

# Home Product Center (HMPRO TB)

## April Operations Show Improvement

### Highlights

- The tone of the analyst meeting was slightly positive. Operations in April showed improvement in both sales and margins.
- April SSSG improved, driven by stronger electrical appliance sales, higher demand for construction materials and product price adjustments.
- We are confident that gross margin will improve in 2Q26, supported by price increases and a stronger push on private brand and high-margin products. Maintain BUY with a lower target price of Bt8.00.

### Analysis

- **Tone of the analyst meeting was slightly positive.** Operations in April showed improvement in both sales and margins.
- **Improved SSSG in April.** Home Product Center's (HMPRO) April SSSG improved (HomePro: +2-3% yoy, Mega Home: +5% yoy), driven by: a) stronger electrical appliance sales, eg air conditioners, fans, air purifiers due to a low base; b) higher demand for construction materials as customers rushed purchases amid concerns over price increases; and c) product price adjustments. HMPRO has already raised prices on about 30% of total SKUs, mainly in chemicals and private brand products.
- **Margin to improve in 2Q26.** We are confident that gross margin will improve in 2Q26, supported by price increases and a stronger push on private brand and high-margin products. Meanwhile, SG&A-to-sales is also expected to be lower, backed by positive SSSG (around 60-70% of SG&A is fixed cost).
- **Positive outlook in 2Q26.** The stockpiling trend started to slow toward the end of April, but sales momentum remains stronger than in previous periods, in line with the home improvement retail sector. However, the overall sentiment still better than in 1Q26. As a result, we believe there is a high chance that 1Q26 will be the weakest quarter of 2026.

### Key Financials

| Year to 31 Dec (Btm)         | 2024     | 2025     | 2026F    | 2027F    | 2028F    |
|------------------------------|----------|----------|----------|----------|----------|
| Net turnover                 | 69,806.4 | 67,887.6 | 65,709.0 | 68,237.4 | 71,274.4 |
| EBITDA                       | 12,233.3 | 11,682.9 | 11,687.7 | 12,076.2 | 12,619.1 |
| Operating profit             | 8,690.7  | 8,099.7  | 7,896.2  | 8,201.4  | 8,663.0  |
| Net profit (rep./act.)       | 6,503.6  | 6,011.4  | 5,853.7  | 6,119.4  | 6,511.6  |
| Net profit (adj.)            | 6,503.3  | 6,002.9  | 5,845.9  | 6,111.6  | 6,511.6  |
| EPS                          | 0.5      | 0.5      | 0.4      | 0.5      | 0.5      |
| PE (x)                       | 12.1     | 13.1     | 13.5     | 12.9     | 12.1     |
| P/B (x)                      | 2.9      | 3.0      | 2.9      | 2.8      | 2.7      |
| EV/EBITDA (x)                | 7.9      | 8.6      | 8.3      | 7.9      | 7.4      |
| Dividend yield (%)           | 7.2      | 6.3      | 6.2      | 6.4      | 6.9      |
| Net margin (%)               | 9.3      | 8.8      | 8.9      | 9.0      | 9.1      |
| Net debt/(cash) to equity(%) | 67.3     | 80.8     | 66.2     | 59.8     | 51.0     |
| Interest cover (x)           | 19.6     | 17.4     | 17.6     | 18.9     | 20.4     |
| Consensus net profit         | n.a      | n.a      | 6,137.6  | 6,485.1  | 6,789.6  |
| UOBKH/Consensus (x)          | n.a      | n.a      | 1.0      | 0.9      | 1.0      |

Source: Home Product Center, Bloomberg, UOB Kay Hian

**BUY** (Maintained)

|              |        |
|--------------|--------|
| Share Price  | Bt6.05 |
| Target Price | Bt8.00 |
| Upside       | 32.23% |
| Previous TP  | Bt9.00 |

