

# DOHOME DOHOME TB

THAILAND / COMMERCE

## HOLD

FROM BUY

TARGET PRICE	THB10.50
CLOSE	THB9.95
UP/DOWNSIDE	+5.5%
PRIOR TP	THB11.80
CHANGE IN TP	-11.0%
TP vs CONSENSUS	-8.1%

## Steel prices to pressure 3Q24 profit

- Expect a 3Q24 core profit of THB73m, down 62 q-q from seasonality and 19% y-y from higher expenses.
- Cut 2024-26E core profit by 19%-35% on lower-than-expected SSSG and higher-than-expected SG&A expenses.
- Downgrade to HOLD with 2025 DCF-TP of THB10.5/share.

### 3Q24 core profit would be weaker than previously expected

We anticipate a 3Q24 core profit of THB73m, dropping 62% q-q due to seasonality and 19% y-y from weak SSSG and higher-than-expected SG&A expenses. We expect SSSG to decrease by 5%, mainly from the end-user customer segment. Although store traffic may weaken this year due to floods, new stores launched last year would help offset it, resulting in flat total sales.

### Steel price would pressure GPM

We expect a 3Q24 GPM of 16.4% (vs 17.5% in 2Q24 and 15.5% in 3Q23), lower than our previous assumption of above 17%, pressured mainly by a 2-3% decline in end-user customers to 48% of total sales (from a normalized level of 50%), leading to a drop in sales of repair, decoration, and house brand categories. Also, the GPM of steel would decrease by 2-3% to c8% due to a sharp decline in steel price in Aug, pressuring the steel margin. SG&A expenses should rise 9% y-y due to costs related to new store operations.

### Cut 2024-26E net profit from weak SSSG and higher expenses

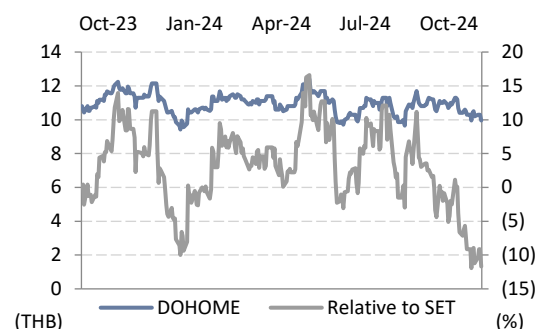
We have slashed our 2024-26E core profit by 35%, 26%, and 19%, respectively, to reflect lower-than-expected SSSG due to weakened purchasing power from end-user customers and higher-than-expected SG&A expenses. We now project a core profit of THB636m (+19% y-y) in 2024, THB929m (+46% y-y) in 2025, and THB1.2b (+35% y-y) in 2026, with expected SSSG of 3% in 2025, along with two additional store expansions.

### Downgrade to HOLD, roll over DCF-TP to 2025 at THB10.5/share

We roll over our DCF-TP to 2025 at THB10.5/share, implying a 2025 P/E of 36x. We downgrade our call to HOLD from Buy due to lower-than-expected SSSG, ongoing pressure on GPM from the sharp decline in steel prices, and higher-than-anticipated expenses.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	31,218	30,822	33,365	36,831
Net profit	585	636	929	1,258
EPS (THB)	0.19	0.20	0.29	0.39
vs Consensus (%)	-	(26.5)	(19.9)	(11.4)
EBITDA	2,214	2,457	2,902	3,455
Recurring net profit	532	636	929	1,258
Core EPS (THB)	0.17	0.20	0.29	0.39
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(41.0)	14.0	46.2	35.4
Core P/E (x)	57.7	50.6	34.6	25.6
Dividend yield (%)	0.5	0.3	0.6	0.9
EV/EBITDA (x)	21.8	20.2	17.4	14.9
Price/book (x)	2.5	2.5	2.4	2.2
Net debt/Equity (%)	143.7	135.5	134.7	131.6
ROE (%)	4.5	5.1	7.0	8.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.0)	(6.1)	(5.4)
Relative to country (%)	(7.8)	(16.4)	(9.4)
Mkt cap (USD m)	955		
3m avg. daily turnover (USD m)	2.8		
Free float (%)	30		
Major shareholder	Tangmitpracha Family (36%)		
12m high/low (THB)	12.60/9.37		
Issued shares (m)	3,089.13		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

DOHOME is a leading one-stop home product destination under the “Complete, Cheap, and Good at DOHOME” concept. It retails and wholesales building materials and decorative items, with over 80% of its branches in the provinces and 20% in Bangkok and its vicinity.

We expect a 2024 core profit growth of 19% y-y due to a low base in 2023. Also, we anticipate continued 2025-26 growth of 41% CAGR, the highest in the home improvement sector, supported by SSSG of 3-5%, an expansion of 2-4 large stores p.a., and the margin improvement strategy through private brands and efficient cost control.

