Home Product Center (HMPRO TB)

3Q26: Results In Line; Impressive Margin Expansion

Highlights

- HMPRO reported 3Q26 net profit of Bt1.32b (+1% yoy,-17% qoq), in line with our and consensus estimates.
- October SSSG remained promising, with HomePro at +6.5% yoy and Mega Home at +11.5% yoy, driven by post-flood demand for home repairs.
- With store expansion slowing to around five stores per year, earnings growth will be driven primarily by gross margin improvement.
- Maintain BUY with a target price of Bt8.00, based on 2027F PE of 17x. The stock offers an attractive valuation, with a 5.8% dividend yield and 14x PE.

3Q26 Results

Year to 31 Dec (S$m)	3Q25	2Q26	3Q26	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Sales and services	16,100	17,403	16,202	0.6	(6.9)	67,888	67,410	(0.7)
Gross profit	4,459	4,964	4,576	2.6	(7.8)	18,736	19,169	2.3
SG&A	(3,293)	(3,487)	(3,341)	1.5	(4.2)	(13,318)	(13,819)	3.8
EBIT	1,782	2,129	1,805	1.3	(15.2)	8,100	8,099	(0.0)
EBITDA	2,682	3,087	2,752	2.6	(10.9)	11,683	11,891	1.8
Interest expense	(182)	(164)	(168)	(7.4)	2.9	(711)	(676)	(4.9)
Net profit	1,304	1,594	1,321	1.4	(17.1)	6,011	6,021	0.2
Percent	**3Q25**	**2Q26**	**3Q26**	**(ppts)**	**(ppts)**	**2025**	**2026**	**(ppts)**
SSSG - Average	(4.5)	(0.6)	(2.5)	2.0	(1.9)	(5.6)	(3.2)	2.5
Gross margin	27.7	28.5	28.2	0.5	(0.3)	27.6	28.4	0.8
SG&A to sales	20.5	20.0	20.6	0.2	0.6	19.6	20.5	0.9
Net profit margin	8.1	9.2	8.2	0.1	(1.0)	8.9	8.9	0.1

Source: HMPRO, UOB Kay Hian

Analysis

- **Results in line.** Home Product Center (HMPRO) reported 3Q26 net profit of Bt1.32b (+1% yoy, -17% qoq), in line with our and consensus estimates. 9M26 earnings accounted for 73% of our 2026 forecast, in line with the same period last year. Positive factors in 3Q26 include: a) a higher gross profit margin from an increased private brand sales mix of 22.2%, above management's target of 22.0%, b) improved product assortment, and c) lower interest expenses. These helped offset: a) weak SSSG of -2.9% yoy for HomePro and -0.2% yoy for Mega Home, and b) higher SG&A expenses from increased depreciation following store expansion.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	69,806.4	67,887.6	67,409.8	69,300.6	71,457.6
EBITDA	12,233.3	11,682.9	11,890.9	12,298.2	12,708.9
Operating profit	8,690.7	8,099.7	8,099.4	8,423.4	8,752.8
Net profit (rep./act.)	6,503.6	6,011.4	6,020.8	6,301.1	6,585.7
Net profit (adj.)	6,503.3	6,002.9	6,020.8	6,301.1	6,585.7
EPS	0.5	0.5	0.5	0.5	0.5
PE (x)	12.8	13.9	13.9	13.2	12.7
P/B (x)	3.1	3.2	3.1	2.9	2.8
EV/EBITDA (x)	8.3	9.0	8.5	8.2	7.8
Dividend yield (%)	6.8	6.0	6.0	6.3	6.6
Net margin (%)	9.3	8.8	8.9	9.1	9.2
Net debt/(cash) to equity(%)	67.3	80.8	66.4	59.1	50.5
Interest cover (x)	19.6	17.4	18.0	19.3	20.6
ROE (%)	24.8	22.7	22.6	22.7	22.7
Consensus net profit	n.a	n.a	6,112.2	6,451.4	6,818.2
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: HMPRO, Bloomberg, UOB Kay Hian

Analyst(s)

Tanapon Cholkadidamrongkul
Tanapon.c@uobkh.co.th
662 090 3599

BUY (Maintain)

