



Home Product Center

(HMPRO.BK/HMPRO TB)*

SET ESG Rating of AA

Outperform - Maintained

Price as of 10 July 2024	9.35
12M target price (Bt/shr)	13.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	39.0

Key messages

ภาวะการจับจ่ายใช้สอยที่ไม่เอื้ออำนวยทำให้ผลประกอบการ 2Q67F ไม่น่าสนใจ และ ทำให้ประมาณการกำไรปี 2567F มี downside ประมาณ 5% อย่างไรก็ตาม เรายังคาดว่าราคาหุ้น HMPRO ในปัจจุบันน่าจะสะท้อนประเด็นนี้ไปแล้ว โดย PER ต่ำกว่า -2.0 S.D. (ค่าเฉลี่ยในอดีต) ดังนั้น เรายังคงคำแนะนำ “ซื้อ” HMPRO โดยประเมินราคาเป้าหมายสิ้นปี 2567 ที่ 13.00 บาท อิงจาก PER ที่ 24.0x (ค่าเฉลี่ยในอดีตระหว่างหุ้นกลุ่มนี้ในประเทศ และต่างประเทศ -2.0 S.D.)

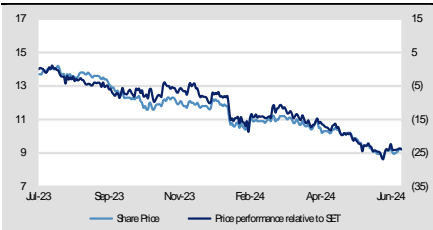
Trading data

Mkt cap (Btbn/US\$bn)	120/3,025		
Outstanding shares (mn)	13,151		
Foreign ownership (mn)	2,040		
3M avg. daily trading (mn)	36		
52-week trading range (Bt)	10.2 – 14.7		
Performance (%)	3M	6M	12M
Absolute	-15.6	-22.0	-33.3
Relative	-9.9	-16.8	-24.4

Quarterly EPS

	1Q	2Q	3Q	4Q
2022	0.11	0.12	0.12	0.13
2023	0.12	0.12	0.12	0.13
2024	0.13			

Share price chart



Source: SET

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ประมาณการ 2Q67F: ภาวะการจับจ่ายใช้สอยไม่เอื้ออำนวย

Event

เราคาดกำไรสุทธิของ HMPRO ใน 2Q67 จะอยู่ที่ 1.7 พันล้านบาท (+3% YoY, -3% QoQ) ซึ่งทำให้กำไรสุทธิในงวด 1H67 อยู่ที่ 3.4 พันล้านบาท (+5% YoY) คิดเป็น 48% ของประมาณการกำไรเต็มปีของเรา

Impact

same store sales ติดลบ

เนื่องจาก i) ภาวะการจับจ่ายใช้สอยไม่เอื้ออำนวยหลังจากที่ดัชนีความเชื่อมั่นผู้บริโภคลดลงติดต่อกันมาสามเดือนมาอยู่ที่ 60.5 ในเดือนพฤษภาคม 2567 ii) มีอุปสงค์ที่ถูกดึงไปไว้ใน 1Q67 จากมาตรการซื้อปดิมิติน และ iii) ปริมาณลูกค้าเข้าห้างที่สาขาบางแห่งลดลงเพราะมีการก่อสร้างถนน เรายาคว่า same stores sales ของ HMPRO จะติดลบที่ -6% ใน 2Q67 (จาก +4.9% ใน 2Q66 และ -2.1% ใน 1Q67) และ คาดว่ายอดขายจะไม่น่าสนใจใน 2Q67 โดยอยู่ที่ 1.82 หมื่นล้านบาท (+2% YoY, +3% QoQ) ซึ่งยอดขายที่เพิ่มขึ้นเพียงเล็กน้อยทั้ง YoY และ QoQ เป็นเพราะมีการขยายสาขาใหม่ ซึ่งมีน้ำหนักมากกว่า same store sales ที่ติดลบ ทั้งนี้ จำนวนสาขาใหม่เมื่อสิ้นงวด 2Q67 เพิ่มขึ้นเป็น 130 ร้าน จาก 122 ร้านเมื่อสิ้นงวด 2Q66 ส่งผลให้ยอดขายใน 1H67 เพิ่มขึ้นเป็น 3.58 หมื่นล้านบาท (+2% YoY) คิดเป็น 49% ของประมาณการยอดขายเต็มปีของเรา

รักษาอัตรากำไรไว้เท่าเดิมได้ และ คาดว่าค่าใช้จ่ายจะยังอยู่ในระดับที่บริหารจัดการได้

เราคาดว่า HMPRO จะรักษาอัตรากำไรขั้นต้นเอาไว้ได้ที่ 26.3% (จาก 26.3% ใน 2Q66 และ 26.2% ใน 1Q67) แม้ว่า i) ไตรมาสสองจะเป็นช่วงที่อ่อนแอตามฤดูกาล (เพราะยอดขายเครื่องใช้ไฟฟ้าซึ่งมี margin ต่ำกว่าสินค้าอื่นจะมีสัดส่วนสูงขึ้นในช่วงหน้าร้อน) และ ii) สัดส่วนยอดขายจาก Mega Home เพิ่มขึ้นเพราะมีการขยายสาขาใหม่ (จำนวนร้าน Mega Home เพิ่มขึ้นเป็น 22 ร้านเมื่อสิ้นงวด 2Q67 จาก 18 ร้านเมื่อสิ้นงวด 2Q66) ทั้งนี้ อัตรากำไรขั้นต้นของร้าน Mega Home ต่ำกว่าร้าน Home Pro ประมาณ 3-4ppt ซึ่งจะส่งผลให้อัตรากำไรขั้นต้นในงวด 1H67 อยู่ที่ 26.2% (ทรงตัว YoY) ในขณะที่สมมติฐานปีนี้ของเราอยู่ที่ 26.8% เรายาคว่าสัดส่วน SG&A ต่อยอดขายจะอยู่ที่ 19.3% (จาก 19.5% ใน 2Q66 และ 18.5% ใน 1Q67) เนื่องจากค่าใช้จ่ายด้านสาธารณูปโภคลดลง (เพราะค่า FT ลดลง 15% YoY ใน 2Q67 และ ค่าใช้จ่ายด้านสาธารณูปโภคคิดเป็นประมาณ 1-2% ของยอดขายรวม)

ประมาณการกำไรมี downside 5% แต่ราคาหุ้นน่าจะสะท้อนไปแล้ว

เนื่องจากภาวะเศรษฐกิจไม่เอื้ออำนวย จึงหวั่นเกรงฟื้นตัวของอุปสงค์น่าจะช้ากว่าที่คาดเอาไว้ก่อนหน้านี้ และ ทำให้ประมาณการกำไรปี 2567F มี downside ประมาณ 5% (เนื่องจาก SSSG และ อัตรากำไรขั้นต้นอ่อนแอ) อย่างไรก็ตาม เรายังคาดว่าราคาหุ้น HMPRO ในปัจจุบันน่าจะสะท้อนประเด็นนี้ไปแล้ว โดยคิดเป็น PER ที่ ~17.0X (อิงจาก EPS ปี 2567) เท่ากับค่าเฉลี่ยในอดีต -2.0 S.D.

