

Home Improvement – Overweight

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Earnings preview

Flat 4Q24F core profit

- **Flat 4Q24F expected for home improvement retailers**
 - **DOHOME and HMPRO are projected to have some growth**
 - **Highest earnings miss for GLOBAL**
 - **January same-store sales were weak**
- We expect three home improvement retailers; DOHOME, GLOBAL and HMPRO, to deliver flat core profit y-y (+27% q-q on high season in 4Q and SSS turnaround to a slight positive of 1.1% in 4Q24F from -5.2% in 3Q24) which is weaker than our current forecast for an 8% growth y-y.
 - By retailers, DOHOME is projected to post a 6% core profit growth y-y, followed by 3% y-y for HMPRO. However, GLOBAL will be the biggest miss with an 11% decline y-y.
 - **DOHOME:** We estimate Bt153m core profit, increasing by 6% y-y and 150% q-q. Due to Bt53m insurance claim booked in 4Q23 from flooding at Ubon Ratchathani branch, 4Q24F net profit would fall by 22% y-y. Core performance in 4Q24F will be driven by a 4% sales growth on a 2.3% SSSG and falling interest expense as a policy rate cut by 25bp in October saved interest cost by Bt4m/month. Gross margin in 4Q24F is projected to fall slightly by 8bp y-y to 16.8% due to rising construction materials sales mix to 49-50% in 4Q24F from 47-48% in 4Q23.
 - **HMPRO:** We estimate Bt1,722m net profit, up 3% y-y and 19% q-q. Drivers will be a 3% sales growth (-0.5% SSSG for HomePro and 4.5% SSSG for Mega Home), expanding gross margin by 15bp y-y and 43bp q-q to 27.5% due to the absence of lower-margin sales from HomePro expo (it held expos at Queen Sirikit Convention Center and Impact Muang Thong Thani in 4Q23) and higher margin from private-label products.
 - **GLOBAL:** We estimate Bt502m core profit, down 11% y-y but up 38% q-q. Despite a forecasted 2% sales growth boosted by higher number of branches to 90 stores in Thailand from 83 in 4Q23 (-2% SSSG in 4Q24F) and growing equity income from home-improvement JVs in Myanmar, Laos and Indonesia, earnings are expected to be pressured by falling gross margin by 25bp y-y (flat q-q) to 25.9% on lower steel margin and higher SG&A from store expansion.
 - For 2024F core profit, DOHOME is expected to deliver the best growth in the sector of 22% y-y to Bt651m driven by a jump in gross margin to 17.1% (15.7% in 2023) on rising gross margin on private brands. HMPRO should deliver a 1% profit growth to Bt6.5bn, though a slight growth but a record profit still. Hit by higher SG&A, GLOBAL is expected to post a 12% profit fall to Bt2.3bn. Comparing to our current forecast, 2024F core profit should come to 99% for HMPRO, 98% for DOHOME and 95% for GLOBAL.

Ex 1: Stock Rating And TP

	Rating	Price Current (Bt)	Price Target (Bt)
DOHOME	BUY	7.95	12.70
GLOBAL	BUY	11.30	18.50
HMPRO	BUY	9.10	14.00

Sources: Bloomberg, Thanachart estimates

- **Jan SSSG MTD:** Besides the different period of E-Receipt campaign of 16 Jan-28 Feb this year (1 Jan-15 Feb last year) and softer-than-expected consumption, Jan SSSG was weak at -8% for GLOBAL and -4% for HomePro. DOHOME maintained positive Jan SSSG of 2%, from 2.3% in 4Q24F.

