EQUITY RESEARCH - COMPANY REPORT

FSSIA ESG rating ★★★★★

HOME PRODUCT CENTER   HMPRO TB

THAILAND / COMMERCE

Slight 1Q24E net profit growth before a jump in 2H24E

- We expect a 1Q24 net profit of THB1.64b, down 2.2% q-q due to seasonality but up 1.8% y-y, supported by higher new store sales last year.
- The net profit should slightly increase in 2Q24 before a sharper recovery in 2H24.
- The current valuation is undemanding. We retain a BUY call at our TP of THB13.60 (DCF).

Expect 1Q24 net profit to inch up y-y due to new store sales

We expect a 1Q24 net profit of THB1.64b, down 2.2% q-q due to seasonality but up 1.8% y-y, supported by new store sales after HMPRO introduced over 11 new stores in 2023. Specifically, we anticipate total sales of THB17.3b, slightly up 0.5% y-y. The SSSG of HomePro and MegaHome should remain in the red at 2% and 5% due to purchasing power, which was yet to fully recover despite the E-receipt scheme and the absence of the HomePro Expo in March. Excluding the effect of the HomePro Expo, we anticipate HomePro to post a negative SSSG of just 0.5%. Finally, HomePro Malaysia should report an extended SSSG of 1.5%.
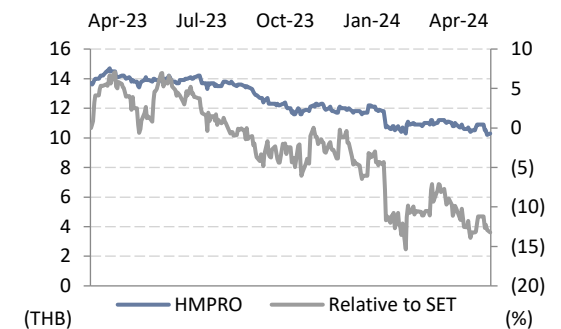
GPM and SG&A-to-sales should be flat y-y

We project a 1Q24 GPM of 26.1% (flat y-y) due to a higher electric appliance sales mix from the E-receipt campaign and a higher structural product sales mix via MegaHome. SG&A-to-sales should come in flat y-y at 18.5%, despite new store launches in 2023, thanks to 1) lower electricity prices and 2) the zero new store launch plan in 1Q24, resulting in lower pre-operating expenses.

Net profit should edge up in 2Q24 before a sharper recovery in 2H24

If 1Q24 is in line, it secures 24% of our 2024E net profit. We retain our 2024E net profit of THB6.84b (+6.1% y-y), with a slight y-y 2Q24E net profit growth due to electrical appliance sales and more varieties of trade-ins. Also, we anticipate a sharper recovery in 2H24 due to a low base and structural products from MegaHome, which should benefit from government disbursements. Note sales of MegaHome increased from 14% of total sales in 2022 to 17% in 2023.

Retain BUY at our TP of THB13.60 on an undemanding valuation

We maintain a BUY call at our TP of THB13.60. HMPRO traded on a 2024E P/E of 20x, close to its five-year historical average -2SD. In the rest of this year, the net profit should grow y-y, supported by new MagaHome stores introduced last year and private brand sales.

BUY
UNCHANGED

TARGET PRICE	THB13.60
CLOSE	THB10.30
UP/DOWNSIDE	+32.0%
PRIOR TP	THB13.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	72,822	77,688	82,177	86,838
Net profit	6,442	6,839	7,243	7,529
EPS (THB)	0.49	0.52	0.55	0.57
vs Consensus (%)	-	(1.9)	(5.7)	(8.8)
EBITDA	11,948	12,754	13,596	14,376
Recurring net profit	6,442	6,839	7,243	7,529
Core EPS (THB)	0.49	0.52	0.55	0.57
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	3.6	6.1	5.9	3.9
Core P/E (x)	21.0	19.8	18.7	18.0
Dividend yield (%)	3.9	4.1	4.4	4.5
EV/EBITDA (x)	12.3	11.6	11.0	10.5
Price/book (x)	5.3	5.1	4.8	4.6
Net debt/Equity (%)	44.5	46.3	48.9	50.2
ROE (%)	25.9	26.1	26.4	26.1

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.5)	(2.8)	(23.7)
Relative to country (%)	(3.3)	(1.4)	(11.9)
Mkt cap (USD m)			3,661
3m avg. daily turnover (USD m)			6.3
Free float (%)			42
Major shareholder		Land & Houses (30%)
12m high/low (THB)			14.70/10.00
Issued shares (m)			13,151.12

Sources: Bloomberg consensus; FSSIA estimates

Jitra Amornthum
Fundamental Investment Analyst on Securities; License no. 014530
jitra.a@fssia.com, +66 2646 9966

Thada Jiracharoenying
Research Assistant
thada.j@fssia.com, +66 2646 9964

Investment thesis

HMPRO is a leader in the retail home improvement business in Thailand. Established in 1995, it is a joint venture between Land and Houses and Quality Houses. HMPRO has stores mainly in Bangkok and its vicinity. They accounted for over 36% of total stores. Also, the Central, the North East, and the South have 15%, while the North and the East have 10-15%, respectively. However, the ones in Bangkok and its vicinity generated over 40-50% of total revenue.