Valuation & Action

เราแนะนำ “ซื้อ” HMPRO โดยประเมินราคาเป้าหมายสิ้นปี 2567 ที่ 13.00 บาท อิงจาก PER ที่ 24.0x (ค่าเฉลี่ยในอดีตระหว่างหุ้นกลุ่มนี้ในประเทศ และต่างประเทศ -2.0 S.D.) หรือ คิดเป็น PEG ที่ 2.4x จาก EPS ปี 2567

Risks

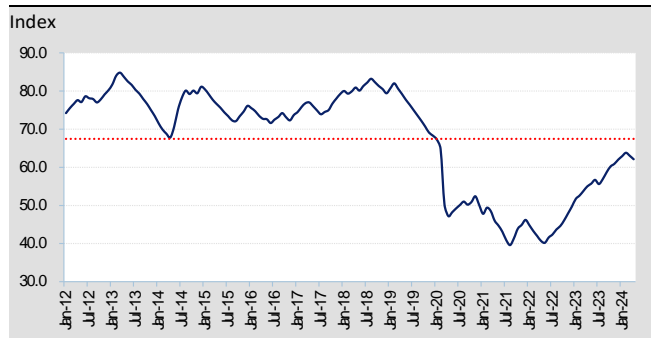
เศรษฐกิจชะลอตัวลง, ขยายสาขาได้ต่ำกว่าเป้า, ราคาพืชผลอ่อนแอ, ภัยธรรมชาติ, สินค้าค้างสต็อกเป็นจำนวนมาก

Key financials and valuations

Year end Dec 31	Dec-21A	Dec-22A	Dec-23A	Dec-24F	Dec-25F
Revenue (Btmn)	60,568	65,091	68,283	72,911	77,320
Gross profit (Btmn)	15,643	17,013	18,166	19,514	20,851
Net profit (Btmn)	5,441	6,217	6,442	7,078	7,872
Normalized profit (Btmn)	5,441	6,217	6,442	7,078	7,872
EPS (Bt)	0.41	0.47	0.49	0.54	0.60
Normalized EPS (Bt)	0.41	0.47	0.49	0.54	0.60
DPS (Bt)	0.32	0.38	0.40	0.44	0.49
EPS growth (%)	5.5	14.3	3.6	9.9	11.2
Normalized EPS growth (%)	5.5	14.3	3.6	9.9	11.2
P/E (X)	35.1	32.8	19.1	17.4	15.6
P/B (X)	8.3	8.4	4.8	4.5	4.2
EV/EBITDA (X)	19.4	19.0	11.2	10.0	9.3
Net debt to Equity (%)	38.5	40.8	44.5	41.9	32.0
Dividend yield (%)	2.2	2.5	4.3	4.7	5.2
Return on Equity (%)	24.5	26.4	25.9	26.9	28.1

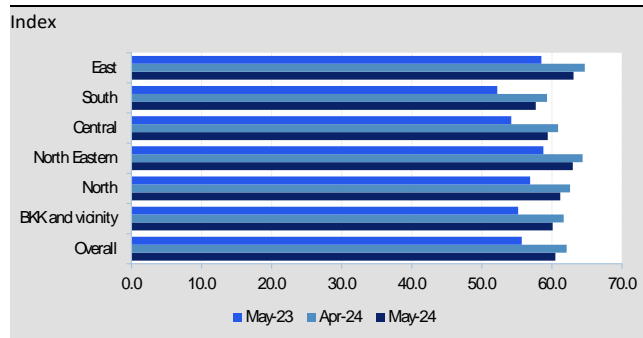
Source: Company data, KGI Securities Research

Figure 1: CCI



Source: UTCC, KGI Securities Research

Figure 2: CCI by region



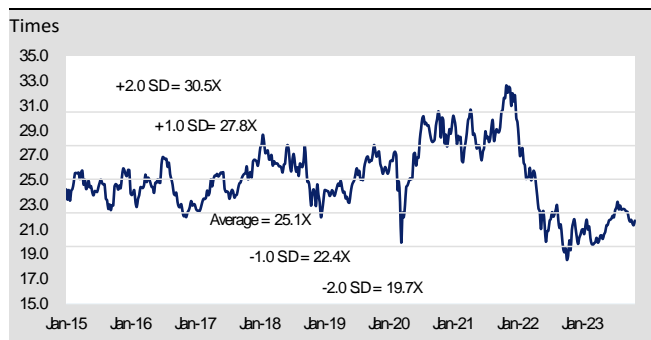
Source: UTCC, KGI Securities Research

Figure 3: 2Q24 earnings preview

Btmn	2Q24F	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	%YoY
Revenue from sales	18,160	17,789	2.1	17,664	2.8	35,824	35,012	2.3
Cost of goods sold	13,393	13,109	2.2	13,029	2.8	26,421	25,840	2.2
Gross profit	4,768	4,680	1.9	4,635	2.9	9,403	9,172	2.5
SG&A	3,498	3,466	0.9	3,273	6.9	6,771	6,658	1.7
EBIT	2,229	2,138	4.2	2,297	(3.0)	4,526	4,276	5.9
Interest expense	(144)	(130)	10.8	(158)	(8.8)	(302)	(263)	14.6
Net profit	1,669	1,620	3.0	1,713	(2.5)	3,382	3,231	4.7
Core profit	1,669	1,620	3.0	1,713	(2.5)	3,382	3,231	4.7
Financial ratio	2Q24F	2Q23	ppts	1Q24	ppts	1H24	1H23	%YoY
Gross margin	26.3	26.3	(0.1)	26.2	0.0	26.2	26.2	0.0
SG&A to sales	19.3	19.5	(0.2)	18.5	0.7	18.9	19.0	(0.1)
EBIT Margin	12.3	12.0	0.3	13.0	(0.7)	12.6	12.2	0.4
Net margin	9.2	9.1	0.1	9.7	(0.5)	9.4	9.2	0.2
SSSG	(6.0)	4.9	(10.9)	(2.1)	(3.9)			
Store	130.0	122.0	8.0	128.0	2.0			

Source: Company data, KGI Securities Research

Figure 4: PER Band (regional)



Source: KGI Securities Research

Figure 5: PER Band (HMPRO+GLOBAL+DOHOME)



Source: KGI Securities Research

Figure 6: PER Band (average between region and Thailand)