### Company profile

DOHOME retails and wholesales building materials and decorative items and provides related services under the one-stop home product destination concept. It operates mainly in sizable buildings with a service area (including sales areas and warehouses) of approximately 22,000-65,000 SQM. Also, it has small-sized ToGo branches with a service area of roughly 800-1,000 SQM.

[www.dohome.co.th](http://www.dohome.co.th)

### Principal activities (revenue, 2023)

Sales - 98.9 %

Service income - 1.1 %

Source: Dohome

### Major shareholders

Tangmitrphracha Family - 36.0 %

Dohome Holding Company Limited - 28.2 %

Amplus Holdings Limited - 5.4 %

Others - 30.5 %

Source: Dohome

### Catalysts

Potential catalysts for DOHOME include 1) higher steel prices (30% of total revenue), 2) the property sector growth, 3) government measures to stimulate purchasing power, 4) investment in infrastructure projects, and 5) higher agricultural product prices and outputs.

### Risks to our call

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.

### Event calendar

Date	Event
5 Nov 2024	3Q24 results announcement

### Key assumptions

	2023A	2024E	2025E	2026E
SSSG (%)	(9.5)	(5.0)	3.0	3.0
Stores L expansion (no.)	14.3	-	2.0	3.0
House brand (%)	20.0	20.0	21.0	22.0
GPM (%)	15.7	17.3	17.5	17.7
SG&A to sales	12.8	13.8	13.3	12.8

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 net profit to rise by 1.9%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A, we estimate 2025 net profit to fall by 2.9%, and vice versa, all else being equal.