Company profile

HMPRO is the leader in the home improvement business. It has comprehensive product and service offerings for buildings, homes, and residential units' construction, decoration, expansion, repair, and improvement, targeting mid-to-high-end customers. In 2011-12, HMPRO expanded its HMPRO unit to Malaysia and its retail and wholesale units, focusing on building materials and structural products under the MegaHome brand. Also, it operates a space rental business under the Market Village brand.

www.homepro.co.th
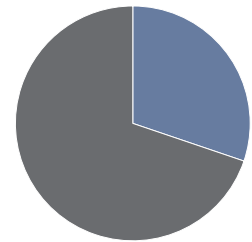
Principal activities (revenue, 2023)

- Sales - 93.8 %

- Rental and service - 2.6 %

- Others - 3.6 %
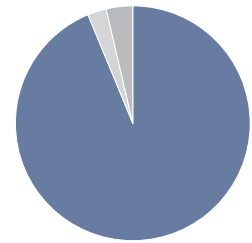
Source: Home Product Center

Major shareholders

- Land & Houses - 30.2 %

- Others - 69.8 %

Source: Home Product Center

Catalysts

Potential catalysts to our TP include 1) domestic consumption and tourism recoveries, 2) the consumption stimulus to boost domestic purchasing power, 3) an increase of 1-2% p.a. in the house-brand sales to raise the gross margin, and 4) sales promotion, such as trade-in.

Risks to our call

Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.

Event calendar

Date	Event
30 Apr 2024	1Q24 results announcement

Key assumptions

HMPRO	2023A	2024E	2025E	2026E
	(%)	(%)	(%)	(%)
SSSG	(0.5)	3.0	3.0	3.0
New store growth	9.4	5.5	5.2	4.9
Gross profit margin	26.6	26.7	26.8	26.9
SG&A to sales	19.6	19.6	19.7	19.9

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 net profit to rise by 1.9%, and vice versa, all else being equal.

- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.

- For every 0.1% increase in SG&A, we estimate 2024 net profit to fall by 0.9%, and vice versa, all else being equal.
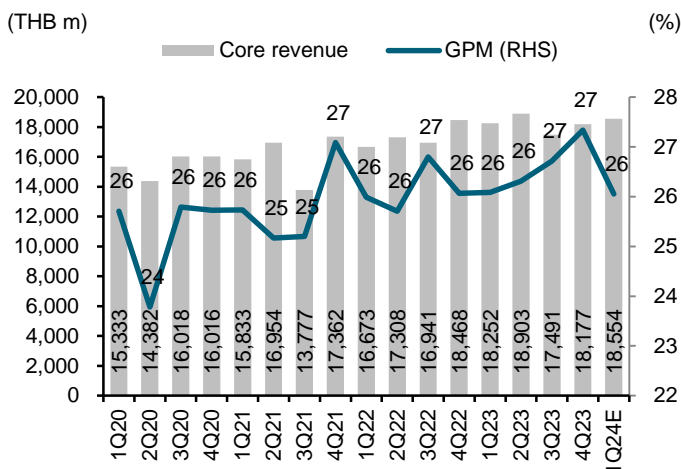
Source: FSSIA estimates