Source: KGI Securities Research

Figure 7: Key assumptions

Key Assumption	unit	2017	2018	2019	2020	2021	2022	2023	2024F	2025F
New Stores	Stores	7.0	3.0	5.0	2.0	2.0	3.0	11.0	8.0	6.0
HMPRO Classic - Thailand	Stores	0.0	1.0	2.0	2.0	1.0	0.0	2.0	4.0	3.0
HMPRO S- Thailand	Stores	2.0	2.0	1.0	0.0	0.0	(1.0)	0.0	0.0	0.0
Mega Home - Thailand	Stores	1.0	0.0	2.0	0.0	0.0	4.0	9.0	4.0	3.0
HMPRO Classic - Malaysia	Stores	4.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0
Total stores, year end	Stores	102.0	105.0	110.0	112.0	114.0	117.0	128.0	136.0	142.0
HMPRO Classic - Thailand	Stores	81.0	82.0	84.0	86.0	87.0	87.0	89.0	93.0	96.0
HMPRO S- Thailand	Stores	3.0	5.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Mega Home - Thailand	Stores	12.0	12.0	14.0	14.0	14.0	18.0	27.0	31.0	34.0
HMPRO Classic - Malaysia	Stores	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
SSSG	%	(0.8)	1.1	0.8	(8.5)	3.4	5.0	(0.5)	3.0	2.5
Gross Margin	%	26.4	25.5	25.7	25.3	25.8	26.1	26.6	26.8	27.0
EBIT margin	%	10.7	11.8	12.7	11.4	11.6	12.4	12.5	12.8	13.2
SG&A to sales	%	23.0	19.3	18.9	18.8	18.7	19.2	19.6	19.6	19.4

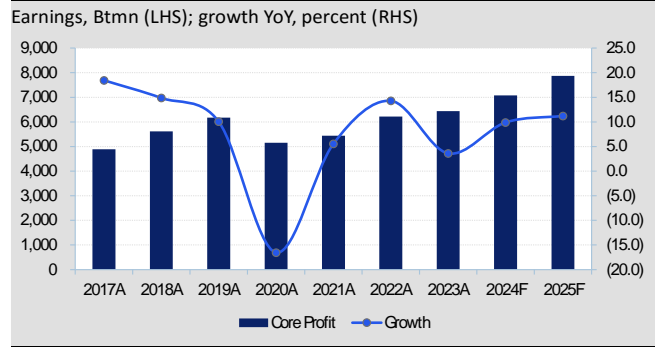
Source: Company data, KGI Securities Research

Figure 8: Company profile

Home Product Center Company Limited (HMPRO) was established on June 27, 1995, as a joint venture between Land and House PCL (LH.BK/LH TB)* and Quality House PCL (QH.BK/QH TB)*. It became a listed company on October 30, 2011. It operates a retail business in the home improvement segment by offering a wide range of services related to construction, extension, refurbishment, renovation, home makeover, and improvement of building house, and residential. It has three main store platforms: i) HomePro Classic, ii) HomePro S, and iii) Mega Home.

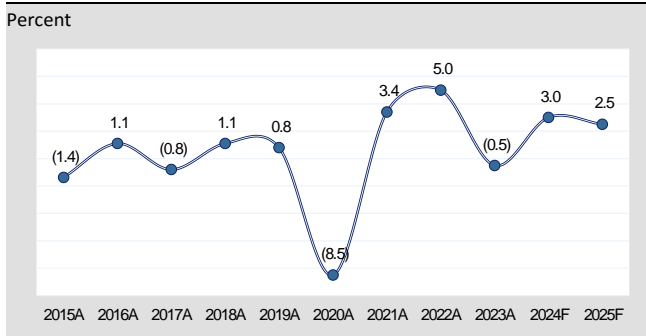
Source: Company data

Figure 9: Earnings



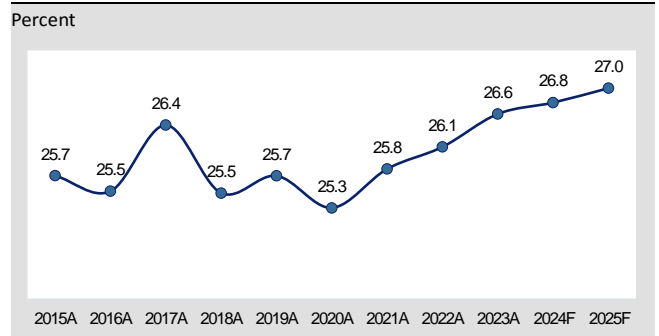
Source: Company data, KGI Securities Research

Figure 10: SSSG assumption



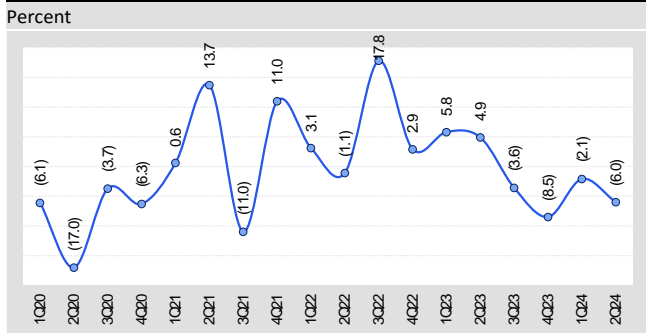
Source: Company data, KGI Securities Research

Figure 11: Gross margin assumption



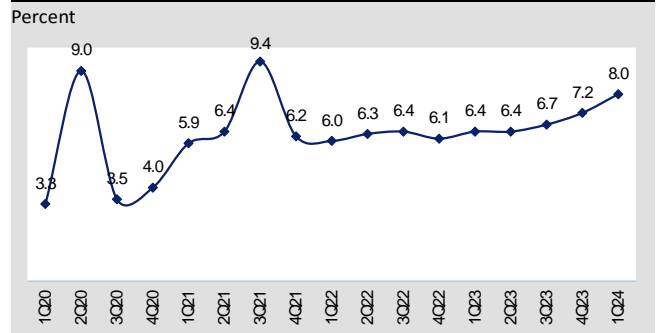
Source: Company data, KGI Securities Research

Figure 12: SSSG quarterly



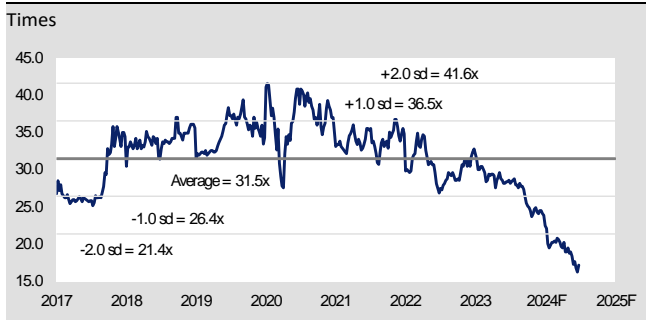
Source: Company data, KGI Securities Research

