

6 AUGUST 2024

EQUITY RESEARCH – ANALYST MEETING

# HOME PRODUCT CENTER

THAILAND / COMMERCE

# HMPRO TB

**BUY**  
UNCHANGED

## Key takeaways from analyst meeting

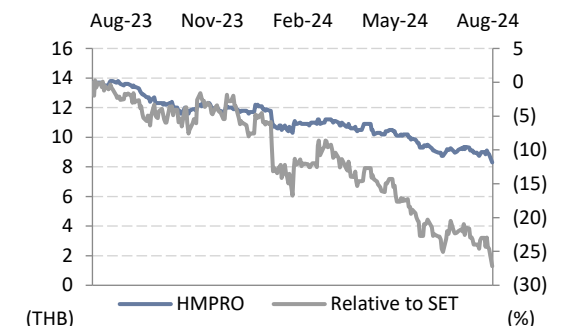
TARGET PRICE THB13.60  
CLOSE THB8.30  
UP/DOWNSIDE +63.9%  
TP vs CONSENSUS +4.4%

### Highlights

- We have a slightly bearish view of the slow SSSG recovery outlook following a slightly negative tone from today's meeting (6 Aug 24).
- The SSSG of key formats should remain negative in July due to purchasing power, which was persistently weak, the impact of road construction close to sizable branches, such as Ratchapruke, and the relocation of its Rattanaibet branch (planned closure in late 2024) to Bang Bua Thong (opened in December 2023), which was yet to include in the SSSG and should have roughly a 1% impact on the SSSG. To elaborate, the SSSG of HomePro and MegaHome would remain negative at c5% and 6-7%, respectively, while HomePro Malaysia should post a positive SSSG of 1-2%.
- In 2H24, HMPRO plans to introduce five more branches, leading to 135 branches by the end of 2024. They include three hybrid stores (two HomePros and one MegaHome), which would add to the existing ones, and two standalone HomePros in Chiang Mai and Phuket. Apart from that, management still aims for ten potential hybrid stores on the existing land. They would gradually add them in the future.
- Following the end of its operation in Vietnam (to do only E-marketplace), HMPRO has written off THB21m in its financial statements in 2Q24. Currently, it is under liquidation, which should end late this year or early next year. After that, HMPRO would reconcile it in its consolidated financial statements. The figure should not be much different from the write-off amount. The reasons for the discontinuation of its operation in Vietnam include (1) scarcity of land to set up branches since they are state-owned and the rent is expensive, and (2) consumer behavior since new generations usually live in condo units, making it difficult to sell home products and high-priced items.
- Regarding the impact of Temu, it should affect mainly inexpensive items. Hence, it has little effect on HMPRO. However, it would differentiate its products more by focusing on providing home solutions for products requiring installation by mechanics and warranty.
- HMPRO decreased to trade on a 2024E P/E of c16x (-2SD). Although we see limited downside, the recovery outlook is still weaker than expected. Also, it is a low season in 3Q24 before a high season in 4Q24.

### 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 (%)	-	(0.4)	(2.8)	(5.9)
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
EPS growth (%)	3.6	6.1	5.9	3.9
Core P/E (x)	16.9	16.0	15.1	14.5
Dividend yield (%)	4.8	5.1	5.4	5.6
EV/EBITDA (x)	10.1	9.5	9.0	8.6
Price/book (x)	4.3	4.1	3.9	3.7
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 (%)	(9.3)	(21.0)	(39.4)
Relative to country (%)	(6.6)	(15.0)	(27.3)
Mkt cap (USD m)	3,100		
3m avg. daily turnover (USD m)	9.3		
Free float (%)	42		
Major shareholder	Land & Houses (30%)		
12m high/low (THB)	14.10/8.20		
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 Jiracharoenyang**

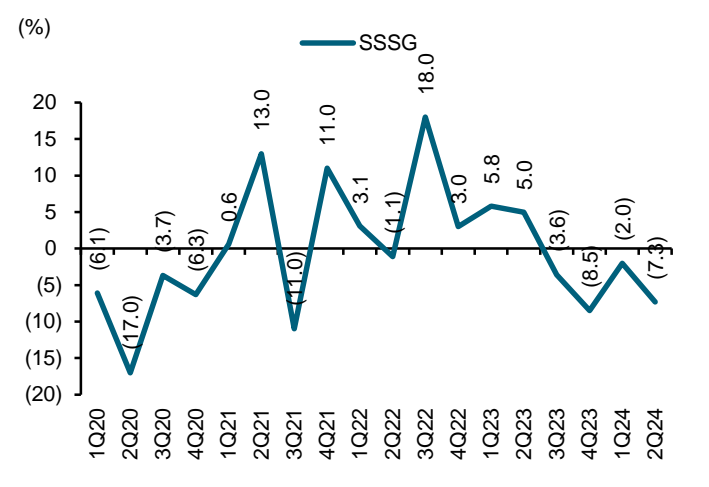
Research Assistant  
thada.j@fssia.com, +66 2646 9964

