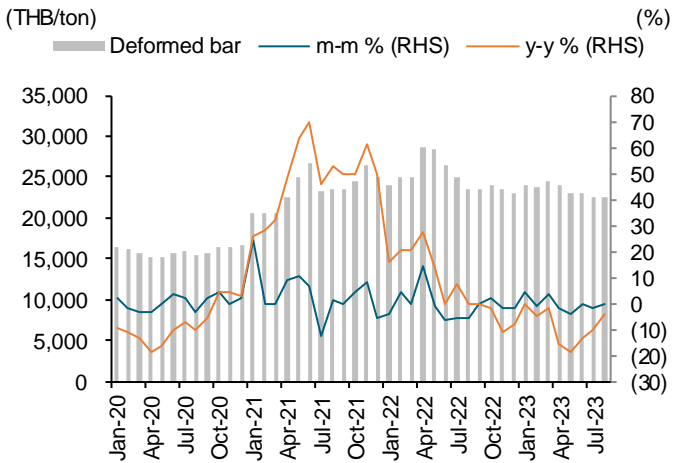
If 3Q23 earnings are in line with our estimate, its 9M23 net profit of THB376m (-54% y-y) would account for 63% of our full-year forecast. We still have a positive view for 4Q23 under the assumption that 1) the steel price would remain stable or increase due to China's economic stimulus; 2) SSSG in 4Q23 should be positive after the flooding in Ubon Ratchathani last year; and 3) an extra gain on an item from an insurance claim valued at THB60m-65m might be booked in 4Q23 or 1Q24.

Exhibit 5: 3Q23 earnings preview

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		9M23E		
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%23E)
Total revenue	7,475	7,643	8,462	7,995	7,704	(4)	3	24,160	2	76
- Retail sales	7,413	7,572	8,375	7,898	7,606	(4)	3	23,879	2	76
- Service income	62	71	86	96	98	2	58	281	37	100
Cost of sales	(6,428)	(6,594)	(7,065)	(6,876)	(6,510)	(5)	1	(20,451)	3	76
Gross profit	1,048	1,049	1,397	1,119	1,194	7	14	3,710	(3)	75
Operating costs	(942)	(1,005)	(1,001)	(993)	(1,017)	2	8	(3,010)	11	77
Operating profit	106	44	396	126	177	40	67	699	(37)	67
Other income	43	70	53	55	58	4	33	166	19	78
Other expenses	0	(76)	(6)	0	0	n/a	n/a	(6)	140	8
EBIT	149	38	443	182	235	29	57	859	(31)	73
Finance income	4	4	4	5	4	(21)	(10)	13	1	74
Interest expense	(90)	(111)	(122)	(141)	(142)	0	57	(405)	69	87
Profit before tax	63	(68)	324	46	97	113	53	467	(54)	64
Tax	(13)	17	(66)	(6)	(19)	213	48	(92)	(54)	65
Reported net profit	50	(51)	258	39	78	98	55	376	(54)	63
Recurring net profit	50	(51)	258	39	78	98	55	376	(54)	63
EPS (THB)	0.02	(0.02)	0.08	0.01	0.03	98	46	0.12	(57)	63
Recurring EPS (THB)	0.02	(0.02)	0.08	0.01	0.03	98	46	0.12	(57)	63
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
Gross margin	14.0	13.7	16.5	14.0	15.5	1.5	1.5	15.4	(0.9)	
Operating margin	1.4	0.6	4.7	1.6	2.3	0.7	0.9	2.9	(1.8)	
Recurring net margin	0.7	(0.7)	3.1	0.5	1.0	0.5	0.3	1.6	(1.9)	
EBITDA margin	4.9	3.3	7.8	5.0	0.0	(5.0)	(4.9)	4.4	(3.3)	
SG&A to revenue	12.6	13.2	11.8	12.4	13.2	0.8	0.6	12.5	1.0	
Operating stat										
SSSG (% y-y)	6.6	(9.9)	(9.0)	(9.9)	(6.5)					
Stores - L (no.)	20	21	21	21	23					

