

Home Product Center (HMPRO TB)

Recovery Expected In 2Q26

Highlights

- In 2026, management targets for SSSG to be slightly positive, with a focus on improving gross margin and controlling SG&A.
- We expect demand to normalise in 2Q26, and on a yoy basis we see a chance for SSSG to turn slightly positive in 2Q26.
- Maintain BUY with a target price of Bt9.00.

Analysis

- **The tone from the analyst meeting was neutral.**
- **2026 target.** Management targets for SSSG to be slightly positive, with a focus on improving gross margin and controlling SG&A. The strategy in 2026 includes: a) 10 store expansions in high-potential areas, such as Bangkok and key tourist destinations; b) renovation of existing stores, prioritising locations with strong purchasing power and growth potential, while increasing exposure to high-demand product categories; and c) pricing strategy enhancement by leveraging AI to optimise pricing and improve operational efficiency.
- **Unexciting 1Q26 performance.** We expect 1Q26 earnings to remain negative as qtd SSSG for Home Product Center (HMPRO) is in the negative mid-teens (about -15% yoy), mainly impacted by the absence of the e-receipt scheme. Mega Home posted negative low single-digit SSSG, impacted by the lower traffic in the Northeastern region.
- **Recovery expected in 2Q26.** Management expects slightly positive SSSG, supported by a low base and demand normalisation from 2Q26 since the absence of the e-receipt scheme will no longer be a factor. Cooling appliance sales are expected to grow yoy, as weather conditions in 2Q26 are likely to be hotter than in 2Q25.
- **Impact from geopolitical conflict.** War-related risks could raise import costs (freight accounts for ~3% of COGS). While part of the higher costs can be passed through, higher transportation expenses (~2% of sales) may also weigh on margins. Preliminary estimates suggest that every 10% increase in transportation costs could reduce profit by 2-3%.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	69,806.4	67,887.6	67,936.8	70,167.8	79,203.8
EBITDA	12,233.3	11,682.9	12,315.7	12,887.4	14,035.1
Operating profit	8,690.7	8,099.7	8,291.4	8,672.2	9,629.1
Net profit (rep./act.)	6,503.6	6,011.4	6,154.6	6,463.0	7,236.8
Net profit (adj.)	6,503.3	6,002.9	6,146.9	6,463.0	7,236.8
EPS	0.5	0.5	0.5	0.5	0.6
PE (x)	14.6	15.8	15.4	14.6	13.1
P/B (x)	3.5	3.4	3.3	3.2	3.0
EV/EBITDA (x)	9.2	9.6	9.0	8.6	7.8
Dividend yield (%)	6.0	5.3	5.4	5.7	6.4
Net margin (%)	9.3	8.8	9.1	9.2	9.1
Net debt/(cash) to equity(%)	67.3	62.9	58.7	55.6	49.4
Interest cover (x)	19.6	17.4	18.3	19.1	20.9
Consensus net profit	n.a	n.a	6,311.3	6,655.2	7,005.5
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Home Product Center, Bloomberg, UOB Kay Hian

BUY(Maintained)

Share Price	Bt6.60
Target Price	Bt9.00
Upside	27.66%

Analyst(s)

Tanapon Cholkadidamrongkul

Tanapon.c@uobkayhian.co.th

662 090 3599

Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	HMPRO TB
Shares issued (m):	12,969.5
Market cap (Bt\$m):	91,435.0
Market cap (US\$m):	2,889.1
3-mth avg daily t'over (US\$m):	9.3

Price Performance (%)

52-week high/low	Bt9.2/Bt5.8				
1mth	3mth	6mth	1yr	YTD	
2.9	9.3	(7.8)	(13.0)	6.0	

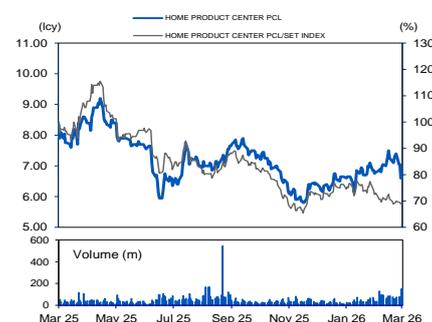
Major Shareholders

	%
Land and House	30.23
Quality House	19.87
Thai NVDR	5.21

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	2.2
FY26 Net Debt/Share (Bt)	1.3

Price Chart



Source: Bloomberg

Company Description

Thailand's largest home improvement centre with a nearly 40% market share of the modern trade segment.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt9.00.** Our target price is based on a 2026F PE of 19x, equivalent to -1.0SD of its five-year average.
- We expect earnings will rebound in 2Q26. 1Q26 should mark the bottom of the year, with qtd SSSG down significantly. Historically, demand typically drops after the e-receipt programme ends due to front-loaded spending during the incentive period. In contrast, there is no e-receipt scheme this year. We expect demand to normalise in 2Q26, and on a yoy basis we see a chance for SSSG to turn slightly positive in 2Q26. Additionally, the hotter weather this year should favour the electrical appliances segment. Even if unexpected risks emerge, last year's very low base should continue to provide a buffer for earnings. Valuation is currently at a discount to the sector, as HMPRO is trading at 13x PE, versus GLOBAL (16x), DOHOME (15x), and MRDIYT (15x), and Nitori (19x). We believe the high dividend yield of about 5% and the share buyback programme in running from 1 Mar 26-31 Aug 26 should help support the share price.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- **Catalysts:** Recovery in 2Q26, lower rainfall in 2026, discount valuation.
- **Risks:** Border tension, weak 1Q26 outlook.

