ASIA PLUS Securities

16 October 2025

SYNOPSIS

FUNDAMENTAL

HMPRO

Neutral

To bottom out in 3Q25. 4Q25 is high season

Current Price (B)	7.15
Target Price (B)	8.30
Upside (%)	16.1
Dividend Yield (%)	6.0

Flash Points

3Q25 net profit is estimated at B1.35bn, falling 4%qoq and 6%yoy. Sales and service revenue is projected to fall 5%qoq due to low season (rainy season), and SG&A/sales is expected to increase to 20.0% from 18.9% in 2Q25 due to higher marketing expense (sales promotion).

Sales and service revenue is projected to drop 2%yoy. Same store sales (SSS) are expected to fall 6%yoy. However, HMPRO had 139 stores in 3Q25, up from 133 in 3Q24. Gross margin is expected to drop 0.3% from 27.9% in 3Q24 due to marketing activity. For Homepro Technician Day (free electric appliance repair), technician fee is booked as cost of sales. SG&A/sales are expected to increase slightly yoy due to higher personnel expense and expense from opening of new stores. HMPRO plans to open six new stores in 4Q25.

Impact Insight

4Q25 net profit is projected to grow qoq thanks to high season, and interest expense is expected to decrease slightly thanks to interest rate cut. Still, 4Q25 profit may fall yoy. SSS would still drop due to weak purchasing power, and gross margin is expected to drop yoy since HMPRO still needs to launch sales promotion activity.

Execution

We upgrade HMPRO from Underperform to Neutral. HMPRO's profit already bottomed out in 3Q25, so it is expected to rebound in 4Q25 (high season). 9M25 profit made up 75% of 2025 profit forecast of B5.9bn, falling 9%yoy. Then, 2026 profit is projected to grow 10% to B6.5bn. 2026 fair value is B8.30 (P/E ratio of 16.7x, -1.5SD).

Technical Chart

Price Trend: Sideways Up

Support: 6.80

Resist: 8.00

Source: ASPS Research

Consensus Analysis

EPS (B)	ASPS	IAA Cons	% diff
2025F	0.45	0.48	-6%
2026F	0.50	0.51	-3%

Source: ASPS Research

Global Peers

Stock	PE		P/BV	
	2025F	2026F	2025F	2026F
FLOOR & DECOR-A	39.0	32.9	3.2	2.9
MR DIY GROUP M B	25.8	23.4	7.8	7.2
HORNBACH HOLDING	9.0	9.1	0.7	0.7
KOHNAN SHOJI CO	7.5	NA	NA	NA
DCM HD	10.9	10.4	0.8	0.7
KINGFISHER PLC	14.6	13.3	0.8	0.8

Source: Bloomberg

Key Financial Forecast

Ending Dec 31	2023	2024	2025F	2026F	2027F
Sales	70,166	69,806	68,383	71,476	74,351
Net Profit	6,442	6,504	5,939	6,529	6,931
Normalized Profit	6,442	6,504	5,939	6,529	6,931
EPS (B)	0.49	0.49	0.45	0.50	0.53
DPS (B)	0.40	0.43	0.40	0.43	0.45
PER (x)	14.6	14.5	15.8	14.4	13.6
Dividend Yield (%)	5.6%	6.0%	5.6%	6.0%	6.3%
PBV (x)	3.7	3.5	3.4	3.2	3.1