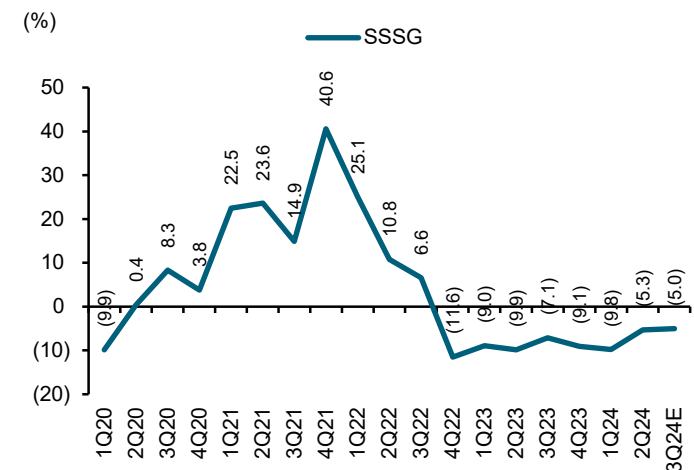
Source: FSSIA estimates

## Exhibit 1: DOHOME – 3Q24 results preview

Year to Dec 31	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24E (THB m)	----- Change ----- (q-q%) (y-y%)		----- 9M24E ----- (THB m) (y-y%) (%24E)			2024E (THB m)	Change (y-y%)
<b>Total revenue</b>	<b>7,431</b>	<b>7,331</b>	<b>7,959</b>	<b>8,016</b>	<b>7,432</b>	<b>(7)</b>	<b>0</b>	<b>23,406</b>	<b>(2)</b>	<b>76</b>	<b>30,822</b>	<b>(1)</b>
- Retail sales	7,358	7,258	7,877	7,921	7,344	(7)	(0)	23,141	(2)	76	30,468	(1)
- Service income	72	73	82	95	88	(7)	22	265	4	75	354	8
Cost of sales	(6,283)	(6,094)	(6,542)	(6,615)	(6,213)	(6)	(1)	(19,371)	(4)	76	(25,496)	(3)
<b>Gross profit</b>	<b>1,148</b>	<b>1,238</b>	<b>1,416</b>	<b>1,401</b>	<b>1,219</b>	<b>(13)</b>	<b>6</b>	<b>4,036</b>	<b>10</b>	<b>76</b>	<b>5,326</b>	<b>9</b>
Operating costs	(973)	(1,021)	(1,024)	(1,099)	(1,058)	(4)	9	(3,180)	7	75	(4,246)	6
<b>Operating profit</b>	<b>175</b>	<b>216</b>	<b>392</b>	<b>302</b>	<b>161</b>	<b>(47)</b>	<b>(8)</b>	<b>855</b>	<b>23</b>	<b>79</b>	<b>1,080</b>	<b>18</b>
Other income	72	179	58	74	69	(7)	(4)	201	12	73	274	(23)
Other expenses	0	0	0	0	0	n/a	n/a	0	(100)	n/a	0	(100)
<b>EBIT</b>	<b>247</b>	<b>395</b>	<b>450</b>	<b>376</b>	<b>230</b>	<b>(39)</b>	<b>(7)</b>	<b>1,056</b>	<b>21</b>	<b>78</b>	<b>1,354</b>	<b>7</b>
Finance income	6	8	6	5	6	29	3	16	10	70	23	3
Interest expense	(145)	(158)	(153)	(146)	(145)	(1)	0	(444)	9	75	(592)	4
Profit before tax	108	244	303	235	91	(61)	(15)	629	32	80	786	9
Tax	(17)	(48)	(58)	(42)	(18)	(57)	8	(119)	34	79	(150)	10
Non-recurring items	0	(53)	0	0	0	n/a	n/a	0	n/a	n/a	0	(100)
Reported net profit	91	197	244	193	73	(62)	(19)	510	31	80	636	9
<b>Recurring net profit</b>	<b>91</b>	<b>144</b>	<b>244</b>	<b>193</b>	<b>73</b>	<b>(62)</b>	<b>(19)</b>	<b>510</b>	<b>31</b>	<b>80</b>	<b>636</b>	<b>19</b>
EPS (THB)	0.03	0.06	0.08	0.06	0.02	(62)	(23)	0.16	25	80	0.20	4
<b>Recurring EPS (THB)</b>	<b>0.03</b>	<b>0.05</b>	<b>0.08</b>	<b>0.06</b>	<b>0.02</b>	<b>(62)</b>	<b>(23)</b>	<b>0.16</b>	<b>25</b>	<b>80</b>	<b>0.20</b>	<b>14</b>
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>			
Gross margin	15.5	16.9	17.8	17.5	16.4	(1.1)	0.9	17.2	1.9		17.3	1.6
Operating margin	2.4	2.9	4.9	3.8	2.2	(1.6)	(0.2)	3.7	0.7		3.5	0.6
Recurring net margin	1.2	2.0	3.1	2.4	1.0	(1.4)	(0.2)	2.2	0.6		2.1	0.4
SG&A to rev	13.0	13.6	12.8	13.6	14.1	0.5	1.1	13.6	1.2		13.7	1.0
<b>Operating stat</b>												
SSSG (% y-y)	(7.1)	(9.1)	(9.8)	(5.3)	(5.0)						(5.0)	
Stores - L (no.)	23	24	24	24	24						24	
Stores - ToGo (no.)	8	11	11	13	13						11	

