

Increasingly attractive risk and reward

We like HMPRO, which has seen a good move up in SSS in 4Q24TD, with SSS contraction slowing in HomePro to 2-3% YoY (vs -6% YoY in 3Q24) and actual SSS growth in MegaHome at 4-5% YoY (vs -4% YoY in 3Q24), backed by the return of demand after the flooding, plus more government budget disbursement and better purchasing power after the Bt10,000 cash handout. With better SSS, continued store expansion and wider margin, we expect 4Q24F earnings to grow YoY and QoQ. HMPRO is now trading at an attractive 20x 2024PE (below -2S.D. at 22x its 10-year PE) at a time when earnings will grow; it also can be seen as a sector proxy for potential new stimulus, such as a tax break on shopping. We maintain Outperform with a mid-2025 DCF TP (WACC at 7.0% and LT growth rate at 2.5%) of B13.

Catalyst #1: Sign of SSS improvement in 4Q24TD. In October, SSS seems to have improved from 3Q24, contracting just 2-3% YoY at HomePro (80% of sales), vs -6% YoY in 3Q24, and growing 4-5% YoY at MegaHome (18% of sales), vs -4% YoY in 3Q24, with virtually no change in YoY growth in weekly figures vs. monthly. Underwriting the improvement was better sales upcountry (51% of sales), with sales continuing weak in Bangkok. By region, SSS uplift was led by the north (accounting for 15% of sales for HomePro and more than 20% of sales for MegaHome) where 2% YoY was added to SSS in both formats in October as demand returned after the flooding receded in Chiang Mai and Chiang Rai (where it has four stores, 3% of total stores), followed by the eastern, central and southern regions on better purchasing power after the Bt10,000 cash handout to 14.5mn people in late September, greater government investment budget disbursement off last year's low base (+164% YoY in October) and more tourists.

HMPRO expects SSS upcountry to further strengthen, led by demand post flooding related to appliances in the first month and renovations and repair for the next 3-6 months, similar to what was seen after the severe flooding in 2011. SSS in Bangkok is expected to improve gradually at end-2024F off a normal base from road construction in front of the HomePro Ratchapruek store since late 2023 (sliced 1% YoY off SSS YTD), and mid-2025F upon the completion of road construction.

Catalyst #2: Expect better earnings in 4Q24F. The higher SSS, the planned opening of four new stores (three HomePro in Mae Sot, Chiang Mai and Phuket, and a MegaHome in Sriracha) and a continued widening in margin from more high-margin private brand sales at both MegaHome and HomePro and controlled SG&A/sales via expansion in the hybrid format (HomePro adjacent to MegaHome, allowing cost sharing) leads us to expect 4Q24F earnings to grow YoY and QoQ.

Catalyst #3: Attractive valuation, with earnings improving and the sector proxy for upcoming stimulus. We see HMPRO as trading at an unjustified level of 20x 2024PE (below -2S.D. at 22x its 10-year PE) in view of its attractive dividend yield of 3.9%, upcoming earnings improvement and as the sector's proxy for potential new stimulus such as a tax break on shopping. Tax breaks on shopping were approved eight times in 2015-23. The most recent, giving a tax deduction on up to Bt50,000 in purchases, ran from Jan 1 – Feb 15, 2024 and added 1-2% YoY to SSS.

Key risks are changes in purchasing power and new government policies. Key ESG risks are energy & waste management, sustainable products (E) and product quality management, labor practices and data privacy (S).

Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	65,091	68,283	68,147	72,261	76,765
EBITDA	(Btmn)	11,261	11,974	12,238	13,302	14,489
Core profit	(Btmn)	6,217	6,442	6,472	7,231	8,107
Reported profit	(Btmn)	6,217	6,442	6,472	7,231	8,107
Core EPS	(Bt)	0.47	0.49	0.49	0.55	0.62
DPS	(Bt)	0.38	0.40	0.38	0.38	0.43
P/E, core	(x)	20.7	20.0	19.9	17.8	15.9
EPS growth, core	(%)	14.3	3.6	0.5	11.7	12.1
P/BV, core	(x)	5.3	5.0	4.8	4.4	4.0
ROE	(%)	26.4	25.9	24.7	25.9	26.5
Dividend yield	(%)	3.9	4.1	3.9	3.9	4.4
EV/EBITDA	(x)	12.8	12.3	12.0	11.0	10.0

Source: InnovestX Research

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Nov 5) (Bt)	9.80
Target price (Bt)	13.00
Mkt cap (Btmn)	128.88

12-m high / low (Bt)	12.5 / 7.7
Avg. daily 6m (US\$mn)	12.02
Foreign limit / actual (%)	30 / 11
Free float (%)	41.3
Outstanding Short Position (%)	1.08

Share price performance

(%)	1M	3M	12M
Absolute	(6.7)	19.5	(17.6)
Relative to SET	(9.0)	2.8	(21.2)

INVX core earnings vs consensus

Earnings vs consensus	2024F	2025F
Consensus (Bt mn)	6,644	7,158
INVX vs Consensus (%)	(2.6)	1.0

Earnings momentum	YoY	QoQ
INVX 4Q24F core earnings	Up	Up

2023 Sustainability/2022 ESG Score

SET ESG Ratings	AA
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Bloomberg ESG Score and Rank in the sector

ESG Score and Rank	6.72 1/33
Environmental Score and Rank	7.39 1/33
Social Score and Rank	8.52 1/33
Governance Score and Rank	4.55 5/33

Source: SET, InnovestX Research, Bloomberg Finance L.P.

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Value proposition

Home Product Center (HMPRO) is Thailand's leading home improvement retailer. At end-2023, it had retail spaces in 128 stores (net saleable area at 1.05mn sqm, +14% YoY), consisting of 89 stores in the HomePro format (3K-10K sqm per store), five stores in the HomePro S format (1.2K-2K sqm per store), 27 stores in the MegaHome format (15K-20K sqm per store) and seven stores in the HomePro format in Malaysia. At end-2023, it had five community shopping malls, HomePro Village stores (in Hua Hin, Suvarnabhumi, Ratchapruet, Phuket and Pathum Thani), managing both retail space and rental space, with net leasable area at 149K sqm.

Of 9M24 sales, 80% came from HomePro, 18% from MegaHome and 2% from HomePro in Malaysia. Within 2023 sales, 49% came from Bangkok (42% from stores and 7% from E-commerce) and vicinity and 51% from upcountry. Of 2023 saleable area, 40% was in stores in Bangkok and vicinity and 60% in upcountry stores.

Business outlook

Its 2024 strategies are to: 1) increase sales via new stores, offering new sales channels (apart from stores, online, third-party marketplace, i.e., Shopee, Lazada and One Stock Home – a website offering construction materials, tools and decoration items), raising product SKUs, offering up to 100K SKUs via its online application vs 60-70K SKUs in its current online application and 40K SKUs in stores; 2) improve the customer experience by offering a lifetime ecosystem with offers of trade-in purchases, home services, repair centers and waste management to recycle into new products (targets sales from circularity products at 20% of sales in 2030); 3) improve the supply chain, with better inventory consolidation from stores and distribution centers and better management of its fulfillment center in terms of efficiency and delivery.

In 2024, HMRPO targets sales growth from SSS growth and the addition of nine stores (six HomePro and three MegaHome). It targets widening gross margin at both HomePro and MegaHome formats by 20bps YoY via a more favorable product mix with higher high-margin private brands and more bargaining power with suppliers, but overall gross margin will be stable YoY off a faster rise in low-margin sales at MegaHome. It targets lower SG&A/sales on better cost control, off last year's high base on store expansion expenses and expansion of the hybrid format (HomePro adjacent to MegaHome) at 5 stores in 2024.