Figure 13: e-commerce sales mix



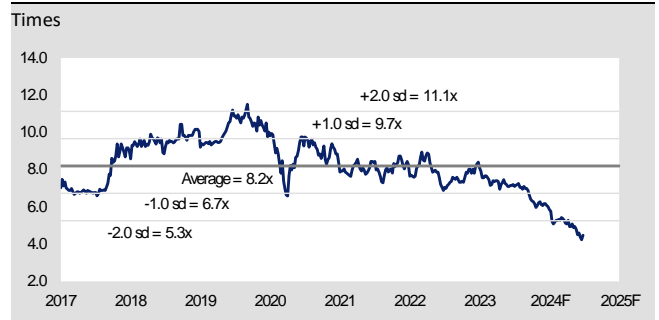
Source: Company data, KGI Securities Research

Figure 14: PER Band



Source: KGI Securities Research

Figure 15: PBV Band



Source: KGI Securities Research

Quarterly Income Statement

Bmm	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	Mar-23A	Jun-23A	Sep-23A	Dec-23A	Mar-24A
Income Statement (Bmm)													
Revenue	15,052	16,154	13,170	16,191	15,761	16,319	15,897	17,115	17,223	17,789	16,390	16,881	17,664
Cost of good sold	11,179	12,089	9,852	11,806	11,664	12,123	11,637	12,654	12,731	13,109	12,011	12,266	13,029
Gross profit	3,873	4,066	3,319	4,385	4,097	4,195	4,260	4,461	4,492	4,680	4,379	4,614	4,635
Operating expense	2,686	2,859	2,560	3,220	2,870	3,026	3,130	3,493	3,192	3,466	3,237	3,507	3,273
Other income	452	492	357	817	503	582	609	884	551	661	666	777	673
Operating profit	1,800	1,845	1,189	2,216	1,985	1,981	1,993	2,129	2,135	2,138	2,043	2,199	2,289
Depreciation of fixed asset	800	796	809	802	773	779	780	823	819	868	872	873	864
Operating EBITDA	2,601	2,641	1,998	3,018	2,758	2,760	2,773	2,952	2,953	3,006	2,915	3,072	3,154
Non-Operating income	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest income	0	0	0	0	0	0	0	0	0	0	0	0	0
Other non-op. income	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Operating expense	(107)	(102)	(108)	(99)	(94)	(99)	(123)	(130)	(133)	(130)	(138)	(166)	(158)
Interest expense	(107)	(102)	(108)	(99)	(94)	(99)	(123)	(130)	(133)	(130)	(138)	(166)	(158)
Other non-op. expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity income	0	0	0	0	0	0	0	0	0	0	0	(1)	0
Pretax profit	1,694	1,743	1,081	2,117	1,891	1,882	1,870	2,000	2,004	2,009	1,904	2,058	2,139
Current taxation	(331)	(311)	(212)	(340)	(380)	(362)	(337)	(362)	(393)	(388)	(371)	(380)	(427)
Minorities	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra items	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	1,362	1,433	869	1,776	1,511	1,520	1,533	1,638	1,611	1,620	1,533	1,677	1,713
Normalized profit	1,362	1,433	869	1,776	1,511	1,520	1,533	1,638	1,611	1,620	1,533	1,677	1,713
EPS (Bt)	0.10	0.11	0.07	0.14	0.11	0.12	0.12	0.12	0.12	0.12	0.12	0.13	0.13
Normalized EPS (Bt)	0.10	0.11	0.07	0.14	0.11	0.12	0.12	0.12	0.12	0.12	0.12	0.13	0.13
Margin (%)													
Gross profit margin	25.7	25.2	25.2	27.1	26.0	25.7	26.8	26.1	26.1	26.3	26.7	27.3	26.2
Operating EBIT margin	12.0	11.4	9.0	13.7	12.6	12.1	12.5	12.4	12.4	12.0	12.5	13.0	13.0
Operating EBITDA margin	17.3	16.4	15.2	18.6	17.5	16.9	17.4	17.3	17.1	16.9	17.8	18.2	17.9
Net profit margin	9.1	8.9	6.6	11.0	9.6	9.3	9.6	9.6	9.4	9.1	9.4	9.9	9.7
Growth (%YoY)													
Revenue growth	3.5	16.9	(12.6)	8.6	4.7	1.0	20.7	5.7	9.3	9.0	3.1	(1.4)	2.6
Operating EBIT growth	8.0	45.0	(34.4)	16.8	10.3	7.4	67.6	(3.9)	7.5	8.0	2.5	3.3	7.2
Operating EBITDA growth	4.8	27.3	(22.8)	12.3	6.1	4.5	38.8	(2.2)	7.1	8.9	5.1	4.1	6.8
Net profit growth	7.6	52.0	(37.9)	15.0	10.9	6.1	76.4	(7.8)	6.6	6.6	(0.0)	2.4	6.3
Normalized profit growth	7.6	52.0	(37.9)	15.0	10.9	6.1	76.4	(7.8)	6.6	6.6	(0.0)	2.4	6.3

Source: Company data, KGI Securities Research

Balance Sheet

As of 31 Dec (Btmn)	2021	2022	2023	2024F	2025F
Total Assets	58,586	65,185	69,048	67,679	70,451
Current Assets	18,920	21,430	22,659	19,714	22,812
Cash&ST Investment	4,546	5,420	6,429	2,417	4,512
Inventories	12,572	13,630	13,965	14,879	15,735
Account Receivable	1,675	2,069	2,115	2,258	2,395
Other	127	311	150	160	170
Non-current Assets	39,666	43,755	46,389	47,965	47,639
LT Investment	3,675	4,329	4,412	4,416	4,421
Net Fixed Assets	27,584	29,469	31,179	32,018	30,991
Others	8,407	9,957	10,798	11,530	12,227
Total Liabilities	35,696	40,939	43,489	40,536	41,508
Current liabilities	20,511	24,485	23,579	24,719	25,789
Account Payable	13,973	15,812	15,225	16,221	17,154
ST borrowing	1,232	1,074	2,040	2,040	2,040
Others	5,306	7,599	6,315	6,458	6,595
Long-term liabilities	15,185	16,454	19,910	15,817	15,720
Long-term debts	8,943	9,056	11,743	7,723	7,703
Others	6,242	7,398	8,167	8,095	8,017
Shareholders' Equity	22,890	24,246	25,559	27,143	28,943
Common stock	13,151	13,151	13,151	13,151	13,151
Capital surplus	646	646	646	646	646
Retained earnings	7,806	9,158	10,471	12,055	13,855
Preferred stock	0	0	0	0	0