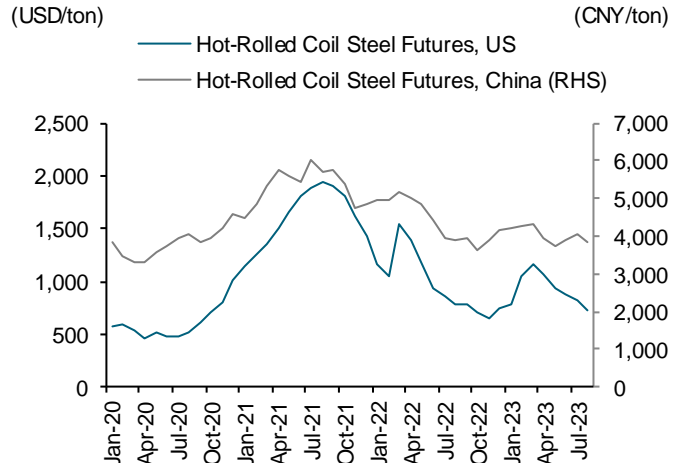
Sources: DOHOME; FSSIA estimates

Exhibit 6: Domestic steel price recovery



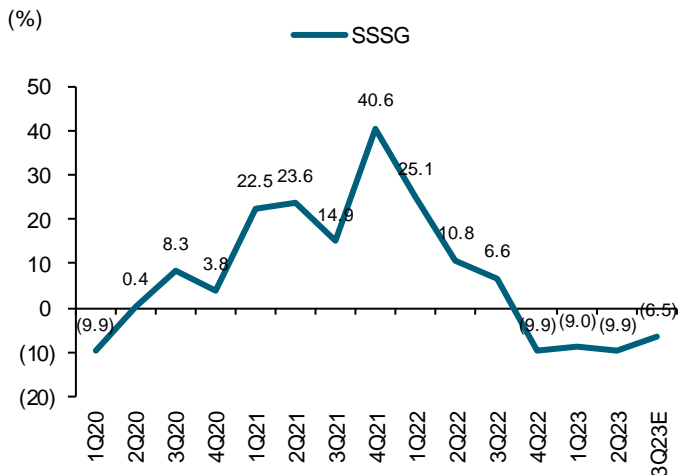
Source: Ministry of Commerce

Exhibit 7: Steel price in US and China still soft



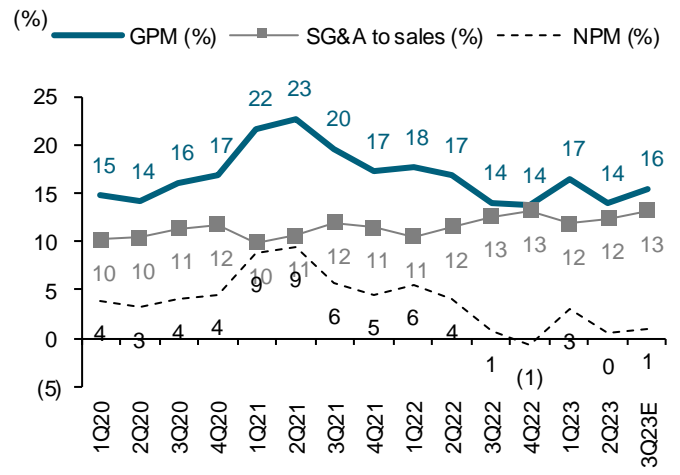
Source: Bloomberg

Exhibit 8: Same-store sales growth



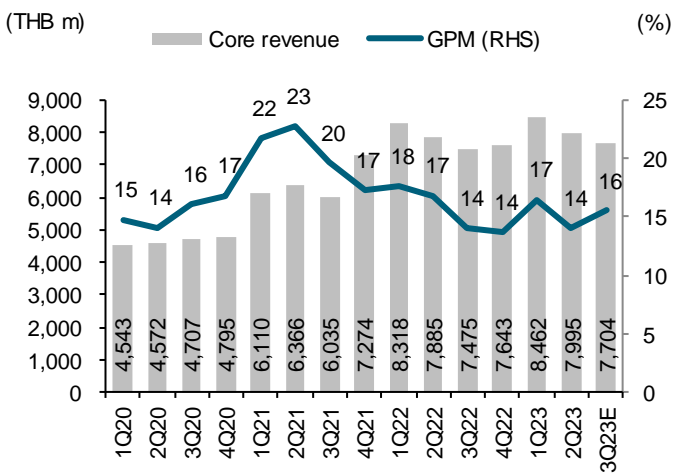
Sources: DOHOME; FSSIA estimates

Exhibit 9: Quarterly profitability



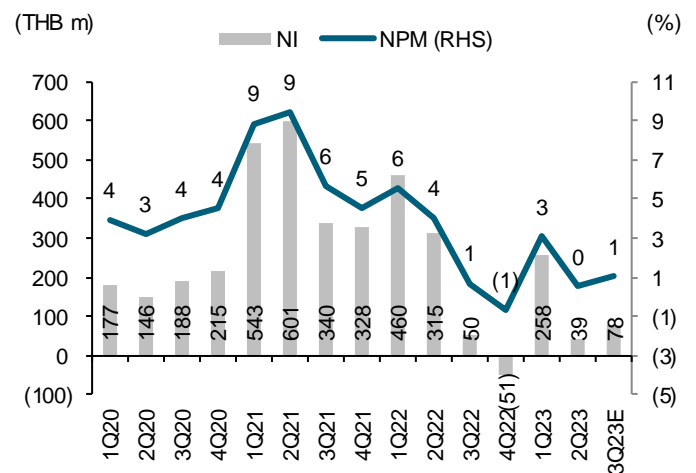
Sources: DOHOME; FSSIA estimates

Exhibit 10: Quarterly revenue and gross margin



Sources: DOHOME; FSSIA estimates

Exhibit 11: Quarterly net profit and net margin



Sources: DOHOME; FSSIA estimates

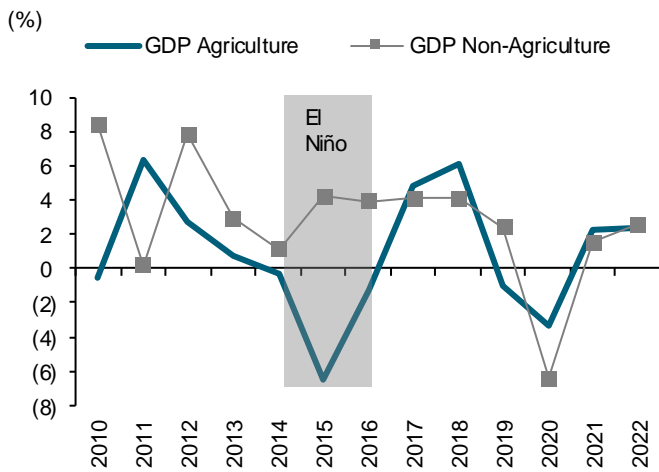
El Niño could be a risk for agriculture purchasing power

Thailand is trending towards a complete El Niño in 2024-25, which would result in reduced rainfall below the average level. Reduced water levels in dams could lead to drought and water shortages, directly affecting the agricultural sector and impacting agricultural production, including overall agricultural income. In 2015-16, Thailand experienced an El Niño which dropped the agricultural GDP by 6.5% and 1.2%, respectively.

El Niño poses a risk to DOHOME because over 60% of the company's revenue comes from the northeastern region, where the majority of the agricultural sector is located. As we mentioned, the impact of El Niño leads to a decrease in income for farmers and reduced purchasing power in the agricultural sector. This could potentially exert pressure on the company's sales in 2024-25.