In mid-2024, HMPRO announced a decision to withdraw its investment in online sales through marketplaces in Vietnam due to: 1) slow revenue growth from low income per capita; 2) high rental expense for investment in stores; 3) legal complexities in opening stores. It expects to complete the liquidation by 1H25. At that time, it will record a divestment expense of Bt21mn, but the move will eliminate the Bt10mn annual expense losses from Vietnam, resulting in an insignificant net expense loss of less than Bt10mn (estimated at 0.1% of annual profit).

With consumers starting to prefer the greater convenience offered by ordering online, online sales contributed 6.7% of total sales in 2023 (vs 6.2% in 2022 and 1% pre-COVID in 2019). It earlier invested in an online platform and automated distribution center and expects these to support online sales growth without any further major investment.

Bullish views	Bearish views
1. Resumption of domestic activities as the economy revives	1. Weak purchasing power from high household debt
2. Rental income to improve as it raises rental rate for tenants as the economy revives	2. Rental income to grow slowly from fragile purchasing power
3. Government investment budget disbursement to boost sales in 4Q24	3. Slow setup of the new government that would delay budget approval and disbursement in 4Q24

Key catalysts

Factor	Event	Impact	Comment
4Q24F earnings outlook	Better sales and margin	Up YoY and QoQ	With better SSS, its planned opening of four new stores, and a continued widening in margin from more high-margin private brands and control over SG&A/sales, we expect 4Q24F earnings to grow YoY and QoQ.
Positive sentiment from potential new stimulus	Shopping tax break measure (approved by Cabinet in Dec 2021, Dec 2022, and Dec 2023)	SSS uplifted	Shopping tax breaks were approved by the Cabinet eight times in 2015-23. The most recent, allowing a tax deduction for purchases of up to Bt50,000, was in effect from Jan 1 – Feb 15, 2024 and added 1-2% YoY to its SSS.

Sensitivity Analysis

Factor	Earnings impact	TP impact
1% change in SSS	1-2%	Bt0.2-0.4/sh.

Our view on ESG

Key ESG risks are energy & waste management, sustainable products (E) and product quality management, labor practices and data privacy (S). On the environmental issue, we view that HMPRO is in the leading position compared to peers to show its long-term commitment to cope with climate resilience (net zero target), along with more aggressive target than peers (but seems achievable based on its progress) on energy & waste management and sustainable products. On social issue, we view its satisfied product quality management compared to peers, with its employee turnover rate was the sector's lowest in 2023.

ESG Ratings and Indices

Bloomberg ESG Financial Materiality Score 6.72 (2022)

Rank in Sector 1/33

Environmental Issue (E)

- By 2050, HMPRO aims to achieve net zero emission (vs 2% in 2023), from the decarbonization (i.e., renewable energy, green logistics, zero waste management) and carbon removal (i.e., no deforestation, forest preservation).
- By 2030, it targets GHG reduction per store at 50% from 2014 (vs 41% in 2023) and switch to renewable energy at 100% for the stores in which the buildings are owned by the company (vs 28% in 2022).
- By 2030, it aims to achieve zero waste target at 100% (vs 84% in 2023).
- By 2025, HMPRO targets eco products sales mix (i.e., organic & recycled products, and health & safety products) at 50% of sales (vs 48% in 2023) and product sales mix that promote responsible plastic consumption at 100% of sales (vs 60% in 2023). By 2030, it targets sales mix of circular products of 20% (vs none as this target was set in 2023).
- We view that HMPRO is in the leading position compared to peers to show its long-term commitment to cope with climate resilience (net zero target), along with more aggressive target than peers (but seems achievable based on its progress) on energy & waste management and sustainable products.

Governance Issue (G)

- In 2023, HMPRO's board of directors consists of 11 directors. Of total, three were female numbers (27% of the entire board), 4 were independent directors (36% of the entire board), and 10 were non-executive directors (91% of the entire board). We view the variety of its board composition leads peers, with high expertise and experience persons, with gender diversity.
- In 2023, its chairman of board was not the highest-ranking executive, showing independency in board structure.
- In 2023, the number of board of directors meeting was 12 times and the number of audit committee meeting was 12 times. The regular meetings help it to enhance effectiveness in overseeing business management.