Exhibit 1: HMPRO - 1Q24E results preview

| YE Dec 31	1Q23	2Q23	3Q23	4Q23	1Q24E	------- Change ------		1Q24E	2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%24E	(THB m)	(THB m)	(y-y%)
Total revenue	**18,252**	**18,903**	**17,491**	**18,177**	**18,554**	**2.1**	**1.7**	**24**	**72,822**	**77,688**	**6.7**
--- Retail sales	17,223	17,789	16,390	16,881	17,313	2.6	0.5	24	68,283	72,986	6.9
--- Rental and service	477	464	434	507	450	(11)	(5.6)	23	1,882	1,966	4.4
--- Other income	551	650	666	788	791	0.4	43	29	2,656	2,736	3.0
Gross profit	**5,328**	**5,593**	**5,280**	**5,717**	**5,420**	**(5.2)**	**1.7**	**23**	**21,918**	**23,405**	**6.8**
Operating costs	(3,192)	(3,466)	(3,237)	(3,507)	(3,209)	(8.5)	0.5	22	(13,401)	(14,321)	6.9
Operating profit	**2,135**	**2,127**	**2,043**	**2,210**	**2,211**	**0.0**	**3.5**	**24**	**8,516**	**9,084**	**6.7**
Other income / (expense)	2	11	(1)	13	7	(47)	263	23	28	30	9.6
Interest expense	(133)	(130)	(138)	(166)	(168)	1.3	26	25	(567)	(670)	18.2
Profit before tax	2,004	2,008	1,904	2,058	2,050	(0.4)	2.3	24	7,975	8,443	5.9
Tax	(393)	(388)	(371)	(380)	(410)	7.8	4.4	26	(1,533)	(1,604)	4.7
Reported net profit	1,611	1,620	1,533	1,677	1,640	(2.2)	1.8	24	6,442	6,839	6.1
Recurring net profit	**1,611**	**1,620**	**1,533**	**1,677**	**1,640**	**(2.2)**	**1.8**	**24**	**6,442**	**6,839**	**6.1**
EPS (THB)	0.12	0.12	0.12	0.13	0.12	(2.2)	1.7	24	0.49	0.52	6.1
Recurring EPS (THB)	**0.12**	**0.12**	**0.12**	**0.13**	**0.12**	**(2.2)**	**1.7**	**24**	**0.49**	**0.52**	**6.1**
Key Ratios (%)	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(ppt)**	**(ppt)**		**(%)**	**(%)**	**(ppt)**
Retail sales margin	26.1	26.3	26.7	27.3	26.1	(1.3)	(0.0)		26.6	26.7	0.1
Operating margin	12.4	12.0	12.5	13.1	12.8	(0.3)	0.4		12.5	12.4	(0.0)
Recurring net margin	8.8	8.6	8.8	9.2	8.8	(0.4)	0.0		8.8	8.8	(0.0)
SG&A / sales	18.5	19.5	19.7	20.8	18.5	(2.2)	0.0		19.6	19.6	(0.0)
Operating statistics											
SSSG (%)											
HomePro	5.8	5.0	(3.6)	(8.5)	(2.0)				(0.5)	3.0	
MegaHome	0.0	(2.0)	(1.5)	(7.0)	(5.0)				(3.0)	3.0	
HomePro-Malaysia	8.0	(11.0)	(6.0)	(2.0)	1.5				(3.0)	3.0	
Number of stores (no.)	**120**	**122**	**124**	**128**	**128**				**128**	**135**	
Home Pro	87	86	87	89	89				89	92	
Home Pro S	5	5	5	5	5				5	5	
Mega Home	21	24	25	27	27				27	31	
Home Pro Malaysia	7	7	7	7	7				7	7	

Sources: HMPRO; FSSIA estimates
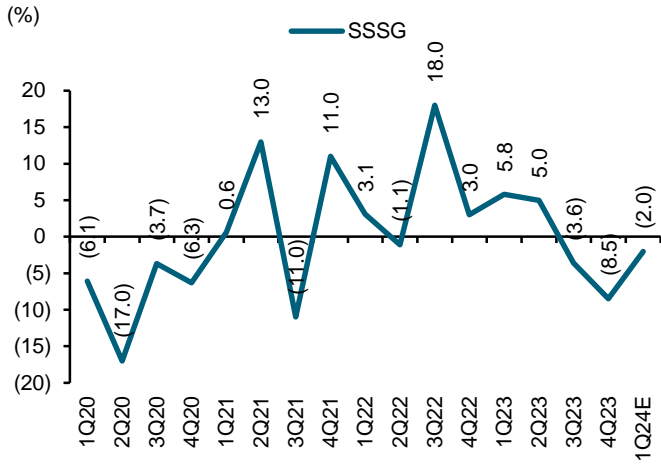
Exhibit 2: Quarterly revenue and GPM

Sources: HMPRO; FSSIA estimates
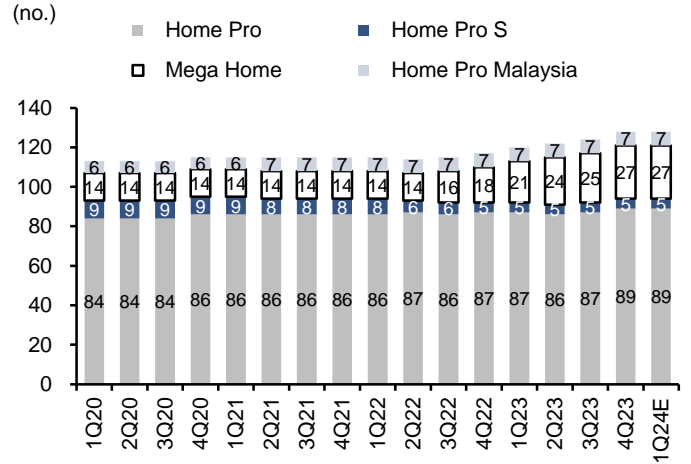
Exhibit 3: Quarterly net profit