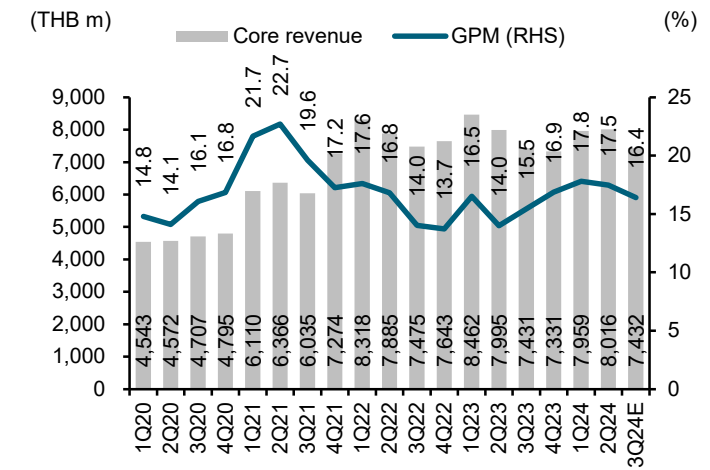
Sources: DOHOME; FSSIA estimates

## Exhibit 2: Quarterly SSSG



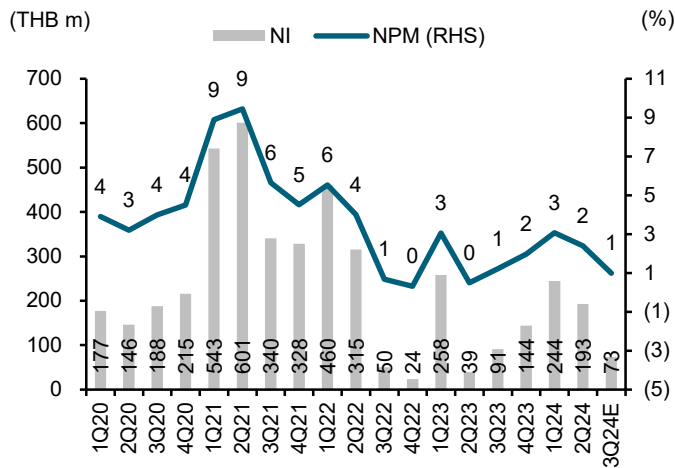
Sources: DOHOME; FSSIA estimates

## Exhibit 3: Quarterly revenue and GPM



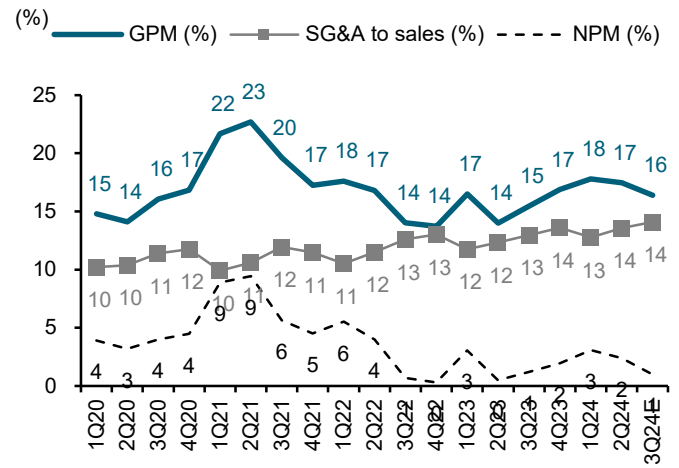
Sources: DOHOME; FSSIA estimates

Exhibit 4: Quarterly core profit and NPM



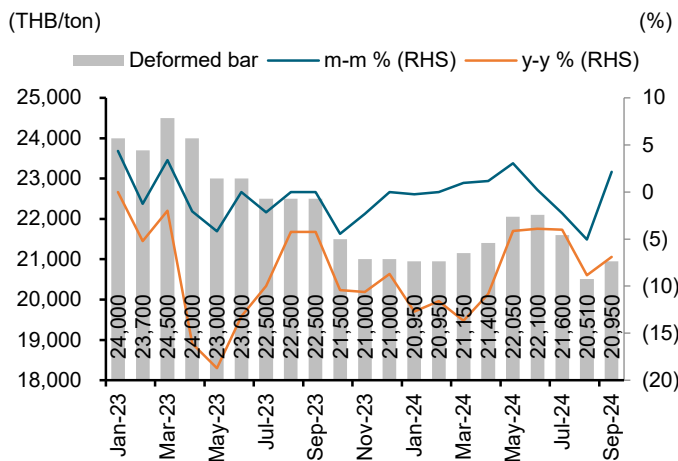
Sources: DOHOME; FSSIA estimates

Exhibit 5: Profitability



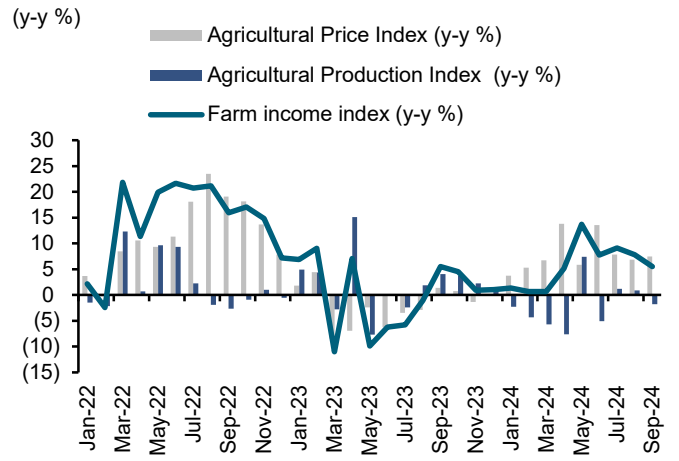
Sources: DOHOME; FSSIA estimates

Exhibit 6: Steel price



Source: Minister of Commerce

Exhibit 7: Farm income



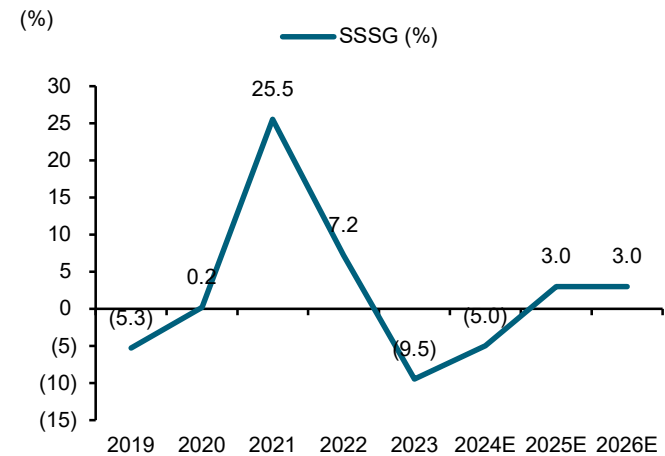
Source: Office of Agricultural Economics

Exhibit 8: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenues (THB m)	30,822	33,365	36,831	32,172	34,755	38,259	(4.2)	(4.0)	(3.7)
SSSG (%)	(5.0)	3.0	3.0	(3.0)	3.0	3.0	(2.0)	0.0	0.0
Gross margin (%)	17.3	17.5	17.7	17.0	17.4	17.9	0.3	0.0	(0.1)
No. of new stores L	0	2	3	0	2	3	0.0	0.0	0.0
SG&A expenses to sales (%)	13.8	13.3	12.8	12.3	12.1	12.0	1.5	1.1	0.8
Core profit (THB m)	636	929	1,258	982	1,256	1,563	(35.3)	(26.0)	(19.5)