Exhibit 1: HMPRO - 2Q24 results summary

YE Dec 31	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		1H24	Change	1H24	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	%24E	(THB m)	(y-y%)
Total revenue	18,903	17,491	18,177	18,788	18,535	(1.3)	(1.9)	37,323	0.5	48	77,688	6.7
- Retail sales	17,789	16,390	16,881	17,664	17,398	(1.5)	(2.2)	35,062	0.1	48	72,986	6.9
- Rental and service	464	434	507	451	458	1.6	(1.2)	909	(3.4)	46	1,966	4.4
- Other income	650	666	788	673	679	0.9	4.4	1,352	12.5	49	2,736	3.0
Gross profit	5,593	5,280	5,717	5,563	5,501	(1.1)	(1.6)	11,064	1.3	47	23,405	6.8
Operating costs	(3,466)	(3,237)	(3,507)	(3,273)	(3,339)	2.0	(3.6)	(6,613)	(0.7)	46	(14,321)	6.9
Operating profit	2,127	2,043	2,210	2,289	2,162	(5.6)	1.6	4,451	4.4	49	9,084	6.7
Other income (expense)	11	(1)	13	8	22	178.7	105.1	30	136.8	100	30	9.6
Interest expense	(130)	(138)	(166)	(158)	(162)	2.5	24.5	(320)	21.4	48	(670)	18.2
Profit before tax	2,008	1,904	2,058	2,140	2,022	(5.5)	0.7	4,162	3.7	49	8,443	5.9
Tax	(388)	(371)	(380)	(427)	(401)	(6.1)	3.2	(827)	5.9	52	(1,604)	4.7
Reported net profit	1,620	1,533	1,677	1,713	1,622	(5.3)	0.1	3,335	3.2	49	6,839	6.1
Recurring net profit	1,620	1,533	1,677	1,713	1,622	(5.3)	0.1	3,335	3.2	49	6,839	6.1
EPS (THB)	0.12	0.12	0.13	0.13	0.12	(5.3)	0.1	0.25	3.2	49	0.52	6.1
Recurring EPS (THB)	0.12	0.12	0.13	0.13	0.12	(5.3)	0.1	0.25	3.2	49	0.52	6.1
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(ppt)
Retail sales margin	26.3	26.7	27.3	26.2	26.3	0.0	(0.0)	26.7	0.5		26.7	0.1
Operating margin	12.0	12.5	13.1	13.0	12.4	(0.5)	0.5	12.7	0.5		12.4	(0.0)
Recurring net margin	8.6	8.8	9.2	9.1	8.7	(0.4)	0.2	8.9	0.2		8.8	(0.0)
SG&A / sales	19.5	19.7	20.8	18.5	19.2	0.7	(0.3)	18.9	(0.2)		19.6	(0.0)
Operating statistics												
SSSG (%)												
HomePro	5.0	(3.6)	(8.5)	(2.0)	(7.3)						3.0	
MegaHome	(2.0)	(1.5)	(7.0)	(4.0)	(1.3)						3.0	
HomePro-Malaysia	(11.0)	(6.0)	(2.0)	1.0	(10.4)						3.0	
Number of stores (no.)												
Home Pro	86	87	89	89	90						92	
Home Pro S	5	5	5	5	5						5	
Mega Home	24	25	27	27	28						31	
Home Pro Malaysia	7	7	7	7	7						7	

