Home Product Center (HMPRO TB) - BUY, Price Bt6.55, TP Bt9.50

Results Comment

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Good 2Q26 earnings as expected

- HMPRO reported 2Q26 earnings of Bt1.6bn, up 14% y-y and 14% q-q. The good earnings were driven by gross margin expansion and were in line with our expectation.
- Total sales grew 3.4% y-y. Despite same-store sales growth (SASG) at both HomePro and MEGA HOME falling at low-single-digit rates amid the soft economy, HMPRO's new store openings helped contribute to sales growth.
- Gross margin rose to 28.5% from 26.7% last year and 27.5% in 1Q26, as HMPRO benefited from higher selling prices amid war-led supply shortages while still carrying lower-cost old inventory, together with a higher contribution from high-margin house-brand products.
- SG&A to sales rose to 20.0% from 18.9% in 2Q25 and 19.8% in 1Q26 due to negative operating leverage from falling SSSG and higher war-related expenses, such as oil prices.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	16,867	16,100	16,903	16,514	17,403
Gross profit	**4,502**	**4,459**	**4,917**	**4,543**	**4,964**
SG&A	3,192	3,293	3,631	3,262	3,487
Operating profit	1,900	1,782	2,125	1,916	2,129
EBITDA	**2,776**	**2,682**	**3,053**	**2,848**	**3,087**
Other income	613	623	845	640	656
Other expense	0	0	10	0	0
Interest expense	178	182	174	171	164
Profit before tax	**1,745**	**1,607**	**1,947**	**1,749**	**1,970**
Income tax	346	303	344	346	376
Equity & invest. income	(0)	(0)	(0)	0	0
Minority interests	0	0	0	0	0
Extraordinary items	0	0	0	0	0
Net profit	**1,399**	**1,304**	**1,602**	**1,404**	**1,594**
Normalized profit	**1,399**	**1,304**	**1,602**	**1,404**	**1,594**
EPS (Bt)	0.11	0.10	0.12	0.11	0.12
Normalized EPS (Bt)	0.11	0.10	0.12	0.11	0.12

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	5	3	48	70,530	74,202
Gross profit	**9**	**10**	**49**	**19,533**	**20,557**
SG&A	7	9	49	13,763	14,389
Operating profit	11	12	47	8,564	9,109
EBITDA	**8**	**11**	**48**	**12,290**	**13,043**
Other income	3	7	46	2,833	2,986
Other expense					
Interest expense	(4)	(8)	48	701	679
Profit before tax	**13**	**13**	**47**	**7,902**	**8,475**
Income tax	9	8	47	1,541	1,653
Equity & invest. income	34	na	na	0	0
Minority interests					
Extraordinary items					
Net profit	**14**	**14**	**47**	**6,361**	**6,823**
Normalized profit	**14**	**14**	**47**	**6,361**	**6,823**
EPS (Bt)	14	14	47	0.48	0.52
Normalized EPS (Bt)	14	14	47	0.48	0.52

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	1,418	2,382	4,488	3,144	1,700
A/C receivable	1,683	1,670	2,358	1,903	1,843
Inventory	14,258	14,250	15,190	15,591	15,518
Other current assets	239	168	171	214	233
Investment	4,244	4,282	4,558	4,541	510
Fixed assets	32,213	32,498	32,858	32,716	32,699
Other assets	10,818	10,916	11,025	11,047	15,011
Total assets	**64,873**	**66,167**	**70,648**	**69,157**	**67,514**
S-T debt	9,030	9,729	12,730	6,731	7,231
A/C payable	13,224	13,730	15,313	14,348	13,975
Other current liabilities	2,142	1,962	2,241	2,516	2,295
L-T debt	6,624	7,776	5,758	9,616	9,663
Other liabilities	8,350	8,476	8,509	8,512	8,478
Minority interest	0	0	0	0	0
Shareholders' equity	**25,503**	**24,494**	**26,097**	**27,433**	**25,872**
Working capital	2,717	2,191	2,236	3,145	3,386
Total debt	15,654	17,506	18,488	16,347	16,894
Net debt	**14,236**	**15,124**	**14,000**	**13,203**	**15,194**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(5.5)	(1.8)	(3.1)	(8.4)	3.2
Operating profit growth	(12.1)	(10.4)	(5.6)	(16.8)	12.0
EBITDA growth	(8.3)	(6.7)	(4.0)	(10.5)	11.2
Norm profit growth	(13.8)	(9.6)	(7.2)	(17.8)	14.0
Norm EPS growth	(13.8)	(9.6)	(7.2)	(17.8)	14.0
Gross margin	26.7	27.7	29.1	27.5	28.5
Operating margin	11.3	11.1	12.6	11.6	12.2
EBITDA margin	16.5	16.7	18.1	17.2	17.7
Norm net margin	8.3	8.1	9.5	8.5	9.2
D/E (x)	0.6	0.7	0.7	0.6	0.7
Net D/E (x)	0.6	0.6	0.5	0.5	0.6
Interest coverage (x)	15.6	14.7	17.5	16.7	18.9
Interest rate	4.7	4.4	3.9	3.9	3.9
Effective tax rate	19.8	18.9	17.7	19.8	19.1
ROA	9.2	9.0	10.4	9.0	10.3
ROE	20.7	20.9	25.3	21.0	23.9

Sources: Company data, ttb wealth estimates

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