CG Rating	DJSI	SETESG	SET ESG Ratings
HMPRO	5	Yes	Yes
			AA

Source: Thai Institute of Directors and SET

Social Issue (S)

- For the society and community, it targets the number of young technician entrepreneur teams at 1,800 teams in 2025 (vs 2,159 teams in 2022 and 2650 teams in 2023).
- By 2025, it targets employee engagement at 88% (vs 87% in 2023), associates knowledge development at 96% (vs 92% in 2022) and lost time injury rate at zero (vs 0.07% in 2023).
- In 2023, the portion of its female employees was 51% (vs 42.7% in 2022) and employee turnover was 19% (vs 20% in 2022).
- In 2023, it had customer data protection policy.
- We view its satisfied product quality management compared to peers. On employment practices, we noticed that HMPRO's employee turnover rate, showing the positive development YoY, was the sector's lowest in 2023.

ESG Financial Materiality Score and Disclosure

	2022	2023
ESG Financial Materiality Score	6.72	—
Environment Financial Materiality Score	7.39	—
GHG Scope 1 ('000 metric tonnes)	0	0
GHG Scope 2 Location-Based ('000 metric tonnes)	71	68
GHG Scope 3 ('000 metric tonnes)	26	24
Total Energy Consumption ('000 MWh)	146	144
Renewable Energy Use ('000 MWh)	52	74
Total Waste ('000 metric tonnes)	2	2
Waste Recycled ('000 metric tonnes)	2	2
Social Financial Materiality Score	8.52	—
Quality Assurance and Recall Policy	No	No
Consumer Data Protection Policy	Yes	Yes
Community Spending (millions)	8	3
Women in Workforce (%)	50	51
Employee Turnover (%)	20	19
Employee Training (hours)	353,151	335,644
Governance Financial Materiality Score	4.55	—
Company Conducts Board Evaluations	Yes	Yes
Board Size (persons)	12	11
Number of Non Executive Directors on Board (persons)	10	10
Number of Board Meetings for the Year (times)	12	12
Number of Women on Board (persons)	1	3
Number of Independent Directors (persons)	4	4

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Scores rate companies on their level of management of financially material industry-specific ESG issues. Bloomberg offers four financially material scores, for overall ESG, as well as Environmental, Social, and Governance. Values range from 0 to 10; 10 is best. To review the fully transparent methodology, see ESG Financial Materiality Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	63,046	58,347	60,568	65,091	68,283	68,147	72,261	76,765
Cost of goods sold	(Btmn)	(46,825)	(43,598)	(44,925)	(48,078)	(50,118)	(49,949)	(52,820)	(55,959)
Gross profit	(Btmn)	16,221	14,749	15,643	17,013	18,166	18,197	19,441	20,806
SG&A	(Btmn)	(11,927)	(10,957)	(11,326)	(12,519)	(13,401)	(13,450)	(14,082)	(14,727)
Other income	(Btmn)	4,378	3,419	3,365	4,315	4,566	4,716	5,131	5,604
Interest expense	(Btmn)	(405)	(459)	(416)	(445)	(567)	(679)	(699)	(731)
Pre-tax profit	(Btmn)	7,604	6,190	6,634	7,660	7,975	7,990	8,927	10,008
Corporate tax	(Btmn)	(1,427)	(1,035)	(1,194)	(1,441)	(1,533)	(1,518)	(1,696)	(1,902)
Equity a/c profits	(Btmn)	0	0	0	(2)	(1)	0	0	0
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
Core profit	(Btmn)	6,177	5,155	5,441	6,217	6,442	6,472	7,231	8,107
Extra-ordinary items	(Btmn)	0	0	0	0	0	0	0	0
Net Profit	(Btmn)	6,177	5,155	5,441	6,217	6,442	6,472	7,231	8,107
EBITDA	(Btmn)	10,951	9,831	10,258	11,261	11,974	12,238	13,302	14,489
Core EPS (Bt)	(Btmn)	0.47	0.39	0.41	0.47	0.49	0.49	0.55	0.62
Net EPS (Bt)	(Bt)	0.47	0.39	0.41	0.47	0.49	0.49	0.55	0.62
DPS (Bt)	(Bt)	0.38	0.30	0.32	0.38	0.40	0.38	0.38	0.43

Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	15,690	15,828	18,920	21,430	22,659	22,289	23,062	24,117
Total fixed assets	(Btmn)	36,359	40,262	39,666	43,755	46,389	47,817	49,233	50,583
Total assets	(Btmn)	52,049	56,091	58,586	65,185	69,048	70,106	72,294	74,700
Total loans	(Btmn)	13,385	17,753	18,223	21,145	24,414	24,320	23,167	21,331
Total current liabilities	(Btmn)	22,289	20,610	20,511	24,485	23,579	24,504	27,204	21,597
Total long-term liabilities	(Btmn)	8,622	13,916	15,185	16,454	19,910	18,833	16,074	21,041
Total liabilities	(Btmn)	30,911	34,526	35,696	40,939	43,489	43,337	43,277	42,637
Paid-up capital	(Btmn)	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151
Total equity	(Btmn)	21,138	21,565	22,890	24,246	25,559	26,770	29,017	32,063
BVPS (Bt)	(Bt)	1.61	1.64	1.74	1.84	1.94	2.04	2.21	2.44

Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	6,177	5,155	5,441	6,217	6,442	6,472	7,231	8,107
Depreciation and amortization	(Btmn)	2,942	3,182	3,208	3,156	3,431	3,569	3,676	3,749
Operating cash flow	(Btmn)	8,375	8,363	7,825	9,952	9,792	10,033	11,063	12,028
Investing cash flow	(Btmn)	(3,017)	(3,145)	(1,673)	(5,509)	(5,245)	(4,997)	(5,091)	(5,100)
Financing cash flow	(Btmn)	(8,729)	(4,797)	(4,915)	(3,568)	(3,536)	(5,354)	(6,136)	(6,897)
Net cash flow	(Btmn)	(3,370)	421	1,237	875	1,012	(318)	(164)	31

Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	25.7	25.3	25.8	26.1	26.6	26.7	26.9	27.1
Operating margin	(%)	6.8	6.5	7.1	6.9	7.0	7.0	7.4	7.9
EBITDA margin	(%)	17.4	16.8	16.9	17.3	17.5	18.0	18.4	18.9
EBIT margin	(%)	13.8	12.4	12.7	13.5	13.7	13.9	14.5	15.2
Net profit margin	(%)	9.8	8.8	9.0	9.6	9.4	9.5	10.0	10.6
ROE	(%)	30.1	24.1	24.5	26.4	25.9	24.7	25.9	26.5
ROA	(%)	11.6	9.5	9.5	10.0	9.6	9.3	10.2	11.0
Net D/E	(x)	0.5	0.7	0.6	0.6	0.7	0.7	0.6	0.5
Interest coverage	(x)	27.0	21.4	24.7	25.3	21.1	18.0	19.0	19.8
Debt service coverage	(x)	1.6	1.7	2.1	1.7	1.8	1.6	1.4	5.2
Payout Ratio	(%)	80.9	76.5	77.4	80.4	81.7	77.0	70.0	70.0

Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
SSS growth	(%)	0.8	(8.5)	3.4	5.1	(0.5)	(4.4)	3.0	3.0
No. of ending stores	(Stores)	113	115	114	117	128	134	140	146
- HomePro	(Stores)	84	86	87	87	89	93	96	99
- HomePro S	(Stores)	9	9	6	5	5	5	5	5
- Megahome	(Stores)	14	14	14	18	27	29	32	35
- HomePro Malaysia	(Stores)	6	6	7	7	7	7	7	7