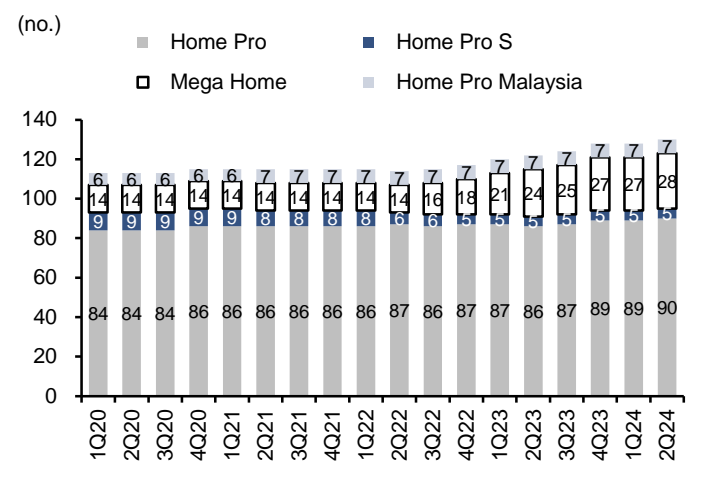
Sources: HMPRO; FSSIA estimates

Exhibit 2: HMPRO's SSSG



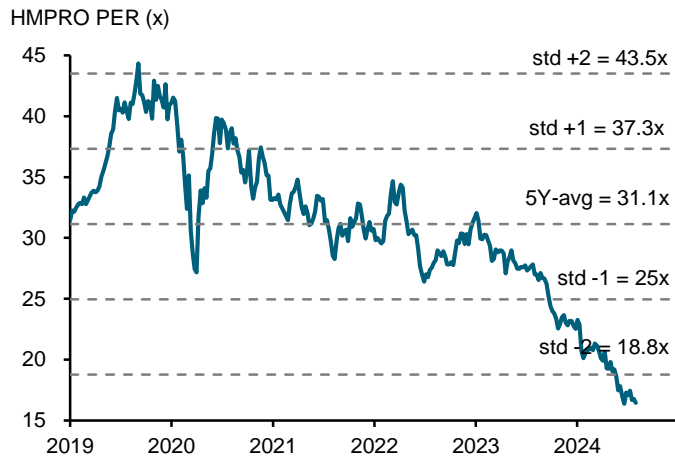
Sources: HMPRO; FSSIA's compilation

Exhibit 3: Store expansion



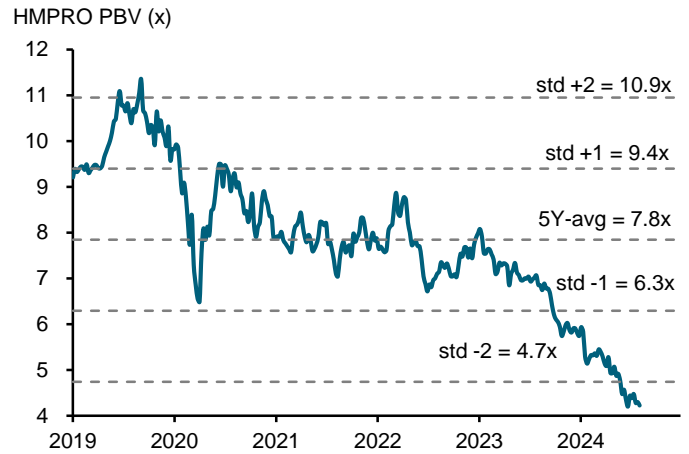
Sources: HMPRO; FSSIA's compilation

Exhibit 4: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Commerce peers as of 5 August 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		- EV/ EBITDA -	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	56.50	79.00	40	14,413	21.5	18.5	20.2	21.2	4.5	4.0	18.1	15.6
CP Aextra	CPAXT TB	BUY	28.75	36.00	25	8,638	28.6	24.3	3.6	4.2	1.0	1.0	10.7	10.0
Berli Jucker*	BJC TB	n/a	19.20	n/a	n/a	2,193	17.4	14.8	3.6	4.2	0.6	0.6	11.1	10.7
Consumer Staple average						25,245	22.5	19.2	9.2	9.9	2.1	1.9	13.3	12.1
Consumer Discretionary														
Com7	COM7 TB	HOLD	19.20	20.00	4	1,291	15.9	14.4	33.5	31.8	5.0	4.3	10.6	9.3
Central Retail Corp	CRC TB	BUY	27.50	40.00	45	4,710	19.5	17.7	12.2	12.4	2.3	2.1	8.8	8.3
Home Improvement														
Index Living Mall	ILM TB	BUY	16.50	26.70	62	237	10.6	9.8	12.9	13.5	1.3	1.3	6.0	5.5
Home Product Center	HMPRO TB	BUY	8.30	13.60	64	3,100	16.0	15.1	26.1	26.4	4.1	3.9	9.5	9.0
Siam Global House	GLOBAL TB	BUY	14.30	17.30	21	2,112	25.2	22.4	12.3	12.9	3.0	2.8	19.7	17.7
Dohome	DOHOME TB	BUY	10.20	11.80	16	935	33.6	26.3	7.7	9.2	2.5	2.3	17.3	15.2
Home Improvement avg.						6,384	21.3	18.4	14.8	15.5	2.7	2.6	13.1	11.9
Consumer Discretionary avg.						12,385	20.1	17.6	17.5	17.7	3.0	2.8	12.0	10.8
Total average						37,630	20.9	18.1	14.7	15.1	2.7	2.5	12.4	11.3