Source: ASPS Research

ESG Assessment

SET ESG Ratings	AA
CG Score	Excellent
Anti-corruption Certification	yes

Source: SET

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Earnings Results by Quarter

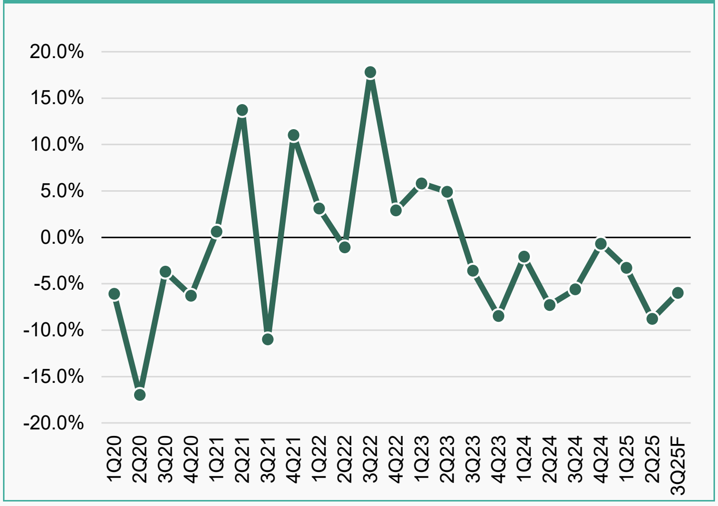
Million B	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	QoQ (%)	YoY (%)
Sales & Service Revenue	**16,824**	**17,388**	**18,115**	**17,856**	**16,397**	**17,438**	**18,019**	**16,867**	**16,083**	**-4.6%**	**-1.9%**
Cost of Sales & Service	(12,211)	(12,460)	(13,225)	(13,034)	(11,821)	(12,465)	(13,161)	(12,364)	(11,646)	-5.8%	-1.5%
Gross Profit	4,614	4,929	4,890	4,822	4,576	4,973	4,858	4,502	4,437	-1.4%	-3.0%
SG&A	(3,237)	(3,507)	(3,273)	(3,339)	(3,203)	(3,525)	(3,192)	(3,192)	(3,216)	0.7%	0.4%
Other Income	666	787	673	679	574	844	636	590	620	5.0%	8.1%
Normalized Profit	1,533	1,677	1,713	1,622	1,442	1,727	1,707	1,399	1,350	-3.5%	-6.4%
Net Profit	**1,533**	**1,677**	**1,713**	**1,622**	**1,442**	**1,727**	**1,707**	**1,399**	**1,350**	**-3.5%**	**-6.4%**
EPS (B)	0.12	0.13	0.13	0.12	0.11	0.13	0.13	0.11	0.10	-3.5%	-6.4%
Gross Profit Margin (%)	27.4%	28.3%	27.0%	27.0%	27.9%	28.5%	27.0%	26.7%	27.6%		
SG&A/Sales (%)	19.2%	20.2%	18.1%	18.7%	19.5%	20.2%	17.7%	18.9%	20.0%		
Net Profit Margin (%)	9.1%	9.6%	9.5%	9.1%	8.8%	9.9%	9.5%	8.3%	8.4%		
Normalized Profit Margin (%)	9.1%	9.6%	9.5%	9.1%	8.8%	9.9%	9.5%	8.3%	8.4%		

Source: ASPS Research

Sales & Service Revenue

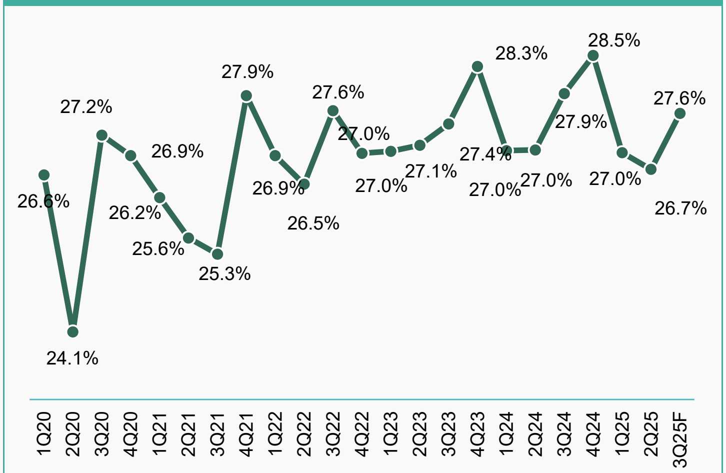
Source: HMPRO, ASPS Research

Same Store Sales Growth



Source: HMPRO, ASPS Research

Gross Margin



Source: ASPS Research

Key Risk

1) Economic deceleration and declining purchasing power
2) Competition in core business (retail)
3) Cannibalism among stores in the same area

Source: ASPS Research

2025-2027 Earnings Forecast

Statement of Income (Million B)

Ended Dec31	2024	2025F	2026F	2027F
Sales	69,806	68,383	71,476	74,351
Cost of sales	(50,545)	(49,740)	(51,705)	(53,629)
Gross profit	19,261	18,643	19,771	20,721
SG&A	(13,340)	(13,092)	(13,616)	(14,164)
Operating profit	8,691	8,012	8,655	9,157
Other income/expense	2,769	2,460	2,500	2,600
Shared profit from associates	1	0	0	0
Interest expense	(688)	(694)	(604)	(607)
Earnings before tax	8,066	7,378	8,111	8,611
Income tax	(1,562)	(1,439)	(1,582)	(1,679)
Earnings before minority interest	6,504	5,939	6,529	6,931
Minority interest	-	-	-	-
Net profit	6,504	5,939	6,529	6,931
Normalized profit	6,504	5,939	6,529	6,931
EPS	0.49	0.45	0.50	0.53
Normalized EPS	0.49	0.45	0.50	0.53
Sales growth (yoy)	-0.5%	-2.0%	4.5%	4.0%
Operating profit growth (yoy)	2.1%	-7.8%	8.0%	5.8%
Gross margin	27.6%	27.3%	27.7%	27.9%
Net profit margin	12.4%	11.7%	12.1%	12.3%

Statement of Cash Flows (Million B)