Financial statement

Profit and Loss Statement

FY December 31	Unit	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Total revenue	(Btmn)	17,115	17,223	17,789	16,390	16,881	17,664	17,398	15,930
Cost of goods sold	(Btmn)	(12,654)	(12,731)	(13,109)	(12,011)	(12,266)	(13,029)	(12,829)	(11,620)
Gross profit	(Btmn)	4,461	4,492	4,680	4,379	4,614	4,635	4,570	4,309
SG&A	(Btmn)	(3,493)	(3,192)	(3,466)	(3,237)	(3,507)	(3,273)	(3,339)	(3,244)
Other income	(Btmn)	1,362	1,031	1,125	1,101	1,309	1,132	1,160	1,088
Interest expense	(Btmn)	(130)	(133)	(130)	(138)	(166)	(158)	(162)	(180)
Pre-tax profit	(Btmn)	2,016	2,004	2,008	1,905	2,057	2,139	2,022	1,773
Corporate tax	(Btmn)	(362)	(393)	(388)	(371)	(380)	(427)	(401)	(331)
Equity a/c profits	(Btmn)	(1)	(1)	(0)	(1)	1	0	(0)	0
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
Core profit	(Btmn)	1,653	1,611	1,620	1,533	1,677	1,713	1,622	1,442
Extra-ordinary items	(Btmn)	0	0	0	0	0	0	0	0
Net Profit	(Btmn)	1,653	1,611	1,620	1,533	1,677	1,713	1,622	1,442
EBITDA	(Btmn)	2,969	2,957	3,006	2,916	3,096	3,162	3,049	2,838
Core EPS (Bt)	(Btmn)	0.13	0.12	0.12	0.12	0.13	0.13	0.12	0.11
Net EPS (Bt)	(Bt)	0.13	0.12	0.12	0.12	0.13	0.13	0.12	0.11

Balance Sheet (Btmn)

FY December 31	Unit	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Total current assets	(Btmn)	21,430	20,279	17,999	16,870	22,659	21,745	20,098	18,995
Total fixed assets	(Btmn)	43,755	44,595	45,151	46,292	46,389	46,104	46,351	46,593
Total assets	(Btmn)	65,185	64,874	63,150	63,161	69,048	67,849	66,449	65,588
Total loans	(Btmn)	21,145	19,321	19,301	21,663	24,414	20,586	21,690	23,491
Total current liabilities	(Btmn)	24,485	22,346	21,790	20,303	23,579	20,639	20,409	21,679
Total long-term liabilities	(Btmn)	16,454	16,672	16,646	18,977	19,910	19,937	20,034	18,830
Total liabilities	(Btmn)	40,939	39,018	38,437	39,280	43,489	40,576	40,443	40,508
Paid-up capital	(Btmn)	13,151	13,151	13,151	13,151	13,151	13,151	13,151	13,151
Total equity	(Btmn)	24,246	25,856	24,714	23,882	25,559	27,273	26,006	25,079
BVPS (Bt)	(Bt)	1.84	1.97	1.88	1.82	1.94	2.07	1.98	1.91

Cash Flow Statement (Btmn)

FY December 31	Unit	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Core Profit	(Btmn)	1,653	1,611	1,620	1,533	1,677	1,713	1,622	1,442
Depreciation and amortization	(Btmn)	823	819	868	872	873	864	865	885
Operating cash flow	(Btmn)	3,244	2,800	2,045	1,581	3,365	3,681	1,338	1,248
Investing cash flow	(Btmn)	(2,249)	(1,949)	(894)	(1,184)	(1,218)	(924)	(656)	(1,014)
Financing cash flow	(Btmn)	1,573	(2,326)	(3,090)	(890)	2,770	(4,204)	(2,110)	(742)
Net cash flow	(Btmn)	2,569	(1,474)	(1,938)	(493)	4,916	(1,446)	(1,428)	(509)