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)
<b>Gross profit</b>	<b>20,607</b>	<b>21,918</b>	<b>23,405</b>	<b>24,820</b>	<b>26,245</b>
Other operating income	-	-	-	-	-
Operating costs	(12,519)	(13,401)	(14,321)	(15,242)	(16,259)
<b>Operating EBITDA</b>	<b>11,244</b>	<b>11,948</b>	<b>12,754</b>	<b>13,596</b>	<b>14,376</b>
Depreciation	(3,156)	(3,431)	(3,670)	(4,018)	(4,389)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>8,088</b>	<b>8,516</b>	<b>9,084</b>	<b>9,578</b>	<b>9,987</b>
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
<b>Profit before tax</b>	<b>7,660</b>	<b>7,975</b>	<b>8,443</b>	<b>8,943</b>	<b>9,295</b>
Tax	(1,441)	(1,533)	(1,604)	(1,699)	(1,766)
<b>Profit after tax</b>	<b>6,219</b>	<b>6,442</b>	<b>6,839</b>	<b>7,243</b>	<b>7,529</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>6,219</b>	<b>6,442</b>	<b>6,839</b>	<b>7,243</b>	<b>7,529</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,219</b>	<b>6,442</b>	<b>6,839</b>	<b>7,243</b>	<b>7,529</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
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)
<b>Cash flow from operations</b>	<b>9,763</b>	<b>8,906</b>	<b>10,391</b>	<b>11,141</b>	<b>11,789</b>
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)
<b>Cash flow from investing</b>	<b>(5,837)</b>	<b>(5,136)</b>	<b>(5,850)</b>	<b>(6,586)</b>	<b>(6,680)</b>
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
<b>Cash flow from financing</b>	<b>(3,052)</b>	<b>(2,762)</b>	<b>(4,412)</b>	<b>(3,899)</b>	<b>(4,748)</b>
Non-recurring cash flows	0	0	0	0	0
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>874</b>	<b>1,008</b>	<b>130</b>	<b>656</b>	<b>361</b>
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)
<b>Tangible fixed assets (net)</b>	<b>29,469</b>	<b>31,179</b>	<b>33,165</b>	<b>35,368</b>	<b>37,387</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	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
<b>Current assets</b>	<b>21,430</b>	<b>22,659</b>	<b>23,941</b>	<b>25,663</b>	<b>27,148</b>
Other assets	14,286	15,210	16,226	17,164	18,138
<b>Total assets</b>	<b>65,185</b>	<b>69,048</b>	<b>73,333</b>	<b>78,195</b>	<b>82,673</b>
Common equity	24,246	25,559	26,813	28,142	29,524
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>24,246</b>	<b>25,559</b>	<b>26,813</b>	<b>28,142</b>	<b>29,524</b>
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
<b>Long-term liabilities</b>	<b>16,454</b>	<b>19,910</b>	<b>19,941</b>	<b>21,637</b>	<b>22,988</b>
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
<b>Current liabilities</b>	<b>24,485</b>	<b>23,579</b>	<b>26,578</b>	<b>28,415</b>	<b>30,161</b>
<b>Total liabilities and shareholders' equity</b>	<b>65,184</b>	<b>69,047</b>	<b>73,332</b>	<b>78,195</b>	<b>82,673</b>
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
<b>Recurring P/E (x) *</b>	<b>17.6</b>	<b>16.9</b>	<b>16.0</b>	<b>15.1</b>	<b>14.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>28.8</b>	<b>27.8</b>	<b>26.2</b>	<b>24.7</b>	<b>23.8</b>
Reported P/E (x)	17.6	16.9	16.0	15.1	14.5
Dividend yield (%)	4.6	4.8	5.1	5.4	5.6
Price/book (x)	4.5	4.3	4.1	3.9	3.7
Price/tangible book (x)	4.5	4.3	4.1	3.9	3.7
EV/EBITDA (x) **	10.6	10.1	9.5	9.0	8.6
EV/EBITDA @ target price (x) **	16.8	15.9	15.0	14.2	13.5
EV/invested capital (x)	2.9	2.7	2.5	2.4	2.3

\* 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)

FSSIA ESG rating

★★★★★

Exhibit 7: FSSIA ESG score implication

87.20 /100

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 8: 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 9: 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 10: 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
<b>Social</b>								
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
<b>Governance</b>								
<b>Board size</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>17</b>	<b>16</b>	<b>17</b>	<b>19</b>	<b>18</b>	<b>21</b>	<b>25</b>	<b>24</b>
No. of female executives	8	9	10	11	13	14	14	13
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	3	2	2	2	2	2	2	4
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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%). <i>(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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	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.																				
<a href="#">Thai CAC</a> 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. <i>(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.)</i>	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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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. <i>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 &amp; peer reviews.</i>	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>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
<b>AA</b>	7.143-8.570																					
<b>A</b>	5.714-7.142																					
<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																			
<b>BB</b>	2.857-4.285																					
<b>B</b>	1.429-2.856																					
<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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

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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Home Product Center	HMPRO TB	THB 8.30	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 16.50	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 14.30	BUY	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome PCL	DOHOME TB	THB 10.20	BUY	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
CP All	CPALL TB	THB 56.50	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 28.75	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 19.20	HOLD	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
Central Retail Corp	CRC TB	THB 27.50	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 05-Aug-2024 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.