**Analyst(s)**

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### Stock Data

|                                 |                        |
|---------------------------------|------------------------|
| GICS sector                     | Consumer Discretionary |
| Bloomberg ticker:               | HMPRO TB               |
| Shares issued (m):              | 12,950.0               |
| Market cap (Bt\$m):             | 78,347.5               |
| Market cap (US\$m):             | 2,409.4                |
| 3-mth avg daily t'over (US\$m): | 10.1                   |

### Price Performance (%)

|                  |             |       |        |       |
|------------------|-------------|-------|--------|-------|
| 52-week high/low | Bt8.5/Bt5.8 |       |        |       |
| 1mth             | 3mth        | 6mth  | 1yr    | YTD   |
| 0.0              | (13.6)      | (8.3) | (27.1) | (9.0) |

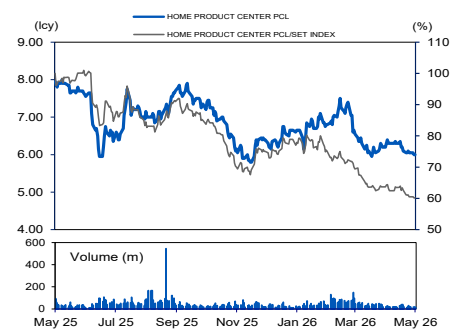
### Major Shareholders

|                | %     |
|----------------|-------|
| Land and House | 30.23 |
| Quality House  | 19.87 |
| Thai NVDR      | 5.21  |

### Balance Sheet Metrics

|                          | %   |
|--------------------------|-----|
| FY26 NAV/Share (Bt)      | 2.1 |
| FY26 Net Debt/Share (Bt) | 1.4 |

### 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 lower target price of Bt8.00 (previously Bt9.00).** Our target price is based on a 2026F PE of 18x, equivalent to -1.0SD to its five-year average.
- While earnings momentum may lag the broader home improvement segment, HMPRO's more attractive valuation discount (forward PE of 14x vs peers at 16x) supports our continued BUY call.

### Earnings Revision/Risk

- **Revise down earnings forecast.** We revise down our 2026-27 earnings forecasts by 5.3% and 6.3% respectively to reflect weak 1Q26 earnings.

#### Key Financials

| (Btm)                 | 2026F  |          |        | 2027F  |          |        |
|-----------------------|--------|----------|--------|--------|----------|--------|
|                       | New    | Previous | Change | New    | Previous | Change |
| Sales revenue         | 63,728 | 66,645   | -4.4%  | 66,207 | 67,516   | -1.9%  |
| Operating profit      | 7,896  | 8,304    | -4.9%  | 8,201  | 8,731    | -6.1%  |
| Net profit            | 5,854  | 6,183    | -5.3%  | 6,119  | 6,530    | -6.3%  |
| Gross margin on sales | 26.8%  | 26.4%    | -0.41  | 26.9%  | 26.4%    | -0.51  |
| SG&A to revenue       | 20.4%  | 19.7%    | -0.73  | 20.4%  | 19.4%    | -1.02  |
| Net profit margin     | 8.9%   | 9.0%     | 0.10   | 9.0%   | 9.4%     | 0.42   |

Source: Home Product Center, Bloomberg, UOB Kay Hian

### Share Price Catalyst

- **Catalysts:** Recovery in 2Q26; lower rainfall in 2026; discount valuation.

### Environment, 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.

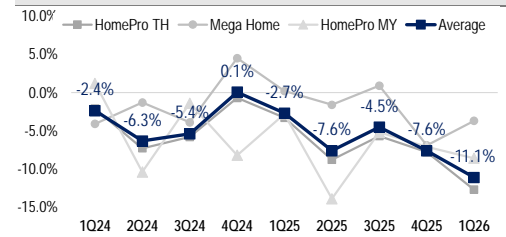
#### Social

- **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

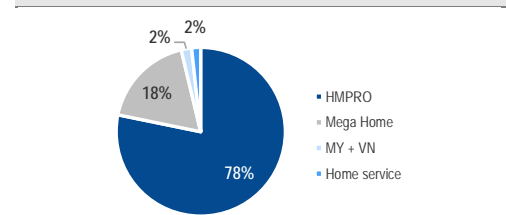
- **Good governance practice.** HMPRO is committed to extending good corporate governance through the company supply chain to fight against corruption.