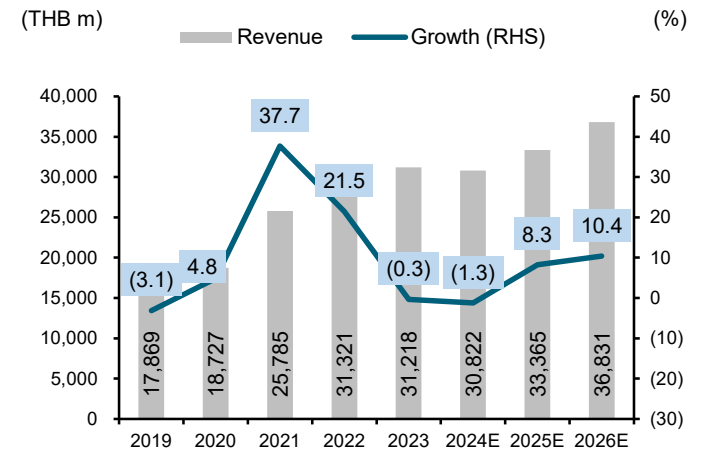
Source: FSSIA estimates

Exhibit 9: Yearly SSSG



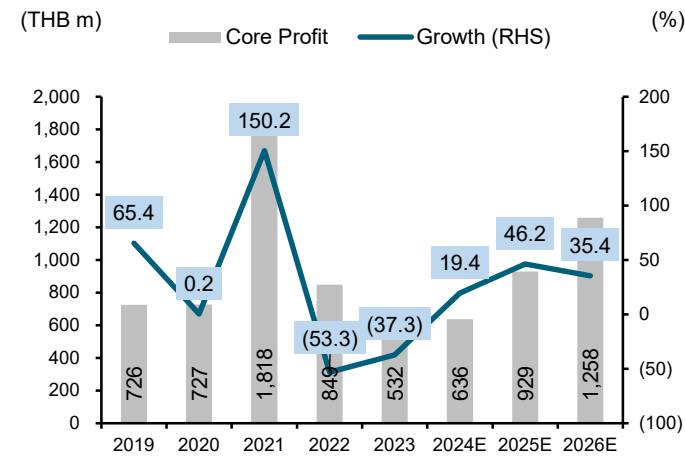
Sources: DOHOME; FSSIA estimates

Exhibit 10: Yearly revenue



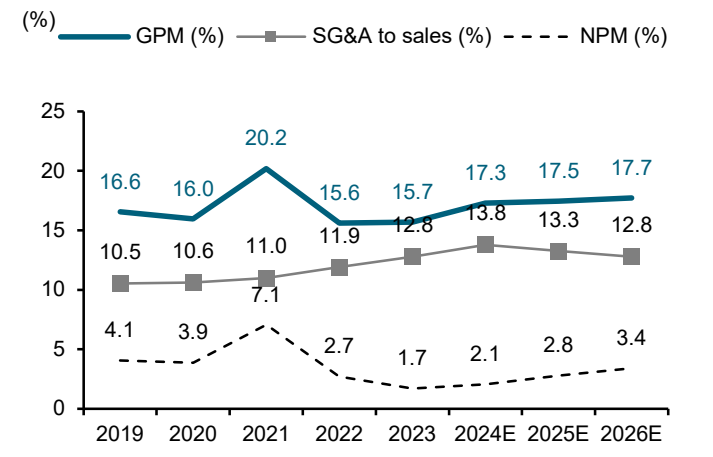
Sources: DOHOME; FSSIA estimates

Exhibit 11: Yearly core profit



Sources: DOHOME; FSSIA estimates

Exhibit 12: Profitability



Sources: DOHOME; FSSIA estimates

Exhibit 13: DCF-derived TP for 2025

DCF-derived TP	(%)	(THB m)
Discount rate (WACC)	7.3	
Terminal growth	2.0	
NPV (Value of the firm)		52,226
Net Debt		(18,316)
Value of equity		33,910
# of shares		3,234
Share price		10.5