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2021	2022	2023	2024F	2025F
Growth (%YoY)					
Sales	3.8	7.5	4.9	6.8	6.0
OP	6.0	14.7	5.3	9.1	9.8
EBITDA	4.3	9.8	6.3	12.5	5.8
NP	5.5	14.3	3.6	9.9	11.2
Normalized profit	5.5	14.3	3.6	9.9	11.2
EPS	5.5	14.3	3.6	9.9	11.2
Normalized EPS	5.5	14.3	3.6	9.9	11.2
Profitability (%)					
Gross margin	25.8	26.1	26.6	26.8	27.0
Operating margin	11.6	12.4	12.5	12.7	13.2
EBITDA margin	16.9	17.3	17.5	18.5	18.4
Net margin	9.0	9.6	9.4	9.7	10.2
ROAA	9.5	10.0	9.6	10.4	11.4
ROAE	24.5	26.4	25.9	26.9	28.1
Stability					
Gross debt/equity (%)	155.9	168.8	170.2	149.3	143.4
Net debt/equity (%)	38.5	40.8	44.5	41.9	32.0
Interest coverage (x)	17.0	18.2	15.1	16.9	21.2
Interest&ST debt coverage (x)	4.3	5.3	3.3	3.6	4.1
Cash flow interest coverage (x)	16.3	19.2	14.3	19.4	23.7
Cash flow/interest&ST debt (x)	4.1	5.6	3.1	4.1	4.5
Current ratio (x)	0.9	0.9	1.0	0.8	0.9
Quick ratio (x)	0.3	0.3	0.4	0.2	0.3
Net debt (Btmn)	8,812	9,883	11,374	11,366	9,250
Per share data (Bt)					
EPS	0.4	0.5	0.5	0.5	0.6
Normalized EPS	0.4	0.5	0.5	0.5	0.6
CFPS	0.5	0.6	0.6	0.8	0.9
BVPS	1.7	1.8	1.9	2.1	2.2
Sales/share	4.7	5.1	5.3	5.7	6.0
EBITDA/share	0.8	0.9	0.9	1.0	1.1
DFS	0.3	0.4	0.4	0.4	0.5
Activity					
Asset turnover (x)	1.0	1.0	1.0	1.1	1.1
Days of receivables	10.1	11.6	11.3	11.3	11.3
Days of inventory	100.8	102.0	100.1	100.1	100.0
Days of payable	112.0	118.3	109.2	109.1	109.1
Cash cycle	(1.1)	(4.7)	2.3	2.3	2.3

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Btmn)	2021	2022	2023	2024F	2025F
Revenue	60,568	65,091	68,283	72,911	77,320
Cost of good sold	44,925	48,078	50,118	53,397	56,468
Gross profit	15,643	17,013	18,166	19,514	20,851
Operating expense	11,326	12,519	13,401	14,295	14,968
Other income	2,119	2,578	2,654	2,836	3,008
Operating Profit	7,050	8,088	8,515	9,286	10,197
Depreciation of fixed asset	3,208	3,156	3,431	4,161	4,027
Operating EBITDA	10,258	11,244	11,946	13,447	14,224
Non-operating income	0	17	28	30	31
Interest income	0	17	28	30	31
Other non-op income	0	0	0	0	0
Non-operating expense	(416)	(445)	(567)	(553)	(482)
Interest expense	(416)	(445)	(567)	(553)	(482)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	0	(2)	(1)	(1)	(1)
Pretax profit	6,634	7,658	7,974	8,762	9,745
Current taxation	(1,194)	(1,441)	(1,533)	(1,684)	(1,873)
Minorities	0	0	0	0	0
Extra item	0	0	0	0	0
Net profit	5,441	6,217	6,442	7,078	7,872
Normalized profit	5,441	6,217	6,442	7,078	7,872
EPS (Bt)	0.41	0.47	0.49	0.54	0.60
Normalized EPS (Bt)	0.41	0.47	0.49	0.54	0.60

Source: KGI Securities Research

Cash Flow

Year to Dec 31 (Btmn)	2021	2022	2023	2024F	2025F
Operating cash flow	6,772	8,534	8,124	10,718	11,402
Net profit	5,441	6,217	6,442	7,078	7,872
Depreciation&Amortization	3,208	3,156	3,431	4,161	4,027
Change in working capital	(1,876)	(840)	(1,749)	(520)	(497)
Others					
Investment cash flow	(1,862)	(5,661)	(5,245)	(5,038)	(3,036)
Net CAPEX	(2,051)	(5,041)	(5,142)	(5,000)	(3,000)
Change in LT investment	205	(655)	(83)	(4)	(4)
Change in other assets	(16)	34	(21)	(34)	(32)
Free cash flow	4,910	2,873	2,879	5,680	8,366
Financing cash flow	(3,647)	(1,998)	(1,871)	(9,693)	(6,270)
Change in share capital	0	0	0	0	0
Net change in debt	468	2,863	3,258	(4,198)	(198)
Change in other liabs	(4,115)	(4,862)	(5,129)	(5,494)	(6,072)
Net cash flow	1,263	874	1,008	(4,012)	2,096

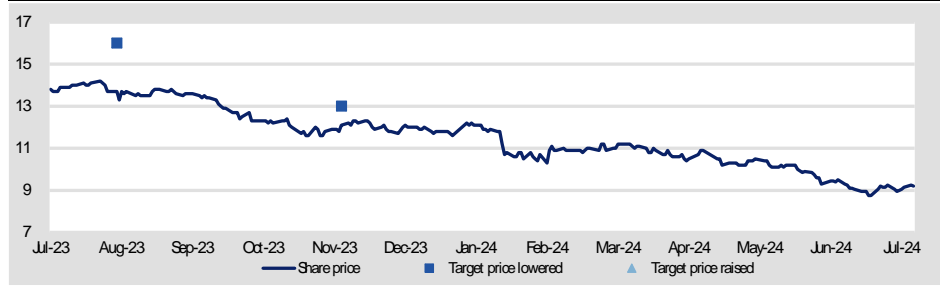
Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1 - $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating expense}}{\text{Revenue}}$	=	Operating margin		
2021	73.7%	5.2%	18.3%	=	2.8%		
2022	73.0%	4.7%	18.7%	=	3.5%		
2023	72.5%	4.9%	19.1%	=	3.5%		
2024F	72.3%	5.5%	19.1%	=	3.1%		
2025F	72.2%	5.1%	18.8%	=	4.0%		
Year	1/ $\frac{\text{Working capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other assets}}{\text{Revenue}}$	=	Capital Turnover		
2020	(0.1)	0.5	0.5	=	1.2		
2021	(0.0)	0.4	0.5	=	1.1		
2022	(0.0)	0.4	0.5	=	1.0		
2023	(0.0)	0.4	0.5	=	1.0		
2024F	(0.0)	0.4	0.5	=	1.1		
2025F	(0.0)	0.4	0.5	=	1.1		
Year	1/ Operating margin	x	Capital turnover	x	Cash tax rate	=	After-tax return on Inv. capital
2021	2.8%	x	1.1	x	18.0%	=	0.5%
2022	3.5%	x	1.0	x	18.8%	=	0.7%
2023	3.5%	x	1.0	x	19.2%	=	0.7%
2024F	3.1%	x	1.1	x	19.2%	=	0.7%
2025F	4.0%	x	1.1	x	19.2%	=	0.9%

