

# Thailand Retail Sector

## Losing further ground

Sector Valuation			Current	Target	Market	Norm EPS grw		— Norm PE —		— P/BV —		Div. yield	
Company	BBG Code	Rec.	price (Bt)	price (Bt)	Cap (US\$ m)	2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
Dohome Pcl	DOHOME TB	SELL	3.70	3.00	383	(9.0)	2.6	20.8	20.3	0.9	0.9	1.2	1.2
Siam Global House	GLOBAL TB	HOLD	5.50	6.00	908	(24.0)	1.7	16.4	16.1	1.2	1.1	2.1	2.2
Home Product Cen.	HMPRO TB	BUY	7.65	9.10	3,076	(5.2)	6.4	16.3	15.3	3.7	3.6	4.9	5.2

Sources: Bloomberg, Thanachart estimates. Based on 4 June 2025 closing prices

**The outlook for the home improvement segment in Thailand remains weak, in our view. The earthquake hasn't generated significant demand, while the property market slump continues, due in part to banks' strict lending policies. HMPRO is our only BUY in the sector.**

### Weak outlook is getting weaker

Though we OVERWEIGHT the Thai retail sector, we are bearish on the home improvement segment. The reasons are the prolonged soft property market, sluggish renovation demand due to weak purchasing power, and flat farm income. The recent earthquake, while reducing new condominium demand, hasn't created meaningful renovation demand. The home improvement same-store sales (SSS) growth was -5.9/-3.8% in 2023-24, and we estimate it at -4.6/-1.0/0.5% in 2025-27F due to the weak economic outlook on the US tariff hit and tight bank lending. As for quarterly momentum, SSS lost ground further from a 3.2% y-y contraction in 1Q25 to 7-8% y-y contractions in April and May.

### Store openings continue for market positioning

Despite the weak demand outlook, most leading home improvement retailers continue to open new stores. We estimate the sector's store expansion by sqm at 5.3% p.a. in 2025-27F. The store openings are to secure long-term market positioning and capture market share from traditional stores, given continued urbanization. The expansions help improve the sales growth outlook (-2/5/6% in 2025-27F) to a higher rate than SSS growth, but at the expense of a higher SG&A-to-sales ratio and a lower EBIT margin of 7.7% in 2027F from 8.7% in 2024. Having said all that, longer-term growth should be strong when the economy turns around with more stores and rising margin due to operating leverage.

### Weak growth but sound financials

Amid tight lending conditions, we consider the leading home improvement retailers to have sound financials. HMPRO generates EBITDA after interest expense at 1.45x of its capex, and GLOBAL at 1.49x in 2025F. We estimate HMPRO's net D/E ratio at 0.32x in 2027F vs. 0.41x in 2024, and GLOBAL at 0.25x in 2027F vs. 0.32x in 2024. DOHOME is the smallest player in the middle of its capex cycle, and its EBITDA after interest expense is only 0.78x of its 2025F capex, while we project its net gearing at 1.44x in 2027F vs. 1.30x in 2024.

### HMPRO is our only BUY

We downgrade our rating on GLOBAL to HOLD (from Buy) and DOHOME to SELL (from Buy) as we expect a further de-rating. GLOBAL looks pricey to us, trading at 16.4x 2025F PE vs. -24/2% EPS growth in 2025-26F, while DOHOME is at 20.8x 2025F PE vs. -9/3% growth. We maintain HMPRO as a BUY, its highest return generation of an 18% p.a. ROIC, compared to a 10% WACC, supports its 16.3x 2025F PE against -5/6% EPS growth. We estimate its dividend yield at 4.9% in 2025F.

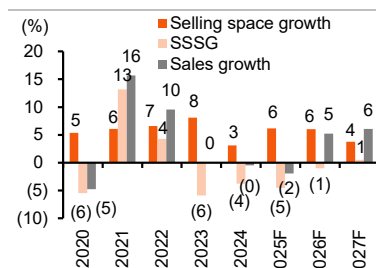


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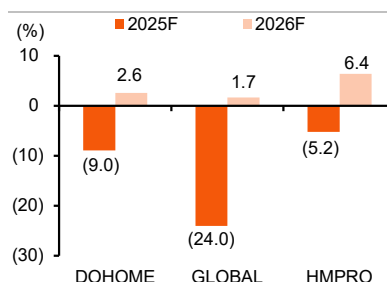
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### Space, SSSG, Sales Growth



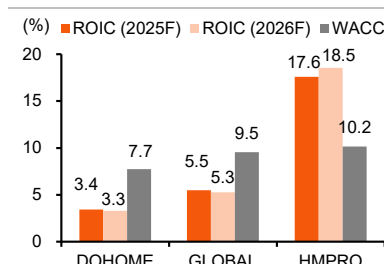
Sources: Company data, Thanachart estimates

### Core EPS Growth



Sources: Company data, Thanachart estimates

### ROIC Vs. WACC



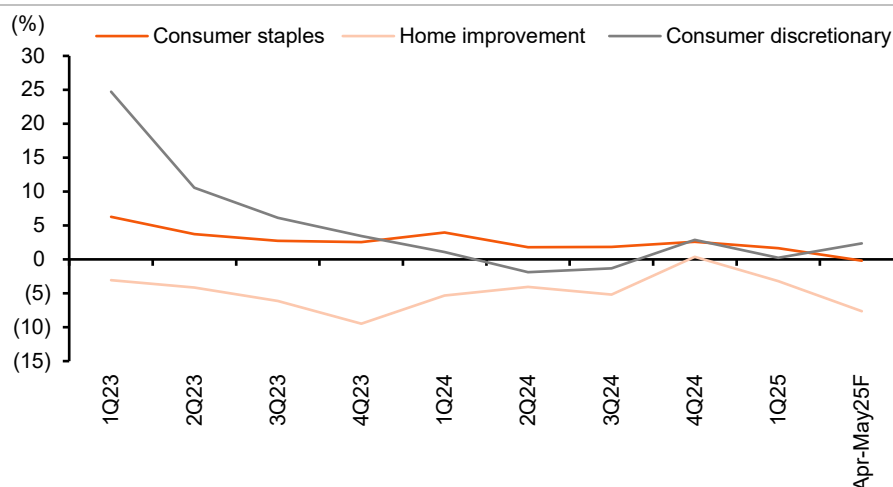
Sources: Company data, Thanachart estimates

## Weak outlook is getting weaker

*Home improvement – a weaker outlook than other retail segments*

Within the Thai retail sector, the home improvement segment is the weakest, in our view. The three home improvement retailers under our coverage reported average same-store sales (SSS) growth of -3.2% in 1Q25. In 2MQTD (April and May), we expect SSS to soften to negative 7-8%. Besides the high sales base of cooling appliances caused by the hot weather last year, the already sluggish demand for property weakened further after the Myanmar earthquake tremors were felt in Bangkok in late March. Concern over slower economic growth has led customers to delay home renovations unless absolutely necessary. Meanwhile, fears of an economic hit from the implementation of US President Donald Trump's tariffs after the 90-day pause have deterred spending on big-ticket items.

**Ex 1: Retail SSSG By Segment**



Sources: Company data, Thanachart estimates

Note: Consumer staples: BIGC, CPALL, CPAXT's Makro & Lotus's

Home Improvement: DOHOME, GLOBAL, HMPRO's HomePro & Mega Home

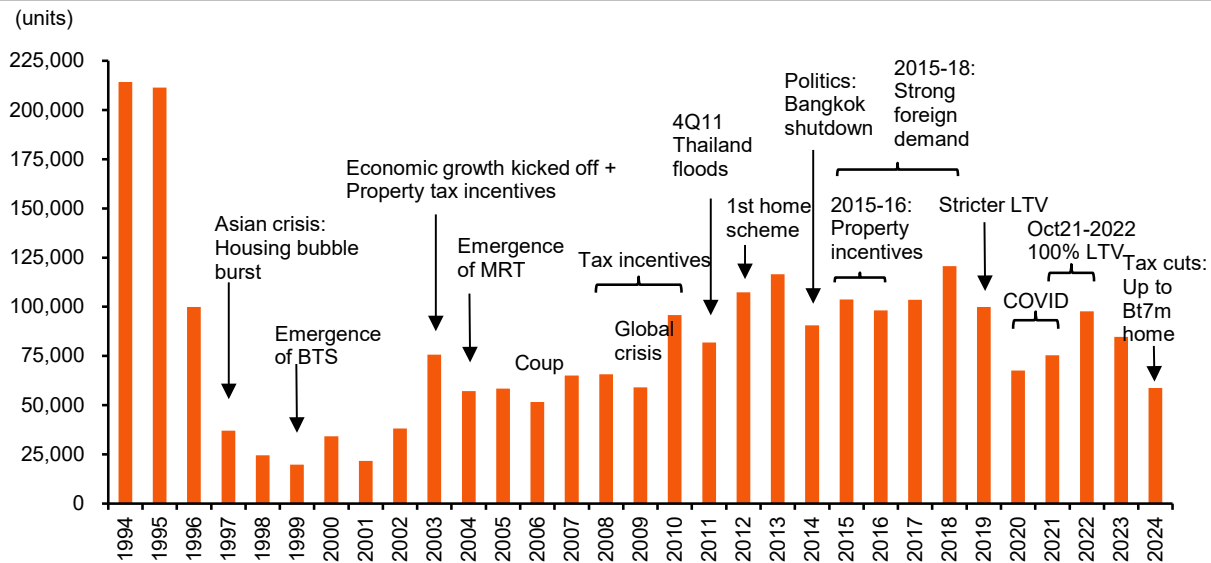
Consumer discretionary: CPN, CRC, MC, MOSHI

*Weak property market signals weaker construction demand ahead*

**A prolonged property downturn:** Reaching its peak in 2018 after the 1997 Asian financial crisis, housing demand was hit hard in 2019 when the Bank of Thailand imposed stricter loan-to-value (LTV) rules. During the COVID-19 pandemic, homebuyers' preferences shifted towards low-rise houses, driving a recovery in demand in 2021-22. However, since most low-rise demand was absorbed while condominium demand, particularly foreign, speculative, and investment demand, waned, housing demand last year ended at 58,779 units (46% low-rise houses and 54% condos) in the Bangkok Metropolitan Region, representing 49% of 2018's level. At the end of 2024, total housing inventory climbed to a new high of 234,478 units (66% low-rise houses, 34% condos), requiring over four years of sales. The top seven listed developers, with market share gains, saw presales recover to 70% of their 2018 presales, and then experienced a demand contraction of 6% in 2023 and 8% in 2024, better than the total market contraction of 13/31% in 2023-24.

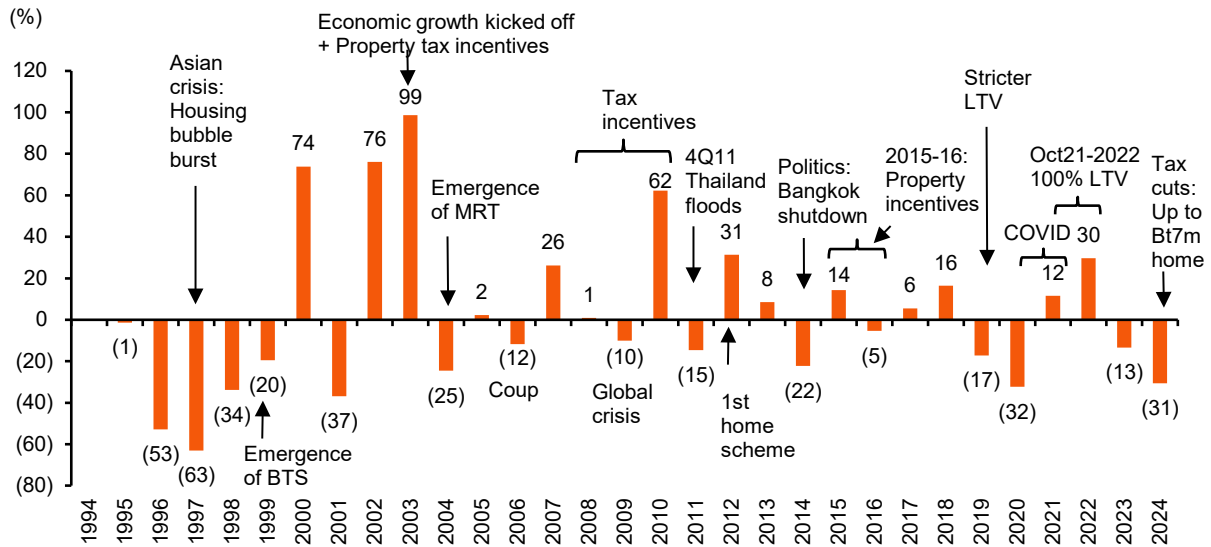
The recent earthquake has instilled fear among people living in high-rise condominiums and has reduced the demand for new condominiums. Though the government has announced a relaxation of the loan-to-value ratio back to 100% from 1 May this year to 30 June next year, we expect residential demand to remain weak and continue to impact demand for construction materials. Besides, post-earthquake renovations haven't helped much, as the billing sizes are much smaller than for normal renovations.

