

Home Product Center (HMPRO TB) - BUY, Price Bt9.65, TP Bt14.0

Results Comment

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A slight miss on FX loss

- HMPRO reported 3Q24 net profit of Bt1,442m, down 6% y-y and 11% q-q.
- Excluding Bt42m FX loss from forward contract in 3Q24 and FX gain of Bt20m in 3Q23 and 2Q24, net profit would be in line at Bt1,484m, down 2% y-y and 7% q-q.
- Core operations were in line. sales dropped by 3% y-y and 8% q-q to Bt15.9bn on negative SSSG of -5.8% for HomePro stores and -3.9% for Mega Home stores, hit by consumers' cautious spending and flooding impact.
- Gross margin on sales rose well by 34bp y-y and 79bp q-q to 27.05%, driven by higher gross margin of both HomePro (21.8% private-label sales mix in 3Q24 vs 21.5% in 3Q23 and 20.1% in 2Q24) and Mega Home (21.1% private-brand sales mix, flat q-q but up y-y from 18-19% in 3Q23).
- SG&A/total revenues increased to 19.5%, from 19.2% in 3Q23 and 18.7% in 2Q24, on lower sales base.
- In 3Q24, it opened two new HomePro branches and one new Mega Home store. As of 3Q24, it operated 92 HomePro stores in Thailand, 5 HomePro S, 7 HomePro Malaysia and 29 Mega Home branches.
- 9M24 net profit came to Bt4,777m, flat y-y, and made up 73% of our 2024F. We maintain our full-year forecast which implies 4Q24F net profit of Bt1,769m, +5% y-y.
- MTD SSSG in October improved from 3Q24. For HomePro it was less negative to -3% to -4% SSSG while it turned positive to +3% to +4% SSSG for Mega Home.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F
Revenue	16,824	17,388	18,115	17,856	16,397	Revenue	(8)	(3)	72	72,715	80,141
Gross profit	4,614	4,929	4,890	4,822	4,576	Gross profit	(5)	(1)	72	19,947	22,141
SG&A	3,237	3,507	3,273	3,339	3,203	SG&A	(4)	(1)	71	13,922	15,434
Operating profit	2,043	2,210	2,289	2,162	1,989	Operating profit	(8)	(3)	73	8,775	9,663
EBITDA	2,915	3,084	3,154	3,027	2,874	EBITDA	(5)	(1)	72	12,596	13,778
Other income	667	802	681	702	621	Other income	(12)	(7)	72	2,778	2,982
Other expense	0	1	0	0	42	Other expense	na	na	na	0	0
Interest expense	138	166	158	162	180	Interest expense	11	30	74	673	691
Profit before tax	1,905	2,057	2,139	2,022	1,773	Profit before tax	(12)	(7)	73	8,131	8,998
Income tax	371	380	427	401	331	Income tax	(17)	(11)	73	1,585	1,755
Equity & invest. income	(1)	1	0	(0)	0	Equity & invest. income	na	na	na	0	0
Minority interests	0	0	0	0	0	Minority interests					
Extraordinary items	0	0	0	0	0	Extraordinary items					
Net profit	1,533	1,677	1,713	1,622	1,442	Net profit	(11)	(6)	73	6,545	7,244
Normalized profit	1,533	1,677	1,713	1,622	1,442	Normalized profit	(11)	(6)	73	6,545	7,244
EPS (Bt)	0.12	0.13	0.13	0.12	0.11	EPS (Bt)	(11)	(6)	73	0.50	0.55
Normalized EPS (Bt)	0.12	0.13	0.13	0.12	0.11	Normalized EPS (Bt)	(11)	(6)	73	0.50	0.55

Balance Sheet						Financial Ratios					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	(%)	3Q23	4Q23	1Q24	2Q24	3Q24
Cash & ST investment	1,513	6,429	4,985	3,562	3,052	Sales grow th	3.0	(1.1)	2.3	(2.2)	(2.5)
A/C receivable	1,648	2,115	2,005	1,746	1,513	Operating profit grow th	2.8	3.6	7.2	1.6	(2.7)
Inventory	13,497	13,965	14,518	14,585	14,264	EBITDA grow th	5.3	4.3	6.8	1.1	(1.4)
Other current assets	212	150	237	205	165	Norm profit grow th	(0.0)	1.5	6.3	0.1	(5.9)
Investment	4,464	4,412	4,361	4,310	4,260	Norm EPS grow th	(0.0)	1.5	6.3	0.1	(5.9)
Fixed assets	30,886	31,179	31,050	31,114	31,543	Gross margin	27.4	28.3	27.0	27.0	27.9
Other assets	10,942	10,798	10,693	10,927	10,791	Operating margin	12.1	12.7	12.6	12.1	12.1
Total assets	63,161	69,048	67,849	66,449	65,588	EBITDA margin	17.3	17.7	17.4	17.0	17.5
S-T debt	4,099	6,060	2,053	3,045	6,045	Norm net margin	9.1	9.6	9.5	9.1	8.8
A/C payable	14,158	15,225	16,170	15,123	13,584	D/E (x)	0.6	0.7	0.5	0.6	0.7
Other current liabilities	2,046	2,295	2,416	2,241	2,050	Net D/E (x)	0.6	0.4	0.3	0.4	0.5
L-T debt	10,726	11,743	11,742	11,744	10,586	Interest coverage (x)	21.1	18.6	20.0	18.7	16.0
Other liabilities	8,252	8,167	8,195	8,289	8,244	Interest rate	4.0	4.1	4.0	4.5	4.6
Minority interest	0	0	0	0	0	Effective tax rate	19.5	18.5	19.9	19.8	18.7
Shareholders' equity	23,882	25,559	27,273	26,006	25,079	ROA	10.6	11.1	10.9	10.5	9.8
Working capital	987	855	353	1,208	2,194	ROE	25.2	27.1	25.9	24.4	22.6
Total debt	14,825	17,802	13,795	14,789	16,631						
Net debt	13,312	11,374	8,810	11,227	13,579						

Sources: Company data, Thanachart estimates

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