Source: KGI Securities Research

Home Product Center – Recommendation & target price history



Source: KGI Securities Research

Company's ESG details

Environment

- In 2023, the company installed solar roof tops on 90 stores, which generated electricity of up to 73,642,243 kilowatt hours per year, reducing carbon dioxide emissions by 38,503 tons of carbon dioxide equivalent per year. Moreover, it can be calculated as 27.0% of the Environmental Return on Investment (EROI).
- The company in cooperation with the Electricity Generating Authority of Thailand (EGAT) and Thailand Textile Institute (THTI) have developed more than 44 types of private brand curtains, including but not limited to BLACKOUT curtains and DIM-OUT curtains. The curtains are labeled as "Number 5 Curtains" or so called "Energy Saving Curtains" under the brand "Home Living Style (HLS)." The curtains have the property of preventing heat from sunlight to reduce the temperature within households and to reduce the consumption of electricity.
- The company collaborates with its partner, Siam Kraft Industry Company Limited, under the SCG Packaging group to promote circular economy. The company has collected and recycled wastepaper and LLDPE stretch film from the operating processes. A total of 1,456 tons has been sent to partners who have expertise in developing products and packaging from recycled materials, to be put through the manufacturing processes into products or packaging from recycled materials including complete recycling (Close-loop Recycle) and putting them for sale in the Company's branches.
- As for the delivery of products from branches to customers' residents by the Home Service, the company plans to deploy electric-powered freight vehicles for transportation instead of using gasoline as fuel. Starting from 2023, 10 electric trucks have been used and are able to reduce the amount of greenhouse gases by 49 tons of carbon dioxide equivalent.
- The company has a plan to deploy electric-powered freight vehicles (EV Trucks) in place of gasoline based transport vehicles at the Distribution Center commuting to branches of HomePro and Mega Home. This consists of 2 types of transport vehicles: 6-wheelers and 18-wheelers, which will be trialed in 2023. Currently, there are 3 electric-powered transport vehicles (EV Trucks), and the number will be increased to 14 by 2024. It is expected that this will reduce gasoline consumption by 214,216 liters per year and CO2 emissions can be reduced by 42%.

Social

- The company supports associates in having the opportunity to transfer back to work in their hometowns under the "Happy Near Home" project, aimed at enhancing job satisfaction. In 2023, 67 associates enrolled in this program.
- The company offers an opportunity for former associates who voluntarily resigned to rejoin the company through the "Homecoming" program, under specific conditions set by the company. In 2023, the company welcomed back a total of 340 associates through this program.
- In 2023, the company undertook development initiatives to enhance associates' interpersonal skills (Soft Skill) and professional skills (Hard Skill) across various groups and levels, including associates at the headquarters and store managers. In total, 34,366 individuals (counting repeats) participated in these development programs.
- The Successor Development Program is a program designed by the company to develop future leaders who are prepared to take over key positions. In 2023, this program developed a total of 5 individuals through a variety of learning methods, including participation in knowledge sharing and experience exchange sessions with the organization's top executives.
- The company offers Flexible Working Hours by setting different work schedule such as 08:00 – 17:00 shift, 09:00 – 18:00 shift, and 09:30 – 18:30 shift. Flexible Home Product Center Public Company Limited 149 working hours allow each associate to manage their working time to be suitable to their lifestyle and necessity.

Governance

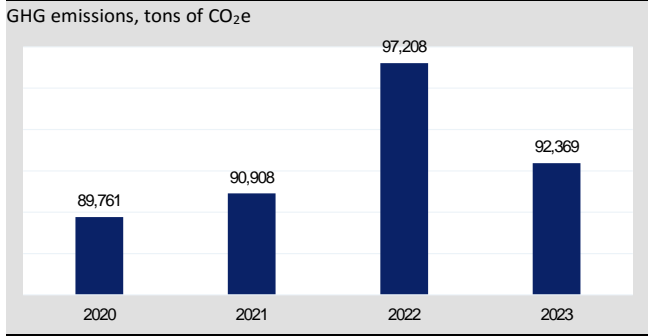
- Rated a governance level of "Excellence: 5 stars" from the Thai Institute of Directors Association (IOD)

Climate Management (Subset of Environment)

- The company targets to reduce greenhouse gas emission to zero by the year 2050 by shifting towards renewable energy. We are switching our transport trucks to EV and improving our operational efficiency to reduce the impact on the environment and reduce greenhouse gas emissions, which is the main cause of climate change.

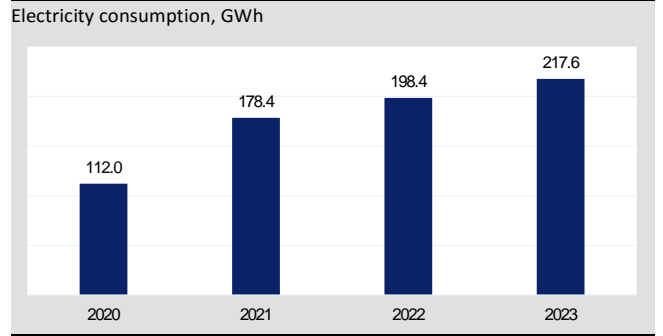
Source: Company data, KGI Securities Research

Total GHG emissions



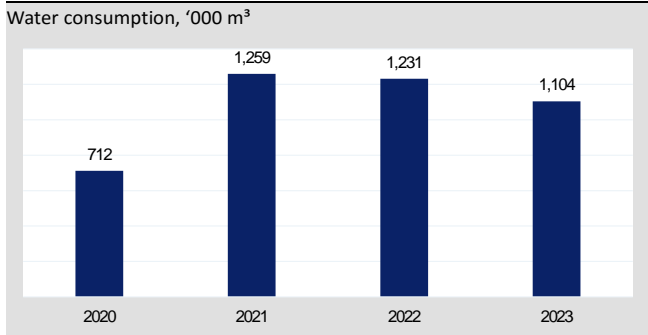
Source: Company data, SETSMART, KGI Securities Research

Total electricity consumption



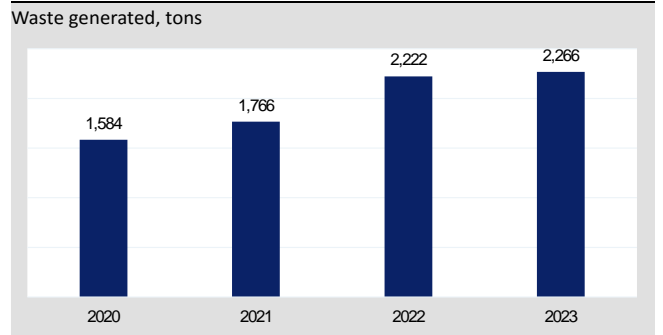
Source: Company data, SETSMART, KGI Securities Research