Ex 2: Housing Demand In Bangkok Metropolitan Region

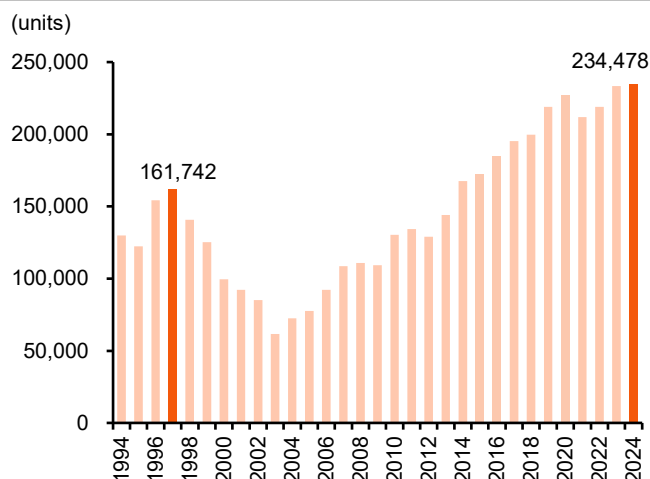


Sources: Agency For Real Estate Affairs, Thanachart

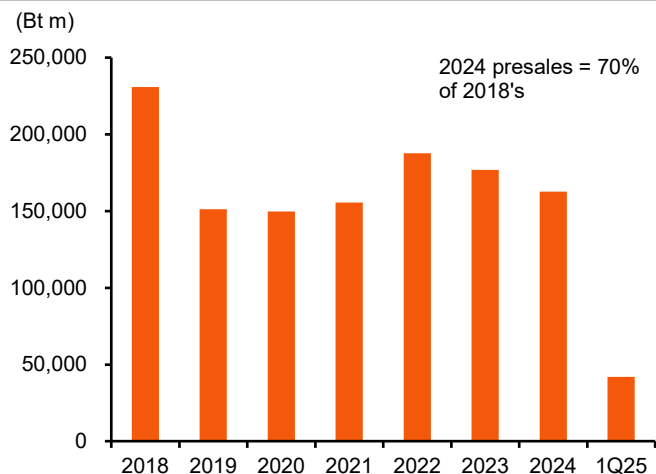
Ex 3: Housing Demand Growth



Sources: Agency for Real Estate Affairs, Thanachart

**Ex 4: Peak Inventory Level Post 1997 Crisis**

Sources: Agency for Real Estate Affairs, Thanachart

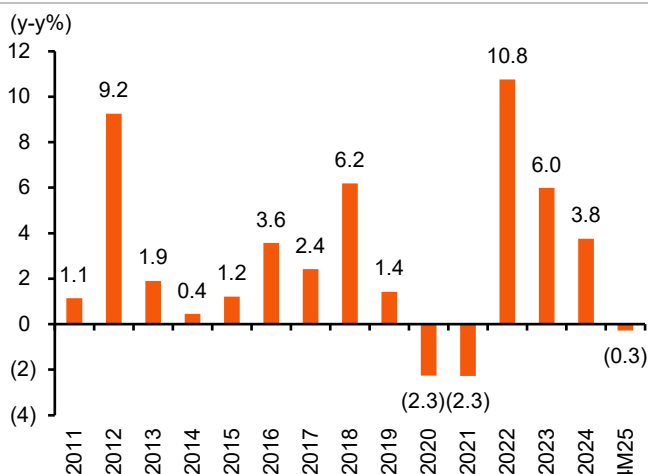
**Ex 5: Top Seven Developers' Presales**

Sources: Company data, Thanachart

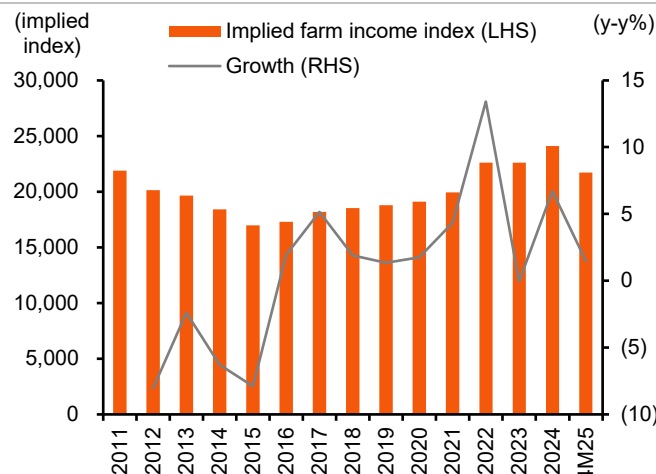
Note: AP, LH, LPN, PSH, QH, SIRI, SPALI

**Lack of economic engines**

**Weak economic outlook:** Private consumption has shown signs of shrinking, with private consumption falling by 0.3% y-y in 4M25. Key factors include the high household debt level, tourism slowdown, and flat farm income, which have been eroding upcountry purchasing power. Additionally, consumer confidence has weakened due to concerns about global trade policies. TNS now estimates slower GDP growth of 1.5/1.4% in 2025-26F after 2.5% last year and 3.1% in 1Q25.

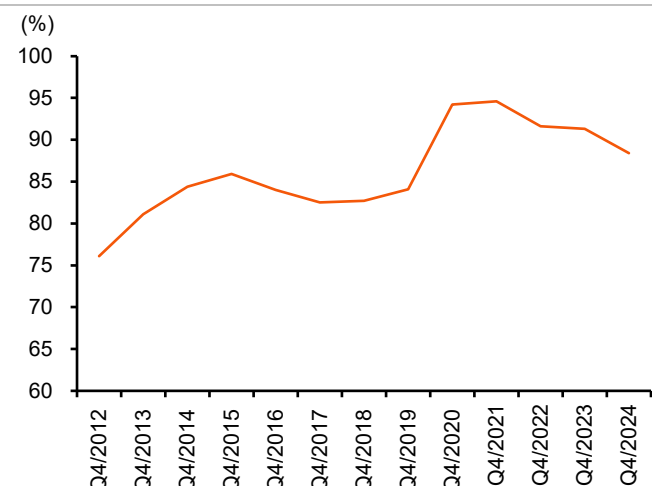
**Ex 6: Private Consumption Shrinking**

Source: BoT

**Ex 7: Flat Farm Income YTD**

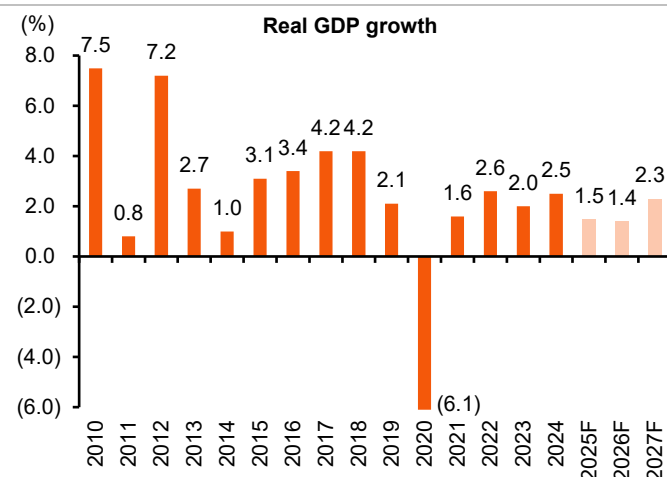
Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Ex 8: High Household-Debt-To-GDP Ratio After COVID



Source: BoT

Ex 9: TNS's GDP Growth Forecasts

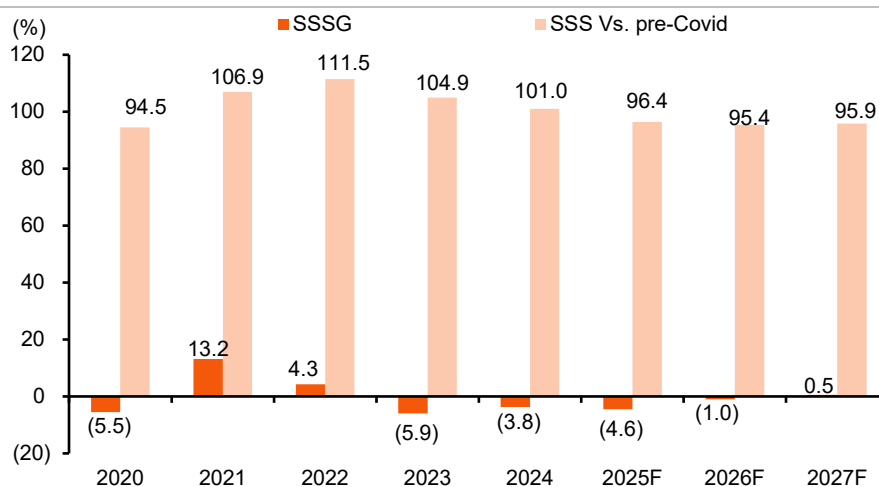


Sources: NESDC, Thanachart estimates

**We project negative home improvement SSS of 4.6/1.0% in 2025-26F**

Along with the sluggish property market, home improvement SSS growth was -5.9/-3.8% in 2023-24, and we estimate it at -4.6/-1.0/0.5% in 2025-27F due to the weak economic outlook mentioned earlier.

Ex 10: Home Improvement SSSG (Ex-Thai Watsadu)



Sources: Company data, Thanachart estimates

## Store openings continue for market positioning

**Five modern trade retailers enjoying market share gains**

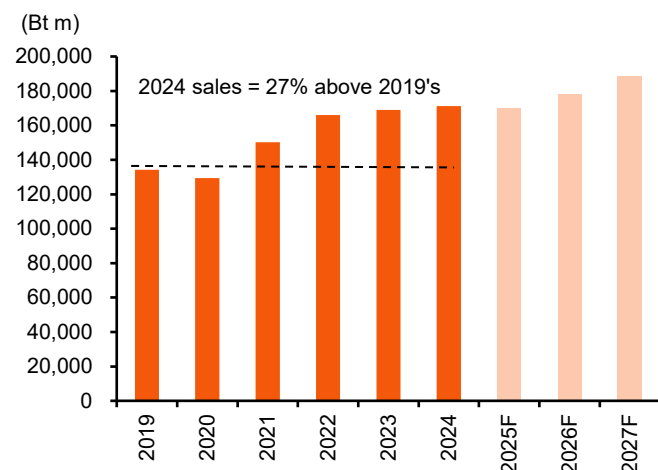
After COVID, five modern trade home improvement operators: HomePro, Mega Home, Dohome, Global House, and Central Retail Corporation's (CRC) Thai Watsadu, sped up opening new branches, with the total number of stores increasing at a 7% five-year CAGR in 2020-24. Their combined sales in 2024 increased by 27% from 2019, despite lockdowns causing temporary store closures in 2020-21 and negative home improvement SSS in 2023-24. This was because they gained market share from traditional stores.

**Poised to outgrow the sector growth with new stores**

We estimate 70% modern trade penetration in Bangkok for the home improvement and decorative segment and a 50% penetration rate for building materials and home improvement in the provinces. Therefore, we still see some room for expansion backed by continued urbanization. Despite the weak demand outlook, most leading home improvement retailers are not slowing down their store openings this year as they hope to

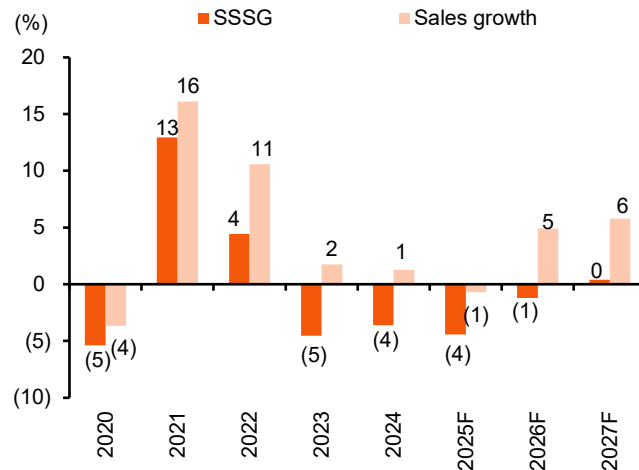
secure their long-term market positioning and capture further market share. We estimate the sector's store expansion by sqm at 5.3% p.a. in 2025-27F, or store number growth of 9/6/6%. New stores would help to improve the sales growth outlook, which we estimate at -2/5/6% in 2025-27F, to a higher rate than SSS growth of -4.6/-1.0/0.5%, but this would be at the expense of a higher SG&A/sales ratio and EBIT margin falling to 7.7% in 2027F from 8.7% in 2024. Having said all that, longer-term growth should be strong when the economy turns around, with more stores and a rising margin from the operating leverage effect.

Ex 11: Home Improvement Sales – Five Modern Retailers



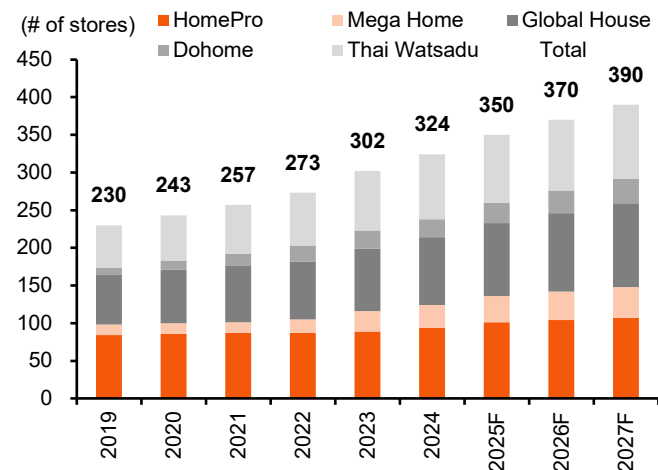
Sources: Company data, Thanachart estimates

Ex 12: SSSG Vs. Sales Growth – Five Retailers



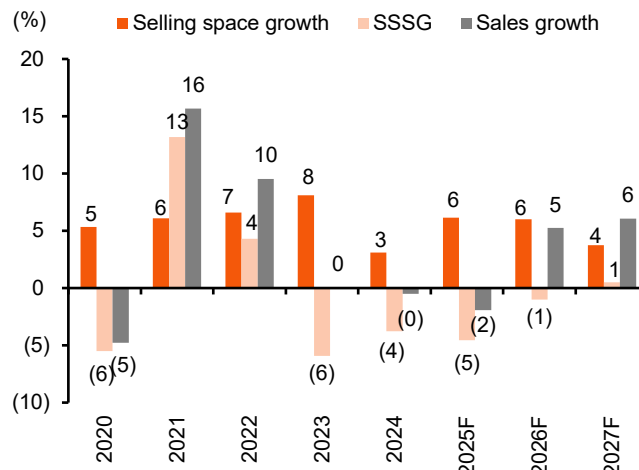
Sources: Company data, Thanachart estimates

Ex 13: Store Network



Sources: Company data, Thanachart estimates

Ex 14: Space, SSSG, Sales Growth (Ex-Thai Watsadu)



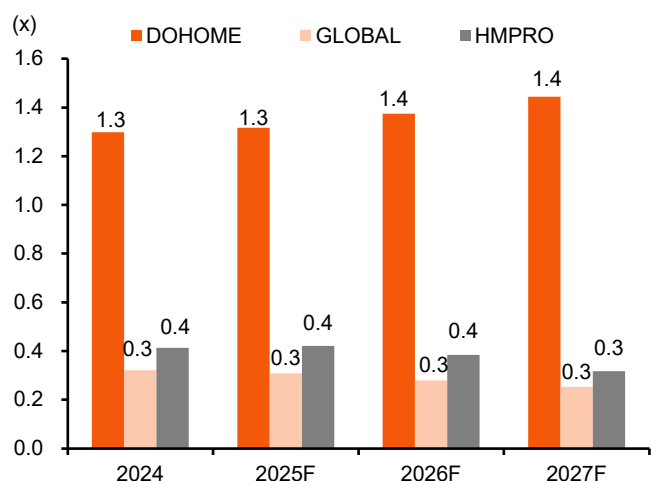
Sources: Company data, Thanachart estimates

## Weak growth but sound financials

**GLOBAL and HMPRO have low gearing, and we forecast falling net D/E**

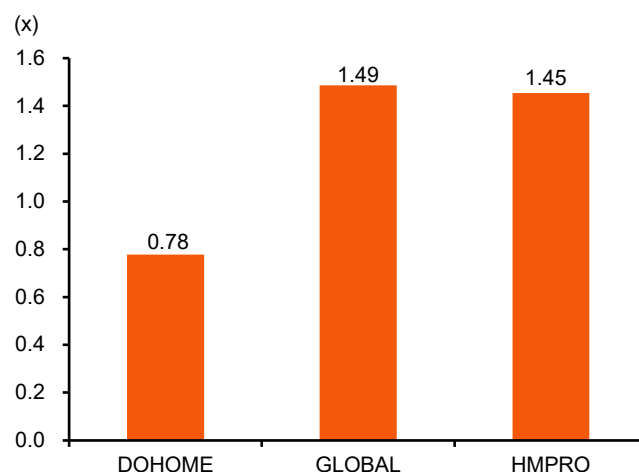
Amid tight lending conditions, we consider the leading home improvement retailers to have sound financials. HMPRO and GLOBAL, the big players, have low gearing, and we project their net D/E ratios to fall. HMPRO generates EBITDA after interest expense at 1.45x of its capex and GLOBAL at 1.49x in 2025F. We estimate HMPRO's net D/E ratio at 0.32x in 2027F vs. 0.41x in 2024 and GLOBAL's at 0.25x in 2027F vs. 0.32x in 2024. DOHOME is the smallest player in the middle of its capex cycle, and EBITDA after interest expense comes to only 0.78x of its 2025F capex, while we project its net gearing at 1.44x in 2027F vs. 1.30x in 2024. Although DOHOME still has room to raise debt and is far from breaching its debt covenants, we estimate that its interest-bearing debt and interest expenses will rise with the opening of new stores.

