Siam Global House (GLOBAL TB)

Geopolitical Political Risk Is Manageable

HOLD (Maintained)	
Share Price	Bt6.85
Target Price	Bt7.40
Upside	8.03%
Previous TP	Bt8.00

Analyst(s)
Tanapon Cholkadidamrongkul
Tanapon.c@uobkayhian.co.th
662 090 3599

Highlights

- Management plans to expand six stores and renovate eight stores to drive higher traffic, targeting flat SSSG in 2026 with gross margin expansion.
- Every 10% increase in logistics costs would affect earnings by 2.4%.
- Although GLOBAL's outlook is stronger than its peers, we also see limited upside to our earnings forecast.
- Maintain HOLD with a lower target price of Bt7.40 (from Bt8.00).

Analysis

- **Neutral tone from the meeting.**
- **2026 target.** Management plans to expand six stores (two stores in 1Q26, three stores in 2Q26, and one store in 3Q26) and renovate eight stores to drive higher traffic, targeting flat SSSG in 2026 with gross margin expansion of 20-30bps.
- **War-related risks were manageable.** There are three risks: a) Import disruption risk. About 25% of products are imported, which could face supply difficulties. However, we are not overly concerned as most imports are sourced from China, where shipping routes remain normal; b) Higher oil prices. We view the impact as limited. In our view, domestic oil prices are unlikely to spike significantly as the government continues to subsidise fuel prices; and c) Higher freight costs, though impact is likely to be limited. Every 10% increase in import and logistics costs would affect earnings by 2.4%. Currently, freight rates have not increased, and we believe the overall impact should remain manageable.
- **If DEPO needs to increase its free float, the impact on earnings would be insignificant.** If DEPO is required to raise its free float to 15% (from 8% currently), we believe it is possible that DEPO may issue new shares to increase the free float. However, Global House International would still hold more than 20%, and Siam Global House (GLOBAL) would continue to recognise the investment using the equity method as before. Hence, we do not expect any significant extra losses to arise. If DEPO proceeds with a capital increase, the dilution impact would be less than 0.3% of GLOBAL's earnings, which we view as not concerning.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	32,285.2	31,601.1	32,352.4	33,310.7	34,291.3
EBITDA	3,557.5	3,077.1	3,286.7	3,400.2	3,488.4
Operating profit	2,215.6	1,680.6	1,894.2	1,975.3	2,033.5
Net profit (rep./act.)	2,377.0	1,964.0	2,174.6	2,268.0	2,344.7
Net profit (adj.)	2,377.0	1,978.1	2,174.6	2,268.0	2,344.7
EPS	0.5	0.4	0.4	0.4	0.4
PE (x)	15.0	18.7	17.6	16.9	17.0
P/B (x)	1.4	1.4	1.4	1.4	1.3
EV/EBITDA (x)	19.9	23.0	21.0	20.0	19.0
Dividend yield (%)	2.6	2.7	2.8	3.0	3.0
Net margin (%)	7.4	6.2	6.7	6.8	6.8
Net debt/(cash) to equity(%)	36.8	35.2	27.5	21.9	14.9
Interest cover (x)	11.4	13.0	14.0	14.6	15.0
Consensus net profit	n.a	n.a	2,164.0	2,326.8	2,471.3
UOBKH/Consensus (x)	n.a	n.a	0.9	0.9	0.9

Source: Siam Global House, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	GLOBAL TB
Shares issued (m):	5,602.0
Market cap (Bt$m):	39,214.0
Market cap (US$m):	1,244.2
3-mth avg daily t'over (US$m):	2.7

Price Performance (%)