Total water consumption



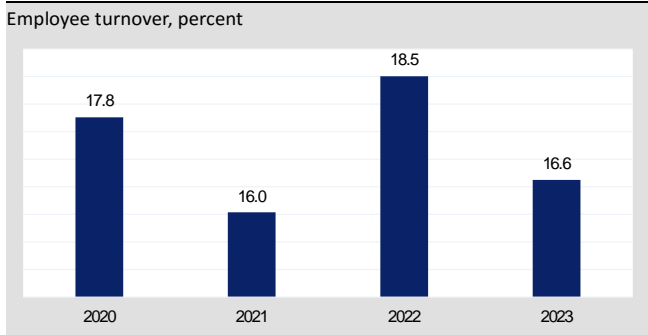
Source: Company data, SETSMART, KGI Securities Research

Total waste



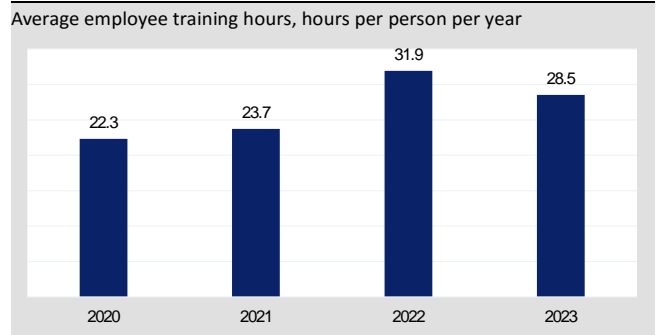
Source: Company data, SETSMART, KGI Securities Research

Employee turnover



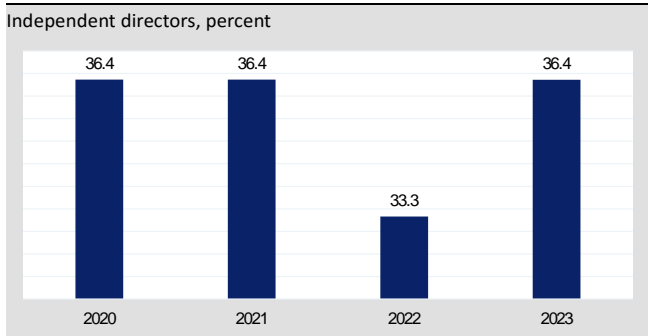
Source: Company data, SETSMART, KGI Securities Research

Average employee training hours



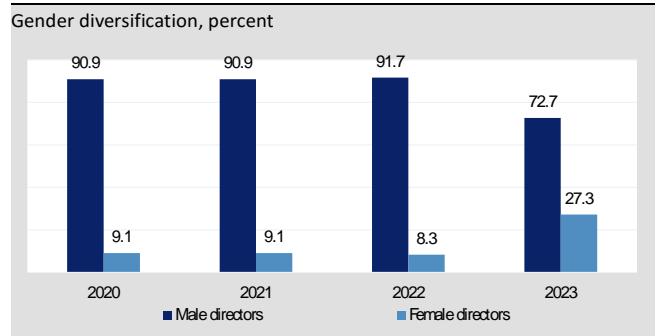
Source: Company data, SETSMART, KGI Securities Research

Proportion of independent directors



Source: Company data, SETSMART, KGI Securities Research

Gender diversification of directors



Source: Company data, SETSMART, KGI Securities Research

SET ESG Ratings

Stock	Company name	SET ESG Ratings	Stock	Company name	SET ESG Ratings
ADVANC	ADVANCED INFO SERVICE	AAA	KTC	KRUNGTHAI CARD	AAA
AMATA	AMATA CORPORATION	AAA	LH	LAND AND HOUSES	A
AOT	AIRPORTS OF THAILAND	A	MAJOR	MAJOR CINEPLEX GROUP	AA
AP	AP (THAILAND)	AA	MEGA	MEGA LIFESCIENCES	A
BAFS	BANGKOK AVIATION FUEL SERVICES PCL	AA	MINT	MINOR INTERNATIONAL	AA
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	AA	MTC	MUANGTHAI CAPITAL	A
BANPU	BANPU	AAA	OR	PTT OIL AND RETAIL BUSINESS	AAA
BBGI	BBGI	AA	ORI	ORIGIN PROPERTY	AA
BBL	BANGKOK BANK	AA	OSP	OSOTSPA	AA
BCH	BANGKOK CHAIN HOSPITAL	AA	PLANB	PLAN B MEDIA	AA
BCP	BANGCHAK CORPORATION	AAA	PSH	PRUKSA HOLDING	BBB
BCPG	BCPG	AA	PTT	PTT	AAA
BDM S	BANGKOK DUSTI MEDICAL SERVICES	AA	PTTEP	PTT EXPLORATION AND PRODUCTION	AAA
BEM	BANGKOK EXPRESSWAY AND METRO	AA	PTTGC	PTT GLOBAL CHEMICAL	AAA
BGRIM	B.GRIMM POWER	AAA	RATCH	RATCH GROUP	AA
BPP	BANFU POWER	AAA	RBF	R&B FOOD SUPPLY	BBB
BTS	BTS GROUP HOLDINGS	AA	SAK	SAKSAM LEASING	A
CBG	CARABAO GROUP	A	SAPPE	SAPPE	BBB
CENTEL	CENTRAL PLAZA HOTEL	A	SAT	SOMBOON ADVANCE TECHNOLOGY	AA
CK	CH. KARNCHANG	A	SAWAD	SRISAWAD CORPORATION	BBB
CKP	CK POWER	AAA	SCB	SCB X	AA
COM7	COM7	A	SCC	THE SAM CEMENT	AAA
CPALL	CP ALL	AAA	SCCC	SIAM CITY CEMENT	AA
CPAXT	CP AXTRA	AAA	SCGP	SCG PACKAGING	AAA
CPF	CHAROEN POKPHAND FOODS	AAA	SHR	S HOTELS AND RESORTS	A
CPN	CENTRAL PATTANA	AA	SICT	SILICON CRAFT TECHNOLOGY	A
EGCO	ELECTRICITY GENERATING	AA	SMPC	SAHAMITR PRESSURE CONTAINER	AA
ERW	THE ERWAN GROUP	A	SNC	SNC FORMER	A
GFPT	GFPT	BBB	SPALI	SUPALAI	AA
GLOBAL	SIAM GLOBAL HOUSE	AA	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION	A
GPSC	GLOBAL POWER SYNERGY	AA	STGT	SRI TRANG GLOVES (THAILAND)	AAA
GULF	GULF ENERGY DEVELOPMENT	AA	TCAP	THANACHART CAPITAL	A
HANA	HANA MICROELECTRONICS	AA	TFG	THAIFOODS GROUP	AA
HENG	HENG LEASING AND CAPITAL	A	THCOM	THAICOM	A
HMPRO	HOME PRODUCT CENTER	AA	TISCO	TISCO FINANCIAL GROUP	AAA
INTUCH	INTOUCH HOLDINGS	AA	TOP	THAI OIL	AAA
IRPC	IRPC	AA	TTB	TMBTHANACHART BANK	AA
IVL	INDORAMA VENTURES	AA	UBE	UBON BIO ETHANOL	A
KBANK	KASIKORN BANK	AAA	VGI	VGI	AA
KEX	KERRY EXPRESS (THAILAND)	BBB	WHA	WHA CORPORATION	AAA
KKP	KIATNAKIN PHATRA BANK	BBB	WHAUP	WHA UTILITIES AND POWER	AAA
KTB	KRUNG THAI BANK	AAA	ZEN	ZEN CORPORATION GROUP	AA