Ex 15: Net D/E



Sources: Company data, Thanachart estimates

Ex 16: EBITDA – Interest Vs. Capex (2025F)



Source: Thanachart estimates

## HMPRO is our only BUY

*We cut our sector earnings and our TPs*

We have reduced our earnings estimates for the home improvement plays we cover by 7/8/10% in 2025-27F due to weak construction materials and home improvement demand outlook impacting SSS and the ability to expand gross margin. As aggressive store expansion continues, we have revised up our SG&A/sales assumptions. Our substantial cuts to the TPs of DOHOME and GLOBAL are due to our flat SSS assumption for many years until they stop opening new stores, as we foresee more provincial players competing to open building materials modern trade stores. Meanwhile, we see HMPRO generating significant revenues from HomePro stores operating in a less competitive landscape, serving as a one-stop shopping destination for home-related products, with higher exposure in Bangkok and lower exposure to construction materials.

Ex 17: Key Assumption Changes

	DOHOME	GLOBAL	HMPRO		Total
			HomePro	Mega Home	
<b>SSS growth (%)</b>					
2025F - New	(2.2)	(9.2)	(4.8)	(2.0)	(4.6)
2025F - Old	(2.0)	(6.0)	(2.0)	2.0	(2.0)
2026F - New	(2.0)	(2.0)	0.0	0.0	(1.0)
2026F - Old	0.0	(2.0)	0.0	2.0	0.0
2027F - New	0.0	0.0	2.0	0.0	0.5
2027F - Old	2.0	0.0	2.0	2.0	1.5
<b>Gross margin on sales (%)</b>					
2025F - New	17.1	25.9	26.8		23.3
2025F - Old	17.3	25.8	27.0		23.4
2026F - New	17.2	25.9	26.9		23.3
2026F - Old	17.5	25.8	27.2		23.5
2027F - New	17.2	25.9	27.0		23.4
2027F - Old	17.6	25.8	27.4		23.6

Source: Thanachart estimates

## Ex 17: Key Assumption Changes (Con't)

	DOHOME	GLOBAL	HMPRO HomePro Mega Home	Total
<b>SG&amp;A/sales (%)</b>				
2025F - New	14.2	20.8	19.5	18.2
2025F - Old	14.2	20.5	19.5	18.0
2026F - New	14.4	21.0	19.5	18.3
2026F - Old	14.3	20.5	19.5	18.1
2027F - New	14.4	21.0	19.4	18.3
2027F - Old	14.1	20.5	19.3	18.0
<b>Normalized profit (Bt m)</b>				
2025F - New	602	1,812	6,164	8,578
2025F - Old	664	1,939	6,592	9,194
Change (%)	(9.3)	(6.5)	(6.5)	(6.7)
2026F - New	619	1,846	6,558	9,022
2026F - Old	753	2,004	7,035	9,792
Change (%)	(17.8)	(7.9)	(6.8)	(7.9)
2027F - New	703	1,947	7,010	9,660
2027F - Old	933	2,122	7,717	10,772
Change (%)	(24.7)	(8.3)	(9.2)	(10.3)
<b>TP (Bt/share)</b>				
New	3.00	6.00	9.10	
Old	7.00	8.00	10.00	

Source: Thanachart estimates

**We are bearish on home improvement sub-sector**

Within the Thai retail sector, we are bearish on the home improvement sub-sector. We expect the sub-sector's operating performance to weaken after 1Q25, due to the prolonged property downturn, slow private sector investment resulting from the Trump tariffs, and consumer caution regarding big-ticket purchases. Store expansion programs are not slowing down the pressures from rising SG&A and profitability. With the sub-sector's core profit growth of -13/4/9% in 2025-27F, the segment's de-rated 17.8x 2025F PE multiple may not yet be coming to an end.

**Two recommendation downgrades**

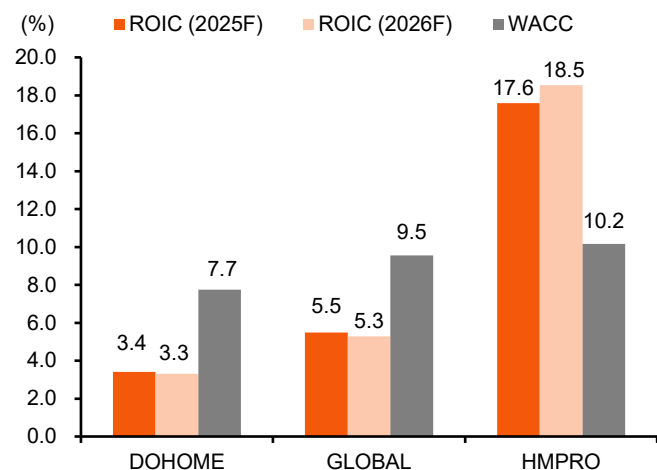
We downgrade our call on GLOBAL to HOLD (from Buy) and DOHOME to SELL (from Buy) as we expect a further de-rating. DOHOME is trading at the highest 20.8x 2025F PE among its peers vs. -9/3% EPS growth. Meanwhile, GLOBAL looks pricey to us, trading at 16.4x 2025F PE vs. -24/2% EPS growth in 2025-26F.

**HMPRO is the only BUY**

We keep HMPRO as a BUY. **First**, we believe HMPRO's business is more resilient to the weak economy with less earnings fluctuation. **Second**, HMPRO generates the highest return with a 17.6/18.5% ROIC in 2025-26F, far above its 10.2% WACC, which supports its 16.3x 2025F PE against -5/6% EPS growth. For DOHOME and GLOBAL, ROIC is lower than their WACC. This is why we don't think they are cheap, though they are trading at 29/26% discounts to their replacement costs. **Third**, HMPRO pays cash dividends (mostly stock dividends for DOHOME and GLOBAL), and its dividend yield of 4.9% in 2025F is higher than GLOBAL's 2.1% and DOHOME's 1.2%.

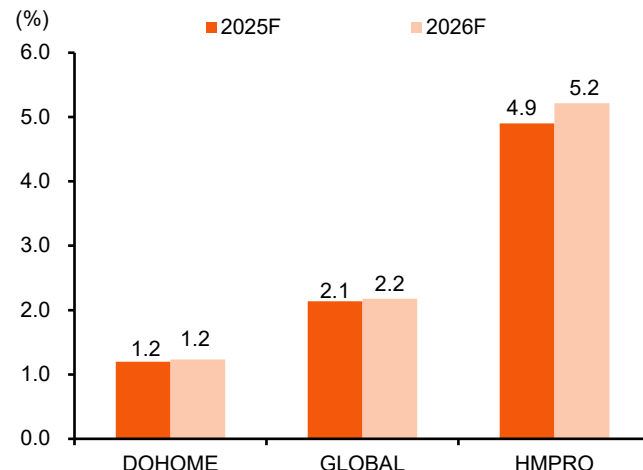


Ex 18: ROIC Vs. WACC



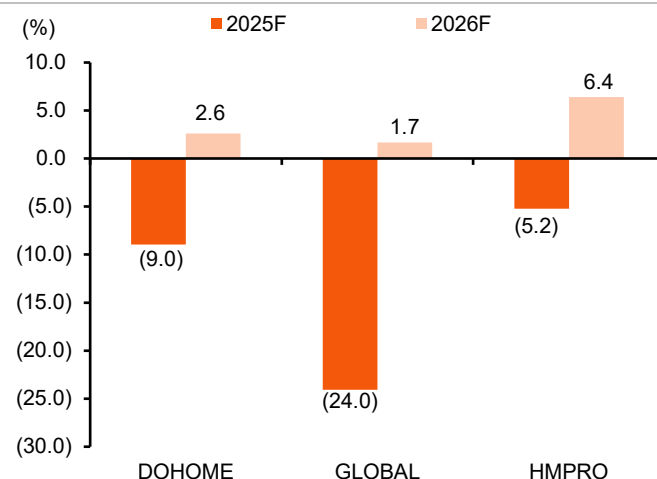
Source: Thanachart estimates

Ex 19: Dividend Yields



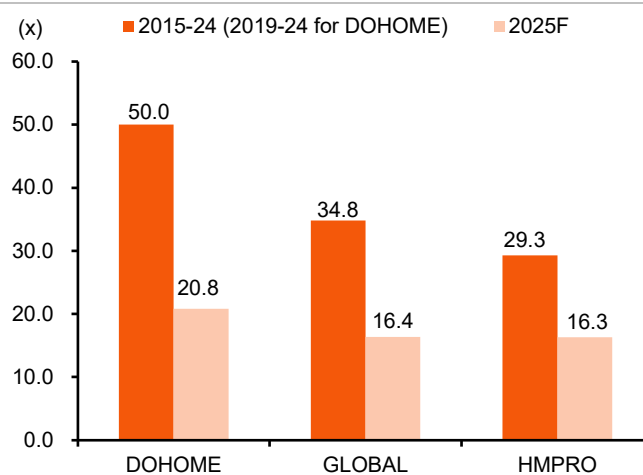
Sources: Bloomberg, Thanachart estimates

Ex 20: Core EPS Growth



Source: Thanachart estimates

Ex 21: De-Rated PE



Sources: Company data, Bloomberg, Thanachart estimates

Ex 22: Replacement Cost

	No of stores (1Q25)	Capex/store (Bt m)	Total cost (Bt m)	# shares (m)	Replacement cost/share (Bt)	Current price (Bt)	Premium (disc) (%)
<b>HMPRO</b>	<b>136</b>		<b>86,225</b>	<b>13,151</b>	<b>6.6</b>	<b>7.65</b>	<b>17</b>
HomePro (TH+MY)	101	550-800	68,175				
HomePro S	5	50	250				
Mega Home	30	550-875	17,800				
<b>GLOBAL (TH + Cambodia)</b>	<b>93</b>	<b>250-550</b>	<b>40,335</b>	<b>5,402</b>	<b>7.5</b>	<b>5.50</b>	<b>(26)</b>
<b>DOHOME</b>	<b>39</b>		<b>17,576</b>	<b>3,391</b>	<b>5.2</b>	<b>3.70</b>	<b>(29)</b>
Dohome	24	700-1,000 (XL), 600-700 (L)	17,400				
Dohome To Go	15	8-15	176				

Sources: Company data, Thanachart estimates

**Ex 23: DOHOME TB - SELL, Price Bt3.70, TP Bt3.00**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	30,991	31,254	33,215	36,851
Net profit	674	602	619	703
Norm profit	658	602	619	703
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS grw (%)	23.6	(9.0)	2.6	13.6
Norm PE (x)	18.9	20.8	20.3	17.8
EV/EBITDA (x)	12.3	13.1	13.1	12.6
P/BV (x)	1.0	0.9	0.9	0.9
Div yield (%)	1.4	1.2	1.2	1.4
ROE (%)	5.3	4.6	4.5	5.0
Net D/E (%)	129.8	131.7	137.4	144.5

Sources: Company data, Bloomberg, Thanachart estimates

**Ex 24: GLOBAL TB - HOLD, Price Bt5.50, TP Bt6.00**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	32,285	30,756	31,553	32,980
Net profit	2,377	1,812	1,846	1,947
Norm profit	2,377	1,812	1,846	1,947
Norm EPS (Bt)	0.4	0.3	0.3	0.4
Norm EPS grw (%)	(11.2)	(24.0)	1.7	5.5
Norm PE (x)	12.4	16.4	16.1	15.3
EV/EBITDA (x)	8.8	10.4	10.1	9.6
P/BV (x)	1.2	1.2	1.1	1.1
Div yield (%)	3.9	2.1	2.2	2.3
ROE (%)	9.9	7.2	7.0	7.0
Net D/E (%)	32.2	30.8	27.9	25.3

Sources: Company data, Bloomberg, Thanachart estimates

**Ex 25: HMPRO TB - BUY, Price Bt7.65, TP Bt9.10**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	69,806	68,599	72,728	75,993
Net profit	6,504	6,164	6,558	7,010
Norm profit	6,504	6,164	6,558	7,010
Norm EPS (Bt)	0.5	0.5	0.5	0.5
Norm EPS grw (%)	1.0	(5.2)	6.4	6.9
Norm PE (x)	15.5	16.3	15.3	14.4
EV/EBITDA (x)	9.1	9.1	8.5	8.0
P/BV (x)	3.8	3.7	3.6	3.4
Div yield (%)	5.6	4.9	5.2	5.6
ROE (%)	24.3	23.0	23.8	24.1
Net D/E (%)	41.3	42.1	38.5	31.7

