# Home Product Center (HMPRO TB)

## Recovery Expected In 2Q26

| | |
|---|---|
| | **BUY**(Maintained) |
| Share Price | Bt6.60 |
| Target Price | Bt9.00 |
| Upside | 27.66% |

**Analyst(s)**
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## 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*

### 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. |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 2.9 | 9.3 | (7.8) | (13.0) | 6.0 |

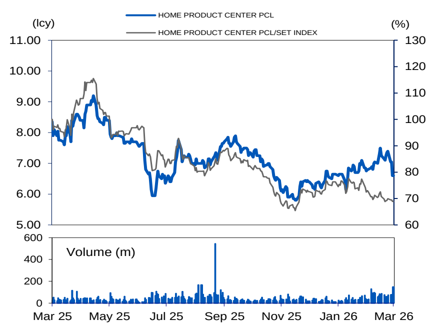
### Major Shareholders

| | % |
|---|---|
| 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.

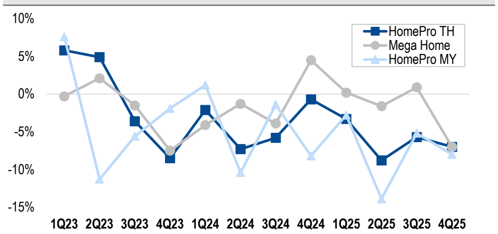
### Social

- **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

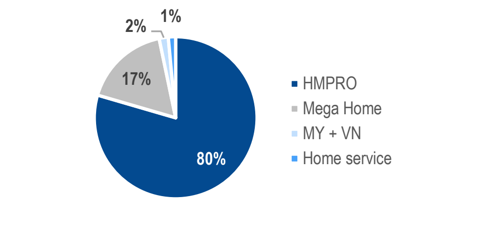
- **Good governance practice.** HMPRO is committed to extending good corporate governance through the company supply chain to fight against corruption.

**Same-Store Sales**



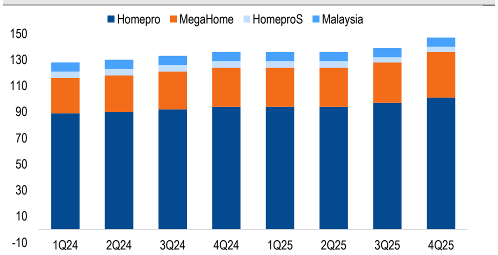

*Source: HMPRO, UOB Kay Hian*

**2025 Sales Contribution**



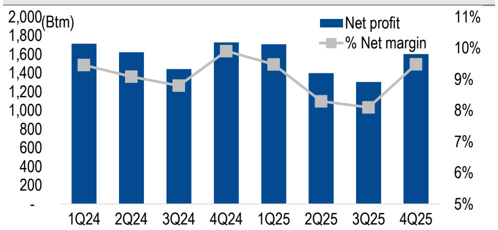

*Source: HMPRO, UOB Kay Hian*

**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 |

## 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** |

## 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** |

## 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 |