Source: www.setsustainability.com

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASA AVIATION	GFPT	GFPT	SAK	SAKSAM LEASING
ADVANC	ADVANCED INFO SERVICE	GGC	GLOBAL GREEN CHEMICALS	SAPPE	SAPPE
AEONTS	AEON THANA SINSAP (THAILAND)	GLOBAL	SIAM GLOBAL HOUSE	SAT	SOMBOON ADVANCE TECHNOLOGY
AMA	AMA MARINE	GPSC	GLOBAL POWER SYNERGY	SCB	SCB X
AMATA	AMATA CORPORATION	GULF	GULF ENERGY DEVELOPMENT	SCC	THE SIAM CEMENT
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	SCCC	SIAM CITY CEMENT
AOT	AIRPORTS OF THAILAND	HENG	HENG LEASING AND CAPITAL	SCGP	SCG PACKAGING
AP	AP (THAILAND)	HM PRO	HOME PRODUCT CENTER	SEAFCO	SEAFCO
BAFS	BANGKOK AVIATION FUEL SERVICES PCL	INTUCH	INTOUCH HOLDINGS	SFT	SHRINKFLEX (THAILAND)
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	IRPC	IRPC	SHR	S HOTELS AND RESORTS
BANPU	BANPU	ITC	i-Tail Corporation	SICT	SILICON CRAFT TECHNOLOGY
BBGI	BBGI	IVL	INDORAMA VENTURES	SM PC	SAHAMITR PRESSURE CONTAINER
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	SNC	SNC FORMER
BCH	BANGKOK CHAIN HOSPITAL	KCE	KCE ELECTRONICS	SNNP	SRINAPORN MARKETING
BCP	BANGCHAK CORPORATION	KEX	KERRY EXPRESS (THAILAND)	SPALI	SUPALAI
BCPG	BCPG	KKP	KIATNAKIN PHATRA BANK	SPRC	STAR PETROLEUM REFINING
BDM S	BANGKOK DUST MEDICAL SERVICES	KTB	KRUNG THAI BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
BEC	BEC WORLD	KTC	KRUNGTHAI CARD	STGT	SRI TRANG GLOVES (THAILAND)
BEM	BANGKOK EXPRESSWAY AND METRO	LH	LAND AND HOUSES	SUN	SUNSWEEP
BGRIM	B.GRIMM POWER	LPN	L.P.N. DEVELOPMENT	SVI	SVI
BH	BUMRUNGRAD HOSPITAL	M	MK RESTAURANT GROUP	TACC	T.A.C. CONSUMER
BPP	BANPU POWER	MAJOR	MAJOR CINEPLEX GROUP	TCAP	THANACHART CAPITAL
BTS	BTS GROUP HOLDINGS	MBK	MBK	TFG	THAIFOODS GROUP
CBG	CARABAO GROUP	MEGA	MEGA LIFESCENCES	THCOM	THAICOM
CENTEL	CENTRAL PLAZA HOTEL	MINT	MINOR INTERNATIONAL	TIDLOR	NGERN TID LOR
CK	CH. KARNCHANG	MTC	MUANGTHAI CAPITAL	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	OR	PTT OIL AND RETAIL BUSINESS	TKN	TAOKAENOI FOOD & MARKETING
COM7	COM7	ORI	ORIGIN PROPERTY	TOP	THAI OIL
CPALL	CP ALL	OSP	OSOTSPA	TTB	TMBTHANACHART BANK
CPAXT	CP AXTRA	PLANB	PLAN B MEDIA	UBE	UBON BIO ETHANOL
CPF	CHAROEN POKPHAND FOODS	PSH	PRUKSA HOLDING	VGI	VGI
CPN	CENTRAL PATTANA	PTT	PTT	WHA	WHA CORPORATION
DELTA	DELTA ELECTRONICS (THAILAND)	PTTEP	PTT EXPLORATION AND PRODUCTION	WHAUP	WHA UTILITIES AND POWER
DOHOM	DOHOME	PTTGC	PTT GLOBAL CHEMICAL	ZEN	ZEN CORPORATION GROUP
EGCO	ELECTRICITY GENERATING	QH	QUALITY HOUSES		
ERW	THE ERAWAN GROUP	RATCH	RATCH GROUP		



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BSRC	BANGCHAK SRRACHA	JMART	JAYMART GROUP HOLDINGS	SINGER	SINGER THAILAND
BTG	BETAGRO	NTSC	Nutrition SC	TNP	THANAPRIYA
EKH	EKACHAI MEDICAL CARE	PQS	Premier Quality Starch	XO	EXOTIC FOOD
HUMAN	HUMANICA	PYLON	PYLON		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	SAWAD	SRISAWAD CORPORATION	SPA	SIAM WELLNESS GROUP
JMT	JMT NETWORK SERVICES	SMD	SAINTMED		

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
AU	AFTER YOU	PJW	PANJAWATTANA PLASTIC	TGE	THACHANG GREEN ENERGY
CHG	CHULARAT HOSPITAL	PLT	Platus Marine	TPCH	TPC POWER HOLDING
LPH	LADPRAO GENERAL HOSPITAL	PTG	PTG ENERGY	TU	THAI UNION GROUP
MENA	MENA TRANSPORT	SFLEX	STARFLEX		
NETBAY	NETBAY	SISB	SISB		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BEL	BANGKOK BANK	HIMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SOC	THE SIAM CEMENT
BDMS	BANGKOK DUST MEDICAL SERVICES	KBANK	KASIKORN BANK	SIRI	SANSRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNOCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGOO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASA AVIATION	ERW	THE ERWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRI SAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFOD	SEAFOD
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	S/I	S/I
BCHI	B.C. HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SAM MAKRO	TKN	TACKAENCI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMFRAN	TMB	TMB BANK
CHG	CHULARATH HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CFF	CHAROEN FOKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANFU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TFC POWER HOLDING

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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