Ended Dec31	2024	2025F	2026F	2027F
Cash flows from operating activities				
Net profit	8,066	7,378	8,111	8,611
Adjustments :	715	(47)	-	-
Depreciation and amortisation	3,543	3,766	3,831	3,890
Unrealized Fx gain/loss	(599)	48	(99)	(56)
Increase/decrease in operating assets	(1,571)	(1,412)	(1,552)	(1,649)
Net cash flows from operating activities	**10,153**	**9,732**	**10,291**	**10,795**
Cash flows from investing activities				
Increase/decrease in short-term investments	(58)	-	-	-
Increase/decrease in fixed assets	(3,345)	(3,500)	(3,500)	(3,500)
Others	(289)	(800)	(800)	(800)
Net cash flows from investing activies	**(3,691)**	**(4,300)**	**(4,300)**	**(4,300)**
Cash flows from financing activities				
Increase/decrease in loans	(1,237)	1,090	(700)	-
Increase/decrease in other liabilities	(843)	(177)	(173)	(173)
Increase/decrease in capital & share premium	-	-	-	-
Increase/decrease in shareholders' equity	-	-	-	-
Dividend paid	(5,260)	(5,655)	(5,260)	(5,918)
Net cash flows from financing activities	**(7,339)**	**(4,742)**	**(6,133)**	**(6,091)**
Increase/decrease in net cash	(877)	690	(142)	405
Net cash flow	**5,554**	**6,244**	**6,101**	**6,506**

Statement of Income (Million B)

Quarterly	4Q24	1Q25	2Q25	3Q25F
Sales	17,438	18,019	16,867	16,083
Cost of sales	(12,465)	(13,161)	(12,364)	(11,646)
Gross profit	4,973	4,858	4,502	4,437
SG&A	(3,525)	(3,192)	(3,192)	(3,216)
Other income	844	636	590	620
Shared profit from associates	0	(0)	(0)	-
Interest expense	(188)	(177)	(178)	(170)
Earnings before tax	2,131	2,130	1,745	1,677
Income tax	(404)	(423)	(346)	(327)
Earnings before minority interest	1,727	1,707	1,399	1,350
Minority interest	-	-	-	-
Net profit	1,727	1,707	1,399	1,350
Extraordinary items	-	-	-	-
Normalized profit	1,727	1,707	1,399	1,350
Sales growth (yoy)	0.3%	-0.5%	-5.5%	-1.9%
Gross profit growth (YoY)	0.9%	-0.6%	-6.6%	-3.0%
Operating profit growth (yoy)	3.8%	0.5%	-12.1%	-5.4%

Statement of Financial Position

Ended Dec31	2024	2025F	2026F	2027F
Cash and cash equivalents	5,554	6,244	6,101	6,506
Account receivables	2,008	1,994	2,084	2,168
Inventories	14,900	14,620	15,284	15,898
Other current assets	188	199	208	217
Net PP&E	31,941	32,611	33,224	33,787
Other non-current assets	15,075	15,185	15,304	15,414
Total assets	**69,665**	**70,853**	**72,206**	**73,990**
Account payables	15,459	15,204	15,808	16,399
Other current liabilities	2,202	2,157	2,178	2,197
Short-term interest-bearing debt (1yr)	8,288	12,975	8,275	9,275
Long-term interest-bearing debt	15,301	11,800	15,900	15,000
Other non-current liabilities	1,612	1,629	1,689	1,749
Total liabilities	**42,862**	**43,766**	**43,850**	**44,621**
Paid-up share capital	13,151	13,151	13,151	13,151
Share premium	646	646	646	646
Retained earnings	13,030	13,314	14,583	15,596
Total shareholders' equity	**26,802**	**27,087**	**28,355**	**29,369**
Total liabilities and shareholders' equity	**69,665**	**70,853**	**72,206**	**73,990**

Financial Ratio

Ended Dec31	2024	2025F	2026F	2027F
Current ratio	0.9	0.8	0.9	0.9
Quick ratio	0.3	0.3	0.3	0.3
Account receivables turnover	33.9	34.2	35.1	35.0
Inventory turnover	3.5	3.4	3.5	3.4
Account payables turnover	3.3	3.2	3.3	3.3
Debt to Equity ratio	1.6	1.6	1.5	1.5
Gearing ratio	1.1	1.1	1.1	1.1
ROAA	9.4%	8.5%	9.1%	9.5%
ROAE	24.8%	22.0%	23.6%	24.0%

Assumption

Ended Dec31	2024	2025F	2026F	2027F
Sales & service revenue				
- Sales	67,952	66,454	69,470	72,265
- Rental	1,854	1,929	2,006	2,086
Gross margin				
- Sales & service	26.8	26.4	26.8	27.0
- Rental	56.0	57.0	57.5	58.0

Source: ASPS Research