Share Price	Bt6.40
Target Price	Bt8.00
Upside	25.00%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	HMPRO TB
Shares issued (m)	12,947.0
Market cap (Btm)	78,329.4
Market cap (US$m)	2,392.2
3-mth avg daily t'over (US$m)	9.8

Price Performance (%)

52-week high/low				Bt8.0/Bt5.8
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(3.2)	(11.8)	(1.6)	(28.6)	(9.8)

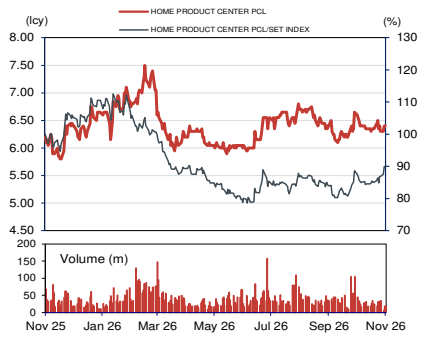
Major Shareholders (%)

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.

Essential

- **SSSG spiked in October.** We preliminarily expect 4Q26 earnings to grow 6% yoy. October SSSG remained promising, with HomePro at +6.5% yoy and Mega Home at +11.5% yoy, driven by post-flood demand for home repairs and renovations. Meanwhile, gross margin is expected to expand as management remains confident in increasing the private brand sales mix. Interest expenses should also decline yoy following bond refinancing at a lower cost of debt. These factors are expected to offset higher SG&A expenses.
- **Earnings growth will be driven by gross margin improvement.** Management expects to add 1-2 new stores and convert 3-5 stores in 2027. HMPRO will also focus on improving store efficiency through renovations and expanding services to better meet customer needs. We expect long-term revenue growth to remain modest, with store expansion slowing to around five stores per year. Earnings growth will be driven primarily by gross margin improvement through assortment optimisation, bulk purchasing to lower costs, and a higher private brand sales mix, which offers higher margins.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt8.00,** based on 2027F PE of 17x, -1SD of home improvement retail peers. The stock offers an attractive valuation, with a 5.8% dividend yield and 14x PE against 22% ROE. In addition, we expect SSSG to turn positive in 4Q26 for the first time since 4Q24, supported by a low base and the post-flood demand.

Peers' PE Band

Peers	-2SD	-1SD	Mean	+1SD	+2SD
DOHOME	-4.0	15.6	35.2	54.8	74.4
GLOBAL	9.0	17.9	26.8	35.7	44.5
HMPRO	11.0	17.7	24.4	31.0	37.7
Average	**5.3**	**17.1**	**28.8**	**40.5**	**52.2**

Source: Bloomberg, UOB Kay Hian

Earnings Revision/Risk

- **Fine-tune earnings.** We revise up 2026-27 earnings by 2% to reflect the strong gross margin outlook.

Share Price Catalyst

- Gross margin expansion, b) higher private brand mix.

Environment, Social, Governance (ESG) Updates

CG Report: 5, SET ESG Rating: AAA

Environmental

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

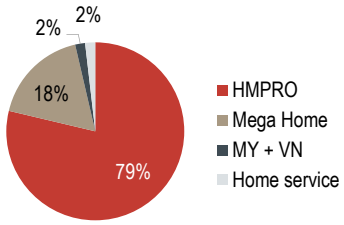
Social

- **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

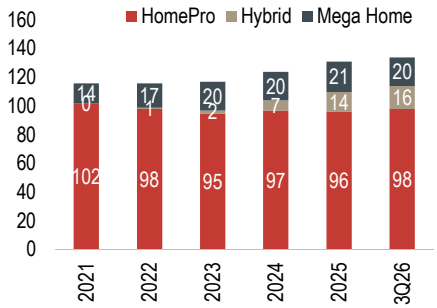
- **Good governance practice.** HMPRO is committed to extending good corporate governance through the company supply chain to fight against corruption.