Sources: HMPRO; FSSIA estimates
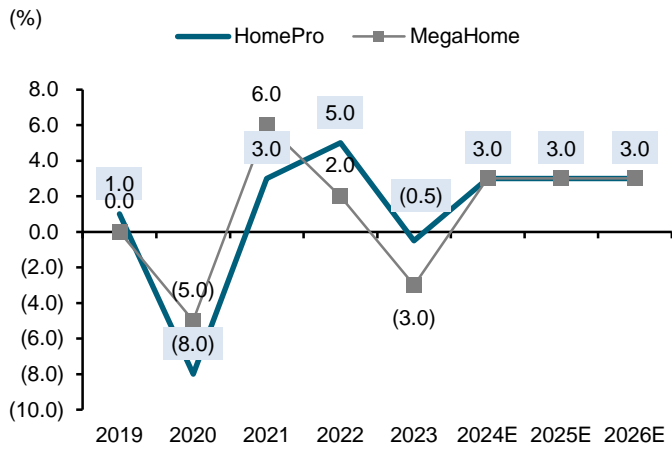
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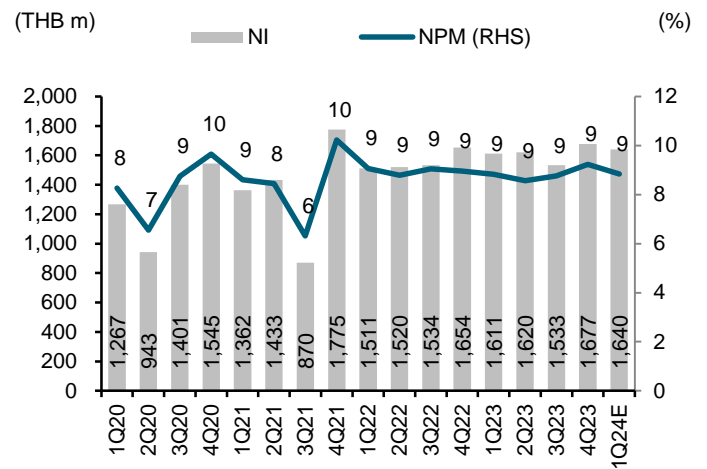
Exhibit 4: Quarterly SSSG

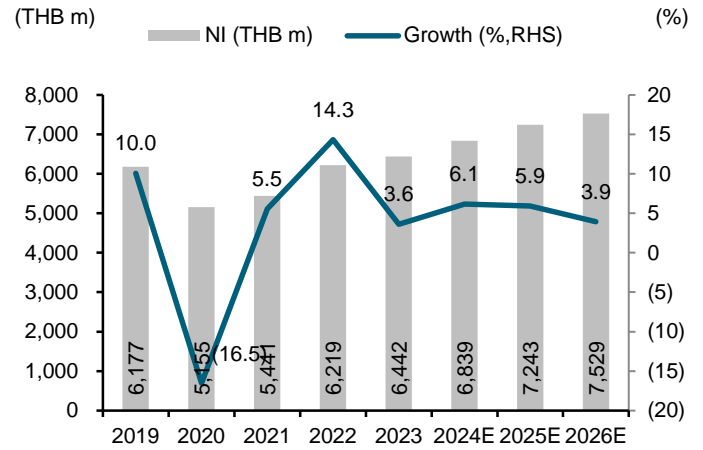Sources: HMPRO; FSSIA estimates

Exhibit 5: Store breakdown

Sources: HMPRO; FSSIA estimates

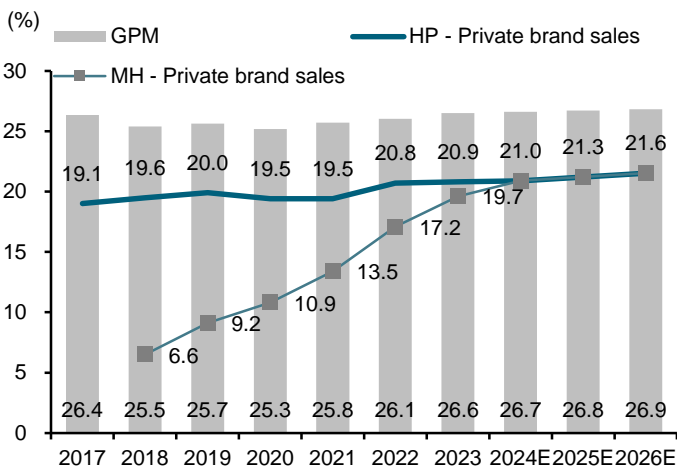**Exhibit 6: Yearly SSSG and expect SSSG 2024 of 3%**

