

Home Product Center (HMPRO TB) - BUY, Price Bt15.5, TP Bt19.0 | Results Comment

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A record profit in 4Q21

- 4Q21 net profit was Bt1,775m, up 15% y-y and 104% q-q, 4% above our estimates on better-than-expected gross margin.
- Key drivers were total revenue growth of 8% y-y and 24% q-q to Bt16.6bn. A 10% SSSG drove SSS to surpass pre-COVID in 4Q19 by 3% with sales revenues of Bt16.2bn. Rental income was still down 15% y-y to Bt379m on continuing rent discount given but recovered by 75% q-q.
- Gross margin on sales increased to 27.08% (+136bp y-y and +189bp q-q) on volume rebate, higher softline sales mix and rising private brands to 19.5% in 4Q21 (18.9% in 4Q20).
- 2021 net profit of Bt5,441m (+6% y-y) came to 101% of our forecast. Growth was from 4% sales growth (3% SSSG) and gross margin on sales expanding by 55bp to 25.83%. Due to store closure from almost two-month lockdown, rental income fell 20% y-y.
- Reasons for strong sales number were successful product strategy towards new normal lifestyle (WFH, cook at home) and expanding sales channels with e-commerce sales mix increasing from 1% pre-COVID to 4.9% in 2020 and 7% in 2021.
- 2H21 DPS is Bt0.20/share, XD on Apr 20th and will be paid on May 6th.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	15,358	15,377	16,457	13,387	16,570	Revenue	24	8	98	61,791	68,059
Gross profit	4,133	4,035	4,212	3,391	4,619	Gross profit	36	12	99	16,257	18,394
SG&A	2,906	2,686	2,859	2,560	3,220	SG&A	26	11	101	11,326	11,997
Operating profit	1,892	1,804	1,850	1,221	2,190	Operating profit	79	16	100	7,066	8,502
EBITDA	2,681	2,605	2,647	2,030	2,992	EBITDA	47	12	98	10,274	12,122
Other income	665	458	499	391	794	Other income	103	19	112	2,142	2,104
Other expense	(5)	7	7	32	(23)	Other expense	na	na	na	23	0
Interest expense	108	107	102	108	99	Interest expense	(8)	(8)	99	416	370
Profit before tax	1,790	1,694	1,743	1,082	2,115	Profit before tax	95	18	100	6,634	8,131
Income tax	245	331	311	212	340	Income tax	60	39	95	1,194	1,545
Equity & invest. income	0	0	0	0	0	Equity & invest. income			na	0	0
Minority interests	0	0	0	0	0	Minority interests			na	0	0
Extraordinary items	0	0	0	0	0	Extraordinary items			na	0	0
Net profit	1,545	1,362	1,433	870	1,775	Net profit	104	15	101	5,441	6,586
Normalized profit	1,545	1,362	1,433	870	1,775	Normalized profit	104	15	101	5,441	6,586
EPS (Bt)	0.12	0.10	0.11	0.07	0.13	EPS (Bt)	104	15	101	0.41	0.50
Normalized EPS (Bt)	0.12	0.10	0.11	0.07	0.13	Normalized EPS (Bt)	104	15	101	0.41	0.50

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	3,283	5,479	3,200	2,263	4,546	Sales grow th	(5.5)	3.0	17.2	(13.9)	7.9
A/C receivable	1,769	1,319	1,409	1,192	1,675	Operating profit grow th	(14.8)	7.9	46.3	(32.6)	15.8
Inventory	10,345	11,613	11,684	11,780	12,572	EBITDA grow th	(9.7)	4.8	28.1	(21.6)	11.6
Other current assets	432	447	427	372	127	Norm profit grow th	(11.6)	7.6	52.0	(37.9)	14.9
Investment	3,880	3,865	3,797	3,737	3,675	Norm EPS grow th	(11.6)	7.6	52.0	(37.9)	14.9
Fixed assets	28,741	28,284	28,010	27,768	27,584	Gross margin	26.9	26.2	25.6	25.3	27.9
Other assets	7,641	7,561	8,053	7,979	8,407	Operating margin	12.3	11.7	11.2	9.1	13.2
Total assets	56,091	58,567	56,581	55,092	58,586	EBITDA margin	17.5	16.9	16.1	15.2	18.1
S-T debt	5,324	3,818	2,790	4,298	4,414	Norm net margin	10.1	8.9	8.7	6.5	10.7
A/C payable	13,050	13,651	13,574	11,714	13,973	D/E (x)	0.6	0.6	0.6	0.7	0.6
Other current liabilities	2,236	2,296	2,070	1,662	2,124	Net D/E (x)	0.5	0.4	0.4	0.6	0.4
L-T debt	8,056	10,007	10,045	10,083	8,943	Interest coverage (x)	24.9	24.4	26.0	18.9	30.1
Other liabilities	5,860	5,846	6,349	6,285	6,242	Interest rate	3.2	3.1	3.1	3.2	2.9
Minority interest	0	0	0	0	0	Effective tax rate	13.7	19.5	17.8	19.6	16.1
Shareholders' equity	21,565	22,949	21,754	21,049	22,890	ROA	11.9	10.2	10.6	7.0	13.2
Working capital	(936)	(720)	(480)	1,258	274	ROE	29.7	24.5	25.6	16.3	32.3
Total debt	13,379	13,825	12,834	14,382	13,358						
Net debt	10,097	8,346	9,634	12,118	8,812						

Sources: Company data, Thanachart estimates

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