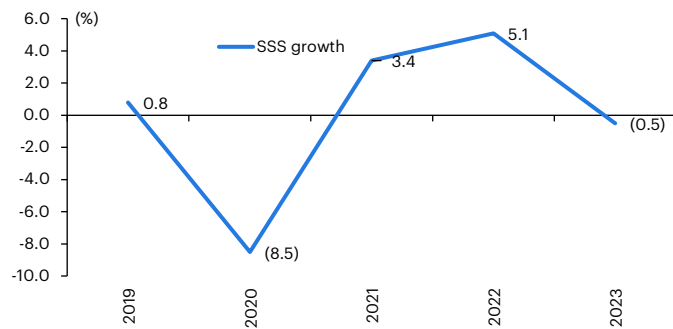
Key Financial Ratios

FY December 31	Unit	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Gross margin	(%)	26.1	26.1	26.3	26.7	27.3	26.2	26.3	27.1
Operating margin	(%)	5.7	7.5	6.8	7.0	6.6	7.7	7.1	6.7
EBITDA margin	(%)	17.3	17.2	16.9	17.8	18.3	17.9	17.5	17.8
EBIT margin	(%)	13.6	13.5	13.2	13.7	14.3	14.1	13.7	13.5
Net profit margin	(%)	9.7	9.4	9.1	9.4	9.9	9.7	9.3	9.1
ROE	(%)	28.2	25.7	25.6	25.2	27.1	25.9	24.4	22.6
ROA	(%)	10.4	9.9	10.1	9.7	10.2	10.0	9.7	8.7
Net D/E	(x)	0.6	0.6	0.7	0.8	0.7	0.6	0.7	0.8
Interest coverage	(x)	22.9	22.2	23.1	21.1	18.7	20.0	18.9	15.8
Debt service coverage	(x)	1.8	2.5	2.5	2.4	1.8	4.4	3.1	1.6

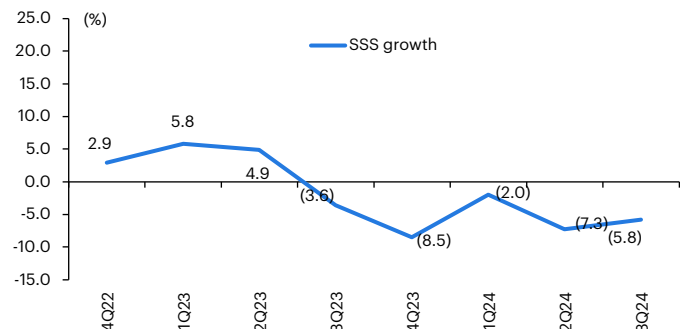
Main Assumptions

FY December 31	Unit	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
SSS growth	(%)	2.9	5.8	4.9	(3.6)	(8.5)	(2.0)	(7.3)	(5.8)
No. of ending stores	(Stores)	117	120	122	124	128	128	130	133
- HomePro	(Stores)	87	87	86	87	89	89	90	92
- HomePro S	(Stores)	5	5	5	5	5	5	5	5
- Megahome	(Stores)	18	21	24	25	27	27	28	29
- HomePro Malaysia	(Stores)	7	7	7	7	7	7	7	7

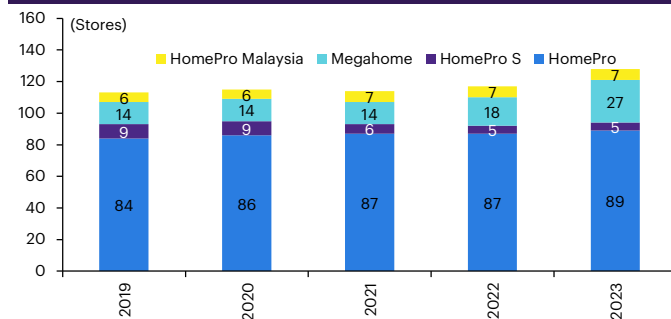
Appendix

Figure 1: HMPRO's yearly SSS growth


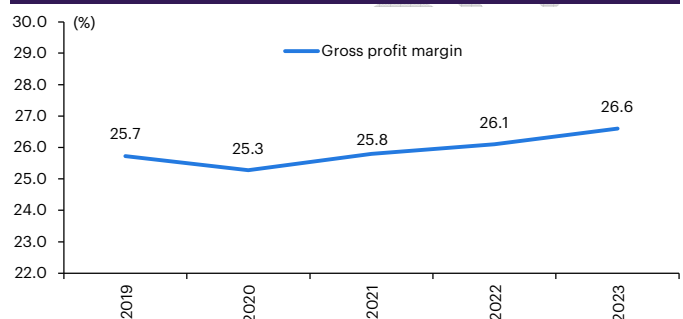
Source: Company data and InnovestX Research