Sources: Company data, Bloomberg, Thanachart estimates

## Ex 26: Sector Valuation Comparison

		DOHOME	GLOBAL	HMPRO	Industry
Rating		SELL	HOLD	BUY	
Target price	Thanachart	3.00	6.00	9.10	
	Consensus	5.95	7.38	9.56	
Consensus rec.	Buy	11	3	16	
	Hold	4	12	11	
	Sell	1	2	0	
Sales (Bt m)	2024	30,991	32,285	69,806	133,083
	2025F	31,254	30,756	68,599	130,610
	2026F	33,215	31,553	72,728	137,496
	2027F	36,851	32,980	75,993	145,824
Norm profits (Bt m)	2024	658	2,377	6,504	9,539
	2025F	602	1,812	6,164	8,578
	2026F	619	1,846	6,558	9,022
	2027F	703	1,947	7,010	9,660
Sales growth (%)	2024	(0.7)	(0.0)	(0.5)	(0.4)
	2025F	0.8	(4.7)	(1.7)	(1.9)
	2026F	6.3	2.6	6.0	5.0
	2027F	10.9	4.5	4.5	6.7
Norm profit growth (%)	2024	23.6	(11.0)	1.0	4.5
	2025F	(8.6)	(23.8)	(5.2)	(12.5)
	2026F	2.9	1.8	6.4	3.7
	2027F	13.6	5.5	6.9	8.6
Norm EPS growth (%)	2024	23.6	(11.2)	1.0	4.4
	2025F	(9.0)	(24.0)	(5.2)	(12.7)
	2026F	2.6	1.7	6.4	3.5
	2027F	13.6	5.5	6.9	8.6
Gross margin (%)	2024	17.1	25.8	27.6	23.5
	2025F	17.1	25.9	27.6	23.5
	2026F	17.2	25.9	27.7	23.6
	2027F	17.2	25.9	27.8	23.7
SG&A/Sales (%)	2024	13.7	19.0	19.1	17.3
	2025F	14.2	20.8	19.5	18.2
	2026F	14.4	21.0	19.5	18.3
	2027F	14.4	21.0	19.4	18.3
Net margin (%)	2024	2.1	6.5	9.3	6.0
	2025F	1.9	5.1	9.0	5.3
	2026F	1.9	5.0	9.0	5.3
	2027F	1.9	5.1	9.2	5.4
ROE (%)	2024	5.3	9.9	24.8	13.3
	2025F	4.6	7.2	23.0	11.6
	2026F	4.5	7.0	23.8	11.8
	2027F	5.0	7.0	24.1	12.0
Norm PE (x)	2024	18.9	12.4	15.5	15.6
	2025F	20.8	16.4	16.3	17.8
	2026F	20.3	16.1	15.3	17.2
	2027F	17.8	15.3	14.4	15.8
Dividend yield (%)	2024	1.4	3.9	5.6	3.6
	2025F	1.2	2.1	4.9	2.7
	2026F	1.2	2.2	5.2	2.9
	2027F	1.4	2.3	5.6	3.1
Net D/E (x)	2024	1.3	0.3	0.4	0.7
	2025F	1.3	0.3	0.4	0.7
	2026F	1.4	0.3	0.4	0.7
	2027F	1.4	0.3	0.3	0.7

Sources: Bloomberg, Thanachart estimates

Note: for earnings, Thanachart estimates, using normalized EPS

## Valuation Comparison

### Ex 27: Valuation Comparison With Regional Peers

Name	BBG code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
Marks & Spencer	MKS LN	UK	25.0	(11.6)	11.7	13.2	2.1	2.0	6.3	6.7	1.4	1.7
J Sainsbury PLC	SBRY LN	UK	3.7	1.8	11.6	11.4	0.9	0.9	4.6	4.7	5.2	6.5
Tesco	TSCO LN	UK	12.1	0.7	13.2	13.1	2.1	2.1	7.5	7.6	3.7	3.9
Carrefour SA	CA FP	France	(11.5)	16.8	8.5	7.2	0.8	0.8	4.3	4.1	7.8	8.3
Casino Guichard	CO FP	France	(142.0)	53.8	na	na	0.2	0.3	5.1	4.3	0.0	na
L'Oreal SA	OR FP	France	6.0	8.2	29.7	27.4	5.9	5.4	19.6	18.5	1.9	2.0
Alimentation Couche	ATD/B CN	Canada	(3.3)	8.7	na	na	na	na	10.5	10.0	na	na
Aeon	8267 JP	Japan	(8.7)	44.1	na	75.0	3.6	3.6	11.3	10.9	0.9	0.9
Kao Corporation	4452 JP	Japan	13.5	10.6	25.7	23.3	2.8	2.7	12.4	11.6	2.3	2.3
Lion Corporation	4912 JP	Japan	21.6	(1.0)	17.7	17.9	1.4	1.3	7.4	7.1	1.9	2.0
Shiseido Co. Ltd	4911 JP	Japan	46.6	na	88.4	25.6	1.6	1.5	11.9	9.4	1.6	1.9
Seven & I Holdings	3382 JP	Japan	(27.3)	48.6	33.7	22.7	1.6	1.5	9.2	9.3	1.7	2.2
Lotte Corp	004990 KS	South Korea	na	na	na	13.8	0.8	0.8	9.7	8.5	3.8	4.8
Shinsegae	004170 KS	South Korea	0.3	23.6	8.2	6.6	0.4	0.4	8.2	7.6	2.6	2.8
Amore Pacific Group	002790 KS	South Korea	(19.8)	12.8	9.4	8.3	0.4	0.3	6.8	6.5	2.3	2.5
Best Buy Co Inc	BBY US	USA	(0.4)	8.5	11.3	10.4	4.8	4.9	5.7	5.6	5.5	5.8
Wal-Mart Stores	WMT US	USA	4.6	12.4	38.2	33.9	8.2	7.3	18.9	17.4	0.9	1.0
Home Depot Inc	HD US	USA	(0.5)	8.5	24.8	22.8	na	na	16.7	15.8	2.5	2.6
Levi Strauss & Co.	LEVI US	USA	(0.4)	10.5	13.7	12.4	3.2	2.8	8.1	7.6	3.2	3.4
Yonghui Superstores	601933 CH	China	80.0	na	na	76.8	10.2	9.2	33.4	21.7	0.0	0.3
Sa Sa International	178 HK	Hong Kong	(62.1)	57.6	18.8	11.9	1.6	1.6	6.8	6.1	5.0	6.1
Dairy Farm Intl Hldgs	DFI SP	Hong Kong	22.5	8.6	14.4	13.2	5.6	4.7	5.9	5.8	4.3	4.8
President Chain Store	2912 TT	Taiwan	0.7	9.2	22.2	20.3	6.0	5.6	8.5	8.2	3.7	3.9
7-Eleven Malaysia	SEM MK	Malaysia	1.7	15.3	33.6	29.1	5.0	4.5	8.8	8.6	1.2	1.3
Advice IT Infinite *	ADVICE TB *	Thailand	5.7	19.4	11.6	9.7	2.7	2.3	5.5	4.3	4.0	4.8
Berli Jucker *	BJC TB	Thailand	2.6	5.9	17.5	16.6	0.7	0.7	9.3	8.9	4.0	4.2
COM7 *	COM7 TB	Thailand	16.9	15.5	11.7	10.1	4.3	3.7	8.8	7.7	5.3	6.2
CP All *	CPALL TB	Thailand	15.0	19.7	15.1	12.6	3.0	2.7	7.5	6.6	3.3	4.0
CP Aextra *	CPAXT TB *	Thailand	16.0	28.5	16.5	12.8	0.7	0.6	7.7	6.7	4.2	5.5
Central Pattana *	CPN TB	Thailand	(5.2)	15.0	13.2	11.5	1.9	1.8	9.4	8.5	4.6	5.1
Central Retail Corp. *	CRC TB	Thailand	(0.5)	7.1	13.4	12.5	1.6	1.5	5.6	5.3	3.0	3.2
Dohome *	DOHOME TB	Thailand	(9.0)	2.6	20.8	20.3	0.9	0.9	13.1	13.1	1.2	1.2
Siam Global House *	GLOBAL TB	Thailand	(24.0)	1.7	16.4	16.1	1.2	1.1	10.4	10.1	2.1	2.2
Home Product*	HMPRO TB	Thailand	(5.2)	6.4	16.3	15.3	3.7	3.6	9.1	8.5	4.9	5.2
MC Group *	MC TB	Thailand	6.6	7.8	10.1	9.3	2.0	2.0	4.5	4.2	9.9	10.7
Moshi Moshi Retail*	MOSHI TB *	Thailand	26.1	27.9	19.0	14.8	4.6	4.0	9.4	7.7	2.7	3.4
<b>Average</b>			<b>0.2</b>	<b>15.3</b>	<b>19.9</b>	<b>19.4</b>	<b>2.8</b>	<b>2.6</b>	<b>9.7</b>	<b>8.8</b>	<b>3.2</b>	<b>3.7</b>

Sources: Bloomberg, Thanachart estimates

Note: \* Thanachart estimates using normalized EPS growth,  
Based on 4 June 2025 closing price

## STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	(5.6)	(6.2)	(15.4)	(19.2)	—	—	—	—
Retail Sector	(13.3)	(18.7)	(25.7)	(27.2)	(7.7)	(12.5)	(10.3)	(8.0)
ADVICE	(2.9)	(11.3)	8.8	(21.7)	2.7	(5.1)	24.2	(2.5)
BJC	(12.6)	(5.9)	(6.7)	(10.7)	(7.0)	0.3	8.7	8.4
COM7	(7.4)	(16.1)	11.2	(28.4)	(1.8)	(9.9)	26.7	(9.2)
CPALL	(5.9)	(8.1)	(17.5)	(13.5)	(0.3)	(1.9)	(2.1)	5.7
CPAXT	(23.2)	(31.3)	(32.9)	(28.8)	(17.6)	(25.1)	(17.5)	(9.7)
CPN	(7.5)	(11.5)	(21.0)	(19.3)	(2.0)	(5.3)	(5.6)	(0.1)
CRC	(17.9)	(38.7)	(36.7)	(43.2)	(12.3)	(32.5)	(21.3)	(24.1)
DOHOME	(28.2)	(46.4)	(65.7)	(56.2)	(22.6)	(40.2)	(50.3)	(37.0)
GLOBAL	(19.1)	(25.2)	(65.6)	(58.9)	(13.5)	(19.0)	(50.2)	(39.8)
HMPRO	(8.9)	(8.4)	(19.0)	(18.6)	(3.3)	(2.2)	(3.6)	0.5
MC	(5.3)	(4.4)	(14.5)	(8.9)	0.2	1.8	0.9	10.3
MOSHI	(10.7)	(9.6)	(14.7)	(12.7)	(5.1)	(3.4)	0.7	6.4

Source: Bloomberg

## SECTOR - SWOT ANALYSIS

## S — Strength

- Market consolidation with a rapid transition to modern trade at the expense of traditional trade.
- A few key players are capturing more market share. High economies of scale raise bargaining power and erect barriers to new entrants.
- The sector is highly capital intensive. Thai retailers have strong financials, either via net cash or low gearing.

## O — Opportunity

- Low penetration rate and rising spending power upcountry.
- Strong domestic economy and Thai populist policies.

## W — Weakness

- Fierce competition by business nature.
- Limited pricing power.

## T — Threat

- Economic slowdown, natural disasters and risk of theft.
- New competition in some segments, i.e., home improvement and small-format stores.
- Risk of government regulation and intervention.

## REGIONAL COMPARISON

Name	— EPS growth —		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
	(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Britain	13.6	(3.0)	12.2	12.6	1.7	1.7	6.1	6.3	3.5	4.0
France	(49.2)	26.3	19.1	17.3	2.3	2.2	9.7	9.0	3.2	5.1
Canada	(3.3)	8.7	na	na	na	na	10.5	10.0	na	na
Japan	9.1	25.6	41.4	32.9	2.2	2.1	10.5	9.7	1.7	1.9
South Korea	(9.8)	18.2	8.8	9.6	0.5	0.5	8.2	7.5	2.9	3.3
USA	0.8	10.0	22.0	19.9	5.4	5.0	12.4	11.6	3.0	3.2
China	80.0	na	na	76.8	10.2	9.2	33.4	21.7	0.0	0.3
Hong Kong	(19.8)	33.1	16.6	12.6	3.6	3.1	6.4	5.9	4.7	5.5
Taiwan	0.7	9.2	22.2	20.3	6.0	5.6	8.5	8.2	3.7	3.9
Malaysia	1.7	15.3	33.6	29.1	5.0	4.5	8.8	8.6	1.2	1.3
Thailand	3.8	13.1	15.1	13.5	2.3	2.1	8.4	7.6	4.1	4.6
Average	2.5	15.6	21.2	24.5	3.9	3.6	11.2	9.6	2.8	3.3

Source: Bloomberg Consensus  
 Note : \*Thanachart estimates

**SELL** (From: BUY)

Change in Recommendation

**TP: Bt 3.00**

(From: Bt 7.00)

**Downside : 18.9%**

**5 JUNE 2025**

# Dohome Public Co Ltd (DOHOME TB)

## Expensive

We downgrade DOHOME to SELL. The resumption of branch openings this year comes at a bad economic time and is likely to erode its already slim net margin. With a forecast EPS contraction of 9% this year, DOHOME looks expensive to us at 20.8x 2025F PE.



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### Downgrading to SELL

This is a part of *Retail Sector – Losing further ground*, dated 5 June. We downgrade DOHOME to SELL (from Buy). **First**, we cut our earnings estimates for DOHOME by 9-25% in 2025-27F to reflect disappointing same-store sales growth (SSSG) and our lower gross margin and higher SG&A/sales assumptions. Our DCF-based 12-month TP (2025F base year), which also factors in a stock dividend, is cut to Bt3.0 (from Bt7.0). **Second**, with 24 large stores, we consider DOHOME's plan to open three stores p.a. as aggressive. This could be a good move during an economic upcycle, but it would eat into its EBIT margin in the current weak economic cycle. **Lastly**, DOHOME looks expensive to us at 20.8x 2025F PE vs. -9/3% EPS growth in 2025-26F.

### Expansion: pain before gain

DOHOME, since its listing in 2019, has been in an aggressive expansion cycle to become a bigger player. At the end of 2024, it still had only 24 large and 15 small stores. It temporarily paused expansion in 2024 due to its high net D/E ratio of 1.3x and the weak economy. DOHOME is resuming its expansion this year with plans for three large-format stores (over 20,000 sqm each) and 10-12 Dohome To Go (800-1,000 sqm each). By 2027, it targets to operate up to 32 large stores and 50 Dohome To Go outlets. The openings are positive for its long-term growth, but during the weak economy, we expect its expenses to increase and its EBIT margin to fall. Its net margin is already very slim at 1.9% in 2025-26F vs. peers' average of 7% in both years.

### Weak business momentum

Benefiting from more government project disbursement since the middle of last year, DOHOME enjoyed a slightly positive SSSG of 1.5/0.4% in 4Q24-1Q25. While April SSSG was flat, it turned to a high-single-digit negative figure in May. The demand from end customers was weak, as reflected in the low-teens contraction of SSS in May. Back-office (contractors and resellers) customers' SSSG also turned negative by 3-5% y-y in May. We now assume SSSG of -4.2/-3.0/-2.5% in 2Q25-4Q25F.