Source: FSSIA estimates

Exhibit 14: Rolling one-year forward P/E band

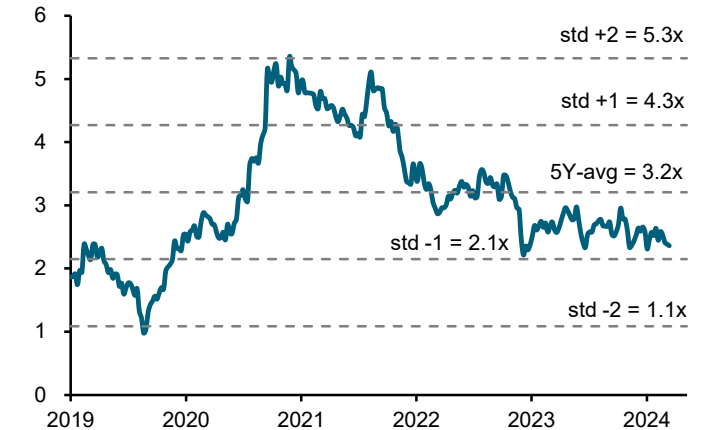
DOHOME PER (X)



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band

DOHOME PBV (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Commerce peers as of 24 October 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)	(x)
<b>Consumer Staple</b>														
CP All	CPALL TB	BUY	64.25	83.00	29	17,144	23.6	20.8	20.9	21.3	5.1	4.5	19.2	16.8
CP Axtra	CPAXT TB	BUY	33.25	42.00	26	10,299	33.2	26.7	3.5	4.3	1.2	1.2	11.4	9.9
Berli Jucker	BJC TB	BUY	23.80	31.00	30	2,833	21.6	18.7	3.7	4.2	0.8	0.8	12.1	11.6
<b>Consumer Staple average</b>						<b>30,277</b>	<b>26.1</b>	<b>22.1</b>	<b>9.4</b>	<b>9.9</b>	<b>2.4</b>	<b>2.2</b>	<b>14.2</b>	<b>12.8</b>
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	26.75	24.00	(10)	1,871	20.2	18.7	36.1	33.2	6.7	5.7	13.7	12.2
Central Retail Corp	CRC TB	BUY	31.25	40.00	28	5,598	22.1	20.1	12.2	12.4	2.6	2.4	9.4	8.9
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	17.60	26.70	52	264	11.3	10.4	12.9	13.5	1.4	1.4	6.2	5.7
Home Product Center	HMPRO TB	BUY	9.75	13.20	35	3,809	19.9	18.9	24.6	24.8	4.8	4.6	11.5	10.9
Siam Global House	GLOBAL TB	HOLD	16.10	17.30	7	2,488	32.9	28.3	10.6	11.7	3.4	3.2	25.3	22.0
Dohome	DOHOME TB	HOLD	9.95	10.50	6	955	50.6	34.6	5.1	7.0	2.5	2.4	20.2	17.4
<b>Home Improvement avg.</b>						<b>7,515</b>	<b>28.7</b>	<b>23.1</b>	<b>13.3</b>	<b>14.2</b>	<b>3.0</b>	<b>2.9</b>	<b>15.8</b>	<b>14.0</b>
<b>Consumer Discretionary avg.</b>						<b>14,985</b>	<b>26.2</b>	<b>21.8</b>	<b>16.9</b>	<b>17.1</b>	<b>3.6</b>	<b>3.3</b>	<b>14.4</b>	<b>12.9</b>
<b>Total average</b>						<b>45,262</b>	<b>26.2</b>	<b>21.9</b>	<b>14.4</b>	<b>14.7</b>	<b>3.2</b>	<b>2.9</b>	<b>14.3</b>	<b>12.8</b>