Sources: HMPRO; FSSIA estimates
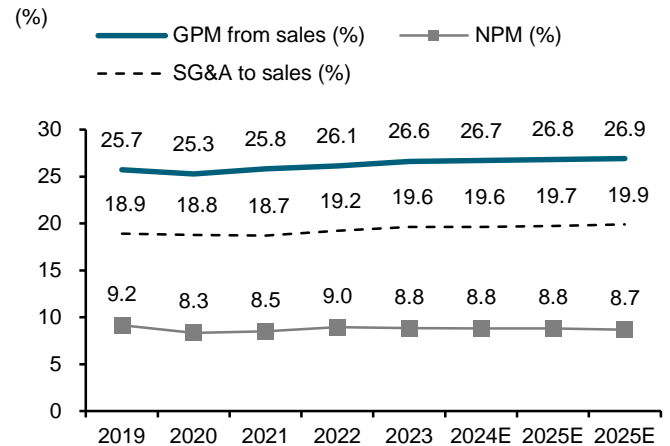
Exhibit 7: Yearly net profit

Sources: HMPRO; FSSIA estimates

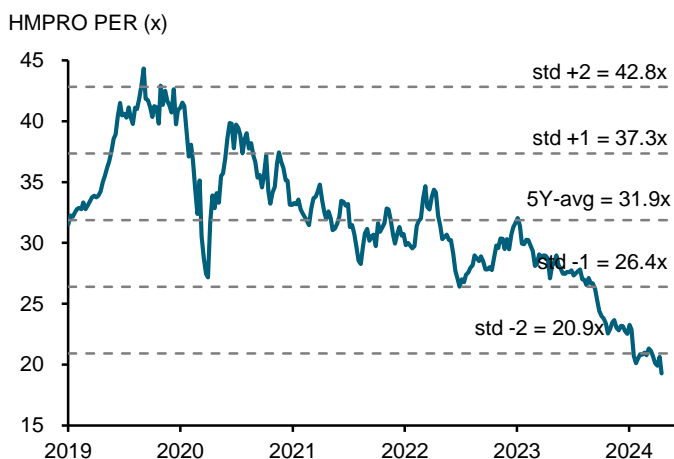**Exhibit 8: Target proportion of private brand**

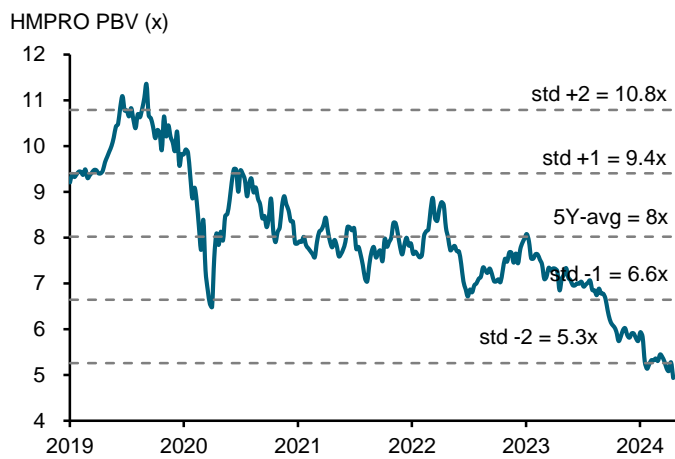Sources: HMPRO; FSSIA estimates

Exhibit 9: Profitability

Sources: HMPRO; FSSIA estimates

FINANSIA

Exhibit 10: Rolling one-year forward P/E band

HMPRO PER (x)

std +2 = 42.8x
std +1 = 37.3x
5Y-avg = 31.9x
std -1 = 26.4x
std -2 = 20.9x

Sources: Bloomberg; FSSIA estimates

Exhibit 11: Rolling one-year forward P/BV band

HMPRO PBV (x)