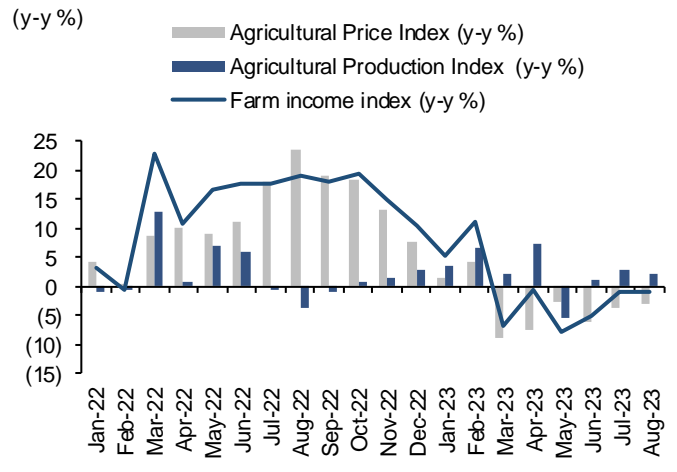
However, we are seeing improvements in agricultural production, which is a positive sign. This trend suggests a short-term recovery in farm income, which could foster positive sentiment for the company.

Exhibit 12: El Niño impact on agricultural GDP



Source: BOT

Exhibit 13: Recovery trend for farm income



Source: Office of Agricultural Economics

Valuation

We initiate coverage of DOHOME with a BUY call and a 2024 DCF-based TP of THB13.0, implying a 2024E P/E of 36.2x, lower than its average 5Y P/E of 41.9x, with a positive outlook on 2024E earnings growth by 87% y-y. We believe in 2024, the Thai economy could see GDP growth. Moreover, stimulus schemes under the new government should boost consumption and reduce the cost of living.

Exhibit 14: DCF-based valuation

DCF-derived TP	(%)	(THB m)
Discount rate (WACC)	7.0	
Terminal growth	2	
NPV (Value of the firm)		62,704
Net debt		(22,484)
Value of equity		40,221
# of shares		3,089
Share price		13.0

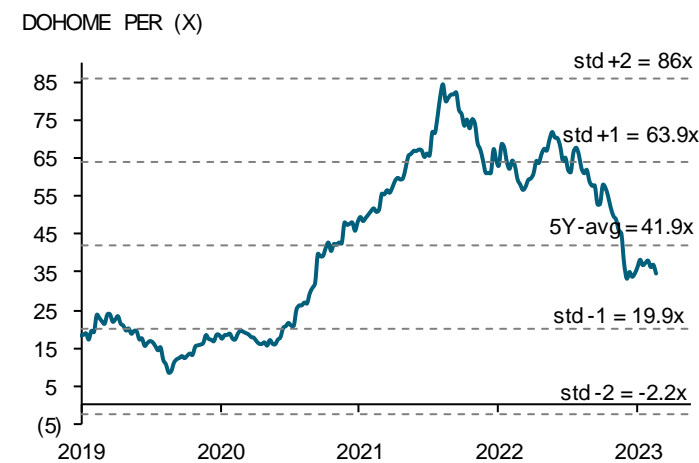
Source: FSSIA estimates

Exhibit 15: Sensitivity to 2024 target price

		Terminal Growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.0%	14.7	17.1	20.1	24.0	29.1
	6.5%	12.0	13.9	16.2	19.1	22.8
	7.0%	9.7	11.2	13.0	15.3	18.0
	7.5%	7.7	9.0	10.5	12.2	14.4
	8.0%	6.1	7.1	8.3	9.8	11.4

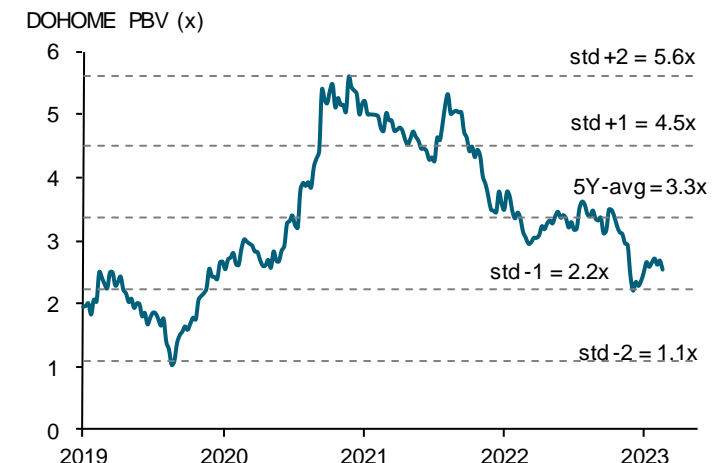
Source: FSSIA estimates

Exhibit 16: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Commerce peers as of 3 October 2023