#### Same-Store Sales



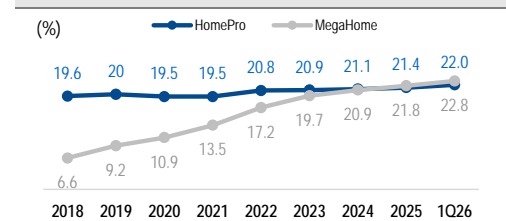
Source: HMPRO, UOB Kay Hian

#### 1Q26 Sales Contribution



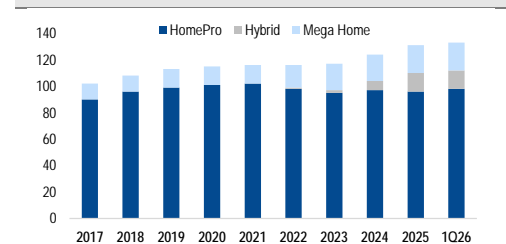
Source: HMPRO, UOB Kay Hian

#### Private Brand Contribution



Source: HMPRO, UOB Kay Hian

#### Stores



Source: HMPRO, UOB Kay Hian

#### PE Band

| Peers          | -2SD       | -1SD        | Mean        | +1SD        | +2SD        |
|----------------|------------|-------------|-------------|-------------|-------------|
| BJC            | 14.8       | 19.5        | 24.3        | 29.1        | 33.9        |
| CPALL          | 7.5        | 17.3        | 27.2        | 37.1        | 47.0        |
| CPAXT          | 12.1       | 23.6        | 35.1        | 46.6        | 58.1        |
| CPN            | 7.8        | 13.6        | 19.3        | 25.1        | 30.8        |
| CRC            | 10.3       | 16.5        | 22.8        | 29.1        | 35.3        |
| DOHOME         | -1.5       | 18.7        | 39.0        | 59.2        | 79.4        |
| GLOBAL         | 14.6       | 21.8        | 29.0        | 36.1        | 43.3        |
| HMPRO          | 11.9       | 18.4        | 24.9        | 31.4        | 37.9        |
| <b>Average</b> | <b>9.7</b> | <b>18.7</b> | <b>27.7</b> | <b>36.7</b> | <b>45.7</b> |

Source: Bloomberg, UOB Kay Hian

### Profit & Loss

| Year to 31 Dec (Btm)             | 2025    | 2026F   | 2027F   | 2028F   |
|----------------------------------|---------|---------|---------|---------|
| Net turnover                     | 67,888  | 65,709  | 68,237  | 71,274  |
| EBITDA                           | 11,683  | 11,688  | 12,076  | 12,619  |
| Deprec. & amort.                 | 3,583   | 3,792   | 3,875   | 3,956   |
| EBIT                             | 8,100   | 7,896   | 8,201   | 8,663   |
| Total other non-operating income | 0       | 0       | 0       | 0       |
| Associate contributions          | (1)     | 0       | 0       | 0       |
| Net interest income/(expense)    | (671)   | (663)   | (640)   | (617)   |
| Pre-tax profit                   | 7,428   | 7,233   | 7,561   | 8,046   |
| Tax                              | (1,416) | (1,379) | (1,442) | (1,534) |
| Minorities                       | 0       | 0       | 0       | 0       |
| Net profit                       | 6,011   | 5,854   | 6,119   | 6,512   |
| Net profit (adj.)                | 6,003   | 5,846   | 6,112   | 6,512   |