Figure 2: HMPRO's quarterly SSS growth


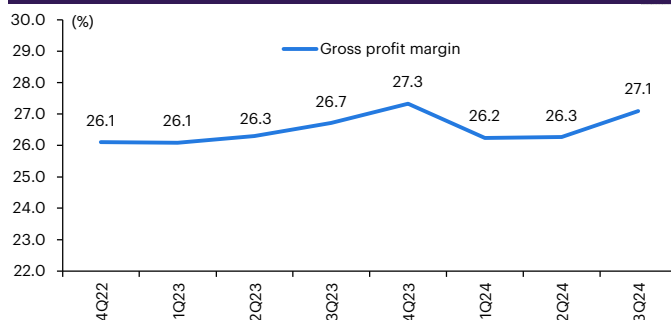
Source: Company data and InnovestX Research

Figure 3: HMPRO's stores breakdown by format at end period


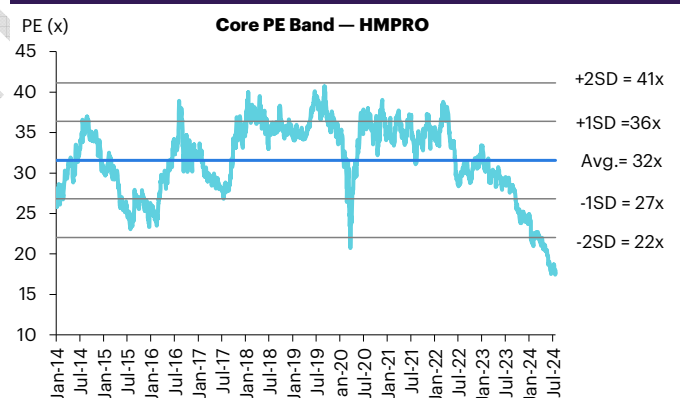
Source: Company data and InnovestX Research

Figure 4: HMPRO's yearly gross margin


Source: Company data and InnovestX Research

Figure 5: HMPRO's quarterly gross margin


Source: Company data and InnovestX Research

Figure 6: HMPRO's historical PE band


Source: InnovestX Research

Figure 7: Valuation summary (price as of Nov 5, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
BJC	Neutral	23.90	27.5	17.9	19.8	21.3	19.0	(2)	(7)	12	0.8	0.8	0.7	4	4	4	3.3	2.8	3.2	12.4	11.6	11.0
CPALL	Outperform	65.00	80.0	25.1	32.8	25.1	21.7	41	31	16	5.3	4.6	4.1	17	20	21	1.6	2.0	2.3	11.9	10.7	9.8
CPAXT	Outperform	34.75	40.0	16.5	41.9	35.7	30.0	11	17	19	1.3	1.2	1.2	3	3	4	1.6	1.4	1.7	14.2	12.9	11.8
CRC	Outperform	32.50	38.0	18.6	24.5	24.1	21.5	14	2	12	2.9	2.7	2.5	12	11	12	1.7	1.7	1.9	9.9	9.5	9.0
GLOBAL	Outperform	16.30	18.5	14.5	31.7	35.0	30.1	(27)	(10)	16	3.6	3.4	3.2	12	10	11	1.1	1.0	1.2	20.5	22.3	19.9
HMPRO	Outperform	9.80	13.0	36.5	20.0	19.9	17.8	4	0	12	5.0	4.8	4.4	26	25	26	4.1	3.9	3.9	12.3	12.0	11.0
Average					28.5	26.9	23.3	7	6	14	3.1	2.9	2.7	12	12	13	2.2	2.1	2.4	13.5	13.2	12.1

Source: InnovestX Research