std +2 = 10.8x
std +1 = 9.4x
5Y-avg = 8x
std -1 = 6.6x
std -2 = 5.3x

Sources: Bloomberg; FSSIA estimates

Exhibit 12: Commerce peers as of 22 April 2024

Company	BBG	Rec	Current (LCY)	Target (LCY)	Upside (%)	Market Cap (USD m)	PE 24E (x)	PE 25E (x)	ROE 24E (%)	ROE 25E (%)	PBV 24E (x)	PBV 25E (x)	EV/ EBITDA 24E (x)	EV/ EBITDA 25E (x)
Consumer Staple														
CP All	CPALL TB	BUY	55.50	77.00	39	13,476	23.7	20.3	18.1	19.3	4.5	4.0	18.8	16.2
CP Axtra	CPAXT TB	BUY	31.75	36.00	13	9,080	31.5	26.8	3.6	4.2	1.1	1.1	11.6	10.9
Berli Jucker*	BJC TB	n/a	25.00	n/a	n/a	2,757	18.5	17.5	4.5	4.7	0.8	0.8	12.0	11.5
Consumer Staple average						25,313	24.6	21.5	8.7	9.4	2.1	2.0	14.1	12.9
Consumer Discretionary														
Com7	COM7 TB	BUY	17.90	22.50	26	1,154	14.4	13.2	34.3	32.0	4.6	3.9	9.8	8.7
Central Retail Corp	CRC TB	BUY	33.75	44.00	30	5,502	22.6	20.2	12.9	13.3	2.8	2.6	9.8	9.2
Home Improvement														
Index Living Mall	ILM TB	BUY	20.00	26.70	34	273	12.8	11.8	12.9	13.5	1.6	1.6	6.8	6.3
Home Product Center	HMPRO TB	BUY	10.30	13.60	32	3,661	19.8	18.7	26.1	26.4	5.1	4.8	11.6	11.0
Siam Global House	GLOBAL TB	BUY	16.00	17.70	11	2,250	27.1	24.1	12.3	13.0	3.2	3.0	21.0	18.9
Dohome	DOHOME TB	BUY	10.60	12.30	16	925	33.6	26.1	7.7	9.3	2.5	2.3	17.4	15.1
Home Improvement avg.						7,109	23.3	20.2	14.8	15.5	3.1	2.9	14.2	12.8
Consumer Discretionary avg.						13,765	21.7	19.0	17.7	17.9	3.3	3.0	12.7	11.5
Total average						39,078	22.7	19.9	14.7	15.1	2.9	2.7	13.2	12.0

Sources: *Bloomberg; FSSIA estimates

Financial Statements
Home Product Center

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	69,389	72,822	77,688	82,177	86,838
Cost of goods sold	(48,783)	(50,904)	(54,282)	(57,358)	(60,593)
Gross profit	**20,607**	**21,918**	**23,405**	**24,820**	**26,245**
Other operating income	-	-	-	-	-
Operating costs	(12,519)	(13,401)	(14,321)	(15,242)	(16,259)
Operating EBITDA	**11,244**	**11,948**	**12,754**	**13,596**	**14,376**
Depreciation	(3,156)	(3,431)	(3,670)	(4,018)	(4,389)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**8,088**	**8,516**	**9,084**	**9,578**	**9,987**
Net financing costs	(428)	(540)	(640)	(633)	(690)
Associates	0	0	0	0	0
Recurring non-operating income	0	(2)	(2)	(2)	(2)
Non-recurring items	0	0	0	0	0
Profit before tax	**7,660**	**7,975**	**8,443**	**8,943**	**9,295**
Tax	(1,441)	(1,533)	(1,604)	(1,699)	(1,766)
Profit after tax	**6,219**	**6,442**	**6,839**	**7,243**	**7,529**
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	**6,219**	**6,442**	**6,839**	**7,243**	**7,529**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**6,219**	**6,442**	**6,839**	**7,243**	**7,529**
Per share (THB)					
Recurring EPS *	0.47	0.49	0.52	0.55	0.57
Reported EPS	0.47	0.49	0.52	0.55	0.57
DPS	0.38	0.40	0.42	0.45	0.47
Diluted shares (used to calculate per share data)	13,151	13,151	13,151	13,151	13,151
Growth					
Revenue (%)	8.5	4.9	6.7	5.8	5.7
Operating EBITDA (%)	9.4	6.3	6.8	6.6	5.7
Operating EBIT (%)	14.5	5.3	6.7	5.4	4.3
Recurring EPS (%)	14.3	3.6	6.1	5.9	3.9
Reported EPS (%)	14.3	3.6	6.1	5.9	3.9
Operating performance					
Gross margin inc. depreciation (%)	29.7	30.1	30.1	30.2	30.2
Gross margin exc. depreciation (%)	34.2	34.8	34.9	35.1	35.3
Operating EBITDA margin (%)	16.2	16.4	16.4	16.5	16.6
Operating EBIT margin (%)	11.7	11.7	11.7	11.7	11.5
Net margin (%)	9.0	8.8	8.8	8.8	8.7
Effective tax rate (%)	18.8	19.2	19.0	19.0	19.0
Dividend payout on recurring profit (%)	80.4	81.7	81.7	81.7	81.7
Interest cover (X)	18.9	15.8	14.2	15.1	14.5
Inventory days	104.8	106.1	104.3	105.6	106.4
Debtor days	9.8	10.5	10.3	10.3	10.3
Creditor days	119.1	119.3	113.5	114.4	114.8
Operating ROIC (%)	24.7	24.1	23.9	23.6	23.1
ROIC (%)	16.5	15.9	15.8	15.7	15.4
ROE (%)	26.4	25.9	26.1	26.4	26.1
ROA (%)	10.6	10.2	10.3	10.2	10.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	65,091	68,283	72,986	77,278	81,762
Rental and service	1,721	1,882	1,966	2,081	2,202
Others	2,578	2,656	2,736	2,818	2,874