### Cash Flow

| Year to 31 Dec (Btm)             | 2025    | 2026F   | 2027F   | 2028F   |
|----------------------------------|---------|---------|---------|---------|
| Operating                        | 8,635   | 7,708   | 9,221   | 10,309  |
| Pre-tax profit                   | 7,428   | 7,233   | 7,561   | 8,046   |
| Tax                              | (1,416) | (1,379) | (1,442) | (1,534) |
| Deprec. & amort.                 | 3,583   | 3,792   | 3,875   | 3,956   |
| Working capital changes          | (787)   | (1,936) | (843)   | (223)   |
| Non-cash items                   | (173)   | (1)     | 70      | 65      |
| Other operating cashflows        | 0       | 0       | 0       | 0       |
| Investing                        | (4,979) | 275     | (3,222) | (3,264) |
| Capex (growth)                   | (5,016) | 369     | (3,275) | (3,276) |
| Investments                      | 1       | 0       | 0       | 0       |
| Others                           | 36      | (94)    | 52      | 13      |
| Financing                        | (4,721) | (5,090) | (5,755) | (6,018) |
| Dividend payments                | (5,363) | (4,840) | (4,955) | (5,218) |
| Issue of shares                  | 0       | 0       | 0       | 0       |
| Proceeds from borrowings         | 1,996   | (250)   | (800)   | (800)   |
| Others/interest paid             | (1,354) | 0       | 0       | 0       |
| Net cash inflow (outflow)        | (1,066) | 2,892   | 245     | 1,027   |
| Beginning cash & cash equivalent | 5,554   | 4,488   | 7,381   | 7,625   |
| Ending cash & cash equivalent    | 4,488   | 7,381   | 7,625   | 8,653   |

### Balance Sheet

| Year to 31 Dec (Btm)                  | 2025          | 2026F         | 2027F         | 2028F         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Fixed assets                          | 47,057        | 42,897        | 42,297        | 41,617        |
| Other LT assets                       | 1,384         | 1,357         | 1,386         | 1,454         |
| Cash/ST investment                    | 4,488         | 7,381         | 7,625         | 8,653         |
| Other current assets                  | 17,720        | 17,147        | 17,814        | 18,603        |
| <b>Total assets</b>                   | <b>70,648</b> | <b>68,782</b> | <b>69,121</b> | <b>70,326</b> |
| ST debt                               | 12,959        | 13,709        | 13,709        | 13,709        |
| Other current liabilities             | 17,325        | 14,814        | 14,708        | 15,339        |
| LT debt                               | 12,626        | 11,626        | 10,826        | 10,026        |
| Other LT liabilities                  | 1,642         | 1,521         | 1,602         | 1,682         |
| Shareholders' equity                  | 26,097        | 27,111        | 28,276        | 29,570        |
| Minority interest                     | 0             | 0             | 0             | 0             |
| <b>Total liabilities &amp; equity</b> | <b>70,648</b> | <b>68,781</b> | <b>69,121</b> | <b>70,326</b> |

### Key Metrics

| Year to 31 Dec (%)        | 2025  | 2026F | 2027F | 2028F |
|---------------------------|-------|-------|-------|-------|
| <b>Profitability</b>      |       |       |       |       |
| EBITDA margin             | 17.2  | 17.8  | 17.7  | 17.7  |
| Pre-tax margin            | 10.9  | 11.0  | 11.1  | 11.3  |
| Net margin                | 8.8   | 8.9   | 9.0   | 9.1   |
| <b>Growth</b>             |       |       |       |       |
| Net profit (adj.)         | (7.7) | (2.6) | 4.6   | 6.5   |
| <b>Leverage</b>           |       |       |       |       |
| Debt to total capital     | 98.0  | 93.4  | 86.8  | 80.3  |
| Debt to equity            | 98.0  | 93.4  | 86.8  | 80.3  |
| Net debt/(cash) to equity | 80.8  | 66.2  | 59.8  | 51.0  |
| Interest cover            | 17.4  | 17.6  | 18.9  | 20.4  |

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