Revenue Contribution



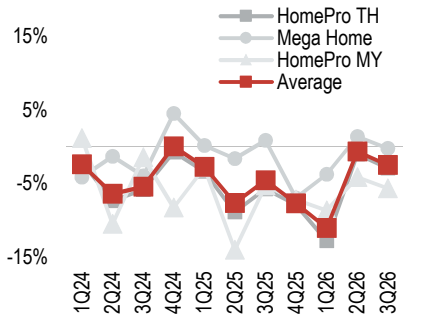
Source: HMPRO, UOB Kay Hian

Stores



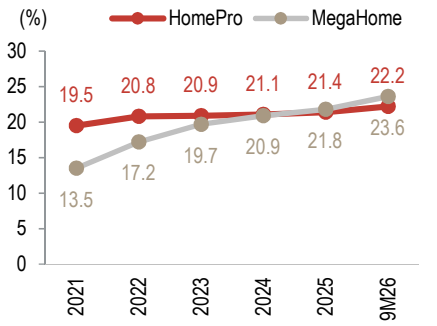
Source: HMPRO, UOB Kay Hian

Same-store Sales Growth



Source: HMPRO, UOB Kay Hian

Private Brand Sales Mix



Source: HMPRO, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	**67,888**	**67,410**	**69,301**	**71,458**
EBITDA	11,683	11,891	12,298	12,709
Deprec. & amort.	3,583	3,792	3,875	3,956
EBIT	8,100	8,099	8,423	8,753
Total other non-operating income	0	0	0	0
Associate contributions	(1)	0	0	0
Net interest income/(expense)	(671)	(660)	(638)	(616)
Pre-tax profit	**7,428**	**7,439**	**7,786**	**8,137**
Tax	(1,416)	(1,418)	(1,484)	(1,552)
Minorities	0	0	0	0
Net profit	**6,011**	**6,021**	**6,301**	**6,586**
Net profit (adj.)	6,003	6,021	6,301	6,586

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	1,391	1,406	1,457
Cash/ST investment	4,488	6,588	6,981	8,003
Other current assets	17,720	17,591	18,091	18,651
Total assets	**70,648**	**68,466**	**68,775**	**69,728**
ST debt	12,959	12,959	12,959	12,959
Other current liabilities	17,325	15,198	14,937	15,378
LT debt	12,626	11,626	10,826	10,026
Other LT liabilities	1,642	1,561	1,627	1,687
Shareholders' equity	26,097	27,123	28,425	29,678
Minority interest	0	0	0	0
Total liabilities & equity	**70,648**	**68,466**	**68,774**	**69,728**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**8,635**	**7,814**	**9,415**	**10,423**
Pre-tax profit	7,428	7,439	7,786	8,137
Tax	(1,416)	(1,418)	(1,484)	(1,552)
Deprec. & amort.	3,583	3,792	3,875	3,956
Working capital changes	(787)	(2,044)	(813)	(159)
Non-cash items	(173)	46	52	40
Other operating cashflows	0	0	0	0
Investing	**(4,979)**	**281**	**(3,224)**	**(3,268)**
Capex (growth)	(5,016)	369	(3,275)	(3,276)
Investments	1	0	0	0
Others	36	(88)	51	9
Financing	**(4,721)**	**(5,995)**	**(5,798)**	**(6,133)**
Dividend payments	(5,363)	(4,995)	(4,998)	(5,333)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,996	(1,000)	(800)	(800)
Others/interest paid	(1,354)	0	0	0
Net cash inflow (outflow)	**(1,066)**	**2,099**	**393**	**1,023**
Beginning cash & cash equivalent	**5,554**	**4,488**	**6,588**	**6,981**
Ending cash & cash equivalent	**4,488**	**6,588**	**6,981**	**8,003**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	17.2	17.6	17.8	17.8
Pre-tax margin	10.9	11.0	11.2	11.4
Net margin	8.8	8.9	9.1	9.2
ROE	22.7	22.6	22.7	22.7
Growth				
Net profit (adj.)	(7.7)	0.3	4.7	4.5
Leverage				
Debt to total capital	98.0	90.6	83.7	77.4
Debt to equity	98.0	90.6	83.7	77.4
Net debt/(cash) to equity	80.8	66.4	59.1	50.5
Interest cover	17.4	18.0	19.3	20.6

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