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		23E	24E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	60.00	77.00	28	14,527	32.9	27.7	15.6	17.0	5.4	4.9	22.3	19.8
CP Axtra	CPAXT TB	BUY	31.50	38.00	21	8,983	37.3	30.0	3.1	3.8	1.1	1.1	11.6	10.7
Berli Jucker*	BJC TB	n/a	29.25	n/a	n/a	3,160	20.2	17.5	4.8	5.4	0.9	0.9	13.1	12.6
Consumer Staple average						26,670	30.1	25.1	7.8	8.7	2.5	2.3	15.7	14.4
Consumer Discretionary														
Com7	COM7 TB	BUY	31.25	40.00	28	2,009	21.7	18.0	44.8	46.7	9.1	7.8	15.4	13.0
Central Retail Corp*	CRC TB	n/a	39.00	n/a	n/a	6,340	28.3	23.0	12.7	14.3	3.5	3.1	11.5	10.5
Home Improvement														
Index Living Mall	ILM TB	BUY	23.00	26.70	16	313	16.7	15.1	12.0	12.7	2.0	1.9	8.0	7.2
Home Product Center	HMPRO TB	BUY	12.30	16.00	30	4,360	24.6	22.3	26.4	27.7	6.3	6.0	14.5	13.3
Siam Global House	GLOBAL TB	BUY	16.60	20.50	23	2,238	28.4	24.9	12.8	13.4	3.5	3.2	21.5	19.2
Dohome	DOHOME TB	BUY	11.00	13.00	18	916	57.1	30.5	4.9	8.5	2.7	2.5	25.1	18.5
Home Improvement avg.						7,827	31.7	23.2	14.0	15.6	3.6	3.4	17.3	14.5
Consumer Discretionary avg.						16,175	29.5	22.3	18.9	20.6	4.5	4.1	16.0	13.6
Total average						42,845	29.7	23.2	15.2	16.6	3.8	3.5	15.9	13.8

Sources: *Bloomberg; FSSIA estimates

Corporate Governance and ESG – DOHOME

Board structure, 2022

Independent Directors (ID)	3/8 of board members, 4 female in board
Percentage of IDs on the board	37.5%
ID attendance at board meetings	100%,
Note: Chairman of the board is an ID, member of audit committee and Chairman of nomination and remuneration. Tangmirphracha Family holds 5 of 8 director positions with 31.46% stake in combine. The executive committee are the five of Tangmirphracha Family. The board is paid THB1.98m compensation in 2022.	

Audit Practices

Auditor	EY Office Limited
Fee track record	THB3.6m in 2022, THB3.35m in 2021, and THB4.45m in 2022

ESG and sustainability management

Vision – “To be the hub in providing the complete, cheap and best products and services relating to construction materials and home decoration products to all groups of customers”. In 2023, DOHOME commits to control expenses by reviewing work procedures, and works out a strategy to increase gross profit margin (extracted from the message from the Chairman of executive committee, Mr Adisak Tanmitrphracha in 2022 One Report).

DOHOME aims at driving business growth under the principles of social responsibility and sustainable development by looking after all stakeholders, the economy, the society and environment, with morality, ethics and code of conduct.