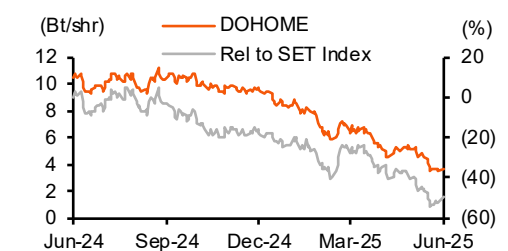
### Lower margin offsets falling rate benefits

We estimate DOHOME's net D/E ratio at 1.3-1.4x in 2025-26F. Most debts are floating-rate bank loans. Falling interest rates help, and we project interest expenses to fall 12% in 2025F but come in flat in 2026F on rising IBDs, based on our assumption of a further policy rate cut to 1.50% in 2H25F and to 1.25% in 1H26F from 1.75% at present. However, the benefits will likely be eroded by higher expenses from its store openings, reducing its EBIT margin to 3.9/3.8% in 2025-26F. Net-net, despite the store openings, we estimate DOHOME's earnings growth at only -9/3/14% in 2025-27F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	30,991	31,254	33,215	36,851
Net profit	674	602	619	703
Consensus NP	—	872	1,055	1,255
Diff frm cons (%)	—	(31.0)	(41.3)	(44.0)
Norm profit	658	602	619	703
Prev. Norm profit	—	664	753	933
Chg frm prev (%)	—	(9.3)	(17.8)	(24.7)
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS grw (%)	23.6	(9.0)	2.6	13.6
Norm PE (x)	18.9	20.8	20.3	17.8
EV/EBITDA (x)	12.3	13.1	13.1	12.6
P/BV (x)	1.0	0.9	0.9	0.9
Div yield (%)	1.4	1.2	1.2	1.4
ROE (%)	5.3	4.6	4.5	5.0
Net D/E (%)	129.8	131.7	137.4	144.5

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 4-Jun-25 (Bt)	3.70
Market Cap (US\$ m)	382.7
Listed Shares (m shares)	3,383.3
Free Float (%)	29.8
Avg Daily Turnover (US\$ m)	2.0
12M Price H/L (Bt)	11.17/3.52
Sector	Commerce
Major Shareholder	Tangmitrphracha Family 64.10%

Sources: Bloomberg, Company data, Thanachart estimates

**ESG Summary Report ..... P17**

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA	2,304	2,423	2,650	2,860	3,095	3,320	3,469	3,709	3,714	3,799	3,883	3,966	
Free cash flow	(1,064)	(518)	(781)	6	393	703	1,669	2,507	2,863	2,717	2,793	2,869	50,956
PV of free cash flow	(1,061)	(447)	(625)	5	271	450	990	1,380	1,463	1,289	1,230	1,172	20,816
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.2												
WACC (%)	7.7												
Terminal growth (%)	2.0												
Enterprise value - add investments	26,933												
Net debt (2024A)	16,654												
Minority interest	0												
Equity value	10,279												
# of shares (m)	3,391												
Equity value/share (Bt)	3.0												

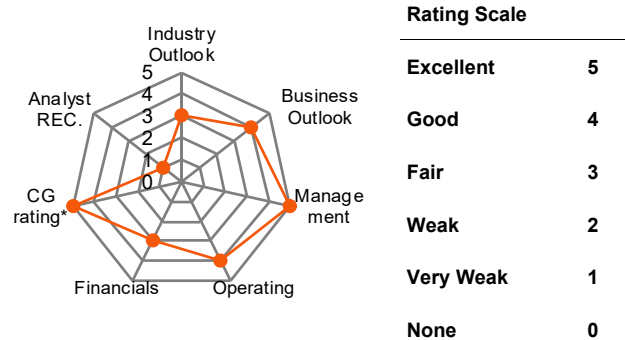
Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

Dohome Pcl (DOHOME) is a leading home-improvement retailer with 40 years of experience providing products and services related to construction materials and home decorative products. As of 1Q25, it operated 24 large-format stores and 15 small-format stores in Thailand. Its distribution center in Pathum Thani province opened in 2018, and it has a total warehouse area of 41,580 sqm.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; CG Rating

## THANACHART'S SWOT ANALYSIS

**S — Strength**

- DOHOME's executives have 40 years of experience in the home-improvement segment.
- DOHOME's brand is well recognized in the market, particularly in the Northeast of Thailand.
- Complete product varieties, full services, and price leadership.

**O — Opportunity**

- Still-high traditional trade home-improvement market share upcountry.
- Increased purchasing power and the urbanization trend.
- Expansion opportunities outside its core regions (Northeast, East, and Bangkok).

**W — Weakness**

- Less store coverage nationwide.
- High credit sales of 28-29%.

**T — Threat**

- Intensifying competition as key players; Global House, Thai Watsadu, and Mega Home are speeding up store expansion.
- Slow economic growth in the provinces.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	5.95	3.00	-50%
Net profit 25F (Bt m)	872	602	-31%
Net profit 26F (Bt m)	1,055	619	-41%
Consensus REC	BUY: 11	HOLD: 4	SELL: 1

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F net profit estimates are 31-41% below the Bloomberg consensus numbers, which we attribute to our negative SSS, flat gross margin, and higher SG&A expense assumptions.
- Our DCF-based TP is therefore 50% lower than the Street's.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

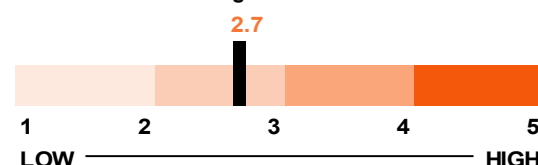
- If the number of new stores opened is higher than our current assumption, this would positively impact our earnings forecasts, representing the key upside risk to our call.
- If competition is weaker than our current expectations, DOHOME's SSS growth and margins would be subject to upside risk.
- Favourable fluctuations in steel prices would be a secondary upside risk.
- Stronger-than-expected economic recovery and its ability to grow gross margin is also an upside risk.

Source: Thanachart



DOHOME is a modern-trade retailer in the home-improvement segment. It has 24 “Dohome” stores located mostly upcountry in Thailand and 15 small-sized Dohome To Go branches. Its business doesn’t release much greenhouse gas. Our ESG score is 2.69, below the 3.26 sector average, reflecting a lack of ESG evaluations and concrete overall ESG issue targets.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
DOHOME	-	-	-	-	57.92	41.98	27.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on “terms of use” in the following back page.

## Factors

## Our Comments

## ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a low 2.0 E score to DOHOME. It has a broad scope of environmental targets to become net-zero by 2050. It has also set targets to reduce energy usage, water usage, waste, and greenhouse gas emissions by 3% by 2027 and 5% by 2032. Note that it has not yet been awarded a SET ESG rating.
- DOHOME's environment plan is to conduct business in accordance with eco-friendly policies such as eco-friendly products, circular economy, sustainable package management, green transport and supply chain, and efficient resource utilization.
- DOHOME manages debris and waste via water segregation and uses the 3Rs (Reduce, Reuse, Recycle) principle.
- It installs solar panels at every store, has a policy banning plastic bags, and has a campaign to reduce electricity consumption.

## SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a moderate S score of 2.95 to DOHOME. It recognizes human resources as the most valuable asset of its business operation. It carries out a transparent, equal, and fair employee policy without discrimination against the disabled, underprivileged, or people of different genders.
- In 2024, employees were 58% male and 42% female, and 40% of its high-level executives were female.
- Personnel development includes training, job rotation, career path planning, succession planning, and talent management.
- For social participation, DOHOME promotes jobs in communities, supports educational institutions (toilet repair, school activities), and donates necessities and consumables to religious institutions.

GOVERNANCE &  
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a moderate G score of 3.0 to reflect a weak board structure but with all the necessary committees.
- Its board chair is independent. Four out of nine board members are independent, which is below the ideal ratio of 2/3. Out of the nine members, five are from the Tangmitrphracha family, a major shareholder in the company. Three of its board members are female.
- DOHOME has an audit committee, a nomination and remuneration committee, and a risk management and sustainability committee. All chairs are independent.
- DOHOME strives to raise awareness and responsibility for sustainable development practices to align with the United Nations Sustainable Development Goals (SDGs). DOHOME is committed to design products and services that conserve natural resources, maximize resource utilization through material and product recycling, and minimize waste generation and negative environmental impacts.

Sources: Thanachart, Company data

## INCOME STATEMENT

*Sales growth from a construction demand recovery and new stores*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	31,218	30,991	31,254	33,215	36,851
Cost of sales	26,317	25,683	25,901	27,497	30,499
<b>Gross profit</b>	<b>4,901</b>	<b>5,308</b>	<b>5,353</b>	<b>5,718</b>	<b>6,353</b>
% gross margin	15.7%	17.1%	17.1%	17.2%	17.2%
Selling & administration expenses	3,988	4,256	4,438	4,791	5,303
<b>Operating profit</b>	<b>1,203</b>	<b>1,369</b>	<b>1,234</b>	<b>1,259</b>	<b>1,400</b>
% operating margin	3.9%	4.4%	3.9%	3.8%	3.8%
Depreciation & amortization	897	996	1,070	1,163	1,250
<b>EBITDA</b>	<b>2,101</b>	<b>2,364</b>	<b>2,304</b>	<b>2,423</b>	<b>2,650</b>
% EBITDA margin	6.7%	7.6%	7.4%	7.3%	7.2%
Non-operating income	313	333	335	350	370
Non-operating expenses	(4)	(4)	0	0	0
Interest expense	(566)	(583)	(514)	(520)	(558)
<b>Pre-tax profit</b>	<b>656</b>	<b>799</b>	<b>737</b>	<b>758</b>	<b>861</b>
Income tax	123	141	135	139	158
<b>After-tax profit</b>	<b>532</b>	<b>658</b>	<b>602</b>	<b>619</b>	<b>703</b>
% net margin	1.7%	2.1%	1.9%	1.9%	1.9%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(0)	(0)	(0)	(0)	(0)
Extraordinary items	53	16	0	0	0
<b>NET PROFIT</b>	<b>585</b>	<b>674</b>	<b>602</b>	<b>619</b>	<b>703</b>
<b>Normalized profit</b>	<b>532</b>	<b>658</b>	<b>602</b>	<b>619</b>	<b>703</b>
EPS (Bt)	0.2	0.2	0.2	0.2	0.2
Normalized EPS (Bt)	0.2	0.2	0.2	0.2	0.2

*2025F profit to be hit by new stores' costs*

## BALANCE SHEET

*High floating-rate debt at 90% of total interest-bearing debt*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	15,044	14,442	15,980	16,593	17,971
Cash & cash equivalent	300	128	354	379	404
Account receivables	1,326	1,587	1,541	1,638	1,817
Inventories	13,264	12,412	13,767	14,238	15,375
Others	154	316	318	338	375
Investments & loans	0	0	0	0	0
Net fixed assets	17,356	17,555	18,786	19,922	20,972
Other assets	1,583	1,569	1,569	1,569	1,569
<b>Total assets</b>	<b>33,983</b>	<b>33,566</b>	<b>36,334</b>	<b>38,084</b>	<b>40,512</b>
<b>LIABILITIES:</b>					
Current liabilities:	15,869	15,332	17,143	18,075	19,528
Account payables	3,855	3,182	3,335	3,164	3,259
Bank overdraft & ST loans	10,873	10,589	12,623	13,633	14,878
Current LT debt	1,071	1,483	1,082	1,169	1,275
Others current liabilities	70	78	102	110	115
<b>Total LT debt</b>	<b>5,287</b>	<b>4,711</b>	<b>4,328</b>	<b>4,674</b>	<b>5,101</b>
Others LT liabilities	650	697	1,434	1,439	1,449
<b>Total liabilities</b>	<b>21,807</b>	<b>20,740</b>	<b>22,905</b>	<b>24,189</b>	<b>26,078</b>
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	3,089	3,230	3,391	3,391	3,391
Share premium	5,566	5,566	5,566	5,566	5,566
Warrants	0	0	0	0	0
Surplus	(596)	(596)	(596)	(596)	(596)
<b>Retained earnings</b>	<b>4,116</b>	<b>4,627</b>	<b>5,068</b>	<b>5,534</b>	<b>6,072</b>
Shareholders' equity	12,176	12,826	13,429	13,895	14,433
<b>Liabilities &amp; equity</b>	<b>33,983</b>	<b>33,566</b>	<b>36,334</b>	<b>38,084</b>	<b>40,512</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	656	799	737	758	861
Tax paid	(92)	(151)	(130)	(140)	(153)
Depreciation & amortization	897	996	1,070	1,163	1,250
Chg In working capital	6	(81)	(1,156)	(739)	(1,221)
Chg In other CA & CL / minorities	274	(97)	16	(12)	(36)
<b>Cash flow from operations</b>	<b>1,741</b>	<b>1,466</b>	<b>536</b>	<b>1,031</b>	<b>701</b>
Capex	(2,237)	(1,195)	(2,300)	(2,300)	(2,300)
Right of use	62	26	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(90)	(12)	737	5	10
<b>Cash flow from investments</b>	<b>(2,264)</b>	<b>(1,181)</b>	<b>(1,563)</b>	<b>(2,295)</b>	<b>(2,290)</b>
Debt financing	672	(433)	1,251	1,442	1,780
Capital increase	194	140	162	0	0
Dividends paid	(20)	(16)	(161)	(153)	(165)
Warrants & other surplus	(186)	(148)	0	0	0
<b>Cash flow from financing</b>	<b>660</b>	<b>(457)</b>	<b>1,252</b>	<b>1,289</b>	<b>1,614</b>
<b>Free cash flow</b>	<b>(496)</b>	<b>271</b>	<b>(1,764)</b>	<b>(1,269)</b>	<b>(1,599)</b>

*We assume a resumption  
of large-sized store  
openings this year*

## VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	23.4	18.9	20.8	20.3	17.8
Normalized PE - at target price (x)	19.0	15.4	16.9	16.4	14.5
PE (x)	21.3	18.5	20.8	20.3	17.8
PE - at target price (x)	17.3	15.0	16.9	16.4	14.5
EV/EBITDA (x)	14.0	12.3	13.1	13.1	12.6
EV/EBITDA - at target price (x)	12.9	11.3	12.1	12.1	11.7
P/BV (x)	1.0	1.0	0.9	0.9	0.9
P/BV - at target price (x)	0.8	0.8	0.8	0.7	0.7
P/CFO (x)	7.2	8.5	23.3	12.2	17.9
Price/sales (x)	0.4	0.4	0.4	0.4	0.3
Dividend yield (%)	1.3	1.4	1.2	1.2	1.4
FCF Yield (%)	(4.0)	2.2	(14.1)	(10.1)	(12.7)
<b>(Bt)</b>					
Normalized EPS	0.2	0.2	0.2	0.2	0.2
EPS	0.2	0.2	0.2	0.2	0.2
DPS	0.0	0.1	0.0	0.0	0.1
BV/share	3.6	3.8	4.0	4.1	4.3
CFO/share	0.5	0.4	0.2	0.3	0.2
FCF/share	(0.1)	0.1	(0.5)	(0.4)	(0.5)