Sources: Home Product Center; FSSIA estimates

Financial Statements
Home Product Center

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	6,219	6,442	6,839	7,243	7,529
Depreciation	3,156	3,431	3,670	4,018	4,389
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	387	(968)	(117)	(121)	(129)
Cash flow from operations	**9,763**	**8,906**	**10,391**	**11,141**	**11,789**
Capex - maintenance	0	0	0	0	0
Capex - new investment	(5,041)	(5,142)	(5,656)	(6,222)	(6,408)
Net acquisitions & disposals	118	30	277	69	179
Other investments (net)	(914)	(24)	(471)	(434)	(451)
Cash flow from investing	**(5,837)**	**(5,136)**	**(5,850)**	**(6,586)**	**(6,680)**
Dividends paid	(4,997)	(5,260)	(5,584)	(5,915)	(6,148)
Equity finance	0	0	0	0	0
Debt finance	1,946	2,499	1,172	2,015	1,400
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**(3,052)**	**(2,762)**	**(4,412)**	**(3,899)**	**(4,748)**
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	**874**	**1,008**	**130**	**656**	**361**
Free cash flow to firm (FCFF)	4,370.42	4,337.61	5,212.19	5,220.46	5,821.03
Free cash flow to equity (FCFE)	5,871.79	6,268.86	5,713.83	6,570.40	6,508.28

Per share (THB)					
FCFF per share	0.33	0.33	0.40	0.40	0.44
FCFE per share	0.45	0.48	0.43	0.50	0.49
Recurring cash flow per share	0.71	0.75	0.80	0.86	0.91

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	55,912	59,722	65,378	71,600	78,008
Less: Accumulated depreciation	(26,444)	(28,543)	(32,213)	(36,232)	(40,621)
Tangible fixed assets (net)	**29,469**	**31,179**	**33,165**	**35,368**	**37,387**
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	5,420	6,429	6,559	7,214	7,575
A/C receivable	2,069	2,115	2,256	2,386	2,522
Inventories	13,630	13,965	14,966	15,893	16,872
Other current assets	311	150	160	170	179
Current assets	**21,430**	**22,659**	**23,941**	**25,663**	**27,148**
Other assets	14,286	15,210	16,226	17,164	18,138
Total assets	**65,185**	**69,048**	**73,333**	**78,195**	**82,673**
Common equity	24,246	25,559	26,813	28,142	29,524
Minorities etc.	0	0	0	0	0
Total shareholders' equity	**24,246**	**25,559**	**26,813**	**28,142**	**29,524**
Long term debt	9,056	11,743	11,228	12,421	13,249
Other long-term liabilities	7,398	8,167	8,713	9,217	9,739
Long-term liabilities	**16,454**	**19,910**	**19,941**	**21,637**	**22,988**
A/C payable	15,812	15,225	16,250	17,186	18,172
Short term debt	6,248	6,060	7,747	8,569	9,141
Other current liabilities	2,425	2,294	2,581	2,660	2,848
Current liabilities	**24,485**	**23,579**	**26,578**	**28,415**	**30,161**
Total liabilities and shareholders' equity	**65,184**	**69,047**	**73,332**	**78,195**	**82,673**
Net working capital	(2,227)	(1,289)	(1,448)	(1,397)	(1,447)
Invested capital	41,528	45,100	47,943	51,135	54,078
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	1.84	1.94	2.04	2.14	2.24
Tangible book value per share	1.84	1.94	2.04	2.14	2.24
Financial strength					
Net debt/equity (%)	40.8	44.5	46.3	48.9	50.2
Net debt/total assets (%)	15.2	16.5	16.9	17.6	17.9
Current ratio (x)	0.9	1.0	0.9	0.9	0.9
CF interest cover (x)	26.5	22.1	18.8	21.2	19.7

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**21.8**	**21.0**	**19.8**	**18.7**	**18.0**
Recurring P/E @ target price (x) *	**28.8**	**27.8**	**26.2**	**24.7**	**23.8**
Reported P/E (x)	21.8	21.0	19.8	18.7	18.0
Dividend yield (%)	3.7	3.9	4.1	4.4	4.5
Price/book (x)	5.6	5.3	5.1	4.8	4.6
Price/tangible book (x)	5.6	5.3	5.1	4.8	4.6
EV/EBITDA (x) **	12.9	12.3	11.6	11.0	10.5
EV/EBITDA @ target price (x) **	16.8	15.9	15.0	14.2	13.5
EV/invested capital (x)	3.5	3.3	3.1	2.9	2.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Home Product Center; FSSIA estimates