E/S/G	Materiality matrix	Operations and practices
Economic & sustainable operation	Fair business operation	The company commits 1) to compete under commercial ethics, laws and fair trade; 2) against unfair competition such as acquiring confidential information of competitors; 3) against requesting/accepting or offering dishonest benefits; 4) respect other's intellectual property rights; and 5) promote and raise awareness on social responsibility among employees at all levels. DOHOME provides product consultation and information before buying, delivers and installs nationwide with skillful mechanics, and maintenance and repair by experienced staff. Its key customers are retail customers, resellers, contractors and construction projects and government agencies and state enterprises. Payment can be in cash, and credit within 30-60 days depending on supporting documents from banks and collateral value.
	R&D	The company did market research to be aware of relevant industry changes and performed customer surveys to understand expectations and problems in order to innovate or create new products and services to meet customers' demand and differentiate itself for sustainability.
	Product variety & pricing strategy	From R&D, the company tries to offer a variety of products for customers for one-stop shopping. DOHOME has house-brand products created by its own specialised team that can compete in both design and quality but at a better price. In 2022, house-brand accounted for 18.1% of sales, increasing from 15.5% in 2021, and 16.5% in 2020. The fast-moving items use competitive-based pricing. Steel is market-based pricing and target gross margin. Others such as home decoration and furniture use cost-plus pricing for sustaining target gross margin.
	Inventory management	One of the key strategies is to maintain sufficient inventory for sale. Purchase planning is applied for high turnover products together with daily random counts. In 2022, DOHOME owned a 44,685m ² warehouse centre in Pathumthani, which will increase to 63,285m ² in 2023. Installation of the ASRS system phase is believed to boost efficiency, from lower staff numbers, storing costs and delivery time.
	Quality control	Assessment of the approved vendor list will be revisited annually. Measures include business health, product quality, transportation, and services. In addition, there are guidelines for deteriorated and slow-moving goods, marketing efforts, and an agreement on returning or changing.
Technology & innovation	E-Commerce channel	DOHOME introduced a website for 24/7 online orders with a “Fast, Easy at Fingertips” concept in 2016, with customer service available via a call centre and Facebook
	Automated storage and retrieval system (ASRS)	DOHOME's warehouse is automated, believing this technology makes warehouse management more rapid, accurate and efficient for sustainable business growth. At the end of 2022, 12 out of 21 stores including distribution centres used the ASRS in full phase.
	ERP system for packing	ERP system is not only reducing box labels, but also improving the packing process for e-commerce products that help shorten working times and increase efficiency in packing.
Cooperate Governance	Anti-corruption	The company treats all stakeholders with transparency, integrity, straightforward, and accountability under good governance principles. It expresses determination by joining the “Thai Private Sector Collective Action Against Corruption” in an effort to tackle corruption and against any actions involving direct and indirect bribery.
	Employee training & career path	DOHOME performs regular personnel training to enhance knowledge, skills, and expertise. In 2022, the company spent THB27.9m in training staff, up from THB3.5m and THB1.9m in 2021 and 2020, respectively.
	Occupational safety & health	Each store has its own safety committee to execute DOHOME's standard of safety and responsibility to report and investigate the incident as well as implementing preventive and corrective measures. Employees will be trained on safety, both knowledge and the laws governing, before starting to work. In 2022, the accident rate per store was 7.24, with no fatal accidents.
Social	Human rights	The company rules policies to ensure fair treatment to employees on personnel management that recruitment, selection personnel development, performance evaluation, remuneration and promotion must be carried out in a transparent, equal, and fair manner in respect of diversity of race, sex, nationality, religion, language, colour, age, education, physical condition or social status. DOHOME also encourages and equally offers jobs to disabilities. For example, employment statistics in 2022 showed that the proportion of females to males in employment was 43:57 and for high-level executives it was 67:33. In 2022, there were 75 disabled employees. During the past three years, there were no major labour disputes which significantly affected the company's business, financial status, and operating results.
	Corporate Social Responsibility (CSR)	The company promotes jobs to community members nearby the store, sponsoring school projects, religious institutions, medical centres, and government agencies as well as providing assistance to communities suffering from disaster.
Environment	Green transport & supply chain	Awareness in pollution emissions and renewable resources brought DOHOME to green transport & supply chain. In day-to-day operations, the company adopts electronic documentation, reuses or recycles materials or equipment, uses renewable energy in transportation, loading trucks at full capacity, and selecting appropriate trucks to suit the purpose, etc.
	Environmentally friendly products	DOHOME encourages customers to use environmentally friendly products (from raw materials, production process and packaging), by promoting and demonstrating in order to increase opportunity of buying.
Awards and recognitions	National CG committee	Rated “Excellent” in the Thai Corporate Governance Report of Thailand list companies (CGR report)
	Thai Investors Association	A score of 100 out of 100 for the quality of the Annual General Meeting (AGM)
	SET Award 2022	“The Best Investor Relations Award” under the group of companies with THB30b-100b market capitalisation