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(0.3)	(0.7)	0.8	6.3	10.9
Net profit (%)	(24.4)	15.2	(10.7)	2.9	13.6
EPS (%)	(24.4)	15.2	(11.1)	2.6	13.6
Normalized profit (%)	(37.3)	23.6	(8.6)	2.9	13.6
Normalized EPS (%)	(37.3)	23.6	(9.0)	2.6	13.6
Dividend payout ratio (%)	26.7	25.4	25.0	25.0	25.0
<b>Operating performance</b>					
Gross margin (%)	15.7	17.1	17.1	17.2	17.2
Operating margin (%)	3.9	4.4	3.9	3.8	3.8
EBITDA margin (%)	6.7	7.6	7.4	7.3	7.2
Net margin (%)	1.7	2.1	1.9	1.9	1.9
D/E (incl. minor) (x)	1.4	1.3	1.3	1.4	1.5
Net D/E (incl. minor) (x)	1.4	1.3	1.3	1.4	1.4
Interest coverage - EBIT (x)	2.1	2.3	2.4	2.4	2.5
Interest coverage - EBITDA (x)	3.7	4.1	4.5	4.7	4.7
ROA - using norm profit (%)	1.6	1.9	1.7	1.7	1.8
ROE - using norm profit (%)	4.5	5.3	4.6	4.5	5.0
<b>DuPont</b>					
ROE - using after tax profit (%)	4.5	5.3	4.6	4.5	5.0
- asset turnover (x)	0.9	0.9	0.9	0.9	0.9
- operating margin (%)	3.9	4.5	4.0	3.8	3.9
- leverage (x)	2.8	2.7	2.7	2.7	2.8
- interest burden (%)	53.7	57.8	58.9	59.3	60.7
- tax burden (%)	81.2	82.4	81.7	81.7	81.7
WACC (%)	7.7	7.7	7.7	7.7	7.7
ROIC (%)	3.5	3.9	3.4	3.3	3.5
NOPAT (Bt m)	977	1,127	1,008	1,028	1,143
invested capital (Bt m)	29,107	29,480	31,109	32,992	35,284

Sources: Company data, Thanachart estimates

**HOLD** (From: BUY)

Change in Recommendation

**TP: Bt 6.00**

Upside : 9.1%

(From: Bt 8.00)

**5 JUNE 2025**

Small Cap Research

# Siam Global House Pcl (GLOBAL TB)

## No turnaround in sight

We downgrade GLOBAL to HOLD given its lack of business turnaround signs. Its same-store sales growth so far in 2Q25F has worsened from the 10% y-y fall in 1Q25. But we still like GLOBAL for its strong provincial footprint and robust financial status.

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### Downgrading to HOLD

This report is part of *Retail Sector – Losing further ground*, dated 5 June. We downgrade GLOBAL to HOLD (from Buy). **First**, we cut our earnings estimates for GLOBAL by 7/8/8% in 2025-27F due to weaker-than-expected same-store sales growth (SSSG) and higher SG&A from new store openings and renovation. We lower our DCF-based 12-month TP (2025F base year) to Bt6.0 (from Bt8.0) as we assume limited long-term SSSG due to aggressive expansion by peers. **Second**, we don't foresee any signs of a business turnaround and expect weaker quarterly earnings momentum. **Third**, we like GLOBAL's strong provincial footprint of 92 stores at present, with room to expand further. **Lastly**, GLOBAL appears financially sound with positive free cash flow and a net D/E ratio of only 0.3x in 2025F.

### Weakening earnings momentum

We expect GLOBAL's 2Q25F earnings to be weaker than 1Q25, when earnings fell 14% y-y. GLOBAL underperformed peers in 1Q25 with a 10% y-y fall in SSSG. We believe this was because it is a purely provincial play that was affected by weaker purchasing power than in Bangkok. This trend should continue for the rest of the year. Also, GLOBAL doesn't benefit as much as in the past from government infrastructure spending, as its building materials sales mix fell to 25% in 2024 from 38% in 2022. GLOBAL has, over the past few years, adjusted its business model more toward higher-margin decorative products. We estimate -12.7% y-y SSSG in 2Q25F, -8% in 3Q25F, and -6% in 4Q25F.

### Store openings and renovation

GLOBAL has 20 land plots on hand and maintains its target of opening seven new stores a year. This year, five of the seven are planned to be located outside of its core area in northeastern provinces, two in the North, one in the Central region, one in the East, and one in the South. This would diversify its store locations and dilute the risk of depending mainly on the Northeast economy. At the end of 2024, it operated 90 branches in Thailand and two in Cambodia, while ten stores are scheduled to undergo renovation this year.

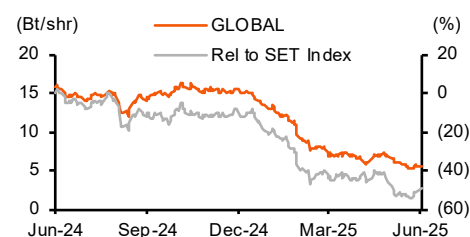
### Two new subsidiaries

GLOBAL's board in late April approved the establishment of two new subsidiaries. The first is to expand product sales online (online sales now account for less than 2% of sales), and the other is to distribute household appliances and home decoration products, mostly imported. Both companies are under study. If they are established, there would be new income sources for the company, though we don't expect the contribution to be meaningful in the short term.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	32,285	30,756	31,553	32,980
Net profit	2,377	1,812	1,846	1,947
Consensus NP	—	2,179	2,403	2,635
Diff frm cons (%)	—	(16.8)	(23.2)	(26.1)
Norm profit	2,377	1,812	1,846	1,947
Prev. Norm profit	—	1,939	2,004	2,122
Chg frm prev (%)	—	(6.5)	(7.9)	(8.3)
Norm EPS (Bt)	0.4	0.3	0.3	0.4
Norm EPS grw (%)	(11.2)	(24.0)	1.7	5.5
Norm PE (x)	12.4	16.4	16.1	15.3
EV/EBITDA (x)	8.8	10.4	10.1	9.6
P/BV (x)	1.2	1.2	1.1	1.1
Div yield (%)	3.9	2.1	2.2	2.3
ROE (%)	9.9	7.2	7.0	7.0
Net D/E (%)	32.2	30.8	27.9	25.3

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 4-Jun-25 (Bt)	5.50
Market Cap (US\$ m)	908.3
Listed Shares (m shares)	5,401.9
Free Float (%)	31.0
Avg Daily Turnover (US\$ m)	3.8
12M Price H/L (Bt)	16.27/5.30
Sector	Commerce
Major Shareholder	SCG Distribution Co.,Ltd 32.94%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P24



Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA	3,636	3,684	3,845	4,070	4,331	4,633	4,941	5,274	5,509	5,695	5,886	6,081	
Free cash flow	1,295	1,711	1,667	1,901	2,175	2,856	3,176	4,644	4,293	4,468	4,608	4,750	64,238
PV of free cash flow	1,291	1,426	1,269	1,320	1,379	1,653	1,678	2,239	1,890	1,796	1,690	1,590	21,507
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.1												
WACC (%)	9.5												
Terminal growth (%)	2.0												
Enterprise value - add investments	40,728.6												
Net debt (2024A)	8,026.1												
Minority interest	295.0												
Equity value	32,407.5												
# of shares (m)	5,401.9												
Equity value / share (Bt)	6.00												

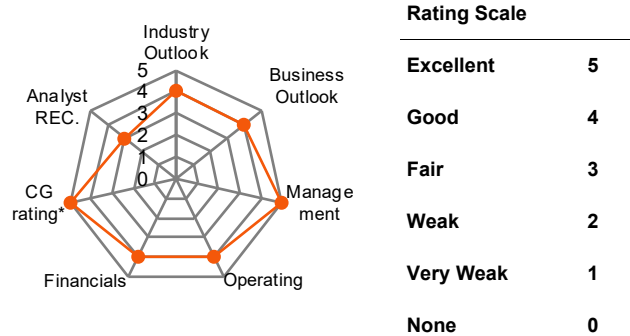
Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

Siam Global House Pcl (GLOBAL) is one of the leaders among modern-trade operators in the home-improvement segment under the brand “Global House”. As of 1Q25, GLOBAL had 90 stores upcountry in Thailand and two in Cambodia (55% stake). It has also invested abroad in the home-improvement business in Myanmar (15% indirect holding), Laos (17% indirect holding), and Indonesia (11% indirect holding).

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

## S — Strength

- GLOBAL is a pure provincial play and we expect it to benefit fully from the growing upcountry economy and urbanization.
- GLOBAL's executives have many years of experience in the home-improvement segment.
- After Siam Cement's (SCC TB, Bt160.50, SELL) investment in GLOBAL in November 2012, we believe the company is a much stronger player, both operationally and financially.

## O — Opportunity

- A change in the lifestyle of consumers to shop at modern-trade stores rather than at traditional ones
- We see a faster and less risky growth path after SCC's stake purchase in GLOBAL.
- Expanding opportunities in the CLMV and Southeast Asian markets.

## W — Weakness

- No stores located in Bangkok.

## T — Threat

- Lower spending power in the provinces.
- Intensifying competition from new rivals such as Thai Watsadu (Central group), HMPRO's Mega Home, and other home-improvement operators.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	7.38	6.00	-19%
Net profit 25F (Bt m)	2,179	1,812	-17%
Net profit 26F (Bt m)	2,403	1,846	-23%
Consensus REC	BUY: 3	HOLD: 12	SELL: 2

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F net profit estimates are 17-23% below the Bloomberg consensus numbers, which we attribute to our factoring in weak 1Q25 and disappointing 2QTD SSS.
- Our TP is, therefore, 19% lower than the Street's.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

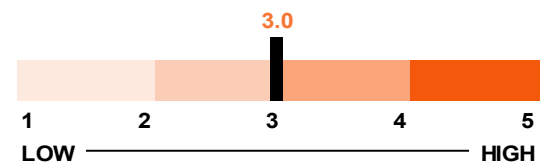
- If the number of new stores opened is lower than our assumption, this would negatively impact our earnings forecasts, representing the key downside risk to our call.
- If competition is more robust than our current expectations, GLOBAL's SSS growth and margins would be subject to downside risk.
- Favourable fluctuations in steel prices is an upside risk.
- Stronger-than-expected provincial economic recovery and gross margin expansion are also upside risks.

Source: Thanachart



GLOBAL is a big box, modern-trade retailer in the home-improvement segment. It has 90 “Global House” stores in upcountry Thailand and two 55%-owned stores in Cambodia. It has investments abroad in the home-improvement business in Myanmar (15% holding), Laos (17%), and Indonesia (11%). Its business doesn’t release much greenhouse gas. Our ESG score is 3.0, below the 3.26 sector average.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
GLOBAL	YES	AA	-	-	56.37	39.45	63.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on “terms of use” in the following back page.

## Factors

## Our Comments

## ENVIRONMENT

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a low 2.7 E score to GLOBAL. It has a general ESG framework but has failed to deliver some targets.
- GLOBAL targets to reduce scope 1 and 2 greenhouse gas (GHG) emissions by 20% from the 2022 base year by 2030 and targets net zero emissions by 2050. However, the emissions in 2024 were 35% above the base year.
- It aims to increase its proportion of renewable energy consumption to 63% by 2027. It achieved 48% in 2024. It has solar rooftops to generate its own electricity in all 90 stores.
- GLOBAL established its “Love The Earth” shopping project by reducing plastic bag usage as part of its garbage and waste disposal campaign.

## SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign a moderate S score of 3.0 to GLOBAL to reflect its compliance with labor laws, fair staff treatment, and decent product and store operational qualities.
- GLOBAL does not discriminate in its recruitment regarding age, gender, nationality, disabilities, religion, social status, or sexual orientation. Its recruitment focuses on abilities and the required qualifications.
- GLOBAL strictly complies with labor laws, e.g., no forced or child labor. Regarding layoffs, the company follows regulations and laws on compensation payments and advance notice.
- It generates income for small entrepreneurs via its “Changdee Project”, which provides opportunities for technicians or local small entrepreneurs to join the company. In 2024, 3,790 technicians joined.
- In 2024, the employee engagement survey score was 92.4%, above its >80% target.

GOVERNANCE &  
SUSTAINABILITY

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- We assign a decent G score of 3.2 to GLOBAL. While it has a weak board structure, in our view, the company has all the necessary committees.
- The board of directors (BOD) comprises ten members, four of whom are independent directors, below the ideal ratio of 2/3. The board chair is also not independent.
- GLOBAL has a written anti-corruption policy with clear guidelines for business operations for all staff. Any type of bribery is prohibited, even in non-direct forms.
- Whistleblowing channels are provided for employees to make anonymous disclosures. Investigations are completed within seven days from the date of the complaint.
- GLOBAL has a strong brand value with a large network of 90 stores. It has continually adjusted its store model to align with demand trends.