Ex 2: DOHOME's 4Q24F Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	4Q23	1Q24	2Q24	3Q24	4Q24F	(q-q%)	(y-y%)
Revenue	7,331	7,959	8,016	7,393	7,647	3	4
Gross profit	1,238	1,416	1,401	1,213	1,285	6	4
SG&A	1,021	1,024	1,099	1,087	1,057	(3)	4
Operating profit	216	392	302	126	227	81	5
EBITDA	449	640	550	377	479	27	7
Other income	118	64	80	95	101	5	(15)
Other expenses	(3)	1	1	2	0		
Interest expenses	158	153	146	147	139	(6)	(12)
Profit before tax	178	303	235	72	189	163	6
Income tax	34	58	42	11	36	237	5
Equity & invest. Income	0	0	0	0	0		
Minority interest	(0)	0	(0)	0	(0)		na
Extraordinary items	53	0	0	16	0		
Net profit	197	244	193	77	153	98	(22)
Normalized profit	144	244	193	61	153	150	6

Sources: Company data, Thanachart estimates

Ex 3: GLOBAL's 4Q24F Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	4Q23	1Q24	2Q24	3Q24	4Q24F	(q-q%)	(y-y%)
Revenue	7,523	8,767	8,715	7,182	7,674	7	2
Gross profit	1,966	2,190	2,320	1,858	1,986	7	1
SG&A	1,423	1,464	1,574	1,561	1,566	0	10
Operating profit	543	726	746	297	419	41	(23)
EBITDA	862	1,051	1,069	638	764	20	(11)
Other income	190	213	206	138	190	38	0
Other expenses	0	0	0	0	0		
Interest expenses	81	86	70	83	85	3	4
Profit before tax	651	852	882	352	524	49	(19)
Income tax	126	179	179	71	105	49	(17)
Equity & invest. Income	35	51	61	79	79	0	128
Minority interest	1	2	0	3	3	4	299
Extraordinary items	(0)	(0)	(0)	0	0		
Net profit	560	725	765	364	502	38	(10)
Normalized profit	560	726	765	363	502	38	(11)

Sources: Company data, Thanachart estimates

Ex 4: HMPRO's 4Q24F Preview

Yr-end Dec (Bt m)	Income Statement					Change	
	4Q23	1Q24	2Q24	3Q24	4Q24F	(q-q%)	(y-y%)
Revenue	17,388	18,115	17,856	16,397	17,857	9	3
Gross profit	4,929	4,890	4,822	4,576	5,047	10	2
SG&A	3,507	3,273	3,339	3,203	3,530	10	1
Operating profit	2,210	2,289	2,162	1,989	2,300	16	4
EBITDA	3,084	3,154	3,027	2,874	3,190	11	3
Other income	802	681	702	621	793	28	(1)
Other expenses	1	0	0	42	0		
Interest expenses	166	158	162	180	185	3	12
Profit before tax	2,057	2,139	2,022	1,773	2,125	20	3
Income tax	380	427	401	331	404	22	6
Equity & invest. Income	1	0	(0)	0	0		
Minority interest	0	0	0	0	0		
Extraordinary items	0	0	0	0	0		
Net profit	1,677	1,713	1,622	1,442	1,722	19	3
Normalized profit	1,677	1,713	1,622	1,442	1,722	19	3

Sources: Company data, Thanachart estimates

Ex 5: Quarterly SSSG

(%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	Jan-MTD
DOHOME	(9.0)	(9.9)	(7.1)	(9.5)	(9.8)	(5.3)	(4.5)	2.3	2.0
GLOBAL	(8.7)	(9.5)	(12.3)	(12.3)	(5.3)	(2.3)	(6.5)	(2.0)	(8.0)
HMPRO (HomePro)	5.8	4.9	(3.6)	(8.5)	(2.1)	(7.3)	(5.8)	(0.5)	(4.0)
HMPRO (Mega Home)	(0.3)	(2.1)	(1.5)	(7.5)	(4.0)	(1.3)	(3.9)	4.5	0.0
Home improvement	(3.0)	(4.1)	(6.1)	(9.5)	(5.3)	(4.1)	(5.2)	1.1	(2.5)

Sources: Company data, Thanachart estimates

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