Sources: [2022 One report](#); FSSIA's compilation

Financial Statements

Dohome PCL

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	25,785	31,321	31,840	35,961	40,081
Cost of goods sold	(20,578)	(26,434)	(26,873)	(30,041)	(33,181)
Gross profit	5,207	4,887	4,967	5,921	6,899
Other operating income	133	210	213	241	268
Operating costs	(2,836)	(3,806)	(3,996)	(4,261)	(4,685)
Operating EBITDA	3,094	2,074	2,120	3,075	3,897
Depreciation	(590)	(784)	(936)	(1,175)	(1,414)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,504	1,290	1,184	1,900	2,483
Net financing costs	(239)	(333)	(449)	(525)	(608)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	2,266	957	735	1,375	1,875
Tax	(448)	(183)	(140)	(263)	(358)
Profit after tax	1,818	774	595	1,112	1,517
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,818	774	595	1,112	1,517
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,818	774	595	1,112	1,517
Per share (THB)					
Recurring EPS *	0.63	0.27	0.19	0.36	0.49
Reported EPS	0.63	0.27	0.19	0.36	0.49
DPS	0.07	0.19	0.00	0.00	0.00
Diluted shares (used to calculate per share data)	2,866	2,907	3,089	3,089	3,089
Growth					
Revenue (%)	37.7	21.5	1.7	12.9	11.5
Operating EBITDA (%)	89.7	(33.0)	2.2	45.0	26.7
Operating EBIT (%)	122.0	(48.5)	(8.2)	60.4	30.7
Recurring EPS (%)	104.8	(58.0)	(27.7)	87.0	36.4
Reported EPS (%)	104.8	(58.0)	(27.7)	87.0	36.4
Operating performance					
Gross margin inc. depreciation (%)	20.2	15.6	15.6	16.5	17.2
Gross margin exc. depreciation (%)	22.5	18.1	18.5	19.7	20.7
Operating EBITDA margin (%)	12.0	6.6	6.7	8.6	9.7
Operating EBIT margin (%)	9.7	4.1	3.7	5.3	6.2
Net margin (%)	7.1	2.5	1.9	3.1	3.8
Effective tax rate (%)	19.8	19.1	19.1	19.1	19.1
Dividend payout on recurring profit (%)	11.1	70.0	-	-	-
Interest cover (X)	10.5	3.9	2.6	3.6	4.1
Inventory days	185.9	181.8	188.2	173.9	175.6
Debtor days	17.5	17.7	17.2	16.7	16.8
Creditor days	61.6	59.6	61.5	57.0	57.6
Operating ROIC (%)	10.3	4.2	3.3	4.8	5.6
ROIC (%)	9.9	4.0	3.1	4.5	5.1
ROE (%)	20.2	6.9	4.9	8.5	10.6
ROA (%)	8.4	3.4	2.7	3.9	4.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales	25,577	31,045	31,560	35,645	39,729
Service income	208	275	280	316	352