52-week high/low				Bt8.3/Bt4.2
1mth	3mth	6mth	1yr	YTD
1.5	8.4	(6.3)	6.0	14.3

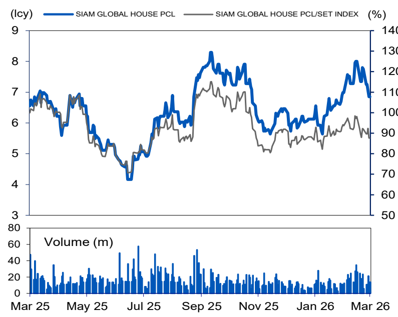
Major Shareholders

	%
Suriyanukul Family	34.53
SCG Distribution	32.94
NVDR	3.33

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	4.8
FY26 Net Debt/Share (Bt)	1.3

Price Chart



Source: Bloomberg

Company Description

The company operates its businesses under concept of modern trade from construction material to home improvement supplies.

Essential

- **Stronger 1H26 outlook than peers.** We expect GLOBAL to report stronger earnings than peers in 1Q26, with qtd SSSG at -4.3% yoy, outperforming peers (HomePro -15.0% yoy, Mega Home -5.5% yoy, DOHOME -6.3% yoy). Gross margin is also expected to expand, driven by a higher contribution from private-label products. We expect earnings momentum in 2Q26 to strengthen further from 1Q26, supported by the low base in 2Q25. In addition, hotter weather should boost demand for cooling products, such as air conditioners and fans.

Valuation/Recommendation

- **Maintain HOLD with a lower target price of Bt7.40 (from Bt8.00).** We derive our target price using a 19x PE, equivalent to -1SD of the five-year peer average. We incorporate the 200.07m new shares issued, as the ex-dividend date has already passed. There is no upside to our target price. Although GLOBAL's outlook is stronger than its peers, we also see limited upside to our earnings forecast. Therefore, we maintain our HOLD recommendation.

Earnings Revision/Risk

- No earnings revision

Share Price Catalyst

- **Catalyst:** Low base in 1H25, stronger SSSG than peers, new store expansion.
- **Risk:** Surge in freight costs, oil price increase.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AA

Environmental

- Actively promotes energy efficiency across its supply chains, reducing carbon emissions and adopting waste management initiatives.

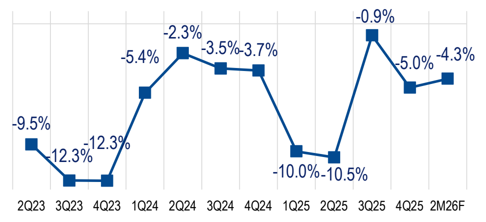
Social

- Emphasises employee well-being and community engagement, ensuring fair labour practices and supporting local development projects.

Governance

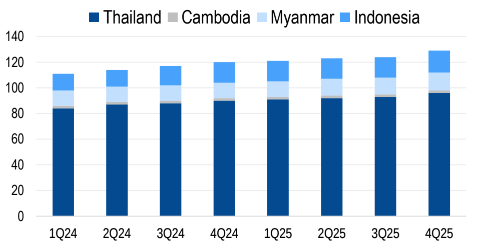
- Maintains strong corporate governance with transparent disclosure, an independent board structure, and strict compliance with regulatory standards.