Sources: Company data, Thanachart



*We expect store expansion to be a key sales driver*

**INCOME STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Sales	32,301	32,285	30,756	31,553	32,980
Cost of sales	24,040	23,946	22,801	23,381	24,427
<b>Gross profit</b>	<b>8,261</b>	<b>8,339</b>	<b>7,955</b>	<b>8,172</b>	<b>8,554</b>
% gross margin	25.6%	25.8%	25.9%	25.9%	25.9%
Selling & administration expenses	5,524	6,123	6,397	6,626	6,926
<b>Operating profit</b>	<b>3,450</b>	<b>2,945</b>	<b>2,253</b>	<b>2,243</b>	<b>2,340</b>
% operating margin	10.7%	9.1%	7.3%	7.1%	7.1%
Depreciation & amortization	1,223	1,342	1,383	1,441	1,505
<b>EBITDA</b>	<b>4,673</b>	<b>4,287</b>	<b>3,636</b>	<b>3,684</b>	<b>3,845</b>
% EBITDA margin	14.5%	13.3%	11.8%	11.7%	11.7%
Non-operating income	713	730	695	697	712
Non-operating expenses	0	0	0	0	0
Interest expense	(282)	(312)	(291)	(252)	(236)
<b>Pre-tax profit</b>	<b>3,168</b>	<b>2,634</b>	<b>1,962</b>	<b>1,991</b>	<b>2,105</b>
Income tax	620	538	400	406	429
<b>After-tax profit</b>	<b>2,548</b>	<b>2,096</b>	<b>1,562</b>	<b>1,585</b>	<b>1,675</b>
% net margin	7.9%	6.5%	5.1%	5.0%	5.1%
Shares in affiliates' Earnings	130	271	256	269	283
Minority interests	(7)	10	(6)	(8)	(11)
Extraordinary items	0	(0)	0	0	0
<b>NET PROFIT</b>	<b>2,671</b>	<b>2,377</b>	<b>1,812</b>	<b>1,846</b>	<b>1,947</b>
<b>Normalized profit</b>	<b>2,671</b>	<b>2,377</b>	<b>1,812</b>	<b>1,846</b>	<b>1,947</b>
EPS (Bt)	0.5	0.4	0.3	0.3	0.4
Normalized EPS (Bt)	0.5	0.4	0.3	0.3	0.4

**BALANCE SHEET**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
<b>ASSETS:</b>					
Current assets:	16,064	15,618	15,417	15,530	15,877
Cash & cash equivalent	1,149	1,661	1,456	1,534	1,589
Account receivables	757	627	843	864	904
Inventories	14,159	13,330	13,119	13,132	13,384
Others	0	0	0	0	0
Investments & loans	2,187	2,437	2,437	2,437	2,437
Net fixed assets	18,804	19,288	20,155	20,964	21,709
Other assets	2,002	2,160	2,109	2,131	2,174
<b>Total assets</b>	<b>39,058</b>	<b>39,503</b>	<b>40,118</b>	<b>41,063</b>	<b>42,198</b>
<b>LIABILITIES:</b>					
Current liabilities:	13,120	12,414	11,089	10,862	10,734
Account payables	3,043	3,134	2,811	2,883	3,011
Bank overdraft & ST loans	7,626	8,612	6,640	6,402	6,177
Current LT debt	2,195	470	1,423	1,372	1,324
Others current liabilities	256	198	215	206	221
<b>Total LT debt</b>	<b>1,075</b>	<b>605</b>	<b>1,423</b>	<b>1,372</b>	<b>1,324</b>
Others LT liabilities	1,315	1,526	1,527	1,535	1,552
<b>Total liabilities</b>	<b>15,511</b>	<b>14,546</b>	<b>14,038</b>	<b>13,769</b>	<b>13,610</b>
Minority interest	308	295	301	309	321
Preferreds shares	0	0	0	0	0
Paid-up capital	5,002	5,202	5,402	5,402	5,402
Share premium	4,739	4,739	4,739	4,739	4,739
Warrants	0	0	0	0	0
Surplus	(40)	(121)	(121)	(121)	(121)
<b>Retained earnings</b>	<b>13,538</b>	<b>14,843</b>	<b>15,759</b>	<b>16,964</b>	<b>18,247</b>
Shareholders' equity	23,239	24,663	25,779	26,984	28,267
<b>Liabilities &amp; equity</b>	<b>39,058</b>	<b>39,503</b>	<b>40,118</b>	<b>41,063</b>	<b>42,198</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	3,168	2,634	1,962	1,991	2,105
Tax paid	(697)	(611)	(373)	(419)	(412)
Depreciation & amortization	1,223	1,342	1,383	1,441	1,505
Chg In working capital	2,196	1,049	(327)	37	(163)
Chg In other CA & CL / minorities	219	338	272	296	303
<b>Cash flow from operations</b>	<b>6,109</b>	<b>4,752</b>	<b>2,918</b>	<b>3,345</b>	<b>3,337</b>
Capex	(2,556)	(1,826)	(2,250)	(2,250)	(2,250)
Right of use	53	52	3	3	3
ST loans & investments	(0)	(0)	0	0	0
LT loans & investments	(43)	(249)	0	0	0
Adj for asset revaluation	3	(81)	0	0	0
Chg In other assets & liabilities	(172)	(53)	23	(40)	(50)
<b>Cash flow from investments</b>	<b>(2,715)</b>	<b>(2,158)</b>	<b>(2,225)</b>	<b>(2,287)</b>	<b>(2,297)</b>
Debt financing	(2,211)	(1,209)	(202)	(340)	(321)
Capital increase	200	200	200	0	0
Dividends paid	(1,223)	(873)	(896)	(640)	(664)
Warrants & other surplus	(200)	(200)	0	0	0
<b>Cash flow from financing</b>	<b>(3,434)</b>	<b>(2,082)</b>	<b>(898)</b>	<b>(980)</b>	<b>(985)</b>
<b>Free cash flow</b>	<b>3,553</b>	<b>2,925</b>	<b>668</b>	<b>1,095</b>	<b>1,087</b>

*GLOBAL has continued to open new stores*

**VALUATION**

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	11.0	12.4	16.4	16.1	15.3
Normalized PE - at target price (x)	12.0	13.6	17.9	17.6	16.7
PE (x)	11.0	12.4	16.4	16.1	15.3
PE - at target price (x)	12.0	13.6	17.9	17.6	16.7
EV/EBITDA (x)	8.4	8.8	10.4	10.1	9.6
EV/EBITDA - at target price (x)	9.0	9.4	11.1	10.9	10.3
P/BV (x)	1.3	1.2	1.2	1.1	1.1
P/BV - at target price (x)	1.4	1.3	1.3	1.2	1.1
P/CFO (x)	4.8	6.2	10.2	8.9	8.9
Price/sales (x)	0.9	0.9	1.0	0.9	0.9
Dividend yield (%)	3.0	3.9	2.1	2.2	2.3
FCF Yield (%)	12.1	9.9	2.3	3.7	3.7
<b>(Bt)</b>					
Normalized EPS	0.5	0.4	0.3	0.3	0.4
EPS	0.5	0.4	0.3	0.3	0.4
DPS	0.2	0.2	0.1	0.1	0.1
BV/share	4.3	4.6	4.8	5.0	5.2
CFO/share	1.1	0.9	0.5	0.6	0.6
FCF/share	0.7	0.5	0.1	0.2	0.2

Sources: Company data, Thanachart estimates

*De-rated from a 35x 2015-24 PE multiple to 16x in 2025F*

## FINANCIAL RATIOS

*We estimate an earnings  
hit for another year in  
2025F*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(8.4)	(0.0)	(4.7)	2.6	4.5
Net profit (%)	(23.4)	(11.0)	(23.8)	1.8	5.5
EPS (%)	(23.5)	(11.2)	(24.0)	1.7	5.5
Normalized profit (%)	(24.4)	(11.0)	(23.8)	1.8	5.5
Normalized EPS (%)	(24.5)	(11.2)	(24.0)	1.7	5.5
Dividend payout ratio (%)	32.7	48.7	35.0	35.0	35.0
<b>Operating performance</b>					
Gross margin (%)	25.6	25.8	25.9	25.9	25.9
Operating margin (%)	10.7	9.1	7.3	7.1	7.1
EBITDA margin (%)	14.5	13.3	11.8	11.7	11.7
Net margin (%)	7.9	6.5	5.1	5.0	5.1
D/E (incl. minor) (x)	0.5	0.4	0.4	0.3	0.3
Net D/E (incl. minor) (x)	0.4	0.3	0.3	0.3	0.3
Interest coverage - EBIT (x)	12.2	9.4	7.7	8.9	9.9
Interest coverage - EBITDA (x)	16.6	13.7	12.5	14.6	16.3
ROA - using norm profit (%)	6.8	6.1	4.6	4.5	4.7
ROE - using norm profit (%)	11.9	9.9	7.2	7.0	7.0
<b>DuPont</b>					
ROE - using after tax profit (%)	11.3	8.8	6.2	6.0	6.1
- asset turnover (x)	0.8	0.8	0.8	0.8	0.8
- operating margin (%)	10.7	9.1	7.3	7.1	7.1
- leverage (x)	1.7	1.6	1.6	1.5	1.5
- interest burden (%)	91.8	89.4	87.1	88.8	89.9
- tax burden (%)	80.4	79.6	79.6	79.6	79.6
WACC (%)	9.5	9.5	9.5	9.5	9.5
ROIC (%)	8.2	7.1	5.5	5.3	5.4
NOPAT (Bt m)	2,775	2,344	1,793	1,786	1,863
invested capital (Bt m)	32,987	32,689	33,808	34,596	35,503

Sources: Company data, Thanachart estimates

**BUY** (Unchanged)

Change in Numbers

**TP: Bt 9.10**

(From: Bt 10.00)

**5 JUNE 2025****Upside : 19.0%**

# Home Product Center (HMPRO TB)

## A high-quality choice

HMPRO is our only BUY in the home improvement sector. Despite being affected by the industry downcycle, HMPRO's business remains resilient with a high ROIC. Its strong cash flow generation should also support 4.9/5.2% dividend yields in 2025-26F.

**PHANNARAI TIYAPITTAYARUT**

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### Cutting our earnings, but still a BUY

This is part of *Retail Sector – Losing further ground*, dated 5 June. We cut our earnings estimates for HMPRO by 6-9% in 2025-27F and lower our DCF-based 12-month TP (2025F base year) to Bt9.1 from Bt10.0 due to weaker-than-expected industry demand as reflected in its weak same-store sales growth (SSSG). We, however, maintain our BUY rating on HMPRO.

**First**, we expect it to be able to sustain decent dividend yields of 4.9/5.2% in 2025-26F. **Second**, despite the weak industry, we expect HMPRO's earnings to only fall 5% this year and grow 6-7% p.a. in 2026-27F as it can still open new stores to counter weak SSSG. **Third**, HMPRO is a high-operational-return company, yielding the best ROIC in the sector. **Lastly**, with its high return and resilient business model, we see its 16.3x 2025F PE multiple as inexpensive.

### A good and stable business model

HMPRO's ROIC of around 18% p.a. is almost double its 10.2% WACC. The high return is contributed to by its business model that 1) yields a high gross margin from a lower mix of low-margin products, such as construction materials; 2) has scale benefits from its large store network; 3) has good cost controls; and 4) has a new hybrid store model (urban-model HomePro + rural-model Mega Home) that improves scale benefits via lower capex and operating expenses. HMPRO targets its hybrid stores to increase to 16 in 2025 from seven in 2024.

### Share buyback a price supporter

HMPRO has very strong financials, based on our estimates. We project its net D/E ratio at 0.42x in 2025F. Its EBITDA of Bt12.3bn is also far above its Bt8bn capex this year. It has initiated a share repurchase programme for the first time from 1 April to 30 September of up to Bt7bn (not over 800m shares, or 6% of paid-up shares). As of 30 May, 114.09m shares (0.87%) had been bought for Bt893m (Bt7.82/share). While the share buyback is likely to support the share price during a challenging time this year, we don't expect it to have any impact on the dividend payment.

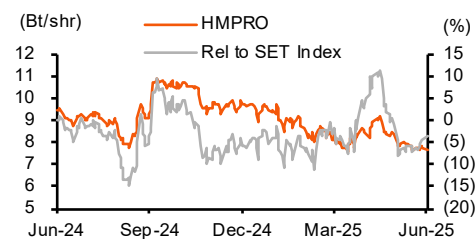
### But weak industry outlook

Demand for home improvement products has been hit by the weak economy, sluggish property market, banks' strict lending policies, and uncertainties about the US tariff policy. We estimate HMPRO's SSSG (average for HomePro and Mega Home) to weaken from -1.6% y-y in 1Q25 to -6.5% y-y in April-May. The larger decline in 2Q25F is also due to a higher base from hot weather, which led to strong air conditioner sales in 1Q-2Q24. We expect SSSG to return to -3% y-y in 2H25F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	69,806	68,599	72,728	75,993
Net profit	6,504	6,164	6,558	7,010
Consensus NP	—	6,613	7,084	7,512
Diff frm cons (%)	—	(6.8)	(7.4)	(6.7)
Norm profit	6,504	6,164	6,558	7,010
Prev. Norm profit	—	6,592	7,035	7,717
Chg frm prev (%)	—	(6.5)	(6.8)	(9.2)
Norm EPS (Bt)	0.5	0.5	0.5	0.5
Norm EPS grw (%)	1.0	(5.2)	6.4	6.9
Norm PE (x)	15.5	16.3	15.3	14.4
EV/EBITDA (x)	9.1	9.1	8.5	8.0
P/BV (x)	3.8	3.7	3.6	3.4
Div yield (%)	5.6	4.9	5.2	5.6
ROE (%)	24.3	23.0	23.8	24.1
Net D/E (%)	41.3	42.1	38.5	31.7

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 4-Jun-25 (Bt)	7.65
Market Cap (US\$ m)	3,075.7
Listed Shares (m shares)	13,151.2
Free Float (%)	41.3
Avg Daily Turnover (US\$ m)	8.1
12M Price H/L (Bt)	10.90/7.60
Sector	Commerce
Major Shareholder	Land & Houses 30.23%

Sources: Bloomberg, Company data, Thanachart estimates

**ESG Summary Report ..... P31**

Ex 1: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)		2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA		12,028	12,830	13,552	14,369	15,248	16,229	17,079	17,860	18,647	19,383	20,141	20,923	
Free cash flow		3,835	6,111	7,438	7,875	8,608	10,417	12,604	13,228	14,354	14,937	15,537	16,654	208,174
PV of free cash flow		3,825	5,037	5,565	5,347	5,306	5,829	6,403	6,098	6,007	5,674	5,358	5,212	65,149
Risk-free rate (%)	2.5													
Market risk premium (%)	8.0													
Beta	1.2													
WACC (%)	10.2													
Terminal growth (%)	2.0													
Enterprise value - add	130,811													
Net debt (2024A)	11,082													
Minority interest	0													
Equity value	119,729													
# of shares (m)	13,151													
Equity value/share (Bt)	9.10													

Source: Thanachart estimates

COMPANY DESCRIPTION

Home Product Center Pcl (HMPRO) is the leader in home-improvement retailing in Thailand, with 50,000 SKUs for HomePro stores and 60,000-80,000 SKUs for Mega Home outlets, and it offers a full range of services from design to maintenance, installation, and improvement. It operated 94 HomePro stores nationwide, seven Malaysian branches, five HomePro S stores, and 30 Mega Home outlets as of 2024. We believe it is capturing the so-called lifestyle trend by focusing more on the home renovation and lifestyle segments.

Source: Thanachart

THANACHART'S SWOT ANALYSIS

S — Strength

- Leader in the home-improvement business in Thailand with the largest store network.
- Prime locations are locked in.
- Strong bargaining power reflected in high rebate and other income.

O — Opportunity

- Room to open more stores domestically along with urbanization, the country's infrastructure development and EEC plan.
- New product coverage and new target groups.