Source: FSSIA estimates

## Financial Statements

### Dohome

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	31,321	31,218	30,822	33,365	36,831
Cost of goods sold	(26,434)	(26,317)	(25,496)	(27,541)	(30,305)
<b>Gross profit</b>	<b>4,887</b>	<b>4,901</b>	<b>5,326</b>	<b>5,824</b>	<b>6,525</b>
Other operating income	210	303	274	297	328
Operating costs	(3,731)	(3,992)	(4,246)	(4,423)	(4,704)
<b>Operating EBITDA</b>	<b>2,149</b>	<b>2,214</b>	<b>2,457</b>	<b>2,902</b>	<b>3,455</b>
Depreciation	(784)	(1,001)	(1,103)	(1,204)	(1,306)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,365</b>	<b>1,213</b>	<b>1,354</b>	<b>1,698</b>	<b>2,149</b>
Net financing costs	(333)	(544)	(568)	(549)	(576)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(75)	53	0	0	0
<b>Profit before tax</b>	<b>957</b>	<b>722</b>	<b>786</b>	<b>1,149</b>	<b>1,573</b>
Tax	(183)	(136)	(150)	(219)	(315)
<b>Profit after tax</b>	<b>774</b>	<b>585</b>	<b>636</b>	<b>929</b>	<b>1,258</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>774</b>	<b>585</b>	<b>636</b>	<b>929</b>	<b>1,258</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>75</b>	<b>(53)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>849</b>	<b>532</b>	<b>636</b>	<b>929</b>	<b>1,258</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.29	0.17	0.20	0.29	0.39
Reported EPS	0.27	0.19	0.20	0.29	0.39
DPS	0.21	0.05	0.03	0.06	0.09
Diluted shares (used to calculate per share data)	2,907	3,089	3,234	3,234	3,234
<b>Growth</b>					
Revenue (%)	21.5	(0.3)	(1.3)	8.3	10.4
Operating EBITDA (%)	(30.5)	3.0	11.0	18.1	19.0
Operating EBIT (%)	(45.5)	(11.2)	11.7	25.4	26.6
Recurring EPS (%)	(53.9)	(41.0)	14.0	46.2	35.4
Reported EPS (%)	(58.0)	(28.9)	3.8	46.2	35.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.6	15.7	17.3	17.5	17.7
Gross margin exc. depreciation (%)	18.1	18.9	20.9	21.1	21.3
Operating EBITDA margin (%)	6.9	7.1	8.0	8.7	9.4
Operating EBIT margin (%)	4.4	3.9	4.4	5.1	5.8
Net margin (%)	2.7	1.7	2.1	2.8	3.4
Effective tax rate (%)	19.1	18.9	19.1	19.1	20.0
Dividend payout on recurring profit (%)	72.7	28.8	16.1	20.3	21.9
Interest cover (X)	4.1	2.2	2.4	3.1	3.7
Inventory days	181.8	194.8	197.2	188.7	186.9
Debtor days	17.7	16.3	16.0	15.7	15.5
Creditor days	59.6	60.1	59.1	58.2	57.7
Operating ROIC (%)	4.5	3.5	3.8	4.7	5.6
ROIC (%)	4.2	3.3	3.6	4.4	5.2
ROE (%)	7.6	4.5	5.1	7.0	8.9
ROA (%)	3.7	2.9	3.2	3.8	4.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	31,045	30,890	30,468	32,982	36,408
Service income	275	328	354	383	423

Sources: Dohome; FSSIA estimates

## Financial Statements

## Dohome

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	849	532	636	929	1,258
Depreciation	784	1,001	1,103	1,204	1,306
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(1,060)	712	898	(269)	(543)
<b>Cash flow from operations</b>	<b>573</b>	<b>2,245</b>	<b>2,637</b>	<b>1,864</b>	<b>2,022</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(4,455)	(2,340)	(1,727)	(1,754)	(1,780)
Net acquisitions & disposals	(708)	58	(277)	(253)	(235)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(5,163)</b>	<b>(2,283)</b>	<b>(2,004)</b>	<b>(2,007)</b>	<b>(2,016)</b>
Dividends paid	(617)	-	(102)	(188)	(275)
Equity finance	487	194	144	0	0
Debt finance	4,919	700	(108)	935	837
Other financing cash flows	(340)	(721)	(592)	(572)	(596)
<b>Cash flow from financing</b>	<b>4,449</b>	<b>173</b>	<b>(658)</b>	<b>175</b>	<b>(34)</b>
Non-recurring cash flows	-	-	-	-	-
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>(141)</b>	<b>136</b>	<b>(25)</b>	<b>32</b>	<b>(28)</b>
Free cash flow to firm (FCFF)	(4,239.40)	528.84	1,224.63	430.96	606.77
Free cash flow to equity (FCFE)	(10.25)	(57.98)	(67.03)	220.74	247.13

## Per share (THB)

FCFF per share	(1.37)	0.17	0.40	0.14	0.20
FCFE per share	0.00	(0.02)	(0.02)	0.07	0.08
Recurring cash flow per share	0.56	0.50	0.54	0.66	0.79

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	19,851	22,014	23,514	25,014	26,514
Less: Accumulated depreciation	(3,835)	(4,659)	(5,534)	(6,485)	(7,511)
<b>Tangible fixed assets (net)</b>	<b>16,016</b>	<b>17,356</b>	<b>17,980</b>	<b>18,529</b>	<b>19,003</b>
<b>Intangible fixed assets (net)</b>	<b>1,593</b>	<b>1,539</b>	<b>1,815</b>	<b>2,068</b>	<b>2,301</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	160	296	271	304	276
A/C receivable	1,463	1,326	1,377	1,491	1,645
Inventories	13,761	13,264	13,091	14,141	15,560
Other current assets	274	158	156	162	177
<b>Current assets</b>	<b>15,659</b>	<b>15,044</b>	<b>14,896</b>	<b>16,098</b>	<b>17,659</b>
Other assets	50	44	44	45	50
<b>Total assets</b>	<b>33,318</b>	<b>33,983</b>	<b>34,735</b>	<b>36,740</b>	<b>39,013</b>
Common equity	11,603	12,176	12,854	13,595	14,578
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>11,603</b>	<b>12,176</b>	<b>12,854</b>	<b>13,595</b>	<b>14,578</b>
Long term debt	5,164	5,833	6,744	7,253	8,014
Other long-term liabilities	95	105	104	108	118
<b>Long-term liabilities</b>	<b>5,259</b>	<b>5,938</b>	<b>6,849</b>	<b>7,361</b>	<b>8,132</b>
A/C payable	4,483	3,855	4,039	4,363	4,800
Short term debt	11,929	11,961	10,941	11,367	11,443
Other current liabilities	45	54	53	55	61
<b>Current liabilities</b>	<b>16,456</b>	<b>15,869</b>	<b>15,033</b>	<b>15,785</b>	<b>16,304</b>
<b>Total liabilities and shareholders' equity</b>	<b>33,318</b>	<b>33,983</b>	<b>34,735</b>	<b>36,740</b>	<b>39,013</b>
Net working capital	10,971	10,839	10,532	11,376	12,522
Invested capital	28,631	29,778	30,372	32,018	33,877