Same-store Sales Growth



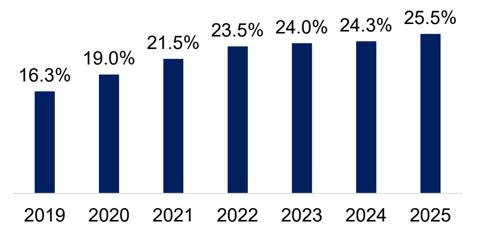
Source: Bloomberg

Stores



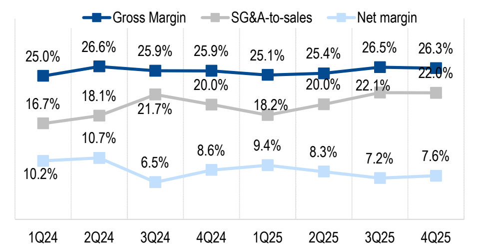
Source: GLOBAL, UOB Kay Hian

House Brand Contribution



Source: GLOBAL, UOB Kay Hian

Profitability



Source: GLOBAL, UOB Kay Hian

Peers' PE Band

Peers	-2SD	-1SD	Mean	+1SD	+2SD
BJC	14.8	19.5	24.3	29.1	33.9
CPALL	7.8	17.6	27.4	37.3	47.1
CPAXT	13.9	24.8	35.8	46.7	57.6
CRC	10.3	16.5	22.8	29.1	35.3
DOHOME	-1.5	18.7	39.0	59.2	79.4
GLOBAL	14.5	21.7	28.9	36.1	43.3
HMPRO	12.5	18.9	25.3	31.6	38.0
Average	10.3	19.7	29.1	38.4	47.8

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	31,601	32,352	33,311	34,291
EBITDA	3,077	3,287	3,400	3,488
Deprec. & amort.	1,397	1,392	1,425	1,455
EBIT	1,681	1,894	1,975	2,033
Total other non-operating income	799	818	842	867
Associate contributions	154	177	186	195
Net interest income/(expense)	(236)	(234)	(233)	(232)
Pre-tax profit	2,383	2,655	2,770	2,864
Tax	(442)	(491)	(512)	(529)
Minorities	23	10	10	10
Net profit	1,964	2,175	2,268	2,345
Net profit (adj.)	1,978	2,175	2,268	2,345

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	21,295	20,488	20,004	19,442
Other LT assets	3,015	3,341	3,607	3,886
Cash/ST investment	2,209	3,762	4,947	6,596
Other current assets	13,671	14,247	14,473	14,945
Total assets	40,190	41,838	43,030	44,869
ST debt	9,959	9,929	9,899	9,869
Other current liabilities	2,652	3,103	3,134	3,131
LT debt	1,235	1,215	1,195	1,175
Other LT liabilities	552	467	507	539
Shareholders' equity	25,540	26,883	28,064	29,934
Minority interest	252	242	232	222
Total liabilities & equity	40,190	41,838	43,030	44,869

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	6,508	3,431	3,488	3,314
Pre-tax profit	2,383	2,655	2,770	2,864
Tax	(442)	(491)	(512)	(529)
Deprec. & amort.	1,397	1,392	1,425	1,455
Working capital changes	(434)	(143)	(188)	(484)
Non-cash items	5	18	(7)	9
Other operating cashflows	3,598	0	0	0
Investing	(1,790)	(997)	(1,165)	(1,141)
Capex (growth)	(1,774)	(586)	(940)	(893)
Investments	(134)	(71)	(74)	(78)
Others	119	(341)	(151)	(170)
Financing	(4,342)	(882)	(1,137)	(524)
Dividend payments	(959)	(1,032)	(1,087)	(1,174)
Issue of shares	200	200	0	700
Proceeds from borrowings	399	(50)	(50)	(50)
Others/interest paid	(3,983)	0	0	0
Net cash inflow (outflow)	376	1,552	1,186	1,649
Beginning cash & cash equivalent	1,661	2,029	3,581	4,767
Ending cash & cash equivalent	2,037	3,581	4,767	6,416

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	9.7	10.2	10.2	10.2
Pre-tax margin	7.5	8.2	8.3	8.4
Net margin	6.2	6.7	6.8	6.8
Growth				
Turnover	(2.1)	2.4	3.0	2.9
EBITDA	(13.5)	6.8	3.5	2.6
Pre-tax profit	(17.9)	11.4	4.3	3.4
Net profit	(17.4)	10.7	4.3	3.4
Net profit (adj.)	(16.8)	9.9	4.3	3.4
EPS	(19.9)	6.0	4.3	(0.2)
Leverage				
Debt to total capital	43.4	41.1	39.2	36.6
Debt to equity	43.8	41.4	39.5	36.9
Net debt/(cash) to equity	35.2	27.5	21.9	14.9
Interest cover	13.0	14.0	14.6	15.0