Home Product Center PCL (HMPRO TB)

Exhibit 13: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	**Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.**
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA	------------------- Domestic ratings -----------------------						--- Global ratings -------------------------					--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
DOHOME	42.34	--	--	--	5.00	5.00	Declared	Medium	37.50	--	--	37.19	20.00	4.17	46.91
GLOBAL	59.18	--	Y	Y	5.00	5.00	Declared	Low	53.10	--	--	36.48	41.00	3.24	52.38
HMPRO	87.20	Y	Y	Y	5.00	5.00	Certified	Low	66.54	AA	37.00	65.78	81.00	5.36	62.59
ILM	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
MEGA	54.48	--	Y	Y	4.00	4.00	Declared	Medium	66.56	--	--	58.59	24.00	2.39	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**2.33**	**2.48**	**3.72**	**3.82**	**3.88**	**3.90**	**4.43**	**5.36**
BESG environmental pillar score	0.72	0.90	1.00	1.21	1.16	1.36	2.58	4.21
BESG social pillar score	3.21	3.22	7.34	7.42	7.72	7.47	7.70	8.17
BESG governance pillar score	3.47	3.69	3.92	3.83	3.85	3.82	3.62	4.08
ESG disclosure score	**49.20**	**49.20**	**53.02**	**53.90**	**58.58**	**59.11**	**60.32**	**62.59**
Environmental disclosure score	28.39	28.39	39.08	41.71	41.71	41.71	41.71	45.15
Social disclosure score	35.49	35.49	36.28	36.28	50.33	51.93	55.56	58.95
Governance disclosure score	83.59	83.59	83.59	83.59	83.59	83.59	83.59	83.59
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes	Yes	Yes	Yes
GHG scope 1	1	1	1	1	0	0	0	0
GHG scope 2 location-based	91	85	92	84	85	63	64	71
GHG Scope 3	23	23	23	27	28	27	26	26
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—	198
Renewable energy use	—	—	—	—	—	—	—	51
Electricity used	159	158	158	144	147	112	136	146
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	2	2	2	1	2	2
Waste recycled	—	—	2	2	2	1	2	2
Waste sent to landfills	—	—	—	0	0	0	0	0
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	931	872	858	895	934	712	840	898
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	Yes	Yes	Yes	No
Pct women in workforce	46	47	49	51	52	49	50	50
Pct disabled in workforce	1	1	1	1	1	1	1	1
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	Yes
Number of employees – CSR	9,280	9,238	8,172	8,221	8,351	10,771	10,601	11,359
Employee turnover pct	23	24	20	18	20	20	17	20
Total hours spent by firm - employee training	640,876	713,543	398,140	407,186	449,534	240,193	251,456	353,151
Social supply chain management	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	**12**	**12**	**11**	**11**	**11**	**11**	**11**	**12**
No. of independent directors (ID)	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
No. of women on board	1	1	1	1	1	1	1	1
No. of non-executive directors on board	11	11	10	10	9	9	9	10
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	12	12	12	14	12	12
Board meeting attendance pct	95	96	97	95	98	99	98	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	40	41	42	43	44	45	46	47
Age of the oldest director	70	71	72	73	74	75	76	77
No. of executives / company managers	**17**	**16**	**17**	**19**	**18**	**21**	**25**	**24**
No. of female executives	8	9	10	11	13	14	14	13
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	12	12	12	12	12	12	12	12
Audit meeting attendance %	100	97	100	100	97	100	100	100
Size of compensation committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of ID on compensation committee	1	1	1	1	1	1	1	1
No. of compensation committee meetings	3	2	2	2	2	2	2	4
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
No. of nomination committee meetings	3	2	2	2	2	2	2	4
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. **SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > 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.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. 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 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 scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including 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 document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. AAA 8.571-10.000; AA 7.143-8.570; A 5.714-7.142; BBB 4.286-5.713; BB 2.857-4.285; B 1.429-2.856; CCC 0.000-1.428. **Leader:** leading its industry in managing the most significant ESG risks and opportunities. **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers. **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Home Product Center	HMPRO TB	THB 10.30	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Index Living Mall	ILM TB	THB 20.00	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Siam Global House	GLOBAL TB	THB 16.00	HOLD	Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.
Dohome PCL	DOHOME TB	THB 10.60	BUY	Downside risks to our DCF-based TP include 1) lower farm income, 2) a delay in government disbursement, 3) a decreased private brand exposure and its lower margins, 4) higher-than-expected expenses, and 5) a higher-than-expected impact of the El Nino.
CP All	CPALL TB	THB 55.50	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 31.75	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Com7	COM7 TB	THB 17.90	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 33.75	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.

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 22-Apr-2024 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.