Environmental, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AA

Environmental

- **Net zero target.** HMPRO's main goal is to become a net zero greenhouse gas emissions company by 2050.

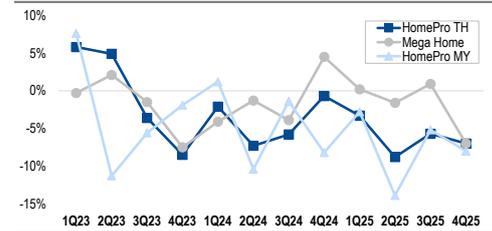
Social

- **Sustainability supply chain.** HMPRO implemented sustainable development across the entire supply chain by creating innovative eco-friendly products and hiring local talent through 2,650 teams.

Governance

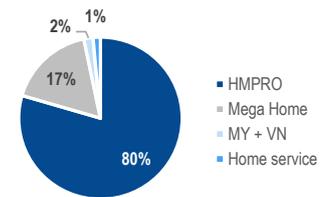
- **Good governance practice.** HMPRO is committed to extending good corporate governance through the company supply chain to fight against corruption.

Same-Store Sales



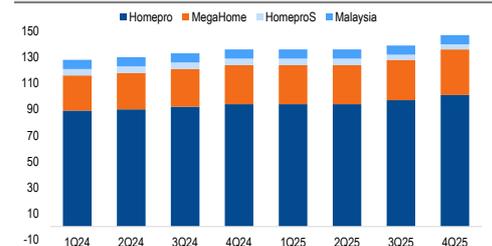
Source: HMPRO, UOB Kay Hian

2025 Sales Contribution



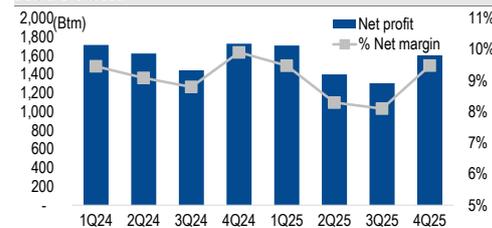
Source: HMPRO, UOB Kay Hian

Stores



Source: HMPRO, UOB Kay Hian

Net Profit



Source: HMPRO, UOB Kay Hian

Net Profit



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	67,888	67,937	70,168	79,204
EBITDA	11,683	12,316	12,887	14,035
Deprec. & amort.	3,583	4,024	4,215	4,406
EBIT	8,100	8,291	8,672	9,629
Total other non-operating income	0	0	0	0
Associate contributions	(1)	0	0	0
Net interest income/(expense)	(671)	(674)	(674)	(673)
Pre-tax profit	7,428	7,617	7,999	8,956
Tax	(1,416)	(1,462)	(1,536)	(1,720)
Minorities	0	0	0	0
Net profit	6,011	6,155	6,463	7,237
Net profit (adj.)	6,003	6,147	6,463	7,237

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	7,439	9,832	9,923	11,290
Pre-tax profit	7,428	7,617	7,999	8,956
Tax	(1,416)	(1,462)	(1,536)	(1,720)
Deprec. & amort.	3,583	4,024	4,215	4,406
Working capital changes	(2,081)	(342)	(829)	(605)
Non-cash items	(75)	(4)	74	253
Other operating cashflows	0	0	0	0
Investing	(1,253)	(4,460)	(4,507)	(4,588)
Capex (growth)	(1,110)	(4,492)	(4,537)	(4,584)
Investments	0	0	0	0
Others	(143)	33	30	(4)
Financing	(6,392)	(5,190)	(5,219)	(5,630)
Dividend payments	(5,392)	(4,940)	(5,219)	(5,630)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,000)	(250)	0	0
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	(206)	182	197	1,072
Beginning cash & cash equivalent	5,554	5,347	5,530	5,727
Ending cash & cash equivalent	5,347	5,530	5,727	6,799

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	43,152	43,620	43,942	44,120
Other LT assets	1,473	1,431	1,464	1,670
Cash/ST investment	5,347	5,530	5,727	6,799
Other current assets	17,322	17,301	17,882	20,188
Total assets	67,294	67,882	69,015	72,777
ST debt	7,288	7,038	7,038	7,038
Other current liabilities	15,731	15,364	15,190	17,144
LT debt	15,301	15,301	15,301	15,301
Other LT liabilities	1,552	1,543	1,606	1,807
Shareholders' equity	27,422	28,637	29,880	31,487
Minority interest	0	0	0	0
Total liabilities & equity	67,294	67,882	69,015	72,777

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.2	18.1	18.4	17.7
Pre-tax margin	10.9	11.2	11.4	11.3
Net margin	8.8	9.1	9.2	9.1
Growth				
Net profit (adj.)	(7.7)	2.4	5.1	12.0
Leverage				
Debt to total capital	82.4	78.0	74.8	71.0
Debt to equity	82.4	78.0	74.8	71.0
Net debt/(cash) to equity	62.9	58.7	55.6	49.4
Interest cover	17.4	18.3	19.1	20.9

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