Sources: Dohome PCL; FSSIA estimates

Financial Statements

Dohome PCL

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	1,818	774	595	1,112	1,517
Depreciation	590	784	936	1,175	1,414
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,634)	(1,060)	912	(703)	(625)
Cash flow from operations	(227)	498	2,442	1,584	2,306
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,554)	(4,455)	(3,997)	(4,042)	(4,088)
Net acquisitions & disposals	(273)	(708)	(571)	(522)	(486)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(2,827)	(5,163)	(4,568)	(4,565)	(4,573)
Dividends paid	(202)	(542)	-	0	0
Equity finance	2,162	487	182	0	0
Debt finance	1,521	4,919	2,408	3,474	2,964
Other financing cash flows	(226)	(340)	(386)	(539)	(619)
Cash flow from financing	3,255	4,524	2,204	2,935	2,345
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	202	(141)	78	(46)	78
Free cash flow to firm (FCFF)	(2,795.45)	(4,314.40)	(1,659.12)	(2,437.55)	(1,641.01)
Free cash flow to equity (FCFE)	(1,758.97)	(85.25)	(104.43)	(45.61)	77.52
Per share (THB)					
FCFF per share	(0.90)	(1.40)	(0.54)	(0.79)	(0.53)
FCFE per share	(0.57)	(0.03)	(0.03)	(0.01)	0.03
Recurring cash flow per share	0.84	0.54	0.50	0.74	0.95
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	15,550	19,851	23,724	27,596	31,468
Less: Accumulated depreciation	(3,204)	(3,835)	(4,646)	(5,650)	(6,848)
Tangible fixed assets (net)	12,346	16,016	19,078	21,945	24,619
Intangible fixed assets (net)	884	1,593	2,161	2,682	3,164
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	301	160	238	193	270
A/C receivable	1,571	1,463	1,542	1,742	1,941
Inventories	11,796	13,761	12,991	14,522	16,040
Other current assets	306	274	303	325	365
Current assets	13,974	15,659	15,075	16,782	18,617
Other assets	24	50	56	60	67
Total assets	27,227	33,318	36,369	41,469	46,468
Common equity	10,880	11,603	12,455	13,568	15,085
Minorities etc.	0	0	0	0	0
Total shareholders' equity	10,880	11,603	12,455	13,568	15,085
Long term debt	2,940	5,164	6,423	8,382	9,471
Other long-term liabilities	82	95	105	113	127
Long-term liabilities	3,021	5,259	6,528	8,494	9,598
A/C payable	3,897	4,483	4,259	4,761	5,259
Short term debt	9,234	11,929	13,077	14,593	16,467
Other current liabilities	195	45	49	53	59
Current liabilities	13,325	16,456	17,386	19,407	21,785
Total liabilities and shareholders' equity	27,227	33,318	36,369	41,469	46,468
Net working capital	9,581	10,971	10,528	11,775	13,028
Invested capital	22,834	28,631	31,823	36,462	40,879
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	3.80	3.99	4.03	4.39	4.88
Tangible book value per share	3.49	3.44	3.33	3.52	3.86
Financial strength					
Net debt/equity (%)	109.1	145.9	154.7	167.9	170.2
Net debt/total assets (%)	43.6	50.8	53.0	54.9	55.2
Current ratio (x)	1.0	1.0	0.9	0.9	0.9
CF interest cover (x)	4.3	14.1	9.7	8.6	7.9
Valuation					
Recurring P/E (x) *	17.3	41.3	57.1	30.5	22.4
Recurring P/E @ target price (x) *	20.5	48.8	67.5	36.1	26.5
Reported P/E (x)	17.3	41.3	57.1	30.5	22.4
Dividend yield (%)	0.6	1.7	-	-	-
Price/book (x)	2.9	2.8	2.7	2.5	2.3
Price/tangible book (x)	3.2	3.2	3.3	3.1	2.9
EV/EBITDA (x) **	14.0	23.6	25.1	18.5	15.3
EV/EBITDA @ target price (x) **	15.9	26.4	28.0	20.5	16.9
EV/invested capital (x)	1.9	1.7	1.7	1.6	1.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Dohome PCL; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum 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
Dohome PCL	DOHOME TB	THB 11.00	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; 4) higher-than-expected effect of El Nino
Index Living Mall	ILM TB	THB 23.00	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
CP All	CPALL TB	THB 60.00	BUY	The key downside risks to our DCF-derived TP are: 1) a lower-than-expected impact from SSSG at its convenience store business; 2) lower-than-expected performance from CPAXT; and 3) a slower recovery in tourist arrival numbers and private consumption.
CP Axtra	CPAXT TB	THB 31.50	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Com7	COM7 TB	THB 31.25	BUY	Downside risks to our P/E-based TP include 1) lower consumer spending; 2) store cannibalisation; and 3) product shortages.
Siam Global House	GLOBAL TB	THB 16.60	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 and a larger-than-expected impact on farm income from the El Nino effect.
Home Product Center	HMPRO TB	THB 12.30	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

All share prices are as at market close on 3-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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.