CONSENSUS COMPARISON

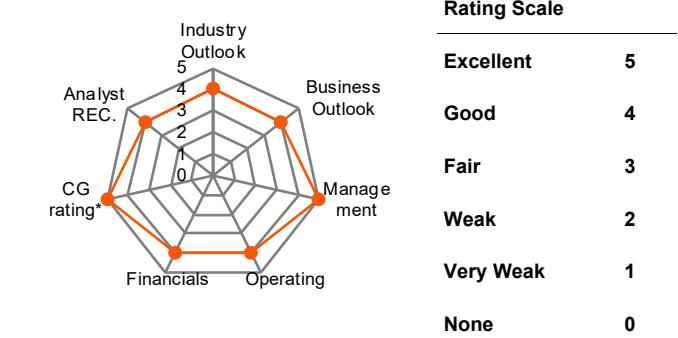
	Consensus	Thanachart	Diff
Target price (Bt)	9.56	9.10	-5%
Net profit 25F (Bt m)	6,613	6,164	-7%
Net profit 26F (Bt m)	7,084	6,558	-7%
Consensus REC	BUY: 16	HOLD: 11	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our net profits for 2025-26F are 7% below the Street, likely due to us having lower SSS growth assumptions.
- Our TP is, therefore, 5% below the Bloomberg consensus.

Sources: Bloomberg consensus, Thanachart estimates

COMPANY RATING



Source: Thanachart; \*CG Rating

W — Weakness

- Cash conversion cycle turned a slight positive.
- Highly capital-intensive business.

T — Threat

- Intense competition for Mega Home as rivals are also speeding up branch openings.
- Weak Thai economy and global slowdown.

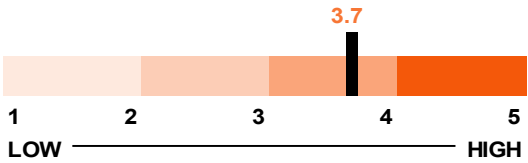
RISKS TO OUR INVESTMENT CASE

- The key downside risk to our earnings forecasts would be if HMPRO were to fail to open new stores in line with our current expectations.
- Earnings growth could be hindered if competitors become more aggressive with store expansion than we presently expect.
- An economic slowdown and a property market downturn would represent secondary downside risks.
- If HMPRO is unsuccessful with its stores abroad, this would represent another downside risk.

Source: Thanachart

HMPRO is the largest home improvement retailer, with 129 stores in Thailand and seven in Malaysia. Our ESG score for HMPRO is 3.74, the top of the sector range, to reflect its strong dedication to ESG issues, good ESG rating from many international standards, and resilient business model.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
HMPRO	YES	AA	YES	AA	70.89	66.84	88.00	41.0	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)  
Note: Please see third party on "terms of use" in the following back page.

Factors	Our Comments
<b>ENVIRONMENT</b> <ul style="list-style-type: none"><li>Environmental Policies &amp; Guidelines</li><li>Energy Management</li><li>Carbon Management</li><li>Water Management</li><li>Waste Management</li></ul>	<ul style="list-style-type: none"><li>We assign a high 4.0 E score to HMPRO for its strong dedication to sustainable development, a concrete medium-term roadmap, and good achievement of plans.</li><li>HMPRO reduced greenhouse gas (GHG) emissions per store by 45% from 1,287 tonnes of CO2e in 2015 to 701 tonnes in 2024. We view this as a notable achievement compared to its target of a 50% reduction by 2030.</li><li>HMPRO used 35% renewable energy in 2024 vs. a 100% target by 2030. Solar cells, which have been installed since 2015, were present at 97 branches in 2024.</li><li>100% zero waste is targeted by 2030, with 84% achieved in 1Q25.</li><li>HMPRO aims to cease selling single-use plastics by 2025.</li><li>ESG Awards: Dow Jones Sustainability Indices, MSCI Global Sustainability Indexes, MSCI ESG Rating Indices, FTSE4Good Index, Sustainalytics (low-risk rating), CDP Sustainability Index.</li></ul>
<b>SOCIAL</b> <ul style="list-style-type: none"><li>Human Rights</li><li>Staff Management</li><li>Health &amp; Safety</li><li>Product Safety &amp; Quality</li><li>Social Responsibility</li></ul>	<ul style="list-style-type: none"><li>We assign a high S score of 4.2 to HMPRO to reflect its robust efforts to support employee well-being in many aspects and its strong focus on product quality.</li><li>HMPRO conducts an associate satisfaction survey annually and analyzes results in order to improve in every aspect, such as welfare, occupational health, safety, and working environment, and achieved a high 91.4% score for employee engagement.</li><li>HMPRO supports women in management roles; women have a 52% share of top management positions.</li><li>HMPRO has set a 50% target for the eco-product sales mix by 2025 and surpassed the target, achieving 51% in 1Q25.</li></ul>
<b>GOVERNANCE &amp; SUSTAINABILITY</b> <ul style="list-style-type: none"><li>Board</li><li>Ethics &amp; Transparency</li><li>Business Sustainability</li><li>Risk Management</li><li>Innovation</li></ul>	<ul style="list-style-type: none"><li>We assign a decent G score of 3.2 to HMPRO to reflect its weak board structure, existence of all the necessary committees, and a strong business model.</li><li>Its board chair is not independent. The board of directors (BOD) comprises 11 members, of whom only four are independent directors (below the ideal ratio of 2/3). There are three women on the board.</li><li>To support no corruption, it applies a no-gift policy for all employee levels and suppliers.</li><li>HMPRO has audit, nomination and remuneration, and risk management committees. Only the nomination and remuneration committee doesn't have an independent chairman.</li><li>HMPRO has a resilient business model, implying high business sustainability. It has adapted to changes in demand trends by diversifying its rural business model further through its Mega Home brand.</li></ul>

Sources: Company data, Thanachart

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	70,166	69,806	68,599	72,728	75,993
Cost of sales	50,904	50,545	49,638	52,549	54,852
<b>Gross profit</b>	<b>19,262</b>	<b>19,261</b>	<b>18,961</b>	<b>20,179</b>	<b>21,141</b>
% gross margin	27.5%	27.6%	27.6%	27.7%	27.8%
Selling & administration expenses	13,401	13,340	13,399	14,199	14,748
<b>Operating profit</b>	<b>8,516</b>	<b>8,691</b>	<b>8,276</b>	<b>8,788</b>	<b>9,327</b>
% operating margin	12.1%	12.5%	12.1%	12.1%	12.3%
Depreciation & amortization	3,431	3,543	4,037	4,328	4,511
<b>EBITDA</b>	<b>11,948</b>	<b>12,234</b>	<b>12,313</b>	<b>13,116</b>	<b>13,838</b>
% EBITDA margin	17.0%	17.5%	17.9%	18.0%	18.2%
Non-operating income	2,684	2,832	2,771	2,867	2,998
Non-operating expenses	(2)	(1)	0	0	0
Interest expense	(567)	(688)	(677)	(701)	(683)
<b>Pre-tax profit</b>	<b>7,975</b>	<b>8,065</b>	<b>7,657</b>	<b>8,146</b>	<b>8,709</b>
Income tax	1,533	1,562	1,493	1,588	1,698
<b>After-tax profit</b>	<b>6,442</b>	<b>6,503</b>	<b>6,164</b>	<b>6,558</b>	<b>7,010</b>
% net margin	9.2%	9.3%	9.0%	9.0%	9.2%
Shares in affiliates' Earnings	(1)	1	0	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
<b>NET PROFIT</b>	<b>6,442</b>	<b>6,504</b>	<b>6,164</b>	<b>6,558</b>	<b>7,010</b>
<b>Normalized profit</b>	<b>6,442</b>	<b>6,504</b>	<b>6,164</b>	<b>6,558</b>	<b>7,010</b>
EPS (Bt)	0.5	0.5	0.5	0.5	0.5
Normalized EPS (Bt)	0.5	0.5	0.5	0.5	0.5

We estimate a 5% earnings decline this year due to the weak economy

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	22,659	22,650	21,352	22,785	23,815
Cash & cash equivalent	6,429	5,554	5,500	6,000	6,500
Account receivables	2,115	2,008	2,067	2,192	2,082
Inventories	13,965	14,900	13,599	14,397	15,028
Others	150	188	185	196	205
Investments & loans	0	0	0	0	0
Net fixed assets	31,179	31,941	36,189	37,147	37,422
Other assets	15,210	15,075	14,701	14,744	14,719
<b>Total assets</b>	<b>69,048</b>	<b>69,665</b>	<b>72,242</b>	<b>74,677</b>	<b>75,956</b>
<b>LIABILITIES:</b>					
Current liabilities:	23,579	25,949	24,512	25,597	26,058
Account payables	15,225	15,459	15,639	16,557	17,282
Bank overdraft & ST loans	2,040	3,013	1,681	1,690	1,599
Current LT debt	4,020	5,026	4,539	4,562	4,316
Others current liabilities	2,295	2,452	2,653	2,789	2,861
<b>Total LT debt</b>	<b>11,743</b>	<b>8,597</b>	<b>10,590</b>	<b>10,644</b>	<b>10,072</b>
Others LT liabilities	8,167	8,316	10,289	10,116	9,922
<b>Total liabilities</b>	<b>43,489</b>	<b>42,862</b>	<b>45,391</b>	<b>46,356</b>	<b>46,052</b>
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	13,151	13,151	13,151	13,151	13,151
Share premium	646	646	646	646	646
Warrants	0	0	0	0	0
Surplus	(25)	(25)	(25)	(25)	(25)
<b>Retained earnings</b>	<b>11,786</b>	<b>13,030</b>	<b>13,078</b>	<b>14,547</b>	<b>16,131</b>
Shareholders' equity	25,559	26,802	26,851	28,320	29,904
<b>Liabilities &amp; equity</b>	<b>69,048</b>	<b>69,665</b>	<b>72,242</b>	<b>74,677</b>	<b>75,956</b>

Sources: Company data, Thanachart estimates

Working capital looks manageable despite the expansion of many of its formats



## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	7,975	8,065	7,657	8,146	8,709
Tax paid	(1,592)	(1,568)	(1,501)	(1,557)	(1,672)
Depreciation & amortization	3,431	3,543	4,037	4,328	4,511
Chg In working capital	(968)	(594)	1,421	(5)	204
Chg In other CA & CL / minorities	69	139	226	107	51
<b>Cash flow from operations</b>	<b>8,915</b>	<b>9,585</b>	<b>11,839</b>	<b>11,019</b>	<b>11,802</b>
Capex	(5,142)	(4,304)	(8,000)	(5,000)	(4,500)
Right of use	(906)	(165)	(8)	(0)	(0)
ST loans & investments	0	0	0	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	771	436	2,056	(516)	(467)
<b>Cash flow from investments</b>	<b>(5,277)</b>	<b>(4,033)</b>	<b>(5,953)</b>	<b>(5,516)</b>	<b>(4,967)</b>
Debt financing	2,499	(1,167)	174	86	(908)
Capital increase	0	0	0	0	0
Dividends paid	(5,129)	(5,260)	(5,293)	(5,088)	(5,427)
Warrants & other surplus	65	(0)	(822)	0	0
<b>Cash flow from financing</b>	<b>(2,565)</b>	<b>(6,427)</b>	<b>(5,940)</b>	<b>(5,003)</b>	<b>(6,335)</b>
<b>Free cash flow</b>	<b>3,773</b>	<b>5,281</b>	<b>3,839</b>	<b>6,019</b>	<b>7,302</b>

Rising capex to fund  
HomePro and Mega Home  
stores

## VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	15.6	15.5	16.3	15.3	14.4
Normalized PE - at target price (x)	18.6	18.4	19.4	18.3	17.1
PE (x)	15.6	15.5	16.3	15.3	14.4
PE - at target price (x)	18.6	18.4	19.4	18.3	17.1
EV/EBITDA (x)	9.4	9.1	9.1	8.5	8.0
EV/EBITDA - at target price (x)	11.0	10.7	10.6	10.0	9.3
P/BV (x)	3.9	3.8	3.7	3.6	3.4
P/BV - at target price (x)	4.7	4.5	4.5	4.2	4.0
P/CFO (x)	11.3	10.5	8.5	9.1	8.5
Price/sales (x)	1.4	1.4	1.5	1.4	1.3
Dividend yield (%)	5.2	5.6	4.9	5.2	5.6
FCF Yield (%)	3.8	5.2	3.8	6.0	7.3
<b>(Bt)</b>					
Normalized EPS	0.5	0.5	0.5	0.5	0.5
EPS	0.5	0.5	0.5	0.5	0.5
DPS	0.4	0.4	0.4	0.4	0.4
BV/share	1.9	2.0	2.0	2.2	2.3
CFO/share	0.7	0.7	0.9	0.8	0.9
FCF/share	0.3	0.4	0.3	0.5	0.6

Sources: Company data, Thanachart estimates

De-rated PE vs. its 29x 10-  
year average during 2015-  
24

## FINANCIAL RATIOS

*Strong track record to deliver sustainable earnings*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	5.0	(0.5)	(1.7)	6.0	4.5
Net profit (%)	3.6	1.0	(5.2)	6.4	6.9
EPS (%)	3.6	1.0	(5.2)	6.4	6.9
Normalized profit (%)	3.6	1.0	(5.2)	6.4	6.9
Normalized EPS (%)	3.6	1.0	(5.2)	6.4	6.9
Dividend payout ratio (%)	81.7	87.0	80.0	80.0	80.0
<b>Operating performance</b>					
Gross margin (%)	27.5	27.6	27.6	27.7	27.8
Operating margin (%)	12.1	12.5	12.1	12.1	12.3
EBITDA margin (%)	17.0	17.5	17.9	18.0	18.2
Net margin (%)	9.2	9.3	9.0	9.0	9.2
D/E (incl. minor) (x)	0.7	0.6	0.6	0.6	0.5
Net D/E (incl. minor) (x)	0.4	0.4	0.4	0.4	0.3
Interest coverage - EBIT (x)	15.0	12.6	12.2	12.5	13.7
Interest coverage - EBITDA (x)	21.1	17.8	18.2	18.7	20.3
ROA - using norm profit (%)	9.6	9.3	8.7	8.9	9.3
ROE - using norm profit (%)	25.9	24.3	23.0	23.8	24.1
<b>DuPont</b>					
ROE - using after tax profit (%)	25.9	24.3	23.0	23.8	24.1
- asset turnover (x)	1.0	1.0	1.0	1.0	1.0
- operating margin (%)	12.2	12.5	12.1	12.2	12.4
- leverage (x)	2.7	2.6	2.6	2.7	2.6
- interest burden (%)	93.4	92.1	91.9	92.1	92.7
- tax burden (%)	80.8	80.6	80.5	80.5	80.5
WACC (%)	10.2	10.2	10.2	10.2	10.2
ROIC (%)	20.2	19.0	17.6	18.5	19.1
NOPAT (Bt m)	6,880	7,008	6,662	7,074	7,508
invested capital (Bt m)	36,932	37,884	38,161	39,215	39,391

Sources: Company data, Thanachart estimates

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