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

## Per share (THB)

Book value per share	3.99	3.94	3.98	4.20	4.51
Tangible book value per share	3.44	3.44	3.41	3.56	3.80

## Financial strength

Net debt/equity (%)	145.9	143.7	135.5	134.7	131.6
Net debt/total assets (%)	50.8	51.5	50.1	49.9	49.2
Current ratio (x)	1.0	0.9	1.0	1.0	1.1
CF interest cover (x)	14.3	5.2	3.9	4.6	4.5

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>34.1</b>	<b>57.7</b>	<b>50.6</b>	<b>34.6</b>	<b>25.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>35.9</b>	<b>60.9</b>	<b>53.4</b>	<b>36.5</b>	<b>27.0</b>
Reported P/E (x)	37.4	52.5	50.6	34.6	25.6
Dividend yield (%)	2.1	0.5	0.3	0.6	0.9
Price/book (x)	2.5	2.5	2.5	2.4	2.2
Price/tangible book (x)	2.9	2.9	2.9	2.8	2.6
EV/EBITDA (x) **	21.3	21.8	20.2	17.4	14.9
EV/EBITDA @ target price (x) **	22.1	22.6	20.9	18.0	15.4
EV/invested capital (x)	1.6	1.6	1.6	1.6	1.5

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Dohome; FSSIA estimates



# Dohome (DOHOME TB)

FSSIA ESG rating

★ ★ ★

Exhibit 17: FSSIA ESG score implication

42.34 /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 18: 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 19: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.50	1.52	2.55	4.17
BESG environmental pillar score	0.00	0.00	0.00	2.33
BESG social pillar score	0.67	0.67	3.88	5.70
BESG governance pillar score	5.00	5.11	4.98	4.79
ESG disclosure score	28.73	32.69	37.03	46.91
Environmental disclosure score	0.00	0.00	2.08	25.67
Social disclosure score	15.72	16.81	27.75	33.83
Governance disclosure score	70.32	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	No	Yes
Climate change policy	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes
GHG scope 1	—	—	—	—
GHG scope 2 location-based	—	—	—	—
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	16
Electricity used	—	—	—	50
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 20: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	No	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	Yes	Yes
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	No	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	44	43
Pct disabled in workforce	—	—	1	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	1
Total recordable incident rate - employees	—	—	2	—
Training policy	No	Yes	Yes	Yes
Fair remuneration policy	No	No	No	Yes
Number of employees – CSR	3,706	5,176	6,219	7,837
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	1,098	2,388	1,910	30,870
Social supply chain management	No	No	No	Yes
<b>Governance</b>				
<b>Board size</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>8</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>
No. of women on board	5	5	3	3
No. of non-executive directors on board	5	5	3	3
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	5	6	4	4
Board meeting attendance pct	—	95	88	97
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	28	29	30	31
Age of the oldest director	66	67	68	69
<b>No. of executives / company managers</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>
No. of female executives	7	7	7	7
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	5	4	4	4
Audit meeting attendance %	—	100	75	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	2	2	2	2
Compensation meeting attendance %	—	100	83	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	—	100	83	100
<b>Sustainability governance</b>				
Verification type	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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 Sustainability</a>	The Sustainability's 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="2"><b>Average:</b></td><td rowspan="2">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><td rowspan="2"><b>Laggard:</b></td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</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>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	<b>CCC</b>	0.000-1.428
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																			
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<b>B</b>	1.429-2.856	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
<b>CCC</b>	0.000-1.428																					
<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

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#### Thada Jiracharoenyng FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Dohome	DOHOME TB	THB 9.95	HOLD	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.
Index Living Mall	ILM TB	THB 17.60	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.
Home Product Center	HMPRO TB	THB 9.75	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.
Siam Global House	GLOBAL TB	THB 16.10	HOLD	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 64.25	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 33.25	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.
Berli Jucker	BJC TB	THB 23.80	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices.
Com7	COM7 TB	THB 26.75	BUY	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 31.25	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 24-Oct-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.